THE KANSAI ELECTRIC POWER CO., INC.

Annual Report
2008

Always Evoluting

to Fulfill Our Enduring Mission

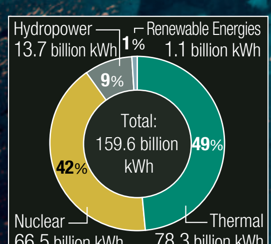
Contents

Corporate Profile

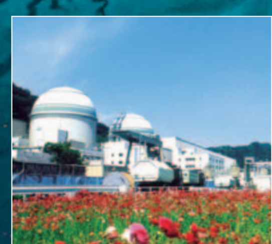
Since the Kansai Electric Power was established in 1951, for over half a century we have met electric power demand in the Kansai region. As the times have changed—from high economic growth following the war through two separate oil shocks to the start of electric deregulation—we have worked to develop, operate and maintain an optimal facility configuration in order to maintain safe and stable supplies of electric power.

Electric power sold by the Kansai Electric Power in the fiscal year ended March 31, 2008 (fiscal 2008) totaled 150.4 billion kilowatt-hours, which is more power demand than the entire country of Sweden. The Kansai Electric Power is the second largest power utility in Japan. We have promoted nuclear power since initiating operations at Japan's first pressurized water reactor in 1970. Nuclear power accounted for 42% of power generated in fiscal 2008, so our CO_2 emissions per unit of electric power sold (consumed) is among the best of any of Japan's electric power utilities.

The Kansai Electric Power Group will continue to provide total solutions, which combine our safe, stable and environmentally friendly electric supplies with services offered by Group companies, primarily in the three areas of integrated energy supply, information and telecommunications and lifecycle-related business. By doing so, we will further improve customer satisfaction and achieve sustained growth for the Group as a whole.

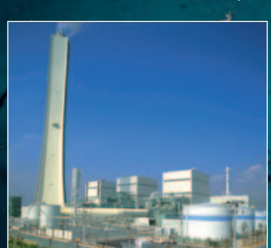


Power Source Composition (Fiscal 2008)



Takahama Nuclear Power Plant

Note: Power source composition include power received from other companies (interchange power and pumped-storage hydropower are not include). The figures above are rounded off, so the totals may not equal 100%.



Nanko Thermal Power Plant

Kurobe Dam (Kurobegawa No. 4 Hydro Power Plant)

Forward-Looking Statements: Plans, strategies, forecasts and other forward-looking statements regarding the Kansai Electric Power and its subsidiaries and affiliates presented in this report are based on information available at the time and are subject to a variety of risks and uncertainties. It is therefore possible that results will differ from statements contained in this report, including actual financial performance and business conditions, due to a variety of factors that could include changes in economic conditions, market trends and revisions to relevant laws and regulations. Your understanding is appreciated.

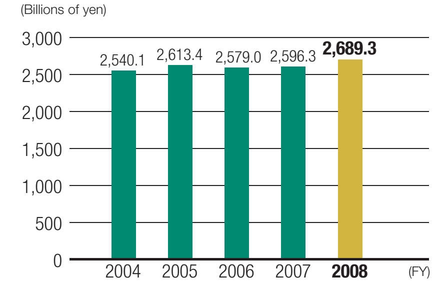
Consolidated Financial Highlights

The Kansai Electric Power Company, Incorporated and Subsidiaries Years Ended March 31	2004	2005	2006	2007	2008	2008
	¥ Billion					US$ Million[1]
Operating Revenues	¥ 2,540.1	¥ 2,613.4	¥ 2,579.0	¥ 2,596.3	**¥ 2,689.3**	**$ 26,839**
Operating Income	349.4	386.9	327.1	271.6	**187.1**	**1,868**
Net Income	90.1	69.7	161.0	147.9	**85.2**	**851**
Total Assets	7,150.8	6,857.8	6,856.4	6,827.2	**6,789.6**	**67,761**
Net Assets	1,637.2	1,646.6	1,785.9	1,877.3	**1,845.7**	**18,421**
Operating Cash Flows	808.3	691.2	528.8	541.7	**411.7**	**4,109**
Per Share Data	Yen					US Dollars
Net Income	¥ 94.77	¥ 73.83	¥ 172.84	¥ 159.69	**¥ 92.39**	**$ 0.92**
Cash Dividends	50.00	50.00	60.00	60.00	**60.00**	**0.60**
Net Assets	1,729.57	1,749.65	1,927.29	2,021.60	**2,003.91**	**20.00**
Major Indicators	%					
Equity Ratio	22.9	24.0	26.0	27.4	**27.1**	
Return on Equity	5.7	4.2	9.4	8.1	**4.6**	
Return on Assets[2]	4.0	5.4	4.6	4.3	**3.1**	
	Billion kWh					
Electricity Sales Volume	140.2	144.9	147.1	147.3	**150.4**	

Note 1: The yen-dollar exchange rate of ¥100.20 = US$1 as of March 31, 2008, is applied.
Note 2: ROA = Business profit (ordinary income plus interest expense) divided by total assets (average of period-start and period-end totals)

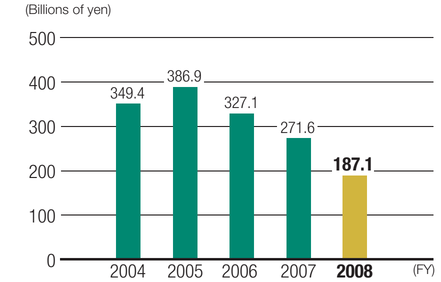
Operating Revenues

(Billions of yen)



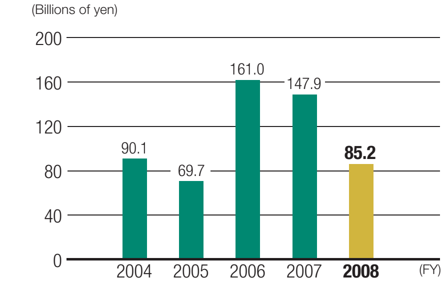
Operating Income

(Billions of yen)



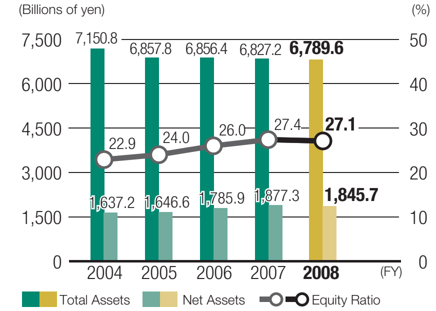
Net Income

(Billions of yen)



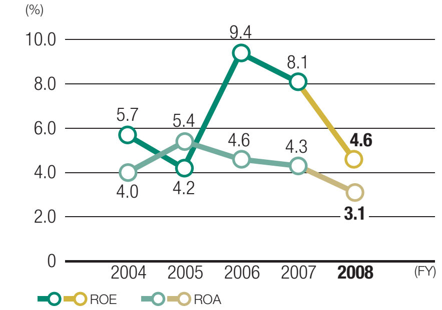
Total Assets, Net Assets, Equity Ratio

(Billions of yen) (%)



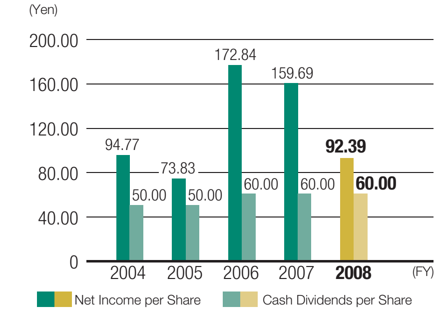
Return on Equity, Return on Assets

(%)



Net Income per Share/ Cash Dividends per Share

(Yen)



Characteristics of the Kansai Area and the Electric Power Business in Japan

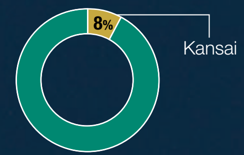
Characteristics of the Kansai Area

The Kansai Area, where we supply electric power, is just about in the middle of the Japanese Archipelago and features cities like Osaka, Nara and Kyoto where politics, economics and culture have flourished for over 1,200 years.

Kansai constitutes just 8% of Japan's total land area, but it boasts a population of over 20 million people, 17% of Japan's total population. The region is home to a wide range of industries, including electrical equipment, machinery, steel, chemicals and textiles, and many of Japan's most well-known companies were established here. Kansai's steady growth is driven by innovative technologies. As a result, the region accounts for 16% of Japan's GDP, which makes it a major economic sphere with a GDP that rivals that of Australia.

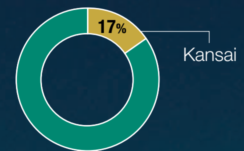
Many large-scale factories have been established along Osaka waterfront in recent years, including flat panel production plants, as the area is being transformed into a hotbed of cutting-edge industry. As a locally rooted company, the Kansai Electric Power intends to grow in lockstep with the region while contributing to its development and lending vitality to local industry.

Kansai's Area Compared with Japan's Total Area



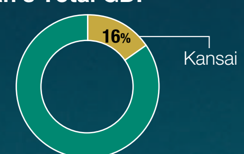
Source: "A Survey on Japan's Land Area by Municipality (as of October 2007)" by the Geographical Survey Institute, Ministry of Land, Infrastructure and Transport.

Kansai's Population Compared with Japan's Total Population

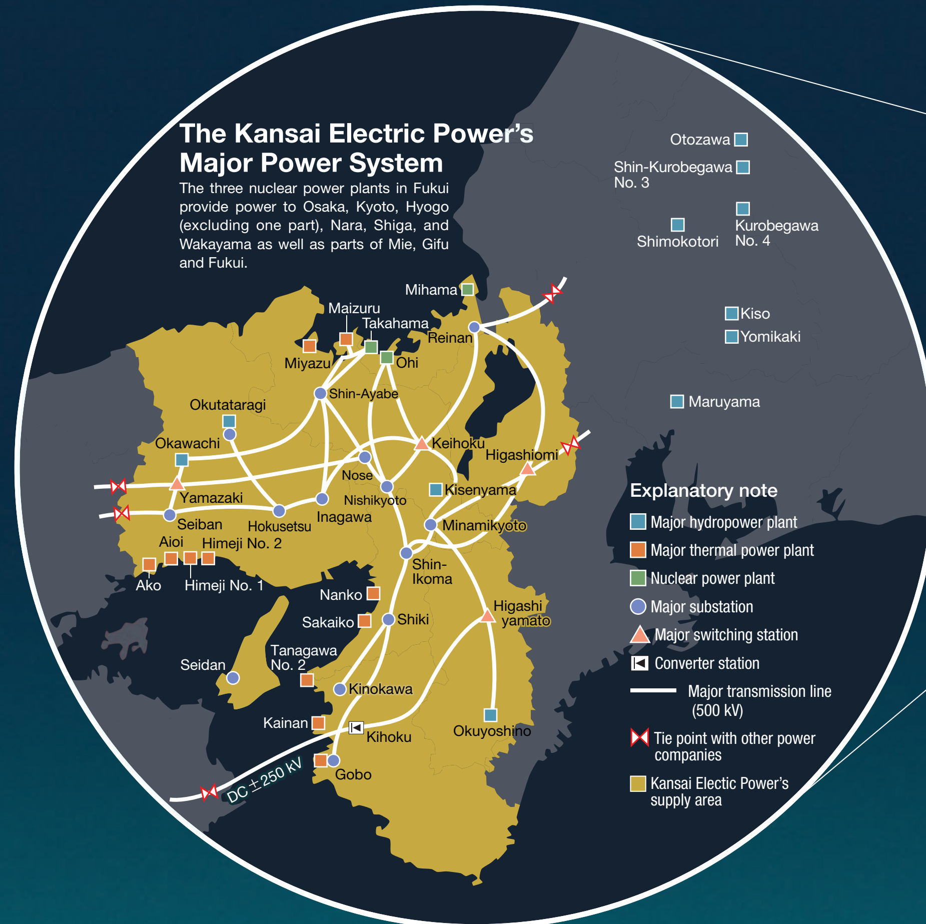


Source: "Japanese Population Estimates (as of October 2007)" by the Statistics Bureau, Ministry of Internal Affairs and Communications.

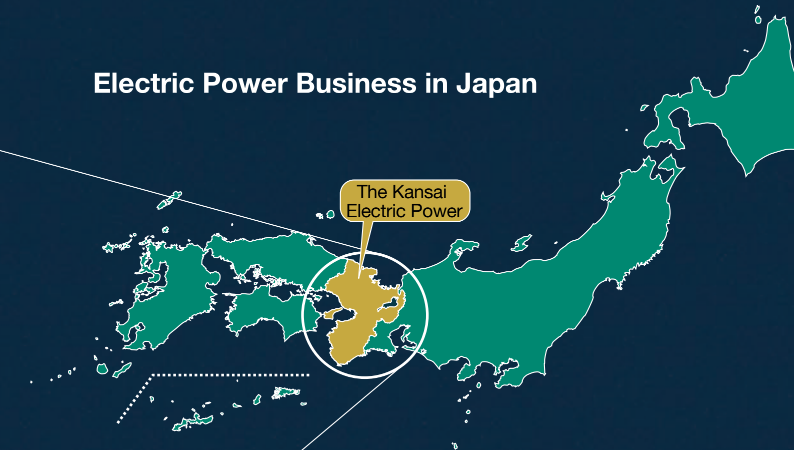
Kansai's GDP Compared with Japan's Total GDP



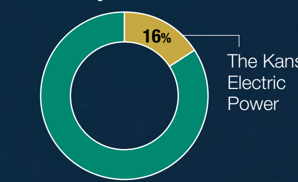
Source: "Annual Report 2005 on Prefectural Economy Calculations" by the Economic and Social Research Institute, Cabinet Office, Government of Japan.



Electric Power Business in Japan



Electricity Sales Volume



Japan's nine electric power companies (10 after Okinawa Electric Power was privatized in 1988) were established in 1951 to manage power generation and distribution in Japan in an integrated manner. They have developed as locally rooted companies while demonstrating distinct characteristics due to differences in regional climates, geography, population distribution, and industrial structure.

The retail power market in Japan was partially liberalized in March 2000, but an integrated power generation and distribution system was maintained. Customers receiving extra-high voltage power were subject to deregulation, accounting for about 30% of all power sold. The scope of liberalization has been gradually expanded since. In April 2005 it was expanded to include all customers receiving high-voltage electricity, which accounts for around 60% of electric power sold. In addition, although deliberations on reforms to the power industry that began in April 2007 have resulted in full-scale deregulation of retail power being postponed, further steps will be taken to enhance the competitive nature of the industry on the precondition that both supply stability and environmental compatibility are simultaneously achieved.

Parks and a cluster of skyscrapers surround the keep of Osaka Castle

New Panasonic Plasma Display Co., Inc. factory

Kobe Port Tower, a marine museum, and other structures line Kobe's port

Sharp "Manufacturing Complex for the 21st Century" (conceptual drawing)

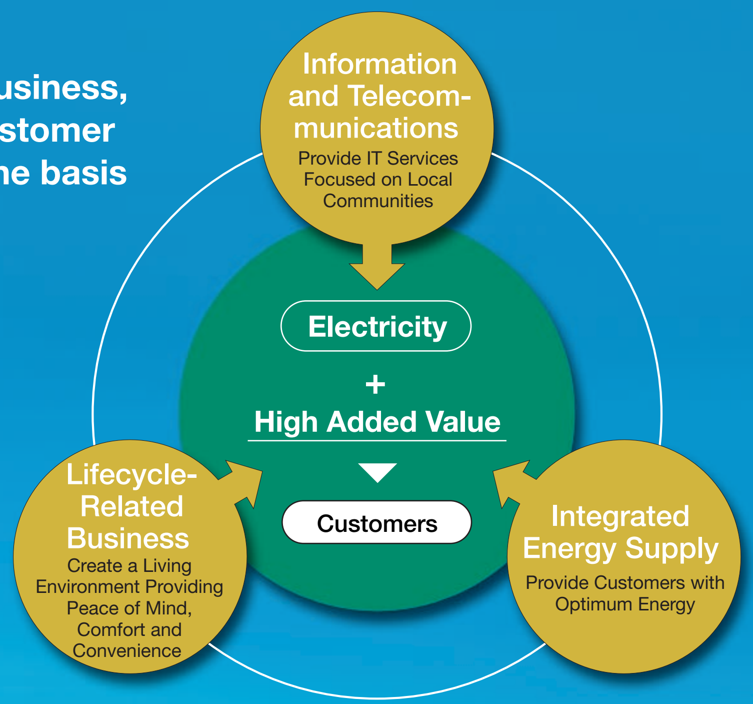
The main temple and stage of Kiyomizu Temple in Kyoto, a national treasure

The Kansai Electric Power Group: Always Evolving to Fulfill Our Enduring Mission

We challenge for ceaseless self-improvement to fulfill our mission of continuously supporting our customers with their interests as the basis.

With the energy supply as our core business, we will aspire to become "No. 1 in customer satisfaction" in this area that forms the basis of our customers' daily lives

In order to be "No. 1 in customer satisfaction", it is essential that we provide the best service and fulfill our responsibilities as a corporation based on trust earned from the general public. Each and every employee of the Kansai Electric Power Group will put these commitments into practice so that we earn the profits that are expected of us by shareholders, raise corporate value and bring about growth for the Group.



Features: Accommodating the Changing Times

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The Kansai Electric Power Group Will Deliver Distinctive Total Solutions to Meet Customer Needs

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3 Tackling the Problem of Global Warming P. 19

The Kansai Electric Power Will Utilize Electric Power to Help Create an Environmentally Friendly Society

The Mihama Nuclear Power Station began operation as the first pressurized water reactor in Japan.

Shosuke Mori
President and Director

We Are Achieving Sustained Growth by Anticipating the Changing Times and Constantly Evolving

Since our establishment over a half-century ago, the Kansai Electric Power Group has focused on delivering safe and stable supplies of electric power at inexpensive prices and has worked to fulfill our mission of continuing to help customers. In March 2004, we formulated “the Kansai Electric Power Group Management Vision,” and based on this vision, the Group as a whole will reaffirm the need to constantly evolve in order to continue to fulfill its unchanging mission and will devote itself completely to realizing the ideal to which we aspire, which is to be “No. 1 in customer satisfaction.”

Major factories have continued to be established in the Kansai region in recent years, and steady growth is anticipated in electric power demand. At the same time, resource prices are skyrocketing due to tight energy supply and demand worldwide, and ensuring energy security is becoming increasingly important. What is more, appropriately addressing the problem of global warming has become an urgent task.

Operating amid such conditions, the Kansai Electric Power Group will harness its collective strength and provide total solutions in the areas of environmentally friendly electric power, integrated energy supply, information and telecommunications, and lifecycle-related business in order to precisely meet the growing needs of customers and the general public. In order to do this, we will manage all facets of the Company in an efficient, reliable manner while drawing on our ingenuity. We also intend to strengthen our business foundation through steady investment in management resources while considering asset efficiency and the rate of return on investment.

Along with construction of a solid safety culture, thorough compliance, and faithfully fulfilling social responsibilities, the Kansai Electric Group will achieve sustained growth by anticipating the changing of time and constantly working to evolve.

Corporate Performance in Fiscal 2008

Electricity sales volume rose 2.1% and operating revenues increased 3.6% from the previous year. However, net income decreased 42.4%, primarily due to rising fuel prices.

Overview

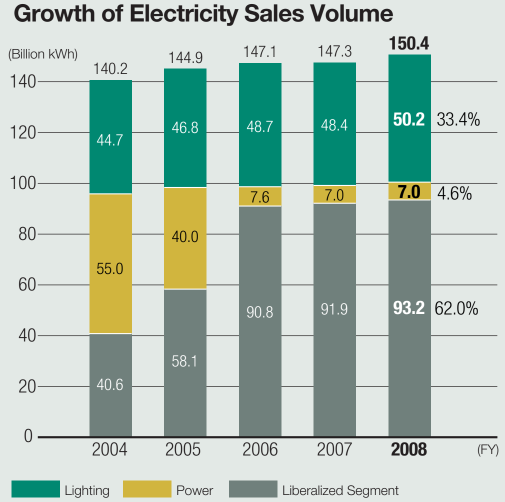
In the fiscal year ended March 31, 2008 (fiscal 2008), the Japanese economy was marked by sluggish consumer spending and, toward the end of the term, an increasingly uncertain outlook. However, overall, the economy continued to gradually expand on increasing capital investment and production against a backdrop of export growth.

In the electric power business, the core business of our Group, electricity sales volume increased 2.1% from the previous year to 150.42 billion kilowatt-hours, as we notched a record high for the fourth consecutive year. This was the result of continued gradual growth in the economy, an increase in heating demand associated with low winter temperatures compared with the previous year, and efforts to promote totally electric home conversions, which led to 106,000 new installations for the term.

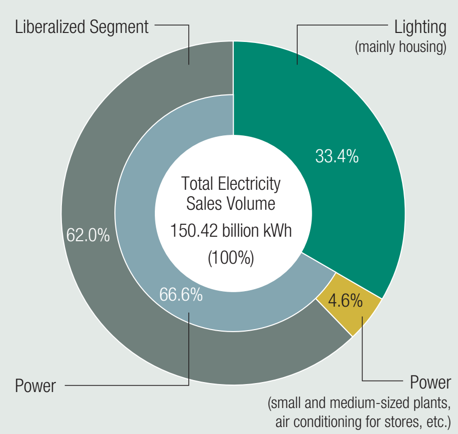
In the information and telecommunications business, we worked to acquire customers through aggressive sales activities centering on FTTH services, which resulted in service subscribers increasing 680,000 (as of the end of the term), or 31%, compared with the previous year. In the integrated energy supply business, which is part of the other businesses segment, gas and other energy sales volumes increased 840,000 tons, or 11%, compared with previous year, as we successfully expanded our earnings base in various sectors.

Growth and Components of Electricity Sales Volume

Growth of Electricity Sales Volume



Components of Electricity Sales Volume in the Year Ended March 31, 2008



Note: "Liberalized Segment" refers to the demand subject to the liberalization of Japan's retail power market. (Until the year ended March 31, 2004, it referred to the demand from customers who receive electricity at extremely high voltages of 20,000 V or more and use electricity of 2,000 kW or more. In the year ended March 31, 2005, it referred to the demand from customers who receive electricity at high voltages of 6,000 V and use electricity of 500 kW or more. In the year ended March 31, 2006, it referred to the demand from customers who receive electricity at high voltages of 6,000 V and use electricity of 50 kW or more.)

Revenues and Expenditures

On the revenue side, electricity revenue increased on higher sales volumes, which led operating revenues (net sales) from the electric power business to increase by ¥72.6 billion, or 3.1%, over the previous year, to ¥2,410.8 billion. The Group also worked together to conduct aggressive sales activities in the information and telecommunications business and integrated energy supply business. As a result, consolidated operating revenues (net sales) increased ¥92.9 billion, or 3.6%, over the previous year, to ¥2,689.3 billion.

On the expenditures side, although we made efforts to reduce various expenses, fuel costs for thermal power generation increased substantially due to rising fuel prices and an increase in thermal power generation caused by higher electricity sales volume and other factors. Operating expenses for the electric power business rose ¥155.0 billion, or 7.4%, compared to the previous year, to ¥2,255.7 billion. There was also an increase in costs associated with system development in the information and telecommunications business and an increase in material costs for the integrated energy supply business. As a result, consolidated operating expenses increased by ¥177.4 billion, or 7.6%, compared to the previous year, to ¥2,502.1 billion.

As a result of these developments, consolidated operating income for the term decreased ¥84.4 billion, or 31.1%, compared to the previous year, to ¥187.1 billion. Consolidated ordinary income totaled ¥152.4 billion, a decrease of ¥79.2 billion, or 34.2%, compared to the previous year. Net income declined by ¥62.6 billion, or 42.4%, compared to the previous year, to ¥85.2 billion.

Note: Ordinary income, a common indicator in Japan, corresponds to income before income taxes and minority interests, less any extraordinary profit or loss.

Performance by Business Segment (before inter-segment cancellation)

Business Segment		March 31, 2007 Amount (¥ Million)	March 31, 2008 Amount (¥ Million)	Increase Decrease Amount (¥ Million)	Increase Decrease Percentage (%)
Electric Power	Operating revenues	2,349,760	**2,422,721**	72,961	3.1
	Operating expenses	2,119,805	**2,274,573**	154,768	7.3
	Operating income	229,955	**148,148**	–81,807	–35.6
IT/Communications	Operating revenues	133,442	**148,296**	14,854	11.1
	Operating expenses	124,459	**139,655**	15,196	12.2
	Operating income	8,983	**8,641**	–342	–3.8
Other	Operating revenues	415,905	**419,905**	4,000	1.0
	Operating expenses	383,239	**388,527**	5,288	1.4
	Operating income	32,666	**31,378**	–1,288	–3.9

Note: The above figures are exclude consumption taxes.

Management Strategy

We will work to continue to generate operating cash flow and raise corporate value over the medium-to-long-term by steadily investing management resources while considering asset efficiency and the rate of return on investment.

In order to respond to growing competition associated with liberalization of the electric power industry, the Kansai Electric Power Group has worked to raise the efficiency of its overall operations through reducing capital investment and ordinary expenses, bolstering its competitiveness, more muscular financial structure, and expanding Group businesses as new sources of earnings, all the while making safety the absolute top priority.

While engaged in such efforts, the business environment surrounding the Group has been undergoing substantial change. Customer needs continue to diversify as concern over global warming mounts and the Japanese population ages. At the same time, energy markets have been changing as a result of skyrocketing resource prices caused by tightening energy supply and demand around the globe.

We will respond to this increased diversity in customer needs by providing totally electric systems and efficient energy systems and by proposing utility service that offers comprehensive services for utility facilities, such as transformers, boilers and air-conditioning systems, covering their design, construction, maintenance, and operational management. We will also proactively help customers reduce energy use and CO_2 emissions. In non-energy-related fields, we will work to provide even more optimal solutions in information and telecommunications, lifecycle-related business and other areas.

To respond to the changes taking place in energy markets, we will develop an optimum generation mix that is environmentally friendly, efficient and competitive while ensuring energy security. This power mix will center on nuclear power, a cornerstone power source that offers stable supplies, environmental protection and financial stability. In order to accomplish this, we will steadily carry out construction work to address aging facilities at nuclear power plants and continue to work to operate plants in a safe and stable manner. We will upgrade facilities at the Sakaiko LNG Thermal Power Station in the interest of heat-efficiency and carry out construction work on Maizuru Power Station Unit 2 with coal, the cheapest heating fuel. With regard to fuel procurement, we will strengthen fuel procurement chains to improve stability, flexibility and economic efficiency by acquiring upstream equity for LNG and uranium mine development and acquiring our own LNG transportation vessels.

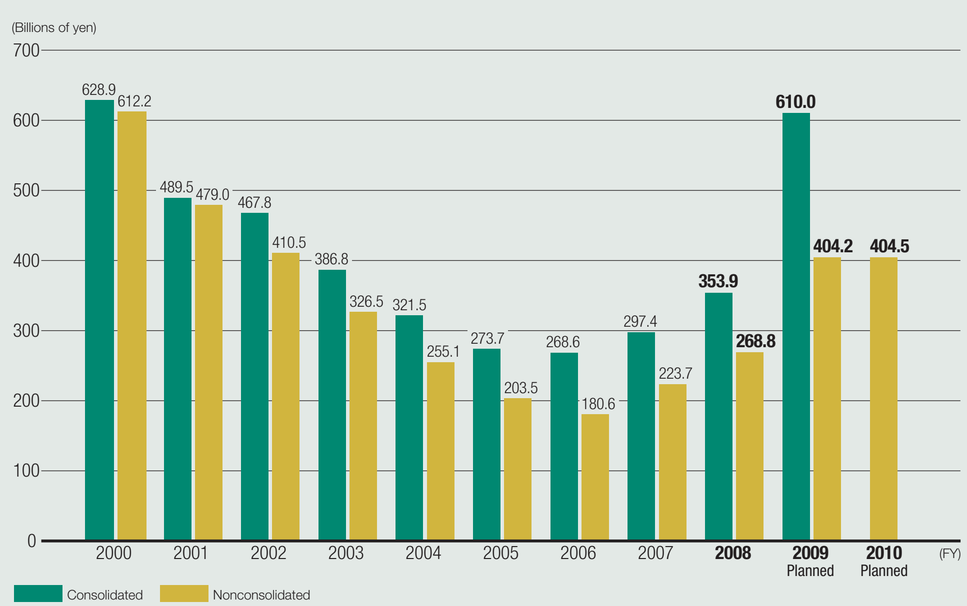
In this way, the Kansai Electric Power Group will maintain efficient operations and invest its management resources while considering asset efficiency and the rate of return on investment and strengthen its operating base. Through these efforts, we will work to generate operating cash flow on an ongoing basis and raise corporate value from a medium-to-long-term perspective.

In March 2008, we established new financial targets in order to quantify this strategy. We also created a new management indicator, the payout ratio, to further clarify our basic stance on distributing profits to shareholders, which is to continually raise shareholder value based on a stable dividend.

Thank you for your continuing support.

Shosuke Mori
President and Director

Capital Investments



Note: The consolidated data for the year ended March 31, 2009 do not reflect the elimination of inter-group transactions.

New Financial Targets and Policy on Distributing Profits to Shareholders

Financial Targets

	FY2009 – FY2013 Average	FY2013
Return on assets (consolidated)[1]	3% or higher	4% or higher
Operating cash flows (consolidated)	¥550.0 billion or higher	¥650.0 billion or higher
Operating revenues from group businesses (external sales)[2]	¥340.0 billion or higher	¥380.0 billion or higher
Ordinary income from group businesses[2]	¥ 45.0 billion or higher	¥ 60.0 billion or higher

Note 1: Return on assets is business profit (ordinary income plus interest expense) divided by total assets (average of period-start and period-end totals.)

Note 2: Figures in this table are the straight sums of targets set by consolidated subsidiaries prior to consolidation eliminations.
Figures in this table include a portion of gas supply, fuel sales and steam supply businesses, which are part of incidental businesses included in the non-consolidated financial statements.
Ordinary income includes the amounts from affiliated companies accounted for by the equity-method.

Policy on Distributing Profits to Shareholders — Targeting a rate of total distribution on net assets of approximately 4%

The Company set dividend and share-buyback as methods for distribution to shareholders and intends to achieve “the rate of total distribution on net assets”[3] at approximately 4% each year from fiscal year ending on March 31, 2008 to fiscal year ending on March 31, 2013.

The Company also intends to retire its own shares which will be repurchased in the future according to this basic policy.

Note 3: The rate of total distribution on net assets for Fiscal year n =

$$\frac{\text{(total amount of dividend for Fiscal year } n\text{) + (total amount of repurchased its own shares for Fiscal year } n+1\text{)}}{\text{consolidated net assets for Fiscal year } n \text{ (average amount of the beginning and end of fiscal year)}}$$

1

Accommodating Diversifying Customer Needs

The Kansai Electric Power Group Will Deliver Distinctive Total Solutions to Meet Customer Needs

Providing Total Solutions by Combining Electricity with High-Value-Added Services

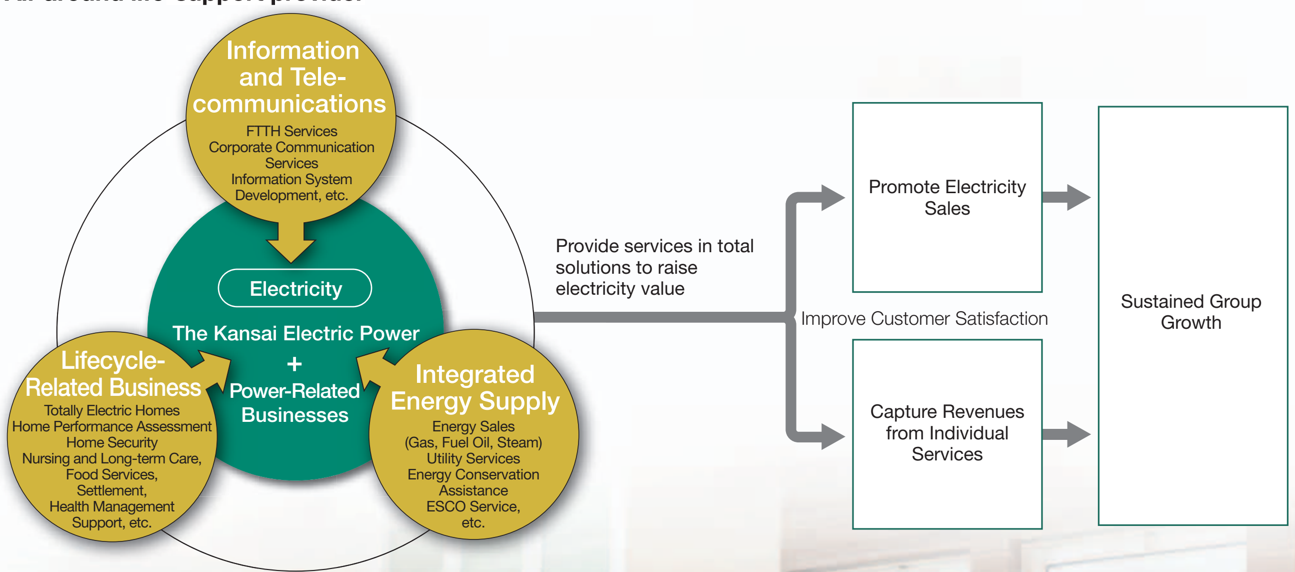
Since its founding, the Kansai Electric Power has focused on providing safe and stable supplies of electric power at inexpensive prices and has worked to fulfill its mission of continuing to help its customers.

In recent years, with the problem of global warming coming to the fore, environment-related needs—specifically, energy conservation and CO_2 reduction—have grown alongside the traditional customer need for stable supplies and low costs. With IT ushering in a more information-based society and the Japanese population aging, there is now an even greater need for services that help make life enriched, secure and comfortable.

In order to respond to increasingly diverse customer needs, the Kansai Electric Power Group continues to work to enable customers to comfortably use environmentally friendly electric power. We also provide distinctive total solutions that combine electric power with other Group services, primarily in the areas of integrated energy supply, information and telecommunications and lifecycle-related business. We call these services the all-round life-support business.

Through these total solutions, we will strive to raise customer satisfaction, promote the use of our electric power and achieve sustained growth for the Group as a whole, while working to increase revenues from individual services.

All-around life-support provider



Household Customers

Providing Total Solutions Based on Totally-Electric Conversion in Order to Provide Environmentally Friendly, Secure, Comfortable and Economical Living Environments

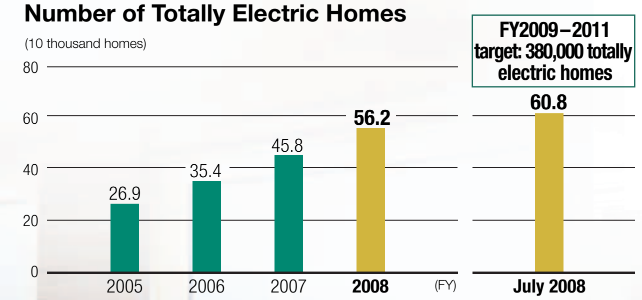
In order to help improve our customers' lives at home and further our own growth, we are working to promote and popularize totally electric homes, which are residences powered completely by electricity. We are involved in a range of initiatives to this end.

Specifically, in 2000, we introduced the Happy E Plan, a plan that discounts electricity charges for customers converting to totally electric homes. The Kansai Electric Power provided this type of discount plan before any of its competitors. In addition, we have enhanced Denka-Life.com, a website that provides a variety of information about totally electric home, and Happy E Life Square showrooms where people can experience a totally electric environment. We are also working to strengthen coordination with outside partners who are directly involved in selling and installing electric appliances, including retail stores and construction firms. Moreover, we are actively working to promote the widespread use of EcoCute (a heat pump water heater that uses a natural refrigerant [CO_2]). Support for accelerated adoption of EcoCute is included in the government's plan for achieving the goals of the Kyoto Protocol.

As a result of these initiatives, as of July 2008, there were more than 600,000 totally electric homes in our supply area. We have set an even more challenging target of 380,000 new totally electric homes for the period from fiscal 2009 to fiscal 2011 and will promote a variety of initiatives to achieve the target.

In order to accommodate the diverse lifestyles of our customers, we will provide total solutions that combine totally electric conversion with information and telecommunications services and home security systems in order to help make our customers' lives even more safe, secure and comfortable.

Number of Totally Electric Homes



Note: Survey by Kansai Electric Power. The above data includes small homes, such as one-room apartments. The above figures are accumulated totals.

Corporate Customers

Providing Optimal Total Solutions in Line with Customer Facility Lifecycles and Energy Usage Patterns

We offer optimal total solutions for our customers in line with their facility lifecycles. These solutions are based on proposals for optimal energy usage, which cover air-conditioning, water heater, kitchen appliances and other areas. The solutions are provided through close coordination with group companies and take into account not only costs but also environmental factors. They are intended to contribute the customer's business development and further our own continued growth.

Specifically, we proactively make proposals for environmentally friendly systems that combine high-efficiency air conditioners and water heaters that use heat pump technology with power from our network that offers low CO_2 emissions per unit of power consumed. In order to assist customers in their efforts to reduce energy usage and CO_2 emissions at buildings and factories, we provide a range of solutions that leverage the energy-related skills and expertise that the Kansai Electric Power Group has accumulated to date, including advanced consulting on customer facilities and energy usage.

Going forward, we plan to promote the development of more new products and services that anticipate customer needs.

An energy diagnosis

Promoting Corporate Incentives

Many major factories that produce such products as flat panels have been established in recent years along the Osaka waterfront, and the area is starting to become a hotbed for cutting-edge industry. We plan to reliably meet the needs of our customers through appropriate combinations of electricity and services offered by Group companies, and, as a locally based company, we will continue to grow together with the region by providing corporate incentives in cooperation with local government agencies and industries in the Kansai region.

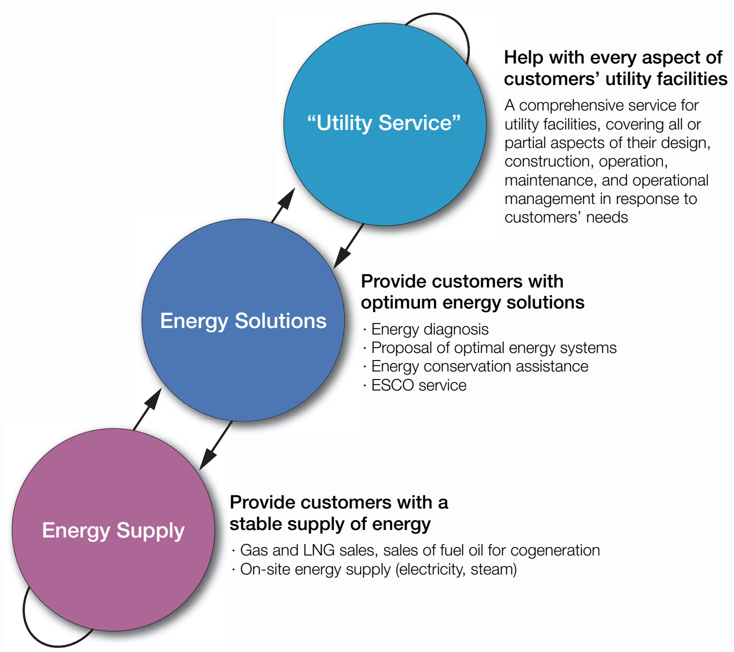
Developing Group Businesses as New Sources of Earnings while Raising the Value of Electricity and Contributing to Growth

Integrated Energy Supply

Customer needs in the areas of "energy conservation, CO_2 reduction and cost saving" are growing against a backdrop of global warming and skyrocketing fossil fuel prices. Given this situation, the Kansai Electric Power Group will work to raise the value of electricity and promote growth in the total energy solutions business by providing customers with both electricity and optimal solutions while earning their trust.

The Group engages in the sale of gas and other forms of energy based on this perspective. Fiscal 2008 energy sales totaled 840,000 tons (LNG-equivalent), an increase of 80,000 tons compared to the previous year. In addition, we provide ESCO services and energy management services and actively propose "Utility Service" that offers comprehensive services for utility facilities, such as transformers, boilers and air-conditioning systems, covering their design, construction, operation, maintenance and operational management. In this way we provide customers with optimal solutions to meet their various energy-related needs.

The Kansai Electric Power Group is also actively working to develop and promote use of renewable energy sources such as wind power, biomass, solar power and micro-hydropower, while taking into account commercial feasibility.



Information and Telecommunications

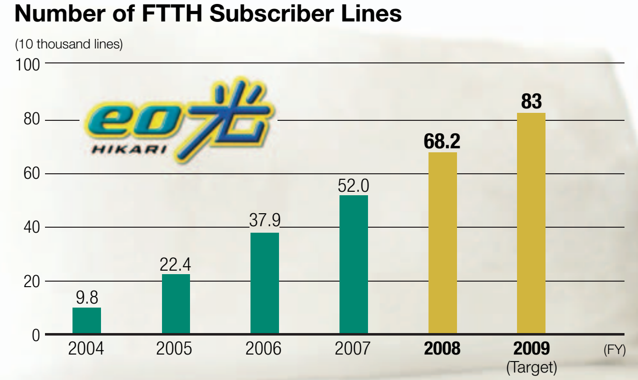
The Kansai Electric Power built its own optical fiber network some time ago to serve as a secure communication network for the electric power business. Our information and telecommunication business maximizes use of this management resource to provide services in the form of electric power-centered total solutions that are distinctive to the Kansai Electric Power Group. Through these services, we are working to further improve customer satisfaction and expand earnings.

In the service field for household customers, we are making efforts to expand FTTH services that fully use the high potential of optical fiber. Under our unified brand, eo HIKARI, we provide a bundle of three basic FTTH services: Internet, phone and television. We are working to use these services broadly as lifelines at home. As a result, our FTTH subscriber lines topped 680,000 at the end of fiscal 2008. Competition with other service providers has been heating up recently, but we intend to increase FTTH subscriber lines by further strengthening sales.

In the service field for our corporate customers, greater efficiency and speed through the use of information technology have been indispensable to business. Under our unified brand, Business HIKARI, we offer a lineup of services that include high-speed Internet connection, dedicated Ethernet lines[1], VPN[2] service, and optical fiber phone services in order to broadly meet the various needs of our customers. Moreover, taking advantage of our own optical fiber network, we provide access lines to fixed carriers and mobile carriers. By offering optical fiber access to business users in the Kansai region, we contribute to our customers' business development.

Note 1: Communication line service only for data communication that connects two specific points by an Ethernet method that is highly compatible with the LAN devices used in corporate networks.
Note 2: Virtual Private Network. A service that connects multiple points on a private network constructed with a virtual dedicated line protected by using encryption and authentication technology.

Number of FTTH Subscriber Lines



Lifecycle-Related Business

In order to help customers create high-value-added living environments, we offer housing-related services and lifecycle-related services in support of safe, secure and comfortable living, which is also environmentally friendly. We will work to toward further growth in group earnings by promoting increased use of the Kansai Electric Power-branded services, including electric power.

Housing-Related Services

We provide high-quality, future-oriented housing that offers exceptional safety, environmental performance, economic efficiency and comfort along with a combination of services based on totally electric homes that include information and telecommunications features and home security. In addition, we provide home performance assessments, sales of electric appliances and remodeling services for electric conversion in order to help our customers create comfortable living spaces.

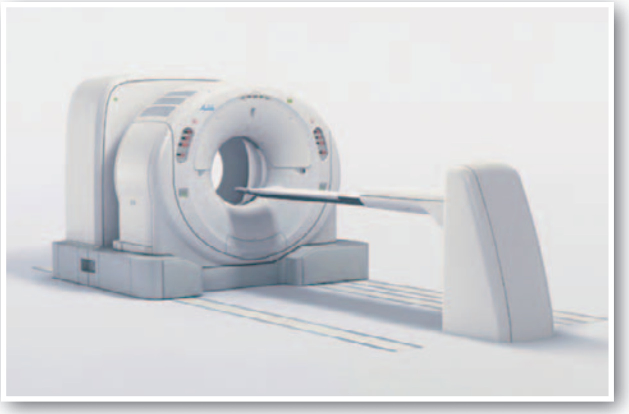
Our totally electric homes were initially located on land owned by the Kansai Electric Power, but in order to continue to provide this housing in a stable manner, we will further strengthen partnerships with developers and other relevant sectors and become actively involved in condominium projects and housing developments.

Lifecycle-Related Services

In order to meet the increasingly diverse needs of customers, the Kansai Electric Power Group has enhanced its service menu including home security, nursing and long-term care, health management support, food services and loans for electric conversion.

Looking ahead, we plan to strengthen and enhance services that help make life safer and more secure and comfortable, including home security, nursing and long-term care and health management support, given the fact that concern over health and peace of mind in old age is expected to grow as Japan's population increasingly skews toward older age groups. We also plan to gradually expand the area in which these services are being developed until they encompass the entire Kansai region.

Home security protection service



Health management support service
(PET scanner for facilitating early detection of cancer)

Providing Housing with a Full Lineup of Group Services

In October 2007, we initiated the "Nurvice 24" service for a portion of the Momozaka Comfo-Garden condominium complex in the Tennoji area of Osaka. The service provides health management in-home nursing and long-term care 24 hours a day, 365 days a year.

This condominium complex features a full lineup of group services, including totally electric homes, information and telecommunications, home security and home performance assessments. We provide robust support for the realization of enriched, secure, safe and comfortable living.

2 We Will Steadily Invest Management Resources to Strengthen Our Business Foundation

We Are Raising Managerial Efficiency to Cope with the Greater Competition Brought by Liberalization of the Electric Power

Liberalization of Japan's retail power market began in March 2000 and its scope has been gradually expanding. Starting in April 2005, all customers receiving electricity at high voltages became subject to deregulation—which covers around 60% of the electric power sold by the Kansai Electric Power.

As a result, companies with their own large-scale, on-site power generators, trading companies with strengths in energy resource procurement and new business model development, and energy companies with extensive expertise in gas procurement and operations—a total of 25 companies as of March 2008—have entered the market as designated Power Producers and Suppliers (PPS).

In this situation, the Kansai Electric Power Group is actively endeavoring to increase the overall efficiency of its operations, while maintaining safe and stable power supplies, by maximizing its accumulated technological capacities and constantly innovating in order to come out ahead of the competition. Specifically, we are striving to make our facilities more efficient by eliminating older, less efficient thermal power plants, or suspending their operations long term, in order to reduce repair costs and other expenses. In addition, in the area of resource procurement, we are working to optimize our overall supply chains by establishing partnerships with suppliers and strengthening coordination with group companies. Furthermore, in the area of staffing and organizational management, efforts are being made to raise administrative efficiency for the Group as a whole. To this end we established Kanden Office Work in 2004 in order to gradually consolidate the accounting and payroll operations of group companies.

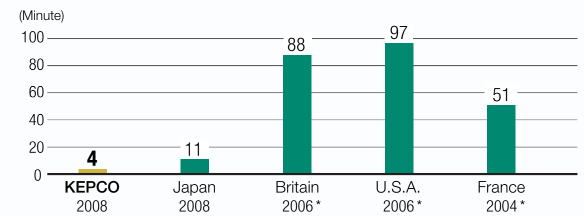
Large-scale PPS power plants are scheduled to commence operations in the coming years, and planned reforms to Japan's electric power system that have been under consideration since April 2007 will create an even more competitive environment, with companies expected to achieve both supply stability and environmental compatibility. Competition therefore is expected to grow more intense.

The Kansai Electric Power will work to strengthen its price competitiveness by diligently raising efficiency while appropriately accommodating changes in the business environment. Safe and Stable power supplies will remain a precondition for any and all initiatives.

Ensuring Safe and Stable Power Supplies

Competition is heating up as the electric power industry is deregulated, but our mission of delivering electricity safely and stably remains unchanged. For this reason we continue to work to reliably operate and optimally configure the power networks that connect power stations to customers, and we continue to strive to thoroughly prevent accidents from recurring. As a result of these efforts, the quality of our electricity remained world-class in fiscal 2008.

International Comparison of Annual Accidental Power Outage Time per Customer



* Calendar year
Source: The Federation of Electric Power Companies of Japan.

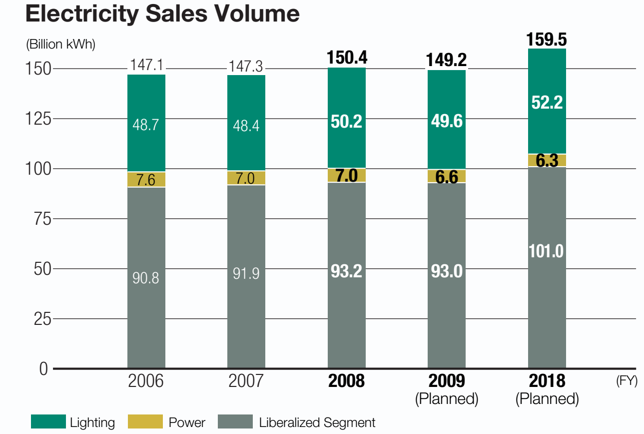
We Will Work to Strengthen Our Business Foundation in Order to Flexibly Accommodate Changes in Electric Power Supply and Demand and Continue to Grow

On the demand side, although electric power liberalization is expected to create greater competition, in the Kansai region, large-scale factories continue to be established along the Osaka waterfront, creating a concentration of cutting-edge industries in the area. For this reason, amounts of electric power sold are expected to continue to steadily increase.

On the other hand, looking to the supply side, procuring fuels has grown more challenging as resource prices have skyrocketed due to a tight worldwide supply-and-demand environment, which has been brought about by growth in energy demand in connection with rapid economic development in China, India and other emerging countries. What is more, 2008 marks the start of the Kyoto Protocol's first commitment period, and public concern over the problem of global warming continues to grow.

In order to fulfill our mission of supplying electric power safely and stably, and in order to ensure ongoing growth while appropriately accommodating these changes and the various risks involved, we will work to make operations reliable and efficient through innovation and steadily invest management resources to strengthen our business foundation.

Electricity Sales Volume

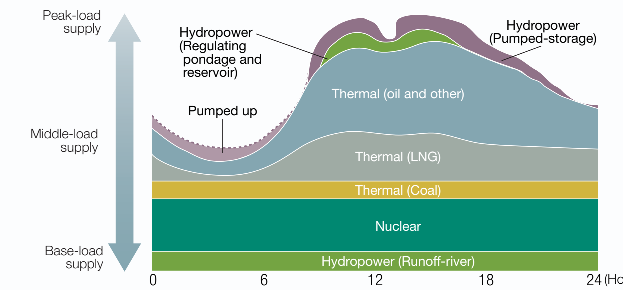


We Will Create an Optimum Generation Mix that Is Environmentally Friendly, Efficient and Competitive

We are promoting initiatives to disperse risk and ensure an optimum generation mix by utilizing the characteristics of available power generation methods, including nuclear power, thermal power and hydropower, and combining them in a good balance.

In order to provide stable, environmentally friendly and inexpensive electricity henceforth, appropriate maintenance and safe and stable operation of existing power stations must be pursued. There must also be progress in the renewal of existing power stations and the construction of new ones.

Power Source Mix According to Power Demand

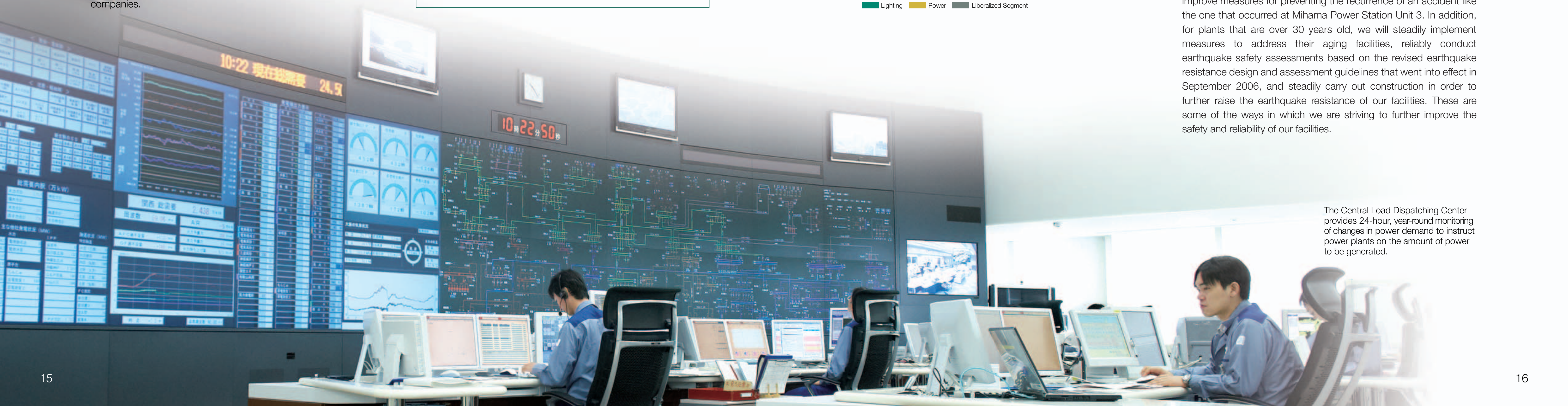


Note: The hydropower (runoff-river) and hydropower (regulating pondage and reservoir) generations are collectively referred to as "conventional hydropower generation."

Steadily Investing Management Resources to Ensure Safe, Stable Operations at Nuclear Power Plants

Nuclear power is our mainstay power source, and it currently accounts for around 40% of the power generated by the Kansai Electric Power. Nuclear power is environmentally friendly because it does not give off CO_2 when it is generated and its fuel is relatively inexpensive compared to thermal power. Safe and stable operations are absolutely critical to maintaining supply capacities, protecting the environment and ensuring financial stability.

We therefore work to ensure safe and stable operations by preventing trouble and carrying out prevention and protection measures. We are also committed to continuing to implement and improve measures for preventing the recurrence of an accident like the one that occurred at Mihama Power Station Unit 3. In addition, for plants that are over 30 years old, we will steadily implement measures to address their aging facilities, reliably conduct earthquake safety assessments based on the revised earthquake resistance design and assessment guidelines that went into effect in September 2006, and steadily carry out construction in order to further raise the earthquake resistance of our facilities. These are some of the ways in which we are striving to further improve the safety and reliability of our facilities.



The Central Load Dispatching Center provides 24-hour, year-round monitoring of changes in power demand to instruct power plants on the amount of power to be generated.

Optimizing Facility Configurations and Operations at Thermal Power Plants by Upgrading Sakaiko Power Station and Carrying Out Construction Work on Maizuru Power Station Unit 2

We are currently working to optimize facility configurations and operations while comprehensively considering the issues of energy security, environmental impact and economic efficiency and taking into account the fact that thermal power can accommodate fluctuations in power supply and demand better than any other power source.

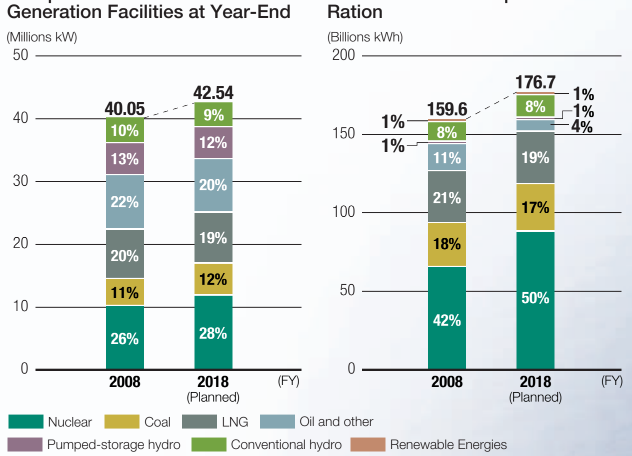
Specifically, efforts are being made to raise thermal efficiency at the Sakaiko Power Station (LNG) by upgrading facilities to convert to natural gas combined cycle power generation. Also, we are steadily doing construction work on Maizuru Power Station Unit 2, which uses coal, the least expensive thermal fuel. In addition, at the Himeji No. 2 Power Station (LNG), we are conducting feasibility studies on upgrading facilities to natural gas combined-cycle power generation.

Maizuru Power Station Unit 2 under construction

Effectively Utilizing Hydropower, a Purely Domestic Energy Source

We will continue to stably operate hydroelectric power plants by conducting appropriate maintenance from the dual perspective of effective utilization of domestic resources and reduction of CO_2 emissions. In addition, we will promote conversion of pumped-storage power plants to adjustable speed pumped-storage for the purpose of flexibly accommodating supply and demand fluctuations and reducing environmental impact.

Power Source Composition Comparison



Note: The above data includes power received from other companies (interchange power and pumped-storage hydropower are not include).
The above totals may not equal 100 due to rounding.

We Will Work to Strengthen Fuel Procurement Chains

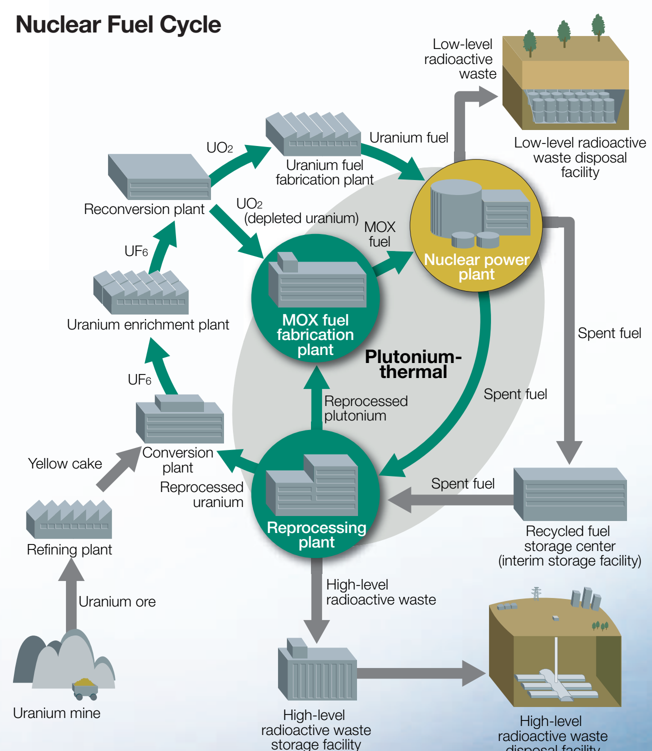
Steadily Promoting the Nuclear Fuel Cycle

In the area of nuclear fuel procurement, we have been diversifying procurement sources while maintaining long-term contracts in order to raise the safety and economic efficiency of nuclear power and will continue to do so. We will also innovate in the area of ordering methods and timing.

With energy consumption steadily increasing, centering on emerging countries, fossil fuel prices skyrocketing, and the problem of global warming coming to the fore in recent years, people around the world have been reconsidering the value of nuclear power, and anticipation of a tight market for uranium in the future is causing uranium ore prices to surge upward.

In order to respond to this changing environment and secure long-term supplies of uranium, in 2006 we began providing investment and financing for a uranium mine development project being conducted by the Republic of Kazakhstan. And in 2008 we began participating in a uranium exploration project in South Australia through the Japan Australia Uranium Resources Development Co., Ltd., in which the Kansai Electric Power has a stake. These are two ways in which we are working to ensure stable uranium supplies into the future.

Nuclear Fuel Cycle



As energy resources in Japan are scarce, it is the basic policy of the government to reprocess spent fuel and reprocess and recycle plutonium and uranium in order to make effective use of uranium resources. The Kansai Electric Power is committed to steadily promoting the nuclear fuel cycle by helping facilitate reprocessing, introducing pluthermal power generation, which uses reprocessed plutonium as a MOX fuel, and by using reprocessed uranium.

Strengthening Thermal Fuel Procurement Chains

In the area of thermal fuel procurement, we are making investments to strengthen thermal fuel procurement chains in order to leverage the contractual characteristics of LNG, coal and oil while also maintaining stability, flexibility and economics. This effort includes acquiring upstream equity and strengthening fuel transportation systems.

For LNG, we are diversifying suppliers and contract terms, acquiring upstream equity and our own LNG transportation vessels and working to construct an integrated system that covers from gas development and production to importing and receiving. In August 2007, we acquired equity in Australia's Pluto LNG project, our first upstream equity acquisition, and also inked a long-term LNG sale and purchase agreement. We also acquired our first LNG transportation vessel in order to ship Pluto LNG. This will help improve transportation economics and strengthen the resiliency of our transportation system. Pluto LNG project will be one of our main sources of LNG from 2010, and we expect that operating revenues derived from the project will become a new source of profits.

For coal, in order to improve flexibility and economics, we have acquired dedicated coal transport vessels and are striving to optimize purchase contracts through a combination of short-term, medium-term and long-term deals.

For oil, we are strengthening our ability to correspond to sudden increase in oil requirements by securing domestic transport vessels and acquiring additional tank capacity.

We Will Actively Develop Our Overseas Business by Leveraging Accumulated Expertise

For our overseas business, we are actively developing promising areas by leveraging technical capacities and expertise that we have accumulated through conducting electric power operations in Japan.

In 1998, we participated in the San Roque Hydropower Project in the Philippines, becoming the first Japanese electric power company to be involved in a power generation project overseas. The project involved constructing a dam and hydropower plant (345 MW), which has functioned since going into operation in 2003. We now receive a stable dividend from the project, which is also significant for its contribution to the Philippines' electric power infrastructure and efforts to prevent global warming.

Since this project, we have gone on to leverage our expertise in power plant construction and operation to actively develop overseas power generation projects, primarily in Southeast Asia. In Thailand, we directly invested in Rojana Power Co., Ltd. and now supply wholesale power to the Electricity Generating Authority of Thailand through a gas-fired combined cycle power plant (208 MW) and retail power and steam to companies in the industrial park where the plant is located. In Taiwan, we have invested in two independent power providers, the Kuokuang Thermal Power Plant (480 MW) and Mingjian Hydropower Station (17 MW), and supply power to the Taiwan Power Company. Additionally, in September 2008, we participated in the buyout of Senoko, Singapore's largest power company, and acquired 15% of its stock. We have also invested in an East Europe energy fund, and through energy service company operations in Eastern Europe, we generate revenue and help reduce greenhouse gas emissions.

In addition to developing projects through direct investment, we are also committed to promoting our own autonomous development projects, starting with the project discovery stage. In terms of current projects, in September 2007 we acquired exclusive development rights from the Indonesian government for the Rajamandala Hydropower Project, and are also involved in a project in which hydropower plant generated in Laos is sold as electricity to Thailand. We are currently working hard to realize these projects.

The Kansai Electric Power Group intends to continue actively developing new projects overseas, primarily in Asia, where growth in energy demand is anticipated.

Philippines San Roque Project

The Kansai Electric Power Will Utilize Electric Power to Help Create an Environmentally Friendly Society

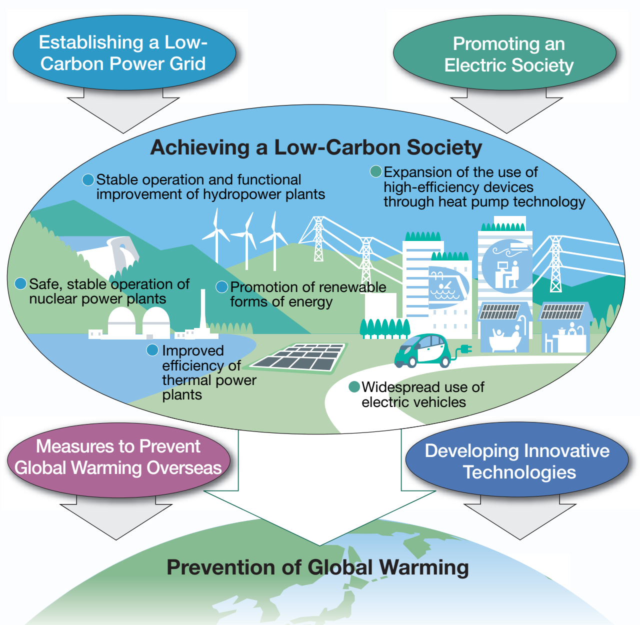
Working to Bring about a Low-Carbon Society by Establishing a Low-Carbon Power Grid and Promoting an Electric Society

Worldwide concern over the problem of global warming mounted in 2008, which marked the start of the Kyoto Protocol's first commitment period and the holding of the G8 Toyako Summit in Japan, where dealing with global warming was a major topic of discussion.

At the same time, in Japan, the prime minister's speech detailing Japan's commitment to becoming a low-carbon society announced that Japan was setting a long-term target of reducing CO_2 emissions from current levels by 60%-80% before 2050. Specific policies announced included expanding solar power generation, promoting nuclear power generation that puts assurance of safe and stable operation first, accelerating use of energy-efficiency technologies like heat pumps, a field in which Japan is in the vanguard, and promoting the development of innovative technologies. The policies that were announced are of particular interest to the electric power industry.

In this environment, the Kansai Electric Power Group is strategically committing itself to establishing a low-carbon power grid and promoting an electric society in order to bring about a low-carbon society. On the basis of these two core policies, we will also implement global warming countermeasures overseas and develop innovative new technologies.

KEPCO's Strategies to Prevent Global Warming



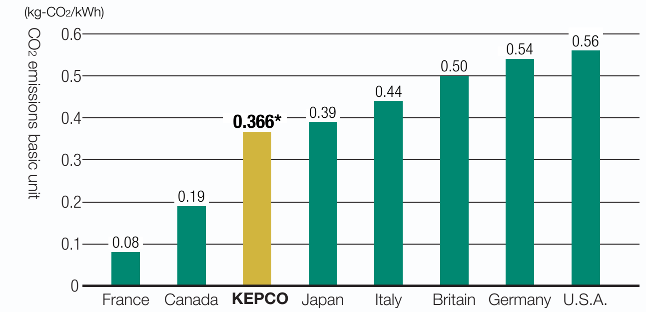
Establishing a Low-Carbon Power Grid

The Kansai Electric Power is already one of the leading power companies in Japan in the area of reducing CO_2 emission volume per unit of electric power consumed (CO_2 emissions factor), but we have set an even more challenging target of reducing CO_2 emissions factor to around 0.282kg-CO_2/kWh on an average basis over the five-year period from fiscal 2009 to fiscal 2013. We are carrying out a variety of initiatives to achieve this goal and make further progress toward the establishment of a low-carbon power grid.

Specifically, for nuclear power plants, which do not produce any CO_2 when generating electricity, we will steadily continue to maintain safe and stable operations. For thermal power stations, we will make the Sakaiko Power Station a natural gas combined-cycle power plant, and take other steps to maintain or improve thermal efficiency. Moreover, at hydroelectric power plants, we will continue to ensure stable operations through appropriate maintenance.

In addition, we are systematically working to develop, promote and popularize renewable energy. In August 2008, we have started using biomass fuel known as "wood pellets" by mixing them with coal at Maizuru Power Station Unit 1, which is the only coal-fired plant owned by the Kansai Electric Power. We are also promoting construction plan of commercial wind farm in Awaji-shi, Hyogo, by our Group company. In regards to photovoltaic generation, we are also pushing forward with plans to install the world's largest mega-solar power generation facility in the waterfront district of Sakai, Osaka Prefecture, which will have real influences on the power grid and supply and demand.

CO_2 Emissions per Electric Power Generated in Major Economies (fiscal year ended March 2007)



* This figure represents CO_2 emissions per the amount of energy sold by the Kansai Electric Power for the year ended March 2008

Source: Energy Balances of OECD Countries 2005-2006
The Federation of Electric Power Companies of Japan.

Promoting an Electric Society

Currently over 80% of Japan's primary energy is accounted for by fossil fuels, an extremely high level. One effective way to substantially reduce CO_2 from its current level is to convert, as much as possible, to electric power—a low-carbon energy—from direct use of fossil fuel energy.

The Kansai Electric Power Group is therefore committed to actively popularizing use of high-efficiency electric products, including heat-pumps and electric vehicles, and encouraging more people to use these high-efficiency products with low-CO_2 emission electricity from the Kansai Electric Power. In this way we will help reduce Japan's overall CO_2 emissions.

The combination of establishing a low-carbon power grid and promoting an electric society constitutes the pillar on which we will seek to bring about a low-carbon society.

Developing Innovative Technologies

The Kansai Electric Power Group is not only dedicated to disseminating existing energy-saving technologies but also promoting research on global warming countermeasures, such as CO_2 separation, recovery and fixation technologies.

In 1990, when global warming was not the issue that it is today, the Kansai Electric Power partnered with Mitsubishi Heavy Industries to start developing recovery technologies for CO_2 using chemical absorption. An experimental facility was established at our Nanko Power Station and research led to the successful development of the world's most efficient absorption solution, KS-1 and establishment of world-class technologies for CO_2 recovery. We will continue to do research in this area in order to develop even more efficient absorption solutions and to promote their practical application and expanded use.

In addition, the General Environmental Technos, a member of the Kansai Electric Power Group, participated in the Ministry of Economy, Trade and Industry's Japan CO_2 Geosequestration in Coal Seams Project from fiscal 2003 to fiscal 2008.

These are some of the ways that the Kansai Electric Power Group is aggressively working to develop innovative technologies.

Measures to Prevent Global Warming Overseas

The Kansai Electric Power Group is leveraging the knowledge, experience and expertise it has accumulated in the electric power industry in Japan in order to carry out initiatives that utilize the Kyoto mechanisms.

For example, we built hydropower plants in Bhutanese villages that did not have access to electric power, serving as project leader, in the e8 Bhutan Micro Hydro Power Project sponsored by the e8, a global consortium of leading electric power companies. The project was certified as a Clean Development Mechanism by the United Nations in 2005, the first project involving a Japanese power company to receive the CDM designation.

In New Zealand, we participated in a project to build 31 wind turbine generators, which received Joint Implementation (JI) certification from the New Zealand government, becoming the first Japanese corporation to participate in a JI project in New Zealand.

In Tuvalu, which is facing the danger of being submerged due to rising ocean levels caused by global warming and other factors, we established solar power generation equipment and are working to transfer our construction technologies and operational know-how to the country. In Australia, which has been beset by the problem of agricultural crops no longer growing due to soil salinization brought on by deforestation, we are involved in an environmental afforestation project aimed at helping to simultaneously prevent global warming and soil salinization.

In this way the Kansai Electric Power Group is working to help prevent global warming through its participation on projects around the world.


Solar power generation project in Tuvalu

Wind-power generation project in New Zealand



Electric car under development (test vehicle)


Bhutan Micro Hydro Power Project

Each and Every Employee Promotes CSR. This Creates a Positive Cycle Whereby Trust Earned from Stakeholders Leads to Growth for the Group and Employees

Promoting Corporate Social Responsibility

Interest in CSR has been growing in recent years around the globe, which is reflected in the establishment of international standards for social responsibility. The Kansai Electric Power Group believes that fulfilling its corporate social responsibilities and earning the trust of stakeholders, who include customers, local communities, shareholders, investors and business partners, provides a foundation for achieving sustainable growth.

The Group is therefore working to develop corporate practices that encourage each and every employee to autonomously and proactively promote CSR.

Specifically, we established the Kansai Electric Power Group CSR Action Charter, which consists of six Action Principles, in March 2004, and developed CSR Action Standards in May 2005 in order to provide group employees with guidelines at the level of individual behavior.

The CSR Promotion Council, chaired by the president, was established to promote CSR. In addition, CSR promotion leaders are appointed at each workplace and given training in order to raise CSR awareness in all employees.

Through these activities each and every employee of the Group is promoting CSR. In addition, earning the trust of stakeholders serves to motivate employees and promote growth, which in turn creates a positive cycle that builds even greater trust.

The Kansai Electric Power Group CSR Action Charter

CSR Action Principles

1. The Safe and Steady Delivery of Products and Services
2. A Progressive Approach toward Environmental Issues
3. A Vital Contribution to the Development of Local Communities
4. A Respect for Human Rights and the Creation of an Excellent Working Environment
5. Transparent and Open Activities
6. The Enforcement of Strict Compliance with Rules and Regulations

You can download the Kansai Electric Power's CSR Report on the following website:
http://www.kepco.co.jp/english/action/index.html

Fulfilling Our Mission of Ensuring Safe, Stable Power Supplies

• Rebuilding a Culture of Safety for Everyone

A culture of safety is the cornerstone of the Group's business activities, and rebuilding this culture is our overriding priority. We have learned much from the accident that happened in Mihama Power Station Unit 3 and are fully committed to fostering an organizational culture in which each person's safety awareness naturally gives rise to appropriate action, while bearing firmly in mind that safety is fundamentally about people—the Group's employees, contractors and partner companies as well as community members. As an example, we have instituted a system for evaluating the safety cultures of nuclear power plants in order to ensure that they are being steadily rebuilt. The system clearly identifies areas in need of improvement as well as positive examples. It covers both organizational practices and individual awareness and actions, and enables us to ascertain the status of our safety cultures. The system is being used to further enhance these cultures and promote improvement.

• Maintaining and Passing Down Techniques and Skills

Reliable techniques and skills possessed by employees for safely and stably operating power generation, transmission and distribution facilities and devices 365 days a year, and for promptly responding to accidents and troubles, are absolutely critical to delivering power to customers in a safe and stable manner. The Kansai Electric Power works to ensure that these highly advanced, specialized techniques and skills specific to electric power operations are maintained and passed down. Specifically, we have instituted an expert engineer and technician system in order to ensure work environments motivate employees on the job and provide them with a sense of worth. We are also making efforts to enhance other systems and programs for improving techniques and skills and for making sure they are passed down to the next generation of employees.

Inspecting the turbine at a power plant

Kanden L-Heart opens up the unlimited potential of people with disabilities

Kanden Collabo Art 21, an exhibition by people with disabilities

• Steadily Investing Management Resources

The Kansai Electric Power will also steadily invest necessary management resources into facilities in order to ensure safe and staple supply. Particularly, in the area of nuclear power, a key pillar of our operations, we will steadily carry out construction to address aging facilities and improve earthquake resistance in order to ensure that operations continue to be safe and stable.

A Vital Contribution to the Development of Local Communities

The Kansai Electric Power Group recognizes that its development as a locally based company is not possible without the development of local communities. Based on this recognition, we carry out initiatives aimed at lending vitality to regional economies and local communities. In addition, in order to give concrete form to our employees' desire to help their local communities, each business location partners with their community to conduct clean-up and landscaping campaigns, jointly sponsors community events and otherwise gets involved in the community.

A concrete example from fiscal 2008 was when we accepted the request to cooperate in the IAAF World Championships in Athletics held in Osaka. We had our technical professionals at the venue on standby in the event of an emergency, conducted measures to prevent power outages, including inspections of facilities around the venue, and worked to ensure stable power supplies to the athlete's village and hotels housing meet officials. Many employees also worked as volunteer staff to cooperate in the event.

Additionally, the Kansai Electric Power sponsored American football tournaments, one of the Kansai region's thriving school sports, and held Kanden Collabo Art 21, a public exhibition of artwork created by people with disabilities, in order to support their endeavors. We also held classical music concerts to promote cultural enrichment in the Kansai region, and took part in other such community involvement initiatives.

The Kansai Electric Power Group is committed to helping local communities through the safe and stable supply of electric power and through promotion of sporting and cultural events.

A Respect for Human Rights and the Creation of an Excellent Working Environment

The Kansai Electric Power Group recognizes that respect for human rights is an important duty that is shared internationally. We work to make sure our workplaces are safe, pleasant and free of discrimination for everyone involved in the Group's business activities.

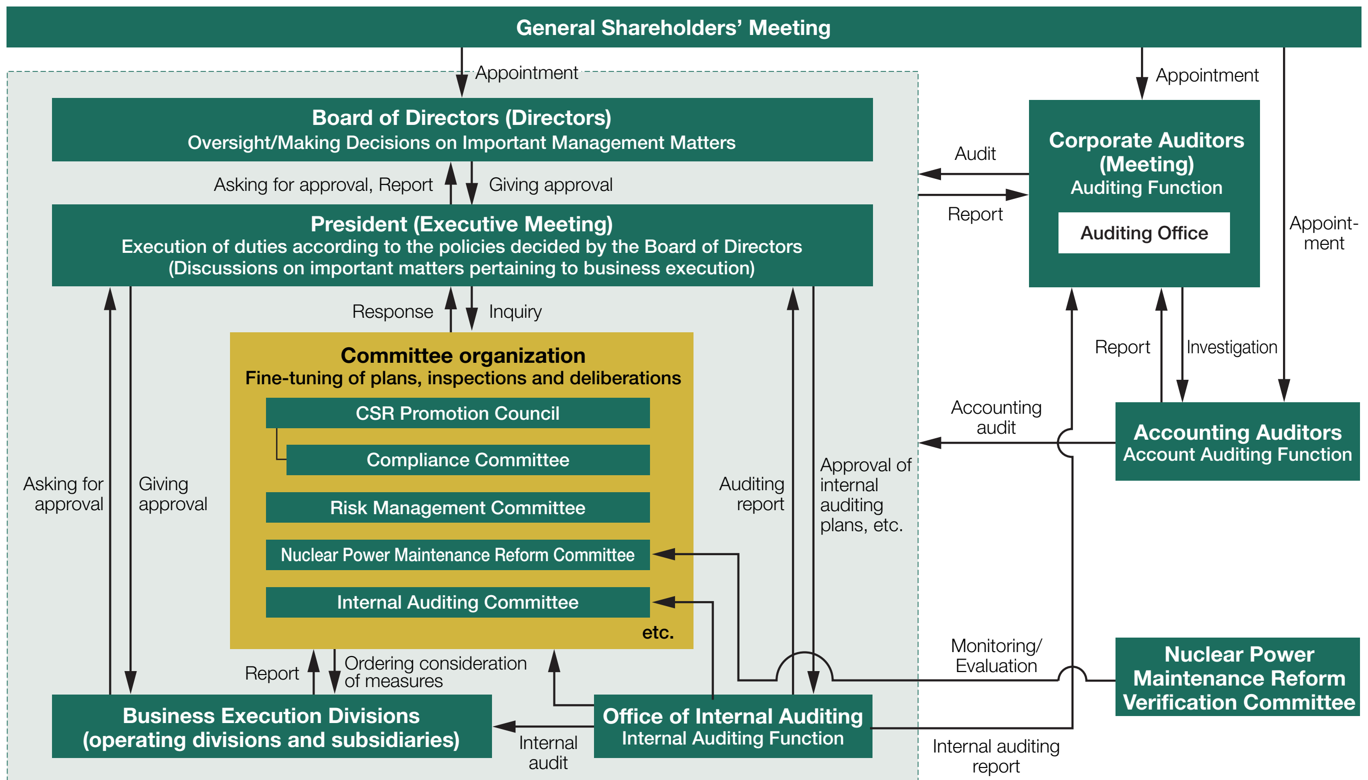
For instance, we proactively hire people with disabilities, and have established Kanden L-Heart, a special subsidiary pursuant to the Law for Employment Promotion of Persons with Disabilities. Our employment ratio for people with disabilities was 2.11% as of June 2008, as we continue to be above the legal requirement of 1.8%. We intend to continue to work to promote employment of people with disabilities to help them lead independent, productive lives as members of society.

The Enforcement of Strict Compliance with Rules and Regulations

The Kansai Electric Power Group fully recognizes that we must establish strong corporate ethics and comply with all laws, regulations and other rules both within and outside the company in order to continue to be a company that exists in harmony with society. We regard ethics and compliance as two crucial priorities that must be put into practice.

However, in May 2007, the Kansai Electric Power was disciplined by the Ministry of Economy, Trade and Industry and Ministry of Land, Infrastructure, Transport and Tourism for inappropriate practices, including alteration of power facility data and omission of required legal procedures. We take these incidents very seriously and are steadily implementing initiatives to prevent their recurrence, initiatives that include systems for preventing omission of legal procedures and efforts to raise employee's awareness of compliance issues. Especially, we are implementing initiatives to develop an organizational culture that encourages individuals to have the courage to address matters that they feel are problematic from a compliance standpoint, even if the problem involves long-established practices.

To Enhance Its Corporate Value in a Sustainable Manner While Maintaining the Transparency and Soundness of Its Business Operations, the Kansai Electric Power Group Regards Strengthening Corporate Governance as an Important Management Initiative and Is Working Toward that Goal



Basic Framework

The Kansai Electric Power's Board of Directors is granted a mandate to manage the Company by the General Shareholders' Meeting. Appropriate business execution is conducted through Executive Meeting and other committees that have been established under the Board of Directors. Corporate auditors, the Board of Corporate Auditors and accounting auditors monitor business execution to ensure that it is legally compliant, appropriate and proper from their respective perspectives. This constitutes the Kansai Electric Power's basic framework for corporate governance.

Deliberation and Decision-Making on Important Matters and Appropriate Business Execution

The Board of Directors holds regular meetings once a month and extraordinary meetings as necessary. The Board deliberates and makes decisions on important management matters and provides oversight by receiving regular reports from directors on the execution of their duties and other matters.

The Executive Meeting, consisting of directors, meets once a week, in principle, in order to swiftly and appropriately make decisions on important matters pertaining to business execution. This serves to ensure that the Company functions in an efficient and effective manner.

A system of executive officers has also been introduced in order to raise the speed and efficiency of business execution by separating functions of execution from oversight.

Three of the Company's 20 directors are outside directors with no special stake in the Company. This helps to ensure management transparency.

Assuring Transparency and Soundness of Audits

Corporate auditors attend important meetings, including the Board Of Directors and Executive Meetings state their opinions, receive presentations on important management matters from directors, investigate business and financial matters at major business facilities and Group companies, and audit directors in the execution of their duties from the perspective of legal compliance and appropriateness. These activities of corporate auditors help ensure the transparency and soundness of business management. Corporate auditors also meet with representative directors and others on a regular basis in order to discuss pertinent matters.

The Auditing Office (13 members) has been established in order to support the activities of corporate auditors and the Board of Corporate Auditors. The office engages solely in auditing work and administration of the Board of Corporate Auditors, and it is under the direct control of corporate auditors in order to maintain its independence. The office is not involved in any activities pertaining to business execution at the Kansai Electric Power Group.

Four of our seven corporate auditors are outside auditors who have no special stake in the company, which serves to strengthen the independence of auditing practices.

Committees Facilitate Appropriate and Smooth Business Execution

The Kansai Electric Power has a number of committees that carry out three main functions: planning, review and deliberation. The committees have been established in order to make sure that important operating policies related to all aspects of management, implementation plans and other initiatives are executed in an appropriate and smooth manner. The committees support decision-making by the Executive Meeting and business execution by the company's various executive divisions.

• CSR Promotion Council

The CSR Promotion Council formulates overall policies related to CSR promotion. It promotes initiatives to help the Kansai Electric Power faithfully fulfill its corporate social responsibilities. To this end the council has developed the CSR Action Principles, which constitute a pillar of CSR promotion at the Kansai Electric Group, and the CSR Action Standards, which provide a specific code of behavior at the individual level in accordance with the CSR Action Principles.

The Compliance Committee has been established directly under the CSR Promotion Council, and its membership includes outside attorneys. A Compliance Consultation Desk has also been set up inside and outside the company in order to listen to the compliance-related concerns. In this way we are making efforts to maintain the legal and ethical compliance of employees and foster an open and transparent corporate culture.

• Risk Management Committee

Risks inherent in business activities are basically managed autonomously by each executive division on the basis of the Kansai Electric Power Group Risk Management Rules. For major risks that cut across divisions, specialized risk management sections are identified for each category of risk as necessary and risk management is reinforced through experts providing advice and instruction to executive divisions.

Risk management is coordinated by the Risk Management Committee, which works to keep risks associated with the business activities of the Kansai Electric Power Group at appropriate levels.

• Nuclear Power Maintenance Reform Committee and Nuclear Power Maintenance Reform Verification Committee

The Nuclear Power Maintenance Reform Committee has been established within the Kansai Electric Power in order to steadily promote measures to prevent recurrence of an accident like the one that took place at Mihama Power Station Unit 3 and to further foster a culture of safety. The committee deliberates, coordinates, analyzes progress and conducts follow-through on implementation of recurrence prevention measures and also deliberates on priority policies for safe and stable operations. In addition, the Nuclear Power Maintenance Reform Verification Committee provides objective, comprehensive oversight and evaluation of whether recurrence prevention measures are being faithfully implemented.

The activities of these committees are broadly announced on our website, which also helps to ensure transparency.

• Internal Auditing Committee

The Internal Auditing Committee has been established to widely share and deliberate on management issues related to quality and safety, to stay abreast of outside information and viewpoints, and to maintain the appropriateness of internal auditing for the Group as a whole from a fair, expert standpoint.

We have also established the Office of Internal Auditing to serve as a dedicated organization for internal auditing. Its 41-member staff regularly conducts audits of risk management systems and the status of risk management. Internal auditing plans and their findings are put on the agenda of the Executive Meeting and reported to the Executive Meeting. Based on audit findings, each workplace carry out necessary improvement measures and otherwise strive to conduct business operations appropriately.

The Office of Internal Auditing, corporate auditors and accounting auditors all play important roles in corporate governance by conducting audits while coordinating with one another in an appropriate manner. Close coordination is maintained through discussions of auditing plans and findings.

Ensuring the Appropriateness of Group Business

The appropriateness of Group business is ensured by disseminating the basic management policies and action guidelines such as The Kansai Electric Power Group's Management Vision and The Kansai Electric Power Group's CSR Action Charter. We also provide support and instruction related to management systems that are implemented independently by group companies, based on internal rules pertaining to Group company management.

We participate in the decision-making process for decisions on important matters made by Group companies and regularly monitor management practices in an effort to prevent erosion in the Group's corporate value before it can occur.

Directors and Auditors

As of June 27, 2008

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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The Kansai Electric Power Company, Incorporated and Subsidiaries

Consolidated Financial Statements
for the Years Ended March 31, 2008 and 2007, and
Independent Auditors' Report

Overview

Operating Income

Electric Power

The Kansai Electric Power Group is working to expand its share of the residential, industrial and air-conditioning markets by providing new products and solutions that anticipate customer needs. In the consolidated fiscal year under review, in the residential market, 106,000 homes totally installed or converted to electrical appliances, and in the industrial and air conditioning market, the Group's customers installed 1,264 electrical systems and equipment, including heat storage systems, from our special lineup of high-voltage electrical products.

Operating revenues from this segment increased ¥72,961 million, or 3.0%, compared with the previous fiscal year, to ¥2,422,721 million, thanks to higher electricity revenues on higher sales volumes.

Operating income decreased ¥81,807 million, or 35.6%, compared with the previous fiscal year, to ¥148,148 million*. Although the Group worked to reduce costs, fuel costs for thermal power generation rose substantially as a result of higher fuel prices and an increase in the volume of thermal power generated, which was brought about by the increase in sales volumes and a decrease in power purchased from other companies.

IT/Communications

K-Opticom Corporation is the core company for this segment, which involves the provision of comprehensive information and telecommunications services for consumers and corporations. The Group offers a broad lineup of products and services to meet customer needs, including speeds ranging from 64 kbps to 1 Gbps for indoor and outdoor applications.

In this segment, the Group worked to acquire customers through aggressive sales activities in a fiercely competitive climate. For mainstay FTTH services, the Group provided Internet, phone and television services under a unified brand, "eo HIKARI," while taking full advantage of its 90% coverage ratio in the six prefectures that comprise the Kinki region. Contracts for these services climbed to 680,000 as of the end of the fiscal year under review, an increase of 31% compared with the end of the previous fiscal year. As a result of these efforts, operating revenues from the IT/ Communications segment increased ¥14,854 million, or 11.1%, compared with the previous fiscal year, to ¥148,296 million*.

Operating income totaled ¥8,641 million, a year-on-year decline of ¥342 million, or 3.8%, which was caused by increased costs associated with system development.

Other

In the integrated energy supply business, the Group provides customers with optimal energy solutions, which can include not only electricity but also gas, LNG and other forms of energy, as well as ESCO services and facilities management. In the lifecycle-related business, the Group provides housing-related services, including totally electric homes, and lifecycle-related services, which include home security and management tools for nursing care and healthcare. These products and services are provided in order to help create living environments with high added value and help make people's lives safe, secure and comfortable.

The lifecycle-related business business enjoyed an increase in high added-value homes taking advantage of the various services offered by the Group, including totally electrical appliances and Internet and home security services, and the Group made headway in acquiring new customers for lifecycle-related services. The integrated energy supply business saw higher revenues on an increase in sales volumes for gas and other energy sources and on an increase in gas prices brought about by passing on rising raw material costs. As a result of these developments, operating revenues from the Other segment totaled ¥419,905 million*, an increase of ¥4,000 million, or 1.0%, from the previous fiscal year.

Operating income from this segment was ¥31,378 million*, a year-on-year decrease of ¥1,288 million, or 3.9%. This was brought about by the increased cost of raw materials in the integrated energy supply business, among other factors.

As a result of these developments, operating income net of intersegment transactions decreased ¥84,495 million, or 31.1%, compared with the previous fiscal year, to ¥187,149 million.

* Including intersegment transactions.

Net Income

Other expenses (income) amounted to ¥58,832 million, an increase of ¥18,864 million, or 47.2%, compared with the previous fiscal year. This result is mainly attributable to a year-on-year increase of ¥20,176 million, or 50.5%, in other non-operating expenses. There was an increase in costs associated with expansion in the scope of radioactive material handling brought about by amendments to the law. This change implicated the reserve for decommissioning of nuclear power units, and an extraordinary loss of ¥24,127 million was booked on the portion of these costs associated with past years' power generation. This extraordinary loss was the main reason for the increase in other non-operating expenses.

The reserve for fluctuations in water level was reversed by ¥8,541 million in the fiscal year under review in accordance with Electricity Utilities Industry Law.

As a result of these developments, income before income taxes and minority interests totaled ¥136,858 million, a decrease of ¥94,920 million, or 41.0%, compared with the previous fiscal year. Net income, which is net of ¥50,299 million in income taxes, was ¥85,265 million, a year-on-year decrease of ¥62,670 million, or 42.4%.

Financial Position

Assets

The electric power business is working to develop an optimal configuration of facilities for the future while carefully selecting construction projects with a view to raising asset efficiency, all the while placing highest priority on safety. As a result of making investments to build new power plants and update facilities, capital investment increased ¥56,535 million, or 19.0%, compared with the previous fiscal year, to ¥353,994 million. This amount, however, was less than depreciation for the term, which totaled ¥383,344 million.

As a result, total assets were ¥6,789,605 million, a decrease of ¥37,625 million, or 0.6%, compared with the end of the previous fiscal year.

Liabilities

Free cash flow created by keeping capital investment within the scope of depreciation was effectively used to reduce interest-bearing debt. This served to lower interest-bearing debt by ¥40,752 million, or 1.3%, compared with the end of the previous fiscal year, to ¥3,166,453 million. However, total liabilities were ¥4,943,847 million, which represents a decrease of only ¥6,028 million, or 0.1%, from the end of the previous fiscal year, a result attributable to an increase in the reserve for decommissioning of nuclear power units and other factors.

Net Assets

Shareholders' equity was diminished by dividend payments and acquisition of treasury stock, but overall it increased by ¥9,005 million, or 0.5%, compared with the end of the previous fiscal year, to ¥1,760,870 million thanks to recording net income. However, net assets decreased ¥31,597 million, or 1.7%, compared with the end of the previous fiscal year, to ¥1,845,758 million due to a decrease in unrealized gain on available-for-sales securities caused by poor stock market conditions.

As a result of these developments, the equity ratio was 27.1%, a decline of 0.3 percentage points from the end of the previous fiscal year. Net assets per share were ¥2,003.91, a decrease of ¥17.69 compared with the end of the previous fiscal year.

Cash Flow

Net cash provided by operating activities amounted to ¥411,724 million, a decrease of ¥130,047 million, or 24.0%, compared with the previous fiscal year. Although electricity revenue increased, the net decline was brought about by increased fuel costs for thermal power generation and other factors.

Net cash used in investing activities totaled ¥315,983 million, an increase of ¥9,098 million, or 3.0%, compared with the previous fiscal year, a result primarily attributable to increased capital investment for facilities upgrading and other objectives, predominantly for the electric power business.

Free cash flow of ¥95,741 million produced as a result of the above developments was used to pay dividends, acquire treasury stock and reduce interest-bearing liabilities. As a result, net cash used in financing activities totaled ¥117,721 million, a decrease of ¥68,347 million, or 36.7%, compared with the previous fiscal year.

As a result, cash and cash equivalents at the end of the fiscal year under review totaled ¥82,914 million, a decrease of ¥21,777 million, or 20.8%, compared with the end of the previous fiscal year.

Dividend Policy

The Company has an objective to increase shareholders' value for the mid-to-long term and continues to carry out capital expenditure and investments, considering asset efficiency and the rate of return on investment, in order to achieve the continuous growth in electricity and group businesses. Accordingly, the Company gains operational cash flow and distributes its profits to shareholders properly and stably. Retained earnings will be allocated to capital investment and other projects while taking into account financial soundness.

The Company set dividend and share-buyback as methods for distribution to shareholders and intends to achieve "the rate of total distribution on net assets" *1 at approximately 4% each year from fiscal year ending on March. 31, 2008 to fiscal year ending on Mar. 31st 2013. Based on this basic policy, company maintains stable dividend and repurchases own shares.

The Company also intends to retire its own shares which will be repurchased in future according to this basic policy.

*1 The rate of total distribution on net assets for fiscal year (N) = ((total amount of dividend for fiscal year (N)) + (total amount of repurchased its own shares for fiscal year (N+1))) / consolidated net assets*2 for fiscal year (N) (average amount of the beginning and end of fiscal year)

*2 consolidated net assets = net assets – minority interest – stock acquisition rights

On the basis of this policy, the Company will pay a dividend of ¥60 per share for the fiscal year under review (including the ¥30 per share interim dividend).

Business and Other Risks

The following is a description of the principal risks that could impact the operating results and financial position of the Kansai Electric Power Group, which is comprised of the Kansai Electric Power and its consolidated subsidiaries.

Forward-looking statements are based on judgments made by the Group as of the submission date (June 27, 2008).

1) Economic Conditions

Electricity sales volumes in the electric power business fluctuate depending on trends in the economy, so economic conditions have the potential to affect the Group's business performance.

2) Changes in the Environment Surrounding Electricity Operations

In the electric power business, deliberations on Japan's electric power system that began in April 2007, which have included the issue of whether to fully deregulate retail power, have resulted in the decision to postpone full deregulation to a later date. The existing scope of deregulation, which is predicated on maintaining both stable supplies and environmental compatibility, has created a more highly competitive environment, and additional reforms to the system could further intensify competition with other power suppliers.

Back-end nuclear power operations have an extremely long time span and are subject to various uncertainties. However, risks faced by power utilities have been mitigated by measures taken in October 2005 to facilitate nuclear power generation and back-end operations. With regard to the costs associated with intermediate storage of spent fuel due to the recent lack of available reprocessing capacity, a system has been in place since fiscal 2007 that allows these costs to be accounted for by booking them as reserves each fiscal year in order to level out the financial burden involved. This is a temporary measure that will be in place until a specific reprocessing schedule is established. The specific processing policy will be put up for consideration starting in 2010 based on the performance of Japan Nuclear Fuel Limited's Rokkasho Reprocessing Plant and other factors.

Costs related to the nuclear fuel cycle, including intermediate storage and other back-end nuclear power operations, may increase in the future due to changes in the regulatory regimes, changes in future cost estimates or other factors.

Additional costs associated with measures to prevent global warming may be incurred in the future depending on the government's ability to meet its targets under the Kyoto Protocol, the nature of the next round of international frameworks and other factors.

The business performance of the Group may be impacted by changes in business conditions surrounding the electric power business, including the above-mentioned regulatory reforms and corresponding increases in market competition.

3) Other Businesses

The electric power business accounted for 89.6% of the Group's operating revenues in the fiscal year under review, but the Group is also focused on developing business operations in three other areas, information and telecommunications, integrated energy supply, and lifecycle-related business, with a view to ensuring sustained growth. The Group's business performance could be impacted by changes in business conditions in these areas, including technological innovations and heightened competition with other companies.

4) Weather Conditions

Electricity sales volumes in the electric power business are affected by heating and cooling demand, so the Group's business performance is a potentially affected by weather conditions, especially summer and winter temperatures.

5) Fuel Price Fluctuations

The main fuels used in thermal power generation include LNG, crude oil and coal, so the Group's business performance is potentially impacted by fluctuations in fuel costs caused by trends in crude oil prices, foreign exchange rates, price negotiations and other areas. However, Japan has a system for adjusting fuel costs in which changes in crude oil prices, foreign exchange rates and other factors are incorporated into electricity rates. When fuel cost fluctuations are within a given range, electricity rates may be adjusted to mitigate their impact on the Group's business performance.

6) Interest Rate Fluctuations

The Group's interest-bearing debt totaled ¥3,166,453 million as of March 31, 2008 (46.6% of total assets). Future fluctuations in market interest rates have the potential to affect the Group's business performance. However, 96.6% of the Group's interest-bearing liabilities are in the form of long-term debt, specifically long-term loans and bonds, and the interest rates for nearly all of this long-term debt are fixed, so the impact of interest rate fluctuations on the Group's business performance is limited.

7) Operational Risk

The Group's business performance is potentially impacted by factors that could obstruct operations, such as natural disasters, accidents and compliance-related problems. The Group is therefore working to develop and maintain facilities that are less susceptible to the impact of natural disasters, ensure that operations are conducted with ultimate priority placed on safety in order to prevent accidents, and implement robust measures to ensure full compliance. Specifically, one of the highest priorities of the Group is steadfastly maintaining safe and stable nuclear power operations, so it is fully committed to reliably implementing measures to prevent accidents, address aging facilities and improve earthquake resistance. The Group is also working to establish an appropriate supply plan that includes measures for acquiring reserve power in order to be ready for the possibility of diminished supply capacity resulting from an accident at the Company or a company that receives power from the Company.

8) Information Management

The Group's business performance may be affected in the event customer information possessed by the Group or other important business-related information is divulged outside the Group or is involved in a similar incident. To mitigate this risk, the Group is working to ensure strict and appropriate information management by reinforcing information systems, establishing related company rules and training employees.

Consolidated Balance Sheets

The Kansai Electric Power Company, Incorporated and Subsidiaries
March 31, 2008 and 2007

ASSETS

	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars (Note 1) 2008
PROPERTY:			
Utility plant and equipment	**¥ 13,528,617**	¥ 13,514,901	**$ 135,016,138**
Other plant and equipment	**1,205,652**	1,153,622	**12,032,454**
Construction in progress	**359,483**	279,543	**3,587,655**
Contributions in aid of construction	**(441,211)**	(436,415)	**(4,403,303)**
Accumulated depreciation	**(9,904,149)**	(9,648,249)	**(98,843,802)**
Plant and equipment–net (Note 3)	**4,748,392**	4,863,402	**47,389,142**
Nuclear fuel, net of amortization (Note 2.c)	**484,176**	483,774	**4,832,096**
Property–net	**5,232,568**	5,347,176	**52,221,238**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	**199,622**	259,481	**1,992,236**
Investments in and advances to associated companies	**182,100**	185,746	**1,817,365**
Reserve fund for reprocessing of irradiated nuclear fuel (Note 2.i)	**273,254**	183,371	**2,727,086**
Deferred tax assets (Note 9)	**295,402**	275,659	**2,948,124**
Other assets	**101,065**	88,123	**1,008,632**
Total investments and other assets	**1,051,443**	992,380	**10,493,443**
CURRENT ASSETS:			
Cash and cash equivalents	**82,914**	104,691	**827,485**
Accounts receivable	**169,447**	168,164	**1,691,088**
Allowance for doubtful accounts	**(1,975)**	(2,138)	**(19,711)**
Inventories	**121,588**	91,000	**1,213,453**
Deferred tax assets (Note 9)	**13,033**	20,719	**130,070**
Other current assets (Note 4)	**120,587**	105,238	**1,203,463**
Total current assets	**505,594**	487,674	**5,045,848**
TOTAL	**¥ 6,789,605**	¥ 6,827,230	**$ 67,760,529**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars (Note 1) 2008
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Note 5)	**¥ 2,632,528**	¥ 2,726,768	**$ 26,272,735**
Liability for retirement benefits (Note 6)	**332,083**	348,896	**3,314,202**
Reserve for reprocessing of irradiated nuclear fuel (Note 2.i)	**662,960**	678,934	**6,616,367**
Reserve for decommissioning of nuclear power units (Note 2.j)	**298,914**	260,406	**2,983,174**
Deferred tax liabilities (Note 9)	**136**	95	**1,357**
Other long-term liabilities	**85,556**	64,159	**853,852**
Total long-term liabilities	**4,012,177**	4,079,258	**40,041,687**
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 5)	**425,701**	366,947	**4,248,513**
Short-term borrowings (Note 7)	**99,383**	105,849	**991,846**
Accounts payable (Note 5)	**186,400**	127,953	**1,860,279**
Payable to associated companies	**28,656**	23,065	**285,988**
Accrued income taxes	**8,736**	27,348	**87,186**
Deferred tax liabilities (Note 9)	**380**	337	**3,793**
Accrued expenses and other current liabilities	**182,414**	210,577	**1,820,499**
Total current liabilities	**931,670**	862,076	**9,298,104**
RESERVE FOR FLUCTUATIONS IN WATER LEVEL		8,541	
COMMITMENTS AND CONTINGENCIES (Note 13)			
EQUITY (Notes 8 and 15):			
Common stock–authorized, 1,784,059,697 shares; issued, 962,698,728 shares in 2008 and 2007	**489,320**	489,320	**4,883,433**
Capital surplus	**66,722**	66,676	**665,888**
Retained earnings	**1,298,558**	1,268,880	**12,959,661**
Unrealized gain on available-for-sale securities	**53,771**	105,197	**536,637**
Deferred gain on derivatives under hedge accounting	**25,295**	15,157	**252,445**
Foreign currency translation adjustments	**597**	195	**5,958**
Treasury stock–at cost: 44,228,664 shares in 2008 and 36,497,039 shares in 2007	**(93,730)**	(73,011)	**(935,430)**
Total	**1,840,533**	1,872,414	**18,368,592**
Minority interests	**5,225**	4,941	**52,146**
Total equity	**1,845,758**	1,877,355	**18,420,738**
TOTAL	**¥ 6,789,605**	¥ 6,827,230	**$ 67,760,529**

Consolidated Statements of Income

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	**2008**
OPERATING REVENUES (Note 11):			
Electric	**¥ 2,410,884**	¥ 2,338,194	**$ 24,060,719**
Other	**278,433**	258,177	**2,778,772**
Total	**2,689,317**	2,596,371	**26,839,491**
OPERATING EXPENSES (Notes 10 and 11):			
Electric	**2,255,777**	2,100,685	**22,512,745**
Other	**246,391**	224,042	**2,458,992**
Total	**2,502,168**	2,324,727	**24,971,737**
OPERATING INCOME	**187,149**	271,644	**1,867,754**
OTHER (INCOME) EXPENSES:			
Interest expense	**56,934**	60,885	**568,204**
Equity in earnings of associated companies	**(4,171)**	(3,688)	**(41,627)**
Reserve for decommissioning of nuclear power units			
- cumulative effect at March 31, 2007 (Note 2.j)	**24,127**		**240,788**
Other - net	**(18,058)**	(17,229)	**(180,219)**
Total	**58,832**	39,968	**587,146**
INCOME BEFORE REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS	**128,317**	231,676	**1,280,608**
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**(8,541)**	(102)	**(85,240)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**136,858**	231,778	**1,365,848**
INCOME TAXES (Note 9):			
Current	**43,272**	74,717	**431,856**
Deferred	**7,674**	8,378	**76,587**
Total	**50,946**	83,095	**508,443**
MINORITY INTERESTS IN NET INCOME	**647**	748	**6,457**
NET INCOME	**¥ 85,265**	¥ 147,935	**$ 850,948**

	Yen		U.S. Dollars
	2008	2007	**2008**
PER SHARE OF COMMON STOCK (Notes 2.r and 14):			
Basic net income	**¥ 92.39**	¥ 159.69	**$ 0.92**
Diluted net income		159.51	
Cash dividends applicable to the year	**60.00**	60.00	**0.60**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2008 and 2007

	Issued Number of Shares of Common Stock	Millions of Yen									
		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	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
Net income				85,265					85,265		85,265
Cash dividends, ¥60 per share				(55,587)					(55,587)		(55,587)
Purchase of treasury stock								(20,864)	(20,864)		(20,864)
Disposal of treasury stock			46					145	191		191
Net change in the year					(51,426)	10,138	402		(40,886)	284	(40,602)
BALANCE, MARCH 31, 2008	962,698,728	¥ 489,320	¥ 66,722	¥ 1,298,558	¥ 53,771	¥ 25,295	¥ 597	¥ (93,730)	¥ 1,840,533	¥ 5,225	¥ 1,845,758

	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, MARCH 31, 2007	$ 4,883,433	$ 665,429	$ 12,663,473	$ 1,049,872	$ 151,267	$ 1,945	$ (728,653)	$ 18,686,766	$ 49,310	$ 18,736,076
Net income			850,948					850,948		850,948
Cash dividends, $0.60 per share			(554,760)					(554,760)		(554,760)
Purchase of treasury stock							(208,224)	(208,224)		(208,224)
Disposal of treasury stock		459					1,447	1,906		1,906
Net change in the year				(513,235)	101,178	4,013		(408,044)	2,836	(405,208)
BALANCE, MARCH 31, 2008	$ 4,883,433	$ 665,888	$ 12,959,661	$ 536,637	$ 252,445	$ 5,958	$ (935,430)	$ 18,368,592	$ 52,146	$ 18,420,738

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 136,858**	¥ 231,778	**$ 1,365,848**
Adjustments for:			
Income taxes-paid	**(64,090)**	(81,951)	**(639,621)**
Depreciation and amortization	**383,344**	378,057	**3,825,788**
Amortization of nuclear fuel	**42,786**	47,511	**427,006**
Loss on disposal of property, plant and equipment	**13,280**	12,680	**132,535**
Nuclear fuel transferred to reprocessing costs	**13,561**	25,496	**135,339**
Reversal of reserve for fluctuations in water level	**(8,541)**	(101)	**(85,240)**
Changes in assets and liabilities:			
Increase in reserve fund for reprocessing of irradiated nuclear fuel	**(89,883)**	(47,068)	**(897,036)**
Increase in trade receivables	**(2,976)**	(13,819)	**(29,701)**
Increase in inventories	**(30,588)**	(29,826)	**(305,269)**
Decrease in interest and dividends receivable	**886**	1,099	**8,842**
Increase (decrease) in trade payables	**50,351**	(3,665)	**502,505**
Decrease in interest payable	**(1,709)**	(1,825)	**(17,055)**
Decrease in liability for retirement benefits	**(16,812)**	(27,663)	**(167,784)**
Increase (decrease) in reserve for reprocessing of irradiated nuclear fuel	**(15,974)**	29,258	**(159,421)**
Increase in reserve for decommissioning of nuclear power units	**38,507**	10,652	**384,301**
Other-net	**(37,276)**	11,158	**(372,015)**
Total adjustments	**274,866**	309,993	**2,743,174**
Net cash provided by operating activities	**411,724**	541,771	**4,109,022**
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	**(341,687)**	(293,903)	**(3,410,050)**
Payments for investments and advances	**(22,583)**	(66,247)	**(225,379)**
Proceeds from sales of investments or collections of advances	**15,043**	44,614	**150,130**
Proceeds from sales of subsidiary stocks with an exclusion from consolidation		1,614	
Payment for business transfer		(3,550)	
Net decrease (increase) in time deposits and other	**23,064**	(7,402)	**230,180**
Other-net	**10,180**	17,989	**101,596**
Net cash used in investing activities	**(315,983)**	(306,885)	**(3,153,523)**
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	**208,888**	183,905	**2,084,711**
Proceeds from long-term debt (exclusive of bonds)	**137,064**	121,143	**1,367,904**
Proceeds from short-term loans	**253,475**	246,394	**2,529,691**
Proceeds from issuance of commercial papers	**345,000**	390,000	**3,443,114**
Redemption of bonds	**(72,394)**	(139,545)	**(722,495)**
Repayments of long-term debt (exclusive of bonds)	**(310,437)**	(245,604)	**(3,098,174)**
Repayments of short-term loans	**(258,077)**	(291,246)	**(2,575,619)**
Repayments of commercial papers	**(345,000)**	(390,000)	**(3,443,114)**
Purchases of treasury stock	**(20,864)**	(1,184)	**(208,224)**
Dividends paid	**(55,552)**	(60,208)	**(554,411)**
Other-net	**176**	277	**1,757**
Net cash used in financing activities-(Continued)	**(117,721)**	(186,068)	**(1,174,860)**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
NET CASH PROVIDED BY (USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES - (Forward)	**¥ (21,980)**	¥ 48,818	**$ (219,361)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**203**	62	**2,026**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(21,777)**	48,880	**(217,335)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**104,691**	55,811	**1,044,820**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 82,914**	¥ 104,691	**$ 827,485**

See notes to consolidated financial statements.

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange 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.

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.

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 ¥100.20 to $1, the approximate rate of exchange at March 31, 2008. 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, 2008 include the accounts of the Company and all (fifty-eight in 2008 and fifty-nine in 2007) 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 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 seven (four in 2007) 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. Contribution in aid of construction, which include certain amounts assessed to and collected from customers, are deduced 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.

Property acquired on and after April 1, 2007 are depreciated by the declining-balance method in accordance with the revised corporate tax law, which is effective for fiscal years beginning on and after April 1, 2007. The effect of this treatment was immaterial.

Property had been depreciated up to 95% of acquisition cost with 5% of residual value carried until previous fiscal years. However, such 5% portion of property is systematically amortized over 5 years starting in the following year in which the carrying value of property reaches 5% of the acquisition cost in accordance with the revised corporate tax law. The effect of this treatment was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥22,778 million ($227,325 thousand).

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, 2008 and 2007 was ¥122,847 million ($1,226,018 thousand) and ¥107,788 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 account 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 - The Company provided a reserve for the reprocessing of irradiated nuclear fuel at the present value of the amount that would be required to reprocess only the irradiated nuclear fuel actually planned to be reprocessed, in accordance with the revised accounting standard applicable to the electricity industry.

The cumulative effect of the adoption of the 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 ¥255,804 million ($2,552,934 thousand) and ¥277,122 million at March 31, 2008 and 2007, respectively.

The estimated future reprocessing costs are discounted at 1.6% and 1.7% at March 31, 2008 and 2007, respectively, for the quantity of the irradiated nuclear fuel covered by the definite reprocessing plan.

The unrecognized estimation gain of ¥11,089 million ($110,668 thousand) and the unrecognized estimation loss of ¥43,964 million at March 31, 2008 and 2007, 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 Company appropriated ¥144,930 million ($1,449,010 thousand) and ¥140,340 million for "Reserve fund for reprocessing of irradiated nuclear fuel" at March 31, 2008 and 2007, respectively, in accordance with 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 future reprocessing costs are discounted at 4.0% at March 31, 2007 and 2008. The estimated costs required to reprocess such irradiated nuclear fuel of ¥6,155 million, which were attributable to the year ended March 31, 2006, were charged to income for the year ended March 31, 2007. As a result, income before income taxes and minority interests decreased by ¥13,139 million 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.

The regulatory authority changed the method to estimate the disposal cost for each unit in the year ended March 31, 2008, in response to the changes in the Law on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors and the related regulations.

The effect of this change was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥25,089 million ($250,389 thousand), which included a cumulative effect of ¥24,127 million ($240,788 thousand) at April 1, 2007. This cumulative effect was presented in other expenses in the 2008 consolidated statement of income.

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 Accounting Standards Board of Japan (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 was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

m. 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. All other leases are accounted for as operating leases.

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. 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.

p. 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.

q. Derivatives and Hedging Activities - The Companies use principally foreign exchange forward contracts, currency swaps, interest rate swaps and commodity swaps in the normal course of business, to manage its exposures to fluctuations in foreign exchange, interest rates, fuel price and so on. The Companies do not enter into derivatives for trading or speculative purposes. Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions be recognized in the income statement and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

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

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

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

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

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

s. 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. 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. 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.

Lessee

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 shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

Lessor

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 lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee shall be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee shall be recognized as investments in lease.

Construction Contracts - Under the current Japanese GAAP, either the completed-contract method or the percentage-of-completion method is permitted to account for construction contracts. On December 27, 2007, the ASBJ published a new accounting standard for construction contracts. Under this accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method shall be applied. When it is probable that total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009 with early adoption permitted for fiscal years beginning on or before March 31, 2009 but after December 27, 2007.

Asset Retirement Obligations - On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

3. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Hydroelectric power production facilities	¥ 383,890	¥ 402,076	$ 3,831,237
Thermal power production facilities	455,754	501,395	4,548,443
Nuclear power production facilities	336,449	360,680	3,357,774
Transmission facilities	1,232,518	1,300,949	12,300,579
Transformation facilities	446,685	463,445	4,457,934
Distribution facilities	900,783	915,265	8,989,850
General facilities	128,931	134,910	1,286,737
Other utility facilities	21,951	22,628	219,072
Other plant and equipment	481,948	482,511	4,809,861
Construction in progress	359,483	279,543	3,587,655
Total	¥ 4,748,392	¥ 4,863,402	$ 47,389,142

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, 2008 and 2007 was as follows:

	Millions of Yen 2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 37,232	¥ 76,688	¥ 594	¥ 113,326
Debt securities	2,598	20	49	2,569
Held-to-maturity debt securities	16,983	254	93	17,144

	Millions of Yen 2007			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
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

	Thousands of U.S. Dollars 2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 371,577	$ 765,349	$ 5,928	$ 1,130,998
Debt securities	25,928	200	489	25,639
Held-to-maturity debt securities	169,491	2,535	928	171,098

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2008 and 2007 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Available-for-sale:			
Equity securities	¥ 60,698	¥ 65,598	$ 605,768
Other	7,184	3,473	71,697
Total	¥ 67,882	¥ 69,071	$ 677,465

Proceeds from sales of available-for-sale securities for the year ended March 31, 2008 are ¥8,111 million ($80,948 thousand). Gross realized gains on these sales, computed on the moving average cost basis are ¥7,426 million ($74,112 thousand) for the year ended March 31, 2008.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2008 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 2,715	$ 27,096
Due after one year through five years	10,697	106,756
Due after five years through ten years	4,989	49,790
Due after ten years	1,152	11,498
Total	¥ 19,553	$ 195,140

The carrying values of debt securities due in one year or less are included in other current assets.

5. LONG-TERM DEBT

Long-term debt at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars 2008
General mortgage bonds:			
0.67% to 3.175% (0.51% to 3.175% in 2007), due serially through 2018	**¥ 1,620,782**	¥ 1,421,349	**$ 16,175,469**
5.75%, due 2007 (payable in Netherlands guilder)		62,294	
2.75%, due 2012 (payable in Switzerland francs)	**24,638**	24,669	**245,888**
0.65% to 3.4% (0.65% to 3.75% in 2007) secured loans from principally the Development Bank of Japan maturing serially through 2025:			
The Company	**255,293**	280,692	**2,547,834**
Subsidiaries	**16,546**	18,280	**165,130**
0.51% to 6.4% (0.357% to 6.4% in 2007) unsecured loans from banks and insurance companies maturing serially through 2036	**1,140,970**	1,286,431	**11,386,927**
Total	**3,058,229**	3,093,715	**30,521,248**
Less current maturities	**425,701**	366,947	**4,248,513**
Long-term debt, less current maturities	**¥ 2,632,528**	¥ 2,726,768	**$ 26,272,735**

Annual maturities of long-term debt at March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year Ending March 31:		
2009	¥ 425,701	$ 4,248,513
2010	406,909	4,060,968
2011	348,670	3,479,741
2012	367,082	3,663,493
2013	260,167	2,596,477
2014 and thereafter	1,249,700	12,472,056
Total	¥ 3,058,229	$ 30,521,248

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 ¥1,131 million ($11,287 thousand) and the above secured loans at March 31, 2008, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property and other	¥ 33,543	$ 334,760

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, 2008 and 2007 consisted of the following:

	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars 2008
Projected benefit obligation	**¥ 327,873**	¥ 311,093	**$ 3,272,186**
Fair value of plan assets	**(3,393)**	(3,828)	**(33,863)**
Unrecognized actuarial gain	**6,630**	20,297	**66,168**
Unrecognized prior service cost	**973**	21,334	**9,711**
Net liability	**¥ 332,083**	¥ 348,896	**$ 3,314,202**

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

	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars 2008
Service cost	**¥ 16,592**	¥ 16,628	**$ 165,589**
Interest cost	**6,036**	5,899	**60,240**
Expected return on plan assets	**(114)**	(105)	**(1,138)**
Recognized actuarial gain	**(11,124)**	(21,897)	**(111,018)**
Amortization of prior service cost	**(20,360)**	(20,360)	**(203,194)**
Other	**3,992**	3,933	**39,840**
Net periodic retirement benefit costs	**¥ (4,978)**	¥ (15,902)	**$ (49,681)**

For the years ended March 31, 2008 and 2007 the contributions to the defined contribution pension plan of ¥3,823 million ($38,154 thousand) and ¥3,812 million, respectively, are included in "Other" in the above table.

Principal assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

	2008	2007
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.

7. SHORT-TERM BORROWINGS

Short-term loans at March 31, 2008 and 2007 principally consisted of bank overdrafts. The weighted average interest rate is 0.977% and 0.745% at March 31, 2008 and 2007, respectively.

8. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the “Corporate Law”), which reformed and replaced the Commercial Code of Japan. The significant provisions 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.

9. 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, 2008 and 2007. The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Deferred tax assets:			
Liability for retirement benefits	**¥ 120,505**	¥ 126,501	**$ 1,202,645**
Depreciation	**62,865**	56,416	**627,395**
Reserve for reprocessing of irradiated nuclear fuel (with definite plans, Note 2.i)	**35,150**	46,766	**350,798**
Reserve for decommissioning of nuclear power units	**38,374**	29,304	**382,974**
Deferred charges	**14,740**	15,396	**147,106**
Intercompany profit elimination	**27,749**	27,900	**276,936**
Other	**111,156**	113,769	**1,109,341**
Less valuation allowance	**(59,257)**	(57,337)	**(591,387)**
Deferred tax assets	**¥ 351,282**	¥ 358,715	**$ 3,505,808**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**¥ 26,989**	¥ 53,247	**$ 269,351**
Deferred gain on derivatives under hedge accounting	**14,452**	8,660	**144,232**
Other	**1,921**	862	**19,171**
Deferred tax liabilities	**¥ 43,362**	¥ 62,769	**$ 432,754**
Net deferred tax assets	**¥ 307,920**	¥ 295,946	**$ 3,073,054**

A reconciliation between the normal effective statutory tax rate and actual effective tax rate for the years ended March 31, 2008 and 2007 are not disclosed because the difference between the normal effective statutory tax rate and the actual effective tax rate is immaterial.

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥19,616 million ($195,768 thousand) and ¥20,817 million for the years ended March 31, 2008 and 2007, respectively.

11. LEASES

Lessor

Finance Leases

Revenues under finance leases were ¥5,793 million ($57,814 thousand) and ¥7,539 million for the years ended March 31, 2008 and 2007, respectively.

The amount of the imputed interest revenue included in the above revenue, which is computed using the interest method, was ¥1,365 million ($13,623 thousand) and ¥1,322 million for the years ended March 31, 2008 and 2007, 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, 2008 and 2007 was as follows:

	Other Facilities		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Acquisition cost	**¥ 35,319**	¥ 35,496	**$ 352,485**
Accumulated depreciation	**(25,062)**	(24,511)	**(250,120)**
Net leased property	**¥ 10,257**	¥ 10,985	**$ 102,365**

Future lease revenue under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Due within one year	**¥ 4,208**	¥ 4,150	**$ 41,996**
Due after one year	**14,536**	16,403	**145,070**
Total	**¥ 18,744**	¥ 20,553	**$ 187,066**

Future lease revenue under finance leases includes the sublease revenue.

Depreciation expenses relating to the leased assets mentioned above were ¥4,247 million ($42,385 thousand) and ¥6,398 million for the years ended March 31, 2008 and 2007, respectively.

Lessee

Finance Leases

Total lease payments under finance leases were ¥1,697 million ($16,936 thousand) and ¥1,588 million for the years ended March 31, 2008 and 2007, 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, 2008 and 2007 was as follows:

	Millions of Yen		
	Nuclear Power Production Facilities	Other Facilities	Total
As of March 31, 2008			
Acquisition cost	¥ 465	¥ 7,622	¥ 8,087
Accumulated depreciation	(182)	(2,498)	(2,680)
Net leased property	¥ 283	¥ 5,124	¥ 5,407

	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

	Thousands of U.S. Dollars		
	Nuclear Power Production Facilities	Other Facilities	Total
As of March 31, 2008			
Acquisition cost	$ 4,641	$ 76,068	$ 80,709
Accumulated depreciation	(1,816)	(24,930)	(26,746)
Net leased property	$ 2,825	$ 51,138	$ 53,963

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Due within one year	**¥ 961**	¥ 1,524	**$ 9,591**
Due after one year	**5,434**	6,171	**54,231**
Total	**¥ 6,395**	¥ 7,695	**$ 63,822**

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Depreciation expense	**¥ 1,697**	¥ 1,588	**$ 16,936**

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.

12. 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, 2008 and 2007 are as follows:

	Millions of Yen					
	2008			2007		
	Contracted Amount	Fair Value	Unrealized Gain	Contracted Amount	Fair Value	Unrealized Gain
Currency swap contracts -						
Japanese yen receipt,						
U.S. dollar payment	**¥ 16,277**	**¥ 494**	**¥ 494**			
Foreign currency forward contracts -						
Buying U.S. dollars				¥ 3,527	¥ 3,905	¥ 378
Foreign currency forward contracts -						
Buying Euro				2,877	3,486	609
Total				¥ 6,404	¥ 7,391	¥ 987

	Thousands of U.S. Dollars		
	2008		
	Contracted Amount	Fair Value	Unrealized Gain
Currency swap contracts -			
Japanese yen receipt, U.S. dollar payment	**$ 162,445**	**$ 4,930**	**$ 4,930**

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.

13. COMMITMENTS AND CONTINGENCIES

At March 31, 2008, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥271,223 million ($2,706,816 thousand). Additionally, the Companies had a number of fuel purchase commitments, most of which specify quantities and terms. Purchase prices are contingent upon fluctuations of market prices and so on.

At March 31, 2008, the Companies had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited	¥ 207,272	$ 2,068,583
Other	1,074	10,719
Total	¥ 208,346	$ 2,079,302

14. NET INCOME PER SHARE

Diluted net income per share "EPS" for the year ended March 31, 2008 is not disclosed because the Companies issue no dilutive securities. Reconciliation of the differences between basic and diluted net income per share for the year ended March 31, 2007 is as follows:

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2008				
Basic EPS:				
Net income available to common shareholders	¥ 85,265	918,470	¥ 92.39	$ 0.92
For the year ended March 31, 2007				
Basic EPS:				
Net income available to common shareholders	¥ 147,935	926,388	¥ 159.69	
Effect of Dilutive Securities:				
Stock option of associated company	(163)	2		
Diluted EPS:				
Net income for computation	¥ 147,772	926,390	¥ 159.51	

15. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2008 was approved at the Company's shareholders meeting held on June 27, 2008:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥30 ($0.30) per share	¥ 27,563	$ 275,079

16. SEGMENT INFORMATION

Information about industry segments of the Companies for the years ended March 31, 2008 and 2007, is as follows:

a. Sales and Operating Income

	Millions of Yen 2008				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 2,410,884	¥ 98,252	¥ 180,181		¥ 2,689,317
Intersegment sales	11,837	50,044	239,724	¥ (301,605)	
Total sales	2,422,721	148,296	419,905	(301,605)	2,689,317
Operating expenses	2,274,573	139,655	388,527	(300,587)	2,502,168
Operating income	¥ 148,148	¥ 8,641	¥ 31,378	¥ (1,018)	¥ 187,149

b. Total Assets, Depreciation and Capital Expenditures

	Millions of Yen 2008				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Total assets	¥ 6,096,342	¥ 324,326	¥ 603,759	¥ (234,822)	¥ 6,789,605
Depreciation	312,830	45,222	29,860	(4,568)	383,344
Capital expenditures	266,048	65,888	27,257	(5,199)	353,994

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

a. Sales and Operating Income

	Thousands of U.S. Dollars 2008				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$ 24,060,719	$ 980,559	$ 1,798,213		$ 26,839,491
Intersegment sales	118,133	499,441	2,392,456	$ (3,010,030)	
Total sales	24,178,852	1,480,000	4,190,669	(3,010,030)	26,839,491
Operating expenses	22,700,329	1,393,762	3,877,515	(2,999,869)	24,971,737
Operating income	$ 1,478,523	$ 86,238	$ 313,154	$ (10,161)	$ 1,867,754

b. Total Assets, Depreciation and Capital Expenditures

	Thousands of U.S. Dollars 2008				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Total assets	$ 60,841,738	$ 3,236,786	$ 6,025,539	$ (2,343,534)	$ 67,760,529
Depreciation	3,122,057	451,317	298,003	(45,589)	3,825,788
Capital expenditures	2,655,171	657,564	272,026	(51,887)	3,532,874

Property had been depreciated up to 95% of acquisition cost with 5% of residual value carried until previous fiscal years. However, such 5% portion of property is systematically amortized over 5 years starting in the following year in which the carrying value of property reaches 5% of the acquisition cost in accordance with the revised corporate tax law. (Note 2.c)

The effect of this change was to decrease operating income of Electric Power by ¥21,589 million ($215,459 thousand) and operating income of IT/Communications by ¥919 million ($9,171 thousand) and operating income of Other by ¥269 million ($2,684 thousand), respectively, for the year ended March 31, 2008.

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, 2008 and 2007, 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, 2008 and 2007, 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.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 27, 2008

Member of
Deloitte Touche Tohmatsu

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements
for the Years Ended March 31, 2008 and 2007

Non-Consolidated Balance Sheets

The Kansai Electric Power Company, Incorporated
March 31, 2008 and 2007

ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
PROPERTY:			
Plant and equipment	**¥ 13,875,353**	¥ 13,855,307	**$ 138,476,577**
Construction in progress	**350,310**	280,106	**3,496,108**
Contributions for construction	**(421,258)**	(416,501)	**(4,204,172)**
Accumulated depreciation	**(9,423,103)**	(9,209,854)	**(94,042,944)**
Plant and equipment - net	**4,381,302**	4,509,058	**43,725,569**
Nuclear fuel, net of amortization	**484,176**	483,774	**4,832,096**
Property - net	**4,865,478**	4,992,832	**48,557,665**
INVESTMENTS AND OTHER ASSETS:			
Investment securities	**166,342**	232,897	**1,660,100**
Investments in and advances to subsidiaries and associated companies	**157,498**	132,683	**1,571,836**
Reserve fund for reprocessing of irradiated nuclear fuel	**273,254**	183,371	**2,727,086**
Long-term loans receivable	**1,858**	1,552	**18,543**
Deferred tax assets	**250,795**	233,400	**2,502,944**
Other assets	**87,664**	59,565	**874,890**
Total investments and other assets	**937,411**	843,468	**9,355,399**
CURRENT ASSETS:			
Cash and cash equivalents	**37,397**	93,833	**373,224**
Accounts receivable	**137,744**	126,859	**1,374,691**
Allowance for doubtful accounts	**(1,607)**	(1,829)	**(16,039)**
Fuel, materials and supplies	**79,502**	59,716	**793,433**
Deferred tax assets	**6,680**	14,797	**66,667**
Other current assets	**72,398**	59,238	**722,535**
Total current assets	**332,114**	352,614	**3,314,511**
TOTAL	**¥ 6,135,003**	¥ 6,188,914	**$ 61,227,575**

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
LONG-TERM LIABILITIES			
Long-term debt, less current maturities	**¥ 2,340,530**	¥ 2,435,769	**$ 23,358,583**
Liability for retirement benefits	**322,568**	341,257	**3,219,242**
Reserve for reprocessing of irradiated nuclear fuel	**662,960**	678,934	**6,616,367**
Reserve for decommissioning of nuclear power units	**298,914**	260,406	**2,983,174**
Other long-term liabilities	**63,105**	45,560	**629,790**
Total long-term liabilities	**3,688,077**	3,761,926	**36,807,156**
CURRENT LIABILITIES:			
Current maturities of long-term debt	**378,647**	316,945	**3,778,912**
Short-term borrowings	**96,750**	96,750	**965,569**
Accounts payable	**137,522**	78,601	**1,372,475**
Payable to subsidiaries and associated companies	**88,996**	81,384	**888,184**
Accrued income taxes		18,800	
Accrued expenses and other current liabilities	**142,691**	169,560	**1,424,062**
Total current liabilities	**844,606**	762,040	**8,429,202**
RESERVE FOR FLUCTUATIONS IN WATER REVEL		8,541	
EQUITY			
Common stock, authorized, 1,784,059,697 shares; issued, 962,698,728 shares in 2008 and 2007	**489,320**	489,320	**4,883,433**
Capital surplus			
Additional paid-in capital	**67,031**	67,031	**668,972**
Other capital surplus	**89**	42	**889**
Retained earnings:			
Legal reserve	**122,330**	122,330	**1,220,858**
Unappropriated	**948,743**	948,885	**9,468,493**
Unrealized gain on available-for-sale securities	**43,687**	87,009	**435,998**
Deferred gain on derivatives under hedge accounting	**24,719**	14,669	**246,697**
Treasury stock - at cost 43,899,969 shares in 2008 and 36,168,501 shares in 2007	**(93,599)**	(72,879)	**(934,122)**
Total equity	**1,602,320**	1,656,407	**15,991,218**
TOTAL	**¥ 6,135,003**	¥ 6,188,914	**$ 61,227,575**

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥100.20 = U.S.$1, the approximate rate of exchange at March 31, 2008.

Non-Consolidated Statements of Income

The Kansai Electric Power Company, Incorporated
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars
	2008	**2007**	**2008**
OPERATING REVENUES:			
Electricity operating revenues:			
Residential	**¥ 1,003,756**	¥ 963,790	**$ 10,017,525**
Commercial and industrial	**1,340,839**	1,317,248	**13,381,627**
Other	**78,127**	68,723	**779,710**
Sub-total	**2,422,722**	2,349,761	**24,178,862**
Incidental operating revenues	**55,823**	47,109	**557,116**
Total	**2,478,545**	2,396,870	**24,735,978**
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	**211,953**	206,989	**2,115,299**
Fuel	**556,760**	358,322	**5,556,487**
Purchased power	**379,313**	415,832	**3,785,559**
Maintenance	**229,571**	235,459	**2,291,128**
Depreciation	**312,772**	310,486	**3,121,477**
Taxes	**147,517**	153,090	**1,472,225**
Other	**436,687**	439,628	**4,358,154**
Sub-total	**2,274,573**	2,119,806	**22,700,329**
Incidental operating expenses	**58,440**	48,854	**583,234**
Total	**2,333,013**	2,168,660	**23,283,563**
OPERATING INCOME	**145,532**	228,210	**1,452,415**
OTHER (INCOME) EXPENSES:			
Interest expense	**52,655**	56,505	**525,499**
Reserve for decommissioning of nuclear power units -cumulative effect at March 31, 2007	**24,127**		**240,788**
Other - net	**(18,111)**	(17,685)	**(180,748)**
Total	**58,671**	38,820	**585,539**
INCOME BEFORE PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	**86,861**	189,390	**866,876**
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**(8,541)**	(102)	**(85,240)**
INCOME BEFORE INCOME TAXES	**95,402**	189,492	**952,116**
INCOME TAXES			
Current	**30,395**	64,185	**303,343**
Deferred	**9,560**	7,640	**95,409**
Total	**39,956**	71,825	**398,762**
NET INCOME	**¥ 55,446**	¥ 117,667	**$ 553,354**

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥100.20 = U.S.$1, the approximate rate of exchange at March 31, 2008

Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated
Years Ended March 31, 2008 and 2007

	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, 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 increase (decrease) in unrealized gain on available-for-sale securities							(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
Net income						55,446				55,446
Cash dividends, ¥60 per share						(55,588)				(55,588)
Purchase of treasury stock									(20,865)	(20,865)
Disposal of treasury stock				47					145	192
Net change in the year							(43,322)	10,050		(33,272)
BALANCE, MARCH 31, 2008	962,698,728	¥ 489,320	¥ 67,031	¥ 89	¥ 122,330	¥ 948,743	¥ 43,687	¥ 24,719	¥ (93,599)	¥ 1,602,320

	Thousands of U.S. Dollars (Note 1)								
		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, 2007	$ 4,883,433	$ 668,972	$ 419	$ 1,220,858	$ 9,469,910	$ 868,353	$ 146,397	$ (727,335)	$ 16,531,008
Net income					553,353				553,353
Cash dividends, $0.60 per share					(554,770)				(554,770)
Purchase of treasury stock								(208,234)	(208,234)
Disposal of treasury stock			469					1,447	1,916
Net change in the year						(432,355)	100,300		(332,056)
BALANCE, MARCH 31, 2008	$ 4,883,433	$ 668,972	$ 889	$ 1,220,858	$ 9,468,493	$ 435,998	$ 246,697	$ (934,122)	$ 15,991,218

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥100.20 = U.S.$1, the approximate rate of exchange at March 31, 2008

Five-Year Summary of Selected Operational Data

The Kansai Electric Power Company, Incorporated and Subsidiaries
March 31, 2008 and 2007

	Consolidated Basis					Non-Consolidated Basis				
	2004	2005	2006	2007	**2008**	2004	2005	2006	2007	**2008**
Operating Revenues (Millions of Yen)	2,540,155	2,613,483	2,579,059	2,596,371	**2,689,317**	2,375,239	2,448,181	2,403,586	2,396,870	**2,478,545**
Operating Income (Millions of Yen)	349,492	386,939	327,170	271,644	**187,149**	329,456	366,059	294,877	228,210	**145,532**
Ordinary Income (Millions of Yen)	187,380	297,801	247,553	231,676	**152,444**	188,833	274,090	219,284	189,390	**110,988**
Net Income (Millions of Yen)	90,111	69,739	161,049	147,935	**85,265**	118,448	110,179	143,548	117,667	**55,446**
Electricity Operating Revenues (Millions of Yen)										
Residential						944,224	990,939	989,390	963,790	**1,003,756**
Commercial and Industrial						1,356,480	1,373,715	1,326,112	1,317,248	**1,340,839**
Total						2,300,704	2,364,654	2,315,502	2,281,038	**2,344,595**
Electricity Operating Expenses (Millions of Yen)										
Personnel Expenses						330,738	292,170	246,176	206,989	**211,953**
Fuel Costs						168,436	242,944	300,212	358,322	**556,760**
Costs of Purchased Power						372,126	410,037	404,603	415,832	**379,313**
Maintenance Costs						185,848	184,663	208,743	235,459	**229,571**
Depreciation						388,751	359,588	338,286	310,486	**312,772**
Taxes Other than Income Taxes						160,054	156,357	154,988	153,090	**147,517**
Other						423,714	408,352	416,199	439,628	**436,687**
Total						2,029,667	2,054,111	2,069,207	2,119,806	**2,274,573**
Financial Revenue (Millions of Yen)	2,364	4,143	3,653	6,556	**8,378**	2,892	3,573	3,876	6,636	**8,932**
Interest Expense (Millions of Yen)	102,973	82,045	66,712	60,885	**56,934**	98,575	77,836	62,632	56,505	**52,655**
Return on Equity (ROE) (%)	5.7	4.2	9.4	8.1	**4.6**	8.6	7.5	9.3	7.2	**3.4**
Return on Assets (ROA) (%)	4.0	5.4	4.6	4.3	**3.1**	4.3	5.5	4.5	3.9	**2.7**
Net Income per Share (Yen)	94.77	73.83	172.84	159.69	**92.39**	124.97	116.91	154.14	126.97	**60.05**
Cash Dividends per Share (Yen)						50.00	50.00	60.00	60.00	**60.00**
Stock Price (Yen)										
Highest Stock Price						2,035	2,150	2,805	3,920	**3,490**
Lowest Stock Price						1,801	1,862	2,050	2,400	**2,390**
Capital Investments (Millions of Yen)	321,503	273,797	268,652	297,459	**353,994**	255,110	203,555	180,631	223,704	**268,811**
Total Assets (Millions of Yen)	7,150,826	6,857,871	6,856,489	6,827,230	**6,789,605**	6,540,844	6,294,612	6,268,884	6,188,914	**6,135,003**
Net Assets (Millions of Yen)	1,637,248	1,646,686	1,785,985	1,877,355	**1,845,758**	1,433,439	1,486,180	1,599,578	1,656,407	**1,602,320**
Equity Ratio (%)	22.9	24.0	26.0	27.4	**27.1**	21.9	23.6	25.5	26.8	**26.1**
Interest-bearing Debt (Millions of Yen)	3,883,603	3,489,864	3,323,999	3,207,205	**3,166,453**	3,589,244	3,164,780	2,975,833	2,846,580	**2,813,317**
Net Assets per Share (Yen)	1,729.57	1,749.65	1,927.29	2,021.60	**2,003.91**	1,513.34	1,578.70	1,725.64	1,787.75	**1,743.93**
Free Cash Flows (Millions of Yen)	499,720	433,969	235,233	234,886	**95,741**					
Operating Cash Flows (Millions of Yen)	808,328	691,253	528,878	541,771	**411,724**					

	Non-Consolidated Basis				
	2004	2005	2006	2007	**2008**
Electricity Sales Volume (Million kWh)					
Residential	44,655	46,800	48,720	48,360	**50,182**
Commercial and Industrial	95,591	98,086	98,389	98,896	**100,241**
Total	140,246	144,886	147,108	147,257	**150,422**
Number of Customers (Thousands)					
Residential	11,695	11,821	11,964	12,108	**12,183**
Commercial and Industrial (Excluding the liberalized segment)	1,358	1,335	1,196	1,175	**1,154**
Total	13,053	13,156	13,160	13,282	**13,337**
Electricity Generation Capacity (MW)					
Nuclear	9,768	9,768	9,768	9,768	**9,768**
Thermal	16,907	17,807	17,807	16,907	**16,407**
Hydropower	8,149	8,186	8,186	8,189	**8,189**
Total	34,824	35,761	35,761	34,864	**34,364**
System Peak Demand (MW)	30,550	30,470	30,870	30,530	**30,665**
Load Ratio (%)	57.0	59.3	60.0	60.0	**60.9**
Power Sources (%)					
Nuclear	56	43	46	45	**42**
Thermal	29	43	43	43	**49**
Hydropower	14	13	10	11	**9**
Renewable Energies	1	1	1	1	**1**
Total	100	100	100	100	**100**
CO_2 Emission (kg-CO_2/kWh)	0.261	0.356	0.358	0.338	**0.366**
Nuclear Capacity Factor (%)	89.1	70.2	75.4	77.0	**75.0**
Thermal Efficiency of Thermal Power Plants (%)	39.50	40.03	40.07	40.50	**39.99**
Number of Employees	21,031	20,640	20,408	20,292	**20,184**
Ratings (Moody's)	Aa3	Aa3	Aa3	Aa2	**Aa2**
Date of General Shareholders' Meeting	June 29	June 29	June 29	June 28	**June 27**

Corporate Information

Company Name: The Kansai Electric Power Company, Incorporated

Head Office: 6-16, Nakanoshima 3-chome, Kita-ku, Osaka 530-8270, Japan
Phone: +81-6-6441-8821 Fax: +81-6-6447-7174

Date of Establishment: May 1, 1951

Paid-in Capital: ¥489.3 Billion

Operating Revenues: ¥2,478.5 Billion (Consolidated ¥2,689.3 Billion)

Total Assets: ¥6,135.0 Billion (Consolidated ¥6,789.6 Billion)

Number of Employees: 20,184 (Consolidated 30,040)

URL: http://www.kepco.co.jp

E-mail: finance@kepco.co.jp

Major Consolidated Subsidiaries

Information and Telecommunications (IT)[1]	Issued Share Capital (Millions of yen)	Voting Interest	Principal Business
K-Opticom Corp.	33,000	100.0%	Internet conection service for individual customers, telecommunication bussiness for corporate customers , and lease of telecommunication facilities
K Cable Television Corporation, Inc.	2,418	75.0%	CATV service, internet connection service by CATV
Kanden System Solutions Co., Inc.	90	100.0%	Consulting of information system and telecomunications, development, use, and maintenance of system, design, sales, lease of such as software, design, establishment, and maintenance of information processing facilities and telecommunications facilities.
Integrated Energy Supply[2]			
SAKAI LNG Corp.	1,000	70.0%	Operation of LNG terminal
Kanden Energy Solution Co., Inc.	400	100.0%	Gas sales agent and design of optimum systems such as co-generations Integrated management service for electric facilities, air-conditioning, and machineries
Lifecycle-related Business[2]			
KANDEN FUDOSAN CO., LTD.	810	100.0%	Sale, lease and administration of real estate
Clearpass Co., Ltd.	465	100.0%	Billing service and loan business
KANDEN Security of Society, Inc.	400	71.0%	Home security service
Kanden E House Corp.	300	100.0%	Housing design and sale of electric appliances
KANSAI Medical Net Co., Inc.	300	80.0%	Support business of the health care
Kanden Joy Life Co., Ltd.	200	100.0%	Operation of private old people's homes, nursing care business of the visit, home care support business, day service business
Group Business Support[2]			
Kanden Engineering Corp.	786	100.0%	Maintenance and construction of electricity circulation facilities, electric facilities and communication systems
NIHON NETWORK SUPPORT CO., LTD.	412	79.8%	Production and sales of overhead wire hardware, insulator, bushing, steel tube pillars, concrete pillars, material and machine parts which supplies electricity
Kanden Plant Corp.	300	100.0%	Maintenance and construction of fossil-fired and nuclear plant
NEWJEC INC.	200	80.0%	Investigation, designing and construction management of civil engineering and construction
THE GENERAL ENVIRONMENTAL TECHNOS CO., LTD.	80	100.0%	Investigation, analysis and consulting, construction about environment, engineering and architecture
The Kanden L&A Co., Ltd.	30	100.0%	Lease business, car maintenance business and insurance agent

Number of Consolidated subsidiaries: 58 (All of subsidiaries)

Affiliates Accounted for by Equity Method

Other	Issued Share Capital (Millions of yen)	Voting Interest	Principal Business
KINDEN CORPORATION	26,411	42.2%	Construction and engineering of electric facilities, communication systems, and environmental-related facilities
ENEGATE Co., Ltd.	497	49.0%	Production, sales and maintenance of electric meters and production and sales of electric control machinery

Note 1: Included in "IT/communications" in the industrial segment information
Note 2: Included in "Other" in the industrial segment information

Stock Information

Number of Common Shares Issued: 962,698 Thousand

Number of Shareholders: 453 Thousand

Stock Exchange Listings: (Common Stock) Tokyo Stock Exchange
Osaka Securities Exchange
Nagoya Stock Exchange

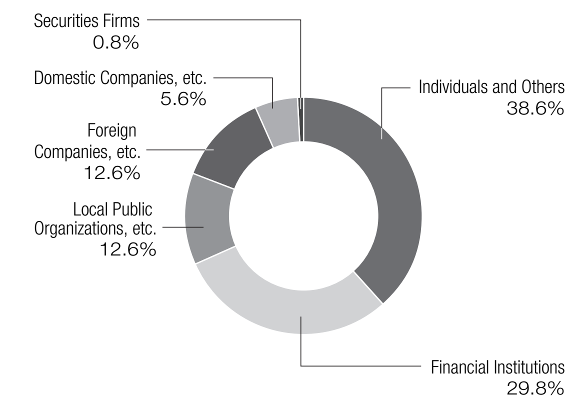
Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation
1-5, Dojimahama 1-chome, Kita-ku, Osaka 530-0004, Japan

Major Shareholders

As of March 31, 2008	Number of Shares Held (thousands)	Percentage of Shares Held (%)
Osaka City	83,748	8.70%
Nippon Life Insurance Company	42,909	4.46%
Japan Trustee Services Bank, Ltd. (Trust Account)	35,965	3.74%
The Master Trust Bank of Japan, Ltd. (Trust Account)	28,457	2.96%
Kobe City	27,351	2.84%
Kansai Electric Power Employee Stockholder Program	14,166	1.47%
Mizuho Corporate Bank, Ltd.	12,978	1.35%
Sumitomo Mitsui Banking Corporation	11,128	1.16%
The Bank of Tokyo-Mitsubishi UFJ	9,472	0.98%
Kochi Shinkin Bank	8,850	0.92%

Note: Excluding 43,900 thousand of treasury stock from the above table.

Distribution of Shares



Stock Prices and Trading Volume