ANNUAL REPORT 2007

Year ended March 31, 2007

THE KANSAI ELECTRIC POWER CO., INC.

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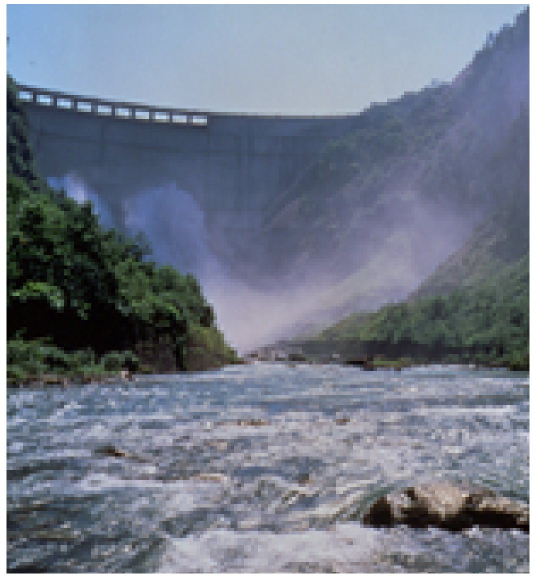
The Kansai Electric Power Co., Inc. (Kansai EP) has been serving the power needs of the Kansai area since its establishment in 1951. Through more than half a century it has developed and operated its own power stations, secured the diversified resources indispensable to their operation, and delivered 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, 2007, sales reached 147.3 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.

Osaka Bay Area



Kurobegawa No.4 Hydro Power Plant (335 MW)

Ohi Nuclear Power Plant (4,710 MW)

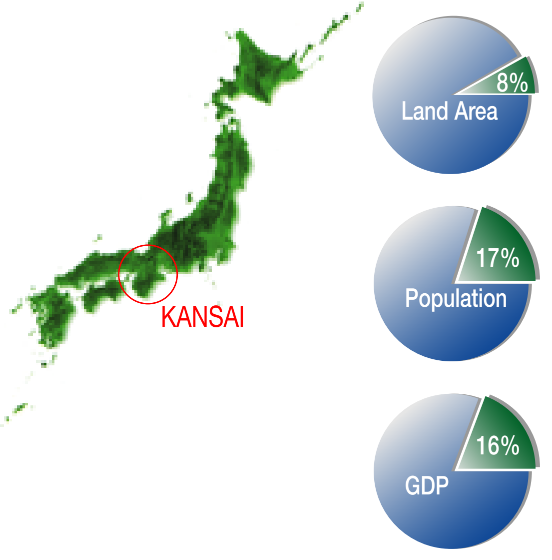
Nanko Thermal Power Plant (1,800 MW)

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.

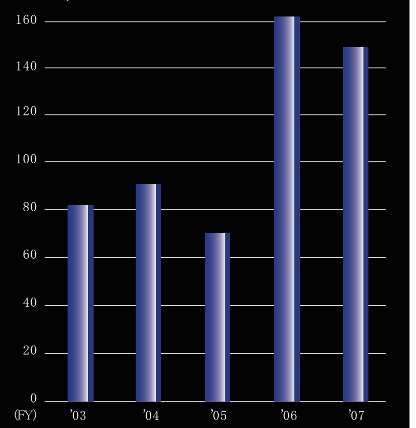
Although Kansai covers a modest 8% of Japan's land area, it accounts for a stunning 16% of the nation's gross domestic product. The region, with a population today numbering more than 20 million, has long served as Japan's economic dynamo in segments spanning from manufacturing to services. A remarkable 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's economy today is once again on solid ground, the Kansai region is concentrating its complete roster of resources — its vitality and wisdom — to ensure the area's sustained and dynamic growth in this first century of the new millennium.

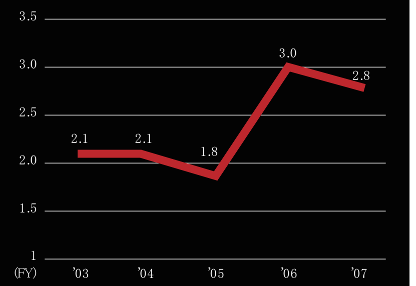


Cautionary Information with Respect to Forward-Looking Statements
Statements made in this Annual Report with respect to The Kansai Electric Power Company's plans, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about the future performance of 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.

Net Income
(billions of yen)



Return on Assets
(%)



Financial Highlights
(Consolidated Basis)

	2006 (billions of yen)	2007 (billions of yen)	2007 (millions of U.S. dollars)
Financial Data			
Operating Revenues	¥ 2,579.0	¥ 2,596.3	$ 21,986
Operating Income	327.1	271.6	2,300
Net Income	161.0	147.9	1,253
Total Assets	6,856.4	6,827.2	57,814
Per Share Data (Yen and U.S. dollars)			
Net Income	172.8	159.6	1.35
Cash Dividends	60.0	60.0	0.51
Key Ratios (%)			
Equity Ratio	26.0%	27.4%	
Return on Equity (ROE)	9.4%	8.1%	
Return on Assets (ROA)	3.0%	2.8%	

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥118.09=US$1, the approximate rate of exchange at March 31, 2007.
2. ROA= (Income Before Income Taxes + Financial Expenses) x (1 −Income Tax Rate) / Total Assets

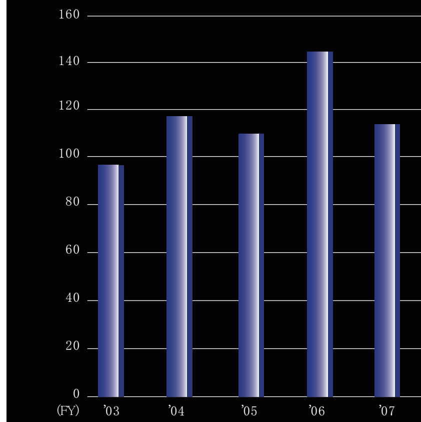
Financial Highlights
(Non-Consolidated Basis)

	2006 (billions of yen)	2007 (billions of yen)	2007 (millions of U.S. dollars)
Financial Data			
Operating Revenues	¥ 2,403.5	¥ 2,396.8	$ 20,297
Operating Income	294.8	228.2	1,933
Net Income	143.5	117.6	996
Total Assets	6,268.8	6,188.9	52,408
Per Share Data (Yen and U.S. dollars)			
Net Income	154.1	126.9	1.08
Cash Dividends	60.0	60.0	0.51
Key Ratios (%)			
Equity Ratio	25.5%	26.8%	
Return on Equity (ROE)	9.3%	7.2%	
Return on Assets (ROA)	3.0%	2.5%	

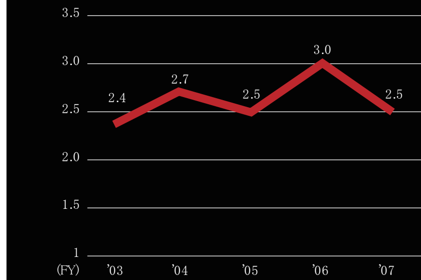
Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥118.09=US$1, the approximate rate of exchange at March 31, 2007.
2. ROA= (Income Before Income Taxes + Financial Expenses) x (1 −Income Tax Rate) / Total Assets

The Kansai Electric Power Co., Inc. | Annual Report 2007

Net Income
(billions of yen)



Return on Assets
(%)



Contents

Mapping out a clear path toward sustained growth in a world of changing parameters and evolving demands

As its business environment evolves, Kansai EP is taking critical steps to respond dynamically to new parameters in energy options, safety assurance and customer value.

The Year in Review

In fiscal 2007, the period from April 1, 2006 through March 31, 2007, the Japanese economy remained on a recovery course driven by robustness in the corporate sector; the household sector lacked strength in some areas such as personal consumption.

Against this backdrop, in core electricity operations The Kansai Electric Power Co., Inc. (Kansai EP) recorded total sales of 147.26 billion kWh, up 0.1% from fiscal 2006 and an unprecedented high for the third consecutive year. Growth owed largely to firmness in both corporate capital investment and production, which together offset a decrease in heating demand attributable to a record-warm winter.

Outside core operations in electricity, the Company continues to achieve earnings base expansion in all areas. In information technology (IT) operations, subscriptions to mainstay fiber-to-the-home (FTTH) Internet connection services increased almost 40%, reaching 520,000 at the fiscal yearend. In the area of total energy solutions, sales of gas, LNG, oil for use as a cogeneration fuel, etc. reached 760,000 tons, constituting a near 20% increase year-on-year.

Apropos to the financial side of fiscal 2007, total operating revenue finished at ¥2,596.3 billion, up ¥17.3 billion from the preceding year. Income from electricity operations reached ¥2,338.1 billion, down ¥20.5 billion from fiscal 2006. Total sales volume increased but revenue contracted chiefly as a result of rate reductions implemented in April 2006. Revenue from other operations totaled ¥258.1 billion, up ¥37.8 billion from the year-earlier level. Income expanded in all segments: IT, total energy solutions and amenities in support of lifecycle needs.

Total operating expenses in fiscal 2007 reached ¥2,324.7 billion, up ¥72.8 billion year-on-year. Operating expenses related to electricity operations totaled ¥2,100.6 billion, up ¥52.1 billion from fiscal 2006. Retirement stipends decreased as a result primarily of revisions to the Company's employee retirement pension system carried out in 2005, and efforts were made to trim operating expenditures; however, these positive developments were offset mostly by increased fuel costs incurred for operation of thermal power plants, arising from significantly higher fuel prices, and by increased maintenance and repair outlays as the Company aggressively invested its resources into measures contributing to supply stability and safety, including steps to cope with the aging of its nuclear power stations.

Shosuke Mori
President and Director

As the combined result of the foregoing revenue and expense figures, consolidated operating income in fiscal 2007 came to ¥271.6 billion, down ¥55.5 billion from the previous year. Consolidated net income reached ¥147.9 billion, down ¥13.1 billion. At term's end, our equity ratio was up 1.4 percentage points from the year-earlier level, and our interest-bearing liabilities were reduced by ¥116.7 billion.

Management Issues Demanding Immediate Attention

In March 2004 we set down a new "Group Management Vision" targeted at making Kansai EP a company that garners an unparalleled level of satisfaction from its customers, and today we are conducting diverse business activities toward realizing that goal.

In order to more clearly identify the path that will enable us to achieve our Group management vision, we recently drew up the "Kansai Electric Power Group Medium- to Long-Term Plan," outlining tasks to take us through the next 10 years. From the medium- to long-term perspective the plan specifically calls for us to elevate the quality of our Groupwide business management, employ our comprehensive Group strengths to maximum effect, and move forward with initiatives that will drive growth higher. Another aim is, in the process of effectively advancing such initiatives, to spur the growth of our employees also.

Today both the national economy and the economy of the Kansai region are performing solidly, but competition among energy platforms is expanding and increasingly strident calls are being heard for the achievement of energy security and for proactive measures to deal with global environmental issues. Amidst this operating environment, in February 2007 the Company was able to resume full-scale operations of Unit 3 at the Mihama Nuclear Power Station. But on the other side of the slate, incidents came to light that have the potential to erode society's trust in us: for example, tampering with data relating to power generation facilities.

In light of these circumstances, during fiscal 2008 – the first year in our new Medium- to Long-Term Plan – we intend to undertake initiatives in line with our three action plans centered on carrying out our corporate social responsibility (CSR): according highest priority to safety, creating customer value, and developing outstanding employees.

Particularly with respect to safety assurance, which constitutes the keystone of our business activities, we will continue to undertake steady measures in this direction, never forgetting the lesson learned from the accident at Unit 3 of the Mihama Nuclear Power Station. At the same time, by promoting CSR activities and effective application of our quality management systems, we will conduct our business activities in a proper manner and prevent the generation of any risk that might otherwise substantially erode our corporate value.

In giving highest priority to safety, we will carry out our mission concerning safety in power generation and supply stability by forging the best mix of energy resources – centered on nuclear power – and maintaining and operating efficient, high-quality power generation and distribution facilities.

Furthermore, we will fully manifest our comprehensive Group strengths – in total energy solutions, IT, amenities in support of lifecycle needs, overseas electricity operations, etc. – in order to provide or propose high-quality, environment-friendly products and services, and strive to create ever greater customer value.

Finally, we will also continue to devote our efforts to developing frameworks to support the growth of each and every employee – the driving force behind all actions that we take.

Through initiatives such as these, as a Group we aim to continue moving forward, with strength, toward the realization of our overriding goal: to win the unrivaled satisfaction of our customers.

Wholehearted Commitment to Future Growth

Going forward, Kansai EP will 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 continuously pursue innovations on broad fronts and to seek dramatic new heights for tomorrow. We sincerely ask for your continuing support as we

Shosuke Mori
President and Director

Coping with steady growth in demand through efficient use of resources and infrastructure

Sales Poised for Sustained Expansion

In fiscal 2007 Kansai EP registered total electricity sales of 147.3 billion kWh, constituting a 0.1% increase from the year-earlier level and a record high for the third consecutive year. Sales expansion was largely attributable to firmness in both corporate capital investment and production, which together offset a decrease in demand for heating resulting from a record-warm winter.

Going forward, now that the economy is on a solid recovery track, electricity, especially for use in homes and businesses, is expected to mark steady sales expansion on a long-term basis as living standards continue to improve and as Japanese society becomes increasingly information-intensive.

In response to steadily rising demand for electricity, Kansai EP is probing all avenues to make optimal use of available resources and infrastructure.

Existing Facilities Put to Maximum Use

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 variety 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 an 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 is an electric heat-pump water heater that uses 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.

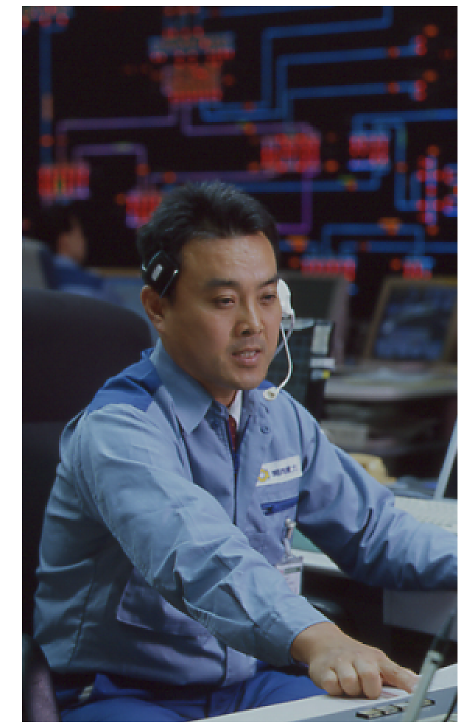
Pursuit of the Optimum Generation Mix

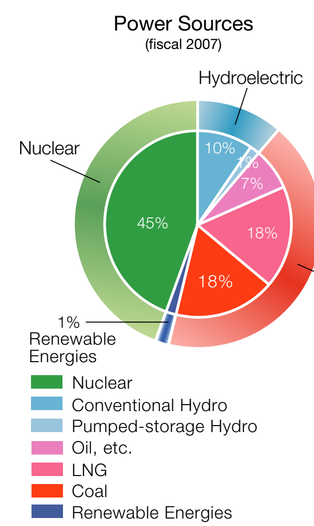
Japan, a nation of limited natural resources, is in a perennially precarious energy position. To cope with this vulnerability, Kansai EP continuously pursues the optimum combination of nuclear, thermal and hydro power, capitalizing on the respective advantages of each generation method to maximum effect.

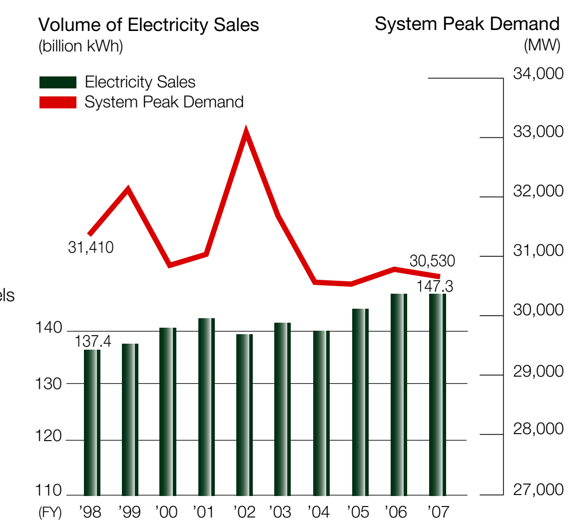
Nuclear power forms the core of our energy platforms, meeting 45% of the Company's total output demand. Nuclear power offers us salient economic advantages because we pioneered its development, and this long record today yields benefits in terms of relatively modest depreciation costs. Nuclear energy 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.







Devising and implementing key business strategies for sustained growth in an increasingly competitive market

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, thereby setting in place an ever more competitive environment.

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. Already, more than 20 new energy providers have entered the market and successfully acquired customers in areas throughout the nation. The Kansai region is no exception, and activities targeted at attracting demand within our traditional operating base 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.

Kansai EP is taking decisive steps to enhance its competitive position amid the ongoing deregulation of the nation's power industry.

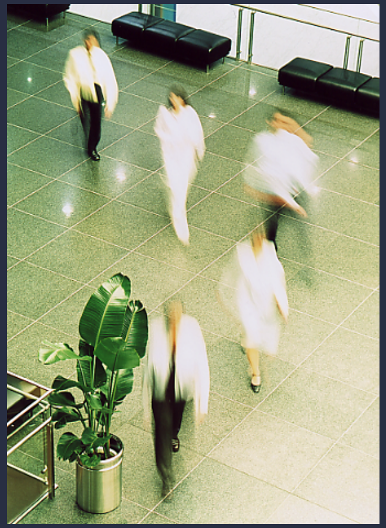
First, to achieve greater competitive strength, we are determined to pursue ever stronger price competitiveness in line with developments in deregulation, and to invite greater customer satisfaction through the provision of new forms of value. Toward those ends, we firmly aim to improve efficiency throughout all aspects of our operations, and to develop new electrically operated equipment, new services and new rate menus. Furthermore, we intend to muster our comprehensive Groupwide capabilities toward fortifying our solution-focused services. In this last connection, we will 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 strategically select business operations and develop new areas of business 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, for example 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 remarkable 80,000-kilometer fiber-optic network. Going forward, we will continue to invest vigorously into new business areas that will lead to ever greater 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 innovative new marketing strategies to respond to evolving customer needs in all segments



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 conventional 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 strengths, accumulated through long years of experience in the electricity business, in order to address the needs of customers, we are reassigning our engineering staff with superlative technical backgrounds and rich experience to assume the leading role in our new solution-oriented transformation.

Today, Kansai EP is mustering the full spectrum of its Group resources to transform itself into a provider of energy solutions for all customer requirements.

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 other newly devised value-added services made possible through our Groupwide operations to provide an ever wider spectrum of solutions attuned to the changing needs and challenges of the market.

Aggressive Pricing Strategies for All Segments

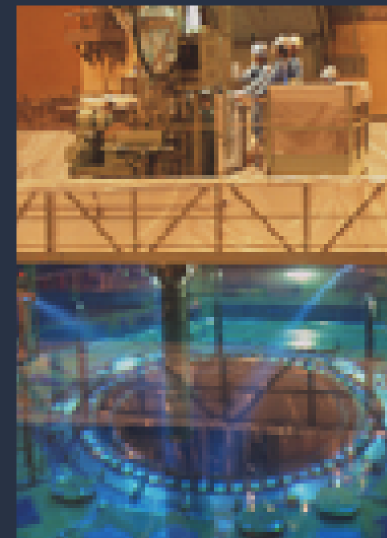
The Company is also carrying out dynamically aggressive pricing strategies in a quest to maintain a competitive edge within the liberalizing power industry. At the core of these strategies is our development, based on exhaustive market research, of a full menu of rate options targeting various customer 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, has resulted in dramatic increases in the number of totally electric homes and in the adoption of electric kitchens.

Enhanced Customer Service Enabled by Advanced IT

In pursuit of greater management efficiency and customer satisfaction, we have introduced 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, and in 2005 new call centers were added in south Osaka, Kyoto and Kobe. In ways like these, we intend to continue seeking ever higher customer satisfaction in the years ahead through active use of IT.

Boosting financial strength through pursuit of optimal efficiency in cost allocation and facility utilization



Three Strategic Aims

Kansai EP's financial strategy agenda encompasses three fundamental focal points. The first is improvement of the Company's cost structure, to permit us to attain greater competitive strength and generate an abundant cash flow. Second, we target increased efficiency in facilities development, to boost the profitability of our assets. Finally, we aim to secure strength to survive the forthcoming era of competition and to fortify our financial structure in order to win the backing of the capital markets.

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. Since fiscal 2002 (as of June 30, 2007), we closed down 22 less efficient power generators with a total output of 3,656 MW. We also implemented long-term suspension of operations of another eight units with a total output of 3,750 MW. This restructuring of major assets is contributing to lower maintenance, repair and other operating costs.

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.

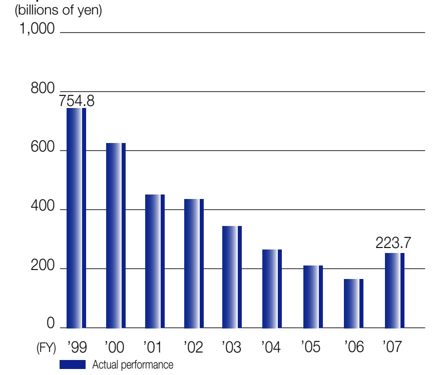
Higher Efficiency in Facilities Development

Efficient development of our physical plant is an important strategy for boosting our assets' earning capacity. At Kansai EP today we are curbing our investments into power stations and other facilities even as we maintain a stable supply of high-quality power. Going forward, we will engage in capital investments from a forward-looking stance targeting increased corporate and shareholder value in the medium- and long-range perspectives.

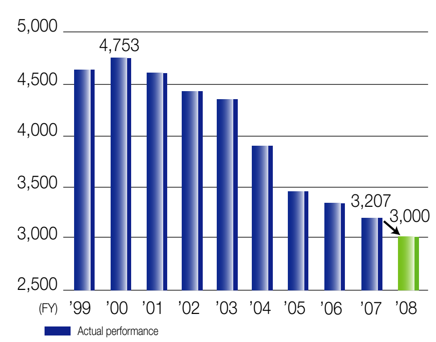
In fiscal 2007 we undertook a total of ¥223.7 billion in capital investments, approximately 15% less than initially planned at the start of the term. In the future, while continuing to accord highest priority to safety concerns, we aim to trim our procurement costs through diversification of purchasing methods and the adoption of new technologies and construction methods.

Kansai EP's financial strategies target a firmer cost structure, improved use of existing facilities, and strength to weather future competition.

Capital Investments
(billions of yen)



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



In line with our forward-looking capex stance beyond the near term, we are currently upgrading installations at our Sakaiko 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. Through the achievement of enhanced competitive strength and reduction in environmental loads, we look to boost our corporate and shareholder value in the medium and long term.

In fiscal 2007, on a consolidated basis we undertook capital investments totaling ¥297.4 billion.

Fortification of Financial Structure

In recent years, while maintaining stable dividend disbursements Kansai EP has allocated the free cash flow generated by its management efficiency enhancement initiatives to reduction of the Company's interest-bearing liabilities, as a way of reinforcing its financial structure. In fiscal 2007 we decreased those liabilities by ¥129.2 billion at the parent level.

Currently, we are in pursuit of two targets on a consolidated basis for improving our financial structure further. By the end of fiscal 2008, we aim to bring our equity ratio to around 30% and to pare our interest-bearing debt to near ¥3 trillion.

Comprehensive Commitment to Corporate Strength

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

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

Target Set on Complete Customer Satisfaction

At Kansai EP we actively invest our Groupwide resources and strengths into new areas of business that have the potential to grow into new sources of earnings. 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 well into the future, 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 greater value to customers and, as a result, lead to sustained growth and ongoing earnings expansion at 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 implementing focused measures to provide customers with optimal energy solutions matching their power requirements, relying foremost on electricity but also including gas, cogeneration and related service options as well. In fiscal 2007 we scored solid results in this respect, as illustrated by the achievement of sales of 760,000 tons of gas, LNG and fuel oil for cogeneration applications – 120,000 tons above the level of fiscal 2006 and 500,000 tons beyond the target we had originally hoisted for fiscal 2008. In addition, in January 2006 we inaugurated operations at a new LNG receiving terminal constructed along Osaka Bay, targeted at boosting the competitive position and supply stability of our electricity operations. The new facility will serve effectively as the Company's second base supporting our comprehensive energy solutions business.

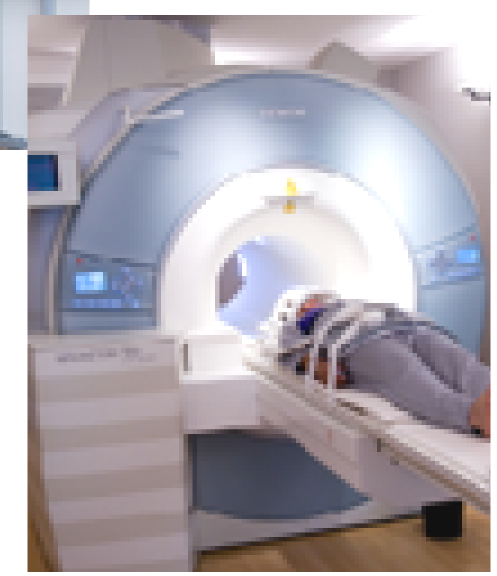
In recent years we have also launched a wealth of new amenity-type business operations to support lifecycle-related needs. New ventures already established include operations in real estate centered on the provision of fully electric homes as well as services relating to home security protection, health-management support and care provision. Going forward, by providing products and services of true value to the customer, we will assiduously strive to acquire new customers in all of these business areas as a means of fortifying the links between Group companies and the lives of our customers.

Kansai EP is aggressively investing its Group resources into new business areas to drive tomorrow's 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 have outstanding synergy with our electricity operations. In fiscal 2007 we attracted some 620,000 new home subscriptions for our Internet connection services and 21,000 business subscriptions for our communication services, and for fiscal 2008 we have set targets of 750,000 and 21,000, respectively. As a provider of IT services rooted in the local community, 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.

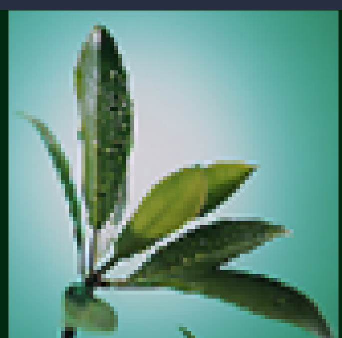
Medium-Term Targets

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 more than ¥33 billion in income before income taxes.



Safeguarding the global and local environment as a responsible corporate citizen

Nanko Thermal Power Plant



CEF Minami-Awaji Wind Farm Co., Ltd.

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.

e8 Micro hydropower CDM project in the Kingdom of Bhutan

Initiatives to Prevent Global Warming

2008 marks the start of the first commitment period under the Kyoto Protocol. At Kansai EP we view the prevention of global warming as an important aspect of Company operations, and we are taking a broad array of initiatives both at home in Japan and overseas, aggressively and comprehensively, to reduce CO_2 and achieve effective use of energy resources.

In the domestic market, the measures we are implementing include the promotion of nuclear power plants, which emit no CO_2 in the process of generating electricity, and enhancement of the thermal efficiency of power generation dependent on fossil fuels. To foster efficient use of energy by society as a whole, we are developing and pushing for widespread adoption of high-efficiency systems such as "Eco Cute," heat-pump water heaters employing a natural refrigerant. In addition, Kansai EP is a cooperating participant in the Kansai Green Power Fund, an organization that solicits monetary contributions from regional customers and provides financial subsidies for the construction of facilities that generate power using new energy sources.

Overseas, the Company is cooperating in a host of projects targeting CO_2 reductions. These include an environmental tree planting project in Western Australia, a photovoltaic power generation project in Tuvalu, a micro hydropower project for nonelectrified villages in Bhutan, and hydropower projects in China. The last two are projects under the Kyoto Protocol Clean Development Mechanism (CDM*1).

In order to prevent global warming on an ongoing basis into the future, Kansai EP will promote initiatives of these kinds proactively both in Japan and abroad. We have also set a target for CO_2 emissions relative to the amount of power we sell: an average close to 0.282kg-CO_2/kWh for the five years from 2008 through 2012. The figure represents a near 20% reduction from the reference year, 1990, and its achievement would enable Kansai EP to remain among the top ranks in the industry in terms of clean power generation.

*1: *A framework under which the developed and developing nations collaborate in initiatives targeted at curbing greenhouse gas emissions. The mechanism enables credit for the reduced emissions to be shared by the assisting country.*

Initiatives Targeting Zero Emissions

In a quest to realize business activities that are fully compatible with the demands of a sound material-cycle society, Kansai EP pursues the "3Rs" for dealing with industrial and other wastes – reduce, reuse and recycle – throughout the entire spectrum of its operations. To illustrate, the concrete poles from our power grids are completely recycled and used as road construction material, and the residual ash from the burning of coal to fuel our thermal power plants is used in entirety as material for making cement.

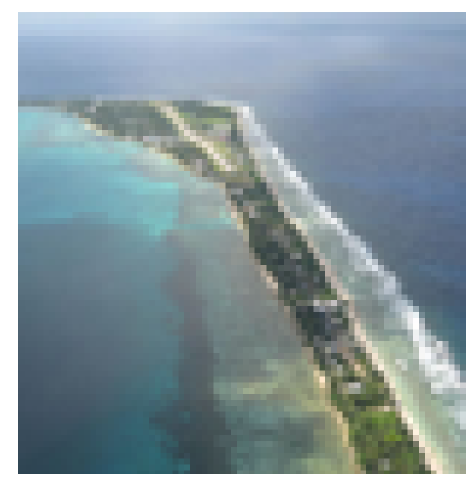
In fiscal 2008, we are bolstering these initiatives further and launching a "zero emissions" drive that targets the total elimination of industrial wastes which require final disposal as landfill.

Kansai EP is taking a plethora of initiatives, both at home and abroad, to protect the environment for future generations.

Promotion of Environmental Management and Communication

As the foregoing initiatives demonstrate, Kansai EP is taking diverse measures to protect both the global and local environments. These measures are being implemented with steady assurance under a PDCA (plan-do-check-act) cycle conducted in accordance with its in-house environmental management system. Furthermore, the Company takes every step necessary to comply with environmental laws and regulations. Efforts are also expended to take reliability to a higher plane through the introduction of external certifications, including ISO 14001 and "Eco Leaf" environmental labeling certification.

Meanwhile the Company is also engaging in a variety of communicative activities relevant to the environment. For example, we are proactively disclosing environmental information through publication of a CSR Report, on our website, etc., and we are taking steps to enhance public awareness of environmental issues. Among these activities is the Kanden e-Kids Club. The Club offers children living in the Kansai region opportunities to think about environmental and energy issues and to take actions for conservation.



Bird's-eye view of Hunahuti, capital of Tuvalu

Artist's conception of the completed solar power generation equipment

Pursuing technological innovations to benefit the customer and secure the Company's future


Fundamental research on SOFC materials


Development of soil decontamination technologies


Research on SiC inverters


Biosensors for cadmium

Liquid-hydrogen mobile station

Kansai EP carries out industry-leading R&D projects targeted at bringing benefits to its customers, to the planet, and to the Company's future growth.

Two Overriding Aims

In conjunction with its quest to carry out its corporate social responsibilities apropos to safety assurance and stable power provision, Kansai EP accords the highest priority to research and development. R&D programs at Kansai EP have two focal points: to provide products and services conducive to fostering customer satisfaction, and to achieve breakthroughs that will contribute to the Company's future business operations. Here, we introduce a sampling of some of our recent achievements in R&D.

Technologies to Protect the Earth's Environment

Among an abundant array of initiatives directed at protecting the global environment, Kansai EP is conducting ongoing research and development of chemical absorption methods for recovering CO_2 by means of chemical absorbents. The related separation and recovery technologies have already been achieved, and the results of this research program have been acknowledged in the form of patents awarded to Kansai EP not only in Japan but also in the United States, Europe and Asia. Today, our technologies in this field have already been adopted in a urea production plant in Malaysia.

The Company is also actively engaged in the development of soil decontamination technologies employing biotechnologies. We are presently undertaking research into soil remediation technologies and into biosensors for measuring heavy metals, dioxins and other environmentally detrimental substances.

Next-Generation Semiconductor Elements

Today, Kansai EP is making steady progress in developing 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 100kVA inverters using SiC diodes, and once they shift into commercial production and supersede today's Si inverters, power loss is expected to be curbed by more than 50%. In that way, SiC diodes are projected to make a dramatic contribution to energy savings throughout the 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 intermediate-temperature SOFCs, and we have already succeeded in developing fuel cells boasting high power density as well as an SOFC-based power-generating system. These breakthroughs are integral to our pursuit of commercial production of power systems of low cost and compact size.

Electric Heat-Pump Systems

In a quest to induce numerous customers to make electric power their energy resource of choice, Kansai EP is presently engaged in the development of heat-pump water heaters as the centerpiece of its anti-global warming initiatives.

For use in the home, the Company is developing heat-pump water heaters that are friendly to the environment and economical to operate. Known as "Eco Cute," these systems employ a natural refrigerant (CO_2). For business customers, we are currently carrying out R&D into heat-pump water heaters and heat-pump air-conditioning units for business applications. These systems are being engineered for outstanding efficiency, compact size and convenient use – features to induce the corporate sector to select these systems as utility units supporting their business needs.

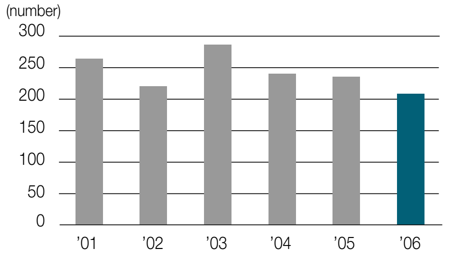
Hydrogen Energy Technologies

Hydrogen today is the object of high expectations as an ideal source of energy to replace fossil fuels, and topping the list of anticipated applications are automobiles and fuel cells. In response, Kansai EP is conducting R&D into liquid-hydrogen mobile stations in preparation for the coming era of the "hydrogen society." The mobile station is being engineered as a transport and supply unit capable of carrying large volumes of hydrogen in a compact configuration, and it is expected to lead to the realization of hydrogen supply systems that are low in cost and highly mobile.

Intellectual Property Activities

Kansai EP possesses proprietary technologies in areas including CO_2 separation/recovery, power semiconductor elements, fuel cells and biotechnology, and the Company raises the added value of its products and services by proactively acquiring the intellectual property rights to these innovations. As of the end of the 2007 fiscal year, we have secured a total of 958 patents. We are also focusing on acquiring trademarks to protect our corporate brand, etc., and at the end of fiscal 2007 we are in possession of 79 registered trademarks. By aggressively obtaining patents and other intellectual property rights in this manner, we are protecting our in-house technologies. Besides applying these technologies in our Group business operations, we also intend to undertake active licensing initiatives for patents that are suitable to use outside the Company.

Number of Patent Applicatoins



Lending vital support to Kansai's dynamic development as a key contributor to national and global growth

Three Mammoth Projects Under Way

For centuries the Kansai region has served as a main pillar supporting the development of the Japanese economy. Today, Kansai's economy is on firm ground and the region is attracting widespread attention as a central force to drive the nation's future economic growth and prosperity. In a quest to respond to those weighty expectations, Kansai is currently setting down new foundations for its dynamic development in the coming years. These foundations include a number of new initiatives of formidable scale, illustrated by a triad of projects offering exciting prospects for the future.

The first project is the development of "Kansai Science City," currently under construction on 15,000 acres of land straddling Kyoto, Osaka and Nara prefectures. The project is targeted at the creation of an international cultural, academic and research base 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 infrastructure development, a new railway, the Keihanna New Line, was constructed as a major new access route linking the City with Osaka. The new rail line went into service in March 2006.

The second mammoth project under way 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. In August 2007 a second runway went into service, thereby making Kansai International Airport Japan's first airport meeting the global standard of having multiple runways and operating 24 hours a day.

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 zones appropriate to an international 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 also taking a proactive role in initiatives designed to attract new businesses, both domestic and foreign, to Kansai as a way of contributing to its sustained development and prosperity.

Through its support of local projects and initiatives, Kansai EP is helping Kansai to become an increasingly vibrant and people-friendly region.

Strong Commitment to 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 this 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 initiatives in support of the diversified needs of local citizens, Kansai EP today is contributing on broad fronts to the ongoing development of its home region.

FM CO·CO·LO

Directors and Auditors
(As of June 28, 2007)

Shosuke Mori
President and Director

Hiroshi Morimoto
Executive Vice President and Director

Norihiko Saito
Executive Vice President and Director

Sakae Kanno
Executive Vice President and Director

Toshiaki Mukai
Executive Vice President and Director

Mitsuyasu Iwata
Executive Vice President and Director

Managing Directors
Masumi Fujii
Makoto Yagi
Takashi Teramoto
Tomoaki Nakamori
Yasuo Hamada
Takao Fujino
Masafumi Ikari
Masao Ikoma

Directors
Takeshi Kousumi
Tsuyoshi Takeuchi
Yuzuru Hiroe
Noriyuki Inoue
Akio Tujii
Ryosuke Tamakoshi

Senior Corporate Auditors
Mamoru Yoshida
Toshikatsu Hatanaka
Ryoichi Hanai

Corporate Auditors
Takaharu Dohi
Yoichi Morishita
Ken'ichi Haruta
Emi Uehara

Financial Section

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Independent Auditors' Report

Financial Results and Analysis (Consolidated)

OVERVIEW

Operating Income

Electricity Operations

Kansai EP and its Group enterprises are aiming for share expansion in the residential, industrial and air-conditioning markets through the provision of new products, new menus and new solutions that respond to customer needs. That steady progress is being achieved toward that aim is illustrated by the figures recorded in fiscal 2007. The number of fully electric homes totaled 114,000 and adoptions of heat-storage and other electric systems and equipment reached 1,435. These figures scored almost perfectly against their corresponding two-year targets for fiscal 2007 and fiscal 2008: 230,000 and 2,700, respectively.

In fiscal 2007 total electricity sales volume increased but revenue from electricity sales reached ¥2,349,760 million, down ¥19,150 million*, or 0.8%, from the year-earlier level. The decline owed to a decrease in electricity revenues largely attributable to rate reductions implemented in April 2006.

Operating income from electricity operations reached ¥229,955 million*, down ¥69,748 million, or 23.3%, year-on-year. While outlays involving retirement stipends decreased – primarily as a result of revisions to the retirement pension system carried out during fiscal 2006 – and efforts were made to trim operating costs in all areas, those positive developments were outweighed by increased fuel costs for thermal power generation resulting from significantly higher fuel prices, and increased maintenance and repair costs.

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 1Gbps in both indoor and outdoor applications.

Although competition in the IT segment is severe, aggressive sales activities are undertaken to expand the customer base. In mainstay FTTH services, K-Opti.com takes advantage of greater than 90% area coverage in the six Kinki region prefectures to provide a trio of fiber-optic-based services – Internet, telephone and television – under the unified “eo HIKARI” brand. As of the end of fiscal 2007, the total number of contracts for eo HIKARI services reached 520,000, marking a solid increase of 37% year-on-year.

As a result of the foregoing, in fiscal 2007 Groupwide IT operations generated sales totaling ¥133,442 million*, up ¥7,982 million, or 6.4%, from the previous year. Operating income reached ¥8,983 million*, up ¥4,274 million, or 90.8%, from the year-earlier level.

Other Operations

In the total energy solutions business, Kansai EP and its Group network provide a complete array of solutions enabling provision of the best energy options for each customer. Operations encompass the sale of diverse energy sources – not only electricity but also gas, LNG, oil for use as a cogeneration fuel, etc. – as well as on-site services. Business involving amenities in support of lifecycle needs consists of services to help create living environments of high added value. Home-related services include provision of fully electric residences, while lifecycle-support services contribute to the realization of safe, secure lives through home-security and caregiving services, etc.

As to income, in the total energy solutions segment sales of gas and other energy sources reached 760,000 tons (in LNG parameters), up over fiscal 2006. In the area of amenities in support of lifecycle needs, fiscal 2007 saw increased adoption of high value-added homes equipped with Internet access, security systems and other features based on fully electric installations, and the acquisition of new customers for lifecycle-related services.

As a result of the foregoing, total sales revenue from other operations reached ¥415,905 million*, up ¥48,530 million, or 13.2%, from fiscal 2006. Operating income tallied to ¥32,666 million*, constituting an increase by ¥11,648 million, or 55.4%, from the previous year.

Taken together, consolidated income accrued from electricity, IT and other operations reached ¥271,644 million, down ¥55,526 million, or 17.0%, from fiscal 2006. 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 expenses (income) recorded during the term totaled ¥39,968 million, a decrease of ¥39,649 million, or 49.8%, from the previous year. The decrease owed largely to a year-on-year contraction by ¥20,924 million, or 68.2%, in non-operating expenses incurred in the performance of other operations, enabled mostly by a reduction in costs accompanying purchase and retirement of corporate bonds.

In line with stipulations under Japan’s Electricity Utilities Industry Law, in fiscal 2007 ¥102 million was reversed as a reserve for fluctuations in water level.

As a result of the foregoing, in fiscal 2007 consolidated income before taxes reached ¥231,778 million, down ¥25,370 million, or 9.9%, from the preceding term. Net income, after income-tax deductions totaling ¥83,843 million, finished at ¥147,935 million. The end result constituted a year-on-year decrease of ¥13,114 million, or 8.1%.

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FISCAL POSITION

Assets

The value of the Company's Groupwide assets as of March 31, 2007 stood at ¥6,827,230 million, down ¥29,259 million, or 0.4%, from the year-earlier level. Capital expenditures reached ¥297,459 million, up ¥28,807 million, or 10.7%, from fiscal 2006 but still within the scope of the term's depreciation costs (¥378,057 million). While according highest priority to safety, especially in electricity operations, severity was exercised in the selection of facility constructions from the perspective of boosting asset efficiency; simultaneously, in pursuit of the optimal facility configuration for future needs, investments were carried out into construction of new power generating sources and upgrading of existing facilities.

Liabilities

Groupwide interest-bearing liabilities were reduced by ¥116,793 million, or 3.5%, during the term, to ¥3,207,205 million. The reduction was achieved by allocating free cash flow, generated largely by keeping capital investments within the range of depreciation costs, to paring down of interest-bearing debt.

This significant reduction in interest-bearing debt enabled a reduction in Groupwide liabilities – including both fixed and current liabilities as well as the reserve set aside for fluctuations in water level – to ¥4,949,875 million, down ¥115,747 million, or 2.3%, year-on-year. The latter achievement contributed to the steady fortification of the Group's financial structure.

Net Assets

At March 31, 2007 Groupwide net assets totaled ¥1,877,355 million, up ¥91,370 million, or 5.1%, from a year earlier. Assets were eroded by dividend disbursements, etc., but boosted by the booking of net profit and by the impact of booking deferred hedge gains (losses) to net assets, in accordance with accounting standards for the presentation of net assets in the balance sheets. The increase in net assets, in combination with the reduction achieved in interest-bearing debt, enabled a 1.4 percentage-point rise in the shareholders' equity ratio, to 27.4% at term's end. Equity per share accordingly came to ¥2,021.60, representing an increase of ¥94.31 over the year-earlier level.

Cash Flow

Kansai EP and its consolidated subsidiaries pursue all avenues toward the further enhancement of the Group's 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 2007 cash flow generated by business operations produced ¥541,771 million in income, up ¥12,893 million, or 2.4%, from fiscal 2006. Although income from electricity sales decreased under the impact of rate reductions and fuel costs for thermal power generation expanded, the year-on-year increase was achievable primarily on the back of an increase in the reversal of the reserve for reprocessing of irradiated nuclear fuel and lower tax levies.

Cash flow linked to investment activities resulted in ¥306,885 million in outlays, up ¥13,240 million, or 4.5%, from the preceding term. The increase owed largely to the aforementioned investments into constructions of new power generating sources and into upgrading of existing facilities.

Free cash flow generated in the foregoing ways totaled ¥234,886 million. These funds were allocated to dividend payments and to reducing interest-bearing liabilities. Cash flow generated from financing activities thereby resulted in total outlays of ¥186,068 million, constituting a decrease by ¥61,311 million, or 24.8%, from fiscal 2006.

As a result of the foregoing, the balance of cash and cash equivalents at the end of fiscal 2007 reached ¥104,691 million. The figure represents an increase of ¥48,880 million, or 87.6%, from the preceding year.

Dividend Policy

The Company consistently strives to enhance its shareholder value from a long-term perspective. This stance translates to pursuing an ever more muscular financial structure while simultaneously seeking greater efficiency in electricity operations and maintaining rates at the most competitive levels as necessitated by the emerging era of full-fledged industry competition, without ever compromising safety in any way. Accordingly, the Company's fundamental policy toward profit sharing is to pursue ongoing elevation of shareholder value as it synchronously maintains stability in dividend disbursements. Retained earnings are allocated to capital investments and to measures targeted at reinforcing the Company's financial position.

In line with the foregoing basic policy, in fiscal 2007 the Company determined to issue a full-year dividend in the amount of ¥60 per share (including an interim dividend of ¥30).

Business and Other Risks

The following is a description of the principal risks that harbor the potential to impact the business results and financial position of the Kansai Electric Power Group, which encompasses Kansai EP and its consolidated subsidiaries. It may be noted that forward-looking statements are based on judgments rendered by the Group as of the submission date (June 28, 2007).

1) Economic Situation

The Company's total electricity sales fluctuate according to trends in the economy. Therefore, the economic situation has the potential to affect the Group's business performance.

2) Changes in the Environment Surrounding Electricity Operations

A series of system reforms, including expansion of deregulation to include all users of electricity received at high voltages, is continually elevating the level of competition between the Company and rival power providers. In addition, in light of changes in the broad energy situation both within Japan and overseas, concern toward energy security is rising in tandem with increasing concern toward global environmental issues. Amidst these diverse developments, in April 2007 discussions got under way toward possible liberalization of all electricity retail operations.

The back-end aspects of the nuclear fuel cycle, including reprocessing of spent fuel, have an extremely long time span and harbor various uncertainties. In October 2005, measures were devised to facilitate promotion of nuclear power generation and back-end operations, and these have eased the burden of risk on the operator. As to the costs relating to intermediate storage of spent fuel that exceeds the current reprocessing capacity for reuse, in fiscal 2006, as a

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provisional measure until a specific reprocessing plan is decided, a system was introduced under which this financial burden is distributed equally each fiscal term as a reserve in Company accounts. Concerning special measures for processing such spent fuel, this issue is to come under deliberation commencing around 2010, partly taking into account the operating record of the Rokkasho reprocessing plant operated by Japan Nuclear Fuel Ltd.

Concerning spent fuel for which measures still need to be taken but have yet to be considered – including spent fuel which is to be stored as an intermediate response – the possibility exists that, depending on the outcome of deliberations, electricity operators may come to shoulder the cost burden for reprocessing, etc. in the future.

Changes in the operating environment surrounding electricity operations, including the aforementioned system reforms and accompanying intensification of competition, have the potential to impact earnings Groupwide.

3) Business Other than Electricity Operations

Although electricity operations contributed 90.1% of Groupwide consolidated sales in fiscal 2007, all Group companies are making concerted efforts to develop business areas that will enable future growth on a sustained basis, with a focus on three areas: information technology (IT), total energy solutions, and amenities in support of lifecycle needs. Changes in the operating environments surrounding these various areas, for example in such forms as technological innovation or escalating competition against other business operators, have the potential to affect Groupwide earnings.

4) Weather Factors

Because total electricity sales volume is influenced by demand for heating and air-conditioning, Groupwide earnings can potentially be impacted by weather factors (especially temperatures), primarily in the summer and winter seasons.

5) Fuel Price Fluctuations

Since fossil fuels including LNG, crude oil and coal are vital to electricity operations, the Company's fuel costs fluctuate according to trends in oil prices, foreign exchange rates, etc. However, under Japan's "Fuel Cost Adjustment System," which enables power providers to reflect fluctuations in oil prices, exchange rates, etc. in their electricity charges, the Company is able to raise its electricity rates when fuel prices rise beyond a certain level. Accordingly, potential impact of such fluctuations on Groupwide earnings is thought to be of limited scope.

6) Interest Rate Fluctuations

At March 31, 2007, the Group's consolidated interest-bearing debt burden totaled ¥3,207,205 million, equivalent to 47.0% of total assets. Accordingly, Groupwide earnings may possibly be impacted by future trends in interest rates.

However, 96.5% of all interest-bearing debt, ¥3,094,515 million, takes the form of long-term loans or long-term corporate bonds, and these are financed almost entirely at fixed interest rates. In addition, the Company is taking steps to trim its interest-bearing debt in order to strengthen its financial structure. For these reasons, potential impact from interest rate fluctuations on the Group's earnings is deemed to be marginal.

7) Operational Obstructions

Group earnings may potentially be impacted by obstructions to the operation of facilities arising from natural disasters, accidents, compliance problems, etc. To counteract possibilities of these kinds, facilities and equipment are configured and maintained so as to lessen impact from natural disasters, business operations are conducted with foremost priority on safety assurance so as to prevent accidental mishaps, and compliance is pursued with total dedication. In particular, assuring the safe operation of the Company's nuclear power generation facilities is recognized as a management responsibility of the very highest order, and all conceivable measures are and will continue to be taken to prevent accidents. Additionally, in preparation for any reduction in supply capacity that might occur from an accident at its own power generating sources or those of other companies from which it purchases electricity, the Company is striving to devise an appropriate supply plan, including measures for securing spare supplies when necessary.

8) Information Management

Group earnings are vulnerable to adverse impact in the event that any customer information in the Group members' possession or important information relevant to the performance of business operations should leak externally. To prevent such events, initiatives are taken to achieve stringent management of all such information through reinforcement of information systems, formulation of in-house rules on information management, and implementation of employee education.

Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2007**	2006	**2007**
PROPERTY:			
Utility plant and equipment	**¥13,514,901**	¥13,501,059	**$114,445,770**
Other plant and equipment	**1,153,622**	1,120,931	**9,769,007**
Construction in progress	**279,543**	250,279	**2,367,203**
Contributions in aid of construction	**(436,415)**	(428,681)	**(3,695,614)**
Accumulated depreciation	**(9,648,249)**	(9,422,341)	**(81,702,506)**
Plant and equipment - net (Notes 3)	**4,863,402**	5,021,247	**41,183,860**
Nuclear fuel, net of amortization (Note 2.c)	**483,774**	512,407	**4,096,655**
Property - net	**5,347,176**	5,533,654	**45,280,515**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	**259,481**	273,914	**2,197,316**
Investments in and advances to associated companies	**185,746**	170,001	**1,572,919**
Reserve fund for reprocessing of irradiated nuclear fuel (Note 2.i)	**183,371**	136,302	**1,552,807**
Deferred tax assets (Note 10)	**275,659**	282,775	**2,334,313**
Other assets	**88,123**	68,013	**746,235**
Total investments and other assets	**992,380**	931,005	**8,403,590**
CURRENT ASSETS:			
Cash and cash equivalents	**104,691**	55,811	**886,536**
Accounts receivable	**168,164**	159,938	**1,424,033**
Allowance for doubtful accounts	**(2,138)**	(2,411)	**(18,105)**
Inventories	**91,000**	62,596	**770,599**
Deferred tax assets (Note 10)	**20,719**	31,101	**175,451**
Other current assets	**105,238**	84,795	**891,167**
Total current assets	**487,674**	391,830	**4,129,681**
TOTAL	**¥6,827,230**	¥6,856,489	**$57,813,786**

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	**2007**	2006	**2007**
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Note 5)	**¥2,726,768**	¥2,841,126	**$23,090,592**
Liability for Retirement benefits (Note 6)	**348,896**	377,150	**2,954,492**
Reserve for reprocessing of irradiated nuclear fuel (Note 2.i)	**678,934**	649,675	**5,749,293**
Reserve for decommissioning of nuclear power units (Note 7)	**260,406**	249,754	**2,205,149**
Deferred tax liabilities (Note 10)	**95**	287	**804**
Other long-term liabilities	**64,159**	69,697	**543,306**
Total long-term liabilities	**4,079,258**	4,187,689	**34,543,636**
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 5)	**366,947**	332,027	**3,107,350**
Short-term borrowings (Note 8)	**105,849**	150,806	**896,342**
Accounts payable (Note 5)	**127,953**	129,854	**1,083,521**
Payable to associated companies	**23,065**	12,351	**195,317**
Accrued income taxes	**27,348**	34,638	**231,586**
Deferred tax liabilities (Note 10)	**337**		**2,854**
Accrued expenses and other current liabilities	**210,577**	209,614	**1,783,191**
Total current liabilities	**862,076**	869,290	**7,300,161**
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**8,541**	8,643	**72,326**
MINORITY INTERESTS		4,882	
COMMITMENTS AND CONTINGENCIES (Notes 12, 13 and 14)			
EQUITY (Notes 9 and 16):			
Common stock - authorized, 1,784,059,697 shares; issued, 962,698,728 shares in 2007 and 2006	**489,320**	489,320	**4,143,619**
Capital surplus	**66,676**	66,626	**564,620**
Retained earnings	**1,268,880**	1,181,364	**10,745,025**
Unrealized gain on available-for-sale securities	**105,197**	120,626	**890,822**
Deferred gain on derivatives under hedge accounting	**15,157**		**128,351**
Foreign currency translation adjustments	**195**		**1,651**
Treasury stock - at cost: 36,497,039 shares in 2007 and 36,164,148 shares in 2006	**(73,011)**	(71,951)	**(618,266)**
Total	**1,872,414**	1,785,985	**15,855,822**
Minority interests	**4,941**		**41,841**
Total equity	**1,877,355**	1,785,985	**15,897,663**
TOTAL	**¥6,827,230**	¥6,856,489	**$57,813,786**

See notes to consolidated financial statements.

Consolidated Statements of Income

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	**2007**
OPERATING REVENUES (Note 12):			
Electric	**¥2,338,194**	¥2,358,717	**$19,800,102**
Other	**258,177**	220,342	**2,186,273**
Total	**2,596,371**	2,579,059	**21,986,375**
OPERATING EXPENSES (Notes 11 and 12):			
Electric	**2,100,685**	2,048,482	**17,788,847**
Other	**224,042**	203,407	**1,897,215**
Total	**2,324,727**	2,251,889	**19,686,062**
OPERATING INCOME	**271,644**	327,170	**2,300,313**
OTHER (INCOME) EXPENSES:			
Interest expense	**60,885**	66,712	**515,581**
Equity in earnings of associated companies	**(3,688)**	(3,343)	**(31,230)**
Other - net	**(17,229)**	16,248	**(145,898)**
Total	**39,968**	79,617	**338,453**
INCOME BEFORE REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS	**231,676**	247,553	**1,961,860**
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**(102)**	(9,595)	**(863)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**231,778**	257,148	**1,962,723**
INCOME TAXES (Note 10):			
Current	**74,717**	93,204	**632,712**
Deferred	**8,378**	3,033	**70,946**
Total	**83,095**	96,237	**703,658**
MINORITY INTERESTS IN NET INCOME (LOSS)	**748**	(138)	**6,334**
NET INCOME	**¥147,935**	¥161,049	**$1,252,731**

	Yen		U.S. Dollars
	2007	2006	**2007**
PER SHARE OF COMMON STOCK (Notes 2.s and 15):			
Basic net income	**¥159.69**	¥172.84	**$1.35**
Diluted net income	**159.51**		**1.35**
Cash dividends applicable to the year	**60.00**	60.00	**0.51**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2007 and 2006

		Millions of Yen									
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2005	962,698,728	¥489,320	¥66,626	¥1,067,589	¥62,206		¥10	¥(39,065)	¥1,646,686		¥1,646,686
Net income				161,049					161,049		161,049
Cash dividends, ¥50 per share				(46,853)					(46,853)		(46,853)
Bonuses to directors and corporate auditors				(217)					(217)		(217)
Net decrease in foreign currency translation adjustments							(10)		(10)		(10)
Net increase in treasury stock								(32,886)	(32,886)		(32,886)
Net increase in unrealized gain on available-for-sale securities					58,420				58,420		58,420
Decrease due to exclusion of previously consolidated subsidiaries				(204)					(204)		(204)
BALANCE, MARCH 31, 2006	962,698,728	489,320	66,626	1,181,364	120,626			(71,951)	1,785,985		1,785,985
Reclassified balance as of March 31, 2006 (Note 2.l)										¥4,882	4,882
Net income				147,935					147,935		147,935
Cash dividends, ¥65 per share				(60,243)					(60,243)		(60,243)
Bonuses to directors and corporate auditors				(283)					(283)		(283)
Increase due to exclusion of previously consolidated subsidiaries				107					107		107
Purchase of treasury stock								(1,189)	(1,189)		(1,189)
Disposal of treasury stock			50					129	179		179
Net change in the year					(15,429)	¥15,157	195		(77)	59	(18)
BALANCE, MARCH 31, 2007	962,698,728	¥489,320	¥66,676	¥1,268,880	¥105,197	¥15,157	¥195	¥(73,011)	¥1,872,414	¥4,941	¥1,877,355

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2006	$4,143,619	$564,197	$10,003,929	$1,021,476			$(609,290)	$15,123,931		$15,123,931
Reclassified balance as of March 31, 2006 (Note 2.l)									$41,341	41,341
Net income			1,252,731					1,252,731		1,252,731
Cash dividends, $0.55 per share			(510,145)					(510,145)		(510,145)
Bonuses to directors and corporate auditors			(2,396)					(2,396)		(2,396)
Increase due to exclusion of previously consolidated subsidiaries			906					906		906
Purchase of treasury stock							(10,069)	(10,069)		(10,069)
Disposal of treasury stock		423					1,093	1,516		1,516
Net change in the year				(130,654)	$128,351	$1,651		(652)	500	(152)
BALANCE, MARCH 31, 2007	$4,143,619	$564,620	$10,745,025	$890,822	$128,351	$1,651	$(618,266)	$15,855,822	$41,841	$15,897,663

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Year Ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥231,778	¥257,148	$1,962,723
Adjustments for:			
Income taxes-paid	(81,951)	(118,605)	(693,971)
Depreciation and amortization	378,057	402,687	3,201,431
Amortization of nuclear fuel	47,511	47,158	402,329
Loss on disposal of property, plant and equipment	12,680	11,290	107,376
Nuclear fuel transferred to reprocessing costs	25,496	31,524	215,903
Reversal of reserve for fluctuations in water level	(101)	(9,595)	(855)
Changes in assets and liabilities:			
Increase in reserve fund for reprocessing of irradiated nuclear fuel	(47,068)	(136,302)	(398,577)
Increase in trade receivables	(13,819)	(4,595)	(117,021)
Increase in inventories	(29,826)	(12,886)	(252,570)
Decrease in interest and dividends receivable	1,099	1,022	9,306
Increase (decrease) in trade payables	(3,665)	19,884	(31,036)
Decrease in interest payable	(1,825)	(524)	(15,454)
Increase (decrease) in liability for retirement benefits	(27,663)	13,203	(234,254)
Increase in reserve for reprocessing of irradiated nuclear fuel	29,258	18,996	247,760
Increase in reserve for decommissioning of nuclear power units	10,652	16,632	90,202
Other - net	11,158	(8,159)	94,489
Total adjustments	309,993	271,730	2,625,058
Net cash provided by operating activities	541,771	528,878	4,587,781
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(293,903)	(276,629)	(2,488,805)
Payments for investments and advances	(66,247)	(34,636)	(560,987)
Proceeds from sales of investments or collections of advances	44,614	22,658	377,797
Proceeds from sales of subsidiary stocks with an exclusion from consolidation	1,614		13,668
Payment for business transfer	(3,550)		(30,062)
Net increase in time deposits and other	(7,402)	(15,129)	(62,681)
Other – net	17,989	10,091	152,332
Net cash used in investing activities	(306,885)	(293,645)	(2,598,738)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	183,905	149,241	1,557,329
Proceeds from long-term debt (exclusive of bonds)	121,143	140,159	1,025,853
Proceeds from short-term loans	246,394	327,426	2,086,493
Proceeds from issuance of commercial papers	390,000	212,000	3,302,566
Redemption of bonds	(139,545)	(59,870)	(1,181,683)
Repayments of long-term debt (exclusive of bonds)	(245,604)	(307,026)	(2,079,804)
Repayments of short-term loans	(291,246)	(349,515)	(2,466,305)
Repayments of commercial papers	(390,000)	(280,000)	(3,302,566)
Purchases of treasury stock	(1,184)	(32,884)	(10,026)
Dividends paid	(60,208)	(46,839)	(509,848)
Other – net	277	(71)	2,345
Net cash used in financing activities	(186,068)	(247,379)	(1,575,646)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
NET CASH PROVIDED BY (USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES - (Forward)	¥48,818	¥(12,146)	$413,397
NET CASH PROVIDED BY (USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES - (Forward)	¥48,818	¥(12,146)	$413,397
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	62	59	525
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	48,880	(12,087)	413,922
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	55,811	67,898	472,614
CASH AND CASH EQUIVALENTS, END OF YEAR	¥104,691	¥55,811	$886,536

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2007 and 2006

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 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.

On December 27, 2005, the Accounting Standards Board of Japan (the "ASBJ") published a new accounting standard for the statement of changes in equity, which is effective for fiscal years ending on or after May 1, 2006. The consolidated statement of shareholders' equity, which was previously voluntarily prepared in line with the international accounting practices, is now required under generally accepted accounting principles in Japan and has been renamed "the consolidated statement of changes in equity" in the current fiscal year.

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 2006 financial statements to conform to the classifications used in 2007.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Kansai Electric Power Company, Incorporated (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 ¥118.09 to $1, the approximate rate of exchange at March 31, 2007. 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, 2007 include the accounts of the Company and all (fifty-nine in 2007 and sixty-two in 2006) subsidiaries (together, the "Companies").

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.

Investments in two (one in 2006) associated companies are 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.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary/associated company and business at the date of acquisition is amortized over a period from five to twenty 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 four (five in 2006) 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, 2007 and 2006 was ¥107,788 million ($912,761 thousand) and ¥115,657 million, respectively.

d. **Impairment of Fixed Assets -** 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.

e. **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 equity.

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

f. **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.

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

h. **Retirement and Pension Plan -** The Company and certain consolidated subsidiaries have defined contribution pension plans, unfunded defined benefits pension plan, contributory pension plans, and unfunded lump-sum severance payment 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.

i. **Reserve for Reprocessing of Irradiated Nuclear Fuel -** Prior to April 1, 2005, the Company provided a reserve for the reprocessing of irradiated nuclear fuel at 60% of the amount which would be required to reprocess all the irradiated nuclear fuel at the balance sheet date in accordance with the relevant accounting policies accepted by the regulatory authority.

Effective April 1, 2005, the Company adopted a revised accounting standard for reserve for reprocessing of irradiated nuclear fuel. In accordance with the revised accounting standard applicable to the electricity industry, the reserve is stated at the present value of the amount that would be required to reprocess only the irradiated nuclear fuel actually planned to be reprocessed. Ninety one tons out of one hundred eighty two tons of irradiated nuclear fuel which was generated in the year ended March 31, 2006 is not covered with reserves because there is no definite plan to reprocess that portion.

The cumulative effect of the adoption of the revised accounting standard of ¥319,756 million as of April 1, 2005 is being amortized over fifteen years. The unrecognized portion of such cumulative effect was ¥277,122 million ($2,346,702 thousand) and ¥298,439 million at March 31, 2007 and 2006, respectively.

The estimated future reprocessing costs are discounted at 1.7% and 1.9% at March 31, 2007 and 2006, respectively, for the quantity of the irradiated nuclear fuel covered by the definite reprocessing plan.

The unrecognized estimation loss of ¥43,964 million ($372,292 thousand) and ¥28,219 million at March 31, 2007 and 2006, respectively, resulting from the difference in assumptions for calculations of reserve such as expected future cash flows and the discount rate will be recognized over a period for which irradiated fuel actually planned to be reprocessed are generated.

The effect of this change was to increase operating expenses and to decrease income before income taxes and minority interests by ¥26,178 million for the year ended March 31, 2006.

The Company appropriated ¥140,340 million ($1,188,416 thousand) and ¥136,302 million for "Reserve fund for reprocessing of irradiated nuclear fuel" at March 31, 2007 and 2006, respectively, in accordance with the revision of the Japanese Electric Utility Law and related accounting regulations.

Regarding the quantity of the irradiated nuclear fuel not covered by the definite reprocessing plan, the reserve was established from April 1, 2006 in accordance with the revised accounting rules applicable to electric utility companies. The estimated costs required to reprocess such irradiated nuclear fuel of ¥6,155 million ($52,121 thousand), which were attributable to the year ended March 31, 2006, were charged to income for the year ended March 31, 2007. The estimated future reprocessing costs are discounted at 4.0% at March 31, 2007. As a result, income before income taxes and minority interests decreased by ¥13,139 million ($111,263 thousand) for the year ended March 31, 2007.

j. **Reserve for Decommissioning Costs 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.

k. **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.

l. **Presentation of Equity -** On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

m. **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.

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. **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.

p. **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.

q. **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 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 equity.

r. **Derivatives and Hedging Activities -** The Companies use principally

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The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2007 and 2006

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 expense or income.

s. **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.

Diluted net income per share reflects the potential dilution that could occur if the stock options of an associated company were fully excised.

Diluted net income per share for the year ended March 31, 2006, is not disclosed because it is anti-dilutive.

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.

t. **New Accounting Pronouncements**

Measurement of Inventories - Under generally accepted accounting principles in Japan ("Japanese GAAP"), inventories are currently measured either by the cost method, or at the lower of cost or market. On July 5, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories", which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting - On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions should be capitalized. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

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3. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Hydroelectric power production facilities	**¥402,076**	¥421,491	**$3,404,827**
Thermal power production facilities	**501,395**	549,930	**4,245,872**
Nuclear power production facilities	**360,680**	370,260	**3,054,281**
Transmission facilities	**1,300,949**	1,372,269	**11,016,589**
Transformation facilities	**463,445**	484,364	**3,924,507**
Distribution facilities	**915,265**	927,988	**7,750,572**
General facilities	**134,910**	140,873	**1,142,434**
Other utility facilities	**22,628**	23,639	**191,617**
Other plant and equipment	**482,511**	480,154	**4,085,958**
Construction in progress	**279,543**	250,279	**2,367,203**
Total	**¥4,863,402**	¥5,021,247	**$41,183,860**

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, 2007 and 2006 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	2007			
Securities classified as:				
Available-for-sale:				
Equity securities	¥31,038	¥146,386	¥233	¥177,191
Debt securities	2,700	3	83	2,620
Held-to-maturity debt securities	10,571	105	37	10,639

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	2006			
Securities classified as:				
Available-for-sale:				
Equity securities	¥29,310	¥168,496	¥81	¥197,725
Debt securities	2,728	3	105	2,626
Held-to-maturity debt securities	11,135	76	86	11,125

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2007 and 2006

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	2007			
Securities classified as:				
Available-for-sale:				
Equity securities	$262,833	$1,239,614	$1,973	$1,500,474
Debt securities	22,864	25	703	22,186
Held-to-maturity debt securities	89,516	889	313	90,092

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2007 and 2006 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Available-for-sale:			
Equity securities	**¥65,598**	¥65,165	**$555,492**
Other	**3,788**	3,220	**32,077**
Held-to-maturity debt securities		100	
Total	**¥69,386**	¥68,485	**$587,569**

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2007 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥1,496	$12,668
Due after one year through five years	6,013	50,918
Due after five years through ten years	4,541	38,454
Due after ten years	1,206	10,213
Total	¥13,256	$112,253

5. LONG-TERM DEBT

Long-term debt at March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
General mortgage bonds:			
0.29% to 3.175%, due serially through 2018	**¥1,421,349**	¥1,282,980	**$12,036,150**
7.25%, due 2006 (payable in U.S. dollars)		54,450	
6.625%, due 2006 (payable in French francs)		63,516	
5.75%, due 2007 (payable in Netherlands guilder)	**62,294**	62,294	**527,513**
2.75%, due 2012 (payable in Switzerland francs)	**24,669**		**208,900**
0.65% to 3.75% (0.65% to 4.6% in 2006) secured loans from principally the Development Bank of Japan maturing serially through 2025:			
The Company	**280,692**	325,219	**2,376,933**
Subsidiaries	**18,280**	19,974	**154,797**
0.357% to 6.4% (0.0288% to 6.4% in 2006) unsecured loans from banks and insurance companies maturing serially through 2036	**1,286,431**	1,364,720	**10,893,649**
Total	**3,093,715**	3,173,153	**26,197,942**
Less current maturities	**366,947**	332,027	**3,107,350**
Long-term debt, less current maturities	**¥2,726,768**	¥2,841,126	**$23,090,592**

Annual maturities of long-term debt at March 31, 2007 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2008	¥366,947	$3,107,350
2009	427,780	3,622,491
2010	408,902	3,462,630
2011	325,609	2,757,295
2012	366,009	3,099,407
2013 and thereafter	1,198,468	10,148,769
Total	¥3,093,715	$26,197,942

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 ¥1,519 million ($12,863 thousand) and the above secured loans at March 31, 2007, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property and other	¥36,639	$310,263

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2007 and 2006

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.

The liability for employees retirement benefits at March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Projected benefit obligation	¥311,093	¥304,535	$2,634,372
Fair value of plan assets	(3,828)	(3,514)	(32,416)
Unrecognized actuarial loss	20,297	34,435	171,877
Unrecognized prior service cost	21,334	41,694	180,659
Net liability	¥348,896	¥377,150	$2,954,492

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

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Service cost	¥16,628	¥18,393	$140,808
Interest cost	5,899	8,554	49,953
Expected return on plan assets	(105)	(6,596)	(889)
Recognized actuarial loss	(21,897)	(236)	(185,426)
Amortization of prior service cost	(20,360)	(19,434)	(172,411)
Settlement loss		25,531	
Other	3,933	2,035	33,305
Net periodic retirement benefit costs	¥(15,902)	¥28,247	$(134,660)

On October 1, 2005 the qualified pension plan for those who are receiving annuities now is transformed to closed-end type pension plan, the difference between the payable due to transformation of retirement benefit and the projected benefit obligation was recognized as settlement loss.

For the years ended March 31, 2007 and 2006 the contributions to the defined contribution pension plan of ¥3,812 million ($32,280 thousand) and ¥1,893 million, respectively, are included in "Other" in the above table.

Principal assumptions used for the years ended March 31, 2007 and 2006 are set forth as follows:

	2007	2006
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.0%	3.0%
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 ¥3,834 million ($32,467 thousand) and ¥3,122 million, at December 31, 2006 and 2005, respectively.

7. RESERVE FOR DECOMMISSIONING OF NUCLEAR POWER UNITS

The changes in the Law on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors and the related regulations tightened the criteria for radioactive wastes. In response to this, the classification of components of nuclear power units and the method to estimate the disposal costs of nuclear power units were reviewed by a government committee. The disposal costs of nuclear power units are the primary elements of the reserve for decommissioning costs of nuclear power units.

As a result of the review, it was reported that the total estimated disposal costs of all nuclear power units nationwide would increase by ¥329 billion ($2,786 million) based on a trial calculation with a model plant. However, the method to estimate the disposal costs for each unit is yet to be determined. Accordingly, the total estimated disposal costs for this fiscal year are calculated using the prior method.

8. SHORT-TERM BORROWINGS

Short-term loans at March 31, 2007 and 2006 principally consisted of bank overdrafts. The weighted average interest rate is 0.745% and 0.268% at March 31, 2007 and 2006, respectively.

9. EQUITY

On and after May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan (the "Code") with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, if companies meet certain criteria, dividends can be paid at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2007 and 2006

10. INCOME TAXES

The Companies are subject to 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, 2007 and 2006. The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2007 and 2006 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Deferred tax assets:			
Liability for retirement benefits	**¥126,501**	¥136,712	**$1,071,225**
Depreciation	**56,416**	53,888	**477,737**
Reserve for reprocessing of irradiated nuclear fuel (with definite plans, Note 2.m)	**46,766**	42,717	**396,020**
Reserve for decommissioning of nuclear power units	**29,304**	29,304	**248,150**
Deferred charges	**15,396**	16,312	**130,375**
Intercompany profit elimination	**27,900**	35,329	**236,260**
Other	**113,769**	120,027	**963,410**
Less valuation allowance	**(57,337)**	(59,229)	**(485,536)**
Deferred tax assets	**¥358,715**	¥375,060	**$3,037,641**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**¥53,247**	¥61,299	**$450,902**
Deferred gain on derivatives under hedge accounting	**8,660**		**73,334**
Other	**862**	172	**7,299**
Deferred tax liabilities	**¥62,769**	¥61,471	**$531,535**
Net deferred tax assets	**¥295,946**	¥313,589	**$2,506,106**

A reconciliation between the normal effective statutory tax rate and actual effective tax rate for the year ended March 31, 2007 and 2006 are not disclosed because the difference between the normal effective statutory tax rate and the actual effective tax rate is immaterial.

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥20,817 million ($176,281 thousand) and ¥20,940 million for the years ended March 31, 2007 and 2006, respectively.

12. LEASES

Lessor

Finance Leases

Revenues under finance leases were ¥7,539 million ($63,841 thousand) and ¥6,075 million for the years ended March 31, 2007 and 2006, respectively.

The amount of the imputed interest revenue included in the above revenue, which is computed using the interest method, was ¥1,322 million ($11,195 thousand) and ¥1,396 million, for the years ended March 31, 2007 and 2006, respectively.

Certain information of leased property such as acquisition cost, accumulated depreciation and future lease revenue under finance leases for the years ended March 31, 2007 and 2006 was as follows:

	Other Facilities		
	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Acquisition cost	**¥35,496**	¥36,935	**$300,584**
Accumulated depreciation	**24,511**	23,909	**207,562**
Net leased property	**¥10,985**	¥13,026	**$93,022**

Future lease revenue under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Due within one year	**¥4,150**	¥4,382	**$35,143**
Due after one year	**16,403**	18,049	**138,902**
Total	**¥20,553**	¥22,431	**$174,045**

Future lease revenue under finance leases includes the sublease revenue. Depreciation expenses relating to the leased assets mentioned above were ¥6,398 million ($54,179 thousand) and ¥7,103 million for the years ended March 31, 2007 and 2006, respectively.

Lessee

Finance Leases

Total lease payments under finance leases were ¥1,588 million ($13,447 thousand) and ¥1,787 million for the years ended March 31, 2007 and 2006, 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, 2007 and 2006 was as follows:

	Millions of Yen			
	Nuclear Power Production Facilities	General Facilities	Other Facilities	Total
As of March 31, 2007				
Acquisition cost	¥4,778	¥3	¥8,258	¥13,039
Accumulated depreciation	4,052	3	2,316	6,371
Net leased property	¥726	¥	¥5,942	¥6,668

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2007 and 2006

	Millions of Yen			
	Nuclear Power Production Facilities	General Facilities	Other Facilities	Total
As of March 31, 2006				
Acquisition cost	¥4,778	¥62	¥7,552	¥12,392
Accumulated depreciation	3,316	52	1,912	5,280
Net leased property	¥1,462	¥10	¥5,640	¥7,112

	Thousands of U.S. Dollars			
	Nuclear Power Production Facilities	General Facilities	Other Facilities	Total
As of March 31, 2007				
Acquisition cost	$40,461	$25	$69,930	$110,416
Accumulated depreciation	34,313	25	19,612	53,950
Net leased property	$6,148	$	$50,318	$56,466

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Due within one year	**¥1,524**	¥1,655	**$12,905**
Due after one year	**6,171**	6,202	**52,257**
Total	**¥7,695**	¥7,857	**$65,162**

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Depreciation expense	**¥1,588**	¥1,787	**$13,447**

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 sublease agreements.

13. 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, 2007 and 2006 are as follows:

	Millions of Yen					
	2007			2006		
	Contracted Amount	Fair Value	Unrealized Loss	Contracted Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts -						
Buying U.S. dollars	¥3,527	¥3,905	¥378	¥8,996	¥9,788	¥792
Foreign currency forward contracts -						
Buying Euro	2,877	3,486	609	6,160	6,850	690
Total	¥6,404	¥7,391	¥987	¥15,156	¥16,638	¥1,482

	Thousands of U.S. Dollars		
	2007		
	Contracted Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts -			
Buying U.S. dollars	$29,867	$33,068	$3,201
Foreign currency forward contracts -			
Buying Euro	24,363	29,520	5,157
Total	$54,230	$62,588	$8,358

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 above fair value information.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2007 and 2006

14. COMMITMENTS AND CONTINGENCIES

At March 31, 2007, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥301,053 million ($2,549,352 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.

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited	¥208,725	$1,767,508
Other	1,368	11,584
Total	¥210,093	$1,779,092
A guarantee about power supply for San Roque Corporation	¥467	$3,955

A certain consolidated subsidiary has entered into loan commitment agreements amounting to ¥356 million ($3,015 thousand) with its associated company. The loan receivable outstanding and the unused balance under this credit facility as of March 31, 2007 amounted to ¥255 million ($2,160 thousand) and ¥101 million ($855 thousand), respectively.

15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2007 and 2006 is as follows:

	Millions of Yen	Thousands of Share	Yen	Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2007				
Basic EPS:				
Net income available to common shareholders	¥147,935	926,388	¥159.69	$1.35
Effect of Dilutive Securities:				
Stock option of associated company	(163)	2		
Diluted EPS:				
Net income for computation	¥147,772	926,390	¥159.51	$1.35
For the year ended March 31, 2006				
Basic EPS:				
Net income available to common shareholders	¥160,764	930,134	¥172.84	

16. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2007 was approved at the Company's shareholders meeting held on June 28, 2007:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥30 ($0.25) per share	¥27,796	$235,380

17. SEGMENT INFORMATION

Information about industry segments of the Companies for the years ended March 31, 2007 and 2006, is as follows:

a. Sales and Operating Income

	Millions of Yen 2007				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥2,338,194	¥84,374	¥173,803		¥2,596,371
Intersegment sales	11,566	49,068	242,102	¥(302,736)	
Total sales	2,349,760	133,442	415,905	(302,736)	2,596,371
Operating expenses	2,119,805	124,459	383,239	(302,776)	2,324,727
Operating income	¥229,955	¥8,983	¥32,666	¥40	¥271,644

b. Total Assets, Depreciation and Capital Expenditures

	Millions of Yen 2007				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Total assets	¥6,179,552	¥305,321	¥562,875	¥(220,518)	¥6,827,230
Depreciation	310,547	41,557	31,697	(5,744)	378,057
Capital expenditures	218,865	50,504	34,391	(6,301)	297,459

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2007 and 2006

a. Sales and Operating Income

	Millions of Yen				
	2006				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥2,358,717	¥74,366	¥145,976		¥2,579,059
Intersegment sales	10,193	51,094	221,399	¥(282,686)	
Total sales	2,368,910	125,460	367,375	(282,686)	2,579,059
Operating expenses	2,069,207	120,751	346,357	(284,426)	2,251,889
Operating income	¥299,703	¥4,709	¥21,018	¥1,740	¥327,170

b. Total Assets, Depreciation and Capital Expenditures

	Millions of Yen				
	2006				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Total assets	¥6,271,735	¥286,956	¥529,037	¥(231,239)	¥6,856,489
Depreciation	338,468	40,244	29,834	(5,859)	402,687
Capital expenditures	176,780	59,723	38,240	(6,091)	268,652

The Kansai Electric Power Co., Inc. | Annual Report 2007

a. Sales and Operating Income

	Thousands of U.S. Dollars				
	2007				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$19,800,102	$714,489	$1,471,784		$21,986,375
Intersegment sales	97,942	415,514	2,050,148	$(2,563,604)	
Total sales	19,898,044	1,130,003	3,521,932	(2,563,604)	21,986,375
Operating expenses	17,950,758	1,053,933	3,245,314	(2,563,943)	19,686,062
Operating income	$1,947,286	$76,070	$276,618	$339	$2,300,313

b. Total Assets, Depreciation and Capital Expenditures

	Thousands of U.S. Dollars				
	2007				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Total assets	$52,329,173	$2,585,494	$4,766,491	$(1,867,372)	$57,813,786
Depreciation	2,629,748	351,910	268,414	(48,641)	3,201,431
Capital expenditures	1,853,375	427,674	291,227	(53,358)	2,518,918

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 (the "Company") and subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income, changes in 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, 2007 and 2006, 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 Note 2.i to the consolidated financial statements, the Company adopted a revised accounting standard for reserve for reprocessing of irradiated nuclear fuel in accordance with the changes in the accounting regulation related to the Japanese Electric Utility Law as of April 1, 2005.

As discussed in Note 2.l to the consolidated financial statements, the Company adopted the new accounting standard for presentation of equity as of April 1, 2006.

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 28, 2007

Member of
Deloitte Touche Tohmatsu

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements for the Years Ended March 31, 2007 and 2006

Non-Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. • March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note)
ASSETS	2007	2006	2007
PROPERTY:			
Plant and equipment	¥13,855,307	¥13,870,415	$117,328,368
Construction in progress	280,106	245,132	2,371,970
Contributions for construction	(416,501)	(409,572)	(3,526,979)
Accumulated depreciation	(9,209,854)	(9,030,961)	(77,990,126)
Plant and equipment - net	4,509,058	4,675,014	38,183,233
Nuclear fuel, net of amortization	483,774	512,407	4,096,655
Property - net	4,992,832	5,187,421	42,279,888
INVESTMENTS AND OTHER ASSETS:			
Investment securities	232,897	252,131	1,972,199
Investments in and advances to subsidiaries and associated companies	132,683	129,771	1,123,575
Reserve fund for reprocessing of irradiated nuclear fuel	183,371	136,302	1,552,807
Long-term loans receivable	1,552	1,426	13,143
Deferred tax assets	233,400	233,414	1,976,459
Other assets	59,565	48,632	504,403
Total investments and other assets	843,468	801,676	7,142,586
CURRENT ASSETS:			
Cash and cash equivalents	93,833	46,477	794,589
Accounts receivable	126,859	123,682	1,074,257
Allowance for doubtful accounts	(1,829)	(1,963)	(15,488)
Fuel, materials and supplies	59,716	44,559	505,682
Deferred tax assets	14,797	22,744	125,303
Other current assets	59,238	44,288	501,634
Total current assets	352,614	279,787	2,985,977
TOTAL	¥6,188,914	¥6,268,884	$52,408,451

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥118.09 = U.S.$1, the approximate rate of exchange at March 31, 2007.

	Millions of Yen		Thousands of U.S. Dollars (Note)
LIABILITIES AND EQUITY	2007	2006	2007
LONG-TERM LIABILITIES			
Long-term debt, less current maturities	¥2,435,769	¥2,543,806	$20,626,378
Liability for retirement benefits	341,257	371,011	2,889,804
Reserve for reprocessing of irradiated nuclear fuel	678,934	649,675	5,749,293
Reserve for decommissioning of nuclear power units	260,406	249,754	2,205,149
Other long-term liabilities	45,560	53,006	385,808
Total long-term liabilities	3,761,926	3,867,252	31,856,432
CURRENT LIABILITIES:			
Current maturities of long-term debt	316,945	287,442	2,683,928
Short-term borrowings	96,750	146,750	819,290
Accounts payable	78,601	85,076	665,603
Payable to subsidiaries and associated companies	81,384	68,723	689,169
Accrued income taxes	18,800	30,397	159,201
Accrued expenses and other current liabilities	169,560	175,024	1,435,853
Total current liabilities	762,040	793,412	6,453,044
RESERVE FOR FLUCTUATIONS IN WATER REVEL	8,541	8,642	72,326
EQUITY			
Common stock, authorized, 1,784,059,697 shares; issued, 962,698,728 shares in 2007 and 2006	489,320	489,320	4,143,619
Capital surplus:			
Additional paid-in capital	67,031	67,031	567,626
Other capital surplus	42		356
Retained earnings:			
Legal reserve	122,330	122,330	1,035,905
Unappropriated	948,885	891,592	8,035,270
Unrealized gain on available-for-sale securities	87,009	101,109	736,802
Deferred gain on derivatives under hedge accounting	14,669		124,219
Treasury stock - at cost 36,168,501 shares in 2007 and 35,826,610 shares in 2006	(72,879)	(71,804)	(617,148)
Total equity	1,656,407	1,599,578	14,026,649
TOTAL	¥6,188,914	¥6,268,884	$52,408,451

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥118.09 = U.S.$1, the approximate rate of exchange at March 31, 2007.

Non-Consolidated Statements of Income

The Kansai Electric Power Co., Inc. • Years Ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note)
	2007	2006	**2007**
OPERATING REVENUES:			
Electricity operating revenues:			
Residential	**¥963,790**	¥989,390	**$8,161,487**
Commercial and industrial	**1,317,248**	1,326,112	**11,154,611**
Other	**68,723**	53,407	**581,954**
Sub-total	**2,349,761**	2,368,909	**19,898,052**
Incidental operating revenues	**47,109**	34,677	**398,925**
Total	**2,396,870**	2,403,586	**20,296,977**
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	**206,989**	246,176	**1,752,807**
Fuel	**358,322**	300,212	**3,034,313**
Purchased power	**415,832**	404,603	**3,521,314**
Maintenance	**235,459**	208,743	**1,993,894**
Depreciation	**310,486**	338,286	**2,629,232**
Taxes	**153,090**	154,988	**1,296,384**
Other	**439,628**	416,199	**3,722,822**
Sub-total	**2,119,806**	2,069,207	**17,950,766**
Incidental operating expenses	**48,854**	39,502	**413,702**
Total	**2,168,660**	2,108,709	**18,364,468**
OPERATING INCOME	**228,210**	294,877	**1,932,509**
OTHER (INCOME) EXPENSES:			
Interest expense	**56,505**	62,632	**478,491**
Other - net	**(17,685)**	12,961	**(149,759)**
Total	**38,820**	75,593	**328,732**
INCOME BEFORE PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	**189,390**	219,284	**1,603,777**
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**(102)**	(9,595)	**(863)**
INCOME BEFORE INCOME TAXES	**189,492**	228,879	**1,604,640**
INCOME TAXES			
Current	**64,185**	88,357	**543,526**
Deferred	**7,640**	(3,026)	**64,696**
Total	**71,825**	85,331	**608,222**
NET INCOME	**¥117,667**	¥143,548	**$996,418**

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥118.09 = U.S.$1, the approximate rate of exchange at March 31, 2007.

Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Co., Inc. • Years Ended March 31, 2007 and 2006

	Millions of Yen									
			Capital Surplus		Retained Earnings					
	Issued Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Other Capital-Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Treasury Stock	Total Equity
BALANCE, APRIL 1, 2005	962,698,728	¥489,320	¥67,031		¥122,330	¥794,960	¥51,458		¥(38,919)	¥1,486,180
Net income						143,548				143,548
Cash dividends, ¥50 per share						(46,853)				(46,853)
Bonuses to directors and corporate auditors						(63)				(63)
Purchase of treasury stock									(32,885)	(32,885)
Net increase (decrease) in unrealized gain on available-for-sale securities							49,651			49,651
BALANCE, MARCH 31, 2006	962,698,728	489,320	67,031		122,330	891,592	101,109		(71,804)	1,599,578
Net income						117,667				117,667
Cash dividends, ¥65 per share						(60,243)				(60,243)
Bonuses to directors and corporate auditors						(131)				(131)
Purchase of treasury stock									(1,184)	(1,184)
Disposal of treasury stock				42					109	151
Net change in the year							(14,100)	¥14,669		569
BALANCE, MARCH 31, 2007	962,698,728	¥489,320	¥67,031	¥42	¥122,330	¥948,885	¥87,009	¥14,669	¥(72,879)	¥1,656,407

	Thousands of U.S. Dollars								
		Capital Surplus		Retained Earnings					
	Common Stock	Additional Paid-in Capital	Other Capital-Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2006	$4,143,619	$567,626		$1,035,905	$7,550,106	$856,202		$(608,045)	$13,545,413
Net income					996,418				996,418
Cash dividends, $0.55 per share					(510,145)				(510,145)
Bonuses to directors and corporate auditors					(1,109)				(1,109)
Purchase of treasury stock								(10,026)	(10,026)
Disposal of treasury stock			356					923	1,279
Net change in the year						(119,400)	$124,219		4,819
BALANCE, MARCH 31, 2007	$4,143,619	$567,626	$356	$1,035,905	$8,035,270	$736,802	$124,219	$(617,148)	$14,026,649

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥118.09 = U.S.$1, the approximate rate of exchange at March 31, 2007.

Corporate Governance

Five-Year Summary of Selected Operational Data

Corporate Governance

To enhance its corporate value on a sustained basis while maintaining the transparency and soundness of its business operations, Kansai EP and its Group companies view improvement of corporate governance as a vital element integral to operational management. Unstinting efforts focus on that goal.

Strategic Responses to Management Issues

Kansai EP takes proactive steps to enhance its corporate governance capability on an ongoing basis. Board of Directors meetings are convened regularly once each month, complemented by extraordinary meetings held when deemed necessary, and it is here that matters of essential importance to Group management are deliberated and decided. In addition, all Directors are continuously audited through regularly issued reports on the execution status of the duties incumbent upon them.

In executing important business matters, the Company pursues swift and proper decision-making by convening executive meetings regularly, in principle once every week. Here, the executives decide on strategic responses to management issues, as a way of enhancing corporate value on a continuing basis.

The system of executive officers was introduced in order to separate the executive and auditing functions of management and to boost the speed and efficiency of business execution.

Assurance of Transparency and Soundness

Kansai EP adopts a system of Corporate Auditors. The Corporate Auditors attend important meetings, including Board of Directors meetings and executive meetings, where they state their opinions, listen to explanations by the Directors pertaining to matters of importance to Company management, and look into the business and assets status of the Company's main bases of operation and Group companies. By auditing the Directors' execution of their duties from the perspectives of legal conformity and propriety, all the while maintaining a wholly independent stance, the Corporate Auditors ensure the transparency and soundness of the Company's business operations. In addition, meetings are regularly convened between the Corporate Auditors and Managing Directors, et al., as a way of promoting exchanges of opinion.

Management of Risk Accompanying Business Activities

In line with the "Kansai Electric Power Group Risk Management Rules," risk accompanying business activities is managed autonomously by the executive section of each respective business division. As to risk deemed of importance across multiple organizational levels, risk management is strengthened by determining, when necessary, points in risk management that are special in nature, in which case experts provide advice and guidance to the various business execution divisions.

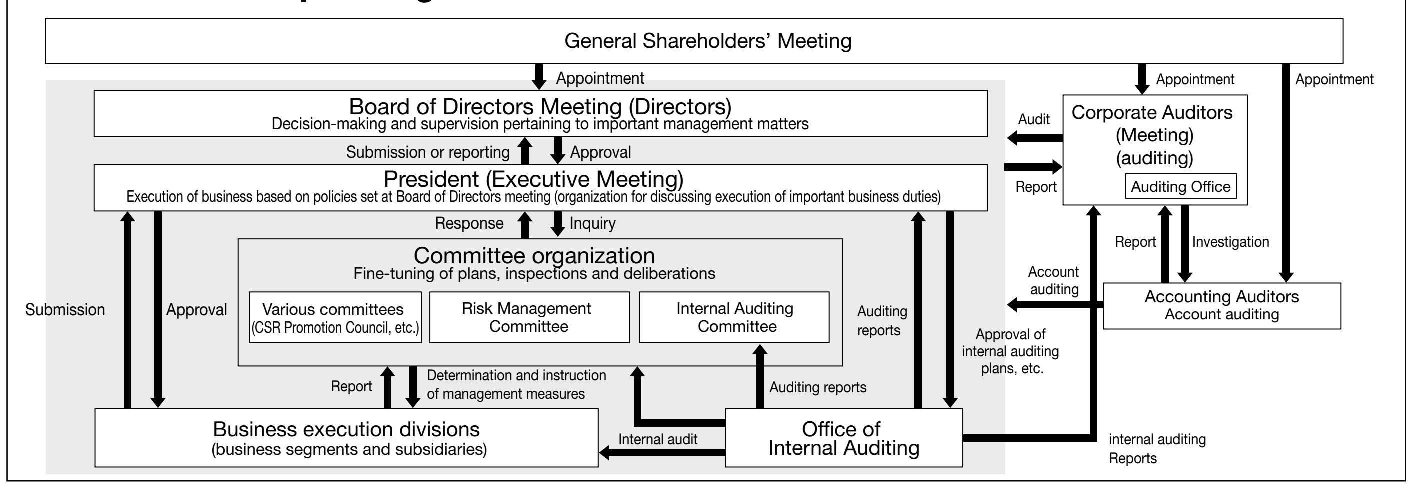
Enhancement of Internal Audit Functions

The Kansai EP Group has established an Internal Auditing Committee whose functions are to share and deliberate a broad range of management issues relating to quality or safety, secure views and information from outside the Company and, from an impartial and specialized standpoint, maintain proper internal auditing of the Group as a whole.

An Office of Internal Auditing, consisting of 41 members, has also been established as an organization specially assigned to perform internal auditing. The office conducts regular auditing of risk management systems, risk management status, etc., and submits proposals or reports to the executive meetings concerning internal auditing plans and their results. At the various work areas, activities needed for making improvements in light of the auditing results are carried out in an ongoing quest to ensure proper business management.

As the vital overseers of corporate governance, the Corporate Auditors, internal auditing division (Office of Internal Auditing) and Accounting Auditors coordinate, at their discretion, in the performance of auditing duties. They also maintain close ties for exchanging views toward auditing results, etc.

Overview of corporate governance

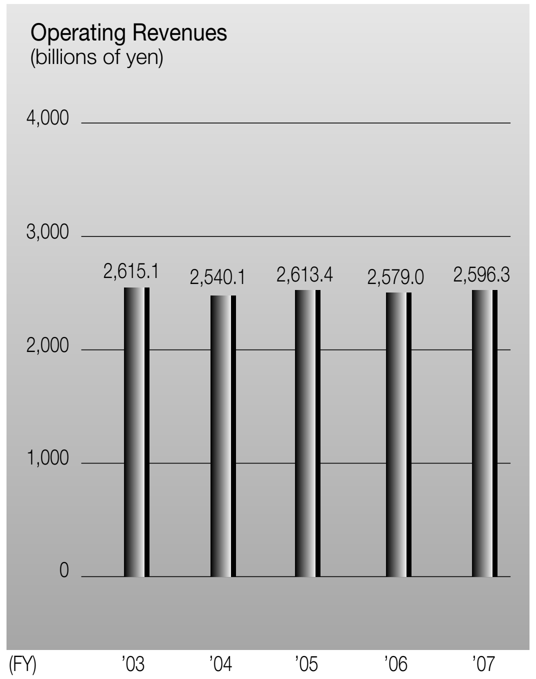


Five-Year Summary of Selected Operational Data

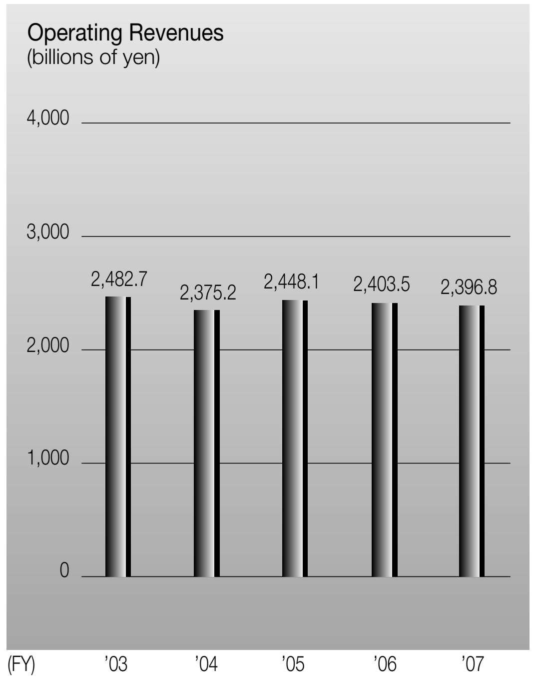
	Consolidated Basis					Non-Consolidated Basis				
(FY)	2003	2004	2005	2006	**2007**	2003	2004	2005	2006	**2007**
Operating Revenues (Millions of Yen)	2,615,154	2,540,155	2,613,483	2,579,059	**2,596,371**	2,482,743 *	2,375,239*	2,448,181 *	2,403,586 *	**2,396,870** *
Operating Income	325,581	349,492	386,939	327,170	**271,644**	315,575	329,456	366,059	294,877	**228,210**
Net Income	80,474	90,111	69,739	161,049	**147,935**	97,277	118,448	110,179	143,548	**117,667**
Operating Revenues										
Residential						995,426	944,224	990,939	989,390	**963,790**
Commercial & Industrial						1,426,323	1,356,480	1,373,715	1,326,112	**1,317,248**
Total						2,421,749	2,300,704	2,364,654	2,315,502	**2,281,038**
Breakdown of Operating Expenses										
Personnel Expenses						367,818	330,738	292,170	246,176	**206,989**
Fuel Costs						202,275	168,436	242,944	300,212	**358,322**
Costs of Purchased Power						407,465	372,126	410,037	404,603	**415,832**
Maintenance Costs						206,636	185,848	184,663	208,743	**235,459**
Depreciation						382,931	388,751	359,588	338,286	**310,486**
Taxes Other than Income Taxes						166,019	160,054	156,357	154,988	**153,090**
Other						434,024 **	423,714**	408,352 **	416,199 **	**439,628** **
Total						2,167,168 **	2,029,667**	2,054,111 **	2,069,207 **	**2,119,806** **
Financial Revenues	2,192	2,364	4,143	3,653	**6,556**	2,932	2,892	3,573	3,876	**6,636**
Interest Expenses						111,072	98,575	77,836	62,632	**56,505**

*Including Incidental Operating Revenues
**Excluding Incidental Operating Expenses

Consolidated Basis



Non-Consolidated Basis

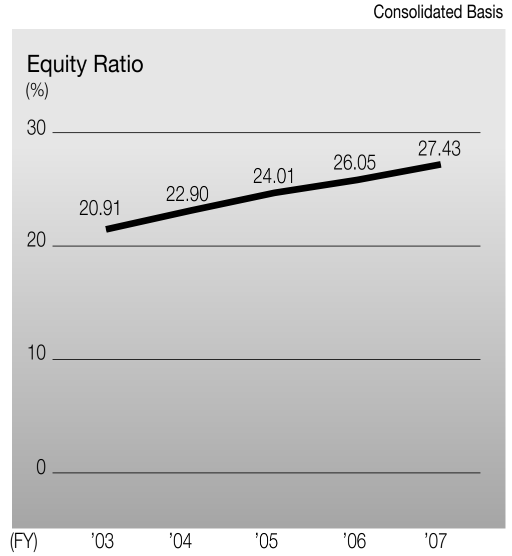


	Consolidated Basis					Non-Consolidated Basis				
	(FY) 2003	2004	2005	2006	2007	(FY) 2003	2004	2005	2006	2007
Return on Equity (ROE) (%)	5.14	5.66	4.25	9.38	**8.08**	7.31	8.59	7.55	9.31	**7.23**
Return on Assets (ROA)* (%)	2.05	2.09	1.75	3.01	**2.78**	2.44	2.68	2.51	2.97	**2.53**
Net Income per Share (Yen)	83.49	94.77	73.83	172.84	**159.69**	101.36	124.97	116.91	154.14	**126.97**
Cash Dividends per Share (Yen)	50.00	50.00	50.00	60.00	**60.00**	50.00	50.00	50.00	60.00	**60.00**
Stock Price (Yen)										
Highest Stock Price						1,912	2,035	2,150	2,805	**3,920**
Lowest Stock Price						1,641	1,801	1,862	2,050	**2,400**
Capital Investments (Millions of Yen)	386,850	321,503	273,797	268,652	**297,459**	326,535	255,110	203,555	180,631	**223,704**
Total Assets (Millions of Yen)	7,402,327	7,150,826	6,857,871	6,856,489	**6,827,230**	6,772,316	6,540,844	6,294,612	6,268,884	**6,188,914**
Equity (Millions of Yen)	1,548,131	1,637,248	1,646,686	1,785,985	**1,877,355**	1,324,806	1,433,439	1,486,180	1,599,578	**1,656,407**
Equity Ratio (%)	20.91	22.90	24.01	26.05	**27.43**	19.56	21.92	23.61	25.52	**26.76**
Volume of Electricity Sales (Million kWh)										
Residential						45,603	44,655	46,800	48,720	**48,360**
Commercial & Industrial						96,217	95,591	98,086	98,389	**98,896**
Total						141,820	140,246	144,886	147,108	**147,257**
Number of Customers (Thousands)										
Residential						11,590	11,695	11,821	11,964	**12,108**
Commercial & Industrial						**1,379	**1,358	**1,335	**1,196	****1,175**
Total						**12,969	**13,053	**13,156	**13,160	****13,282**

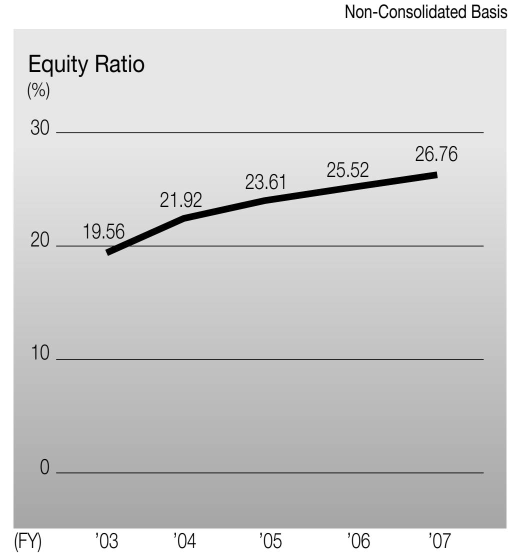
**Excluding the liberalized segment

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

Consolidated Basis



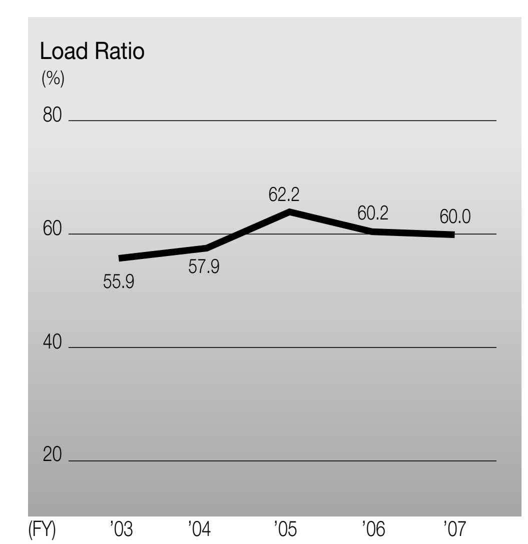
Non-Consolidated Basis



The Kansai Electric Power Co., Inc. | Annual Report 2007

	(FY) 2003	2004	2005	2006	2007
Electricity Generation Capacity by Sources (MW)					
Nuclear	9,768	9,768	9,768	9,768	**9,768**
Fossil Fuel	17,531	16,907	17,807	17,807	**16,907**
Hydroelectric	8,135	8,149	8,186	8,186	**8,189**
Total	35,434	34,824	35,761	35,761	**34,864**
System Peak Demand (MW)	31,610	30,550	30,470	30,870	**30,530**
Load Ratio (%)	55.9	57.9	62.2	60.2	**60.0**
Power Sources (%)					
Nuclear	57	56	43	46	**45**
Fossil Fuel	31	29	43	43	**43**
Hydroelectric	12	14	13	10	**11**
Renewable		1	1	1	**1**
Total	100	100	100	100	**100**
SOx Emissions from Fossil Fuel Power Generation (g/kWh)	0.049	0.019	0.064	0.066	**0.045**
NOx Emissions from Fossil Fuel Power Generation (g/kWh)	0.138	0.124	0.121	0.126	**0.121**
Nuclear Capacity Factor (%)	90.5	89.1	70.2	75.4	**77.0**
Heat Efficiency Ratio (power generation end) (%)	39.74	39.50	40.03	40.07	**40.50**
Number of Employees *	21,920	21,031	20,640	20,408	**20,292**
Ratings (Moody's)					
In Yen	Aa3	Aa3	Aa3	Aa3	**Aa2**
In Foreign Currencies	Aa3	Aa3	Aa3	Aa3	**Aa2**
Date of General Shareholders' Meeting	June 27	June 29	June 29	June 29	**June 28**

* 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 2007)

Date of Establishment: May 1, 1951
Paid-in Capital: ¥489.3 Billion
Number of Common Shares Issued: 962,698 Thousand
Number of Shareholders: 443 Thousand
Operating Revenues: ¥2,596.3 Billion (Consolidated Basis)
Total Assets: ¥6,827.2 Billion (Consolidated Basis)
Number of Employees: 29,805 (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:
Common Stock:
Osaka Securities Exchange
Tokyo Stock Exchange
Nagoya Stock Exchange

Transfer Agent:
Mitsubishi UFJ Trust and Bank Corporation
6-3, Fushimi-cho 3-chome, Chuo-ku, Osaka 541-8502, Japan
Phone: 06-6229-3011

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 ¥118.09=US$1, the approximate rate of exchange at March 31, 2007.

Major Power Plants In Service (Over 50 MW)

(As of March 31, 2007)

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	Yomikaki	117 MW
10	Kiso	116 MW
11	Shin-Kurobegawa No.3	107 MW
12	Amagase	92 MW
13	Komaki	86 MW
14	Kurobegawa No.3	81 MW
15	Shin-Kurobegawa No.2	74 MW
16	Kurobegawa No.2	72 MW
17	Ontake	69 MW
18	Shin-Soyama	68 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

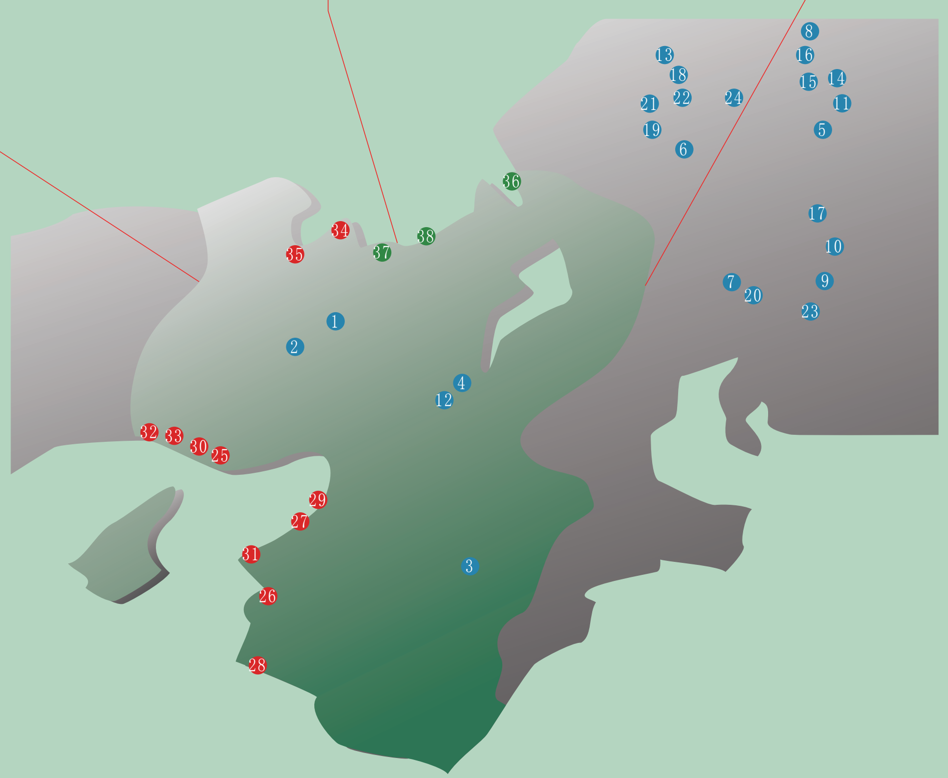
25	Himeji No.2 (LNG/Oil)	2,550 MW
26	Kainan (Oil)	2,100 MW
27	Sakaiko (LNG)	2,000 MW
28	Gobo (Oil)	1,800 MW
29	Nanko (LNG)	1,800 MW
30	Himeji No.1 (LNG)	1,442 MW
31	Tanagawa No.2 (Oil)	1,200 MW
32	Ako (Oil)	1,200 MW
33	Aioi (Oil)	1,125 MW
34	Maizuru Unit No.1 (Coal)	900 MW
35	Miyazu (Oil)	750 MW

Nuclear

36	Mihama	1,666 MW
37	Takahama	3,392 MW
38	Ohi	4,710 MW

Power Plants Under Construction

Fossil Fuel
Maizuru Unit No.2 (Coal) 900 MW



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