

Unaudited Financial Release (Consolidated) for the Third Quarter

The information below is an English translation of extracts from Unaudited Financial Release (Consolidated) for the third quarter that has been filed with the major Japanese stock exchanges (Osaka, Tokyo and Nagoya) for public inspection. These financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

February 3, 2006

Unaudited Financial Release (Consolidated) for the Nine-Months Ended December 31, 2005

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

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. Summary of Significant Accounting Policies

1. Adoption of simplified methods in accounting practices: None
2. Difference in accounting methods between the latest consolidated financial year and that to this nine-months ended December 31: yes (Page 7)
3. Changes in scope of consolidation and application of equity method

(Consolidated Subsidiaries)	(Associated companies accounted for by equity method)
Number of Newly Excluded: 6	Number of Newly Excluded: None

. Performance over the Nine-Months Ended December 31, 2005

(Figures are rounded down to the nearest million yen)

1. Results of Operations

	<u>Nine-Months</u>		(Million yen)
	<u>Ended December 31</u>		<u>Year ended</u>
	2005	2004	<u>March 31</u>
			2005
Operating Revenues	1,876,846	1,922,354	2,613,483
	(-2.4%)	(3.4%)	
Operating Income	285,253	349,950	386,939
	(-18.5%)	(4.8%)	
Ordinary Income	223,097	293,398	297,801
	(-24.0%)	(35.0%)	
Net Income	146,132	105,259	69,739
	(38.8%)	(-15.0%)	
Net Income per Share	156.91yen	111.79yen	73.83yen
Fully Diluted Net Income per Share	156.84yen	108.78yen	72.68yen

Notes:

Figures in brackets are changes from the same period of the previous year.

[Electricity sales]

(Billion kWh)

	Nine-Months ended December 31, 2005	Nine-Months ended December 31, 2004	Change(%)
Residential	34	33	102.8
Commercial and industrial	75	75	99.7
Total	109	108	100.6

Notes: Including the liberalized segment.

2. Financial Position

(Million yen)

	<u>As of December 31</u>		<u>As of March 31</u>
	2005	2004	2005
Total Assets	6,887,872	6,985,800	6,857,871
Shareholders' Equity	1,763,569	1,681,790	1,646,686
Shareholders' Equity Ratio	25.6%	24.1%	24.0%
Shareholders' Equity per Share	1,903.26yen	1,786.44yen	1,749.65yen

3. Statements of Cash Flows

(Million yen)

	<u>Nine-Months</u>	<u>Year ended</u>
	<u>ended</u>	<u>Mar. 31, 2005</u>
	<u>Dec. 31, 2005</u>	2005
	2005	2005
Net cash provided by Operating Activities	400,013	691,253
Net cash used in Investing Activities	-216,466	-257,284
Net cash used in Financing Activities	-180,035	-451,886
Cash and Cash Equivalents, End of year	71,471	67,898

Notes:

'Statements of Cash Flows' of the quarter year is disclosed from this third quarter.

. Earnings Forecasts

(Billion Yen)

	<u>Year ending March 31</u>
	2006
Operating Revenues	2,520
Ordinary Income	210
Net Income	133

Reference:

Net Income per Share for the year ending March 31, 2006: 143.54yen

Notes:

Earnings forecasts for operating revenues, ordinary income and net income are revised up from the previous forecasts, mainly because estimated gross power sales (144.0 billion kWh) for this fiscal year is expected to exceed the previous forecast (142.6 billion kWh) that was released in November 2005.

Consolidated Balance Sheets

(million yen)

Account	As of Dec. 31, 2005	As of Mar. 31, 2005	Increase/ Decrease	As of Dec. 31, 2004
(Assets)				
Property	6,469,405	6,498,111	-28,706	6,592,614
Utility facilities	4,345,992	4,457,250	-111,258	4,528,564
Hydroelectric power production facilities	425,493	443,908	-18,414	445,290
Thermal power production facilities	565,868	614,667	-48,798	643,490
Nuclear power production facilities	373,021	395,465	-22,444	404,788
Transmission facilities	1,391,183	1,379,384	11,798	1,397,787
Transformation facilities	489,686	510,988	-21,302	516,402
Distribution facilities	933,120	948,823	-15,703	955,089
General facilities	141,358	150,542	-9,184	152,157
Other utility facilities	26,260	13,470	12,789	13,557
Other plant and equipment	427,459	423,799	3,660	419,818
Construction in progress	306,818	377,360	-70,542	423,768
Nuclear fuel	537,521	526,130	11,391	530,063
Loaded nuclear fuel	89,144	91,502	-2,358	95,899
Nuclear fuel in processing	448,377	434,627	13,749	434,163
Investments and other assets	851,613	713,570	138,043	690,399
Long-term investments	293,096	211,888	81,207	208,178
Reserve fund for reprocessing of irradiated nuclear fuel	69,044		69,044	
Deferred tax assets	292,305	314,792	-22,486	295,362
Other	198,749	188,587	10,162	187,754
Allowance for doubtful accounts	-1,582	-1,698	116	-895
Current assets	418,466	359,759	58,706	393,185
Cash and time deposits	78,883	67,111	11,771	87,423
Accounts receivable	133,863	143,978	-10,115	130,687
Deferred tax assets	36,228	31,565	4,662	23,683
Other current assets	171,658	119,541	52,117	153,933
Allowance for doubtful accounts	-2,167	-2,437	270	-2,542
Total assets	6,887,872	6,857,871	30,000	6,985,800

Consolidated Balance Sheets

(million yen)

Account	As of Dec. 31, 2005	As of Mar. 31, 2005	Increase/ Decrease	As of Dec. 31, 2004
(Liabilities)				
Long-term liabilities and reserves	4,172,962	4,249,890	-76,927	4,243,915
Bond	1,305,394	1,323,439	-18,045	1,307,839
Long-term loans	1,510,965	1,630,185	-119,220	1,700,710
Liability for retirement benefits	378,977	363,967	15,009	360,936
Reserve for reprocessing of irradiated nuclear fuel	671,397	630,679	40,717	619,133
Reserve for decommissioning of nuclear power units	240,689	233,122	7,566	232,610
Deferred tax liabilities	120	154	-33	180
Other	65,418	68,340	-2,992	22,504
Current liabilities	936,387	936,240	147	1,036,088
Current maturities of long-term debt and other	390,485	300,361	90,124	500,968
Short-term borrowings	161,449	171,880	-10,431	175,486
Commercial papers	23,000	68,000	-45,000	20,000
Accounts payable	82,052	76,707	5,344	65,698
Accrued income tax	70,245	94,123	-23,877	95,660
Other current liabilities	209,153	225,166	-16,012	178,275
Reserve by special laws	10,090	18,238	-8,148	17,604
Reserve for fluctuations in water level	10,090	18,238	-8,148	17,604
Total liabilities	5,119,440	5,204,368	-84,928	5,297,608
Minority interest	4,862	6,816	-1,954	6,400
(Shareholders' Equity)				
Paid in capital	489,320	489,320		489,320
Capital surplus	66,626	66,626		66,626
Retained earnings	1,166,446	1,067,589	98,857	1,103,096
Net unrealized gain on available-for-sale securities	112,944	62,204	50,740	61,017
Foreign currency translation adjustments	9	10		-27
Treasury stock	-71,779	-39,065	-32,713	-38,243
Total shareholders' equity	1,763,569	1,646,686	116,883	1,681,790
Total liabilities, minority interest and shareholders' equity	6,887,872	6,857,871	30,000	6,985,800

Consolidated Statements of Income

(million yen)

Account		Nine-Months ended Dec. 31, 2005	Nine-Months ended Dec. 31, 2004	Increase/ Decrease	Year ended Mar. 31, 2005	
Ordinary revenues and expenses	Operating revenues and expenses	Operating revenues	1,876,846	1,922,354	-45,507	2,613,483
		Electric	1,724,157	1,785,516	-61,359	2,412,111
		Other	152,689	136,837	15,851	201,371
		Operating expenses	1,591,593	1,572,404	19,189	2,226,544
		Electric	1,449,110	1,441,418	7,691	2,038,779
		Other	142,483	130,985	11,497	187,764
		(Operating income)	285,253	349,950	-64,696	386,939
	Non-operating revenues and expenses	Non-operating revenues	13,107	22,142	-9,035	25,688
		Dividends receivable	2,611	3,328	-716	3,733
		Interests receivable	205	318	-112	410
		Gain on sales of property, plant and equipment		1,617	-1,617	
		Equity in earnings of associated companies	2,868	1,781	1,087	2,753
		Other	7,421	15,096	-7,675	18,790
		Non-operating expenses	75,262	78,693	-3,431	114,826
Interest expense		51,824	63,975	-12,150	82,045	
Other	23,438	14,718	8,719	32,781		
Total ordinary revenues		1,889,953	1,944,496	-54,542	2,639,171	
Total ordinary expenses		1,666,855	1,651,097	15,758	2,341,370	
Ordinary income		223,097	293,398	-70,300	297,801	
Provision for (Reversal of) reserve for fluctuations in water level		-8,148	9,238	-17,387	9,872	
Special Item			82,027	-82,027	148,595	
Loss on impairment of fixed assets			42,823	-42,823	44,312	
Loss on discontinuance of power plant construction					64,905	
Loss on reorganization of group companies			39,203	-39,203	39,376	
Income before income taxes and minority Interests		231,246	202,133	29,113	139,333	
Income taxes-current		92,957	116,634	-23,677	116,793	
Income taxes-deferred		-7,720	-19,184	11,464	-47,040	
Minority interest in net income(loss)		122	575	-453	158	
Net income		146,132	105,259	40,873	69,739	

Consolidated Statements of Cash Flows

(million yen)

Account	Nine-months ended Dec. 31, 2005	(Reference) Year ended Mar. 31, 2005
Operating Activities		
Income before income taxes and minority interest	231,246	139,333
Depreciation and amortization	298,781	415,145
Loss on impairment of fixed assets		44,312
Amortization of nuclear fuel	35,479	44,850
Loss on disposal of property, plant and equipment	5,758	21,938
Loss on discontinuance of power plant construction		64,905
Nuclear fuel transferred to reprocessing costs	539	4,363
Increase (decrease) in liability for retirement benefits	15,030	10,937
Provision for reprocessing of irradiated nuclear fuel	40,717	35,930
Provision for decommissioning of nuclear power units	7,566	6,519
Provision for (Reversal of) reserve for fluctuations in water level	-8,148	9,872
Interest revenue and dividends received	-2,817	-4,144
Interest expense	51,824	82,045
Loss on reorganization of group companies		39,376
Reserve fund for reprocessing of irradiated nuclear fuel	-69,044	
Accounts receivable	9,481	-8,221
Accounts payable	5,347	-795
Other	-49,275	26,071
Sub total	572,487	932,441
Receipt of interest and cash dividends	3,944	5,654
Interest paid	-58,197	-85,174
Payment resulting from reorganization of group companies		-30,906
Income tax paid	-118,221	-130,761
Net cash provided by operating activities	400,013	691,253
Investing activities		
Purchases of property, plant and equipment	-195,326	-292,586
Payment for investments and advances	-22,859	-26,184
Proceeds from sales or collections of investments and advances	6,924	43,300
Other	-5,205	18,185
Net cash used in investing activities	-216,466	-257,284
Financing Activities		
Proceeds from issuance of bonds	129,329	90,599
Redemption of bonds	-59,870	-447,073
Proceeds from long-term debt (exclusive of bonds)	77,239	150,397
Repayments of long-term debt (exclusive of bonds)	-192,411	-257,308
Proceeds from short-term borrowings	250,843	433,711
Repayments of short-term borrowings	-261,688	-432,357
Proceeds from issuance of commercial papers	212,000	577,000
Repayments of commercial papers	-257,000	-509,000
Purchases of treasury stock	-32,713	-11,335
Dividends paid	-45,643	-47,218
Other	-120	698
Net cash used in financing activities	-180,035	-451,886
Foreign currency translation adjustments on cash and cash equivalents	61	115
Net increase (decrease) in cash and cash equivalents	3,572	-17,802
Cash and cash equivalents, beginning of year	67,898	85,700
Cash and cash equivalents, end of year	71,471	67,898

(Change in Accounting Method)

Depreciation of easements for power transmission lines, etc.

Following the revision of the Electric Utility Industry Law, the accounting system for wheeling services has been applied since the beginning of the fiscal 2005 and a framework for more appropriately calculating wheeling costs has been established. In line with this, easements for power transmission lines and similar facilities, which had previously been treated as non-depreciable assets, are as of the term under review depreciated by allocating the cost of acquisition according to the length of use of power transmission lines and similar facilities in order to compute costs more appropriately.

Easements are depreciated by the straight-line method assuming useful life to be 36 years. This is based on the useful life of overhead transmission lines, which are the principal facilities for which easements are granted. For existing easements, the average remaining term was used as the useful life.

As a consequence, depreciation costs in the current quarter increased 10,304 million yen, and operating income, quarterly ordinary income, and quarterly net income before income taxes and minority interests each declined by an equivalent amount.

Accounting for reserve for reprocessing of irradiated nuclear fuel

Hitherto, an amount equal to 60 percent of the cost of reprocessing all irradiated nuclear fuel as of the balance sheet date was set aside as a reserve for reprocessing of irradiated nuclear fuel as stipulated by the Ordinance on Reserves for Reprocessing of Spent Nuclear Fuel (MITI Ordinance No. 21, 1983). However, as the “Report on Systems and Measures Regarding Backend Operations” issued as an interim report by the Electric Power Industry Subcommittee of the Advisory Committee on Energy and Natural Resources (August 30, 2004) made it possible to make reasonable estimates of the costs associated with irradiated fuel for which concrete reprocessing plans have been formulated, including previously unspecified backend costs such as the cost of measures to decommission reprocessing facilities, the Ordinance to Repeal the Ordinance on Reserves for Reprocessing of Spent Nuclear Fuel (METI Ordinance No. 83, 2005) was implemented and the Electric Industry Accounting Regulations (MITI Ordinance No. 57, 1965) were amended. As a consequence of this change, since the beginning of the current fiscal year, the estimated cost of reprocessing irradiated fuel and related operations has been accounted for by providing a reserve for irradiated fuel reprocessing at present value according to the quantity of irradiated fuel generated by the operation of nuclear power plants, in accordance with the amended Electric Industry Accounting Regulations.

As a result, the cost of reprocessing spent fuel was 13,697 million yen higher than the amount computed by the conventional method, and operating income, quarterly ordinary income, and quarterly net income before income taxes and minority interests each declined by an equivalent amount.

Unaudited Financial Release (Non-Consolidated) for the Third Quarter

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February 3, 2006

Unaudited Financial Release (Non-Consolidated) for the Nine-Months Ended December 31, 2005

The Kansai Electric Power Co., Inc. (Code: 9503)
6-16 Nakanoshima 3-chome, Kita-ku, Osaka
(URL <http://www.kepcoco.jp>)
Company Representative: Syosuke Mori, President and Director
Contact: Yasushi Sugimoto, General Manager, Office of Financing and Accounting
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. Summary of Significant Accounting Policies

1. Adoption of simplified methods in accounting practices: None
2. Difference in accounting methods between the latest financial year and that to this nine-months ended December 31: yes (Page 14)

. Performance over the Nine-Months Ended December 31, 2005

(Figures are rounded down to the nearest million yen)

1. Results of Operations

	<u>Nine-Months</u>		(Million Yen)
	<u>Ended December 31</u>		<u>Year ended</u>
	<u>2005</u>	<u>2004</u>	<u>March 31</u>
Operating Revenues	1,755,653	1,810,508	2,448,181
	(-3.0%)	(3.2%)	
Operating Income	266,168	341,719	366,059
	(-22.1%)	(4.5%)	
Ordinary Income	204,878	283,902	274,090
	(-27.8%)	(23.5%)	
Net Income	133,909	157,636	110,179
	(-15.1%)	(10.4%)	
Net Income per Share	143.73yen	167.34yen	116.91yen

Notes:

Figures in brackets are changes from the same period of the previous year.

2. Financial Position

	<u>As of December 31</u>		(Million Yen)
	2005	2004	<u>As of March 31</u>
			2005
Total Assets	6,298,501	6,441,509	6,294,612
Shareholders' Equity	1,583,626	1,533,744	1,486,180
Shareholders' Equity Ratio	25.1%	23.8%	23.6%
Shareholders' Equity per Share	1,708.45yen	1,628.60yen	1,578.70yen

. Earnings Forecasts

	(Billion Yen)
	<u>Year ending March 31</u>
	2006
Operating Revenues	2,340
Ordinary Income	190
Net Income	121

Reference:

Net Income per Share for the year ending March 31, 2006: 130.54yen

Notes:

Earnings forecasts for operating revenues, ordinary income and net income are revised up from the previous forecasts, mainly because estimated gross power sales (144.0 billion kWh) for this fiscal year is expected to exceed the previous forecast (142.6 billion kWh) that was released in November 2005.

Non-Consolidated Balance Sheets

(million yen)

Account	As of Dec. 31, 2005	As of Mar. 31, 2005	Increase/ Decrease
(Assets)			
Property	5,994,344	6,052,671	-58,327
Utility facilities	4,457,918	4,572,361	-114,442
Hydroelectric power production facilities	430,764	449,409	-18,645
Thermal power production facilities	569,119	618,241	-49,121
Nuclear power production facilities	375,216	397,821	-22,605
Internal combustion engine power production facilities	2,425	2,673	-247
Transmission facilities	1,411,775	1,400,621	11,154
Transformation facilities	499,579	521,385	-21,806
Distribution facilities	1,001,052	1,017,862	-16,809
General facilities	144,099	153,491	-9,391
Facilities loaned	23,886	10,855	13,031
Incidental business facilities	17,032	19,447	-2,414
Non-operating facilities	9,466	9,455	10
Construction in progress	250,097	328,737	-78,639
Nuclear fuel	537,521	526,130	11,391
Loaded nuclear fuel	89,144	91,502	-2,358
Nuclear fuel in processing	448,377	434,627	13,749
Investments and other assets	722,307	596,539	125,767
Long-term investments	263,660	189,511	74,148
Investments in and advances to subsidiaries and associated companies	131,015	129,628	1,387
Reserve fund for reprocessing of irradiated nuclear fuel	69,044		69,044
Long-term prepaid expenses	21,758	21,008	749
Deferred tax assets	237,177	256,760	-19,583
Allowance for doubtful accounts	-347	-368	21
Current assets	304,157	241,941	62,215
Cash and time deposits	53,895	38,447	15,448
Accounts receivable	107,560	110,769	-3,208
Other accounts receivable	12,416	11,509	906
Fuel, materials and supplies	37,462	31,401	6,061
Prepaid expenses	8,694	768	7,925
Short-term receivables from subsidiaries and associated companies	21,149	5,836	15,313
Deferred tax assets	30,701	24,482	6,219
Other current assets	34,375	20,914	13,460
Allowance for doubtful accounts	-2,099	-2,188	88
Total assets	6,298,501	6,294,612	3,888

Non-Consolidated Balance Sheets

(million yen)

Account	As of Dec. 31, 2005	As of Mar. 31, 2005	Increase/ Decrease
(Liabilities)			
Long-term liabilities and reserves	3,857,415	3,938,568	-81,153
Bond	1,306,194	1,324,159	-17,965
Long-term loans	1,216,460	1,338,402	-121,941
Long-term obligations	8,924	8,774	149
Liability for retirement benefits	373,425	360,038	13,386
Reserve for reprocessing of irradiated nuclear fuel	671,397	630,679	40,717
Reserve for decommissioning of nuclear power units	240,689	233,122	7,566
Other	40,323	43,391	-3,067
Current liabilities	847,369	851,625	-4,255
Current maturities of long-term debt	349,250	268,912	80,337
Short-term borrowings	157,315	167,871	-10,556
Commercial papers	23,000	68,000	-45,000
Accounts payable-trade	63,239	47,642	15,596
Other accounts payable	14,415	17,805	-3,389
Accrued expenses	96,459	111,239	-14,780
Accrued income tax	65,522	90,166	-24,644
Deposits received	9,336	4,462	4,873
Short-term obligations to subsidiaries and affiliates	35,279	50,287	-15,008
Advances received	13,728	12,118	1,610
Reserve for exhibition at Expo 2005 in Aichi		475	-475
Other current liabilities	19,823	12,644	7,178
Reserve by special laws	10,090	18,238	-8,148
Reserve for fluctuations in water level	10,090	18,238	-8,148
Total liabilities	4,714,874	4,808,432	-93,558
(Shareholders' Equity)			
Paid in capital	489,320	489,320	
Capital surplus	67,031	67,031	
Additional paid-in capital	67,031	67,031	
Retained earnings	1,004,281	917,290	86,991
Legal reserves	122,330	122,330	
Voluntary reserves	657,024	597,028	59,995
Reserve for losses on overseas investment, etc.	24	28	-4
Reserve for adjustment of cost fluctuation	207,000	207,000	
General reserve	450,000	390,000	60,000
Unappropriated retained earnings at the end of the term	224,926	197,931	26,995
Net unrealized gain on available-for-sale securities	94,627	51,457	43,169
Treasury stock	-71,633	-38,919	-32,713
Total shareholders' equity	1,583,626	1,486,180	97,446
Total liabilities and shareholders' equity	6,298,501	6,294,612	3,888

Non-Consolidated Statements of Income

(million yen)

Account		Nine-months ended Dec 31, 2005	Nine-Months Ended Dec. 31,2004	Increase/ Decrease	
Ordinary revenues and expenses	Operating revenues and expenses	Operating revenues	1,755,653	1,810,508	-54,855
		Electricity business revenues	1,731,214	1,792,538	-61,324
		Residential	692,262	703,682	-11,420
		Commercial and industrial	1,001,477	1,044,912	-43,435
		Sold power to other utilities	5,820	16,150	-10,329
		Sold power to other companies	4,578	3,786	791
		Transmission revenues	4,554	5,213	-659
		Settlement revenues among utilities	1,907		1907
		Other electricity revenues	19,954	18,390	1,564
		Revenues from loaned facilities	659	401	257
		Incidental business revenues	24,439	17,970	6,468
		Heat supply business revenues	662	680	-17
		Steam supply business revenues	1,122	938	183
		Gas supply business revenues	16,019	10,904	5,115
		Fuel supply business revenues	3,453	3,129	324
		Other	3,180	2,317	863
		Operating expenses	1,489,484	1,468,789	20,694
		Electricity business expenses	1,462,612	1,449,345	13,266
		Hydro electric power production expenses	48,363	48,104	258
		Thermal power production expenses	274,196	252,673	21,522
		Nuclear power production expenses	224,196	193,094	31,102
		Internal combustion engine power production expenses	889	855	34
		Purchased power from other utilities	88,005	106,548	-18,543
		Purchased power from other companies	204,432	204,103	329
		Transmission expenses	134,291	134,541	-249
		Transformation expenses	64,106	65,708	-1,602
		Distribution expenses	148,809	145,010	3,799
		Selling expenses	70,329	69,219	1,110
		Cost of loaned facilities	282	44	237
		General and administrative expenses	141,122	163,511	-22,388
		Promotion of power-resources development tax	44,190	46,472	-2,281
		Enterprise tax	19,568	19,671	-103
Transferred cost of electricity for construction and incidental business	-172	-213	41		
Incidental business expenses	26,872	19,444	7,427		
Heat supply business expenses	586	598	-12		
Steam supply business expenses	1,076	859	216		
Gas supply business expenses	17,852	11,701	6,151		
Fuel supply business expenses	3,456	3,152	304		
Other	3,900	3,132	768		
(Operating income)	266,168	341,719	-75,550		

Non-Consolidated Statements of Income

(million yen)

Account		Nine-months ended Dec. 31,2005	Nine-months ended Dec. 31,2004	Increase/ Decrease
Ordinary revenues and expenses	Non-operating revenues	8,671	14,406	-5,734
	Financial revenues	3,125	3,399	-274
	Dividends receivable	3,057	3,281	-223
	Interest receivable	67	118	-50
	Other non-operating revenues	5,545	11,006	-5,460
	Non-operating expenses	69,960	72,222	-2,261
	Financial expenses	49,254	61,025	-11,771
	Interest expenses	48,780	60,753	-11,973
	Amortization of bond issue expenses	436	229	206
	Amortization of bond issue discount	37	42	-5
Other non-operating expenses	20,706	11,197	9,509	
	Total ordinary revenues	1,764,324	1,824,914	-60,590
	Total ordinary expenses	1,559,445	1,541,012	18,433
	Ordinary income	204,878	283,902	-79,023
	Provision for (Reversal of) reserve for fluctuations in water level	-8,148	9,238	-17,387
	Special Item			
	Loss on impairment of fixed assets		24,697	-24,697
	Income before income taxes	213,027	249,966	-36,939
	Income taxes-current	90,194	114,993	-24,798
	Income taxes-deferred	-11,076	-22,664	11,587
	Net income	133,909	157,636	-23,727
	Retained income brought from the previous term	114,337	111,301	3,035
	Interim dividends	23,319	23,550	-230
	Unappropriated retained earnings at the end of the term	224,926	245,388	-20,461

(Change in Accounting Method)

Depreciation of easements for power transmission lines, etc.

Following the revision of the Electric Utility Industry Law, the accounting system for wheeling services has been applied since the beginning of the fiscal 2005 and a framework for more appropriately calculating wheeling costs has been established. In line with this, easements for power transmission lines and similar facilities, which had previously been treated as non-depreciable assets, are as of the term under review depreciated by allocating the cost of acquisition according to the length of use of power transmission lines and similar facilities in order to compute costs more appropriately.

Easements are depreciated by the straight-line method assuming useful life to be 36 years. This is based on the useful life of overhead transmission lines, which are the principal facilities for which easements are granted. For existing easements, the average remaining term was used as the useful life.

As a consequence, depreciation costs in the current quarter increased 10,325 million yen, and operating income, quarterly ordinary income, and quarterly net income before income taxes and minority interests each declined by an equivalent amount.

Accounting for reserve for reprocessing of irradiated nuclear fuel

Hitherto, an amount equal to 60 percent of the cost of reprocessing all irradiated nuclear fuel as of the balance sheet date was set aside as a reserve for reprocessing of irradiated nuclear fuel as stipulated by the Ordinance on Reserves for Reprocessing of Spent Nuclear Fuel (MITI Ordinance No. 21, 1983). However, as the “Report on Systems and Measures Regarding Backend Operations” issued as an interim report by the Electric Power Industry Subcommittee of the Advisory Committee on Energy and Natural Resources (August 30, 2004) made it possible to make reasonable estimates of the costs associated with irradiated fuel for which concrete reprocessing plans have been formulated, including previously unspecified backend costs such as the cost of measures to decommission reprocessing facilities, the Ordinance to Repeal the Ordinance on Reserves for Reprocessing of Spent Nuclear Fuel (METI Ordinance No. 83, 2005) was implemented and the Electric Industry Accounting Regulations (MITI Ordinance No. 57, 1965) were amended. As a consequence of this change, since the beginning of the current fiscal year, the estimated cost of reprocessing irradiated fuel and related operations has been accounted for by providing a reserve for irradiated fuel reprocessing at present value according to the quantity of irradiated fuel generated by the operation of nuclear power plants, in accordance with the amended Electric Industry Accounting Regulations.

As a result, the cost of reprocessing spent fuel was 13,697 million yen higher than the amount computed by the conventional method, and operating income, quarterly ordinary income, and quarterly net income before income taxes and minority interests each declined by an equivalent amount.

Revenues and Expenses (Non-Consolidated)

The Kansai Electric Power Co., Inc.

	Nine-Months ended Dec. 31, 2005	Nine-Months ended Dec. 31, 2004	Increase/ decrease	Percentage of total	
	(A)	(B)	(A) - (B)	(A)	(B)
	¥ million	¥ million	¥ million	%	%
Ordinary revenues	1,764,324	1,824,914	-60,590	100.0	100.0
Residential	692,262	703,682	-11,420	39.2	38.6
Commercial and industrial	1,001,477	1,044,912	-43,435	56.8	57.2
Sub total	1,693,739	1,748,595	-54,855	96.0	95.8
Other	70,585	76,319	-5,734	4.0	4.2
Ordinary expenses	1,559,445	1,541,012	18,433	100.0	100.0
Personnel expenses	191,481	217,079	-25,597	12.3	14.1
Fuel	203,125	178,221	24,903	13.0	11.6
Maintenance	140,570	113,887	26,682	9.0	7.4
Taxes other than income taxes	118,466	119,846	-1,379	7.6	7.8
Depreciation	252,642	261,045	-8,402	16.2	16.9
Purchased power	292,437	310,652	-18,214	18.8	20.2
Interest expenses	48,780	60,753	-11,973	3.1	3.9
Other	311,941	279,526	32,414	20.0	18.1
Ordinary income	204,878	283,902	-79,023		
Provision for (Reversal of) reserve for fluctuations in Water Level	-8,148	9,238	-17,387		
Extraordinary loss		24,697	-24,697		
Income before income taxes	213,027	249,966	-36,939		
Current income taxes	90,194	114,993	-24,798		
Deferred income taxes	-11,076	-22,664	11,587		
Net income	133,909	157,636	-23,727		

Major factors (Non-Consolidated)

	Nine-Months ended December 31, 2005	Nine-Months ended December 31, 2004
CIF crude oil price per barrel (U.S. dollar)	54.5	38.1
Exchange rate [TTM] per U.S. dollar (Yen)	112	108
Nuclear Usage (%)	74.7	68.2
Flow rate (%)	86.4	116.8