

Always Evolving

to Fulfill Our Enduring Mission



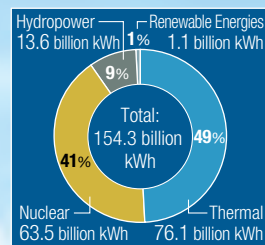
Annual Report
2009

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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, 2009 (fiscal 2009) totaled 145.9 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 41% of power generated in fiscal 2009, so our CO₂ 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 2009)

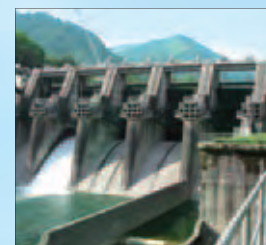
Note: Power source composition includes power received from other companies (interchange power and pumped-storage hydropower are not include). The figures above are rounded off, so the totals may not equal 100%.



Ohi Nuclear Power Plant



Gobo Thermal Power Plant



Yomikaki Hydro Power Plant

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

	¥ Billion					US\$ Million ¹
	2005	2006	2007	2008	2009	2009
Operating Revenues	¥ 2,613.5	¥ 2,579.1	¥ 2,596.4	¥ 2,689.3	¥ 2,789.6	\$ 28,390
Operating Income	386.9	327.2	271.6	187.1	31.0	316
Net Income	69.7	161.0	147.9	85.3	-8.8	-90
Total Assets	6,857.9	6,856.5	6,827.2	6,789.6	6,970.1	70,935
Net Assets	1,646.7	1,786.0	1,877.4	1,845.8	1,706.7	17,369
Operating Cash Flows	691.3	528.9	541.8	411.7	281.3	2,863
Operating Revenues from Group Businesses (external sales) ²	188.8	215.6	254.0	273.2	295.7	3,009
Ordinary Income from Group Businesses ²	19.7	29.0	45.0	42.0	52.5	534
Per Share Data						
	Yen					US Dollars
Net Income	¥ 73.83	¥ 172.84	¥ 159.69	¥ 92.39	¥ -9.65	\$ -0.10
Cash Dividends	50.00	60.00	60.00	60.00	60.00	0.61
Net Assets	1,749.65	1,927.29	2,021.60	2,003.91	1,868.08	19.01
Major Indicators						
	%					
Equity Ratio	24.0	26.0	27.4	27.1	24.4	
Return on Equity	4.2	9.4	8.1	4.6	-0.5	
Return on Assets ³	5.4	4.6	4.3	3.1	0.6	
Electricity Sales Volume						
	Billion kWh					
	144.9	147.1	147.3	150.4	145.9	

Note 1: The yen-dollar exchange rate of ¥98.26 = US\$1 as of March 31, 2009, is applied.

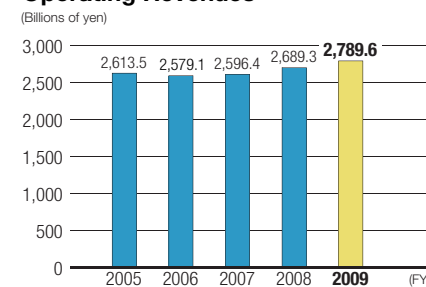
Note 2: Figures in this table are the straight sums of targets set by consolidated subsidiaries prior to consolidation eliminations.

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.

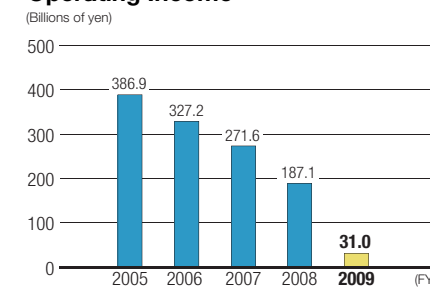
Ordinary income includes the amounts from affiliated companies accounted for by the equity-method.

Note 3: ROA = Business profit (ordinary income plus interest expense) divided by total assets (average of period-start and period-end totals)

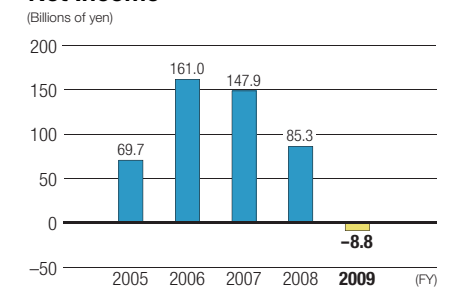
Operating Revenues



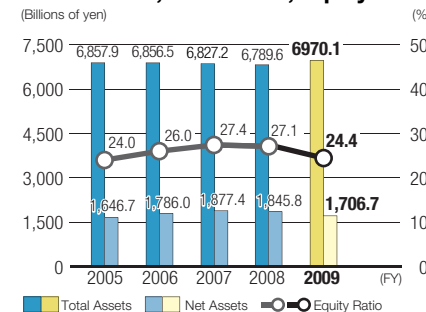
Operating Income



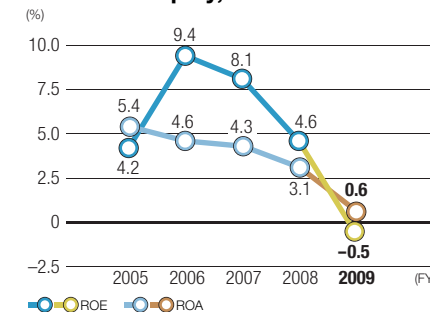
Net Income



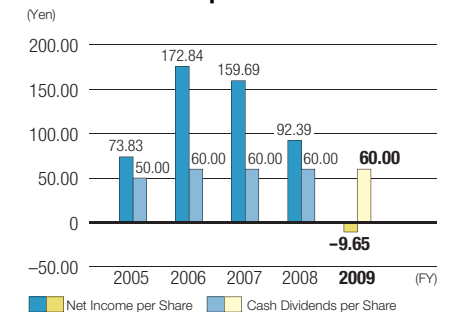
Total Assets, Net Assets, Equity Ratio



Return on Equity, Return on Assets



Net Income per Share/ Cash Dividends per Share



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.



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 five-story pagoda of Toji Temple in Kyoto, a national treasure

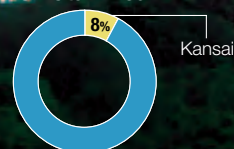
Characteristics of the Kansai Area

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 the Netherlands.

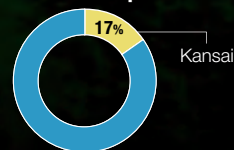
Despite the impact of the recent economic downturn, many large-scale factories have been established along Osaka waterfront including flat panel production plants, as the area is being transformed into a hotbed of cutting-edge industry. As a locally rooted company, the Kansai Electric Power intends to 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



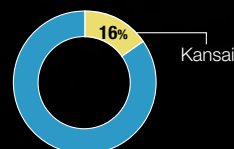
Source: "A Survey on Japan's Land Area by Municipality (as of October 2003)" by the Geographical Survey Institute, Ministry of Land, Infrastructure and Transport.

Kansai's Population Compared with Japan's Total Population



Source: "Japanese Population Estimates (as of October 2008)" by the Statistics Bureau, Ministry of Internal Affairs and Communications.

Kansai's GDP Compared with Japan's Total GDP



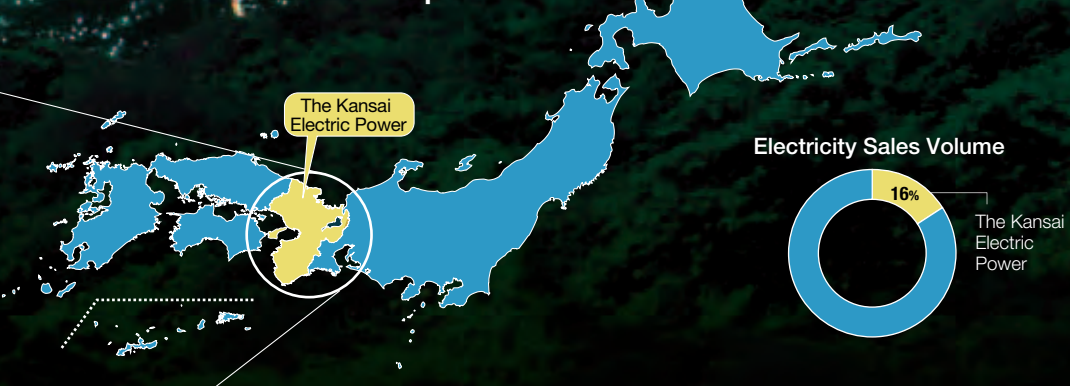
Source: "Annual Report 2006 on Prefectural Economy Calculations" by the Economic and Social Research Institute, Cabinet Office, Government of Japan.

The Kansai Electric Power's Major Power System

The three nuclear power plants in Fukui provide power to Osaka, Kyoto, Hyogo (excluding one part), Nara, Shiga, and Wakayama as well as parts of Mie, Gifu and Fuku.



Electric Power Business in Japan



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

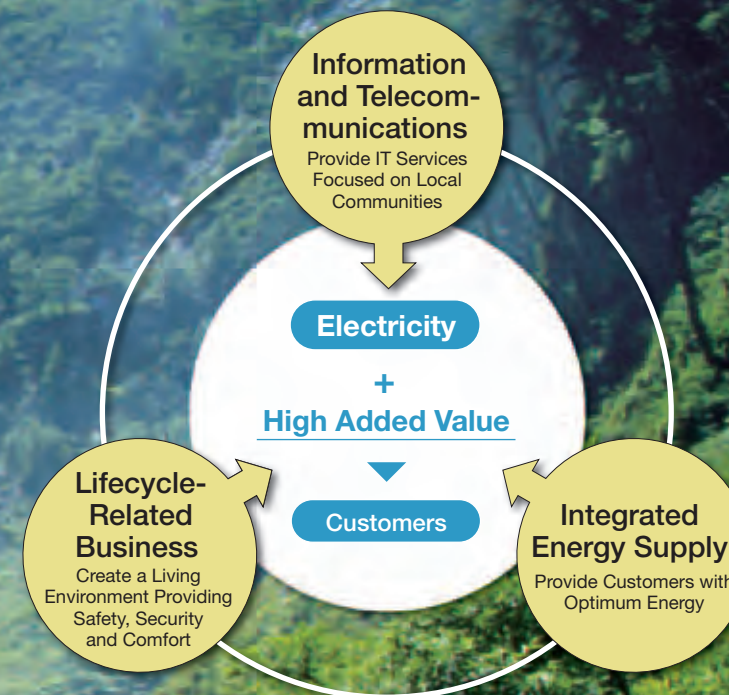
deregulation, accounting for about 30% of all power sold. The scope of liberalization has been gradually expanded since. In April 2005 it was expanded to include all customers receiving high-voltage electricity, which accounts for around 60% of electric power sold. In addition, although deliberations 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.

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 Social Changes

1 To Meet Diversifying Customer Needs P.11

Entire Group Working Together to Better People's Lives and Businesses through Creation of High-Quality Services



2 Responding to Changing Energy Markets P.15

We Will Steadily Invest Management Resources to Strengthen Our Business Foundation



3 The Issue of Global Warming P.19

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



Achieving Sustained Growth by Further Strengthening Our Business Base, Anticipating Changing Times and Pushing Ahead While 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 serve customers and society. In March 2004, we formulated “the Kansai Electric Power Group Management Vision,” and based on this vision, we will reaffirm the need to constantly evolve in order to continue to fulfill our unchanging mission and will devote ourselves completely to realizing the ideal to which we aspire, which is to be “No. 1 in customer satisfaction.”

In the fiscal year under review, the Kansai Electric Power Group had an unsatisfactory financial performance, posting losses on a consolidated and non-consolidated basis, due to surging resource and energy prices, the global recession and other factors. Despite these challenging conditions, we conducted work on nuclear power plant facilities from the perspective of preventative maintenance, engaged in construction on Maizuru Coal-fired Thermal Power Station Unit 2 and installation of state-of-the-art high-efficiency technologies at Sakaiko LNG Thermal Power Station, and expanded Group businesses, including our residential FTTH service and utility services. These initiatives were carried out to strengthen our business base, and I believe we have now laid the foundation for future growth.

The outlook for the global economy remains unclear. At the same time, the debate on achieving a low-carbon society is becoming increasingly active both in Japan and abroad.

In order to precisely meet the growing needs of our customers and other stakeholders, the Kansai Electric Power Group will seek an optimal combination of power sources by promoting development of thermal facilities that are highly resistant to supply and demand fluctuations and introducing renewable energies such as solar and wind power while remaining rooted in nuclear power, firmly address issues surrounding energy security, and continue to ensure safe and stable power supplies. In addition, we will work to provide total solutions by leveraging the Group’s collective strengths in the areas of integrated energy supply, information and telecommunications, and the lifecycle-related business, starting with energy systems that utilize heat pump technology for even higher efficiency.

We also continue working to strengthen our business foundation by managing all facets of the Company in an efficient, reliable manner while drawing on our ingenuity and by steadily investing management resources while considering asset efficiency and investment returns.

The conditions we face are now changing faster and to a greater extent than ever before. The Kansai Electric Group will continue robustly supporting rich and fulfilling lifestyles for our customers and infrastructure for industrial activity while continuing to place ultimate priority on safety and will faithfully fulfill its responsibilities to society, which include thoroughgoing compliance and progressive engagement in environmental issues, without losing sight of our medium/long-term vision for growth. We will continue to contribute to the development of society and continue to bring about growth for the Group as a whole.

A handwritten signature in black ink, reading "Shosuke Mori".

Shosuke Mori
President and Director



Q What is your assessment of economic conditions and operating results in the fiscal year ended March 31, 2009?

A This fiscal year, the operating climate surrounding the Kansai Electric Power Group underwent a major transformation as resource and energy prices fluctuated violently, a global recession took hold and activities aimed at achieving a low-carbon society accelerated on a worldwide basis.

Operating in the midst of these conditions, all executives and employees continued to make concerted efforts to ensure efficient operations. However, surging crude oil prices and rapid economic deterioration had an extremely large impact. I regret to report that we stated our first non-consolidated loss in 29 years, since the term ended March 1980, which was impacted by the second oil shock, and our first consolidated loss since consolidated disclosure began in the year ended March 1995.

Despite these challenging conditions, we worked to ensure stable supplies of electricity, conducted preventative maintenance work on nuclear power plant facilities, engaged in construction on Maizuru Coal-fired Thermal Power Station Unit 2, and installation of state-of-the-art high-efficiency technologies at Sakaiko LNG Thermal Power Station, and expanded Group businesses, including our residential FTTH service and utility services. These initiatives were carried out to strengthen our business base, and I believe we have now laid the foundation for future growth.

Q How do you intend to restore financial performance?

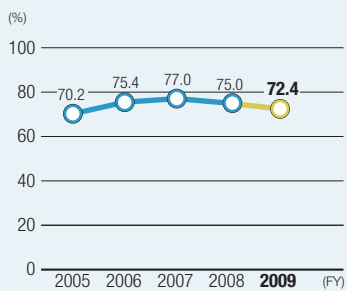
A The red ink in fiscal 2009 was the result of a substantial increase in fossil fuel prices, a relatively low nuclear capacity factor, and an increase in thermal electric power generation amounts, among other factors.

In the area of nuclear power, we will continue actively investing management resources to address aging facilities while maintaining safe and stable operations. We will also steadily convert thermal LNG power plants to combined cycle generation and move forward with construction on Maizuru Coal-fired Power Station Unit 2 in an effort to further reinforce our management base.

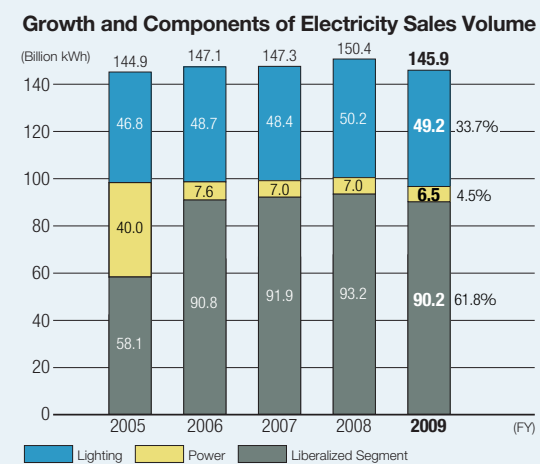
With regard to combined cycle generation at Sakaiko Power Plant in particular, new Units 1, 2 and 3 are scheduled to go online in the coming fiscal year, which could substantially reduce thermal fuel consumption compared to past amounts as a result of improved thermal efficiency.

Also, for nuclear power, we plan to actively conduct preventative maintenance up through March 31, 2012, which will prolong the scheduled maintenance period and put the capacity factor at around 80%. Thereafter we will work to ensure safe and stable operations by conducting daily inspections and appropriate preventative maintenance and strive for a capacity factor of 85% over the medium-to-long term.

Nuclear Capacity Factor



Growth and Components of Electricity Sales Volume



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.)

Performance by Business Segment (before inter-segment cancellation)

Business Segment	March 31, 2008		March 31, 2009		Increase Decrease
	Amount (¥ Million)	Amount (¥ Million)	Amount (¥ Million)	Percentage (%)	
Electric Power	Operating revenues	2,422,721	2,499,215	76,493	3.2
	Operating expenses	2,274,573	2,519,396	244,823	10.8
	Operating income	148,148	-20,181	-168,329	-114
IT/Communications	Operating revenues	148,296	159,668	11,372	7.7
	Operating expenses	139,655	144,067	4,412	3.2
	Operating income	8,641	15,601	6,960	80.5
Other	Operating revenues	419,905	441,620	21,715	5.2
	Operating expenses	388,527	404,747	16,220	4.2
	Operating income	31,378	36,873	5,495	17.5

Note: The above figures exclude consumption taxes.

Q Capital investment has been increasing. What are your plans in this area going forward?

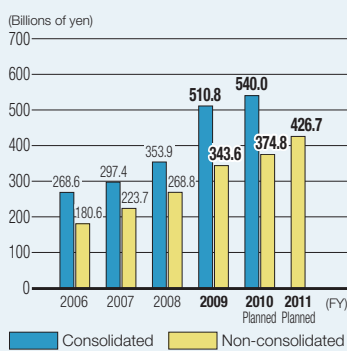
A We plan to continue a high level of capital investment in the coming fiscal year: approximately ¥370.0 billion on a non-consolidated basis and approximately ¥540.0 billion on a consolidated basis.

In electric power business, in order to continue to supply electric power in a stable manner into the future, it is necessary to make investments from a long-term perspective. Based on this perspective we will address aging electric power and distribution facilities and improve the earthquake resistance of nuclear power plants on a priority basis. In addition to the Sakaiko Power Station, we plan to upgrade facilities at the Himeji No. 2 Power Station, our largest thermal power plant, to convert over to combined cycle power generation. Unit 1 is targeted to commence operations in 2013. The thermal efficiency of Unit 1 will rise from its current level of roughly 42% to a world-class level of approximately 60%, which will enable us to significantly reduce CO₂ emissions. We believe it will also bolster our competitiveness.

With regard to Group businesses, we intend to invest on a priority basis in areas where new growth is expected. In the IT/communications segment, we will continue investment in FTTH, and in the integrated energy supply segment, we will expand utility services while taking full advantage of technologies and know-how cultivated in the electric power business.

Our plan is to strive to maximize shareholder value over the medium-to-long term by introducing highly efficient, highly competitive power sources, investing on a priority basis in Group business areas where growth is expected and reinforcing our business base.

Capital Investments



Note: The consolidated data for the year ended March 31, 2010 does not reflect the elimination of inter-group transactions.

Q With the operating climate undergoing major change, what will your sales strategy be going forward?

A The global economy remains stagnant and harsh economic conditions continue to prevail in the Kansai region. However, steady development is expected over the medium-to-long term given the ongoing buildup of industry, mainly along the Osaka waterfront, in sectors such as digital appliances, the environment and renewable energy sources.

At the same time, with various initiatives being conducted around the world to combat global warming, customers are becoming increasingly interested in energy efficiency and reducing CO₂ emissions.

In order to precisely meet customer needs, we will continue to actively consult with customers and make proposals that include combining high-efficiency electric systems that use heat pump technology with power from an environmentally friendly grid. We will also promote use of heat storage systems and enhance our rate menu to ensure customers receive stable supplies of less expensive power.

Going beyond electric power, we will provide total solutions distinctive to the Group in three primary areas: integrated energy supply, IT/communications, and the lifecycle-related business. Solutions include utility services involving the integrated design and operation of energy systems and other facilities for customers.

These initiatives have been extremely well received by customers. Over 1,000,000 customers have already installed electric water heaters and close to 1,000,000 customers use our FTTH service.

We will draw on the Group's collective strengths to continue helping customers lead better lives and businesses succeed.

Q With concern over environmental problems mounting, what are your initiatives in areas such as renewable energy?

A Renewable energy faces issues related to energy density, economic efficiency and output stability as of the present, but we believe that actively promoting greater use of renewable energy will further raise the corporate value of Kansai Electric Power, which seeks to be a key player in bringing about a low-carbon society, and meet the expectations of shareholders and investors.

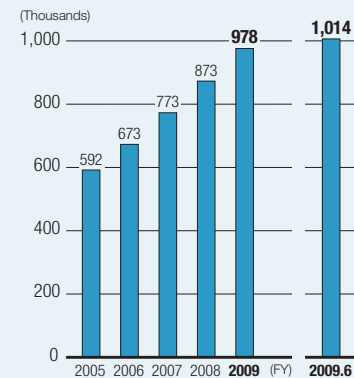
Kansai Electric Power has long engaged in surveys and research on solar and wind power and has voluntarily purchased electricity from solar power generated by customer facilities. The government also has plans to start a new solar power purchasing program, and we intend to participate in the program while broadly facilitating the understanding of the general public.

We are also involved in empirical research on large-scale solar power generation. Progress is being made on plans to construct a solar power plant with output of 10MW in the Sakai waterfront area on Osaka Bay. It is scheduled to go into operation in December 2011.

A wind power project is also being carried out by the Group on Awaji Island. It is slated to go online in December 2010 and is expected to generate 24MW.

In addition, we are expanding our fleet of electric vehicle used for business to around

Nighttime Power Contracts for Electric Water Heaters and Other Systems



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* =

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

200 vehicles over a three-year period starting in the coming fiscal year. Plans call for a fleet of around 1,500 by 2020.

Going forward, we will continue working to establish a low-carbon power grid with nuclear as its core power source and proactively moving to introduce more renewable energy sources while remaining intently focused on society's progressive conversion to electricity, a trend that includes greater use of electric vehicles.

Q What is your concluding message to shareholders and investors?

A Our unsatisfactory financial performance in the fiscal year under review was the result of surging fuel prices, a relatively low nuclear capacity factor and other factors. Return on assets (consolidated) and operating cash flow (consolidated), our financial targets, also came in at extremely low levels.

With deteriorating corporate earnings, a poor employment situation and lackluster consumer spending, the outlook for the economy remain uncertain. We will continue to adapt flexibly and appropriately to these rapidly changing conditions and strive for sustainable growth for the Kansai Electric Power Group.

Moreover, we will work to achieve our financial targets by proactively committing resources to capital and financial projects, while adequately taking into account asset and investment efficiency, and endeavor to deliver stable, appropriate returns to shareholders based on our policy on distributing profits to shareholders.

Thank you for your continuing understanding and support.





To Meet Diversifying Customer Needs

1 Entire Group Working Together to Better People's Lives and Businesses through Creation of High-Quality Services

➔ Providing Total Solutions by combination of Electricity and 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 serving its customers.

In addition to the traditional customer need for stable supplies and low costs, in recent years, environment-related needs,—specifically

energy conservation and CO₂ reduction—have mounted in conjunction with the global movement toward achievement of a low-carbon society.

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 solution services, we will strive to raise customer satisfaction, which will promote the use of our power supply services, and achieve sustained growth for the Group as a whole, while working to increase revenues from individual services.



Household Customers

➔ Providing Total Solutions to bring Environmentally Friendly, Secure, Comfortable and Economical Living Environments based on Totally Electric home services.

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, and we are the first to provide this type of discount plan. 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 [CO₂]). Support for accelerated adoption of *EcoCute* is included in the government's plan for achieving the goals of the Kyoto Protocol.

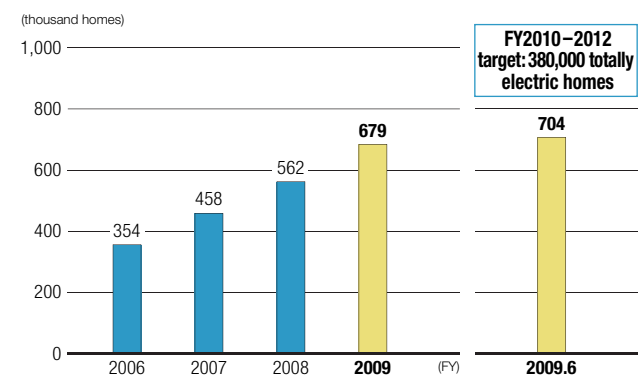
As a result of these initiatives, as of June 2009, there were more than 700,000 totally electric homes in our supply area. The number of customers with electric water heaters has topped 1,000,000 households*.

We have set an even more challenging target of 380,000 new totally electric homes for the period from fiscal 2010 to fiscal 2012 and will promote a variety of initiatives to achieve the target.

In order to accommodate diverse lifestyles, we will provide total solutions that combine totally electric homes 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 midnight power contracts for electric water heats, etc. in our supply area.

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 Total Solutions that Fit in with Customer Facility Lifecycles and Energy Use.

We offer optimal total solutions for our customers in line with their facility lifecycles. 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 CO₂ emissions per unit of power consumed.

We provide a range of solutions that utilize the energy-related skills and expertise that the Kansai Group has accumulated to date, not only consulting on customer facilities and energy usage but also facility construction, facility operation and energy management.

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



Energy efficiency diagnosis

➔ Attracting Businesses to Kansai

Many major factories that produce products such as flat panels have been established in recent years along the Osaka waterfront, and with active investment being made in solar cells and lithium-ion batteries, the area is starting to become a hotbed for cutting-edge industry.

Despite the impact of the recent economic downturn, we plan to reliably meet the needs of our customers through appropriate combinations of electricity and services offered by Group companies and we will continue to grow together with the Kansai region by providing corporate incentives in cooperation with local government agencies and regional industries.

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



Integrated Energy Supply

Against a backdrop of rising fuel prices and accelerating efforts to achieve a low-carbon society, customer needs in the areas of energy conservation, CO₂ reduction and cost saving are growing. 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 2009 energy sales totaled 780,000 tons (LNG-equivalent). In addition, we provide ESCO services and energy management services and actively propose comprehensive utility service for customers' utility facilities, such as transformers, boilers and air-conditioning systems. This covers utility design, construction, operation, maintenance and operational management. In this way we provide customers with optimal solutions to meet their various energy-related needs.

In the business arena of renewable energy and eco-business, Kansai Electric Power is actively promoting mega-solar projects, wind power developments, use of biomass fuel, etc.



Information and Telecommunications

The Kansai Electric Power built its own optical fiber network 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 our 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 brand, *eo HIKARI*, we provide a bundle of three FTTH services: Internet, phone and television. We are working to use these services broadly as lifelines at home. Competition with other service providers has been heating up recently, but we remain the highest ranked provider in customer satisfaction nationwide, according to a number of surveys.

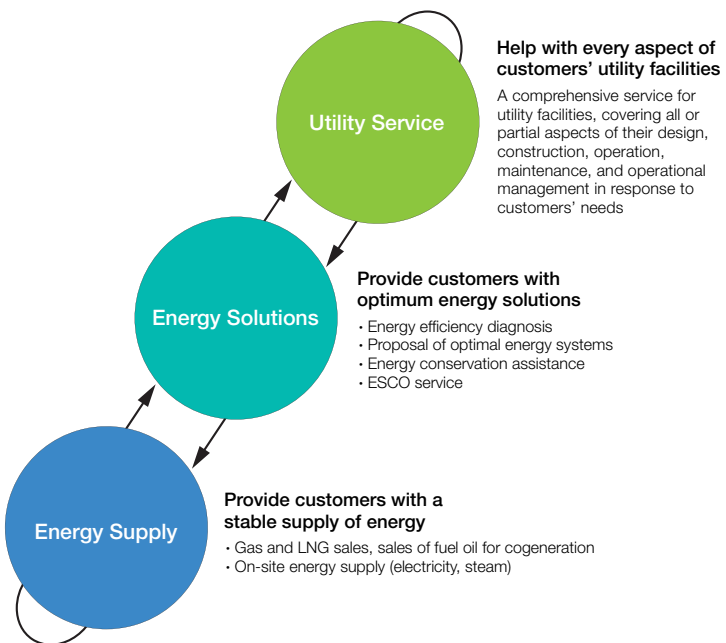
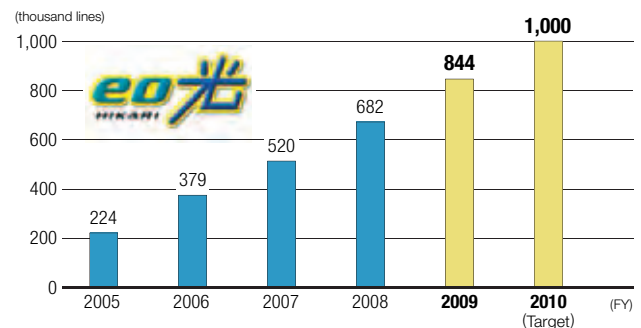
As a result, our FTTH subscriber lines topped 840,000 at the end of fiscal 2009. With a goal of 1,000,000 subscriber lines by the end of the next term, we will continue to work to increase subscriber numbers by further improving service and strengthening sales activities.

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 lines¹, VPN² 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

The Kansai Electric Power provides housing-related services and lifecycle-related services to help customers lead environmentally friendly, safe, secure and comfortable lives. 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. 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.

In order to continue to provide our totally electric homes 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, our Group has enhanced its service menus to include 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.



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



Home security protection service

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.





Responding to Changing Energy Markets

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

→ We Are Raising Managerial Efficiency to Address Liberalization of Electric Power and Other Changes in the Business Environment

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 27 companies as of March 2009—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 Co., Inc.* in 2004 in order to gradually consolidate the accounting and payroll operations of group companies.

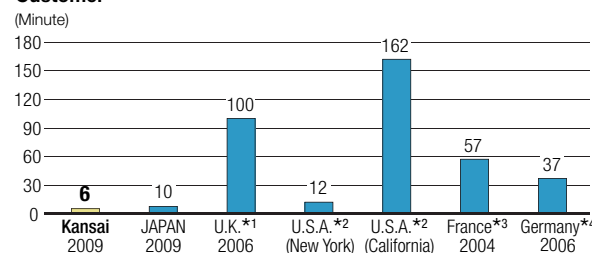
At the same time, the outlook for fuel prices is uncertain, and costs going forward are expected to increase due to aggressive efforts to tackle environmental issues, measures to deal with aging facilities, and other factors.

The Kansai Electric Power will work to raise 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 operate reliably and optimally configure the power networks that connect power stations to customers, and we continue to strive to prevent accidents from recurring. As a result of these efforts, the quality of our electricity remained world-class in FY 2008.

International Comparison of Annual Power Outage Time per Customer



*1 Results for England include periods of bad weather. However, they do not include planned outages or outages caused by power line accidents.
 *2 Results for both New York and California include periods of bad weather, and other instances.
 *3 Results for France include periods of bad weather.
 *4 Results for Germany include periods of bad weather.
 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

Fuel prices rose to historically high levels during FY 2008. Prices are relatively stable for now as the global economy worsens, but the outlook remains uncertain. In conjunction with global efforts to achieve a low-carbon society, public concern over environmental problems has mounted, so much so that energy conservation, renewable energy sources and other environmental measures have been made a pillar of the economic recovery.

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

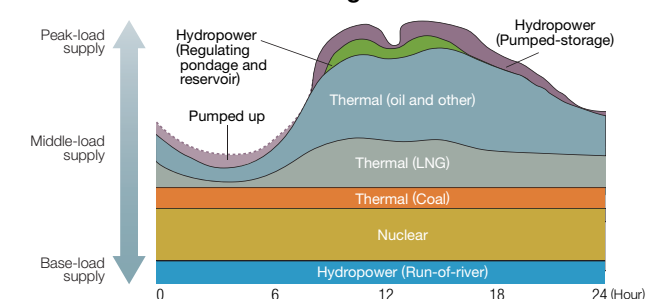
As a part of these efforts, we are expanding the scope of new metering system installations and verifying their performance in order to ensure the safety of our technical employees and raise the efficiency and sophistication of work at customer sites by conducting meter inspections and changes remotely. This initiative will also help enhance our energy consulting services.

→ 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, we must pursue appropriate maintenance and safe and stable operation of existing power stations. We must also progress in the renewal of existing power stations and the construction of new ones.

Power Source Mix According to Power Demand



Note: The hydropower (Run-of-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 of Nuclear Power Plants

Nuclear power is our base load supply 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 CO₂ 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, with ultimate priority placed on safety. 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, we will steadily implement measures to address their aging facilities, conduct earthquake safety assessments and steadily carry out construction in order to further raise earthquake resistance of our facilities. We will steadfastly conduct operations while working to improve facility safety and reliability.

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, Along with Upgrading Facilities at Himeji No. 2 Power Station

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) and Himeji No. 2 Power Station (LNG) by upgrading facilities to convert to natural gas combined cycle power generation. After it is updated, Himeji No. 2 Power Station will be the most efficient thermal power station in Japan thanks to adoption of combined cycle power generation, which uses state-of-the-art 1,600°C-class gas turbines and boasts world class thermal efficiency of approximately 60%. Upgrading facilities at Sakaiko Power Station and Himeji No. 2 Power Station will raise thermal efficiency by some 40%, which will enable us to reduce fuel costs and CO₂ emissions per unit of power generated by around 30%. Steady progress is also being made on construction of Maizuru Power Station Unit 2, which will use coal, the least expensive thermal fuel.



Sakaiko Power Station

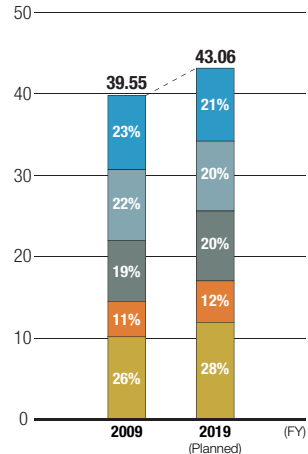
Effectively Utilizing Hydropower, a Purely Domestic Energy Source

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 CO₂ emissions. In addition, we will promote conversion of pumped-storage power plants to variable pumped-storage for the purpose of flexibly accommodating supply and demand fluctuations and reducing environmental impact. We will also continue to develop small-scale hydropower plants and raise the output of existing facilities.

Power Source Composition

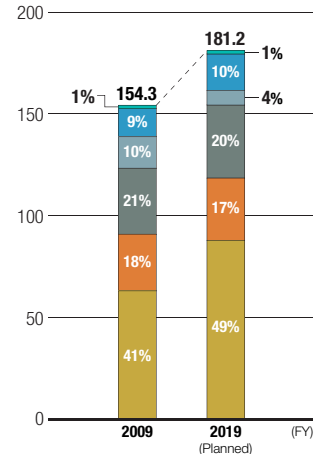
Composition of Power Generation Facilities at Fiscal Year-End

(Millions kW)



Power Sources Composition

(Billions kWh)



Legend: Nuclear (Yellow), Coal (Orange), LNG (Grey), Oil and other (Blue), Hydro (Light Blue), Renewable Energies (Green).

Note: The above data includes power received from other companies (interchange power and pumped-storage hydropower are not included). 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 stability 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, ushering in what some have called a nuclear renaissance. Against this backdrop, the price of uranium ore rose sharply on expectations of tighter supply-and-demand in the future, but after rebounding back, the financial crisis hit and prices fell further. The outlook, therefore, for the uranium market remains uncertain.

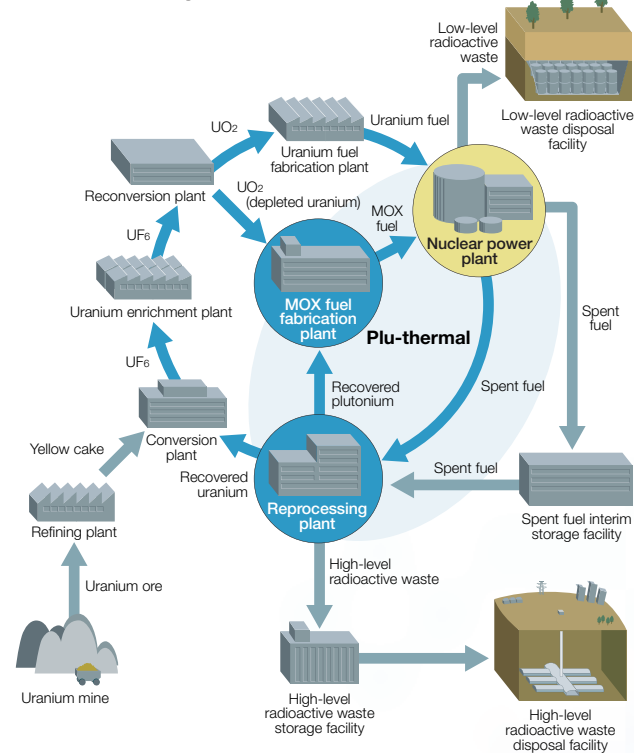
In addition, as this nuclear renaissance is taking place, the prices for enrichment services have continued to rise. In order to deal with this procurement environment for nuclear fuel and ensure long-term supplies of uranium, in 2006 we began providing investment and financing for a uranium mine development project being conducted by the Republic of Kazakhstan. And, from 2008 to 2009 we participated

in a uranium exploration project and a feasibility study for uranium resources in Australia through the Japan Australia Uranium Resources Development Co., Ltd., in which the Kansai Electric Power has a stake. In 2009, we continue to work to ensure stable procurement of nuclear fuel into the future. This has included participation in a new uranium enrichment plant project developed by French firm Areva NC.

In Japan, it is our basic national policy to reprocess spent fuel and recycle plutonium and uranium in order to make effective use of uranium resources. The Kansai Electric Power supports promotion of spent fuel recycle projects, introduction of plu-thermal power generation, which uses recovered plutonium as a MOX fuel (Mixed-Oxide fuel) in thermal reactors, and use of recovered uranium.

In this way we will strive to supply nuclear fuel steadily and promote the nuclear fuel cycle.

Nuclear Fuel Cycle



Strengthening Thermal Fuel Procurement Chains

In the area of thermal fuel procurement, we are making various efforts to further strengthen thermal fuel procurement chains. We are seeking to securely enhance stability, flexibility and economics by leveraging the contractual characteristics of LNG, coal and oil and also by 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 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. In addition, construction was completed in September 2008 on Kansai Electric Power's first tanker, the "LNG EBISU," which will transport LNG purchased by the project. This will help improve transportation economics and strengthen the resiliency of our trans-

portation system. Pluto LNG project will be one of our main sources of LNG post 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 will work to develop optimal combinations of short-term, medium-term and long-term purchase contracts. We also inked long-term contracts for three dedicated coal tankers (80,000-ton class) ahead of the start of operations at Maizuru Power Station Unit 2 in 2010. This will not only raise operational safety levels but also help ensure long-term tanker stability and reduce transport costs.

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. Presently, we have been involved in six projects.

In 1998, as our first project, 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 (345MW), 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. Additionally, in September 2008, we participated in the buyout of Senoko, Singapore's largest power company, and acquired 15% of its stock. We are planning to repower its oil-fired thermal power plants into combined cycle power plants by drawing on our expertise in facilities upgrade and operational technologies.

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.

List of Overseas Projects

Project	Partner	Contractual Period	Investment Stake	Start of Operation
San Roque Hydropower	Marubeni	25 Years	25%	May 2003
Dexia-FondElec Energy Efficiency and Emissions Reduction Fund	EBRD, DEXIA, Marubeni, J-Power, Mitsui & Co.	—	14%	March 2000
Rojana Thermal	Rojana Industrial Park, Sumitomo Metal Industries, Sumikin Bussan	25 Years	39%	May 1999
Ming-jiay Hydropower	Dong-jin	15 Years	31.2%	September 2007
Kuokuang thermal	CPC Corp. Meiya	25 Years	20%	November 2003
Senoko Power	Marubeni, Kyushu Electric Power, JBIC, GDF Suez	—	15%	October 1978 Start of Operation (First Unit)



Singapore Senoko Power



LNG EBISU



The Issue of Global Warming

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

① ② Bhutan Micro Hydro Power Project
 ③ Plans to install the mega-solar power generation facility in the waterfront district of Sakai
 ④ ⑤ Tuvalu Solar Power Generation Project ⑥ Electric vehicles

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 CO₂ emission volume per unit of electric power consumed (CO₂ emissions factor), but we have set an even more challenging target of reducing CO₂ emissions factor to around 0.282kg-CO₂/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.

- Nuclear power: For nuclear power plants, which do not produce any CO₂ when generating electricity, we will steadily continue to maintain safe and stable operations.
- Thermal power: We upgraded facilities at Sakaiko Power Station to convert them to cutting-edge combined cycle power generation (thermal efficiency improved from 41% to 58%) and launched operations in April 2009.
- Hydropower: A construction plan was announced for a power station that effectively uses water flow released to preserve the scenery downstream of the dam and maintain the river environment at the Yomikaki Power Station in Nagano Prefecture (construction scheduled for completion in June 2011).
- Renewable energy:
 - In August 2008, we began co-firing wood pellets, a form of biomass fuel, at our Maizuru coal-fired Power Station Unit 1.
 - The Kanden Energy Development, one of KANSAI's subsidiaries, has embarked on a wind power generation project in the northern part of Awaji City which is the first wind farm of the KANSAI Group. The wind farm of 24MW will start operation in December 2010.
 - In order to evaluate an actual impact of large solar power generation on the power grid system, we are pursuing the 28MW Sakai City Waterfront Mega Solar Power Generation Plan in Osaka Prefecture. The 10MW power plant to be built by the Kansai Electric Power is scheduled to start operation in FY2012 as the first commercial mega-solar power plant in Japan.

electricity through these high-efficiency products. In this way we will help reduce Japan's overall CO₂ emissions.

We are working toward introduction of around 1,500 electric vehicles by the fiscal year ending March 2021.

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

Developing Innovative Technologies

The Kansai Electric Power Group is carrying out development on electrical devices and systems that enable customers to use energy efficiently as well as research on measures to combat global warming like CO₂ separation/recovery technologies.

Specifically, we are developing devices that incorporate heat pump technology, which uses heat present in the air as a natural source of energy. The devices are being developed through joint research with manufacturers on EcoCute, which uses a CO₂ refrigerant, and they are already being used by many customers. We are also engaged in joint development with Chubu Electric Power and Mitsubishi Electric on Compact Cube, a heat pump chiller for buildings and factories. The product received the Energy Conservation Center Chairman's Award at the FY2008 Energy Conservation Grand Prize for its level of technical innovation, energy efficiency and environmental performance.

In 1990, the Kansai Electric Power partnered with Mitsubishi Heavy Industries to start developing recovery technologies for CO₂ using chemical absorption. We have successfully developed the world's most efficient absorption solution, KS-1 and established world-class technologies for CO₂ recovery.

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.

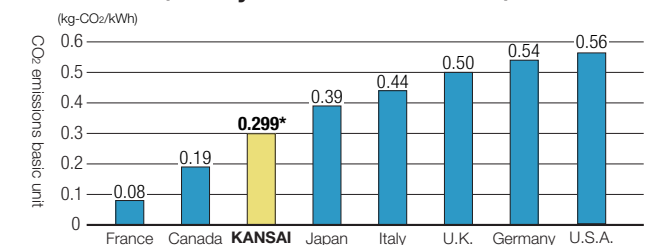
For example, we built hydropower plants in Bhutanese villages that did not have access to electric power, serving as project leader, in the e8 Bhutan Micro Hydro Power Project sponsored by the e8, a global consortium of leading electric power companies. The project was certified as a Clean Development 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, 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 making many contributions to preventing global warming through its participation on projects around the world.

CO₂ Emissions per Electric Power Generated in Major Economies (fiscal year ended March 2007)



* This figure represents CO₂ emissions per unit of electric power consumed by the Kansai Electric Power for FY2009. Figures reflect the offset of CO₂ credits through the Kyoto mechanism. 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 CO₂ 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 the Kansai Electric Power with low-CO₂ emission

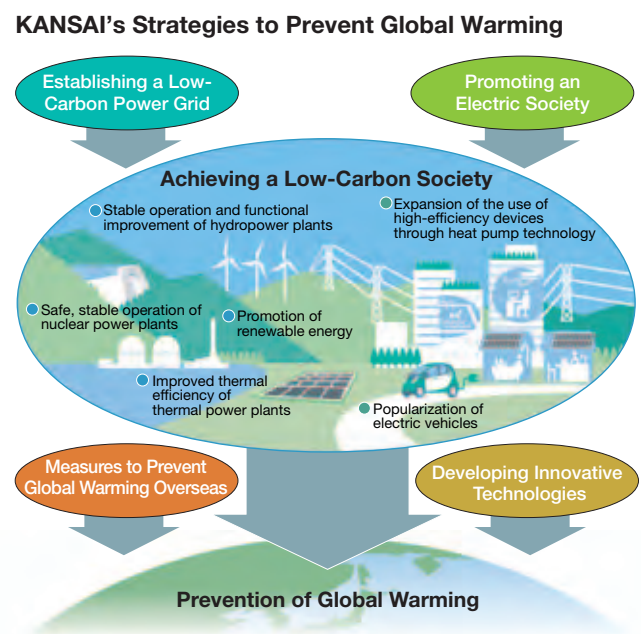
Working to Bring about a Low-Carbon Society by Establishing a Low-Carbon Power Grid and Promoting an Electric Society

2008 marked the start of the Kyoto Protocol's first commitment period, and international dialogue on combating global warming took place on a number of stages, including the G8 Toyako Summit. In 2009, an international framework for 2013 and beyond to succeed the Kyoto Protocol is slated to be agreed upon at the United Nations Climate Change Conference (COP 15) to be held in Copenhagen, Denmark in December. Debate among countries has grown even more intense than last year at meetings of UN Working Groups and other venues.

At the same time, in Japan, the government approved the "Action Plan for Achieving a Low-Carbon Society," and a long-term target of reducing CO₂ emissions from current levels by 60%-80% before 2050 was upheld as government policy. The government is also 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.



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.

Kansai Electric Power Group CSR Action Charter

CSR Action Principles

1. Safe, Stable Delivery of Products and Services
2. Progressive Approach to Environmental Problems
3. Proactive Contributions to Development of Local Communities
4. Respect for Human Rights, Development of Favorable Work Environments
5. Highly Transparent and Open Business Activities
6. Strict Enforcement of Compliance



CSR Report 2009



CSR website

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 reflected on 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.

Proactive Contributions to Development of Local Communities

The Kansai Electric Power Group recognizes that its development as a locally-and-life based company cannot be achieved 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 put our desire into action to help local communities and participate in activities together with local residents as a member of those communities, each business location partners with their community to conduct clean-up campaigns, jointly sponsors community events and otherwise gets involved in the community.

Additionally, Kansai Electric Power has sponsored American football tournaments (Kanden Flashbowl Series) since 1988, one of the Kansai region's thriving school sports, and, since 2001, has held Kanden Collabo Art 21, a public exhibition of artwork created by people with disabilities that support the artists' endeavors. We also hold classical music concerts (at the head office and six branch offices) to promote cultural enrichment in the Kansai region, and take 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.

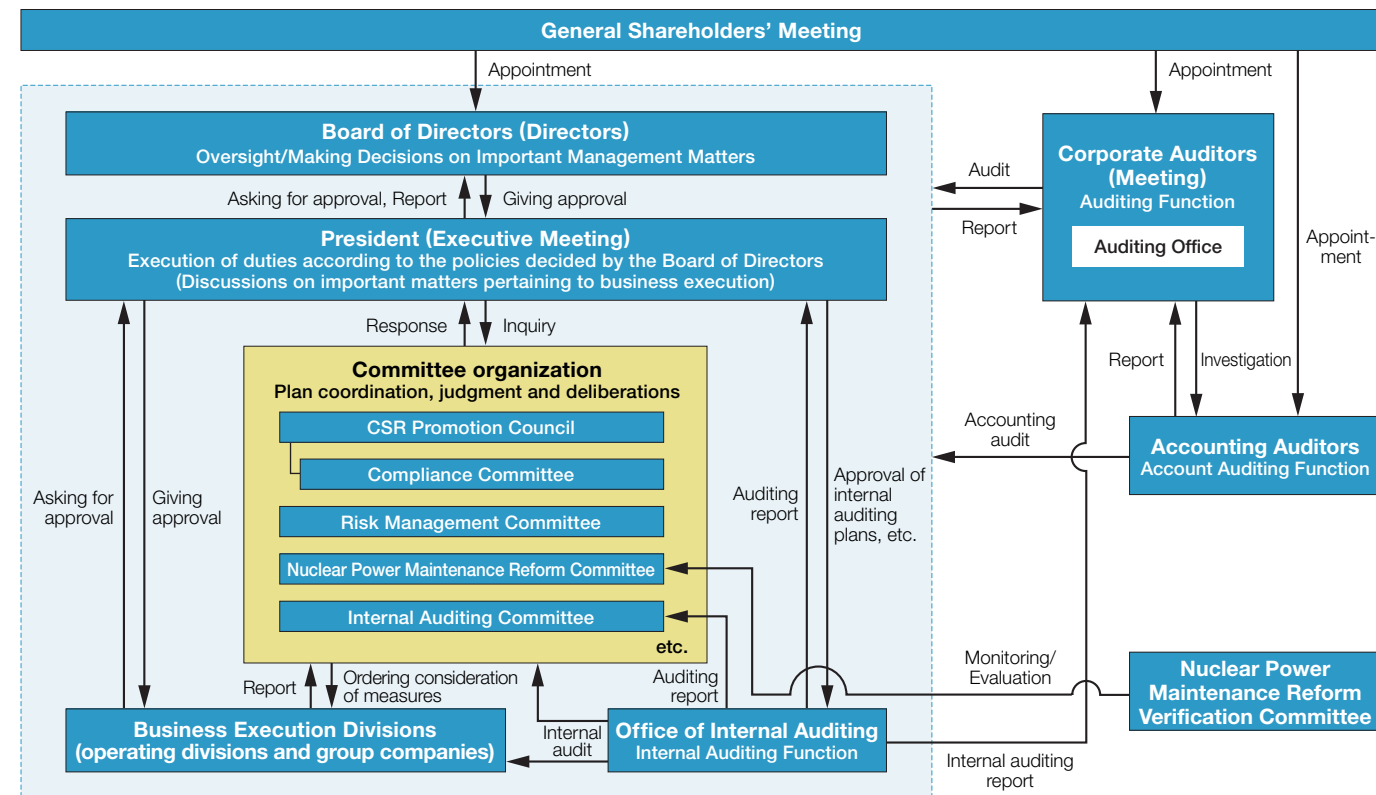
For instance, we proactively hire people with disabilities, and have established Kanden L-Heart, a special subsidiary pursuant to the Law for Employment Promotion of Persons with Disabilities. Our employment ratio for people with disabilities was 2.25% as of June 2009, as we continue to be above the 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 enhance the speed and efficiency of business execution by separating functions of execution from oversight.

Three of the Company's 19 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: plan coordination, judgment 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 execution 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 execution 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 execution divisions. Risk 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. Under this risk management system, proactive steps are taken to ensure appropriate and reliable financial reporting in accordance with the Financial Instruments and Exchange Act.

• 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 checks, 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, which consists mainly of outside members, provides objective, comprehensive oversight and evaluation on the implementation status of recurrence prevention measures and activities for fostering a safety-culture.

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

• 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 42-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 carries 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.



Shosuke Mori
President and Director



Norihiko Saito
Executive Vice President
and Director



Sakae Kanno
Executive Vice President
and Director



Toshiaki Mukai
Executive Vice President
and Director



Makoto Yagi
Executive Vice President
and Director



Yasuo Hamada
Executive Vice President
and Director

Managing Directors

Masumi Fujii
Tomoaki Nakamori
Masafumi Ikari
Masao Ikoma
Noriaki Hashimoto
Youichi Mukae
Hideki Toyomatsu
Jiroh Kagawa
Yoshihiro Doi

Directors

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, 2009 and 2008, 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 1,331 electrical systems and equipment, including heat storage systems, from our special lineup of high-voltage electrical products.

With regard to revenues, electricity sales volumes declined, but electricity operating revenues increased due to higher unit rates. As a result, operating revenues from this segment increased ¥76,585 million, or 3.2%, compared with the previous fiscal year, to ¥2,487,469 million.

In terms of expenditures, efforts were made to reduce costs, but higher fuel prices resulted in increased thermal fuel costs and increased costs for power purchased from other companies. These and other factors resulted in an operating loss of ¥20,181 million, which represents a decline of ¥168,329 million from the previous fiscal year.

IT/Communications

Leveraging its optical fiber network established throughout the Kansai region, the Group provides comprehensive IT/ Communications services for individual and corporate customers with an extensive menu of offerings to meet customer needs.

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 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 840,000 as of the end of the fiscal year under review, an increase of 24% compared with the end of the previous fiscal year.

As a result of these efforts, operating revenues from the IT/ Communications segment increased ¥13,523 million, or 13.8%, compared with the previous fiscal year, to ¥111,775 million; operating income totaled ¥15,601 million, a year-on-year increase of ¥6,960 million, or 80.6%.

Other

In the integrated energy supply business, the Group provides customers with optimal energy solutions, which can include not

only electricity but also gas, and other forms of energy, as well as ESCO services and utility services. 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.

With regard to income and expenditures, the integrated energy supply business recorded higher income on higher revenues, as progress was made in passing on higher raw material costs in gas sales prices, among other factors.

As a result, operating revenues from the Other segment totaled ¥190,330 million, an increase of ¥10,149 million, or 5.6%, from the previous fiscal year; operating income from this segment was ¥36,873 million, a year-on-year increase of ¥5,495 million, or 17.5%.

Ordinary Loss

Other income amounted to ¥33,463 million, an increase of ¥1,903 million, or 6.0%, compared with the previous fiscal year. The increase is attributable to an increase in interest income and other factors. As a result, total ordinary revenues, which include operating revenues, increased by ¥102,161 million, or 3.8%, to ¥2,823,038 million.

Other expenses amounted to ¥77,093 million, an increase of ¥10,828 million, or 16.3%, compared with the previous fiscal year. Other expenses increased due to impairment losses on securities holdings caused by deterioration in stock market conditions and other factors. As a result, ordinary expenses, which includes operating expenses, increased by ¥267,187 million, or 10.4%, to ¥2,835,619 million.

As a result, the Group stated an ordinary loss of ¥12,581 million, a decline of ¥165,026 million from the previous fiscal year.

Net Loss

Net loss before income taxes and minority interests totaled ¥12,581 million, a decrease of ¥149,439 million, compared with the previous fiscal year. Net loss was ¥8,796 million, a year-on-year decrease of ¥94,061 million.

Financial Position

Cash Flow

Net cash provided by operating activities amounted to ¥281,289 million, a decrease of ¥130,435 million, or 31.7%, compared with the previous fiscal year. This was the result of the Group having

stated a loss before income taxes and minority interests due to higher fuel costs for thermal power generation and other factors.

Net cash used in investing activities totaled ¥510,418 million, an increase of ¥194,435 million, or 61.5%, 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.

As a result, net cash provided by financing activities amounted to ¥225,751 million. This represents a net increase of ¥343,472 million due to cash being used in financing activities the previous fiscal year, a development resulting from cash used in investing activities outstripping cash provided by operating activities.

As a result, cash and cash equivalents at the end of the fiscal year under review totaled ¥69,753 million, a decrease of ¥13,161 million, or 15.9%, compared with the end of the previous fiscal year.

Assets, Liabilities and Net Assets

Assets

As a result of making investments to build new power plants and update facilities, based on a policy of establishing optimal facilities from a long-term perspective premised on safe and stable supplies, primarily in the electric power business, capital investment increased ¥156,871 million, or 44.3%, compared with the previous fiscal year, to ¥510,865 million.

As a result, total assets were ¥6,970,120 million, an increase of ¥180,515 million, or 2.7%, compared with the end of the previous fiscal year.

Liabilities

Interest-bearing liabilities increased by ¥300,536 million, or 9.5%, compared to the end of the previous fiscal year, to ¥3,466,989 million as cash used in investing activities exceeded cash provided by operating activities, making it necessary to utilize outside funds. As a result, total liabilities increased by ¥319,562 million, or 6.5%, to ¥5,263,409 million.

Net Assets

Net assets decreased ¥139,044 million, or 7.5%, compared with the end of the previous fiscal year, to ¥1,706,714 million as a result of posting a net loss of ¥8,796 million as well as decreases associated with dividend payments and share buybacks.

As a result of these developments, the equity ratio was 24.4%, a decline of 2.7 percentage points from the end of the previous fiscal year.

Due to these developments, net assets per share were ¥1,868.8, a decrease of ¥135.83 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" * 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.

* 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)

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 (April 26, 2009).

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 the government's regulatory measures. Costs related to the nuclear fuel cycle, including intermediate storage and other back-end nuclear power operations, may increase due to future changes in the regulatory regimes, application of new accounting principles, 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 89.2% 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.

Thermal fuel costs fluctuate based on changes in the amount of power generated by hydroelectric power plants, changes caused by variations in annual rainfall and snowfall totals. A reserve for fluctuations in water level has been set up, but the Group's business performance could still be impacted by fluctuations.

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 liabilities totaled ¥3,466,989 million as of March 31, 2009 (49.7% of total assets). Future fluctuations in market interest rates have the potential to affect the Group's business performance.

However, 93.4% 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, which is primarily involved in the electric power business, possesses a large number of facilities, starting with power distribution facilities. In order to ensure safe and stable supplies of electricity and other products and services, the Group develops and maintains these facilities, ensures that operations are conducted with ultimate priority placed on safety to prevent accidents, and implements robust measures to ensure full compliance. However, the Group's business performance is potentially impacted by factors such as natural disasters, accidents and compliance-related problems that could obstruct operations at its facilities or the power supply facilities of companies from which the Group receives power.

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, 2009 and 2008

ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
PROPERTY:			
Utility plant and equipment	¥ 13,564,782	¥ 13,528,617	\$ 138,049,888
Other plant and equipment (Note 6)	1,285,871	1,205,652	13,086,414
Construction in progress	463,750	359,483	4,719,621
Contributions in aid of construction	(455,886)	(441,211)	(4,639,589)
Accumulated depreciation and amortization	(10,106,085)	(9,904,149)	(102,850,448)
Plant and equipment—net (Note 3)	4,752,432	4,748,392	48,365,886
Nuclear fuel, net of amortization (Note 2.c)	507,223	484,176	5,162,050
Property—net	5,259,655	5,232,568	53,527,936
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	162,652	199,622	1,655,323
Investments in and advances to associated companies	199,412	182,100	2,029,432
Reserve fund for reprocessing of irradiated nuclear fuel (Note 2.i)	358,297	273,254	3,646,418
Deferred tax assets (Note 10)	319,281	295,402	3,249,349
Other assets	130,221	101,065	1,325,269
Total investments and other assets	1,169,863	1,051,443	11,905,791
CURRENT ASSETS:			
Cash and cash equivalents	69,753	82,914	709,882
Accounts receivable	176,447	169,447	1,795,715
Allowance for doubtful accounts	(2,060)	(1,975)	(20,965)
Inventories (Note 5)	128,898	121,588	1,311,805
Deferred tax assets (Note 10)	29,162	13,033	296,784
Other current assets (Note 4 and 12)	138,402	120,587	1,408,529
Total current assets	540,602	505,594	5,501,750
TOTAL	¥ 6,970,120	¥ 6,789,605	\$ 70,935,477

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Note 6)	¥ 2,832,590	¥ 2,632,528	\$ 28,827,498
Liability for retirement benefits (Note 7)	339,918	332,083	3,459,373
Reserve for reprocessing of irradiated nuclear fuel (Note 2.i)	688,426	662,960	7,006,167
Reserve for decommissioning of nuclear power units (Note 2.j)	312,675	298,914	3,182,119
Deferred tax liabilities (Note 10)	221	136	2,249
Other long-term liabilities	87,771	85,556	893,253
Total long-term liabilities	4,261,601	4,012,177	43,370,659
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 6)	409,707	425,701	4,169,621
Short-term borrowings (Note 8)	228,795	108,222	2,328,465
Accounts payable (Note 6)	150,606	186,400	1,532,729
Payable to associated companies	20,831	19,818	211,999
Accrued income taxes	7,390	8,736	75,209
Deferred tax liabilities (Note 10)		380	
Accrued expenses and other current liabilities	184,476	182,413	1,877,428
Total current liabilities	1,001,805	931,670	10,195,451
COMMITMENTS AND CONTINGENCIES (Notes 12, 13 and 14)			
EQUITY (Notes 9 and 16):			
Common stock—authorized, 1,784,059,697 shares; issued, 954,698,728 shares in 2009 and 962,698,728 shares in 2008	489,320	489,320	4,979,849
Capital surplus	66,634	66,722	678,139
Retained earnings	1,217,626	1,298,558	12,391,878
Unrealized gain on available-for-sale securities	25,990	53,771	264,503
Deferred gain on derivatives under hedge accounting	10,709	25,295	108,987
Foreign currency translation adjustments	(13,846)	597	(140,912)
Treasury stock—at cost: 44,484,261 shares in 2009 and 44,228,664 shares in 2008	(96,075)	(93,730)	(977,764)
Total	1,700,358	1,840,533	17,304,680
Minority interests	6,356	5,225	64,687
Total equity	1,706,714	1,845,758	17,369,367
TOTAL	¥ 6,970,120	¥ 6,789,605	\$ 70,935,477

See notes to consolidated financial statements.

Consolidated Statements of Operations

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
OPERATING REVENUES:			
Electric	¥ 2,487,469	¥ 2,410,884	\$ 25,315,174
Other	302,105	278,433	3,074,547
Total	2,789,574	2,689,317	28,389,721
OPERATING EXPENSES (Notes 11 and 12):			
Electric	2,500,027	2,255,777	25,442,978
Other	258,498	246,391	2,630,755
Total	2,758,525	2,502,168	28,073,733
OPERATING INCOME	31,049	187,149	315,988
OTHER (INCOME) EXPENSES:			
Interest and dividend income	(9,769)	(8,377)	(99,420)
Interest expense	55,533	56,934	565,164
Equity in earnings of associated companies	(3,531)	(4,171)	(35,935)
Reserve for decommissioning of nuclear power units -cumulative effect at March 31, 2007 (Note 2.j)		24,127	
Other-net	1,397	(9,681)	14,217
Total	43,630	58,832	444,026
(LOSS) INCOME BEFORE REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS			
	(12,581)	128,317	(128,038)
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL		(8,541)	
(LOSS) INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	(12,581)	136,858	(128,038)
INCOME TAXES (Note 10):			
Current	11,842	43,272	120,517
Prior periods	2,359		24,008
Deferred	(18,301)	7,674	(186,251)
Total	(4,100)	50,946	(41,726)
MINORITY INTERESTS IN NET INCOME	315	647	3,206
NET (LOSS) INCOME	¥ (8,796)	¥ 85,265	\$ (89,518)

	Yen		U.S. Dollars
	2009	2008	2009
PER SHARE OF COMMON STOCK (Notes 2.q and 15):			
Basic net (loss) income	¥ (9.65)	¥ 92.39	\$ (0.10)
Cash dividends applicable to the year	60.00	60.00	0.61

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen										
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for- sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 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
Net loss				(8,796)					(8,796)		(8,796)
Cash dividends, ¥60 per share				(54,883)					(54,883)		(54,883)
Purchase of treasury stock								(19,926)	(19,926)		(19,926)
Disposal of treasury stock			24					216	240		240
Retirement of treasury stock	(8,000,000)		(17,365)					17,365			
Transfer to capital surplus from retained earnings			17,253	(17,253)							
Net change in the year					(27,781)	(14,586)	(14,443)		(56,810)	1,131	(55,679)
BALANCE, MARCH 31, 2009	954,698,728	¥ 489,320	¥ 66,634	¥ 1,217,626	¥ 25,990	¥ 10,709	¥ (13,846)	¥ (96,075)	¥ 1,700,358	¥ 6,356	¥ 1,706,714

	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, 2008	\$ 4,979,849	\$ 679,035	\$ 13,215,530	\$ 547,232	\$ 257,429	\$ 6,076	\$ (953,898)	\$ 18,731,253	\$ 53,175	\$ 18,784,428	
Net loss			(89,518)					(89,518)		(89,518)	
Cash dividends, \$0.61 per share			(558,549)					(558,549)		(558,549)	
Purchase of treasury stock							(202,789)	(202,789)		(202,789)	
Disposal of treasury stock		244					2,198	2,442		2,442	
Retirement of treasury stock		(176,725)					176,725				
Transfer to capital surplus from retained earnings		175,585	(175,585)								
Net change in the year				(282,729)	(148,442)	(146,988)		(578,159)	11,512	(566,647)	
BALANCE, MARCH 31, 2009	\$ 4,979,849	\$ 678,139	\$ 12,391,878	\$ 264,503	\$ 108,987	\$ (140,912)	\$ (977,764)	\$ 17,304,680	\$ 64,687	\$ 17,369,367	

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
OPERATING ACTIVITIES:			
(Loss) income before income taxes and minority interests	¥ (12,581)	¥ 136,858	\$ (128,038)
Adjustments for:			
Income taxes-paid	(28,692)	(64,090)	(292,001)
Depreciation and amortization	382,329	383,344	3,890,993
Amortization of nuclear fuel	39,857	42,786	405,628
Loss on disposal of property, plant and equipment	17,110	13,280	174,130
Nuclear fuel transferred to reprocessing costs	13,562	13,561	138,022
Reversal of reserve for fluctuations in water level		(8,541)	
Changes in assets and liabilities:			
Increase in reserve fund for reprocessing of irradiated nuclear fuel	(85,043)	(89,883)	(865,490)
Increase in trade receivable	(4,804)	(2,976)	(48,891)
Increase in inventories	(7,309)	(30,588)	(74,384)
Decrease in interest and dividends receivable	1,115	886	11,347
Increase (decrease) in trade payable	(49,373)	50,351	(502,473)
Increase (decrease) in interest payable	173	(1,709)	1,761
Increase (decrease) in liability for retirement benefits	7,835	(16,812)	79,737
Increase (decrease) in reserve for reprocessing of irradiated nuclear fuel	25,467	(15,974)	259,180
Increase in reserve for decommissioning of nuclear power units	13,761	38,507	140,047
Other-net	(32,118)	(37,276)	(326,867)
Total adjustments	293,870	274,866	2,990,739
Net cash provided by operating activities	281,289	411,724	2,862,701
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(491,956)	(341,687)	(5,006,676)
Payments for investments and advances	(40,093)	(22,583)	(408,030)
Proceeds from sales of investments or collections of advances	16,805	15,043	171,026
Net decrease in time deposits and other	191	23,064	1,944
Other-net	4,635	10,180	47,171
Net cash used in investing activities	(510,418)	(315,983)	(5,194,565)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	308,735	208,888	3,142,021
Proceeds from long-term debt (exclusive of bonds)	296,100	137,064	3,013,434
Proceeds from short-term loans	293,797	253,475	2,989,996
Proceeds from issuance of commercial papers	1,344,000	345,000	13,677,997
Redemption of bonds	(227,200)	(72,394)	(2,312,233)
Repayments of long-term debt (exclusive of bonds)	(198,487)	(310,437)	(2,020,018)
Repayments of short-term loans	(263,224)	(258,077)	(2,678,852)
Repayments of commercial papers	(1,254,000)	(345,000)	(12,762,060)
Purchases of treasury stock	(19,926)	(20,864)	(202,789)
Dividends paid	(54,897)	(55,552)	(558,691)
Other-net	853	176	8,681
Net cash provided by (used in) financing activities-(Continued)	225,751	(117,721)	2,297,486

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
NET CASH USED IN OPERATING, INVESTING AND FINANCING ACTIVITIES-(Forward)			
	¥ (3,378)	¥ (21,980)	\$ (34,378)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(9,783)	203	(99,563)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,161)	(21,777)	(133,941)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	82,914	104,691	843,823
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 69,753	¥ 82,914	\$ 709,882

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 Act, the Japanese Electricity Utilities Industry Act and the related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

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 ¥98.26 to \$1, the approximate rate of exchange at March 31, 2009. 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, 2009 include the accounts of the Company and all (fifty-seven in 2009 and fifty-eight in 2008) 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 (seven in 2008) 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.

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, 2009 and 2008 was ¥106,976 million (\$1,088,703 thousand) and ¥122,847 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 - Prior to April 1, 2008, inventories, mainly fuel, were stated at cost, determined by the average method. In July 2006, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories", which was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The Companies applied the new accounting standard for measurement of inventories effective April 1, 2008. The effect of this treatment was immaterial.

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 ¥312,810 million as of April 1, 2005, which was adjusted in accordance with Irradiated Nuclear Fuel Reprocessing Fund Act is being amortized over fifteen years. The effect of this adjustment was immaterial. The unrecognized portion of such cumulative effect was ¥228,121 million (\$2,321,606 thousand) and ¥255,804 million at March 31, 2009 and 2008, respectively.

The estimated future reprocessing costs are discounted at 1.5% and 1.6% at March 31, 2009 and 2008, respectively, for the quantity of the irradiated nuclear fuel covered by the definite reprocessing plan.

The unrecognized estimation loss of ¥18,325 million (\$186,495 thousand) and the unrecognized estimation gain of ¥11,089 million at March 31, 2009 and 2008, 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 ¥141,365 million (\$1,438,683 thousand) and ¥144,930 million for "Reserve fund for reprocessing of irradiated nuclear fuel" at March 31, 2009 and 2008, respectively, in accordance with the Japanese Electricity Utilities Industry Act 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 standard applicable to the electricity industry. The estimated future reprocessing costs are discounted at 4.0% at March 31, 2009 and 2008.

j. Reserve for Decommissioning of Nuclear Power Units

The Company has accrued costs for decommissioning of nuclear power units in accordance with accounting methods accepted by the regulatory authority.

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, which included a cumulative effect of ¥24,127 million at April 1, 2007. This cumulative effect was presented in other expenses in the 2008 consolidated statement of operations.

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 Electricity Utilities Industry Act and related accounting regulations.

l. Leases - In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 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. The Companies applied the revised accounting standard effective April 1, 2008.

As lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions with certain "as if capitalized" information disclosed in the notes to the lessee's financial statements. The Companies accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

As lessor

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance

leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was 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 should be recognized as lease receivables, and all finance leases that do not deem to transfer ownership of the leased property to the lessee should be recognized as investments in lease.

The effect of this change was to increase operating income by ¥4,206 million (\$42,805 thousand), and decrease loss before income taxes and minority interests by ¥4,175 million (\$42,489 thousand).

All other leases are accounted for as operating leases.

m. Income Taxes - The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. 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.

n. 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 statement of operations to the extent that they are not hedged by the forward contracts.

o. 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.

p. 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 statement of operations 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.

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

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

r. New Accounting Pronouncements

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 new 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.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2009 and 2008

3. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Hydroelectric power production facilities	¥ 365,802	¥ 383,890	\$ 3,722,797
Thermal power production facilities	407,409	455,754	4,146,234
Nuclear power production facilities	322,442	336,449	3,281,518
Transmission facilities	1,176,839	1,232,518	11,976,786
Transformation facilities	435,378	446,685	4,430,877
Distribution facilities	887,026	900,783	9,027,336
General facilities	133,661	128,931	1,360,279
Other utility facilities	21,955	21,951	223,438
Other plant and equipment	544,076	481,948	5,537,105
Construction in progress	457,844	359,483	4,659,516
Total	¥ 4,752,432	¥ 4,748,392	\$ 48,365,886

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, 2009 and 2008 were as follows:

	Millions of Yen			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 34,605	¥ 39,120	¥ 295	¥ 73,430
Debt securities	2,599	14	64	2,549
Held-to-maturity debt securities	16,668	161	339	16,490

	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

	Thousands of U.S. Dollars			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value

Securities classified as:

Available-for-sale:				
Equity securities	\$ 352,178	\$ 398,127	\$ 3,002	\$ 747,303
Debt securities	26,450	142	651	25,941
Held-to-maturity debt securities	169,631	1,639	3,450	167,820

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Available-for-sale:			
Equity securities	¥ 65,043	¥ 60,698	\$ 661,948
Other	7,525	7,455	76,582
Total	¥ 72,568	¥ 68,153	\$ 738,530

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 and 2008 are ¥13,176 million (\$134,093 thousand) and ¥8,111 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis are ¥11,147 million (\$113,444 thousand) and ¥7,426 million for the

years ended March 31, 2009 and 2008.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 3,434	\$ 34,948
Due after one year through five years	9,950	101,262
Due after five years through ten years	4,879	49,654
Due after ten years	1,153	11,734
Total	¥ 19,416	\$ 197,598

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

5. INVENTORIES

Inventories at March 31, 2009 and 2008 consisted of the following:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Merchandise and finished products	¥ 31,972	¥ 26,137	\$ 325,381
Work in process	6,347	9,134	64,594
Raw materials and supplies	90,579	86,317	921,830
Total	¥ 128,898	¥ 121,588	\$ 1,311,805

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2009 and 2008

6. LONG-TERM DEBT

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
General mortgage bonds:			
0.67% to 3.175%, due serially through 2018	¥ 1,703,195	¥ 1,620,782	\$ 17,333,554
2.75%, due 2012 (payable in Switzerland francs)	24,607	24,638	250,427
0.65% to 3.4% secured loans from principally the Development Bank of Japan maturing serially through 2025:			
The Company	246,492	255,293	2,508,569
Subsidiaries	15,214	16,546	154,834
0.70% to 6.4% (0.51% to 6.4% in 2008) unsecured loans from banks, insurance companies and other sources maturing serially through 2036	1,248,686	1,140,970	12,707,979
Obligations under finance lease	4,103		41,756
Total	3,242,297	3,058,229	32,997,119
Less current maturities	409,707	425,701	4,169,621
Long-term debt, less current maturities	¥ 2,832,590	¥ 2,632,528	\$ 28,827,498

Annual maturities of long-term debt at March 31, 2009 were as follows:

Year Ending March 31:	Millions of Yen	Thousands of U.S. Dollars
	2010	¥ 409,707
2011	353,122	3,593,751
2012	409,419	4,166,690
2013	290,429	2,955,720
2014	372,189	3,787,798
2015 and thereafter	1,407,431	14,323,539
Total	¥ 3,242,297	\$ 32,997,119

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 ¥1,921 million (\$19,550 thousand) and the above secured loans at March 31, 2009, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property and other	¥ 31,513	\$ 320,710

7. 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, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligation	¥ 331,893	¥ 327,873	\$ 3,377,702
Fair value of plan assets	(2,772)	(3,393)	(28,211)
Unrecognized actuarial gain	10,759	6,630	109,495
Unrecognized prior service cost	38	973	387
Net liability	¥ 339,918	¥ 332,083	\$ 3,459,373

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

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service cost	¥ 16,187	¥ 16,592	\$ 164,736
Interest cost	6,345	6,036	64,574
Expected return on plan assets	(102)	(114)	(1,038)
Recognized actuarial gain	(5,921)	(11,124)	(60,258)
Amortization of prior service cost	(935)	(20,360)	(9,516)
Other	4,052	3,992	41,238
Net periodic retirement benefit costs	¥ 19,626	¥ (4,978)	\$ 199,736

For the years ended March 31, 2009 and 2008 the contributions to the defined contribution pension plan of ¥3,838 million (\$39,060 thousand) and ¥3,823 million, respectively, are included

in "Other" in the above table.

Principal assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
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.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2009 and 2008

8. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Short-term loans from banks and other sources, weighted average interest rate of 0.922% and 0.977% at March 31, 2009 and 2008	¥ 138,795	¥ 108,222	\$ 1,412,528
Commercial paper, weighted average interest rate of 0.21% at March 31, 2009	90,000		915,937
Total	¥ 228,795	¥ 108,222	\$ 2,328,465

9. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act 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 Companies Act 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 Companies Act 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 Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act 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 Companies Act 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 Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act 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.

10. INCOME TAXES

The Companies are subject to taxes based on income such as corporate income tax and inhabitant taxes which, in the aggregate, resulted in normal statutory tax rates of approximately 36.2% for

the years ended March 31, 2009 and 2008. The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets:			
Liability for retirement benefits	¥ 123,431	¥ 120,505	\$ 1,256,167
Depreciation and amortization	69,100	62,865	703,236
Reserve for reprocessing of irradiated nuclear fuel (with definite plans, Note 2.i)	40,354	35,150	410,686
Reserve for decommissioning of nuclear power units	38,374	38,374	390,535
Deferred charges	15,147	14,740	154,152
Intercompany profit elimination	28,062	27,749	285,589
Other	114,000	111,156	1,160,187
Less valuation allowance	(57,692)	(59,257)	(587,136)
Deferred tax assets	¥ 370,776	¥ 351,282	\$ 3,773,416
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ 14,190	¥ 26,989	\$ 144,413
Deferred gain on derivatives under hedge accounting	6,075	14,452	61,826
Other	2,289	1,922	23,293
Deferred tax liabilities	¥ 22,554	¥ 43,363	\$ 229,532
Net deferred tax assets	¥ 348,222	¥ 307,919	\$ 3,543,884

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying

consolidated statement of operations for the year ended March 31, 2009 is as follows:

Normal effective statutory tax rate	36.2 %
Valuation allowance	12.4
Permanently non-deductible items	(9.8)
Difference in subsidiaries' tax rates	(13.6)
Equity in earning of associated companies	10.1
Other-net	(2.7)
Actual effective tax rate	32.6 %

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate for the year ended March 31, 2008 is

not disclosed because the difference between the normal effective statutory tax rate and the actual effective tax rate is immaterial.

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥19,039 million (\$193,761 thousand) and ¥19,616 million for the years ended March 31, 2009 and 2008, respectively.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2009 and 2008

12. LEASES

1. Lessee

As discussed in Note 2.I, the Companies account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro

forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense, on an "as if capitalized" basis for the year ended March 31, 2009 was as follows.

	Millions of Yen		
	Nuclear Power Production Facilities	Other Facilities	Total
As of March 31, 2009			
Acquisition cost	¥ 3,434	¥ 5,690	¥ 9,124
Accumulated depreciation	(784)	(2,114)	(2,898)
Net leased property	¥ 2,650	¥ 3,576	¥ 6,226

	Thousands of U.S. Dollars		
	Nuclear Power Production Facilities	Other Facilities	Total
As of March 31, 2009			
Acquisition cost	\$ 34,948	\$ 57,908	\$ 92,856
Accumulated depreciation	(7,979)	(21,515)	(29,494)
Net leased property	\$ 26,969	\$ 36,393	\$ 63,362

Obligations under finance leases:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Due within one year	¥ 1,188	\$ 12,090
Due after one year	5,038	51,272
Total	¥ 6,226	\$ 63,362

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance lease, depreciation expense, interest expense of finance leases that do

not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the year ended March 31, 2008 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

Obligations under finance leases:

	Millions of Yen
	2008
Due within one year	¥ 961
Due after one year	5,434
Total	¥ 6,395

2. Lessor

The net investment in lease is summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Gross lease receivables	¥ 17,289	\$ 175,952
Residual values	96	977
Unearned interest income	(7,019)	(71,433)
Investments in lease, current	¥ 10,366	\$ 105,496

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee at March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year Ending March 31:		
2010	¥ 157	\$ 1,598
2011	157	1,598
2012	153	1,557
2013	140	1,425
2014	136	1,384
2015 and thereafter	606	6,167
Total	¥ 1,349	\$ 13,729

Maturities of investment in lease for finance leases that do not deem to transfer ownership of the leased property to the lessee at March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year Ending March 31:		
2010	¥ 5,228	\$ 53,206
2011	3,421	34,816
2012	2,844	28,944
2013	2,098	21,352
2014	1,389	14,136
2015 and thereafter	2,309	23,498
Total	¥ 17,289	\$ 175,952

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2009 and 2008

13. DERIVATIVES

The Companies enter 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, 2009 and 2008 are as follows:

	Millions of Yen					
	2009			2008		
	Contracted Amount	Fair Value	Unrealized Gain (Loss)	Contracted Amount	Fair Value	Unrealized Gain
Currency swap contracts -						
Japanese yen receipt,						
U.S. dollar payment	¥ 25,283	¥ 268	¥ 268	¥ 16,277	¥ 494	¥ 494
Foreign currency forward contracts -						
Buying Australian dollars	3	2	(1)			
Total	¥ 25,286	¥ 270	¥ 267	¥ 16,277	¥ 494	¥ 494

	Thousands of U.S. Dollars		
	2009		
	Contracted Amount	Fair Value	Unrealized Gain (Loss)
Currency swap contracts -			
Japanese yen receipt,			
U.S. dollar payment	\$ 257,307	\$ 2,727	\$ 2,727
Foreign currency forward contracts -			
Buying Australian dollars	31	21	(10)
Total	\$ 257,338	\$ 2,748	\$ 2,717

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.

14. COMMITMENTS AND CONTINGENCIES

At March 31, 2009, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥218,871 million (\$2,227,468 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, 2009, 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	¥ 196,582	\$ 2,000,631
Other	2,161	21,993
Total	¥ 198,743	\$ 2,022,624

15. NET INCOME OR LOSS PER SHARE

Diluted net income per share ("EPS") for the years ended March 31, 2009 and 2008 is not disclosed because the Companies issue no dilutive securities.

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net (Loss) Income	Weighted Average Shares	EPS	
For the year ended March 31, 2009				
Basic EPS:				
Net loss available to common shareholders	¥ (8,796)	911,221	¥ (9.65)	\$ (0.10)
For the year ended March 31, 2008				
Basic EPS:				
Net income available to common shareholders	¥ 85,265	922,935	¥ 92.39	

16. SUBSEQUENT EVENT

On April 30, 2009, the following appropriation of retained earnings at March 31, 2009 was approved at the Company's board of directors, which is subject to approval at the Company's shareholders meeting planed to be held on June 26, 2009:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥30 (\$0.31) per share	¥ 27,316	\$ 277,997

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2009 and 2008

17. SEGMENT INFORMATION

Information about industry segments of the Companies for the years ended March 31, 2009 and 2008, is as follows:

a. Sales and Operating Income or Loss

	Millions of Yen				
	2009				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 2,487,469	¥ 111,775	¥ 190,330		¥ 2,789,574
Intersegment sales	11,746	47,893	251,290	¥ (310,929)	
Total sales	2,499,215	159,668	441,620	(310,929)	2,789,574
Operating expenses	2,519,396	144,067	404,747	(309,685)	2,758,525
Operating (loss) income	¥ (20,181)	¥ 15,601	¥ 36,873	¥ (1,244)	¥ 31,049

b. Total Assets, Depreciation and Amortization, Capital Expenditures

	Millions of Yen				
	2009				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Total assets	¥ 6,187,279	¥ 356,157	¥ 732,701	¥ (306,017)	¥ 6,970,120
Depreciation and amortization	314,058	42,998	27,955	(2,682)	382,329
Capital expenditures	341,836	66,255	108,810	(6,035)	510,866

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 Amortization, 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 and amortization	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 or Loss

	Thousands of U.S. Dollars				
	2009				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	\$ 25,315,174	\$ 1,137,543	\$ 1,937,004		\$ 28,389,721
Intersegment sales	119,540	487,411	2,557,399	\$ (3,164,350)	
Total sales	25,434,714	1,624,954	4,494,403	(3,164,350)	28,389,721
Operating expenses	25,640,098	1,466,181	4,119,143	(3,151,689)	28,073,733
Operating (loss) income	\$ (205,384)	\$ 158,773	\$ 375,260	\$ (12,661)	\$ 315,988

b. Total Assets, Depreciation and Amortization, Capital Expenditures

	Thousands of U.S. Dollars				
	2009				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Total assets	\$ 62,968,441	\$ 3,624,639	\$ 7,456,757	\$ (3,114,360)	\$ 70,935,477
Depreciation and amortization	3,196,194	437,594	284,500	(27,295)	3,890,993
Capital expenditures	3,478,893	674,283	1,107,368	(61,419)	5,199,125

As discussed in Note 2.I, the Companies applied the revised accounting standard for lease transactions effective April 1, 2008. The effect of this change was to decrease operating loss of Electric Power by ¥462 million (\$4,702 thousand) and increase operating income of IT/Communications by ¥1,694 million (\$17,240 thousand) and operating income of Other by ¥2,050 million (\$20,863 thousand), respectively, for the year ended March 31, 2009.

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.

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, 2009 and 2008, and the related consolidated statements of operations, 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, 2009 and 2008, 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.

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 25, 2009

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements
for the Years Ended March 31, 2009 and 2008

Non-Consolidated Balance Sheets

The Kansai Electric Power Company, Incorporated
March 31, 2009 and 2008

ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
PROPERTY:			
Plant and equipment	¥ 13,910,882	¥ 13,875,353	\$ 141,572,176
Construction in progress	427,988	350,310	4,355,669
Contributions in aid of construction	(435,549)	(421,258)	(4,432,618)
Accumulated depreciation and amortization	(9,608,713)	(9,423,103)	(97,788,653)
Plant and equipment-net	4,294,608	4,381,302	43,706,574
Nuclear fuel, net of amortization	507,223	484,176	5,162,050
Property-net	4,801,831	4,865,478	48,868,624
INVESTMENTS AND OTHER ASSETS:			
Investment securities	118,695	166,342	1,207,969
Investments in and advances to subsidiaries and associated companies	232,116	157,498	2,362,263
Reserve fund for reprocessing of irradiated nuclear fuel	358,297	273,254	3,646,418
Long-term loans receivable	1,666	1,858	16,955
Deferred tax assets	271,519	250,795	2,763,271
Other assets	119,108	87,664	1,212,171
Total investments and other assets	1,101,401	937,411	11,209,047
CURRENT ASSETS:			
Cash and cash equivalents	35,346	37,397	359,719
Accounts receivable	152,107	137,744	1,548,005
Allowance for doubtful accounts	(1,509)	(1,607)	(15,357)
Inventories	83,567	79,502	850,468
Deferred tax assets	19,168	6,680	195,074
Other current assets	51,521	72,398	524,334
Total current assets	340,200	332,114	3,462,243
TOTAL	¥ 6,243,432	¥ 6,135,003	\$ 63,539,914

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
LONG-TERM LIABILITIES			
Long-term debt, less current maturities	¥ 2,497,621	¥ 2,340,530	\$ 25,418,492
Liability for retirement benefits	328,688	322,568	3,345,084
Reserve for reprocessing of irradiated nuclear fuel	688,426	662,960	7,006,167
Reserve for decommissioning of nuclear power units	312,675	298,914	3,182,119
Other long-term liabilities	70,967	63,105	722,237
Total long-term liabilities	3,898,377	3,688,077	39,674,099
CURRENT LIABILITIES:			
Current maturities of long-term debt	361,010	378,647	3,674,028
Short-term borrowings	130,000	96,750	1,323,021
Commercial papers	90,000		915,937
Accounts payable	96,932	137,522	986,485
Payable to subsidiaries and associated companies	78,946	88,996	803,440
Accrued expenses and other current liabilities	138,758	142,691	1,412,151
Total current liabilities	895,646	844,606	9,115,062
RESERVE FOR FLUCTUATIONS IN WATER LEVEL			
EQUITY			
Common stock, authorized, 1,784,059,697 shares; issued, 954,698,728 shares in 2009 and 962,698,728 shares in 2008	489,320	489,320	4,979,849
Capital surplus			
Additional paid-in capital	67,031	67,031	682,180
Other capital surplus		89	
Retained earnings:			
Legal reserve	122,330	122,330	1,244,962
Unappropriated	834,831	948,743	8,496,143
Unrealized gain on available-for-sale securities	21,237	43,687	216,131
Deferred gain on derivatives under hedge accounting	10,604	24,719	107,918
Treasury stock-at cost 44,155,409 shares in 2009 and 43,899,969 shares in 2008	(95,944)	(93,599)	(976,430)
Total equity	1,449,409	1,602,320	14,750,753
TOTAL	¥ 6,243,432	¥ 6,135,003	\$ 63,539,914

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥98.26 = U.S.\$1, the approximate rate of exchange at March 31, 2009.

Non-Consolidated Statements of Operations

The Kansai Electric Power Company, Incorporated
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
OPERATING REVENUES:			
Electricity operating revenues:			
Residential	¥ 1,016,051	¥ 1,003,756	\$ 10,340,434
Commercial and industrial	1,398,621	1,340,839	14,233,880
Other	84,543	78,127	860,400
Sub-total	2,499,215	2,422,722	25,434,714
Incidental operating revenues	66,157	55,823	673,285
Total	2,565,372	2,478,545	26,107,999
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	235,845	211,953	2,400,214
Fuel	638,191	556,760	6,494,922
Purchased power	471,312	379,313	4,796,581
Maintenance	263,491	229,571	2,681,569
Depreciation and amortization	313,991	312,772	3,195,512
Taxes	147,331	147,517	1,499,400
Other	449,234	436,687	4,571,890
Sub-total	2,519,395	2,274,573	25,640,088
Incidental operating expenses	59,401	58,440	604,530
Total	2,578,796	2,333,013	26,244,618
OPERATING (LOSS) INCOME	(13,424)	145,532	(136,619)
OTHER (INCOME) EXPENSES:			
Interest and dividends income	(11,782)	(8,932)	(119,907)
Interest expense	51,408	52,655	523,184
Reserve for decommissioning of nuclear power units			
-cumulative effect at March 31, 2007		24,127	
Other-net	(1,119)	(9,179)	(11,388)
Total	38,507	58,671	391,889
(LOSS) INCOME BEFORE REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	(51,931)	86,861	(528,508)
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL		(8,541)	
(LOSS) INCOME BEFORE INCOME TAXES	(51,931)	95,402	(528,508)
INCOME TAXES			
Current		30,396	
Prior periods	2,353		23,947
Deferred	(12,509)	9,560	(127,305)
Total	(10,156)	39,956	(103,358)
NET (LOSS) INCOME	¥ (41,775)	¥ 55,446	\$ (425,150)

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥98.26 = U.S.\$1, the approximate rate of exchange at March 31, 2009.

Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated
Years Ended March 31, 2009 and 2008

	Millions of Yen									
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus		Retained Earnings			Unrealized Gain on Available for- sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Treasury Stock
Additional Paid-in Capital			Other Capital Surplus	Legal Reserve	Unappropriated					
BALANCE, APRIL 1, 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
Net loss						(41,775)				(41,775)
Cash dividends, ¥60 per share						(54,884)				(54,884)
Purchase of treasury stock									(19,926)	(19,926)
Disposal of treasury stock				23					216	239
Retirement of treasury stock	(8,000,000)			(17,365)					17,365	
Transfer to capital surplus from retained earnings				17,253		(17,253)				
Net change in the year						(22,450)	(14,115)			(36,565)
BALANCE, MARCH 31, 2009	954,698,728	¥ 489,320	¥ 67,031		¥ 122,330	¥ 834,831	¥ 21,237	¥ 10,604	¥ (95,944)	¥ 1,449,409

	Thousands of U.S. Dollars								
	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Retained Earnings			Unrealized Gain on Available for- sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Treasury Stock
Legal Reserve				Unappropriated					
BALANCE, MARCH 31, 2008	\$ 4,979,849	\$ 682,180	\$ 906	\$ 1,244,962	\$ 9,655,435	\$ 444,605	\$ 251,567	\$ (952,565)	\$ 16,306,939
Net loss					(425,148)				(425,148)
Cash dividends, \$0.61 per share					(558,559)				(558,559)
Purchase of treasury stock								(202,789)	(202,789)
Disposal of treasury stock			234					2,199	2,433
Retirement of treasury stock			(176,725)					176,725	
Transfer to capital surplus from retained earnings			175,585		(175,585)				
Net change in the year					(228,474)	(143,649)			(372,123)
BALANCE, MARCH 31, 2009	\$ 4,979,849	\$ 682,180		\$ 1,244,962	\$ 8,496,143	\$ 216,131	\$ 107,918	\$ (976,430)	\$ 14,750,753

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥98.26 = U.S.\$1, the approximate rate of exchange at March 31, 2009.

Five-Year Summary of Selected Operational Data

The Kansai Electric Power Company, Incorporated and Subsidiaries
Year Ended March 31

	Non-Consolidated Basis					Consolidated Basis				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Operating Revenues (Millions of Yen)	2,448,181	2,403,586	2,396,870	2,478,545	2,565,372	2,613,483	2,579,059	2,596,371	2,689,317	2,789,574
Operating Income (Millions of Yen)	366,059	294,877	228,210	145,532	-13,424	386,939	327,170	271,644	187,149	31,049
Ordinary Income (Millions of Yen)	274,090	219,284	189,390	110,988	-51,931	297,801	247,553	231,676	152,444	-12,581
Net Income (Millions of Yen)	110,179	143,548	117,667	55,446	-41,775	69,739	161,049	147,935	85,265	-8,796
Electricity Operating Revenues (Millions of Yen)										
Residential	990,939	989,390	963,790	1,003,756	1,016,051					
Commercial and Industrial	1,373,715	1,326,112	1,317,248	1,340,839	1,398,621					
Total	2,364,654	2,315,502	2,281,038	2,344,595	2,414,672					
Electricity Operating Expenses (Millions of Yen)										
Personnel Expenses	292,170	246,176	206,989	211,953	235,845					
Fuel Costs	242,944	300,212	358,322	556,760	638,191					
Costs of Purchased Power	410,037	404,603	415,832	379,313	471,312					
Maintenance Costs	184,663	208,743	235,459	229,571	263,491					
Depreciation	359,588	338,286	310,486	312,772	313,991					
Taxes Other than Income Taxes	156,357	154,988	153,090	147,517	147,331					
Other	408,352	416,199	439,628	436,687	449,234					
Total	2,054,111	2,069,207	2,119,806	2,274,573	2,519,395					
No. of Totally Electric Homes (Thousand Homes)	269	354	458	562	679					
No. of FTTH Contracts (Thousand Lines)	22.4	37.9	52	68.2	86.4					
Shares of Kinki Area (%)	38	32	29	28	29					
Shares of Kinki Area Housing (%)	—	45	42	42	43					
Gas Sales Volumes (LNG conversion) (Thousand Tons)	50	64	76	84	78					
Interest Expense (Millions of Yen)	77,836	62,632	56,505	52,655	51,408	82,045	66,712	60,885	56,934	55,533
Return on Equity (ROE) (%)	7.5	9.3	7.2	3.5	-2.7	4.2	9.4	8.1	4.6	-0.5
Return on Assets (ROA) (%)	5.5	4.5	3.9	2.7	0.6	5.4	4.6	4.3	3.1	0.6
Net Income per Share (Yen)	116.91	154.14	126.97	60.05		73.83	172.84	159.69	92.39	-9.65
Cash Dividends per Share (Yen)	50.00	60.00	60.00	60.00	60.00					
Capital Investments (Millions of Yen)	203,555	180,631	223,704	268,811	343,611	273,797	268,652	297,459	353,994	510,866
Total Assets (Millions of Yen)	6,294,612	6,268,884	6,188,914	6,135,003	6,243,432	6,857,871	6,856,489	6,827,230	6,789,605	6,970,120
Net Assets (Millions of Yen)	1,486,180	1,599,578	1,656,407	1,602,320	1,449,419	1,646,686	1,785,985	1,877,355	1,845,758	1,706,714
Equity Ratio (%)	23.6	25.5	26.8	26.1	23.2	24.0	26.0	27.4	27.1	24.4
Interest-bearing Debt (Millions of Yen)	3,164,780	2,975,833	2,846,580	2,813,317	3,075,394	3,489,864	3,323,999	3,207,205	3,166,453	3,466,989
Net Assets per Share (Yen)	1,578.70	1,725.64	1,787.75	1,743.93	1,591.81	1,749.65	1,927.29	2,021.60	2,003.91	1,868.08
Free Cash Flows (Millions of Yen)						433,968	235,233	234,886	95,741	-229,129
Operating Cash Flows (Millions of Yen)						691,253	528,878	541,771	411,724	281,289
Operating Revenues from Group Businesses (external sales) (Millions of Yen)						188,800	215,600	254,000	273,200	295,700
Ordinary Income from Group Businesses (Millions of Yen)						19,700	29,000	45,000	42,000	52,500

	Non-Consolidated Basis				
	2005	2006	2007	2008	2009
Electricity Sales Volume (Million kWh)					
Residential	46,800	48,720	48,360	50,182	49,227
Commercial and Industrial	98,086	98,389	98,896	100,241	96,641
Total	144,886	147,108	147,257	150,422	145,867
Number of Customers (Thousands)					
Residential	11,821	11,964	12,108	12,183	12,267
Commercial and Industrial (Excluding the liberalized segment)	1,335	1,196	1,175	1,154	1,128
Total	13,156	13,160	13,282	13,337	13,396
Electricity Generation Capacity (MW)					
Nuclear	9,768	9,768	9,768	9,768	9,768
Thermal	17,807	17,807	16,907	16,407	15,907
Hydropower	8,186	8,186	8,189	8,189	8,190
Total	35,761	35,761	34,864	34,364	33,865
System Peak Demand (MW)	30,470	30,870	30,530	30,665	30,835
Load Ratio (%)	59.3	60.0	60.0	60.9	58.8
Power Sources (%)					
Nuclear	43	46	45	42	41
Thermal	43	43	43	49	49
Hydropower	13	10	11	9	9
Renewable Energies	1	1	1	1	1
Total	100	100	100	100	100
CO ₂ Emission (kg-CO ₂ /kWh)	0.356	0.358	0.338	0.366	0.299
Nuclear Capacity Factor (%)	70.2	75.4	77.0	75.0	72.4
Thermal Efficiency of Thermal Power Plants (%)	40.03	40.07	40.50	39.99	39.99
Number of Employees	20,640	20,408	20,292	20,184	20,177

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: ¥2,565.4 Billion (Consolidated ¥2,789.6 Billion)

Total Assets: ¥6,243.4 Billion (Consolidated ¥6,970.1 Billion)

Number of Employees: 20,177 (Consolidated 30,490)

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

E-mail: finance@kepco.co.jp

Rating (Moody's): Aa 3

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 connection service for individual customers, telecommunication business 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 telecommunications, 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 Supply²

	Issued Share Capital (Millions of yen)	Voting Interest	Principal Business
SAKAI LNG Corp.	1,000	70.0%	Operation of LNG terminal
Kanden Energy Solution Co., Inc.	15,200	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 Business²

	Issued Share Capital (Millions of yen)	Voting Interest	Principal Business
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%	Construction and operation of private old people's homes, etc.

Group Business Support²

	Issued Share Capital (Millions of yen)	Voting Interest	Principal Business
Kanden Engineering Corp.	786	100.0%	Maintenance and construction of electricity circulation facilities, electric facilities and communication systems
NIHON NETWORK SUPPORT CO., LTD.	412	80.5%	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	84.0%	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: 57 (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 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: 954,695 Thousand

Number of Shareholders: 444 Thousand

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

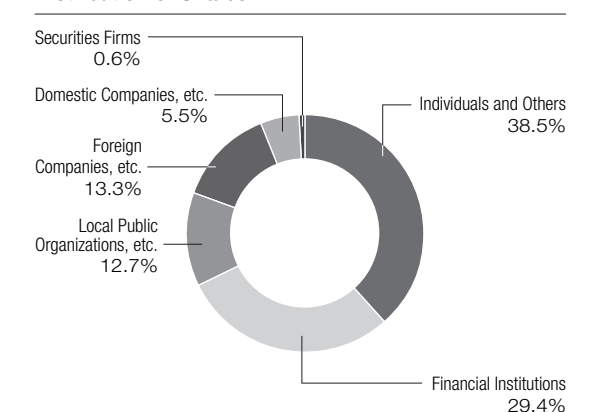
Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation
1-5, Dojimahama 1-chome, Kita-ku, Osaka 530-0004, Japan

Major Shareholders

As of March 31, 2009	Number of Shares Held (thousands)	Percentage of Shares Held (%)
Osaka City	83,748	8.77%
Nippon Life Insurance Company	42,909	4.49%
Japan Trantee Service Bank, Ltd. (Trust Account 4G)	39,960	4.19%
Japan Trantee Service Bank, Ltd. (Trust Account)	38,525	4.04%
Kobe City	27,351	2.86%
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,245	2.64%
Kansai Electric Power Employee Stockholder Program	14,898	1.56%
Mizuho Corporate Bank, Ltd.	12,978	1.36%
Sumitomo Mitsui Banking Corporation	11,128	1.17%
The Bank of Tokyo-Mitsubishi UFJ	9,472	0.99%

Note: Excluding 44,155 thousand of treasury stock from the above table.

Distribution of Shares



Stock Prices and Trading Volume

