

Financial results for 1Q of FY ending 3/2009 & Financial forecasts for FY ending 3/2009

August 1, 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)	
	4/08-6/08	4/07-6/07	Change	4/08-6/08	4/07-6/07	Change	4/08-6/08	4/07-6/07
Operating revenue	623.0	596.2	+26.8 (+4.5%)	572.5	553.5	+18.9 (+3.4%)	1.09	1.08
Operating income or loss	-35.5	53.0	-88.6 (—)	-45.1	47.7	-92.8 (—)	—	1.11
Ordinary income or loss	-42.3	43.8	-86.1 (—)	-50.8	39.0	-89.9 (—)	—	1.12
Net income or loss	-27.5	31.4	-59.0 (—)	-33.2	29.3	-62.5 (—)	—	1.07

	Consolidated			Non-consolidated		
	Jun. 30, 2008	Mar. 31, 2008	Change	Jun. 30, 2008	Mar. 31, 2008	Change
Total asset	6,815.6	6,789.6	+26.0 (+0.4%)	6,174.6	6,135.0	+39.6 (+0.6%)
Interest-bearing debt	3,311.6	3,166.4	+145.1 (+4.6%)	2,960.3	2,813.3	+147.0 (+5.2%)
Equity ratio	26.3%	27.1%	-0.8%	25.1%	26.1%	-1.0%

*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)

	4/08-6/08	4/07-6/07	Change
Electricity sales (TWh)	34.4 (100.0)	34.4 (99.9)	—
Residential (TWh)	10.6 (97.8)	10.8 (98.4)	-0.2
Commercial and industrial (TWh) (*2)	23.8(101.0)	23.6(100.7)	+0.2
Nuclear capacity factor (%)	53.6	71.1	-17.5
Water run-off ratio (%)	93.0	75.7	+17.3
All Japan CIF crude oil price (\$/barrel)	109.8	64.7	+45.1
Exchange rate [TTM] (yen/\$)	105	121	-16
Interest rate [long-term prime rate] (%)	2.29	2.30	-0.01

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

*2. Including the liberalized segment

Non-consolidated statement of income

(billion yen)

	4/08-6/08	4/07-6/07	Change	Breakdown
Ordinary revenue (Operating revenue)	580.7 (572.5)	558.6 (553.5)	+22.0 (+18.9)	
Electricity sales	537.1	525.4	+11.6	• Increase in revenue per kWh +11.6
Others	43.5	33.1	+10.3	• Incidental business revenues +3.7 • Sold power to other Utilities and companies +3.3
Ordinary expenses	631.5	519.5	+111.9	
Personnel	59.6	53.4	+6.2	
Fuel	185.9	105.0	+80.9	• Fossil fuel costs +83.5 • Decline in nuclear capacity factor +30.0, • Decrease in purchased power +2.0 • Rise in oil, LNG and coal prices +58.0 • Changes in component of fuel sources +6.0, • Increase in water flow -6.0 • Appreciation of the yen -16.0 • Nuclear fuel costs -2.6
Backend expenses of nuclear power	21.2	23.4	-2.2	• Reprocessing cost of irradiated nuclear fuel -1.0 • Reprocessing cost of irradiated nuclear fuel without definite plans -0.6
Maintenance	49.5	47.8	+1.6	• Fossil-fired power +2.2 (regular inspection units 3→5)
Taxes other than income taxes	35.6	36.7	-1.0	
Depreciation	73.9	76.8	-2.8	• Transmission -0.8, • Fossil-fired power -0.7
Purchased power	107.6	86.0	+21.5	• From other utilities +11.7 • From other non-utility companies +9.8
Interest expenses	12.5	12.9	-0.3	
Other	85.3	77.3	+8.0	• Incidental business expenses +4.3
Ordinary income or loss	-50.8	39.0	-89.9	

Point of the Revision of Financial Forecasts

The Company revised its financial forecasts for the following reasons.

- Increase in fossil fuel cost due to recent sharp rise of fuel price.
- Increase in fossil fuel cost due to more generated power from thermal power plants, resulting largely from covering the influence of the extension of inspection period for Ohi Unit 3.

<Main factor of the revision>

Increase in fossil fuel cost due to rise of fuel price	Operating expenses +210 billion yen (consolidated, non-consolidated)	<p>【All Japan CIF crude oil price】</p> <p>95\$/barrel → 121\$/barrel (previous) (revised)</p> <p>【Exchange rate】</p> <p>105yen/\$ → 109yen/\$ (previous) (revised)</p>
Increase in fossil fuel cost due to decline of nuclear capacity factor	Operating expenses +35 billion yen (consolidated, non-consolidated)	<p>【Nuclear capacity factor】</p> <p>75.8% → 71.5% (previous) (revised)</p>
Other	Operating revenues +50 billion yen (consolidated, non-consolidated)	<p>【Increase in Electricity sales】</p> <p>+ 39 billion yen</p>

Financial forecasts for FY ending 3/2009

(billion yen)

	Consolidated			Non-consolidated		
	Revised (E)	Previous (E)	Change	Revised (E)	Previous (E)	Change
Operating revenues	2,850.0	2,800.0	+50.0 (+1.8%)	2,620.0	2,570.0	+50.0 (+1.9%)
Operating income or loss	-52.0	145.0	-197.0 (—)	-90.0	110.0	-200.0 (—)
Ordinary income or loss	-82.0	115.0	-197.0 (—)	-120.0	80.0	-200.0 (—)
Net income or loss	-55.0	69.0	-124.0 (—)	-81.0	46.0	-127.0 (—)

* () : Changes from the previous estimate, %

<Major factors>

	Revised (E)	Previous (E)
Electricity sales (TWh)	149.2	149.2
Nuclear capacity factor (%)	71.5	75.8
Water run-off ratio (%)	97.7	100.0
All Japan CIF crude oil price (\$/barrel)	Approx. 121	Approx. 95
Exchange rate [TTM] (yen/\$)	Approx. 109	Approx. 105
Interest rate [long-term prime rate] (%)	Approx. 2.0	Approx. 2.0

<Sensitivity of major factors>

(billion yen)

	Revised (E)	Previous (E)
Nuclear capacity factor per 1%	10.4	8.2
Water run-off ratio per 1%	1.7	1.4
All Japan CIF crude oil price per \$1/barrel	5.5	4.9
Exchange rate [TTM] per ¥1/\$	8.4	6.5
Interest rate [long-term prime rate] per 1%	6.4	5.6

【Dividend forecasts for FY ending 3/09】

The forecast announced on April 30, 2008 have been unchanged. (Interim:30yen , Year-end:30yen , Annual:60yen)

Details of Financial Forecasts (non-consolidated)

(billion yen)

	Revised (E)	Previous (E)	Change	Breakdown	4/07-3/08 (actual)
Operating revenues	2,620	2,570	+50	• Increase in electricity sales +39	2,478.5
Ordinary income or loss	-120	80	-200	<ul style="list-style-type: none"> • Increase in fossil-fuel costs due to rise of fuel price -210 • Increase in fossil-fuel costs due to decline of nuclear capacity factor -35 • Increase in fossil-fuel costs due to decrease in water flow -3 • Increase in electricity sales +39 • Saving on other operating costs and other +9 	110.9
Net income or loss	-81	46	-127		55.4

Financial highlights of non-electric business

(billion yen)

		4/08-6/08	Change from 4/07-6/07	Breakdown
Non-electric business (*1)	Sales to non-group companies	66.9	+11.5	
	Ordinary income or loss	10.1	+4.6	
Total energy business (*2)	Sales to non-group companies	15.1	+3.7	• Increase in sales price (gas)
	Ordinary income or loss	-0.1	-0.2	
IT/communication business (results of K-Opticom)	Sales to non-group companies	26.2 (21.8)	+3.9 (+2.8)	• Increase in FTTH subscribers
	Ordinary income or loss	2.5 (2.5)	+2.4 (+2.3)	• Increase in FTTH subscribers • Decrease in depreciation cost according to the amendment of Corporate Tax Law
Life support amenity business	Sales to non-group companies	8.4	±0	
	Ordinary income or loss	2.2	-0.1	
Other business	Sales to non-group companies	17.0	+3.8	• Completion of construction projects
	Ordinary income or loss	5.4	+2.5	

*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)

		Revised (E)	Change from previous forecast (4/2008)	Breakdown
Non-electric business (*1)	Sales to non- group companies	309.0	+7.0	
	Ordinary income or loss	35.0	-3.0	
Total energy business (*2)	Sales to non- group companies	81.0	+7.0	• Increase in sales price (gas)
	Ordinary income or loss	-6.0	-6.0	• Increase in material costs
IT/communication business (forecasts of K-Opticom)	Sales to non- group companies	107.0 (89.3)	±0 (±0)	• Decrease in depreciation cost according to the amendment of Corporate Tax Law
	Ordinary income or loss	11.5 (10.4)	+3.0 (+3.0)	
Life support amenity business	Sales to non- group companies	44.0	±0	
	Ordinary income or loss	8.0	±0	
Other business	Sales to non- group companies	77.0	±0	
	Ordinary income or loss	21.5	±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.

The Revisions to Electricity Tariff and Transmission Service Tariff

〔Total costs〕

(billion yen)

〔Calculation specifications〕

			This revision (on September 1, 2008)	(Reference) The last revision (on April 1, 2006)
Total costs	Operating expenses	Personnel	237.3	248.7
		Fuel	514.8	274.0
		Maintenance	263.9	243.6
		Depreciation	310.8	313.3
		Taxes other than income taxes	178.5	179.4
		Purchased power	430.3	395.5
		Other	402.6	414.7
		Sub total	2,338.2	2,069.2
	Return		139.6	156.4
	Deduction gains		-66.7	-37.7
Total			2,411.1	2,187.9

		This revision	The last revision
Period of cost calculations		4/08 - 3/09	4/06 - 3/07
Major factor	Exchange rate	107yen/\$	117yen/\$
	All Japan CIF crude oil price	93.0\$/b	57.3\$/b
	Return ratio	3.0%	3.2%

〔Fuel cost adjustment〕

	This revision	The last revision
Fuel prices on which rates conditioned	31,500 yen/kl	20,700 yen/kl
Base rate ※	0.130 yen/kWh	0.119 yen/kWh

※Base rate is the value when the average fuel price fluctuates by 1,000yen.

※Low voltage (including consumption tax)

〔Electricity price〕

(yen/month)

	New price	Present price	Change
Lightning A (Average family)	6,625	6,649	-24

※300kWh/month (including consumption tax)

〔Transmission service tariff〕

(yen/kWh)

	New price	Present price	Change ratio
High voltage	4.18	4.68	-10.68%
Extra-high voltage	2.12	2.38	-10.92%

※Average price (excluding consumption tax)

Appendix

The Revision of Financial Forecasts for the half-year ending Sep. 2008

(billion yen)

	Consolidated			Non-consolidated		
	Revised (E)	Previous (E)	Change	Revised (E)	Previous (E)	Change
Operating revenues	1,380.0	1,380.0	—	1,270.0	1,270.0	—
Operating income or loss	-85.0	33.0	-118.0 (—)	-100.0	20.0	-120.0 (—)
Ordinary income or loss	-95.0	23.0	-118.0 (—)	-110.0	10.0	-120.0 (—)
Net income or loss	-64.0	11.0	-75.0 (—)	-73.0	4.0	-77.0 (—)

* () : Changes from the previous estimate, %

<Major factors>

	Revised (E)	Previous (E)
Electricity sales (TWh)	74.9	74.9
Nuclear capacity factor (%)	60.6	67.3
Water run-off ratio (%)	96.3	100.0
All Japan CIF crude oil price (\$/barrel)	Approx. 118	Approx. 95
Exchange rate [TTM] (yen/\$)	Approx. 107	Approx. 105
Interest rate [long-term prime rate] (%)	Approx. 2.0	Approx. 2.0

<Sensitivity of major factors>

(billion yen)

	Revised (E)	Previous (E)
Nuclear capacity factor per 1%	5.2	4.4
Water run-off ratio per 1%	1.0	0.9
All Japan CIF crude oil price per \$1/barrel	3.4	3.0
Exchange rate [TTM] per ¥1/\$	4.7	3.7
Interest rate [long-term prime rate] per 1%	2.1	2.1

Details of Financial Forecasts for the half-year ending Sep. 2008 (non-consolidated)

(billion yen)

	Revised (E)	Previous (E)	Change	Breakdown	4/07-9/07 (actual)
Operating revenues	1,270	1,270	—		1,232.6
Ordinary income or loss	-110	10	-120	<ul style="list-style-type: none"> ▪ Increase in fossil-fuel costs due to rise of fuel price -100 ▪ Increase in fossil-fuel costs due to decline of nuclear capacity factor -29 ▪ Increase in fossil-fuel costs due to decrease in water flow -3 ▪ Delaying the timing of payment of other operating costs Saving on other operating costs, and other } +12 	128.1
Net income or loss	-73	4	-77		85.2

Sales performance and objectives

		4/07-6/07	4/08-6/08	Objective
Electric Business	Increase of all-electric-house	27 thousand	25 thousand	380 thousand (FY ending 3/2009 ~ FY ending 3/2011)

(appendix)		Jun. 30, 2008
Electric Business	Number of all-electric-houses	597 thousand

		4/07-6/07	4/08-6/08	Forecast
Total energy	Sales volume of gas and heavy oil [equivalent to LNG] (tons)	170 thousand	200 thousand	850 thousand (FY ending 3/2009)

		Mar. 31, 2008	Jun. 30, 2008	Objective
IT/communication	Number of individual customers	761 thousand	800 thousand	890 thousand (as of 3/2009)
	Number of FTTH subscribers	682 thousand	727 thousand	830 thousand (as of 3/2009)
	Number of corporate customers	28 thousand	28 thousand	30 thousand (as of 3/2009)

For further information

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