Annual Report **2010**

Generating the Future

with Customers and Society

THE KANSAI ELECTRIC POWER CO., INC.

Contents

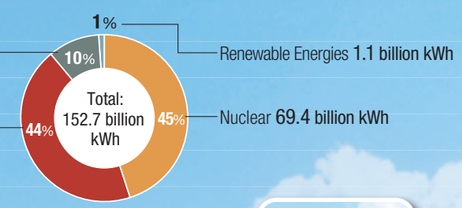
Corporate Profile

Since 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 Kansai Electric Power in the fiscal year ended March 31, 2010 (fiscal 2010) totaled 141.6 billion kilowatt-hours, which is more power demand than the entire country of Sweden. 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 approximately 45% of power generated in fiscal 2010, so our CO_2 emissions per unit of electric power sold (consumed) is among the best of any of Japan's electric power utilities.

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

Kurobegawa No. 4 Hydro Power Plant



Power Source Composition (Fiscal 2010)

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

Sakai No. 7-3 District Solar Power Generation Plant (tentative name)

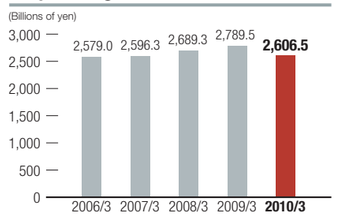
Maizuru Thermal Power Plant

Ohi Nuclear Power Plant

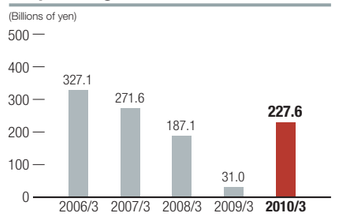
The Kansai Electric Power Company, Incorporated and Subsidiaries Years Ended March 31	¥ Billion					US$ Million[1]
	2006	2007	2008	2009	**2010**	**2010**
Operating Revenues	¥ 2,579.0	¥ 2,596.3	¥ 2,689.3	¥ 2,789.5	**¥ 2,606.5**	**$ 28,015**
Operating Income	327.1	271.6	187.1	31.0	**227.6**	**2,446**
Net Income	161.0	147.9	85.2	–8.7	**127.1**	**1,366**
Total Assets	6,856.4	6,827.2	6,789.6	6,970.1	**7,116.6**	**76,490**
Net Assets	1,785.9	1,877.3	1,845.7	1,706.7	**1,789.4**	**19,232**
Operating Cash Flows	528.8	541.7	411.7	281.2	**667.1**	**7,170**
Operating Revenues from Group Businesses (external sales)[2]	215.6	254.0	273.2	295.7	**321.3**	**3,453**
Ordinary Income from Group Businesses[2]	29.0	45.0	42.0	52.5	**62.4**	**670**
Per Share Data			Yen			US Dollars
Net Income	¥ 172.84	¥ 159.69	¥ 92.39	¥ –9.65	**¥ 140.24**	**1.50**
Cash Dividends	60.00	60.00	60.00	60.00	**60.00**	**0.64**
Net Assets	1,927.29	2,021.60	2,003.91	1,868.08	**1,972.44**	**21.19**
Major Indicators			%			
Equity Ratio	26.0	27.4	27.1	24.4	**25.0**	
Return on Equity	9.4	8.1	4.6	–0.5	**7.3**	
Return on Assets[3]	4.6	4.3	3.1	0.6	**3.5**	
			Billion kWh			
Electricity Sales Volume	147.1	147.2	150.4	145.8	**141.6**	

Note 1: The yen–dollar exchange rate of ¥93.04 = US$1 as of March 31, 2010, is applied.
Note 2: Figures in this table are the simple 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)

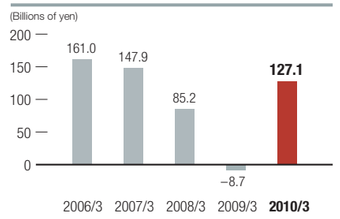
Operating Revenues



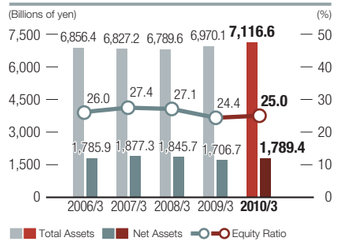
Operating Income



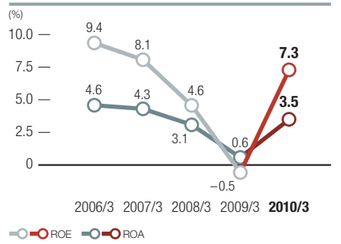
Net Income



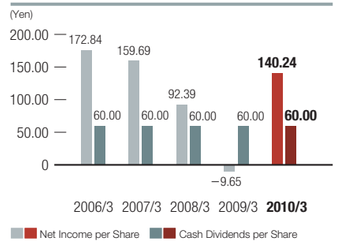
Total Assets, Net Assets, Equity Ratio



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 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.

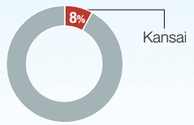
Characteristics of the Kansai Area

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 1,300 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.

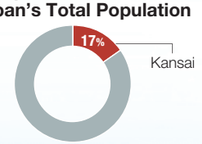
Despite the impact of the recent economic downturn, many large-scale factories have been established along the Osaka waterfront including flat panel production plants, as the area is being transformed into a hotbed of cutting-edge industry. As a locally rooted company, Kansai Electric Power intends to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

Kansai Area Compared with Japan's Total Area



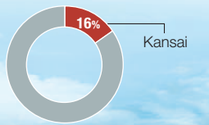
Source: "A Survey on Japan's Land Area by Municipality (as of October 2009)" by the Geographical Survey Institute, Ministry of Land, Infrastructure and Transport.

Kansai's Population Compared with Japan's Total Population



Source: "Japanese Population Estimates (as of October 2009)" by the Statistics Bureau, Ministry of Internal Affairs and Communications.

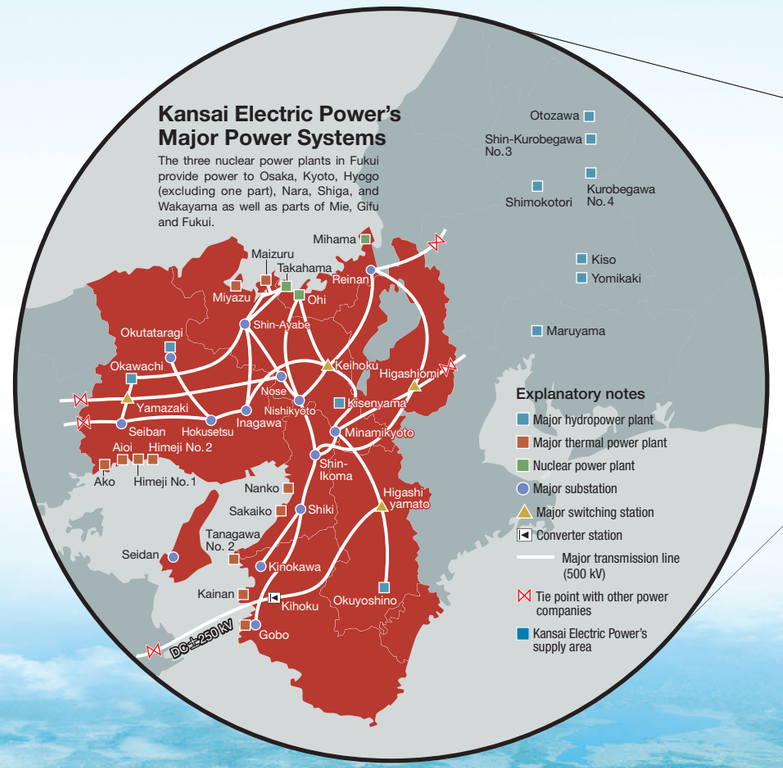
Kansai's GDP Compared with Japan's Total GDP



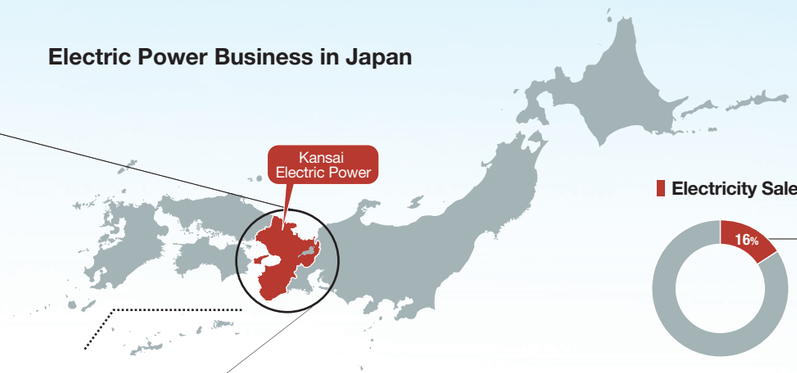
Source: "Annual Report 2007 on Prefectural Economy Calculations" by the Economic and Social Research Institute, Cabinet Office, Government of Japan.

Kansai Electric Power's Major Power Systems

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 Fukui.



Electric Power Business in Japan



Electricity Sales Volume

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

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

We will continue to strengthen our management foundation and will ceaselessly put forth effort and take on challenges to constantly stay ahead of the times and provide the best possible solutions for customers and society, and will thereby continue to grow on a sustained basis.

The Kansai Electric Power Group has engaged in business for over a half-century since its founding, based on a core mission of supporting the lives and industrial activities of customers and contributing to the sustained development of society through the safe and stable supply of electricity.

In recent years, Japan's economy has been mired in a slump, and the Group has faced tough business conditions. Amid such conditions, in the year under review we continued to safely and stably deliver electricity and our other products and services while also working to enhance services. We successfully earned the patronage of many customers and strengthened our foundation for future growth by augmenting facilities and through other initiatives.

At the same time, looking to the future, we expect to face increasingly uncertain business conditions, given that demographic trends in Japanese society—the growing elderly population and declining birthrate—will likely accelerate, as will efforts to bring about a low-carbon society. Regardless of how conditions change, however, the Group will constantly stay ahead of the times and provide the best possible solutions for customers and society. We intend to continue to grow while fulfilling our enduring mission of benefiting customers and society.

To this end we recently formulated the Kansai Electric Power Group Long-Term Growth Strategy 2030, which takes a long-term view to 2030. The strategy more concretely spells out what it means to become the No. 1 company in customer satisfaction, the goal set forth in the Kansai Electric Power Group management vision established in March 2004. The Group intends to harness its collective strength and work toward the strategy's realization.

Fiscal 2010 represents the first year of the strategy; the first year of long-term growth. Pivoting on corporate social responsibility, we will carry out a three-pronged action plan that consists of putting ultimate priority on safety, enhancing and strengthening our business foundation and creating value for customers. We intend to polish Group strengths that have been cultivated to date and work to reinforce the foundation that will lead to long-term growth for the Kansai Electric Power Group as a whole. Moreover, in order to continue earning the trust of customers and society at large, we will ceaselessly put forth effort and take on challenges as a united Group and steadily move forward, one step at a time.

Shosuke Mori
Chairman and Director

Makoto Yagi
President and Director

Makoto Yagi
President and Director

Q What is your assessment of economic conditions and business performance in the year under review (ended March 2010)?

A Some positive signs began to emerge in Kansai's economy this past year, including a recovery in exports and a further build-up of the environment-related industry, but electric power demand did not recover fully, so the business conditions facing the Group remained exceedingly challenging.

In the midst of this climate, all executives and employees worked together to fulfill our mission of supplying electricity safely and stably. We rigorously carried out efficient business operations and continued our dedicated efforts, which resulted in a major recovery in business performance from last year's red ink. This was also due in part to lower fuel costs compared to the previous year.

Furthermore, Sakaiko Power Station, which had been upgrading its facilities, steadily began to launch operations, and preventive maintenance work on nuclear power facilities and construction on Maizuru Power Station Unit 2 made steady progress. Electric water heater installations and FTTH service subscribers both topped the one million mark, as we earned the support of many customers. Moreover, we also made steady progress on strengthening a foundation for future growth, which included starting a full-fledged utility service.

Q Capital investment continues to be high. What is the outlook for capital investment going forward?

A For the coming term, we are planning capital investment of approximately ¥393.5 billion on a non-consolidated basis and approximately ¥515.0 billion on a consolidated basis.

In our electricity business, we plan to continue to enhance and strengthen facilities infrastructure in order to continue to supply electricity safely and stably into the future. In addition to measures to address aging power source and transmission/distribution facilities and measures to improve the earthquake resistance of nuclear power plants, we will move forward with upgrading facilities at Himeji No. 2 Power Station, our largest thermal power plant, to convert to combined-cycle power generation in an effort to substantially reduce CO_2 and further bolster competitiveness. We are aiming to raise thermal efficiency from the present level of approximately 42% to approximately 60%, which would be the highest mark in the world. Unit 1 is targeted to go online in 2013.

For Group businesses, in the area of information and telecommunications, we plan to further enhance networks for FTTH and other services. For integrated energy supply and the lifecycle-related business as well, we will actively conduct investment in order to accommodate diversifying customer needs.

In this way we will conduct investment necessary for safe and stable supply while also actively investing in installation of high-efficiency, highly competitive power sources and in Group businesses where growth is expected. This investment will be made to strengthen our business foundation and maximize mid- to long-term shareholder value.

Q What is your sales strategy amid the ongoing tough business climate?

A Uncertainty is expected to increase as the outlook for the economy remains unclear, Japan's birth rate continues to decline while the elderly population expands, and movement toward realization of a sustained low-carbon society accelerates.

Given this situation, the Kansai Electric Power Group will strive to raise customer satisfaction and realize a low-carbon society by helping customers save energy, cut costs and reduce CO_2 emissions through solutions that combine low-carbon electricity with high-efficiency electric appliances.

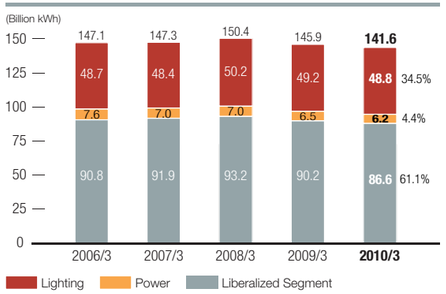
For household customers, in addition to totally electric homes centering on EcoCute, an electric heat pump water heater that effectively utilizes heat in the air, we will provide even higher added value by making proposals based on the concept of the totally electric home plus additional products and services like solar power systems, which are highly compatible with totally electric homes, and electric cars.

For corporate customers, we will more actively propose optimal energy systems that pivot on heat pump devices, which have seen considerable efficiency increases in recent years.

Moreover, we will help local regions convert to low carbon and contribute to their vitalization by actively participating in CO_2 reduction initiatives and industrial incentive programs run by local governments.

With regard to Group businesses as well, in providing a variety of services in the areas of integrated energy supply, information and telecommunications and the lifecycle-related business we have expanded diverse connections with customers in the Kansai region. Going forward we will meet customers' various needs by providing total solutions that harness the Group's collective strength, and we will continue to tackle challenges as the best partner of customers for energy and living in a low carbon society in order to be a more familiar, everyday presence.

Growth and Components of Electricity Sales Volume



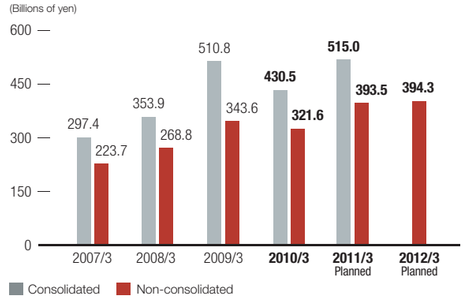
Note: "Liberalized Segment" refers to the demand subject to the liberalization of Japan's retail power market. (Until the year ended March 31, 2004, it referred to the demand from customers who receive electricity at extremely high voltages of 20,000 V or more and use electricity of 2,000 kW or more. 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, 2009 Amount (¥ Million)	March 31, 2010 Amount (¥ Million)	Increase/Decrease Amount (¥ Million)	Increase/Decrease Percentage (%)
Electric Power	Operating revenues	2,499,215	**2,293,577**	–205,638	–8.2
	Operating expenses	2,519,395	**2,124,079**	–395,316	–15.7
	Operating income	–20,180	**169,497**	189,677	–
IT/Communications	Operating revenues	159,668	**174,270**	14,602	9.1
	Operating expenses	144,067	**154,831**	10,764	7.5
	Operating income	15,601	**19,439**	3,838	24.6
Other	Operating revenues	441,621	**477,319**	35,698	8.1
	Operating expenses	404,748	**438,708**	33,960	8.4
	Operating income	36,873	**38,611**	1,738	4.7

Note: The above figures exclude consumption taxes.

Capital Investments



Note: The consolidated data for the year ended March 31, 2011 does not reflect the elimination of inter-group transactions.

Q Bringing about a low-carbon society is an urgent task facing humankind. What are you doing to make grid electricity low carbon?

A We believe that to bring about a sustainable low-carbon society simultaneous achievement of "the 3 E's"—environment (environmental performance), energy (stable energy supply), and economy (economic efficiency)—is essential.

In our view nuclear power is the trump card, and we intend to continue safe and stable operations while conducting even more rigorous quality management.

In addition, facilities at Sakaiko Power Station and Himeji No. 2 Power Station are being upgraded to convert to combined-cycle power generation, which will raise the thermal efficiency of thermal power generation. We are also constructing a large-scale solar power plant with output of over 10,000 kW on the Sakai City Waterfront of Osaka Bay. By actively engaging in such initiatives to promote and popularize renewable energies we will make grid electricity low carbon.

These initiatives to address global environmental problems will also further raise corporate value and help us meet the expectations of shareholders and investors.

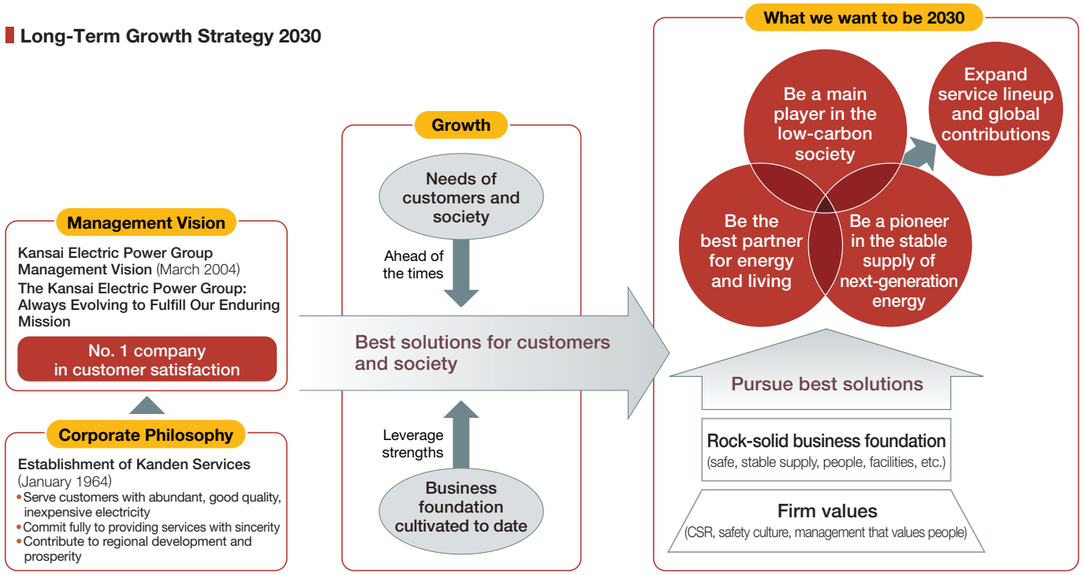
Q What is contained in your long-term growth strategy?

A The Kansai Electric Power Group management vision contains the goal of becoming the No. 1 company in customer satisfaction. To obtain this goal, in March 2010 we formulated the Kansai Electric Power Group Long-Term Growth Strategy 2030, which envisions business conditions through 2030.

In terms of future outlook, major changes are expected to take place in business conditions. These changes, which include accelerating movement toward realization of a low-carbon society and mounting resource costs and limitations, will not be able to be accommodated by simply continuing past practices. Regardless of the times, the Kansai Electric Power Group will pursue the best possible solutions, with an eye on the future for customers and society at large, and will continue to benefit everyone. We are committed to being this type of corporate group.

To this end the Group will ceaselessly continue efforts to further satisfy customers and the general public by providing safe and stable supplies of electricity and maintaining a rock-solid business foundation of people and facilities while firmly rooting our values in CSR and a culture of safety. We will continue to take on challenges and facilitate overall Group growth by being a main player in the low-carbon society, pioneering the stable supply of energies in next-generation, and being the best partner of customers for energy and living.

Long-Term Growth Strategy 2030



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 the fiscal year ended on March 31, 2008, to the fiscal year ending March 31, 2013.

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

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

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

Q As Kansai Electric Power's new president, what is your message to shareholders and investors?

A In the fiscal year ahead, revenues are forecast to increase as the economy continues to gradually recover, demand from large factories around the Osaka waterfront increases, and totally electric homes gain in popularity. However, we project a decline in profits due to higher fuel costs for steam power generation associated with rising fuel prices.

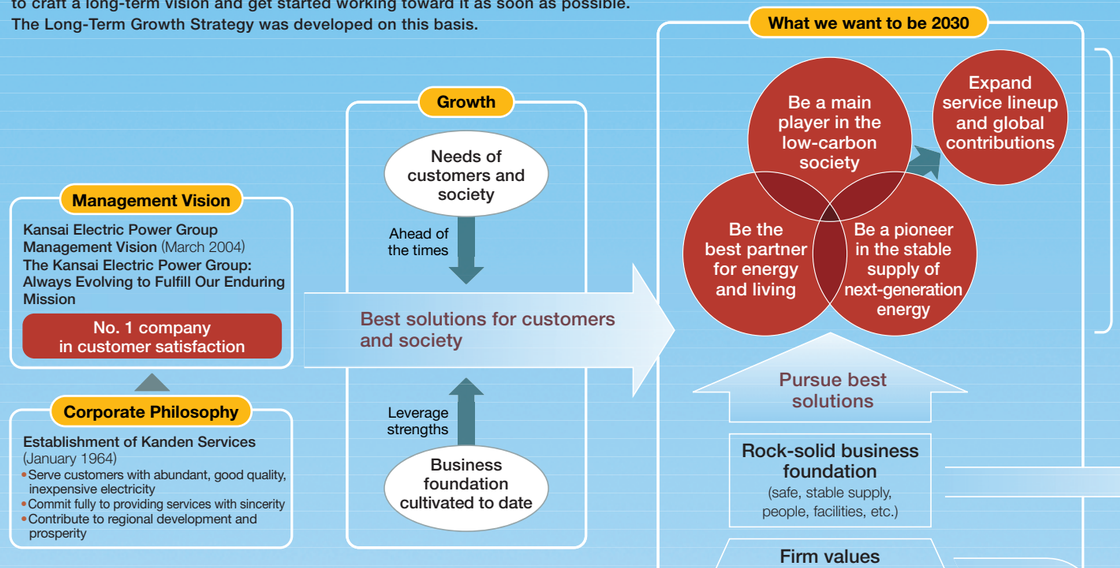
Given these projections, we intend to continue increasing efficiency and strengthening our management foundation in an effort to continue to generate operating cash flow, achieve our financial targets and provide appropriate and stable returns based on our policy on distributing profits to shareholders.

We also intend to further polish the Group's strengths cultivated to date in this first year of long-term growth under the new Kansai Electric Power Group Long-Term Growth Strategy 2030.

Thank you for your continuing understanding and support.

Eyeing the Future for Customers and Society
The Kansai Electric Power Group: Always Evolving to Fulfill Our Enduring Mission

On March 26, the Kansai Electric Power Group planned and announced the Kansai Electric Power Group Long-Term Growth Strategy 2030 ("Long-Term Growth Strategy"). Major changes are expected in business conditions in the years ahead. These changes, which include accelerating movement toward a low-carbon society, higher resource prices and greater resource limitations, and an aging society, will not be able to be accommodated by simply continuing past practices. However, regardless of the times, the Group's mission of benefiting customers and society remains precisely the same. In order to fulfill our enduring mission while responding appropriately to the current state of affairs, we felt it was necessary to craft a long-term vision and get started working toward it as soon as possible.
The Long-Term Growth Strategy was developed on this basis.



The strategy gives full consideration to changing business conditions, and it more concretely spells out what is meant by the No. 1 company in customer satisfaction, the goal presented in the Kansai Electric Power Group management vision (drafted in March 2004).

By 2030, we first of all want to be a corporate group with firm values—specifically, CSR, safety culture, and management that values people—and a rock-solid business foundation, which consists of the stable and safe supply of electricity as well as people, facilities and other infrastructure. On this basis we will strive to further satisfy even greater numbers of customers by, above all, pursuing the best possible solutions for customers and society in general as a main player in the low-carbon society, a pioneer in the stable supply of next-generation energies, and the best partner of customers for energy and living.

Five Challenges Which Lead to Further Growth

See pages 11 and 12 for more detailed information.

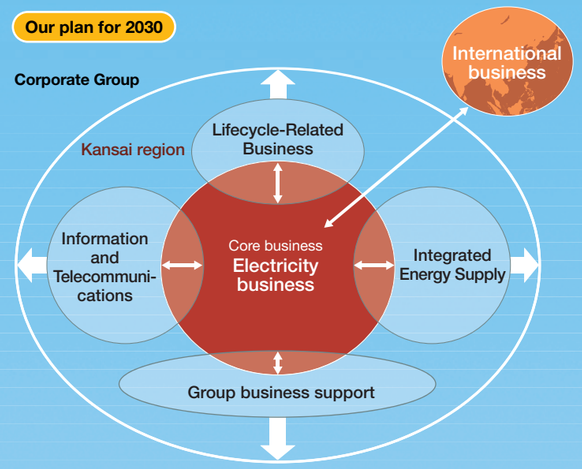
1. **Challenge of becoming a main player in the low-carbon society**
2. **Challenge of becoming a pioneer in the stable supply of next-generation energies**
3. **Challenge of becoming the best partner of customers for energy and living**
4. **Challenge of dramatic growth in Group businesses and the international business**
5. **Challenge of managing for long-term growth in step with society**

Steady Improvements of Our Core Competence Which Leads to Further Growth

- **Put ultimate priority on safety, deliver stable supplies of high-quality, reasonably-priced electricity and provide services**
- **Contribute to regional development and earn trust of local communities**
- **Provide sincere services and earn trust of customers**
- **Develop human resources and facilities infrastructure**
  - •Develop human resources by rigorously ensuring skills and techniques are passed down, etc.
  - •Establish and maintain facilities necessary for safety/quality and stable supply (address aging facilities, etc.)
- **Improve productivity premised on ensuring safety**
  - •IT utilization and business process reform
  - •Increase management efficiency through creative innovation; PDCA
- **Promote technological development**
- **Strengthen shared support divisions**

Rigorously implement management that values CSR, safety culture and people throughout the Group

Our plan for 2030



Note: Kansai region refers to the supply region and other areas of power stations.

Quantitative Goals

		FY 2008 results	What we want to be 2030
Electricity sales (domestic + overseas)		148.0 billion kWh	180.0 billion kWh or more
Ordinary income (consolidated)		–	Approximately two times present level
Electricity business	Electricity sales	146.0 billion kWh	160.0 billion kWh or more
	Non-fossil fuel power ratio	Approx. 50%	Approx. 60-70%
Group	Size of Group businesses (external transactions)	Approx. ¥300.0 billion	At least two times current level
International	Size of international business (Output Proportional to Equity Stake as of Fiscal Year-End) Figures in parentheses represent electricity sales	800,000 kW (2.0 billion kWh)	Approx. 5 million kW (approx. 20.0 billion kWh) + Global contributions that utilize strengths

Recognition of Business Conditions

Global Environmental Issues
- More stringent energy and environmental regulations and higher CO_2 reduction targets as efforts are made to reduce greenhouse gases by 80% by 2050
- Significantly lower costs for solar power generation, storage batteries, etc. as technology develops

Resource Procurement
- Possibility of rising resource prices on increased demand from China, India and other emerging markets (ex: Crude oil assumed to rise to $100–150/bbl.)
- Possibility that limited resources will make it difficult to secure quantities

Customers and Society
- Mounting need for greater energy efficiency, lower costs, CO_2 reductions, greater safety and security, and comfort and convenience
- Mounting need for not only electricity but also more comprehensive services
- Maturation and contraction of market due to aging society

Global Environment
- Increased expectation that Japanese power companies will help provide stable energy supply at the global level and help resolve global environmental problems
- Further economic growth in China, India and other Asian countries and increased business opportunities

Internal Environment
- Aging facilities that support safe and stable supply; massive upgrades will become necessary
- Changes in age distribution of employees and smaller pool of new graduates due to lower birthrate (especially beginning in 2020)

Five Challenges Which Lead to Further Growth

1 Challenge of becoming a main player in the low-carbon society

Realize a sustainable low-carbon society by conducting three initiatives in an integrated manner (Kansai e-Eco Strategy)

1 Accelerate conversion to low-carbon electricity
- Newly establish future nuclear power and promote replacement
- Maintain or raise nuclear power ratio through safe and stable operations
- Accelerate conversion to low-carbon electricity by actively introducing solar power and other renewable energies

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2 Contribute to energy conservation, cost reductions and CO_2 reductions by customers and society
- Help customers conserve energy, reduce costs and reduce CO_2, with the entire Group working together
  - Promote and popularize heat pumps and other high-efficiency devices
  - Boost market penetration of electric vehicles
  - Industrial incentive programs, etc.
- Generate new demand that helps vitalize the Kansai region and convert the region to low carbon

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Realization of a Sustainable Low-Carbon Society

3 Construct the Kanden Smart Grid
- Integrate renewable energies like solar that have unstable output into the power grid, convert them to stable electricity and deliver them to customers
  - Maintain or upgrade power source and distribution facilities
  - Increase sophistication of power distribution grid
  - Secure ability to adjust supply and demand
  - Make electricity usage transparent
  - Improve ability to adjust supply and demand

The challenge of becoming a main player in the low-carbon society includes accelerating conversion to low-carbon electricity, contributing to energy conservation, cost reductions and CO_2 reductions by customers and society, and constructing the Kanden Smart Grid. By carrying out these initiatives in an integrated manner we hope to help bring about a sustainable low-carbon society.

The effort to accelerate conversion to low-carbon electricity will pivot on nuclear power. We will also work to further popularize solar power generation and expand use of other renewable energies as well as raise the thermal efficiency of thermal power.

We will help customers and society as a whole conserve energy, reduce costs and reduce CO_2 emissions by proposing combinations of low-carbon electricity and high-efficiency devices. By meeting customer needs in this area and raising customer satisfaction we hope to draw closer to the realization of a low-carbon society.

2 Challenge of becoming a pioneer in the stable supply of next-generation energies

1 Optimum facility constructions in the resource-saving, solar power expansion, and increasing ability to adjust supply and demand
- Pursue the best possible mix of power sources
  - Newly establish future nuclear power and promote replacement. Actively introduce renewable energies
  - Appropriately secure fossil fuel power sources (supply/demand adjustment capability, risk response capability, diversification of energy sources)

○Construct the Kanden Smart Grid

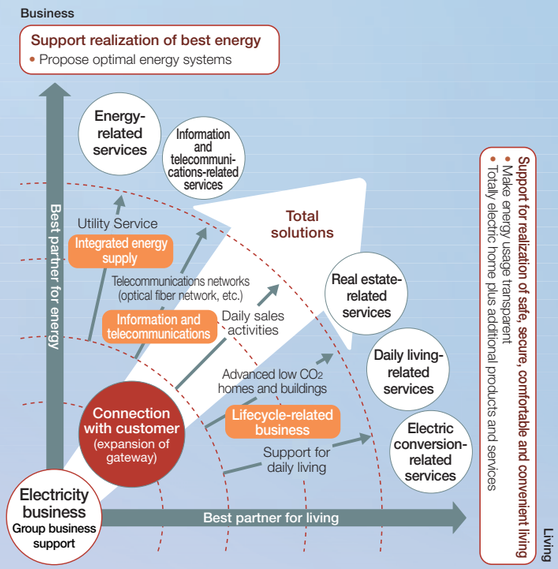
2 Stable procurement of fuel via increased upstream investment
- Increase investment in nuclear fuel, fossil fuels (LNG, etc.) and upstream operations (upstream investment to contribute to higher profits)

3 Contribute to stable energy supply in Japan and the rest of the world
- Fulfill the role expected of us in Japan's energy industry and actively contribute to stable energy supply at the global level and to resolving global environmental problems

In the decades ahead it is anticipated that tightening resource supply and demand against a backdrop of increasing demand in China, India and other emerging countries will not only send prices higher but also create restrictions that make securing quantities exceedingly difficult. It is also anticipated that with efforts being made to realize a low-carbon society there will be mounting need for the ability to adjust supply and demand in the broad sense as more weight is placed on nuclear power, a fixed, large-scale power source, and on renewable energies like solar that are characterized by unstable output. In such an environment, alongside traditional efforts to supply high-quality, reasonably priced electricity in a stable manner, a new brand of stable energy supply that differs from the past will be necessary. The Group will create optimal facilities for this new era and make upstream investment in order to stably procure fuels.

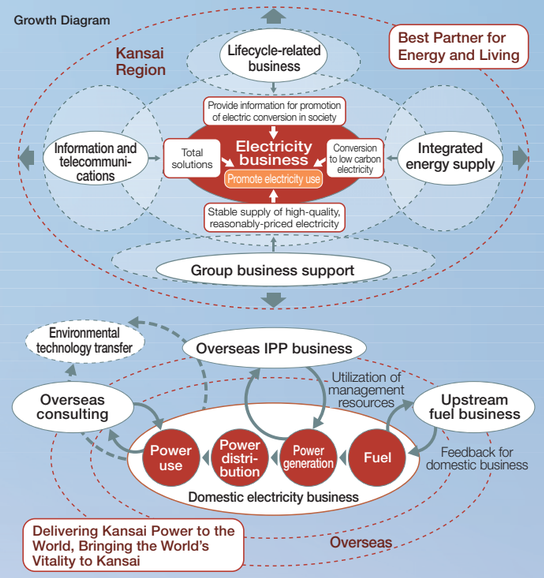
We also have a role to play in providing stable energy supplies for Japan and the rest of the world and we intend to actively fulfill that role.

3 Challenge of becoming the best partner of customers for energy and living



The Kansai Electric Power Group is broadening diverse connections with customers in the Kansai region as we supply electricity and a variety of services in the areas of integrated energy supply, information and telecommunications and the lifecycle-related business. Through these connections, or gateways, we will become a more familiar presence to our customers, and we will meet their diverse needs with total solutions that integrate our electricity business and Group businesses.

4 Challenge of dramatic growth in Group businesses and the international business



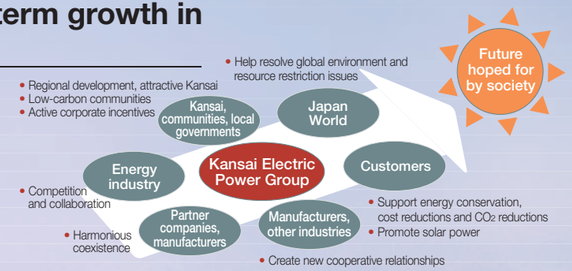
For Group businesses, pivoting on the Kansai region we will continue to effectively utilize the Group's management resources to provide services needed by customers and society in an effort to create a positive cycle whereby we benefit others and that in turns leads to growth for the Group overall. The international business will be promoted based on the concepts of utilization and feedback of management resources, contribution to stable power supply in partner countries and contribution to solving global environmental problems.

5 Challenge of managing for long-term growth in step with society

1 Create rock-solid business foundation and new value for customers

2 Harness Kansai Electric Power's collective strength and Kansai Electric Power Group synergies to the maximum extent

3 Work to bring about the future hoped for by society



The Kansai Electric Power Group has long conducted management aimed at growth for the Group as a whole, including Group businesses and the international business, with a view to the long term. However, in order to continue to meet the expectations of customers and society in the business environment that will prevail in the decades ahead, we must take an even longer-term view, be more growth oriented, adopt a more Group-wide and global perspective, and work hand-in-hand with our various partners in society toward the realization of the future hoped for by society, which is characterized by sustainability and low carbon. Throughout the entire Group we will rigorously implement the three action policies presented above in daily decision-making and business activities.

To Meet Diversifying Customer Needs

Striving to be the Best Partner of Customers for Energy and Living, and Group companies Working Together to Deliver High-Quality Services

Providing Total Solutions Through Combinations of Electricity and Distinctive Group Services

Since its founding, 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, with the transition to a low-carbon society accelerating, environment-related needs have mounted, specifically in connection with energy conservation and CO_2 reduction. 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, and will strive to be the best partner of customers for energy and living in a low-carbon society.

Through such initiatives, 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

We Provide Total Solutions Through Totally Electric Homes and Other Service Offerings in Order to Help Improve Our Customers' Lives at Home

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.

An example is the Happy E Plan, a plan that discounts electricity charges for customers converting to totally electric homes, and the Happy E Point Club, a service that allows customers who have signed up for the Happy E Plan to accumulated points. We were the first power company in Japan to offer such services. 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. Additionally, we continue to proactively work to promote and popularize EcoCute, a high-efficiency electric water heater that effectively utilizes heat energy from the air, which has been recognized as a renewable energy. EcoCute has been garnering more and more attention as consumers become increasingly aware of environmental issues.

Moreover, recently we have begun providing even higher value-added services by making proposals based on the idea of the totally electric home plus additional products and services such as highly compatible solar power systems or electric cars.

As a result of these initiatives, as of March 2010, there were more than 770,000 totally electric homes in our supply area. We have set an even more challenging target of 380,000 new totally electric homes for the period from fiscal 2011 to fiscal 2013 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 lifestyle-related services, such as information and telecommunications services using optical fiber and home security systems, in order to help make our customers' lives even more safe, secure and comfortable.

Number of Totally Electric Homes

Note: Cumulative totals in Kansai Electric Power's supply area based on an in-house survey.
The above data includes small homes, such as one-room apartments.
The above figures are accumulated totals.

Corporate Customers

We Utilize our Cumulative Energy-Related Skills and Know-How to Provide Total Solutions to Contribute to Our Customers' Business Development

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 economically sensible and environmentally responsible systems that combine high-efficiency air conditioners and water heaters that use heat pump technology with electric power from our network that offers low CO_2 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.

Energy efficiency diagnosis

Conducting Promotional Activities to Attract Corporations

The Osaka Bay area in recent years has seen investment in the environment and energy sectors accelerate, which has specifically included investment in panel manufacturing plants for flat-panel televisions, solar cells and lithium-ion batteries. The area has even acquired the nicknames Panel Bay and Green Bay.

Kansai Electric Power is working to further vitalize the region by conducting activities in support of companies moving to the area. These activities are designed to meet customer needs and include partnering with local government bodies and business groups in the Kansai region to help customers considering new investment gather relevant information.

I We will strive to promote electricity use and increase profits by developing total solutions that combine electricity with attractive Group services

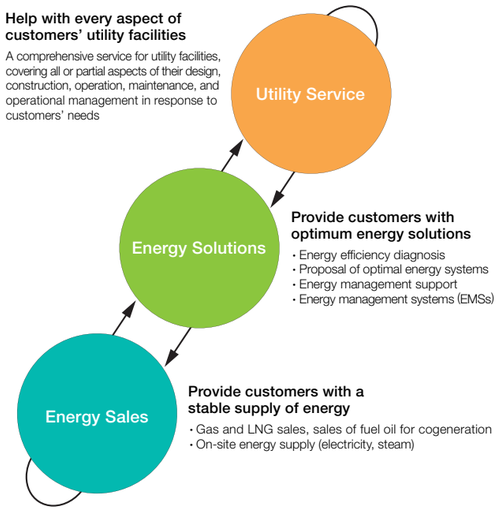
Integrated Energy Supply

We comprehensively provide a variety of energies to realize the best possible energy usage for our customers.

Against a backdrop of rising fuel prices and accelerating efforts to achieve a low-carbon society, customer needs in the areas of energy conservation, cost saving and CO_2 reduction are growing. Given this situation, the Kansai Electric Power Group will work to grow its integrated energy supply business as the best partner for energy by providing both electricity and optimal solutions and achieving the best possible energy usage.

To this end the Kansai Electric Power Group works to provide optimal solutions to meet every conceivable customer need related to energy usage. This is accomplished through our Utility Service, for example, which offers design, installation, operation and maintenance for customer utility equipment as a comprehensive package, energy management services, which provide ESCO services, energy diagnostics, energy management support, and energy management systems (EMSs), and energy sales for gas, LNG and other energy sources. As a result of our efforts in this area, our utility service has been adopted not only in the industrial sector by factories and other such facilities but also in a variety of other sectors by office buildings, hospitals and the like.

Additionally, in the area of renewable energy and environmental businesses, the Group will work to proprietarily develop and install solar power, wind power and biomass fuel supply systems to meet society's low carbon needs to the maximum extent possible.



Information and Telecommunications

We propose appealing services directly connected to our customers' lives and businesses.

In information and telecommunications, we are working to further raise customer satisfaction and expand profits by utilizing a fiber optic network covering the entire Kansai region to provide a broad lineup of services centering on FTTH that anticipate the needs of customers. Business activities are being conducted to make information and telecommunications a second pillar of earnings after our electricity business.

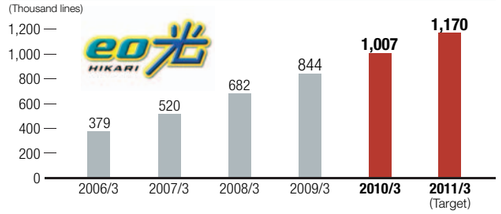
In the service field for household customers, we are making efforts to expand FTTH services that fully use the high potential of optical fiber. Under our brand, eo HIKARI, we provide three FTTH services in a single bundle: Internet, phone and television. Also, starting in March 2010 we added a public Wi-Fi service to the lineup for eo Mobile[1], the mobile broadband service launched in 2008, and are promoting the service so that it will come to be widely used as an essential household utility. As a result, we received the top ranking nationwide in several customer satisfaction surveys, and our FTTH subscriber lines topped one million in March 2010. 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, under our unified brand, Business HIKARI, we offer a lineup of services that include high speed Internet connection, dedicated lines[2], VPN[3] service, mobile communications, 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.

We will continue to enhance the optical fiber network built throughout the Kansai region and provide appealing services directly connected to our customers' lives and businesses based on a mobile network that is seamlessly integrated with the optical fiber network.

Note 1: Our mobile broadband service consists of a public Wi-Fi service developed throughout the Kansai region and a 3G service offering speeds up to 21 Mbps and other services.
Note 2: 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 3: 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

Striving to be our customers' best partner for living, we make proposals for safe, secure, comfortable and convenient lifestyles.

In the lifecycle-related business, we aim to strengthen points of contact between the Group and customers and thereby increase use of electricity and other Group services by providing totally electric homes and a variety of other services to help customers live safely, securely, comfortably and conveniently and earn their trust and satisfaction.

With the goal of being the best partner of customers for living, a goal stated in our long-term growth strategy, the Group is working to enhance both lifestyle-related services and housing-related services in particular.

Lifestyle-Related Services

We provide services directly connected to our customers' lives, including home security, nursing care, health management support, food services and loans for electric conversion. In May 2010 we added a housekeeping service to our lineup of service offerings. The service provides direct help to customers in a familiar, everyday way.

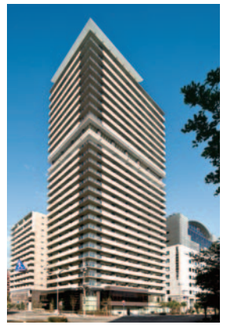
In order to meet the needs of customers, which will only continue to diversify and gain in sophistication as Japan's elder population grows, birthrates decline and other societal changes take place, we intend to enhance our service menu in support of safe, secure, comfortable and convenient living in ways closely connected with everyday life and in line with different lifestyles and life stages. We will also continue to gradually expand service coverage and promote development throughout the Kansai region.

Housing-Related Services

We provide high-quality houses and buildings that offer exceptional safety, environmental performance, economic efficiency and comfort along with Group services based on totally electric homes. Our homes and buildings are offered with a combination of services, including home performance assessments, sales of electric appliances and remodeling services for electric conversion, in order to help our customers create comfortable living spaces.

In December 2009, we made MID Urban Development Co., Ltd. a subsidiary and worked to build and strengthen a foundation for supply of condominium buildings with reduced CO_2 suitable for a low-carbon society.

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.



Property developed by KANDEN FUDOSAN CO., LTD.
Elgrace Kobe Sannomiya Tower Stage

II

Responding to Changing Energy Markets

Strengthening Our Solid Management Foundation to Fulfill Our Enduring Mission

We Continue to Raise Managerial Efficiency to Address Environment Issues 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 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 37 companies as of April 2010—have entered the market as designated Power Producers and Suppliers (PPS).

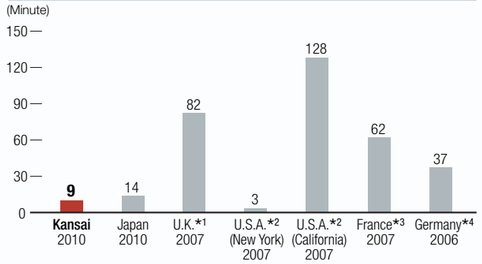
In this situation, the Kansai Electric Power Group is actively endeavoring to increase the overall efficiency of its operations, while maintaining safe and stable supplies of electricity, by making optimal use of its accumulated technological capacities and by constantly innovating in order to come out ahead of the competition. Specifically, we are striving to make our facilities more efficient by eliminating, or suspending on a long term basis the operations of, older, less efficient thermal power plants in order to reduce repair costs and other expenses.

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 2010.

International Comparison of Annual Power Outage Time per Customer



*1 Results for the United Kingdom 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.

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, we established Kanden Office Work Co., Inc. in 2004 and are working to raise administrative efficiency for the Group overall through gradual consolidation of Group company accounting and payroll processes and other measures.

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

Predicated on the safe and stable supply of electric power, we plan to continue promoting higher operating efficiency while appropriately accommodating changes in the management environment.

We Will Work to Strengthen Our Business Foundation for Our Sustainable Growth While Flexibly Accommodating Changes in Electric Power Supply and Demand Caused by Wide Prevalence of Solar Power and Other Renewable Energies

In conjunction with global efforts to achieve a low-carbon society, public concern over environmental problems has mounted, so much so that promotion of renewable energies like solar power and other environmental measures has been regarded as a pillar of the economic recovery.

Responding to this state of affairs, the Kansai Electric Power Group will build the Kanden Smart Grid by researching systems for controlling power supply and demand using storage batteries and by developing more sophisticated systems for automating distribution in an effort to bring about a low-carbon society and to enhance customer convenience while fully maintaining the stability of the power grid, the foundation of our service.

In order to fulfill our mission of supplying electricity safely and stably and ensure ongoing growth by continuing to flexibly accommodate changes in the power supply and demand environment, we will work to make operations reliable and efficient through innovation and steady investment of management resources to strengthen our business foundation.

We Will Ensure Energy Security and Develop an Optimal Mix of Power Sources that is Competitive and Environmentally Friendly

Kansai Electric Power is aiming at the "best mix" of power sources by leveraging the respective characteristics of nuclear power, thermal power, hydropower and other power generation types and combining them in a good balance. Specifically, we will conduct appropriate maintenance and continue safe and stable operations at existing power plants while upgrading facilities as appropriate and will construct new power plants.

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 half of the power generated by Kansai Electric Power. Nuclear power has the characteristics of environmental friendliness, due to no emissions from generation, and of lower fuel cost than of thermal power. Safe and stable operations of nuclear power plants, therefore, 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.

We Are Currently Working to Optimize Facility Configurations and Operations While Taking It into Account that Thermal Power Can Accommodate Fluctuations in Power Supply and Demand Better than Any Other Power Source

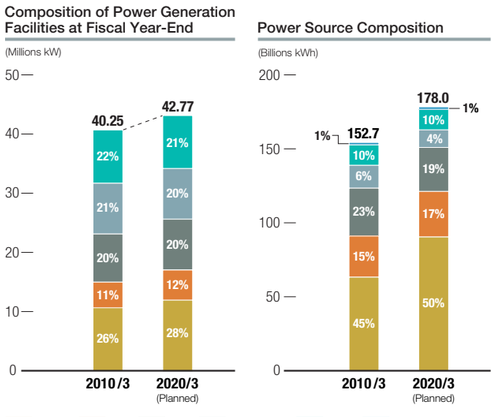
Specifically, efforts are being made to raise thermal efficiency at the Sakaiko Power Station (LNG) and Himeji No. 2 Power Station (LNG) by upgrading facilities, converting to natural gas combined cycle power generation. Himeji No. 2 Power Station in particular will be the most efficient thermal power station in Japan after 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 CO_2 emissions per unit of power generated by around 30%.

We are also steadily carrying out work for the launch of operations at Maizuru Power Station Unit 2 in fiscal year 2010, which will use coal, the least expensive thermal fuel.

Effectively Utilizing Hydropower, a Purely Domestic Energy Source

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

Power Source Composition



Nuclear Coal LNG Oil and other Hydro Renewable Energies

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 Pursue Stable Fuel Procurement While Striving to Pioneer the Stable Supply of Next-Generation Energies

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.

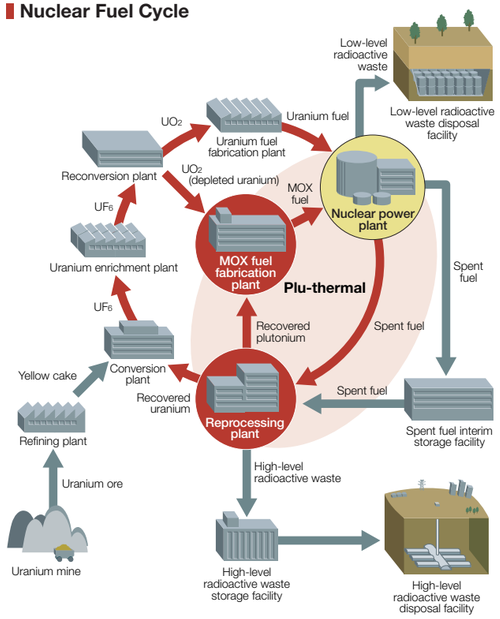
With energy consumption steadily increasing, centering on emerging countries, fossil fuel prices skyrocketing, and the problem of global warming coming to the fore in recent years, people around the world have been reconsidering the value of nuclear power, ushering in what some have called a nuclear renaissance. The price of uranium ore increased and remained high due to the worldwide resurgence in nuclear power in recent years and in part to expectations of tighter supply and demand going forward.

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 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. 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 transport and receiving. We acquired equity in a project for the first time, the LNG Pluto project, and signed an agreement related to LNG purchase. Construction on the project is progressing steadily, with shipments on target to commence around the start of 2011.

LNG procured from the project is slated for transport by our first transportation vessel, the LNG EBISU. This will help improve transportation economics and strengthen the resiliency of our transportation system. We also 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 contracts for three dedicated coal tankers in conjunction with the start of operations at Maizuru Power Station Unit 2. The first tanker, MAIZURU DAIKOKU was completed in July 2009 and the remaining two are slated to be finished before the end of 2010. This will not only raise operational safety levels but also help ensure long-term tanker stability and reduce transport costs.

With Business Opportunities Increasing Overseas We Will Promote Our Overseas Business by Actively Utilizing Management Resources Accumulated in the Domestic Electricity Business

For our overseas business, we will leverage management resources accumulated in the domestic electricity business to help stabilize power supply in partner countries and help solve global environmental problems, and we will actively work to incorporate knowledge gained from work overseas in domestic operations. We are currently participating in the following 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 significant for its contribution to the Philippines' electric power infrastructure and efforts to prevent global warming. We increased our stake in the project in 2009 to 50%. In addition, after acquiring shares in Singapore's Senoko Power Limited in 2008, in 2009 we concluded a new electricity sales agreement with the Electricity Generating Authority of Thailand for power generated by the second small power producer project through Thailand's Rojana Power Co., Ltd.

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.

Nuclear Fuel Cycle

Project	Partner	Contractual Period	Investment Stake (Capacity share)	Start of Operation
San Roque Hydropower (345MW)	Marubeni	25 Years	50% (172.5MW)	May 2003
Dexia-FondElec Energy Efficiency and Emissions Reduction Fund	EBRD, DEXIA, Marubeni, J-Power, Mitsui & Co.	—	14%	March 2000
Rojana Thermal (281MW)	Rojana Industrial Park, Sumitomo Metal Industries, Sumikin Bussan	25 Years	39% (109.6MW)	May 1999
Ming-jian Hydropower (17MW)	Dong-jin	15 Years	31% (5.2MW)	September 2007
Kuokuang thermal (480MW)	CPC Corp. Meiya	25 Years	20% (96MW)	November 2003
Senoko Power (3,300MW)	Marubeni, Kyushu Electric Power, JBIC, GDF Suez	—	15% (495MW)	March 1976 Start of Operation (First Unit)

Singapore Senoko Power

LNG EBISU

III

As a Major Player to Achieve the Low-Carbon Society

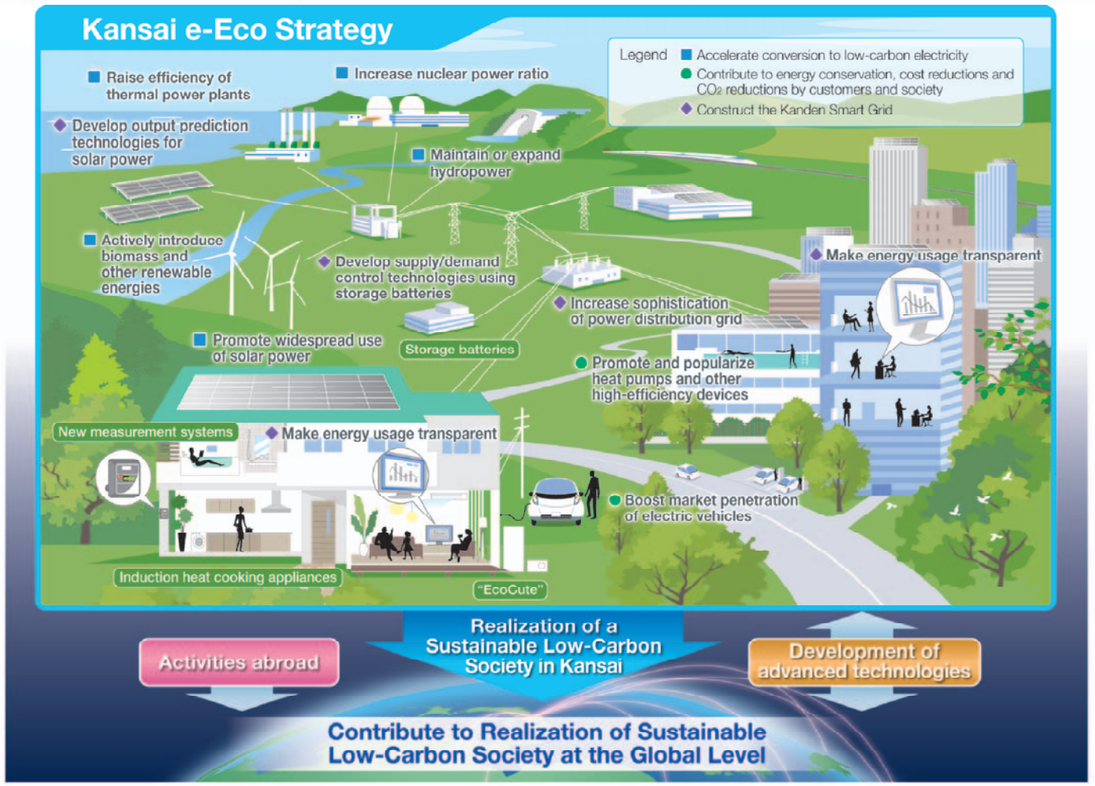
Taking on the Challenge of Creating an Environmentally Friendly Society Through the Stable Supply of Electricity

We Will Work Toward the Realization of a Low-Carbon Society Based on the Twin Pillars of Accelerating Conversion to Low-Carbon Electricity and Contributing to Energy Conservation, Cost Reductions and CO_2 Reductions by Customers and Society

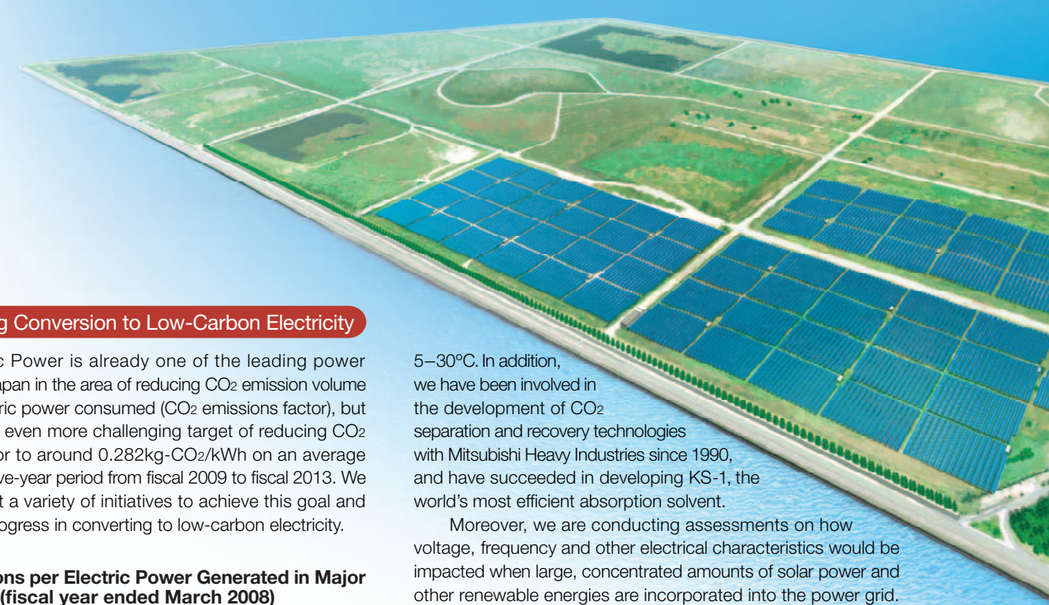
In 2009 the Democratic Party of Japan won control of the government and a major push was made with regard to Japan's environmental policy. In March 2010 the government approved the draft basic law on climate change countermeasures at the Cabinet level. It is premised on the development of a fair and effective international framework by all the world's major countries. The draft law includes a medium/long-term target of reducing CO_2 emissions by 25% by 2020 and by 80% by 2050, compared to 1990 levels, creation of a domestic emissions trading scheme and other systems to achieve the goal, and promotion of nuclear power with strong safeguards for safety.

Against this backdrop, the Kansai Electric Power Group intends to strategically work to accelerate conversion to low-carbon electricity to help realize a low-carbon society, contribute to energy conservation, cost reductions and CO_2 reductions by customers and society, and construct the Kanden Smart Grid, which will tie together both supply-side and demand-side initiatives. We will also strategically pursue activities abroad and the development of advanced technologies.

Kansai Electric Power Group Initiatives to Realize a Low-Carbon Society



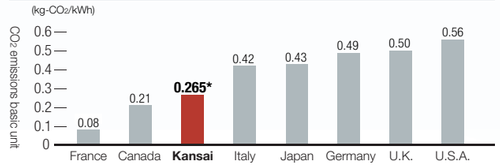
- **Nuclear power:** For nuclear power plants, which do not produce any CO_2 when generating electricity, we will steadily continue to maintain safe and stable operations.
- **Thermal power:**
  - We are upgrading facilities at the Sakaiko Power Station to state-of-the-art combined-cycle power generation (raising thermal efficiency from approximately 41% to approximately 58%). Operations got underway at Units 1, 2 and 3 in 2009 and Units 4 and 5 are slated to go online in 2010.
  - We are also working to update facilities at Himeji No. 2 Power Station to high-efficiency combined-cycle power generation (raising thermal efficiency from approximately 42% to approximately 60%).
- **Hydropower:** Progress is being made on construction plans for a new power plant (scheduled to go online in 2012) at Shinkuronagi No. 2 Power Station (provisional name) in Toyama Prefecture that will utilize available aqueducts at the existing Kuronagi No. 2 Power Station.
- **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.
  - Kansai Electric Power is building its first mega solar power plant on the Sakai City Waterfront. With an output of 10,000 kW, the plant will be among Japan's largest. We plan to conduct technical verifications on large amounts of solar power being incorporated into the power grid in order to further promote and expand use of solar power.
  - Group company Kanden Energy Development Co., Inc. is developing a wind farm in the northern part of Awaji City, Hyogo Prefecture with power output of 24 MW.



Accelerating Conversion to Low-Carbon Electricity

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

CO_2 Emissions per Electric Power Generated in Major Economies (fiscal year ended March 2008)



* This figure represents CO_2 emissions per unit of electric power sold by Kansai Electric Power for FY2009. Figures reflect the offset of CO_2 credits through the Kyoto mechanism.
Source: IEA Energy Balances of OECD Countries 2009 Edition / Energy Balances of Non-OECD Countries 2008 Edition

Contributing to Energy Conservation, Cost Reductions and CO_2 Reductions by Customers and Society

With efforts to realize a low-carbon society underway, the need among customers and society at large for help in conserving energy, cost reductions and CO_2 reductions is only expected to get stronger in the years ahead.

The entire Kansai Electric Power Group will work to raise customer satisfaction and help bring about a low-carbon society by providing benefits to customers through combinations of low-carbon electricity and high-efficiency devices that utilize heat pump technology and other technologies that effectively utilize heat energy from air warmed by the sun while supporting energy conservation.

We hope to have customers use our electricity and convert as much as possible from direct use of fossil fuel energy to electricity, which is a low-carbon energy. By raising the percentage of non-fossil fuel energy in the future we intend help reduce the CO_2 emissions of society as a whole.

Development of Advanced Technologies

The Kansai Electric Power Group is currently developing advanced technologies like high-efficiency electric devices and CO_2 separation and recovery technology. Responding to the needs of industrial customers, in recent years we developed, in partnership with Chubu Electric Power, Tokyo Electric Power and Kobe Steel, high-efficiency hot water heat pump,"HEM-HR90" that simultaneously supplies hot water at 70–90°C and cold water at 5–30°C. In addition, we have been involved in the development of CO_2 separation and recovery technologies with Mitsubishi Heavy Industries since 1990, and have succeeded in developing KS-1, the world's most efficient absorption solvent.

Moreover, we are conducting assessments on how voltage, frequency and other electrical characteristics would be impacted when large, concentrated amounts of solar power and other renewable energies are incorporated into the power grid. We are also involved in development on new grid operation and control technologies, such as power supply/demand control systems that use storage batteries.

Activities Abroad

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 micro hydropower plants in Bhutanese village 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 NGO composed of 10 world's 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, and CO_2 credits have already been issued. We are also participating in hydropower CDM projects in China and Vietnam.

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 worked to transfer our construction technologies and operational knowhow 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.



Bhutan Micro Hydro Power Project

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

Promoting Corporate Social Responsibility

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

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

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

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

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

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 2010

You can download Kansai Electric Power's CSR Report from 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 and every 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

We are promoting a range of initiatives to maintain and pass down techniques and skills, including an expert technician system. The initiatives serve to ensure that techniques and skills accumulated to date are faithfully passed on and improved throughout the entire Group.

• Steadily Investing Management Resources

Kansai Electric Power will also steadily invest necessary management resources into facilities in order to ensure safe and stable 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.

Inspecting a turbine at a power plant

Osaka City of Light program "Osaka Hikari Renaissance"

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

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 gets involved in basic activities together with their community, including clean-up campaigns and community event sponsorship.

Also, as an initiative aimed at local vitalization, we promote the Osaka City of Light program and handle secretariat duties for the program's promotional committee. As a part of these activities, we represented the program and gave a presentation on it for an international audience at the annual meeting of Lighting Urban Community International (LUCI), an international network for creative lighting landscapes. Osaka joined LUCI in March 2009, becoming the organization's first Japanese member, and the aforementioned meeting was held in October 2009 in Kanju, South Korea. The City of Light program is for the entire Kansai region, and by providing information overseas while coordinating efforts we hope to improve the attractiveness of the Kansai region as a whole and contribute to its increasing vitality.

The Kansai Electric Power Group is committed to helping local communities through the safe and stable supply of electric power as well as through regional vitalization efforts.

Respect for Human Rights, Development of Favorable Work Environments

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.

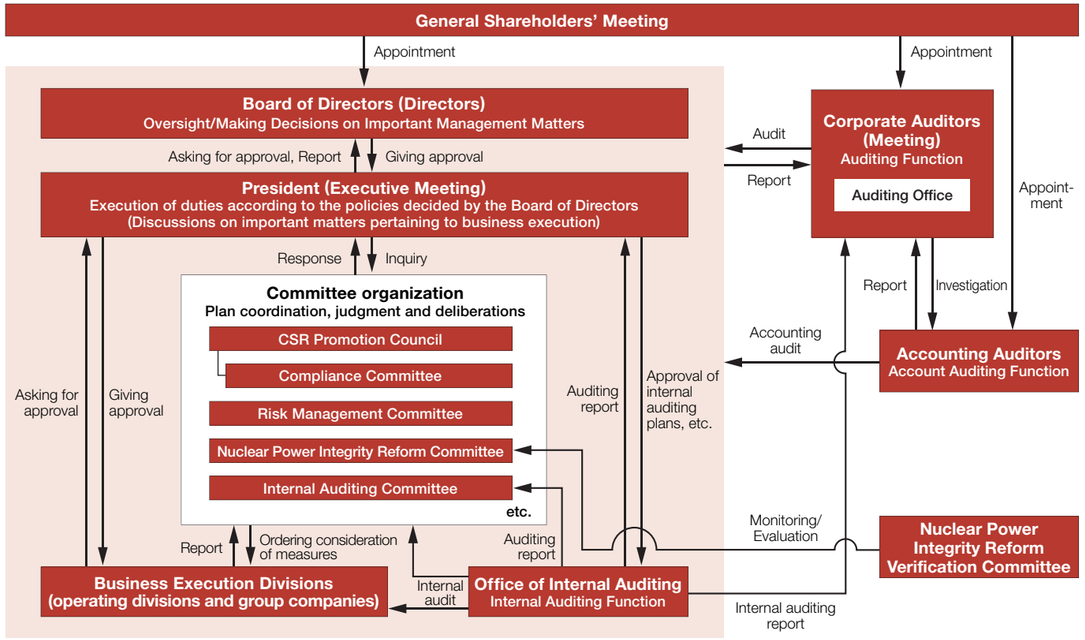
For instance, we proactively hire people with disabilities, and have established Kanden L-Heart, a special subsidiary pursuant to the Law for Employment Promotion of Persons with Disabilities. Our employment ratio for people with disabilities was 2.24% as of June 2010, as we continue to be above the 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.

Strict Enforcement of Compliance

It is impossible for the Kansai Electric Power Group to do business without the trust of the general public. We established the Kansai Electric Compliance Committee in 2002 to further establish trust and foster a transparent corporate culture. The Group regards compliance as a duty required of corporations to exist in society and positions it as the foundation of all corporate activities. We are working diligently to comply with laws, regulations and all other internal and external rules and to raise awareness of compliance in each and every individual.

The Group will continue to steadily promote compliance and further solidify the trust of the general public.

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

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

Assuring Transparency and Soundness of Audits

Kansai Electric Power uses a system of corporate auditors to continuously and effectively audit the compliance, appropriateness and adequateness of directors in the performance of their duties. 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. The transparency and soundness of business management is ensured through audits. 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 ensures the independence of auditing practices. One of the internal auditors is in a chief position in our accounting division, ensuring that this auditor has knowledge of finance and accounting.

Committees Facilitate Appropriate and Smooth Business Execution

Kansai Electric Power has established a number of committees that carry out three main functions, plan coordination, judgment and deliberation, 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, which are primarily made up of officers, meet on a regular basis, or as necessary, and support decision-making by the Executive Meeting and business execution by the Company's various divisions.

• CSR Promotion Council

The CSR Promotion Council formulates overall policies related to CSR promotion. It promotes initiatives to help 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. Compliance desks have 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 Law.

• Nuclear Power Integrity Reform Committee and Nuclear Power Integrity Reform Verification Committee

The Nuclear Power Integrity Reform Committee has been established within 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 conducts follow-through on recurrence prevention measures that are a part of day-to-day operations and also deliberates on activities for fostering a culture of safety to ensure operational safety and stability.

In addition, the Nuclear Power Integrity Reform Verification Committee, which consists mainly of outside members, provides objective, comprehensive oversight and evaluation related to fully maintaining recurrence prevention measures and rigorously implementing activities to foster a culture of safety.

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 41-member staff regularly conducts audits of risk management systems and the status of risk management. Internal auditing plans and their findings are put on the agenda of the Executive Meeting and reported to the Executive Meeting. Based on audit findings, each workplace 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 maintaining 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.

As of June 29, 2010

Shosuke Mori*
Chairman and Director

Makoto Yagi*
President and Director

Norihiko Saito*
Executive Vice President
and Director

Sakae Kanno*
Executive Vice President
and Director

Toshiaki Mukai*
Executive Vice President
and Director

Yasuo Hamada*
Executive Vice President
and Director

Managing Directors

Masafumi Ikari
Masao Ikoma
Noriaki Hashimoto
Youichi Mukae
Hideki Toyomatsu*
Jiroh Kagawa
Yoshihiro Doi
Ryohei Shirai
Shigeki Iwane
Masahiro Iwatani

Directors

Yuzuru Hiroe
Noriyuki Inoue
Akio Tujii
Ryosuke Tamakoshi

Senior Corporate Auditors

Mamoru Yoshida
Toshikatsu Hatanaka
Yasunari Tamura

Corporate Auditors

Takaharu Dohi
Yoichi Morishita
Ken'ichi Haruta
Emi Uehara

*Representative Directors

Financial Section

Contents

The Kansai Electric Power Company, Incorporated and Subsidiaries

Consolidated Financial Statements
for the Years Ended March 31, 2010 and 2009, 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 (ended March 31, 2010), in the residential market, 98,000 homes totally installed or converted to electrical appliances, and in the industrial and air conditioning market, the Group's customers installed 1,191 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, and electricity operating revenues also decreased due to lower unit rates. As a result, operating revenues from this segment decreased ¥205,799 million, or 8.3%, compared with the previous fiscal year, to ¥2,281,669 million.

In terms of expenditures, thermal fuel costs decreased due to higher utilization of nuclear power plants and lower fuel prices, and costs for power purchased from other companies declined. These and other factors resulted in operating income of ¥169,497 million, which represents an increase of ¥189,678 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 the eo HIKARI brand, while taking full advantage of its 90% coverage ratio in the six prefectures that comprise the Kinki region. Contracts for these services climbed to over one million as of the end of the fiscal year under review, an increase of 19% compared with the end of the previous fiscal year.

As a result of these efforts, operating revenues from the IT/Communications segment increased ¥11,600 million, or 10.4%, compared with the previous fiscal year, to ¥123,376 million; operating income totaled ¥19,439 million, a year-on-year increase of ¥3,838 million, or 24.6%.

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, revenues from Group business support declined, but overall revenues increased due to increases from subsidiaries in the lifecycle-related business and other factors. On the expenditures side, in integrated energy supply, raw material costs declined in the gas business.

As a result, operating revenues from the Other segment totaled ¥201,546 million, an increase of ¥11,216 million, or 5.9%, from the previous fiscal year; operating income from this segment was ¥38,611 million, a year-on-year increase of ¥1,737 million, or 4.7%.

Ordinary Income

Other income amounted to ¥32,745 million, a decline of ¥717 million, or 2.1%, compared with the previous fiscal year. The decrease is attributable to selling shareholdings in the previous term and other factors. As a result, total ordinary revenues, which include operating revenues, declined by ¥183,700 million, or 6.5%, to ¥2,639,337 million.

Other expenses amounted to ¥67,274 million, a decrease of ¥9,819 million, or 12.7%, compared with the previous fiscal year. Other expenses decreased due to a decline in impairment losses on securities holdings and other factors. As a result, ordinary expenses, which includes operating expenses, decreased by ¥389,414 million, or 13.7%, to ¥2,446,205 million.

As a result, the Group stated ordinary income of ¥193,132 million, an increase of ¥205,714 million from the previous fiscal year.

Net Income

Net income before income taxes and minority interests totaled ¥193,132 million, an increase of ¥205,714 million, compared with the previous fiscal year. Net income was ¥127,170 million, a year-on-year increase of ¥135,966 million.

Financial Position

Cash Flow

Net cash provided by operating activities amounted to ¥667,150 million, an increase of ¥385,861 million, or 137.2%, compared with the previous fiscal year. This was the result of the loss before income taxes and minority interests last term returning to positive territory, and other factors.

Net cash used in investing activities totaled ¥477,756 million, a decrease of ¥32,661 million, or 6.4%, compared with the previous fiscal year. Although outlays for acquiring consolidated subsidiaries and other purposes increased, capital investment decreased, accounting for the result.

As a result, net cash used in financing activities amounted to ¥184,498 million, a change from positive cash flow the previous term. Free cash flow resulting from the above developments was used to reduce interest-bearing liabilities.

As a result, cash and cash equivalents at the end of the fiscal year under review totaled ¥77,525 million, an increase of ¥7,772 million, or 11.1%, compared with the end of the previous fiscal year.

Assets, Liabilities and Net Assets

Assets

Capital investment totaled ¥430,597 million, a decrease of ¥80,268 million, or 15.7%, compared to the previous fiscal year, but it exceeded depreciation for the term, which was ¥403,107 million. In addition, fixed assets increased by ¥128,691 million owing to provisions to the reserve for reprocessing of irradiated nuclear fuel and an increase in assets associated with acquisition of consolidated subsidiaries.

As a result, total assets were ¥7,116,632 million, an increase of ¥146,511 million, or 2.1%, compared with the end of the previous fiscal year.

Liabilities

As a result of appropriating generated free cash flow for reduction of interest-bearing liabilities and other purposes, interest-bearing liabilities decreased by ¥75,316 million, or 2.2%, compared to the end of the previous fiscal year, to ¥3,391,673 million. However, due to an increase in the provision for decommissioning of nuclear power units, an increase in accrued income taxes, and other factors, total liabilities increased by ¥63,792 million, or 1.2%, compared to the end of the previous fiscal year to ¥5,327,202 million.

Net Assets

Net assets increased ¥82,718 million, or 4.8%, compared with the end of the previous fiscal year, to ¥1,789,429 million. Although there were decreases associated with dividend payments and share buybacks, net income of ¥127,170 million and other factors accounted for the increase.

As a result of these developments, the equity ratio was 25.0%, a decline of 0.6 percentage point from the end of the previous fiscal year. Due to this, net assets per share was ¥1,972.44, an increase of ¥104.36 compared with the end of the previous fiscal year.

Dividend Policy

The Company has an objective to increase shareholder value for the medium 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 March 31, 2013. Based on this basic policy, the 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 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 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, 2010).

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 in 2008 postponed the decision on whether to fully deregulate retail power in Japan until 2013. However, it is possible that competition with other power suppliers will intensify due to a competitive environment being established within the existing scope of deregulation predicated on simultaneously maintaining stable supplies and environmental compatibility.

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 trends in the government's environmental policies, its ability to meet Kyoto Protocol targets, 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 87.5% 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 ¥3,391,673 million as of March 31, 2010 (47.7% of total assets). Future fluctuations in market interest rates have the potential to affect the Group's business performance.

However, 93.6% (¥3,174,148 million) 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, 2010 and 2009

ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
PROPERTY:			
Utility plant and equipment	**¥ 13,694,622**	¥ 13,564,782	**$ 147,190,698**
Other plant and equipment (Note 6)	**1,398,589**	1,285,870	**15,032,136**
Construction in progress	**456,941**	463,750	**4,911,236**
Contributions in aid of construction	**(450,960)**	(455,886)	**(4,846,952)**
Accumulated depreciation and amortization	**(10,349,987)**	(10,106,084)	**(111,242,344)**
Plant and equipment–net (Note 3)	**4,749,205**	4,752,432	**51,044,774**
Nuclear fuel, net of amortization (Note 2.c)	**499,134**	507,223	**5,364,726**
Property–net	**5,248,339**	5,259,656	**56,409,500**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	**193,728**	162,652	**2,082,203**
Investments in and advances to associated companies	**223,787**	199,412	**2,405,287**
Reserve fund for reprocessing of irradiated nuclear fuel (Notes 2.i and 13)	**447,289**	358,297	**4,807,491**
Deferred tax assets (Note 10)	**319,422**	319,281	**3,433,176**
Other assets	**125,642**	130,218	**1,350,417**
Total investments and other assets	**1,309,870**	1,169,863	**14,078,576**
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	**77,525**	69,753	**833,253**
Accounts receivable (Note 13)	**159,249**	176,447	**1,711,627**
Allowance for doubtful accounts	**(1,914)**	(2,060)	**(20,576)**
Inventories (Note 5)	**133,591**	128,898	**1,435,855**
Deferred tax assets (Note 10)	**26,830**	29,162	**288,373**
Other current assets (Notes 4, 12 and 13)	**163,137**	138,399	**1,753,415**
Total current assets	**558,421**	540,601	**6,001,948**
TOTAL	**¥ 7,116,632**	¥ 6,970,120	**$ 76,490,026**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Notes 6 and 13)	**¥ 2,848,643**	¥ 2,832,590	**$ 30,617,407**
Liability for retirement benefits (Note 7)	**347,527**	339,918	**3,735,248**
Reserve for reprocessing of irradiated nuclear fuel (Note 2.i)	**698,293**	688,427	**7,505,302**
Reserve for decommissioning of nuclear power units (Note 2.j)	**326,670**	312,675	**3,511,073**
Deferred tax liabilities (Note 10)	**96**	221	**1,036**
Other long-term liabilities	**92,305**	87,771	**981,352**
Total long-term liabilities	**4,312,536**	4,261,604	**46,351,420**
CURRENT LIABILITIES:			
Current maturities of long-term debt (Notes 6 and 13)	**354,597**	409,706	**3,811,238**
Short-term borrowings (Notes 8 and 13)	**217,524**	228,795	**2,337,964**
Accounts payable (Note 6 and 13)	**163,322**	150,606	**1,755,405**
Payable to associated companies	**20,881**	20,830	**224,433**
Accrued income taxes (Note 13)	**60,624**	7,389	**651,600**
Deferred tax liabilities (Note 10)	**1**	—	**14**
Accrued expenses and other current liabilities	**197,713**	184,476	**2,125,042**
Total current liabilities	**1,014,666**	1,001,805	**10,905,697**
COMMITMENTS AND CONTINGENCIES (Note 14)			
EQUITY (Notes 9 and 16):			
Common stock-authorized, 1,784,059,697 shares; issued, 946,337,828 shares in 2010 and 954,698,728 shares in 2009	**489,320**	489,320	**5,259,250**
Capital surplus	**66,634**	66,634	**716,193**
Retained earnings	**1,271,959**	1,217,625	**13,671,103**
Unrealized gain on available-for-sale securities	**32,316**	25,989	**347,344**
Deferred gain on derivatives under hedge accounting	**15,228**	10,708	**163,674**
Foreign currency translation adjustments	**(1,483)**	(13,847)	**(15,942)**
Treasury stock-at cost: 44,747,969 shares in 2010 and 44,484,261 shares in 2009	**(95,647)**	(96,075)	**(1,028,022)**
Total	**1,778,329**	1,700,355	**19,113,601**
Minority interests	**11,100**	6,355	**119,306**
Total equity	**1,789,429**	1,706,710	**19,232,907**
TOTAL	**¥ 7,116,632**	¥ 6,970,120	**$ 76,490,026**

See notes to consolidated financial statements.

Consolidated Statements of Operations

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
OPERATING REVENUES:			
Electric	**¥ 2,281,669**	¥ 2,487,469	**$ 24,523,530**
Other	**324,922**	302,105	**3,492,292**
Total	**2,606,592**	2,789,575	**28,015,822**
OPERATING EXPENSES (Note 11):			
Electric	**2,102,194**	2,500,027	**22,594,526**
Other	**276,736**	258,498	**2,974,377**
Total	**2,378,930**	2,758,526	**25,568,903**
OPERATING INCOME	**227,661**	31,048	**2,446,919**
OTHER (INCOME) EXPENSES:			
Interest and dividend income	**(13,299)**	(9,769)	**(142,945)**
Interest expense	**55,109**	55,533	**592,318**
Equity in earnings of associated companies	**(8,726)**	(3,531)	**(93,792)**
Other-net	**1,445**	1,397	**15,537**
Total	**34,528**	43,630	**371,118**
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	**193,132**	(12,581)	**2,075,800**
INCOME TAXES (Note 10):			
Current	**67,230**	11,842	**722,596**
Prior periods	**—**	2,359	**—**
Deferred	**(2,210)**	(18,301)	**(23,762)**
Total	**65,019**	(4,099)	**698,833**
MINORITY INTERESTS IN NET INCOME	**942**	313	**10,129**
NET INCOME (LOSS)	**¥ 127,170**	¥ (8,796)	**$ 1,366,837**

	Yen		U.S. Dollars
	2010	2009	**2010**
PER SHARE OF COMMON STOCK (Notes 2.p and 15):			
Basic net income (loss)	**¥ 140.24**	¥ (9.65)	**$ 1.50**
Cash dividends applicable to the year	**60.00**	60.00	**0.64**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2010 and 2009

	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, 2008	962,698,728	¥ 489,320	¥ 66,722	¥ 1,298,558	¥ 53,770	¥ 25,294	¥ 596	¥ (93,730)	¥ 1,840,532	¥ 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					215	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)	(14,585)	(14,444)		(56,811)	1,129	(55,681)
BALANCE, MARCH 31, 2009	954,698,728	489,320	66,634	1,217,625	25,989	10,708	(13,847)	(96,075)	1,700,355	6,355	1,706,710
Net income				127,170					127,170		127,170
Cash dividends, ¥60 per share				(54,631)					(54,631)		(54,631)
Change in scope of equity method				(222)					(222)		(222)
Purchase of treasury stock								(17,601)	(17,601)		(17,601)
Disposal of treasury stock			(1)					49	47		47
Retirement of treasury stock	(8,360,900)		(17,980)					17,980			
Transfer to capital surplus from retained earnings			17,982	(17,982)							
Net change in the year					6,327	4,519	12,364		23,211	4,745	27,956
BALANCE, MARCH 31, 2010	946,337,828	¥ 489,320	¥ 66,634	¥ 1,271,959	¥ 32,316	¥ 15,228	¥ (1,483)	¥ (95,647)	¥ 1,778,329	¥ 11,100	¥ 1,789,429

	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, 2009	$ 5,259,250	$ 716,193	$ 13,087,118	$ 279,340	$ 115,096	$ (148,837)	$ (1,032,626)	$ 18,275,535	$ 68,306	$ 18,343,841
Net income			1,366,837					1,366,837		1,366,837
Cash dividends, $0.64 per share			(587,185)					(587,185)		(587,185)
Change in scope of equity method			(2,389)					(2,389)		(2,389)
Purchase of treasury stock							(189,184)	(189,184)		(189,184)
Disposal of treasury stock		(20)					531	510		510
Retirement of treasury stock		(193,256)					193,256			
Transfer to capital surplus from retained earnings		193,277	(193,277)							
Net change in the year				68,004	48,577	132,895		249,477	50,999	300,477
BALANCE, MARCH 31, 2010	$ 5,259,250	$ 716,193	$ 13,671,103	$ 347,344	$ 163,674	$ (15,942)	$ (1,028,022)	$ 19,113,601	$ 119,306	$ 19,232,907

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Kansai Electric Power Company, Incorporated and Subsidiaries
Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interests	**¥ 193,132**	¥ (12,581)	**$ 2,075,800**
Adjustments for:			
Income taxes - returned (paid)	**604**	(28,692)	**6,493**
Depreciation and amortization	**403,107**	382,328	**4,332,624**
Amortization of nuclear fuel	**39,471**	39,857	**424,243**
Loss on disposal of property, plant and equipment	**13,629**	17,110	**146,495**
Nuclear fuel transferred to reprocessing costs	**14,097**	13,561	**151,516**
Changes in assets and liabilities:			
Increase in reserve fund for reprocessing of irradiated nuclear fuel	**(88,991)**	(85,043)	**(956,481)**
Decrease (increase) in trade receivable	**17,830**	(4,804)	**191,640**
Decrease in interest and dividends receivable	**4,433**	1,115	**47,646**
Increase (decrease) in trade payable	**10,770**	(49,373)	**115,762**
Increase (decrease) in interest payable	**(510)**	173	**(5,491)**
Increase in liability for retirement benefits	**6,522**	7,835	**70,107**
Increase in reserve for reprocessing of irradiated nuclear fuel	**9,866**	25,466	**106,042**
Increase in reserve for decommissioning of nuclear power units	**13,995**	13,760	**150,421**
Other-net	**29,192**	(39,425)	**313,759**
Total adjustments	**474,018**	293,871	**5,094,781**
Net cash provided by operating activities	**667,150**	281,289	**7,170,581**
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	**(428,036)**	(491,956)	**(4,600,565)**
Payments for investments and advances	**(47,812)**	(40,093)	**(513,886)**
Proceeds from sales of investments or collections of advances	**14,745**	16,805	**158,482**
Payments for purchases of investments in subsidiaries, net cash	**(14,634)**	—	**(157,296)**
Other - net	**(2,018)**	4,826	**(21,695)**
Net cash used in investing activities	**(477,756)**	(510,418)	**(5,134,962)**
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	**169,487**	308,735	**1,821,663**
Proceeds from long-term debt (exclusive of bonds)	**183,242**	296,100	**1,969,500**
Proceeds from short-term loans	**289,359**	293,797	**3,110,054**
Proceeds from issuance of commercial papers	**529,000**	1,344,000	**5,685,726**
Redemption of bonds	**(220,410)**	(227,200)	**(2,368,986)**
Repayments of long-term debt (exclusive of bonds)	**(234,232)**	(198,487)	**(2,517,542)**
Repayments of short-term loans	**(280,099)**	(263,224)	**(3,010,526)**
Repayments of commercial papers	**(549,000)**	(1,254,000)	**(5,900,687)**
Purchases of treasury stock	**(17,601)**	(19,926)	**(189,184)**
Dividends paid	**(54,558)**	(54,897)	**(586,394)**
Other-net	**313**	854	**3,369**
Net cash provided by (used in) financing activities - (Continued)	**(184,498)**	225,751	**(1,983,006)**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
NET CASH PROVIDED BY (USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES - (Forward)	**¥ 4,895**	¥ (3,377)	**$ 52,612**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**3,014**	(9,782)	**32,396**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,909**	(13,159)	**85,009**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**69,753**	82,913	**749,714**
CASH AND CASH EQUIVALENTS OF SUBSIDIARIES EXCLUDED FROM CONSOLIDATION	**(136)**	—	**(1,470)**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 77,525**	¥ 69,753	**$ 833,253**

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED 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.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data.

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 2009 consolidated financial statements to conform to the classifications used in 2010.

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 ¥93.04 to $1, the approximate rate of exchange at March 31, 2010. 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.

U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per share data.

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, 2010 include the accounts of the Company and all (sixty in 2010 and fifty-seven in 2009) 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 three (two in 2009) 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 six (seven in 2009) subsidiaries is December 31. The Company consolidates such subsidiaries' financial statements using their financial results for the year ended December 31. The effect of any significant transactions during the period between the subsidiaries' fiscal year-end and the Company's fiscal year-end are reflected in the consolidated financial statements.

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

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

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel at March 31, 2010 and 2009 was ¥99,629 million ($1,070,825 thousand) and ¥106,976 million, respectively.

d. Impairment of Fixed Assets - The Companies review their fixed assets for impairment whenever events or changes in circumstances 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 on insignificant risk of changes in value.

Cash equivalents include time deposits, certificate of deposits, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

g. Inventories - Inventories, mainly fuel, were stated at the lower of cost, determined by the average method or net selling value.

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 benefit pension plan, contributory funded 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 the 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 ¥207,382 million ($2,228,963 thousand) and ¥228,121 million at March 31, 2010 and 2009, respectively.

The estimated future reprocessing costs are discounted at 1.3% and 1.5% at March 31, 2010 and 2009, respectively, for the quantity of the irradiated nuclear fuel covered by the definite reprocessing plan.

The unrecognized estimation gain of ¥14,788 million ($158,944 thousand) and the unrecognized estimation loss of ¥18,325 million at March 31, 2010 and 2009, respectively, resulting from the difference in assumptions for calculations of the 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 is generated.

The Company appropriated ¥143,549 million ($1,542,881 thousand) and ¥141,365 million for "Reserve fund for reprocessing of irradiated nuclear fuel" at March 31, 2010 and 2009, 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, 2010 and 2009.

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.

k. 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.

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 notes to the lessee's consolidated 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 consolidated financial statements.

The Companies applied the revised accounting standard effective April 1, 2008. In addition, 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. However, the Companies do not disclose "as if capitalized" information because there is an immaterial effect on the consolidated financial statements.

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 notes to the lessor's consolidated 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 leases.

All other leases are accounted for as operating leases.

l. 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.

m. 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 exchange contracts.

n. 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.

o. Derivatives and Hedging Activities - The Companies use principally foreign exchange forward contracts, currency swaps, interest rate swaps and commodity swaps in the normal course of business, to manage its exposures to fluctuations in foreign exchange, interest rates, fuel price and so on. The Companies do not enter into derivatives for trading or speculative purposes. Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are 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.

p. 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.

q. New Accounting Pronouncements
Asset Retirement Obligations - In March 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 the 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.

Accounting Changes and Error Corrections - In December 2009, the ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows;

(1) Changes in Accounting Policies
When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations
When the presentation of consolidated financial statements is changed, prior period consolidated financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors
When an error in prior period consolidated financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures - In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Hydroelectric power production facilities	**¥ 351,648**	¥ 365,801	**$ 3,779,542**
Thermal power production facilities	**423,355**	407,409	**4,550,255**
Nuclear power production facilities	**334,140**	322,441	**3,591,363**
Transmission facilities	**1,138,274**	1,176,838	**12,234,244**
Transformation facilities	**425,519**	435,377	**4,573,507**
Distribution facilities	**875,588**	887,025	**9,410,877**
General facilities	**126,472**	133,661	**1,359,334**
Other utility facilities	**21,940**	21,956	**235,821**
Other plant and equipment	**604,137**	544,074	**6,493,307**
Construction in progress	**448,128**	457,844	**4,816,519**
Total	**¥ 4,749,205**	¥ 4,752,432	**$ 51,044,774**

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, 2010 and 2009 were as follows:

	Millions of Yen			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥ 34,298**	**¥ 44,957**	**¥ 209**	**¥ 79,046**
Debt securities	**4,037**	**270**	**37**	**4,270**
Held-to-maturity debt securities	**13,587**	**340**	**281**	**13,647**

	Millions of Yen			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 34,604	¥ 39,120	¥ 295	¥ 73,429
Debt securities	2,599	14	64	2,549
Held-to-maturity debt securities	16,667	161	338	16,489

	Thousands of U.S. Dollars			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$ 368,644**	**$ 483,206**	**$ 2,248**	**$ 849,601**
Debt securities	**43,394**	**2,910**	**403**	**45,900**
Held-to-maturity debt securities	**146,044**	**3,661**	**3,025**	**146,680**

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

The similar information for 2010 is disclosed in Note 13.

	Carrying Amount
	Millions of Yen
March 31 , 2009	
Available-for-sale:	
Equity securities	¥ 65,043
Other	7,525
Total	¥ 72,568

5. INVENTORIES

Inventories at March 31, 2010 and 2009 consisted of the following:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Merchandise and finished products	**¥ 5,145**	¥ 5,210	**$ 55,299**
Work in process	**4,088**	6,347	**43,946**
Raw materials and supplies	**81,281**	90,579	**873,620**
Real estate for sale	**43,076**	26,761	**462,988**
Total	**¥ 133,591**	¥ 128,898	**$ 1,435,855**

6. LONG-TERM DEBT

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Secured bonds:			
0.67% to 3.175%, due serially through 2020:			
The Company	**¥ 1,653,126**	¥ 1,703,194	**$ 17,767,913**
Subsidiary	**1,200**	—	**12,897**
2.75%, due 2012 (payable in Switzerland francs)	**24,576**	24,607	**264,150**
0.65% to 3.4% secured loans from principally the Development Bank of Japan maturing serially through 2025:			
The Company	**237,454**	246,491	**2,552,178**
Subsidiaries	**14,556**	15,214	**156,449**
0.52% to 6.4% (0.70% to 6.4% in 2009) unsecured loans from banks, insurance companies and other sources maturing serially through 2036	**1,243,234**	1,248,685	**13,362,370**
Obligations under finance leases	**29,092**	4,102	**312,685**
Total	**3,203,241**	3,242,296	**34,428,645**
Less current maturities	**354,597**	409,706	**3,811,238**
Long-term debt, less current maturities	**¥ 2,848,643**	¥ 2,832,590	**$ 30,617,407**

Annual maturities of long-term debt at March 31, 2010 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year Ending March 31:		
2011	¥ 354,597	$ 3,811,238
2012	430,004	4,621,712
2013	325,526	3,498,782
2014	388,605	4,176,758
2015	276,861	2,975,726
2016 and thereafter	1,427,645	15,344,427
Total	¥ 3,203,241	$ 34,428,645

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

The carrying amounts of subsidiaries' assets pledged as collateral for accounts payable of ¥2,858 million ($30,726 thousand) and the above secured loans and secured bonds at March 31, 2010, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property and other	¥ 37,278	$ 400,672

7. RETIREMENT AND PENSION PLAN

The Company and certain consolidated 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 consolidated subsidiaries and annuity payments from a trustee.

The liability for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Projected benefit obligation	**¥ 344,055**	¥ 331,893	**$ 3,697,927**
Fair value of plan assets	**(4,860)**	(2,772)	**(52,245)**
Unrecognized actuarial gain	**7,440**	10,759	**79,969**
Unrecognized prior service cost	**892**	38	**9,596**
Net liability	**¥ 347,527**	¥ 339,918	**$ 3,735,248**

The components of net periodic retirement benefit costs for the years ended at March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Service cost	**¥ 15,975**	¥ 16,187	**$ 171,701**
Interest cost	**6,419**	6,345	**68,993**
Expected return on plan assets	**(73)**	(101)	**(794)**
Recognized actuarial gain	**(5,516)**	(5,921)	**(59,289)**
Amortization of prior service cost	**(14)**	(935)	**(151)**
Other	**5,073**	4,051	**54,527**
Net periodic retirement benefit costs	**¥ 21,863**	¥ 19,625	**$ 234,985**

For the years ended March 31, 2010 and 2009 the contributions to the defined contribution pension plan of ¥4,076 million ($43,819 thousand) and ¥3,838 million, respectively, are included in "Other" in the above table.

Principal assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.5%**	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.

8. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Short-term loans from banks and other sources, weighted average interest rate of 0.699% and 0.922% at March 31, 2010 and 2009, respectively	**¥ 147,524**	¥ 138,795	**$ 1,585,599**
Commercial paper, weighted average interest rate of 0.11% and 0.21% at March 31, 2010 and 2009, respectively	**70,000**	90,000	**752,364**
Total	**¥ 217,524**	¥ 228,795	**$ 2,337,964**

9. EQUITY

Japanese companies are 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 aggregate amount of the 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 a 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, 2010 and 2009. The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Deferred tax assets:			
Liability for retirement benefits	**¥ 126,380**	¥ 123,431	**$ 1,358,342**
Depreciation and amortization	**76,107**	69,099	**818,009**
Reserve for reprocessing of irradiated nuclear fuel (with definite plans, Note 2.i)	**38,297**	40,353	**411,619**
Reserve for decommissioning of nuclear power units	**38,373**	38,373	**412,441**
Deferred charges	**14,325**	15,146	**153,975**
Intercompany profit elimination	**28,118**	28,062	**302,214**
Other	**117,552**	113,999	**1,263,456**
Less valuation allowance	**(64,214)**	(57,691)	**(690,176)**
Deferred tax assets	**¥ 374,940**	¥ 370,775	**$ 4,029,883**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**¥ 14,993**	¥ 14,190	**$ 161,146**
Deferred gain on derivatives under hedge accounting	**8,635**	6,075	**92,819**
Other	**5,156**	2,288	**55,418**
Deferred tax liabilities	**¥ 28,785**	¥ 22,553	**$ 309,384**
Net deferred tax assets	**¥ 346,155**	¥ 348,222	**$ 3,720,498**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the years ended March 31, 2010 and 2009 is as follows:

	2010	2009
Normal effective statutory tax rate	**36.2 %**	36.2 %
Valuation allowance	**(1.2)**	12.4
Permanently non-deductible items	**—**	(9.8)
Difference in subsidiaries' tax rates	**1.1**	(13.6)
Equity in earning of associated companies	**(1.6)**	10.1
Other-net	**(0.7)**	(2.7)
Actual effective tax rate	**33.7 %**	32.6 %

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥19,614 million ($210,813 thousand) and ¥19,039 million for the years ended March 31, 2010 and 2009, respectively.

12. LEASES

Lessor

The net investment in lease is summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Gross lease receivables	**¥ 15,372**	¥ 17,288	**$ 165,221**
Residual values	**95**	96	**1,028**
Unearned interest income	**5,315**	7,018	**57,128**
Investments in lease, current	**¥ 10,152**	¥ 10,366	**$ 109,121**

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee at March 31, 2010 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year Ending March 31		
2011	¥ 2,622	$ 28,190
2012	2,618	28,141
2013	2,604	27,990
2014	2,598	27,929
2015	2,577	27,697
2016 and thereafter	12,533	134,708
Total	¥ 25,554	$ 274,658

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, 2010 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year Ending March 31		
2011	¥ 3,946	$ 42,421
2012	3,382	36,357
2013	2,621	28,177
2014	1,816	19,520
2015	1,044	11,229
2016 and thereafter	2,559	27,514
Total	¥ 15,372	$ 165,221

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 2008, the ASBJ revised ASBJ Statement No.10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No.19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Companies applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Policy for Financial Instruments

The Companies use long-term debt including bonds and loans to fund capital expenditures and debt repayments for operating electric power and other businesses if funds on hand are insufficient. Short-term borrowings, mainly commercial papers are used to fund its ongoing operations.

The Companies raise the capital mainly denominated in Japanese yen with fixed interest rates. The redemption periods are decided considering the financial environment and other factors in total.

Marketable and investment securities are held principally in relation to the business of electric power.

The reserve fund for reprocessing of irradiated nuclear fuel are reserved and refunded for the reprocessing of irradiated nuclear fuel in accordance with the Irradiated Nuclear Fuel Reprocessing Fund Act and other regulations.

(2) Nature and Extent of Risks Arising from Financial Instruments

Although accounts receivable are exposed to customer credit risk, electricity charges, the major part of accounts receivable are generally collected within twenty days after reading meters. Marketable and investment securities, mainly equity securities held for operation of electric power business are exposed to the risk of market price fluctuations.

Payment terms of accounts are generally less than one year. Imports of fuels are payable in foreign currencies and are exposed to the market risk of fluctuation in foreign currency exchange rates.

Bonds in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates. Long-term loans with a variable interest rate are exposed to the market risks from changes in interest rates.

Bonds, loans and commercial papers are exposed to liquidity risk.

(3) Risk Management for Financial Instruments

Market Risk Management

Marketable and investment securities are managed by reviewing the necessity in the business of electric power, and by monitoring market values and financial position of issuers on a regular basis.

Foreign exchange risk of foreign currency trade payables is hedged principally by forward foreign currency contracts. In addition, foreign exchange risk of foreign currency bonds is hedged by currency swaps contracts.

Interest-rate swaps are used to manage exposure to market risks from changes in interest rates of long-term loans with variable interest rates.

Liquidity Risk Management

The Companies manage liquidity risk by ensuring ready liquidity at the required level, along with financial planning prepared and updated timely by the Accounting Department of the Company and each subsidiary.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on a quoted price in active markets. If a quoted price is not available, other rational valuation techniques are used instead.

(a) Fair value of financial instruments

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2010			
Marketable securities and investment securities	¥ 97,214	¥ 97,273	¥ 59
Reserve fund for reprocessing of irradiated nuclear fuel	447,289	447,289	—
Cash and cash equivalents	77,525	77,525	—
Accounts receivable (exclusive of associated companies)	151,702	151,702	—
Total	¥ 773,732	¥ 773,791	¥ 59
Long-term debt	¥ 3,174,148	¥ 3,288,552	¥ 114,403
Short-term borrowings	217,524	217,524	—
Accounts payable (exclusive of accrued amount payable)	111,585	111,585	—
Accrued income taxes	60,624	60,624	—
Total	¥ 3,563,884	¥ 3,678,287	¥ 114,403

Marketable securities are included in other current assets on the consolidated balance sheets.

Long-term debt is included in current maturities of long-term debt on the consolidated balance sheets.

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2010			
Marketable securities and investment securities	$ 1,044,870	$ 1,045,506	$ 635
Reserve fund for reprocessing of irradiated nuclear fuel	4,807,491	4,807,491	—
Cash and cash equivalents	833,253	833,253	—
Accounts receivable (exclusive of associated companies)	1,630,511	1,630,511	—
Total	$ 8,316,127	$ 8,316,763	$ 635
Long-term debt	$ 34,115,960	$ 35,345,581	$ 1,229,620
Short-term borrowings	2,337,964	2,337,964	—
Accounts payable (exclusive of accrued amount payable)	1,199,333	1,199,333	—
Accrued income taxes	651,600	651,600	—
Total	$ 38,304,858	$ 39,534,479	$ 1,229,620

Marketable and investment securities

The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, or at the quoted price obtained from the financial institution. The information of the fair value for the marketable and investment securities by classification is included in Note 4.

Reserve fund for reprocessing of irradiated nuclear fuel

The Company provides a reserve fund for reprocessing of irradiated nuclear fuel in order to carry out properly the plan of reprocessing the irradiated nuclear fuel from practically running the nuclear power unit in accordance with the Irradiated Nuclear Fuel Reprocessing Fund Act. At refunding the reserve, the Company needs to follow the plan of refunding the reserve fund for reprocessing of irradiated nuclear fuel that was approved by the Minister of Economy, Trade and Industry. The carrying values of the reserve approximate fair value because the carrying values are determined by discounting the cash flow of future refunding.

Cash and cash equivalents and accounts receivable
The carrying values of cash and cash equivalents and accounts receivable approximate fair value because of their short maturities.

Long-term debt
The fair values of loans are determined by discounting the cash flows related to the debt at the Companies' assumed corporate borrowing rate.

The fair values of corporate bonds approximate market value. And some bonds are treated according to the forward exchange contract and these fair values are determined by discounting the amount of principal and interest on assumed rate of the bond payable in Japanese yen with fixed interest.

Short-term borrowings, accounts payable and accrued income taxes
The carrying values of short-term borrowings, accounts payable and accrued income taxes approximate fair values because of their short maturities.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying Amounts	
	Millions of Yen	Thousands of U.S. Dollars
March 31, 2010		
Investments in equity instruments that do not have a quoted market price in an active market	¥ 86,462	$ 929,305
Invested instruments and other	11,228	120,689

(c) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2010				
Investment securities:				
Held-to-maturity securities	¥ 2,100	¥ 6,695	¥ 4,135	¥ 500
Available-for-sale securities with contractual maturities	225	1,339	603	333
Cash and cash equivalents	77,525	—	—	—
Accounts receivable	151,544	119	39	—

	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2010				
Investment securities:				
Held-to-maturity securities	$ 22,570	$ 71,958	$ 44,443	$ 5,374
Available-for-sale securities with contractual maturities	2,423	14,400	6,487	3,589
Cash and cash equivalents	833,253	—	—	—
Accounts receivable	1,628,812	1,279	419	—

The reserve fund for reprocessing of irradiated nuclear fuel has been scheduled for a repossessed amount of ¥56,434 million ($606,563 thousand) in one year.

Please see Note 6 for annual maturities of long-term debt and Note 12 for obligations under finance leases, respectively.

14. COMMITMENTS AND CONTINGENCIES

At March 31, 2010, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥205,967 million ($2,213,750 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, 2010, 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	¥ 188,170	$ 2,022,465
Other	9,630	103,511
Total	¥ 197,800	$ 2,125,976

15. NET INCOME OR LOSS PER SHARE

Diluted net income per share ("EPS") for the years ended March 31, 2010 and 2009 is not disclosed because the Companies issue no dilutive securities.

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net Income (Loss)	Weighted Average Shares	EPS	
For the year ended March 31, 2010				
Basic EPS:				
Net income available to common shareholders	¥ 127,170	906,821	¥ 140.24	$ 1.50
For the year ended March 31, 2009				
Basic EPS:				
Net income available to common shareholders	¥ (8,796)	911,220	¥ (9.65)	

16. SUBSEQUENT EVENT

On April 28, 2010, the following appropriation of retained earnings at March 31, 2010 was approved at the Company's board of directors, which is subject to approval at the Company's shareholders meeting planned to be held on June 29, 2010:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥30 ($0.32) per share	¥ 27,057	$ 290,816

17. SEGMENT INFORMATION

Information about industry segments of the Companies for the years ended March 31, 2010 and 2009, is as follows:

a. Sales and Operating Income

	Millions of Yen				
	2010				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 2,281,669	¥ 123,376	¥ 201,546		¥ 2,606,592
Intersegment sales	11,908	50,894	275,772	¥ (338,575)	
Total sales	2,293,577	174,270	477,319	(338,575)	2,606,592
Operating expenses	2,124,079	154,831	438,708	(338,688)	2,378,930
Operating income	¥ 169,497	¥ 19,439	¥ 38,611	¥ 112	¥ 227,661

b. Total Assets, Depreciation and Amortization, Capital Expenditures

	Millions of Yen				
	2010				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Total assets	¥ 6,183,418	¥ 376,576	¥ 928,775	¥ (372,138)	¥ 7,116,632
Depreciation and amortization	322,888	47,923	35,162	(2,866)	403,107
Capital expenditures	320,215	65,062	51,437	(6,118)	430,597

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		¥ 2,789,575
Intersegment sales	11,745	47,892	251,291	¥ (310,929)	
Total sales	2,499,215	159,668	441,621	(310,929)	2,789,575
Operating expenses	2,519,395	144,067	404,748	(309,684)	2,758,526
Operating income (loss)	¥ (20,180)	¥ 15,601	¥ 36,873	¥ (1,245)	¥ 31,048

b. Total Assets, Depreciation and Amortization, Capital Expenditures

	Millions of Yen				
	2009				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Total assets	¥ 6,187,278	¥ 356,156	¥ 732,701	¥ (306,017)	¥ 6,970,120
Depreciation and amortization	314,058	42,997	27,954	(2,681)	382,328
Capital expenditures	341,835	66,255	108,809	(6,035)	510,856

a. Sales and Operating Income

	Thousands of U.S. Dollars				
	2010				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$ 24,523,530	$ 1,326,053	$ 2,166,238		$ 28,015,822
Intersegment sales	127,988	547,021	2,964,024	$ (3,639,034)	
Total sales	24,651,519	1,873,075	5,130,262	(3,639,034)	28,015,822
Operating expenses	22,829,745	1,664,137	4,715,265	(3,640,244)	25,568,903
Operating income	$ 1,821,773	$ 208,937	$ 414,997	$ 1,210	$ 2,446,919

b. Total Assets, Depreciation and Amortization, Capital Expenditures

	Thousands of U.S. Dollars				
	2010				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Total assets	$ 66,459,782	$ 4,047,469	$ 9,982,544	$ (3,999,770)	$ 76,490,026
Depreciation and amortization	3,470,424	515,084	377,927	(30,811)	4,332,624
Capital expenditures	3,441,693	699,297	552,853	(65,758)	4,628,086

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of The Kansai Electric Power Company, Incorporated (the "Company") and subsidiaries as of March 31, 2010 and 2009, 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, 2010 and 2009, 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 28, 2010

Member of
Deloitte Touche Tohmatsu

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements
for the Years Ended March 31, 2010 and 2009

Non-Consolidated Balance Sheets

The Kansai Electric Power Company, Incorporated
March 31, 2010 and 2009

ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
PROPERTY:			
Plant and equipment	**¥ 14,041,911**	¥ 13,910,880	**$ 150,923,386**
Construction in progress	**414,164**	427,988	**4,451,468**
Contributions in aid of construction	**(430,617)**	(435,548)	**(4,628,299)**
Accumulated depreciation and amortization	**(9,797,531)**	(9,608,712)	**(105,304,503)**
Plant and equipment-net	**4,227,928**	4,294,608	**45,442,052**
Nuclear fuel, net of amortization	**499,134**	507,223	**5,364,726**
Property-net	**4,727,062**	4,801,831	**50,806,778**
INVESTMENTS AND OTHER ASSETS:			
Investment securities	**123,525**	118,694	**1,327,654**
Investments in and advances to subsidiaries and associated companies	**291,709**	232,115	**3,135,313**
Reserve fund for reprocessing of irradiated nuclear fuel	**447,289**	358,297	**4,807,491**
Long-term loans receivable	**1,647**	1,665	**17,702**
Deferred tax assets	**269,261**	271,518	**2,894,043**
Other assets	**112,039**	119,111	**1,204,210**
Total investments and other assets	**1,245,472**	1,101,402	**13,386,416**
CURRENT ASSETS:			
Cash and cash equivalents	**32,472**	35,345	**349,018**
Accounts receivable	**127,805**	152,107	**1,373,656**
Allowance for doubtful accounts	**(1,326)**	(1,508)	**(14,259)**
Inventories	**73,863**	83,567	**793,889**
Deferred tax assets	**14,867**	19,167	**159,800**
Other current assets	**55,352**	51,521	**594,937**
Total current assets	**303,035**	340,200	**3,257,043**
TOTAL	**¥ 6,275,570**	¥ 6,243,434	**$ 67,450,237**

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
LONG-TERM LIABILITIES			
Long-term debt, less current maturities	**¥ 2,439,724**	¥ 2,497,621	**$ 26,222,312**
Liability for retirement benefits	**335,026**	328,687	**3,600,889**
Reserve for reprocessing of irradiated nuclear fuel	**698,293**	688,427	**7,505,302**
Reserve for decommissioning of nuclear power units	**326,670**	312,675	**3,511,073**
Other long-term liabilities	**73,198**	70,966	**786,736**
Total long-term liabilities	**3,872,912**	3,898,377	**41,626,321**
CURRENT LIABILITIES:			
Current maturities of long-term debt	**310,679**	361,010	**3,339,208**
Short-term borrowings	**130,000**	130,000	**1,397,248**
Commercial papers	**70,000**	90,000	**752,364**
Accounts payable	**104,755**	96,932	**1,125,913**
Payable to subsidiaries and associated companies	**106,597**	78,945	**1,145,720**
Accrued income taxes	**51,942**	—	**558,276**
Accrued expenses and other current liabilities	**151,008**	138,757	**1,623,048**
Total current liabilities	**924,983**	895,645	**9,941,780**
EQUITY			
Common stock, authorized, 1,784,059,697 shares; issued, 946,337,828 shares in 2010 and 954,698,728 shares in 2009	**489,320**	489,320	**5,259,250**
Capital surplus			
Additional paid-in capital	**67,031**	67,031	**720,455**
Other capital surplus			
Retained earnings:			
Legal reserve	**122,330**	122,330	**1,314,812**
Unappropriated	**854,750**	834,830	**9,186,912**
Unrealized gain on available-for-sale securities	**24,649**	21,237	**264,933**
Deferred gain on derivatives under hedge accounting	**15,107**	10,604	**162,375**
Treasury stock-at cost 44,419,117 shares in 2010 and 44,155,409 shares in 2009	**(95,515)**	(95,943)	**(1,026,605)**
Total equity	**1,477,673**	1,449,410	**15,882,135**
TOTAL	**¥ 6,275,570**	¥ 6,243,434	**$ 67,450,237**

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥93.04 = U.S.$1, the approximate rate of exchange at March 31, 2010.

Non-Consolidated Statements of Operations

The Kansai Electric Power Company, Incorporated
Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
OPERATING REVENUES:			
Electricity operating revenues:			
Residential	**¥ 965,291**	¥ 1,016,051	**$ 10,375,021**
Commercial and industrial	**1,264,203**	1,398,620	**13,587,744**
Other	**64,081**	84,544	**688,753**
Sub-total	**2,293,577**	2,499,215	**24,651,519**
Incidental operating revenues	**53,900**	66,157	**579,323**
Total	**2,347,477**	2,565,372	**25,230,842**
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	**236,300**	235,845	**2,539,767**
Fuel	**351,434**	638,190	**3,777,235**
Purchased power	**352,935**	471,312	**3,793,368**
Maintenance	**286,204**	263,490	**3,076,139**
Depreciation and amortization	**322,819**	313,990	**3,469,679**
Taxes	**141,587**	147,330	**1,521,786**
Other	**432,800**	449,238	**4,651,768**
Sub-total	**2,124,079**	2,519,395	**22,829,745**
Incidental operating expenses	**46,215**	59,400	**496,730**
Total	**2,170,295**	2,578,796	**23,326,476**
OPERATING INCOME (LOSS)	**177,182**	(13,424)	**1,904,366**
OTHER (INCOME) EXPENSES:			
Interest and dividends income	**(19,097)**	(11,781)	**(205,265)**
Interest expense	**49,776**	51,408	**535,004**
Other-net	**(47)**	(1,119)	**(510)**
Total	**30,631**	38,507	**329,228**
INCOME (LOSS) BEFORE INCOME TAXES	**146,550**	(51,931)	**1,575,138**
INCOME TAXES			
Current	**51,942**		**558,277**
Prior periods		2,353	
Deferred	**2,075**	(12,509)	**22,302**
Total	**54,017**	(10,156)	**580,580**
NET INCOME (LOSS)	**¥ 92,533**	¥ (41,775)	**$ 994,558**

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥93.04 = U.S.$1, the approximate rate of exchange at March 31, 2010.

Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated
Years Ended March 31, 2010 and 2009

	Millions of Yen									
			Capital Surplus		Retained Earnings					
	Issued Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Treasury Stock	Total Equity
BALANCE, APRIL 1, 2008	962,698,728	¥ 489,320	¥ 67,031	¥ 87	¥ 122,330	¥ 948,743	¥ 43,687	¥ 24,718	¥ (93,599)	¥ 1,602,319
Net loss						(41,775)				(41,775)
Cash dividends, ¥60 per share						(54,883)				(54,883)
Purchase of treasury stock									(19,926)	(19,926)
Disposal of treasury stock				24					215	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							(22,450)	(14,114)		(36,564)
BALANCE, MARCH 31, 2009	954,698,728	489,320	67,031		122,330	834,830	21,237	10,604	(95,943)	1,449,410
Net income						92,533				92,533
Cash dividends, ¥60 per share						(54,631)				(54,631)
Purchase of treasury stock									(17,601)	(17,601)
Disposal of treasury stock				(1)					49	47
Retirement of treasury stock	(8,360,900)			(17,980)					17,980	
Transfer to capital surplus from retained earnings				17,982		(17,982)				
Net change in the year							3,412	4,503		7,915
BALANCE, MARCH 31, 2010	946,337,828	¥ 489,320	¥ 67,031		¥ 122,330	¥ 854,750	¥ 24,649	¥ 15,107	¥ (95,515)	¥ 1,477,673

	Thousands of U.S. Dollars								
		Capital Surplus		Retained Earnings					
	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2009	$ 5,259,250	$ 720,455		$ 1,314,812	$ 8,972,817	$ 228,257	$ 113,975	$ (1,031,209)	$ 15,578,359
Net income					994,558				994,558
Cash dividends, ¥0.64 per share					(587,185)				(587,185)
Purchase of treasury stock								(189,184)	(189,184)
Disposal of treasury stock			(20)					531	510
Retirement of treasury stock			(193,256)					193,256	
Transfer to capital surplus from retained earnings			193,277		(193,277)				
Net change in the year						36,676	48,400		85,076
BALANCE, MARCH 31, 2010	$ 5,259,250	$ 720,455		$ 1,314,812	$ 9,186,912	$ 264,933	$ 162,375	$ (1,026,605)	$ 15,882,135

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥93.04 = U.S.$1, the approximate rate of exchange at March 31, 2010.

Five-Year Summary of Selected Operational Data

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

	Non-Consolidated Basis					Consolidated Basis				
	2006	2007	2008	2009	**2010**	2006	2007	2008	2009	**2010**
Operating Revenues (Millions of Yen)	2,403,586	2,396,870	2,478,545	2,565,372	**2,347,477**	2,579,059	2,596,371	2,689,317	2,789,574	**2,606,592**
Operating Income (Millions of Yen)	294,877	228,210	145,532	–13,424	**177,182**	327,170	271,644	187,149	31,049	**227,661**
Ordinary Income (Millions of Yen)	219,284	189,390	110,988	–51,931	**146,550**	247,553	231,676	152,444	–12,581	**193,132**
Net Income (Millions of Yen)	143,548	117,667	55,446	–41,775	**92,533**	161,049	147,935	85,265	–8,796	**127,170**
Electricity Operating Revenues (Millions of Yen)										
Residential	989,390	963,790	1,003,756	1,016,051	**965,291**					
Commercial and Industrial	1,326,112	1,317,248	1,340,839	1,398,621	**1,264,203**					
Total	2,315,502	2,281,038	2,344,595	2,414,672	**2,229,495**					
Electricity Operating Expenses (Millions of Yen)										
Personnel Expenses	246,176	206,989	211,953	235,845	**236,300**					
Fuel Costs	300,212	358,322	556,760	638,191	**351,434**					
Costs of Purchased Power	404,603	415,832	379,313	471,312	**352,934**					
Maintenance Costs	208,743	235,459	229,571	263,491	**286,203**					
Depreciation	338,286	310,486	312,772	313,991	**322,819**					
Taxes Other than Income Taxes	154,988	153,090	147,517	147,331	**141,586**					
Other	416,199	439,628	436,687	449,234	**432,800**					
Total	2,069,207	2,119,806	2,274,573	2,519,395	**2,124,079**					
No. of Totally Electric Homes (Thousand Homes)	354	458	562	679	**774**					
No. of FTTH Contracts (Thousand Lines)	37.9	52	68.2	86.4	**100.7**					
Shares of Kinki Area (%)	32	29	28	29	**28**					
Shares of Kinki Area Housing (%)	45	42	42	43	**43**					
Gas Sales Volumes (LNG conversion) (Thousand Tons)	64	76	84	78	**81**					
Interest Expense (Millions of Yen)	62,632	56,505	52,655	51,408	**49,776**	66,712	60,885	56,934	55,533	**55,109**
Return on Equity (ROE) (%)	9.3	7.2	3.4	–2.7	**6.3**	9.4	8.1	4.6	–0.5	**7.3**
Return on Assets (ROA) (%)	4.5	4.0	2.7	-0.0	**3.1**	4.6	4.3	3.1	0.6	**3.5**
Net Income per Share (Yen)	154.14	126.97	60.05	–45.83	**102.00**	172.84	159.69	92.39	–9.65	**140.24**
Cash Dividends per Share (Yen)	60.00	60.00	60.00	60.00	**60.00**					
Capital Investments (Millions of Yen)	180,631	223,704	268,811	343,611	**321,600**	268,652	297,459	353,994	510,866	**430,597**
Total Assets (Millions of Yen)	6,268,884	6,188,914	6,135,003	6,243,434	**6,275,570**	6,856,489	6,827,230	6,789,605	6,970,120	**7,116,632**
Net Assets (Millions of Yen)	1,599,578	1,656,407	1,602,320	1,449,410	**1,477,673**	1,785,985	1,877,355	1,845,758	1,706,714	**1,789,429**
Equity Ratio (%)	25.5	26.8	26.1	23.2	**23.5**	26.0	27.4	27.1	24.4	**25.0**
Interest-bearing Debt (Millions of Yen)	2,975,833	2,846,580	2,813,317	3,075,394	**2,946,618**	3,323,999	3,207,205	3,166,453	3,466,989	**3,391,673**
Net Assets per Share (Yen)	1,725.64	1,787.75	1,743.93	1,591.81	**1,638.37**	1,927.29	2,021.60	2,003.91	1,868.08	**1,972.44**
Free Cash Flows (Millions of Yen)						235,233	234,886	95,741	–229,129	**189,394**
Operating Cash Flows (Millions of Yen)						528,878	541,771	411,724	281,289	**667,150**
Operating Revenues from Group Businesses (external sales) (Millions of Yen)						215,600	254,000	273,200	295,700	**321,300**
Ordinary Income from Group Businesses (Millions of Yen)						29,000	45,000	42,000	52,500	**62,400**

	Non-Consolidated Basis				
	2006	2007	2008	2009	**2010**
Electricity Sales Volume (Million kWh)					
Residential	48,720	48,360	50,182	49,227	**48,841**
Commercial and Industrial	98,389	98,896	100,241	96,641	**92,763**
Total	147,108	147,257	150,422	145,867	**141,604**
Number of Customers (Thousands)					
Residential	11,964	12,108	12,183	12,267	**12,326**
Commercial and Industrial (Excluding the liberalized segment)	1,196	1,175	1,154	1,128	**1,105**
Total	13,160	13,282	13,337	13,396	**13,432**
Electricity Generation Capacity (MW)					
Nuclear	9,768	9,768	9,768	9,768	**9,768**
Thermal	17,807	16,907	16,407	15,907	**16,357**
Hydropower	8,186	8,189	8,189	8,190	**8,196**
Total	35,761	34,864	34,364	33,865	**34,321**
System Peak Demand (MW)	30,870	30,530	30,665	30,835	**28,178**
Load Ratio (%)	60.0	60.0	60.9	58.8	**62.8**
Power Sources (%)					
Nuclear	46	45	42	41	**45**
Thermal	43	43	49	49	**44**
Hydropower	10	11	9	9	**10**
Renewable Energies	1	1	1	1	**1**
Total	100	100	100	100	**100**
CO_2 Emission (kg-CO_2/kWh)	0.358	0.338	0.366	0.299	**0.265**
Nuclear Capacity Factor (%)	75.4	77.0	75.0	72.4	**77.0**
Thermal Efficiency of Thermal Power Plants (%)	40.07	40.50	39.99	39.99	**41.80**
Number of Employees	20,408	20,292	20,184	20,177	**20,217**

Corporate Information

Company Name: The Kansai Electric Power Company, Incorporated

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Phone: +81-6-6441-8821 Fax: +81-6-6441-0569

Date of Establishment: May 1, 1951

Paid-in Capital: ¥489.3 billion

Operating Revenues: ¥2,347.4 billion (consolidated ¥2,606.5 billion)

Total Assets: ¥6,275.5 billion (consolidated ¥7,116.6 billion)

Number of Employees: 20,217 (consolidated 32,083)

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

E-mail: finance@kepco.co.jp

Rating (Moody's): Aa 2

Major Consolidated Subsidiaries

Information and Telecommunications (IT)[1]	Issued Share Capital (Millions of yen)	Voting Interest	Principal Business
K-Opticom Corp.	33,000	100.0%	Internet conection service for individual customers, telecommunication 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 telecomunications, development, use, and maintenance of system, design, sales, lease of such as software, design, establishment, and maintenance of information processing facilities and telecommunications facilities.
Integrated Energy Supply[2]			
SAKAI LNG Corp.	1,000	70.0%	Operation of LNG terminal
Kanden Energy Solution Co., Inc.	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 Business[2]			
KANDEN FUDOSAN CO., LTD.	810	100.0%	Sale, lease and administration of real estate
Clearpass Co., Ltd.	465	100.0%	Billing service and loan business
KANDEN Security of Society, Inc.	400	71.0%	Home security service
Kanden E House Corp.	300	100.0%	Housing design and sale of electric appliances
KANSAI Medical Net Co., Inc.	300	80.0%	Support business of the health care
Kanden Joy Life Co., Ltd.	350	100.0%	Operation of private old people's homes, nursing care business of the visit, home care support business, day service business
MID Urban Development Co., Ltd.	100	79.9%	Building development, sale of house
MID Facility Management Co., Ltd.	100	100.0%	Administration of office building, commerce facility, hospital
Group Business Support[2]			
Kanden Engineering Corp.	786	100.0%	Maintenance and construction of electricity circulation facilities, electric facilities and communication systems
NIHON NETWORK SUPPORT CO., LTD.	412	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: 60 (All of subsidiaries)

Affiliates Accounted for by Equity Method

Other	Issued Share Capital (Millions of yen)	Voting Interest	Principal Business
KINDEN CORPORATION	26,411	42.2%	Construction and engineering of electric facilities, communication systems, and environmental-related facilities
ENEGATE Co., Ltd.	497	49.0%	Production, sales and maintenance of electric meters and production and sales of electric control machinery
San Roque Power Cooperation	41	50.0%	Hydraulic power business in Philippines

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: 946,338 thousand

Number of Shareholders: 434 thousand

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

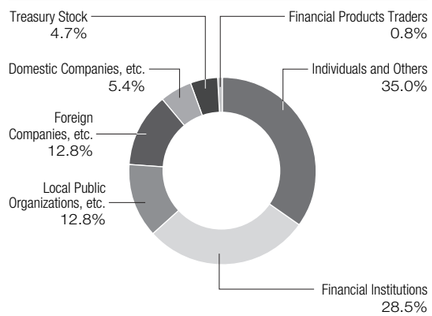
Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation
6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502, Japan

Major Shareholders

As of March 31, 2010	Number of Shares Held (thousands)	Percentage of Shares Held (%)
Osaka City	83,748	9.29
Nippon Life Insurance Company	42,909	4.76
Japan Trantee Service Bank, Ltd. (Trust Account)	38,572	4.28
Kobe City	27,351	3.03
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,995	2.44
Kansai Electric Power Employee Stockholder Program	15,998	1.77
Mizuho Corporate Bank, Ltd.	12,978	1.44
Sumitomo Mitsui Banking Corporation	11,128	1.23
The Bank of Tokyo-Mitsubishi UFJ	9,472	1.05
SSBT OD05 Omnibus China Treaty 808150	8,307	0.92

Note: The table above excludes 44,419 thousand shares of treasury stock.

Distribution of Shares



Stock Prices and Trading Volume