

Financial Section

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Financial Results and Analysis (Consolidated)

Overview

Income

Operating revenues from the Company's electricity operations in fiscal 2000—the year running from April 1, 1999 through March 31, 2000—totaled ¥2,512,721 million, down ¥18,029 million from the previous term. Although total power sales increased year-on-year, revenues from lighting and power sales declined as a result of the implementation throughout the term of reduced electricity rates in line with the Fuel-Cost Adjustment System*.

Operating revenues generated by other operations reached ¥75,669 million, up ¥9,342 million over fiscal 1999. The increase derived from the addition of two new consolidated subsidiaries during the term.

*Fuel-Cost Adjustment System: A system whereby electricity rates are swiftly adjusted to reflect increases or decreases in fossil-fuel costs arising from fluctuations in exchange rates or crude-oil prices. Electricity rates are adjusted every three months to reflect fluctuations in fuel costs during the preceding three-month period.

Expenses

Expenses incurred in conjunction with electricity operations reached ¥2,193,012 million, down ¥33,832 million from fiscal 1999. Increased costs of fuel for steam power generation, tracing primarily to higher crude-oil costs, were offset by a combination of factors. These included reductions in maintenance, depreciation and other operating costs through management efficiency initiatives. Operating expenses linked to other business areas totaled ¥84,805 million; the figure represents a ¥25,164 million increase over fiscal 1999, attributable to the addition of the new consolidated subsidiaries noted above. As a result of the foregoing, the Company's operating income totaled ¥310,573 million, down ¥19 million from fiscal 1999.

Interest payments during the term were trimmed by ¥22,936 million from the level of the previous year. This feat was

accomplished by reducing early repayments of debts bearing high interest rates accrued in conjunction with electricity operations, and by curbing interest-bearing debt expansion through reductions in capital investments. Also, the Company booked ¥24,491 million in profit from the sale of securities holdings. It further booked ¥105,354 million to cover a shortfall in the reserve against severance payments during the preceding fiscal period; this move, made possible by a change in related accounting methods, was taken in order to make the Company's financial position sounder.

As a result of the foregoing, income before income taxes, after provision for the reserve for fluctuations in water level, totaled ¥87,443 million, down ¥43,471 million from fiscal 1999. Net income, after factoring in tax effect adjustments in line with tax effect accounting, totaled ¥52,300 million, down ¥197 million.

Assets, Liabilities and Shareholders' Equity

The Company's total assets reached ¥7,500,934 million, up ¥324,151 million compared with the previous fiscal year-end. Fixed assets expanded by ¥69,890 million, mainly as a result of the implementation of ¥432,611 million in depreciation coupled with ¥628,928 million in capital investments, primarily directed into power generation and distribution facilities to ensure stable power supplies well into the future. Fixed and current deferred tax assets reached respectively ¥194,378 million and ¥11,623 million with the introduction of tax effect accounting.

Liabilities increased ¥188,315 million during the term, to ¥6,101,403 million. The increase stemmed from an increase made to the reserve for severance payments as necessitated by changes in accounting policies, and from coverage, using interest-bearing loans, of capital investments outside the scope of owned capital.

Total shareholders' equity increased ¥135,836 million year-on-year. This was occasioned by applying equity accrued through the introduction of tax effect accounting

toward adjustment of the corporate tax sum, thereby realizing a surplus.

Cash Flow

Cash flow generated by business operations reached ¥626,062 million. Income before taxes, not including minority interest losses or gains, totaled ¥87,310 million; this resulted primarily after the deduction of ¥432,611 million in depreciation costs, deductions allocated to various reserves, including ¥108,423 million set aside for the reserve for severance payments, and other cost reductions achieved through management efficiency initiatives in conjunction with maintenance outlays and interest and other cash payments.

The cash flow sufficed to cover ¥609,767 million required during the period to fund investments, chiefly focused on the acquisition of fixed assets.

Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2000 and 1999

ASSETS (Note 5)	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
PROPERTY:			
Utility plant and equipment	¥12,562,541	¥12,330,521	\$118,347,065
Other plant and equipment	316,925	258,867	2,985,634
Construction in progress	1,008,786	904,236	9,503,401
Contributions in aid of construction	(361,478)	(352,947)	(3,405,351)
Accumulated depreciation	(7,401,135)	(7,058,129)	(69,723,363)
Plant and equipment - net (Notes 4 and 5)	6,125,639	6,082,548	57,707,386
Nuclear fuel, net of amortization	497,790	470,991	4,689,496
Property - net	6,623,429	6,553,539	62,396,882
INVESTMENTS AND OTHER ASSETS:			
Investment securities	92,221	118,066	868,780
Investments in and advances to unconsolidated subsidiaries and associated companies	217,973	149,659	2,053,443
Deferred tax assets (Note 9)	194,378	17,174	1,831,163
Other assets	50,713	50,489	477,749
Total investments and other assets	555,285	335,388	5,231,135
CURRENT ASSETS:			
Cash and time deposits	69,890	59,068	658,408
Accounts receivable	150,454	142,137	1,417,372
Allowance for doubtful accounts	(2,166)	(1,219)	(20,405)
Inventories	52,910	51,166	498,446
Other current assets	51,132	36,704	481,695
Total current assets	322,220	287,856	3,035,516
TOTAL	¥7,500,934	¥7,176,783	\$70,663,533

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
LONG-TERM DEBT, LESS CURRENT MATURITIES (Note 5)	¥4,060,970	¥3,900,623	\$38,256,901
LIABILITY FOR SEVERANCE PAYMENTS (Notes 3 and 6)	230,268	121,713	2,169,270
RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL	372,156	351,205	3,505,944
RESERVE FOR DECOMMISSIONING OF NUCLEAR POWER UNITS	179,995	169,599	1,695,667
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 5)	385,057	381,776	3,627,480
Short-term borrowings (Note 7)	428,180	476,943	4,033,726
Accounts payable (Note 5)	163,332	183,091	1,538,691
Payable to unconsolidated subsidiaries and associated companies	45,340	43,361	427,131
Accrued income taxes	42,180	41,994	397,362
Reserve for restoration costs of natural disaster		928	
Accrued expenses and other current liabilities	182,021	227,600	1,714,753
Total current liabilities	1,246,110	1,355,693	11,739,143
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	9,108	11,213	85,803
MINORITY INTERESTS	2,796	3,042	26,340
COMMITMENTS AND CONTINGENCIES (Notes 12 and 13)			
SHAREHOLDERS' EQUITY (Notes 5, 8 and 14):			
Common stock-authorized, 1,800,000,000 shares with par value of ¥500 per share	489,320	489,320	4,609,703
Additional paid-in capital	65,463	65,463	616,703
Retained earnings	844,764	708,934	7,958,210
Treasury stock	(16)	(22)	(151)
Total shareholders' equity	1,399,531	1,263,695	13,184,465
TOTAL	¥7,500,934	¥7,176,783	\$70,663,533

See notes to consolidated financial statements.

Consolidated Statements of Income

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
OPERATING REVENUES:			
Electric	¥2,512,721	¥2,530,750	\$23,671,418
Other	75,669	66,327	712,850
Total	2,588,390	2,597,077	24,384,268
OPERATING EXPENSES:			
Electric	2,193,012	2,226,844	20,659,557
Other	84,805	59,641	798,917
Total	2,277,817	2,286,485	21,458,474
OPERATING INCOME	310,573	310,592	2,925,794
OTHER (INCOME) EXPENSES:			
Interest expense	148,459	171,395	1,398,578
Exchange gain	(582)	(1,207)	(5,483)
Equity in losses (earnings) of associated companies	(4,654)	2,218	(43,844)
Loss (gain) on sales of securities	(24,491)	1,509	(230,721)
Cumulative effect of the change in the accounting for liability for severance payments	105,354		992,501
Other – net	1,282	(1,872)	12,078
Total	225,368	172,043	2,123,109
INCOME BEFORE PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS	85,205	138,549	802,685
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(2,105)	7,489	(19,830)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	87,310	131,060	822,515
INCOME TAXES (Note 9):			
Current	78,687	78,742	741,281
Deferred	(43,544)	(325)	(410,212)
Total	35,143	78,417	331,069
MINORITY INTERESTS IN NET INCOME	(133)	146	(1,253)
NET INCOME	¥52,300	¥52,497	\$492,699
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Net income	¥53.44	¥53.64	\$0.50
Fully diluted net income	53.10	53.06	0.50
Cash dividends applicable to the year	50.00	50.00	0.47

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

	Number of Common Shares Issued	Millions of Yen		
		Common Stock	Additional Paid-in Capital	Retained Earnings
BALANCE, APRIL 1, 1998	978,639,031	¥489,320	¥65,463	¥695,237
Cumulative effect of the initial application of the equity method to associated companies				10,607
Net income				52,497
Cash dividends, ¥50 per share				(48,931)
Bonuses to directors and corporate auditors				(476)
BALANCE, MARCH 31, 1999	978,639,031	489,320	65,463	708,934
Adjustment of retained earnings for adoption of deferred tax accounting method				147,853
Adjustment of retained earnings for newly consolidated subsidiaries				(14,914)
Net income				52,300
Cash dividends, ¥50 per share				(48,932)
Bonuses to directors and corporate auditors				(477)
BALANCE, MARCH 31, 2000	978,639,031	¥489,320	¥65,463	¥844,764
			Thousands of U.S. Dollars (Note 1)	
		Common Stock	Additional Paid-in Capital	Retained Earnings
BALANCE, MARCH 31, 1999		\$4,609,703	\$616,703	\$6,678,605
Adjustment of retained earnings for adoption of deferred tax accounting method				1,392,869
Adjustment of retained earnings for newly consolidated subsidiaries				(140,499)
Net income				492,699
Cash dividends, \$0.47 per share				(460,970)
Bonuses to directors and corporate auditors				(4,494)
BALANCE, MARCH 31, 2000		\$4,609,703	\$616,703	\$7,958,210

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Year Ended March 31, 2000 and 1999

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
OPERATING ACTIVITIES:		
Income before income taxes and minority interests	¥87,310	\$822,515
Adjustments for:		
Income taxes-paid	(77,970)	(734,527)
Depreciation and amortization	432,611	4,075,469
Amortization of nuclear fuel	59,580	561,281
Loss on disposal of property, plant and equipment	9,818	92,492
Nuclear fuel transferred to reprocessing costs	44,595	420,113
Provision for liability for severance payments	108,423	1,021,413
Provision for reprocessing of irradiated nuclear fuel	20,951	197,372
Provision for decommissioning of nuclear fuel units	10,395	97,927
Reversal of reserve for fluctuations in water level	(2,105)	(19,830)
Changes in assets and liabilities, net effects from newly consolidated subsidiaries:		
Increase in trade receivables	(5,568)	(52,454)
Decrease in interest and dividend receivable	631	5,944
Decrease in trade payables	(5,927)	(55,836)
Decrease in interest payable	(304)	(2,864)
Other - net	(56,378)	(531,116)
Total adjustments	538,752	5,075,384
Net cash provided by operating activities	626,062	5,897,899
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(642,485)	(6,052,614)
Payments for investments and advances	(8,390)	(79,039)
Proceeds from collections of investments and advances	32,973	310,626
Other - net	8,135	76,637
Net cash used in investing activities	(609,767)	(5,744,390)

See notes to consolidated financial statements.

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	¥348,525	\$3,283,325
Proceeds from long-term debt (exclusive of bonds)	157,306	1,481,922
Proceeds from short-term borrowings	860,566	8,107,075
Proceeds from issuance of commercial paper	223,000	2,100,801
Redemption of bonds	(229,850)	(2,165,332)
Repayments of long-term debt (exclusive of bonds)	(184,372)	(1,736,901)
Repayments of short-term borrowings	(908,726)	(8,560,772)
Repayments of commercial paper	(223,000)	(2,100,801)
Dividends paid	(48,954)	(461,178)
Other - net	(38)	(358)
Net cash used in financing activities	(5,543)	(52,219)
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES,		
BEGINNING OF YEAR (FORWARD)	¥5,526	\$52,059
NET INCREASE IN CASH AND EQUIVALENTS	16,278	153,349
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	66,936	630,579
CASH AND CASH EQUIVALENTS, END OF YEAR	¥83,214	\$783,928
NON CASH FINANCING ACTIVITIES:		
Assets increased by consolidation of subsidiaries previously unconsolidated	¥36,227	\$341,281
Liabilities increased by consolidation of subsidiaries previously unconsolidated	50,581	476,505

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law (the “Law”), the Japanese Electric Utility Law and the related accounting regulations. The Kansai Electric Power Company, Incorporated (the “Company”) and its consolidated subsidiaries (together the “Companies”) maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code (the “Code”), the Japanese Electric Utility Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Effective April 1, 1999, a consolidated statement of cash flows is required to be prepared under Japanese accounting standards. The statement of cash flows for the year ended March 31, 2000 is presented herein. Such statement for the year ended March 31, 1999 is not presented, as Japanese accounting standards do not require retroactive preparation or presentation for prior year’s financial statements.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the 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 ¥106.15 to \$1, the approximate rate of exchange at March 31, 2000. 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.

Certain reclassifications have been made in 1999 financial statements to conform to the classifications used in 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Associated Companies – The consolidated financial statements as of March 31, 2000 include the accounts of the Company and its significant nine subsidiaries (seven for the year ended March 31, 1999). Effective April 1, 1999, the Companies changed its consolidation scope of subsidiaries and associated

companies from the application of the ownership concept to the control or influence concept. Under the control or influence concept, those companies in which the Parent, directly or indirectly, is able to exercise control over operations are fully consolidated. Two subsidiaries, one of which was previously accounted for by the equity method and the other of which was accounted for by the cost method, have been consolidated as of April 1, 1999.

The consolidated financial statements for the year ended March 31, 1999 are not retroactively adjusted. The change of retained earnings arising from the change in the consolidated scope is recognized as “Adjustment of retained earnings for newly consolidated subsidiaries” in the Consolidated Statements of Shareholders’ Equity for the year ended March 31, 2000.

Investments in two associated companies (three in 1999) are accounted for by the equity method. Investment in the remaining unconsolidated subsidiaries and 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.

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.

In 1999, certain associated companies, previously accounted for by the cost method, were newly accounted for by the equity method. The effects of the initial application of the equity method have been reflected in the consolidated statement of shareholders’ equity for the year ended March 31, 1999.

b. Property, Depreciation and Amortization – Property is stated at cost. Prior to April 1, 1999, costs for plant and equipment included certain interest costs incurred during the construction period on borrowings specifically related to constructed plant and equipment. Effective April 1, 1999, those interest costs are charged to income as incurred with revision of the regulations described in the Japanese Electric Utility Law and the related accounting regulations. The effect of this change was not material. 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, 2000 and 1999 was ¥141,421 million (\$1,332,275 thousand) and ¥135,697 million, respectively.

c. Leases – All leases are accounted for as operating leases. Under

Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the notes to the lessee’s financial statements.

d. Investments – Investments in quoted securities, except those of an associated company accounted for by the equity method, are stated at the lower of cost or market value. Other investments are stated at cost or less if the value of such investments have been significantly impaired. The cost of securities is determined by the moving-average method.

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

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

f. Inventories – Inventories, mainly fuel, are stated at cost determined by the average method.

g. Foreign Currency Accounts – Receivables and payables of the Company denominated in foreign currencies are translated into Japanese yen at exchange rates prevailing on the dates when they were acquired or incurred. However, in the case where there is significant fluctuation of currencies with possible exchange losses, receivables or payables denominated in foreign currencies are translated at the current exchange rates as of each balance sheet date. Receivables and payables hedged by forward exchange contracts are translated at the contract rates.

Differences between the contract rates and historical rates resulting from the translation of receivables and payables hedged by forward exchange contracts are recognized as income or expense over the lives of the related contracts. Other exchange gains and losses are recognized in the fiscal periods in which they occur.

If receivables and payables denominated in foreign currencies, not covered by forward exchange contracts, had been translated at the rates in effect at the balance sheet date, there would have been no material effect on the Companies’ financial position or results of operations for the year ended March 31, 2000 and 1999.

h. Severance Payments and Pension Plan – Through the year ended March 31, 1999, the Company provided a liability for employees’ severance payments at 40% of the amount that would be required if all employees voluntarily terminated their service with the Company at the balance sheet date. Effective for the year ended March 31, 2000, however, the Company changed its accounting for employees’ severance payments to accrued benefit valuation method (see Note 3).

Most of the consolidated subsidiaries provide for the liability at 100% of

such amount.

In addition, the Company has a non-contributory funded pension plan. Related past service costs were accounted for under long-term debt. The Company amended the expected return rate on assets from 5.5% to 4.0% in the year ended March 31, 1999, and from 4.0% to 3.5% in the year ended March 31, 2000. The impact on past service costs of the 1999 amendment were divided and charged to income in the years ended March 31, 1999 and 2000, and the impact on past service costs of the 2000 amendment were charged to income in the year ended March 31, 2000. The amounts contributed to the fund, excluding past service costs, are charged to income when paid.

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

i. Reserve for Reprocessing of Irradiated Nuclear Fuel – The Company has accrued costs for the reprocessing of irradiated nuclear fuel since April 1, 1981, in accordance with accounting methods accepted by the regulatory authority. The Company provides for the reprocessing of irradiated nuclear fuel at 60% of the amount, which would be required to reprocess all the irradiated nuclear fuel as of the balance sheet date.

j. Reserve for Decommissioning of Nuclear Power Units – The Company has accrued costs for decommissioning of nuclear power units since April 1, 1988, in accordance with accounting methods accepted by the regulatory authority.

k. Income Taxes – Through the year ended March 31, 1999, the Companies did not recognize the tax effect of temporary differences between amounts reported for tax and financial reporting purposes, except for those applicable to unrealized profits arising from the elimination of intercompany transactions in consolidations. Effective April 1, 1999, the Companies adopted an accounting method for interperiod allocation of income taxes principally based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥147,853 million (\$1,392,869 thousand) is included as an adjustment to retained earnings as of April 1, 1999. Such cumulative effect is calculated by applying the income tax rate stipulated by enacted tax laws as of April 1, 1999.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

l. Reserve for Restoration Costs of Natural Disaster – Reserve for Restoration Costs of Natural Disaster - In July 1995, a flood in the Kurobe River area resulted in serious damage to the Company’s

hydroelectric power plants.

The Company and a consolidated subsidiary have made a provision for estimated costs of repair and abandonment related to the above, excluding capital expenditures.

m. Reserve for Fluctuations in Water Level – A reserve for fluctuations in water level is provided for insufficient water levels, in years in which the volume of water for generating hydroelectric power is abundant and available for future generation, in accordance with the Japanese Electric Utility Law and related accounting regulations.

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

o. Per Share Information – The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in the computation were 978,639,031 shares for 2000 and 1999.

The computation of net income per share assuming full dilution is based on the further assumption that all convertible bonds were converted at the beginning of the year with applicable adjustments of

4. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Hydroelectric power production facilities	¥539,321	¥554,186	\$5,080,744
Thermal power production facilities	610,652	666,034	5,752,727
Nuclear power production facilities	593,959	627,904	5,595,469
Transmission facilities	1,374,779	1,334,385	12,951,286
Transformation facilities	561,318	577,462	5,287,970
Distribution facilities	1,072,460	1,087,292	10,103,250
General facilities	196,634	201,451	1,852,416
Other utility facilities	10,671	11,748	100,528
Other plant and equipment	157,059	117,850	1,479,595
Construction in progress	1,008,786	904,236	9,503,401
Total	¥6,125,639	¥6,082,548	\$57,707,386

interest expense, net of tax effect.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year, without giving retroactive adjustment for subsequent stock splits.

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

3. ACCOUNTING CHANGE

Effective for the year ended March 31, 2000, the Company changed its method of accounting for employees' severance payments as described in Note 2.h. This change was made in order to provide a more accurate allocation of severance costs to future periods and to make the Company's financial position sounder, taking this opportunity of investigating the actual condition of employees' severance payment. The effect of this change was to decrease income before income taxes by ¥105,421 million (\$993,132 thousand) for the year ended March 31, 2000.

5. LONG-TERM DEBT

Long-term debt at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
General mortgage bonds:			
0.6% to 6.9%, due serially through 2018	¥1,717,171	¥1,597,021	\$16,176,835
7.25%, due 2006 (payable in U.S. dollars)	54,450	54,450	512,953
6.625% and 7.0%, due through 2006 (payable in French francs)	110,266	110,266	1,038,775
5.75%, due 2007 (payable in Netherlands guilder)	62,294	62,294	586,849
General mortgage convertible bonds:			
2.0%, due 2002	94,629	94,629	891,465
1.4%, due 2005	178,637	178,637	1,682,873
1.1% to 7.4% secured loans from principally the Development Bank of Japan* maturing serially through 2023:			
The Company	613,777	651,763	5,782,167
Subsidiaries	9,326		87,857
1.1% to 7.97% unsecured loans from banks and insurance companies maturing serially through 2033	1,485,692	1,413,872	13,996,156
Other	119,785	119,467	1,128,451
Total	4,446,027	4,282,399	41,884,381
Less current maturities	385,057	381,776	3,627,480
Long-term debt, less current maturities	¥4,060,970	¥3,900,623	\$38,256,901

*The Development Bank of Japan was launched on October 1, 1999, taking over the functions of the Japan Development Bank and the Hokkaido-Tohoku Development Finance Public Corporation.

Annual maturities of long-term debt at March 31, 2000 were as follows:

Year ending March 31:	Millions of Yen	Thousands of U.S. Dollars
	2001	¥385,057
2002	437,375	4,120,349
2003	363,858	3,427,772
2004	387,054	3,646,293
2005	596,287	5,617,400
2006 and thereafter	2,276,396	21,445,087
Total	¥4,446,027	\$41,884,381

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

The carrying amounts of subsidiaries' assets pledged as collateral for accounts payable of ¥3,278 million (\$30,881 thousand) and the above secured loans at March 31, 2000, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property and other	¥7,488	\$70,542

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

The convertible bonds may be redeemed in whole or in part at prices declining by 1% per year from 107% to 100% of the principal amounts. The 2.0% and 1.4% bonds are currently redeemable. The convertible bonds outstanding at March 31, 2000 were convertible into 59,596 thousand shares of common stock, at the conversion prices shown below subject to certain anti-dilutive provisions:

	Conversion Price per Share	
	Yen	U.S. Dollars
2.0% bonds	¥4,218	\$39.74
21.4% bonds	4,807	45.28

6. SEVERANCE PAYMENTS AND PENSION PLAN

Employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled under most circumstances to severance payments based on the rate of pay at the time of termination, years of service and certain other factors.

The Company has a non-contributory funded pension plan covering substantially all of its employees. A vested interest in the plan is acquired only at retirement age, upon death or in the case of disability. The assets of the fund amounted to ¥257,612 million (\$2,426,868 thousand) at March 31, 1999 the most recent date of available information.

7. SHORT-TERM BORROWINGS

Short-term borrowings were principally represented by bank overdrafts. The weighted average interest rate on short-term borrowings outstanding were 0.478% and 0.802% at March 31, 2000 and 1999, respectively.

8. SHAREHOLDERS' EQUITY

The Code requires at least 50% of the issue price of new shares, with a minimum of the par value, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to additional paid-in capital.

The Code also requires the Companies to appropriate from retained earnings to a legal reserve an amount equal to at least 10% of all cash payments made as an appropriation of retained earnings, until such reserve equals 25% of the stated capital. This reserve amount, which is included in retained earnings, totals ¥121,392 million (\$1,143,589 thousand) and ¥116,484 million as of March 31, 2000 and 1999, respectively, and is not available for dividends but may be used to reduce a deficit by shareholders' resolution.

The Company may transfer portions of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Company may also transfer portions of unappropriated retained earnings, available for dividends, to stated capital by resolution of shareholders.

Under the Code, the Company may issue new common shares to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. The Company may make such a stock split to the extent the aggregate par value of the shares outstanding after the stock split does not exceed the stated capital. However, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split shall not be less than ¥500.

Cash dividends charged to retained earnings were dividends paid during the year, which represented year-end cash dividends for the preceding year and semi-annual interim dividends for the current year.

Under the Code, the amount available for dividends is based on retained earnings as recorded on the Company's books. At March 31, 2000 and 1999, retained earnings recorded on the Company's books were ¥518,871 million (\$4,888,092 thousand) and ¥397,233 million, respectively. Such retained earnings included certain specific reserves stipulated by the Japanese Special Taxation Measures Law totaling ¥3,375 million (\$31,795 thousand) and ¥17,778 million at March 31, 2000 and 1999, respectively. These specific reserves were appropriated at the shareholders' meetings to be tax deductible in the respective years.

9. INCOME TAXES

The Companies are subject to a number of taxes based on income such as corporate income tax and inhabitant taxes which, in the aggregate, resulted in normal statutory tax rates of approximately 36.2% for the year ended March 31, 2000.

The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2000 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Deferred Tax Assets:		
Liability for severance payments	¥46,810	\$440,980
Reserve for reprocessing of irradiated nuclear fuel	41,878	394,517
Past service costs of pension plan	28,066	264,399
Reserve for decommissioning of nuclear power units	25,096	236,420
Deferred charges	21,393	201,536
Tax loss carryforwards of a subsidiary	25,891	243,910
Other	43,130	406,311
Less valuation allowance	(25,993)	(244,870)
Deferred tax assets	¥206,271	\$1,943,203
Deferred Tax Liabilities:		
Property and equipment	¥119	\$1,121
Special reserve for tax purposes	113	1,065
Other	38	358
Deferred tax liabilities	¥270	\$2,544
Net deferred tax assets	¥206,001	\$1,940,659

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2000 and the actual tax rates reflected in the accompanying consolidated of income is as follows:

	Year ended March 31, 2000
Normal effective statutory tax rate	36.2%
Tax benefits not recognized on operating losses of a subsidiary	5.4
Equity in earnings of associated companies	(1.9)
Other - net	0.6
Actual effective tax rate	40.3%

The actual effective tax rate in the accompanying consolidated statement of income for the year ended March 31, 1999 differed from the normal statutory tax rate, principally due to non-recognition of the tax effects of temporary differences between tax and financial reporting and certain expenses that are permanently non-deductible for tax purposes.

At March 31, 2000, a certain subsidiary has tax loss carryforwards aggregating approximately ¥61,792 million (\$582,120 thousand) which are available to offset against taxable income of such subsidiary in future years. These tax loss carryforwards, if not utilized, will expire as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2001	¥4,548	\$42,845
2002	14,246	134,206
2003	16,114	151,804
2004	13,631	128,413
2005	13,253	124,852
Total	¥61,792	\$582,120

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥34,124 million (\$321,470 thousand) for the year ended March 31, 2000.

11. RELATED PARTY TRANSACTIONS

Transactions of the Company with an associated company for the year ended March 31, 2000, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Kinden Co., Ltd.		
Transactions:		
Order for construction works of transmission facilities and distribution facilities	¥89,802	\$845,992
Balances at year ended:		
Payables for construction works	11,525	108,573

The Company made a contribution of ¥1,714 million (\$16,147 thousand) to Kanden Social Welfare Foundation which Mr. Hiroshi Ishikawa, the Company's president and director, also holds the post of administrative director.

12. LEASES

Lessor

Finance Leases

Revenue under finance leases were ¥843 million (\$7,942 thousand) and ¥1,129 million for the years ended March 31, 2000 and 1999, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation and future lease revenue under finance leases for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Other Facilities	Other Facilities	Other Facilities
	2000	1999	2000
Acquisition cost	¥4,266	¥5,721	\$40,188
Accumulated depreciation	3,253	4,280	30,645
Net leased property	¥1,013	¥1,441	\$9,543

Future lease revenue under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due within one year	¥669	¥923	\$6,302
Due after one year	926	1,642	8,724
Total	¥1,595	¥2,565	\$15,026

Depreciation expenses relating to the leased assets arrangements mentioned above were ¥621 million (\$5,850 thousand) and ¥1,221 million for the year ended March 31, 2000 and 1999.

Lessee

Finance Leases

Total lease payments under finance leases were ¥8,693 million (\$81,894 thousand) and ¥8,176 million for the years ended March 31, 2000 and 1999, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense of finance leases that deem to transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2000					
Acquisition cost	¥5,419	¥7,525	¥19,627	¥17,511	¥50,082
Accumulated depreciation	2,052	4,389	8,370	8,461	23,272
Net leased property	¥3,367	¥3,136	¥11,257	¥9,050	¥26,810

	Thousands of U.S. Dollars				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2000					
Acquisition cost	\$51,050	\$70,890	\$184,899	\$164,965	\$471,804
Accumulated depreciation	19,331	41,347	78,851	79,708	219,237
Net leased property	\$31,719	\$29,543	\$106,048	\$85,257	\$252,567

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 1999					
Acquisition cost	¥5,311	¥7,951	¥20,059	¥11,255	¥44,576
Accumulated depreciation	1,628	4,288	6,589	6,036	18,541
Net leased property	¥3,683	¥3,663	¥13,470	¥5,219	¥26,035

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due within one year	¥7,431	¥7,514	\$70,005
Due after one year	19,379	18,520	182,562
Total	¥26,810	¥26,034	\$252,567

The amount of leased assets and obligations under finance leases includes the imputed interest expense portion. Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method over the respective lease periods was ¥8,693 million (\$81,894 thousand) and ¥8,176 million for the years ended March 31, 2000 and 1999.

Operating Leases

Obligations under non-cancelable operating leases at March 31, 2000 and 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due within one year	¥2	¥9	\$19
Due after one year	2	4	19
Total	¥4	¥13	\$38

13. COMMITMENTS AND CONTINGENCIES

At March 31, 2000, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥300,857 million (\$2,834,263 thousand). Additionally, the Companies have entered into several fuel supply contracts which involve substantial commitments. At March 31, 2000, the Companies had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans of other companies:		
Japan Nuclear Fuel Limited	¥206,393	\$1,944,352
Other	2,835	26,708
Total	¥209,228	\$1,971,060
A guarantee about equity contribution and power supply for KPIC Singapore Pte Ltd.	¥1,260	\$11,870
Contingency relating to debt assumption agreement	¥235,492	\$2,218,483

14. SUBSEQUENT EVENT

On June 29, 2000, the shareholders of the Company approved payment of a cash dividend of ¥25 (\$0.24) per share to holders of record as of March 31, 2000 or a total of ¥24,465 million (\$230,476 thousand), the transfer from retained earnings to legal reserve of ¥937 million (\$8,827 thousand) and bonuses to directors and corporate auditors of ¥145 million (\$1,366 thousand).



15. SEGMENT INFORMATION

Information about industry segments of the Company and consolidated subsidiaries for the year ended March 31, 2000 is as follows:

a. Sales and Operating Income

	Millions of Yen			Consolidated
	Electric Power	Other	Eliminations/ Corporate	
Sales to customers	¥2,512,721	¥75,669		¥2,588,390
Intersegment sales	4,482	232,699	¥(237,181)	
Total sales	2,517,203	308,368	(237,181)	2,588,390
Operating expenses	2,201,984	313,172	(237,339)	2,277,817
Operating income	¥315,219	¥(4,804)	¥158	¥310,573

	Thousands of U.S. Dollars			Consolidated
	Electric Power	Other	Eliminations/ Corporate	
Sales to customers	\$23,671,418	\$712,850		\$24,384,268
Intersegment sales	42,223	2,192,171	\$(2,234,394)	
Total sales	23,713,641	2,905,021	(2,234,394)	24,384,268
Operating expenses	20,744,079	2,950,278	(2,235,883)	21,458,474
Operating income	\$2,969,562	\$(45,257)	\$1,489	\$2,925,794

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen			Consolidated
	Electric Power	Other	Eliminations/ Corporate	
Assets	¥7,299,255	¥316,998	¥(115,319)	¥7,500,934
Depreciation	415,700	19,815	(2,904)	432,611
Capital expenditures	611,362	20,378	(2,812)	628,928

	Thousands of U.S. Dollars			Consolidated
	Electric Power	Other	Eliminations/ Corporate	
Assets	\$68,763,589	\$2,986,322	\$(1,086,378)	\$70,663,533
Depreciation	3,916,156	186,670	(27,357)	4,075,469
Capital expenditures	5,759,416	191,974	(26,491)	5,924,899

The Companies do not have any operations or sales to foreign customers.

INDEPENDENT AUDITORS' REPORT

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

We have examined the consolidated balance sheets of The Kansai Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 2000 and 1999, the related consolidated statements of income and shareholders' equity for the years then ended, and the consolidated statement of cash flows for the year ended March 31, 2000. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of The Kansai Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 2000 and 1999, the results of their operations for the years then ended, and their cash flows for the year ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, in the accounting for liability for severance payments, as discussed in Note 3.

As described in Note 2, effective April 1, 1999, the consolidated financial statements have been prepared in accordance with new accounting standards for consolidated financial statements and interperiod allocation of income taxes.

Our examinations 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

Osaka, Japan
June 29, 2000

Financial Results and Analysis (Non-Consolidated)

Overview

In fiscal 2000—the period from April 1, 1999 through March 31, 2000—the Japanese economy remained in an extremely severe position, with capital investment and personal consumption at greatly depressed levels. Nonetheless signs of gradual improvement emerged during the second half of the period as government policy initiatives began reaping results and the Asian economies continued to mark recovery. In reflection of this operating environment, marginal expansion in demand for electric power was recorded within both the industrial and general consumer segments. In the latter case, demand growth was restrained by a decline in air-conditioning demand stemming from relatively cool temperatures during the first half of the summer season. For the whole year, the Company's total power sales reached 140.4 billion kWh, up a modest 1.1% from fiscal 1999.

Despite this increase in total power sales, operating revenues fell ¥17,600 million year-on-year. The decline was attributable largely to a ¥12,259 million drop in lighting and power sales revenues arising from full-year implementation of lower electricity rates in line with the Fuel-Cost Adjustment System.

Operating income for the term reached ¥315,219 million, up ¥17,001 million over fiscal 1999. A ¥19,324 million year-on-year increase in fuel costs, chiefly from relatively higher crude-oil prices as compared with the low levels of the previous year, was adequately compensated by a ¥34,601 million reduction in operating expenses. Expenses were trimmed in various ways, including reductions in maintenance, depreciation and other operating costs on the back of management efficiency initiatives*.

*Initiatives implemented during fiscal 2000 targeted at enhanced management efficiency enabled a total of ¥43.0 billion in reduced operating expenses. Results took such forms as reduced maintenance outlays, reduced interest payments as a consequence of restrained capital investments, and deduction of increased fuel costs

stemming from a reduced utilization rate of nuclear energy.

Interest payments were trimmed during the period by ¥24,219 million year-on-year. This was accomplished by curbing expansion in the Company's interest-bearing debt burden through reduced capital spending and reduced early repayments of liabilities bearing high interest rates. During the term, in order to apply the increased income from reduced operating expenses to early writedown of future liabilities, accounting practices affecting the reserve for severance payments were amended. In conjunction with these changes, ¥104,158 million of the reserve sum set aside during fiscal 1999 was included in other expenses. To cover a loss in the amount of ¥23,499 million linked to investments in the Company's affiliates, ¥23,189 million generated from the sale of part of the Company's securities holdings was included in other income.

In the end the Company finished with income before income taxes, after provision for the reserve for fluctuations in water level, of ¥67,052 million, down ¥54,301 million from the previous term. Net income, however, declined only ¥7,323 million, to ¥43,650 million, thanks to tax effect adjustments rendered in conjunction with the nationwide introduction, starting this fiscal year, of tax effect accounting.

Assets, Liabilities and Shareholders' Equity

As of the end of fiscal 2000, the Company's total assets had reached ¥7,166,847 million, constituting an increase of ¥252,259 million over fiscal 1999. The increase owes mainly to ¥612,291 million worth of capital investments carried out during the period, coupled with allocations, deriving from deferred tax assets in conjunction with the introduction of tax effect accounting, of ¥167,802 million and ¥13,892 million, respectively, to fixed and current assets. The Company's total asset figure was eroded during the term by three factors: ¥418,601 million in depreciation costs, ¥58,907 million in losses linked to reduced use of nuclear fuel, and ¥44,595 million in costs incurred for reprocessing irradiated nuclear fuel.

The Company's total liabilities reached ¥5,971,800 million, up ¥125,714 million from the end of fiscal 1999. The increase owed primarily to two factors: a ¥108,412 million increase in the reserve for severance payments necessitated by the changes in accounting practices affecting that reserve, and a ¥43,623 million increase in interest-bearing liabilities arising from coverage, through interest-bearing loans, of capital investments undertaken beyond the scope of owned capital.

Total shareholders' equity increased ¥126,546 million year-on-year. The increase came from application of equity accrued through the introduction of tax effect accounting toward adjustment of the corporate tax sum, enabling the realization of a surplus. As a result, as of the end of the fiscal term the Company's shareholders' equity ratio reached 16.7%, up 1.2 percentage point over the previous year.

Dividends

During the term the Company disbursed a dividend of ¥50 per share, unchanged from fiscal 1999. The allocation was carried out in conformity with the Company's fundamental policy governing dividend payments, which is coordinated with the goal of expanding the Company's shareholder value from a long-range perspective. To achieve that target during this era of unprecedented competition in the electric power industry, the Company seeks to strengthen its financial structure while implementing efficiency initiatives to optimum capacity and maintaining electricity rates sufficiently attractive to ensure the Company's competitive edge. In this respect, the latest dividend disbursement reflects the Company's policy of enhancing its shareholder value continuously through stable dividend payments.

Non-Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2000 and 1999

ASSETS (Note 5)	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
PROPERTY:			
Plant and equipment (Note 4)	¥12,725,108	¥12,416,495	\$119,878,549
Construction in progress (Note 4)	1,013,367	902,735	9,546,557
Contributions in aid of construction (Note 4)	(357,845)	(349,366)	(3,371,126)
Accumulated depreciation (Note 4)	(7,328,140)	(6,964,102)	(69,035,704)
Plant and equipment - net (Note 4)	6,052,490	6,005,762	57,018,276
Nuclear fuel, net of amortization	497,790	470,991	4,689,496
Property - net.	6,550,280	6,476,753	61,707,772
INVESTMENTS AND OTHER ASSETS:			
Investment securities	85,253	110,497	803,137
Investments in and advances to subsidiaries and associated companies	76,210	63,954	717,946
Long-term loans receivable	22,672	29,073	213,585
Deferred tax assets (Note 9)	167,802		1,580,801
Other assets	19,990	15,487	188,318
Total investments and other assets	371,927	219,011	3,503,787
CURRENT ASSETS:			
Cash and time deposits	45,166	34,976	425,492
Accounts receivable	122,382	118,876	1,152,916
Allowance for doubtful accounts	(12,923)	(771)	(121,743)
Fuel, materials and supplies.	49,867	50,344	469,779
Deferred tax assets (Note 9)	13,892		130,871
Other current assets	26,256	15,398	247,348
Total current assets	244,640	218,823	2,304,663
TOTAL	¥7,166,847	¥6,914,587	\$67,516,222

See notes to non-consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
LONG-TERM DEBT, LESS CURRENT MATURITIES (Note 5)	¥3,998,975	¥3,886,073	\$37,672,869
LIABILITY FOR SEVERANCE PAYMENTS (Notes 3 and 6)	217,451	109,039	2,048,526
RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL . . .	372,156	351,205	3,505,944
RESERVE FOR DECOMMISSIONING OF NUCLEAR POWER UNITS . . .	179,995	169,599	1,695,667
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 5)	369,454	379,985	3,480,490
Short-term borrowings (Note 7)	418,700	468,700	3,944,418
Accounts payable	130,906	143,696	1,233,217
Payable to subsidiaries and associated companies	76,085	86,850	716,769
Accrued income taxes	38,556	36,042	363,222
Reserve for restoration costs of natural disasters	75	928	707
Accrued expenses and other current liabilities	160,340	202,757	1,510,503
Total current liabilities	1,194,116	1,318,958	11,249,326
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	9,108	11,213	85,803
COMMITMENTS AND CONTINGENCIES (Notes 10 and 11)			
SHAREHOLDERS' EQUITY (Notes 5, 8 and 12):			
Common stock - authorized, 1,800,000,000 shares with par value of ¥500 per share	489,320	489,320	4,609,703
Additional paid-in capital	65,463	65,463	616,703
Legal reserve	121,392	116,484	1,143,589
Retained earnings.	518,871	397,233	4,888,092
Total shareholders' equity	1,195,046	1,068,500	11,258,087
TOTAL	¥7,166,847	¥6,914,587	\$67,516,222

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Income

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
OPERATING REVENUES:			
Residential	¥988,026	¥974,791	\$9,307,829
Commercial and industrial	1,477,595	1,503,089	13,919,878
Other	51,582	56,923	485,934
Total	2,517,203	2,534,803	23,713,641
OPERATING EXPENSES:			
Personnel expenses	336,067	344,559	3,165,963
Fuel	238,155	218,831	2,243,570
Purchased power	324,734	327,964	3,059,199
Maintenance	311,306	347,212	2,932,699
Depreciation	415,692	427,558	3,916,081
Taxes other than income taxes	170,505	173,749	1,606,265
Other	405,525	396,712	3,820,302
Total	2,201,984	2,236,585	20,744,079
OPERATING INCOME	315,219	298,218	2,969,562
OTHER (INCOME) EXPENSES:			
Interest expense	146,790	171,009	1,382,854
Exchange gain	(582)	(1,206)	(5,483)
Loss (gain) on sales of investment securities	(24,455)	1,519	(230,382)
Cumulative effect of the change in accounting for liability for severance payments	104,158		981,234
Loss on investment in and advance to subsidiaries	23,499		221,375
Other - net	862	(1,946)	8,122
Total	250,272	169,376	2,357,720
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	64,947	128,842	611,842
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(2,105)	7,489	(19,830)
INCOME BEFORE INCOME TAXES	67,052	121,353	631,672
INCOME TAXES (Note 9):			
Current	73,124	70,380	688,874
Deferred	(49,722)		(468,413)
Total	23,402	70,380	220,461
NET INCOME	¥43,650	¥50,973	\$411,211
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Net income	¥44.60	¥52.09	\$0.42
Fully diluted net income	44.55	51.59	0.42
Cash dividends applicable to the year	50.00	50.00	0.47

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Shareholders' Equity

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

	Millions of Yen				
	Number of Common Shares Issued	Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings
BALANCE, APRIL 1, 1998	978,639,031	¥489,320	¥65,463	¥111,577	¥400,243
Net income					50,973
Cash dividends, ¥50 per share					(48,931)
Transfer to legal reserve				4,907	(4,907)
Bonuses to directors and corporate auditors					(145)
BALANCE, MARCH 31, 1999	978,639,031	489,320	65,463	116,484	397,233
Adjustment of retained earnings for the adoption of deferred tax accounting method					131,973
Net income					43,650
Cash dividends, ¥50 per share					(48,932)
Transfer to legal reserve				4,908	(4,908)
Bonuses to directors and corporate auditors					(145)
BALANCE, MARCH 31, 2000	978,639,031	¥489,320	¥65,463	¥121,392	¥518,871
		Thousands of U.S. Dollars			
		Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings
BALANCE, MARCH 31, 1999		\$4,609,703	\$616,703	\$1,097,353	\$3,742,185
Adjustment of retained earnings for the adoption of deferred tax accounting method					1,243,268
Net income					411,211
Cash dividends, ¥50 per share					(460,970)
Transfer to legal reserve				46,236	(46,236)
Bonuses to directors and corporate auditors					(1,366)
BALANCE, MARCH 31, 2000		\$4,609,703	\$616,703	\$1,143,589	\$4,888,092

See notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by The Kansai Electric Power Company, Incorporated (the “Company”) in accordance with the provisions set forth in the Japanese Commercial Code (the “Code”), the Japanese Electric Utility Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The non-consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

For the year ended March 31, 1999, a non-consolidated statement of cash flows was not required as a part of the basic financial statements in Japan and accordingly, such statement is not presented. As a consolidated statement of cash flows for the year ended March 31, 2000 is presented in the consolidated financial statements of the Company and subsidiaries, the non-consolidated statement of cash flows for the year then ended is also not presented herein.

In preparing these non-consolidated financial statements, certain reclassifications and rearrangements have been made to the Company’s non-consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The non-consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.15 to \$1, the approximate rate of exchange at March 31, 2000. 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.

Certain reclassifications have been made in 1999 financial statements to conform to the classifications used in 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Property, Depreciation and Amortization - Property is stated at cost. Prior to April 1, 1999, costs for plant and equipment included certain interest costs incurred during the construction period on borrowings specifically related to constructed plant and equipment. Effective April 1, 1999, those interest costs are charged to income as incurred with revision of the regulations described in the Japan Electric Utility Law and the related accounting regulations. The effect of this change is not material. 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 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, 2000 and 1999 was ¥141,421 million (\$1,332,275 thousand) and ¥135,697 million, respectively.

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

c. Investments - Investments in quoted securities, except for subsidiaries and associated companies, are stated at the lower of cost or market value. Other investments, including investments in subsidiaries and associated companies, are stated at cost or less if the values of such investments have been significantly impaired. The cost of securities is determined by the moving-average method.

d. Fuel, Materials and Supplies - Fuel, materials and supplies are stated at cost determined by the average method.

e. Foreign Currency Accounts - Receivables and payables denominated in foreign currencies are translated into Japanese yen at exchange rates prevailing on the dates when they were acquired or incurred. However, in the case where there is significant fluctuation of currencies with possible exchange losses, receivables or payables denominated in foreign currencies are translated at the current exchange rates as of each balance sheet date. Receivables and payables hedged by forward exchange contracts are translated at the contract rates.

Differences between the contract rates and historical rates resulting from the translation of receivables and payables hedged by forward exchange contracts are recognized as income or expense over the lives of the related contracts. Other exchange gains and losses are recognized in the fiscal periods in which they occur.

If receivables and payables denominated in foreign currencies, not covered by forward exchange contracts, had been translated at the rates in effect at each balance sheet date, net payables would have increased by ¥1 million at March 31, 1999 and decreased by ¥127 million (\$1,196 thousand) at March 31, 2000.

f. Severance Payments and Pension Plan - Through the year ended March 31, 1999, the Company provided a liability for employees’ severance payments at 40% of the amount that would be required if all employees voluntarily terminated their service with the Company at the balance sheet date. Effective for the year ended March 31, 2000,

however, the Company changed its accounting for employees’ severance payments to accrued benefit valuation method (see Note 3).

In addition, the Company has a non-contributory funded pension plan. Related past service costs were accounted for under long-term debt. The Company amended the expected return rate on assets from 5.5% to 4.0% in the year ended March 31, 1999, and from 4.0% to 3.5% in the year ended March 31, 2000. Related past service costs incurred by the former amendment were divided and charged to income both in the year ended March 31, 1999 and in the year ended March 31, 2000, and related past service costs incurred by the latter amendment were charged to income in the year ended March 31, 2000. The amounts contributed to the fund, excluding past service costs, are charged to income when paid.

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

g. Reserve for Reprocessing of Irradiated Nuclear Fuel - The Company has accrued costs for the reprocessing of irradiated nuclear fuel since April 1, 1981, in accordance with accounting methods accepted by the regulatory authority. The Company provides for the reprocessing of irradiated nuclear fuel at 60% of the amount, which would be required to reprocess all the irradiated nuclear fuel as of the balance sheet date.

h. Reserve for Decommissioning of Nuclear Power Units - The Company has accrued costs for decommissioning of nuclear power units since April 1, 1988, in accordance with accounting methods accepted by the regulatory authority.

i. Income Taxes - Effective April 1, 1999, the Company adopted an accounting method for allocation of income taxes based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥131,973 million (\$1,243,269 thousand) is included as an adjustment to retained earnings as of April 1, 1999. Such cumulative effect is calculated by applying the income tax rate stipulated by enacted tax laws as of April 1, 1999.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

j. Reserve for Restoration Costs of Natural Disasters - In July 1995, a flood in the Kurobe River area resulted in serious damage to the Company’s hydroelectric power plants.

The Company has made provision for estimated costs of repair and abandonment related to the above, excluding amounts for capital expenditures.

k. Reserve for Fluctuations in Water Level - A reserve for fluctuations in water level is provided for insufficient water levels, in years in which the volume of water for generating hydroelectric power is abundant and available for future generation, in accordance with the Japanese Electric Utility Law and related accounting regulations.

l. Per Share Information - The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in the computation were 978,639,031 shares for 2000 and 1999.

The computation of net income per share assuming full dilution is based on the further assumption that all convertible bonds were converted at the beginning of the year with applicable adjustments of interest expense, net of tax effect.

Cash dividends per share presented in the accompanying non-consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, without giving retroactive adjustment for the stock split.

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

3. ACCOUNTING CHANGE

Effective for the year ended March 31, 2000, the Company changed its method of accounting for employees’ severance payments as described in Note 2.f. This change was made in order to provide a more accurate allocation of severance costs to future periods and to make the Company’s financial position sounder, taking this opportunity of investigating the actual condition of employees’ severance payments. The effect of this change was to decrease income before income taxes by ¥105,421 million (\$993,132 thousand) for the year ended March 31, 2000.

4. PLANT AND EQUIPMENT

Plant and equipment at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen			
	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
As of March 31, 2000				
Hydroelectric power production facilities	¥1,185,030	¥25,654	¥616,398	¥542,978
Thermal power production facilities	2,475,051	14,282	1,847,914	612,855
Nuclear power production facilities	2,240,884	4,716	1,640,387	595,781
Internal combustion engine power production facilities	40,442	3,707	27,006	9,729
Transmission facilities	2,726,333	196,279	1,141,615	1,388,439
Transformation facilities	1,403,366	38,321	798,609	566,436
Distribution facilities	2,108,803	29,573	966,911	1,112,319
Incidental business facilities	18,966	1,171	9,590	8,205
General facilities	520,963	42,087	279,407	199,469
Other facilities	5,270	2,055	303	2,912
Sub-total	12,725,108	357,845	7,328,140	5,039,123
Construction in progress	1,013,367			1,013,367
Total	¥13,738,475	¥357,845	¥7,328,140	¥6,052,490

	Thousands of U.S. Dollars			
	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
As of March 31, 2000				
Hydroelectric power production facilities	\$11,163,731	\$241,678	\$5,806,858	\$5,115,195
Thermal power production facilities	23,316,543	134,545	17,408,516	5,773,482
Nuclear power production facilities	21,110,542	44,428	15,453,481	5,612,633
Internal combustion engine power production facilities	380,989	34,922	254,414	91,653
Transmission facilities	25,683,778	1,849,072	10,754,734	13,079,972
Transformation facilities	13,220,593	361,008	7,523,401	5,336,184
Distribution facilities	19,866,255	278,596	9,108,912	10,478,747
Incidental business facilities	178,672	11,032	90,344	77,296
General facilities	4,907,800	396,486	2,632,190	1,879,124
Other facilities	49,646	19,359	2,854	27,433
Sub-total	119,878,549	3,371,126	69,035,704	47,471,719
Construction in progress	9,546,557			9,546,557
Total	\$129,425,106	\$3,371,126	\$69,035,704	\$57,018,276

Millions of Yen

	Millions of Yen			
	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
As of March 31, 1999				
Hydroelectric power production facilities	¥1,165,419	¥26,117	¥581,483	¥557,819
Thermal power production facilities	2,465,709	14,256	1,783,127	668,326
Nuclear power production facilities	2,202,261	4,716	1,567,838	629,707
Internal combustion engine power production facilities	40,223	3,707	25,709	10,807
Transmission facilities	2,602,364	189,565	1,070,469	1,342,330
Transformation facilities	1,379,033	38,239	758,478	582,316
Distribution facilities	2,030,139	28,128	905,554	1,096,457
Incidental business facilities	18,117	1,171	8,373	8,573
General facilities	508,075	41,474	262,784	203,817
Other facilities	5,155	1,993	287	2,875
Sub-total	12,416,495	349,366	6,964,102	5,103,027
Construction in progress	902,735			902,735
Total	¥13,319,230	¥349,366	¥6,964,102	¥6,005,762

5. LONG-TERM DEBT

Long-term debt at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
General mortgage bonds:			
0.9% to 6.9%, due serially through 2018	¥1,717,171	¥1,597,021	\$16,176,835
7.25%, due 2006 (payable in U.S. dollars)	54,450	54,450	512,953
6.625% and 7.0%, due through 2006 (payable in French francs)	110,266	110,266	1,038,775
5.75%, due 2007 (payable in Netherlands guilder)	62,294	62,294	586,849
General mortgage convertible bonds:			
2.0%, due 2002	94,629	94,629	891,465
1.4%, due 2005	178,637	178,637	1,682,873
1.1% to 7.4% secured loans from the Development Bank of Japan* maturing serially through 2023	613,777	651,763	5,782,167
1.1% to 7.97% unsecured loans from banks and insurance companies maturing serially through 2033	1,425,331	1,413,872	13,427,518
Other	111,874	103,126	1,053,924
Total	4,368,429	4,266,058	41,153,359
Current maturities	369,454	379,985	3,480,490
Long-term debt, less current maturities	¥3,998,975	¥3,886,073	\$37,672,869

*The Development Bank of Japan was launched on October 1, 1999, taking over the functions of the Japan Development Bank and the Hokkaido-Tohoku Development Finance Public Corporation.

Annual maturities of long-term debt at March 31, 2000 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2001	¥369,454	\$3,480,490
2002	421,723	3,972,897
2003	347,613	3,274,734
2004	381,717	3,596,015
2005	592,589	5,582,562
2006 and thereafter	2,255,333	21,246,661
Total	¥4,368,429	\$41,153,359

All of the Company's assets are pledged as collateral for the general mortgage bonds, general mortgage convertible bonds and secured loans presented above.

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

The convertible bonds may be redeemed in whole or in part at prices declining by 1% per year from 107% to 100% of the principal amounts. The 2.0% and 1.4% bonds are currently redeemable. The convertible bonds outstanding at March 31, 2000 were convertible into 59,596 thousand shares of common stock, at the conversion prices shown below subject to certain anti-dilutive provisions:

	Conversion Price per Share	
	Yen	U.S. Dollars
2.0% bonds	¥4,218	\$39.74
21.4% bonds	4,807	45.28

6. SEVERANCE PAYMENTS AND PENSION PLAN

Employees terminating their employment with the Company, either voluntarily or upon reaching mandatory retirement age, are entitled under most circumstances to severance payments based on the rate of pay at the time of termination, years of service and certain other factors.

The Company has a non-contributory funded pension plan covering substantially all of its employees. A vested interest in the plan is acquired only at retirement age, upon death or in the case of disability. The assets of the fund amounted to ¥257,612 million (\$2,426,868 thousand) at March 31, 1999, the most recent date of available information.

Total provisions for severance payments and pension costs charged

to income were ¥190,921 million (\$1,798,596 thousand) million and ¥95,038 million for the years ended March 31, 2000 and 1999, respectively.

7. SHORT-TERM BORROWINGS

Short-term borrowings were principally represented by bank overdrafts. Weighted average interest rates on short-term borrowings outstanding were 0.479% and 0.802% at March 31, 2000 and 1999, respectively.

8. SHAREHOLDERS' EQUITY

The Code requires at least 50% of the issue price of new shares, with a minimum of the par value, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to additional paid-in capital.

The Code also requires the Company to appropriate from retained earnings to a legal reserve an amount equal to at least 10% of all cash payments made as an appropriation of retained earnings, until such reserve equals 25% of the stated capital. This reserve is not available for dividends but may be used to reduce a deficit by shareholders' resolution.

The Company may transfer portions of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Company may also transfer portions of unappropriated retained earnings, available for dividends, to stated capital by resolution of shareholders.

Under the Code, the Company may issue new common shares to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. The Company may make such a stock split to the extent the aggregate par value of the shares outstanding after the stock split does not exceed the stated capital. However, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split shall not be less than ¥500.

Cash dividends charged to retained earnings were dividends paid during the year, which represented year-end cash dividends for the preceding year and semi-annual interim dividends for the current year.

Certain specific reserves stipulated by the Japanese Special Taxation Measures Law were included in retained earnings at March 31, 2000 and 1999, in the amounts of ¥3,375 million (\$31,795 thousand) and ¥17,778 million, respectively. These specific reserves were appropriated at the shareholders' meetings to be tax deductible in the respective years.

9. INCOME TAXES

The Company is subject to a number of taxes based on income such as corporate income tax and inhabitant taxes which, in the aggregate, resulted in normal statutory tax rates of approximately 41.6% for the year ended March 31, 1999. New tax rates which were enacted at March 31, 1999, and effective April 1, 1999, caused the normal

statutory tax rates to be reduced from 41.6% to 36.2% for the year ended March 31, 2000.

The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2000 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Deferred Tax Assets:		
Liability for severance payments	¥43,177	\$406,755
Reserve for reprocessing of irradiated nuclear fuel	41,878	394,517
Past service costs of pension plan	26,474	249,402
Reserve for decommissioning of nuclear power units	25,096	236,420
Deferred charges	20,917	197,051
Other	24,178	227,772
Deferred tax assets	¥181,720	\$1,711,917
Deferred Tax Liabilities:		
Contingent reserve for overseas investment	¥25	\$236
Other	1	9
Deferred tax liabilities	¥26	\$245
Net deferred tax assets	¥181,694	\$1,711,672

The effective tax rates in the accompanying non-consolidated statements of income for the year ended March 31, 1999 differed from the normal effective statutory tax rates, principally due to non-

recognition of tax effects of temporary differences between tax and financial reporting and certain expenses that are permanently non-deductible for tax purposes.

10. LEASES

The Company leases certain machinery, computer equipment and other assets.

Total lease payments under finance leases were ¥9,949 million (\$93,726 thousand) and ¥10,890 million for the years ended March 31, 2000 and 1999, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, and depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999 consisted of the following:

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2000					
Acquisition cost	¥5,989	¥7,725	¥28,769	¥7,880	¥50,363
Accumulated depreciation	2,422	4,414	12,815	4,590	24,241
Net leased property	¥3,567	¥3,311	¥15,954	¥3,290	¥26,122

	Thousands of U.S. Dollars				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2000					
Acquisition cost	\$56,420	\$72,774	\$271,022	\$74,235	\$474,451
Accumulated depreciation	22,817	41,583	120,725	43,241	228,366
Net leased property	\$33,603	\$31,191	\$150,297	\$30,994	\$246,085

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 1999					
Acquisition cost	¥6,073	¥8,009	¥29,957	¥8,936	¥52,975
Accumulated depreciation	2,054	4,302	11,108	4,597	22,061
Net leased property	¥4,019	¥3,707	¥18,849	¥4,339	¥30,914

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due within one year	¥8,261	¥9,446	\$77,824
Due after one year	17,861	21,468	168,261
Total	¥26,122	¥30,914	\$246,085

The amount of leased assets and obligations under finance leases includes the imputed interest expense portion. Depreciation expense, which is not reflected in the accompanying

non-consolidated statements of income, computed by the straight-line method over the respective lease periods was ¥9,949 million and ¥10,890 million for years ended March 31, 2000 and 1999, respectively.

11. COMMITMENTS AND CONTINGENCIES

At March 31, 2000, the Company had firm purchase commitments, principally related to utility plant expansion, of approximately ¥300,049 million. Additionally, the Company has entered into several fuel supply

contracts which involve substantial commitments.

At March 31, 2000, the Company had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans of other companies:		
Japan Nuclear Fuel Limited	¥206,393	\$1,944,352
Other	2,835	26,708
Total	¥209,228	\$1,971,060
A guarantee about equity contribution and power supply for KPIC Singapore Pte Ltd	¥1,260	\$11,870
Contingency relating to debt assumption agreement	¥235,492	\$2,218,483

12. SUBSEQUENT EVENT

On June 29, 2000, the shareholders of the Company approved payment of a cash dividend of ¥25 (\$0.24) per share to holders of record as of March 31, 2000 or a total of ¥24,465 million (\$230,476 thousand), the

transfer from retained earnings to legal reserve of ¥937 million (\$8,827 thousand) and bonuses to directors and corporate auditors of ¥145 million (\$1,366 thousand).



INDEPENDENT AUDITORS' REPORT

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

We have examined the non-consolidated balance sheets of The Kansai Electric Power Company, Incorporated as of March 31, 2000 and 1999, and the related non-consolidated statements of income and shareholders' equity for the years then ended. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above present fairly the financial position of The Kansai Electric Power Company, Incorporated as of March 31, 2000 and 1999, and the results of its operations for the years then ended, in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, in the accounting for liability for severance payments, as discussed in Note 3.

As described in Note 2, effective April 1, 1999, the non-consolidated financial statements have been prepared in accordance with new accounting standards for interperiod allocation of income taxes.

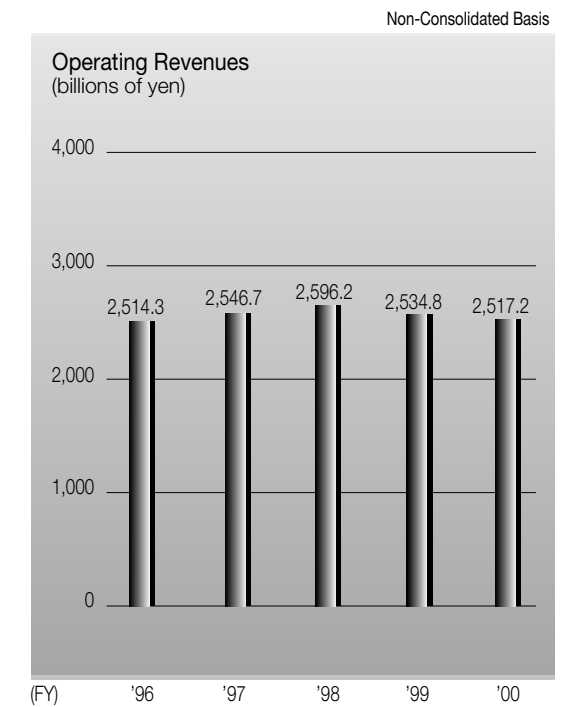
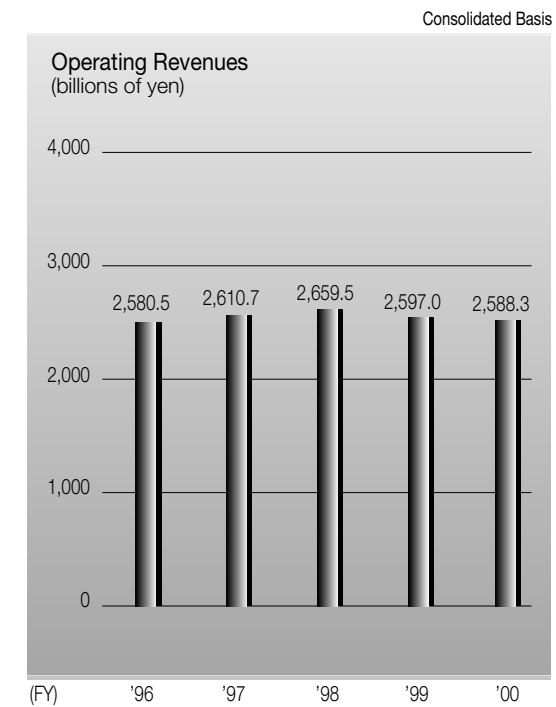
Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

Osaka, Japan
June 29, 2000

Five-Year Summary of Selected Operational Data

	Consolidated Basis					Non-Consolidated Basis				
	(FY) 1996	1997	1998	1999	2000	(FY) 1996	1997	1998	1999	2000
Operating Revenues (Millions of Yen)	2,580,584	2,610,749	2,659,520	2,597,077	2,588,390	2,514,353	2,546,707	2,596,288	2,534,803	2,517,203
Operating Income	335,338	324,447	353,540	310,592	310,573	316,336	309,626	338,117	298,218	315,219
Net Income	62,199	55,171	77,318	52,497	52,300	48,042	43,841	65,755	50,973	43,650
Net Operating Profit After-Tax (NOPAT)	186,115	179,684	195,891	183,444	199,951	175,920	171,861	187,833	176,650	203,579
Operating Revenues										
Residential						945,415	952,202	961,836	974,791	988,026
Commercial & Industrial						1,509,288	1,526,064	1,567,666	1,503,089	1,477,595
Total						2,454,703	2,478,266	2,529,502	2,477,880	2,465,621
Breakdown of Operating Expenses										
Personnel Expenses						299,642	313,779	318,016	344,559	336,067
Fuel Costs						280,430	325,732	270,937	218,831	238,155
Costs of Purchased Power						223,541	223,162	280,733	327,964	324,734
Maintenance Costs						378,367	361,485	374,767	347,212	311,306
Depreciation						451,821	444,431	438,584	427,558	415,692
Taxes Other than Income Taxes						168,977	173,342	175,657	173,749	170,505
Other						395,239	395,150	399,477	396,712	405,525
Total						2,198,017	2,237,081	2,258,171	2,236,585	2,201,984
Financial Revenues	3,979	3,383	3,600	3,202	2,584	4,394	3,932	4,332	3,955	3,621
Interest Expenses						197,781	197,906	207,128	171,009	146,790



	Consolidated Basis					Non-Consolidated Basis						
	(FY)	1996	1997	1998	1999	2000	(FY)	1996	1997	1998	1999	2000
Return on Equity (ROE) (%)		5.14	4.53	6.26	4.18	3.93		4.55	4.17	6.21	4.77	3.86
Return on Assets (ROA) (%)		0.93	0.80	1.12	0.74	0.71		0.74	0.66	0.99	0.75	0.62
Return (NOPAT) on Assets (%)		2.78	2.62	2.83	2.60	2.72		2.71	2.59	2.81	2.60	2.89
Net Income per Share (Yen)		63.56	56.38	79.01	53.64	53.44		49.09	44.80	67.19	52.09	44.60
Cash Dividends per Share (Yen)		50.00	50.00	50.00	50.00	50.00		50.00	50.00	50.00	50.00	50.00
Stock Price (Yen)												
Highest Stock Price								2,530	2,580	2,300	2,610	2,530
Lowest Stock Price								2,140	2,050	2,000	2,130	1,458
Capital Investments (Millions of Yen)								750,499	673,160	644,516	754,817	612,291
Total Assets (Millions of Yen)		6,821,074	6,891,946	6,937,292	7,176,783	7,500,934		6,592,896	6,653,437	6,693,800	6,914,587	7,166,847
Shareholders' Equity (Millions of Yen)		1,216,313	1,222,108	1,250,000	1,263,695	1,399,531		1,055,156	1,049,923	1,066,603	1,068,500	1,195,046
Shareholders' Equity Ratio (%)		17.83	17.73	18.02	17.61	18.66		16.00	15.78	15.93	15.45	16.67
Volume of Electricity Sales (Million kWh)												
Residential								39,919	40,574	40,665	42,492	43,555
Commercial & Industrial								93,897	95,805	96,782	96,326	96,848
Total								133,816	136,379	137,447	138,818	140,403
Number of Customers (Thousands)												
Residential								10,475	10,712	10,905	11,057	11,194
Commercial & Industrial								1,444	1,445	1,443	1,437	1,431
Total								11,919	12,157	12,348	12,494	12,625

	(FY)	1996	1997	1998	1999	2000
Electricity Generation Capacity by Sources (MW)						
Nuclear		9,768	9,768	9,768	9,768	9,768
Fossil Fuel		19,251	19,921	19,921	19,921	19,921
Hydroelectric		7,352	7,362	7,360	8,087	8,107
Total		36,371	37,051	37,049	37,776	37,796
System Peak Demand (MW)		31,520	32,230	31,410	32,160	30,710
Load Ratio (%)		53.1	53.7	55.0	54.4	57.2
Power Sources (%)						
Nuclear		46	46	52	53	51
Fossil Fuel		44	44	36	34	37
Hydroelectric		10	10	12	13	12
Total		100	100	100	100	100
Duration of Power Interruptions per Household (Minute)		4	4	4	35	4
SOx Emissions from Fossil Fuel Power Generation (g/kWh)		0.15	0.14	0.11	0.08	0.08
NOx Emissions from Fossil Fuel Power Generation (g/kWh)		0.19	0.18	0.19	0.15	0.15
Nuclear Capacity Factor (%)		71.1	73.8	84.2	84.3	82.0
Heat Efficiency Ratio (power generation end) (%)		38.71	39.14	38.83	39.07	39.40
Number of Employees *		27,141	26,265	26,343	26,333	24,903
Ratings						
In Yen		Aaa	Aaa	Aaa	Aa1	Aa2
In Foreign Currencies		Aaa	Aaa	Aaa	Aaa	Aa2
Date of Shareholders General Meeting		June 27	June 27	June 26	June 29	June 29

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

