

Kansai Electric Power Group Report 2013

CSR & Financial Report

Editorial Policies

The Kansai Electric Power Group has thus far reported on its CSR efforts and its finances in separate reports. However, convinced of the need to comprehensively convey an overall image of our business activities to our various stakeholders, we have decided to integrate this information into a single Kansai Electric Power Group Report starting this year.

Report Publication Date

Published September 2013

2012: CSR Report (published Sept. 2012),
Annual Report (published Aug. 2012)

2014: To be published in summer of 2014

Scope of Report

Period covered: April 1, 2012, to March 31, 2013
(We will also report on important information that may fall outside of that time frame.)
Companies covered: The Kansai Electric Power Co., Inc., and Kansai Electric Power Group companies.

Guidelines Referenced

GRI's "Sustainability Reporting Guidelines" Version 3, Ministry of the Environment's "Environmental Reporting Guidelines" (2012 Version)

GRI (Global Reporting Initiative): An international nonprofit organization headquartered in the Netherlands whose purpose is to formulate and disseminate international guidelines for sustainability reports. This organization is comprised of many different participants, including companies, nonprofit organizations, organizations of accountants, investment institutions, and labor unions, and they have been active in its work since autumn 1997.

Caution Concerning Forward-Looking Statements

Information contained in this report regarding future projections related to the Group's plans, strategies, and anticipated performance is based on information currently available, and involves potential risks and uncertainties. For this reason, the actual performance and business environment may differ from what is projected in this report due to changes in various factors, including changes in the economic situation, market trends, and revisions to relevant laws and regulations.

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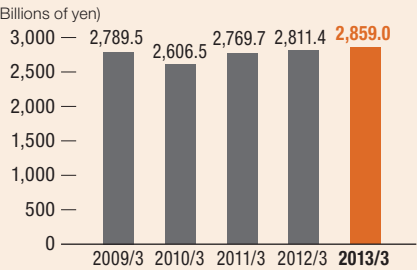
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Consolidated Financial Highlights

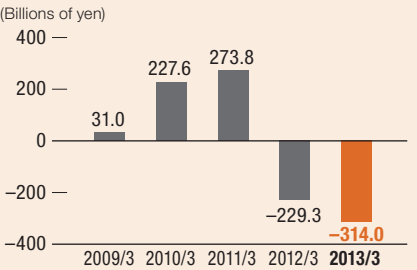
The Kansai Electric Power Company, Incorporated and Consolidated Subsidiaries Fiscal Years Ending March 31	Billions of yen					Millions of US dollars*1
	2009	2010	2011	2012	2013	2013
Operating revenues	¥ 2,789.5	¥ 2,606.5	¥ 2,769.7	¥ 2,811.4	¥ 2,859.0	\$ 30,418
Operating income	31.0	227.6	273.8	-229.3	-314.0	-3,340
Net income	-8.7	127.1	123.1	-242.2	-243.4	-2,589
Total assets	6,970.1	7,116.6	7,310.1	7,521.3	7,635.1	81,233
Net assets	1,706.7	1,789.4	1,832.4	1,529.8	1,278.1	13,598
Operating cash flows	281.2	667.1	610.5	43.8	142.6	1,517
Operating revenues from Group businesses (external sales)*2 ...	295.7	321.3	355.6	391.2	428.4	4,557
Ordinary income from Group businesses*2	52.5	62.4	54.8	52.8	62.9	669
Per share data	Yen				US dollars	
Net income	¥ -9.65	¥ 140.24	¥ 137.66	¥ -271.12	¥ -272.43	\$ -2.89
Cash dividends	60.00	60.00	60.00	60.00	0.00	0.00
Net assets	1,868.08	1,972.44	2,026.53	1,689.73	1,406.53	14.96
Major indicators	%					
Equity ratio	24.4	25.0	24.8	20.1	16.5	
Return on equity (ROE)	-0.5	7.3	6.9	-14.6	-17.6	
Return on assets (ROA)*3	0.6	3.5	4.0	-2.9	-3.9	
Electricity sales volume	Billion kWh				141.8	

*1 The yen-dollar exchange rate of ¥93.99 = US\$1 as of March 31, 2013, is applied.
*2 Figures in this table are the simple sums of targets set by consolidated subsidiaries prior to consolidation eliminations. Figures in this table include a portion of gas supply, fuel sales and steam supply businesses, which are part of incidental businesses included in the non-consolidated financial statements.
Ordinary income includes the amounts from affiliated companies accounted for by the equity method.
*3 ROA = Business profit (ordinary income plus interest expense) divided by total assets (average of period-start and period-end totals)

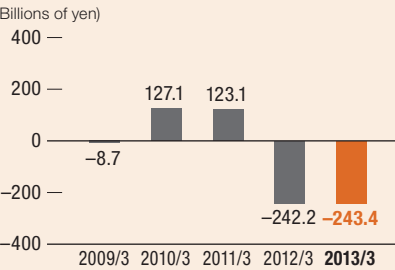
Operating Revenues



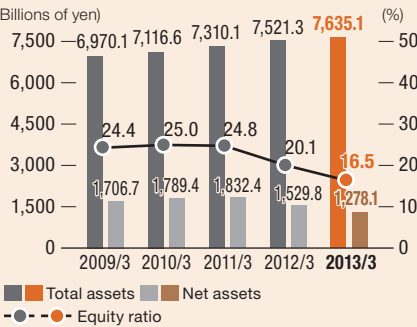
Operating Income



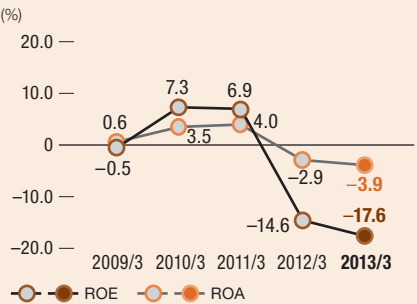
Net Income



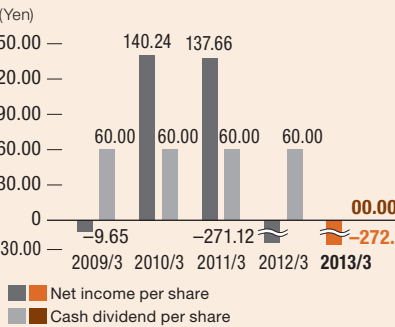
Total Assets, Net Assets, Equity Ratio



ROE, ROA



Net Income per Share / Cash Dividend per Share

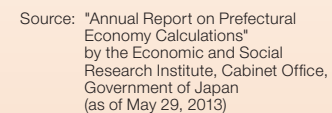
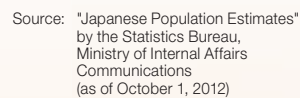
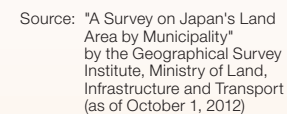


For more than a half-century since its founding as a power company in 1951, Kansai Electric Power has been meeting the demand for power in the Kansai region.
The Kansai Electric Power Group strives to be the No. 1 company in customer satisfaction in its core energy business and in businesses that form the infrastructure for everyday living and social life.

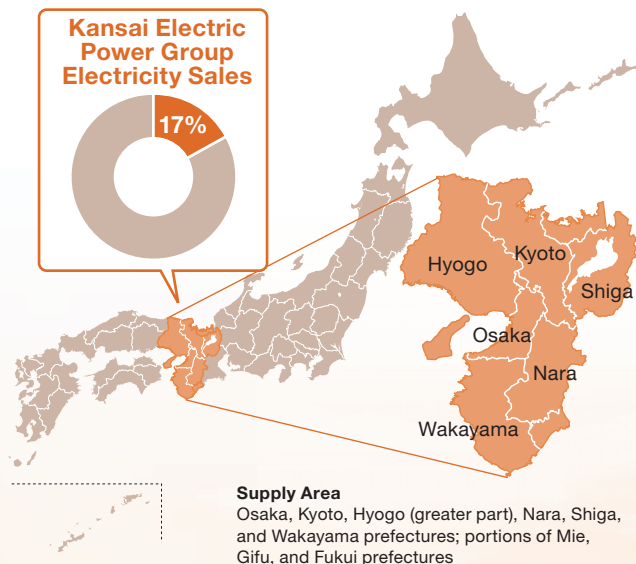
The Kansai region, where we supply power, is situated in the middle of the Japanese archipelago, and cities like Osaka, Nara, and Kyoto have flourished for more than 1,300 years. It has prospered as a center of politics, economics, and culture.

Its industries range widely from electricity and electronics, to machinery, steel, chemicals and textiles. Many well-known Japanese companies originating in the Kansai region have achieved steady growth through innovative technologies, and they now account for 16% of Japan's GDP.

As a company strongly rooted in the local community, Kansai Electric Power is contributing to regional development and the revitalization of industry, and will continue to grow alongside the region into the future.



Today, given the impact of the Great East Japan Earthquake, authorities are investigating electric power system reforms such as separation of the transmission and distribution sectors and introduction of comprehensive retail competition.



Company name:	The Kansai Electric Power Company, Incorporated
Headquarters:	3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270
Date of establishment:	May 1, 1951
Paid-in capital:	¥489,300 million
Shares of stock outstanding:	938,730,000
Main business:	Electric power, heat supply, telecommunications, gas supply
Number of group companies:	57 consolidated subsidiaries, 4 affiliates accounted for by the equity method
Number of employees:	33,537 (consolidated), 20,714 (non-consolidated)
Electricity sales:	141,800 million kWh
Operating revenues:	¥2,859,000 million (consolidated), ¥2,520,700 million (non-consolidated)
Total assets:	¥7,635,100 million (consolidated), ¥6,757,600 million (non-consolidated)

Number of group companies: 37 consolidated subsidiaries,
4 affiliates accounted for by the equity method

Number of employees: 33,537 (consolidated),
20,714 (non-consolidated)

Electricity sales: 141,800 million kWh

Operating revenues: ¥2,859,000 million (consolidated),
¥2,520,700 million (non-consolidated)

Total assets: ¥7,635,100 million (consolidated),
¥6,757,600 million (non-consolidated)

● System Map

Legends:

- Hydropower plant
- Thermal power plant
- Nuclear power plant
- Solar power plant
- Substation
- Switching station
- Converter station
- 500 kV transmission line
- ±250 kV direct current transmission line
- Tie point with other power companies
- Kansai Electric
- Power's supply area

Power Source Composition
(Total 156.2 billion kWh)

Power Source	Percentage	Amount (billion kWh)
Thermal	80%	124.8
Nuclear	10%	15.2
Hydropower	9%	14.7
Renewable energies	1%	1.6

Note: Generated power amounts reflect the composition ratio of our electricity output to demand.
Due to rounding, the totals may not equal 100%.

Two other companies

Three other companies

Five other companies

Kanden Engineering Corp.
NIHON NETWORK SUPPORT CO., LTD.
Kanden Plant Corp.
The Kurobe Gorge Railway Co., Ltd.
NEWJEC INC.
Institute of Nuclear Safety System, Inc.
Nuclear Engineering, Ltd.
THE GENERAL ENVIRONMENTAL TECHNOS CO., LTD.

Ten other companies
Total: 61 companies

Message from Top Management



Chairman and Director
Shosuke Mori
森 詳介



President and Director
Makoto Yagi
八木 誠

We are continuing to fulfill our unchanging mission of serving customers and communities by building CSR into the core of our business

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

FY 2012 Business Overview

In FY 2012, given the prolonged suspension of our nuclear power plants following the Great East Japan Earthquake, it was challenging to balance the supply and demand for electricity. However, thanks to the restart of Units 3 and 4 at the Ohi Power Station, other measures taken to increase the power supply, and the extensive cooperation of our customers in conserving energy, we have been able to achieve a safe and stable supply of electricity. In terms of revenues and expenditures, the Group has been working to achieve efficient business operations, but substantial increases in thermal fuel and other costs has left us operating at a deficit for two consecutive years. If this situation continues, it will have a significantly negative impact on our finances and would pose an impediment to our ability to fulfill our greatest mission, to provide a safe and stable supply of electricity. Thus, though we have started with painstaking efficiency improvement efforts, we have decided to raise electricity rates. Since the future of the business environment remains uncertain, we also decided not to pay a dividend for this fiscal year in an effort to preserve the company's financial soundness. We know that these moves place a considerable burden on our customers and shareholders, and we deeply regret having to move in this direction.

FY 2013 Business Prospects

As we enter FY 2013, there is still no end in sight to the ongoing suspension of our nuclear power plants, and we continue to face challenges in terms of balancing electricity supply and demand, as well as balancing our revenues and expenditures. However, the entire Kansai Electric Power Group is leveraging its full strength to ensure a safe and stable supply of electricity and is placing the highest priority on resolving the most pressing issues, such as the reactivation of nuclear power plants whose safety has been confirmed and further business efficiency improvements aimed at improving our fiscal balance. In addition, we are making every effort to be a company that can quickly and appropriately adapt to changing customer needs and electric power system reforms, and one that will be chosen by our customers to service their needs. Thus, in FY 2013, we developed three action plans: (1) cultivating a corporate climate prioritizing safety and achieving a stable power supply; (2) pursuing extensive improvements in business efficiency and sustainability; and (3) promoting efforts to meet new expectations of customers and communities.

Cultivating a Corporate Climate Prioritizing Safety and Achieving a Stable Power Supply

By ensuring that each and every employee performs in a way that prioritizes safety, we are building a robust safety culture throughout the group. Particularly with regard to nuclear power generation, we are making certain to adapt to the new regulatory requirements, are voluntarily and continuously promoting safety improvement measures that go beyond the regulatory framework, and are aiming to offer the highest levels of safety in the world. We are making every effort to support the early restart of nuclear power plants whose safety has been confirmed while gaining the understanding of the local community. We are doing everything in our power to ensure the safe and stable supply of electricity by making maximum use of thermal power and hydropower generation, taking firm steps to deal with aging distribution equipment, and promoting energy management activities that contribute to energy conservation efforts and reductions in peak energy use.

Pursuing Extensive Improvements in Business Efficiency and Sustainability

In every area, including asset efficiency, maintenance costs, and materials and fuel procurement, we have been making diligent efforts to improve business efficiency. We are also working to grow the income of the entire group by expanding group businesses in such areas as comprehensive energy supply, information and telecommunications, and amenity services in daily life, and by participating in international projects where we can utilize the know-how we have developed in the electric power industry.

Promoting Efforts to Meet New Expectations of Customers and Communities

We are cooperating in careful investigations to ensure that electric power system reforms are achieved in a way that truly benefits our customers, and are striving to offer new services that will help expand the options our customers have available to them. We are also promoting the advanced use of thermal power generation and the widespread use and expanded generation of renewable energies through the development of solar and wind power generation, and the construction of a smart grid.

Our Corporate Social Responsibility

Fundamental to the promotion of these efforts is our awareness of our corporate social responsibility (CSR). For the Kansai Electric Power Group, CSR means diligently fulfilling the responsibilities that are ours to fulfill as a member of society. This is achieved when each and every employee thinks about issues from the perspective of our customers and other stakeholders, behaves in a way that demonstrates respect for others, and conscientiously performs the work assigned to them with a sense of mission and purpose.

Putting CSR Into Practice

To conscientiously practice CSR, each and every member of the Kansai Electric Power Group must enhance their understanding of CSR, and we must cultivate a corporate culture that encourages employees in every workplace to approach their work with a sense of CSR awareness. To this end, we conduct various types of internal training, and in every workplace, we are promoting outreach activities suitable to the workplace conditions, focused around CSR Key Persons. We are having top management visit as many workplaces as possible and engage in direct conversations with workers to thoughtfully and repeatedly communicate the importance of CSR and our CSR approach. The Kansai Electric Power Group is continuing to fulfill its unchanging mission of serving customers and communities by building CSR into the core of its businesses.

The Kansai Electric Power Group Report

Intending with this edition to start comprehensive reporting on all Group business activities, we have decided to integrate the report on our CSR activities (CSR Report) and the report on our financial performance (Annual Report). Through the new Kansai Electric Power Group Report, we hope to foster closer communication with our various stakeholders. We trust that you will gain a better understanding of our Group's efforts as you read this report, and we welcome your honest feedback regarding our activities.

Interview with the President

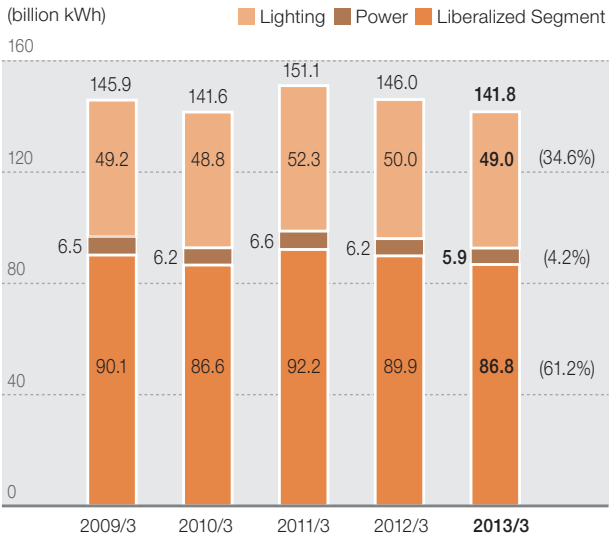
Q -1 What is your assessment of economic conditions and business performance in the year under review (ended March 2013)?

A The Group's overall revenue increased this year due to increases in residential and commercial power fees as a result of rate adjustments based on the fuel cost adjustments system, as well as bullish trends in our IT and other businesses. However, we recorded our largest ever ordinary loss as a result of sizable increases in thermal fuel expenses and costs for electricity purchased from other companies, both of which were due to reduced rates of operation at our nuclear power plants.

The Kansai economy during this period was weak overall, as reflected in reduced exports and production resulting from the slowdown in the global economy, but the decline seemed to decelerate toward the end of the year as a result of the government's economic measures. Electricity sales were down from last year due to consumer cooperation in efforts to conserve energy and weak production activities among firms. Given this, our revenue report shows that electricity sales decreased, but that residential and commercial electricity

fee revenues increased as a result of rate adjustments based on the fuel cost adjustments system, and that operating revenues increased in our IT and other businesses. Turning to expenditures, a great deal of effort has been put into reducing costs across all business operations, but because of the reduced operation of our nuclear power plants, there were significant increases in thermal fuel costs and electricity purchases from other companies. As a result, we recorded the largest ordinary loss on record. In our IT and other businesses, we have been able to steadily promote the Group's businesses overall, as the number of subscribers to our FTTH service has steadily increased, gas sales prices have risen, and the number of home units sold has increased.

■Growth and Components of Electricity Sales Volume



Note: Liberalized segment demand is demand in the segment subject to partial liberalization of electricity retail sales. (Until the year ending March 2004, this included customers who received extra-high voltage power of 20,000 V or more, and whose use was generally more than 2,000 kW. For the year ending March 2005, this included customers who received high voltage power of 6,000 V or more, and whose use was generally more than 500 kW. For the year ending March 2006, this included customers who received high voltage power of 6,000 V or more, and whose use was generally more than 50 kW.)

Makoto Yagi
Kansai Electric Power Co., Inc.
President and Director

■Performance by Business Segment (before inter-segment cancellation)

Business Segment		March 31, 2012	March 31, 2013	Increase/Decrease	
		Amount (¥1 million)	Amount (¥1 million)	Amount (¥1 million)	Percentage (%)
Electric Power	Operating revenues	2,429,937	2,439,435	9,497	0.4
	Operating expenses	2,706,807	2,808,920	102,112	3.8
	Operating income/loss	-276,870	-369,485	-92,615	-
IT	Operating revenues	206,857	210,251	3,394	1.6
	Operating expenses	182,827	185,968	3,141	1.7
	Operating income/loss	24,030	24,282	252	1.0
Other	Operating revenues	521,442	538,568	17,126	3.3
	Operating expenses	496,000	508,092	12,092	2.4
	Operating income/loss	25,441	30,475	5,034	19.8

Note: The above figures exclude consumption taxes.

Q -2 What efforts and safety improvement measures have been taken for the purpose of restarting the nuclear power plants?

A Kansai Electric Power has bolstered the diversity and redundancy of its measures to improve the safety of its nuclear power plants, but will continue in the future to collect and analyze technological information from both within Japan and abroad and to improve the safety and reliability of those plants, as we strive to make our plants the safest in the world.

After the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station, Kansai Electric Power immediately implemented emergency response measures based on what had happened there. Since then, we have bolstered the diversity and redundancy of safety improvement measures at all of our nuclear power plants. Considering the potential occurrence of various external phenomena, including not only earthquakes and tsunamis, but other natural disasters, we have also strengthened our core damage prevention measures as well as other measures, including those for preventing large-scale radiation leaks. The new regulatory requirements were enacted on July 8, 2013. To confirm that we are in compliance with those new regulatory requirements, we have applied to the Nuclear

Regulation Authority for nuclear reactor installation and upgrade permission, approval of construction plans, and permission to revise safety regulations for Units 3 and 4 at the Ohi Power Station and for Takahama Power Station. After obtaining the understanding of the local community, Kansai Electric Power hopes to quickly restart those nuclear power plants whose safety has been confirmed. To do this, we believe it is essential to voluntarily and continuously promote safety improvement measures that go beyond the regulatory framework. In the future, we will work to collect and analyze technological information from both within Japan and abroad, and to improve the safety and reliability of our plants, all in an effort to make them the safest in the world.

Q -3 What is the status of efforts to improve business efficiency?

A In FY 2012, we achieved efficiency improvements valued at ¥210 billion, comprised of savings of ¥60 billion in capital investment and ¥150 billion in maintenance costs and miscellaneous expenses. In the future, we are committed to implementing the ¥155.3 billion efficiency improvements we indicated when making our request for an electricity rate increase while working to absorb the ¥47.4 billion assessment adjustment in our overall operations. To that end, we are investigating further business efficiency improvement measures.

As we continue to place the highest priority on the safe and stable supply of power, Kansai Electric Power has continued to improve business efficiency with the goals of achieving lower electricity rates and improving the firm's value by strengthening its business base. However, since the inability to restart our nuclear power plants has put us in a very tough financial position, in April 2012, we established an Efficiency Promotion Council and are striving to achieve further efficiency improvements that will help us improve our bottom line.

In FY 2012, efforts were made to dramatically improve business efficiency across all departments focusing on capital investment, maintenance costs, and other miscellaneous expenditures, with no item immune to scrutiny. These included close inspections of the business we are conducting and reviews of the scope of construction work, all premised first and foremost on ensuring the safe and stable supply of

electricity. As a result, we achieved efficiency improvements valued at ¥210 billion, comprised of savings of ¥60 billion in capital investments and ¥150 billion in maintenance costs and miscellaneous expenses.

In FY 2013 and beyond, we will steadily implement business efficiency improvements valued at an annual average of about ¥155.3 billion over the three years from 2013 to 2015, which we announced when we requested an increase in electricity rates. These will be achieved through such measures as upgrading Himeji No. 2 Power Station to a high efficiency combined-cycle power generation system, which offers the highest level of power generation efficiency in the world. The ¥47.4 billion assessment adjustment mandated at the time our electricity rate increase was approved must be absorbed by our businesses overall, and the entire Group is working together to investigate business efficiency improvements aimed at compensating for this deficit.

Q -4 Given the current business environment, what is your long-term direction for business operations?

A We know that the business environment ahead of us is very different from what we have seen in the past. It is characterized by:

- (1) A lack of clarity in energy policies, including the position of nuclear power;
- (2) The identification of a specific direction for electric power system reforms; and
- (3) Diversification in social needs due to an increased awareness of energy conservation, which has been triggered by the tight balance between electricity supply and demand.

In the future, we will keep an eye on trends in energy policies and various changing conditions so that we can appropriately respond to changes in the awareness and various needs of our customers and communities.

Kansai Electric Power believes that the government must carefully redraft its energy policy as a core policy from a mid- to long-term perspective. Premised on the assurance of Safety, the government should investigate such a policy from various perspectives, including the assurance of long-term Energy security, Economic efficiency, and Environmen-

tal conservation, or "S+3E," and considering the impact on people's lives and the national economy. With regard to the establishment of an Interregional System Operator, which is being planned as part of electric power system reforms, we are conducting investigations aimed at the early adoption of such an institution, which will contrib-

ute to broad-based supply and demand coordination when there is significant tightness in the supply-demand balance and to expanding the introduction of renewable energies. We are furthermore actively working toward comprehensive retail competition by expanding the options available to customers and promoting the diversification of tariff rates in such a way as to benefit our customers. However, we still have concerns about separation of the transmission and distribution sectors, as there would be no easy way to respond to such a change. Adequate consideration must be given to dealing with the technological challenges involved and related developments in the business environment based on the opinions of experts and business persons, and if problems are identified in the process of this investigative process, we must flexibly revise the approach

being considered. To continue fulfilling its unchanging mission of serving customers and communities, as outlined in the Kansai Electric Power Group Long-Term Growth Strategy 2030, Kansai Electric Power is appropriately responding to changes in the business environment and will continue delivering a safe and stable supply of electricity to its customers at as low a price as possible. With market rivalry increasing as a result of the introduction of comprehensive retail competition, we are taking active steps to promote corporate reforms, to make changes that keep us ahead of the times, and to develop new services to help ensure that we will be the service provider chosen by customers.

Q -5 What is your policy on returns for shareholders?

A To appropriately share the results of its business operations with its shareholders, Kansai Electric Power has made the stable payment of dividends a core part of its basic policy for returning profits to shareholders. However, in FY 2012, we decided not to issue a dividend in the interest of placing a higher priority on ensuring the financial soundness of our business.

To appropriately share the results of its business operations with its shareholders, Kansai Electric Power has made the stable payment of dividends a core part of its basic policy for returning profits to shareholders. However, with the largest-ever deficit having been recorded in FY 2012, we have continued to face an extremely challenging revenue situation, and considerable uncertainty regarding the future of the business environment remains.

Given this, and given the need to place a high priority on maintaining the financial soundness of the company, Kansai Electric Power, regrettably, decided not to pay any dividend in FY 2012 or an interim dividend in FY 2013. Going forward, we will diligently work to restore a balanced budget by pouring all of our efforts into restarting our nuclear power plants, ensuring the safe and stable supply of electricity, and improving business efficiency.

Explanation of Electricity Rate Increase and Efforts to Improve Business Efficiency

With no projected restart date for the nuclear power plants that have been idle since the Great East Japan Earthquake, the worsening of our financial situation would inevitably impede our ability to fulfill our greatest mission of providing a safe and stable supply of electricity. Thus, even as we start with efforts to improve our business efficiency, we have also had to raise electricity rates. This price increase will be explained in four sections: (1) overview of the rate increase; (2) comparison of current revised rates and fee revenues before the increase; (3) description of the rate revisions; and (4) business efficiency improvements incorporated into the revised rates.

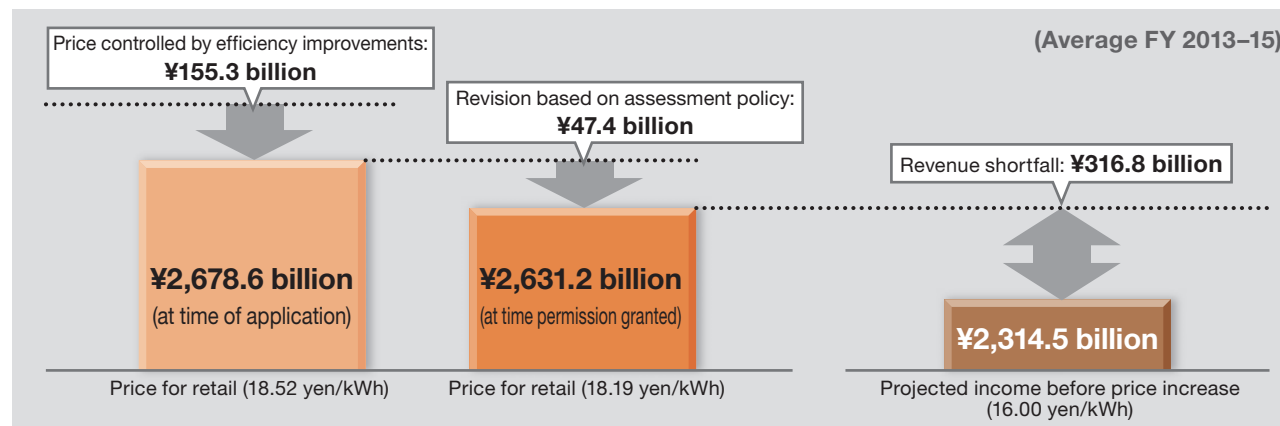
(1) Overview of the Rate Increase

On November 26, 2012, Kansai Electric Power requested to the Ministry of Economy, Trade and Industry for an average 11.88% price increase in the regulated sector and an average 19.23% price increase in the liberalized sector. Later, on April 2, 2013, after consideration by the Expert Committee on Reviewing Electricity Rates and the Consumer

Commission, public hearings, and meetings of relevant cabinet ministers involved in price issues, we received permission from the ministry to implement an average price increase of 9.75% in the regulated sector as of May 1. In conjunction with this, we revised the rate increase we requested for customers in the liberalized sector as of April 1 to 17.26%.

At time of application	Average price after increase	Rate of increase	At time permission granted	Average price after increase	Rate of increase
Regulated sector	22.93 yen/kWh	11.88%	Regulated sector	22.49 yen/kWh	9.75%
Liberalized sector	15.91 yen/kWh	19.23%	Liberalized sector	15.65 yen/kWh	17.26%

(2) Comparison of Current Revised Rates and Fee Revenues Before the Increase



Price Breakdown

	Average FY 2013–15		
	At time of application (A)	At time permission granted (B)	Difference (B-A)
Personnel expenses	¥193.4 billion	¥182.2 billion	(¥11.2 billion)
Fuel costs	¥932.1 billion	¥922.4 billion	(¥9.7 billion)
Cost of purchased power	¥326.9 billion	¥322.4 billion	(¥4.6 billion)
Maintenance costs	¥265.4 billion	¥259.6 billion	(¥5.8 billion)
Depreciation	¥296.5 billion	¥294.5 billion	(¥2.0 billion)
Business return	¥136.0 billion	¥134.6 billion	(¥1.4 billion)
Taxes and public dues	¥176.1 billion	¥174.9 billion	(¥1.2 billion)
Other	¥352.1 billion	¥340.6 billion	(¥11.5 billion)
Total	¥2,678.6 billion	¥2,631.2 billion	(¥47.4 billion)

Note: Totals may not be consistent due to rounding.

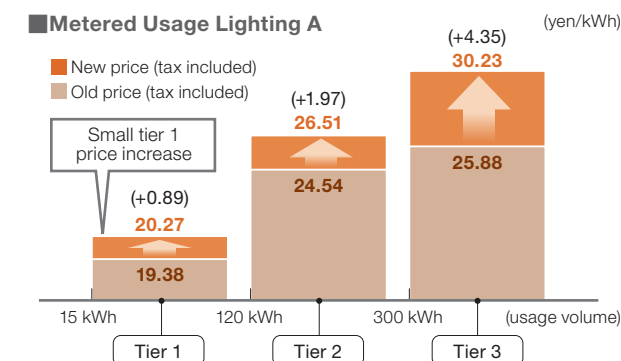
Factors Incorporated into Price Calculations

	Average FY 2013–15
Electricity sales (100 million kWh)	1,446
Crude oil price (US\$/barrel)	105.9
Exchange rate (¥/\$)	78.9
Nuclear power use rate (%)	34.5
Rate of return (%)	2.9
Staff incurring personnel expenses (employees)	22,060

(3) Description of the Rate Revisions

Tariff Rates for Households (Metered Usage Lighting A)

- Because tier 1 prices apply to the usage of electricity that is essential to everyday living, we kept the price increase low so as to mitigate the effects on customers.
- The increase in tier 3 prices was greater than in tiers 1 and 2 so as to promote energy conservation.



As was the case when we requested the price increase, we have been widely informing customers, through the distribution of fliers when we do meter readings, for example, about the price increase in general and about the impacts of the price increase on their contract tariff rates. We are also striving at every opportunity, such as when visiting customers or various organizations, to carefully and clearly explain the situation.

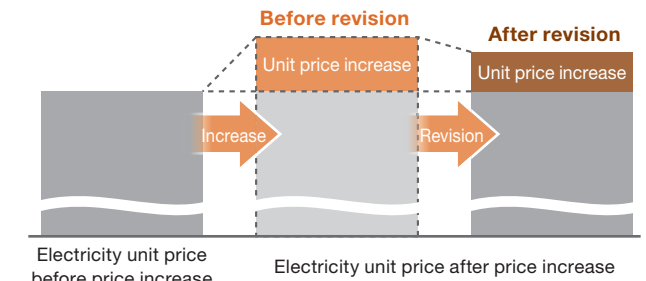
Liberalized Sector

We had requested a price increase starting April 1, before May 1, but we have revised the unit price increase based on the rate that was approved.

Unit Price Increase

Category	Before revision	After revision	Difference
High voltage	2.72	2.44	(0.28)
Extra-high voltage	2.68	2.39	(0.29)

Concept Image of Revision in Electricity Unit Price



We are informing customers about our revised price increase through visits or the delivery of printed materials.

(4) Business Efficiency Improvements Incorporated Into the Revised Rates

Placing the highest priority on the safe and stable supply of power, Kansai Electric Power has continued to improve business efficiency with the goals of achieving lower electricity rates and improving the firm's value by strengthening its business base. However, because the inability to restart our nuclear power plants has put us in a very tough financial position, in April 2012, we established an Efficiency Promotion Council and are continuing to strive for further efficiency improvements that will help us improve our bottom line. Based on our continuation of these efforts, the electricity rate

unit price that we recently calculated reflects a ¥155.3 billion annual cost reduction averaged over the three fiscal years 2013 through 2015.

In the future, we will move forward on implementing efficiency improvements, but since the ¥47.4 billion assessment adjustment mandated at the time our electricity rate increase was approved must be absorbed by our businesses overall, the entire Group is working together to further explore efficiency improvements and to investigate any possible measures that might be taken.

Cost Reductions in FY 2013–2015 (¥1 billion)

Cost	FY 2013	FY 2014	FY 2015	3-yr. avg.	Description
Personnel expenses	33.8	34.1	35.4	34.5	Reduced salaries and allowances, reduced personnel through hiring controls, reduced welfare expenses through reduced welfare facilities, etc.
Fuel costs, cost of purchased power	25.3	53.5	66.9	48.6	Fuel expense reductions through the introduction of a combined-cycle system at Himeji No. 2 Power Station, fixed expense reductions through purchasing of power from other companies and residential generation facilities, fuel expense reductions through low price electricity purchases from the Japan Electric Power Exchange, etc.
Expenses related to capital investments	5.3	6.4	8.2	6.6	Expansion of competitive ordering methods, reductions in order prices through specification revisions and revisions to service content, etc.
Maintenance costs	24.3	31.0	30.9	28.7	Expansion of competitive ordering methods, reductions in order prices through specification revisions and revisions to service content, unit price reductions on smart meters, etc.
Miscellaneous expenses	36.6	38.1	36.1	37.0	Reductions in donations, membership dues, and organization expenses, reductions in PR activity costs, such as expenses related to sales activities and advertising expenses, careful screening of research content, etc.
Total	125.3	163.2	177.5	155.3	

Note: Totals may not be consistent due to rounding.

Painstaking Efforts to Improve Business Efficiency

Efforts to Improve Efficiency in Facility Configuration, Management, and Maintenance

Improving asset efficiency.....

(1) Power generating facilities

In terms of power source development, we are building a power composition based on the notion of achieving an energy mix that comprehensively integrates safety first, along with considerations of long-term energy security, economic efficiency, and environmental conservation.

For example, we are striving to upgrade facilities at the Himeji No. 2 Power Station to a high efficiency combined-cycle system, which offers the highest level of power generation efficiency in the world.

(2) Distribution facilities

Repairs of electricity distribution facilities, such as steel towers, transformers, and power poles are expected to increase as these facilities age, but we are carefully examining the age and usage environment of each piece of equipment and are promoting repairs based on an assigned order of priority based on that review.

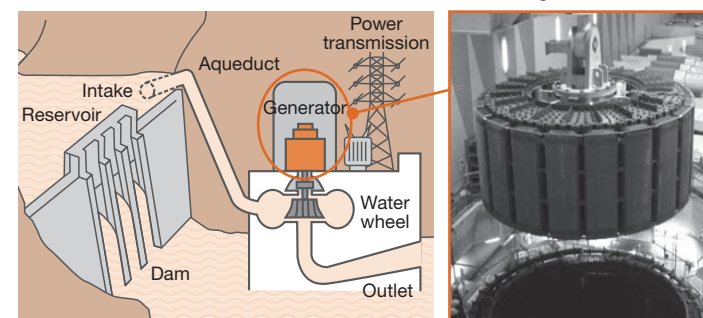
When performing repairs, we are promoting facility configurations that enable efficient management and maintenance, and we are striving to control construction expenses by using new construction methods.

Controlling maintenance costs

To reliably fulfill our mission of providing a safe and stable supply of electricity, we actively invest our resources in taking extensive measures to inspect and repair our facilities. We are therefore striving to improve the efficiency of our facility maintenance practices.

Reducing maintenance costs by optimizing the replacement cycle of generators at hydropower plants

In the past, we have judged the longevity of the generators with uniform criteria at our hydropower plants based on wear-and-tear diagnosis results. As a result of having revised the necessary dielectric strength level required at each power plant based on an analysis of our data, however, we have been able to extend the life of our generators.



Generator

Optimizing the inspection cycle for gas circuit breakers

In the past we have conducted periodic internal inspections of gas circuit breakers on a regular cycle applied to all units uniformly, but we have revised our inspection plan by ascertaining as much as possible the condition of the equipment based on past data, such as fault current or interrupted current data. In the future, we will strive to reduce inspection costs by managing equipment based on the condition of each device.



Gas circuit breaker

Efforts to Improve Efficiency in Materials and Fuel Procurement

In materials procurement

We have thus far worked to reduce prices through the implementation of various strategic ordering methods, but to achieve a further 10% price reduction while still maintaining our priority on ensuring a safe and stable supply, the entire Group is working together to pursue efficiency in every area, with no expense immune from scrutiny.

Specifically, we are striving to achieve continuous reductions in our ordering costs by engaging in rigorous assessments and negotiations, whether in the context of competitive ordering or ordering from a designated supplier, or in the context of

transactions with regular companies or with affiliated companies. By continuing to apply various strategies, such as expanding the scope of competitive ordering as a strategic measure that can be used for certain materials to be procured under certain conditions, or using the advantages of scale or the principle of competition, we are pursuing the maximum effects of competition and are promoting further price reductions.

Through these efforts, Kansai Electric Power is aiming to expand its competitive ordering rate by 30% by 2015, versus 2011.

Also, from the perspective of optimizing our entire procurement supply chain, we will strive to achieve unit cost reductions by reviewing our specifications, distribution methods, and ordering units and rationalizing and improving the efficiency of our construction and business management methods while utilizing the knowledge of our suppliers and external consultants.

In fuel procurement

To support efficient thermal power generation based on the particular characteristics of various fuels, we are working to ensure stable procurement of thermal fuels corresponding to

the operating conditions at our power plants and to reduce our fuel expenses.

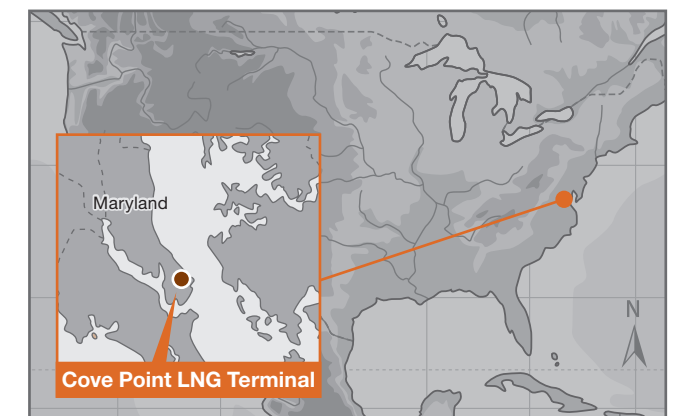
Specifically, in an effort to reduce procurement costs in each stage from production and transportation to reception, we are promoting participation in upstream LNG businesses and the ownership of fuel transport vessels.

We are also promoting economically viable fuel procurement through the diversification of our suppliers and price index. For example, we are purchasing LNG based on the US natural gas price index (Henry Hub price) from the Cove Point LNG Project in the US.

Purchasing LNG from the Cove Point LNG Project in the US

Kansai Electric Power signed a basic agreement with Sumitomo Corporation in April 2013 regarding the purchase of LNG, which is made by refining and liquefying natural gas including shale gas, produced by the Cove Point LNG Project in Maryland in the US. Pursuant to this agreement, we will be able to purchase about 800,000 tons of LNG annually, for about 20 years after production start, based on the US natural gas price index.

Kansai Electric Power had previously examined LNG imports from the US as a means of diversifying our price index in fuel procurement as well as our suppliers, and this agreement will further improve the economic viability and stability of our LNG procurement efforts.



Agreement Outline

Seller: Sumitomo Corporation	Volume: About 800,000 tons/year
Buyer: Kansai Electric Power Co., Inc.	Delivery: Free on board (FOB)
Period: About 20 years after production start	

Cove Point LNG Project Outline

Project lead: Dominion Cove Point LNG
Location: Maryland, US
Volume: About 4.6 million tons/year
Production start: Late 2017 (target)

Efforts to Improve Business Management Efficiency

Improving efficiency in management/indirect operations

We are developing a cross-functional operations reform promotion system, and in the future we will promote efficiency improvements in management/indirect operations through revisions to processes in all areas of our businesses.

Improving efficiency using IT

We are striving to actively use IT as a driver for upgrading and improving the efficiency of our business operations and are promoting efforts to reduce costs.

Thus far, we have been automatically collecting 30-minute readings from smart meters to develop new measurement systems that improve the efficiency of workplace activities. Today, we are promoting a Group cloud system aimed at integrating our indirect operations and standardizing our IT infrastructure, using smart devices in our customer service and facility maintenance activities, and introducing online

conferencing systems to upgrade and improve the efficiency of our communications.

We are also striving to reduce system development costs through the use of off-shore development and the introduction of the principle of competition, and to reduce infrastructure costs by transitioning our internal communications system to an IP network.

Other cost improvements

We will continue to make intensive efforts to improve efficiency in all areas, including efforts to reduce contracting costs by reducing or reviewing the work we contract out, reducing miscellaneous expenses by reviewing donations and membership dues, reducing research expenses by carefully selecting the topics on which we conduct research, and reducing outreach development expenses by fundamentally reviewing our PR activities.

In Pursuit of the Highest Levels of Safety in the World Surpassing New Regulatory Requirements

The accident at TEPCO's Fukushima Daiichi Nuclear Power Station brought about a realization that greater measures should have been taken to prepare for severe accidents with extremely low rates of probable occurrence, and that we should have a higher safety awareness, even beyond the levels required by law. Kansai Electric Power is therefore doing everything in its power to improve safety so as to restore trust in nuclear power generation. New regulatory requirements were enacted in July 2013. While we are meeting those requirements, of course, we are also pursuing the highest levels of safety in the world through voluntary and continuous efforts in this area.

Efforts to Improve the Safety and Reliability of Nuclear Power Plants

After the Great East Japan Earthquake, Kansai Electric Power adopted urgent safety measures at its nuclear power plants. Thereafter, by responding to guidance issued by the national government and requests made by Fukui Prefecture, and by voluntarily implementing policies to improve safety, we have taken extraordinary measures to ensure that even in the event of another earthquake and tsunami of the same magnitude as that which occurred at the Fukushima Daiichi Nuclear Power Station, our nuclear reactors would not be damaged. The national government validated the efficacy of those measures by conducting stress tests at Ohi Power Station Units 3 and 4. With the approval of Fukui Prefecture and the town of Ohi, this plant was restarted based on a final judgment issued by the national government. We have been implementing measures from the perspective of providing

defense-in-depth not only against earthquakes and tsunamis, but also against the threats posed by other natural phenomena. On July 8, 2013, new regulatory requirements were enacted for nuclear power plants. Even before this, however, Kansai Electric Power submitted compliance confirmation results for Units 3 and 4 at the Ohi Power Station, based on the draft of the new regulatory requirements issued by the Nuclear Regulation Authority (NRA) and on July 3, we received an assessment from the NRA indicating that "there is no immediate threat of a major safety-related problem occurring." Following on from Units 3 and 4 at Ohi Power Station, on July 8 we submitted an application for confirmation that Units 3 and 4 at our Takahama Power Station, where inspection preparations have likewise been made, are also in compliance with the new regulatory requirements.

Timeline of Application Process for Confirmation of Compliance at Ohi Power Station Units 3 and 4 and Takahama Power Station Units 3 and 4 (2012–2013)

2012 June 16	The national government confirms that even in the event of another earthquake and tsunami like those that caused the Fukushima Daiichi Nuclear Power Station accident, the same type of disaster at Ohi Power Station Units 3 and 4 would not result. Having gained the approval of Fukui Prefecture and the town of Ohi, and having received a final judgment by the national government that we would be able to restart those reactors, procedures and inspections aimed at restarting the reactors begin.	Sept. 19	The NRA is established.
July 9	Constant operations at the rated thermal output begin at Ohi Power Station Unit 3.	2013 Apr. 18	Based on a request from the office of the NRA, Kansai Electric Power submits results confirming that Ohi Power Station Units 3 and 4 are compliant with the new regulatory requirements.
July 25	Constant operations at the rated thermal output begin at Ohi Power Station Unit 4.	July 3	The NRA determines that "there is no immediate threat of a major safety-related problem occurring at the currently operating Ohi Power Station Units 3 and 4."
		July 8	New regulatory requirements are enacted. Kansai Electric Power requests permission for installation and upgrade work at Ohi Power Station Units 3 and 4 and Takahama Power Station Units 3 and 4.

Strengthening Safety Assurance Through Defense-in-Depth (Five Layers)

Defense-in-depth is an approach to ensuring the safety of nuclear facilities in which safety measures are organized in multiple tiers. In domestic safety regulations, the design and operations of nuclear power plants have thus far generally reflected defense layers 1 to 3, but with the enactment of the new regulatory requirements, we have incorporated a five-tier approach that includes defense layers 4 and 5 based on international standards such as those established by the IAEA.

Expanding Scope of Events Requiring Consideration (Trigger Events), Strengthening Countermeasures

External events

- Earthquakes
- Tsunamis
- Typhoons
- Terrorist attacks
- Airplane crashes
- Tornadoes
- Tsunamis (design criteria)
- Volcanic eruptions
- Forest fires
- Aircraft strikes

Internal events

- Single system failures
- Human error
- Fire prevention
- Further response strengthening

Strengthening Safety Assurance through Defense-in-Depth (Five Layers)

Beyond design criteria (severe accidents)	5th Layer	Prevent human casualties Restore the environment
	4th Layer	Prevent large-scale release of radioactive substances Prevent damage to containment vessels (release control, dispersal mitigation)
	3rd Layer	Prevent serious core damage
	2nd Layer	Control of abnormal operation and detection of failures
	1st Layer	Prevention of abnormal operation and failures

Pre-Accident Measures	Post-Accident Measures	Additional Measures to Improve Safety
Disaster prevention	<ul style="list-style-type: none">Strengthen and develop emergency response systemsSevere accident response measures	<ul style="list-style-type: none">Establishment of nuclear emergency support centerPermanently installed emergency generatorsSeismic isolated office buildingLarge-capacity pumpsMedium-pressure pumpsFiltered venting systemPassive autocatalytic recombinerFacilities for dealing with specific severe accidents
Accident management	<ul style="list-style-type: none">Emergency safety measuresEmergency access to electric powerEnsure cooling functionsFlood prevention measures	<ul style="list-style-type: none">Fire protection measures
Emergency core cooling systems, containment vessel spraying systems, etc.		
Anomaly detection, shutdown systems, etc.		
Interlocks, etc.		

Strengthening Organizational Measures: Secure staff, strengthen and continue drills (Strengthen training of staff who have an overview of the entire safety system)

Range of measures before the Fukushima Daiichi Nuclear Power Station accident

Range of measures after the Fukushima Daiichi Nuclear Power Station accident

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Topic 2

Efforts to Improve the Safety and Reliability of Our Nuclear Power Plants

Overview of New Regulatory Requirements

The new regulatory requirements are comprised of three sections: **A** design criteria related to anti-seismic, anti-tsunami performance, **B** design criteria in consideration of natural phenomena and fires, and **C** severe accident measures. The new regulatory requirements strengthen criteria **A** and **B**, and add new **C** criteria.

New Regulatory Requirements			
Severe Accident Response Measures	C	Response to intentional aircraft crashes	Newly introduced Measures against terrorism
	C	Measures to suppress radioactive material dispersion	Newly introduced Measures against severe accidents
		Measures to prevent containment vessel failure	
Design Criteria	B	Measures to prevent core damage (postulate multiple failures)	Reinforced or Newly introduced
		Consideration of internal flooding (newly introduced)	
		Consideration of natural phenomena (new addition of volcanic eruptions, tornadoes, forest fires)	
		Fire protection	
	A	Seismic/Tsunami resistance	Reinforced

Previous Regulatory Requirements

Criteria ("design criteria") for preventing severe accidents (ensuring that envisaged single system failures do not result in core damage)

Design Criteria	B	Consideration of natural phenomena
		Fire protection
		Reliability of power supply
		Function of other equipment
A	Seismic/Tsunami resistance	

Prepared using materials issued by the NRA on July 3, 2013

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Compliance of Ohi Power Station Units 3 and 4 with the New Regulatory Requirements: Results Overview (submitted Apr. 18, 2013)

A Key responses to requirements relating to design criteria for anti-seismic and anti-tsunami performance

(1) Confirm that there are no active faults beneath safety-related facilities

We surveyed the crush zone at the site and confirmed that our safety-related facilities are located on ground that has been confirmed to have no faults with the potential to become active in the future appearing on the surface.



Trench survey

(This is largely consistent with the opinion indicated at a meeting of experts held by the Nuclear Regulation Authority on September 2, 2013, that "the F-6 crush zone is not an active fault.")

(2) Determine the design basis earthquake ground motion

We determined a peak ground acceleration of 700 Gal as the design basis earthquake ground motion when conducting our anti-seismic safety confirmation work, and confirmed that, based on the latest knowledge, this design basis earthquake ground motion is sound.

(An assessment committee meeting of the NRA held on May 10, 2013 conducted an assessment of ground acceleration of about 760 Gal, taking into account the movement of three peripheral active faults.)

(3) Determine the design basis tsunami

We investigated earthquakes generated at offshore active faults in the vicinity of the power plant site, based on the latest knowledge, and confirmed that the design basis tsunami has been appropriately determined. (Assessment that water levels will rise to a height of 2.85 m near the seawater pump.)

(An assessment committee meeting of the NRA held on June 10, 2013 conducted an assessment of tsunami height (sea level + 3.68 m) in consideration of the fault near the Wakasa Sea Knoll Chain.)

(4) Design structures to allow the safety of safety-related facilities to be maintained in the event of an earthquake

As a result of our anti-seismic assessments using the determined design basis earthquake ground motion, we confirmed that our safety-related facilities would be able to retain their safety functions.

(5) Design structures to ensure that the safety of safety-related facilities will not be compromised by a tsunami

We confirmed that the height of the site where our safety-related facilities are located (sea level + 9.7 m) is higher than the height of the design basis tsunami, and thus that the safety functions of those facilities can be assured.

B Key responses to requirements relating to design criteria for natural phenomena and fires

(1) Design structures so that the safety of important facilities will not be compromised by natural phenomena

We confirmed that the safety of our nuclear reactor facilities would not be threatened as a result of natural phenomena (e.g., volcanic eruptions, tornadoes, forest fires).

(2) Design structures so that the safety of important facilities will not be compromised by fire

We confirmed that the design of our safety-related facilities incorporated fire prevention and protection measures, such as systems to prevent, detect, and extinguish any outbreaks.

We confirmed the use of flame-resistant cables.

(3) Ensure reliability of electric power systems

We confirmed that our structures are connected to power sources via four power transmission lines connected to two independent transformer substations, and thus that our structures are reliably configured.

We confirmed that we have reserves of emergency diesel-powered generator fuel that would be required in the event of an external power loss lasting 7 days or longer.

(4) Design structures in such a way that the integrity of the reactors and containment vessels remains sound in the event of a complete loss of AC power

We confirmed that in the event of a complete loss of AC power, we would be able to safely shut down our reactors and then cool them, thus confirming that we can ensure the soundness of our reactors and containment vessels.

- Diesel generators are kept on site as a power source for emergency use.
- Reactors can be safely shut down using control rods that can be inserted into the reactor core using gravity.

Reactors can be cooled using an auxiliary feed-water pump with a steam-driven turbine without the need for electrical power.



Emergency diesel generators

(5) Design structures so that radiation status can be appropriately measured, monitored, and displayed in the control room

We confirmed that facilities are equipped with fixed monitoring posts with wired data transmission functions and portable monitoring posts with wireless data transmission functions, thereby allowing for system redundancy.



Portable monitoring post

(6) Design main control room so that operators will be able to stay as long as possible to take emergency response measures in the event of a severe accident

We confirmed that the main control room is designed such that in the event of an accident, it would remain accessible to operators who could remain and conduct necessary emergency response measures.

- The main control room is designed with fire protection and prevention measures.
- We have secured multiple access routes to the main control room.
- The main control room is designed to protect operators from radiation exposure.



Main control room

C Key responses to requirements relating to severe accident measures

(1) Measures involving equipment for handling severe accidents

We confirmed that our portable alternate power equipment and alternate water injection equipment have the reserve supply capacity needed, and that their connection points are situated in multiple locations to prevent the simultaneous loss of connections.



Power supply vehicles

(2) Measures to ensure access to power in the event of a complete loss of power

To secure the electrical power needed for preventing core damage, we are maintaining power supply vehicles and air-cooled emergency generators, ensuring the connectivity of our emergency and everyday storage batteries, and ensuring power interchange between units.



Air-cooled emergency generator

(3) Design emergency response center at which staff will be able to stay and perform on-site crisis management headquarters functions in the event of a severe accident

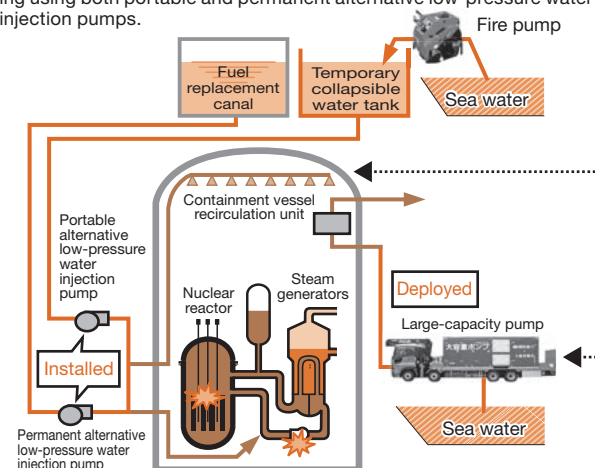
We have modified the conference rooms, which are equipped with communications functions and located next to the main control room of Units 1 and 2 at Ohi Power Station, so that they can serve as an emergency response center. They are equipped with the equipment and materials that would be needed by emergency response staff to manage radiation and reduce their exposure.



Ohi Power Station Units 1 and 2 Conference room next to the main control room (emergency response center)

(4) Measures to prevent nuclear reactor damage

We have prepared equipment for supplying water to reactors for cooling using both portable and permanent alternative low-pressure water injection pumps.



(5) Measures to prevent hydrogen explosions in containment vessels

Ohi Power Station Units 3 and 4 have large containment vessels, and we confirmed that the hydrogen that would be generated in the event of a severe accident would not reach concentrations that might cause a hydrogen explosion that could impact on the soundness of those containment vessels. To further improve safety, we installed passive autocatalytic recombiners in the containment vessels. These can continuously convert hydrogen to water (steam) through catalytic functions without electric power.



Passive autocatalytic recombiners (photo is for informational purposes only)

(6) Ensure the availability of materials and equipment necessary for replacing replaceable equipment at safety-related facilities

We have secured supplies such as sea water pumps and electric power cables for sea water and electric power systems which are extremely important for maintaining safety and whose replacement can help restore the functions of multiple different facilities.



Extra sea water pump motors

(7) Make adaptations and manage operations to ensure secure access routes that will be needed for performing restoration work

Secure operational vehicles for removing debris so as to guarantee outdoor access routes.



Dozer shovel for debris removal

Power shovel for debris removal

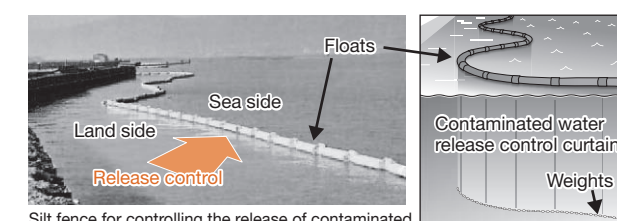
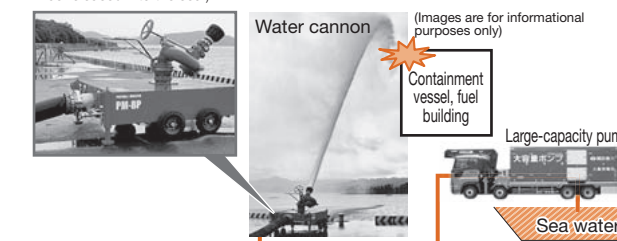
Large truck with crane ideal for work in hard-to-reach places

(8) Take measures to control the dispersal of radioactive particles beyond the plant site

To control the dispersal of radioactive particles in the event of damage to containment vessels, we have prepared water cannons that can be used to spray water on the damaged sections.

To control the release of contaminated water into the sea, we are preparing silt fences at water inlet channels and outlets.

(Silt fences are installed when there are concerns that contaminated water might be released into the sea.)



(9) Take measures to prevent damage to containment vessels due to excess pressure

To keep the air pressure and temperature down in the containment vessels, we have installed equipment that can directly inject sea water into the containment vessel recirculation unit using a large-capacity pump.

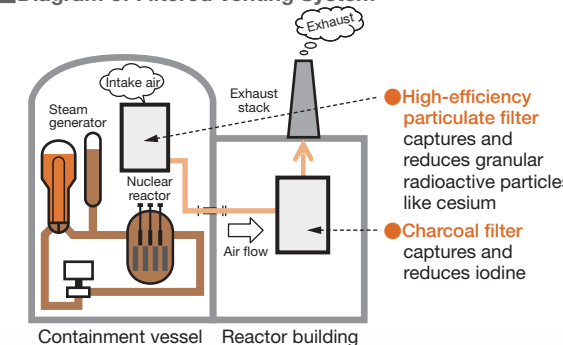
(10) Installation of facilities for handling specific severe accidents

(Application of backup measures for improving reliability is to be deferred for five years after the enactment of the new regulatory requirements)

We plan to install a filtered venting system and an emergency control room, which will be important in preventing damage to containment vessels.

(Slated for completion in FY 2017 (filtered venting system is to be installed in FY 2015).)

Diagram of Filtered Venting System



Voluntary Efforts in Organizational Strategies Include Disaster Drills Incorporating Domestic and International Best Practices and Latest Knowledge

Kansai Electric Power is educating personnel and examining countermeasures through disaster drills and other means, and is working hard to incorporate domestic and international best practices and latest knowledge. We are also striving to quickly incorporate lessons learned during our drills and opinions received from experts into our safety policies.

Confirming and Improving Response Measures through Disaster Drills

Implementing comprehensive nuclear disaster drills and confirming our emergency response capabilities

To improve our emergency response capabilities and to strengthen the collaborative structures between relevant institutions, we have been conducting comprehensive nuclear disaster drills every year since 2000. In FY 2012, we developed a drill based on the emergency safety procedures in place at the Mihama Power Station on March 23, 2013 to secure electric power using an air-cooled emergency generator and to restore the cooling functions of a nuclear reactor. During this drill, we were able to confirm that these measures were effective and to identify the challenges that remain. In the future, we will strive to resolve these issues, move forward on evaluating and improving such drills, and continuously improve our nuclear disaster management policies.

Overview of Major Drills

Drills at Mihama Power Station

Drill to practice gathering personnel

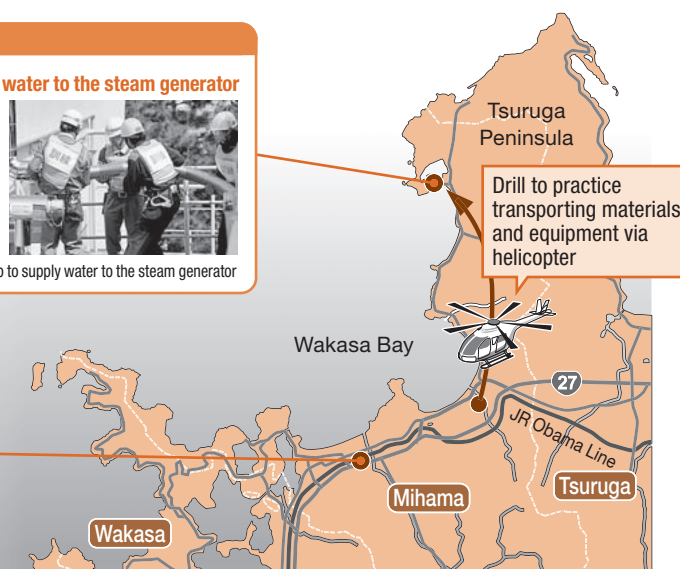


Emergency deployment to the nuclear plant

Drill to practice supplying water to the steam generator



Installation of a medium-pressure pump to supply water to the steam generator



Drill to practice transporting materials and equipment via helicopter

Nuclear Power Division Management Drills

Drill to practice communicating between the Nuclear Power Division, under the command of the company president, the head office (Osaka), and the Mihama Power Station



Head office (Osaka) Nuclear Power Division

Participating in Fukui Prefecture Comprehensive Nuclear Disaster Drill, and maintaining close ties with the community

The Fukui Prefecture Comprehensive Nuclear Disaster Drill, sponsored by Fukui Prefecture, the town of Mihama, and the city of Tsuruga, was held on June 16, 2013. The drill scenario assumed that an earthquake had occurred in Wakasa Bay and that all AC power at the Mihama Power Station had been lost. Each local government set up a crisis headquarters at the Mihama Nuclear Power Disaster Management Center, engaged in communications with other nearby local governments, and conducted evacuation drills for residents in target evacuation zones. Kansai Electric Power positioned this drill as its FY 2013 comprehensive nuclear disaster drill, and building on past drills, strove to achieve an even greater degree of cooperation with community residents, through drills to practice establishing and managing contamination inspection sites in the event an exclusion zone becomes necessary, and drills to

Issues and Future Response

We already have a manual that has been distributed across the Nuclear Power Division and other relevant departments and have implemented individual drills. However, having determined that we need to make even further improvements to ensure that we have robust crisis management capabilities, in the future, we will strive to improve this manual and expand individual instruction.

Hypothetical Scenarios

- An earthquake of 6+ on the Japanese seismic intensity scale occurs, causing the nuclear reactors at Units 2 and 3 at the Mihama Power Station to automatically shut down.
- All of the emergency diesel generators are rendered inoperable by a tsunami, and all AC power is lost.
- Failure of the turbine-driven auxiliary feedwater pump leads to its shutdown, causing a loss of water supply to the steam generator.

practice sharing information with relevant local governments. We also confirmed plans and actions that will allow us to quickly and accurately respond to various scenarios.

By evaluating the results of this year's drill and diligently implementing improvements and measures based on that evaluation, we are striving to further bolster our nuclear disaster management policies.



President Yagi takes command at the Nuclear Power Division (right)



A contamination test using radiation detectors (Mihama)

Collection and Sharing of Knowledge from Japanese and International Experts

Peer review by the World Association of Nuclear Operators (WANO)*

Our Takahama and Mihama nuclear power plants underwent peer reviews by WANO. Those reviews yielded the findings and suggestions outlined below. We are taking these suggestions very seriously and are voluntarily and continuously implementing changes to further improve the safety and reliability of our nuclear power plants.

* World Association of Nuclear Operators (WANO): A private organization established by the world's nuclear power companies in May 1989 following the accident at the Russian Chernobyl Nuclear Power Plant in 1986. In pursuing its mission to maximize the safety and reliability of nuclear power plants, it provides support activities for plants, such as peer review activities, and information sharing regarding breakdowns and other problems.

Key Evaluation Results

Evaluation	Employees at Kansai Electric Power nuclear power plants take appropriate action with a strong awareness of safety as a priority.
Strengths	Based on what happened during the accident at TEPCO's Fukushima Daiichi Nuclear Power Station, Kansai Electric Power has been taking thorough measures to install equipment that will ensure access to electric power and to conduct disaster response drills. Kansai Electric Power has also been adopting multiple policies to strengthen its tsunami response.
Suggestions	To further bolster the safety and reliability of its nuclear power plants, Kansai Electric Power should make effective use of the WANO guidelines, which incorporate the latest knowledge related to nuclear safety, such as the equipment and technologies in use at the world's most advanced nuclear power plants.

Peer Review at the Takahama Power Station (Period: November 15–29, 2012)



Interview with the WANO evaluation team

Peer Review at the Mihama Power Station (Period: January 17–February 1, 2013)



Site visit

Reflecting the Advice of the Nuclear Safety Verification Committee Composed Mainly of Outside Experts

Kansai Electric Power established the Nuclear Power Integrity Reform Verification Committee, composed mainly of outside experts, in April 2005 after the accident at Unit 3 at the Mihama Power Station. It was established to examine, from an independent perspective, the validity of the measures taken to prevent a recurrence of the type of accident that occurred there. We continuously pursue improvements based on the opinions of the committee.

We have received advice from the committee regarding our nuclear power safety culture advocacy activities since November 2008, and regarding our voluntary and continuous safety initiatives in nuclear power generation since July 2012 in response to the Fukushima Daiichi Nuclear Power Station accident. The committee was furthermore renamed as the Nuclear Safety Verification Committee. The 4th Nuclear Safety Verification Committee Meeting was held on April 26, 2013 and it has both confirmed and offered advice regarding our measures to prevent an accident recurrence at Mihama Power Station Unit 3, our safety culture advocacy measures, and our voluntary and continuous safety initiatives. We will continue

pursuing improvements based on this committee's advice as we go forward.



4th Nuclear Safety Verification Committee Meeting



Visit to Ohi Power Station by Nuclear Safety Verification Committee members (December 2012)

Review Results for our Voluntary and Continuous Safety Initiatives in Nuclear Power Generation

4th Nuclear Safety Verification Committee Meeting, April 26, 2013

- Measures for improving safety and reliability have been undertaken as planned at the Ohi Power Station, as well as at the Mihama and Takahama nuclear power plants. Kansai Electric Power has continuously undertaken activities to improve the effectiveness of its safety measures, such as conducting appropriate inspections and maintenance on its installed facilities and equipment, and performing evaluations and making improvements through educational activities and drills based on the most severe disaster scenarios.

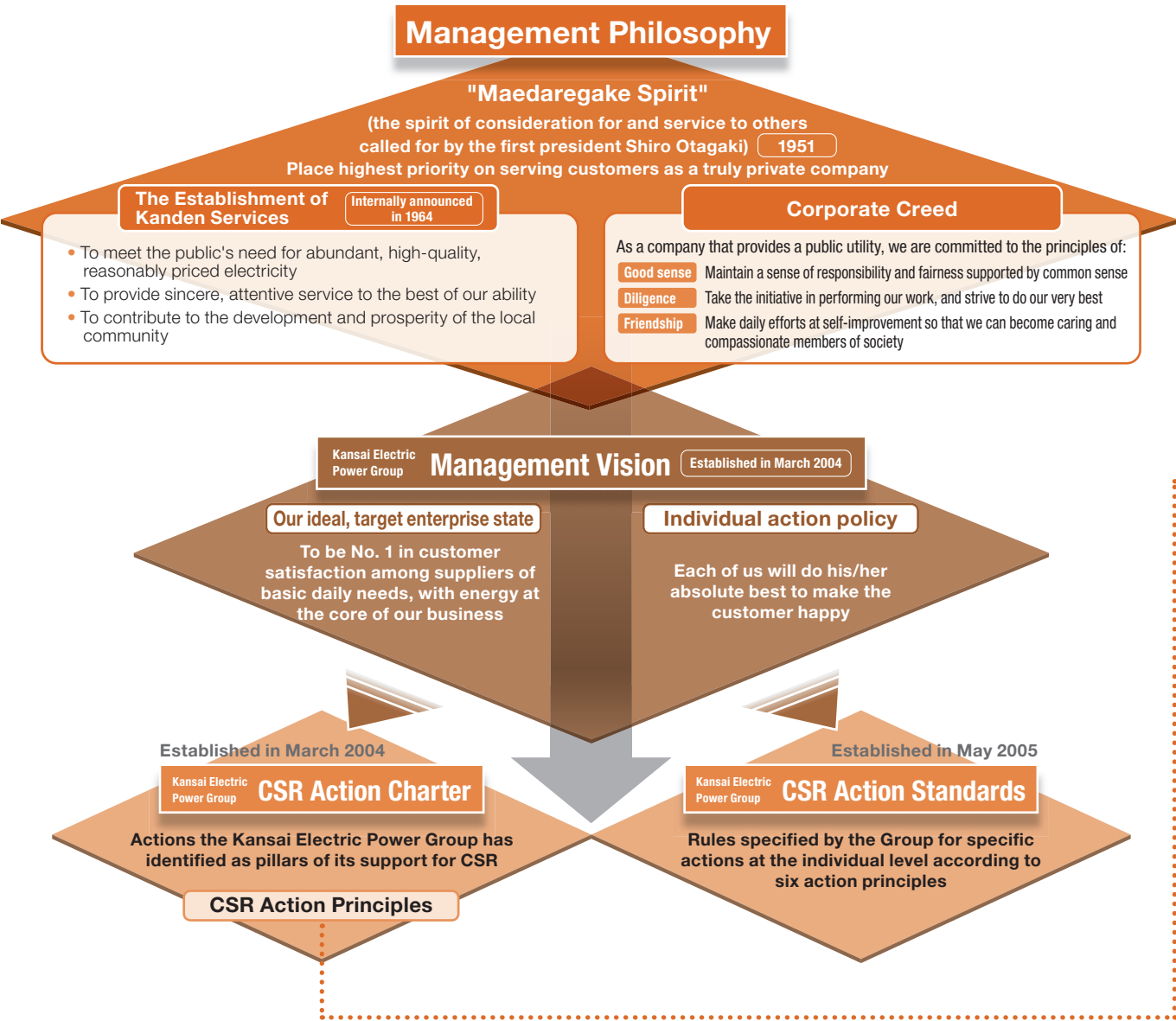
- Kansai Electric Power is building frameworks that reflect the latest knowledge, is conducting its own overseas surveys, and examines and incorporates advice provided by the Japan Nuclear Safety Institute (JANSI) and WANO.

- This committee will continue to confirm whether Kansai Electric Power's nuclear power generation safety initiatives, which go beyond the requirements of the regulatory framework, are being voluntarily and continuously implemented, with particular attention paid to its severe accident response measures.

Web Nuclear Safety Verification Committee
http://www1.kepco.co.jp/notice/mihama/08/jiko_anzen00.html

Kansai Electric Power Group Management and CSR

The Kansai Electric Power Group is continuing to fulfill the mission it has had since its founding, of serving customers and communities by carrying out CSR as a core component of its business.



Our Management Philosophy and Ideals

Immediately after Kansai Electric Power was founded in 1951, its first president, Shiro Otagaki, called for it to maintain a "Maedaregake Spirit" (the spirit of consideration for and service to others) as a private-sector company. This encapsulates the Kansai Electric Power Group's approach to what is now called CSR. The "good sense, diligence, and friendship" that Shiro Otagaki inculcated in all employees for the "cultivation of a good corporate culture" have been maintained and passed down in the form of the Corporate Creed. Following major changes to the management environment and business structure, the Kansai Electric Power Group Management Vision was formulated in

2004. It specified being "No. 1 in customer satisfaction" as the "ideal enterprise state," announced the Kansai Electric Power Group CSR Action Charter, which is comprised of six CSR Action Principles for achieving that ideal state, and clarified a management vision centered around CSR. To help the Group continue to fulfill its unchanging mission of "serving customers and communities," Kansai Electric Power positions CSR, a firmly held value of the entire Group, as a core conviction, reflecting how the Group has in the past and will continue in the future to approach management from a solid foundation of CSR.

The Kansai Electric Power Group CSR Action Charter

The Kansai Electric Power Group's business activities draw support from customers, regional communities, shareholders, investors, business partners, employees and many other segments of society. This trust the Group earns from all these communities is the very bedrock of the Group's operations, without which it would be unable to maintain sustainable growth and fulfill its mission. By fulfilling its responsibilities as a member of the community to observe compliance obligations and maintain transparency, the Group contributes to the sustainable development of society while reinforcing that hard-earned trust. Thus, the Kansai Electric Power Group develops all of its business activities and fulfills its corporate social responsibilities as an enterprise based on its six CSR Action Principles.

CSR Action Principles

1. Safe, Stable Delivery of Products and Services
2. Progressive Approach to Environmental Problems
3. Proactive Contributions to Development of Local Communities
4. Respect for Human Rights, Development of Favorable Work Environments
5. Highly Transparent and Open Business Activities
6. Strict Enforcement of Compliance

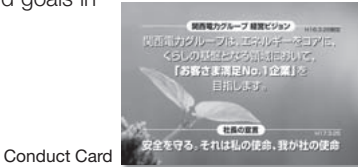
The Kansai Electric Power Group CSR Action Standards

Basic Approach

Directors and employees recognize at all times that they are members of the Kansai Electric Power Group, always maintaining the propriety and dignity appropriate to that station and acting in the best interest of society. In carrying out the Group's operations, directors and employees maintain safety as their first priority, strictly comply with all relevant laws, corporate ethics, and social rules, conduct their duties diligently, and make every possible effort to make the customer happy.

CSR Action Standards Based on the CSR Action Principles

The Kansai Electric Power Group has established CSR Action Standards based on the CSR Action Principles. These Action Standards, along with the Kansai Electric Power Group Management Vision, are printed on the portable Conduct Cards that are distributed to all employees. Employees write their own action goals on the back of the card, and use this information to track their own actions and goals in their everyday work.



CSR Procurement Policy

Aiming at the best-suited configuration, maintenance, and operation of our equipment, the Purchasing Department of Kansai Electric Power timely and ecologically procures equipment, materials and services that excel in safety, quality, and price. As our procurement activities are supported by all our valued business partners, we believe that working to build mutual trust, conducting business in an open and transparent manner, and carrying out thoroughgoing compliance in our procurement activities is vital in our promotion of CSR. Kansai Electric Power defines and practices the five items outlined below as our Action Standards for Procurement Activities. We furthermore utilize business negotiations, on-site inspections, and plant visits to explain and promulgate our CSR Procurement Policy to partners in a proactive manner.

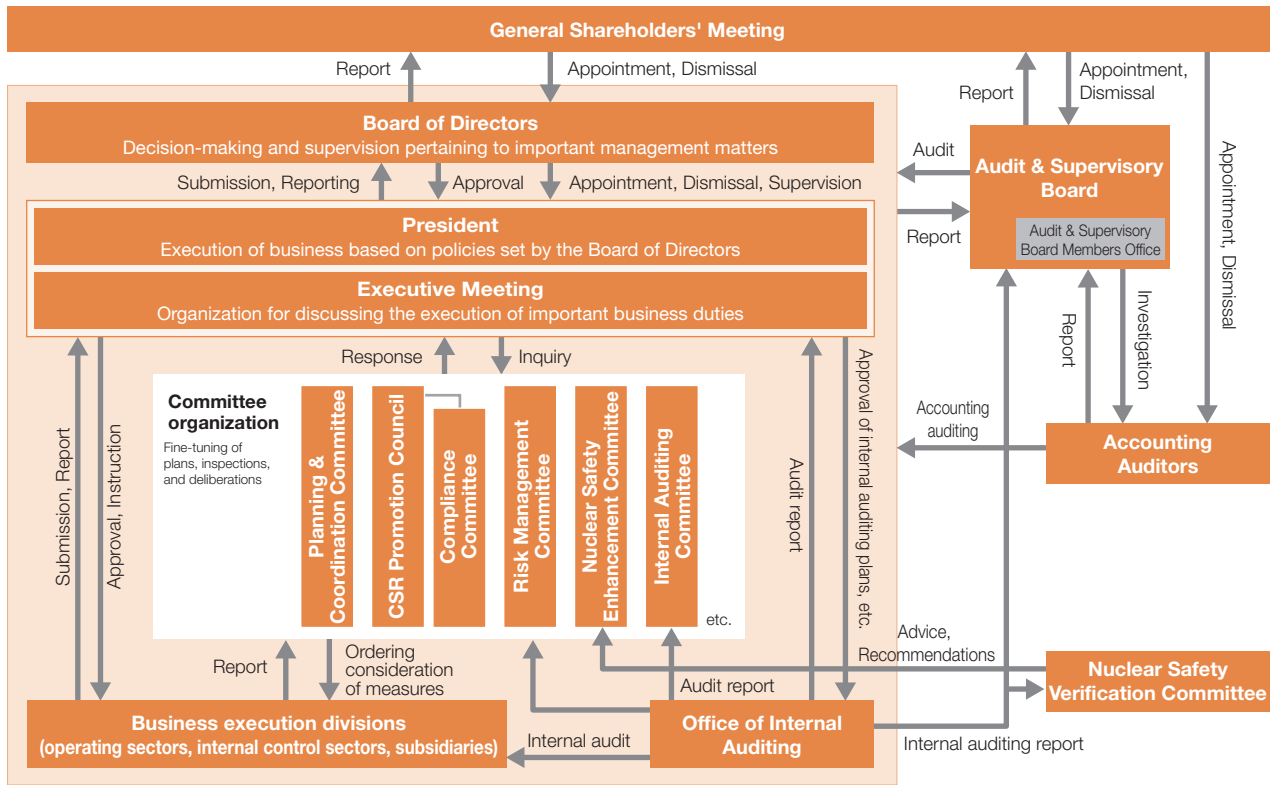
— Action Standards for Procurement Activities —

- 1. Highest priority to the safety, maintenance, and improvement of quality and technical strength**
Viewing safety as our highest priority, we will make efforts to help maintain and improve our quality and technological capabilities to ensure that we are creating, maintaining, and utilizing equipment and facilities in an optimal manner.
- 2. Being environmentally-friendly**
We promote the procurement of environmentally friendly equipment, materials, and office supplies (green purchasing), and work in cooperation with our business partners to contribute to the creation of a recycling-oriented society.
- 3. Establishment of fiduciary partnership**
By striving to improve our supply chain in collaboration with our business partners, we are building strong, trusting relationships with those partners and working toward our mutual growth and development.
- 4. Transparent, open business activities**
To procure equipment, materials, and services that offer excellence in terms of safety, quality, and price, within the appropriate time frame, we open our doors widely to suppliers both inside and outside of Japan. We select business partners fairly and equitably, based on their safety, quality, technological capabilities, consideration for the environment, price, delivery and work schedule reliability, and maintenance and management conditions, even as we consider issues of economic as well as social rationality.
- 5. Strict enforcement of compliance**
We obey all relevant laws and the spirit of those laws, particularly those laws that are related to safety and respect for human rights (e.g., prohibitions against child labor and coerced labor). We are fully committed to the strict management of personal and confidential information. We will not engage in any behaviors that support the activities of criminal organizations that pose threats to social order or safety.

- Web**
- Kansai Electric Power Group Management Vision**
<http://www.kepco.co.jp/corporate/vision/index.html>
 - Kansai Electric Power Group CSR Action Charter**
<http://www.kepco.co.jp/corporate/csr/charter.html>
 - Kansai Electric Power Group CSR Action Standards**
<http://www.kepco.co.jp/corporate/csr/standards.html>
 - Kansai Electric Power Procurement Activities**
<http://www.kepco.co.jp/kepa/purchas/index1j.html>

Corporate Governance

To ensure the continuous improvement of its corporate value while maintaining the transparency and soundness of its business management, the Kansai Electric Power Group views its commitment to improving corporate governance as a key management initiative. We are always striving to make effective improvements in this area.



Basic Framework

Kansai Electric Power operates a system by which an Executive Meeting and a number of committees oversee and ensure the appropriate execution of duties. These committees operate under the supervision of the Board of Directors, which is appointed by the General Shareholders' Meeting. The Company also makes use of Audit & Supervisory Board Members, an Audit & Supervisory Board, and Accounting Auditors. From each of their professional perspectives, these auditors confirm that executive officers execute their duties in a lawful, appropriate, and reasonable manner. This system constitutes the foundation of Kansai Electric Power's corporate governance system.

Deliberation and Decision-Making on Essential Matters, and Appropriate Business Execution

The Board of Directors is convened regularly once a month, complemented by additional meetings held when deemed necessary, where matters of essential importance to Group management are deliberated and decided. In addition, all directors are supervised through regularly issued reports on the execution status of the duties incumbent upon them and other aspects of their performance. To ensure prompt and appropriate decision-making regarding important business matters, the Company convenes regular meetings of the executive directors and executive officers—in principle once a week—facilitating efficient and effective corporate management. The system of executive officers was introduced to separate the executive and supervisory functions of management and to boost the speed and efficiency of business execution. Three of the 17 directors are outside directors with no vested interests in the Company, whose presence helps to ensure management transparency.

Ensuring Audit Independence, Transparency, and Soundness

Kansai Electric Power uses an Audit & Supervisory Board system working in tandem with the Board of Directors to continuously and effectively ensure that directors are performing their duties in a way that is lawful, appropriate, and reasonable. Four of the seven Audit & Supervisory Board Members are outside members with no vested interests in the Company, and who therefore serve as independent officers. The remaining three are full-time members. One full-time member is selected from among those who have served successive high-ranking posts in the Accounting Division, ensuring that at least one member has a thorough knowledge of finance and accounting. The Audit & Supervisory Board Members (full-time) conduct preemptive audits and post-audits by thus examining business execution across the Company. For example, they attend not only the Board of Directors, but also other important meetings such as Executive Meetings, where they express their opinions and listen to explanations by the directors pertaining to matters of importance to Company management, and examine the status of the business and assets of the Company's main operating locations. The Outside Audit & Supervisory Board Members receive reports on the results of these audits from the Audit & Supervisory Board Members (full-time) at the Audit & Supervisory Board, and regularly attend Board of Directors and Representative Directors meetings along with the full-time members to express their opinions. This system helps ensure the independence, transparency, and soundness of the Company's audits. An Audit & Supervisory Board Members Office (13 members) has been established to support the duties of the Audit & Supervisory Board Members and manage their regular meetings. This organization is tasked with handling actual auditing duties, managing the operations of the Audit & Supervisory Board, and other tasks. To ensure the office's independence, it functions directly under the jurisdiction of the Audit & Supervisory Board Members and does not perform any other duties relating to the business execution functions of the Group.

Directors and Auditors

As of June 26, 2013



Shosuke Mori*
Chairman and Director



Makoto Yagi*
President and Director



Masao Ikoma*
Director,
Executive Vice President



Hideki Toyomatsu*
Director,
Executive Vice President



Jiro Kagawa*
Director,
Executive Vice President



Shigeki Iwane*
Director,
Executive Vice President



Yuzuru Hiroe*
Director,
Executive Vice President

*Indicates status as representative director

Directors
Managing Executive Officers

Noriaki Hashimoto
Yoichi Mukae
Yoshihiro Doi
Masahiro Iwatani
Yasuhiro Yashima

Directors

Ryohei Shirai
Tatsuya Kawabe

Outside Directors

Noriyuki Inoue
Akio Tsujii
Ryosuke Tamakoshi

Audit & Supervisory
Board Members

Sakae Kanno
Yasunari Tamura
Masahiro Izumi

Outside
Audit & Supervisory
Board Members

Takaharu Doi
Yoichi Morishita
Motoyuki Yoshimura
Hisako Makimura

Executive Officers

Managing Executive Officers

Hironori Katsuda
Masahiko Okada
Hidehiko Yukawa
Tomio Inoue
Ikuo Morinaka

Note: Excludes those serving
concurrently as directors and
executive officers

Appropriate and Seamless Execution of Duties by Each Committee

To ensure the appropriate and seamless execution of policies and action plans related to important affairs that affect the entire business, we have established committees centered around three functions: planning and coordination, investigation, and deliberation. We convene meetings of these committees, which are mainly comprised of executive officers, periodically and as needed, as they support the decision-making of the managing directors and the business activities of respective divisions.

CSR Promotion Council

The CSR Promotion Council establishes the general policies and activities that guide the entire Group in promoting CSR, provides general coordination of specific activities, and promotes implementation. Issues of a specialized nature are sent to committees, such as the Compliance Committee and the Environmental Board, for deliberation. The policies formulated by the CSR Promotion Council are communicated to each division and operating location, which then develop their own activities. Each Group company develops its own CSR promotion activities independently, while staying in communication with Kansai Electric Power.

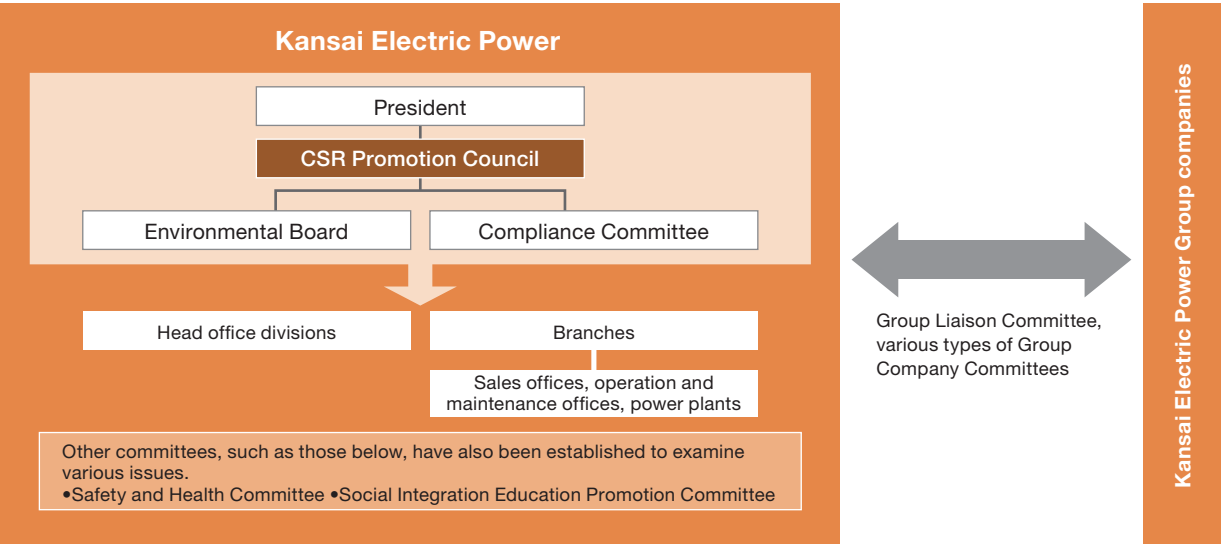
Compliance Committee

The Compliance Committee formulates general policies for the Group as a whole regarding compliance and promotes the coordination and implementation of specific policies. A Compliance Activity Plan, formulated every year through the committee's deliberations, is converted into concrete form in the action plans related to the business activities of the various head office divisions and branches, and is put into practice in the form of on-site training sessions and legal compliance status checks. The Compliance Consultation Desks, which have been established under this committee, examine and respond to employee consultations regarding compliance. The committee then uses the reports it receives to ensure that the PDCA cycle is being followed with regard to these activities.

Environmental Board

The Environmental Board promotes progressive efforts to address environmental problems across the entire organization. It implements environmental management activities based on various environmental policies, and formulates Eco Actions, specific action plans related to recycling-oriented business activities. In addition, the committee checks and reviews Eco Actions, and promotes sound responses to environmental problems.

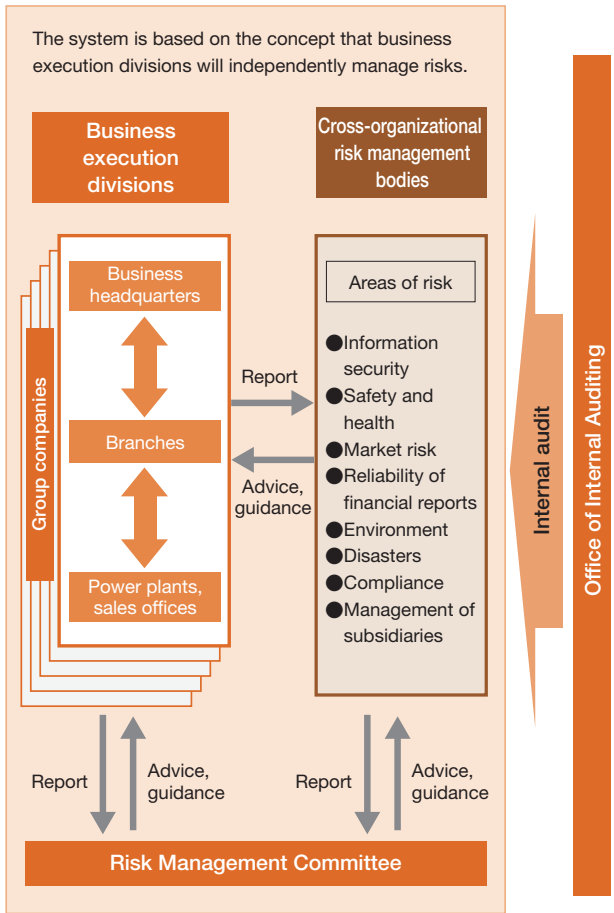
CSR Promotion System



Risk Management Committee

Pursuant to the Kansai Electric Power Group Risk Management Rules, the risk associated with business activities is, in principle, managed autonomously by each business execution division. In cases of risk deemed to be of cross-organizational importance, risk management is strengthened by the presence of risk management bodies with specialized expertise that provide advice and guidance to the various business execution divisions. In addition, a Risk Management Committee has been formed to manage risk comprehensively. This committee strives to manage risk associated with Group business activities at the level deemed appropriate in each case. Based on this risk management system, the Company actively engages in appropriate financial reporting pursuant to the Financial Instruments and Exchange Law, and in efforts to ensure the trustworthiness thereof. Furthermore, taking into account the risks arising from large changes within the business environment since the Great East Japan Earthquake, the Group will come together as one to provide a stable response to various risk factors.

Risk Management System



Nuclear Safety Enhancement Committee and Nuclear Safety Verification Committee

We established the Nuclear Power Integrity Reform Committee following the accident that occurred at Mihama Nuclear Power Station Unit 3, and since then, we have been following up on our accident recurrence prevention measures and engaging in activities to foster a safety culture. From June 2012, the committee has been renamed as the Nuclear Safety Enhancement Committee. Building on its previous efforts, it has been promoting company-wide activities to enhance voluntary and continuous initiatives for safe nuclear power. We also changed the name of the Nuclear Power Integrity Reform Verification Committee, composed mainly of outside experts, to the Nuclear Safety Verification Committee in June 2012. This committee, as with the former body, is providing its advice and recommendations to Kansai Electric Power. We are informing the public about these activities on our website to ensure transparency.

Internal Auditing Committee

Kansai Electric Power has established an Internal Auditing Committee whose functions are to share and deliberate a broad range of management issues relating to quality and safety, secure views and information from outside the Company, and maintain proper internal auditing of the Kansai Electric Power Group as a whole from an impartial and specialized standpoint. An Office of Internal Auditing, consisting of 38 members, has also been established as an organization specially assigned to perform internal auditing. The office conducts regular auditing of risk management systems, risk management status, and other relevant issues, and submits proposals and reports to the Executive Meeting concerning internal auditing plans and their results. It also strives to achieve appropriate business management by ensuring that individual workplaces undertake necessary improvements based on the auditing results. As the vital overseers of corporate governance, the Office of Internal Auditing, Audit & Supervisory Board Members, and accounting auditors consult with one another, at their discretion, in the performance of their auditing duties. They also maintain close ties to facilitate the exchanging of views regarding auditing plans, audit results, and other issues.

Ensuring Business Soundness as a Corporate Group

We try to instill in our subsidiaries the basic approach to management and action standards that are embodied in the Kansai Electric Power Group Management Vision and the Kansai Electric Power Group CSR Action Charter. We ensure the propriety of our corporate group's business activities by supporting and providing advice on the development of autonomous management structures by our subsidiaries based on our internal regulations related to subsidiary management. We strive to prevent any losses to the corporate value of the Group as a whole by participating in important decision-making by our subsidiaries, and periodically checking on their management status.

1 Safe, Stable Delivery of Products and Services

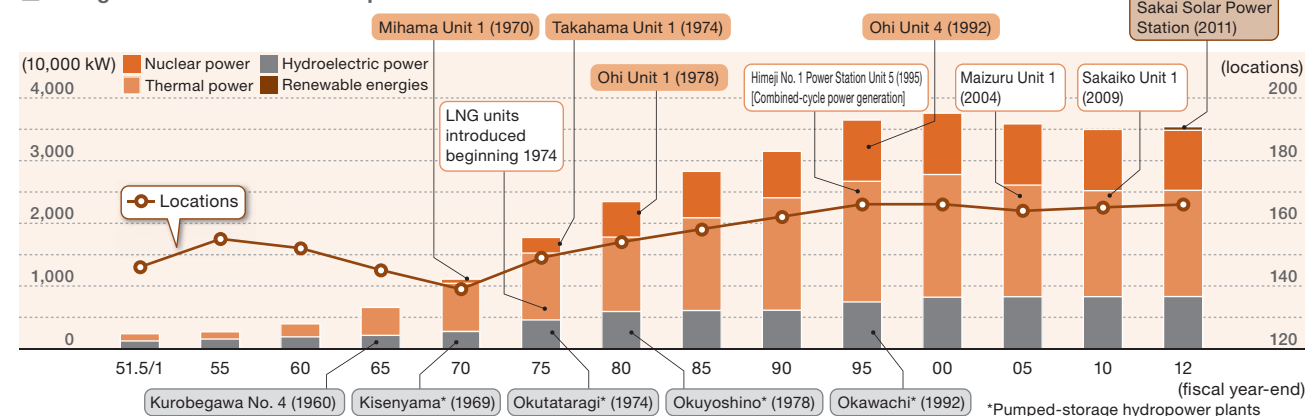
Our mission and responsibility as a lifeline service provider

To fulfill the most important mission of the Kansai Electric Power Group—providing safety and stability—the entire Group is working to place safety first, and to make the provision of electric power as stable as possible.

Facilities configuration based on S+3E

To carry out our mission of providing customers with high-quality, economical electricity on a stable basis, Kansai Electric Power has adopted its S+3E approach, under which we assign the utmost priority to Safety, while striving to secure long-term Energy security as well as maintain a focus on Economy and Environmental conservation. We use this approach to consider all aspects of our facilities configuration to achieve a favorably balanced combination of nuclear, thermal, hydroelectric, and renewable energy generation.

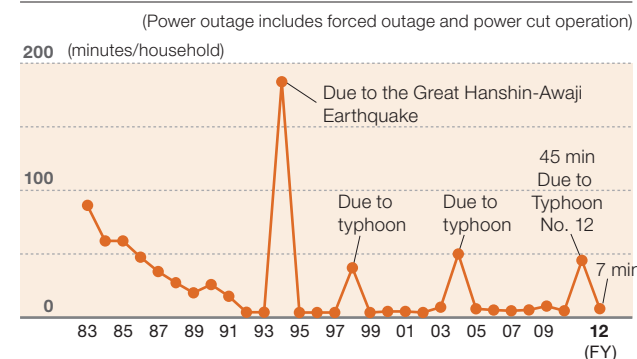
Changes in Power Source Composition



To provide high-quality electric power

To ensure safe, stable supplies of electric power, Kansai Electric Power works to operate power grids that provide a reliable link between power plants and consumers and enable an optimal configuration of facilities. We are also engaged in rigorous efforts to prevent accident recurrence, as a result of which Kansai Electric Power achieved one of the world's highest power supply quality levels in FY 2012. The Company is continuing to develop and install new technologies and construction methods to ensure that accidents are prevented, and to enable swift recovery in the event an accident does occur. Equally important, systematic renovation is in progress for aging facilities that were constructed during Japan's post-war period of rapid economic growth. In response to public demand, we are striving to create a flawless supply system, thereby contributing to the continuing development of the Kansai region.

Annual Duration of Power Outage Per Household



Configuring work schedules to meet tight supply and demand conditions

Although the Ohi Nuclear Power Station resumed operation in fiscal 2012, we continue to face tight supply and demand conditions. In response, we reviewed our maintenance and inspection work on thermal and other power plants including acceleration of work or postponing where practical, and took other steps on a unified Group basis to ensure stable power supplies. Nevertheless, such efforts as repair work on transmission lines and transformers did not progress as originally outlined, and in some cases we were forced to revise our plans. In such cases, the load-dispatching center shared information closely with related locations, striving to prevent a loss in supplied power quality without sacrificing the economical balance between supply and demand. Moreover, we worked to adjust repair schedules to ensure safe working conditions. Going forward, we will continue to maintain close collaboration with substations, load-dispatching centers, and other facilities to provide safe, stable power while enhancing the efficiency of our repair work.

Demand-related efforts to encourage stable power supply

Kansai Electric Power strives to secure adequate power generating capacity and, at the same time, for the prevention of large-scale power interruptions, we work to project demand conditions in advance and coordinate closely with national and local governments to secure the understanding of customers and society with respect to demand conditions, and call on them for cooperation in conserving electricity. We are also promoting a variety of activities targeting corporate customers to suppress peak demand effectively and efficiently. We have established new contract schemes to enable supply and demand adjustment, and work with BEMS aggregators

whose business is to adjust loads and reduce peak demand. In addition, we encourage our residential customers to take up use of our net-based "Hapi e-Miruden" service (see pages 32 and 38), which makes power use visible, and offer energy-saving consultations in response to heightened awareness regarding the exigency of conserving energy and the wide variety of customer needs.

With the continued cooperation of our customers and society, we are working toward stable supply of electricity.

Tireless efforts to create a safety culture

We believe that safety is the core of all our business activities and the basis upon which the public places their trust in us. It is essential to improving the quality of all our business activities and to our future growth. Kansai Electric Power will therefore continue working tirelessly to ensure that safety assurance is given the highest priority in our business activities so that we can continue achieving results in this area. Through daily interactive communication with all associated companies that sustain the operation of the Kansai Electric Power Group, including its partner companies, we promote the sharing of safety awareness and mutual education in relation to safety, as well as risk reduction activities. We are thus working to create an unshakable culture of safety—the Kansai Electric Power Safety Culture Zone—at even higher levels throughout the group.



We have established a safety incentive system with awards given by our president to honor outstanding safety innovations by partner companies

Training the personnel who support safe and stable supply functions

To enable us to provide products and services in a safe, reliable manner, Kansai Electric Power recruits new staff yearly and implements systematic education with the aim of nurturing specialist personnel. We are also promoting a range of initiatives to ensure that technologies and skills are maintained and passed on. These include our Specialist Technician System* and a system for ascertaining the technological capabilities of individual employees. In doing so we hope to ensure that the technologies and skills our personnel have built up thus far will be passed on Group-wide and further improved upon.

*Specialist Technician System: This is a system for certifying frontline employees who possess special, advanced technical capacity and skills particular to the electric power industry, and the passion and guidance capabilities to pass on their skills to younger colleagues as Specialist Technicians. Specialist Technicians take responsibility for guiding and educating their juniors on the frontline in terms of technology and skills, ensuring expertise particular to the electric power industry will continue to be passed down. As of May 31, 2013, there are 226 certified Specialist Technicians.



Training activity

Preparing for a major disaster

Based on our mission of the stable provision of electric power, Kansai Electric Power is engaged in initiatives to strengthen facilities to withstand disaster and establish a disaster control system to enable rapid recovery as basic measures for dealing with natural disasters such as earthquakes, typhoons, heavy snow, heavy rain, and lightning.

Drawing on the lessons of the Great East Japan Earthquake, as

well as a study issued by the Japanese government in March 2013 concerning potential damage from a major Nankai Trough earthquake, we are promoting measures to deal with larger than predicted earthquakes and tsunamis.

Strengthening facilities for disaster resistance

Thanks to lessons from past natural disasters, electric power facilities are today designed to sustain minimal damage even in the event of earthquakes, tsunamis, typhoons, or other natural disasters. Also, the power distribution system covers the Kansai region like a fine mesh net. In the unlikely event of damage occurring to part of this network, power can be supplied quickly from alternative connecting routes.

Efforts to enable rapid recovery

In the event that power facilities are likely to be damaged as the result of a disaster, or upon actually detecting such damage, a disaster response structure, as described below, will immediately be established to deal with the situation. Through this structure, the Company gathers and distributes information both from within the Group and from other sources, determines recovery policy, and proceeds with recovery activities. We have also enhanced our structures for rapid response, through measures such as the securement of equipment and means of transportation and communication, as well as preparation of other necessary supplies.

Verifying response plans through training and further enhancement of disaster readiness

The Japanese government has released a study of the possible effects of a major Nankai Trough earthquake in a major subduction zone on the ocean floor southeast of the Kansai region. In light of this study, we consider a major Nankai Trough earthquake to be the greatest natural disaster risk we face, and we are carrying out simulated, role play-type emergency training aimed at honing our capacity to respond to widespread quake damage at our offices and power generation facilities. Through this training, we are enhancing our response skills as well as verifying the disaster mitigation procedures we have implemented so far. At the same time, the training is highlighting the best approaches for information sharing, ensuring employee safety, and other challenges of the mitigation effort. We are considering how best to respond to these challenges as we strengthen our ability to cope with major disasters.

Collaboration with entities involved in disaster recovery

As part of our efforts toward speedy disaster recovery, we work closely with local governments by, for example, participating in disaster response meetings, where we can provide information relating to the recovery status of Company facilities. This allows local governments to facilitate our efforts for the earliest possible restoration of power supply by prioritizing repair of roads that are essential to our recovery work.

Furthermore, we are contributing to regional disaster recovery by loaning portable generators to local governments in case road blockage threatens to prolong the interruption of power in the wake of a disaster. We are also ready to provide support in delivering vital life supplies.

In addition, we are actively participating in activities including reviews of regional government disaster response plans, and promoting disaster response measures in coordination with local communities. We consider it important that, when responding to a major Nankai Trough earthquake or other wide-area disaster, the accumulation of disaster response measures is better achieved by government, infrastructure providers, regional communities, and individuals working in close collaboration, rather than by a single entity working alone.

Initiatives prioritizing safety at nuclear power plants

Principal energy sources

Each energy resource used to generate electric power has its own unique characteristics.

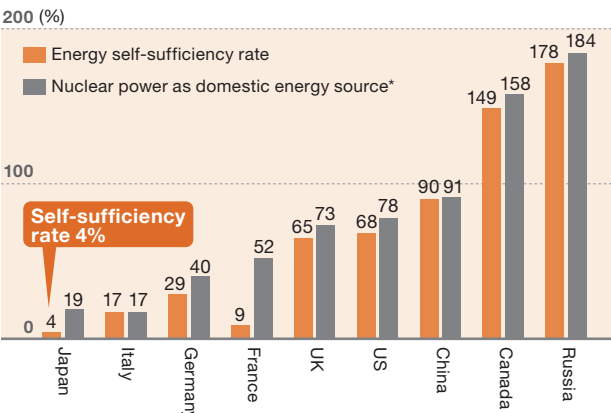
Principal Energy Sources	
Nuclear power (uranium)	Widely distributed, centered on countries with stable politics; fuel can be recycled; strict radiation control required
Thermal power (oil)	Uneven distribution in politically unstable Middle East; severe price fluctuations; emits CO ₂ , a cause of global warming
Thermal power (coal)	Ample reserves compared to oil and widely distributed throughout the world; stable price; special attention required for environmental preservation, including SOx and NOx control measures
Thermal power (LNG)	Stable fuel procurement; price tracks that of oil closely; cleaner than oil and coal
Hydroelectric power	Renewable, clean domestic energy source; few remaining potential construction locations and large-scale development difficult
Solar power	Renewable, clean domestic energy source; unlimited resource; affected by weather; large development area required
Wind power	Renewable, clean domestic energy source; unlimited resource; affected by weather

Reference: "Electricity Review Japan 2013," Federation of Electric Power Companies of Japan, other sources

Ensuring stable energy supplies

When nuclear power is excluded, Japan's energy self-sufficiency rate is only around 4%. For the remainder of its needs, Japan must rely on imported energy. However, political conditions in the Middle East, from which Japan imports over 80% of its crude oil needs, and which also accounts for a third of the world's liquid natural gas (LNG) exports, are unstable. As such, overdependence on these sources of energy entails not only price risk, but also stable supply risk. In contrast, the uranium used in nuclear power plants is widely distributed throughout the world, and many of the nations where it is produced are politically stable, giving uranium excellent supply stability. It is therefore necessary to maintain diversified resource procurement and an optimal mix of electric power generation methods to ensure stable future energy supplies.

Energy Self-Sufficiency Rate for Major Countries (2010)

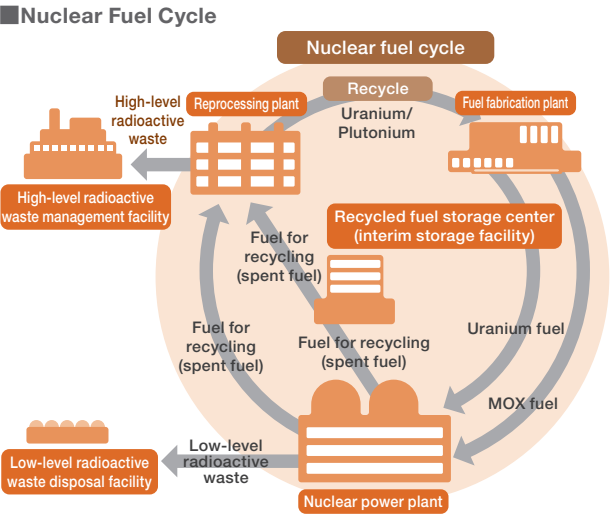


*Uranium can be treated as equivalent to a purely domestic energy source since this energy source for nuclear power generation can be used for an extended period after importation, and is also able to be reprocessed and recycled.

Reference: Energy Balances of OECD Countries 2012, Energy Balances of Non-OECD Countries 2012 (International Energy Agency)

Securing resources through the nuclear fuel cycle

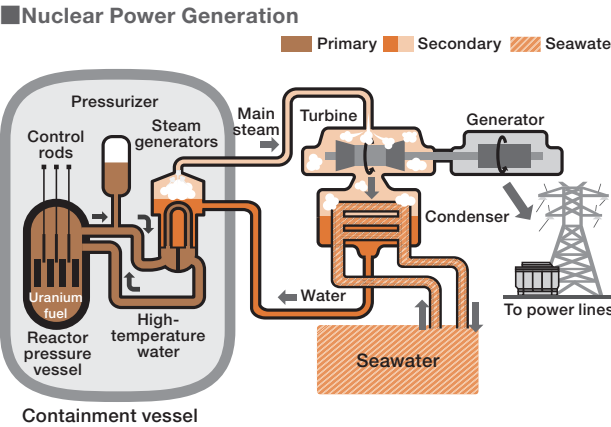
Fuel used in nuclear power plants is not completely consumed during the power generating process. Uranium and plutonium remain in the fuel rods, and these elements can be used further as fuel. The process of extracting these elements, processing them into nuclear reactor fuel, and using them for further power generation is known as the nuclear fuel cycle. In particular, MOX fuel, which is made with plutonium extracted during the fuel cycle, can be used in conventional light water reactors. In January 2011, Kansai Electric Power began using MOX fuel at Takahama Nuclear Power Station Unit 3. To achieve a more flexible nuclear fuel cycle operation, we are promoting the establishment of an interim storage facility where spent fuel can be held for a certain period of time before reprocessing.



Reference: "Graphical Flip-chart of Nuclear and Energy Related Topics 2013," Federation of Electric Power Companies of Japan, other sources

Nuclear power generation

Nuclear power generation uses the heat energy of uranium fission to create steam. The steam drives turbines that generate electricity.



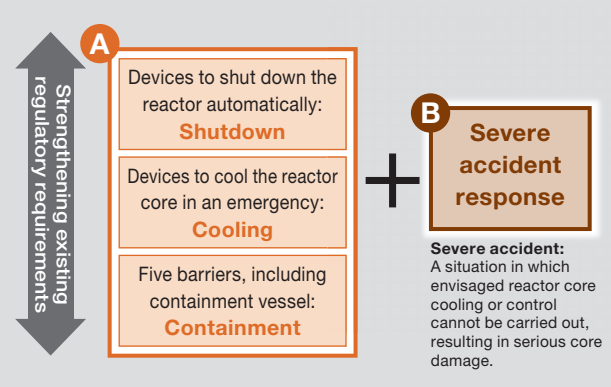
Enhancing nuclear power safety and reliability

Kansai Electric Power is carrying out a variety of measures to minimize risk and ensure sufficient safety at its nuclear power plants.

Ensuring nuclear power plant safety

Nuclear power plant facilities utilize the concept of 'defense-in-depth' to prevent nuclear accidents. First, the facilities are constructed to standards even stricter than those laid down by law, and their designs include multiple safety systems, to prevent a malfunction or human error from resulting in an accident, premised on the fact that machines break down and human beings make mistakes. Safety measures are in place at multiple levels for the unlikely event of a malfunction occurring, and multiple safety functions come into action as necessary: detection of abnormalities at an early stage; automatic shutdown of the nuclear reactor; cooling the fuel by injecting large amounts of water; and containing radioactive materials within five barriers. In addition, in order to comply with the new regulatory requirements issued by the Japanese government in July 2013 in the wake of the accident at TEPCO's Fukushima Daiichi Nuclear Power Station in March 2011, Kansai Electric Power is strengthening existing safety measures, and taking additional measures to cope with a 'severe accident.' Going forward, we will aim to achieve the highest global level of safety, beyond the standards set by the new law, by autonomously and continuously striving to enhance nuclear power plant safety and reliability.

New Regulatory Requirements for Nuclear Power Plants

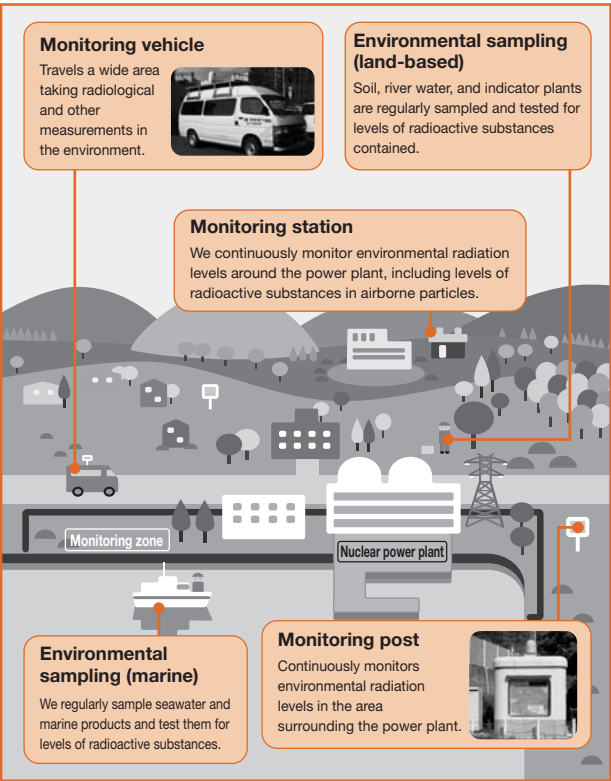


- A Preventing complete loss of safety functions**
Strengthened response to natural disasters, fires, etc.
 - B Upgrading of facilities and measures to be able to respond to even a severe accident**
Adding redundancy to core cooling and power supply measures for emergencies
 - B Measures to cope with terrorism and intentional aircraft crashes**
Measures including establishment of a response center for severe accidents and other emergencies*
- *Response center for severe accidents and other emergencies: A facility for controlling large-scale release of radioactive substances in case of significant core damage.

Radiation control

Radiation and radioactive substances are stringently controlled at nuclear power plants. To monitor the effects of radioactive substances on the surrounding environment, multiple monitoring stations and monitoring posts are located around each plant. Atmospheric radiation levels are monitored around the clock, and this data can be accessed on our website and elsewhere. In addition, Kansai Electric Power regularly samples soil, river water and seawater, indicator plants (e.g. pine leaves), and marine products in the vicinity of its nuclear power plants and tests

for the levels of radioactive substances contained to monitor impact on the environment. The results of this environmental radiation monitoring, and of monitoring by other organizations, are regularly compiled and released to the public after vetting by specialists.

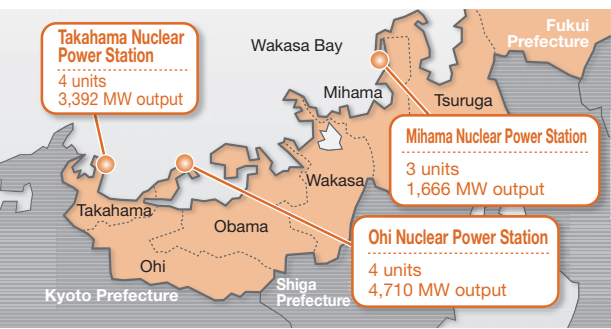


Web Environmental Monitoring
http://www1.kepco.co.jp/gensi/monitor/live_kankyo/index.html

Stringent implementation of measures for aging management

To ensure the safety of its aging facilities, Kansai Electric Power conducts technical research for aging nuclear power plants concerning age-related changes at nuclear power plants that have been in operation for more than 30 years, and has established a Long-Term Maintenance and Management Policy to be reflected in maintenance activities. It goes without saying that Kansai Electric Power ensures that its nuclear power plants that are approaching a 40-year service life are in compliance with all aspects of the new regulatory requirements. In addition, we will continue to consider further measures based on the results of debate concerning revisions to related laws in the wake of the new Reactor Regulation Act, as well as debates concerning the government's energy policy.

Kansai Electric Power's Nuclear Power Plants



Measures to prevent a recurrence of the accident at Mihama Nuclear Power Station Unit 3

On August 9, 2004, an accident occurred at Kansai Electric Power's Mihama Nuclear Power Station Unit 3, in which secondary system piping in the unit's turbine building ruptured. With a firm determination to avoid repeating such an accident, we have been working hard at implementing the recurrence-prevention measures that we promised to the public, based on the President's Declaration, "Ensuring safety is my mission, and the mission of the Company."

To ensure that the lessons learned from the accident continue to be transmitted into the future, August 9 every year is proclaimed "Safety Vow Day." On this day, each employee observes a moment of silence, and refers to the Conduct Card in which he or she has personally entered a safe action declaration. Moreover, a pamphlet with a summary of the accident and its lessons, along with measures to prevent recurrence, has been published over Kansai Electric Power's intranet and distributed to employees in the Nuclear Power Division. Lectures based on this pamphlet are carried out and discussions are conducted at each worksite. Through these efforts, we are working to ensure that the lessons of the accident are not forgotten.



President Yagi observes a moment of silence in front of the monument of the Safety Vow (August 2013)

President's Declaration

Ensuring safety is my mission, and the mission of the Company.

Basic Action Policy

1. We will make safety our top priority.
2. We will proactively introduce resources to ensure safety.
3. We will continuously improve maintenance management to ensure safety and establish closer cooperation with partner companies.
4. We will strive to regain the trust of local communities.
5. We will objectively assess our efforts toward safety and publicize the results.

Excerpt from Action Plan to Prevent Recurrence of the Accident at Mihama Nuclear Power Station Unit 3

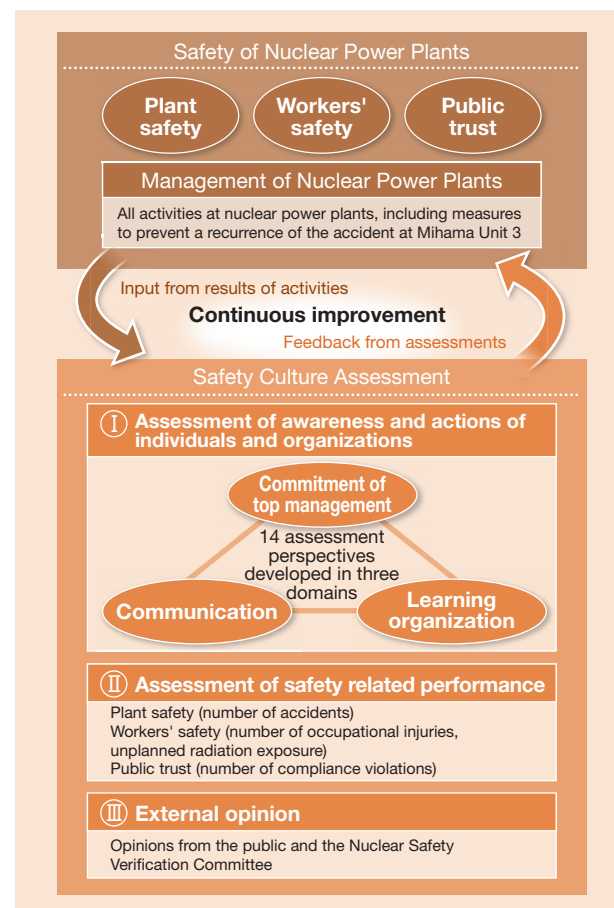
Web **Mihama Nuclear Power Station Unit 3 Accident (in Japanese)**
<http://www1.kepco.co.jp/notice/mihama/jiko.html>

Establishing a firm culture of safety

We have mounted a full-scale effort to ensure that we undertake our business operations without forgetting the lessons of the Mihama Unit 3 accident, with safety as our highest priority. Since 2008, we have introduced a safety culture assessment system, through which the conditions of our nuclear power safety culture can be assessed from a variety of viewpoints, and priority measures can be extracted from those assessments. Safety culture assessments are carried out by each department within the Nuclear Power Division and by each power plant. The results of these assessments are compiled to arrive at an overall assessment. The 2012 assessment identified focal tasks such as "expansion and strengthening of employee training to maintain technical capabilities" and "enhancing nuclear power plant safety above and beyond the regulatory framework," and we are striving to accomplish these tasks.

We are also studying closely the reports and other materials relating to the accident at TEPCO's Fukushima Daiichi Nuclear Power Station. Adopting lessons extracted from the reports into the viewpoints of the assessment, we are thus enhancing the structure of our safety culture assessment system. We will undertake to carry out continuous improvements to foster an even stronger culture of safety.

Summary of Activities to Foster a Culture of Safety



Company-wide promotion of nuclear power safety

Kansai Electric Power established its Nuclear Safety Enhancement Committee, which includes executives from a cross section of the company and is leading company-wide efforts to prevent recurrence of the accident at Mihama Nuclear Power Station Unit 3 and foster a culture of safety. After the accident at TEPCO's Fukushima Daiichi Nuclear Power Station, the committee is carrying out wide-ranging discussions to ensure voluntary additional initiatives undertaken autonomously and continuously to enhance nuclear power safety. As of the end of July 2013, the committee has convened 170 times.

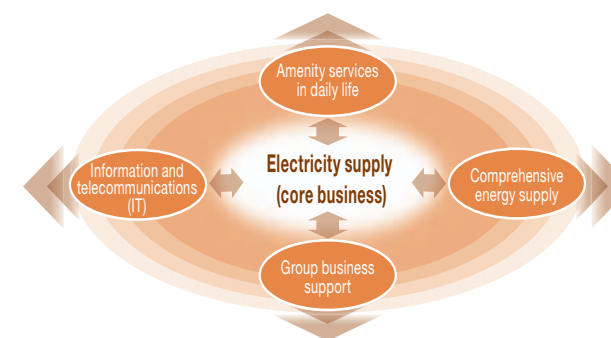
In FY 2012, the committee engaged in a variety of activities, including wide-ranging discussions from diverse perspectives concerning what lessons should be extracted from the various studies of the Fukushima Daiichi accident. Committee members also participated in face-to-face meetings between senior management of the Nuclear Power Division and young employees at our nuclear power plants, to encourage communication with frontline personnel.

Providing services as a unified group

Aiming to be a trusted partner in energy and life

As a comprehensive provider of electricity and other forms of energy, as well as a variety of information and telecommunications (IT) services and a lineup of businesses providing amenity services in daily life, Kansai Electric Power Group interacts with the people of the Kansai region in many different ways. These interactions enable us to grow closer to our customers and integrate our electricity and other Group services as a total solution. By meeting and exceeding our customer needs, our aim is to become our customers' trusted partner in energy and life.

Combining Electricity and Group Services for a Total Solution



Services for residential customers

For residential customers, Kansai Electric Power Group offers products and services addressing a wide range of daily needs in areas including housing supply that can contribute to energy conservation, cost reduction, and CO₂ emissions reduction, as well as IT, home security, nursing care, and health management support. By offering these products and services separately or in combination, we can provide customers with meticulous support and help them achieve safety, security, comfort, and convenience in their daily lives.

eo SMART LINK—a tablet-based service to enhance daily life

K-Opticom Corporation offers eo SMART LINK as a supplementary service for customers using our Fiber to the Home (FTTH) service. eo SMART LINK enhances customers' daily lives by furnishing them with a tablet device to access more than 100 different services from Kansai Electric Power Group and other providers, from finding housekeeping assistance and ordering from net-based supermarkets to accessing healthcare services and monitoring their electric power consumption at a glance. The members of Kansai Electric Power Group will continue striving together to offer customers useful services that meet their needs.

Toward improvement of customer service

To enhance our customer service, Kansai Electric Power is expanding the use of smart meters. We also offer Hapi e-Miruden, a service that enables customers to monitor their electric power consumption at a glance.

Expansion of smart meter use

Going forward, we will actively increase the number of smart meters installed, and utilize them to promote the visual representation of electricity use. We are also using the detailed power con-

sumption data we obtain from smart meters to offer customers pricing plans according to their use of electricity, with the aim of enriching the customer service we provide.

Hapi e-Miruden enhancement and promotion

In place of the conventional meter reading note, Kansai Electric Power offers Hapi e-Miruden, a web-based tool that enables residential customers to monitor their power consumption and expenditure graphically while focusing on reduction of energy use, costs, and CO₂ emissions. We will continue our efforts to enhance the web platform to make it even more useful for an increasing number of customers.



Web **Hapi e-Miruden**
<http://www.kepco.co.jp/service/miruden/index.html>

6 Advantages of Hapi e-Miruden

- 1 Check your power bill anytime, anywhere!**
Use your PC or smartphone to check your power bill, or even the purchase rates for excess solar power you are selling. You'll receive a mail with your total charge each month.
- 2 Graph your past power bills!**
Graph your past power bills to spot trends. You can also download your data in PDF and CSV formats.
- 3 Compare your heating and lighting bills with others!**
You can rank your household with comparable households in terms of lighting and heating costs as well as CO₂ emissions.
- 4 Simulate different strategies for reducing lighting and heating costs!**
You can see the potential impact on lighting and heating costs of such moves as changing your contract options.
- 5 Set your energy conservation target and record the results!**
To help reduce your energy consumption, set monthly energy conservation targets and record the results.
- 6 Kansai Electric Power keeps you up to date!**
Access event schedules, warnings about suspicious business entities, and other important information.

Services for corporate customers

Kansai Electric Power promotes a variety of efforts to reduce peak power demand and encourage load leveling. To this end, we offer energy systems best suited to customer needs. For example, in collaboration with Kanden Energy Solution Co., Inc., one of our Group companies, we offer Utility Service and ESCO Service, which include energy facility design and construction, support for facility ownership, operation, maintenance, and management. We also offer our Energy Management Service to help customers optimize their energy use.

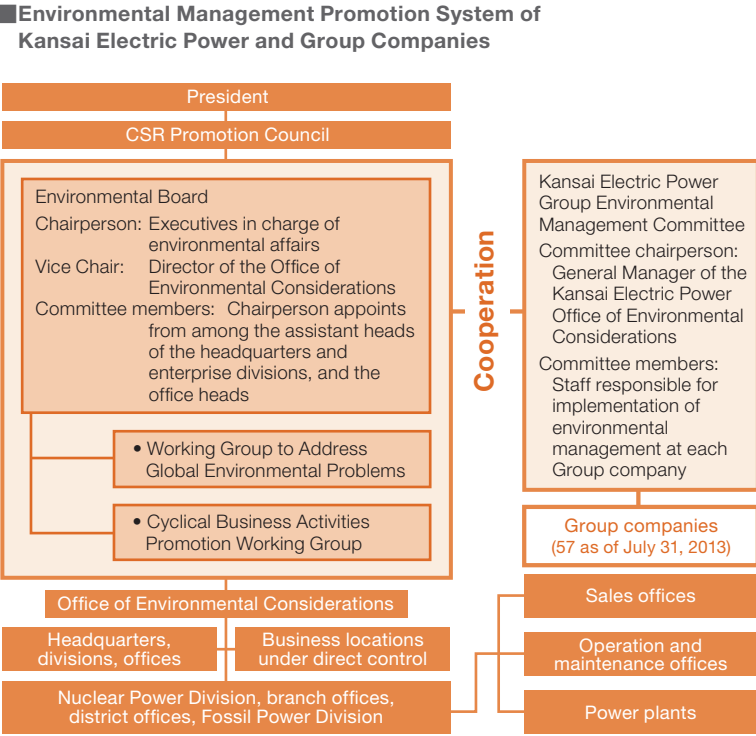
2 Progressive Approach to Environmental Problems

Kansai Electric Power Group Environmental Action Plan

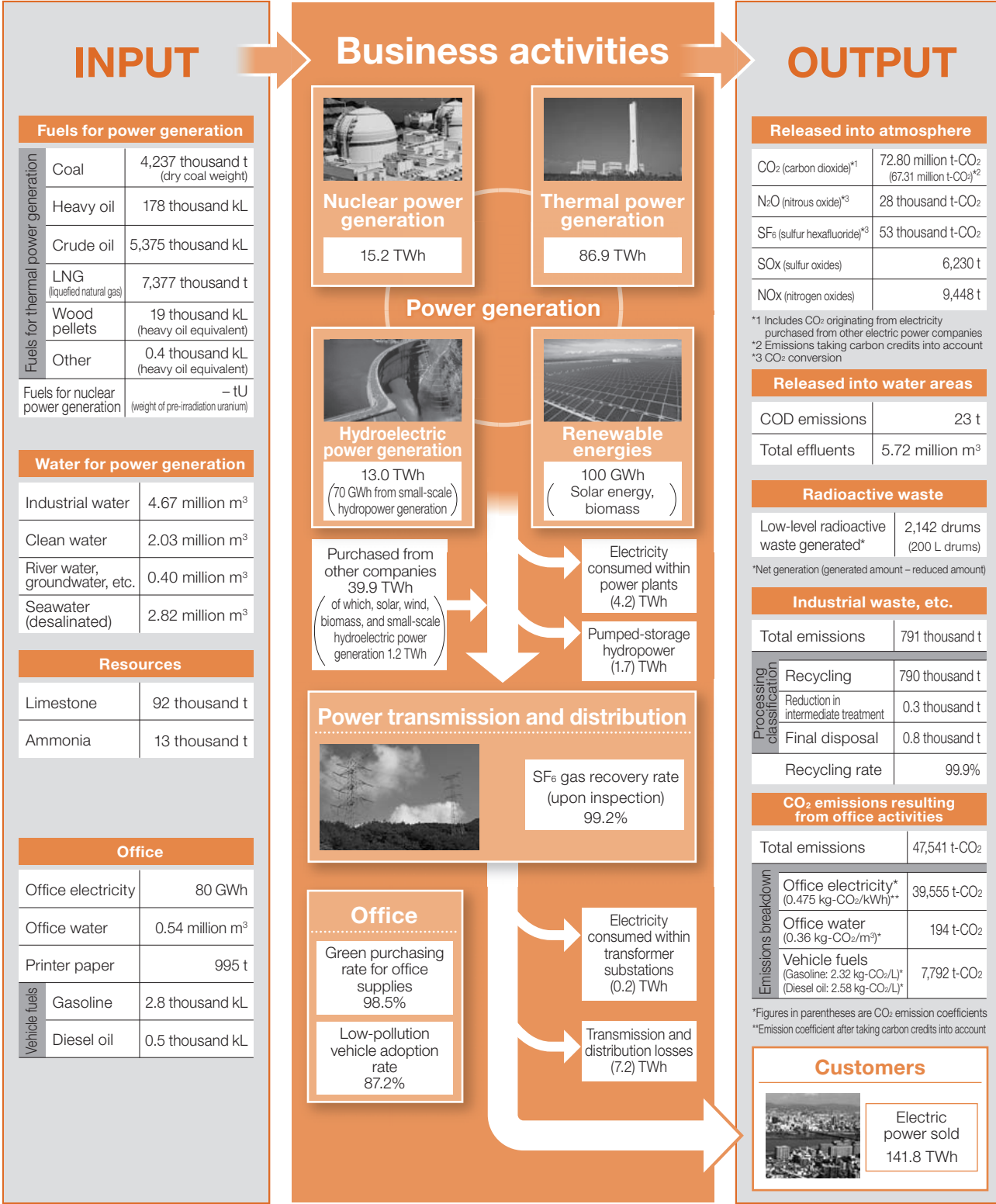


Promoting environmental management on a Group-wide basis

To carry out our environmental management activities across the entire Kansai Electric Power Group, we are building an environmental management promotion system within Kansai Electric Power and our Group companies. Kansai Electric Power has established an Environmental Board within its CSR Promotion Council. For the Group, we have established the Kansai Electric Power Group Environmental Management Committee, and are working to develop Eco Action measures and implement Check and Review, as well as comply with environmental law and other regulations. Going forward, we will continue to promote these efforts to reduce the Group's overall environmental impact and environmental risk.



Status overview of our business activities and environmental load (FY 2012)



Note 1: This table contains non-consolidated figures for Kansai Electric Power Co., Inc. only.
Note 2: Totals may not sum due to rounding.
Note 3: Thermal power generation figures do not include biomass power generation.

Environmental efficiency (FY 1990 = 100)	Electric power sold 117 Composite index*	Electric power sold 74 CO ₂ emissions
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*Composite index = $\frac{\text{Environmental load caused by CO}_2, \text{SOx, NOx, and landfill disposal of industrial waste}}{\text{Resources consumed (Oil, coal, LNG)}}$
(In calculations starting in FY 2007, we are using the LIME2 integrated coefficient developed by the National Institute of Advanced Industrial Science and Technology.)
(The amount of CO₂ emissions shown takes carbon credits into account.)

Eco Action (annual targets and results)

Environmental efforts in business operations	Item		FY 2012 targets	FY 2012 results	Related page
	Initiatives toward the realization of a low-carbon society				
	CO2 emissions reduction per unit of power used (sold)		Approx. 0.282 kg-CO2/kWh*1 (5-year average for FY 2008–12)	0.346 kg-CO2/kWh*1 (5-year average for FY 2008–12) Single FY results 0.475 kg-CO2/kWh*1 (Before taking carbon credits into account: 0.514 kg-CO2/kWh)	P.36
	Promoting "safety first" operations at nuclear power plants		Implement safety improvement measures in response to the Fukushima Daiichi Nuclear Power Station accident, and continue operating nuclear power plants by making continuous improvements aimed at preventing the recurrence of an incident like the accident at Mihama Nuclear Power Station Unit 3.	Facility utilization rate: 17.7%	P.37
	Maintaining and improving the thermal efficiency of thermal power plants (lower heating value base)		45.0% or more	44.2%	P.37
	Development and dissemination of renewable energies		Promote the development and dissemination of renewable energies	•Renewable energy development: 1 location, 1,900 kW*2 •Achievement of RPS system minimum: 1.33 billion kWh •Surplus solar power purchased: 159 million kWh •Fixed-price renewable energy power purchased: 452 million kWh	P.37
	Limiting SF6 emissions (calendar year basis) (gas recovery rate upon inspection/removal of equipment)		97% (upon inspection) 99% (upon removal)	99.2% (upon inspection) 99.4% (upon removal)	-
	Ratio of low-pollution vehicles to all vehicles held		86.6%	87.2%	-
	Electric vehicles and plug-in hybrid vehicles introduced		Approx. 320 vehicles by FY 2013 Approx. 1,500 vehicles by FY 2020	Number of vehicles: 274	P.39
	Initiatives toward the achievement of a sound material-cycle society				
	Improving the recycling rate of industrial wastes		More than 99.5% (by FY 2012) Efforts to continue in FY 2013 and beyond	99.9%	P.41
	Proper processing of PCB wastes*3		Process all PCBs by the legal deadline (by March 2027)	Processed volume (cumulative total) Low-concentration PCB: 77,000 kL High-concentration PCB: 3,167 units	P.42
	Initiatives toward a trusted, environmentally advanced corporation				
	Maintaining sulfur oxide (SOx) and nitrogen oxide (NOx) emission levels proportional to the volume of power generated	SOx	Maintain current status Ref: 5-year averages for FY 2007–11 0.03 g/kWh (overall) 0.06 g/kWh (thermal)	FY 2012 emissions per basic unit 0.054 g/kWh (overall) 0.072 g/kWh (thermal) 5-year averages for FY 2008–12 0.03 g/kWh (overall) 0.06 g/kWh (thermal)	P.42
		NOx	Maintain current status Ref: 5-year averages for FY 2007–11 0.05 g/kWh (overall) 0.11 g/kWh (thermal)	FY 2012 emissions per basic unit 0.082 g/kWh (overall) 0.109 g/kWh (thermal) 5-year averages for FY 2008–12 0.05 g/kWh (overall) 0.11 g/kWh (thermal)	
	Measured dosages of radioactive gaseous waste in public areas around nuclear power plants		Less than 0.001 millisieverts/year	Less than 0.001 millisieverts/year	-
	Promotion of environmental household account books		Encourage the use of Kansai Electric Power environmental household account books both inside and outside the company	Number of registrations: 17,648	P.43

Office energy and resource conservation activities	Item		FY 2012 target	FY 2012 actual
	Reducing office electricity consumption		Continuing efforts to conserve energy	Compared to previous fiscal year: 8.5% reduction (actual) 83.273 million kWh
	Reducing office water consumption		1% or more reduction compared to the prior fiscal year	Compared to previous fiscal year: 2.9% reduction (actual) 538,089 m³
	Improving fuel efficiency of company vehicles		1% or more improvement compared to the prior fiscal year	Compared to previous fiscal year: 5.0% increase (actual) 10.35 km/L
	Reducing copy paper consumption		Promote maximum possible reduction	Compared to previous fiscal year: 10.4% reduction (actual) 995 t
	Improving the green purchasing rate for office supplies (45 items)		Maintain current status (approx. 100%) (45 items)	Maintain current status (approx. 100%) Ref: 98.5% (45 items)

*1 Takes carbon credits into account as provided for under the Kyoto Mechanism.
*2 Shin-Kuronagi No. 2 Hydropower Station (commenced operation December 2012)
*3 The high-concentration PCB waste processing figures indicate the actual amounts shipped to the processing facilities of the Japan Environmental Safety Corporation.

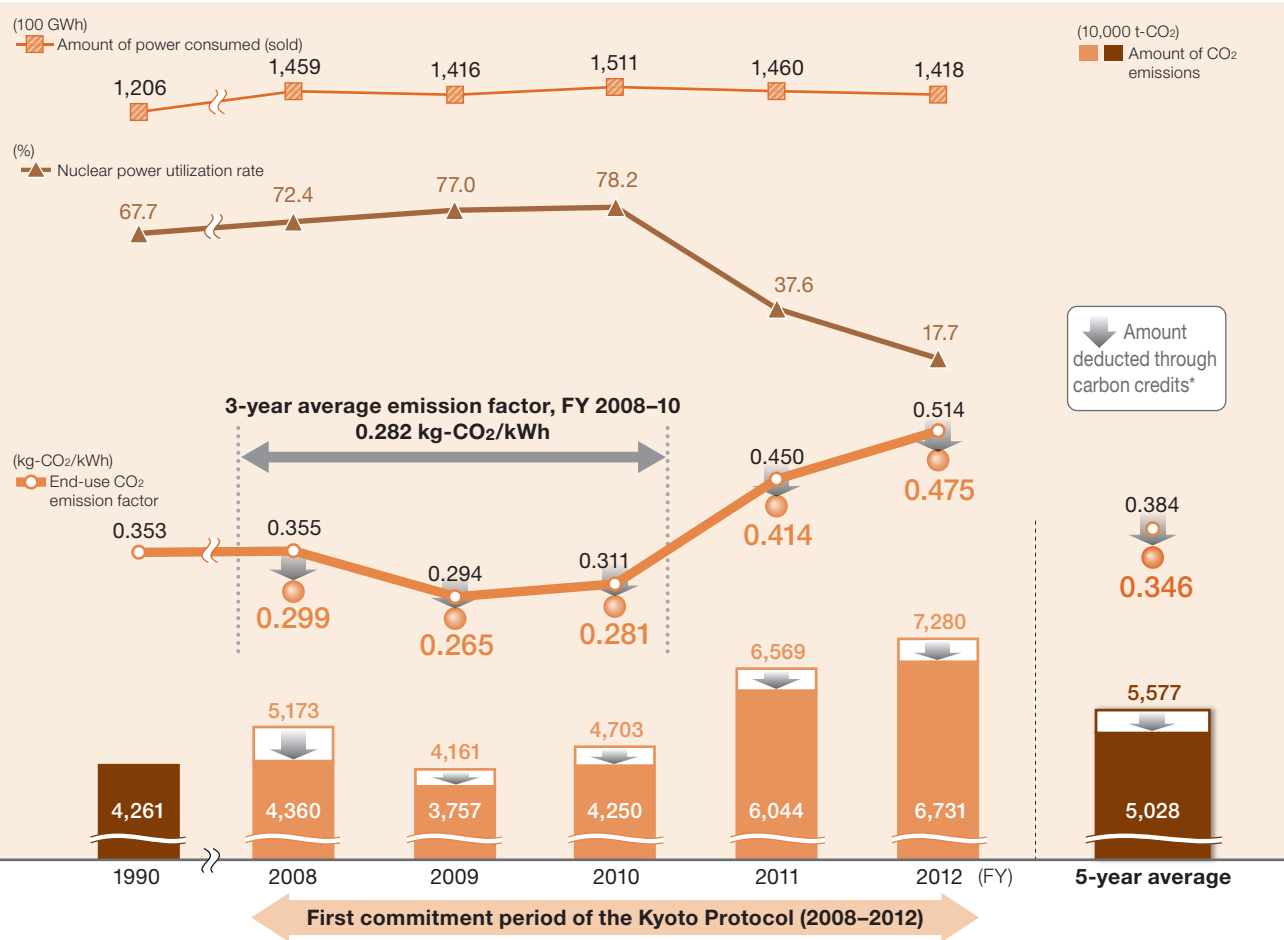
Striving to achieve a low-carbon society

Summary of 5 years of efforts to reduce CO2 emission factor

Kansai Electric Power established a goal of reducing its average CO2 emission factor to approximately 0.282 kg-CO2/kWh over the five years from fiscal 2008 to 2012. Our efforts to achieve this goal will include promoting safe, stable nuclear power generation; maintaining and enhancing thermal efficiency for thermal power generation; maintaining and expanding hydropower generation; and developing and adopting renewable energy. To supplement these efforts, we have utilized carbon credits, for example under the Kyoto Mechanism. During the three-year period from fiscal 2008 to 2010, our average CO2 emission factor reached the goal of 0.282 kg-CO2/kWh. However, due to such factors as the extended shutdown of nuclear power plants and accompanying increase in thermal power

generation in the wake of the Great East Japan Earthquake, the CO2 emissions amount has increased significantly since fiscal 2011. Kansai Electric Power's operating environment has become extremely challenging since the earthquake of 2011, but we continued our efforts to contribute to global warming prevention through such measures as maintaining the use of carbon credits at pre-disaster levels. As a result, our five-year average CO2 emission factor for fiscal 2008 to 2012 was 0.346 kg-CO2/kWh. Kansai Electric Power will continue to promote a variety of efforts to reduce its CO2 emissions, particularly through the use of nuclear power with a rigid emphasis on safety.

Changes in CO2 Emission Factor, etc.



*Values are based on the calculation, reporting and publication system for greenhouse gas emission volumes, as mandated by the Law Concerning the Promotion of the Measures to Cope with Global Warming. The emission factors for FY 2011 and 2012 after adjustment include exclusions reflecting carbon credits as well as environmental value adjustments based on the system of fixed-price purchases of surplus solar and renewable energy.

Nuclear power utilization as a global warming protection measure

Nuclear power generation emits no CO2, making it an important measure for preventing global warming. Since the Great East Japan Earthquake, with our nuclear power plants shut down for an extended period, Kansai Electric Power's CO2 emissions have risen significantly. Solar and wind power, like nuclear power, emit no CO2. However, their energy density is low, requiring large sites. In addition, the output of these energy sources is unstable and expensive, making them difficult to utilize. We therefore believe that utilization of nuclear power with an emphasis on safety will continue to be an important measure for preventing global warming.

Lowering electric power's carbon intensity

To realize a low-carbon society, we will continue safe, stable generation of nuclear power; enhance thermal power generation efficiency; promote the development and use of hydropower and such renewable energy sources as solar and wind power. In this way, we will strive to lower the carbon intensity of the electric power we provide to our customers.

Nuclear power generation prioritizing safety

Since nuclear power generation does not emit CO₂, we believe it will continue to be important as a source of energy to prevent global warming. Kansai Electric Power is carefully evaluating the lessons and information gained from the accident at TEPCO's Fukushima Daiichi Nuclear Power Plant. We are ensuring that our nuclear power generation will be safe and stable by autonomously and continuously promoting measures to further enhance safety, as well as aiming to achieve world-class safety levels exceeding even those required by law.

Maintaining and enhancing the efficiency of our thermal power plants

Kansai Electric Power is pursuing ongoing measures in its thermal power generation facilities and operations to maintain and improve thermal efficiency in order to reduce the use of fossil fuels and thereby CO₂ emissions. We are also working to upgrade the Himeji No. 2 Power Station, one of our largest thermal power plants, to a combined-cycle power plant with cutting-edge 1,600°C-class gas turbines. This will improve thermal efficiency from approx. 42% to 60%, among the most efficient in the world, thus enabling significant reductions in our CO₂ emission factor.

Development and dissemination of renewable energy

Stable operation and functional enhancement of hydropower

Hydropower is a purely domestic energy source with excellent supply stability and economic efficiency. In addition, it emits no CO₂, making it an important energy source for preventing global warming. Kansai Electric Power will continue stable operation of our hydropower plants by carrying out appropriate maintenance, expand output at our existing facilities, promote adoption of an adjustable-speed system at our pumped-storage hydropower plants, and develop small- and mid-scale hydropower generation, with the goals of flexible response to supply and demand fluctuations and further mitigation of our environmental impact.

Facility upgrades for hydropower plants

We will systematically implement equipment upgrades, such as waterwheel and generator replacement, at hydropower plants including the Kurobegawa No. 2 Power Station. When performing these equipment upgrades, we will appropriately determine the best upgrade time frames. By using computerized analytic technologies, we will optimize the shape of the waterwheel runners and other elements to suit each power plant location. This will allow

us to replace older equipment with new equipment offering better power generation efficiency, and thus increase our power output.

Increasing generated power through efficient utilization of existing facilities

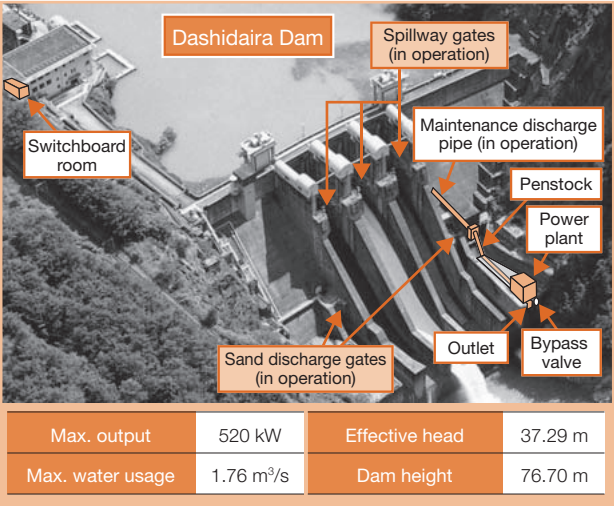
Promoting the Kasura River Diversion Plan

As one aspect of our efforts to further lower electric power's carbon intensity, we are promoting a plan to increase water volume at the Sakaigawa Power Station in Nanto, Toyama Prefecture by drawing water from the Kasura River to the Sakaigawa Dam and thereby increasing its power generation capacity. The Sakaigawa Power Station has a hydropower output of 24,200 kW and produces around 73 million kWh of power annually. The realization of the diversion plan will expand this output by approximately 17 million kWh.

Construction of hydropower plants that utilize river maintenance flow

Dashidaira Power Station Construction Plan

As one of Kansai Electric Power's efforts to further lower electric power's carbon intensity, we are planning to construct the Dashidaira Power Station at our Dashidaira Dam (Unazuki, Toyama Prefecture). This power station will use river maintenance flow to generate a maximum output of 520 kW when it starts operation in 2014. The new station is expected to reduce annual CO₂ emissions by approximately 800 tons annually.



Wind power development

On December 20, 2012, Kanden Energy Development Co., Inc., a Kansai Electric Power Group company, began operating the Awaji Wind Power Station in Awaji, Hyogo Prefecture. This power station is the Group's first wind power plant, using six 2,000-kW installations to produce a total output of 12,000 kW, and is expected to reduce annual CO₂ emissions by approximately 9,500 tons.



Awaji Wind Power Station

Kanden Energy Development is building its second wind power station, which will have an output of 6,000 kW, in Tahara, Aichi Prefecture. The station is scheduled to start operation in June 2014.

Solar power development

Kansai Electric Power Group company Kanden Energy Solution Co., Inc. is building a 2,000 kW mega solar power installation in Seika, Kyoto Prefecture. This solar power generation development is a joint effort between Kyoto Prefecture and Kansai Electric Power Group. Under this project the prefecture is working to promote and encourage awareness of solar power, while Kansai Electric Power Group will construct and operate the plant. The plant is expected to reduce annual CO₂ emissions by approximately 1,200 tons.



Mega Solar (Seika, Kyoto Prefecture)

Mixed coal/biomass power generation at Maizuru Power Station

The coal-fired Maizuru Power Station has been generating power using biomass fuel wood pellets mixed with coal since 2008. This reduces coal consumption and cuts CO₂ emissions.

Contribute to energy conservation, cost reductions and CO2 reductions by customers and society

By enabling customers to use energy efficiently and comfortably, we are promoting contributions to reduced energy use, costs, and CO₂ emissions for customers and society. We are also promoting efforts to provide customers with useful services, as well as achieve energy conservation and reduced emissions at our worksites.

Contributing to reduced energy use, costs, and CO2 emissions for customers and society

Energy management activities

To achieve reduced energy use, costs, and CO₂ emissions, we are responding to customer demands for energy conservation with a wide range of appropriate products and services including renewable energy and high-efficiency systems utilizing heat pump technology. We thus provide total energy management support for customers and society.

Serving residential customers

We provide energy conservation consulting services, including Home Eco Diagnosis, a service offered in conjunction with the

Ministry of the Environment. We also offer Hapi e-Miruden, a web-based tool that displays customer energy consumption. Through this and other useful services, we are promoting smarter use of electric power by our customers.

Serving corporate customers

We provide our customers with total energy management support by listening closely and offering advice concerning optimal energy systems and their use. In addition, we work with other Group companies to offer a range of services including energy conservation diagnosis and energy management support appropriate for the customer's facility usage patterns. While thus benefiting our customers, load leveling is achieved through energy conservation and reduction of peak electricity use.

R&D to support energy conservation by customers

To enable customers to utilize untapped energy at low cost, we are engaged in R&D relating to practical applications of heat pump systems and heat circulation technology. Using this technology, areas with drainage networks can utilize heat from untreated sewage. At the request of the New Energy and Industrial Technology Development Organization, we are promoting R&D collaboration with academic institutions.

Hapi e-Miruden power consumption monitor

Customers visiting Kansai Electric Power's web page can access our Hapi e-Miruden site, where they can monitor their electric power use graphically. This is more effective than the conventional meter reading note in enhancing their awareness of energy conservation, cost reduction, and CO₂ emission reduction. Customers registering to use Hapi e-Miruden can review their electric power use and resulting CO₂ emissions for the past 24 months, including the current month. We also offer a report that displays an analysis of energy use and offers energy conservation advice. In addition, from the end of July 2013, we began a web-based service for customers with multiple service agreements that enables them to check their total energy use and billing status, and download their data. Customers can also set energy conservation goals, record the results of their efforts, compare their lighting and heating costs and CO₂ emissions with comparable households, and keep the results in their own environmental household account book. These and other features offer the customer a wide range of information about electric power use.

Providing information about saving energy through websites and pamphlets

Kansai Electric Power distributes pamphlets that explain how customers can use energy more wisely. The Company's website offers information on energy conservation and lets customers simulate the results of conservation measures.



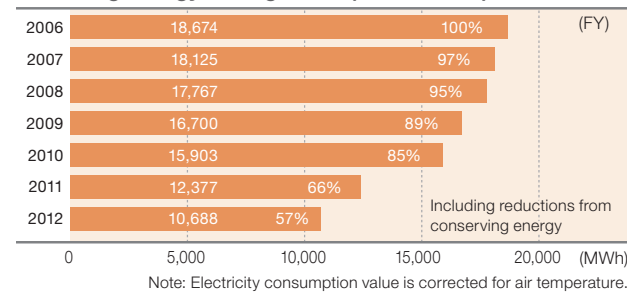
Web HAPI-e Life Navi
<http://www.hapilife.com/index.html>

Energy conservation and CO₂ emission reduction at bases of operation

Energy management at bases of operation

To reduce energy consumption at our business locations, we implemented energy management at major locations in 2007. We measure energy use in each building by type and time of use, and use the resulting data to formulate and implement effective energy conservation measures. Business locations using energy management have reduced their energy consumption by approximately 4% annually. In 2012, however, thanks to a company-wide energy conservation effort, we succeeded in reducing energy consumption by 14% compared to 2011 and 43% compared to 2006, the year before we began these activities. We will continue these activities to promote further energy conservation at our business locations.

Electricity Consumption at Business Locations Utilizing Energy Management (18 locations)



Energy conservation for new buildings

Kansai Electric Power actively utilizes a range of technologies for energy conservation, cost reduction, and demand reduction in the construction of its new buildings. Our Hokusetsu Sales Office, which opened in October 2012, incorporates solar power generation, use of natural light, graphical energy consumption displays, advanced demand control and other features, with real-time system performance monitoring.

Introduction of electric vehicles

To realize a low-carbon society, we are introducing eco-friendly electric and plug-in hybrid vehicles. These vehicles are helping to reduce CO₂ emissions from our business and sales activities. Since we began utilizing these vehicles in 2009, we have introduced 274 vehicles that are in daily use at our business locations and elsewhere.

Introduction of Electric and Plug-in Hybrid Vehicles

	FY 2009	FY 2010	FY 2011	FY 2012	Total
Electric vehicles	86	57	64	33	240
Plug-in hybrid vehicles	25	0	0	9	34
Total	111	57	64	42	274

Technological developments for constructing the Kanden Smart Grid

The Kansai Electric Power Group aims to contribute to the achievement of a low-carbon society and better usability for customers through the construction of a smart grid (next-generation electricity transmission and distribution network).

What is the "Kansai Electric Power Smart Grid"?

The concept of the smart grid is gaining widespread acceptance. The Kansai Electric Power Group has positioned the smart grid as a key to achieving an efficient, high quality, reliable electricity transmission and distribution system, employing advanced information, communications, and storage battery technologies to achieve a low-carbon society and a better energy environment for customers without sacrificing the stability of the basic power grid.

Meeting the challenges of large-scale renewable energy use

National research committees and others have identified three potential challenges facing the large-scale or focused introduction of renewable energy, including solar power, into the electric power grid. One is the generation of surplus power. Another is variations in power output caused by the weather. The third is the occurrence of reverse flow at the linkage point with the electric power grid. These problems all may pose risks to the stability of the power grid.

Kansai Electric Power is working to address these problems through efforts to evaluate the impact of large-scale solar power introduction on the power grid and promote R&D of countermeasure technologies, ranging from advanced voltage control to battery-based power supply and demand control systems.

Usability improvements for customers

To enhance usability, including providing support for customers' energy conservation, we are promoting such measures as graphical representation of energy consumption and expansion of the use of smart meters.

Smart meter introduction efforts

Kansai Electric Power is promoting the introduction of smart meters, which use fiber-optic networks and other means to more finely measure customer electricity consumption and enable remote data collection. This not only makes possible further efficiency and safety enhancement, but allows for more efficient facility configuration based on electric power use patterns as well as enhanced energy consulting.

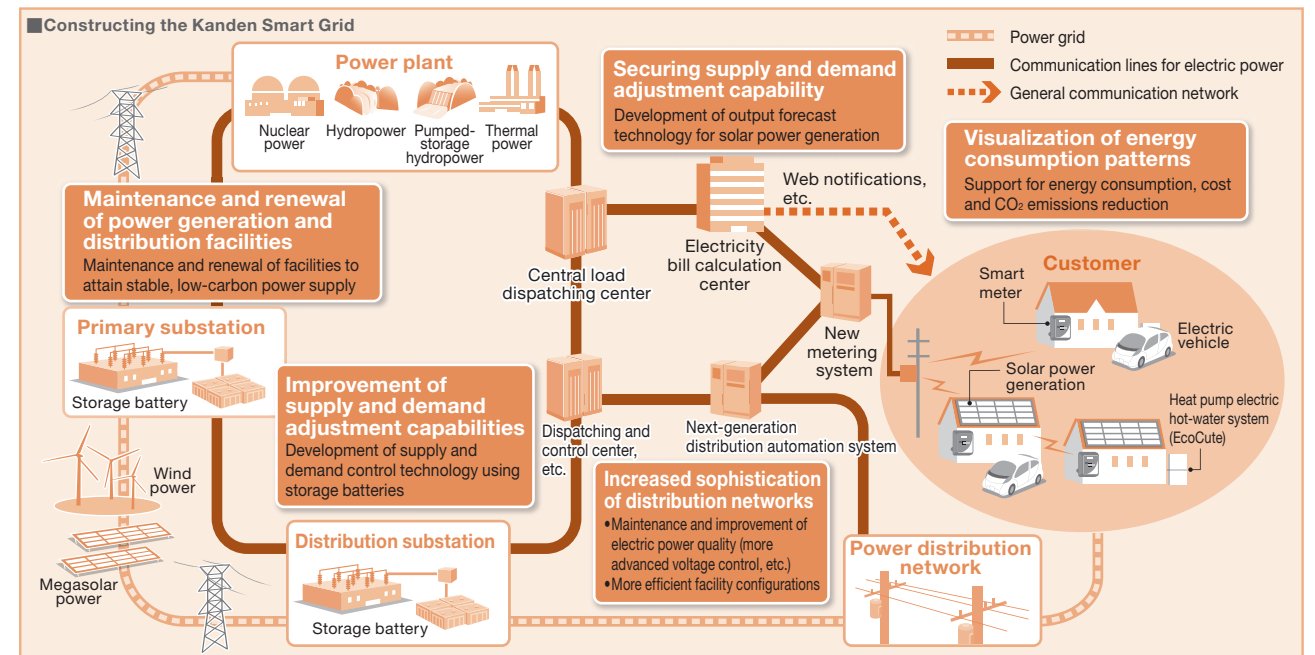
Collaborating with customers to stabilize supply-demand balance

As a means to reduce peak power use amid tight supplies of electric power, we prepared measures including requests for load adjustment through aggregators during summer 2013 based on results of tests conducted during the previous summer for customers using building energy management systems (BEMS)* (principally customers with service contracts of less than 500 kW).

*BEMS: Energy management systems for load adjustment and control of building air conditioning, lighting, and other systems.

Promoting graphic representation of energy use

We offer the Hapi e-Miruden service, which charts energy use, as well as Eco e-Life Check, an environmental household account book for recording CO₂ emissions.



Development of advanced technologies

Utilizing our specialized technological capabilities as an electric power supplier, we are contributing to the achievement of a low-carbon society through the development of advanced technologies, including technologies for grid management and control, energy management, and environmental protection.

Technological developments for constructing the Kanden Smart Grid

Development of power system operation and control technology

Solar and other renewable power supplies are distinctive in that their output can vary significantly over the short term due to factors such as weather. The widespread implementation of these methods of power supply thus raises concerns about potential impacts on voltage and frequency. To ensure that customers are not affected, we are taking steps to evaluate the impact that the introduction of renewable power supply might have on the power grid and develop new power system operation and control technologies.

Research of electricity supply and demand control systems using storage batteries

Using storage batteries to absorb output fluctuations from solar power generation allows maintenance of a stable grid electricity frequency.

Today we are conducting field tests of storage batteries at the Ishizugawa Substation, which is linked to the Sakai Solar Power Station.

We are the first in Japan to conduct research on electricity supply and demand control systems connecting Ni-MH (nickel metal hydride) batteries to an actual power grid.

The results of this research are expected to lead not only to the development of control systems, but also to assessment of the applicability and longevity of storage batteries, and investigations of the storage battery capacity that will be necessary when we connect battery systems to our power grid in the future.

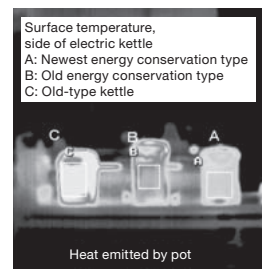


A storage battery being used in research

R&D to support customers' energy conservation

Equipment evaluation for energy conservation consultations

To help customers conserve energy, we quantitatively evaluate the effects of differences in use of electric appliances and installation approaches. In addition, we work to represent evaluation results graphically so that they can be easily grasped by customers.



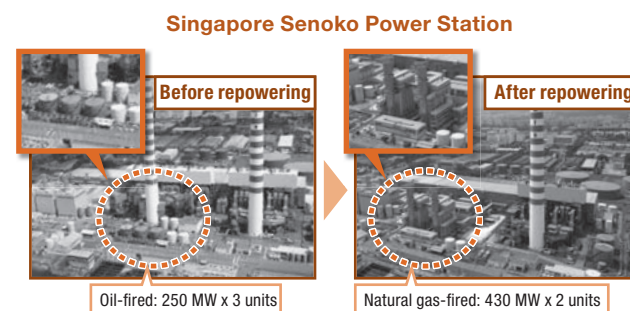
Graphic representation makes evaluation results easy to grasp

Overseas activities

Utilizing the technological capabilities, knowledge and expertise that we have gained through years of operation as an electric power supplier, the Kansai Electric Power Group is undertaking a wide range of activities outside Japan to contribute to the mitigation of global warming on a worldwide scale.

Senoko Power Station Repowering Project

In 2008, Kansai Electric Power and other companies purchased shares in Senoko Power Limited, Singapore's largest electricity supplier. In August 2012, work begun in 2009 was completed to convert Senoko Power Station's oil-fired steam thermal plants, with a total capacity of 750 MW (250 MW x 3 units), to combined-cycle natural gas turbines with a total capacity of 860 MW (430

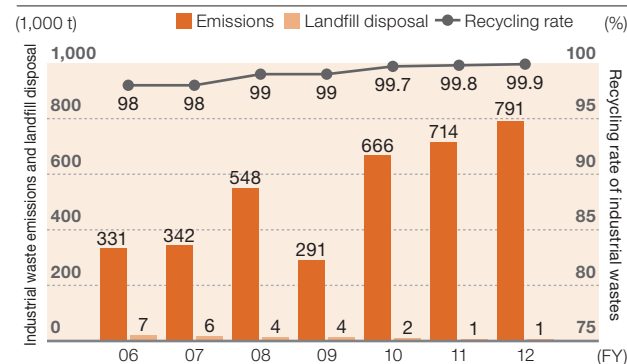


Initiatives toward the achievement of a sound material-cycle society

Efforts to achieve zero emissions

Kansai Electric Power is working to promote the recycling of industrial waste generated by its business activities, with the goal of achieving zero emissions, and a target industrial waste recycling rate of 99.5% or higher by FY 2012. Principal types of waste emitted by Kansai Electric Power include coal ash from coal-fired thermal power plants and concrete pole fragments remaining from

Changes in Emissions and Recycling Rates for Industrial Wastes



Note: Industrial waste recycling rate (%) = (industrial waste emissions – landfill disposal amount) / industrial waste emissions × 100
FY 2011 emission figures are revised figures.

MW x 2 units). Kansai Electric Power helped support the project by dispatching engineers to support the plant's process management and quality control processes. This repowering project will benefit the environment by expediting efficient energy use and bringing about major reductions in CO₂ emissions.

Technology transfer, personnel development project

The Global Sustainable Electricity Partnership is an organization of the world's leading electric power companies that promotes sustainable energy development. As a partnership member, Kansai Electric Power has participated in a range of assistance for developing nations and eco-projects, including a small-scale hydropower project for Bhutan and a solar power project for Tuvalu. In June and August, 2012, we held workshops for electric power company technicians from Pacific island nations on the theme of improving energy utilization efficiency. These efforts have continued since 2005, centering on the themes of renewable energy and energy conservation, and this year's workshops were the tenth such event. In this manner, Kansai Electric Power is helping island nations meet the numerous challenges that they face with technology transfers and human development programs, and contributing to the solution of global problems, particularly global environmental problems.



Workshop for Pacific island nations

power grid construction, and we are making companywide efforts to recycle rather than bury this waste. As a result, we achieved a 99.9% recycling rate for industrial and other waste in FY 2012, the third consecutive year that we have reached our target. Going forward, we will strive to continue zero emissions. We are also working to reduce and recycle general waste, such as printer paper, produced by our offices.

Main Applications of Recycled Industrial Waste, etc.

Type of industrial waste	Recycling rate	Main recycling applications
Metal scraps	99.8%	Metal recovery
Demolition debris (Waste concrete utility poles, etc.)	99.8%	Roadbed materials
Soot (Coal ash, heavy oil ash, etc.)	100%	Cement raw materials
Sludge (Desulfogypsum, wastewater processing sludge, etc.)	99.7%	Construction materials
Cinders (Coal ash, heavy oil ash, etc.)	100%	Rare metal recovery
Waste oil	99.8%	Fuel

Green purchasing efforts

Kansai Electric Power is conducting green purchasing activities such that products and services with minimal environmental impact are given priority in purchasing decisions. Specific measures include the creation of a "green procurement manual" and the establishment of company-wide targets. In the area of office supplies, we have maintained a nearly 100% green purchasing rate since we launched such efforts in FY 2003. We are also making every effort to use environmentally friendly products when purchasing electric wires, transformers, and other equipment for electric power facilities.

Polychlorinated Biphenyl (PCB) waste processing

Kansai Electric Power complies strictly with the Law Concerning Special Measures Against PCB Waste and related laws, and promotes safe, reliable disposal based on the special characteristics of the PCB waste involved.

Kansai Electric Power uses a range of methods for dealing with the disposal of electrical equipment containing minute amounts of

PCBs. We established the Recycling Center for Utility Pole Transformers to render insulation oil and transformer cases harmless and suitable for recycling. For larger transformers, we are promoting appropriate processing using Group company technology and facilities, taking into account implementation status of national disposal mechanisms, in part by using in-situ weld cleaning technology developed with Kanden Engineering Corp., as well as KANDEN GEO-RE Inc.'s high-temperature processing facilities to burn insulating oil containing minute quantities of PCBs. In accordance with the government's basic plan, we have commissioned Japan Environmental Safety Corporation (JESCO) to process waste containing high-concentration PCB insulating oil.

PCB Waste Decontamination Status (as of March 31, 2013)

Low-concentration PCB waste (pole transformers)		
	Insulation oil (10,000 kL)	Transformer cases (10,000 units)
Volume to be processed	Approx. 10	Approx. 24
Volume processed so far (cumulative)	Approx. 7.7	Approx. 18.6

High-concentration PCB waste (high-voltage transformers and capacitors)	
Volume to be processed	5,534 units
Volume processed so far (cumulative)	3,167 units

Initiatives toward a trusted, environmentally advanced corporation

Promotion of community environmental protection measures

Kansai Electric Power conducts comprehensive efforts to protect the community environment, including preventing air pollution and water contamination. We also take appropriate measures to prevent chemical substances from harming people and the environment.

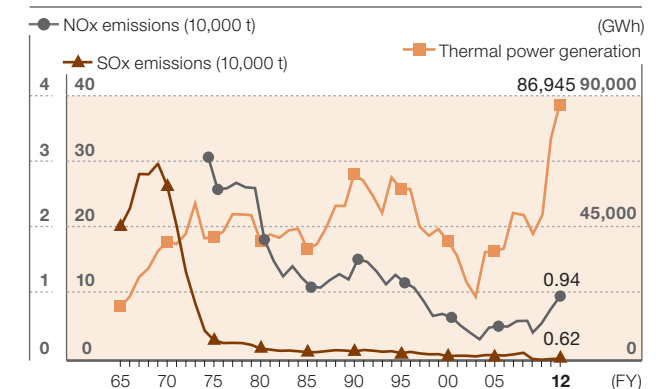
Environmental protection measures at power plants

At our power plants, we undertake measures based on laws, local regulations, environmental protection agreements and other rules to reduce air pollution, water contamination, noise, vibrations, and other problems. In addition, we monitor and measure the air and ocean around our power plants and carefully evaluate the environmental effects of our operations on the regional environment to ensure that no problems occur.

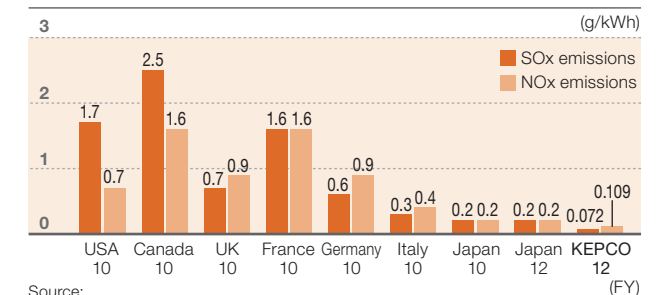
Air pollution prevention measures (NOx, SOx, soot)

Kansai Electric Power has implemented measures aimed at reducing the volume of SOx (sulfur oxides) emitted by our thermal power plants, such as using fuels with lower sulfur content and installing sulfur scrubbers. To address the issue of NOx (nitrogen oxides), we are taking steps to lower emission levels, such as installing nitrogen scrubbers and improving combustion methods. As a result, our SOx and NOx emissions proportional to the amount of electric power generated are ranked among the lowest in the world. In addition, we have installed high-performance electric filters, drastically cutting soot emissions.

Thermal Power Generation and SOx and NOx Emissions



SOx and NOx Emissions per Unit of Thermal Power Generated



Source: Overseas: Emission amounts: OECD.StatExtracts Complete databases available via OECD's iLibrary
Amounts of electric power generation: IEA, Energy Balances of OECD Countries 2012 Edition
Japan figures: Federation of Electrical Power Companies of Japan (10 electric power companies and Electric Power Development Co., Ltd.)

Measures to prevent soil and groundwater contamination

Kansai Electric Power has produced its own Handbook on Measures Against Soil Pollution, and complies with all laws and local regulations against soil contamination. Moreover, our power plants have water- and oil-retaining walls installed, preventing soil contamination from chemicals and fuels such as heavy oil in the unlikely event of leakage.

Efforts to handle asbestos problems

Kansai Electric Power has been periodically monitoring and appropriately managing the condition of facilities identified as containing asbestos and taking appropriate action. We continue to execute carefully planned measures such as removal of asbestos and replacement with alternative materials.

■ Locations (Buildings and Facilities) Where Asbestos Is Used (as of March 31, 2013)

Application		Location
Sprayed materials containing asbestos		Thermal insulation, acoustic materials, fire-resistant materials and soundproof transformer materials
Items containing asbestos	Building materials	Flame-retardant boards, roofing and flooring in buildings, etc.
	Asbestos cement tubes	Tubing for underground cables (power transmission and distribution, communication equipment)
	Thermal insulation	Power generation equipment (thermal, nuclear)
	Sealants and joint seating	Power generation equipment (thermal, nuclear)
	Shock-absorbing materials	Suspension insulators for power transmission equipment, etc.
	Adhesives	Overhead power transmission wires, hydroelectric dams

Proper handling of chemical substances

In addition to complying with the Pollutant Release and Transfer Register (PRTR) Act, the Company has prepared a Handbook on PRTR Chemical Management. We follow its guidelines to ensure strict management of hazardous chemical substances, and make efforts to reduce the volume of such substances. In accordance with the PRTR Act, we report to the national government our volumes of chemical emissions and the amounts transported, and regularly make the same information public.

■ Discharge and Transferred Chemical Substances Subject to PRTR Act

Substances	Discharge (t/year)		Transferred (t/year)	
	FY 2011	FY 2012	FY 2011	FY 2012
2-aminoethanol	0	0	4.5	3.7
Asbestos (specified)	0	0	16	15
Ethylbenzene	15	6.1	<0.1	<0.1
Ferric chloride	0	0	0	0
Xylene	31	11	0.22	0.16
HCFC-225	3.0	4.9	0	0
Dioxins (specified)	0.13 (mg-TEQ/year)	0.041 (mg-TEQ/year)	0.0066 (mg-TEQ/year)	0.0023 (mg-TEQ/year)
1,2,4-trimethylbenzene	1.1	—	0	—
Toluene	8.2	16	0.44	<0.1
Hydrazine	<0.1	<0.1	8.1	<0.1
Normal hexane	—	7.3	—	0
Benzene (specified)	<0.1	3	0	0
Boron compounds	<0.1	0	4.6	9.4
PCB	0	—	0.87	—
Methylnaphthalene	1.2	2.7	0	<0.1
Methylenebis(4,1-phenylene) =diisocyanate	—	1.3	—	0

Note: This table presents a summary of the values reported based on the Pollutant Release and Transfer Register (PRTR) Act.
"0" indicates no discharge or transfers for the reporting business location.
"<0.1" indicates discharge, etc. was less than 0.1 t/year.
A "—" indicates that the item is not applicable to any Company facility.
Figures are displayed to two significant digits.

Promoting environmental communication

Committed to active release of environmental information, the creation of a better environment, and the achievement of a sustainable society, Kansai Electric Power is not only weighing various ecological issues, but also working actively with customers and the regional community to raise environmental awareness.

Website-based information disclosure

The "Environmental Activities" section of our Japanese-language website serves as a centralized information resource for the range of activities we are engaged in to preserve the environment.

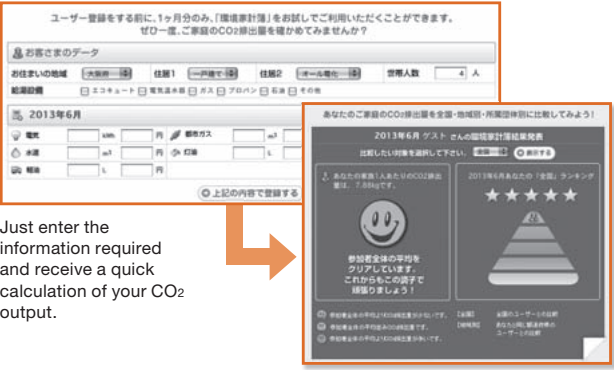


- Web **Kansai Electric Power Environmental Activities**
<http://www1.kepco.co.jp/kankyoku/>
- Web **Environmental Report**
<http://www1.kepco.co.jp/kankyoku/csr>

Family-oriented activities

■ Eco e-Life Check: an environmental household account book

To contribute to reductions in household CO2 emissions, we have developed Eco e-Life Check, an environmental household account book that is a tool for graphically representing such emissions, and have made it available on our website. By inputting the amounts of electricity, gas, and water used, users can not only calculate their household CO2 emissions, but can compare the results of their efforts to conserve energy with other users. Registering for the Hapi e-Miruden service makes Eco e-Life Check even more useful by letting users link electricity consumption data to their household account book.



Just enter the information required and receive a quick calculation of your CO2 output.

- Web **Eco e-Life Check: An Environmental Household Account Book**
<http://www1.kepco.co.jp/kankyoku/co2kakeibo/index.html>

Environment Month and other efforts

Kansai Electric Power collaborates with local communities to carry out numerous environmental activities. During June, which is Kansai Electric Power Group Environment Month, Group companies join to clean the area around their business locations, plant trees, participate in local events, and through many other activities join with customers and the local community to consider the environment.



Cleaning activities at Kasuga Grand Shrine

Promoting environmental management

We have introduced an environmental management system based on the total quality management (TQM) system, and are strictly complying with environmental law while working to reduce the environmental load of our business activities through continuous improvements.

Observance of laws and regulations

Kansai Electric Power complies strictly with environmental law. However, in FY 2012 there was one occurrence of improper disposal.

Outline of occurrence of inappropriate disposal

During a transformer inspection at Koyaguchi Substation, a transformer that used insulating oil containing minute amounts of PCB was disposed of as not containing PCB. After this was noted, a report was immediately made to the relevant authorities. Kansai Electric Power is taking thorough measures to prevent a recurrence of this type of occurrence. Going forward, we will strive to achieve full compliance with all environmental laws, regulations, and agreements.

■ Eco Action: Kansai Electric Power Group Company Concrete Action Plans

Item	Results for FY 2011 (for the 47 companies examined)	Targets and results in FY 2012		Targets			Evaluation (Reasons for increase/reduction)
		Targets	Results	FY 2013	FY 2014	FY 2015	
Reducing office electricity consumption	43.6 GWh	Continuing energy conservation efforts	7.5% reduction from previous year 40.4 GWh	Continuing power reduction efforts			Due to an increase in the number of business locations, some Group companies increased their consumption of electricity, but thanks to energy conservation efforts at individual offices, overall Group electricity consumption fell year on year.
Reducing office water consumption	281,200 m³	1% or more reduction compared to the previous fiscal year	3.2% reduction from previous year 272,200 m³	1% or more reduction compared to the previous fiscal year			Leakage from plumbing and measures to combat heat stroke led to an increase in water consumption by some Group companies, but thanks to water conservation efforts at individual offices, overall Group water consumption fell year on year.
Improving fuel efficiency of company vehicles	8.86 km/L	1% or more improvement compared to the previous fiscal year	2.2% decline from previous year 8.67 km/L	1% or more improvement compared to the previous fiscal year			Although each Group company worked to practice such techniques as ecological driving and idle reduction, some companies experienced an increase in short-distance trips, and due to these and other factors, overall Group fuel efficiency declined.
Reducing printer paper consumption	969.1 t	Reduce as much as possible	2.2% increase compared to the previous fiscal year 990.1 t	Reduce as much as possible			In spite of such efforts to reduce the use of paper as printing on both sides of the sheet, an overall expansion in the number of business locations and an increase in operational volume during FY 2012 resulted in higher overall Group use of paper year on year.
Green procurement of printer paper	85.8%	100% green procurement rate	4.6% improvement compared to the previous fiscal year 90.4%	100% green procurement rate			Although the goal was not reached, the overall Group green procurement rate increased over the previous year. Furthermore, around 80% of Group companies were able to achieve 100% green procurement.

Note: The number of applicable companies fell by one during FY 2012, from 47 to 46. Consequently, results were evaluated on the basis of the 46 companies.

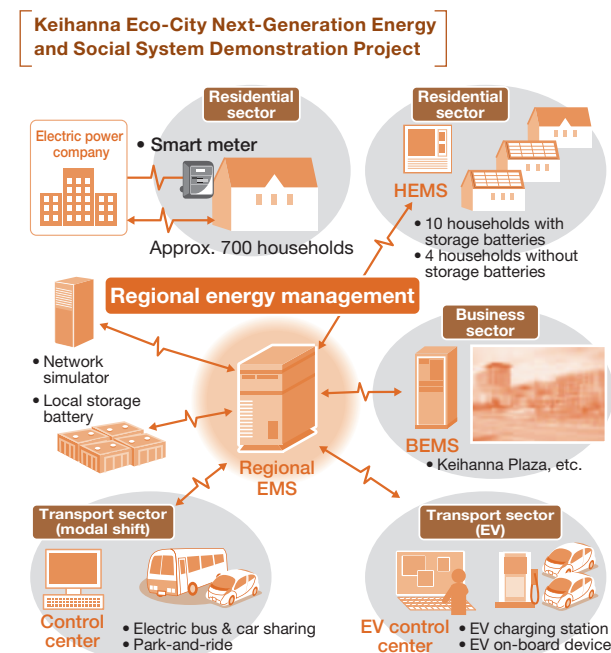
Efforts for regional stimulation

As customer and societal needs surrounding energy become increasingly diverse, Kansai Electric Power is listening carefully to identify what exactly is required. We are promoting efforts to vitalize local economies, with the goal of working together as a good partner to local communities to envision and create the future.

Activities relating to smart community building

To meet new expectations on the part of customers and society, Kansai Electric Power is supporting the Smart Community efforts of local government and other local entities. We utilize our accumulated electric power industry expertise and are engaged in a range of concrete activities to make this concept a reality. For example, we are actively participating in promotion of the Keihanna Eco-City Next-Generation Energy and Social Systems Demonstration Project in the Keihanna Science City, Kyoto Prefecture, and the Ministry of Economy, Trade and Industry's Project for Promoting Introduction of Smart Communities.

Examples of Smart Community Efforts



Community development activities in urban areas of Osaka

Kansai Electric Power has been making both infrastructure and organizational contributions to community development activities in urban Osaka.

These include our activities on Nakanoshima Island in Osaka, where our head office is located.

The Round Table on the Future of Nakanoshima was established in 2004 to examine prospects for further development and vitalization of Nakanoshima, with Kansai Electric Power serving as the organization's secretariat. The organization is currently promoting realization of the Nakanoshima urban renewal concept formulated in 2012 in collaboration with 29 enterprises (as of March 2013) and other entities with land rights in the district, as well as a range of other urban renewal activities such as holding study seminars and lectures on disaster preparedness.



Overview of Nakanoshima

Enterprise investment support activities

Given our desire to promote economic vitalization and sustainable development in local communities, Kansai Electric Power works in partnership with local governments and economic organizations to support customers wishing to open new business locations in the Kansai region. We publish the magazine *Community Information*, which contains information for companies nationwide considering local capital investments, including information on industrial promotion policies by local governments, available industrial complexes, and other advantages of establishing facilities in the Kansai region. We are continuing to work on connecting companies that have an interest in the Kansai area with local government authorities by making visits to those companies.

In the Kansai region, Kansai Electric Power Group has been leveraging its strength to contribute to local growth and vitalization.

Contributing as a member of society

As an enterprise with roots in the region, Kansai Electric Power wants to be of service to customers and local communities and is therefore engaged in activities to contribute to local communities. Customer and local community expectations toward Kansai Electric Power are diverse across the region, but we pay careful attention to each need and promote efforts with residents as a member of the local community.

Electrical equipment inspections for cultural properties and social welfare facilities

We work with local fire departments to prevent fires at temples, shrines, and other cultural properties by inspecting electrical equipment. We search for short circuits and electrical wiring abnormalities and provide instructions to customers regarding the safe use of their electrical equipment. We also perform similar equipment checkups at the homes of elderly people who live alone, and at social welfare facilities.



Electrical equipment inspection for Susa Shrine (Arita, Wakayama Prefecture)



Electrical equipment inspection for housing for elderly persons

Cleanup activities in cooperation with local communities

In addition to our activities with local communities, we are carrying out cleanup activities around our business locations, at tourist sites, and along coasts and rivers, centering on Kansai Electric Power Group Environment Month (June) and Customer Appreciation Month (November).



Himeji Castle lighting cleanup



Lake Biwa coastal cleanup

Support for traditional cultural preservation and regional events

We are working to support traditional culture and regional events rooted in local communities in a variety of ways, to render service for regional development and vitalization. For example, employees at our Nara branch are participating in the Nara Marathon as volunteers.



Voluntary support for the Nara Marathon



Participation in the Aoi festival parade

Collabo Art 21 exhibit of art by handicapped persons

Since 2001, Kansai Electric Power has been holding the Collabo Art 21, an exhibit that provides an opportunity for individuals with disabilities to display artworks for the appreciation of others. Each year the exhibit receives large numbers of entries, and to date over 10,000 works have been submitted. Works selected for exhibiting can also be seen on our web-site.

Exhibition of selected works
(part of sponsorship activities for
Persons with Disabilities Week)



Support for employees engaged in social contribution activities

To support employees engaged in community activities or volunteer programs, we encourage use of volunteer time-off and other programs. We also provide information on volunteer activities through such channels as in-house publications.

Support systems and their results

Volunteer time-off program

Results (FY 2012): 97 instances totaling 240.5 days

This system allows employees that participate in activities that contribute to society and meet fixed conditions to take 50% or 100% of the time devoted to such activities as specially recognized time off, up to an annual limit.

Volunteer sabbatical program

Utilized by 16 employees from FY 1992 to FY 2012

This program enables employees who have worked for the company for five years or more to take up to a year off in order to participate in long-term volunteer work for a public social welfare organization. In the case of the Japan Overseas Cooperation Volunteers, the maximum sabbatical period is two years and six months.

4

Respect for Human Rights, Development of Favorable Work Environments

Respect for human rights

Basic policy

The Kansai Electric Power Group, aware of the social responsibility it should exercise as a corporation, is engaged in initiatives to deepen a correct understanding and awareness of human rights on the part of every employee in order to eliminate all forms of discrimination, including the *buraku* issue. As well as working to develop respect for human rights and a pleasant working environment, we are proactively engaged in activities to create a system with zero tolerance for all forms of discrimination and achieve our goal of a discrimination-free society.

Group-wide initiatives

To promote active human rights initiatives in collaboration with Group companies, we support training efforts, share various types of information related to human rights, and strive to further intensify our activity level in this area.

Leveraging employees' diversity and creating comfortable workplaces

Promoting a diverse workforce

Initiatives to encourage the further success of female employees

In accordance with the letter and spirit of the 1986 enactment of the Equal Employment Opportunity Law, we actively recruit women, and proactively broaden the range of positions women are assigned by actively placing them in engineering and other positions that were once closed to women. When promoting an employee to an executive position, the Company conducts evaluations fairly and impartially, basing decisions on individual ability and suitability for the position, while avoiding gender-based discrimination. As a result, the number of women in positions of responsibility at Kansai Electric Power is steadily rising.

Kansai Electric Power has agreed to and signed the Women's Empowerment Principles, guidelines for women's social participation established by UN Women and UN Global Compact.



Female employees active in technical workplaces

Number of Female Employees

	Newly hired	In positions of responsibility
Fiscal 2007	104	78
Fiscal 2012	150	112

Promotion of employment of elderly persons

In accordance with the objectives of the Act on Stabilization of Employment of Elderly Persons, we introduced a system for re-employing retired employees in 1996. Currently, approximately half of employees reaching retirement are participating in this system, applying their extensive expertise and skills.

Promoting employment of persons with disabilities

We are also actively promoting the employment of workers with

Efforts in fiscal 2012

Throughout fiscal 2012, we carried out awareness activities targeted at all employees, relating to discrimination and human rights. During the term, 25,543 employees attended these lectures. In addition, we carried out awareness activities in conjunction with Constitution Week and Human Rights Week.

disabilities through our special affiliate company Kanden L-Heart (established in 1993). As a result, our ratio of workers with disabilities was 2.10% as of June 2013, remaining above the legally required ratio (2.0%). Kanden L-Heart is working to open up diverse jobs in which people with disabilities are able to work, such as its farm rental business, and to bolster support for those with mental disabilities.

Creating flexible working conditions

Systems to support the changing stages of life

To support work-life balance, we have instituted systems offering a diverse range of options.

Major Systems

Maternity leave	From 6 weeks before birth until 8 weeks after birth
Paternity leave	5 days when a spouse gives birth
Sick or injured child care leave	To care for a sick child or take a child for a health exam during the period before they are enrolled in elementary school
Family support leave	Paid leave accumulated as part of one's annual paid vacation can be taken to care for a sick spouse or parent or for hospital visits for infertility treatment
Childrearing leave	Can be taken until the end of the fiscal year when the child turns 3 years old
Family care leave	Can generally be utilized within 3 years or for a total of 93 days
Shortened work hours (for child care)	Can be utilized until the child starts elementary school
Shortened work hours (for family care)	For the period requested by the employee (the period during which a family member requires care)
f-Staff system	This is a system for rehiring workers who previously left their job to have a child, raise children, or care for a family member

Maintenance of stable labor and management relations

Kansai Electric Power has concluded union shop agreements with the Kansai Electric Power Labor Union, and we have built over 60 years of history of working toward the shared goal of improving company productivity accompanied by improving labor conditions. We have built good labor/management relations based on a strong foundation of trust.

Initiatives to support employee development

Kansai Electric Power understands that its employees are the driving force behind all Group business activities, and that it is their development that underlies the Group's overall growth. As such, we are actively developing a range of initiatives to offer sustained support for the growth of each employee.

Safety and health efforts

Formulating guidelines and plans for safety and health activities

To create workplace environments where employees can remain safe and healthy, Kansai Electric Power promotes efforts to create stimulating and lively workplace environments. The Safety and Health Activity Guidelines establish priority measures for the entire company, and each workplace creates an annual Safety and Health Activity Plan comprised of efforts to be taken based on those guidelines, and develops its own independent safety and health activities.

2012 Kansai Electric Power Safety and Health Activity Guidelines: Priority Measures

Safety

1

Raise the safety awareness and risk sensitivity of employees as it relates to their behaviors

2

Promote risk reduction activities

3

Bolster the safety management framework

4

Ensure the safe operation of vehicles

5

Promote awareness activities in collaboration with business partners

Health

1

Prevent illness among employees, promote health maintenance and improvement

2

Maintain and promote comfortable workplace environments

3

Bolster support systems

Specific safety activities

Accident prevention measures and education

Our accident prevention activities are aimed at achieving zero accidents. These activities include efforts to raise employee safety awareness; risk assessments to evaluate and reduce risks that may be hidden in facilities and processes; safety patrols; and TBM-KY as well as other risk-reduction activities that allow us to identify dangers and areas of concern, share information concerning them, and take remedial measures.

For example, in terms of education and training, Kansai Electric Power is making efforts to create even more opportunities for employees to teach and be taught for the purpose of promoting individual employee growth, including efforts to bolster training programs designed for different specialties and levels of ability.

Kansai Electric Power efforts to promote diversity

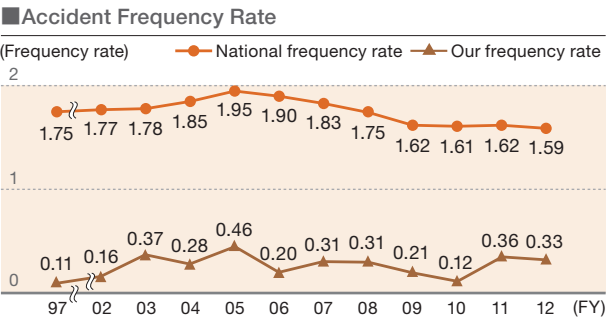
Kansai Electric Power's diversity efforts target our entire workforce. We recognize individual differences as strengths, and aim for each individual's growth and a stronger organization. To achieve this goal, we are promoting a wide range of activities such as information dissemination through our intranet and various training programs.

In addition, to supplement employees' autonomous safety activities, we conduct not only safety training as required by law, but also a variety of other specialized education to strengthen and enhance our safety control structure.

Formulating accident recurrence prevention policies

In the event that an accident occurs, we investigate and analyze it, put measures in place to prevent recurrence, and disseminate this information throughout the Company to help reduce our accident rate to zero.

As a result of these efforts, our accident frequency rate is substantially lower than the national average.



Accident frequency rate: An internationally accepted measure that expresses the rate of accident occurrence. Specifically, it indicates the number of lost-work-time accidents per million hours worked.

Specific health activities

Promoting and strengthening mental health policies

To support employee mental health promotion, Kansai Electric Power has boosted education relating to stress relief, established points of contact for counseling both inside and outside the Company, and encouraged counseling visits. Furthermore, in an effort to strengthen our self-care policies, Kansai Electric Power began promoting the use of an online stress diagnostic tool. We also introduced a Return-to-Work Support Program to help employees facing mental health challenges make a smooth transition back into the workplace. In these and other ways we provide a supportive work environment.

5 Highly Transparent and Open Business Activities

Enhancing communication with stakeholders

Practicing face to face communication

Kansai Electric Power practices appropriate information disclosure for stakeholders to promote understanding of the company's operations on the part of society. We also listen carefully to society's opinions and expectations, and work to secure trust from our customers by reflecting this input in our business activities.

Reflecting community opinions in our business activities

Our business locations seek to create opportunities to visit customers in their homes, as well as hold discussions with local experts and opinion leaders to obtain their opinions and expectations, which we then strive to reflect in our business activities. We also pursue a variety of activities to gauge public opinion, by creating contexts within which we can interact with local residents as well as in the course of our daily work. Our Danbo-no-Koe database serves as a repository for opinions received from local communities, which can then be shared throughout the Group to improve our operations. In addition, interest on the part of local governments and residents in energy-related issues has increased since the Great East Japan Earthquake, and we are working to respond rapidly to these expectations and requests so that we can share local energy issues with communities and identify the best measures to take.

Working with the media

Information reported by television and newspapers has a significant impact on customer perceptions of and attitudes toward Kansai Electric Power. We hold regular press conferences with our president and make other efforts to provide information actively to the media. At the same time, we respond rapidly and accurately to media inquiries to promote understanding of our business operations.

Information disclosure following the Great East Japan Earthquake

We utilize press conferences, the company website, newspaper inserts, and other means to disseminate information concerning the status of our initiatives to enhance safety at our nuclear power plants. Going forward, we will continue to provide information actively through a variety of means to restore trust in nuclear power generation.

Information release on our company website

Following the Great East Japan Earthquake, we worked to restore trust in our operations by aiming for more transparent business activities, and our website gained in importance as a means for broad, rapid, and meticulous information dissemination. In addition, in view of today's diversifying media environment, we are investing more effort in information dissemination via the Internet. With our website as an anchor, we use a wide variety of communication channels, such as social media, and strive to address customer concerns and requests.

Web **Kansai Electric Power Website**
<http://www.kepco.co.jp/english/>

Kansai Electric Power Official Facebook Page
<https://www.facebook.com/kanden.jp>

Interaction with local communities via PR facilities

We have established PR facilities at our power plants and other locations to help society better understand our business activities and the initiatives being taken in the electric power industry, and enhance communication with local communities.

In March 2013, we upgraded our Mihama Nuclear Power PR Center. The center was established in 1967 as Kansai Electric Power's first PR facility for a nuclear power plant. The goal of this upgrade was to help deepen public understanding of the measures we are taking to ensure safety in the wake of the accident at TEPCO's Fukushima Daiichi Nuclear Power Station. In addition, we incorporated input from previous center visitors to provide exhibits on the characteristics of non-nuclear power generation technologies, as well as on the importance of having the right mix of energy sources.



Daily, active information release via our website and Facebook page



Press release



Website



Newspaper insert
(Echizen Wakasa no Fureai)

Providing information through print publications

We are making use of media, including print publications, to provide a wider range of information for deeper understanding of the business activities of the Kansai Electric Power Group. Each issue of our corporate communications magazine *Yaku* features an in-depth report on a theme of social or current importance, with specialist information aimed at opinion leaders. We also regularly publish *Watt*, a PR publication that provides information relating to our operations and electric power, along with topics relating to lifestyles and local communities.



Yaku
(issued quarterly)

Information for shareholders and investors

Kansai Electric Power strives to provide information to investors in a prompt, impartial manner. We provide information through a variety of means to domestic and overseas institutional investors, individual investors, public organizations, and a wide range of other investors. Our efforts to promote interactive communication include regular company briefings presented by the president, as well as regular meetings between executive officers, including the president, and domestic and overseas investors. Our management thus makes an active effort to engage in discussion with the investment community and incorporate feedback from the capital markets into our business operations. In addition, we use pamphlets and our website to provide interested parties with an outline of our business, our management objectives, financial data, and other useful information.



Kanden Semi-Annual News
(issued twice yearly)



Fact Book
(published annually)



Corporate information and IR
(Kansai Electric Power website, updated as needed)

Web **Shareholders and Investors (IR Information)**
<http://www1.kepco.co.jp/english/ir/index.html>

Internal communication

We share important management information internally to encourage employee understanding, and are working to vitalize communication between coworkers and workplaces to create a sense of workplace unity and enhance employee motivation. We use a range of internal channels, and by making best use of the characteristics of each channel, ensure that information reaches each of our employees. For example, our Group Portal Site utilizes video and other material to disseminate time-sensitive information and promote Group-wide information sharing. Our in-house newsletter, *Kansai Electric Power News*, offers a variety of detailed management and other information, with in-depth special features on particularly important subjects. Moreover, when there is a need to convey messages from management to employees, for example, concerning management plans, we utilize our in-house video networking system. By conveying employee responses to management regarding such information, we are also able to practice interactive communication.



Prompt and accurate information release via *Kansai Electric Power News* (issued monthly)



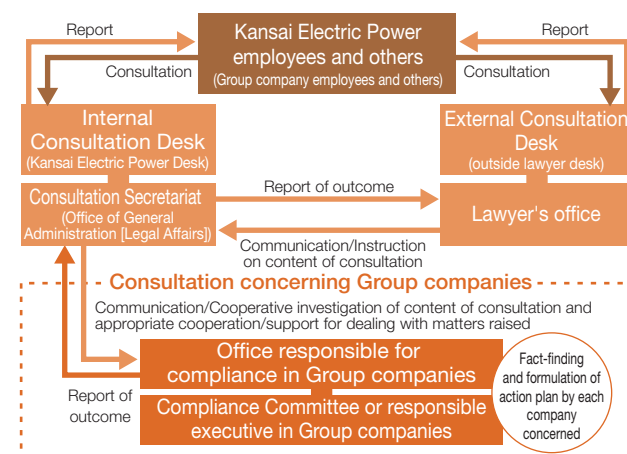
Group Portal Site enables information sharing by Group companies

Efforts to enable each employee to participate actively

Compliance promotion system

To promote compliance activities at each workplace, department and branch heads with compliance responsibilities assign staff (primarily section head-level personnel) to serve as compliance promotion officers. In fiscal 2012, we carried out compliance training sessions in 12 locations to reinforce awareness of the compliance promotion officer in their role. In addition, to respond to compliance-related concerns of employees and others, we established Compliance Consultation Desks. These desks can be used by the employees and temporary workers of all Kansai Electric Power Group companies, as well as by our business partners, and thus provide a structure through which we can collect a broad range of risk information. A total of 31 cases were reported for the entire Group in fiscal 2012, with the largest number of cases reflecting issues relating to the workplace environment.

Kansai Electric Power Group Compliance Consultation Desks



Promoting autonomous activities in each workplace

At each workplace, compliance promotion staff hold workplace discussions at least once yearly to share awareness of compliance risks that may be hidden in everyday operations. In fiscal 2012, we introduced visual tools for discussion and made other efforts to establish autonomous compliance practices to enable employees to actively participate in compliance activities.

Communication and training suited to each level

In October 2012, the Legal Division held a compliance lecture for executive officers. The outside lecturer's talk included compliance-related points requiring particular attention from Kansai Electric Power. Approximately 40 executive officers attended the lecture, which afforded a good opportunity to refresh awareness of the importance of compliance. We also carry out training programs targeted at employees who are taking on new or greater levels of responsibility, including new employee education and training for freshly appointed senior staff. Moreover, we actively carried out on-site compliance training targeted at frontline responsibilities within the company as we did in fiscal 2011. In fiscal 2012, we focused in particular on training for frontline employees, holding on-site training sessions at 49 locations. The session content was configured to participants' actual roles and was well received.



Compliance lectures for executive officers

Efforts to generate shared Group-wide awareness

In November 2012, we held a compliance lecture for Group company executive officers, which was attended by 38 companies. The lecture, which was given by an outside specialist, was based on actual cases, and served to foster unified, Group-wide awareness of compliance. Our on-site compliance training for Group companies has been part of our efforts since 2007, and in fiscal 2012 we were able to hold a total of 25 sessions for 16 companies. In fiscal 2013, we will continue to promote efforts to share awareness of the important of compliance across the Group as a whole.



On-site compliance training for Group companies

Promoting information security countermeasures and ensuring thorough protection of personal information

Promoting information security management

Kansai Electric Power has established the Infrastructure Development Committee, chaired by the Vice President, with the aim of building a strong management base capable of supporting medium- to long-term growth. In the committee, the promotion of information security management is one important issue that is being addressed. To advance effective, efficient security control measures, the committee deliberates on the formulation of annual plans and on midterm progress from the four viewpoints shown below.

Viewpoints for deliberation of information security management

- 1 Organizational measures
- 2 Personnel measures such as education and training
- 3 Physical measures such as document management and access control for offices
- 4 Technical measures such as improving computer systems

Practical measures implemented

- 1 **Organizational measures**
 - Appointment of the General Manager of Management Innovation and IT Headquarters as Chief Privacy Officer.
 - Formulation of Information Management Regulations, and production of the Information Security Rulebook explaining these regulations in straightforward terms for all employees.
 - Self-checking by Information Security Managers regarding the daily handling of information, including secure storage of confidential documents and their appropriate disposal.
- 2 **Personnel measures**
 - Enforcement of rules by means of group training for new employees, managerial staff, and other groups.
 - Training in identifying and dealing with targeted email attacks*.
 - Education program on information security for all employees at least once a year.
 - Workplace discussions using case studies, etc.
 - Initiatives to prevent the recurrence of information leaks caused by the use of file sharing software.
- 3 **Physical measures**
 - IC cards (employee identity cards, etc.) to control access to offices, zoning of offices by partitions, strict management of confidential documents by means such as additional allocation of shredders and lockable furnishings.
- 4 **Technical measures**
 - Using IC cards (employee identification cards, etc.) for authorization of computer users.
 - Checking by immediate managers to prevent fraudulent use of customer information systems.
 - Automatic encryption system for data files being taken off company premises.
 - Use of system logs to prevent fraudulent manipulation by IT staff.
 - Introduction of measures to restrict the connection of external storage media to in-house computers.
 - Introduction of efforts to prevent unauthorized access or theft of information due to cyber attacks.

Enhancement of information security by IC cards (employee identification cards, etc.)



Individual authorization for logging on to the in-house network



Monitoring electric locking/unlocking of doors and entrance and exit history

Provision of lockable furnishings



Rigorous management of important documents and external memory media

Initiatives for protecting personal information

In March 2005, Kansai Electric Power established internal rules including Personal Information Protection Regulations, which stipulate the purposes for which personal information can be used within the company and methods for responding to personal information disclosure requests by customers. After the Act on the Protection of Personal Information went into full effect on April 1, 2005, we took steps aimed at bolstering our personal information protection practices, including creating a Personal Information Handling Manual and adding greater detail to our internal rules.

To raise awareness among individual employees

Every year, Kansai Electric Power checks compliance with rules and systems in each workplace and has the results of this monitoring verified by a third party. This helps us ascertain and improve the level of compliance with various rules and facilitates the correction of inappropriate rules. Every year, we hold training sessions aimed at explaining the basic rules, identifying rule violation hazards, and calling all our employees' attention to these issues. We also distribute various email magazines, which we use to spread knowledge about policies for preventing leaks of personal information and to raise our employees' IT knowledge. We will continue educating our employees to help ensure that everyone is engaging in appropriate information management practices.

Strengthening Group governance

To fully ensure Group-wide information security compliance and appropriate handling of personal information, in December 2004, we formulated the Kansai Electric Power Group Information Security Guidelines. To further improve our security level, we will continue to review and revise these Guidelines as necessary, while also encouraging each of our Group companies to independently promote their own information security management practices.

*Targeted email attack: One variety of cyber attack. The sender uses sophisticated techniques to trick the recipient into opening an attached file, transmitting a computer virus that enables attacks on the targeted company, or exploitation of information.

Promoting Efforts to Achieve Sustainable Management

Group Business

The Kansai Electric Power Group provides distinctive total solutions to realize even better living and business for our customers

Since the Great East Japan Earthquake, our customers' needs and expectations with regard to energy have become more diversified than ever before. Reflecting such circumstances, the Kansai Electric Power Group is promoting efforts to benefit customers by offering a wide variety of innovative products and services and providing total support for their energy management needs.

As a result of the full liberalization measures at the retail level now being investigated in Japan in connection with electric power system reforms, competition over prices and services is expected to intensify, but the Kansai Electric Power Group is promoting corporate innovations that go beyond conventional frameworks in an effort to be our customers' provider of choice, and the Group is actively making efforts to achieve industry-leading business reforms and to develop new services.

Specifically, to meet the diversified needs of our customers, the Group is proposing ways to save energy, reduce costs, and cut down on CO₂ and enabling customers to use energy efficiently and comfortably. In addition, the Group is offering total solutions as only it alone can provide, through combinations of Group services in three fields: comprehensive energy supply, IT, and amenity services in daily life.

Comprehensive Energy Supply

Offering comprehensive solutions to help our customers make the best use of energy

The needs of our customers are growing more diverse. They want energy that is safe and secure, but they also want to save energy, reduce costs, and cut down on CO₂ emissions. Given this, the Kansai Electric Power Group is offering safe and stable energy solutions that achieve optimal energy use for customers by combining our electricity supplies with gas and other services. We are striving to earn the trust of our customers as their best energy partner, and to grow our comprehensive energy supply business.

To do this, the Group is striving to meet all of our customers' needs related to energy use by focusing on Utility Services, which include the design and construction of utility equipment (e.g. equipment for receiving and transforming electricity, boilers, air conditioners, and home power generation equipment), and the operation, maintenance, and management of that equipment. We are combining this with energy supply services for gas and other sources of energy, and with energy management services aimed at achieving the efficient use of energy through energy diag-

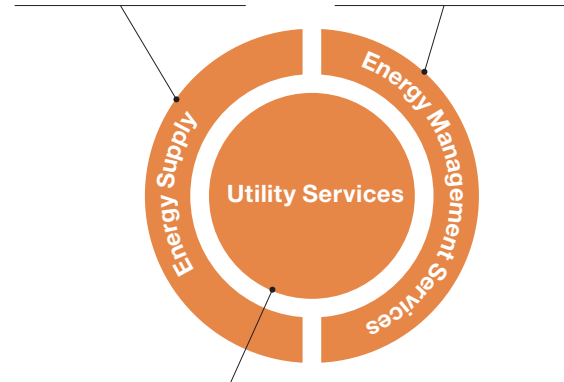
nostics and management support. As a result, our Utility Services have come to be used not only in industrial settings, such as factories, but also in more diverse fields, such as office buildings and hospitals.

Stable delivery of energy to customers

- Gas, LNG sales, fuel oil sales for co-generation
- On-site energy supply (electricity, steam)

Enabling customers to achieve optimal energy use

- Energy diagnostic services
- Proposal of optimal energy systems
- Energy management support
- Provision of energy management systems (EMS)



Assisting customers with all aspects of their utility equipment

Services are provided to meet customers' needs related to their utility equipment, covering some or all areas ranging from design and construction to operation, maintenance, and management

Information and Telecommunications (IT)

Offering appealing services closely connected to customers' lives and businesses

In our IT business, we are striving to further improve customer satisfaction by utilizing an optical-fiber network that covers the entire Kansai region and are preparing a broad menu of services designed to help us stay one step ahead of our customers' needs, primarily centered on our FTTH services.

We are working to enable residential customers to use our eo HIKARI services as their household lifelines. We are offering an integrated set of three optical-fiber network services – Internet, phone, and television – under the eo HIKARI brand and are bolstering eo MOBILE INTERNET^{*1}, a mobile broadband service. As a result, our FTTH services have been highly rated in customer satisfaction surveys con-

ducted by multiple third-party institutions, and as of the end of March 2013, we had reached a total of 1.4 million FTTH line contracts.

We are contributing to the success of our business customers by offering them a variety of telecommunications services under the BUSINESS HIKARI brand, such as high-speed Internet, Ethernet private lines^{*2}, VPN services^{*3}, mobile communications, and optical-fiber telephone services. We also propose solutions through data center services.

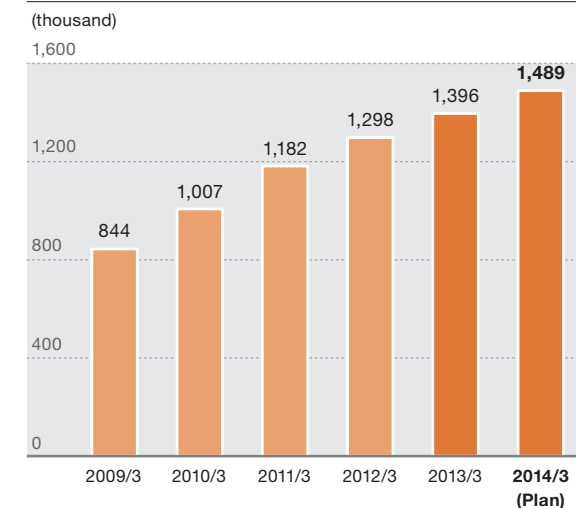
Going forward, we will be working to strengthen our network business, centered around our FTTH services, and our IT infrastructure and total solutions business for corporate customers. We will offer appealing services that are closely linked with our customers' lives and businesses, and will make efforts to expand our IT business so that it becomes a second pillar of revenue alongside our electric power business.

^{*1} eo MOBILE INTERNET: A mobile broadband service that includes our own public wireless LAN services, which we have developed across the Kansai region, and 3G services with a max. speed of 21 Mbps.

^{*2} Ethernet private lines: A dedicated line service that uses the Ethernet standard, which is highly compatible with LAN equipment used in corporate networks.

^{*3} VPN service: A service that uses various types of telecommunications networks (Ethernet, IP, Internet) and connects multiple points in a virtual private network that is protected using encryption and authentication technologies.

Number of FTTH Line Contracts



Amenity Services in Daily Life

Striving to be the best partner for our customers, providing safe, secure, comfortable, and convenient lifestyle options

In our amenity services in daily life business, we develop a closer relationship with our customers by offering various services that will offer them greater safety and security, as well as added comfort and convenience. By offering a diverse range of services, we strive so that customers will view the Kansai Electric Power Group as the best partner for their everyday needs.

In this sector, we provide services that will have a direct impact on customers in their everyday lives, such as home

security and nursing care, health management support, food delivery, and housework services.

In the future, we will strive to bolster our offerings by tailoring them to the diverse life stages and life cycles of our customers. This will allow us to provide even better lifestyle support to our customers.

In our real estate services, we are offering high quality homes and offices that combine Group products and services with condominiums and buildings that save energy, reduce costs, and cut down on CO₂ emissions, that serve as progressive models for future buildings, and that are well suited to today's low-carbon society. We are also supporting the creation of comfortable housing through a combination of housing performance evaluation services, the sale of residential facilities and equipment, and home renovation services.

To continue to be able to reliably offer housing that contributes to our customers' desires to save energy, reduce costs, and cut down on CO₂ emissions, we are further strengthening our networks with developers and are working on complex development proposals and large-scale building development projects.

Lifestyle and Real Estate Services



Logements Tower Umeda (MID Urban Development)



Bellepage Nara Ayameike (Kanden Joy Life)

Promoting Efforts to Achieve Sustainable Management

International Business

**We are promoting our international business
by actively utilizing the management resources
we have cultivated in the electric power business in Japan**

In our international business, we are developing projects around the concepts of use and feedback on management resources, contributing to the stable supply of electric power in our overseas partner countries, and contributing to solutions to global environmental problems. In addition to securing stable revenues into the future, we expect these efforts to help strengthen our domestic businesses and generate growth for the Group by allowing the experience and knowledge gained from our international business to provide feedback for our domestic business.

Key International Business Activities

■ Project participation and consulting, developing our own project initiatives

Kansai Electric Power's international business began with our participation in the San Roque Hydroelectric Power Project in the Philippines in 1998. Since its completion in 2003, the project has contributed to the electric power infrastructure of the Philippines and to efforts to combat global warming. We increased our share of investment in 2009 and are receiving stable dividends. Elsewhere, in 2008, we purchased shares of Senoko Energy Pte. Ltd. in Singapore, and in 2009, we concluded a new power purchase agreement with the Electricity Generating Authority of Thailand for a small-scale cogeneration

■ List of Overseas IPP Projects (as of July 31, 2013)

	Project name (capacity)	Region	Overview	Partner	Investment ratio (share capacity)	Start of operations
1	San Roque Hydropower (345 MW)	Philippines	Hydropower (dam)	Marubeni	50% (173 MW)	May 2003
2	Rojana Thermal Power (336 MW)	Thailand	Gas combined-cycle cogeneration	Rojana Industrial Park, Sumikin Bussan	39% (131 MW)	May 1999
3	Ming-jian Hydropower (17 MW)	Taiwan	Hydropower (run-of-river)	Dong-Jin	26% (4 MW)	September 2007
4	Kuo Kuang Thermal Power (480 MW)	Taiwan	Gas combined-cycle	CPC Taiwan Cogeneration	20% (96 MW)	November 2003
5	Senoko Thermal Power (3,300 MW)	Singapore	Gas combined-cycle / Oil thermal power	Marubeni, Kyushu Electric Power, JBIC, GDF Suez	15% (495 MW)	March 1976 (first unit started operation)
6	Bluewaters Thermal Power (459 MW)	Australia	Thermal power (coal)	Sumitomo Corporation	50% (229 MW)	December 2009



project through Rojana Power Co., Ltd. of Thailand. In February 2013, we took part in the purchase of the coal-fired Bluewaters Power Station in Australia, as another step to steadily increase our power generation assets. In our consulting business, we carefully examine proposals that can produce future revenues through independent power producer (IPP) projects, particularly in Southeast Asia, and we promote strategic activities. In addition to developing such projects, we are also promoting our own projects, starting from the early stages of idea exploration. Specifically, we are developing the Rajamandala Hydropower Project in Indonesia, and the Nam Ngiep Hydropower Project for selling electricity from Laos to Thailand. For both projects, we signed a power purchase agreement with an electric power sales partner in August 2013, and are eagerly moving forward on commercialization efforts in hopes of starting construction as early as possible.

■ Continuous implementation of technical support to improve service quality

In the projects in which we are involved, our management support is supplemented with active technical support, as this is one of the Kansai Electric Power Group's strengths. Our employees are even now stationed on site at projects in Thailand, the Philippines, Singapore, and Australia, where they are involved in providing technical guidance on power generation equipment. Specifically, at the Senoko Power Station in Singapore, we dispatched engineers to participate in repowering work (completed in 2012) to increase the efficiency of existing power generation equipment, and we are working to improve the procedures and quality of work being done there, from process management onward. At the San Roque Hydropower Station in the Philippines, we conduct an annual technical training program for management supervisors and operations/maintenance personnel, aimed at future overhauls.



San Roque Hydropower Station (Philippines)

■ Expanding to the Middle East and North and Central America

In the future, we aim to move beyond Asia, where we already have a presence, and to expand our business into the Middle East and North and Central America. By participating in new IPP project bids and negotiations, purchasing existing projects, and participating in renewable energy projects in the developed nations, we are carefully choosing to undertake development on only the most promising projects that seem likely to offer solid returns with low risk.

Also, in the future we will bolster our project development and management structures in anticipation of pursuing projects with expanded scopes.

Key International Exchange and Social Contribution Activities

Kansai Electric Power is a member of the Global Sustainable Electricity Partnership (formerly the e8), an organization of the world's leading electricity companies, and is promoting various efforts aimed at solving global problems related to the electric power industry. Specifically, we constructed a run-of-river hydropower station in a village that did not have access to electric power in Bhutan, and in 2005, this became the first project involving a Japanese electric power company to receive United Nations certification under the Clean Development Mechanism. Carbon credits are already being issued for this endeavor.

In 2008, we also installed solar power generation equipment in Tuvalu, which is in danger of being submerged under water as a result of rising sea levels caused by global warming. For two years thereafter, we continued to monitor the equipment and provide operational support, and made efforts to transfer our technologies and know-how to our local partners. We are striving to promote the development of sustainable energies through such efforts. Since 2005, we have been holding workshops on renewable energies and energy conservation for electric power companies in the Pacific island nations. The 2012 workshops focused on the theme of improving the efficiency of energy use. We also held a technical workshop in Nepal in December 2012 on the topic of solar power generation. In these ways, the Kansai Electric Power Group is participating in various projects around the globe, training experts and transferring technologies, and helping to come up with solutions to global environmental problems.



Solar power project in Tuvalu



Technical workshop on solar power generation in Nepal

Financial Section

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The Kansai Electric Power Company, Incorporated and Subsidiaries

Consolidated Financial Statements for the
Year Ended March 31, 2013 and
Independent Auditor's Report

Financial Results and Analysis (Consolidated)

The Kansai Electric Power Company, Incorporated and Subsidiaries

Overview

Operating Income

Electric Power

In terms of revenue, total electricity sales volume fell, but due to adjustments in the per-unit price based on the fuel cost adjustment system, revenue from lighting and power actually increased. As a result, operating revenue increased ¥11,768 million to ¥2,426,863 million, up 0.5% from the previous fiscal year.

The menu of load leveling fees for households has been accepted by 78,000 households, while the system for contributing to load leveling, energy conservation, and low-carbon output for corporate customers has been accepted by 2,300 businesses.

In terms of expenditures, a great deal of effort has been put into reducing costs across all business operations, but because of the reduced usage of nuclear power plants, there were significant increases in thermal fuel costs and electricity purchases from other companies. As a result, we recorded an operating loss of ¥369,485 million, up ¥92,615 million from the previous fiscal year.

IT/Communications

Leveraging the optical fiber network it has established throughout the Kansai region, the Group provides comprehensive IT/Communications services for household and corporate customers with an extensive lineup of offerings to meet customer needs.

On the revenue front, the Group has been working to acquire customers through aggressive sales activities in a fiercely competitive climate. For mainstay FTTH services, the Group provided Internet, phone, and television services under the eo HIKARI brand, while taking full advantage of its 90% coverage ratio in the six prefectures that comprise the Kinki region. Contracts for these services numbered 1.4 million as of the end of the fiscal year under review, an increase of 7.6% versus the end of the previous fiscal year.

As a result of these efforts, operating revenue from the IT/Communications segment increased ¥6,661 million (4.5%) from the previous fiscal year to ¥155,186 million, while operating income increased ¥252 million (1.0%) from the previous fiscal year to ¥24,282 million.

Other

In the comprehensive energy supply business, the Group provides customers with optimal energy solutions through sales of gas and other energy sources as well as utility services. In the amenity services in daily life business, the Group provides real estate-related services such as the development of progressive apartment houses and buildings that conserve CO₂, as well as lifestyle-related services that help make customers feel more safe, secure, and comfortable in the fields of home security, health care, and nursing care.

Because of an increase in sales in real estate-related services, as well as an increase in the sales price of gas in the comprehensive energy supply business, this segment has seen an increase in revenue.

As a result, operating revenue from other business increased ¥29,199 million (11.8%) from the previous fiscal year to ¥277,003 million, while operating income increased ¥5,034 million (19.8%) from the previous fiscal year to ¥30,475 million.

Ordinary Loss

Non-operating revenue decreased ¥2,752 million (8.0%) compared to the previous fiscal year to ¥31,555 million. This was due to a decrease in gains from the sale of fixed assets. As a result, total ordinary revenue combined with operating revenue was up ¥44,877 million (1.6%) from the previous year to ¥2,890,609 million.

Non-operating expenses increased ¥277 million (0.4%) compared to the previous fiscal year to ¥70,733 million. This is due to an increase in interest payments. As a result, the total combined operating expenses and ordinary expenses increased ¥132,530 million (4.3%) from the previous year to ¥3,243,800 million.

As a result of the above, ordinary losses increased ¥87,653 million from the previous year to ¥353,190 million.

Net Loss for this Fiscal Year

This fiscal year, since the Group used ¥4,489 million of its reserve for fluctuations in water level pursuant to the Electric Utility Industry Law, the net loss for this fiscal year (before adjusting for tax and other factors) was ¥348,700 million. The net loss for this fiscal year, after subtracting corporate taxes and minority interests in subsidiaries, was ¥243,422 million, an increase of ¥1,164 million over the previous fiscal year.

Financial Position

Cash Flow

As for cash flow from business activities, the amount paid for thermal fuel costs and purchases of electricity from other companies increased, but painstaking efforts to reduce other costs, a reduction in reserves held for the reprocessing of spent fuel, and a reduction in corporate taxes led to an increase in income of ¥98,804 million (225.2%) from the previous fiscal year to ¥142,673 million.

Regarding cash flow from investment activities, increased expenditures on capital investments caused expenditures to increase ¥22,305 million (5.5%) over the previous fiscal year to ¥430,662 million.

As to cash flow from financial activities, the Group was able to control increases in interest-bearing liabilities in conjunction with improved free cash flow. Thus, income fell ¥85,497 million as compared with the previous fiscal year to ¥313,695 million.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review totaled ¥155,451 million, an increase of ¥26,937 million (21.0%) compared with the end of the previous fiscal year.

Assets, Liabilities, and Net Assets Assets

Capital investment increased ¥14,589 million (3.5%) from the previous fiscal year to ¥435,211 million. Net assets increased ¥113,798 million (1.5%) as compared with the end of the previous fiscal year to ¥7,635,150 million.

Liabilities

As a result of having to use loans to respond to the increase in expenditures on such costs as thermal fuel, our interest-bearing liabilities increased ¥345,257 million (8.9%) as compared with the end of the previous fiscal year. As a result, our total liabilities increased ¥365,534 million (6.1%) from the end of the previous fiscal year to ¥6,357,043 million.

Net Assets

Due to a net loss for the current fiscal year totaling ¥243,422 million and the payment of dividends at the end of the previous period, total net assets fell ¥251,736 million (16.5%) to ¥1,278,106 million from the end of the previous fiscal year.

The capital adequacy ratio dropped 3.6% from the end of the previous fiscal year to 16.5%.

Also, net assets per share were ¥1,406.53, down ¥283.20 compared with the end of the previous fiscal year.

Financial Results and Analysis (Consolidated)

The Kansai Electric Power Company, Incorporated and Subsidiaries

Dividend Policy

The business environment facing the Group continues to pose tough challenges, as there is no projected outlook for when other nuclear power plants, following suit behind Ohi Power Station Units 3 and 4, might resume operations, and thermal fuel costs are continuing to rise significantly.

The Group is pouring all of its efforts into resuming operations at the nuclear power plants, ensuring the safe and stable supply of electricity, and improving management efficiency, and is diligently working to restore a balanced budget.

To appropriately divide the results of business operations among all of its shareholders, the Company has made the stable payment of dividends a core part of its basic policy for returning profits to shareholders.

However, with the largest ever deficit having been recorded in FY 2012, an extremely challenging revenue situation is continuing, leaving considerable uncertainty with regard to the future of the business environment. Given these conditions, we are placing the highest priority on securing a robust financial basis and thus, regrettably, will not be paying a dividend for the current year.

Given the uncertain business conditions ahead, the question of whether a dividend will be paid next year is yet to be decided.

Business and Other Risks

The following is a description of the principal risks that could impact the operating results and financial position of the Kansai Electric Power Group (which is comprised of Kansai Electric Power and its consolidated subsidiaries).

The information shown here is based on information known as of June 27, 2013. Circumstances may be influenced by future changes in economic conditions or changes in energy policies or environmental policies related to nuclear power generation, particularly given the situation that resulted from the Great East Japan Earthquake and the resulting accident at TEPCO's Fukushima Daiichi Nuclear Power Plant.

(1) Economic Conditions

Because the total electricity sales volume in the electric power industry varies depending on economic trends and energy-saving efforts, the Group's business performance can be impacted by economic conditions and conditions of supply and demand.

(2) Changes in the Environment Surrounding the Electric Power Business

In the electrical power business, the selection of an optimal future energy mix and the direction taken in reviewing the details of the future electrical power system could end up leading to massive changes in the power supply structure and further increases in competition with other companies.

Back-end nuclear power operations, such as the reprocessing of spent fuel, have an extremely long time span and are subject to various uncertainties. However, risks faced by power utilities have been mitigated by the government's regulatory measures. Costs related to the nuclear fuel cycle, including back-end nuclear power operations, may increase due to future institutional changes, the application of new accounting principles, changes in future cost estimates, and other factors.

Also, our general contribution to the Nuclear Damage Liability Facilitation Fund could increase, depending on changes in the total amount of the allocation and fluctuations in the way financial responsibility for paying into the fund is apportioned.

Furthermore, in our global warming policies, we may be held liable for additional costs in the future, depending on the environmental policies adopted in Japan and the trends in international frameworks.

These changes in the environment facing the electric power business could have an impact on the Group's performance.

(3) Other Businesses

The electric power business accounted for 84.9% of the Group's operating revenue for the fiscal year under review, but the Group is also focused on developing business operations in three other areas with a view toward ensuring sustained growth: IT/communications, comprehensive energy supply, and amenity services in daily life. The Group's business performance could be impacted by changes in the business conditions in these areas, including technological innovations and heightened competition with other companies.

(4) Climate Conditions

Because total electricity sales volumes in the electric power business are affected by heating and cooling demand, the Group's performance is potentially affected by climate conditions (particularly temperature), especially in summer and winter.

Thermal fuel costs fluctuate based on changes in the amount of power generated by hydroelectric power plants due to variations in annual rainfall and snowfall totals. Some adjustments can be made using the reserve for fluctuations in water level system, but the Group's business performance can still be affected by these fluctuations.

(5) Fuel Price Fluctuations

The main thermal fuels used in the electric power business are LNG, crude oil, and coal. Thus, the Group's business performance is potentially impacted by fluctuations in fuel costs caused by trends in crude oil prices, foreign exchange rates, price negotiations, and other factors.

However, Japan has a fuel cost adjustments system such that changes in crude oil prices, foreign exchange rates, and other factors are reflected in electricity rates. When fuel cost fluctuations are within a given range, electricity rates can be adjusted to mitigate their impact on the Group's business performance.

(6) Interest Rate Fluctuations

The Group's interest-bearing liabilities (consolidated) totaled ¥4,210,249 million as of the end of March 2013 (55.1% of total assets), suggesting that the Group's performance could be impacted by future fluctuations in market interest rates.

However, 96.5% (¥4,064,241 million) of those interest-bearing liabilities are in the form of long-term loans and bonds, most of which have fixed interest rates. Thus, the impact of interest rate fluctuations on the Group's business performance is limited.

(7) Operational Risk

The Group, which is primarily involved in the electric power business, possesses a large number of facilities, including power distribution facilities. To ensure safe and stable supplies of electricity and other products and services, the Group develops and maintains facilities including nuclear power-related facilities, ensures that operations are conducted with safety as the highest priority, and implements robust measures to ensure full compliance. However, if a natural disaster such as a typhoon, earthquake, or tsunami were to strike, or if an equipment failure or compliance problem were to in some way impede the operation of the Company's facilities or the power supply facilities of other companies from which the Company receives electricity, the business performance of the Group could be affected.

In addition, in the event that changes in nuclear power policies or the addition of new regulations result in a prolonged suspension of operations at some or many of our nuclear power plants, the rate of nuclear power generation could decline substantially. Because the Company has a higher ratio of nuclear power production than other power companies, the business performance of the Group could be greatly impacted by an increase in costs for substitute thermal fuel.

(8) Information Management

The Group is working to ensure strict and appropriate management of the customer information and other important business-related information in its possession by reinforcing information systems, establishing internal rules, and training employees on related issues, but the Group's business performance may be affected in the event that such information is divulged outside the Group.

Consolidated Balance Sheets

The Kansai Electric Power Company, Incorporated and its Subsidiaries
March 31, 2013

ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
PROPERTY:			
Utility plant and equipment	¥ 14,182,762	¥ 14,023,710	\$ 150,896,504
Other plant and equipment (Note 6)	1,598,129	1,509,534	17,003,185
Construction in progress	501,907	464,973	5,340,009
Contributions in aid of construction	(465,850)	(456,460)	(4,956,389)
Accumulated depreciation and amortization	(11,154,817)	(10,872,227)	(118,680,896)
Plant and equipment - net (Note 3)	4,662,131	4,669,530	49,602,416
Nuclear fuel, net of amortization (Note 2.d)	536,691	527,737	5,710,095
Property - net	5,198,823	5,197,267	55,312,512
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 15)	173,917	160,408	1,850,384
Investments in and advances to associated companies	336,072	320,940	3,575,616
Reserve fund for reprocessing of irradiated nuclear fuel (Notes 2.j and 15)	593,530	611,762	6,314,822
Deferred tax assets (Note 11)	506,439	386,582	5,388,230
Other assets	118,852	120,489	1,264,526
Total investments and other assets	1,728,812	1,600,184	18,393,581
CURRENT ASSETS:			
Cash and cash equivalents (Note 15)	155,451	128,514	1,653,910
Accounts receivable (Note 15)	188,175	181,966	2,002,082
Allowance for doubtful accounts	(1,803)	(2,413)	(19,189)
Inventories (Note 5)	159,988	166,068	1,702,183
Deferred tax assets (Note 11)	44,943	46,208	478,168
Other current assets (Notes 4, 14 and 15)	160,759	203,556	1,710,393
Total current assets	707,514	723,900	7,527,549
TOTAL	¥ 7,635,150	¥ 7,521,352	\$ 81,233,643

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Notes 6 and 15)	¥ 3,651,723	¥ 3,345,156	\$ 38,852,256
Liability for retirement benefits (Note 7)	370,360	365,689	3,940,422
Reserve for reprocessing of irradiated nuclear fuel (Note 2.j)	684,129	699,043	7,278,748
Asset retirement obligations (Notes 2.k and 8)	452,200	437,311	4,811,159
Deferred tax liabilities (Note 11)	297	251	3,163
Other long-term liabilities	100,255	81,290	1,066,665
Total long-term liabilities	5,258,967	4,928,742	55,952,416
CURRENT LIABILITIES:			
Current maturities of long-term debt (Notes 6 and 15)	436,854	362,093	4,647,881
Short-term borrowings (Notes 9 and 15)	146,008	184,347	1,553,442
Accounts payable (Notes 6 and 15)	233,725	233,518	2,486,704
Payable to associated companies	22,661	21,745	241,108
Accrued income taxes (Note 15)	10,148	14,873	107,976
Accrued expenses and other current liabilities	238,562	231,584	2,538,171
Total current liabilities	1,087,961	1,048,161	11,575,285
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	10,114	14,604	107,616
COMMITMENTS AND CONTINGENCIES (Notes 13 and 18)			
EQUITY (Note 10):			
Common stock - authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2013 and 2012	489,320	489,320	5,206,093
Capital surplus	66,634	66,634	708,954
Retained earnings	754,319	1,024,581	8,025,531
Treasury stock - at cost: 45,215,808 shares in 2013; 45,191,617 shares in 2012	(96,270)	(96,256)	(1,024,267)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	43,411	26,669	461,871
Deferred gain on derivatives under hedge accounting	4,611	4,930	49,058
Foreign currency translation adjustments	(5,269)	(6,035)	(56,061)
Total	1,256,757	1,509,845	13,371,179
Minority interests	21,349	19,998	227,144
Total equity	1,278,106	1,529,843	13,598,324
TOTAL	¥ 7,635,150	¥ 7,521,352	\$ 81,233,643

See notes to consolidated financial statements.

Consolidated Statement of Operations

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
OPERATING REVENUES:			
Electric.....	¥ 2,426,863	¥ 2,415,095	\$ 25,820,448
Other	432,190	396,329	4,598,259
Total operating revenues	2,859,054	2,811,424	30,418,707
OPERATING EXPENSES (Note 12):			
Electric.....	2,795,044	2,691,455	29,737,677
Other	378,022	349,357	4,021,942
Total operating expenses	3,173,066	3,040,812	33,759,619
OPERATING LOSS	(314,012)	(229,388)	(3,340,912)
OTHER (INCOME) EXPENSES:			
Interest and dividend income	(13,644)	(12,628)	(145,171)
Interest expense	55,102	51,324	586,262
Equity in earnings of associated companies	(8,114)	(7,514)	(86,334)
Other - net	5,834	4,967	62,073
Total other expenses	39,177	36,148	416,830
LOSS BEFORE (REVERSAL OF) PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS	(353,190)	(265,537)	(3,757,742)
(REVERSAL OF) PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(4,489)	9,134	(47,768)
LOSS BEFORE INCOME TAXES AND MINORITY INTERESTS ...	(348,700)	(274,671)	(3,709,973)
INCOME TAXES (Note 11):			
Current	18,528	19,592	197,131
Deferred.....	(124,052)	(52,889)	(1,319,848)
Total income taxes	(105,524)	(33,296)	(1,122,717)
NET LOSS BEFORE MINORITY INTERESTS	(243,176)	(241,374)	(2,587,256)
MINORITY INTERESTS IN NET INCOME	246	882	2,618
NET LOSS	¥ (243,422)	¥ (242,257)	\$ (2,589,875)
	Yen		Dollars
	2013	2012	2013
PER SHARE OF COMMON STOCK (Notes 2.r and 19):			
Basic net loss	¥ (272.43)	¥ (271.12)	\$ (2.89)
Cash dividends applicable to the year	0.00	60.00	0.00

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET LOSS BEFORE MINORITY INTERESTS	¥ (243,176)	¥ (241,374)	\$ (2,587,256)
OTHER COMPREHENSIVE INCOME (LOSS) (Note 17):			
Unrealized gain on available-for-sale securities	12,839	600	136,602
Deferred loss on derivatives under hedge accounting.....	(319)	(686)	(3,395)
Foreign currency translation adjustments	(41)	(6,600)	(437)
Share of other comprehensive income in associates	6,035	942	64,214
Total other comprehensive income (loss)	(18,514)	(5,745)	(196,982)
COMPREHENSIVE LOSS	¥ (224,661)	¥ (247,119)	\$ (2,390,273)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ (226,233)	¥ (247,063)	\$ (2,406,998)
Minority interests	1,571	(56)	16,725

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

	Millions of Yen										
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Minority Interests	Total Equity
						Unrealized Gain on Available-for- Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments			
BALANCE, APRIL 1, 2011 ...	938,733,028	¥ 489,320	¥ 66,634	¥ 1,320,745	¥ (96,227)	¥ 25,120	¥ 5,617	¥ (366)	¥ 1,810,844	¥ 21,572	¥ 1,832,416
Net loss.....				(242,257)					(242,257)		(242,257)
Cash dividends, ¥60 per share ..				(53,633)					(53,633)		(53,633)
Effect of change of fiscal terms of subsidiaries (Note 2.b).....				(266)					(266)		(266)
Purchase of treasury stock					(47)				(47)		(47)
Disposal of treasury stock			(6)		18				12		12
Transfer to capital surplus from retained earnings			6	(6)							
Net change in the year						1,549	(686)	(5,669)	(4,806)	(1,573)	(6,380)
BALANCE, MARCH 31, 2012 ...	938,733,028	489,320	66,634	1,024,581	(96,256)	26,669	4,930	(6,035)	1,509,845	19,998	1,529,843
Net loss				(243,422)					(243,422)		(243,422)
Cash dividends, ¥30 per share ..				(26,816)					(26,816)		(26,816)
Effect of change of fiscal terms of subsidiaries (Note 2.b).....				(18)					(18)		(18)
Purchase of treasury stock					(22)				(22)		(22)
Disposal of treasury stock			(4)		7				3		3
Transfer to capital surplus from retained earnings			4	(4)							
Net change in the year						16,741	(319)	766	17,188	1,351	18,539
BALANCE, MARCH 31, 2013 ...	938,733,028	¥ 489,320	¥ 66,634	¥ 754,319	¥ (96,270)	¥ 43,411	¥ 4,611	¥ (5,269)	¥ 1,256,757	¥ 21,349	¥ 1,278,106

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Minority Interests	Total Equity
					Unrealized Gain on Available-for- Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments			
BALANCE, MARCH 31, 2012	\$ 5,206,093	\$ 708,954	\$ 10,900,960	\$ (1,024,109)	\$ 283,752	\$ 52,454	\$ (64,214)	\$ 16,063,890	\$ 212,769	\$ 16,276,659
Net loss			(2,589,875)					(2,589,875)		(2,589,875)
Cash dividends, \$0.31 per share			(285,308)					(285,308)		(285,308)
Effect of change of fiscal terms of subsidiaries (Note 2.b)			(194)					(194)		(194)
Purchase of treasury stock				(242)				(242)		(242)
Disposal of treasury stock		(51)		83				32		32
Transfer to capital surplus from retained earnings ..		51	(51)							
Net change in the year					178,118	(3,395)	8,153	182,876	14,375	197,252
BALANCE, MARCH 31, 2013	\$ 5,206,093	\$ 708,954	\$ 8,025,531	\$ (1,024,267)	\$ 461,871	\$ 49,058	\$ (56,061)	\$ 13,371,179	\$ 227,144	\$ 13,598,324

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
OPERATING ACTIVITIES:			
Loss before income taxes and minority interests	¥ (348,700)	¥ (274,671)	\$ (3,709,973)
Adjustments for:			
Income taxes - refund (paid)	16,509	(107,124)	175,653
Depreciation and amortization	380,025	401,813	4,043,252
Decommissioning cost of nuclear power units	7,863	6,665	83,662
Amortization of nuclear fuel	9,082	19,383	96,636
Loss on disposal of property, plant and equipment	8,667	13,096	92,218
Nuclear fuel transferred to reprocessing costs	14,803	15,708	157,499
Changes in assets and liabilities:			
Decrease (increase) in reserve fund for reprocessing of irradiated nuclear fuel	18,232	(77,611)	193,984
Increase in trade receivable	(5,934)	(15,193)	(63,136)
Decrease in interest and dividends receivable	6,729	4,182	71,595
(Decrease) increase in trade payable	(498)	66,183	(5,300)
Increase in interest payable	280	434	2,986
Increase in liability for retirement benefits	4,659	7,586	49,569
(Decrease) increase in reserve for fluctuations in water level	(4,489)	9,134	(47,768)
Decrease in reserve for reprocessing of irradiated nuclear fuel ...	(14,913)	(5,370)	(158,670)
Other - net	50,355	(20,347)	535,755
Total adjustments	491,374	318,540	5,227,939
Net cash provided by operating activities	142,673	43,869	1,517,965
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(436,893)	(410,242)	(4,648,299)
Payments for investments and advances	(17,141)	(13,408)	(182,371)
Proceeds from sales of investments or collections of advances ...	9,599	7,209	102,138
Other - net	13,772	8,083	146,528
Net cash used in investing activities	(430,662)	(408,357)	(4,582,005)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	149,694		1,592,662
Proceeds from long-term debt (exclusive of bonds)	596,784	885,480	6,349,441
Proceeds from short-term loans	312,742	316,061	3,327,401
Proceeds from issuance of commercial papers	487,000	508,000	5,181,402
Redemption of bonds	(136,536)	(170,017)	(1,452,667)
Repayments of long-term debt (exclusive of bonds)	(227,217)	(258,485)	(2,417,465)
Repayments of short-term loans	(321,081)	(316,750)	(3,416,123)
Repayments of commercial papers	(517,000)	(508,000)	(5,500,585)
Dividends paid	(26,907)	(53,609)	(286,285)
Other - net	(3,782)	(3,485)	(40,244)
Net cash provided by financing activities - (Continued)	313,695	399,193	3,337,537

Consolidated Statement of Cash Flows

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET CASH PROVIDED BY OPERATING, INVESTING AND FINANCING ACTIVITIES - (Forward)	¥ 25,706	¥ 34,705	\$ 273,497
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,259	(805)	13,396
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,965	33,900	286,893
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	128,514	95,450	1,367,316
DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE OF FISCAL TERMS OF SUBSIDIARIES	(28)	(836)	(299)
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 155,451	¥ 128,514	\$ 1,653,910

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

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 Japanese 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 ¥93.99 to \$1, the approximate rate of exchange at March 31, 2013. 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, 2013, include the accounts of the Company and all (57 in 2013 and 58 in 2012) subsidiaries (collectively, the "Companies").

Under the control or influence concept, 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 2012) 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 three 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.

During the fiscal year ended March 31, 2012, two subsidiaries changed their year-end closing dates from December 31 to March 31. During the current fiscal year, one subsidiary changed its year-end closing date from December 31 to March 31. The effect of those changes on retained earnings is presented in the consolidated statement of changes in equity.

c. Business Combination - In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and the ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allowed companies to apply the pooling-of-interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the 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. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

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.

Effective April 1, 2012, as a result of the revision of Japanese corporate tax law, the Companies changed their depreciation method of plant and equipment acquired on or after April 1, 2012 to the method stipulated under the revised corporate tax law. The effect of this change was immaterial.

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, 2013 and 2012, was ¥103,511 million (\$1,101,307 thousand) and ¥94,429 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, 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 its certain consolidated subsidiaries have defined contribution pension plans, unfunded defined benefit pension plan, contributory funded 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 being amortized by the straight-line method over a period of principally three years. Actuarial gains or losses are being recognized by the straight-line method over a period of principally three years.

j. Reserve for Reprocessing of Irradiated Nuclear Fuel - The Company provided a reserve for the reprocessing of irradiated nuclear fuel at the present value of the amount that would be required to reprocess only the irradiated nuclear fuel actually planned to be reprocessed in accordance with the accounting standard applicable to the electricity industry.

The cumulative effect of the adoption of the accounting standard of ¥312,810 million as of April 1, 2005, which was adjusted in accordance with the Irradiated Nuclear Fuel Reprocessing Fund Act, is being amortized over 15 years. The effect of this adjustment was immaterial. The unrecognized portion of such cumulative effect was ¥145,167 million (\$1,544,503 thousand)

and ¥165,906 million at March 31, 2013 and 2012, respectively.

The estimated future reprocessing costs are discounted at 1.6% at March 31, 2013 and 2012, for the quantity of the irradiated nuclear fuel covered by the definite reprocessing plan.

The unrecognized estimation gain of ¥12,400 million (\$131,939 thousand) and loss of ¥7,242 million at March 31, 2013 and 2012, respectively, resulting from the difference in assumptions for calculations of the reserve, such as expected future cash flows and the discount rate, will be recognized over a period for which irradiated fuel actually planned to be reprocessed is generated.

The Company appropriated ¥35,822 million (\$381,131 thousand) and ¥132,329 million for "Reserve fund for reprocessing of irradiated nuclear fuel" at March 31, 2013 and 2012, respectively, in accordance with the Japanese Electricity Utilities Industry Act and related accounting regulations.

Regarding the quantity of the irradiated nuclear fuel not covered by the definite reprocessing plan, the reserve was established from April 1, 2006, in accordance with the accounting standard applicable to the electricity industry. The estimated future reprocessing costs are discounted at 4% at March 31, 2013 and 2012.

k. Asset Retirement Obligations - In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the 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 appropriate manners. 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. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. 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 operation period of a specific nuclear power unit, which is a basis of calculation of the total estimation amount of electric energy, and a discount rate of 2.3% is used. In addition, in accordance with the 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 along with the actual nuclear power generation.

l. 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 Japanese Electricity Utilities Industry Act and related accounting regulations.

m. Leases - 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. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted for fiscal years beginning on or after April 1, 2007.

As lessee

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 requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transi-

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tion date and do not transfer ownership of the leased property to the lessee 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 accounted for leases which existed at the transition date and 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.

As lessor
Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the notes to the lessor's consolidated financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that do not deem to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

All other leases are accounted for as operating leases.

n. Income Taxes - The provision for income taxes is computed based on the pretax income included in the consolidated statement of operations. 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.

o. 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 operations to the extent that they are not hedged by the forward exchange contracts.

p. 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.

q. Derivatives and Hedging Activities - The Companies use principally 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 price, 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 operations 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.

r. Per Share Information - Basic net income or loss per share is computed by dividing net income or loss available to common shareholders by the weighted-average number of common shares outstanding in each period, retroactively adjusted for stock splits.

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

s. Accounting Changes and Error Corrections - In December 2009, the ASBJ issued 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 under this standard and guidance are 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 Presentations - 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.

t. New Accounting Pronouncements
Accounting Standard for Retirement Benefits - On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet
Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects,

and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees.

However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard for (a) and (b) above from the end of the annual period beginning on April 1, 2013, and for (c) above from the beginning of the annual period beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

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3. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Hydroelectric power production facilities.....	¥ 313,583	¥ 326,256	\$ 3,336,349
Thermal power production facilities.....	425,681	452,128	4,529,005
Nuclear power production facilities	379,859	362,976	4,041,484
Transmission facilities.....	1,001,226	1,044,832	10,652,477
Transformation facilities.....	411,440	416,525	4,377,490
Distribution facilities	845,045	853,765	8,990,800
General facilities.....	116,441	115,780	1,238,873
Other utility facilities	29,518	22,245	314,055
Other plant and equipment	637,427	610,044	6,781,869
Construction in progress.....	501,907	464,973	5,340,009
Total	¥ 4,662,131	¥ 4,669,530	\$ 49,602,416

4. INVESTMENT SECURITIES

The information for available-for-sale securities, whose fair values are readily determinable, and held-to-maturity securities at March 31, 2013 and 2012, were as follows:

March 31, 2013	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 33,541	¥ 51,707	¥ 275	¥ 84,972
Debt securities	2,815	1,111	3	3,924
Held-to-maturity debt securities	7,172	284	53	7,403

March 31, 2012	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 33,854	¥ 35,595	¥ 2,175	¥ 67,274
Debt securities	3,539	569	36	4,072
Held-to-maturity debt securities	10,216	270	173	10,313

March 31, 2013	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 356,861	\$ 550,134	\$ 2,932	\$ 904,063
Debt securities	29,960	11,826	36	41,750
Held-to-maturity debt securities	76,310	3,031	569	78,772

5. INVENTORIES

Inventories at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Merchandise and finished products	¥ 5,213	¥ 5,921	\$ 55,465
Work in process	4,840	4,752	51,498
Raw materials and supplies	102,916	101,498	1,094,977
Real estate for sale	47,017	53,895	500,241
Total	¥ 159,988	¥ 166,068	\$ 1,702,183

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6. LONG-TERM DEBT

Long-term debt at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Secured bonds:			
0.497% to 3.175%, due serially through 2020	¥ 1,641,220	¥ 1,627,690	\$ 17,461,653
0.65% to 3.4% secured loans from principally the Development Bank of Japan maturing serially through 2025:			
The Company	371,959	338,146	3,957,435
Subsidiaries	8,340	9,954	88,739
0.259% to 6.0% (0.18% to 6.0% in 2012) unsecured loans from banks, insurance companies and other sources maturing serially through 2036			
	2,042,720	1,704,852	21,733,380
Obligations under finance leases	24,336	26,604	258,929
Total	4,088,578	3,707,249	43,500,138
Less current maturities	436,854	362,093	4,647,881
Long-term debt, less current maturities			
	¥ 3,651,723	¥ 3,345,156	\$ 38,852,256
Annual maturities of long-term debt at March 31, 2013, were as follows:			
Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars	
2014	¥ 436,854	\$ 4,647,881	
2015	426,045	4,532,883	
2016	568,954	6,053,349	
2017	403,798	4,296,182	
2018	589,224	6,269,016	
2019 and thereafter	1,663,700	17,700,824	
Total	¥ 4,088,578	\$ 43,500,138	

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 col-

lateral for accounts payable of ¥1,740 million (\$18,513 thousand) and the above secured loans at March 31, 2013, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2013	2013
Property and other	¥ 23,230	\$ 247,158

7. RETIREMENT AND PENSION PLAN

The Company and its certain consolidated subsidiaries have retirement benefit plans for employees.

Under most of the circumstances, employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled to retirement benefits based on the rate of pay at the time of termina-

tion, 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 its certain consolidated subsidiaries and annuity payments from a trustee.

The liability for employees' retirement benefits at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥ 361,959	¥ 350,007	\$ 3,851,043
Fair value of plan assets	(3,525)	(3,242)	(37,509)
Unrecognized actuarial gain	11,585	18,539	123,258
Unrecognized prior service cost	334	377	3,561
Prepaid pension cost	6	7	68
Net liability			
	¥ 370,360	¥ 365,689	\$ 3,940,422
The components of net periodic retirement benefit costs for the years ended March 31, 2013 and 2012, are as follows:			
	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥ 16,079	¥ 15,638	\$ 171,077
Interest cost	6,787	6,893	72,216
Expected return on plan assets	(58)	(58)	(622)
Recognized actuarial gain	(6,900)	(4,579)	(73,416)
Amortization of prior service cost	(42)	(51)	(454)
Other	4,866	4,779	51,778
Net periodic retirement benefit costs			
	¥ 20,732	¥ 22,622	\$ 220,577

For the years ended March 31, 2013 and 2012, the contributions to the defined contribution pension plan of ¥4,647 million (\$49,445 thousand) and ¥4,567 million, respectively, are in-

cluded in "Other" in the above table.

Principal assumptions used for the years ended March 31, 2013 and 2012, are set forth as follows:

	2013	2012
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	1.25% - 2.5%	1.25% - 2.5%
Allocation method of the retirement benefits expected to be paid at the retirement date	Straight-line method based on years of service	Straight-line method based on years of service
Amortization period of prior service cost	3 years	3 years
Recognition period of actuarial gain/loss	3 years	3 years

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

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8. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Balance at beginning of year.....	¥ 437,311	¥ 427,284	\$ 4,652,745
Additional provisions.....	22,139	10,068	235,550
Reduction.....	(7,250)	(41)	(77,136)
Balance at end of year.....	¥ 452,200	¥ 437,311	\$ 4,811,159

9. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Short-term loans from banks and other sources, weighted-average interest rate of 0.542% and 0.506% at March 31, 2013 and 2012, respectively.....	¥ 146,008	¥ 154,347	\$ 1,553,442
Commercial paper, weighted-average interest rate of 0.12% at March 31, 2012.....		30,000	
Total.....	¥ 146,008	¥ 184,347	\$ 1,553,442

10. 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 shareholder's meeting. For companies that meet certain criteria such as (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 is prescribed as one year rather than two years of normal 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 cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to certain limitation and additional requirements. If the articles of incorporation of the company stipulate, semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors. 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 charged upon the payment of such dividends until the total aggregate amount of the 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 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.

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11. 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 33.3% and 36.2% for the years ended March 31, 2013 and

2012, respectively. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2013 and 2012, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax assets:			
Net operating tax loss carryforwards	¥ 194,195	¥ 83,606	\$ 2,066,130
Liability for retirement benefits	115,237	113,872	1,226,064
Depreciation and amortization	82,510	77,169	877,862
Asset retirement obligations	63,036	61,249	670,668
Reserve for reprocessing of irradiated nuclear fuel (with definite plans, Note 2.))	28,666	28,820	304,992
Intercompany profit elimination	27,051	27,603	287,816
Other	142,801	133,719	1,519,330
Less valuation allowance	(61,006)	(58,312)	(649,071)
Total deferred tax assets	¥ 592,493	¥ 467,728	\$ 6,303,794
Deferred tax liabilities:			
Capitalized asset retirement costs	¥ 17,974	¥ 16,440	\$ 191,237
Unrealized gain on available-for-sale securities	14,955	10,398	159,122
Deferred gain on derivatives under hedge accounting	2,168	2,355	23,074
Other	6,309	5,995	67,125
Total deferred tax liabilities	¥ 41,408	¥ 35,189	\$ 440,560
Net deferred tax assets	¥ 551,085	¥ 432,539	\$ 5,863,234

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations for the year

ended March 31, 2013, with the corresponding figures for 2012, is as follows:

	2013	2012
Normal effective statutory tax rate	33.3%	36.2%
Effect of tax rate reduction	(3.2)	(22.1)
Other - net	(0.2)	(2.0)
Actual effective tax rate	30.3%	12.1%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 36.2% to 33.3% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 30.7% afterwards.

Valuation allowance was disclosed separately in the recon-

ciliation for the year ended March 31, 2012. Since the amount of the item is immaterial, the item is included in Other - net for the year ended March 31, 2013. The corresponding amount included in Other - net for the year ended March 31, 2012 was (1.3)%.

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥16,839 million (\$179,165 thousand) and ¥18,188 million for the years ended March 31, 2013 and 2012, respectively.

13. RELATED-PARTY DISCLOSURES

Related-party transactions of the Company with an associated company for the years ended March 31, 2013 and 2012, were as follows:

(1) 2013

Category	Name	Address	Capital Stock or Stake Millions of Yen	Description of Business
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	¥400,000	Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes
Voting Right	Relation of Related Party	Detail of Transactions	Transaction Amount	
			Millions of Yen	Thousands of U.S. Dollars
16.6%	Contract on uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes. One director concurrently serves as the Company's director. Three directors were transferred from the Company.	Co-guarantees or guarantees of loans and bonds	¥ 181,645	\$ 1,932,600

(2) 2012

Category	Name	Address	Capital Stock or Stake Millions of Yen	Description of Business
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori Prefecture	¥400,000	Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes
Voting Right	Relation of Related Party	Detail of Transactions	Transaction Amount	
			Millions of Yen	
16.6%	Contract on uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes. One director concurrently serves as the Company's director. Three directors were transferred from the Company.	Co-guarantees or guarantees of loans and bonds	¥ 184,641	

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14. LEASES

Lessor

The net investments in lease are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Gross lease receivables	¥ 9,006	¥ 9,571	\$ 95,824
Residual values	44	42	472
Unearned interest income	(1,634)	(2,128)	(17,392)
Investments in lease, current	¥ 7,416	¥ 7,485	\$ 78,904

Maturities of lease receivables and investments in lease at March 31, 2013, are as follows:

	Lease Receivables		Investments in Lease	
	Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
Year Ending March 31				
2014	¥ 2,884	\$ 30,689	¥ 2,558	\$ 27,220
2015	2,807	29,873	1,709	18,193
2016	2,765	29,426	1,161	12,359
2017	2,688	28,602	916	9,746
2018	2,617	27,853	670	7,135
2019 and thereafter	5,140	54,688	1,989	21,168
Total	¥ 18,904	\$ 201,133	¥ 9,006	\$ 95,824

15. 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 papers, are used to fund the ongoing operations.

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

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

The reserve fund for reprocessing of irradiated nuclear fuel is reserved and refunded for the reprocessing of irradiated nuclear fuel in accordance with the Irradiated Nuclear Fuel Reprocessing Fund Act and other regulations.

Derivatives are used, not 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 20 days after reading meters. Investment securities, mainly equity securities, held for operation of 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 a variable interest rate are exposed to the market risks from changes in interest rates.

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

Derivatives mainly include forward foreign currency contracts, 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 price. Please see Note 16 for more detail 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 position 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 timely 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. And also please see Note 16 for the detail of fair value for derivatives.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

(a) Fair value of financial instruments

March 31, 2013	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	¥ 96,069	¥ 96,300	¥ 231
Reserve fund for reprocessing of irradiated nuclear fuel	593,530	593,530	—
Cash and cash equivalents	155,451	155,451	—
Accounts receivable (exclusive of associated companies)	187,290	187,290	—
Total	¥ 1,032,341	¥ 1,032,572	¥ 231
Long-term debt	¥ 4,064,241	¥ 4,164,191	¥ 99,950
Short-term borrowings	146,008	146,008	—
Accounts payable (exclusive of accrued amount payable)	180,358	180,358	—
Accrued income taxes	10,148	10,148	—
Total	¥ 4,400,756	¥ 4,500,707	¥ 99,950
Derivatives	¥ 6,196	¥ 6,196	—
A part of investment securities is included in other current as-			
sets in the consolidated balance sheets.			
Long-term debt includes current maturities of long-term			
debt in the consolidated balance sheets.			
Derivatives are stated at the net amount.			
March 31, 2012	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	¥ 81,563	¥ 81,660	¥ 96
Reserve fund for reprocessing of irradiated nuclear fuel	611,762	611,762	—
Cash and cash equivalents	128,514	128,514	—
Accounts receivable (exclusive of associated companies)	181,023	181,023	—
Total	¥ 1,002,863	¥ 1,002,960	¥ 96
Long-term debt	¥ 3,680,644	¥ 3,779,122	¥ 98,477
Short-term borrowings	184,347	184,347	—
Accounts payable (exclusive of accrued amount payable)	180,439	180,439	—
Accrued income taxes	14,873	14,873	—
Total	¥ 4,060,304	¥ 4,158,782	¥ 98,477
Derivatives	¥ 12,789	¥ 12,789	—

March 31, 2013	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	\$ 1,022,124	\$ 1,024,586	\$ 2,461
Reserve fund for reprocessing of irradiated nuclear fuel	6,314,822	6,314,822	—
Cash and cash equivalents	1,653,910	1,653,910	—
Accounts receivable (exclusive of associated companies)	1,992,662	1,992,662	—
Total	\$ 10,983,521	\$ 10,985,982	\$ 2,461
Long-term debt	\$ 43,241,208	\$ 44,304,625	\$ 1,063,416
Short-term borrowings	1,553,442	1,553,442	—
Accounts payable (exclusive of accrued amount payable)	1,918,916	1,918,916	—
Accrued income taxes	107,976	107,976	—
Total	\$ 46,821,544	\$ 47,884,961	\$ 1,063,416
Derivatives	¥ 65,930	¥ 65,930	—

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments, or at the quoted price obtained from the financial institution. The information related to the fair value of the investment securities by classification is included in Note 4.

Reserve fund for reprocessing of irradiated nuclear fuel

The Company provides a reserve fund for reprocessing of irradiated nuclear fuel in order to carry out properly the plan of reprocessing the irradiated nuclear fuel for practically running the nuclear power unit in accordance with the Irradiated Nuclear Fuel Reprocessing Fund Act. Upon refunding the reserve, the Company needs to follow the plan of refunding the reserve fund for reprocessing of irradiated nuclear fuel that was approved by the Minister of Economy, Trade and Industry. The carrying values of the reserve approximate fair value because the carrying values are determined by discounting the cash flow from the future refunding of the reserve.

Cash and cash equivalents and accounts receivable

The carrying values of cash and cash equivalents and accounts receivable 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, accounts payable, and accrued income taxes

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

Derivatives

Fair value information for derivatives is included in Note 16.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying Amount		Thousands of U.S. Dollars
	Millions of Yen	2012	
	2013		2013
Investments in equity instruments that do not have a quoted market price in an active market	¥ 73,998	¥ 73,850	\$ 787,306
Invested instruments and other	3,252	7,219	34,606

(c) Maturity analysis for financial assets and securities with contractual maturities

March 31, 2013	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Investment securities:				
Held-to-maturity securities	¥ 1,105	¥ 3,860	¥ 1,715	¥ 500
Available-for-sale securities with contractual maturities	125	662	313	208
Cash and cash equivalents	155,451	—	—	—
Accounts receivable	185,278	1,982	12	16

March 31, 2013	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Investment securities:				
Held-to-maturity securities	\$ 11,756	\$ 41,068	\$ 18,246	\$ 5,319
Available-for-sale securities with contractual maturities	1,330	7,045	3,331	2,216
Cash and cash equivalents	1,653,910	—	—	—
Accounts receivable	1,971,262	21,096	130	173

The redemption amount from the reserve fund for reprocessing of irradiated nuclear fuel within one year is ¥51,615 million (\$549,161 thousand).
Please see Note 6 for annual maturities of long-term debt.

16. DERIVATIVES

The Companies use principally 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 price, 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, 2013	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Currency swaps:				
(U.S.\$ payment, ¥ receipt)	¥ 40,524	¥ 35,750	¥ (583)	¥ (583)

March 31, 2012

Currency swaps:				
(U.S.\$ payment, ¥ receipt)	¥ 42,663	¥ 40,524	¥ 5,503	¥ 5,503

Foreign exchange forward contracts:

Buying Australia \$	3			
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March 31, 2013	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Currency swaps:				
(U.S.\$ payment, ¥ receipt)	\$ 431,155	\$ 380,369	\$ (6,203)	\$ (6,203)

Derivative transactions to which hedge accounting is applied

March 31, 2013	Hedged Item	Contract Amount	Millions of Yen	
			Contract Amount Due after One Year	Fair Value
Interest rate swaps:				
(fixed rate payment, floating rate receipt) ...	Long-term debt	¥ 495,307	¥ 479,778	(*)
Commodity swaps:				
(fixed price payment, floating price receipt) ...	Fuel held for sale	2,489	1,879	¥ 6,779

March 31, 2012

Interest rate swaps:				
(fixed rate payment, floating rate receipt) ...	Long-term debt	¥ 319,461	¥ 317,807	(*)
Commodity swaps:				
(fixed price payment, floating price receipt) ...	Fuel held for sale	3,998	2,489	¥ 7,285

March 31, 2013	Hedged Item	Contract Amount	Thousands of U.S. Dollars	
			Contract Amount Due after One Year	Fair Value
Interest rate swaps:				
(fixed rate payment, floating rate receipt) ...	Long-term debt	\$ 5,269,791	\$ 5,104,573	(*)
Commodity swaps:				
(fixed price payment, floating price receipt) ...	Fuel held for sale	26,487	19,997	\$ 72,133

(*) The fair value of interest rate swaps is included in that of the hedged item because the interest rate swaps qualify for hedge accounting and meet specific matching criteria.

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

17. COMPREHENSIVE INCOME

The components of other comprehensive income (loss) for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Unrealized gain (loss) on available-for-sale securities:			
Gains (loss) arising during the year	¥ 18,770	¥ (2,531)	\$ 199,711
Reclassification adjustments to profit or loss	(92)	608	(982)
Amount before income tax effect.....	18,678	(1,922)	198,728
Income tax effect	(5,839)	2,523	(62,125)
Total	¥ 12,839	¥ 600	\$ 136,602
Deferred gain (loss) on derivatives under hedge accounting:			
Gains (loss) arising during the year	¥ 1,230	¥ (732)	\$ 13,093
Reclassification adjustments to profit or loss	(17)	(101)	(189)
Adjustments to acquisition costs of assets.....	(1,718)	(690)	(18,282)
Amount before income tax effect.....	(505)	(1,523)	(5,378)
Income tax effect	186	836	1,982
Total	¥ (319)	¥ (686)	\$ (3,395)
Foreign currency translation adjustments:			
Adjustments arising during the year.....	¥ (41)	¥ (6,600)	\$ (437)
Share of other comprehensive income in associates:			
Gains arising during the year	¥ 6,033	¥ 952	\$ 64,189
Reclassification adjustments to profit or loss	2	(9)	23
Total	¥ 6,035	¥ 942	\$ 64,213
Total other comprehensive income	¥ 18,514	¥ (5,745)	\$ 196,982

18. COMMITMENTS AND CONTINGENCIES

At March 31, 2013, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥364,941 million (\$3,882,774 thousand). Additionally, the Companies had a number of fuel purchase commitments, most of which specify quantities and terms.

Purchase prices are contingent upon fluctuations of principally market prices.

At March 31, 2013, the Companies had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
	2013	2013
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited (Note 13)	¥ 181,645	\$ 1,932,600
Other	65,158	693,254
Total	¥ 246,804	\$ 2,625,854

19. NET INCOME PER SHARE

Diluted net income per share (EPS) for the years ended March 31, 2013 and 2012 is not disclosed because the Companies do not issue dilutive securities.

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net Loss	Weighted-Average Shares	EPS	

For the year ended March 31, 2013

Basic EPS:

Net loss available to common shareholders	¥ (243,422)	893,529	¥ (272.43)	\$ (2.89)
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For the year ended March 31, 2012

Basic EPS:

Net loss available to common shareholders	¥ (242,257)	893,553	¥ (271.12)	\$ (3.30)
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Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2013

20. 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 being performed in order to decide how resources are allocated among the Companies; therefore, the Companies consist of electric power, IT/communications and other.

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

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

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

	Millions of Yen						
	2013						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Electric Power	IT/Communications	Total				
Sales:							
Sales to external customers	¥ 2,426,863	¥ 155,186	¥ 2,582,050	¥ 277,003	¥ 2,859,054		¥ 2,859,054
Intersegment sales or transfers	12,571	55,064	67,635	261,565	329,201	¥ (329,201)	
Total	2,439,435	210,251	2,649,686	538,568	3,188,255	(329,201)	2,859,054
Segment (loss) profit	(369,485)	24,282	(345,202)	30,475	(314,726)	714	(314,012)
Segment assets	6,420,927	415,860	6,836,787	1,313,114	8,149,902	(514,751)	7,635,150
Other:							
Depreciation	294,799	59,137	353,937	31,617	385,554	(5,529)	380,025
Increase in property and intangible assets	334,405	63,119	397,525	43,770	441,295	(6,083)	435,211

	Millions of Yen						
	2012						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Electric Power	IT/Communications	Total				
Sales:							
Sales to external customers	¥ 2,415,095	¥ 148,525	¥ 2,563,620	¥ 247,803	¥ 2,811,424		¥ 2,811,424
Intersegment sales or transfers	14,842	58,332	73,174	273,638	346,812	¥ (346,812)	
Total	2,429,937	206,857	2,636,794	521,442	3,158,237	(346,812)	2,811,424
Segment (loss) profit	(276,870)	24,030	(252,839)	25,441	(227,398)	(1,990)	(229,388)
Segment assets	6,330,472	401,115	6,731,588	1,250,358	7,981,947	(460,594)	7,521,352
Other:							
Depreciation	317,076	55,958	373,035	33,242	406,277	(4,463)	401,813
Increase in property and intangible assets	319,133	70,536	389,670	36,299	425,970	(5,348)	420,621

	Thousands of U.S. Dollars						
	2013						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Electric Power	IT/Communications	Total				
Sales:							
Sales to external customers	\$ 25,820,448	\$ 1,651,099	\$ 27,471,547	\$ 2,947,159	\$ 30,418,707		\$ 30,418,707
Intersegment sales or transfers	133,750	585,857	719,608	2,782,903	3,502,511	\$ (3,502,511)	
Total	25,954,198	2,236,957	28,191,156	5,730,062	33,921,219	(3,502,511)	30,418,707
Segment (loss) profit	(3,931,112)	258,355	(3,672,757)	324,243	(3,348,513)	7,601	(3,340,912)
Segment assets	68,315,007	4,424,517	72,739,524	13,970,786	86,710,311	(5,476,667)	81,233,643
Other:							
Depreciation	3,136,499	629,191	3,765,691	336,392	4,102,083	(58,831)	4,043,252
Increase in property and intangible assets	3,557,883	671,556	4,229,439	465,688	4,695,128	(64,728)	4,630,399

Independent Auditor's Report

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

We have audited the accompanying consolidated balance sheet of The Kansai Electric Power Company, Incorporated and its subsidiaries as of March 31, 2013, and the related consolidated statements of operations, 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, 2013, 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 26, 2013

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements
for the Year Ended March 31, 2013

Non-Consolidated Balance Sheets

The Kansai Electric Power Company, Incorporated
March 31, 2013

ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
PROPERTY:			
Plant and equipment.....	¥ 14,546,514	¥ 14,383,604	\$ 154,766,618
Construction in progress.....	480,672	425,517	5,114,086
Contributions in aid of construction.....	(448,236)	(439,519)	(4,768,984)
Accumulated depreciation and amortization.....	(10,460,815)	(10,232,810)	(111,297,116)
Plant and equipment - net.....	4,118,134	4,136,792	43,814,603
Nuclear fuel, net of amortization.....	536,691	527,737	5,710,095
Property - net.....	4,654,826	4,664,529	49,524,699
INVESTMENTS AND OTHER ASSETS:			
Investment securities.....	102,174	85,932	1,087,080
Investments in and advances to subsidiaries and associated companies.....	429,383	414,691	4,568,392
Reserve fund for reprocessing of irradiated nuclear fuel.....	593,530	611,762	6,314,822
Long-term loans receivable.....	359	903	3,823
Deferred tax assets.....	444,219	333,396	4,726,240
Other assets.....	91,786	96,303	976,555
Total investments and other assets.....	1,661,453	1,542,990	17,676,915
CURRENT ASSETS:			
Cash and cash equivalents.....	121,978	92,976	1,297,777
Accounts receivable.....	159,846	194,625	1,700,675
Allowance for doubtful accounts.....	(1,431)	(1,504)	(15,225)
Inventories.....	94,502	94,220	1,005,456
Deferred tax assets.....	38,173	38,825	406,144
Other current assets.....	28,313	33,822	301,230
Total current assets.....	441,382	452,964	4,696,058
TOTAL	¥ 6,757,662	¥ 6,660,484	\$ 71,897,673

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
LONG-TERM LIABILITIES			
Long-term debt, less current maturities.....	¥ 3,280,706	¥ 2,976,631	\$ 34,904,846
Liability for retirement benefits.....	353,239	350,728	3,758,263
Reserve for reprocessing of irradiated nuclear fuel.....	684,129	699,043	7,278,748
Asset retirement obligations.....	449,344	434,661	4,780,767
Other long-term liabilities.....	88,752	66,437	944,274
Total long-term liabilities.....	4,856,171	4,527,502	51,666,900
CURRENT LIABILITIES:			
Current maturities of long-term debt.....	366,775	297,627	3,902,278
Short-term borrowings.....	130,000	130,000	1,383,125
Commercial papers.....		30,000	
Accounts payable.....	174,451	178,437	1,856,064
Payable to subsidiaries and associated companies.....	130,084	113,194	1,384,026
Accrued expenses and other current liabilities.....	195,068	185,617	2,075,417
Total current liabilities.....	996,379	934,876	10,600,912
Reserve for fluctuations in water level.....	10,114	14,604	107,616
EQUITY			
Common stock - authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2013 and 2012.....	489,320	489,320	5,206,093
Capital surplus:			
Additional paid-in capital.....	67,031	67,031	713,173
Retained earnings:			
Legal reserve.....	122,330	122,330	1,301,523
Unappropriated.....	276,843	576,603	2,945,459
Unrealized gain on available-for-sale securities.....	30,997	19,465	329,800
Deferred gain on derivatives under hedge accounting.....	4,611	4,874	49,058
Treasury stock - at cost: 44,886,799 shares in 2013; 44,862,608 shares in 2012.....	(96,139)	(96,124)	(1,022,864)
Total equity.....	894,995	1,183,501	9,522,244
TOTAL	¥ 6,757,662	¥ 6,660,484	\$ 71,897,673

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥93.99 = U.S.\$1, the approximate rate of exchange at March 31, 2013.

Non-Consolidated Statements of Operations

The Kansai Electric Power Company, Incorporated
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
OPERATING REVENUES:			
Electricity operating revenues:			
Residential.....	¥ 1,010,697	¥ 1,008,852	\$ 10,753,244
Commercial and industrial	1,343,556	1,329,826	14,294,677
Other.....	85,180	91,258	906,276
Sub-total	2,439,435	2,429,937	25,954,198
Incidental operating revenues	81,278	73,217	864,757
Total	2,520,713	2,503,155	26,818,956
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	231,226	236,029	2,460,120
Fuel costs.....	919,884	776,842	9,787,050
Cost of purchased power	567,923	530,374	6,042,377
Maintenance costs	202,615	272,524	2,155,708
Depreciation	294,733	316,990	3,135,800
Taxes.....	141,271	144,417	1,503,052
Other.....	451,264	429,627	4,801,201
Sub-total	2,808,920	2,706,807	29,885,310
Incidental operating expenses	75,181	72,973	799,890
Total	2,884,102	2,779,780	30,685,201
OPERATING LOSS	(363,388)	(276,625)	(3,866,244)
OTHER (INCOME) EXPENSES:			
Interest and dividends income	(19,339)	(20,262)	(205,762)
Interest expense	49,949	46,331	531,429
Other - net.....	(1,435)	(679)	(15,269)
Total	29,174	25,388	310,397
LOSS BEFORE (REVERSAL OF) PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES ..	(392,562)	(302,014)	(4,176,641)
(REVERSAL OF) PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(4,489)	9,134	(47,768)
LOSS BEFORE INCOME TAXES	(388,072)	(311,148)	(4,128,873)
INCOME TAXES			
Deferred	(115,134)	(53,491)	(1,224,963)
Total	(115,134)	(53,491)	(1,224,963)
NET LOSS	¥ (272,938)	¥ (257,657)	\$ (2,903,909)

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥93.99 = U.S.\$1, the approximate rate of exchange at March 31, 2013.

Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated
Year Ended March 31, 2013

	Millions of Yen										
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus		Retained Earnings		Treasury Stock	Unrealized Gain on Available for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Total Equity	
			Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropri- ated					
BALANCE, APRIL 1, 2011	938,733,028	¥ 489,320	¥ 67,031			¥ 122,330	¥ 887,900	¥ (96,095)	¥ 18,860	¥ 5,518	¥ 1,494,865
Net loss							(257,657)				(257,657)
Cash dividends, ¥60 per share...							(53,633)				(53,633)
Purchase of treasury stock								(47)			(47)
Disposal of treasury stock					(6)			18			12
Transfer to capital surplus from retained earnings					6		(6)				
Net change in the year									605	(643)	(38)
BALANCE, MARCH 31, 2012	938,733,028	¥ 489,320	¥ 67,031			¥ 122,330	¥576,603	¥ (96,124)	¥ 19,465	¥4,874	¥ 1,183,501
Net loss							(272,938)				(272,938)
Cash dividends, ¥30 per share...							(26,816)				(26,816)
Purchase of treasury stock								(22)			(22)
Disposal of treasury stock					(4)			7			3
Transfer to capital surplus from retained earnings					4		(4)				
Net change in the year									11,532	(263)	11,268
BALANCE, MARCH 31, 2013	938,733,028	¥ 489,320	¥ 67,031			¥122,330	¥ 276,843	¥ (96,139)	¥ 30,997	¥ 4,611	¥ 894,995

	Thousands of U.S. Dollars								
		Capital Surplus		Retained Earnings					
	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropri- ated	Treasury Stock	Unrealized Gain on Available for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Total Equity
BALANCE, MARCH 31, 2012	\$ 5,206,093	\$ 713,173		\$ 1,301,523	\$ 6,134,728	\$ (1,022,706)	\$ 207,102	\$ 51,862	\$ 12,591,777
Net loss					(2,903,909)				(2,903,909)
Cash dividends, \$0.31 per share					(285,308)				(285,308)
Purchase of treasury stock						(242)			(242)
Disposal of treasury stock.....			(51)			83			32
Transfer to capital surplus from retained earnings			51		(51)				
Net change in the year.....							122,697	(2,803)	119,894
BALANCE, MARCH 31, 2013	\$ 5,206,093	\$ 713,173		\$ 1,301,523	\$ 2,945,459	\$ (1,022,864)	\$ 329,800	\$ 49,058	\$ 9,522,244

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥93.99 = U.S.\$1, the approximate rate of exchange at March 31, 2013.

Five-Year Summary of Selected Operational Data

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

	Non-Consolidated Basis					Consolidated Basis				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Operating Revenues (Millions of Yen).....	2,565,372	2,347,477	2,475,931	2,503,155	2,520,713	2,789,575	2,606,592	2,769,783	2,811,424	2,859,054
Operating Income (Millions of Yen).....	(13,424)	177,182	225,193	(276,625)	(363,388)	31,049	227,661	273,885	(229,388)	(314,012)
Ordinary Income (Millions of Yen).....	(51,931)	146,550	202,454	(302,014)	(392,562)	(12,581)	193,132	237,987	(265,537)	(353,190)
Net Income (Millions of Yen).....	(41,775)	92,533	103,330	(257,657)	(272,938)	(8,796)	127,170	123,143	(242,257)	(243,422)
Electricity Operating Revenues (Millions of Yen)										
Residential.....	1,016,051	965,291	1,028,943	1,008,852	1,010,697					
Commercial and Industrial	1,398,620	1,264,203	1,318,674	1,329,826	1,343,556					
Total	2,414,672	2,229,495	2,347,618	2,338,679	2,354,254					
Electricity Operating Expenses (Millions of Yen)										
Personnel Expenses.....	235,845	236,300	238,790	236,029	231,226					
Fuel Costs	638,190	351,434	387,452	776,842	919,884					
Costs of Purchased Power.....	471,312	352,934	378,220	530,374	567,923					
Maintenance Costs	263,490	286,203	275,838	272,524	202,615					
Depreciation.....	313,990	322,819	339,694	316,990	294,733					
Taxes Other than Income Taxes.....	147,330	141,586	148,463	144,417	141,271					
Other	449,235	432,800	433,147	429,627	451,264					
Total	2,519,395	2,124,079	2,201,606	2,706,807	2,808,920					
No. of Totally Electric Homes (Thousand Homes)	679	774	867	941	998					
No. of FTTH Contracts (Thousand Lines).....	864	1,007	1,182	1,298	1,396					
Gas Sales Volumes (LNG conversion) (Thousand Tons) ...	780	810	810	950	960					
Interest Expense (Millions of Yen).....	51,408	49,776	46,935	46,331	49,949	55,533	55,109	52,216	51,324	55,102
Return on Equity (ROE) (%)	(2.7)	6.3	7.0	(19.2)	(26.3)	(0.5)	7.3	6.9	(14.6)	(17.6)
Return on Assets (ROA) (%).....	0.0	3.1	3.9	(3.9)	(5.1)	0.6	3.5	4.0	(2.9)	(3.9)
Net Income per Share (Yen)	(45.83)	102.00	115.47	(288.25)	(305.35)	(9.65)	140.24	137.66	(271.12)	(272.43)
Cash Dividends per Share (Yen).....	60.00	60.00	60.00	60.00	0.00					
Capital Investments (Millions of Yen)	343,611	321,600	362,193	319,963	334,527	510,866	430,597	455,508	420,621	435,211
Total Assets (Millions of Yen).....	6,243,434	6,275,570	6,457,593	6,660,484	6,757,662	6,970,120	7,116,632	7,310,178	7,521,352	7,635,150
Net Assets (Millions of Yen).....	1,449,410	1,477,673	1,494,865	1,183,501	894,995	1,706,710	1,789,429	1,832,416	1,529,843	1,278,106
Equity Ratio (%).....	23.2	23.5	23.1	17.8	13.2	24.4	25.0	24.8	20.1	16.5
Interest-bearing Debt (Millions of Yen).....	3,075,394	2,946,618	2,943,697	3,430,159	3,774,148	3,466,989	3,391,673	3,409,831	3,864,991	4,210,249
Net Assets per Share (Yen).....	1,591.81	1,638.37	1,672.30	1,324.02	1,001.29	1,868.08	1,972.44	2,026.53	1,689.73	1,406.53
Free Cash Flows (Millions of Yen).....						(229,129)	189,394	62,551	(364,487)	(287,989)
Operating Cash Flows (Millions of Yen)						281,289	667,150	610,548	43,869	142,673
Operating Revenues from Group Businesses (external sales) (Billions of Yen)						295.7	321.3	355.6	391.2	428.4
Ordinary Income from Group Businesses (Billions of Yen)						52.5	62.4	54.8	52.8	62.9

	Non-Consolidated Basis				
	2009	2010	2011	2012	2013
Electricity Sales Volume (Million kWh)					
Residential.....	49,227	48,841	52,316	49,991	49,012
Commercial and Industrial	96,641	92,763	98,762	96,036	92,742
Total	145,867	141,604	151,078	146,028	141,754
Number of Customers (Thousands)					
Residential.....	12,289	12,346	12,412	12,464	12,527
Commercial and Industrial (Excluding the liberalized segment)....	1,128	1,105	1,085	1,065	1,046
Total	13,418	13,452	13,497	13,529	13,574
Electricity Generation Capacity (MW)					
Nuclear.....	9,768	9,768	9,768	9,768	9,768
Thermal.....	15,907	16,357	16,907	16,907	16,972
Hydropower	8,190	8,196	8,196	8,197	8,208
Total	33,865	34,321	34,871	34,882	34,958
System Peak Demand (MW)	30,835	28,178	30,950	27,844	26,816
Load Ratio (%)	58.8	62.8	60.5	65.4	65.3
Power Sources (%)					
Nuclear.....	41	45	44	20	10
Thermal.....	49	44	45	69	80
Hydropower	9	10	10	10	9
Renewable Energies.....	1	1	1	1	1
Total	100	100	100	100	100
CO2 Emission (kg-CO2/kWh)	0.299	0.265	0.281	0.414	0.475
Nuclear Capacity Factor (%)	72.4	77.0	78.2	37.6	17.7
Thermal Efficiency of Thermal Power Plants (%).....	40.0	41.8	42.7	42.2	42.2
Number of Employees.....	20,177	20,217	20,277	20,484	20,714

Corporate Information

Company Name:	The Kansai Electric Power Company, Incorporated
Head Office:	6-16, Nakanoshima 3-chome, Kita-ku, Osaka 530-8270, Japan Phone: +81-6-6441-8821 Fax: +81-6-6441-0569
Date of Establishment:	May 1, 1951
Paid-in Capital:	¥489.3 billion
Operating Revenues:	¥2,520.7 billion (consolidated ¥2,859.0 billion)
Total Assets:	¥6,757.6 billion (consolidated ¥7,635.1 billion)
Number of Employees:	20,714 (consolidated 33,537)
URL:	http://www.kepco.co.jp
E-mail:	finance@kepco.co.jp
Rating (Moody's):	A3 (as of July 30, 2013)

Major Consolidated Subsidiaries

Information and Telecommunications (IT) ¹	Issued Share Capital (Millions of yen)	Interest Voting	Principal Business
K-Opticom Corp.	33,000	100.0%	Telecommunications services (Internet services for individual customers, services for corporate customers) cable broadcasting, and lease of telecommunications equipment
Kanden System Solutions Co., Inc.	90	100.0%	Consulting of information system and telecommunications, development, use, and maintenance of system, design, sales, lease of such as software, design, establishment, and maintenance of information processing facilities and telecommunications facilities
Comprehensive Energy Supply ²			
SAKAI LNG Corp.	1,000	70.0%	Operation of LNG terminal
Kanden Energy Solution Co., Inc.	15,200	100.0%	Gas sales agent, operations maintenance services, including the construction and maintenance of utilities equipment (electricity, heat)
Amenity Services in Daily Life Business ²			
KANDEN FUDOSAN CO., LTD.	810	100.0%	Sale, lease and administration of real estate
Clearpass Co., Ltd.	465	100.0%	Billing service and loan business
KANDEN Security of Society, Inc.	400	71.0%	Home security service
Kanden E House Co., Ltd.	300	100.0%	Sales of residential facilities and equipment, construction subcontracting, renovation work
KANSAI Medical Net Co., Inc.	300	80.0%	Support business of the health care
Kanden Joy Life Co., Ltd.	950	100.0%	Operation of private old people's homes, nursing care business of the visit, home care support business, day service business, etc.
MID Urban Development Co., Ltd.	100	99.5%	Building development, sales of housing, greening projects
MID Facility Management Co., Ltd.	100	100.0%	Administration of office buildings, commercial facilities, hospitals; parking lot management
Group Business Support ²			
Kanden Engineering Corp.	786	100.0%	Maintenance and construction of electricity circulation facilities, electric facilities and communication systems
NIHON NETWORK SUPPORT CO., LTD.	412	80.5%	Production and sales of overhead wire hardware, insulator, bushing, steel tube pillars, concrete pillars, material and machine parts which supplies electricity
Kanden Plant Corp.	300	100.0%	Maintenance and construction of fossil-fired and nuclear plant
NEWJEC INC.	200	84.0%	Investigation, designing and construction management of civil engineering and construction
THE GENERAL ENVIRONMENTAL TECHNOS CO., LTD.	80	100.0%	Investigation, analysis and consulting, construction about environment, engineering and architecture
The Kanden L&A Co., Ltd.	30	100.0%	Lease business, car maintenance and insurance agent

Number of consolidated subsidiaries: 57 (all subsidiaries)

Affiliates Accounted for by Equity Method

Other	Issued Share Capital (Millions of yen)	Interest Voting	Principal Business
Japan Nuclear Fuel Limited	400,000	16.6%	Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes
KINDEN CORPORATION	26,411	42.1%	Construction of electric facilities, communication systems, and environmental-related facilities
ENEGATE Co., Ltd.	497	49.0%	Production, sales and maintenance of electric meters and production and sales of electric control machinery
San Roque Power Cooperation	41	50.0%	Hydraulic power business in Philippines

Note 1: Included in "IT/communications" in the industrial segment information

Note 2: Included in "Other" in the industrial segment information

Stock Information

Number of Common Shares Issued: 938,730 thousand

Number of Shareholders: 384 thousand

Stock Exchange Listings: Tokyo Stock Exchange
(Common Stock) Nagoya Stock Exchange

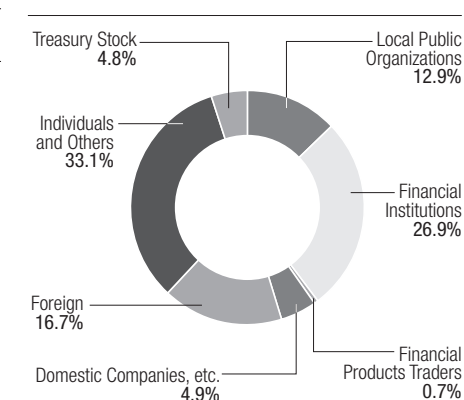
Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation
6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502, Japan

Major Shareholders

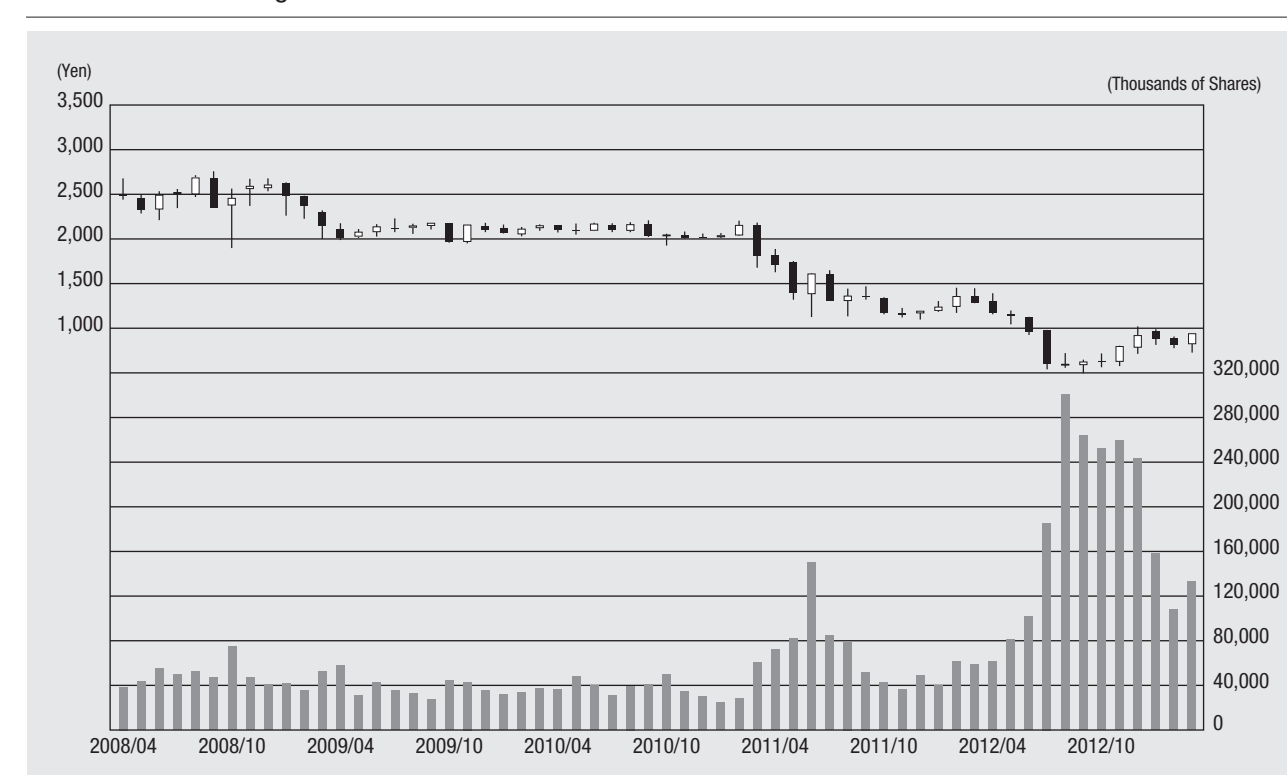
As of March 31, 2013	Number of Shares Held (thousands)	Percentage of Shares Held (%)
Osaka City	83,748	9.37
Nippon Life Insurance Company	42,909	4.80
Kobe City	27,351	3.06
Japan Trustee Services Bank, Ltd. (Trust Account)	26,453	2.96
Kansai Electric Power Employee Stockholder Program	21,731	2.43
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,232	2.04
Kochi Shinkin Bank	16,480	1.84
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	16,155	1.81
Mizuho Corporate Bank, Ltd.	12,978	1.45
Sumitomo Mitsui Banking Corporation	11,128	1.24

Note: The table above excludes 44,886,799 shares of treasury stock.

Distribution of Shares



Stock Prices and Trading Volume



Kansai Electric Power Group Report 2013

CSR & Financial Report

This report is also available on the Internet (<http://www1.kepc.co.jp/english>).
Please direct your opinions and questions about this report to the CSR Promotion Group.

CSR Promotion Group, Planning Department
The Kansai Electric Power Co., Inc.

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