

The Okinawa Electric Power Company, Incorporated (OEPC)

Annual Report 2015





Profile

The Okinawa Electric Power Company, Inc. (OEPC) supplies power throughout Okinawa Prefecture, situated at the southwestern tip of Japan. With a population of 1.4 million, Okinawa is the only part of Japan with a subtropical climate, ensuring that it stays sunny and warm all year round. The prefecture is surrounded by emerald-green seas containing colorful coral reefs, making it one of the country's leading holiday destinations. As a comprehensive energy supplier and a key service provider for all of its customers, the OEPC Group makes every effort to effectively manage, maintain and guarantee the safety of its supply facilities, based on its core corporate mission of ensuring stable energy supplies. The Group is also dedicated to building relationships of trust with all of its stakeholders by improving customer satisfaction, contributing to the local community and ensuring environmentally friendly business activities.

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Financial Highlights (Consolidated)

The Okinawa Electric Power Company, Incorporated and its consolidated subsidiaries

Years ended March 31, 2015 and 2014	Millions of yen		Thousands of U.S. dollars*
	2015	2014	2015
For the year:			
Operating revenues	¥185,001	¥179,266	\$1,539,494
Operating income	9,479	8,693	78,880
Net income	4,943	4,731	41,140
Per share of common stock (yen and U.S. dollars):			
Basic net income**	¥188.66	¥180.53	\$1.57
Cash dividends applicable to the year***	60.00	60.00	0.50
At year-end:			
Total assets	¥421,824	¥428,333	\$3,510,231
Total equity	147,973	141,103	1,231,364

Notes: * The U.S. dollar amounts represent translations of Japanese yen for convenience only at the approximate exchange rate on March 31, 2015, of ¥120.17 to \$1.

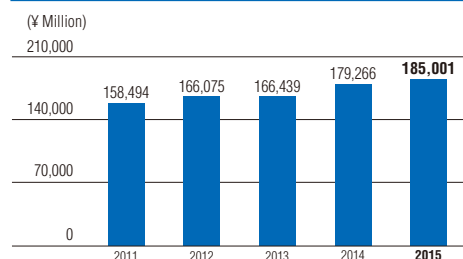
** A 1.5-for-1 stock split was effected on June 1, 2015. Per share of common stock is calculated on the assumption that this stock split was conducted at the beginning of FY 2014 (April 1, 2013).

*** A 1.5-for-1 stock split was effected on June 1, 2015. However, the cash dividends per share information has not been restated to reflect this stock split.

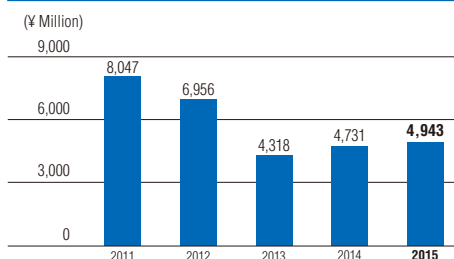
Operating Highlights (Nonconsolidated)

Years ended March 31, 2015, 2014, and 2013	2015	2014	2013
For the year:			
Electric energy sales (Millions of kWh)			
Lighting	2,917	2,955	2,851
Power	4,614	4,601	4,463
Peak load (Thousands of kW)	1,396	1,432	1,373
At year-end:			
Number of customers:			
Lighting	830,663	814,398	798,561
Power	60,523	60,643	60,981
Generating capacity (Thousands of kW)	2,136	2,435	2,013
Route length of transmission lines (km):			
Overhead	805	794	775
Underground	297	289	278

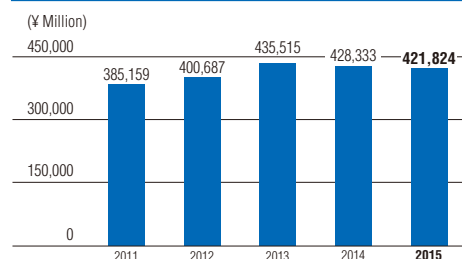
Consolidated Operating Revenues



Consolidated Net Income



Consolidated Total Assets



The Okinawa Electric Power Company, Inc. (OEPC) Group formulated its Group Vision and OEPC Medium- to Long-Term Business Plan in July 2009. Guided by this Vision and Plan, the Group has continued to work aggressively to resolve a host of management issues.

In the electric power business that forms the mainstay of the Group's operations, the Act for Partial Revision of the Electricity Business Act came into effect in June 2014. This act had been set down as the second stage of electricity system reform to implement legislation relating to the full liberalization of entry into the electricity retail industry. Moreover, the Act for Partial Revision of the Electricity Business Act and Other Related Acts, which was set down as the third stage to ensure the neutrality of power transmission and distribution by legal separation and to implement legislation relating to the abolition of retail rate regulations, was passed into law following an Upper House plenary session on June 17, 2015. With regard to the direction of the electricity system reform in the Okinawa region, the full liberalization of the electricity retail market is being implemented in similar fashion to mainland Japan. In the case of the legal separation designed to neutralize the power transmission/distribution sector, OEPC falls outside the legislation having been positioned as an approved general power transmission and distribution business operator, and Okinawa will continue to maintain an integrated power transmission system. Against this backdrop, OEPC will take appropriate measures to realize an electric power system that offers real benefits to customers while taking into account the unique attributes of the electricity business in the Okinawa region. Moreover, in heralding retail market liberalization, we will work to bolster our competitive advantage in a bid to become the preferred choice of customers.

From an income and expenditure perspective, there remains the prospect that the electric power business will face a situation of even greater severity attributable to a downturn in electric power demand growth, increased fuel costs and greater levels of depreciation and amortization expenses. Moving forward, we will tap into new and potential areas of demand and build a robust earnings base by promoting thorough cost reductions that will leave no stone unturned and operational efficiency.

With regard to measures to curb global warming, we will engage in efforts toward the realization of a low-carbon society by the steady operation of the Yoshinoura Thermal Power Plant, which for fuel burns liquefied natural gas (LNG), the most potent means. Concerning sources of renewable energy, on the basis of policies adopted elsewhere in Japan OEPC will look into the issues surrounding their introduction and expanded utilization in Okinawa and continue to respond appropriately on the assumption of stable supply.

In addition, OEPC will implement measures to ensure a more timely recovery in the event of a typhoon, put in place facilities that are resilient to natural disasters, including earthquakes and tsunamis, and engage in the building of a resilient system for rapid recovery in the aftermath of a disaster.

Engaging in activities that ensure the elimination of all accidents and disasters is an absolute priority and responsibility of any corporate entity. In this context, OEPC recognizes the paramount importance of maintaining safety throughout every facet of its business activities. Working in unison with partner companies, the OEPC Group will adhere strictly to a policy of safety management and work diligently to foster a safety culture while gradually and conscientiously building on its experience of standard procedures in fulfilling its mission of the stable supply of electricity.

Looking at activities outside the core electric power business, operating conditions remain extremely harsh. Under these circumstances, all directors and employees will maintain a strong sense of crisis while drastically reducing costs. At the same time, every effort will be made to maximize operating efficiency and build a robust earnings base. Furthermore, in addition to steadily promoting the gas supply business that was launched in fiscal 2015, as an integrated energy group OEPC will engage in the expansion of its services in response to the diverse needs of its customers.

Our overarching goal is to evolve into an integrated energy group centered on the general energy business. We aim to create new value through business and lifestyle support services, and to help our region undergo a resurgence and flourish. We are united in our determination to strengthen our operating fundamentals and establish a deeply respected brand for the Group.



D. Ishimine
Denichiro Ishimine
Chairman



Mitsuru Omine
Mitsuru Omine
President

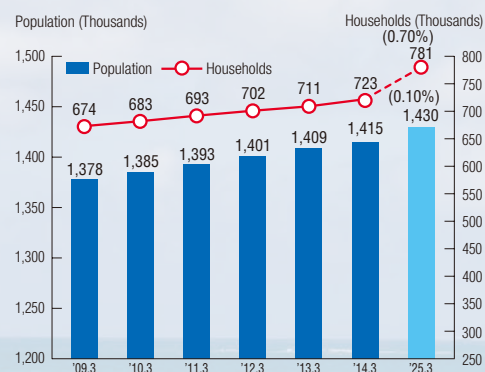
Okinawa

Today

Population Growth

The rate of population growth in Okinawa is high compared to Japan as a whole. It is estimated that the average annual growth rate over the period from fiscal 2013 to fiscal 2024 will be 0.10% in Okinawa, compared to -0.44% for the country as a whole. Whereas the national population is leveling off and is expected to decline in the years ahead, the population of Okinawa is trending toward an increase and not expected to peak until sometime between 2020 and 2025. As Okinawa's growing population will mean an increase in the number of accounts, residential demand for electric power is also expected to increase.

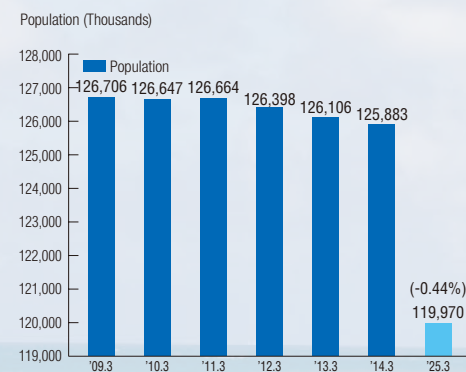
Growth in Population and Number of Households in Okinawa



Source: Population records are from the Ministry of Internal Affairs and Communications, the figures for fiscal 2014 being based on OEPCC assumptions
Number of households is the result and forecast for the accounts of OEPCC's residential electric power

Note: Population figures in parentheses show annual average growth between fiscal 2013 and fiscal 2024

Growth in Population in Japan (Excluding Okinawa)



Source: (Population) Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research

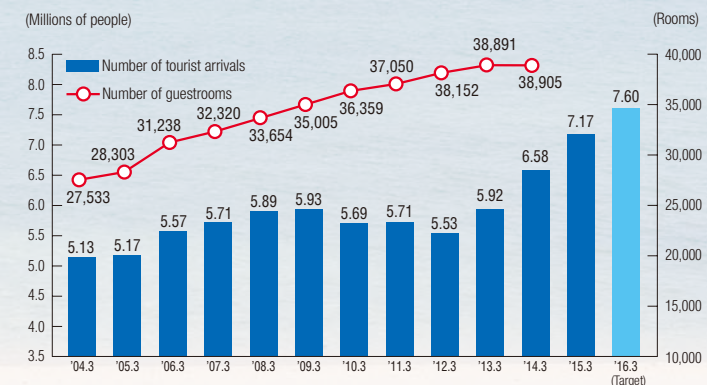
Note: Population figures in parentheses show annual average growth between fiscal 2013 and fiscal 2024



Number of Tourist Arrivals

In fiscal 2014, the number of tourists visiting Okinawa increased due to the expansion of both domestic and international air routes, and the increase in the number of cruise ships calling into Okinawa resulting in more travelers from overseas. As a result, the number of visitors increased by 9.0% compared with the previous year to 7.17 million, topping 7 million for the first time and setting a new record for the second consecutive year. In fiscal 2015, Okinawa Prefecture is targeting a total of 7.6 million tourist arrivals.

Tourist Arrivals and Number of Guestrooms



Sources: "Okinawa Tourism Guidebook," "Outline of Measures to Revitalize the Economy of Okinawa," and the "Visit Okinawa Plan," all published by the Okinawa Prefectural Government



The OEPC Group Vision

(Drawn up in July 2009)

Each member of the Okinawa Electric Power Company (OEPC) Group is working diligently to realize the Group's overarching vision.

1. What we aim to be

The OEPC Group Vision sets out our vision for the future, pledging to “design and propose new value through services to support both corporate and individual customers” through our core business as a comprehensive energy supplier and to “become a unified business group that grows and develops hand-in-hand with the community.”

2. Basic Management Stance

- Discover customers' needs, and do our best to provide greater satisfaction
- Act as a responsible corporate citizen
- Value our staff and help them grow
- Achieve sustainable growth through efficient business operations and a far-sighted capital investment strategy

3. Our business fields

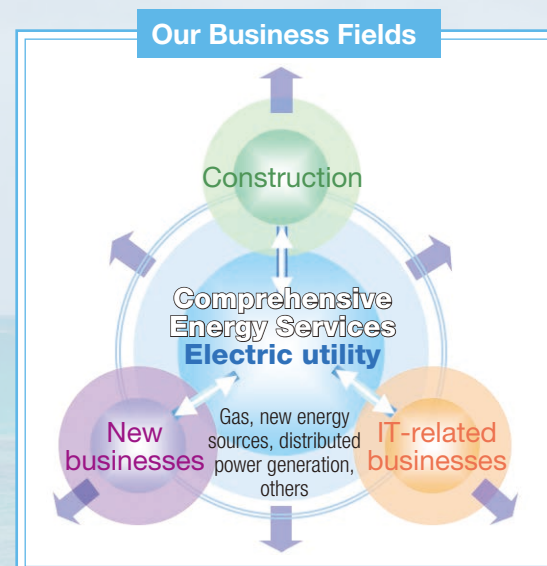
The core of the OEPC Group's business development will continue to be the provision of comprehensive energy services, centered on the supply of electric power. In addition, the Group will seek to leverage its strength as a comprehensive energy services provider and the advantages of its existing businesses — such as IT-related services, construction, and real estate operations — to steadily develop and grow new businesses, with particular focus on expanding earnings from customers outside the Group. We will seek to create an optimal business portfolio for the Group, characterized by collaboration among business units and realization of self-sustainability for each unit.

Comprehensive energy services provider

The core business field of the OEPC Group consists of the electric utilities business, the gas supply business, renewable energy services, and the distributed power generation business. The combined operation of these businesses makes OEPC a comprehensive provider of energy services. In this core business field, the OEPC Group aims to respond to the calls on it from society with respect to both economic and environmental issues through the provision of optimal energy services.

New business fields

The OEPC Group aims to efficiently leverage its strengths to develop and grow new businesses.



Construction and real estate businesses

Providing a high value-added service that precisely matches our customers' needs

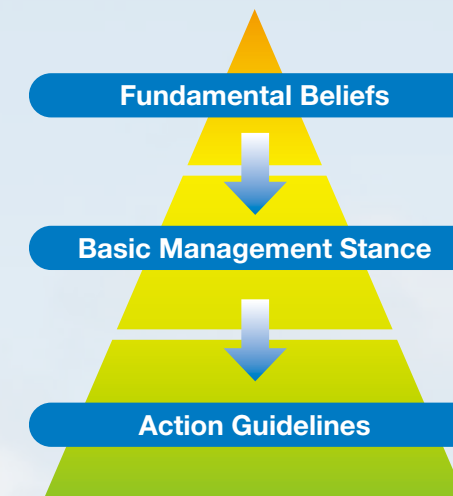
IT-related businesses

Expanding our earnings base through the provision of solutions in the information technology field

OEPC's Corporate Mission

(Drawn up in July 2009)

The corporate mission of Okinawa Electric Power Company (OEPC) is spelled out in three documents: our Fundamental Beliefs, in which we state the ways that we seek to provide value to the community as a whole; our Basic Management Stance, in which we define the fundamental goals we must aim for in order to realize our Fundamental Beliefs; and the Action Guidelines, in which we explain the ways to conduct the work that each employee of the Company is expected to follow.



1. Fundamental Beliefs

Become a major driving force behind the growth of the Okinawan economy through the supply of energy (slogan: Energise Okinawa)

At OEPC, we are motivated by a strong sense of mission and pride in the capabilities of the Company to work to support the livelihoods of our individual customers and the economy of Okinawa Prefecture as a whole. We intend to harness our passion and creativity to help build a dynamic and forward-looking community in Okinawa.

2. Basic Management Stance

- Discover customers' needs, and do our best to provide greater satisfaction
- Act as a responsible corporate citizen
- Value our staff and help them grow
- Achieve sustainable growth through efficient business operations and a far-sighted capital investment strategy

3. Action Guidelines

- Follow work procedures faithfully and swiftly
- Be proactively inventive, plan ideas carefully, and execute them thoroughly
- Boldly take on difficult challenges
- Support one another to reach our common goals
- Always keep profitability in mind, and work daily to achieve cost reductions
- Insatiably seek and acquire knowledge and skills, and pass them on to others
- Uphold high ethical standards at all times



Creating electricity

OEPC recognizes that its core mission and the fundamental driving force behind any electric utility is the stable supply of the power necessary to support people's lives and economic activity. On the premise of maintaining the supply of electric power on a stable basis to meet future demand, the Company strikes a balance between energy security, economic viability, and environmental concerns. With these in mind, we are taking steps to upgrade and expand our power generation and distribution facilities in an efficient and integrated manner.



Power consumption in Okinawa Prefecture

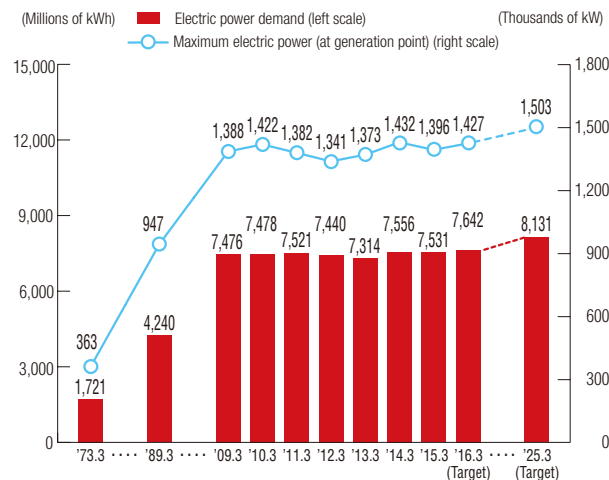
Electric power consumption in Okinawa Prefecture during fiscal 2014 totaled approximately 7.53 billion kWh. Peak load was 1,396,000 kilowatts (transmission end) or approximately four times the figure for 1972, our initial year of operations as OEPC.

In terms of long-term electric power consumption, an increase in the number of customers — fueled by the fact that population growth in Okinawa is outpacing that of Japan as a whole — and the steady growth of the prefecture's economy are expected to push up demand by an annual average of 0.7% between fiscal 2013 and fiscal 2024.



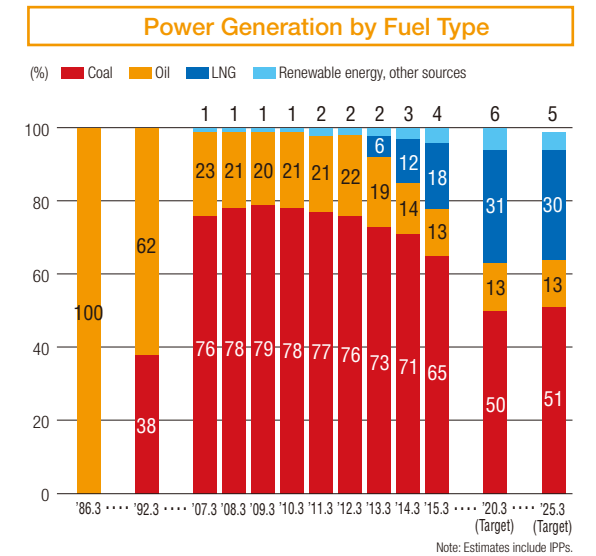
Kin Thermal Power Plant control room

Maximum Electric Power and Electric Power Demand



Expansion of power generation capacity

In Okinawa Prefecture, to which OEPC supplies electric power, the development of hydroelectric and nuclear power is beset with difficulties, including the constraints caused by geography, topography and the scale of electric power demand. Consequently, Okinawa has to rely on fossil fuels as its electric power energy source. Previously, OEPC had been sustaining the demand for electricity mainly by using oil- and coal-fired thermal power, but added to these by commencing operations of the LNG-fueled No. 1 and No. 2 generators at the Yoshinoura Thermal Power Plant in 2012 and 2013, respectively. This has diversified the fuels used to three types—oil, coal, and LNG—and brought about an improvement in energy security. Furthermore, OEPC has enhanced its efforts to combat global warming by using LNG, which emits less CO₂ than oil and coal.



Note: Including portion from other companies
Estimated composition ratio taking as upper limits then published sustainable output of solar power generation facilities
Some total values do not add up due to rounding

Operations commence at Yoshinoura Thermal Power Plant

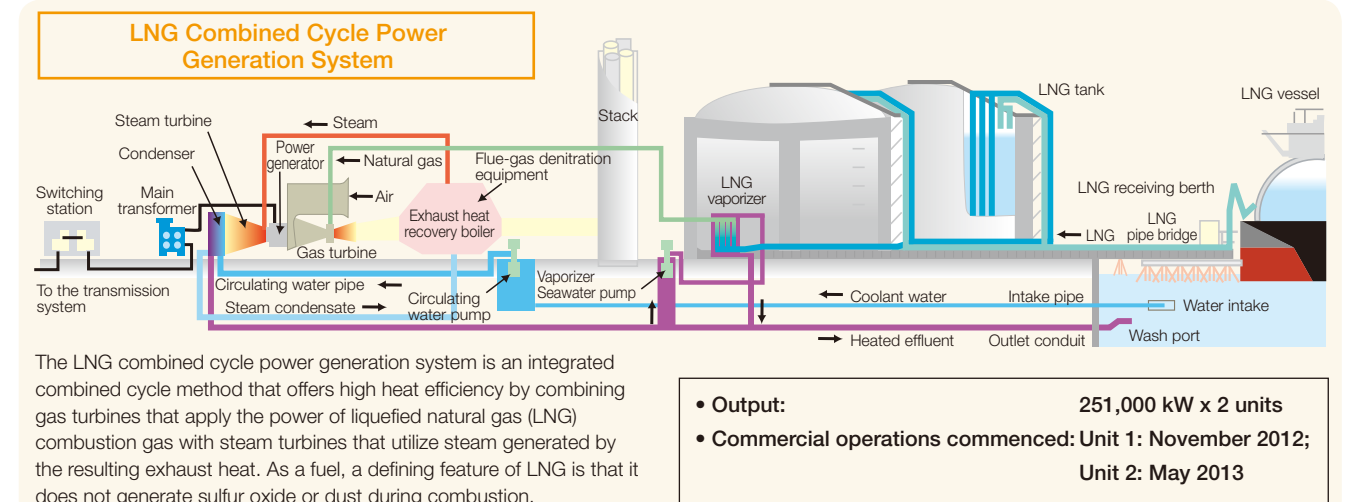
OEPC initiated steps to construct Yoshinoura Thermal Power Plant, the Company's first liquefied natural gas (LNG)-fired facility, in Nakagusuku Village, located in the midland area of Okinawa Prefecture, in 2007. The No. 1 and No. 2 generators came online in November 2012 and May 2013, respectively.

This power plant is an important source of electric power while taking into consideration three key aspects of power supply capacity, energy security, and the environment.

From an environmental perspective in particular, the Plant boasts substantial positive features and benefits. By employing LNG as its principal source of fuel, Yoshinoura Thermal Power Plant does not release sulfur oxide or produce dust and soot. At the same time, emissions of CO₂ are less than for fossil fuel-fired facilities. Moreover, the Plant has adopted an LNG combined cycle power generation system, which is recognized as a highly efficient power generation method. Taking these features into consideration, Yoshinoura Thermal Power Plant can be expected to help inhibit global warming and remain friendly to the environment.



Yoshinoura Thermal Power Plant





Delivering electricity

It is not enough simply to generate electric power—it must be delivered to the consumers—and to do this OEPC has built, and constantly maintains, an extensive network of high-voltage power transmission lines, substations, and low-voltage local distribution networks. Taking fully into account demand trends in the prefecture and the overriding need to ensure a reliable supply into the indefinite future, the Company is directing its planning and investment in the construction and installation of generating facilities and its transmission network from an integrated perspective.

Our comprehensive network

At present, the Company's network of power transmission lines connecting its power plants with its substations across the main and remote islands, including overhead and underground cables, measures a total of 1,102 kilometers (line length). We operate 137 substations, and the length of our distribution line network connecting these substations with customers (again, both overhead and underground), totals 10,744 kilometers (line length). Moving ahead, we are continuing to build and develop transmission and distribution networks that can cope with the region's growing demand and ensure reliable supply.



Transmission and distribution facilities



Load dispatching center

Load dispatching center

At OEPC we draw up demand and supply operational plans based on estimates of customers' power needs, and the amount of power generated is carefully controlled around the clock to ensure an uninterrupted supply of high quality. Because the electric power cannot be stored, we have established a remote control system for power load adjustment at power plants and current adjustments at transformers and over transmission lines, to precisely match power demand.

Trunk lines for power supply

Electrical power demand on the main island of Okinawa is concentrated in the cities of the central and southern areas, centered on Naha, but large-scale generation facilities are located north of the central area of Okinawa Prefecture, far away from demand centers. For this reason, the Company is expanding and strengthening facilities in line with expanding electrical demand. Even if a natural disaster cuts our power supplies, we aim to ensure resumption by structuring lines so as to enable us to use a secondary route. We supply power in high volumes using underground conduits and tunnels for areas where construction of pylons is difficult.



Naha trunk line tunnel



Distribution line maintenance

Construction, operation and maintenance of distribution facilities

Okinawa is constantly struck by typhoons. Therefore, it is not uncommon for transmission and distribution facilities to incur significant damage due to strong winds and flying debris. Taking these regional characteristics into consideration, OEPC's transmission and distribution operations draw on past data regarding damage and blackouts to build robust facilities that are resilient to natural disasters. In this manner, the Company strives to ensure stable supply across its broad prefecture-wide transmission and distribution network. Through regular power line patrols and inspections, we ensure that any irregularities in our distribution facilities are discovered at an early stage and are swiftly repaired. In this manner, we work to prevent any recurrence of incidents. Even in cases where incidents lead to power cuts, use of computers installed at each branch and an automated distribution system enables us to minimize the area of outage and quickly restore supply.

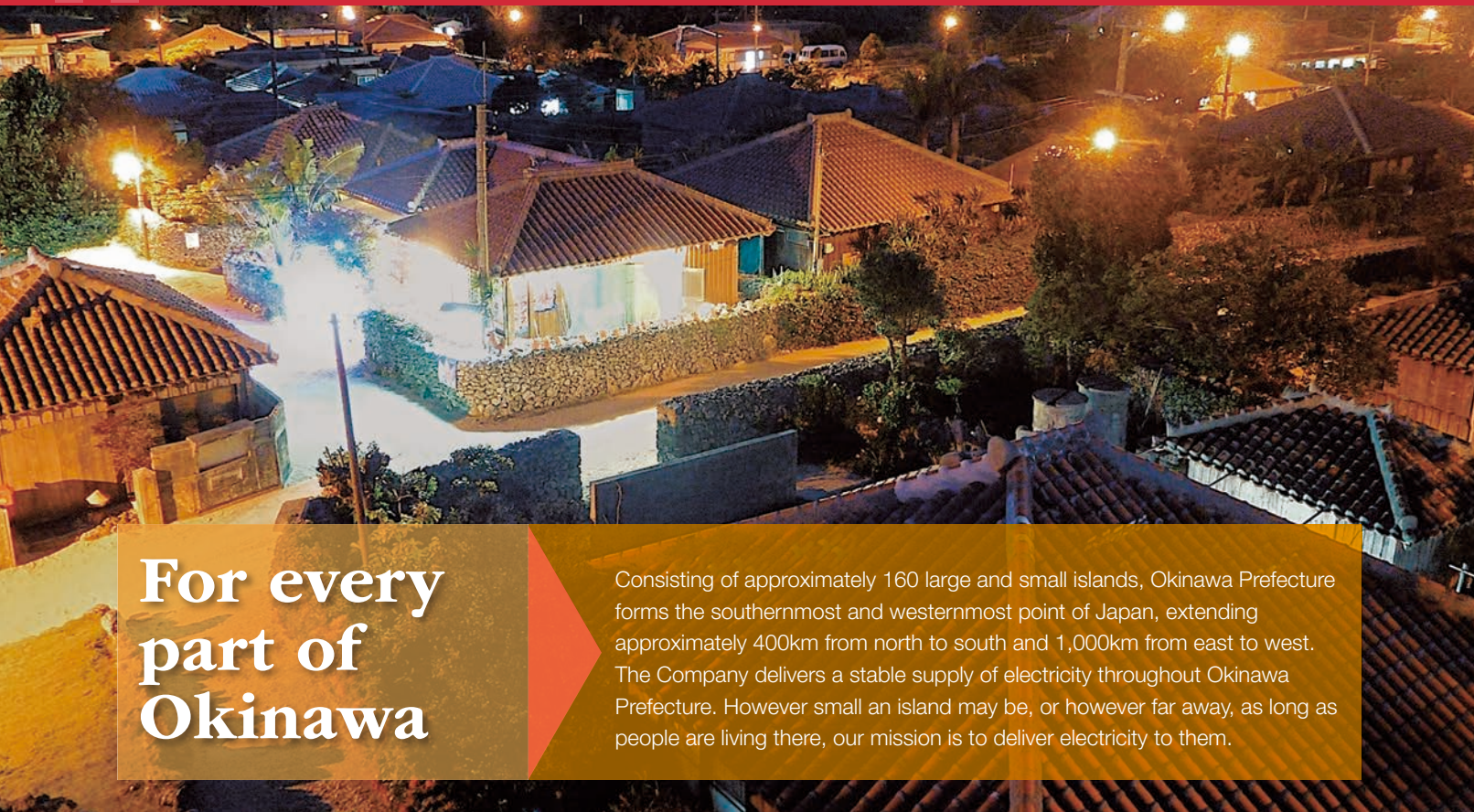
Progress in laying distribution lines underground

Since 1986, urban redevelopment projects, led by the Ministry of Land, Infrastructure, Transport and Tourism, have been carried out in cities all over Japan as part of an overall concept of improving the appearance of social infrastructure.

Okinawa Prefecture has participated in nationwide plans to promote the laying of underground cables since 1991. Approximately 87 kilometers of distribution lines have been laid underground as of fiscal 2014. Work is currently underway or planned to eliminate power poles from the islands over an area of around 60 kilometers.



Kokusai Street with underground power distribution lines



For every part of Okinawa

Consisting of approximately 160 large and small islands, Okinawa Prefecture forms the southernmost and westernmost point of Japan, extending approximately 400km from north to south and 1,000km from east to west. The Company delivers a stable supply of electricity throughout Okinawa Prefecture. However small an island may be, or however far away, as long as people are living there, our mission is to deliver electricity to them.

Power supply facilities for remote islands

A vast distance from mainland Japan, and composed of multiple islands, Okinawa's geographical conditions form a major handicap to the supply of electricity, the foundation of modern society. We are committed to setting up a generation and distribution network that overcomes the difficulties presented by supplies to remote islands.

In addition to the main island of Okinawa, we have established independent internal combustion power-generating facilities in 11 remote islands including Ishigaki and Miyako islands. From these facilities, electricity is supplied to neighboring smaller islands round-the-clock using submarine cables.

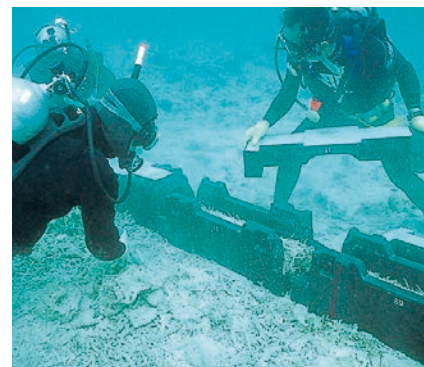
During emergencies such as the failure of regular supplies to remote islands, we use transportable generator equipment to ensure a stable supply of electricity.



Ishigaki No. 2 Power Plant (diesel generator)



Power distribution line continuing through to Yubu Island



Submarine power cables



Ishigaki No. 2 Power Plant

Reducing the costs of supplying remote islands

Since demand is so small in scale and the islands themselves are so far away from the main island of Okinawa, the remote islands present structural issues in terms of supply costs in every category, notably fuel and maintenance expenses. Those costs are more expensive than those on the main island.

To alleviate the imbalance in revenues and expenses with regard to remote island supplies, the Company set up a Remote Islands Company in fiscal 2002, which successfully increased efficiency on various fronts. In December 2009, to meet our obligations under the Renewable Portfolio Standard (RPS) Law and reduce our CO₂ emissions by using renewable energy, we introduced Japan's first retractable wind turbines (two 245kW turbines) on Hateruma Island and put them into operation.

In February 2011, we also introduced retractable wind turbines on Minami-Daito Island, with the same capacity as on Hateruma, and installed a unit on Aguni Island in June 2014.

Despite a discouraging environment of soaring fuel prices, we intend to persist with these efforts and bring down costs of supplying remote islands.



The transportation of fuel to Minami-Daito Island



Retractable wind-power generator at Hateruma Island



Disaster readiness

As a provider of vital services in Okinawa Prefecture, the Company had already taken measures to mitigate the damages to the power facilities. We had rooted out causes of incidents and worked to make our operating environment “disaster-proof,” so we could quickly restore operations when disasters occur. However, the Great East Japan Earthquake has raised our awareness of the importance of ensuring a stable supply of power come what may. We now need to further beef up our readiness.

The Company is updating emergency procedures for its facilities to cope with major natural disasters, and carrying out practical and organizational re-inspections in anticipation of every possible scenario, assuming various types of disaster.

Readiness for disasters and service restoration

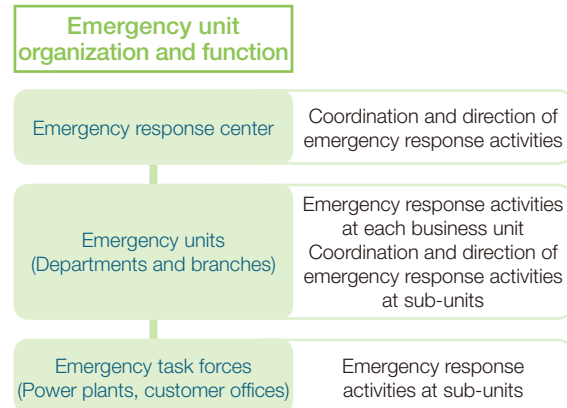
In addition to routine facility inspections, we deploy mobile power generators, have established disaster prevention frameworks on a Company-wide basis, regularly update guidelines and manuals for dealing with the aftermath of disasters, and carry out comprehensive training to ensure a smoother response to disaster situations. In particular, our general disaster training programs are based on hazard maps specific to Okinawa Prefecture, and we conduct drills on a Group-wide basis including partner companies.

In cases where a disaster has occurred or is expected, we have measures for setting up emergency response centers. Simultaneously, all of our branches have established their own emergency units, and customer offices, power plants and operational bases have emergency task forces. Affiliated and partner companies join in restoration work after disasters under the control of emergency units and branches. We take every measure to ensure that power supplies can be restored by ensuring that affiliated and partner companies work together with the Company in an integrated manner.

Daily facility patrols, reducing flying debris, tree cutting

In addition to bolstering its facility patrols in a bid to prevent blackouts from arising, the Company is considering measures aimed at improving facility patrol methods as a part of efforts to quickly identify the causes of each blackout.

Working to complement these initiatives, OEPC is coordinating with local government and other authorities to cut and remove trees and strengthen activities aimed at reducing the impact of flying debris.



Tree cutting

Major causes of blackouts and countermeasures

Blackouts are largely attributable to the damage caused by flying debris to utility poles and electric power lines. Interruptions to the supply of electric power can also occur when electric power lines come in contact with trees. In order to minimize the inconvenience created by power cuts, OEPC is undertaking a variety of measures including the reinforcement of its electric power lines by progressively replacing its existing network with stronger, anti-wear cables, low wind pressure electric wires, and drop cables. Moreover, the Company is working to install auxiliary poles and support power lines as a part of efforts to prevent any cascading collapse and to better strengthen utility poles. Building on these endeavors, OEPC is promoting the installation of handy remote controlled time limiting switches in combination with automated distribution systems with the aim of minimizing the areas affected by power cuts when a typhoon strikes.



Damage due to flying debris



Electric power restoration operations

Providing information to customers

OEPC receives a large number of customer inquiries regarding blackouts and power recovery. In addition to the customer service staff at each branch, the Company dispatches additional support staff as a part of efforts to provide a comprehensive explanation to its customers.

Furthermore, OEPC provides updates on blackout areas and projected schedules regarding power recovery to the mass media and broadcasting organizations on an hourly 24-hour basis from the time high-voltage power distribution lines are cut to power recovery. This information is also posted on the Company's official website.

Collaboration with outside disaster relief-related organizations

During the disaster recovery operations following Typhoon No. 8, which struck in July 2014, OEPC transported personnel and vehicles to the hardest hit islands by helicopters with the cooperation of the Japan Ground Self-Defense Force and worked to restore power as quickly as possible.



Dispatch of OEPC service restoration personnel by a Self-Defense Force helicopter.

Emergency measures in light of the Great East Japan Earthquake

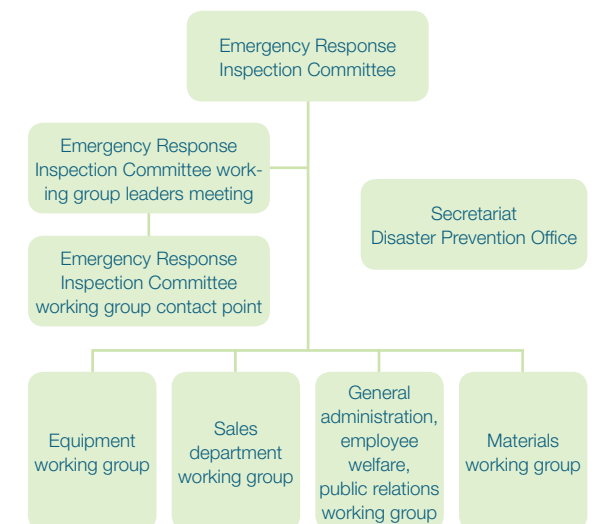
Establishment of the Emergency Response Inspection Committee

On March 29, 2011, the Company set up the Emergency Response Inspection Committee chaired by the President. A working group was set up as a subordinate organization, comprising representatives of each business department. This group handles specific inspection tasks for disaster prevention purposes and takes whatever actions are necessary.

Principal areas needing verification

- General inspection and upgrading of power generation, transmission and substations, distribution and other facilities; measures for the general restoration of operations.
- Measures to ensure mobile power generators can be used in disaster-hit areas
- Information-sharing systems, command and control structures, partnership frameworks for affiliates and public institutions
- Measures needed for major disasters

Emergency Response Inspection Committee Organizational Chart





Helping in comfortable lifestyle and workplace creation

By acutely sensing customer feedback, occasionally providing customers with advisory notices, accurately and rapidly responding to diverse customer needs, and working to provide services that satisfy our customers, the Company helps in the creation of abundant and comfortable lifestyles and workplaces for its customers.

Deployment of finely tuned services

To respond to our customers' need for reduced costs and greater peace of mind and comfort in their daily lives, we offer electric equipment and systems with options optimized for customers' particular lifestyles and patterns of electricity usage. Looking ahead, we plan to remain the power supplier of choice in Okinawa through services that satisfy, by establishing what customers really need by visiting customers' factories and offices and through questionnaire surveys. We conduct our businesses from the customer's perspective.



A consulting session

Promoting growth in popularity of all-electric homes

Equipped with technology such as highly efficient IH (induction heating) cookers, which produce heat magnetically rather than by using an open flame, and EcoCute water heaters, which use heat in the air to heat water, the number of all-electric homes continues to increase every year.

In its efforts to convey how the power of electricity can enrich customers' lives and make them more comfortable, OEPC offers a range of affordable charge plans to suit customers' lifestyles and works to increase the popularity of all-electric homes through various events and marketing campaigns. These include displaying electric equipment and enabling customers to experience induction heaters (IH) at our Kaerupia all-electric showroom in Naha and all-electric demonstration vehicles.

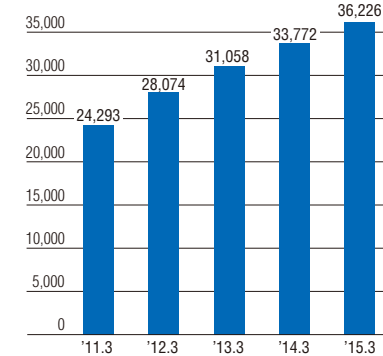


All-electric home demonstration vehicle; hands-on experience in the use of IH cooking heaters



All-electric home demonstration vehicle

The Growth in Popularity of All-Electric Homes (Cumulative)



For our corporate customers

All-electric kitchens — safe and easy to clean

OEPC is working to spread the word about the advantages of all-electric kitchens for restaurants, bakeries, and other commercial facilities. Conforming to the principles used in the Hazard Analysis and Critical Control Points (HACCP) method, these commercial kitchens make possible 3C (cool, controllable and clean) kitchen environments that are also safe, hygienic, and highly productive. What is more, customers who sign the "Commercial Electric Kitchen Power Service Contract" can take advantage of lower electricity rates. To encourage the increased use of commercial all-electric kitchens, we hold regular seminars such as the "Commercial Electric Kitchen Seminar" in collaboration with kitchen manufacturers to make the features of electric kitchens more well-known to potential users.



A welfare facility kitchen that has introduced commercial electrical equipment



Commercial electric kitchen seminar

Proposals for air-conditioning systems tailored to customer needs

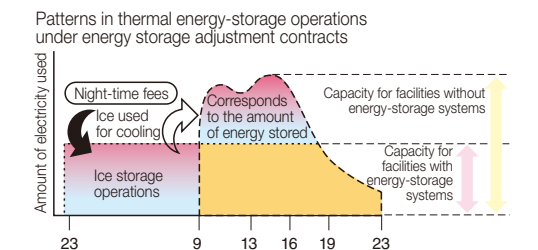
We propose optimal air-conditioning systems tailored to customer needs. These include highly efficient air-conditioning systems that enable extensive compatibility with the scale of customer facilities, regardless of whether they are large or small, and heat storage air-conditioning systems that store cold as ice and chilled water at night for use as a coolant during the day.



Ice-storage air conditioning systems

Proposals for heat pump hot water systems that are highly effective in conserving energy

To utilize the heat in the atmosphere heat pump hot water systems are highly energy efficient compared with conventional hot water systems and enable a significant reduction in CO₂ emissions. In the case of storing hot water at night, the signing of an energy storage adjustment contract enables the receipt of a discount in accordance with the amount of electricity used.



Lower electricity rates

Okinawa Electric Power Company labors under a number of structural handicaps that include serving a large number of islands scattered across a wide area, operating outside of the electric power-sharing system operated among Japan's other nine electric power utilities, and an operational scale that makes it difficult for OEPC to enjoy much in the way of economy of scale. Since the establishment of OEPC, however, we have set ourselves the fundamental management target of supplying electricity to our customers at rates comparable with those on the Japanese mainland and have done our best to lower our power supply costs. In the years to come, we will continue offering lower electricity rates by adopting more efficient operational processes.



Aiming for lower electricity rates

To enable its customers to share in the profits gained through greater operational efficiency, OEPC has reduced its average electricity rates charge 12 times since 1988, including temporary reductions. The Company will continue its efforts to increase the efficiency of its operations in order to keep electricity rates at approximately the same level as they are on the Japanese mainland in the long run.



Kin Thermal Power Plant

Efficiency Initiatives

- Efficient capital investment
- Reducing costs on remote islands
- Operating and maintaining facilities efficiently
- Increasing operational efficiency
- Ensuring stable fuel procurement and reducing fuel costs
- Promoting efficient use of electricity

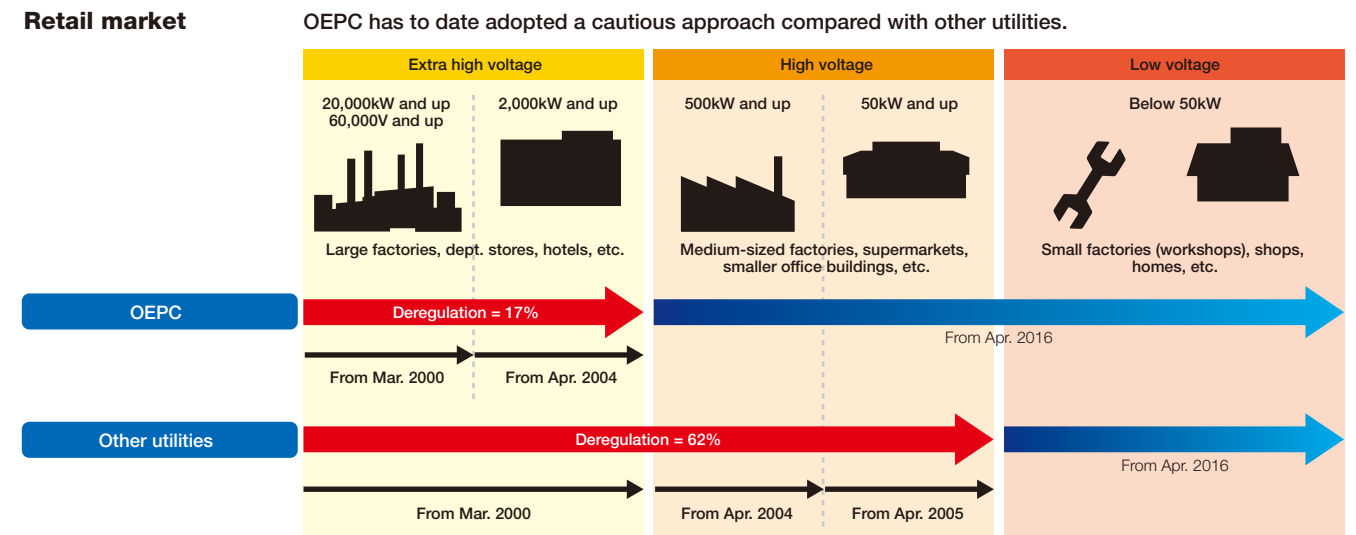
The deregulation of the electric power utility business

The deregulation of power supply within OEPC's service area is limited, in principle, to customers contracting to receive a minimum of 2,000 kilowatts which is supplied to them by OEPC's extra high-voltage transmission lines. Because of the structural disadvantage, of supplying power to the smaller islands of the prefecture that are remote from Okinawa Island, the scope available to private power suppliers to take advantage of the partial deregulation of the power supply system is rather limited by comparison with the other Japanese power utility companies.

Currently, electric power system reforms are being advanced by the Japanese government, and full retail deregulation across all of Japan, including Okinawa Prefecture, will be implemented on April 1, 2016.



The Scope of Electric Power Supply Deregulation



* Percentage figures represent electricity sales within the scope of deregulation as a percentage of total electricity sales (year ended March 2015).



Working with our community

OEPC has grown to its present status in parallel with the development of Okinawa Prefecture with the invaluable support and cooperation of numerous local community members. Under the corporate slogan "With the community, for the community," OEPC will continue its efforts to contribute to the development of the local community by utilizing all its management resources, with the aim of being a company that continuously grows in tandem with the people in Okinawa.



Regional community services development

OEPC pursues a number of initiatives aimed at assisting the local economy, building the foundation for a thriving industry, and promoting technological development in Okinawa. Among these initiatives include making proposals and providing support for industrial promotion by liaising with business organizations inside and outside of Okinawa, conducting collaborative research with industry, government, academia, and the private sector, providing support to strengthen the capabilities of these organizations and dispatching Company staff to them.

OEPC also provides financial support to various organizations such as social welfare organizations, government and non-governmental bodies, local government authorities that promote social welfare, cultural activities, and sports.

In addition, the OKIDEN Group Volunteerism Mutual Aid Organization, which is composed of employees of OEPC and its affiliate companies, conducts community cleanups, makes donations, and collects used stamps and cards for charity.



OEPC donated funds for construction of Family House, for accommodation of parents and other relatives visiting patients at Nanbu Prefectural Medical Center, a children's care facility.



General view of a community cleanup activity



Informal meeting



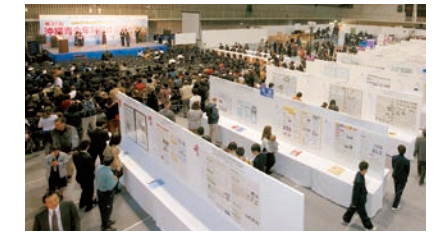
Inspection of household electric equipment and devices conducted free-of-charge.

"Get-to-Know OEPC" events

Every November since 1978, OEPC has held Company-wide "Get-to-Know OEPC" events to express its appreciation to the local community and customers for their support through spirited interaction with them. Held at all OEPC branch offices and power plants, these events include volunteer activities, sports competitions, and open dialogue with community members to enable communication with OEPC customers.

Exhibition of Science Work by Students

With the aims of stimulating interest in and fascination for science among students as well as promoting science tuition and nurturing human resources in Okinawa Prefecture, the Company has been held the Exhibition of Science Work by Students since 1979. The event held in fiscal 2014 marked the 37th exhibition. Besides awards for and displays of all the entries at the venue, including those for the Okinawa Governor's Prize, the Company holds poster sessions by the winners and provides booths and areas where visitors can gain hands-on experience of science. The exhibition has become an event that enables visitors to have fun while coming into close contact with science. Every year, the exhibition is highly acclaimed by the many OEPC customers who visit.



General view of the Exhibition of Science Work by Okinawa Students venue



A robot building and control competition for high school students

A "Make it Together with Mom and Dad" handicraft class



Award ceremony at the Okiden Sugarhall Audition for Debut Concert

Arts and cultural events

OEPC has been contributing to the promotion of the arts and cultural activities in Okinawa. The Company supports a variety of arts and cultural events held in the prefecture, such as those related to Ryukyu dance and traditional "Eisa" dance. In addition, the Company organizes the "Okiden Sugarhall Audition for Debut Concert" and the "Okiden 'Landscape with Light' Digital Photo Contest."



An entry in the "Okiden 'Landscape with Light' Digital Photo Contest"

Sports

OEPC sponsors numerous events including the Okiden Pennant Baseball Tournament, the Okiden Pennant Naginata Tournament, and the OEPC Autumn Open Team Table Tennis Competition. The Company also supports and sends voluntary workers to a variety of sporting events for people of all generations, such as the NAHA Marathon.



Okiden Pennant Elementary School Baseball Tournament



Okiden Pennant Naginata Tournament

Baseball workshop for children conducted by the Okiden baseball team

Support activities for environmental education

To provide more information about energy in Okinawa Prefecture to local residents and to improve awareness of our environmental initiatives, we dispatch experts to give lectures on environmental and energy-related topics at the behest of local educational institutions and government authorities. In addition, to raise awareness of the importance of energy and the way power is generated, we arrange power plant study visits and have prepared a range of attractions at the Electrical Science Museum at Gushikawa Thermal Power Plant.



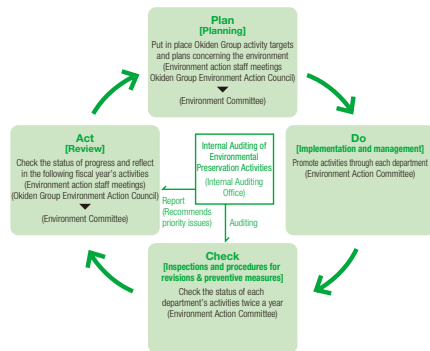
An OEPC staff member gives a talk on environmental and energy topics to elementary school children



Environmental measures

The Company carries out a range of activities to enable us to leave the heritage of a beautiful, unspoiled natural environment to future generations. We work to create an effective system of environmental management, and always place the highest priority on minimizing the environmental burden of our business operations. To help realize the sustainable development of our society, every one of our employees is working proactively to contribute to our environmental aims in the full understanding of their overriding importance.

The PDCA Cycle in Our Environmental Preservation Activities (Implementation of continuous improvement)



Improving our environmental management

The Company has established the OEPC Group Environmental Policy under our Environment Committee, chaired by the President, and is engaged in environmental activities across the entire Group. Continuous improvement activities are being carried out, utilizing the PDCA ("Plan-Do-Check-Act") problem-solving process.

Meanwhile, the Power Generation Department of the Electric Power Engineering Division is integrating quality management systems with environmental management systems.



Joint meeting encompassing environment action staff meetings and the Okiden Group Environment Action Council



Green power plant (Ishigaki No. 2 Power Plant)

Promoting preservation of the regional environment

To ensure that the islands of Okinawa retain their beautiful natural environment for the enjoyment of generations yet unborn, we make a special effort to protect the countryside and shore lands in the vicinity of our power plants, giving consideration to biodiversity.

At existing power plants, we are undertaking a range of environment protection measures, targeting atmospheric pollution, water pollution, warm wastewater pollution, and noise and vibration issues, to ensure that our activities do not impact the surrounding environment. We also make reports to relevant local authorities based on environment protection agreements, after carrying out source measurements such as smoke, noise, and vibration control measurements and environmental monitoring studies of the air quality, marine phenomenon, and marine organisms around our power plants.

We have conducted environmental assessments in accordance with laws and ordinances at our Yoshinoura Thermal Power Plant. As a part of this process, we continue to take into consideration the views of local residents as well as the local government. Looking ahead, we will create a new power plant that will harmonize smoothly with the natural surroundings cherished by the community.

In addition, we are taking the following measures to improve the local environment: rigorous management of chemical substances such as PCB and dioxin; greening power plant sites to achieve more harmony with the natural environment and areas of scenic beauty in the area; and trailing the "greening of the sea" by planting coral and seaweed around our power generation facilities.

Promoting initiatives aimed at protecting the global environment

Said to be the principal cause of global warming, CO₂ emissions are a major issue which electric power utilities have to address.

For OEPC, measures against global warming are an extremely pressing issue, because factors such as geographical and topographical restrictions and limits on the scale of electric power demand in Okinawa Prefecture make it difficult to develop hydroelectric and nuclear power, leaving the Company no choice but to rely on fossil fuels such as oil and coal as its primary source of energy.

Under such conditions, as our most effective measure against global warming, we undertook the construction of a new power plant at Yoshinoura, which burns LNG, a fuel with lower CO₂ emissions than coal or oil. Operations of the first thermal power generator at the Yoshinoura Thermal Power Plant commenced in November 2012, while the second generator commenced operations in May 2013. As supplementary measures, we are improving the operating efficiency of our existing thermal power plant, launching Group-wide wind power generation initiatives, including the introduction of retractable wind turbines in remote islands, conducting verification tests for the stable operation of solar and wind power generation, mixing some of the coal in coal-fired power plants with biomass, and operating a small hydroelectric power generator in Miyako Island. We are also making contributions to the World Bank's Community Development Carbon Fund, which takes advantage of the clean development mechanisms provided under the Kyoto Protocol to assist in the reduction of greenhouse gas emissions on a global scale.

In addition, various energy-saving initiatives are underway at each office and we are working to raise energy awareness of each employee.



Kariyushi shirts for our employees (in April to December)



Wood-based biomass distribution facility



Yoshinoura Thermal Power Plant



Recycling of confidential documents



Damaged ceramic insulators are recycled into material for tiles.

Creation of a sustainable resource-oriented society

OEPC is committed to building a sustainable resource-oriented system, promoting the use of a three-pronged system for handling the waste products generated by its operations. The system incorporates the concepts of "reduce, reuse, and recycle" as a way of optimally utilizing the Earth's limited natural resources.

The coal ash and gypsum created by the combustion process at our coal-fired power plants have been recycled as an alternative to cement, earth, and sand, and we are thus promoting the efficient reuse of these materials. Also, in our offices, we are trying to reduce the amount of rubbish we generate by encouraging staff to use less paper and to bring in their own personal cup and handkerchief to cut down on paper cup and tissue use. We are also working to recycle waste and scrap paper by separately collecting, recycling and reusing them.

Environmental communication

To deepen understanding of our various environmental activities, OEPC has made public a report on its environmental activities annually since 1996, and used exhibition panels to publicize its environmental commitment.

Other environmental activities to raise environmental awareness include beach and side walk cleaning, tree-planting, and coral farming.

In addition, at the behest of local educational institutions, we deliver lectures at elementary schools or arrange hands-on study tours of our power generation facilities and Electrical Science Museum, to support energy- and environment-related education.



Clean up activities on the seashore at Yoshinoura

Environmental Activities Panel Exhibition (for children to conduct their own research during summer vacation)

Green energy

OEPC is working effectively to use green energy including environment-friendly LNG as fuel at the Yoshinoura Thermal Power Plant, woody biomass combustion fuel at its coal-fired thermal power plant, as well as wind power generation in cooperation with a subsidiary company.

In order to contribute to the creation of a vibrant Okinawa future, OEPC conducts research on sustainable growth while pursuing research and development aimed at the creation of new value. OEPC is working to expand the use of renewable energy through a number of measures such as the performance of demonstration research for the stable operation of solar power generation.



Remote island micro-grid verification tests

Utilizing a verification process carried out under the “fiscal 2009 verification of stand-alone new energy systems on remote islands,” supported by the Agency for Natural Resources and Energy of Japan’s Ministry of Economy, Trade and Industry, steps are being taken to gauge the impact of a large-scale adoption of solar power generation systems on the four existing isolated power systems of Miyako, Yonaguni, Kita-Daito, and Tarama islands. As each system differs from island to island, energies are also being channeled toward the demonstration research of isolated power system stabilization while analyzing the operating data of solar power generation and storage systems.

Recognizing that the stabilization of isolated systems is vital to expanding the use of renewable energy, every effort is being made to uncover technologies and countermeasures. This includes the charge and discharge of storage systems to overcome fluctuations in frequency, a major cause of power variations in solar power systems.



Miyako Island Mega Solar Power Experimental Research Facility



Abu Mega Solar Power Experimental Research Facility

Abu Mega Solar Power Demonstration Research Facility

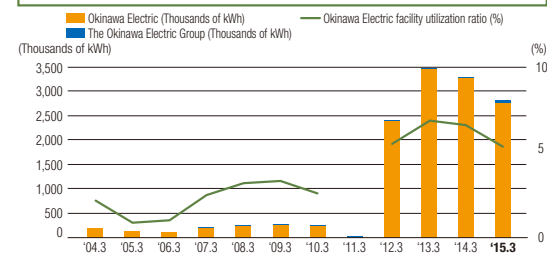
Taking full advantage of Okinawa Prefecture’s Smart Energy Island Foundation Project, OEPC built this 1,000kW solar power generation facility in Abu, Nago City. The Company is verifying the power grid’s stabilization technologies—such as the mitigation of voltage fluctuations by means of the output characteristics of the solar photovoltaic system and its own output limit controls—with the aim of assessing the impact that the introduction of large-scale solar power systems to the main island of Okinawa would have on the electric power grid.

Utilizing renewable energy sources

Social expectations and needs are growing for renewable energy sources, such as wind and solar power that do not emit the CO₂ that is a contributory factor in global warming, as forms of clean energy that will assist in the response to environmental issues. On the other hand, such energy sources have problems including low energy density, they are significantly affected by changes in weather conditions, their energy output is unstable, and power generation cost is high.

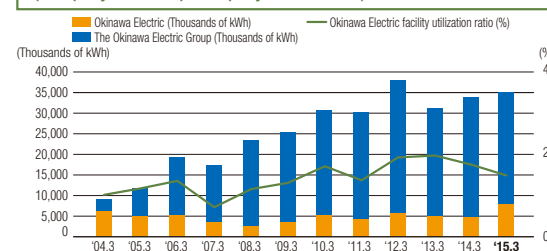
The OEPC Group is committed to introducing renewable forms of energy such as solar and wind power. As of March 31, 2015, the Company had a total capacity of 27,223kW (including small hydroelectric generators) of wind, solar, and other types of renewable energy throughout the prefecture including remote islands.

Volume of Electricity from Solar Power Generation (Transmission End) (Company and Group Company Performance)



Note: The amount of electricity consumption by incidental testing equipment at research facilities exceeded the volume of electricity from solar power generation in 2010. As a result, graph details for the Company have not been provided.

Volume of Electricity from Wind Power Generation (Transmission End) (Company and Group Company Performance)



Solar power generation system on Tarama Island



Retractable wind-power generator (Minami-Daito Island)

Ogimi Wind Power Generation Demonstration Research Facility

In another bid to make full use of Okinawa Prefecture’s Smart Energy Island Foundation Project, a demonstration research facility that combines a twin turbine (2,000kW each) wind power generation facility and 4,500kWh capacity storage battery facility was established in Ogimi Village. The Company is verifying output stabilization technologies, which include the mitigation of output fluctuations by the charging and discharging of storage batteries. The aim is to ascertain the impact that the introduction of large-scale wind power generation systems to the main island of Okinawa would have on the electric power grid.



Ogimi Wind Power Generation Demonstration Research Facility



Biomass co-firing system

Developing biomass energy application technologies

Since September 2005, OEPC has conducted research on the use of woody biomass made out of construction and demolition waste, which, in Okinawa Prefecture, was mostly incinerated without being used effectively.

Having confirmed that the biomass was perfectly usable based on the result of field tests conducted from June 2007 to October 2008 at the coal-fired Gushikawa Thermal Power Plant, we built a biomass distribution facility at the plant, and on March 2010, we started burning the biomass pellet mixed with coal by three percent in weight.

The successful utilization of the “carbon neutral” biomass fuel has enabled us to reduce CO₂ emissions, curb our coal consumption, and make effective use of an untapped energy source.

Efforts toward Sustainable Growth

Fulfilling its specified mission of supplying electricity in a stable manner requires that the Company works for robust and sustainable growth by maintaining a reasonable levels of profit. In addition to enhancing its financial standing by the promotion of thorough cost reductions and business efficiencies, the Company will tap into new and potential demand with a view to building a robust earnings foundation while promoting its efforts in comprehensive energy services that meet customers' needs.

Improving operational efficiency

Efficient capital investment

On the premise of ensuring a stable supply of electricity, the Company additionally undertakes capital investment to ensure strong facility formation for natural disasters while working to achieve economic efficiency and environmental measures at the same time. With regard to the fiscal year under review, the Company continued to execute a raft of efficiency measures that had been previously been implemented. Amid expectations of capital investment such as that geared toward earlier recovery following a typhoon, the Company is also working to firmly establish cost reduction measures at each design, contract, and construction stage while further reducing its capital expenditures.

More efficient plant operation and maintenance

Promoting thorough cost reductions on the premise of maintaining the stable supply of electricity, the Company works on the efficient operation of its facilities and on making its maintenance operations more efficient. In fiscal 2015, we will work to hold down repair and maintenance costs by reviewing expenses from a long-term perspective and implementing measures aimed at minimizing total costs.

Stable procurement and lower costs for fuels

In fiscal 2014, the Company worked to lower costs for fuels by, for example, lowering procurement costs through the utilization of sub-bituminous coal—the total cost of which is inexpensive when compared with bituminous coal and include the costs of environmental measures—and reducing transportation costs. Furthermore, the Company is working to lower the costs for fuels by shifting from coal- and oil-fired automatic frequency control (AFC) operations to liquefied natural gas (LNG) thermal power.

Also in fiscal 2015, we will continue to implement measures aimed at procuring stable supplies of oil, coal, and LNG and to reduce fuel costs.



Unloading coal at Kin Thermal Power Plant

Reducing the cost of powering remote islands

Due to such wide-ranging factors as remote location and narrowing scale, electric power operations across remote islands remain in a constant state of revenue and expenditure imbalance. Under these circumstances, OEPC has been working to raise efficiency in remote island power supplies by rapidly implementing a range of cost-cutting measures, including the reduction of construction costs through the diversion of materials and equipment, waste oil fuel conversion using a waste oil regeneration system, and the reduction of fuel consumption by the introduction of new energy facilities.

While pressing on with these endeavors, the Company will consider a raft of new initiatives while working to further reduce costs.

Streamlining business operations

In fiscal 2014, besides planning the Company-wide collective management of business-use communications equipment and contract reviews, OEPC worked to reduce all costs to the fullest extent when procuring equipment by, for example, actively taking advantage of reverse auctions and joint procurement.

In fiscal 2015, in addition to these cost reductions and streamlining measures, we will steadily implement medium- to long-term streamlining measures covering overall costs in conjunction with, without exceptions, reviews and implementations of further cost reduction and streamlining measures.

Toward the enhancement of OEPC's earnings foundation

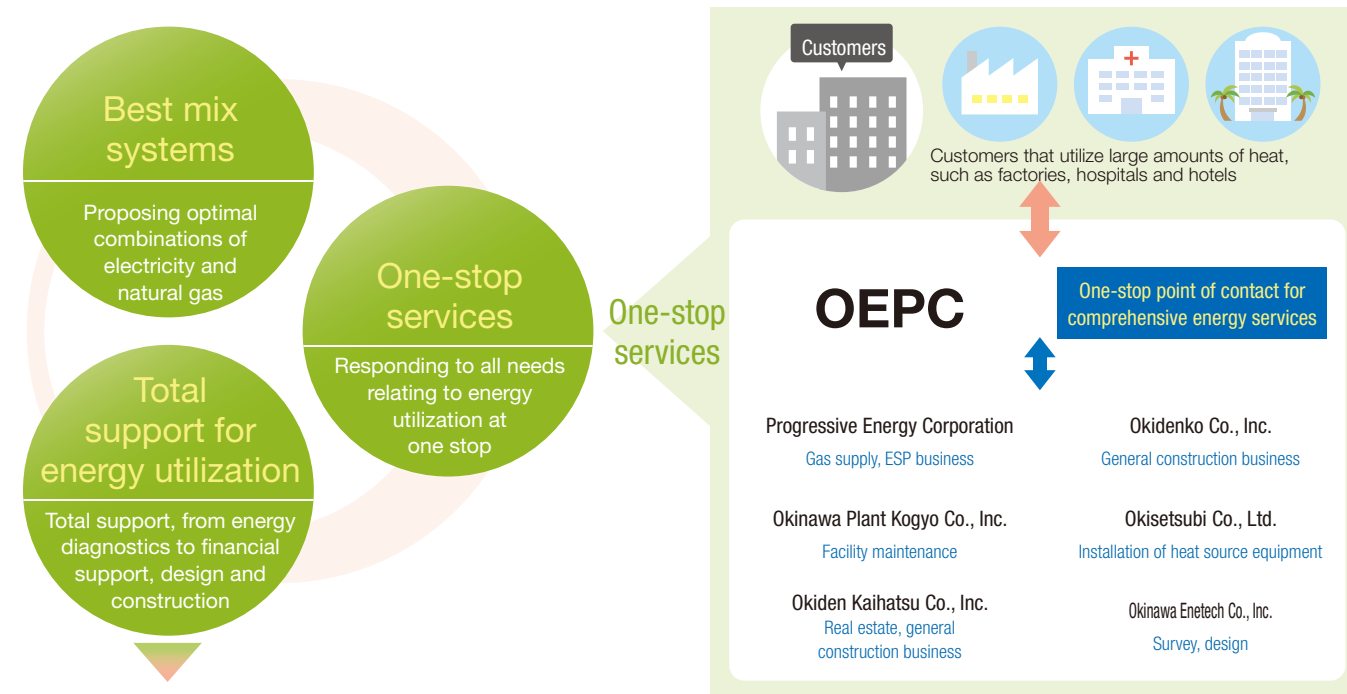
Deploy comprehensive energy services that meet customers' needs

At a time when regional environmental conservation and management efficiency are being demanded, particularly in the fields of industrial and commercial energy use, efforts to save energy and reduce CO₂ and the lowering of energy costs have become important issues for management. Furthermore customer needs with regard to energy utilization are becoming more sophisticated and diverse.

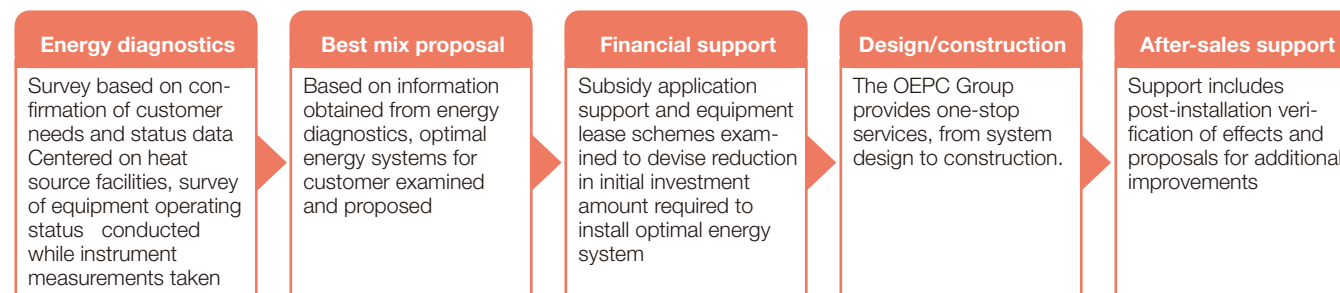
Leveraging expertise and management resources accumulated in its electricity business to capture demand for electricity and gas, the OEPC Group will promote comprehensive energy service efforts to meet customers' needs.

Comprehensive energy services of the OEPC Group

On the basis of needs that are becoming more sophisticated and diverse, the OEPC Group will provide its customers with total energy support, best mix proposals, and one-stop services.



Flow of services



Gas supply business commenced in May 2015

Enables the proposal of energy systems that include gas with conventional electricity, expands the extent of comprehensive energy service provision

- LNG supply business by truck** Supplies LNG from Yoshinoura Thermal Power Plant by tanker truck to customers located in remote locations
- Wholesale gas supply business** Wholesale supply of LNG and gas to other energy business operators
- Piped gas supply business** Supplies gas by pipeline to, for example, factories in the vicinity of the Yoshinoura Thermal Power Plant



LNG shipment by tanker truck



Supporting the local community

While continuing to accomplish its basic mission of providing a reliable electric power service, the OEPC Group has been engaged in a wide range of business activities by making use of its resources, including facilities, technologies and human resources, with the Okinawa Electric Power Company at the core. The OEPC Group intends to continue utilizing its collective strengths for economic and community development of Okinawa so as to retain the support and trust of the community.

Group companies serve as invaluable partners in our provision of a reliable power service

The basic mission of the OEPC Group is to ensure a stable supply of electricity to all customers in Okinawa. To pursue its mission, Group companies have been working together to operate the electric power business in a fully integrated way, by providing all the peripheral services including the construction and maintenance of power plants, transmission and distribution facilities, and the distribution of electrical equipment such as transformers, power switch boards, electric cables, and meters. With the knowledge and technological capabilities gained through building power supply infrastructure, we are expanding our role in private and public works projects, in order to help local industries and community.



Turbine check at Kin Thermal Power Plant (Okinawa Plant Kogyo Co., Inc.)



Building No. 2, Corporate Integrated Facility, Okinawa IT Shinryo Park (Okiden Kaihatsu Co., Inc.)



Sora no Mori Clinic (Okidenko Co., Inc.)

OEPC Group Companies (As of March 31, 2015)

Company Name	Established/Capital	Business Areas
Construction		
Okidenko Company, Incorporated	June 12, 1968 ¥130 million	Civil engineering, construction, electrical work, piping, electric telecommunications work, electric power system construction work, inspection and maintenance
Okinawa Enetech Company, Incorporated	May 10, 1994 ¥40 million	Sales of new energy electric power; Feasibility studies and design of electric power facilities, and supervision of construction; environmental surveys, odor measurement, soil quality examination and land surveys
Okisetsubi Company, Limited	September 18, 1995 ¥20 million	Installation of air conditioning, sanitation, electric water-heating equipment, EcoCute and induction heaters (IH); sales and installation of LED light fixtures
Electric power supply and peripheral businesses		
Okiden Kigyo Company, Incorporated	October 15, 1975 ¥43 million	Construction of internal combustion power generation equipment, repair and consignment operations Sales and maintenance of electrical equipment; full-service advertising agency, lease of vehicles and property; maintenance of vehicles; agency business for non-life insurance companies
Okinawa Plant Kogyo Company, Incorporated	June 2, 1981 ¥32 million	Operation of electrical machinery and facilities, etc. on commission; installation of electrical machinery and equipment
Okinawa Denki Kogyo Company, Incorporated	December 23, 1971 ¥23 million	Repair of electrical measuring equipment and inspection agency work; sale of components for electrical facilities
Information and telecommunication business		
The Okiden Global Systems Company, Incorporated	April 12, 1991 ¥20 million	Computer systems design, construction, operation, and sales; sales, leasing, etc. of computers and peripheral equipment
First Riding Technology, Inc.	July 11, 2001 ¥450 million	Internet data center business Internet solutions; call center business
Real estate business		
Okiden Kaihatsu Company, Incorporated	April 26, 1989 ¥50 million	Management, buying and selling, and leasing of real estate, aquaculture business
Renewable development business		
Okinawa New Energy Development Company, Incorporated	October 14, 1996 ¥49 million	Sales of electricity from renewable energy sources Planning, survey and design of renewable energy systems Construction and maintenance of renewable energy facilities
Other businesses		
Progressive Energy Corporation (PEC)	August 23, 2001 ¥100 million	Sales of natural gas and LNG Construction and maintenance of retractable wind power generator facilities Installation, operation, and maintenance of private power generation systems, and support services for energy saving
Quetech Co., Ltd.	March 30, 2001 ¥3 million	Management consultant services, ISO certification support training

Basic Approach

Conducting its business in conformity with relevant laws and in an ethical manner, the Company will deepen its relationships of trust with shareholders, investors and customers through prompt and appropriate disclosure to ensure that it remains the business group of choice for its community.

To this end, we are vigorously strengthening corporate governance throughout the Group.

1. Corporate Governance Structure

Outline of the corporate governance structure

The Board of Directors, which generally meets twice a month, decides on important matters as part of day-to-day operations, receives operational reports from individual directors and oversees the performance of their duties.

The Board of Executive Directors, which is made up of all of the Company's full-time directors and generally meets two or three times every month, discusses essential issues relating to the management of operations under the President's supervision and takes steps to ensure that operations run smoothly. It also discusses important business matters, including items to be submitted to the Board of Directors. Full-time Auditors are entitled to attend meetings of the Board of Executive Directors and express their opinions.

Auditors are responsible for auditing the performance of duties by individual directors, which they do by attending board meetings and other important meetings. The Board of Auditors, which generally meets once every two months, receives reports and discusses and decides on important audit-related matters.

With regard to internal auditing, an Internal Auditing Office has been set up as an entity under the direct control of the President to assess whether the internal control systems stipulated on the basis of Japan's Companies Act and the Financial Instruments and Exchange Act are functioning effectively.

Thinking behind the corporate governance structure

Appointing three independent outside directors ensures that the workings of the Board of Directors are fair and transparent and improves supervisory capabilities, in terms of overseeing the performance of duties by individual directors. Operating a team of four auditors that includes three independent external auditors similarly improves management supervisory capabilities. The current structure was introduced on the basis that it ensures effective corporate governance, in combination with the supervisory capabilities of the outside directors and the Group's internal auditing structure.

Establishing internal control systems

Internal control systems are established in accordance with the Group's Basic Policy for a System to Ensure Appropriate Business Processes.

Risk management

Having compiled a variety of manuals for each of its offices and departments dealing with hypothetical risk, the Company is taking measures to forestall risk and deal quickly with it when it occurs. The Company has fully prepared itself for the occurrence of risk events by compiling a procedure for rapid implementation of its crisis management measure regulations and a handbook of measures for emergencies and disasters. It has in place a framework for responding rapidly to major disasters and accidents.

Compliance

We aim to raise and uphold compliance awareness by establishing in-house regulations for legal and regulatory compliance and corporate ethics (Basic Code of Corporate Conduct, and Ethical Code for Employees), and by holding regular lectures on legal observance and corporate ethics.

We have established a Corporate Ethics Committee chaired by the President and ensure rigorous standards of corporate conduct based on observation of the law and corporate ethics standards. In addition to deliberating and deciding on frameworks and internal regulations relating to legal observance and corporate ethics, the committee works to prevent wrongful behavior and, failing that, ensure early remedial measures are taken, after discussion of specific instances as reported to the corporate ethics consultation counter.

2. Internal Audits and Auditor's Audits

With regard to internal auditing, OEPC set up the 16-member Internal Auditing Office under the direct control of the President to assess whether the internal control systems stipulated on the basis of the Companies Act and the Financial Instruments and Exchange Act are functioning effectively. The Internal Auditing Office confirms the maintenance and operational status of the internal control systems at every organization, verifies that appropriate and effective business operations are being conducted to achieve management targets, and endeavors to conduct audits that add value to management. In addition to reporting to the Board of Directors, the Internal Auditing Office submits reports to auditors and exchanges opinions regarding audit plans and results, while also coordinating information with accounting auditors.

With regard to auditors' audits, the Board of Corporate Auditors, which consists of four auditors, including three external auditors, and generally meets once every two months, receives reports, discusses and decides on important audit-related matters. The Board of Corporate Auditors has its own members of staff, seven of whom are assigned to the Auditors' Office to assist auditors with their operations and organize board meetings. Auditors conduct audits to check that Group-wide internal controls and risk avoidance measures are in place, working in conjunction with accounting auditors and internal auditing departments.

The three external auditors have considerable expertise in their respective fields. One has extensive experience as a general manager of corporate finance and accounting, one

as the Dean of the Faculty of Economics of a university and one as a qualified lawyer. As a result, all external auditors are well versed in finance and accounting.

3. Outside Directors and External Auditors

OEPC has three outside directors and three external auditors.

In 2015, the Company increased the number of its outside directors from one to three and brought about improvements to the system for supervising and monitoring management functions with the aim of enhancing corporate governance.

Outside director Kunio Oroku, who has extensive expertise and experience in corporate management, is of good character and offers superior insight. He can be relied upon to provide a long-term outlook on the Company's business based on common values held throughout the corporate community and to offer advice and opinions from a different perspective to OEPC.

Outside director Hiroshi Kitagawa possesses knowledge of the communications field, is of good character and offers superior insight. With regard to OEPC, he can be expected to offer advice and opinions from a global perspective that draw on his wealth of experience.

Outside director Akira Okada is of good character and offers superior insight. As a corporate businessman moving in the same direction as the Company in such areas as contributing to local communities and the fostering of a culture of safety in companies, he can be expected to offer advice and opinions from a global perspective that draw on his wealth of experience.

External auditor Masateru Higa has held key positions at other companies and therefore has extensive expertise and experience in corporate management. He is also of good character, offers superior insight and can be relied upon to audit OEPC's operations effectively from an objective perspective.

External auditor Shiro Nozaki is an academic expert who is once again of good character and offers superior insight. His outstanding level of expertise and experience mean that he can be relied upon to audit operations effectively from an objective perspective.

External auditor Hikaru Aharen is also of good character and offers superior insight. Thanks to his legal expertise, he can be expected to make an invaluable contribution to auditing activities in terms of ensuring the legitimacy of OEPC's operations.

Outside director Kunio Oroku was formerly representative director of and is currently supreme advisor to Ryukyu Broadcasting Corporation, a company in which OEPC possesses a share holding of less than 3%.

External auditor Hiroshi Kitagawa is representative director and president of Okinawa Cellular Telephone Company, a company with which OEPC has a trading relationship relating to communications rates and in which OEPC possesses a share holding of less than 2%. Mr. Kitagawa is an outside director of Okinawa Telecommunication Network Co., Inc., an OEPC affiliate.

Furthermore, he was a director of that company during the previous five years.

No special relationships exist between OEPC and outside director Akira Okada.

External auditor Masateru Higa is representative director and chairman of Ryubo Holdings Co., Ltd., a company in which OEPC possesses a share holding of less than 4%.

No special relationships exist between OEPC and external auditor Shiro Nozaki and Hikaru Aharen.

Normal power supply relationships exist between the Company and each outside director and external auditor.

The Company does not currently have in place specific criteria or policies with respect to the independence of outside directors and external auditors. However, for there to be no likelihood of any conflicts of interest arising, all outside directors and external auditors are designated and reported as independent directors, thereby fulfilling the criteria stipulated by the financial instruments exchanges on which the Company is listed.

The outside directors are responsible for independently overseeing the performance of duties by individual directors via attendance at board meetings. External auditors meanwhile are responsible for sharing information and coordinating with accounting auditors and the Internal Auditing Office, whilst also asking questions and exchanging opinions regarding matters such as audit plans and results.

4. Overview of Limited Liability Agreement Details

Pursuant to the provision stipulated under Article 427, Section 1 of Japan's Companies Act and its articles of incorporation, the Company has entered into agreements with its outside directors and external auditors that limit liability for compensation for damages under Article 423, Section 1 of Japan's Companies Act. The maximum amount of liability under such agreements is the amount specified in Article 425, Section 1 of Japan's Companies Act.

5. Accounting Auditors

Accounts for the fiscal year 2014 have been audited by three certified public accountants, Kappei Isomata, Akira Nozawa and Akihiro Kido, who are under contract from accounting firm Deloitte Touche Tohmatsu LLC. They were assisted by five other certified public accountants and five additional members of staff.

6. Compensation for Directors and Auditors

- Total compensation paid to directors and auditors by position, total compensation by type, and number of persons

Position	Total (¥ million)	Total Compensation by Type (¥ million)		Number of Persons
		Basic Compensation	Bonuses	
Directors (excluding Outside Directors)	259	209	49	12
Auditors (excluding External Auditors)	34	34	—	1
Outside Directors and External Auditors	20	19	0	4

- Significant portion of salary paid to directors who concurrently serve as employees

Total (¥ million)	Number of Persons	Details
75	5	Salary (including bonuses) as employees

- Policy regarding the calculation of executive remuneration and method of determination

Although there is no specific policy in place regarding executive remuneration and other payments or the method by which payments are calculated, remuneration is basically determined in line with individual responsibilities, within remuneration limits approved by a general meeting of shareholders. Director's bonuses are determined on a case-by-case basis in line with individual responsibilities, pending approval by a general meeting of shareholders, taking into account factors such as the Company's performance.

7. Shareholdings

- The Company currently holds shares of a total of 45 companies, for purposes other than pure investment, with a balance sheet value of ¥10,413 million.
- Shares held for purposes other than pure investment (companies, number of shares, balance sheet value and purpose)

(Previous fiscal year)

Company Name	Number of Shares	Balance Sheet Amounts (¥ million)	Holding Purpose
The Bank of Okinawa, Ltd.	494,000	2,151	Stabilization of electricity business, contribution to development of Okinawa's economy
Okinawa Cellular Telephone Company	472,000	1,240	Contribution to development of Okinawa's economy
Bank of the Ryukyus	689,660	946	Stabilization of electricity business, contribution to development of Okinawa's economy
San-A Co., Ltd.	86,400	263	Contribution to development of Okinawa's economy
KDDI Corporation	6,600	39	Stabilization of electricity business
Mizuho Financial Group, Inc	1,080	0	Stabilization of electricity business

(Fiscal year under review)

Company Name	Number of Shares	Balance Sheet Amounts (¥ million)	Holding Purpose
The Bank of Okinawa, Ltd.	494,000	2,489	Stabilization of electricity business, contribution to development of Okinawa's economy
Okinawa Cellular Telephone Company	472,000	1,649	Contribution to development of Okinawa's economy
Bank of the Ryukyus	689,660	1,189	Stabilization of electricity business, contribution to development of Okinawa's economy
San-A Co., Ltd.	86,400	393	Contribution to development of Okinawa's economy
Mizuho Financial Group, Inc	1,768,490	373	Stabilization of electricity business
KDDI Corporation	6,600	53	Stabilization of electricity business

- There are no totals available for the balance sheet value of shares held for the purpose of pure investment during the previous and current fiscal years, dividends received during the current year or profit and loss on the sale or valuation of shares.

8. Number of Directors

Under the Company's articles of incorporation, the maximum number of directors is 15.

9. Conditions for Approval of the Appointment of Directors

The Company's articles of incorporation stipulate that the appointment of any director requires approval from a simple majority at a general meeting of shareholders attended by at least one third of eligible shareholders with voting rights.

The articles of incorporation also state that a director may not be appointed via cumulative voting.

10. Resolutions of the Board of Directors That Do not Need Approval of a General Meeting of Shareholders

(1) Purchase of own shares

Pursuant to Section 2 of Article 165 of the Companies Act, the Company's articles of incorporation allow for purchase of own shares through market transactions by resolution of the Board of Directors. Such purchases ensure flexibility in Company policies to maintain the number of shares outstanding at an appropriate level.

(2) Approval for exemption of directors from liability

The Company's articles of incorporation stipulate that, in accordance with the provisions of Section 1 of Article 426 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt directors and auditors (including former directors and auditors) from the payment of compensation for damages as stipulated under Section 1 of Article 423 of the Companies Act, within relevant statutory and regulatory parameters.

These provisions are designed to ensure that directors' and auditors' liability does not exceed reasonable bounds.

(3) Interim dividend

Based on Section 5 of Article 454 of the Companies Act, the articles of incorporation of the Company provide for payment of an interim dividend by resolution of the Board of Directors, with September 30 each year as the base date, as a measure to ensure greater flexibility in distribution of profits to shareholders.

11. Special Resolutions by the General Meeting of Shareholders

Based on Section 2, Article 309 of the Companies Act, the Company's articles of incorporation allow for special resolutions to be adopted by a two-thirds majority at a general meeting of shareholders at which one-third of voting rights of eligible shareholders are represented.

This relaxation of quorum requirements for approval of special resolutions ensures smoother running of the general meeting of shareholders.

FINANCIAL SECTION

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Financial Review (Consolidated Basis)

Business Performance

In fiscal 2014, the fiscal year ended March 31, 2015, the Okinawa economy experienced overall growth. This was largely attributable to the softening reactionary drop from the rush in demand in the lead up to Japan's consumption tax rate hike. In addition, substantial growth in personal consumption, tourism, and public investment in construction all contributed to an expansion of the Okinawan economy.

Under these circumstances, the Okinawa Electric Power Company, Inc. (OEPC) recorded operating revenues (sales) of ¥185,001 million (U.S.\$1,539 million) on a consolidated basis, up ¥5,734 million (3.2%) compared with the previous fiscal year.

Meanwhile, operating expenses rose by ¥4,949 million (2.9%) year on year to ¥175,522 million (U.S.\$1,460 million). Despite a drop in depreciation and noncurrent retirement costs as well as other expenses in the Electric Power Business, this upswing mainly reflected higher fuel and purchased power costs due to an increase in purchased power volume of renewable energy sourced electricity.

As a result, operating income increased by ¥785 million (9.0%) compared with the previous fiscal year to ¥9,479 million (U.S.\$78 million).

Income before income taxes and minority interests, which includes other income and expenses, was ¥7,638 million (U.S.\$63 million), up ¥701 million (10.1%) year on year. Net income for the period under review amounted to ¥4,943 million (U.S.\$41 million), an increase of ¥212 million (4.5%) compared with fiscal 2013.

Details of business performance by segment are as follows:

1. Electric Power Business

The total volume of electric power sold in the private sector over the course of the fiscal year decreased year on year. This is because of the lower temperatures during the summer and the influence of typhoons, in spite of an upswing in demand from new customers. Moreover, the volume of electric power sold for industrial use was up compared with the previous fiscal year due mainly to the increase in demand, particularly from the cement industry.

By use (residential and business), residential power sales were down 1.3% year on year to 2,917 million kWh, while higher-voltage industrial and commercial power sales climbed 0.3% to 4,614 million kWh. Accounting for these factors, the total volume of electric power sold fell 0.3% compared with the previous fiscal year to 7,531 million kWh.

Operating revenues from the Electric Power Business rose by ¥5,450 million (3.2%) to ¥177,509 million (U.S.\$1,477 million) year on year, due to the impact of the fuel cost adjustment system and renewable energy promotion surcharge.

At the same time, operating expenses increased by ¥4,714 million (2.9%) to ¥169,984 million (U.S.\$1,414 million). Despite a drop in depreciation and noncurrent retirement costs as well as other expenses, this upswing mainly reflected higher fuel and purchased power costs due to a higher power volume of renewable energy sourced electricity.

Based on the aforementioned factors, operating income increased by ¥736 million (10.8%) compared with the previous fiscal year to ¥7,525 million (U.S.\$62 million).

2. Other Operations

In other revenue and expenses, sales increased by ¥228 million (0.6%) compared with the previous fiscal year to ¥39,372 million (U.S.\$327 million) owing mainly to the increase in external sales. Operating expenses fell by ¥425 million (1.1%) year on year to ¥37,417 million (U.S.\$311 million).

As a result of the foregoing, operating income decreased by ¥196 million (9.1%) compared with the previous fiscal year to ¥1,954 million (U.S.\$16 million).

(Note) The above amounts do not include consumption and other taxes.

Cash Flows

Cash flows from operating activities

Net cash provided by operating activities decreased by ¥10,007 million (25.8%) to ¥28,717 million (U.S.\$238 million). Major cash inflows included increases in amortization as well as the increase in trade notes and accounts payable.

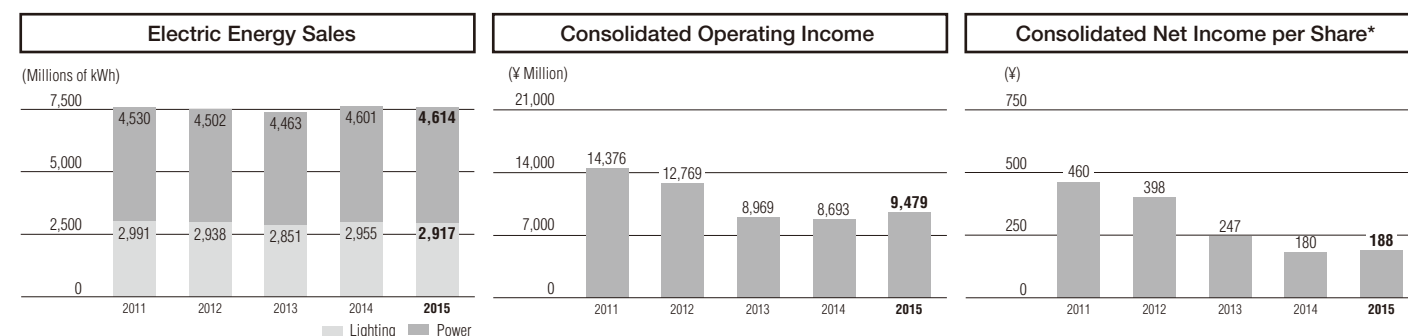
Cash flows from investing activities

Net cash used in investing activities decreased by ¥15,413 million (42.4%) to ¥20,964 million (U.S.\$174 million) due in part to a decrease in the purchase of property, plant and equipment.

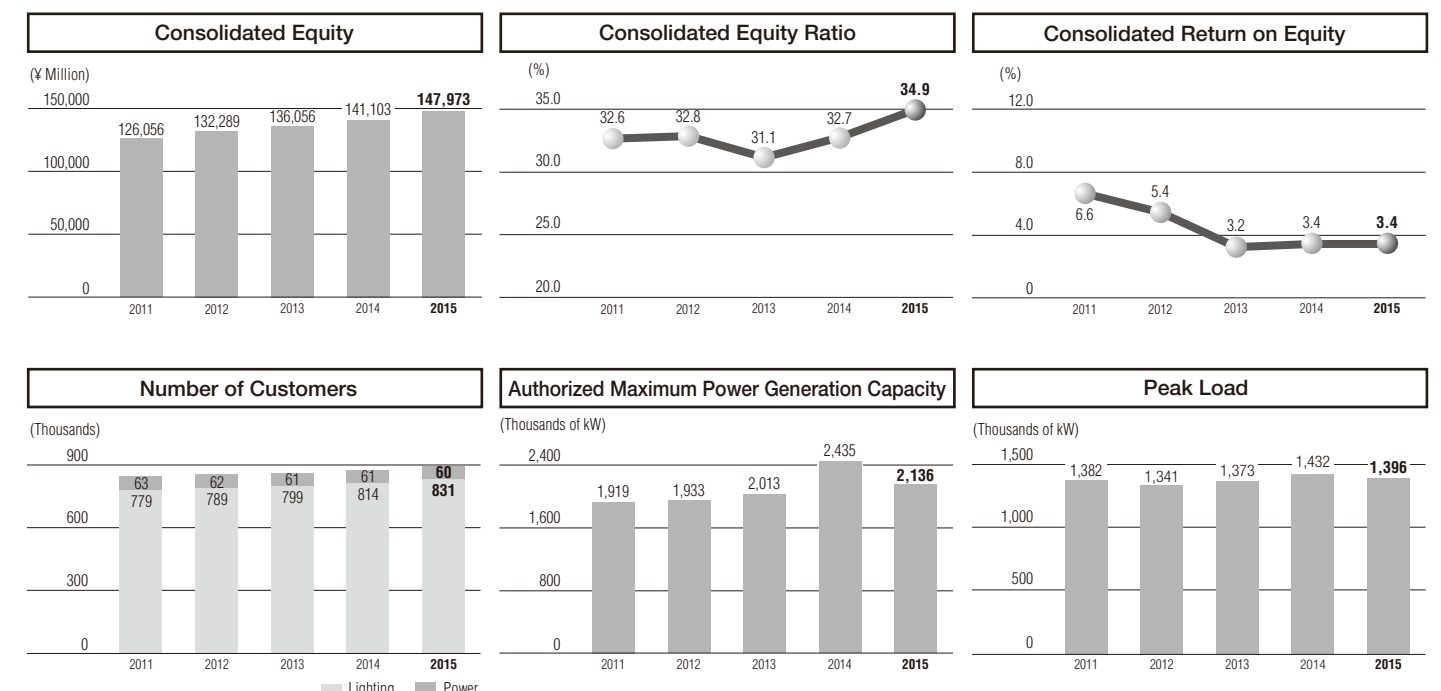
Cash flows from financing activities

Net cash used in financing activities decreased by ¥4,546 million (47.4%) to ¥5,039 million (U.S.\$41 million).

As a result, cash and cash equivalents as of the end of the year under review totaled ¥11,256 million (U.S.\$93 million), up by ¥2,714 million (31.8%) compared with the end of the previous fiscal year.



Note: * A 1.5-for-1 stock split was effected on June 1, 2015. Per share of common stock is calculated on the assumption that this stock split was conducted at the beginning of FY 2014 (April 1, 2013).



Business and Other Risks

The following is a description of the various risks that could have an impact on the OEPC Group's business performance and financial position. Statements of a forward-looking nature contained in this report are based on the Group's evaluations as of the end of the fiscal year under review (consolidated basis).

1. Deregulation in the electric power business

As an effort under the second phase of the Electricity System Reform, the Act for Partial Revision of the Electricity Business Act, aimed at full liberalization of entry into the electricity retail market, was enacted in June 2014. As with the third phase, the Act for Partial Revision of the Electricity Business Act and Other Related Acts, aimed at ensuring neutrality in the power transmission and distribution sector through legal unbundling and abolishing regulations imposed on retail electricity tariffs, was enacted on June 17, 2014.

In regards to power system deregulation in Okinawa, it is expected that full retail deregulation will be implemented in the same way as in mainland Japan and that OEPC will continue its consistent generation-transmission-distribution structure, exempt from legal unbundling as an authorized general transmission and distribution company.

Furthermore, to improve the competitive environment, it has been decided by the Working Group on System Design under the Electricity Systems Reform Subcommittee, Strategic Policy Committee under the Advisory Committee for Natural Resources and Energy to examine efforts toward diversification of the power source off-takers of wholesale power utilities with a view to wholesale market revitalization.

In this context, and depending on trends in electric power system reform, the potential exists for the Group's business performance to be affected.

2. Environmental countermeasures

The management of OEPC has positioned countermeasures against environmental issues as a priority matter and numerous measures have already been taken.

In view of the increasing strength in recent years of calls by the public for electric utility companies to undertake environmental initiatives, the imposition by the authorities of stricter environmental regulations could have an adverse impact on the business performance of the Group.

3. Businesses other than electricity business

To improve enterprise value, the Group is leveraging its management resources to expand its scope of operations and develop new businesses. It currently engages in businesses, such as construction, IT/telecommunications, real estate, dispersed power generation (on-site power generation), and gas supply.

Unfavorable competitive developments, or a change in the operating environment surrounding these businesses, could have an adverse effect on the business performance of the Group.

4. Economic and climatic conditions

In its core Electric Power Business, the volumes of electricity sold by the Group can be affected by economic trends, climatic factors (temperatures, typhoons, and other conditions), and changes in such initiatives as energy conservation. The potential, therefore,

exists for the Group's business performance to be affected by these and related factors.

5. Fuel price fluctuations

In our Group operations, we primarily use coal and oil as our thermal fuel sources. Fuel costs fluctuate in tandem with changes in fuel prices and foreign exchange rates.

We can minimize these impacts on our earnings through official measures to ensure that changes in fuel prices and foreign exchange rates are reflected in electricity charges, but particularly large changes in fuel prices could adversely affect our business and financial performance.

6. Interest rate fluctuations

The balance of the Group's interest-bearing liabilities totaled ¥200.8 billion as of March 31, 2015. Future movements in interest rates have the potential to impact the Group's earnings performance.

However, as the interest rates are fixed for the major portion of our interest-bearing debt, the impact of interest rates on the Group's earnings performance is expected to be limited.

In the event that a rating agency lowers our credit rating, the interest rates on fund procurement for the Group would rise, with the potential to affect the Group's performance.

7. Special legal measures

To ensure a stable and adequate supply of electric power to Okinawa, in accordance with the Law for Special Measures to Promote Okinawa, we benefit from special measures and provisions that enable us to secure funds and facilitate other aspects of our operations. Under the Okinawa Development Finance Corporation (ODFC) Law, we receive preferential interest rates from the ODFC, in line with the stipulations of the ODFC's business and service manual.

OEPC also benefits from various tax advantages (such as reduced fixed property taxes and exemption from coal tariffs in connection with coal and LNG). However, the savings achieved through these special benefits are passed on to electricity customers.

Any abolition of these measures and provisions could have a significant impact on the Group's business performance.

8. Natural disasters and accidents

OEPC is committed to efficient facility construction, operation, and maintenance to ensure it can cope with natural disasters.

In addition to a review of its facility and other large-scale disaster countermeasures, OEPC is taking steps to again verify its disaster recovery capabilities from both practical and organizational perspectives taking into consideration a wide range of scenarios.

However, Group performance may be adversely affected by typhoons, earthquakes, and other major natural disasters, as well as accidents.

9. Personal information leakage

The Group's performance may be adversely affected by problems arising from leakage of customers' personal information acquired or managed for operation of Group business, despite our best efforts to prevent such an occurrence.

Consolidated Five-Year Summary

The Okinawa Electric Power Company, Incorporated and its consolidated subsidiaries

Years ended March 31	Millions of yen				
Financial Statistics	2015	2014	2013	2012	2011
For the year:					
Operating revenues	¥185,001	¥179,266	¥166,439	¥166,075	¥158,494
Electric.....	177,184	171,735	158,597	157,563	150,552
Other	7,816	7,530	7,842	8,511	7,942
Operating expenses	175,522	170,572	157,470	153,305	144,118
Electric.....	168,273	163,600	150,247	145,453	136,884
Other	7,248	6,972	7,223	7,852	7,233
Interest expense	2,583	2,775	2,915	2,917	2,943
Income before income taxes and minority interests.....	7,638	6,936	6,307	10,273	11,042
Income taxes.....	2,610	2,095	1,889	3,118	2,929
Net income.....	4,943	4,731	4,318	6,956	8,047
Per share of common stock (Yen):					
Basic net income*	¥ 188.66	¥ 180.53	¥ 247.20	¥ 398.15	¥ 460.58
Cash dividends applicable to the year**.....	60.00	60.00	60.00	60.00	60.00
At year-end:					
Total assets	¥421,824	¥428,333	¥435,515	¥400,687	¥385,159
Net property, plant and equipment	354,197	360,691	366,028	346,784	329,971
Long-term debt, less current maturities	170,524	178,717	190,993	189,076	186,741
Total equity.....	147,973	141,103	136,056	132,289	126,056

Years ended March 31	2015	2014	2013	2012	2011
Operating Statistics					
For the year:					
Electric energy sales (Millions of kWh)	7,531	7,556	7,314	7,440	7,521
Peak load (Thousands of kW)	1,396	1,432	1,373	1,341	1,382
At year-end:					
Generating capacity (Thousands of kW).....	2,136	2,435	2,013	1,933	1,919
Transmission lines (km).....	1,102	1,083	1,053	1,049	1,037
Distribution lines (km).....	10,744	10,664	10,590	10,894	10,863

Notes: * A 1.5-for-1 stock split was effected on June 1, 2015. Basic net income per share of common stock is calculated on the assumption that this stock split was conducted at the beginning of FY 2014 (April 1, 2013).

** A 1.5-for-1 stock split was effected on June 1, 2015. However, the cash dividends per share information has not been restated to reflect this stock split.

Consolidated Balance Sheet

The Okinawa Electric Power Company, Incorporated and its consolidated subsidiaries

March 31, 2015	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Assets			
Property, plant and equipment (Note 3):			
Utility plants (Note 5)	¥925,096	¥941,978	\$7,698,229
Other plant and equipment	32,772	32,505	272,716
Construction in progress	11,833	10,312	98,470
Total	969,701	984,797	8,069,415
Less:			
Contributions in aid of construction (Note 2(b))	(31,688)	(31,076)	(263,697)
Accumulated depreciation	(583,816)	(593,029)	(4,858,251)
Total	(615,504)	(624,105)	(5,121,949)
Net property, plant and equipment.....	354,197	360,691	2,947,466
Investments and other assets:			
Investment securities (Notes 4 and 11).....	11,283	10,350	93,894
Investments in and advances to unconsolidated subsidiaries and affiliates	1,256	1,118	10,459
Deferred tax assets (Note 8).....	8,535	10,585	71,028
Other assets	2,806	2,925	23,356
Allowance for doubtful accounts	(72)	(72)	(600)
Total investments and other assets	23,810	24,907	198,138
Current assets:			
Cash and cash equivalents (Note 11)	11,256	8,541	93,668
Notes and accounts receivable (Note 11)	10,481	10,837	87,221
Inventories	15,163	16,679	126,181
Deferred tax assets (Note 8).....	1,691	1,752	14,073
Other current assets	5,352	5,074	44,542
Allowance for doubtful accounts	(127)	(150)	(1,060)
Total current assets	43,817	42,735	364,626
Total	¥421,824	¥428,333	\$3,510,231
Liabilities and equity			
Long-term liabilities:			
Long-term debt, less current maturities (Notes 5 and 11).....	¥170,524	¥178,717	\$1,419,030
Lease obligations (Note 5).....	28,411	30,102	236,428
Liabilities for employees' retirement benefits (Note 7)	9,658	13,279	80,375
Other long-term liabilities.....	4,116	4,635	34,258
Total long-term liabilities.....	212,712	226,735	1,770,093
Current liabilities:			
Current maturities of long-term debt (Notes 5 and 11).....	27,098	25,996	225,498
Short-term bank loans (Notes 6 and 11).....	5,172	150	43,039
Notes and accounts payable (Note 11)	14,550	20,288	121,083
Income taxes payable (Note 11).....	486	2,294	4,045
Accrued expenses	9,457	8,508	78,697
Other current liabilities.....	4,375	3,256	36,410
Total current liabilities.....	61,139	60,494	508,774
Equity (Note 9):*			
Common stock,			
Authorized — 30,000,000 shares			
Issued — 17,524,723 shares in 2015 and 2014	7,586	7,586	63,131
Capital surplus	7,141	7,141	59,429
Retained earnings	129,442	123,216	1,077,162
Treasury stock, at cost — 55,037 shares in 2015 and 54,117 shares in 2014	(278)	(275)	(2,319)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	2,642	1,599	21,987
Deferred loss on derivatives under hedge accounting	(9)		(79)
Defined retirement benefit plans	483	953	4,022
Total	147,008	140,222	1,223,334
Minority interests.....	964	881	8,029
Total equity	147,973	141,103	1,231,364
Total	¥421,824	¥428,333	\$3,510,231

See notes to consolidated financial statements.

Note: * A 1.5-for-1 stock split was effected on June 1, 2015. However, the number of shares presented above has not been restated to reflect this stock split.

The number of the shares after stock split is as follows:

Authorized shares - 45,000,000 shares

Issued - 26,287,084 shares in 2015 and 2014

Treasury stock, at cost - 82,555 shares in 2015 and 81,175 shares in 2014

Consolidated Statement of Income

The Okinawa Electric Power Company, Incorporated and its consolidated subsidiaries

Year ended March 31, 2015	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Operating revenues:			
Electric.....	¥177,184	¥171,735	\$1,474,445
Other	7,816	7,530	65,049
Total operating revenues	185,001	179,266	1,539,494
Operating expenses (Notes 7 and 10):			
Electric.....	168,273	163,600	1,400,299
Other	7,248	6,972	60,315
Total operating expenses	175,522	170,572	1,460,614
Operating income.....	9,479	8,693	78,880
Other expenses:			
Interest expense (Notes 5, 6, and 12).....	2,583	2,775	21,502
Other — net.....	(743)	(1,018)	(6,183)
Net other expenses	1,840	1,757	15,319
Income before income taxes and minority interests	7,638	6,936	63,560
Income taxes (Note 8):			
Current	1,584	2,929	13,183
Deferred.....	1,026	(834)	8,543
Total.....	2,610	2,095	21,726
Net income before minority interests	5,027	4,840	41,833
Minority interests in net income	83	109	692
Net income.....	¥ 4,943	¥ 4,731	\$ 41,140

Per share of common stock (Note 2(k)):	Yen	U.S. dollars
	Basic net income*	¥188.66
Cash dividends applicable to the year**.....	60.00	0.50

See notes to consolidated financial statements.

Notes: * A 1.5-for-1 stock split was effected on June 1, 2015. It is calculated on the assumption that this stock split was conducted at the beginning of FY 2014 (April 1, 2013).

** A 1.5-for-1 stock split was effected on June 1, 2015. However, the cash dividends per share information has not been restated to reflect this stock split.

Consolidated Statement of Comprehensive Income

The Okinawa Electric Power Company, Incorporated and its consolidated subsidiaries

Year ended March 31, 2015	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net income before minority interests	¥5,027	¥4,840	\$41,833
Other comprehensive income (Note 13)			
Unrealized gain on available-for-sale securities.....	1,047	307	8,715
Deferred loss on derivatives under hedge accounting.....	(9)		(79)
Defined retirement benefit plans	(470)		(3,912)
Share of other comprehensive income in an affiliate accounted for under the equity method.....	0	0	7
Total other comprehensive income.....	568	308	4,730
Comprehensive income	¥5,595	¥5,148	\$46,564

Total comprehensive income attributable to:

Owners of the parent	¥5,506	¥5,038	\$45,825
Minority interests.....	88	110	738

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

The Okinawa Electric Power Company, Incorporated and its consolidated subsidiaries

Year ended March 31, 2015	Shares / Millions of yen					
	Common stock			Treasury stock		
	Shares*	Amount	Capital surplus	Retained earnings	Shares*	Amount
Balance, April 1, 2013	17,524,723	¥7,586	¥7,141	¥119,533	53,331	¥(273)
Net income				4,731		
Cash dividends				(1,048)		
Purchase of treasury stock					786	(2)
Net change in the year						
Balance, March 31, 2014 (April 1, 2014, as previously reported)	17,524,723	7,586	7,141	123,216	54,117	(275)
Cumulative effects of change in accounting policies				2,330		
Balance, April 1, 2014 (as restated)	17,524,723	7,586	7,141	125,547	54,117	(275)
Net income				4,943		
Cash dividends				(1,048)		
Purchase of treasury stock					1,183	(4)
Disposal of treasury stock				(0)	(263)	1
Net change in the year						
Balance, March 31, 2015	17,524,723	¥7,586	¥7,141	¥129,442	55,037	¥(278)

Year ended March 31, 2015	Shares / Millions of yen					
	Accumulated other comprehensive income					Total equity
	Unrealized gain on available-for-sale securities	Deferred loss on Derivatives under hedge Accounting	Defined Retirement Benefit Plans	Total	Minority interests	
Balance, April 1, 2013	¥1,292			¥135,281	¥774	¥136,056
Net income				4,731		4,731
Cash dividends				(1,048)		(1,048)
Purchase of treasury stock				(2)		(2)
Net change in the year	307		¥953	1,260	106	1,366
Balance, March 31, 2014 (April 1, 2014, as previously reported)	1,599		953	140,222	881	141,103
Cumulative effects of change in accounting policies				2,330		2,330
Balance, April 1, 2014 (as restated)	1,599		953	142,552	881	143,433
Net income				4,943		4,943
Cash dividends				(1,048)		(1,048)
Purchase of treasury stock				(4)		(4)
Disposal of treasury stock				0		0
Net change in the year	1,042	¥(9)	(470)	562	83	646
Balance, March 31, 2015	¥2,642	¥(9)	¥483	¥147,008	¥964	¥147,973

Year ended March 31, 2015	Thousands of U.S. dollars (Note 1)									
	Accumulated other comprehensive income									Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Deferred loss on Derivatives under hedge Accounting	Defined Retirement Benefit Plans	Total	Minority interests	
Balance, March 31, 2014 (April 1, 2014, as previously reported)	\$63,131	\$59,429	\$1,025,352	\$(2,294)	\$13,311		\$7,934	\$1,166,864	\$7,331	\$1,174,195
Cumulative effects of change in accounting policies			19,396					19,396		19,396
Balance, April 1, 2014 (as restated)	63,131	59,429	1,044,748	(2,294)	13,311		7,934	1,186,260	7,331	1,193,591
Net income			41,140					41,140		41,140
Cash dividends			(8,722)					(8,722)		(8,722)
Purchase of treasury stock				(35)				(35)		(35)
Disposal of treasury stock				11				7		7
Net change in the year			8,676		\$(79)	\$(3,912)	4,684	698		5,382
Balance, March 31, 2015	\$63,131	\$59,429	\$1,077,162	\$(2,319)	\$21,987	\$(79)	\$4,022	\$1,223,334	\$8,029	\$1,231,364

See notes to consolidated financial statements.

Note: * A 1.5-for-1 stock split was effected on June 1, 2015. However, the number of shares presented above has not been restated to reflect this stock split.

Consolidated Statement of Cash Flows

The Okinawa Electric Power Company, Incorporated and its consolidated subsidiaries

Year ended March 31, 2015	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Operating activities:			
Income before income taxes and minority interests	¥ 7,638	¥ 6,936	\$ 63,560
Adjustments for:			
Income taxes paid	(3,563)	(1,457)	(29,652)
Income taxes refund	137		1,142
Depreciation and amortization	27,428	29,058	228,251
Liability for employees' retirement benefits	(474)	(436)	(3,944)
Loss on disposal of property, plant, and equipment	1,981	601	16,492
Changes in operating assets and liabilities:			
Decrease in notes and accounts receivable	397	248	3,305
Decrease (Increase) in inventories	2,006	(4,536)	16,696
(Decrease) Increase in notes and accounts payable	(6,801)	3,065	(56,600)
Decrease in interest payable	(28)	(44)	(236)
Other — net	(4)	5,288	(36)
Total adjustments	21,079	31,788	175,416
Net cash provided by operating activities	28,717	38,725	238,977
Investing activities:			
Purchase of property, plant and equipment	(23,023)	(37,360)	(191,592)
Proceeds from sale of property, plant and equipment	731	331	6,091
Payments for investments and advances	(21)	(272)	(179)
Proceeds from sales of investment securities and collections of advances	451	228	3,760
Other — net	896	694	7,461
Net cash used in investing activities	(20,964)	(36,378)	(174,458)
Financing activities:			
Proceeds from issuance of bonds	4,982		41,463
Repayments of bonds	(5,000)		(41,607)
Proceeds from long-term debt	11,795	11,500	98,152
Repayments of long-term debt	(19,055)	(18,310)	(158,572)
Net increase in short-term bank loans	5,247	234	43,663
Cash dividends paid	(1,047)	(1,048)	(8,720)
Other — net	(1,960)	(1,959)	(16,310)
Net cash used in financing activities	(5,039)	(9,585)	(41,932)
Net increase (decrease) in cash and cash equivalents	2,714	(7,238)	22,586
Cash and cash equivalents, beginning of year	8,541	15,780	71,081
Cash and cash equivalents, end of year	¥11,256	¥ 8,541	\$ 93,668

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Okinawa Electric Power Company, Incorporated and its consolidated subsidiaries

Year ended March 31, 2015

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared from the consolidated financial statements that are issued for domestic reporting purposes in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Electricity Business Act, and their related accounting regulations. The Okinawa Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries (collectively, the "Companies") maintain their accounts and records in accordance with the provisions set forth in the Companies Act of Japan (the "Companies Act") and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2014, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2015.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts included herein are provided solely for the convenience of readers outside Japan and are stated at the rate of ¥120.17 to \$1, the approximate rate of exchange on March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts of less than one million yen have been rounded down, except for per share data. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

2. Summary of significant accounting policies

(a) Consolidation

The consolidated financial statements as of March 31, 2015, include the accounts of the Company and its 11 significant subsidiaries (11 in 2014). Investment in one affiliated company (one in 2014) is accounted for by the equity method. Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

All significant intercompany balances and transactions have been eliminated in consolidation. All unrealized profits included in assets resulting from transactions within the Companies are eliminated.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary/affiliated company on the date of acquisition is being amortized over five years using the straight-line method, or is written off if the amount is ¥100 million or less.

Consolidation of the remaining subsidiaries and the application of the equity method to the remaining affiliates would not have a material effect on the accompanying consolidated financial statements.

Investments in such unconsolidated subsidiaries and affiliates are stated at cost.

(b) Property, plant, and equipment

Property, plant, and equipment are stated at cost. Contributions in aid of construction are deducted from the cost of the related assets. Such accounting treatment is required by the regulations described in Note 1.

Depreciation is principally computed using the declining-balance method based on the estimated useful lives of the assets. Depreciation of easements is computed using the straight-line method based on the estimated useful lives of the transmission lines.

(c) Long-lived assets

The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(d) Investment securities

Investment securities are classified and accounted for, depending upon management's intent, as follows:

i) marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity and ii) nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(e) Cash and cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits that mature or become due within three months of the date of acquisition.

(f) Inventories

Inventories are stated at cost, based principally on the monthly average method (book values in the consolidated balance sheet are written down on the basis of a decline in profitability).

(g) Derivatives and hedging activities

The Company uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign currency forward contracts and interest rate swaps are utilized to reduce foreign currency exchange and interest rate risks. The Company does not enter into derivatives for trading or speculative purposes.

For derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts are utilized to hedge foreign currency exposures. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

(h) Retirement and pension plans

The Company has a defined contribution pension plan, a funded defined benefit pension plan, and an unfunded retirement benefit plan for employees. Certain consolidated subsidiaries have funded defined benefit pension plans. Other consolidated subsidiaries have unfunded retirement benefit plans for employees.

The liability for retirement benefits is accounted for based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses are amortized on a declining-balance basis over five years within the average remaining service period.

In May 2012, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

- Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
- The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period are treated as reclassification adjustments (see Note 13).
- The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

This accounting standard and the guidance for 1) and 2) above are effective for the end of annual periods beginning on or after April 1, 2013, and for 3) above are effective for the beginning of annual periods beginning on or after April 1, 2014. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Companies applied the revised accounting standard and guidance for retirement benefits for 1) and 2), effective March 31, 2014 and for 3) above, effective April 1, 2014. With respect to 3) above, the Company changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis and the method of determining the discount rate from using the period which approximates the expected average remaining service period to using single weighted average of discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of 3) above as of April 1, 2014, in retained earnings. As a result, liability for retirement benefits at the beginning of fiscal 2014 decreased by ¥3,334 million (\$27,748 thousand) and retained earnings at the same time increased by ¥2,330 million (\$19,396 thousand). Also, operating income, income before income taxes and minority interests for fiscal 2014 each increased by ¥75 million (\$625 thousand). In addition, basic net income per share for the year ended March 31, 2015, increased by ¥2.87 (\$0.02).

(i) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(j) Stock and bond issuance costs

Stock and bond issuance costs are charged to income when paid or incurred.

(k) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted net income per share is not disclosed because no latent shares were outstanding.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

The Company effected a 1.5-for-1 stock split on June 1, 2015 (see Note 15).

3. Property, plant and equipment

The major classes of property, plant, and equipment as of March 31, 2015 and 2014, consisted of the following:

As of March 31, 2015	Millions of yen			
	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
Thermal power-generating facilities.....	¥468,316	¥(16,832)	¥(295,180)	¥156,303
Transmission facilities.....	149,213	(3,041)	(97,708)	48,463
Transformation facilities.....	103,330	(1,628)	(67,282)	34,419
Distribution facilities.....	161,894	(2,623)	(85,443)	73,827
General facilities.....	35,128	(6,475)	(15,437)	13,215
Other electricity-related facilities.....	7,211	(82)	(6,025)	1,103
Utility plants.....	925,096	(30,685)	(567,077)	327,333
Other plant and equipment....	32,772	(1,002)	(16,738)	15,030
Construction in progress.....	11,833			11,833
Total.....	¥969,701	¥(31,688)	¥(583,816)	¥354,197

As of March 31, 2014	Millions of yen			
	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
Thermal power-generating facilities.....	¥480,214	¥(16,852)	¥(300,471)	¥162,890
Transmission facilities.....	147,759	(2,936)	(94,460)	50,363
Transformation facilities.....	100,762	(1,306)	(65,742)	33,712
Distribution facilities.....	157,688	(2,426)	(82,936)	72,325
General facilities.....	35,590	(6,468)	(14,596)	14,525
Other electricity-related facilities.....	19,963	(82)	(18,320)	1,560
Utility plants.....	941,978	(30,073)	(576,527)	335,377
Other plant and equipment....	32,505	(1,002)	(16,501)	15,000
Construction in progress.....	10,312			10,312
Total.....	¥984,797	¥(31,076)	¥(593,029)	¥360,691

As of March 31, 2015	Thousands of U.S. dollars			
	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
Thermal power-generating facilities.....	\$3,897,119	\$(140,075)	\$(2,456,361)	\$1,300,682
Transmission facilities.....	1,241,687	(25,311)	(813,084)	403,291
Transformation facilities.....	859,872	(13,555)	(559,894)	286,422
Distribution facilities.....	1,347,212	(21,828)	(711,021)	614,362
General facilities.....	292,323	(53,889)	(128,460)	109,973
Other electricity-related facilities.....	60,013	(689)	(50,139)	9,184
Utility plants.....	7,698,229	(255,351)	(4,718,960)	2,723,916
Other plant and equipment.....	272,716	(8,345)	(139,291)	125,079
Construction in progress.....	98,470			98,470
Total.....	\$8,069,415	\$(263,697)	\$(4,858,251)	\$2,947,466

4. Investment securities

The costs and aggregate fair values of investment securities at March 31, 2015 and 2014, were as follows:

As of March 31, 2015	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities.....	¥2,738	¥3,766		¥6,504
Other.....	500		¥128	372
Total.....	¥3,239	¥3,766	¥128	¥6,877

As of March 31, 2014	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities.....	¥2,496	¥2,621	¥179	¥4,937
Other.....	500		156	344
Total.....	¥2,997	¥2,621	¥336	¥5,282

As of March 31, 2015	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities.....	\$22,789	\$31,339		\$54,129
Other.....	4,166		\$1,067	3,098
Total.....	\$26,955	\$31,339	\$1,067	\$57,227

The investment securities whose fair value cannot be reliably determined at March 31, 2015, are excluded from the above tables. The carrying amounts of such investment securities were ¥4,406 million (\$ 36,666 thousand) in 2015 and ¥5,067 million in 2014.

5. Long-term debt

Long-term debt as of March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Domestic bonds, 0.469% to 2.020% in 2015 and 0.524% to 2.020% in 2014, due serially through 2025.....	¥ 79,999	¥ 79,999	\$ 665,722
Loans from Okinawa Development Finance Corporation, 0.550% to 2.100% in 2015 and 0.550% to 2.100% in 2014, due serially through 2029.....	108,428	114,573	902,289
Loans from banks, insurance companies, and other sources, 0.310% to 1.950% in 2015 and 0.239% to 1.950% in 2014, due serially through 2025.....	7,282	8,171	60,598
Obligations under finance leases.....	30,324	32,071	252,346
Total.....	226,034	234,816	1,880,957
Less current maturities.....	(27,098)	(25,996)	(225,498)
Long-term debt, less current maturities*.....	¥198,936	¥208,820	\$1,665,459

* Long-term debt, less current maturities including lease obligations for the years ended March 31, 2015 and 2014, were ¥28,411 million (\$ 236,428 thousand) and ¥30,102 million, respectively.

All of the Company's assets are subject to certain statutory preferential rights as collateral for bonds and loans from the Okinawa Development Finance Corporation.

Certain assets of the consolidated subsidiaries, amounting to ¥3,925 million (\$32,667 thousand), are pledged as collateral for a portion of the long-term debt as of March 31, 2015.

The aggregate annual maturities of long-term debt outstanding as of March 31, 2015, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2016.....	¥ 27,098	\$ 225,498
2017.....	25,929	215,776
2018.....	28,774	239,446
2019.....	23,148	192,630
2020.....	12,212	101,629
2021 and thereafter.....	108,871	905,975
Total.....	¥226,034	\$1,880,957

6. Short-term borrowings

The weighted-average interest rates applicable to short-term bank loans were 0.246% and 1.250% as of March 31, 2015 and 2014, respectively.

7. Retirement and pension plans

(a) The company's retirement benefit plans are as follows:

- A cash balance pension plan based on the Defined-Benefit Corporate Pension Law
- A lump-sum retirement benefit plan
- A defined contribution pension plan

In certain cases, the Company pays additional retirement benefits for employees.

Consolidated subsidiaries have the plans of either i) or ii) above and calculate liabilities for retirement benefits by the simplified method.

(1) The changes in defined benefit obligation, excluding plans applying the simplified method shown below, for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of year.....	¥18,568	¥18,793	\$154,517
Cumulative effects of changes in accounting policies.....	(3,334)		(27,748)
Restated balance.....	15,233	18,793	126,769
Current service cost.....	927	838	7,715
Interest cost.....	193	375	1,607
Actuarial losses (gains).....	594	(291)	4,948
Benefits paid.....	(1,113)	(1,148)	(9,262)
Balance at end of year.....	¥15,835	¥18,568	\$131,778

(2) The changes in the net carrying amount of liabilities and assets for the retirement benefits of plans applying the simplified method for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of year.....	¥3,606	¥3,724	\$30,011
Periodic benefit costs.....	349	414	2,906
Benefits paid.....	(177)	(216)	(1,475)
Contributions from the employer.....	(348)	(316)	(2,903)
Balance at end of year.....	¥3,429	¥3,606	\$28,539

(3) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of year.....	¥11,256	¥10,209	\$ 93,670
Expected return on plan assets.....	177		1,480
Actuarial gains.....	407	674	3,388
Contributions from the employer.....	929	930	7,731
Benefits paid.....	(802)	(779)	(6,679)
Others.....	333	220	2,777
Balance at end of year.....	¥12,301	¥11,256	\$102,368

* Others above comprises changes in plans applying the simplified method.

(4) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets, including plans applying the simplified method, as of March 31, 2015 and 2014, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Funded defined benefit obligation.....	¥15,660	¥19,104	\$130,319
Plan assets.....	(12,301)	(11,256)	(102,368)
	3,358	7,848	27,950
Unfunded defined benefit obligation.....	6,299	5,431	52,425
Net liability for defined benefit obligation.....	¥ 9,658	¥13,279	\$ 80,375

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Liability for retirement benefits.....	¥9,658	¥13,279	\$80,375
Net liability for defined benefit obligation.....	¥9,658	¥13,279	\$80,375

(5) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Current service cost.....	¥927	¥ 838	\$7,715
Interest cost.....	193	375	1,607
Expected return on plan assets.....	(177)		(1,480)
Recognized actuarial gains.....	(503)	(232)	(4,188)
Others.....	349	414	2,906
Net periodic benefit costs.....	¥788	¥1,396	\$6,560

* Others above comprises costs in plans applying the simplified method.

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Actuarial losses.....	¥(690)		\$(5,748)
Total.....	¥(690)		\$(5,748)

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized actuarial gains.....	¥673	¥1,364	\$5,602
Total.....	¥673	¥1,364	\$5,602

(8) Plan assets as of March 31, 2015 and 2014

a. Components of plan assets

Plan assets consisted of the following:

	Millions of yen	
	2015	2014
Debt investments.....	37%	38%
Equity investments.....	18	18
General account.....	36	35
Others.....	9	9
Total.....	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(9) Assumptions used for the years ended March 31, 2015 and 2014, are set forth as follows:

	Millions of yen	
	2015	2014
Discount rate.....	Mainly 0.9%	2.0%
Expected rate of return on plan assets.....	2.0%	0.0%

(b) The required contribution to defined contribution plans by the Company for the years ended March 31, 2015 and 2014, was ¥194 million (\$1,621 thousand) and ¥195 million, respectively.

8. Income taxes

The Companies are subject to several taxes based on income and revenue. For the years ended March 31, 2015 and 2014, the aggregate normal effective statutory tax rates approximated 30.1% and 32.7%, respectively.

The tax effects of significant temporary differences and loss carryforwards, which resulted in deferred tax assets and liabilities as of March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Unrealized profit	¥ 3,870	¥ 3,918	\$ 32,210
Liability for employees' retirement benefits ..	2,923	4,205	24,327
Depreciation and amortization	1,899	2,189	15,809
Accrued expenses	1,616	1,800	13,453
Other	1,764	1,753	14,683
Subtotal	12,075	13,867	100,484
Less: valuation allowance	(419)	(389)	(3,487)
Total deferred tax assets	¥11,656	¥13,478	\$ 96,996
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(1,015)	(727)	(8,449)
Unrealized gain on land revaluation	(290)	(310)	(2,419)
Other	(123)	(102)	(1,025)
Total deferred tax liabilities	¥ (1,429)	¥ (1,140)	\$ (11,894)
Net deferred tax assets	¥10,226	¥12,337	\$ 85,102

Reconciliations between the normal effective statutory tax rate for the years ended March 31, 2015 and 2014, and the actual effective tax rate reflected in the accompanying consolidated statements of income were as follows:

	2015
Normal effective statutory tax rate	30.1%
Adjustment of deferred tax assets at year-end resulting from tax rate changes	6.5
Tax credit	(4.3)
Difference in subsidiaries' tax rate	1.4
Elimination of unrealized gains	0.9
Other-net	(0.4)
Actual effective tax rate	34.2%

	2014
Normal effective statutory tax rate	32.7%
Tax credit	(9.5)
Adjustment of deferred tax assets at year-end resulting from tax rate changes	2.5
Elimination of unrealized gains	1.4
Difference of tax rates on special income tax for reconstruction funding	1.4
Other-net	1.7
Actual effective tax rate	30.2%

On March 31, 2015, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 30.1% to 28.2% effective for the fiscal years beginning on or after April 1, 2015. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2015, by ¥412 million (\$3,432 thousand) and to increase income taxes-deferred in the consolidated statement of income for the year then ended by ¥492 million (\$4,097 thousand). Increase of accumulated other comprehensive income in the consolidated balance sheet was immaterial.

9. Equity

Japanese companies are subject to the Companies Act. The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

10. Research and development costs

Research and development costs charged to income were ¥1,426 million (\$11,869 thousand) and ¥1,083 million for the years ended March 31, 2015 and 2014, respectively.

11. Financial instruments and related disclosures

(a) The Companies' policy for financial instruments

The Companies use financial instruments, mainly long-term debt, including loans and bonds, to raise funds required for capital investments and repayments of liabilities. Short-term bank loans and commercial paper are used to fund their ongoing operations.

(b) Nature and extent of risks arising from financial instruments

Investment securities, mainly equity securities issued by companies related through business, are exposed to the risk of market price fluctuations.

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk.

Loans at variable interest rates are exposed to market risks from changes in variable interest rates. However, related interest rate fluctuations have a minimal impact because most funds are raised at fixed interest rates.

Payment terms of payables, such as trade notes and trade accounts, generally are less than one year.

The Companies use foreign currency forward contracts and interest rate swaps to manage their exposures to fluctuations in foreign exchange and interest rates.

(c) Risk management for financial instruments

(1) Credit risk management

In accordance with electric power supply agreements and so on, the Companies continuously manage the credit risk from receivables by monitoring the payment terms and balances of each customer and identifying the default risk of customers at an early stage.

(2) Market risk management (stock price, interest rate and foreign exchange risks)

The market risk of investment securities is managed by monitoring market values and the financial position of issuers on a regular basis.

Derivative transactions have been made in accordance with internal policies that regulate their authorization. Risk management policies are set forth at the beginning of the fiscal year. Each derivative transaction is reported to a financial and accounting officer monthly and reported to the Board of Directors semiannually.

(3) Liquidity risk management for fund-raising

The Companies prepare and update their financial plans on a timely basis and manage liquidity risk through the use of an overdraft line and by acquiring a commitment line.

(d) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Please see Note 12 for details related to fair values for derivatives.

(1) Fair values of financial instruments

The carrying amounts and aggregate fair values of financial instruments as of March 31, 2015 and 2014, were as follows:

March 31, 2015	Millions of yen		
	Carrying amount	Fair value	Unrecognized loss
Investment securities:			
Available-for-sale	¥ 6,877	¥ 6,877	
Cash and cash equivalents	11,256	11,256	
Notes and accounts receivable	10,481	10,481	
Total	¥ 28,614	¥ 28,614	
Long-term debt:			
Bonds	¥ 79,999	¥ 82,716	¥2,716
Loans	115,710	120,838	5,128
Short-term bank loans	5,172	5,172	
Notes and accounts payable	14,550	14,550	
Income taxes payable	486	486	
Total	¥215,918	¥223,764	¥7,845
Derivatives	¥ (13)	¥ (13)	

March 31, 2014	Millions of yen		
	Carrying amount	Fair value	Unrecognized loss
Investment securities:			
Available-for-sale	¥ 5,282	¥ 5,282	
Cash and cash equivalents	8,541	8,541	
Notes and accounts receivable	10,837	10,837	
Total	¥ 24,661	¥ 24,661	

March 31, 2014	Millions of yen		
	Carrying amount	Fair value	Unrecognized loss
Long-term debt:			
Bonds	¥ 79,999	¥ 82,783	¥2,783
Loans	122,745	128,105	5,359
Short-term bank loans	150	150	
Notes and accounts payable	20,288	20,288	
Income taxes payable	2,294	2,294	
Total	¥225,479	¥233,622	¥8,142
Derivatives			

March 31, 2015	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrecognized loss
Investment securities:			
Available-for-sale	\$ 57,227	\$ 57,227	
Cash and cash equivalents	93,668	93,668	
Notes and accounts receivable	87,221	87,221	
Total	\$ 238,116	\$ 238,116	

March 31, 2015	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrecognized loss
Long-term debt:			
Bonds	\$ 665,722	\$ 688,332	\$22,609
Loans	962,887	1,005,563	42,675
Short-term bank loans	43,039	43,039	
Notes and accounts payable	121,083	121,083	
Income taxes payable	4,045	4,045	
Total	\$1,796,778	\$1,862,063	\$65,285
Derivatives	\$ (110)	\$ (110)	

Investment securities whose fair value cannot be reliably determined are excluded from the above tables.

Derivatives are stated at the net amount.

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity securities. Fair value information for investment securities by classification is included in Note 4.

Cash and cash equivalents and notes and accounts receivable

The carrying values of cash and cash equivalents and notes and accounts receivable approximate fair value because of their short maturities.

Bonds

The fair values of bonds are mainly measured at the quoted market price.

Long-term loans

Because long-term loans at variable interest rates reflect short-term movements in market interest rates, the carrying amounts approximate fair value.

The fair values of loans at fixed interest rates are determined by discounting the cash flows related to the loans at the Company's assumed corporate borrowing rate.

Because a part of loans at fixed interest rates are subjected to interest rate swaps that qualify for hedge accounting and meet specific matching criteria, the carrying amounts of the loans together with the interest rate swaps approximate fair value.

Short-term bank loans, notes and accounts payable, and income taxes payable

The carrying values of short-term bank loans, notes and accounts payable, and income taxes payable approximate fair value because of their short maturities.

Derivatives

Fair value information for derivatives is included in Note 12.

(2) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Investment securities:			
Available-for-sale:			
Unlisted equity securities	¥4,335	¥4,590	\$36,081
Other	70	477	584
Total	¥4,406	¥5,067	\$36,666

(e) Maturity analysis for financial assets with contractual maturities

March 31, 2014	Millions of yen		Thousands of U.S. dollars
	Due in one year or less	Due in one year or less	
Cash and cash equivalents			
	¥11,256		\$ 93,668
Notes and accounts receivable			
	10,481		87,221
Total	¥21,737		\$180,889

12. Derivatives

The Company uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign currency forward contracts and interest swaps are utilized to reduce foreign currency exchange and interest rate risks. The Company does not hold or issue derivatives for trading or speculative purposes.

Derivatives are subject to market risk, which is the exposure created by potential fluctuations in market conditions, including foreign exchange and interest rates. Because the counterparties to those derivatives are limited to major international financial institutions, the Company does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Company have been made in accordance with internal policies.

Derivative transactions to which hedge accounting is applied

As of March 31, 2015	Millions of yen				Thousands of U.S. dollars			
	Hedged item	Contract amount	Contract amount due after one year	Fair value	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:								
Buying EURO	Foreign currency Transaction (forecasted transactions)	¥ 984	¥433	¥(13)	Foreign currency Transaction (forecasted transactions)	\$ 8,194	\$3,604	\$(110)
Interest rate swaps:								
(floating rate payment, fixed rate receipt).....	Long-term debt	¥1,665	¥999		Long-term debt	\$13,855	\$8,313	

As of March 31, 2014	Millions of yen			
	Hedged item	Contract amount	Contract amount due after one year	Fair value
Interest rate swaps:				
(floating rate payment, fixed rate receipt).....	Long-term debt	¥2,331	¥1,665	

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The above interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements are recognized and included in interest expense. As a result, the fair value of such interest rate swaps is included in that of hedged items (i.e., long-term debt) in Note 11.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Company exposure to credit or market risk.

13. Other comprehensive income

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Other comprehensive income:			
Unrealized gain on available-for-sale securities			
Gains arising during the year	¥1,352	¥441	\$11,253
Amount before income tax effect	1,352	441	11,253
Income tax effect	(305)	(134)	(2,538)
Total	¥1,047	¥307	\$ 8,715
Deferred loss on derivatives under hedge accounting			
Losses arising during the year.....	¥ (13)	—	\$ (110)
Amount before income tax effect	(13)	—	(110)
Income tax effect	3	—	31
Total	¥ (9)	—	\$ (79)
Defined retirement benefit plans			
Losses arising during the year	¥ (187)	—	\$ (1,560)
Reclassification adjustments to profit or loss	(503)	—	(4,188)
Amount before income tax effect	(690)	—	(5,749)
Income tax effect	220	—	1,836
Total	¥ (470)	—	\$ (3,912)
Share of other comprehensive income in an affiliate accounted for under the equity method			
Gains arising during the year	¥ 0	¥ 0	\$ 7
Total other comprehensive income.....	¥ 568	¥308	\$ 4,730

14. Segment information

(a) Description of reportable segments

The Companies' reportable segments are those for which financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Companies. The Company and its consolidated subsidiaries compose their own business segment, respectively, and the industry "Electric" holding most of their business is treated as a reportable segment. Industry "Electric" supplies electricity throughout Okinawa Prefecture.

(b) Methods of measurement for the amounts of sales, profit, assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies." Segment profit is based on operating income. The same or similar general business conditions are applied to "Sales to external customers" and "Intersegment sales or transfers."

Effective from April 1, 2014, the calculation method of defined benefit obligations and service cost has been revised. Accordingly, the calculation method of defined benefit obligations and service cost for business segments have also been revised. As a result, this change increased segment profit for the fiscal year ended March 31, 2015, by ¥75 million (\$625 thousand) in Electric.

(c) Information about sales, profit, assets, and other items is as follows:

2015	Millions of yen					Thousands of U.S. dollars				
	Reportable segment Electric	Other	Total	Reconciliations	Consolidated	Reportable segment Electric	Other	Total	Reconciliations	Consolidated
Sales										
Sales to external customers	¥177,343	¥ 7,657	¥185,001		¥185,001	\$1,475,769	\$6 3,725	\$1,539,494		\$1,539,494
Intersegment sales or transfers	166	31,714	31,880	¥(31,880)		1,386	263,912	265,298	\$(265,298)	
Total.....	¥177,509	¥39,372	¥216,882	¥(31,880)	¥185,001	\$1,477,155	\$327,638	\$1,804,793	\$(265,298)	\$1,539,494
Segment profit.....	¥ 7,525	¥ 1,954	¥ 9,480	¥ (1)	¥ 9,479	\$ 62,621	\$ 16,267	\$ 78,889	\$ (8)	\$ 78,880
Segment assets.....	400,934	43,371	444,305	(22,480)	421,824	3,336,392	360,915	3,697,307	(187,075)	3,510,231
Other:										
Depreciation.....	27,363	986	28,350	(921)	27,428	227,708	8,212	235,921	(7,670)	228,251
Increase in property, plant and equipment and intangible assets	24,569	1,184	25,753	(1,471)	24,281	204,452	9,858	214,310	(12,249)	202,061

2014	Millions of yen				
	Reportable segment Electric	Other	Total	Reconciliations	Consolidated
Sales					
Sales to external customers	¥171,894	¥ 7,371	¥179,266		¥179,266
Intersegment sales or transfers	164	31,771	31,936	¥(31,936)	
Total.....	¥172,059	¥39,143	¥211,202	¥(31,936)	¥179,266
Segment profit.....	¥ 6,788	¥ 2,151	¥ 8,940	¥ (246)	¥ 8,693
Segment assets.....	408,570	41,636	450,206	(21,873)	428,333
Other:					
Depreciation.....	28,955	1,031	29,986	(927)	29,058
Increase in property, plant and equipment and intangible assets	26,865	746	27,612	(1,130)	26,482

Notes: 1. "Other" consists of construction, sales, and maintenance services of electric appliances and others. The Companies do not have foreign operations. No sales to foreign customers were made during the years ended March 31, 2015 and 2014.

2. Reconciliations of the segment profit and the segment assets are intersegment transaction eliminations.

3. Segment profit is adjusted to reflect operating income in the consolidated statements of income.

15. Subsequent event

The following appropriation of retained earnings at March 31, 2015, was approved at the Company's shareholders' meeting held on June 26, 2015:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥30 (25¢) per share.....	¥524	\$4,361

On June 1, 2015, the Company effected a 1.5-for-1 stock split for each outstanding share and 8,762,361 shares were consequently issued to shareholders of record on May 31, 2015.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Okinawa Electric Power Company, Incorporated:

We have audited the accompanying consolidated balance sheet of The Okinawa Electric Power Company, Incorporated and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 auditor's 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 auditor considers 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 consolidated financial position of The Okinawa Electric Power Company, Incorporated and its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.



June 29, 2015

Member of
Deloitte Touche Tohmatsu

Nonconsolidated Balance Sheet

The Okinawa Electric Power Company, Incorporated

March 31, 2015 (Unaudited)	Millions of yen		Thousands of U.S. dollars*
	2015	2014	2015
Assets			
Property, plant and equipment:			
Utility plant and equipment.....	¥956,592	¥972,975	\$7,960,327
Construction in progress.....	11,331	9,326	94,294
Total	967,923	982,301	8,054,621
Less:			
Contributions in aid of construction	(30,759)	(30,147)	(255,969)
Accumulated depreciation	(587,133)	(596,040)	(4,885,854)
Total	(617,893)	(626,188)	(5,141,824)
Net property, plant and equipment.....	350,030	356,112	2,912,797
Investments and other assets:			
Investment securities.....	10,484	9,632	87,243
Investments in and advances to subsidiaries and affiliates.....	4,303	4,618	35,811
Deferred tax assets	3,665	5,748	30,506
Other assets	2,694	2,859	22,420
Allowance for doubtful accounts	(45)	(45)	(378)
Total investments and other assets	21,102	22,812	175,603
Current assets:			
Cash and cash equivalents	4,594	1,931	38,235
Accounts receivable.....	8,326	8,268	69,292
Fuel and supplies	14,386	15,967	119,719
Deferred tax assets	1,411	1,433	11,743
Other current assets	1,195	2,178	9,945
Allowance for doubtful accounts	(113)	(134)	(945)
Total current assets	29,801	29,644	247,991
Total.....	¥400,934	¥408,570	\$3,336,392
Liabilities and equity			
Long-term liabilities:			
Long-term debt, less current maturities.....	¥168,153	¥176,366	\$1,399,297
Lease obligations	28,239	30,125	234,996
Liabilities for employees' retirement benefits.....	6,902	11,037	57,438
Other long-term liabilities.....	4,270	4,543	35,540
Total long-term liabilities.....	207,566	222,073	1,727,273
Current liabilities:			
Current maturities of long-term debt	26,526	26,141	220,740
Short-term borrowings.....	7,000	1,200	58,250
Accounts payable	11,974	17,270	99,649
Income taxes payable		1,815	
Accrued expenses	10,696	9,450	89,014
Other current liabilities.....	3,317	2,988	27,610
Total current liabilities.....	59,516	58,865	495,266
Equity:**			
Common stock,			
Authorized — 30,000,000 shares			
Issued — 17,524,723 shares in 2015 and 2014	7,586	7,586	63,131
Capital surplus:			
Additional paid-in capital.....	7,141	7,141	59,429
Retained earnings:			
Legal reserve.....	964	964	8,030
Unappropriated	115,839	110,597	963,967
Unrealized gain on available-for-sale securities.....	2,606	1,616	21,694
Deferred loss on derivatives under hedge accounting.....	(9)		(79)
Treasury stock, at cost 55,037 shares in 2015 and 54,117 shares in 2014	(278)	(275)	(2,319)
Total equity	133,851	127,631	1,113,853
Total.....	¥400,934	¥408,570	\$3,336,392

Notes: * The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥120.17 to \$1, the approximate rate of exchange as of March 31, 2015.

** A 1.5-for-1 stock split was effected on June 1, 2015. However, the number of shares presented above has not been restated to reflect this stock split.

The number of the shares after the stock split is as follows:

Authorized shares - 45,000,000 shares

Issued - 26,287,084 shares in 2015 and 2014

Treasury stock, at cost - 82,555 shares in 2015 and 81,175 shares in 2014

Nonconsolidated Statement of Income

The Okinawa Electric Power Company, Incorporated

Year ended March 31, 2015 (Unaudited)	Millions of yen		Thousands of U.S. dollars*
	2015	2014	2015
Operating revenues	¥177,509	¥172,059	\$1,477,155
Operating expenses:			
Personnel.....	16,253	16,581	135,255
Fuel.....	57,195	53,205	475,953
Purchased power.....	22,992	20,685	191,329
Depreciation.....	27,315	28,897	227,304
Repairs and maintenance.....	16,848	16,339	140,206
Taxes other than income taxes	6,856	7,027	57,059
Other	22,522	22,533	187,423
Total operating expenses	169,984	165,270	1,414,534
Operating income	7,525	6,788	62,621
Other income (expenses):			
Interest and dividend income	444	565	3,701
Interest expense	2,548	2,735	21,210
Other — net.....	299	588	2,491
Net other expenses	1,804	1,581	15,017
Income before income taxes	5,720	5,207	47,604
Income taxes:			
Current	932	2,356	7,755
Deferred.....	827	(1,066)	6,888
Total.....	1,759	1,290	14,644
Net income	¥ 3,960	¥ 3,917	\$ 32,959

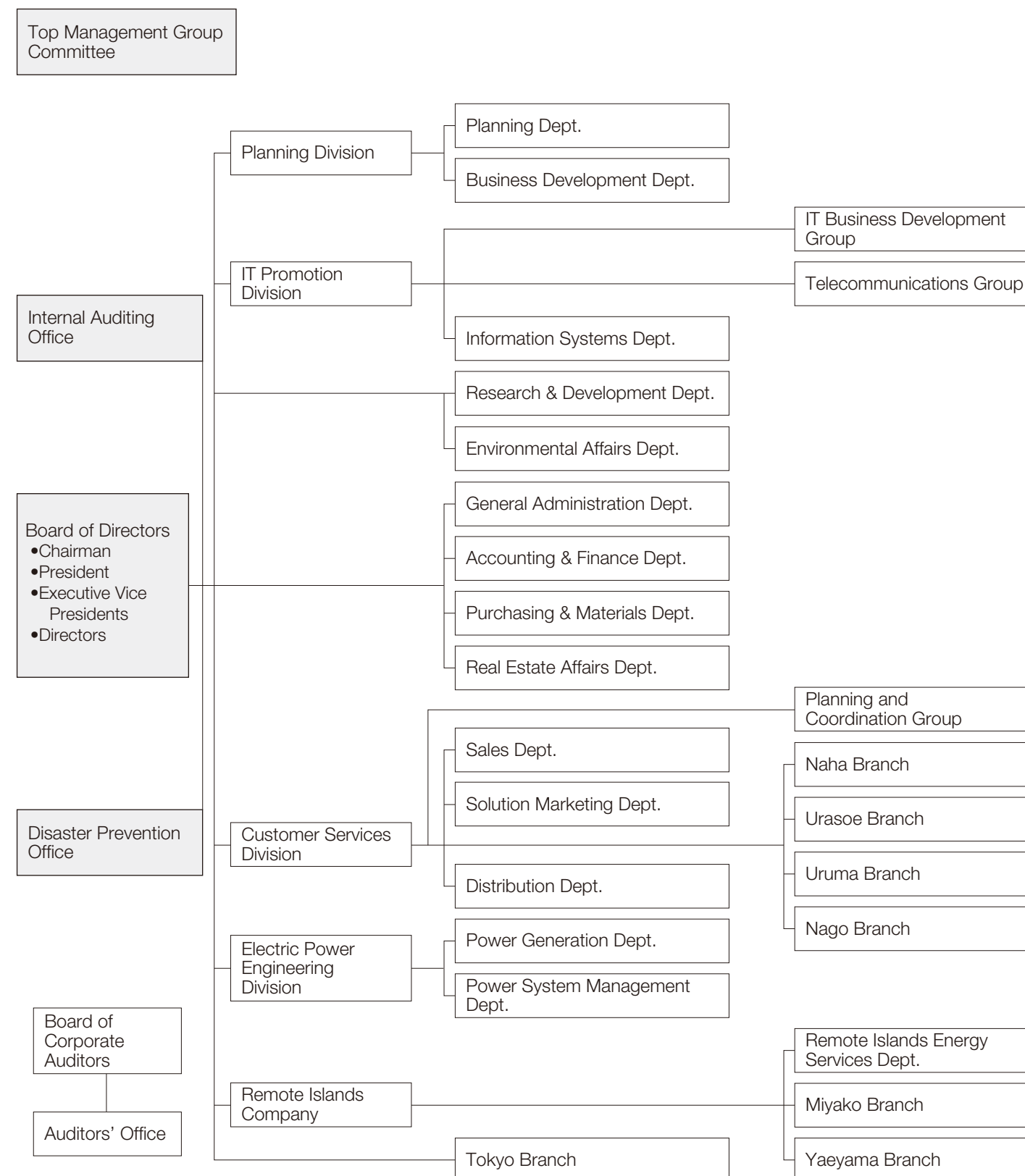
Per share of common stock	Yen		U.S. dollars
	Basic net income**	¥151.14	¥149.48
Cash dividends applicable to the year***	60.00	60.00	0.50

Notes: * The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥120.17 to \$1, the approximate rate of exchange at March 31, 2015.

** A 1.5-for-1 stock split was effected on June 1, 2015. Per share of common stock is calculated on the assumption that this stock split was conducted at the beginning of FY 2014 (April 1, 2013).

*** A 1.5-for-1 stock split was effected on June 1, 2015. However, the cash dividends per share information has not been restated to reflect this stock split.

Organization Chart



(As of July 1, 2015)

Corporate Data

Head Office

2-1, Makiminato 5-chome, Urasoe, Okinawa 901-2602, Japan

Tel: +81 (0)98-877-2341

Fax: +81 (0)98-877-6017

URL: www.okiden.co.jp/english/index.html

Tokyo Branch

No. 45 Kowa Bldg. 6F, 15-9, Minami-Aoyama 1-chome,

Minato-ku, Tokyo 107-0062, Japan

Tel: +81 (0)3-3796-7768

Established

May 15, 1972

Capital

¥7,586 million

Total Assets

¥400,934 million

Number of Customers

891,186 (Includes users of both lighting and power)

Number of Employees

1,532

Power Generation Facilities (As of July 1, 2014)

Type of Station	Number of Facilities	Generating Capacity [kW]
Steam	9	1,629,000
Gas Turbine	9	326,000
Internal Combustion	66	180,250
Renewable	3	735
Total	87	2,135,985

Independent Certified Public Accountants

Deloitte Touche Tohmatsu LLC

Consolidated Subsidiaries

Name	Capital	Main Business Lines	Equity Ownership
Okidenko Company, Incorporated	¥130 million	Construction	79.6%
Okiden Kigyo Company, Incorporated	¥43 million	Peripheral operations related to electric power business	91.8%
Okinawa Plant Kogyo Company, Incorporated	¥32 million	Peripheral operations related to electric power business	95.7%
Okinawa Denki Kogyo Company, Incorporated	¥23 million	Peripheral operations related to electric power business	99.4%
Okiden Kaihatsu Company, Incorporated	¥50 million	Real estate	100.0%
The Okiden Global Systems Company, Incorporated	¥20 million	Information and telecommunications	100.0%
Okinawa Enetech Company, Incorporated	¥40 million	Construction	98.3%
Okinawa New Energy Development Company, Incorporated	¥49 million	New energy business	96.7%
Okisetsubi Company, Limited	¥20 million	Construction	79.6%
First Riding Technology, Inc.	¥450 million	Information and telecommunications	95.8%
Progressive Energy Corporation (PEC)	¥100 million	Dispersed generating plant business	99.1%

Affiliates Accounted for Under the Equity Method

Name	Capital	Main Business Lines	Equity Ownership
Okinawa Telecommunication Network Co., Inc.	¥1,184 million	Information and telecommunications	31.0%

Transfer Agent and Registrar

The Mitsubishi UFJ Trust & Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan

Securities Traded

Tokyo Stock Exchange,
Fukuoka Stock Exchange

Common Stock Issued

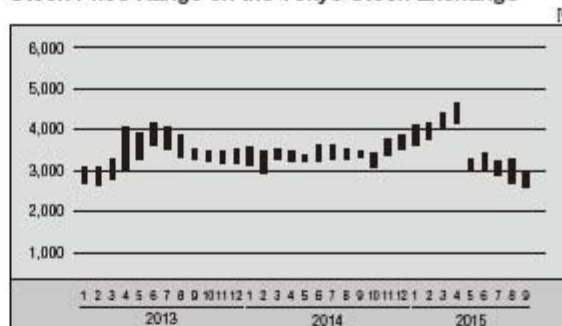
17,524,723 shares

Number of Shareholders

7,357

(As of March 31, 2015)

Stock Price Range on the Tokyo Stock Exchange



Credit Ratings (As of August 31, 2015)

	Long-Term	Short-Term
S&P	AA-	A-1+
Moody's	A1	—
R&I	AA	a-1+
JCR	AAA	J-1+

A credit rating may be subject to withdrawal or revision at any time

Board of Directors and Auditors



Denichiro Ishimine
Chairman



Mitsuru Omine
President



Hiroyuki Motonaga
Executive Vice President



Kiyohito Shimabukuro
Executive Vice President

Managing Directors: Takeshi Nakazato
Hideki Onkawa

Directors: Noboru Kuwae
Manabu Miyazato
Hitoshi Nakasone

Outside Directors*: Kunio Oroku
Hiroshi Kitagawa
Akira Okada

Standing Auditor: Katsumi Yamashiro

External Auditors: Masateru Higa
Shiro Nozaki
Hikaru Aharen

* Outside directors are as defined under the Companies Act of Japan

(As of June 26, 2015)