# ANNUAL REPORT 2005

Year ended March 31, 2005

THE KANSAI ELECTRIC POWER CO.,INC.

## THE KANSAI ELECTRIC POWER CO., INC.

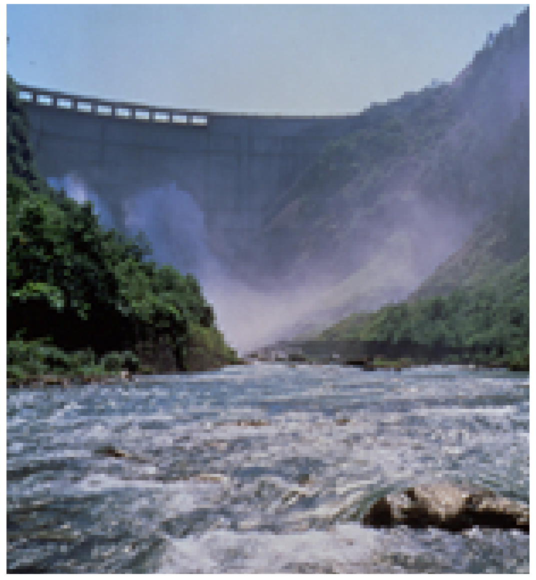
The Kansai Electric Power Co., Inc. (Kansai EP) has been serving the power needs of the Kansai area since its establishment in 1951. Through more than a half-century it has developed and operated its own power plants, secured diversified resources to run them, and delivered the generated power with optimum efficiency and reliability to customers throughout the region.

Geographically, Kansai EP's service area is remarkably expansive, covering nearly 29,000 km$^2$. The Company's output is equally impressive: in the fiscal year ended March 31, 2005, sales reached 144.8 billion kWh — almost equal to the national power needs of Sweden.

In response to the Kansai region's power demands, Kansai EP works steadfastly at technological development. Today, in an era of rapid deregulation of public utilities, the Company is reinforcing its position in core electricity operations while simultaneously striving to implement management reforms that will enable Kansai EP to achieve new growth to take it solidly into the future.

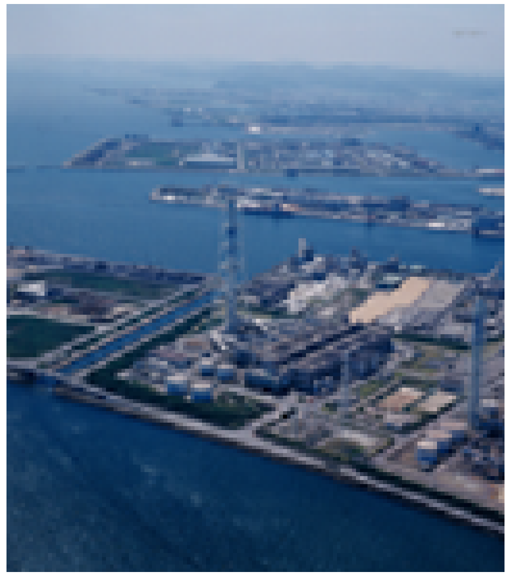
**Cautionary Information with Respect to Forward-Looking Statements**
Statements made in this Annual Report with respect to The Kansai Electric Power Company's plans, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about the future performance of the Company. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and therefore involve risks and uncertainties. Potential risks and uncertainties include, without limitation, the general economic conditions and changes to laws and regulations.

Osaka Bay Area



Kurobegawa No.4 Hydro Power Plant (335 MW)

Ohi Nuclear Power Plant (4,710 MW)



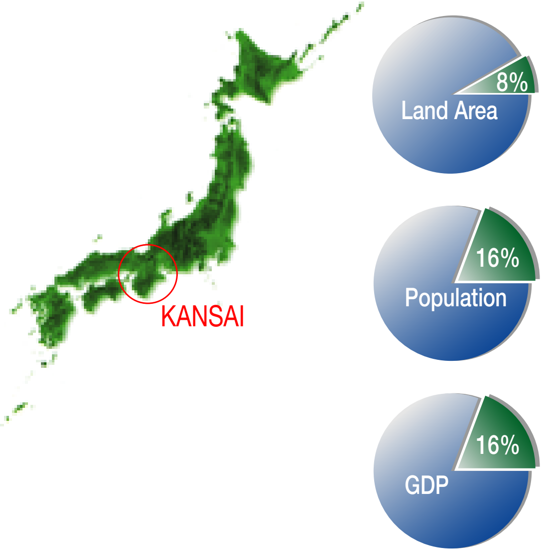
Himeji No.1 Thermal Power Plant (1,442 MW)

## KANSAI — THE HEARTLAND OF JAPAN

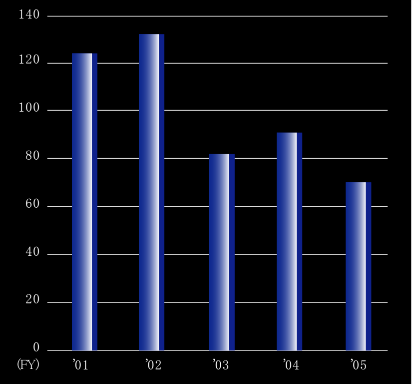
Kansai, the area served by Kansai EP, forms the cultural, historical, industrial and commercial core of the Japanese archipelago. From the treasured ancient capitals of Nara and Kyoto to the bustling business centers of Osaka and Kobe, Kansai continues to mark dynamic growth in the 21st century.

Although Kansai covers a modest 8% of Japan's land area, it accounts for a stunning 16% of the nation's gross domestic product. The region, with a population today numbering more than 20 million, has long served as Japan's economic dynamo in segments spanning from manufacturing to services. A remarkable number of the nation's leading business enterprises trace their beginnings to Kansai, and today they continue to achieve steady growth driven by innovative technologies in their respective fields.

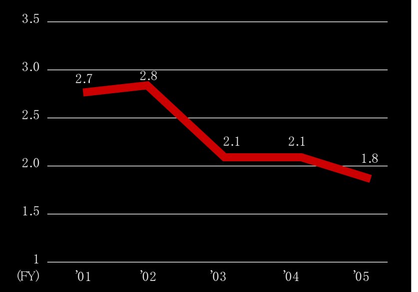
As the nation moves forward on the road to solid economic recovery, the Kansai region is concentrating its full roster of resources — its vitality and wisdom — to ensure the area's sustained and dynamic growth in this first century of the new millennium.



Net Income
(billions of yen)




Return on Assets
(%)




# Financial Highlights
## (Consolidated Basis)

| | 2004 (billions of yen) | 2005 (billions of yen) | 2005 (millions of U.S. dollars) |
|---|---|---|---|
| **Financial Data** | | | |
| Operating Revenues | ¥ 2,540.1 | ¥ 2,613.4 | $ 24,336 |
| Operating Income | 349.4 | 386.9 | 3,603 |
| Net Income | 90.1 | 69.7 | 649 |
| Total Assets | 7,150.8 | 6,857.8 | 63,859 |
| **Per Share Data** (Yen and U.S. dollars) | | | |
| Net Income | 94.8 | 73.8 | 0.69 |
| Cash Dividends | 50.0 | 50.0 | 0.47 |
| **Key Ratios** (%) | | | |
| Shareholders' Equity Ratio | 22.9% | 24.0% | |
| Return on Equity (ROE) | 5.7% | 4.3% | |
| Return on Assets (ROA) | 2.1% | 1.8% | |

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107.39=US$1, the approximate rate of exchange at March 31, 2005.
2. ROA= (Income Before Income Taxes+ Financial Expenses) x (1 −Income Tax Rate) /Total Assets

# Financial Highlights
## (Non-Consolidated Basis)

| | 2004 (billions of yen) | 2005 (billions of yen) | 2005 (millions of U.S. dollars) |
|---|---|---|---|
| **Financial Data** | | | |
| Operating Revenues | ¥ 2,375.2 | ¥ 2,248.1 | $ 22,797 |
| Operating Income | 329.4 | 366.0 | 3,408 |
| Net Income | 118.4 | 110.1 | 1,025 |
| Total Assets | 6,540.8 | 6,294.6 | 58,614 |
| **Per Share Data** (Yen and U.S. dollars) | | | |
| Net Income | 125.0 | 116.9 | 1.09 |
| Cash Dividends | 50.0 | 50.0 | 0.47 |
| **Key Ratios** (%) | | | |
| Shareholders' Equity Ratio | 21.9% | 23.6% | |
| Return on Equity (ROE) | 8.6% | 7.6% | |
| Return on Assets (ROA) | 2.7% | 2.5% | |

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107.39=US$1, the approximate rate of exchange at March 31, 2005.
2. ROA= (Income Before Income Taxes+ Financial Expenses) x (1 −Income Tax Rate) /Total Assets

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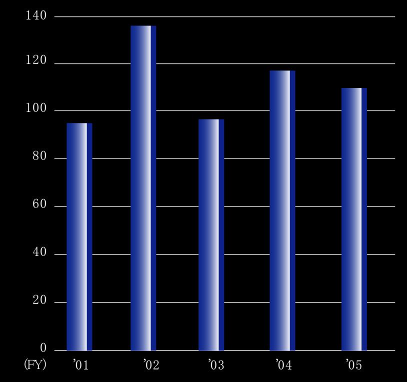
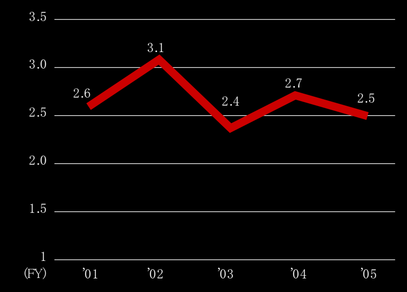
Net Income
(billions of yen)




Return on Assets
(%)




Contents

# Forging the foundations today for sustained growth in the changing world of tomorrow

**Kansai EP is swiftly responding to changes in its business environment with dynamic initiatives to ensure absolute safety and enhance customer value.**

## The Year in Review

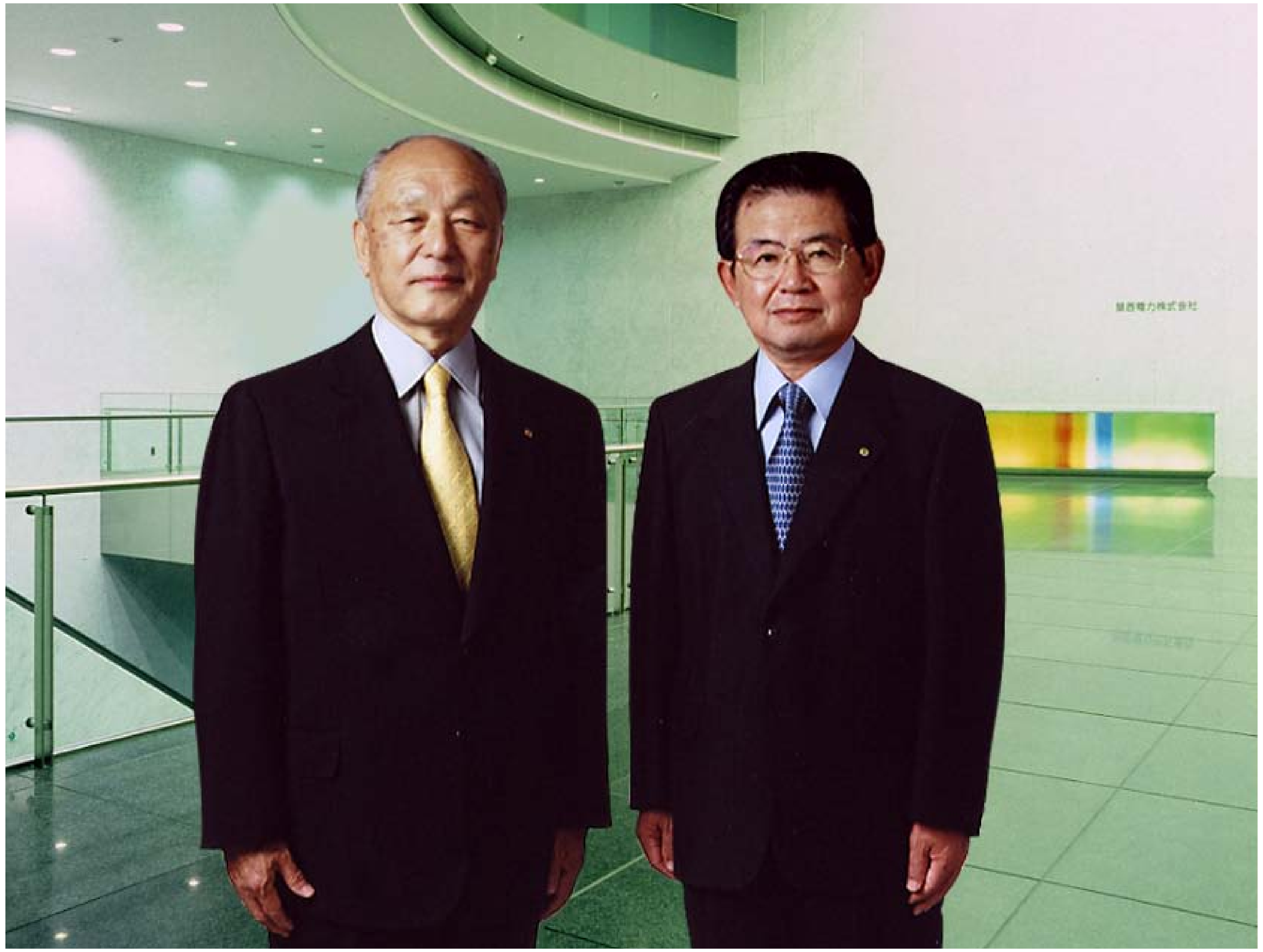
In fiscal 2005, the period from April 1, 2004 through March 31, 2005, the Japanese economy in the main traced a path of recovery. Exports and capital investments continued to expand from the term's start, momentum flagged in some quarters toward term's end, but overall the recovery trend continued.

Against this backdrop The Kansai Electric Power Co., Inc. (Kansai EP) recorded total electricity sales volume of 144.89 billion kWh, up 3.3% year-on-year. The sales growth owed primarily to solid production within the corporate sector and increased demand for air-conditioning in response to higher temperatures throughout the summer season.

Outside core operations in electricity, the Company is currently pursuing business expansion along three main vectors: information technology (IT), total energy solutions, and amenities in support of lifecycle needs. In the IT area, we are taking steps to configure structures that will enable us to provide a full spectrum of related services, including development of a broad menu of services and contents responding to customer needs. We are also achieving steady progress in expanding earnings based on the remaining two vectors of our business domain. As a total energy solution provider, expansion is being accomplished centered on gas operations; in the area of lifecycle amenities, earnings growth is building on operations in real estate development and new life-support services.

Turning to the financial side of fiscal 2005, total operating revenue finished at ¥2,613.4 billion, up ¥73.3 billion year-on-year. Income from electricity operations reached ¥2,412.1 billion, up ¥60.5 billion on the back of the increased sales volume noted above. Revenue from other operations totaled ¥201.3 billion, up ¥12.8 billion from fiscal 2004. A modest contraction in income from IT-related operations was offset by expanded sales in the areas of total energy solutions and lifecycle amenities.

Total operating expenses in fiscal 2005 reached ¥2,226.5 billion, up ¥35.8 billion year-on-year. Operating expenses related to electricity operations totaled ¥2,038.7 billion, up ¥23.4 billion from fiscal 2004. Efforts were made to trim outlays at all levels, but increased costs were incurred for fuel for steam-generated power production, which was required this term to accommodate the increase in total sales volume and to compensate for erosion of the operating ratio of the Company's nuclear power facilities. Operating expenses incurred in the performance of other business operations totaled ¥187.7 billion, up ¥12.4 billion year-on-year. Vigorous efficiency-enhancement initiatives were unable to cancel the impact of the high price of oil required in conjunction with the Company's gas energy operations.



Yoshihisa Akiyama
Chairman of the Board of Directors

Shosuke Mori
President and Director

As the combined result of the foregoing revenue and expense figures, consolidated operating income in fiscal 2005 came to ¥386.9 billion, up ¥37.4 billion from the previous year. Consolidated net income reached ¥69.7 billion, down ¥20.3 billion. At term's end our shareholders' equity ratio was up 1.1 percentage point from the level of fiscal 2004, and our interest-bearing liabilities were reduced by ¥393.7 billion.

### Management Issues Demanding Immediate Attention

On August 9, 2004 an accident with extremely grave consequences occurred at the Mihama Nuclear Power Station. A fracture of the secondary system piping at Unit 3 took the lives of five plant workers and caused serious injury to six others. The mishap also seriously eroded the public's trust in Kansai EP – the trust that constitutes the critically important base on which Company operations depend. Restoring that trust is now a challenge of utmost importance.

In the wake of the accident, the Company reflected deeply on the factors that may have contributed to its occurrence. The outcome was a declaration by the President that Kansai EP's corporate mission will be to safeguard safety at any cost. As a result, the Company has issued a public pledge to construct anew a corporate culture keenly focused on the safe operation of all facilities. In tandem with that commitment, the Company has also pledged to take every measure conceivable to prevent a reoccurrence of an incident of this severity.

Specifically, we have sworn in good faith to carry out five promises: 1) to accord first and foremost priority to matters impinging on safety; 2) to aggressively invest Company resources into measures targeted at ensuring optimal safety; 3) to continuously improve maintenance management focused on safety and develop collaborative structures together with manufacturers and cooperating firms; 4) to strive in every way to restore the public's trust; and 5) to evaluate our safety initiatives objectively and widely disseminate information relating to our findings. Based on these five pledges, Kansai EP henceforth will operate its nuclear power facilities with highest priority at all times accorded to safety.

In another matter of major significance during the year under review, from April 2005 the parameters of deregulation of Japan's power industry were widened further. Now, all recipients of electric power delivered at high voltages are free to select the provider of their choice, and wheeling charges traditionally levied whenever power has crossed into the grid of another provider have been eliminated. As a consequence, Kansai EP's operating environment is expected to change dramatically ahead, accompanied by competition of unprecedented severity.

To meet the challenges of the Company's changing business environment, we have set down a new "Group Management Plan for Fiscal 2006." The Plan's underlying philosophy encompasses a quest for new growth founded on the public's trust, with highest priority unequivocally accorded to safety. To carry out this resolve, we have instituted three plans of action: 1) to forge a strong base of operations that is extremely transparent and places foremost priority on safety assurance; 2) to create customer value through a concerted commitment by all Group members; and 3) to develop greater human resources by fostering motivation and making work a more fulfilling endeavor. All of these initiatives will be implemented to win back the wholehearted trust we have long enjoyed from all society.

In all of our Groupwide business activities, we will pursue safety assurance with the absolute highest priority. We will also faithfully carry out our corporate social responsibility (CSR) in an ongoing quest to build a more transparent and supremely resilient base of business operations.

In recognition of our customers' constantly diversifying requirements, we will strive with ever greater diligence to respond to their evolving needs with ever more committed solutions and appealing products and services, with the entire Group dedicating its full roster of resources to the creation of customer value. We will also engage in aggressive investments to secure safety assurance, and by probing optimally suitable and outstandingly reliable facilities, we will forge a base of competitive strength on which we can achieve sustained growth into the future.

### Wholehearted Commitment to Future Growth

Going forward Kansai EP will also continue to pursue profit growth and expanded shareholder value in a sustained manner, in three ways: 1) by consistently instilling loyal trust among all customers on a Groupwide basis; 2) by achieving and maintaining the flexibility and strength to respond to all changes in the business environment; and 3) by driving the continuing development of the Kansai region as a growth enterprise.

Our business environment is presently on the threshold of even greater transformations ahead. To weather the challenges of these changing times, we renew our pledge to pursue innovations on broad fronts and to seek dramatic new heights for tomorrow. We sincerely ask for your continuing support as we proceed toward these demanding goals.

Yoshihisa Akiyama
Chairman of the Board of Directors

Shosuke Mori
President and Director

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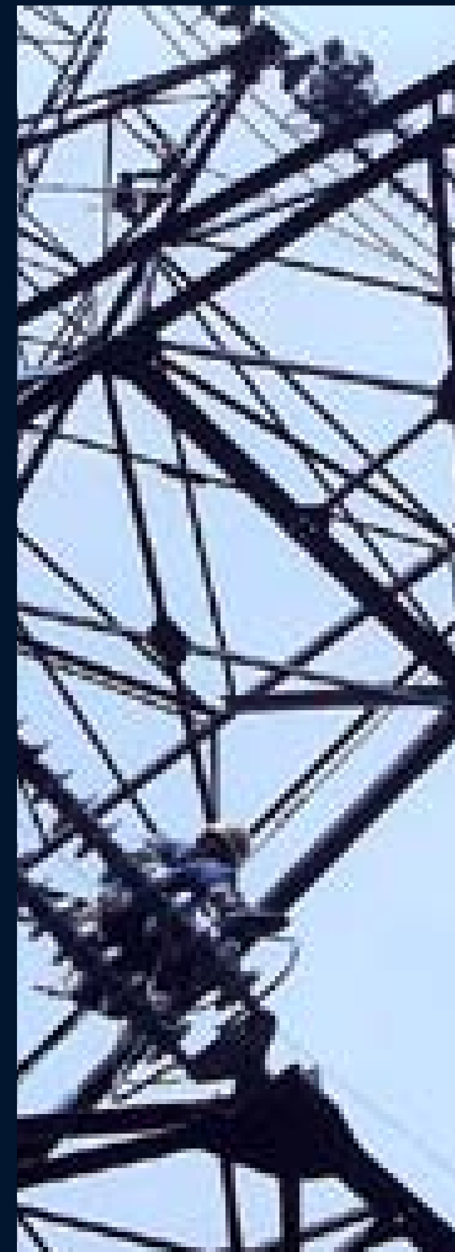
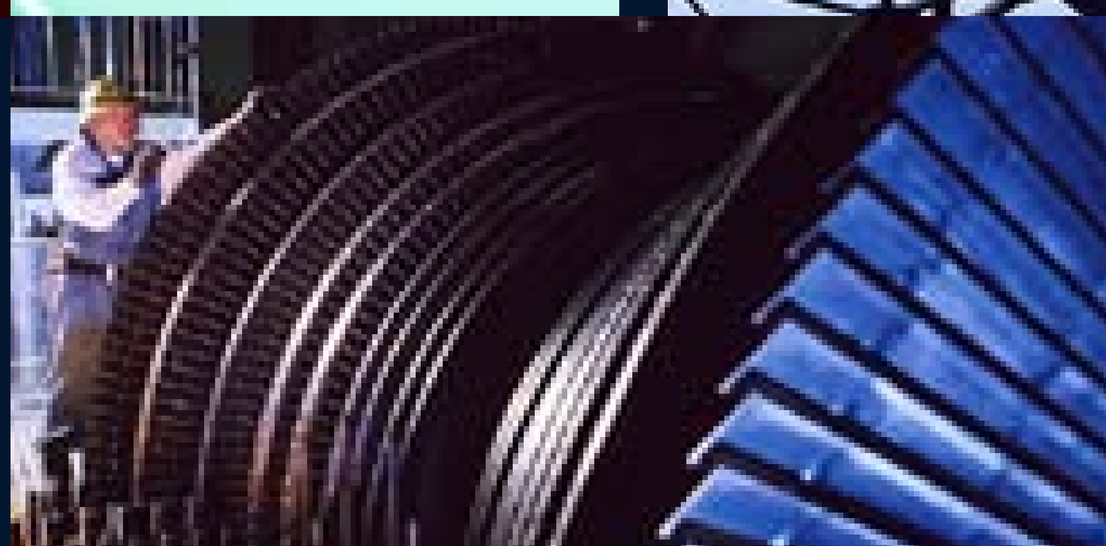
# Responding to expanding demand with effective use of resources, infrastructure and innovations





## Sales Set to Expand Well Beyond the Near Term

In fiscal 2005 Kansai EP recorded total electricity sales of 144.8 billion kWh, a 3.3% increase from the year-earlier level. The sales expansion was largely attributable to increased demand for air-conditioning, driven by higher temperatures throughout the summer season, and solid production by the corporate sector.

Going forward, moreover, now that the national economy is in a recovery trend, demand for electricity, especially for use in homes and businesses, is expected to mark further expansion steadily on a long-term basis as living standards continue to improve and as Japanese society becomes increasingly information-intensive.

***With electricity demand poised for sustained expansion ahead, Kansai EP is exploring all avenues to optimize use of available resources and infrastructure.***

## Making Maximum Use of Existing Facilities

Electricity sales expansion normally comes hand in hand with increases in peak demand. At Kansai EP, in order to cope with projected growth in demand at peak levels we are compelled to pursue ongoing development of our power infrastructure. At the same time, in order to continuously enhance our competitive position, we must also maximize effective use of existing facilities while probing ways to minimize increases in peak demand. In line with these dual aims, we are taking a wide spectrum of steps targeted at improving our load factor.

Specifically, we are vigorously promoting the adoption of systems engineered for greater energy efficiency. Two notable examples are "Eco Ice" and "Eco Cute." Eco Ice is our innovative thermal-storage system that retains power generated during nighttime hours, when demand is modest, and thereby makes a significant contribution to easing daytime peak system demand. Eco Cute are our electric heat-pump water heaters that use a natural refrigerant ($CO_2$). We also provide attractive rate schedules tailored to induce customers to adopt these energy-saving systems. The burgeoning success of these initiatives is reflected in the gradual improvement in our load factor in recent years.

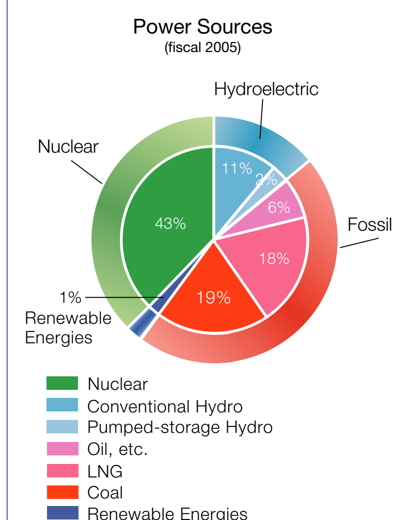
## In Pursuit of the Optimum Generation Mix

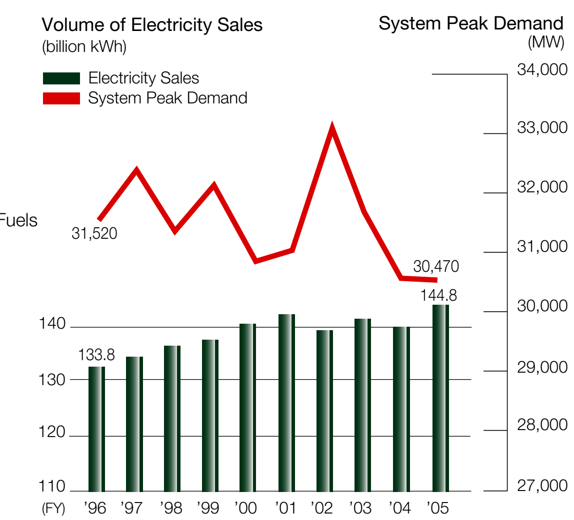
Japan, a nation of limited natural resources, is in a perennially precarious energy position. To cope with this vulnerability, Kansai EP continuously achieves the optimum combination of nuclear, thermal and hydro power, capitalizing on the respective advantages of each generation method to maximum effect.

Nuclear power forms the core of our energy platforms, meeting 43% of the Company's total output demand. Nuclear power offers salient economic advantages because we pioneered its development, and this long record today yields benefits in terms of relatively modest depreciation costs and a sustained high capacity factor. Nuclear energy is also friendly to the environment as it produces low levels of $CO_2$ emissions.

Thermal power, which offers superior flexibility to adjust to fluctuations in demand, is our second-most important source of energy. In this area, we are pursuing diversification beyond oil dependency and striving for efficient operation of facilities by retiring or suspending, at length, operation of power plants plagued by poor efficiency or low load factor.

We have also proactively developed hydroelectric power, in view of this energy source's modest burden on the environment and the need to optimize effective use of Japan's available resources. Pumped-storage hydropower plants play a significant role in satisfying peak demand.



# Implementing solid business strategies to enable sustained growth amid intensifying competition

### Transformation of the Power Industry

From April 2005, all customers who contract for electricity received at high voltages became free to choose their preferred power supplier. Users matching that criterion account for roughly 60% of Kansai EP's total sales volume. In addition, wheeling charges formerly levied by the power companies against transmissions through their supply grids were eliminated, and a wholesale power market was newly established.

### A New Era in Business Competition

Since the implementation of the industry's first deregulatory measures in 2000, new participants have become increasingly active in the domestic electricity market. As of March 31, 2005, a total of 22 new energy providers had entered the market and successfully acquired customers in areas throughout the nation. Kansai is but one region where their activities targeted at attracting demand are gathering momentum.

Since deregulation got under way, rate reductions have been executed by all power firms, leading to rate leveling that to date has prevented scrambles for customers. Going forward, however, it is difficult to project how the competitive situation might change in tandem with continuing developments in industry deregulation.

### Focused Response to a Shifting Environment

Kansai EP is keenly cognizant of the risk potential for becoming embroiled in severe competition as our business environment undergoes vertiginous changes. More importantly, however, we view these environmental transformations as an ideal opportunity to enhance both our corporate and shareholder value through profit expansion. To capitalize on this opportunity — one not afforded to us when we operated in a fully regulated environment — we are focusing on three targets: 1) greater competitive strength, 2) a more muscular financial structure, and 3) enhancement of our earning capacity Groupwide.

***Responding with keen agility to ongoing deregulation of Japan's power industry, Kansai EP is taking salient steps to fortify its competitive position.***

First, to achieve greater competitive strength, we are determined to pursue ever stronger price competitiveness in line with developments in deregulation, and to invite greater customer satisfaction through the provision of new forms of value. Toward those ends, we are firmly resolved to pursue improved efficiency throughout all aspects of our operations, and to develop new electricity-operated devices, services and rate menus. Furthermore, we intend to muster our comprehensive Groupwide capabilities toward fortifying our solution-focused services. In this last connection, we aim to strengthen our programs of human resource development so as to cultivate the professional teams needed to provide our key solutions.

Second, in order to make our financial structure ever more muscular, we intend to apply the enhanced cash flow to come from the foregoing efficiency-centered initiatives. Reinforcement of our financial structure is indispensable in two respects: to ensure the Company's survival as competition becomes increasingly severe in coming years, and to win the confidence of the capital markets.

Third, to achieve stronger earning capability as a Group, we will pursue optimal utilization of our Groupwide managerial resources and enhanced operational efficiency through measures including radical restructuring of Group companies. We will also develop new areas of business by strategically selecting business areas that will enable the most effective use of our Groupwide resources. In doing so, we will concentrate on three core areas: total energy solutions, amenities in support of lifecycle needs, and information technology (IT). Today steady progress is being achieved in each of those fields, in the form of retail gas sales capitalizing on our expertise in operating LNG processing facilities, home security services rooted in the trust placed in us by the local community, and Internet services taking advantage of our 65,000-kilometer fiber-optic network. Going forward, we will continue to invest vigorously into new business areas that will lead to ever further expansion of our earnings base.

As the three supporting pillars of our business strategies, our marketing, financial and Group strategies will enable Kansai EP to maintain its leading position in the coming era of severe competition.

# Forging dynamic new marketing strategies to respond to the evolving needs of the customer

## Metamorphosis to All-round Energy Solution Provider

In a quest to raise customer satisfaction through the provision of value-added services, Kansai EP is currently transforming itself from a common utility company to an all-round provider of a broad palette of energy solutions.

Toward that end, the Company is presently taking a host of decisive steps, including Groupwide structural revamping and business expansion. To fully apply our technical skills, accumulated through long years of experience in the electricity business, so as to address the needs of our customers, we are reassigning our engineering staff with superlative technical backgrounds and rich experience to assume the leading role in our new solutions-oriented transformation.

***Applying the full complement of its Group resources, Kansai EP is transforming itself into a provider of energy solutions tailored to every need.***

Solutions are carefully devised in line with the specific needs and challenges presented by each customer segment. For large-volume customers, for example, we capitalize on the comprehensive capabilities of our Group companies to provide optimum solutions across a wide spectrum. Solutions center on energy-related services, including gas sales, but also touch upon the environment, information technology (IT) and business support.

For our household customers, we offer solutions focused on the "value" of totally electric homes in terms of safety, convenience and comfort. This initiative has spurred a rapid increase in the number of fully electric dwellings, and is making Kansai EP renowned as a provider of related solutions. We are also proactively developing a total array of life-supporting operations for household customers, including FTTH (fiber-to-the-home) and home security services. The entire Kansai EP Group is pooling its full complement of solutions to help customers realize ever greater peace of mind and more comfortable living through reliance on electricity.

Going forward, we will combine these and newly devised value-added services made possible through our Groupwide operations to provide an ever broader spectrum of solutions attuned to the changing needs and challenges of the market.

## Aggressive Pricing Strategies for All Segments

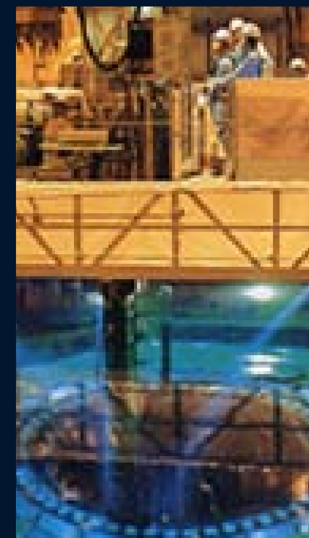
The Company is also carrying out a dynamically aggressive pricing strategy in a quest to maintain a competitive edge within the liberalizing power industry. At the core of the strategy is our development, based on exhaustive market research, of a full menu of rate options targeting various customer segments. Kansai EP is leading the industry in introducing special rate plans not only to customers in the newly liberalized market but also to commercial and home users in markets still regulated.

For customers in the liberalized market, we provide a selection of rate schedules tailor-made to their specific needs and energy usage patterns. For customers still affected by industry regulation, the Company has vigorously developed new rate options specifically targeting areas in which various energy sources compete. One example is the launch of our "HAP-e (Happy) Plan" in 2000. The new program, the first of its kind from any power provider in the nation, offers discounted rates to household customers who rely entirely on electric power to meet all their energy needs. The program has resulted in dramatic increases in totally electric homes and in the adoption of electric kitchens.

## Enhanced Customer Service Enabled by Advanced IT

In a quest for greater management efficiency and customer satisfaction, we have launched a "one-stop customer service" system at all of our service bases. The one-stop system applies IT interfacing to enable swift and on-the-mark responses to customer inquiries and requests, with the result that our customers are more satisfied today than ever. In 2003 we commenced operation of a call center in the heart of Osaka incorporating the latest CTI (computer telephone integration) technology. In ways like these, we intend to continue seeking ever higher customer satisfaction ahead through active use of IT.

# Pursuing optimal cost efficiency to achieve robust financial health for tomorrow's growth



## Three Strategic Aims

Kansai EP's financial strategy agenda encompasses three fundamental points of focus. The first is the enhancement of our cost structure, to permit us to attain greater competitive strength and generate an abundant cash flow. Second, we focus on the development of an optimally efficient infrastructure, to enable us to reduce our capital investment expenditures. Finally, we are pursuing reduction of our interest-bearing liabilities through allocation, on a priority basis, of free cash flow.

## More Muscular Cost Structure

Cost structure enhancement, centering on operations in power generation and targeted at the achievement of solid competitive strength, forms the underlying base of the Company's financial strategy initiatives. The most effective means toward that end is to reduce our average power-generation costs by elevating the capacity factor of our nuclear power stations, our core energy source.

In addition, we are trimming costs through streamlining of our existing infrastructure. During the past four years we closed down 20 less efficient power generators with a total output of 2,756 MW. We also implemented long-term suspension of operations of another 12 generators with a total output of 5,850 MW. This restructuring of major assets is lowering our maintenance, repair and other operating costs by significant margins. In order to achieve optimally effective use of our existing facilities while also easing the burden on the environment, going forward we will be upgrading installations at our Sakaiminato Power Station (2,000 MW) to a state-of-the-art, high-efficiency natural gas combined-cycle system. We are targeting fiscal 2010 as the launch date of the plant in its new incarnation.

To curb our fixed costs, we are scaling back our payrolls. Our original goal was to cut our workforce by roughly 3,000 employees between September 2001 and March 2005, but we successfully reached that target one year ahead of schedule in March 2004.

***Kansai EP's financial strategies target a stronger cost structure, greater infrastructure efficiency, and a lighter debt burden.***

## Higher Efficiency in Infrastructure Development

Efficient development of our corporate infrastructure is an important strategy for boosting our assets' earning capacity and increasing free cash flow. At Kansai EP we are currently reducing our investments into power stations and other facilities even as we maintain a stable supply of high-quality power.

In fiscal 2005 we undertook a total of ¥203.5 billion in capital investments, approximately 11% less than had been initially planned at the start of the term. Going forward, while continuing to accord highest priority to safety concerns, we are resolved to be even more selective in undertaking new projects. With respect to existing facilities, we intend to carry out exhaustive reviews of the timing and scope of equipment upgrades in accordance with the level of importance of each installation. Furthermore, we aim to trim our procurement costs through diversification of purchasing methods and the adoption of new technologies and construction methods. Meanwhile we are also reviewing construction plans for new power generation, distribution and transmission facilities while monitoring power demand trends.

In fiscal 2005, on a consolidated basis we undertook capital investments totaling ¥273.7 billion.

## Further Paring of Interest-bearing Debt

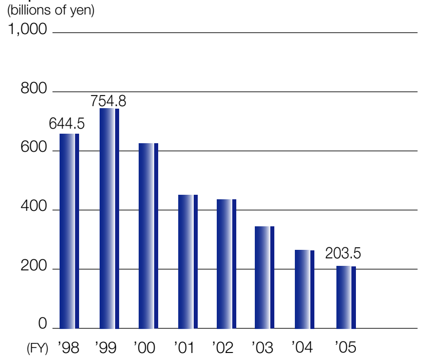
Kansai EP's longer-range financial strategy calls for expansion of free cash flow through reductions in costs and capital investments. The generated cash flow will be allocated to reducing interest-bearing liabilities as a way of reinforcing our financial structure. In fiscal 2005 we decreased those liabilities by ¥424.4 billion at the parent level.

Currently, we have set two targets for cutting our liabilities further on a consolidated basis, in a quest to improve our financial structure. By the end of fiscal 2008, we aim to bring our shareholders' equity ratio beyond 30% and pare our interest-bearing debt to ¥3 trillion.

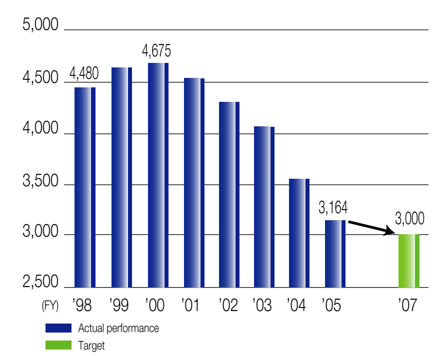
## Comprehensive Commitment to Corporate Strength

Through the various measures described here, we not only target expansion of both our corporate and shareholder value, but also seek to achieve the financial stability and flexibility that will enable Kansai EP to manifest its corporate strength even within the increasingly deregulated market of the coming years.

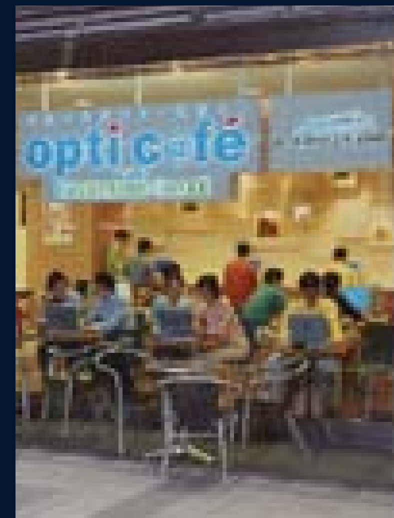
Capital Investments
(billions of yen)

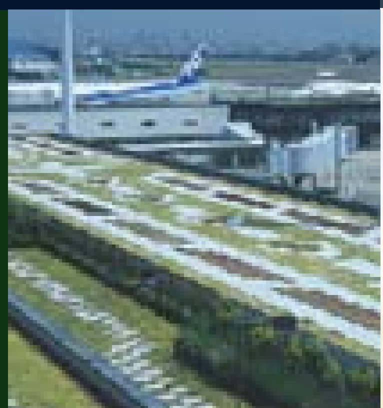



Interest-bearing Liabilities: Performance and Reduction Targets
(billions of yen)



# Targeting unrivaled customer satisfaction as an all-round life-support provider





## Applying Group Resources to Ensure Total Customer Satisfaction

At Kansai EP we actively invest our Groupwide resources and strengths into new areas of business having the potential to grow into new earnings sources. This approach is vigorously pursued as our way of continuously expanding our corporate and shareholder value.

Our belief is that in order to remain the power provider chosen by our customers, we must provide them not only with electricity but also with a panoply of services supporting their living environment, as a way of inviting an ever higher level of customer satisfaction.

We believe that pursuing these objectives on a Groupwide basis will enable us to furnish ever higher value to customers and, as a result, elevate the earnings of all Group enterprises.

## Three Core Business Domains

In line with the foregoing objectives, Kansai EP engages in a kaleidoscope of Groupwide business endeavors all targeted at enabling the most effective use of managerial resources. We concentrate on three strategic areas: total energy solutions, life-support amenities, and information technology (IT).

As a comprehensive energy provider, we are making steady progress in providing customers with optimal energy solutions to match their power requirements, relying foremost on electricity but also on gas and cogeneration options as well. In fiscal 2005 we scored solid results in this respect, as illustrated by the achievement of sales of 500,000 tons (in natural gas parameters) of gas, LNG and fuel oil for cogeneration applications — the target we had originally hoisted for fiscal 2008. We are also presently constructing a new LNG depot slated for completion within fiscal 2006. The new facility is to serve as a primary base of our gas operations in the Osaka area, so that we may better respond to changes in the energy market; it will also enable us to boost our competitive position and supply stability in electricity operations.

In recent years we have also launched a wealth of new amenity-type business operations to support lifecycle-related needs. The new ventures include operations in home security, payment settlement services, meal services and health-management support services. In the coming years, we will continue to respond to the trust of our customers, nurtured through many years of service as a dependable electricity provider, by applying these and other new business initiatives to the creation of safe, convenient and comfortable living environments, centering on the adoption of totally electric facilities.

***Kansai EP is vigorously investing its Groupwide resources into new business areas that offer exciting promise as new sources of earnings.***

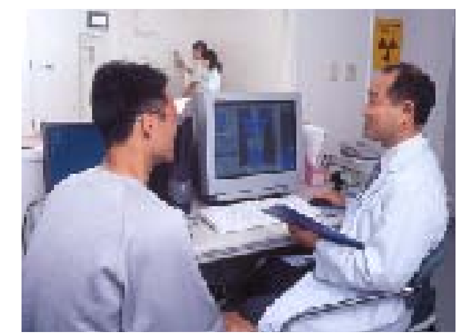
The IT field offers another opportunity to make effective use of our Groupwide managerial resources, especially our fiber-optic network, and we are vigorously working to develop this market destined to achieve salient growth in the years ahead. Through the provision of services supporting daily living, IT services also offer outstanding synergy with our electricity operations. In fiscal 2005 we attracted 370,000 new home subscriptions for our Internet connection services and 18,000 business subscriptions for our communication services, and for fiscal 2006 we have hoisted targets of 580,000 and 20,000, respectively. As an all-round provider of IT services specialized in Internet protocol within our operating area, we aim to continuously expand our user base centered on fiber-to-the-home (FTTH) technology. Our long-range goal is to make operations in these areas the Company's second-largest earnings source after electricity, as a way of contributing to the sustained growth of our Group.

## Strengthening of Group Affiliates

In conjunction with the fortification of our existing electric power operations, in October 2004 we began reorganizing and consolidating 29 business enterprises supporting related operations into just 12 firms, which are now more efficiently structured according to field of business and function. The regrouping has enabled the new entities to concentrate on their particular field of specialization as a means of effectively applying their individual competitive strengths.

## Medium-Term Targets

Applying the three strategy vectors just described, Kansai EP has set two targets for fiscal 2008: 1) to expand Groupwide sales to ¥250 billion and 2) to secure ¥33 billion in income before income taxes.



# Protecting the Earth's environment as a responsible global citizen

Mangrove research

Nanko Thermal Plant

No. AT-03-001

Kansai EP is Japan's first power provider to have its electricity acquire the "EcoLeaf"™ label. Under this labeling program, quantitative data on a product's environmental impact is certified and disclosed by a third party.

e7 Micro Hydropower CDM Project in the Kingdom of Bhutan



## High Priority on Environmental Management

At Kansai EP environmental management is accorded the full-time, full-fledged commitment that this crucially influential aspect of our operations — touching on the safety and lives of our customers, our nation and our planet — deserves. Reduction of $CO_2$ and other greenhouse gas emissions that cause irreparable damage to our global environment is one of the Company's top management priorities, to help Japan achieve its targets under the Kyoto Protocol. However, achieving those objectives requires aggressive and unwavering commitments on both the demand and supply sides.

**Kansai EP is a committed instigator of and dynamic contributor to initiatives to safeguard the natural environment for future generations.**

Targeting the demand side, we are pushing for widespread adoption of "Eco Ice," our innovative thermal-storage system that utilizes power generated during nighttime hours, when nuclear power dependency is high and $CO_2$ emissions are low. We are also actively promoting "Eco Cute," our electric heat-pump water heaters that use a natural refrigerant ($CO_2$).

Here on the supply side, we are vigorously promoting the adoption of nuclear power generation, a technology that produces no $CO_2$, and enhancing the thermal efficiency of our fossil-fuel generating facilities. We are also fortifying our commitment to the development of new power-generating systems based on wind and solar energy, particularly in response to the enactment in April 2003 of the RPS (Renewable Portfolio Standard) Law. The new legislation delineates special measures concerning the utilization of new energies by Japan's electricity providers. Going forward we pledge to devote our resources all the more to the development and promotion of expanded adoption of new energy formats.

In spite of these initiatives, in fiscal 2005 Kansai EP's $CO_2$ emissions were up 8.98 million tons from the level of fiscal 1991. This outcome owed to emergency reliance on fossil-fuel power plants to compensate for the energy generated by the Mihama Nuclear Power Station until the mishap that led to the shutdown of Unit 3. Going forward, with renewed determination to secure complete safety and restore the public's trust, we will resume actively promoting the adoption of nuclear generating facilities as a way of addressing global warming and other environmental issues.

## Activities of International Scope

In recognition of the global scale of the $CO_2$ emissions issue, Kansai EP takes its aggressive stance on environmental protection beyond domestic limits. We proactively participate in a host of projects focused on curbing $CO_2$ worldwide, including a research project on mangrove afforestation technologies for application in Thailand and environmental tree planting to prevent soil salinization in Western Australia. We are also leading a project to construct a micro-hydro power plant in the Kingdom of Bhutan. It marks the first endeavor involving a domestic power company to be authorized as a United Nations Clean Development Mechanism (CDM) project.

## Contributing toward a World of Renewable Resources

Kansai EP is also seriously committed to contribute toward the eventual elimination of all waste materials that today require landfill disposal. In a quest to achieve business activities matching the demands of a world of ecologically harmonic renewable resources, the Company pursues the "3 Rs" for dealing with industrial and other wastes: reduce, reuse and recycle. As an example, we recycle 100 percent of the heavy/crude oil ash generated by our fossil-fuel-burning generating facilities as well as all of the low-voltage power lines and concrete poles used in our power distribution grids.

We are also retooling our purchasing practices to give priority to products that offer high environmental compatibility. To illustrate, we meet our full requirement for wire protection conduits by procuring products manufactured from recycled materials originally discarded from our own premises.

We are equally active in recycling initiatives on a Groupwide basis. These include the creation of livestock bedding materials, fertilizers and soil enhancers from dam driftwood, and revitalization of contaminated soil through washing and thermal desorption.

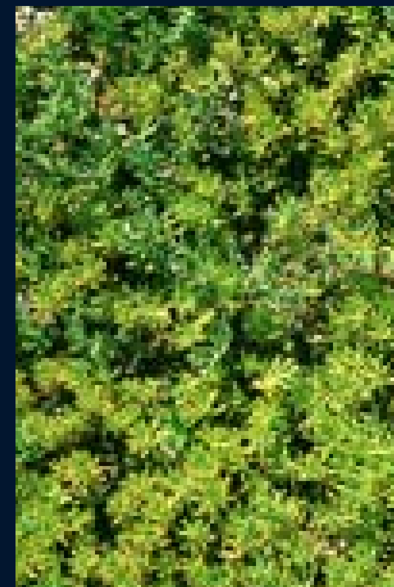
## International Certification

In tandem with our environmental management initiatives, we are striving to bring the quality and safety levels of our facilities in line with international standards. To date (March 2005) our efforts have enabled us to acquire ISO14001 certification for nine operating bases, particularly our fossil-fuel power plants.

Kansai EP is also the first power provider in Japan to receive "Eco Leaf" environmental labeling certification for the electric power it supplies to its customers. The International Organization for Standardization (ISO) has acknowledged "Eco Leaf" as a Type III labeling system.

Soil decontamination services: KANDEN GEO-RE Inc.

# Pursuing epochmaking technologies for the Earth's benefit and the Company's future



Basic research into SOFC materials

Development of soil decontamination technologies

## Top Priority on Dual Benefits

Kansai EP's aggressive stance on research and development has two overriding objectives: to provide added convenience to our customers while contributing to environmental protection, and to forge a solid base for the Company's future operations. Here we introduce a sampling of some of our recent initiatives and achievements in R&D.

***Kansai EP is undertaking an abundant array of R&D projects all targeting innovations with environmental merit and growth-driving potential.***

## Technologies to Protect the Earth's Environment

In conjunction with an array of initiatives all geared toward protection of the global environment, Kansai EP is carrying forward research into high-performance chemical absorbents of $CO_2$. We have already achieved the related separation and recovery technologies. The tangible results of our R&D program have secured patents not only in Japan but also in the United States, Europe and Asia, and our technologies have been adopted in a urea production plant in Malaysia. We are also engaged in research into technologies to regenerate tropical rain forests, in order to revitalize the natural environment and expand $CO_2$ absorption zones.

Another R&D focus related to environmental protection is the development of soil decontamination technologies employing biotechnologies. We are currently conducting research into soil remediation technologies and into biosensors for measuring heavy metals, dioxins and other environmentally detrimental substances.

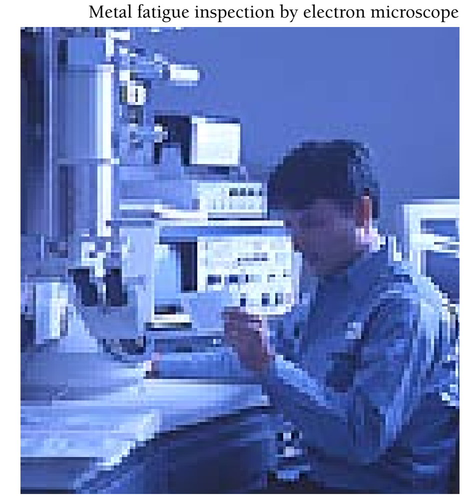
## Next-Generation Semiconductor Elements

Today the Company is actively pursuing research into silicon carbide (SiC) diodes, next-generation power semiconductor elements that are expected to enable major reductions in power loss. In contrast to conventional silicon elements that are vulnerable to significant power loss during current flow, etc., and whose crystals break easily under high voltages, SiC diodes are revolutionary in their ability to reduce power loss substantially. We have already succeeded in developing inverters using SiC diodes, and once they shift into commercial production and supersede today's Si inverters, power loss will be curbed by more than 50%. In that way, SiC diodes are projected to make a dramatic contribution to energy savings throughout the entire industrial sector.

## High-Efficiency Fuel Cells

Solid oxide fuel cells (SOFC) are garnering attention today as an epochmaking new technology offering excellent characteristics in generation efficiency, stability and environmental friendliness. At Kansai EP, we are engaged in research into low-temperature SOFCs. We have already succeeded in developing fuel cells boasting high power density and an SOFC-based power-generating system, as part of our ongoing quest to realize power systems of low cost, light weight and compact size.

Metal fatigue inspection by electron microscope



SiC diode module testing

# Supporting Kansai in its dynamic development as a protagonist on the 21st century stage


FM CO·CO·LO

## Ambitious Projects of Formidable Scale

For centuries the Kansai region has served as a main pillar supporting the flourishing of the Japanese economy. Today, with the economy in a recovery trend, Kansai is attracting unprecedented attention as a central driving force for the nation's future growth and prosperity. In response to those weighty expectations, Kansai is currently setting down new foundations for its dynamic expansion in the coming years. Those foundations include a number of new initiatives of major scale, illustrated by a trio of projects offering exciting prospects for the future.

The first project is the development of "Kansai Science City," currently under construction on 15,000 hectares (37,000 acres) of rolling hills spanning Kyoto, Osaka and Nara prefectures. The project is targeted at the creation of a global launching ground for cultural, academic and research endeavors appropriate to the 21st century. Facilities are to include not only universities and corporate research centers, but also residential and community amenities to support the lives of those who will work and reside here. In conjunction with the City's infrastructure development, construction is presently proceeding on a new railway, the Keihanna New Line, to serve as a major new access route in the Osaka area. Plans call for the new route to go into service in 2006.

The second mammoth project underway in Kansai is Kansai International Airport. Opened in 1994, the airport is the world's first facility of its scale built on a man-made islet and Japan's first airport operating round-the-clock. The underlying aim behind the project is to develop the airport into an international hub serving the entire Asian region, as a means of contributing to Kansai's further development. Currently the airport is in Phase II of construction, toward the inauguration of a second runway in 2007.

The third large-scale work in progress in Kansai is the Bay Area Development Project, the objective of which is to make effective use of land along Osaka Bay, turning idle or undeveloped properties into sophisticated and attractive urban and residential facilities suited to a world-class metropolis. In tandem with this project, Universal Studios Japan opened here in 2001. The new theme park has quickly become one of Kansai's most popular destinations.

Besides supporting dynamic projects like these as the leading power supplier to the region, Kansai EP is playing a proactive role in initiatives designed to draw new businesses, both domestic and foreign, to Kansai as a way of contributing to its sustained development and prosperity.

***Kansai EP plays a key supporting role as a proactive participant in projects and initiatives making Kansai an ever more vibrant and people-friendly region.***

## Close Ties with the Local Community

Kansai is home to large numbers of non-Japanese, and to meet their needs as well as prepare for even greater internationalization of the region during the 21st century, a host of amenities are being developed. One example is FM CO • CO • LO, Japan's first multilingual FM radio station. Operated by dedicated volunteers with financial support from Kansai EP and other corporate sponsors, the station provides a broad array of programming — from news and entertainment to language lessons and emergency information — in a kaleidoscope of languages.

Kansai EP is also active in operations that cater to the special needs of or provide employment opportunities to the physically and mentally handicapped.

In these various ways, through national projects, nurturing of new industries and a colorful palette of undertakings in support of the evolving needs of local citizens, Kansai EP today is contributing on broad fronts to the ongoing development of its home region.

# Directors and Auditors
(As of June 29, 2005)


Yoshihisa Akiyama
Chairman of the Board of Directors


Shosuke Mori
President and Director


Keishi Yoshimoto
Executive Vice President and Director


Hiroshi Morimoto
Executive Vice President and Director


Isao Aoki
Executive Vice President and Director


Koji Kaibe
Executive Vice President and Director


Norihiko Saito
Executive Vice President and Director

*Managing Directors*
Tetsuji Kishida
Sadanori Ozasa
Yasuo Shinomaru
Sakae Kanno
Mitsuyasu Iwata
Mamoru Yoshida

*Directors*
Yohsaku Fuji
Toshiaki Mukai
Masumi Fujii
Yonezo Tsujikura
Takashi Teramoto
Hirofumi Tayama
Tsuneaki Miyamoto
Yasuo Hamada
Makoto Yagi

*Directors*
Toshifumi Watanabe
Naotaka Saeki
Wa Tashiro
Noriyuki Inoue

*Senior Corporate Auditors*
Yoji Goto
Hiroki Tanaka
Tomoaki Nakamori

*Corporate Auditors*
Takaharu Dohi
Yoichi Morishita
Akira Imagawa
Keiko Nakamura

# Financial Section

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The Kansai Electric Power Co., Inc. | Annual Report 2005

# The Kansai Electric Power Company, Incorporated and Subsidiaries

Consolidated Financial Statements
for the Years Ended March 31, 2005 and 2004, and
Independent Auditors' Report

# Financial Results and Analysis (Consolidated)

## OVERVIEW

### Operating Income

#### Electricity Operations

Kansai EP and its Group enterprises consistently strive to achieve expanded shares in the home, commercial and industrial markets through the provision of new products and solutions that anticipate the needs of the customer. In fiscal 2005 – the year from April 1, 2004 through March 31, 2005 – those efforts enabled the acquisition of 86,000 new contracts from customers living in fully electric homes and 1,988 new contracts for hybrid heating, cooling and air-conditioning systems for commercial and industrial users. Those figures represent year-on-year increases of 10.4% and 18.5%, respectively.

In fiscal 2005 total electricity sales reached 144.89 billion kWh, constituting a gain of 4.64 billion kWh, or 3.3%, over the previous year. The increased revenue from electricity operations enabled total sales income to grow to ¥2,422,583 million*, up ¥62,676 million, or 2.7%, from the year-earlier level.

Related operating expenses expanded by only ¥24,444 million, or 1.2%, however, reaching ¥2,054,111 million*. Increases stemming from the expanded volume of electricity sales, higher fossil fuel costs arising from deterioration in the operating ratio of the Company's nuclear plants, and expanded purchases of electric power from other companies were collectively offset by efforts to reduce outlays in all aspects. For example, personnel outlays were trimmed as a result of reduced funds needed for retirement stipends, achievable largely thanks to improved returns on pension assets connected to the qualified pension system. Capital investments were kept within the scope of depreciation costs, and depreciation costs were reduced through efforts to streamline related assets.

As a result of the foregoing, operating income from electricity operations reached ¥368,472 million*. The figure equates to a year-on-year increase by ¥38,232 million, or 11.6%.

#### Information Technology Operations

Kansai EP and its Group companies, centered on K-Opti.com, provide a comprehensive range of information technology services to both individual and corporate customers. A diversified menu of services is offered in line with the broad spectrum of user requirements, spanning from 64kbps to 100Mbps in both indoor and outdoor applications.

Although competition in the IT segment is severe, aggressive sales activities are undertaken to expand the customer base and elevate sales. At K-Opti.com in particular, significant price reductions were implemented from September 1, 2004 for the company's "eo HOME FIBER" fiber-optic Internet connection services. In addition, a new optical IP (Internet Protocol) service was launched that offers customers the dual advantages of low cost and elimination of the need to place calls through the telephone lines of Nippon Telegraph and Telephone Corporation (NTT). Together, these new developments have given K-Opti.com an industry lead in providing customers a package of Internet and telephone services at prices lower than ADSL. The market has quickly responded with a rush of applications for the new services: as of March 31, 2005 the number of contracts for the company's home Internet connection services reached 373,000, up a robust 42.5% from the year-earlier level.

In fiscal 2005 Groupwide IT operations generated sales totaling ¥112,976 million*, down ¥817 million, or 0.7%, from the previous year. Although, as just noted, revenues from K-Opti.com's FTTH services expanded year-on-year, that increase was modestly exceeded by reduced contract revenues from mobile service providers.

Operating expenses incurred in the performance of IT operations totaled ¥110,295 million*, up a modest ¥711 million, or 0.6%, from fiscal 2004. The increase is attributable primarily to a temporary spike in advertising and other outlays booked in conjunction with aggressive FTTH sales promotions at K-Opti.com and initial costs incurred in tandem with expansion of K-CAT, Inc.'s optical broadcasting area.





As a result of the foregoing, operating income from Groupwide information technology operations reached ¥2,681 million*. Although this equated to a year-on-year decrease of ¥1,528 million, or 36.3%, it marked a second consecutive term that IT operations turned a profit on a fiscal-year basis.

#### Other Operations

In addition to core electricity operations and IT business, Kansai EP and its Group network undertake an aggressive program of operations in two prime areas: total energy solutions and amenities in support of lifecycle needs. Business in total energy solutions focuses on gas-related operations, while operations involving lifecycle-support amenities center on related services as well as real estate development, especially housing.

Sales generated by these various undertakings to customers outside the Group reached ¥137,060 million, up ¥13,369 million, or 10.8%, from the preceding fiscal year. Growth came from two principal sources: in total energy solutions business, from the sale of 500,000 tons (in LNG parameters) of gas and other fuels, thereby achieving the target that had been hoisted for fiscal 2008, as well as expanded provision of energy solutions chiefly involving distributed type generators; and in real estate development operations, from expansion of the customer base for lifecycle-support services plus the steady development of private homes and condominiums boasting high added value in the form of fully electric installations, Internet capability and home security systems. When sales within the Group are added in, total sales revenue from other operations reached ¥342,188 million*, up ¥8,119 million, or 2.4%, from fiscal 2004.

Expenses incurred in the performance of other services totaled ¥330,105 million*, up ¥8,027 million, or 2.5%, from the year-earlier level. Vigorous efforts at efficiency enhancement were insufficient to compensate fully for high oil costs incurred in the performance of gas supply operations.

As a result of the foregoing, operating income generated by other operations Groupwide tallied to ¥12,083 million. The figure marked an increase by ¥92 million, or 0.8%, from the previous year.

Taken together, consolidated income accrued from electricity, IT and other operations reached ¥386,939 million, up ¥37,447 million, or 10.7%, from fiscal 2004. This total is the end result after eliminating all profits or losses incurred in conjunction with internal sales between the various segments.

* Includes internal transactions between segments.

### Net Income

Other (income) expenses recorded during the term totaled ¥237,734 million, an increase of ¥64,890 million, or 37.5%, from the previous year. The increase owed to three contributing factors: 1) an impairment loss of ¥44,312 million booked early in application of the Accounting Standards for Impairment of Fixed Assets; 2) a ¥64,905 million loss incurred in shelving the Gobo No. 2 thermal power plant project; and 3) a loss of ¥39,376 million largely attributable to payment of retirement stipends accompanying restructuring of Group affiliates. The early booking of the impairment loss was carried out in a quest to boost the transparency of financial statements and achieve swift strengthening of the financial structure. Scrapping of the Gobo project was decided in the light of flagging growth in demand for electric power, the need for enhanced operating efficiency in tandem with deregulation of the power industry, and cessation of new Orimulsion supplies. Restructuring of affiliated companies was pursued with the aim of fortifying Groupwide competitive strength by clarifying core business areas and consolidating managerial resources.

Interest payments during the term reached ¥82,045 million, down ¥20,928 million, or 20.3%, year-on-year. The reduction was achieved primarily through contraction in interest-bearing debt and efforts to trim interest on borrowings. Net income this term was further boosted by the elimination of fiscal 2004's losses booked in shelving the

Suzu nuclear power plant project and trimming asset values in tandem with the merger of K-Opti.com and Osaka Media Port Corporation. Finally, because the water runoff ratio in fiscal 2005 was a robust 114.6%, ¥9,872 million was set aside, in line with stipulations under Japan's Electricity Utilities Industry Law, as a reserve for fluctuations in water level, to prepare against increased expenses in the event of future water shortages. The figure represents an increase of ¥1,506 million, or 18.0%, over the previous year.

As a result of the foregoing, in fiscal 2005 consolidated income before taxes reached ¥139,333 million, down ¥28,949 million, or 17.2%, from the preceding term. Net income, after income-tax deductions totaling ¥69,753 million, finished at ¥69,739 million. The end result constituted a year-on-year decrease of ¥20,372 million, or 22.6%.

## FISCAL POSITION

### Assets

The value of the Company's Groupwide assets as of March 31, 2005 stood at ¥6,857,871 million, down ¥292,955 million, or 4.1%, from the year-earlier level. Various initiatives enabled this contraction. First, capital expenditures were held to ¥273,797 million, down ¥47,706 million, or 14.8%, from fiscal 2004 and within the scope of the term's depreciation costs (¥415,145 million). This was accomplished by pursuing improved asset efficiency primarily in electricity operations, applying severe selectivity regarding new construction projects, and rethinking previously set construction schedules and project scopes. Second, in a quest to achieve a more muscular financial structure, measures were taken to reduce fixed assets. To illustrate, an impairment loss was booked early in application of the Accounting Standards for Impairment of Fixed Assets, and a loss was recorded in tandem with termination of the Gobo No. 2 thermal power plant project.

### Liabilities

Groupwide interest-bearing liabilities were slashed by ¥393,738 million, or 10.1%, during the term, to ¥3,489,864 million. The reduction was achieved by according highest priority to trimming interest-bearing debt in the allocation of the free cash flow generated through aggressive measures taken to boost efficiency in all areas of operation, including restraint in capital expenditures, while still paying full heed to safety assurance requirements.

This significant reduction in interest-bearing debt enabled a reduction in Groupwide liabilities – including both fixed and liquid liabilities debt as well as the reserve set aside for fluctuations in water level – to ¥5,204,368 million, down ¥302,071 million, or 5.5%, year-on-year. The latter achievement contributed to the steady fortification of the Group's financial structure.

### Shareholders' Equity

At March 31, 2005 total shareholders' equity was ¥1,646,686 million, up ¥9,438 million, or 0.6%, from a year earlier. The increase owed to the term's year-on-year expansion in net income, which offset dividend disbursements and the erosive impact of repurchasing of the Company's own stock. This capital increase was complemented by the asset reductions noted earlier, including curbing of capital expenditures, and the progress achieved in trimming interest-bearing debt. As a result of these collective factors, at term's end the shareholder's equity ratio reached 24.0%, up 1.1 percentage point year-on-year. Equity per shareholder accordingly came to ¥1,749.65, representing an increase of ¥20.08 over the year-earlier level.

In April 2005 the Company repurchased 8.36 million shares of its own stock, at an outlay of ¥17,312 million. Like the similar buyback carried out in April 2004, the move had two objectives: a) to increase shareholder return and enhance capital efficiency, and b) to improve the supply and demand balance of Company shares within the market. The Company has opted to hold the repurchased holdings as treasury stock for the time being, a situation that will enable the shares to be flexibly used, or retired, as changes in the operating environment may come to dictate.

### Cash Flow

Kansai EP and its consolidated subsidiaries pursue all avenues toward the further enhancement of the Group's free cash flow through aggressive sales activities and the pursuit of ever greater management efficiency while according highest priority to safety assurance. At the same time, investments are actively undertaken into new areas of operation that will lead to expansion of the consolidated earnings base going forward, and initiatives are taken proactively on diverse fronts toward strengthening the Group's financial structure.

In fiscal 2005 cash flow generated by operating activities produced ¥691,253 million in income, down ¥117,075 million, or 14.5%, from fiscal 2004. The year-on-year increase in electricity sales volume was outweighed by one-time outlays of substantial scale arising primarily from payment of retirement stipends connected to the restructuring of the Company's affiliates, plus increased income and other tax burdens.

Cash flow linked to investment activities resulted in ¥257,284 million in outlays, down ¥51,324 million, or 16.6%, from the preceding term. Active capital expenditures were undertaken in the information technology sphere, but capital investments as a whole declined on a consolidated basis thanks to the pursuit of enhanced efficiency in electricity operations while still securing optimal safety. During the term, the Company also sold off part of its securities holdings.

Free cash flow generated in the foregoing ways totaled ¥433,969 million. It was allocated to reducing interest-bearing liabilities and the repurchasing of Company stock. Cash flow generated from financing activities thereby resulted in total outlays of ¥451,886 million, constituting a decrease by ¥66,204 million, or 12.8%, from fiscal 2004.

As a result of the foregoing, the balance of cash and cash equivalents at the end of fiscal 2005 reached ¥67,898 million. The figure represents a decrease of ¥17,802 million, or 20.8%, from the preceding year.

# Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2005 and 2004

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| **ASSETS** (Note 5) | **2005** | 2004 | **2005** |
| **PROPERTY:** | | | |
| Utility plant and equipment | **¥13,386,152** | ¥13,006,857 | **$124,649,892** |
| Other plant and equipment | **1,031,613** | 987,387 | **9,606,230** |
| Construction in progress | **377,360** | 802,523 | **3,513,921** |
| Contributions in aid of construction | **(422,949)** | (416,180) | **(3,938,439)** |
| Accumulated depreciation | **(9,113,766)** | (8,765,033) | **(84,866,058)** |
| Plant and equipment - net (Notes 3, 5 and 11) | **5,258,410** | 5,615,554 | **48,965,546** |
| Nuclear fuel, net of amortization | **526,130** | 502,000 | **4,899,246** |
| Property - net | **5,784,540** | 6,117,554 | **53,864,792** |
| **INVESTMENTS AND OTHER ASSETS:** | | | |
| Investment securities (Note 4) | **185,547** | 196,620 | **1,727,787** |
| Investments in and advances to associated companies | **161,125** | 168,165 | **1,500,372** |
| Deferred tax assets (Note 9) | **314,792** | 274,439 | **2,931,297** |
| Other assets | **52,107** | 33,097 | **485,212** |
| Total investments and other assets | **713,571** | 672,321 | **6,644,668** |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | **67,898** | 85,700 | **632,256** |
| Accounts receivable | **156,940** | 148,607 | **1,461,405** |
| Allowance for doubtful accounts | **(2,437)** | (2,386) | **(22,693)** |
| Inventories | **49,724** | 51,302 | **463,021** |
| Deferred tax assets (Note 9) | **31,565** | 26,157 | **293,929** |
| Other current assets | **56,070** | 51,571 | **522,115** |
| Total current assets | **359,760** | 360,951 | **3,350,033** |
| **TOTAL** | **¥6,857,871** | ¥7,150,826 | **$63,859,493** |

*See notes to consolidated financial statements.*



| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | **2005** | 2004 | **2005** |
| **LONG-TERM LIABILITIES:** | | | |
| Long-term debt, less current maturities (Note 5) | **¥2,953,626** | ¥3,116,251 | **$27,503,734** |
| Liability for Retirement benefits (Note 6) | **363,967** | 353,031 | **3,389,208** |
| Reserve for reprocessing of irradiated nuclear fuel | **630,679** | 594,749 | **5,872,791** |
| Reserve for decommissioning of nuclear power units | **233,122** | 226,603 | **2,170,798** |
| Deferred tax liabilities (Note 9) | **154** | 510 | **1,434** |
| Other long-term liabilities | **68,342** | 27,722 | **636,390** |
| Total long-term liabilities | **4,249,890** | 4,318,866 | **39,574,355** |
| **CURRENT LIABILITIES:** | | | |
| Current maturities of long-term debt (Note 5) | **295,903** | 596,371 | **2,755,406** |
| Short-term borrowings (Note 7) | **239,880** | 170,981 | **2,233,728** |
| Accounts payable (Note 5) | **109,807** | 136,708 | **1,022,507** |
| Payable to associated companies | **16,521** | 14,279 | **153,841** |
| Accrued income taxes | **60,240** | 74,015 | **560,946** |
| Accrued expenses and other current liabilities | **213,889** | 186,853 | **1,991,702** |
| Total current liabilities | **936,240** | 1,179,207 | **8,718,130** |
| **RESERVE FOR FLUCTUATIONS IN WATER LEVEL** | **18,238** | 8,366 | **169,830** |
| **MINORITY INTERESTS** | **6,817** | 7,139 | **63,478** |
| **COMMITMENTS AND CONTINGENCIES** (Notes 12 and 13) | | | |
| **SHAREHOLDERS' EQUITY** (Notes 5, 8 and 16): | | | |
| Common stock - authorized, 1,784,059,697 shares; issued, 962,698,728 shares in 2005 and 2004 | **489,320** | 489,320 | **4,556,476** |
| Capital surplus | **66,626** | 66,553 | **620,412** |
| Retained earnings | **1,067,589** | 1,045,511 | **9,941,233** |
| Net unrealized gain on available-for-sale securities | **62,206** | 64,310 | **579,254** |
| Foreign currency translation adjustments | **10** | 26 | **93** |
| Treasury stock - at cost 21,677,981 shares in 2005 and 16,334,354 shares in 2004 | **(39,065)** | (28,472) | **(363,768)** |
| Total shareholders' equity | **1,646,686** | 1,637,248 | **15,333,700** |
| **TOTAL** | **¥6,857,871** | ¥7,150,826 | **$63,859,493** |

*See notes to consolidated financial statements.*

# Consolidated Statements of Income

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2005** | 2004 | **2005** |
| **OPERATING REVENUES:** | | | |
| Electric | **¥2,412,111** | ¥2,351,598 | **$22,461,225** |
| Other | **201,372** | 188,557 | **1,875,147** |
| Total | **2,613,483** | 2,540,155 | **24,336,372** |
| **OPERATING EXPENSES:** | | | |
| Electric | **2,038,779** | 2,015,311 | **18,984,812** |
| Other | **187,765** | 175,352 | **1,748,441** |
| Total | **2,226,544** | 2,190,663 | **20,733,253** |
| **OPERATING INCOME** | **386,939** | 349,492 | **3,603,119** |
| **OTHER (INCOME) EXPENSES:** | | | |
| Interest expense | **82,045** | 102,973 | **763,991** |
| Equity in losses (earnings) of associated companies | **(2,753)** | (3,190) | **(25,636)** |
| Loss on discontinued operation of subsidiary | | 10,731 | |
| Loss on impairment of fixed assets (Note 11) | 44,312 | | 412,627 |
| Loss on discontinuance of power plant construction | 64,905 | | 604,386 |
| Loss on reorganization of group companies (Note 6) | 39,376 | | 366,664 |
| Other - net | **9,849** | 62,330 | **91,712** |
| Total | **237,734** | 172,844 | **2,213,744** |
| **INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS** | **149,205** | 176,648 | **1,389,375** |
| **PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL** | **9,872** | 8,366 | **91,926** |
| **INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS** | **139,333** | 168,282 | **1,297,449** |
| **INCOME TAXES** (Note 9) | | | |
| Current | **116,793** | 117,269 | **1,087,559** |
| Deferred | **(47,040)** | (39,814) | **(438,030)** |
| Total | **69,753** | 77,455 | **649,529** |
| **MINORITY INTERESTS IN NET INCOME** (LOSS) | **(159)** | 716 | **(1,479)** |
| **NET INCOME** | **¥69,739** | ¥90,111 | **$(649,399)** |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| | **2005** | 2004 | **2005** |
| **PER SHARE OF COMMON STOCK** (Note 15): | | | |
| Basic net income | **¥73.83** | ¥94.77 | **$0.69** |
| Fully diluted net income | **72.68** | 92.82 | **0.68** |
| Cash dividends applicable to the year | **50.00** | 50.00 | **0.47** |

*See notes to consolidated financial statements.*





# Consolidated Statements of Shareholders' Equity

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

| | | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|---|
| | Number of Common Shares Issued | Common Stock | Capital Surplus | Retained Earnings | Net Unrealized Gain on Available-for-Sale Securities | Foreign Currency Translation Adjustments | Treasury Stock |
| **BALANCE, APRIL 1, 2003** | 962,698,728 | ¥489,320 | ¥65,463 | ¥1,003,204 | ¥19,875 | ¥101 | ¥(29,832) |
| Net income | | | | 90,111 | | | |
| Cash dividends, ¥50 per share | | | | (47,317) | | | |
| Bonuses to directors and corporate auditors | | | | (487) | | | |
| Net decrease in foreign currency translation adjustments | | | | | | (75) | |
| Net decrease in treasury stock | | | | | | | 1,360 |
| Net increase in unrealized gain on available-for-sale securities | | | | | 44,435 | | |
| Surplus from transaction in treasury stock | | | 1,090 | | | | |
| **BALANCE, MARCH 31, 2004** | 962,698,728 | 489,320 | 66,553 | 1,045,511 | 64,310 | 26 | (28,472) |
| Net income | | | | 69,739 | | | |
| Cash dividends, ¥50 per share | | | | (47,228) | | | |
| Bonuses to directors and corporate auditors | | | | (446) | | | |
| Net decrease in foreign currency translation adjustments | | | | | | (16) | |
| Net increase in treasury stock | | | | | | | (10,593) |
| Net decrease in unrealized gain on available-for-sale securities | | | | | (2,104) | | |
| Surplus from transaction in treasury stock | | | 73 | | | | |
| Increase due to exclusion of previously consolidated subsidiaries | | | | 13 | | | |
| **BALANCE, MARCH 31, 2005** | 962,698,728 | ¥489,320 | ¥66,626 | ¥1,067,589 | ¥62,206 | ¥10 | ¥(39,065) |

| | Thousands of U.S. Dollars (Note 1) | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | Capital Surplus | Retained Earnings | Net Unrealized Gain on Available-for-Sale Securities | Foreign Currency Translation Adjustments | Treasury Stock |
| **BALANCE, MARCH 31, 2004** | $4,556,476 | $619,732 | $9,735,646 | $598,845 | $242 | $(265,127) |
| Net income | | | 649,399 | | | |
| Cash dividends, $0.47 per share | | | (439,780) | | | |
| Bonuses to directors and corporate auditors | | | (4,153) | | | |
| Net decrease in foreign currency translation adjustments | | | | | (149) | |
| Net increase in treasury stock | | | | | | (98,641) |
| Net decrease in unrealized gain on available-for-sale securities | | | | (19,591) | | |
| Surplus from transaction in treasury stock | | 680 | | | | |
| Increase due to exclusion of previously consolidated subsidiaries | | | 121 | | | |
| **BALANCE, MARCH 31, 2005** | $4,556,476 | $620,412 | $9,941,233 | $579,254 | $93 | $(363,768) |

*See notes to consolidated financial statements.*

# Consolidated Statements of Cash Flows

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Year Ended March 31, 2005 and 2004

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | 2005 | 2004 | 2005 |
| **OPERATING ACTIVITIES:** | | | |
| Income before income taxes and minority interests | ¥139,333 | ¥168,282 | $1,297,449 |
| Adjustments for: | | | |
| Income taxes-paid | (130,761) | (87,015) | (1,217,627) |
| Depreciation and amortization | 415,145 | 444,631 | 3,865,770 |
| Loss on impairment of fixed assets | 44,312 | | 412,627 |
| Amortization of nuclear fuel | 44,850 | 56,132 | 417,637 |
| Loss on disposal of property, plant and equipment | 21,938 | 15,181 | 204,283 |
| Loss on discontinued operation of subsidiary | | 10,731 | |
| Loss on discontinuance of power plant construction | 4,363 | 23,622 | 40,628 |
| Nuclear fuel transferred to reprocessing costs | 64,905 | | 604,386 |
| Increase in liability for retirement benefits | 10,937 | 62,292 | 101,844 |
| Provision for reprocessing of irradiated nuclear fuel | 35,930 | 65,118 | 334,575 |
| Provision for decommissioning of nuclear power units | 6,519 | 1,201 | 60,704 |
| Provision of reserve for fluctuations in water level | 9,872 | 8,366 | 91,927 |
| Changes in assets and liabilities, and net of effects from newly consolidated subsidiaries: | | | |
| Decrease (increase) in trade receivables | (8,221) | 14,418 | (76,553) |
| Decrease in interest and dividends receivable | 1,510 | 1,129 | 14,061 |
| Decrease in trade payables | (795) | (1,552) | (7,403) |
| Decrease in interest payable | (3,129) | (4,884) | (29,137) |
| Other - net | 34,545 | 30,676 | 321,676 |
| Total adjustments | 551,920 | 640,046 | 5,139,398 |
| Net cash provided by operating activities | 691,253 | 808,328 | 6,436,847 |
| **INVESTING ACTIVITIES:** | | | |
| Purchases of property, plant and equipment | (292,586) | (313,005) | (2,724,518) |
| Payments for investments and advances | (26,184) | (24,823) | (243,822) |
| Proceeds from sales of investments or collections of advances | 43,300 | 13,543 | 403,203 |
| Other – net | 18,186 | 15,677 | 169,346 |
| Net cash used in investing activities | (257,284) | (308,608) | (2,395,791) |
| **FINANCING ACTIVITIES:** | | | |
| Proceeds from issuance of bonds | 90,599 | 29,681 | 843,645 |
| Proceeds from long-term debt (exclusive of bonds) | 150,397 | 127,240 | 1,400,475 |
| Proceeds from short-term loans | 433,711 | 358,342 | 4,038,654 |
| Proceeds from issuance of commercial paper | 577,000 | 1,118,000 | 5,372,940 |
| Redemption of bonds | (447,073) | (201,925) | (4,163,078) |
| Repayments of long-term debt (exclusive of bonds) | (257,308) | (288,947) | (2,396,015) |
| Repayments of short-term loans | (432,357) | (409,905) | (4,026,045) |
| Repayments of commercial papers | (509,000) | (1,203,000) | (4,739,734) |
| Purchases of treasury stock | (11,335) | (546) | (105,550) |
| Dividends paid | (47,218) | (47,299) | (439,687) |
| Other – net | 698 | 269 | 6,499 |
| Net cash used in financing activities | (451,886) | (518,090) | (4,207,896) |
| **NET CASH USED IN OPERATING, INVESTING AND FINANCING ACTIVITIES** - (Forward) | ¥(17,917) | ¥(18,370) | $(166,840) |



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| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | 2005 | 2004 | 2005 |
| **NET CASH USED IN OPERATING, INVESTING AND FINANCING ACTIVITIES** - (Forward) | ¥(17,917) | (18,370) | $(166,840) |
| **EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | 115 | (113) | 1,070 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | (17,802) | (18,483) | (165,770) |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 85,700 | 104,183 | 798,026 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | ¥67,898 | ¥85,700 | $632,256 |

*See notes to consolidated financial statements.*

# Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

## 1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law (the "Law"), the Japanese Electric Utility Law and the related accounting regulations. The Kansai Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries (together the "Companies") maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code (the "Code"), the Japanese Electric Utility Law and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in 2004 financial statements to conform to the classifications used in 2005.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥107.39 to $1, the approximate rate of exchange at March 31, 2005. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Principles of Consolidation and Accounting for Investments in Associated Companies -** The consolidated financial statements as of March 31, 2005 include the accounts of the Company and all subsidiaries (sixty-eight in 2005 and eighty-five in 2004).

Under the control or influence concept, those companies over whose operations the Company, directly or indirectly, is able to exercise control are fully consolidated, and those companies over which the Company has an ability to exercise significant influence are accounted for by the equity method.

For the years ended March 31, 2005 and 2004, the investment in one associated company is accounted for by the equity method. Investments in the remaining associated companies are stated at cost, and had the equity method been applied to the investments in these companies, there would have been an immaterial effect on the accompanying consolidated financial statements.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill on acquisition of subsidiaries is reported in the balance sheet as other assets and is amortized using the straight-line method over five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

b. **Subsidiaries' Fiscal Year-End -** The fiscal year-end of eight subsidiaries is December 31. The Company consolidates such subsidiaries' financial statements using their financial results for the year ended December 31. The effect of any significant transactions during the period between the subsidiaries' fiscal year-end and the Company's fiscal year-end are reflected in the consolidated financial statements.

c. **Property, Depreciation and Amortization -** Property is stated at cost. Contributions in aid of construction, which include certain amounts assessed to and collected from customers, are deducted from the costs of the related assets in accordance with the regulations.

Depreciation is principally computed by the declining-balance method based on the estimated useful lives of the assets.

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel at March 31, 2005 and 2004 was ¥120,509 million ($1,122,162 thousand) and ¥116,067 million, respectively.

d. **Impairment of Fixed Assets -** n August 2002, the Business Accounting Council issued a Statement of Opinion, Accounting for Impairment of Fixed Assets, and in October 2003 the Accounting Standards Board of Japan (ASB) issued ASB Guidance No. 6, Guidance for Accounting Standard for Impairment of Fixed Assets. These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The Companies adopted the new accounting standard for impairment of fixed assets as of April 1, 2004. The Companies review their fixed assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The effect of adoption of the new accounting standard for impairment of fixed assets was to decrease income before income taxes and minority interests for the year ended March 31, 2005 by ¥44,312 million ($412,627 thousand).

e. **Leases -** All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

f. **Investment Securities -** The Companies' securities are classified and accounted for as follows: i) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are reported at amortized cost, ii) available-for-sale securities whose fair value is not readily determinable are reported at cost, and iii) available-for-sale securities whose fair value is readily determinable are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholders' equity.

The cost of securities sold is determined by the moving-average method.

g. **Cash Equivalents -** Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents principally include time deposits, certificate of deposits, commercial paper and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

h. **Inventories -** Inventories, mainly fuel, are stated at cost determined by the average method.

i. **Foreign Currency Transactions -** All receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by the forward contracts.

j. **Foreign Currency Financial Statements -** The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rate as of the balance sheet date. Differences arising from such translation are shown as "Foreign currency translation adjustments" as a separate component of shareholders' equity.

k. **Retirement and Pension Plan -** The Company and certain consolidated subsidiaries have non-contributory defined benefit pension plans, contributory pension plans, and unfunded retirement benefit plans.

The Companies accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Prior service cost is being amortized by the straight-line method over a period of principally 3 years. Actuarial gains or losses are being recognized by the straight-line method over a period of principally 3 years.

Retirement benefits to directors and corporate auditors are charged to income when authorized by a resolution of the shareholders.

l. **Reserve for Reprocessing of Irradiated Nuclear Fuel -** The Company has accrued costs for the reprocessing of irradiated nuclear fuel in accordance with accounting methods accepted by the regulatory authority. The Company provides for the reprocessing of irradiated nuclear fuel at 60% of the amount, which would be required to reprocess all the irradiated nuclear fuel as of the balance sheet date.

m. **Reserve for Decommissioning of Nuclear Power Units -** The Company has accrued costs for decommissioning of nuclear power units in accordance with accounting methods accepted by the regulatory authority.

n. **Income Taxes -** The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

o. **Derivatives and Hedging Activities -** The Companies use principally foreign exchange forward contracts, currency swaps, interest rate swaps and commodity swaps in the normal course of business, to manage its exposures to fluctuations in foreign exchange, interest rates, fuel price and so on. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions be recognized in the income statement and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

Assets and liabilities denominated in foreign currencies for which foreign exchange forward contracts and currency swaps are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts and currency swaps qualify for hedge accounting.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

p. **Reserve for Fluctuations in Water Level -** A reserve for fluctuations in water level is provided for costs expected to be incurred from insufficient water levels, in accordance with the Japanese Electric Utility Law and related accounting regulations.

q. **Appropriations of Retained Earnings -** Appropriations of retained earnings at each year end are reflected in the financial statements of the following year after shareholders' approval.

r. **Per Share Information -** Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding in each period, retroactively adjusted for stock splits.

Fully diluted net income per share reflects the potential dilution that could occur if securities were converted into common stock. Fully diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

s. **Stock and Bond Issue Costs -** Costs incurred in connection with the issuance of stock and bonds are charged to income as incurred.


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# Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

### 3. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2005 and 2004 consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2005** | 2004 | **2005** |
| Hydroelectric power production facilities | **¥443,909** | ¥462,083 | **$4,133,616** |
| Thermal power production facilities | **614,667** | 363,436 | **5,723,689** |
| Nuclear power production facilities | **395,465** | 434,834 | **3,682,512** |
| Transmission facilities | **1,379,385** | 1,452,188 | **12,844,632** |
| Transformation facilities | **510,989** | 540,798 | **4,758,255** |
| Distribution facilities | **948,823** | 971,066 | **8,835,301** |
| General facilities | **150,543** | 160,275 | **1,401,834** |
| Other utility facilities | **13,470** | 13,830 | **125,431** |
| Other plant and equipment | **423,799** | 414,521 | **3,946,355** |
| Construction in progress | **377,360** | 802,523 | **3,513,921** |
| **Total** | **¥5,258,410** | ¥5,615,554 | **$48,965,546** |

### 4. INVESTMENT SECURITIES

Information regarding each category of the securities classified as available-for-sale, whose fair value is readily determinable, and held-to-maturity at March 31, 2005 and 2004 were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| | 2005 | | | |
| Securities classified as: | | | | |
| Available-for-sale: | | | | |
| Equity securities | ¥21,411 | ¥87,244 | ¥4 | ¥108,651 |
| Debt securities | 3,006 | 25 | 10 | 3,021 |
| Held-to-maturity debt securities | 8,208 | 170 | 103 | 8,275 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| | 2004 | | | |
| Securities classified as: | | | | |
| Available-for-sale: | | | | |
| Equity securities | ¥20,432 | ¥84,749 | ¥7 | ¥105,174 |
| Debt securities | 2,525 | 28 | 1 | 2,552 |
| Held-to-maturity debt securities | 12,215 | 402 | 115 | 12,502 |





| | Thousands of U.S. Dollars | | | |
|---|---|---|---|---|
| | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| | 2005 | | | |
| Securities classified as: | | | | |
| Available-for-sale: | | | | |
| Equity securities | $199,376 | $812,403 | $37 | $1,011,742 |
| Debt securities | 27,991 | 233 | 93 | 28,131 |
| Held-to-maturity debt securities | 76,432 | 1,583 | 959 | 77,056 |

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2005 and 2004 were as follows:

| | Carrying Amount | | |
|---|---|---|---|
| | Millions of Yen | | Thousands of U.S. Dollars |
| | **2005** | 2004 | **2005** |
| Available-for-sale: | | | |
| Equity securities | **¥65,286** | ¥73,053 | **$607,934** |
| Other | **4,784** | 7,811 | **44,548** |
| Held-to-maturity debt securities | **600** | 100 | **5,587** |
| **Total** | **¥70,670** | ¥80,964 | **$658,069** |

Proceeds from sales of available-for-sale securities for the year ended March 31, 2005 were ¥17,935 million ($167,008 thousand). Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥8,809 million ($82,028 thousand) and ¥1 million ($9 thousand), respectively for the year ended March 31, 2005.

Proceeds from sales of held-to-maturity debt securities for the year ended March 31, 2005 were ¥4,828 million ($44,958 thousand). Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥137 million ($1,276 thousand) and ¥1 million ($9 thousand), respectively for the year ended March 31, 2005. These sales were intend to finance the reorganization of group companies.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2005 are as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Due in one year or less | ¥4,825 | $44,930 |
| Due after one year through five years | 3,737 | 34,798 |
| Due after five years through ten years | 1,685 | 15,691 |
| Due after ten years | 1,729 | 16,100 |
| **Total** | ¥11,976 | $111,519 |

# Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

### 5. LONG-TERM DEBT

Long-term debt at March 31, 2005 and 2004 consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2005 | 2004 | 2005 |
| **General mortgage bonds:** | | | |
| 0.29% to 6.1%, due serially through 2018 | ¥1,193,050 | ¥1,370,606 | $11,109,507 |
| 7.25%, due 2006 (payable in U.S. dollars) | 54,450 | 54,450 | 507,030 |
| 6.625%, due through 2006 (payable in French francs) | 63,516 | 63,516 | 591,452 |
| 5.75%, due 2007 (payable in Netherlands guilder) | 62,294 | 62,294 | 580,073 |
| **1.4% general mortgage convertible bonds, due 2005** | | 178,557 | |
| **0.65% to 5.6% secured loans from principally the Development Bank of Japan maturing serially through 2024:** | | | |
| The Company | 372,737 | 414,309 | 3,470,873 |
| Subsidiaries | 21,801 | 23,621 | 203,008 |
| **0.164% to 6.4% unsecured loans from banks and insurance companies maturing serially through 2036** | 1,481,681 | 1,545,269 | 13,797,197 |
| **Total** | 3,249,529 | 3,712,622 | 30,259,140 |
| **Less current maturities** | 295,903 | 596,371 | 2,755,406 |
| **Long-term debt, less current maturities** | ¥2,953,626 | ¥3,116,251 | $27,503,734 |

Annual maturities of long-term debt at March 31, 2005 were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| **Year ending March 31:** | | |
| 2006 | ¥295,903 | $2,755,406 |
| 2007 | 341,614 | 3,181,060 |
| 2008 | 392,317 | 3,653,199 |
| 2009 | 433,110 | 4,033,057 |
| 2010 and thereafter | 1,786,585 | 16,636,418 |
| **Total** | ¥3,249,529 | $30,259,140 |

All of the Company's assets are pledged as collateral for the general mortgage bonds and secured loans from the Development Bank of Japan.

The carrying amounts of subsidiaries' assets pledged as collateral for accounts payable of ¥2,445 million ($22,767 thousand) and the above secured loans at March 31, 2005, were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Property and other | ¥41,717 | $388,463 |

Certain long-term loan agreements include provisions which allow lenders the right of prior approval, if so requested, of any appropriation from retained earnings, including dividends. To date no lender has exercised this right.





### 6. RETIREMENT AND PENSION PLAN

The Company and certain of its subsidiaries have severance payment plans for employees.

Under most circumstances, employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled to severance payments based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain subsidiaries and annuity payments from a trustee. In certain instances additional retirement payments are paid at the retirement of employees.

On October 2005, the Company plan to revise the pension plan, and will incur negative prior service cost and settlement loss, respectively, by approximately ¥68 billion and by approximately ¥16 billion.

The liability for employees' retirement benefits at March 31, 2005 and 2004 consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2005 | 2004 | 2005 |
| Projected benefit obligation | ¥764,621 | ¥804,067 | $7,120,039 |
| Fair value of plan assets | (436,993) | (433,145) | (4,069,215) |
| Unrecognized prior service cost | 76 | 680 | 708 |
| Unrecognized actuarial loss | 36,263 | (18,571) | 337,676 |
| **Net liability** | ¥363,967 | ¥353,031 | $3,389,208 |

The components of net periodic retirement benefit costs are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2005 | 2004 | 2005 |
| Service cost | ¥29,055 | ¥31,232 | $270,556 |
| Interest cost | 15,441 | 15,883 | 143,784 |
| Expected return on plan assets | (2,381) | (568) | (22,172) |
| Amortization of prior service cost | (292) | (11,272) | (2,719) |
| Recognized actuarial loss | 30,371 | 65,987 | 282,810 |
| Settlement (gain) loss | (1,699) | 4,578 | (15,821) |
| Other | 31,593 | 7,507 | 294,191 |
| **Net periodic retirement benefit costs** | ¥102,088 | ¥113,347 | $950,629 |

For the year ended March 31, 2005 and 2004 the Companies recognized amortization of unrecognized actuarial loss and prior service cost as "settlement (gain) loss" incurred by the reorganization of group companies with discontinuance of retirement benefit plan and the large scale retirement due to the expansion of the early retirement plan respectively, and an additional retirement payment of ¥30,805 million ($286,852 thousand) and ¥7,386 million are included in "Other" in the above table.

Principal assumptions used for the years ended March 31, 2005 and 2004 are set forth as follows:

| | 2005 | 2004 |
|---|---|---|
| Discount rate | 2.0% | 2.0% |
| Expected rate of return on plan assets | 0.5% | 0.0% |
| Allocation method of the retirement benefits expected to be paid at the retirement date | Straight-line method based on years of service | Straight-line method based on years of service |
| Amortization period of prior service cost | 3 years | 3 years |
| Recognition period of actuarial gain/loss | 3 years | 3 years |

In addition certain consolidated subsidiaries participate in a contributory multi-employer pension plan covering substantially all of their employees. The pension fund and assets available for benefits under this plan were approximately ¥2,306 million ($21,473 thousand) at December 31, 2004.

# Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

## 7. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2005 and 2004 consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2005 | 2004 | 2005 |
| Short-term loans principally from banks (principally bank overdrafts), weighted average interest rate of 0.305% and 0.297% at March 31, 2005 and 2004 | ¥171,880 | ¥170,981 | $1,600,522 |
| Commercial paper, weighted average interest rate of 0.017% at March 31, 2005 | 68,000 | | 633,206 |
| **Total** | ¥239,880 | ¥170,981 | $2,233,728 |

## 8. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code").

The Code requires that all shares of common stock are recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the shareholders meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥756,059 million ($704,311 thousand) as of March 31, 2005, based on the amount recorded in the parent company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

## 9. INCOME TAXES

The Companies are subject to a number of taxes based on income such as corporate income tax and inhabitant taxes which, in the aggregate, resulted in normal statutory tax rates of approximately 36.2% for the years ended March 31, 2005 and 2004.

The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2005 | 2004 | 2005 |
| **Deferred Tax Assets:** | | | |
| Liability for retirement benefits | ¥126,885 | ¥117,035 | $1,181,535 |
| Intercompany profit elimination | 37,366 | 41,941 | 347,947 |
| Reserve for reprocessing of irradiated nuclear fuel | 41,878 | 41,878 | 389,962 |
| Reserve for decommissioning of nuclear power units | 29,304 | 29,304 | 272,875 |
| Depreciation | 48,217 | 45,202 | 448,990 |
| Deferred charges | 17,307 | 18,257 | 161,160 |
| Other | 133,835 | 71,484 | 1,246,251 |
| Less valuation allowance | (56,532) | (33,794) | (526,418) |
| **Deferred tax assets** | ¥378,260 | ¥331,307 | $3,522,302 |
| **Deferred Tax Liabilities:** | | | |
| Unrealized gain on available-for-sale securities | ¥31,821 | ¥30,899 | $296,313 |
| Other | 236 | 322 | 2,197 |
| **Deferred tax liabilities** | ¥32,057 | ¥31,221 | $298,510 |
| **Net deferred tax assets** | ¥346,203 | ¥300,086 | $3,223,792 |

A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2005 and 2004 and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

| | 2005 | 2004 |
|---|---|---|
| Normal effective statutory tax rate | 36.2% | 36.2% |
| Equity in earnings of associated companies | (0.7) | (0.7) |
| Valuation allowance | 16.3 | 11.0 |
| Tax credit for research and development expenses | (1.5) | |
| Other - net | (0.2) | (0.5) |
| Actual effective tax rate | 50.1% | 46.0% |

## 10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥23,020 million ($214,359 thousand) and ¥23,227 million for the years ended March 31, 2005 and 2004, respectively.

## 11. LOSS ON IMPAIRMENT OF FIXED ASSETS

The Companies reviewed their fixed assets for impairment as of the year ended March 31, 2005 and, as a result, recognized an impairment loss of ¥44,312 million as other expenses mainly for idle assets which will not be used in the future due to the changes in business plan and the carrying amount of these assets was written down to the recoverable amount. The recoverable amount of these assets was mainly measured by the respective net selling prices which were based on assessed value of fixed assets.

# Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

## 12. LEASES

**Lessor**

**Finance Leases**

Revenues under finance leases were ¥5,613 million ($52,267 thousand) and ¥5,224 million for the years ended March 31, 2005 and 2004, respectively.

The amount of the imputed interest revenue included in the above revenue, which is computed using the interest method, was ¥1,216 million ($11,323 thousand) and ¥911 million, for the years ended March 31, 2005 and 2004, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation and future lease revenue under finance leases for the years ended March 31, 2005 and 2004 was as follows:

| | Other Facilities | | |
|---|---|---|---|
| | Millions of Yen | | Thousands of U.S. Dollars |
| | **2005** | 2004 | **2005** |
| Acquisition cost | **¥35,299** | ¥34,071 | **$328,699** |
| Accumulated depreciation | **22,259** | 21,388 | **207,273** |
| **Net leased property** | **¥13,040** | ¥12,683 | **$121,426** |

Future lease revenue under finance leases:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2005** | 2004 | **2005** |
| Due within one year | **¥4,227** | ¥3,835 | **$39,361** |
| Due after one year | **16,076** | 12,793 | **149,697** |
| **Total** | **¥20,303** | ¥16,628 | **$189,058** |

Future lease revenue under finance leases includes the sublease revenue. Depreciation expenses relating to the leased assets mentioned above were ¥6,971 million ($64,913 thousand) and ¥5,699 million for the years ended March 31, 2005 and 2004, respectively.

**Lessee**

**Finance Leases**

Total lease payments under finance leases were ¥2,053 million ($19,117 thousand) and ¥2,049 million for the years ended March 31, 2005 and 2004, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2004 was as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Nuclear Power Production Facilities | General Facilities | Other Facilities | Total |
| As of March 31, 2005 | | | | |
| Acquisition cost | ¥4,801 | ¥62 | ¥10,503 | ¥15,366 |
| Accumulated depreciation | 2,612 | 36 | 4,633 | 7,281 |
| **Net leased property** | ¥2,189 | ¥26 | ¥5,870 | ¥8,085 |

| | Thousands of U.S. Dollars | | | |
|---|---|---|---|---|
| | Nuclear Power Production Facilities | General Facilities | Other Facilities | Total |
| As of March 31, 2005 | | | | |
| Acquisition cost | $44,707 | $577 | $97,802 | $143,086 |
| Accumulated depreciation | 24,323 | 335 | 43,142 | 67,800 |
| **Net leased property** | $20,384 | $242 | $54,660 | $75,286 |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Nuclear Power Production Facilities | Distribution Facilities | General Facilities | Other Facilities | Total |
| As of March 31, 2005 | | | | | |
| Acquisition cost | ¥4,541 | ¥331 | ¥43 | ¥9,194 | ¥14,109 |
| Accumulated depreciation | 1,979 | 298 | 17 | 5,052 | 7,346 |
| **Net leased property** | ¥2,562 | ¥33 | ¥26 | ¥4,142 | ¥6,763 |

Obligations under finance leases:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2005** | 2004 | **2005** |
| Due within one year | **¥1,940** | ¥1,845 | **$18,065** |
| Due after one year | **6,966** | 4,940 | **64,866** |
| **Total** | **¥8,906** | ¥6,785 | **$82,931** |

Depreciation expense under finance leases:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2005** | 2004 | **2005** |
| Depreciation expense | **¥2,053** | ¥2,049 | **$19,117** |

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, was computed by the straight-line method over the respective lease periods.

The amount of leased assets and obligations under finance leases includes the imputed interest expense portion and obligations under finance leases include the accrued sublease rentals.

**Operating Leases**

Obligations under non-cancelable operating leases at March 31, 2005 and 2004 were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2005** | 2004 | **2005** |
| Due within one year | | ¥3 | |

# Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

### 13. COMMITMENTS AND CONTINGENCIES

At March 31, 2005, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥79,034 million ($735,953 thousand). Additionally, the Companies had a number of fuel purchase commitments, most of which specify quantities and terms. Purchase prices are contingent upon fluctuations of market prices and so on.

At March 31, 2005, the Companies had the following contingent liabilities:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Co-guarantees or guarantees of loans and bonds of other companies: | | |
| Japan Nuclear Fuel Limited | ¥227,410 | $2,117,609 |
| Other | 1,648 | 15,346 |
| **Total** | ¥229,058 | $2,132,955 |
| A guarantee about power supply for San Roque Corporation | ¥442 | $4,116 |

### 14. DERIVATIVES

The Company enters into derivative financial instruments, including foreign currency forward contracts, currency swaps, interest rate swaps and commodity swaps, to reduce market risks associated with assets and liabilities in the normal course of business.

The fair value of the Companies' derivative financial instruments at March 31, 2005 and 2004 are as follows:

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | **2005** | | | 2004 | | |
| | Contracted Amount | Fair Value | Unrealized Loss | Contracted Amount | Fair Value | Unrealized Loss |
| Foreign currency forward contracts - | | | | | | |
| Buying principally U.S. Dollars | ¥10,897 | ¥10,867 | ¥30 | ¥12,315 | ¥11,017 | ¥1,298 |

| | Thousands of U.S. Dollars | | |
|---|---|---|---|
| | **2005** | | |
| | Contracted Amount | Fair Value | Unrealized Loss |
| Foreign currency forward contracts - | | | |
| Buying U.S. Dollars | $101,471 | $101,192 | $279 |

The fair values above are based on prices provided by banking institutions.

Derivative financial instruments that qualify for hedge accounting are excluded from disclosure of fair value information.





### 15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2005 and 2004 is as follows:

| | Millions of Yen | Thousands of Share | Yen | Dollars |
|---|---|---|---|---|
| | Net Income | Weighted Average Shares | EPS | |
| For the year ended March 31, 2005 | | | | |
| Basic EPS | | | | |
| Net income available to common shareholders | ¥69,514 | 941,480 | ¥73.83 | $0.69 |
| Effect of Dilutive Securities | | | | |
| Convertible bonds | 1,608 | 37,043 | | |
| Diluted EPS | | | | |
| Net income for computation | ¥71,122 | 978,523 | ¥72.68 | $0.68 |
| For the year ended March 31, 2004 | | | | |
| Basic EPS | | | | |
| Net income available to common shareholders | ¥89,666 | 946,191 | ¥94.77 | |
| Effect of Dilutive Securities | | | | |
| Convertible bonds | 1,608 | 37,145 | | |
| Diluted EPS | | | | |
| Net income for computation | ¥91,274 | 983,336 | ¥92.82 | |

### 16. SUBSEQUENT EVENT

On June 29, 2005, the shareholders of the Company approved payment of a cash dividend of ¥25 ($0.23) per share to holders of record as of March 31, 2005 or a total of ¥23,533 million ($219,136 thousand), and bonuses to directors and corporate auditors of ¥65 million ($605 thousand).

# Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

## 17. SEGMENT INFORMATION

Information about industry segments of the Companies for the years ended March 31, 2005 and 2004, is as follows:

**a. Sales and Operating Income**

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2005 | | | | |
| | Electric Power | IT/ Communications | Other | Eliminations/ Corporate | Consolidated |
| Sales to customers | ¥2,412,111 | ¥64,312 | ¥137,060 | | ¥2,613,483 |
| Intersegment sales | 10,472 | 48,664 | 205,128 | ¥(264,264) | |
| Total sales | 2,422,583 | 112,976 | 342,188 | (264,264) | 2,613,483 |
| Operating expenses | 2,054,111 | 110,295 | 330,105 | (267,967) | 2,226,544 |
| **Operating income** | ¥368,472 | ¥2,681 | ¥12,083 | ¥3,703 | ¥386,939 |

| | Thousands of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | 2005 | | | | |
| | Electric Power | IT/ Communications | Other | Eliminations/ Corporate | Consolidated |
| Sales to customers | $22,461,225 | $598,864 | $1,276,283 | | $24,336,372 |
| Intersegment sales | 97,514 | 453,152 | 1,910,122 | $(2,460,788) | |
| Total sales | 22,558,739 | 1,052,016 | 3,186,405 | (2,460,788) | 24,336,372 |
| Operating expenses | 19,127,582 | 1,027,051 | 3,073,890 | (2,495,270) | 20,733,253 |
| **Operating income** | $3,431,157 | $24,965 | $112,515 | $34,482 | $3,603,119 |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2004 | | | | |
| | Electric Power | IT/ Communications | Other | Eliminations/ Corporate | Consolidated |
| Sales to customers | ¥2,351,599 | ¥64,865 | ¥123,691 | | ¥2,540,155 |
| Intersegment sales | 8,308 | 48,928 | 210,378 | ¥(267,614) | |
| Total sales | 2,359,907 | 113,793 | 334,069 | (267,614) | 2,540,155 |
| Operating expenses | 2,029,667 | 109,584 | 322,078 | (270,666) | 2,190,663 |
| **Operating income** | ¥330,240 | ¥4,209 | ¥11,991 | ¥3,052 | ¥349,492 |





**b. Assets, Depreciation and Capital Expenditures**

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2005 | | | | |
| | Electric Power | IT/ Communications | Other | Eliminations/ Corporate | Consolidated |
| Assets | ¥6,308,040 | ¥273,060 | ¥470,846 | ¥(194,075) | ¥6,857,871 |
| Depreciation | 359,717 | 37,953 | 23,482 | (6,007) | 415,145 |
| Impairment loss | 24,745 | 536 | 20,246 | (1,215) | 44,312 |
| Capital expenditures | 197,819 | 40,184 | 38,691 | (2,897) | 273,797 |

| | Thousands of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | 2005 | | | | |
| | Electric Power | IT/ Communications | Other | Eliminations/ Corporate | Consolidated |
| Assets | $58,739,547 | $2,542,695 | $4,384,449 | $(1,807,198) | $63,859,493 |
| Depreciation | 3,349,632 | 353,413 | 218,661 | (55,936) | 3,865,770 |
| Impairment loss | 230,422 | 4,991 | 188,528 | (11,314) | 412,627 |
| Capital expenditures | 1,842,062 | 374,188 | 360,284 | (26,976) | 2,549,558 |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2004 | | | | |
| | Electric Power | IT/ Communications | Other | Eliminations/ Corporate | Consolidated |
| Assets | ¥6,563,284 | ¥265,016 | ¥543,348 | ¥(220,822) | ¥7,150,826 |
| Depreciation | 388,915 | 40,441 | 21,758 | (6,483) | 444,631 |
| Capital expenditures | 249,115 | 22,571 | 53,390 | (3,573) | 321,503 |

Geographic segment information is not disclosed because generally accepted accounting principles in Japan do not require such disclosure if sales of foreign operations represent less than 10% of total sales. Sales to foreign customers are not disclosed because generally accepted accounting principles in Japan do not require such disclosure for sales to foreign customers if such sales represent less than 10% of total sales.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
The Kansai Electric Power Company, Incorporated:

We have audited the accompanying consolidated balance sheets of The Kansai Electric Power Company, Incorporated and subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Kansai Electric Power Company, Incorporated and subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Notes 2.d and 11 to the consolidated financial statements, the Companies adopted the new accounting standard for impairment of fixed assets as of April 1, 2004.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 29, 2005

Member of
**Deloitte Touche Tohmatsu**





# The Kansai Electric Power Company, Incorporated

## Unaudited Non-Consolidated Financial Statements for the Years Ended March 31, 2005 and 2004

# Non-Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. • March 31, 2005 and 2004

| | Millions of Yen | | Thousands of U.S. Dollars (Note) |
|---|---|---|---|
| ASSETS | 2005 | 2004 | 2005 |
| PROPERTY: | | | |
| Plant and equipment | ¥13,743,978 | ¥13,353,683 | $127,981,917 |
| Construction in progress | 328,737 | 743,463 | 3,061,151 |
| Contributions for construction | (403,182) | (393,723) | (3,754,372) |
| Accumulated depreciation | (8,739,531) | (8,416,554) | (81,381,237) |
| Plant and equipment - net | 4,930,002 | 5,286,869 | 45,907,459 |
| Nuclear fuel, net of amortization | 526,130 | 502,000 | 4,899,246 |
| Property - net | 5,456,132 | 5,788,869 | 50,806,705 |
| INVESTMENTS AND OTHER ASSETS: | | | |
| Investment securities | 167,770 | 172,417 | 1,562,250 |
| Investments in and advances to subsidiaries and associated companies | 129,628 | 133,138 | 1,207,077 |
| Long-term loans receivable | 1,655 | 2,007 | 15,411 |
| Deferred tax assets | 256,760 | 209,051 | 2,390,912 |
| Other assets | 40,726 | 24,652 | 379,234 |
| Total investments and other assets | 596,539 | 541,265 | 5,554,884 |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | 38,447 | 26,193 | 358,013 |
| Accounts receivable | 122,279 | 112,686 | 1,138,644 |
| Allowance for doubtful accounts | (2,188) | (2,232) | (20,374) |
| Fuel, materials and supplies | 31,401 | 33,725 | 292,402 |
| Deferred tax assets | 24,482 | 21,748 | 227,973 |
| Other current assets | 27,520 | 18,590 | 256,261 |
| Total current assets | 241,941 | 210,710 | 2,252,919 |
| TOTAL | ¥6,294,612 | ¥6,540,844 | $58,614,508 |

*U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥107.39 = U.S.$1, the approximate rate of exchange at March 31, 2005.*





| | Millions of Yen | | Thousands of U.S. Dollars (Note) |
|---|---|---|---|
| LIABILITIES AND SHAREHOLDERS' EQUITY | 2005 | 2004 | 2005 |
| LONG-TERM LIABILITIES | | | |
| Long-term debt, less current maturities | ¥2,662,562 | ¥2,846,614 | $24,793,389 |
| Liability for retirement benefits | 360,038 | 329,224 | 3,352,621 |
| Reserve for reprocessing of irradiated nuclear fuel | 630,679 | 594,748 | 5,872,791 |
| Reserve for decommissioning of nuclear power units | 233,122 | 226,603 | 2,170,798 |
| Other long-term liabilities | 52,167 | 10,362 | 485,772 |
| Total long-term liabilities | 3,938,568 | 4,007,551 | 36,675,371 |
| CURRENT LIABILITIES: | | | |
| Current maturities of long-term debt | 268,912 | 577,429 | 2,504,069 |
| Short-term borrowings | 167,871 | 167,871 | 1,563,190 |
| Commercial papers | 68,000 | | 633,206 |
| Accounts payable | 65,448 | 81,306 | 609,442 |
| Payable to subsidiaries and associated companies | 50,287 | 49,636 | 468,265 |
| Accrued income taxes | 58,813 | 69,405 | 547,658 |
| Accrued expenses and other current liabilities | 172,295 | 145,841 | 1,604,387 |
| Total current liabilities | 851,626 | 1,091,488 | 7,930,217 |
| RESERVE FOR FLUCTUATIONS IN WATER REVEL | 18,238 | 8,366 | 169,830 |
| SHAREHOLDERS' EQUITY | | | |
| Common stock, authorized, 1,784,059,697 shares; issued, 962,698,728 shares in 2005 and 2004 | 489,320 | 489,320 | 4,556,476 |
| Capital surplus | 67,031 | 67,031 | 624,183 |
| Retained earnings: | | | |
| Legal reserve | 122,330 | 122,330 | 1,139,119 |
| Unappropriated | 794,960 | 732,138 | 7,402,551 |
| Net unrealized gain on available-for-sale securities | 51,458 | 50,203 | 479,169 |
| Treasury stock - at cost 21,342,509 shares in 2005 and 15,579,553 shares in 2004 | (38,919) | (27,583) | (362,408) |
| Total shareholders' equity | 1,486,180 | 1,433,439 | 13,839,090 |
| TOTAL | ¥6,294,612 | ¥6,540,844 | $58,614,508 |

*U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥107.39 = U.S.$1, the approximate rate of exchange at March 31, 2005.*

# Non-Consolidated Statements of Income

The Kansai Electric Power Co., Inc. • Years Ended March 31, 2005 and 2004

| | Millions of Yen | | Thousands of U.S. Dollars (Note) |
|---|---|---|---|
| | **2005** | 2004 | **2005** |
| **OPERATING REVENUES:** | | | |
| Electricity operating revenues: | | | |
| Residential | **¥990,939** | ¥944,224 | **$9,227,479** |
| Commercial and industrial | **1,373,715** | 1,356,480 | **12,791,834** |
| Other | **57,929** | 59,203 | **539,426** |
| Sub-total | **2,422,583** | 2,359,907 | **22,558,739** |
| Incidental operating revenues | **25,598** | 15,332 | **238,365** |
| Total | **2,448,181** | 2,375,239 | **22,797,104** |
| **OPERATING EXPENSES:** | | | |
| Electricity operating expenses: | | | |
| Personnel expenses | **292,170** | 330,738 | **2,720,644** |
| Fuel | **242,944** | 168,436 | **2,262,259** |
| Purchased power | **410,037** | 372,126 | **3,818,205** |
| Maintenance | **184,663** | 185,848 | **1,719,555** |
| Depreciation | **359,588** | 388,751 | **3,348,431** |
| Taxes | **156,357** | 160,054 | **1,455,974** |
| Other | **408,352** | 423,714 | **3,802,514** |
| Sub-total | **2,054,111** | 2,029,667 | **19,127,582** |
| Incidental operating expenses | **28,011** | 16,116 | **260,834** |
| Total | **2,082,122** | 2,045,783 | **19,388,416** |
| **OPERATING INCOME** | **366,059** | 329,456 | **3,408,688** |
| **OTHER (INCOME) EXPENSES:** | | | |
| Interest expense | **77,836** | 98,575 | **724,797** |
| Loss on impairment of fixed assets | **25,670** | | **239,035** |
| Loss on discontinuance of power plant construction | **64,905** | | **604,386** |
| Other - net | **14,135** | 42,048 | **131,623** |
| Total | **182,546** | 140,623 | **1,699,841** |
| **INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES** | **183,513** | 188,833 | **1,708,847** |
| **PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL** | **9,872** | 8,366 | **91,927** |
| **INCOME BEFORE INCOME TAXES** | **173,641** | 180,467 | **1,616,920** |
| **INCOME TAXES** | | | |
| Current | **114,614** | 110,643 | **1,067,269** |
| Deferred | **(51,152)** | (48,624) | **(476,320)** |
| Total | **63,462** | 62,019 | **590,949** |
| **NET INCOME** | **¥110,179** | ¥118,448 | **$1,025,971** |

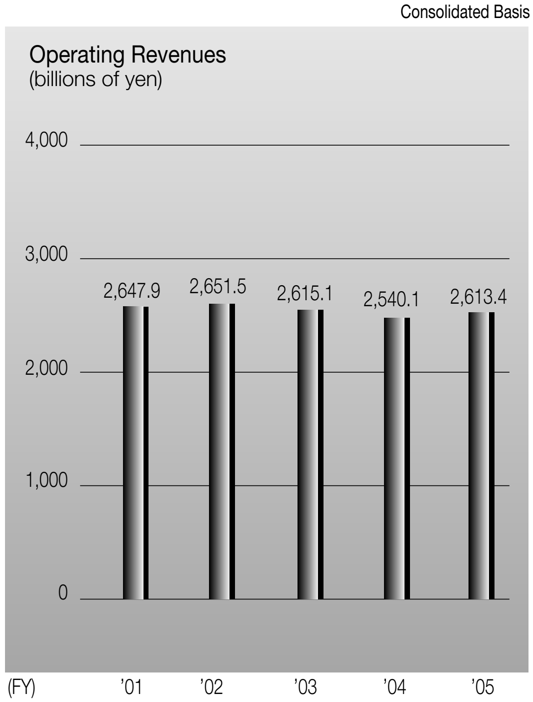
*U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥107.39 = U.S.$1, the approximate rate of exchange at March 31, 2005.*

# Five-Year Summary of Selected Operational Data

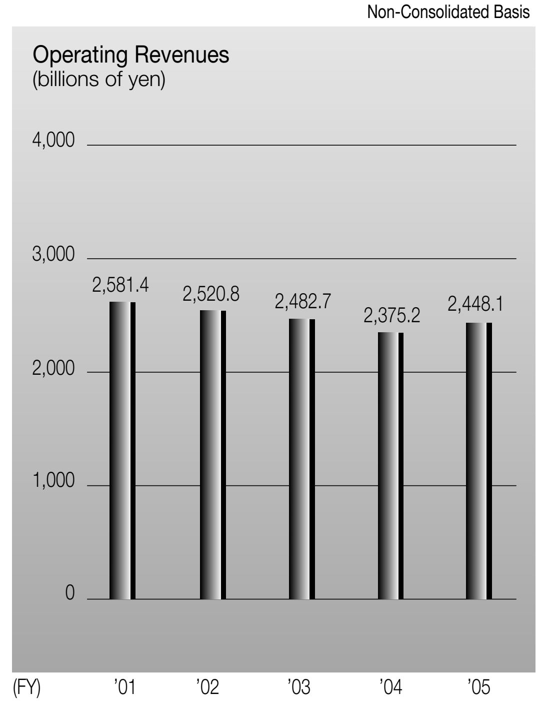
| | Consolidated Basis | | | | | Non-Consolidated Basis | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (FY) | 2001 | 2002 | 2003 | 2004 | **2005** | 2001 | 2002 | 2003 | 2004 | **2005** |
| Operating Revenues (Millions of Yen) | 2,647,944 | 2,651,597 | 2,615,154 | 2,540,155 | **2,613,483** | 2,581,451 | 2,520,889 * | 2,482,743 * | 2,375,239 * | **2,448,181** * |
| Operating Income | 340,682 | 319,312 | 325,581 | 349,492 | **386,939** | 336,077 | 311,272 | 315,575 | 329,456 | **366,059** |
| Net Income | 122,791 | 128,444 | 80,474 | 90,111 | **69,739** | 95,492 | 137,020 | 97,277 | 118,448 | **110,179** |
| Operating Revenues | | | | | | | | | | |
| Residential | | | | | | 1,010,946 | 993,753 | 995,426 | 944,224 | **990,939** |
| Commercial & Industrial | | | | | | 1,515,267 | 1,477,859 | 1,426,323 | 1,356,480 | **1,373,715** |
| Total | | | | | | 2,526,213 | 2,471,612 | 2,421,749 | 2,300,704 | **2,364,654** |
| Breakdown of Operating Expenses | | | | | | | | | | |
| Personnel Expenses | | | | | | 294,123 | 277,634 | 367,818 | 330,738 | **292,170** |
| Fuel Costs | | | | | | 269,559 | 239,059 | 202,275 | 168,436 | **242,944** |
| Costs of Purchased Power | | | | | | 369,659 | 399,621 | 407,465 | 372,126 | **410,037** |
| Maintenance Costs | | | | | | 277,896 | 245,068 | 206,636 | 185,848 | **184,663** |
| Depreciation | | | | | | 406,292 | 396,054 | 382,931 | 388,751 | **359,588** |
| Taxes Other than Income Taxes | | | | | | 170,703 | 166,884 | 166,019 | 160,054 | **156,357** |
| Other | | | | | | 457,142 | 485,297 ** | 434,024 ** | 423,714 ** | **408,352** ** |
| Total | | | | | | 2,245,374 | 2,209,617 ** | 2,167,168 ** | 2,029,667 ** | **2,054,111** ** |
| Financial Revenues | 2,820 | 2,491 | 2,192 | 2,364 | **4,143** | 3,575 | 3,086 | 2,932 | 2,892 | **3,573** |
| Interest Expenses | | | | | | 147,652 | 126,193 | 111,072 | 98,575 | **77,836** |

*Including Incidental Operating Revenues
**Including Incidental Operating Expenses

Consolidated Basis




Non-Consolidated Basis

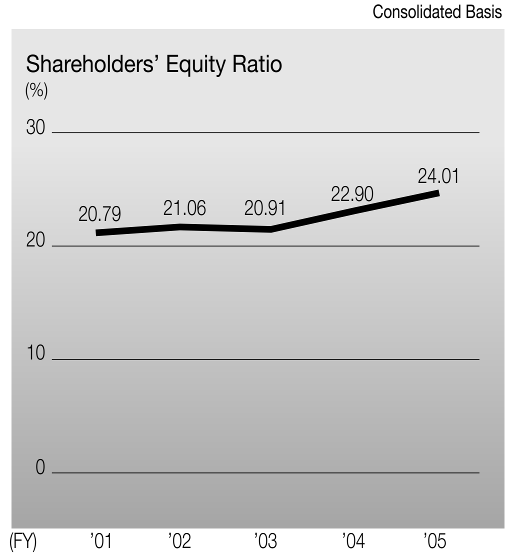


| | Consolidated Basis | | | | | Non-Consolidated Basis | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (FY) | 2001 | 2002 | 2003 | 2004 | 2005 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Return on Equity (ROE) (%) | 8.27 | 8.15 | 5.14 | 5.66 | **4.25** | 7.53 | 10.22 | 7.31 | 8.59 | **7.55** |
| Return on Assets (ROA)* (%) | 2.73 | 2.77 | 2.05 | 2.09 | **1.75** | 2.64 | 3.05 | 2.44 | 2.68 | **2.51** |
| Net Income per Share (Yen) | 125.47 | 131.61 | 83.49 | 94.77 | **73.83** | 97.58 | 140.39 | 101.36 | 124.97 | **116.91** |
| Cash Dividends per Share (Yen) | 60.00 | 50.00 | 50.00 | 50.00 | **50.00** | 60.00 | 50.00 | 50.00 | 50.00 | **50.00** |
| Stock Price (Yen) | | | | | | | | | | |
| Highest Stock Price | | | | | | 2,000 | 2,180 | 1,912 | 2,035 | **2,150** |
| Lowest Stock Price | | | | | | 1,520 | 1,757 | 1,641 | 1,801 | **1,862** |
| Capital Investments (Millions of Yen) | 489,527 | 467,813 | 386,850 | 321,503 | **273,797** | 479,017 | 410,502 | 326,535 | 255,110 | **203,555** |
| Total Assets (Millions of Yen) | 7,550,821 | 7,507,556 | 7,402,327 | 7,150,826 | **6,857,871** | 7,212,514 | 7,043,444 | 6,772,316 | 6,540,844 | **6,294,612** |
| Shareholders' Equity (Millions of Yen) | 1,569,590 | 1,580,737 | 1,548,131 | 1,637,248 | **1,646,686** | 1,342,904 | 1,337,693 | 1,324,806 | 1,433,439 | **1,486,180** |
| Shareholders' Equity Ratio (%) | 20.79 | 21.06 | 20.91 | 22.90 | **24.01** | 18.62 | 18.99 | 19.56 | 21.92 | **23.61** |
| Volume of Electricity Sales (Million kWh) | | | | | | | | | | |
| Residential | | | | | | 44,408 | 44,347 | 45,603 | 44,655 | **46,800** |
| Commercial & Industrial | | | | | | 98,444 | 95,432 | 96,217 | 95,591 | **98,086** |
| Total | | | | | | 142,852 | 139,779 | 141,820 | 140,246 | **144,886** |
| Number of Customers (Thousands) | | | | | | | | | | |
| Residential | | | | | | 11,352 | 11,491 | 11,590 | 11,695 | **11,821** |
| Commercial & Industrial | | | | | | **1,416 | **1,398 | **1,379 | **1,358 | ****1,335** |
| Total | | | | | | **12,768 | **12,889 | **12,969 | **13,053 | ****13,156** |

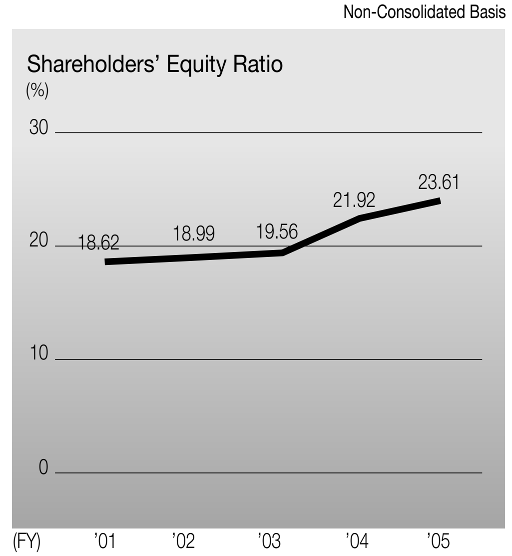
**Excluding the liberalized segment

*ROA= (Income Before Income Taxes+ Financial Expenses) x (1 - Income Tax Rate) / Total Assets

Consolidated Basis




Non-Consolidated Basis

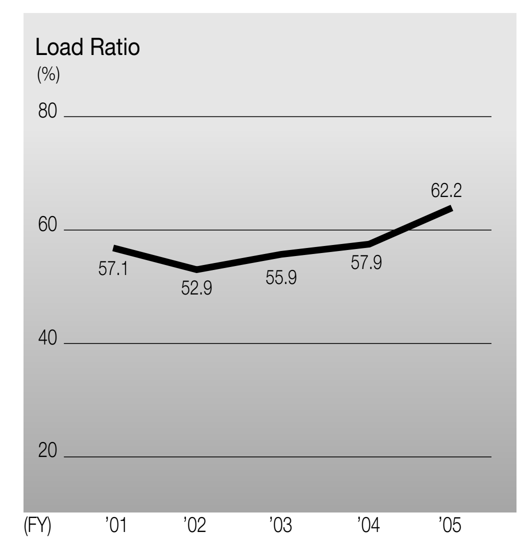





The Kansai Electric Power Co., Inc. | Annual Report 2005

| (FY) | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Electricity Generation Capacity by Sources (MW) | | | | | |
| Nuclear | 9,768 | 9,768 | 9,768 | 9,768 | **9,768** |
| Fossil Fuel | 19,561 | 17,687 | 17,531 | 16,907 | **17,807** |
| Hydroelectric | 8,129 | 8,130 | 8,135 | 8,149 | **8,186** |
| Total | 37,458 | 35,585 | 35,434 | 34,824 | **35,761** |
| System Peak Demand (MW) | 31,060 | 33,060 | 31,610 | 30,550 | **30,470** |
| Load Ratio (%) | 57.1 | 52.9 | 55.9 | 57.9 | **62.2** |
| Power Sources (%) | | | | | |
| Nuclear | 51 | 54 | 57 | 56 | **43** |
| Fossil Fuel | 37 | 35 | 31 | 29 | **43** |
| Hydroelectric | 12 | 11 | 12 | 14 | **13** |
| Renewable | | | | 1 | **1** |
| Total | 100 | 100 | 100 | 100 | **100** |
| SOx Emissions from Fossil Fuel Power Generation (g/kWh) | 0.069 | 0.040 | 0.049 | 0.019 | **0.064** |
| NOx Emissions from Fossil Fuel Power Generation (g/kWh) | 0.149 | 0.133 | 0.138 | 0.124 | **0.121** |
| Nuclear Capacity Factor (%) | 81.8 | 84.5 | 90.5 | 89.1 | **70.2** |
| Heat Efficiency Ratio (power generation end) (%) | 39.44 | 39.48 | 39.74 | 39.50 | **40.03** |
| Number of Employees * | 24,539 | 23,971 | 21,920 | 21,031 | **20,640** |
| Ratings (Moody's) | | | | | |
| In Yen | Aa2 | Aa2 | Aa3 | Aa3 | **Aa3** |
| In Foreign Currencies | Aa2 | Aa2 | Aa3 | Aa3 | **Aa3** |
| Date of Shareholders General Meeting | June 28 | June 27 | June 27 | June 29 | **June 29** |

* The standard for stating the number of employees has been changed since 2000. Using the traditional standard, the number of employees would be 26,248 in 2000.



# Corporate Data
(As of March, 2005)

Date of Establishment: May 1, 1951
Paid-in Capital: ¥489.3 Billion
Number of Common Shares Issued: 962,698 Thousand
Number of Shareholders: 485 Thousand
Operating Revenues: ¥2,613.4 Billion (Consolidated Basis)
Total Assets: ¥6,857.8 Billion (Consolidated Basis)
Number of Employees: 33,276 (Consolidated Basis)

## Corporate Information

THE KANSAI ELECTRIC POWER CO., INC.
Head Office:
6-16, Nakanoshima 3-chome, Kita-ku, Osaka 530-8270, Japan
Phone: 06-6441-8821
Fax: 06-6441-7174
URL: http://www.kepco.co.jp
E-mail: finance@kepco.co.jp

| Stock Exchange Listings: | Transfer Agent: |
|---|---|
| Common Stock: | UFJ Trust Bank Limited |
| Osaka Securities Exchange | 6-3, Fushimi-cho 3-chome, Chuo-ku, Osaka 541-8502, Japan |
| Tokyo Stock Exchange | Phone: 06-6229-3011 |
| Nagoya Stock Exchange | |

Notes:
1. THE KANSAI ELECTRIC POWER CO., INC. is the source of all exhibits herein unless otherwise indicated.
2. All fiscal years (FY) run from April 1 to March 31 unless otherwise indicated.
3. All dollar amounts are U.S. dollars unless otherwise stated.
4. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107.39=US$1, the approximate rate of exchange at March 31, 2005.



The Kansai Electric Power Co., Inc. | Annual Report 2005

# Major Power Plants In Service (Over 50 MW)

(As of March 31, 2005)

### Hydroelectric

| | | |
|---|---|---|
| 1 | Okutataragi (Pumped-Storage) | 1,932 MW |
| 2 | Okawachi (Pumped-Storage) | 1,280 MW |
| 3 | Okuyoshino (Pumped-Storage) | 1,206 MW |
| 4 | Kisenyama (Pumped-Storage) | 466 MW |
| 5 | Kurobegawa No.4 | 335 MW |
| 6 | Shimokotori | 142 MW |
| 7 | Maruyama | 125 MW |
| 8 | Otozawa | 124 MW |
| 9 | Kiso | 116 MW |
| 10 | Yomikaki | 114 MW |
| 11 | Shin-Kurobegawa No.3 | 105 MW |
| 12 | Amagase | 92 MW |
| 13 | Kurobegawa No.3 | 81 MW |
| 14 | Komaki | 78 MW |
| 15 | Shin-Kurobegawa No.2 | 74 MW |
| 16 | Kurobegawa No.2 | 72 MW |
| 17 | Shin-Soyama | 68 MW |
| 18 | Ontake | 67 MW |
| 19 | Shin-Tsubakihara | 63 MW |
| 20 | Shin-Maruyama | 63 MW |
| 21 | Shin-Narude | 58 MW |
| 22 | Soyama | 54 MW |
| 23 | Ohi | 52 MW |
| 24 | Kanidera | 51 MW |

### Fossil Fuel

| | | |
|---|---|---|
| 25 | Himeji No.2 (LNG/Oil) | 2,550 MW |
| 26 | Kainan (Oil) | 2,100 MW |
| 27 | Sakaiko (LNG/Oil) | 2,000 MW |
| 28 | Gobo (Oil) | 1,800 MW |
| 29 | Nanko (LNG) | 1,800 MW |
| 30 | Himeji No.1 (LNG) | 1,442 MW |
| 31 | Tanagawa No.2 (Oil) | 1,200 MW |
| 32 | Ako (Oil) | 1,200 MW |
| 33 | Aioi (Oil) | 1,125 MW |
| 34 | Maizuru No.1 (Coal) | 900 MW |
| 35 | Takasago (Oil) | 900 MW |
| 36 | Miyazu (Oil) | 750 MW |

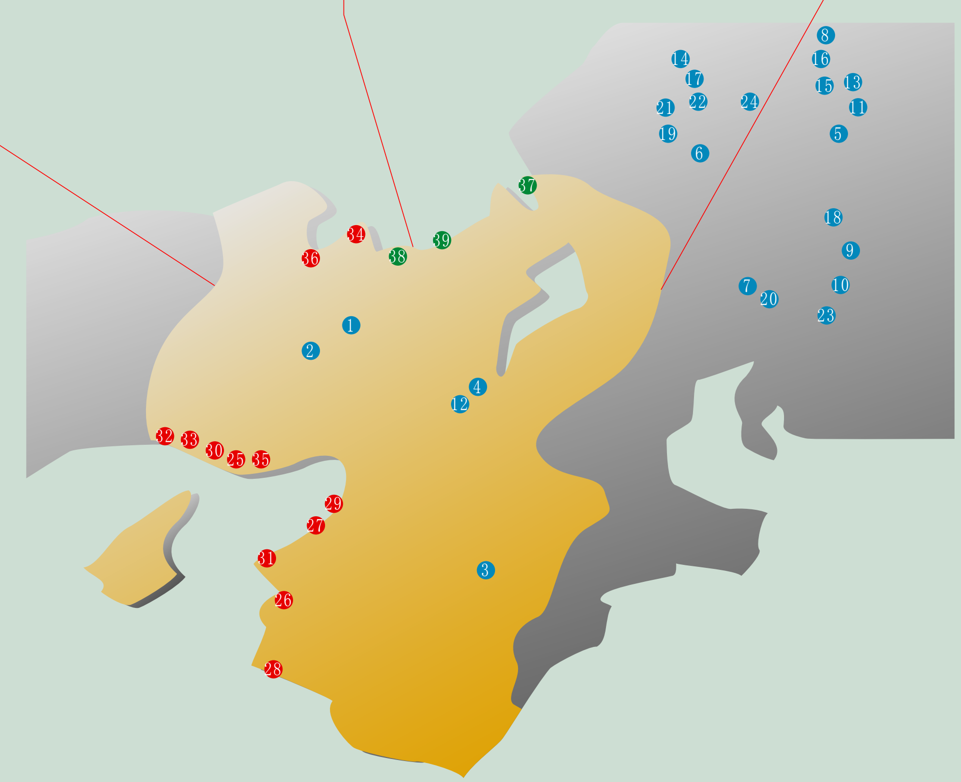
### Nuclear

| | | |
|---|---|---|
| 37 | Mihama | 1,666 MW |
| 38 | Takahama | 3,392 MW |
| 39 | Ohi | 4,710 MW |

### Power Plants Under Construction

Fossil Fuel

Maizuru No.2 (Coal) 900 MW



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