

The Kansai Electric Power Group

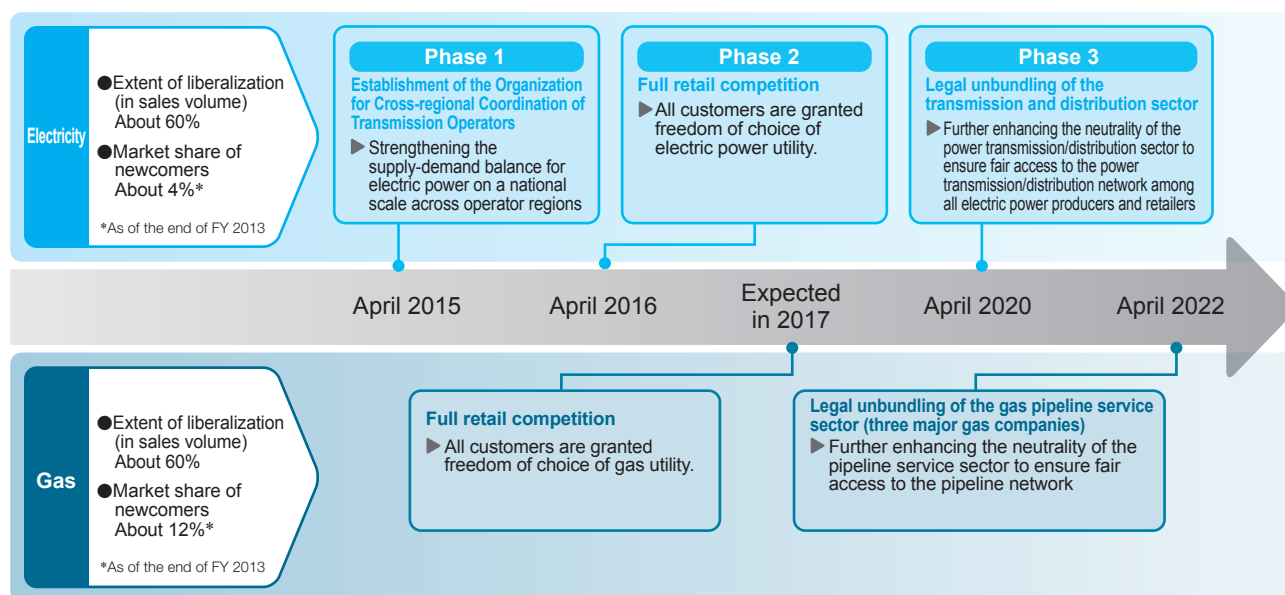
Focused on Future *Action*

Remaining the Customers' Choice by Satisfying a Variety of Needs

In the Japanese energy sector, the acceleration of liberalization in gas and electricity segments is expected to revitalize competition. Even amid such reform, the Kansai Electric Power Group continues to work as a cohesive unit in order to remain the customers' choice and aim for further growth through the application of technology, knowledge, and experience.

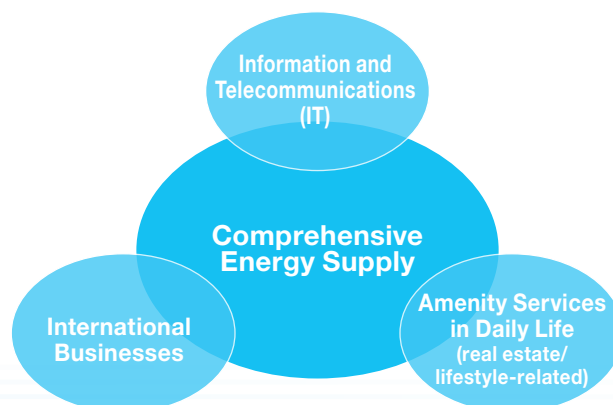
System Reform in the Energy Sector

In June 2015, the Act for Partial Revision of the Electricity Business Act and Other Related Acts was enacted during the 189th ordinary diet session. The aim of the regulatory amendment is to create a comprehensive energy market and sweeping reforms in the areas of electricity, gas, and heat supply are expected to be adopted to achieve that goal.



Our Group Actions in Response to Reform

As competition in the energy market intensifies, we will transform ourselves into a competitive corporate group centered on a comprehensive energy business. This will include entering markets outside the Kansai region in order to expand customer choice and achieve further growth.



Businesses enhanced by the transformation into a competitive corporate group

Comprehensive Energy Supply — Enhancing Our Competitive Advantage —

With a view to the complete liberalization of the retail market for electric power and gas, we are taking steps to transform ourselves into a comprehensive group of energy companies capable of maintaining our competitiveness through the provision of new energy services by identifying customer needs, developing competitive power sources, reducing fuel purchasing costs, and reviewing the structure of our organization.

Expanding Our Selection of Energy Services

We are considering new services and rates for electric power in order to accommodate customer needs. Moreover, we are preparing to expand our service lineup through business expansion into gas and other types of energy in addition to offering bundles that include communications services.

Making Electric Power Available through K-Opticom Corp.

Our group intends to offer more attractive services and expand the range of options available to customers by launching initiatives that will benefit customers. As part of this effort, K-Opticom Corp.—which operates a communications business in the Kansai region—will also supply electric power (scheduled for launch in FY 2016).

Expanding the Gas Business

Looking ahead to the complete retail liberalization of the gas market expected for 2017, we will build a marketing organization for the comprehensive supply of electric power and gas utilizing our corporate strengths, such as the fuel purchasing power we have acquired through our years in the electric power industry. In June 2015, we established our Gas Marketing Department and are currently focused on improving the ability of our employees to make proposals and construct the various facilities that are required.

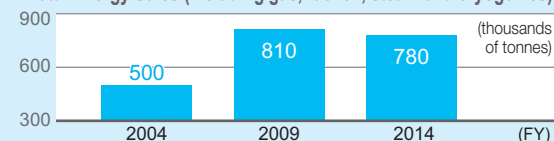
We are determined to offer the best choice in the energy services market by meeting diverse customer needs with a unified group effort that brings together all forms of energy and encompasses our Utility Services* proposal.

*A comprehensive service offered by our Company through which we undertake all or some of the tasks - including the design, installation, ownership, operation, maintenance, and management of facilities supplying electric power, gas, heat, and chilled water - customers require for the operation of their facilities

◆ Expansion of Our Gas Business

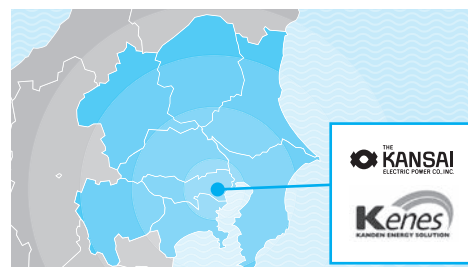
	Major events
Jun. 1979	Himeji LNG facility is completed and begins feeding LNG to the Himeji No. 2 Power Station for power generation.
Jun. 1994	The facility begins feeding LNG to the Himeji No. 1 Power Station for power generation.
Dec. 2000	Shipment of LNG on trucks (and participation in the gas sales business) begins.
Apr. 2002	Supply of city gas begins with commissioning of distribution.
Jun. 2015	The Gas Marketing Department is established in the Customer Relations Division.

◆ Total Energy Sales (including gas, fuel oil, steam and cryogenics)



Sales Growth in the Greater Tokyo Metropolitan Area

With the progress toward liberalization of the electric power market, competition in the market will further intensify as it crosses the boundaries of operator regions. In the transition process, our Group is launching marketing activities that target the greater Tokyo Metropolitan Area, where further growth in demand is expected. More specifically, one of our Group companies, Kanden Energy Solution, began supplying electric power to this territory in April 2014. In June 2015, the Tokyo Sales Department was established in an attempt to enhance the Company's sales organization. The goal is to meet more of the market demand for electric power.



Enhancing Our Competitive Edge in Fuels and Power Sources

In addition to the efforts made to improve the economics of our existing power plants—including LNG-fired power generation at the Aioi Power Station (scheduled to start in FY 2016) and coal-fired power generation at the Ako Power Station (scheduled to start in FY 2020)—we will introduce more competitive power sources over the medium and long terms.

Regarding the purchase of fuels for thermal power generation, we are dedicated to purchasing low-cost fuels by diversifying and distributing suppliers and price indices, as evidenced in the signing of an LNG Sale and Purchase Agreement and Cooperation Agreement with BP Singapore Pte. Limited in May 2015.

The Company has owned the LNG Ebisu, an LNG tanker, since 2008.



Aioi Power Station



Ako Power Station



Information and Telecommunications (IT) —Strengthening Our Foundations and Services—

In collaboration with K-Opticom Corp. and other Group companies, we will strengthen our solution services and information and telecommunications infrastructure with a focus on our FTTH business.

Attracting More Customers to FTTH Services

Our group has been offering FTTH services in the greater Kansai region at economical rates*. Moreover, it has been developing innovative services, ensuring quality of service, and enhancing customer support. As a result, the number of subscribers exceeded 1.5 million as of June 2014.

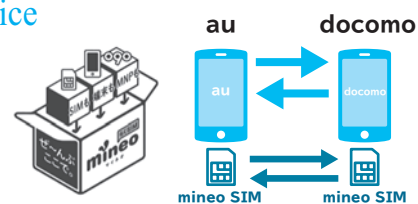
In addition, the Group introduced *eo smartlink*, a service for tablets, in 2012 and opened an online shopping site, *eo shopping mall*, in 2014.

*Discounts are available for both new customers and customers who have been using the service for a long time.



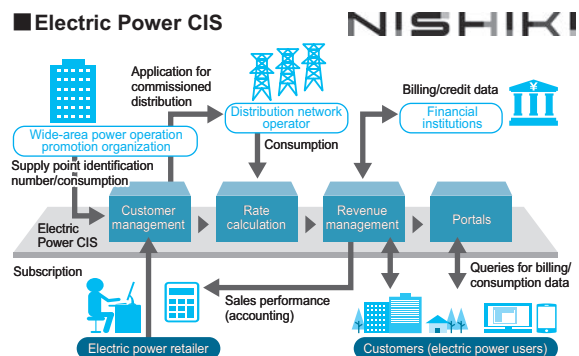
Introduction of a Low-cost Nationwide Smartphone Service

In June 2014, we started to offer the low-cost smartphone *mineo* service using the KDDI “au” communications network as the first MVNO (mobile virtual network operator) in the country. Using the approach of offering only the required services for the required period, the service was launched nationwide, attracting 70,000 subscribers in its first year. In FY 2015, we intend to further improve the service by supporting multi-carrier modulation, reviewing our rates, and adding a “save” function to minimize the data transmission volume.



Introducing System Solution Services

Recognizing the liberalization of the electric power and gas retail market as a business opportunity, we developed the NISHIKI Electric Power CIS (customer information system) utilizing the expertise gained from building the electric power backbone system, and have offered it to newcomers in the electric power industry. In the future, we hope to expand our system solutions business in the energy segment, including the gas business, by adding new functions, such as a feature for managing supply and demand.



Amenity Services in Daily Life —Expanding Our Convenient Services—

We are working to develop various services that enhance security and convenience and to further expand the customer interface. Specifically, we are introducing solutions designed to meet every customer need.

Expanding the Scope of Our Real Estate Business

In addition to our office building rental service and housing development, we will focus on fee-based businesses, such as asset management and brokerage services. For example, since April 2014 the Group has been involved in a project to redevelop the Yomiuri Bunka Center, which consists of condominiums and retail facilities opposite Senri-Chuo Station with the Yomiuri Shimbun, Osaka and Yomiuri Telecasting Corp. In this project, we will be involved in the operation and management of a retail complex developed and owned by the Yomiuri Group, in addition to developing a condominium.



Adding Services to Expand the Customer Base

Building on the trusted relationships with customers that we have fostered over the years in the areas of home security, nursing, and health management, we will continue to develop new services and enhance our service organization.

International Businesses — Expanding Revenues Abroad —

We are developing our international businesses with a three-pronged approach: expanding profit through international operations, serving partner countries and addressing global environmental issues, and enhancing the Group's competitive edge through our business operations. The experience and knowledge gained through our international operations are fed back to our domestic businesses in order to strengthen them and enable the further growth of our Group.

Uncovering and Expanding New Business Opportunities Offering Improved Profitability

1 Improving our intelligence-gathering for new projects

We are working to forge new business partnerships both inside and outside Japan and establish networks of people and information in our partner countries.

2 Expanding our scope of operations while entering healthy projects

In addition to the countries of Asia, where we already conduct operations, we will expand our operations to the Middle East and North and Central America. Moreover, we intend to capture new power development projects, select healthy projects for implementation in addition to acquiring existing projects, and participate in renewable energy projects. We will also take an aggressive approach to establishing alliances with other companies.

3 Promoting consulting businesses that will lead to development projects

We have offered consulting services seventy-five times in the past, primarily in Asia. We will continue to expand our consulting business with an eye to gathering information that will lead to additional development projects while training our personnel.



Securing Stable Profit from Project Investments

●Steady Operation and Management of Existing Projects

In an effort to expand the scale of our international business, we are working to reinforce our project development and management organization. In addition to participating in the project from a financial aspect, we are seeking to stabilize profit by operating power plants and efficiently engaging in technology transfers.

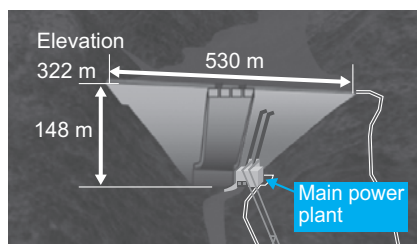
For example, at the San Roque Hydropower Station in the Philippines, resident officers of our group routinely provide technical guidance, and Filipino supervisors, operators, and maintenance technicians are offered an annual technical training program through which they are invited to Japan for any overhauls required in the future.

●Ensuring the Stable Continuation of Projects in Progress

We are committed to implementing the hydropower station projects currently in progress in Indonesia and Laos without interruption. For the Nam Ngiep 1 Hydropower Project in Laos, we are involved in design as well as process and quality control throughout the project and are applying the expertise gained in the electrical power industry in Japan. By introducing management methods and approaches of Japanese quality to ensure safety, we are also playing a role in developing the country's technical capabilities.



●San Roque Hydropower Station Project (Philippines)
Start of construction: March 1998
Start of commercial operation: May 2003
Equity share: 50 Output: 345,000 kW



Nam Ngiep 1 Hydropower Project and Dam (conceptual drawing)

Utilizing the Expertise We Have Developed in the Electric Power Industry

Our Group companies have a record of safely and efficiently conducting complex on-site operations in the construction and maintenance of our electric power facilities. We are offering this expertise to a wide range of customers outside the Kansai Electric Power Group. For example, Kanden Engineering Corp. provides customers with the nation's most advanced technologies for cleaning large-scale equipment contaminated with PCBs. They also propose streamlined solutions encompassing the construction, maintenance, and renewal of electric power facilities.



Detoxification process with a mobile solvent cleaning system