

March 26, 2008

The Kansai Electric Power Co., Inc.

### **Notice of the Basic Policy on Profit Distribution to Shareholders**

The Kansai Electric Power Co., Inc. (Code: 9503)

6-16 Nakanoshima 3-chome, Kita-ku, Osaka

(URL <http://www.kepco.co.jp>)

Company Representative: Shosuke Mori, President and Director

Contact: Momosuke Ozuku, General Manager, Office of Financing and Accounting

Tel: +81-6-6441-8821

Kansai Electric Power Co., Inc. (the Company) announces that at the meeting of the Board of Directors held today, the Company resolved the basic policy on profit distribution to shareholders as follows.

The company has an objective to increase shareholders' value for mid to long term. With regard to profit distribution to shareholders, the company has maintained stable dividend and repurchased its own shares.

The company continues to carry out capital expenditure and investments, considering asset efficiency and the rate of return on investment, in order to achieve the continuous growth in electricity and group businesses. Accordingly, the company gains operational cash flow and distributes its profits to shareholders properly and stably.

As the Company decides "the rate of total distribution on net assets<sup>\*\*</sup>", the Company makes its basic policy more clear and meets shareholders' expectation.

With regard to the basic policy, the Company set dividend and share-buyback as methods for distribution to shareholders. The company intends to achieve "the rate of total distribution on net assets" at approximately 4% each year from fiscal year ending on Mar. 31st 2009 to fiscal year ending on Mar. 31st 2013. ( In fiscal year ending on Mar. 31st 2008, the company intends to apply the same policy to distribution to shareholders. )

The Company also intends to retire its own shares which will be repurchased in future according to this basic policy.

※ The rate of total distribution on net assets for Fiscal year (N) =  
 ( ( total amount of dividend for Fiscal year (N) ) + ( total amount of repurchased its own shares for Fiscal year (N+1) ) ) / consolidated net assets\* for Fiscal year (N) (average amount of the beginning and end of fiscal year)

\* consolidated net assets = net assets - minority interest - stock acquisition right

(Reference) Financial objective in management plan for fiscal year ending on Mar. 31st 2009

	Average from fiscal year ending on Mar. 31st 2009 to fiscal year ending on Mar. 31st 2013	Fiscal year ending on Mar. 31st 2013
The rate of business profit on total assets (consolidated) <sup>※1</sup>	3 % or higher	4% or higher
Operational cash flow (consolidated)	550 billion yen or higher	650 billion yen or higher
Sales to non-group companies in group businesses <sup>※2</sup>	340 billion yen or higher	380 billion yen or higher
Ordinary income in group businesses <sup>※3</sup>	45 billion yen or higher	60 billion yen or higher

※1 The rate of business profit on total assets = business profit ( ordinary income + interest expense ) / total assets (average amount of the beginning and end of fiscal year)

※2 Total sales to non-group companies by subsidiaries ( include gas business in incidental business )

※3 Total ordinary income of subsidiaries ( include gas business in incidental business and the portion of net income of associated companies in proportion to holding shares )