

**Financial results for 2Q of FY ending 3/2017  
&  
Financial forecasts for FY ending 3/2017**

**October 28, 2016**

**The Kansai Electric Power Co., Inc.**

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



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## **【 2Q of FY ending 3/2017 Earnings Results 】**

**: Both consolidated and non-consolidated corporate earnings posted decreases in revenues and income. (Ordinary income basis)**

**(Remained in surplus for the second consecutive year.)**

- **Income:** Decreased electricity sales, falling adjusted fuel cost unit price and other factors pushed down revenues.
- **Expenses:** Thorough streamlining of business, coupled with falling fuel prices and stronger yen, pushed down thermal fuel cost.

→ **Positive effect in the improvement between income and expenditure because of time lag, not as much as the same period of the previous year, is still included.**

**We will continue to strive for the thorough streamlining of business and resumption of operations at our nuclear power plants safety of which has been confirmed as soon as possible, even a day sooner.**

## **【FY2016 Earnings forecast】 : Not yet determined**

- **Both operating revenues and incomes remain “Not yet determined” at this point, mainly because a specific time of resuming operations at our nuclear power plants is nowhere in sight.**

# Financial highlights

(billion yen)	Consolidated (a)			Non-consolidated (b)			(a)/(b)	
	4/16-9/16	4/15-9/15	Change	4/16-9/16	4/15-9/15	Change	4/16-9/16	4/15-9/15
<b>Operating revenues</b>	1,515.3	1,640.7	-125.4 (-7.6%)	1,331.5	1,460.7	-129.2 (-8.8%)	1.14	1.12
<b>Operating income</b>	168.3	175.7	-7.4 (-4.2%)	144.3	153.1	-8.8 (-5.8%)	1.17	1.15
<b>Ordinary income (* 2)</b>	160.9	167.1	-6.2 (-3.7%)	136.5	152.8	-16.2 (-10.6%)	1.18	1.09
<b>Net income (* 3)</b>	119.3	112.5	+6.8 (+6.1%)	101.6	105.1	-3.4 (-3.3%)	1.17	1.07

(billion yen)	Consolidated			Non-consolidated		
	Sep.30, 2016	Mar.31, 2016	Change	Sep.30, 2016	Mar.31, 2016	Change
<b>Interest-bearing debt</b>	3,811.0	3,938.2	-127.2 (-3.2%)	3,400.7	3,496.5	-95.7 (-2.7%)
<b>Equity ratio</b>	17.7%	15.9%	+1.8%	13.4%	11.5%	+1.9%

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

\*2. Ordinary income means income before provision for (reversal of) reserve for fluctuation in water level, special items and income taxes and minority interests.

\*3. The consolidated net income or loss means the net income or loss attributable to owners of the parent company.

# Major factors (non-consolidated)

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		<b>4/16-9/16</b>	<b>4/15-9/15</b>	<b>Change</b>
<b>Electricity sales (TWh)</b>		(94.9) <b>61.4</b>	(96.8) <b>64.7</b>	<b>-3.3</b>
	<b>Residential</b>	(99.4) <b>20.7</b>	(99.1) <b>20.9</b>	<b>-0.1</b>
	<b>Commercial and Industrial</b>	(92.8) <b>40.6</b>	(95.7) <b>43.8</b>	<b>-3.1</b>
<b>Nuclear capacity factor (%)</b>		<b>0.0</b>	<b>0.0</b>	<b>0</b>
<b>Water run-off ratio(%)</b>		<b>89.7</b>	<b>109.5</b>	<b>-19.8</b>
<b>All Japan CIF crude oil price (\$/barrel)</b>		<b>43.8</b>	<b>58.9</b>	<b>-15.1</b>
<b>Exchange rate [TTM] (yen/\$)</b>		<b>105</b>	<b>122</b>	<b>-17</b>
<b>Interest rate [long-term prime rate] (%)</b>		<b>0.94</b>	<b>1.14</b>	<b>-0.20</b>

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

# Non-consolidated statements of operations

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(billion yen)	4/16-9/16	4/15-9/15	Change	Breakdown
<b>Ordinary revenues (Operating revenues)</b>	<b>1,348.7</b> <b>(1,331.5)</b>	<b>1,485.4</b> <b>(1,460.7)</b>	<b>-136.7</b> <b>(-129.2)</b>	
Electricity sales	1,167.7	1,320.2	-152.4	<ul style="list-style-type: none"> <li>·Decrease in electricity sales volume -63.0</li> <li>·Decrease in revenue per kWh due to fuel cost adjustment charges -190.0</li> <li>·Increase in revenue per kWh due to the effects of rate revisions +64.0</li> <li>·Increase in revenue per kWh due to renewable energy power promotion surcharge +32.8</li> </ul>
Others	180.9	165.1	+15.7	<ul style="list-style-type: none"> <li>· Grant under act on purchase of renewable energy sourced electricity +22.7</li> </ul>
<b>Ordinary expenses</b>	<b>1,212.1</b>	<b>1,332.6</b>	<b>-120.4</b>	
Personnel	108.9	113.1	-4.2	
Fuel	238.3	368.3	-130.0	<ul style="list-style-type: none"> <li>·Fossil-fuel costs -130.0</li> </ul>
Backend expenses of nuclear power	17.3	18.2	-0.8	
Maintenance	86.8	71.8	+14.9	<ul style="list-style-type: none"> <li>·Thermal +10.3</li> </ul>
Taxes other than income taxes	76.7	74.2	+2.5	
Depreciation	134.5	139.0	-4.5	
Purchased power	243.1	266.5	-23.3	<ul style="list-style-type: none"> <li>·From other utility companies -16.9</li> <li>·From other non-utility companies -6.3</li> </ul>
Interest expenses	24.0	23.9	-	
Other	282.1	257.2	+24.8	<ul style="list-style-type: none"> <li>·Levy under act on purchase of renewable energy sourced electricity +32.8</li> </ul>
<b>Ordinary income</b>	<b>136.5</b>	<b>152.8</b>	<b>-16.2</b>	
<b>Provision for or reversal of reserve for fluctuation in water levels</b>	<b>-2.9</b>	<b>8.5</b>	<b>-11.5</b>	
<b>Income taxes</b>	<b>37.8</b>	<b>39.1</b>	<b>-1.2</b>	
<b>Net Income</b>	<b>101.6</b>	<b>105.1</b>	<b>-3.4</b>	

# Consolidated statements of operations

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(billion yen)	4/16-9/16	4/15-9/15	Change	Breakdown
<b>Ordinary revenues (Operating revenues)</b>	<b>1,536.8 (1,515.3)</b>	<b>1,659.9 (1,640.7)</b>	<b>-123.1 (-125.4)</b>	
<b>Electric operating revenues</b>	<b>1,303.5</b>	<b>1,422.7</b>	<b>-119.2</b>	<ul style="list-style-type: none"> <li>•Decrease in electricity sales revenues -152.4</li> <li>•Grant under act on purchase of renewable energy sourced electricity +22.7</li> </ul>
<b>Other operating revenues</b>	<b>211.7</b>	<b>217.9</b>	<b>-6.2</b>	<ul style="list-style-type: none"> <li>•Revenues from external sales operation of gas and other energies -10.8</li> </ul>
<b>Non-operating revenues</b>	<b>21.5</b>	<b>19.2</b>	<b>+2.3</b>	
<b>Ordinary expenses</b>	<b>1,375.8</b>	<b>1,492.8</b>	<b>-116.9</b>	
<b>Electric operating expenses</b>	<b>1,164.7</b>	<b>1,278.0</b>	<b>-113.2</b>	<ul style="list-style-type: none"> <li>•Fuel costs -130.0</li> <li>•Levy under act on purchase of renewable energy sourced electricity +32.8</li> </ul>
<b>Other operating expenses</b>	<b>182.1</b>	<b>186.8</b>	<b>-4.7</b>	<ul style="list-style-type: none"> <li>•Expenses from gas and other energies -6.7</li> </ul>
<b>Non-operating expenses</b>	<b>28.9</b>	<b>27.8</b>	<b>+1.0</b>	
<b>Ordinary income</b>	<b>160.9</b>	<b>167.1</b>	<b>-6.2</b>	
<b>Provision for or reversal of reserve for fluctuation in water levels</b>	<b>-2.9</b>	<b>8.5</b>	<b>-11.5</b>	
<b>Income taxes</b>	<b>44.2</b>	<b>46.0</b>	<b>-1.7</b>	
<b>Net income (*)</b>	<b>119.3</b>	<b>112.5</b>	<b>+6.8</b>	
<b>Comprehensive income</b>	<b>105.3</b>	<b>130.3</b>	<b>-25.0</b>	

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

# Segment information

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( ): Changes from the previous term

(billion yen)	Reportable segments				Other	Total	Eliminations/ Corporate	Consolidated
	Comprehensive Energy/Power transmission and distribution business			IT/ commun ications				
	Electric power	Gas/ Other energies	Subtotal					
Operating revenues	1,309.6 (-118.4)	54.0 (-8.7)	1,363.6 (-127.1)	107.5 (+2.8)	181.0 (-1.5)	1,652.3 (-125.8)	-137.0 (+0.4)	1,515.3 (-125.4)
Operating revenues (external transactio ns)	1,303.5 (-119.2)	43.6 (-10.8)	1,347.2 (-130.0)	89.1 (+4.0)	78.9 (+0.6)	1,515.3 (-125.4)	—	1,515.3 (-125.4)
Operating income	140.5 (-5.6)	8.2 (-1.9)	148.7 (-7.6)	9.1 (-1.0)	8.7 (+1.5)	166.6 (-7.1)	1.6 (-0.2)	168.3 (-7.4)

Breakdown of changes in Gas/Other energies  
Operating revenues(external transactions)  
Operating income  
: Decrease in sales price(gas)

Breakdown of changes in IT/communications  
Operating revenues(external transactions)  
: Increase in FTTH and MVNO subscribers  
Operating income  
: Increase in cost of MVNO

[Changes in Segmentation after 1Q of 2016]

- Segment has been changed from "Other" to "Gas/Other energies" for KEPCO's gas supply business and Kanden Energy Solution, etc.
- Total sum of "Electric power" and "Gas/Other energies" is represented as "Comprehensive Energy/Power transmission and distribution business."



# Consolidated balance sheets

(billion yen)	Sep.30, 2016	Mar.31, 2016	Change	Breakdown
<b>Assets</b>	<b>7,273.3</b>	<b>7,412.4</b>	<b>-139.1</b>	<ul style="list-style-type: none"> <li>•Capital expenditures +128.0</li> <li>•Depreciation and amortization -178.6</li> <li>•Cash and time deposits -42.8</li> </ul>
<b>Liabilities</b>	<b>5,966.2</b>	<b>6,210.6</b>	<b>-244.3</b>	<ul style="list-style-type: none"> <li>•Interest bearing debt -127.2</li> <li>•Accounts payable and accrued expenses -99.4</li> </ul>
<b>Net assets</b>	<b>1,307.0</b>	<b>1,201.8</b>	<b>+105.2</b>	<ul style="list-style-type: none"> <li>•Net income(*) +119.3</li> </ul>

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

## <Earnings Forecast>

Regarding earnings forecast for FY 2016, both operating revenues and income are still left undetermined because currently we can't forecast our performance based on certain assumptions, as a specific time of resuming operations at our nuclear power plants is nowhere in sight.

The forecasts for FY 2016 will be disclosed as soon as it becomes available.

## <Dividend Forecast>

Year-end dividends forecast for FY 2016 is "not yet determined" as we are in a situation where we have to leave our earnings forecast undetermined.

# Appendix

# Electricity sales

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**[Comparison with the same period of the previous year]**

(GWh)

	4/16-9/16	4/15-9/15	Change	(A) / (B)	Breakdown
Residential	20,749	20,881	-132	99.4%	The decrease is attributable to a decline in contract power, effects of energy saving and other factors although cooling demand increased because of higher temperatures in summer compared to a year ago.
Commercial and Industrial	40,650	43,784	-3,134	92.8%	
Total	61,399	64,665	-3,266	94.9%	

**[Average monthly temperature]**

(℃)

	April	May	June	July	August	September
Actual	16.6	21.2	23.3	28.0	29.5	25.8
Year-on-year change	+0.7	-0.3	+0.4	+1.0	+0.9	+2.6
Anomaly	+1.5	+1.5	-0.2	+0.6	+0.7	+0.8

**[Outlook for FY 2016 electricity sales]**

Since we are assessing the impact on the electricity sales exerted by the full liberalization of the electricity retail market, which started this April, and other factors at present we cannot present any specific figures.

# Non-consolidated balance sheets

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(billion yen)	Sep. 30, 2016	Mar. 31, 2016	Change	Breakdown
<b>Assets</b>	<b>6,313.2</b>	<b>6,433.0</b>	<b>-119.8</b>	<ul style="list-style-type: none"> <li>•Capital expenditures +81.7</li> <li>•Depreciation and amortization -135.4</li> <li>•Cash and time deposits -37.8</li> </ul>
<b>Liabilities</b>	<b>5,468.1</b>	<b>5,691.0</b>	<b>-222.8</b>	<ul style="list-style-type: none"> <li>•Interest bearing debt -95.7</li> <li>•Accounts payable and accrued expenses -96.3</li> </ul>
<b>Net assets</b>	<b>845.0</b>	<b>742.0</b>	<b>+103.0</b>	<ul style="list-style-type: none"> <li>•Net income +101.6</li> </ul>

# Consolidated statements of cash flows

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(billion yen)	4/16-9/16	4/15-9/15	Change	Breakdown
<b>Operating activities</b>	237.7	223.5	+14.2	<ul style="list-style-type: none"> <li>· Decrease in fossil-fuel costs +136.7</li> <li>· Decrease in electricity sales revenues -158.6</li> </ul>
<b>Investing activities</b>	-151.2	-216.2	+65.0	<ul style="list-style-type: none"> <li>· Decrease in expenses purchase of property +55.4</li> </ul>
<b>(Free cash flows)</b>	(86.5)	(7.3)	(+79.2)	
<b>Financing activities</b>	-123.9	-211.6	+87.7	<ul style="list-style-type: none"> <li>· Decrease in the amount of reduction of interest-bearing debt +87.6</li> <li>(4/15-9/15: -209.0 ⇒ 4/16-9/16: -121.4)</li> </ul>

# Interest-bearing debt (non-consolidated)

14

(billion yen)	Sep. 30, 2016	Mar. 31, 2016	Change (*)
<b>Bonds</b>	1,352.6	1,402.6	-49.9 (+ 120.0, -170.0)
<b>Borrowings</b>	2,013.0	2,093.8	-80.7 (+ 294.3, -375.0)
<b>Long-term</b>	1,883.0	1,963.8	-80.7 (+ 164.3, -245.0)
<b>Short-term</b>	130.0	130.0	— (+ 130.0, -130.0)
<b>Commercial paper</b>	35.0	—	+35.0 (+ 133.0, -98.0)
<b>Interest-bearing debt</b>	3,400.7	3,496.5	-95.7

<b>Interest rate (%)</b> (as of fiscal year-end)	1.13	1.23	-0.10
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(\*) + (plus) in the bracket means financing, - (minus) in the bracket means repayment.

# Actual supply and demand (Sending end)

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(GWh)		4/16-9/16	Composition ratio	4/15-9/15	Composition ratio	Change
<b>K E P C O</b>	<b>Hydro</b>	<b>7,485</b>	<b>16%</b>	<b>8,994</b>	<b>18%</b>	<b>-1,509</b>
	<b>Thermal</b>	<b>39,837</b>	<b>85%</b>	<b>40,559</b>	<b>82%</b>	<b>-722</b>
	<b>Nuclear</b>	<b>-228</b>	<b>0%</b>	<b>-213</b>	<b>0%</b>	<b>-15</b>
	<b>New energy sources</b>	<b>45</b>	<b>0%</b>	<b>49</b>	<b>0%</b>	<b>-4</b>
	<b>KEPCO Total</b>	<b>47,140</b>	<b>100%</b>	<b>49,390</b>	<b>100%</b>	<b>-2,250</b>
<b>Other-utility companies</b>		<b>17,803</b>		<b>18,983</b>		<b>-1,179</b>
<b>Captive use by hydropower</b>		<b>-1,070</b>		<b>-864</b>		<b>-205</b>
<b>Total</b>		<b>63,874</b>		<b>67,508</b>		<b>-3,635</b>

\* Some rounding errors may be observed.

\* "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 year <sup>16</sup>

### 【Maintenance Costs】

(Billion yen)	4/16-9/16	4/15-9/15	Change	Breakdown
<b>Power sources</b>	<b>39.6</b>	<b>32.0</b>	<b>+ 7.6</b>	Increase in thermal +10.3 Decrease in nuclear -2.0
<b>Distribution</b>	<b>46.3</b>	<b>38.8</b>	<b>+ 7.4</b>	Increase in power distribution +6.0
<b>Other</b>	<b>0.8</b>	<b>0.9</b>	<b>-0.1</b>	

### 【Depreciation】

(Billion yen)	4/16-9/16	4/15-9/15	Change	Breakdown
<b>Power sources</b>	<b>62.0</b>	<b>64.5</b>	<b>-2.5</b>	Decrease in thermal -3.4 Increase in nuclear +1.1
<b>Distribution</b>	<b>65.0</b>	<b>66.6</b>	<b>-1.5</b>	Decrease in power transmission -0.7 Decrease in power distribution -0.4
<b>Other</b>	<b>7.4</b>	<b>7.8</b>	<b>-0.4</b>	

# Profit and loss by business segment

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(billion yen)			4/16-9/16	4/15-9/15	Change	Breakdown
Comprehensive Energy / Power Transmission and Distribution	Electric Power	Sales to non-group companies	1,303.5	1,422.7	-119.2	
		Ordinary income	132.8	145.8	-13.0	
	Gas/ Other energies	Sales to non-group companies	43.6	54.5	-10.8	・Decrease in sales price(gas)  ・The increase is attributable to the completion of photovoltaic power plant.
		Ordinary income	13.0	10.8	+2.2	
	Total	Sales to non-group companies	1,347.2	1,477.3	-130.0	
		Ordinary income	145.8	156.6	-10.8	
IT/Communications		Sales to non-group companies	89.1	85.1	+4.0	・Increase in FTTH,MVNO subscribers ・The increase is attributable to the start of retail electricity sales service.  ・Increase in cost of MVNO ・Increase in retail electricity sales service cost
		Ordinary income	8.6	9.1	-0.4	
Real Estate/Life		Sales to non-group companies	42.6	43.2	-0.6	・Decrease in the number of housing units sold  ・The increase is attributable to the full-year operation of a building opened in the previous year.
		Ordinary income	6.8	6.4	+0.4	
Other		Sales to non-group companies	36.2	35.2	+1.0	・Increase in construction order receipt
		Ordinary income	5.2	6.2	-1.0	

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

<Reference>

(billion yen)			4/16-9/16	4/15-9/15	Change	Breakdown
International Business	Profit		-1.6	2.6	-4.2	·Decrease in dividend income, etc. ·Decrease in loans, etc. due to stronger yen

# Prospective Profit and Loss by Business Segment

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(billion yen)			4/16-3/17 (Forecasts)	4/15-3/16 (Results)	Change	Breakdown
Comprehensive Energy / Power Transmission and Distribution	Electric Power	Sales to non-group companies	—	2,795.7	—	
		Ordinary income	—	190.2	—	
	Gas/ Other energies	Sales to non-group companies	91.0	104.2	-13.2	・Decrease in sales volume and price(gas)
		Ordinary income	12.0	17.9	-5.9	
	Total	Sales to non-group companies	—	2,900.0	—	
		Ordinary income	—	208.1	—	
IT/Communications		Sales to non-group companies	183.0	174.8	+8.2	・Increase in FTTH,MVNO subscribers ・The increase is attributable to the start of retail electricity sales service.
		Ordinary income	14.0	15.1	-1.1	・Increase in cost of MVNO ・Increase in retail electricity sales service cost
Real Estate/Life		Sales to non-group companies	98.0	95.6	+2.4	・ Increase in housing unit selling prices
		Ordinary income	9.0	11.0	-2.0	・Increase in cost including housing sales expenses
Other		Sales to non-group companies	—	75.8	—	
		Ordinary income	—	25.4	—	

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

## <Reference>

(billion yen)			4/16-3/17 (Forecasts)	4/15-3/16 (Results)	Change	Breakdown
International Business	Profit		-2.0	2.5	-4.5	· Decrease in dividend income, etc. · Increase in development cost ·Decrease in loans, etc. due to stronger yen

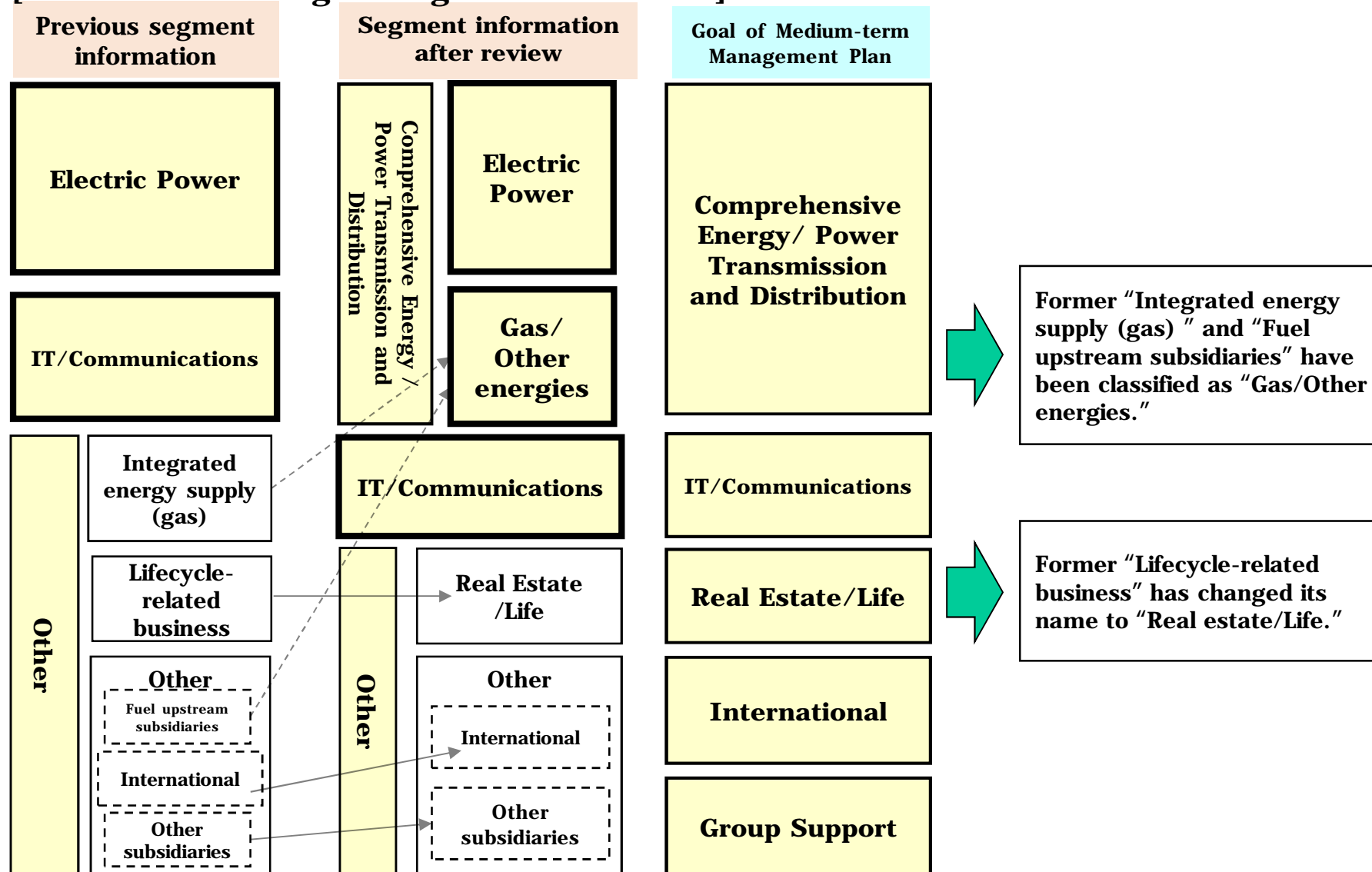
# Comparison list of old and new reporting segments

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## [Reason of the change of segment information]

- Segment information has been changed since the 1Q of FY 2016 as business managerial unit was reviewed to promote our Medium-term Management Plan.

## [Outline of the change of segment information]



\*Thick-bordered boxes are reporting segments.

# New electricity rate menu in Kansai Area "e-Money Saving Plan"

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- Kepco has set a new electricity rate menu to expand our customers' choice and continue to be chosen by more customers in a competitive market after full liberalization of electricity retail sales business (Contract will start in October 2016).
- This is a rate menu offering attractive discount especially for customers using electricity of roughly 300 kWh and more.

## Unit prices

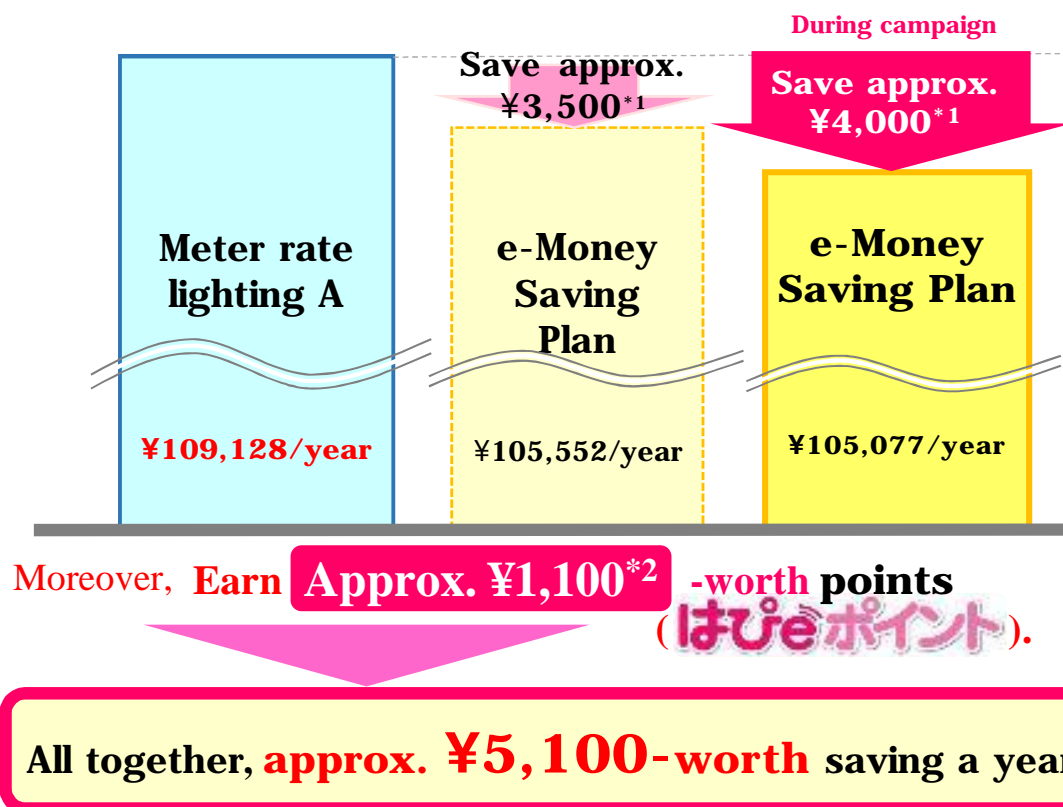
(Yen/Contract, Yen/ kW, Yen/ kWh, including tax)

Basic rate	Up to first 6 kW	1,188.00
	Per 1 kW after 6 kW	388.80
Electricity volume-based rate	Per 1 kW up to first 300 kWh	22.01
	Per 1 kW after 300 kWh	32.29

### ★ Limited-time-only campaign ★

Your electricity bill until March 2017 will be reduced **further 1%!**

## When used 350 kWh per month



\*1 (Conditions of trial calculation)

• Fuel cost adjustment amount, amount of charge to promote renewable energy generation and consumption tax equivalent amount for August 2016 are included. Bank transfer discount is not applied.

• Amount of savings on electric bill for full year is obtained by annualizing monthly charge calculated based on the above condition (Amount of savings on electric bill for full year in consideration of the limited-time-only campaign is calculated by applying discount to electric rate for 5 months), and actual amount of savings will vary depending on how electricity is used.

\*2 Hapi e-Points worth approx. ¥1,100/year are earned when your electric rate is ¥8,000-11,999/month throughout the year, you log in to "Hapi e-Miruden" every month and use energy-saving advice service, etc.

\* Conditions of trial calculation are as of July 27, 2016 when they were published.

\* Excerpt from documents published on July 27, 2016

# New electricity rate menu and services in Tokyo Metropolitan area 21

- We started sales of electricity to customers with low-pressure supply contract such as households in the Tokyo metropolitan area on July 1, 2016.
- In the Tokyo metropolitan area, we have been selling electricity in the already liberated special high-pressure and high-pressure corporate sectors mainly through "Kanden Energy Solutions (Kenes)," one of our group companies. Many of electricity users have chosen us.
- From now on, we will deliver money-saving price menu and convenient services as shown below to low-pressure supply customers including households.

Aiming to be chosen by 100,000 household customers in three years until the end of FY 2018, we will step up efforts toward "Sales of 10 billion kWh mainly in the Tokyo metropolitan area in 10 years (until 2025)" as stated in the "KEPCO Group Medium-term Management Plan."

## New price menu and services in the Tokyo metropolitan area



## About はぴえプラス <Unit prices>

(Yen/Contract, Yen/kW, Yen/kWh, including tax)

Basic rate	Up to first 6 kW	1,188.00
	Per 1 kW after 6 kW	388.80
Electricity volume-based rate	Per 1 kWh up to first 300 kWh	21.78
	Per 1 kWh after 300 kWh	30.24

Save approx. **¥4,800 (-4%)** a year!

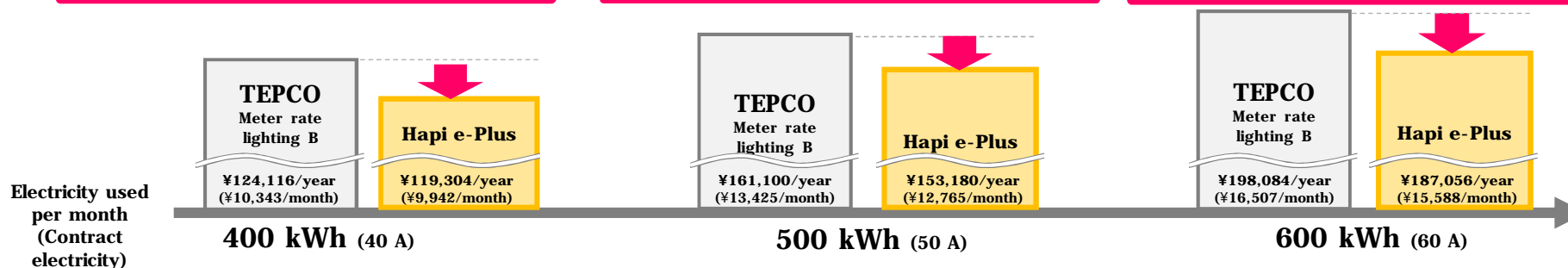
**はぴえポイント** Earn ¥1,000-worth points!

Save approx. **¥7,900 (-5%)** a year!

**はぴえポイント** Earn ¥1,000-worth points!

Save approx. **¥11,000 (-6%)** a year!

**はぴえポイント** Earn ¥1,000-worth points!



Trial calculation includes fuel cost adjustment amount for July 2016, amount of charge to promote renewable energy generation calculated with a unit price effective May 2016 onward and consumption tax equivalent amount.

Regarding prices of TEPCO Energy Partner, amount of savings on electric bill after June 1, 2016, which reflects tax increase as a measure to cope with global warming, is calculated with a unit price applied to electricity used and does not include bank transfer discount.

"Hapi e-Points" worth ¥1,000/year are earned when your electric rate is ¥8,000-15,999/month throughout the year and you log in to "Hapi e-Miruden" every month.

"Hapi e-Kurashi Support" shows a rate when monthly charge of ¥300 (without tax) becomes free of charge for 9 months by using the campaign benefits.

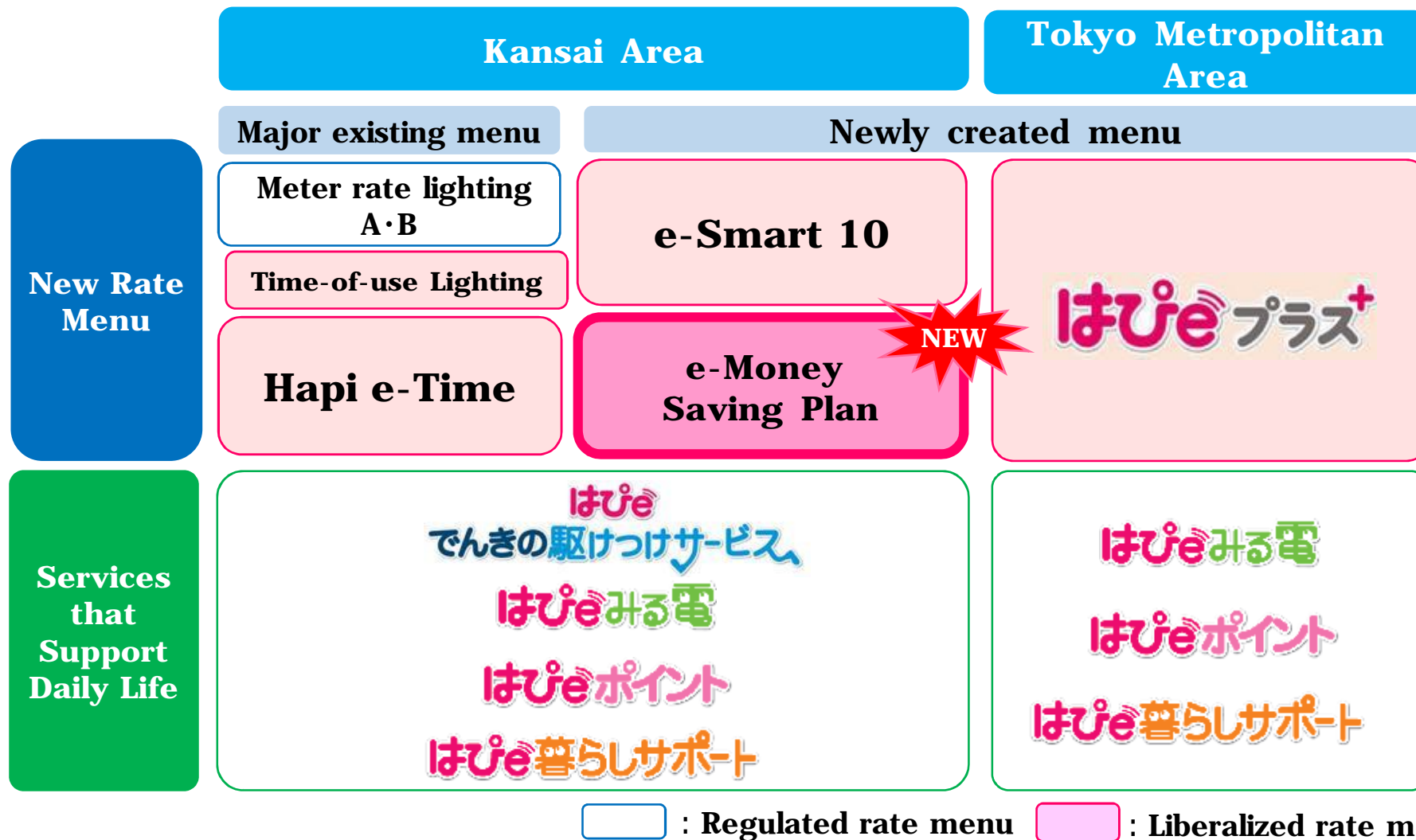
\* Conditions of trial calculation are as of May 30, 2016 when they were published.

\* Excerpt from documents published on May 30, 2016

# Kepeco Group's efforts in competitive markets

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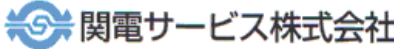
In addition to the efforts shown below, Kepeco will continue to consider bundled sale of electricity and gas and other attractive rate menus and services for its customers toward full liberalization of gas retail business starting in April 2017.



Furthermore, Kepeco offers "eo DENKI" through its group company, K-Opticom, and "au Denki" through business alliance with KDDI.

- As we start delivering our gas from April 2017 to customers who are in the sector to be newly liberalized, we will enhance our sales and security systems in the gas retail business. As of September 13, 2016, we have signed business alliance agreement as follows. Going forward, we will examine sales method leveraged by customer base and advantages of respective companies.

## [Business Alliance Partners ]

Corporate Name	Founded	Head Office Address	Main Business	Alliance in
<b>Iwatani Corporation</b>  岩谷産業株式会社	February 1945	6-4, Hommachi 3-chome, Chuo-ku, Osaka	Energy, industrial gas, machinery, materials, etc.	<div>Proposal activity</div> <div>Security</div>
<b>KDDI Corporation</b> <i>Designing The Future</i> 	June 1984	3-10-10, Iidabashi, Chiyoda-ku, Tokyo	Mobile communications, fixed communications, content business, etc.	<div>Proposal activity</div>
<b>Chuo Electric Power Co., Ltd.</b> 	November 1994	OSE Building 23F, 1-8-16, Kitahama, Chuo-ku, Osaka	Electric power supply for collective housing, electric power retail service, etc.	<div>Proposal activity</div>
<b>K-Opticom Corporation*</b> 	April 1988	3-3-23, Nakanoshima, Kita-ku, Osaka	Telecommunications, electric power retail service, etc.	<div>Proposal activity</div>
<b>Kanden Services Co., Inc.*</b> 	June 1985	5-14-10, NishiTenma, Kita-ku, Osaka	Inspection, research and meter reading of customers' electrical facilities in electric power business, etc.	<div>Security</div>

\* Kepco's group company

\* Excerpt from documents published on September 13, 2016

**We aim to sell more than 200,000 customers who are in the sector to be newly liberalized in the first year (FY 2017).**

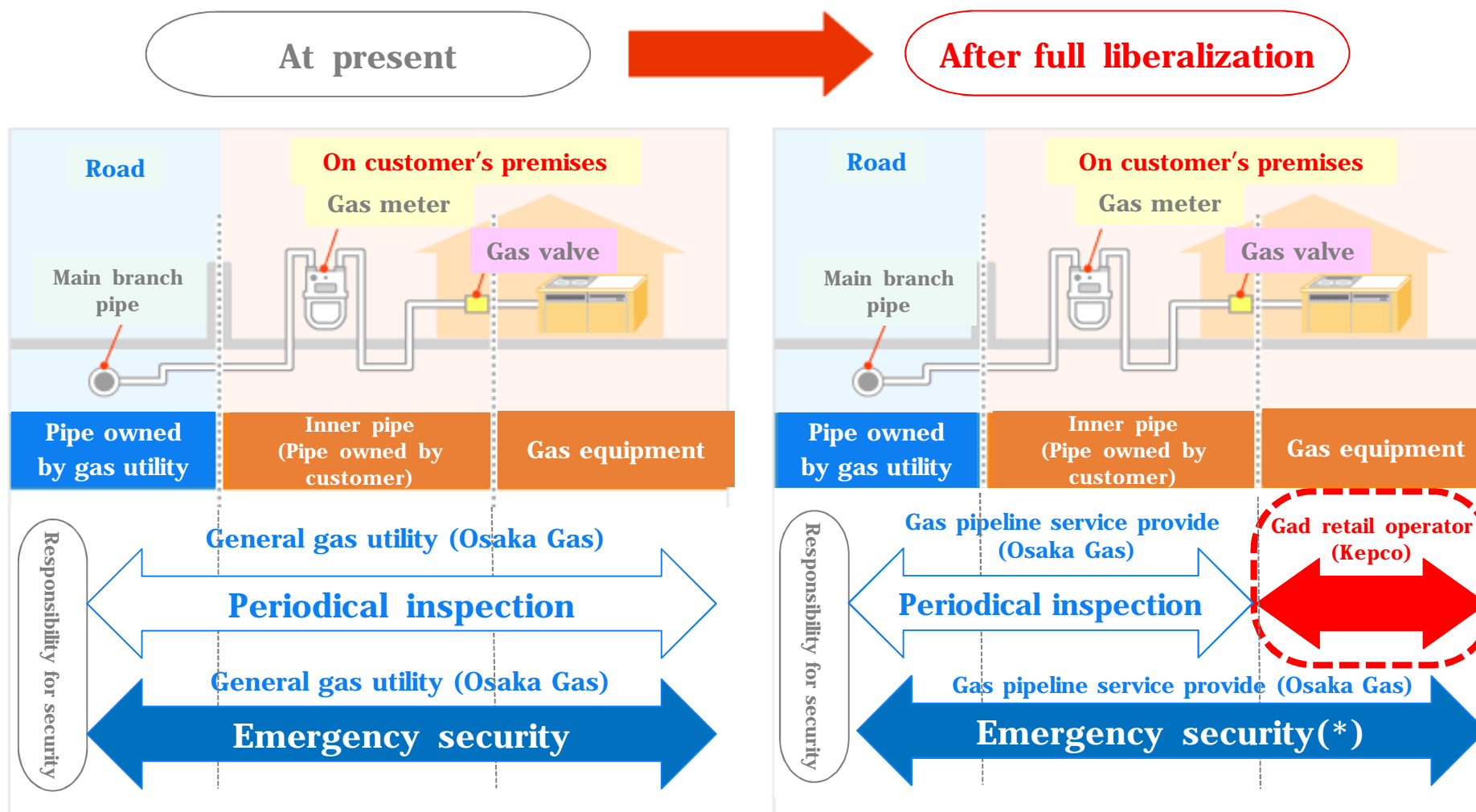


# (Reference) Outline of the scope of gas security

(for customers in the household and other areas to be newly liberalized)

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- After the full liberalization of gas retail market of April 2017, Kepco and other gas retail operators will be responsible for periodical check of gas cooker, gas powered hot-water heater and other gas equipment. Kepco will strive to ensure safe and secured use of gas for customers in cooperation with its business partners.



\* In case of emergency such as gas leakage, Osaka Gas will respond as usual, and Kepco will cooperate and work with them.

\* Excerpt from documents published on September 13, 2016

# Overseas investment projects

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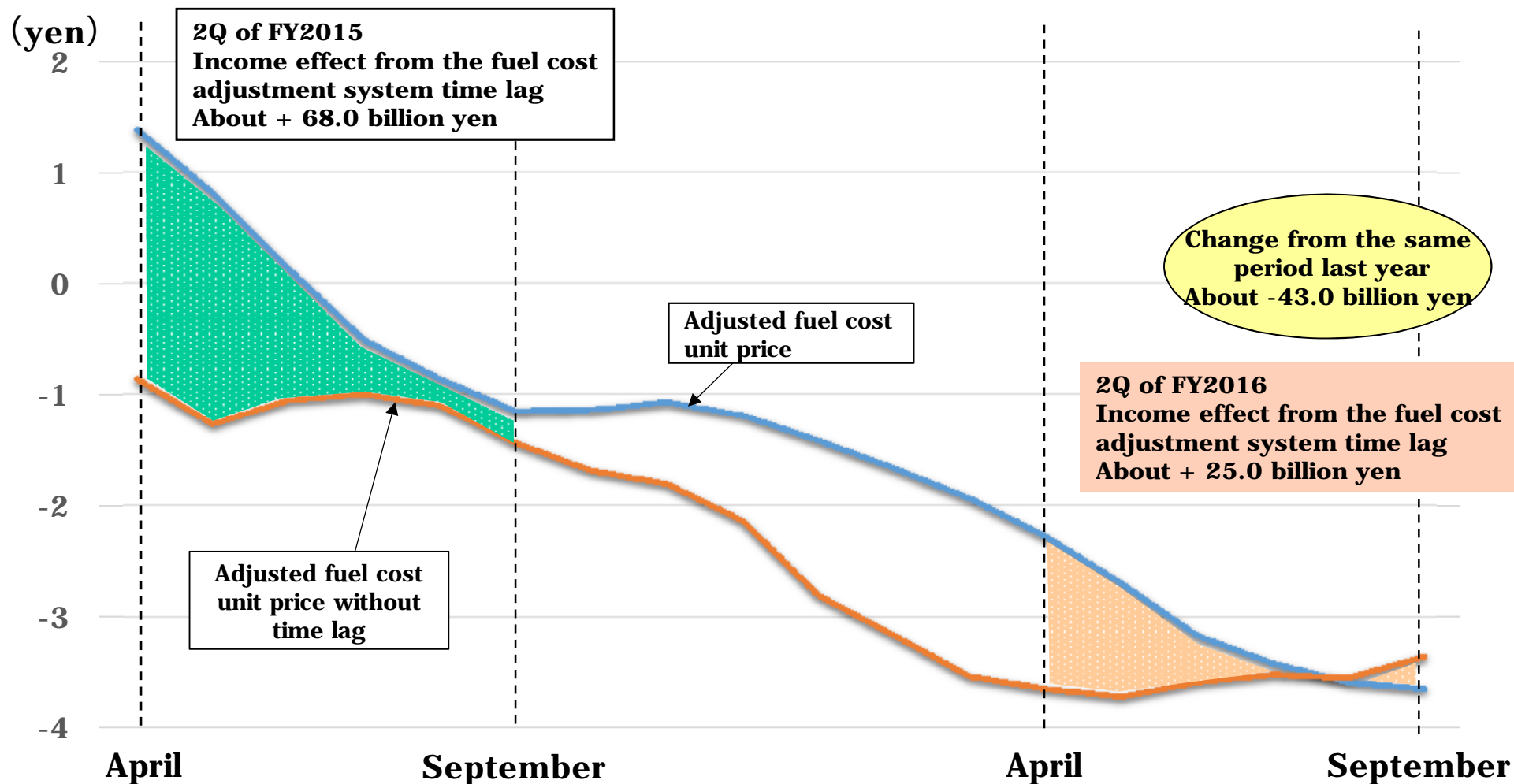
- Total output by KEPCO's investment: Approx. 2.09 million kW. (including those under acquisition procedures)
- Of which, total investment amount to 6 projects in operation is approx. 60 billion yen. (70% collected by dividends, etc.)

Project Title			Start of operation, etc. (schedule)	Total output (MW) [A]	KEPCO's investment (%) [B]	Output by KEPCO's investment (MW-equivalent) [A] × [B]
In operation	Philippines	San Roque Hydropower	2003/05	436	50	218
	Thailand	Rojana Electricity and Heat Supply	1999/05	505 (including those under development)	39	197 (including those under development)
	Taiwan	Ming Jian Hydropower	2007/09	16.7	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
Under acquisition procedures	USA	Empire Thermal power generation business	2010/9	635	25	159
Under development	Indonesia	Rajamandala Hydropower	Scheduled in 2017	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

# Time lag from the fuel cost adjustment system

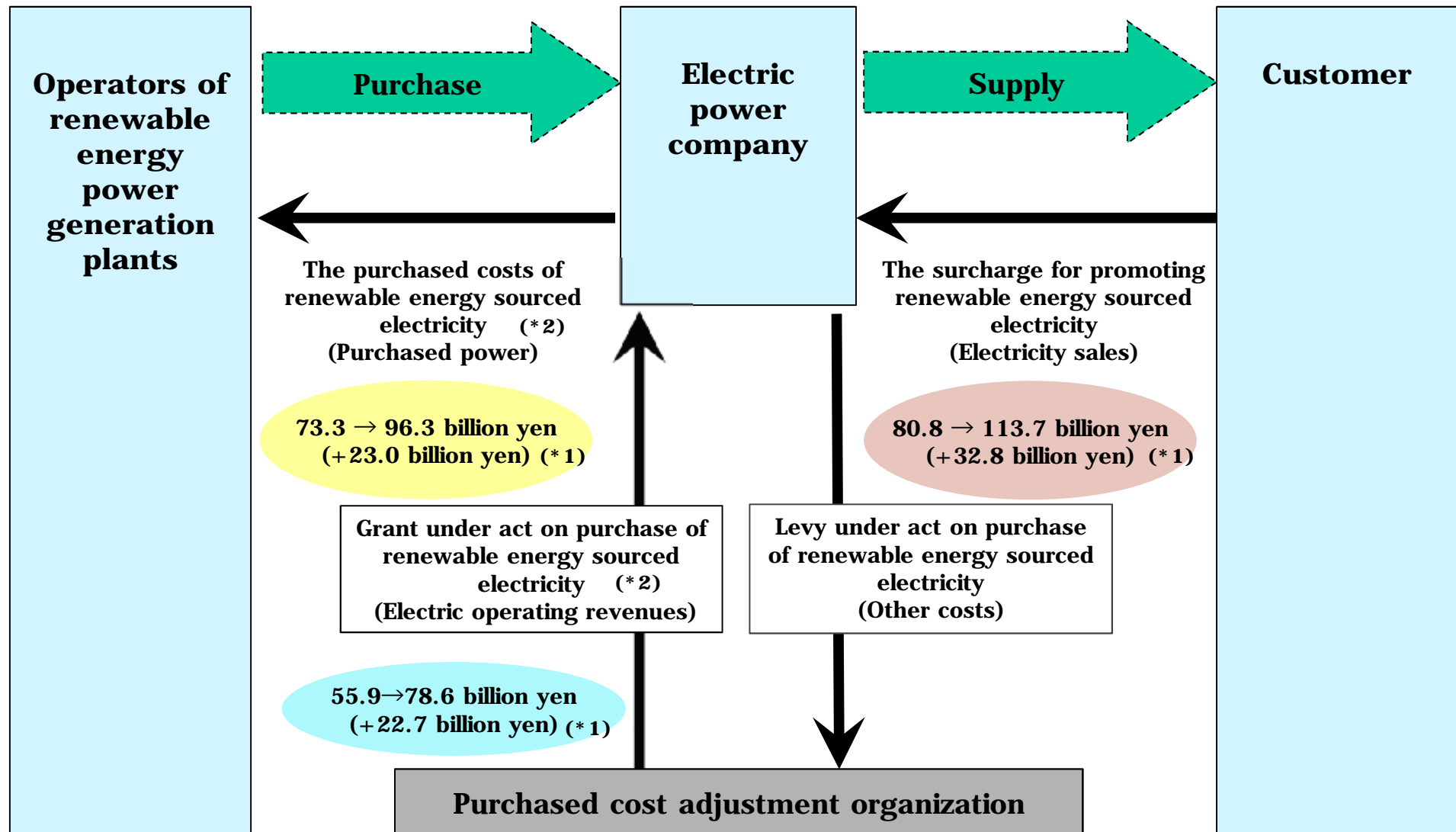
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- The fuel cost adjustment system is a mechanism utilized to reflect, in the electricity rates, the impact of fluctuations in the exchange rate and the market price of fuel on thermal fuel costs.
- The fluctuation in each month's fuel price is reflected in the adjusted fuel cost unit price with a 3 to 5 month time lag. A disparity (time lag) will therefore occur in the timing at which the fuel costs and the adjusted fuel cost unit price are reflected, and can thus be a factor in a temporary increase or decrease in income.



# Framework of feed-in tariff scheme for renewable energy

27



\*1. 2Q of FY ending 3/2016 → 2Q of FY ending 3/2017 (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.

# Strengthening competitiveness on thermal power generation

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	Himeji Second Power Plant		Aioi Power Plant (Unit 1, 3)		Ako Power Plant (Unit 1, 2)	
	before	after	before	after	before	after
<b>Approach</b>	Upgrading to a combined-cycle power generation system		Conversion to dual fuel fired thermal power station (Oil and LNG)		Retrofitting fossil-fuel power stations for coal	
<b>Capacity</b>	2,550MW (250~600MW×6)	2,919MW(*) (486.5MW×6)	750MW (375MW×2)	750MW (375MW×2)	1,200MW (600MW×2)	1,200MW (600MW×2)
<b>Fuel</b>	LNG		Heavy oil and Crude oil	Heavy oil, Crude oil and LNG	Heavy oil and Crude oil	Coal
<b>Commencement of operation</b>	#1 : 1963/10 ~ #6 : 1973/11	#1 : 2013/8 ~ #6 : 2015/3	#1 : 1982/9 #3 : 1983/1	#1 : 2016/5 #3 : 2016/8	#1 : 1987/9 #2 : 1987/12	#1 : FY2020 #2 : FY2021 (scheduled)

\* Installation of a pressure plate after emergency countermeasures were implemented has resulted in an output of 2,886 MW (481 MW × 6 units).

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

29

## Management Direction

1. Become a highly profitable business 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 10Years】

After 10 years (2025)

Before the Earthquake

International/  
Group business

**1**

Comprehensive energy/Power  
Transmission and distribution business

**:**

**2**

Group Support Bussiness

**20 billion yen**

Comprehensive energy/  
Power Transmission and  
distribution business

**200 billion yen or more**

Real Estate/Life business

**30 billion yen**

Information and Communication business  
(IT/communication)

**30 billion yen**

International business

**30 billion yen**

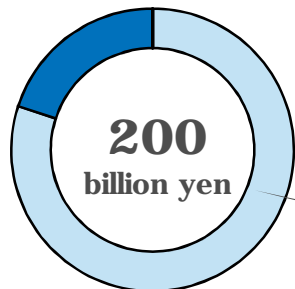
International/  
group businesses

**1**

Comprehensive energy/  
Power Transmission and  
distribution business

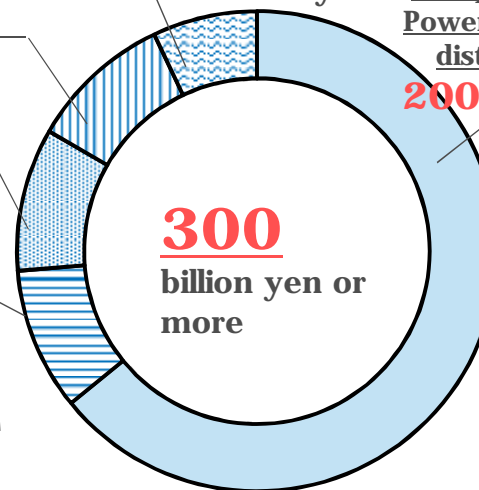
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**4**



**1.5** times or more

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



## □ Financial goals [Consolidated base]

Item	2018 fiscal year (3 years later)	2025 fiscal year (10 years later)
Ordinary income	<b>200</b> billion Yen	<b>300</b> billion Yen
Equity ratio	Approx. <b>20%</b>	Approx. <b>30%</b>
ROA (※)	Approx. <b>3.5%</b>	Approx. <b>4%</b>

(※) 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.

Currently, we are making efforts to restart our nuclear power plants and streamline management for the early resumption of dividends.

# Financial/corporate data (1)

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## <Consolidated>

		3/10	3/11	3/12	3/13	3/14	3/15	3/16	9/15	9/16
<b>Statement of operations</b>										
Operating revenues	billion yen	2,606.5	2,769.7	2,811.4	2,859.0	3,327.4	3,406.0	3,245.9	1,640.7	1,515.3
Operating income or loss	billion yen	227.6	273.8	-229.3	-314.0	-71.7	-78.6	256.7	175.7	168.3
Ordinary income or loss	billion yen	193.1	237.9	-265.5	-353.1	-111.3	-113.0	241.6	167.1	160.9
Extraordinary profit	billion yen	—	—	—	—	—	—	—	—	—
Extraordinary loss	billion yen	—	37.1	—	—	—	—	—	—	—
Net income or loss(※)	billion yen	127.1	123.1	-242.2	-243.4	-97.4	-148.3	140.8	112.5	119.3

(※)The consolidated net income means the net income attributable to owners of the parent company.

## Balance sheets

Total assets	billion yen	7,116.6	7,310.1	7,521.3	7,635.1	7,777.5	7,743.3	7,412.4	7,477.8	7,273.3
Shareholders' equity	billion yen	1,789.4	1,832.4	1,529.8	1,278.1	1,213.1	1,060.2	1,201.8	1,190.3	1,307.0
Interest-bearing debt	billion yen	3,391.6	3,409.8	3,864.9	4,210.2	4,396.8	4,315.2	3,938.2	4,106.6	3,811.0
Shareholders' equity ratio	%	25.0	24.8	20.1	16.5	15.3	13.4	15.9	15.6	17.7

## Capital expenditures

Capital expenditures	billion yen	430.5	455.5	420.6	435.2	418.9	420.6	369.3	158.3	128.0
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## Financial data

Net income/loss per share (EPS)	yen	140.24	137.66	-271.12	-272.43	-109.01	-166.06	157.59	125.91	133.58
ROA (※)	%	3.5	4.0	-2.9	-3.9	-0.7	-0.7	3.9	—	—
Operational cash flow	billion yen	667.1	610.5	43.8	142.6	347.7	447.6	595.1	223.5	237.7
Free cash flow	billion yen	189.3	62.5	-364.4	-287.9	-3.2	59.0	204.2	7.3	86.5

(※) The rate of business profit on total assets = business profit ( ordinary income + interest expense ) / total assets ( average amount of the beginning and end of fiscal year )

## Profit distribution to shareholders

Total amount of dividend	billion yen	54.3	53.6	53.6	—	—	—	—	—	—
Share-buyback	billion yen	16.9	15.9	—	—	—	—	—	—	—
Total distribution (※)	billion yen	70.3	53.6	53.6	—	—	—	—	—	—
The rate of total distribution on net assets	%	4.0	3.0	—	—	—	—	—	—	—

(※) ( total amount of dividend for Fiscal year (N) ) + ( share-buyback for Fiscal year (N+1) )

## Employees

Employees		32,083	32,418	32,961	33,537	33,657	33,539	33,089	33,545	33,206
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# Financial/corporate data (2)

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## <Non-consolidated>

		3/10	3/11	3/12	3/13	3/14	3/15	3/16	9/15	9/16
<b>Statement of operations</b>										
Operating revenues	billion yen	2,347.4	2,475.9	2,503.1	2,520.7	2,958.2	3,032.4	2,868.2	1,406.7	1,331.5
Operating income or loss	billion yen	177.1	225.1	-276.6	-363.3	-116.8	-130.8	208.5	153.1	144.3
Ordinary income or loss	billion yen	146.5	202.4	-302.0	-392.5	-122.9	-159.6	200.1	152.8	136.5
Extraordinary profit	billion yen	—	—	—	—	—	—	—	—	—
Extraordinary loss	billion yen	—	36.2	—	—	—	—	—	—	—
Net income	billion yen	92.5	103.3	-257.6	-272.9	-93.0	-176.7	118.5	105.1	101.6
Net income/loss per share (EPS)	yen	102.00	115.47	-288.25	-305.35	-104.15	-197.72	132.63	117.66	113.76

## Balance sheets

Total assets	billion yen	6,275.5	6,457.5	6,660.4	6,757.6	6,916.2	6,768.9	6,433.0	6,506.9	6,313.2
Shaholders' equity	billion yen	1,477.6	1,494.8	1,183.5	894.9	806.6	638.8	742.0	736.8	845.0
Interest-bearing debt	billion yen	2,946.6	2,943.6	3,430.1	3,774.1	3,954.7	3,875.2	3,496.5	3,653.9	3,400.7
Shaholders' equity ratio	%	23.5	23.1	17.8	13.2	11.7	9.4	11.5	11.3	13.4
Interest rate as of fiscal year-end	%	1.62	1.55	1.45	1.38	1.30	1.27	1.23	1.26	1.13
Interest rate during fiscal year	%	1.66	1.57	1.47	1.37	1.34	1.29	1.25	1.26	1.16

## Major factors

All japan CIF crude oil price	\$/b	69.4	84.2	114.2	113.9	110.0	90.4	48.7	58.9	43.8
Exchange rate [TTM]	yen/\$	93	86	79	83	100	110	120	122	105
Nuclear capacity factor	%	77.0	78.2	37.6	17.7	10.9	0.0	1.0	0.0	0.0
Water run-off ratio	%	103.2	109.1	110.5	95.3	100.1	104.2	112.9	109.5	89.7
Interest rate [long-term prime rate]	%	1.87	1.50	1.45	1.24	1.24	1.15	1.11	1.14	0.94

## Sensitivity of Major factors

All japan CIF crude oil price (\$1/b)	billion yen	3.8	3.3	6.9	7.9	9.6	10.6	9.8	5.1	3.6
Exchange rate [TTM] (1yen/\$)	billion yen	4.3	5.2	12.4	13.4	13.0	12.2	6.6	3.4	2.9
Nuclear capacity factor (1%)(※)	billion yen	5.2	5.0	9.4	9.5	11.3	11.9	6.2	3.9	2.2
Water run-off ratio (1%)	billion yen	0.9	0.9	1.5	1.6	1.9	1.9	1.2	0.8	0.5
Interest rate [long-term prime rate] (1%)	billion yen	3.7	4.4	5.6	6.3	5.3	5.7	5.3	2.4	2.7

(※)The sensitivity of nuclear capacity factor per 1% for FY2014 and before was calculated based on the capacity before decommissioning of Mihama Nuclear Power Station Units 1 and 2.

## Employees

Employees		20,217	20,277	20,484	20,714	20,813	20,628	19,914	20,241	19,808
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# Financial/corporate data (3)

33

## <Non-Consolidated(Billion yen)>

Revenues and Expenses	3/10	3/11	3/12	3/13	3/14	3/15	3/16	9/15	9/16
Ordinary revenues	2,373.2	2,505.5	2,532.2	2,546.7	3,008.0	3,074.7	2,913.3	1,485.4	1,348.7
(Operating revenues)	(2,347.4)	(2,475.9)	(2,503.1)	(2,520.7)	(2,958.2)	(3,032.4)	2,868.2	(1,460.7)	1,331.5
Electricity sales	2,229.4	2,347.6	2,338.6	2,354.2	2,751.6	2,784.1	2,594.0	1,320.2	1,167.7
Others	143.7	157.9	193.5	192.5	256.3	290.5	319.3	165.1	180.9
Ordinary expenses	2,226.6	2,303.1	2,834.2	2,939.3	3,130.9	3,234.3	2,713.2	1,332.6	1,212.1
Personnel	236.3	238.7	236.0	231.2	198.1	195.9	196.7	113.1	108.9
Fuel	351.4	387.4	776.8	919.8	1,159.2	1,186.5	710.3	368.3	238.3
Backend expenses of nuclear power	102.0	93.9	73.4	57.7	52.8	42.9	37.6	18.2	17.3
Maintenance	286.2	275.8	272.5	202.6	178.5	184.6	185.3	71.8	86.8
Taxes other than income taxes	145.9	152.8	148.8	145.6	149.8	148.4	148.0	74.2	76.7
Depreciation	322.8	339.6	316.9	294.7	298.3	298.1	281.7	139.0	134.5
Purchased power	352.9	378.2	530.3	567.9	554.9	571.1	493.5	266.5	243.1
Interest expenses	49.7	46.9	46.3	49.9	51.5	50.6	46.7	23.9	24.0
Others	379.1	389.3	432.9	469.6	487.5	555.8	612.9	257.2	282.1
Ordinary income or loss	146.5	202.4	-302.0	-392.5	-122.9	-159.6	200.1	152.8	136.5

# Financial/corporate data (4)

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## <Non-consolidated CAPEX (billion yen)>

	3/10	3/11	3/12	3/13	3/14	3/15	3/16	9/15	9/16
Power generating facilities	133.1	165.2	129.4	157.2	184.7	145.8	116.2	38.6	29.9
Transmission	40.2	40.9	37.7	40.4	36.6	40.3	41.0	19.4	15.1
Transformation	39.6	40.2	37.6	34.3	33.1	36.1	34.5	13.3	16.9
Distribution	31.4	30.1	29.9	28.9	25.4	26.0	28.3	14.4	10.6
Others	31.4	26.4	29.5	35.8	22.4	22.6	16.8	4.2	3.8
Sub total	275.7	302.8	264.1	296.6	302.2	270.8	237.0	90.1	76.5
Nuclear fuel	44.5	58.2	55.0	37.8	22.8	29.0	16.4	4.6	3.9
Total	320.2	361.0	319.1	334.4	325.0	299.8	253.4	94.7	80.5
Other business	1.4	1.1	0.8	0.1	-	0.2	0.7	0.3	1.2
Grand Total	321.6	362.1	319.9	334.5	325.0	300.0	254.1	95.1	81.7

# Financial/corporate data (5)

35

## <Total Power Generation(TWh)>

( ): composition ratio, %

	9/16
Hydro	7.5( 16)
Oil/others	3.8( 8)
LNG	30.2( 64)
Coal	5.8( 12)
KEPCO Total	39.8( 85)
Nuclear	-0.2( 0)
New energy sources	0( 0)
Total	47.1(100)
Other-non-utilitycompanies	17.8
Captive use by hydropower	-1.1
Total	63.9

\* Kepco's FY 2016 figures represent sending end.

\* Some rounding errors may be observed.

\* "Other-non-utilitycompanies" does not include imbalance electric energy, which is not yet determined as at the end of the term.

## <Total Power Generation(TWh)>

( ): composition ratio, %

	3/10	3/11	3/12	3/13	3/14	3/15	3/16	9/15
Hydro	14.0( 11)	15.1( 11)	15.0( 12)	13.0( 11)	13.3( 12)	13.6( 12)	14.8( 15)	9.0( 18)
Oil/others	6.1( 5)	5.6( 4)	19.1( 16)	23.6( 20)	27.0( 23)	19.5( 18)	15.2( 15)	7.2( 14)
LNG	32.1( 26)	31.5( 24)	43.7( 36)	49.3( 43)	52.5( 46)	62.3( 57)	58.4( 57)	27.8( 54)
Coal	4.7( 4)	12.3( 9)	12.4( 10)	14.0( 12)	12.8( 11)	13.4( 12)	12.9( 13)	7.0( 14)
KEPCO Total	42.9( 35)	49.4( 38)	75.2( 61)	86.9( 75)	92.2( 80)	95.2( 87)	86.5( 85)	42.0( 82)
Nuclear	65.9( 54)	67.0( 51)	32.3( 26)	15.2( 13)	9.3( 8)	0( 0)	0.8( 1)	0( 0)
New energy sources	0.1( 0)	0.1( 0)	0.1( 0)	0.1( 0)	0.1( 0)	0.1( 0)	0.1( 0)	0.1( 0)
Total	122.9(100)	131.5(100)	122.6(100)	115.1(100)	114.9(100)	108.8(100)	102.3(100)	51.1(100)
Other-non-utilitycompanies	29.0	30.4	33.0	33.9	36.0	35.7	35.5	18.1
Other-utilitycompanies	4.8	5.5	5.0	6.0	2.9	2.8	1.3	0.9
Captive use by hydropower	-2.1	-2.8	-2.1	-1.7	-1.6	-1.4	-1.1	-0.9
Total	154.6	164.6	158.6	153.3	152.2	145.9	138.1	69.2

\* Kepco's figures of FY 2015 and older represent generating end.

\* Some rounding errors may be observed.

\* Regarding generated and purchased electric power, Kepco-generated electric power represents generating-end figures, while purchase from Other-non-utility companies and Other-utility companies represents receiving-end figures.

\* Electricity of PPS is included in purchased electricity from other companies.

## <Power source combination (10MW)>

( ): composition ratio, %

	3/10	3/11	3/12	3/13	3/14	3/15	3/16
Hydro	891( 22)	891( 22)	891( 22)	892( 22)	892( 21)	894( 21)	897( 19)
Fossil-firec Oil/others	864( 21)	864( 21)	864( 21)	864( 21)	853( 20)	857( 20)	874( 19)
LNG	811( 20)	776( 19)	779( 19)	786( 19)	872( 21)	1,018( 24)	1,018( 22)
Coal	426( 11)	512( 13)	499( 12)	499( 12)	499( 12)	499( 12)	507( 11)
Total	2,101( 52)	2,153( 53)	2,142( 53)	2,149( 53)	2,224( 53)	2,374( 55)	2,399( 52)
Nuclear	1,033( 26)	1,033( 25)	1,033( 25)	1,033( 25)	1,033( 25)	1,015( 23)	966( 21)
New energy sources	—	—	—	7( 0)	25( 1)	49( 1)	375( 8)
Total	4,025(100)	4,077(100)	4,066(100)	4,081(100)	4,174(100)	4,332(100)	4,637(100)

\* Purchased electricity from other companies is included in the above table.

\* Some rounding errors may be observed.

\* Solar power generation is included in new energy sources from 3/13.

# Financial/corporate data (6)

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## <Electricity sales (TWh)>

	3/10	3/11	3/12	3/13	3/14	3/15	3/16	9/15	9/16
Residential	48.8	52.3	50.0	49.0	48.4	45.9	44.1	20.9	20.7
Commercial and Industrial	92.8	98.8	96.0	92.7	92.1	88.6	83.5	43.8	40.6
Total*	141.6	151.1	146.0	141.8	140.4	134.5	127.5	64.7	61.4

\* Some rounding errors may be observed.

## <Sales volume of gas(million tons)>

	3/10	3/11	3/12	3/13	3/14	3/15	3/16	9/15	9/16
	0.68	0.69	0.88	0.88	0.86	0.74	0.72	0.34	0.33

\* equivalent to LNG(Total sum of Gas and LNG)

## <Number of FTTH subscribers (thousand subscribers) >

	3/10	3/11	3/12	3/13	3/14	3/15	3/16	9/15	9/16
	1,007	1,182	1,298	1,396	1,484	1,528	1,590	1,560	1,615

## <Number of houses sold (units)>

	3/10	3/11	3/12	3/13	3/14	3/15	3/16	9/15	9/16
	598	533	729	1,022	1,156	777	712	260	193

## **For further information**

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