

# Financial and Corporate Information

## Table of Contents

Consolidated Balance Sheet.....	81
Consolidated Statement of Income .....	83
Consolidated Statement of Comprehensive Income.....	84
Consolidated Statement of Changes in Equity.....	85
Consolidated Statement of Cash Flows .....	86
Notes to Consolidated Financial Statements .....	87
Independent Auditor's Report .....	111
Non-Consolidated Balance Sheet .....	113
Non-Consolidated Statements of Income.....	115
Non-Consolidated Statements of Changes in Equity.....	116
Five-Year Summary of Selected Operational Data .....	117
Corporate Information / Stock Information.....	119
Group Companies (Consolidated subsidiaries and affiliates accounted for by the equity method).....	120
Organization Chart .....	121

## **The Kansai Electric Power Company, Incorporated and Its Subsidiaries**

Consolidated Financial Statements for the  
Year Ended March 31, 2018, and  
Independent Auditor's Report

## ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
<b>PROPERTY:</b>			
Utility plant and equipment .....	¥ 14,741,988	¥ 14,774,598	\$ 138,722,013
Other plant and equipment (Note 8) .....	2,020,597	1,861,206	19,013,810
Construction in progress (Note 8) .....	457,442	458,850	4,304,529
Contributions in aid of construction .....	(485,895)	(482,557)	(4,572,270)
Accumulated depreciation and amortization .....	(12,301,087)	(12,150,408)	(115,753,155)
Plant and equipment - net (Note 5) .....	4,433,045	4,461,689	41,714,927
Nuclear fuel, net of amortization (Note 2.d) .....	494,124	481,371	4,649,706
Property - net .....	4,927,169	4,943,061	46,364,633
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Notes 6, 8 and 17) .....	232,870	210,605	2,191,308
Investments in and advances to associated companies (Note 8) .....	431,764	401,610	4,062,902
Special account related to nuclear power decommissioning (Notes 2.n and 3) .....	78,332	26,598	737,111
Special account related to reprocessing of spent nuclear fuel (Note 2.j) .....	25,168		236,839
Deferred tax assets (Note 13) .....	334,601	375,101	3,148,600
Other assets (Note 8) .....	153,891	124,140	1,448,120
Total investments and other assets .....	1,256,630	1,138,055	11,824,882
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Notes 8 and 17) .....	144,176	130,820	1,356,703
Receivables (Notes 8 and 17) .....	297,999	284,835	2,804,176
Allowance for doubtful accounts .....	(2,859)	(2,437)	(26,905)
Inventories (Notes 7 and 8) .....	129,127	122,818	1,215,085
Deferred tax assets (Note 13) .....	68,272	72,009	642,443
Other current assets (Notes 6, 8 and 17) .....	164,571	164,019	1,548,615
Total current assets .....	801,288	772,065	7,540,118
<b>TOTAL</b> .....	¥ 6,985,088	¥ 6,853,182	\$ 65,729,635

See notes to consolidated financial statements.

## LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt, less current maturities (Notes 8 and 17) .....	¥ 2,783,359	¥ 2,843,448	\$ 26,191,399
Liability for retirement benefits (Note 9) .....	367,875	360,362	3,461,703
Asset retirement obligations (Notes 2.k and 10) .....	444,302	436,483	4,180,882
Deferred tax liabilities (Note 13) .....	1,346	1,632	12,674
Other long-term liabilities .....	255,191	285,354	2,401,351
Total long-term liabilities .....	3,852,076	3,927,280	36,248,011
<b>CURRENT LIABILITIES:</b>			
Current maturities of long-term debt (Notes 8 and 17) .....	636,331	721,943	5,987,878
Short-term borrowings (Notes 11 and 17) .....	300,226	269,524	2,825,128
Notes and accounts payable (Notes 8 and 17) .....	183,525	172,652	1,726,975
Accrued income taxes (Note 17) .....	14,471	5,622	136,179
Accrued expenses and other current liabilities .....	496,710	384,010	4,674,042
Total current liabilities .....	1,631,266	1,553,753	15,350,204
RESERVE FOR FLUCTUATIONS IN WATER LEVEL .....	28,948	27,452	272,401
<b>COMMITMENTS AND CONTINGENCIES (Notes 15 and 20)</b>			
<b>EQUITY (Note 12):</b>			
Common stock - authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2018 and 2017 .....	489,320	489,320	4,604,504
Capital surplus .....	66,725	66,726	627,882
Retained earnings .....	904,806	788,674	8,514,222
Treasury stock - at cost: 45,372,355 shares in 2018 and 45,317,079 shares in 2017 .....	(96,504)	(96,424)	(908,108)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities .....	91,135	81,037	857,584
Deferred loss on derivatives under hedge accounting .....	(3,369)	(3,894)	(31,706)
Foreign currency translation adjustments .....	11,016	13,433	103,663
Defined retirement benefit plans .....	(9,041)	(16,209)	(85,083)
Total .....	1,454,087	1,322,663	13,682,958
Noncontrolling interests .....	18,709	22,032	176,059
Total equity .....	1,472,797	1,344,696	13,859,017
<b>TOTAL</b> .....	¥ 6,985,088	¥ 6,853,182	\$ 65,729,635

See notes to consolidated financial statements.



## Financial and Corporate Information | Consolidated Statement of Changes in Equity

 The Kansai Electric Power Company, Incorporated and Its Subsidiaries  
 Year Ended March 31, 2018

	Millions of Yen											
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
<b>BALANCE, APRIL 1, 2016</b>	938,733,028	¥ 489,320	¥ 66,634	¥ 648,154	¥ (96,492)	¥ 85,930	¥ (8,244)	¥ 17,726	¥ (24,365)	¥ 1,178,665	¥ 23,165	¥ 1,201,831
Net income attributable to owners of the parent				140,789						140,789		140,789
Change of scope of consolidation				(269)						(269)		(269)
Change in ownership interest of parent due to transactions with noncontrolling interests			92							92		92
Purchase of treasury stock					(41)					(41)		(41)
Disposal of treasury stock					109					108		108
Net change in the year						(4,893)	4,349	(4,292)	8,155	3,319	(1,133)	2,186
<b>BALANCE, MARCH 31, 2017</b>	938,733,028	489,320	66,726	788,674	(96,424)	81,037	(3,894)	13,433	(16,209)	1,322,663	22,032	1,344,696
Cash dividends, ¥40 per share				(35,747)						(35,747)		(35,747)
Net income attributable to owners of the parent				151,880						151,880		151,880
Change of scope of consolidation												
Purchase of treasury stock					(83)					(83)		(83)
Disposal of treasury stock			(1)		3					2		2
Transfer to capital surplus from retained earnings			1	(1)								
Capital increase of consolidated subsidiaries			(1)							(1)		(1)
Net change in the year						10,097	525	(2,417)	7,168	15,373	(3,322)	12,050
<b>BALANCE, MARCH 31, 2018</b>	938,733,028	¥ 489,320	¥ 66,725	¥ 904,806	¥ (96,504)	¥ 91,135	¥ (3,369)	¥ 11,016	¥ (9,041)	¥ 1,454,087	¥ 18,709	¥ 1,472,797

	Thousands of U.S. Dollars (Note 1)											
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity	
					Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans				
<b>BALANCE, MARCH 31, 2017</b>	\$ 4,604,504	\$ 627,897	\$ 7,421,418	\$ (907,353)	\$ 762,565	\$ (36,649)	\$ 126,412	\$ (152,535)	\$ 12,446,259	\$ 207,327	\$ 12,653,586	
Cash dividends, \$0.38 per share			(336,384)							(336,384)		(336,384)
Net income attributable to owners of the parent			1,429,198							1,429,198		1,429,198
Change of scope of consolidation												
Purchase of treasury stock				(784)						(784)		(784)
Disposal of treasury stock		(9)		28						19		19
Transfer to capital surplus from retained earnings		9	(9)									
Capital increase of consolidated subsidiaries		(14)								(14)		(14)
Net change in the year					95,019	4,942	(22,749)	67,451	144,664	(31,267)		113,396
<b>BALANCE, MARCH 31, 2018</b>	\$ 4,604,504	\$ 627,882	\$ 8,514,222	\$ (908,108)	\$ 857,584	\$ (31,706)	\$ 103,663	\$ (85,083)	\$ 13,682,957	\$ 176,059	\$ 13,859,017	

See notes to consolidated financial statements.

## Financial and Corporate Information | Consolidated Statement of Cash Flows

 The Kansai Electric Power Company, Incorporated and Its Subsidiaries  
 Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes	¥ 215,608	¥ 197,160	\$ 2,028,871
Adjustments for:			
Income taxes - paid	(15,210)	(31,179)	(143,133)
Depreciation and amortization	340,287	368,768	3,202,105
Decommissioning cost of nuclear power units	13,275	10,120	124,918
Depreciation of special account related to nuclear power decommissioning	1,845	748	17,365
Amortization of nuclear fuel	11,795		110,995
Loss on disposal of property, plant, and equipment	10,325	10,719	97,165
Nuclear fuel transferred to reprocessing costs		6,781	
Changes in assets and liabilities:			
Decrease in reserve fund for reprocessing of irradiated nuclear fuel		29,009	
Increase in receivables	(36,245)	(10,691)	(341,066)
Decrease in interest and dividends receivable	4,773	7,001	44,921
Increase in notes and accounts payable	3,202	2,293	30,136
Increase (decrease) in consumption taxes payable	60,782	(56,151)	571,960
Decrease in interest payable	(1,236)	(1,142)	(11,631)
Increase in liability for retirement benefits	15,941	13,405	150,006
Increase (decrease) in reserve for fluctuations in water level	1,495	(1,034)	14,076
Decrease in reserve for reprocessing of irradiated nuclear fuel		(16,383)	
Other - net	(3,375)	(43,755)	(31,759)
Total adjustments	407,658	288,509	3,836,059
Net cash provided by operating activities	623,266	485,669	5,864,931
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant, and equipment	(398,028)	(338,126)	(3,745,450)
Payments for investments and advances	(58,829)	(37,630)	(553,585)
Proceeds from sales of investments or collections of advances	14,355	8,437	135,082
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(20,492)		(192,829)
Other - net	15,757	21,569	148,281
Net cash used in investing activities	(447,237)	(345,749)	(4,208,500)
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of bonds	249,465	179,436	2,347,467
Proceeds from long-term debt (exclusive of bonds)	326,092	237,010	3,068,531
Proceeds from short-term loans	273,282	303,512	2,571,582
Proceeds from issuance of commercial papers	404,000	380,000	3,801,637
Redemption of bonds	(331,100)	(259,700)	(3,115,648)
Repayments of long-term debt (exclusive of bonds)	(390,337)	(401,861)	(3,673,073)
Repayments of short-term loans	(282,667)	(297,435)	(2,659,902)
Repayments of commercial papers	(364,000)	(266,000)	(3,425,237)
Dividends paid	(35,674)	(93)	(335,697)
Other - net	(11,337)	(5,322)	(106,687)
Net cash used in financing activities	(162,277)	(130,359)	(1,527,028)
<b>NET CASH USED IN OPERATING, INVESTING, AND FINANCING ACTIVITIES</b>	<b>13,751</b>	<b>9,560</b>	<b>129,402</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(394)</b>	<b>(1,765)</b>	<b>(3,715)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>13,356</b>	<b>7,795</b>	<b>125,687</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>130,820</b>	<b>123,025</b>	<b>1,231,024</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>¥ 144,176</b>	<b>¥ 130,820</b>	<b>\$ 1,356,703</b>

See notes to consolidated financial statements.

**1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Electricity Utilities Industry Act and the related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per-share data.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Kansai Electric Power Company, Incorporated (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.27 to \$1, the approximate rate of exchange at March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per-share data.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Principles of Consolidation and Accounting for Investments in Associated Companies**

The consolidated financial statements as of March 31, 2018, include the accounts of the Company and all (69 in 2018 and 62 in 2017) subsidiaries (collectively, the "Companies").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

Investments in four (four in 2017) associated companies are accounted for by the equity method. Investments in the remaining associated companies are stated at cost. Had the equity method been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would be immaterial.

The excess of the cost of acquisition over the fair value of the net assets of the acquired subsidiary or associated company and business at the date of acquisition is amortized over a period of 5 to 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is also eliminated.

**b. Subsidiaries' Fiscal Year End** - The fiscal year end of seven subsidiaries is December 31. The Company consolidates such subsidiaries' financial statements using their financial results for the year ended December 31. The effects of any significant transactions during the period between the subsidiaries' fiscal year end and the Company's fiscal year end are reflected in the consolidated financial statements.

**c. Business Combination** - Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

**d. Property, Depreciation, and Amortization** - Property is stated at cost. Contributions in aid of construction, which include certain amounts assessed to and collected from customers, are deducted from the costs of the related assets in accordance with the regulations.

Depreciation is principally computed by the declining-balance method based on the estimated useful lives of the assets.

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel at March 31, 2018 and 2017, was ¥68,959 million (\$648,907 thousand) and ¥86,143 million, respectively.

**e. Impairment of Fixed Assets** - The Companies review their fixed assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset

group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

**f. Investment Securities** - The Companies' securities are classified and accounted for as follows: (1) held-to-maturity debt securities, for which management has the positive intent and ability to hold to maturity, are reported at amortized cost; (2) available-for-sale securities whose fair value is not readily determinable are reported at cost; and (3) available-for-sale securities whose fair value is readily determinable are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity.

The cost of securities sold is determined by the moving-average method.

**g. Cash Equivalents** - Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper, and bond funds, all of which mature or become due within three months of the date of acquisition.

**h. Inventories** - Inventories, mainly fuel, are stated at the lower of cost, determined by the average method or net selling value.

**i. Retirement and Pension Plan** - The Company and certain of its consolidated subsidiaries have defined contribution pension plans, unfunded defined benefit pension plans, and unfunded lump-sum severance payment plans.

The Companies account for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Prior service cost is amortized by the straight-line method over a period of principally three years. Actuarial gains or losses are recognized by the straight-line method over a period of principally three years.

Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over three years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

**j. Cost of Reprocessing of Irradiated Nuclear Fuel** - The Company records the amount of contribution set forth in Paragraph 1 of Article 4 of the "Act for Partial Revision of the Irradiated Nuclear

Fuel Reprocessing Fund Act" (Act No. 40, 2016; the "Revised Act") (except for the amount of contribution set forth in No. 1 of Paragraph 4 of Article 2 of the Revised Act as the contribution to manufacturing process which is related to reprocessing of irradiated nuclear fuel) as electric operating expenses according to the volume of irradiated nuclear fuel, which is generated from operation of the nuclear power plants, in accordance with Paragraph 2 of said Article 4.

The Company records the amount of contribution to manufacturing processes related to reprocessing of irradiated nuclear fuel as Special account related to reprocessing of spent nuclear fuel.

With regard to the unrecognized amount of ¥82,953 million (\$780,588 thousand) at the time of enforcement of the Revised Act out of ¥312,810 million (\$2,943,543 thousand) (the difference which resulted from the change in the accounting standard relating to Reserve for reprocessing of irradiated nuclear fuel in 2005) set forth in Article 2 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 92, in 2005), the Company has paid and will pay such amount in installments in each fiscal year up to 2019 in accordance with Paragraph 1 of Article 6 of Supplementary Provisions of the Revised Act, and the Company has recorded and will record the amount paid in each fiscal year as expenses in accordance with Article 4 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 94, in 2016). The unrecognized amount of difference which occurred in connection with the change in the accounting standard was ¥41,476 million (\$390,294 thousand) as of March 31, 2018.

**k. Asset Retirement Obligations** - An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense in the appropriate manner. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

The Company mainly recognizes an asset retirement obligation with regard to the costs for decommissioning of nuclear power units, which are regulated under the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors. The amount of this asset retirement obligation is based on the total estimation amount of decommissioning of nuclear power units. The estimated useful life is equal to the expected safe storage period and the expected operating period of a specific nuclear power unit, and a discount rate of 2.3% is used. In addition, in accordance with Accounting Standards Board of Japan ("ASBJ") Guidance No. 21 and the Ministerial Ordinance Concerning Reserve for Decommissioning of Nuclear Power Units, the asset retirement cost is subsequently allocated to expenses based on the straight-line method throughout the expected safe storage period and the expected operating period.

On April 1, 2018, the "Ministry Order Relating to Reserves for Decommissioning of Nuclear Power Plants" (Ordinance Ministry of International Trade and Industry No. 30, 1989; "Ordinance of Decommissioning") was revised, following the enforcement of the "Ordinance to Partially Revise the Ordinance on Reserves for Scrapping Nuclear Power Plants" (Ordinance of the Ministry of Economy, Trade and Industry No. 17, 2018; "Revised Ordinance").

For the assets equal to asset retirement obligations related to the decommissioning of a specific nuclear power unit, among the nuclear power production facilities, costs are accounted for in accordance with the Ordinance of Decommissioning. Although the accounting period was defined as throughout the expected safe storage period and the expected operating period in the past, the Revised Ordinance defines the accounting period as the period from the month in which a specific nuclear power unit was utilized for power production for the first time after its completion (hereinafter referred to as the "Starting Month of Utilization"), to the month in which a period of 40 years elapses (or the month in which the final day of an extension falls, if the operation period was extended based on the Paragraph 2 of Article 43-3-32; "the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors [Law No. 166, 1957]").

Also, the accounting period for decommissioning nuclear reactors associated with a specific nuclear power unit has been revised to the period from the Starting Month of Utilization to the month in which the day the total cost estimation in accordance with the provisions of Paragraph 1, Article 5 of the Ordinance of Decommissioning was approved. However, if an application for extending the reserve funding period based on Paragraph 3, Article 5 of the Ordinance of Decommissioning was filed, the period ends in the month in which a period of 10 years elapses from the month in which the day of decommissioning falls (or, if the reactor was decommissioned by the day before the enforcement of the Revised Ordinance, in the month 10 years from the month of decommissioning (or 50 years from the Starting Month of Utilization, if the day of decommissioning was past the 40 years mark from the Starting Month of Utilization)).

**i. Reserve for Fluctuations in Water Level** - A reserve for fluctuations in water level is provided for costs expected to be incurred from insufficient water levels in accordance with the Electricity Utilities Industry Act and the Ordinance on Accounting at Electricity Utilities.

**m. Leases**

**As lessee** - Finance lease transactions are capitalized to recognizing lease assets and lease obligations in the balance sheet.

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued. Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's consolidated financial statements. The revised accounting standard permits leases that existed at the transition date and that do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions with certain "as if capitalized" information disclosed in the notes to the lessee's consolidated financial statements.

The Companies applied the revised accounting standard effective April 1, 2008. In addition, the Companies continue to account for leases that existed at the transition date and that do not transfer ownership of the leased property to the lessee as operating lease transactions. However, the Companies do not disclose "as if capitalized" information because there is an immaterial effect on the consolidated financial statements.

All other leases are accounted for as operating leases.

**As lessor** - Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in leases.

All other leases are accounted for as operating leases.

**n. Special Account Related to Nuclear Power Decommissioning**

- The Special account related to nuclear power decommissioning shall be amortized in relation to the collection of the regulated power fees after the date of approval of the Ministry of Economy, Trade and Industry pursuant to Article 7 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 50, 2016).

**o. Income Taxes** - The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

The Companies file a tax return under the consolidated corporate tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

**p. Foreign Currency Transactions** - All receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by the forward exchange contracts.

**q. Foreign Currency Financial Statements** - The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

**r. Derivatives and Hedging Activities** - The Companies principally use foreign exchange forward contracts, currency swaps, interest rate swaps, and commodity swaps in the normal course of business to manage their exposures to fluctuations in foreign exchange, interest rates, fuel prices, and so on. The Companies do not enter into derivatives for trading or speculative purposes. Derivative financial instruments are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and (2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

Assets and liabilities denominated in foreign currencies for which foreign exchange forward contracts and currency swaps are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts and currency swaps qualify for hedge accounting.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

**s. Per-Share Information** - Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

**t. Accounting Changes and Error Corrections** - Under ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

**u. New Accounting Pronouncement** - On March 30, 2018, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contracts with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the entity satisfies a performance obligation

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2018.

The Company expects to apply the accounting standard and guidance for annual periods beginning on or after April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

### 3. DECISION TO DECOMMISSION OHI NUCLEAR POWER STATION UNITS 1 AND 2 AND SUBMISSION OF APPLICATION FOR APPROVAL OF SPECIFIED ASSETS FOR NUCLEAR POWER AND SPECIAL ACCOUNT RELATED TO NUCLEAR POWER DECOMMISSIONING BASED ON THE ORDINANCE ON ACCOUNTING AT ELECTRICITY UTILITIES

On December 22, 2017, the Company decided to decommission the Ohi Nuclear Power Station Units 1 and 2 and, on the same day, submitted applications to the Minister of Economy, Trade and Industry for approval of specified assets for nuclear power and special account related to nuclear power decommissioning based on Paragraph 2 of Article 28-2 and Paragraph 2 of Article 28-3; the "Ordinance on Accounting at Electricity Utilities."

Accordingly, the Company continues to post ¥25,460 million (\$239,584 thousand) for the book value of assets described below in item (A), which is hereinafter referred to as "Book Value of Specified Assets for Nuclear Power," to the Nuclear power production facilities or the Construction in progress: (A) in an attempt to decommission nuclear reactors under operation, fixed assets described below in 2 items (i) and (ii) including fixed assets posted to the Construction in progress (limited to those to be completed after decommissioning) and excluding assets equal to asset retirement obligations: (i) fixed assets contaminated by nuclear fuel materials (in accordance with Paragraph 2 of Article 3; the "Atomic Energy Basic Act") as a result of the operation of nuclear reactors and (ii) fixed assets for which control of maintenance is necessary even after nuclear reactors are decommissioned.

In addition, the Company has posted or transferred ¥38,198 million (\$359,450 thousand) for the book value of assets described below in item (B) and ¥15,381 million (\$144,737 thousand) for the equivalent of costs described below in item (C) to the Special account related to nuclear power decommissioning: (B) in an attempt to decommission nuclear reactors under operation, the book value of assets described below in item (iii) and of nuclear fuel used for nuclear reactors excluding the estimated disposal price: (iii) the book value of fixed assets for which control of maintenance is necessary even after nuclear reactors are decommissioned, excluding the Book Value of Specified Assets for Nuclear Power and including the book value of fixed assets posted to Construction in progress (limited to those not to be completed after decommissioning), and (C) the Cost of reprocessing of irradiated nuclear fuel (excluding the Cost of reprocessing of irradiated nuclear fuel related to past years' power generation) and costs necessary for separating the components of the nuclear fuel, both generated in connection with decommissioning of the nuclear reactors.

### 4. CHANGES IN PRESENTATION

"Gain on sales of property, plant, and equipment" was disclosed separately in OTHER (INCOME) EXPENSES of the consolidated statement of income for the year ended March 31, 2017. Since the amount decreased significantly, such amount is included in "Other – net" within OTHER (INCOME) EXPENSES of the consolidated statement of income for the year ended March 31, 2018. The amount included in "Gain on sales of property, plant, and equipment" for the year ended March 31, 2017 was ¥15,311 million.

"Dividends paid" was included in "Other – net" within FINANCING ACTIVITIES of the consolidated statement of cash flows for the year ended March 31, 2017. Since the amount increased significantly, such amount is disclosed separately within FINANCING ACTIVITIES of the consolidated statement of cash flows for the year ended March 31, 2018. The amount included in "Other – net" for the year ended March 31, 2017 was ¥(93) million.

### 5. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Hydroelectric power production facilities .....	¥ 294,175	¥ 290,593	\$ 2,768,188
Thermal power production facilities .....	414,312	452,947	3,898,678
Nuclear power production facilities .....	344,032	350,749	3,237,345
Transmission facilities .....	819,294	850,856	7,709,552
Transformation facilities .....	416,948	402,961	3,923,481
Distribution facilities .....	811,479	818,171	7,636,016
General facilities .....	100,412	106,287	944,880
Other utility facilities .....	21,624	22,905	203,487
Other plant and equipment .....	753,323	707,364	7,088,767
Construction in progress .....	457,442	458,850	4,304,529
<b>Total .....</b>	<b>¥ 4,433,045</b>	<b>¥ 4,461,689</b>	<b>\$ 41,714,927</b>

The Book Value of Specified Assets for Nuclear Power is included in nuclear power production facilities, which amounted to ¥38,671 million (\$363,900 thousand) and ¥18,685 million as of

March 31, 2018 and 2017, respectively. Information related to The Book Value of Specified Assets for Nuclear Power is included in Note 3.

### 6. INVESTMENT SECURITIES

The information for available-for-sale securities, whose fair values are readily determinable, and held-to-maturity securities

at March 31, 2018 and 2017, is as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2018</b>				
Securities classified as:				
Available for sale:				
Equity securities .....	¥ 68,156	¥ 108,245	¥ (138)	¥ 176,263
Debt securities .....	399	22		422
Held-to-maturity debt securities .....	2,147	55	(2)	2,200
<b>March 31, 2017</b>				
Securities classified as:				
Available for sale:				
Equity securities .....	¥ 69,185	¥ 97,395	¥ (270)	¥ 166,310
Debt securities .....	470	31		501
Held-to-maturity debt securities .....	3,788	87	(7)	3,868
<b>March 31, 2018</b>				
Securities classified as:				
Available for sale:				
Equity securities .....	\$ 641,351	\$ 1,018,586	\$ (1,302)	\$ 1,658,635
Debt securities .....	3,762	210		3,972
Held-to-maturity debt securities .....	20,210	522	(28)	20,704

**7. INVENTORIES**

Inventories at March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Merchandise and finished products .....	<b>¥ 4,377</b>	¥ 4,879	<b>\$ 41,187</b>
Work in process .....	<b>7,837</b>	8,111	<b>73,753</b>
Raw materials and supplies .....	<b>73,199</b>	70,572	<b>688,805</b>
Real estate for sale .....	<b>43,712</b>	39,254	<b>411,338</b>
<b>Total</b> .....	<b>¥ 129,127</b>	¥ 122,818	<b>\$ 1,215,085</b>

**8. LONG-TERM DEBT**

Long-term debt at March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>Secured bonds:</b>			
0.21% to 2.925%, due serially through 2036			
The Company .....	<b>¥ 1,239,797</b>	¥ 1,320,888	<b>\$ 11,666,487</b>
Subsidiaries .....	<b>200</b>		<b>1,881</b>
(Nonrecourse debt included above) .....	<b>100</b>		<b>940</b>
<b>Secured loans principally from the Development Bank of Japan:</b>			
0.4% to 3.15% maturing serially through 2027:			
The Company .....	<b>320,386</b>	318,126	<b>3,014,831</b>
Subsidiaries .....	<b>3,897</b>	3,697	<b>36,679</b>
(Nonrecourse debt included above) .....	<b>900</b>		<b>8,468</b>
<b>Unsecured loans from banks, insurance companies, and other sources:</b>			
0.07% to 3.8% (0.05% to 4.69% in 2017) maturing serially through 2037 .....	<b>1,843,732</b>	1,909,314	<b>17,349,508</b>
Obligations under finance leases .....	<b>11,677</b>	13,365	<b>109,888</b>
<b>Total</b> .....	<b>3,419,691</b>	3,565,391	<b>32,179,277</b>
Less current maturities .....	<b>636,331</b>	721,943	<b>5,987,878</b>
<b>Long-term debt, less current maturities</b> .....	<b>¥ 2,783,359</b>	¥ 2,843,448	<b>\$ 26,191,399</b>

Annual maturities of long-term debt at March 31, 2018, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
	2018	2018
2019 .....	¥ 636,331	\$ 5,987,878
2020 .....	524,417	4,934,767
2021 .....	537,639	5,059,181
2022 .....	534,479	5,029,445
2023 .....	250,216	2,354,536
2024 and thereafter .....	936,607	8,813,468
<b>Total</b> .....	<b>¥ 3,419,691</b>	<b>\$ 32,179,277</b>

All of the Company's assets are pledged as collateral for the secured bonds and secured loans from the Development Bank of Japan.

The carrying amounts of subsidiaries' assets pledged as

collateral for notes and accounts payable of ¥2,297 million (\$21,618 thousand) and the above secured loans at March 31, 2018, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2018	2018
Other plant and equipment .....	<b>¥ 39,263</b>	<b>\$ 369,471</b>
Construction in progress .....	<b>269</b>	<b>2,539</b>
Other assets .....	<b>165</b>	<b>1,559</b>
Cash and cash equivalents .....	<b>2,454</b>	<b>23,093</b>

Furthermore, the carrying amounts of assets of investees of certain consolidated subsidiaries that are pledged as collateral for long-

term debt from financial institutions, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2018	2018
Other plant and equipment .....	<b>¥ 9,096</b>	<b>\$ 85,598</b>
Construction in progress .....	<b>26,573</b>	<b>250,058</b>
Investment securities .....	<b>3,782</b>	<b>35,595</b>
Investments in and advances to associated companies .....	<b>55,085</b>	<b>518,350</b>
Other assets .....	<b>10,417</b>	<b>98,028</b>
Cash and cash equivalents .....	<b>369</b>	<b>3,480</b>
Receivables .....	<b>1,726</b>	<b>16,249</b>
Inventories .....	<b>222</b>	<b>2,091</b>
Other current assets .....	<b>506</b>	<b>4,767</b>



**9. RETIREMENT AND PENSION PLAN**

The Company and certain consolidated subsidiaries have severance payment plans for employees.

Under most circumstances, employees terminating their employment with the Companies, either voluntarily or upon reaching the mandatory retirement age, are entitled to retirement benefits based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are

made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee.

In addition, certain consolidated subsidiaries participate in a contributory multiemployer pension plan covering substantially all of their employees.

1. The changes in defined benefit obligation for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Balance at beginning of year (as restated)	¥ 362,009	¥ 361,483	\$ 3,406,503
Current service cost	13,760	14,038	129,490
Interest cost	3,474	3,571	32,690
Actuarial gains	5,435	1,266	51,146
Benefits paid	(14,240)	(14,166)	(134,004)
Others	(924)	(4,183)	(8,702)
<b>Balance at end of year</b>	<b>¥ 369,514</b>	<b>¥ 362,009</b>	<b>\$ 3,477,124</b>

"Decrease due to transfer to defined contribution pension plan" was disclosed separately for the year ended March 31, 2017. Since the amount decreased significantly, such amount is included in

"Others" for the year ended March 31, 2018. The amount included in "Decrease due to transfer to defined contribution pension plan" for the year ended March 31, 2017 was ¥3,774 million.

2. The changes in plan assets for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Balance at beginning of year	¥ 1,646	¥ 4,003	\$ 15,494
Expected return on plan assets	41	41	387
Actuarial losses	(78)	(10)	(735)
Contributions from the employer	136	137	1,289
Benefits paid	(107)	(168)	(1,014)
Decrease due to transfer to defined contribution pension plan		(2,356)	
<b>Balance at end of year</b>	<b>¥ 1,638</b>	<b>¥ 1,646</b>	<b>\$ 15,420</b>

3. A reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and

plan assets as of March 31, 2018 and 2017, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Funded defined benefit obligation	¥ 2,651	¥ 2,625	\$ 24,946
Plan assets	(1,638)	(1,646)	(15,420)
Total	1,012	979	9,525
Unfunded defined benefit obligation	366,862	359,383	3,452,178
<b>Net liability arising from defined benefit obligation</b>	<b>¥ 367,875</b>	<b>¥ 360,362</b>	<b>\$ 3,461,703</b>

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Liability for retirement benefits	¥ 367,875	¥ 360,362	\$ 3,461,703
<b>Net liability arising from defined benefit obligation</b>	<b>¥ 367,875</b>	<b>¥ 360,362</b>	<b>\$ 3,461,703</b>

4. The components of net periodic retirement benefit costs for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Service cost	¥ 13,760	¥ 14,038	\$ 129,490
Interest cost	3,474	3,571	32,690
Expected return on plan assets	(41)	(41)	(387)
Recognized actuarial losses	13,972	11,816	131,479
Amortization of prior service cost	(16)	(16)	(157)
Others	180	22	1,701
<b>Net periodic retirement benefit costs</b>	<b>¥ 31,330</b>	<b>¥ 29,390</b>	<b>\$ 294,816</b>

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Prior service cost	¥ (16)	¥ (16)	\$ (157)
Actuarial losses	8,458	10,539	79,596
<b>Total</b>	<b>¥ 8,441</b>	<b>¥ 10,522</b>	<b>\$ 79,438</b>

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Unrecognized prior service cost .....	¥ (117)	¥ (134)	\$ (1,107)
Unrecognized actuarial losses .....	10,015	18,474	94,246
<b>Total .....</b>	<b>¥ 9,897</b>	<b>¥ 18,339</b>	<b>\$ 93,138</b>

7. Plan assets

- (1) Components of plan assets

Plan assets at March 31, 2018 and 2017, consisted of the following:

	2018	2017
Debt investments .....	44%	31%
General account of life insurance .....	38	37
Equity investments .....	10	8
Others .....	8	24
<b>Total .....</b>	<b>100%</b>	<b>100%</b>

- (2) Method of determining the expected rate of return on plan assets  
The expected rate of return on plan assets is determined considering the long-term rates of return which are expected

currently and in the future from the various components of the plan assets.

8. Assumptions used for the years ended March 31, 2018 and 2017, are set forth as follows:

	2018	2017
Discount rate .....	1.02%	1.04%
Expected rate of return on plan assets .....	2.50%	2.50%

9. Defined contribution

The required contribution amount of the Company and certain consolidated subsidiaries was ¥6,846 million (\$64,430 thousand)

and ¥6,859 million for the years ended March 31, 2018 and 2017, respectively.

## 10. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Balance at beginning of year .....	¥ 436,483	¥ 426,449	\$ 4,107,303
Additional provisions .....	11,448	13,020	107,730
Reduction .....	(3,629)	(2,986)	(34,151)
<b>Balance at end of year .....</b>	<b>¥ 444,302</b>	<b>¥ 436,483</b>	<b>\$ 4,180,882</b>

## 11. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Short-term loans from banks and other sources with weighted-average interest rate of 0.3035% and 0.2838% at March 31, 2018 and 2017, respectively	¥ 300,226	¥ 269,524	\$ 2,825,128

Commercial paper included in short-term borrowings in the above table was ¥154,000 million (\$1,449,138 thousand) and ¥114,000 million as of March 31, 2018 and 2017, respectively.

Weighted-average interest rate of commercial paper is not included in the calculation of the weighted-average interest rate described in the above table.

**12. EQUITY**

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

**(a) Dividends**

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company has not prescribed so in its articles of incorporation.

The Companies Act permits companies to distribute dividends in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

**(b) Increases/decreases and transfer of common stock, reserve, and surplus**

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account that was charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

**(c) Treasury stock and treasury stock acquisition rights**

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

**13. INCOME TAXES**

The Companies are subject to taxes based on income, such as corporate income tax and inhabitant tax, which, in the aggregate, resulted in normal statutory tax rates of approximately 28.2% for

the years ended March 31, 2018 and 2017. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2018 and 2017, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>Deferred tax assets:</b>			
Net operating tax loss carryforwards .....	<b>¥ 123,052</b>	¥ 148,317	<b>\$ 1,157,921</b>
Liability for retirement benefits .....	<b>104,216</b>	102,173	<b>980,675</b>
Depreciation and amortization .....	<b>92,373</b>	90,327	<b>869,236</b>
Asset retirement obligations .....	<b>45,183</b>	45,048	<b>425,180</b>
Intercompany profit elimination .....	<b>23,684</b>	23,719	<b>222,874</b>
Other .....	<b>169,260</b>	173,338	<b>1,592,742</b>
Less valuation allowance .....	<b>(93,328)</b>	(89,080)	<b>(878,220)</b>
<b>Total deferred tax assets</b> .....	<b>464,443</b>	493,844	<b>4,370,409</b>
<b>Deferred tax liabilities:</b>			
Unrealized gain on available-for-sale securities .....	<b>28,960</b>	26,616	<b>272,515</b>
Special account related to nuclear power decommissioning .....	<b>21,898</b>	7,440	<b>206,066</b>
Reserve for special depreciation .....	<b>2,814</b>	3,976	<b>26,485</b>
Other .....	<b>9,242</b>	10,331	<b>86,972</b>
<b>Total deferred tax liabilities</b> .....	<b>62,916</b>	48,366	<b>592,040</b>
<b>Net deferred tax assets</b> .....	<b>¥ 401,527</b>	¥ 445,478	<b>\$ 3,778,369</b>

**14. RESEARCH AND DEVELOPMENT COSTS**

Research and development costs charged to income were ¥11,318 million (\$106,507 thousand) and ¥11,381 million for the years ended March 31, 2018 and 2017, respectively.

**15. RELATED-PARTY DISCLOSURES**

Related-party transactions of the Companies with an associated companies for the years ended March 31, 2018 and 2017, were as follows

**(1) 2018**

Category	Name	Address	Capital Stock or Stake		Description of Business
			Millions of Yen		
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	<b>¥400,000</b>		Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes
Voting Right	Relationship with Related Party		Detail of Transactions		Transaction Amount
<b>16.6%</b>	Contract on uranium enrichment and disposal of low-level radioactive wastes A director concurrently serves as the Company's director and was transferred from the Company.		Co-guarantees or guarantees of loans and bonds		Millions of Yen
					<b>¥ 174,387</b>
					<b>\$ 1,640,985</b>

**(2) 2017**

Category	Name	Address	Capital Stock or Stake		Description of Business
			Millions of Yen		
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	<b>¥400,000</b>		Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes
Voting Right	Relationship with Related Party		Detail of Transactions		Transaction Amount
<b>16.6%</b>	Contract on uranium enrichment and disposal of low-level radioactive wastes A director concurrently serves as the Company's director and was transferred from the Company.		Co-guarantees or guarantees of loans and bonds		Millions of Yen
					<b>¥ 186,440</b>

**16. LEASES**

Because of insignificant amounts of investment in leases, the Company has omitted notation in the notes to consolidated financial statements.

**17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES****(1) Policy for Financial Instruments**

The Companies use long-term debt, including bonds and loans, to fund capital expenditures and debt repayments for operating electric power and other businesses if funds on hand are insufficient. Short-term borrowings, mainly commercial paper, are used to fund the ongoing operations. Investment of funds is managed through short-term deposits.

The Companies raise debt capital, mainly denominated in Japanese yen, with fixed interest rates. The redemption periods are decided considering the financial environment and other factors.

Investment securities are held in equity investments principally in relation to the business of electric power.

Derivatives are not used for speculative purposes, but to manage exposure to financial risks, as described in (2) below.

**(2) Nature and Extent of Risks Arising from Financial Instruments**

Although accounts receivable are exposed to customer credit risk, electricity charges, the major part of accounts receivable, are generally collected within 30 days after reading meters. Investment securities, mainly equity securities, held for operation of the electric power business are exposed to the risk of market price fluctuations.

Payment terms of accounts are generally less than one year. Imports of fuels are payable in foreign currencies and are exposed to the market risk of fluctuation in foreign currency exchange rates. Long-term loans with variable interest rates are exposed to market risks from changes in interest rates.

Bonds, loans, and commercial paper are exposed to liquidity risk.

Derivatives mainly include forward foreign currency contracts, currency swaps, interest rate swaps, and commodity swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of payables, changes in interest rates of long-term loans, and changes in fuel prices. Please see Note 18 for more details about derivatives.

**(3) Risk Management for Financial Instruments****Market risk management**

Investment securities are managed by reviewing their necessity in the business of electric power, and by monitoring market values and financial positions of issuers on a regular basis.

Foreign exchange risk of foreign currency trade payables is hedged principally by forward foreign currency contracts.

Interest rate swaps are used to manage exposure to market risks from changes in interest rates of long-term loans with variable interest rates.

**Liquidity risk management**

The Companies manage liquidity risk by ensuring ready liquidity at the required level, along with financial planning, prepared and updated in a timely manner by the Accounting Department of the Company and each subsidiary.

**(4) Fair Values of Financial Instruments**

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Please see Note 18 for details of the fair value of derivatives.

**(a) Fair value of financial instruments**

March 31, 2018	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	¥ 178,833	¥ 178,885	¥ 52
Cash and cash equivalents	144,176	144,176	
Receivables	297,999	297,999	
<b>Total</b>	<b>¥ 621,009</b>	<b>¥ 621,062</b>	<b>¥ 52</b>
Long-term debt	¥ 3,408,013	¥ 3,470,984	¥ 62,970
Short-term borrowings	300,226	300,226	
Notes and accounts payable	183,525	183,525	
Accrued income taxes	14,471	14,471	
<b>Total</b>	<b>¥ 3,906,237</b>	<b>¥ 3,969,208</b>	<b>¥ 62,970</b>
Derivatives	¥ (6,464)	¥ (6,464)	

Some investment securities are included in Other current assets in the consolidated balance sheet.

Long-term debt includes Current maturities of long-term

debt in the consolidated balance sheet.

Derivatives are stated at the net amount.

March 31, 2017	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	¥ 170,601	¥ 170,681	¥ 80
Cash and cash equivalents	130,820	130,820	
Receivables	284,835	284,835	
<b>Total</b>	<b>¥ 586,258</b>	<b>¥ 586,338</b>	<b>¥ 80</b>
Long-term debt	¥ 3,552,025	¥ 3,634,416	¥ 82,391
Short-term borrowings	269,524	269,524	
Notes and accounts payable	172,652	172,652	
Accrued income taxes	5,622	5,622	
<b>Total</b>	<b>¥ 3,999,825</b>	<b>¥ 4,082,216</b>	<b>¥ 82,391</b>
Derivatives	¥ (9,218)	¥ (9,218)	

March 31, 2018	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	\$ 1,682,818	\$ 1,683,313	\$ 494
Cash and cash equivalents	1,356,703	1,356,703	
Receivables	2,804,176	2,804,176	
<b>Total</b>	<b>\$ 5,843,698</b>	<b>\$ 5,844,193</b>	<b>\$ 494</b>
Long-term debt	\$ 32,069,389	\$ 32,661,945	\$ 592,556
Short-term borrowings	2,825,128	2,825,128	
Notes and accounts payable	1,726,975	1,726,975	
Accrued income taxes	136,179	136,179	
<b>Total</b>	<b>\$ 36,757,672</b>	<b>\$ 37,350,228</b>	<b>\$ 592,556</b>
Derivatives	\$ (60,831)	\$ (60,831)	

**Investment securities**

The fair values of investment securities are measured at the quoted market price on the stock exchange for the equity instruments or at the quoted price obtained from the financial institution. Information related to the fair value of investment securities by classification is included in Note 6.

**Cash and cash equivalents and receivables**

The carrying values of cash and cash equivalents and receivables approximate fair value because of their short maturities.

**Long-term debt**

The fair values of loans are determined by discounting the cash flows related to the debt at the Companies' assumed corporate borrowing rate.

The fair values of corporate bonds approximate market value.

**Short-term borrowings, notes and accounts payable, and accrued income taxes**

The carrying values of short-term borrowings, notes and accounts payable, and accrued income taxes approximate fair value because of their short maturities.

**Derivatives**

Fair value information for derivatives is included in Note 18.

**(b) Financial instruments whose fair value cannot be reliably determined were as follows:**

	Carrying Amount		
	Millions of Yen	2017	Thousands of U.S. Dollars 2018
Investments in equity instruments that do not have a quoted market price in an active market .....	<b>¥ 34,628</b>	¥ 25,515	<b>\$ 325,852</b>
Invested instruments and other .....	<b>18,178</b>	14,640	<b>171,061</b>

**(c) Maturity analysis for financial assets and securities with contractual maturities was as follows:**

March 31, 2018	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Investment securities:				
Held-to-maturity securities .....	<b>¥ 309</b>	<b>¥ 1,005</b>	<b>¥ 325</b>	<b>¥ 500</b>
Available-for-sale securities with contractual maturities .....		<b>300</b>	<b>100</b>	
Cash and cash equivalents .....	<b>144,176</b>			
Receivables .....	<b>269,879</b>	<b>720</b>	<b>44</b>	<b>4</b>

March 31, 2018	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Investment securities:				
Held-to-maturity securities .....	<b>\$ 2,917</b>	<b>\$ 9,457</b>	<b>\$ 3,058</b>	<b>\$ 4,704</b>
Available-for-sale securities with contractual maturities .....		<b>2,822</b>	<b>940</b>	
Cash and cash equivalents .....	<b>1,356,703</b>			
Receivables .....	<b>2,539,567</b>	<b>6,781</b>	<b>414</b>	<b>38</b>

Please see Note 8 for annual maturities of long-term debt.

**18. DERIVATIVES**

The Companies principally use foreign exchange forward contracts, currency swaps, interest rate swaps, and commodity swaps in the normal course of business to manage their exposures to fluctuations in foreign exchange, interest rates, fuel prices, and so on. The Companies do not enter into derivatives for trading or speculative purposes. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

The counterparties to these derivatives are limited to major international financial institutions with high credit ratings. The Companies, therefore, do not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Companies have been made in accordance with internal policies which regulate the authorization and credit limit amount.

**Derivative Transactions to Which Hedge Accounting Is Not Applied**

March 31, 2018	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt) .....	¥ 15,340	¥ 10,237	¥ (1,368)	¥ (1,368)

March 31, 2017	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt) .....	¥ 20,442	¥ 15,340	¥ (3,363)	¥ (3,363)

March 31, 2018	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt) .....	\$ 144,351	\$ 96,335	\$ (12,876)	\$ (12,876)

**Derivative Transactions to Which Hedge Accounting is Applied**

March 31, 2018	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Buying U.S. dollars .....	Fuel purchasing fund	¥ 70,140	¥ 70,140	¥ (2,165)
Foreign exchange forward contracts:				
Buying U.S. dollars .....	Fuel purchasing fund	1,684	1,208	(84)
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	16,621	15,906	(292)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	413,799	341,079	*
Commodity swaps (fixed price payment, floating price receipt) .....	Fuel	39,013	19,080	(2,554)

March 31, 2017	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign exchange forward contracts:				
Buying U.S. dollars .....	Equipment fund	¥ 4,635		¥ (224)
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	8,406	¥ 7,691	(185)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	482,682	409,799	*
Commodity swaps (fixed price payment, floating price receipt) .....	Fuel	57,505	38,722	(5,444)

March 31, 2018	Hedged Item	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Buying U.S. dollars .....	Fuel purchasing fund	\$ 660,018	\$ 660,018	\$ (20,374)
Foreign exchange forward contracts:				
Buying U.S. dollars .....	Fuel purchasing fund	15,847	11,370	(790)
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	156,411	149,677	(2,751)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	3,893,849	3,209,557	*
Commodity swaps (fixed price payment, floating price receipt) .....	Fuel	367,118	179,542	(24,038)

\* The fair values of interest rate swaps are included in that of the hedged item because the interest rate swaps qualify for hedge accounting and meet specific matching criteria.

The fair values of derivative transactions are measured at the quoted price obtained from the financial institution.

**19. COMPREHENSIVE INCOME**

The components of other comprehensive income for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>Unrealized gain (loss) on available-for-sale securities:</b>			
Gains (loss) arising during the year	¥ 10,667	¥ (3,790)	\$ 100,380
Reclassification adjustments to profit or loss		(4,189)	
Amount before income tax effect	10,667	(7,979)	100,380
Income tax effect	(3,100)	2,723	(29,177)
<b>Total</b>	<b>¥7,566</b>	<b>¥ (5,256)</b>	<b>\$ 71,202</b>
<b>Deferred gain on derivatives under hedge accounting:</b>			
(Loss) gain arising during the year	¥ (4,959)	¥ 2,866	\$ (46,665)
Reclassification adjustments to loss	(1)	(52)	(16)
Adjustments to acquisition costs of assets	5,785	3,240	54,445
Amount before income tax effect	825	6,054	7,763
Income tax effect	(242)	(1,788)	(2,277)
<b>Total</b>	<b>¥ 583</b>	<b>¥ 4,265</b>	<b>\$ 5,486</b>
<b>Foreign currency translation adjustments:</b>			
Adjustments arising during the year	¥ (1,519)	¥ (5,124)	\$ (14,303)
<b>Defined retirement benefit plans:</b>			
Adjustments arising during the year	¥ (5,513)	¥ (1,277)	\$ (51,882)
Reclassification adjustments to profit	13,955	11,800	131,321
Amount before income tax effect	8,441	10,522	79,438
Income tax effect	(2,350)	(2,981)	(22,119)
<b>Total</b>	<b>¥ 6,091</b>	<b>¥ 7,541</b>	<b>\$ 57,319</b>
<b>Share of other comprehensive income in associates:</b>			
Gains arising during the year	¥ 2,740	¥ 275	\$ 25,785
Reclassification adjustments to profit or loss	431	667	4,060
<b>Total</b>	<b>¥ 3,171</b>	<b>¥ 943</b>	<b>\$ 29,846</b>
<b>Total other comprehensive income</b>	<b>¥ 15,892</b>	<b>¥ 2,369</b>	<b>\$ 149,552</b>

**20. COMMITMENTS AND CONTINGENCIES**

At March 31, 2018, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥347,604 million (\$3,270,954 thousand). Additionally, the Companies

had a number of fuel purchase commitments, most of which specify quantities and terms. Purchase prices are principally contingent upon fluctuations of market prices.

At March 31, 2017, the Companies had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Co-guarantees or guarantees of loans and bonds of other companies:			
Japan Nuclear Fuel Limited (Note 15)	¥ 174,387		\$ 1,640,985
Other	82,638		777,626
<b>Total</b>	<b>¥ 257,025</b>		<b>\$ 2,418,611</b>
A guarantee about power supply for PT Bhumi Jati Power	¥ 8,697		\$ 81,846

**21. NET INCOME PER SHARE**

Diluted net income per share ("EPS") for the years ended March 31, 2018 and 2017, is not disclosed because the Companies do not issue dilutive securities.

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
<b>For the year ended March 31, 2018</b>				
Basic EPS:				
Net income attributable to common shareholders	¥ 151,880	893,385	¥ 170.01	\$ 1.60
<b>For the year ended March 31, 2017</b>				
Basic EPS:				
Net income attributable to common shareholders	¥ 140,789	893,430	157.58	

## 22. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

### 1. Description of reportable segments

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is performed in order to decide how resources are allocated among the Companies.

The Companies' operating segments consist of Electric Power, Gas/Other Energies, IT/Communications, and real estate/life, in accordance with the "Kansai Electric Power Group Medium-Term Management Plan (2016-2018)," and Electric Power, Gas/Other Energies, and IT/Communications are disclosed as reportable segments under ASBJ Statement No. 17.

The aggregate of the Electric Power and Gas/Other Energies segments is presented as the Comprehensive Energy/Power Transmission and Distribution Business.

## 2. Methods of measurement for the amounts of sales, profit, assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

Information about sales, profit, assets, and other items is as follows:

	Millions of Yen								
	2018								
	Reportable Segment								
Comprehensive Energy/Power Transmission and Distribution Business									
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥ 2,596,114	¥ 141,240	¥ 2,737,354	¥ 203,167	¥ 2,940,522	¥ 193,110	¥ 3,133,632		¥ 3,133,632
Intersegment sales or transfers	16,864	32,918	49,782	40,242	90,025	230,122	320,148	¥ (320,148)	
Total	¥ 2,612,979	¥ 174,158	¥ 2,787,137	¥ 243,410	¥ 3,030,548	¥ 423,232	¥ 3,453,781	¥ (320,148)	¥ 3,133,632
Segment profit									
Segment assets	¥ 170,335	¥ 941	¥ 171,276	¥ 26,269	¥ 197,545	¥ 30,431	¥ 227,977	¥ (425)	¥ 227,551
Other:	5,493,197	523,395	6,016,592	343,927	6,360,520	1,246,340	7,606,860	(621,772)	6,985,088
Depreciation									
Increase in property and intangible assets	250,752	25,309	276,061	58,015	334,077	12,067	346,145	(5,857)	340,287
	294,503	25,443	319,947	41,091	361,039	50,886	411,926	(4,914)	407,012

	Millions of Yen								
	2017								
	Reportable Segment								
Comprehensive Energy/Power Transmission and Distribution Business									
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥ 2,556,591	¥ 93,220	¥ 2,649,811	¥ 185,660	¥ 2,835,472	¥ 175,864	¥ 3,011,337		¥ 3,011,337
Intersegment sales or transfers	12,895	24,218	37,114	41,196	78,310	230,046	308,357	¥ (308,357)	
Total	¥ 2,569,487	¥ 117,438	¥ 2,686,925	¥ 226,857	¥ 2,913,783	¥ 405,910	¥ 3,319,694	¥ (308,357)	¥ 3,011,337
Segment profit	¥ 165,279	¥ 6,014	¥ 171,293	¥ 19,484	¥ 190,778	¥ 25,395	¥ 216,173	¥ 1,573	¥ 217,747
Segment assets	5,441,042	496,295	5,937,337	357,621	6,294,959	1,068,598	7,363,557	(510,375)	6,853,182
Other:									
Depreciation	277,553	21,565	299,119	63,856	362,975	11,863	374,839	(6,071)	368,768
Increase in property and intangible assets	227,956	28,417	256,373	43,535	299,908	48,981	348,890	(4,791)	344,098

	Thousands of U.S. Dollars								
	2018								
	Reportable Segment								
Comprehensive Energy/Power Transmission and Distribution Business									
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	\$ 24,429,421	\$ 1,329,067	\$ 25,758,489	\$ 1,911,807	\$ 27,670,296	\$ 1,817,168	\$ 29,487,464		\$ 29,487,464
Intersegment sales or transfers	158,698	309,759	468,457	378,685	847,142	2,165,450	3,012,593	\$(3,012,593)	
Total	\$ 24,588,119	\$ 1,638,827	\$ 26,226,946	\$ 2,290,492	\$ 28,517,439	\$ 3,982,618	\$ 32,500,058	\$(3,012,593)	\$ 29,487,464
Segment profit	\$ 1,602,852	\$ 8,860	\$ 1,611,713	\$ 247,192	\$ 1,858,905	\$ 286,357	\$ 2,145,262	\$(4,008)	\$ 2,141,254
Segment assets	51,690,950	4,925,143	56,616,093	3,236,359	59,852,453	11,728,054	71,580,508	(5,850,872)	65,729,635
Other:									
Depreciation	2,359,578	238,158	2,597,736	545,929	3,143,666	113,556	3,257,222	(55,117)	3,202,105
Increase in property and intangible assets	2,771,280	239,427	3,010,708	386,673	3,397,381	478,841	3,876,223	(46,242)	3,829,980





Deloitte Touche Tohmatsu LLC  
Yodoyabashi Mitsui Building  
4-1-1 Imabashi, Chuo-ku  
Osaka 541-0042  
Japan

Tel: +81 (6) 4560 6000  
Fax: +81 (6) 4560 6001  
www.deloitte.com/jp/en

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Kansai Electric Power Company, Incorporated:

We have audited the accompanying consolidated balance sheet of The Kansai Electric Power Company, Incorporated and its consolidated subsidiaries as of March 31, 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Kansai Electric Power Company, Incorporated and its subsidiaries as of March 31, 2018, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*

June 27, 2018

Member of  
Deloitte Touche Tohmatsu Limited

## The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements  
for the Year Ended March 31, 2018

The Kansai Electric Power Company, Incorporated  
March 31, 2018

## ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>PROPERTY:</b>			
Plant and equipment .....	¥ 15,099,786	¥ 15,130,964	\$ 142,088,888
Construction in progress .....	429,513	427,445	4,041,719
Contributions in aid of construction .....	(466,191)	(463,360)	(4,386,859)
Accumulated depreciation and amortization .....	(11,302,268)	(11,265,576)	(106,354,276)
Plant and equipment - net .....	3,760,839	3,829,473	35,389,471
Nuclear fuel, net of amortization .....	494,124	481,371	4,649,706
Property - net .....	4,254,963	4,310,844	40,039,177
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities .....	128,887	117,148	1,212,830
Investments in and advances to subsidiaries and associated companies .....	521,350	493,806	4,905,909
Long-term loans receivable .....	279	265	2,627
Special account related to nuclear power decommissioning .....	78,332	26,598	737,111
Special account related to reprocessing of spent nuclear fuel .....	25,168		236,839
Deferred tax assets .....	280,989	317,507	2,644,107
Other assets .....	116,654	93,878	1,097,715
Total investments and other assets .....	1,151,663	1,049,205	10,837,142
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents .....	100,353	103,170	944,329
Accounts receivable .....	224,809	203,111	2,115,453
Allowance for doubtful accounts .....	(2,480)	(2,164)	(23,337)
Inventories .....	62,283	61,057	586,086
Deferred tax assets .....	60,117	64,795	565,708
Other current assets .....	94,404	44,890	888,344
Total current assets .....	539,488	474,862	5,076,586
<b>TOTAL</b> .....	¥ 5,946,115	¥ 5,834,912	\$ 55,952,906

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥106.27 = U.S. \$1, the approximate rate of exchange at March 31, 2018.

## LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>LONG-TERM LIABILITIES</b>			
Long-term debt, less current maturities .....	¥ 2,528,613	¥ 2,524,956	\$ 23,794,239
Liability for retirement benefits .....	331,158	316,035	3,116,194
Accrued contributions for reprocessing of irradiated nuclear fuel .....	21,800	32,700	205,139
Asset retirement obligations .....	435,420	427,629	4,097,303
Other long-term liabilities .....	213,400	238,595	2,008,101
Total long-term liabilities .....	3,530,393	3,539,915	33,220,979
<b>CURRENT LIABILITIES:</b>			
Current maturities of long-term debt .....	574,113	658,287	5,402,406
Short-term borrowings .....	130,000	130,000	1,223,299
Commercial paper .....	154,000	114,000	1,449,138
Accounts payable .....	115,577	114,491	1,087,585
Payable to subsidiaries and associated companies .....	82,143	114,660	772,966
Accrued expenses and other current liabilities .....	396,966	277,618	3,735,737
Total current liabilities .....	1,452,831	1,409,057	13,671,134
<b>RESERVE FOR FLUCTUATIONS IN WATER LEVEL</b> .....	28,948	27,452	272,401
<b>EQUITY:</b>			
Common stock, authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2018 and 2017 .....	489,320	489,320	4,604,504
Capital surplus:			
Additional paid-in capital .....	67,031	67,031	630,763
Retained earnings:			
Legal reserve .....	36,708	33,133	345,426
Unappropriated .....	381,540	317,826	3,590,291
Unrealized gain on available-for-sale securities .....	57,569	51,392	541,727
Deferred loss on derivatives under hedge accounting .....	(1,840)	(3,912)	(17,317)
Treasury stock - at cost 45,372,355 shares in 2018 and 45,317,079 shares in 2017 .....	(96,387)	(96,307)	(907,003)
Total equity .....	933,942	858,486	8,788,391
<b>TOTAL</b> .....	¥ 5,946,115	¥ 5,834,912	\$ 55,952,906

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥106.27 = U.S. \$1, the approximate rate of exchange at March 31, 2018.

The Kansai Electric Power Company, Incorporated  
 Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>OPERATING REVENUES:</b>			
Electricity operating revenues:			
Residential .....	¥ 995,959	¥ 999,811	\$ 9,371,969
Commercial and industrial .....	1,240,661	1,296,832	11,674,619
Other .....	376,358	272,844	3,541,529
Sub-total .....	2,612,979	2,569,487	24,588,119
Incidental operating revenues .....	70,966	44,952	667,790
Total .....	2,683,945	2,614,440	25,255,910
<b>OPERATING EXPENSES:</b>			
Electricity operating expenses:			
Personnel expenses .....	217,222	204,685	2,044,061
Fuel costs .....	520,117	523,544	4,894,306
Cost of purchased power .....	466,719	461,657	4,391,828
Maintenance costs .....	184,106	189,583	1,732,438
Depreciation .....	250,710	277,485	2,359,182
Taxes .....	140,381	144,010	1,320,984
Other .....	663,386	603,241	6,242,465
Sub-total .....	2,442,644	2,404,208	22,985,266
Incidental operating expenses .....	75,879	45,707	714,027
Total .....	2,518,523	2,449,915	23,699,293
<b>OPERATING INCOME</b> .....	<b>165,421</b>	<b>164,524</b>	<b>1,556,616</b>
<b>OTHER (INCOME) EXPENSES:</b>			
Interest and dividends income .....	(13,139)	(16,486)	(123,640)
Interest expense .....	33,380	42,956	314,113
Other—net .....	(326)	(5,666)	(3,074)
Total .....	19,914	20,804	187,399
<b>INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES</b> .....	<b>145,506</b>	<b>143,720</b>	<b>1,369,216</b>
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL .....	1,495	(1,034)	14,076
INCOME BEFORE INCOME TAXES .....	144,010	144,755	1,355,140
<b>INCOME TAXES</b>			
Current .....	2,993	(1,247)	28,166
Deferred .....	37,980	42,937	357,399
Total .....	40,974	41,690	385,565
<b>NET INCOME</b> .....	<b>¥ 103,036</b>	<b>¥ 103,064</b>	<b>\$ 969,574</b>

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥106.27 = U.S. \$1, the approximate rate of exchange at March 31, 2018.

 The Kansai Electric Power Company, Incorporated  
 Year Ended March 31, 2018

	Millions of Yen									
	Number of Shares of Common Stock Outstanding	Capital Surplus			Retained Earnings		Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Total Equity
		Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated				
<b>BALANCE, APRIL 1, 2016</b> .....	938,733,028	¥ 489,320	¥ 67,031		¥ 33,133	¥ 214,763	¥ (96,278)	¥ 42,408	¥ (8,334)	¥ 742,044
Net Income .....						103,064				103,064
Purchase of treasury stock .....							(30)			(30)
Disposal of treasury stock .....							1			1
Net change in the year .....								8,984	4,422	13,406
<b>BALANCE, MARCH 31, 2017</b> .....	938,733,028	¥ 489,320	¥ 67,031		¥ 33,133	¥ 317,826	¥ (96,307)	¥ 51,392	¥ (3,912)	¥ 858,486
Cash dividends .....					3,574	(39,322)				(35,747)
Net Income .....						103,036				103,036
Purchase of treasury stock .....							(83)			(84)
Disposal of treasury stock .....							3			3
Transfer to capital surplus from retained earnings .....					1	(1)				
Net change in the year .....								6,176	2,071	8,248
<b>BALANCE, MARCH 31, 2018</b> .....	938,733,028	¥ 489,320	¥ 67,031		¥ 36,708	¥ 381,540	¥ (96,387)	¥ 57,569	¥ (1,840)	¥ 933,942

	Thousands of U.S. Dollars									
	Common Stock	Capital Surplus			Retained Earnings		Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Total Equity
		Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated					
<b>BALANCE, MARCH 31, 2017</b> .....	\$ 4,604,504	\$ 630,763		\$ 311,788	\$ 2,990,749	\$ (906,248)	\$ 483,605	\$ (36,813)	\$ 8,078,349	
Cash dividends .....				33,638	(370,023)				(336,384)	
Net Income .....					969,574				969,574	
Purchase of treasury stock .....				(9)		(784)			(793)	
Disposal of treasury stock .....						28			28	
Transfer to capital surplus from retained earnings .....				9	(9)					
Net change in the year .....							58,121	19,495	77,617	
<b>BALANCE, MARCH 31, 2018</b> .....	\$ 4,604,504	\$ 630,763		\$ 345,426	\$ 3,590,291	\$ 907,003	\$ 541,727	\$ (17,317)	\$ 8,788,391	

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥106.27 = U.S. \$1, the approximate rate of exchange at March 31, 2018.

## Financial and Corporate Information | Five-Year Summary of Selected Operational Data

 The Kansai Electric Power Company, Incorporated and Its Subsidiaries  
 March 31, 2018

	Non-Consolidated Basis					Consolidated Basis				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Operating Revenues (Millions of Yen)	2,958,246	3,032,435	2,868,293	2,614,440	<b>2,683,945</b>	3,327,484	3,406,030	3,245,906	3,011,337	<b>3,133,632</b>
Operating Income (Millions of Yen)	(116,815)	(130,805)	208,566	164,524	<b>165,421</b>	(71,711)	(78,600)	256,702	217,747	<b>227,551</b>
Ordinary Income (Millions of Yen)	(122,909)	(159,626)	200,142	143,720	<b>145,506</b>	(111,326)	(113,052)	241,651	196,125	<b>217,104</b>
Net Income (Millions of Yen)	(93,091)	(176,721)	118,540	103,064	<b>103,036</b>	(97,408)	(148,375)	140,800	140,789	<b>151,880</b>
Total Ordinary Revenues (Millions of Yen)	3,008,043	3,074,712	2,913,347	2,653,410	<b>2,704,940</b>					
Residential	1,144,429	1,129,114	1,063,806	999,811	<b>995,959</b>					
Commercial and Industrial	1,607,254	1,655,047	1,530,231	1,296,832	<b>1,240,661</b>					
Total	2,751,684	2,784,161	2,594,038	2,296,643	<b>2,236,621</b>					
Other	256,358	290,550	319,309	356,766	<b>468,318</b>					
Total Ordinary Expenses (Millions of Yen)	3,130,952	3,234,338	2,713,205	2,509,690	<b>2,559,433</b>					
Personnel Expenses	198,186	195,986	196,724	204,685	<b>217,222</b>					
Fuel Costs	1,159,206	1,186,593	710,326	523,544	<b>520,117</b>					
Backend Expenses of Nuclear Power	52,843	42,994	37,669	32,203	<b>59,959</b>					
Maintenance Costs	178,543	184,611	185,351	189,583	<b>184,106</b>					
Taxes Other Than Income Taxes	149,811	148,470	148,032	148,428	<b>144,796</b>					
Depreciation	298,349	298,148	281,790	277,485	<b>250,710</b>					
Cost of Purchased Power	554,948	571,107	493,577	461,657	<b>466,719</b>					
Interest Expense	51,533	50,624	46,790	42,956	<b>33,380</b>					
Other	487,529	555,800	612,940	629,144	<b>682,420</b>					
Interest Expense (Millions of Yen)	51,533	50,624	46,790	42,956	<b>33,380</b>	56,621	55,373	51,322	48,391	<b>37,219</b>
Return on Equity (ROE) (%)	(10.9)	(24.5)	17.2	12.9	<b>11.5</b>	(8.0)	(13.3)	12.7	11.3	<b>10.9</b>
Return on Assets (ROA) (%)	(1.0)	(1.6)	3.7	3.0	<b>3.0</b>	(0.7)	(0.7)	3.9	3.4	<b>3.7</b>
Net Income per Share (Yen)	(104.15)	(197.72)	132.63	115.32	<b>115.30</b>	(109.01)	(166.06)	157.59	157.58	<b>170.01</b>
Cash Dividends per Share (Yen)	0.00	0.00	0.00	25.00	<b>35.00</b>					
Capital Investments (Millions of Yen)	325,068	300,069	254,183	232,458	<b>295,449</b>	418,920	420,667	369,302	344,098	<b>407,012</b>
Total Assets (Millions of Yen)	6,916,202	6,768,934	6,433,093	5,834,912	<b>5,946,115</b>	7,777,519	7,743,378	7,412,472	6,853,182	<b>6,985,088</b>
Net Assets (Millions of Yen)	806,691	638,876	742,044	858,486	<b>933,942</b>	1,213,158	1,060,219	1,201,831	1,344,696	<b>1,472,797</b>
Equity Ratio (%)	11.7	9.4	11.5	14.7	<b>15.7</b>	15.3	13.4	15.9	19.3	<b>20.8</b>
Interest-bearing Debt (Millions of Yen)	3,954,708	3,875,278	3,496,559	3,401,081	<b>3,359,960</b>	4,396,839	4,315,256	3,938,279	3,821,550	<b>3,708,240</b>
Net Assets per Share (Yen)	902.54	714.81	830.28	960.60	<b>1,045.09</b>	1,330.48	1,159.53	1,319.33	1,480.46	<b>1,627.66</b>
Free Cash Flows (Millions of Yen)						(3,213)	59,004	204,255	139,919	<b>176,028</b>
Operating Cash Flows (Millions of Yen)						347,772	447,666	595,154	485,669	<b>623,266</b>
Operating Revenues from Group Businesses										
(external sales) (Billions of Yen)						468.1	466.9	450.5	455.1	<b>537.5</b>
Ordinary Income from Group Businesses (Billions of Yen)						51.7	65.1	69.5	61.0	<b>75.7</b>
Number of Employees	20,813	20,628	19,914	19,533	<b>19,243</b>	33,657	33,539	33,089	32,514	<b>32,527</b>

	Non-Consolidated Basis				
	2014	2015	2016	2017	2018
Electricity Sales Volume (Million kWh)					
Residential	48,353	45,858	44,053	43,689	<b>41,767</b>
Commercial and Industrial	92,061	88,633	83,463	77,811	<b>73,477</b>
Total	140,414	134,490	127,516	121,500	<b>115,244</b>
Electricity Generation Capacity (MW)					
Nuclear	9,768	9,768	8,928	8,928	<b>6,578</b>
Thermal	17,982	19,441	19,408	19,408	<b>19,430</b>
Hydropower	8,208	8,222	8,225	8,226	<b>8,226</b>
Renewable Energies	11	11	11	11	<b>11</b>
Total	35,968	37,442	36,573	36,573	<b>34,245</b>
Power Sources (%)					
Nuclear	6	0	1	0	<b>10</b>
Thermal	80	86	82	84	<b>70</b>
Hydropower	10	10	12	11	<b>12</b>
Renewable Energies	1	2	3	4	<b>4</b>
Other	3	2	2	1	<b>4</b>
Total	100	100	100	100	<b>100</b>
CO <sub>2</sub> Emission (kg-CO <sub>2</sub> /kWh)	0.516	0.523	0.496	0.493	<b>0.42</b>
Nuclear Capacity Factor (%)	10.9	0.0	1.0	0.0	<b>18.0</b>
Thermal Efficiency of Thermal Power Plants (Lower heating value) (%)	44.6	46.5	46.6	47.6	<b>48.3</b>
System Peak Demand in Kansai Area (MW)	28,611	27,543	27,048	26,569	<b>26,376</b>
FTTH services (Thousand Lines)	1,484	1,528	1,590	1,625	<b>1,630</b>
Gas Sales Volumes (LNG conversion [gas and LNG total]) (Thousand Tons)	860	740	720	710	<b>970</b>

Company outline As of March 31, 2018

<b>Company name:</b>	The Kansai Electric Power Company, Incorporated	<b>Number of common shares issued:</b>	938,730 thousand
<b>Head office:</b>	3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270, Japan	<b>Number of shareholders:</b>	294 thousand
<b>Date of establishment:</b>	May 1, 1951	<b>Stock exchange listings: (Common stock)</b>	Tokyo Stock Exchange
<b>Paid-in capital:</b>	¥489.3 billion	<b>Transfer Agent:</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Operating revenues:</b>	¥3,133.6 billion (consolidated), ¥2,683.9 billion (non-consolidated)		6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502, Japan
<b>Total assets:</b>	¥6,985.0 billion (consolidated), ¥5,946.1 billion (non-consolidated)		
<b>Number of employees:</b>	32,527 (consolidated), 19,243 (non-consolidated)		
<b>Electricity sales:</b>	115.2 billion kWh		
<b>Main business:</b>	Electric power, heat supply, telecommunications, gas supply		

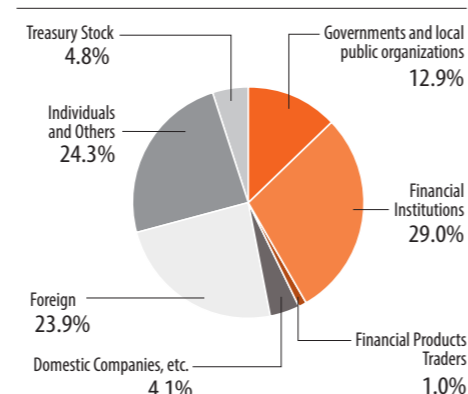
Number of employees: This includes working employees and excludes employees on loan and employees on leave of absence.

Major shareholders

As of March 31, 2018	Number of Shares Held (thousands)	Percentage of Shares Held (%)
Osaka City	83,748	8.92
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,200	4.80
Japan Trustee Services Bank, Ltd. (Trust Account)	33,170	3.54
Nippon Life Insurance Company	32,611	3.53
Kobe City	27,351	3.47
Kansai Electric Power Employee Stockholder Program	19,165	2.91
Mizuho Bank, Ltd.	17,378	2.04
Japan Trustee Services Bank, Ltd. (Trust Account 5)	15,593	1.85
STATE STREET BANK WEST CLIENT - TREATY 505234	12,950	1.66
Japan Trustee Services Bank, Ltd. (Trust Account 1)	11,569	1.38

Note: Our company treasury stock is excluded from the above table.

Distribution of shares As of March 31, 2018



Group Companies (Consolidated subsidiaries and affiliates accounted for by the equity method)

(As of May 31, 2018)

● Consolidated subsidiaries 72 companies

Comprehensive energy business (Gas and other energy)

- Kanden Energy Solution Co., Inc.
- SAKAI LNG Corp.
- ECHIZEN ENELINE CO., INC.
- Aioi Bioenergy Corporation
- Osaka Bioenergy Co., Ltd.
- KANDEN GAS SUPPORT CO., INC.
- KE Fuel International Co., Ltd.
- LNG EBISU Shipping Corporation
- LNG FUKUROKUJU Shipping Corporation
- LNG JUROJIN Shipping Corporation
- LNG SAKURA Shipping Corporation
- Kansai Electric Power Holdings Australia Pty. Ltd.
- Kansai Electric Power Australia Pty. Ltd.
- KE Fuel Trading Singapore Pte. Ltd.
- Kansai Sojitz Enrichment Investing S.A.S.

Seven other companies

Information and telecommunications (IT)

- K-Opticom Corp.
- Kanden System Solutions Co., Inc.

Six other companies

Real estate / Lifestyle-related business

- Kanden Joy Life Co., Ltd.
- Kanden Realty & Development Co., Ltd.
- Clearpass Co., Ltd.
- KANDEN Security of Society, Inc.
- Kanden E House Co., Ltd.
- KANSAI Medical Net Co., Inc.
- Kanden Life Support Co., Ltd.
- Kanden Facilities Co., Ltd.
- KANDEN AMENIX Corp.

Seven other companies

International business

- KPIC Netherlands, B.V.
- KPIC USA, LLC

One other company

Group support business, etc.

- Kanden Engineering Corp.
- NIHON NETWORK SUPPORT CO., LTD.
- Kanden Plant Corp.
- The Kurobe Gorge Railway Co., Ltd.
- Institute of Nuclear Safety System, Inc.
- NEWJEC INC.
- Kanden L-Heart Co., Inc.
- Kanden Power-Tech Corp.
- Kansai Electron Beam Co., Ltd.
- Kansai Power Venture Management Corporation
- Nuclear Engineering, Ltd.
- THE GENERAL ENVIRONMENTAL TECHNOS CO., LTD.
- The Kanden Services Co., Inc.
- Kanden CS Forum Inc.
- Kanden Office Work Co., Inc.
- The Kanden L & A Co., Ltd.
- Kanden Business Support Corp.

Six other companies

● Affiliates accounted for by the equity method Four companies

Comprehensive energy business (Gas and other energy)

- JAPAN NUCLEAR FUEL LIMITED

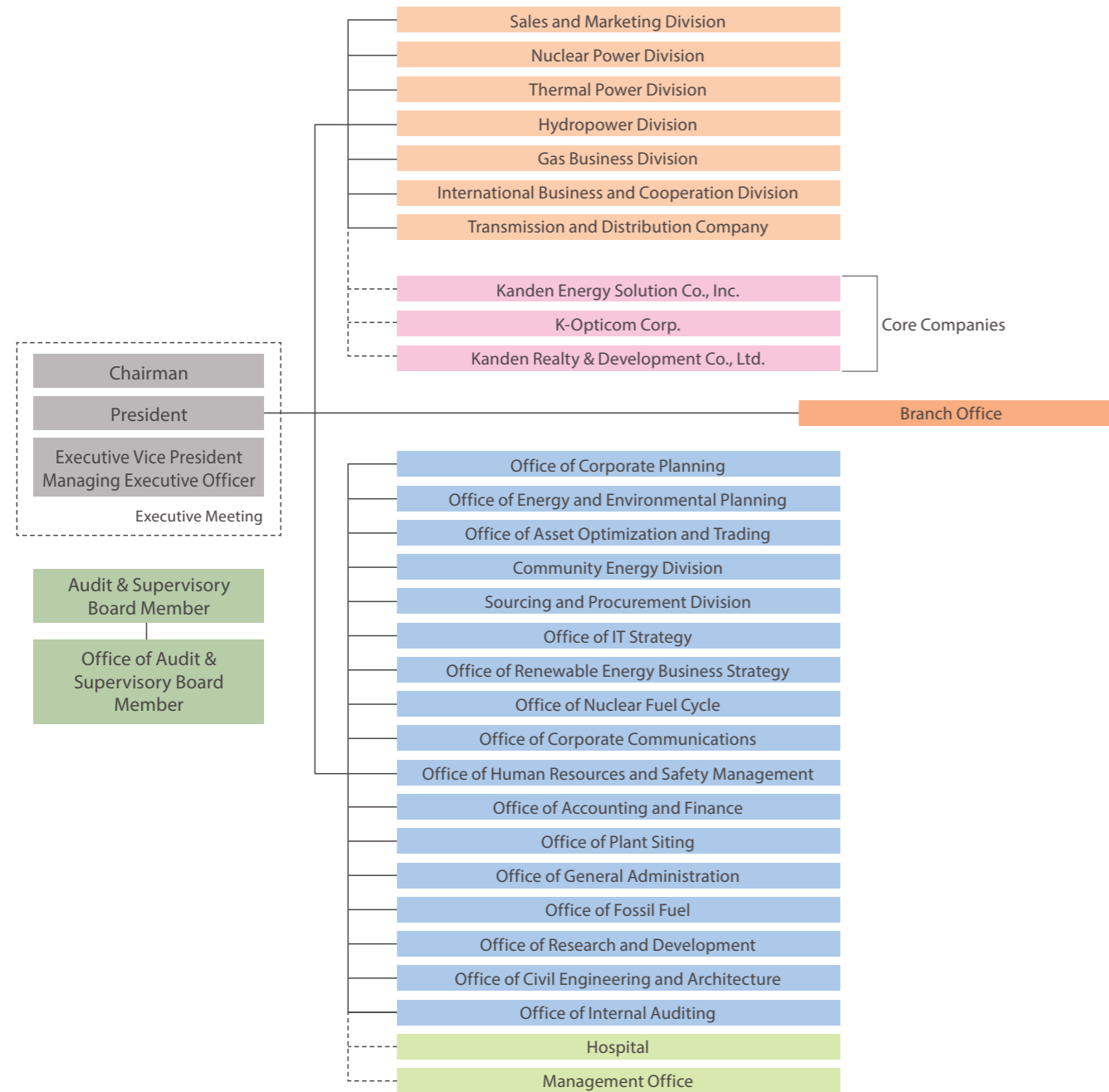
International business

- San Roque Power Corporation

Group support business, etc.

- KINDEN CORPORATION
- ENEGATE Co., Ltd.

(As of June 27, 2018)



**At the Kansai Electric Power Group,  
we are striving to build an unwavering safety culture by  
realizing our Management Philosophy goal of making safety  
our top priority.**

### Kansai Electric Power Group Safe Action Charter

#### Our beliefs about safety

##### Individual commitments (goals)

By making the assurance of safety our top priority in all our activities, we will protect the safety of every person involved in them.

##### Safety consciousness promise

Based on the strong belief held by every individual that “we will not allow misfortune to occur to the colleagues who work with us or their families,” we will foster a positive and open atmosphere where people can talk about anything by conducting daily communication that is rooted in consideration. We will also cultivate a culture that prioritizes the assurance of safety by implementing continuous reform.

##### Safety action promise

In order to not only protect our own safety but also that of our colleagues, we will act immediately if we sense danger. Through the practice of this kind of independent safety action, we will seek to eliminate accidents.

#### Safe Action Declaration

**I vow to do the following myself in order to both  
maintain my own safety and to preserve the happiness  
of my friends and family.**

##### Always think about what I can do for safety

We will expand the extent of what we individually can do for safety by improving our own technical abilities and sensitivity to danger. In addition, we will always think about what we can do ourselves and make suggestions proactively.

##### Follow rules and procedures

We will carefully confirm and without arbitrary changes faithfully follow rules related to safety, which have been established based on past lessons, as well as preparations and procedures determined from the planning stage in response to anticipated dangers.

##### Act without hesitation to protect colleagues from danger

When we notice a situation that could lead to danger for a colleague, instead of overlooking it, we will caution them or otherwise act without hesitation to prevent the danger.

##### Respond to unplanned situations by stopping and consulting

When confronted with a situation that is different from what was planned or expected beforehand, we will immediately stop without hesitation and consult with others. We will not arbitrarily judge the safety of something and push on or make changes.

##### Communicate actively

The idea that “we will not allow misfortune to occur to the colleagues who work with us or their families” is not a hollow phrase. We will take this to heart deeply and communicate proactively as individuals.