

# Financial results for 3Q of FY ending 3/2007 & Financial forecasts for FY ending 3/2007

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The Kansai Electric Power Co., Inc.

Financial forecasts are subject to change depending upon the changes of business environments and other conditions.

# Contents

## ■ Financial results for 3Q of FY ending 3/2007 and forecasts for FY ending 3/2007

Financial highlights (consolidated, non-consolidated)	-----	2
Major factors (non-consolidated)	-----	3
Electricity sales	-----	4
Non-consolidated statement of income	-----	5
Financial forecasts for FY ending 3/2007(consolidated, non-consolidated)	-----	6

## ■ Financial results and forecasts of non-electric business

Financial highlights of non-electric business	-----	7
Financial forecasts of non-electric business	-----	8

## ■ Appendix

Sales performance and objectives	-----	9
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## Financial highlights

(billion yen)

	Consolidated (a)			Non-consolidated (b)			(a)/(b)	
	4/06-12/06	4/05-12/05	Change	4/06-12/06	4/05-12/05	Change	4/06-12/06	4/05-12/05
Operating revenue	1,906.1	1,876.8	+29.3 (+1.6%)	1,776.5	1,755.6	+20.8 (+1.2%)	1.07	1.07
Operating income	249.1	285.2	-36.0 (-12.6%)	223.9	266.1	-42.2 (-15.9%)	1.11	1.07
Ordinary income	215.3	223.0	-7.7 (-3.5%)	187.4	204.8	-17.4 (-8.5%)	1.15	1.09
Net income	136.9	146.1	-9.2 (-6.3%)	116.6	133.9	-17.2 (-12.9%)	1.17	1.09

	Consolidated			Non-consolidated		
	12/06	3/06	Change	12/06	3/06	Change
Total asset	6,763.0	6,856.4	-93.4 (-1.4%)	6,163.0	6,268.8	-105.8 (-1.7%)
Interest-bearing debt	3,251.2	3,323.9	-72.7 (-2.2%)	2,901.2	2,975.8	-74.5 (-2.5%)
Equity ratio	27.5%	26.0%	+1.5%	26.9%	25.5%	+1.4%

\*1. (    ) : Changes from the previous term, %

\*2. Ordinary income means Income before Provision for (reversal of) Reserve for Fluctuation in Water Level, special items and Income taxes

## Major factors (non-consolidated)

	4/06-12/06	4/05-12/05	Change
<b>Electricity sales (TWh)</b>	110.1 (101.2)	108.8 (100.6)	+1.3
<b>Residential (TWh)</b>	34.7 (101.3)	34.3 (102.8)	+0.4
<b>Commercial and industrial (TWh)</b>	75.4 (101.1)	74.6 ( 99.7)	+0.8
<b>Nuclear capacity factor (%)</b>	76.0	74.7	+1.3
<b>Water run-off ratio (%)</b>	102.1	86.4	+15.7
<b>All Japan CIF crude oil price (\$/barrel)</b>	65.5	54.5	+11.0
<b>Exchange rate [TTM] (yen/\$)</b>	116	112	+4
<b>Interest rate [long-term prime rate] (%)</b>	2.42	1.62	+0.80

\* (    ) : Changes from the previous term, %

# Electricity sales

## <Electricity sales volume>

(million kWh, %)

			1 <sup>st</sup> half	Oct.	Nov.	Dec.	3Q
Regulated segment	Lightning		23,989 (103.1)	3,288 (92.1)	3,463 (104.0)	3,971 (96.7)	34,711 (101.3)
	Power	Low voltage	3,368 (94.6)	453 (81.4)	374 (103.3)	396 (90.0)	4,591 (93.4)
		Others	505 (95.7)	65 (94.7)	79 (96.5)	91 (90.3)	739 (95.0)
		Sub total	3,873 (94.8)	518 (82.9)	452 (102.1)	487 (90.0)	5,330 (93.6)
	Sub total		27,862 (101.9)	3,806 (90.7)	3,915 (103.8)	4,457 (95.9)	40,041 (100.2)
Liberalized segment			47,647 (101.6)	7,823 (102.2)	7,311 (103.7)	7,274 (100.4)	70,055 (101.7)
Total			75,510 (101.7)	11,629 (98.1)	11,226 (103.7)	11,731 (98.6)	110,096 (101.2)

### 【Breakdown of liberalized segment】

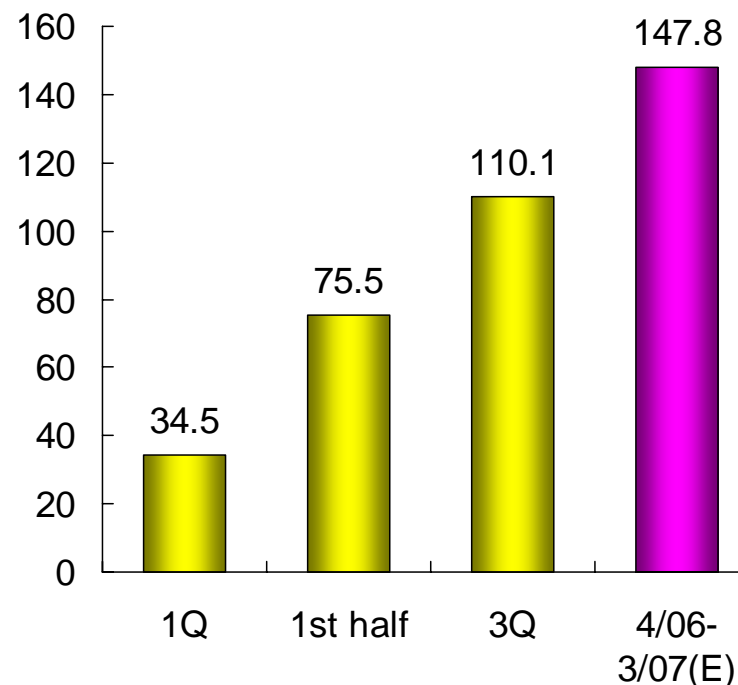
Commercial	18,261 (100.3)	2,865 (97.1)	2,597 (101.5)	2,618 (98.1)	26,342 (99.8)
Industrial	29,203 (102.4)	4,930 (105.4)	4,695 (105.0)	4,637 (101.8)	43,465 (103.0)

\* ( ) : Changes from the previous term, %

In spite of demand decrease for air conditioning due to the relatively low temperature in the summer and high temperature from November to December, total electricity sales for 3Q increased to 110,096 million kWh (+1.2%) from the same period in 2005, mainly due to an increase of customers and steady increase in capital expenditures, exports and corporate production activities according to continuous economic recovery.

## <Electricity sales forecasts>

(TWh)



\* The Figures as of October 2006 have not been changed.

# Non-consolidated statement of income

(billion yen)

	4/06-12/06	4/05-12/05	Change	Breakdown
<b>Ordinary revenue</b>	1,789.3	1,764.3	+24.9	
<b>Electricity sales</b>	1,691.8	1,693.7	-1.8	<ul style="list-style-type: none"> <li>▪ Increase in electricity sales volume +19.0</li> <li>▪ Decrease in revenue per kWh mainly due to rate cut -21.0</li> </ul>
<b>Others</b>	97.4	70.5	+26.8	<ul style="list-style-type: none"> <li>▪ Increase in incidental business revenues +9.7</li> </ul>
<b>Ordinary expenses</b>	1,601.8	1,559.4	+42.4	
<b>Personnel</b>	155.3	191.4	-36.1	<ul style="list-style-type: none"> <li>▪ Retirement benefit cost -35.8</li> </ul>
<b>Fuel</b>	270.2	203.1	+67.0	<ul style="list-style-type: none"> <li>▪ Fossil fuel costs +67.4 <ul style="list-style-type: none"> <li>▪ Increase in purchased amount +5.0 (increase in electricity sales volume, increase in water run-off ratio, increase in nuclear capacity factor, and other factors)</li> <li>▪ Increase in unit cost +62.0 (depreciation in yen, rise in oil prices, changes of fuel composition, and other factors)</li> </ul> </li> <li>▪ Nuclear fuel costs -0.3</li> </ul>
<b>Backend expenses of nuclear power</b>	63.1	63.5	-0.3	<ul style="list-style-type: none"> <li>▪ Reprocessing cost of irradiated nuclear fuel -1.9</li> </ul>
<b>Maintenance</b>	161.2	140.5	+20.6	<ul style="list-style-type: none"> <li>▪ Fossil-fired power +6.5    ▪ Nuclear power +5.2</li> </ul>
<b>Taxes other than income taxes</b>	117.3	118.4	-1.1	<ul style="list-style-type: none"> <li>▪ Property tax -1.9</li> </ul>
<b>Depreciation</b>	231.9	252.6	-20.6	<ul style="list-style-type: none"> <li>▪ Fossil-fired power -9.3, ▪ Transmission -2.7</li> </ul>
<b>Purchased power</b>	308.0	292.4	+15.6	<ul style="list-style-type: none"> <li>▪ From other non-utility companies +25.1</li> </ul>
<b>Interest expenses</b>	43.4	48.7	-5.2	<ul style="list-style-type: none"> <li>▪ Decrease in principal amount -2.8</li> <li>▪ Increase in early repayment -1.9</li> </ul>
<b>Other</b>	251.0	248.4	+2.5	<ul style="list-style-type: none"> <li>▪ Increase in incidental business expenses +9.2</li> </ul>
<b>Ordinary income</b>	187.4	204.8	-17.4	

## Financial forecasts for FY ending 3/2007

(billion yen)

	Consolidated	Non-consolidated
Operating revenue	2,600.0	2,400.0
Operating income	260.0	230.0
Ordinary income	205.0	180.0
Net income	122.0	109.0

- Although the financial forecasts have not been changed from October 2006, the forecasts are calculated including positive effects such as decrease in oil prices and negative effects such as additional provision (\*) for reserve for reprocessing of irradiated nuclear fuel.

\* Estimated reprocessing costs for irradiated nuclear fuel which has no concrete plan to be reprocessed.

### <Major factors>

	Revised forecasts	Previous forecasts
Electricity sales (TWh)	147.8	147.8
Nuclear capacity factor (%)	77.0	74.6
Water run-off ratio (%)	101.7	103.6
All Japan CIF crude oil price (\$/barrel)	Approx. 66	Approx. 69
Exchange rate [TTM] (yen/\$)	Approx. 117	Approx. 118
Interest rate [long-term prime rate] (%)	Approx. 2.5	Approx. 2.5

### <Sensitivity of major factors> (billion yen)

	Revised forecasts
Nuclear capacity factor per 1%	5.8
Water run-off ratio per 1%	1.0
All Japan CIF crude oil price per \$1/barrel	3.9
Exchange rate [TTM] per ¥1/\$	3.6
Interest rate [long-term prime rate] per 1%	3.8

# Financial highlights of non-electric business

(billion yen)

		4/06-12/06	Change	Breakdown
<b>Non-electric business (*1)</b>	<b>Sales to non-group companies</b>	169.4	+17.7	
	<b>Ordinary income</b>	25.8	+7.3	
<b>Total energy business (*2)</b>	<b>Sales to non-group companies</b>	32.8	+10.2	<ul style="list-style-type: none"> <li>• Increase in gas sales price</li> <li>• Increase in energy sales volume</li> </ul>
	<b>Ordinary income</b>	0	+1.7	<ul style="list-style-type: none"> <li>• Increase in gas sales price</li> <li>• Commencement of operation of Sakai LNG terminal</li> </ul>
<b>IT/communication business (results of K-Opticom)</b>	<b>Sales to non-group companies</b>	61.5 (52.1)	+7.1 (+8.2)	<ul style="list-style-type: none"> <li>• Increase in FTTH subscribers</li> </ul>
	<b>Ordinary income</b>	5.6 (4.1)	+5.3 (+3.4)	<ul style="list-style-type: none"> <li>• Increase in FTTH subscribers</li> <li>• Increase in order amount of IT system development</li> </ul>
<b>Life support amenity business</b>	<b>Sales to non-group companies</b>	23.8	-2.4	<ul style="list-style-type: none"> <li>• Decrease in the number of house sales</li> </ul>
	<b>Ordinary income</b>	5.3	-1.1	
<b>Other business</b>	<b>Sales to non-group companies</b>	51.2	+2.7	<ul style="list-style-type: none"> <li>• Increase in order amount</li> </ul>
	<b>Ordinary income</b>	14.9	+1.4	<ul style="list-style-type: none"> <li>• Increase in dividends received from overseas investment (Rojana Project)</li> </ul>

\*1. Figures in this page are before eliminations.

\*2. Total energy business includes 'Gas supply business' and 'Fuel supply business' booked as 'Incidental business' in non-consolidated financial statement.



## Financial forecasts of non-electric business

(billion yen)

		4/06-3/07(E)	Change from 10/06	Breakdown
Non-electric business (*1)	Sales to non-group companies	250.9	+1.8	
	Ordinary income	34.7	+7.3	
Total energy business (*2)	Sales to non-group companies	44.1	+0.0	
	Ordinary income	0	+0.4	
IT/communication business (forecasts of K-Opticom)	Sales to non-group companies	83.8 (70.6)	+0.6 (+0.7)	▪ Increase in sales for corporate customers
	Ordinary income	3.3 (1.5)	+1.0 (+0.5)	
Life support amenity business	Sales to non-group companies	47.2	-0.8	▪ Decrease in real estate business costs
	Ordinary income	9.3	+2.5	
Other business	Sales to non-group companies	75.6	+1.9	▪ Increase in order amount
	Ordinary income	22.0	+3.2	▪ Increase in dividends received from overseas investment (Rojana Project) ▪ Increase in sales for KEPCO

\*1. Figures in this page are before eliminations.

\*2. Total energy business includes 'Gas supply business' and 'Fuel supply business' booked as 'Incidental business' in non-consolidated financial statement.

## Sales performance and objectives

		4/05-12/05	4/06-12/06	Objectives
<b>Electric Business</b>	<b>Net increase of all electric homes</b>	75 thousand	88 thousand	230 thousand (FY ending Mar. 07 ~ FY ending Mar. 08)
<b>Total energy</b>	<b>Sales volume of gas and heavy oil (equivalent to LNG)</b>	460 thousand tons	560 thousand tons	Approx. 750 thousand tons (FY ending Mar. 2007)

		3/06	12/06	Objectives
<b>IT/communication</b>	<b>Number of individual customers</b>	507 thousand	593 thousand	620 thousand (as of March-end 2007)
	<b>Number of FTTH subscribers</b>	379 thousand	484 thousand	530 thousand (as of March-end 2007)
	<b>Number of corporate customers</b>	20.3 thousand	21.0 thousand	21 thousand (as of March-end 2007)

## For further information

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