Financial Results and Analysis (Non-Consolidated)

Overview

In fiscal 2002 – the period from April 1, 2001 through March 31, 2002 – the Japanese economy worsened steadily through the term, accompanied by progressive weakening of personal consumption, declining production by the corporate sector, and reductions in capital expenditures. In reflection of these severe circumstances, electricity sales to residential customers slipped below the level of the preceding term as demand flagged amid an unseasonably warm winter and lower-than-normal temperatures late into the summer. Sales to commercial and industrial customers, the segments affected by the new deregulation, marked a year-on-year decrease because industrial demand declined due to the deterioration of the economy. Taken together, total electricity sales in fiscal 2002 reached 139.78 billion kWh, constituting a 2.2% decrease from the preceding term.

Operating revenues declined ¥63,634 million year-on-year, to ¥2,517,817 million. The setback was ascribable chiefly to a ¥54,601 million decrease in lighting and power revenues, the combined result of the contraction in total power sales and the full-term effects of the rate reductions implemented in October 2000.

Operating costs decreased by ¥39,269 million year-on-year, to ¥2,206,105 million. Two factors were largely responsible. First, a ¥30,500 million reduction in expenditures for fuel, enabled mainly by a high operating level at nuclear power plants, offset a ¥29,962 million increase in power purchasing costs in tandem with expanded purchasing volume. Second, maintenance, depreciation and other operating costs were trimmed through vigorous efficiency enhancement initiatives in all areas of management*. At the operating level, the Company thereby finished fiscal 2002 with ¥311,712 million in profit, down ¥24,365 million year-on-year.

* Related initiatives implemented during fiscal 2002 yielded a total operating cost savings of ¥47.0 billion. The cost contraction was attributable primarily to reduced maintenance and related costs, lower fuel costs arising from a rise in the nuclear power utilization rate, and reductions in depreciation and interest payments owing to reduced capital expenditures.

Other (income) expenses incurred during the term totaled ¥104,155 million, down ¥85,318 million from fiscal 2001. Interest payments were trimmed by ¥21,673 million thanks primarily to reduction of the Company's interest-bearing liabilities and efforts to reduce interest on acquired funds. Also, ¥43,917 million in profit was booked from the sale of part of the Company's securities holdings, a measure taken to boost asset efficiency. Fiscal 2002 also benefited from the elimination of the ¥34,126 million booked in fiscal 2001 as a loss on investment in and advances to subsidiaries.

In the end, the Company finished fiscal 2002 with income before income taxes of ¥214,165 million, up ¥65,062 million from the previous term. Net income, after ¥77,145 million rendered in income taxes, totaled ¥137,020 million, an increase of ¥41,528 million year-on-year.

Assets, Liabilities and Shareholders' Equity

At the end of fiscal 2002, the Company's total assets stood at ¥7,043,444 million, constituting a decrease of ¥169,070 million from the year-earlier level. Fixed assets were reduced by ¥132,368 million, after deductions including ¥403,671 million against depreciation costs and ¥52,165 million against amortization of nuclear fuel. Two factors contributed. Capital expenditures were held to ¥410,502 million, down ¥68,515 million from fiscal 2001, ascribable mostly to passage beyond the peak in constructions of large-scale distribution facilities and vigorous promotion of efficiency enhancement measures. Also, elimination of inefficient small-capacity thermal power plants contributed.

Assets in the form of investment securities decreased by ¥91,215 million during the term, largely from a decline in their valuations. Deferred tax assets included in investments and other assets increased ¥31,841 million year-on-year. The increase was primarily ascribable to a reduction in deferred tax liabilities previously booked in amounts equivalent to corporate taxes paid on valuation gains, which, under the new accounting system, decreased mainly due to declines in the market value of the Company's shareholdings.

The Company's total liabilities at term's end reached ¥5,705,751 million, down ¥163,859 million from the year-earlier level. Interest-bearing liabilities were trimmed by ¥238,203 million during the year; this was achieved mostly by holding capital expenditures within the scope of funds in hand and applying the generated funds to reducing interest-bearing debt in order to make the Company financially sounder.

Total shareholders' equity decreased ¥5,211 million, to ¥1,337,693 million. Retained earnings expanded by ¥47,966 million year-on-year. Net income boosted earnings by ¥137,020 million, but that gain was eroded primarily by ¥58,718 million in dividend disbursements and ¥30,191 million to retire treasury stock. As a result largely of the decline in the market value of the Company's securities holdings, net unrealized gain on available-for-sale securities declined during the term by ¥53,155 million.

The shareholders' equity ratio rose by 0.4 percentage point, to 19.0%. Decreases in shareholders' equity mostly from the decline in the value of other securities holdings and the retirement of treasury stock were outweighed by the sale of securities holdings in line with asset efficiency enhancement initiatives and efforts to reduce assets through the elimination of plant facilities.

Dividends

The Company consistently aims to enhance its shareholder value from a long-range perspective. To do so it pursues ever higher efficiency in the performance of electricity operations in today's newly competitive environment, and also strives for an ever stronger financial structure while keeping rates at attractive levels enabling it to maintain its competitive edge. Accordingly, the Company's fundamental policy on profit distribution calls for sustained and stable dividend disbursements while consistently seeking enhanced shareholder value. Internal reserves are allocated to capital expenditures and reinforcement of the Company's financial structure.

In line with this underlying policy, in fiscal 2002 the Company carried out ordinary dividend allotments totaling ¥50 per share, the same level as the preceding term.

Non-Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS (Note 5)	**2002**	2001	**2002**
PROPERTY:			
Plant and equipment	**¥13,324,009**	¥13,162,396	**$99,992,563**
Construction in progress	**768,744**	861,056	**5,769,186**
Contributions in aid of construction	**(372,570)**	(363,618)	**(2,796,023)**
Accumulated depreciation	**(7,867,297)**	(7,669,808)	**(59,041,629)**
Plant and equipment - net (Note 3)	**5,852,886**	5,990,026	**43,924,097**
Nuclear fuel, net of amortization	**500,168**	495,396	**3,753,606**
Property - net	**6,353,054**	6,485,422	**47,677,703**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	**153,966**	245,181	**1,155,467**
Investments in and advances to subsidiaries and associated companies (Note 4)	**119,776**	97,467	**898,882**
Long-term loans receivable	**12,624**	17,171	**94,739**
Deferred tax assets (Note 8)	**136,798**	104,957	**1,026,627**
Other assets	**18,718**	16,225	**140,473**
Total investments and other assets	**441,882**	481,001	**3,316,188**
CURRENT ASSETS:			
Cash and cash equivalents	**39,919**	40,528	**299,580**
Accounts receivable	**129,672**	131,448	**973,148**
Allowance for doubtful accounts	**(2,410)**	(1,901)	**(18,086)**
Fuel, materials and supplies	**44,133**	52,501	**331,205**
Deferred tax assets (Note 8)	**19,036**	12,259	**142,859**
Other current assets	**18,158**	11,256	**136,270**
Total current assets	**248,508**	246,091	**1,864,976**
TOTAL	**¥7,043,444**	¥7,212,514	**$52,858,867**

See notes to non-consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY	**2002**	2001	**2002**
LONG-TERM DEBT, LESS CURRENT MATURITIES (Note 5)	**¥3,702,062**	¥3,795,464	**$27,782,829**
LIABILITY FOR RETIREMENT BENEFITS	**253,072**	266,936	**1,899,227**
RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL	**483,413**	412,200	**3,627,865**
RESERVE FOR DECOMMISSIONING OF NUCLEAR POWER UNITS	**213,043**	203,831	**1,598,822**
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 5)	**319,474**	404,789	**2,397,553**
Short-term borrowings (Note 6)	**330,013**	397,341	**2,476,646**
Accounts payable	**106,951**	120,214	**802,634**
Payable to subsidiaries and associated companies	**63,871**	74,165	**479,332**
Accrued income taxes	**61,679**	9,748	**462,882**
Reserve for restoration costs of natural disasters		17	
Accrued expenses and other current liabilities	**172,173**	178,297	**1,292,105**
Total current liabilities	**1,054,161**	1,184,571	**7,911,152**
RESERVE FOR FLUCTUATIONS IN WATER LEVEL		6,608	
COMMITMENTS AND CONTINGENCIES (Notes 9 and 10)			
SHAREHOLDERS' EQUITY (Notes 5, 7 and 11):			
Common stock, authorized, 1,784,059,697 shares in 2002 and 1,800,000,000 shares in 2001	**489,320**	489,320	**3,672,195**
Additional paid-in capital	**65,463**	65,463	**491,280**
Legal reserve	**122,330**	122,330	**918,048**
Retained earnings	**612,315**	564,349	**4,595,235**
Net unrealized gain on available-for-sale securities	**48,287**	101,442	**362,379**
Treasury stock - at cost 11,399 shares in 2002	**(22)**		**(165)**
Total shareholders' equity	**1,337,693**	1,342,904	**10,038,972**
TOTAL	**¥7,043,444**	¥7,212,514	**$52,858,867**

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, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
OPERATING REVENUES:			
Residential	¥993,753	¥1,010,946	$7,457,809
Commercial and industrial	1,477,859	1,515,267	11,090,874
Other	46,205	55,238	346,754
Total	2,517,817	2,581,451	18,895,437
OPERATING EXPENSES:			
Personnel expenses	277,634	294,123	2,083,557
Fuel	239,059	269,559	1,794,064
Purchased power	399,621	369,659	2,999,032
Maintenance	245,068	277,896	1,839,159
Depreciation	396,054	406,292	2,972,263
Taxes other than income taxes	166,884	170,703	1,252,413
Other	481,785	457,142	3,615,647
Total	2,206,105	2,245,374	16,556,135
OPERATING INCOME	311,712	336,077	2,339,302
OTHER (INCOME) EXPENSES:			
Interest expense	125,979	147,652	945,433
Gain on sales of investment securities	(43,917)		(329,583)
Loss on investment in and advance to subsidiaries		34,126	
Other - net	22,093	7,695	165,801
Total	104,155	189,473	781,651
INCOME BEFORE REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	207,557	146,604	1,557,651
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL	6,608	2,499	49,591
INCOME BEFORE INCOME TAXES	214,165	149,103	1,607,242
INCOME TAXES (Note 8):			
Current	85,666	46,569	642,897
Deferred	(8,521)	7,042	(63,948)
Total	77,145	53,611	578,949
NET INCOME	¥137,020	¥95,492	$1,028,293

	Yen		U.S. Dollars
	2002	2001	2002
PER SHARE OF COMMON STOCK:			
Net income	¥140.39	¥97.58	$1.05
Fully diluted net income	135.19	94.72	1.01
Cash dividends applicable to the year	50.00	60.00	0.38

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, 2002 and 2001

		Millions of Yen					
	Number of Common Shares Issued	Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings	Net Unrealized Gain on Available-for-Sale Securities	Treasury Stock
BALANCE, APRIL 1, 2000	978,639,031	¥489,320	¥65,463	¥121,392	¥518,871		
Net income					95,492		
Cash dividends, ¥50 per share					(48,931)		
Transfer to legal reserve				938	(938)		
Bonuses to directors and corporate auditors					(145)		
Net unrealized gain on available-for-sale securities (including the effect of initially adopting the new accounting standard at April 1, 2000)						¥101,442	
BALANCE, MARCH 31, 2001	978,639,031	489,320	65,463	122,330	564,349	101,442	
Net income					137,020		
Cash dividends, ¥60 per share					(58,718)		
Bonuses to directors and corporate auditors					(145)		
Retirement of treasury stock	(15,940,303)				(30,191)		¥30,191
Net increase in treasury stock (excluding retirement of treasury stock)							(30,213)
Net decrease in unrealized gain on available-for-sale securities						(53,155)	
BALANCE, MARCH 31, 2002	962,698,728	¥489,320	¥65,463	¥122,330	¥612,315	¥48,287	¥(22)

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings	Net Unrealized Gain on Available-for-Sale Securities	Treasury Stock
BALANCE, MARCH 31, 2001	$3,672,195	$491,280	$918,048	$4,235,264	$761,291	
Net income				1,028,293		
Cash dividends, $0.45 per share				(440,660)		
Bonuses to directors and corporate auditors				(1,088)		
Retirement of treasury stock				(226,574)		$226,574
Net increase in treasury stock (excluding retirement of treasury stock)						(226,739)
Net decrease in unrealized gain on available-for-sale securities					(398,912)	
BALANCE, MARCH 31, 2002	$3,672,195	$491,280	$918,048	$4,595,235	$362,379	$(165)

See notes to consolidated financial statements.

Notes to Non-Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2002 and 2001

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.

As consolidated statements of cash flows for the year ended March 31, 2002 and 2001 are presented in the consolidated financial statements of the Company and subsidiaries, the non-consolidated statements of cash flows for the year then ended are 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 ¥133.25 to $1, the approximate rate of exchange at March 31, 2002. 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 2001 financial statements to conform to the classifications used in 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **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 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, 2002 and 2001 was ¥119,224 million ($894,739 thousand) and ¥128,261 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. **Investment Securities -** Effective April 1, 2000, the Company adopted a new accounting standard for financial instruments. The Company's securities are classified and accounted for as follows: i) investments in subsidiaries and associated companies are reported at 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 shareholders' equity.

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

The adoption of the new accounting standard for financial instruments did not have a material effect on the Company's non-consolidated financial statements.

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

e. **Foreign Currency Transactions -** All receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

f. **Retirement and Pension Plan -** Effective April 1, 2000, the Company adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on 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 3 years. Actuarial gains or losses are being recognized by the straight-line method over a period of 3 years.

The full amount of the transitional obligation of ¥12,406 million, determined as of April 1, 2000, is charged to income and presented as operating expense in the statement of income for the year ended March 31, 2001.

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 -** The provision for income taxes is computed based on the pretax income included in the non-consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

j. **Derivatives and Hedging Activities -** The Company uses principally foreign exchange forward contracts, currency swaps and interest rate swaps in the normal course of business, to manage its exposures to fluctuations in foreign exchange, interest rates and so on. The Company does not enter into derivatives for trading or speculative purposes.

Effective April 1, 2000, the Company adopted a new accounting standard for derivative financial instruments and a revised accounting standard for foreign currency transactions. These standards require that: a) all derivatives be recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions be recognized in the income statement and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

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

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

The adoption of the new accounting standards for derivative instruments had no material effect on the Company's non-consolidated financial statements.

k. **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.

l. **Reserve for Fluctuations in Water Level -** A reserve for fluctuations in water level is provided for costs expected to incur from insufficient water levels in accordance with the Japanese Electric Utility Law and related accounting regulations.

m. **Treasury Stock -** Prior to April 1, 2001, treasury stock was included in "Other current assets" as an asset. Effective April 1, 2001, such stock is presented as a separate component of shareholders' equity in accordance with the new disclosure requirement for treasury stock.

n. **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 was 976,016,583 shares for 2002 and 978,639,031 shares for 2001.

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 (or at the time of issuance) 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.

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

3. PLANT AND EQUIPMENT

Plant and equipment at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen			
	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
As of March 31, 2002				
Hydroelectric power production facilities	¥1,220,483	¥25,422	¥680,174	¥514,887
Thermal power production facilities	2,305,116	14,062	1,798,399	492,655
Nuclear power production facilities	2,296,226	4,536	1,768,417	523,273
Internal combustion engine power production facilities	15,510		11,607	3,903
Transmission facilities	3,111,749	208,890	1,312,879	1,589,980
Transformation facilities	1,552,563	39,777	891,138	621,648
Distribution facilities	2,238,774	31,876	1,079,680	1,127,218
Incidental business facilities	536,198	40,482	311,534	184,182
General facilities	23,851	1,897	11,793	10,161
Other facilities	23,539	5,628	1,676	16,235
Sub-total	13,324,009	372,570	7,867,297	5,084,142
Construction in progress	768,744			768,744
Total	¥14,092,753	¥372,570	¥7,867,297	¥5,852,886

	Thousands of U.S. Dollars			
	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
As of March 31, 2002				
Hydroelectric power production facilities	$9,159,347	$190,784	$5,104,495	$3,864,068
Thermal power production facilities	17,299,182	105,531	13,496,428	3,697,223
Nuclear power production facilities	17,232,465	34,041	13,271,422	3,927,002
Internal combustion engine power production facilities	116,398		87,107	29,291
Transmission facilities	23,352,713	1,567,655	9,852,750	11,932,308
Transformation facilities	11,650,505	298,514	6,687,715	4,664,276
Distribution facilities	16,801,306	239,220	8,102,664	8,459,422
Incidental business facilities	4,024,000	303,805	2,337,966	1,382,229
General facilities	178,994	14,236	88,503	76,255
Other facilities	177,653	42,237	12,579	122,837
Sub-total	99,992,563	2,796,023	59,041,629	38,154,911
Construction in progress	5,769,186			5,769,186
Total	$105,761,749	$2,796,023	$59,041,629	$43,924,097

	Millions of Yen			
	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
As of March 31, 2001				
Hydroelectric power production facilities	¥1,214,605	¥25,483	¥649,522	¥539,600
Thermal power production facilities	2,494,456	14,072	1,907,118	573,266
Nuclear power production facilities	2,266,041	4,536	1,707,347	554,158
Internal combustion engine power production facilities	15,530		11,001	4,529
Transmission facilities	2,939,108	201,728	1,223,601	1,513,779
Transformation facilities	1,520,865	39,203	845,983	635,679
Distribution facilities	2,156,752	30,573	1,020,753	1,105,426
Incidental business facilities	21,488	1,741	10,690	9,057
General facilities	524,451	41,147	293,373	189,931
Other facilities	9,100	5,135	420	3,545
Sub-total	13,162,396	363,618	7,669,808	5,128,970
Construction in progress	861,056			861,056
Total	¥14,023,452	¥363,618	¥7,669,808	¥5,990,026

4. INVESTMENT SECURITIES

As certain consolidated information related to investment securities at March 31, 2002 and 2001 is presented in the notes to consolidated financial statements of the Company and its subsidiaries, such non-consolidated information at March 31, 2002 and 2001 is not presented herein.

The carrying amounts and aggregate fair values of investments in subsidiaries and associated companies whose market values are available at March 31, 2002 and 2001 are as follows:

	Millions of Yen			Thousands of U.S. Dollars		
As of March 31, 2002	Carrying Amount	Market Value	Unrealized Gain	Carrying Amount	Market Value	Unrealized Gain
Subsidiaries	¥588	¥962	¥374	$4,413	$7,220	$2,807
Associated companies	11,955	46,409	34,454	89,719	348,285	258,566
Total	¥12,543	¥47,371	¥34,828	$94,132	$355,505	$261,373

	Millions of Yen		
As of March 31, 2002	Carrying Amount	Market Value	Unrealized Gain
Subsidiaries	¥537	¥1,297	¥760
Associated companies	11,955	55,210	43,255
Total	¥12,492	¥56,507	¥44,015

5. LONG-TERM DEBT

Long-term debt at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
General mortgage bonds:			
0.43% to 6.9%, due serially through 2018	**¥1,606,278**	¥1,640,088	**$12,054,619**
7.25%, due 2006 (payable in U.S. dollars)	**54,450**	54,450	**408,630**
6.625% and 7.0%, due through 2006 (payable in French francs)	**110,266**	110,266	**827,512**
5.75%, due 2007 (payable in Netherlands guilder)	**62,294**	62,294	**467,497**
General mortgage convertible bonds:			
2.0%, due 2002		92,229	
1.4%, due 2005	**178,637**	178,637	**1,340,615**
1.2% to 6.9% secured loans from the Development Bank of Japan maturing serially through 2023	**509,312**	557,589	**3,822,229**
0.4157% to 7.7% unsecured loans from banks and insurance companies maturing serially through 2036	**1,475,868**	1,472,426	**11,075,932**
Other	**24,431**	32,274	**183,348**
Total	**4,021,536**	4,200,253	**30,180,382**
Current maturities	**319,474**	404,789	**2,397,553**
Long-term debt, less current maturities	**¥3,702,062**	¥3,795,464	**$27,782,829**

Annual maturities of long-term debt at March 31, 2002 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2003	¥319,474	$2,397,553
2004	354,891	2,663,347
2005	600,110	4,503,640
2006	287,054	2,154,251
2007 and thereafter	2,460,007	18,461,591
Total	¥4,021,536	$30,180,382

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 1.4% bonds are currently redeemable. The convertible bonds outstanding at March 31, 2002 were convertible into 37,162 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
1.4% bonds	¥4,807	$36.08

6. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Short-term loans principally from banks (principally bank overdrafts), weighted average interest rate of 0.307% and 0.683% at March 31, 2002 and 2001	**¥280,013**	¥397,341	**$2,101,411**
Commercial paper, weighted average interest rate of 0.007% at March 31, 2002	**50,000**		**375,235**
Total	**¥330,013**	¥397,341	**$2,476,646**

7. SHAREHOLDERS' EQUITY

The Company is subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code required at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to additional paid-in capital. Effective October 1, 2001, the Code was revised and common stock par values were eliminated resulting in all shares being recorded with no par value.

Prior to October 1, 2001, the Code also provided that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 25% of stated capital. Effective October 1, 2001, the revised Code allows for such appropriations to be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 25% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 25% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. 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. Prior to October 1, 2001, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split could not be less than ¥500. The revised Code eliminated this restriction.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the Code eliminated these restrictions allowing the Company to repurchase treasury stock by a resolution of the shareholders at the general shareholders' meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of stated capital, additional paid-in capital or legal reserve to be reduced, in the case where such reduction was resolved at the general shareholders' meeting.

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

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

8. 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 36.2% for the years ended March 31, 2002 and 2001.

The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2002 and 2001 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Deferred Tax Assets:			
Liability for retirement benefits	**¥65,156**	¥66,381	**$488,976**
Reserve for reprocessing of irradiated nuclear fuel	**41,878**	41,878	**314,281**
Reserve for decommissioning of nuclear power units	**29,303**	29,303	**219,910**
Deferred charges	**19,161**	19,515	**143,797**
Other	**27,693**	17,597	**207,828**
Deferred tax assets	**183,191**	174,674	**1,374,792**
Deferred Tax Liabilities:			
Net unrealized gain on available-for-sale securities	**27,339**	57,434	**205,171**
Contingent reserve for overseas investment	**18**	24	**135**
Deferred tax liabilities	**27,357**	57,458	**205,306**
Net deferred tax assets	**¥155,834**	¥117,216	**$1,169,486**

9. LEASES

Lessor

Finance Leases

Revenues under finance leases were ¥26 million ($195 thousand) for the year ended March 31, 2002.

Certain pro forma information of leased property as acquisition cost, accumulated depreciation and future lease revenue under finance leases for the year ended March 31, 2002 was as follows:

	Other Facilities	
	Millions of Yen	Thousands of U.S. Dollars
Acquisition cost	¥585	$4,390
Accumulated depreciation	52	390
Net leased property	¥533	$4,000

	Other Facilities	
	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥150	$1,126
Due after one year	1,003	7,527
Total	¥1,153	$8,653

Future lease revenue under finance leases includes the imputed interest revenue.

Depreciation expense relating to the leased assets arrangements mentioned above was ¥287 million ($2,154 thousand) for the year ended March 31, 2002.

Lessee

Finance Leases

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

Total lease payments under finance leases were ¥7,947 million ($59,640 thousand) and ¥8,909 million for the years ended March 31, 2002 and 2001, 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, 2002 and 2001 consisted of the following:

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2002					
Acquisition cost	¥8,393	¥7,191	¥24,834	¥6,051	¥46,469
Accumulated depreciation	2,808	4,738	12,992	3,899	24,437
Net leased property	¥5,585	¥2,453	¥11,842	¥2,152	¥22,032

	Thousands of U.S. Dollars				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2002					
Acquisition cost	$62,987	$53,966	$186,371	$45,411	$348,735
Accumulated depreciation	21,073	35,557	97,501	29,261	183,392
Net leased property	$41,914	$18,409	$88,870	$16,150	$165,343

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2001					
Acquisition cost	¥5,368	¥7,278	¥27,723	¥6,557	¥46,926
Accumulated depreciation	2,373	4,344	13,628	4,004	24,349
Net leased property	¥2,995	¥2,934	¥14,095	¥2,553	¥22,577

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Due within one year	**¥5,853**	¥7,333	**$43,925**
Due after one year	**16,179**	15,244	**121,418**
Total	**¥22,032**	¥22,577	**$165,343**

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Depreciation expense	**¥7,947**	¥8,909	**$59,640**

Depreciation expense, which is not reflected in the accompanying non-consolidated statements of income, was computed by the straight-line method over the respective lease periods.

The amount of leased assets and obligations under finance leases includes the imputed interest expense portion.

Operating Leases

Obligations under non-cancelable operating leases at March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Due within one year	**¥78**	¥67	**$585**
Due after one year	**71**	126	**533**
Total	**¥149**	¥193	**$1,118**

10. COMMITMENTS AND CONTINGENCIES

At March 31, 2002, the Company had firm purchase commitments, principally related to utility plant expansion, of approximately ¥220,337 million ($1,653,561 thousand). Additionally, the Company has entered into several fuel supply contracts which involve substantial commitments.

At March 31, 2002, the Company had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited	¥218,031	$1,636,255
Other	40,565	304,428
Total	¥258,596	$1,940,683
A guarantee of equity contribution to KPIC Singapore Pte Ltd	¥319	$2,394
A guarantee about power supply for KPIC Singapore Pte Ltd	¥594	$4,458
Contingency relating to debt assumption agreement	¥235,492	$1,767,295

11. SUBSEQUENT EVENT

On June 27, 2002, the shareholders of the Company (1) approved payment of a cash dividend of ¥25 ($0.19) per share to holders of record as of March 31, 2002 or a total of ¥24,067 million ($180,615 thousand), and bonuses to directors and corporate auditors of ¥145 million ($1,088 thousand) and (2) authorized the Company to repurchase up to 16,000,000 shares of the Company's common stock (aggregate amount of ¥30,000 million).

Deloitte
Touche
Tohmatsu

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, 2002 and 2001, and the related non-consolidated statements of income and shareholders' equity for the years then ended, all expressed in Japanese yen. 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, 2002 and 2001, and the results of its operations for the years then ended, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As discussed in Note 2, effective April 1, 2000, the non-consolidated financial statements have been prepared in accordance with new accounting standards for employees' retirement benefits and financial instruments.

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 27, 2002