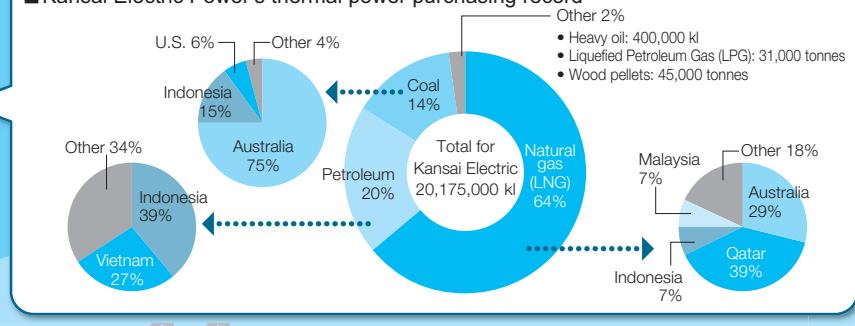
Kansai Electric Power Group's Supply Chain and Courses of Action

(As of March 31, 2015)

① Fuel Procurement

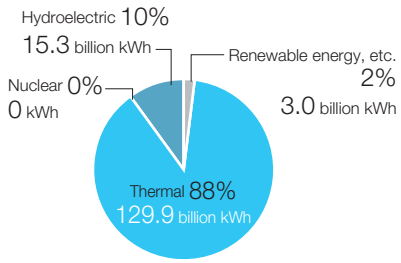
■ Kansai Electric Power's thermal power purchasing record



② Power Generation

■ Power sources

Total: **148.2** billion kWh



Notes: Percentages shown for generated power are the composition of Kansai Electric Power's total demand. Figures may not match due to rounding up.

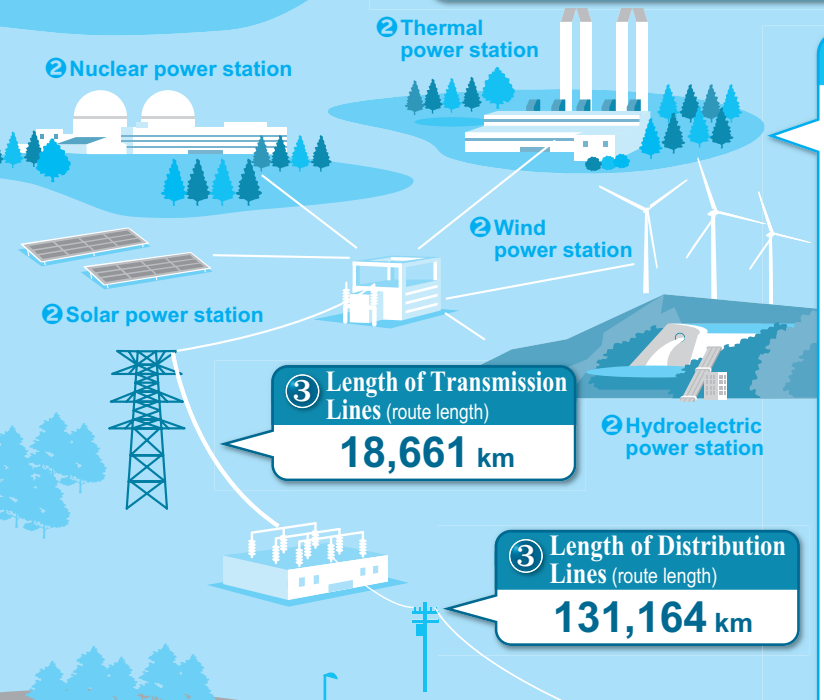
■ Power generation facilities

Total: **37.442** GW (169 facilities)

Breakdown

Thermal	19.441 GW	(12 facilities)
Hydroelectric	8.222 GW	(151 facilities)
Nuclear	9.768 GW	(3 facilities)
Renewable energy	11 MW	(3 facilities)

Note: Figures may not match due to rounding up.

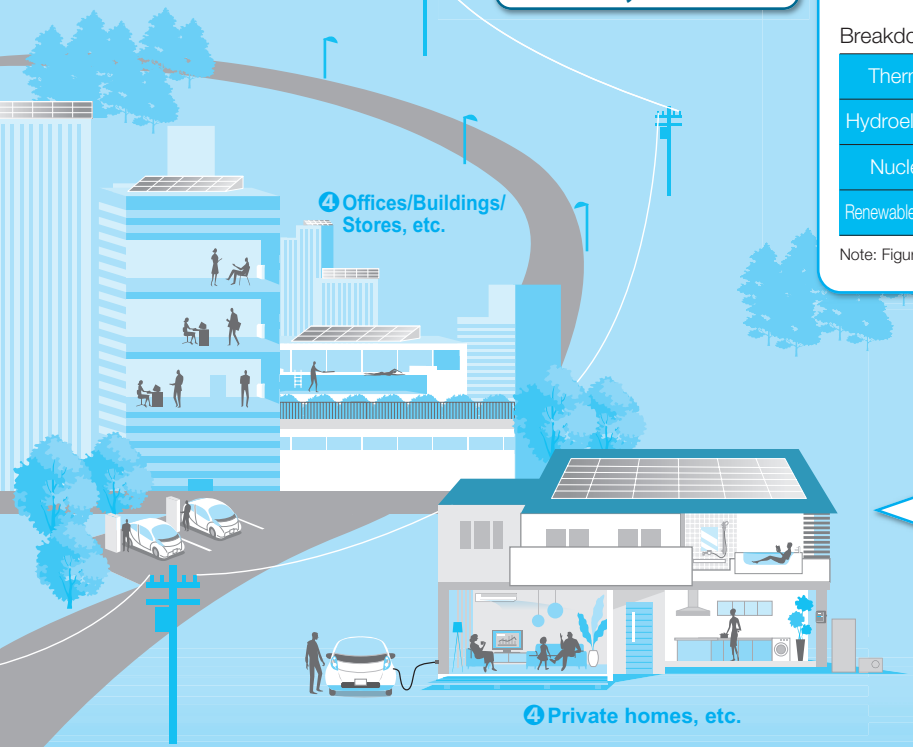


③ Length of Transmission Lines (route length)

18,661 km

③ Length of Distribution Lines (route length)

131,164 km



④ Sales

■ Electricity sales

134.5 billion kWh

■ No. of customers

Lighting **12,635** thousand units

Power **1,013** thousand units

(Excluding liberalized segments)

■ Gas/Heavy oil sales volume (LNG equivalent) **780** thousand tonnes

The Kansai Electric Power Group supplies electricity to customers through this flow process: fuel procurement, power generation, transmission, transformation, and distribution.

Supply Chain Issues	Main Risk Factors	Main Courses of Action
● Securing fuel for stable power supply and demand [Procuring fuel needed for power generation such as LNG, coal, and petroleum in a stable, economical way]	● Fuel cost fluctuations due to movements in the price of crude oil, foreign exchange rates, and price negotiations	● Pursuit of maximizing economy in fuel procurement through participation in the upstream fuel business, further diversification of suppliers and price indexes, improvement of trading functions, etc.
● Ensuring supply capacity for stable power supply and demand ● Early restart of nuclear power plant operations ● Strengthening of power supply competitiveness [Balanced power generation from thermal, hydro, nuclear, solar, wind, and other power sources to produce electricity in a stable, economical way]	● Movements in energy mix ● Changes in annual precipitation ● Natural disasters such as typhoons, earthquakes and tsunamis ● Large-scale accidents at facilities ● Movements in nuclear back-end business ● Movements in global warming measures, environmental policy and international frameworks ● Prolonged stoppage of nuclear power plants	● Efforts to ensure supply capacity through maximum use of internally generated power, power purchased from other companies, etc., to achieve stability in power supply and demand ● Efforts aimed at an early restart of nuclear power plant operations and autonomous, ongoing efforts to improve safety in nuclear power generation ● Efforts to build the optimum power source portfolio ● Efforts to further develop and promote renewable energy (newly establish Office of Renewable Energy Business Strategy)
● Efforts to ensure stable power supply and demand [Supplying power through transmission lines from power station to transformer substation, and from transformer substation to customers' homes and factories through distribution lines]	● Natural disasters such as typhoons, earthquakes and tsunamis ● Large-scale accidents at facilities ● Introduction of legal unbinding of transmission and distribution sectors (electricity market reform)	● Proper response to customer needs in the use of our systems ● The aggressive rollout of smart meters ● Measures to manage aging facilities
● Strengthening competitiveness of services [Supplying power in a stable, economical way and promoting efforts to meet a wide range of needs and expand useful services for customers and society]	● Introduction of full liberalization of retail market (electricity market reform) ● Further expansion of competition with other providers ● Fluctuations of power demand due to weather, economic trends and efforts to conserve electricity	● Energy management activities to bring energy and cost savings to customers ● Providing both households and business customers with a wide range of energy services ● Participation in smart community projects and urban development projects ● The expansion of Web services and auxiliary services to bring customers greater convenience
● Increasing revenue in the telecommunications business and international businesses [Providing comprehensive solutions, combining group services such as comprehensive energy with a focus on electricity, telecommunications, and amenity services in daily life; participation in and development of power generation projects overseas]	● Advancement of technological innovation and competition with other providers	● Transformation into a competitive corporate group whose core business is the comprehensive energy business, including business outside of the Kansai area ● Expanding gas sales, expanding our business area and expanding business domains ● Increasing revenue in telecommunications, international business, and amenity services in daily life ● Improving the organizational structure to expand international business (newly establish International Business and Cooperation Division)
● Building an unshakeable safety culture ● Thorough business streamlining ● Building a functional, efficient business foundation (reevaluation of organizational structure) ● Management based upon CSR	● Compliance problems ● Information security problems	● Reinforcing safety as the foundation of all business activities of the group and continuing business activities with safety as a top priority ● Thorough business streamlining ● Building an organizational structure to promote innovation in procurement and distribution (newly establish a Purchasing Division) ● Building an organizational structure in light of the competitive environment (shift to 6 business divisions) ● Reinforcing compliance in the group as a whole