

Kansai Electric Power Group Report 2014

CSR & Financial Report



Editorial Policies

The Kansai Electric Power Group publishes an integrated report presenting both our CSR initiatives and financial performance, thus conveying a comprehensive image of our business operations to our various stakeholders. This report adheres to our six CSR action principles and accommodates the “Plan/Do/Check/Act” (PDCA) cycle as follows: “Formulate policy and plan/Implement/Evaluate/Reflect in subsequent fiscal years.” In addition, this report comprises both web and print editions, with the latter displaying a web address indicating where additional information is available.

Report Publication Date

Published August 2014

2013: Published Sept. 2013

2015: To be published in summer of 2015

Scope of Report

Period covered: April 1, 2013, to March 31, 2014
(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 3.1, Ministry of the Environment's “Environmental Reporting Guidelines” (2012 Version), ISO 26000

* 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.

* ISO 26000: The international standard on social responsibility introduced in November 2010. It is intended as a guide, not a certification standard.

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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Consolidated Financial Highlights

The Kansai Electric Power Company,
Incorporated and Consolidated Subsidiaries
Fiscal Years Ending March 31

Billions of yen

Millions of US dollars*

	2010	2011	2012	2013	2014	2014
Operating revenues	¥ 2,606.5	¥ 2,769.7	¥ 2,811.4	¥ 2,859.0	¥ 3,327.4	\$ 32,330
Operating income	227.6	273.8	(229.3)	(314.0)	(71.7)	(696)
Net income	127.1	123.1	(242.2)	(243.4)	(97.4)	(946)
Total assets	7,116.6	7,310.1	7,521.3	7,635.1	7,777.5	75,568
Net assets	1,789.4	1,832.4	1,529.8	1,278.1	1,213.1	11,787
Operating cash flows	667.1	610.5	43.8	142.6	347.7	3,379
Operating revenues from Group businesses (external sales)** ..	321.3	355.6	391.2	428.4	464.1	4,509
Ordinary income from Group businesses**	62.4	54.8	52.8	62.9	49.1	477
Per share data	Yen					US dollars
Net income	¥ 140.24	¥ 137.66	¥ (271.12)	¥ (272.43)	¥ (109.01)	\$ (1.05)
Cash dividends	60.00	60.00	60.00	0.00	0.00	0.00
Net assets	1,972.44	2,026.53	1,689.73	1,406.53	1,330.48	12.92
Major indicators	%					
Equity ratio	25.0	24.8	20.1	16.5	15.3	
Return on equity (ROE)	7.3	6.9	(14.6)	(17.6)	(8.0)	
Return on assets (ROA)***	3.5	4.0	(2.9)	(3.9)	(0.7)	
Electricity sales volume	Billion kWh					
	141.6	151.1	146.0	141.8	140.4	

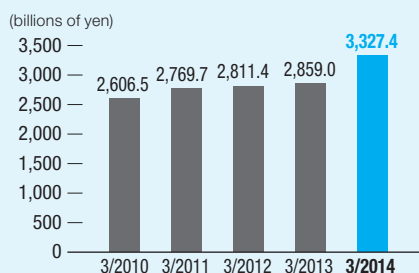
* The yen-dollar exchange rate of ¥102.92 = US\$1 as of March 31, 2014, is applied.

** Figures in this table are the simple sums of the respective results of consolidated subsidiaries prior to consolidated statement eliminations.

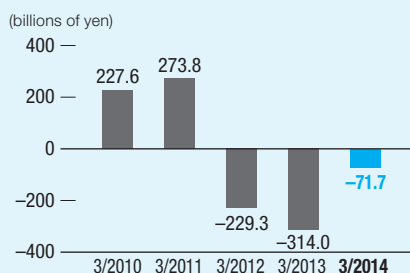
Figures in this table include a portion of gas supply, fuel sales and steam supply businesses, which are part of incidental businesses included in the non-consolidated financial statements.

*** ROA = Business profit (ordinary income plus interest expense) divided by total assets (average of period-start and period-end totals)

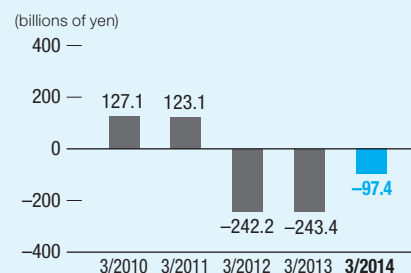
Operating Revenues



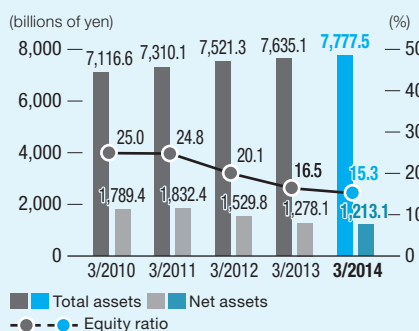
Operating Income



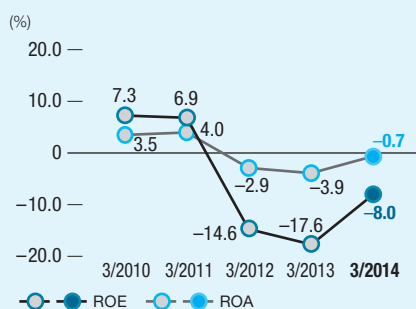
Net Income



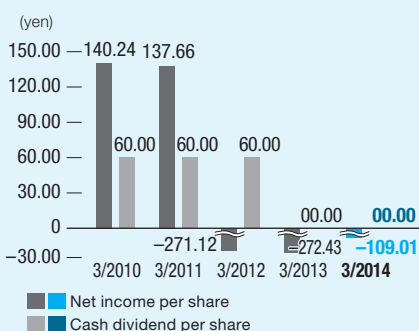
Total Assets, Net Assets, Equity Ratio



ROE, ROA



Net Income per Share / Cash Dividend per Share



Overview of the Kansai Electric Power Group

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.

About the Kansai Region

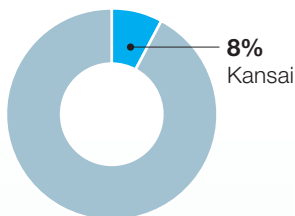
The Kansai region, which represents our energy market, is situated in the middle of the Japanese archipelago. For more than 1,300 years, its cities of Osaka, Nara, and Kyoto have flourished as the region has prospered as a center of politics, culture, and the economy.

It constitutes just 8% of Japan's total land area, but has a population of more than 20 million, or 17% of Japan's total population.

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.

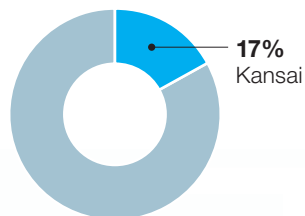
With the domestic economy remaining in recovery mode, we expect consumption to continue growing as a result of the opening of a series of large commercial facilities in the Kansai region in recent years. Moreover, companies involved in the battery industry and other related cutting-edge technologies in the medical field also have the potential to drive regional economic development.

Kansai Land Area



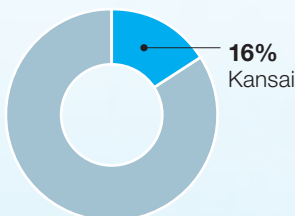
Source: "A Survey on Japan's Land Area by Municipality" by the Geographical Survey Institute, Ministry of Land, Infrastructure and Transport (as of October 1, 2013)

Kansai Population



Source: "Japanese Population Estimates" by the Statistics Bureau, Ministry of Internal Affairs Communications (as of October 1, 2013)

Kansai Gross Domestic Product (GDP)



Source: "Annual Report on Prefectural Economy Calculations" by the Economic and Social Research Institute, Cabinet Office, Government of Japan (as of June 25, 2014)

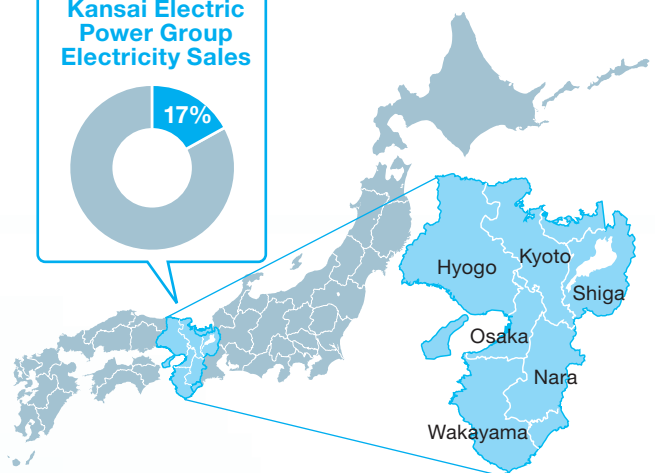
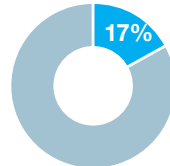
Electric Power Business in Japan

Japan's nine electric power companies (10 after Okinawa Electric Power was privatized in 1988) were established in 1951 to manage power generation and distribution in Japan in an integrated manner. They have developed as locally rooted companies while demonstrating distinct characteristics due to differences in regional climates, geography, population distribution, and industrial structure.

The retail power market in Japan was partially liberalized in March 2000, but an integrated power generation and distribution system was maintained. Customers receiving extra-high voltage power were subject to deregulation, accounting for about 30% of all power sold. The scope of liberalization has been gradually expanded since. In April 2005 it was expanded to include all customers receiving high-voltage electricity, which accounts for around 60% of electric power sold.

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.

Kansai Electric Power Group Electricity Sales



Supply Area

Osaka, Kyoto, Hyogo (greater part), Nara, Shiga, and Wakayama prefectures; portions of Mie, Gifu, and Fukui prefectures

Group Companies

(Consolidated subsidiaries and affiliates accounted for by the equity method)
(as of April 1, 2014)

Comprehensive Energy Supply

Kanden Energy Solution Co., Inc.
SAKAI LNG Corp.
ECHIZEN ENELINE CO., INC.

Two other companies

Information and Telecommunications (IT)

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

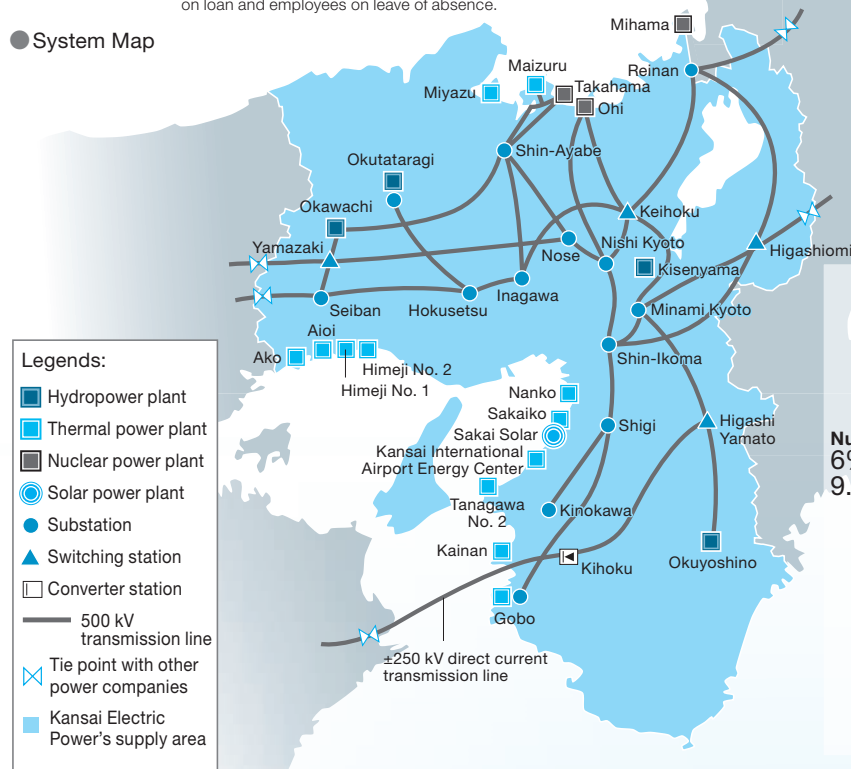
Four other companies

Overview of Kansai Electric Power As of March 31, 2014

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:	59 consolidated subsidiaries, 4 affiliates accounted for by the equity method
Number of employees:	33,657 (consolidated), 20,813 (non-consolidated)
Electricity sales:	140,400 million kWh
Operating revenues:	¥3,327,400 million (consolidated), ¥2,958,200 million (non-consolidated)
Total assets:	¥7,777,500 million (consolidated), ¥6,916,200 million (non-consolidated)

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

● System Map



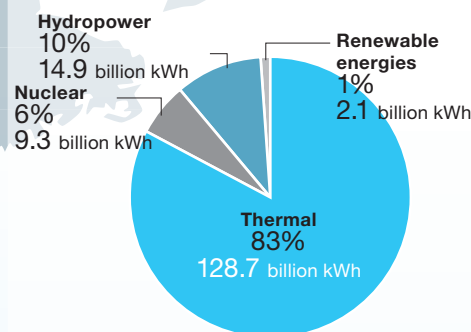
■ Kansai Electric Power Facility Composition at Year-End

Thermal power	17.98 GW	(12 facilities)
Hydropower	8.21 GW	(151 facilities)
Nuclear power	9.77 GW	(3 facilities)
New energies	11 MW	(2 facilities)
Total	35.97 GW	(168 facilities)

Note: Due to rounding, the sum of the segment amounts may not equal the total amount.



■ Power Source Composition (Total 154.9 billion kWh)



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

Amenity Services in Daily Life

KANDEN FUDOSAN CO., LTD.	Kanden Building Management Co., Ltd.
Clearpass Co., Ltd.	Urban Service Co., Ltd.
KANDEN Security of Society, Inc.	El Suehiro Food Service Co., Inc.
Kanden E house Co., Ltd.	KANDEN AMENIX Corp.
KANSAI Medical Net Co., Inc.	MID Urban Development Co., Ltd.
Kanden Joy Life Co., Ltd.	

Four other companies

Group Business Support, etc.

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.

The Kanden Services Co., Inc.
Kanden Joinus Co., Ltd.
Kanden CS Forum Inc.
Kanden Office Work Co., Inc.
Kanden Power-Tech Corp.
The Kanden L & A Co., Ltd.
Kanden EL Auto System Co., Ltd.
KANDEN GEO-RE Inc.
KPIC Netherlands, B.V.
Kanden L-Heart Co., Inc.
Kansai Electric Power Australia Pty. Ltd.
Kansai Electron Beam Co., Ltd.
ENEGATE Co., Ltd.
KINDEN CORPORATION
San Roque Power Corporation
JAPAN NUCLEAR FUEL LIMITED

Twelve other companies
Total: 62 companies

Message from Management



Shosuke Mori
Chairman and Director

森 詳介



Makoto Yagi
President and Director

八木 誠

By incorporating CSR into the core of our business, we will fulfill our mission of serving our customers and communities while meeting their expectations.

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

FY 2013 Business Overview

In FY 2013, the entire Group leveraged its strength to address pressing issues while continuing to face very challenging circumstances related to electricity supply and demand as well as business revenues and expenditures.

Between June 2012 and September 2013, Kansai Electric Power restarted Units 3 and 4 of the Ohi Power Station, becoming the first operator in Japan to restart nuclear power plants following the Great East Japan Earthquake of 2011. In all, these units provided 13 months of safe, stable operation before operation was halted for periodic inspections. We have taken the measures to supply the maximum amount of power and were able to supply electricity thanks to the extensive cooperation of our customers to conserve energy.

In terms of our revenues and expenditures, the Kansai Electric Power Group has been working to further improve business efficiency while also seeking our customers' understanding for an increase in electricity tariffs. However, increases in the cost of thermal fuel caused by the depreciation of yen and decreased availability of nuclear energy have left us operating at a deficit for three

consecutive years.

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

FY 2014 Business Prospects

As we enter FY 2014, the ongoing suspension of our nuclear power plants remains an issue with no resolution forthcoming, and we continue to face challenges in terms of balancing electricity supply and demand as well as revenues and expenditures. In the midst of these critical circumstances, we are preparing for the rapid change in the operating environment that will arise from the liberalization of the entire retail electricity market in 2016. Thus, we have developed a two-pronged action plan for FY 2014 operating "Basic action to achieve our unchanging mission" and "Revolutionary action for continuous change."

Basic Action to Achieve Our Unchanging Mission

By sharing our principles and code of conduct for safety and instilling a robust safety culture throughout the Group, we shall ensure that all our employees perform in a manner that

prioritizes safety in an unprecedented manner. In order to further improve the safety of nuclear power generation, we are voluntarily and continuously promoting our own safety improvement measures.

Together, we are taking all possible steps to support the early restart of nuclear power plants by leveraging the full strength of the entire Group in an effort to stabilize the supply and demand balance for electricity. We are doing everything to meet electricity demand by making maximum use of our power plants and purchasing power from other energy suppliers. Moreover, our Group will engage in management that incorporates CSR into the core of our business while ensuring complete compliance and adopting CSR awareness initiatives in an integrated manner.

Revolutionary Action for Continuous Change

With a focus on the dawning era of full-scale competition, we aim to become a more competitive corporate group. We will do so by soliciting bids for construction of thermal power supply projects to strengthen our power supply competitiveness; increasing the profitability of our IT business and other Group operations; and enhancing and intensifying our business base to support new growth.

To promote enhanced management efficiency and cost restructuring, we will proactively address the challenge of facilities development through the application of new technology; promote operations and maintenance; reform our business processes; and pursue reforms of both distribution and procurement.

Moreover, by utilizing the Web, we aim to meet the expectation of our customers and other members of society by further enhancing communication and improved services to customers and the public. In addition, we will promote energy management initiatives that contribute to energy efficiency and peak power suppression, will expand and promote widespread adoption of renewable energy, and will help to promote the use of energy by our individual customers and society.

Our Corporate Social Responsibility

A decade of CSR initiatives

For the more than 60 years since its founding, the Kansai Electric Power Group has pursued its business with the overarching mission of providing a safe and stable supply of electricity as part of its contribution to its customers and

communities. Having inherited this founding spirit, in March 2004 we formulated the Kansai Electric Power Group CSR Action Charter, which identifies six action principles that guide our operations.

We remain committed to meeting public expectations around CSR as a core component of our business in order to continue fulfilling our mission of serving our customers and communities and fulfilling our social responsibility.

Putting CSR into Practice

Sharing ideas

For the Kansai Electric Power Group, CSR means dutifully meeting our obligations as a good corporate citizen. We do so by ensuring all our employees consider issues from the perspective of our customers and other stakeholders; behave in a manner that demonstrates respect for others; and conscientiously perform the work assigned to them with a sense of mission and purpose.

To meet our CSR conscientiously, all members of our Group must enhance their understanding of CSR as we cultivate a corporate culture that encourages employees in all our workplaces to approach their work with CSR awareness.

To this end, we provide various types of internal training and, in every workplace, CSR Key Persons are implementing outreach activities appropriate to the workplace conditions.

Since accepting the post of president, I have engaged in direct conversation with employees more than 160 times. The management take a proactive approach, using every opportunity to visit workplaces to thoughtfully and repeatedly communicate the importance of CSR and its specific initiatives.

The Kansai Electric Power Group Report

This publication is a comprehensive report covering all Group business operations, including the status of our CSR initiatives and our financial performance. The new Kansai Electric Power Group Report is intended 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 candid feedback regarding our activities.

Interview with the President

Q What is your assessment of economic conditions and business performance in the year under review (ended March 2014)?

A Our Group's overall revenue increased this year due to increases in residential and commercial power revenue arising from increased electricity tariffs, a fuel cost adjustment included in the electricity price, and increased sales in our IT and other business segments. However, the increase in fuel unit prices and reduced rates of operation of our nuclear power plants led to sizable increases in fuel costs for thermal power generation; as a result, we experienced a severe imbalance in our revenue and expenditures.



Makoto Yagi

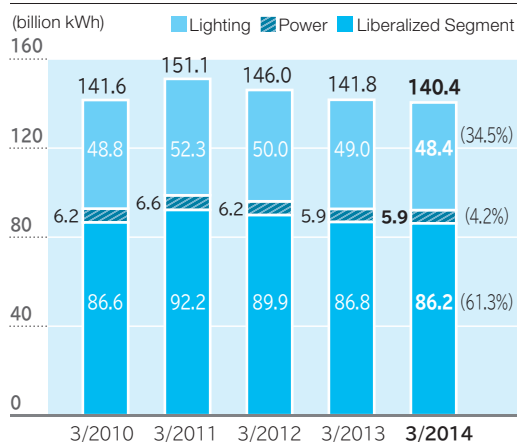
Kansai Electric Power Co., Inc.
President and Director

During this period, the Kansai economy exhibited a slow overall recovery partially buoyed by government economic measures.

Electricity sales registered a year-on-year decline due to consumer cooperation with energy saving activities and decreased power consumption by large industrial customers. While our revenue report shows a resulting decrease in electricity sales, residential and commercial electricity revenues actually rose as a result of electricity tariff increases and fuel cost adjustments. In addition, operating revenues for our IT and other business segments increased. Turning to expenditures, we focused significant attention on reducing costs by improving our operational efficiency, but increased fuel unit costs and reduced operation of our nuclear power plants had an impact in the form of increased thermal power fuel costs. As a result, our business recorded a severe imbalance between revenue and expenditures.

In our IT and other segments, we have steadily promoted the Group's businesses overall, as we have increased the number of subscribers to our FTTH service, raised gas prices, and sold an increased number of housing units through our real estate service.

■ Electricity Sales: Trends in Volume and Composition



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.)

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

Business Segment		March 31, 2013	March 31, 2014	Increase/Decrease	
		Amount (millions of yen)	Amount (millions of yen)	Amount (millions of yen)	Percentage (%)
Electric Power	Operating revenues	2,439,435	2,870,984	431,549	17.7
	Operating expenses	2,808,920	2,988,914	179,994	6.4
	Operating income/loss	(369,485)	(117,930)	251,554	—
IT	Operating revenues	210,251	206,163	(4,088)	(1.9)
	Operating expenses	185,968	186,489	520	0.3
	Operating income/loss	24,282	19,674	(4,608)	(19.0)
Other	Operating revenues	538,568	548,466	9,898	1.8
	Operating expenses	508,092	523,290	15,197	3.0
	Operating income/loss	30,475	25,176	(5,299)	(17.4)

Note: The above figures exclude consumption taxes.

Q What safety improvement measures have you adopted for nuclear power plants?

A At Kansai Electric Power, we have adopted increasingly varied and multiplex measures to improve the safety of our nuclear power plants. Going forward, we will steadily increase safety by ensuring all companies in our Group continue to promote safety improvement measures that exceed the regulatory framework.

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 scope 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 Nuclear Power Station and

for Takahama Nuclear Power Station.

Kansai Electric Power hopes to quickly restart those nuclear power plants whose safety has been confirmed by providing timely, accurate, and candid responses at the review meeting while seeking the understanding of the local community.

On June 20, 2014, we summarized and publicly announced our initiatives to voluntarily and continuously enhance the safety of our nuclear power plants. Using the lessons learned from the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station, we promoted our clearly-stated philosophy on sharing nuclear safety expertise, enhancing risk management, developing infrastructure for improving safety at the Nuclear Power Division, and developing our safety culture.

We will steadily improve safety by working with all our companies to continuously promote safety enhancements that go beyond the regulatory framework.

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

A In FY 2013, we achieved efficiency improvements valued at ¥293 billion related to personnel expenses, fuel costs, cost of purchased power, capital investments, maintenance costs, and miscellaneous expenses. We remain committed to achieving improvements in business efficiency exceeding the ¥47.4 billion assessed adjustment, in addition to the ¥170.4 billion* in efficiency improvements we indicated in our application for an electricity tariff increase. In anticipation of the dawning era of full-scale competition, we will undertake a fundamental review of our operations that challenges conventional wisdom.

While we continue to face very difficult financial circumstances due to increases in thermal fuel costs arising from depreciation of the yen and the reduced operation of our nuclear power plants, our entire Group remained dedicated to working together to continually improve our business efficiency in FY 2013.

As a result, we achieved efficiency improvements valued at ¥293 billion in FY 2013, which represents an increase of about ¥110 billion from the ¥186.8 billion total comprised of the ¥139.4 billion** in efficiency improvements indicated in our application for an electricity tariff increase and the ¥47.4 billion assessed adjustment mandated upon the approval of our application for an electricity tariff increase.

More specifically, efforts were made to improve sustainable efficiency through reviews of operations and reassessment of the details of construction work in addition to a more than 10% reduction in procurement prices. Maximum efficiency was achieved by our postponing maintenance and repair work until after FY 2014 on an emergency basis while ensuring uninterrupted stability of supply. As a result, we achieved efficiency improvements valued at about ¥251 billion in personnel expenses, capital investment, maintenance costs, and other miscellaneous expenditures.

Regarding fuel costs and the cost of purchased power, we achieved efficiency improvements valued at ¥42 billion by

achieving significant efficiencies through accelerated facility improvements to our Himeji No. 2 Power Station and other efficiencies. By adopting a high-efficiency combined-cycle power generation system at this plant, we minimized expenses, to the greatest extent possible, associated with balancing supply and demand in light of the delayed restart of our nuclear power plants.

In FY 2014 and beyond, we will steadily implement overall business efficiency improvements, including reviews of business details and specifications as well as price reductions at the procurement stage. Thus, we aim to achieve a level of business efficiency exceeding the assessed adjustment mandated upon the approval of our electricity tariff increase application in addition to the efficiencies announced when we applied for the electricity tariff increase. In anticipation of the dawning era of full-scale competition, we will undertake a fundamental review of our operations that challenges conventional wisdom.

* ¥170.4 billion: Efficiency improvements valued at ¥155.3 billion (an annual average from FY 2013 to FY 2015), which we announced when we applied for an electricity tariff increase, converted on a capital investment basis from capital investment-related expenses

** ¥139.4 billion: Efficiency improvements valued at ¥125.3 billion (FY 2013 value), announced in our application for an electricity tariff increase, converted on a capital investment basis from capital investment-related expenses

Please also refer to our business efficiency improvements on page 10.

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

A We recognize that the operating environment in which we operate will change significantly, as indicated by several factors, including

- a lack of clarity in energy policies, including the economic environment for the nuclear power business;
- pending decisions on the specific direction of electric power system reforms and the start of discussions on gas system reforms; and
- diversifying customer needs due to increased awareness of the need for energy conservation and increasing energy costs driven by the tight balance between electricity supply and demand.

In the future, we will monitor trends in energy policies and various changing circumstances so that we can appropriately respond to changing attitudes and the varied needs of our customers.

A Cabinet decision concerning the Basic Energy Plan aims at a stratified, diverse, and flexible energy supply and demand structure that can simultaneously achieve safety plus energy security, environment suitability, and improved economic efficiency, factors known as “S + 3E,” nuclear energy was considered to be “an important base load power supply contributing to stability of the energy supply and demand structure,” and the nuclear fuel cycle was identified for “continued promotion.” We believe that the government’s reaffirmation of this policy has great significance.

Moreover, we expect that the desired energy mix of the future will be identified soon, and that an integrated energy policy will be maintained according to this plan for the medium and long term.

With regard to the establishment of an Interregional System Operator, which is being planned as part of electric power system reforms, we are conducting practical investigations in anticipation of business startup in April of next year. This will contribute to broad-based supply and demand coordination when there is significant tightness in the supply-demand balance and will help expand the introduction of renewable energy sources. We will also provide the utmost cooperation.

We are also actively supporting comprehensive retail

competition by expanding the options available to customers, regarding it as a good opportunity for expanding the scope of our business and for offering more high-value-added services and entering new areas.

However, we still have concerns about separation of the transmission and distribution sectors from the generation and retail 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.

Kansai Electric Power is appropriately responding to changes in the operating environment and will continue to fulfill its unchanging mission of serving its customers and communities in the future. With the increasing market competition between electricity and gas, we will suggest the best energy sources for our customers by taking an innovative approach to ensure that customers see us as their service provider of choice.

Q 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 2013, 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, we continue to promote overall business efficiency and revision of the electricity tariff in addition to making every effort to ensure an early restart of our nuclear power plants. Having recorded a significant deficit in FY 2013 that leaves us facing an extremely challenging revenue situation, we admit

we are facing considerable uncertainty regarding the future operating environment.

Given this and the need to place a high priority on maintaining our company’s financial soundness, Kansai Electric Power regrettably decided not to pay a dividend in FY 2013.

Going forward, we will work diligently to restore a balanced budget by focusing all our efforts on restarting our nuclear power plants, ensuring stable supply to meet demand, and improving our business efficiency.

Focused on Improving Business Efficiency with Diligence

We seek to achieve a level of business efficiency that exceeds the assessed adjustment mandated at the time our electricity tariff increase was approved in addition to the efficiencies announced when we applied for an electricity tariff increase. In anticipation of the dawning era of full-scale competition, we will undertake a fundamental review of our operations that challenges conventional wisdom.

Focused on Business Efficiency and Reforming Our Cost Structure

In order to promote business efficiency and reform of our cost structure, we will address the development of facilities, improved operation and maintenance, business process reform, and reform of distribution and procurement.

Improving asset efficiency with high-efficiency thermal power sources and other innovations

- ▶ Upgrading the Himeji No. 2 Power Station to a high-efficiency combined-cycle system offering the industry's highest level of power generation efficiency (The new Units 4-6 are scheduled to begin operation ahead of schedule in FY 2014.)
- ▶ Conversion of oil-fired thermal power station to LNG (Aioi Power Station)
- ▶ Procurement of low-cost power (1.5 million kW) by bidding on thermal power supply

Developing facilities and improving operation and maintenance with new technologies and abundant data

- ▶ Determining optimum repair timing with facility longevity analysis technology
- ▶ Developing facilities and improving operation and maintenance with data provided from smart meters and sensor data from power stations

Sales of real estate and marketable securities

Promoting business efficiency with diligence

Cost structure reform

Business process reform for improved productivity

- ▶ Improving productivity through a sweeping review of management/indirect operations
- ▶ Reforming as an organization in which our employees, the source of our competitiveness, can feel challenged and continue to grow.

Distribution and procurement reform

* Targeting a 30% competitive order ratio (FY 2015) through procurement reform

- ▶ Rationalization and efficiency of distribution
- ▶ Co-operation with the purchasing division and technology division at the design stage
- ▶ Increasing competition through open offerings
- ▶ Diversifying ordering methods
- ▶ Inviting third parties to objectively evaluate policies

Pursuing maximum economically viable fuel procurement

- ▶ Increased participation in upstream LNG businesses
- ▶ Diversification and decentralization of suppliers and price indices
- ▶ Strengthening and enhancing fuel trading capabilities

To further strengthen competitiveness

Business efficiency plans and results as announced in our application for an electricity tariff increase

In FY 2013, we achieved ¥293 billion in efficiencies that largely exceeded the assessed adjustment (¥47.4 billion) as well as the efficiency cost (¥139.4 billion) of abruptly postponed repair work in FY 2014 and beyond in addition to sustainable efficiencies.

Business efficiency cost estimates as announced in our application for an electricity tariff increase and FY 2013 results (¥ billions)

Category	Specific Item	2013 (Planned)	2014 (Planned)	2015 (Planned)	2013-2015 (Average)	2013 (Actual)
Personnel expenses	<ul style="list-style-type: none"> • Staffing reduction through hiring controls • Reduction in salaries and allowances • Reduction in employee benefits and other reductions 	33.8	34.1	35.4	34.5	36.0
Fuel costs, cost of purchased power	<ul style="list-style-type: none"> • Reduction in fuel costs • Reduction in electricity purchase prices and other reductions 	25.3	53.5	66.9	48.6	42.0
Expenses related to capital investments	<ul style="list-style-type: none"> • Reduction in procurement prices • Revisions of scope and duration of construction projects 	5.3 19.4*	6.4 22.3*	8.2 23.5*	6.6 21.7*	6.0 45.0*
Maintenance costs	<ul style="list-style-type: none"> • Reduction in procurement pricing • Reduction in unit pricing of smart meters and other reductions 	24.3	31.0	30.9	28.7	91.0
Miscellaneous expenses	<ul style="list-style-type: none"> • Reductions of outsourcing expenses • Reductions of demonstration and promotion expenses • Reduction of research expenses and other reductions 	36.6	38.1	36.1	37.0	79.0
Total		125.3 139.4*	163.2 179.1*	177.5 192.8*	155.3 170.4*	254.0 293.0*

* Includes reduction in capital investment.

Further Reinforcing Our Ongoing Voluntary Initiatives to Enhance Nuclear Safety

In the light of the nuclear accident at the Fukushima Daiichi Nuclear Power Station, we reviewed our own practices and attitudes toward nuclear power operations and felt profound remorse, such as “our efforts on countermeasures against Severe Accidents, which are considered to be extremely infrequent, might have been inadequate”; “our awareness of voluntarily enhancing nuclear safety beyond legal and regulatory requirements might not have been enough”; and “our efforts to learn from abroad, such as collecting information on activities for enhancing safety and improving our nuclear power stations, might have been insufficient.” Accordingly we have been undertaking an all-out effort to further enhance nuclear safety in order to build public confidence in nuclear power generation.

We seek to achieve the highest level of global safety through ongoing voluntary initiatives in addition to adhering stringently to the new regulatory requirements enforced in July 2013.

Further Reinforcing Ongoing Voluntary Initiatives

In the aftermath of the Great East Japan Earthquake, we have continued to implement company-wide efforts to enhance nuclear safety beyond legal and regulatory requirements based on recognitions of the Fukushima Daiichi nuclear accident.

As part of this process, we will further reinforce our ongoing

voluntary initiatives to enhance nuclear safety considering the lessons learned from the accident, such as the possibility of inadequate awareness of risks specific to nuclear power generation and an attitude insufficient to address them.

Four Major Initiatives and Our Implementation Roadmap

Initiative	FY 2013 and prior years	FY 2014	FY 2015	FY 2016 onward
1 Clearly Stating and Sharing the Philosophy on Nuclear Safety	Presidential declaration, quality policy	Statement of philosophy	Instilling into all members and permanently passing on to future generations	
2 Reinforcing Risk Management <ul style="list-style-type: none">Enhancing corporate governance by top managementReinforcing risk management in the Nuclear Power DivisionReinforcing risk communication	Evaluation review identifying the Risk Management Officer	Establishment of the Nuclear Power Subcommittee	Continuous improvement of structures and functions	
	Initiative to learn from experiences and findings outside the country	Strengthening and continuous improvement of learning initiatives		
	Application of PRA to operation shutdown	Promotion of probabilistic risk assessment (PRA)		
	Nuclear power business operations rooted in the community	Risk communication with external stakeholders (especially with the people in the plant-hosting communities)		
	Cooperating with efforts to improve the evacuation plan: Adopting the results of risk communication in the evacuation plan and emergency drills			
3 Establishing an Infrastructure for Enhanced Safety in the Nuclear Power Division <ul style="list-style-type: none">Strengthening our emergency response capabilityStrengthening our system	Promotion of safety enhancement measures [ensuring safety with Defense-in-Depth, enhancing safety beyond legal and regulatory requirements]			
	Establishment of an initial response in emergency	Enhancing emergency response capabilities and training personnel to oversee the entire nuclear power safety system		
	Establishment of the Nuclear Safety Department Appointment of Nuclear Safety Supervisor Organizational strengthening of sharing of responsibility for power plant safety	Continuous improvement of structures and functions		
4 Development of Safety Culture	Strengthening initiatives to foster a safety culture in the aftermath of the Fukushima Daiichi nuclear accident		Continuous improvement of initiatives to foster a safety culture	

1 Clearly Stating and Sharing the Philosophy on Nuclear Safety

We will prepare a statement of Nuclear Safety Philosophy, which is permanently passed on to future generations and the President will issue it to all members of the company with a

target date in August 2014. Our future initiatives related to nuclear safety will be implemented standing on this philosophy.

Outline of Nuclear Safety Philosophy

Preface

- Every one of us shall **remember the lessons** learned from the Fukushima-Daiichi nuclear accident and ceaselessly strive to enhance nuclear safety to **protect the people not only in the plant-hosting communities but also the whole country, and to preserve the environment.**

Characteristics of nuclear power generation and risk awareness

- Nuclear power generation** has superior characteristics in terms of energy security, prevention of global warming and economic efficiency, and is an **essential power source** for the future. On the other hand, nuclear power generation **has risks of radiation exposure and environmental contamination.** Every one of us **shall always bear in mind that once a severe accident happens** due to lack of proper management, **it could cause enormous damage to the people and the environment.**

Continuous removal / reduction of risk

- To enhance nuclear safety, we shall fully understand the characteristics and risks of nuclear power generation and **continually remove or reduce**

such risks while identifying and evaluating them, never believing at any moment that we have reached the goal of ensuring safety. These efforts shall be conducted at each level of the Defense-in-Depth.

Development of safety culture

- Safety culture is the basis** for continuously removing or reducing risks. Since the accident of Mihama Unit No. 3, we have been reviewing and improving our safety culture, and **we shall develop such safety culture.**
- To this end, we shall always be ready to question anything, learn from others and listen to the voices of society and discuss issues uninhibitedly while respecting diverse opinions with further efforts.

Commitment to enhancing nuclear safety

- Enhancing nuclear safety is the **overriding priority in the company.** It is also important to promote **two-way communications** with the people in the plant-hosting communities and the whole country, and to **share common perceptions** on nuclear safety.
- Under **the President's leadership, every one of us** shall work together to **tirelessly enhance nuclear safety.**

Promoting Safety Measures

With the adoption of new regulatory requirements for nuclear power plants in July 2013, we applied for conformity examinations of Units 3 and 4 of Ohi Power Station and Units 3 and 4 of Takahama Power Station. We have responded to the examination diligently while implementing additional safety enhancement measures.

● Status of Conformity Examinations for Units 3 & 4 of Ohi Power Station and Units 3 & 4 of Takahama Power Station (2013–2014)

2013			
July 8	New regulatory requirements come into force. We apply for permission to install and upgrade nuclear reactor facilities of Units 3 and 4 of Ohi Power Station and Units 3 and 4 of Takahama Power Station. (Ohi Power Station Units 3 and 4 have been maintaining constant operation at their rated thermal power output following a preliminary examination by the Nuclear Regulation Authority.)	2014	
July 25	The final report for the crush zone investigation on the premises of Ohi Power Station is submitted.	February 12	The Nuclear Regulation Authority concludes that "the new F-6 crush zone on the premises of Ohi Power Station does not fall under the category of faults with the potential to become active in the future."
September 2	Regular inspection of Ohi Power Station Unit 3 begins.	May 16	The design-basis ground motion for the Takahama Power Station (700 Gal: consideration of a three-fault interaction between FO-A, FO-B and Kumagawa, defining the depth of the seismogenic fault beneath the surface as 3 km, and other factors) was generally accepted at an examination meeting regarding conformity with new regulatory requirements. The examination of the Ohi Power Station continues.
September 15	Regular inspection of Ohi Power Station Unit 4 begins.		

● Enhancing Safety through Strict Enforcement of Defense-in-Depth

Defense-in-depth is one of the approaches used to ensure the safety of nuclear power facilities. It refers to a structure in which multiple levels of safety measures are implemented. In addition to compliance with design

standards for resistance to natural phenomena, such as volcanic activity and tornadoes, protective measures against severe accidents such as containment vessel failure are included in this approach.

Examples of implementation of safety measures

Defense-in-depth to 5 levels

Within design criteria	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 Mitigate accident effects Prevent core damage Maintain soundness of containment vessels
		2nd Layer	Control of abnormal operation and detection of failures
		1st Layer	Prevention of abnormal operation and failures

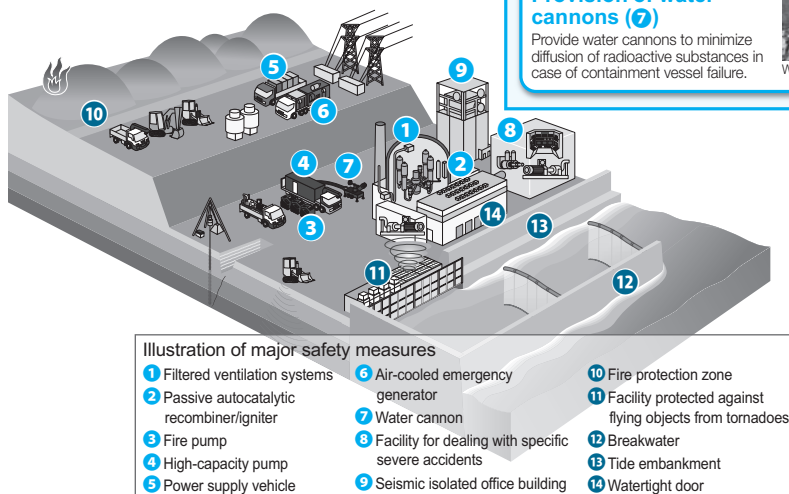
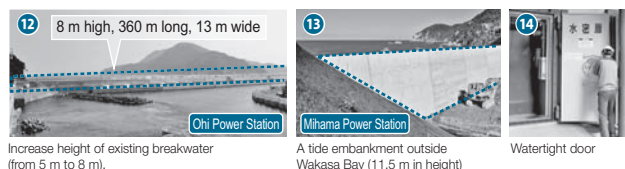


Illustration of major safety measures

- 1 Filtered ventilation systems
- 2 Passive autocatalytic recombiner/igniter
- 3 Fire pump
- 4 High-capacity pump
- 5 Power supply vehicle
- 6 Air-cooled emergency generator
- 7 Water cannon
- 8 Facility for dealing with specific severe accidents
- 9 Seismic isolated office building
- 10 Fire protection zone
- 11 Facility protected against flying objects from tornadoes
- 12 Breakwater
- 13 Tide embankment
- 14 Watertight door

Measures against tsunami and flooding (12 13 14)

Install a tide embankment or increase the height of the breakwater to protect the power station from flooding. In addition, replace the doors for buildings containing essential safety equipment with watertight doors to prevent the building from flooding in the event a tsunami strikes the premises.



12 8 m high, 360 m long, 13 m wide

Ohi Power Station

Increase height of existing breakwater (from 5 m to 8 m).

13

Mihami Power Station

A tide embankment outside Wakasa Bay (11.5 m in height)

14

Watertight door

Measures against severe accidents

Measures to prevent containment vessel failure and hydrogen explosion (1 2)

In order to prevent damage to the containment vessel due to increased pressure and damage to the facility due to a hydrogen explosion, install filtered ventilation systems (within 5 years of the enforcement of new regulatory requirements) and hydrogen concentration reduction devices (passive autocatalytic recombiners/igniters).

Provision of emergency power supplies (5 6)

In anticipation of loss of external power, provide multiple units of diesel generators, vehicles with generators (power supply vehicles), and air-cooled emergency generators and the like.



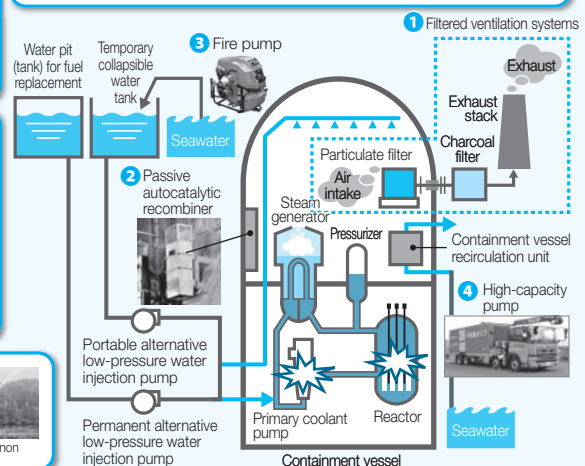
Provision of water cannons (7)

Provide water cannons to minimize diffusion of radioactive substances in case of containment vessel failure.



Providing a cooling function for the reactors and facilities (3 4)

Provide high-capacity pumps, portable water pumps, and fire pumps and the like to secure a cooling function for the reactors and facilities even if all other power supplies are lost.



Installation of facility for dealing with specific severe accidents (within 5 years of enforcement of new regulatory requirements) (8)

Construct alternative facilities for emergencies such as the intentional crashing of an airplane.

Installation of a seismic isolated office building (9)

Develop and secure a command center for use in an emergency. Secure a space for housing the workforce, power supplies, and communications functions.

Addressing design standards

Measures for dealing with natural phenomena (volcano, tornado, and wild fire and the like) (10 11)

In order to prevent simultaneous loss of functionality of essential safety equipment due to natural phenomena, implement protective measures by assuming natural phenomena will be of a higher severity.

■ Protection against external fire

Create a fire protection zone by cutting down trees in the periphery of the station premises to prevent the equipment from being damaged by a forest fire close to the station.



■ Protection against flying objects from tornadoes

Install tornado protection for seawater pumps on the assumption that steel items can be projected by a tornado with a wind speed of 100 m/sec.



Before installation

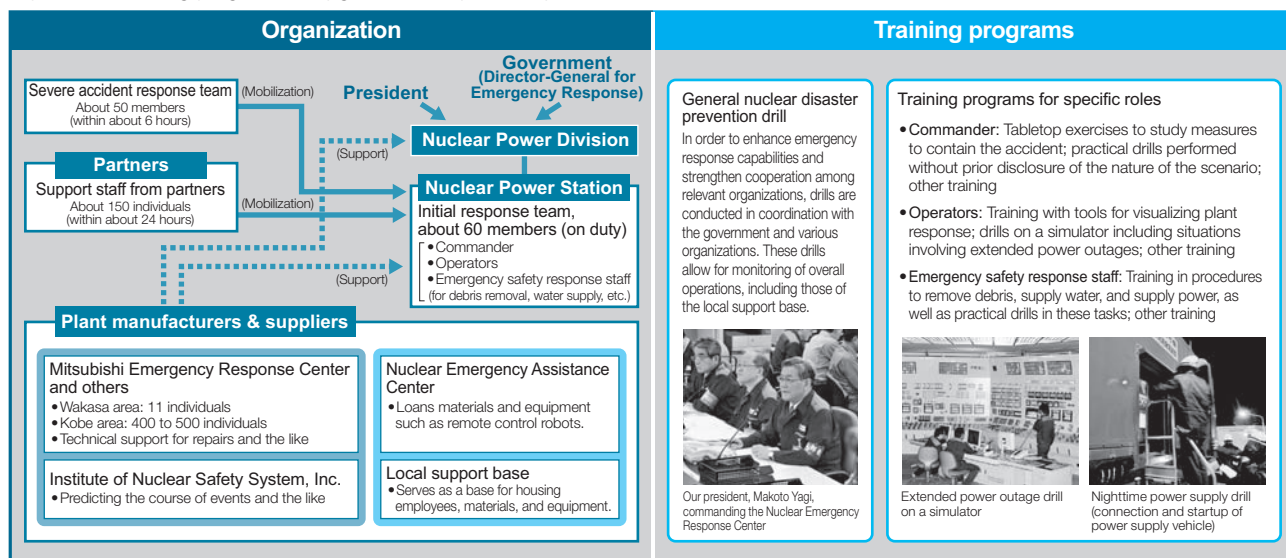
During installation

(Surface) A net absorbs the energy of flying objects.
(Sides) Steel plates prevent penetration.
Facility protected against flying objects from tornadoes

●Enhancing Emergency Response Capabilities

In preparation for emergencies, we reserve the necessary manpower to ensure an adequate emergency response on weekday nights and on weekends and holidays. At the same time, we continuously improve our training programs to upgrade the response capabilities

of those involved. In addition, we have put in place an organization to ensure plant manufacturers and other suppliers can provide timely technical support as well as materials and equipment.



●Collection of Global Knowledge for Ongoing Improvement of Plant Safety

We are committed to gathering the latest knowledge from around the world on a timely basis, studying it, and reflecting it in our operations through our participation in the World Association of Nuclear Operators (WANO) and the Institute of Nuclear Power Operations (INPO). We will also sign information exchange agreements with utility companies outside Japan.

◆Proactive Participation in WANO Initiatives

With the knowledge gained from the accident at the Fukushima Daiichi Nuclear Power Station, WANO is focused on performing more frequent peer reviews and other enhancement efforts to promote nuclear safety. We participate in these initiatives proactively.

In September 2013, the company hosted WANO's Small-scale CEO Meeting (a meeting of CEOs held by each WANO regional center) in Osaka. Attended by the presidents of eleven Japanese power operators; Jacques Regaldo, Chairman of WANO; and the CEOs of several utility companies outside Japan, the meeting supported the active exchange of opinions.

◆Information Exchange Agreements with Utility Companies outside Japan

Although we had already entered into information exchange agreements with utility companies outside Japan before the accident at the Fukushima Daiichi Nuclear Power Station, we renewed our agreement with Korea Hydro & Nuclear Power Co., Ltd. in April 2014 for the first time after the accident and entered into a new agreement with Iberdrola, Nuclear Generation in Spain S.A., in May 2014.

We plan to increase the knowledge of all parties by exchanging information and opinions on issues such as ongoing efforts to strengthen the response to severe accidents and improve operation and maintenance of nuclear power plants.



WANO Small-scale CEO Meeting (September 2013)



Renewal of information exchange agreement with Korea Hydro & Nuclear Power Company (April 2014)

■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 ongoing voluntary safety initiatives in nuclear power generation since June 2012 in response to the Fukushima Daiichi Nuclear Power Station accident. The committee was furthermore renamed as the Nuclear Safety Verification Committee.

The 6th meeting of the Nuclear Safety Verification Committee was held on May 12, 2014. The committee reviewed and provided advice on three topics: the progress of measures to prevent the recurrence of the Mihama Power Station Unit 3 accident; the progress of initiatives to foster a safety culture; and the status of ongoing voluntary safety initiatives targeting nuclear power generation. We will continue pursuing improvements based on this committee's advice as we go forward.

◆Results of the 6th Meeting of Nuclear Safety Verification Committee (May 12, 2014)

- “Ongoing voluntary safety initiatives targeting nuclear power generation”

[Viewpoints on verification]

Discussion of whether to undertake additional ongoing voluntary safety initiatives in addition to satisfying the new regulatory requirements

[Confirmation of results]

Implementation of a stable and ongoing mechanism to incorporate the latest knowledge and lessons learned; implementation of measures to enhance safety appropriately according to plan and to constantly maintain their effectiveness

[Issues to be focused on in future]

Monitoring of planned and implemented safety measures without interruption for further enhancement of safety; evaluation of results of safety programs to confirm they are implemented continuously



6th Nuclear Safety Verification Committee Meeting



Kazuhiro Watanabe, chairman (left), and Kunio Higashi, ex-vice chairman (right)

Group Business

The Kansai Electric Power Group provides distinctive total solutions 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. In light of this situation, the Kansai Electric Power Group is promoting comprehensive efforts to benefit the customer, with each group company offering services that provide ever-greater value.

In addition, the anticipated sweeping liberalization of the retail market resulting from the government's progressive reform of the electric power system will likely open the market to unprecedented competition before long. To ensure our Group remains the first choice of customers in the future, we will focus on proactive reform of our operations and develop new products and services by promoting corporate innovations that transcend conventional frameworks.

Group business policies

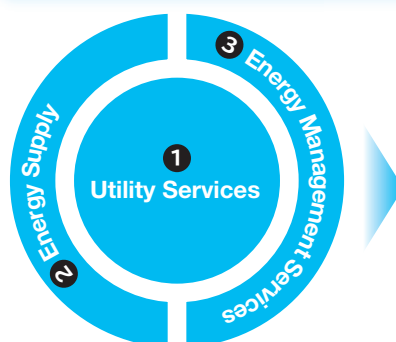
- In our three business segments of comprehensive energy supply; information and telecommunications; and amenity services in daily life, the Group is committed to expanding the scope of its products and services to strengthen and enhance the total solutions that are unique to and competitive advantage of the Kansai Electric Power Group.
- The Group will aggressively expand its business territory outside the Kansai area, especially in the large market of the greater Tokyo metropolitan area.

Comprehensive Energy Supply

Offering a comprehensive array of energy sources to help our customers choose the ideal energy solution

In addition to operating its electric power business, our Group is engaged in a gas business. Kanden Energy Solution Co., Inc. ("Kenes") provides Utility Services through which it designs, installs, operates, maintains, and manages customers' utility equipment (including boilers, air conditioners, private power generators, and equipment for receiving and transforming electricity). By providing such safe and stable energy solutions to optimize our customers' energy utilization, our Group focuses on gaining the confidence of the customer as an ideal partner and growing as a business entity supplying comprehensive energy solutions.

With Utility Services at our central pillar, we address all customer needs in the realm of energy by including two other types of services: Energy Supply, which delivers electricity and gas to customers; and Energy Management Services, which suggest efficient ways to use energy.



- Adopted by factories, hospitals, office buildings and many other customers in a variety of fields
- Expansion of the service area beyond the Kansai area, including the greater Tokyo metropolitan area

1 Assisting customers with all aspects of their utility equipment

To meet varied customer needs, we offer comprehensive or selected services in the areas of design, installation, operation, maintenance, and management of customer utility equipment (including boilers, air conditioners, private power generators, and equipment for receiving and transforming electricity)

2 Stable delivery of energy to customers

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

3 Enabling customers to achieve optimal energy use

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

NEW

- ◆ In April 2014, Kenes launched an electric power supply business in the greater Tokyo metropolitan area in an effort to establish a new business model in the comprehensive energy supply business.
- ◆ In April 2014, Kenes acquired Kanden Energy Development Co., Inc., a company engaged in the businesses of heat supply and power generation using small-scale hydropower plants and wind turbines. This presented an opportunity to integrate existing businesses operated by separate companies and enhance service menu so that this business organization could increase its ability to address the varied needs of customers.

Information and Telecommunications (IT)

Offering appealing services closely connected to customers' lives and businesses

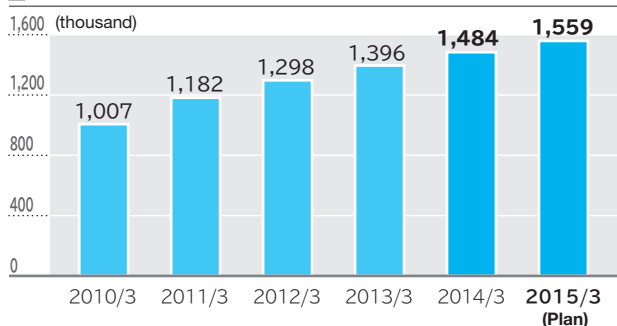
Utilizing the optical fiber network installed throughout the Kansai area, our Group offers a wide range of choices built around its flagship FTTH service to enhance customer satisfaction.

■ For residential customers

We offer an integrated service comprising Internet, telephone, and television at strategic prices under the "eo HIKARI" brand name. This is made possible by our relentless focus on streamlining. In providing these services, we are determined to satisfy our customers by taking every effort to prevent recurrence of communications disturbances and accidents.

- In customer satisfaction surveys conducted by multiple external organizations, the FTTH service continues to be rated very highly.
- By June 2014, we had reached more than 1.5 million FTTH line contracts.

■ Number of FTTH Line Contracts



NEW

- ◆ In June 2014, we launched our "mineo" low-priced smartphone service. This innovation supports both data and voice communication, handles retail sales of smartphones, and allows for portability of existing phone numbers. By offering a secure yet economical service, we are committed to making this an appealing choice for the consumer.
- ◆ In September 2013, we introduced our LaLa Call communication application, and in April 2014 we expanded its scope by offering Business LaLa Call for corporate customers.

■ For business customers

Under the BUSINESS HIKARI brand name, we offer a variety of communication services, including a high-speed Internet service, Ethernet private lines*, VPN services**, mobile communications, and optical-fiber telephone services. In addition, we operate a data center that enables us to offer business solutions. Moreover, under the "OFFICE eo HIKARI" brand name, specifically intended for small and medium-sized enterprises and SOHO users, we offer an integral office environment providing Internet, telephone, and hosting services.

We are focused on developing and offering appealing services closely aligned with customer lifestyles and business needs. As a result, our IT business segment is becoming the next pillar in our earnings structure, second only to our electric power business segment.

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

** VPN services: 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.

Amenity Services in Daily Life

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

By offering a variety of services that make our lives safer and more secure, comfortable, and convenient, each company in our Group is committed to developing a closer relationship with our customers and meeting their diverse needs to become their ideal partners.

■ Lifestyle-related services

We offer varied services closely linked to customer lifestyles, including home security, nursing care, support for health management, catering, and housekeeping.

■ Real estate services

We offer high-quality housing and offices that incorporate the

Group's products and services in energy-efficient condominiums and buildings that reduce energy consumption and CO₂ emissions. We are also involved in the development of comfortable homes by offering home renovation services, a housing performance evaluation service, and sales of residential facilities and equipment.

We will continue to expand our lifestyle-related services with the goal of improving customers' lives by offering services carefully customized to different life stages and life cycles of them. In the real estate sector, we seek to stabilize the supply of housing with superior energy-efficient properties generating low CO₂ emissions while expanding our network of developers in order to undertake complex development and large-scale building projects both inside and outside the Kansai area.

NEW

- ◆ In November 2013, MID Urban Development Co., Ltd. undertook development of an office building, the Kyobashi MID Building, in Chuo-ku, Tokyo. In addition to achieving an expected 46% reduction in CO₂ emissions, the building adopts a seismically isolated structure and an emergency power generator capable of running for 72 hours to support customer business continuity planning. (It is scheduled for completion in February 2015.)



Kyobashi MID Building
(Chuo-ku, Tokyo)

- ◆ In January 2014, Kanden Joy Life Co., Ltd. started construction of a private nursing home, Yutoream Minoh Sakuragaoka, and an apartment for the elderly that includes nursing services, Nurvice Sakai Nakamozu, both of which are scheduled for completion in the spring of 2015. This brings the number of facilities and housing developments we own to fourteen.



Yutoream Minoh Sakuragaoka

International Business

Challenge to a Great Leap in our Growing International Business

In our international business, we are developing projects around the concepts of using and getting 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 Kansai Electric Power Group by allowing the experience and knowledge gained from our international business to provide feedback for our domestic business.

Our International Business Activities

Characteristics of our international business

- **Participation in a variety of projects:** We launched our first venture in international business in 1998, when we took part in the San Roque Hydropower Project. Today, we are involved in a variety of power generation projects, ranging from hydropower to gas-fired and coal-fired projects in Thailand, Taiwan, Singapore, and Australia. Our plans are to expand our operations further afield to other countries and to participate in the renewable energy segment.
- **Seeking project development with our direct engagement:** In order to develop projects from the stage when they are discovered, we have been aggressive about engaging in consulting tasks. Whether in thermal power, hydropower or the power transmission and distribution sector, we study proposals in detail for their potential to develop into sound projects with healthy earnings. We select our target markets, mainly in Southeast Asia, with this strategy in mind.

Applying our technological strengths

We give priority to increasing the value of a project by ensuring our participation. In projects we participate in, we actively provide technical support in addition to participating in management.

■ Senoko Power Station in Singapore







For this facility update project, completed in 2012, we dispatched engineers with the aim of improving the efficiency of the existing power generation facility. We focused on streamlining tasks such as process management and improving quality.

■ San Roque Hydropower Station in the Philippines

In addition to providing ongoing technical guidance through engineers stationed in the Philippines, we invite management supervisors and operations and maintenance personnel to visit Japan every year to provide them with technical training to support their independent participation in the future overhaul of the power station.

■ List of power generation projects located outside Japan (as of June 30, 2014)

Participation in six projects in five countries
(total share of capacity: 1,172 MW)

Project name (capacity)	1 San Roque Hydropower (346 MW)	2 Rojana Thermal Power (448 MW)	3 Ming-jian Hydropower (17 MW)	4 Kuo Kuang Thermal Power (480 MW)	5 Senoko Thermal Power (3,300 MW)	6 Bluewaters Thermal Power (459 MW)
						
	San Roque Hydropower Station	Rojana Power Plant	Ming-jian Hydropower Station	Kuo Kuang Power Station	Senoko Power Station	Bluewaters Power Station
Region	Philippines	Thailand	Taiwan	Taiwan	Singapore	Australia
Power source	Hydropower (dam)	Gas combined-cycle cogeneration	Hydropower (run-of-river)	Gas combined-cycle	Gas combined-cycle / Oil thermal power	Coal thermal power
Ownership ratio (share capacity)	50% (173 MW)	39% (175 MW)	25% (4 MW)	20% (96 MW)	15% (495 MW)	50% (229 MW)
Participation	December 1998	March 2003	March 2005	December 2006	September 2008	February 2013

Major Projects Currently in Progress

■ Nam Ngiep 1 Hydropower Project (Laos)

This project on the Nam Ngiep River, the tributary of the Mekong River which demarcates the border between Laos and Thailand, involves construction of a dam measuring 148 m high and 530 m along the top and two power stations of 270 MW and 20 MW. The electric power generated here will be sold to the Electricity Generating Authority of Thailand (EGAT) and Electricité du Laos (EDL). We acquired exclusive development rights in April 2006 and, as the project leader, have been promoting the project in collaboration with partners from multiple countries. In August 2013, we caused the project company to sign Power Purchase Agreement (PPA) with these two public corporations.

We, utilizing the experiences gained from our utility business in Japan, are engaged in process and quality control of the design and overall construction procedures. This scope of involvement has made it possible for us to place orders by separating the whole work into several types such as civil engineering and electrical and mechanical works. This opened the door for Japanese companies with a technological advantage to construct the dam and install the water turbine generators. We believe that we can contribute to expanding the export of infrastructure technology from Japan by making our advantages known and undertaking projects with an organization consisting mainly of Japanese companies.

Second Kurobe Hydropower Project

The Nam Ngiep 1 Hydropower Station will include a dam approximately the same size as the Kurobe Dam, the highest dam in Japan, yet with ten times the reservoir capacity. Consequently, we are undertaking this project as a challenge equivalent to constructing a second Kurobe Hydropower Project. More than ten employees are already in Laos to coordinate this project, obtain permission for construction, and proceed with preliminary construction of roads leading to the site.

■ Rajamandala Hydropower Project (Indonesia)

This 47 MW hydropower station project takes advantage of the head (vertical drop) between two hydropower stations located on the upstream and downstream reaches of the Citarum River. The power generated will be sold to the State Electricity Company of Indonesia (PT PLN (Persero)). Because this power station can utilize the water released from a dam-type peaking power plant located upstream, it will be able to replace some of the power generated by thermal power plants during peak hours, which will help to reduce CO₂ emissions. We obtained exclusive development rights in September 2007 and caused the project company to sign Power Purchase Agreement (PPA) with the public corporation in August 2013. Currently, we are engaged in coordination, including obtaining permission for construction.

The first overseas hydropower project launched by a Japanese company at site-finding stage

"This would be an ideal site for hydropower generation!"

This discovery by an engineer of our Group company who visited the site was the spark that ignited this project. This is the first new hydropower project outside Japan which a Japanese company developed from the earliest stage of finding the site.

Expanding our Business Domain to the Middle East and North and Central America

In the future, we intend to expand our business domain beyond Asia to include the Middle East and North and Central America and to participate in development by selecting promising projects through bids for new projects, purchasing existing projects, and participating in renewable energy projects. We also plan to strengthen our organization in project development and management with an eye to future business expansion.

Activities in International Exchange and Contribution

Interaction and Cooperation as a GSEP Member

■ Renewable energy projects

As a member of Global Sustainable Electricity Partnership (GSEP) comprising major utility companies around the world, we are promoting initiatives to resolve global issues affecting the electricity sector. To date, we have been involved in a small-scale hydropower project in Bhutan and a photovoltaic power project in Tuvalu.

● Dhiffushi Solar-Ice Project (Maldives)

This construction project is for a 40 kW photovoltaic power system on Dhiffushi Island in the Republic of Maldives. Because the island's peak power demand is only 120 kW, the proportion provided by solar power, which is noted for its unstable output, is very high. In order to cope with the inherently unstable output of a photovoltaic power generation system, an ice-making machine that enables fishermen to preserve their fish for sale will be installed to cancel out the fluctuation; moreover, a system that automatically controls the number of photovoltaic power generation units in operation will be introduced. This project is attracting attention as a model project that can be deployed on other islands. This is a public-private partnership (PPP) project supported partially by an official development assistance grant aid ("grass-roots" grant aid) provided by the Japanese government.

■ Human Capacity Building

● Workshops

Implementation	Target country	Object	Theme
2012	Nepal	Government and utility companies	• Photovoltaic power generation
2012 • 2014	Pacific island nations	Utility companies	• Improving the efficiency of energy utilization • Tariff system facilitating further development of renewable energy sources

Other Exchange/Cooperation Programs Implemented Proactively

We are actively implementing various exchange programs with utility companies located in Asia, Europe, and the U.S.A. through agreements on information exchange and technical cooperation.

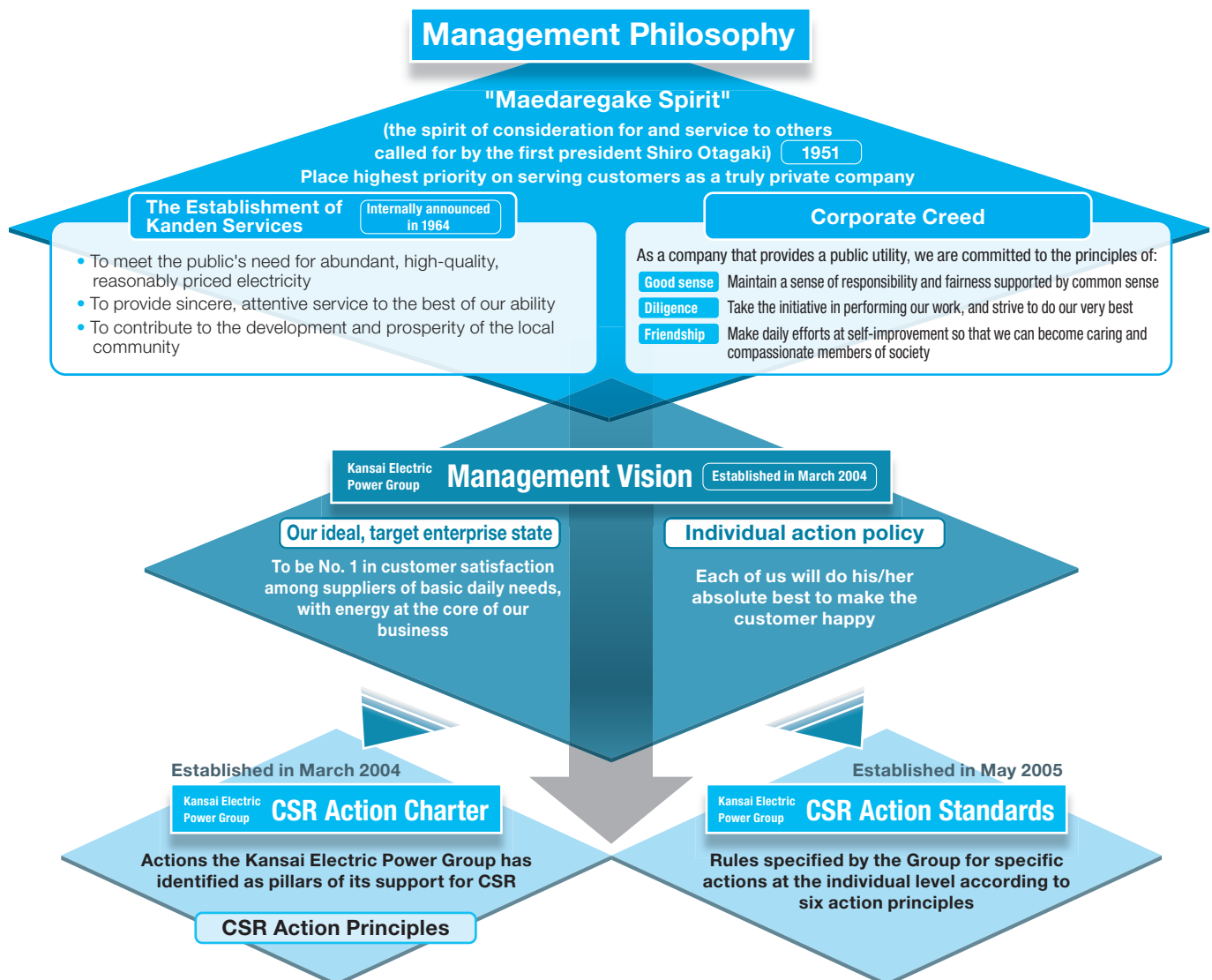
Vietnam	Held several workshops on power transmission/transformation technologies from 2012 onward.
Myanmar	Provided technical support for electric power development plan and hydropower development: • Dispatching JICA experts to Yangon City Electricity Supply Board • Accepting trainees from Myanmar
Accepting trainees and visitors	In response to requests for cooperation from foreign energy experts and JICA, we accepted trainees and visitors and exchanged opinions.

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 policy takes form in our management philosophy and corporate creed, encapsulated in what is now called CSR. 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

■ Basic View

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



Kansai Electric Power Group CSR Action Charter
<http://www.kepc.co.jp/corporate/csr/mind/charter/index.html>

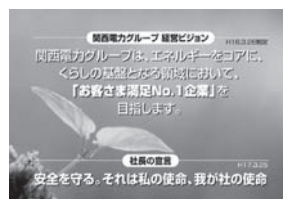
The Kansai Electric Power Group CSR Action Standards

■ Basic Approach

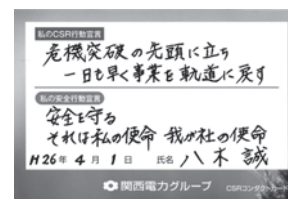
Directors and employees recognize at all times that they are members of the Kansai Electric Power Group, always maintaining the propriety and dignity appropriate to that station and acting in the best interest of society. In carrying out the Group's operations, directors and employees maintain safety 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.

■ Sharing the Standards and Checking Action

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. We recognize that safety is the basis for all business activities. The Kansai Electric Power Group Safe Action Charter and Safe Action Declaration are also printed on the card through which we aim to raise awareness toward safety and practice safe conduct. 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 lives.



Conduct Card



President's Action Declaration

- I will confidently face any crisis and take the lead in getting operations back on track as quickly as possible.
- Ensuring safety is my mission, and the mission of the Company.



Kansai Electric Power Group CSR Action Standards
<http://www.kepc.co.jp/corporate/csr/mind/norm/index.html>

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 are 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 —

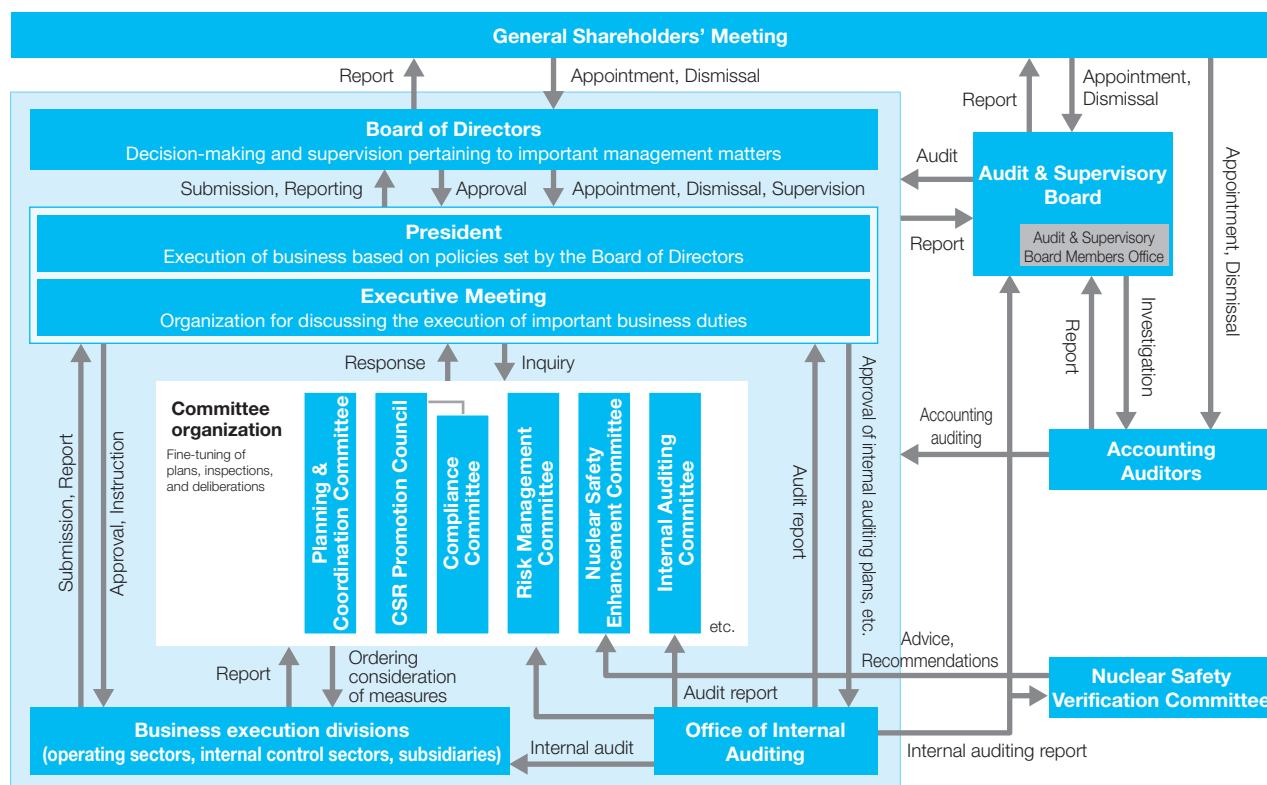
1. Highest priority to the safety, maintenance, and improvement of quality and technical strength
2. Being environmentally-friendly
3. Establishment of fiduciary partnership
4. Transparent, open business activities
5. Strict enforcement of compliance



Kansai Electric Power Procurement Activities
<http://www.kepc.co.jp/corporate/csr/mind/proc/index.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 strengthen the supervisory and advisory functions of management, three of the 16 directors are outside directors with no vested interests in the Company, whose presence helps to ensure management transparency.

In addition, 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. To ensure prompt and appropriate decision-making regarding important business matters, the Company convenes regular Executive Meetings of the executive directors and executive officers—in principle once a week—facilitating efficient and effective corporate management.

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. At present, three of the seven Audit & Supervisory Board members are full-time members, and the four in the majority are outside members with no vested interests in the Company, and who therefore serve as independent officers. 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.

A full-time Audit & Supervisory Board Members' Office (with 13 members) has been established to support the duties of the Audit & Supervisory Board members and extend auditing functions. 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.

The auditors attend the Board of Directors' meetings, where they express their opinions and listen to explanations by the directors pertaining to matters of importance to Company management. They examine the status of the corporate governance system and audit to ensure that the directors are performing their duties appropriately and reasonably. Full-time Auditors attend not only the Board of Directors meetings, but also other important meetings such as Executive Meetings, and examine the status of the business and assets of the Company's main operating locations as part of their auditing. They report regularly to the outside auditors at meetings of the Audit & Supervisory Board. The auditors also meet regularly with the representative directors to exchange opinions.

■ Directors and Auditors

As of June 26, 2014



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

* Indicates status as representative director

Directors
Managing Executive Officers

Noriaki Hashimoto
Yoichi Mukae
Yoshihiro Doi
Masahiro Iwatani
Yasuhiro Yashima
Yasushi Sugimoto

Director

Ryohei Shirai

Outside Directors

Noriyuki Inoue
Akio Tsujii
Takamune Okihara

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.

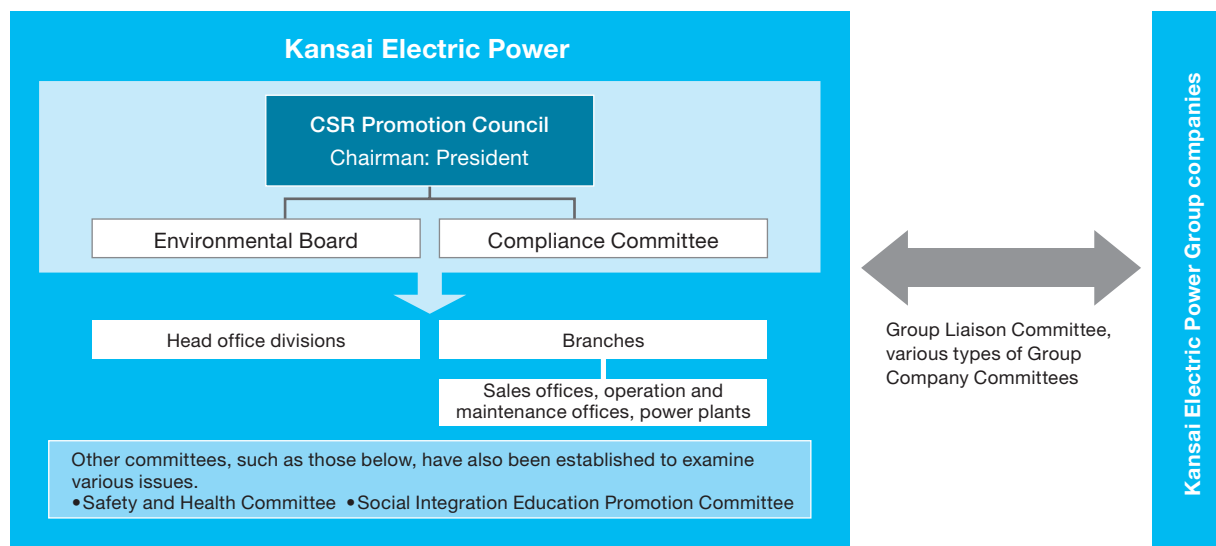
● Compliance Committee

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 environmental action guidelines and the Kansai Electric Power Group Environmental Action Plan; it formulates Eco Actions—specific action plans—and checks and reviews them to continuously improve environmental efforts. The Board also tackles cross-organizational issues such as efforts to realize a low-carbon society.

■ CSR Promotion System

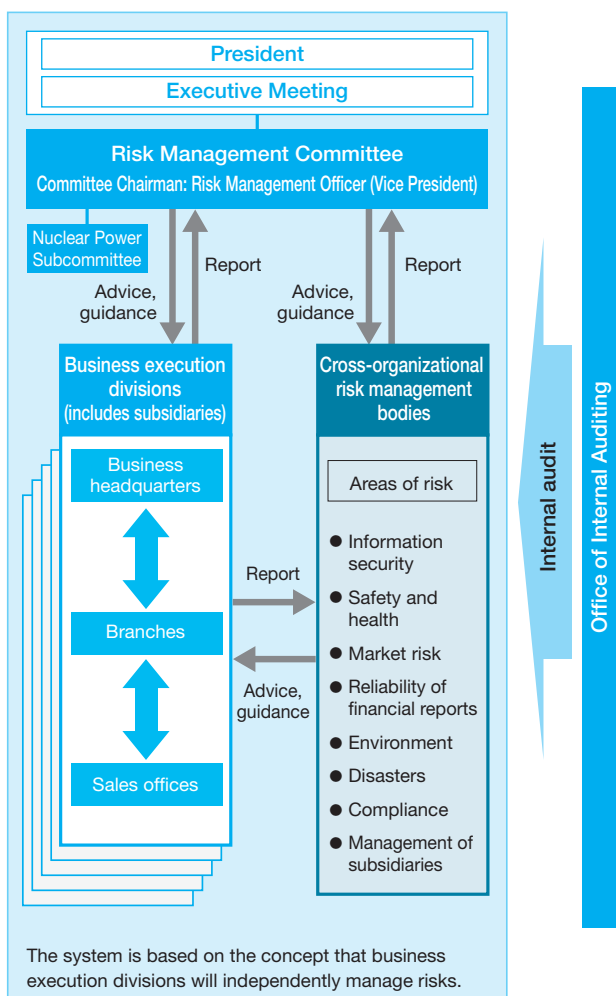


■ Risk Management Committee

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. The president appoints the chairman of the committee to be the Risk Management Officer. The committee strives to manage risk associated with Group business activities at the level deemed appropriate in each case.

For the risk of discharging radioactive substances, a system is being established that entails the formation of the Nuclear Power Subcommittee under the Risk Management Committee at which issues are deliberated with the Risk Management Officer.

■ 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.

Also, the Nuclear Power Integrity Reform Verification Committee, composed mainly of outside experts, has verified the effectiveness of measures to prevent a recurrence of the 2004 accident at Mihama Nuclear Power Station Unit 3 based on which the Nuclear Power Division has been promoting ongoing improvements. It has been providing advice and recommendations on voluntary and continuous safety initiatives at nuclear power plants and was renamed the Nuclear Safety Verification Committee in June 2012. The committee continues providing valuable advice under that name.

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.

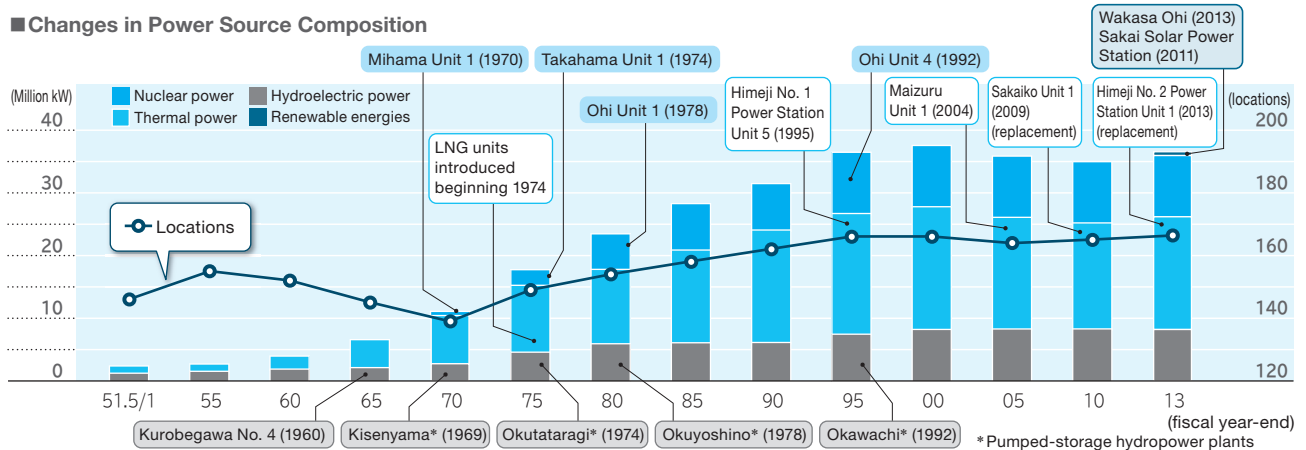
We strive to prevent any losses to the corporate value of the Group as a whole by participating in important decision-making by our subsidiaries, and periodically checking on their management status.

Safe, Stable Delivery of Products and Services

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.

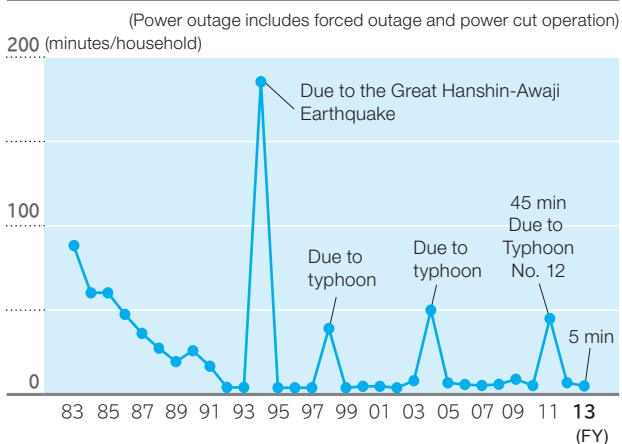
Changes in Power Source Composition



To provide high-quality electric power

Kansai Electric Power works to operate power grids that provide a reliable link between power plants and consumers and optimize the configuration of facilities. We are also engaged in rigorous efforts to prevent accident recurrence, as a result of which Kansai Electric Power has achieved one of the world's highest power supply quality levels. The Company continues to develop new technologies and introduce new construction methods for the purpose of preventing accidents and for swift recovery in the event an accident does occur. Equally important, systematic renovation is in progress for aging facilities. 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



Initiatives to maintain a high capacity factor

To ensure the stable supply of electricity, Kansai Electric Power maintains a high capacity factor at our thermal power plants. We are also fortifying routine inspections in operations and monitoring activities, boosting efforts to detect signs of abnormality early on so as to prevent the occurrence of any kind of problem that can interrupt and obstruct the stable supply of power.

For example, at the Kainan Power Station, we conduct routine inspections six times a day and have intensified inspections by focusing on key pieces of equipment, aiming to discover signs of abnormality in the machinery at an early stage. Because these power plants, which have been in operation for more than 40 years, rarely have the equipment that can be monitored remotely in a central control room, as with state-of-the-art plants, plant personnel must take a vibration gauge around and periodically measure equipment vibration, monitoring it by hand.

Routine inspection using a stethoscope probe



We also prepare for the rare incidence of trouble by stocking spare parts in advance and by readying emergency personnel structures for quick recovery from the trouble.

Inspection around a boiler



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.

We are working with all partner companies that sustain the operation of the Kansai Electric Power Group to promote risk reduction activities by sharing safety awareness and learning from one another. We are thus working to create an unshakable culture of safety at even higher levels throughout the group.



Award presentation to a partner company
(safety incentive system)

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 techniques and skills are maintained and passed on. These include our Specialist Technician System* and a system for ascertaining the technical capabilities of individual employees—Group-wide systems for passing on and further improving skills.



Training activity

* Specialist Technician System: a certification system for employees in the field who possess advanced technical skills used in the electric power industry. Those who have this expertise, combined with the passion and ability to teach others, are certified as Specialist Technicians to ensure the handing down of such skills and techniques. As of May 31, 2014, there are 233 certified Specialist Technicians.

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.

In the event of a major Nankai Trough earthquake, we will follow the basic plan for mitigating disaster newly announced by the Japanese government and take disaster response and recovery measures in consultation with related entities.

● 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.

● Establishing relationships with entities related to disaster prevention

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 subsistence goods.

In addition, we regularly share information with local authorities through seconded personnel and participate in coordinated efforts that include making damage predictions for a major Nankai Trough earthquake, reviewing regional government disaster response plans for such an earthquake, and actively participating in disaster response drills.

We consider it important to collaborate in this way to prepare for a wide-area disaster, building relationships of mutual assistance with outside entities such as the government and other infrastructure providers, and working in close collaboration with regional communities on disaster response measures.

Kansai Electric Power has signed agreements of cooperation with the Chubu Region Ground Self-Defense Forces (GSDF) and the Kure District Maritime Self-Defense Forces (MSDF).

The agreement with the Chubu Region GSDF was signed on March 6, 2014 and with the Kure District MSDF on July 9, 2014. Both agreements are intended to facilitate bilateral cooperation in times of disaster by building collaborative ties during times of peace. The inception of the idea for such collaboration came in 2011 when the GSDF provided Kansai Electric with information on a route that could be used to approach a village isolated by Typhoon #12 (Talas), enabling a quick recovery. These agreements will be the basis for sharing information related to the status of disaster-affected areas to enable other rapid recoveries. By holding regular meetings and carrying out drills on an ongoing basis, an effective system of collaboration will be built, along with a close relationship.



Signing of agreement with the
Chubu Region GSDF

Initiatives prioritizing safety at nuclear power plants

Ensuring stable energy supply through diversity

When nuclear power is excluded, Japan's energy self-sufficiency rate is only around 5%. For the remainder of its needs, Japan must rely on imported energy. Political conditions, however, are unstable in the Middle East, from which Japan imports over 80% of its crude oil and roughly 30% of its liquid natural gas (LNG). As such, overdependence on these sources of energy entails not only price risk, but also risk to the stable supply of energy.

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.

Principal Energy Sources

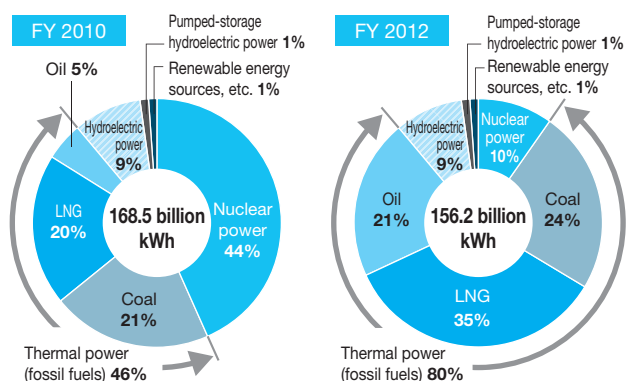
Nuclear power (uranium)	Widely distributed, centered on countries with stable politics; fuel can be recycled; strict radiation control required
Thermal power (oil)	Uneven distribution in politically unstable Middle East; severe price fluctuations; emits CO ₂ , a cause of global warming
Thermal power (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

Power Generation Composition of Kansai Electric Power by Source

Electricity production depends heavily on various factors, including whether or not a country has natural resources, its geography, natural conditions, and energy policy. In Japan, which has no natural resources, Kansai Electric Power had generated most of its electricity according to this breakdown: 44% nuclear power; 20% LNG; 21% coal, etc.

But following the Great East Japan Earthquake, operations at nuclear power plants were suspended indefinitely, leading inevitably to a major increase in power generated by thermal power plants. In FY 2012 approximately 80% of power was derived from thermal power.



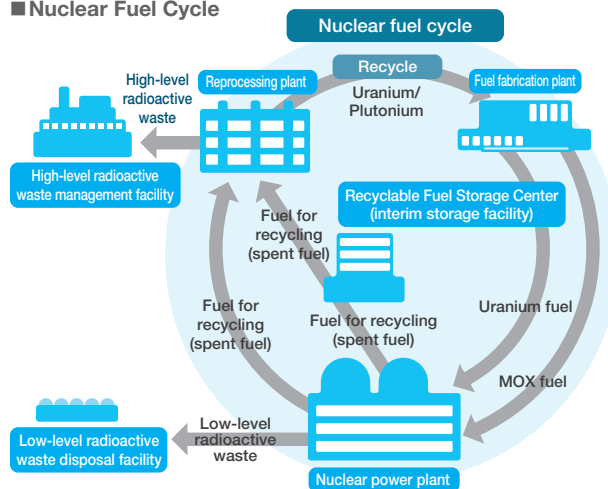
Note: The total may not match due to the rounding off of numbers.

Securing resources through the nuclear fuel cycle

Nuclear power offers a stable procurement of fuel and the production of large volumes of electricity from a small amount of fuel. After a single replacement, fuel will produce electricity for more than a year. For this reason nuclear power is regarded as a quasi-domestic energy source.

In addition, the fuel used in nuclear power plants contains elements that can be reused (uranium and plutonium). The elements can be extracted, processed, and once again used as fuel. This process is known as the nuclear fuel cycle. For a resource-poor country like Japan, this system is an effective way to secure a stable supply of energy.

Nuclear Fuel Cycle



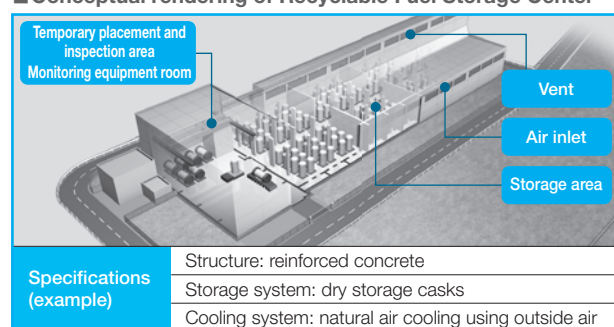
Reference: "Graphical Flip-chart of Nuclear and Energy Related Topics 2013," Federation of Electric Power Companies of Japan, other sources

The Recyclable Fuel Storage Center (interim storage facilities)

Spent fuel can be reprocessed and used again as MOX fuel, so it is called a "recyclable fuel." Until recyclable fuels are reprocessed, they are stored temporarily in interim storage facilities, which we named the Recyclable Fuel Storage Center. Storing spent fuels is an effective way to build flexibility into nuclear fuel recycling strategies.

The Kansai Electric Power Co. has long promoted establishment of the center. In June 2013 we set up "the Project Team for Promoting the Establishment of Interim Storage Facilities for Recyclable Fuel Resources" to formulate a company-wide policy and strategy and comprehensively promote the establishment of the facilities, and we continue to work consistently toward this goal.

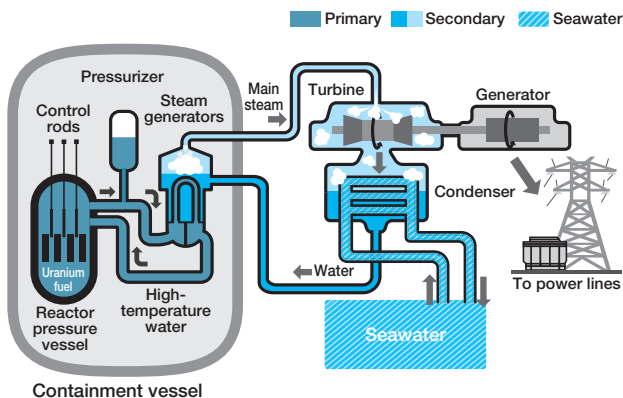
Conceptual rendering of Recyclable Fuel Storage Center



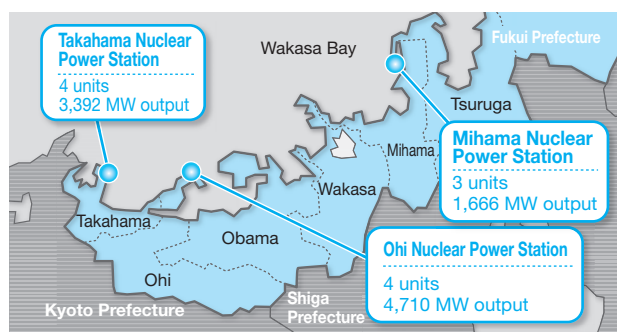
Nuclear power generation

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

■ Nuclear Power Generation



■ Kansai Electric Power's Nuclear Power Plants



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.

In the unlikely event of a malfunction occurring, multiple safety functions come into action: detection of abnormalities at an early stage; automatic shutdown of the nuclear reactor; cooling of the fuel by injecting cooling water; and containment of 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.”

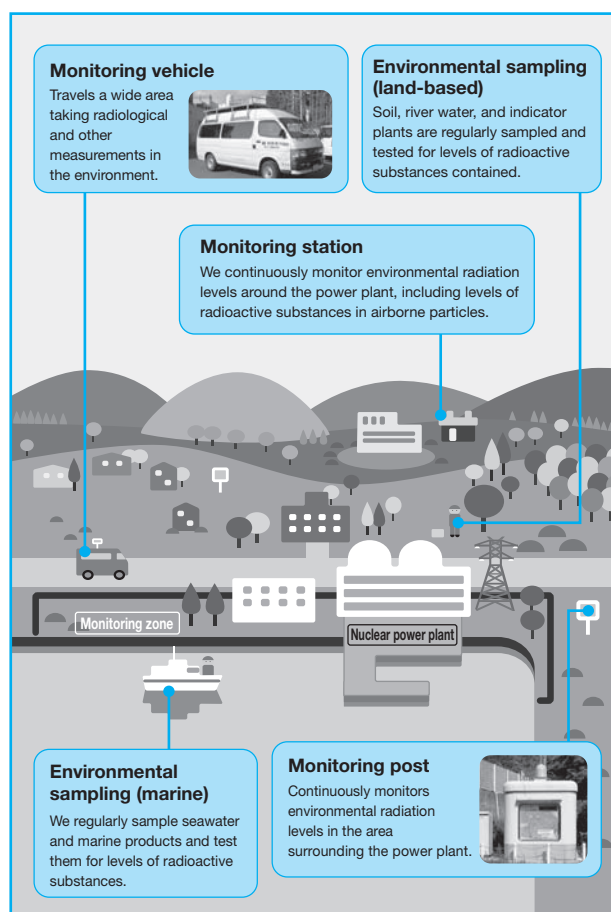
Going forward, we will aim to achieve the highest global level of safety, beyond the standards set by the new law, by autonomously and continuously striving to enhance nuclear power plant safety and reliability.

● Strict 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://www.kepco.co.jp/corporate/energy/nuclear_power/info/monitor/live_kankyo/ndex.html

● Stringent implementation of measures for aging management

For nuclear power plants that have been in operation for more than 30 years, Kansai Electric Power conducts technical analyses on age-related changes, the results of which are reflected in maintenance activities. Maintenance is further reevaluated every 10 years.

According to the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors, revised in 2012, the plant life of a nuclear reactor is 40 years. However, the act stipulates that upon authorization of the Nuclear Regulatory Authority, this period can be extended one time only for another 20 years.

Safety-first business activities—learning from the 2004 accident at Mihama Power Station, Unit 3

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

On August 9, 2004, an accident occurred at 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, this pamphlet with a summary of the accident and its lessons, along with measures to prevent a recurrence, has been published on our intranet. Education based on this pamphlet is provided to all new employees, and is the basis for discussions held at each worksite in the Nuclear Power Division and power stations. Through these initiatives 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://www.kepco.co.jp/corporate/energy/nuclear_power/m3jiko/

Establishing a firm culture of safety

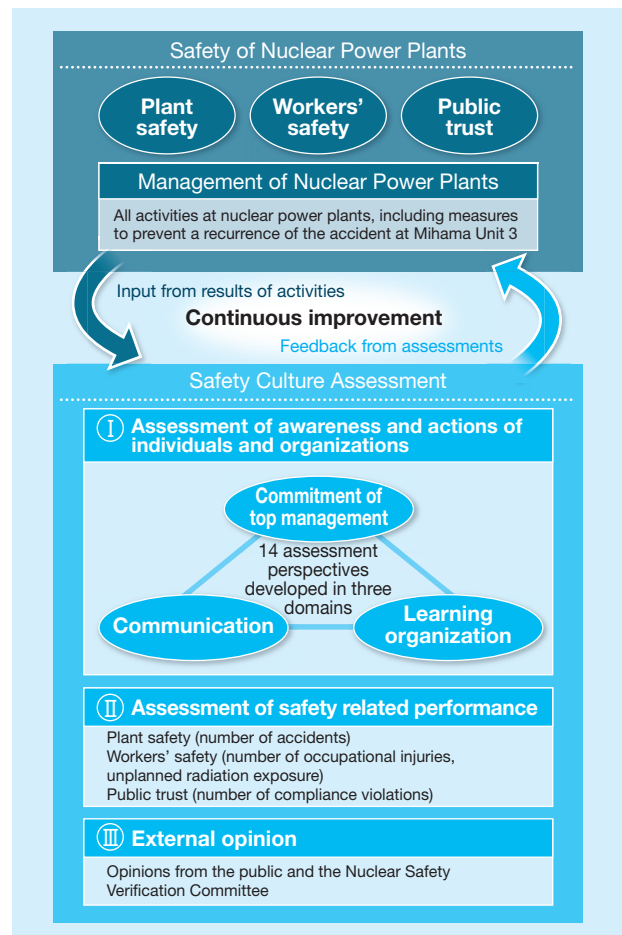
We have mounted a full-scale effort to ensure that we undertake our business operations without forgetting the lessons of the Mihama Unit 3 accident, with safety as our highest priority. Since 2008, we have introduced a safety culture assessment system, through which the conditions of our nuclear power 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 station. The results of these assessments are compiled to arrive at an overall assessment. Based on this situation, including the Japanese government's enforcement of new regulatory requirements and an extended suspension of plant operations,

the FY 2013 assessment indicated the importance of key tasks such as the expansion and strengthening of employee training to maintain and improve technical capabilities. We are striving to accomplish these priority tasks and make improvements.

We also undertake to carry out continuous improvements to foster an even stronger culture of safety in the future.

Summary of Activities to Foster a Culture of Safety



Company-wide promotion of nuclear power safety

We 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 our ongoing voluntary initiatives to enhance nuclear safety. As of July 2014, the committee has convened 176 times.

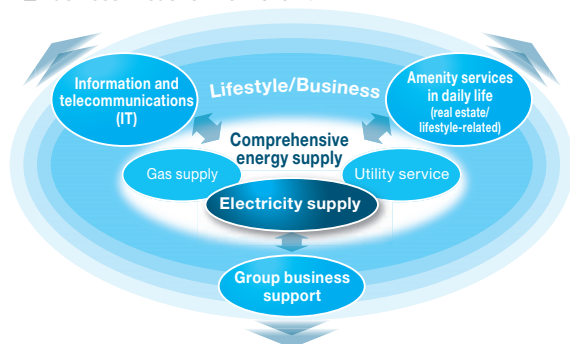
In FY 2013, to further extend activities, the corporate structure was strengthened to place most senior executives on the committee. The committee held discussions on how to deal with the risks of nuclear power and concerning safety culture needed at the company, based on lessons from the Fukushima Daiichi accident. Committee members also participated in face-to-face meetings between senior management of the Nuclear Power Division and young employees at power stations 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, the Kansai Electric Power Group meets a wide range of needs, providing total solutions to individual customers and communities. We will continue to focus on being a comprehensive energy provider while also offering solutions that meet and exceed the needs of our regular customers in the areas of lifestyle and business, leading to new growth as a group. Our aim is to become our customers' trusted partner in energy and life.

■ Business Areas for New Growth



Services for residential customers

To improve customer satisfaction in the use of electricity, the Kansai Electric Power Group is systematically introducing smart meters in tandem with a Web-based service (Hapi e-Miruden) for the self-monitoring of electricity usage; we also offer consulting services on how to conserve energy according to our customers' request. Through our group companies we offer energy-saving/low-carbon housing, IT solutions, home security, nursing care, and health management support—products and services that address a wide range of daily needs.

We will continue to work as a group to respond to the various needs of our customers with meticulous support and help to bring safety, security, comfort, and convenience to their daily lives.

● Tablet-based and mobile services 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 the Kansai Electric Power Group and other providers, ranging from ordering products from stores online to accessing healthcare services and monitoring their electric power consumption at a glance.

In mobile services, the low-cost "mineo" smartphone, together with the "LaLa Call" phone app, are being offered nationwide in answer to customer needs by a member of the Kansai Electric Power Group. We will continue in this way to actively develop new services to enhance the lives of our customers.

Toward improvement of customer service

To enhance our customer service, Kansai Electric Power is systematically expanding the installation of smart meters in tandem with Hapi e-Miruden, an online service that enables customers to monitor their electric power consumption at a glance.

● Systematic expansion of smart meters

Kansai Electric Power continues to roll out the installation of smart meters, aiming for every home and low-voltage power customer to have a smart meter by 2022. We are also using the data obtained from smart meters to offer customers optimal pricing plans according to their patterns of electrical use.

● Hapi e-Miruden enhancement and promotion

In place of the conventional meter-reading paper printout, Kansai Electric Power offers Hapi e-Miruden, a web-based tool that enables residential customers to monitor their power consumption and expenditures through graphs and charts.

Customers registering to use Hapi e-Miruden can review their electric power use and resulting CO₂ emissions for the past 24 months. Customers can also compare their lighting and heating costs and CO₂ emissions with comparable households, set energy conservation goals, and record the results of their efforts. These services allow customers to manage their energy consumption and conserve energy.

We will continue to work on the Hapi e-Miruden site to improve usability and expand services, promoting online monitoring to enhance the lives of many more customers.



Services for corporate customers

Kansai Electric Power promotes a variety of services, offering optimal energy systems and management methods designed to meet individual customer needs and help reduce energy consumption, costs, and CO₂ emissions.

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.

Progressive Approach to Environmental Problems

Kansai Electric Power Group Environmental Action Plan

The Kansai Electric Power Group formulated the Kansai Electric Power Group Environmental Action Plan, which comprises three pillars: Initiatives contributing to the emergence of a low-carbon society; initiatives contributing to the emergence

of a society committed to recycling; and initiatives that form a trusted, environmentally advanced corporation. These initiatives have helped the entire Kansai Electric Power Group contribute to the emergence of a sustainable society.

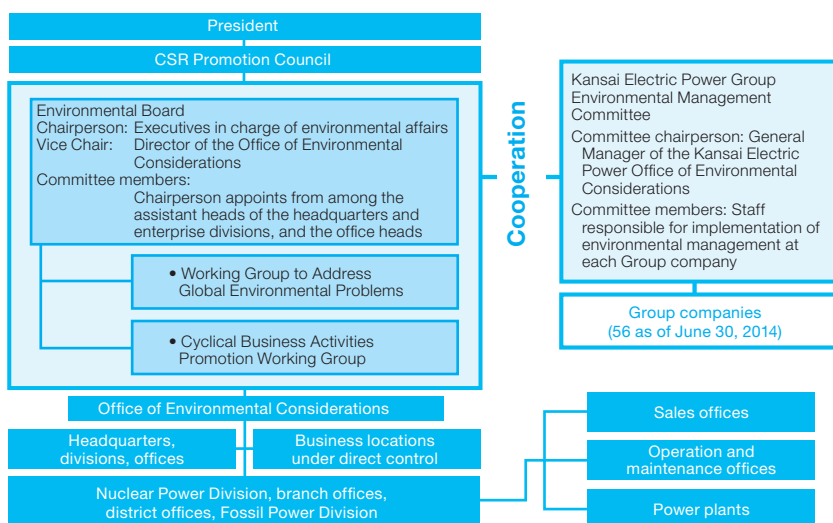


Promoting environmental management on a Kansai Electric Power Group-wide basis

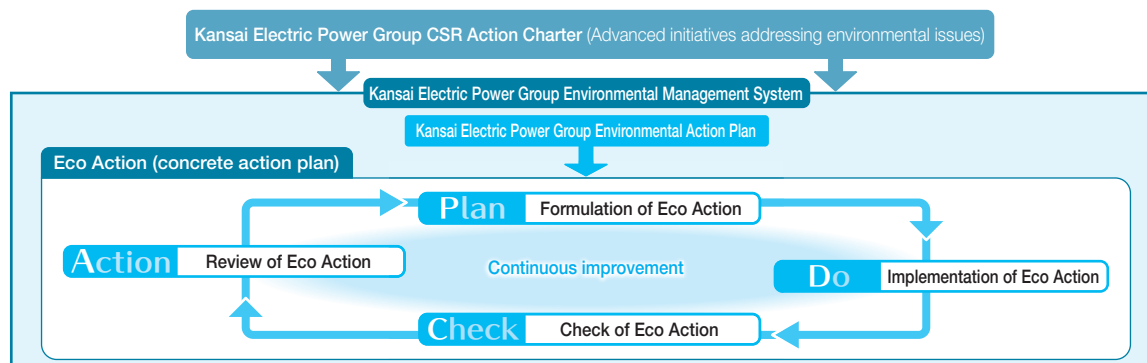
In an effort to reduce environmental impacts and environmental risks, we have begun establishing an environmental management promotion system across the entire Kansai Electric Power Group.

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.

■ Environmental Management Promotion System of Kansai Electric Power and Group Companies

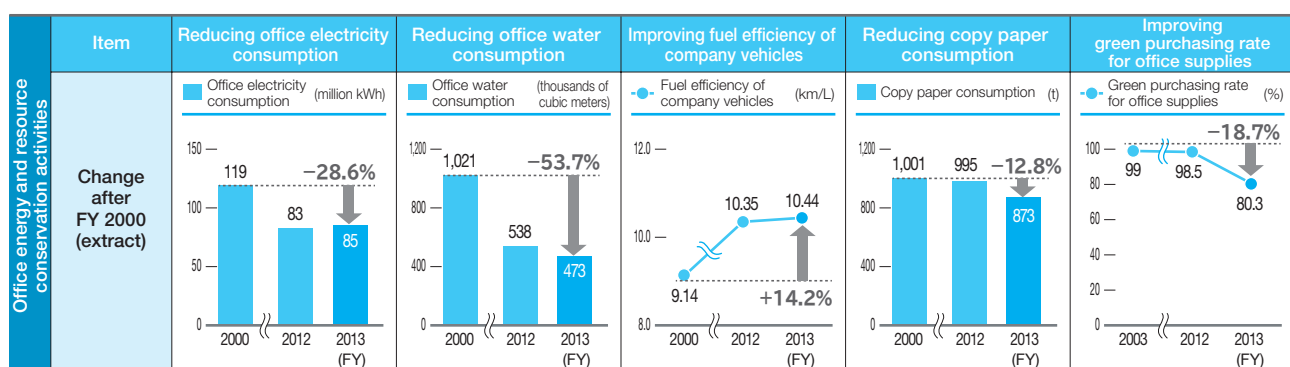


■ Environmental Management System PDCA Cycle of the Kansai Electric Power Group



Eco Action (annual targets and results)

Environmental efforts in business operations	Item		Initiatives and Results		Related page	
			Initiative	Result		
	Initiatives toward the realization of a low-carbon society					
	Promoting “safety first” operations at nuclear power plants		To steadily implement measures to prevent the recurrence of the accident at Mihama Nuclear Power Station Unit 3 and various safety measures in response to the Fukushima Daiichi Nuclear Power Plant accident. To continuously promote voluntary safety improvement measures that exceed the requirements of the regulatory framework.	Steadily implemented measures to prevent the recurrence of the accident at Mihama Nuclear Power Station Unit 3 and various safety measures in response to the Fukushima Daiichi Nuclear Power Station accident. Continuously promoted voluntary safety improvement measures exceeding the requirements of the regulatory framework. Reference: Facility utilization rate 10.9% Explanation: Reduced relative to the preceding year because only Units 3 & 4 of the Ohi Power Station have continued to operate under the special surveillance system.	33 34	
	Maintaining and improving the thermal efficiency of thermal power plants (lower heating value base)		To implement ongoing measures at existing thermal power generation facilities and operations while maintaining or improving thermal efficiency. To undertake the upgrading of the Himeji No. 2 Power Station to a combined-cycle power generation facility.	Implemented ongoing measures at existing thermal power generation facilities and steadily undertook the upgrading of the Himeji No. 2 Power Station to a combined-cycle power generation facility. Reference: Thermal efficiency 44.6% Explanation: Improved in comparison to the previous fiscal year thanks to increased operation of high-efficiency units by accelerating the facility upgrade work of the Himeji No. 2 Power Station.	34	
	Development and dissemination of renewable energies		To increase output at existing hydroelectric plants by updating facilities; develop new small- and medium-scale hydropower facilities; and construct mega solar power plants in the Wakasa region. To promote the development and adoption of renewable energy through the RPS system and a system of fixed-price purchases of power from renewable sources.	Promoted the development of renewable energy power plants and steadily accommodated minimum procurement based on the RPS system and purchased renewable energy based on fixed-price renewable energy power purchases. Reference: • Renewable energy development: 4 locations, 6,480 kW* • Achievement of RPS system minimum: 620 million kWh • Fixed-price renewable energy power purchased: 1.57 billion kWh	34	
	Promoting use of innovative forms of energy among customers and communities		To introduce, in the area of facilities, smart meters in our grid in order to increase customer awareness of energy conservation and a wider range of needs. To promote, in the area of services, the expansion of the web-based Hapi e-Miruden service supporting in-home energy management and viewing of energy consumption and billing status.	Promoted subscription growth of Hapi e-Miruden service and the adoption of smart meters through various channels during energy conservation consultations with consumer households; when phone calls were made to our call center; and through a public relations campaign promoted through television commercials, our website, and on the back of our meter-reading notice. Reference: • Total number of subscribers to Hapi e-Miruden service: 744,000	35 36	
	Limiting SF ₆ emissions (calendar year basis) (gas recovery rate upon inspection/removal of equipment)		To prepare for appropriate implementation of a recovery system in future.	Steadily recovered SF ₆ emissions through appropriate use of the recovery system when inspecting/removing equipment. Reference: 99.1% (upon inspection) 99.4% (upon removal)	—	
	Ratio of low-pollution vehicles** to all vehicles held		To systematically promote the future introduction of electric vehicles and plug-in hybrid vehicles while improving the rates of operation of the vehicles introduced. To continuously improve the ratio of low-pollution vehicles to all vehicles we have put into service.	Continuously promoted their introduction. Reference: 87.5% ratio for low-pollution vehicles	—	
	Electric vehicles and plug-in hybrid vehicles introduced			Systematically introduced such vehicles. Established model workplaces as a means of promoting their adoption. Reference: 334 electric and plug-in hybrid vehicles introduced (of which 60 were introduced in FY 2013).		
Initiatives toward the achievement of a sound material-cycle society						
Proper processing of PCB wastes		To safely and reliably process and recycle all PCBs by the legal deadline under proper management in accordance with the following trends: the development of processing technologies; and revision of relevant laws and regulations such as the Law Concerning Special Measures Against PCB Waste and related laws.	In accordance with the trend toward revision of laws and regulations and the development of processing technologies, we implemented safe and assured processing and recycling under appropriate management. Reference: Processed volume (cumulative total) Low-concentration PCBs: 77,464 kL High-concentration PCBs: 3,516 units***	38		
Initiatives toward a trusted, environmentally advanced corporation						
Maintaining sulfur oxide (SO _x) and nitrogen oxide (NO _x) emission levels proportional to the volume of power generated (emissions intensity)		SO _x NO _x	To seek to maintain one of the world's lowest emissions (emissions intensity) levels through the use of sulfur scrubbers and nitrogen scrubbers as part of our effort to “maintain sulfur oxide (SO _x) and nitrogen oxide (NO _x) emissions levels proportional to the volume of power generated.”	Sought to maintain emissions (emissions intensity) levels through appropriate operation of sulfur scrubbers and nitrogen scrubbers. Reference: Emissions intensity SO _x : 0.062 g/kWh (overall) Thermal: 0.077 g/kWh NO _x : 0.087 g/kWh (overall) Thermal: 0.108 g/kWh	38	
Promotion of environmental household account books			To promote linkage to the Hapi e-Miruden service and the environmental household account book for ongoing use as tools for calculating household CO ₂ emissions and promoting efforts to reduce such emissions.	• Linked to the Hapi e-Miruden service and the environmental household account book for use as tools to reduce household CO ₂ emissions. • Implemented system integration with the Hapi e-Miruden service on April 2014. Reference: Number of registrants: 19,116	36	



* Wakasa Ohi Solar Power Plant (500 kW, commenced operation in November)
 * Keihanna Solar Power Plant (1,980 kW, commenced operation in December)
 * NNS Takasago Solar Power Station (1,000 kW, commenced operation in March) [included in the development results of Group companies]
 ** Low-emission Vehicles at a Practical Stage (including electric and hybrid vehicles) in the Action Plan for the Development and Diffusion of Low-emission Vehicles as formulated by the Ministry of Land, Infrastructure, Transport and Tourism
 *** Electric equipment such as high-voltage transformers and capacitors
 Future actions for each item are listed on the following pages.

Initiatives contributing to the emergence of a low-carbon society

Efforts to reduce CO₂ emissions and results

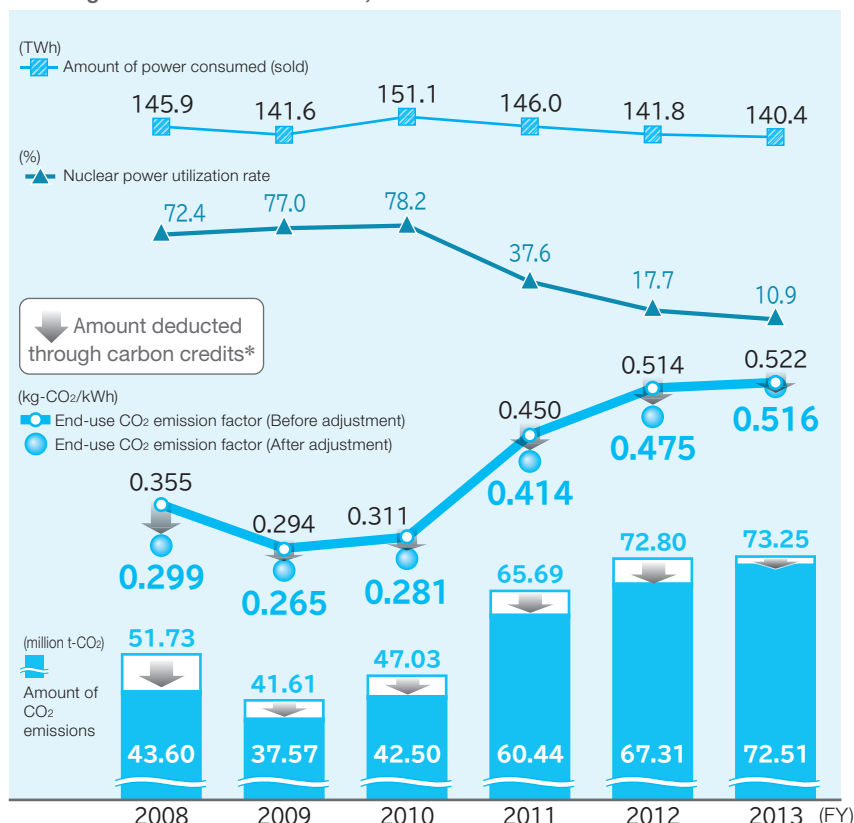
In the past, Kansai Electric Power has undertaken efforts to reduce CO₂ emissions through nuclear power generation; maintaining or enhancing the thermal efficiency of thermal power generation facilities; and developing renewable forms of energy.

As a result of the extended shutdown of nuclear power plants and accompanying increase in thermal power generation since fiscal 2011, our CO₂ emissions have also increased. After accounting for carbon credits, our CO₂ emissions for fiscal 2013 were 0.516 kg-CO₂/kWh*.

Kansai Electric Power will continue to promote a variety of efforts to reduce CO₂ emissions, particularly through the use of nuclear power, while maintaining a strong emphasis on safety.

* Provisional value; the official actual value is released by the national government according to the Act on Promotion of Global Warming Countermeasures.

Changes in CO₂ Emission Factor, etc.



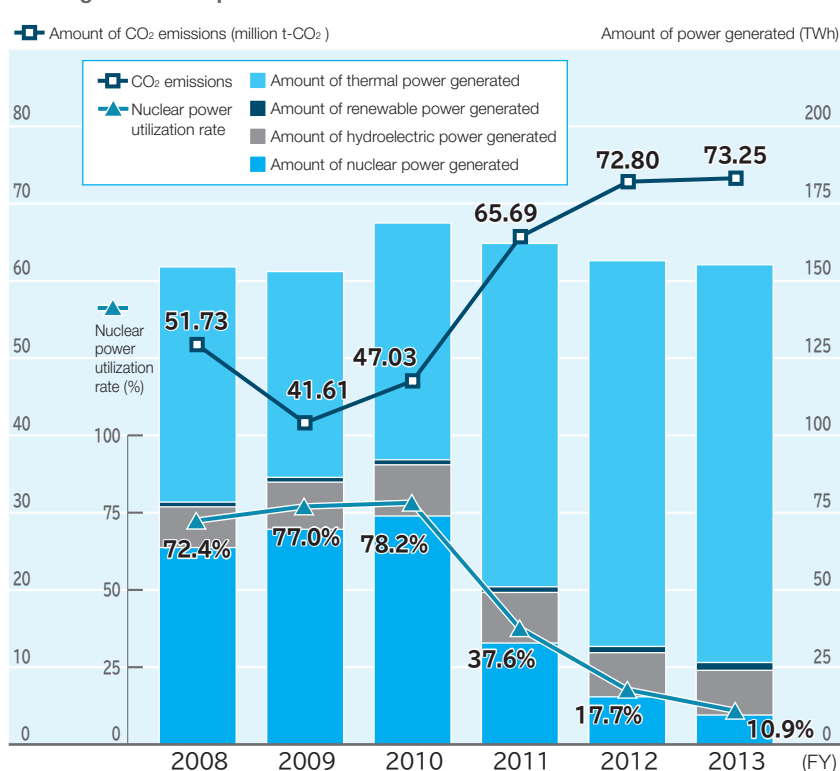
* Values result from the GHG Emissions Accounting, Reporting, and Disclosure System as mandated by the Act on Promotion of Global Warming Countermeasures. Emission factors for FY 2011 and beyond after adjustment account for exclusions reflecting carbon credits as well as environmental value adjustments based on the purchasing system for surplus solar power and fixed-price purchases of renewable energy.

Effect of nuclear power generation on controlling CO₂ emissions

Unlike thermal power generation fueled by hydrocarbons such as coal, oil, and natural gas, nuclear power generation emits no CO₂; it is a method of power generation that contributes greatly to CO₂ emission control. Since the Great East Japan Earthquake, CO₂ emissions have risen significantly with the large drop in the availability of nuclear power generation and increased thermal power generation. The shutdown of nuclear power generation facilities has resulted in an extreme consequence, the release of tens of millions of tonnes of CO₂ annually.

We therefore believe that nuclear power, generated with an emphasis on safety, will be a very important source of power from the perspective of environmental issues, preventing global warming while ensuring energy security and economic growth in the future.

Change in nuclear power utilization rate and CO₂ emissions



Notes:

1. CO₂ emissions values shown do not include value of carbon credits or other factors.

2. The amount of power generated since FY 2010 (generating end) is the amount of power generated by our company; the amount generated up to FY 2009 (generating end) excludes power purchased from other companies.

Lowering electric power's carbon intensity

In addition to our efforts to support the restart of our nuclear power stations, we will continue to increase the efficiency of thermal power generation and promote the development and adoption of renewable energy. 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 emits no CO₂, it is an important source of energy that does not contribute to global warming.

Kansai Electric Power is responding appropriately to the Nuclear Regulation Authority (NRA) to achieve a quick restart of our plants with safety assurances and with the understanding of residents of our local communities. As well, we are further enhancing safety by continuing to promote autonomous measures that exceed regulatory requirements.

Maintaining and enhancing the efficiency of our thermal power plants

Kansai Electric Power is working to maintain or improve thermal efficiency in order to reduce the use of fossil fuels and thereby CO₂ emissions through the ongoing pursuit of appropriate measures in our thermal power generation facilities and operations. We aim to secure a source of power with an even lower carbon intensity while enhancing efficiency in the interests of improved competitiveness. Following the upgrading of the Sakaiko Power Station (5 units), we are working to convert the Himeji No. 2 Power Station, one of our largest natural-gas-fired thermal power plants, to a combined-cycle power plant (6 units) with advanced 1,600°C-class gas turbines. This will raise thermal efficiency from 42% to 60%, among the highest efficiency levels in the industry, which will accrue significant reductions in our CO₂ emissions and CO₂ emissions factor.

Full-scale construction was started in July 2010; as of August 2014, four updated units had already entered commercial operation.

Development and dissemination of renewable energy

Like nuclear power, renewable forms of energy such as hydroelectric power, solar power, and wind power emit no CO₂ when generating power, making them effective energy sources for preventing global warming. Currently, Kansai Electric Power is developing about 100,000 kW of power generation, including expanded output at our existing hydropower plants, development of small and medium-scale hydroelectric power generation plants, and construction of solar and wind power plants. We are also promoting the adoption of this energy by accommodating the system of fixed-price purchases of renewable energy.

In short, by utilizing a good balance of varied energy sources, we are helping to lower the carbon intensity of electric power.

The electricity generated by solar and wind power fluctuates with the weather over a short time, however. This can result

in an unstable frequency, and any electricity that remains surplus to demand negatively affects the quality of electricity. Furthermore, the cost of power generation rises because the utilization rate of the power facilities is low; moreover, because the energy density of such sources is low, a much larger area and larger facilities are required for power station construction. We are promoting initiatives to overcome the issues of stability of supply and cost of power generation as we seek to expand and promote the adoption of renewable energy.

● Solar power development

In November 2013, Kansai Electric Power began commercial operation of the Wakasa Ohi Solar Power Plant (500 kW) constructed in Ohi-cho, Fukui prefecture. Moreover, in December 2013, Kanden Energy Solution Co., Inc., a member of the Kansai Electric Power Group, started commercial operation of the Keihanna Solar Power Plant (1,980 kW) in Seika-cho, Kyoto prefecture. We are also building a 30,000 kW mega solar power installation in Arida, Wakayama prefecture. The Kansai Electric Power Group is expected to construct eight solar power plants in total while reducing annual CO₂ emissions by about 23,000 tonnes.



Keihanna Solar Power Plant

● Wind power development

In May 2014, Kanden Energy Solution Co., Inc. began operating the Tahara No. 4 Wind Power Station in Tahara, Aichi prefecture. This, the Group's second wind power plant, uses three 2,000-kW installations to generate a total output of 6,000 kW. It was followed by the Awaji Wind Power Station (12,000 kW). These two wind power stations are expected to reduce annual CO₂ emissions by approximately 17,000 tonnes.

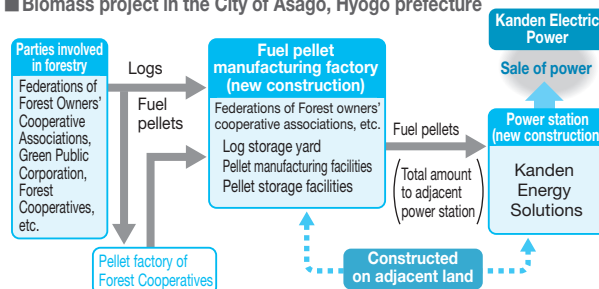


Tahara No. 4 Wind Power Station

● Development of biomass power generation

Kansai Electric Power Group is planning a wood pellet biomass fuel project in cooperation with Hyogo prefecture, the City of Asago, the Hyogo Prefectural Federations of Forest Owners' Cooperative Associations, and Hyogo Midori Kosha (Green Public Corporation) in Asago. The Federations of Forest Owners' Cooperative Associations and the Green Public Corporation will collect, transport, and process the chips from wood obtained from forest thinning operations. Kanden Energy Solution Co., Inc. will use these pellets to operate a wood mono-fuel combustion biomass power plant with output of about 5,000 kW. We expect to reduce our annual CO₂ emissions by about 18,000 tonnes using trees that absorbed CO₂ emissions from the air as they grew.

■ Biomass project in the City of Asago, Hyogo prefecture



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 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

With large-scale or focused introduction of renewable energy, including solar power, into the electric power grid, the stability of the power grid can be compromised. Therefore, Kansai Electric Power is promoting R&D of countermeasure technologies, including systems for evaluating such impact, development of advanced voltage controls, and electricity supply and demand control technologies incorporating storage batteries.

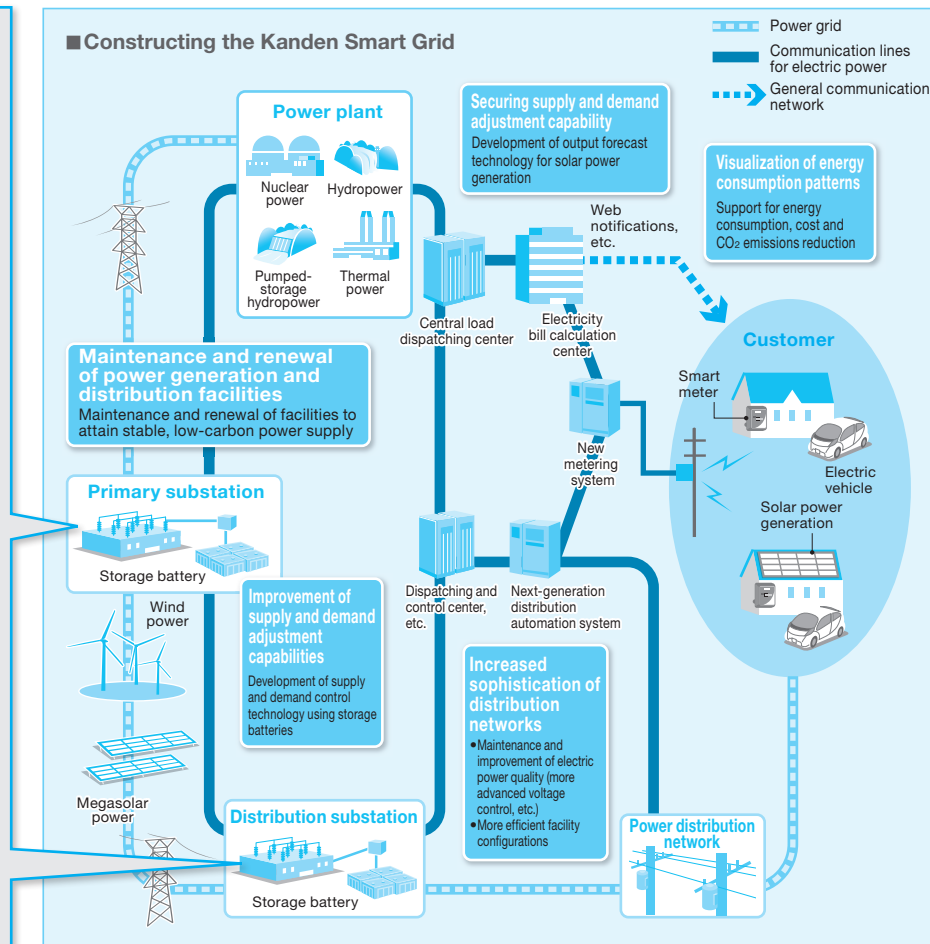
Development of supply/demand control technology using storage batteries

To support the mass introduction of solar power whose output fluctuates with the weather, we are conducting field tests using storage batteries that charge/discharge as part of our development of a supply/demand control system that maintains a fixed frequency for the power grid. Specifically, we are developing a control technology incorporating storage batteries to maintain a fixed frequency for the power grid while the storage batteries are connected to the power grid. At the same time, we are appropriately managing the residual power of the storage batteries. We have been evaluating the performance and lifespan of these storage batteries when used in such applications to determine their adequacy and effectiveness as storage batteries.



Storage batteries used in field tests

Constructing the Kanden Smart Grid



Usability improvements for customers

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 electricity consumption without requiring visits to customers' homes. We believe that this allows for more efficient facility configuration based on electric power use patterns as well as enhanced energy consulting services to customers.

Collaborating with customers to stabilize supply-demand balance

As a means of reducing peak power use when the supply of electric power is low, we are developing measures such as requesting load adjustment through aggregators for customers using building energy management systems (BEMS) capable of adjusting loads by controlling building air conditioning, lighting, and other systems.

Promoting graphic representation of energy use

We offer the web-based Hapi e-Miruden service, which charts energy use. By enhancing and disseminating such services, we are supporting energy efficiency, cost savings, and reduction of 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.

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

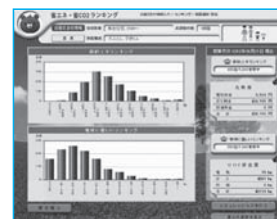
We provide our customers with total energy management support by listening closely and offering advice concerning optimal energy systems and their use. In addition, we work with other Group companies to offer a range of services including energy conservation diagnosis and energy management support appropriate for the customer's facility usage patterns. In the future, we will promote such initiatives while contributing to energy conservation, cost savings, and reduced CO₂ emissions among our customers.

Hapi e-Miruden power consumption monitor

Customers visiting Kansai Electric Power's website can access our Hapi e-Miruden site, where they can monitor their electric power use in graphic form. This feature enhances understanding of energy conservation, cost reduction, and reduction of CO₂ emissions. Customers using this service can review their electric power consumption and resulting CO₂ emissions for the preceding two years as well as their ranking among other users for electric power cost and CO₂ emissions. The Hapi e-Miruden report provides a smart way to control future energy consumption by revealing past consumption of electric power. In addition, the environmental household account book calculates total household CO₂ emissions by allowing for input of gas and oil rates and the like. This information can be used for management of not only electricity consumption but also overall energy consumption.

At the end of July 2013, we began a service that enables customers to check their total energy use and billing status, a service that is even available to customers with multiple

service agreements. This feature enables users to centrally manage multiple service agreements. In the future, we will provide services allowing access to a variety of information on electricity use and energy conservation. We remain committed to supporting our customers' energy management in order to aid in energy conservation, cost reduction, and reduced CO₂ emissions.



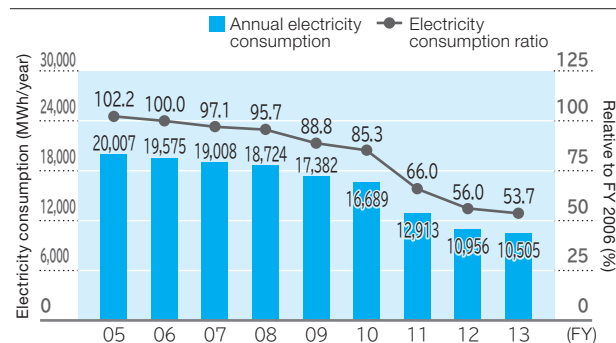
Web **Hapi e-Miruden**
<http://www.kepco.co.jp/home/service/miruden/>

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. In FY 2013, thanks to a company-wide energy conservation effort continued from the preceding year, we succeeded in reducing energy consumption by 4% year-on-year and 46% compared to FY 2006, the year before we launched these initiatives. We will maintain these initiatives in order to promote further energy conservation at our business locations.

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



Notes:
 • Electricity consumption is corrected for air temperature.
 • From FY 2011 to 2013, the reduction achieved through energy conservation is included.

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 is undertaking a wide range of activities outside Japan to contribute to the mitigation of global warming on a worldwide scale.

International Projects

With the Rajamandala hydroelectric power generation project in Indonesia, we are engaged in the on-site construction of a 47,000-kW hydroelectric power station. Because this hydro power station requires the discharge water from a peak correlating dam power station located in the upper reaches, it can generate electricity during peak load times. Therefore, it can substitute for part of the thermal power being generated to serve the increased demand during peak load and can thus contribute to reduced CO₂ emissions.

Kansai Electric Power and other companies purchased shares in Senoko Energy Pte Ltd, Singapore's largest electricity supplier. Construction was undertaken to update the facilities and convert the Senoko Power Station's oil-fired steam thermal power plants, with a total capacity of 750 MW (250 MW x 3 units), with combined-cycle natural gas turbines with a total capacity of 860 MW (430 MW x 2 units); this work was completed in 2012. This power project will benefit the environment by contributing to efficient energy use and will result in major reductions in CO₂ emissions.

Assistance for developing nations

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 and Maldives.

In 2012, we held a workshop for electric power company technicians from Pacific island nations with a focus on the theme of improving energy efficiency. In 2014, we held a workshop on the Rate System to contribute to the further adoption of sources of renewable energy in Fiji in the South Pacific.

These efforts have been ongoing since 2005 and have emphasized renewable energy and energy conservation. To date, a total of eleven workshops have been held. 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.



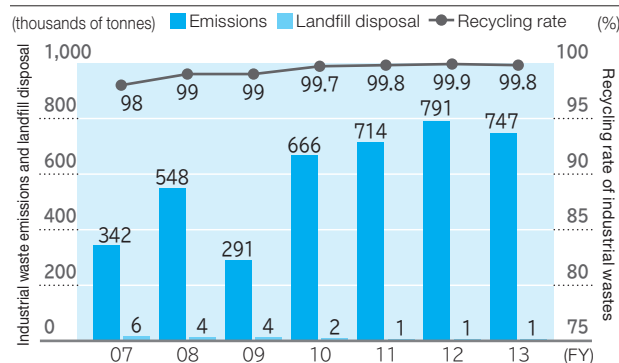
Workshop for Pacific island nations

Initiatives contributing to the emergence of a society committed to recycling

Efforts to achieve zero emissions

With the goal of achieving zero emissions, Kansai Electric Power has been promoting the recycling of industrial waste generated by our business operations; specifically, we have targeted an industrial waste recycling rate of at least 99.5%. The principal types of waste generated by Kansai Electric Power include coal ash from coal-fired thermal power plants and concrete pole fragments remaining from power grid construction. We are committed to recycling rather than burying this waste. As a result, we achieved a 99.8% recycling rate for industrial and other waste in FY 2013, which marks the fourth consecutive year that we have reached our target. Going forward, we will strive to maintain our goal of zero emissions. We are also working to reduce and recycle general waste, such as printer paper, produced by our offices.

Changes in Emissions and Recycling Rates for Industrial Wastes



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.)	99.5%	Roadbed materials
Soot (Coal ash, heavy oil ash, etc.)	100%	Cement raw materials
Sludge (Desulfogypsum, wastewater processing sludge, etc.)	99.5%	Construction materials
Cinders (Coal ash, heavy oil ash, etc.)	100%	Rare metal recovery
Waste oil	100%	Fuel

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 insulating oil and transformer cases harmless and suitable for recycling. We completed processing of stored insulating oil at the end of June 2013, while processing of transformer cases is expected

to be completed by the end of 2015. For other equipment, we are promoting effective processing using technologies from our Group companies, in part by using movable weld cleaning technology for larger equipment with Kanden Engineering Corp. We are also using the thermal disposal technology of KANDEN GEO-RE Inc. for PCB waste.

In keeping with the government plans, we have commissioned Japan Environmental Safety Corporation (JESCO) to process waste containing high concentrations of PCB insulating oil.

Initiatives that form a trusted, environmentally advanced corporation

Promotion of community environmental protection measures

Kansai Electric Power has adopted comprehensive efforts to protect the environment of local communities, specifically by addressing air pollution, water contamination, asbestos contamination, and maintenance of biodiversity. 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)

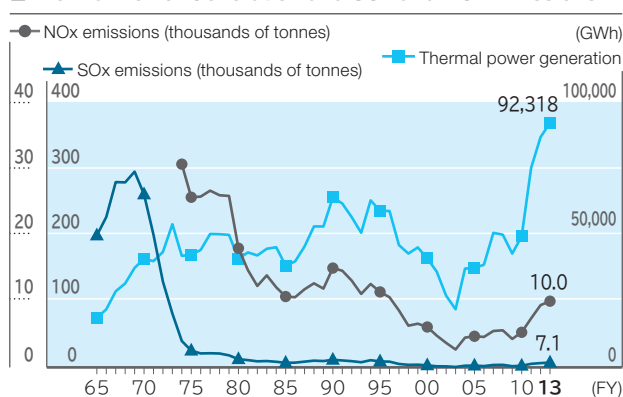
Kansai Electric Power has implemented measures aimed at reducing the volume of SOx (sulfur oxides) emitted by our thermal power plants by using low-sulfur fuels, installing sulfur scrubbers, and other measures.

To address the issue of NOx (nitrogen oxides), we are taking steps to lower emission levels, such as improving combustion methods and installing nitrogen scrubbers.

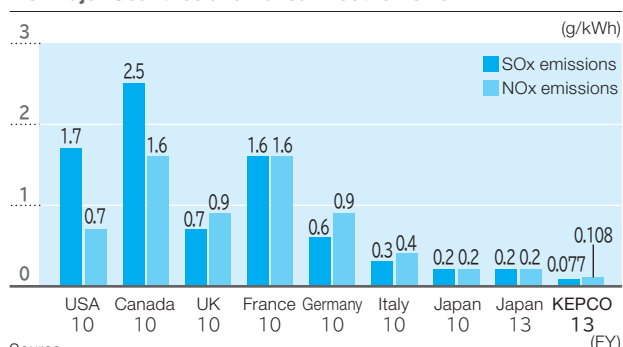
As a result, our SOx and NOx emissions per unit of electric power generated are significantly lower than those of the major countries of Europe and North America, remaining among the lowest in the world.

In addition, we have installed high-performance electric filters that dramatically cut soot emissions.

■ Thermal Power Generation and SOx and NOx Emissions



■ SOx and NOx Emissions per Unit of Thermal Power Generated of Major Countries and Kansai Electric Power



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.)

Addressing the issue of asbestos

Kansai Electric Power periodically monitors the condition of buildings and facilities identified as containing asbestos and manages them appropriately. We continue to implement carefully planned measures to remove this asbestos and replace it with alternative materials. We will continue to address this issue while observing relevant laws and regulations.

Promoting environmental communication

Committed to the proactive release of environmental information and the promotion of a sustainable society, Kansai Electric Power is not only addressing various ecological issues, but also actively working with customers and the regional community to raise environmental awareness.

Information disclosure on our website

Our website serves as an information resource for the range of environment protection initiatives in which we are engaged. Specifically, our website content includes sections titled "Environmental Initiatives" and "Environmental Report." The website broadly introduces each of our initiatives intended to contribute to the emergence of a society committed to recycling and low carbon emissions.

Community environmental initiatives undertaken in cooperation with local governments

Kansai Electric Power emphasizes community environmental initiatives hand-in-hand with local governments and other local entities. Specifically, we participate in environmental events and cleanup activities hosted by local governments and cooperate in environmental education projects at local schools.



Planting sweet potato seedlings
at Gobo Thermal Power Plant

Initiatives for Kansai Electric Power Group Environment Month

June is Environment Month at Kansai Electric Power Group, a time when our entire Group engages in activities such as community cleanups, tree planting, exhibiting at environmental events, and conducting on-site environmental classes at schools. Our Group remains dedicated to continuing such environmental initiatives in future.

Promoting environmental management

By maintaining an environmental management system in conformity with the ISO 14001 international standard for Environmental Management Systems (EMS), we are strictly complying with environmental law. At the same time, we are taking additional steps to reduce the environmental impact of our business operations through continuous improvements, developing the Eco Action initiative, and enforcing checks and reviews.

Environmental management activities of our group companies

Our Group companies carry out environmental initiatives, including those targeting reduced environmental impacts. Eco Action, a common initiative of our Group companies, is a concrete action plan that is formulated every year. The environmental management committees of the Kansai Electric Power Group also conduct a check-and-review process.

Observance of laws and regulations

In FY 2013, we experienced phenomena exceeding the agreed environmental conservation levels: the nitrogen oxide (NOx) density temporarily exceeded regulatory limits as a result of a facility malfunction at the Maizuru Power Station; and the intake and discharge water temporarily exceeded the regulatory temperature difference as a result of a sudden influx of cold water through the intake of the Gobo Power Station. However, no impact was identified in the environmental impact evaluation.

Kansai Electric Power is taking thorough measures to prevent a recurrence of this type of incident. Going forward, we will ensure strict compliance with environmental laws.

Web **Kansai Electric Power Environmental Activities**
<http://www.kepco.co.jp/corporate/kankyoku/index.html>

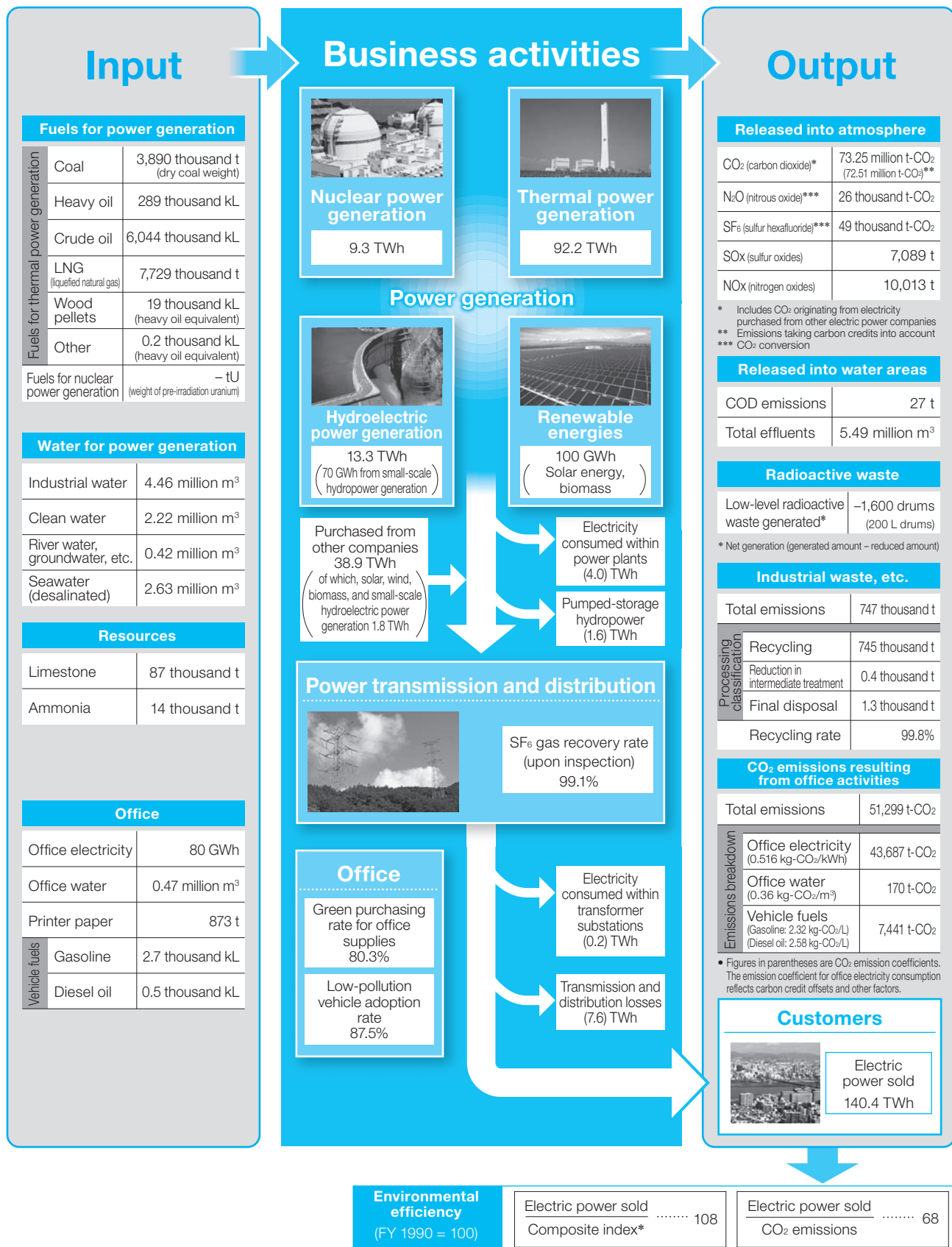
Web **Environmental Report**
<http://www.kepco.co.jp/corporate/kankyoku/report2014/index.html>

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

Item	Results for FY 2012*	FY 2013		Evaluation (Reasons for increase/reduction)
		Targets	Results*	
Reducing office electricity consumption	40.4 GWh	Continuing energy conservation efforts	34.5% increase from previous year 54.4 GWh	Despite the energy conservation efforts of individual offices, consumption of electricity increased due to an increase in the number of business locations in some Group companies, and overall Group electricity consumption increased year on year. Reference: Generated 39.6 GWh in both FY 2012 and FY 2013 (excluding companies that added more offices).
Reducing office water consumption	272,200 m ³	1% or more reduction compared to the previous fiscal year	1.3% reduction from previous year 268,600 m ³	Outer wall construction of the office 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, year-on-year Group water consumption declined overall.
Improving fuel efficiency of company vehicles	8.67 km/L	1% or more improvement compared to the previous fiscal year	3.2% improvement relative to previous year 8.94 km/L	Because each Group company worked diligently to observe practices such as eco-friendly driving and reduced idling and implemented efforts to improve mileage through the introduction of energy-efficient vehicles, overall Group fuel efficiency improved compared with the preceding year.
Reducing printer paper consumption	990.1 t	Reduce as much as possible	0.9% decrease compared with the previous fiscal year 980.9 t	Despite an overall expansion in the number of business locations and an increase in work volume, efforts to reduce the use of paper, such as printing on both sides of a sheet and digitizing conference materials, Group use of paper declined overall year-on-year.
Green procurement of printer paper	90.4% green procurement rate	100% green procurement rate	3.9% decline compared with the previous fiscal year 86.5%	Because of an increase in the work volume of offices not yet implementing green procurement, the overall Group green procurement rate decreased over the previous year. Nonetheless, about 90% of Group companies were able to achieve 100% green procurement.

*The calculation of results covers 46 companies in FY 2012 and FY 2013.

Status overview of our business activities and environmental load (FY 2013)



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.

Proactive Contributions to Development of Local Communities

Efforts for regional stimulation

As customer and societal needs regarding energy have become increasingly diverse, Kansai Electric Power has been carefully monitoring trends to determine exact requirements. We seek to invigorate local economies with the goal of working with them as a valued partner to create the new future we envision.

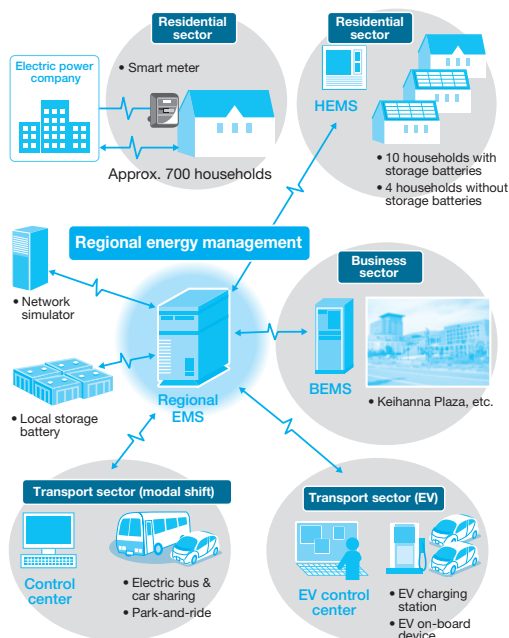
Contributing to the emergence of smart communities

To meet the emerging expectations of customers and society at large, Kansai Electric Power is participating in the Smart Community efforts of local governments and other local entities and developing initiatives using renewable energy. We are employing our accumulated expertise in the electric power industry and are engaged in a range of concrete initiatives to make this concept a reality.

For example, as part of the Smart Community initiative, we are actively participating in the Keihanna Eco-City Next-Generation Energy and Social Systems Demonstration Project in the Keihanna Science City, Kyoto prefecture, and the Project for Promoting Introduction of Smart Communities under Japan's Ministry of Economy, Trade and Industry.

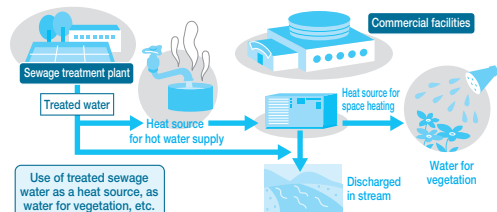
Examples of Smart Community Efforts

Keihanna Eco-City Next-Generation Energy and Social System Demonstration Project



Moreover, we are promoting renewable energy development initiatives such as the Keihanna Solar Power Plant and the town's goal of utilizing treated sewage water.

The town's concept of utilizing treated sewage water



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 2013 in collaboration with 30 enterprises (as of June 2014) 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

Kansai Electric Power, an enterprise with roots in the region, is engaged in activities that enable us to contribute as a member of the local community. We pay careful attention to the needs of our customers and local communities and undertake various initiatives together with residents of the local community.

Inspection of electrical equipment at cultural properties

We work with local fire departments to prevent fires at temples, shrines, and other cultural properties, including community centers designated as disaster refuges, 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.



▲ Inspecting electrical equipment at a community center designated as a disaster refuge in Himeji-shi, Hyogo prefecture

◀ Inspecting electrical equipment at the Shirayama Shrine in Moriguchi-shi, Osaka

Participating in cleanup activities with local residents

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).



▲ Cleanup at Suganuma Gassho-zukuri village in Nanto-shi, Toyama prefecture

◀ Yamato River cleanup campaign

Support for traditional cultural preservation and regional events

To contribute to regional development and vitalization, we are working to support traditional culture and regional events rooted in local communities in a variety of ways.



▲ Voluntary support for the Sanda International Masters Marathon

◀ Voluntary 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 their works. Visitors can appreciate the art and sense the potential of the artists. Works selected for exhibiting can also be seen on our website.



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 on our intranet website and other channels.

Support systems and their results

Volunteer time-off program

Results (FY 2013): 85 instances totaling 209 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 2013

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.

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.

In addition to promoting respect for human rights and ensuring a positive working environment, we are proactively engaged in activities to achieve our goal of freedom from discrimination, not just within our company, but also throughout society at large.

Regarding sexual harassment and workplace bullying, we established Harassment Consultation Desks that collaborate with our Compliance Consultation Desks. Firm in our conviction to never permit any harassment, we are creating workplaces that eliminate harassment and prevent its emergence.

Efforts in fiscal 2013

In the past, the company's president and upper management monitored the latest developments in human rights and related law and promoted initiatives to uphold such rights.

Throughout fiscal 2013, we implemented awareness-raising initiatives on human rights targeting all our employees. During the fiscal year, 25,045 employees attended lectures on this issue.

In conjunction with Constitution Week and Human Rights Week, we also implemented other awareness-raising initiatives such as human rights lectures to enhance knowledge and respect for human rights.

Among our company-wide initiatives, we solicited submissions for human rights slogans and provided information on our company web portal. In fiscal 2013, we received 13,667 submissions for our human rights slogan.

Benefiting from employee diversity and creating comfortable workplaces

Promoting employee diversity

● Initiatives to encourage the further success of female employees

We actively recruit female employees and have been proactive about expanding the range of positions to which women are assigned by proactively assigning them to engineering and other positions that were once closed to female employees. When promoting an employee to a managerial position, the Company conducts fair and impartial evaluations, 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 the Company has been steadily increasing.

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. In recent years, we participated in the Diversity Western-Japan Study Group and are committed to proactive information-sharing with other companies.

	Number of new female employees	In positions of responsibility
Fiscal 2008	59	31
Fiscal 2013	74	67

(Excludes medical staff and transportation staff)

● 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, more than half our employees who have reached retirement age are participating by applying their extensive expertise and skills.

● Promoting employment of persons with disabilities

We are also actively promoting the employment of workers with disabilities through our special affiliate company Kanden L-Heart (established in 1993). As a result, our ratio of workers with disabilities was 2.12% as of June 2014, remaining above the legally required ratio (2.0%).

This company is working to open up a diverse range of jobs for people with disabilities where they can work while bolstering 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 checkup before the child is enrolled in elementary school
Accumulated leave for family support	Paid leave accumulated as part of one's annual paid vacation can be taken to care for a sick spouse and other family members 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	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.

For example, 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 goal is to create a workplace in which all employees can contribute their perspectives and ways of thinking to generate new ideas and devise better solutions as a team. To achieve this, we have promoted a wide range of initiatives such as information dissemination through our intranet and various training programs intended for those in managerial and other positions.

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.

2013 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 Enhance the support system

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.

In addition, to supplement employees' autonomous safety activities, we conduct not only safety training as required by law,

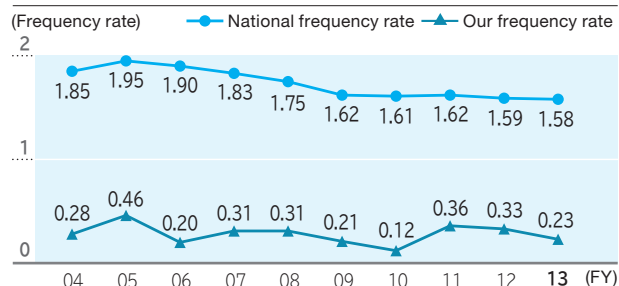
but also a variety of other specialized education to strengthen and enhance our safety control structure.

● 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



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.

Highly Transparent and Open Business Activities

Enhancing communication with stakeholders

Practicing face to face communication

Kansai Electric Power practices appropriate information disclosure to stakeholders in order to promote public understanding of the company's operations. We also listen carefully to society's opinions and requests and work to obtain the trust of stakeholders by reflecting this input in our business operations.

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 requests. We then strive to reflect these views in our business operations.

We also pursue a variety of activities to gauge public opinion, both in the course of our daily work and through opportunities created to promote interaction with local residents. Our Danbono-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 our Company. 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.



Regular press conference with our president

Information released on our website

In view of the diversifying media environment, we have been investing more effort in information dissemination via the Internet.

In November 2013, we updated our website to facilitate searches and increase clarity.

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



In December 2013, we established a corporate YouTube channel in order to share video on the Internet with the aim of disseminating information in video form in a friendly manner.

Using our website as an anchor, we employ a wide variety of communications tools, including social media, to disseminate accurate information to more customers on a timely basis.

Web **Kansai Electric Power Official Facebook Page**
<https://ja-jp.facebook.com/kanden.jp>
Kansai Electric Power Official YouTube Page
<http://www.youtube.com/user/kandenofficial>



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 deepen public understanding of the measures we are taking to ensure safety. We provide exhibits showing the characteristics of non-nuclear power generation technologies as well as the importance of having the right mix of energy sources.

Information disclosure following the Great East Japan Earthquake

We utilize press conferences, our website, newspaper advertising, and other means to disseminate information concerning the status of our initiatives to enhance safety at our nuclear power plants.

We remain committed to proactively releasing information through a variety of means to restore public trust in nuclear power generation.



Website



Newspaper insert (Echizen Wakasa no Fureai)

Providing information through print publications

We are making use of print publications and various other media to provide a wider range of information to enhance understanding of the Kansai Electric Power Group's business operations. For example, each issue of our corporate communications magazine *Yaku*, published regularly, features an in-depth report on a specific theme of social or current importance. It includes specialized information aimed at opinion leaders.



Yaku

Information for shareholders and investors

We strive 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 provide an outline of our business, our management objectives, financial data, and other useful information on a timely basis.



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://www.kepc.co.jp/corporate/ir/>

Internal communication

We share important management information internally to enhance employee understanding and are working to stimulate communication among coworkers, workplaces, and groups in order to motivate employees and create a sense of workplace unity. 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, *The Kansai Denryoku Shimbun*, offers a variety of detailed management and other information, with in-depth special features on particularly important subjects. Additionally, we utilize our in-house video networking system to relay management plans and convey messages from management to employees. By directly conveying employee responses to management regarding such topics, we are promoting interactive communication.

Prompt and accurate
information release via
The Kansai Denryoku Shimbun
(issued monthly)



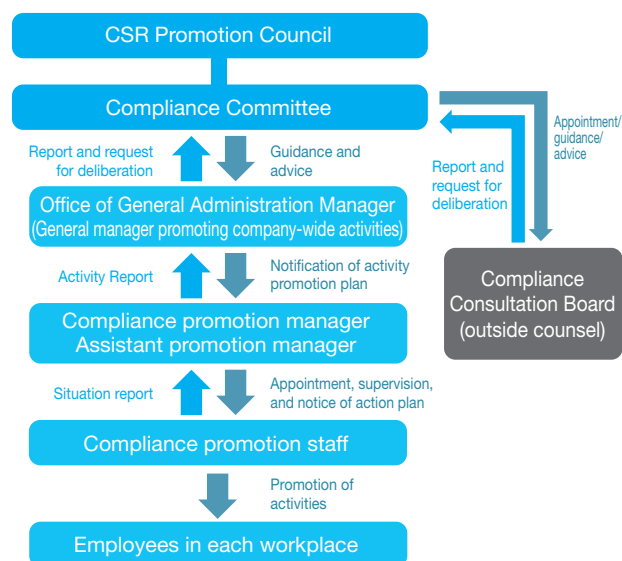
Strict Enforcement of Compliance

Pursuing compliance activities that engage the entire Group

Compliance promotion system

To promote compliance at each workplace, department and branch office heads with compliance responsibilities are appointed as compliance promotion managers. They assign staff (primarily personnel at the level of section chief) as compliance promotion staff members who play a key role and initiate autonomous activities in their respective workplaces.

■ Kansai Electric Power Group Compliance System



Supporting the autonomous initiatives of Group companies

In May 2013, we held a Compliance Information Exchange Meeting for Group Companies in order to promote shared recognition of the importance of compliance among our various Group companies. In addition, we held on-site interviews at a total of 11 Group companies in an attempt to identify any challenges they were encountering.

Since FY 2007, we have been providing “On-site Compliance Training” at Group companies. In FY 2013, a total of 33 on-site training sessions were held at 20 companies.

In FY 2014, we intend to continue promoting compliance throughout the Group by making the most of opportunities that arise while continuing to support the initiatives of Group companies.

Supporting the development of initiatives at our various workplaces

Working proactively to raise awareness, the compliance promotion staff at each workplace play a key role in holding workplace discussions more than once a year in order to share awareness of compliance risks that might be hidden in routine operations.

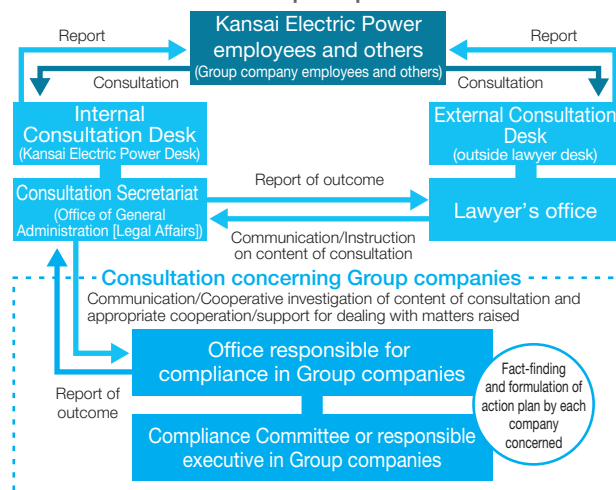
In addition, the Legal Division of the head office holds discussions with the compliance promotion staff regarding past compliance violations and reconfirms the perspectives required to ensure compliance. In FY 2013, these discussions were held at 15 locations.

Targeted Enhancement of the Compliance Consultation Desk

Our Compliance Consultation Desk is open not only for employees of Kansai Electric Power Group companies but also for our business partners. This enables us to establish a system that collects a wider range of risk information.

Beginning in September 2013, we changed our consultation desk to accept anonymous consultations in order to enhance its function and provide more approachable service.

■ Kansai Electric Power Group Compliance Consultation Desks



Promoting information security countermeasures and ensuring thorough protection of personal information

Promoting information security management

In order to build a strong business foundation capable of supporting growth over the medium and long term, Kansai Electric Power established the Infrastructure Development Committee, chaired by the Vice President. The management of information security remains one of the most important issues addressed by the committee, which deliberates on the formulation of annual plans and ongoing progress.

Specific measures targeting information security management

1 Organizational measures

- Appointment of the General Manager of Business Innovation and IT Headquarters as Chief Privacy Officer
- Appointment of an Information Security Manager in each workplace
- Adoption of in-house rules regarding information security

2 Personnel measures

- Provision of training through e-learning for Information Security Managers and all employees
- Provision of group training for new employees, managerial staff members, and other groups
- Self-checking and third-party-checking for status of compliance with in-house rules related to information security
- Engaging in workplace discussions using case studies and the like
- Adoption of steps to prevent information leakage through file sharing software and the like
- Training for all employees against attacks by targeted e-mails.

3 Physical measures

- Introduction of IC cards (employee identification cards, etc.) to control access to offices
- Adoption of office zoning with partitions
- Adoption of strict document management using shredders and locking cabinets

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 of electronic files taken off company premises
- Use of system logs to prevent fraudulent operation by system managers
- Limitations on connection of external storage media to corporate computers
- Introduction of mechanisms to prevent unauthorized access and theft of information through cyber attacks

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



Individual authorization for logging on to the enterprise network



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

Initiatives for protecting personal information

Fully aware of the importance of protecting personal information, Kansai Electric Power has undertaken a focused effort to establish in-house rules based on laws and regulations, including the "Act concerning Protection of Personal Information." In FY 2013, all employees received training in the protection of personal information that focused on recent events in order to impart a deeper understanding of the issues.

To raise awareness among individual employees

Maintaining strong employee awareness of information security is essential to our overall security. Toward that end, we provide awareness-raising initiatives for all our employees. The Information Security Manager monitors the extent of compliance with the rules at each workplace, and an in-house third party confirms the results, demonstrating our commitment to early detection of problems and corrective action. The Information Security Manager plays the key role, with each workplace identifying its own problems from the results of the above check, takes action autonomously, resolves problems, and implements ongoing improvements.

Ensuring the information security of the entire Group

To ensure the information security of the entire Group, we formulated the Kansai Electric Power Group Information Security Guidelines. Our Group companies plan and implement autonomous initiatives based on these guidelines. Kansai Electric Power provides guidance and support appropriate to the characteristics of the respective Group companies. As a result, in FY 2013, all Group companies reached the information security level stipulated in the guidelines.

Financial Section

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The Kansai Electric Power Company, Incorporated and its Subsidiaries

Consolidated Financial Statements for the
Year Ended March 31, 2014, and
Independent Auditor's Report

Financial Results and Analysis (Consolidated)

The Kansai Electric Power Company, Incorporated and Subsidiaries

Overview

Operating Income (Segment Results)

Electric Power

In terms of revenue, total electricity sales volume fell, but due to increases in electricity sales price and per-unit price based on the fuel cost adjustment system, revenue from lighting and power actually increased. As a result, operating revenue increased to ¥2,859,887 million, up ¥433,023 million (17.8%) from the previous fiscal year.

Meanwhile, in terms of expenditures, an all-out cost reduction effort has been made through streamlining of business management, but the increased fuel prices and reduced usage of nuclear power plants caused thermal fuel costs to rise.

As a result, we recorded an operating loss of ¥117,930 million, or an improvement of ¥251,554 million compared to 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 1.48 million as of the end of the fiscal year under review, an increase of 6.3% versus the end of the previous fiscal year.

As a result, operating revenue from the IT/Communications segment increased ¥8,833 million (5.7%) from the previous fiscal year to ¥164,020 million, while operating income decreased ¥4,608 million (19.0%) from the previous fiscal year to ¥19,674 million due partly to an increase in sales promotion cost.

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.

On the revenue front, this segment enjoyed an increase in revenue, supported by increases in the sales price of gas in the comprehensive energy supply business and in the number of houses for sale in the amenity services in daily life business.

As a result of this, operating revenue from other business increased ¥26,573 million (9.6%) from the previous fiscal year to ¥303,576 million, while operating income decreased ¥5,299 million (17.4%) from the previous fiscal year to ¥25,176 million due partly to an increase in raw material cost of gas in the comprehensive energy supply business.

Ordinary Loss

Non-operating revenue increased ¥335 million (1.1%) compared to the previous fiscal year to ¥31,890 million. This was due partly to an increase in gains from the sale of fixed assets. As a result, total ordinary revenue combined with operating revenue was up ¥468,765 million (16.2%) from the previous year to ¥3,359,375 million.

Non-operating expenses increased ¥772 million (1.1%) compared to the previous fiscal year to ¥71,506 million. This is due to an increase in interest payments. As a result, the total combined operating expenses and ordinary expenses increased ¥226,902 million (7.0%) from the previous year to ¥3,470,702 million.

As a result of the above, ordinary losses decreased ¥241,863 million from the previous year to ¥111,326 million.

Net Loss for this Fiscal Year

This fiscal year, since the Group used ¥3,184 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 ¥108,142 million. The net loss for the current fiscal year, after subtracting corporate taxes and minority interests in subsidiaries was ¥97,408 million, an improvement of ¥146,014 million over the previous fiscal year.

Financial Position

Cash Flow

As for cash flow from business activities, although the amount paid for thermal fuel costs increased because of the fuel price hike and the reduced usage of nuclear power plants, the increases in electricity sales price and per-unit price based on the fuel cost adjustment system pushed up revenue from lighting and power. Consequently, income increased ¥205,098 million (143.8%) from the previous fiscal year to ¥347,772 million.

Regarding cash flow from investment activities, decreased expenditures on capital investments caused expenditures to decrease ¥79,676 million (18.5%) over the previous fiscal year to ¥350,985 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 ¥134,286 million (42.8%) as compared with the previous fiscal year to ¥179,408 million.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review totaled ¥332,461 million, an increase of ¥177,010 million (113.9%) compared with the end of the previous fiscal year.

The capital adequacy ratio dropped 1.2% from the end of the previous fiscal year to 15.3%.

Also, net assets per share were ¥1,330.48, down ¥76.05 compared with the end of the previous fiscal year.

Assets, Liabilities, and Net Assets

Assets

Capital investment decreased ¥16,290 million (3.7%) from the previous fiscal year to ¥418,920 million. Net assets increased ¥142,369 million (1.9%) as compared with the end of the previous fiscal year to ¥7,777,519 million.

Liabilities

As a result of coping with the expenditures such as thermal fuel cost, which hover at high levels, our interest-bearing liabilities increased ¥186,589 million (4.4%) as compared with the end of the previous fiscal year. Consequently, our total liabilities increased ¥207,317 million (3.3%) from the end of the previous fiscal year to ¥6,564,361 million.

Net Assets

Due to the net loss of ¥97,408 million posted for the current fiscal year and other factors, total net assets fell ¥64,947 million (5.1%) to ¥1,213,158 million from 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 faced by the Group remains severe in terms of supply and demand of electricity, as well as corporate budget.

The Group is totally committed to resuming operations at its nuclear power plants, ensuring balance between supply and demand, and thorough streamlining of management, thereby restoring 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, despite our all-out efforts toward early restart of operations at our nuclear power plants, as well as thorough streamlining of management and revision of electricity sales price, a large deficit was recorded again in FY 2013. Our revenue situation continues to be very challenging and the future of the business environment remains uncertain. 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 the Group's estimate as of June 27, 2014. 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 subsequent 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 shape of future energy mix and the direction taken in reviewing the details of the future electrical power system, such as full liberalization of retail sale, 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 85.9% 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 ¥4,396,839 million as of the end of March 2014 (56.5% of total assets), suggesting that the Group's performance could be impacted by future fluctuations in market interest rates.

However, 95.2% (¥4,186,056 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 compliance with new nuclear power regulatory standards result in a prolonged suspension of operations at our nuclear power plants, because of the Company's higher ratio of nuclear power production than other power companies, the Group's business performance could be greatly impacted by an increase in costs for substitute thermal fuel and other factors.

(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, 2014

ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
PROPERTY:			
Utility plant and equipment.....	¥ 14,373,359	¥ 14,182,762	\$ 139,655,649
Other plant and equipment (Note 8)	1,668,362	1,598,129	16,210,283
Construction in progress	457,784	501,907	4,447,967
Contributions in aid of construction	(471,200)	(465,850)	(4,578,319)
Accumulated depreciation and amortization	(11,433,308)	(11,154,817)	(111,089,277)
Plant and equipment—net (Note 5).....	4,594,997	4,662,131	44,646,303
Nuclear fuel, net of amortization (Note 2.d).....	528,955	536,691	5,139,477
Property—net	5,123,952	5,198,823	49,785,781
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 6 and 17).....	191,377	173,917	1,859,475
Investments in and advances to associated companies	306,787	336,072	2,980,837
Reserve fund for reprocessing of irradiated nuclear fuel (Note 17)	574,553	593,530	5,582,521
Deferred tax assets (Note 13).....	514,509	506,439	4,999,116
Other assets	108,648	118,852	1,055,658
Total investments and other assets	1,695,875	1,728,812	16,477,609
CURRENT ASSETS:			
Cash and cash equivalents (Note 17).....	332,461	155,451	3,230,287
Accounts receivable (Note 17).....	233,398	188,175	2,267,764
Allowance for doubtful accounts	(2,326)	(1,803)	(22,600)
Inventories (Note 7)	159,000	159,988	1,544,894
Deferred tax assets (Note 13).....	48,178	44,943	468,111
Other current assets (Notes 6 and 17).....	186,979	160,759	1,816,747
Total current assets	957,691	707,514	9,305,205
TOTAL	¥ 7,777,519	¥ 7,635,150	\$ 75,568,595

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Notes 8 and 17)	¥ 3,782,894	¥ 3,651,723	\$ 36,755,679
Liability for retirement benefits (Note 9)	360,292	370,360	3,500,703
Reserve for reprocessing of irradiated nuclear fuel	664,854	684,129	6,459,911
Asset retirement obligations (Notes 2.k and 10)	402,803	452,200	3,913,752
Deferred tax liabilities (Note 13)	225	297	2,194
Other long-term liabilities	147,166	100,255	1,429,911
Total long-term liabilities	5,358,236	5,258,967	52,062,152
CURRENT LIABILITIES:			
Current maturities of long-term debt (Notes 8 and 17)	428,869	436,854	4,167,016
Short-term borrowings (Notes 11 and 17)	210,783	146,008	2,048,028
Accounts payable (Notes 8 and 17)	268,974	233,725	2,613,431
Payable to associated companies	24,094	22,661	234,107
Accrued income taxes (Note 17)	2,339	10,148	22,731
Accrued expenses and other current liabilities	264,133	238,562	2,566,394
Total current liabilities	1,199,193	1,087,961	11,651,710
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	6,930	10,114	67,339
COMMITMENTS AND CONTINGENCIES (Notes 15 and 20)			
EQUITY (Note 12):			
Common stock—authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2014 and 2013	489,320	489,320	4,754,379
Capital surplus	66,634	66,634	647,440
Retained earnings	656,909	754,319	6,382,723
Treasury stock—at cost: 45,193,049 shares in 2014 and 45,215,808 shares in 2013	(96,292)	(96,270)	(935,607)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	50,301	43,411	488,746
Deferred gain on derivatives under hedge accounting	5,031	4,611	48,886
Foreign currency translation adjustments	9,434	(5,269)	91,667
Defined retirement benefit plans	7,495	—	72,829
Total	1,188,835	1,256,757	11,551,066
Minority interests	24,322	21,349	236,327
Total equity	1,213,158	1,278,106	11,787,394
TOTAL	¥ 7,777,519	¥ 7,635,150	\$ 75,568,595

See notes to consolidated financial statements.

Consolidated Statements of Operations

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
OPERATING REVENUES:			
Electric.....	¥ 2,859,887	¥ 2,426,863	\$ 27,787,477
Other	467,597	432,190	4,543,311
Total operating revenues	3,327,484	2,859,054	32,330,789
OPERATING EXPENSES (Note 14):			
Electric.....	2,981,770	2,795,044	28,971,728
Other	417,425	378,022	4,055,827
Total operating expenses	3,399,196	3,173,066	33,027,555
OPERATING LOSS.....	(71,711)	(314,012)	(696,765)
OTHER (INCOME) EXPENSES:			
Interest and dividend income	(12,537)	(13,644)	(121,821)
Interest expense	56,621	55,102	550,150
Equity in earnings of associated companies	(8,896)	(8,114)	(86,438)
Other—net	4,428	5,834	43,025
Total other expenses	39,615	39,177	384,915
LOSS BEFORE REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES, AND MINORITY INTERESTS	(111,326)	(353,190)	(1,081,681)
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL.....	(3,184)	(4,489)	(30,939)
LOSS BEFORE INCOME TAXES AND MINORITY INTERESTS	(108,142)	(348,700)	(1,050,741)
INCOME TAXES (Note 13):			
Current	5,252	18,528	51,031
Deferred.....	(16,151)	(124,052)	(156,933)
Total income taxes	(10,899)	(105,524)	(105,901)
NET LOSS BEFORE MINORITY INTERESTS	(97,242)	(243,176)	(944,839)
MINORITY INTERESTS IN NET INCOME	165	246	1,605
NET LOSS	¥ (97,408)	¥ (243,422)	\$ (946,445)
	Yen		U.S. Dollars
	2014	2013	2014
PER SHARE OF COMMON STOCK (Notes 2.r and 21):			
Basic net loss	¥ (109.01)	¥ (272.43)	\$ (1.05)

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
NET LOSS BEFORE MINORITY INTERESTS	¥ (97,242)	¥ (243,176)	\$ (944,839)
OTHER COMPREHENSIVE INCOME (LOSS) (Note 19):			
Unrealized gain on available-for-sale securities	6,084	12,839	59,114
Deferred loss on derivatives under hedge accounting.....	848	(319)	8,243
Foreign currency translation adjustments	15,877	(41)	154,270
Share of other comprehensive income in associates	2,131	6,035	20,714
Total other comprehensive income	24,941	18,514	242,343
COMPREHENSIVE LOSS	¥ (72,300)	¥ (224,661)	\$ (702,496)
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ (75,393)	¥ (226,233)	\$ (732,545)
Minority interests	3,092	1,571	30,048

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

Millions of Yen												
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income						
						Unrealized Gain on Available-for- Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 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
Net loss.....				(97,408)						(97,408)		(97,408)
Purchase of treasury stock					(51)					(51)		(51)
Disposal of treasury stock			(1)		29					27		27
Transfer to capital surplus from retained earnings ...			1	(1)								
Net change in the year						6,890	420	14,703	7,495	29,510	2,973	32,483
BALANCE, MARCH 31, 2014 ...	938,733,028	¥ 489,320	¥ 66,634	¥ 656,909	¥ (96,292)	¥ 50,301	¥ 5,031	¥ 9,434	¥ 7,495	¥ 1,188,835	¥ 24,322	¥ 1,213,158

	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	Defined Retirement Benefit Plans			
BALANCE, MARCH 31, 2013	\$ 4,754,379	\$ 647,440	\$ 7,329,184	\$ (935,395)	\$ 421,796	\$ 44,802	\$ (51,197)		\$ 12,211,010	\$ 207,436	\$ 12,418,446
Net loss.....			(946,445)						(946,445)		(946,445)
Purchase of treasury stock				(495)					(495)		(495)
Disposal of treasury stock		(16)		283					267		267
Transfer to capital surplus from retained earnings		16	(16)								
Net change in the year					66,949	4,084	142,864	72,829	286,729	28,891	315,620
BALANCE, MARCH 31, 2014	\$ 4,754,379	\$ 647,440	\$ 6,382,723	\$ (935,607)	\$ 488,746	\$ 48,886	\$ 91,667	\$ 72,829	\$ 11,551,066	\$ 236,327	\$ 11,787,394

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
OPERATING ACTIVITIES:			
Loss before income taxes and minority interests	¥ (108,142)	¥ (348,700)	\$ (1,050,741)
Adjustments for:			
Income taxes—(paid) refund	(20,075)	16,509	(195,061)
Depreciation and amortization	382,821	380,025	3,719,607
Decommissioning cost of nuclear power units	6,021	7,863	58,506
Amortization of nuclear fuel	4,802	9,082	46,665
Loss on disposal of property, plant, and equipment	8,807	8,667	85,580
Nuclear fuel transferred to reprocessing costs	15,805	14,803	153,571
Changes in assets and liabilities:			
Decrease in reserve fund for reprocessing of irradiated nuclear fuel	18,977	18,232	184,386
Increase in trade receivable	(44,960)	(5,934)	(436,847)
Decrease in interest and dividends receivable	8,160	6,729	79,291
Increase (decrease) in trade payable	19,540	(498)	189,861
(Decrease) increase in interest payable	(475)	280	(4,622)
Increase in liability for retirement benefits	2,981	4,659	28,969
Decrease in reserve for fluctuations in water level	(3,184)	(4,489)	(30,939)
Decrease in reserve for reprocessing of irradiated nuclear fuel ..	(19,275)	(14,913)	(187,286)
Other—net	75,966	50,355	738,114
Total adjustments	455,914	491,374	4,429,796
Net cash provided by operating activities	347,772	142,673	3,379,055
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(397,991)	(436,893)	(3,867,001)
Payments for investments and advances	(5,201)	(17,141)	(50,540)
Proceeds from sales of investments or collections of advances ..	34,005	9,599	330,408
Other—net	18,201	13,772	176,855
Net cash used in investing activities	(350,985)	(430,662)	(3,410,277)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	159,201	149,694	1,546,848
Proceeds from long-term debt (exclusive of bonds)	398,158	596,784	3,868,619
Proceeds from short-term loans	446,137	312,742	4,334,794
Proceeds from issuance of commercial papers	—	487,000	—
Redemption of bonds	(220,007)	(136,536)	(2,137,659)
Repayments of long-term debt (exclusive of bonds)	(218,442)	(227,217)	(2,122,449)
Repayments of short-term loans	(381,362)	(321,081)	(3,705,422)
Repayments of commercial papers	—	(517,000)	—
Other—net	(4,275)	(30,690)	(41,542)
Net cash provided by financing activities—(Continued)	179,408	313,695	1,743,188

Consolidated Statements of Cash Flows

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
NET CASH PROVIDED BY OPERATING, INVESTING, AND FINANCING ACTIVITIES—(Forward).....	¥ 176,195	¥ 25,706	\$ 1,711,966
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS.....	814	1,259	7,914
NET INCREASE IN CASH AND CASH EQUIVALENTS	177,010	26,965	1,719,881
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	155,451	128,514	1,510,406
DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE OF FISCAL TERMS OF SUBSIDIARIES.....	—	(28)	—
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 332,461	¥ 155,451	\$ 3,230,287

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

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 ¥102.92 to \$1, the approximate rate of exchange at March 31, 2014. 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, 2014, include the accounts of the Company and all (59 in 2014 and 57 in 2013) 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 2013) 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 five 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, 2013, one subsidiary changed its year-end closing date from December 31 to March 31. The effect of that change 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 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 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

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

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.

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, 2014 and 2013, was ¥108,314 million (\$1,052,416 thousand) and ¥103,511 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 plans, 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.

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 were followed by partial amendments from time to time through 2009.

- (a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
- (b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period 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 are 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) 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 applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014. As a result, liability for retirement benefits of ¥360,292 million (\$3,500,703 thousand) was recorded as of March 31, 2014, and accumulated other comprehensive income for the year ended March 31, 2014, increased by ¥7,495 million (\$72,829 thousand).

- 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 ¥124,429 million (\$1,208,993 thousand) and ¥145,167 million at March 31, 2014 and 2013, respectively.

The estimated future reprocessing costs are discounted at 1.5% and 1.6% at March 31, 2014 and 2013, respectively, for the quantity of the irradiated nuclear fuel covered by the definite reprocessing plan.

The unrecognized estimation gain of ¥27,294 million (\$265,203 thousand) and loss of ¥12,400 million at March 31, 2014 and 2013, 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.

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, 2014 and 2013.

- 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 the appropriate manner. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost. 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 expected safe storage period and the expected operating period of a specific nuclear power unit, and a discount rate of 2.3% is used. In addition, in accordance with the ASBJ

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

Guidance No. 21 and the Ministerial Ordinance Concerning Reserve for Decommissioning of Nuclear Power Units, the asset retirement cost is subsequently allocated to expenses based on the straight-line method throughout the expected safe storage period and the expected operating period.

On October 1, 2013, the “Ministry Order Relating to Reserves for Decommissioning of Nuclear Power Plants” following the enforcement of the “Ministry Order Relating to the Partial Revision of Electric Business Accounting Regulations” (Ordinance of the Ministry of Economy, Trade and Industry No. 52, 2013; “Revised Ordinance”) was revised.

As a result of the revision, effective October 1, 2013, the estimated useful life used in the calculation of asset retirement obligations was changed from the expected operating period that was previously used to the period for which the expected safe storage period has been added to the expected operating period.

The allocation of asset retirement obligations was also to be changed from the past method, in which the allocation is proportional to the amount of nuclear power produced, to a method in which the allocation is based on the straight-line method throughout a period for which the expected safe storage period has been added to the expected operating period.

- 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 transition 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.

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

- 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 principally use foreign exchange forward contracts, currency swaps, interest rate swaps, and commodity swaps in the normal course of business to manage their exposures to fluctuations in foreign exchange, interest rates, fuel prices, and so on. The Companies do not enter into derivatives for trading or speculative purposes. Derivative financial instruments are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of 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 Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

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 were 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

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The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

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 service period 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 applied the revised accounting standard for (a) and (b) above effective April 1, 2013, and expects to apply (c) above from April 1, 2014, and it is expected that the effects of applying the revised accounting standard for (c) in future applicable periods are immaterial.

Accounting Standards for Business Combinations and Consolidated Financial Statements - On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and

revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

Major accounting changes are as follows:

Transactions with noncontrolling interest

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

Presentation of the consolidated balance sheets

In the consolidated balance sheets, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

Presentation of the consolidated statements of income

In the consolidated statements of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisioned amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss are recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the

amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for “transactions with noncontrolling interest,” “acquisition-related costs,” and “presentation changes in the consolidated financial statements” are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for the presentation changes in the consolidated financial statements. In case of earlier application, all accounting standards and guidance above, except for the presentation changes, should be applied simultaneously. Either retrospective or prospective application of the revised accounting standards and guidance for “transactions with noncontrolling interest” and “acquisition-related costs” is permitted. In retrospective application of the revised standards and guidance for “transactions with noncontrolling interest” and “acquisition-related costs,” accumulated effects of retrospective adjustments for all “transactions with noncontrolling interest” and “acquisition-related costs” which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application.

In prospective application, the new standards and guidance for “transactions with noncontrolling interest” and “acquisition-related costs” shall be applied prospectively from the beginning of the year of the first-time application. The changes in presentation shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for “provisional accounting treatments for a business combination” is effective for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting

standards and guidance from the beginning of the annual period beginning on April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. ACCOUNTING CHANGE

Change of Allocation of Asset Retirement Cost with Regard to the Costs for Decommissioning of Nuclear Power Units

- On October 1, 2013, the “Ministry Order Relating to Reserves for Decommissioning of Nuclear Power Plants” following the enforcement of the “Ministry Order Relating to the Partial Revision of Electric Business Accounting Regulations” (Ordinance of the Ministry of Economy, Trade and Industry No. 52, 2013; “Revised Ordinance”) was revised.

As a result of the revision, effective October 1, 2013, the allocation of asset retirement cost was changed from the past method in which costs are allocated in proportion to the amount of nuclear power produced to the method in which the allocation is based on the straight-line method throughout the expected safe storage period and the expected operating period.

As a result of this revision, operating loss, ordinary loss, and loss before income taxes and minority interests for the current fiscal year increased by ¥9,584 million (\$93,129 thousand), respectively.

The effects on per-share information are described in the per-share information section (see Note 21).

The expected use period used in the calculation of asset retirement obligations related to the decommissioning of nuclear power plants was also changed from the expected operating period that was previously used to the period for which the expected safe storage period has been added to the expected operating period.

As a result of this revision, assets corresponding to asset retirement obligations decreased by ¥57,806 million (\$561,666 thousand), the same as asset retirement obligations.

4. CHANGES IN PRESENTATIONS

“Dividends paid” was disclosed separately in the FINANCING ACTIVITIES section of the consolidated statement of cash flows for the year ended March 31, 2013. Since the amount decreased, such amount is included in “Other—net” among financing activities of the consolidated statement of cash flows for the year ended March 31, 2014. The amount included in the “Other—net” for the year ended March 31, 2013, was ¥26,907 million.

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The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

5. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Hydroelectric power production facilities.....	¥ 307,627	¥ 313,583	\$ 2,989,000
Thermal power production facilities.....	507,988	425,681	4,935,757
Nuclear power production facilities	334,775	379,859	3,252,774
Transmission facilities.....	956,098	1,001,226	9,289,722
Transformation facilities.....	404,546	411,440	3,930,687
Distribution facilities	841,050	845,045	8,171,881
General facilities.....	116,750	116,441	1,134,382
Other utility facilities	27,395	29,518	266,186
Other plant and equipment	640,979	637,427	6,227,943
Construction in progress.....	457,784	501,907	4,447,967
Total.....	¥ 4,594,997	¥ 4,662,131	\$ 44,646,303

As a result of the revision of the “Japanese Electricity Utilities Industry Accounting Regulations” (Ordinance of the Ministry of International Trade and Industry No. 57, 1965) following the enforcement of the “Ministry Order Relating to the Partial Revision of Electricity Utilities Industry Accounting Regulations” (Ordinance of the Ministry of Economy, Trade and Industry No. 52, 2013), properties which are necessary for nuclear reactor decommissioning and need maintenance after abolition of their operation will be classified as nuclear power production facilities.

6. INVESTMENT SECURITIES

The information for available-for-sale securities, whose fair values are readily determinable, and held-to-maturity securities at March 31, 2014 and 2013, were as follows:

March 31, 2014	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 34,361	¥ 61,245	¥ (441)	¥ 95,166
Debt securities	2,591	647	(1)	3,237
Held-to-maturity debt securities	6,284	224	(17)	6,491

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, 2014	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 333,869	\$ 595,081	\$ (4,288)	\$ 924,663
Debt securities	25,178	6,290	(11)	31,457
Held-to-maturity debt securities	61,061	2,176	(166)	63,071

7. INVENTORIES

Inventories at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Merchandise and finished products	¥ 5,120	¥ 5,213	\$ 49,750
Work in process	6,690	4,840	65,001
Raw materials and supplies	116,392	102,916	1,130,906
Real estate for sale	30,797	47,017	299,235
Total	¥ 159,000	¥ 159,988	\$ 1,544,894

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8. LONG-TERM DEBT

Long-term debt at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Secured bonds:			
0.497% to 3.175%, due serially through 2020	¥ 1,580,743	¥ 1,641,220	\$ 15,358,956
0.65% to 3.4% secured loans principally from the Development Bank of Japan maturing serially through 2025:			
The Company	385,019	371,959	3,740,956
Subsidiaries	7,161	8,340	69,580
0.185% to 6.0% (0.259% to 6.0% in 2013), unsecured loans from banks, insurance companies and other sources maturing serially through 2036	2,213,131	2,042,720	21,503,419
Obligations under finance leases	25,707	24,336	249,783
Total	4,211,763	4,088,578	40,922,695
Less current maturities	428,869	436,854	4,167,016
Long-term debt, less current maturities	¥ 3,782,894	¥ 3,651,723	\$ 36,755,679

Annual maturities of long-term debt at March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year Ending March 31		
2015	¥ 428,869	\$ 4,167,016
2016	585,581	5,689,673
2017	638,065	6,199,621
2018	616,689	5,991,934
2019	576,405	5,600,522
2020 and thereafter	1,366,152	13,273,927
Total	¥ 4,211,763	\$ 40,922,695

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

The carrying amounts of subsidiaries' assets pledged as

collateral for accounts payable of ¥3,254 million (\$31,619 thousand) and the above secured loans at March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Property and other	¥ 23,428	\$ 227,635

9. RETIREMENT AND PENSION PLAN

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

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

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

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

Year Ended March 31, 2014

1. The changes in defined benefit obligation for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Balance at beginning of year.....	¥ 361,959	\$ 3,516,901
Current service cost.....	15,225	147,940
Interest cost	6,963	67,662
Actuarial gains	(7,556)	(73,421)
Benefits paid	(12,205)	(118,596)
Other	(403)	(3,920)
Balance at end of year	¥ 363,983	\$ (3,536,565)

2. The changes in plan assets for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Balance at beginning of year.....	¥ 3,525	\$ 34,254
Expected return on plan assets	63	620
Actuarial gains	76	746
Contributions from the employer.....	322	3,133
Benefits paid	(297)	(2,892)
Balance at end of year	¥ 3,690	\$ 35,862

3. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Funded defined benefit obligation	¥ 4,823	\$ 46,865
Plan assets.....	(3,690)	(35,862)
	1,132	11,003
Unfunded defined benefit obligation.....	359,159	3,489,700
Net liability arising from defined benefit obligation	¥ 360,292	\$ 3,500,703

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Liability for retirement benefits.....	¥ 360,292	\$ 3,500,703
Net liability arising from defined benefit obligation	¥ 360,292	\$ 3,500,703

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

4. The components of net periodic retirement benefit costs for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Service cost.....	¥ 15,225	\$ 147,940
Interest cost	6,963	67,662
Expected return on plan assets	(63)	(620)
Recognized actuarial gains	(6,474)	(62,909)
Amortization of prior service cost	(40)	(394)
Other	(39)	(380)
Net periodic retirement benefit costs	¥ 15,571	\$ 151,297

5. Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2014, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Unrecognized prior service cost.....	¥ (294)	\$ (2,858)
Unrecognized actuarial gains	(12,743)	(123,821)
Total	¥ (13,037)	\$ (126,679)

6. Plan assets

(1) Components of plan assets

Plan assets at March 31, 2014, consisted of the following:

	2014
General account of life insurance	60%
Equity investments.....	16
Debt investments.....	13
Other	11
Total	100%

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined

considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

7. Assumptions used for the year ended March 31, 2014, were set forth as follows:

	2014
Discount rate	2.0%
Expected rate of return on plan assets.....	1.25–2.5%
Allocation method of the retirement benefits expected to be paid at the retirement date	Straight-line method
Amortization period of prior service cost	3 years
Recognition period of actuarial gain/loss.....	3 years

8. Defined contribution

The required contribution amount of the Company and its subsidiaries is ¥4,855 million (\$47,178 thousand).

Year Ended March 31, 2014

The liability for retirement benefits at March 31, 2013, consisted of the following:

	Millions of Yen
	2013
Projected benefit obligation	¥ 361,959
Fair value of plan assets	(3,525)
Unrecognized actuarial gain.....	11,585
Unrecognized prior service cost.....	334
Prepaid pension cost.....	6
Net liability	¥ 370,360

The components of net periodic retirement benefit costs for the year ended March 31, 2013, are as follows:

	Millions of Yen
	2013
Service cost.....	¥ 16,079
Interest cost	6,787
Expected return on plan assets	(58)
Recognized actuarial gain	(6,900)
Amortization of prior service cost.....	(42)
Other	4,866
Net periodic retirement benefit costs.....	¥ 20,732

Assumptions used for the year ended March 31, 2013, are set forth as follows:

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

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

10. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Balance at beginning of year.....	¥ 452,200	¥ 437,311	\$ 4,393,712
Additional provisions.....	10,919	22,139	106,098
Reduction.....	(60,317)	(7,250)	(586,058)
Balance at end of year	¥ 402,803	¥ 452,200	\$ 3,913,752

11. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Short-term loans from banks and other sources, weighted-average interest rate of 0.5272% and 0.542% at March 31, 2014 and 2013, respectively.....	¥ 210,783	¥ 146,008	\$ 2,048,028

12. EQUITY

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the 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 and 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.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

13. INCOME TAXES

The Companies are subject to taxes based on income, such as corporate income tax and inhabitant tax which, in the aggregate, resulted in normal statutory tax rates of approximately 33.3% for the years ended March 31, 2014 and

2013. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2014 and 2013, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax assets:			
Net operating tax loss carryforwards	¥ 200,625	¥ 194,195	\$ 1,949,337
Liability for retirement benefits	111,842	115,237	1,086,695
Depreciation and amortization	83,895	82,510	815,155
Asset retirement obligations	47,978	63,036	466,168
Reserve for reprocessing of irradiated nuclear fuel (with definite plans, Note 2.j)	27,361	28,666	265,851
Intercompany profit elimination	25,358	27,051	246,395
Other	161,132	142,801	1,565,605
Less valuation allowance	(64,969)	(61,006)	(631,263)
Total deferred tax assets	593,225	¥ 592,493	5,763,946
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	17,667	14,955	171,666
Deferred gain on derivatives under hedge accounting	1,788	2,168	17,380
Reserve for special depreciation	3,464	931	33,660
Other	7,849	23,351	76,208
Total deferred tax liabilities	30,764	41,408	298,916
Net deferred tax assets	¥ 562,460	¥ 551,085	\$ 5,465,029

Reserve for special depreciation was included in "Other" among deferred tax liabilities as of March 31, 2013. Since the amount is material, such amount is disclosed separately as of March 31, 2014. The amount included in "Other" as of March 31, 2013, was ¥931 million.

Capitalized asset retirement costs were disclosed separately as of March 31, 2013. Since the amount is immaterial, such amount is included in "Other" in the deferred tax liabilities section as of March 31, 2014. The corresponding amount included in "Other" as of March 31, 2013, was ¥17,974 million.

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, 2014, with the corresponding figures for 2013, is as follows:

	2014	2013
Normal effective statutory tax rate.....	33.3%	33.3%
Effect of tax rate reduction.....	(9.8)	(3.2)
Adjustment for profit and loss on sale of investment securities.....	(7.5)	
Valuation allowance	(5.5)	(0.7)
Other—net	(0.4)	0.9
Actual effective tax rate	10.1%	30.3%

Valuation allowance was included in “Other—net” in the reconciliation for the year ended March 31, 2013. Since the amount is material, such amount is disclosed separately for the year ended March 31, 2014. The amount included in “Other—net” for the year ended March 31, 2013, was (0.7)%.

On March 31, 2014, a tax reform law was enacted in Japan which changed the normal effective statutory tax rate, effective for years beginning on or after April 1, 2014. The effect of this change on deferred taxes in the consolidated statements of income for the year ended March 31, 2014, is immaterial.

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥12,421 million (\$120,692 thousand) and ¥16,839 million for the years ended March 31, 2014 and 2013, respectively.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

15. RELATED-PARTY DISCLOSURES

Related-party transactions of the Company with an associated company for the years ended March 31, 2014 and 2013, were as follows:

(1) 2014

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	¥ 187,840	\$ 1,825,114

(2) 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	
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	

16. LEASES

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

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Policy for Financial Instruments

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

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 in equity investments 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 30 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 18 for more details about derivatives.

(3) Risk Management for Financial Instruments

Market risk management

Investment securities are managed by reviewing their necessity in the business of electric power, and by monitoring market values and financial 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 in a timely manner by the Accounting Department of the Company and each subsidiary.

(4) Fair Values of Financial Instruments

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

Notes to Consolidated Financial Statements

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Year Ended March 31, 2014

(a) Fair value of financial instruments

March 31, 2014	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	¥ 104,688	¥ 104,895	¥ 206
Reserve fund for reprocessing of irradiated nuclear fuel	574,553	574,553	—
Cash and cash equivalents	332,461	332,461	—
Accounts receivable (exclusive of associated companies)	232,295	232,295	—
Total	¥ 1,243,998	¥ 1,244,205	¥ 206
Long-term debt	¥ 4,186,056	¥ 4,279,553	¥ 93,497
Short-term borrowings	210,783	210,783	—
Accounts payable (exclusive of accrued amount payable)	199,538	199,538	—
Accrued income taxes	2,339	2,339	—
Total	¥ 4,598,717	¥ 4,692,214	¥ 93,497
Derivatives	¥ 9,533	¥ 9,533	—

Some investment securities are included in short-term investments and other current assets 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, 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	—

March 31, 2014	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	\$ 1,017,182	\$ 1,019,192	\$ 2,010
Reserve fund for reprocessing of irradiated nuclear fuel	5,582,521	5,582,521	—
Cash and cash equivalents	3,230,287	3,230,287	—
Accounts receivable (exclusive of associated companies)	2,257,053	2,257,053	—
Total	\$ 12,087,045	\$ 12,089,055	\$ 2,010
Long-term debt	\$ 40,672,912	\$ 41,581,357	\$ 908,444
Short-term borrowings	2,048,028	2,048,028	—
Accounts payable (exclusive of accrued amount payable)	1,938,775	1,938,775	—
Accrued income taxes	22,731	22,731	—
Total	\$ 44,682,446	\$ 45,590,891	\$ 908,444
Derivatives	\$ 92,630	\$ 92,630	—

Investment securities

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

Reserve fund for reprocessing of irradiated nuclear fuel

The Company provides a reserve fund for reprocessing of irradiated nuclear fuel in order to properly carry out the plan for reprocessing the irradiated nuclear fuel in order to practically operate the nuclear power unit in accordance with the Irradiated Nuclear Fuel Reprocessing Fund Act. The Company is required to follow the plan for refunding the reserve fund for reprocessing of irradiated nuclear fuel that was approved by the Ministry 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 future refunds 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 value because of their short maturities.

Derivatives

Fair value information for derivatives is included in Note 18.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

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

	Carrying Amount		Thousands of U.S. Dollars
	Millions of Yen	2013	
	2014		2014
Investments in equity instruments that do not have a quoted market price in an active market	¥ 82,591	¥ 73,998	\$ 802,477
Invested instruments and other	3,130	3,252	30,420

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

March 31, 2014	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	¥ 230,500	¥ 3,970	¥ 1,610	¥ 400
Available-for-sale securities with contractual maturities	135	521	300	100
Cash and cash equivalents	332,461			
Accounts receivable	230,109	2,160	12	13

March 31, 2014	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	\$ 2,239,603	\$ 38,573	\$ 15,643	\$ 3,886
Available-for-sale securities with contractual maturities	1,311	5,062	2,914	971
Cash and cash equivalents	3,230,287			
Accounts receivable	2,235,811	20,990	122	128

The redemption amount from the reserve fund for reprocessing of irradiated nuclear fuel within one year is ¥52,517 million

(\$510,271 thousand).

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

18. DERIVATIVES

The Companies principally use foreign exchange forward contracts, currency swaps, interest rate swaps, and commodity swaps in the normal course of business to manage their exposures to fluctuations in foreign exchange, interest rates, fuel 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, 2014	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Currency swaps:				
(U.S. dollar payment, Japanese yen receipt)...	¥ 35,750	¥ 30,648	¥ (3,178)	¥ (3,178)

March 31, 2013

Currency swaps:				
(U.S. dollar payment, Japanese yen receipt)...	¥ 40,524	¥ 35,750	¥ (583)	¥ (583)

March 31, 2014	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Currency swaps:				
(U.S. dollar payment, Japanese yen receipt)...	\$ 347,366	\$ 297,787	\$ (30,880)	\$ (30,880)

Derivative Transactions to Which Hedge Accounting is Applied

March 31, 2014	Hedged Item	Contract Amount	Millions of Yen	
			Contract Amount Due after One Year	Fair Value
Foreign exchange forward contracts:				
Buying U.S. dollars.....	Equipment Fund	¥ 21,349	¥ 12,513	¥ 6,890
Interest rate swaps:				
(fixed rate payment, floating rate receipt)...	Long-term debt	566,251	553,647	*
Commodity swaps:				
(fixed price payment, floating price receipt)...	Fuel held for sale	30,068	29,458	¥ 5,821

March 31, 2013

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, 2014	Hedged Item	Contract Amount	Thousands of U.S. Dollars	
			Contract Amount Due after One Year	Fair Value
Foreign exchange forward contracts:				
Buying U.S. dollars.....	Equipment Fund	\$ 207,433	\$ 121,587	\$ 66,947
Interest rate swaps:				
(fixed rate payment, floating rate receipt)...	Long-term debt	5,501,856	5,379,393	*
Commodity swaps:				
(fixed price payment, floating price receipt)...	Fuel held for sale	292,150	286,223	56,564

* 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, 2014

19. COMPREHENSIVE INCOME

The components of other comprehensive income (loss) for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥ 8,844	¥ 18,770	\$ 85,932
Reclassification adjustments to profit or loss	(4)	(92)	(43)
Amount before income tax effect	8,839	18,678	85,889
Income tax effect	(2,755)	(5,839)	(26,775)
Total	¥ 6,084	¥ 12,839	\$ 59,114
Deferred gain (loss) on derivatives under hedge accounting:			
Gains arising during the year	¥ 2,418	¥ 1,230	\$ 23,496
Reclassification adjustments to profit or loss	(3)	(17)	(30)
Adjustments to acquisition costs of assets	(1,946)	(1,718)	(18,914)
Amount before income tax effect	468	(505)	4,551
Income tax effect	379	186	3,691
Total	¥ 848	¥ (319)	\$ 8,243
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 15,877	¥ (41)	\$ 154,270
Share of other comprehensive income in associates:			
Gains arising during the year	¥ 3,662	¥ 6,033	\$35,589
Reclassification adjustments to profit or loss	(1,530)	2	(14,875)
Total	¥ 2,131	¥ 6,035	\$ 20,714
Total other comprehensive income	¥ 24,941	¥ 18,514	\$ 242,343

20. COMMITMENTS AND CONTINGENCIES

At March 31, 2014, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥412,121 million (\$4,004,293 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, 2014, the Companies had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited (Note 15)	¥ 187,840	\$ 1,825,114
Other	59,950	582,497
Total	¥ 247,791	\$ 2,407,612

21. NET INCOME PER SHARE

Diluted net income per share (EPS) for the years ended March 31, 2014 and 2013, is not disclosed because the Companies do not issue dilutive securities.

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

For the year ended March 31, 2014

Basic EPS:

Net loss attributable to common shareholders...	¥ (97,408)	893,559	¥ (109.01)	\$ (1.05)
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For the year ended March 31, 2013

Basic EPS:

Net loss attributable to common shareholders...	¥ (243,422)	893,529	¥ (272.43)	—
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As described in Note 3, the allocation of asset retirement cost is revised. Based on this revision, net loss attributable to common shareholders for the current fiscal year increased by ¥(7.43) (\$ (0.07)).

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2014

22. SEGMENT INFORMATION

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

1. Description of reportable segments

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is 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 with 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							
2014							
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Electric Power	IT/Communications	Total				
Sales:							
Sales to external customers	¥ 2,859,887	¥ 164,020	¥ 3,023,907	¥ 303,576	¥ 3,327,484		¥ 3,327,484
Intersegment sales or transfers	11,097	42,142	53,239	244,890	298,129	¥ (298,129)	
Total	2,870,984	206,163	3,077,147	548,466	3,625,614	(298,129)	3,327,484
Segment (loss) profit	(117,930)	19,674	(98,256)	25,176	(73,079)	1,368	(71,711)
Segment assets	6,578,022	427,454	7,005,477	1,345,005	8,350,482	(572,962)	7,777,519
Other:							
Depreciation	298,405	58,593	356,999	31,736	388,736	(5,914)	382,821
Increase in property and intangible assets	325,033	57,778	382,812	40,772	423,584	(4,664)	418,920

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

Thousands of U.S. Dollars							
2014							
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Electric Power	IT/Communications	Total				
Sales:							
Sales to external customers	\$ 27,787,477	\$ 1,593,671	\$ 29,381,149	\$ 2,949,640	\$ 32,330,789		\$ 32,330,789
Intersegment sales or transfers	107,822	409,472	517,294	2,379,421	2,896,715	\$ (2,896,715)	
Total	27,895,300	2,003,144	29,898,444	5,329,061	35,227,505	(2,896,715)	32,330,789
Segment (loss) profit	(1,145,845)	191,161	(954,683)	244,620	(710,063)	13,297	(696,765)
Segment assets	63,913,938	4,153,271	68,067,209	13,068,454	81,135,664	(5,567,068)	75,568,595
Other:							
Depreciation	2,899,394	569,315	3,468,709	308,362	3,777,072	(57,464)	3,719,607
Increase in property and intangible assets	3,158,120	561,390	3,719,511	396,158	4,115,669	(45,321)	4,070,348

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, 2014, 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, 2014, 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, 2014

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements
for the Year Ended March 31, 2014

Non-Consolidated Balance Sheet

The Kansai Electric Power Company, Incorporated
March 31, 2014

ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
PROPERTY:			
Plant and equipment	¥ 14,724,073	¥ 14,546,514	\$ 143,063,286
Construction in progress	435,646	480,672	4,232,861
Contributions in aid of construction	(452,544)	(448,236)	(4,397,046)
Accumulated depreciation and amortization	(10,667,680)	(10,460,815)	(103,650,222)
Plant and equipment—net	4,039,494	4,118,134	39,248,879
Nuclear fuel, net of amortization	528,955	536,691	5,139,477
Property—net	4,568,449	4,654,826	44,388,357
INVESTMENTS AND OTHER ASSETS:			
Investment securities	108,996	102,174	1,059,041
Investments in and advances to subsidiaries and associated companies	421,888	429,383	4,099,185
Reserve fund for reprocessing of irradiated nuclear fuel	574,553	593,530	5,582,521
Long-term loans receivable	298	359	2,898
Deferred tax assets	457,849	444,219	4,448,594
Other assets	90,854	91,786	882,768
Total investments and other assets	1,654,439	1,661,453	16,075,009
CURRENT ASSETS:			
Cash and cash equivalents	296,773	121,978	2,883,537
Accounts receivable	208,162	159,846	2,022,562
Allowance for doubtful accounts	(1,964)	(1,431)	(19,085)
Inventories	107,456	94,502	1,044,078
Deferred tax assets	42,109	38,173	409,148
Other current assets	40,775	28,313	396,182
Total current assets	693,312	441,382	6,736,423
TOTAL	¥ 6,916,202	¥ 6,757,662	\$ 67,199,789

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities	¥ 3,404,265	¥ 3,280,706	\$ 33,076,811
Liability for retirement benefits	354,470	353,239	3,444,134
Reserve for reprocessing of irradiated nuclear fuel	664,854	684,129	6,459,911
Asset retirement obligations	399,301	449,344	3,879,727
Other long-term liabilities	137,676	88,752	1,337,708
Total long-term liabilities	4,960,568	4,856,171	48,198,292
CURRENT LIABILITIES:			
Current maturities of long-term debt	353,142	366,775	3,431,229
Short-term borrowings	200,000	130,000	1,943,256
Accounts payable	202,749	174,451	1,969,969
Payable to subsidiaries and associated companies	168,897	130,084	1,641,058
Accrued expenses and other current liabilities	217,223	195,068	2,110,600
Total current liabilities	1,142,012	996,379	11,096,115
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	6,930	10,114	67,339
EQUITY:			
Common stock—authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2014 and 2013	489,320	489,320	4,754,379
Capital surplus:			
Additional paid-in capital	67,031	67,031	651,294
Retained earnings:			
Legal reserve	122,330	122,330	1,188,594
Unappropriated	183,750	276,843	1,785,373
Unrealized gain on available-for-sale securities	36,411	30,997	353,788
Deferred gain on derivatives under hedge accounting	4,032	4,611	39,183
Treasury stock—at cost 44,927,045 shares in 2014 and 44,886,799 shares in 2013	(96,186)	(96,139)	(934,571)
Total equity	806,691	894,995	7,838,042
TOTAL	¥ 6,916,202	¥ 6,757,662	\$ 67,199,789

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥102.92 = U.S.\$1, the approximate rate of exchange at March 31, 2014.

Non-Consolidated Statements of Operations

The Kansai Electric Power Company, Incorporated
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
OPERATING REVENUES:			
Electricity operating revenues:			
Lighting	¥ 1,144,429	¥ 1,010,697	\$ 11,119,601
Power	1,607,254	1,343,556	15,616,546
Other	119,299	85,180	1,159,152
Sub-total	2,870,984	2,439,435	27,895,300
Incidental operating revenues	87,262	81,278	847,865
Total	2,958,246	2,520,713	28,743,165
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	198,186	231,226	1,925,634
Fuel costs	1,159,206	919,884	11,263,176
Cost of purchased power	554,948	567,923	5,392,039
Maintenance costs	178,543	202,615	1,734,778
Depreciation	298,349	294,733	2,898,846
Taxes	145,423	141,271	1,412,980
Other	454,256	451,264	4,413,690
Sub-total	2,988,914	2,808,920	29,041,145
Incidental operating expenses	86,147	75,181	837,031
Total	3,075,061	2,884,102	29,878,176
OPERATING LOSS	(116,815)	(363,388)	(1,135,011)
OTHER (INCOME) EXPENSES:			
Interest and dividends income	(23,865)	(19,339)	(231,885)
Interest expense	51,533	49,949	500,713
Other—net	(21,574)	(1,435)	(209,620)
Total	6,093	29,174	59,207
LOSS BEFORE (REVERSAL OF) PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES	(122,909)	(392,562)	(1,194,219)
(REVERSAL OF) PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(3,184)	(4,489)	(30,939)
LOSS BEFORE INCOME TAXES	(119,724)	(388,072)	(1,163,279)
INCOME TAXES			
Current	(7,045)		(68,458)
Deferred	(19,587)	(115,134)	(190,318)
Total	(26,633)	(115,134)	(258,776)
NET LOSS	¥(93,091)	¥ (272,938)	\$ (904,503)

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥102.92 = U.S.\$1, the approximate rate of exchange at March 31, 2014

Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated
Year Ended March 31, 2014

	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, 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
Net loss						(93,091)				(93,091)
Purchase of treasury stock							(50)			(50)
Disposal of treasury stock				(1)			3			2
Transfer to capital surplus										
from retained earnings				1		(1)				
Net change in the year								5,414	(578)	4,835
BALANCE, MARCH 31, 2014	938,733,028	¥ 489,320	¥ 67,031		¥122,330	¥ 183,750	¥ (96,186)	¥ 36,411	¥ 4,032	¥ 806,691

Thousands of U.S. Dollars									
	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	Unappropriated				
BALANCE, MARCH 31, 2013	\$ 4,754,379	\$ 651,294		\$ 1,188,594	\$ 2,689,892	\$ (934,114)	\$ 301,184	\$ 44,802	\$ 8,696,033
Net loss					(904,503)				(904,503)
Purchase of treasury stock						(495)			(495)
Disposal of treasury stock			(16)			37			21
Transfer to capital surplus from retained earnings			16		(16)				
Net change in the year							52,604	(5,618)	46,985
BALANCE, MARCH 31, 2014	\$ 4,754,379	\$ 651,294		\$ 1,188,594	\$ 1,785,373	\$ (934,571)	\$ 353,788	\$ 39,183	\$ 7,838,042

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥102.92 = U.S.\$1, the approximate rate of exchange at March 31, 2014.

Five-Year Summary of Selected Operational Data

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

	Non-Consolidated Basis					Consolidated Basis				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Operating Revenues (Millions of Yen).....	2,347,477	2,475,931	2,503,155	2,520,713	2,958,246	2,606,592	2,769,783	2,811,424	2,859,054	3,327,484
Operating Income (Millions of Yen).....	177,182	225,193	(276,625)	(363,388)	(116,815)	227,661	273,885	(229,388)	(314,012)	(71,711)
Ordinary Income (Millions of Yen).....	146,550	202,454	(302,014)	(392,562)	(122,909)	193,132	237,987	(265,537)	(353,190)	(111,326)
Net Income (Millions of Yen).....	92,533	103,330	(257,657)	(272,938)	(93,091)	127,170	123,143	(242,257)	(243,422)	(97,408)
Electricity Operating Revenues (Millions of Yen)										
Residential.....	965,291	1,028,943	1,008,852	1,010,697	1,144,429					
Commercial and Industrial.....	1,264,203	1,318,674	1,329,826	1,343,556	1,607,254					
Total.....	2,229,495	2,347,618	2,338,679	2,354,254	2,751,684					
Electricity Operating Expenses (Millions of Yen)										
Personnel Expenses.....	236,300	238,790	236,029	231,226	198,186					
Fuel Costs.....	351,434	387,452	776,842	919,884	1,159,206					
Costs of Purchased Power.....	352,934	378,220	530,374	567,923	554,948					
Maintenance Costs.....	286,203	275,838	272,524	202,615	178,543					
Depreciation.....	322,819	339,694	316,990	294,733	298,349					
Taxes Other than Income Taxes.....	141,586	148,463	144,417	141,271	145,423					
Other.....	432,800	433,147	429,627	451,264	454,256					
Total.....	2,124,079	2,201,606	2,706,807	2,808,920	2,988,914					
No. of Totally Electric Homes (Thousand Homes).....	774	867	941	998	1,048					
No. of FTTH Contracts (Thousand Lines).....	1,007	1,182	1,298	1,396	1,484					
Gas Sales Volumes (LNG conversion) (Thousand Tons) ..	810	810	950	960	930					
Interest Expense (Millions of Yen).....	49,776	46,935	46,331	49,949	51,533	55,109	52,216	51,324	55,102	56,621
Return on Equity (ROE) (%).....	6.3	7.0	(19.2)	(26.3)	(10.9)	7.3	6.9	(14.6)	(17.6)	(8.0)
Return on Assets (ROA) (%).....	3.1	3.9	(3.9)	(5.1)	(1.0)	3.5	4.0	(2.9)	(3.9)	(0.7)
Net Income per Share (Yen).....	102.00	115.47	(288.25)	(305.35)	(104.15)	140.24	137.66	(271.12)	(272.43)	(109.01)
Cash Dividends per Share (Yen).....	60.00	60.00	60.00	0.00	0.00					
Capital Investments (Millions of Yen).....	321,600	362,193	319,963	334,527	325,068	430,597	455,508	420,621	435,211	418,920
Total Assets (Millions of Yen).....	6,275,570	6,457,593	6,660,484	6,757,662	6,916,202	7,116,632	7,310,178	7,521,352	7,635,150	7,777,519
Net Assets (Millions of Yen).....	1,477,673	1,494,865	1,183,501	894,995	806,691	1,789,429	1,832,416	1,529,843	1,278,106	1,213,158
Equity Ratio (%).....	23.5	23.1	17.8	13.2	11.7	25.0	24.8	20.1	16.5	15.3
Interest-bearing Debt (Millions of Yen).....	2,946,618	2,943,697	3,430,159	3,774,148	3,954,708	3,391,673	3,409,831	3,864,991	4,210,249	4,396,839
Net Assets per Share (Yen).....	1,638.37	1,672.30	1,324.02	1,001.29	902.54	1,972.44	2,026.53	1,689.73	1,406.53	1,330.48
Free Cash Flows (Millions of Yen).....						189,394	62,551	(364,487)	(287,989)	(3,213)
Operating Cash Flows (Millions of Yen).....						667,150	610,548	43,869	142,673	347,772
Operating Revenues from Group Businesses (external sales) (Billions of Yen).....						321.3	355.6	391.2	428.4	464.1
Ordinary Income from Group Businesses (Billions of Yen).....						62.4	54.8	52.8	62.9	49.1

	Non-Consolidated Basis				
	2010	2011	2012	2013	2014
Electricity Sales Volume (Million kWh)					
Residential.....	48,841	52,316	49,991	49,012	48,353
Commercial and Industrial.....	92,763	98,762	96,037	92,742	92,061
Total.....	141,605	151,078	146,028	141,754	140,414
Number of Customers (Thousands)					
Residential.....	12,346	12,412	12,464	12,527	12,591
Commercial and Industrial (Excluding the liberalized segment).....	1,105	1,085	1,065	1,046	1,028
Total.....	13,452	13,497	13,529	13,574	13,620
Electricity Generation Capacity (MW)					
Nuclear.....	9,768	9,768	9,768	9,768	9,768
Thermal.....	16,357	16,907	16,907	16,972	17,982
Hydropower.....	8,196	8,196	8,197	8,208	8,208
Renewable Energies.....	-	6	10	10	11
Total.....	34,321	34,877	34,882	34,958	35,968
System Peak Demand (MW).....	28,178	30,950	27,844	26,816	28,158
Load Ratio (%).....	62.8	60.5	65.4	65.3	62.5
Power Sources (%)					
Nuclear.....	45	44	20	10	6
Thermal.....	44	45	69	80	83
Hydropower.....	10	10	10	9	10
Renewable Energies.....	1	1	1	1	1
Total.....	100	100	100	100	100
CO ₂ Emission (kg-CO ₂ /kWh).....	0.265	0.281	0.414	0.475	0.516
Nuclear Capacity Factor (%).....	77.0	78.2	37.6	17.7	10.9
Thermal Efficiency of Thermal Power Plants (%).....	41.8	42.7	42.2	42.2	42.6
Number of Employees.....	20,217	20,277	20,484	20,714	20,813

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:	¥2,958.2 billion (consolidated ¥3,327.4 billion)
Total Assets:	¥6,916.2 billion (consolidated ¥7,777.5 billion)
Number of Employees:	20,813 (consolidated 33,657)
URL:	http://www.kepco.co.jp
E-mail:	finance@kepco.co.jp
Rating (Moody's):	A3 (as of November 14, 2014)

Major Consolidated Subsidiaries

Information and Telecommunications (IT)*	Issued Share Capital (Millions of Yen)	Interest Voting	Principal Business
K-Opticom Corp.	33,000	100.0%	Telecommunications services (Internet services for individual customers, communication services for corporate customers) cable broadcasting, and lease of telecommunications equipment
Kanden System Solutions Co., Inc.	90	100.0%	Planning, design, construction, maintenance and operation control of information systems, and information system-related consulting services
Comprehensive Energy Supply**			
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**			
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**			
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 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: 59 (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	34.1%	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

* Included in "IT/communications" in the industrial segment information

** Included in "Other" in the industrial segment information

(As of March 31, 2014)

Stock Information

Number of Common Shares Issued: 938,730 thousand

Number of Shareholders: 358 thousand

Stock Exchange Listings: Tokyo Stock Exchange
(Common Stock)

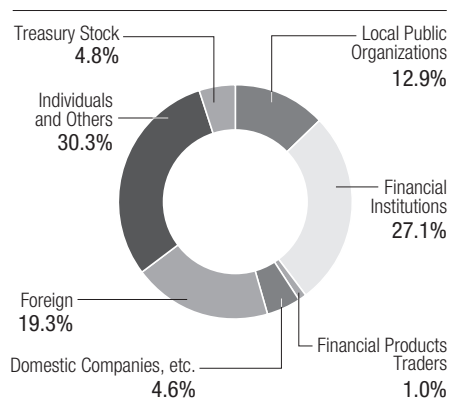
Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation
6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502, Japan

Major Shareholders

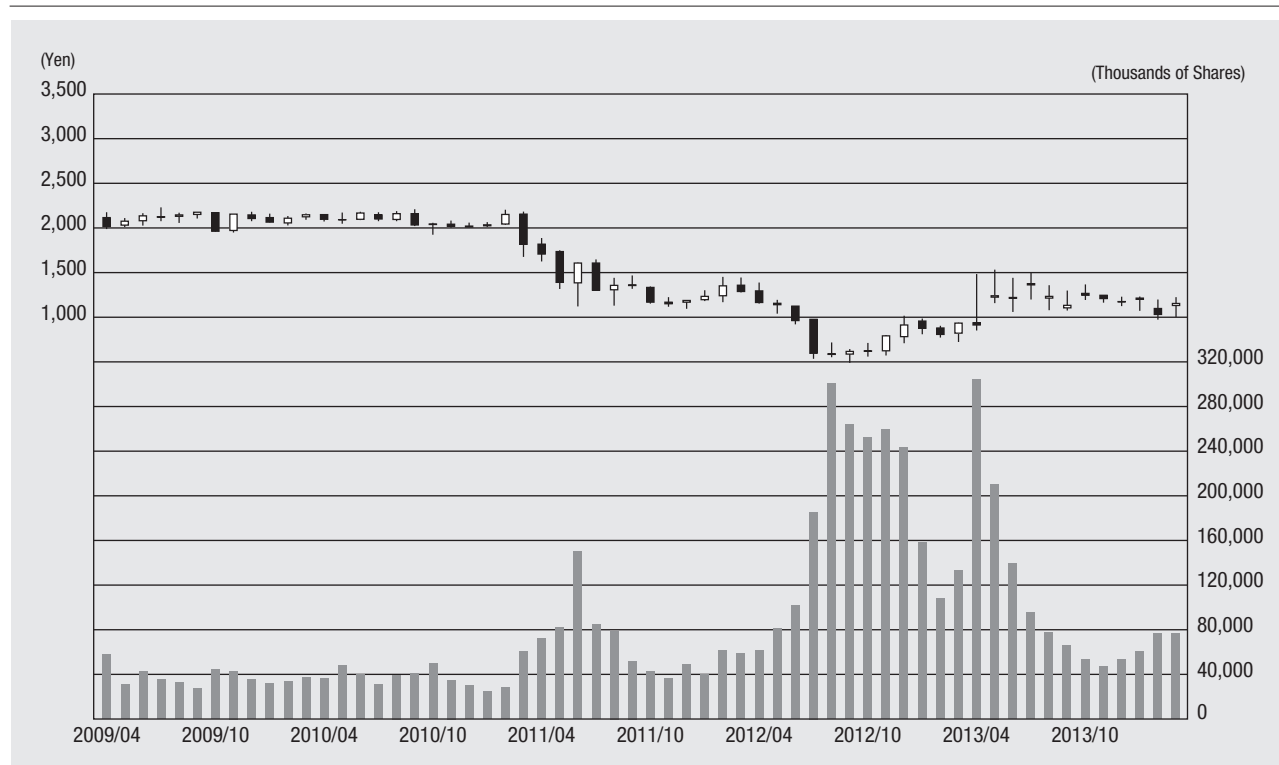
As of March 31, 2014	Number of Shares Held (thousands)	Percentage of Shares Held (%)
Osaka City	83,748	9.37
Nippon Life Insurance Company	38,619	4.32
Kobe City	27,351	3.06
Japan Trustee Services Bank, Ltd. (Trust Account)	25,836	2.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,386	2.62
Kansai Electric Power Employee Stockholder Program	21,064	2.36
Mizuho Bank, Ltd.	17,378	1.94
Kochi Shinkin Bank	15,570	1.74
Sumitomo Mitsui Banking Corporation	11,128	1.25
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,472	1.06

Note: The table above excludes 44,927,045 shares of treasury stock.

Distribution of Shares



Stock Prices and Trading Volume



Kansai Electric Power Group Report 2014

CSR & Financial Report



This report is also available on the Internet (<http://www.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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