Kansai Electric Power
power with heart

Financial results for 3Q of FY ending 3/2018
&
Financial forecasts for FY ending 3/2018

January 31, 2018

The Kansai Electric Power Co., Inc.

Financial forecasts are subject to change depending upon the changes of business environments and other conditions.

Contents

Overview

【 3Q of FY ending 3/2018 Earnings Results 】

: Both consolidated and non-consolidated financial results showed increased revenues and decreased income.

(Remained in surplus for the third consecutive year.)

- Income : Electricity sales revenues decreased, however, the increase of wheeling revenue and sold power to other suppliers as well as the increase of the operating revenues in the “Gas/Other Energies” and the “IT/communications” finally led to a rise in revenues.
- Expenses : We strived to thoroughly streamline business; the resumption of operation at Takahama Units 3 and 4 reduced costs, but the rise in fuel prices increased fossil-fuel costs and raw material cost of the gas supply business.

→Our business environments such as continuous reduction of electricity sales remain severe.

We will strive to enhance our competitiveness by continuing to improve operating revenues, making the maximum effort to thoroughly streamline business, continuing to operate Takahama Units 3 and 4 in a safe and stable manner, and resuming operation of nuclear power plants that have been confirmed safe without further delay.

【FY2017 Financial forecast】

: Both consolidated and non-consolidated financial results showed increased revenues and decreased income.

(Remained in surplus for the third consecutive year.)

- The financial forecasts for FY ending March 31, 2018 were announced as undetermined, as Ohi Units 3 and 4 were not in full scale operation, but with the end of this FY approaching, we have calculated our financial forecasts based on the details described in the pre-operation inspection application form for Ohi Units 3 and 4, recent supply and demand, and other factors.

【 FY2017 Dividend Forecast 】

- The year-end dividend forecast will be 15.00yen per share (30.00yen for the annual dividend forecast).

Financial highlights

(billion yen)	Consolidated (a)			Non-consolidated (b)			(a)/(b)	
	4/17-12/17	4/16-12/16	Change	4/17-12/17	4/16-12/16	Change	4/17-12/17	4/16-12/16
Operating revenues	2,258.6	2,207.1	+51.5 (+2.3%)	1,947.2	1,925.5	+21.7 (+1.1%)	1.16	1.15
Operating income	193.2	209.0	-15.8 (-7.6%)	150.8	173.4	-22.6 (-13.0%)	1.28	1.21
Ordinary income (*2)	190.0	196.1	-6.1 (-3.1%)	140.5	158.9	-18.3 (-11.6%)	1.35	1.23
Net income (*3)	138.4	143.8	-5.3 (-3.7%)	101.1	115.9	-14.8 (-12.8%)	1.37	1.24

(billion yen)	Consolidated			Non-consolidated		
	Dec.31, 2017	Mar.31, 2017	Change	Dec.31, 2017	Mar.31, 2017	Change
Interest-bearing debt	3,769.4	3,821.5	-52.1	3,385.8	3,401.0	-15.2
Equity ratio	20.9%	19.3%	+1.6%	16.0%	14.7%	+1.3%

*1 ( ) : Changes from the previous term, %

*2 Ordinary income means income before provision for or reversal of reserve for fluctuation in water level, special items and income taxes and noncontrolling interests.

*3 The consolidated net income means the net income attributable to owners of the parent.

Major factors (non-consolidated)

	4/17-12/17	4/16-12/16	Change
Electricity sales (TWh)	(93.5) 83.8	(95.4) 89.6	-5.8
Residential	(94.1) 28.6	(99.8) 30.4	-1.8
Commercial and Industrial	(93.2) 55.2	(93.3) 59.2	-4.1
Electricity sales to other utility and non-utility companies (TWh) (*2)	5.0	2.9	+2.2
Nuclear capacity factor (%)	*3 15.9	0.0	+15.9
Water run-off ratio(%)	105.4	98.3	+7.1
All Japan CIF crude oil price ($/barrel)	53.9	44.9	+9.0
Exchange rate [TTM] (yen/$)	112	107	+5
Interest rate [long-term prime rate] (%)	0.98	0.94	+0.04

*1 ( ) : Changes from the previous term, %
*2 Not including imbalance electric energy, which is not yet determined as at the end of the term.
*3 Calculated based on outputs before the electric facilities modification application (in response to the decision on when Ohi Units 1 and 2 are decommissioned) was made.

Non-consolidated statements of income

(billion yen)	4/17-12/17	4/16-12/16	Change	Breakdown
Ordinary revenues (Operating revenues)	1,965.1 (1,947.2)	1,946.0 (1,925.5)	+19.0 (+21.7)	
Electricity sales	1,626.1	1,686.6	-60.4	・Decrease in electricity sales volume -99.0 ・Decrease in revenue per kWh due to the effects of revision of electricity rates -32.0 ・Increase in revenue per kWh due to renewable energy power promotion surcharge +19.3
Grant under act on purchase of renewable energy sourced electricity	117.4	104.9	+12.4	
Others	221.4	154.4	+67.0	・Wheeling revenues +38.6 ・Cost of sold power (other utility companies, other non-utility companies) +19.2 ・Non-electric business +13.1
Ordinary expenses	1,824.5	1,787.1	+37.4	
Personnel expenses	162.3	150.0	+12.3	
Fuel costs	362.0	362.5	-0.5	・Fossil-fuel costs -8.6 ・Nuclear-fuel costs +8.1
Backend expenses of nuclear power	40.4	24.5	+15.8	
Maintenance costs	119.2	125.3	-6.0	
Taxes other than income taxes	106.6	112.1	-5.5	
Depreciation	187.2	202.6	-15.4	
Purchased power	356.5	349.5	+6.9	・From other utility companies +1.1 ・From other non-utility companies +5.7
Interest expenses	25.7	33.6	-7.9	
Levy under act on purchase of renewable energy sourced electricity	187.5	168.2	+19.3	
Other	276.6	258.3	+18.3	・Non-electric business +19.3
Ordinary income	140.5	158.9	-18.3	
Provision for or reversal of reserve for fluctuation in water levels	0.8	-1.4	+2.2	
Income taxes	38.6	44.4	-5.7	
Net Income	101.1	115.9	-14.8	

・Decrease in electricity sales volume -37.0
・Increase in other utility and non-utility companies +13.0
・Increase in nuclear capacity factor -55.0
・Fluctuation of fossil-fuel prices +54.0
・Depreciation of yen +13.0
・Other +3.0

Consolidated statements of income

(billion yen)	4/17-12/17	4/16-12/16	Change	Breakdown
Ordinary revenues (Operating revenues)	2,287.2 (2,258.6)	2,235.9 (2,207.1)	+51.3 (+51.5)	
Electric operating revenues	1,889.8	1,883.0	+6.7	
Other operating revenues	368.8	324.0	+44.7	・Sales of external transactions in non-electric business +13.2 ・Sales of external transactions in subsidiaries +31.5
Non-operating revenues	28.5	28.7	-0.2	
Ordinary expenses	2,097.1	2,039.7	+57.4	
Electric operating expenses	1,740.2	1,716.8	+23.4	・Backend expenses of nuclear power +15.8
Other operating expenses	325.1	281.2	+43.9	・Costs for non-electric business +18.2 ・Costs for subsidiaries +25.6
Non-operating expenses	31.7	41.6	-9.9	
Ordinary income	190.0	196.1	-6.1	
Provision for or reversal of reserve for fluctuation in water levels	0.8	-1.4	+2.2	
Income taxes	49.8	54.1	-4.2	
Net income(*)	138.4	143.8	-5.3	
Comprehensive income	166.9	147.7	+19.1	

* The consolidated net income means the net income attributable to owners of the parent.

Segment information

( ):Changes from the previous term

(billion yen)	Reportable segments				Other	Total	Eliminations/ Corporate	Consolidated
	Comprehensive Energy/Power Transmission and Distribution Business			IT/ Communications				
	Electric Power	Gas/ Other Energies	Subtotal					
Operating revenues	1,900.9 (+8.5)	119.0 (+36.5)	2,020.0 (+45.0)	175.4 (+11.8)	270.1 (-0.5)	2,465.6 (+56.3)	-207.0 (-4.8)	2,258.6 (+51.5)
Operating revenues (external transactions)	1,889.8 (+6.7)	94.4 (+28.3)	1,984.3 (+35.1)	148.5 (+12.8)	125.7 (+3.4)	2,258.6 (+51.5)	–	2,258.6 (+51.5)
Operating income	153.3 (-16.3)	4.5 (-4.6)	157.9 (-21.0)	19.9 (+5.7)	13.1 (-0.3)	191.0 (-15.6)	2.2 (-0.1)	193.2 (-15.8)

Breakdown of changes in Gas/Other Energies
Operating revenues(external transactions)
: Increase in gas business revenues
Operating income
: Increase in gas business costs

Breakdown of changes in IT/Communications
Operating revenues(external transactions)・
Operating income
: Increase in FTTH, MVNO, and retail electricity service customers

Consolidated balance sheets

(billion yen)	Dec.31, 2017	Mar.31, 2017	Change	Breakdown
Assets	6,940.7	6,853.1	+87.5	・Capital expenditures +250.0 ・Depreciation and amortization -253.7 ・Long-term investments +74.4
Liabilities	5,469.3	5,508.4	-39.1	・Interest bearing debt -52.1
Net assets	1,471.3	1,344.6	+126.6	・Net income(*) +138.4 ・Dividend -35.7 (¥25 per share for FY 3/17 year-end, ¥15 per share for FY 3/18 interim)

* The consolidated net income means the net income attributable to owners of the parent.

Financial forecasts for FY ending 3/2018

(billion yen)	Consolidated			Non-consolidated		
	4/17-3/18 (Forecasts)	4/16-3/17 (Results)	Change	4/17-3/18 (Forecasts)	4/16-3/17 (Results)	Change
Operating revenues	3,080.0	3,011.3	+68.6 (+2.3%)	2,630.0	2,614.4	+15.5 (+0.6%)
Operating income	200.0	217.7	-17.7 (-8.2%)	145.0	164.5	-19.5 (-11.9%)
Ordinary income	195.0	196.1	-1.1 (-0.6%)	130.0	143.7	-13.7 (-9.5%)
Net income (*1)	140.0	140.7	-0.7 (-0.6%)	90.0	103.0	-13.0 (-12.7%)

*1 The consolidated net income means the net income attributable to owners of the parent.

<Major factors>

	4/17-3/18 (Forecasts)	4/16-3/17 (Results)
Electricity sales (TWh)	113.5	121.5
Residential	41.0	43.7
Commercial and Industrial	72.4	77.8
Electricity sales to other utility and non-utility companies (TWh)	6.6	3.9
Nuclear capacity factor (%)	(*2)Approx. 18	0.0
Water run-off ratio (%)	Approx. 104	99.1
All Japan CIF crude oil price ($/barrel)	Approx. 55	47.5
Exchange rate [TTM] (yen/$)	Approx. 112	108
Interest rate [long-term prime rate] (%)	Approx.1.0	0.95

*2 Calculated based on outputs before the electric facilities modification application (in response to the decision on when Ohi Units 1 and 2 are decommissioned) was made.

<Sensitivity of major factors>

(billion yen)	4/17-3/18 (Forecasts)	4/16-3/17 (Results)
Nuclear capacity factor per 1%	(*3) 4.2	4.6
Water run-off ratio per 1%	1.0	0.9
All Japan CIF crude oil price per $1/barrel	5.3	6.8
Exchange rate [TTM] per ¥1/$	4.7	5.5
Interest rate [long-term prime rate] per 1%	7.8	6.7

*3 Calculated based on the outputs before Ohi Units 1 and 2 are decommissioned. Sensitivity calculated based on the outputs after Ohi Power Station Units 1 and 2 are decommissioned—amount to 3.1 billion yen.

Sensitivity of major factors are subject to change if the rapid and drastic changes of major factors happen.

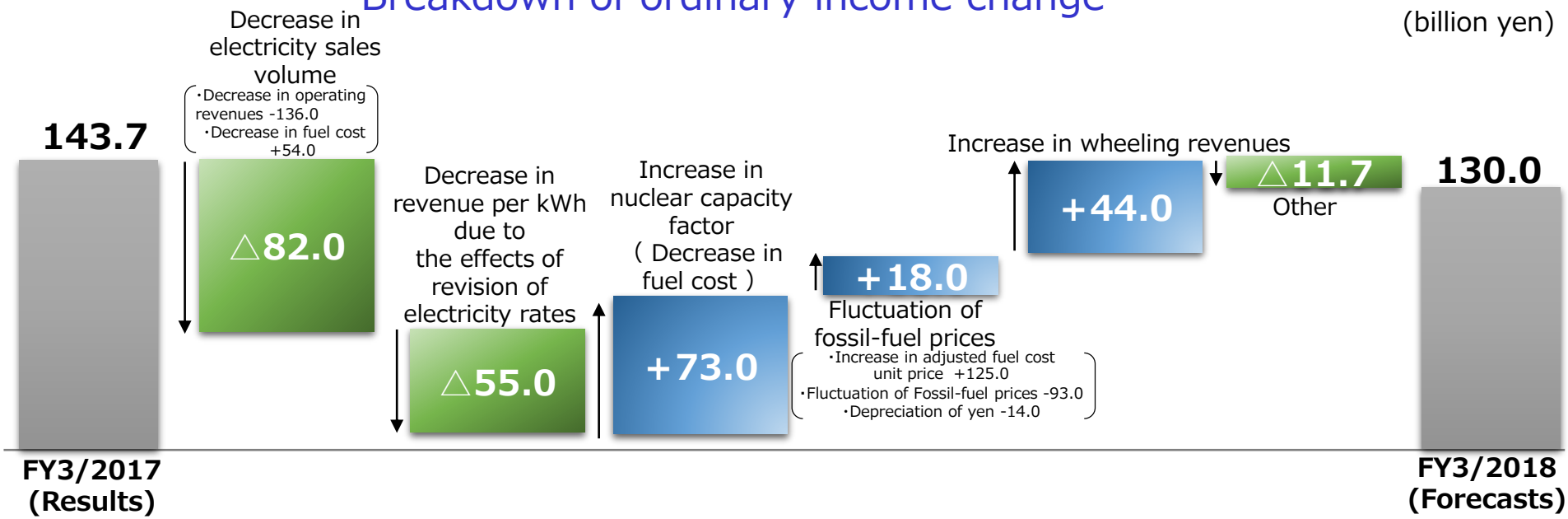
【Dividend forecast for FY ending 3/18】

	Interim	Year-end	Annual
Dividend per share	15.00 yen	15.00 yen(Forecasts)	30.00 yen(Forecasts)

Individual description of increase/decrease in FY ending 3/2018 financial forecasts
(The change from FY ended 3/2017)

(billion yen)	4/17-3/18 (Forecasts)	4/16-3/17 (Results)	Change	Breakdown	
Operating revenues	2,630.0	2,614.4	+15.5	・Increase in adjusted fuel cost unit price ・Increase in wheeling revenues ・Decrease in electricity sales volume ・Decrease in revenue per kWh due to the effects of revision of electricity rates ・Increase in revenue per kWh due to renewable energy power promotion surcharge	+125.0 +44.0 -136.0 -55.0 +25.0
Ordinary income	130.0	143.7	-13.7	・Decrease in electricity sales volume ・Decrease in revenue per kWh due to the effects of revision of electricity rates ・Increase in nuclear capacity factor ・Fluctuation of fossil-fuel prices ・Increase in wheeling revenues ・Other	-82.0 -55.0 +73.0 +18.0 +44.0 -11.7
Net income	90.0	103.0	-13.0		

Breakdown of ordinary income change



Appendix

Electricity sales

[Comparison with the same period of the previous year]

(TWh)

	4/17-6/17	7/17-9/17	9/17-12/17	4/17-12/17	1/18-3/18 (Forecasts)	FY 3/18 (Outlook)
Residential	9.1 (95.0)	10.3 (92.0)	9.2 (95.7)	28.6 (94.1)	12.4 (93.5)	41.0 (93.9)
Commercial and Industrial	17.6 (93.0)	19.9 (91.7)	17.6 (95.0)	55.2 (93.2)	17.3 (92.9)	72.4 (93.1)
Total	26.7 (93.7)	30.2 (91.8)	26.8 (95.2)	83.8 (93.5)	29.7 (93.1)	113.5 (93.4)

* ( ) : Changes from the previous term, %

[Average monthly temperature]

(℃)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Actual	15.7	21.1	22.7	28.8	29.2	24.4	18.4	12.6	7.0
Year-on-year change	-0.9	-0.1	-0.6	+0.8	-0.3	-1.4	-1.9	-0.8	-2.4
Anomaly	+0.6	+1.4	-0.8	+1.4	+0.4	-0.6	-0.6	-1.0	-1.6

Non-consolidated balance sheets

(billion yen)	Dec. 31, 2017	Mar. 31, 2017	Change	Breakdown
Assets	5,881.4	5,834.9	+46.5	・Capital expenditures +164.0 ・Depreciation and amortization -188.5 ・Long-term investments +60.8
Liabilities	4,940.9	4,976.4	-35.5	・Interest bearing debt -15.2
Net assets	940.5	858.4	+82.0	・Net income +101.1 ・Dividend -35.7 (¥25 per share for FY 3/17 year-end, ¥15 per share for FY 3/18 interim)

Profit and loss by business segment

(billion yen)			4/17-12/17	4/16-12/16	Change	Breakdown
Comprehensive Energy / Power Transmission and Distribution	Electric Power	Operating revenues (external transactions)	1,889.8	1,883.0	+6.7	
		Ordinary income	143.0	155.2	-12.1	
	Gas/ Other Energies	Operating revenues (external transactions)	94.4	66.0	+28.3	・Increase in gas business revenues
		Ordinary income	11.1	14.8	-3.6	・Increase in gas business costs
	Total	Operating revenues (external transactions)	1,984.3	1,949.1	+35.1	
		Ordinary income	154.2	170.0	-15.7	
IT/Communications		Operating revenues (external transactions)	148.5	135.7	+12.8	・Increase in FTTH, MVNO, and retail electricity service customers
		Ordinary income	19.0	13.3	+5.7	
Real Estate/Life		Operating revenues (external transactions)	70.0	69.3	+0.7	
		Ordinary income	8.4	10.7	-2.2	・Increase in costs for subdivision sales of dwellings
Other		Operating revenues (external transactions)	55.6	53.1	+2.4	・Increase in orders for construction works
		Ordinary income	13.2	10.0	+3.1	

・Figures in this page are before eliminations, and excluding exchange gain or loss unrealized.

<Reference>

(billion yen)		4/17-12/17	4/16-12/16	Change	Breakdown
International Business	Profit	-1.3	-1.0	-0.2	・Increase in development costs etc.

Prospective profit and loss by business segment

(billion yen)			4/17-3/18 (Forecasts)	4/16-3/17 (Results)	Change	Breakdown
Comprehensive Energy / Power Transmission and Distribution	Electric Power	Operating revenues (external transactions)	2,550.0	2,556.5	-6.5	
		Ordinary income	135.0	144.4	-9.4	
	Gas/ Other Energies	Operating revenues (external transactions)	139.0 (Difference between October and present forecast: +8.0)	93.2	+45.8	・Increase in gas business revenues
		Ordinary income	6.0	6.2	-0.2	・Increase in gas business costs
	Total	Operating revenues (external transactions)	2,689.0	2,649.8	+39.2	
		Ordinary income	141.0	150.7	-9.7	
IT/Communications		Operating revenues (external transactions)	203.0 (Difference between October and present forecast: +1.0)	185.6	+17.4	・Increase in FTTH, MVNO, and retail electricity service customers
		Ordinary income	23.0 (Difference between October and present forecast: +4.0)	18.3	+4.7	
Real Estate/Life		Operating revenues (external transactions)	111.0 (Difference between October and present forecast: +3.0)	95.5	+15.5	・Increase in wholesale of condominiums to other business operators ・ Increase in unit price of subdivision sales of dwellings for sale
		Ordinary income	12.0 (Difference between October and present forecast: +1.0)	12.8	-0.8	・Increase in costs for acquisition of new buildings and opening businesses
Other		Operating revenues (external transactions)	80.0	80.7	-0.7	
		Ordinary income	22.0	23.5	-1.5	・ Decrease in periodic inspections of the power station

* Figures in this page are before eliminations, and excluding exchange gain or loss unrealized.

<Reference>

(billion yen)		4/17-3/18 (Forecasts)	4/16-3/17 (Results)	Change	Breakdown
International Business	Profit	-2.0 (Difference between October and present forecast: -2.0)	-1.0	-1.0	・ Increase in development costs including costs for new offices ・Decrease in dividend income

Interest-bearing debt (non-consolidated)

(billion yen)	Dec. 31, 2017	Mar. 31, 2017	Change (*)
Bonds	1,260.9	1,322.6	-61.6 (+220.0,-281.7)
Borrowings	1,970.8	1,964.3	+6.4 (+441.0,-434.5)
Long-term	1,840.8	1,834.3	+6.4 (+246.0,-239.5)
Short-term	130.0	130.0	– (+195.0,-195.0)
Commercial paper	154.0	114.0	+40.0 (+279.0,-239.0)
Interest-bearing debt	3,385.8	3,401.0	-15.2

Interest rate (%) (as of fiscal year-end)	0.92	1.09	-0.17

(*) +(plus) in the bracket means financing, -(minus) in the bracket means repayment.

Actual supply and demand (Sending end)

(GWh)		4/17-12/17	Composition ratio	4/16-12/16	Composition ratio	Change
KEPCO	Hydro	10,689	16%	10,473	15%	+216
	Thermal	49,182	72%	59,514	85%	-10,332
	Nuclear	8,717	13%	-332	0%	+9,048
	New energy sources	67	0%	63	0%	+4
	KEPCO Total	68,655	100%	69,718	100%	-1,063
Other-utility companies			21,073		26,126	-5,052
Captive use by hydoropower			-1,114		-1,364	+250
Total			88,614		94,480	-5,866

*1 Some rounding errors may be observed.
*2 “Other-utility companies” does not include imbalance electric energy, which is not yet determined as at the end of the term.

Maintenance costs and depreciation in comparison with the previous term

[Maintenance Costs]

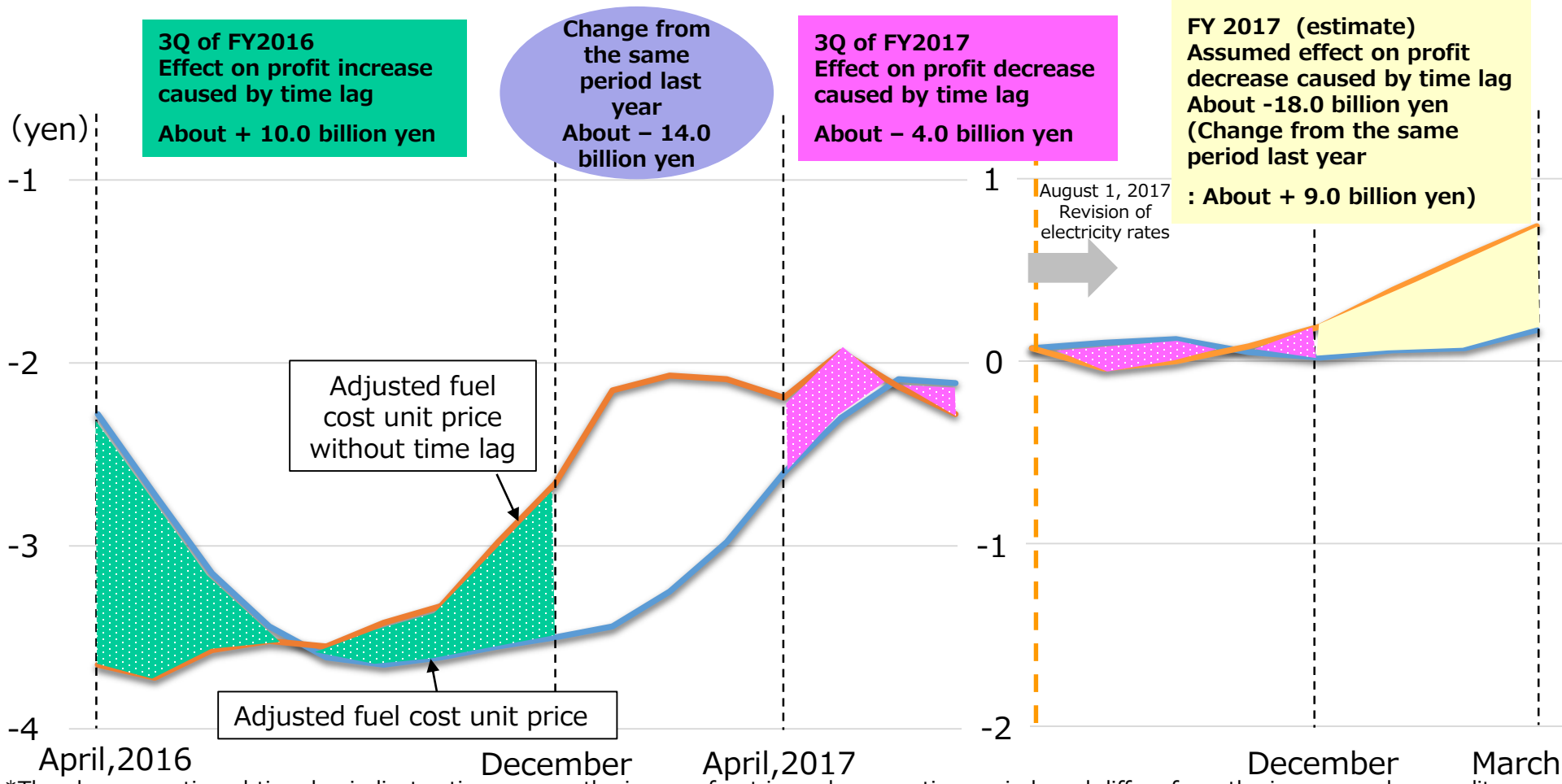
(Billion yen)	4/17-12/17	4/16-12/16	Change	Breakdown
Power sources	38.5	53.9	-15.3	Thermal -14.4 Nuclear -0.8
Distribution	79.6	70.2	+9.4	Power distribution +7.0 Power transmission +2.1
Other	1.0	1.1	–	

[Depreciation]

(Billion yen)	4/17-12/17	4/16-12/16	Change	Breakdown
Power sources	81.1	93.3	-12.1	Nuclear -6.5 Thermal -5.4
Distribution	96.0	98.1	-2.1	Power transmission -2.5 Power transformation +0.9
Other	10.0	11.2	-1.1	

Time lag from the fuel cost adjustment system

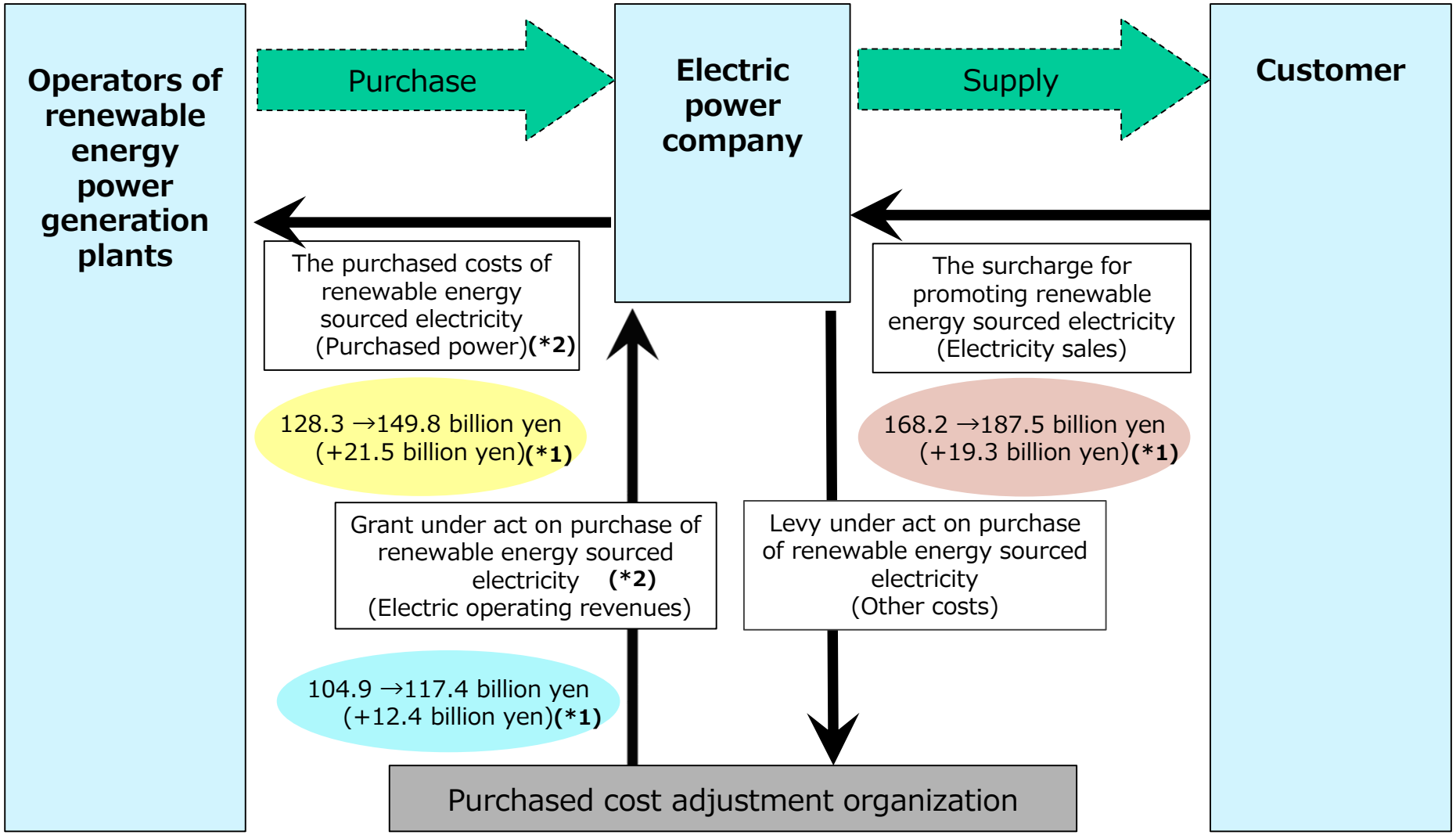
- The fuel cost adjustment system is a mechanism utilized to reflect, in the electricity rates, the impact of fluctuations in the exchange rate and the market price of fuel on thermal fuel costs.
- Fluctuations in fuel prices of each month is reflected in fuel cost adjustment unit price 3–5 months later. This generates a gap (time lag) between the fluctuations in fuel prices and the timing of reflecting them in fuel cost adjustment unit price.



*The above-mentioned time lag indicates time gap on the income front in each accounting period, and differs from the income and expenditure effect calculated based on actual thermal power fuel cost etc.

*Presupposed elements of fuel cost adjustments are being reviewed following the review of electricity rates conducted on August 1, 2017 due to the changes in generation mix and fuel prices.

Framework of feed-in tariff scheme for renewable energy



*1 3Q of FY ending 3/2017 → 3Q of FY ending 3/2018 (changes from the previous term)

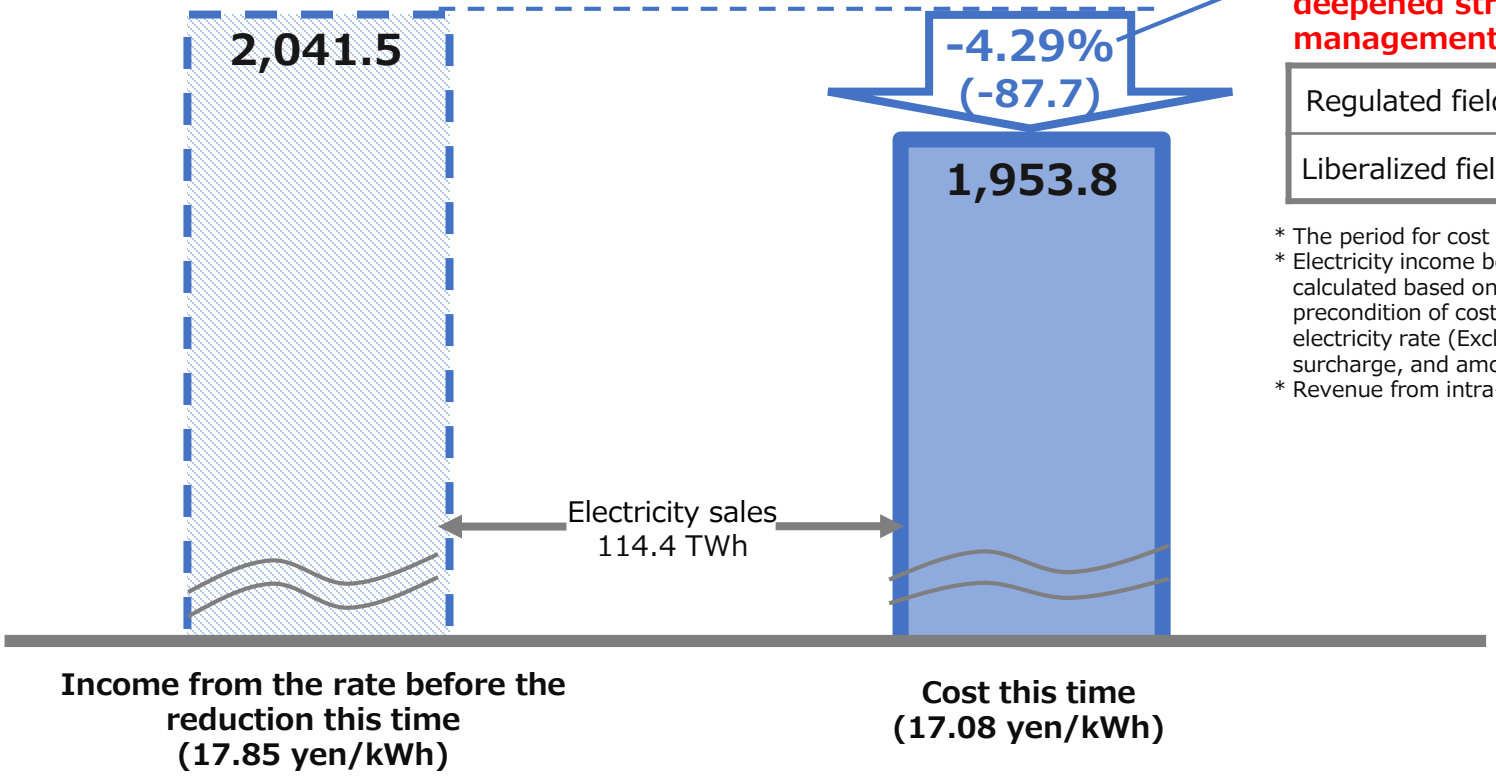
*2 Difference between purchased costs of renewable energy sourced electricity and grant under act on purchase of renewable energy sourced electricity is subtracting avoidable costs.

Outline of electricity rate reduction [1]

○Saving of fuel costs for thermal power generation due to resumption of operation of Units 3 and 4 of Takahama Nuclear Power Plant, and deepened streamlining of management, etc. result in the cost of 1,953.8 billion yen after this rate reduction which represents reduction by -4.29% (-87.7 billion yen) on average as compared with 2,041.5 billion yen that is the electricity income before the rate reduction.

◆**Comparison of the cost this time and the electricity income before the rate reduction (income at the current rate)**

(Unit: billion yen)



Rate reduction due to resumption of operation of Takahama Units 3 and 4, deepened streamlining of management, etc.

Regulated field	-3.15%
Liberalized field	-4.90%

* The period for cost calculation this time is FY2017.
* Electricity income before the rate reduction is calculated based on electric sales that is the precondition of cost calculation this time and unit electricity rate (Excluding renewable energy promotion surcharge, and amount equivalent to consumption tax)
* Revenue from intra-area wheeling service is excluded.

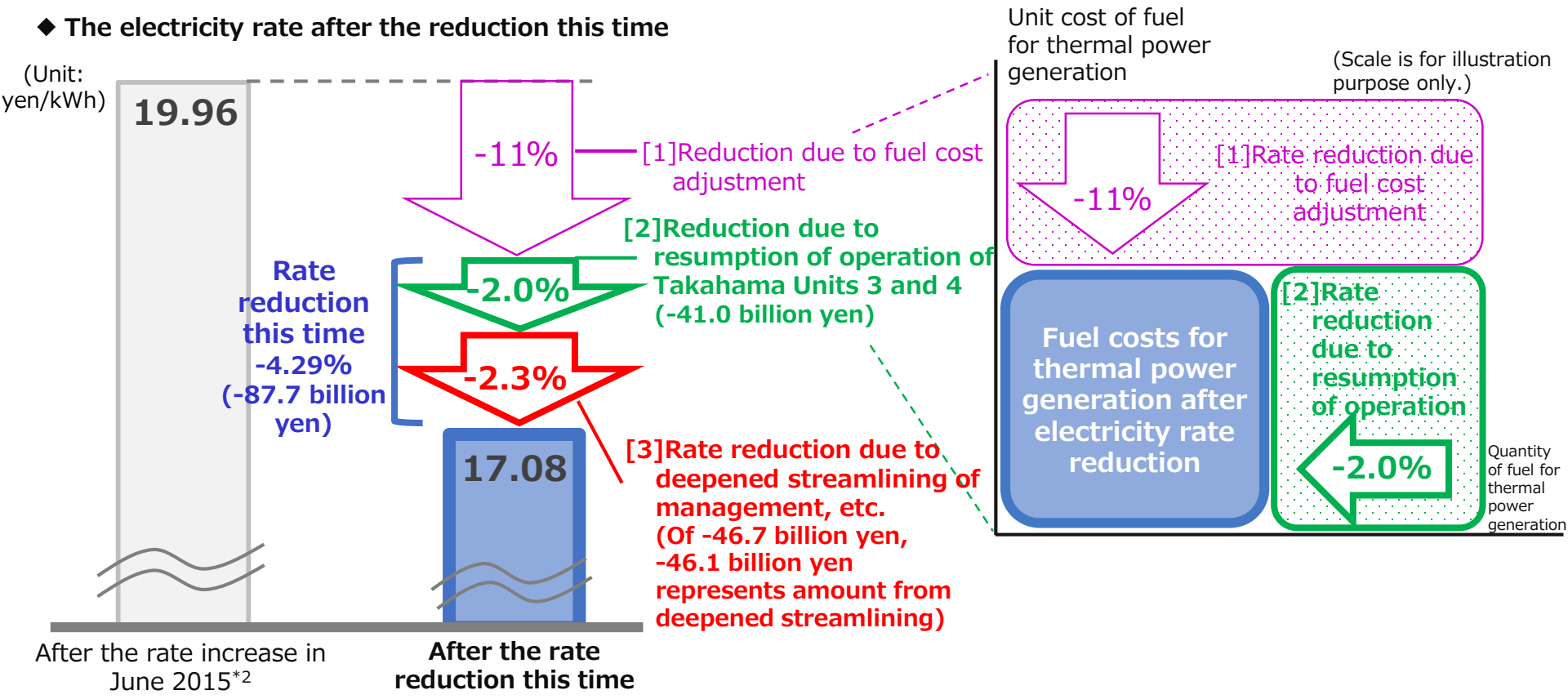
Outline of electricity rate reduction [2]

○For fuel cost adjustment, crude oil price reduction results in the rate reduction.
⇒ Refer to [1] below: approximately -11%

○ This time, the rate is reduced by -4.29% on average.

- Reflection of saving of fuel costs for thermal power generation due to resumption of operation of Takahama Units 3 and 4*1
  ⇒ Refer to [2] below: approximately -2.0%(-41.0 bllion yen)
- Further reflection of deepened streamlining of management, etc.
  ⇒ Refer to [3] below: approximately -2.3% (-46.7 billion yen)

◆ **The electricity rate after the reduction this time**



*1 Saving of fuel costs for thermal power generation, etc.: Improvement of nuclear power capacity factor+9.0% × Amount affected by change in nuclear power capacity factor by 1% -4.6 billion yen ≈ -41.0 billion yen
*2 After the rate increase in June 2015:Level of electricity rate after expiration of period for mitigation (June 1 ～ September 30, 2015)

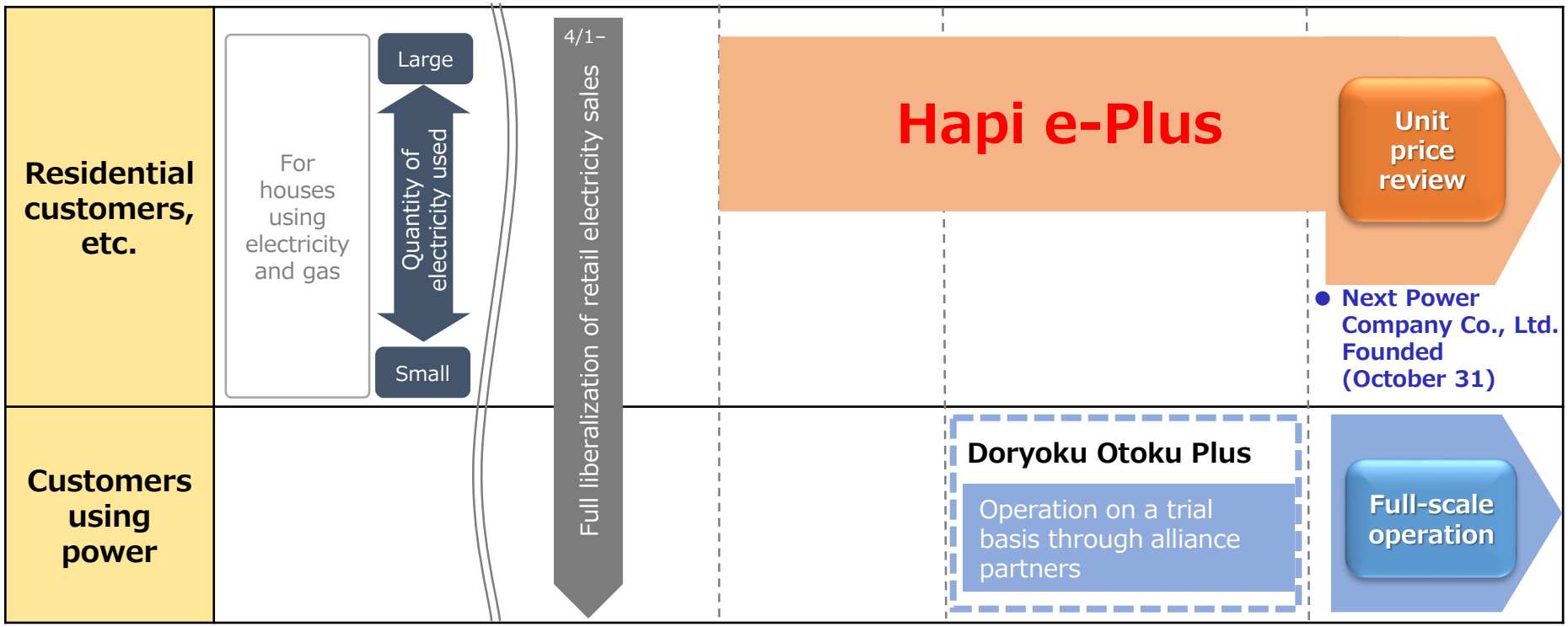
Electricity sales efforts made so far in the Tokyo metropolitan area

○ In July 2016, Kepco started electricity sales to low-voltage supply customers, including residential customers, in the Tokyo metropolitan area*, and since then has been offering its electricity rate menu “Hapi e-Plus”. For our electricity to be chosen by more customers in the future, we reviewed unit prices of “Hapi e-Plus” and have been officially proposing “Doryoku (power supply) Otoku Plus”, which had been offered on a trial basis, since October 1, 2017.

○ Additionally, we have decided to “acquire the high-voltage bulk electric power receiving service business for condominiums of ORIX Electric Power Corporation (publicly announced on September 11, 2017)”, and a new company “Next Power Co., Ltd.” had been founded on October 31, 2017.
(Approximately 80,000 residential customers in the Tokyo metropolitan area, including those involved in the said acquisition, use electricity through the Kepco Group.)

○ We will continuously strive to achieve the goals of:
[1] being chosen by **100,000 customers in the residential segment of the Tokyo metropolitan area** by the end of FY2018
[2] **selling 10 billion KW of electricity outside the KEPCO district,** particularly in the Tokyo metropolitan area, by the end of FY2025.

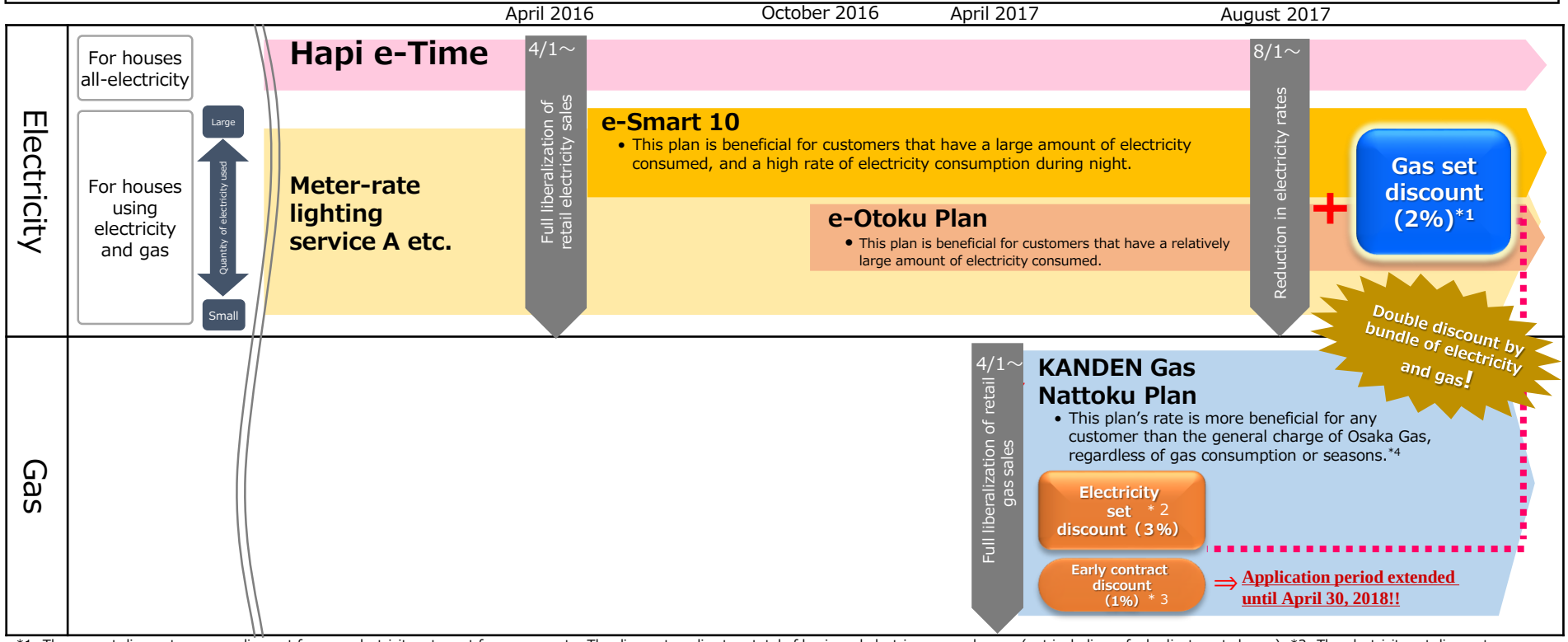
■ **Activity status in the Tokyo metropolitan area***



* Tochigi, Gunma, Ibaraki, Saitama, Chiba, Tokyo (excluding islands), Kanagawa, Yamanashi and Shizuoka (east of Fujigawa River)

Discount on combined sale of electricity and gas

- For customers with a contract for a bundle of electricity and gas, we have offered **a 3% discount from a monthly gas rate as an "electricity set discount"** so far, but in concert with decrease in electricity rates on and after August 1,2017, have **newly set a "gas set discount" for electricity rates** .
- For customers with a contract for a set of **"e-Otoku Plan" or "e-Smart10"** and **"Nattoku Plan,"** we will offer a **2% discount from a monthly electricity rate as a "gas set discount,"** thereby applying a **double discount** for electricity and gas rates.
- The "**Yasusajikkan! KEPCO Gas Campaign**" is underway from January 4 to April 30, 2018 and the application period for "**Early Contract Discount**" has been extended until April 30, 2018.
- We aim to achieve **1 million tons in gas sales by the end of FY2018 and 1.7 million tons by the end of 2025,** through active business promotion targeting household use as well.



*1: The gas set discount means a discount from an electricity rate, not from a gas rate. The discount applies to a total of basic and electric energy charges (not including a fuel adjustment charge). *2: The electricity set discount means a discount from a gas rate, not from an electricity rate. The discount applies to a total of basic and meter rate charges (not including a raw material adjustment charge). *3: For a customer applying for the early contract discount by April 30, 2018, the relevant discount applies to charges for gas consumed till April 2019. *4: The discount applies to customers that are within the city gas supply area of Osaka Gas and have a contract with the relevant company based on rates under the General Gas Supply Provisions.

<Outline of "Yasusajikkan! KEPCO Gas Campaign">

Everyone who applies for the KEPCO "Nattoku Plan" from our HP during the campaign period is eligible for a 1,000 yen amazon co.jp gift coupon! (via e-mail)

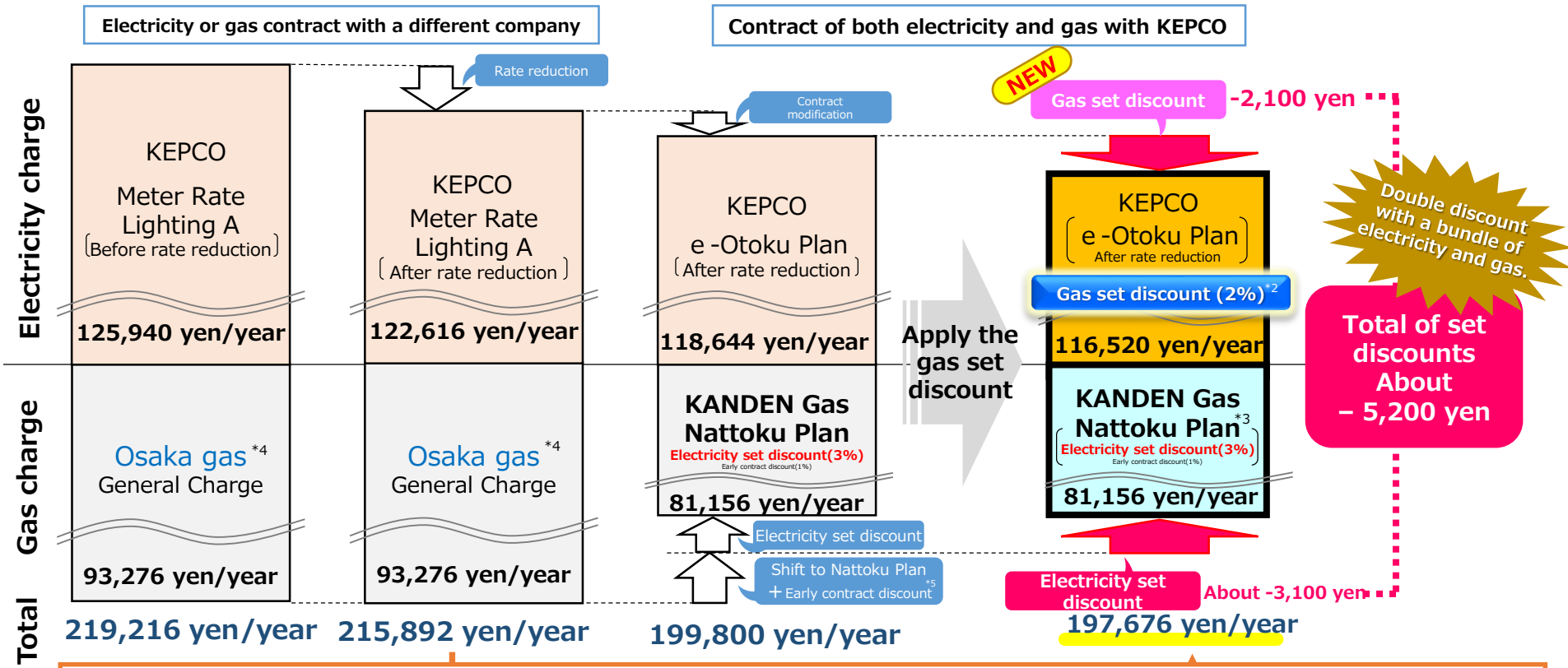
Amongst the applicants who have applied during the campaign period you could be one of the lucky 50 who will receive a gorgeous prize in our lottery!

- Mitsui Outlet Park 100,000 yen shopping coupon (for 10 applicants)
- Dyson Hot + Cool Fan Heater (for 40 applicants)

Advantages for contract on bundle of electricity and gas

○ In the case where a customer with a monthly electricity consumption of 370 kWh and with a monthly gas consumption of 50 m³ makes a contract on a set of “e-Otoku Plan” and “Nattoku Plan,” a total of electricity and gas discounts is equivalent to about 5,200 yen, which is about 18,200 yen (about 8.4%) cheaper than in the case of the contract with KANDEN for “Meter Rate Lighting A” and the contract with Osaka Gas for “General Charge”, on an annual basis. *1

Monthly electricity consumption , 370 kWh, and monthly gas consumption, 50 m³



The annual charge in the case of the contract with KANDEN for a set of electricity and gas **is about 18,200 yen (about 8.4%) cheaper than** in the case of the contract with KANDEN for meter rate lighting A and the contract with Osaka Gas for general charge.

*1: (Computational conditions) A monthly consumption of electricity, 370 kWh and monthly consumption of gas, 50 m³ are obtained in reference to the model case announced by Osaka Gas on January 5, 2017. The electricity charge covers an amount equivalent to a consumption tax, a fuel cost adjustment under the fuel cost adjustment scheme (August 2017), and the expense of purchasing renewable energy under the Renewable Electric Energy Feed-in Tariff (May 2017 to April 2018). The gas charge covers the amount equivalent to a consumption tax, and a raw material cost adjustment under the raw material adjustment scheme (August 2017). However, fuel adjustment rate under the Electricity Supply Provisions that were executed on February 1, 2016, and fuel adjustment rate under the General Provisions for Specified Retail Service of Electricity that were executed on August 1, 2017, apply to the electricity charges before and after rate reduction, respectively. An actual price advantage varies with the consumptions of electricity and gas, the timing of a contract, fuel cost adjustment/raw material cost adjustment or other factors. *2: The gas set discount means a discount from an electricity rate, but not from a gas rate. The discount applies to a total of basic and energy charges (not including fuel cost adjustment). *3: The electricity set discount means a discount from a gas rate, but not from an electricity rate. The discount applies to a total of basic and meter rate charges (including a raw material adjustment charge). *4: “General Charge” is based on the General Gas Supply Provisions of Osaka Gas (executed on June 16, 2017). *5: For a customer applying for the early contract discount by April 30, 2018, the relevant discount applies to charges for gas consumed till April 2019.

Excerpts from the information released on July 28, 2017

Comparison between our gas and electricity set charge and Osaka gas' charge

A customer who consumes relatively large amount of electricity and gas

(Monthly consumption: Electricity 370 kWh, Gas 50 m³)

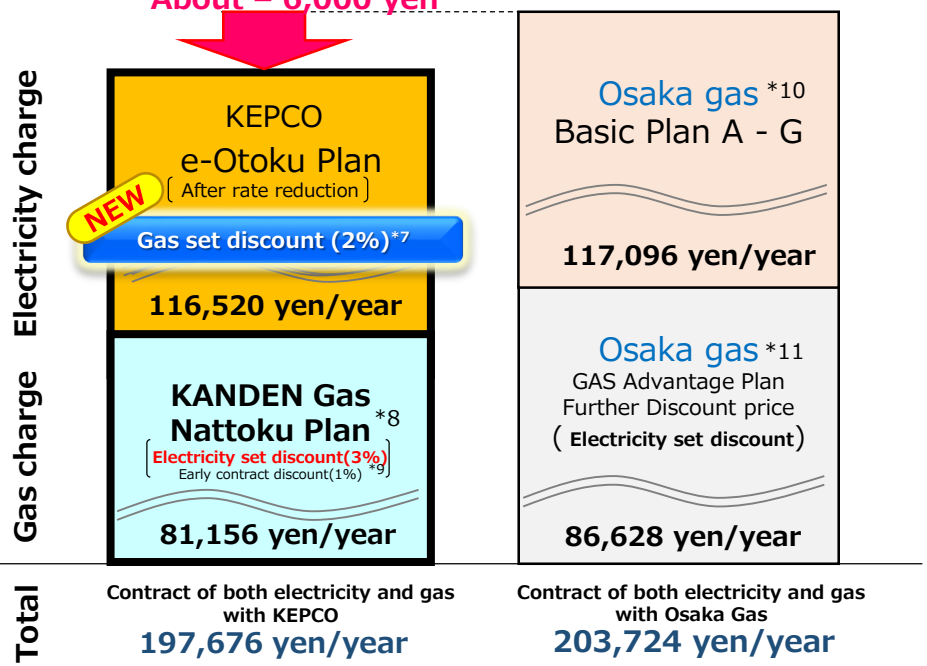
See the model case that was announced by Osaka Gas.*1

As compared with the case that contract of both electricity and gas is made with Osaka Gas

Save electricity and gas charges by about 6,000 yen a year! *2

Furthermore Advantageous points under the system of Hapi e-Point, equivalent to **about 1,300 yen** on an annual basis are accumulated. *3

This provides a total of price advantages, equivalent to about 7,300 yen on an annual basis!



Customer with average consumption of electricity and gas

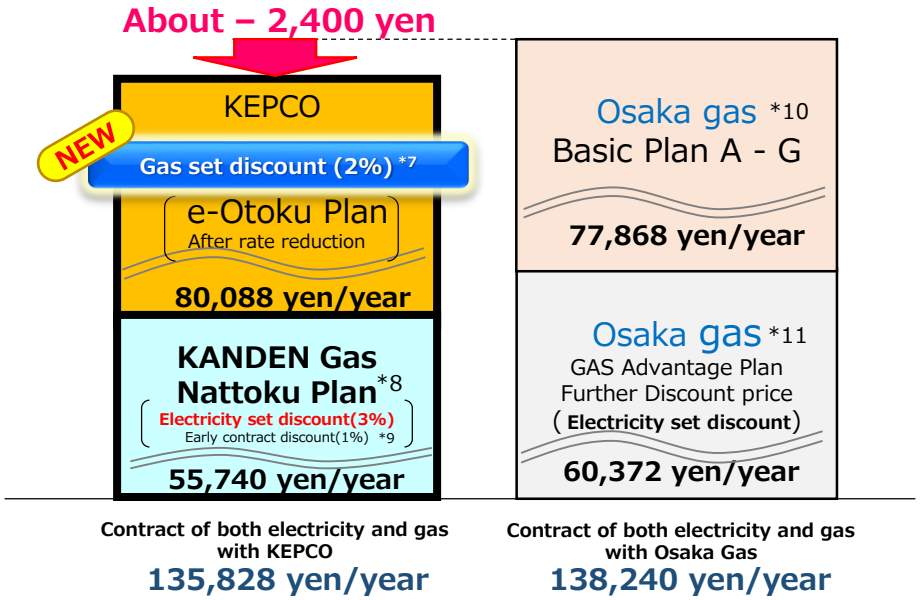
(Monthly consumption: Electricity 260 kWh, Gas 31 m³)*4

As compared with the case that contract of both electricity and gas is made with Osaka Gas

Save electricity and gas charges by about 2,400 yen a year! *5

Furthermore Advantageous points under the system of Hapi e-Point, equivalent to **about 900 yen** on an annual basis are accumulated. *6

This provides a total of price advantages, equivalent to about 3,300 yen on an annual basis!



*1: (Computational conditions) A monthly consumption of electricity, 370 kWh and monthly consumption of gas, 50 m³ are obtained in reference to the model case announced by Osaka Gas on January 5, 2017. *2: The electricity charge covers an amount equivalent to a consumption tax, a fuel cost adjustment under the fuel cost adjustment scheme (August 2017), and the expense of purchasing renewable energy under the Renewable Electric Energy Feed-in Tariff (May 2017 to April 2018). The gas charge covers the amount equivalent to a consumption tax, and a raw material cost adjustment under the raw material adjustment scheme (August 2017). An actual price advantage varies with the consumptions of electricity and gas, the timing of a contract, fuel cost adjustment / raw material cost adjustment or other factors. *3: Advantageous points under the system of Hapi e-Point, equivalent to about 1,300 yen on an annual basis, will be accumulated when a customer with a monthly electricity charge of 9,710 yen on an annual basis, with a monthly gas charge of 6,763 yen, and logs in "Hapi e-MiruDen" monthly. *4: (Computational conditions) A monthly consumption of electricity, 260 kWh, is a monthly consumption in an average model for our meter rate lighting A. A monthly consumption of gas, 31 m³, is obtained in reference to a monthly consumption of a standard household, Osaka Gas' customer [averaged monthly consumption per household (5-year averaged monthly consumption from April 2011 to the end of March 2016)]. *5: The electricity charge covers an amount equivalent to a consumption tax, a fuel cost adjustment under the fuel cost adjustment scheme (August 2017), and the expense of purchasing renewable energy under the Renewable Electric Energy Feed-in Tariff (May 2017 to April 2018). The gas charge covers the amount equivalent to a consumption tax, and a raw material cost adjustment under the raw material adjustment scheme (August 2017). An actual price merit varies with the consumptions of electricity and gas, the timing of a contract, fuel cost adjustment/raw material cost adjustment or other factors. *6: Advantageous points under the system of Hapi e-Point, equivalent to about 900 yen on an annual basis, will be accumulated when a customer with a monthly electricity charge of 6,674 yen on an annual basis and with a monthly gas charge of about 4,645 yen logs in "Hapi e-MiruDen" monthly. *7: The gas set discount means a discount from an electricity rate, but not from a gas rate. The discount applies to a total of basic and energy charges (not including fuel cost adjustment). *8: The electricity set discount means a discount from a gas rate, but not from an electricity rate. The discount applies to a total of basic and meter rate charges (not including raw material cost adjustment). *9: For a customer applying for the early contract discount by April 30, 2018, the relevant discount applies to charges for gas consumed till April 2019. *10: "Base Plan A-G" is based on the General Electricity Supply Provisions of Osaka Gas (executed on August 1, 2017). *11: "GAS Advantage Plan Further Discount price" is based on the Individual Provisions of Osaka Gas (contract of further discount price)(executed on April 1, 2017).

Excerpts from the information released on July 28, 2017

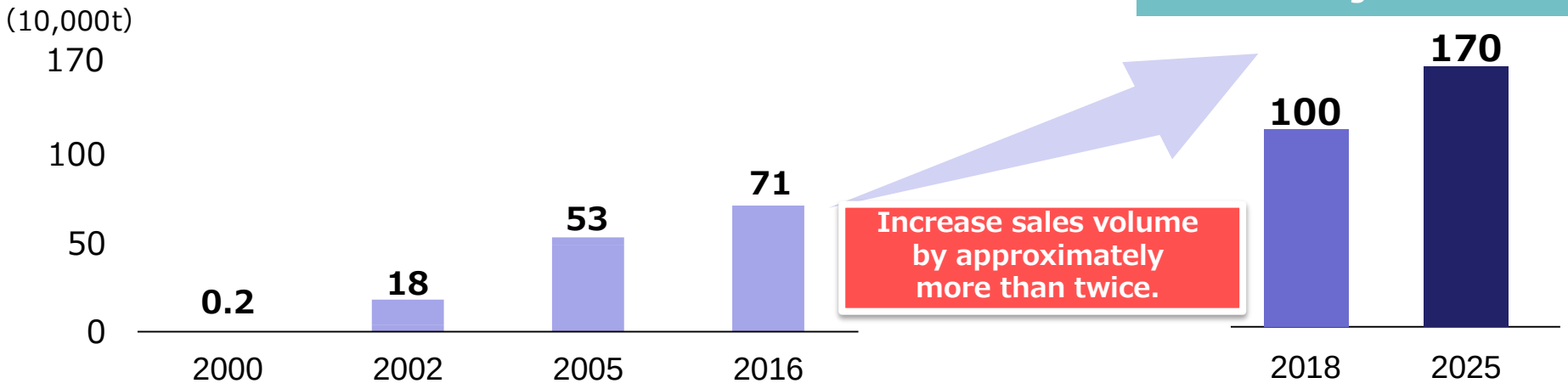
Outline of gas business

○ We started LNG and gas sales businesses in 2000 and 2002, respectively, in order to develop total energy proposal activities that combine electricity and gas services. Both of two sales businesses have expanded consistently.
○ We hope to at least double actual gas sales through aggressive operation by FY2025.

2000- Sale of LNG (Sale by tank lorry)
2002- Sales of gas (wheeling service)
2005- Sales of gas (Independent pipeline)
2017- Full liberalization of retail gas sales

Trends of actual gas sales volume

Sales target in the Medium-term Management Plan



Profit and loss for gas business, gas sales, etc. in the 3Q of FY2017

(billion yen)	4/17-12/17	4/16-12/16	Change
Operating revenues	41.4	27.6	+13.7
Operating expenses	45.7	25.8	+19.9
Operating income	-4.3	1.8	-6.2

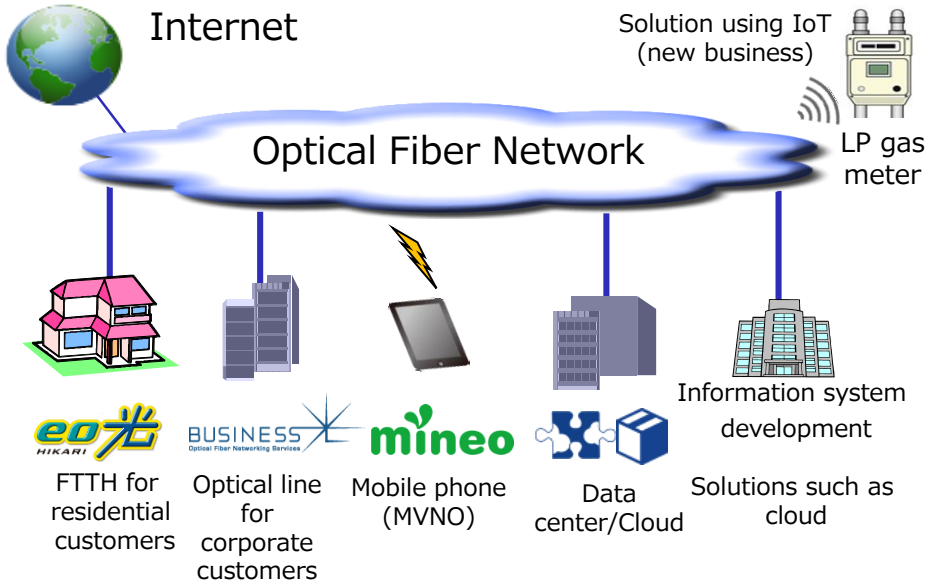
(10,000 t)	4/17-12/17	4/16-12/16	Change
gas sales volume	65	51	+14

・ Number of applicants for KEPCO gas (as of December 21) :approx. 330,000.

Outline of IT/Communications business

○ Working mainly with K-Opticom Corporation, a core company, and Kanden System Solutions Co., Inc. , we are actively promoting new services including IoT, in addition to fixed-line services using optical fiber networks, mobile phone services, and information system development, aiming to achieve 30 billion yen of ordinary income for FY2025.

Key Businesses and Accomplishments of IT/Communications Business



[Results and target of Medium-term Management Plan]

(billion yen)	2016 (Results)	2017 (Forecasts)	2018 (Taeget)	2025 (Target)	2017.3Q (Results)
Operating revenues (external transactions)	185.6	203.0	**220.0**	**270.0**	**148.5**
Ordinary income	18.3	23.0	**16.0**	**30.0**	**19.0**

Our foothold is steadily being reinforced for the achievement of our medium-term management plan.

FTTH Business

- Having been providing the optical fiber-based network, telephone and TV by the set in step with the diffusion of broadband. **Acquired more than 1.6 million contracts** and stable profits secured.
- Started to offer privileges for long-term subscribers and sell electricity and gas by the set in addition to providing high-quality support, **with the result of high commendation from customers.**

[Privileges for long-term subscribers]

eo プレミアムクラブ PREMIUM CLUB

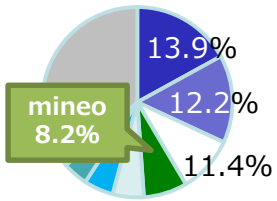
[External evaluation of customer satisfaction]

2017年 オリコン日本顧客満足度ランキング プロバイダ近畿 3年連続No.1

MVNO Business (mineo)

- Expected to achieve **1 million lines** by the end of this FY. (approx. 900,000 lines as of the end of 3Q).
- **Co-creation of services with customers** such as **line services compatible with au and docomo lines** and the community site, “mineo”, and enhancement of support in real shops, **with resulting high customer satisfaction**.

[MVNO share (September 2017)]



Source: MM Research Institute, “Fluctuations in the domestic MVNO market (end of September 2017)”

[Community site]

マイネ王 ベータ版

Community that “co-creates” services with “fans” online

[External evaluation of customer satisfaction]

2017 顧客総合満足度 第1位 格安SIM満足度調査 MMD研究所調べ

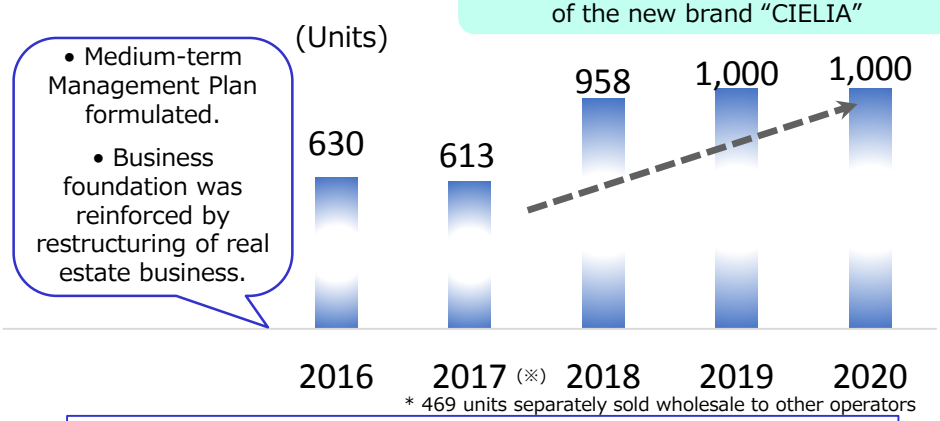
Source: Mobile Marketing Data Lab., “Survey of low-cost SIM services satisfaction for March 2017”

Outline of Real Estate business

We have established a consolidated real estate business group centered on the core company, Kanden Realty & Development Co., Ltd., a group which works on real estate leasing, sales, management, and leisure. Targeting 30 billion yen of ordinary income for FY2025, we will accelerate growth and diversify risks by **expanding business areas and business domains (diversifying revenue sources)**.

[Results/planned number of units for sale]

Number of housing units for sale, growing because of active promotion of the new brand "CIELIA"



* 469 units separately sold wholesale to other operators

<Flagship Project>

[Condominium in Kansai]
"CIELIA TOWER Senrichuo"

* To be completed in February 2019 (552 units)

[Condominium in the Tokyo metropolitan area]
"CIELIA Shonantsujido"

* To be completed in February 2018 (352 units)

<Strength in the KEPCO group real estate business>

Strength in brand power and credit-worthiness long cultivated in the Kansai area, and total capacity as a group that is expected to produce synergetic effects.

<Expansion of business areas and business domains>

Expanding to the solid Tokyo Metropolitan market, core cities nationwide, and overseas including South East Asia and North America with Kansai as the axis.

Business centering on the Kansai area

Proactive expansion to the Tokyo Metropolitan area

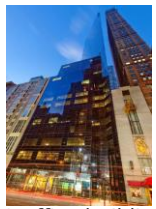
Expansion to overseas and other areas in Japan as well

[Results and target of Medium-term Management Plan]

* Including Life business

(billion yen)	2016 (Results)	2017 (Forecasts)	2018 (Target)	2025 (Target)	2017.3Q (Results)
Operating revenues (external transactions)	95.5	111.0	**100.0**	**150.0**	**70.0**
Ordinary income	12.8	12.0	**15.0**	**30.0**	**8.4**

Expected to achieve the 2018 target because of growing sales of condominiums and other factors.



* Investment in the US office building fund (2 cases)

* Participation in the condominium development project in Vietnam.

Overseas investment projects

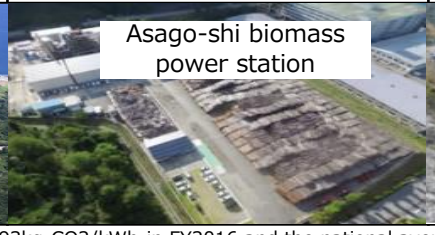
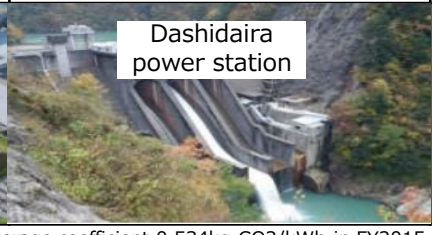
- Total output by KEPCO's investment: Approx. 2.575 million kW.
- Of which, total investment amount to 9 projects in operation is approx. 90 billion yen. (50% collected by dividends, etc.)

	Project Title		Start of operation, etc. (schedule)	Total output (MW)	KEPCO's investment (%)	Output by KEPCO's investment (MW-equivalent)
In operation	Philippines	San Roque Hydropower	2003/05	436	50	218
	Thailand	Rojana Electricity and Heat Supply	1999/05	505	39	197
	Taiwan	Ming Jian Hydropower	2007/09	17	24	4
		Kuo Kuang Thermal Power	2003/11	480	20	96
	Singapore	Senoko Thermal Power	Established 1995/10	3,300	15	495
	Australia	Bluewaters Thermal power	2009/12	459	50	229
	USA	West Deptford Thermal power generation business	2014/11	768	17.5	134
		Empire Thermal power generation business	2010/9	635	25	159
	Ireland	Evalair Limited	2013/12 Other	223	24	54
Under development	Indonesia	Rajamandala Hydropower	Scheduled in 2019	47	49	23
		Tanjung Jati B Thermal Power	Scheduled in 2021	2,140	25	535
	Laos	Nam Ngiep Hydropower	Scheduled in 2019	290	45	131
	USA	Hickory-Run Thermal power generation business	Scheduled in 2020	1,000	30	300

The KEPCO Group's introduction and development plan of renewable energy

○ Domestic power stations

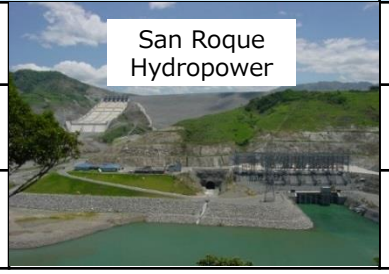
- From the view of S+3E, we aim to **develop renewable energy sources** as a whole group **so that around 500MW can be generated in 2030.**
  Power stations in operation (completed): approx. 110MW; power stations before operation: approx. 220MW; Total: approx. 330MW (as of January 31, 2018)

	Solar Power	Wind	Biomass	Hydropower
Power source capacity of power stations in operation	Approx. 79MW	Approx. 18MW	Approx. 6MW	Approx. 6MW※2
CO2 emission *1 reduction	Approx. 26,000 t/year	Approx. 18,000 t/year	Approx. 20,000 t/year	Approx. 14,000 t/year
Main power stations in operation	・Sakai solar power station (KEPCO) ・Arida solar power station (Kenes) etc.	・Awaji wind power station (Kenes) ・Tahara No.4 wind power station (Kenes)	・Asago-shi biomass power station (Kenes)	・Dashidaira power station (KEPCO)
Power stations before operation	・Ako nishihama solar power station (Kenes) etc.	・Akita Noshiro offshore wind power station (unclear which company will operate)	・Change in Aioi No.2 biomass power station (Aioi Bioenergy Corporation) ・Fukuoka Kanda-machi biomass (Bio-power Kanda) etc.	・Upgraded Maruyama power station facility (KEPCO) ・Upgraded New Maruyama power station facility (KEPCO) etc.
	 Sakai solar power station	 Awaji wind power station	 Asago-shi biomass power station	 Dashidaira power station

*1 CO2 emissions are calculated from our CO2 emission coefficient 0.493kg-CO2/kWh in FY2016 and the national average coefficient 0.534kg-CO2/kWh in FY2015.
*2 As to hydropower, power stations after November 2012 when we set the renewable energy introduction targets for the first time are listed.

○ Overseas power stations

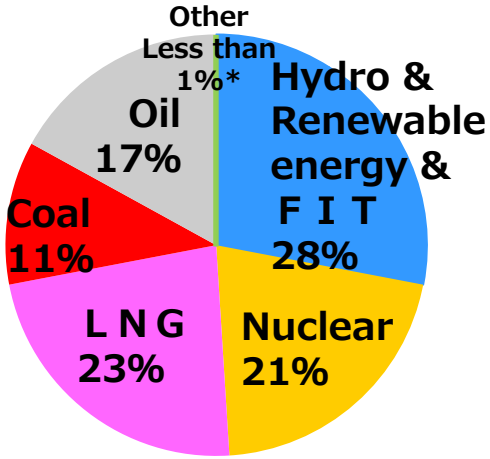
- Overseas power stations: Utilizing the experience of the development of the Kurobegawa power station unit 4 and others, we are working on the development of hydropower generation in Southeast Asia. Furthermore, we aim to engage in the investment in renewable energy as represented by our first-ever participation in the wind power generation business.

	Hydropower		Wind	
Power source capacity of power stations in operation	Approx. 222MW	 San Roque Hydropower	Approx. 54MW	 Evalair Limited
Main power stations in operation	・San Roque Hydropower(Philippines) ・Ming Jian Hydropower(Taiwan)		・Evalair Limited(Ireland)	
Power stations before operation	・Rajamandala Hydropower (Indonesia) ・Nam Ngiep Hydropower(Laos)		–	

KEPCO's power source composition

○From the view of "S+3E", we will deal with use of nuclear power and development of hydropower and renewable energy in a balanced manner, and make efforts for cost reduction of fuel etc. and CO2 emission control.

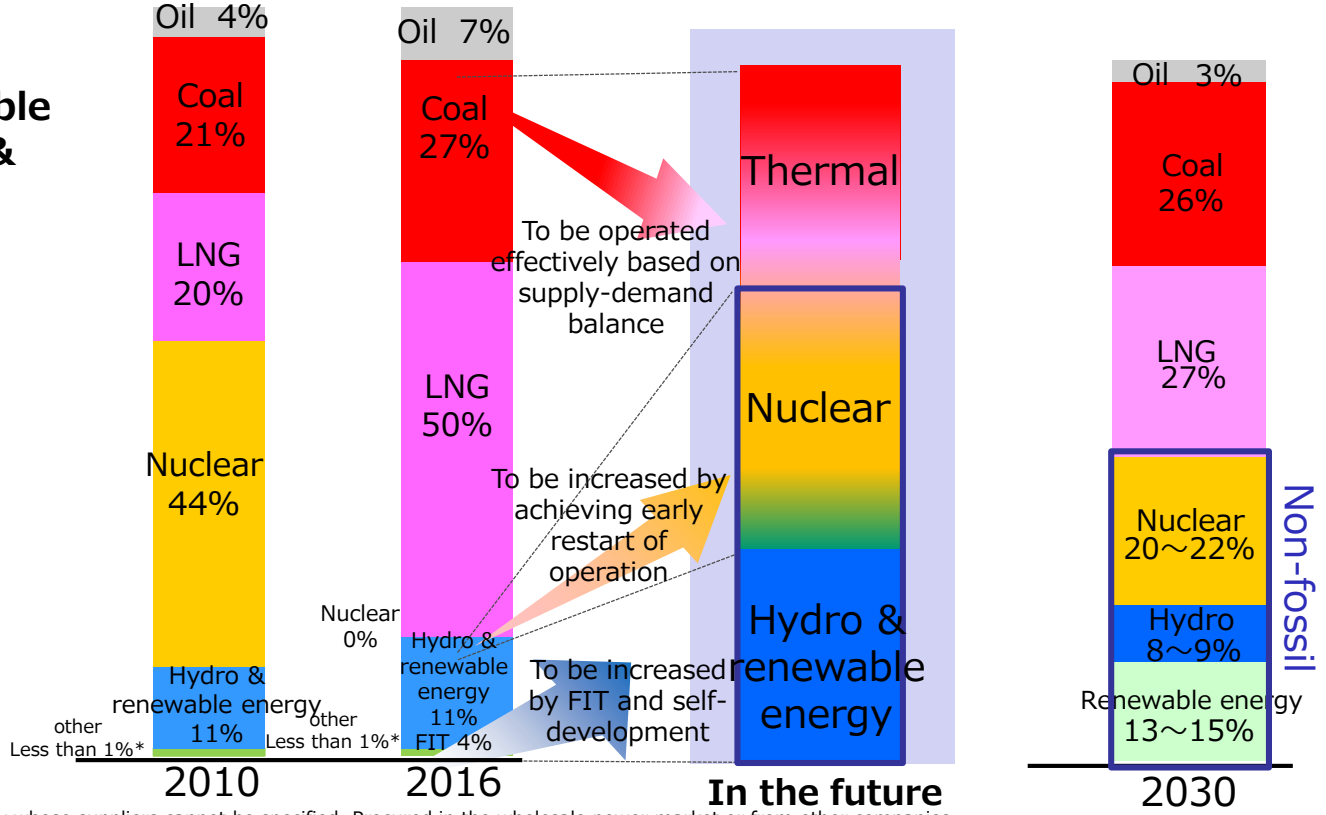
【Total power generation capacity】
(Including from other electric company)



At the end of FY2016

【Total power source composition】
(Including from other electric company)

【Expected energy supply and demand structure in the government】



* Includes electricity whose suppliers cannot be specified. Procured in the wholesale power market or from other companies.
* Some rounding errors may be observed.

	2010	2016
Fuel and purchased electricity cost (billion yen)	765.6	985.1
CO2 emission factor (kg-CO2/kWh)*	0.281	0.493
Nuclear capacity factor (%)	78.2	0.0

Reduction of fuel cost etc.

Reduction of emission basic units

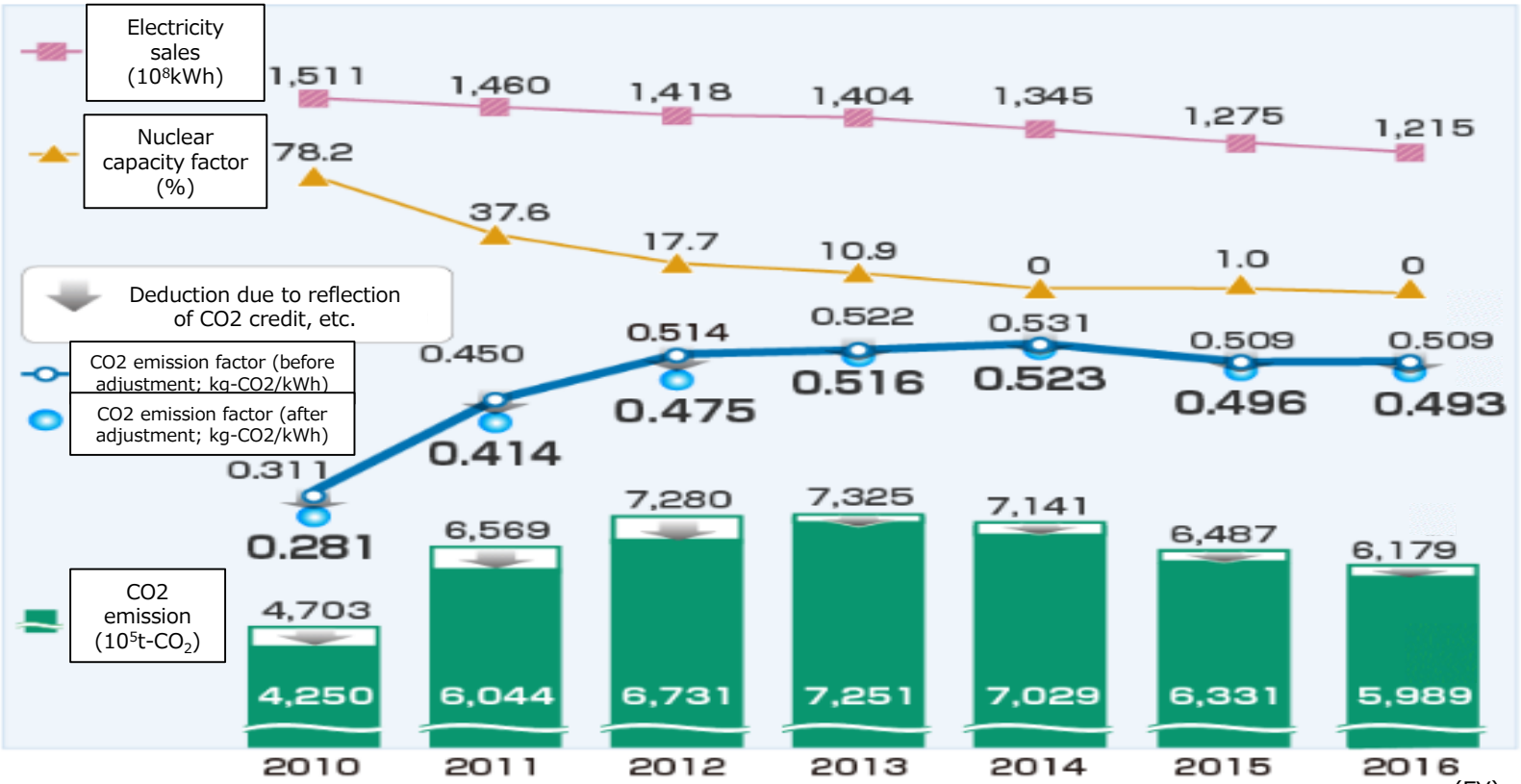
* After deduction reflecting CO2 credit

Expected energy supply and demand structure defined by the government→ The goal is stable supply, economical efficiency and environmentally balanced mix on the premise of safety.

Initiatives on climate change issues and CO2 reduction

○Our company joined the Electric Power Council for a Low Carbon Society, and the industry as a whole is seeking to achieve an emission factor of about 0.37kg-CO2/kWh(user-end) by FY 2030.
○We will continue to advance efforts to suppress CO2 emissions, including the utilization of nuclear power generation with the most emphasis on safety, the maintenance and improvement of the thermal efficiency of thermal power plants, and the development of renewable energies. In addition, with a long-term perspective, we will contribute to the realization of a low carbon society by promoting electrification in society.

【Trend of emission factor, etc.】



※ Values result from the GHG Emissions Accounting, Reporting, and Disclosure System as mandated by the Act on Promotion of Global Warming Countermeasures. Emission factors for FY 2011 and beyond after adjustment account for exclusions reflecting carbon credits as well as environmental value adjustments based on the purchasing system for surplus solar power and the feed-in tariff(FIT) for renewable energy.
Regarding emission coefficients after adjustment after 2014, the only adjustments which have been made are to environmental values under the system of purchase of total volume of renewable energy at a fixed price.

Fuel change plan and suspension of operation for thermal power plant

<Regarding establishment of new company involved in the plan for change to biomass fuel in Unit 2 of Aioi Power Plant (published on April 5, 2017)>

	Before fuel change	After fuel change
Approach	Review of plan for change to biomass fuel	
Capacity	375MW	**About 200 MW**
Fuel	Heavy oil and Crude oil	**Woody biomass**
Commencement of operation	1982/11	Scheduled in FY 2022

<Reason for review of fuel change>
Actively promoting the development of renewable energy sources in light of S + 3E, we have decided to establish "Aioi Bioenergy Corporation" jointly with Mitsubishi Corporation Power Ltd., and to proceed with the review of fuel change in Unit 2 of Aioi Power Plant, in order to contribute to the diffusion and expansion of renewable energy and increase the rate of renewable energy.

<Regarding suspension of operation at Units 1, 2 and 3 of Kainan Power Plant (Published on March 16, 2017)>

	Unit 1	Unit 2	Unit 3	Unit 4
Capacity	450MW		600MW	
Fuel	Heavy oil and Crude oil			
Commencement of operation	1970/5	1970/9	1974/4	1973/6
Period of suspension of operation	**2017/4/1**		**2017/6/9**	**-**

<Reason for suspension of operation>
In consideration of the recent situations of falling power demand in the Kansai area, as seen in the established practice of power saving and progress of energy saving, we have decided to halt operation of Units 1–3, periodical inspection of which was drawing near, as part of our streamlining efforts.

Digest of Medium-term Management Plan ("management direction" and "What We Aspire to Become in 10 Years")

Management Direction

1 .Become a highly profitable busness group.

+

2.Expand business fields.

3.Build a robust management base.

Pillars of Approach and Prioritized Measures

(1) Enhancement of competitiveness in comprehensive energy business

(2) Establishment of new pillars for growth

(3) Strengthening Group Management Foundation

【Business Portfolio after 10 Years】

After 10 years (2025)

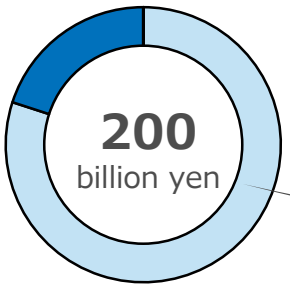
International/ Group business : Comprehensive Energy/Power Transmission and Distribution business

1 : 2

Before the Earthquake

International/ group businesses : Comprehensive Energy/ Power Transmission and Distribution business

1 : 4



Investment of **1,500** billion yen in International/Group businesses over 10 years

1.5 times or more

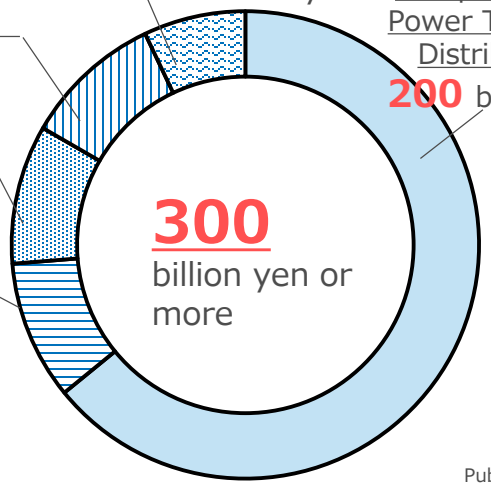
International business **30** billion yen

Information and Communication business (IT/Communication) **30** billion yen

Real Estate/Life business **30** billion yen

Group Support Bussiness **20** billion yen

Comprehensive Energy/ Power Transmission and Distribution business **200** billion yen or more



□ Financial goals〔Consolidated base〕

Item	2018 fiscal year	2025 fiscal year
Ordinary income	**200** billion Yen	**300** billion Yen
Equity ratio	Approx. **20%**	Approx. **30%**
ROA (※)	Approx. **3.5%**	Approx. **4%**

(※) Business Profit〔Ordinary income＋interest expense〕÷ Total Assets〔Average of beginning and end of term〕

□ Policy of return to shareholders

Our Policy of return to shareholders is to secure sound financial strength and maintain stable dividends in order to distribute surplus to all shareholders appropriately as the Kansai Electric Power group.

For further information

Planning Group (Investor Relations)
Office of Accounting and Finance
The Kansai Electric Power Co., Inc.

Telephone :+81 6 6441 8821 (Operator)
Facsimile :+81 6 6441 0569
Website :http://www.kepco.co.jp