

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

January 30, 2008

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)	
	4/07-12/07	4/06-12/06	Change	4/07-12/07	4/06-12/06	Change	4/07-12/07	4/06-12/06
<b>Operating revenue</b>	1,962.0	1,906.1	+55.8 (+2.9%)	1,813.2	1,776.5	+36.6 (+2.1%)	1.08	1.07
<b>Operating income</b>	156.3	249.1	-92.8 (-37.3%)	133.2	223.9	-90.6 (-40.5%)	1.17	1.11
<b>Ordinary income</b>	128.9	215.3	-86.3 (-40.1%)	105.6	187.4	-81.8 (-43.7%)	1.22	1.15
<b>Net income</b>	86.6	136.9	-50.2 (-36.7%)	70.8	116.6	-45.8 (-39.3%)	1.22	1.17

	Consolidated			Non-consolidated		
	Dec. 31, 2007	Mar. 31, 2007	Change	Dec. 31, 2007	Mar. 31, 2007	Change
<b>Total asset</b>	6,758.5	6,827.2	-68.6 (-1.0%)	6,132.1	6,188.9	-56.7 (-0.9%)
<b>Interest-bearing debt</b>	3,161.8	3,207.2	-45.3 (-1.4%)	2,835.2	2,846.5	-11.3 (-0.4%)
<b>Equity ratio</b>	27.6%	27.4%	+0.2%	26.7%	26.8%	-0.1%

\*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)

	4/07-12/07	4/06-12/06	Change
<b>Electricity sales (TWh)</b>	110.9 ( 100.8)	110.1 (101.2)	+0.8
<b>Residential (TWh)</b>	35.1 (101.3)	34.7 (101.3)	+0.4
<b>Commercial and industrial (TWh)</b>	75.8 (100.5)	75.4 (101.1)	+0.4
<b>Nuclear capacity factor (%)</b>	76.7	76.0	+0.7
<b>Water run-off ratio (%)</b>	86.4	102.1	-15.7
<b>All Japan CIF crude oil price (\$/barrel)</b>	73.3	65.5	+7.8
<b>Exchange rate [TTM] (yen/\$)</b>	117	116	+1
<b>Interest rate [long-term prime rate] (%)</b>	2.36	2.42	-0.06

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

# Electricity sales

## <Electricity sales volume>

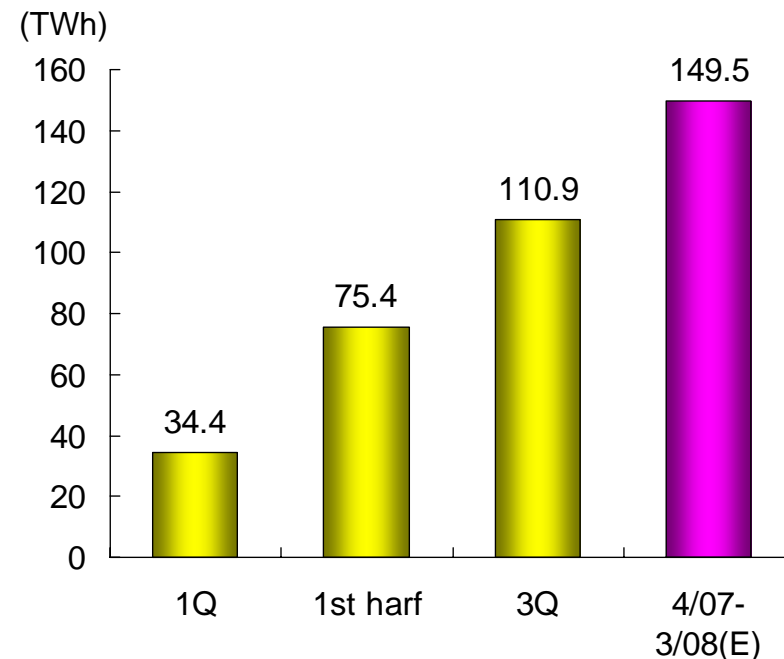
(million kWh, %)

			1 <sup>st</sup> half	Oct.	Nov.	Dec.	3Q
Regulated segment	Lightning		23,840 (99.4)	3,495 (106.3)	3,562 (102.9)	4,249 (107.0)	35,146 (101.3)
	Power	Low voltage	3,225 (95.8)	514 (113.6)	362 (96.7)	411 (103.9)	4,513 (98.3)
		Others	477 (94.5)	55 (85.0)	74 (94.6)	90 (99.3)	697 (94.3)
		Sub total	3,702 (95.6)	570 (110.0)	436 (96.4)	502 (103.1)	5,210 (97.7)
	Sub total		27,543 (98.9)	4,065 (106.8)	3,998 (102.1)	4,750 (106.6)	40,356 (100.8)
Liberalized segment			47,811 (100.3)	8,035 (102.7)	7,340 (100.4)	7,401 (101.8)	70,588 (100.8)
Total			75,354 (99.8)	12,100 (104.1)	11,338 (101.0)	12,152 (103.6)	110,944 (100.8)

### 【Breakdown of liberalized segment】

Commercial	18,208 (99.7)	3,046 (106.3)	2,589 (99.7)	2,620 (100.1)	26,463 (100.5)
Industrial	29,424 (100.8)	4,961 (100.6)	4,730 (100.7)	4,759 (102.6)	43,874 (100.9)

## <Electricity sales forecasts>



\* The Figures as of December 2007 have been unchanged.

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

Total electricity sales for 3Q increased to 110,944 million kWh (+0.8%) from the same period in 2006 for the following reasons.

- Decrease in electricity demand for heating purposes due to the relatively high-temperature in early spring.
- Decrease in electricity demand for air conditioning due to the relatively low-temperature from June to early August.
- Increase in electricity demand for air conditioning due to the lingering summer heat after mid-August.
- Increase in number of customers and steady economic recovery due to rising amount of capital expenditures and exports.

# Non-consolidated statement of income

(billion yen)

	4/07-12/07	4/06-12/06	Change	Breakdown
<b>Ordinary revenue (Operating revenue)</b>	1,827.1 (1,813.2)	1,789.3 (1,776.5)	+37.8 (+36.6)	
<b>Electricity sales</b>	1,713.3	1,691.8	+21.4	<ul style="list-style-type: none"> <li>• Increase in electricity sales volume +13.0</li> <li>• Increase in revenue per kWh +8.0</li> </ul>
<b>Others</b>	113.8	97.4	+16.3	<ul style="list-style-type: none"> <li>• Sold power to other utilities and companies +8.3</li> <li>• Incidental business revenues +5.8</li> </ul>
<b>Ordinary expenses</b>	1,721.5	1,601.8	+119.6	
<b>Personnel</b>	159.6	155.3	+4.3	• Retirement benefit cost +5.1
<b>Fuel</b>	370.7	270.2	+100.5	<ul style="list-style-type: none"> <li>• Fossil fuel costs +102.2               <ul style="list-style-type: none"> <li>• Increase in electricity sales volume +8.0</li> <li>• Decrease in water flow +15.0, • Increase in nuclear capacity factor -4.0</li> <li>• Decrease in purchased power +41.0, • Depreciation of yen +4.0</li> <li>• Rise of oil prices +25.0, • Changes in component of fuel sources +12.0</li> </ul> </li> <li>• Nuclear fuel costs -1.7</li> </ul>
<b>Backend expenses of nuclear power</b>	72.5	63.1	+9.3	<ul style="list-style-type: none"> <li>• Reprocessing cost of irradiated nuclear fuel +3.9</li> <li>• Reprocessing cost of irradiated nuclear fuel without definite plans +4.7</li> </ul>
<b>Maintenance</b>	165.0	161.2	+3.8	• Nuclear power +7.9, • Fossil-fired power -2.6
<b>Taxes other than income taxes</b>	113.3	117.3	-4.0	• Promotion of power-resources development tax -2.2
<b>Depreciation</b>	233.5	231.9	+1.5	• Nuclear power +6.6, • Transmission -2.5, • Distribution -1.6
<b>Purchased power</b>	294.0	308.0	-14.0	• From other utilities -10.9, • From other non-utility companies -3.0
<b>Interest expenses</b>	38.3	43.4	-5.1	• Decrease in early repayment -3.2
<b>Other</b>	274.3	251.0	+23.3	<ul style="list-style-type: none"> <li>• Incidental business expenses +4.8</li> <li>• Outsourcing cost on electricity related works +3.0</li> <li>• Loss on disposal of plant and equipment +2.5</li> </ul>
<b>Ordinary income</b>	105.6	187.4	-81.8	

# Financial forecasts for FY ending 3/2008

(billion yen)

	4/07-3/08 (E)	
	Consolidated	Non-consolidated
Operating revenue	2,670.0	2,460.0
Operating income	160.0	130.0
Ordinary income	130.0	100.0
Net income	70.0	50.0

The Figures as of December 2007 have been unchanged.

## <Major factors>

	4/07-3/08 (E)
Electricity sales (TWh)	149.5
Nuclear capacity factor (%)	74.6
Water run-off ratio (%)	89.4
All Japan CIF crude oil price (\$/barrel)	Approx. 75
Exchange rate [TTM] (yen/\$)	Approx. 117
Interest rate [long-term prime rate] (%)	Approx. 2.5

## <Sensitivity of major factors>

(billion yen)

	4/07-3/08 (E)
Nuclear capacity factor per 1%	7.4
Water run-off ratio per 1%	1.2
All Japan CIF crude oil price per \$1/barrel	6.1
Exchange rate [TTM] per ¥1/\$	5.7
Interest rate [long-term prime rate] per 1%	3.8

# Financial highlights of non-electric business

(billion yen)

		4/07-12/07	Change from 4/06-12/06	Breakdown
Non-electric business (*1)	Sales to non-group companies	193.4	+24.0	
	Ordinary income	24.1	-1.7	
Total energy business (*2)	Sales to non-group companies	41.7	+8.9	<ul style="list-style-type: none"> <li>▪ Increase in sales price (gas)</li> <li>▪ Increase in revenue from energy supply facilities construction</li> </ul>
	Ordinary income	-1.5	-1.5	<ul style="list-style-type: none"> <li>▪ Increase in material costs</li> </ul>
IT/communication business (results of K-Opticom)	Sales to non-group companies	71.6 (60.7)	+10.1 (+8.6)	<ul style="list-style-type: none"> <li>▪ Increase in FTTH subscribers</li> </ul>
	Ordinary income	3.6 (2.8)	-2.0 (-1.3)	<ul style="list-style-type: none"> <li>▪ Increase in depreciation cost by the amendment of Corporate Tax Law</li> <li>▪ Increase in FTTH selling costs</li> </ul>
Life support amenity business	Sales to non-group companies	31.6	+7.8	<ul style="list-style-type: none"> <li>▪ Increase in the number of house sales</li> </ul>
	Ordinary income	6.7	+1.4	
Other business	Sales to non-group companies	48.3	-2.9	<ul style="list-style-type: none"> <li>▪ Decrease in order amount from the non-group companies</li> </ul>
	Ordinary income	15.2	+0.3	<ul style="list-style-type: none"> <li>▪ Increase in order amount from the parent company (KEPCO)</li> </ul>

\*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)

		Revised (E)	Change from previous forecast (10/2007)	Breakdown
<b>Non-electric business (*1)</b>	<b>Sales to non-group companies</b>	272.0	±0	
	<b>Ordinary income</b>	35.5	+2.5	
<b>Total energy business (*2)</b>	<b>Sales to non-group companies</b>	57.0	+2.0	▪ Increase in sales price (gas)
	<b>Ordinary income</b>	-3.5	-1.0	▪ Increase in material costs
<b>IT/communication business (forecasts of K-Opticom)</b>	<b>Sales to non-group companies</b>	97.5 (82.0)	+1.5 (+1.6)	▪ Increase in sales for corporate customers
	<b>Ordinary income</b>	4.5 (3.0)	+0.5 (+1.0)	
<b>Life support amenity business</b>	<b>Sales to non-group companies</b>	46.5	-1.5	▪ Decrease in the number of house sales
	<b>Ordinary income</b>	10.0	±0	
<b>Other business</b>	<b>Sales to non-group companies</b>	71.0	-2.0	▪ Extension of construction period ordered from the non-group companies
	<b>Ordinary income</b>	24.5	+3.0	▪ Increase in order amount from the parent company (KEPCO)

\*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

		4/06-12/06	4/07-12/07	Objective
<b>Electric Business</b>	<b>Increase of all-electric-house</b>	88 thousand	80 thousand	380 thousand (FY ending 3/2008 ~ FY ending 3/2010)

(reference)		<b>Dec. 31, 2007</b>
<b>Electric Business</b>	<b>Number of all-electric-houses</b>	538 thousand

		4/06-12/06	4/07-12/07	Forecast
<b>Total energy</b>	<b>Sales volume of gas and heavy oil (tons) [equivalent to LNG]</b>	560 thousand	620 thousand	800 thousand (FY ending 3/2008)

		Mar. 31, 2007	Dec. 31, 2007	Forecast
<b>IT/communication</b>	<b>Number of individual customers</b>	623 thousand	729 thousand	760 thousand (as of 3/2008)
	<b>Number of FTTH subscribers</b>	520 thousand	644 thousand	680 thousand (as of 3/2008)
	<b>Number of corporate customers</b>	21.7 thousand	23.0 thousand	23 thousand (as of 3/2008)

## For further information

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