

power with heart

We wish to be a source of power for our customers and communities by serving them with sincerity and passion.



(as of September 2017)



2017

CSR & Financial Report



Providing New Value in the New Energy Era

We began Smart Denka proposals that enable realization of lifestyles that use energy more skillfully and started sales of gas for household customers in April 2017 at the beginning of the full liberalization of the gas retail market. In order to have customers choose our company, we will continue to work with all our abilities as a comprehensive energy business that supplies not only electricity but also gas.

Electricity sales volume
(fiscal 2016 results)

121.5
billion kWh

Gas sales volume*
(fiscal 2016 results)

710
thousand tonnes

* LNG equivalent (gas and LNG total)

Number of gas contracts*
(as of the end of June 2017)

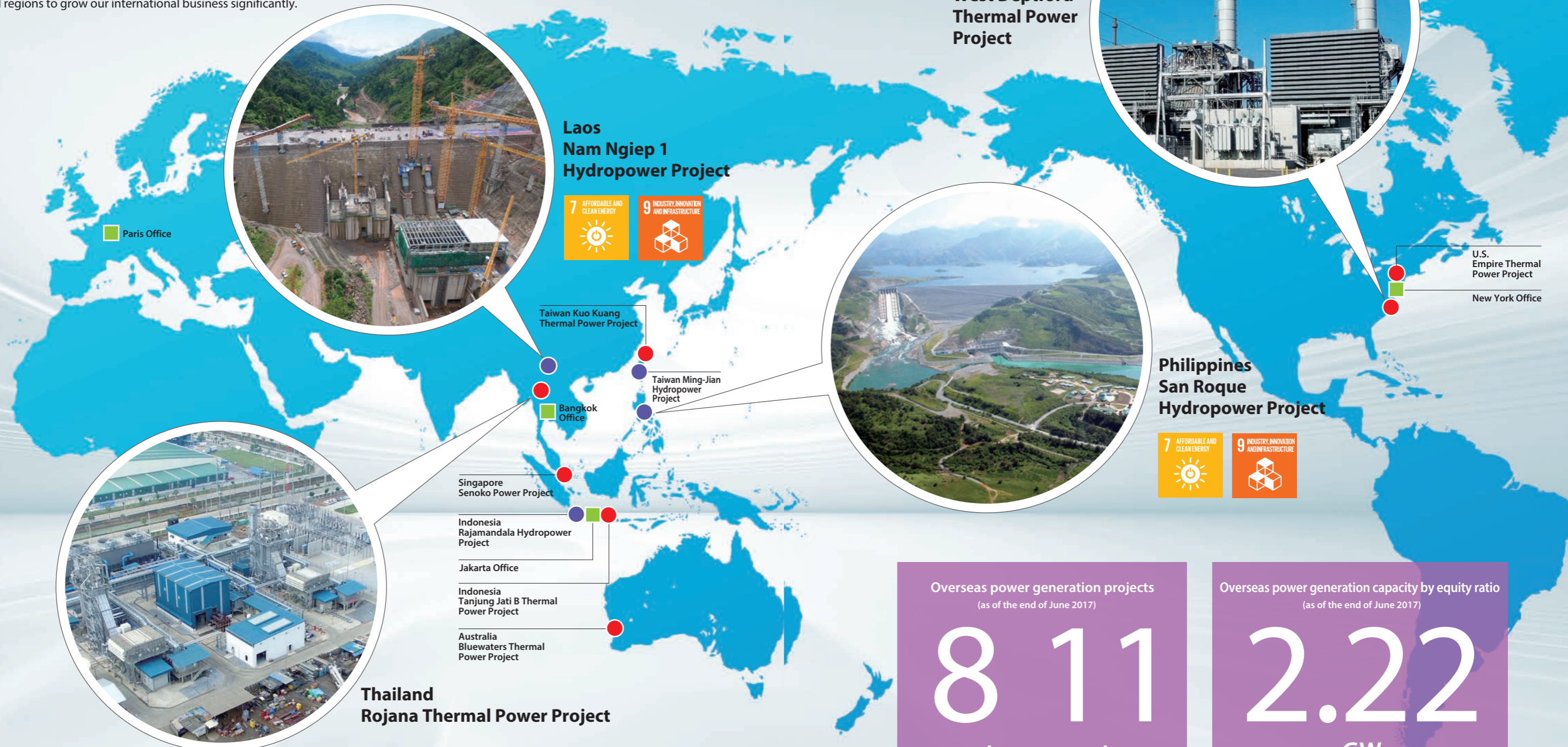
About
180
thousand contracts

* Number of gas sales contracts for customers newly eligible because of liberalization



Actively Expanding Our International Business Fields and Regions

Our company has positioned international business as one of the new pillars for growth in our Medium-term Management Plan. We plan to increase our overseas power generation capacity by equity ratio up to approximately 10–12 GW by 2025. Moreover, in addition to the representative offices established in Bangkok and Jakarta in 2016, we have decided to open a New York office in the USA to enhance information gathering functions, strengthen local networks and so on. We aim to actively expand our investment fields and regions to grow our international business significantly.



- Thermal power generation
- Hydroelectric power generation
- Overseas offices

Creation of Pioneering Information and Communications Services

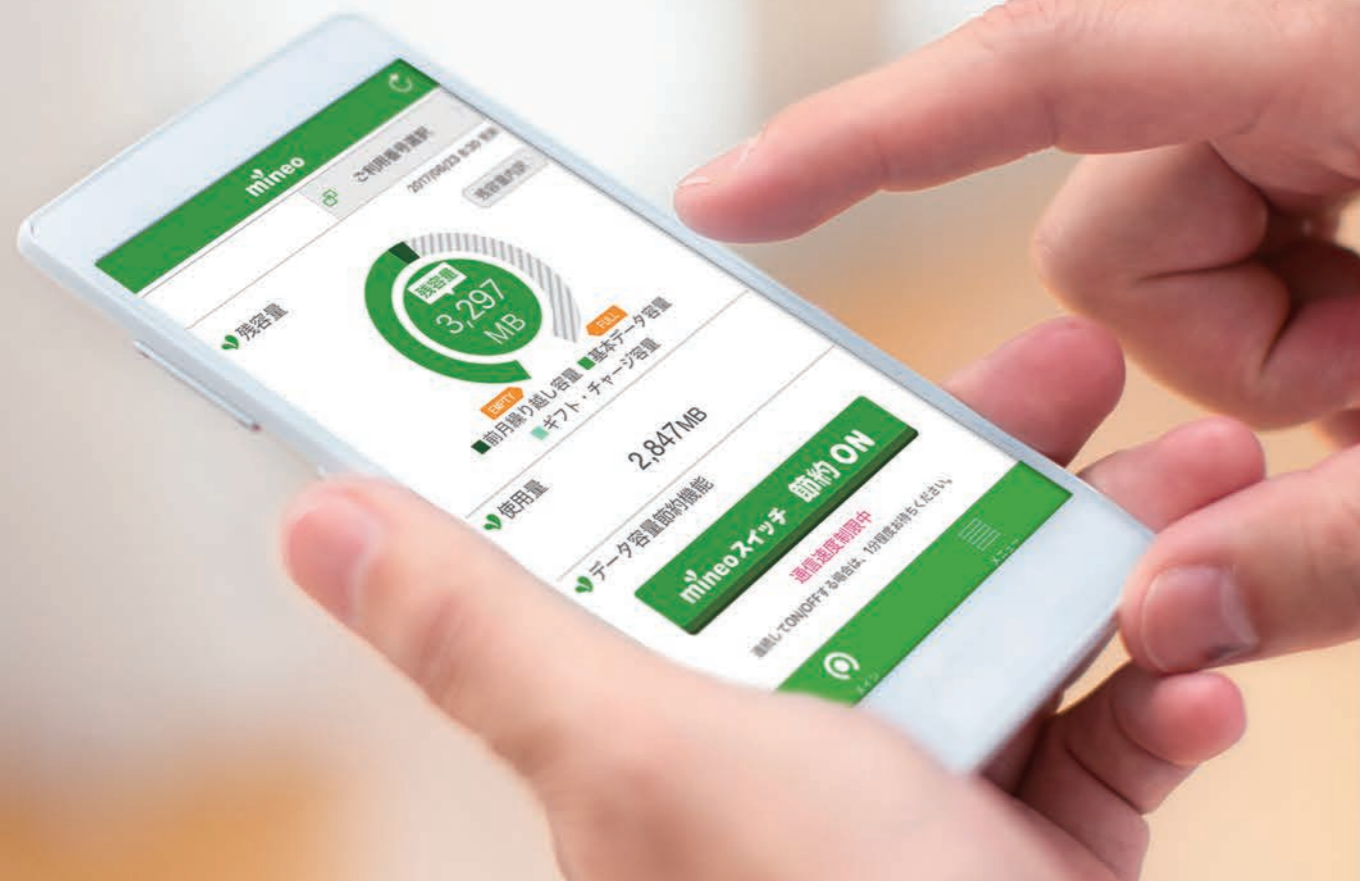
K-Opticom Corporation has been chosen by about 1.63 million customers so far, particularly for its "eo HIKARI" fiber to the home (FTTH) services.

This company is developing new services that have never been seen before in order to earn use from even more customers.

They have created the mineo mobile phone services that are "convenient, enjoyable and interesting" with their customers.

Among these, the "Free Tank" service has been favorably evaluated and won a fiscal 2016 Good Design Award.

As a result of developing services like this, the company has received contracts from over 600 thousand customers, and it is expanding its business foundations with the goal of reaching 1 million contracts as soon as possible.



Number of eo HIKARI FTTH contracts
(as of the end of March 2017)

About **1.63**
million

Number of mineo mobile phone service contracts
(as of the end of March 2017)

About **600**
thousand

Responding to Every Real Estate Need

In April 2016, we integrated the Kanden Fudosan group and MID Urban Development group in order to strengthen and promote the efficiency of our real estate business.

We will proactively develop business not only in the Kansai region but also in the capital region and overseas. We will respond to every real estate need while creating a good balance of sales, rentals and fee businesses, which include support for the creation of corporate real estate (CRE) strategies, building management and brokerage.

Condominium units supplied as our own "Cielia" brand
(total number of properties provided during fiscal 2016)

1,398
units

Investment amount in new properties
(amount invested to acquire new properties during fiscal 2016)

About **¥35**
billion

Participation in overseas project planning
(as of the end of June 2017)

3
projects

Kansai Electric Power Group Report

2017 CSR & Financial Report

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.

For the contents of the report, we referred to the 2016 GRI Sustainability Reporting Standards. (See p. 27 for details about these standards.) In addition, we have provided information for the disclosure items by industry of the GRI Sustainability Reporting Guidelines (G4). For contents related to the environment, we also referred to the Environmental Reporting Guidelines (Fiscal 2012 edition) published by the Ministry of the Environment.

Place of publication

CSR and Quality Promotion Group,
Office of Corporate Planning,
The Kansai Electric Power Co., Inc.
3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270, Japan

Report Publication Date

Published August 2017
2016: Published Aug. 2016
2018: To be published in summer of 2018

Scope of Report

Period covered: April 1, 2016, to March 31, 2017
(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.

Snapshots Main Results of Our Medium-term Management Plan

- 1 Providing New Value in the New Energy Era
- 3 Actively Expanding Our International Business Fields and Regions
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Business domains

Comprehensive energy / Power transmission and distribution business

Electricity supply

Through the flexible and steady procurement of fuel and power generation using a well-balanced combination of diverse power supplies, we are stably delivering electricity to customers and providing, for example, services that are helpful in their lives.

Gas supply

In addition to serving our factory and commercial facility customers, we have been selling city gas to households, shops and other customers since April 2017.

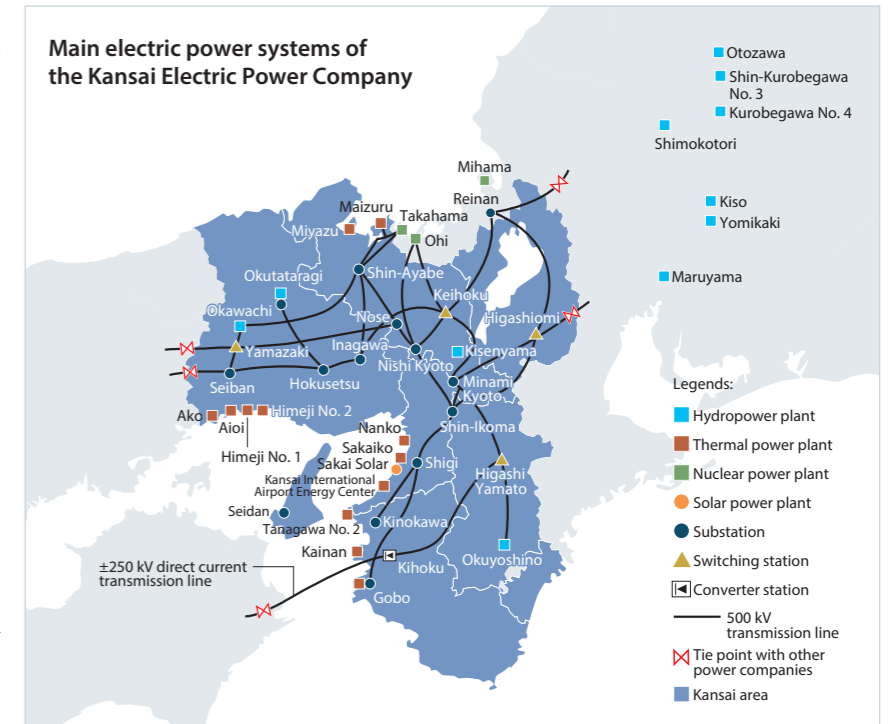


LNG tanks on the grounds of the Himeji No. 2 Power Station

Transmission and distribution business

In order to assure stable supply from a neutral and fair stance, we maintain the supply and demand balance for entire areas, construct and maintain transmission and distribution equipment and provide guaranteed service.*

* This service offered by ordinary transmission and distribution businesses is always provided for users who are unable to establish a supply contract with any retailer due to, for example, their withdrawal from the market.



International business

In 1998, we participated in an overseas power project as the first electric utility from Japan. Since then, we have been expanding our power business abroad into Asia, Australia and North America. In addition, we have been undertaking overseas consulting, such as energy master plan development and power infrastructure advising, by utilizing the technical expertise and advantages that we have developed in the electric power business in Japan.

Furthermore, we are actively conducting a wide range of international contribution and cooperation activities, including providing valuable information and capacity building workshops to foreign utility employees.



Overseas consulting



International contribution and cooperation

Information and communications business



Utilizing the optical fiber networks that are expanding throughout Kansai, we have arranged a wide menu of options that respond to customer needs, and we are providing comprehensive information and telecommunication services for households and businesses.



Real estate/Life business



We offer a variety of services related to real estate, starting with developing condominiums and other buildings that consider energy conservation. We also provide home security, health care, caregiving and other lifestyle-related services that support security, comfort and convenience in the lifestyles of our customers.



Group support business



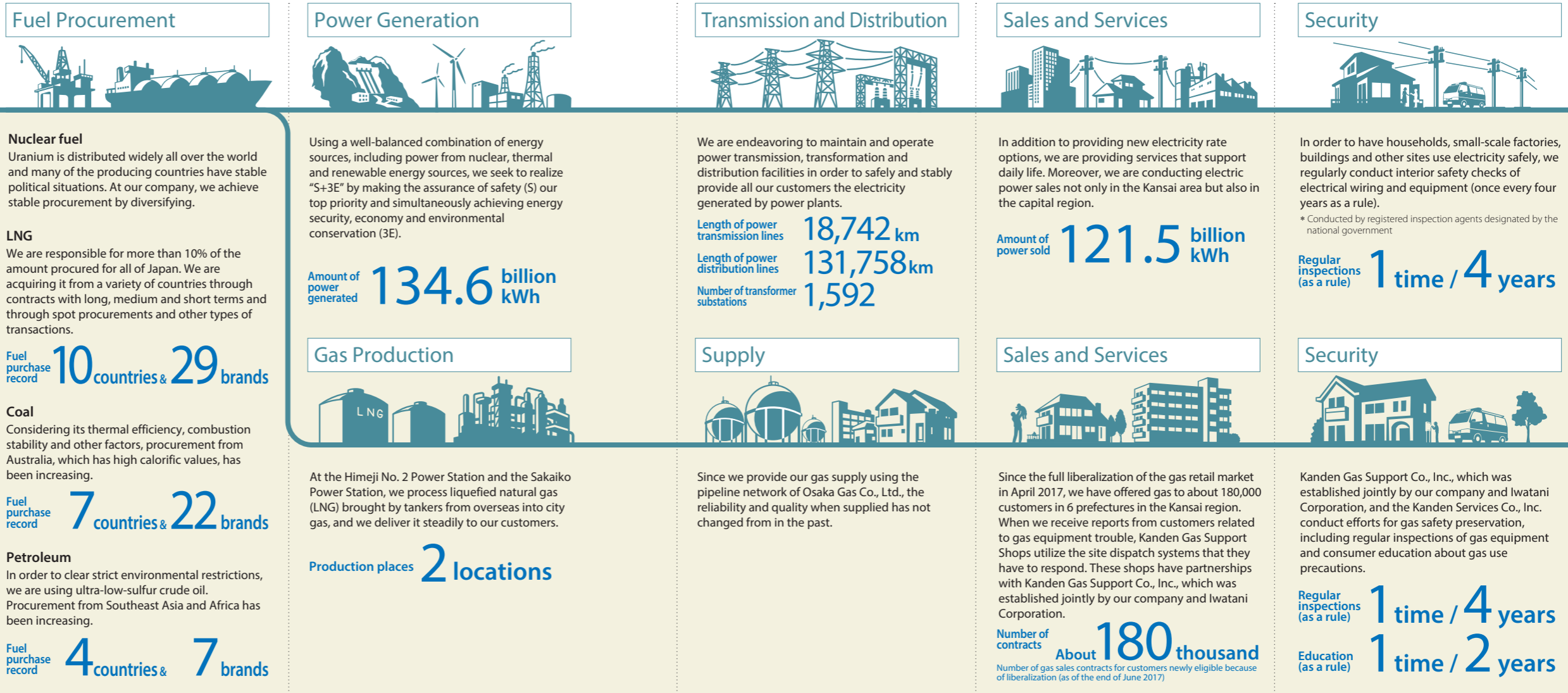
We are supporting the foundations of safe and stable electricity supplies. In addition, in a variety of situations in Japan and abroad, we are providing services that utilize the quality and expertise that we have cultivated in electric power businesses, along with our group management resources and expertise.

The energy value chains of the Kansai Electric Power

Group and demands of and impacts on society

In order to provide electric power safely and stably to customers, the Kansai Electric Power Group conducts business activities that range from fuel procurement and power generation to transmission and distribution, sales and security. We are conducting our business activities in consideration of the demands of and impacts on society in every process in order to further enhance our value chains and make services for customers have high added value. Moreover, with the full liberalization of the gas retail market from April 2017, we are also working to enhance the gas supply value chain.

Kansai Electric Power Group energy value chains



Main demands of and impacts on society

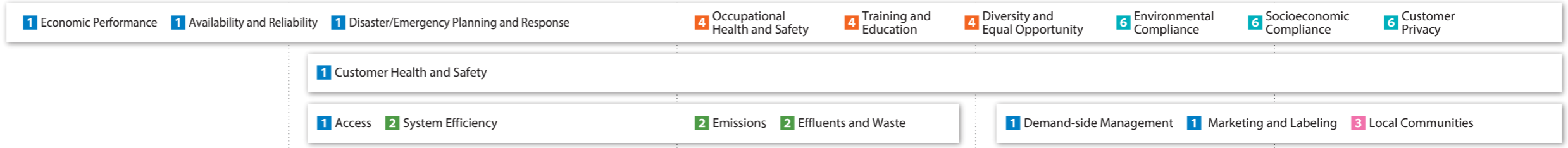
- Securing of fuel that seeks supply and demand stability and affordability for electricity and gas
- Assurance of supply capabilities for electricity and gas supply and demand stability
- Large-scale facility accidents and trouble resulting from typhoons, earthquakes, tsunamis and other natural disasters, for example
- Emission of greenhouse gases and impacts on local environments from power plants and other facilities
- Building, maintenance and operation of transmission and distribution facilities for the safe and stable supply of electric power
- Large-scale facility accidents and trouble resulting from typhoons, earthquakes, tsunamis and other natural disasters, for example
- Impacts of greenhouse gas (SF₆ gas) emissions from transformer substations, transmission facilities and distribution facilities
- Assurance of customer safety
- Expansion of products that provide customer satisfaction and services that are useful in their lives
- Contributions to conserving energy, reducing costs and reducing CO₂
- Provision of suitable information about products, services and other items of interest
- Protection of the personal information of customers
- Proactive contributions to development of local communities

Relevance to materiality

See P27 for details about materiality.

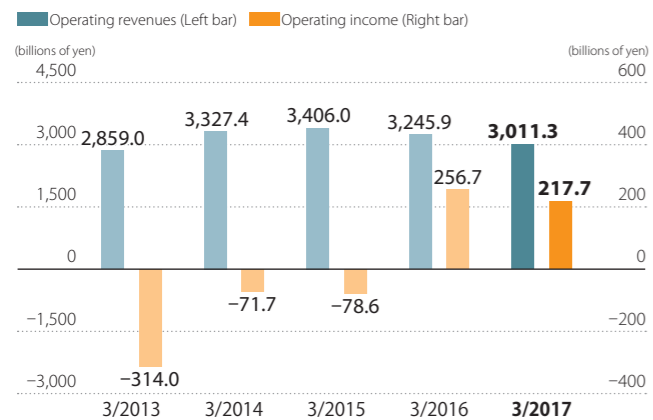
CSR Action Principles

- 1 Safe and stable delivery of products and services as chosen by customers
- 2 Proactive approach with a view to creating ever better environment
- 3 Proactive Contributions to Development of Local Communities
- 4 Respect for human rights and development of favorable work environment by taking advantage of diversity
- 5 Highly transparent and open business activities
- 6 Strict enforcement of compliance

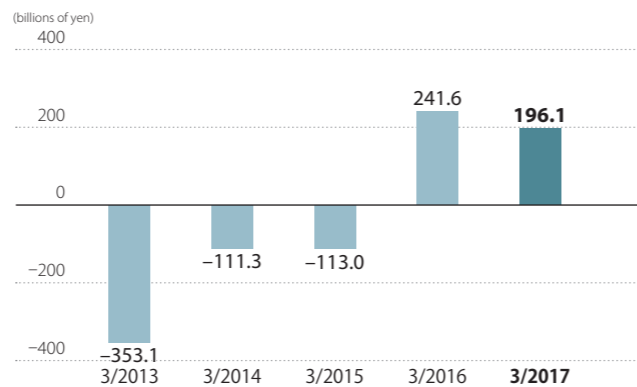


Financial

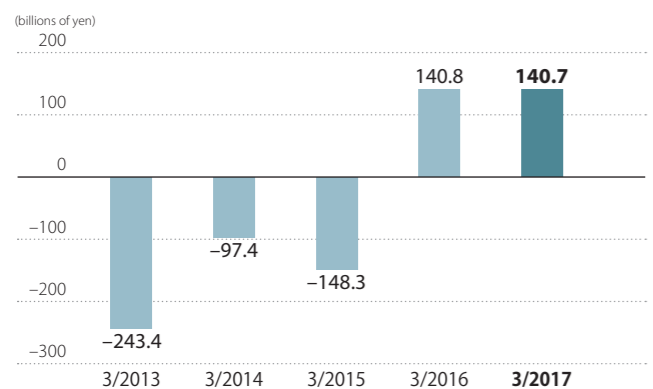
Operating revenues / Operating income



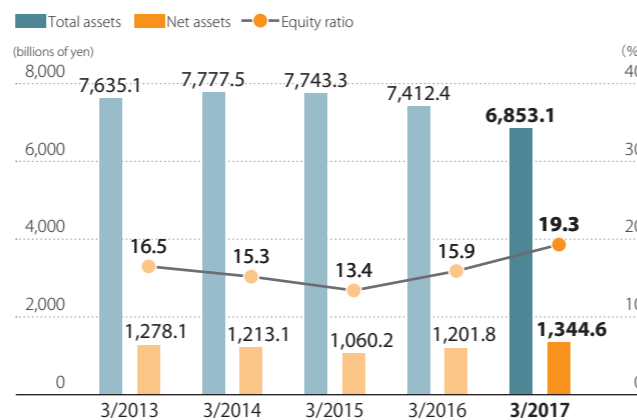
Ordinary income



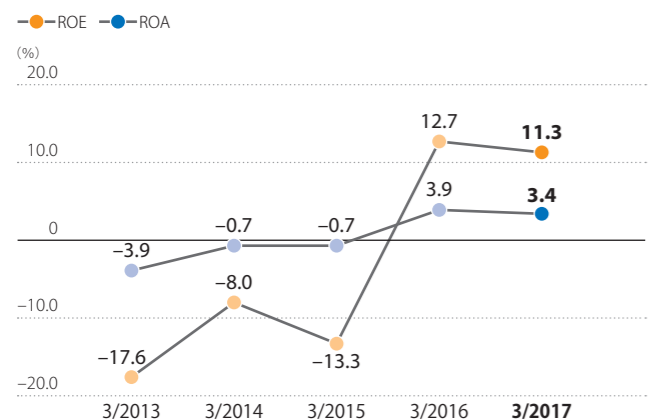
Net income attributable to shareholders of the parent for this fiscal year



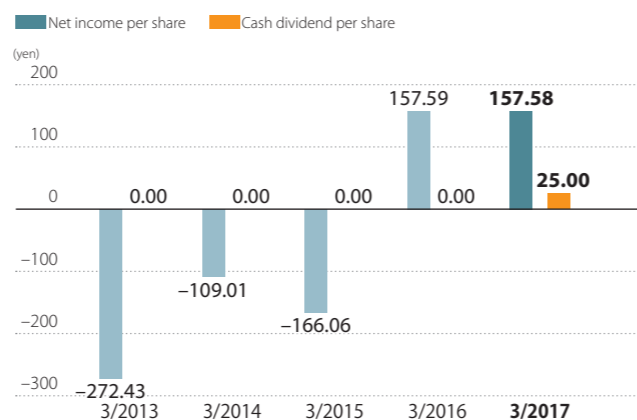
Total assets, Net assets, Equity ratio



ROE, ROA

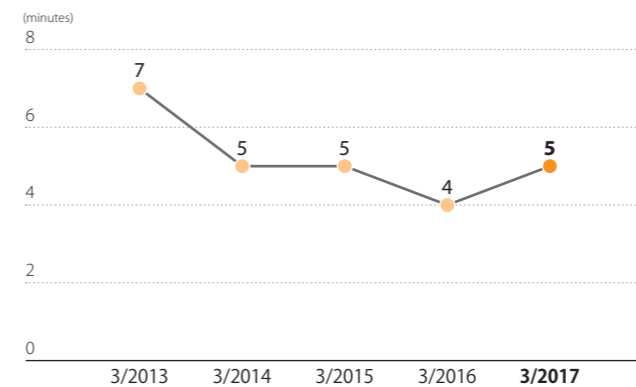


Net income per share / Cash dividend per share

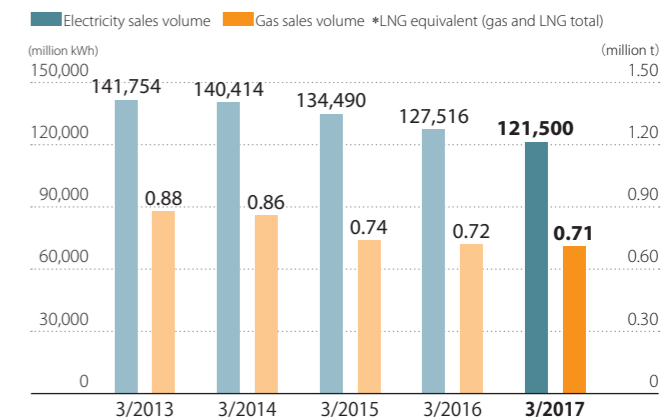


Nonfinancial

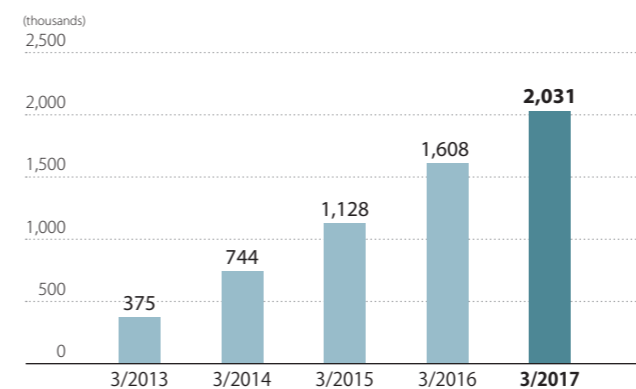
Annual duration of power outage per household



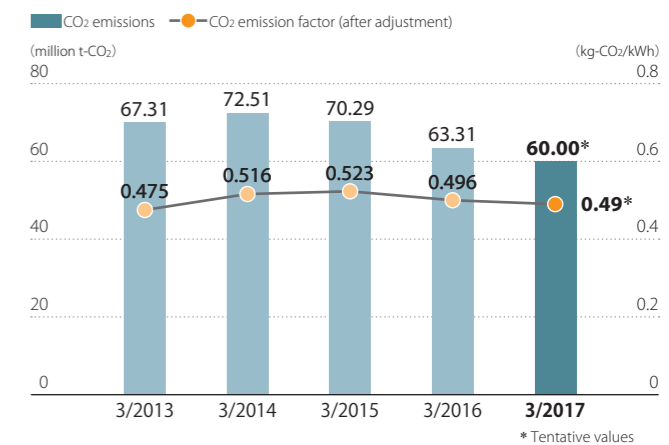
Electricity sales volume / Gas sales volume



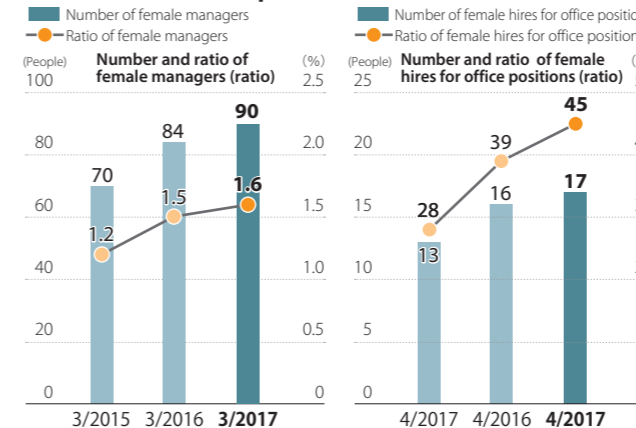
Number of "Hapi e-Miruden" participants



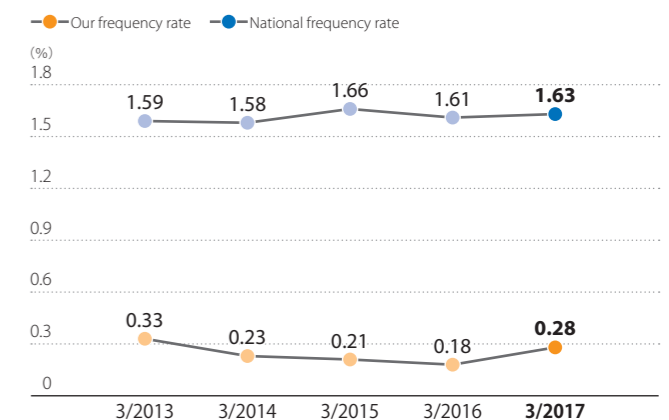
CO2 emissions / CO2 emission factor



Number of female managers and Number of female hires for office positions



Accident frequency rate





The KEPCO group aims to become the choice of our customers now and forever.

We wish to express our deep gratitude to all of you for the exceptional consideration.

The Kansai Electric Power Group is taking on a variety of measures based on the three pillars for growth described in our Medium-term Management Plan (2016–2018). They are the “Enhancement of competitiveness in the comprehensive energy business,” the “Establishment of new pillars for growth” and the “Strengthening of group management foundations.” With the determination to “Challenge,” our entire group has been working hard on various initiatives.

Throughout fiscal 2016, the Medium-term Plan’s first year, we had to face challenging business conditions without restarting any of our nuclear power plants when the electricity retail market was fully liberalized and competition intensified with other utilities and new entrants from outside the utility industry.

In spite of these conditions, we were able to make good progress toward achieving our goals and stay in the black by steadily advancing efforts for our Medium-term Plan, including promotion of our comprehensive energy supply business.

This is truly thanks to the support we have received from all of you, and we once again would like to express our sincere gratitude.

Since the gas retail market was completely liberalized in the beginning of fiscal 2017, competition in the energy business has become fiercer. Our corporate group is increasingly facing challenges in terms of business management.

Looking back, our corporate group has been able to continue its businesses for this long based on the trust we have received from all the people in our communities, including our customers.

Even in this age of intensifying competition, this trust continues to be a precious asset which forms the foundation of our business.

Based on this recognition, every member of our group deeply holds the belief that “we wish to become a dependable source of ‘power’ for our customers and communities by providing service with sincerity and passion.” By approaching the views and feedback of our customers and communities and making more and more efforts in line with this statement, all our group corporations keep striving to be the choices of our current and potential customers now and forever.

Our group continues to conduct business with a focus on “safety as the top priority” and “surely fulfilling CSR obligations” as key guidelines for action. In addition, by steadily moving forward with our Medium-term Management Plan, we will fulfill our duties and “keep on changing to fulfill an unchanging mission” to “serve our customers and communities.” We are applying all our abilities so that we can contribute to the sustainable development of society and the realization of a bright and affluent future.

We ask all of you to continue to provide your unchanging support and encouragement in the future.

Makoto Yagi
Chairman and Director

Shigeki Iwane
President and Director

The Kansai Electric Power Group Has a Solid Sense of Values



As a unified group, we continue untiring efforts to powerfully advance our Medium-term Management Plan and move forward with it.

Progress in the implementation of the Medium-term Management Plan and fiscal 2016 operating results

In fiscal 2016, seeking to grow in a new energy era, our corporate group formulated the Kansai Electric Power Group Medium-term Management Plan (2016–2018) and steadily moved forward with the “Enhancement of competitiveness in the comprehensive energy business,” the “Establishment of new pillars for growth” and the “Strengthening of group management foundations.”

In our comprehensive energy supply business, our efforts included offering “Smart Denka” proposals to enable the realization of lifestyles that use energy more efficiently, incorporating new rate options, and starting electricity sales to household customers in the capital region. Moreover, in preparation for the full liberalization of the gas retail market in April 2017, we established Kanden Gas Support Co., Inc. as a company that provides total support from sales to safety for Kanden Gas. We also strengthened sales channels through alliances with other companies and made other efforts that enabled us to have over 100,000 applications at the start of liberalization. Furthermore, on top of assuring safe and stable supplies, we worked to maximize efficiency in our transmission and distribution businesses.

Our corporate group has identified the three fields of international, information and communications, and real estate as new pillars for growth. In these fields, we participated in two thermal power projects in the USA, spread the “mineo” mobile phone service, and acquired real estate properties in the capital region, for example.

As a result of these initiatives, I believe that we made significant progress in fiscal 2016 toward achieving the goals of our Medium-term Management Plan.

As we press forward with our Medium-term Management Plan in these ways, in terms of the consolidated income and expenses for 2016, our operating revenues were 3,011.3 billion yen. Our ordinary revenue, including non-operating revenue, decreased by 227.3 billion yen from the previous fiscal year to 3,068.1 billion yen. On the other hand, we also reduced our ordinary expenses 181.7 billion yen to 2,872.0 billion yen compared to the previous fiscal year. As a result, our ordinary income was 196.1 billion yen, and net income attributable to owners of the parent company was 140.7 billion yen.

Looking at each business independently, the income of our residential/commercial and industrial electric power businesses declined because of reduced total electricity sales volume and fuel cost adjustments among other factors, so its operating revenue fell compared to the previous fiscal year. On the other hand, expenditures were reduced thanks to efforts to make business more efficient and decreased thermal fuel costs due to the drop in fuel prices and the high-valued yen among other factors. Despite this, however, ordinary income decreased compared to the previous fiscal year.

In terms of income in the gas and other energy fields, due to lower gas sales prices and other factors, both operating revenue and ordinary income decreased compared to the previous fiscal year.

Income in the information and communications field grew with increased operating revenue compared to the previous fiscal year due to growth in the numbers of subscribers for our “eo HIKARI” FFTH, “mineo” mobile phone, and “eo Denki” electricity retail

services. As for expenditures, although operating expenses also increased mainly because of sales promotion expenses related to acquiring subscribers for the mineo and eo Denki services, ordinary income grew compared to the previous fiscal year.

In our real estate and lifestyle businesses, reduced depreciation expenses in the real estate business and other factors enabled ordinary income to increase.

Income in other business fields improved, with increased operating revenue compared to the previous fiscal year due to, for example, more construction orders resulting from active sales development by companies that support group businesses. In terms of expenditures, on the other hand, expenses for periodic inspection work at power plants decreased for companies that support group businesses, which led to a decline in ordinary income compared to the previous fiscal year.

		(billions of yen)			
		FY 2016	FY 2015	Increase/Decrease	
Comprehensive energy / Power transmission and distribution	Electric power	Direct sales operating revenue	2,556.5	2,795.7	-239.1
		Ordinary income	144.4	190.2	-45.7
	Gas/other energy	Direct sales operating revenue	93.2	104.2	-11.0
		Ordinary income	6.2	17.9	-11.6
	Total	Direct sales operating revenue	2,649.8	2,900.0	-250.2
		Ordinary income	150.7	208.1	-57.3
IT/Communications	Direct sales operating revenue	185.6	174.8	+10.8	
	Ordinary income	18.3	15.1	+3.2	
Real estate / Life	Direct sales operating revenue	95.5	95.6	—	
	Ordinary income	12.8	11.0	+1.8	
Other	Direct sales operating revenue	80.7	75.8	+4.8	
	Ordinary income	23.5	25.4	-1.8	

• The values in this table are, as a rule, simple totals from the results of each company before intra-company elimination in consolidated balance sheets, for example. (amounts equivalent to equity factored in for affiliated companies accounted for by the equity-method)
• Ordinary income means income before provision for reversal of reserve for fluctuations in water level, special items and income taxes.

		(billions of yen)		
		FY 2016	FY 2015	Increase/Decrease
Reference	Profit target	-1.0	2.5	-3.5

In April 2017, considering the progress of the Medium-term Management Plan and changes in business circumstances, we formulated “Key Initiatives for the Realization of the Medium-term Management Plan (2017).” This specifies efforts from the plan that should be advanced and strengthened with particular focus in order to achieve its goals with more certainty. In fiscal 2017, we will continue to advance our business activities with a focus on these “key initiatives,” and work persistently toward the realization of our Medium-term Management Plan.

Utilization of nuclear power generation with the assurance of safety as a prerequisite

Since the accident at Mihama Nuclear Power Station Unit 3 in August 2004, our entire company has been unified in undertaking “safety first” business activities as the highest priority of our management. Reflecting on the lessons from the disaster at the Fukushima Daiichi Nuclear Power Station, which belongs to Tokyo Electric Power, in

June 2014, we organized our independent efforts for improving safety in nuclear power generation in a road map entitled “Further Strengthening of Ongoing Voluntary Efforts to Enhance Nuclear Safety.” Since then, we have publicly reported our status of progress semiannually. In August the same year, we stated our resolution to strive unceasingly to improve safety in nuclear power generation in our Commitment to Enhancing Nuclear Safety and established this statement as one of the most important rules for our companies. We did this so that every executive and other employee sufficiently recognizes the unique characteristics and risks of nuclear power generation and never forgets for even a moment the gravity of accidents. In keeping with this commitment, under the leadership of our president, the company is unified in maintaining the safety of every member of society, starting with neighboring communities, and in protecting the environment.

Moreover, considering the crane collapse accident that occurred at Takahama Power Station Unit 2 in January 2017, we will use our abilities to ensure nuclear power safety and raise safety awareness in unity with our subcontractors so that we never let the same type of accident occur again. In addition, our road map for fiscal 2017 and after will reflect measures in consideration of the crane collapse accident. In the future, we will continue to go beyond rules frameworks as we advance independent and sustained efforts toward improving the safety of nuclear power generation.

As for our company, while earning the understanding of the members of neighboring communities, we will continue striving to implement nuclear power plant operations with safety as the highest priority.

Shareholder returns

In order to distribute the results of our business success as the Kansai Electric Power Group to our shareholders appropriately, after assuring the financial health of the company, we make maintaining stable dividends our fundamental policy for shareholder returns.

In fiscal 2016, holistically taking into account our business conditions, including results that stayed in the black for a second consecutive term, the ongoing recovery of our damaged financial health, and income and expense conditions for fiscal 2017 and on, we decided to make distributions of 25 yen per share, which is a resumption of dividends.

In conclusion

In fiscal 2017, the gas retail market was fully liberalized, and the energy industry was thrust into an era of truly free competition. Even in this era of competition, earning trust from our customers is the foundation of our business. As a best partner for living and business needs, we continue to seek to be trusted and chosen so that we can grow and become one of the leading companies in Japan in the energy sector.

We ask all of you to provide your continued understanding and support in the future.

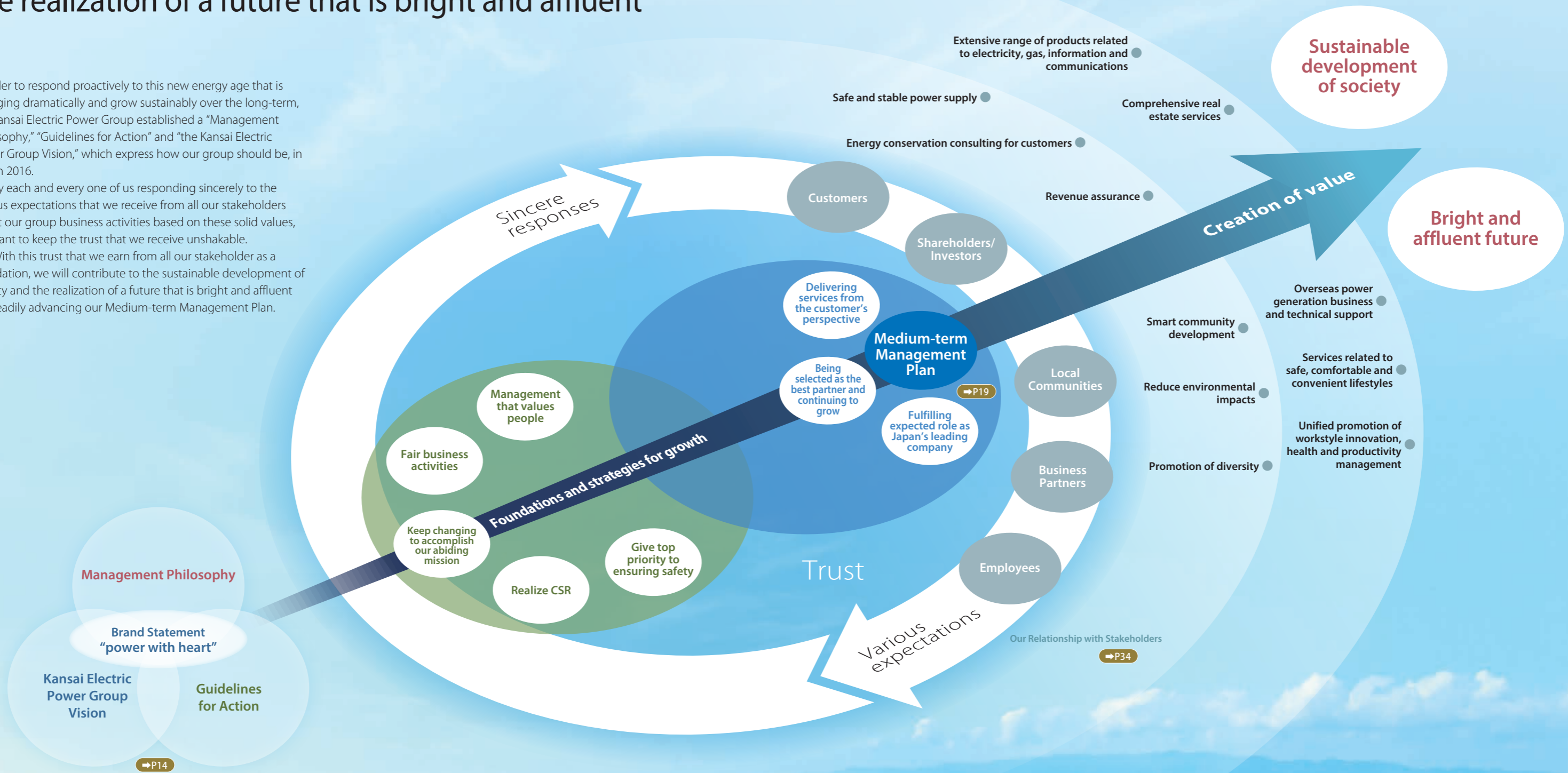
Shigeki Iwane
President and Director

Toward the sustainable development of society and the realization of a future that is bright and affluent

In order to respond proactively to this new energy age that is changing dramatically and grow sustainably over the long-term, the Kansai Electric Power Group established a "Management Philosophy," "Guidelines for Action" and "the Kansai Electric Power Group Vision," which express how our group should be, in March 2016.

By each and every one of us responding sincerely to the various expectations that we receive from all our stakeholders about our group business activities based on these solid values, we want to keep the trust that we receive unshakable.

With this trust that we earn from all our stakeholder as a foundation, we will contribute to the sustainable development of society and the realization of a future that is bright and affluent by steadily advancing our Medium-term Management Plan.



Kansai Electric Power Group Medium-term Management Plan (2016–2018)

Management direction and what we aspire to become in 10 years

Become a highly profitable business group.

We have achieved high profitability through realization of an increase in business efficiency and enhancement of competitiveness, provision of new products and services, proactive use of alliances, business activities focused on our competitors' movements, profitability and so on.

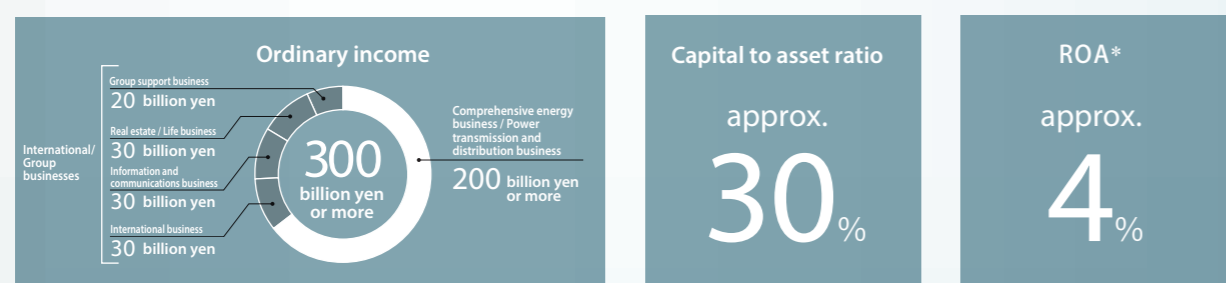
Expand business fields.

Through our efforts to boldly expand our business fields (business domain/area) without being tied to existing businesses, in pursuit of fresh growth for our Group, the entire Group has grown into a business group much larger than it was before the Great East Japan Earthquake.

Build a robust management base.

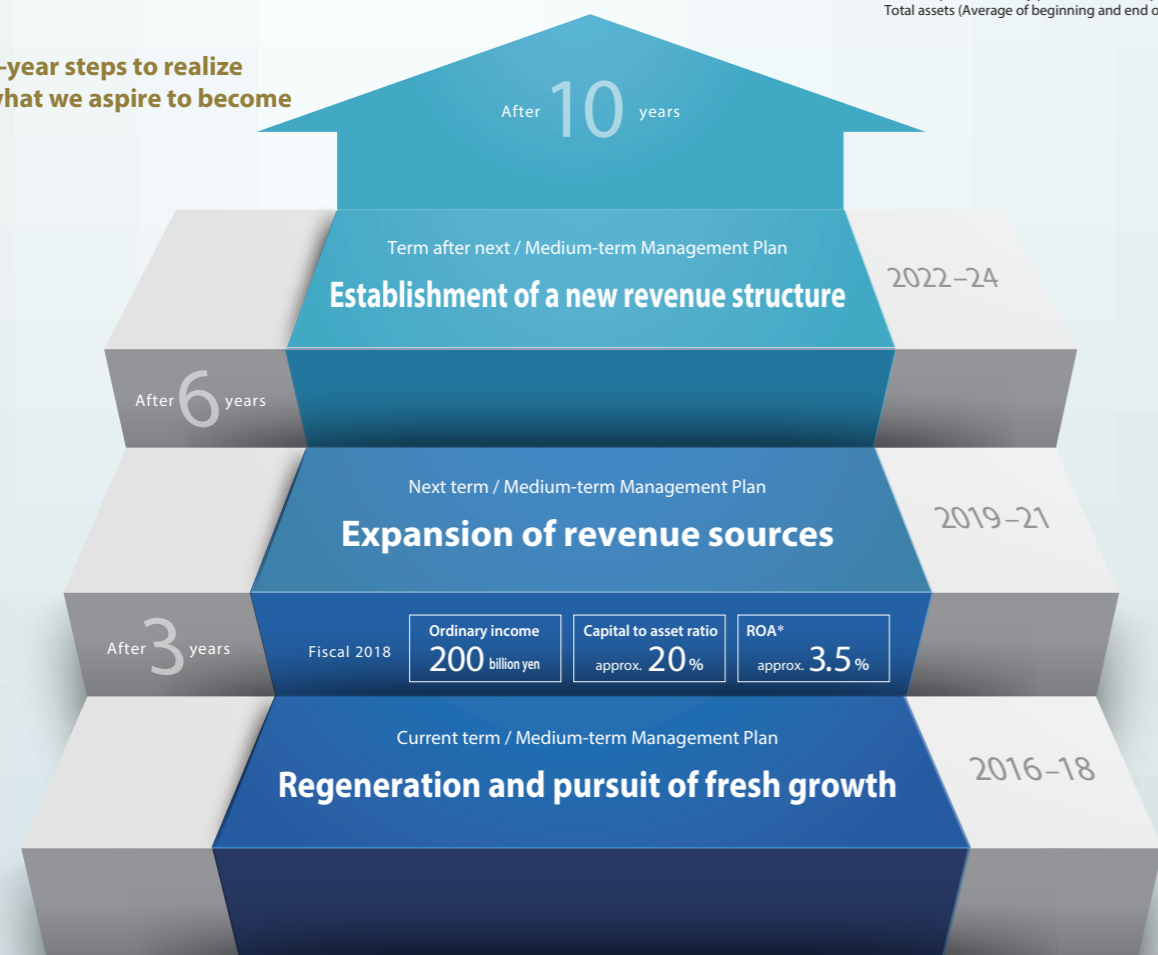
We have established a robust management base which enables agile and effective response to environmental changes, and have also been moving forward tirelessly as Japan's leading company in the energy sector.

10-year financial goals (for fiscal 2025)



* Business profit (Ordinary profit + Interest expense) ÷ Total assets (Average of beginning and end of term)

3-year steps to realize what we aspire to become

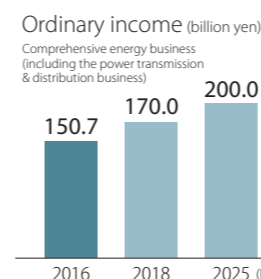


Challenge.

— Toward the growth of the Group in a new energy era —

Key approaches and priority measures for realizing what we aim to become

1 Enhancement of Competitiveness in Comprehensive Energy Business

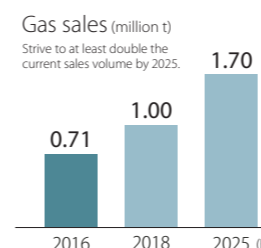


Enhancement of marketing and sales strategies

- Thorough management streamlining to enhance our price competitiveness
- Providing and expanding products and services by making full use of both the internal and external alliances
- Expansion of the integrated business combining electricity and gas with the group service.
- Full-scale entry into markets outside the Kansai Region focused on the metropolitan area.
➔ Set our target to 10 TWh sales in 10 years around the metropolitan area.

Strengthening of competitiveness in power supply (realization of a power structure achieving S+3E)

- Promotion of efforts towards strengthening of competitiveness to achieve S+3E.
 - Restart of nuclear power plants
 - Secure promotion and streamlining of electric power development towards enhanced competitiveness.
 - Active development of hydro- and renewable-energy power supplies.



Active expansion of the gas business

- Entry into the home-use market and expansion of sales to corporate customers to include the newly-deregulated range

Active promotion of alliances among operators

- We will actively promote alliances among operators by making full use of the individual advantages to improve the company's value and solve the problems common to us.

Further promotion of reform of cost structure

- Promotion of thorough streamlining, including "procurement and logistics reform" and "work process reform," in order to increase competitiveness

Main results

Introducing new rates plans and promoting the appeal of Smart Denka

In response to the full liberalization of the retail market for power in April 2016, we have increased customer options so that more of them will continue to choose our business. In January 2016, we started accepting applications for our new "e-Smart 10" electricity rates plans, which benefit customers that use more electricity at night and customers that use great amounts of electricity. In addition, in October the same year, we launched the "e-otoku Plan" with electricity rates that benefit families and other residential customers that use relatively high amounts of electricity.

Moreover, we are working to provide Smart Denka services to enable more skillful use of energy and realize lifestyles that reduce lighting and fuel expenses. We make this possible by combining use of EcoCute, heat pump equipment for hot water supply, which has high energy saving performance, and our "Hapi e-Time" discount electricity rate options with our "Hapi e-Miruden" web service that provides confirmation of electricity charges and other data along with contents that are useful for daily life.

Start of Kanden Gas sales

Kanden Gas "Nattoku Plan"

In preparation for the full liberalization of the retail market for gas in April 2017, we publicized our "Nattoku Plan" and other gas rate options in December 2016. In the first year of the full liberalization of the gas retail market (fiscal 2017), we have been advancing sales efforts with the goal of "at least 200,000 customers who are newly eligible because of the liberalization." As of the end of June 2017, we had received approximately 180,000 applications. We will achieve this goal early and continue to work towards achieving the goal established in our Medium-term Management Plan, which is a "target sales volume of 1.7 million tons for our entire gas business in 10 years (fiscal 2025)."

Establishment of Kanden Gas Support Co., Inc.

In January 2017, we established Kanden Gas Support Co., Inc. jointly with Iwatani Corporation to exclusively handle Kanden Gas, and provide complete support to customers from sales to maintenance, including equipment repair and replacement purchases.

Kanden Gas Support Co., Inc. and the Kanden Gas Support Shops with which it has partnerships will respond quickly and conscientiously to customer needs related to the sale of gas devices and alarms, for example.

Furthermore, in order to enable customers to use gas safely and with peace of mind, Kanden Gas Support Co., Inc., Kanden Gas Support Shops and The Kanden Services Co., Inc. cooperate in undertaking steady efforts for gas safety preservation, including regular inspections of gas equipment and consumer education about gas use precautions.



Kanden Gas promotion on the street



Kanden Gas Support Shop

Main results

Supplying electricity to customers in the capital region

Reaching out with the electric power business that we have developed in Kansai, our company began selling our “Hapi e-Plus” electricity rates plans in the capital region in July 2016 in order to “continue to serve customers and society.” Starting with promotions on our company website, for example, as well as proposals to customers made by our sales representatives, which include Joshin Denki Co., Ltd., and member shops of the Electrical Products Association of Tokyo, we have increased the number of customers who are choosing “Hapi e-Plus”. We will continue striving to expand services that meet customer needs, including those in the capital region, so that we can further increase the number of contracts.

Moreover, we have been steadily increasing supplies of electricity in the corporate field with subsidiary company Kanden Energy Solution Co., Inc. as the main supplier since April 2014. We will continue to make efforts to have customers choose our group by expanding alliances with corporations that have customer bases in the capital region and by advancing a wide range of offerings based on customer needs, including comprehensive proposals that combine utility services and electric power supplies.



Developing electricity sales in the capital region



Efforts for the restart of nuclear power plant operation

Restart of Takahama Power Station Units 3 and 4 and nuclear reactor installation and upgrading permit for Ohi Power Station Units 3 and 4

On March 9, 2016, a provisional disposition preventing the resumption of operation was issued by the Otsu District Court for Takahama Power Station Units 3 and 4, halting their operation. On March 28, 2017, however, the Osaka High Court accepted the arguments of our company and lifted this disposition preventing the resumption of operation. With safety as our highest priority, our company steadily advanced preparation work for the resumption of operation, and Unit 3 started power generation on June 9, while Unit 4 resumed commercial operation on June 16. We will continue safe and stable operation in the future and link this to restoring trust in nuclear power.

On May 24, 2017, Ohi Power Station Units 3 and 4 received a nuclear reactor installation and upgrading permit from the Nuclear Regulation Authority. With the understanding of the people in the community where it is located and safety as our top priority, we will continue to advance preparations to resume operation of Ohi Power Station Units 3 and 4.

Approval of operating period extensions for Takahama Power Station Units 1 and 2 and Mihama Power Station Unit 3

On June 20, 2016, Takahama Power Station Units 1 and 2 were the first in the country to receive approval for operating period extensions to 60 years from the start of their operation from the Nuclear Regulation Authority. This was followed by Mihama Power Station Unit 3 receiving approval on November 16. Every part of our company will continue making efforts to gain the understanding of members of society, starting with the communities near these facilities, regarding the necessity and safety of continued operation after 40 years.



Takahama Power Station Units 3 and 4 have resumed operation



Operators connecting Takahama Power Station Unit 4 to the transmission network

Proactive development of renewable energy sources

In order to diversify energy and reduce carbon in electricity generation, we have been proactively working to develop renewable energy sources with a development goal of 500,000 kW by 2030. By the end of fiscal 2016, we had achieved about 110,000 kW.

In fiscal 2016, we began operation of the Yamazaki Solar Power Plant (1,980 kW) in Shiso City, Hyogo Prefecture and the Asago Biomass Power Plant (5,600 kW), which uses unused domestic wood material, in Asago City, Hyogo Prefecture. In addition, we are also studying the feasibility of offshore wind power generation in Akita Prefecture and onshore wind power generation in Oita Prefecture, for example. Moreover, in May 2017, in Nankan-cho, Kumamoto Prefecture, we



Asago Biomass Power Plant



Image of completed test facility in Nankan-cho, Kumamoto Prefecture

participated in planning empirical tests for combined heat and power generation using bamboo and tree bark materials. This project links bamboo procurement with the manufacture of building materials and the generation of combined heat and power supply. We are working jointly with local enterprise in seeking the development of a renewable energy source that contributes to invigorating the community and resolving the harmful spread of bamboo, which is a problem recognized throughout Japan. In the future, we will continue to work proactively to develop and adopt diverse renewable energy sources both in and outside of Japan through, for example, developments in alliance with other companies and joint development with members of communities.

Active promotion of alliances among operators

Mutual cooperation agreement involving five companies in western Japan

The Hokuriku Electric Power Company, the Chugoku Electric Power Company, the Shikoku Electric Power Company, the Kyushu Electric Power Company, and our company have agreed to mutually cooperate to further enhance measures both for preventing expansion of damage and for recovering from disaster in a nuclear emergency. Moreover, our five companies are cooperating in initiatives for the further safe and smooth decommissioning of nuclear reactors and for establishing specialized safety facilities.

A nuclear emergency evacuation drill was held in the Takahama region on August 27, 2016 with the cooperation of various government bodies, including the national government, the prefectural governments of Fukui, Kyoto and Shiga, and the Union of Kansai Governments. Based on the mutual cooperation agreement of the five power companies, we conducted drills involving support from other power companies for the first time and otherwise confirmed approaches for improving the effectiveness of emergency responses.



Information sharing and support requests using teleconferencing during the training

Technical cooperation agreement among four PWR companies

The Hokkaido Electric Power Company, the Shikoku Electric Power Company, the Kyushu Electric Power Company and our company, which have nuclear power plants with pressurized water reactors (PWR), have agreed to undertake technical cooperation to improve safety, making use of the advantage that we use the same reactor type.

Specifically, our four PWR-using companies are undertaking technical cooperation in activities that contribute to improving PWR safety in three areas: “the promotion of safety improvement evaluations,” “the expansion of sharing knowledge, expertise and other advances from overseas related to plant operation and management” and “the advancement of investigations and examinations into the new technologies of the next generation of light-water reactors for enhancing existing reactor safety.”

Strategic cooperation with Tokyo Gas Co., Ltd.

Based on a relationship of trust between the two companies, we are advancing investigations for strategic cooperation that utilizes the strengths of both companies in a variety of fields, including fuel procurement, power plant operation and maintenance, electric power development and the joint participation in planning overseas projects. As one of these efforts, in addition to “cooperation that contributes to improving flexibility in LNG procurement” and “technical cooperation related to the operation and maintenance of LNG thermal power,” we are one of three companies, including Itochu Corporation, participating in the Empire Generating Project in North America.

Efforts related to increasing efficiency

In fiscal 2016, we made the same kinds of thorough efforts to improve efficiency as we had in the previous fiscal year, including reviewing business and construction details and reducing procurement costs. As a result of generally steady efficiency improvements, we achieved ¥259.2 billion in greater efficiency compared to before our rate increase request in fiscal 2012. We will continue to adopt new construction methods and review business management methods, and reduce material and equipment procurement costs, for example, as we strive to maximize business efficiency and work towards efficiency standards that surpass our previous records.

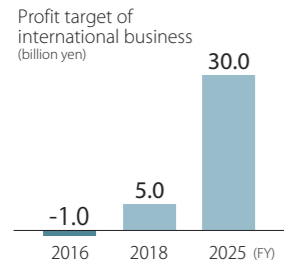
Status of efficiency efforts for fiscal 2014–2016 (billions of yen)

Expenditure item	FY 2014	FY 2015	FY 2016
Personnel expenses	37.6	49.0	46.5
Fuel expenses and purchased electricity fees	94.1	62.4	89.2
Expenses related to capital investments	10.3	12.8	11.1
Maintenance costs	60.7	62.8	58.7
Miscellaneous expenses	52.6	61.2	53.7
Total	255.3	248.1	259.2

(Figures may not match due to rounding up.)

Pillars and key measures for our efforts toward realizing what we aim to become

2 Establishment of new pillars for growth



Dramatic growth of international businesses

- We will expand the investment fields and regions to become a leading international IPP business player in Japan.
 - Strengthening of the capacity of creating and processing businesses to ensure new businesses (Strengthening of the local network through deployment of overseas offices, etc.)
 - Cultivation and securing of international personnel with high levels of specialization and abundant experience

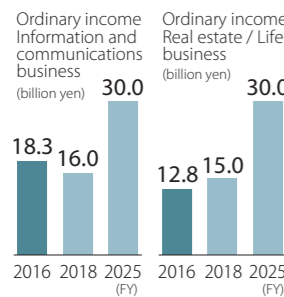
Further growth of Group businesses

Information and communications

- We will strive to strengthen our customer base and create value-added services to become an information and communications service provider, who is selected also by customers outside the Kansai Region.
 - Seek to become part of the top share group with the "mineo" MVNO business, focus investment in sales resources and strengthen promotion
 - Expansion of tie-in sales of electricity and gas for FTTH users
 - Develop new businesses and create added value services using alliances

Real estate

- As a comprehensive real estate business group, proactively expand business not only in Kansai but throughout Japan, including the capital region.



Promotion of innovation to accelerate growth

- Making full use of our cultivated strengths and external ideas and resources to actively develop new businesses, and new products/services

Main results

Active expansion of investment regions and fields

In 2016, our company acquired equity ownership in the following two combined-cycle natural gas turbine power plants in the United States: the Empire Power Plant (New York State) and the West Deptford Energy Station (New Jersey State). We will expand our business into Europe and other regions in addition to Asia and North America and will diversify investment opportunities including renewable energy generation. In addition, along with power generation, we will seek to expand our business domains to transmission and distribution as well as operations and maintenance (O&M). Moreover, we will accelerate research and feasibility studies related to various business opportunities and diverse sources of earnings.

At the same time, we will steadily advance our projects under construction, including the Nam Ngiep 1 Hydropower Project in Laos and the Tanjung Jati B Thermal Power Project in Indonesia. We will rapidly grow our international business and seek to become a leading international IPP business player in Japan as one of the new pillars for growth in our Medium-term Management Plan.



Empire Power Plant (New York State)

Enhancing information gathering functions, strengthening local networks, and training and developing human resources

In order to enhance our capacity to gather information and win overseas power projects, we established new representative offices in Bangkok, Thailand and in Jakarta, Indonesia as our first local offices in Asia in June 2016. Furthermore, having acquired equity ownership in two gas-fired power plants, we have decided to open New York Office* in the USA since we consider North America to be one of the most important IPP markets for us. Utilizing the overseas bases mentioned above, we will continue to work much more proactively than before on further building relationships with partners outside the company and local key leaders, on steadily ensuring revenue from existing investments, and on achieving other related objectives.

Moreover, in terms of substantial growth for our international business, it will be even more important than ever before to secure the necessary personnel and enhance their capabilities to develop, promote and manage overseas projects. For this reason, we will work more on strengthening and cultivating our human resources by proactively assigning employees to our existing projects as part of our on-the-job training and so on.

* Office of our subsidiary company located in the USA



Jakarta office

New "mineo" shop open on Shibuya Center Gai in Tokyo

K-Opticom Corporation, which is a mobile virtual network operator (MVNO), is expanding the mineo mobile telephone service throughout Japan. This service allows customers to use smartphones more economically by contracting only for the functions they need among those provided by major mobile phone companies.

This company is working to expand its number of sales shops. Until now it has grown to 105 shops* throughout the country.

As one of these, it opened "mineo Shibuya" in February 2017 as its first flagship store in eastern Japan. In addition to establishing reception desks that allow customers to handle mobile units and sign contracts on the same day, a café has been created in adjoining space. This café handles Sarutahiko Coffee beans and VERY FANCY topping sweets, which have been becoming popular recently. Users of mineo can use their data packets to enjoy coffee at discount prices, for example, in this "fun" space that we provide.

* Shops that can provide SIM cards and mobile units on the same day, as of the end of June 2017



mineo Shibuya shop

Steadily expanding sales of the new Cielia condominium brand

Kanden Realty & Development Co., Ltd., which was formed through a merger between Kanden Fudosan Co., Ltd. and MID Urban Development Co., Ltd., has built brand equity by creating the new condominium brand "Cielia." We have already provided 1,398 units at nine locations throughout Japan as of the end of March 2017.

Among these, sales of the Cielia Tower Senri Chuo (552 units, scheduled to be completed February 2019) in Kansai and Cielia Shonan Tsujido (352 units, scheduled to be completed in December 2017) in the capital region, which are this company's two flagship projects, began in spring 2016 and are proceeding well.

Moreover, the leasing business of this company has acquired new buildings and business sites at four locations in the center of Tokyo (nine in total including the Kansai region) since April 2016. We will continue advancing efforts to obtain good properties throughout Japan especially in the capital region.



Cielia Tower Senri Chuo

Towards the realization of IoT services that enable long-distance communication with low power consumption

Our corporate group has built a variety of information and communications infrastructure for the stable provision of electric power until now. Based on the knowledge that we have accumulated through these, we are advancing new efforts that utilize IoT technologies, which have attracted attention in recent years.

Currently, as a first step in these efforts, we are seeking to improve business efficiency and customer service with Iwatani Corporation and conducting technical investigations of wireless devices for the automatic detection of LP gas.

Moreover, rather than just collecting data, we will seek to realize services that allow the collected data to be analyzed easily in the future.

Through efforts utilizing the latest technologies like these, we want to contribute to local communities by providing smart support for lifestyles that are secure, safe and comfortable.



Wireless device and base station for automatic LP gas detection

"Dentune!!—a new future for utility poles" business idea contest for the use of utility poles

With the goal of creating new business ideas that use the approximately 2.7 million utility poles in the Kansai area, this contest was held with the themes of "ideas to energize the town (Kansai) using utility poles" and "ideas to make utility poles into convenience spots for everyone." In total, 117 people participated in this contest, and they came up with numerous novel ideas. In addition, the contest also contributed to promoting, both inside and outside the company, our corporate stance of advancing innovation.

In the future, not only will we utilize the seeds of the ideas that were generated to investigate business applications, continuing on from "Dentune!!" we will also encourage efforts for business development through open innovation and pursue opportunities for new growth.



Dentune!! business idea contest

Pillars and key measures for our efforts toward realizing what we aim to become

3 Strengthening Group management foundation



Promotion of stable transmission and distribution services

● As a leader of the social foundation, we try to provide new services by utilizing our technology and know-how, as well as supplying electric power at a low price safely and stably to contribute to communities.

Reform of organization and governance

● We are building organizations and government systems that forcefully advance our medium-term plan and maximize the value of the group.

Strengthening foundation of human resources

● We are accelerating innovation and taking on challenges by reforming corporate cultures and by strengthening human resource foundations that are suitable for the new energy age.

Main results

Acceleration of smart meter installation

Our company has led the country in the installation of smart meters since fiscal 2008. As of the end of March 2017, we have installed about 7.5 million smart meters. Since smart meters can measure and record the amount of customer electricity use every 30 minutes and have transmission functions, they enable understanding of customer electricity use conditions in more detail. By making electricity use “visible,” in this way, they make it possible to conserve energy more efficiently. We will continue to steadily advance the installation of smart meters. By fiscal 2022, we plan to complete installation for every low voltage supply customer, which includes ordinary households, for a total of about 13 million smart meters.



Smart meter installation work

Unified promotion of Workstyle Innovation, Health and Productivity Management

In January 2017, we established a Workstyle Innovation, Health and Productivity Management Committee with our president as the chairman in order to promote the mental and physical health of our employees. This committee contributes to the further growth of our company and our employees, through the unified promotion of workstyle innovation, health and productivity management. In this committee, the entire management level broadly discusses efforts for workstyle innovation, health and productivity management and the status of their progress. Moreover, in order to strengthen these systems to realize further progress, we appointed a new full-time section head who is in charge of advancing workstyle innovation, health and productivity management in our Office of Human Resources and Safety Management.



First meeting of the Workstyle Innovation, Health and Productivity Management Committee

Building organizations and government systems that maximize the value of the Group

In June 2016, we reorganized the company in order to achieve “what we aspire to become in 10 years,” which is a goal in our Medium-term Management Plan, and to respond suitably to changes in the business environment that accompany the legal unbundling of the transmission and distribution sector.

Specifically, in addition to placing our top management and staff organization as our “group headquarters” and strengthening group management functions, we have undertaken the formation of an organizational structure with the following three pillars. “The creation of a new group management structure,” includes clarifying the core companies that are responsible for businesses that will be keys to future growth. “The strengthening of business promotion structures for new growth” includes the establishment of new offices overseas and Gas Business Division. “Responding to the legal unbundling of the transmission and distribution sector” includes transfer of control of some work according to licensing systems.

Diversity promotion

We have created an action plan in accordance with the Act on Promotion of Women’s Participation and Advancement in the Workplace. In addition, we are seeking to realize workstyles and to cultivate workplace environments that enable everyone to exercise their abilities to their maximum potentials, regardless of their personal attributes, including gender and age, or life experiences, including giving birth and raising children. As a result, we have been steadily making progress toward achieving the goals in our action plan. The ratio of women in regular term employment was 45% for office work and 10% for technical work (actual figures for fiscal 2017), while the ratio of female executives has reached 1.6% (actual figure at the end of fiscal 2016). Moreover, our efforts like these have been highly evaluated. In July 2016, we received the “Kurumin” certification as a business that supports raising children in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children. In September 2016, we received the highest Eruboshi certification (third level) as a business that is outstanding in terms of, for example, the state of efforts related to promoting the participation and advancement of women in accordance with the Act on Promotion of Women’s Participation and Advancement in the Workplace.



Kurumin certification symbol



Eruboshi certification symbol (third level)

Key efforts for the realization of the Medium-term Management Plan of the Kansai Electric Power Group (2017)

In April 2017, as we approached the second year of our Medium-term Management Plan, considering the status of plan progress and changes in the business environment, we decided on “Key Efforts for the Realization of the Medium-term Management Plan (2017).” This specifies, for example, efforts from the plan that should be advanced and strengthened with particular focus in the future in order to achieve its goals with more certainty.

■ Positioning of the Key Efforts for the Realization of the Medium-term Management Plan (2017)

Medium-term Management Plan (2016–2018)

Management direction	1. Become a highly profitable business group. 2. Expand business fields. 3. Build a robust management base.
Core efforts	<ul style="list-style-type: none"> ① Enhancement of competitiveness in comprehensive energy business ② Establishment of new pillars for growth ③ Strengthening Group management foundation
Financial goals (Consolidated base)	
Item	2018 fiscal year targets 2025 fiscal year targets
Ordinary profit	200 billion yen 300 billion yen
Capital-to-asset ratio	Approx. 20% Approx. 30%
ROA*	Approx. 3.5% Approx. 4%
<small>* Business profit (Ordinary profit + Interest expense) ÷ Total assets (Average of beginning and end of term)</small>	

Achieve Medium-term Management Plan through advancement of key efforts

Determined in April 2017 considering fiscal 2016 progress and business environment changes

Key Efforts for the Realization of the Medium-term Management Plan (2017)

Prerequisite for plan achievement: maintain safety as the top priority

- (1) Efforts to have customers choose us—raise top line
- (2) Acceleration and deepening of cost structure reforms
- (3) Restart of nuclear power and safe and stable operation with safety as the top priority
- (4) Enhancement of management foundations oriented toward future growth
- (5) Workstyle innovation, health and productivity management

Key Efforts for the Realization of the Medium-term Management Plan (2017)

Prerequisite for plan achievement: maintain safety as the top priority

In our corporate group, we have made top priority to safety and fulfilling social responsibilities the axis of business management in our Management Philosophy, and we are advancing efforts for these purposes. However, taking into account the occurrence of incidents such as the crane collapse accident at the Takahama Power Station, we are once again making efforts to improve organizational climates and cultures that put safety first based on the recognition that safety as the top priority is fundamental to management and prerequisite to achieving our Medium-term Management Plan. In addition, we are making efforts to increase the safety behavior and awareness of each and every employee.

(1) Efforts to have customers choose us—raise top line

● We will quickly lower electricity rates soon after Takahama Units 3 and 4 and Ohi Units 3 and 4 achieve full operation. In our comprehensive energy supply business, we will reliably increase returns by strengthening and advancing total energy proposal activities that combine electricity, Kanden Gas and group services, for example.



The Hapita Family of PR characters for energy, products and services promoted by our company

- International businesses and group businesses, including information and communications, and real estate, we will continue to steadily capture sales and profits.
- We will work to adopt and increase diverse renewable energy sources.
- We will continue to pursue new growth potentials by promoting innovation.

(2) Acceleration and deepening of cost structure reforms

- Utilizing IoT, big data, AI and other extremely new IT technologies (digital technologies), we will accelerate efforts to increase efficiency.
- While continuing to assure safe and stable supplies, by reviewing the conditions of power supply equipment, work methods and rules, for example, we will make bold efforts to accelerate and deepen cost reductions.
- We will advance procurement reform by, for example, utilizing the procurement volumes of the entire Group and making new efforts.
- By reviewing how the indirect tasks related to management are conducted by each group company, for example, we will advance the concentration and externalization of such tasks.

(3) Restart of nuclear power and safe and stable operation with safety as the top priority

● Taking to heart the fact that the primary responsibility for nuclear power safety lies with the operators, we are constantly making efforts to increase the safety and reliability of nuclear plants. By continuing safe and stable operations this way, we are applying all the capabilities of the group to restoring confidence in the safety of nuclear power and promoting understanding of the necessity of the nuclear fuel cycle and nuclear power as a baseload power supply.

(4) Enhancement of management foundations oriented toward future growth

- We will respond precisely to realizing both healthy competitive structures for electricity market reform and safe and stables supplies of electricity considering “S+3E.”
- In preparation for the unbundling of the transmission and distribution sector* that will be required by law in April 2020, with the assurance of neutrality as a prerequisite, we will spin off companies for transmission and distribution businesses. We intend to continue to promote the comprehensive energy supply business, including electricity and gas businesses, in a unified manner, and will continue to advance the investigation of specific systems.
- In order to keep winning in a competitive era, we are working to further enhance our “human capital.”
- Seeking new growth, as we undertake various businesses, we will continue to advanced autonomous compliance according to the characteristics of each business.

* Investigations will be conducted about issues and other factors related to the electricity market reform that accompanies the legal unbundling in accordance with the supplementary provisions of the Act for Partial Revision of the Electricity Business Act and Other Related Acts.

(5) Unified promotion of Workstyle Innovation, Health and Productivity Management

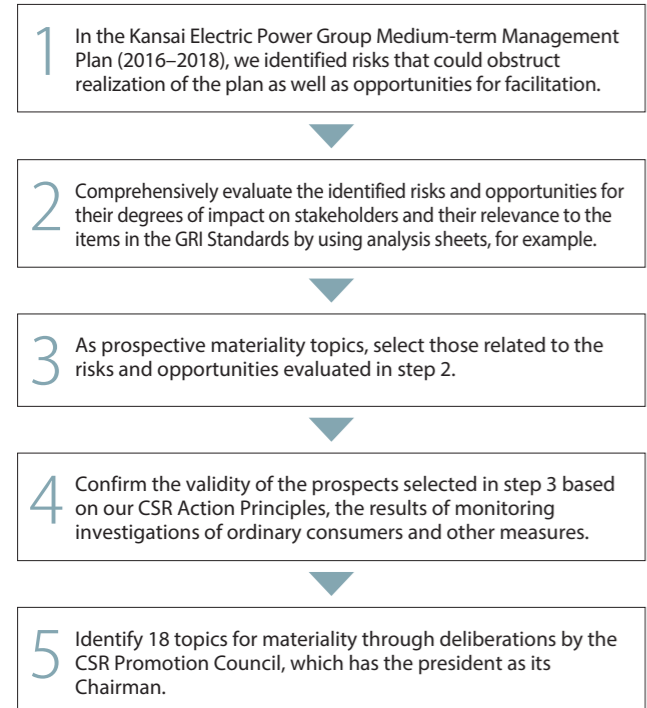
● We are seeking “workstyles” that emphasize value creation over time, “workstyles” that increase flexibility in time and space, and “ways of resting” that contribute to improving the quality of life. In addition, we are promoting healthy business management by working to improve lifestyle habits and to invigorate communication.

Important issues in CSR

We have applied the principle of materiality to specify important issues, and we are conducting PDCA cycles for our efforts with the goal of clarifying the issues that our company should be working on now in order to make both our corporate group businesses and the societies in which they are active sustainable. In addition, we are seeking to contribute to the Sustainable Development Goals (SDGs), which are global issues at the highest priority and clarify "The Future We Want" as we approach 2030, through related efforts by our group with a focus on materiality.

Materiality identification

We have organized the identified materiality topics by CSR Action Principles and are reporting our main efforts in this document. In response to changes in the business environment and in the expectations and demands of stakeholders, we will revise materiality selections and enhance efforts to contribute to sustainable development.



Sustainable Development Goals (SDGs)

In September 2015, Sustainable Development Goals (SDGs) were adopted by every participating country at a United Nations summit. At the summit, 17 goals, which included poverty, hunger, energy and climate change, that should be achieved by 2030 were proclaimed.



Main results for CSR Action Principles and materiality

CSR Action Principle	Materiality topics	GRI disclosure item	Related SDGs	Main efforts and objectives	Fiscal 2016 results	Boundary (extent included in total)	Reference pages	
								Key: Economic issue
Safe and stable delivery of products and services as chosen by customers	Economic Performance	201-1	8	Revenue assurance	<ul style="list-style-type: none"> Ordinary profit: ¥200 billion in fiscal 2018 Capital to asset ratio: 20% in fiscal 2018 Return on assets (ROA): 3.5% in fiscal 2018 	Consolidated base	11, 19-26, 78-118	
	Availability and Reliability	G4-DMA (old EU)	7	Safe and stable power supply	<ul style="list-style-type: none"> Maximum power: 26,570,000 kW Supply capacity: 29,170,000 kW 	Kansai area	9-10, 40-41, 118	
	Demand-Side Management	G4-DMA (old EU)		Energy conservation consulting for customers	<ul style="list-style-type: none"> Number of "Hapi e-Miruden" participants: 2,031,000 	Kansai Electric Power Co., Inc.	12, 43-45, 52-53	
	Plant Decommissioning	G4-DMA (old EU)	12	Nuclear power plant utilization and decommissioning	<ul style="list-style-type: none"> Mihama Nuclear Power Station Units 1 and 2 decommissioning: Mihama Nuclear Power Station Units 1 and 2 decommissioning plan approval 	Mihama Nuclear Power Station Units 1 and 2 decommissioning approval application revision document resubmitted (March 14, 2017)	Kansai Electric Power Co., Inc.	31
	Disaster/Emergency Planning and Response	G4-DMA (old EU)	11	Preparation for and handling of accidents and disasters	<ul style="list-style-type: none"> Preparation for nuclear power disasters: <ul style="list-style-type: none"> Number of participants in training and practice programs (Mihama, Takahama and Ohi): About 5,700 Number of drills (Mihama, Takahama and Ohi): About 4,800 Preparation for large-scale disasters: <ul style="list-style-type: none"> Number of participants in companywide comprehensive disaster response drills: 885 	Kansai Electric Power Co., Inc.	22, 42	
	Customer Health and Safety	G4-EU25		Assure public security at power facilities	<ul style="list-style-type: none"> Number of injured ordinary citizens: None 	7	Kansai Electric Power Co., Inc.	9-10, 41
	Marketing and Labeling	417-1*	12	Transmission and communication of various types of information related to electricity	<ul style="list-style-type: none"> Appropriate information transmission to customers and society: Appropriate information transmission at appropriate times Number of reform cases based on customer feedback: Continuous reform 	We reliably transmitted information about safe electricity use, fuel procurement, environmental impacts from business activities and other concerns through group reports and other means	Kansai Electric Power Co., Inc.	9-10, 36-45, 47-48
Proactive approach with a view to creating ever better environment	Access	G4-EU29	7	Power supply quality	<ul style="list-style-type: none"> Annual power outage time per household: Maintain the highest standard in the world 	5 minutes	Kansai area	12, 40-41
	System Efficiency	G4-EU11	7, 12, 13	Maintain and improve thermal efficiency of thermal power plants	<ul style="list-style-type: none"> Thermal power thermal efficiency (lower heating value): Maintain and improve current level 	47.6%	Kansai Electric Power Co., Inc.	47-48, 50, 118
		G4-EU12		Reduce transmission and distribution loss	<ul style="list-style-type: none"> Transmission and distribution loss rate: Reduce from current level 	5.5%	Kansai area	47
	Emissions	305-4	12, 13	Reduce carbon impact of electricity	<ul style="list-style-type: none"> CO₂ emission coefficient (end use): About 0.37 kg-CO₂/kWh in fiscal 2030 (objective of the Electric Power Council for a Low Carbon Society) 	0.49 kg-CO ₂ /kWh (Tentative value)	Kansai Electric Power Co., Inc.	12, 47-49, 118
		305-7		Prevent atmospheric pollution	<ul style="list-style-type: none"> SO_x emissions (thermal power): Maintain the lowest level in the world NO_x emissions (thermal power): Maintain the lowest level in the world 	0.043 g/kWh 0.077 g/kWh	Kansai Electric Power Co., Inc.	47-48, 56
	Effluents and Waste	306-2	12	Reduce environmental impacts from waste	<ul style="list-style-type: none"> Amount of high-concentration PCB processed: Process the entire amount within the legal time limit Low-level radioactive waste generated: Steadily implement reduction measures 	4,834 units -2,598 drums	Kansai Electric Power Co., Inc.	47-48, 55
	Local Communities	G4-DMA (old EU)	9	Promote community development activities	<ul style="list-style-type: none"> Total number of community development activity plans realized: Maintain and create demand in cooperation with stakeholders 	4	Kansai Electric Power Co., Inc.	61-62
Respect for human rights and development of favorable work environment by taking advantage of diversity	Occupational Health and Safety	403-2	8	Employee safety and hygiene	<ul style="list-style-type: none"> Accident frequency rate: 0 	0.28	Kansai Electric Power Co., Inc.	12, 67
	Training and Education	404-1		Development of employee skills and abilities	<ul style="list-style-type: none"> Number of group training participants (group training): 38,103 	38,103	Kansai Electric Power Co., Inc.	66
	Diversity and Equal Opportunity	405-1	5, 8	Promotion of diversity	<ul style="list-style-type: none"> Number of female managers (ratio): Double the fiscal 2013 number by the end of fiscal 2020 Number of female hires for office positions (ratio): Female ratio of 40% or higher 	90 (1.6%) 16 (39%)	Kansai Electric Power Co., Inc.	12, 25, 65
Strict enforcement of compliance	Environmental Compliance	307-1**		Strict enforcement of compliance	<ul style="list-style-type: none"> Press releases related to serious compliance problems and matters: No serious violations 	0	Kansai Electric Power Group	58, 64
	Socioeconomic Compliance	419-1***	16	Information security management	<ul style="list-style-type: none"> Press releases related to personal information leaks: No information leaks 	2	Kansai Electric Power Group	73
	Customer Privacy	418-1****				0	Kansai Electric Power Group	

(GRI standards used for reference) * GRI 417: Marketing and Labeling 2016 417-1, GRI 103: Management Approach 2016 103-1, 103-2, 103-3 ** GRI 307: Environmental Compliance 2016 307-1, GRI 103: Management Approach 2016 103-1, 103-2, 103-3 *** GRI 419: Socioeconomic Compliance 2016 419-1, GRI 103: Management Approach 2016 103-1, 103-2, 103-3 **** GRI 418: Customer Privacy 2016 418-1, GRI 103: Management Approach 2016 103-1, 103-2, 103-3

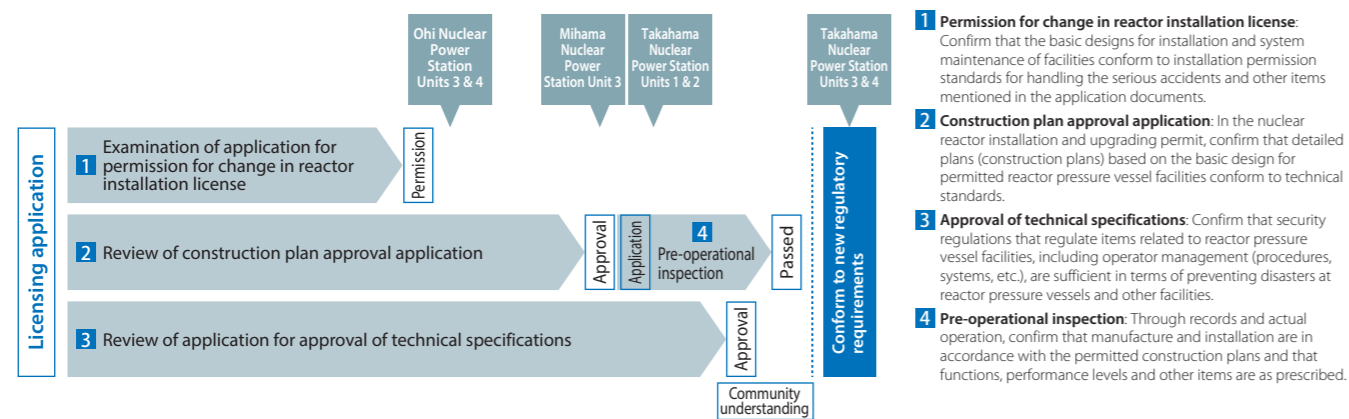
Toward the restart of nuclear power plant operation

Since the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station, in addition to emergency safety measures, our company has been thoroughly strengthening countermeasures for earthquakes, tsunamis and other natural disasters along with measures to prevent damage to reactor pressure vessels. Applications for the nuclear power plants that have implemented these measures are being made to the Nuclear Regulation Authority for examination of their compliance with the new regulatory requirements. We will continue to respond earnestly, precisely and quickly to these examinations. In addition, as we gain understanding from the people in the communities where these nuclear power plants are located, we will continue to seek to resume the operation of those that have been confirmed to be safe as soon as possible.

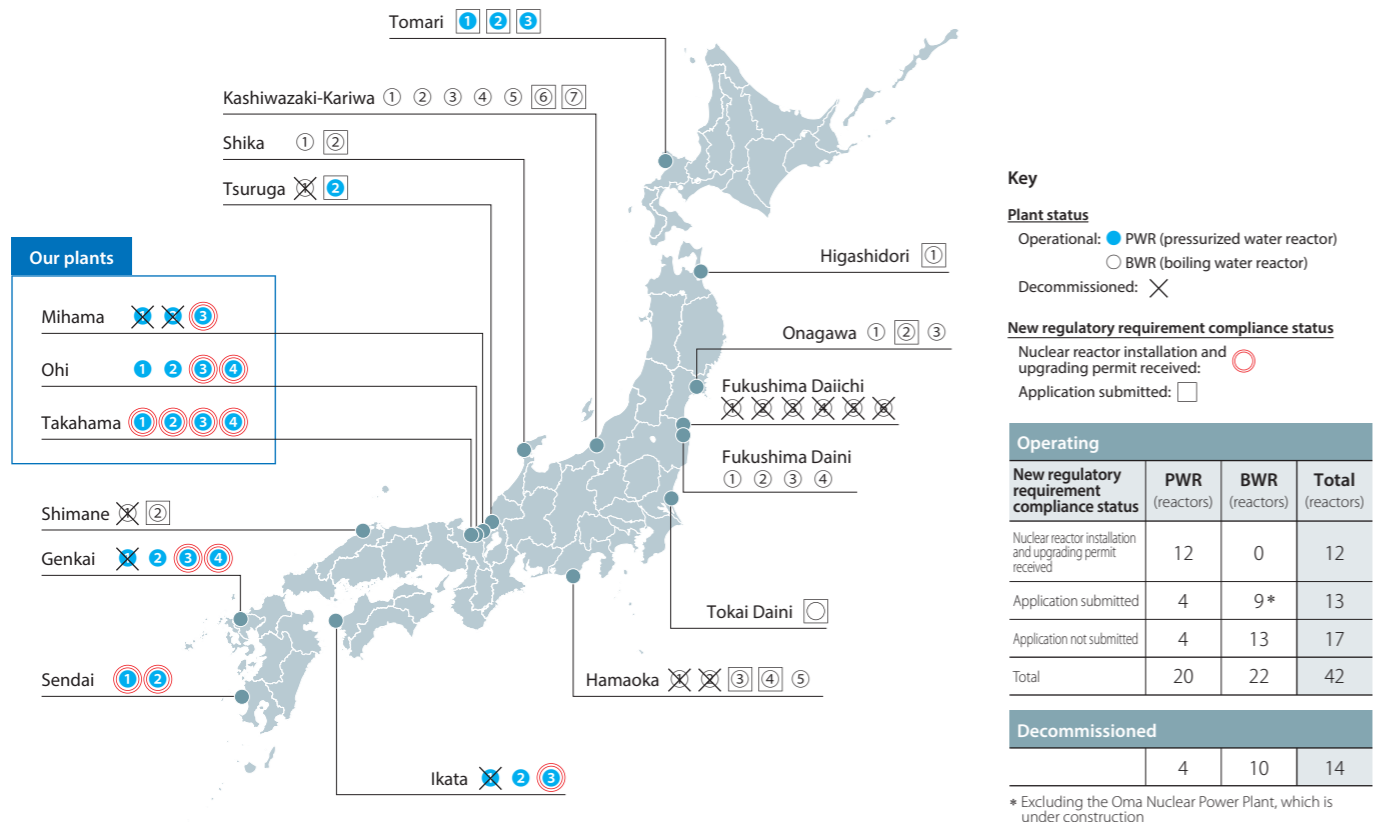
Status of new regulatory requirement conformity examinations for our plants

On May 24, 2017, we received a nuclear reactor installation and upgrading permit from the Nuclear Regulation Authority for Ohi Power Station Units 3 and 4. This means that 7 of our plants have received permission for nuclear reactor installation and upgrading, bringing the total number permissions to 12 nationwide.

Status of new regulatory requirement conformity examinations for our plants (as of Friday, June 16, 2017)



Status of nuclear power plants and new regulatory requirements throughout Japan (as of June 16, 2017)



Takahama Nuclear Power Station Units 3 and 4 resume operation

On March 9, 2016, a provisional disposition preventing the resumption of operation was issued by the Otsu District Court for Takahama Power Station Units 3 and 4, halted their operation. On March 28, 2017, however, the Osaka High Court accepted the arguments of our company and lifted this disposition preventing the resumption of operation. While receiving the understanding of the people in the communities where this nuclear power plant is located, our company steadily advanced preparation work for the resumption of operation with safety as our highest priority. As a result, Unit 3 started power generation on June 9, while Unit 4 resumed commercial operation on June 16. We will continue safe and stable operation in the future and link this to restoring trust in nuclear power.



Central Control Room at the time power generation started

Upon the resumption of operation, we have strengthened our systems for responding to emergencies by, for example, increasing the number of initial response personnel at the power plant who engage in activities to secure power and water supply. We have also increased the number of personnel who staff our Nuclear Power Division in order to provide power plant support. Moreover, based on reflection on the incidents that occurred at Unit 4 in February 2016 (water leaked within the controlled area and an automatic reactor trip occurred) and the crane collapse accident at Unit 2 in January 2017, we are arranging recurrence prevention measures as well as measures to prevent similar accidents.



Nuclear Power Division Director Toyomatsu (at right) observing connection of generator to transmission network

We reflected on these two incidents and one accident, and considered three points of insufficiency: ① the involvement of our company itself, ② checks, and ③ risk management. Based on these perspectives, we investigated recurrence prevention measures and measures to prevent similar accidents.

Points of reflection regarding the incidents and the accident at the Takahama Power Station

Incidents/accident	Overview	Reflections
Unit 4 water leak within the managed zone (February 20, 2016)	When water was made to flow directed at the heating of the primary cooling material line, leakage occurred from a valve on the line that the water passed through.	● Double-checking was not done to confirm tightening, and the involvement of our company itself was insufficient.
Unit 4 automatic reactor trip (February 29, 2016)	While conducting procedures to connect the generator to the power transmission grid, the generator stopped automatically. In response, the reactor also stopped automatically.	● Checks of reconstruction work that accompanied operation changes were only conducted by the divisions responsible for the construction. Checks by multiple in-house experts were not conducted.
Unit 2 crane collapse accident (January 20, 2017)	Blown by strong winds, a large crane fell onto an auxiliary building and fuel handling structure for Unit 2.	● Our company itself was not sufficiently involved in the management of materials and equipment used for construction. ● The impacts on the nuclear power facilities during the execution of civil engineering and construction work were not checked sufficiently. ● Risk management concerning natural phenomenon was not done sufficiently.

Recurrence prevention measures considering our reflections (examples)

Perspectives	Recurrence prevention measures (examples)
① Involvement of our company itself	● For every type of construction work on the premises of our power plants, our employees now take responsibility for implementing checks from the construction planning stage and for confirming fulfillment of and instructing about the requirements of our company at work sites.
② Conducting of multiple overlapping checks	● For the design and setting basis of equipment used for application changes, in addition to inspections by the responsible divisions, we have added reviews by in-house experts (nuclear safety supervisors, chief nuclear reactor technicians, chief electricians and construction division engineers). ● At civil engineering and construction worksites, in addition to site checks by the responsible divisions, we have added site checks by power plant management and the newly-assigned assistant director who has expertise in civil engineering and construction work.
③ Risk management	● At the resumption of operation, in addition to usual inspections by operators and preventative maintenance staff, a team of about 130 members was formed and implemented safety checks of the site. ● We established a risk review meeting, with members including the director of the power plant, to discuss whether latent sources of danger might exist in construction work and to investigate necessary countermeasures. ● In the power plant central control room where staff members are always stationed, weather information can now be received in real time 24 hours a day. Moreover, when a wind storm warning or other official announcement is made, systems for vigilance and preparation can be quickly initiated at power plants and the Nuclear Power Division.
Prevention of similar accidents	● From the perspective of confirming safety assurance, fire protection, industrial accident prevention, and construction management systems (information acquisition procedures, command and direction systems) for essential safety equipment, we conducted site confirmations of every construction task under way at three power plants (1,516 cases). We did this to determine whether safety management was suitable or not, and implemented suitability improvements in 295 cases.

Preparing for operation beyond 40 years

In the Long-term Energy Supply and Demand Outlook established by the government in July 2015, nuclear power was specified to have a fixed ratio of 20–22% of the total power supply composition by fiscal 2030.

If all the existing nuclear power plants cease operation after 40 years of active use, nuclear power generation will only be about 15% of the total amount of power generation in fiscal 2030. In order to assure that nuclear power fulfills its role as 20–22% of the total energy composition in fiscal 2030, at our company, we believe that it is necessary to operate our nuclear power plants beyond 40 years with the assurance of safety as a major prerequisite.

Significance of approval of operating period extension for Takahama Nuclear Power Station Units 1 and 2 and Mihama Nuclear Power Station Unit 3

In accordance with the law, inspections to determine states of degradation in detail (special inspections) were conducted for Takahama Nuclear Power Station Units 1 and 2 and Mihama Nuclear Power Station Unit 3. Based on these results, evaluations of the health of equipment anticipated to be crucial during a 60-year operation period were conducted. As a result, these were the only power plants in Japan that received permission for operation period extensions* from the Nuclear Regulation Authority. In addition to advancing the necessary construction work, every part of our company will continue making efforts to gain the understanding of members of society, starting with the communities near these facilities, regarding the necessity and safety of continued operation after 40 years.

* The operating periods of nuclear power plants are set by the Nuclear Reactor Regulation Law to 40 years counting from the date that operation started. With approval from the Nuclear Regulation Authority, however, this can be increased once by a maximum of 20 years.

Special inspections

For reactor vessels, containment vessels and concrete structures, which are difficult to replace, in addition to ordinary maintenance, we conducted inspections to determine states of degradation in detail (special inspections) in accordance with the law.

Reactor vessel

We confirmed that there were no cracks, breaks or other defects through careful visual inspections and tests using ultrasonic waves and electric currents.

Containment vessel

We checked the state of the external coating with careful visual inspection and confirmed that there were no instances of coating detachment, corrosion or other defects or abnormalities.

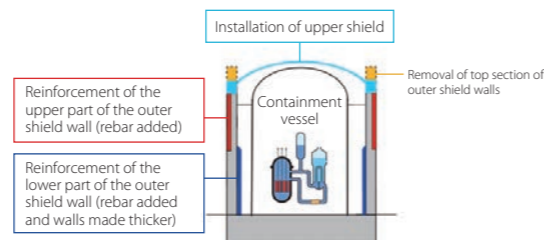
Concrete structures

In order to check changes to material states and strengths, particularly for places exposed to extreme temperatures and other severe environmental factors from containment vessels and similar facilities, we removed concrete samples from each unit and confirmed that they had no problems.

Construction safety improvement measures (example)

Containment vessel upper shield installation work (Takahama Nuclear Power Station Units 1 and 2)

In order to reduce radiation from the reactor containment vessel and reduce radiation exposure during outside work in the event of a severe accident, we installed a dome-shaped reinforced-concrete upper shield on the top outer perimeter of the containment vessel. In addition, we reinforced the outer shield walls.



Steady decommissioning of Mihama Nuclear Power Station Units 1 and 2

On April 19, 2017, plans for decommissioning Mihama Nuclear Power Station Units 1 and 2 were approved by the Nuclear Regulation Authority.

We are advancing the decommissioning safely and steadily based on learning from our predecessors both in and outside Japan, while sharing information and cooperating mutually with those with related concerns. By doing this, we expect that the decommissioning plan for Mihama Nuclear Power Station Units 1 and 2 will become a model for decommissioning PWR plants in Japan and that this will contribute to raising basic technique levels for decommissioning throughout Japan.

Management with corporate social responsibility as the measure

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.

	1950s and 1960s	1989–2008	2009–
Major events	1951 ▼ KEPCO launched upon restructuring of power business	2000 ▼ Liberalization of electricity retail market begins 2004 ▼ Increased liberalization of electricity retail market (high voltage) ▼ Mihama Nuclear Power Station Unit 3 secondary pipe failure	2011 ▼ Great East Japan earthquake April 2016 ▼ Full liberalization of the electricity retail market begins April 2017 ▼ Full liberalization of the gas retail market begins
Philosophy and Vision	1951 ● “Maedaregake Spirit” (the spirit of consideration for and service to others) ● Corporate Creed “good sense, diligence, friendship” 1964 ● Establishment of Kansai Electric Power service	March 2004 ● Kansai Electric Power Group Management Vision No. 1 in customer satisfaction among suppliers	March 2016 ● Management Philosophy ● Guidelines for Action ● Kansai Electric Power Group Vision
CSR		March 2004 ● Kansai Electric Power Group CSR Action Charter May 2005 ● Kansai Electric Power Group CSR Action Standards	March 2016 ● Kansai Electric Power Group CSR Action Charter
Main activities and efforts		April 2004 ● 1st CSR Promotion Council held December 2005 ● CSR Promotion Group established and full-time system created ● Key CSR staff appointed	March 2014 ● 10 years since the start of CSR activities

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.

At the Kansai Electric Power Group, we want to fulfill our responsibilities as a member of society, including maintaining compliance and transparency. In addition, by responding sincerely to the expectations of members of society for our group business activities, we want to contribute to the sustainable development of society and the realization of a future that is bright and affluent as well as keep the trust that we receive unshakable.

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. (For the original text of the principles, see page 35.)

Carrying CSR Conduct Cards

The Group Management Philosophy and CSR Action Principles have been inscribed on portable Conduct Cards. We distribute these to all employees who write their personal conduct vows on the back and use them to confirm their conduct and goals in their own work.



CSR procurement policy

Aiming at the best-suited configuration, maintenance, and operation of our equipment, the Purchasing Department of Kansai Electric Power timely and ecologically procures equipment, materials and services that excel in safety, quality, and price.

As our procurement activities are supported by all our valued business partners, we believe that working to build mutual trust, conducting business in an open and transparent manner, and carrying out thoroughgoing compliance in our procurement activities are vital in our promotion of CSR.

Kansai Electric Power defines and practices the five items

outlined right 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

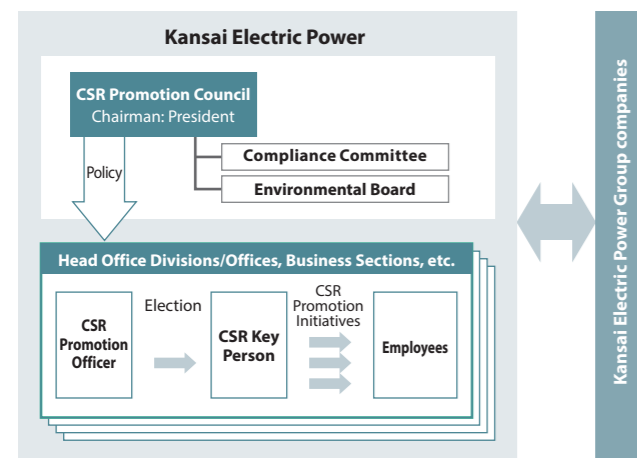
1. Highest priority to the safety, maintenance, and improvement of quality and technical strength
2. Being environmentally friendly
3. Establishment of fiduciary partnership
4. Transparent, open business activities
5. Strict enforcement of compliance

Preparation of systems to fulfill CSR reliably

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



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 and other executives are able to directly communicate their views about safety and the importance of safety, and to promote and promulgate an understanding of CSR. Through an exchange of views, the president and other executives also gain an immediate understanding of issues and problems being faced by each workplace, which is later reflected in management policy.



Dialogues with the president at the Gobo Power Station

CSR promotion initiatives for employees

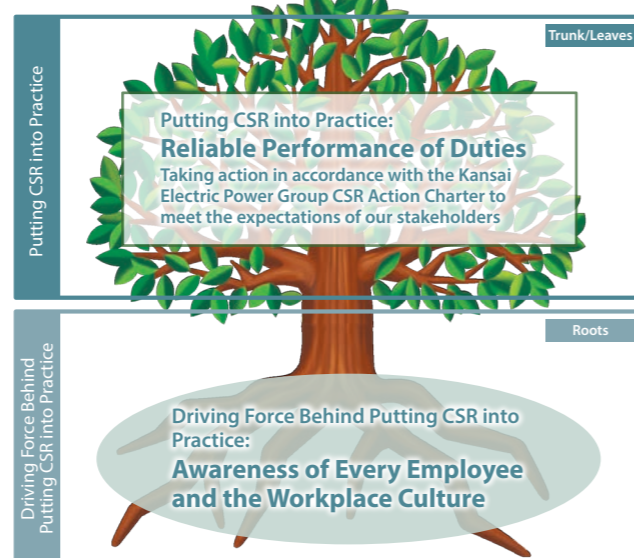
The Group continuously carries out initiatives to help employees put CSR into practice and to improve the workplace culture. We are implementing promotion initiatives to reinforce the awareness that carrying out one's duties conscientiously on a daily basis (putting CSR into practice) builds the trust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

Results of questionnaire for employees on CSR (conducted in November 2016)

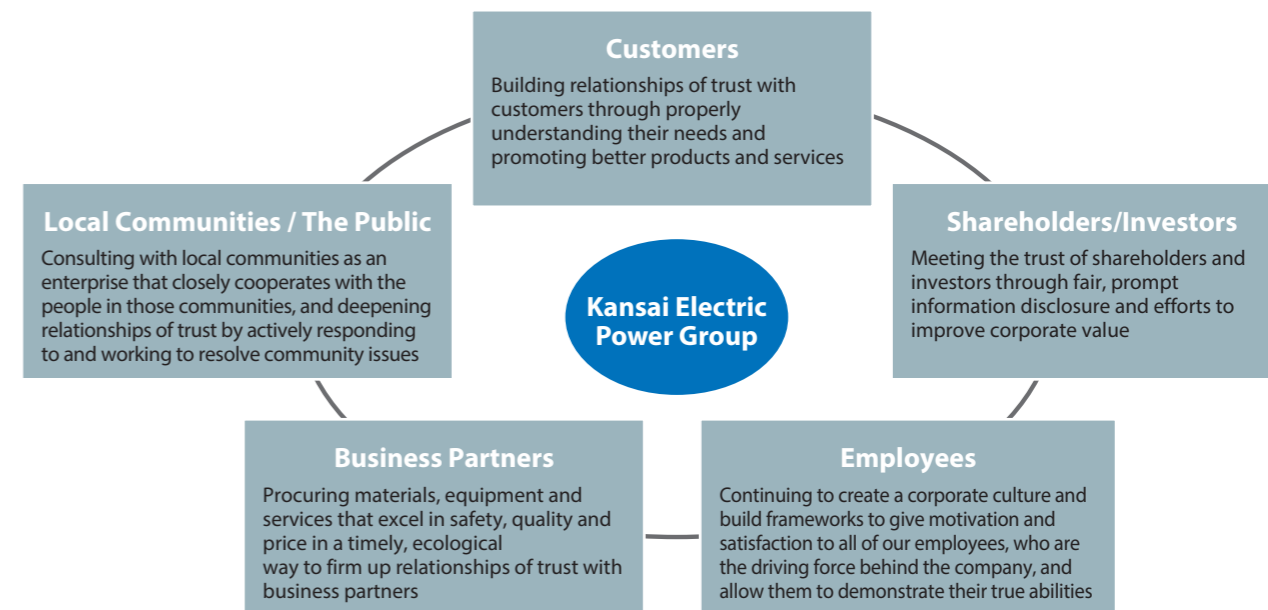


CSR promotion activities (CSR Tree)



Advancing initiatives to deepen communication

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	Contents of main stakeholder dialogues	
	Two-Way Communication	PR Activities
Customers	<ul style="list-style-type: none"> Make note of input from customers at call centers and sales offices Updating Danbo-no-Koe, a database of customer input, including input from people in local communities Energy conservation consulting, and other daily sales activities 	<ul style="list-style-type: none"> Use of the Web (website/Facebook/YouTube/Twitter/Instagram) Electricity consumption receipt and leaflet Hapi e-Miruden members' website for energy saving Use of mass media (TV commercials, newspaper ads, etc.) Holding various events Press releases Press conferences Tours of power plants and other facilities Use of explanatory tools (Kanden el message information brochure/safety-related videos)
Local Communities/ The Public	<ul style="list-style-type: none"> Communication with local governments Communication with customers in the vicinity of power plants Interaction through energy conservation consulting, environmental efforts and other daily sales activities Updating Danbo-no-Koe, a database of customer input, including input from people in local communities 	<ul style="list-style-type: none"> Use of the Web (website/Facebook/YouTube/Twitter/Instagram) Communication magazine <i>Yaku</i> "POWER BOOK" company profile Kansai Electric Power Group Report Use of mass media (TV commercials, newspaper ads, etc.) Participation in local government's disaster preparation drills Disaster Preparedness Handbook Kansai Electric Disaster Preparation Measures (pamphlets and videos) Participation in environmental events Tree-planting and beautification activities Press releases Press conferences Offering on-site classes and on-site explanatory meetings Tours of power plants and other facilities Use of explanatory tools (Kanden el message information brochure/safety-related videos)
Shareholders/ Investors	<ul style="list-style-type: none"> General Shareholders' Meeting Company briefings IR meetings 	<ul style="list-style-type: none"> Use of the Web (website/Facebook/YouTube/Twitter/Instagram) KANDEN REPORT for shareholders Fact Book Corporate information/IR information Web pages Kansai Electric Power Group Report Tours of power plants and other facilities
Business Partners (Suppliers, Subcontractors, etc.)	<ul style="list-style-type: none"> Training workshops and safety patrols Information sharing at meetings of presidents of affiliated companies, etc. CSR procurement policy explanations and promotion activities Communication with subcontractors, etc. 	<ul style="list-style-type: none"> Use of the Web (website/Facebook/YouTube/Twitter/Instagram) Official announcement of main procurement plan
Employees	<ul style="list-style-type: none"> Dialogues with the president Executive visits Publicity campaigns Labor-management consultations Company-wide employee questionnaire on CSR Compliance consultation desk 	<ul style="list-style-type: none"> Use of the Web (website/Facebook/YouTube/Twitter/Instagram) Use of internal portal site In-house organ <i>The Kansai Denryoku Shimibun</i> Distribution of message from president, etc. In-house TV Email magazine

Conducting all business activities based on our CSR Action Principles

CSR Action Principles

1 Safe and Stable Delivery of Products and Services As Chosen by Customers

→P36

The Kansai Electric Power Group will endeavor to develop and improve the products and services as chosen by customers and as a business operator responsible for lifelines that are indispensable to society we will take every conceivable measure, day by day, to deliver our product and services safely and stably.



2 Proactive Approach with a View to Creating Ever Better Environment

→P46

As a provider of energy services that are closely connected with the environment, the Kansai Electric Power Group fully recognizes the scale of impact its business activities have on the global environment and therefore will strive to alleviate the environmental burden and environmental risks accompanying our business activities. Furthermore, we will aspire for creating ever better environment and contribute proactively to the development of a sustainable society through provision of products and services having lesser environmental impact.



3 Proactive Contributions to Development of Local Communities

→P60

As a business operator closely linked with its local communities and lives of their inhabitants, the Kansai Electric Power Group fully recognizes that its own development is not conceivable without the development of the local communities associated with its business activities and therefore we will proactively contribute to the development of our local communities through initiatives to revitalize these communities and the local economy. Also with regard to our overseas business activities, we will strive to contribute to the development of the respective local communities with due consideration to local culture and practices.



4 Respect for Human Rights and Development of Favorable Work Environment by Taking Advantage of Diversity

→P63

The Kansai Electric Power Group recognizes the "human rights" as a common and universal value of the global society, supports the international standards relating to the human rights and respects the human rights in all of its business activities. Accordingly, we will strive to secure safe and comfortable work environment for all the people associated with our business activities and take advantage of diversity (each individual's diversity) to the maximum extent.



5 Highly Transparent and Open Business Activities

→P68

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 through timely transmission and disclosure of information, the Kansai Electric Power Group will promote increased communication with all members of society and conduct business activities that are transparent and open.



6 Strict Enforcement of Compliance

→P71

In all aspects of its business activities, the Kansai Electric Power Group will comply with all laws and regulations, internal rules and business ethics and will ensure strict enforcement of compliance as the basis of our management. The Group as a whole will build the structure that should ensure these actual practices and will strive to maintain and improve its structure.



CSR Action Principles

1

Safe and Stable Delivery of Products and Services As Chosen by Customers

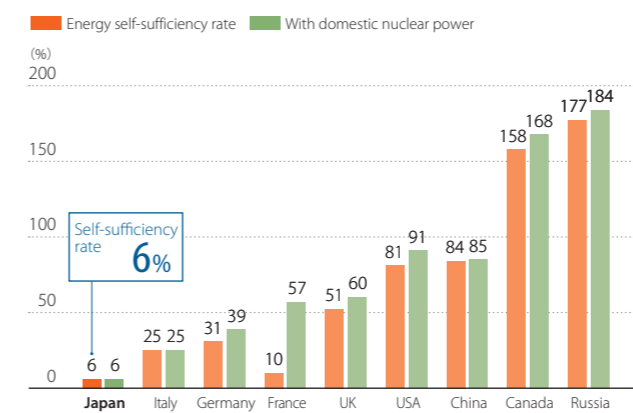
The Kansai Electric Power Group will endeavor to develop and improve the products and services as chosen by customers and as a business operator responsible for lifelines that are indispensable to society we will take every conceivable measure, day by day, to deliver our product and services safely and stably.

Ensuring diverse power sources for stable supply

Energy risks faced by Japan

Japan's energy self-sufficiency rate is only around 6%; 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.

Energy self-sufficiency rates of major countries (2014)

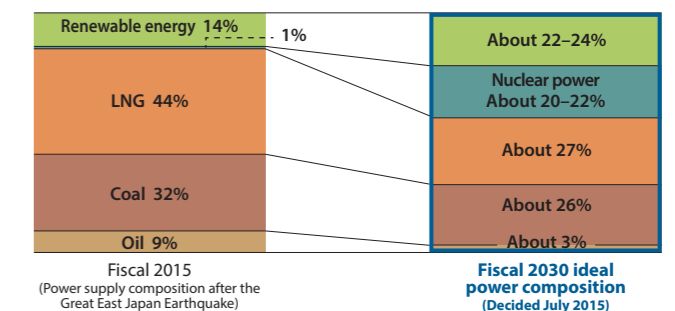


Source: Federation of Electric Power Companies of Japan, "Consensus document on nuclear power"

Energy mix

In July 2015, the government established a long-term energy supply and demand outlook (energy mix) that expresses how energy supply and demand should be in Japan for fiscal 2030. Within this, nuclear power is specified to have a fixed ratio of 20–22% of the total power supply composition. Furthermore, while recognizing limitations including those related to the environment and location, a goal of approximately doubling the fiscal 2014 levels to 22–24% is indicated for the incorporation of renewable energy.

Fiscal 2030 energy mix

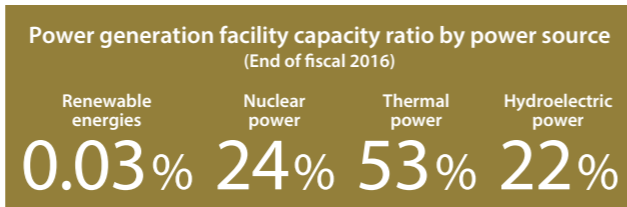


Created based on the Agency for Natural Resources and Energy's "Long-term Energy Supply and Demand Outlook" (July 2015), "Documents Related to the Long-term Energy Supply and Demand Outlook" (July 2015) and other materials

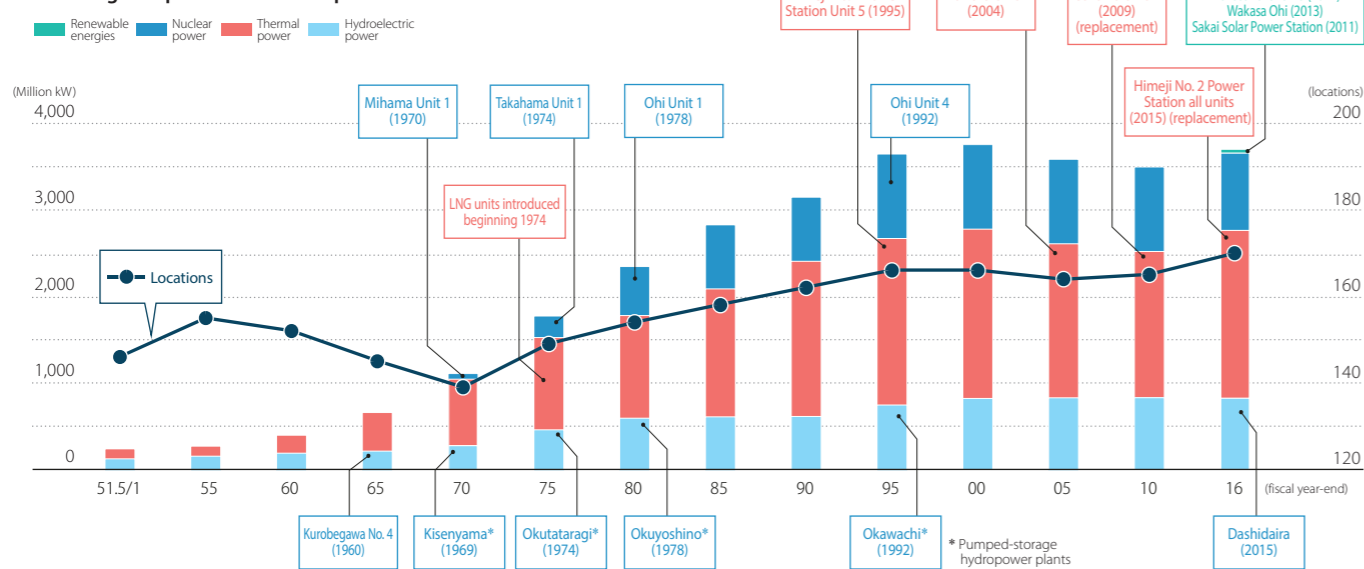
1 Safe and Stable Delivery of Products and Services As Chosen by Customers

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

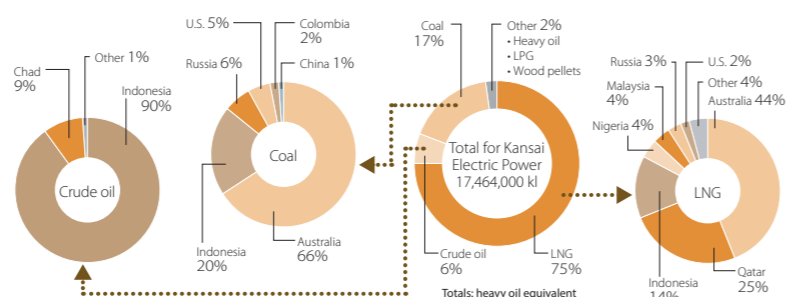


Flexible and stable fuel procurement

Efforts for stable fuel procurement

Fossil fuels come with a variety of problems, including their concentration in certain regions and political instability in the countries that produce them.

In order to procure fossil fuels stably, economically and flexibly, our company is involved in every stage from fuel production to receiving. We are also working to diversify both procurement sources and price determination methods.



Establishment of a new company to achieve nimble LNG procurement and sales

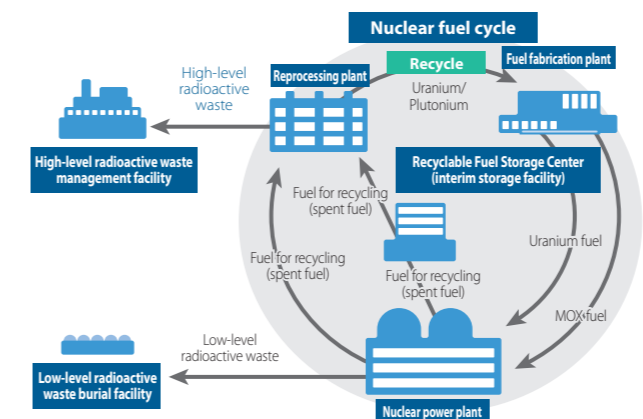
In April 2017, we established KE Fuel Trading Singapore Pte. Ltd. as a new company with the goal of strengthening LNG procurement and sales in Singapore. We are striving to procure and sell the right amounts at the right times with excellent stability, adaptability and economy by strengthening a structure that can respond adaptively according to the requirements of the moment to changes in demand and other factors, and by expanding our information gathering network in Singapore, which is a central base in the Pacific area LNG market.



Securing stable energy through the nuclear fuel cycle

Nuclear fuel cycle

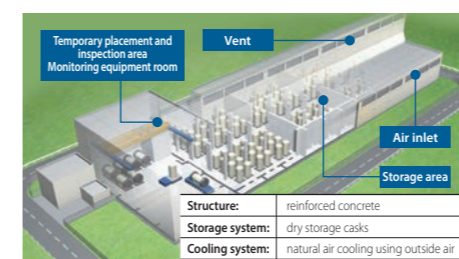
Nuclear fuel is stably procurable and we can obtain a large amount of electricity from a small amount of fuel. After a fuel loading, a reactor generates electricity for more than a year. For this reason, nuclear power is said to be a "semi-domestic energy resource." In addition, spent fuel contains reusable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



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

Recyclable Fuel Storage Center

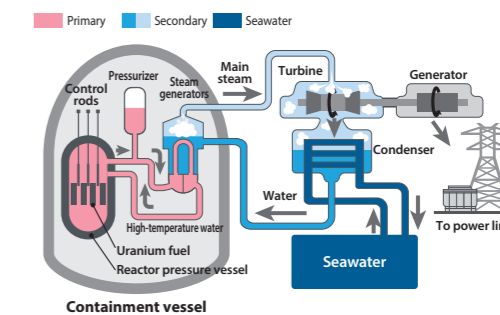
Because spent fuel can be reprocessed and used again, it is called "recyclable fuel." Until recyclable fuel is reprocessed, we temporarily store it (interim storage) in a recyclable storage center, which is an interim storage facility. By adjusting the time until reprocessing, we enable the stable operation of power plants into the future while advancing the nuclear fuel cycle. Our company prepared a "Plan to promote measures for spent fuel" in 2015, and we are working as a unified company on efforts toward obtaining sites and promoting understanding about the necessity and safety of it widely among the public in power consuming areas.



Initiatives prioritizing safety at nuclear power plants

Nuclear power generation

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



Enhancing nuclear power safety and reliability

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

Ensuring nuclear power plant safety

Nuclear power 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. 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.

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.

1 Safe and Stable Delivery of Products and Services As Chosen by Customers

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

Since the accident at Mihama Nuclear Power Station Unit 3, our entire company has been unified in undertaking “safety first” business activities as the highest priority of our management. We reasserted the fact that “safety first” is a fundamental management principle as we created our “Key efforts for the realization of the Medium-term Management Plan of the Kansai Electric Power Group (2017)” in April 2017.

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

On August 9, 2004, an accident involving the rupture of secondary system piping occurred at Mihama Nuclear Power Station Unit 3. Based on the President’s Declaration “Ensuring safety is my mission, and the mission of the Company,” we have strictly implemented recurrence-prevention measures, with a firm determination that we shall never cause such accidents. On every August 9th, which is set as “Safety Vow Day,” every manager and other employee observes a moment of silence and refers to the Conduct Card in which are written personal safety declarations.



President Iwane observes a moment of silence in front of the Safety Vow Memorial (August 2016)



Safety Vow Memorial

Developing a safety culture

We have been making efforts to enhance a safety culture in order to implement “safety-first” business activities and not to forget the lessons from the Mihama Nuclear Power Station Unit 3 accident. Moreover, after the accident at the Tokyo Electric Power Fukushima Daiichi Nuclear Power Station, we established our Commitment to Enhancing Nuclear Safety. By promoting deeper understanding on this Commitment and by undertaking efforts related to nuclear power safety, we continue to enhance a 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. To this end, we shall always be ready to question anything, learn from others and listen to the voices of society and discuss issues uninhibitedly while respecting diverse opinions with further efforts.
Commitment to enhancing nuclear safety	Enhancing nuclear safety is the overriding priority in the company. It is also important to promote two-way communications with the people in the plant-hosting communities and the whole country, and to share common perceptions on nuclear safety. Under the President’s leadership, every one of us shall work together to tirelessly enhance nuclear safety.

Fostering an unshakable group-wide safety culture

Based on the lessons from the Mihama Nuclear Power Station Unit 3 accident, we are continuing safety efforts that put preserving the safety of every person involved in the business activities of our company first. We share a strong belief that “we will not allow misfortune to occur to the colleagues who work with us or their families.” This includes our partners and the staff of subcontractors. We are striving to cultivate a culture that prioritizes the assurance of safety and to practice safe conduct.

Safety first is set as a management criterion in our Management Philosophy. In addition, we aim to make “our beliefs about safety” and our Safe Action Declaration in the Kansai Electric Power Group Safe Action Charter* further permeate the group. We also convey

the details of these principles to our subcontractors and deepen information sharing and communication. By doing these and other things, we are working to cultivate a group-wide safety culture that never wavers.

* For details, refer to page 90.



Undertaking a safety activity in unity with a subcontractor

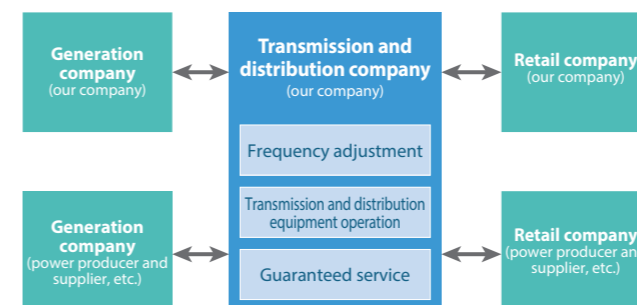
Maintaining power supplies with the invariable safety and stability after the complete liberalization of the retail electricity sales

Preserving the quality of electricity in the new energy era

Every customer has been able to choose among power companies freely since April 2016. Along with the complete liberalization of the retail electricity sales, we have positioned our corporate businesses into three categories—generation, transmission and distribution, and retail—that will continue to fulfill individual roles.

In order to assure stable supply from a neutral and fair stance, our transmission and distribution business will maintain the supply and demand balance for entire areas, construct and maintain transmission and distribution equipment and provide guaranteed* service.

* This service offered by ordinary transmission and distribution businesses is always provided for users who are unable to establish a supply contract with any retailer due to, for example, their withdrawal from the market.



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.

Specialist technicians with specialized skills

216

people

Individuals with high levels of technical ability and outstanding leadership qualities are selected and recognized (As of the end of May 2017)

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 making thorough efforts to prevent failure recurrence. As a result of our efforts, we are maintaining one of the world’s highest power quality levels in the transmission and distribution business.

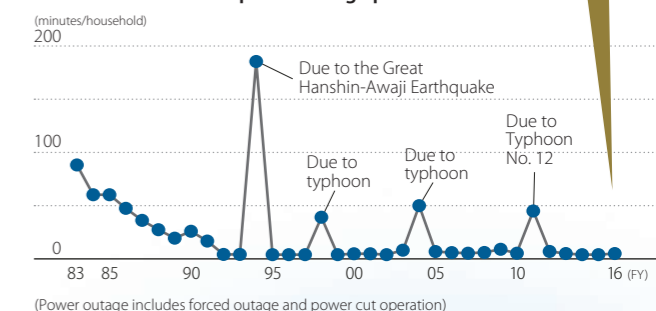
The Company continues to develop new technologies and introduce new construction methods for the purpose of preventing failures and for swift recovery in the event an accident does occur. Equally important, systematic renovation is in progress for aging facilities.

Fiscal 2016 power outage time

5

minutes

Annual duration of power outage per household



1 Safe and Stable Delivery of Products and Services As Chosen by Customers

Preventing electrical accidents

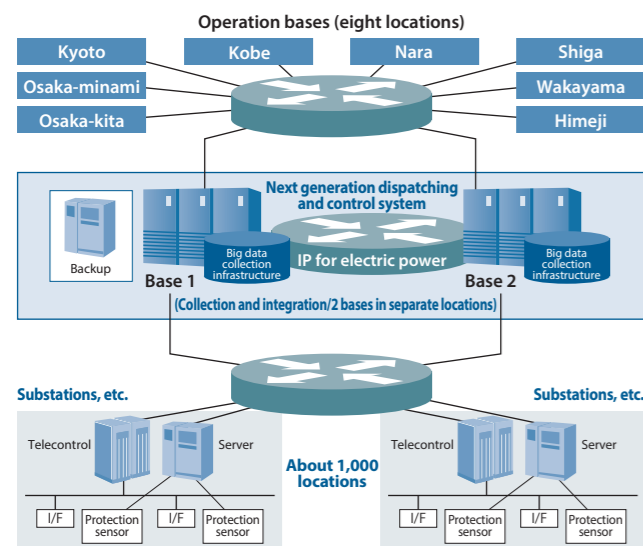
If something approaches, touches or damages one of our electrical facilities, including transmission and distribution equipment, injury due to electric shock, wide-area power outages and other serious impacts on society could occur.

In order to prevent such electrical accidents, we provide information about things that construction companies should be aware of during construction and that customers should keep in mind during daily life, for example, on our website and through various public relations activities.

Construction of the next generation of dispatching and control center system

We are advancing work to update the current dispatching and control center system for the monitoring and control of electric power systems of 275 kV or less. In this next-generation system, we will combine eight area systems into one system with two bases. Our intention is to improve availability at times of large-scale disasters through wide area automatic recovery and mutual backup between the bases. Through this and other features, we will continue contributing to the stable supply of power.

Next-generation dispatching and control system



Steady repair of aging facilities still in use that cross the Kansai region from east to west

The 275 kV New Kakogawa Itami Line is an important transmission line that moves electricity generated at thermal power plants in the Himeji area of Hyogo Prefecture toward Osaka. Considering that 68 years have passed since it was built and problems with the equipment have developed, we are systematically advancing repairs in order to maintain a safe and stable supply of electricity.

We are advancing work for this project with "safety first" and uncovering risks through open and frank communication with the employees of subcontractors and manufacturers.



Recovery from snow damage incidents at distribution facilities

A snowstorm that struck the northern part of the Kansai region in the middle of January 2017 resulted in damage in multiple locations. Our equipment was among those damaged, particularly in the Kyoto, Himeji and Shiga areas, and about 50,600 customers lost power in total. Through the cooperation of employees from our company and subcontractors in removing fallen trees and conducting other tasks, we were able to restore power almost completely one day after the damage occurred. Moreover, at our company, we have prepared systems for conducting rapid recovery work, including the placement of snowmobiles and crawlers in regions where heavy snows occur. In addition, we are working to strengthen coordination with local governments and gather information when roads become blocked.



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 Nankai Trough Earthquake, we will follow the basic plan for mitigating disaster announced by the Japanese government and take disaster response and recovery measures.

Strengthening the disaster response system

We are enhancing our response systems to prepare for rapid initial response to the occurrence of disasters. This includes the designation of individuals who would arrive at the workplace early and night watches by supervisors, along with the implementation of trainings focused on initial response several times a year. We are also seeking to improve employee skills in responding to disasters and increasing their awareness about disaster preparation. We implement annual companywide comprehensive disaster response trainings with a structure that incorporates the entire company and has the president as its chief. We do these things not only to prepare for the occurrence of earthquakes but also considering cases with severe conditions such as the occurrence of a nuclear power disaster at the same time or occasions when the balance of power supply and demand is tight.



Number of participants in corporatewide comprehensive emergency response drills
885
Corporatewide comprehensive emergency response drills (fiscal 2016)

Strengthening collaborative ties with disaster response entities

If a large-scale wide-area disaster should occur, there are limits to



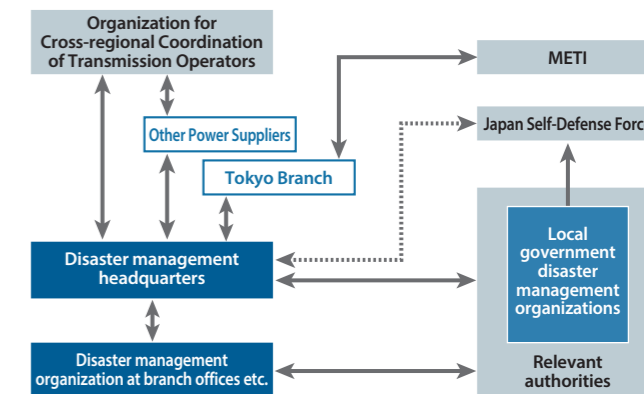
Training to load high-voltage generator vehicles on Maritime Self-Defense Force air-cushioned landing craft and to unload and drive them on a sandy beach.

what our company alone could do to respond. For this reason, we also cooperate with governments, police, fire departments and other concerned external organizations as well as other power companies and do everything that we can to restore power as quickly as possible. In order to enable smooth mutual cooperation during times of emergency, we are working to build face-to-face relationships with these groups at ordinary times. In addition to actively participating in the disaster trainings of local governments, we have made agreements for mutual cooperation with the Chubu Region Ground Self-Defense Forces and Kure District Maritime Self-Defense Forces, and we are holding related meetings and trainings at least once a year.

Preparation for disasters does not change even in a new business environment

With the full liberalization of the retail market for power, numerous companies are entering the electricity business. As a result, power recovery measures once handled by Kansai Electric Power alone will be carried out by multiple suppliers. We will continue to work to provide stable power supplies considering also the legal unbundling of the transmission and distribution sector. In order to do so, we are seeking to cooperate actively with others, including the Organization for Cross-regional Coordination of Transmission Operators and new businesses.

Emergency system for communicating with relevant authorities



Keage Power Station recognized as an IEEE Milestone

On September 12, 2016, the IEEE, which is the largest electrical and electronic engineering specialist organization in the world, recognized the Keage Power Station, which our company owns in Kyoto, as an IEEE Milestone.*

The Keage Power Station began operation using the canal from Lake Biwa in 1891 as the first hydroelectric power station for industrial use in Japan. As a forerunner among hydropower stations, the Keage Power Station was recognized as valuable for contributing to the modernization of Japanese industry.

Even though over 100 years have passed since the Keage Power Station began operation, it still continues to send electricity to the city of Kyoto.

* The IEEE Milestone is an award of historical achievement recognizing revolutionary innovations that were developed at least 25 years ago and have contributed greatly to the development of local communities and industry.



Countermeasures for Nankai Trough Earthquake

In addition to preparing and publishing disaster management operation plans for Nankai Trough Earthquake with a huge tsunami, with "protecting human life" as the fundamental principle, in order to "avoid devastating impacts on the economy and society," we are advancing comprehensive countermeasures deploying a variety of structural and nonstructural measures.

For example, at underground transformer substations where inundation can be anticipated, we are making entrance doors watertight and installing removable waterproof panels to try to minimize the extents of power outages. Moreover, in order to ensure fuel for vehicles used in disaster recovery, we have signed agreements for priority fuel supply. We are also regularly conducting training for construction of and fueling at temporary fuel supply spots after submitting planning documents for temporary storage and handling to some of the concerned fire departments.



Training for construction of and fueling at a temporary fuel supply spot

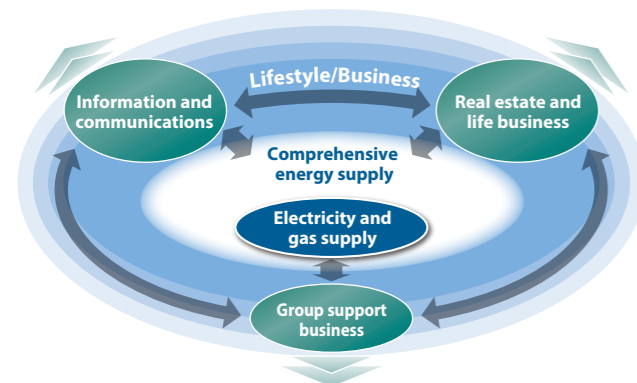
1 Safe and Stable Delivery of Products and Services As Chosen by Customers

Providing services as a consolidated group

Aiming to be “the best partner in daily life and in business”

Our corporate group has been meeting the various needs of our customers and society by offering total solutions that combine our services, including comprehensive energy supply, which is focused on electricity, as well as information and communications, and real estate and life business. In order to have customers choose our group and to realize further growth for the group in the new energy era, we will continue to seek to be “the best partner in daily life and in business.” Along with the services of our corporate group companies, including comprehensive energy supply as our core, we will do this by providing a wide range of services that provide security, comfort and convenience from the customer perspective through alliances with other businesses.

Business areas for strong growth



Services for residential customers

We released the new “e-Smart 10” and “e-Otoku Plan” electricity rate options and began providing Kanden Gas in April 2017. In addition, we are offering services that support daily life such as a Run-to-You Electricity Service that dispatches help to customers when they have troubles related to electricity, Hapi e-Kurashi Support that consists of responding to daily life problems and member benefit services, and Hapi e-Points that can be accumulated by using our electricity and gas. As a comprehensive energy company that supplies not only electricity but also gas, we will offer compatible prices and tailored services to provide customer satisfaction. (See page 45 for details about each type of lifestyle support service and page 20 for details about Kanden Gas.)

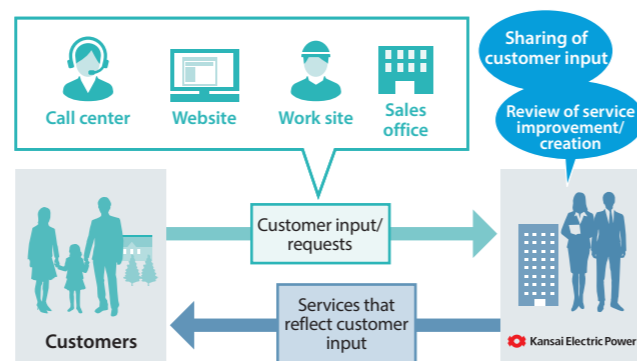
Number of reform cases based on customer feedback

90

We are currently investigating reform measures for 21 cases as of the end of April 2017

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 of improved services that reflect customers' ideas and requests

Service development example

I wish you would provide a service that allowed checking the electricity usage status of families that live far away!

Lifestyle rhythm notification service for families and others that live at a distance using Hapi e-Miruden

Hapi e-Mamoru-kun

Started accepting applications in January 2017!

- This service uses electricity consumption data.
- This service utilizes refrigerator use pattern data.

Customer satisfaction survey

We ask customers who have made an inquiry 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.

We reflect the results of these surveys in trainings about how to respond to customer expectations swiftly and precisely, as well as in drills to ensure complete safety during work and to increase technical skills as electrical professionals. In these ways, we are striving to deliver both electricity and peace of mind.

92.3%

of the customers who used our Run-to-You Electricity Service were satisfied

Create new services and value that meet customer needs

At K-Opticom Corporation, we are providing services that are attractive to customers. In addition to the “eo Hikari net,” “eo Hikari denwa” and “eo Hikari terebi” fiber to the home (FTTH) services for network, telephone and television, which utilize our own optical fiber network that has high speed and reliability, we offer “mineo” mobile phone services and, since April 2016, “eo Denki” electricity services.

Moreover, since April 2017, taking the beginning of the full liberalization of the retail market as an opportunity, K-Opticom has been offering the Kanden Gas “Nattoku Plan” and “eo Denki,” which are provided by our company, as a set for customers who are already using “eo Hikari.”

We will continue meeting the needs of our customers by providing new services and value through collaborations with other companies and different industries, for example.



K-Opticom Corporation service brands

Lifestyle services with the confidence of our customers as the foundation

With quality is our top priority, we deliver lifestyle-related services to household customers. These services provide peace of mind, comfort and convenience and are deeply connected to their lives. In this way, our individual companies seek to increase their earnings and to make our corporate group the one that our customers trust and choose as the “best partner for their lifestyles.” Among these services, considering the arrival of a society in which the average age is extremely high, in order to further enhance the service range and contents of services related to caregiving, our company and KANDEN Security of Society, Inc. (KANDEN SOS) purchased all the shares of Keihan Life Support Co., Ltd. in April 2017, making it a consolidated subsidiary company. (In July the same year, the firm name was changed to Kanden Life Support Co., Ltd.)

In the future, employing the comprehensive abilities of our corporate group, we will support the realization of peace of mind, comfort and convenience in customer lifestyles even more than before. For example, we will provide high-quality caregiving services to customers in the Kyoto-Osaka-Kobe region through a two-company structure with Kanden Joy Life Co., Ltd., which is a caregiving business company in our corporate group. At the same time, by working cooperatively with KANDEN SOS, which is a home security business company, we will investigate developing security services for the elderly and other new services.



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 CO₂ emissions.

Examples of adopting utility services

Kintetsu Real Estate Co., Ltd. adopted the utility services of Kanden Energy Solution Co., Inc. (Kenes) for the Abeno Harukas super-high rise multifunction building, which stands 300 m above ground and had its grand opening in March 2014.

Expert energy technicians from Kenes are stationed at the building around-the-clock, managing facilities with different energy quality demands, including a department store, offices, a hotel and a museum. Moreover, we are continuously realizing energy, cost and CO₂ reductions by monitoring energy use conditions in real time and utilizing the collected data in operation and maintenance. In this way, we have been told that customers are able to focus their business resources, including essential personnel, on their primary businesses by entrusting work related to energy management to Kenes.

Examples of adopting utility services

Examples of services for corporate customers	
Electricity Usage Notification Service (Kansai Electric Power Company)	In addition to making it possible to see electricity use conditions on a website, we also distribute information and email newsletters that help customers solve problems.
Utility Service (Kanden Energy Solution Co., Inc.)	This service enables customers to outsource facility management and even makes initial financing unnecessary for them by providing comprehensive services from fund-raising and design to installation and maintenance administration for utility facilities related to energy, including power receiving equipment, air-conditioning and heating equipment and boilers.
Assistive vehicle leasing service (The Kanden L & A Co., Ltd.)	We provide total support for assistive vehicles, including leasing, sales, repair and upgrading.
Business place security (KANDEN Security of Society, Inc.)	This service preserves customer safety 24 hours a day 365 days a year by rapidly detecting abnormalities, including intruders and fires, and rushing staff to the site.
Comprehensive building management (Kanden Facilities Co., Ltd.)	These services provide facility environments that are safe and secure and contribute to increasing property values through, for example, the daily maintenance management and cleaning of buildings and facilities, security, environmental hygiene and energy management.

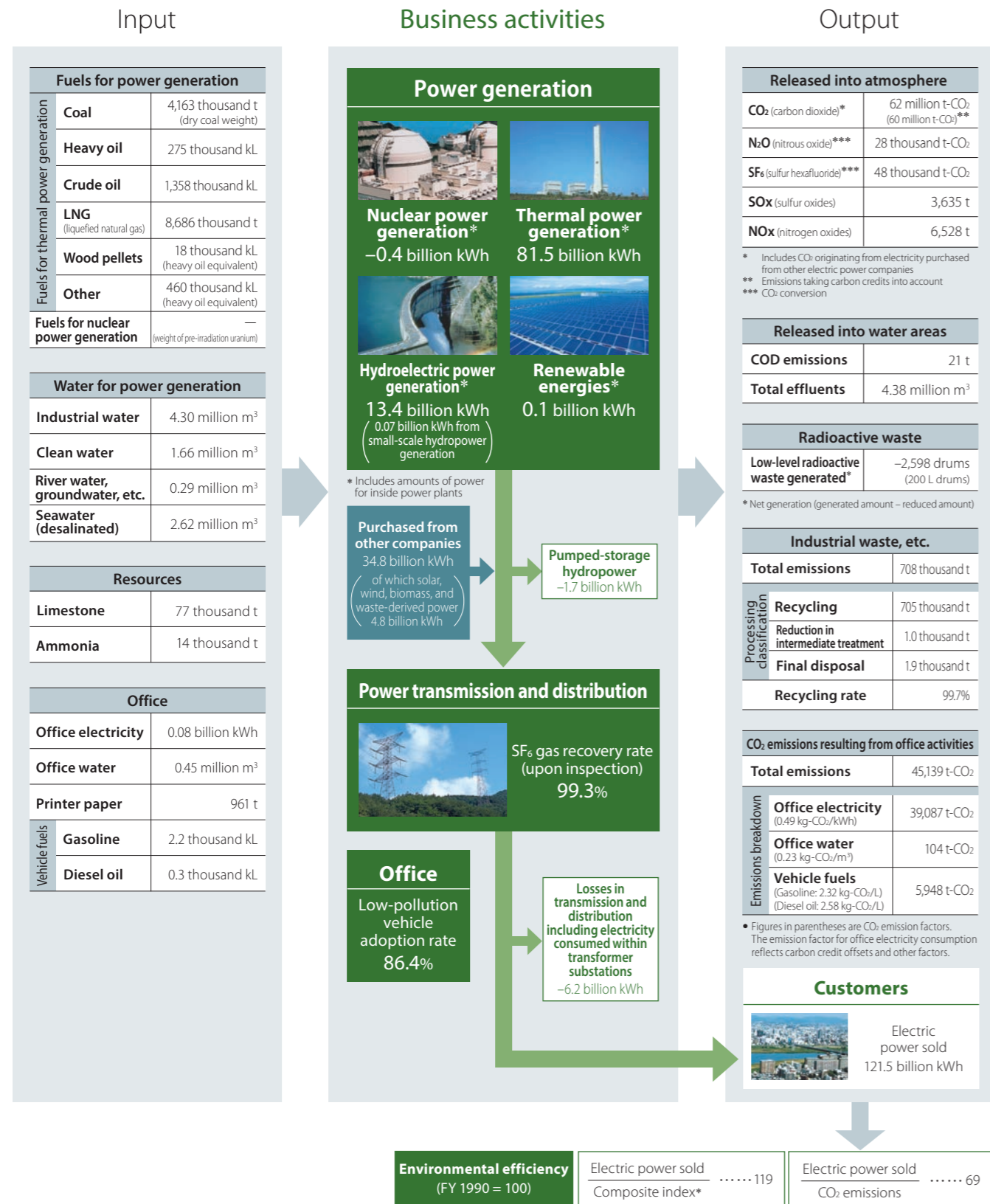
The group companies that provide the services are indicated inside parentheses.



Inspecting the utility facilities of the Abeno Harukas building

2 Proactive Approach with a View to Creating Ever Better Environment

Status overview of our business activities and environmental load (FY 2016)



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.

• In calculations starting in FY 2007, we are using the LIME2 integrated coefficient developed by the National Institute of Advanced Industrial Science and Technology.
• The amount of CO₂ emissions shown takes carbon credits into account.

Status of third-party guarantees <http://www.kepco.co.jp/sustainability/kankyoku/report/data/pdf/security.pdf>

Eco Action (annual targets and results)

Self-evaluation key ○: Target achieved △: Mostly achieved ×: Not achieved —: No evaluation

Item	Targets	Fiscal 2016 results	Self-evaluation	Future efforts	Related page
Main environmental initiatives arising from our business activities					
Initiatives contributing to the realization of a low-carbon society					
Advancement of efforts to control CO ₂ emissions	About 0.37 kg-CO ₂ /kWh* for the entire electric power business by fiscal 2030	Electric Power Council for a Low Carbon Society (fiscal 2015): 0.531 kg-CO ₂ /kWh* Our company (fiscal 2016): 0.49 kg-CO ₂ /kWh***	—	<ul style="list-style-type: none"> By steadily implementing various efforts toward the realization of a low carbon society, contribute to achieving the objective in the Low Carbon Society Realization Plan of the Electric Power Council for a Low Carbon Society (strive for an emission factor of about 0.37 kg-CO₂/kWh* for the entire electric power business by fiscal 2030) 	49 50 51
Operating nuclear power plants that make safety the top priority	Advance efforts to operate nuclear power plants that make safety the top priority	We advanced safety promotion measures that conform to new regulatory requirements, responded suitably to judgments of the Nuclear Regulation Authority, and made efforts to gain the understanding of society.	○	<ul style="list-style-type: none"> Advance measures that conform to new regulatory requirements as well as independently and continuously pursue various safety measures to further increase safety as expected. In addition to seeking to receive the understanding of society and resume operation of plants quickly, strive for safe and stable operation. 	49 50
Maintaining and improving the thermal efficiency of thermal power plants (lower heating value base)	Maintain and improve thermal efficiency	Thermal efficiency 47.6%	○	<ul style="list-style-type: none"> Steadily maintain and improve thermal efficiency through appropriate facility management and highly-efficient facility operation. 	50
Making efforts for renewable energy development	Development and promotion of renewable energy (Development goal: about 500,000 kW by 2030)	<ul style="list-style-type: none"> Renewable energy development: 2 locations, 7,580 kW total**** Cumulative total: 107,724 kW Renewable energy purchased: 4.83 billion kWh 	○	<ul style="list-style-type: none"> Contribute to the promotion and increase of renewable energy sources through active efforts for their development and by steadily enabling their incorporation into power grids 	50 51
Promoting use of innovative forms of energy among customers and communities	Contribute to making energy use by customers and society more sophisticated	<ul style="list-style-type: none"> Smart meters deployed: 1.95 million Cumulative total: 7.5 million Number of Hapi e-Miruden subscribers: 420,000/year Cumulative total: 2,031,000 	○	<ul style="list-style-type: none"> Promote the adoption of smart meters and the popularization and expansion of Hapi e-Miruden, to contribute to increasing customer energy conservation awareness and meet a wide range of needs. 	52 53
Limiting SF ₆ emissions (calendar year basis) (gas recovery rate upon inspection/removal of equipment)	97% (upon inspection) 99% (upon removal)	99.3% (upon inspection) 99.6% (upon removal)	○	<ul style="list-style-type: none"> Implement steady SF₆ gas recovery through the appropriate operation of recovery equipment, for example. 	10
Initiatives contributing to the realization of a recycling-oriented society					
Maintaining industrial waste recycling rate	99.5%	99.7%	○	<ul style="list-style-type: none"> Advance efforts that contribute to the realization of a recycling-oriented society, including efforts toward the achievement of zero emissions. 	55
Proper processing of PCB wastes	Process the entire amount within the legal time limit	Amount of high-concentration PCB processed (cumulative total): 4834 units*****	○	<ul style="list-style-type: none"> Process the entire amount reliably and safely within the legal time limit based on appropriate management of the PCB waste that we possess. 	55
Promotion of environmental protection in local communities					
Maintaining sulfur oxide (SO _x) and nitrogen oxide (NO _x) emission factors	SO _x NO _x	Overall: 0.037 g/kWh Thermal: 0.043 g/kWh Overall: 0.067g/kWh Thermal: 0.077g/kWh	○	<ul style="list-style-type: none"> Seek to maintain one of the world's lowest emission levels (emission factors) through the appropriate operation of sulfur scrubbers and nitrogen scrubbers, etc. 	56
Office energy and resource conservation activities					
Change after FY 2000 (extract)	Reducing office electricity consumption	Reducing office water consumption	Improving fuel efficiency of company vehicles	Reducing copy paper consumption	
	(million kWh)	(thousands of cubic meters)	(km/L)	(t)	
	107 (2010), 78 (2015), 80 (2016 FY) (-25.2%)	587 (2010), 424 (2015), 454 (2016 FY) (-22.7%)	9.84 (2010), 11.13 (2015), 11.13 (2016 FY) (+13.1%)	1,082 (2010), 908 (2015), 961 (2016 FY) (-11.2%)	

* Amount of CO₂ emissions per unit of electricity use (sales)
** This value is provisional. Based on the Act on Promotion of Global Warming Countermeasures and other factors, the actual value of the CO₂ emission factor will be officially announced by the country.
*** ① Yamazaki Solar Power Plant (1,980 kW) started operation in November, ② Asago Biomass Power Plant (5,600 kW) started operation in December
**** Number of high-voltage transformers, condensers and other electrical equipment processing subcontracted to the Japan Environmental Storage & Safety Corporation (JESCO) and number actually processed.

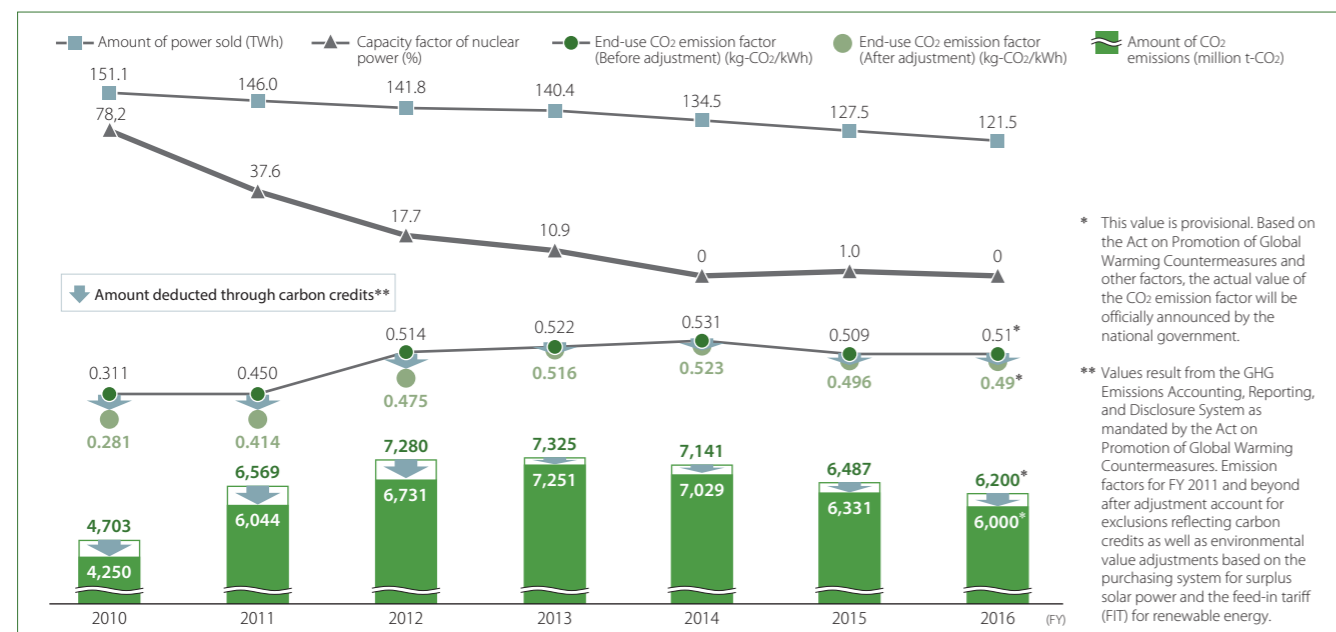
Initiatives contributing to the realization of a low-carbon society

Efforts to reduce CO₂ emissions

Our company joined the Electric Power Council for a Low Carbon Society, and the industry as a whole is seeking to achieve an emission factor of about 0.37 kg-CO₂/kWh (user-end) by fiscal 2030. We will continue to advance efforts to suppress CO₂ emissions, including the utilization of nuclear power generation with the most emphasis on safety, the maintenance and improvement of the thermal efficiency of thermal power plants, and the development of renewable energies. In addition, with a long-term perspective, we will contribute to the realization of a low carbon society by promoting electrification in society.

Despite the negative factors such as the lower capacity factor of nuclear power and hydroelectric power than the previous year, we expect the fiscal 2016 CO₂ emission factor to be about 0.49 kg-CO₂/kWh* (after adjustments), which is approximately the same as the previous fiscal year. This result will be due to the efforts for CO₂ emission reduction, such as the increased capacity factor of Himeji No.2 Power Station performed as high-efficiency natural gas power station, the beginning of generation by natural gas at the Aioi Power Station and the increased introduction of renewable energy via a feed-in tariff system.

Changes in CO₂ emission factor, etc.



* This value is provisional. Based on the Act on Promotion of Global Warming Countermeasures and other factors, the actual value of the CO₂ emission factor will be officially announced by the national government.

** 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 CO₂ emission reduction

Nuclear power can greatly contribute to CO₂ emission reduction because it does not emit CO₂ during the generation unlike fuel power which uses fossil fuels such as coal, oil and natural gas.

After the great East Japan Earthquake (in fiscal 2010), the amount of CO₂ emission and CO₂ emission factor of our company increased significantly due to the increased fuel power generation caused by drastic decline of the capacity factor of nuclear power. CO₂ emission factor has a strong correlation with the capacity factor of nuclear power, which means that CO₂ emission factor increases when capacity factor of nuclear power decreases.

Although we have continued to improve the thermal efficiency of fuel power plants in recent years, our CO₂ emission factor has been much higher level than those before the Great East Japan Earthquake (fiscal 2010). Thus the impact of suspension of nuclear power generation is extremely large.

We believe that nuclear power generation putting the most

emphasis on safety will continue to be an extremely important from the point of view of energy security, economy, and environment including global warming.

Comparisons with values before the Great East Japan Earthquake

	Fiscal 2010	Fiscal 2016	Rate of increase/decrease
Ratio of nuclear power generation (%)	78.2	0	-78.2%
Amount of power from thermal power generation (billion kWh)	76.6	114.4	+49.3%
CO₂ emission factor (after adjustment) (kg-CO₂/kWh)	0.281	0.49*	+74.4%

* This value is provisional. Based on the Act on Promotion of Global Warming Countermeasures and other factors, the actual value of the CO₂ emission factor will be officially announced by the national government.

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 CO₂, it is an important source of energy that does not contribute to global warming. Kansai Electric Power is responding appropriately to the Nuclear Regulation Authority (NRA) to achieve a quick restart of our plants with safety assurances and with the understanding of residents of our local communities. As well, we are further enhancing safety by continuing to promote autonomous measures that exceed regulatory requirements.

Maintaining and improving the thermal efficiency of thermal power plants and further increasing natural gas use

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 are working to suppress the amount of CO₂ emissions by increasing thermal efficiency to about 60%, which is the highest global standard, and reducing the amount of fuel used.

Moreover, at Units 1 and 3 of the Aioi Power Station, in addition to the heavy oil and crude oil we had been using thus far, we began using natural gas, which is less expensive and better for the environment. Unit 1 began in May and Unit 2 began in August 2016.

* Combined cycle power generation: Power is generated with gas turbines and the heat emitted from this is used to generate power with steam turbines for overall power generation with high thermal efficiency.

The electricity generated by solar and wind power fluctuates with the weather over a short time, however. As a result, the frequency remains unstable, and power generated in excess of demand can have an effect on the quality of electricity. Furthermore, the cost of power generation rises because the utilization rate of the power facilities is low; moreover, because the energy density of such sources is low, a much larger area and larger facilities are required for power station construction. We are promoting initiatives to overcome the issues of stability of supply and cost of power generation as we seek to expand and promote the adoption of renewable energy.

Solar power development

In November 2016, Kanden Energy Solution Co., Inc. (Kenes) began operation of the Yamazaki Solar Power Station (1,980 kW output) in Shiso City, Hyogo Prefecture. Our corporate group has solar power generation plants in a total of nine locations. They effectively reduce CO₂ emissions by a total of about 27,000 tons per year.



Yamazaki Solar Power Station

Solar power stations (9 locations)
Reduction in CO₂ emissions
About **27,000** tonnes/year

Development and promotion of renewable energy

Like nuclear power, renewable forms of energy such as hydroelectric power, solar power, and wind power emit no CO₂ when generating power, making them effective energy sources for preventing global warming. As a unified group, we are making efforts that include improving the output of existing hydroelectric power stations and building solar and wind power generation plants. As of March 2017, we have announced the development and planning of about 110,000 kW of generation capacity. We will continue to work proactively for the development of diverse energy sources, including offshore wind power generation and geothermal electric power generation, both inside and outside our jurisdiction. 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.

Development of hydroelectric power generation

The Dashidaira Power Station (520 kW maximum output) has been continuing operation in Unazuki, Kurobe City, Toyama Prefecture since November 2015. Water is released from the Dashidaira Dam, which is owned by our company, to protect the scenery and otherwise maintain the river environment downstream. This power plant uses this water to generate power.



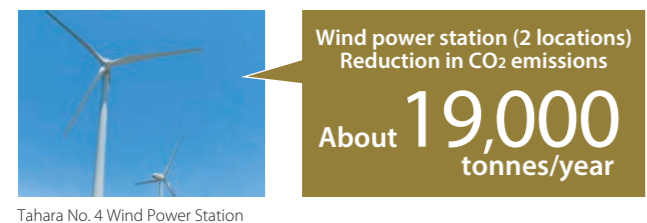
Dashidaira dam

Dashidaira dam
Reduction in CO₂ emissions
About **850** tonnes/year

2 Proactive Approach with a View to Creating Ever Better Environment

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 reduce our CO₂ emissions by about 19,000 tonnes/year in total.



Development of biomass power generation

In December 2016, Kenes began operation of the Asago Biomass Power Plant (5,600 kW output) in Asago City, Hyogo Prefecture. With the cooperation of the Hyogo Midori Kosha (Green Public Corporation), the Hyogo Prefectural Federations of Forest Owners Cooperative Associations handles unused wood materials from transportation to drying and the manufacture of fuel chips. Kenes uses these fuel chips to generate power. This business scheme conducted with cooperation between government and private interests is the first of its kind in Japan. This is also the first wood biomass fuel specialized power plant for our corporate group. As result, we can expect CO₂ emissions to be reduced by about 18,000 tons/year.



Technical development efforts

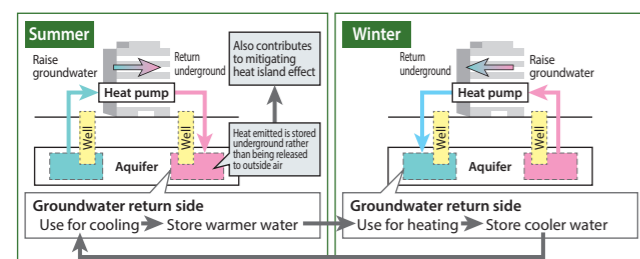
By making use of our specialized technical capabilities as an electric company, we are contributing to the emergence of a low-carbon society. Specifically, we are developing breakthroughs in energy management, green innovation, and system operation and control, among other technologies.

Starting an experimental project to use aquifer thermal energy storage

In October 2016, a research group, which has the Kansai Electric Power Company as its representative, began a test project related to the use of thermal energy from the aquifer* in the Umekita Secondary Temporary Use District. This project is to demonstrate technologies to raise groundwater from the aquifer and utilize the temperature difference for air-conditioning in the summer as well as to store the emitted heat that is generated from this in the aquifer to use as a heat source for heating in the winter. This large-scale demonstration project for using aquifer thermal energy storage to provide air-conditioning for a building of over 10,000 m² is the first of its kind in Japan. This is expected to conserve energy, reduce CO₂ emissions and mitigate the heat island effect. In addition, this project also seeks to suppress electric power demand peaks by using electricity at night to cool water and store it in the aquifer for use during the day.

* An aquifer is an underground layer that contains large amounts of groundwater. Since the underground temperature does not change throughout the year at depths greater than 10-15 m, it is cooler than the outside air in the summer and warmer in the winter.

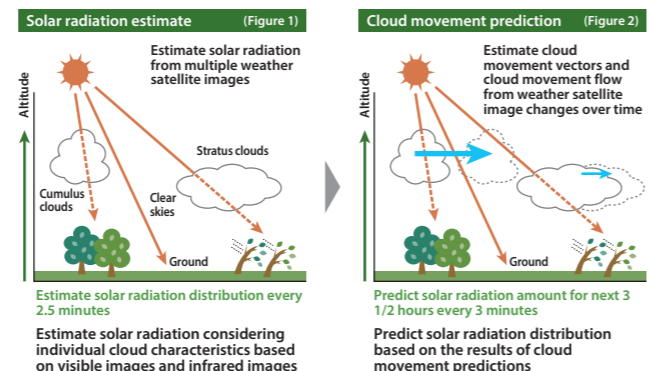
Overview of demonstration project for aquifer thermal energy storage use



Apollon solar power short-time forecasting system

In preparation for the high-volume adoption of solar power generation, which varies in output according to the weather, we developed the Apollon solar power short-time forecasting system together with the Meteorological Engineering Center, Inc. from fiscal 2012-2014. The Apollon system analyzes the characteristics of clouds from cloud images captured by weather satellites and estimates the solar radiation strength on the Earth's surface (Figure 1). In addition, it predicts the movement of clouds by analyzing changes in clouds over time shown in weather satellite images (Figure 2) and predicts the amount solar radiation in three-minute intervals for 1 km grid units up to 3 1/2 hours ahead. By utilizing predicted solar radiation amounts, fluctuations in solar power generation output can be predicted in advance, allowing stable control of supply and demand. In this way, our company is contributing to the popularization of solar power, and seeking to build a low-carbon society.

Predicting solar radiation for 3 1/2 hours (in 3-minute intervals) from a weather satellite image



Contributing to energy conservation, cost reductions and CO₂ emissions reductions for customers and society

By enabling customers to use energy efficiently and comfortably, we are contributing to increased energy efficiency, lower costs, and reduced CO₂ emissions for customers and society. We are also promoting energy conservation and CO₂ emissions reductions at our workplaces.

Encouraging efficient energy use

With the goals of realizing energy conservation, cost cutting and CO₂ reduction for our customers and society, we are offering high-efficiency systems that utilize renewable energy sources and heat pump technologies, as well as proposing effective operation procedures, for example. In addition, we are providing total support for energy management to customers and other members of society and undertaking activities that serve these purposes, including offering Hapi e-Miruden and other services that allow customers to see energy use and participating in regional demand response empirical testing.

Serving residential customers

Starting with the Home Eco Diagnosis service, which is offered in coordination with the Ministry of the Environment, we are undertaking energy conservation consulting activities that respond to customer needs. Moreover, the Hapi e-Miruden Service, which allows people to see the status of their electricity use on the Internet, shows amounts of CO₂ emissions compared to amounts of electricity used and related rankings. In addition, we are providing other information related to energy conservation and have established "environmental household account books" in which users can input gas and kerosene charges to check their total household CO₂ emissions. In these ways, we are advancing a variety of efforts that contribute to helping customers conserve energy, cut costs and reduce CO₂ emissions.

Providing information related to energy conservation through Hapi e-Miruden



Serving corporate customers

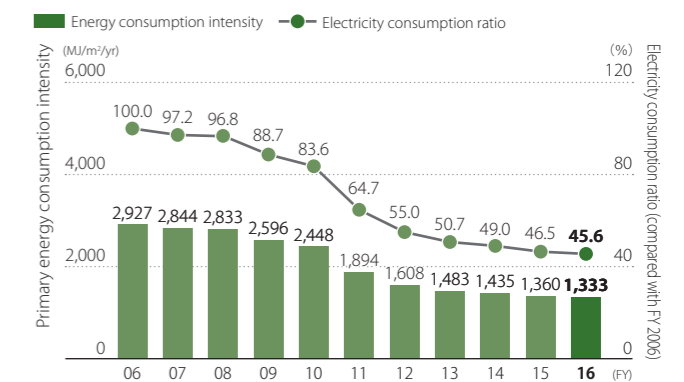
We provide our customers with support for total energy management according to customer needs and offer advice regarding optimal energy systems and their application. In addition, we work with other Group companies to offer a range of services including energy conservation diagnoses and energy management 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 CO₂ emissions.

Energy management at business branches

We have been employing energy management measures at business locations since fiscal 2007. In our efforts, we measure the amount of electricity used by application and by time period for buildings in order to investigate and implement effective energy conservation means.



Primary energy (electricity) consumption intensity at business branches employing energy management



Notes:
 • Electricity consumption is corrected for air temperature.
 • From FY 2011 to 2015, the reduction achieved through energy conservation is included.
 • 20 business locations employing energy management, as of March 2016

Kansai Electric Power Hospital Winner of the Director General of the Agency for Natural Resources and Energy Prize of the 2016 Energy Conservation Grand Prizes

In January 2017, the Kansai Electric Power Hospital received this prize because of high evaluations of its design with thorough energy conservation in its 2015 rebuilding and approaches taken in conserving energy since the start of its utilization. We succeeded in reducing the amount of primary energy consumption by floor area 37% compared to conventional large-scale hospitals.

In addition, the Kansai Electric Power Hospital also received the Osaka City Mayor Award of the 2016 Osaka Environmentally Friendly Architecture Awards in December 2016.

2 Proactive Approach with a View to Creating Ever Better Environment



Technological developments for constructing the 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 "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

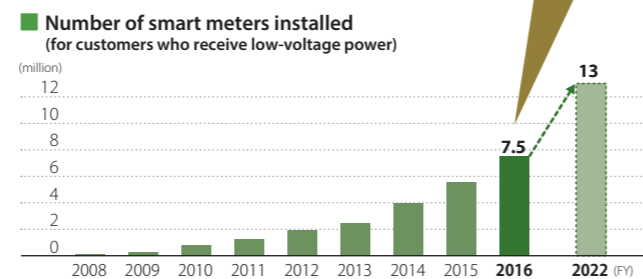
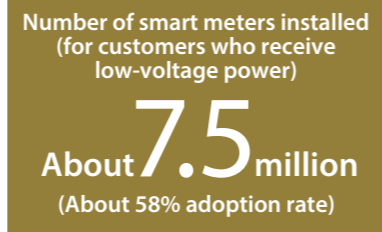
With large-scale or focused introduction of renewable energy, including solar power, into the electric power grid, the stability of the power grid can be compromised. Therefore, Kansai Electric Power is promoting R&D of countermeasure technologies, including systems for evaluating such impact, development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

Usability improvements for customers

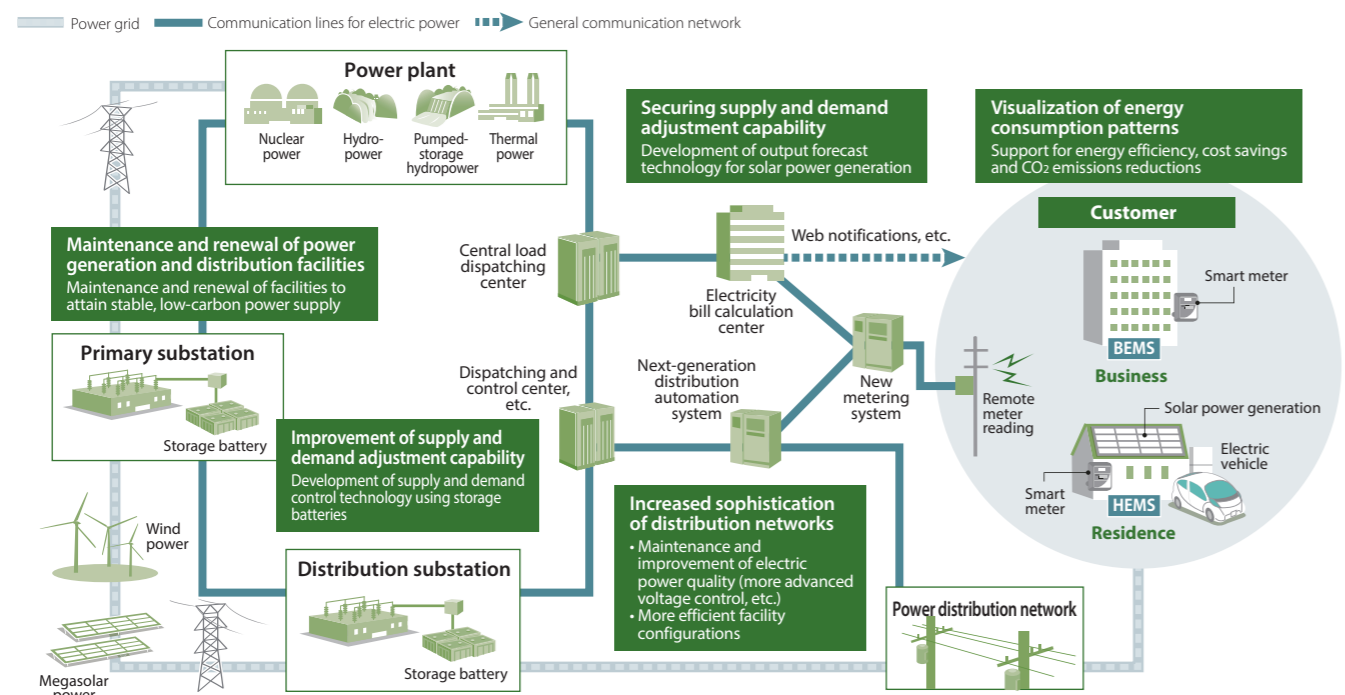
We have completed installing smart meters, which have communication functions and can measure and record the amount of electricity a customer uses every 30 minutes, in factories, office buildings and other customers that receive high-voltage and extra-high-voltage electricity. We will also continue converting them to remote reading by fiscal 2020. In

addition, we had installed 7.5 million units, which is more than half, for households and other customers that received low-voltage electricity, by the end of fiscal 2016. We will advance our plan to ready them for every customer by fiscal 2022.

Among the many benefits, installing smart meters contributes to the energy conservation of society as a whole, enables flexible handling of various rate options, makes meter reading work more efficient, and enables formation of efficient facilities according to the conditions of electricity use. Through this endeavor, which leads the nation, we are improving usability for customers by promoting measures that allow them to see their energy use. We are supporting their efforts to conserve energy, cut costs and reduce CO₂ emissions with services such as the Hapi e-Miruden Service (residential), which allows people to see the status of their electricity use, and the Electricity Usage Notification service (business).



Constructing the 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.

Contributing to the development of renewable energy sources

Our company is setting up infrastructure and working to reduce global environmental impacts by participating in GSEP* efforts, including small-scale hydroelectric power generation in the kingdom of Bhutan, solar power generation at Tsubaru, and a solar ice project on Dhiffushi Island in the Republic of Maldives (DSIP).

On Dhiffushi Island, in order to regulate the amount of power generated by solar and the amount of electricity used, an ice machine was installed instead of a storage battery. This ice is supplied for the fishing business, which is a principal industry on the island. This has received great attention as a model project that could be developed on other islands and in other countries. Our company has also worked to promote it publicly. Moreover, we will conduct monitoring over five years in order to confirm that, for example, the equipment we transferred stays in good condition and the power system is stabilized.

* GSEP stands for "Global Sustainable Electricity Partnership." Comprised of 10 major electric power companies from eight countries, including Japan, the USA and France, in this organization leaders from each company exchange ideas about the development of sustainable energy sources, climate change problems and other global issues related to the electric power business as a whole.



Solar power generation facility that we transferred to Dhiffushi Island in the Maldives

Workshops held in Pacific island nations

Among GSEP efforts, we have been holding workshops for the Pacific Power Association. We have been conducting these continuously since 2005 and have held 14 so far on themes that include renewable energy sources and energy conservation.

In 2017, we held lectures with "renewable energy grid connections" as the theme in Fiji (March) and in Guam (June). In addition to explaining issues related to the popularization of renewable energy sources and measures to handle them, we also introduced the latest efforts of our company, including the Apollon solar power short-term forecasting system and smart grids.

In these ways, our company is contributing to the resolution of global environmental problems through technology transfers and personnel cultivation programs related to the various issues faced by island nations.



Participants and teachers at the workshop held in Fiji

Explanation of our corporate activities to students gathered from Pacific island nations

Energy Globe Award received

The DSIP was selected as the most outstanding project in the Maldives in the Energy Globe Awards (2017), which is given to excellent environmental projects around the world. This project was highly evaluated for reasons that include the economic benefits brought by the ice machine to the local community and residents, the fact that no waste is generated by a storage battery for storing excess power and that the project could easily be reproduced on other islands.



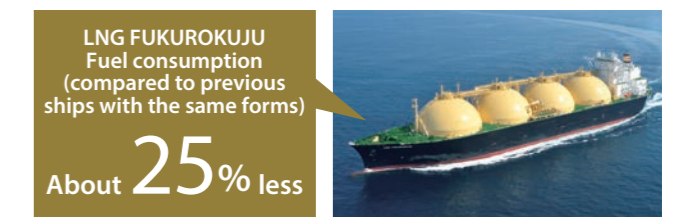
Value chain efforts

We are working to introduce and utilize high-efficiency LNG ships.

Fuel value chain

We are advancing the introduction of LNG ships with excellent energy conservation performance. Following the LNG EBISU and the LNG JUROJIN, which are already in service, we completed the LNG FUKUROKUJU in fiscal 2016. These ships use a new type of steam turbine that reheats steam. This secondary use of steam that has already been used once realizes fuel reductions of about 25% compared to previous ships with the same forms. Moreover, utilizing the latest heat resistance systems, these ships achieve an

LNG evaporation rate of 0.08% per day, which is the lowest level in the world, making them outstanding in terms of both environmental and economic performance.



LNG FUKUROKUJU

2 Proactive Approach with a View to Creating Ever Better Environment

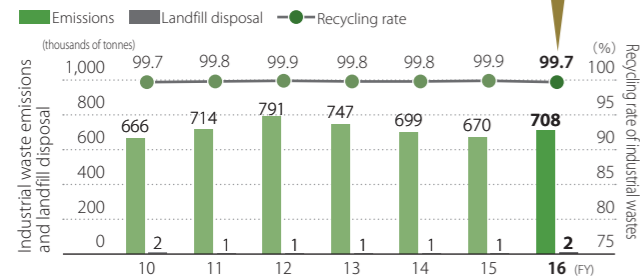
Initiatives contributing to the realization of a recycling-oriented society

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 99.7% recycling rate in fiscal 2016, which marks the seventh 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.



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.

Type of industrial waste	Recycling rate	Main recycling applications
Metal scraps	98.1%	Metal recovery
Demolition debris (Waste concrete utility poles, etc.)	99.7%	Roadbed materials
Soot (Coal ash, heavy oil ash, etc.)	100%	Cement raw materials
Sludge (Desulfogypsum, wastewater processing sludge, etc.)	99.8%	Construction materials
Cinders (Coal ash, heavy oil ash, etc.)	100%	Rare metal recovery
Waste oil	99.9%	Fuel

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 Corporation is promoting sales of this material.

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.

* PCB: 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 of our group companies

The Kanden L & A Co., Ltd. developed a technology to recycle used insulators into stone materials for gardening, for example, by rounding corners with grinding machines. At the FY 2015 Awards for Resources Recirculation Technologies and Systems, this technology received the Award of the Director-General of the Industrial Science and Technology Policy and Environment Bureau. Furthermore, together with a road company this company has developed an environmentally-friendly paving material that suppresses road surface temperature increases. This is done by injecting and filling the fine powder from the grinding into gaps in the asphalt mixture. They received a patent in July 2016. Moreover, Kanden Engineering Corporation received the first permit in Japan from the Minister of the Environment in May 2014 for disposal treatment of low-concentration PCBs in discarded electrical equipment by using mobile solvent-based cleaning equipment. It has been conducting safe and economical decontamination treatments that do not require moving or dismantling contaminated equipment. In the future, our corporate group will continue contributing to the realization of a recycling-oriented society.



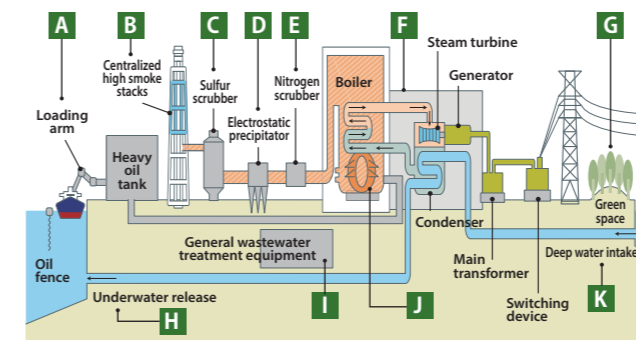
Kanden Engineering Corporation PCB cleaning equipment

Promotion of environmental protection in local communities

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

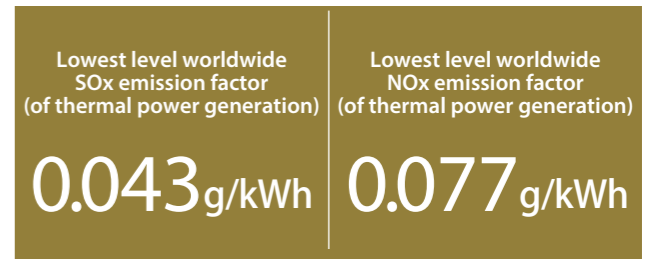
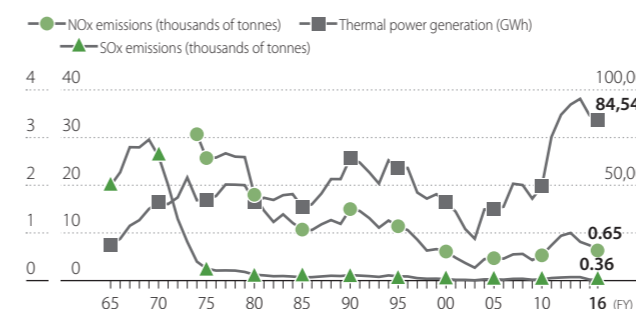


- A Oil leakage prevention
- B Ground-level density reduction measures
- C Removal of sulfur oxides
- D Removal of dust
- E Removal of nitrogen oxides
- F Noise prevention
- G Afforestation
- H Heated water discharge measures
- I Drainage treatment
- J Low-sulfur fuel
- K Heated water discharge measures

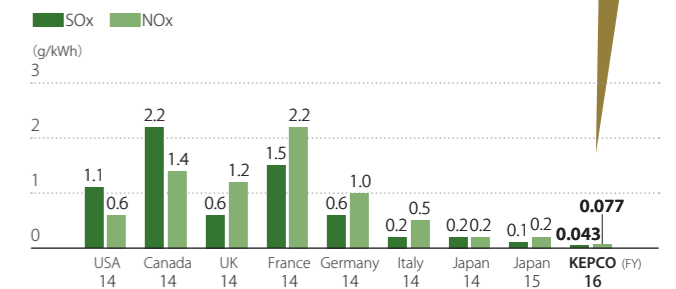
Air pollution prevention measures (SOx, NOx, soot)

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 precipitators that dramatically cut soot emissions.

Thermal power generation and SOx and NOx emissions



SOx and NOx emission factors for thermal power generation of major countries and Kansai Electric Power



Source: Overseas data: OECD StatExtracts, IEA ENERGY BALANCES 2016
Japan figures: Federation of Electrical Power Companies of Japan (10 electric power companies and Electric Power Development Co., Ltd.)

Handling chemicals

We regularly monitor the status of buildings and equipment that contain asbestos and systematically advance the removal of asbestos and replacement with non-asbestos products. In these ways, we are managing asbestos suitably as we strictly abide by related laws, regulations and other rules.

Moreover, in addition to abiding by the PRTR (Pollutant Release and Transfer Register) Law, we are working to manage toxic chemicals strictly and to reduce them based on our "Guidelines for Managing Chemicals Subject to PRTR."

Scope of use (buildings and facilities) of asbestos (at March 31, 2017)

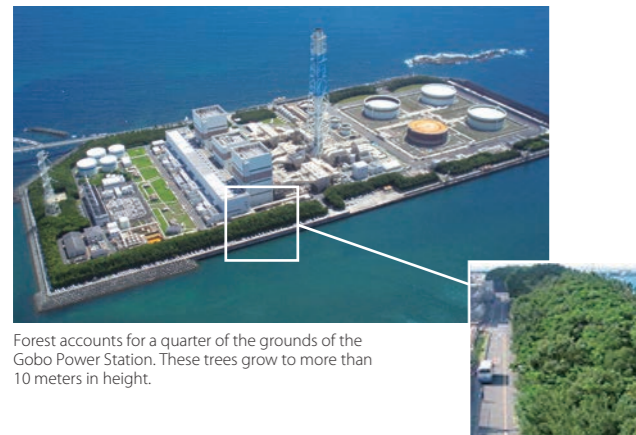
Blown-in materials containing asbestos	Asbestos-containing products
Acoustic insulation, thermal insulation, and fireproofing materials in company buildings; acoustic insulation for transformers	Building materials
	Fireproofing panels, roofing materials, and flooring for buildings
	Asbestos-cement pipes
	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

2 Proactive Approach with a View to Creating Ever Better Environment

Conservation of biodiversity

Natural forest creation

In order to make forests that are similar to nature at power plants in short amounts of time, we are trying to create environments that protect the original biodiversity of the region by selecting cultivated tree saplings that are suited to the region, and planting different species densely in close proximity.



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



Stork building nest on utility pole

Protecting oriental white storks

In Toyooka City, Hyogo Prefecture, released oriental white storks, which are designated a Special Natural Treasure in Japan, sometimes make their nests on utility poles and steel towers. Not only are there concerns about accidents, but there are also fears that storks could be electrocuted. For these reasons, we patrol carefully, removing nests as quickly as possible and conducting measures to discourage them from coming near utility poles in cooperation with the University of Hyogo and the Hyogo Park of the Oriental White Stork. In these ways, we are both protecting the storks and maintaining the safety and stability of the power supply.

Promoting environmental management and environmental communication

Promoting environmental communication

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. 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.



Planting bitter melon with local elementary school students (Higashi Osaka City, Osaka Prefecture)

Environmental communication on our website

In order to have even more customers learn about our company's approaches to efforts for the environment, we are publishing information about our various efforts, starting with reducing carbon for electricity, waste recycling and communication about the environment in each region on our "Efforts for the Environment" web page. We are also releasing content related to environmental education.



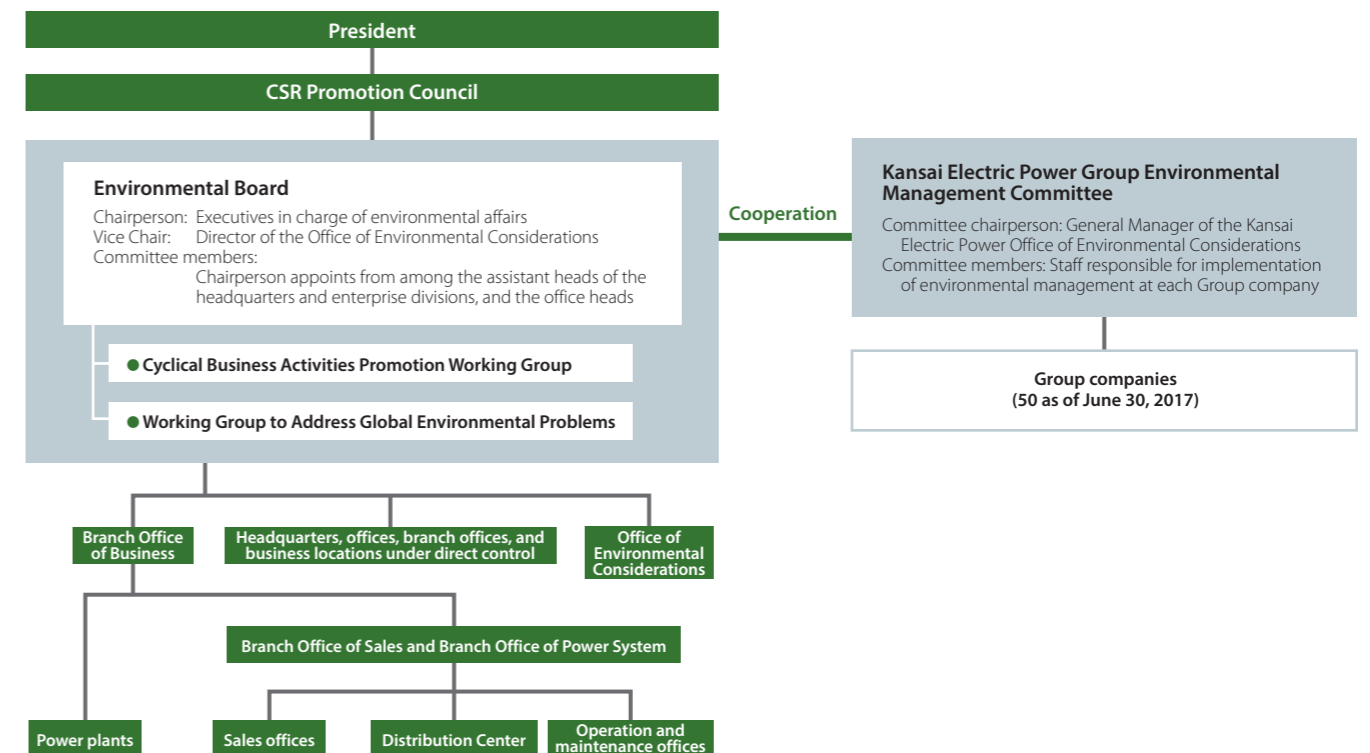
Efforts for the environment web page

Promoting environmental management

Promoting environmental management on a Group wide basis

In our corporate group, our company and our group companies have been unified in efforts to reduce environmental impacts and environmental risks, and we have built environmental management systems that incorporate the approaches of ISO 14001. 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



Eco Action: Kansai Electric Power Group Company Concrete Action Plans

Item	Results for FY 2015*	FY 2016		Evaluation (Reasons for increase/reduction)
		Targets	Results*	
Reducing office electricity consumption	57.8 GWh	Continuing energy conservation efforts	60.5 million kWh (4.7% increase)	At every company, we made efforts to conserve energy in offices, but the total amount used grew over the previous fiscal year due to increased amounts of work, expanded building floor space, the inclusion of more workplaces in the coverage and other factors.
Reducing office water consumption	254,900 m ³	Reduce as much as possible	248,700m ³ (2.4% reduction)	Even though some companies had increased usage due to water service equipment malfunctions, we were able to reduce the overall amount of use from the previous fiscal year thanks to efforts in every company to conserve water in offices.
Improving fuel efficiency of company vehicles	9.05 km/L	Increase as much as possible	9.26 km/L (2.3% increase)	Even though some companies had worse fuel efficiency due to increases in city driving and short travel distances, our fuel efficiency improved compared to the previous fiscal year because each company has strictly enforced the practices of "eco" driving and stopping the engine when idling, as well as adopted vehicles with high fuel economy, for example.
Reducing printer paper consumption	959.2 t	Reduce as much as possible	906.4 t (5.5% reduction)	Even though some companies used more because their work volume increased, the amount decreased compared to the previous fiscal year as a result of thorough efforts at each company, including the use of double-sided copies and other paper reduction efforts.

* The calculation of results covers 42 companies in FY 2015 and FY 2016. Parentheses () show comparisons with the previous fiscal year.

2 Proactive Approach with a View to Creating Ever Better Environment

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. —

Investigations conducted for the protection and management of “Nara deer,” a Special Natural Monument

The General Environmental Technos Co., Ltd. protects and manages wild animals. They received the task of advancing the protection and management of “Nara deer,” which have been designated a Special Natural Monument and live within Nara Park. Their environmental and civil engineering divisions have coordinated to contribute to the entire project, from site investigations to the creation of a protection and management plan to the installation of fences that deter the deer as a way to manage them. As one of these efforts, they attached GPS data loggers to three female Nara deer that live in Nara Park in order to investigate their behavior. They utilized GPS devices made by NTT DoCoMo for the GPS data loggers, so it is possible to check information about their locations on computers and smartphones. In addition, they used a geographical information system (GIS) to analyze location information so they could clarify daily and seasonal behaviors, making valuable data for advancing the protection of the “Nara deer.”



Nara deer wearing GPS data logger

— Kanden Power-Tech Corp. —

Selling “electrodeless lamps,” an energy-saving light source that lasts even longer than LEDs

Kanden Power-Tech Corp. has started handling electrodeless lamps, which use an energy-saving lighting technology that can replace LEDs, and is providing this new type of light to customers. “Electrodeless lamps,” as the name suggests, do not have electrodes. Instead, they put an energy-conserving structure into use by creating a space where magnetism can work to efficiently generate light. As a result, they provide energy conservation efficiency equivalent to LEDs. Compared to mercury lamps, they reduce energy consumption about 60%. In addition to being expected to have a high CO₂ reduction effect, they have long lives, so the number of replacements is low and costs can be greatly reduced. Moreover, the soft light produced is easy on the eyes, reducing the negative characteristics of LED light such as having “too much glare” and “dark and unpleasant shadows.” They will continue working to increase the popularization of products that are easy on the environment, starting with energy-conserving products.



Electrodeless lamp



CSR Action Principles

3

Proactive Contributions to Development of Local Communities

As a business operator closely linked with its local communities and lives of their inhabitants, the Kansai Electric Power Group fully recognizes that its own development is not conceivable without the development of the local communities associated with its business activities and therefore we will proactively contribute to the development of our local communities through initiatives to revitalize these communities and the local economy. Also with regard to our overseas business activities, we will strive to contribute to the development of the respective local communities with due consideration to local culture and practices.

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.

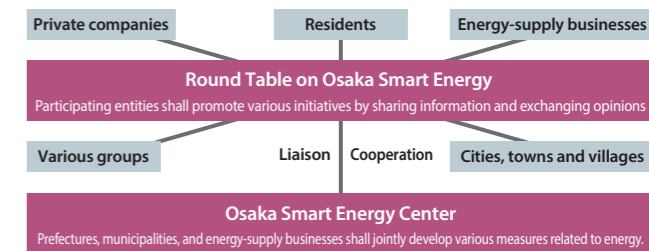
Proactive information exchange through participation in various types of meeting bodies and other efforts

We have been participating in governmental assemblies such as the Meeting of Members of the Union of Kansai Governments and other organizations. In addition to explaining topics such as the state of power supply and demand, electricity rates, and nuclear power operation, we also receive a variety of opinions and otherwise exchange information.

Furthermore, we are actively working for the resolution of various energy issues in local communities based on the opinions and other ideas we receive.



Osaka Prefecture course on energy and global warming countermeasures



Participation in the Round Table on Osaka Smart Energy (Fiscal 2016)

6 times

Participation examples (fiscal 2016)

- Meeting of leaders of the Union of Kansai Governments Energy Investigation Commission **Attended 1 time**
- Regular report about power supply and demand to the Union of Kansai Governments **9 times**
- Sakai City Hydrogen Energy Society Promotion Conference **Attended 3 times**
- Osaka Prefecture course on energy and global warming countermeasures **Attended 1 time**

Ordinary communication with government offices

We undertake mutual communication with government offices on a daily basis. When we are asked questions, we hold study groups, for example, to answer them conscientiously.



Opinion exchange with government office

Efforts to promote understanding by local governments (Fiscal 2016)

5,100 times

3 Proactive Contributions to Development of Local Communities

Undertaking “community building efforts” together with customers and society

Efforts for regional stimulation

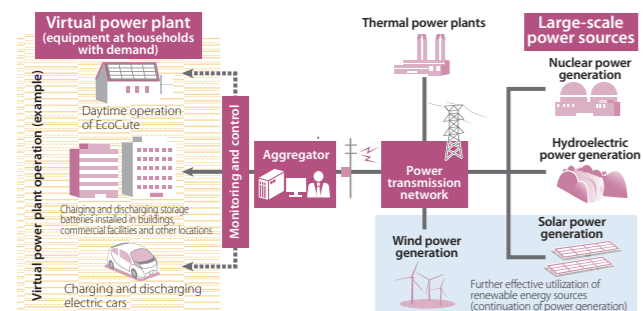
As the energy needs of customers and society at large have become increasingly diverse, Kansai Electric Power has been carefully monitoring trends to determine exact requirements. We seek to support regional revival and invigorate local economies with the goal of working with them as a valued partner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

Contributing to the emergence of Smart Communities 1

Our company participates in efforts pursued by local governments and other citizens of local regions to realize smart communities that seek to make the energy use of entire regions more efficient and incorporate renewable energy sources, for example. As a comprehensive energy supply business, we are utilizing the knowledge that we have accumulated over the years to conduct a variety of efforts, which are not limited to the Kansai region, to actualize these ideas.

We have realized the area-wide use of energy in the southern part of Expo Commemoration Park in Suita City, which utilizes solar power generation and storage batteries, and the use of water recovered from sewage both as a heat source and as a water resource in the Teppo-cho district of Sakai City, Osaka Prefecture. Furthermore, we have been advancing efforts toward

Virtual power plant structure demonstration project overview



the building of new business models with advanced energy utilization through next-generation technological measures, including virtual power plant and negawatt transaction demonstration experiments.

Cumulative number of community building efforts in which ideas have been realized (as of end of June 2017)

4

Community development activities in urban areas of Osaka

Our company is contributing to community development in central Osaka and other locations with both hard and soft measures. One such effort is in Nakanoshima, Osaka where our Head Office is located.

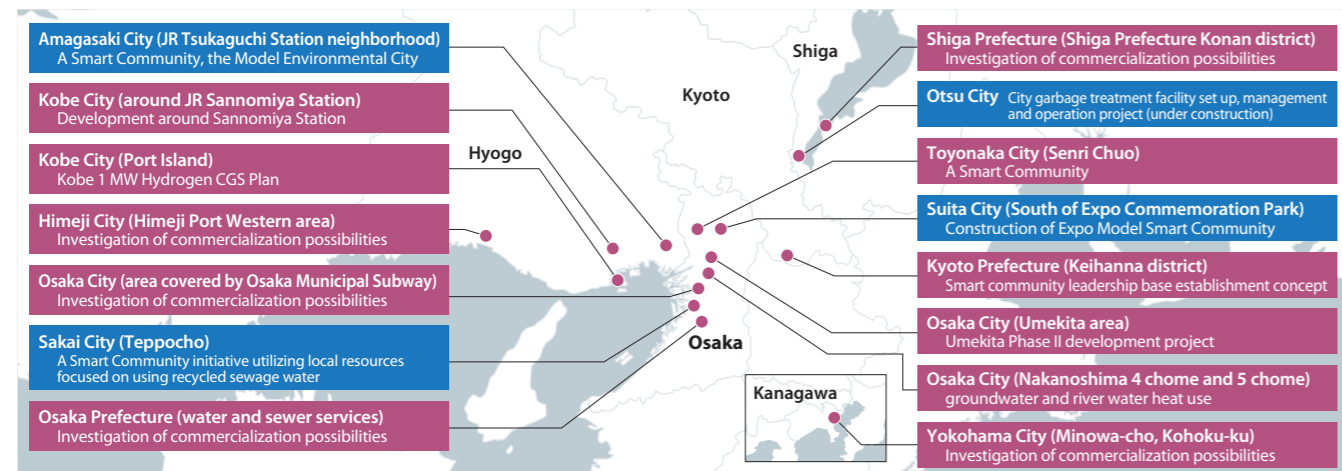
Seeking to further develop and invigorate Nakanoshima, 29 companies (as of the end of June 2017), including the land-owning businesses in the district, are members of the Round Table on the Future of Nakanoshima, with our company functioning as the secretariat. Together we are working toward the realization of the “Nakanoshima urban renewal concept,” which was established in 2013.

Nakanoshima was designated as a Priority Urban Redevelopment Area “special district” in July 2015, and an “Urban Renewal Security Plan” was established for it in June 2016. Seeking to develop a community that is safe, secure and strong against disasters, this organization is undertaking efforts to increase community disaster resistance, including the creation of a disaster action manual and the holding of disaster prevention courses.

Enterprise investment support activities

Seeking the sustained development of communities, we are cooperating with local governments and related locations and undertaking enterprise investment support activities in the Kansai region. For businesses from elsewhere in Japan that are looking for new places to locate, we introduce the industrial locations and local government incentive systems in the Kansai region through “Community Information,” which is a magazine with information about the community. Another way that we are working to advance the Kansai region is by visiting businesses to make relevant proposals.

Examples of efforts related to community building activities



Contributing to the local community

As a business that is deeply rooted in local communities and is one member of these communities, our company continues to undertake activities that contribute to them, paying careful attention to the needs of their residents including our customers.

Inspection of electrical equipment at cultural properties

We work with 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.



Shoshazan Engyo-ji temple electrical equipment diagnostics

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.



Cleaning activities around Lake Biwa

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.



Volunteer participation in the Aoi Festival, one of the three largest in Kyoto

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.

System

Volunteer time-off program

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

Volunteer time-off program

Participation: **71**
166.5 days

Operation of an in-house Social Contribution website

On our Social Contribution website, every employee can view in a single location volunteer information and examples of activities that contribute to society at other business places. They are also utilizing it as reference information for the activities at every business place.



CSR Action Principles

4

Respect for Human Rights and Development of Favorable Work Environment by Taking Advantage of Diversity

The Kansai Electric Power Group recognizes the “human rights” as a common and universal value of the global society, supports the international standards relating to the human rights and respects the human rights in all of its business activities. Accordingly, we will strive to secure safe and comfortable work environment for all the people associated with our business activities and take advantage of diversity (each individual’s diversity) to the maximum extent.

Respect for human rights

Basic policy

Based on the recognition that respect for human rights is essential to every business activity, we are proactively striving to create a corporate culture that “neither discriminates nor permits discrimination” and to realize “a society grounded in human rights.”

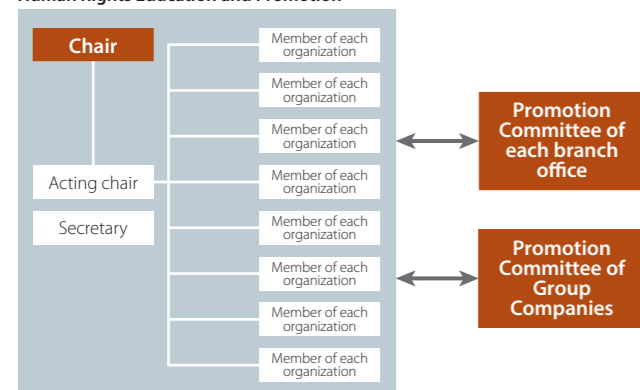
We continuously raise awareness and offer training initiatives related to social integration and human rights in order to deepen every employee’s proper understanding and recognition of various human rights issues, including buraku class discrimination, harassment and discrimination based on disabilities.



Social Integration Education Promotion Committee

Promotion System

Kansai Electric Power Committee on Human Rights Education and Promotion



Specific efforts

Efforts to raise human rights awareness

As an effort to raise awareness related to respect for human rights, we have been continuously holding integration and human rights trainings for management and for all employees. In fiscal 2016, a total of 23,524 people throughout the company participated.

In addition, regarding the Disability Discrimination Act, which was enacted April 1, 2016, and the Revised Act for Promotion of Employment of Persons with Disabilities, we are appropriately conducting in-house information dissemination and training as well as maintaining consultation systems, for example.



Executive human rights training

Characteristic training and attendance

Training details	Target person	Attendance
Human rights lecture (Two points of contact between LGBT people and businesses)	Upper management, promotion members, officers and others	177
Training to promote understanding of disabled people so that they are considered rationally	Employees	513
Harassment counselor training	Persons in charge of consultation desks	10

Initiatives linking our group, municipalities and other entities

Our Group holds semiannual Human Rights Information Exchange Meetings for Group Companies. In addition, we actively participate in the efforts of the Osaka City Council on Human Rights Promotion for Corporations and other liaison group organizations, including those of the national and local governments.

Unified promotion of workstyle innovation, health and productivity management

At our company, we are seeking “workstyles” that emphasize value creation more than time, “workstyles” that increase flexibility in time and space, and “ways of resting” that contribute to improving the quality of life. In addition, we are promoting health management by working to improve lifestyle habits and to invigorate communication.

Regarding “productivity” and the “maintenance of mental and physical health,” we have set specific numerical targets and are working to achieve them. Specifically, we are seeking changes in the awareness of each individual employee about these ideas and their establishment in our corporate culture. We are also striving for thorough compliance related to working hours management, including the elimination of long working hours and unpaid overtime, and further promotion of work-life balance and diversity.

Efforts for workstyle innovation

The creation of flexible workstyles and organizational cultures

Toward the creation of flexible workstyles and organizational cultures, we have been preparing flexible working systems so that employees can advance their work efficiently and rest well during time off with clear “on” and “off” rhythms. These include expanding flex-time systems, enhancing working systems that increase flexibility in terms of time and space through the incorporation of working from home and encouraging people to take planned and meaningful time off.

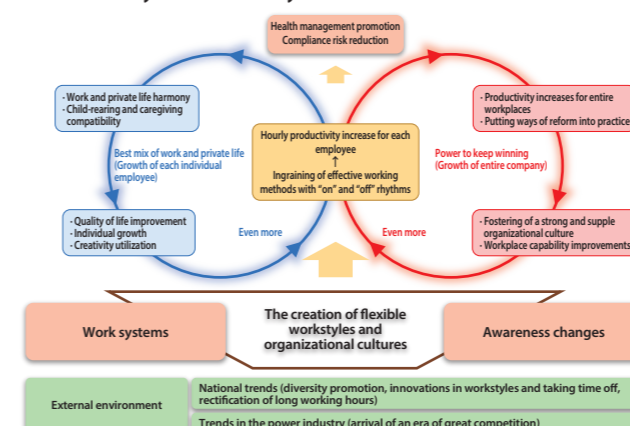
Major Systems

Flexible working hours	All workplaces support in principle
Working from home	Supported for childcare, family care and other reasons
Maternity leave	From 6 weeks before birth until 8 weeks after birth
Paternity leave	5 days when a spouse gives birth
Accumulated leave for family support	Leave accumulated as part of annual paid leave can be taken for childcare, family care and other reasons
Childrearing leave	Can be taken until the end of the fiscal year when the child turns 3 years old 7 days paid from start
Shortened work hours (for child care)	Can be utilized until the child starts elementary school

Workstyle Innovation, Health and Productivity Management Committee established

In January 2017, we established a Workstyle Innovation, Health and Productivity Management Committee with our president as the chairman. This committee discusses the suitability of how working hours are managed, and changes in awareness and how work is conducted. It also deliberates the state of utilization of various work systems and various efforts to rectify long working hours, for example, as it steadily implements PDCA cycles.

“Double loop for the growth of the company and employees” — virtuous cycles for workstyles



Efforts for health and productivity management

“Improving abilities to handle stress” and “realizing reasonable lifestyle habits”

Seeking to improve and encourage health management awareness and increase self-care, we are utilizing stress check systems, as well as conducting self-care seminars, and e-learning, for example. We are also providing exercise and nutrition guidance specifically for 25 and 30-year-old employees.

Moreover, we are seeking to improve and increase healthy conditions continuously by incorporating healthy behavior support apps, making the health status and daily lifestyle visible for each individual, and encouraging independent healthy behavior. In addition, we are facilitating communication in the workplace by, for example, undertaking workplace activities.

Advancing and strengthening line and staff care

We are seeking to enhance line care, implementing trainings for supervisors and conducting other efforts for the cultivation of environments in which superiors can easily support employees working under them. Furthermore, we are working to enhance support systems through staff care, including the arrangement of contacts for consultations with industrial physicians, industrial nursing staff, external counselors and others.

Recognized as a “Company with Excellent Health Management (White 500)”

In February 2017, we received high evaluations of our “management that values people” philosophy and our efforts for the health of our employees, and we were recognized as a “Company with Excellent Health Management (White 500).”



Thorough management of appropriate working hours

From December 2016 through February 2017, we received correction recommendations and advice related to the management of working hours from the Labour Standards Inspection Office for multiple workplaces. In April 2017, we reported the measures we took to the Labour Standards Inspection Office and received confirmation that we had appropriately completed dealing with them.

Sustaining stable labor-management relations

We have concluded a union shop agreement with the Kansai Electric Power Labor Union, and have set “company productivity increases accompanied by improved labor conditions” as a shared labor-management goal. Based on strong relationships of trust that we have constructed over our many years of history, we are building good labor-management relations.

4 Respect for Human Rights and Development of Favorable Work Environment by Taking Advantage of Diversity

Diversity promotion

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. In addition, we established the Kansai Electric Power Group Diversity Promotion Policy in December 2015, and we are making efforts with the promotion of diversity as one of our management strategy.

Kansai Electric Power Group Diversity Promotion Policy

1. By respecting the "differences" of each individual and making diverse senses of value and ways of thinking into sources of strength for the organization, we will realize a competitive corporate group that creates new value.
2. We seek to realize workstyles and to cultivate workplace environments that enable everyone to exercise their abilities to their maximum extents, regardless of their personal attributes, including gender and age, or experienced life events.

Improvements Achieved by the Organization

Linking to behavior

Creating value and providing choice

Stimulating and enhancing each other's creativity

Employees express a variety of opinions



Employees of different ages, sex, experience levels, and ways of thinking

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 2.41% as of June 2017, 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.



Office assistants working

Initiatives to encourage the further success of female employees

In addition to encouraging continuous contributions to the organization by developing abilities and growing independently through work, we are striving to make environments where people can continue to work enthusiastically even when their lifestyles change. Moreover, our company supports and has signed the Women's Empowerment Principles, which were created by UN Women and the United Nations Global Compact. We received the "Kurumin" certification in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children and the highest "Eruboshi" certification (third level) in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace. In addition, we were recognized as a "Leading company for female activity in Osaka City," and received the fiscal 2015 Mayor's Commendation For Excellence Award.

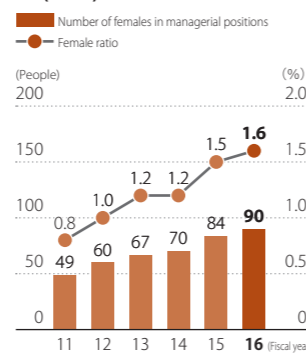


Leading company for female activity in Osaka City

Initiatives to encourage the further success of female employees

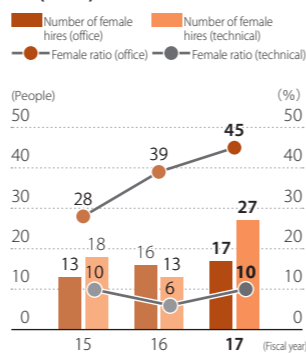
Appointments to managerial positions	By the end of FY 2020, the ratio of females in managerial positions shall be double that of FY 2013.
Recruitment	Achieve ratios of 40% for women employed in office jobs and 10% for women in employed in technical jobs.

Number of female managers (ratio)



(Figures from fiscal year ends)
 * Excludes medical staff and transportation staff
 * Executives include positions equivalent to chief clerk and higher

Number of female hires (ratio)



(Based on fixed term trial employment for each fiscal year)

Promoting the participation of male employees in child-raising and housework

In addition to raising awareness among male employees themselves, we are endeavoring to create workplace environments that make it easy for men to also participate in child-raising and housework.

In addition, we are now providing up to seven days of paid leave from the start of childrearing leave, and promoting the taking of childrearing leave by men.



Cultivation measures for "human capital" innovation

Our fundamental approach to "human capital" innovation

We believe that two themes are important in order for our company to win in the fierce competition of the future and continue to grow even more. The first is "Specialty," which is the deepening of the strengths of each individual employee and his/her expertise in specific fields. The second is "Diversity," which is the utilization of the unique specialty differences of each individual and organization and their unification in the power of the whole that pulls us forward. With these themes as our two wheels, we are accelerating innovation and taking on challenges by strengthening human resource foundations that are suitable for the new energy age. We are doing this through, for example, the development of personnel who have strong self-reliance and can keep winning in a competitive era, and the creation of foundations that increase the energy of each and every employee.

Specific initiatives

Radical revisions of our training systems

In order to realize the strengthening of our personnel foundations, we have radically revised our training systems. For example, from the perspective of personnel development, we have moved forward the timing of when employees receive trainings so that they can learn sooner compared to in the past. In addition, we have newly established "elective trainings" with the goals of further augmenting the strengths of individuals and improving and mastering areas where they need development as well as trainings intended to further improve the management abilities of managers. Even as we undertake reforms such as these, we are also continuing to implement specialized trainings to reliably transmit and improve specialized skills and techniques. We do this in order to assure the development of the personnel who will continue to fulfill our unchanging missions to provide safe and stable fuel supplies and execute our business reliably. Through these efforts, we are seeking to strengthen our "human capital" further.



General training



Specialist training

Personnel cultivation system

Ability development category	Technical skill level	Responsible persons			Managers				
		Base level	Application level	Advanced level					
Group training	General training	New employee training	Development programs (I, II, III)		Management strengthening (basic I, basic I follow-up, basic II, advance, advance follow-up)				
	Specialist training	Elective trainings							
On-the-job training	Division-specific education (skill training / work knowledge training / expert theory training)								
Self-development support	OJT								
	Domestic and foreign deployment training system (career advancement training)								
Ability grade certifications, certification bonuses, challenge trainings, outside correspondence education, chief investigator challenge tests, e-learning, etc.									

Overview of revisions to training systems

Early cultivation	Seek to make the timing earlier and more flexible for receiving trainings that had previously been received uniformly after promotions, making it possible to take them before promotions according to roles and job rotations at workplaces, for example.
Confirm degrees of learning	Conduct confirmations of degrees of learning in order to increase concentration during lectures and promote the certain learning of training contents. In addition, use these confirmation results as opportunities to objectively confirm individual strengths and development points, and apply this to OJT.
Establish elective trainings	Establish diverse and flexible elective trainings that enable people to gain necessary knowledge and skills at appropriate times according to, for example, their work experiences and that further augment individual strengths and support their development points.
Strengthen management abilities	Enhance trainings that seek to strengthen management abilities in order to support further effectiveness as core members of the workplace, especially for management class employees.

Supporting the self-directed growth of all employees

For the strengthening of our personnel foundations, sustaining the "independent desire to learn" in employees is extremely important, and we have prepared an extensive variety of support measures to do so. In addition, "challenge trainings" and other measures are also available to our Group companies to assist with personnel training that crosses divisions within the Group.

Main self-development systems

In-house certification system	This system confirms the levels of employee knowledge and technical expertise, raises growth awareness, and encourages further self-improvement.
Certification bonus system	In order to encourage the acquisition of qualifications that have high relevance to work, this system provides congratulatory financial bonuses to employees who pass national certification tests and other tests designated by our company.
Challenge training	These trainings, which require application, are to support employees who independently want to expand their perspectives in diverse fields that are difficult for them to learn about in their daily work.
Encouragement for outside correspondence education	Periodic encouragement for correspondence education and e-learning has the goal of increasing the development and refinement of work execution abilities.



Broad career development

We are promoting a good balance of various personnel development and assignment opportunities, including wide-ranging personnel exchanges, which can be between multiple fields and group companies, as well as career development for those that seek to become professionals in specific fields.

4 Respect for Human Rights and Development of Favorable Work Environment by Taking Advantage of Diversity

Safety and health efforts

Policies

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.

Safety and Health Committee meetings

In order to promote safety and health activities with unified labor and management, we hold Safety and Health Committee meetings every month in every workplace. The vigorous discussions include deliberations related to goals and efforts for workstyle innovation, health and productivity management.

Company-wide Safety and Health Stress Campaign and Company-wide Safety and Health Meetings

For two months starting in July every year, the entire company undertakes a company-wide Safety and Health Stress Campaign. At the beginning of July, we hold a Company-wide Safety and Health Meeting led by our president in order to raise employee safety and health awareness and foster feelings of solidarity.

2017 Kansai Electric Power Safety and Health Activity Guidelines: Priority Measures

- [Safety]**
- 1 Make safe "thinking and acting" based on danger prediction into a habit
 - 2 Promote safety activities to protect our colleagues in unity with partner companies
 - 3 Achieve understanding and strict enforcement of practices that drivers and passengers should observe along with the permeation of a considerate driving mindset
- [Health]**
- 1 Promote sustained healthy behavior by increasing self health preservation awareness
 - 2 Advance workplace-wide healthy behaviors and communication
 - 3 Further strengthen coordination between hygiene line staff, managers and supervisors as well as every workplace

Specific safety efforts

Accident prevention measures and education

With "zero accidents" as our goal, we are working to identify dangers and concerns through various efforts starting with efforts to raise the safety awareness of employees and including risk assessments, safety patrols and danger prediction activities. By sharing this information and making improvements, we are striving to prevent accidents. Furthermore, as a means of supplementing the independent safety activities of our employees, we are conducting education, starting with legally designated education, but also with various innovations applied. In these ways, we are seeking to strengthen and enhance our safety management systems.

Thoroughly managing driver safety

For employees who would drive company cars, we provide education related to safe driving and practical training based on our own Vehicle Operator Certification System. After completion, we give them vehicle operator certifications, but we also conduct regular follow-up education and training.

We also systematically train some vehicle operators to be Safe Driving Instructors as we work to implement thorough safe driving management at every workplace.

Number of certified vehicle operators
About **11,000**

Formulating accident recurrence prevention policies

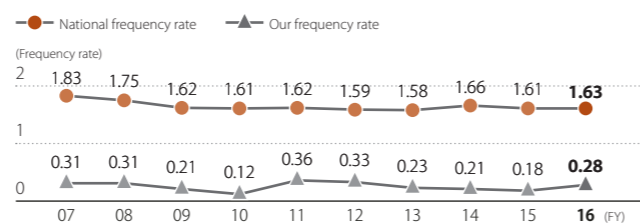
On the rare occasions when accidents occur, we formulate recurrence prevention policies based on the results of investigations and analyses in order to utilize them as "lessons." By rolling these out consistently throughout the company, we are striving to achieve "zero accidents."

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

* This accident frequency rate represents the number of casualties from work accidents resulting in at least one day of absence from work per million hours of work.

Accident frequency rate*
0.28

Trend in Accident Frequency Rate



CSR Action Principles

5

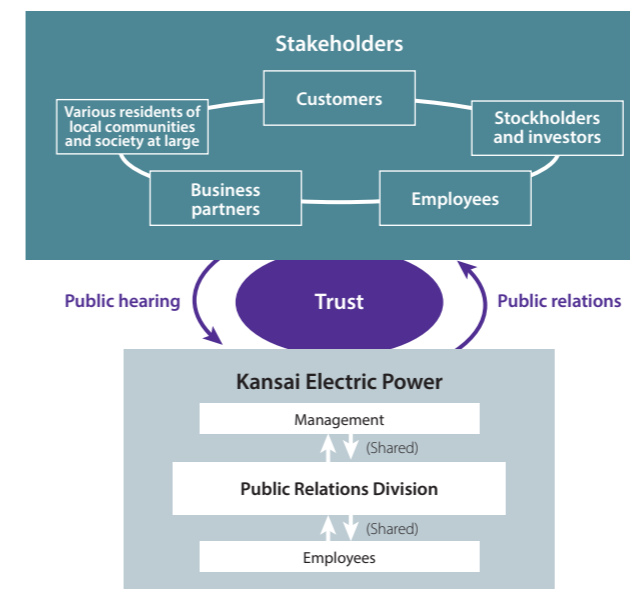
Highly Transparent and Open Business Activities

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 through timely transmission and disclosure of information, the Kansai Electric Power Group will promote increased communication with all members of society and conduct business activities that are 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.

5 Highly Transparent and Open Business Activities

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.



Press conference

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.



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



Fact Book (published annually)

Information released on our website

Considering the diversification of the media environment, we are focusing our strength on distributing information through the Internet. To enable our customers to quickly access the information they want to know, we extensively overhauled the design of each of the pages on our website, including the top page (changes rolled out starting in December 2016).

Moreover, many people have viewed our web videos, which we have executed with a variety of plans and innovations. Using video we are presenting the beliefs of our company (brand statement) through human stories, in a tie up with a YouTuber, conveying the engineering abilities of our company that support the stable supply of power, and providing easy-to-understand explanations of energy issues including nuclear power.

We are also focusing efforts on the utilization of social media. On Facebook and Twitter, we are posting articles with a greater focus on workplaces, including the thoughts of our company employees about the safe and stable supply of power. (We broke 130,000 as our number of Facebook fans.) In addition, we are posting heart-warming photographs with the theme of "light" on Instagram.

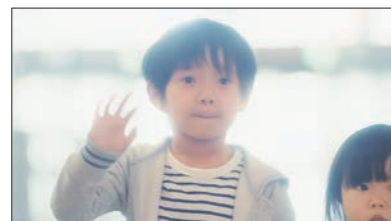
As we keep making improvements based on the opinions and other ideas of our customers, we want to continue making the most of every communication channel and working to be able to transmit even clearer information to even more people.



Website



Facebook



YouTube video



YouTube video



Instagram

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 features specialized information as well as an in-depth report on a specific theme of social or current importance.



Yaku communication magazine

Internal communication

We are working to energize communication among employees, between workplaces and within the Group in order to share important management information and promote understanding as well as to further raise both the sense of workplace unity and employee work motivation and meaning. 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. First published in 1959, we celebrated the 1000th issue in March 2016. In addition, we utilize our in-house TV and our in-house web portal to distribute and share information about our management plans and other topics. We renewed our in-house web portal in January 2017. We are using these tools to undertake in-house communication while devising easy-to-understand ways to convey ideas and messages from management.



April 2017 issue of The Kansai Denryoku Shimbun



Classroom lesson

Assisting energy 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.

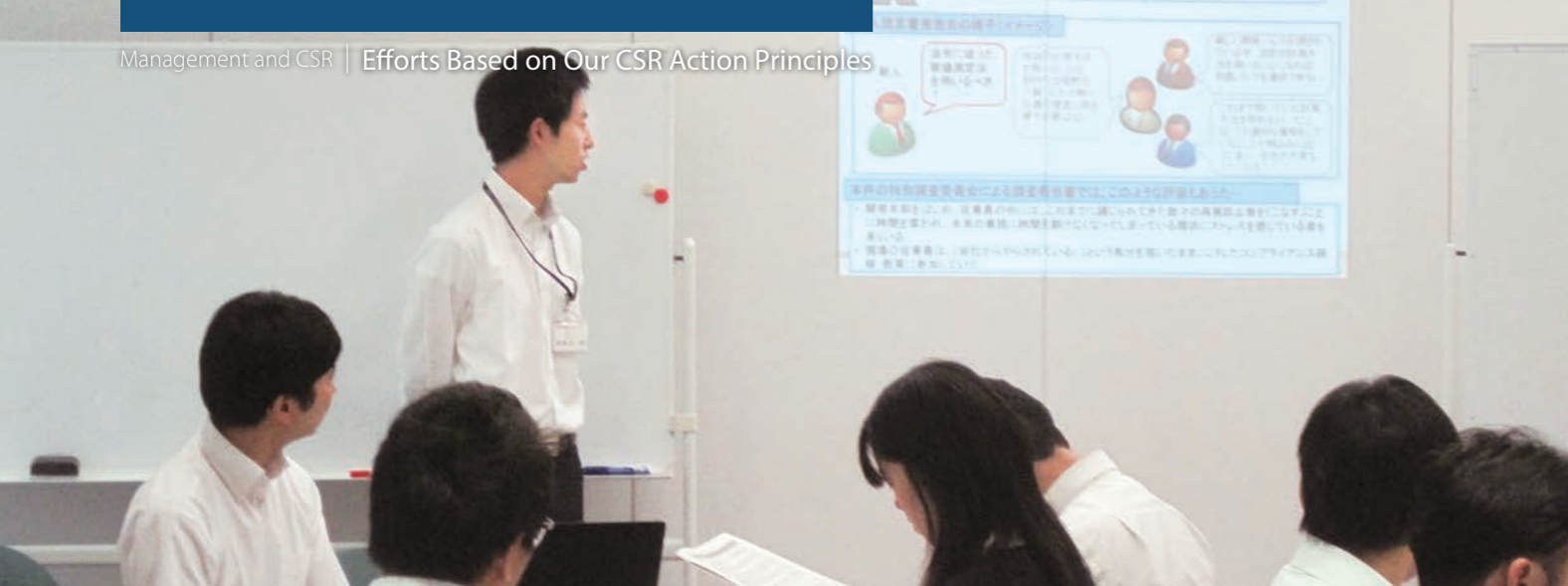
Number of lessons given annually
541

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.



Echizen Wakasa no Fureai



CSR Action Principles

6

Strict Enforcement of Compliance

In all aspects of its business activities, the Kansai Electric Power Group will comply with all laws and regulations, internal rules and business ethics and will ensure strict enforcement of compliance as the basis of our management. The Group as a whole will build the structure that should ensure these actual practices and will strive to maintain and improve its structure.

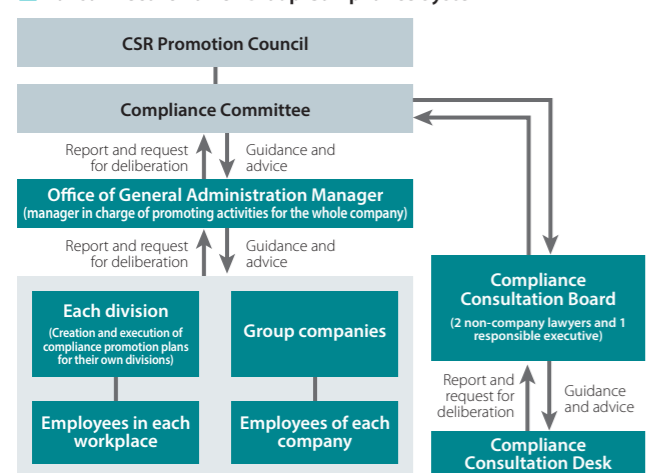
Promoting compliance activities with the entire group

Promoting compliance activities

In our corporate group, the Office of General Administration (legal), acting as our compliance headquarters, oversees compliance promotion for the entire group with guidance from the Compliance Committee, which is chaired by our company president.

Every division in our company has established a "compliance promotion plan for their own division" that is based on the characteristics of their businesses. They are undertaking independent compliance promotion activities under the leadership of their division chiefs and others. Moreover, our group companies, led by their presidents, are also undertaking independent compliance promotion activities based on the characteristics and sizes of their businesses, as well as other actual conditions.

Kansai Electric Power Group Compliance System

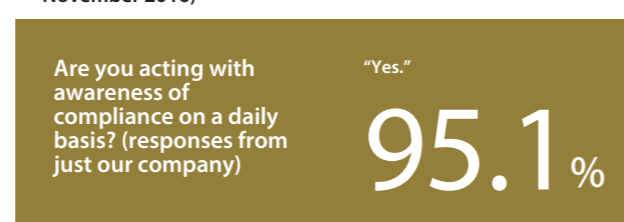


Promoting compliance in the entire group

In fiscal 2017, we have raised two fundamental policies for compliance promotion. "Renew consciousness of compliance as the great prerequisite in the advancement of our business and work." "Promote compliance independently according to the characteristics of each division and group company." Moreover, we have selected four major themes for compliance activities that we should think about and pursue as a whole corporate group. They are "strict observation of laws and rules in the active development of each business," "execution of appropriate business management," "thoroughness of conduct that demonstrates understanding of good social sense during and outside work," and "assurance of appropriate working environments."

Keeping in mind these fundamental policies and major activity themes, we will cultivate the awareness of all group employees. As group-wide efforts, this fiscal year, our company president will deliver a message to the entire group, expressing anew our attitude towards thoroughness in compliance. In addition, we will revise our compliance manual and work to make all employees understand it fully.

Results of questionnaire given to all employees on CSR (executed November 2016)



Promoting compliance independently according to the characteristics of each division and group company

Promoting compliance in each division of our company

By having each division actively facilitate the functioning of PDCA cycles and promote compliance, we seek to have the idea that "compliance is a foundation of business" permeate and become established throughout the entire company.

Specifically, each division has created their "own compliance promotion plans" and is striving to implement, evaluate and improve their efforts. When doing so, they are considering our fundamental policies and major activity themes, the business and work characteristics of their divisions, compliance risks that could occur in the future along with changes in the business environment, unacceptable incidents that occurred in the past both inside and outside the company, and other factors.

Promoting compliance in each group company

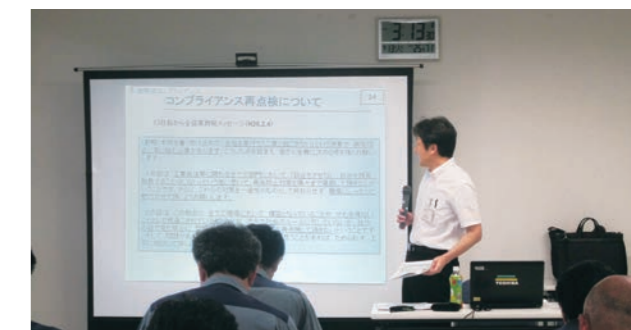
Our group companies are undertaking independent compliance promotion activities based on the characteristics and sizes of their businesses, as well as other real conditions. Moreover, considering our fundamental policies and major activity themes, these activities are being carried out with contents that respond to the issues of each company.

Supporting the efforts of each division and group company

In addition to guiding the efforts of the group as a whole, our compliance headquarters is supporting the efforts of each division and group company.

Specifically, the headquarters is preparing tools, including educational discussion materials, with a focus on content related to our major activity themes to contribute to the activities of

each division and group company. It is also conducting group trainings focused on content related to the major activity themes, as well as trainings according to the needs of each division and group company.



Compliance training

Global compliance efforts

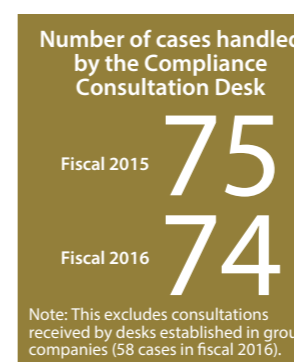
In the "Establishment of new pillars for growth" of our Medium-term Management Plan, one of the pillars presented is "the dramatic growth of international businesses," and our corporate group will continue to proactively develop international business in the future.

While pursuing this goal, we believe that we must also further deepen our compliance practices overseas in following local laws and rules and responding to the demands of societies, for example. Specifically, we will keep our minds on achieving thorough compliance as we continue striving to expand our businesses overseas. For example, we are undertaking efforts with the theme of preventing foreign corruption in our divisions and group companies that conduct business overseas and international transactions.

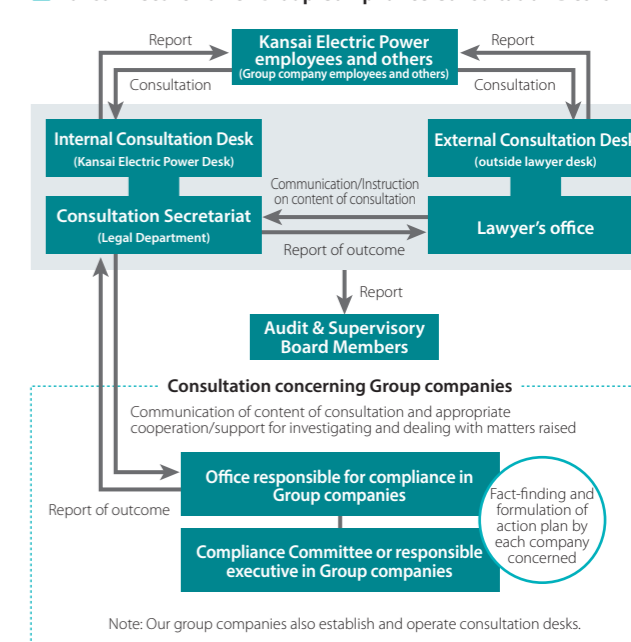
Compliance Consultation Desk

The Compliance Consultation Desk established by our company is available not only to employees of our group companies but also to our contractors. 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 can accept anonymous consultations and that allocates female consultants, for example.

No serious violations have been confirmed from consultations with the Compliance Consultation Desk. The consultations tend to be related to issues such as harassment, workplace operations and labor conditions.



Kansai Electric Power Group Compliance Consultation Desks



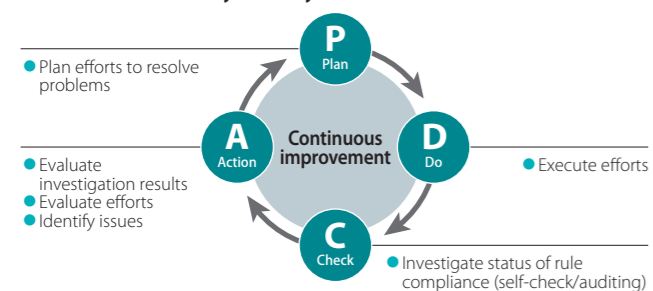
6 Strict Enforcement of Compliance

Information security initiatives

Policies

We believe that one duty of our company is to steadily advance information security efforts to ensure the safe and stable supply of power and to protect the customer information that we possess. While further strengthening countermeasures against cyber attacks, which have been growing in threat in recent years, we will continue promoting information security management based on PDCA cycles.

Information security PDCA cycle



Efforts for cyber security measures

As a major infrastructure operator in the electrical power business, our company is executing a variety of efforts against cyber attacks, which are increasing in extent. We are working to strengthen our arrangements of communication systems and response systems when cyber attacks occur, while also enhancing our monitoring systems and technical countermeasures. Moreover, we are preparing for attacks by implementing, for example, trainings related to cyber attacks and practices with targeted threat emails for employees.

Initiatives for protecting personal information

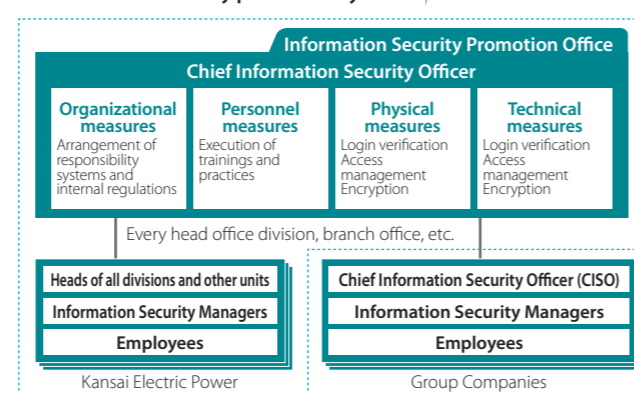
The Amended Personal Information Protection Law, which was enacted in May 2017, directs review of in-house rules, conduct of training for every employee as soon as possible, and renewed thorough personal information protection. In the future, we will continue to conduct trainings for employees. In addition, we will keep strengthening our technical safety measures considering the personal information leaks that have occurred and other concerns of society.

Information security promotion system for the entire group

In the promotion system of our company, the Managing Executive Officer in charge of the IT division fills the role of Chief Information Security Officer, and we deploy Information Security Managers who promote efforts in each workplace. In addition, our group companies are undertaking independent efforts based on the Kansai Electric Power Group Information Security Guidelines, which are the information security guidelines for the entire group. With this and other guidance and support from our company, we are raising the security level of the entire group.

Number of information security training participants (conducted November-December 2016)
17,883

Information security promotion system



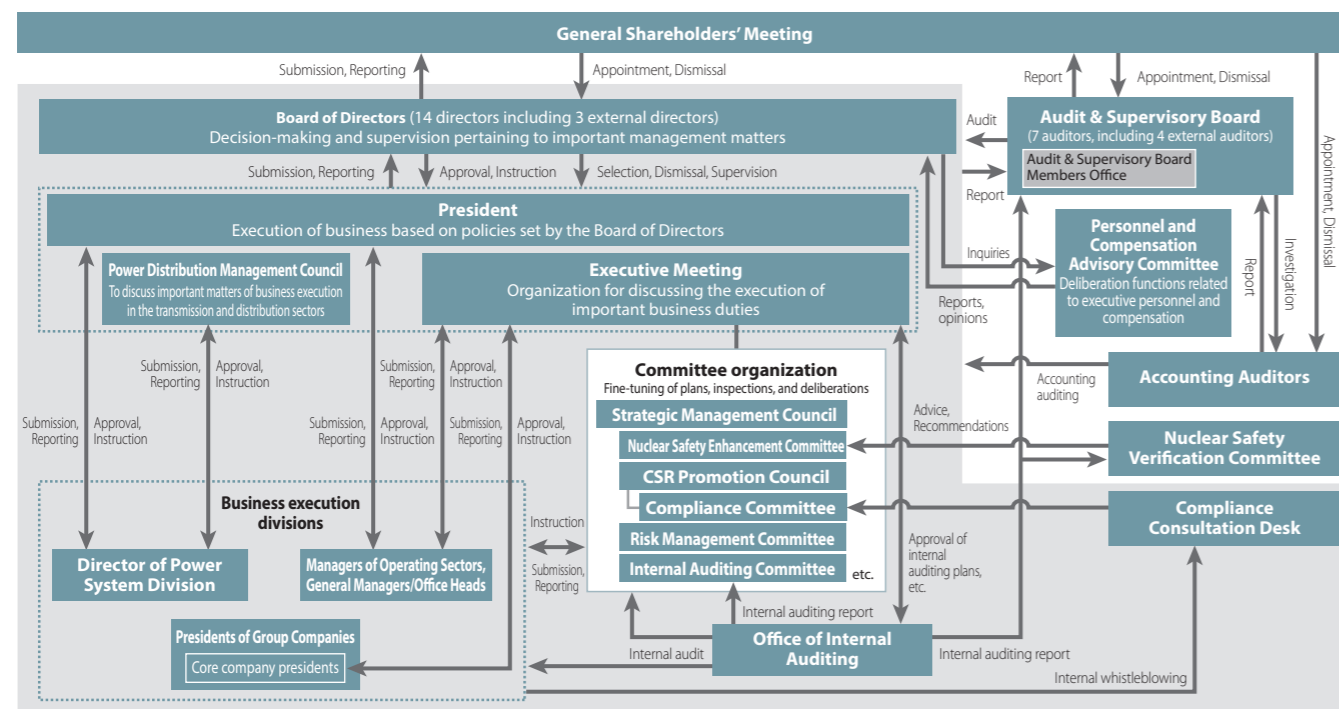
Efforts for thorough information management

In April 2017, our company announced that a DVD with saved customer information had been lost. In response to this incident of information loss, we will pursue strict information management in order to prevent the same kind of incident from ever occurring again. The recurrence prevention countermeasures we are conducting include comprehensive inspections of external storage media throughout the entire company.

MEMO

Realizing the sustainable increase of business value

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 view

In our company, the Executive Meeting and various committees are placed under the Board of Directors, which has been charged with management responsibility by the General Shareholders' Meeting. As they execute their duties appropriately, the Board of Directors and others supervise the execution of duties by Directors. Moreover, auditors continuously and efficiently audit the execution of duties by directors to make certain that they are legal, reasonable and appropriate. Furthermore, in addition to strengthening the supervision functions of the Board of Directors and the auditing functions of the Audit & Supervisory Board even more, we have also placed several outside directors and external auditors who are sure to be independent on each of these boards in order to provide advice related to the execution of duties by directors.

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 14 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 fulltime 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 12 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 identified. Then, an assessment is to be made, followed by implementing necessary measures to deal with the risks. The impact of risk on the Group is to be managed at an appropriate level through this series of processes.

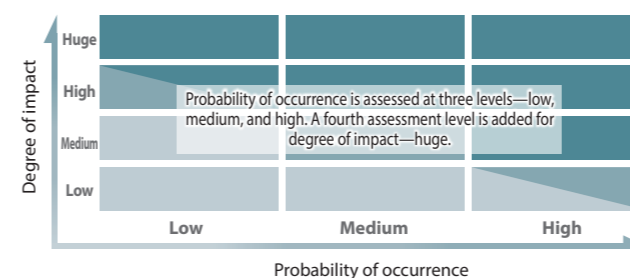
Risk Management System

The risks associated with business activities are to be managed autonomously by each operating division including subsidiaries. Risk management for risks considered to have cross-organizational importance is enhanced by the supervision of departments with specialized expertise on such risks that provide advice and guidance to the various operating divisions.

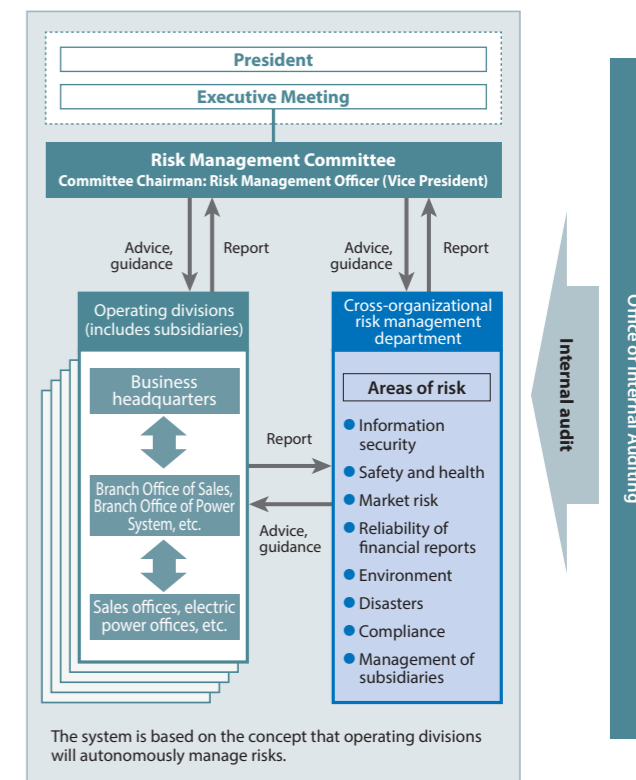
Furthermore, a Risk Management Committee has been established to manage risks associated with Group business activities comprehensively. The committee chairperson is appointed as the Risk Management Officer, and the committee strives to manage risks at the appropriate level through this system.

The Risk Management Committee periodically identifies and assesses the current state of risk management conducted by each operating division from a group-wide perspective, and gives improvement instructions as necessary. In addition, the Committee ascertains the whole risk management situation by evaluating the levels of seriousness of 34 principal risks that have

Risk Map



Risk Management System



great impacts on Group business activities, considering both their degrees of impact and probabilities of occurrence and indicating them on a risk map.

The Committee periodically reports its risk management findings to the Executive Meeting and the Board of Directors. If necessary, it improves the structure and system of risk management.

Nuclear Safety Enhancement Committee

The Nuclear Safety Enhancement Committee, composed of directors of all divisions, was set up to enhance the safety of nuclear power on a company-wide basis. The Committee has evaluated situation of implementation on the recurrence prevention measures of the accident 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, the function of the Committee was extended to evaluate voluntary and continuous activities for safety in nuclear power generation and nuclear power risk management. These have been discussed from a wide range of perspectives. The conclusion on the Committee has reported to the president.

Nuclear Safety Verification Committee

The Nuclear Safety Verification Committee, composed mainly of outside experts, has validated situation of implementation on the recurrence prevention measures of the accident at Mihama Nuclear Power Station Unit 3. It also has provided opinions and advice about our activities to foster a safety culture, as well as our voluntary and continuous activities for safety in nuclear power generation considering the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station from an independent perspective. Through continuous improvements based on the Committee's opinions and advices, we will make best effort to ensure retaining nuclear safety.

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.

Furthermore, we established the Office of Internal Auditing (82 members) as an organization responsible for internal auditing. This office regularly audits the arrangement and operation of systems for the assurance of business propriety. Plans for internal auditing and their results are submitted and reported to the Executive Meeting after deliberation by the Internal Auditing Committee. Results are also reported to the Board of Directors. In addition, we are endeavoring to ensure business propriety by, for example, each workplace conducting necessary improvement activities based on the results of audits.

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 approaches to management and action standards that are embodied in, for example, our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision and the Kansai Electric Power Group CSR Action Charter. In addition, we ensure the propriety of our corporate group's business activities at our subsidiaries by supporting them and providing advice on the arrangement of their autonomous management structures based on our internal regulations related to subsidiary management.

We also strive to prevent any losses to the corporate value of the Group as a whole, or at least keep them to a minimum, by participating in important decision-making by our subsidiaries, and periodically checking on their management status. In addition, our executive meeting deliberates execution directions and plans for important business, particularly for the core companies responsible for businesses that are the pillars for the future growth of the Group.

Financial Section

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Directors and Auditors



Makoto Yagi*
Chairman and Director



Shigeki Iwane*
President and Director

As of June 28, 2017
 * Indicates status as representative director
 ** Indicates status as outside director
 *** Indicates status as outside auditor



Hideki Toyomatsu*
Director,
Executive Vice President



Jiro Kagawa*
Director,
Executive Vice President



Yoshihiro Doi*
Director,
Executive Vice President



Takashi Morimoto*
Director,
Executive Vice President



Tomio Inoue*
Director,
Executive Vice President

Directors
Managing Executive Officers

Yasushi Sugimoto
Hidehiko Yukawa
Tomihiko Oishi
Yasuji Shimamoto

Directors

Noriyuki Inoue**
Takamune Okihara**
Tetsuya Kobayashi**

Audit & Supervisory
Board Members

Yasuhiro Yashima
Yasunari Tamura
Yukishige Higuchi

Outside
Audit & Supervisory
Board Members

Takaharu Dohi***
Hisako Makimura***
Tsutomu Toichi***
Fumio Otsubo***

Executive Officers

Managing Executive Officers

Note: Excludes those serving concurrently as directors and executive officers

Ikuo Morinaka **Takao Matsumura** **Toyokazu Misono** **Masanori Kataoka** **Susumu Yamaji** **Nozomu Ushiro**
Koji Inada **Yukio Tokimasa** **Takashi Fukuda** **Susumu Tsukiyama** **Yoshihide Hirota**

Overview

Operating Income (Segment Results)

Electric Power

In terms of revenue, revenue from residential and commercial and industrial segments decreased due primarily to decreases in electricity sales and per-unit price based on the fuel cost adjustment system. As a result, operating revenues decreased to ¥2,556,591 million, down ¥239,189 million (8.6%) from the previous fiscal year.

Meanwhile, in terms of expenditures, operating expenses decreased due to all-out cost reduction efforts in streamlining of business management, coupled with a decline in thermal fuel costs resulted from falling fuel prices, the appreciation of the yen and other factors.

As a result, operating income fell to ¥165,279 million, a decrease of ¥33,381 million (16.8%) compared to the previous fiscal year.

Gas/Other Energies

The Group provides customers with optimal energy solutions through sales of gas and other energy sources, as well as proposals of utility services.

On the revenue front, a decline in gas selling prices and other factors pushed down operating revenues to 93,220 million yen, a decrease of 11,025 million yen (10.6%) compared to the previous fiscal year. Operating income came to 6,014 million yen, a decrease of 9,298 million yen (60.7%) from a year earlier.

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 services 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.

On the revenue front, operating revenues increased ¥10,818 million (6.2%) from the previous fiscal year to ¥185,660 million, driven primarily by increases in contracts for the “eo Hikari” FTTH services, “mineo” mobile phone services and “eo Denki” electric power retailing services.

Operating income also increased ¥2,131 million (12.3%) from the previous fiscal year to ¥19,484 million, despite an increase in operating expenses resulted mainly from sales promotional cost to acquire contracts of “mineo” and “eo Denki”.

Other

In the real estate/life business, the Groups 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 secure, comfortable and convenient in the home security, health care, nursing care and other fields.

Our affiliated companies are providing support for smooth and efficient execution of our electricity and other businesses, and are also engaged in sales to customers outside the Group and other businesses by making use of accumulated technologies and know-how.

On the revenue front, operating revenues increased ¥4,827 million (2.8%) from the previous fiscal year to ¥175,864 million, driven primarily by an increase in construction order receipts thanks to the proactive sales by companies that provide support for the Group’s business.

As for expenditures, a decrease in periodical inspection/construction expenses of power plants of the companies providing support for the Group’s business, a decrease in depreciation cost in the real estate business and other factors pushed down operating expenses.

As a consequence of the above, operating income increased ¥1,571 million (6.6%) from the previous fiscal year to ¥25,395 million.

Ordinary income

Non-operating revenues increased ¥7,249 million (14.6%) from the previous fiscal year to ¥56,823 million. Total ordinary revenues combined with operating revenues were down ¥227,319 million (6.9%) from the previous fiscal year to ¥3,068,161 million.

Non-operating expenses increased ¥13,821 million (21.4%) from the previous fiscal year to ¥78,446 million. Total ordinary expenses combined with operating expenses were down ¥181,793 million (6.0%) from the previous fiscal year to ¥2,872,035 million.

As a consequence of the above, ordinary income decreased ¥45,526 million (18.8%) from the previous fiscal year to ¥196,125 million.

Net income attributable to owners of the parent

This fiscal year, since ¥1,034 million of reserve for fluctuations in water level was written off, income before income taxes for this fiscal year amounted to ¥197,160 million. Net income attributable to owners of the parent for the current fiscal year, after subtracting income taxes and net income attributable to noncontrolling interests, was ¥140,789 million, a decrease of ¥11 million (0.0%) over the previous fiscal year.

Financial Position

Cash Flow

As for cash flow from operating activities, income decreased ¥109,485 million (18.4%) from the previous fiscal year to ¥485,669 million, due mainly to a decrease in revenue from residential and commercial and industrial segments.

Regarding cash flow from investing activities, expenditures decreased ¥45,149 million (11.6%) over the previous fiscal year to ¥345,749 million, due mainly to a decrease in expenditures for capital investment.

As to cash flow from financing activities, expenditures decreased ¥252,043 million (65.9%) over the previous fiscal year to ¥130,359 million, due mainly to a decrease in the amount of reduction of interest-bearing debts.

As a result of the above, the balance of cash and cash equivalents at the end of the current fiscal year totaled ¥130,820 million, an increase of ¥7,795 million (6.3%) compared with the end of the previous fiscal year.

Assets, Liabilities, and Net Assets

Assets and Liabilities,

Total assets decreased ¥559,290 million (7.5%) to ¥6,853,182 million from the end of the previous fiscal year.

Total liabilities also decreased ¥702,155 million (11.3%) from the end of the previous fiscal year to ¥5,508,485 million.

On October 1, 2016, the “Act for Partial Revision of the Irradiated Nuclear Fuel Reprocessing Fund Act” and the “Ordinance for Partial Revision of the Ordinance on Accounting at Electricity Utilities and Other Provisions” were put into force. The Group wrote off its reserve fund for reprocessing of irradiated nuclear fuel and reserve for reprocessing of irradiated nuclear fuel to pay the reserve fund for reprocessing of irradiated nuclear fuel to the Nuclear Reprocessing Organization of Japan (NuRO); this became the main cause of the decreases in assets and liabilities.

Net Assets

Reflecting net income attributable to owners of the parent of ¥140,789 million posted for the current fiscal year and other factors, total net assets rose ¥142,865 million (11.9%) to ¥1,344,696 million from the end of the previous fiscal year.

As a result of the above, the equity ratio rose 3.4% from the end of the previous fiscal year to 19.3%.

Net assets per share were ¥1,480.46, up ¥161.13 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 while ensuring sound financial standing.

Regarding the dividend for the fiscal year under review, taking into comprehensive consideration the fact that the Group remained in the black for the second consecutive year in FY2016 and its impaired financial structure is improving, as well as the profit/loss status of FY2017 onward, we have decided to pay a dividend of 25 yen per share.

The Company has made it its basic policy to pay dividends of surplus twice a year: interim dividend and year-end dividend. Payment of such dividends of surplus is determined by the general meeting of shareholders for the year-end dividend, and by the board of directors for the interim dividend. Also, our article of incorporation stipulates that the Company can distribute an interim dividend.

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 29, 2017. 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) Changes in the Environment Surrounding the Electric Power Business

In the electrical power business, the shape of future energy mix, future changes of situation in light of the full liberalization of retail sale and the direction taken in reviewing the details of the future electrical power system, such as 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. Regarding costs related to the nuclear fuel cycle, including back-end nuclear power operations, our cost burden may increase due to the review of future institutions, 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.

(2) Fluctuations in total electricity sales volumes

Climate (particularly temperature), which is the key factor in cooling and heating demand fluctuations, economic situation, developments of energy saving, heightened competition with other companies following the full liberalization of retail sale and other factors cause fluctuations in total electricity sales volumes and therefore may affect the Group's performance.

(3) Impact on fuel costs by 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.

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; this may affect the Group's performance.

However, because some adjustments can be made under the "Reserve system for fluctuations in water level," the impact on the Group's business performance will be mitigated.

(4) Other businesses than the electrical power business

Toward sustainable growth, the Group operates gas, IT/communications, real estate, global and many other businesses other than the electric power business. The Group's business

performance could be impacted by changes in the business conditions in these areas, including technological innovations and intensifying competition with other companies.

(5) Interest Rate Fluctuations

The Group's interest-bearing debts (consolidated) totaled ¥3,821,550 million as of the end of March 2017 (55.8% of total assets), suggesting that the Group's performance could be impacted by future fluctuations in market interest rates.

However, 92.9% (¥3,552,025 million) of those interest-bearing debts 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.

(6) 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.

(7) 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.

The Kansai Electric Power Company, Incorporated and its Subsidiaries

Consolidated Financial Statements for the
Year Ended March 31, 2017, and
Independent Auditor's Report

ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
PROPERTY:			
Utility plant and equipment	¥ 14,774,598	¥ 14,702,356	\$ 131,680,911
Other plant and equipment (Note 7)	1,861,206	1,794,912	16,588,289
Construction in progress (Note 7)	458,850	435,098	4,089,580
Contributions in aid of construction	(482,557)	(479,809)	(4,300,866)
Accumulated depreciation and amortization	(12,150,408)	(11,930,991)	(108,292,410)
Plant and equipment - net (Note 4)	4,461,689	4,521,566	39,765,505
Nuclear fuel, net of amortization (Note 2.d)	481,371	526,291	4,290,297
Property - net	4,943,061	5,047,857	44,055,802
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 5, 7, and 16)	210,605	229,719	1,877,056
Investments in and advances to associated companies (Note 7)	401,610	321,176	3,579,412
Reserve fund for reprocessing of irradiated nuclear fuel (Notes 2.j and 16)		526,080	
Special account related to nuclear power			
decommissioning (Note 2.n)	26,598	27,346	237,059
Deferred tax assets (Note 12)	375,101	429,961	3,343,149
Other assets (Note 7)	124,140	117,596	1,106,417
Total investments and other assets	1,138,055	1,651,882	10,143,095
CURRENT ASSETS:			
Cash and cash equivalents (Notes 7 and 16)	130,820	123,025	1,165,962
Receivables (Notes 7 and 16)	284,835	251,473	2,538,640
Allowance for doubtful accounts	(2,437)	(2,695)	(21,726)
Inventories (Notes 6 and 7)	122,818	115,014	1,094,641
Deferred tax assets (Note 12)	72,009	61,560	641,791
Other current assets (Notes 5, 7 and 16)	164,019	164,354	1,461,847
Total current assets	772,065	712,732	6,881,157
TOTAL	¥ 6,853,182	¥ 7,412,472	\$ 61,080,055

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Notes 7 and 16)	¥ 2,843,448	¥ 3,144,355	\$ 25,342,674
Liability for retirement benefits (Note 8)	360,362	357,480	3,211,787
Reserve for reprocessing of irradiated nuclear fuel (Note 2.j)		611,440	
Asset retirement obligations (Notes 2.k and 9)	436,483	426,449	3,890,224
Deferred tax liabilities (Note 12)	1,632	5,263	14,546
Other long-term liabilities (Note 2.j)	285,354	255,640	2,543,263
Total long-term liabilities	3,927,280	4,800,629	35,002,495
CURRENT LIABILITIES:			
Current maturities of long-term debt (Notes 7 and 16)	721,943	659,990	6,434,435
Short-term borrowings (Notes 10 and 16)	269,524	149,755	2,402,183
Notes and accounts payable (Notes 7 and 16)	172,652	172,685	1,538,789
Accrued income taxes (Note 16)	5,622	18,923	50,110
Accrued expenses and other current liabilities (Note 2.j)	384,010	380,169	3,422,550
Total current liabilities	1,553,753	1,381,524	13,848,069
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	27,452	28,487	244,672
COMMITMENTS AND CONTINGENCIES (Notes 14 and 19)			
EQUITY (Note 11):			
Common stock - authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2017 and 2016	489,320	489,320	4,361,146
Capital surplus	66,726	66,634	594,711
Retained earnings	788,674	648,154	7,029,181
Treasury stock - at cost: 45,317,079 shares in 2017 and 45,348,298 shares in 2016	(96,424)	(96,492)	(859,397)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	81,037	85,930	722,262
Deferred loss on derivatives under hedge accounting	(3,894)	(8,244)	(34,712)
Foreign currency translation adjustments	13,433	17,726	119,731
Defined retirement benefit plans	(16,209)	(24,365)	(144,473)
Total	1,322,663	1,178,665	11,788,449
Noncontrolling interests	22,032	23,165	196,369
Total equity	1,344,696	1,201,831	11,984,818
TOTAL	¥ 6,853,182	¥ 7,412,472	\$ 61,080,055

See notes to consolidated financial statements.

Financial Section | Consolidated Statement of Income

 The Kansai Electric Power Company, Incorporated and its Subsidiaries
 Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
OPERATING REVENUES:			
Electric	¥ 2,556,591	¥ 2,795,781	\$ 22,786,024
Other	454,745	450,125	4,052,989
Total operating revenues	3,011,337	3,245,906	26,839,013
OPERATING EXPENSES (Notes 2.j and 13):			
Electric	2,394,719	2,598,144	21,343,310
Other	398,870	391,059	3,554,992
Total operating expenses	2,793,589	2,989,204	24,898,303
OPERATING INCOME	217,747	256,702	1,940,710
OTHER (INCOME) EXPENSES:			
Interest and dividend income	(14,255)	(17,490)	(127,058)
Interest expense	48,391	51,322	431,298
Gain on sales of property, plant, and equipment	(15,311)	(11,189)	(136,467)
Equity in earnings of associated companies	(11,397)	(11,318)	(101,582)
Other—net	14,195	3,726	126,522
Total other expenses	21,622	15,050	192,711
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	196,125	241,651	1,747,998
PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(1,034)	19,796	(9,223)
INCOME BEFORE INCOME TAXES	197,160	221,855	1,757,221
INCOME TAXES (Note 12):			
Current	17,832	24,094	158,933
Deferred	38,519	56,263	343,311
Total income taxes	56,351	80,357	502,245
NET INCOME	140,808	141,497	1,254,975
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	18	697	166
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 140,789	¥ 140,800	\$ 1,254,809
	Yen		U.S. Dollars
	2017	2016	2017
PER SHARE OF COMMON STOCK (Notes 2.s and 20):			
Basic net income	¥ 157.58	¥ 157.59	\$ 1.40
Cash dividends applicable to the year	25.00		0.22

See notes to consolidated financial statements.

Financial Section | Consolidated Statement of Comprehensive Income

 The Kansai Electric Power Company, Incorporated and its Subsidiaries
 Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
NET INCOME	¥ 140,808	¥ 141,497	\$ 1,254,975
OTHER COMPREHENSIVE INCOME (Note 18):			
Unrealized (loss) gain on available-for-sale securities	(5,256)	17,131	(46,851)
Deferred gain (loss) on derivatives under hedge accounting	4,265	(11,207)	38,020
Foreign currency translation adjustments	(5,124)	1,535	(45,669)
Defined retirement benefit plans	7,541	70	67,211
Share of other comprehensive income (loss) in associates	943	(6,993)	8,410
Total other comprehensive income	2,369	535	21,120
COMPREHENSIVE INCOME	¥ 143,177	¥ 142,033	\$ 1,276,096
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 144,108	¥ 142,996	\$ 1,284,393
Noncontrolling interests	(930)	(963)	(8,297)

See notes to consolidated financial statements.

Financial Section | Consolidated Statement of Changes in Equity

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2017

	Millions of Yen											
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE, APRIL 1, 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
Net income attributable to owners of the parent				140,800						140,800		140,800
Change of scope of consolidation				(207)						(207)		(207)
Change in ownership interest of parent due to transactions with noncontrolling interests												
Purchase of treasury stock					(163)					(163)		(163)
Disposal of treasury stock					2					1		1
Transfer to capital surplus from retained earnings												
Net change in the year						14,637	(9,940)	1,333	(3,833)	2,196	(1,015)	1,180
BALANCE, MARCH 31, 2016	938,733,028	489,320	66,634	648,154	(96,492)	85,930	(8,244)	17,726	(24,365)	1,178,665	23,165	1,201,831
Net income attributable to owners of the parent				140,789						140,789		140,789
Change of scope of consolidation				(269)						(269)		(269)
Change in ownership interest of parent due to transactions with noncontrolling interests												
Purchase of treasury stock					(41)					(41)		(41)
Disposal of treasury stock					109					108		108
Transfer to capital surplus from retained earnings												
Net change in the year						(4,893)	4,349	(4,292)	8,155	3,319	(1,133)	2,186
BALANCE, MARCH 31, 2017	938,733,028	¥ 489,320	¥ 66,726	¥ 788,674	¥ (96,424)	¥ 81,037	¥ (3,894)	¥ 13,433	¥ (16,209)	¥ 1,322,663	¥ 22,032	¥ 1,344,696

	Thousands of U.S. Dollars (Note 1)										
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
					Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE, MARCH 31, 2016	\$ 4,361,146	\$ 593,891	\$ 5,776,782	\$ (860,003)	\$ 765,873	\$ (73,481)	\$ 157,992	\$ (217,160)	\$ 10,505,041	\$ 206,469	\$ 10,711,510
Net income attributable to owners of the parent			1,254,809						1,254,809		1,254,809
Change of scope of consolidation			(2,403)						(2,403)		(2,403)
Change in ownership interest of parent due to transactions with noncontrolling interests			820						820		820
Purchase of treasury stock				(366)					(366)		(366)
Disposal of treasury stock				972					964		964
Transfer to capital surplus from retained earnings											
Net change in the year					(43,610)	38,768	(38,260)	72,686	29,583	(10,099)	19,483
BALANCE, MARCH 31, 2017	\$ 4,361,146	\$ 594,711	\$ 7,029,181	\$ (859,397)	\$ 722,262	\$ (34,712)	\$ 119,731	\$ (144,473)	\$ 11,788,448	\$ 196,369	\$ 11,984,818

See notes to consolidated financial statements.

Financial Section | Consolidated Statement of Cash Flows

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
OPERATING ACTIVITIES:			
Income before income taxes	¥ 197,160	¥ 221,855	\$ 1,757,221
Adjustments for:			
Income taxes - paid	(31,179)	(5,130)	(277,894)
Depreciation and amortization	368,768	370,421	3,286,703
Decommissioning cost of nuclear power units	10,120	10,287	90,196
Depreciation of special account related to nuclear power decommissioning	748	748	6,674
Amortization of nuclear fuel		840	
Loss on disposal of property, plant, and equipment	10,719	9,905	95,539
Nuclear fuel transferred to reprocessing costs	6,781	18,388	60,436
Changes in assets and liabilities:			
Decrease in reserve fund for reprocessing of irradiated nuclear fuel	29,009	25,314	258,551
(Increase) decrease in receivables	(10,691)	7,525	(95,287)
Decrease in interest and dividends receivable	7,001	6,493	62,403
Decrease (increase) in notes and accounts payable	2,293	(55,146)	20,444
Decrease/increase in consumption taxes receivable/payable	(56,151)	10,730	(500,456)
Decrease in interest payable	(1,142)	(1,897)	(10,181)
Increase (decrease) in liability for retirement benefits	13,405	(54,636)	119,476
(Decrease) increase in reserve for fluctuations in water level	(1,034)	19,796	(9,223)
Decrease in reserve for reprocessing of irradiated nuclear fuel	(16,383)	(32,544)	(146,019)
Other - net	(43,755)	42,201	(389,978)
Total adjustments	288,509	373,299	2,571,386
Net cash provided by operating activities	485,669	595,154	4,328,607
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(338,126)	(393,398)	(3,013,604)
Payments for investments and advances	(37,630)	(17,934)	(335,385)
Proceeds from sales of investments or collections of advances	8,437	2,135	75,200
Other - net	21,569	18,298	192,239
Net cash used in investing activities	(345,749)	(390,899)	(3,081,549)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	179,436	99,695	1,599,255
Proceeds from long-term debt (exclusive of bonds)	237,010	163,431	2,112,394
Proceeds from short-term loans	303,512	313,962	2,705,104
Proceeds from issuance of commercial papers	380,000	269,000	3,386,809
Redemption of bonds	(259,700)	(230,009)	(2,314,616)
Repayments of long-term debt (exclusive of bonds)	(401,861)	(348,346)	(3,581,655)
Repayments of short-term loans	(297,435)	(375,886)	(2,650,938)
Repayments of commercial papers	(266,000)	(269,000)	(2,370,766)
Other - net	(5,322)	(5,249)	(47,435)
Net cash used in financing activities	(130,359)	(382,402)	(1,161,846)
NET CASH USED IN OPERATING, INVESTING, AND FINANCING ACTIVITIES	9,560	(178,147)	85,211
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,765)	(2,225)	(15,735)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,795	(180,373)	69,476
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	123,025	303,399	1,096,484
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 130,820	¥ 123,025	\$ 1,165,962

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Kansai Electric Power Company, Incorporated (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.20 to \$1, the approximate rate of exchange at March 31, 2017. 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, 2017, include the accounts of the Company and all (62 in 2017 and 63 in 2016) 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 2016) associated companies are accounted for by the equity method. Investments in the remaining associated companies are stated at cost. Had the equity method been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would be immaterial.

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

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

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

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

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

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel at March 31, 2017 and 2016, was ¥86,143 million (\$767,771 thousand) and ¥86,143 million, respectively.

e. Impairment of Fixed Assets - The Companies review their fixed assets for impairment whenever events or changes in

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

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

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

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

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

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

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

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

Prior service cost is 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.

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

j. Cost of Reprocessing of Irradiated Nuclear Fuel - On October 1, 2016, the "Act for Partial Revision of the Irradiated Nuclear Fuel

Reprocessing Fund Act" (Act No. 40, 2016; the "Revised Act") and the "Ordinance for Partial Revision of the Ordinance on Accounting at Electricity Utilities and Other Provisions" (Ordinance of the Ministry of Economy, Trade and Industry No. 94, 2016; the "Revised Ordinance") were enforced and the "Ordinance on Accounting at Electricity Utilities" was revised.

With regard to cost of reprocessing of irradiated nuclear fuel, the Company has conventionally recorded an allowance in an amount equal to the present value, calculated based on the volume of irradiated nuclear fuel that is generated from operation of the nuclear power plants, as Reserve for reprocessing of irradiated nuclear fuel. However, after the date of enforcement of the Revised Ordinance, the Company is required to record the amount of contribution set forth in Paragraph 1 of Article 4 of the Revised Act as electric operating expenses according to the volume of irradiated nuclear fuel, which is generated from operation of the nuclear power plants, in accordance with Paragraph 2 of the said Article 4.

The Nuclear Reprocessing Organization of Japan ("NuRO") was established on October 3, 2016 under the Revised Act. Nuclear operators are obliged to contribute the funds for reprocessing irradiated nuclear fuel to NuRO according to volume of spent fuel every year. Nuclear operators fulfill the obligation to bear the reprocessing costs when they contribute the funds to NuRO, and the funds belong to NuRO in accordance with Paragraph 1 of Article 9 of the Revised Act.

With regard to the unrecognized amount of ¥82,953 million (\$739,332 thousand) at the time of enforcement of the Revised Act out of ¥312,810 million (\$2,787,971 thousand) (the difference which resulted from the change in the accounting standard relating to Reserve for reprocessing of irradiated nuclear fuel in 2005) set forth in Article 2 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 92, in 2005), the Company has paid and will pay such amount in installments in each fiscal year up to 2019 in accordance with Paragraph 1 of Article 6 of Supplementary Provisions of the Revised Act, and the Company has recorded and will record the amount paid in each fiscal year as expenses in accordance with Article 4 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 94, in 2016). The unrecognized amount of difference which occurred in connection with change in the accounting standard is ¥62,214 million (\$554,499 thousand) as of March 31, 2017.

Thus, at the time of enforcement of the Revised Ordinance in accordance with the provision of Article 3 and 6 of Supplementary Provisions of the Revised Ordinance, the Company has reduced the amount of ¥497,071 million (\$4,430,227 thousand) from Reserve fund for reprocessing of irradiated nuclear fuel, and the amount of ¥595,057 million (\$5,303,543 thousand) from Reserve for reprocessing of irradiated nuclear fuel, and the Company has recorded the amount of the difference thereof with ¥87,616 million (\$780,899 thousand) in "Other long-term liabilities"

within LONG-TERM LIABILITIES and ¥10,369 million (\$92,416 thousand) in "Accrued expenses and other current liabilities" within CURRENT LIABILITIES.

With regard to ¥54,500 million (\$485,747 thousand), which has been transferred to "Other long-term liabilities" within LONG-TERM LIABILITIES at the time of enforcement of the Revised Ordinance, the Company has paid ¥10,900 million (\$97,148 thousand) and has transferred the amount to be paid in the fiscal year ending March 31, 2018 to "Current maturities of long-term debt." Such measure has been taken as the Company obtained approval from the Ministry of Economy, Trade and Industry to pay the amount in installments for a period of 5 years, in accordance with Paragraph 1 of Article 12 of "Cabinet Order on Maintenance and Transitional Measure of Related Cabinet Orders in Connection with Enforcement of the Act for Partial Amendment of the Irradiated Nuclear Fuel Reprocessing Fund Act" (Cabinet Order No. 319, 2016).

The Company does not recognize the amount of ¥266,535 million (\$2,375,536 thousand), which is the difference in estimation relating to Reserve for reprocessing of irradiated nuclear fuel as of March 31, 2016 (the difference equal to the present value to be calculated by adopting various factors including a discount rate to be applied for the fiscal year ending March 31, 2018, in accordance with the provision of Article 81 of "Handling Guideline of Ordinance on Accounting at Electric Utilities" before it is revised).

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

The Company applied Accounting Standards Board of Japan ("ASBJ") Statement No. 18, "Accounting Standard for Asset Retirement Obligations," and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations" on 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 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.

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 the Ordinance on Accounting at Electricity Utilities.

m. Leases

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

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

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

All other leases are accounted for as operating leases.

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

All other leases are accounted for as operating leases.

n. Special Account Related to Nuclear Power Decommissioning

- The Special account related to nuclear power decommissioning shall be amortized in relation to the collection of the regulated power fees after the date of approval of the Ministry of Economy,

Trade and Industry pursuant to Article 7 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 50, 2016).

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

The Companies applied ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," effective April 1, 2016. There was no impact from the adoption of this guidance for the year ended March 31, 2017.

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

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

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

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

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

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

s. Per-Share Information - Basic net income 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 income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

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

3. CHANGES IN PRESENTATION

"Decrease/increase in consumption taxes receivable/payable" was included in "Other - net" within OPERATING ACTIVITIES of the consolidated statement of cash flows for the year ended March 31, 2016. Since the amount increased significantly, such amount is disclosed separately within OPERATING ACTIVITIES of the consolidated statement of cash flows for the year ended March 31, 2017. The amount included in "Other - net" for the year ended March 31, 2016, was ¥10,730 million.

"Decrease (increase) in inventories" was disclosed separately in the OPERATING ACTIVITIES of the consolidated statement of cash flows for the year ended March 31, 2016. Since the amount decreased significantly, such amount is included in "Other - net" within OPERATING ACTIVITIES of the consolidated statement of cash flows for the year ended March 31, 2017. The amount included in "Decrease (increase) in inventories" for the year ended March 31, 2016 was ¥33,599 million.

4. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Hydroelectric power production facilities	¥ 290,593	¥ 295,301	\$ 2,589,963
Thermal power production facilities	452,947	497,723	4,036,968
Nuclear power production facilities	350,749	383,658	3,126,109
Transmission facilities	850,856	889,742	7,583,391
Transformation facilities	402,961	394,946	3,591,459
Distribution facilities	818,171	826,299	7,292,078
General facilities	106,287	110,966	947,303
Other utility facilities	22,905	24,400	204,151
Other plant and equipment	707,364	663,429	6,304,497
Construction in progress	458,850	435,098	4,089,580
Total	¥ 4,461,689	¥ 4,521,566	\$ 39,765,505

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 amounts of

these facilities were ¥18,685 million (\$166,537 thousand) and ¥21,869 million as of March 31, 2017 and 2016, respectively.

5. INVESTMENT SECURITIES

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

at March 31, 2017 and 2016, is as follows:

March 31, 2017	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥ 69,185	¥ 97,395	¥ (270)	¥ 166,310
Debt securities	470	31		501
Held-to-maturity debt securities	3,788	87	(7)	3,868

March 31, 2016	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥ 69,335	¥ 104,620	¥ (1,113)	¥ 172,842
Debt securities	2,132	1,611		3,743
Held-to-maturity debt securities	5,386	153		5,539

March 31, 2017	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	\$ 616,630	\$ 868,053	\$ (2,410)	\$ 1,482,272
Debt securities	4,193	279		4,472
Held-to-maturity debt securities	33,768	782	(69)	34,481

6. INVENTORIES

Inventories at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Merchandise and finished products	¥ 4,879	¥ 4,896	\$ 43,493
Work in process	8,111	5,989	72,294
Raw materials and supplies	70,572	73,734	628,987
Real estate for sale	39,254	30,393	349,866
Total	¥ 122,818	¥ 115,014	\$ 1,094,641

7. LONG-TERM DEBT

Long-term debt at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Secured bonds:			
0.24% to 3.175%, due serially through 2036	¥ 1,320,888	¥ 1,400,574	\$ 11,772,620
0.4% to 3.15% secured loans principally from the Development Bank of Japan maturing serially through 2027:			
The Company	318,126	344,340	2,835,350
Subsidiaries	3,697	4,852	32,953
0.05% to 4.69% (0.12936% to 4.69% in 2016) unsecured loans from banks, insurance companies, and other sources maturing serially through 2037	1,909,314	2,038,757	17,017,060
Obligations under finance leases	13,365	15,821	119,124
Total	3,565,391	3,804,345	31,777,110
Less current maturities	721,943	659,990	6,434,435
Long-term debt, less current maturities	¥ 2,843,448	¥ 3,144,355	\$ 25,342,674

Annual maturities of long-term debt at March 31, 2017, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
	2018	¥ 721,943
2019	636,142	5,669,716
2020	520,644	4,640,326
2021	502,155	4,475,539
2022	453,450	4,041,446
2023 and thereafter	731,055	6,515,646
Total	¥ 3,565,391	\$ 31,777,110

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

The carrying amounts of subsidiaries' assets pledged as

collateral for notes and accounts payable of ¥1,036 million (\$9,233 thousand) and the above secured loans at March 31, 2017, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2017	2017
Other plant and equipment	¥ 19,831	\$ 176,752
Cash and cash equivalents	5	44

Furthermore, the carrying amounts of assets of investees of certain consolidated subsidiaries are pledged as collateral for long-term debt from financial institutions, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2017	2017
Other plant and equipment	¥ 9,376	\$ 83,570
Construction in progress	22,196	197,833
Investment securities		
Other assets	8,257	73,597
Investments in and advances to associated companies	29,886	266,367
Cash and cash equivalents	436	3,887
Inventories	247	2,207
Other current assets	196	1,751
Receivables	1,070	9,541

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, 2017 and 2016

1. The changes in defined benefit obligation for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year (as restated)	¥ 361,483	¥ 416,503	\$ 3,221,781
Current service cost	14,038	15,174	125,117
Interest cost	3,571	3,876	31,829
Actuarial gains	1,266	9,871	11,288
Benefits paid	(14,166)	(16,415)	(126,263)
Past service cost		49	
Decrease due to transfer to defined contribution pension plan	(3,774)	(63,913)	(33,642)
Others	(409)	(3,662)	(3,647)
Balance at end of year	¥ 362,009	¥ 361,483	\$ 3,226,463

2. The changes in plan assets for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year	¥ 4,003	¥ 3,995	\$ 35,684
Expected return on plan assets	41	71	367
Actuarial losses	(10)	(43)	(94)
Contributions from the employer	137	314	1,222
Benefits paid	(168)	(333)	(1,499)
Decrease due to transfer to defined contribution pension plan	(2,356)		(21,003)
Balance at end of year	¥ 1,646	¥ 4,003	\$ 14,675

3. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Funded defined benefit obligation	¥ 2,625	¥ 5,473	\$ 23,401
Plan assets	(1,646)	(4,003)	(14,675)
Total	979	1,469	8,725
Unfunded defined benefit obligation	359,383	356,010	3,203,061
Net liability arising from defined benefit obligation	¥ 360,362	¥ 357,480	\$ 3,211,787

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Liability for retirement benefits	¥ 360,362	¥ 357,480	\$ 3,211,787
Net liability arising from defined benefit obligation	¥ 360,362	¥ 357,480	\$ 3,211,787

4. The components of net periodic retirement benefit costs for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Service cost	¥ 14,038	¥ 15,174	\$ 125,117
Interest cost	3,571	3,876	31,829
Expected return on plan assets	(41)	(71)	(367)
Recognized actuarial losses	11,816	9,656	105,319
Amortization of prior service cost	(16)	(46)	(149)
Others	22	2,160	199
Net periodic retirement benefit costs	¥ 29,390	¥ 30,749	\$ 261,948

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Prior service cost	¥ (16)	¥ (95)	\$ (149)
Actuarial losses	10,539	486	93,936
Total	¥ 10,522	¥ 391	\$ 93,786

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrecognized prior service cost	¥ (134)	¥ (151)	\$ (1,198)
Unrecognized actuarial losses	18,474	29,013	164,655
Total	¥ 18,339	¥ 28,862	\$ 163,456

7. Plan assets

(1) Components of plan assets

Plan assets at March 31, 2017 and 2016, consisted of the following:

	2017	2016
General account of life insurance	37%	74%
Debt investments	31	8
Equity investments	8	8
Others	24	10
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, 2017 and 2016, are set forth as follows:

	2017	2016
Discount rate	1.04%	1.10%
Expected rate of return on plan assets	2.50%	1.25% - 2.50%

9. Defined contribution

The required contribution amount of the Company and certain consolidated subsidiaries was ¥6,859 million (\$61,135 thousand)

and ¥6,221 million for the years ended March 31, 2017 and 2016, respectively.

9. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year	¥ 426,449	¥ 414,425	\$ 3,800,797
Additional provisions	13,020	13,854	116,047
Reduction	(2,986)	(1,830)	(26,621)
Balance at end of year	¥ 436,483	¥ 426,449	\$ 3,890,224

10. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Short-term loans from banks and other sources with weighted-average interest rate of 0.2838% and 0.3906% at March 31, 2017 and 2016, respectively	¥ 269,524	¥ 149,755	\$ 2,402,183

Commercial paper included in short-term borrowings at March 31, 2017, in the above table was ¥114,000 million (\$1,016,042 thousand).

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

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

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

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

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

(c) Treasury stock and treasury stock acquisition rights

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

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

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

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 28.2% and 28.8% for the years ended March 31, 2017 and 2016, respectively.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2017 and 2016, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Deferred tax assets:			
Net operating tax loss carryforwards	¥ 148,317	¥ 167,330	\$ 1,321,901
Liability for retirement benefits	102,173	101,221	910,635
Depreciation and amortization	90,327	85,360	805,060
Asset retirement obligations	45,048	44,871	401,502
Reserve for reprocessing of irradiated nuclear fuel (with definite plans, Note 2.j)		23,452	
Intercompany profit elimination	23,719	23,968	211,405
Other	173,338	178,722	1,544,902
Less valuation allowance	(89,080)	(86,625)	(793,944)
Total deferred tax assets	493,844	538,301	4,401,463
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	26,616	29,722	237,225
Special account related to nuclear power decommissioning	7,440	7,652	66,315
Reserve for special depreciation	3,976	4,799	35,443
Other	10,331	9,868	92,084
Total deferred tax liabilities	48,366	52,043	431,069
Net deferred tax assets	¥ 445,478	¥ 486,258	\$ 3,970,393

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying

consolidated statement of income for the year ended March 31, 2016, is as follows:

	2016
Normal effective statutory tax rate	28.8%
Effect of tax rate reduction	6.2
Difference in subsidiaries' tax rates	1.0
Valuation allowance	0.9
Other—net	(0.6)
Actual effective tax rate	36.2%

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected for the year ended March 31, 2017, is not disclosed because the difference between

the normal effective statutory tax rate and the actual effective tax rate is immaterial.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥11,381 million (\$101,437 thousand) and ¥11,948 million for the

years ended March 31, 2017 and 2016, respectively.

14. RELATED-PARTY DISCLOSURES

Related-party transactions of the Company with an associated company for the years ended March 31, 2017 and 2016, were as follows:

(1) 2017

Category	Name	Address	Capital Stock or Stake	Description of Business				
			Millions of Yen					
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	¥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	Relationship with Related Party		Detail of Transactions	Transaction Amount				
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 Some directors concurrently serve as the Company's director and were transferred from the Company.		Co-guarantees or guarantees of loans and bonds	<table border="1"> <thead> <tr> <th>Millions of Yen</th> <th>Thousands of U.S. Dollars</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">¥ 186,440</td> <td style="text-align: center;">\$ 1,661,680</td> </tr> </tbody> </table>	Millions of Yen	Thousands of U.S. Dollars	¥ 186,440	\$ 1,661,680
Millions of Yen	Thousands of U.S. Dollars							
¥ 186,440	\$ 1,661,680							

(2) 2016

Category	Name	Address	Capital Stock or Stake	Description of Business		
			Millions of Yen			
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	¥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	Relationship with Related Party		Detail of Transactions	Transaction Amount		
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 Some directors concurrently serve as the Company's director and were transferred from the Company.		Co-guarantees or guarantees of loans and bonds	<table border="1"> <thead> <tr> <th>Millions of Yen</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">¥ 191,468</td> </tr> </tbody> </table>	Millions of Yen	¥ 191,468
Millions of Yen						
¥ 191,468						

A consolidated subsidiary sold a condominium in business to a relative of the Company's director for ¥35 million.

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.

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

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

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

(a) Fair value of financial instruments

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

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, 2016	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	¥ 181,972	¥ 182,125	¥ 153
Reserve fund for reprocessing of irradiated nuclear fuel	526,080	526,080	
Cash and cash equivalents	123,025	123,025	
Receivables	251,473	251,473	
Total	¥ 1,082,552	¥ 1,082,705	¥ 153
Long-term debt	¥ 3,788,523	¥ 3,902,749	¥ 114,225
Short-term borrowings	149,755	149,755	
Notes and accounts payable	172,685	172,685	
Accrued income taxes	18,923	18,923	
Total	¥ 4,129,888	¥ 4,244,114	¥ 114,225
Derivatives	¥ (16,174)	¥ (16,174)	

March 31, 2017

March 31, 2017	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	\$ 1,520,513	\$ 1,521,226	\$ 713
Reserve fund for reprocessing of irradiated nuclear fuel			
Cash and cash equivalents	1,165,962	1,165,962	
Receivables	2,538,640	2,538,640	
Total	\$ 5,225,116	\$ 5,225,829	\$ 713
Long-term debt	\$ 31,657,985	\$ 32,392,308	\$ 734,322
Short-term borrowings	2,402,183	2,402,183	
Notes and accounts payable	1,538,789	1,538,789	
Accrued income taxes	50,110	50,110	
Total	\$ 35,649,068	\$ 36,383,391	\$ 734,322
Derivatives	\$ (82,163)	\$ (82,163)	

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.

Cash and cash equivalents and Receivables

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

Long-term debt

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

The fair values of corporate bonds approximate market value.

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

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

Derivatives

Fair value information for derivatives is included in Note 17.

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

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Investments in equity instruments that do not have a quoted market price in an active market	¥ 25,515	¥ 44,153	\$ 227,411
Invested instruments and other	14,640	2,738	130,482

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

March 31, 2017	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Investment securities:				
Held-to-maturity securities	¥ 1,450	¥ 1,284	¥ 545	¥ 500
Available-for-sale securities with contractual maturities	71	200	200	
Cash and cash equivalents	130,820			
Receivables	232,814	336	12	6

March 31, 2017	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Investment securities:				
Held-to-maturity securities	\$ 12,923	\$ 11,452	\$ 4,857	\$ 4,456
Available-for-sale securities with contractual maturities	632	1,782	1,782	
Cash and cash equivalents	1,165,962			
Receivables	2,074,993	2,999	109	58

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, 2017	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)	¥ 20,442	¥ 15,340	¥ (3,363)	¥ (3,363)

March 31, 2016	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)	¥ 25,545	¥ 20,442	¥ (4,689)	¥ (4,689)

March 31, 2017	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)	\$ 182,200	\$ 136,722	\$ (29,977)	\$ (29,977)

Derivative Transactions to Which Hedge Accounting is Applied

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

March 31, 2016	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign exchange forward contracts:				
Buying U.S. dollars	Equipment fund	¥ 725		¥ 338
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	9,122	¥ 8,406	(222)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	540,014	466,682	*
Commodity swaps (fixed price payment, floating price receipt)	Fuel	66,979	57,503	(11,602)

March 31, 2017	Hedged Item	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign exchange forward contracts:				
Buying U.S. dollars	Equipment fund	\$ 41,311		\$ (2,003)
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	74,928	\$ 68,550	(1,655)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	4,301,984	3,652,400	*
Commodity swaps (fixed price payment, floating price receipt)	Fuel	512,522	345,124	(48,526)

* 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 income for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrealized gain (loss) on available-for-sale securities:			
(Loss) gains arising during the year	¥ (3,790)	¥ 23,287	\$ (33,780)
Reclassification adjustments to profit or loss	(4,189)	469	(37,341)
Amount before income tax effect	(7,979)	23,756	(71,121)
Income tax effect	2,723	(6,625)	24,270
Total	¥ (5,256)	¥ 17,131	\$ (46,852)
Deferred gain (loss) on derivatives under hedge accounting:			
Gain (loss) arising during the year	¥ 2,866	¥ (13,202)	\$ 25,552
Reclassification adjustments to loss	(52)	(53)	(468)
Adjustments to acquisition costs of assets	3,240	(670)	28,880
Amount before income tax effect	6,054	(13,926)	53,964
Income tax effect	(1,788)	2,718	(15,944)
Total	¥ 4,265	¥ (11,207)	\$ 38,020
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ (5,124)	¥ 1,535	\$ (45,670)
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (1,277)	¥ (9,964)	\$ (11,383)
Reclassification adjustments to profit	11,800	10,355	105,170
Amount before income tax effect	10,522	391	93,786
Income tax effect	(2,981)	(321)	(26,575)
Total	¥ 7,541	¥ 70	\$ 67,211
Share of other comprehensive income (loss) in associates:			
Gains (loss) arising during the year	¥ 275	¥ (6,968)	\$ 2,459
Reclassification adjustments to profit or loss	667	(24)	5,951
Total	¥ 943	¥ (6,993)	\$ 8,411
Total other comprehensive income	¥ 2,369	¥ 535	\$ 21,120

19. COMMITMENTS AND CONTINGENCIES

At March 31, 2017, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥345,641 million (\$3,080,587 thousand). Additionally, the Companies

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

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

	Millions of Yen	Thousands of U.S. Dollars
	2017	2017
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited (Note 14)	¥ 186,440	\$ 1,661,680
Other	83,426	743,551
Total	¥ 269,867	\$ 2,405,232
A guarantee about power supply for PT Bhumi Jati Power	¥ 11,178	\$ 99,630

20. NET INCOME PER SHARE

Diluted net income per share ("EPS") for the years ended March 31, 2017 and 2016, is not disclosed because the Companies do not issue dilutive securities.

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
For the year ended March 31, 2017				
Basic EPS:				
Net income attributable to common shareholders	¥ 140,789	893,430	¥ 157.58	\$ 1.40
For the year ended March 31, 2016				
Basic EPS:				
Net income attributable to common shareholders	¥ 140,800	893,467	157.59	

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 decisionmaker 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.

The Companies' operating segments consist of Electric Power, Gas/Other Energies, IT/Communications, and real estate/life in accordance with "Kansai Electric Power Group Medium-Term Management Plan (2016-2018)," and the electric power, gas/other energies, and IT/communications are disclosed as reportable segments under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures."

The aggregate of the Electric Power and Gas/Other Energies segments is presented as the comprehensive energy/power transmission and distribution business.

2. Changes of reportable segments

The Company issued the "Kansai Electric Power Group Medium-Term Management Plan (2016-2018)" in April 2016 and has been developing its businesses, announcing its efforts to enhance competitiveness of the Comprehensive energy business and to establish new pillars for growth. Accordingly, the Company has changed its reportable segments, etc., for the consolidated financial statements for the year ended March 31, 2017.

Main changes are as follows: (1) The Gas supply business of the Company, Kanden Energy Solution Co., Inc. and Kansai Electric Power Holdings Australia Pty Ltd, and other subsidiaries is disclosed in Gas/Other Energies as a reportable segment, which was not disclosed in reportable segments in the previous year. (2) The name of the operating segment of life cycle-related business, which is not disclosed in reportable segments, has been changed to the name of real estate/life business.

The segment information for the year ended March 31, 2016, is also disclosed using the new reportable segments.

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

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

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

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

	Millions of Yen								
	2016								
	Reportable Segment				Comprehensive Energy/Power Transmission and Distribution Business				
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥ 2,795,781	¥ 104,245	¥ 2,900,026	¥ 174,842	¥ 3,074,869	¥ 171,037	¥ 3,245,906		¥ 3,245,906
Intersegment sales or transfers	10,673	19,482	30,155	43,452	73,607	242,164	315,772	¥ (315,772)	
Total	¥ 2,806,454	¥ 123,727	¥ 2,930,182	¥ 218,294	¥ 3,148,477	¥ 413,201	¥ 3,561,678	¥ (315,772)	¥ 3,245,906
Segment profit	¥ 198,660	¥ 15,312	¥ 213,972	¥ 17,352	¥ 231,325	¥ 23,824	¥ 255,149	¥ 1,552	¥ 256,702
Segment assets	6,096,697	491,368	6,588,066	377,412	6,965,479	983,702	7,949,181	(536,708)	7,412,472
Other:									
Depreciation	281,846	17,974	299,821	62,598	362,419	14,191	376,611	(6,190)	370,421
Increase in property and intangible assets	253,416	61,411	314,828	45,175	360,004	15,173	375,177	(5,874)	369,302

	Thousands of U.S. Dollars								
	2017								
	Reportable Segment				Comprehensive Energy/Power Transmission and Distribution Business				
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	\$ 22,786,024	\$ 830,837	\$ 23,616,862	\$ 1,654,730	\$ 25,271,593	\$ 1,567,420	\$ 26,839,013		\$ 26,839,013
Intersegment sales or transfers	114,935	215,848	330,784	367,173	697,958	2,050,322	2,748,281	\$(2,748,281)	
Total	\$ 22,900,960	\$ 1,046,686	\$ 23,947,646	\$ 2,021,904	\$ 25,969,551	\$ 3,617,743	\$ 29,587,294	\$(2,748,281)	\$ 26,839,013
Segment profit	\$ 1,473,075	\$ 53,605	\$ 1,526,681	\$ 173,657	\$ 1,700,338	\$ 226,344	\$ 1,926,682	\$ 14,027	\$ 1,940,710
Segment assets	48,494,136	4,423,310	52,917,446	3,187,359	56,104,806	9,524,047	65,628,854	(4,548,798)	61,080,055
Other:									
Depreciation	2,473,742	192,202	2,665,944	569,132	3,235,077	105,736	3,340,813	(54,110)	3,286,703
Increase in property and intangible assets	2,031,693	253,271	2,284,964	388,017	2,672,982	436,557	3,109,539	(42,708)	3,066,831

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of The Kansai Electric Power Company, Incorporated and its subsidiaries as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Kansai Electric Power Company, Incorporated and its subsidiaries as of March 31, 2017, 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 2.j to the consolidated financial statements, in accordance with enforcement of the "Act for Partial Revision of the Irradiated Nuclear Fuel Reprocessing Fund Act" (Act No. 40, 2016) and the "Ordinance for Partial Revision of the Ordinance on Accounting at Electricity Utilities and Other Provisions" (Ordinance of the Ministry of Economy, Trade and Industry No. 94, 2016), The Kansai Electric Power Company, Incorporated followed the required accounting treatment as of October 1, 2016. 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 28, 2017

Member of
 Deloitte Touche Tohmatsu Limited

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements
 for the Year Ended March 31, 2017

ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
PROPERTY:			
Plant and equipment	¥ 15,130,964	¥ 15,057,975	\$ 134,857,082
Construction in progress	427,445	381,942	3,809,674
Contributions in aid of construction	(463,360)	(461,022)	(4,129,775)
Accumulated depreciation and amortization	(11,265,576)	(11,066,409)	(100,406,205)
Plant and equipment—net	3,829,473	3,912,486	34,130,775
Nuclear fuel, net of amortization	481,371	526,291	4,290,297
Property—net	4,310,844	4,438,778	38,421,073
INVESTMENTS AND OTHER ASSETS:			
Investment securities	117,148	104,455	1,044,106
Investments in and advances to subsidiaries and associated companies	493,806	419,953	4,401,125
Reserve fund for reprocessing of irradiated nuclear fuel		526,080	
Long-term loans receivable	265	285	2,370
Special account related to nuclear power decommissioning	26,598	27,346	237,059
Deferred tax assets	317,507	375,015	2,829,836
Other assets	93,878	94,208	836,709
Total investments and other assets	1,049,205	1,547,346	9,351,207
CURRENT ASSETS:			
Cash and cash equivalents	103,170	91,052	919,523
Accounts receivable	203,111	193,795	1,810,266
Allowance for doubtful accounts	(2,164)	(2,319)	(19,287)
Inventories	61,057	65,676	544,186
Deferred tax assets	64,795	55,447	577,500
Other current assets	44,890	43,316	400,095
Total current assets	474,862	446,969	4,232,285
TOTAL	¥ 5,834,912	¥ 6,433,093	\$ 52,004,566

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥112.20 = U.S. \$1, the approximate rate of exchange at March 31, 2017.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
LONG-TERM LIABILITIES			
Long-term debt, less current maturities	¥ 2,524,956	¥ 2,776,571	\$ 22,504,065
Liability for retirement benefits	316,035	303,754	2,816,711
Accrued contributions for reprocessing of irradiated nuclear fuel	32,700		291,446
Reserve for reprocessing of irradiated nuclear fuel		611,440	
Asset retirement obligations	427,629	418,705	3,811,310
Other long-term liabilities	238,595	239,846	2,126,518
Total long-term liabilities	3,539,915	4,350,319	31,550,053
CURRENT LIABILITIES:			
Current maturities of long-term debt	658,287	609,254	5,867,085
Short-term borrowings	130,000	130,000	1,158,645
Commercial papers	114,000		1,016,042
Accounts payable	114,491	115,539	1,020,425
Payable to subsidiaries and associated companies	114,660	150,353	1,021,932
Accrued expenses and other current liabilities	277,618	307,095	2,474,317
Total current liabilities	1,409,057	1,312,242	12,558,449
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	27,452	28,487	244,672
EQUITY:			
Common stock, authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2017 and 2016	489,320	489,320	4,361,146
Capital surplus:			
Additional paid-in capital	67,031	67,031	597,426
Retained earnings:			
Legal reserve	33,133	33,133	295,309
Unappropriated	317,826	214,763	2,832,682
Unrealized gain on available-for-sale securities	51,392	42,408	458,045
Deferred gain on derivatives under hedge accounting	(3,912)	(8,334)	(34,867)
Treasury stock - at cost 45,031,335 shares in 2017 and 45,004,437 shares in 2016	(96,307)	(96,278)	(858,351)
Total equity	858,486	742,044	7,651,392
TOTAL	¥ 5,834,912	¥ 6,433,093	\$ 52,004,566

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥112.20 = U.S. \$1, the approximate rate of exchange at March 31, 2017.

Financial Section | Non-Consolidated Statements of Income

 The Kansai Electric Power Company, Incorporated
 Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
OPERATING REVENUES:			
Electricity operating revenues:			
Residential	¥ 999,811	¥ 1,063,806	\$ 8,910,972
Commercial and industrial	1,296,832	1,530,231	11,558,222
Other	272,844	212,416	2,431,766
Sub-total	2,569,487	2,806,454	22,900,960
Incidental operating revenues	44,952	61,838	400,646
Total	2,614,440	2,868,293	23,301,607
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	204,685	196,724	1,824,289
Fuel costs	523,544	710,326	4,666,175
Cost of purchased power	461,657	493,577	4,114,597
Maintenance costs	189,583	185,351	1,689,694
Depreciation	277,485	281,790	2,473,128
Taxes	144,010	143,635	1,283,511
Other	603,241	596,387	5,376,486
Sub-total	2,404,208	2,607,794	21,427,884
Incidental operating expenses	45,707	51,932	407,371
Total	2,449,915	2,659,726	21,835,255
OPERATING INCOME	164,524	208,566	1,466,351
OTHER (INCOME) EXPENSES:			
Interest and dividends income	(16,486)	(25,835)	(146,934)
Interest expense	42,956	46,790	382,856
Other—net	(5,666)	(12,530)	(50,499)
Total	20,804	8,424	185,422
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	143,720	200,142	1,280,929
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(1,034)	19,796	(9,223)
INCOME BEFORE INCOME TAXES	144,755	180,345	1,290,152
INCOME TAXES			
Current	(1,247)	9,086	(11,117)
Deferred	42,937	52,719	382,689
Total	41,690	61,805	371,572
NET INCOME	¥ 103,064	¥ 118,540	\$ 918,580

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥112.20 = U.S. \$1, the approximate rate of exchange at March 31, 2017.

Financial Section | Non-Consolidated Statements of Changes in Equity

 The Kansai Electric Power Company, Incorporated
 Year Ended March 31, 2017

	Millions of Yen									
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus		Retained Earnings		Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Total Equity
			Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated				
BALANCE, APRIL 1, 2015	938,733,028	¥ 489,320	¥ 67,031		¥ 122,330	¥ 7,027	¥ (96,223)	¥ 50,602	¥ (1,210)	¥ 638,876
Reversal of legal retained earnings					(89,196)	89,196				
Net Income						118,540				118,540
Purchase of treasury stock							(56)			(56)
Disposal of treasury stock							2			1
Transfer to capital surplus from retained earnings										
Net change in the year								(8,193)	(7,123)	(15,317)
BALANCE, MARCH 31, 2016	938,733,028	¥ 489,320	¥ 67,031		¥ 33,133	¥ 214,763	¥ (96,278)	¥ 42,408	¥ (8,334)	¥ 742,044
Net Income						103,064				103,064
Purchase of treasury stock							(30)			(30)
Disposal of treasury stock							1			
Transfer to capital surplus from retained earnings										
Net change in the year								8,984	4,422	13,406
BALANCE, MARCH 31, 2017	938,733,028	¥ 489,320	¥ 67,031		¥ 33,133	¥ 317,826	¥ (96,307)	¥ 51,392	¥ (3,912)	¥ 858,486

	Thousands of U.S. Dollars									
	Common Stock	Capital Surplus		Retained Earnings		Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Total Equity	
		Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated					
BALANCE, MARCH 31, 2016	\$ 4,361,146	\$ 597,426		\$ 295,309	\$ 1,914,110	\$ (858,094)	\$ 377,970	\$ (74,279)	\$ 6,613,589	
Net Income					918,580				918,580	
Purchase of treasury stock						(271)			(271)	
Disposal of treasury stock						14			6	
Transfer to capital surplus from retained earnings										
Net change in the year							80,074	39,412	119,486	
BALANCE, MARCH 31, 2017	\$ 4,361,146	\$ 597,426		\$ 295,309	\$ 2,832,682	\$ (858,351)	\$ 458,045	\$ (34,867)	\$ 7,651,392	

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥112.20 = U.S. \$1, the approximate rate of exchange at March 31, 2017.

Financial Section | Five-Year Summary of Selected Operational Data

 The Kansai Electric Power Company, Incorporated and its Subsidiaries
 March 31, 2017

	Non-Consolidated Basis					Consolidated Basis				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Operating Revenues (Millions of Yen)	2,520,713	2,958,246	3,032,435	2,868,293	2,614,440	2,859,054	3,327,484	3,406,030	3,245,906	3,011,337
Operating Income (Millions of Yen)	(363,388)	(116,815)	(130,805)	208,566	164,524	(314,012)	(71,711)	(78,600)	256,702	217,747
Ordinary Income (Millions of Yen)	(392,562)	(122,909)	(159,626)	200,142	143,720	(353,190)	(111,326)	(113,052)	241,651	196,125
Net Income (Millions of Yen)	(272,938)	(93,091)	(176,721)	118,540	103,064	(243,422)	(97,408)	(148,375)	140,800	140,789
Total Ordinary Revenues (Millions of Yen)	2,546,773	3,008,043	3,074,712	2,913,347	2,653,410					
Residential	1,010,697	1,144,429	1,129,114	1,063,806	999,811					
Commercial and Industrial	1,343,556	1,607,254	1,655,047	1,530,231	1,296,832					
Total	2,354,254	2,751,684	2,784,161	2,594,038	2,296,643					
Other	192,519	256,358	290,550	319,309	356,766					
Total Ordinary Expenses (Millions of Yen)	2,939,336	3,130,952	3,234,338	2,713,205	2,509,690					
Personnel Expenses	231,226	198,186	195,986	196,724	204,685					
Fuel Costs	919,884	1,159,206	1,186,593	710,326	523,544					
Backend Expenses of Nuclear Power	57,734	52,843	42,994	37,669	32,203					
Maintenance Costs	202,615	178,543	184,611	185,351	189,583					
Taxes Other Than Income Taxes	145,656	149,811	148,470	148,032	148,428					
Depreciation	294,733	298,349	298,148	281,790	277,485					
Cost of Purchased Power	567,923	554,948	571,107	493,577	461,657					
Interest Expense	49,949	51,533	50,624	46,790	42,956					
Other	469,613	487,529	555,800	612,940	629,144					
Interest Expense (Millions of Yen)	49,949	51,533	50,624	46,790	42,956	55,102	56,621	55,373	51,322	48,391
Return on Equity (ROE) (%)	(26.3)	(10.9)	(24.5)	17.2	12.9	(17.6)	(8.0)	(13.3)	12.7	11.3
Return on Assets (ROA) (%)	(5.1)	(1.0)	(1.6)	3.7	3.0	(3.9)	(0.7)	(0.7)	3.9	3.4
Net Income per Share (Yen)	(305.35)	(104.15)	(197.72)	132.63	115.32	(272.43)	(109.01)	(166.06)	157.59	157.58
Cash Dividends per Share (Yen)	0.00	0.00	0.00	0.00	25.00					
Capital Investments (Millions of Yen)	334,527	325,068	300,069	254,183	232,458	435,211	418,920	420,667	369,302	344,098
Total Assets (Millions of Yen)	6,757,662	6,916,202	6,768,934	6,433,093	5,834,912	7,635,150	7,777,519	7,743,378	7,412,472	6,853,182
Net Assets (Millions of Yen)	894,995	806,691	638,876	742,044	858,486	1,278,106	1,213,158	1,060,219	1,201,831	1,344,696
Equity Ratio (%)	13.2	11.7	9.4	11.5	14.7	16.5	15.3	13.4	15.9	19.3
Interest-bearing Debt (Millions of Yen)	3,774,148	3,954,708	3,875,278	3,496,559	3,401,081	4,210,249	4,396,839	4,315,256	3,938,279	3,821,550
Net Assets per Share (Yen)	1,001.29	902.54	714.81	830.28	960.60	1,406.53	1,330.48	1,159.53	1,319.33	1,480.46
Free Cash Flows (Millions of Yen)						(287,989)	(3,213)	59,004	204,255	139,919
Operating Cash Flows (Millions of Yen)						142,673	347,772	447,666	595,154	485,669
Operating Revenues from Group Businesses (external sales) (Billions of Yen)						432.9	468.1	466.9	450.5	455.1
Ordinary Income from Group Businesses (Billions of Yen)						65.8	51.7	65.1	69.5	61.0
Number of Employees	20,714	20,813	20,628	19,914	19,533	33,537	33,657	33,539	33,089	32,666

	Non-Consolidated Basis				
	2013	2014	2015	2016	2017
Electricity Sales Volume (Million kWh)					
Residential	49,012	48,353	45,858	44,053	43,689
Commercial and Industrial	92,742	92,061	88,633	83,463	77,811
Total	141,754	140,414	134,490	127,516	121,500
Electricity Generation Capacity (MW)					
Nuclear	9,768	9,768	9,768	8,928	8,928
Thermal	16,972	17,982	19,441	19,408	19,408
Hydropower	8,208	8,208	8,222	8,225	8,226
Renewable Energies	10	11	11	11	11
Total	34,958	35,968	37,442	36,573	36,573
Power Sources (%)					
Nuclear	10	6	0	1	0
Thermal	80	83	88	84	85
Hydropower	9	10	10	12	11
Renewable Energies	1	1	2	3	4
Total	100	100	100	100	100
CO ₂ Emission (kg-CO ₂ /kWh)	0.475	0.516	0.523	0.496	0.49
Nuclear Capacity Factor (%)	17.7	10.9	0.0	1.0	0.0
Thermal Efficiency of Thermal Power Plants (Lower heating value) (%)	44.2	44.6	46.5	46.6	47.6
System Peak Demand in Kansai Area (MW)	27,105	28,611	27,543	27,048	26,569
No. of FTTH Contracts (Thousand Lines)	1,396	1,484	1,528	1,590	1,625
Gas Sales Volumes (LNG conversion [gas and LNG total]) (Thousand Tons)	880	860	740	720	710

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: ¥3,011.3 billion (consolidated), ¥2,614.4 billion (non-consolidated)
Total assets: ¥6,853.1 billion (consolidated), ¥5,834.9 billion (non-consolidated)
Number of employees: 32,666 (consolidated), 19,533 (non-consolidated)
Electricity sales: 121.5 billion kWh
Main business: Electric power, heat supply, telecommunications, gas supply

Number of common shares issued: 938,730 thousand
Number of shareholders: 306 thousand
Stock exchange listings: (Common stock) Tokyo Stock Exchange
Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation
 6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502, Japan

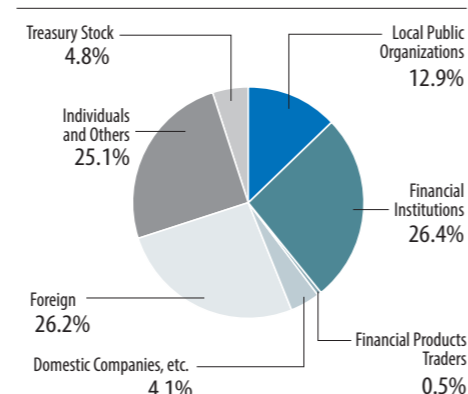
Number of employees: This includes working employees and excludes employees on loan and employees on leave of absence.

Major shareholders

As of March 31, 2017	Number of Shares Held (thousands)	Percentage of Shares Held (%)
Osaka City	83,748	8.92
Nippon Life Insurance Company	34,328	3.66
Kobe City	27,351	2.91
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,351	2.70
Japan Trustee Services Bank, Ltd. (Trust Account)	24,118	2.57
Kansai Electric Power Employee Stockholder Program	19,879	2.11
Mizuho Bank, Ltd.	17,378	1.85
Japan Trustee Services Bank, Ltd. (Trust Account 5)	14,993	1.60
MSIP CLIENT SECURITIES	14,647	1.56
Kochi Shinkin Bank	13,796	1.47

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

Distribution of shares As of March 31, 2017



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

(As of May 31, 2017)

● **Consolidated subsidiaries 66 companies**

Comprehensive energy business (Gas and other energy)

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

Five other companies

Information and telecommunications (IT)

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

Four other companies

Real estate / Lifestyle-related business

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

Five other companies

International business

KPIC Netherlands, B.V.
 KPIC USA, LLC

One other company

Group support business, etc.

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

Six other companies

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

Comprehensive energy business (Gas and other energy)

JAPAN NUCLEAR FUEL LIMITED

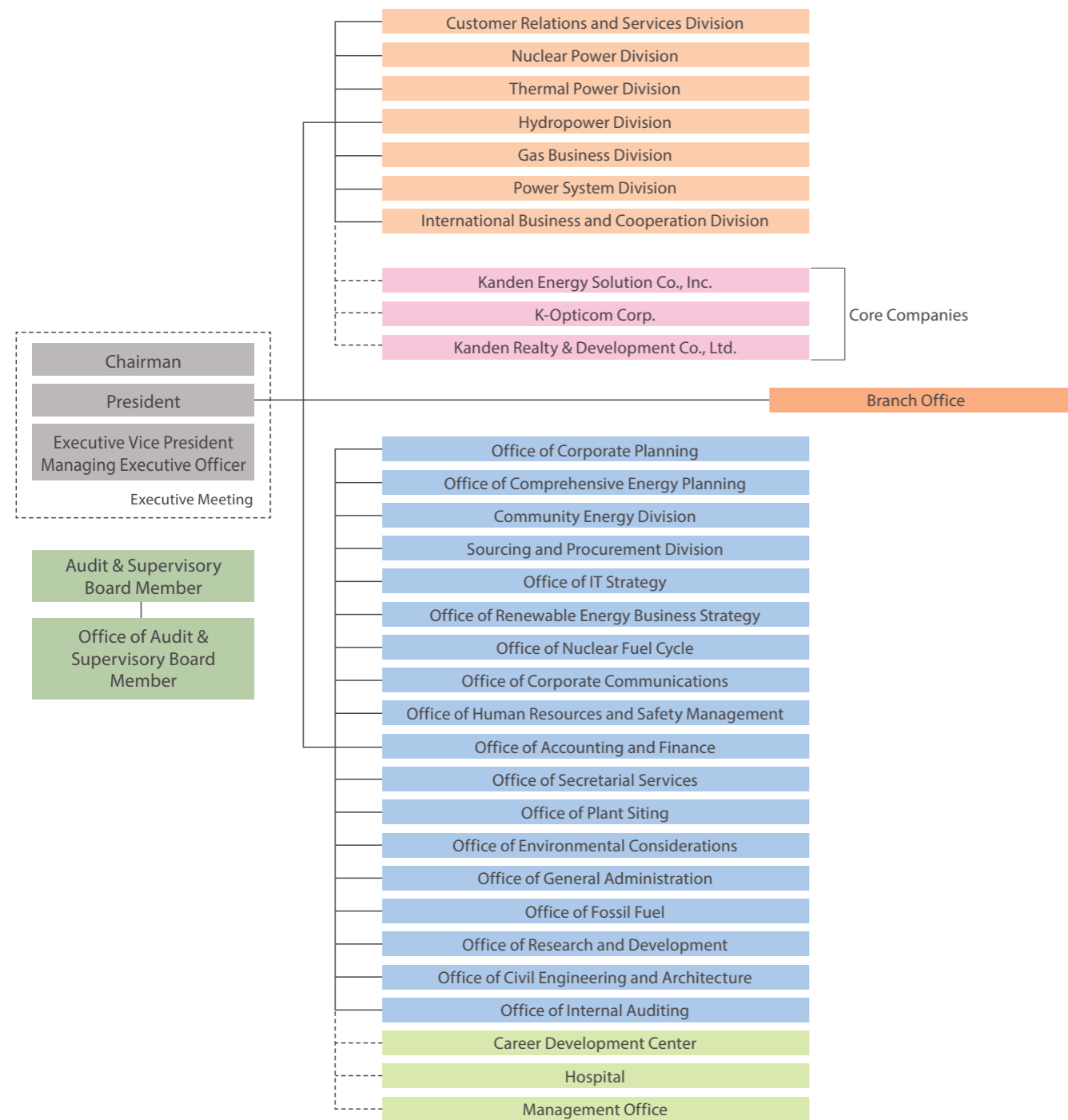
International business

San Roque Power Corporation

Group support business, etc.

KINDEN CORPORATION
 ENEGATE Co., Ltd.

(As of June 28, 2017)



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

Kansai Electric Power Group Safe Action Charter

Our beliefs about safety

Individual commitments (goals)

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

Safety consciousness promise

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

Safety action promise

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

Safe Action Declaration

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

Always think about what I can do for safety

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

Follow rules and procedures

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

Act without hesitation to protect colleagues from danger

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

Respond to unplanned situations by stopping and consulting

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

Communicate actively

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