

# Continuously serving our customers and communities in a relationship of trust while accommodating change



A handwritten signature in black ink that reads "Shosuke Mori".

**Shosuke Mori**  
Chairman and Director

A handwritten signature in black ink that reads "Makoto Yagi".

**Makoto Yagi**  
President and Director

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We are deeply grateful for the continuous support of all our stakeholders.

### **FY 2014 Business Overview**

In FY 2014, as the operation of our nuclear power plants had been suspended, our Group launched a concerted effort to achieve a stable equilibrium between energy supply and demand. This effort focused on obtaining the cooperation of our customers in adopting power conservation initiatives along with a variety of other measures to ensure a stable energy supply. We also diligently prepared for the arrival of full-scale competition resulting from electricity market reforms.

Meanwhile, we worked to maximize our business efficiency in order to improve the balance between revenue and expenditures. However, these efforts could

not offset the substantial rise in thermal power fuel costs and other costs arising from the suspension of our nuclear plants. As a result, we incurred a loss for the fourth consecutive year, further seriously eroding our financial base. As this trend could end up threatening the safety and stability of our electricity supply, we made the very difficult decision to ask our customers to accept another increase in electricity rates. Moreover, this difficult earnings environment led to our decision to cancel our year-end dividend for FY 2014.

We apologize for the inconvenience mentioned above and acknowledge that the rate increase and suspended dividend place a considerable burden on our customers and shareholders. We deeply regret having to take this step.

## The Dawn of a New Era for the Electric Power Industry

As we enter FY 2015, the ongoing suspension of our nuclear power plants remains an issue with no imminent resolution; accordingly, we continue to face challenges balancing electricity supply and demand as well as revenue and expenditures. Moreover, the launch of the Organization for Cross-regional Coordination of Transmission Operators as well as electricity market reforms accompanied by full liberalization of the retail electricity market, scheduled for April 2016, will usher in a new era for the electricity business.

FY 2015 will be a crucial year for the Kansai Electric Power Group. We remain united in the effort to stabilize the supply-demand balance and recover our business foundation, thereby accelerating preparations for the arrival of full-scale competition.

As for the recovery of our business foundation, we will marshal our efforts toward comprehensive improvement of our operational efficiency in order to gain customer acceptance of our follow-up increase in electricity rates. We will also remain fully committed to responding to national government inspections, lawsuits, and relevant initiatives in order to obtain local residents' consent for the early resumption of operation of Units 3 and 4 of the Takahama Power Station and other nuclear power stations whose safety has been confirmed.

To prepare for the emergence of full-scale competition, we will strive to bolster the competitiveness of our power sources by promoting energy industry integration by formulating electricity/gas-focused integrated energy plans, developing power sources outside our traditional jurisdiction, and promoting utility services and other businesses. At the same time, we will work to increase the revenues from our IT business and international business.

Furthermore, before pushing ahead with these businesses, we will strive to enhance our organizational strength to ensure all our employees can demonstrate their capabilities to the fullest. We will achieve this by building a functional and efficient business foundation suited to the new era by reviewing our organizational framework and by further raising awareness of the need to promote diversity.

## Upholding Our Founding Spirit

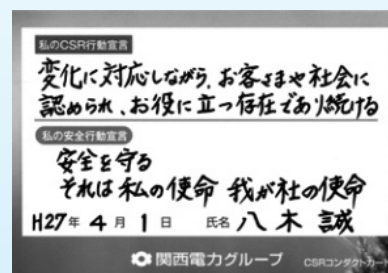
Since 1951, when our Company was founded on what became known as the “Maedaregake Spirit” (meaning “to place the highest priority on serving customers”), our business has identified our greatest mission: serving our customers and communities. While upholding this founding spirit as well as the Kansai Electric Power Group’s “CSR Action Charter” established in March 2004, we adhere to our six CSR action principles in all our business operations.

The most important aspect of corporate social responsibility is to ensure all our employees put themselves in the position of the customer or stakeholder at all times and take action with a sense of mission and with consideration and appreciation for others.

In keeping with this approach, all our employees are committed to performing their duties and accumulating experience in meeting their corporate social responsibility in order to fulfill their duties as members of society.

## Continuing to Serve Our Customers and Communities

Our Group companies are dedicated to serving their customers and communities by gaining their trust while accommodating changing times in a dramatically shifting business environment. In addition, we remain devoted to satisfying public expectations by maintaining a management focus on meeting our corporate social responsibility. As we pursue these commitments in the years to come, we look forward to your continued support and encouragement.



### Conduct Card

#### President's Action Declaration

- Continuously serving our customers and communities while gaining their trust and accommodating change
- Ensuring safety is my mission, and the mission of the Company.