

SUPERNUS PHARMACEUTICALS INC
Form 8-K
April 30, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **April 29, 2014**

Supernus Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
Incorporation)

0-50440

(Commission File Number)

20-2590184

(IRS Employer Identification No.)

1550 East Gude Drive, Rockville MD

(Address of principal executive offices)

20850

(Zip Code)

Registrant's telephone number, including area code: **(301) 838-2500**

Not Applicable

(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Other Events

On April 29, 2014, Supernus issued a press release announcing that it expects to report financial results for the quarter ending March 31, 2014 after the market closes on May 12, 2014, and will hold a conference call and webcast on May 13, 2014 to review the first quarter 2014 financial results and to provide a business update. A copy of this press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibit

The following document is furnished as an Exhibit pursuant to Item 2.02 hereof:

Exhibit 99.1 Press Release Dated April 29, 2014 of the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SUPERNUS PHARMACEUTICALS, INC.

DATED: April 30, 2014

By: */s/ Gregory S. Patrick*
Gregory S. Patrick
Vice-President and Chief Financial Officer

EXHIBIT INDEX

Number	Description	Attached
99.1	Press Release Dated April 29, 2014 of the Company.	Attached

4

1,052.60	HSBC 2012 2014	KRW 45,264	USD 40,000	3.25%
	3M Libor			
	+1.50			
% 1,131.60	Citibank 2012 2014	KRW 33,948	USD 30,000	3.25%
	3M Libor			
	+1.50			
% 1,131.60	RBS 2012 2014	KRW 22,632	USD 20,000	3.25%
	3M Libor			
	+1.50			
% 1,131.60	UOB 2012 2014	KRW 33,948	USD 30,000	3.25%

3M Libor

+1.50

%

1,131.60 DBS 2012 2014 KRW 56,580 USD 50,000 3.20%

3M Libor

+1.50

%

1,131.60 ANZ 2012 2014 KRW 22,632 USD 20,000 3.20%

3M Libor

+1.50

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%

1,131.60 Citibank 2012 2014 KRW 20,369 USD 18,000 3.20%

3M Libor

+1.50

%

1,131.60 Credit Suisse 2012 2014 KRW 45,264 USD 40,000 2.77%

3M Libor

+1.50

%

1,131.60 RBS 2012 2014 KRW 58,843 USD 52,000 2.77%

3M Libor

+1.50

%

1,131.60 Citibank 2013 2018 KRW 54,570 USD 50,000 2.90%

3M Libor

+1.01

%

1,091.40 Standard Chartered 2013 2018 KRW 54,570 USD 50,000 2.90%

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3M Libor

+1.01

%

1,091.40 Credit Suisse 2013 2018 KRW 111,410 USD 100,000 3.22%

3M Libor

+1.50

%

1,114.10 UBS AG 2006 2016 KRW 98,100 USD 100,000 5.48% 5.50% 981 Credit Suisse 2006 2016 KRW 98,100 USD
 100,000 5.48% 5.50% 981 Barclays Bank
 PLC 2006 2016 KRW 71,888 USD 75,000 4.81% 5.50% 958.51 Deutsche Bank
 AG 2006 2016 KRW 71,888 USD 75,000 4.81% 5.50% 958.51 Barclays Bank
 PLC 2012 2017 KRW 142,500 USD 125,000 3.83% 3.13% 1,140.00 Morgan Stanley 2012 2017 KRW 142,500 USD
 125,000 3.83% 3.13% 1,140.00 RBS 2012 2017 KRW 142,500 USD 125,000 3.83% 3.13% 1,140.00 JP
 Morgan 2012 2017 KRW 142,500 USD 125,000 3.83% 3.13% 1,140.00 RBS 2013 2019 KRW 118,343 CHF
 100,000 3.47% 1.63% 1,183.43

Table of Contents

Type	Counterparty	Contract Year	Settlement Year	Contract amounts		Contract interest rate		Contract Exchange Rate
				Pay	Receive	Pay	Receive	
	Barclays Bank PLC	2013	2019	KRW 59,172	CHF 50,000	3.47%	1.63%	1,183.43
	Nomura	2013	2019	KRW 59,172	CHF 50,000	3.47%	1.63%	1,183.43
	Barclays Bank PLC	2013	2018	KRW 107,360	USD 100,000	3.34%	2.88%	1,073.60
	RBS	2013	2018	KRW 107,360	USD 100,000	3.34%	2.88%	1,073.60
	JP Morgan	2013	2018	KRW 161,040	USD 150,000	3.34%	2.88%	1,073.60
	Standard Chartered	2013	2018	KRW 161,040	USD 150,000	3.34%	2.88%	1,073.60
	Barclays Bank PLC	2004	2014	KRW 172,875	USD 150,000	5.10%	5.75%	1,152.50
	Barclays Bank PLC	2013	2018	KRW 81,188	USD 75,000	2.65%	1.88%	1,082.50
	RBS	2013	2018	KRW 81,188	USD 75,000	2.65%	1.88%	1,082.50
	Deutsche Bank	2013	2018	KRW 81,188	USD 75,000	2.65%	1.88%	1,082.50
	Citibank	2013	2018	KRW 81,188	USD 75,000	2.65%	1.88%	1,082.50
							3M Libor	
	BTMU	2010	2015	KRW 55,900	USD 50,000	4.03%	+1.20%	1,118.00
	RBS	2012	2017	KRW 115,140	USD 100,000	3.38%	2.50%	1,151.40
	BNP Paribas	2012	2017	KRW 115,140	USD 100,000	3.38%	2.50%	1,151.40
	Hana Bank	2012	2017	KRW 115,140	USD 100,000	3.38%	2.50%	1,151.40
	Barclays Bank PLC	2012	2017	KRW 57,570	USD 50,000	3.38%	2.50%	1,151.40
	Standard Chartered	2012	2017	KRW 57,570	USD 50,000	3.38%	2.50%	1,151.40
	Nomura	2012	2017	KRW 57,570	USD 50,000	3.38%	2.50%	1,151.40
	Credit Agricole	2012	2017	KRW 57,570	USD 50,000	3.38%	2.50%	1,151.40
	Societe Generale	2013	2018	KRW 106,190	USD 100,000	3.48%	2.63%	1,061.90
	BNP Paribas	2013	2018	KRW 53,095	USD 50,000	3.48%	2.63%	1,061.90
	Hana Bank	2013	2018	KRW 53,095	USD 50,000	3.48%	2.63%	1,061.90
	Standard Chartered	2013	2018	KRW 106,030	USD 100,000	3.48%	2.63%	1,060.30
	Barclays Bank PLC	2013	2018	KRW 53,015	USD 50,000	3.48%	2.63%	1,060.30
	Hana Bank	2013	2018	KRW 31,809	USD 30,000	3.48%	2.63%	1,060.30
	Societe Generale	2013	2018	KRW 21,206	USD 20,000	3.48%	2.63%	1,060.30
	HSBC	2013	2018	KRW 53,015	USD 50,000	3.47%	2.63%	1,060.30
	Nomura	2013	2018	KRW 53,015	USD 50,000	3.47%	2.63%	1,060.30

Under these currency swap contracts, we recognized a valuation loss of Won 217,361 million in 2013, net.

Table of Contents

Details of interest rate contracts outstanding as of December 31, 2013 are as follows:

Type	Counterparty	Contract Year	Settlement Year	Notional Amount (KRW in millions, USD in thousands)	Contract Interest Rate Per Annum	
					Pay	Receive
Trading	Nonghyup Bank	2010	2015	KRW 100,000	4.90%	3M CD + 1.05%
	Nonghyup Bank	2010	2015	KRW 100,000	4.83%	3M CD + 0.90%
	Nonghyup Bank	2010	2015	KRW 50,000	4.77%	3M CD + 0.90%
	Korea Development Bank	2012	2016	KRW 200,000	3.57%	3M CD + 0.26%
	Nonghyup Bank	2012	2016	KRW 100,000	3.49%	3M CD + 0.25%
	Korea Development Bank	2012	2016	KRW 50,000	3.49%	3M CD + 0.25%
	HSBC	2012	2016	KRW 50,000	3.49%	3M CD + 0.25%
	Standard Chartered	2012	2016	KRW 200,000	3.55%	3M CD + 0.26%
	Standard Chartered	2012	2017	KRW 160,000	3.57%	3M CD + 0.32%
	JP Morgan	2013	2018	KRW 150,000	3.58%	3M CD + 0.31%
	Korea Exchange Bank	2011	2014	KRW 100,000	4.08%	3M CD + 0.03%
	Korea Exchange Bank	2011	2014	KRW 100,000	3.89%	3M CD + 0.05%
	Shinhan Bank	2011	2014	KRW 100,000	3.63%	3M CD + 0.18%
	Korea Exchange Bank	2011	2014	KRW 200,000	3.66%	3M CD + 0.24%
	Korea Exchange Bank	2012	2015	KRW 100,000	3.58%	3M CD + 0.15%
	Korea Exchange Bank	2012	2015	KRW 200,000	3.65%	3M CD + 0.10%
	Korea Exchange Bank	2012	2015	KRW 100,000	2.86%	3M CD + 0.05%
Korea Exchange Bank	2013	2016	KRW 100,000	2.82%	3M CD + 0.04%	
Korea Exchange Bank	2013	2016	KRW 200,000	2.57%	3M CD + 0.04%	
Korea Exchange Bank	2013	2016	KRW 100,000	2.75%	3M CD + 0.03%	
Cash flow hedge	BNP Paribas	2009	2027	USD 108,633	4.16%	6M USD Libor
	KFW	2009	2027	USD 108,633	4.16%	6M USD Libor
	Credit Agricole				3.98% ~	
	SMBC	2012	2033	USD 106,684	4.10%	6M USD Libor
					4.05% ~	
		2012	2033	USD 139,510	4.18%	6M USD Libor

Table of Contents

Under these interest rate swap contracts, we recognized a valuation gain of Won 13,112 million in 2013, net.

We engage in transactions denominated in foreign currencies and consequently, we become exposed to fluctuations in exchange rates. The carrying amounts of our foreign currency-denominated monetary assets and monetary liabilities as of December 31, 2012 and 2013 were as follows:

Type	Assets		Liabilities	
	2012	2013	2012	2013
	(In thousands of USD, EUR, GBP and other foreign currencies)			
AUD	1,188	1,460	152,692	321,444
CAD	2,314	4	4	611
CNY	1	1		
EUR	9,091	27,946	18,792	33,398
IDR	711,304	546,902	1,726	2,973
MXN	703	5,064		426
PHP	1,043,932	248,623	31,675	22,954
SAR	1,309	1,565		
USD	292,256	627,504	9,866,661	11,207,483
INR	417,544	362,996	52,755	500,933
PKR	63,445	116,847	277	650
MGA	240,233	2,124,218	92,979	101,503
JPY	520	176,921	20,006,730	22,521,580
KZT	720,121	164,790		16,517
GBP	6		253	4
CHF		143,120	223	400,012
AED	220	288	1,829	809
SEK			1,105	
JOD		132		1
BDT		34,753		2,977
CLP		93		

The following analysis sets forth the sensitivity of our consolidated net income before income taxes (our pre-tax income) to changes in exchange rates, interest rates, electricity rates and fuel costs. For purposes of this section, we and our related parties will be deemed one entity. The range of changes in such risk categories represents our view of the changes that are reasonably possible over a one-year period, although it is difficult to predict such changes as a result of adverse economic developments in Korea. See Item 3D. Risk Factors Risks Relating to Korea and the Global Economy Unfavorable financial and economic conditions in Korea and globally may have a material adverse impact on us. The following discussion only addresses material market risks faced by us and does not discuss other risks which we face in the normal course of business, including country risk, credit risk and legal risk. Unless otherwise specified, all calculations are made under IFRS.

If Won depreciates against U.S. dollar and all other foreign currencies held by us by 10% and all other variables are held constant from their levels as of December 31, 2013, we estimate that our unrealized foreign exchange translation losses will increase by Won 1,200 billion in 2014. Such sensitivity analysis is conducted for monetary assets and liabilities denominated in foreign currencies other than functional currency as of December 31, 2013 and 2012, before accounting for swap transactions. To manage our foreign currency risk related to foreign currency-denominated receivables and payables, we have a policy of entering into currency forward agreements. In addition, to manage our foreign currency risk related to foreign currency-denominated expected sales transactions and purchase transactions, we enter into cross-currency swap agreements.

We are exposed to interest rate risk due to its borrowing with floating interest rates. If interest rates increase by 1% on all of our borrowings and debentures bearing variable interest and all other variables are held constant

Table of Contents

as of December 31, 2013, we estimate that our income before income taxes will decrease by Won 73.5 billion (not reflecting the fact that a portion of such interest may be capitalized under IFRS) in 2014. Such sensitivity analysis does not take into consideration interest rate swap transactions. To manage our interest rate risks, we, in addition to maintaining an appropriate mix of fixed and floating rate loans, have entered into certain interest rate swap agreements.

We are exposed to electricity rates risk due to the rate regulation by the Government, which considers the effect of electricity rate changes on the national economy. If the electricity rate rises by 1% and all other variables are held constant as of December 31, 2013, we estimate that our income before income taxes will increase by Won 511.1 billion in 2014.

We are exposed to fuel price risks due to the heavy influence of fuel costs on our sales and cost of sales. If the fuel prices of anthracite and bituminous coal, oil, LNG and others used for generation by us and our generation subsidiaries rise by 1% and all other variables are held constant as of December 31, 2013, we estimate that our income before income taxes will decrease by Won 242 billion in 2014.

The above discussion and the estimated amounts generated from the sensitivity analyzes referred to above include forward-looking statements, which assume for analytical purposes that certain market conditions may occur. Accordingly, such forward-looking statements should not be considered projections by us of future events or losses.

See Note 44 of the notes to our consolidated financial statements included in this annual report for further related information.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Item 12A. Debt Securities

Not applicable.

Item 12B. Warrants and Rights

Not applicable.

Item 12C. Other Securities

Not applicable.

Table of Contents**Item 12D. American Depositary Shares**

Under the terms of the Deposit Agreement in respect of our ADSs, the holder and beneficiary owners of ADSs, any party depositing or withdrawing or surrendering ADSs or ADRs, whichever applicable, may be required to pay the following fees and charges to JPMorgan Chase Bank acting as depositary for our ADSs:

Item	Services	Fees
1	Taxes and other governmental charges	As applicable
2	Registration of transfer of common shares generally on our shareholders register, any institution authorized under the applicable law to effect book-entry transfers of securities (including Korea Securities Depository), or any entity that presently carries out the duties of registrar for the common shares, and applicable to transfers of common shares to the name of the Depository or its nominee on the making of deposits or withdrawals	A fee of \$1.50 or less per ADS
3	Cable, telex and facsimile transmission expenses	As applicable
4	Expenses incurred by the Depository in the conversion of foreign currency	As applicable
5	Execution and delivery of ADRs and the surrender of ADRs	Fee of \$0.05 or less per ADS
6	Cash distribution made by the Depository or its agent	Fee of \$0.02 or less per ADS
7	Fee for the distribution of proceeds of sales of securities or rights for distribution other than cash, common shares or rights to subscribe for shares, distribution in shares or distribution in rights to subscribe for shares	Lesser of (i) the fee for the execution and delivery of ADRs referred to above which would have been charged as a result of the deposit by the holders of securities or common shares received in exercise of rights distributed to them, but which securities or rights are instead sold by the Depository and the net proceeds distributed and (ii) the amount of such proceeds
8	Depository services performed in administering the ADRs (which fee shall be assessed against holders of ADSs as of the record date or dates and shall be payable at the sole discretion of the Depository by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions)	Fee of US\$0.02 or less per ADS per calendar year

Depository fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary by the brokers (on behalf of their clients) receiving the newly-issued ADSs from the depositary and by the brokers (on behalf of their clients) delivering the ADSs to the depositary for cancellation. The brokers in turn charge these transaction fees to their clients.

Depository fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary to the holders of record of ADSs as of the applicable ADS record date. The depositary fees payable for cash distributions are generally deducted from the cash being

Table of Contents

distributed. In the case of distributions other than cash (i.e., stock dividends, rights offerings), the depository charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or un-certificated in direct registration), the depository sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts via the central clearing and settlement system, the Depository Trust Company (DTC), the depository generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depository.

In the event of refusal to pay the depository fees, the depository may, under the terms of the Deposit Agreement, refuse the requested service until payment is received or may set-off the amount of the depository fees from any distribution to be made to the ADS holder.

The fees and charges the ADS holders may be required to pay may vary over time and may be changed by us and by the depository. The ADS holders will receive prior notice of such changes.

Depository Payments for the Fiscal Year 2013

The following table sets forth our expenses incurred in 2013, which were reimbursed by JPMorgan Chase Bank, N.A., acting as depository for our ADSs:

	(In thousands of U.S. dollars)
Reimbursement of listing fees on the New York Stock Exchange	US\$ 91
Reimbursement of legal fees	491
Reimbursement of accounting fees	178
Contributions towards our investor relations and other financing efforts (including investor conferences, non-deal roadshows and market information services)	1,548
Other	123
 Total	 US\$ 2,431

Table of Contents

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Control

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2013. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that the design and operation of our disclosure controls and procedures as of December 31, 2013 were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decision regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, for our company. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we have evaluated the effectiveness of our internal control over financial reporting as of December 31, 2013 based on the framework established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorizations of a company's management and directors, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Table of Contents

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the Securities and Exchange Commission, management assessed the effectiveness of our internal control over financial reporting as of December 31, 2013 using criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992). Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2013 based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992).

Audit Report of the Independent Registered Public Accounting Firm

KPMG Samjong Accounting Corp. has issued an audit report on the effectiveness of our internal control over financial reporting, which is included elsewhere in this annual report.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We operate an integrated ERP system for a transparent and efficient management of the core ERP components, including personnel, accounting, procurement, construction and facilities maintenance. In addition, we also operate a strategic enterprise management system that includes business warehouse, management information and business planning and simulation systems. We continue to upgrade and improve the ERP system, which is being used as our core information infrastructure.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that we have at least one audit committee financial expert as such term is defined by the regulations of the Securities and Exchange Commission issued pursuant to Section 407 of the Sarbanes-Oxley Act of 2002. Our audit committee financial expert is Cho, Jeon-Hyeok. Such member currently remains a member of the audit committee and is independent within the meaning of the Korea Stock Exchange listing standards, the regulations promulgated under the Enforcement Decree of the Korean Commercial Code and the New York Stock Exchange listing standards. For biographic information of our audit committee financial expert, Cho, Jeon-Hyeok, see Item 6A. Directors and Senior Management.

ITEM 16B. CODE OF ETHICS

We have adopted a code of ethics for our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions as required under Section 406 of the Sarbanes-Oxley Act of 2002, together with an insider reporting system in compliance with Section 301 of the Sarbanes-Oxley Act. The code of ethics is available on our website www.kepco.co.kr. We have not granted any waiver, including an implicit waiver, from a provision of the code of ethics to any of the above-mentioned officers during our most recently completed fiscal year.

ITEM 16C. PRINCIPAL AUDITOR FEES AND SERVICES

The following table sets forth the aggregate fees billed for each of the years ended December 31, 2012 and 2013 for professional services rendered by our principal auditors for such year, for various types of services and a brief description of the nature of such services. Deloitte Anjin LLC, a member firm of Deloitte Touche Tohmatsu Limited, was our principal auditor for the year ended December 31, 2012. KPMG Samjong

Table of Contents

Accounting Corp., a Korean independent registered public accounting firm, was our principal auditor for the year ended December 31, 2013 and we currently expect KPMG Samjong Accounting Corp. to serve as our principal auditor for the year ended December 31, 2014.

Type of Services	Aggregate Fees Billed During		Nature of Services
	2012	2013	
	(In millions of Won)		
Audit Fees	3,109	2,979	Audit service for KEPCO and its subsidiaries.
Audit-Related Fees	355	94	Accounting advisory service.
Tax Fees		35	Tax return and consulting advisory service.
All Other Fees		496	All other services which do not meet the three categories above.
Total	3,464	3,604	

United States law and regulations in effect since May 6, 2003 generally require all service of the principal auditors be pre-approved by an independent audit committee or, if no such committee exists with respect to an issuer, by the entire board of directors. We have adopted the following policies and procedures for consideration and approval of requests to engage our principal auditors to perform audit and non-audit services. If the request relates to services that would impair the independence of our principal auditors, the request must be rejected. If the service request relates to audit and permitted non-audit services for us and our subsidiaries, it must be forwarded to our audit committee and receive pre-approval.

In addition, United States law and regulations permit the pre-approval requirement to be waived with respect to engagements for non-audit services aggregating no more than five percent of the total amount of revenues we paid to our principal auditors, if such engagements were not recognized by us at the time of engagement and were promptly brought to the attention of our audit committee or a designated member thereof and approved prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEE

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Neither we nor any affiliated purchaser, as defined in Rule 10b-18(a)(3) of the Exchange Act, purchased any of our equity securities during the period covered by this annual report.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANTS

Due to the expiration of the term of the appointment of Deloitte Anjin LLC as the independent registered public accounting firm for us and our certain other subsidiaries, including KHNP, as of the fiscal year ended December 31, 2012, we appointed KPMG Samjong Accounting Corp. as the independent registered public accounting firm for us and KHNP for the years ended December 31, 2013, 2014 and 2015, effective from January 1, 2013. The decision to make such appointment was approved at our audit committee meeting on March 27, 2013.

The foregoing decision to change the independent registered public accounting firm was made pursuant to the rules of the Board of Audit and Inspection, a Government agency, relating to audits of public enterprises, under which a public accounting firm may not audit a public enterprise (including us and KHNP) for a term exceeding six consecutive years. The fiscal year 2012 marked the sixth year of audit by Deloitte Anjin LLC of us and KHNP.

Table of Contents

The consolidated financial statements as of and for the years ended December 31, 2011 and 2012, before the effects of the retrospective adjustments to apply the changes in accounting described in Note 2 thereto and the retrospective adjustments to the disclosures for a change in the composition of segments discussed in Note 4 thereto, were audited by Deloitte Anjin LLC. Deloitte Anjin LLC's engagement as our independent registered public accounting firm was terminated after the completion of the audit of our consolidated financial statements as of and for the year ended December 31, 2012. The audit report of Deloitte Anjin LLC on our consolidated financial statements as of and for the years ended December 31, 2011 and 2012, before the effects of the adjustments discussed in Note 2 and Note 4 thereto, prepared in accordance with IFRS did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles. Furthermore, in connection with the audit of our consolidated financial statements as of and for the years ended December 31, 2011 and 2012, before the effects of the adjustments discussed in Note 2 and Note 4 thereto, there were no disagreements (as described in Item 16F(a)(1)(iv) of Form 20-F) with Deloitte Anjin LLC on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Deloitte Anjin LLC, would have caused Deloitte Anjin LLC to make reference to the subject matter of the disagreement in connection with their reports. In addition, we confirm that between January 1, 2011 and the date of the termination of Deloitte Anjin's engagement as our independent registered public accounting firm, there were no reportable events requiring disclosure pursuant to Item 16F(a)(1)(v) of Form 20-F. The foregoing also applies in the same way to KHNP's consolidated financial statements as of and for the years ended December 31, 2011 and 2012, before the effects of the adjustments discussed in Note 2 thereto, and the audit report of Deloitte Anjin LLC thereon; and KHNP also did not have any disagreements with Deloitte Anjin LLC as to the matters mentioned above and there were similarly no reportable events as applies to KHNP.

Between January 1, 2011 and the date of appointment of KPMG Samjong Accounting Corp. as our independent registered public accounting firm, neither we nor anyone on our behalf consulted with KPMG Samjong Accounting Corp. with respect to either (1) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us that KPMG Samjong Accounting Corp. concluded was an important factor considered by us in reaching a decision as to any accounting, auditing or financial reporting issue or (2) any matter that was either the subject of a disagreement, as defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to Item 16F, or a reportable event, as described in Item 16F(a)(1)(v) of Form 20-F. Similarly, neither KHNP nor anyone on its behalf consulted with KPMG Samjong Accounting Corp. with respect to the matters mentioned above.

We provided a copy of this disclosure to Deloitte Anjin LLC and requested that Deloitte Anjin LLC furnish us with a letter addressed to the SEC stating whether or not it agrees with the statements made above. A copy of Deloitte Anjin LLC's letter addressed to the SEC dated April 30, 2013 is attached to this annual report as Exhibit 15.5.

ITEM 16G. CORPORATE GOVERNANCE

We are committed to high standards of corporate governance. We are in compliance with the corporate governance provisions of the KEPCO Act, the Public Agencies Management Act, the Korean Commercial Code, the Financial Investment Services and Capital Markets Act of Korea and the Listing Rules of the Korea Exchange. We, like all other companies in Korea, must comply with the corporate governance provisions under the Korean Commercial Code, except to the extent the KEPCO Act and the Public Agencies Management Act otherwise require. In addition, as a listed company, we are subject to the Financial Investment Services and Capital Markets Act of Korea, unless the Financial Investment Services and Capital Markets Act of Korea otherwise provides.

The Public Agencies Management Act

On April 1, 2007, the Government-invested Enterprise Management Basic Act, which was enacted in 1984, was abolished and the Public Agencies Management Act took effect. Unless stated otherwise, the Public Agencies

Table of Contents

Management Act takes precedence over any other laws and regulations in the event of inconsistency. Under this Act, the minister of the Ministry of Strategy and Finance designated us as a market-oriented public enterprise, as defined under this Act, on April 2, 2007, and we became subject to this Act accordingly.

The Public Agencies Management Act requires a number of changes in the appointment process for our executive officers, which we have incorporated in our amendment to our Articles of Incorporation in September 2007. A senior non-standing director appointed by the minister of the Ministry of Strategy and Finance becomes our chairman of the board following the review and resolution of the Public Agencies Operating Committee. Our president is appointed by the President of the Republic upon the motion of the Ministry of Trade, Industry and Energy following the nomination by our director nomination committee, the review and resolution of the Public Agencies Operating Committee pursuant to the Public Agencies Management Act and an approval at the general meeting of our shareholders. Standing directors other than our president must be appointed by our president with the approval at the general meeting of our shareholders from a pool of candidates recommended by our director nomination committee. Prior to the enactment of the Act, standing directors were appointed directly by the minister of the Ministry of Trade, Industry and Energy. The non-standing directors must be appointed by the minister of the Ministry of Strategy and Finance following the review and resolution of the Public Agencies Operating Committee from a pool of candidates recommended by the director nomination committee and must have ample knowledge and experience in business management. Government officials that are not part of the teaching staff in national and public schools are ineligible to become our non-standing directors.

Under the Public Agencies Management Act and our Articles of Incorporation, the term of office for directors is three years for the president and two years for other directors. The directors may be reappointed for an additional term of one year. In order to be reappointed, the president must be evaluated on the basis of his management performance; a standing director, on the basis of the performance of the duties for which he was elected to perform, or if the standing director has executed an incentive bonus contract, on the basis of his performance under the contract; and a non-standing director, on the basis of his performance of the duties for which he was elected to perform.

Under the Public Agencies Management Act and our Articles of Incorporation, a recommendation from the director nomination committee is required for the appointment of our executive officers, except in the case of reappointments. The director nomination committee consists of five to fifteen members, including private-sector members appointed by the board of directors. Non-standing directors must comprise at least the majority of the director nomination committee. One of the private-sector members must be able to represent our opinion and must not be currently employed by us. As required under the Public Agencies Management Act, we established an audit committee. At least two-thirds of the audit committee members must be non-standing directors, and at least one committee member must be an expert in finance or accounting. According to the Public Agencies Management Act, our president's term cannot be terminated unless done so by the President of the Republic pursuant to the Public Agencies Management Act or upon an event as specified in our Articles of Incorporation.

As required under Public Agencies Management Act, we submit to the Government by October 31 every year a report on our medium- to long-term management goals. Under the Public Agencies Management Act, we are also required to give separate public notice of important management matters, such as our budget and financial statements, status of directors and annual reports. In addition, for purposes of providing a comparison of the management performances of government agencies, we are required to post on a designated website a notice on a standard form detailing our management performance. Following consultation with the minister of the Ministry of Trade, Industry and Energy and the review and resolution of the operating committee, the Ministry of Strategy and Finance must examine the adequacy and competency of government agencies and establish plans on merger, abolishment, restructuring and privatization of public agencies. In such case, the minister of the Ministry of Trade, Industry and Energy must execute these plans and submit a performance report to the Ministry of Strategy and Finance.

On January 24, 2011, the Ministry of Trade, Industry and Energy changed the designation of our generation subsidiaries from other public institutions to market-oriented public enterprises. As other public institutions under the provisions of the Public Agencies Management Act, our generation subsidiaries were not

Table of Contents

subject to the same regulations applicable to us with regards to corporate governance matters such as the appointment and dismissal of directors and the composition of the boards of directors. However, as market-oriented public enterprises, our generation subsidiaries are currently subject to the same corporate governance rules applicable to us. All of our generation subsidiaries accordingly amended their respective articles of incorporation in 2011 and are subject to the same system of regulations applicable to us.

Differences in Korean/New York Stock Exchange Corporate Governance Practices

We are a foreign private issuer (as such term is defined in Rule 3b-4 under the Exchange Act), and our ADSs are listed on the New York Stock Exchange, or NYSE. Under Section 303A of the NYSE Listed Company Manual, NYSE-listed companies that are foreign private issuers are permitted to follow home country practice in lieu of the corporate governance provisions specified by the NYSE with limited exceptions. Under the NYSE Listed Company Manual, we as a foreign private issuer are required to disclose significant differences between NYSE's corporate governance standards and those we follow under Korean law. The following summarizes some significant ways in which our corporate governance practices differ from those followed by U.S. companies listed on the NYSE under the listing rules of the NYSE:

Majority of Independent Directors on the Board

Under the NYSE listing rules, U.S. companies listed on the NYSE must have a board the majority of which is comprised of independent directors satisfying the requirements of independence as set forth in Rule 10A-3 under the Exchange Act. No director qualifies as independent unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with us). The NYSE rules include detailed tests for determining director independence. While as a foreign private issuer, we are exempt from this requirement, our board of directors is in compliance with this requirement as it currently consists of 15 directors, of which eight directors satisfy the requirements of independence as set forth in Rule 10A-3 under the Exchange Act. U.S. companies listed on the NYSE are required to adopt and disclose corporate governance guidelines. Under the Public Agencies Management Act, more than one-half of our directors must be non-standing directors. The Financial Investment Services and Capital Markets Act of Korea deems a non-standing director nominated pursuant to other applicable laws (such as the Public Agencies Management Act) as an outside or non-executive director. Under the Public Agencies Management Act, a non-standing director is appointed by the Ministry of Strategy and Finance following the review and resolution of the Public Agencies Operating Committee from a pool of candidates recommended by the director nomination committee and must have ample knowledge and experience in business management. Government officials that are not part of the teaching staff in national and public schools are ineligible to become our non-standing directors.

Executive Session

Under the NYSE listing rules, non-management directors of U.S. companies listed on the NYSE are required to meet on a regular basis without management present and independent directors must meet separately at least once per year. While no such requirement currently exists under applicable Korean law, listing standards or our Articles of Incorporation, exclusive sessions were held quarterly in 2013 in order to promote the exchange of diverse opinions by non-standing directors.

Audit Committee

Under the NYSE listing rules, listed companies must have an audit committee that has a minimum of three members, and all audit committee members must satisfy the requirements of independence set forth in Section 303A.02 of the NYSE Listed Company Manual and Rule 10A-3 under the Exchange Act. We are in compliance with this requirement as our audit committee is comprised of three outside directors meeting the requirements of independence set forth in Section 303A.02 of the NYSE Listed Company Manual and

Table of Contents

Rule 10A-3 under the Exchange Act. The audit committee must be directly responsible for the appointment, compensation, retention and oversight of the work of the independent registered public accountants. Our board of auditors performs the roles and responsibilities required of an audit committee under the Sarbanes-Oxley Act, including the supervision of the audit by the independent registered public accountants. Under the Korea Exchange listing rules and the Korean Commercial Code, a large listed company must also establish an audit committee of which at least two-thirds of its members must be outside directors and whose chairman must be an outside director. In addition, at least one member of the audit committee who is an outside director must also be an accounting or financial expert. Currently, our audit committee consists of three independent directors, and our audit committee is in compliance with the foregoing requirements under the NYSE listing rules, the Sarbanes-Oxley Act, the Korea Exchange listing rules and the Korean Commercial Code.

Nomination/Corporate Governance Committee

Under the NYSE listing rules, U.S. companies listed on the NYSE must have a nomination/corporate governance committee composed entirely of independent directors. In addition to identifying individuals qualified to become board members, this committee must develop and recommend to the board a set of corporate governance principles. Under the Public Agencies Management Act, we are required to have a director nomination committee which consists of non-standing directors and ad hoc members appointed by our Board of Directors. Our standing directors and executives as well as governmental officials that are not part of the teaching staff in national and public schools are ineligible to become a member of our director nomination committee. There is no requirement to establish a corporate governance committee under applicable Korean law.

Pursuant to the NYSE listing standards, non-management directors must meet on a regular basis without management present and independent directors must meet separately at least once per year. No such requirement currently exists under applicable Korean law.

Compensation Committee

Under the NYSE listing rules, U.S. companies listed on the NYSE are required to have a compensation committee which is composed entirely of independent directors. In January 2013, the SEC approved amendments to the listing rules of NYSE and NASDAQ regarding the independence of compensation committee members and the appointment, payment and oversight of compensation consultants. The listing rules were adopted as required by Section 952 of the Dodd-Frank Act and rule 10C-1 of the Securities Exchange Act of 1934, as amended, which direct the national securities exchanges to prohibit the listing of any equity security of a company that is not in compliance with the rule's compensation committee director and advisor independence requirements. Certain elements of the listing rules became effective on July 1, 2013 and companies listed on the NYSE must comply with such listing rules by the earlier of the company's first annual meeting after January 15 or October 31, 2014.

No such requirement currently exists under applicable Korean law or listing standards, and we currently do not have a compensation committee.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

Under the NYSE listing rules, U.S. companies listed on the NYSE are required to establish corporate governance guidelines and to adopt a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. As a foreign private issuer, we are exempt from this requirement. Pursuant to the requirements of the Sarbanes-Oxley Act, we have adopted a code of ethics applicable to our President & Chief Executive Officer and all other directors and executive officers including the Chief Financial Officer and the Chief Accounting Officer, as well as all financial, accounting and other officers that are involved in the preparation and disclosure of our consolidated financial statements and internal control of financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We have also adopted

Table of Contents

an insider reporting system in compliance with Section 301 of the Sarbanes-Oxley Act. The code of ethics applicable to our executive officers as well as the financial officers of the holding company and its subsidiaries are available on www.kepco.co.kr.

Shareholder Approval of Equity Compensation Plans

Under the NYSE listing rules, shareholders of U.S. companies listed on the NYSE are required to approve all equity compensation plans. Under Korean law and regulations, stock options can be granted to employees to the extent expressly permitted by the articles of incorporation. We currently do not have any equity compensation plans.

Annual Certification of Compliance

Under the NYSE listing rules, a chief executive officer of a U.S. company listed on the NYSE must annually certify that he or she is not aware of any violation by the company of NYSE corporate governance standards. As a foreign private issuer, we are not subject to this requirement. However, in accordance with rules applicable to both U.S. companies and foreign private issuers, we are required to promptly notify the NYSE in writing if any executive officer becomes aware of any material noncompliance with the NYSE corporate governance standards applicable to us. In addition, foreign private issuers, including us, are required to submit to the NYSE an annual written affirmation relating to compliance with Sections 303A.06 and 303A.11 of the NYSE listed company manual, which are the NYSE corporate governance standards applicable to foreign private issuers. All written affirmations must be executed in the form provided by the NYSE, without modification. An annual written affirmation is required to be submitted to the NYSE within 30 days of filing with the SEC our annual report on Form 20-F. We have been in compliance with this requirement in all material respects and plan to submit such affirmation within the prescribed time line.

Whistle Blower Protection

On May 25, 2011, the SEC adopted final rules to implement whistleblower provisions of the Dodd-Frank Act, which are applicable to foreign private issuers with securities registered under the U.S. securities laws. The final rules provide that any eligible whistleblower who voluntarily provides the SEC with original information that leads to the successful enforcement of an action brought by the SEC under U.S. securities laws must receive an award of between 10 and 30 percent of the total monetary sanctions collected if the sanctions exceed \$1,000,000. An eligible whistleblower is defined as someone who provides information about a possible violation of the securities laws that he or she reasonably believes has occurred, is ongoing, or is about to occur. The possible violation does not need to be material, probably or even likely, but the information must have a facially plausible relationship to some securities law violation; frivolous submissions would not qualify. The final rules also prohibit retaliation against the whistleblower. While the final rules do not require employees to first report allegations of wrongdoing through a company's corporate compliance system, they do seek to incentivize whistleblowers to utilize internal corporate compliance first by, among other things, (i) giving employees who first report information internally the benefit of the internal reporting date for purposes of the SEC program so long as the whistleblower submits the same information to the SEC within 120 days of the initial disclosure; (ii) clarifying that the SEC will consider, as part of the criteria for determining the amount of a whistleblower's award, whether the whistleblower effectively utilized the company's corporate compliance program or hindered the function of the program; and (iii) crediting a whistleblower who reports internally first and whose company passes the information along to the SEC, which would mean the whistleblower could receive a potentially higher award for information gathered in an internal investigation initiated as a result of the whistleblower's internal report.

In addition, the final rules address concerns that the whistleblower rules incentivize officers, directors and those with legal, audit, compliance or similar responsibilities to abuse these positions by making whistleblower

Table of Contents

complaints to the SEC with respect to information they obtained in these roles by generally providing that information obtained through a communication subject to attorney-client privilege or as a result of legal representation would not be eligible for a whistleblower award unless disclosure would be permitted by attorney conduct rules. Accordingly, officers and directors, auditors and compliance personnel and other persons in similar roles would not be eligible to receive awards for information received in these positions unless (x) they have a reasonable basis to believe that (1) disclosure of the information is necessary to prevent the entity from engaging in conduct that is likely to cause substantial injury to the financial interests of the entity or investors; or (2) the entity is engaging in conduct that will impede an investigation of the misconduct, for example, destroying documents or improperly influencing witnesses; or (y) 120 days have passed since the whistleblower provided the information to senior responsible persons at the entity or 120 days have passed since the whistleblower received the information at a time when these people were already aware of the information.

In Korea, there is no corresponding law or regulation.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

Table of Contents

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

Reference is made to Item 19 Exhibits for a list of all financial statements filed as part of this annual report.

ITEM 19. EXHIBITS

(a) Financial Statements filed as part of this Annual Report

See Index to Financial Statements on page F-1 of this annual report.

(b) Exhibits filed as part of this Annual Report

See Index of Exhibits beginning on page E-1 of this annual report.

Table of Contents

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

KOREA ELECTRIC POWER CORPORATION

By: /s/ Cho, Hwan-Eik
Name: Cho, Hwan-Eik
Title: President and Chief Executive Officer
Date: April 30, 2014

Table of Contents

INDEX TO FINANCIAL STATEMENTS

	Page
<u>Report of Independent Registered Public Accounting Firm KPMG Samjong Accounting Corp., on Consolidated Financial Statements (Korea Electric Power Corporation)</u>	F-2
<u>Report of Independent Registered Public Accounting Firm KPMG Samjong Accounting Corp., on Internal Control Over Financial Reporting (Korea Electric Power Corporation)</u>	F-3
<u>Report of Independent Registered Public Accounting Firm Deloitte Anjin LLC (Korea Electric Power Corporation)</u>	F-5
<u>Report of Independent Registered Public Accounting Firm Ernst & Young Han Young (Korea East-West Power Co., Ltd.)</u>	F-6
<u>Report of Independent Registered Public Accounting Firm Ernst & Young Han Young on Internal Control Over Financial Reporting (Korea East-West Power Co., Ltd.)</u>	F-7
<u>Report of Independent Registered Public Accounting Firm Ernst & Young Han Young (Korea South-East Power Co., Ltd.)</u>	F-8
<u>Consolidated Statements of Financial Position as of December 31, 2012 and 2013</u>	F-9
<u>Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2011, 2012 and 2013</u>	F-11
<u>Consolidated Statements of Changes in Equity for the Years Ended December 31, 2011, 2012 and 2013</u>	F-13
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2011, 2012 and 2013</u>	F-16
<u>Notes to the Consolidated Financial Statements</u>	F-18

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC

ACCOUNTING FIRM ON CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders and Board of Directors of

Korea Electric Power Corporation:

We have audited the accompanying consolidated statement of financial position of Korea Electric Power Corporation (the Company) and subsidiaries as of December 31, 2013, and the related consolidated statements of comprehensive income (loss), changes in equity and cash flows, for the year ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Korea East-West Power Co., Ltd., a consolidated subsidiary, whose financial statements comprise 3.93 percent of consolidated total assets (prior to inter-company eliminations) as of December 31, 2013 and 5.90 percent of consolidated total revenue (prior to inter-company eliminations) for the year ended December 31, 2013. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts are based solely on the report of the other auditors. The accompanying consolidated financial statements of Korea Electric Power Corporation and subsidiaries as of December 31, 2012, and for the years ended December 31, 2011 and 2012, were audited by other auditors whose report thereon dated April 30, 2013, expressed an unqualified opinion on those financial statements, before the retrospective presentation of the power generation maintenance operating segment as a reportable segment as described in note 4 to the consolidated financial statements and the reclassification adjustments to present accrued incentive compensation as provisions instead of trade accounts payable and other as described in note 2.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Korea Electric Power Corporation and subsidiaries as of December 31, 2013 and the results of their operations and their cash flows for the year then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have audited the retrospective presentation in 2011 and 2012 of the plant maintenance & engineering service operating segment as a reportable segment as described in note 4 and the reclassification adjustments to present accrued incentive compensation as provisions instead of trade accounts payable and other as described in note 2. In our opinion, such retrospective reportable segment presentation and reclassification adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2011 and 2012 consolidated financial statements of the Company other than with respect to the retrospective reportable segment presentation and reclassification adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2011 and 2012 consolidated financial statements of the Company taken as a whole.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 30, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting, based on our audit and the report of other auditors.

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

April 30, 2014

Table of Contents

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON
INTERNAL CONTROL OVER FINANCIAL REPORTING**

To the Shareholders and Board of Directors of

Korea Electric Power Corporation:

We have audited Korea Electric Power Corporation's (the Company) internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We did not audit the internal control over financial reporting of Korea East-West Power Co., Ltd., a consolidated subsidiary, whose financial statements reflect total assets and revenues constituting 3.93 percent and 5.90 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2013. Korea East-West Power Co., Ltd.'s internal control over financial reporting was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to Korea East-West Power Co., Ltd.'s internal control over financial reporting, is based solely on the report of the other auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the group's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, based on our audit and the report of the other auditors, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Table of Contents

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 2013, all expressed in Korean won, and our report dated April 30, 2014 expressed an unqualified opinion on those consolidated financial statements, based on our audit and the report of the other auditors.

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

April 30, 2014

F-4

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Korea Electric Power Corporation:

We have audited, before the effects of the retrospective adjustments to apply the changes in accounting described in Note 2 to the consolidated financial statements and the retrospective adjustments to the disclosures for a change in the composition of segments discussed in Note 4 to the consolidated financial statements, the consolidated statements of financial position of Korea Electric Power Corporation and subsidiaries (the Company) as of December 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the two years in the period ended December 31, 2011 and 2012 (the 2011 and 2012 consolidated financial statements before the effects of the adjustments discussed in Note 2 and Note 4 to the consolidated financial statements are not presented herein). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries whose financial statements reflect 4.7 percent of consolidated total assets as of December 31, 2012 and 9.5 and 10.1 percent of consolidated total revenue for each of the two years in the period ended December 31, 2011 and 2012. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Korea South-East Power Co., Ltd., is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, such consolidated financial statements, before the effects of retrospective adjustment for the change in accounting described in Note 2 and retrospective adjustment for a change in segments discussed in Note 4, present fairly, in all material respects, the financial position of Korea Electric Power Corporation and subsidiaries as of December 31, 2012 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2011 and 2012, in conformity with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments for the changes in accounting described in Note 2 to the consolidated financial statements, and the retrospective adjustments to the disclosures for a change in the composition of segments discussed in Note 4 to the consolidated financial statements and, accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditor.

/s/ Deloitte Anjin LLC

Seoul, Korea

April 30, 2013

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholder

Korea East-West Power Co., Ltd.

We have audited the consolidated statement of financial position of Korea East-West Power Co., Ltd. and subsidiaries (the Company), a wholly owned subsidiary of Korea Electric Power Corporation as of December 31, 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Korea East-West Power Co., Ltd. and subsidiaries as of December 31, 2013 and their consolidated results of operations, and their cash flows for the year ended December 31, 2013, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Korea East-West Power Co., Ltd.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated April 30, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young Han Young

April 30, 2014

Seoul, Republic of Korea

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Stockholder of

Korea East-West Power Co., Ltd.

We have audited Korea East-West Power Co., Ltd. s (the Company) internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Korea East-West Power Co., Ltd. s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Korea East-West Power Co., Ltd. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial position of Korea East-West Power Co., Ltd. as of December 31, 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2013 and our report dated April 30, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young Han Young

April 30, 2014

Seoul, Republic of Korea

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholder

Korea South-East Power Co., Ltd.

We have audited the consolidated statements of financial position of Korea South-East Power Co., Ltd. (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the two years in the period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Korea South-East Power Co., Ltd. as at December 31, 2012 and 2011 and the consolidated results of its financial performance, and its cash flows for each of the two years in the period ended December 31, 2012, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ Ernst & Young Han Young

April 29, 2013

Seoul, Republic of Korea

F-8

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Statements of Financial Position**

As of December 31, 2012 and 2013

	Note	2012	2013
		In millions of won	
Assets			
Current assets			
Cash and cash equivalents	5,6,7,44	1,954,949	2,232,313
Current financial assets, net	5,10,11,12,44	656,217	436,213
Trade and other receivables, net	5,8,14,20,44,45,46	7,184,625	7,526,311
Inventories, net	13	3,440,341	4,279,593
Income tax receivables		30,476	223,803
Current non-financial assets	15	664,047	570,845
Non-current assets held for sale		2,828	
Total current assets		13,933,483	15,269,078
Non-current assets			
Non-current financial assets, net	5,6,9,10,11,12,44	1,873,676	1,902,953
Non-current trade and other receivables, net	5,8,14,44,45,46	1,254,330	1,644,333
Property, plant and equipment, net	18,27,48	122,376,140	129,637,596
Investment properties, net	19,27	590,223	538,327
Goodwill	16		2,582
Intangible assets other than goodwill, net	21,27	883,814	810,664
Investments in joint ventures	4,17	908,593	1,106,181
Investments in associates	4,17	3,982,340	4,124,574
Deferred tax assets	41	209,783	359,535
Non-current non-financial assets	15	140,438	131,511
Total non-current assets		132,219,337	140,258,256
Total Assets	4	146,152,820	155,527,334
Liabilities			
Current liabilities			
Trade and other payables, net	5,22,24,44,46	5,601,852	5,892,763
Current financial liabilities, net	5,11,23,44,46	7,788,819	8,425,231
Income tax payables		334,053	51,407
Current non-financial liabilities	20,28,29	4,117,440	4,730,631
Current provisions	26,44	974,915	1,113,817
Total current liabilities		18,817,079	20,213,849
Non-current liabilities			
Non-current trade and other payables, net	5,22,24,44,46	4,173,691	3,971,519
Non-current financial liabilities, net	5,11,23,44,46	46,050,766	53,163,394
Non-current non-financial liabilities	28,29	6,298,650	6,985,641
Employee benefits obligations, net	25,44	2,144,334	2,137,296
Deferred tax liabilities	41	5,433,292	5,002,585
Non-current provisions	26,44	12,170,806	12,602,314

Total non-current liabilities		76,271,539	83,862,749
Total Liabilities	4	95,088,618	104,076,598

(Continued)

F-9

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Statements of Financial Position (Continued)**

As of December 31, 2012 and 2013

	Note	2012	2013
		In millions of won	
Equity			
Contributed capital	30,44		
Share capital		3,209,820	3,209,820
Share premium		843,758	843,758
		4,053,578	4,053,578
Retained earnings	31		
Legal reserves		1,603,919	1,603,919
Voluntary reserves		25,961,315	22,753,160
Retained earnings before appropriations	32	4,999,049	8,409,007
		32,564,283	32,766,086
Other components of equity	34		
Other capital surpluses		705,448	830,982
Accumulated other comprehensive income		11,957	55,538
Treasury stock		(741,489)	(741,489)
Other equity		13,294,990	13,294,973
		13,270,906	13,440,004
Equity attributable to owners of the Company		49,888,767	50,259,668
Non-controlling interests	16, 33	1,175,435	1,191,068
Total Equity		51,064,202	51,450,736
Total Liabilities and Equity		146,152,820	155,527,334

See accompanying notes to the consolidated financial statements.

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income (Loss)****For the years ended December 31, 2011, 2012 and 2013**

	Note	2011	2012	2013
		In millions of won, except per share information		
Sales	4,35,44,46			
Sales of goods		41,397,469	46,906,587	51,132,803
Sales of construction services	20	1,455,132	1,856,045	2,253,083
Sales of other services		322,616	357,877	326,619
		43,175,217	49,120,509	53,712,505
Cost of sales	13,25,42,46			
Cost of sales of goods		(40,926,543)	(46,293,591)	(47,983,987)
Cost of sales of construction services		(1,405,302)	(1,695,218)	(2,159,023)
Cost of sales of other services		(393,049)	(470,453)	(452,628)
		(42,724,894)	(48,459,262)	(50,595,638)
Gross profit		450,323	661,247	3,116,867
Selling and administrative expenses	25,36,42,46	(1,751,696)	(1,780,168)	(1,923,192)
Other income	37	598,302	675,000	725,457
Other expenses	37	(147,595)	(74,567)	(99,811)
Other gains (losses), net	38	165,703	(1,781,835)	128,514
Operating profit (loss)	4	(684,963)	(2,300,323)	1,947,835
Finance income	5,11,39	607,592	1,128,357	629,542
Finance expenses	5,11,40	(2,518,850)	(3,068,321)	(2,931,622)
Equity method income (loss) of associates and joint ventures	17			
Share in income of associates and joint ventures		162,513	205,987	170,399
Gains on disposal of investments in associates and joint ventures		3,147		1,725
Share in loss of associates and joint ventures		(42,115)	(20,127)	(140,984)
Losses on disposal of investments in associates and joint ventures		(450)	(162)	(45,291)
Impairment losses on investments in associates and joint ventures			(8,757)	(28,092)
		123,095	176,941	(42,243)
Loss before income taxes		(2,473,126)	(4,063,346)	(396,488)
Income tax (expense) benefit	41	(819,871)	985,377	570,794
Profit (loss) for the period		(3,292,997)	(3,077,969)	174,306

(Continued)

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income (Loss) (Continued)****For the years ended December 31, 2011, 2012 and 2013**

	Note	2011	2012	2013
		In millions of won, except per share information		
Other comprehensive income (loss)	5,11,25,34			
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial gains (losses), net of tax	25,31	(152,196)	(41,310)	132,457
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	31	(5,002)	(846)	7,671
Items that may be reclassified subsequently to profit or loss:				
Net change in the unrealized fair value of available-for-sale financial assets, net of tax	34	(174,958)	2,245	86,570
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	5,11,34	(27,999)	(63,850)	29,332
Foreign currency translation of foreign operations, net of tax	34	47,135	(121,892)	(108,625)
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	34	50,862	(96,060)	38,366
Other comprehensive income (loss), net of tax		(262,158)	(321,713)	185,771
Total comprehensive income (loss) for the period		(3,555,155)		