

# Financial results for 1Q of FY ending 3/2008 & Financial forecasts for FY ending 3/2008

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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.

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## Financial highlights

(billion yen)

	Consolidated (a)			Non-consolidated (b)			(a)/(b)	
	4/07-6/07	4/06-6/06	Increase/ Decrease	4/07-6/07	4/06-6/06	Increase/ decrease	4/07-6/07	4/06-6/06
Operating revenue	596.2	592.9	+3.3 (+0.6%)	553.5	554.3	-0.7 (-0.1%)	1.08	1.07
Operating income	53.0	70.4	-17.3 (-24.7%)	47.7	64.0	-16.3 (-25.5%)	1.11	1.10
Ordinary income	43.8	59.0	-15.2 (-25.8%)	39.0	53.8	-14.8 (-27.5%)	1.12	1.10
Net income	31.4	34.9	-3.4 (-9.8%)	29.3	32.0	-2.7 (-8.6%)	1.07	1.09

	Consolidated			Non-consolidated		
	6/07	3/07	Increase/ decrease	6/07	3/07	Increase/ decrease
Total asset	6,736.1	6,827.2	-91.1 (-1.3%)	6,121.6	6,188.9	-67.2 (-1.1%)
Interest-bearing debt	3,182.3	3,207.2	-24.8 (-0.8%)	2,852.7	2,846.5	+6.1 (+0.2%)
Equity ratio	27.9%	27.4%	+0.5%	27.2%	26.8%	+0.4%

\*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)

	4/07-6/07	4/06-6/06	Increase/decrease
<b>Electricity sales (TWh)</b>	34.4 ( 99.9)	34.5 (102.6)	—
<b>Residential (TWh)</b>	10.8 ( 98.4)	11.0 (106.0)	-0.2
<b>Commercial and industrial (TWh)</b>	23.6(100.7)	23.4 (101.1)	+0.2
<b>Nuclear capacity factor (%)</b>	71.1	73.6	-2.5
<b>Water run-off ratio (%)</b>	75.7	107.6	-31.9
<b>All Japan CIF crude oil price (\$/barrel)</b>	64.6	65.0	-0.4
<b>Exchange rate [TTM] (yen/\$)</b>	121	114	+7
<b>Interest rate [long-term prime rate] (%)</b>	2.30	2.43	-0.13

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

## Electricity sales

### <Electricity sales volume>

(million kWh, %)

			April	May	June	1Q
Regulated segment	Lightning		4,079 (93.3)	3,747 (103.8)	3,011 (99.3)	10,837 (98.4)
	Power	Low voltage	409 (88.5)	374 (100.9)	367 (95.0)	1,150 (94.3)
		Others	103 (87.8)	100 (98.3)	75 (94.4)	277 (93.1)
		Sub total	512 (88.4)	475 (100.3)	441 (94.9)	1,428 (94.1)
	Sub total		4,591 (92.7)	4,222 (103.4)	3,452 (98.7)	12,264 (97.9)
Liberalized segment			7,280 (102.0)	7,170 (102.4)	7,724 (99.1)	22,174 (101.1)
Total			11,871 (98.2)	11,392 (102.8)	11,175 (99.0)	34,439 (99.9)

#### 【Breakdown of liberalized segment】

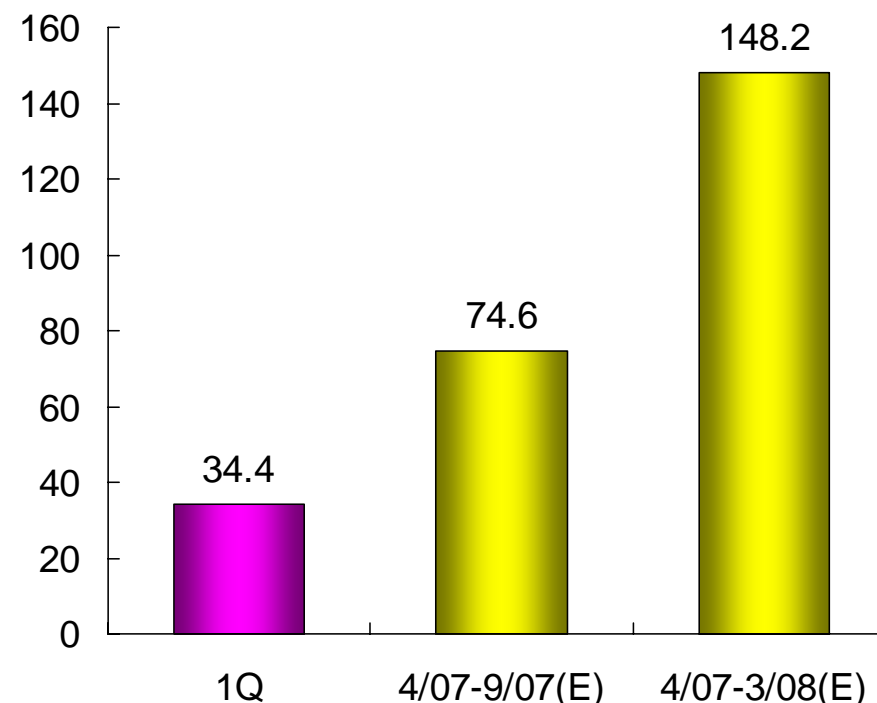
Commercial	2,616 (99.5)	2,548 (100.4)	2,796 (99.1)	7,960 (99.6)
Industrial	4,644 (103.5)	4,595 (103.5)	4,899 (99.3)	14,138 (102.0)

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

In spite of a increase of industrial demand due to a steady increase in capital expenditures and corporate production activities according to continuous economic recovery, total electricity sales for 1Q decreased to 34,439 million kWh (-0.1%) from the same period in 2006. It is mainly due to a decrease of electricity demand for heating purposes according to the relatively high-temperature in early spring.

### <Electricity sales forecasts>

(TWh)



\* The Figures as of April 2007 have not been changed.

# Non-consolidated statement of income

(billion yen)

	4/07-6/07	4/06-6/06	Increase/ decrease	Breakdown
<b>Ordinary revenue</b>	558.6	558.6	-	
<b>Electricity sales</b>	525.4	528.5	-3.0	<ul style="list-style-type: none"> <li>• Decrease in electricity kWh sales -0.5</li> <li>• Decrease in revenue per kWh -2.5</li> </ul>
<b>Others</b>	33.1	30.0	+3.1	<ul style="list-style-type: none"> <li>• Sold power to other non-utility companies +2.3</li> </ul>
<b>Ordinary expenses</b>	519.5	504.7	+14.8	
<b>Personnel</b>	53.4	53.9	-0.5	
<b>Fuel</b>	105.0	77.4	+27.5	<ul style="list-style-type: none"> <li>• Fossil fuel costs +28.7 <ul style="list-style-type: none"> <li>• Decrease in water flow +13.0、</li> <li>• Decrease in nuclear capacity factor +5.0</li> <li>• Decrease in purchased power +21.0、</li> <li>• Depreciation of yen +5.0</li> <li>• Rise in LNG and coal price and decline in oil price +1.0</li> <li>• Changes in component of fuel sources -11.0、</li> <li>• Other -5.0</li> </ul> </li> <li>• Nuclear fuel costs -1.1</li> </ul>
<b>Backend expenses of nuclear power</b>	23.4	20.3	+3.0	<ul style="list-style-type: none"> <li>• Reprocessing cost of irradiated nuclear fuel +1.4</li> <li>• Reprocessing cost of irradiated nuclear fuel without definite plans +1.2</li> </ul>
<b>Maintenance</b>	47.8	49.6	-1.8	<ul style="list-style-type: none"> <li>• Fossil-fired power -3.8、</li> <li>• Nuclear power +1.6</li> </ul>
<b>Taxes other than income taxes</b>	36.7	37.1	-0.4	
<b>Depreciation</b>	76.8	76.8	-	
<b>Purchased power</b>	86.0	97.0	-11.0	<ul style="list-style-type: none"> <li>• From other utilities -11.3</li> <li>• From other non-utility companies +0.3</li> </ul>
<b>Interest expenses</b>	12.9	13.4	-0.5	
<b>Other</b>	77.3	78.8	-1.4	<ul style="list-style-type: none"> <li>• Incidental business expenses -1.3</li> </ul>
<b>Ordinary income</b>	39.0	53.8	-14.8	

## Financial forecasts for FY ending 3/2008

(billion yen)

	Consolidated		Non-consolidated	
	4/07-3/08 (E)	4/07-9/07(E)	4/07-3/08 (E)	4/07-9/07(E)
Operating revenue	2,630.0	1,310.0	2,420.0	1,210.0
Operating income	220.0	150.0	190.0	140.0
Ordinary income	180.0	130.0	150.0	120.0
Net income	117.0	88.0	97.0	81.0

- Revised forecast on operating income and ordinary income for both half-year and fiscal year.
- Decreased by 10 billion yen on those incomes for both consolidated and non-consolidated bases from the previous forecast announced on April 27, mainly due to the increase of fossil fuel cost attributable to higher operation of thermal power generation under severe dry weather.
- The above-mentioned effect is offset on net income basis by the reversal of reserve for fluctuations in water level. Accordingly, forecast on net income is not revised.

### <Major factors>

	4/07-3/08 (E)	4/07-9/07(E)
Electricity sales (TWh)	148.2	74.6
Nuclear capacity factor (%)	80.5	76.9
Water run-off ratio (%)	92.2	87.3
All Japan CIF crude oil price (\$/barrel)	Approx. 60	Approx. 60
Exchange rate [TTM] (yen/\$)	Approx. 120	Approx. 120
Interest rate [long-term prime rate] (%)	Approx. 2.5	Approx. 2.5

### <Sensitivity of major factors>

(billion yen)

	4/07-3/08 (E)	4/07-9/07 (E)
Nuclear capacity factor per 1%	6.4	3.1
Water run-off ratio per 1%	1.1	0.7
All Japan CIF crude oil price per \$1/barrel	4.8	2.5
Exchange rate [TTM] per ¥1/\$	4.0	2.1
Interest rate [long-term prime rate] per 1%	4.1	1.7

## Financial highlights of non-electric business

(billion yen)

		4/07-6/07	Increase/ decrease	Breakdown
<b>Non-electric business (*1)</b>	<b>Sales to non-group companies</b>	55.3	+4.2	
	<b>Ordinary income</b>	5.5	-0.5	
<b>Total energy business (*2)</b>	<b>Sales to non-group companies</b>	11.4	+1.1	• Energy supply facilities construction was completed in this period.
	<b>Ordinary income</b>	0.0	+0.4	
<b>IT/communication business (results of K-Opticom)</b>	<b>Sales to non-group companies</b>	22.3 (19.0)	+2.6 (+2.1)	• Increase in FTTH subscribers • Increase in FTTH selling costs
	<b>Ordinary income</b>	0.1 (0.2)	-1.1 (-1.2)	
<b>Life support amenity business</b>	<b>Sales to non-group companies</b>	8.4	-0.1	
	<b>Ordinary income</b>	2.3	+0.6	
<b>Other business</b>	<b>Sales to non-group companies</b>	13.1	+0.6	
	<b>Ordinary income</b>	2.8	-0.5	

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

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



## Financial forecasts of non-electric business

(billion yen)

		4/07- 3/08(E)	Increase/ decrease	Breakdown
<b>Non-electric business (*1)</b>	<b>Sales to non-group companies</b>	263.0	±0	The Figures as of April 2007 have not been changed.
	<b>Ordinary income</b>	33.0	±0	
<b>Total energy business (*2)</b>	<b>Sales to non-group companies</b>	53.0	±0	
	<b>Ordinary income</b>	0.0	±0	
<b>IT/communication business (forecasts of K-Opticom)</b>	<b>Sales to non-group companies</b>	95.0 (79.2)	±0 (±0)	
	<b>Ordinary income</b>	6.5 (4.2)	±0 (±0)	
<b>Life support amenity business</b>	<b>Sales to non-group companies</b>	47.0	±0	
	<b>Ordinary income</b>	9.5	±0	
<b>Other business</b>	<b>Sales to non-group companies</b>	68.0	±0	
	<b>Ordinary income</b>	17.0	±0	

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

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

## Sales performance and objectives

		4/06-6/06	4/07-6/07	Objective
Electric Business	Increase of all-electric-house	27 thousand	27 thousand	380 thousand (FY ending 3/2008 ~ FY ending 3/2010)

(appendix)		June. 30, 2007
Electric Business	Number of all-electric-houses	489 thousand

		4/06-6/06	4/07-6/07	Forecast
Total energy	Sales volume of gas and heavy oil (equivalent to LNG)	180 thousand	170 thousand	Approx. 800 thousand tons (FY ending 3/2008)

		Mar. 31, 2007	June. 30, 2007	Objective
IT/communication	Number of individual customers	623 thousand	663 thousand	750 thousand (as of 3/2008)
	Number of FTTH subscribers	520 thousand	566 thousand	670 thousand (as of 3/2008)
	Number of corporate customers	21.7 thousand	22.1 thousand	21 thousand (as of 3/2008)

## For further information

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