# Kansai Electric Power Group Report

# 2015

## CSR & Financial Report

THE KANSAI ELECTRIC POWER CO., INC.

# CSR Action Principles

## 1 Safe, Stable Delivery of Products and Services

As a business operator responsible for lifelines that are indispensable to society, the Kansai Electric Power Group fully recognizes that its operations support the foundation underpinning the daily lives of its customers. Accordingly, we will take every conceivable measure, day by day, to deliver our products and services safely and stably.

## 2 Progressive Approach to Environmental Problems

As a provider of energy services that are closely connected with the environment, the Kansai Electric Power Group fully recognizes the scale of the impact its business activities have on the global environment. Accordingly, we will strive to alleviate the environmental burden accompanying our business activities, and seek to be a world-class corporation in terms of safeguarding the environment. Furthermore, we will proactively contribute to the development of a sustainable society through progressive initiatives that target the creation of an ever better environment.

## 3 Proactive Contributions to Development of Local Communities

As a business operator closely linked with its local communities and the lives of their inhabitants, the Kansai Electric Power Group fully recognizes that its own development is inconceivable without the development of its local communities.
Accordingly, we will proactively contribute to the development of our local communities through initiatives that target the vitalization of those communities and the local economy.

## 4 Respect for Human Rights, Development of Favorable Work Environments

The Kansai Electric Power Group fully recognizes that respect for human rights is a vital corporate obligation based on international agreements. Accordingly, we will strive to secure safe and comfortable work environments free of all discrimination for all persons who are in any way involved in our business activities.

## 5 Highly Transparent and Open Business Activities

In order to properly reflect social opinions in its business activities, to ensure fairness in the management of its business operations, and to faithfully carry out its accountability to society, the Kansai Electric Power Group will promote increased communication with all members of society and conduct business activities that are highly transparent and open.

## 6 Strict Enforcement of Compliance

The Kansai Electric Power Group fully recognizes that as members of society business corporations are obligated to establish a strong corporate ethic and to comply with all laws, regulations and other rules both within and outside the company. Accordingly, we will carry out those obligations as the underlying basis of all our activities. We will also develop the mechanisms to ensure that these obligations are carried out, and pursue their continuity and further improvement.

## Editorial Policies

This report presents information on the CSR initiatives and financial performance of the Kansai Electric Power Group, thus conveying a comprehensive image of our business operations to our stakeholders. It features content of interest primarily to stakeholders and of particular importance to us. Our CSR initiatives, which are based on our six CSR Action Principles, are each introduced in separate sections of this report for ease of understanding.

This report presents information on standard disclosure items as stipulated in GRI's Sustainability Reporting Guidelines, Version 4. Content related to environmental issues has been prepared with reference to the Environmental Reporting Guidelines (2012 Version) issued by the Ministry of the Environment.

In addition, The Kansai Electric Power Group Report 2015 comprises both web and print editions displaying web links indicating where additional information is available.

## Report Publication Date

Published August 2015

2014: Published Aug. 2014

2016: To be published in summer of 2016

## Scope of Report

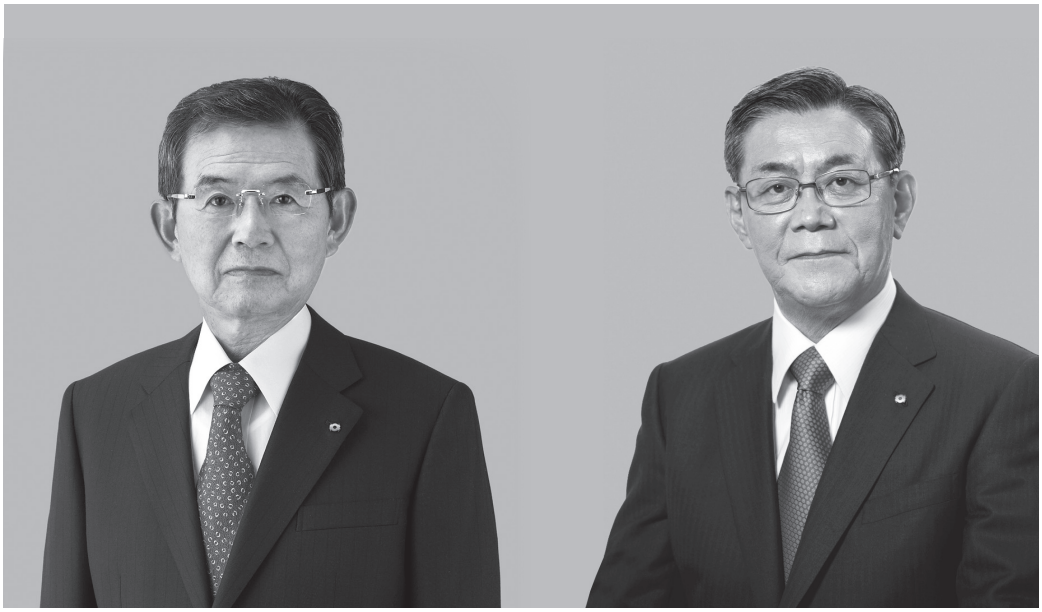
Period covered: April 1, 2014, to March 31, 2015
(We will also report on important information that may fall outside of that time frame.)
Companies covered: The Kansai Electric Power Co., Inc., and Kansai Electric Power Group companies
"The Company" refers to the Kansai Electric Power Co., Inc.; the names of the various Group companies are clearly stated in the relevant text.

### 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.

# Contents

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



**Shosuke Mori**
Chairman and Director

**Makoto Yagi**
President and Director

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

## FY 2014 Business Overview

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

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

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

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

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

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

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

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

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

## Upholding Our Founding Spirit

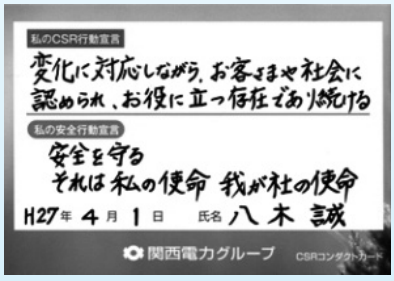
Since 1951, when our Company was founded on what became known as the "*Maedaregake* Spirit" (meaning "to place the highest priority on serving customers"), our business has identified our greatest mission: serving our customers and communities. While upholding this founding spirit as well as the Kansai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

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

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

## Continuing to Serve Our Customers and Communities

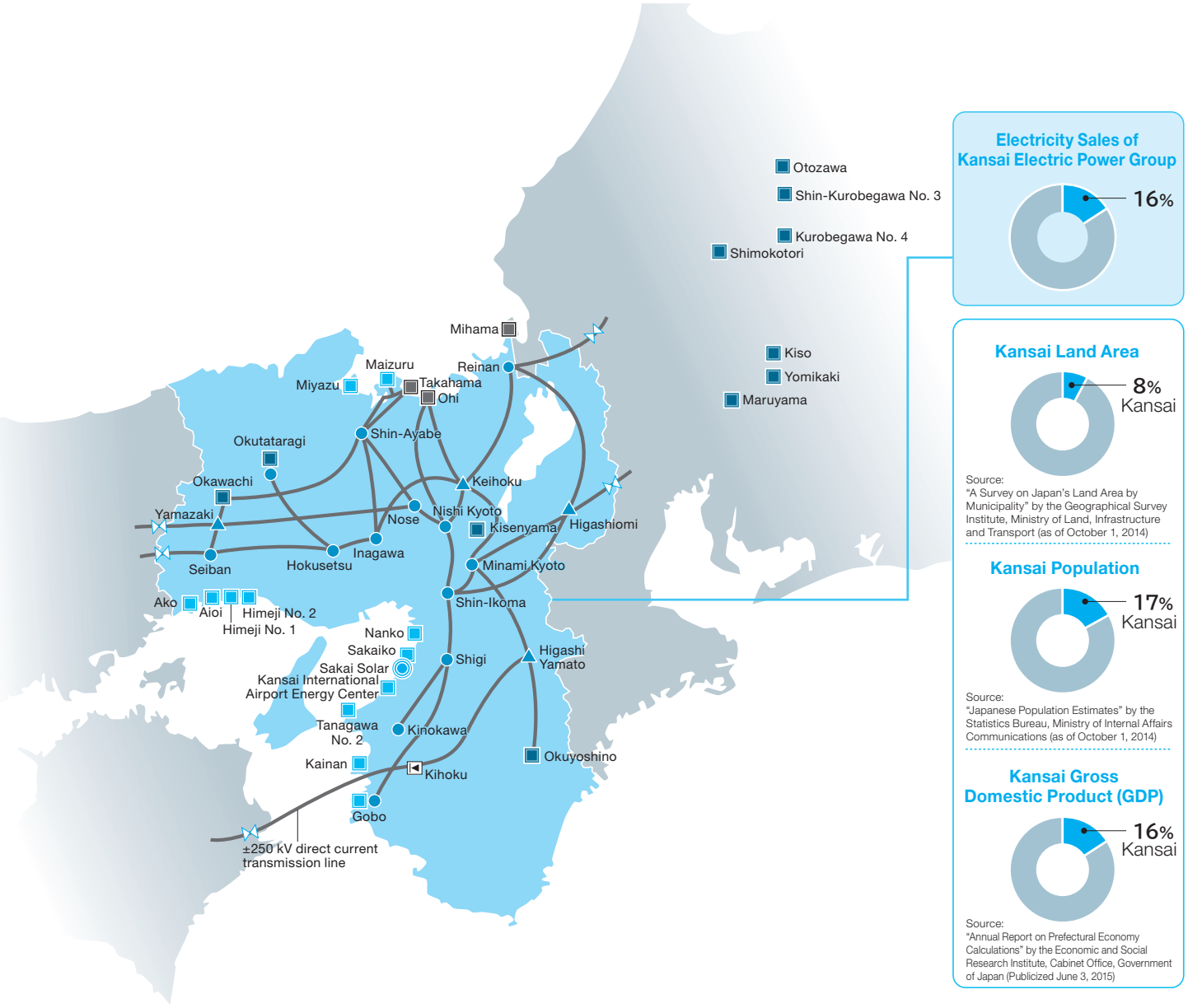
Our Group companies are dedicated to serving their customers and communities by gaining their trust while accommodating changing times in a dramatically shifting business environment. In addition, we remain devoted to satisfying public expectations by maintaining a management focus on meeting our corporate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




**Conduct Card**
**President's Action Declaration**
- Continuously serving our customers and communities while gaining their trust and accommodating change
- Ensuring safety is my mission, and the mission of the Company.

## System Map (As of March 31, 2015)

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




### Electricity Sales of Kansai Electric Power Group




### 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, 2014)

### Kansai Population




Source:
"Japanese Population Estimates" by the Statistics Bureau, Ministry of Internal Affairs Communications (as of October 1, 2014)

### Kansai Gross Domestic Product (GDP)




Source:
"Annual Report on Prefectural Economy Calculations" by the Economic and Social Research Institute, Cabinet Office, Government of Japan (Publicized June 3, 2015)

Legends:

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

# Consolidated Financial Highlights

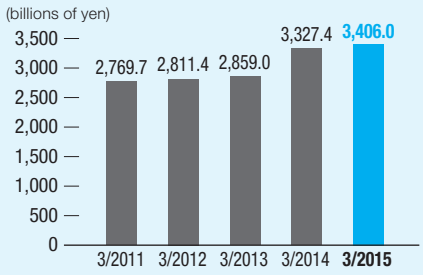
| The Kansai Electric Power Company, Incorporated and Consolidated Subsidiaries Fiscal Years Ending March 31 | Billions of yen | | | | | Millions of US dollars* |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | **2015** | **2015** |
| Operating revenues | ¥ 2,769.7 | ¥ 2,811.4 | ¥ 2,859.0 | ¥ 3,327.4 | **¥ 3,406.0** | **$ 28,319** |
| Operating income | 273.8 | (229.3) | (314.0) | (71.7) | **(78.6)** | **(653)** |
| Net income | 123.1 | (242.2) | (243.4) | (97.4) | **(148.3)** | **(1,233)** |
| Total assets | 7,310.1 | 7,521.3 | 7,635.1 | 7,777.5 | **7,743.3** | **64,383** |
| Net assets | 1,832.4 | 1,529.8 | 1,278.1 | 1,213.1 | **1,060.2** | **8,815** |
| Operating cash flows | 610.5 | 43.8 | 142.6 | 347.7 | **447.6** | **3,722** |
| Operating revenues from Group businesses (external sales)** | 355.6 | 391.2 | 428.4 | 464.1 | **463.5** | **3,853** |
| Ordinary income from Group businesses** | 54.8 | 52.8 | 62.9 | 49.1 | **62.7** | **521** |
| **Per share data** | | | Yen | | | US dollars |
| Net income | ¥ 137.66 | ¥ (271.12) | ¥ (272.43) | ¥ (109.01) | **¥ (166.06)** | **$ (1.38)** |
| Cash dividends | 60.00 | 60.00 | 0.00 | 0.00 | **0.00** | **0.00** |
| Net assets | 2,026.53 | 1,689.73 | 1,406.53 | 1,330.48 | **1,159.53** | **9.64** |
| **Major indicators** | | | % | | | |
| Equity ratio | 24.8 | 20.1 | 16.5 | 15.3 | **13.4** | |
| Return on equity (ROE) | 6.9 | (14.6) | (17.6) | (8.0) | **(13.3)** | |
| Return on assets (ROA)*** | 4.0 | (2.9) | (3.9) | (0.7) | **(0.7)** | |
| | | | Billion kWh | | | |
| **Electricity sales volume** | 151.1 | 146.0 | 141.8 | 140.4 | **134.5** | |

* The yen-dollar exchange rate of ¥120.27 = US$1 as of March 31, 2015, is applied.

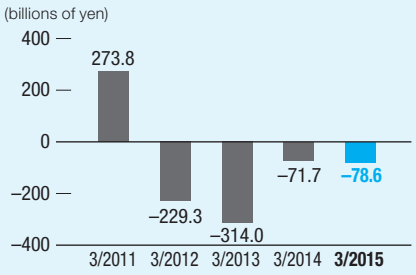
** Figures in this table are the simple sums of the respective results of consolidated subsidiaries prior to consolidated statement eliminations. Figures in this table include a portion of gas supply, fuel sales and steam supply businesses, which are part of incidental businesses included in the non-consolidated financial statements.

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

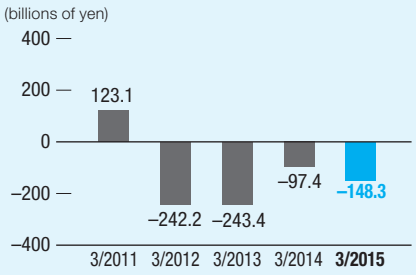
### Operating Revenues



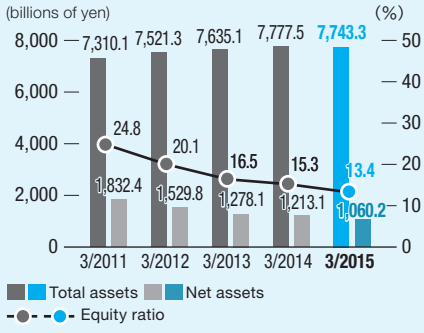

### Operating Income



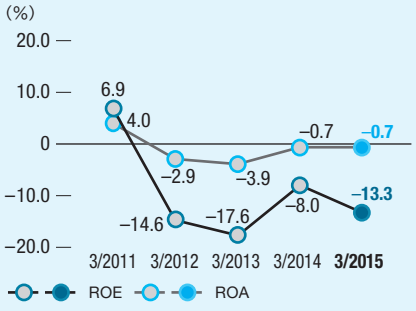

### Net Income



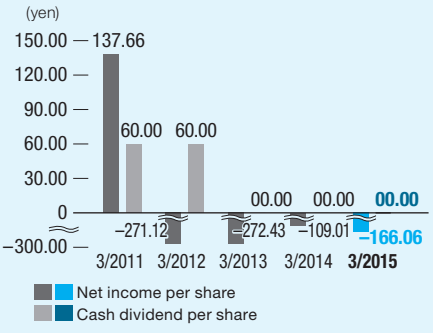

### Total Assets, Net Assets, Equity Ratio




### ROE, ROA




### Net Income per Share / Cash Dividend per Share



# We continued to adapt throughout the year in order to achieve our unchanging mission.

In FY 2014, we continued to take every possible step in support of the restart of our nuclear plants. We also adopted thoroughgoing improvements in our operational efficiency and remained committed to ensuring a safe and stable electricity supply. In addition, with a view to the future emergence of full-scale competition in the market, we made further progress in shoring up our business foundation.

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

## Q What is your assessment of economic conditions and business performance in the year under review (ended March 2015)?

Our Group's overall revenue increased this year thanks to sales increases in our IT business segment as well as higher residential and commercial power revenue arising from increased fuel cost adjustments. However, the higher fuel costs for thermal power generation resulting from the suspension of our nuclear power plants caused a severe imbalance in revenue and expenditures.

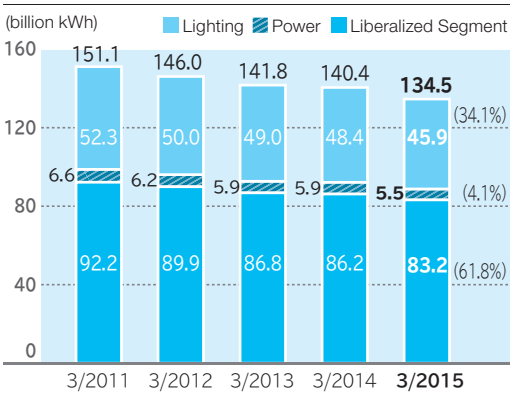
During this period, the Kansai economy was rather weak overall due partly to a drop in consumer spending following the hike in Japan's consumption tax. Toward the end of the year, the local economy showed signs of revival, buoyed by the government's economic measures.

Our electricity sales registered a year-on-year decline as a result of consumer cooperation with energy-efficiency campaigns and a drop in cooling demand due to lower summer temperatures.

While our revenue report shows a decrease in electricity sales, revenues from residential and commercial electricity increased as a result of fuel cost adjustments and other factors. Our IT business segment posted increased sales as well. Turning to expenditures, despite all-out efforts to reduce costs by improving our operational efficiency, we realized a significant imbalance between revenue and expenditures due mainly to the increased fuel costs for thermal power accompanying the suspension of our nuclear power plants.

In our IT and other segments, we steadily promoted the Group's entire business operation as we increased the number of subscribers to our FTTH service and raised gas selling prices.

■ **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, 2014 | March 31, 2015 | Increase/Decrease | |
|---|---|---|---|---|---|
| | | Amount (millions of yen) | Amount (millions of yen) | Amount (millions of yen) | Percentage (%) |
| Electric Power | Operating revenues | 2,870,984 | **2,950,506** | 79,522 | 2.8 |
| | Operating expenses | 2,988,914 | **3,084,476** | 95,562 | 3.2 |
| | Operating income/loss | (117,930) | **(133,969)** | (16,039) | — |
| IT | Operating revenues | 206,163 | **213,195** | 7,032 | 3.4 |
| | Operating expenses | 186,489 | **194,778** | 8,289 | 4.4 |
| | Operating income/loss | 19,674 | **18,417** | (1,257) | (6.4) |
| Other | Operating revenues | 548,466 | **571,713** | 23,246 | 4.2 |
| | Operating expenses | 523,290 | **535,486** | 12,196 | 2.3 |
| | Operating income/loss | 25,176 | **36,226** | 11,050 | 43.9 |

Note: The above figures exclude consumption taxes.

## Q What success have you achieved with the increased electricity rate and efforts to improve business efficiency?

Our electricity rate increases were applied to regulated customers on June 1, 2015, and to liberalized customers on April 1, 2015. We deeply regret that these, the second electricity rate increases since 2013, have put further strain on our customers' daily lives and commercial operations.

We remain fully committed to achieving improvements in our business efficiency in order to resume the operation of our nuclear plants, after confirming their safety at the earliest possible date, so that we will be able to offer lower electricity rates.

We have been working to maximize our business efficiency, but our ability to absorb the increased fuel cost rising from the suspension of our nuclear plants is limited. Clearly, if electricity rates had remained unchanged, the further damage to our financial strength would have undermined our ability to fund a safe and stable electricity supply.

For this reason, in December 2014, we applied for approval to revise our General Supply Provisions concerning electricity rate increases based on the Power Supply Composition Variation Approval System and underwent an inspection by the national government. On May 18, 2015, we received approval for an electricity rate increase averaging 8.36% for our regulated customers, effective June 1, 2015.

Upon receiving this approval for liberalized customers, whose electricity rates had already been increased on April 1, the rate increase was revised to 11.50% on average.

Additionally, in order to reduce the financial burden on our customers by exploiting the outcome of further streamlining efforts of FY 2015, we will adopt a measure to discount the electricity consumed between June 1 and September 30, 2015 (the "alleviation period").

We again apologize to our customers for this follow-up increase after the increase from the 2013 which caused further burden on the daily lives and business of customers. We will provide our customers with a detailed explanation of rate increases and markup amounts as well as the alleviation measures.

We will continue to do our utmost to achieve our maximum operational efficiency and seek the restart of the nuclear power plants whose safety has been confirmed without delay in order to achieve a reduction in electricity rates.

**■Average Rate Increases for Regulated and Liberalized Sectors**

| | When application was made | When approval was obtained | Alleviation Period (June 1–September 30, 2015) |
|---|---|---|---|
| Regulated sector | 10.23% | 8.36% | 4.62% |
| Liberalized sector | 13.93% | 11.50% | 6.39% |

For FY 2015, we aim to obtain savings of ¥235.5 billion through further efficiencies of ¥303.3 billion, by selling ¥20.0 billion in assets, and through other means in addition to pursuing ¥47.8 billion in efficiencies.

More specifically, regarding personnel expenses, we plan to cut employee annual salaries by 20%*. As for maintenance costs, we will further increase our ratio of orders through competitive bidding. And for miscellaneous expenses, we will reduce advertising expenses by 90%*. Furthermore, we will examine each expense category in order to achieve additional cost savings, and we intend to move ahead with proactive asset sales.

** compared with pre-disaster period*

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

Ensuring safety is the major premise of nuclear power generation. In light of this, we would like to continue to utilize nuclear power as an important power source in order to ensure energy security, respond to global environmental issues, and achieve economic efficiency.

We have strengthened our safety measures as an emergency response to the accident at TEPCO's Fukushima Daiichi Nuclear Power Station, yet also in the interests of defense-in-depth, or multi-stage safety measures. We remain committed to improving the safety of nuclear power generation beyond the legal and regulatory requirements and seek to resume operation of our nuclear power plants without delay once their safety has been confirmed and local residents have voiced their approval.

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.

With the enforcement of new regulatory requirements in July 2013, we underwent conformity examinations and, in February 2015, obtained approval from the Nuclear Regulation Authority for nuclear reactor installation and upgrading permits for Units 3 and 4 of the Takahama Power Station. We are also committed to undergoing conformity examinations by the Nuclear Regulation Authority for Units 3 and 4 of the Ohi Power Station, Unit 3 of the Mihama Power Station, and Units 1 and 2 of the Takahama Power Station.

We will respond to these examinations honestly, quickly, and accurately and will seek to resume operation of our nuclear power plants without delay, after their safety has been confirmed, with the approval of local residents.

In June 2014, we formulated Our Ongoing Voluntary Initiatives to Enhance Nuclear Safety (Roadmap) and in August 2014 released our Commitment to Enhancing Nuclear Safety as an internal announcement.

This announcement represents our commitment to a solution in which all executives and employees remain united in pursuit of the continuous improvement of nuclear safety. This is intended to ensure the safety of those in the communities hosting our plants and indeed the whole country at all times and to protect the environment in full cognizance of the characteristics and risks of nuclear power generation and the seriousness of potential accidents.

With this announcement, we will voluntarily and continuously strive to improve the safety of our nuclear power plants beyond the legal and regulatory requirements.

## Q Considering the full liberalization of the retail market, what is your long-term goal regarding business operations?

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

- 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;
- a lack of clarity in energy policies, including the economic environment for the nuclear power business; and
- indication of the specific direction of electric power and gas system reforms and expectations for increasing competition in the entire energy industry, including electricity and gas, across the region.

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.

Considering that public confidence in nuclear power generation and electricity companies as a whole has been considerably undermined in the aftermath of the Great East Japan Earthquake, while expectations for renewable energy and consumer demand for electricity choice are increasing, electricity market reforms are now ongoing.

Meanwhile, our Group cannot foresee when we will be able to resume operation of our nuclear power plants, and this has put us in serious financial difficulty. Since full-scale competition is unavoidable once the retail market is fully

liberalized, in order to achieve further growth we require a dramatic shift in our business model, which focuses on the Kansai region and the electricity business.

First, we need to secure our competitive advantage and improve the balance between revenue and expenditures by resuming operation of our four nuclear reactors. This will enable us to weather the immediate crisis and get our business back on track. Furthermore, to face the severe competition and achieve fresh growth in the future, we should see these changes in the economic environment as an opportunity to undertake dramatic reforms and not simply extend what used to be done. In this way, we can transform ourselves into a competitive group of companies built around a core of integrated energy sources.

With a view to the full liberalization of the retail market scheduled for 2016, we will push forward with reforms that will enable us to evolve into a competitive group of integrated energy companies through reduced fuel procurement costs, increased competitiveness of our power sources, provision of new services that meet customer needs, and other initiatives.

Specifically, we will conduct the necessary studies on expanding the scope of our business to include gas and other forms of energy and will expand our service lineup in order to attract customers by introducing bundled services that include communications. And, in preparation for the widespread expansion of the electricity market that began in April 2014 mainly in the Tokyo Metropolitan area, we will work to reinforce our sales system and develop competitive power sources.

We will also reexamine our business model and structure in view of the full-scale liberalization of the retail market as well as the introduction of electricity and gas reforms, thereby increasing the value of the Group.

## Q What is your policy on returns for shareholders?

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 2014, 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, despite our all-out efforts at achieving an early restart of our nuclear plants and achieving comprehensive operational efficiency, we incurred a large loss again in FY 2014 and are facing an extremely severe imbalance between revenue and expenditures. We admit we are facing considerable uncertainty regarding our 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 2014.

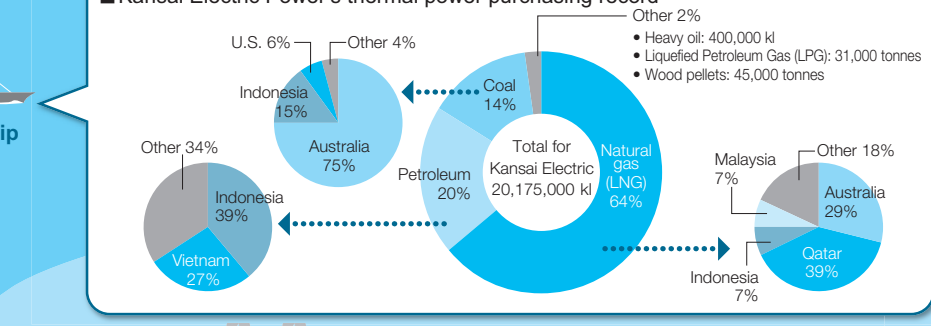
Going forward, we will work diligently to restore a balanced budget by focusing all our efforts on restarting our nuclear power plants, ensuring stable supply to meet demand, and improving our business efficiency.

# Kansai Electric Power Group's Supply Chain and Courses of Action

(As of March 31, 2015)

## ① Fuel Procurement

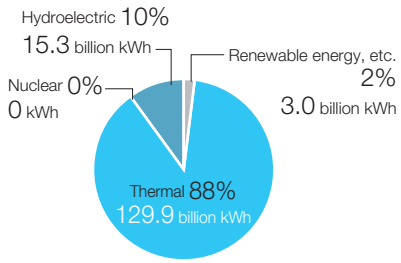
■ Kansai Electric Power's thermal power purchasing record




## ② Power Generation

■ Power sources

Total: **148.2** billion kWh




Notes: Percentages shown for generated power are the composition of Kansai Electric Power's total demand. Figures may not match due to rounding up.

■ Power generation facilities

Total: **37.442** GW (169 facilities)

Breakdown

| | | |
|---|---|---|
| Thermal | 19.441 GW | (12 facilities) |
| Hydroelectric | 8.222 GW | (151 facilities) |
| Nuclear | 9.768 GW | (3 facilities) |
| Renewable energy | 11 MW | (3 facilities) |

Note: Figures may not match due to rounding up.

## ③ Length of Transmission Lines (route length)

**18,661 km**

## ③ Length of Distribution Lines (route length)

**131,164 km**

## ④ Sales

■ Electricity sales

**134.5** billion kWh

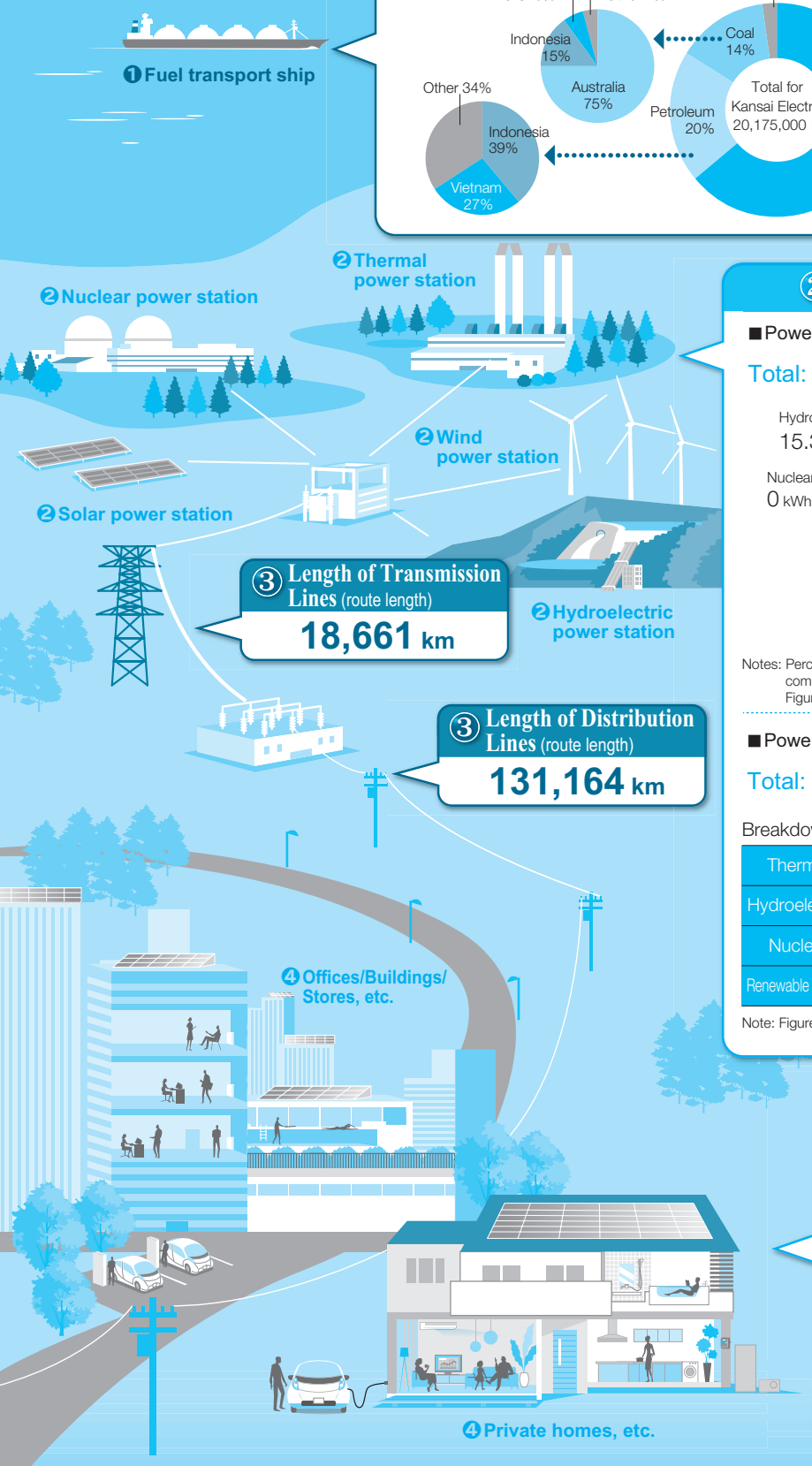
■ No. of customers

Lighting **12,635** thousand units

Power **1,013** thousand units

(Excluding liberalized segments)

■ Gas/Heavy oil sales volume (LNG equivalent) **780** thousand tonnes



The Kansai Electric Power Group supplies electricity to customers through this flow process: fuel procurement, power generation, transmission, transformation, and distribution.

| Supply Chain Issues | Main Risk Factors | Main Courses of Action |
|---|---|---|
| ● Securing fuel for stable power supply and demand<br>[ Procuring fuel needed for power generation such as LNG, coal, and petroleum in a stable, economical way ] | ● Fuel cost fluctuations due to movements in the price of crude oil, foreign exchange rates, and price negotiations | ● Pursuit of maximizing economy in fuel procurement through participation in the upstream fuel business, further diversification of suppliers and price indexes, improvement of trading functions, etc. |
| ● Ensuring supply capacity for stable power supply and demand<br>● Early restart of nuclear power plant operations<br>● Strengthening of power supply competitiveness<br>[ Balanced power generation from thermal, hydro, nuclear, solar, wind, and other power sources to produce electricity in a stable, economical way ] | ● Movements in energy mix<br>● Changes in annual precipitation<br>● Natural disasters such as typhoons, earthquakes and tsunamis<br>● Large-scale accidents at facilities<br>● Movements in nuclear back-end business<br>● Movements in global warming measures, environmental policy and international frameworks<br>● Prolonged stoppage of nuclear power plants | ● Efforts to ensure supply capacity through maximum use of internally generated power, power purchased from other companies, etc., to achieve stability in power supply and demand<br>● Efforts aimed at an early restart of nuclear power plant operations and autonomous, ongoing efforts to improve safety in nuclear power generation<br>● Efforts to build the optimum power source portfolio<br>● Efforts to further develop and promote renewable energy (newly establish Office of Renewable Energy Business Strategy) |
| ● Efforts to ensure stable power supply and demand<br>[ Supplying power through transmission lines from power station to transformer substation, and from transformer substation to customers' homes and factories through distribution lines ] | ● Natural disasters such as typhoons, earthquakes and tsunamis<br>● Large-scale accidents at facilities<br>● Introduction of legal unbinding of transmission and distribution sectors (electricity market reform) | ● Proper response to customer needs in the use of our systems<br>● The aggressive rollout of smart meters<br>● Measures to manage aging facilities |
| ● Strengthening competitiveness of services<br>[ Supplying power in a stable, economical way and promoting efforts to meet a wide range of needs and expand useful services for customers and society ] | ● Introduction of full liberalization of retail market (electricity market reform)<br>● Further expansion of competition with other providers<br>● Fluctuations of power demand due to weather, economic trends and efforts to conserve electricity | ● Energy management activities to bring energy and cost savings to customers<br>● Providing both households and business customers with a wide range of energy services<br>● Participation in smart community projects and urban development projects<br>● The expansion of Web services and auxiliary services to bring customers greater convenience |
| ● Increasing revenue in the telecommunications business and international businesses<br>[ Providing comprehensive solutions, combining group services such as comprehensive energy with a focus on electricity, telecommunications, and amenity services in daily life; participation in and development of power generation projects overseas ] | ● Advancement of technological innovation and competition with other providers | ● Transformation into a competitive corporate group whose core business is the comprehensive energy business, including business outside of the Kansai area<br>● Expanding gas sales, expanding our business area and expanding business domains<br>● Increasing revenue in telecommunications, international business, and amenity services in daily life<br>● Improving the organizational structure to expand international business (newly establish International Business and Cooperation Division) |
| ● Building an unshakeable safety culture<br>● Thorough business streamlining<br>● Building a functional, efficient business foundation (reevaluation of organizational structure)<br>● Management based upon CSR | ● Compliance problems<br>● Information security problems | ● Reinforcing safety as the foundation of all business activities of the group and continuing business activities with safety as a top priority<br>● Thorough business streamlining<br>● Building an organizational structure to promote innovation in procurement and distribution (newly establish a Purchasing Division)<br>● Building an organizational structure in light of the competitive environment (shift to 6 business divisions)<br>● Reinforcing compliance in the group as a whole |

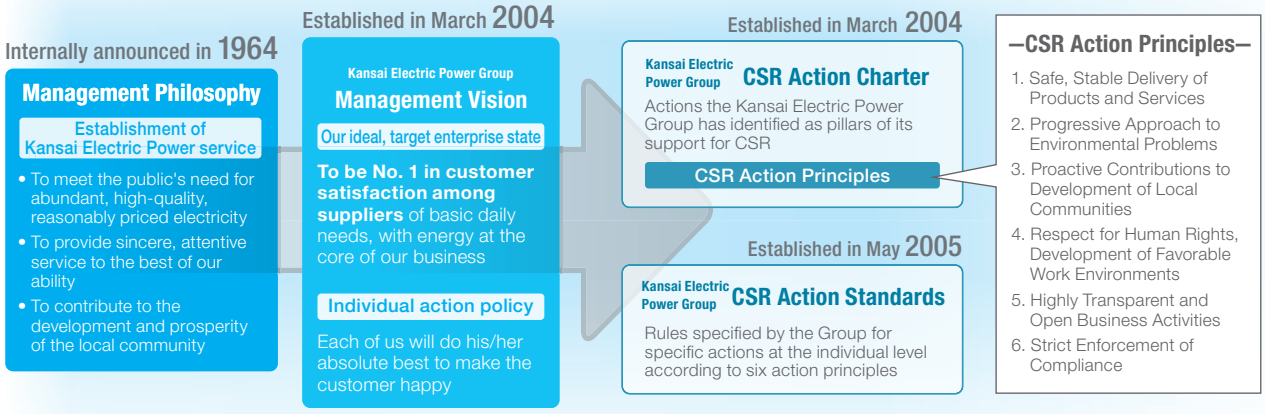
# Our Relationship with Stakeholders

The business activities of the Kansai Electric Power Group are supported by our stakeholders. We are taking measures to expand communication with our main stakeholders to meet their expectations.


| Main Stakeholders | | Main Activities | |
|---|---|---|---|
| | | Two-Way Communication | PR Activities |
| Customers | Building relationships of trust with customers through properly understanding their needs and promoting better products and services | ● Consulting on how to save energy, power-saving requests and other daily sales activities (non-regular basis)<br>● Make note of input from customers at call centers and sales offices (non-regular basis)<br>● Updating Danbo-no-Koe, a database of customer input, including input from people in local communities (non-regular basis) | ● Use of the Web (website/Facebook/YouTube/Twitter) (non-regular basis)<br>● Notice of Power Supply and Demand poster<br>● Requests on public streets to conserve power (non-regular basis)<br>● Information newsletter *Watt* (semi-annual)<br>● Electricity consumption receipt and leaflet (monthly)<br>● Hapi e-Life navi website for energy savings information (non-regular basis)<br>● Hapi e-Miruden members' website for energy saving (non-regular basis)<br>● Use of mass media (TV commercials, newspaper ads) (non-regular basis)<br>● Press releases (non-regular basis)<br>● Press conferences (non-regular basis)<br>● Tours of power plants and other facilities (non-regular basis) |
| Local Communities/ The Public | Consulting with local communities as an enterprise that closely cooperates with the people in those communities, and deepening relationships of trust by actively responding to and working to resolve community issues | ● Communication with local governments (non-regular basis)<br>● Communication with customers in the vicinity of power plants (non-regular basis)<br>● Dialogue through consulting on how to save energy, power-saving requests, environmental measures and other daily sales activities (non-regular basis)<br>● Updating Danbo-no-Koe, a database of customer input, including input from people in local communities (non-regular basis) | ● Use of the Web (website/Facebook/YouTube/Twitter) (non-regular basis)<br>● Communication magazine *Yaku* (semi-annual)<br>● Kansai Electric Power Group Report (annual)<br>● Tours of power plants and other facilities (non-regular basis)<br>● Participation in local government's disaster preparation drills (non-regular basis)<br>● Participation in environmental events (non-regular basis)<br>● Offering on-site classes and on-site explanatory meetings (non-regular basis)<br>● Press releases (non-regular basis)<br>● Press conferences (non-regular basis)<br>● Use of explanatory tools (*Kanden el message* information brochure/safety-related videos) (non-regular basis) |
| Shareholders/ Investors | Meeting the trust of shareholders and investors through fair, prompt information disclosure and efforts to improve corporate value | ● General Shareholders' Meeting (annual)<br>● Company briefings (semi-annual)<br>● IR meetings (non-regular basis) | ● Use of the Web (website/Facebook/YouTube/Twitter) (non-regular basis)<br>● Factbook (annual)<br>● Corporate information/IR information Web pages (non-regular basis) |
| Business Partners (Suppliers, Subcontractors, etc.) | Procuring materials, equipment and services that excel in safety, quality and price in a timely, ecological way to firm up relationships of trust with business partners | ● Training workshops and safety patrols (non-regular basis)<br>● Information sharing at meetings of presidents of affiliated companies, etc. (non-regular basis)<br>● CSR procurement policy explanations and promotion activities (non-regular basis) | ● Use of the Web (website/Facebook/YouTube/Twitter) (non-regular basis)<br>● Official announcement of main procurement plan (annual) |
| Employees | Continuing to create a corporate culture and build frameworks to give motivation and satisfaction to all of our employees, who are the driving force behind the company, and allow them to demonstrate their true abilities | ● Dialogues with the president (38 times/year)<br>● Executive visits (102 times/year)<br>● Publicity campaigns (about 50 times/year)<br>● Labor-management consultations (non-regular basis)<br>● Company-wide employee questionnaire on CSR (annual)<br>● Compliance consultation desk (non-regular basis) | ● Use of the Web (website/Facebook/YouTube/Twitter) (non-regular basis)<br>● Use of internal portal site (non-regular basis)<br>● In-house organ *The Kansai Denryoku Shimbun* (monthly)<br>● Distribution of message from president, etc. (non-regular basis)<br>● In-house TV (non-regular basis)<br>● Email magazine (non-regular basis)<br>● Local explanatory meetings on nuclear power safety (about 50 times/year) |

# Kansai Electric Power Group Management and CSR

**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.**

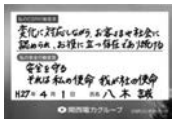



## The Kansai Electric Power Group CSR Action Charter

### ■ 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.


Conduct Card


President's Action Declaration

## 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.

## 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.

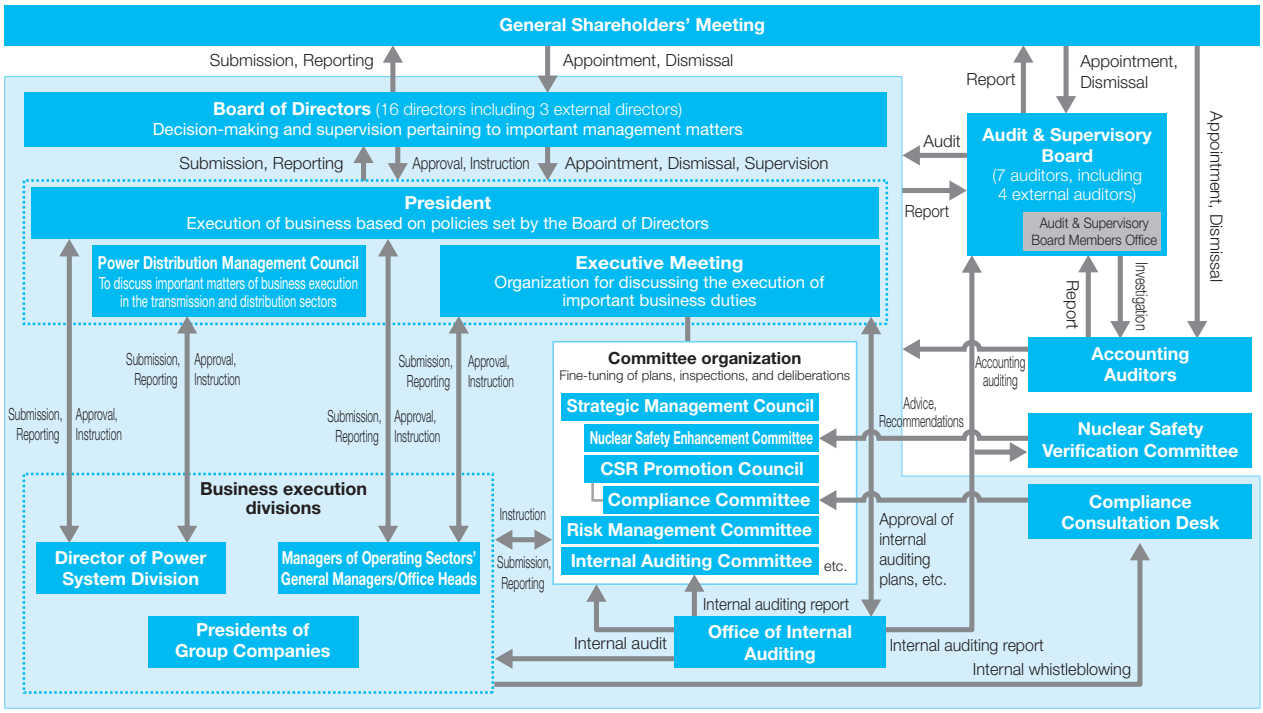
Kansai Electric Power defines and practices the five items outlined below as our Action Standards for Procurement Activities. We furthermore utilize business negotiations, plant visits, and the like to explain and promulgate our CSR Procurement Policy to partners.

### — 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**

# 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.

A Power Distribution Management Council has been set up to ensure neutrality and fairness in the execution of business duties in the transmission and distribution sectors.

## 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 auditors, and the four in the majority are external auditors (including one female auditor) 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.

# 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 periodically and as needed, as they support the decision-making of the managing directors and the business activities of respective divisions.

## ●Risk Management Committee

### Our Approach to Risk Management

In accordance with the Kansai Electric Power Group Risk Management Rules established in April 2006, risks that have the potential to affect the achievement of organizational goals are to be recognized and assessed, after which necessary measures are to be taken. Then, an assessment is to be made, followed by implementing necessary improvements to reduce the risk. The impact of risk on the Group is to be managed at an appropriate level through this series of processes.

### The Risk Management System

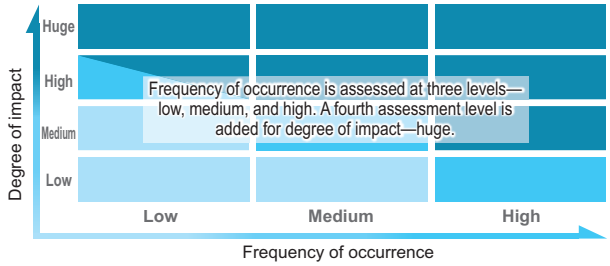
The risk associated with business activities is to be managed autonomously by each business execution division. In cases of risk deemed to be of cross-organizational importance, risk management is strengthened by the presence of risk management bodies with specialized expertise that provide advice and guidance to the various business execution divisions.

In addition, a Risk Management Committee has been formed to manage risk comprehensively; the committee's chairman is the Risk Management Officer. The committee strives to manage risk associated with Group business activities at the level deemed appropriate in each case based on this system.

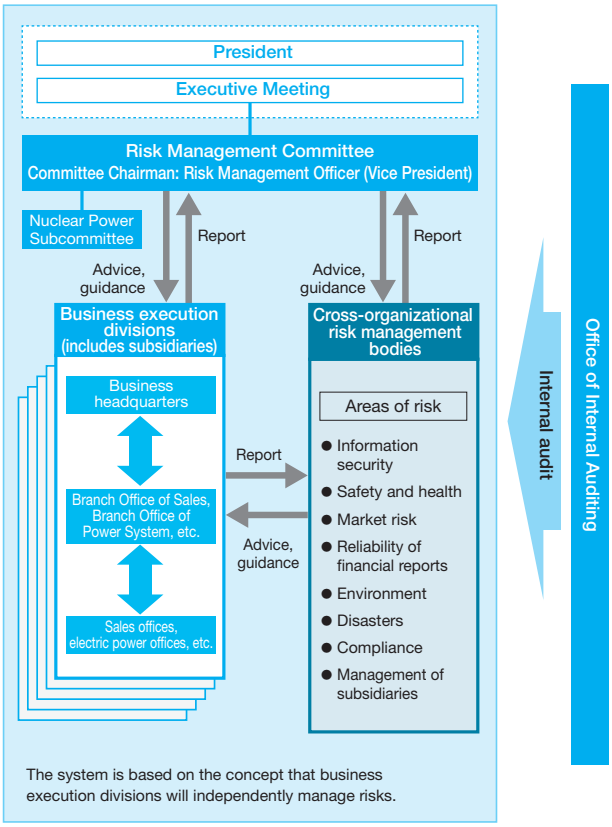
The Risk Management Committee identifies and assesses the risk management of the various business execution divisions periodically from a company-wide perspective. As necessary it will assess the risk management mechanisms and system and give improvement instructions. In addition, the Committee assesses the extent of impact and frequency of occurrence of 33 principal risks on a risk map, taking into consideration the degree of effectiveness of risk countermeasures and the consequent impact on other risks, thereby determining the level of importance in business management. The Committee periodically reports its risk management findings to the Executive Meeting.

To assess efforts related to managing the risk of releasing radioactive substances, an especially serious risk, we established the Nuclear Power Subcommittee under the Risk Management Committee, which is building a system of deliberations under the watch of the Risk Management Officer.

◆Risk Map




◆Risk Management System




## ●Nuclear Safety Enhancement Committee

The Nuclear Safety Enhancement Committee, composed of directors and representatives from all divisions, was set up to enhance the safety of nuclear power and to deliberate on our recurrence prevention measures of the accident that occurred at Mihama Nuclear Power Station Unit 3 and activities to foster a safety culture.

After the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station, two items, our voluntary and continuous initiatives for nuclear power generation with safety and nuclear power risk management, were added in this Committee in order to enhance nuclear power plant safety.

## ●Nuclear Safety Verification Committee

The Nuclear Safety Verification Committee, composed mainly of outside experts, examines the validity of the measures taken to prevent a recurrence of the type of accident that occurred at Mihama Nuclear Power Station Unit 3 from an independent perspective. It also provides advice for improving activities to cultivate our safety culture.

The Committee additionally provides advice regarding our voluntary and continuous safety initiatives for safe nuclear power generation in response to the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station. We will continue pursuing even more reliable safety based on these continuous improvements.

### ●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 been established as an organization specially assigned to perform internal auditing. The Office conducts regular audits of the appropriateness and effectiveness of systems as they are designed and run to assure their appropriate administration. The Office also submits proposals and reports to the Executive Meeting concerning internal auditing plans and their results. Moreover, it 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.

## ■ Directors and Auditors

As of June 25, 2015

* Indicates status as representative director

**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

Directors
Managing Executive Officers

**Yoshihiro Doi**
**Masahiro Iwatani**
**Yasuhiro Yashima**
**Yasushi Sugimoto**
**Hironori Katsuda**
**Hidehiko Yukawa**

Directors

**Ryohei Shirai**
**Noriyuki Inoue****
**Takamune Okihara****
**Tetsuya Kobayashi****

** Outside director

Audit & Supervisory
Board Members

**Sakae Kanno**
**Yasunari Tamura**
**Masahiro Izumi**

Outside
Audit & Supervisory
Board Members

**Takaharu Doi*****
**Yoichi Morishita*****
**Hisako Makimura*****
**Tsutomu Toichi*****

*** Outside auditor

## ■ Executive Officers

Managing Executive Officers

Note: Excludes those serving concurrently as directors and executive officers

**Masahiko Okada Tomio Inoue Ikuo Morinaka Tomihiko Oishi Takashi Morimoto Toyokazu Misono Masanori Kataoka**

# CSR Promotion System and Activities

From the CSR Tree to a CSR Forest

The CSR tree represented by each individual grows into a CSR forest.



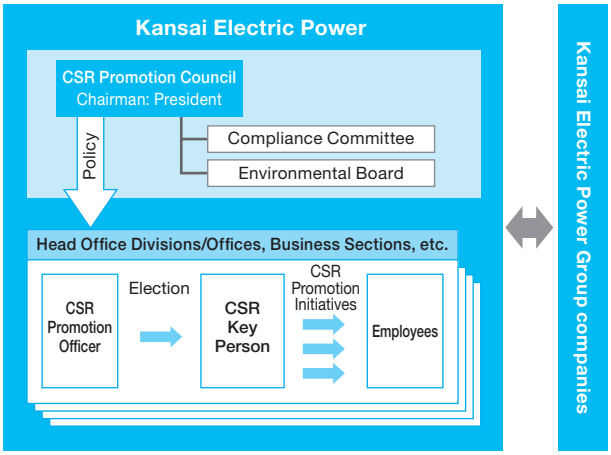
**Every employee in the Group, carrying out his or her duties conscientiously on a daily basis in consideration of the changes taking place with customers and society, represents CSR in practice. The habituation of such action leads to CSR promotion throughout the Group.**

**Based on this way of thinking, various measures are being taken to encourage each employee at his or her workplace to consider the position of stakeholders and act with thoughtfulness and a sense of mission.**

## CSR Promotion Council at the heart of the CSR promotion system

Headed by the president of Kansai Electric Power, the CSR Promotion Council establishes the general policies that guide the entire Group in promoting CSR, and provides general coordination of specific activities. 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 operating division and business location, which then develop their own activities. CSR promotion initiatives are led by the person in charge in each division and location acting as the CSR Promotion Officer, who assigns a CSR Key Person at each workplace. Each Group company also develops its own CSR promotion activities independently, while staying in communication with Kansai Electric Power.

◆CSR Promotion System

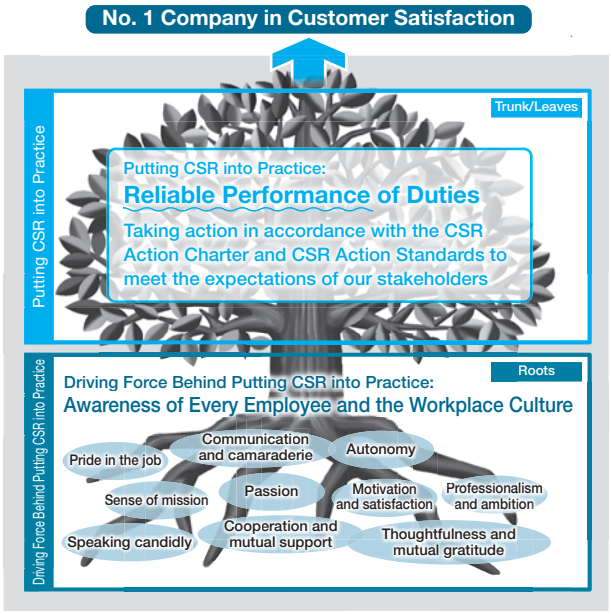



## CSR promotion initiatives for employees

The Group continuously carries out initiatives to help employees put CSR into practice and to improve the workplace culture. We are implementing promotion initiatives to reinforce the awareness that carrying out one's duties conscientiously on a daily basis (putting CSR into practice) builds the trust of customers and the public.

Using the analogy of a tree, improving the workplace culture is an initiative that gives nourishment to and strengthens the roots of the tree (raising the awareness of every employee/workplace culture), which are not visible to the naked eye. Putting CSR into practice (carrying out one's duties conscientiously on a daily basis) makes the trunk and leaves and other visible parts of the tree grow (six CSR Action Principles). Based on this approach, promotion initiatives for all employees are taken independently, led by the CSR Key Person elected to promote CSR at each workplace. Also, a company-wide employee questionnaire on CSR is conducted annually for analyzing and assessing CSR activities for employees and for providing feedback to each workplace.

◆CSR Promotion Activities (CSR Tree)




**■Results of questionnaire for employees on CSR (conducted in November 2014)**

**Were you able to perform your duties over the last year with an awareness of the six CSR Action Principles?**

Yes ... 85.6%

## Communication between executives and frontline workplaces

The Company creates various opportunities for the president and other executives to visit frontline workplaces. Through such dialogues, the president is able to communicate directly his views about safety and the importance of safety, and to promote and promulgate an understanding of CSR. Through an exchange of views, the president also gains an immediate understanding of issues and problems being faced by each workplace, which is later reflected in management policy.


Dialogues with President Yagi have taken place at over 200 locations at the Sanda Sales Office (as of March 2015)

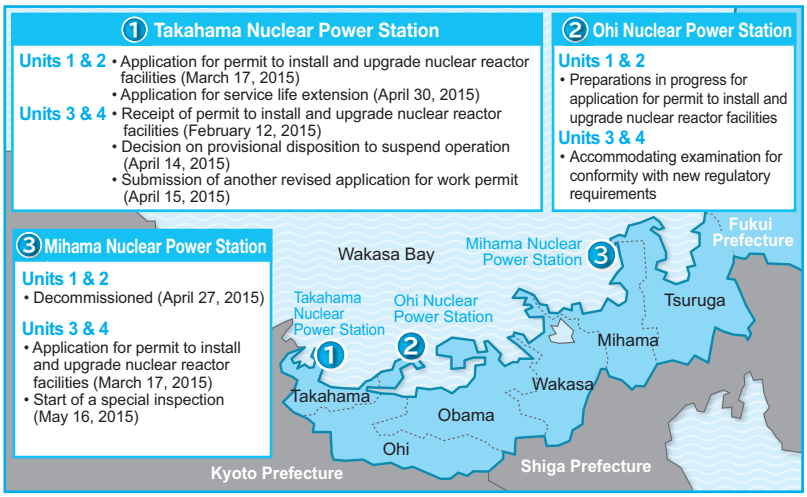
# Committed to Safety: Enhancing Nuclear Safety and the Utilization of Nuclear Power

**Using the lessons learned from the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station, we are taking steps to enhance the safety of nuclear power generation. In addition to satisfying the new regulatory requirements enforced in July 2013, we remain highly focused on enhancing safety to an extent that exceeds the regulatory requirements. Operating on a premise of assured safety, we have also adopted the goal of extending the service life of our power stations beyond forty years in order to maintain nuclear power generation as an important energy source in the interests of energy security, global environmental issues, and the economy. With respect to the decommissioning of Units 1 & 2 of the Mihama Power Station, we are determined to undertake this time-consuming task safely and smoothly in the years to come.**

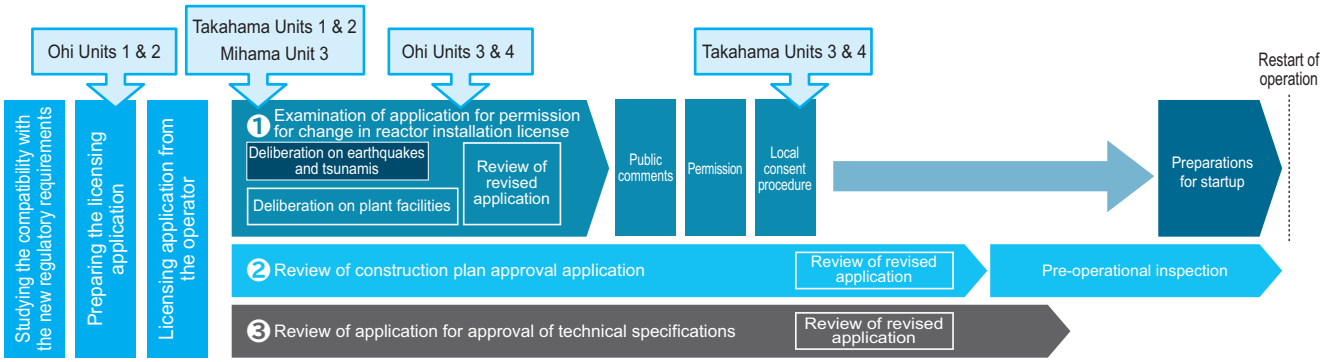
## Complying with New Regulatory Requirements

From the time the new regulatory requirements were enforced, we began expanding and enhancing our safety measures by applying the best practices and discoveries from both Japan and elsewhere, establishing a redundant fail-safe system to prevent undesirable situations from developing into serious incidents. Applications for conformity examinations are made only for nuclear power plants that have adopted such measures. We continue to address the issue of examinations as part of an all-out effort to ensure nuclear safety and, while seeking the understanding of local communities and the general public regarding these undertakings, we will remain focused on resuming operation of our nuclear power plants once their safety has been assured by the Nuclear Regulation Authority.

◆Major Milestones Related to Our Power Stations Since 2014




◆Status of conformity examination for new regulatory requirements




(As of July 2015)

## Addressing the Provisional Disposition to Suspend Operation

In April 2015, the District Court of Fukui approved a motion for provisional disposition to suspend the operation of Takahama Units 3 & 4.

Since the motion for provisional disposition was filed in December 2014, the Company has been demanding that the request be denied and has argued and testified that the safety of the power plant has been ensured based on scientific and expert knowledge.

Despite our further request to the District Court of Fukui to deliberate the motion carefully and thoroughly, the court closed the deliberation in March and approved the motion for provisional disposition.

We consider that a number of findings contradict the objective evidence based on scientific and expert knowledge and, because we find this decision unacceptable, have filed an appeal and an objection to the temporary restraining order. We will continue to make every effort to claim and demonstrate the safety of Takahama Units 3 and 4 in order to have the provisional disposition order canceled without delay.

### ◆Example of our view: Off-site power supply and main feedwater pumps

| Judgment by the court | Our view |
|---|---|
| Maintaining the cooling function with an external power supply and the main water supply is the norm for a nuclear reactor; hence, these facilities should have seismic resistance appropriate for the safety of a critical installation. | Safety is supported by the emergency diesel generator and auxiliary water pump. An external power supply, including the power lines and the main water pump that supplies water for the generation of steam to drive the turbine, are required for power generation and are not expected to play a role regarding safety assurance. |

### ◆Example of our view: Spent fuel

| Judgment by the court | Our view |
|---|---|
| Spent fuel is not enclosed in a rigid facility similar to a reactor containment vessel. The seismic resistance of the cooling device for the spent fuel pit is Class B and there is reason to believe that an earthquake weaker than the standard could damage the device. The seismic resistance of water supply facility for the spent nuclear fuel pool should be improved to Class S. | Spent fuel can be cooled sufficiently simply by storing it underwater. The spent fuel pit and its water supply facility meet Class S seismic resistance and it is not necessary to contain the fuel in a rigid facility similar to a reactor containment vessel. Although the seismic resistance of the pit cooling facility has been classified as Class B, it is actually equivalent to Class S, and this fact has not been recognized properly. |

# Ongoing Voluntary Efforts to Enhance Safety

In June 2014, the Company developed a roadmap of actions to be implemented (Further Strengthening of Ongoing Voluntary Efforts to Enhance Nuclear Safety), including actions to enhance safety in compliance with the new regulatory standards as well as emergency response capabilities such as strengthened training programs, drills, and organizations. We are determined to implement the roadmap through a cohesive effort of the entire company without being restricted by the regulatory framework.

## Enforcement of Defense-in-Depth

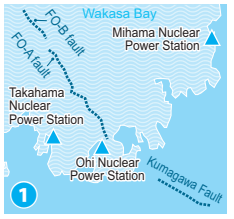
Under the regulatory standard enforced in July 2013, multi-layered protective measures should be implemented to ensure safety and, in terms of the measures for each layer, the concept of "defense-in-depth," which does not rely on the effectiveness of the measures in other layers, is enforced.

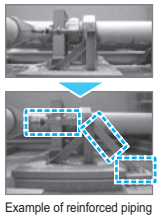
### ◆Example of Takahama Units 3 & 4

**Preparations to protect the power plant from natural phenomena (accident prevention)**

**Preparation for earthquakes**

- Detailed research to study the linked motion of faults near the power plant
  The linked motion of faults has been analyzed conservatively; the Company has increased the assumed earthquake level and adopted reinforcements against earthquakes in the required locations.

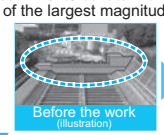




Example of reinforced piping

**Preparation for tsunami**

- Tide embankments built to withstand an assumed tsunami of the largest magnitude

In case the assumption is exceeded


Before the work (illustration)


After the work

Tidal gate for water intake

- Installation of watertight doors to protect safety-critical devices


Barriers around the seawater pump

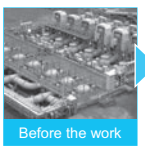

Watertight door

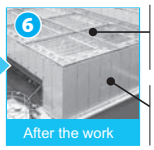
**Preparation for fire**

- In order to prevent fire spreading from the adjacent forest, trees along the perimeter of the power plant have been cut down to ensure an 18-m wide fire belt.

**Preparation for tornadoes**

- Installation of tornado-resistant facilities to protect devices from flying objects
  *It is assumed that a tornado with a wind speed of 100 m/s, exceeding the highest wind speed ever observed in Japan (92 m/s), would cause steel objects of (135 kg) to become airborne.


Before the work


After the work

Roof: Absorbing the energy of flying objects with a net

Walls: Preventing penetration with steel plates

Preventing serious accidents

**Measures to prevent serious accidents by cooling the reactor in a stable condition (preventing the development of accidents)**

**Enhanced power supply**

- Enhancement of external power supply and ensuring redundancy and diversity of internal power supplies


External power supply (existing)

In the event an external power is not available


Emergency diesel generator (existing)


Air-cooled emergency power generator


Power supply vehicle

**Enhanced cooling function**

- Diversified seawater intake methods


Spare motor for seawater pump

In an event of failure

Seawater pump (existing)

In the event a seawater pump is not available


High-capacity pump

- Diversified cooling methods for steam generator

Auxiliary electrical water pump, turbine-driven auxiliary water pump (existing)

In the event pumps are not available


Medium-pressure pump


Fire pumps

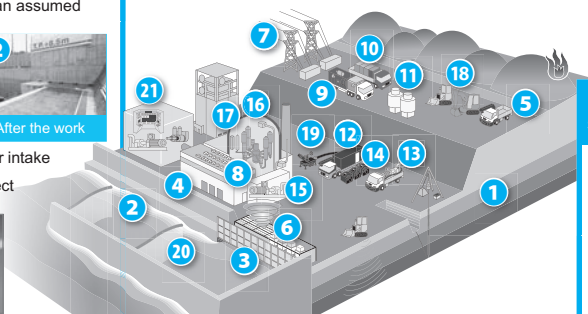
- Diversification of methods for direct cooling of core

Emergency core cooling system (existing)

In the event a cooling system is not available


Alternative mobile low-pressure water pump

In an event of a serious accident



**Responding to widespread damage**

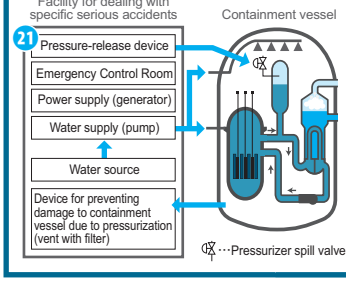
Responding to widespread damage to the plant due to a terrorist attack or natural disaster exceeding the assumed level

- Response with high-capacity pumps

In the event pumps are not available

- Plan to establish a facility for dealing with specific serious accidents*
  * To be established within five years of the enforcement of new regulatory standards

Facility for dealing with specific serious accidents

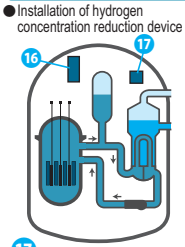


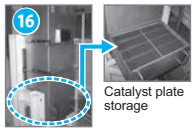

Further preparation for unlikely events

**Responding to the remote chance of a serious accident (containing accidents)**

**Preventive measure against hydrogen explosion of containment vessel**

- Installation of hydrogen concentration reduction device




Catalyst plate storage

**Passive autocatalytic recombiner:** A plate coated with catalyst that recombines hydrogen with oxygen and removes it in the form of steam

**Hydrogen combustion device:** A heating coil* intended to burn hydrogen in order to reduce the hydrogen concentration

**Securing access routes**

- Providing heavy machinery for removing wreckage

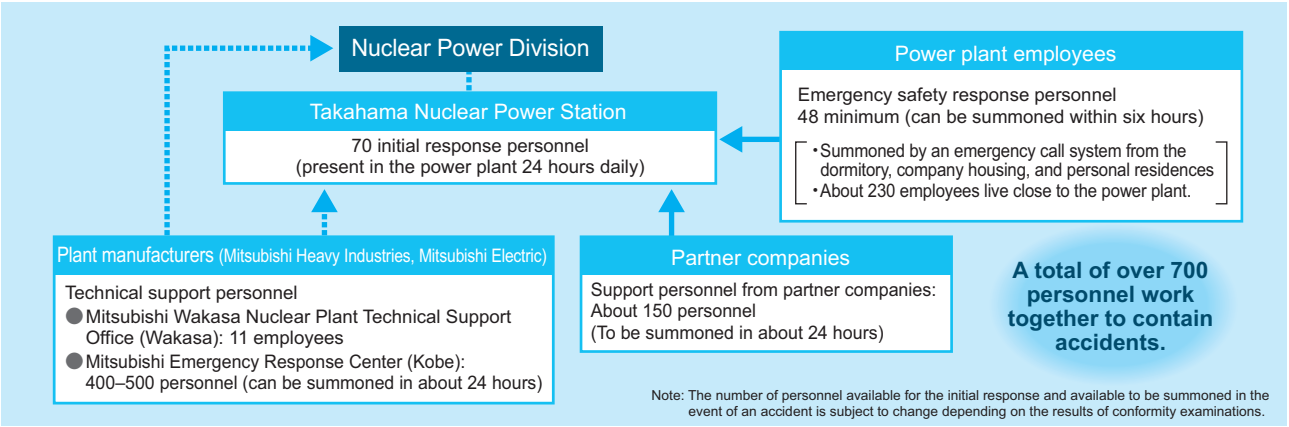
**Limiting dispersion of radioactive substances**

- Water cannon (limiting atmospheric dispersion)
- Silt fence (limiting marine dispersion)

## Strengthening the Organization

In preparation for unexpected situations, employees responsible for making the initial response are present within the power plant premises and a system to summon personnel responsible for containing accidents has been established. This initiative doubles the number of response personnel that had been available prior to the earthquake. In addition, a system is in place to secure the support of partner companies and the plant manufacturers.

◆Example of Takahama Units 3 & 4




Note: The number of personnel available for the initial response and available to be summoned in the event of an accident is subject to change depending on the results of conformity examinations.

## Enhancing Response Capabilities through Training and Drills

We implement comprehensive corporate general nuclear emergency response drills to verify the effectiveness of our coordination with the organizations concerned. In addition, the necessary training and various drills are repeated to enhance our accident response capability.

◆Number of drills

| | FY 2011 | FY 2014 |
|---|---|---|
| Mihama Nuclear Power Station | About 290 times | About 700 times |
| Takahama Nuclear Power Station | About 280 times | About 1,500 times |
| Ohi Nuclear Power Station | About 290 times | About 1,000 times |

◆Number of participants in training and drills (total)

| | FY 2011 | FY 2014 |
|---|---|---|
| Mihama Nuclear Power Station | About 380 | About 1,200 |
| Takahama Nuclear Power Station | About 480 | About 1,600 |
| Ohi Nuclear Power Station | About 470 | About 1,400 |

Makoto Yagi, company president (right), leading the comprehensive corporate nuclear response drill

Severe condition drill for practicing fire pump installation (in radioactivity protection gear)

Training for dealing with serious accidents using tools to visualize plant behavior

## Ensuring Widespread Adoption of Our Commitment to the Development of a Safety Culture

In order to instill throughout the organization our Commitment to Enhancing Nuclear Safety, which was established as a corporate message in August 2014, we have implemented various activities to continue this effort while implementing improvements by setting specific goals based on five practices, as an example. Through this initiative, we are continuing to develop our safety culture.

◆Commitment to Enhancing Nuclear Safety

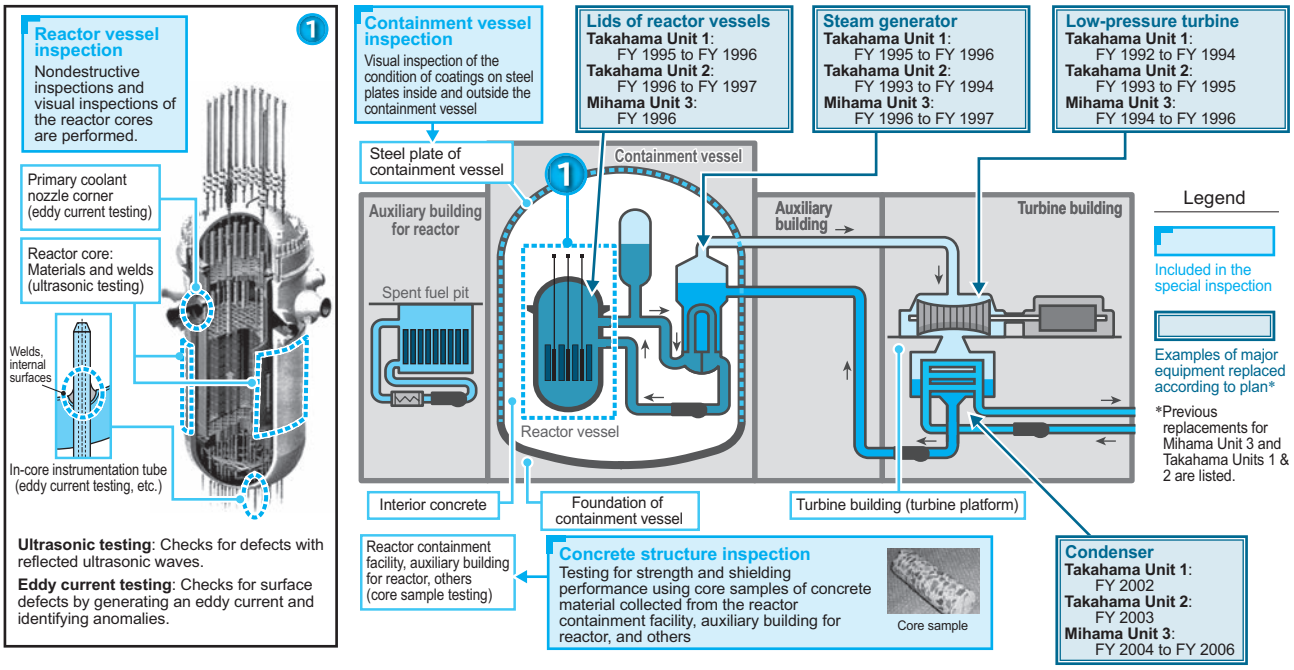
| | |
|---|---|
| Preface | • Every one of us shall remember the lessons learned from the Fukushima-Daiichi nuclear accident and ceaselessly strive to enhance nuclear safety to protect the people not only in the plant-hosting communities but also the whole country, and to preserve the environment. |
| 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.<br>• 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.<br>• Under the President's leadership, every one of us shall work together to tirelessly enhance nuclear safety. |

◆Five Practices

- Repeatedly question even in-house rules and common practices.
- Exchange diverse opinions and discuss issues uninhibitedly regardless of status or position.
- Encourage the raising of safety concerns and treat them in a fair manner.
- Listen sincerely to the voices of the plant-hosting communities and the whole country.
- Learn proactively from experiences and findings both inside and outside the country.

# Targeting a Service Life Exceeding 40 Years

The Company was the first in Japan to submit an application for an extension to the service life of a nuclear power plant when it did so for Takahama Units 1 & 2. Although the Nuclear Reactor Regulation Law amended in 2012 stipulated the service life for nuclear power plants to be forty years, extending the service life once—to a limit of an additional twenty years—is possible by obtaining the approval of the Nuclear Regulation Authority. To apply for this approval, it is necessary to undergo a special inspection. The Company did so for Takahama Units 1 & 2 (December 2014 to April 2015) and Mihama Unit 3 (May 2015 to present writing). Also, in preparation for this service life extension, major items of equipment are replaced according to a plan.




## Service Life Extensions in the U.S.A.

In the U.S.A., a system exists allowing for an extension to the forty-year operation permit (10CFR Part 54), and more than 70% of the power plants in that country have already obtained approval for a sixty-year service life, with more than 30% now operating past the forty year mark.

| Status | | | Number of plants |
|---|---|---|---|
| In operation | | | 99 |
| | Application submitted | Approved | 92 |
| | | In process | 74 |
| | Application pending | | 18 |
| | | | 7 |

Among the 74 plants approved for operation, 32 are running beyond the 40-year mark.

# Decommissioning Mihama Units 1 & 2 with a Priority on Safety

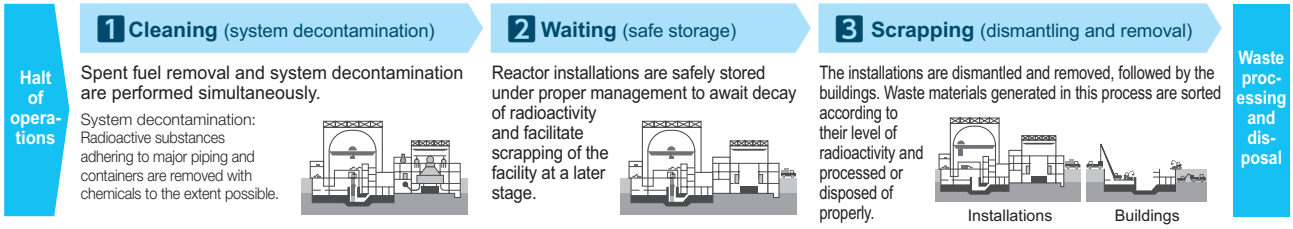
A decision was made to decommission Mihama Units 1 & 2 with comprehensive consideration given to maintaining the supply capacity, ensuring the technical feasibility of various safety measures, and introducing accounting systems to facilitate decommissioning. The Decommissioning Management Section has been established as the core organization for conducting the decommissioning smoothly while putting top priority on safety and addressing multi-dimensional issues as a pioneer in the decommissioning process for pressurized water reactors - including research related to the decommissioning process and collaboration with other operators.

## Major Tasks of the Decommissioning Management Section

- Developing plans for the decommissioning process and associated tasks
- Promoting research and technological development related to the decommissioning process, developing and discovering technologies, and facilitating collaboration with other operators and local companies

## Standard Decommissioning Processes*

Decommissioning entails three steps: cleaning, waiting, and scrapping.




*Specific measures are determined by the operator depending on the outcome of the safety verification performed by the Nuclear Regulation Authority.

The Kansai Electric Power Group

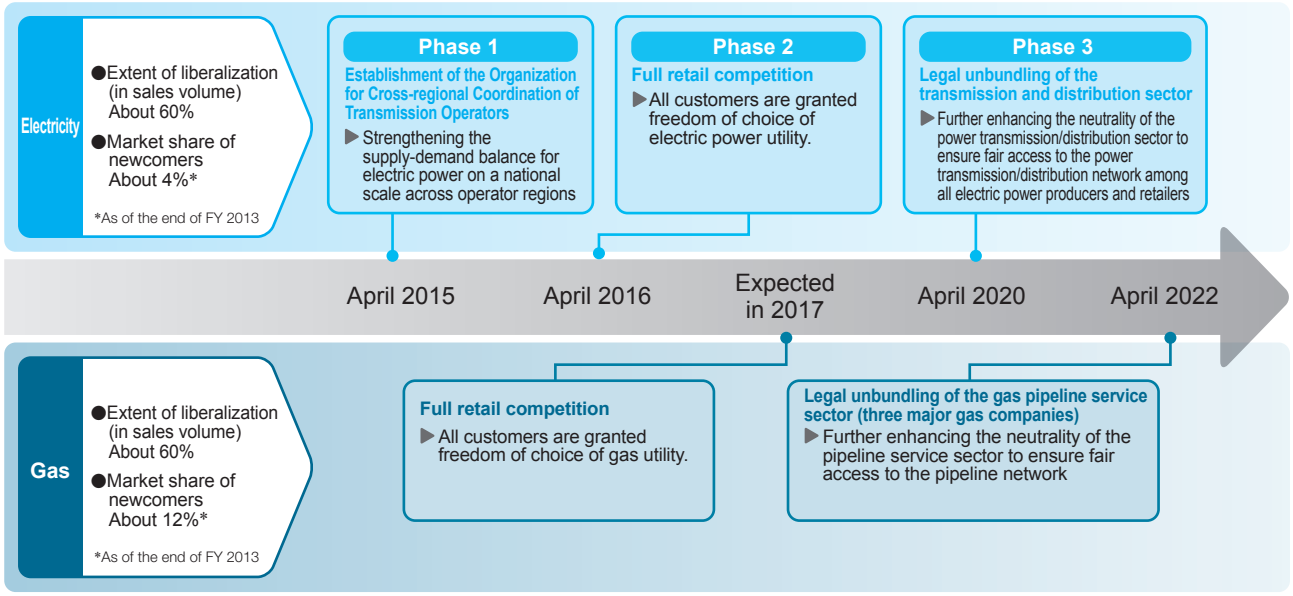
# Focused on Future Action

## Remaining the Customers' Choice by Satisfying a Variety of Needs

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

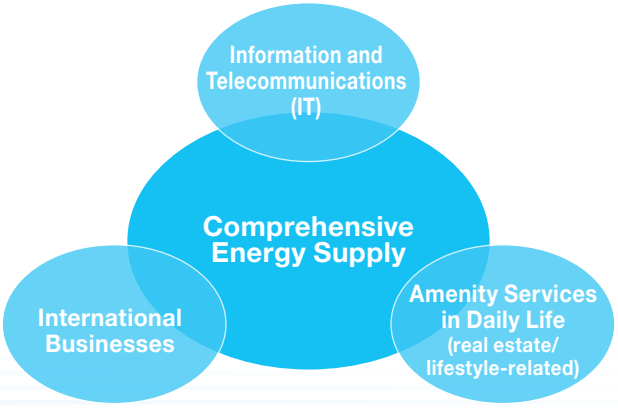
## System Reform in the Energy Sector

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




## Our Group Actions in Response to Reform

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




Businesses enhanced by the transformation into a competitive corporate group

# Comprehensive Energy Supply ——Enhancing Our Competitive Advantage——

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

## Expanding Our Selection of Energy Services

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

**Making Electric Power Available through K-Opticom Corp.**

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

## Expanding the Gas Business

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

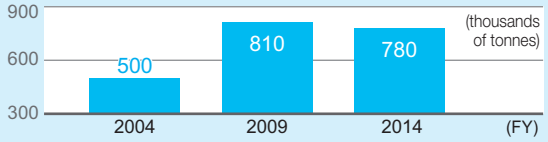
We are determined to offer the best choice in the energy services market by meeting diverse customer needs with a unified group effort that brings together all forms of energy and encompasses our Utility Services* proposal.

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

◆Expansion of Our Gas Business

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

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




## Sales Growth in the Greater Tokyo Metropolitan Area

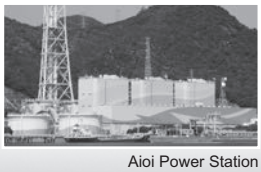
With the progress toward liberalization of the electric power market, competition in the market will further intensify as it crosses the boundaries of operator regions. In the transition process, our Group is launching marketing activities that target the greater Tokyo Metropolitan Area, where further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


## Enhancing Our Competitive Edge in Fuels and Power Sources

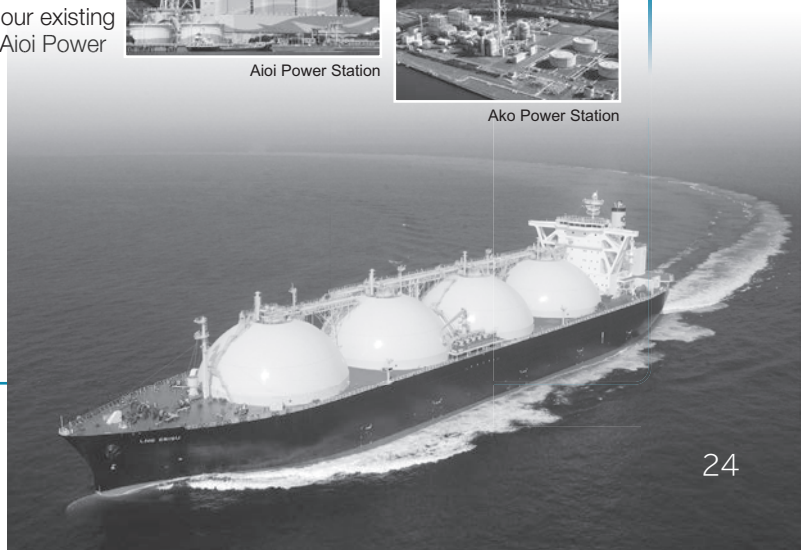
In addition to the efforts made to improve the economics of our existing power plants—including LNG-fired power generation at the Aioi Power Station (scheduled to start in FY 2016) and coal-fired power generation at the Ako Power Station (scheduled to start in FY 2020)—we will introduce more competitive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

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

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


Aioi Power Station


Ako Power Station



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

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

## Attracting More Customers to FTTH Services

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

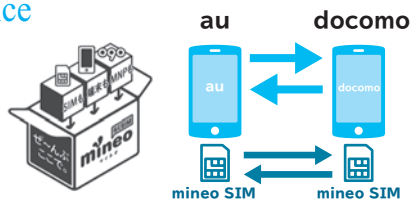
In addition, the Group introduced *eo smartlink*, a service for tablets, in 2012 and opened an online shopping site, *eo shopping mall*, in 2014.

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


The *eo shopping mall* opened in FY 2014.

## Introduction of a Low-cost Nationwide Smartphone Service

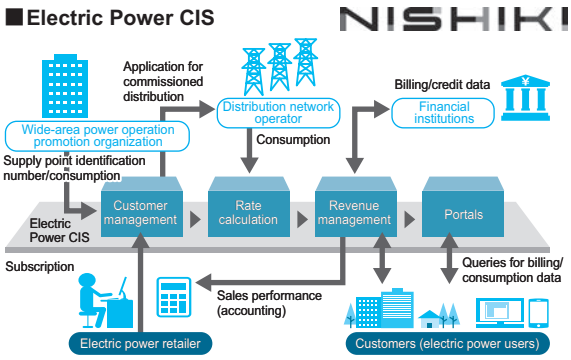
In June 2014, we started to offer the low-cost smartphone *mineo* service using the KDDI "au" communications network as the first MVNO (mobile virtual network operator) in the country. Using the approach of offering only the required services for the required period, the service was launched nationwide,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




In addition to the KDDI "au" network, a service using the NTT DoCoMo network will be added in September 2015. This multi-carrier MVNO network will encompass both the "au" and NTT DoCoMo networks.

## Introducing System Solution Services

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




# Amenity Services in Daily Life ——Expanding Our Convenient Services——

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

## Expanding the Scope of Our Real Estate Business

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

Yomiuri Bunka Center

## Adding Services to Expand the Customer Base

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

# International Businesses ——Expanding Revenues Abroad——

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

## Uncovering and Expanding New Business Opportunities Offering Improved Profitability

### ① Improving our intelligence-gathering for new projects

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

### ② Expanding our scope of operations while entering healthy projects

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

### ③ Promoting consulting businesses that will lead to development projects

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


## Securing Stable Profit from Project Investments

### ●Steady Operation and Management of Existing Projects

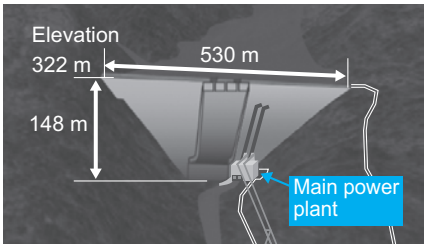
In an effort to expand the scale of our international business, we are working to reinforce our project development and management organization. In addition to participating in the project from a financial aspect, we are seeking to stabilize profit by operating power plants and efficiently engaging in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

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

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

### ●Ensuring the Stable Continuation of Projects in Progress

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




Nam Ngiep 1 Hydropower Project and Dam (conceptual drawing)

# Utilizing the Expertise We Have Developed in the Electric Power Industry

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

Detoxification process with a mobile solvent cleaning system

# 1

## Efforts Based on Our CSR Action Principles

# Safe, Stable Delivery of Products and Services

**CSR Action Principles**

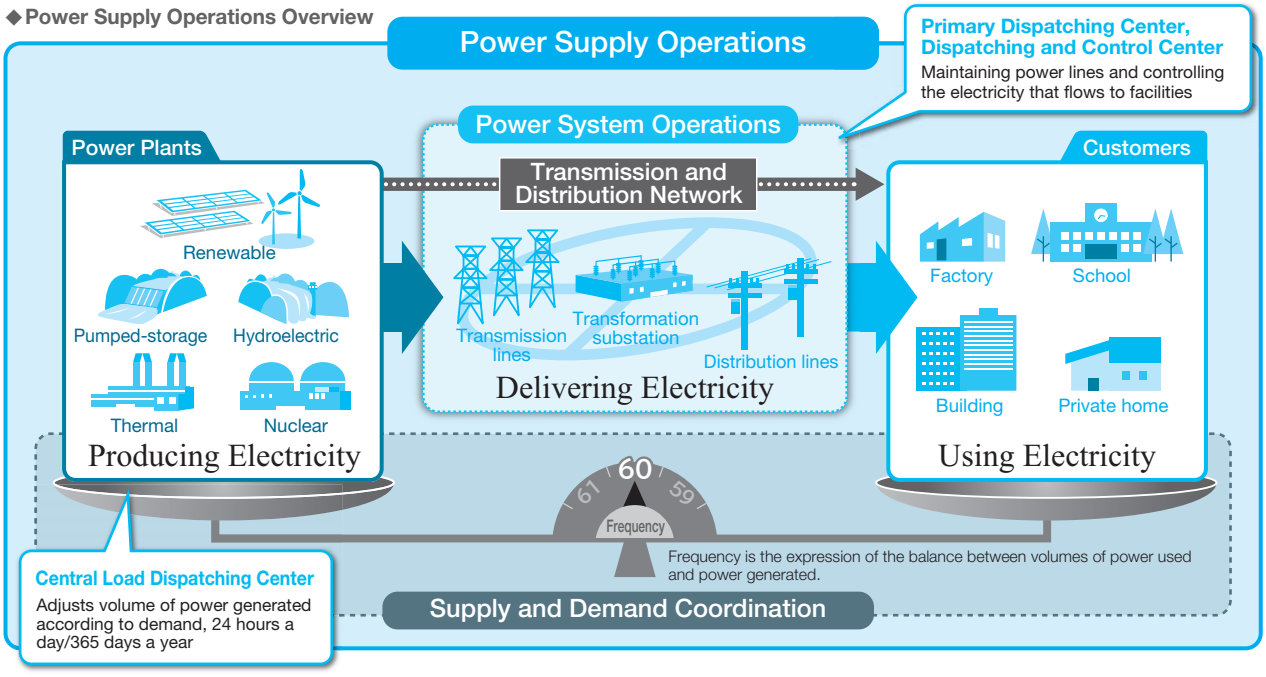
As a business operator responsible for lifelines that are indispensable to society, the Kansai Electric Power Group fully recognizes that its operations support the foundation underpinning the daily lives of its customers. Accordingly, we will take every conceivable measure, day by day, to deliver our products and services safely and stably.

## Supporting safe, stable supply

### To consistently supply electricity at all times

Administering power supply operations that give customers power 24 hours a day, 365 days a year, requires two things—maintaining a balance between power usage and power generated (power supply operations) and maintaining the conduits through which electricity flows (power system operations). We keep a constant control over both aspects, from the generation of power up to its use by the customer.

◆Power Supply Operations Overview




In situations such as power outages due to natural disasters or other unforeseen circumstances it is necessary to grasp the situation quickly and accurately, and restore the supply of electricity to customers as quickly as possible, while placing top priority on safety. We believe that by carrying out training to restore power after outages is the key to acting without hesitation, so we provide such training on a regular basis. Using simulators we create various outage situations and repeatedly train our employees at business sites to improve their skills in restoring power during an outage.

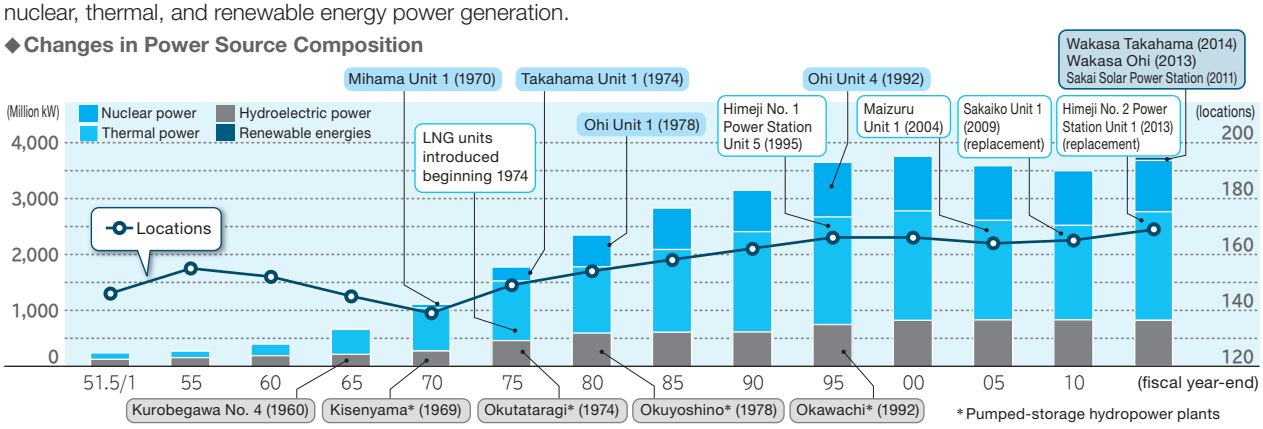
We have created an alternating backup system for providing stable supply that uses Central Load Dispatching Centers in conjunction with Primary Dispatching Centers so that in the event that one system goes down, functions are shifted to the other so that operations can continue unimpeded.

Drill being conducted using a simulator

## 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 the "S+3E" approach, which places top priority on Safety in the effort to achieve Energy security while maintaining a focus on Economy and Environmental conservation. Through this approach we work to achieve a well-balanced combination of nuclear, thermal, and renewable energy power generation.

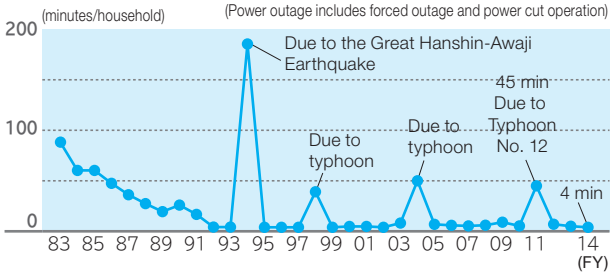
◆Changes in Power Source Composition




## 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 we maintain 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.

◆Annual Duration of Power Outage Per Household




## Training the personnel who support safe and stable supply functions

Systematic drills are carried out on a continuous basis to train individuals and provide necessary specialized skills. Additionally, to properly preserve and pass on these techniques and technical skills throughout the Group we have a system in place that certifies as specialist technicians those individuals who have advanced technical capabilities and who demonstrate leadership. We have also introduced a system for ascertaining the technical capabilities of individuals, along with various other measures.

**Training System Record (as of May 2015)**

229 certified Specialist Technicians

Enhancing expertise through on-the-job training

# For stable power supply

## Completion of facility improvements to Himeji No. 2 Power Station

In July 2010, construction work was begun at the Himeji No. 2 Power Station to upgrade the power plant (6 units) aimed at further reducing environmental impact and supplying economical electricity. The recently completed construction converted the power station over to a high-efficiency combined-cycle system offering the world's highest level of power generation efficiency using advanced 1,600°C-class gas turbines. The work was completed seven months ahead of schedule and the plant resumed commercial operations in March 2015.

Himeji No. 2 Power Station

## Transformer replacement at the Konan substation

In June 2014 construction was performed to replace the transformer that had been in service for many years with a new one at the substation to ensure stable power supply. The new transformer, weighing over 150 tonnes, was transported to the nearest station by rail, then hauled by a truck with two trailers. Because the setup was 40 meters in total length, it had to be transported late at night when the fewest cars were on the road, taking two nights. Bridges on route were reinforced in advance. Carrying out this plan carefully, the transformer was finally delivered to the substation, where it now serves to supply power day and night.

Hauling the transformer by special truck trailer setup

## Underground power transmission cables upgraded by expert jointers

Transmission cables are laid in underground trenches in urban areas. Cable jointing and other work require highly skilled technicians. To prevent accidents, Kansai Electric Power introduced a certification system for employees with advanced technical skills used in the electric power industry. Those certified by the system are formed into teams to replace aging cable and equipment. They are often given just a limited amount of time to carry out their work safely and precisely, and must work in cramped spaces inside a manhole, for example. 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 those skills and techniques.

Expert cable jointer connecting cables

## Maintenance of distribution facilities based on data analysis

Utility poles were installed in huge volumes during Japan's high economic growth period from the mid-1950s to mid-1970s. These and other distribution equipment and facilities continue to deteriorate due to age. Dismantled concrete utility poles and other construction materials are put through break strength test and other types of tests to assess residual performance. Inspection data are also accumulated and analyzed. The information gathered through such efforts is used for properly maintaining our nearly 2.7 million utility poles and other distribution facilities, and to determine the best timing for replacement.

Bending failure test performed on a dismantled concrete utility pole

# Efforts for the long-term stable procurement of LNG

## The Ichthys LNG Project

Kansai Electric Power joined the Ichthys LNG Project in Australia in January 2015. The project, led by INPEX Corporation, along with its project partners, is developing one of the world's largest offshore facilities and an onshore LNG plant planned to produce 8.4 million tonnes of LNG per annum.

For Kansai Electric Power this project will be one of its main sources of LNG supply for the latter part of this decade forward. By participating further in LNG procurement and the LNG supply chain through the project, Kansai Electric Power ensures a profit on investment as well as even more stable supplies of LNG.

Conceptual image of offshore production facility
(Source: INPEX Corporation)

# Preparing for a natural disaster

## Preparing for a major disaster

Based on our mission of providing stable electric power, Kansai Electric Power promotes disaster mitigation initiatives that will strengthen facilities to withstand disaster. We have also put in place a disaster control system to enable rapid recovery from various kinds of natural disasters. In the event of a major Nankai Trough earthquake, we will follow the basic plan for mitigating disaster announced by the Japanese government and take disaster response and recovery measures in consultation with related entities.

### Strengthening the disaster response system

In preparation for a large-scale, wide-area disaster such as the anticipated Nankai Trough earthquake, certain individuals are designated to arrive at the workplace early while others are assigned to night duty; role-playing training is also conducted periodically. Assemblies of pedestrians and people riding bicycles are held to practice quick response and to improve emergency recovery measures. Repeated drills help employees to develop their disaster response skills while raising awareness of natural disasters such as earthquakes and tsunamis.

Hazard map training at the head office

### Strengthening collaborative ties with disaster response entities

Kansai Electric Power works with administrative bodies to do everything possible to restore power quickly after a disaster, participating in local government disaster response meetings, supplying company information on the status of recovery, and cooperating with recovery operations.

In 2014 Kansai Electric Power signed agreements of cooperation with the Chubu Region Ground Self-Defense Forces (GSDF) and the Kure District Maritime Self-Defense Forces (MSDF) to facilitate bilateral cooperation in times of disaster by building collaborative ties. Regular meetings are held and drills are carried out on an ongoing basis to build close relationships under normal conditions prior to a disaster.

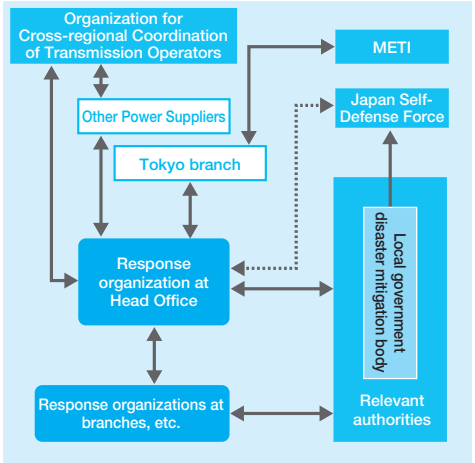
In this way, Kansai Electric Power has been building a system of bilateral support with other entities to strengthen collaboration in emergency situations to restore power.

Verification drill to load power restoration vehicle onto Japan Maritime Self-Defense Force transport vessel "Shimokita"

### Preparing for recovery operations in a new business environment

A number of companies are expected to enter the power supply business as electricity market reforms take place. As a result, power recovery measures once handled by Kansai Electric Power alone will be carried out by multiple suppliers. In preparation for a large-scale disaster, we will be working with such new providers under the purview of the Organization for Cross-regional Coordination of Transmission Operators to establish a system that enables recovery operations to take place as efficiently as in the past.

◆Emergency System for Communicating with Relevant Authorities




### Sakai LNG receives letter of appreciation from Japan Coast Guard

In March 2015, Sakai LNG, a group company, received from the head of the Japan Coast Guard's 5th Regional Coast Guard Headquarters a letter of appreciation for its tsunami mitigation measures for the Hanshin Port of Sakai Senboku, Hamadera District. Eight companies, including Sakai LNG, upon the suggestion from the Japan Coast Guard, has been defining rules since February 2013 for ships in the event of a possible tsunami caused by Nankai Trough earthquake, etc. These have been collated into the Tsunami Damage Guidelines for Ships Carrying Hazardous Substances (created January 2015). The letter was in recognition of these efforts.

Sakai LNG's President Shiota receiving the letter of appreciation

# Initiatives prioritizing safety at nuclear power plants

## Ensuring stable energy supply through diversity

Japan's energy self-sufficiency rate is only around 5%; for most of its power needs, Japan must rely on imported energy. Japan imports much of its crude oil and liquefied natural gas (LNG) from the Middle East, where political conditions are unstable. Overdependence on these sources of energy presents risk in terms of both price and 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, which enables a stable supply of uranium.

To ensure stable future energy supplies, it is vital to maintain diversified resource procurement and an optimal mix of electric power generation methods.

### An optimal mix of energy sources

Electricity is produced in different ways in different countries. Factors that affect power generation include the availability of resources, geography, natural conditions, and government policies. In Europe, even though each country has unique conditions, transmission lines extend across neighboring countries. This exchange across borders leads to an optimal mix of power sources.

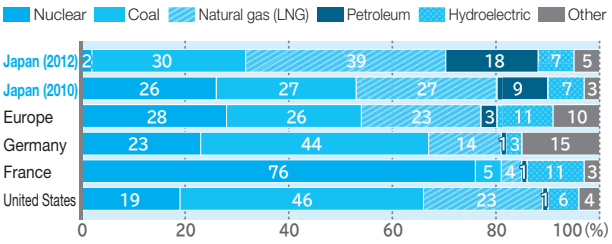
Japan previously had a favorable balance of power sources, but since the Great East Japan Earthquake approximately 80% has come from thermal power generation. (Refer to page 11 for the FY2014 breakdown of power generated by Kansai Electric Power.)

◆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 Source Composition in Major Countries




Figures for countries other than Japan are for 2010. Note: Totals may not match due to rounding up.
Source: IEA "Energy Balances Of OECD Countries" (2012 Edition, 2014 Edition)

## Securing stable energy through the nuclear fuel cycle

Nuclear fuel is stably procurable and we can obtain a large amount of electricity from a small amount of fuel. After a fuel loading, a reactor generates electricity for more than a year. For this reason, nuclear power is said to be a "semi-domestic energy resource." In addition, spent fuel contains reusable elements (uranium and plutonium). The elements can be reprocessed and loaded once again as fuel.

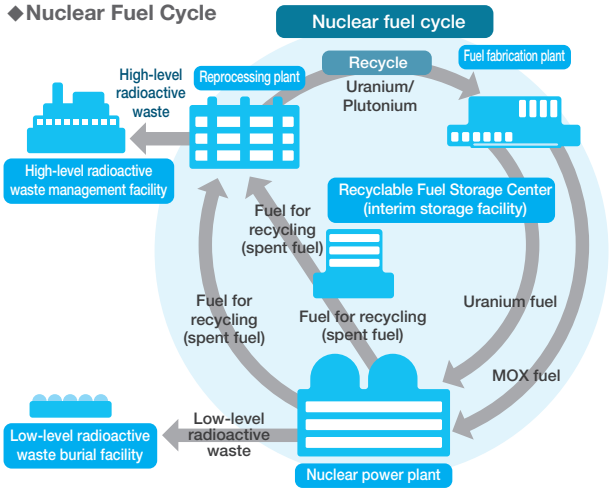
Overall, the nuclear fuel cycle is a practical way to secure stable energy for Japan, a resource-poor country.

### Recyclable Fuel Storage Center

Because spent fuel can be reprocessed and used again, it is called "recyclable fuel." Until reprocessing, we plan to store fuels temporarily at an interim storage facility—a recyclable fuel storage center. The facility allows us to adjust reprocessing timing and improve the flexibility of nuclear fuel recycling strategies.

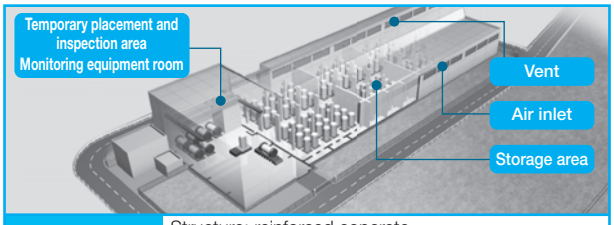
Kansai Electric Power set up a project team for creating a comprehensive strategy for and promoting the establishment of interim storage facilities, leading our combined efforts in this direction.

◆Nuclear Fuel Cycle




Reference: "Graphical Flip-chart of Nuclear and Energy Related Topics 2015," Federation of Electric Power Companies of Japan, other sources

◆Conceptual Rendering of Recyclable Fuel Storage Center

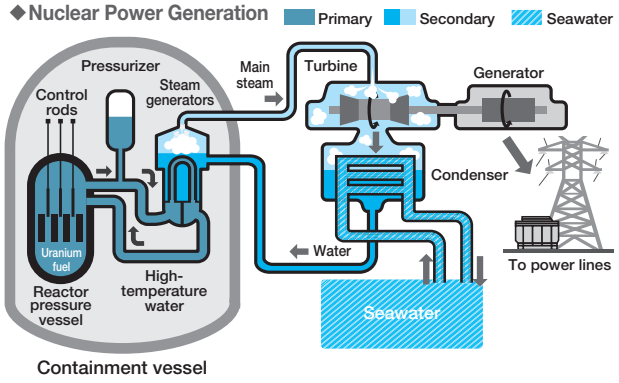



| | |
|---|---|
| Specifications (example) | Structure: reinforced concrete |
| | Storage system: dry storage casks |
| | Cooling system: natural air cooling using outside air |

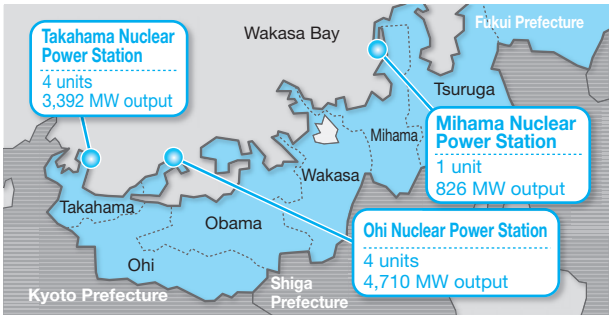
# Nuclear power generation

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




(as of July 2015)

# 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 plants are designed to 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 with cooling water; and containment of radioactive materials. In addition, based on a defense-in-depth policy, and naturally in compliance with the new regulatory requirements issued by the Japanese government in the wake of the accident at TEPCO's Fukushima Daiichi Nuclear Power Station in March 2011, Kansai Electric Power is taking safety measures to cope with a "severe accident" and other measures that go beyond the existing regulatory framework. (For more details, refer to page 20.)

We conduct inspections of and carefully monitor all facilities, carry out training as before, and run regular drills to practice responding to severe accidents. In these ways we strive to further enhance the safety and reliability of nuclear power generation.

## ■Aging measures and extension of operation

Nuclear power plants undergo periodic inspections once every 13 months and measures such as equipment replacement are carried out with a view toward long-term operation. In addition, a reassessment (periodic safety review) is conducted every 10 years, and after the 30th year a power plant undergoes a technical evaluation to manage aging.

According to the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors, revised in 2012, the operational life of a nuclear power plant 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, pending special inspections of the reactor pressure vessel and containment vessel and other apparatus.

### Managing Over 40 Years in Operation

- Periodic inspections (once a year)
- Periodic safety reviews (every 10 years)
- Technical evaluations for managing aging (every 10 years after 30 years)
- Application for approval of operating period extension (including special inspections, etc.)
- \+
- Compliance with new regulatory criteria (backfitting*)

→ A maximum of 60 years of operation possible

* Backfitting: The application of the latest regulatory criteria

**Special Inspections**

| Apparatus | Parts | Inspection method |
|---|---|---|
| Reactor pressure vessel | Base metal and weld zone (100% nuclear reactor core area) | Flaw confirmation using ultrasonic testing *1 |
| | Primary coolant nozzle corner area | Flaw confirmation using eddy current testing *2 |
| | In-core instrumentation cylinders (all) | Flaw confirmation of weld zone using visual inspection and flaw confirmation on inside surface of instrumentation cylinders using eddy current testing |
| Reactor containment vessel | Reactor containment vessel steel plates (all sections approachable for inspection) | Confirmation of state of coating through visual inspection |
| Concrete structure | Reactor containment facility Reactor auxiliary building | Confirmation of level of strength, etc., in collected core samples |

*1 Presence or absence of flaws are confirmed using ultrasonic wave reverberation
*2 Eddy currents are generated in materials and the presence or absence of surface flaws is confirmed through changes in the electric current

## ■Strict radiation control

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 the data can be accessed on our website and elsewhere. In addition, Kansai Electric Power regularly samples soil, river water, seawater, agricultural products, and marine products in the vicinity of its nuclear power plants, and tests the levels of radioactive substances contained to monitor impact on the environment.

# Safety-first business activities—based on lessons learned from the 2004 accident at Mihama Nuclear Power Station Unit 3

Since the Mihama Nuclear Power Station Unit 3 accident, subjects on safety have been treated with top priority in the business operation. Under this thought of safety first, best effort has been done by every employee at each workplace.

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

On August 9, 2004, the accident, rupture of secondary system piping, has occurred at Mihama Nuclear Power Station Unit 3. Based on the President's Declaration, recurrence-prevention measures have been implemented strictly with a firm determination to prevent a recurrence of the accident.

On every August 9th, which is set as "Safety Vow Day", every employee observes a moment of silence and refers to the Conduct Card in which personal declaration for safety has been written down.

President Yagi observes a moment of silence in front of the monument of the Safety Vow (August 2014)

**President's Declaration**

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

**Basic Action Policy**

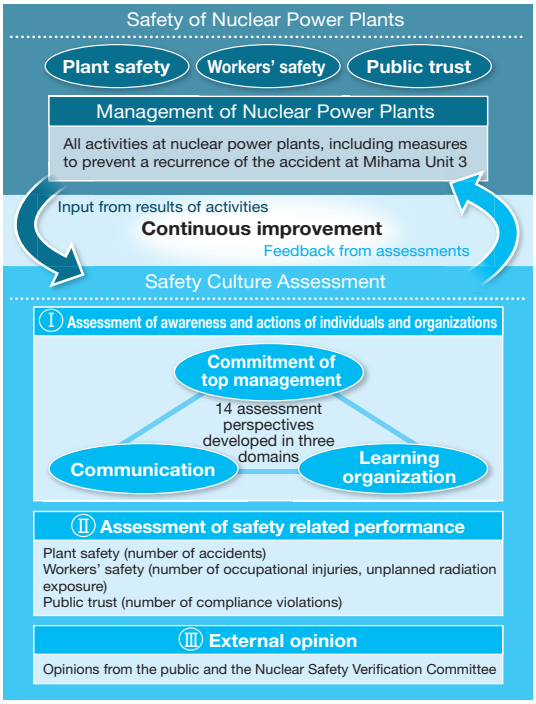
1. We will make safety our top priority.
2. We will proactively introduce resources to ensure safety.
3. We will continuously improve maintenance management to ensure safety and establish closer cooperation with partner companies.
4. We will strive to regain the trust of local communities.
5. We will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

## Enhancing a safety culture

Since 2008, a safety culture assessment has been implemented and subjects introduced from this assessment have been dealt with. Through this activity business operations have been conducted in the manner of safety first and the lessons learned from the Mihama Unit 3 accident have been remaining unforgettable.

After the accident at TEPCO's Fukushima Daiichi Nuclear Power Station, activities to further enhance safety culture has been implemented with lessons learned from that accident.




## Fostering an unshakable group-wide safety culture

Having learned a vital lesson from the Mihama Power Station Unit 3 accident, we shall ensure safety above all to never bring misfortune upon those working for and with us, including employees of our partner companies and their families. We foster a corporate culture of safety-first business activities and practice safe action, sharing this commitment with our partner companies. We do this by familiarizing each employee with our philosophy (Kansai Electric Power Group Safe Action Charter) and our code of conduct (Safe Action Declaration).

We strive to foster an unshakable safety culture throughout the Group, which includes partner companies, by practicing the following things. We shall learn from one another about safety, promoting communication with our partner companies and group companies regarding our commitment to safety and sharing information on safety. With our partner companies, we shall practice safe actions that protect one another.

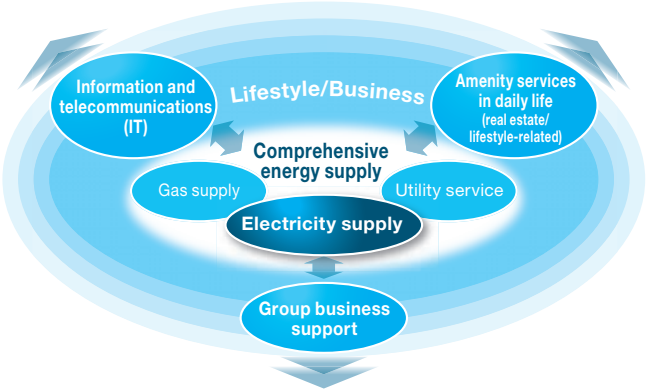
Communicating our commitment to safety at the morning assembly

# Providing services as a consolidated group

## Aiming to be a trusted partner in energy and life

As a universal provider of electricity and other forms of energy, as well as various information and telecommunications (IT) services, and with a lineup of businesses providing amenity services in daily life, the Kansai Electric Power Group meets diverse customer needs, providing comprehensive solutions to individual customers and communities. We will continue to focus on being a universal energy provider while offering additional services through our group companies and through alliances with other firms to meet a wide range of customer needs in the areas of lifestyle and business, leading to strong growth as a group. Our aim is to become our customers' trusted partner in energy and life.

◆Business Areas for Strong Growth




## Services for residential customers

To improve customer satisfaction, we have introduced various services, including the Hapi e-Miruden service, a Web-based tool that allows customers to monitor their power consumption, 24-hour-a-day Internet-based electricity contract applications for moving into/out of a private residence, energy-saving consultation as requested by customers, and the systematic introduction of smart meters. Through our group companies we offer varied services closely linked to customer lifestyles, including energy-saving, low-carbon homes, IT solutions, home security, nursing care, support for health management, and housekeeping.

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.

### Examples of improved services that reflect customers' ideas and requests

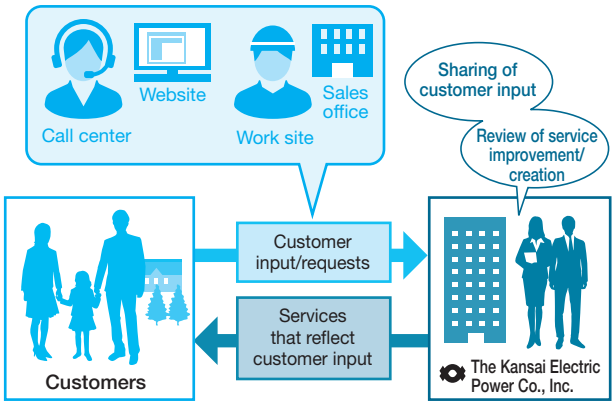
**Requests from customers using the Hapi e-Miruden service**

- "Please show the billed amount for electricity and the amount of electricity used in the Hapi e-Miruden email."
- "I want to be able to easily see the electric bill without hassle."

The monthly Hapi e-Miruden email content was changed to display in the body of the Electricity Usage Notification email both the amount used and the bill for the electricity. This service improvement was made in October 2014.

### Service improvement and service creation to reflect the input of customers

We work to improve and create services in response to requests received from customers through our call center, website, etc.




Examples like the above of service improvements that reflect customer input can be viewed on the Kansai Electric website in the "Kanden-no + one action: connecting through customer input" section (Japanese only).

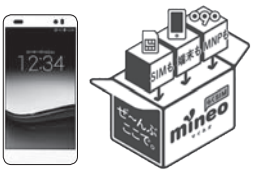

### Customer satisfaction survey

We ask customers who have made an inquiry or applied for electricity use to participate in a survey in order to gather customer impressions of the people who handle their calls and to evaluate the handling of their issues. The feedback received is used to improve the skills of our call center workers and to provide consistently dependable handling of customer issues. The survey also helps to identify new points to improve that are reflected in goals and services from the following year on, with the goal of improving customer satisfaction.

### Services to enhance living through the use of low-cost smartphones and tablet devices

K-Opticom Corporation offers *mineo*, a low-cost smartphone service nationwide in Japan. The service is based on the concept of paying only for what one needs and was developed to meet the requirements of a diverse customer base. A customer can choose, for example, calling service, amount of monthly data, and the telecommunications provider.

K-Opticom also offers *eo smartlink*, a service that allows access to more than 100 different services from Kansai Electric Power group companies and other providers, ranging from online shopping to healthcare and lifestyle-related information, plus the ability to monitor electric power consumption.




Low-cost smartphone service, *mineo*


Online shopping site and over 100 different services, *eo smartlink*

### Real estate development uses group's comprehensive strength

Elgrace Tower Osaka Doshin, an apartment building in the Kita-ku district of Osaka that features seismic base isolation—a project which Kanden Fudosan Co., Ltd. has been involved in—will open in September 2016. The building offers support for comfortable daily living, including home security, IT solutions, and housekeeping services, relying on the comprehensive solutions of the Kansai Electric Power Group. Significant energy savings can be obtained through the EcoCute water heating and supply system, high-efficiency air conditioning, the use of a residential energy management system, etc. In addition to the facilities, a unique system will offer residents gifts and services according to their energy savings record.

Elgrace Tower Osaka Doshin (rendering)

## Services for corporate customers

Kansai Electric Power promotes a variety of services, providing optimal energy systems and management methods designed to meet individual customer needs and help reduce energy consumption, costs, and $CO_2$ 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, plus support for facility ownership, operation, maintenance, and management. We also offer our Energy Management Service to help customers optimize their energy use, and an Electricity Usage Notification service that allows customers to check the status of their power consumption via the Web.

### Utility service in use

Abeno Harukas, Japan's tallest building, belonging to Kintetsu Corporation, celebrated its grand opening in March 2014. The building employs our Utility Service to supply electricity, heat, cold water, etc. This service enables centralized management of energy consumption for the optimal energy management of multiple facilities, including a department store, offices, and a hotel.

Abeno Harukas, Japan's tallest building, completed in March 2014

# PICKUP! Further Improvements in Customer Service

## ●Subscribers to Hapi e-Miruden service reach 1.2 million

Kansai Electric Power now offers Hapi e-Miruden, a service that provides a Web-based version of the electricity meter paper readout, allowing customers to check their power consumption visually through graphs and charts using a personal computer. The site opened in 2009 and has since been made easier to use through numerous site renewals. In March 2015 a notification service was begun that sends an email alert* when a preset amount of electricity usage is exceeded. In May 2015 a Hapi e-Miruden LINE account was established, enabling both the dissemination of energy-saving information in real time and prompt responses to inquiries. These services provide more convenience than ever.

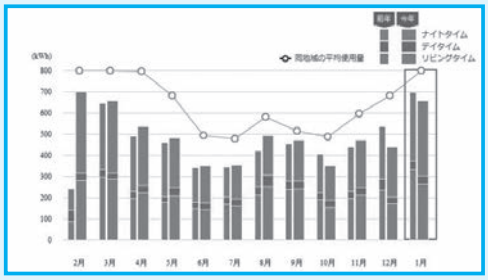
As of May 2015, the Hapi e-Miruden service had 1.2 million subscribers. More extensive content is being planned, along with new services to attract more users.

**1.2 million subscribers!**

### ■What information does Hapi e-Miruden display?

Customers can check the results of the monthly meter readings, power consumption, and equivalent carbon emissions for the past 25 months by month, day, and hour*. Many kinds of information are available that help with energy management, such as rankings of utility expenditures and carbon emissions, the setting of power-saving targets, records of results of efforts, etc.

* Consumption data by day and by hour can only be checked if a smart meter is installed. Hourly usage checks and an email alert service are available only where remote meter reading has been implemented.

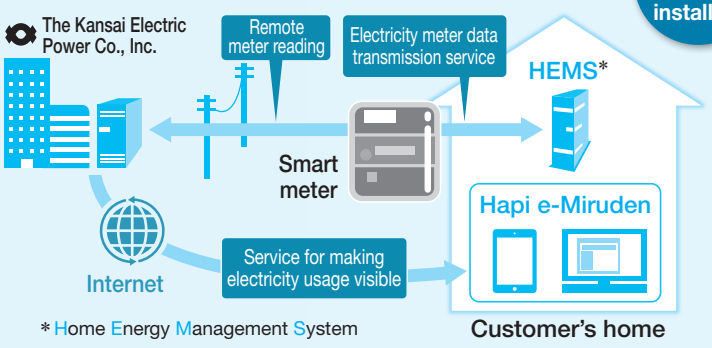



## ●Over 4 million smart meters installed

To improve customer service and streamline business operations, we started introducing smart meters before their use in other parts of Japan; by the end of FY2014 already four million units have been installed. Smart meter installation is scheduled to be completed in FY2022, providing smart-meter-enabled services to every customer.

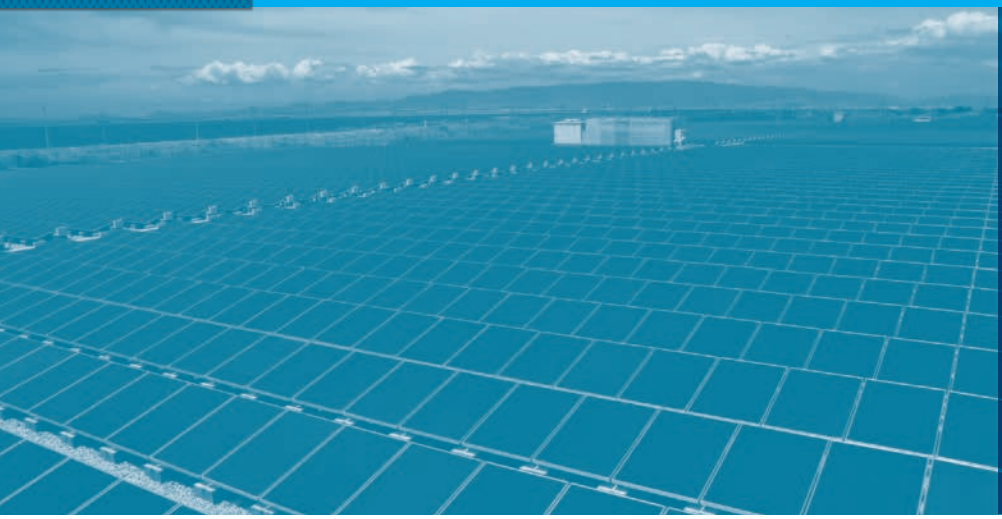
In July 2015 we began an electricity meter data transmission service (B route) for sending the usage data from smart meters to home energy management system terminals (HEMS, etc.) in real time.

**4 million units installed!**



# 2 Efforts Based on Our CSR Action Principles

# Progressive Approach to Environmental Problems



## CSR Action Principles

As a provider of energy services that are closely connected with the environment, the Kansai Electric Power Group fully recognizes the scale of the impact its business activities have on the global environment. Accordingly, we will strive to alleviate the environmental burden accompanying our business activities, and seek to be a world-class corporation in terms of safeguarding the environment. Furthermore, we will proactively contribute to the development of a sustainable society through progressive initiatives that target the creation of an ever better environment.

## Kansai Electric Power Group Environmental Action Plan

Our 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 Group contribute to the emergence of a sustainable society.

**Building a sustainable society**

**Initiatives contributing to the emergence of a low-carbon society**

- Lowering the carbon intensity of electric power
- Contribution to energy efficiency, cost savings, and reduced $CO_2$ emissions for customers and communities
- Building the Kansai Electric Power smart grid
- Developing advanced technologies
- Pursuing initiatives outside Japan

**Initiatives contributing to the emergence of a society committed to recycling**

- Promoting the "3 R's" in an effort to achieve zero emissions
- Promoting safe, reliable, and complete disposal of PCB wastes
- Promoting green procurement

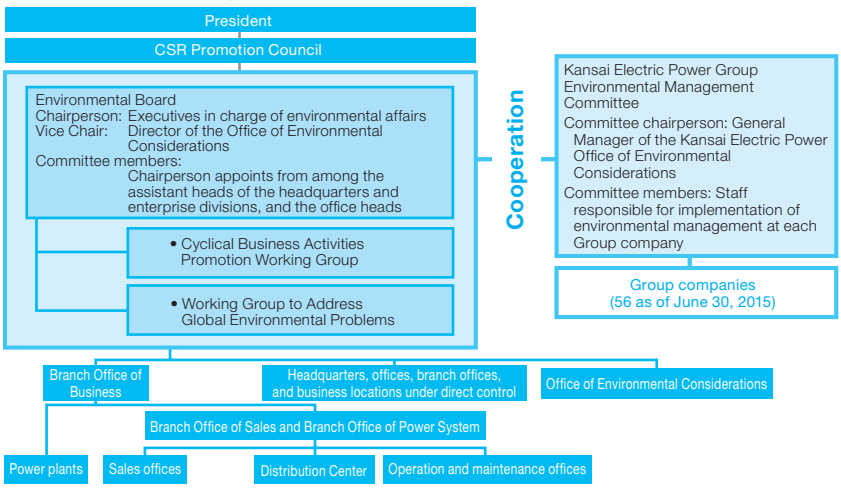
**Initiatives that form a trusted, environmentally advanced corporation**

- Promoting community environmental protection measures (air pollution control, water pollution control, management of hazardous chemicals, and preservation of biological diversity)
- Promoting environmental communication
- Promoting environmental management

### Promoting environmental management on a 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 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 the Kansai Electric Power Group



# Status overview of our business activities and environmental load (FY 2014)

## Input

### Fuels for power generation

| | | |
|---|---|---|
| Fuels for thermal power generation | Coal | 4,034 thousand t (dry coal weight) |
| | Heavy oil | 332 thousand kL |
| | Crude oil | 4,240 thousand kL |
| | LNG (liquefied natural gas) | 8,824 thousand t |
| | Wood pellets | 17 thousand kL (heavy oil equivalent) |
| | Other | 0.1 thousand kL (heavy oil equivalent) |
| Fuels for nuclear power generation | | – tU (weight of pre-irradiation uranium) |

### Water for power generation

| | |
|---|---|
| Industrial water | 4.31 million m³ |
| Clean water | 2.05 million m³ |
| River water, groundwater, etc. | 0.40 million m³ |
| Seawater (desalinated) | 2.45 million m³ |

### Resources

| | |
|---|---|
| Limestone | 79 thousand t |
| Ammonia | 15 thousand t |

### Office

| | | |
|---|---|---|
| Office electricity | | 80 GWh |
| Office water | | 0.46 million m³ |
| Printer paper | | 839 t |
| Vehicle fuels | Gasoline | 2.6 thousand kL |
| | Diesel oil | 0.5 thousand kL |

## Business activities

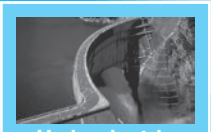
**Nuclear power generation**

0 TWh

**Thermal power generation**

95.1 TWh

**Power generation**



**Hydroelectric power generation**

13.6 TWh
(80 GWh from small-scale hydropower generation)

**Renewable energies**

90 GWh
(Solar energy, biomass)

Purchased from other companies 38.4 TWh (of which, solar, wind, biomass, and waste-derived power 2.7 TWh)

Electricity consumed within power plants (3.6) TWh

Pumped-storage hydropower (1.4) TWh

**Power transmission and distribution**

$SF_6$ gas recovery rate (upon inspection) 98.8%

**Office**

Low-pollution vehicle adoption rate 86.1%

Electricity consumed within transformer substations (0.2) TWh

Transmission and distribution losses (7.7) TWh

## Output

### Released into atmosphere

| | |
|---|---|
| $CO_2$ (carbon dioxide)* | 71.41 million t-$CO_2$ (70.29 million t-$CO_2$)** |
| $N_2O$ (nitrous oxide)*** | 29 thousand t-$CO_2$ |
| $SF_6$ (sulfur hexafluoride)*** | 57 thousand t-$CO_2$ |
| SOx (sulfur oxides) | 5,635 t |
| NOx (nitrogen oxides) | 8,221 t |

* Includes $CO_2$ originating from electricity purchased from other electric power companies
** Emissions taking carbon credits into account
*** $CO_2$ conversion

### Released into water areas

| | |
|---|---|
| COD emissions | 18 t |
| Total effluents | 4.89 million m³ |

### Radioactive waste

| | |
|---|---|
| Low-level radioactive waste generated* | –2,326 drums (200 L drums) |

* Net generation (generated amount – reduced amount)

### Industrial waste, etc.

| | | |
|---|---|---|
| Total emissions | | 699 thousand t |
| Processing classification | Recycling | 697 thousand t |
| | Reduction in intermediate treatment | 0.6 thousand t |
| | Final disposal | 1.2 thousand t |
| Recycling rate | | 99.8% |

### $CO_2$ emissions resulting from office activities

| | | |
|---|---|---|
| Total emissions | | 48,945 t-$CO_2$ |
| Emissions breakdown | Office electricity (0.523 kg-$CO_2$/kWh) | 41,575 t-$CO_2$ |
| | Office water (0.36 kg-$CO_2$/m³) | 166 t-$CO_2$ |
| | Vehicle fuels (Gasoline: 2.32 kg-$CO_2$/L) (Diesel oil: 2.58 kg-$CO_2$/L) | 7,204 t-$CO_2$ |

• Figures in parentheses are $CO_2$ emission coefficients. The emission coefficient for office electricity consumption reflects carbon credit offsets and other factors.

### Customers

Electric power sold 134.5 TWh

**Environmental efficiency** (FY 1990 = 100)

Electric power sold / Composite index* …… 109

Electric power sold / $CO_2$ emissions …… 67

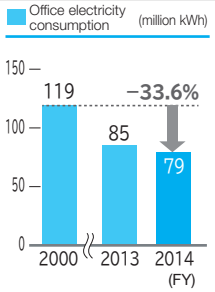
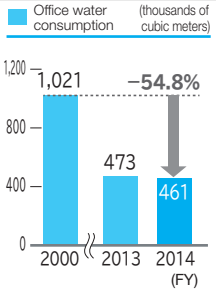
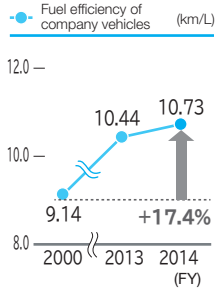
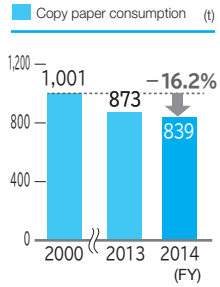
* Composite index = [Environmental load caused by $CO_2$, SOx, NOx, and landfill disposal of industrial waste] + [Resources consumed Oil, coal, LNG]

• In calculations starting in FY 2007, we are using the LIME2 integrated coefficient developed by the National Institute of Advanced Industrial Science and Technology.
• The amount of $CO_2$ emissions shown takes carbon credits into account.

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.

# Eco Action (annual targets and results)

| | Item | | Initiatives and Results: Initiative | Initiatives and Results: Result | Related page |
|---|---|---|---|---|---|
| Main environmental initiatives arising from our business activities | **Initiatives contributing to the emergence of a low-carbon society** | | | | |
| | **Promoting "safety first" operations at nuclear power plants** | | To conform to new regulatory requirements, to promote voluntary safety measures, and to respond appropriately to examinations by the Nuclear Regulation Authority | Fully conformed to new regulatory requirements. Steadily implemented measures to prevent the recurrence of the accident at Mihama Nuclear Power Station Unit 3 and continuously implemented various voluntary safety measures.<br>Regarding examinations by the Nuclear Regulation Authority, implemented measures related to our application for approval of nuclear reactor installations and upgrades for Units 3 & 4 of the Takahama Nuclear Power Station and received the approval. We also implemented appropriate measures to determine the design-basis earthquake ground motion for Units 3 & 4 of the Ohi Nuclear Power Station.<br>Reference: Facility utilization rate 0.0% (non-operating result) | 40<br>41 |
| | **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. | Undertook construction and accelerated the upgrading of the Himeji No. 2 Power Station facilities.<br>Reference: Thermal efficiency 46.5% | 41 |
| | **Development and dissemination of renewable energy** | | To promote development and adoption of renewable energy | • Renewable energy development: 3 locations, 36,500 kW*<br>• Renewable energy purchased: 2.85 billion kWh | 41<br>42 |
| | **Promoting use of innovative forms of energy among customers and communities** | | To introduce smart meters in order to increase customer awareness of energy conservation and a wider range of needs. To expand the Hapi e-Miruden service. | Smart meters introduced: 1,400,000/yr<br>Hapi e-Miruden service: 1,130,000 subscribers in total | 43<br>44 |
| | **Limiting $SF_6$ emissions (calendar year basis) (gas recovery rate upon inspection/removal of equipment)** | | To continue appropriate implementation of a recovery system | 98.8% (upon inspection)<br>99.5% (upon removal) | – |
| | **Initiatives contributing to the emergence of a society committed to recycling** | | | | |
| | **Proper processing of PCB wastes** | | To process all PCBs by the legal deadline (March 2027) | Reference: Processed volume (cumulative total)<br>Low-concentration PCBs: 77,000 kL (completed processing of stored portion in June 2013)<br>High-concentration PCBs: 4,064 units** | 46 |
| | **Initiatives that form a trusted, environmentally advanced corporation** | | | | |
| | **Maintaining sulfur oxide (SOx) and nitrogen oxide (NOx) emission levels proportional to the volume of power generated (emissions intensity)** | **SOx**<br>**NOx** | To seek to maintain one of the world's lowest emissions (emissions intensity) levels through the appropriate operation of sulfur scrubbers and nitrogen scrubbers | Sought to maintain emissions (emissions intensity) levels proportional to the volume of power generated through the appropriate operation of sulfur scrubbers and nitrogen scrubbers, use of low sulfur thermal fuel, improvement of combustion methods, and other efforts.<br>Reference: Emissions intensity<br>SOx: 0.052 g/kWh (overall) Thermal: 0.059 g/kWh<br>NOx: 0.076 g/kWh (overall) Thermal: 0.086 g/kWh | 47 |

| Office energy and resource conservation activities | Item | Reducing office electricity consumption | Reducing office water consumption | Improving fuel efficiency of company vehicles | Reducing copy paper consumption |
|---|---|---|---|---|---|
| | **Change after FY 2000 (extract)** |  |  |  |  |

* (1) Tahara No. 4 Wind Power Station (6,000 kW, commenced operation in May)
(2) Wakasa Takahama Solar Power Station (500 kW, commenced operation in November)
(3) Awaji Kifune Solar Power Station (utility service; 30,000 kW, commenced operation in December)

** Electric equipment such as high-voltage transformers and capacitors

# Initiatives contributing to the emergence of a low-carbon society

## Efforts to reduce $CO_2$ emissions

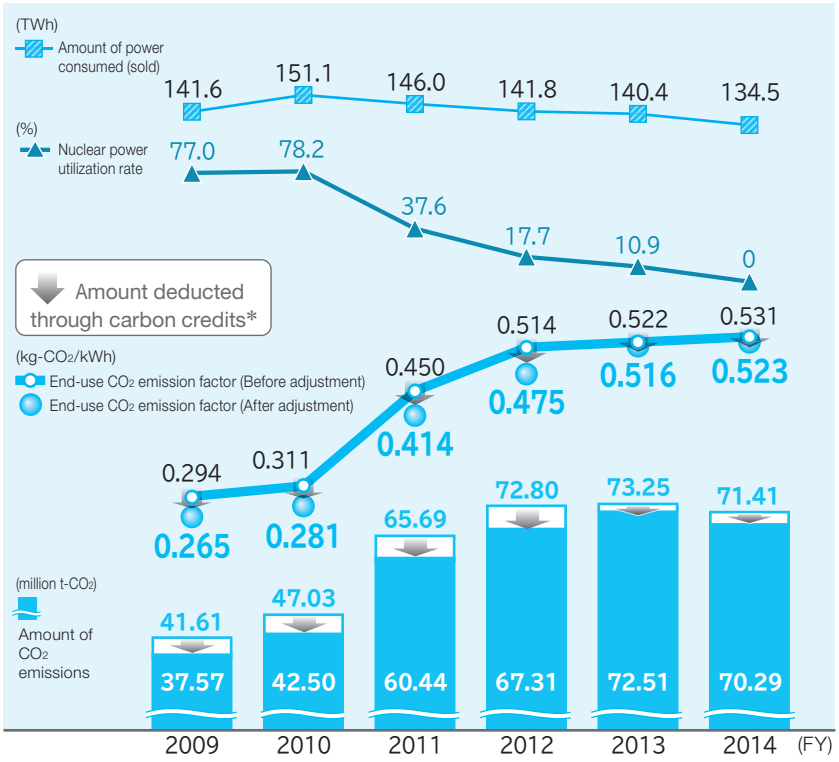
In the past, Kansai Electric Power has undertaken efforts to reduce $CO_2$ emissions through nuclear power generation; maintaining or enhancing the thermal efficiency of thermal power generation facilities; and developing renewable forms of energy.

As a result of the extended shutdown of nuclear power plants and accompanying increase in thermal power generation since fiscal 2011, our $CO_2$ emissions have also increased. After accounting for carbon credits, our $CO_2$ emissions for fiscal 2014 were 0.523 kg-$CO_2$/kWh*.

The Federation of Electric Power Companies of Japan, which includes Kansai Electric Power and other power producers & suppliers, adopted a voluntary framework with the goal of achieving a $CO_2$ emissions factor of 0.37 kg-$CO_2$/kWh for fiscal 2030 for all its electricity businesses. We will continue to promote a variety of efforts to reduce $CO_2$ emissions, particularly through the use of nuclear power, while prioritizing 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 $CO_2$ Emission Factor, etc.



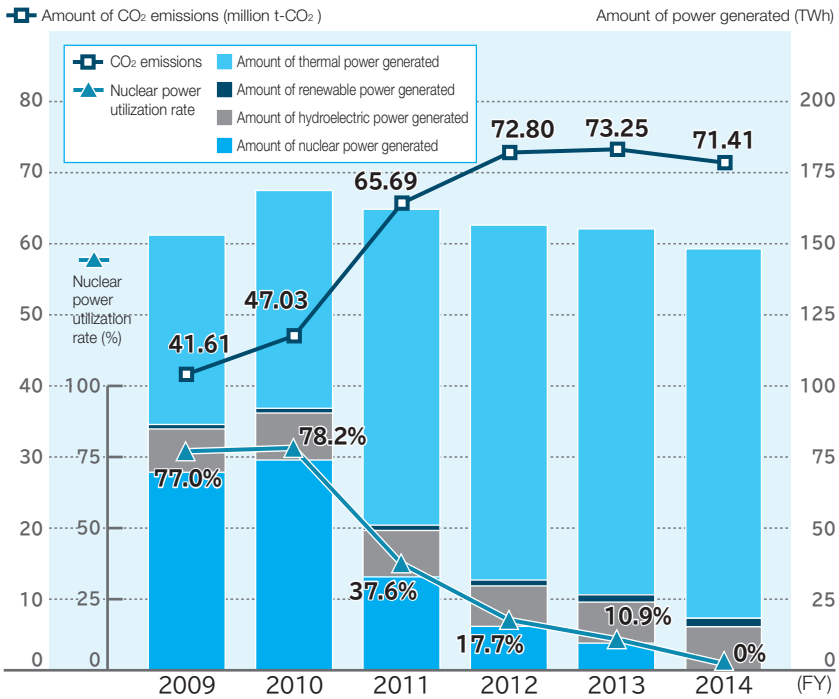

* Values result from the GHG Emissions Accounting, Reporting, and Disclosure System as mandated by the Act on Promotion of Global Warming Countermeasures. Emission factors for FY 2011 and beyond after adjustment account for exclusions reflecting carbon credits as well as environmental value adjustments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

## Effect of nuclear power generation on controlling $CO_2$ emissions

Unlike thermal power generation fueled by hydrocarbons such as coal, oil, and natural gas, nuclear power generation emits no $CO_2$; it is a method of power generation that contributes greatly to $CO_2$ emission control. Since the Great East Japan Earthquake, $CO_2$ 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 $CO_2$ 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.

◆Changes in Nuclear Power Utilization Rate and $CO_2$ Emissions




Notes:
1. $CO_2$ 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 and purchased from other companies; the amount generated in 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 our thermal power plants 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 $CO_2$, 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 $CO_2$ emissions through the ongoing pursuit of appropriate measures in our thermal power generation facilities and operations. We undertook to convert the Himeji No. 2 Power Station, one of our largest natural gas-fired thermal power plants, to a combined-cycle power plant* with advanced 1,600°C class gas turbines. We completed the upgrading of all six units in March 2015, seven months earlier than the initially planned, while ensuring safety. This will increase the thermal efficiency of this power plant from 42% to 60%, among the highest efficiency levels in the industry, thus contributing to significant reductions in our $CO_2$ emissions.

* A power plant with high thermal efficiency that generates electricity through a gas turbine as well as a steam turbine utilizing the waste heat of the gas turbine

## Development and dissemination of renewable energy

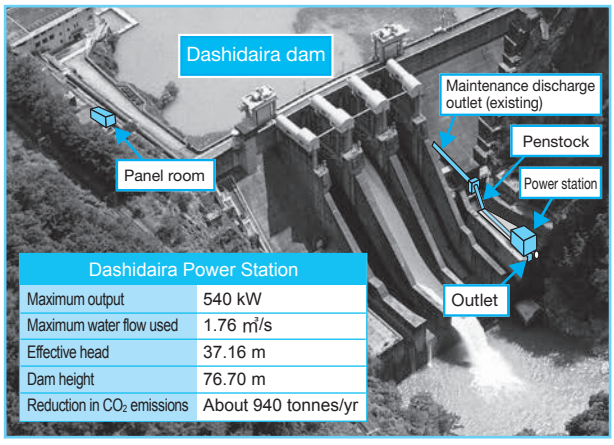
Like nuclear power, renewable forms of energy such as hydroelectric power, solar power, and wind power emit no $CO_2$ when generating power, making them effective energy sources for preventing global warming. Currently, Kansai Electric Power is developing about 100,000 kW of power generation, including expanded output at our existing hydroelectric power 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 a system of feed-in tariff 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.

### ■ Development of hydroelectric power generation

Kansai Electric Power is implementing a construction plan for the Dashidaira Power Station (540 kW maximum output; scheduled to start operation in December 2015) to be driven by maintenance flow from its Dashidaira Dam in Unazuki-machi, Kurobe-shi, Toyama. Through this project, we expect to reduce $CO_2$ emissions by about 940 tonnes annually.




| Dashidaira Power Station | |
|---|---|
| Maximum output | 540 kW |
| Maximum water flow used | 1.76 m³/s |
| Effective head | 37.16 m |
| Dam height | 76.70 m |
| Reduction in $CO_2$ emissions | About 940 tonnes/yr |

### ■ Solar power development

In Seika-cho, Kyoto, the Keihanna Solar Power Station (1,980 kW) operated by Kanden Energy Solution Co., Inc. ("Kenes") has been in continuous operation since December

Keihanna Solar Power Station

2013. Under construction are the Arida Solar Power Station (30,000 kW; scheduled to begin operation in October 2015) in Arida, Wakayama prefecture and the Shiso Solar Power Station (1,980 kW; scheduled to begin operation in September 2016) in Shiso, Hyogo prefecture. Including these, our Group operates solar power plants in nine locations in total, resulting in a total expected reduction in $CO_2$ emissions of 26,000 tonnes/year.

### ■ Wind power development

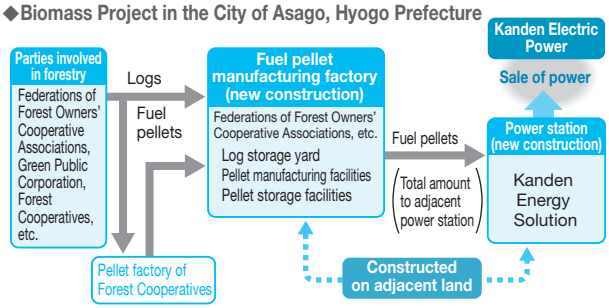
In the city of Tahara, Aichi prefecture, Kenes' Tahara No. 4 Wind Power Station (6,000 kW [2,000 kW x 3 units]) has been in continuous operation since May 2014. Together with the Awaji Wind Power Station (12,000 kW), our Group operates wind power stations in two locations, which reduces our $CO_2$ emissions by about 18,000 tonnes/year in total.

Tahara No. 4 Wind Power Station

### ■ Development of biomass power generation

Our Group is planning a wood pellet biomass fuel project in collaboration with Hyogo Prefecture, the City of Asago, the Hyogo Prefectural Federations of Forest Owners' Cooperative Associations, and Hyogo Midori Kosha (Green Public Corporation). The Federations of Forest Owners' Cooperative Associations and Green Public Corporation will collect, transport, and process the chips using wood obtained from forest thinning operations. Kenes will use these pellets to operate a wood mono-fuel combustion biomass power plant with expected output of 5,600 kW. When it begins operating on schedule during fiscal 2016, we expect to reduce our annual $CO_2$ emissions by 22,000 tonnes.

◆Biomass Project in the City of Asago, Hyogo Prefecture



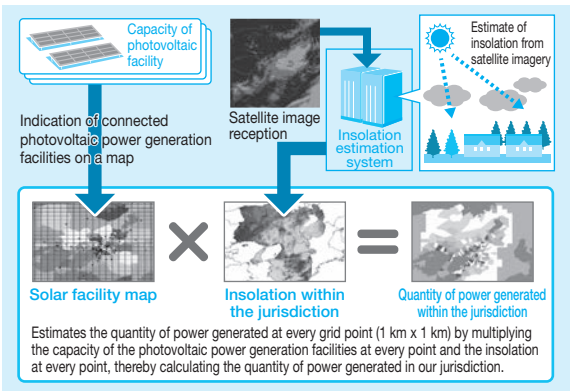

## Developing advanced technology

By making use of our specialized technical capabilities as an electric company, we are contributing to the emergence of a low-carbon society. Specifically, we are developing breakthroughs in energy management, green innovation, and system operation and control, among other advanced technologies.

### Research and development in preparation for large-scale photovoltaic power generation

Kansai Electric Power is conducting research on the mass introduction of photovoltaic power generation, whose output fluctuates with weather conditions. For example, we are researching the influence of mass photovoltaic power output—particularly shifting output—on the power grid; predicting the output of photovoltaic power generation systems until the following day; and making highly accurately same-day predictions of output changes several hours ahead and adjusting the operation of the power grid to reflect it. In addition, we are working on research and development of a supply/demand control system that maintains the power grid at a fixed frequency by charging or discharging batteries with appropriate management of any residual charge. We are also conducting research to evaluate the safety and service life of batteries used on the grid. In this way, we are contributing to the adoption of photovoltaic power generation and are contributing to the emergence of a low-carbon society.

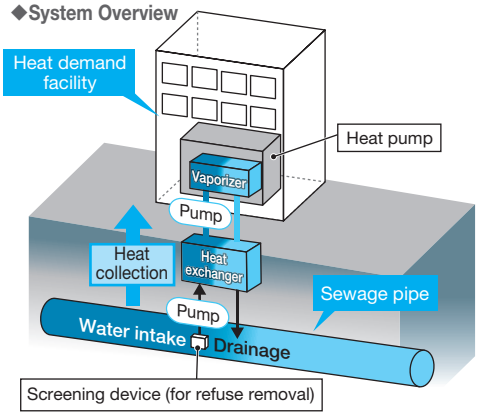
◆Monitoring Output of Photovoltaic Power Generation Systems




### Hot water supply & heating system using commercial heat pump and heat from sewage

In February 2014, working in collaboration with Osaka City University, Sogo Setsubi Consulting Co., Ltd., and Chuo Fukken Consultants Co., Ltd., Kansai Electric Power developed a hot water supply & heating system incorporating a 30 kW–500 kW commercial heat pump that draws heat from sewage. Currently, most commercial heat pump systems use air as the heat source, but this system uses untreated sewage water running in a sewage pipe as the heat source. As a result, the operating cost for heating and hot water supply is expected to decline about 70% compared with the conventional method. We believe that, in the future, we can contribute to the emergence of a low-carbon society by encouraging our customers to adopt this system for hotels, hospitals, social welfare facilities, and bath facilities.

◆System Overview



# Contributing to energy conservation, cost reductions and $CO_2$ emissions reductions by customers and society

By enabling customers to use energy efficiently and comfortably, we are contributing to increased energy efficiency, lower costs, and reduced $CO_2$ emissions for customers and society. We are also promoting energy conservation and $CO_2$ emissions reductions at our workplaces.

## Energy management activities

To minimize energy use, costs, and $CO_2$ emissions, we offer a wide range of appropriate products and services, including renewable energy sources and high-efficiency systems utilizing heat pump technology. We thus provide customers and society at large with support for total energy management.

### 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 support for total energy management according to customer needs and offer advice regarding optimal energy systems and their application. In addition, we work with other Group companies to offer a range of services including energy conservation diagnoses and energy management support appropriate to the customer's facility usage patterns. We remain committed to helping our customers minimize their energy consumption, achieve cost savings, and reduce their $CO_2$ emissions.

### Hapi e-Miruden power consumption monitor

Customers can access our Hapi e-Miruden site where they can monitor their electric power use in graphic form. They can also review their electric power consumption and resulting $CO_2$ emissions and view their ranking among other users. In addition, the "household environmental account book" calculates total household $CO_2$ emissions once oil and gas rates are entered. This information can be used for management of overall energy consumption.

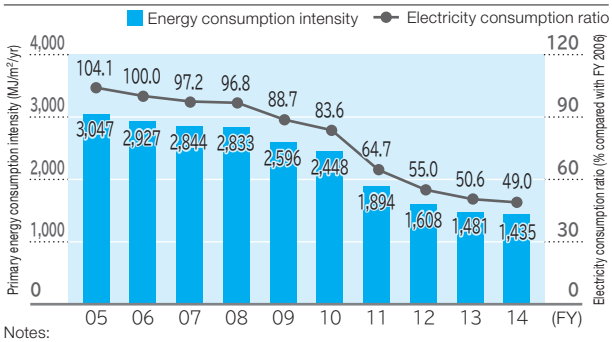
### Publishing energy-efficiency information via website and brochure

Through our Hapi e-Life navi website and brochure, we are helping our customers implement energy-efficiency methods more effectively. These introduce intelligent ways to use electric power as well as energy-saving methods that customers can employ in their homes.

## Energy management at business locations

We have been employing energy management measures at business locations since FY 2007. We can now measure energy use by application and time of day, which allows us to review and implement effective energy-efficiency measures. In FY 2014, we succeeded in reducing energy consumption by 51% compared with FY 2006, the year prior to the launch of these initiatives.

◆Primary Energy (Electricity) Consumption Intensity at Business Locations Employing Energy Management




Notes:
- Electricity consumption is corrected for air temperature.
- From FY 2011 to 2014, the reduction achieved through energy conservation is included.
- 18 business locations employing energy management, as of March 2015

### Use of electric and hybrid vehicles

Electric vehicles offer superior environmental performance because they emit only about 70% of the $CO_2$ emissions of gasoline-powered vehicles when the electricity used for charging is accounted for. We make use of electric and plug-in hybrid vehicles to promote the emergence of a low-carbon society and reduce the $CO_2$ emissions attributable to our business operations.

# Technological developments for constructing the Kanden Smart Grid

The Kansai Electric Power Group aims to contribute to the emergence 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"?

Our 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.

## Usability improvements for customers

### Smart meter introduction efforts

As of the end of fiscal 2014, we had introduced 4 million smart meters capable of finely monitoring electric power consumption. In the future, we will implement a plan to introduce such meters for households and all other customers receiving low-voltage power by fiscal 2022. 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

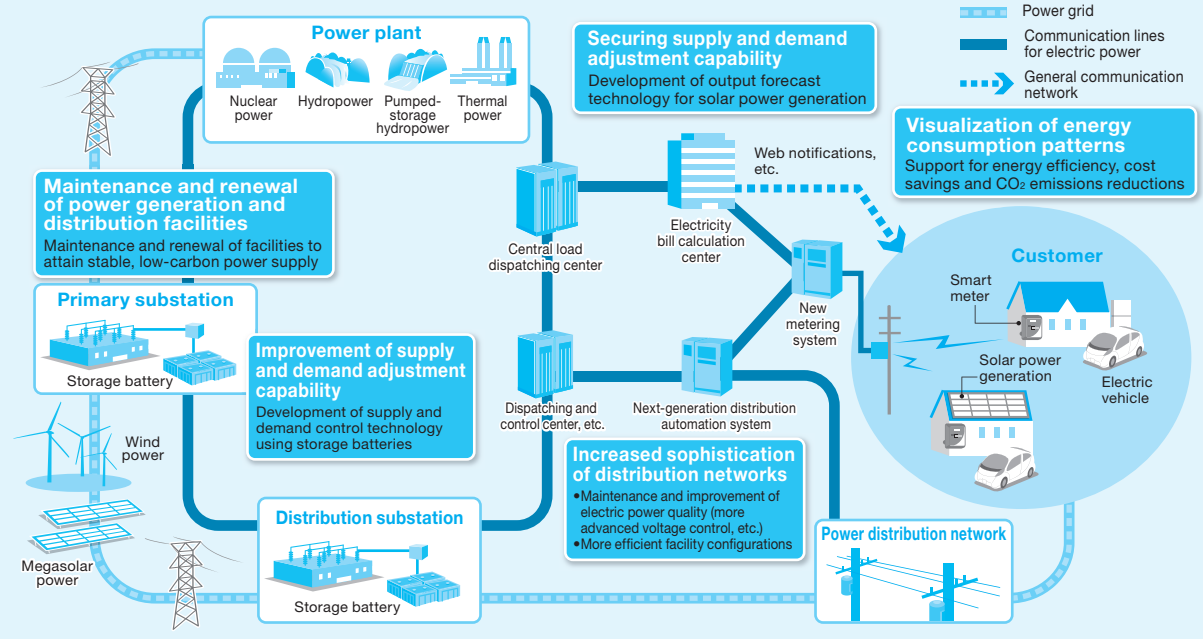
As a means of reducing peak power use when the supply of electric power is low, we are developing measures such as requesting load adjustment through aggregators* for customers using building energy management systems (BEMS) capable of adjusting loads by controlling building air conditioning, lighting,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

* A BEMS aggregator is a management administrator that provides energy management support services by installing a cloud-connected central control system for customers who have introduced a BEMS; it also introduces BEMS into small and medium-size buildings.

### Promoting graphic representation of energy use

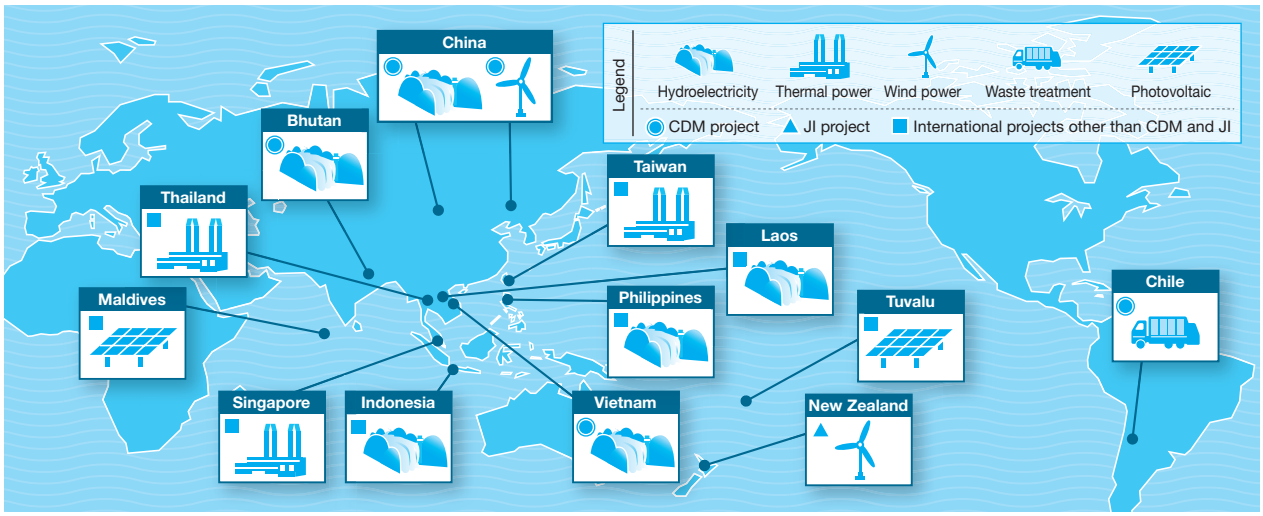
We offer the web-based Hapi e-Miruden service, which charts energy use. By enhancing and disseminating such services, we are supporting energy efficiency, cost savings, and reduction of $CO_2$ emissions.

◆Constructing the Kanden Smart Grid



# Overseas activities

We are implementing a wide range of initiatives outside Japan in an effort to devise solutions to global environmental issues and other global problems by applying the technical capabilities, knowledge, and expertise we have gained through our years of operation as an electric power supplier.




## Group initiatives outside Japan

### ■ Power generation projects outside Japan

We are constructing the 47,000-kW Rajamandala Hydroelectric Power Station in Java, Indonesia, which utilizes the drop between the upper and lower power stations of the Citarum River. Because this hydroelectric station requires the water discharged from a peak correlating dam power station located in the upper reaches of the river, it can substitute for some of the thermal power provided during peak load times; therefore, it is expected to help reduce $CO_2$ emissions. Currently, construction is under way with start-up scheduled for May 2017.

In addition, Kansai Electric Power and other companies purchased shares in Singapore's Senoko Energy Pte Ltd in 2008. This company's facilities were updated and the Senoko Power Station's oil-fired steam thermal power plant, with a total capacity of 750 MW (250 MW x 3 units), was converted to combined-cycle natural gas turbines with a total capacity of 860 MW (430 MW x 2 units) in 2012. This power project will benefit the environment by contributing to efficient energy use and will result in major reductions in $CO_2$ emissions.

Rajamandala Hydroelectric Power Generation Project in Indonesia (under construction)

Senoko Power Station (Singapore)


### ■ Corporate social responsibility initiatives

The Global Sustainable Electricity Partnership, whose members comprise the world's leading electric power companies, promotes sustainable energy development. As a member of this partnership, Kansai Electric Power has participated in a range of assistance projects for developing nations and eco-projects, including a small-scale hydroelectric project for Bhutan and a solar power project for Tuvalu and Maldives. Since 2005, we have been holding workshops focusing on the themes of renewable energy and energy conservation. In addition, we are actively engaged in international exchange activities such as concluding information exchange and technical cooperation agreements with electric power companies from various countries.

◆Workshops

| Training year | Country | Subject | Theme |
|---|---|---|---|
| 2012 | Nepal | Government officials and parties in electricity sector | ● Photovoltaic power generation |
| 2012 & 2014 | Pacific Island Nations | Electric power companies | ● Improving energy efficiency<br>● Rating systems that contribute to the further adoption of renewable energy |

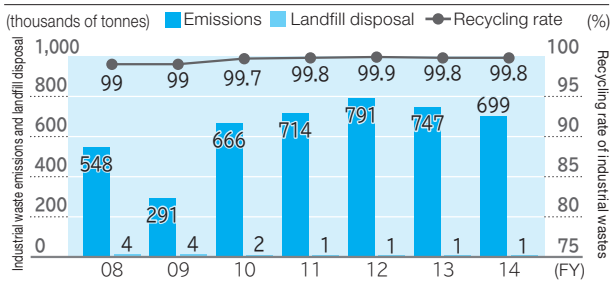
# Initiatives contributing to the emergence of a society committed to recycling

## Efforts to achieve zero emissions

The principal types of industrial 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 have targeted an industrial waste recycling rate of at least 99.5% with the goal of achieving zero emissions*. We achieved a 99.8% recycling rate in FY 2014, which marks the fifth consecutive year that we have reached our target. We are also working to reduce and recycle general waste, such as printer paper, produced by our offices.

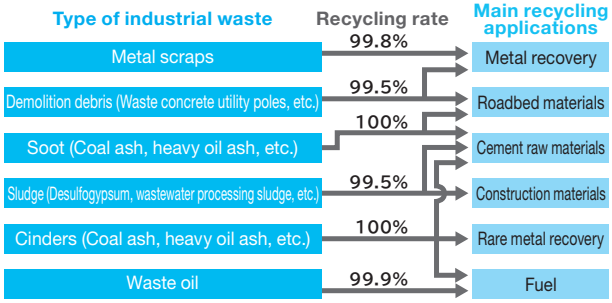
* The United Nations University first proposed the concept of zero emissions in 1994 with the goal developing a system for the recycling industry that results in zero waste emissions. This system proposes use of waste produced by specific industries as various industrial raw materials.

◆Changes in Emissions and Recycling Rates for Industrial Wastes




Note: Industrial waste recycling rate (%) = (industrial waste emissions – landfill disposal amount) / industrial waste emissions × 100

◆Main Applications of Recycled Industrial Waste, etc.




### Recycling of coal ash

The coal ash produced by the Maizuru Power Station is recycled for use as a raw material for cement and as a roadbed material. The minute spherical particles found in coal ash are called “fly ash” when in their modified form and, when mixed with concrete, add strength. Fly ash is used as concrete admixture for engineering and construction projects for bridges and the like. Kanden Power Tech is promoting sales of this material.

Fly ash

## 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. At the end of July 2015, we completed processing of stored insulating oil and transformer cases. For other equipment, we are promoting effective processing using technologies from our Group companies. In keeping with government plans, we have commissioned Japan Environmental Storage & Safety Corporation (JESCO) to process waste containing high concentrations of PCB insulating oil.

### Initiatives of our Group companies

In July 2013, the Minister of the Environment granted KANDEN GEO-RE Inc. the nation's first authorization for decontamination treatment at its contaminated soil processing facility. The company treats oil contaminated with low concentrations of PCBs in its high-temperature thermal treatment facility (rotary kiln) for purifying contaminated soil. Regarding PCB-contaminated soil, the company acquired a permit under the oil Contamination Countermeasures Law in July 2014 and is now offering decontamination treatment.

In May 2014, the Minister of the Environment granted Kanden Engineering Corporation a decontamination treatment permit for minute amounts of PCBs in discarded electrical equipment; this was the first permit in Japan used for movable solvent-based cleaning technology. The company conducts safe and economical decontamination and treatment without requiring that the contaminated equipment be moved or dismantled.

Contaminated soil treatment facility (high-temperature treatment facility) of KANDEN GEO-RE Inc.

* Initialism for polychlorinated biphenyl. It is a strong electrical insulator and has been used as an insulating oil in electrical transformers. Because it has an adverse environmental impact, its production and use have been prohibited in principle.

# Initiatives that form a trusted, environmentally advanced corporation

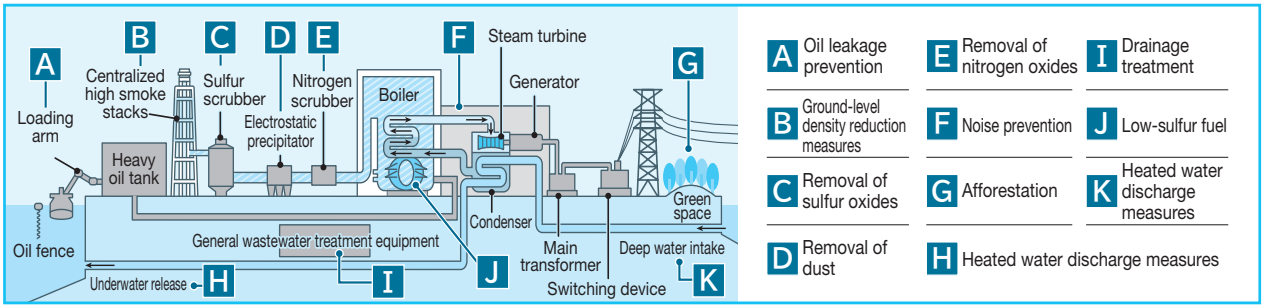
## Promotion of community environmental protection measures

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.

◆Environmental Measures Adopted at Thermal Power Stations

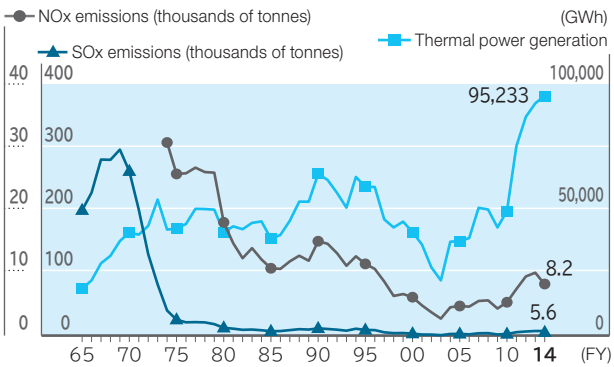



### Air pollution prevention measures (NOx, SOx, soot)

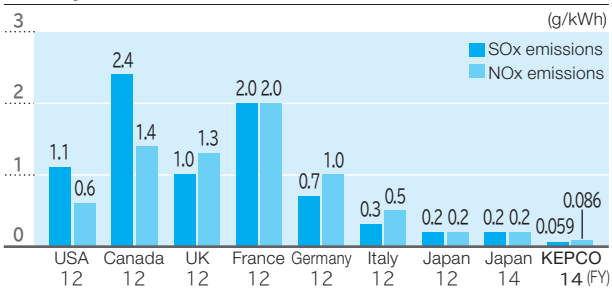
Kansai Electric Power has implemented measures aimed at reducing the volume of SOx (sulfur oxides) emitted by our thermal power plants by using low-sulfur fuels, installing sulfur scrubbers, and other measures. To address the issue of NOx (nitrogen oxides), we are taking steps to lower emission levels, 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 electrostatic precipitator 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 2014 Edition
Japan figures: Federation of Electrical Power Companies of Japan (10 electric power companies and Electric Power Development Co., Ltd.)

### Conservation of biodiversity

The power station selects nursery stock of suitable local tree species for planting in a dense and mixed manner in order to create a forest that is very close to a natural state in a short period. With this artificial forest, and by exterminating invasive species, we are seeking to create an environment that reflects the area's original biological diversity. In the city of Toyooka, Hyogo, we colored the electric wires to increase their visibility to the stork, a special natural moment, to help prevent these birds from striking these wires when released.

Forest accounts for a quarter of the grounds of the Gobo Power Station. These trees grow to more than 10 meters in height.

## 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.

◆Scope of Use (Buildings and Facilities) of Asbestos (at March 31, 2015)

| | | |
|---|---|---|
| Blown-in materials containing asbestos | | Acoustic insulation, thermal insulation, and fireproofing materials in company buildings; acoustic insulation for transformers |
| Asbestos-containing products | Building materials | Fireproofing panels, roofing materials, and flooring for buildings |
| | Asbestos-cement pipes | Duct lining for underground lines (transmission, distribution, and communications facilities) |
| | Thermal insulation | Power generation facilities (thermal power facility, nuclear power facility) |
| | Sealing materials, gaskets | Power generation facilities (thermal power facility, nuclear power facility) |
| | Buffers | Suspension insulators for transmission facilities and the like |
| | Thickeners | Electric wire for the overhead transmission lines, hydroelectric dams |

# 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.

## Community environmental initiatives undertaken in cooperation with local governments

We consider the environment together with the community residents through environmental events hosted by the local government, cleaning campaigns, and environmental education at local schools. We emphasize environmental communication by seeking out residents' opinions about our initiatives.

Clean-up campaign at Suma Beach (Kobe, Hyogo)

## 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.

Exhibition at environmental event (Shirahama-cho, Wakayama)

## Disseminating environmental information through social media

On our website, we offer content such as our "environmental initiatives" section and our Environmental Report. This includes information on our range of varied initiatives toward the emergence of a low-carbon society and a society committed to recycling. In April 2015, we renewed our environmental initiatives section to make it easier to search and understand.

In addition, we produced a short video feature for viewing on YouTube that introduced our tree-planting activity for future generations as well as on-site classes to accommodate today's diverse media environment to promote wider understanding of our Group's initiatives.

"Surely it is not only trees that grow" on YouTube

# Promoting environmental management

By adopting an environmental management system consistent with ISO 14001 standards, we are taking additional steps to reduce the environmental impact of our business operations through continuous improvements, strictly complying with environmental laws, developing our Eco Action initiative, and enforcing checks and reviews.

## In-house incentive system: Featuring Incentive Awards such as the Environmentally Excellent Workplace

We offer incentive awards to recognize our workplaces and Group companies that voluntarily and proactively adopt environmental impact reduction efforts and other environmental initiatives. This approach further expands our environmental initiatives, which includes our Eco Action initiative and our effort to raise the environmental awareness of our employees.

Incentive award ceremony for Environmental Excellent Workplace Award in fiscal 2014

## Observance of laws and regulations

In fiscal 2014, we experienced phenomena that exceeded the agreed environmental conservation levels: the temperature difference between the intake seawater used to cool the steam and the discharge water exceeded the regulatory limits as a result of shellfish, seaweed and other waterborne objects flowing into the Nanko Power Station in large quantities following a typhoon. After discovering this, we immediately reported it to the relevant governmental authorities. 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.

## 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.

**◆Eco Action: Kansai Electric Power Group Company Concrete Action Plans**

| Item | Results for FY 2013* | FY 2014 | | Evaluation (Reasons for increase/reduction) |
|---|---|---|---|---|
| | | Targets | Results* | |
| Reducing office electricity consumption | 55.5 GWh | Continuing energy conservation efforts | 0.74% increase from previous year 55.9 GWh | Despite the energy conservation efforts of individual offices, Group consumption of electricity increased slightly year-on-year due to business expansion. |
| Reducing office water consumption | 269,000 $m^3$ | Reduce as much as possible | 2.84% reduction from previous year 261,300 $m^3$ | As a result of water conservation efforts at individual offices, year-on-year Group water consumption declined overall. |
| Improving fuel efficiency of company vehicles | 8.94 km/L | 1% or more improvement compared to the previous fiscal year | 2.62% improvement relative to previous year 9.18 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 | 978.8 t | Reduce as much as possible | 1.04% decrease compared with the previous fiscal year 968.6 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 | 87.7% green procurement rate | 100% green procurement rate | 1.01% decline compared with the previous fiscal year 86.7% | Because of an increase in the work volume of business locations 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 2013 and FY 2014

# Some initiatives of the Kansai Electric Power Group

Our Group has undertaken a variety of environmental initiatives by combining the technological capabilities of individual companies and the management resources of our entire Group.

## The General Environmental Technos Co., Ltd.

### Offering measurement of radioactive substances for safety and peace of mind (with Japan's first automatic measuring device)

The General Environmental Technos Co., Ltd. is an integrated engineering company encompassing the environment, civil engineering, and construction. It engages in a variety of initiatives that employ the expertise it has developed over the years. Recently, the company designed and fabricated a custom system for automatically measuring radioactive substances and in March 2015 installed it in the Koyama Water Purification Plant managed by the Futaba District Water Service Conglomerates in Naraha-machi, Fukushima. This company's goal is to accelerate the return of former residents of Fukushima prefecture to their homes. The company inspects the quality of life-sustaining tap water through regular monitoring of the Koyama Water Purification Plant and is thus working to ensure safety.

This system, which utilizes the company's proprietary technology to the full, automatically measures the density of radioactive substances in tap water hourly and displays the results on a monitor for greater peace of mind. Currently, the company is welcoming inquiries for other applications and is considering diversification of the system.

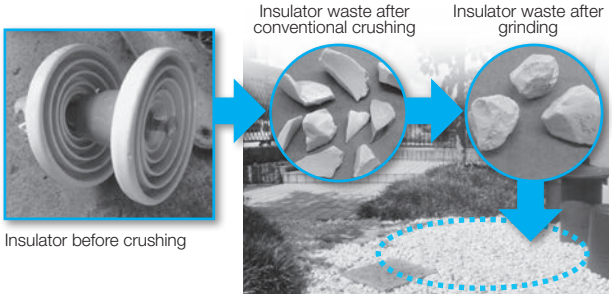
Automatically detects presence of radioactive substances and displays results on a monitor.

## The Kanden L & A Co., Ltd.

### Developing Technology for Use with Used Insulators

The Kanden L & A Co., Ltd. recycles industrial waste with a focus on used insulators. Conventionally, scrap insulators have been limited to use as a roadbed material after crushing because of the sharp edges that remain. However, we collaborated with Kanden L & A in developing a grinder that eliminates such sharp edges; as a result, crushed insulators can now be used as landscaping stone* for residential use. Furthermore, Kanden L & A is conducting research on new recycling uses in cooperation with Kinki University. Asphalt pavement that incorporates dust (generated as a by-product during grinding) as a component represents a new product has been shown to decrease road surface temperatures in the summertime by more than 20 degrees Celsius (in comparison with conventional tarmac) under prescribed conditions. This product is expected to contribute to environmental conservation as a countermeasure against the heat island effect.

* At the FY 2014 3Rs Promotion Merit Awards hosted by the 3Rs Promotion Council, Kanden L & A and Kansai Electric Power were awarded the Chairman's Prize.




Insulator before crushing

Example of household application

3

## Efforts Based on Our CSR Action Principles

# Proactive Contributions to Development of Local Communities

**CSR Action Principles**

As a business operator closely linked with its local communities and the lives of their inhabitants, the Kansai Electric Power Group fully recognizes that its own development is inconceivable without the development of its local communities.

Accordingly, we will proactively contribute to the development of our local communities through initiatives that target the vitalization of those communities and the local economy.

## Maintaining an ongoing community dialogue

### Transmitting information with a positive attitude to local communities and maintaining open lines of communication

We established our Community Energy Division in June 2015 with a commitment “to create the future together through dialog.” We are striving to meet the varied requests of the residents of our local communities with a positive attitude by maintaining close communication with all.

#### ■ Actively disclosure at administrative meetings and regular reporting meetings

We attend administrative meetings with various entities, including the members of the Union of Kansai Governments, and provide explanations regarding the situation surrounding electricity supply and demand. We also maintain regular dialog with the administrative secretariat.

**Meeting record (FY 2014)**

Meeting of members of the Union of Kansai Governments (attended 3 times, presented data 5 times)
Clarifying promotional activities to local governments (3,700 times)

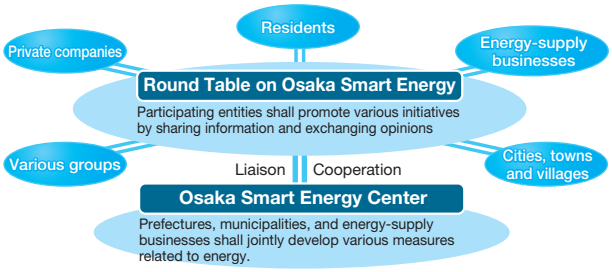
Meeting of members of the Union of Kansai Governments

#### ■ Participating in meetings of various energy-related organizations

We actively cooperate in devising solutions to various local challenges related to energy while participating in meetings of various energy-related organizations held by local governments. We also share information regarding energy in general.

**Meeting record (FY 2014)**

Participation in the Round Table on Osaka Smart Energy (6 times)




#### ■ Collaborating with local governments in raising awareness of energy conservation

We conducted activities to raise awareness of energy conservation on the streets in collaboration with local governments officers. Kansai Electric Power and local governments introduced the initiatives of both on their respective websites.

Our management team also participated in promotion of power conservation

| Results (FY 2014) | Street promotion of power conservation initiative (33 locations) |
|---|---|

# Initiatives to assist local communities

**Efforts to invigorate the local community**
Contributing to the emergence of smart communities/Community development initiatives in urban areas of Osaka/Initiatives to support enterprise investment

**Contributing to local communities**
Inspection of electrical equipment at cultural properties/Participating in beautification activities with local residents/ Supporting preservation of regional traditional culture and local events/Participating in the Collabo Art 21 exhibition of art by handicapped persons/Support for employees engaged in social contribution activities

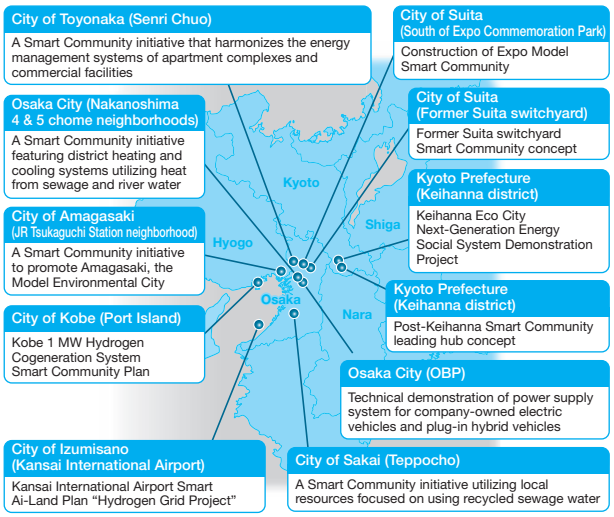
## Efforts for regional stimulation

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

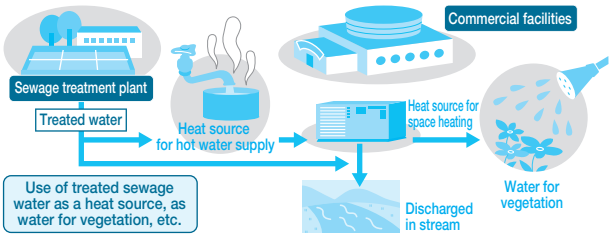
### Contributing to the emergence of Smart Communities

To meet the expectations of customers and local communities for regional revitalization, Kansai Electric Power is participating in the Smart Community efforts of local governments and other local entities aiming to increase energy efficiency in all areas and developing initiatives incorporating 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, we are promoting the development of renewable energy with the Keihanna Solar Power Station, the town's utilization of treated sewage water, and new initiatives utilizing the knowledge provided by our participation in the Keihanna Eco-City Next-Generation Energy and Social Systems Demonstration Project.

◆Examples of Smart Community Efforts




◆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.

Kansai Electric Power serves as the secretariat of the Round Table on the Future of Nakanoshima, an organization that examines prospects for further development and vitalization of Nakanoshima. The organization is promoting a variety of urban renewal initiatives such as the realization of the Nakanoshima Urban Renewal Concept formulated in 2013 in collaboration with 30 enterprises (as of June 2015) including entities holding land rights in the district.


Overview of Nakanoshima

### Enterprise investment support activities

Given our desire to promote sustainable development in local communities, Kansai Electric Power works in partnership with local governments and economic organizations to support companies wishing to open new business locations in the Kansai region. The magazine Community Information contains information for companies nationwide that are considering local capital investments, including information on available industrial lands and the industrial promotion policies of local governments in the Kansai region. We continue to work on visiting those companies and encouraging them to invest in Kansai.

## Contributing to the local community

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 the Moegi House of the Kitano Foreign Residences in Kobe-shi, Hyogo


Inspecting electrical equipment at the Kagiya Museum, a landmark architectural site in Hirakata-shi, Osaka

## Helping local residents beautify their surroundings

In addition to our activities with local communities, we are carrying out cleanup activities around our business locations, at tourist sites, centering on Kansai Electric Power Group Environment Month (June) and Customer Appreciation Month (November). In addition, we have engaged in beautification activities such as removing illegal advertisements and erasing graffiti.

Cleanup around the Kainan Power Station in Kainan-shi, Wakayama

Removal of illegal advertisements in Kawachi-gun, Osaka

## 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.

Volunteering at the parade of the Kasuga Wakamiya On-matsuri Festival in Nara City, Nara

Volunteering at the Himeji Marathon in Himeji-shi, Hyogo

## 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 established a volunteer time-off program, among other initiatives. We published a Social Contribution website on our company web portal that provides enhanced information on the activities of volunteers and various workplaces.

### 1 System

#### ● Volunteer time-off program

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.

| | |
|---|---|
| Results (FY 2014) | Participation: 84 instances totaling 253.5 days |

#### ● Volunteer sabbatical program

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.

| | |
|---|---|
| Results (FY 1992 to FY 2014) | Approved: 17 instances |

### 2 New Social Contribution website

In order to improve the availability of information on volunteer recruitment and provide examples of social contribution initiatives, we published the Social Contribution website in April 2014. All employees can access these centralized examples of volunteer activities and various business locations and utilize the initiatives at various workplaces as references.

# Respect for Human Rights, Development of Favorable Work Environments

**CSR Action Principles**

The Kansai Electric Power Group fully recognizes that respect for human rights is a vital corporate obligation based on international agreements. Accordingly, we will strive to secure safe and comfortable work environments free of all discrimination for all persons who are in any way involved in our business activities.



## Respect for human rights

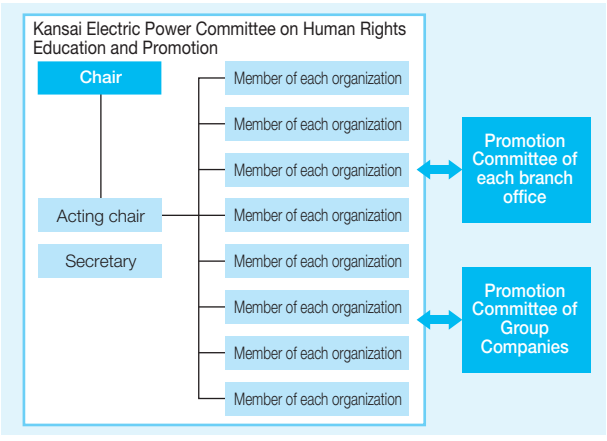
### Basic policy

Our Group regards human rights as a universal value and is proactively striving to engender a corporate culture that permits no discrimination or human rights violations while realizing a society grounded in human rights in the recognition that respect for human rights is essential to every operation.

In addition, to cement a proper understanding and awareness of human rights on the part of every employee regarding various relevant issues — such as the *buraku* issue, sexual harassment, workplace bullying, and discrimination on the grounds of physical handicap — employees must take action by facing these as their own problems. This not only ensures a positive working environment but also convinces us that such leadership should spread to our customers and to society at large. Consequently, we continuously raise awareness and offer training initiatives related to human rights.

Social Integration Education Promotion Committee

**◆Promotion System**




### Awareness-raising initiatives related to human rights

We implement awareness-raising initiatives related to human rights targeting all our employees. During fiscal 2014, a total of 25,342 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. We solicited submissions for human rights slogans and provided information on our company web portal. We received a total of 14,246 submissions for our human rights slogan campaign.

Lecture on human rights for upper management

**Results (characteristic training and attendance in FY 2014)**

| Training details | Target person | Attendance |
|---|---|---|
| Human rights lecture (rights of handicapped persons) | Upper management, promotion members, officers and others | 170 |
| Harassment counselor training | Persons in charge of consultation desks | 19 |
| Training to create an LGBT*-friendly workplace | Upper management (in charge of personnel) Persons in charge of diversity and human rights, etc. | 11 |

* A generic initialism for lesbian, gay, bisexual, and transgender sexual minorities

### Initiatives linking our group, municipalities and other entities

Our Group holds semiannual Human Rights Information Exchange Meetings for Group Companies and provides a wide range of information and opportunities for discussions regarding human rights.

Our Group also actively participates in the activities of liaison meeting organizations that offer various activities focused on respect for human rights. These include the Osaka City Human Rights Council of Corporate Enterprises as well as national and local government meetings.

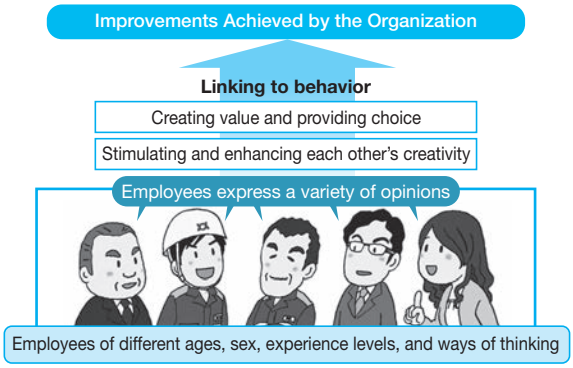
Our Group will positively promote respect for human rights throughout the coming fiscal year while widely sharing information on human rights.

# Promoting employment diversity and creating comfortable workplaces

## Efforts to promote diversity

### Kansai Electric Power's diversity goals

We established an exclusive organization in 2011 intended for all employees with the goal of raising awareness and promoting behavioral changes in order to promote the advantages of individual differences as one of our strengths. We are promoting initiatives such as workplace training and the periodic release of information intended to forge the power of the individual as an organizational strength.




### Initiatives to encourage the further success of female employees

We support a woman's ability to make an ongoing contribution to the organization by nurturing her ability to develop through her work and through self-growth. We are also engaged in improving working conditions so that women can continue working with high motivation through the various stages of life. The number of women in managerial positions increased from 30 as of the end of fiscal 2009 to 70 as of the end of fiscal 2014.

Kansai Electric Power has signed the Women's Empowerment Principles prepared by the UN Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women).

**Results** (Number of new female employees and female managerial positions)

| | Number of new female employees | Number of females in managerial positions |
|---|---|---|
| Fiscal 2014 | 37 | 70 |

(Excludes medical staff and transportation staff)

**Targets for female employment**

| | |
|---|---|
| Appointments to managerial positions | By the end of FY 2020, the ratio of females in managerial positions shall be double that of FY 2013. |
| Recruitment | Ratio of females recruited for office work shall be at least 40%. (FY 2015: 28%) |

## Creating flexible working conditions

### 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 2.24% as of June 2015, remaining above the legally required ratio (2.0%). We are opening up a diverse range of jobs for people with disabilities such as office work assistant while bolstering support for those with mental disabilities.

### 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 | To care for family members; 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) | To care for family members for the period requested by the employee in 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 toward the shared goal of improving company productivity accompanied by improved labor conditions. We have built good labor/management relations based on a strong foundation of trust throughout our long history.

# Training our employees

## Policies

The Kansai Electric Power Group understands that its employees are the driving force behind all Group business activities, and that their development underpins the Group's overall growth. Consequently, we have established the Ability Development Basic Plan, which includes a range of initiatives providing sustained support in a variety of aspects. These include safety awareness as a top priority, leadership, and knowledge and skills. In this way, we are actively assisting the growth of all employees and effectively arranging for supervisory personnel to train employees in the workplace.

Specifically, we are working to create an atmosphere in which employees in all our workplaces can teach and be taught by one other. This is achieved through the establishment of an instruction system and the promotion of an on-the-job training approach that evaluates the skill level of individual employees. We are also supporting personal development and are implementing training programs targeting different roles and abilities.

### ● Important Elements of the Ability Development Basic Plan for FY 2015

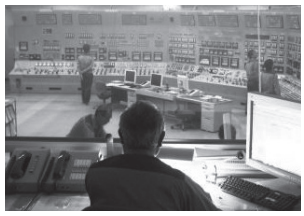
(1) Training to support for a safe and steady supply of power well into the future
(2) Training to meet the expectations of customers and society
(3) Training to enhance and strengthen our business foundation in anticipation of a new management environment

### ■ Group training attuned to roles and abilities

Our Group conducts group training based on the employee's role and abilities. In addition to our new employee-training program, we provide general training programs according to the employee's extended abilities or changing roles, such as training for personnel newly assigned to managerial positions. We are taking steps to bolster our Specialist Training programs designed for different specialties and levels of ability and are supplementing our on-the-job training while passing on skills and techniques. Furthermore, we seek to improve training in support of female empowerment.

We are choosing effective methods that include group work and simulator training as well as skills presentation, which are conducted every year for the purpose of directly managing technology. We continue to improve these programs even as we implement them.

Group work as part of our new employee training (general training)



Simulator training (Specialist training in the Nuclear Power Department)

◆Our Training Programs

| Classification / Target | OJT | Group training: General training | Group training: Promotion of female empowerment | Group training: Specialist training | Self-development support measures |
|---|---|---|---|---|---|
| Managerial staff | Skill record system and on-the-job training | Section manager of frontline workplace training; Training of head office managers (leadership, etc.); Training of newly assigned officers; Training of assistant managers; Training in QMS, safety, etc.; Workplace support (delivery training, provision of teaching materials, etc.) | Training for supervisors with female subordinates; Dispatching employees to external women's forums and pre-parenthood seminars | Specialist training for management at supervisor level | Challenge training and external correspondence course (application system training measures); Support for acquiring national qualifications and the like; Dispatching employees for external training (MBA, scholarship students, etc.) |
| General staff | | Basic training at each level (management policies, CSR, safety, quality, etc.); Deputy director step-up training (subordinate management); New employee training (common); Business employee course (practical workshops; quality control) | Career-stretching seminar; "My Job" Tutoring Class | Application level specialist training; Base level specialist training; Skills presentations; New employee training (for each department) | Deputy director challenge; Determination of grade ability |

## Specific initiatives

### ■ Supporting on-the-job training effectively

On-the-job training increases employee abilities through appropriate instruction and advice from supervisors and seniors. In addition to improving various texts and manuals, our Group has improved its skill recording system, which ascertains and records each employee's specialized skills in databases of the technical departments. We utilize this information for training plans and employee self-improvement as well as for daily on-the-job training.

On-the-job training for repair work

On-the-job training for inspection work

### ■ Supporting the self-directed growth of all employees

In the area of employee training, it is important to foster the self-directed growth of each employee with support and encouragement from superiors. In order to proactively support employees through motivation, our Group has prepared a variety of self-development support measures. We are focused on providing opportunities for employees to pursue their own self-directed motivation through an in-house certification system that accommodates motivated employees. We also offer application-based training systems (challenge training) held on evenings and holidays, measures for recommending external correspondence courses, and other initiatives.

Some of the self-development support measures are presented to our Group companies to assist with personnel training throughout our Group.

**Results (No. of participants in FY 2014)**

| | |
|---|---|
| Group training (company measures) | Total: 42,024 |
| Challenge training (support measures for self-directed development) | Total: 1,432 |

# 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.

**2014 Kansai Electric Power Safety and Health Activity Guidelines: Priority Measures**

**Safety**

1. Raise the safety awareness and risk sensitivity of employees in relation to their behaviors
2. Promote reciprocal safety activities with business partners through awareness-raising
3. Thoroughly commit to safe operation of vehicles

**Health**

1. Employee self-monitoring to prevent illness and promote health maintenance and improvement
2. Maintain and promote concerned and attentive workplace environments
3. Enhance the support system

### Safety and Health Committee meetings

Our Safety and Health Committee meets monthly together with labor and management in every workplace to promote safety and health activities. We engage in repeated discussions of how to formulate a fiscal activity plan, ensure employee hazard prevention, and maintain good health.

### Company-wide Safety and Health Meetings

With the goal of ensuring safety and health during periods of intense heat, we hold a company-wide Safety and Health Stress Campaign every year for two months beginning in July. In early July, we hold a Company-wide Safety and Health Meeting under the president and seek to energize employees and promote a feeling of solidarity in safety and health awareness.


Company-wide Safety and Health Meeting

## Specific safety activities

### Accident prevention measures and education

Our accident-prevention activities are aimed at achieving zero accidents for every task. 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.


Booklet introducing examples of risk management in various workplaces

### Thoroughly managing driver safety

For employees who drive company vehicles, we provide both education and training in practical skills related to safe driving based on our unique "driver certification system." After that, we perform periodic follow-up education and training and require the passing of a driving skill test. In addition, we systematically train driving instructors who instruct drivers and effectively implement safe driving management in each workplace.

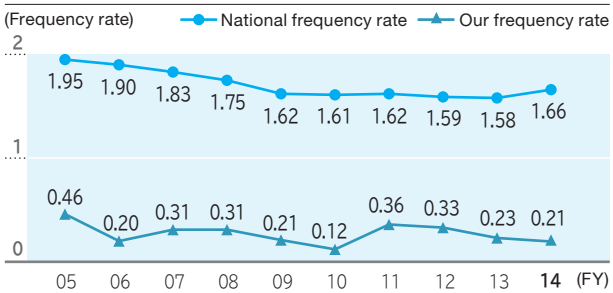
Training of driving instructors

### 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 lower than the national average.

◆Trend in Accident Frequency Rate




* Expresses the frequency of accident occurrence by indicating injuries requiring more than one lost day of work per million hours worked.

### Developing safety activities that contribute to a unified group

In order to foster a culture that affords the highest priority to safety assurance throughout the Group, we have created an even more effective safety culture at Kansai Electric Power with the purpose of ensuring the safety of all people concerned, including our partner companies and customers. We promote group-wide initiatives to share information, technology, and expertise related to safety while engaging in interactive communication to deepen mutual understanding.

# Specific health activities

## ■Promoting voluntary employee initiatives for mental and physical health

At Kansai Electric Power, we voluntarily support the mental and physical health of our employees. With our Health Information Station health care website, we provide information that contributes to the maintenance and promotion of good health

This site provides detailed advice that emphasizes physical health, such as health guidance related to exercise habits, improving one's diet, and supporting smoking cessation in order to prevent the emergence of lifestyle-related diseases.


Top page of the Health Information Station website (left)
Mental health and lifestyle-related disease page (right)

## ■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 in-house portal site providing a 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 are providing a supportive work environment.

In order to foster an environment conducive to mutual support among supervisors and colleagues and enhance active communication, we are promoting implementation of the *Mental Health Handbook for Supervising Managers* at each workplace. We are also pursuing an initiative to support interpersonal communication with a feeling of gratitude through praise of daily work as well as minor things. Known as the Kanden Eeyan Message, this friendly commendation is focused on workplace mental health.

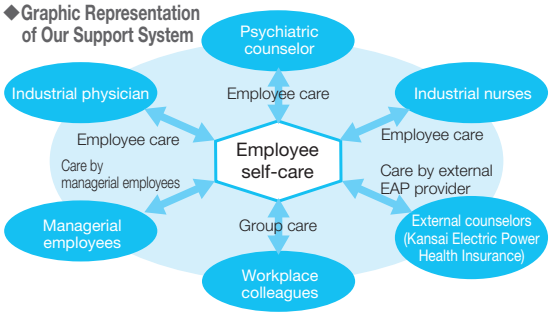

*Mental Health Handbook for Supervising Managers*


Employees who notice their colleagues showing kindness, a positive spirit, or perseverance can express their gratitude and praise in their own words using the Kanden Eeyan Message form.

## ■Improving our support system

We have devised several support systems that involve supervising managers, workplace colleagues, and external counselors in addition to health care staff such as industrial physicians, industrial nurses, and counselors.

◆Graphic Representation of Our Support System




## ■Responding to new strains of influenza

Through our in-house portal, we are able to transmit information regarding the state of any epidemics and ways to prevent infection. We continually foster an awareness of prevention among our employees and have improved internal standards based on the experience gained from the H1N1 influenza outbreak of 2009. As a countermeasure, we have also stockpiled required items.

5

Efforts Based on Our CSR Action Principles

# Highly Transparent and Open Business Activities

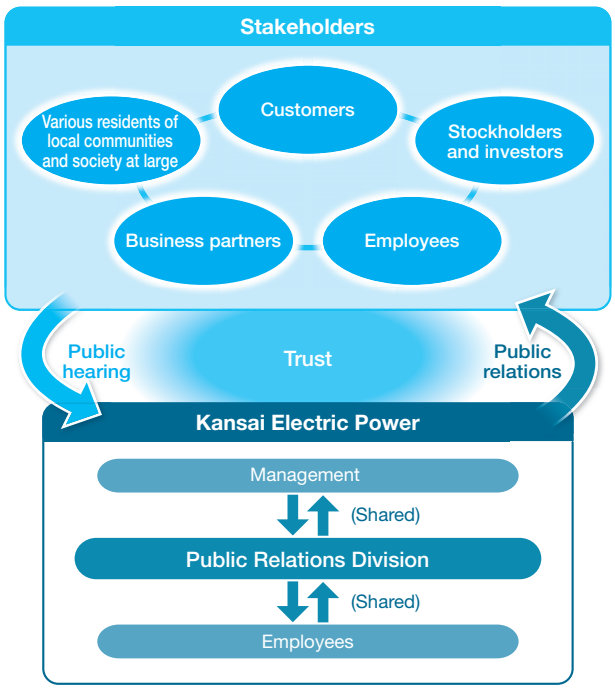
**CSR Action Principles**

In order to properly reflect social opinions in its business activities, to ensure fairness in the management of its business operations, and to faithfully carry out its accountability to society, the Kansai Electric Power Group will promote increased communication with all members of society and conduct business activities that are highly transparent and open.

## Enhancing communication with stakeholders

### Public hearing and public relations activities

Through public hearing and public relations activities, Kansai Electric Power engages in appropriate information disclosure to stakeholders—including customers and community residents—in order to promote public understanding of the company's operations. We also share public opinions and requests with management and employees and work to secure the trust of stakeholders by reflecting this input in our business operations.



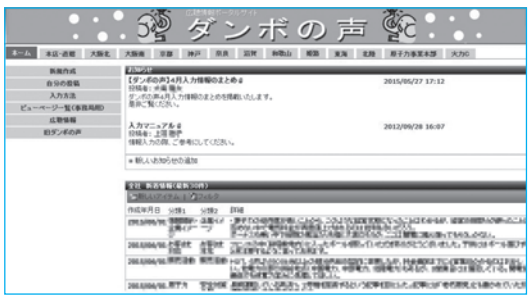

Kansai Electric Power takes advantage of many opportunities to engage in face-to-face communication with stakeholders. We give serious consideration to our stakeholders' opinions and requests and obligingly disclose accurate information. In this way we are working to strengthen our relationship of trust with stakeholders while earning public understanding of our operations.

### Reflecting community opinions in our business activities

Employees in our various business locations create opportunities to visit our customers in their homes in addition to holding meetings for exchanging opinions with local experts and opinion leaders to hear their comments 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. Opinions received through such initiatives are listed in our *Danbo-no-Koe* database. These are then shared throughout the company 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.




*Danbo-no-Koe* database

## 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

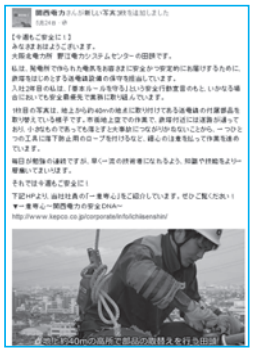
In view of the diversifying media environment, we have been investing more effort in information dissemination via the Internet.

In 2013, we thoroughly updated our website to facilitate information searches and increase clarity. Since then, we have implemented a series of improvements in response to customer comments.


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

We are taking steps to disseminate information in video form on our website in an approachable manner. We have included web videos that provide a tour of a nuclear power plant that even visitors normally never have the opportunity to see, as well as short video dramas about family bonds and energy-efficiency. These highly popular videos are available on YouTube and elsewhere on the web and have attracted many views. Furthermore, we have provided more focused localized content such as our employees' thoughts regarding safety as well as continuous updates on Facebook and Twitter. As of June 2015, our Facebook fans have topped the 90,000 mark.

Using our website as a focal point, we are employing a wide variety of communications tools, including social media, to disseminate more detailed information to many more members of the public.

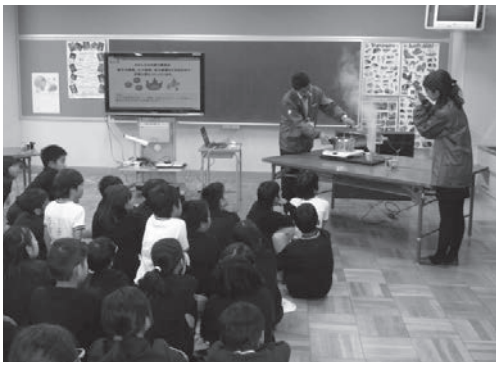
Web **Kansai Electric Power Official YouTube Page**
https://www.youtube.com/user/kandenofficial

**Kansai Electric Power Official Facebook Page**
https://ja-jp.facebook.com/kanden.jp

## Education for the next generation

We believe it is important that we convey the importance of energy to children, who will forge the future, and ensure they develop an affinity for this essential part of the economy. Toward this end, our employees visit local elementary and junior high schools to give lessons on energy.

In these lessons, we introduce the structure of the power generation and transmission system; how electricity is used; the importance of energy conservation; and global warming issues. Using our ingenuity, we have fun with these easy-to-understand lessons.



Classroom lesson

### Disclosing information on our nuclear power stations

We utilize our website, newspaper advertising, and other means to disseminate information concerning our initiatives to enhance safety and reliability 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

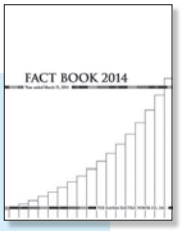
We are making use of print publications and various other media to provide a wider range of information to enhance understanding of the Kansai Electric Power Group's business operations. For example, each issue of our corporate communications magazine *Yaku*, aimed at opinion leaders, features specialized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


*Yaku* communication magazine

## Information for shareholders and investors

We strive to provide information to investors and shareholders in a prompt, impartial manner. We provide data through a variety of means to domestic and international institutional investors, individual investors, public organizations, and a wide range of other interested parties. 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.


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




Fact Book (published annually)


Kanden Semi-Annual News (issued twice yearly)

Web **Shareholders and Investors (IR information)**
**http://www.kepco.co.jp/english/corporate/ir/**

## Internal communication

We share important management information internally to enhance employee understanding and are working to further motivate employees and create a sense of workplace unity. In March 2015, our in-house web portal was updated to make it easier for employees to read and use.

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 and our in-house web portal to relay management plans from management to employees and convey ideas and messages in an easy-to-understand way.

In the future, we will continue to promote stimulating communication among coworkers, workplaces, and groups.


In-house web portal

# Strict Enforcement of Compliance

**CSR Action Principles**

The Kansai Electric Power Group fully recognizes that as members of society business corporations are obligated to establish a strong corporate ethic and to comply with all laws, regulations and other rules both within and outside the company. Accordingly, we will carry out those obligations as the underlying basis of all our activities. We will also develop the mechanisms to ensure that these obligations are carried out, and pursue their continuity and further improvement.

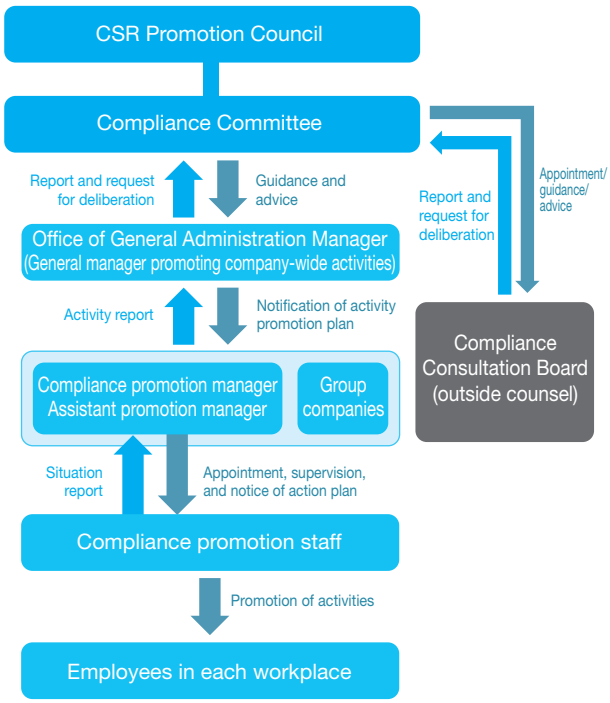


## Our Group-wide compliance initiatives

### Compliance promotion system

Under our Compliance Committee, chaired by our president, department heads with compliance responsibilities are appointed as compliance promotion managers to ensure implementation at individual departments. They assign employees (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



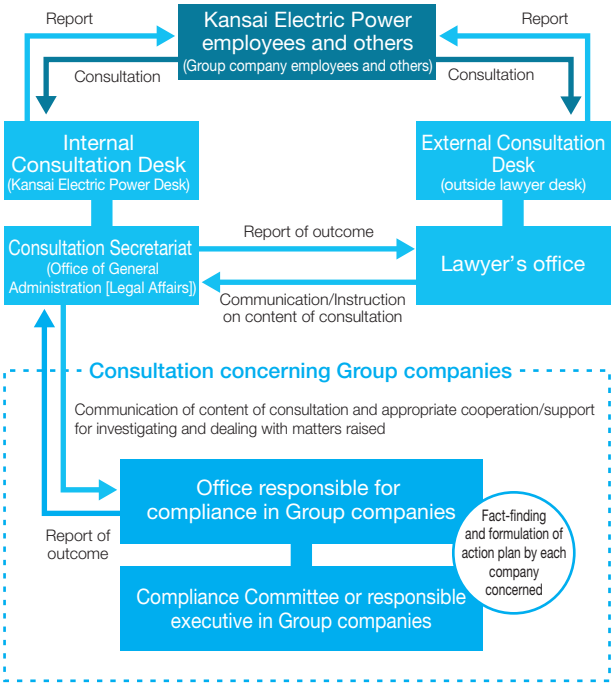

### Compliance Consultation Desk

The Kansai Electric Power Group established a Compliance Consultation Desk available not only to employees of our Group companies but also to our contractors. Establishing this system enables us to collect a wider range of risk information. We are working to create an improved environment offering a more approachable service that even accepts anonymous consultations.

**Number of Consultations Received by Compliance Consultation Desk**

| FY 2013: 46 | FY 2014: 42 |
|---|---|

◆Kansai Electric Power Group Compliance Consultation Desks



## Improving compliance awareness at all workplaces

### Workplace initiatives

In fiscal 2014, after a violation of Antitrust Law was revealed in our Group during the preceding year, we took steps to uncover any compliance risks hidden in daily operations at all our workplaces. This was followed by active promotion of initiatives intended to increase awareness of the need for compliance. We held meetings with compliance promotion staff in 14 business locations to discuss materials reflecting past compliance violations and reconfirm the viewpoints required to ensure future compliance. We are committed to developing additional initiatives to ensure effective compliance is firmly established.

Discussions with compliance promotion staff in the workplace

### Supporting the initiatives of all group companies

In May of fiscal 2014, we held a Compliance Information Exchange Meeting for Group Companies and our On-site Compliance Training continues to be conducted at Group companies. In an effort to prevent the recurrence of our one violation of Antitrust Law and institute the relevant countermeasure throughout the Group, we held a total of 33 on-site training sessions at 22 companies. We also took steps to identify and resolve any challenges that were encountered. We intend to continue promoting compliance by supporting such measures among all Group companies in the future.

On-site Compliance Training Sessions at a Group company

**Results of compliance promotion initiatives**

| | FY 2013 | FY 2014 |
|---|---|---|
| Number of On-site Compliance Training sessions held at Group companies | 33 on-site training sessions at 20 Group companies | 33 on-site training sessions at 22 Group companies |

### Results of company-wide employee CSR questionnaire (November 2014)

Did your compliance awareness change over the past year?

Improved: 85.7%

Not improved: 14.3%

# Information security initiatives

## Promoting information security management

Kansai Electric Power has compiled an enormous quantity of information that includes customer data as well as information required to ensure a safe and stable supply of electricity. In order to manage this data responsibly and appropriately while ensuring our business operates smoothly and upholds public trust, we are meeting our basic responsibilities with our information management systems and in-house regulations and are promoting information security management initiatives as a top priority. Specifically, we are pursuing the following cycle: risk analysis of information assets; formulation of an information security management plan from an individual, physical, and technical perspective; implementation of a plan; and follow-on evaluation.

### Examples of information security management

**1 Personnel measures**

- Training all employees in information security
- Formulating and enforcing inspections of the status of compliance with in-house rules and initiatives for complying with rules at each workplace
- Fostering workplace discussion of information security incidents using case studies and the like

**2 Physical measures**

- Introduction of IC cards (as employee ID cards, etc.) to control access to premises
- Maintenance of document classification system and introduction of classified document storage in locking cabinets

**3 Technical measures**

- Adoption of IC cards (as employee ID cards, etc.) for managing computer access
- Automatic encryption of electronic files taken off company premises
- Limitations on connection of external storage media to corporate computers
- Implementing status management of customer information systems

## ■ Initiatives for protecting personal information

Kansai Electric Power has undertaken to improve in-house rules and ensure compliance with laws and regulations, including the Act Concerning Protection of Personal Information. Employees have continued to receive training and have been promoted to reconfirm the importance of protecting personal information. We collect ample information about any leakage of personal information and continue to strengthen technical safety measures, including encryption of relevant data.

## ■ To raise awareness among individual employees

Toward that end, strong employee awareness of information security is essential to prevent data security incidents. Every one of our business offices is staffed with an information security manager who plays a key role in implementing various security initiatives at each workplace. For example, in our workplace discussions we engender a sense of ownership among personnel in charge of information management by conducting case studies of information leakage. The information security manager monitors the extent of compliance with in-house rules in the workplace, identifies any problems, initiates prompt countermeasures, and implements ongoing improvements.

Furthermore, all our employees continue to undergo training involving simulated targeted emails to raise awareness of the risks of targeted attacks and to provide the ability to deal with them appropriately.

## ■ Improving the information security of the entire Group

We formulated the Kansai Electric Power Group Information Security Guidelines to underpin our Group information security measures. Our Group companies have implemented autonomous initiatives according to these guidelines. Kansai Electric Power also provides guidance and support appropriate to the scope of business of the respective Group companies. In addition, we share our initiatives with our Group companies as needed and always seek to improve Group-wide information security.

## ■ Results of company-wide employee CSR questionnaire (November 2014)

Do you think you adequately understand the importance of information security?

Understand: 99.2%

Not sure I understand: 0.8%

# Financial Section

## Table of Contents

# The Kansai Electric Power Company, Incorporated and its Subsidiaries

Consolidated Financial Statements for the
Year Ended March 31, 2015, 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, while total electricity sales volume decreased, revenue from lighting and power increased due partly to an increase in per-unit price based on the fuel cost adjustment system. As a result, operating revenue increased to ¥2,939,651 million, up ¥79,764 million (2.8%) from the previous fiscal year.

Meanwhile, in terms of expenditures, all-out cost reduction efforts have been made through streamlining of business management, but the suspension of operations at our nuclear power plants caused thermal fuel costs to rise. As a result, we posted an operating loss of ¥133,969 million, a deterioration of ¥16,039 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.

As for mainstay FTTH services, the Group is offering three kinds of service comprising “optical internet, optical telephone and optical television” under the “eo HIKARI” brand name taking advantage of its area coverage ratio which exceeds 90% in six prefectures of the Kinki region. In June 2014, contracts for these services surpassed 1.5 million.

On the revenue front, operating revenue increased ¥6,819 million (4.2%) from the previous fiscal year to ¥170,840 million, primarily driven by the increase in contracts for FTTH services which amounted to 1.53 million (up 3.0% from a year earlier). Meanwhile, operating income decreased ¥1,257 million (6.4%) from the previous fiscal year to ¥18,417 million due partly to increases in the cost of new product release and the cost of measures to improve consumer confidence.

#### 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 energy-saving apartment houses and buildings, as well as lifestyle-related services that help make customers feel more safe, secure, comfortable and convenient in the fields of home security, health care, and nursing care.

On the revenue front, operating revenue of this segment decreased ¥8,038 million (2.6%) from the previous fiscal year to ¥295,538 million due mainly to a decline in the number of houses for sale in the amenity services in daily life business. Meanwhile, operating income increased ¥11,050 million (43.9%) from the previous fiscal year to ¥36,226 million; this increase is mainly attributable to the increased gas sales price reflecting the rise in gas material prices in the comprehensive energy supply business, as well as increases in operating revenue and profits recorded by LNG project participants companies.

### Ordinary Loss

Non-operating revenue increased ¥15,928 million (49.9%) compared to the previous fiscal year to ¥47,818 million. This is due partly to an increase in gain from the sale of marketable securities. As a result, total ordinary revenue combined with operating revenue was up ¥94,473 million (2.8%) from the previous year to ¥3,453,848 million.

Non-operating expenses increased ¥10,746 million (15.1%) compared to the previous fiscal year to ¥82,270 million. This is due partly to an increase in impairment loss for fixed assets. As a result, the total combined operating expenses and ordinary expenses increased ¥96,199 million (2.8%) from the previous fiscal year to ¥3,566,901 million.

As a result of the above, ordinary losses amounted to ¥113,052 million, a deterioration of ¥1,726 million from the previous fiscal year.

### Net Loss for this Fiscal Year

This fiscal year, since the Group used ¥1,760 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) amounted to ¥114,812 million. The net loss for the current fiscal year, after subtracting corporate taxes and minority interests in subsidiaries, was ¥148,375 million, a deterioration of ¥50,967 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 suspension of the operations at our nuclear power plants, the increase in per-unit price based on the fuel cost adjustment system pushed up revenue from lighting and power, and the amount paid for corporate taxes decreased. Consequently, income increased ¥99,894 million (28.7%) from the previous fiscal year to ¥447,666 million.

Regarding cash flow from investment activities, increased expenditures on capital investments and other factors caused expenditures to increase ¥37,676 million (10.7%) over the previous fiscal year to ¥388,662 million.

As to cash flow from financial activities, the Group saw a net outflow of ¥86,672 million, an increase of ¥266,081 million in expenditures compared with the previous fiscal year; this is because the Group applied funds on hand in conjunction with free cash flow, which was generated from the above-mentioned developments, to the repayment of interest-bearing liabilities.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review totaled ¥303,399 million, a decrease of ¥29,062 million (8.7%) compared with the end of the previous fiscal year.

### Assets, Liabilities, and Net Assets

#### Assets

Total assets decreased ¥34,141 million (0.4%) as compared with the end of the previous fiscal year to ¥7,743,378 million due partly to a decrease in short-term investments (certificates of deposit).

#### Liabilities

Although interest-bearing liabilities decreased ¥81,582 million (1.9%) as compared with the end of the previous fiscal year, an increase in accounts payable and other factors pushed up total liabilities ¥118,797 million (1.8%) from the end of the previous fiscal year to ¥6,683,158 million.

#### Net Assets

Due to the net loss of ¥148,375 million posted for the current fiscal year and other factors, total net assets fell ¥152,938 million (12.6%) to ¥1,060,219 million from the end of the previous fiscal year.

The capital adequacy ratio dropped 1.9% from the end of the previous fiscal year to 13.4%.

Also, net assets per share were ¥1,159.53, down ¥170.95 compared with the end of the previous fiscal year.

## Dividend Policy

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 in realizing early restart of our nuclear plants and achieving thorough operational efficiency, we incurred a large loss again in FY2014 and remain in extremely severe imbalance between revenue and expenditures. And the outlook for the business environment is still unclear. Amid such circumstances, we have given priority to ensure a sound financial standing and, much to our regret, decided not to pay a year-end dividend for the current period.

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

We will remain committed to achieve restart of our nuclear plants, stable supply and demand and maximum operational efficiency, thereby recovering balance between revenue and expenditures.

## 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 26, 2015. 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 and legal separation of electrical power production from power distribution and transmission, 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 Compensation and Decommissioning Facilitation Corporation could increase, depending on future changes in the total amount of the allocation and fluctuations in the burden ratio.

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 86.3% 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 ¥4,315,256 million as of the end of March 2015 (55.7% of total assets), suggesting that the Group's performance could be impacted by future fluctuations in market interest rates.

However, 95.1% (¥4,103,577 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 requirements, lawsuits and other factors 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, 2015

## ASSETS

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **PROPERTY:** | | | |
| Utility plant and equipment | **¥ 14,586,865** | ¥ 14,373,359 | **$ 121,284,320** |
| Other plant and equipment (Note 7) | **1,780,141** | 1,668,362 | **14,801,212** |
| Construction in progress | **405,822** | 457,784 | **3,374,263** |
| Contributions in aid of construction | **(476,240)** | (471,200) | **(3,959,759)** |
| Accumulated depreciation and amortization | **(11,724,465)** | (11,433,308) | **(97,484,539)** |
| Plant and equipment - net (Note 4) | **4,572,123** | 4,594,997 | **38,015,497** |
| Nuclear fuel, net of amortization (Note 2.d) | **530,065** | 528,955 | **4,407,296** |
| Property - net | **5,102,189** | 5,123,952 | **42,422,794** |
| **INVESTMENTS AND OTHER ASSETS:** | | | |
| Investment securities (Notes 5 and 16) | **202,542** | 191,377 | **1,684,062** |
| Investments in and advances to associated companies | **321,478** | 306,787 | **2,672,969** |
| Reserve fund for reprocessing of irradiated nuclear fuel (Note 16) | **551,395** | 574,553 | **4,584,649** |
| Special account related to nuclear power decommissioning (Notes 2.n and 3) | **28,095** | | **233,606** |
| Deferred tax assets (Note 12) | **496,791** | 514,509 | **4,130,634** |
| Other assets (Note 7) | **127,051** | 108,648 | **1,056,384** |
| Total investments and other assets | **1,727,354** | 1,695,875 | **14,362,307** |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents (Notes 7 and 16) | **303,399** | 332,461 | **2,522,650** |
| Accounts receivable (Note 16) | **231,991** | 233,398 | **1,928,924** |
| Allowance for doubtful accounts | **(2,087)** | (2,326) | **(17,359)** |
| Inventories (Notes 6 and 7) | **148,614** | 159,000 | **1,235,672** |
| Deferred tax assets (Note 12) | **50,353** | 48,178 | **418,667** |
| Other current assets (Notes 5, 7 and 16) | **181,563** | 186,979 | **1,509,634** |
| Total current assets | **913,834** | 957,691 | **7,598,189** |
| **TOTAL** | **¥ 7,743,378** | ¥ 7,777,519 | **$ 64,383,291** |

See notes to consolidated financial statements.

## LIABILITIES AND EQUITY

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **LONG-TERM LIABILITIES:** | | | |
| Long-term debt, less current maturities (Notes 7 and 16) | **¥ 3,547,143** | ¥ 3,782,894 | **$ 29,493,169** |
| Liability for retirement benefits (Note 8) | **412,507** | 360,292 | **3,429,845** |
| Reserve for reprocessing of irradiated nuclear fuel (Note 2.j) | **643,985** | 664,854 | **5,354,496** |
| Asset retirement obligations (Notes 2.k and 9) | **414,425** | 402,803 | **3,445,794** |
| Deferred tax liabilities (Note 12) | **380** | 225 | **3,165** |
| Other long-term liabilities | **196,730** | 147,166 | **1,635,744** |
| Total long-term liabilities | **5,215,173** | 5,358,236 | **43,362,215** |
| **CURRENT LIABILITIES:** | | | |
| Current maturities of long-term debt (Notes 7 and 16) | **580,254** | 428,869 | **4,824,597** |
| Short-term borrowings (Notes 10 and 16) | **211,679** | 210,783 | **1,760,035** |
| Accounts payable (Notes 7 and 16) | **305,782** | 268,974 | **2,542,469** |
| Payable to associated companies | **22,715** | 24,094 | **188,867** |
| Accrued income taxes (Note 16) | **2,997** | 2,339 | **24,924** |
| Accrued expenses and other current liabilities | **335,864** | 264,133 | **2,792,587** |
| Total current liabilities | **1,459,294** | 1,199,193 | **12,133,483** |
| RESERVE FOR FLUCTUATIONS IN WATER LEVEL | **8,690** | 6,930 | **72,259** |
| **COMMITMENTS AND CONTINGENCIES (Notes 14 and 19)** | | | |
| **EQUITY (Note 11):** | | | |
| Common stock - authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2015 and 2014 | **489,320** | 489,320 | **4,068,518** |
| Capital surplus | **66,634** | 66,634 | **554,041** |
| Retained earnings | **507,562** | 656,909 | **4,220,191** |
| Treasury stock - at cost: 45,215,808 shares in 2015 and 45,193,049 shares in 2014 | **(96,330)** | (96,292) | **(800,952)** |
| Accumulated other comprehensive income: | | | |
| Unrealized gain on available-for-sale securities | **71,293** | 50,301 | **592,779** |
| Deferred gain on derivatives under hedge accounting | **1,696** | 5,031 | **14,102** |
| Foreign currency translation adjustments | **16,393** | 9,434 | **136,304** |
| Defined retirement benefit plans | **(20,531)** | 7,495 | **(170,710)** |
| Total | **1,036,038** | 1,188,835 | **8,614,274** |
| Minority interests | **24,181** | 24,322 | **201,057** |
| Total equity | **1,060,219** | 1,213,158 | **8,815,332** |
| **TOTAL** | **¥ 7,743,378** | ¥ 7,777,519 | **$ 64,383,291** |

See notes to consolidated financial statements.

# Consolidated Statements of Operations

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2015

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **OPERATING REVENUES:** | | | |
| Electric | **¥ 2,939,651** | ¥ 2,859,887 | **$ 24,442,099** |
| Other | **466,378** | 467,597 | **3,877,764** |
| Total operating revenues | **3,406,030** | 3,327,484 | **28,319,864** |
| **OPERATING EXPENSES (Note 13):** | | | |
| Electric | **3,072,016** | 2,981,770 | **25,542,666** |
| Other | **412,614** | 417,425 | **3,430,734** |
| Total operating expenses | **3,484,630** | 3,399,196 | **28,973,400** |
| **OPERATING LOSS** | **(78,600)** | (71,711) | **(653,536)** |
| **OTHER (INCOME) EXPENSES:** | | | |
| Interest and dividend income | **(15,691)** | (12,537) | **(130,470)** |
| Interest expense | **55,373** | 56,621 | **460,414** |
| Equity in earnings of associated companies | **(10,061)** | (8,896) | **(83,660)** |
| Other—net | **4,831** | 4,428 | **40,172** |
| Total other expenses | **34,451** | 39,615 | **286,455** |
| **LOSS BEFORE PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES, AND MINORITY INTERESTS** | **(113,052)** | (111,326) | **(939,991)** |
| **PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL** | **1,760** | (3,184) | **14,635** |
| **LOSS BEFORE INCOME TAXES AND MINORITY INTERESTS** | **(114,812)** | (108,142) | **(954,626)** |
| **INCOME TAXES (Note 12):** | | | |
| Current | **5,102** | 5,252 | **42,421** |
| Deferred | **28,142** | (16,151) | **233,996** |
| Total income taxes | **33,244** | (10,899) | **276,418** |
| **NET LOSS BEFORE MINORITY INTERESTS** | **(148,057)** | (97,242) | **(1,231,044)** |
| **MINORITY INTERESTS IN NET INCOME** | **317** | 165 | **2,643** |
| **NET LOSS** | **¥ (148,375)** | ¥ (97,408) | **$ (1,233,687)** |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **PER SHARE OF COMMON STOCK (Notes 2.s and 20):** | | | |
| Basic net loss | **¥ (166.06)** | ¥ (109.01) | **$ (1.38)** |

See notes to consolidated financial statements.

# Consolidated Statements of Comprehensive Income

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2015

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| NET LOSS BEFORE MINORITY INTERESTS | **¥ (148,057)** | ¥ (97,242) | **$ (1,231,044)** |
| OTHER COMPREHENSIVE (LOSS) INCOME (Note 18): | | | |
| Unrealized gain on available-for-sale securities | **16,508** | 6,084 | **137,264** |
| Deferred (loss) gain on derivatives under hedge accounting | **(2,517)** | 848 | **(20,932)** |
| Foreign currency translation adjustments | **3,681** | 15,877 | **30,607** |
| Defined retirement benefit plans | **(29,878)** | | **(248,428)** |
| Share of other comprehensive income in associates | **8,317** | 2,131 | **69,153** |
| Total other comprehensive (loss) income | **(3,888)** | 24,941 | **(32,333)** |
| COMPREHENSIVE LOSS | **¥ (151,946)** | ¥ (72,300) | **$ (1,263,378)** |
| TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO: | | | |
| Owners of the parent | **¥ (151,787)** | ¥ (75,393) | **$ (1,262,054)** |
| Minority interests | **(159)** | 3,092 | **(1,323)** |

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, 2015

| | Millions of Yen | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Accumulated Other Comprehensive Income | | | | | | |
| | 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 | Foreign Currency Transalation Adjustments | Defined Retirement Benefit Plans | Total | Minority Interests | Total Equity |
| **BALANCE, APRIL 1, 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 (APRIL 1, 2014, as previously reported)** | 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 |
| Cumulative effects of accounting change (Note 2.i) | | | | (970) | | | | | | (970) | 32 | (937) |
| **BALANCE, APRIL 1, 2014 (as restated)** | | 489,320 | 66,634 | 655,939 | (96,292) | 50,301 | 5,031 | 9,434 | 7,495 | 1,187,865 | 24,355 | 1,212,221 |
| Net loss | | | | (148,375) | | | | | | (148,375) | | (148,375) |
| Purchase of treasury stock | | | | | (40) | | | | | (40) | | (40) |
| Disposal of treasury stock | | | (1) | | 3 | | | | | 1 | | 1 |
| Transfer to capital surplus from retained earnings | | | 1 | (1) | | | | | | | | |
| Net change in the year | | | | | | 20,991 | (3,335) | 6,958 | (28,027) | (3,411) | (174) | (3,586) |
| **BALANCE, MARCH 31, 2015** | 938,733,028 | ¥ 489,320 | ¥ 66,634 | ¥ 507,562 | ¥ (96,330) | ¥ 71,293 | ¥ 1,696 | ¥ 16,393 | ¥ (20,531) | ¥ 1,036,038 | ¥ 24,181 | ¥ 1,060,219 |

| | Thousands of U.S. Dollars (Note 1) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Accumulated Other Comprehensive Income | | | | | | |
| | Common Stock | Capital Surplus | Retained Earnings | Treasury Stock | Unrealized Gain on Available-for-Sale Securities | Deferred Gain on Derivatives under Hedge Accounting | Foreign Currency Transalation Adjustments | Defined Retirement Benefit Plans | Total | Minority Interests | Total Equity |
| **BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)** | $ 4,068,518 | $ 554,041 | $ 5,461,959 | $ (800,638) | $ 418,240 | $ 41,834 | $ 78,443 | $ 62,323 | $ 9,884,723 | $ 202,235 | $ 10,086,959 |
| Cumulative effects of accounting change (Note 2.i) | | | (8,067) | | | | | | (8,067) | 272 | (7,794) |
| **BALANCE, APRIL 1, 2014 (as restated)** | 4,068,518 | 554,041 | 5,453,892 | (800,638) | 418,240 | 41,834 | 78,443 | 62,323 | 9,876,656 | 202,508 | 10,079,165 |
| Net loss | | | (1,233,687) | | | | | | (1,233,687) | | (1,233,687) |
| Purchase of treasury stock | | | | (339) | | | | | (339) | | (339) |
| Disposal of treasury stock | | (13) | | 25 | | | | | 12 | | 12 |
| Transfer to capital surplus from retained earnings | | 13 | (13) | | | | | | | | |
| Net change in the year | | | | | 174,538 | (27,732) | 57,861 | (233,034) | (28,366) | (1,450) | (29,817) |
| **BALANCE, MARCH 31, 2015** | $ 4,068,518 | $ 554,041 | $ 4,220,191 | $ (800,952) | $ 592,779 | $ 14,102 | $ 136,304 | $ (170,710) | $ 8,614,274 | $ 201,057 | $ 8,815,332 |

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2015

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **OPERATING ACTIVITIES:** | | | |
| Loss before income taxes and minority interests | **¥ (114,812)** | ¥ (108,142) | **$ (954,626)** |
| Adjustments for: | | | |
| Income taxes - refund (paid) | **843** | (20,075) | **7,015** |
| Depreciation and amortization | **385,350** | 382,821 | **3,204,040** |
| Decommissioning cost of nuclear power units | **9,407** | 6,021 | **78,215** |
| Amortization of nuclear fuel | | 4,802 | |
| Loss on disposal of property, plant, and equipment | **9,370** | 8,807 | **77,913** |
| Nuclear fuel transferred to reprocessing costs | **18,240** | 15,805 | **151,663** |
| Changes in assets and liabilities: | | | |
| Decrease in reserve fund for reprocessing of irradiated nuclear fuel | **23,157** | 18,977 | **192,544** |
| Decrease (increase) in accounts receivable | **1,674** | (44,960) | **13,920** |
| Decrease in interest and dividends receivable | **10,160** | 8,160 | **84,478** |
| (Decrease) increase in accounts payable | **(24,284)** | 19,540 | **(201,917)** |
| Decrease in interest payable | **(924)** | (475) | **(7,690)** |
| Increase in liability for retirement benefits | **9,086** | 2,981 | **75,547** |
| Increase (decrease) in reserve for fluctuations in water level | **1,760** | (3,184) | **14,635** |
| Decrease in reserve for reprocessing of irradiated nuclear fuel | **(20,868)** | (19,275) | **(173,516)** |
| Other - net | **139,508** | 75,966 | **1,159,956** |
| Total adjustments | **562,479** | 455,914 | **4,676,806** |
| Net cash provided by operating activities | **447,666** | 347,772 | **3,722,179** |
| **INVESTING ACTIVITIES:** | | | |
| Purchases of property, plant, and equipment | **(415,859)** | (397,991) | **(3,457,716)** |
| Payments for investments and advances | **(8,267)** | (5,201) | **(68,740)** |
| Proceeds from sales of investments or collections of advances | **30,608** | 34,005 | **254,497** |
| Other - net | **4,856** | 18,201 | **40,380** |
| Net cash used in investing activities | **(388,662)** | (350,985) | **(3,231,579)** |
| **FINANCING ACTIVITIES:** | | | |
| Proceeds from issuance of bonds | **99,429** | 159,201 | **826,719** |
| Proceeds from long-term debt (exclusive of bonds) | **250,412** | 398,158 | **2,082,084** |
| Proceeds from short-term loans | **446,853** | 446,137 | **3,715,417** |
| Redemption of bonds | **(149,905)** | (220,007) | **(1,246,408)** |
| Repayments of long-term debt (exclusive of bonds) | **(282,094)** | (218,442) | **(2,345,513)** |
| Repayments of short-term loans | **(445,975)** | (381,362) | **(3,708,123)** |
| Other - net | **(5,391)** | (4,275) | **(44,828)** |
| Net cash (used in) provided by financing activities | **(86,672)** | 179,408 | **(720,652)** |
| **NET CASH (USED IN) PROVIDED BY OPERATING, INVESTING, AND FINANCING ACTIVITIES** | **(27,668)** | 176,195 | **(230,052)** |
| **EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | **(1,393)** | 814 | **(11,587)** |
| **NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS** | **(29,062)** | 177,010 | **(241,640)** |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | **332,461** | 155,451 | **2,764,290** |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | **¥ 303,399** | ¥ 332,461 | **$ 2,522,650** |

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2015

## 1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Kansai Electric Power Company, Incorporated (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.27 to $1, the approximate rate of exchange at March 31, 2015. 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, 2015, include the accounts of the Company and all (62 in 2015 and 59 in 2014) subsidiaries (collectively, the "Companies").

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

Investments in four (four in 2014) 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 six subsidiaries is December 31. The Company consolidates such subsidiaries' financial statements using their financial results for the year ended December 31. The effects of any significant transactions during the period between the subsidiaries' fiscal year end and the Company's fiscal year end are reflected in the consolidated financial statements.

**c. Business Combination** - 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

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, 2015 and 2014, was ¥108,314 million ($900,596 thousand) and ¥108,314 million, respectively.

e. **Impairment of Fixed Assets** - The Companies review their fixed assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

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

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

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

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

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

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

In May 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, are

treated as reclassification adjustments (see Note 18).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, 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, all 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 Companies applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Companies did not change the method of attributing the expected benefit to periods from a straight-line basis, while the Companies changed the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings.

It is expected that the effects of applying the revised method for (c) are immaterial.

**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 unrecognized portion of such cumulative effect was ¥103,691 million ($862,154 thousand) and ¥124,429 million at March 31, 2015 and 2014, respectively.

The estimated future reprocessing costs are discounted at 1.5% at March 31, 2015 and 2014, for the quantity of the irradiated nuclear fuel covered by the definite reprocessing plan.

The unrecognized estimation gain of ¥181,271 million ($1,507,202 thousand) and gain of ¥27,294 million at March 31, 2015 and 2014, 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, 2015 and 2014.

**k. Asset Retirement Obligations** - In March 2008, the ASBJ issued 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 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 Ordinance on Accounting at Electricity Utilities" (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 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 Electricity Utilities Industry Act and Ordinance on Accounting at Electricity Utilities.

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 that 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. **Special Account Related to Nuclear Power Decommissioning** - The Special account related to nuclear power decommissioning shall be amortized in relation to the collection of the regulated power fees after the date of approval of the Minister of Economy, Trade and Industry pursuant to Article 28-2 of Ordinance on Accounting at Electricity Utilities.

o. **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.

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

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

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

s. **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. However, cash dividends per share are not presented because the Company did not pay out dividends for the respective years.

t. **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.

u. **New Accounting Pronouncements**
**Accounting Standards for Business Combinations and Consolidated Financial Statements** - In September, 2013, the ASBJ issued revised ASBJ Statement No. 21,

"Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on ASBJ Statement 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 operations. 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 sheet**

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

**Presentation of the consolidated statement of operations**

In the consolidated statement of operations "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 provisional 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 is 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," "presentation of the consolidated balance sheet," "presentation of the consolidated statement of operations," and "acquisition-related costs" 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 "presentation of the consolidated balance sheet" and "presentation of the consolidated statement of operations." In the case of earlier application, all accounting standards and guidance above, except for "presentation of the consolidated balance sheet" and "presentation of the consolidated statement of operations," 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, the accumulated effects of retrospective adjustment 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 shall be applied prospectively from the beginning of the year of the first-time application.

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

The revised accounting standards and guidance for "presentation of the consolidated balance sheet" and "presentation of the consolidated statement of operations" shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The Company expects to apply the revised accounting standards and guidance for "transactions with noncontrolling interest," "presentation of the consolidated balance sheet," "presentation of the consolidated statement of operation," and "acquisition-related costs" above from April 1, 2015, and for "provisional accounting treatments for a business combination," above for a business combination which will occur on or after 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

**Application of Accounting Treatment Related to Nuclear Reactors for Which Decommissioning Has Been Determined**

The "Ordinance on Accounting at Electricity Utilities" following the enforcement of the "Ministry Order Relating to the Partial Revision of Ordinance on Accounting at Electricity Utilities" (Ordinance of the Ministry of Economy, Trade and Industry No. 10, 2015; "Revised Ordinance") was revised.

As a result of the revision, after the date of enforcement of the Revised Ordinance (March 13, 2015), in the event of decommissioning nuclear reactors in connection with changes in energy policy, it has become possible to post or transfer both the assets and costs described below in items (A) through (C) to a Special account related to nuclear power decommissioning, after submitting an application for approval to the Minister of Economy, Trade and Industry, because they may be recovered through regulated power fees: (A) the nuclear generation equipment included in the nuclear reactor (excluding (i) the fixed asset necessary for decommissioning the nuclear reactor, (ii) the fixed asset for which control of maintenance is necessary even after operation of the nuclear reactor is decommissioned, and (iii) the asset corresponding to the asset retirement obligation), (B) Construction in progress regarding the nuclear generation facility, and book value of the nuclear fuel used for the nuclear reactor (excluding the estimated disposal price of construction in progress and the nuclear fuel (A) and (B) are hereinafter collectively referred to as "Book Value of Nuclear Generation Facility") and (C) the amount corresponding to (i) cost of reprocessing irradiated nuclear fuel generated in connection with the decommissioning of the nuclear reactor and (ii) costs necessary for separating the components of the nuclear fuel, both generated in connection with decommissioning of the nuclear reactor ((C) is hereinafter referred to as "Equivalent of Costs Related to Nuclear Power Decommissioning"). A special account related to nuclear power decommissioning, to which those items mentioned above are posted and transferred, is to be amortized by Amortization of special account related to nuclear power decommissioning, in relation to the collection of the regulated power fees, after the date on which such approval is obtained.

Accordingly, in the current consolidated fiscal year, the Company submitted an application for approval to the Minister of Economy, Trade and Industry on March 17, 2015, for the transfer to the special account of ¥20,346 million ($169,171 thousand) for the Book Value of Nuclear Generation Facility and ¥7,749 million ($64,435 thousand) for the Equivalent of Costs Related to Nuclear Power Decommissioning concerning Mihama Nuclear Power Station Units 1 and 2 for which decommissioning has been determined. Therefore, ¥28,095 million ($233,606 thousand) has been posted or transferred to the Special account related to nuclear power decommissioning.

As a result of the accounting treatment above, Loss before income taxes and minority interests decreased by ¥28,095 million ($233,606 thousand).

The effect on per share data is stated in Note 20.

Regarding Mihama Nuclear Power Station Units 1 and 2, the following 2 items (a) and (b) are included in Nuclear Power Production facilities (Note 4) at the end of the current consolidated fiscal year: (a) the fixed asset necessary for decommissioning the nuclear reactors and (b) the fixed asset for which control of maintenance is necessary even after the nuclear reactors are decommissioned.

## 4. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| Hydroelectric power production facilities | **¥ 299,325** | ¥ 307,627 | **$ 2,488,777** |
| Thermal power production facilities | **547,514** | 507,988 | **4,552,374** |
| Nuclear power production facilities | **360,433** | 334,775 | **2,996,870** |
| Transmission facilities | **913,419** | 956,098 | **7,594,739** |
| Transformation facilities | **402,550** | 404,546 | **3,347,059** |
| Distribution facilities | **833,306** | 841,050 | **6,928,633** |
| General facilities | **117,117** | 116,750 | **973,784** |
| Other utility facilities | **25,747** | 27,395 | **214,083** |
| Other plant and equipment | **666,886** | 640,979 | **5,544,912** |
| Construction in progress | **405,822** | 457,784 | **3,374,263** |
| **Total** | **¥ 4,572,123** | ¥ 4,594,997 | **$ 38,015,497** |

Properties which are necessary for nuclear reactor decommissioning and which require maintenance after abolition of their operation are included in nuclear power production facilities. The amount of these facilities is ¥24,415 million ($203,001 thousand).

## 5. INVESTMENT SECURITIES

The information for available-for-sale securities, whose fair values are readily determinable, and held-to-maturity securities at March 31, 2015 and 2014, is as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| **March 31, 2015** | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Securities classified as: | | | | |
| Available for sale: | | | | |
| Equity securities | **¥ 33,976** | **¥ 81,949** | **¥ (229)** | **¥ 115,696** |
| Debt securities | **2,457** | **1,178** | | **3,635** |
| Held-to-maturity debt securities | **5,694** | **182** | | **5,876** |

| | Millions of Yen | | | |
|---|---|---|---|---|
| March 31, 2014 | 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 |

| | Thousands of U.S. Dollars | | | |
|---|---|---|---|---|
| **March 31, 2015** | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Securities classified as: | | | | |
| Available for sale: | | | | |
| Equity securities | **$ 282,500** | **$ 681,380** | **$ (1,905)** | **$ 961,975** |
| Debt securities | **20,429** | **9,801** | | **30,230** |
| Held-to-maturity debt securities | **47,343** | **1,516** | | **48,859** |

The information for available-for-sale securities, which were sold during the year ended March 31, 2015, is as follows:

| | Millions of Yen | | |
|---|---|---|---|
| **March 31, 2015** | Proceeds | Realized Gains | Realized Losses |
| Securities classified as: | | | |
| Available for sale: | | | |
| Equity securities | **¥ 14,145** | **¥ 12,684** | |
| Debt securities | | | |
| Held-to-maturity debt securities | | | |
| Other | **866** | **866** | |
| **Total** | **¥ 15,011** | **¥ 13,550** | |

| | Thousands of U.S. Dollars | | |
|---|---|---|---|
| **March 31, 2015** | Proceeds | Realized Gains | Realized Losses |
| Securities classified as: | | | |
| Available for sale: | | | |
| Equity securities | **$ 117,610** | **$ 105,467** | |
| Debt securities | | | |
| Held-to-maturity debt securities | | | |
| Other | **7,203** | **7,203** | |
| **Total** | **$ 124,814** | **$ 112,671** | |

There were no material sales transactions for available for sale securities during the year ended March 31, 2014.

### 6. INVENTORIES

Inventories at March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| Merchandise and finished products | **¥ 5,584** | ¥ 5,120 | **$ 46,430** |
| Work in process | **6,007** | 6,690 | **49,947** |
| Raw materials and supplies | **108,390** | 116,392 | **901,227** |
| Real estate for sale | **28,632** | 30,797 | **238,066** |
| **Total** | **¥ 148,614** | ¥ 159,000 | **$ 1,235,672** |

## 7. LONG-TERM DEBT

Long-term debt at March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **Secured bonds:** | | | |
| 0.497% to 3.175%, due serially through 2025 | **¥ 1,530,559** | ¥ 1,580,743 | **$ 12,726,026** |
| **0.65% to 3.4% secured loans principally from the Development Bank of Japan maturing serially through 2025:** | | | |
| The Company | **362,393** | 385,019 | **3,013,163** |
| Subsidiaries | **6,006** | 7,161 | **49,942** |
| **0.26643% to 4.69% (0.185% to 6.0% in 2014), unsecured loans from banks, insurance companies, and other sources maturing serially through 2036** | **2,204,618** | 2,213,131 | **18,330,574** |
| **Obligations under finance leases** | **23,820** | 25,707 | **198,060** |
| **Total** | **4,127,397** | 4,211,763 | **34,317,767** |
| **Less current maturities** | **580,254** | 428,869 | **4,824,597** |
| **Long-term debt, less current maturities** | **¥ 3,547,143** | ¥ 3,782,894 | **$ 29,493,169** |

Annual maturities of long-term debt at March 31, 2015, were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| **Year Ending March 31** | | |
| 2016 | ¥ 580,254 | $ 4,824,597 |
| 2017 | 659,561 | 5,484,006 |
| 2018 | 721,760 | 6,001,170 |
| 2019 | 596,928 | 4,963,240 |
| 2020 | 444,619 | 3,696,846 |
| 2021 and thereafter | 1,124,272 | 9,347,904 |
| **Total** | ¥ 4,127,397 | $ 34,317,767 |

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 ¥2,139 million ($17,787 thousand) and the above secured loans at March 31, 2015, were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| | 2015 | 2015 |
| Other plant and equipment | ¥ 21,285 | $ 176,983 |
| Cash and cash equivalents | 5 | 41 |
| Inventories | 1,085 | 9,023 |

Furthermore, as of March 31, 2015, Other assets of ¥19,769 million ($164,377 thousand) and Other current assets of ¥80 million ($669 thousand) were also pledged as collateral for long-term debt from financial institutions to investees of certain consolidated subsidiaries.

## 8. RETIREMENT AND PENSION PLAN

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

Under most circumstances, employees terminating their employment with the Companies, either voluntarily or upon reaching the mandatory retirement age, are entitled to retirement benefits based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee.

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

### Years Ended March 31, 2015 and 2014

1. The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Balance at beginning of year (as previously reported) | ¥ 363,983 | ¥ 361,959 | $ 3,026,384 |
| Cumulative effect of accounting changes | 837 | | 6,961 |
| Balance at beginning of year (as restated) | 364,820 | 361,959 | 3,033,346 |
| Current service cost | 15,524 | 15,225 | 129,080 |
| Interest cost | 6,904 | 6,963 | 57,405 |
| Actuarial gains | 39,576 | (7,556) | 329,065 |
| Benefits paid | (13,715) | (12,205) | (114,040) |
| Past service cost | 16 | | 133 |
| Others | 3,376 | (403) | 28,075 |
| **Balance at end of year** | ¥ 416,503 | ¥ 363,983 | $ 3,463,066 |

2. The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| Balance at beginning of year | **¥ 3,690** | ¥ 3,525 | **$ 30,688** |
| Expected return on plan assets | **66** | 63 | **551** |
| Actuarial gains | **141** | 76 | **1,174** |
| Contributions from the employer | **312** | 322 | **2,597** |
| Benefits paid | **(215)** | (297) | **(1,790)** |
| **Balance at end of year** | **¥ 3,995** | ¥ 3,690 | **$ 33,221** |

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 |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| Funded defined benefit obligation | **¥ 5,163** | ¥ 4,823 | **$ 42,935** |
| Plan assets | **(3,995)** | (3,690) | **(33,221)** |
| Total | **1,168** | 1,132 | **9,714** |
| Unfunded defined benefit obligation | **411,339** | 359,159 | **3,420,131** |
| **Net liability arising from defined benefit obligation** | **¥ 412,507** | ¥ 360,292 | **$ 3,429,845** |

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| Liability for retirement benefits | **¥ 412,507** | ¥ 360,292 | **$ 3,429,845** |
| **Net liability arising from defined benefit obligation** | **¥ 412,507** | ¥ 360,292 | **$ 3,429,845** |

4. The components of net periodic retirement benefit costs for the years ended March 31, 2015 and 2014, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| Service cost | **¥ 15,524** | ¥ 15,225 | **$ 129,080** |
| Interest cost | **6,904** | 6,963 | **57,405** |
| Expected return on plan assets | **(66)** | (63) | **(551)** |
| Recognized actuarial gains | **(8,413)** | (6,474) | **(69,954)** |
| Amortization of prior service cost | **(31)** | (40) | **(258)** |
| Others | **(*)9,211** | (39) | **(*)76,591** |
| Net periodic retirement benefit costs | **¥ 23,129** | ¥ 15,571 | **$192,313** |

(*) Including one-time amortization expense associated with revisions to the Company's retirement plan, etc.

5. Amounts recognized in other comprehensive income (losses) (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| Prior service cost | **¥ 47** | | **$ 391** |
| Actuarial losses | **42,244** | | **351,248** |
| **Total** | **¥ 42,291** | | **$ 351,640** |

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| Unrecognized prior service cost | **¥ (247)** | ¥ (294) | **$ (2,054)** |
| Unrecognized actuarial losses (gains) | **29,500** | (12,743) | **245,289** |
| **Total** | **¥ 29,253** | ¥ (13,037) | **$ 243,235** |

7. Plan assets

(1) Components of plan assets

Plan assets at March 31, 2015 and 2014, consisted of the following:

| | **2015** | 2014 |
|---|---|---|
| General account of life insurance | **60%** | 60% |
| Equity investments | **16** | 16 |
| Debt investments | **14** | 13 |
| Others | **10** | 11 |
| **Total** | **100%** | 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.

8. Assumptions used for the years ended March 31, 2015 and 2014, are set forth as follows:

| | **2015** | 2014 |
|---|---|---|
| Discount rate | **1.07%** | 2.00% |
| Expected rate of return on plan assets | **1.25% - 2.50%** | 1.25% - 2.50% |

9. Defined contribution

The required contribution amount of the Company and certain consolidated subsidiaries is ¥4,759 million ($39,572 thousand).

## 9. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2015 and 2014, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| Balance at beginning of year | **¥ 402,803** | ¥ 452,200 | **$ 3,349,159** |
| Additional provisions | **13,082** | 10,919 | **108,775** |
| Reduction | **(1,460)** | (60,317) | **(12,140)** |
| **Balance at end of year** | **¥ 414,425** | ¥ 402,803 | **$ 3,445,794** |

## 10. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| Short-term loans from banks and other sources, weighted-average interest rate of 0.4904% and 0.5272% at March 31, 2015 and 2014, respectively | **¥ 211,679** | ¥ 210,783 | **$ 1,760,035** |

## 11. EQUITY

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

**(a) Dividends**

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, 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 a certain limitation and additional requirements.

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

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

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

provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

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

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 12. 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 30.7% and 33.3% for the years ended March 31, 2015 and 2014, respectively. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **Deferred tax assets:** | | | |
| Net operating tax loss carryforwards | **¥ 216,973** | ¥ 200,625 | **$ 1,804,050** |
| Liability for retirement benefits | **119,923** | 111,842 | **997,120** |
| Depreciation and amortization | **81,803** | 83,895 | **680,162** |
| Asset retirement obligations | **45,733** | 47,978 | **380,260** |
| Reserve for reprocessing of irradiated nuclear fuel (with definite plans, Note 2.j) | **25,524** | 27,361 | **212,227** |
| Intercompany profit elimination | **23,821** | 25,358 | **198,070** |
| Other | **165,420** | 161,132 | **1,375,412** |
| Less valuation allowance | **(88,040)** | (64,969) | **(732,022)** |
| **Total deferred tax assets** | **591,161** | 593,225 | **4,915,283** |
| **Deferred tax liabilities:** | | | |
| Unrealized gain on available-for-sale securities | **22,578** | 17,667 | **187,731** |
| Special account related to nuclear power decommissioning | **8,091** | | **67,277** |
| Reserve for special depreciation | **4,955** | 3,464 | **41,205** |
| Other | **8,771** | 9,638 | **72,933** |
| **Total deferred tax liabilities** | **44,397** | 30,764 | **369,147** |
| **Net deferred tax assets** | **¥ 546,763** | ¥ 562,460 | **$ 4,546,135** |

Deferred gains on derivatives qualifying for hedge accounting were disclosed separately as of March 31, 2014. Since the amount is immaterial, such amount is included in "Other" in the Deferred tax liabilities section as of March 31, 2015. The corresponding amount included in "Other" as of March 31, 2014, was ¥1,788 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, 2015, with the corresponding figures for 2014, is as follows:

| | **2015** | 2014 |
|---|---|---|
| Normal effective statutory tax rate | **30.7%** | 33.3% |
| Effect of tax rate reduction | **(31.3)** | |
| Difference in subsidiaries' tax rates | **(1.6)** | (1.8) |
| Effect of tax rate reduction | | (9.8) |
| Adjustment for profit and loss on sale of investment securities | | (7.5) |
| Valuation allowance | **(26.4)** | (5.5) |
| Other—net | **(0.4)** | 1.4 |
| **Actual effective tax rate** | **(29.0)%** | 10.1% |

Tax rate difference with consolidated subsidiaries was included in "Other - net" in the reconciliation for the year ended March 31, 2014. Since the amount is material, such amount is disclosed separately for the year ended March 31, 2015. The amount included in "Other - net" for the year ended March 31, 2014, was (1.8)%.

On March 31, 2015, 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, 2015. Therefore, the amount of deferred tax assets (the net amount after the amount of deferred tax liabilities is deducted) decreased by ¥34,854 million ($289,800 thousand), income tax expense increased by ¥35,971 million ($299,085 thousand), and accumulated other comprehensive income increased by ¥1,119 million ($9,309 thousand).

## 13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥12,042 million ($10,131 thousand) and ¥12,421 million for the years ended March 31, 2015 and 2014, respectively.

## 14. RELATED-PARTY DISCLOSURES

Related-party transactions of the Company with an associated company for the years ended March 31, 2015 and 2014, were as follows:

**(1) 2015**

| 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) | Transaction Amount (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<br>One director concurrently serves as the Company's director. Three directors were transferred from the Company. | Co-guarantees or guarantees of loans and bonds | ¥ 196,474 | $ 1,633,614 |

**(2) 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) |
|---|---|---|---|
| 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<br>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 |

## 15. LEASES

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

## 16. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### (1) Policy for Financial Instruments

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

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

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

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 variable interest rates are exposed to the market risks from changes in interest rates.

Bonds, loans, and commercial paper 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 prices. Please see Note 17 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 17 for details of the fair value for derivatives.

### (a) Fair value of financial instruments

| March 31, 2015 | Millions of Yen | | |
|---|---|---|---|
| | Carrying Amount | Fair Value | Unrealized Gain/Loss |
| Investment securities | **¥ 125,026** | **¥ 125,208** | **¥ 182** |
| Reserve fund for reprocessing of irradiated nuclear fuel | **551,395** | **551,395** | **—** |
| Cash and cash equivalents | **303,399** | **303,399** | **—** |
| Accounts receivable (exclusive of associated companies) | **230,692** | **230,692** | **—** |
| **Total** | **¥ 1,210,514** | **¥ 1,210,696** | **¥ 182** |
| Long-term debt | **¥ 4,103,577** | **¥ 4,225,882** | **¥ 122,305** |
| Short-term borrowings | **211,679** | **211,679** | **—** |
| Accounts payable (exclusive of accrued amount payable) | **175,532** | **175,532** | **—** |
| Accrued income taxes | **2,997** | **2,997** | **—** |
| **Total** | **¥ 4,493,786** | **¥ 4,616,092** | **¥ 122,305** |
| Derivatives | **¥ (2,579)** | **¥ (2,579)** | **—** |

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

Long-term debt includes Current maturities of long-term debt in the consolidated balance sheet.

Derivatives are stated at the net amount.

| March 31, 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 | — |

| March 31, 2015 | Thousands of U.S. Dollars | | |
|---|---|---|---|
| | Carrying Amount | Fair Value | Unrealized Gain/Loss |
| Investment securities | **$ 1,039,549** | **$ 1,041,065** | **$ 1,515** |
| Reserve fund for reprocessing of irradiated nuclear fuel | **4,584,649** | **4,584,649** | **—** |
| Cash and cash equivalents | **2,522,650** | **2,522,650** | **—** |
| Accounts receivable (exclusive of associated companies) | **1,918,123** | **1,918,123** | **—** |
| **Total** | **$ 10,064,972** | **$ 10,066,488** | **$ 1,515** |
| Long-term debt | **$ 34,119,707** | **$ 35,136,629** | **$ 1,016,922** |
| Short-term borrowings | **1,760,035** | **1,760,035** | **—** |
| Accounts payable (exclusive of accrued amount payable) | **1,459,486** | **1,459,486** | **—** |
| Accrued income taxes | **24,924** | **24,924** | **—** |
| **Total** | **$ 37,364,154** | **$ 38,381,076** | **$ 1,016,922** |
| Derivatives | **$ (21,450)** | **$ (21,450)** | **—** |

**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 5.

**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 17.

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

| | Carrying Amount | | |
|---|---|---|---|
| | Millions of Yen | | Thousands of U.S. Dollars |
| | **2015** | 2014 | **2015** |
| Investments in equity instruments that do not have a quoted market price in an active market | **¥ 73,757** | ¥ 82,591 | **$ 613,262** |
| Invested instruments and other | **3,196** | 3,130 | **26,576** |

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

| | Millions of Yen | | | |
|---|---|---|---|---|
| **March 31, 2015** | Due in One Year or Less | Due after One Year through Five Years | Due after Five Years through 10 Years | Due after 10 Years |
| Investment securities: | | | | |
| Held-to-maturity securities | ¥ 600 | ¥ 3,560 | ¥ 1,530 | |
| Available-for-sale securities with contractual maturities | 325 | 396 | 200 | |
| Cash and cash equivalents | 303,399 | | | |
| Accounts receivable | 228,211 | 2,457 | 12 | ¥ 11 |

| | Thousands of U.S. Dollars | | | |
|---|---|---|---|---|
| **March 31, 2015** | Due in One Year or Less | Due after One Year through Five Years | Due after Five Years through 10 Years | Due after 10 Years |
| Investment securities: | | | | |
| Held-to-maturity securities | $ 4,988 | $ 29,600 | $ 12,721 | |
| Available-for-sale securities with contractual maturities | 2,702 | 3,292 | 1,662 | |
| Cash and cash equivalents | 2,522,650 | | | |
| Accounts receivable | 1,897,495 | 20,430 | 101 | $ 95 |

The redemption amount from the reserve fund for reprocessing of irradiated nuclear fuel within one year is ¥53,874 million ($447,948 thousand).

Please see Note 7 for annual maturities of long-term debt.

## 17. 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, 2015 | 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)··· | ¥ 30,648 | ¥ 25,545 | ¥ (8,619) | ¥ (8,619) |

| March 31, 2014 | | | | |
|---|---|---|---|---|
| Currency swaps | | | | |
| (U.S. dollar payment, Japanese yen receipt)··· | ¥ 35,750 | ¥ 30,648 | ¥ (3,178) | ¥ (3,178) |

| March 31, 2015 | 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)··· | $ 254,828 | $ 212,402 | $ (71,666) | $ (71,666) |

### Derivative Transactions to Which Hedge Accounting is Applied

| March 31, 2015 | | Millions of Yen | | |
|---|---|---|---|---|
| | Hedged Item | Contract Amount | Contract Amount Due after One Year | Fair Value |
| Foreign exchange forward contracts: | | | | |
| Buying U.S. dollars····· | Equipment Fund | ¥ 13,948 | | ¥ 7,740 |
| Interest rate swaps | | | | |
| (fixed rate payment, floating rate receipt)··· | Long-term debt | 568,113 | ¥ 533,915 | * |
| Commodity swaps | | | | |
| (fixed price payment, floating price receipt)··· | Fuel | 69,446 | 68,836 | (1,700) |

| March 31, 2014 | | | | |
|---|---|---|---|---|
| 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 | 30,068 | 29,458 | 5,821 |

| March 31, 2015 | | Thousands of U.S. Dollars | | |
|---|---|---|---|---|
| | Hedged Item | Contract Amount | Contract Amount Due after One Year | Fair Value |
| Foreign exchange forward contracts | | | | |
| Buying U.S. dollars····· | Equipment Fund | $ 115,975 | | $ 64,357 |
| Interest rate swaps | | | | |
| (fixed rate payment, floating rate receipt)··· | Long-term debt | 4,723,654 | $ 4,439,310 | * |
| Commodity swaps | | | | |
| (fixed price payment, floating price receipt)··· | Fuel | 577,418 | 572,346 | (14,141) |

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

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

## 18. COMPREHENSIVE INCOME

The components of other comprehensive (loss) income for the years ended March 31, 2015 and 2014, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **Unrealized gain on available-for-sale securities:** | | | |
| Gains arising during the year | **¥ 21,598** | ¥ 8,844 | **$179,582** |
| Reclassification adjustments to profit or loss | **(23)** | (4) | **(197)** |
| Amount before income tax effect | **21,574** | 8,839 | **179,385** |
| Income tax effect | **(5,065)** | (2,755) | **(42,120)** |
| **Total** | **¥ 16,508** | ¥ 6,084 | **$137,264** |
| **Deferred gain (loss) on derivatives under hedge accounting:** | | | |
| Gains arising during the year | **¥ (20,726)** | ¥ 2,418 | **$ (172,331)** |
| Reclassification adjustments to profit or loss | **(13)** | (3) | **(114)** |
| Adjustments to acquisition costs of assets | **15,943** | (1,946) | **132,567** |
| Amount before income tax effect | **(4,796)** | 468 | **(39,878)** |
| Income tax effect | **2,278** | 379 | **18,946** |
| **Total** | **¥ (2,517)** | ¥ 848 | **$ (20,932)** |
| **Foreign currency translation adjustments:** | | | |
| Adjustments arising during the year | **¥ 3,681** | ¥ 15,877 | **$ 30,607** |
| **Defined retirement benefit plans:** | | | |
| Gains arising during the year | **¥ (39,451)** | | **$ (328,024)** |
| Reclassification adjustments to profit or loss | **(2,840)** | | **(23,615)** |
| Amount before income tax effect | **(42,291)** | | **(351,640)** |
| Income tax effect | **12,413** | | **103,212** |
| **Total** | **¥ (29,878)** | | **$ (248,428)** |
| **Share of other comprehensive income in associates:** | | | |
| Gains arising during the year | **¥ 7,924** | ¥ 3,662 | **$ 65,885** |
| Reclassification adjustments to profit or loss | **393** | (1,530) | **3,268** |
| **Total** | **¥ 8,317** | ¥ 2,131 | **$ 69,153** |
| **Total other comprehensive (loss) income** | **¥ (3,888)** | ¥ 24,941 | **$ (32,333)** |

## 19. COMMITMENTS AND CONTINGENCIES

At March 31, 2015, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥341,402 million ($2,838,631 thousand). Additionally, the Companies had a number of fuel purchase commitments, most of which specify quantities and terms. Purchase prices are principally contingent upon fluctuations of market prices.

At March 31, 2015, the Companies had the following contingent liabilities:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| | **2015** | **2015** |
| Co-guarantees or guarantees of loans and bonds of other companies: | | |
| Japan Nuclear Fuel Limited (Note 14) | **¥ 196,474** | **$ 1,633,614** |
| Other | **70,457** | **585,825** |
| **Total** | **¥ 266,932** | **$ 2,219,439** |

## 20. NET INCOME PER SHARE

Diluted net income per share (EPS) for the years ended March 31, 2015 and 2014, 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, 2015** | | | | |
| Basic EPS: | | | | |
| Net loss attributable to common shareholders | ¥ (148,375) | 893,521 | ¥ (166.06) | $ 1.38 |
| **For the year ended March 31, 2014** | | | | |
| Basic EPS: | | | | |
| Net loss attributable to common shareholders | ¥ (97,408) | 893,559 | ¥ (109.01) | — |

As described in Note 3, the accounting treatment relating to the reactor for which decommissioning has been determined is applied. Based on this application, net loss attributable to common shareholders for the current fiscal year decreased by ¥22.39 ($0.18).

## 21. 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' reportable segments 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."

As discussed in Note 3 to the consolidated financial statements, the Company applied the accounting treatment related to nuclear reactors for which decommissioning has been determined.

There is no effect on Segment loss of Electric Power due to the change in accounting treatment.

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

| | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2015** | | | | | | |
| | Reportable Segment | | | | | | |
| | Electric Power | IT/Communications | Total | Other | Total | Reconciliations | Consolidated |
| Sales: | | | | | | | |
| Sales to external customers | **¥ 2,939,651** | **¥ 170,840** | **¥ 3,110,491** | **¥ 295,538** | **¥ 3,406,030** | | **¥ 3,406,030** |
| Intersegment sales or transfers | **10,855** | **42,355** | **53,211** | **276,175** | **329,386** | **¥ (329,386)** | |
| Total | **¥ 2,950,506** | **¥ 213,195** | **¥ 3,163,702** | **¥ 571,713** | **¥ 3,735,416** | **¥ (329,386)** | **¥ 3,406,030** |
| Segment (loss) profit | | | | | | | |
| Segment assets | **¥ (133,969)** | **¥ 18,417** | **¥ (115,552)** | **¥ 36,226** | **¥ (79,326)** | **¥ 725** | **¥ (78,600)** |
| Other: | **6,437,519** | **411,342** | **6,848,862** | **1,424,904** | **8,273,766** | **(530,387)** | **7,743,378** |
| Depreciation | **298,205** | **61,998** | **360,203** | **31,120** | **391,324** | **(5,974)** | **385,350** |
| Increase in property and intangible assets | **299,800** | **51,988** | **351,788** | **74,604** | **426,392** | **(5,724)** | **420,667** |

| | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2014 | | | | | | |
| | Reportable Segment | | | | | | |
| | Electric Power | IT/Communications | Total | Other | Total | Reconciliations | Consolidated |
| 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 |

| | Thousands of U.S. Dollars | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2015** | | | | | | |
| | Reportable Segment | | | | | | |
| | Electric Power | IT/Communications | Total | Other | Total | Reconciliations | Consolidated |
| Sales: | | | | | | | |
| Sales to external customers | **$ 24,442,099** | **$ 1,420,474** | **$ 25,862,574** | **$ 2,457,289** | **$ 28,319,864** | | **$ 28,319,864** |
| Intersegment sales or transfers | **90,260** | **352,169** | **442,429** | **2,296,294** | **2,738,724** | **$ (2,738,724)** | |
| Total | **$ 24,532,360** | **$ 1,772,643** | **$ 26,305,003** | **$ 4,753,584** | **$ 31,058,588** | **$ (2,738,724)** | **$ 28,319,864** |
| Segment (loss) profit | | | | | | | |
| Segment assets | **$ (1,113,908)** | **$ 153,131** | **$ (960,777)** | **$ 301,211** | **$ (659,566)** | **$ 6,030** | **$ (653,536)** |
| Other: | **53,525,565** | **3,420,158** | **56,945,724** | **11,847,544** | **68,793,268** | **(4,409,976)** | **64,383,291** |
| Depreciation | **2,479,463** | **515,493** | **2,994,957** | **258,755** | **3,253,712** | **(49,671)** | **3,204,040** |
| Increase in property and intangible assets | **2,492,727** | **432,261** | **2,924,989** | **620,305** | **3,545,295** | **(47,599)** | **3,497,696** |

# 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 (the "Company") and its subsidiaries as of March 31, 2015, 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, 2015, 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.

**Emphasis of Matter**

As discussed in Note 3 to the consolidated financial statements, after the date of enforcement of the "Ministry Order Relating to the Partial Revision of Ordinance on Accounting at Electricity Utilities" (Ordinance of the Ministry of Economy, Trade and Industry No. 10, 2015), the Company applied the revised "Ordinance on Accounting at Electricity Utilities" after the revision, which concerns the accounting treatment related to nuclear reactors for which decommissioning has been determined. Our opinion is not modified in respect of this matter.

**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 25, 2015

# The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements
for the Year Ended March 31, 2015

# Non-Consolidated Balance Sheet

The Kansai Electric Power Company, Incorporated
March 31, 2015

## ASSETS

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **PROPERTY:** | | | |
| Plant and equipment | **¥ 14,967,271** | ¥ 14,724,073 | **$ 124,447,254** |
| Construction in progress | **373,662** | 435,646 | **3,106,862** |
| Contributions in aid of construction | **(454,905)** | (452,544) | **(3,782,365)** |
| Accumulated depreciation and amortization | **(10,877,255)** | (10,667,680) | **(90,440,303)** |
| Plant and equipment—net | **4,008,773** | 4,039,494 | **33,331,448** |
| Nuclear fuel, net of amortization | **530,065** | 528,955 | **4,407,296** |
| Property—net | **4,538,838** | 4,568,449 | **37,738,745** |
| **INVESTMENTS AND OTHER ASSETS:** | | | |
| Investment securities | **116,574** | 108,996 | **969,276** |
| Investments in and advances to subsidiaries and associated companies | **429,317** | 421,888 | **3,569,617** |
| Reserve fund for reprocessing of irradiated nuclear fuel | **551,395** | 574,553 | **4,584,649** |
| Long-term loans receivable | **293** | 298 | **2,442** |
| Special account related to nuclear power decommissioning | **28,095** | | **233,606** |
| Deferred tax assets | **432,505** | 457,849 | **3,596,120** |
| Other assets | **59,373** | 90,854 | **493,666** |
| Total investments and other assets | **1,617,556** | 1,654,439 | **13,449,377** |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | **232,372** | 296,773 | **1,932,090** |
| Accounts receivable | **199,626** | 208,162 | **1,659,818** |
| Allowance for doubtful accounts | **(1,778)** | (1,964) | **(14,790)** |
| Inventories | **100,177** | 107,456 | **832,940** |
| Deferred tax assets | **43,887** | 42,109 | **364,905** |
| Other current assets | **38,253** | 40,775 | **318,065** |
| Total current assets | **612,538** | 693,312 | **5,093,029** |
| **TOTAL** | **¥ 6,768,934** | ¥ 6,916,202 | **$ 56,281,153** |

## LIABILITIES AND EQUITY

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **LONG-TERM LIABILITIES:** | | | |
| Long-term debt, less current maturities | **¥ 3,172,544** | ¥ 3,404,265 | **$ 26,378,521** |
| Liability for retirement benefits | **361,468** | 354,470 | **3,005,472** |
| Reserve for reprocessing of irradiated nuclear fuel | **643,985** | 664,854 | **5,354,496** |
| Asset retirement obligations | **408,429** | 399,301 | **3,395,941** |
| Other long-term liabilities | **185,770** | 137,676 | **1,544,614** |
| Total long-term liabilities | **4,772,198** | 4,960,568 | **39,679,045** |
| **CURRENT LIABILITIES:** | | | |
| Current maturities of long-term debt | **505,936** | 353,142 | **4,206,670** |
| Short-term borrowings | **200,000** | 200,000 | **1,662,925** |
| Accounts payable | **207,652** | 202,749 | **1,726,549** |
| Payable to subsidiaries and associated companies | **154,406** | 168,897 | **1,283,834** |
| Accrued expenses and other current liabilities | **281,172** | 217,223 | **2,337,846** |
| Total current liabilities | **1,349,167** | 1,142,012 | **11,217,826** |
| **RESERVE FOR FLUCTUATIONS IN WATER LEVEL** | **8,690** | 6,930 | **72,259** |
| **EQUITY:** | | | |
| Common stock, authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2015 and 2014 | **489,320** | 489,320 | **4,068,518** |
| Capital surplus: | | | |
| Additional paid-in capital | **67,031** | 67,031 | **557,339** |
| Retained earnings: | | | |
| Legal reserve | **122,330** | 122,330 | **1,017,129** |
| Unappropriated | **7,027** | 183,750 | **58,430** |
| Unrealized gain on available-for-sale securities | **50,602** | 36,411 | **420,738** |
| Deferred gain on derivatives under hedge accounting | **(1,210)** | 4,032 | **(10,068)** |
| Treasury stock - at cost 44,964,447 shares in 2015 and 44,927,045 shares in 2014 | **(96,223)** | (96,186) | **(800,065)** |
| Total equity | **638,876** | 806,691 | **5,312,021** |
| **TOTAL** | **¥ 6,768,934** | ¥ 6,916,202 | **$ 56,281,153** |

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥120.27 = U.S.$1, the approximate rate of exchange at March 31, 2015.

# Non-Consolidated Statements of Operations

The Kansai Electric Power Company, Incorporated
Year Ended March 31, 2015

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2015** | 2014 | **2015** |
| **OPERATING REVENUES:** | | | |
| Electricity operating revenues: | | | |
| Lighting | **¥ 1,129,114** | ¥ 1,144,429 | **$ 9,388,161** |
| Power | **1,655,047** | 1,607,254 | **13,761,098** |
| Other | **166,345** | 119,299 | **1,383,099** |
| Sub-total | **2,950,506** | 2,870,984 | **24,532,360** |
| Incidental operating revenues | **81,928** | 87,262 | **681,208** |
| Total | **3,032,435** | 2,958,246 | **25,213,568** |
| **OPERATING EXPENSES:** | | | |
| Electricity operating expenses: | | | |
| Personnel expenses | **195,986** | 198,186 | **1,629,557** |
| Fuel costs | **1,186,593** | 1,159,206 | **9,866,076** |
| Cost of purchased power | **571,107** | 554,948 | **4,748,547** |
| Maintenance costs | **184,611** | 178,543 | **1,534,971** |
| Depreciation | **298,148** | 298,349 | **2,478,996** |
| Taxes | **144,073** | 145,423 | **1,197,916** |
| Other | **503,955** | 454,256 | **4,190,202** |
| Sub-total | **3,084,476** | 2,988,914 | **25,646,268** |
| Incidental operating expenses | **78,764** | 86,147 | **654,898** |
| Total | **3,163,241** | 3,075,061 | **26,301,167** |
| **OPERATING LOSS** | **(130,805)** | (116,815) | **(1,087,598)** |
| **OTHER (INCOME) EXPENSES:** | | | |
| Interest and dividends income | **(22,997)** | (23,865) | **(191,217)** |
| Interest expense | **50,624** | 51,533 | **420,921** |
| Other—net | **1,194** | (21,574) | **9,928** |
| Total | **28,820** | 6,093 | **239,633** |
| **LOSS BEFORE PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES** | **(159,626)** | (122,909) | **(1,327,232)** |
| PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL | **1,760** | (3,184) | **14,635** |
| LOSS BEFORE INCOME TAXES | **(161,386)** | (119,724) | **(1,341,867)** |
| **INCOME TAXES** | | | |
| Current | **(6,193)** | (7,045) | **(51,495)** |
| Deferred | **21,528** | (19,587) | **179,002** |
| Total | **15,335** | (26,633) | **127,506** |
| **NET LOSS** | **¥ (176,721)** | ¥(93,091) | **$ (1,469,373)** |

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥120.27 = U.S.$1, the approximate rate of exchange at March 31, 2015.

# Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated
Year Ended March 31, 2015

| | Millions of Yen | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital Surplus | | Retained Earnings | | | | | |
| | Number of Shares of Common Stock Outstanding | Common Stock | Additional Paid-in Capital | Other Capital Surplus | Legal Reserve | Unappropri-ated | Treasury Stock | Unrealized Gain on Available for-Sale Securities | Deferred Gain on Derivatives under Hedge Accounting | Total Equity |
| **BALANCE, APRIL 1, 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 |
| Net loss | | | | | | (176,721) | | | | (176,721) |
| Purchase of treasury stock | | | | | | | | | | (40) |
| Disposal of treasury stock | | | | (1) | | | (40) | | | 1 |
| Transfer to capital surplus from retained earnings | | | | 1 | | (1) | 3 | | | |
| Net change in the year | | | | | | | | 14,190 | (5,243) | 8,946 |
| **BALANCE, MARCH 31, 2015** | 938,733,028 | ¥ 489,320 | ¥ 67,031 | | ¥122,330 | ¥ 7,027 | ¥ (96,223) | ¥ 50,602 | ¥ (1,210) | ¥ 638,876 |

| | Thousands of U.S. Dollars | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital Surplus | | Retained Earnings | | | | | |
| | Common Stock | Additional Paid-in Capital | Other Capital Surplus | Legal Reserve | Unappropri-ated | Treasury Stock | Unrealized Gain on Available for-Sale Securities | Deferred Gain on Derivatives under Hedge Accounting | Total Equity |
| **BALANCE, MARCH 31, 2014** | $ 4,068,518 | $ 557,339 | | $ 1,017,129 | $ 1,527,817 | $ (799,751) | $ 302,751 | $ 33,530 | $ 6,707,335 |
| Net loss | | | | | (1,469,373) | (338) | | | (1,469,373) |
| Purchase of treasury stock | | | | | | 25 | | | (338) |
| Disposal of treasury stock | | | (13) | | | | | | 12 |
| Transfer to capital surplus from retained earnings | | | 13 | | (13) | | | | |
| Net change in the year | | | | | | | 117,986 | (43,599) | 74,386 |
| **BALANCE, MARCH 31, 2015** | $ 4,068,518 | $ 557,339 | | $ 1,017,129 | $ 58,430 | $ (800,065) | $ 420,738 | $ (10,068) | $ 5,312,021 |

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥120.27= U.S.$1, the approximate rate of exchange at March 31, 2015.

# Five-Year Summary of Selected Operational Data

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

| | Non-Consolidated Basis | | | | | Consolidated Basis | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | **2015** | 2011 | 2012 | 2013 | 2014 | **2015** |
| Operating Revenues (Millions of Yen) | 2,475,931 | 2,503,155 | 2,520,713 | 2,958,246 | **3,032,435** | 2,769,783 | 2,811,424 | 2,859,054 | 3,327,484 | **3,406,030** |
| Operating Income (Millions of Yen) | 225,193 | (276,625) | (363,388) | (116,815) | **(130,805)** | 273,885 | (229,388) | (314,012) | (71,711) | **(78,600)** |
| Ordinary Income (Millions of Yen) | 202,454 | (302,014) | (392,562) | (122,909) | **(159,626)** | 237,987 | (265,537) | (353,190) | (111,326) | **(113,052)** |
| Net Income (Millions of Yen) | 103,330 | (257,657) | (272,938) | (93,091) | **(176,721)** | 123,143 | (242,257) | (243,422) | (97,408) | **(148,375)** |
| Electricity Operating Revenues (Millions of Yen) | | | | | | | | | | |
| Residential | 1,028,943 | 1,008,852 | 1,010,697 | 1,144,429 | **1,129,114** | | | | | |
| Commercial and Industrial | 1,318,674 | 1,329,826 | 1,343,556 | 1,607,254 | **1,655,047** | | | | | |
| Total | 2,347,618 | 2,338,679 | 2,354,254 | 2,751,684 | **2,784,161** | | | | | |
| Electricity Operating Expenses (Millions of Yen) | | | | | | | | | | |
| Personnel Expenses | 238,790 | 236,029 | 231,226 | 198,186 | **195,986** | | | | | |
| Fuel Costs | 387,452 | 776,842 | 919,884 | 1,159,206 | **1,186,593** | | | | | |
| Costs of Purchased Power | 378,220 | 530,374 | 567,923 | 554,948 | **571,107** | | | | | |
| Maintenance Costs | 275,838 | 272,524 | 202,615 | 178,543 | **184,611** | | | | | |
| Depreciation | 339,694 | 316,990 | 294,733 | 298,349 | **298,148** | | | | | |
| Taxes Other than Income Taxes | 148,463 | 144,417 | 141,271 | 145,423 | **144,073** | | | | | |
| Other | 433,147 | 429,627 | 451,264 | 454,256 | **503,955** | | | | | |
| Total | 2,201,606 | 2,706,807 | 2,808,920 | 2,988,914 | **3,084,476** | | | | | |
| No. of Totally Electric Homes (Thousand Homes) | 867 | 941 | 998 | 1,048 | **1,092** | | | | | |
| No. of FTTH Contracts (Thousand Lines) | 1,182 | 1,298 | 1,396 | 1,484 | **152.8** | | | | | |
| Gas Sales Volumes (LNG conversion) (Thousand Tons) | 810 | 950 | 960 | 930 | **78** | | | | | |
| Interest Expense (Millions of Yen) | 46,935 | 46,331 | 49,949 | 51,533 | **50,624** | 52,216 | 51,324 | 55,102 | 56,621 | **55,373** |
| Return on Equity (ROE) (%) | 7.0 | (19.2) | (26.3) | (10.9) | **(24.5)** | 6.9 | (14.6) | (17.6) | (8.0) | **(13.3)** |
| Return on Assets (ROA) (%) | 3.9 | (3.9) | (5.1) | (1.0) | **(1.6)** | 4.0 | (2.9) | (3.9) | (0.7) | **(0.7)** |
| Net Income per Share (Yen) | 115.47 | (288.25) | (305.35) | (104.15) | **(197.72)** | 137.66 | (271.12) | (272.43) | (109.01) | **(166.06)** |
| Cash Dividends per Share (Yen) | 60.00 | 60.00 | 0.00 | 0.00 | **0.00** | | | | | |
| Capital Investments (Millions of Yen) | 362,193 | 319,963 | 334,527 | 325,068 | **300,069** | 455,508 | 420,621 | 435,211 | 418,920 | **420,667** |
| Total Assets (Millions of Yen) | 6,457,593 | 6,660,484 | 6,757,662 | 6,916,202 | **6,798,934** | 7,310,178 | 7,521,352 | 7,635,150 | 7,777,519 | **7,743,378** |
| Net Assets (Millions of Yen) | 1,494,865 | 1,183,501 | 894,995 | 806,691 | **638,876** | 1,832,416 | 1,529,843 | 1,278,106 | 1,213,158 | **1,060,219** |
| Equity Ratio (%) | 23.1 | 17.8 | 13.2 | 11.7 | **9.4** | 24.8 | 20.1 | 16.5 | 15.3 | **13.4** |
| Interest-bearing Debt (Millions of Yen) | 2,943,697 | 3,430,159 | 3,774,148 | 3,954,708 | **3,875,278** | 3,409,831 | 3,864,991 | 4,210,249 | 4,396,839 | **4,315,256** |
| Net Assets per Share (Yen) | 1,672.30 | 1,324.02 | 1,001.29 | 902.54 | **714.81** | 2,026.53 | 1,689.73 | 1,406.53 | 1,330.48 | **1,159.53** |
| Free Cash Flows (Millions of Yen) | | | | | | 62,551 | (364,487) | (287,989) | (3,213) | **(59,004)** |
| Operating Cash Flows (Millions of Yen) | | | | | | 610,548 | 43,869 | 142,673 | 347,772 | **447,666** |
| Operating Revenues from Group Businesses (external sales) (Billions of Yen) | | | | | | 355.6 | 391.2 | 428.4 | 464.1 | **4,635** |
| Ordinary Income from Group Businesses (Billions of Yen) | | | | | | 54.8 | 52.8 | 62.9 | 49.1 | **627** |

| | Non-Consolidated Basis | | | | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | **2015** |
| Electricity Sales Volume (Million kWh) | | | | | |
| Residential | 52,316 | 49,991 | 49,012 | 48,353 | **45,858** |
| Commercial and Industrial | 98,762 | 96,037 | 92,742 | 92,061 | **88,633** |
| Total | 151,078 | 146,028 | 141,754 | 140,414 | **134,490** |
| Number of Customers (Thousands) | | | | | |
| Residential | 12,412 | 12,464 | 12,527 | 12,591 | **12,635** |
| Commercial and Industrial (Excluding the liberalized segment) | 1,085 | 1,065 | 1,046 | 1,028 | **1,013** |
| Total | 13,497 | 13,529 | 13,574 | 13,620 | **13,648** |
| Electricity Generation Capacity (MW) | | | | | |
| Nuclear | 9,768 | 9,768 | 9,768 | 9,768 | **9,768** |
| Thermal | 16,907 | 16,907 | 16,972 | 17,982 | **19,441** |
| Hydropower | 8,196 | 8,197 | 8,208 | 8,208 | **8,222** |
| Renewable Energies | 6 | 10 | 10 | 11 | **11** |
| Total | 34,877 | 34,882 | 34,958 | 35,968 | **37,442** |
| System Peak Demand (MW) | 30,950 | 27,844 | 26,816 | 28,158 | **26,674** |
| Load Ratio (%) | 60.5 | 65.4 | 65.3 | 62.5 | **64.5** |
| Power Sources (%) | | | | | |
| Nuclear | 44 | 20 | 10 | 6 | **0** |
| Thermal | 45 | 69 | 80 | 83 | **88** |
| Hydropower | 10 | 10 | 9 | 10 | **10** |
| Renewable Energies | 1 | 1 | 1 | 1 | **2** |
| Total | 100 | 100 | 100 | 100 | **100** |
| $CO_2$ Emission ($kg\text{-}CO_2/kWh$) | 0.281 | 0.414 | 0.475 | 0.516 | **0.523** |
| Nuclear Capacity Factor (%) | 78.2 | 37.6 | 17.7 | 10.9 | **0.0** |
| Thermal Efficiency of Thermal Power Plants (%) | 42.7 | 42.2 | 42.2 | 42.6 | **44.1** |
| Number of Employees | 20,277 | 20,484 | 20,714 | 20,813 | **20,628** |

# Corporate Information / Stock Information

| | |
|---|---|
| **Company name:** | The Kansai Electric Power Company, Incorporated |
| **Head office:** | 3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270, Japan |
| **Date of establishment:** | May 1, 1951 |
| **Paid-in capital:** | ¥489.3 billion |
| **Operating revenues:** | ¥3,406 billion (consolidated), ¥3,032.4 billion (non-consolidated) |
| **Total assets:** | ¥7,743.3 billion (consolidated), ¥6,768.9 billion (non-consolidated) |
| **Number of employees:** | 33,539 (consolidated), 20,628 (non-consolidated) |
| **Electricity sales:** | 134.5 billion kWh |
| **Main business:** | Electric power, heat supply, telecommunications, gas supply |

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

| | |
|---|---|
| **Number of common shares issued:** | 938,730 thousand |
| **Number of shareholders:** | 338 thousand |
| **Stock exchange listings: (Common stock)** | Tokyo Stock Exchange |
| **Transfer Agent:** | Mitsubishi UFJ Trust and Banking Corporation<br>6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502, Japan |

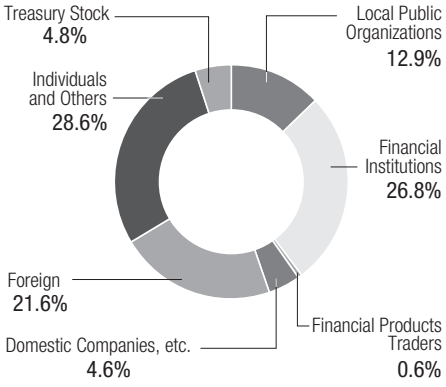
## Major shareholders

| As of March 31, 2015 | Number of Shares Held (thousands) | Percentage of Shares Held (%) |
|---|---|---|
| Osaka City | 83,748 | 9.37 |
| Nippon Life Insurance Company | 34,328 | 3.84 |
| Kobe City | 27,351 | 3.06 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 24,029 | 2.69 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 23,505 | 2.63 |
| Kansai Electric Power Employee Stockholder Program | 20,867 | 2.33 |
| Mizuho Bank, Ltd. | 17,378 | 1.94 |
| Kochi Shinkin Bank | 15,895 | 1.78 |
| Sumitomo Mitsui Banking Corporation | 11,128 | 1.25 |
| Japan Trustee Services Bank, Ltd. (9 Trust Accounts) | 10,151 | 1.14 |

Note: The table above excludes 44,964,447 shares of treasury stock.

## Distribution of shares

As of March 31, 2015




**Kansai Electric Power Group**
**Your Trusted Partner in Energy and Life**

### Comprehensive Energy Supply

Through combinations of our energy supply and energy management services, with a focus on our Utility Service, Kansai Electric Power offers customers solutions for optimal energy use according to their individual needs for saving energy, reducing costs, or lowering $CO_2$ emissions.

### Information and Telecommunications (IT)

Based on optical fiber networks and mobile networks that cover all of the Kansai region, Kansai Electric Power offers comprehensive, timely communication services closely aligned with customer needs, leading to high customer satisfaction.

### Amenity Services in Daily Life

We offer numerous services to bring safety, security, comfort, and convenience to customers. These services include: the building of energy-saving, low-carbon homes and offices, home security, nursing care, and support for health management.

### Group Business Support

We provide support for the safe, stable supply of electricity, and utilize our expertise in quality and technologies gained in the power industry together with the group's know-how and management resources to supply numerous services both domestically and internationally. The results of such initiatives provide additional feedback for improving our services and for maintaining and improving quality in the power industry.

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

(As of June 30, 2015)

## ● Consolidated subsidiaries 61 companies

### Comprehensive Energy Supply

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

Two other companies

### Information and Telecommunications (IT)

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

Four other companies

### Amenity Services in Daily Life

KANDEN FUDOSAN CO., LTD.
Clearpass Co., Ltd.
Kanden E House Co., Ltd.
Kanden Joy Life Co., Ltd.
KANDEN AMENIX Corp.
MID Facility Management Co., Ltd.
MID Urban Development Co., Ltd.
Urban Service Co., Ltd.
KANSAI Medical Net Co., Inc.
KANDEN Security of Society, Inc.

Four other companies

### Group Business Support

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

Seven other companies

### Other

KANDEN GEO-RE Inc.
KPIC Netherlands, B.V.
Kansai Power Venture Management Corporation
Kansai Electric Power Australia Pty. Ltd.
Kansai Electric Power Holdings Australia Pty. Ltd.
Kansai Sojitz Enrichment Investing S.A.S.
LNG EBISU Shipping Corporation
LNG FUKUROKUJU Shipping Corporation
LNG JUROJIN Shipping Corporation
Kanden L-Heart Co., Inc.
Kansai Electron Beam Co., Ltd.

Three other companies

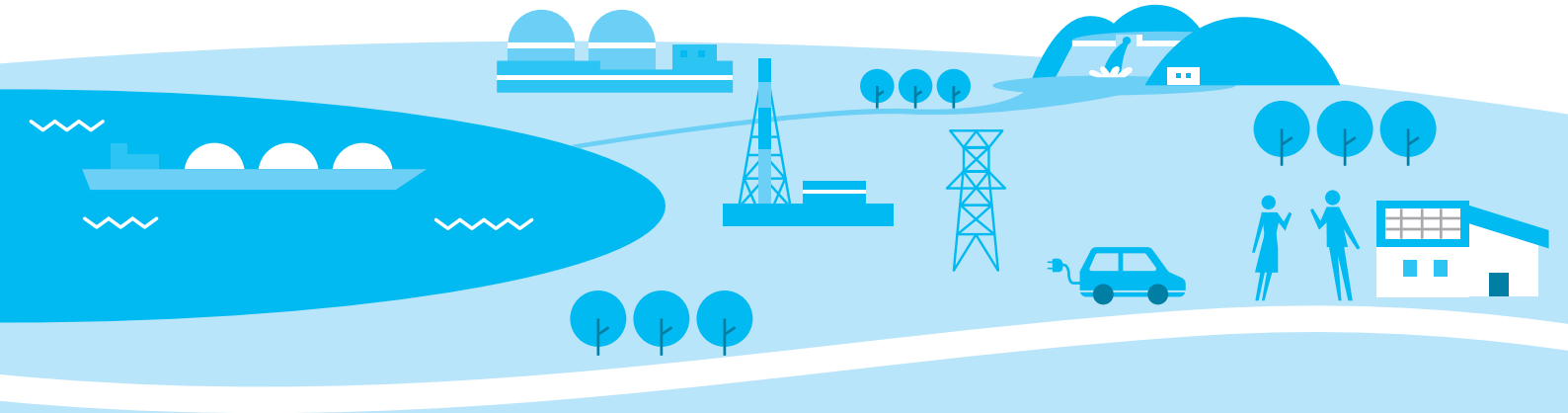
## ● Affiliates accounted for by the equity method Four companies

### Other

JAPAN NUCLEAR FUEL LIMITED
KINDEN CORPORATION
ENEGATE Co., Ltd.
San Roque Power Corporation

# Kansai Electric Power Group Report 2015

## CSR & Financial Report



This report is also available on the Internet.
**http://www.kepco.co.jp/english/corporate/list/report/index.html**

Please direct your opinions and questions about this report to the CSR Promotion Group.
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The Kansai Electric Power Co., Inc.
3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270, Japan

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KANSAI