



Kansai Electric Power Group Report 2016

CSR & Financial Report



power with heart

Our brand statement “power with heart” expresses our wish to
**become a “power” for our customers and communities through
our sincere and passionate services.**

Editorial Policies

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

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

Place of publication

CSR and Quality Promotion Group,
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Report Publication Date

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2015: Published Aug. 2015

2017: To be published in summer of 2017

Scope of Report

Period covered: April 1, 2015, to March 31, 2016 (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.

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Commitment from the Top



Makoto Yagi

Makoto Yagi
Chairman and Director

Shigeki Iwane

Shigeki Iwane
President and Director

Celebrated the 65th anniversary of the foundation of the Kansai Electric Power Company on May 1, 2016

1951	1963	1970	1973	1976	1984	1991	1995	2000	2003	2004	2011	2016	
<ul style="list-style-type: none"> ● KEPCO is founded upon restructuring of the nationwide electric utility industry. 	<ul style="list-style-type: none"> ● Kurobegawa No. 4 Power Station is finally completed after difficult years of construction. 	<ul style="list-style-type: none"> ● KEPCO's first nuclear power generation starts when Mihama Nuclear Power Station Unit 1 goes into commercial operation. 	<ul style="list-style-type: none"> ● Japan suffers from the first oil crisis. 	<ul style="list-style-type: none"> ● The 500 KV bulk transmission line was completed and went into operation. 	<ul style="list-style-type: none"> ● The Deming Prize is presented to KEPCO, which is the first corporation winner except for manufacturing and construction industries in Japan. 	<ul style="list-style-type: none"> ● The steam generator tube rupture accident happens at the Mihama Nuclear Power Station Unit 2. 	<ul style="list-style-type: none"> ● The Great Hanshin-Awaji Earthquake 	<ul style="list-style-type: none"> ● The Himeji No.1 Power Station Unit 5 starts operation with the first multiple-shaft reheating-type combined-cycle power generator in Japan. 	<ul style="list-style-type: none"> ● Deregulation of electricity retail sales begins. 	<ul style="list-style-type: none"> ● The San Roque Hydropower Station in the Philippines starts operation as the first wholesale electricity supply project for a Japanese electric utility to participate. 	<ul style="list-style-type: none"> ● The pipe rupture accident occurs in the secondary system of Unit 3 of the Mihama Power Station. ● Deregulation of retail electricity sales expands into high voltage retail market. 	<ul style="list-style-type: none"> ● The Great East-Japan Earthquake ● The Sakai Solar Power Station goes into full operation as the first large-scale photovoltaic power plant constructed by an electric utility in Japan. 	<ul style="list-style-type: none"> ● Complete liberalization of electricity retail market begins.
<p>Notification flyer of KEPCO's foundation (dated May 1, 1951)</p>	<p>The electric bulletin board of the Japan World Exposition 1970 announces that KEPCO's Mihama Nuclear Power Station successfully made a trial transmission of electricity generated by nuclear power.</p>	<p>Sakai Solar Power Station (2011)</p>											

We will keep on changing in order to fulfill our unchanging mission to “serve our customers and society.”

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

In May 2016, our group celebrated its 65th anniversary of the foundation of the Kansai Electric Power Company (KEPCO). Looking back, the road to the present was certainly not always smooth. Notable accomplishments include completion of Kurobegawa No. 4 Power Station, which was said to be the most difficult construction project in the 20th century in Japan, being the first among all the domestic electric power companies to undertake nuclear power generation, recovering rapidly from the Great Hanshin Awaji Earthquake Disaster and assuring the stabilization of power supply and demand after the Great East Japan Earthquake Disaster.

We wish to express sincerely our deep and heartfelt gratitude for the support that we have received over the decades from our customers, shareholders and all other stakeholders. This has allowed our group to overcome all the challenges mentioned above and reach this milestone year.

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

In April this year, complete liberalization of the electricity retail market started, and complete liberalization of the gas retail market is scheduled to start next year. The energy business industry has entered an era of true competition with these changes and other deregulatory factors.

In order to take on challenges in this business climate and achieve sustainable growth in this “new energy era,” our group formulated a Management Philosophy, Guidelines for Action and a Kansai Electric Power Group Vision that will guide us into the future.

In addition, we set forth our corporate brand statement, “power with heart” that clearly expresses our business policy and the values we provide. Each member of our group companies holds the belief that “we wish to become a dependable source of ‘power’ for our customers and society by working with sincerity and passion to provide valuable

services”. By doing these, all the KEPCO group corporations keep striving to become the choice of our current customers and our potential customers now and forever.

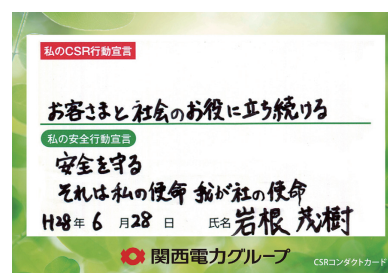
Furthermore, as the first step toward the realization of “the enterprise we want to become” set forth in the Kansai Electric Power Group Vision, we will move forward forcefully in fiscal year 2016 with the determination to take on challenges of the Medium-term Management Plan (2016–2018), which is our three-year action plan that was made public in April.

We will keep on changing in order to fulfill our unchanging mission

In this period of great upheaval, our corporate group has decided to set up a new management structure. Even with this renewal, in addition to “top priority to safety” and “surely fulfilling CSR obligations,” which are items specified in our Management Philosophy and elsewhere, each member of the group companies will fulfill their duties so that we can “keep on changing to fulfill our unchanging mission,” which is to “serve our customers and society.” Doing so, we will put all of our effort into being able to earn your trust and respond to your expectations.

We ask all of you to provide your continued support and encouragement.

July 2016



Conduct Card

President's Action Declaration

- We will continue to serve our customers and society.
- Ensuring safety is my mission, and the mission of the Company.

Working with unwavering determination, we will achieve both the assurance of competitiveness and the establishment of profitability.



Shigeki Iwane
President and Director

Q What is your performance evaluation in the year under review (ended March 2016)?

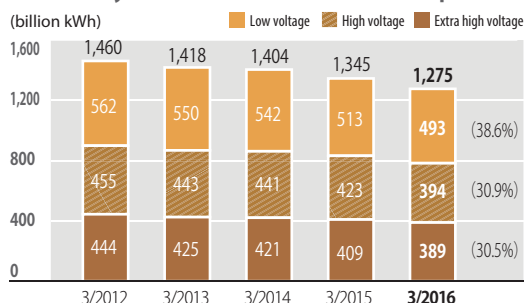
We were able to maintain a stable supply of electricity in fiscal 2015 thanks to the cooperation of our customers in conserving electricity and reducing their energy consumption as well as through our implementation of various measures to control supply and demand. The total electricity sales volume for the year was less than the previous year due to the cooperation mentioned above and the warmer winter climate than the previous year.

Under these conditions, even though we raised the electricity rates, the income of our electric power business declined because of the reduced total electricity sales and the fuel cost adjustment system among other factors. Furthermore, in addition to the decline of revenue from lighting and power, operating revenue also decreased in the other business units because of reduced operating revenue from the comprehensive energy supply unit due to the

decline of the gas sales price and other factors. Meanwhile, we endeavored to thoroughly reduce various outlays by making business more efficient. In addition, in our electric power businesses, along with the drop in fuel prices, thermal fuel costs decreased among other factors, reducing ordinary expenses. As a result, our business income and expenditure balance was in the black for the first time in five years.

In our information and communication businesses, earnings grew led by our Fiber to the Home (FTTH) services. We were able to continue building foundations for profitability in other businesses as well, for example, through gas sales, utility services and other energy solutions in the comprehensive energy supply field and by providing services related to real estate and daily life in the lifestyle amenities field.

● Electricity Sales: Trends in Volume and Composition



Note: The subjects of liberalization are as follows. (By the March 2004 period, customers who receive electricity via grids with extra-high voltage of at least 20,000 V and use power on a scale of at least 2,000 kW as a rule. By the March 2005 period, customers who receive electricity via grids with high voltage of at least 6,000 V and use power on a scale of at least 500 kW as a rule. During the March 2006 to March 2015 periods, customers who receive electricity via grids with high voltage of at least 6,000 V and use power on a scale of at least 50 kW as a rule. All customers from the March 2017 period and after.) The individual numbers and the total column might not match due to rounding.

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

Business Segment		March 31, 2015	March 31, 2016	Increase/Decrease	
		Amount (millions of yen)	Amount (millions of yen)	Amount (millions of yen)	Percentage (%)
Electric Power	Operating revenues	2,950,506	2,806,454	-144,052	-4.9
	Operating expenses	3,084,476	2,607,794	-476,682	-15.5
	Operating income/loss	-133,969	198,660	332,630	-
IT	Operating revenues	213,195	218,294	5,099	2.4
	Operating expenses	194,778	200,942	6,163	3.2
	Operating income/loss	18,417	17,352	-1,064	-5.8
Other	Operating revenues	571,713	537,025	-34,688	-6.1
	Operating expenses	535,486	497,888	-37,598	-7.0
	Operating income/loss	36,226	39,136	2,910	8.0

Note: The above figures exclude consumption taxes.

Q What are the key points of the new Medium-term Management Plan and the management initiatives for the upcoming years?

Since the Great East Japan Earthquake Disaster, our group has made breaking through the crises right before us the most important management task, so we have steered management with plans for single fiscal years. While the environment surrounding the electricity business is changing dramatically as exemplified by the complete liberalization of the electricity retail market from April this year business opportunities are expanding, the complete liberalization of the gas retail market is also planned for next year. These offer our corporate group chances for new growth.

With these opportunities before us, rather than the path of growth that we followed in the past, we must respond to the rapidly changing

environment proactively and flexibly with new ideas. In order to grow sustainably over the long term, we formulated our Management Philosophy and the Kansai Electric Power Group Vision in March, clarifying how our corporate group should be in this new management environment.

Based on our new philosophy and vision, we believe that pointing to the path on which our group should advance in order to realize our desired form in the future is indispensable not only for management purposes, but also for all of our stakeholders. As the first step, we have formulated a Medium-term Management Plan, which is a concrete three-year action plan.

With “challenge” as the concept expressing our determination towards the advancement of the Medium-term Management Plan, we are striving for growth in a new energy era and orientating ourselves toward management that emphasizes profitability. At the same time, we are also focusing on working to expand business domains and areas without being restricted to our past business framework, which was electric power in the Kansai region.

Moreover, through these kinds of efforts, we have set the direction of business for realizing rapid growth not only in the comprehensive energy supply business and international business, but also for the entire group, including international businesses and other group businesses. Specifically, we have made the “Enhancement of competitiveness in the comprehensive energy supply business,” the “Establishment of new pillars for growth” and the “Strengthening of group management foundations” the pillars of our Medium-term Management Plan. Furthermore, by setting quantitative goals for each business, starting with financial goals for 3 and 10 years later, we are expressing our path toward our desired form and future growth even more concretely.

Regarding “Enhancement of competitiveness in the comprehensive energy supply business,” we are making maximum efforts to restart nuclear power plants that have been confirmed for safety as soon as possible, for example. These include responding to litigation and national inspections, beginning with seeking the revocation of the

provisional disposition to suspend operation of Takahama Nuclear Power Station Units 3 and 4. We are also conducting activities to raise the understanding of the public, including local communities. Moreover, we will also advance efforts that include expanding rate options and services, developing comprehensive sales activities that incorporate electricity and gas into group services, fully entering markets outside the Kansai area with a focus particularly on the Tokyo Metropolitan region and maximizing efficiency through cost structure reforms.

Regarding the “Establishment of new pillars for growth,” we will not be restrained by our past business frameworks. We will work with resolute determination to grow our international business and group businesses, particularly in information and communications along with real estate, and to develop new businesses, products and services by promoting innovation.

For the “Strengthening of group management foundations” goal, we will advance our rock-solid transmission and distribution networks and build organizations and governance structures that maximize group value. In addition, we will also take on changes and challenges by strengthening human resource foundations and by reforming corporate cultures in ways that are suitable for a new energy era.

By implementing these measures and undertaking our management with the top priority to safety and the fulfillment of social responsibilities as criteria, our group will focus all its power on being able to meet the expectations of the public.



What efforts are being made to increase safety at nuclear power plants?

We have taken to heart the lessons from the Fukushima Daiichi Nuclear Power Station disaster. Our company has been unified in working to improve the safety of nuclear power generation based on the “Further Strengthening of Ongoing Voluntary Efforts to Enhance Nuclear Safety,” which we set as a road map, since June 2014.

As an example of recent efforts, we are actively gathering foreign knowledge for increasing safety and other improvements based on our recognition that extensively learning and utilizing expertise from overseas for the enhancement of risk management is necessary. For example, we are conducting information exchanges with foreign electric power businesses about topics that include measures for aging facilities and holding discussions with top nuclear power managers from US nuclear power businesses.

In addition, for disaster prevention, which is a topic that is of great concern to the local governments and residents of the regions where these plants are located, we are holding repeated discussions with local governments and actively supporting and cooperating with them. In order to contribute to the enhancement of local government evacuation plans, we are providing transportation means for resident

evacuation, for example. Our other efforts to increase our capacity to respond at times of accident include implementing training in realistic conditions without providing advance notice about scenarios. Moreover, we are also working to strengthen our disaster response systems.

Furthermore, in April this year we concluded an agreement of mutual cooperation in the nuclear power business with the Chugoku Electric Power Company, the Shikoku Electric Power Company and the Kyushu Electric Power Company. This agreement includes the enhancement of measures to prevent the spread of nuclear power disasters and measures for their recovery. In addition to cooperation during nuclear power disasters, we are working together as four companies to advance the implementation of decommissioning measures and the installation of facilities for dealing with specific serious accidents. We are confident these efforts will contribute to further improving the safety and reliability of nuclear power businesses.

In the future, we will go beyond rules frameworks as we continue to advance independent and sustained efforts toward improving the safety of nuclear power generation.



What is your policy on returns for shareholders?

To appropriately share the results of its business operations with its shareholders, Kansai Electric Power has made the stable payment of dividends a core part of its basic policy for returning profits to shareholders.

In fiscal 2015, fuel cost declines and other temporary factors that improved our income and expenditure balance resulted in profitability, but improving our damaged financial condition is still an urgent matter. As a result of the provisional disposition preventing the operation of Units 3 and 4 of the Takahama Nuclear Power Station issued by the Otsu

District Court in March this year, we cannot predict when restarting the operation of this plant will be possible. For this and other reasons, we are in a situation where we cannot concretely forecast income and expenditure beyond the 2016 fiscal year. In conclusion, although it is unsatisfactory, we have decided not to issue dividends for fiscal 2015.

For the time being, we will work to restart our nuclear power plants as soon as we can and to make our management more efficient as we seek to resume the distribution of dividends in the nearest term possible.

Consolidated Financial Highlights

The Kansai Electric Power Company, Incorporated and Consolidated Subsidiaries Fiscal Years Ending March 31	Billions of yen				Millions of US dollars*	
	2012	2013	2014	2015	2016	2016
Operating revenues	¥ 2,811.4	¥ 2,859.0	¥ 3,327.4	¥ 3,406.0	¥ 3,245.9	\$ 28,803
Operating income	(229.3)	(314.0)	(71.7)	(78.6)	256.7	2,277
Net income attributable to shareholders of the parent for this fiscal year	(242.2)	(243.4)	(97.4)	(148.3)	140.8	1,249
Total assets	7,521.3	7,635.1	7,777.5	7,743.3	7,412.4	65,777
Net assets	1,529.8	1,278.1	1,213.1	1,060.2	1,201.8	10,664
Operating cash flows	43.8	142.6	347.7	447.6	595.1	5,281
Operating revenues from Group businesses (external sales)**	391.2	428.4	464.1	463.5	447.4	3,970
Ordinary income from Group businesses**	52.8	62.9	49.1	62.7	67.4	598
Per share data	Yen				US dollars	
Net income	¥ (271.12)	¥ (272.43)	¥ (109.01)	¥ (166.06)	¥ 157.59	\$ 1.40
Cash dividends	60.00	0.00	0.00	0.00	0.00	0.00
Net assets	1,689.73	1,406.53	1,330.48	1,159.53	1,319.33	11.71
Major indicators	%					
Equity ratio	20.1	16.5	15.3	13.4	15.9	
Return on equity (ROE)	(14.6)	(17.6)	(8.0)	(13.3)	12.7	
Return on assets (ROA)***	(2.9)	(3.9)	(0.7)	(0.7)	3.9	
Electricity sales volume	Billion kWh					
	146.0	141.8	140.4	134.5	127.5	

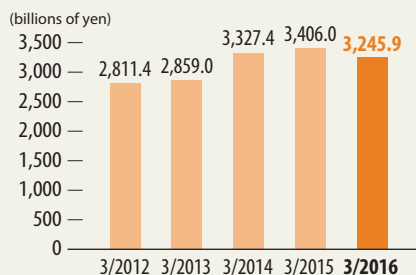
* The yen-dollar exchange rate of ¥112.69 = US\$1 as of March 31, 2016, is applied.

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

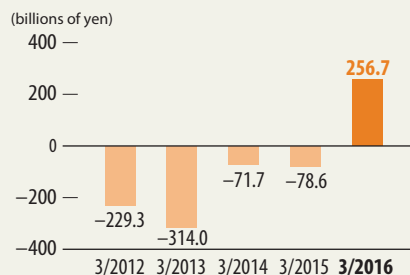
Figures in this table include a portion of gas supply, fuel sales and steam supply businesses, which are part of incidental businesses included in the non-consolidated financial statements.

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

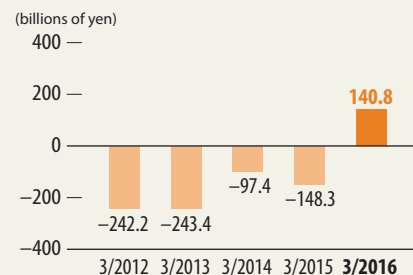
Operating Revenues



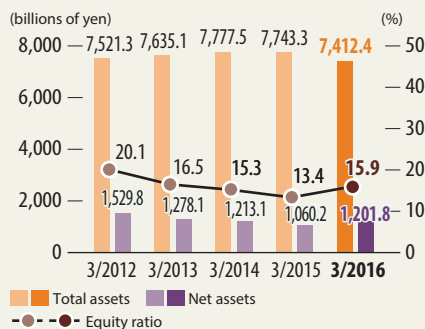
Operating Income



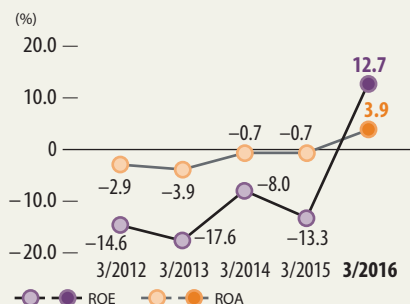
Net income attributable to shareholders of the parent for this fiscal year



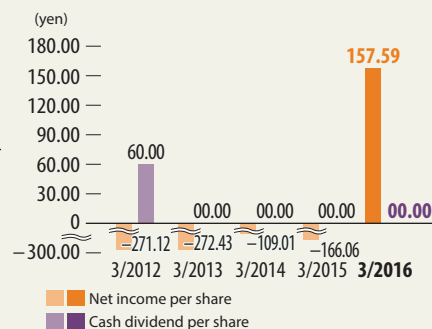
Total Assets, Net Assets, Equity Ratio



ROE, ROA



Net Income per Share / Cash Dividend per Share

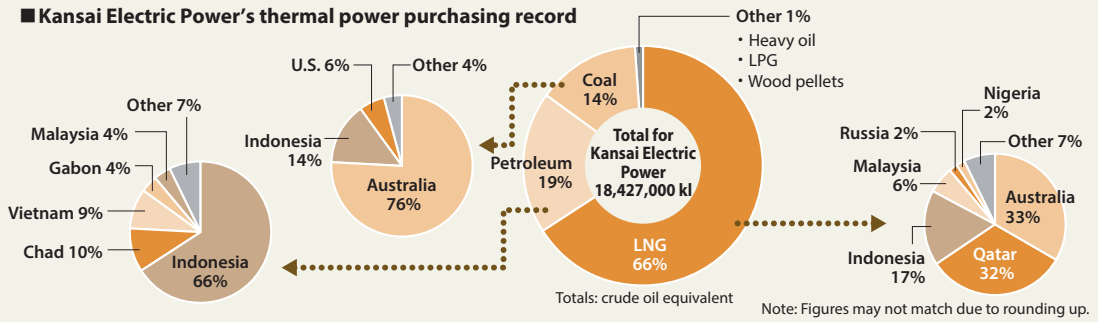


Business Overview and Main Supply Chains

As of March 31, 2016

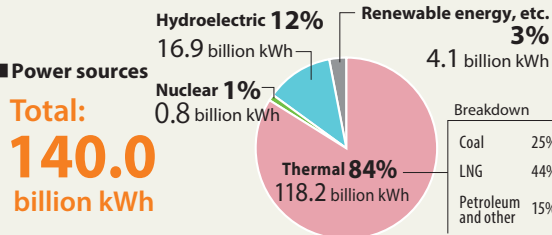
Fuel Procurement

■ Kansai Electric Power's thermal power purchasing record



Power Generation

■ Power sources



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

■ Power generation facilities

Total: 36.573 GW

Breakdown	Capacity (GW)	Number of Facilities
Thermal	19.408	12
Hydroelectric	8.225	152
Nuclear	8.928	3
Renewable energy	11	3

Notes: Figures may not match due to rounding up. This only includes company power generation facilities.

Transmission and Distribution

System map

■ Length of transmission lines (route length)

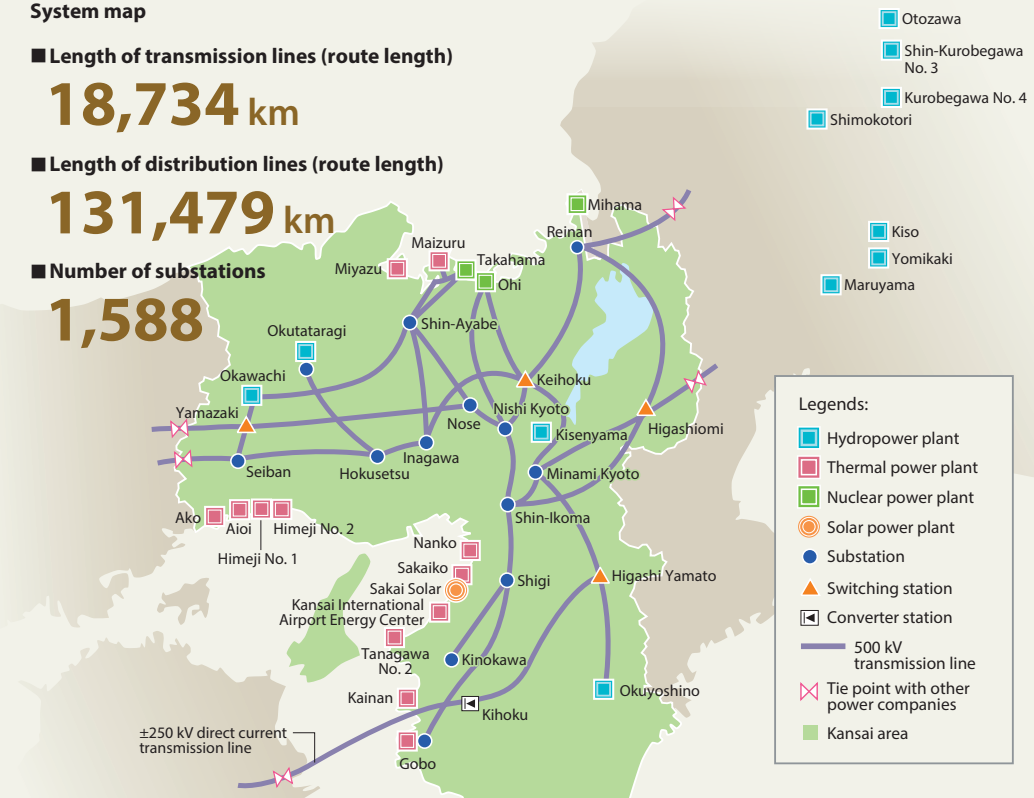
18,734 km

■ Length of distribution lines (route length)

131,479 km

■ Number of substations

1,588



Sales

■ Electricity sales

127.5 billion kWh

■ No. of customers

Lighting **12,709** thousand units

Power **998** thousand units
(Excluding liberalized segments)

■ Gas/Heavy oil sales volume

(LNG equivalent)
750 thousand tonnes

■ External sales in group business

¥ 447.4 billion

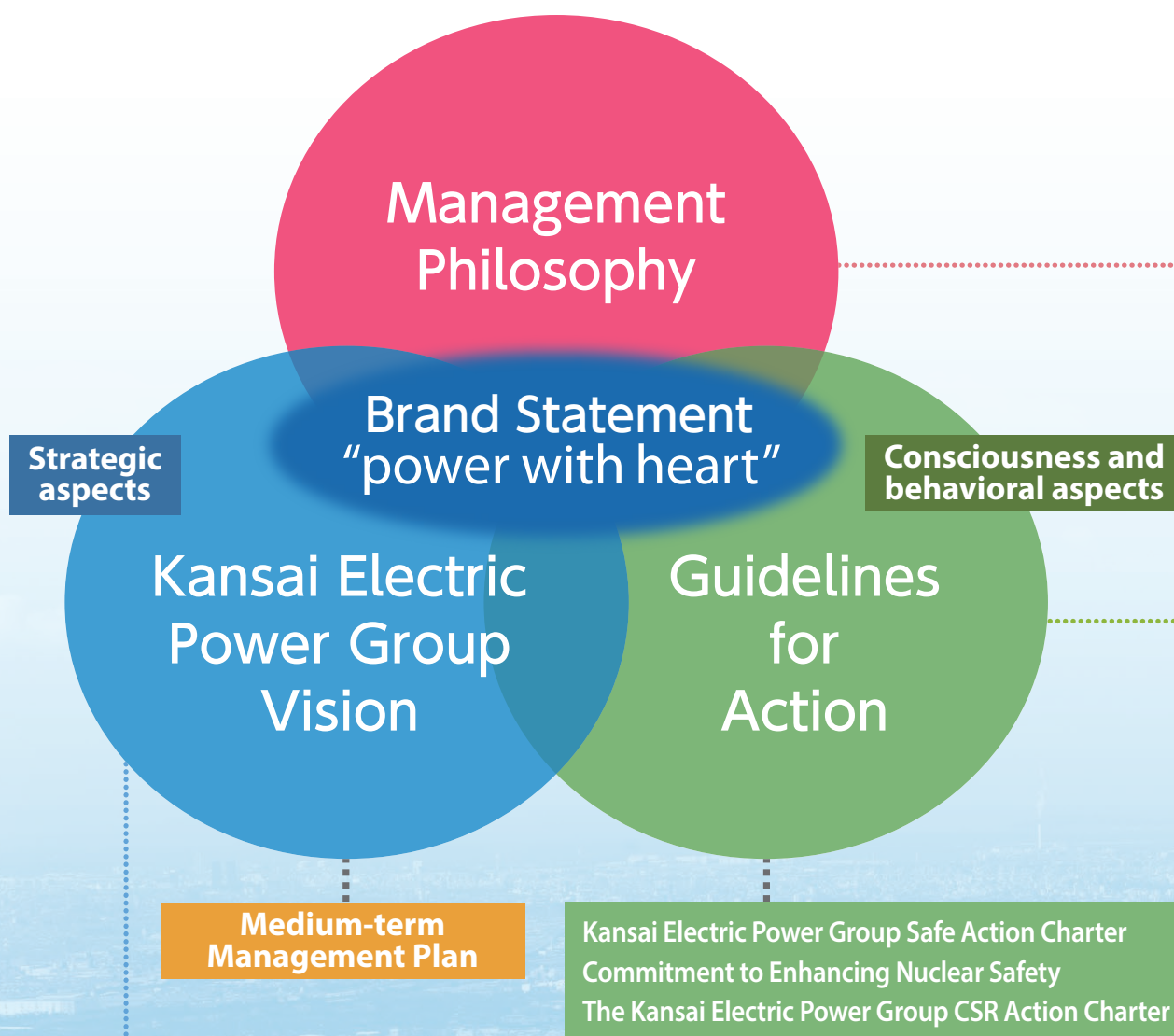
The Kansai Electric Power Group Has a Solid Sense of Values for a New Energy Era

Since our founding, our Group has been operating business by “continuously serving our customers and communities” as our mission of primary importance. To fulfill this mission we manage the company with a customer-first point of view.

While the environment surrounding the electric power industry is changing dramatically as exemplified by the full liberalization of retail electricity sales in April 2016, business opportunities are expanding, owing to full liberalization of retail gas sales scheduled for 2017 and other factors.

As a new energy era is truly upon us, we must actively respond to the new business environment to achieve long-term sustainable growth, therefore we established a new policy that will guide our approach to the future through this Management Philosophy, along with Guidelines for Action and the Kansai Electric Power Group Vision.

— The Kansai Electric Power Group Philosophy System —



Management Philosophy

By giving top priority to safety and fulfilling social responsibilities as the axis of business management and upholding our mission of “continuing to serve our customers and communities,” we at the Kansai Electric Power Group will realize a bright, affluent future and keep close relationship with our customers and communities into the future.

Guidelines for Action

Based on the concept of valuing people, the Kansai Electric Power Group will contribute to sustainable development of communities through fair business activities.

Each one of our directors and employees will demonstrate a “sense of mission” and “spirit of challenge” which have been cultivated so far and give our best in our duties as a good member of society and also fulfill the following fundamental responsibilities.

Fundamental Responsibilities

- Give top priority to ensuring safety.
- Surely implement CSR.
- Keep changing to accomplish our abiding mission.

Safe Action Declaration

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

- Always think about what I can do for safety
- Follow rules and procedures
- Act without hesitation to protect colleagues from danger
- Respond to unplanned situations by stopping and consulting
- Communicate actively

Note: For details, refer to page 118.

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

Note: For the original text of the principles, refer to page 24.

Kansai Electric Power Group Vision

What we aim to be in the future

We will provide a wide range of safe, comfortable and convenient services from a viewpoint of our customers and business partners, and gain their trust to be selected as the best partner in everyday life and business so we keep growing at home and abroad while fulfilling our resolve to play expected role as Japan's leading company in the energy sector.

Our policies

We will work to do the following based on our Guidelines for Action.

Delivering services from the customer's perspective

- Keep up with changing needs to improve service contents and develop new services, and enhance our service lineup in a broad range of businesses centered on energy.
- Meet our customers' expectations by offering solutions best suited to their needs.

Being selected as the best partner and continuing to grow

- Become familiar to our customers and continue to be selected among a lot of business operators. Also, build good relationships with our business partners and customers to grow together.
- Proactively enter businesses, including overseas markets, where we can take advantage of our strength, and expand revenue.

Fulfilling expected role as Japan's leading company

- Acquire a significant market share in Japan as a comprehensive energy service provider.
- Regarding the power generation business, lead the nuclear power sector and realize the best mix with thermal power, hydropower and renewable energy so we can contribute to achieving S+3E simultaneously.
- In the transmission and distribution business, take all possible measures to ensure stable power supply as a licensed operator responsible for regional energy network.

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

Challenge.

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

The full liberalization of retail electricity sales will dramatically change the business environment from a “regional monopoly and fully distributed cost” model to a “free competition” model. To bring further growth to our Group in a new energy era, we have now consolidated “What we aspire to become in 10 years” and “3-year Action Plan” for realization into the “Kansai Electric Power Group Medium-term Management Plan (2016–2018)”. We will move ahead tirelessly in accordance with this Medium-term Management Plan and meet your expectations.

3-year steps to realize what we aspire to become



Our determination to move ahead with the “Medium-term Management Plan”

“Challenge” competition.

Amid full-scale competition resulting from full liberalization of retail electricity sales, we will do our best in every process to deliver our products and services so customers will select the Kansai Electric Power Group.

“Challenge” uncharted territory.

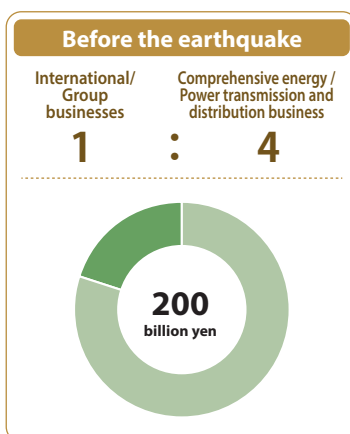
Actively operate businesses in domains and areas we have not previously entered to achieve growth and expansion beyond the conventional business framework.

“Challenge” with fresh ideas.

In light of environmental change from a “regional monopoly and fully distributed cost” model to a “free competition” model, we will keep challenging positively with fresh ideas without being bound by conventional thinking or frameworks.

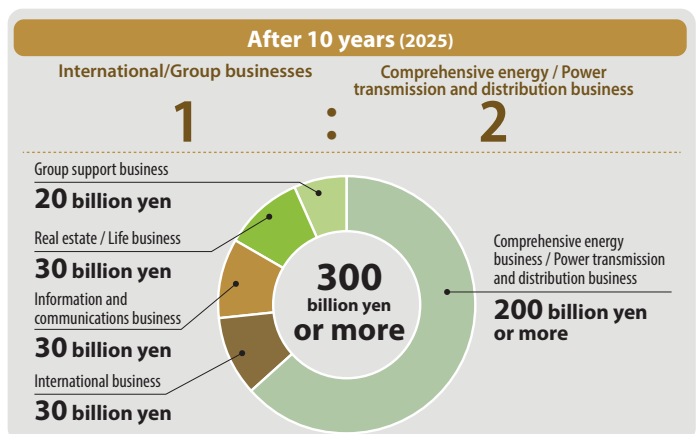
What we aspire to become in 10 years

Management direction	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.



1.5 times or more

Investment of 1,500 billion yen in international/Group businesses over 10 years



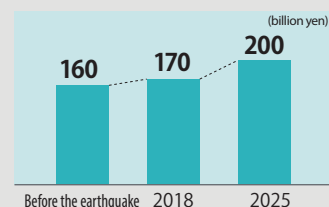
Our efforts towards realizing what we aspire to become

(1) Enhancement of competitiveness in comprehensive energy business

Enhancement of marketing and sales strategies	<ul style="list-style-type: none"> ● 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. <p style="text-align: center;">>> Set our target to 10TWh sales in 10 years around the metropolitan area.</p>
Strengthening of competitiveness in power supply (realization of a power structure achieving S+3E)	<ul style="list-style-type: none"> ● Promotion of efforts towards strengthening of competitiveness to achieve S+3E. <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> ● Entry into the home-use market and expansion of the sales of products and services for the corporate use to the customers in the newly-deregulated range
Active promotion of alliances among operators	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● Thoroughly streamlining our business through "Procurement / logistics reform", "Business process reform", "Continuous promotion of streamlining" and "Further thorough streamlining" to ensure competitiveness.

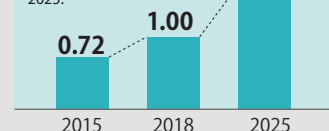
Ordinary income

Comprehensive energy business (including the power transmission & distribution business)



Gas sales

Seek to at least double the current sales volume by 2025.

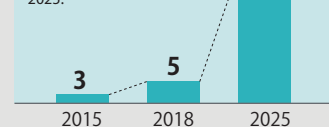


(2) Establishment of new pillars for growth

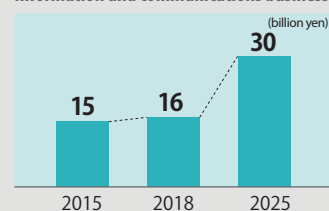
Dramatic growth of international businesses	<ul style="list-style-type: none"> ● We will expand the investment fields and regions to become a leading international IPP business player in Japan. <ul style="list-style-type: none"> • Strengthening of the capacity of creating and processing businesses to ensure new businesses (Strengthening of the local network through deployment of overseas offices, etc.) • Expansion of investment fields and regions (renewable energy, North America/Europe, etc.) 	
Further growth of Group businesses	Information and communications	<ul style="list-style-type: none"> ● 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. <ul style="list-style-type: none"> • To be classified in the top-share group, intensive input of operational resources and strengthening of promotion activities • Expansion of tie-in sales of electricity and gas for FTTH users
	Real estate	<ul style="list-style-type: none"> ● We will actively expand our businesses as a comprehensive real estate business group meeting the needs for real-estate in metropolitan areas, as well as in the Kansai Region.
Promotion of innovation to accelerate growth	<ul style="list-style-type: none"> ● Making full use of our cultivated strengths and external ideas and resources to actively develop new businesses, and new products/services 	

Profit target of international business

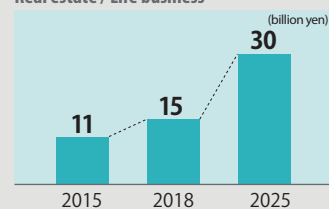
About 10,000–12,000 MW is assumed as a target for the equity portion as of 2025.



Ordinary income Information and communications business



Ordinary income Real estate / Life business



(3) Strengthening Group management foundation

Promotion of stable transmission and distribution services	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● Revising our management system from the current system centered on the electricity business to a new system aiming at the comprehensive growth of the entire group
Strengthening foundation of human resources	<ul style="list-style-type: none"> ● Fostering human resources with two wheels of "Speciality" and "Diversity" and promoting reform to "Strong and flexible corporate culture"

Financial goals (Consolidated base)

Item	2018 fiscal year (3 years later)	2025 fiscal year (10 years later)
Ordinary profit	200 billion yen	300 billion yen
Capital-to-asset ratio	Approx. 20%	Approx. 30%
ROA*	Approx. 3.5%	Approx. 4%

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

Materiality for the Kansai Electric Power Group

Important issues in CSR

Our corporate group is currently in the middle of a period of great change. Along with the full liberalization of the retail markets for electricity and gas and legal requirements related to the assurance of neutrality in the transmission and distribution sector, there are changes in the awareness and understanding of society regarding nuclear power generation. Under these conditions, we have applied the principle of materiality to specify important issues. The goal of this is to clarify the issues that our company should be working on now in order to make both our corporate group businesses and the communities surrounding our business sustainable.

Materiality identification process

- 1 With the supervision of an outside consultant who has expertise in the GRI Guidelines, for each important measure in the Kansai Electric Power Group Medium-term Management Plan (2016–2018), which was established on April 26, we identified risks that could obstruct realization of the plan as well as opportunities for facilitation.

Main risks and opportunities in our Medium-term Management Plan

Focus	Important measures	Main risks and opportunities identified	
		Risks	Opportunities
Enhancement of competitiveness in comprehensive energy business	Enhancement of marketing and sales strategies	<ul style="list-style-type: none"> ● Intensified competition with other businesses ● Subordination of rate options and cost competitiveness 	<ul style="list-style-type: none"> ● Full liberalization of the retail market for electricity ● Increased number of “Hapi e-Miruden” participants
	Strengthening of competitiveness in power supply (realization of a power structure achieving S + 3E)	<ul style="list-style-type: none"> ● Results of new regulatory requirement compliance, litigation and other factors ● Trends in back-end nuclear power operations ● Trends in environmental policies, including global warming countermeasures (thermal power) 	<ul style="list-style-type: none"> ● Energy mix trends ● Technological innovations related to renewable energy
	Active expansion of the gas business	<ul style="list-style-type: none"> ● Delay in acquisition of skills and expertise for gas businesses 	<ul style="list-style-type: none"> ● Sales to the household gas market fully liberalized in April 2017
	Active promotion of alliances among operators		<ul style="list-style-type: none"> ● Building of effective alliances
	Further promotion of reform of cost structure		<ul style="list-style-type: none"> ● Cost reductions through work outsourcing and supplier diversification
Establishment of new pillars for growth	Dramatic growth of international businesses	<ul style="list-style-type: none"> ● Country risks ● Occurrence of human rights problems and other issues at overseas bases 	<ul style="list-style-type: none"> ● Increased energy consumption overseas
	Further growth of Group businesses	<ul style="list-style-type: none"> ● FTTH market saturation ● Declining population and number of households in Japan 	<ul style="list-style-type: none"> ● Expansion of MVNO and cloud markets ● Bundled sales with group services
	Promotion of innovation to accelerate growth	<ul style="list-style-type: none"> ● Delayed response to technological innovations 	<ul style="list-style-type: none"> ● Development of new businesses, products and services
Strengthening group management foundation	Promotion of stable transmission and distribution services	<ul style="list-style-type: none"> ● Natural disasters and large-scale facility accidents ● Continued aging of facilities 	<ul style="list-style-type: none"> ● Utilization of smart meter data ● Enhancement of transmission and distribution networks
	Reform of organization and governance		<ul style="list-style-type: none"> ● Establishment of group governance that is suitable for the competitive environment
	Strengthening foundation of human resources	<ul style="list-style-type: none"> ● Reduced employee performance and technical abilities ● Problems related to safety and compliance 	<ul style="list-style-type: none"> ● Promotion of diversity

● Prioritization

- 2 Comprehensively evaluate the identified risks and opportunities for their degrees of impact on stakeholders and their relevance to the 54 aspects* by using analysis sheets, for example.

- 3 As prospective materiality aspects, select those related to the risks and opportunities evaluated in step 2.

● Validity confirmation

- 4 Confirm the validity of the prospects selected in step 3 based on our CSR Action Principles, the results of monitoring investigations of ordinary consumers and other measures.

- 5 Identify 18 aspects for materiality through deliberations by the CSR Promotion Council, which has the president as its Chairman.

* 54 consist of aspects specific to the power industry in addition to the 46 defined in the GRI Guidelines (4th edition).

Materiality for the Kansai Electric Power Group

Important aspects that should be prioritized (18)	
● Economic	Economic Performance, Availability and Reliability*, Demand-Side Management*, Plant Decommissioning*, System Efficiency*
□ Environmental	Emissions, Effluents and Waste, Compliance
○ Labor practices and decent work	Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity
▲ Society	Local Communities, Compliance, Disaster/Emergency Planning and Response*
▣ Product responsibility	Customer Health and Safety, Product and Service Labeling, Customer Privacy, Access*

Aspects that should consider expectations and demands from stakeholders

Economic: Indirect economic impacts, Market presence, Procurement practices, Research and development*

Environmental: Materials, Energy, Water, Biodiversity, Products and services, Transport, Supplier environmental assessment, Overall, Environmental grievance mechanisms

Labor practices and decent work: Employment, Labor/management relations, Equal remuneration for women and men, Supplier assessment for labor practices, Labor practices grievance mechanisms

Human rights: Investment, Freedom of association and collective bargaining, Non-discrimination, Child labor, Forced or compulsory labor, Security practices, Indigenous rights, Assessment, Supplier human rights assessment, Human rights grievance mechanisms

Society: Public policy, Anti-competitive behavior, Supplier assessment for impacts on society, Anti-corruption, Grievance mechanisms for impacts on society

Product responsibility: Marketing communications, Compliance, Provision of information*

* Aspects specific to the power industry (electric utilities).

Main results for CSR Action Principles and materiality

(Fiscal 2015)

We have organized the identified materiality aspects 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.

CSR Action Principle	Materiality aspects	Index No.	Main efforts and results		Boundary (extent included in total)	Reference pages
Safe and stable delivery of products and services as chosen by customers	● Economic Performance	G4-EC1	Revenue assurance	<ul style="list-style-type: none"> ● Ordinary Profit ¥ 241.6 billion ● Capital to asset ratio 15.9% ● Return on assets (ROA) 3.9% 	Consolidated base	7, 12, 113
	● Availability and Reliability	G4-DMA (old EU 6)	Safe and stable power supply	<ul style="list-style-type: none"> ● Maximum power 24.90 million kW ● Supply capacity 27.97 million kW 	Kansai Electric Power Co., Inc.	8, 26, 114
	● Demand-Side Management	G4-DMA (old EU 7)	Energy conservation consulting for customers	<ul style="list-style-type: none"> ● Number of "Hapi e-Miruden" participants 1,608,000 	Kansai Electric Power Co., Inc.	16, 37, 41
	● Plant Decommissioning	G4-DMA (old EU 9)	Nuclear power plant utilization and decommissioning measures	<ul style="list-style-type: none"> ● Mihama Nuclear Power Station Units 1 and 2 decommissioning measures plan approval application (February 12, 2016) 	Kansai Electric Power Co., Inc.	23
	● Disaster/Emergency Planning and Response	G4-DMA (old EU 21)	Preparation for and handling of accidents and disasters	<p>Preparation for nuclear power disasters</p> <ul style="list-style-type: none"> ● Number of participants in training and practice programs (total) (Mihama, Takahama and Ohi) About 5,200 ● Number of drills (Mihama, Takahama and Ohi) About 2,820 <p>Preparation for large-scale disasters</p> <ul style="list-style-type: none"> ● Number of participants in companywide comprehensive disaster response drills 809 	Kansai Electric Power Co., Inc.	22, 28
	● Customer Health and Safety	G4-EU 25	Assure public security at power facilities	<ul style="list-style-type: none"> ● Number of injured ordinary citizens 3 	Kansai Electric Power Co., Inc.	26, 27
	● Product and Service Labeling	G4-PR 5	Transmit useful information and increase customer satisfaction	<ul style="list-style-type: none"> ● Number of reform cases based on customer feedback 62 ● Customer satisfaction index (Run-to-You Electricity Service) 98.7% 	Kansai Electric Power Co., Inc.	32
● Access	G4-EU 29	Power supply quality	<ul style="list-style-type: none"> ● Annual power outage time per household 4 minutes 	Kansai area	25	
Proactive approach with a view to creating ever better environment	● System Efficiency	G4-EU 11	Maintain and improve thermal efficiency of thermal power plants	<ul style="list-style-type: none"> ● Thermal power thermal efficiency (lower heating value) 46.6% 	Kansai Electric Power Co., Inc.	36, 37, 39, 114
		G4-EU 12	Reduce transmission and distribution loss	<ul style="list-style-type: none"> ● Transmission and distribution loss rate 5.2% 		
	■ Emissions	G4-EN 18	Reduce carbon impact of electricity	<ul style="list-style-type: none"> ● CO₂ emission coefficient 0.50 kg-CO₂/kWh 	Kansai Electric Power Co., Inc.	36, 37, 38, 45
		G4-EN 21	Prevent atmospheric pollution	<ul style="list-style-type: none"> ● SO_x emissions (thermal power) 0.055 g/kWh ● NO_x emissions (thermal power) 0.085 g/kWh 		
	■ Effluents and Waste	G4-EN 23	Reduce environmental impacts from waste	<ul style="list-style-type: none"> ● Amount of low-concentration PCB processed 77,000 kl ● Amount of high-concentration PCB processed 4,763 units ● Low-level radioactive waste generated -6,021 drums 	Kansai Electric Power Co., Inc.	36, 37, 44
■ Compliance	G4-EN 29	Strictly abide by laws, regulations and other rules related to the environment	<ul style="list-style-type: none"> ● Press releases related to violations of environmental laws and regulations 1 	Kansai Electric Power Group	47	
Proactive contributions to development of local communities	● Local Communities	G4-DMA (old EU 19)	Smart community development	<ul style="list-style-type: none"> ● Number of smart communities that have realized this concept 3 	Kansai Electric Power Co., Inc.	50
Respect for human rights and development of favorable work environment by taking advantage of diversity	● Occupational Health and Safety	G4-LA 6	Employee safety and hygiene	<ul style="list-style-type: none"> ● Accident frequency rate 0.18 	Kansai Electric Power Co., Inc.	55
	● Training and Education	G4-LA 9	Development of employee skills and abilities	<ul style="list-style-type: none"> ● Number of group training participants (group training) 43,445 	Kansai Electric Power Co., Inc.	54
	● Diversity and Equal Opportunity	G4-LA 12	Promotion of diversity	<ul style="list-style-type: none"> ● Number of female managers (ratio) 84 (1.5%) ● Number of female hires for office positions (ratio) 16 (39%) 	Kansai Electric Power Co., Inc.	53
Strict enforcement of compliance	● Compliance	G4-SO 8	Strict enforcement of compliance	<ul style="list-style-type: none"> ● No serious issues were raised in consultations with the Compliance Consultation Desk 	Kansai Electric Power Group	61
	● Customer Privacy	G4-PR 8	Information security management	<ul style="list-style-type: none"> ● Press releases related to personal information leaks Not applicable 	Kansai Electric Power Group	62

Start of full liberalization of the retail electricity sales

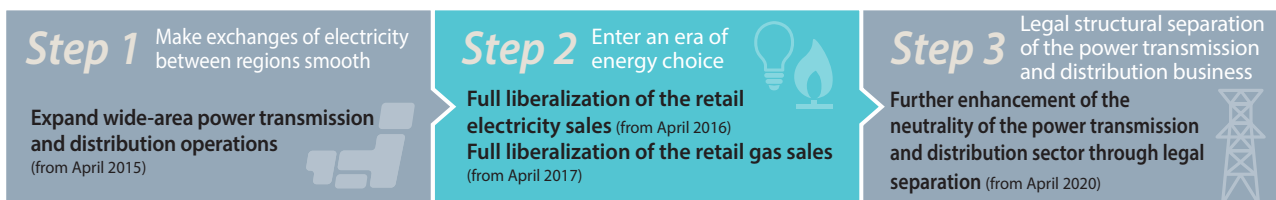
We will keep serving our customers and communities by providing our own value that is unique to our corporate group



The full liberalization of the retail electricity sales which started in April 2016 is dramatically changing the business environment from a “regional monopoly and fully distributed cost” model to a “free competition” model. Our group sincerely hope to keep serving our customers and communities by responding to the rapidly changing environment in a proactive and flexible manner and by providing our own value not just in conventional ways but with fresh ideas.

Liberalization of the energy market

Following the full liberalization of the retail electricity sales in April 2016, the full liberalization of retail gas sales will also begin in April 2017. As a result, people will be free to choose from among different businesses and price menu for not only electricity but also for gas.



Challenges for our group

With the full liberalization of the energy retail markets, competitors from other industries are entering the field, signaling the start of an age of full-fledged competition. Meanwhile, full liberalization of the energy business will allow us to expand our business domains. We aim to meet the increasingly diverse needs of our customers and society and will do so by drawing upon the strength of our group and by generating new ideas and approaches.

Challenges for our group in the comprehensive energy supply business

I.	Enhancement of marketing and sales strategies	01	02
II.	Strengthening of competitiveness in power supply	03	04
III.	Active expansion of the gas business	05	
IV.	Active promotion of alliances among operators	06	
V.	Further promotion of reform of cost structure	07	08

▶▶ Ordinary income in comprehensive energy business*

Our goal is ¥170 billion 3 years later and ¥200 billion 10 years later.

*Including the power transmission & distribution business

I. Enhancement of marketing and sales strategies

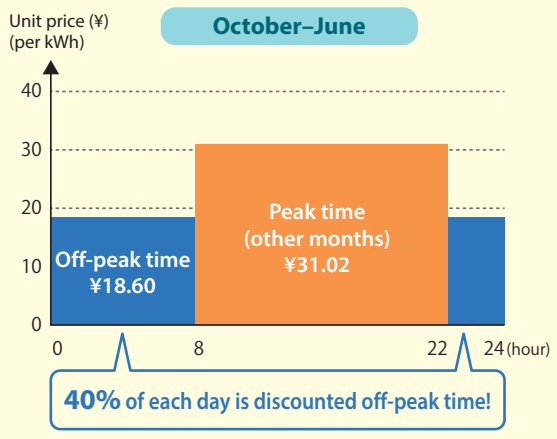
01 Setting new electricity rate options and providing services that support daily life

In addition to setting new electricity rate options, we are providing services that support customers' daily lives. By expanding our product and service lineups so that they will meet the expectations of our customers in the future, we keep working to offer them the best choices in terms of both price and service.

New rate options

● Introduced a new rate option e-Smart 10

We set unit prices that differ according to the season and time of use. By encouraging shifts in electricity use from peak hours (or seasons) to shoulder hours (or seasons), we have set new rate options that allow electricity rates to be reduced.



● Cooperation with businesses both inside and outside our group

The "au Denki" product is being offered using a combination of our electricity, the communication services of KDDI and other elements. Furthermore, K-Opticom Corporation, which is a member of our corporate group, has begun offering "eo DENKI," selling its communication services with electricity as a set. As we collaborate with others both inside and outside our group, we are seeking to expand customer options.

e-Smart 10 etc.

関西電力
power with heart

eo DENKI

光をもっと、あなたのそばに。

K-OPTI.COM

Kansai area customers

au Denki
(Powered by Kansai Electric Power)

Services that support daily life

はぴみる電
Hapi e-Miruden

In addition to making the status of electricity use visible, we are providing a variety of services that support daily life.

でんきの駆けつけサービス
Run-to-You Electricity Service

For problems related to household electricity, we have begun a service that provides site visits in response to customer phone calls 24 hours a day, 365 days a year in principle.

はぴポイント
Hapi e-Points

We have started point collection systems with customer use of Hapi e-Miruden, for example, and we are expanding point redemption options.

はぴ暮らしサポート
Hapi e-Kurashi Support

As a set, we are providing a service that provides urgent dispatch when troubles related to plumbing, window glass and keys occur along with member benefit services that can be used in daily life.

02 Full entry into markets outside the Kansai area with a focus on the Tokyo metropolitan area

For customers in the corporate sector, Kanden Energy Solution Co., Inc. is already undertaking sales activities focused on the Tokyo metropolitan area and building a record of sound results. Moreover, we began power sales for low-voltage supply customers with a focus on the household sector of the Tokyo metropolitan area in July 2016. Our most important mission is to "continue to serve our customers and society," and this remains unchanged for customers outside the Kansai area. We will continue efforts to provide more rate options and services, so that as many customers as possible choose them and are satisfied by them.

▶▶ With a focus on the Tokyo metropolitan area, 10 years from now we will seek to sell

10 billion kWh

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

03 We will focus all our abilities on resuming the operation of nuclear power plants as soon as possible

Nuclear power is indispensable for the realization of S+3E (safety, energy security, economy and environmental conservation). For this reason, we will focus our abilities on resuming operation of nuclear power plants as soon as possible. Our company will do this by working unceasingly to improve safety. We will do this not just by meeting regulatory frameworks, but also by responding sincerely, quickly and precisely to the conformity examinations of new regulatory requirements.

04 We will proactively develop renewable energy power sources

For the diversification of energy sources and the reduction of carbon impacts from electricity, we will proactively incorporate renewable energies by using renewable energy feed-in tariffs (FIT) and by entering into alliances inside and outside the group aggressively, including outside the Kansai area.

III. Active expansion of the gas business

05 In addition to the corporate sector, we will also sell gas to customers in the household sector

From April 2017, the gas retail market will be fully liberalized. Taking this opportunity, we will start gas sales to residential customers and advance comprehensive sales that combine electricity and gas with other group services.

▶▶ Seeking to more than

double

our gas sales volume (1.7 million tons) in 10 years



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

IV. Active promotion of alliances among operators

06 Promotion of alliances among operators by making full use of the individual advantages

In April 2016, our company reached an agreement with Tokyo Gas Co., Ltd. about advancing strategic cooperation related to LNG procurement and power plant operation for the purpose of achieving a low-cost and stable energy supply. Furthermore, in April of the same year, our company, Chugoku Electric Power Co., Inc., Shikoku Electric Power Co., Inc. and Kyushu Electric Power Co., Inc. made an agreement of mutual cooperation for the nuclear power business with goals that include further improving the safety and reliability of nuclear power generation. 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.

V. Further promotion of reform of cost structure

07 Promoting greater efficiency by reforming procurement and logistics

In addition to reducing procurement costs, including for fuel and materials, and implementing procurement reforms such as diversifying ordering methods, we will also accelerate drastic logistics reforms and realize procurement efficiency that is at the top level of the industry. Moreover, we are also seeking to further reduce expenses by advancing procurement reforms for the entire group.

08 Strengthening the operation management of thermal power plants through work process reforms

Based on examples of work process reform in overseas and our own independent work reviews of our company's thermal power plants, we will strengthen the various functions of construction management, facility management, operation management and business management related to power plant operation.



Maizuru Power Station

Our group and international businesses are taking on new fields

We will seek dramatic growth in both our group and international businesses

Energy businesses face an environment that is changing greatly. Under these conditions, our corporate group will seek to grow dramatically including our group businesses and international businesses, pursuing new growth possibilities for the group. We will also seek to expand our business domains and areas.

Group Businesses

We will provide products and services that support businesses and daily living

Our group businesses include: Information and Communications, Amenity Services in Daily Life (real estate and lifestyle-related services), and Group Support businesses. We support people's lives and businesses by developing products and services based on the needs of customers and society, and by linking up with our comprehensive energy supply business—starting with electricity and gas.

Business fields	Information and Communications
	Amenity Services in Daily Life (real estate / lifestyle-related)
	Group business support

International Business

The International Business and Cooperation Division has been established. We are contributing to building power generation infrastructures overseas

In June 2015, our company established a new division, the International Business and Cooperation Division. Utilizing the technical advantages and expertise that we have developed over the decades, we are actively taking part in the overseas power generation projects and consulting services.

When doing these overseas activities, we aim to make the projects and consulting more valuable by introducing highly efficient equipment and implementing maintenance in such a way KEPCO have done in Japan, while contributing to improving the power infrastructures of our partner countries and mitigating impact on the global environment.



View of the San Roque Hydropower Station in the Republic of the Philippines

Challenging initiatives of our group businesses

01 Information and communications

Create new services and value that meet customer needs

We offer a range of attractive services such as the “eo Hikari” FTTH service and the “mineo” mobile phone service. In addition, we began participating in the electric power business and started providing the “eo Denki” service in April 2016. We continue to offer new services and value through collaborations with other companies and industries in order to meet consumer needs.



K-Opticom Corporation service brands

02 Real estate business

Grow into a “comprehensive real estate group” that can meet every real estate need

In April 2016 the KANDEN FUDOSAN group companies and MID Urban Development group companies were merged to form Kanden Realty & Development group. The new group will expand business in the Tokyo metropolitan area and pursue a well-balanced portfolio of lot selling, leasing, and fee businesses (real estate brokerage and operations management), to meet a range of needs in real estate as a comprehensive real estate group.



Kanden Realty & Development Co., Ltd.

New condominium brand: Cielia*

* Cielia: This coined word combines “ciel,” which means sky or summit in French, and “ia,” which means land or place in Latin, to express an image of “an ideal residence” that is at the peak.

03 Lifestyle-related services

Provide services to support daily living that is secure, comfortable and convenient for customers

We offer various services that are closely linked to people’s lifestyles in response to needs and trends in society such as aging and the active promotion of women. These services include home security, housekeeping services, nursing, and health management. We will continue to develop a broad range of quality lifestyle services to provide people with safety, comfort, and convenience in every stage of life.



Kanden Joy Life Co., Ltd.
Private nursing home with caregiving
Yutoream Minoh Sakuragaoka

04 Group business support

While supporting the business foundations of other group companies, we are also actively developing our direct sales markets

By utilizing the skills and expertise that we have developed in the electric power business to provide products and services that are high-quality and low-cost, we will continue to expand our sales to customers outside the group while steadily supporting the business foundations of other group companies.

For example, Kanden Engineering Corp. has developed a technology for harmlessly processing power transformers that contain small quantities of PCBs. In October 2014, we began on-site cleaning of transformers that were contaminated with PCBs and difficult to move because of their large size. Now, in addition to doing this within the group, we are also expanding this business throughout Japan.



Kanden Engineering Corp.

“Spica” mobile cleaning unit for transformers that are contaminated with PCBs

Challenging initiatives of our International Business and Cooperation Division

05 Overseas power generation

Participation in power generation projects overseas
 9 projects in 7 countries
 (6 projects (1,220,000 kW) already in operation)

1,870,000 kW
 (by investment ratio)

Constructing a hydroelectric power station in Laos: Nam Ngiep 1, having a dam equivalent to Kurobe Dam on a scale

We have abundant experience and expertise in hydroelectric power generation, most notably from the Kurobegawa No. 4 Power Station which is often called Kuroyon. Utilizing these, we are acting as a project leader in the development of a hydropower project in Laos. The main dam of Nam Ngiep 1 is on a large scale equivalent to Kurobe Dam but with about 10 times the water retention capacity. Along with constructing the dam, since it is necessary for some residents to move, we are also developing a new village for them so that they will be able to live even richer lives while maintaining their own unique cultures after the resettlement. We are also considering the labor conditions of the construction site and thoroughly endeavoring to preserve the natural environment of the watershed as we advance the construction of Nam Ngiep 1.



Dam construction site



Interaction with residents of a village that will be moved

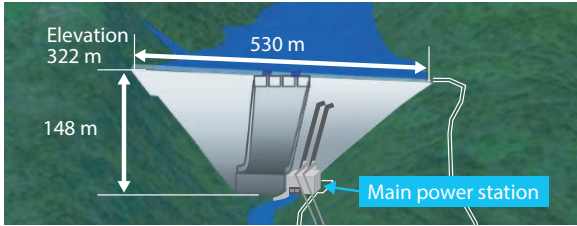


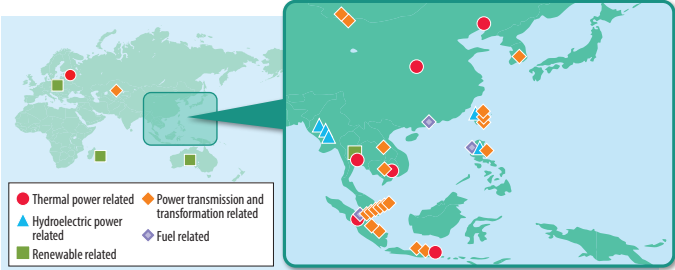
Image of the Nam Ngiep 1 Hydropower Project being built in Laos

06 Overseas consulting services

Number of contracted consulting services **75**

Utilizing the expertise we have developed in the electric power industry

We are utilizing the expertise that we have developed in the electric power industry, and along with NEWJEC Inc. (KEPCO Group), we are providing overseas consulting services with the intention of contributing to the international community, promoting international business and developing our human resources. We have a record of results in numerous countries, primarily in Asia. For example, we have contributed to the establishment of electrical equipment technical standard in Lao People's Democratic Republic (Laos) and provided technical support for hydro power developments in Republic of the Union of Myanmar. In recent years, through a commission from the Japan International Cooperation Agency (JICA), we have provided assistance to formulate an optimized national electricity master plan for Myanmar, dispatched a "Long-term expert" to a power distribution company in Myanmar. We are also conducting the preparatory study for the rehabilitation project of hydropower station in Myanmar, and we have received a commission from the San Roque Hydropower Station in the Republic of the Philippines to provide technical support of operation and maintenance for the power station.



75 projects contracted to date, primarily in the fields of thermal power, hydro power, and transmission and distribution



Under the contract with JICA, KEPCO has dispatched one of its employees as a "long-term expert" in Myanmar.

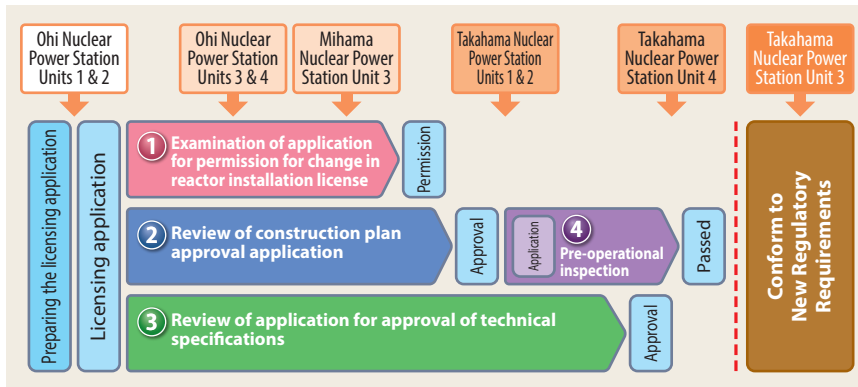
Providing guidance on how to measure facility conditions in a hydroelectric power plant in Myanmar



Toward the restart of nuclear power plant operation

Since the Great East Japan Earthquake, 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 are being made to the Nuclear Regulation Authority for the nuclear power plants that have implemented these measures for examination of their compliance with the new regulatory requirements. We will continue to respond earnestly to these evaluations and focus all our abilities on assuring the safety of nuclear power generation. In addition, as we gain understanding from the public, including the communities where these nuclear power plants are located, about the efforts of our company, 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 each plant (as of June 20, 2016)



- 1 Confirm that the basic designs for installation and system maintenance of facilities conform to installation permission standards for handling the serious accidents and other items mentioned in the application documents.
- 2 In the nuclear reactor installation and upgrading permit, confirm that detailed plans (construction plans) based on the basic design for permitted reactor pressure vessel facilities conform to technical standards.
- 3 Confirm that security regulations that regulate items related to reactor pressure vessel facilities, including operator management (procedures, systems, etc.), are sufficient in terms of preventing disasters at reactor pressure vessels and other facilities.
- 4 Through records and actual operation, confirm that manufacture and installation are in accordance with the permitted construction plans and that functions, performance levels and other items are as prescribed.

Ongoing voluntary efforts to enhance the safety of nuclear power generation

We have taken to heart the lessons from the Fukushima Daiichi Nuclear Power Station disaster. Our company has been unified in working to improve the safety of nuclear power generation based on "Further Strengthening of Ongoing Voluntary Efforts to Enhance Nuclear Safety," which we set as a roadmap, since June 2014.

We have a strong determination and resolution that there will be no end to our efforts for the improvement of safety in nuclear power generation. We will not be limited to just regulatory frameworks as we continue our unceasing efforts to increase safety in nuclear power generation.

Roadmap overview

Item	-2013	2014	2015	2016-
1. Permeation and establishment of nuclear safety				
(1) Sharing our Philosophy on Nuclear Safety	President's Declaration	Internal announcement	Permeation to all employees	
(2) Strengthen governance from top management	Corporatwide promotion			
	Evaluation revised	Nuclear Power Subcommittee established	Continuous improvement	
(3) Develop safety culture	Execution of extensive cultivation activities		Continuous improvement	
2. Enhance risk management				
(1) Deepen our knowledge in Japan and abroad (2) Enhance risk management	Efforts to learn from the world	Thorough gathering of knowledge from overseas and continuous improvement		
(3) Promote PRA* utilization * Probabilistic Risk Assessment	Application to inoperative plants	Promotion of PRA utilization		
(4) Enhance risk communication	Business management rooted in communities	Communication with external stakeholders		
(5) Handle evacuation plans proactively	Apply results of risk communication			
3. Maintain foundations for safety improvement				
(1) Promote safety improvement measures	Promote safety improvement measures			
(2) Improve accident response capabilities	Maintain initial response systems	Improve response capabilities and cultivate safety oversight personnel		
(3) Enhance systems	Establish Nuclear Safety Department	Continuous improvement		

■ Takahama Nuclear Power Station Units 1 and 2 are first in nation to receive approval for operating period extension

On June 20, 2016, Takahama Nuclear Power Station Units 1 and 2, which have been operating for more than 40 years, received approval for operating period extension* from the Nuclear Regulation Authority. This is the first approval for an operating period extension in Japan, and we believe that it will be a pioneer for later plants.

In the same way, we are applying for an operating period extension for the Mihama Nuclear Power Station Unit 3 and responding earnestly to the investigations by the Nuclear Regulation Authority. (The deadline for approval of the operating period extension is November 30, 2016.)

* 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 extended once for a maximum of 20 years. We submitted applications for approval of operating period extension for Takahama Nuclear Power Station Units 1 and 2 on April 30, 2015 and Mihama Nuclear Power Station Unit 3 on November 26, 2015.

■ Responding to the provisional disposition preventing the operation of Takahama Nuclear Power Station Units 3 and 4

On March 9, 2016, a motion for provisional disposition to suspend the operation of Units 3 and 4 of the Takahama Nuclear Power Station was approved at the Otsu District Court. (Currently, Takahama Nuclear Power Station Units 3 and 4 cannot be operated until this provisional order is rescinded.)

Since the declaration of this order, we have been contending and demonstrating concretely based on scientific, technical and specialized expertise that the safety of these power stations has been assured, including in regards to items explained in investigations made by the Nuclear Regulation Authority. Since this decision does not take the contentions presented by our company into account, we cannot possibly consent to it, so we submitted a petition of exception on March 14.

Electricity rates have risen since the Great East Japan Earthquake Disaster, putting a great burden on our customers. In order to end this situation as soon as possible, our company will continue to focus all our abilities on contending and demonstrating the safety of Takahama Nuclear Power Station Units 3 and 4 so that this provisional disposition will be rescinded quickly.

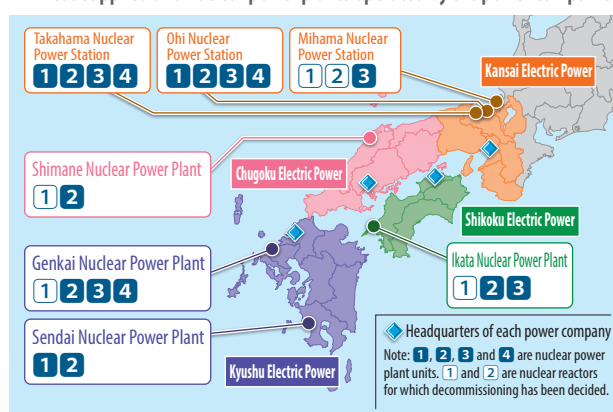
■ Strengthening cooperation among businesses in the nuclear power industry

On April 22, 2016, our company made an agreement of mutual cooperation in the nuclear power business with the Chugoku Electric Power Company, the Shikoku Electric Power Company and the Kyushu Electric Power Company. The purpose of this is to build a framework for the four companies that enables effective utilization of our resources and expertise regarding nuclear power and mutual cooperation taking advantage of our geographical proximity as we seek to further increase the safety and reliability of nuclear power generation and to smoothly implement and advance the nuclear power business.

● Overview of mutual cooperation in the nuclear power business

Area	Purpose	Main features
Cooperation in the event of nuclear power disaster	Utilizing the geographical proximity of the four companies, dispatch essential personnel, provide materials and machinery and otherwise cooperate mutually in order to respond even more rapidly	① Dispatch essential personnel ② Provide materials and machinery ③ Provide support, including advising businesses where disasters have occurred using teleconferencing among nuclear power division leaders ④ Conduct regular trainings with cross-participation among the companies
Cooperation during decommissioning	Increase safety in decommissioning and respond thoroughly to related investigations	① Investigate technologies and procurements involved in large-scale construction work ② Share information about decommissioning situations, for example
Cooperation in facilities for dealing with specific serious accidents	Increase safety and respond thoroughly to investigations related to facilities for dealing with specific serious accidents	① Investigate unifying facility specifications, for example ② Share information about the status of plants that are ahead in the process, for example

● Areas supplied and nuclear power plants operated by the power companies



■ Enhancing response capabilities through training and drills

In addition to repeatedly conducting the necessary training and various types of drills, we are striving to increase our capabilities to respond to accidents by revising the contents of our drills, including by not presenting the scenarios in advance and increasing their difficulty. Through training and drills, we will continue to identify points that should be improved by ourselves, and continuously increase our abilities to respond to accidents by building on improvements.

● Training and drill record (fiscal 2015)

	Number of participants in training and practice programs (total)	Number of drills
Mihama Nuclear Power Station	About 1,400	About 830
Takahama Nuclear Power Station	About 2,500	About 890
Ohi Nuclear Power Station	About 1,300	About 1,100

● Takahama Nuclear Power Station response drill (October 23, 2015)



Nuclear Power Division

High-capacity pump connection drill



Decommissioning of Mihama Nuclear Power Station Units 1 and 2 with a priority on safety

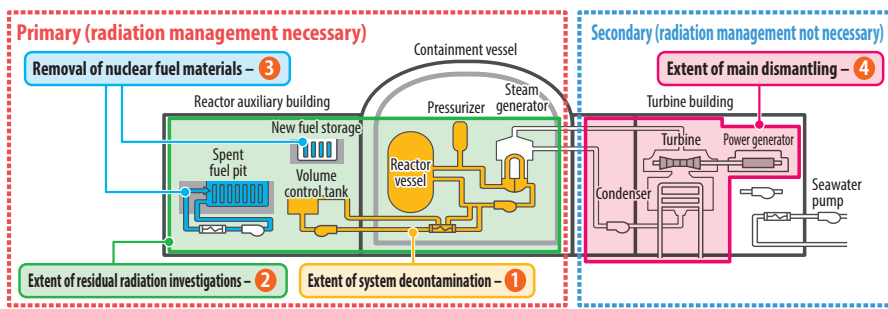
On February 12, 2016, we submitted application forms for approval of our decommissioning measures plan for Mihama Nuclear Power Station Units 1 and 2 to the Nuclear Regulation Authority. We have divided decommissioning into four stages to be conducted over the next 30 years, and we will advance the process safely and steadily as we seek to be a pioneer in the decommissioning of pressurized water reactor (PWR) plants in Japan.

Fundamental policies for decommissioning

Assurance of safety for people and the environment	With assuring safety as our top priority, we will make steady progress while maintaining functions necessary to preserve safety and seeking to reduce the amount of radiation exposure and the generation of radioactive waste.
Determination of work methods and techniques for safe execution	We will determine and implement procedures and methods for dismantling and removal that reduce the radiation exposure of the public in the surrounding area and the workers conducting work with radioactive materials. These will incorporate effective decontamination techniques and the utilization of remote equipment while maintaining facility functions that are necessary for waste processing.
Infallible organization	In order to advance the decommissioning of Mihama Nuclear Power Station Units 1 and 2 safely and steadily, we will work in unity with cooperating companies, led by our Decommissioning Management Section (established in June 2015 in our Nuclear Power Division).

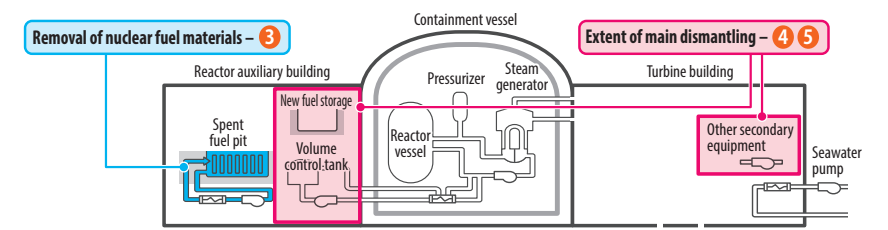
Entire work process (planned)

1st stage: Preparation for dismantling Fiscal 2016 (after approval) – fiscal 2021



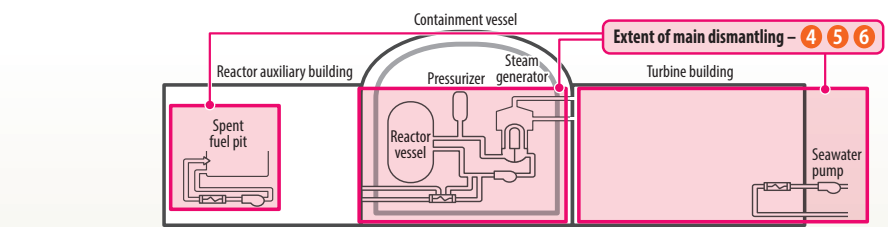
1 Using chemicals, we will remove radioactive substances that have adhered to the internal surfaces of pipes, machinery and other equipment in order to decrease radioactivity within the facilities and reduce the amount of exposure to workers in the future. Specifically, we will inject chemicals into the systems that contain radioactive materials, and circulate them for several days per cycle. We will confirm and evaluate the effectiveness of the decontamination and repeat the process until we reach the target values (approximately 5–10 cycles).

2nd stage: Dismantling and removal of equipment around reactor Fiscal 2022 – fiscal 2035



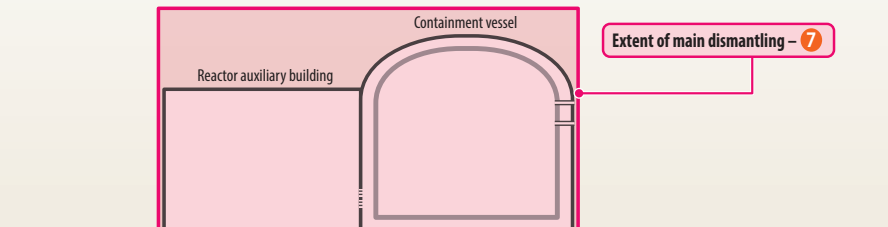
2 We will investigate the distribution of radioactivity both inside and outside the reactor vessels in order to establish measures to reduce worker radiation exposure and methods to treat and dispose of waste from dismantling rationally. Specifically, we will collect samples using radiation measuring devices, concrete sample collection equipment and remote control equipment, and we will conduct chemical analyses and measure radioactivity and the like to evaluate and prepare contamination distribution diagrams.

3rd stage: Dismantling and removal of reactor section Fiscal 2036 – fiscal 2041



3 We will manage and store new and spent fuel in the fuel storage facilities of the power plant until the fuel is removed.
New fuel: The plan is to remove 108 units of new fuel to a processing facility by fiscal 2021 when the 1st stage completes.
Spent fuel: We will remove spent fuel to reprocessing plants in order to use it again as fuel in accordance with the national policy. The plan is to remove the 741 retained units of spent fuel to reprocessing plants or interim storage facilities by fiscal 2035 when the 2nd stage ends.

4th stage: Dismantling and removal of structures, etc. Fiscal 2042 – fiscal 2045



4 We will dismantle the turbine buildings and outside facilities.
 5 We will dismantle facilities inside the reactor auxiliary buildings and containment vessels, including new fuel storage, spent fuel pits and steam generators.
 6 We will dismantle the reactor auxiliary buildings and the containment vessels.
 7 We will dismantle the reactor auxiliary buildings and the containment vessels.

Efforts Based on Our CSR Action Principles

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.

2

Proactive Approach with a View to Creating Ever Better Environment



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



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



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



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



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.



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



CSR Action Principles

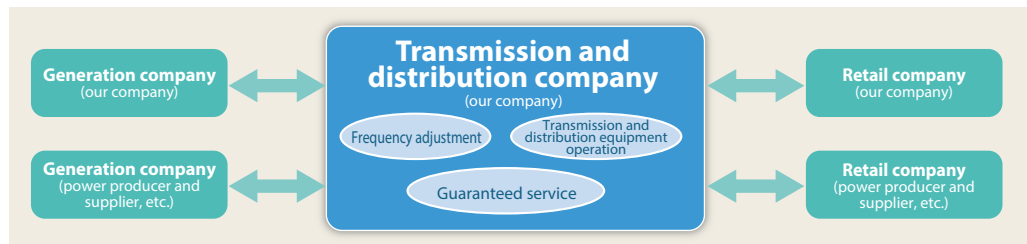
As a business operator responsible for lifelines that are indispensable to society, the Kansai Electric Power Group will endeavor to develop and improve the products and services as chosen by customers and take every conceivable measure, day by day, to deliver our product and services safely and stably.

Maintaining power supplies with the same 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.

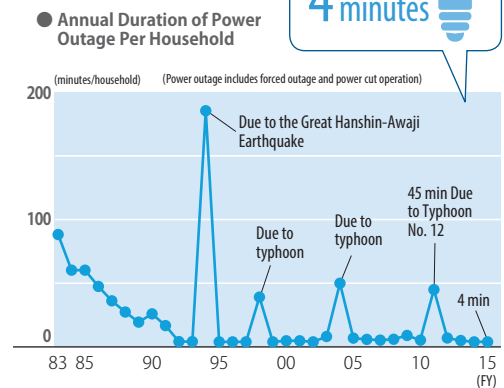


To provide high-quality electric power

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 accident 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 accidents and for swift recovery in the event an accident does occur. Equally important, systematic renovation is in progress for aging facilities.

Fiscal 2015 power outage time

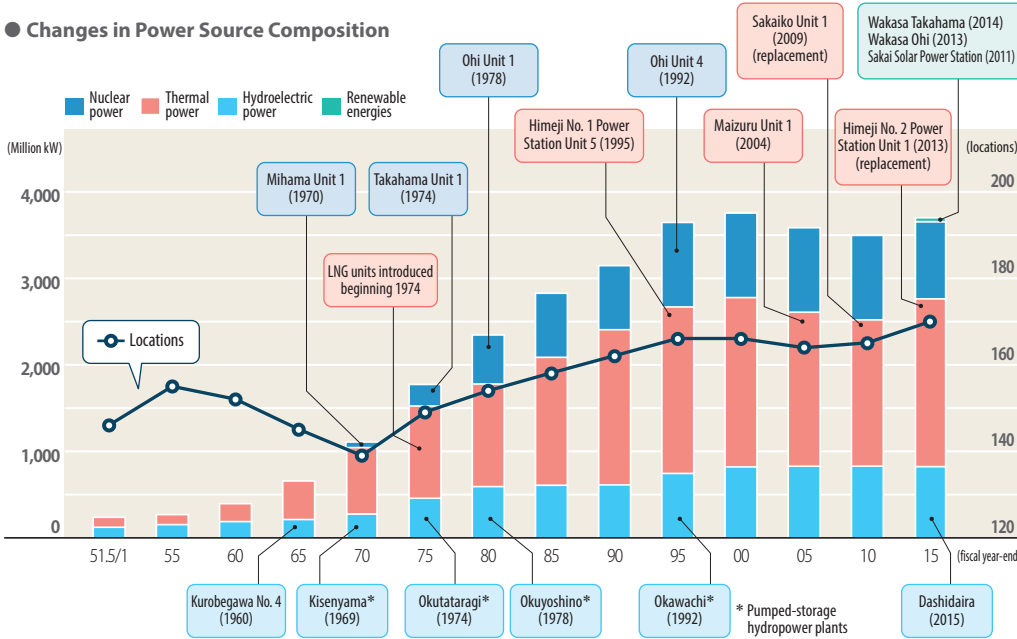
4 minutes



Facilities configuration based on S+3E¹

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



1 Power generation facility capacity ratio by power source

Nuclear power 24%

Thermal power 53%

Hydroelectric power 22%

Renewable energies 0.03%

Training the personnel who support safe and stable supply functions²

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.



2 215 people

Specialist technicians with specialized skills
Individuals with high levels of technical ability and outstanding leadership qualities are selected and recognized (As of the end of May 2016)

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.

First new 500 kV substation built in about 16 years

We are currently proceeding the construction work of new 500 kV Kongo Substation. Kongo had been used as 275 kV Switching Station, but we decided to upgrade it into 500 kV substation to improve system reliability for our trunk grid in Osaka Prefecture and the region south of it. This is the first time that we have built a new 500 kV substation in about 16 years. While we actively try to reduce costs by incorporating new technologies and others, we continue to provide power steadily with safety as our first priority.

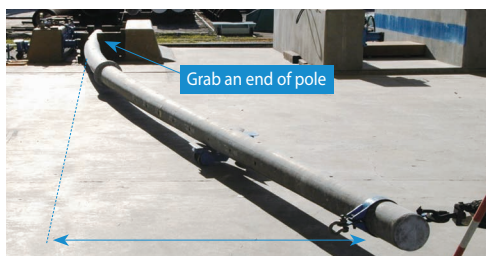


Construction of a new 500 kV substation

Replacing degraded distribution facilities based on data analyses

A large amount of distribution facilities that were constructed during the period of rapid economic growth are being degraded by aging, and it is a big issue for us to replace them efficiently according to each degradation condition. To address the issue, we are researching to estimate residual performance of each degraded facility by breaking test for removed facilities such as concrete utility poles through test. Also we accumulate and analyze results of inspecting facilities. Based on these

analyses, we plan to replace degraded facilities at the appropriate time.



Breaking test for removed utility pole by bending

1

Joint trainings on steel towers with fire departments

6

(Total number for the entire company)

Joint rescue training with professional fire-fighting team 1

In December 2014, an accident occurred in which a paraglider was caught on transmission line and the paraglider operator was suspended above the ground. Fortunately, the rescue activity by means of a ladder truck owned by professional fire-fighting rescue team was possible at that time. But it is easy to imagine that a rescue activity which may happen at the location that a ladder truck cannot access is problem for us. For this reason, we conducted joint rescue training with fire-fighting team

and experienced rescuing people on steel towers and conductors without using a ladder truck.

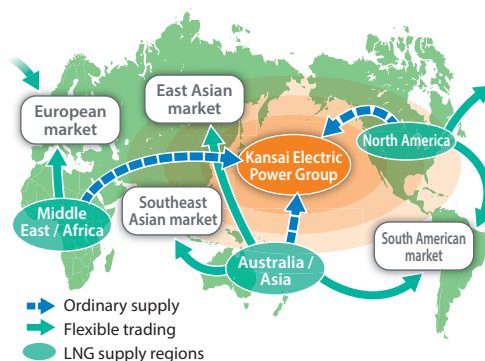


Rescue training on a steel tower

Flexible and stable fuel procurement

Strengthening our LNG procurement systems through cooperation with major nationals resource companies*

In May 2015, we signed an LNG sales contract (portfolio contract) and cooperation agreement for the LNG business with BP Singapore Pte. Limited. For approximately 23 years from 2015, we will receive an LNG supply of up to about 13 million tons from the LNG projects owned by the BP Group in locations around the world. In addition, we will endeavor to maintain procurement that is stable, economically advantageous, timely and in proper quantities through the optimal application of LNG trading and shipping.



*Major nationals resource companies are involved in the exploration, extraction and sales of oil, LNG and other natural resources.

Preparing for a natural disaster

Preparing for a major disaster

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

Strengthening the disaster response system ²

In preparation for rapid initial response to the occurrence of disasters, we are enhancing our response systems, including the designation of individuals who would arrive at the workplace early and night watches by supervisors. We are seeking to improve employee skills in responding to disasters and increasing their awareness of disaster preparation. We are conducting role-playing style trainings not only for the occurrence of a major Nankai Trough earthquake but also considering cases such as the occurrence of a nuclear power disaster at the same time. In addition, we are having them practice assembling by actually walking and riding bicycles, supposing public transportation is unavailable.



Corporatewide comprehensive emergency response drills

² Number of participants in corporatewide comprehensive emergency response drills

809

Strengthening collaborative ties with disaster response entities

If a major Nankai Trough earthquake or other large-scale wide-area disaster should occur, there are limits to what our company alone could do to respond. For this reason, along with cooperating with other power companies as a matter of course, we will also cooperate with governments, for example by participating in meetings of local disaster response departments. Working together, we will do everything that we can to restore power as quickly as possible. Furthermore, we have made agreements so that mutual cooperation with the Chubu Region Ground Self-Defense Forces and Kure District Maritime Self-Defense Forces can be conducted smoothly when various types of disasters occur. We are holding related meetings and trainings at least once a year.

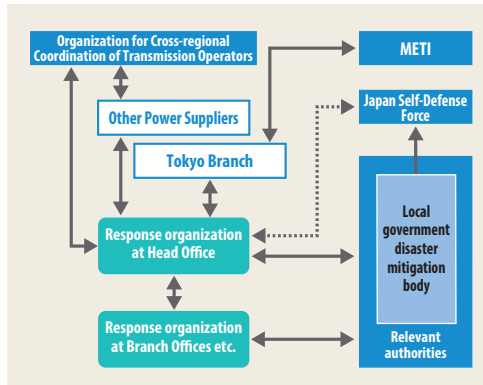


Training to load high-voltage generator vehicles on an air-cushioned landing craft of Maritime Self-Defense Force

Preparation for disasters does not change even in a new business environment ³

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



³ We issued a Disaster Preparedness Handbook, which should help households prepare for disasters, and Kansai Electric Power Disaster Preparation Measures, which summarizes our disaster preparation measures.



Disaster Preparedness Handbook (left)
Kansai Electric Power Disaster Preparation Measures (right)

We dispatched support to Kyushu Electric Power to help restore power after the Kumamoto earthquakes

A series of earthquakes occurred in Kumamoto immediately after the full liberalization of the retail market for power began in April 2016. In response to an appeal that our company received from the Kyushu Electric Power Company, between the 16th and 28th of that month, we sent a total of 256 personnel along with 39 vehicles, including high-voltage generator vehicles, and conducted emergency power transmission to power distribution lines that experienced outages.

Moreover, based on the Fire Services Act and guidelines from the Fire and Disaster Management Agency (October 3, 2013), we constructed temporary storage facilities for fuels with which we have unique expertise, and we cooperated in building structures to supply fuel stably using high-voltage generator vehicles.



Our high-voltage generator vehicles supplying emergency power

Initiatives prioritizing safety at nuclear power plants

Ensuring stable energy supply through diversity

Japan's energy self-sufficiency rate is only around 5%; for most of its power needs, Japan must rely on imported energy. Japan imports much of its crude oil and liquefied natural gas (LNG) from the Middle East, where political conditions are unstable.

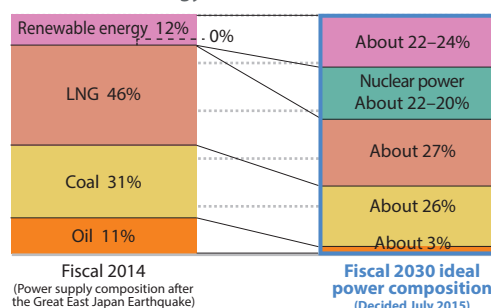
Overdependence on these sources of energy presents risk in terms of both price and the stable supply of energy. In contrast, the uranium used in nuclear power plants is widely distributed throughout the world, and many of the nations where it is produced are politically stable, which enables a stable supply of uranium. To ensure stable future energy supplies, it is vital to maintain diversified resource procurement and an optimal mix of electric power generation methods.

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



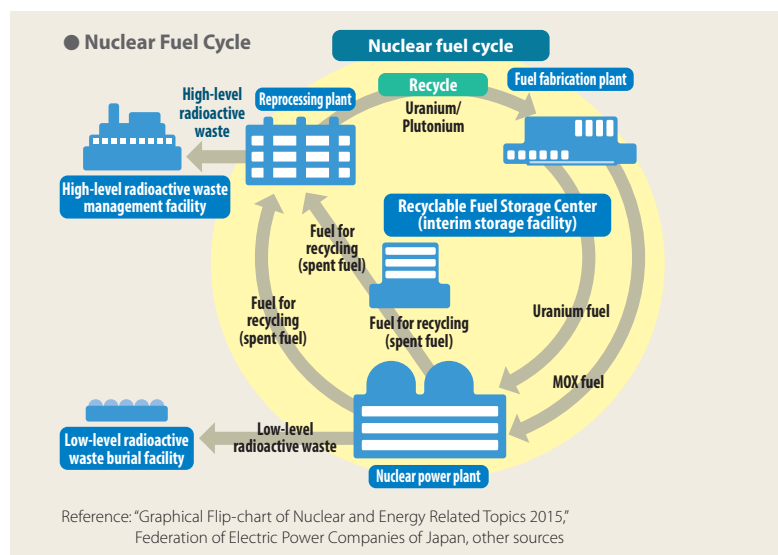
Created based on the Agency for Natural Resources and Energy's "Long-term Energy Supply and Demand Outlook" (July 2015), "Documents Related to the Long-term Energy Supply and Demand Outlook" (July 2015) and other materials

Securing stable energy through the nuclear fuel cycle

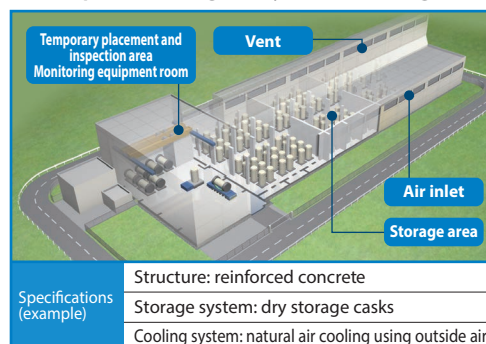
Nuclear fuel is stably procurable and we can obtain a large amount of electricity from a small amount of fuel. After a fuel loading, a reactor generates electricity for more than a year. For this reason, nuclear power is said to be a "semi-domestic energy resource." In addition, spent fuel contains reusable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

Recyclable Fuel Storage Center

Because spent fuel can be reprocessed and used again, it is called "recyclable fuel." Until recyclable fuel is reprocessed, we temporarily store it (interim storage) in a recyclable fuel 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" last year, 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.

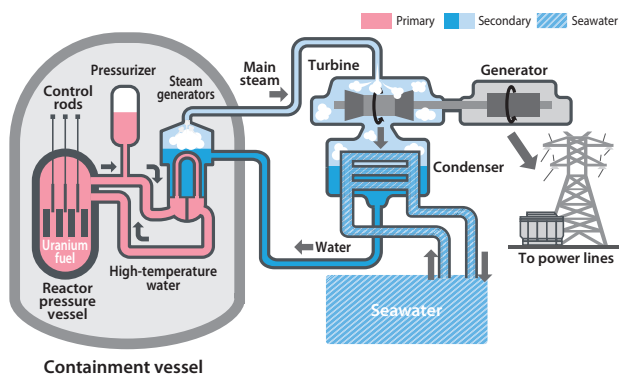


Conceptual Rendering of Recyclable Fuel Storage Center



Nuclear power generation

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



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.

Aging measures and extension of operation

Nuclear power plants undergo periodic inspections once every 13 months and measures such as

equipment replacement are carried out with a view toward long-term operation. In addition, a reassessment (periodic safety review) is conducted every 10 years, and after the 30th year a power plant undergoes a technical evaluation to manage aging. According to the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors, revised in 2012, the operational life of a nuclear power plant is 40 years. However, the act stipulates that upon authorization of the Nuclear Regulatory Authority, this period can be extended one time only for another 20 years, pending special inspections of the reactor pressure vessel and containment vessel and other apparatus.

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

- Periodic inspections

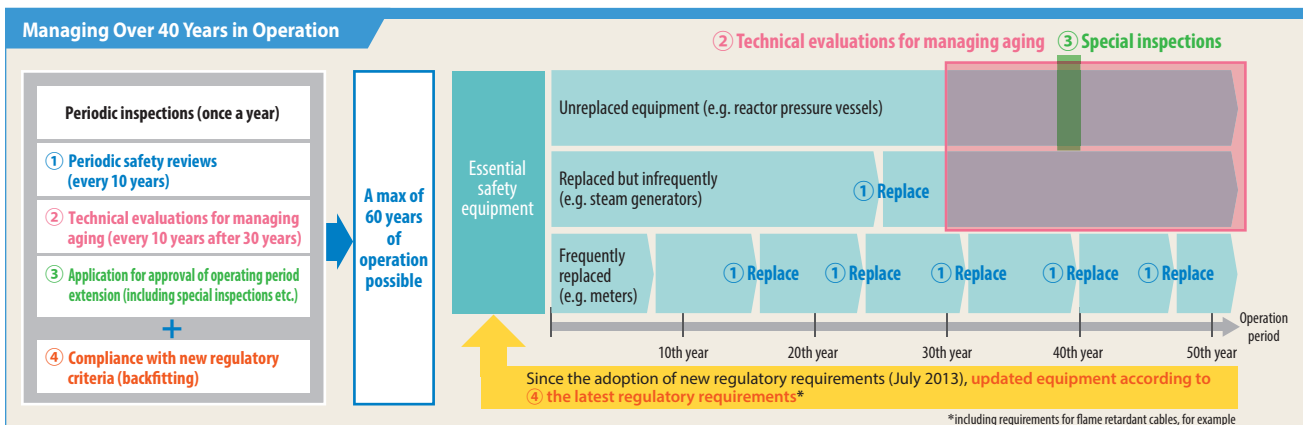
Once every 13 months

- Reevaluation (Periodic safety reviews)

every 10 years

- When technical evaluations for managing aging conducted

30th year



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 addressed “safety-first” business activities as the top priority. Our Management Philosophy, which was formulated in March 2016, put thought of “safety-first” on axis of management and reiterated that “safety-first” is most important value.

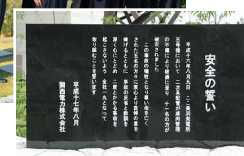
Measures to prevent a recurrence of the accident at Mihama Nuclear Power Station Unit 3

On August 9, 2004, the accident, rupture of secondary system piping, has occurred at Mihama Nuclear Power Station Unit 3. Based on the President’s Declaration “Ensuring safety is my mission, and the mission of the Company”, we have implemented recurrence-prevention measures strictly, with a firm determination that we shall prevent a recurrence of the accident.

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



President Yagi observes a moment of silence in front of the Safety Vow Memorial (August 2015)



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 of 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 will continue to enhance a safety culture.

● Commitment to Enhancing Nuclear Safety

Preface	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 of 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 for the further permeation of our safety philosophy and conduct guidelines in the Kansai Electric Power Group Safe Action Charter.* This is not limited to just within our corporate 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 118.



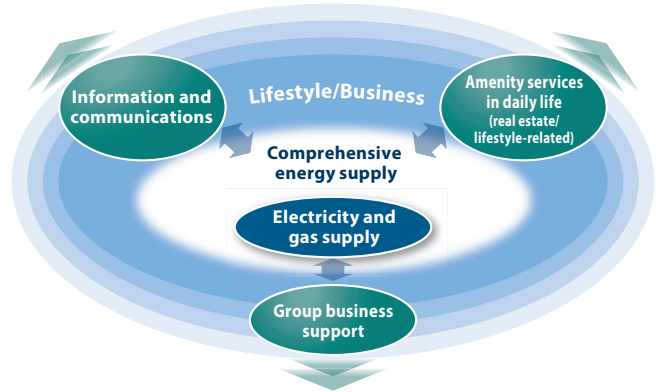
Undertaking a safety activity in unity with a subcontractor

Providing services as a consolidated group

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

As a universal provider of electricity and other forms of energy, as well as various information and communications services, and with a lineup of businesses providing amenity services in daily life, the Kansai Electric Power Group meets diverse customer needs, providing comprehensive solutions to individual customers and communities. In order to have customers choose our group and to realize further growth in the new energy era, we will continue to focus on being “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

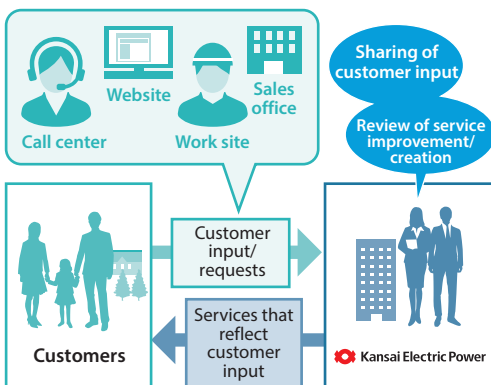


Services for residential customers

In addition to introducing the e-Smart 10 new rate options and expanding rate options such as eo DENKI and au Denki (Powered by Kansai Electric Power), we are advancing efforts in terms of both price and service, including the provision of services by group companies. We are offering information and communications services as well as services that support daily life such as a Run-to-You Electricity Service that dispatches help to customers when they have trouble related to electricity, Hapi e-Kurashi Support that combines responding to daily life problems with member benefit services, and Hapi e-Points that can be accumulated by using Hapi e-Miruden. (See page 16 for details about each set of lifestyle support services.)

Service improvement and service creation to reflect the input of customers ¹

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

When electrical trouble occurs at home, I want Kansai Electric Power to take care of it!

Our Run-to-You Electricity Service that sends professionals to help customers
started April 2016

でんきの駆けつけサービス

Run-to-You Electricity Service

Service improvement example

When changing how electricity is paid for, “filling out and mailing an application is a nuisance” and “ordering the blank forms and matching personal seals takes time.”

Added online application functions

(when changing to payment by credit card or bank transfer)

Customer satisfaction survey ²

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.

¹ Number of reform cases based on customer feedback

62

We are currently investigating reform measures for 64 cases as of the end of May 2016

² Surveys related to household electrical repairs and investigations

98.7%

of customers are satisfied

■ Reducing residential customer data fees and mobile phone expenses through the expansion of the “mineo” service

K-Opticom Corp. is expanding the mineo mobile telephone service throughout Japan with “what is necessary only as necessary” as the concept.

In order to allow customers to use their smartphones economically, they can choose just what they need in terms of data transmission, voice calls and smartphone devices. Furthermore, this service also allows them to continue using a smartphone that they already have (docomo or au models supported).

K-Opticom is also enhancing its in-shop support in order to encourage even more customers to use mineo. For example, at the “mineo showroom” in GRAND FRONT OSAKA, they are able to process applications in store as well as consult with customers before purchase and set up new smartphone devices, for example. Previously, support had only been offered online and through call centers.



mineo showroom
On the third floor of the GRAND FRONT OSAKA North Building in front of JR Osaka Station

■ Real estate development uses group's comprehensive strength Cielia Tower Senri Chuo

Kanden Realty & Development Co., Ltd., which was formed through the merger of KANDEN FUDOSAN Co., Ltd. and MID Urban Development Co., Ltd., began sales of the Cielia Tower Senri Chuo (52 floors) in May 2016. This tower condominium is the flagship project being undertaken by this company. It offers communication services from K-Opticom Corp., security by KANDEN Security of Society, Inc., concierge services by Classy Family Concierge Kansai Co., Ltd. and building management by Kanden Community Co., Ltd. Moreover, our group is providing its comprehensive abilities to provide services for the linked commercial facility. For example, Kanden Property Management Co., Ltd. is responsible for tenant operation and management and Kanden Facilities Co., Ltd. is responsible for facilities management.

Moreover, the same condominium building is one part of the Yomiuri Bunka Center Senri-Chuo Rebuilding Project, which is being advanced jointly by the Yomiuri Shimbun, Osaka Headquarters and the Yomiuri Telecasting Corporation. Construction began in March 2016 and completion is expected in the spring of 2019.



Cielia Tower Senri Chuo
(rendering)

Services for corporate customers

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

1

Utility service in use



Inspecting the utility facilities of the Abeno Harukas building

■ Utility service in use ¹

Abeno Harukas, Japan's tallest building, belonging to Kintetsu Corporation, celebrated its grand opening in March 2014. The building employs Kenes' Utility Service.

An expert energy technician from Kenes is stationed at the building around-the-clock to comprehensively manage department stores, offices and other businesses that have different energy use conditions. 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, by entrusting work related to energy management to Kenes, customers are able to focus their business resources, including essential personnel, on their primary businesses.

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.
ePack Leasing Service (Kanden L&A Co., Ltd.)	Instead of customers purchasing electrical equipment and facilities, including air-conditioning, water-heating, kitchen and power-receiving equipment, we purchase it and lease it to them.
Assistive vehicle leasing service (Kanden L&A Co., Ltd.)	We provide total support for assistive vehicles, including leasing, sales, repair and upgrading.
Mechanical security business (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.

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

MEMO

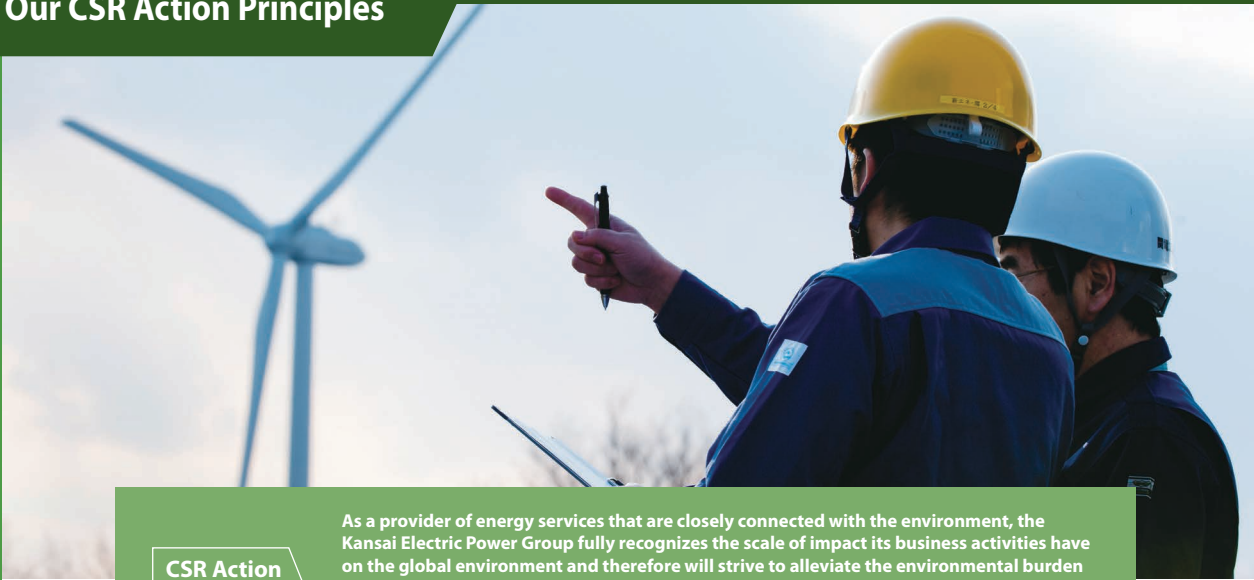
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2



Proactive Approach with a View to Creating Ever Better Environment



CSR Action Principles

As a provider of energy services that are closely connected with the environment, the Kansai Electric Power Group fully recognizes the scale of 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.

Kansai Electric Power Group Environmental Action Plan

Based on our Kansai Electric Power Group CSR Action Charter, as an energy business that has a deep connection to the environment, the Kansai Electric Power Group is taking on the initiatives contributing to the emergence of a low-carbon society and a society that is committed to recycling as well as the promotion of community environmental protection measures. In order to be a corporate group that is trusted by society, we are also striving to promote environmental management and environmental communication.



Initiatives contributing to the emergence of a low-carbon society

- Lowering electric power's carbon intensity
- Contributing to energy conservation, cost reductions and CO₂ emissions reductions for customers and society
- Technological developments for constructing the Smart Grid
- Overseas activities
- Technical development efforts
- Value chain efforts
- Efforts to reduce other greenhouse gases in addition to CO₂



Initiatives contributing to the emergence of a society committed to recycling

- Promotion of proactive 3R efforts toward the goal of zero emissions
- Promoting safe, reliable, and complete disposal of PCB wastes
- Promoting green procurement



Promotion of community environmental protection measures

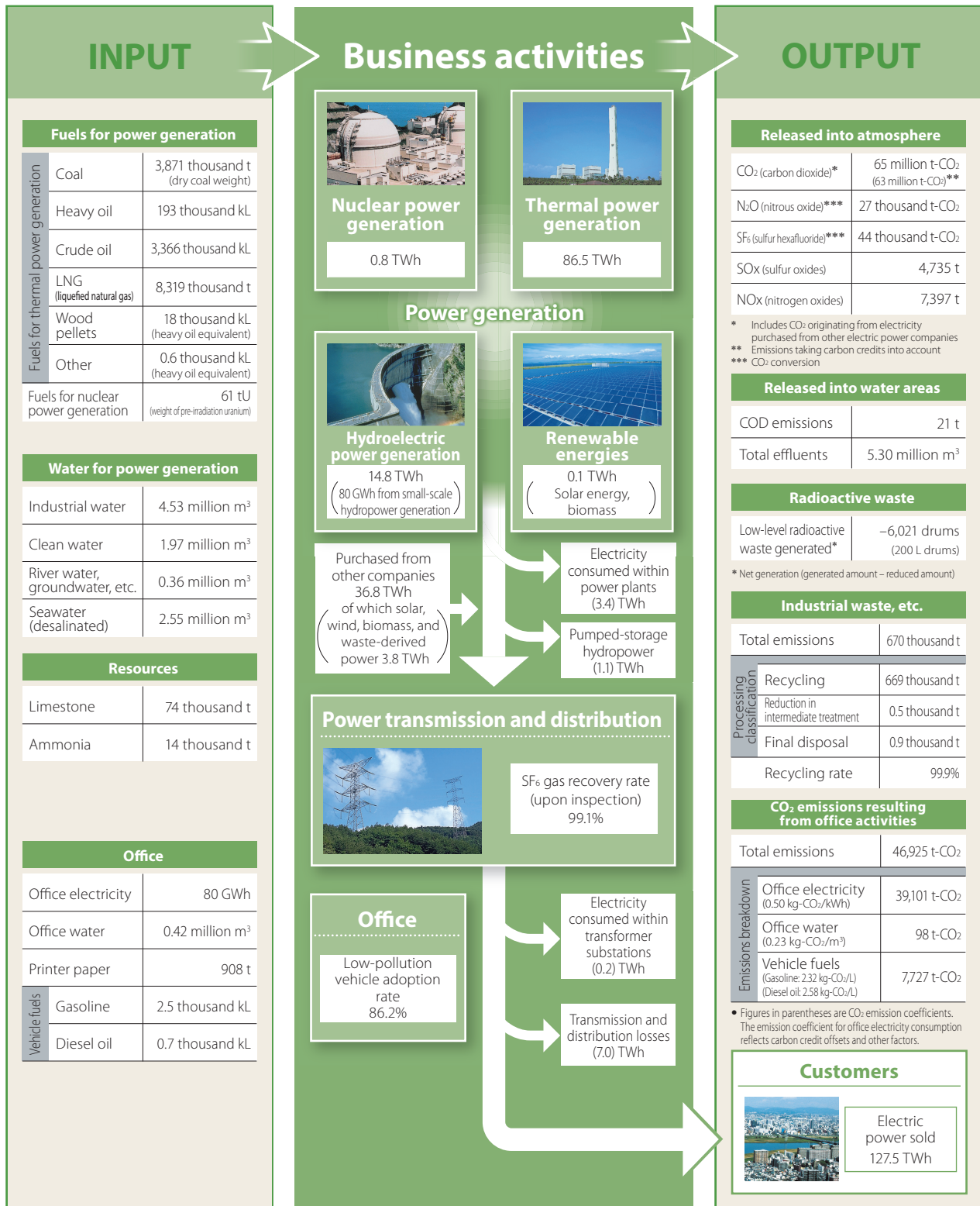
- Measures to prevent air and water pollution, etc.
- Efforts to strictly manage and reduce toxic chemicals
- Promotion of business activities that consider the preservation of biodiversity



Promoting environmental management and environmental communication

- Continuous improvement and strict adherence to laws and regulations using environmental management systems based on ISO 14001 systems
- Active advancement of environmental awareness raising activities with local communities and customers and active disclosure of environmental information

Status overview of our business activities and environmental load (FY 2015)



Fuels for power generation		
Fuels for thermal power generation	Coal	3,871 thousand t (dry coal weight)
	Heavy oil	193 thousand kL
	Crude oil	3,366 thousand kL
	LNG (liquefied natural gas)	8,319 thousand t
	Wood pellets	18 thousand kL (heavy oil equivalent)
	Other	0.6 thousand kL (heavy oil equivalent)
	Fuels for nuclear power generation	61 tU (weight of pre-irradiation uranium)

Water for power generation	
Industrial water	4.53 million m ³
Clean water	1.97 million m ³
River water, groundwater, etc.	0.36 million m ³
Seawater (desalinated)	2.55 million m ³

Resources	
Limestone	74 thousand t
Ammonia	14 thousand t

Office		
Office electricity	80 GWh	
Office water	0.42 million m ³	
Printer paper	908 t	
Vehicle fuels	Gasoline	2.5 thousand kL
	Diesel oil	0.7 thousand kL

Nuclear power generation

0.8 TWh

Thermal power generation

86.5 TWh

Hydroelectric power generation

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

Renewable energies

0.1 TWh
(Solar energy, biomass)

Purchased from other companies 36.8 TWh of which solar, wind, biomass, and waste-derived power 3.8 TWh

Electricity consumed within power plants (3.4 TWh)

Pumped-storage hydropower (1.1 TWh)

Power transmission and distribution

SF₆ gas recovery rate (upon inspection) 99.1%

Office

Low-pollution vehicle adoption rate 86.2%

Electricity consumed within transformer substations (0.2 TWh)

Transmission and distribution losses (7.0 TWh)

Released into atmosphere	
CO ₂ (carbon dioxide)*	65 million t-CO ₂ (63 million t-CO ₂)**
N ₂ O (nitrous oxide)***	27 thousand t-CO ₂
SF ₆ (sulfur hexafluoride)***	44 thousand t-CO ₂
SOx (sulfur oxides)	4,735 t
NOx (nitrogen oxides)	7,397 t

Released into water areas	
COD emissions	21 t
Total effluents	5.30 million m ³

Radioactive waste	
Low-level radioactive waste generated*	-6,021 drums (200 L drums)

Industrial waste, etc.		
Total emissions	670 thousand t	
Processing classification	Recycling	669 thousand t
	Reduction in intermediate treatment	0.5 thousand t
	Final disposal	0.9 thousand t
Recycling rate	99.9%	

CO ₂ emissions resulting from office activities		
Total emissions	46,925 t-CO ₂	
Emissions breakdown	Office electricity (0.50 kg-CO ₂ /kWh)	39,101 t-CO ₂
	Office water (0.23 kg-CO ₂ /m ³)	98 t-CO ₂
	Vehicle fuels (Gasoline: 2.32 kg-CO ₂ /L, Diesel oil: 2.58 kg-CO ₂ /L)	7,727 t-CO ₂

Customers

Electric power sold 127.5 TWh

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

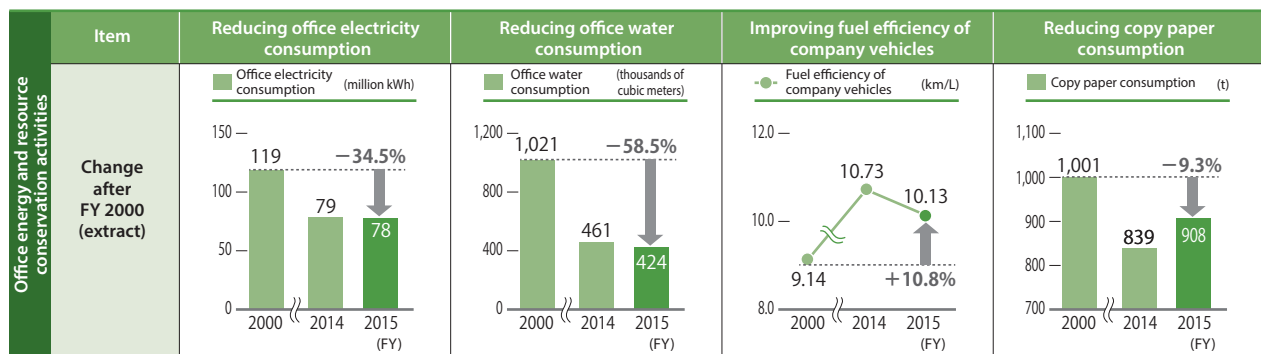
Environmental efficiency (FY 1990 = 100)	Electric power sold / Composite index* 115	Electric power sold / CO ₂ emissions 69
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* Composite index = $\frac{\text{Environmental load caused by CO}_2, \text{SOx, NOx, and landfill disposal of industrial waste}}{\text{Resources consumed (Oil, coal, LNG)}}$

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

Eco Action (annual targets and results)

	Item	Initiatives and Results		Related page
		Initiative	Result	
Main environmental initiatives arising from our business activities	Initiatives contributing to the emergence of a low-carbon society			
	Promoting "safety first" operations at nuclear power plants	Independently and continuously advance measures that conform to new regulatory requirements as well as various safety measures that seek to further increase safety	Advance safety promotion measures that conform to new regulatory requirements, respond suitably to judgments of the Nuclear Regulation Authority, and implement efforts based on our "Ongoing Voluntary Initiatives to Enhance Nuclear Safety (roadmap)"	38 39
	Maintaining and improving the thermal efficiency of thermal power plants (lower heating value base)	Implement ongoing measures at existing thermal power generation facilities and operations while maintaining or improving thermal efficiency.	Thermal efficiency 46.6%	39
	Development and dissemination of renewable energy	Contribute to promoting the popularization of renewable energy through its development and other efforts	<ul style="list-style-type: none"> Renewable energy development (fiscal 2015 results): 2 locations, 30,220 kW* Renewable energy purchased: 4.0 billion kWh 	39 40
	Promoting use of innovative forms of energy among customers and communities	Promote the adoption of smart meters and the popularization and expansion of Hapi e-Miruden, which contribute to increasing customer energy conservation awareness and meeting a wide range of needs	Smart meters introduced: 1,600,000/yr (5,550,000 total) Hapi e-Miruden service: 1,608,000 subscribers in total	41 42
	Limiting SF ₆ emissions (calendar year basis) (gas recovery rate upon inspection/removal of equipment)	Implement steady SF ₆ gas recovery through the appropriate operation of recovery equipment, for example	99.13% (upon inspection) 99.17% (upon removal)	—
	Initiatives contributing to the emergence of a society committed to recycling			
	Proper processing of PCB wastes	Process the entire amount reliably and safely within the legal time limit	Reference: Processed volume (cumulative total) Low-concentration PCBs: Insulation oil: about 77,000 kL Pole-mounted transformer cases: about 240,000 units** High-concentration PCBs: 4,763 units***	44
	Promotion of community environmental protection measures			
	Maintaining sulfur oxide (SO _x) and nitrogen oxide (NO _x) emission levels proportional to the volume of power generated (emissions intensity)	SO _x NO _x	Seek to maintain one of the world's lowest emissions (emissions intensity) levels through the appropriate operation of sulfur scrubbers and nitrogen scrubbers	Emissions intensity SO _x : 0.046 g/kWh (overall) Thermal: 0.055 g/kWh NO _x : 0.072 g/kWh (overall) Thermal: 0.085 g/kWh



* ① Arida Solar Power Station (29,700 kW, began operation in October), ② Dashidaira Power Station (520 kW, began operation in November)

** Completed processing at pole-mounted transformer case recycling center in July 2015

*** Processing results from high-voltage transformers, condensers and other electrical equipment processing subcontracted to the Japan Environmental Storage & Safety Corporation (JESCO)

Initiatives contributing to the emergence of a low-carbon society

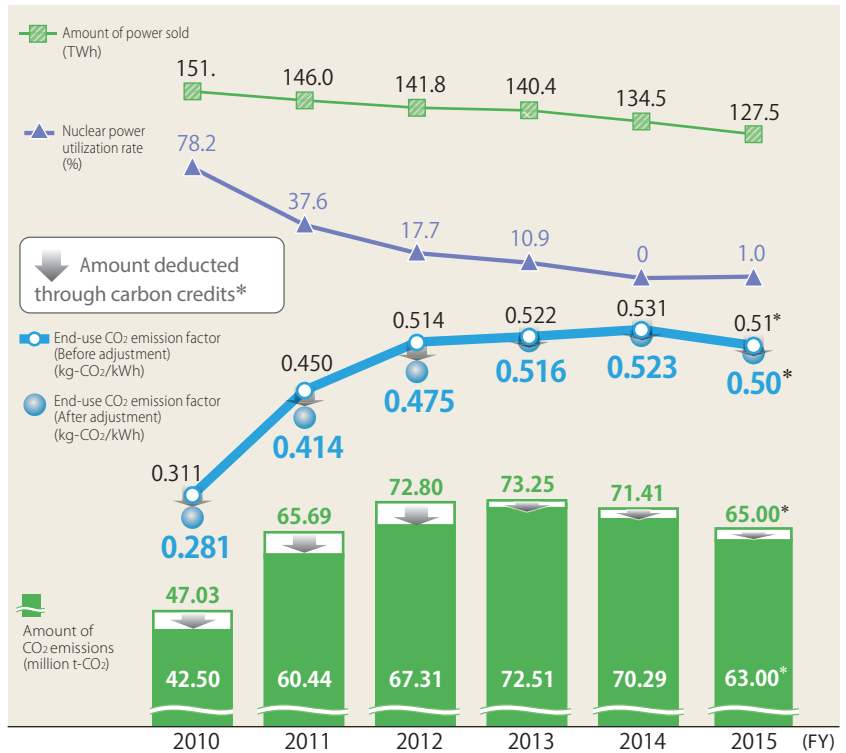
Efforts to reduce CO₂ emissions

Since fiscal 2011, due to the long-term shutdown of nuclear power plants, the amount of CO₂ emissions has increased for our company; however, as a result of increasing the use of nuclear power and renewable energy, our CO₂ emission factor improved compared to the previous fiscal year, and is expected to be about 0.50 kg-CO₂/kWh* (after adjustment) in fiscal 2015.

The power industry, including our company, established 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 by fiscal 2030. We will continue to advance efforts to suppress CO₂ emissions, including the utilization of nuclear power generation with safety as the first priority, the maintenance and improvement of the thermal efficiency of thermal power plants, and the development of renewable energies.

* 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.

Changes in CO₂ Emission Factor, etc.

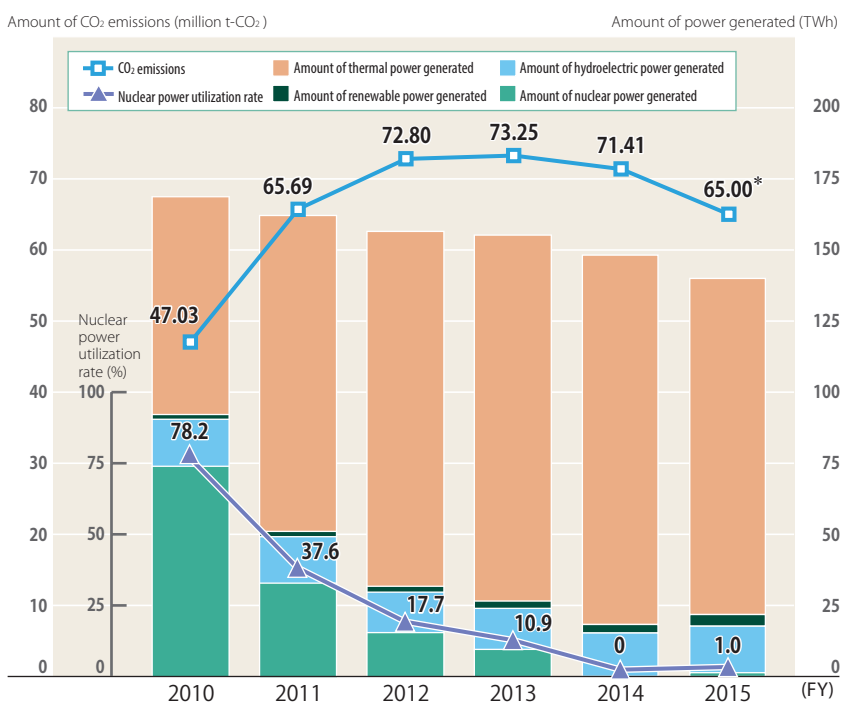


* Values result from the GHG Emissions Accounting, Reporting, and Disclosure System as mandated by the Act on Promotion of Global Warming Countermeasures. Emission factors for FY 2011 and beyond after adjustment account for exclusions reflecting carbon credits as well as environmental value adjustments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

Effect of nuclear power generation on controlling CO₂ emissions

Unlike thermal power generation fueled by hydrocarbons such as coal, oil, and natural gas, nuclear power generation emits no CO₂; it is a method of power generation that contributes greatly to CO₂ emission control. Since the Great East Japan Earthquake, CO₂ emissions have risen significantly with the large drop in the availability of nuclear power generation and increased thermal power generation. The shutdown of nuclear power generation facilities has resulted in an extreme consequence, the release of tens of millions of tonnes of CO₂ annually. We therefore believe that nuclear power, generated with an emphasis on safety, will be a very important source of power from the perspective of environmental issues, preventing global warming while ensuring energy security and economic growth in the future.

Changes in Nuclear Power Utilization Rate and CO₂ Emissions



Notes:
 1. CO₂ emissions values shown do not include value of carbon credits or other factors.
 2. The amounts of power are amounts demanded from our company (generating end).

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.

Maintain and improve thermal efficiency and implement fuel conversion at thermal power plants

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 Unit 1 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, in May 2016. We also plan to begin using natural gas at Unit 3 of the same plant in August of the same year.

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

1

Solar power stations
(9 locations)

Reduction in CO₂ emissions

About **27,000**
tonnes/year



Arida Solar Power Station

2

Dashidaira dam

Reduction in CO₂ emissions

About **900**
tonnes/year

Development and dissemination of renewable energy

Like nuclear power, renewable forms of energy such as hydroelectric power, solar power, and wind power emit no CO₂ when generating power, making them effective energy sources for preventing global warming. 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 2016, 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.

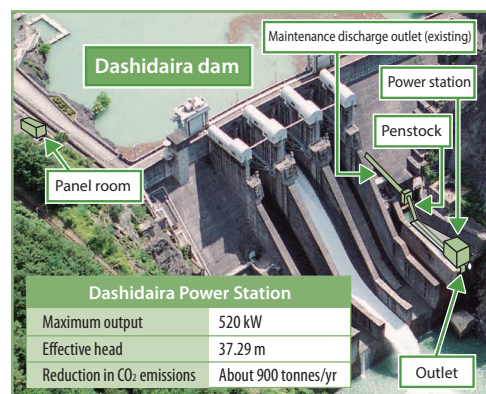
We are also promoting the adoption of this energy by accommodating a system of feed-in tariff of renewable energy. In short, by utilizing a good balance of varied energy sources, we are helping to lower the carbon intensity of electric power. The electricity generated by solar and wind power fluctuates 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 1

In October 2015, Kanden Energy Solution Co., Inc. (Kenes) began operation of the Arida Solar Power Station (29,700 kW output) in Arida City, Wakayama Prefecture. Under construction is the Shiso Solar Power Station (1,980 kW; scheduled to begin operation in September 2016) in Shiso City, Hyogo Prefecture. Including these, our Group operates solar power plants in nine locations in total, resulting in a total expected reduction in CO₂ emissions of 27,000 tonnes/year.

Development of hydroelectric power generation 2

In November 2015, the Dashidaira Power Station (520 kW maximum output) began operation in Unazuki, Kurobe City, Toyama Prefecture as our 152nd hydroelectric power plant.



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.

■ Wind power development ³

In the city of Tahara, Aichi Prefecture, Kenes' Tahara No. 4 Wind Power Station (6,000 kW [2,000 kW × 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.

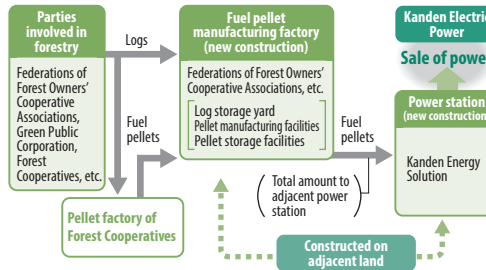


Tahara No. 4 Wind Power Station

■ Development of biomass power generation ⁴

Kenes is planning a wood pellet biomass fuel project in collaboration with Hyogo Prefecture, the City of Asago, the Hyogo Prefectural Federations of Forest Owners' Cooperative Associations, and Hyogo Midori Kosha (Green Public Corporation). As result, we can expect CO₂ emissions to be reduced by about 24,000 tonnes/year.

● Biomass Project in the City of Asago, Hyogo Prefecture



³ Wind power station (2 locations)
Reduction in CO₂ emissions
About **19,000** tonnes/year

⁴ Asago, Hyogo Biomass power station
Reduction in CO₂ emissions
About **24,000** tonnes/year

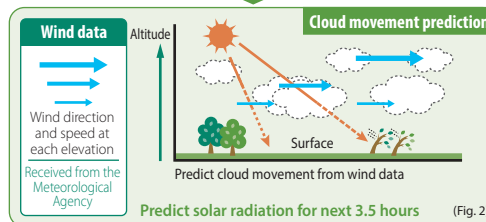
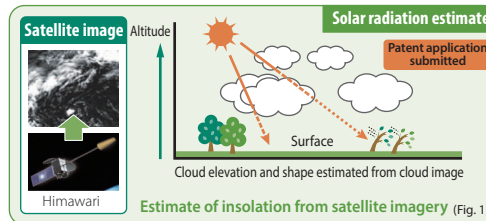
Technical development efforts

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.

|| 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 heights and shapes of clouds from cloud images captured by weather satellites and estimates the solar radiation strength on the Earth's surface (Fig. 1). In addition, it calculates the movement of the clouds by analyzing the data with wind data at each altitude (Fig. 2) and predicts the amount of solar radiation in 3-minute intervals for 1 km grid units up to 3.5 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, we are contributing to the adoption of photovoltaic power generation and are contributing to the emergence of a low-carbon society.

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

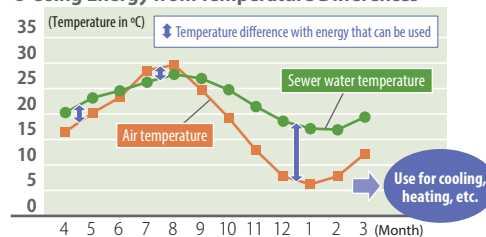


|| Utilizing wastewater heat from basin-wide sewer pipes

Since fiscal 2015 we have been conducting joint research with Shiga Prefecture, Sekisui Chemical Co., Ltd. and Nihon Suido Consultants Co., Ltd. on the feasibility of using sewage heat from basin-wide sewer pipes* in Shiga Prefecture to provide heat to private industrial facilities. This is the first joint government-private research project in Japan that uses sewage in basin-wide sewer pipes as a heat source with industrial facilities as the users. If this can be realized, we expect that it will lead to increased utilization of a previously unused energy

resource and serve to reduce greenhouse gases and cut lighting and heating costs for customers.

● Using Energy from Temperature Differences



* Basin-wide sewer pipes are large pipes that receive sewage from multiple public sewers and carry high volumes.

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.

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.

Publishing energy-efficiency information via website and brochure

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

Through energy management at business locations, we achieved a

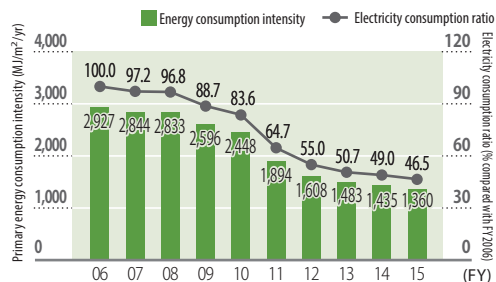
53%
reduction

compared to fiscal 2006

Energy management at business locations

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 Locations 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

KEPCO Building (headquarters) Received "10 Year Award" from the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan

In May 2016, our continuous efforts to improve the energy performance and operation of our headquarters building in the 10 years since construction was completed received a high evaluation. The energy consumption in the 10th year was about 32 percent less than in the year of completion, achieving energy conservation comparable to a new building. In addition, the Kansai Denryoku Hospital also received a "Technology Promotion Award" from the same organization.

Our headquarters building was also recognized as the first "Building with High Energy Conservation Performance" in the "Osaka Prefecture Energy Conservation Level Determination System."



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

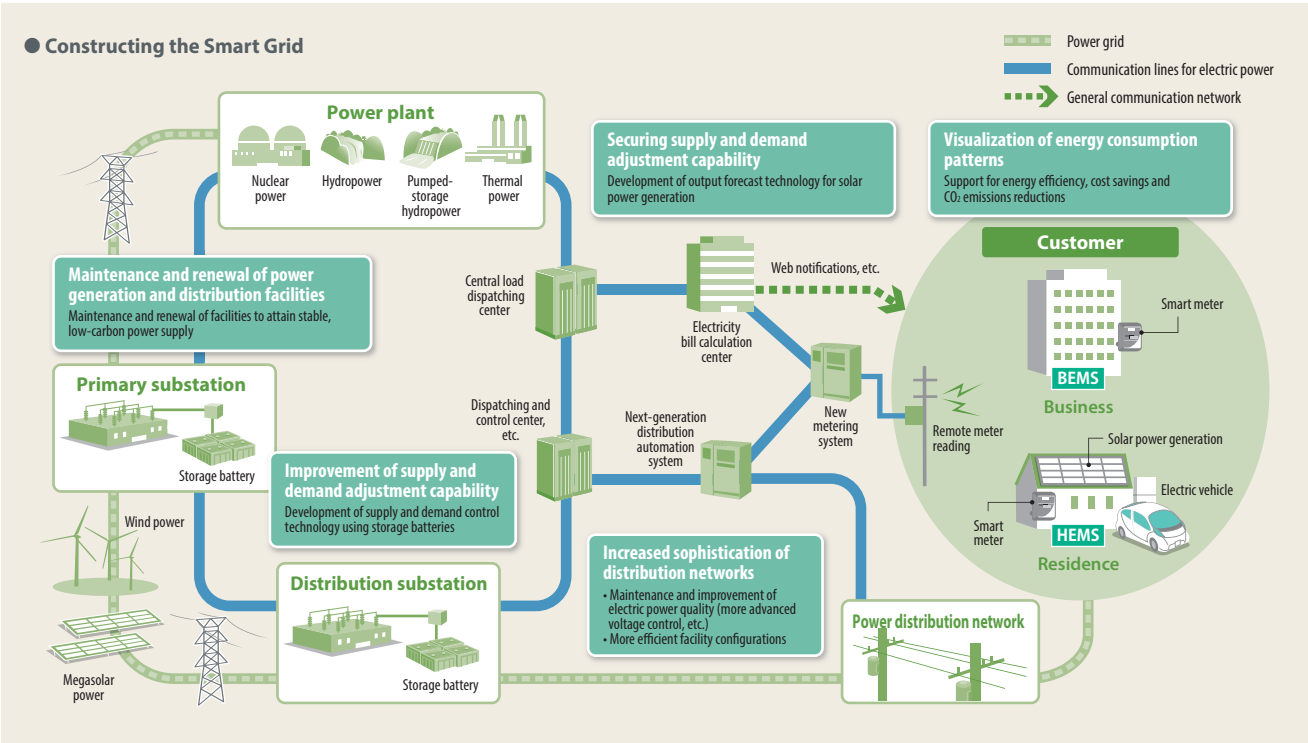
By the end of fiscal 2015, we had installed approximately 5.55 million smart meters for residences and other customers who receive low-voltage power. These meters, which have communication functions, can measure and record the amount of electricity a customer uses every 30 minutes. We will advance our plan to install these 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 changes to new rate options and makes meter reading work more efficient. Through this endeavor, which leads the nation, we are improving usability for customers by enabling 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).

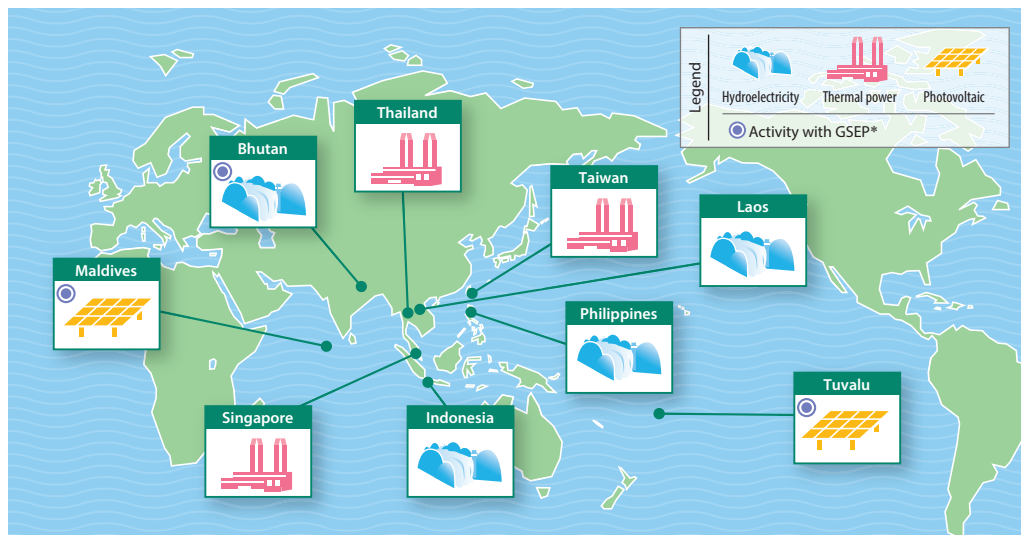
2 Number of smart meters installed (for customers who receive low-voltage power)

About 5.55 million



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.



*GSEP:
The Global Sustainable Electricity Partnership is an organization in which the world's leading power companies exchange ideas about the environment, including global warming, and development.

1 Republic of Maldives
Solar power generation

Reduction in CO₂ emissions

About 50 tonnes/year

Popularization of solar power generation overseas 1

In 2016, as an activity of the Global Sustainable Electricity Partnership, we built a 40 kW solar power generation facility on Dhiffushi Island in the Republic of Maldives. In this project, we installed an ice-making machine to support the fishing industry, which is one of the main industries of the island, and to control the amount of power generated by solar radiation. This arrangement balances power generation and electricity use by running the machine when power generation is relatively high. Through this effort, we expect that about 50 tonnes of CO₂ can be reduced per year. Hopes are also high for this model project as an example that can be reproduced on other islands.



Solar power generation facility and ice-making machine we installed

Value chain efforts

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

Fuel value chain 2

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 expect to complete 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.

2 LNG FUKUROKUJU

Fuel consumption (compared to previous ships with the same forms)

About 25% less



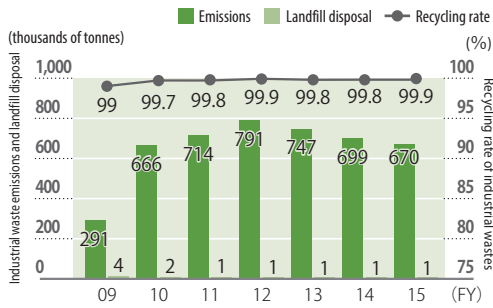
LNG FUKUROKUJU

Initiatives contributing to the emergence of a society committed to recycling

Efforts to achieve zero emissions

The principal types of industrial waste generated by Kansai Electric Power include coal ash from coal-fired thermal power plants and concrete pole fragments remaining from power grid construction. We have targeted an industrial waste recycling rate of at least 99.5% with the goal of achieving zero emissions. We achieved a 99.9% recycling rate in fiscal 2015, which marks the sixth 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	99.6%	Metal recovery
Demolition debris (Waste concrete utility poles, etc.)	99.9%	Roadbed materials
Soot (Coal ash, heavy oil ash, etc.)	100%	Cement raw materials
Sludge (Desulfogypsum, wastewater processing sludge, etc.)	99.7%	Construction materials
Cinders (Coal ash, heavy oil ash, etc.)	100%	Rare metal recovery
Waste oil	99.9%	Fuel

Industrial waste recycling rate

99.9%

Recycling of coal ash

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



Fly ash

Polychlorinated biphenyl (PCB) waste processing

Kansai Electric Power complies strictly with the Law Concerning Special Measures Against PCB* Waste and related laws, and promotes safe, reliable disposal based on the special characteristics of the PCB waste involved. Kansai Electric Power uses a range of methods for dealing with the disposal of electrical equipment containing minute amounts of PCBs. We established the Recycling Center for Utility Pole Transformers to render insulating oil and transformer cases harmless and suitable for recycling. At the end of July 2015, we completed processing of stored insulating oil and transformer cases. For other equipment, we are promoting effective processing using technologies from our Group companies. In keeping with government plans, we have commissioned Japan Environmental Storage & Safety Corporation (JESCO) to process waste containing high concentrations of PCB insulating oil.

Initiatives of our Group companies

In July 2013, the Minister of the Environment granted KANDEN GEO-RE Inc. the nation's first authorization for decontamination treatment at its contaminated soil processing facility. The company treats oil contaminated with low concentrations of PCBs in its high-temperature thermal treatment facility (rotary kiln) for purifying contaminated soil. Regarding PCB-contaminated soil, the company acquired a permit under the oil Contamination Countermeasures Law in July 2014 and is now offering decontamination treatment. In May 2014, the Minister of the Environment granted Kanden Engineering Corporation a decontamination treatment permit for minute amounts of PCBs in discarded electrical equipment; this was the first permit in Japan used for movable solvent-based cleaning technology. The company conducts safe and economical decontamination and treatment without requiring that the contaminated equipment be moved or dismantled. In the future, our Group will continue contributing to the advancement of PCB processing in Japan.



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

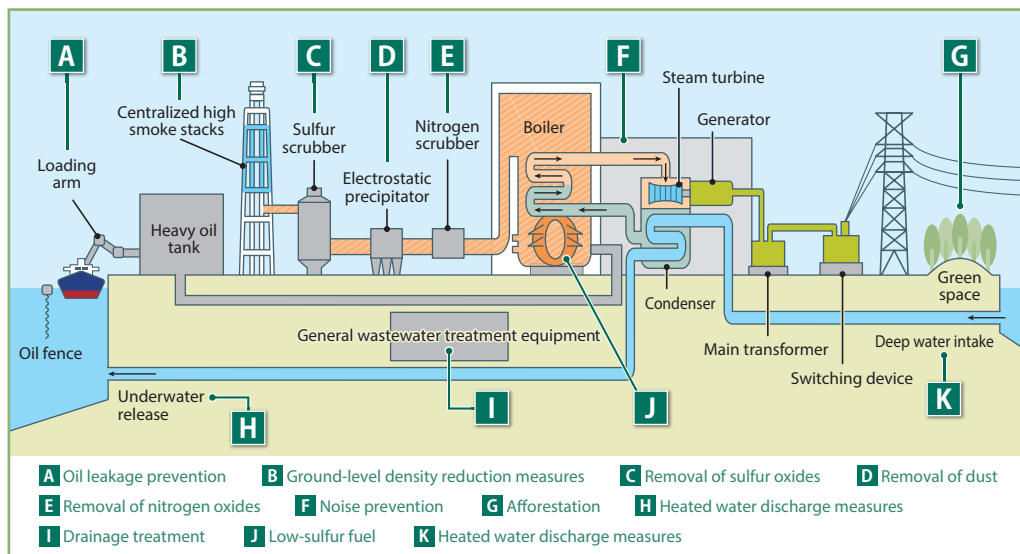
* PCB: Initialism for polychlorinated biphenyl. It is a strong electrical insulator and has been used as an insulating oil in electrical transformers. Because it has an adverse environmental impact, its production and use have been prohibited in principle.

Promotion of community environmental protection measures

Environmental protection measures at power plants

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

Environmental Measures Adopted at Thermal Power Stations

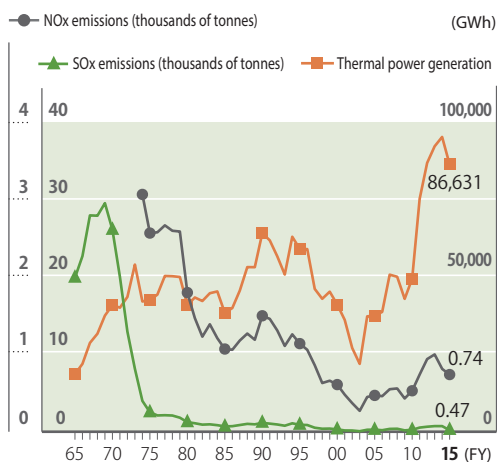


Air pollution prevention measures (NOx, SOx, soot)

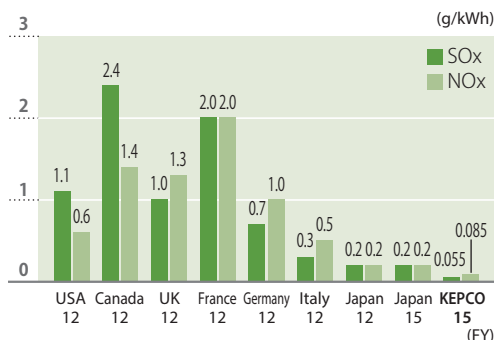
Kansai Electric Power has implemented measures aimed at reducing the volume of SOx (sulfur oxides) emitted by our thermal power plants by using low-sulfur fuels, installing sulfur scrubbers, and other measures. To address the issue of NOx (nitrogen oxides), we are taking steps to lower emission levels, such as improving combustion methods and installing nitrogen scrubbers. As a result, our SOx and NOx emissions per unit of electric power generated are significantly lower than those of the major countries of Europe and North America, remaining among the lowest in the world. In addition, we have installed high-performance electrostatic precipitator that dramatically cut soot emissions.

① Lowest level worldwide SOx emissions (per unit of power from thermal power generation)
0.055g/kWh
 NOx emissions (per unit of power from thermal power generation)
0.085g/kWh

Thermal Power Generation and SOx and NOx Emissions



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



Source: Overseas: Emission amounts: OECD.StatExtracts Complete databases available via OECD's iLibrary
 Amounts of electric power generation: IEA, Energy Balances of OECD Countries 2014 Edition
 Japan figures: Federation of Electrical Power Companies of Japan (10 electric power companies and Electric Power Development Co., Ltd.)

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, 2016)

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

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.

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.



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

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.



Local preschoolers planting seed potatoes (Gobo City, Wakayama Prefecture)

Offering environmental education contents

We are offering contents on a website that we hope will encourage the next generation and their family members to understand environmental issues as issues that matter to them and inspire independent actions through contents that allow them to learn enjoyably and that can also be utilized in independent research, for example.



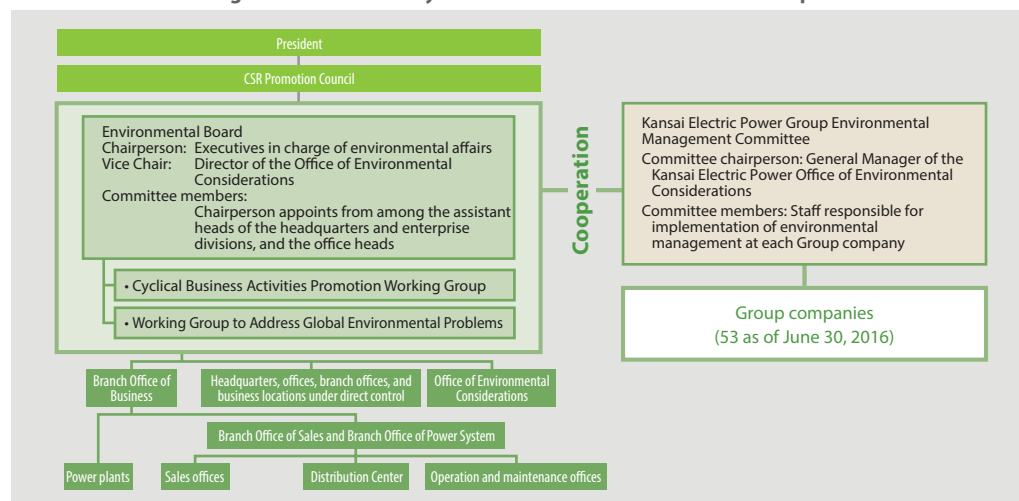
Supervised by Manabu Ishiwata Sensei, the first "environmental performer" in Japan (certified by the Ministry of the Environment)

|| Promoting environmental management

■ Promoting environmental management on a Group wide basis

In an effort to reduce environmental impacts and environmental risks, we have begun establishing an environmental management promotion system across the entire Group. Kansai Electric Power has established an Environmental Board within its CSR Promotion Council. For the Group, we have established the Kansai Electric Power Group Environmental Management Committee, and are working to develop Eco Action measures and implement Check and Review, as well as comply with environmental law and other regulations.

● Environmental Management Promotion System of the Kansai Electric Power Group



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

Item	Results for FY 2014*	FY 2015		Evaluation (Reasons for increase/reduction)
		Targets	Results*	
Reducing office electricity consumption	55.8 GWh	Continuing energy conservation efforts	57.8 million kWh (3.50% increase)	Despite the energy conservation efforts of individual offices, Group consumption of electricity increased slightly year-on-year due to business expansion.
Reducing office water consumption	261,300 m ³	Reduce as much as possible	256,300 m ³ (1.92% reduction)	As a result of water conservation efforts at individual offices, year-on-year Group water consumption declined overall.
Improving fuel efficiency of company vehicles	9.17 km/L	Increase as much as possible	9.11 km/L (0.65% decrease)	Despite each company having strictly enforced the practices of "eco" driving and stopping engine idling, as well as adopting vehicles with high fuel economy, fuel efficiency worsened slightly compared to the previous fiscal year because of factors that include changes in the rate of operation of vehicles due to business needs.
Reducing printer paper consumption	964.3 t	Reduce as much as possible	959.9 t (0.45% decrease)	Though the amount increased in some companies due to greater work volume, the amount reduced overall compared to the previous fiscal year by making efforts, such as the use of double-sided copies and electronic documents for meetings.
Green procurement of printer paper	86.7% green procurement rate	100% green procurement rate	86.8% purchase rate (0.14% increase)	The rate improved compared to the previous fiscal year through our conscious efforts. As in the previous fiscal year, 90% of all of the companies achieved a 100% green procurement rate. Furthermore, one more company achieved 100% green procurement for the first time.

* The calculation of results covers 44 companies in FY 2014 and FY 2015. Parentheses () show comparisons with the previous fiscal year.

■ Observance of laws and regulations

In July 2015, at the Ako Power Station, a large quantity of jellyfish flowed into the water intake, reducing the amount of intaken seawater, which is used to cool steam. This caused the difference in temperature between the water intake and output to exceed the agreed environmental protection value (press release issued). In addition, during the same month, while building an expansion of a wireless relay station in the mountains of Shiga Prefecture, we created a work yard that exceeded the extent permitted based on the Natural Parks Act. As soon as we identified these issues, we immediately reported to the relevant government offices and have since been implementing thorough in-house recurrence prevention measures.

■ Incorporation of electronic manifests

With goals that include ensuring compliance in the processing of industrial wastes, we are planning to incorporate and expand electronic manifest systems.

Some initiatives of the Kansai Electric Power Group

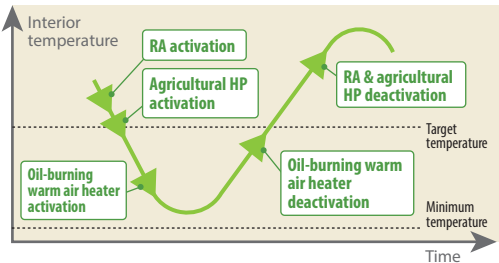
Our Group has undertaken a variety of environmental initiatives by combining the technological capabilities of individual companies and the management resources of our entire Group.

The General Environmental Technos Co., Ltd.

Developing energy conservation technologies for air-conditioning in horticulture greenhouse facilities

As research under contract from Kansai Electric Power, The General Environmental Technos Co., Ltd. is undertaking the development of energy conservation technologies for air-conditioning in horticulture greenhouse facilities. Oil-burning warm air heaters are mainly used for heating in horticulture greenhouses. Since the period of sudden oil price increases, however, electric air-conditioning systems have been receiving attention. They focused on household room air conditioners (RA), which are inexpensive and highly efficient, and tried to build an inexpensive hybrid system that combines them with oil-burning warm air heaters. In empirical testing in a tomato cultivation greenhouse in Takahama, Fukui Prefecture, they achieved the target of reducing costs by more than 40%. They did this by increasing the operation rate of an agricultural heat pump (HP) through the installation of ducts on its top section and by aiming to keep the temperature constant with improved duct opening rate of the oil-burning warm air heater.

● Equipment Operation Illustration



The Kanden L & A Co., Ltd.

Effective reuse of used insulators

The Kanden L & A Co., Ltd. recycles industrial waste with a focus on used insulators. Conventionally, scrap insulators have been limited to use as a roadbed material after crushing because of the sharp edges that remain. However, we collaborated with Kanden L & A in developing a grinder that eliminates such sharp edges; as a result, crushed insulators can now be used as landscaping stone for residential use. At the fiscal 2015 Awards for Resource-Recycling Technologies and Systems, this technology received a Ministry of Economy, Trade and Industry Technology Environmental Director General Award. Moreover, in cooperation with Kindai University, this company confirmed that mixing crushed insulators with asphalt pavement had the effect of lowering road surface temperatures in the summer compared to ordinary paving materials. As a heat island countermeasure, it is expected to contribute to protecting the environment, and work has begun to utilize it on the marathon course for the Tokyo Olympics.



3



Proactive Contributions to Development of Local Communities



CSR Action Principles

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.

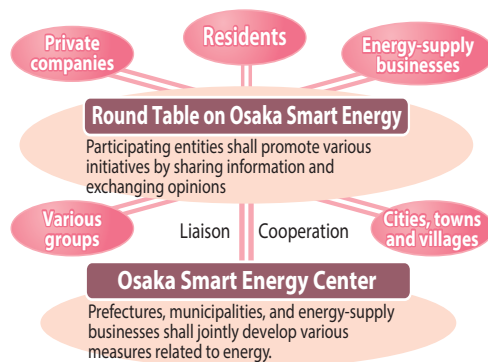
Participating in meetings of various energy-related organizations

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

Meeting record

Participation in the Round Table on Osaka Smart Energy

10 times



Active disclosure at administrative meetings and regular reporting meetings

We are participating in, for example, governmental assemblies such as the meetings of members of the Union of Kansai Governments and the Nara Prefecture Energy Conservation Conference. In addition to explaining the state of power supply and demand, we also receive a variety of opinions and otherwise exchanging information.



Nara Prefecture Energy Conservation Conference

Meeting record

Meeting of members of the Union of Kansai Governments

attended 3 times, presented data 5 times

Nara Prefecture Energy Conservation Conference

attended 2 times, presented data 2 times

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.

Meeting record

Clarifying promotional activities to local governments

5,500 times



Opinion exchange with government office

Initiatives to assist local communities

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.

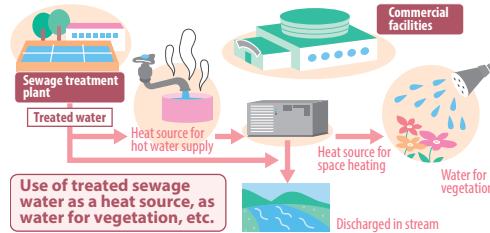
Contributing to the emergence of Smart Communities ¹

To meet the expectations of customers and local communities for regional revitalization, Kansai Electric Power is participating in the Smart Community efforts of local governments and other local entities aiming to increase energy efficiency in all areas and developing initiatives incorporating renewable energy. We are employing our accumulated expertise in the electric power industry and are engaged in a range of concrete initiatives to make this concept a reality.

Specifically, we are advancing, for example, new efforts that utilize the knowledge we have gained from participating in the areawide use of energy in the southern part of Expo Commemoration Park in Suita City, which utilizes solar power generation and storage batteries, and the Keihanna Eco City Next-Generation

Energy and Social Systems Demonstration Project, which uses water recovered from sewage both as a heat source and as a water resource in the Teppo-cho district of Sakai City.

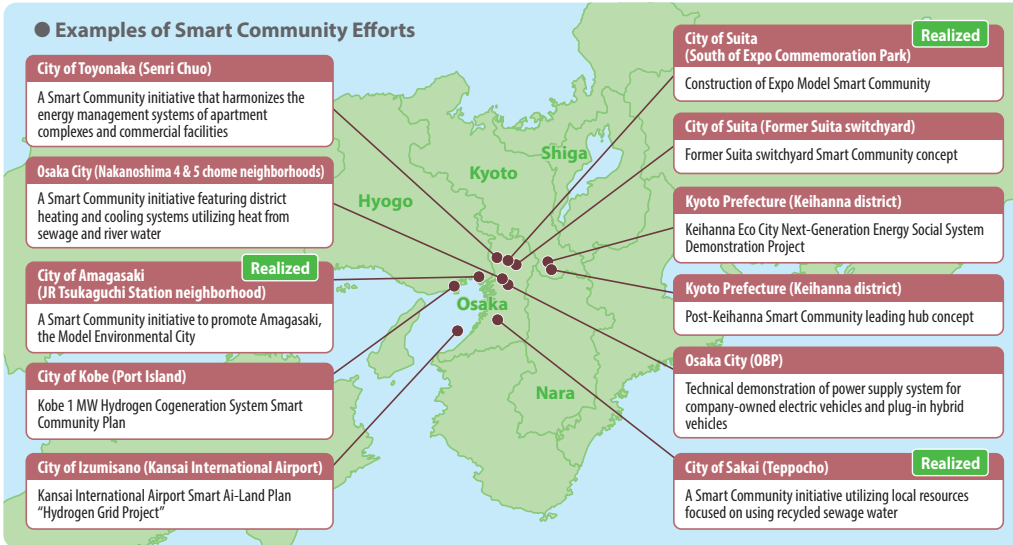
The Town's Concept of Utilizing Treated Sewage Water



¹ Number of smart communities that have realized this concept (As of the end of June 2016)

3

Examples of Smart Community Efforts



Community development activities in urban areas of Osaka ²

Kansai Electric Power has been making both infrastructure and organizational contributions to community development activities in urban Osaka. These include our activities on Nakanoshima Island in Osaka, where our head office is located.

Kansai Electric Power serves as the secretariat of the Round Table on the Future of Nakanoshima, an organization that examines prospects for further development and vitalization of Nakanoshima. The organization is promoting a variety of urban renewal initiatives such as the realization of the Nakanoshima Urban Renewal Concept formulated in 2013 in collaboration with 29 enterprises (as of June 2016) including entities holding land rights in the district.

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.

²



Overview of Nakanoshima (Kita-ku district of Osaka)

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.



Inspecting electrical equipment at Sumiyoshi Shrine (Akashi City, Hyogo Prefecture)

Helping local residents beautify their surroundings

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



Cleanup around Iwashimizu Hachimangu Shrine (Yawata City, Kyoto Prefecture)

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 Tenpyo Festival at Heijō-kyō (Nara City, Nara Prefecture)

Collabo Art 21 exhibit of art by handicapped persons

Since 2001, Kansai Electric Power has been holding the Collabo Art 21, an exhibit that provides an opportunity for individuals with disabilities to display their works. Visitors can appreciate the art and sense the potential of the artists. Works selected for exhibiting can also be seen on our website.



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

Support for employees engaged in social contribution activities

To support employees engaged in community activities or volunteer programs, we established a volunteer time-off program, among other initiatives. We published a Social Contribution website on our company web portal that provides enhanced information on the activities of volunteers and various workplaces.

1 System

● Volunteer time-off program

This system allows employees, 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 sabbatical program

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

2 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.

1

- Volunteer time-off program

Participation:

66
instances totaling
158 days

- Volunteer sabbatical program (Fiscal 1992–2015 results)

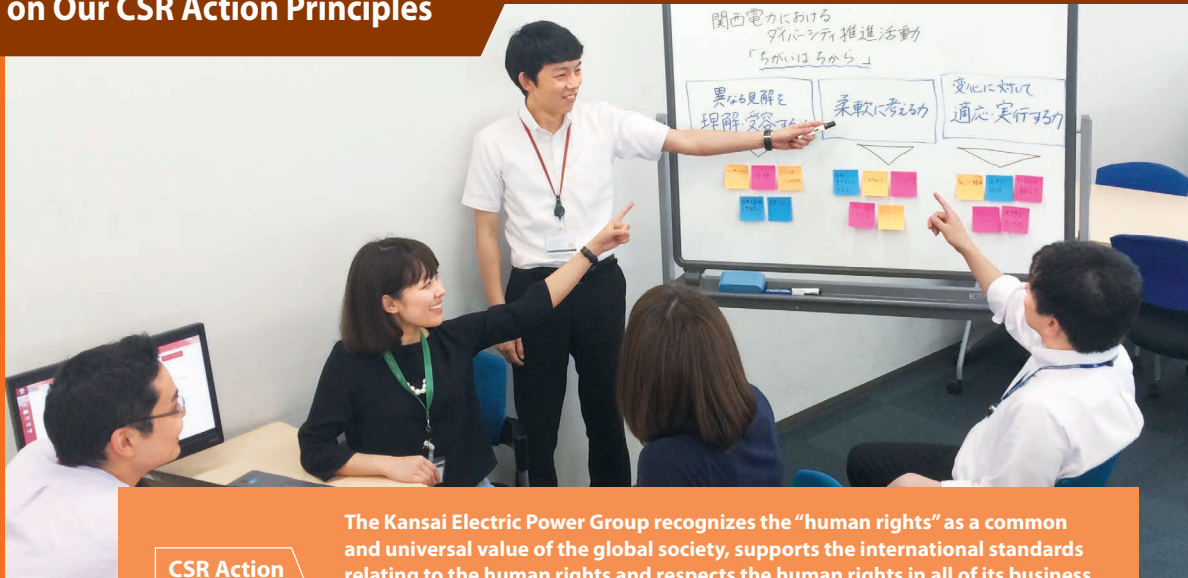
Approved:

17 instances

4



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



CSR Action Principles

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.

4



Respect for human rights

Basic policy

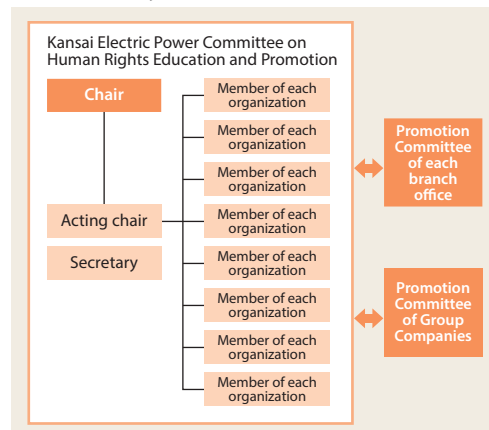
Based on the recognition that respect for human rights is essential to every business activity, we are proactively striving to create a corporate culture that “neither discriminates nor permits discrimination” and to realize “a society grounded in human rights.”

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



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 2015, a total of 20,620 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
Executive human rights training (Business management and human rights)	Chairman, president, executive management	60
Human rights lecture (Anger management to prevent power harassment)	Upper management, promotion members, officers and others	170
Harassment counselor training	Persons in charge of consultation desks	22
Trainings related to topics including the Disability Discrimination Act	Executive management, all employees	18,602
Training to promote LGBT understanding	Managers and others responsible for personnel and labor	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 Human Rights Council of Corporate Enterprises and other liaison group organizations, including those of the national and local governments.

Promoting employment diversity and creating comfortable workplaces

Efforts to promote diversity

Kansai Electric Power's diversity goals

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

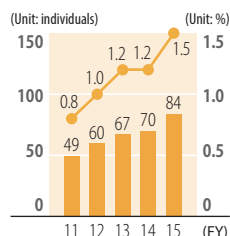
- By respecting the "differences" of each individual and making diverse senses of value and ways of thinking into sources of strength for the organization, we will realize a competitive corporate group that creates new value.
- We seek to realize ways of working and to cultivate workplace environments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

1

Numbers of female employees hired and female executives*

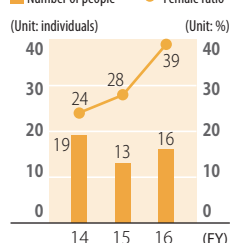
Number of female managers (ratio)

Number of females in managerial positions
Female ratio



Number of female hires for office positions (ratio)

Number of people
Female ratio



*Excludes medical staff and transportation staff

*Executives include positions equivalent to chief clerk and higher

2

Status of major system use

- Rate of paid leave utilization

95.6%

(Ordinary employees only)

- Rate of childrearing leave utilization

100%

- Rate of paternity leave utilization

76.4%

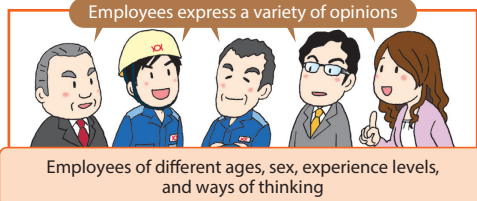
Improvements Achieved by the Organization

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

Efforts for the creation of workplaces where working is easy

Advancing innovations in ways of working 2

We are seeking to both improve productivity and balance work and private life by preparing flexible work systems and ingraining effective working methods with "on" and "off" rhythms.

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
Family care leave	Can be utilized within 3 years or for a total of 93 days.
Shortened work hours (for child care)	Can be utilized until the child starts elementary school
Shortened work hours (for family care)	Time necessary for family care
f-Staff system	A system for rehiring workers who previously left their job to have a child, raise children, or care for a family member

Initiatives to encourage the further success of female employees 1

We support a woman's ability to make an ongoing contribution to the organization by nurturing her ability to develop through her work and through self-growth. We are also engaged in improving working conditions so that women can continue working with high motivation through the various stages of life. Moreover, our company supports and has signed the Women's Empowerment Principles, which were created by UN Women and the United Nations Global Compact. In addition, we were recognized as a "Leading Company with Actively Participating Women in Osaka City," and received the fiscal 2015 Mayor's Commendation For Excellence Award in March 2015.

Targets for female employment

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

Maintenance of stable labor and management relations

Kansai Electric Power has concluded union shop agreements with the Kansai Electric Power Labor Union toward the shared goal of improving company productivity accompanied by improved labor conditions. We have built good labor/management relations based on a strong foundation of trust throughout our long history.

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 2.36% as of June 2016, 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.



Training our employees

|| Policies

At the Kansai Electric Power Group, we understand that our employees are the driving force behind all our business activities and that their growth leads to the growth of the corporate group. For this reason, we have established our Ability Development Basic Plan, under which we are actively advancing efforts that effectively cultivate our personnel.

Specifically, we are working to create atmospheres in all our workplaces where everyone “thinks and thinks together” by implementing training programs targeting different roles and abilities, promoting on-the-job training (OJT) and supporting self-development.

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

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

|| Specific initiatives

■ Group training attuned to roles and abilities

At Our Group, we have arranged a training system that allows employees to receive lessons at suitable times.



General training



Specialist training

These include General Training programs designed for changing roles and extending abilities and Specialist Training programs designed for different specialties and ability levels. Moreover, we are seeking to improve training in support of female empowerment. Furthermore, we are also implementing skill presentations and other trainings that should motivate both independent and group efforts to improve by acquiring new skills.

■ Promoting OJT in the workplace

Appropriate instruction and advice from supervisors and more experienced employees is crucial in conducting effective on-the-job training. For this reason, in addition to improving various texts and manuals in our technical departments, we are maintaining a Skill Record System that identifies and records the specialty skill attainment status of each person. This system is utilized not only for OJT, but also for preparing training plans and for undertaking independent self-improvement.

■ Supporting the self-directed growth of all employees ③

Sustaining the “independent desire to learn” in each employee is extremely important, and we have prepared a variety of support measures to do so. In addition, “challenge trainings” and some 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.
Challenge training	The purpose of these trainings, which require participants to apply, is undertaking voluntary efforts to gain specialized abilities and increase expertise in a wide range of fields.
Encouragement for outside correspondence education	Periodic encouragement for correspondence education has the goals of developing work execution abilities and increasing general education.

③ Number of training participants

● Group training
43,445 people

● Challenge training
1,391 people

● Personnel cultivation system

Ability development category	Technical skill level	General staff					Managers and supervisors					
		Base level		Application level	Advanced level				Managers and supervisors			
Group training	General training	● New employee training	● Stage 1 general training	● Stage 2 general training	● Stage 3 general training	● Business employee training	● Deputy director step-up training	● Training of newly assigned officers	● Follow-up training of newly assigned officers	● Training of assistant managers	● Section manager of frontline workplace training	● Training of head office managers (leadership etc.)
	Specialist training	● Division-specific education (skill training / work knowledge training / expert theory training)										
On-the-job training		● OJT										
Self-development support		● Domestic and foreign deployment training system (career advancement training)										
		● Determination of grade ability ● external correspondence course ● deputy director challenge ● e-learning ● challenge training etc.										

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.

2015 Kansai Electric Power Safety and Health Activity Guidelines: Priority Measures

Safety

- ① Raise risk sensitivity and safety behaviors that also protect colleagues
- ② Promote reciprocal safety activities with business partners through awareness-raising
- ③ Thoroughly commit to safe operation of vehicles

Health

- ① Employee self-monitoring to prevent illness and promote health maintenance and improvement
- ② Maintain and promote workplace environments where watchfulness, attentiveness and thoughtfulness are thoroughly ingrained
- ③ Enhance support systems by increasing coordination among managers, supervisors and health staff on the front line

■ Safety and Health Committee meetings

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

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

With the goal of ensuring safety and health during periods of intense heat, we hold a company-wide Safety and Health Stress Campaign every year for two months beginning in July.

In early July, we hold a Company-wide Safety and Health Meeting under the president and seek to energize employees and promote a feeling of solidarity in safety and health awareness.

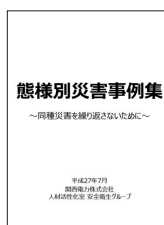


Company-wide Safety and Health Meeting

|| Specific safety efforts

■ Accident prevention measures and education

Our accident-prevention activities are aimed at achieving zero accidents. These activities include efforts to raise employee safety awareness; risk assessments; safety patrols; and TBM-KY as well as other risk-reduction activities that allow us to identify dangers and areas of concern, share information concerning them, and take remedial measures. In addition, to supplement employees' autonomous safety activities, we conduct not only safety training as required by law, but also a variety of other specialized education to strengthen and enhance our safety control structure.



Introducing examples of disasters that occurred in the past by situation

■ Thoroughly managing driver safety ①

For employees who drive company vehicles, we provide both education and training in practical skills related to safe driving based on our unique "driver

certification system." After that, we perform periodic follow-up education and training and require the passing of a driving skill test.

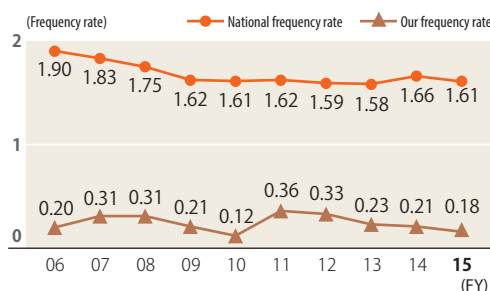
In addition, we systematically train driving instructors who instruct drivers and effectively implement safe driving management in each workplace.

■ Formulating accident recurrence prevention policies ②

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.

● Trend in Accident Frequency Rate



① Number of certified vehicle operators

About 11,000

② Accident frequency rate

0.18

Note: The 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.

Specific efforts to health

Promoting voluntary employee initiatives for mental and physical health 3

At Kansai Electric Power, we voluntarily support the mental and physical health of our employees. With our Health Information Station health care website, we provide information that contributes to the maintenance and promotion of good health. This site provides detailed advice that emphasizes physical health, such as health guidance related to exercise habits, improving one's diet, and supporting smoking cessation in order to prevent the emergence of lifestyle-related diseases.



Health Information Station health management website

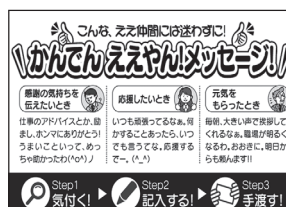
Promoting and strengthening mental health policies 4

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



Mental Health Handbook for Supervising Managers

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



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

Improving our support system

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

Responding to new strains of influenza

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

3
Number of Health Information Station page views

About 45,000

4
Rate of "self check" stress diagnosis implementation

83.9%

(as of June 2015)

5



Highly Transparent and Open Business Activities



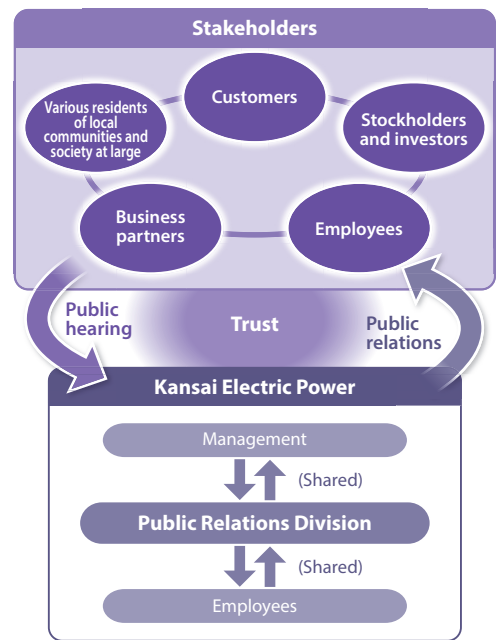
CSR Action Principles

In order to properly reflect social opinions in its business activities, to ensure fairness in the management of its business operations and to faithfully carry out its accountability to society 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.

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 released on our website

In view of the diversifying media environment, we have been investing more effort in information dissemination via the Internet. In our website renewal implemented in 2015, we added a recommendation function that separately presents top page information, and we devised improvements to allow customers to find the information they want to know quickly. We have been endeavoring to distribute information that is easy to understand while continuing to make improvements based on feedback from customers, for example.



Website

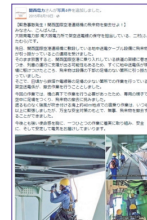


YouTube

In addition, many viewers have seen our web videos, which include an intense video taken from the

view of a worker doing transmission line work at a height of about 100 meters above ground. Another web video introduces the inside of a nuclear power plant, which is something that customers do not normally see, in a tour format.

We are also focusing efforts on the utilization of social media. On Facebook and Twitter, we provide more focused localized content such as our employees' thoughts regarding the safe, stable supply of electricity. As of May 2016, our Facebook fans had topped the 110,000 mark. Moreover, on Instagram, we are delivering heart-moving images that involve electricity as well as information that is beneficial to viewers. 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.



Facebook



Instagram

Assisting energy education for the next generation ①

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

In these lessons, we introduce the structure of the power generation and transmission system; how electricity is used; the importance of energy

conservation; and global warming issues. Using our ingenuity, we have fun with these easy-to-understand lessons.



Classroom lesson

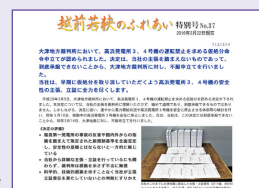
① Number of lessons given annually

455

Disclosing information on our nuclear power stations

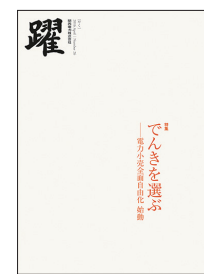
We utilize our website, newspaper advertising, and other means to disseminate information concerning our initiatives to enhance safety and reliability at our nuclear power plants. We remain committed to proactively releasing information through a variety of means to restore public trust in nuclear power generation.

Echizen Wakasa no Fureai



|| Providing information through print publications

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



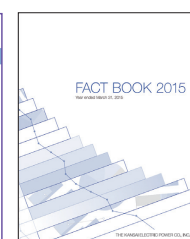
Yaku
communication magazine

|| Information for shareholders and investors

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



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



Fact Book
(published annually,
updated as needed)

|| 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 Shimbum*, 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. Additionally, we utilize our in-house video network and web portal to convey ideas and messages from management to employees as well as to communicate our management plans and other topics in easy-to-understand ways.



Commemorative Issue 1000 of
The Kansai Denryoku Shimbum

6



Strict Enforcement of Compliance



CSR Action Principles

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 a structure that should ensure actual practice thereof and will strive to maintain and improve such structure.

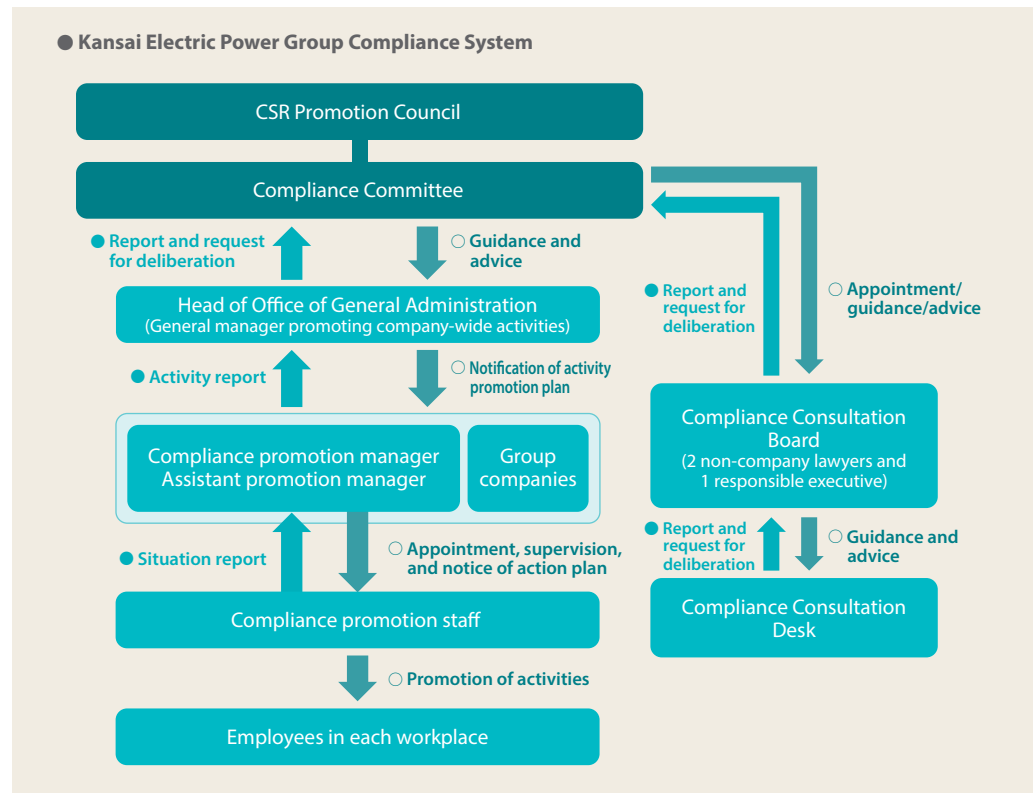
6



Promoting compliance activities with the entire group

Promoting compliance activities

In our company, the Legal Department oversees compliance activity promotion guided by the Compliance Committee, which is chaired by our president. The heads of every division and other corporate unit act as compliance promotion managers and undertake compliance activities in their units. Every workplace is autonomously implementing efforts led by their assigned compliance promotion staff.



1

Number of cases handled by the Compliance Consultation Desk

• Fiscal 2014

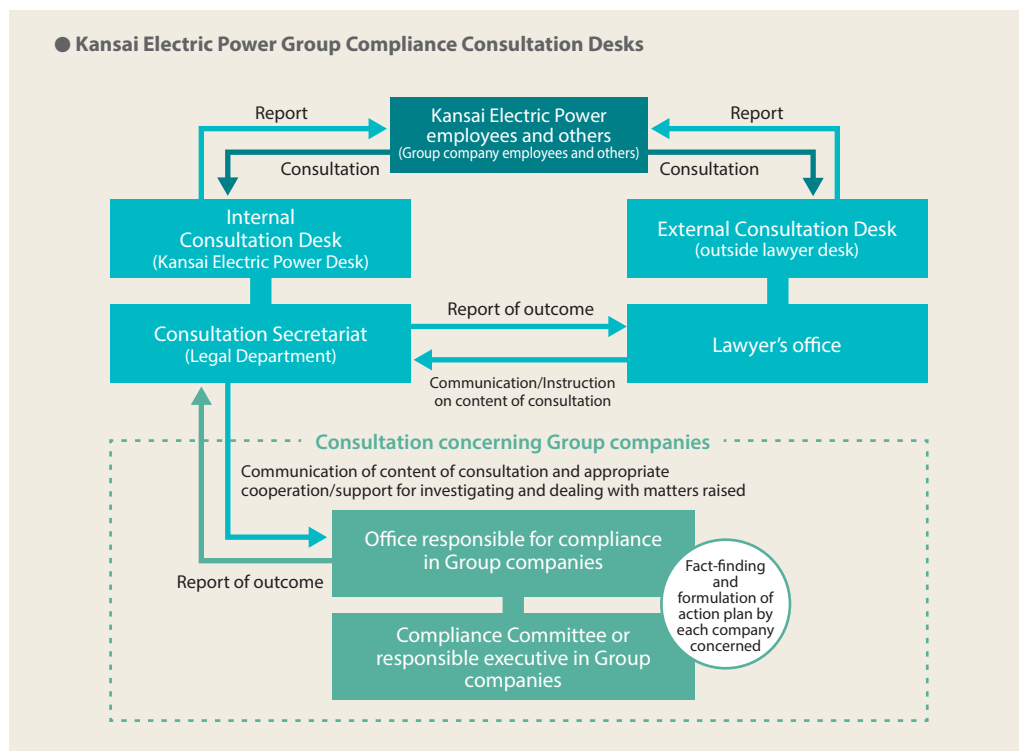
42

• Fiscal 2015

75

Compliance Consultation Desk¹

The Compliance Consultation Desk established by our company is available not only to employees of Kansai Electric Power 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 employs female consultants, for example.



2

Number of activity units conducted with the theme of compliance risk

1,316 units

Further promoting compliance with effective activities²

■ Each division initiatives

In fiscal 2015, along with our organization restructuring such as transition to a business division structure, each division undertook efforts that included identifying its own compliance risk based on its own business characteristics and past improper situations and holding workplace discussions on the themes of the serious compliance risks among these.

We also conducted discussion activities using materials such as compliance violation examples from both inside and outside the company as topics for the compliance promotion staff of each workplace. In addition, we implemented trainings that were appropriate to actual work according to the needs of each division. We are committed to developing additional initiatives to ensure effective compliance is firmly established.



Discussions with compliance promotion staff in the workplace

■ Supporting the initiatives of all group companies

In fiscal 2015, we held a Compliance Information Exchange Meeting for Group Companies and discussed compliance promotion structures and issues with each company. In addition, we also implemented On-site Compliance Trainings for group companies and worked to identify the issues of each company and support resolving them, for example. We intend to continue promoting compliance by supporting such measures among all Group companies in the future.



Compliance Information Exchange Meetings for Group Companies

Results of company-wide employee CSR questionnaire (November 2015)

Did your compliance awareness change over the past year?

Improved: 82.6%

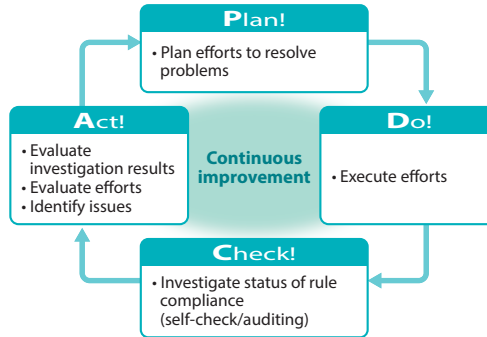
Information security initiatives

Policies

Our company possesses vast amounts of information, including customer information used for business activities and information used for the safe and stable supply of power. We believe that managing it appropriately is the duty of our company.

Moreover, considering the great expansion of threats from cyber attacks in recent years, for example, we are promoting information security management based on PDCA cycles and striving to further strengthen our efforts.

Information security PDCA cycle

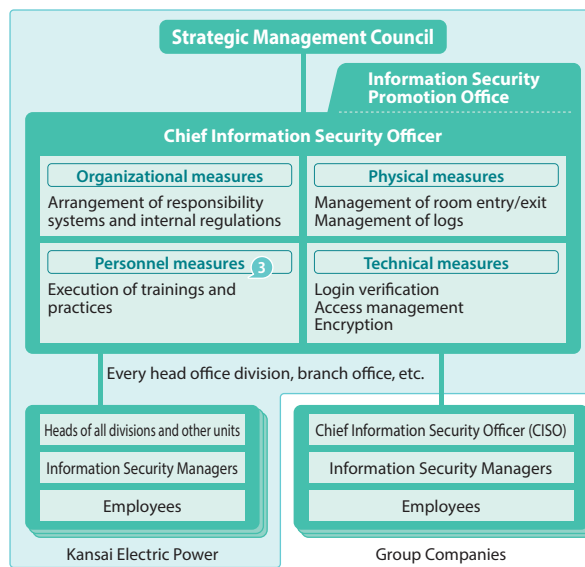


Kansai Electric Power Group information security promotion system

Our Strategic Management Council leads our corporate information security promotion system, and we deploy Information Security Managers 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.

Information security promotion system



3 Information security trainings (conducted October–November 2015)

• Number of participants

19,098

Results of company-wide employee CSR questionnaire (November 2015)

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

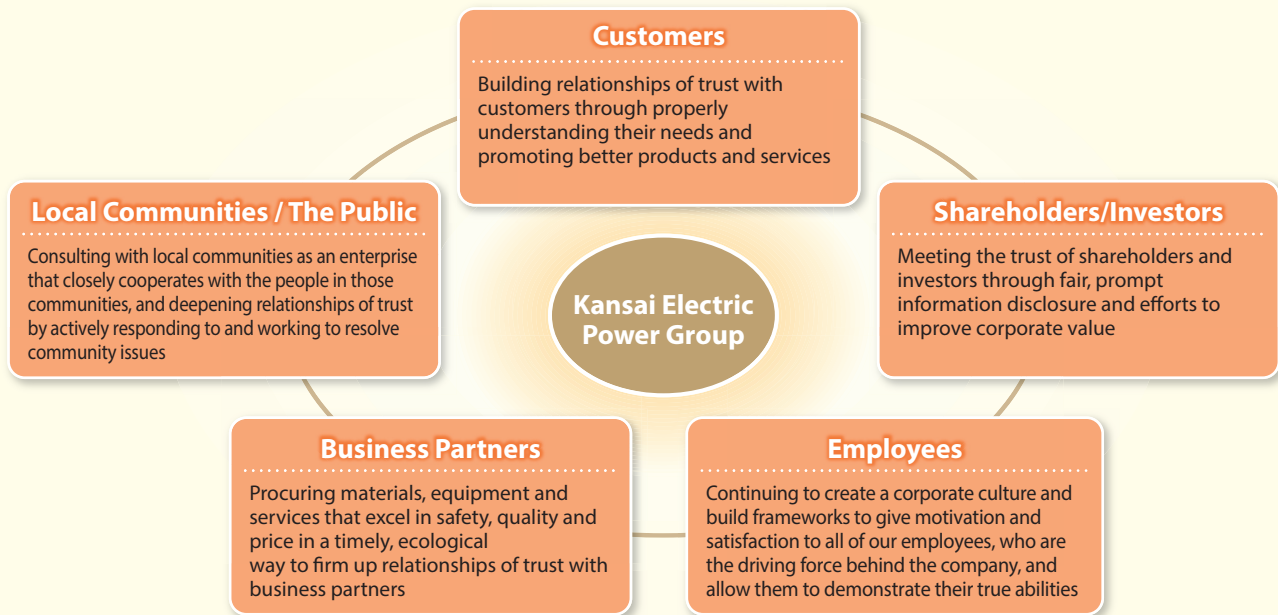
Understand: 98.3%

Initiatives for protecting personal information

We are strictly following internal rules that we prepared based on the Personal Information Protection Law and various other laws and guidelines. Furthermore, we are continuously conducting trainings for employees to prompt them to reconfirm the importance of protecting personal information. In addition, we are strengthening our technical safety measures considering the personal information leaks that have occurred and other concerns of society.

Our Relationship with Stakeholders

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



Main Stakeholders	Main Activities	
	Two-Way Communication	PR Activities
Customers	<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) ● Information newsletter <i>Watt</i> ● Electricity consumption receipt and leaflet ● Hapi e-Miruden members' website for energy saving ● Hapi e-Life navi website for energy savings information ● Use of mass media (TV commercials, newspaper ads) ● Holding various events ● Press releases ● Press conferences ● Tours of power plants and other facilities
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> ● Kansai Electric Power Group Report ● Tours of power plants and other facilities ● Participation in local government's disaster preparation drills ● Disaster Preparedness Handbook ● Kansai Electric Disaster Preparation Measures ● Participation in environmental events ● Tree-planting and beautification activities ● Offering on-site classes and on-site explanatory meetings ● Press releases ● Press conferences ● 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) ● Factbook ● Corporate information/IR information Web pages ● Kansai Electric Power Group Report
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 	<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 Shimbun</i> ● Distribution of message from president, etc. ● In-house TV ● Email magazine ● Local explanatory meetings on nuclear power safety

Kansai Electric Power Group Management and CSR

To help the Group continue to fulfill its unchanging mission of “serving customers and communities,” Kansai Electric Power positions CSR, a firmly held value of the entire Group, as a core conviction, reflecting how the Group has in the past and will continue in the future to approach management from a solid foundation of CSR.

	1950s and 1960s	1989–2008	2009–
Major events	1951 ▼KEPCO launched upon restructuring of power business	2000 ▼Liberalization of retail market begins 2004 ▼Increased liberalization of retail power (high voltage) ▼Mihama Nuclear Power Station Unit 3 secondary pipe failure	2011 ▼Great East Japan earthquake April 2016 ▼Full liberalization of the energy retail market begins
Philosophy and Vision	1951 <ul style="list-style-type: none"> ● “Maedaregake Spirit” (the spirit of consideration for and service to others) ● Corporate Creed “good sense, diligence, friendship” 1964 <ul style="list-style-type: none"> ● Establishment of Kansai Electric Power service 	Various management policies, etc. March 2004 <ul style="list-style-type: none"> ● Kansai Electric Power Group Management Vision No. 1 in customer satisfaction among suppliers 	March 2016 <ul style="list-style-type: none"> ○ Management Philosophy ○ Guidelines for Action Kansai Electric Power Group Vision
CSR		March 2004 <ul style="list-style-type: none"> ● Kansai Electric Power Group CSR Action Charter May 2005 <ul style="list-style-type: none"> ● Kansai Electric Power Group CSR Action Standards 	March 2016 <ul style="list-style-type: none"> ○ Kansai Electric Power Group CSR Action Charter
Main activities and efforts		April 2004 <ul style="list-style-type: none"> ● 1st CSR Promotion Council held December 2005 <ul style="list-style-type: none"> ● CSR Promotion Group established and full-time system created ● Key CSR staff appointed 	March 2014 <ul style="list-style-type: none"> ● 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

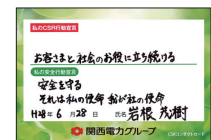
business activities and fulfills its corporate social responsibilities as an enterprise based on its six CSR Action Principles. (For the original text of the principles, see page 24.)

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.



Conduct Card



President's Action Declaration

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

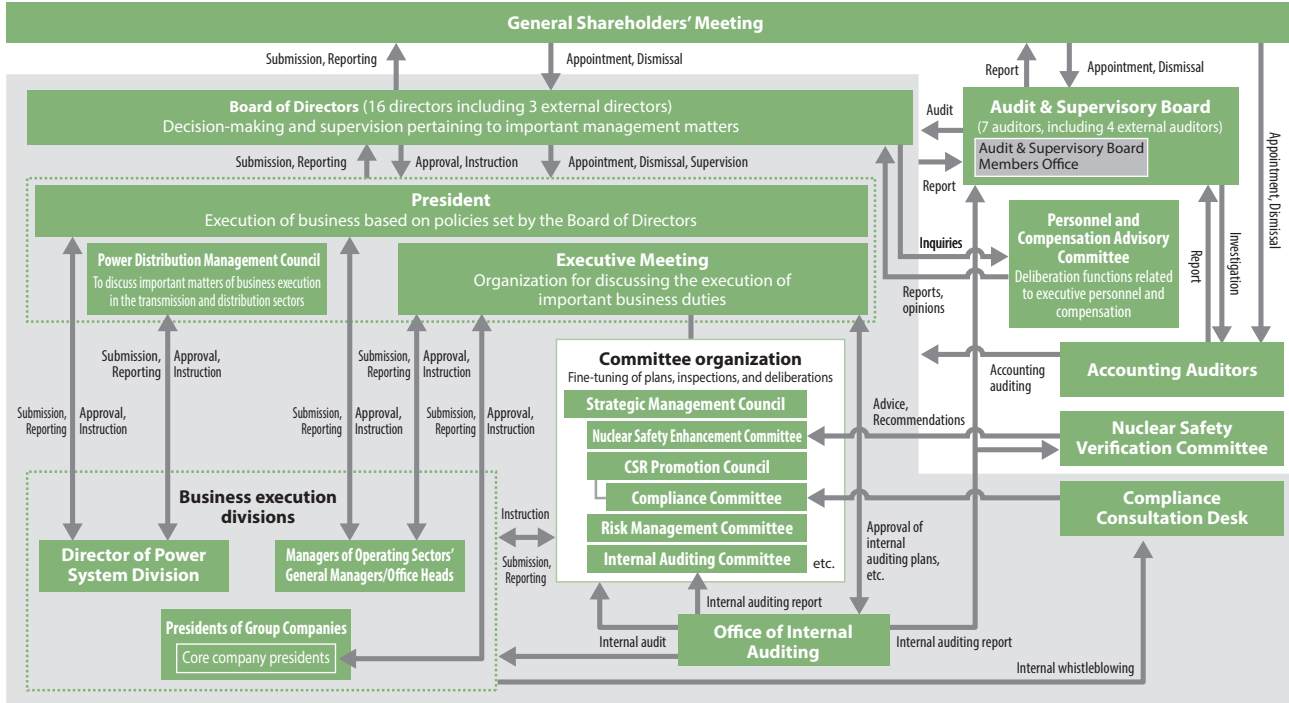
outlined right as our Action Standards for Procurement Activities. We furthermore utilize business negotiations, plant visits, and the like to explain and promulgate our CSR Procurement Policy to partners.

- 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

Corporate Governance

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



Basic 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 16 directors are outside directors with no vested interests in the Company, whose presence helps to ensure management transparency.

In addition, the system of executive officers was introduced to separate the executive and supervisory functions of management and to boost the speed and efficiency of business execution. To ensure prompt and appropriate decision-making regarding important business matters, the Company convenes regular Executive Meetings of the executive directors and executive officers—in principle once a week—

facilitating efficient and effective corporate management.

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

Ensuring audit independence, transparency, and soundness

Kansai Electric Power uses an Audit & Supervisory Board system working in tandem with the Board of Directors to continuously and effectively ensure that directors are performing their duties in a way that is lawful, appropriate, and reasonable. At present, three of the seven Audit & Supervisory Board members are 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.

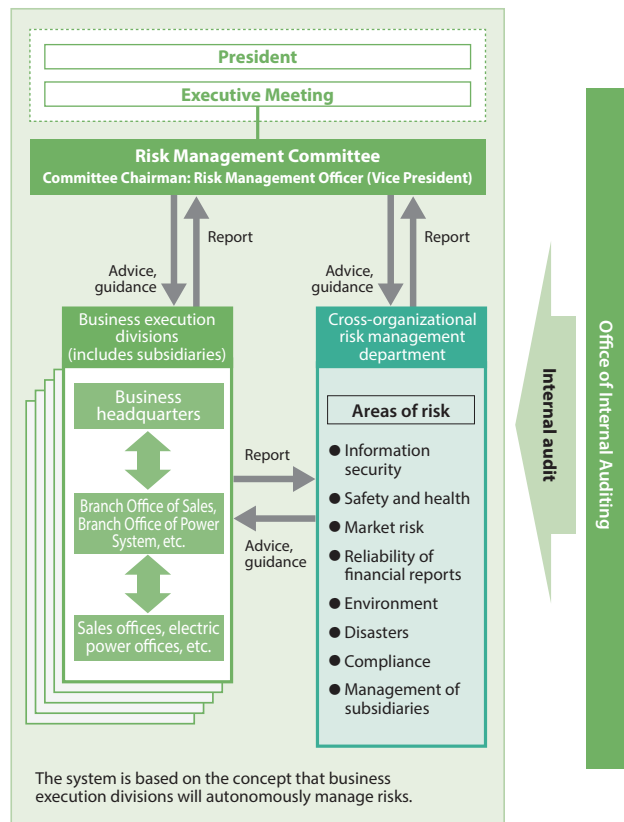
The Risk Management System

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

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

The Risk Management Committee identifies and assesses the latest situation of risk management by each business execution division periodically from a group-wide perspective. As necessary it will assess the risk management mechanisms and system and give improvement instructions. In addition, the Committee assesses the extent of impact and frequency of occurrence of 34 principal risks on a risk map, taking into consideration the degree of effectiveness of risk countermeasures and the consequent impact on other risks, thereby determining the level of importance in business management. The Committee periodically reports its risk management findings to the Executive Meeting.

Risk Management System



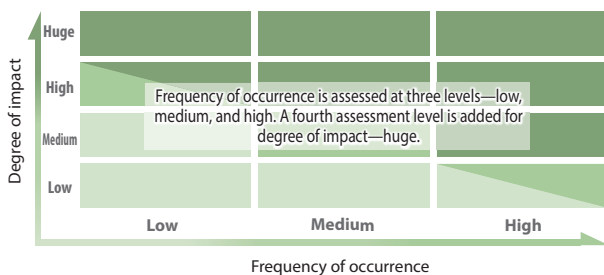
Nuclear Safety Enhancement Committee

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.

Risk Map



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 (77 members) as an organization responsible for internal auditing. This office regularly audits suitability and effectiveness, for example, related to the arrangement and operation of systems for the assurance of business propriety. In addition, it submits internal auditing plans to the Executive Meeting and reports their results to the Executive Meeting and the Board of Directors. Moreover, it strives to achieve appropriate business management by ensuring that individual workplaces undertake necessary improvements based on the auditing results.

As the vital overseers of corporate governance, the Office of Internal Auditing, Audit & Supervisory Board Members, and accounting auditors consult with one another, at their discretion, in the performance of their auditing duties. They also maintain close ties to facilitate the exchanging of views regarding auditing plans, audit results, and other issues.

Ensuring business soundness as a corporate group

We try to instill in our subsidiaries the basic 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.

Directors and Auditors

As of June 28, 2016

* Indicates status as representative director



Makoto Yagi*
Chairman and Director



Shigeki Iwane*
President and Director



Hideki Toyomatsu*
Director, Executive Vice President



Jiro Kagawa*
Director, Executive Vice President



Yoshihiro Doi*
Director, Executive Vice President



Yasuhiro Yashima*
Director, Executive Vice President



Takashi Morimoto*
Director, Executive Vice President

Directors
Managing Executive Officers

Yasushi Sugimoto
Hironori Katsuda
Hidehiko Yukawa
Tomio Inoue
Tomihiko Oishi

Directors

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

** Outside director

Audit & Supervisory Board Members

Sakae Kanno
Yasunari Tamura
Yukishige Higuchi

Outside Audit & Supervisory Board Members

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

*** Outside auditor

Executive Officers

Managing Executive Officers

Note: Excludes those serving concurrently as directors and executive officers

Ikuo Morinaka **Toyokazu Misono** **Masanori Kataoka** **Susumu Yamaji** **Nozomu Ushiro** **Yasuji Shimamoto**
Koji Inada **Yukio Tokimasa** **Takashi Fukuda**

CSR Promotion System and Activities

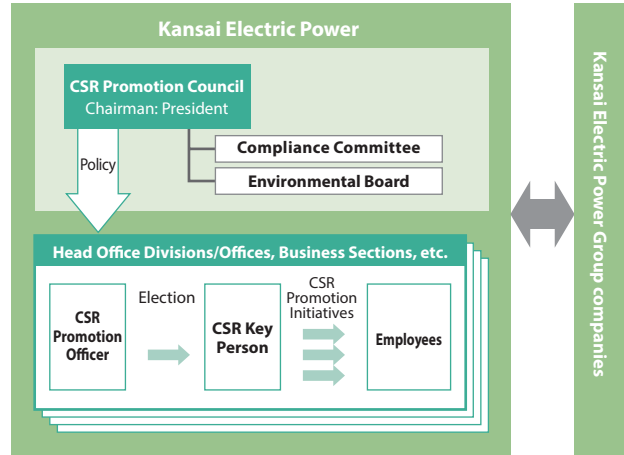


From the CSR Tree to a CSR Forest
The CSR tree represented by each individual grows into a CSR forest.

CSR Promotion Council at the heart of the CSR promotion system

Headed by the president of Kansai Electric Power, the CSR Promotion Council establishes the general policies that guide the entire Group in promoting CSR, and provides general coordination of specific activities. Issues of a specialized nature are sent to committees, such as the Compliance Committee and the Environmental Board, for deliberation. The policies formulated by the CSR Promotion Council are communicated to each operating division and business location, which then develop their own activities. CSR promotion initiatives are led by the person in charge in each division and location acting as the CSR Promotion Officer, who assigns a CSR Key Person at each workplace. Each Group company also develops its own CSR promotion activities independently, while staying in communication with Kansai Electric Power.

● CSR Promotion System

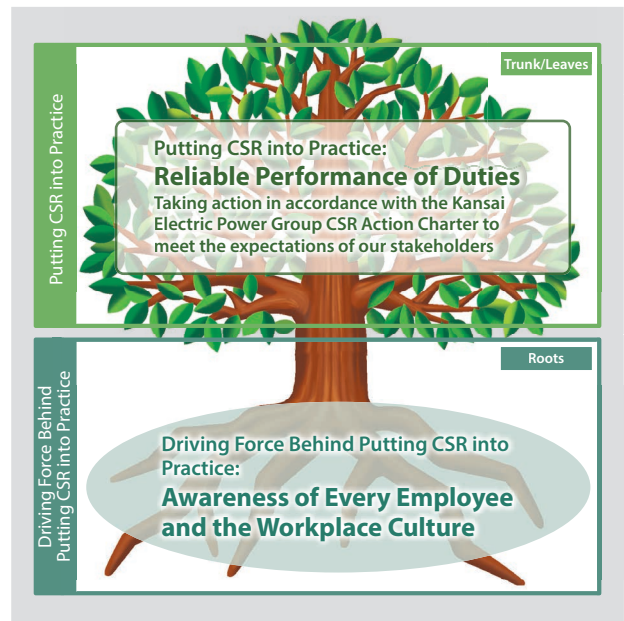


CSR promotion initiatives for employees

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

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

● CSR Promotion Activities (CSR Tree)



Results of questionnaire for employees on CSR (conducted in November 2015)

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

Yes ... **80.2%**

Communication between executives and frontline workplaces

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

Financial Section

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The Kansai Electric Power Company, Incorporated and its Subsidiaries

Consolidated Financial Statements for the
Year Ended March 31, 2016, and
Independent Auditor's Report

Financial Position, Business Results and Cash Flow Analysis

The Kansai Electric Power Company, Incorporated and Subsidiaries

Overview

Operating Income (Segment Results)

Electric Power

In terms of revenue, revenue from lighting and power decreased due partly to a decrease in electricity sales and a substantial decline in per-unit price based on the fuel cost adjustment system, despite increased electricity charge. As a result, operating revenue decreased to ¥2,795,781 million, down ¥143,870 million (4.9%) from the previous fiscal year.

Meanwhile, in terms of expenditures, all-out cost reduction efforts in streamlining of business management, coupled with a substantial decline in thermal fuel costs resulted from falling fuel prices, pushed up operating income to ¥198,660 million, an increase of ¥332,630 million compared to the previous consolidated fiscal year.

IT/Communications

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

As for mainstay FTTH services, the Group is offering three kinds of service comprising "optical internet, optical telephone and optical television" under the "eo HIKARI" brand name taking advantage of its area coverage ratio which exceeds 90% in six prefectures of the Kinki region.

On the revenue front, operating revenue increased ¥4,002 million (2.3%) from the previous fiscal year to ¥174,842 million, driven primarily by the increase in contracts for the "eo Hikari" FTTH services which amounted to 1.59 million (up 4.0% from a year earlier). Meanwhile, operating income decreased ¥1,064 million (5.8%) from the previous fiscal year to ¥17,352 million due partly to an increase in the expansion cost of the "mineo" mobile phone services.

Other

In the comprehensive energy supply business, the Group provides customers with optimal energy solutions through sales of gas and other energy sources as well as utility services. In the amenity services in daily life business, the Group provides real estate-related services such as the development of energy-saving apartment houses and buildings, as well as lifestyle-related services that help make customers feel more secure,

comfortable and convenient in the fields of home security, health care, and nursing care.

On the revenue front, operating revenue of this segment decreased ¥20,255 million (6.9%) from the previous fiscal year to ¥275,282 million due mainly to the decreased gas sales price and a decline in gas sales in the comprehensive energy supply business. Meanwhile, operating income increased ¥2,910 million (8.0%) from the previous fiscal year to ¥39,136 million; this increase is mainly attributable to a substantial decline in gas material prices prior to the gas selling sales in the comprehensive energy supply business.

Ordinary income

Non-operating revenue increased ¥1,755 million (3.7%) compared to the previous fiscal year to ¥49,574 million. This is due partly to an increase in gain from the sale of fixed assets. As a result, total ordinary revenue combined with operating revenue was down ¥158,367 million (4.6%) from the previous year to ¥3,295,480 million.

Non-operating expenses decreased ¥17,645 million (21.4%) compared to the previous fiscal year to ¥64,624 million. This is due partly to decreases in interest cost and impairment loss for fixed assets. As a result, the total combined operating expenses and ordinary expenses decreased ¥513,072 million (14.4%) from the previous fiscal year to ¥3,053,829 million.

As a result of the above, ordinary income amounted to ¥241,651 million, an increase of ¥354,704 million from the previous fiscal year.

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

This fiscal year, since the Group used ¥19,796 million of its reserve for fluctuations in water level pursuant to the Electric Utility Industry Law, the net income for this fiscal year (before adjusting for tax and other factors) amounted to ¥221,855 million. The net income attributable to shareholders of the parent for the current fiscal year, after subtracting corporate taxes and noncontrolling interests in subsidiaries, was ¥140,800 million, an increase of ¥289,176 million over the previous fiscal year.

Financial Position

Cash Flow

As for cash flow from business activities, despite the decrease in revenue from lighting and power, the amount paid for thermal fuel costs declined substantially because of falling fuel costs. For this and other reasons, income increased ¥147,488 million (32.9%) from the previous fiscal year to ¥595,154 million.

Regarding cash flow from investment activities, although expenditures increased ¥2,237 million (0.6%) over the previous fiscal year to ¥390,899 million, income in cash flow from business activities exceeded the expenditures. Consequently, free cash flow increased ¥145,250 million (246.2%) over the previous fiscal year to ¥204,255 million.

As to cash flow from financial activities, the Group saw a net outflow of ¥382,402 million, an increase of ¥295,729 million (341.2%) in expenditures compared with the previous fiscal year; this is mainly because the Group applied funds on hand in conjunction with free cash flow to the repayment of interest-bearing liabilities.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review totaled ¥123,025 million, a decrease of ¥180,373 million (59.5%) compared with the end of the previous fiscal year.

Assets, Liabilities, and Net Assets

Assets

Total assets decreased ¥330,905 million (4.3%) as compared with the end of the previous fiscal year to ¥7,412,472 million due partly to a decrease in short-term investments (certificates of deposit).

Liabilities

Since interest-bearing liabilities decreased ¥376,977 million (8.7%) as compared with the end of the previous fiscal year, total liabilities decreased ¥472,517 million (7.1%) from the end of the previous fiscal year to ¥6,210,641 million.

Net Assets

Due to the net income attributable to shareholders of the parent of ¥140,800 million posted for the current fiscal year and other factors, total net assets rose ¥141,611 million (13.4%) to ¥1,201,831 million from the end of the previous fiscal year.

As a result of the above, the capital adequacy ratio rose 2.5% from the end of the previous fiscal year to 15.9%.

Also, net assets per share were ¥1,319.33, up ¥159.80 compared with the end of the previous fiscal year.

Financial Position, Business Results and Cash Flow Analysis

The Kansai Electric Power Company, Incorporated and Subsidiaries

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.

In FY2015, we ended in the black supported by the factors that temporarily improve the balance such as falling fuel prices. However, while improving our impaired financial standing is an urgent need, this March the Otsu District Court decided to issue a provisional disposition that orders the suspension of operations of Units 3 and 4 at our Takahama Nuclear Power Station, and the resumption of operation of the said plant is nowhere in sight. For this and other reasons, we cannot clearly project the profits and losses for FY2016 onward. Given such circumstances, we have decided not to distribute dividends for the fiscal year under review.

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, 2016. 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. Costs related to the nuclear fuel cycle, including back-end nuclear power operations, may increase due to future institutional changes, the application of new accounting principles, changes in future cost estimates, and other factors.

Also, our general contribution to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation could increase, depending on future changes in the total amount of the allocation and fluctuations in the burden ratio.

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

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

(2) 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.

(3) 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 in the electric power business and therefore may affect the Group's performance.

(4) 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. Some adjustments can be made using the "Reserve for fluctuations in water level system," but the Group's business performance can still be affected by these fluctuations.

(5) Interest Rate Fluctuations

The Group's interest-bearing liabilities (consolidated) totaled ¥3,938,279million as of the end of March 2016 (53.1% of total assets), suggesting that the Group's performance could be impacted by future fluctuations in market interest rates.

However, 96.2% (¥3,788,523 million) of those interest-bearing liabilities are in the form of long-term loans and bonds, most of which have fixed interest rates. Thus, the impact of interest rate fluctuations on the Group's business performance is limited.

(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.

Consolidated Balance Sheet

The Kansai Electric Power Company, Incorporated and its Subsidiaries
March 31, 2016

ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
PROPERTY:			
Utility plant and equipment	¥ 14,702,356	¥ 14,586,865	\$ 130,467,266
Other plant and equipment (Note 7)	1,794,912	1,780,141	15,927,876
Construction in progress (Note 7)	435,098	405,822	3,861,019
Contributions in aid of construction	(479,809)	(476,240)	(4,257,779)
Accumulated depreciation and amortization	(11,930,991)	(11,724,465)	(105,874,448)
Plant and equipment - net (Note 4)	4,521,566	4,572,123	40,123,934
Nuclear fuel, net of amortization (Note 2.d)	526,291	530,065	4,670,259
Property - net	5,047,857	5,102,189	44,794,194
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 5, 7, and 16)	229,719	202,542	2,038,507
Investments in and advances to associated companies (Note 7)	321,176	321,478	2,850,092
Reserve fund for reprocessing of irradiated nuclear fuel (Note 16)	526,080	551,395	4,668,391
Special account related to nuclear power decommissioning (Note 2.n)	27,346	28,095	242,674
Deferred tax assets (Note 12)	429,961	496,791	3,815,433
Other assets (Note 7)	117,596	127,051	1,043,540
Total investments and other assets	1,651,882	1,727,354	14,658,639
CURRENT ASSETS:			
Cash and cash equivalents (Notes 7 and 16)	123,025	303,399	1,091,717
Receivables (Notes 7 and 16)	251,473	259,098	2,231,554
Allowance for doubtful accounts	(2,695)	(2,087)	(23,921)
Inventories (Notes 6 and 7)	115,014	148,614	1,020,627
Deferred tax assets (Note 12)	61,560	50,353	546,278
Other current assets (Notes 5, 7 and 16)	164,354	154,457	1,458,464
Total current assets	712,732	913,834	6,324,719
TOTAL	¥ 7,412,472	¥ 7,743,378	\$ 65,777,554

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Notes 7 and 16)	¥ 3,144,355	¥ 3,541,705	\$ 27,902,698
Liability for retirement benefits (Note 8)	357,480	412,507	3,172,243
Reserve for reprocessing of irradiated nuclear fuel (Note 2.j)	611,440	643,985	5,425,866
Asset retirement obligations (Notes 2.k and 9)	426,449	414,425	3,784,271
Deferred tax liabilities (Note 12)	5,263	380	46,704
Other long-term liabilities	255,640	202,168	2,268,527
Total long-term liabilities	4,800,629	5,215,173	42,600,311
CURRENT LIABILITIES:			
Current maturities of long-term debt (Notes 7 and 16)	659,990	580,254	5,856,692
Short-term borrowings (Notes 10 and 16)	149,755	211,679	1,328,918
Notes and accounts payable (Notes 7 and 16)	172,685	305,782	1,532,392
Accrued income taxes (Note 16)	18,923	2,997	167,927
Accrued expenses and other current liabilities	380,169	358,579	3,373,586
Total current liabilities	1,381,524	1,459,294	12,259,516
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	28,487	8,690	252,791
COMMITMENTS AND CONTINGENCIES (Notes 14 and 19)			
EQUITY (Note 11):			
Common stock - authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2016 and 2015	489,320	489,320	4,342,183
Capital surplus	66,634	66,634	591,308
Retained earnings	648,154	507,562	5,751,663
Treasury stock - at cost: 45,348,298 shares in 2016 and 45,230,608 shares in 2015	(96,492)	(96,330)	(856,263)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	85,930	71,293	762,542
Deferred gain (loss) on derivatives under hedge accounting	(8,244)	1,696	(73,162)
Foreign currency translation adjustments	17,726	16,393	157,305
Defined retirement benefit plans	(24,365)	(20,531)	(216,215)
Total	1,178,665	1,036,038	10,459,362
Noncontrolling interests	23,165	24,181	205,571
Total equity	1,201,831	1,060,219	10,664,934
TOTAL	¥ 7,412,472	¥ 7,743,378	\$ 65,777,554

See notes to consolidated financial statements.

Consolidated Statement of Operations

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
OPERATING REVENUES:			
Electric	¥ 2,795,781	¥ 2,939,651	\$ 24,809,487
Other	450,125	466,378	3,994,367
Total operating revenues	3,245,906	3,406,030	28,803,855
OPERATING EXPENSES (Note 13):			
Electric	2,598,144	3,072,016	23,055,677
Other	391,059	412,614	3,470,226
Total operating expenses	2,989,204	3,484,630	26,525,903
OPERATING INCOME (LOSS)	256,702	(78,600)	2,277,952
OTHER (INCOME) EXPENSES:			
Interest and dividend income	(17,490)	(15,691)	(155,210)
Interest expense	51,322	55,373	455,427
Gain on sales of property, plant, and equipment	(11,189)	(3,587)	(99,295)
Equity in earnings of associated companies	(11,318)	(10,061)	(100,438)
Other—net	3,726	8,419	33,072
Total other expenses	15,050	34,451	133,556
INCOME (LOSS) BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	241,651	(113,052)	2,144,395
PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	19,796	1,760	175,670
INCOME (LOSS) BEFORE INCOME TAXES	221,855	(114,812)	1,968,724
INCOME TAXES (Note 12):			
Current	24,094	5,102	213,809
Deferred	56,263	28,142	499,277
Total income taxes	80,357	33,244	713,086
NET INCOME (LOSS)	141,497	(148,057)	1,255,638
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	697	317	6,186
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 140,800	¥ (148,375)	\$ 1,249,451
	Yen		U.S. Dollars
	2016	2015	2016
PER SHARE OF COMMON STOCK (Notes 2.s and 20):			
Basic net income (loss)	¥ 157.59	¥ (166.06)	\$ 1.40

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
NET INCOME (LOSS)	¥ 141,497	¥ (148,057)	\$ 1,255,638
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18):			
Unrealized gain on available-for-sale securities	17,131	16,508	152,022
Deferred loss on derivatives under hedge accounting	(11,207)	(2,517)	(99,458)
Foreign currency translation adjustments	1,535	3,681	13,622
Defined retirement benefit plans	70	(29,878)	623
Share of other comprehensive income (loss) in associates	(6,993)	8,317	(62,055)
Total other comprehensive income (loss)	535	(3,888)	4,753
COMPREHENSIVE INCOME (LOSS)	¥ 142,033	¥ (151,946)	\$ 1,260,391
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ 142,996	¥ (151,787)	\$ 1,268,939
Noncontrolling interests	(963)	(159)	(8,547)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2016

	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 on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE, APRIL 1, 2014												
(April 1, 2014, as previously reported) ...	938,733,028	¥ 489,320	¥ 66,634	¥ 656,909	¥ (96,292)	¥ 50,301	¥ 5,031	¥ 9,434	¥ 7,495	¥ 1,188,835	¥ 24,322	¥ 1,213,158
Cumulative effects of accounting change (Note 2.i)				(970)						(970)	32	(937)
BALANCE, APRIL 1, 2014 (as restated)		489,320	66,634	655,939	(96,292)	50,301	5,031	9,434	7,495	1,187,865	24,355	1,212,221
Net loss attributable to owners of the parent				(148,375)						(148,375)		(148,375)
Purchase of treasury stock					(40)					(40)		(40)
Disposal of treasury stock			(1)		3					1		1
Transfer to capital surplus from retained earnings			1	(1)								
Net change in the year						20,991	(3,335)	6,958	(28,027)	(3,411)	(174)	(3,586)
BALANCE, MARCH 31, 2015	938,733,028	489,320	66,634	507,562	(96,330)	71,293	1,696	16,393	(20,531)	1,036,038	24,181	1,060,219
Net income attributable to owners of the parent				140,800						140,800		140,800
Change of scope of consolidation ..				(207)						(207)		(207)
Purchase of treasury stock					(163)					(163)		(163)
Disposal of treasury stock					2					1		1
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

	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 Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans				
BALANCE, MARCH 31, 2015	\$ 4,342,183	\$ 591,308	\$ 4,504,059	\$ (854,827)	\$ 632,651	\$ 15,050	\$ 145,473	\$ (182,193)	\$ 9,193,706	\$ 214,581	\$ 9,408,288	
Net income attributable to owners of the parent			1,249,451							1,249,451		1,249,451
Change of scope of consolidation ...			(1,844)							(1,844)		(1,844)
Purchase of treasury stock				(1,453)						(1,453)		(1,453)
Disposal of treasury stock				13						13		13
Net change in the year					129,890	(88,212)	11,832	(34,022)	19,487	(9,010)		10,477
BALANCE, MARCH 31, 2016	\$ 4,342,183	\$ 591,308	\$ 5,751,663	\$ (856,263)	\$ 762,542	\$ (73,162)	\$ 157,305	\$ (216,215)	\$ 10,459,362	\$ 205,571	\$ 10,664,934	

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
OPERATING ACTIVITIES:			
Income (loss) before income taxes	¥ 221,855	¥ (114,812)	\$ 1,968,724
Adjustments for:			
Income taxes - refund (paid)	(5,130)	843	(45,531)
Depreciation and amortization	370,421	385,350	3,287,082
Decommissioning cost of nuclear power units	10,287	9,407	91,292
Depreciation of special account related to nuclear power decommissioning	748		6,645
Amortization of nuclear fuel	840		7,461
Loss on disposal of property, plant, and equipment	9,905	9,370	87,902
Nuclear fuel transferred to reprocessing costs	18,388	18,240	163,180
Changes in assets and liabilities:			
Decrease in reserve fund for reprocessing of irradiated nuclear fuel	25,314	23,157	224,641
Decrease in receivables	7,525	1,674	66,781
Decrease in inventories	33,599	10,463	298,162
Decrease in interest and dividends receivable	6,493	10,160	57,623
Decrease in notes and accounts payable	(55,146)	(24,284)	(489,365)
Decrease in interest payable	(1,897)	(924)	(16,841)
(Decrease) increase in liability for retirement benefits	(54,636)	9,086	(484,836)
Increase in reserve for fluctuations in water level	19,796	1,760	175,670
Decrease in reserve for reprocessing of irradiated nuclear fuel	(32,544)	(20,868)	(288,795)
Other - net	19,331	129,044	171,549
Total adjustments	373,299	562,479	3,312,621
Net cash provided by operating activities	595,154	447,666	5,281,346
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(393,398)	(415,859)	(3,490,982)
Payments for investments and advances	(17,934)	(8,267)	(159,153)
Proceeds from sales of investments or collections of advances	2,135	30,608	18,953
Other - net	18,298	4,856	162,375
Net cash used in investing activities	(390,899)	(388,662)	(3,468,807)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	99,695	99,429	884,684
Proceeds from long-term debt (exclusive of bonds)	163,431	250,412	1,450,276
Proceeds from short-term loans	313,962	446,853	2,786,070
Proceeds from issuance of commercial papers	269,000		2,387,079
Redemption of bonds	(230,009)	(149,905)	(2,041,079)
Repayments of long-term debt (exclusive of bonds)	(348,346)	(282,094)	(3,091,195)
Repayments of short-term loans	(375,886)	(445,975)	(3,335,577)
Repayments of commercial papers	(269,000)		(2,387,079)
Other - net	(5,249)	(5,391)	(46,582)
Net cash used in financing activities	(382,402)	(86,672)	(3,393,403)
NET CASH USED IN OPERATING, INVESTING, AND FINANCING ACTIVITIES	(178,147)	(27,668)	(1,580,864)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2,225)	(1,393)	(19,752)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(180,373)	(29,062)	(1,600,616)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	303,399	332,461	2,692,334
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 123,025	¥ 303,399	\$ 1,091,717

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2016

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 ¥112.69 to \$1, the approximate rate of exchange at March 31, 2016. 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, 2016, include the accounts of the Company and all (63 in 2016 and 62 in 2015) 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 2015) associated companies are accounted for by the equity method. Investments in the remaining associated companies are stated at cost. Had the equity method been applied to the investments in these

companies, the effect on the accompanying consolidated financial statements would be immaterial.

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

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

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

c. Business Combination - In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures," and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have

been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

In September, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(a) *Transactions with noncontrolling interest* - A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of 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. Under the previous accounting standard, 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 an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) *Presentation of the consolidated balance sheet* - In the consolidated balance sheet, "minority interest" under the previous accounting standard is changed to "noncontrolling interest" under the revised accounting standard.

(c) *Presentation of the consolidated statement of income* - In the consolidated statement of income, "income before minority interest" under the previous accounting standard is changed to "net income" under the revised accounting standard, and "net income" under the previous accounting standard is changed to "net income attributable to owners of the parent" under the revised accounting standard.

(d) *Provisional accounting treatments for a business combination* - If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an

acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

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

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a)

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and its Subsidiaries
Year Ended March 31, 2016

transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

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

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

The Company applied the revised accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs above, effective April 1, 2015, and (d) provisional accounting treatments for a business combination above for a business combination which occurred on or after April 1, 2015. The revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs were applied prospectively.

It is expected that the effects of applying the revised methods are immaterial.

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, 2016 and 2015, was ¥86,143 million (\$764,433 thousand) and ¥108,314 million, respectively.

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

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

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

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

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

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

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

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

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

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

- (a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
- (b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income, and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period, are treated as reclassification adjustments (see Note 18).

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

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

The Companies applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

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

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

The cumulative effect of the adoption of the accounting standard of ¥312,810 million as of April 1, 2005, which was adjusted in accordance with the Irradiated Nuclear Fuel Reprocessing Fund Act, is being amortized over 15 years. The unrecognized portion of such cumulative effect was ¥82,953 million (\$736,117 thousand) and ¥103,691 million at March 31, 2016 and 2015, respectively.

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The estimated future reprocessing costs were discounted at 0.6% and 1.5% at March 31, 2016 and 2015, respectively, for the quantity of the irradiated nuclear fuel covered by the definite reprocessing plan.

The unrecognized estimation gain of ¥266,535 million (\$2,365,207 thousand) and gain of ¥181,271 million at March 31, 2016 and 2015, respectively, resulting from the difference in assumptions for calculations of the reserve, such as expected future cash flows and the discount rate, will be recognized over a period for which irradiated fuel actually planned to be reprocessed is generated.

Regarding the quantity of the irradiated nuclear fuel not covered by the definite reprocessing plan, the reserve was established from April 1, 2006, in accordance with the accounting standard applicable to the electricity industry. The estimated future reprocessing costs are discounted at 4% at March 31, 2016 and 2015.

k. Asset Retirement Obligations - In March 2008, the ASBJ issued ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations," and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense in the appropriate manner. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This

standard was effective for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. The Company mainly recognizes an asset retirement obligation with regard to the costs for decommissioning of nuclear power units, which are regulated under the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors. The amount of this asset retirement obligation is based on the total estimation amount of decommissioning of nuclear power units. The estimated useful life is equal to the expected safe storage period and the expected operating period of a specific nuclear power unit, and a discount rate of 2.3% is used. In addition, in accordance with ASBJ Guidance No. 21 and the Ministerial Ordinance Concerning Reserve for Decommissioning of Nuclear Power Units, the asset retirement cost is subsequently allocated to expenses based on the straight-line method throughout the expected safe storage period and the expected operating period.

On October 1, 2013, the "Ministry Order Relating to Reserves for Decommissioning of Nuclear Power Plants" following the enforcement of the "Ministry Order Relating to the Partial Revision of Ordinance on Accounting at Electricity Utilities" (Ordinance of the Ministry of Economy, Trade and Industry No. 52, 2013; "Revised Ordinance") was revised.

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

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

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

m. Leases - In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted for fiscal years beginning on or after April 1, 2007.

As lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as-if capitalized" information was disclosed in the notes to the lessee's consolidated financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions with certain "as-if capitalized" information disclosed in the notes to the lessee's consolidated financial statements.

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

As lessor

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

All other leases are accounted for as operating leases.

n. Special Account Related to Nuclear Power

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

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

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

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

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

r. Derivatives and Hedging Activities - The Companies principally use foreign exchange forward contracts, currency swaps, interest rate swaps, and commodity swaps in the

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

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

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

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

Cash dividends per share presented in the accompanying consolidated statement of operations are dividends applicable to the respective years, including dividends to be paid after the end of the year. However, cash dividends per share are not presented because the Company did not pay out dividends for the respective years.

t. Accounting Changes and Error Corrections - In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied following revision of an accounting standard, the new policy is applied

retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

u. New Accounting Pronouncements

Guidance on Recoverability of Collectability of Deferred

Tax Assets - The ASBJ issued on December 28, 2015, and revised on March 28, 2016, ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants (the 'JIPCA' Industry Audit Committee Report No. 66). While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in five categories in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but revisions were made on following points:

- (a) The treatment of the companies satisfying none of the classification requirements for Category 1 to Category 5;
- (b) The classification requirements for Category 2 and Category 3;
- (c) The treatment of deductible temporary differences of which timing of realization is not foreseeable in the company under Category 2;
- (d) The treatment of the length of periods of which future taxable income is rationally foreseeable in the companies

- falling under Category 3;
- (e) The treatment in the case where the companies satisfying the classification requirements for Category 4 fall under Category 2 or 3.

The new guidance is effective for the beginning of annual periods beginning on or after April 1, 2016. Earlier application is permitted for annual periods ending on or after March 31, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within retained earnings or accumulated other comprehensive income at the beginning of the reporting period.

The Company expects to apply the new guidance on recoverability of deferred tax assets effective April 1, 2016.

The impact of the adaption of the new guidance on the consolidated financial statements is expected to be immaterial.

3. CHANGES IN PRESENTATION

"Gain on sales of property, plant, and equipment" was included in "Other - net" within OTHER (INCOME) EXPENSES of the consolidated statement of operations for the year ended March 31, 2015. Since the amount increased significantly, such amount is disclosed separately in OTHER (INCOME) EXPENSES within the consolidated statement of operations for the year ended March 31, 2016. The amount included in "Other - net" for the year ended March 31, 2015, was ¥3,587 million.

"Decrease in inventories" was included in "Other - net" within OPERATING ACTIVITIES of the consolidated statement of cash flows for the year ended March 31, 2015. 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, 2016. The amount included in "Other - net" for the year ended March 31, 2015, was ¥10,463 million.

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4. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Hydroelectric power production facilities	¥ 295,301	¥ 299,325	\$ 2,620,476
Thermal power production facilities	497,723	547,514	4,416,746
Nuclear power production facilities	383,658	360,433	3,404,548
Transmission facilities	889,742	913,419	7,895,486
Transformation facilities	394,946	402,550	3,504,715
Distribution facilities	826,299	833,306	7,332,500
General facilities	110,966	117,117	984,710
Other utility facilities	24,400	25,747	216,525
Other plant and equipment	663,429	666,886	5,887,205
Construction in progress	435,098	405,822	3,861,019
Total	¥ 4,521,566	¥ 4,572,123	\$ 40,123,934

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 at March 31 were ¥21,869 million (\$194,067 thousand) and ¥24,415 million as of March 31, 2016 and 2015, 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, 2016 and 2015, is as follows:

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

March 31, 2016	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	\$ 615,274	\$ 928,390	\$ (9,878)	\$ 1,533,785
Debt securities	18,922	14,296		33,219
Held-to-maturity debt securities	47,797	1,359		49,156

There were no material sales transactions for available-for-sale securities during the year ended March 31, 2016. The

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

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

6. INVENTORIES

Inventories at March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Merchandise and finished products	¥ 4,896	¥ 5,584	\$ 43,453
Work in process	5,989	6,007	53,146
Raw materials and supplies	73,734	108,390	654,316
Real estate for sale	30,393	28,632	269,710
Total	¥ 115,014	¥ 148,614	\$ 1,020,627

7. LONG-TERM DEBT

Long-term debt at March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Secured bonds:			
0.416% to 3.175%, due serially through 2026	¥ 1,400,574	¥ 1,530,559	\$ 12,428,562
0.4% to 3.15% secured loans principally from the Development Bank of Japan maturing serially through 2026:			
The Company	344,340	362,393	3,055,639
Subsidiaries	4,852	6,006	43,056
0.12936% to 4.69% (0.26643% to 4.69% in 2015), unsecured loans from banks, insurance companies, and other sources maturing serially through 2036	2,038,757	2,204,618	18,091,731
Obligations under finance leases	15,821	18,382	140,402
Total	3,804,345	4,121,960	33,759,391
Less current maturities	659,990	580,254	5,856,692
Long-term debt, less current maturities	¥ 3,144,355	¥ 3,541,705	\$ 27,902,698

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Annual maturities of long-term debt at March 31, 2016, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2017	¥ 659,990	\$ 5,856,692
2018	721,376	6,401,425
2019	633,840	5,624,639
2020	475,598	4,220,418
2021	454,910	4,036,829
2022 and thereafter	858,628	7,619,385
Total	¥ 3,804,345	\$ 33,759,391

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

The carrying amounts of subsidiaries' assets pledged as

collateral for notes and accounts payable of ¥2,484 million (\$22,050 thousand) and the above secured loans at March 31, 2016, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2016	2016
Other plant and equipment	¥ 20,410	\$ 181,118
Cash and cash equivalents	5	44
Inventories	1,089	9,666

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
	2016	2016
Other plant and equipment	¥ 9,699	\$ 86,070
Construction in progress	17,827	158,203
Investment securities	4,368	38,769
Other assets	2,888	25,635
Investments in and advances to associated companies	20,436	181,349
Cash and cash equivalents	437	3,886
Inventories	197	1,749
Other current assets	260	2,307
Receivables	213	1,893

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, 2016 and 2015

1. The changes in defined benefit obligation for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year (as previously reported)	¥ 416,503	¥ 363,983	\$ 3,696,007
Cumulative effect of accounting changes		837	
Balance at beginning of year (as restated)	416,503	364,820	3,696,007
Current service cost	15,174	15,524	134,654
Interest cost	3,876	6,904	34,403
Actuarial gains	9,871	39,576	87,598
Benefits paid	(16,415)	(13,715)	(145,669)
Past service cost	49	16	436
Decrease due to transfer to defined contribution pension plan	(63,913)		(567,161)
Others	(3,662)	3,376	(32,496)
Balance at end of year	¥ 361,483	¥ 416,503	\$ 3,207,772

2. The changes in plan assets for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year	¥ 3,995	¥ 3,690	\$ 35,455
Expected return on plan assets	71	66	632
Actuarial (losses) gains	(43)	141	(388)
Contributions from the employer	314	312	2,788
Benefits paid	(333)	(215)	(2,959)
Balance at end of year	¥ 4,003	¥ 3,995	\$ 35,529

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

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Funded defined benefit obligation	¥ 5,473	¥ 5,163	\$ 48,566
Plan assets	(4,003)	(3,995)	(35,529)
Total	1,469	1,168	13,037
Unfunded defined benefit obligation	356,010	411,339	3,159,205
Net liability arising from defined benefit obligation	¥ 357,480	¥ 412,507	\$ 3,172,243

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Liability for retirement benefits	¥ 357,480	¥ 412,507	\$ 3,172,243
Net liability arising from defined benefit obligation	¥ 357,480	¥ 412,507	\$ 3,172,243

4. The components of net periodic retirement benefit costs for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Service cost	¥ 15,174	¥ 15,524	\$ 134,654
Interest cost	3,876	6,904	34,403
Expected return on plan assets	(71)	(66)	(632)
Recognized actuarial losses (gains)	9,656	(8,413)	85,690
Amortization of prior service cost	(46)	(31)	(413)
Others	2,160	9,211*	19,168
Net periodic retirement benefit costs	¥ 30,749	¥ 23,129	\$ 272,871

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

5. Amounts recognized in other comprehensive income (losses) (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Prior service cost	¥ (95)	¥ 47	\$ (849)
Actuarial losses	486	42,244	4,321
Total	¥ 391	¥ 42,291	\$ 3,471

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined

retirement benefit plans as of March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrecognized prior service cost	¥ (151)	¥ (247)	\$ (1,342)
Unrecognized actuarial losses	29,013	29,500	257,467
Total	¥ 28,862	¥ 29,253	\$ 256,124

7. Plan assets

(1) Components of plan assets

Plan assets at March 31, 2016 and 2015, consisted of the following:

	2016	2015
General account of life insurance	74%	60%
Equity investments	8	16
Debt investments	8	14
Others	10	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, 2016 and 2015, are set forth as follows:

	2016	2015
Discount rate	1.10%	1.07%
Expected rate of return on plan assets	1.25% - 2.50%	1.25% - 2.50%

9. Defined contribution

The required contribution amount of the Company and certain consolidated subsidiaries was ¥6,221 million (\$55,206 thousand)

and ¥4,759 million for the years ended March 31, 2016 and 2015, respectively.

9. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year	¥ 414,425	¥ 402,803	\$ 3,677,573
Additional provisions	13,854	13,082	122,941
Reduction	(1,830)	(1,460)	(16,243)
Balance at end of year	¥ 426,449	¥ 414,425	\$ 3,784,271

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The Kansai Electric Power Company, Incorporated and its Subsidiaries
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10. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Short-term loans from banks and other sources, weighted-average interest rate of 0.3906% and 0.4904% at March 31, 2016 and 2015, respectively	¥ 149,755	¥ 211,679	\$ 1,328,918

11. EQUITY

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

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

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

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

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in

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

(c) Treasury stock and treasury stock acquisition rights

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

12. INCOME TAXES

The Companies are subject to taxes based on income, such as corporate income tax and inhabitant tax, which, in the aggregate, resulted in normal statutory tax rates of approximately 28.8% and 30.7% for the years ended March 31,

2016 and 2015, respectively. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2016 and 2015, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Deferred tax assets:			
Net operating tax loss carryforwards	¥ 167,330	¥ 216,973	\$ 1,484,872
Liability for retirement benefits	101,221	119,923	898,227
Depreciation and amortization	85,360	81,803	757,483
Asset retirement obligations	44,871	45,733	398,182
Reserve for reprocessing of irradiated nuclear fuel (with definite plans, Note 2.j)	23,452	25,524	208,113
Intercompany profit elimination	23,968	23,821	212,694
Other	178,722	165,420	1,585,962
Less valuation allowance	(86,625)	(88,040)	(768,703)
Total deferred tax assets	538,301	591,161	4,776,832
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	29,722	22,578	263,750
Special account related to nuclear power decommissioning	7,652	8,091	67,909
Reserve for special depreciation	4,799	4,955	42,592
Other	9,868	8,771	87,574
Total deferred tax liabilities	52,043	44,397	461,827
Net deferred tax assets	¥ 486,258	¥ 546,763	\$ 4,315,005

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

year ended March 31, 2016, with the corresponding figures for 2015, is as follows:

	2016	2015
Normal effective statutory tax rate	28.8%	30.7%
Effect of tax rate reduction	6.2	(31.3)
Difference in subsidiaries' tax rates	1.0	(1.6)
Valuation allowance	0.9	(26.4)
Other—net	(0.6)	(0.4)
Actual effective tax rate	36.2%	(29.0)%

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On March 31, 2016, a tax reform law was enacted in Japan, which changed the normal effective statutory tax rate from approximately 30.7% to 28.8%, effective for years beginning on or after April 1, 2016. The effect of this change was to decrease deferred tax assets by ¥13,400 million (\$118,918 thousand), in

the consolidated balance sheet as of March 31, 2016, and to increase income taxes by ¥13,723 million (\$121,783 thousand) and accumulated other comprehensive income increased by ¥327 million (\$2,902 thousand) in the consolidated statement of income for the year then ended.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥11,948 million (\$106,031 thousand) and ¥12,042 million for the

years ended March 31, 2016 and 2015, respectively.

14. RELATED-PARTY DISCLOSURES

Related-party transactions of the Company with an associated company for the years ended March 31, 2016 and 2015, were

as follows:

(1) 2016

Category	Name	Address	Capital Stock or Stake Millions of Yen	Description of Business
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	¥400,000	Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes
Voting Right	Relationship with Related Party	Detail of Transactions	Transaction Amount	
			Millions of Yen	Thousands of U.S. Dollars
16.6%	Contract on uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes One director concurrently serves as the Company's director. Two directors were transferred from the Company.	Co-guarantees or guarantees of loans and bonds	¥ 191,468	\$ 1,699,071

A consolidated subsidiary sold a condominium in business to a relative of the Company's director for ¥35 million (\$312 thousand).

(2) 2015

Category	Name	Address	Capital Stock or Stake Millions of Yen	Description of Business
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	¥400,000	Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes
Voting Right	Relationship with Related Party	Detail of Transactions	Transaction Amount	
			Millions of Yen	
16.6%	Contract on uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes One director concurrently serves as the Company's director. Three directors were transferred from the Company.	Co-guarantees or guarantees of loans and bonds	¥ 196,474	

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

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

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

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

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

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

Derivatives mainly include forward foreign currency contracts, interest rate swaps, and commodity swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of payables, changes in interest

rates of long-term loans, and changes in fuel prices. Please see Note 17 for more details about derivatives.

(3) Risk Management for Financial Instruments

Market risk management

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

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

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

Liquidity risk management

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

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Please see Note 17 for details of the fair value for derivatives.

Notes to Consolidated Financial Statements

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(a) Fair value of financial instruments

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)	—
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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, 2015	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	¥ 125,026	¥ 125,208	¥ 182
Reserve fund for reprocessing of irradiated nuclear fuel	551,395	551,395	—
Cash and cash equivalents	303,399	303,399	—
Receivables	259,098	259,098	—
Total	¥ 1,238,919	¥ 1,239,102	¥ 182
Long-term debt	¥ 4,103,577	¥ 4,225,882	¥ 122,305
Short-term borrowings	211,679	211,679	—
Notes and accounts payable	305,782	305,782	—
Accrued income taxes	2,997	2,997	—
Total	¥ 4,624,037	¥ 4,746,342	¥ 122,305
Derivatives	¥ (2,579)	¥ (2,579)	—

March 31, 2016	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	\$ 1,614,802	\$ 1,616,162	\$ 1,359
Reserve fund for reprocessing of irradiated nuclear fuel	4,668,391	4,668,391	—
Cash and cash equivalents	1,091,717	1,091,717	—
Receivables	2,231,554	2,231,554	—
Total	\$ 9,606,465	\$ 9,607,824	\$ 1,359
Long-term debt	\$ 33,618,988	\$ 34,632,615	\$ 1,013,626
Short-term borrowings	1,328,918	1,328,918	—
Notes and accounts payable	1,532,392	1,532,392	—
Accrued income taxes	167,927	167,927	—
Total	\$ 36,648,227	\$ 37,661,853	\$ 1,013,626
Derivatives	\$ (143,534)	\$ (143,534)	—

Investment securities

The fair values of investment securities are measured at the quoted market price on the stock exchange for the equity instruments, or at the quoted price obtained from the financial institution. Information related to the fair value of investment securities by classification is included in Note 5.

Reserve fund for reprocessing of irradiated nuclear fuel

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

Cash and cash equivalents and 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.

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

	Carrying Amount		Thousands of U.S. Dollars 2016
	Millions of Yen		
	2016	2015	
Investments in equity instruments that do not have a quoted market price in an active market	¥ 44,153	¥ 73,757	\$ 391,817
Invested instruments and other	2,738	3,196	24,301

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

March 31, 2016	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	¥ 1,600	¥ 2,065	¥ 1,315	¥ 400
Available-for-sale securities with contractual maturities	125	271	200	
Cash and cash equivalents	123,025			
Receivables	250,992	460	12	8

March 31, 2016	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	\$ 14,198	\$ 18,324	\$ 11,669	\$ 3,549
Available-for-sale securities with contractual maturities	1,109	2,404	1,774	
Cash and cash equivalents	1,091,717			
Receivables	2,227,283	4,082	108	79

The redemption amount from the reserve fund for reprocessing of irradiated nuclear fuel within one year is ¥56,178 million (\$498,525 thousand).

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

17. DERIVATIVES

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

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

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

Derivative Transactions to Which Hedge Accounting Is Not Applied

March 31, 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, 2015				
Currency swaps (U.S. dollar payment, Japanese yen receipt)	¥ 30,648	¥ 25,545	¥ (8,619)	¥ (8,619)
March 31, 2016	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)	\$ 226,689	\$ 181,408	\$ (41,611)	\$ (41,611)

Derivative Transactions to Which Hedge Accounting is Applied

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, 2015				
Foreign exchange forward contracts:				
Buying U.S. dollars	Equipment fund	¥ 13,948		¥ 7,740
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	568,113	¥ 533,915	*
Commodity swaps (fixed price payment, floating price receipt)	Fuel	69,446	68,836	(1,700)
March 31, 2016	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	\$ 6,441		\$ 3,008
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	80,952	\$ 74,602	(1,971)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	4,792,035	4,141,295	*
Commodity swaps (fixed price payment, floating price receipt)	Fuel	594,369	510,280	(102,959)

* 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.

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18. COMPREHENSIVE INCOME

The components of other comprehensive income (loss) for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 23,287	¥ 21,598	\$ 206,648
Reclassification adjustments to profit or loss	469	(23)	4,166
Amount before income tax effect	23,756	21,574	210,814
Income tax effect	(6,625)	(5,065)	(58,792)
Total	¥ 17,131	¥ 16,508	\$ 152,022
Deferred loss on derivatives under hedge accounting:			
Loss arising during the year	¥ (13,202)	¥ (20,726)	\$ (117,157)
Reclassification adjustments to profit or loss	(53)	(13)	(473)
Adjustments to acquisition costs of assets	(670)	15,943	(5,952)
Amount before income tax effect	(13,926)	(4,796)	(123,583)
Income tax effect	2,718	2,278	24,125
Total	¥ (11,207)	¥ (2,517)	\$ (99,458)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 1,535	¥ 3,681	\$ 13,622
Defined retirement benefit plans:			
Gains arising during the year	¥ (9,964)	¥ (39,451)	\$ (88,423)
Reclassification adjustments to profit or loss	10,355	(2,840)	91,894
Amount before income tax effect	391	(42,291)	3,471
Income tax effect	(321)	12,413	(2,848)
Total	¥ 70	¥ (29,878)	\$ 623
Share of other comprehensive income in associates:			
(Loss) gains arising during the year	¥ (6,968)	¥ 7,924	\$ (61,836)
Reclassification adjustments to profit or loss	(24)	393	(219)
Total	¥ (6,993)	¥ 8,317	\$ (62,055)
Total other comprehensive income (loss)	¥ 535	¥ (3,888)	\$ 4,753

19. COMMITMENTS AND CONTINGENCIES

At March 31, 2016, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥305,011 million (\$2,706,639 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, 2016, the Companies had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
	2016	2016
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited (Note 14)	¥ 191,468	\$ 1,699,071
Other	83,048	736,968
Total	¥ 274,517	\$ 2,436,040

Since the Otsu District Court made the decision of the provisional disposition to suspend the operation of Units 3 and 4 of the Takahama Power Station on March 9, 2016, the Company stopped the operation of Unit 3 and suspended the work for the

resumption of the operation of Unit 4. The Company filed an appeal and an objection to the temporary restraining order with the Otsu District Court on March 14, 2016.

20. NET INCOME PER SHARE

Diluted net income per share (EPS) for the years ended March 31, 2016 and 2015, is not disclosed because the Companies do not issue dilutive securities.

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income (Loss) Attributable to Owners of the Parent	Weighted-Average Shares		EPS
For the year ended March 31, 2016				
Basic EPS:				
Net income attributable to common shareholders ...	¥ 140,800	893,467	¥ 157.59	\$ 1.40
For the year ended March 31, 2015				
Basic EPS:				
Net loss attributable to common shareholders	¥ (148,375)	893,521	¥ (166.06)	—

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21. SEGMENT INFORMATION

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

1. Description of reportable segments

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Companies; therefore, the Companies' reportable segments consist of electric power, IT/communications, and other.

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

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

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

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

	Millions of Yen						
	2016						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
Electric Power	IT/Communications	Total					
Sales:							
Sales to external customers	¥ 2,795,781	¥ 174,842	¥ 2,970,623	¥ 275,282	¥ 3,245,906		¥ 3,245,906
Intersegment sales or transfers	10,673	43,452	54,125	261,742	315,868	¥ (315,868)	
Total	¥ 2,806,454	¥ 218,294	¥ 3,024,749	¥ 537,025	¥ 3,561,774	¥ (315,868)	¥ 3,245,906
Segment profit	¥ 198,660	¥ 17,352	¥ 216,012	¥ 39,136	¥ 255,149	¥ 1,552	¥ 256,702
Segment assets	6,096,697	377,412	6,474,110	1,521,768	7,995,879	(583,407)	7,412,472
Other:							
Depreciation	281,846	62,598	344,444	32,166	376,611	(6,190)	370,421
Increase in property and intangible assets	253,416	45,175	298,592	77,003	375,595	(6,293)	369,302

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

	Thousands of U.S. Dollars						
	2016						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
Electric Power	IT/Communications	Total					
Sales:							
Sales to external customers	\$ 24,809,487	\$ 1,551,535	\$ 26,361,023	\$ 2,442,832	\$ 28,803,855		\$ 28,803,855
Intersegment sales or transfers	94,714	385,592	480,307	2,322,677	2,802,984	\$(2,802,984)	
Total	\$ 24,904,202	\$ 1,937,127	\$ 26,841,330	\$ 4,765,510	\$ 31,606,840	\$(2,802,984)	\$ 28,803,855
Segment profit	\$ 1,762,891	\$ 153,986	\$ 1,916,877	\$ 347,296	\$ 2,264,174	\$ 13,777	\$ 2,277,952
Segment assets	54,101,498	3,349,125	57,450,623	13,504,027	70,954,651	(5,177,096)	65,777,554
Other:							
Depreciation	2,501,081	555,489	3,056,570	285,444	3,342,015	(54,933)	3,287,082
Increase in property and intangible assets	2,248,791	400,886	2,649,678	683,323	3,333,001	(55,847)	3,277,153

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of The Kansai Electric Power Company, Incorporated and its subsidiaries as of March 31, 2016, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Kansai Electric Power Company, Incorporated and its subsidiaries as of March 31, 2016, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 28, 2016

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements
for the Year Ended March 31, 2016

Non-Consolidated Balance Sheet

The Kansai Electric Power Company, Incorporated
March 31, 2016

ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
PROPERTY:			
Plant and equipment	¥ 15,057,975	¥ 14,967,271	\$ 133,622,999
Construction in progress	381,942	373,662	3,389,322
Contributions in aid of construction	(461,022)	(454,905)	(4,091,068)
Accumulated depreciation and amortization	(11,066,409)	(10,877,255)	(98,202,230)
Plant and equipment—net	3,912,486	4,008,773	34,719,022
Nuclear fuel, net of amortization	526,291	530,065	4,670,259
Property—net	4,438,778	4,538,838	39,389,282
INVESTMENTS AND OTHER ASSETS:			
Investment securities	104,455	116,574	926,925
Investments in and advances to subsidiaries and associated companies	419,953	429,317	3,726,629
Reserve fund for reprocessing of irradiated nuclear fuel	526,080	551,395	4,668,391
Long-term loans receivable	285	293	2,529
Special account related to nuclear power decommissioning	27,346	28,095	242,674
Deferred tax assets	375,015	432,505	3,327,852
Other assets	94,208	59,373	835,995
Total investments and other assets	1,547,346	1,617,556	13,730,998
CURRENT ASSETS:			
Cash and cash equivalents	91,052	232,372	807,988
Accounts receivable	193,795	199,626	1,719,722
Allowance for doubtful accounts	(2,319)	(1,778)	(20,578)
Inventories	65,676	100,177	582,806
Deferred tax assets	55,447	43,887	492,034
Other current assets	43,316	38,253	384,389
Total current assets	446,969	612,538	3,966,362
TOTAL	¥ 6,433,093	¥ 6,768,934	\$ 57,086,643

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥112.69 = U.S. \$1, the approximate rate of exchange at March 31, 2016.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
LONG-TERM LIABILITIES			
Long-term debt, less current maturities	¥ 2,776,571	¥ 3,172,544	\$ 24,639,022
Liability for retirement benefits	303,754	361,468	2,695,490
Reserve for reprocessing of irradiated nuclear fuel	611,440	643,985	5,425,866
Asset retirement obligations	418,705	408,429	3,715,553
Other long-term liabilities	239,846	185,770	2,128,373
Total long-term liabilities	4,350,319	4,772,198	38,604,306
CURRENT LIABILITIES:			
Current maturities of long-term debt	609,254	505,936	5,406,468
Short-term borrowings	130,000	200,000	1,153,607
Accounts payable	115,539	207,652	1,025,282
Payable to subsidiaries and associated companies	150,353	154,406	1,334,220
Accrued expenses and other current liabilities	307,095	281,172	2,725,134
Total current liabilities	1,312,242	1,349,167	11,644,713
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	28,487	8,690	252,791
EQUITY:			
Common stock, authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2016 and 2015	489,320	489,320	4,342,183
Capital surplus:			
Additional paid-in capital	67,031	67,031	594,828
Retained earnings:			
Legal reserve	33,133	122,330	294,025
Unappropriated	214,763	7,027	1,905,787
Unrealized gain on available-for-sale securities	42,408	50,602	376,327
Deferred gain on derivatives under hedge accounting	(8,334)	(1,210)	(73,956)
Treasury stock - at cost 45,044,437 shares in 2016 and 44,964,447 shares in 2015	(96,278)	(96,223)	(854,363)
Total equity	742,044	638,876	6,584,832
TOTAL	¥ 6,433,093	¥ 6,768,934	\$ 57,086,643

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥112.69 = U.S. \$1, the approximate rate of exchange at March 31, 2016.

Non-Consolidated Statements of Operations

The Kansai Electric Power Company, Incorporated
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
OPERATING REVENUES:			
Electricity operating revenues:			
Residential	¥ 1,063,806	¥ 1,129,114	\$ 9,440,114
Commercial and industrial	1,530,231	1,655,047	13,579,125
Other	212,416	166,345	1,884,963
Sub-total	2,806,454	2,950,506	24,904,202
Incidental operating revenues	61,838	81,928	548,749
Total	2,868,293	3,032,435	25,452,952
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	196,724	195,986	1,745,714
Fuel costs	710,326	1,186,593	6,303,369
Cost of purchased power	493,577	571,107	4,379,956
Maintenance costs	185,351	184,611	1,644,791
Depreciation	281,790	298,148	2,500,584
Taxes	143,635	144,073	1,274,610
Other	596,387	503,955	5,292,283
Sub-total	2,607,794	3,084,476	23,141,311
Incidental operating expenses	51,932	78,764	460,841
Total	2,659,726	3,163,241	23,602,152
OPERATING INCOME (LOSS)	208,566	(130,805)	1,850,799
OTHER (INCOME) EXPENSES:			
Interest and dividends income	(25,835)	(22,997)	(229,264)
Interest expense	46,790	50,624	415,218
Other—net	(12,530)	1,194	(111,196)
Total	8,424	28,820	74,757
INCOME (LOSS) BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	200,142	(159,626)	1,776,041
PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	19,796	1,760	175,670
INCOME (LOSS) BEFORE INCOME TAXES	180,345	(161,386)	1,600,370
INCOME TAXES			
Current	9,086	(6,193)	80,629
Deferred	52,719	21,528	467,827
Total	61,805	15,335	548,457
NET INCOME (LOSS)	¥ 118,540	¥ (176,721)	\$ 1,051,913

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥112.69 = U.S. \$1, the approximate rate of exchange at March 31, 2016.

Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated
Year Ended March 31, 2016

	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, 2014	938,733,028	¥ 489,320	¥ 67,031		¥ 122,330	¥ 183,750	¥ (96,186)	¥ 36,411	¥ 4,032	¥ 806,691
Net loss						(176,721)				(176,721)
Purchase of treasury stock							(40)			(40)
Disposal of treasury stock				(1)			3			1
Transfer to capital surplus from retained earnings				1		(1)				
Net change in the year								14,190	(5,243)	8,946
BALANCE, MARCH 31, 2015	938,733,028	¥ 489,320	¥ 67,031		¥ 122,330	¥ 7,027	¥ (96,223)	¥ 50,602	¥ (1,210)	¥ 638,876
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

	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, 2015	\$ 4,342,183	\$ 594,828		\$ 1,085,545	\$ 62,360	\$ (853,881)	\$ 449,038	\$ (10,746)	\$ 5,669,330	
Reversal of legal retained earnings				(791,520)	791,520					
Net Income					1,051,913				1,051,913	
Purchase of treasury stock						(500)			(500)	
Disposal of treasury stock			(6)			17			11	
Transfer to capital surplus from retained earnings			6		(6)					
Net change in the year							(72,711)	(63,210)	(135,922)	
BALANCE, MARCH 31, 2016	\$ 4,342,183	\$ 594,828		\$ 294,025	\$ 1,905,787	\$ (854,363)	\$ 376,327	\$ (73,956)	\$ 6,584,832	

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥112.69 = U.S. \$1, the approximate rate of exchange at March 31, 2016.

Five-Year Summary of Selected Operational Data

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

	Non-Consolidated Basis					Consolidated Basis				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Operating Revenues (Millions of Yen)	2,503,155	2,520,713	2,958,246	3,032,435	2,868,293	2,811,424	2,859,054	3,327,484	3,406,030	3,245,906
Operating Income (Millions of Yen)	(276,625)	(363,388)	(116,815)	(130,805)	208,566	(229,388)	(314,012)	(71,711)	(78,600)	256,702
Ordinary Income (Millions of Yen)	(302,014)	(392,562)	(122,909)	(159,626)	200,142	(265,537)	(353,190)	(111,326)	(113,052)	241,651
Net Income (Millions of Yen)	(257,657)	(272,938)	(93,091)	(176,721)	118,540	(242,257)	(243,422)	(97,408)	(148,375)	140,800
Electricity Operating Revenues (Millions of Yen)										
Residential	1,008,852	1,010,697	1,144,429	1,129,114	1,063,806					
Commercial and Industrial	1,329,826	1,343,556	1,607,254	1,655,047	1,530,231					
Total	2,338,679	2,354,254	2,751,684	2,784,161	2,594,038					
Electricity Operating Expenses (Millions of Yen)										
Personnel Expenses	236,029	231,226	198,186	195,986	196,724					
Fuel Costs	776,842	919,884	1,159,206	1,186,593	710,326					
Costs of Purchased Power	530,374	567,923	554,948	571,107	493,577					
Maintenance Costs	272,524	202,615	178,543	184,611	185,351					
Depreciation	316,990	294,733	298,349	298,148	281,790					
Taxes Other than Income Taxes	144,417	141,271	145,423	144,073	143,635					
Other	429,627	451,264	454,256	503,955	596,387					
Total	2,706,807	2,808,920	2,988,914	3,084,476	2,607,794					
No. of FTTH Contracts (Thousand Lines)	1,298	1,396	1,484	1,528	1,590					
Gas Sales Volumes (LNG conversion) (Thousand Tons)	950	960	930	780	750					
Interest Expense (Millions of Yen)	46,331	49,949	51,533	50,624	46,790	51,324	55,102	56,621	55,373	51,322
Return on Equity (ROE) (%)	(19.2)	(26.3)	(10.9)	(24.5)	17.2	(14.6)	(17.6)	(8.0)	(13.3)	12.7
Return on Assets (ROA) (%)	(3.9)	(5.1)	(1.0)	(1.6)	3.7	(2.9)	(3.9)	(0.7)	(0.7)	3.9
Net Income per Share (Yen)	(288.25)	(305.35)	(104.15)	(197.72)	132.63	(271.12)	(272.43)	(109.01)	(166.06)	157.59
Cash Dividends per Share (Yen)	60.00	0.00	0.00	0.00	0.00					
Capital Investments (Millions of Yen)	319,963	334,527	325,068	300,069	254,183	420,621	435,211	418,920	420,667	369,302
Total Assets (Millions of Yen)	6,660,484	6,757,662	6,916,202	6,798,934	6,433,093	7,521,352	7,635,150	7,777,519	7,743,378	7,412,472
Net Assets (Millions of Yen)	1,183,501	894,995	806,691	638,876	742,044	1,529,843	1,278,106	1,213,158	1,060,219	1,201,831
Equity Ratio (%)	17.8	13.2	11.7	9.4	11.5	20.1	16.5	15.3	13.4	15.9
Interest-bearing Debt (Millions of Yen)	3,430,159	3,774,148	3,954,708	3,875,278	3,496,559	3,864,991	4,210,249	4,396,839	4,315,256	3,938,279
Net Assets per Share (Yen)	1,324.02	1,001.29	902.54	714.81	830.28	1,689.73	1,406.53	1,330.48	1,159.53	1,319.33
Free Cash Flows (Millions of Yen)						(364,487)	(287,989)	(3,213)	(59,004)	204,255
Operating Cash Flows (Millions of Yen)						43,869	142,673	347,772	447,666	595,154
Operating Revenues from Group Businesses										
(external sales) (Billions of Yen)						391.2	428.4	464.1	463.5	447.4
Ordinary Income from Group Businesses										
(Billions of Yen)						52.8	62.9	49.1	62.7	67.4

	Non-Consolidated Basis				2016
	2012	2013	2014	2015	
Electricity Sales Volume (Million kWh)					
Residential	49,991	49,012	48,353	45,858	44,053
Commercial and Industrial	96,037	92,742	92,061	88,633	83,463
Total	146,028	141,754	140,414	134,490	127,516
Number of Customers (Thousands)					
Residential	12,464	12,527	12,591	12,635	12,709
Commercial and Industrial (Excluding the liberalized segment)	1,065	1,046	1,028	1,013	998
Total	13,529	13,574	13,620	13,648	13,708
Electricity Generation Capacity (MW)					
Nuclear	9,768	9,768	9,768	9,768	8,928
Thermal	16,907	16,972	17,982	19,441	19,408
Hydropower	8,197	8,208	8,208	8,222	8,225
Renewable Energies	10	10	11	11	11
Total	34,882	34,958	35,968	37,442	36,573
System Peak Demand (MW)	27,844	26,816	28,158	26,674	24,902
Load Ratio (%)	65.4	65.3	62.5	64.5	64.3
Power Sources (%)					
Nuclear	20	10	6	0	1
Thermal	69	80	83	88	84
Hydropower	10	9	10	10	12
Renewable Energies	1	1	1	2	3
Total	100	100	100	100	100
CO ₂ Emission (kg-CO ₂ /kWh)	0.414	0.475	0.516	0.523	0.50
Nuclear Capacity Factor (%)	37.6	17.7	10.9	0.0	1.0
Thermal Efficiency of Thermal Power Plants (Lower heating value) (%)	42.2	42.2	42.6	44.1	46.6
Number of Employees	20,484	20,714	20,813	20,628	19,914

Corporate Information / Stock Information

Company name:	The Kansai Electric Power Company, Incorporated	Number of common shares issued:	938,730 thousand
Head office:	3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270, Japan	Number of shareholders:	325 thousand
Date of establishment:	May 1, 1951	Stock exchange listings: (Common stock)	Tokyo Stock Exchange
Paid-in capital:	¥489.3 billion	Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation
Operating revenues:	¥3,245.9 billion (consolidated), ¥2,868.2 billion (non-consolidated)		6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502, Japan
Total assets:	¥7,412.4 billion (consolidated), ¥6,433.0 billion (non-consolidated)		
Number of employees:	33,089 (consolidated), 19,914 (non-consolidated)		
Electricity sales:	127.5 billion kWh		
Main business:	Electric power, heat supply, telecommunications, gas supply		

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

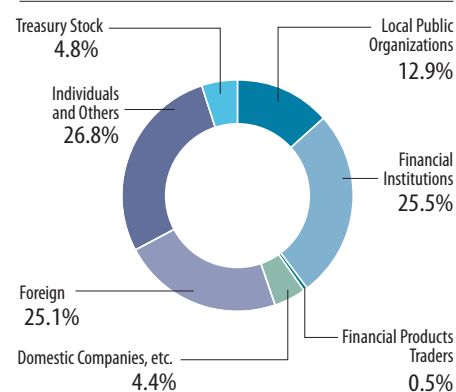
Major shareholders

As of March 31, 2016	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)	21,608	2.30
Kansai Electric Power Employee Stockholder Program	19,971	2.13
Japan Trustee Services Bank, Ltd. (Trust Account)	19,832	2.11
Mizuho Bank, Ltd.	17,378	1.85
MSIP CLIENT SECURITIES	16,695	1.78
Kochi Shinkin Bank	13,796	1.47
Sumitomo Mitsui Banking Corporation	11,128	1.19

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

Distribution of shares

As of March 31, 2016



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

(As of June 30, 2016)

● Consolidated subsidiaries 61 companies

Comprehensive Energy Supply

Kanden Energy Solution Co., Inc.
SAKAI LNG Corp.
ECHIZEN ENELINE CO., INC.
Osaka Bioenergy Co., Ltd.
Kansai Electric Power Australia Pty. Ltd.
Kansai Electric Power Holdings Australia Pty. Ltd.
Kansai Sojitz Enrichment Investing S.A.S.
LNG EBISU Shipping Corporation
LNG FUKUROKUJU Shipping Corporation
LNG JUROJIN Shipping Corporation
KE Fuel International Co., Ltd.
Six other companies

Information and Communications

K-Opticom Corp.
Kanden System Solutions Co., Inc.
Four other companies

Amenity Services in Daily Life (Real estate / infestyle-related)

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

Group Business Support

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

Other

KANDEN GEO-RE Inc.
KPIC Netherlands, B.V.
Kansai Power Venture Management Corporation
Kanden L-Heart Co., Inc.
Kansai Electron Beam Co., Ltd.

● Affiliates accounted for by the equity method Four companies

Comprehensive Energy Supply

JAPAN NUCLEAR FUEL LIMITED

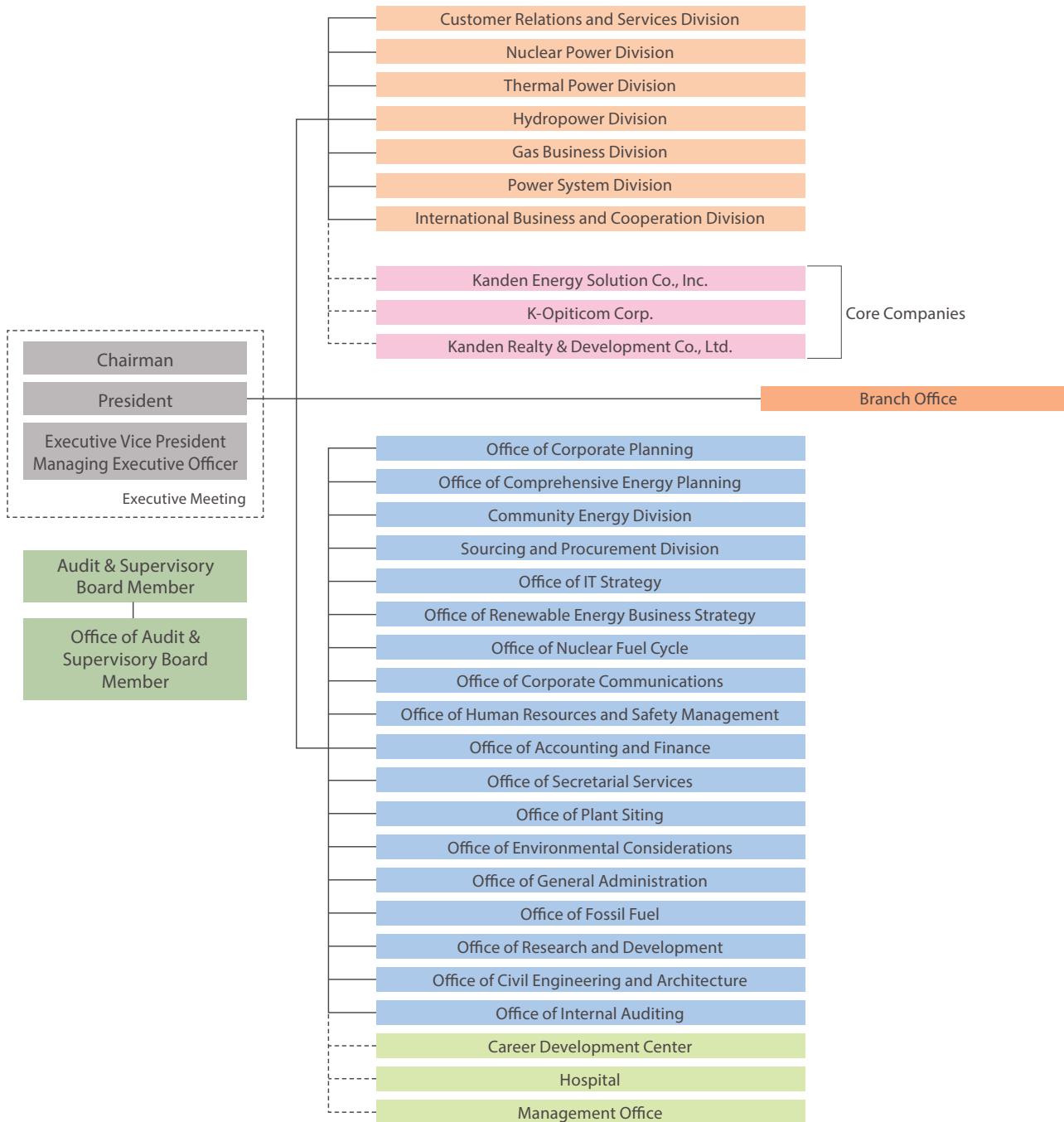
Other

KINDEN CORPORATION
ENEGATE Co., Ltd.
San Roque Power Corporation

Organization Chart

(As of June 28, 2016)

On June 28, with the goal of realizing "What we aspire to become in 10 years" described in our Medium-term Management Plan, our company executed organizational restructuring that was focused on building a governance structure and an organization that maximizes group value.



**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.

