

Financial Section

Contents

Financial Results and Analysis (Consolidated)	24
Consolidated Balance Sheets	26
Consolidated Statements of Income	28
Consolidated Statements of Shareholders' Equity.	29
Consolidated Statements of Cash Flows	30
Notes to Consolidated Financial Statements	32
Independent Auditors' Report	47
Financial Results and Analysis (Non-Consolidated)	48
Non-Consolidated Balance Sheets.	50
Non-Consolidated Statements of Income.	52
Non-Consolidated Statements of Shareholders' Equity	53
Notes to Non-Consolidated Financial Statements	54
Independent Auditors' Report	64
Five-Year Summary of Selected Operational Data	65

Financial Results and Analysis (Consolidated)

Overview

Income

Operating revenues from the Company’s electricity operations in fiscal 2001 – the year from April 1, 2000 through March 31, 2001 – totaled ¥2,575,178 million, up ¥62,456 million from the previous term. Revenues were negatively impacted by an average 4.2% rate cut implemented effective October 1, 2000, the result of companywide efforts to enhance our operating efficiency. This impact was outweighed, however, by a year-on-year increase in total power sales and by expanded lighting and power sales enabled by upward adjustments to electricity rates in line with the Fuel-Cost Adjustment System*. Operating revenues generated by other operations totaled ¥75,669 million, down ¥2,902 million from the level of fiscal 2000. The decline was largely attributable to decreasing sales recorded by consolidated subsidiaries beset by a severe operating environment.

* 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 ¥2,237,375 million, up a modest ¥44,362 million from fiscal 2000. Increased costs of fuel for steam power generation, stemming from higher fuel prices, and expanded outlays linked to power purchasing were offset by a number of factors. These included reductions in maintenance, depreciation and other operating costs achieved through efficiency enhancement initiatives affecting all areas of

management. Operating expenses in other business areas totaled ¥69,887 million, representing a reduction of ¥14,918 million from the preceding term. As a result, the Company’s operating income in fiscal 2001 reached ¥340,682 million, up ¥30,108 million year-on-year.

Other (income) expenses recorded during the term totaled ¥171,334 million, down ¥54,034 million from fiscal 2000. Losses incurred on equity-based investments, mostly related to affiliated companies, reached ¥9,884 million, constituting a ¥14,538 million reversal from the ¥4,654 million in corresponding income that had been booked the previous term. This increase was offset, however, by the elimination of the ¥105,354 million the Company had booked in fiscal 2000 to the reserve against severance payment obligations in tandem with changes in related accounting methods; that move had been taken in order to make the Company’s financial position sounder.

As a result of the foregoing, income before income taxes, after reversal of reserve for fluctuations in water level, totaled ¥171,847 million, up ¥84,537 million from fiscal 2000. Net income, after deducting ¥49,191 million in corporate and other taxes, reached ¥122,791 million, marking a ¥70,491 million increase year-on-year.

Assets, Liabilities and Shareholders’ Equity

The Company’s total assets as of end-March 2001 reached ¥7,550,821 million, up ¥49,887 million over the previous fiscal year-end. Fixed assets, after subtracting ¥425,217 million in depreciation costs, decreased ¥38,357 million year-on-year. The trimming of fixed assets was made possible by curbing capital

expenditures, through improved investment efficiency, to ¥489,527 million, down ¥139,401 million from fiscal 2000; investments were concentrated into power generation and distribution facilities designed to ensure a stable power supply on a long-term basis. Assets in the form of investment securities increased ¥167,810 million. The increase derived from the adoption of a new accounting standard for financial instruments instituted this term against all securities whose fair value is readily determinable, with the exception of stocks of subsidiaries and affiliated companies (equity-accounted affiliates excepted). Deferred tax assets, encompassing fixed and current assets, decreased by ¥56,039 million year-on-year, largely due to the booking of ¥59,284 million in deferred tax liabilities in the form of tax effect stemming from unrealized gain arising from the application of the new accounting standard for financial instruments.

Liabilities decreased ¥120,041 million during the term, to ¥5,978,563 million. Interest-bearing liabilities on a consolidated basis were trimmed by ¥137,067 million. This was attained by holding capital expenditures relating to electricity operations within the scope of funds in hand, so as to fortify the Company’s financial structure.

Total shareholders’ equity increased ¥170,059 million year-on-year. This was primarily attributable to: 1) the booking of ¥108,485 million in unrealized gains (after deducting corresponding tax effect) directly to net unrealized gain on available-for-sale securities, in tandem with the application of the new accounting standard for financial instruments; 2) a ¥61,575 million increase in consolidated retained earnings, largely due to the increase in consolidated net income by ¥70,491 million year-on-year. As a result, the shareholders’

equity ratio rose 2.1 points this term, to 20.8%.

Cash Flow

Cash flow generated by operating activities totaled ¥692,404 million, an increase of ¥66,340 million from fiscal 2000. Two factors mainly contributed: 1) increased lighting and power revenues, despite electricity rate reductions implemented during the term, achieved through an increase in overall power sales volume; 2) trimming of maintenance costs and other operating expenses involving cash payments, enabled by enhanced efficiency. Cash flow linked to investing activities reached a relatively modest ¥498,209 million in outlays, down ¥111,558 million from the preceding term. The reduction was chiefly ascribable to enhanced efficiency exercised in capital expenditures. As a result, cash flow stemming from financing activities reached ¥194,708 million, up ¥189,165 million over the level of fiscal 2000. Generated cash flow was mainly allocated to reducing the Company’s interest-bearing liabilities, in order to reinforce its financial structure.

In addition to the foregoing, the balance of cash and cash equivalents as of the end of the fiscal term stood at ¥87,767 million, constituting a gain of ¥4,553 million over the year-earlier level. The increase was partially attributable to mergers and to new consolidated companies added during the term.

Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2001 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS (Note 7)	2001	2000	2001
PROPERTY:			
Utility plant and equipment	¥12,988,206	¥12,562,541	\$104,828,136
Other plant and equipment.	370,441	316,925	2,989,838
Construction in progress.	858,696	1,008,786	6,930,557
Contributions in aid of construction	(367,251)	(361,478)	(2,964,092)
Accumulated depreciation.	(7,760,416)	(7,401,135)	(62,634,512)
Plant and equipment - net (Notes 4 and 7)	6,089,676	6,125,639	49,149,927
Nuclear fuel, net of amortization.	495,396	497,790	3,998,354
Property - net	6,585,072	6,623,429	53,148,281
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 5).	260,064	92,221	2,098,983
Investments in and advances to unconsolidated subsidiaries and associated companies	188,928	217,973	1,524,843
Deferred tax assets (Note 11)	135,594	194,378	1,094,383
Other assets	37,917	50,713	306,028
Total investments and other assets	622,503	555,285	5,024,237
CURRENT ASSETS:			
Cash and time deposits	47,399	69,890	382,559
Accounts receivable.	172,032	150,454	1,388,475
Allowance for doubtful accounts.	(2,317)	(2,166)	(18,701)
Inventories	56,944	52,910	459,596
Other current assets	69,188	51,132	558,418
Total current assets	343,246	322,220	2,770,347
TOTAL	¥7,550,821	¥7,500,934	\$60,942,865

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY	2001	2000	2001
LONG-TERM DEBT, LESS CURRENT MATURITIES (Note 7)	¥3,849,320	¥3,987,734	\$31,067,958
LIABILITY FOR RETIREMENT BENEFITS (Notes 3 and 8)	279,958	303,50	2,259,548
RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL	412,200	372,156	3,326,877
RESERVE FOR DECOMMISSIONING OF NUCLEAR POWER UNITS	203,831	179,995	1,645,125
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 7)	407,807	385,057	3,291,421
Short-term borrowings (Note 9)	403,441	428,180	3,256,182
Accounts payable (Note 7)	154,304	163,332	1,245,391
Payable to unconsolidated subsidiaries and associated companies	41,753	45,340	336,990
Accrued income taxes	12,693	42,180	102,446
Accrued expenses and other current liabilities.	206,648	182,021	1,667,861
Total current liabilities	1,226,646	1,246,110	9,900,291
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	6,608	9,108	53,333
MINORITY INTERESTS	2,668	2,796	21,533
COMMITMENTS AND CONTINGENCIES (Notes 14 and 15)			
SHAREHOLDERS' EQUITY (Notes 7, 10 and 16):			
Common stock - authorized, 1,800,000,000 shares with par value of ¥500 per share	489,320	489,320	3,949,314
Additional paid-in capital	65,463	65,463	528,354
Retained earnings	906,339	844,764	7,315,085
Net unrealized gain on available-for-sale securities	108,485		875,585
Treasury stock.	(17)	(16)	(138)
Total shareholders' equity	1,569,590	1,399,531	12,668,200
TOTAL	¥7,550,821	¥7,500,934	\$60,942,865

See notes to consolidated financial statements.

Consolidated Statements of Income

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2001 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
OPERATING REVENUES:			
Electric	¥2,575,178	¥2,512,721	\$20,784,326
Other	72,766	75,669	587,296
Total	2,647,944	2,588,390	21,371,622
OPERATING EXPENSES:			
Electric	2,237,375	2,193,012	18,057,910
Other	69,887	84,805	564,059
Total	2,307,262	2,277,817	18,621,969
OPERATING INCOME	340,682	310,573	2,749,653
OTHER (INCOME) EXPENSES:			
Interest expense	148,909	148,459	1,201,848
Exchange loss (gain)	25	(582)	202
Equity in losses (earnings) of associated companies	9,884	(4,654)	79,774
Gain on sales of securities		(24,491)	
Cumulative effect of the change in the accounting for liability for severance payments		105,354	
Other - net	12,516	1,282	101,017
Total	171,334	225,368	1,382,841
INCOME BEFORE REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS.	169,348	85,205	1,366,812
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL . . .	2,499	2,105	20,169
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	171,847	87,310	1,386,981
INCOME TAXES (Note 11)			
Current	50,672	78,687	408,975
Deferred	(1,481)	(43,544)	(11,953)
Total	49,191	35,143	397,022
MINORITY INTERESTS IN NET INCOME	(135)	(133)	(1,090)
NET INCOME	¥122,791	¥52,300	\$991,049
	Yen		U.S. Dollars
	2001	2000	2001
PER SHARE OF COMMON STOCK:			
Net income	¥125.47	¥53.44	\$1.01
Fully diluted net income	121.02	53.10	0.98
Cash dividends applicable to the year	60.00	50.00	0.48

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2001 and 2000

	Number of Common Shares Issued	Millions of Yen				
		Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Gain on Available- for-Sale Securities	Treasury Stock
BALANCE, APRIL 1, 1999	978,639,031	¥489,320	¥65,463	¥708,934		¥(22)
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)		
Net decrease in treasury stock						6
BALANCE, MARCH 31, 2000.	978,639,031	489,320	65,463	844,764		(16)
Adjustment of retained earnings for a newly consolidated subsidiary				2,526		
Adjustment of retained earnings for merger of an unconsolidated subsidiary				1,830		
Adjustment of retained earnings for decrease of associated companies adopted by the equity method				(16,237)		
Net income				122,791		
Cash dividends, ¥50 per share				(48,931)		
Bonuses to directors and corporate auditors . . .				(404)		
Net decrease in treasury stock						(1)
Net unrealized gain on available-for-sale securities (including the effect of initially adopting the new accounting standard accounting standard at April 1, 2000)					¥108,485	
BALANCE, MARCH 31, 2001.	978,639,031	¥489,320	¥65,463	¥906,339	¥108,485	¥(17)
		Thousands of U.S. Dollars (Note 1)				
		Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Gain on Available- for-Sale Securities	Treasury Stock
BALANCE, MARCH 31, 2000.		\$3,949,314	\$528,354	\$6,818,111		\$(129)
Adjustment of retained earnings for a newly consolidated subsidiary				20,388		
Adjustment of retained earnings for merger of an unconsolidated subsidiary				14,770		
Adjustment of retained earnings for decrease of associated companies adopted by the equity method .				(131,049)		
Net income				991,049		
Cash dividends, \$0.40 per share				(394,923)		
Bonuses to directors and corporate auditors . . .				(3,261)		
Net increase in treasury stock						(9)
Net unrealized gain on available-for-sale securities (including the effect of initially adopting the new accounting standard at April 1, 2000)					\$875,585	
BALANCE, MARCH 31, 2001.		\$3,949,314	\$528,354	\$7,315,085	\$875,585	\$(138)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Year Ended March 31, 2001 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
OPERATING ACTIVITIES:			
Income before income taxes and minority interests.	¥171,847	¥87,310	\$1,386,981
Adjustments for:			
Income taxes-paid.	(77,985)	(77,970)	(629,419)
Depreciation and amortization	425,217	432,611	3,431,937
Amortization of nuclear fuel	54,425	59,580	439,266
Loss on disposal of property, plant and equipment.	11,988	9,818	96,755
Nuclear fuel transferred to reprocessing costs	20,808	44,595	167,942
Increase (decrease) in liability for retirement benefits	(27,787)	115,216	(224,270)
Provision for reprocessing of irradiated nuclear fuel	40,043	20,951	323,188
Provision for decommissioning of nuclear fuel units	23,836	10,395	192,381
Reversal of reserve for fluctuations in water level	(2,499)	(2,105)	(20,169)
Changes in assets and liabilities, net of effects from consolidating previously unconsolidated subsidiaries and merger:			
Increase in trade receivables.	(6,364)	(5,568)	(51,364)
Decrease in interest and dividends receivable.	457	631	3,688
Increase (decrease) in trade payables	3,407	(5,927)	27,498
Decrease in interest payable	(1,958)	(304)	(15,803)
Other - net	56,969	(63,171)	459,799
Total adjustments	520,557	538,752	4,201,429
Net cash provided by operating activities	692,404	626,062	5,588,410
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment.	(508,015)	(642,485)	(4,100,202)
Payments for investments and advances	(18,978)	(8,390)	(153,172)
Proceeds from collections of investments and advances	11,847	32,973	95,618
Other – net	16,937	8,135	(609,767)
Net cash used in investing activities	¥(498,209)	¥(609,767)	\$(4,021,057)

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds.	¥149,356	¥348,525	\$1,205,456
Proceeds from long-term debt (exclusive of bonds).	284,897	157,306	2,299,411
Proceeds from short-term borrowings.	861,414	860,566	6,952,494
Proceeds from issuance of commercial paper	327,000	223,000	2,639,225
Redemption of bonds	(229,483)	(229,850)	(1,852,163)
Repayments of long-term debt (exclusive of bonds)	(323,407)	(184,372)	(2,610,226)
Repayments of short-term borrowings	(888,516)	(908,726)	(7,171,235)
Repayments of commercial paper	(327,000)	(223,000)	(2,639,225)
Dividends paid	(48,944)	(48,954)	(395,028)
Other – net	(25)	(38)	(202)
Net cash provided by financing activities	(194,708)	(5,543)	(1,571,493)
NET CASH PROVIDED BY (USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES	(513)	10,752	(4,140)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2		16
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	120	5,526	969
CASH AND CASH EQUIVALENTS INCREASED BY MERGER	4,944		39,903
NET INCREASE IN CASH AND EQUIVALENTS	4,553	16,278	36,748
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	83,214	66,936	671,622
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 6)	¥87,767	¥83,214	\$708,370

NON CASH INVESTING AND FINANCING ACTIVITIES:

Assets and liabilities increased by consolidation of subsidiaries previously unconsolidated:			
Assets.	¥13,431	¥36,227	\$108,402
Liabilities	10,843	50,581	87,514
Assets acquired and liabilities assumed in merger:			
Assets acquired	11,604		93,656
Liabilities assumed	9,062		73,140

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2001 and 2000

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.

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 ¥123.90 to \$1, the approximate rate of exchange at March 31, 2001. 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 2000 financial statements to conform to the classifications used in 2001.

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, 2001 and 2000 include the accounts of the Company and its significant nine subsidiaries. Investments in one associated company (two in 2000) are accounted for by the equity method. Investment in unconsolidated subsidiaries and the remaining associated companies are stated at cost, and had the equity method been applied to the investments in these companies, there would have been an immaterial effect on the accompanying consolidated financial statements.

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 over whose operations the Company, directly or indirectly, is able to exercise control are fully consolidated, and those companies over which the Companies has an ability to exercise significant influence are accounted for by the equity method.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

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

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

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel at March 31, 2001 and 2000 was ¥128,261 million (\$1,035,198 thousand) and ¥141,421 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. Investment Securities - Through the year ended March 31, 2000, 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.

Effective April 1, 2000, the Companies adopted a new accounting standard for financial instruments. The Companies’ securities are classified and accounted for as follows: i) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are reported at amortized cost, ii) available-for-sale securities whose fair value is not readily determinable are reported at cost, and iii) available-for-sale securities whose fair value is readily determinable are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in 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 Companies’ consolidated financial statements.

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 - Through the year ended March 31, 2000, receivables and payables of the Company denominated in foreign currencies were translated into Japanese yen at exchange rates prevailing on the dates when they were acquired or incurred. However, in the case where there was significant fluctuation of currencies with possible exchange losses, receivables or payables denominated in foreign currencies were translated at the current exchange rates as of each balance sheet date. Receivables and payables hedged by forward exchange contracts were 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 were recognized as income or expense over the lives of the related contracts. Other exchange gains and losses were 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 March 31, 2000, there would have been no material effect on the Companies’ financial position or results of operations for the year ended March 31, 2000.

Effective April 1, 2000, the Companies adopted a revised accounting standard for foreign currency transactions. In accordance with the revised standard, all receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by the forward contracts. The adoption of the revised accounting standard for foreign currency transactions did not have a material effect on the Companies’ consolidated financial statements.

h. Retirement 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. Most of the consolidated subsidiaries provided for the liability at 100% of such amount. Effective for the year ended March 31, 2000, however, the Company changed its accounting for employees’ severance payments to an accrued benefit valuation method (see Note 3).

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

Effective April 1, 2000, the Companies adopted a new accounting standard for employees’ retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Prior service cost is being amortized by the straight-line method over a period of principally 3 years. Actuarial gains or losses will be recognized by the straight-line method over a period of principally 3 years.

The full amount of the transitional obligation of ¥12,406 million (\$100,129 thousand), determined as of the beginning of year, is charged to income and presented as operating expense in the statement of income. As a result, net periodic benefit costs as compared with the prior method, increased by ¥2,083 million (\$16,812 thousand), and income before income taxes and minority interests decreased by the same amount, 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.

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

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2001 and 2000

- 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 a new accounting standard 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 was included as an adjustment to retained earnings as of April 1, 1999. Such cumulative effect was 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. Derivatives and Hedging Activities -

The Companies use 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 and interest rates. The Companies do not enter into derivatives for trading or speculative purposes.

Effective April 1, 2000, the Companies 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 derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on such derivatives are deferred until maturity of the hedged transactions.

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 effects on the Companies' consolidated financial statements.

- 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 was 978,639,031 shares for 2001 and 2000.

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 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 for the year ended March 31, 2000.

4. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Hydroelectric power production facilities.	¥536,018	¥539,321	\$4,326,215
Thermal power production facilities.	571,221	610,652	4,610,339
Nuclear power production facilities	552,389	593,959	4,458,345
Transmission facilities	1,499,815	1,374,779	12,105,044
Transformation facilities.	630,157	561,318	5,086,013
Distribution facilities	1,066,288	1,072,460	8,606,037
General facilities.	187,121	196,634	1,510,258
Other utility facilities	5,479	10,671	44,221
Other plant and equipment	182,492	157,059	1,472,898
Construction in progress	858,696	1,008,786	6,930,557
Total.	¥6,089,676	¥6,125,639	\$49,149,927

5. INVESTMENT SECURITIES

Information regarding each category of the securities classified as available-for-sale, whose fair value is readily determinable, and held-to-maturity at March 31, 2001 was as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥26,049	¥163,448	¥115	¥189,382
Debt securities	69	3		72
Other	2,866	17		2,883
Held-to-maturity debt securities	6,920	370		7,290
	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$210,242	\$1,319,193	\$928	\$1,528,507
Debt securities	557	24		581
Other	23,132	137		23,269
Held-to-maturity debt securities	55,851	2,987		58,838

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2001 and 2000

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2001 were as follows:

	Carrying Amount	
	Millions of Yen	Thousands of U.S. Dollars
Available-for-sale:		
Equity securities	¥60,995	\$492,292
Other	9,212	74,350
Total.	¥70,207	\$566,642

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2001 are as follows:

6. RECONCILIATION TO CASH AND CASH EQUIVALENTS

A reconciliation of cash and time deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows at March 31, 2001 and 2000, is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Cash and time deposits	¥47,399	¥69,890	\$382,559
Marketable securities	15,367	11,217	124,027
Other short-term investments	25,223	2,950	203,575
Time deposits with original maturities of more than 3 months.	(222)	(843)	(1,791)
Total.	¥87,767	¥83,214	\$708,370

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less . .	¥1,584	\$12,785
Due after one year through five years	1,791	14,455
Due after five years through ten years	3,536	28,539
Due after ten years	180	1,453
Total.	¥7,091	\$57,232

7. LONG-TERM DEBT

Long-term debt at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
General mortgage bonds:			
0.6% to 6.9%, due serially through 2018.	¥1,640,088	¥1,717,171	\$13,237,191
7.25%, due 2006 (payable in U.S. dollars)	54,450	54,450	439,467
6.625% and 7.0%, due through 2006 (payable in French francs)	110,266	110,266	889,960
5.75%, due 2007 (payable in Netherlands guilder)	62,294	62,294	502,776
General mortgage convertible bonds:			
2.0%, due 2002	92,229	94,629	744,383
1.4%, due 2005	178,637	178,637	1,441,784
1.1% to 7.4% secured loans from principally the Development Bank of Japan maturing serially through 2023:			
The Company	557,589	613,777	4,500,315
Subsidiaries	9,322	9,326	75,238
0.7% to 7.97% unsecured loans from banks and insurance companies maturing serially through 2033.	1,508,997	1,485,692	12,179,153
Other	43,255	46,549	349,112
Total.	4,257,127	4,572,791	34,359,379
Less current maturities	407,807	385,057	3,291,421
Long-term debt, less current maturities.	¥3,849,320	¥3,987,734	\$31,067,958

Annual maturities of long-term debt at March 31, 2001 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2002	¥407,807	\$3,291,421
2003	341,391	2,755,375
2004	374,389	3,021,703
2005	617,158	4,981,098
2006	241,367	1,948,079
2007 and thereafter . .	2,275,015	18,361,703
Total.	¥4,257,127	\$34,359,379

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 ¥4,119 million (\$33,245 thousand) and the above secured loans at March 31, 2001, were as follows:

Annual maturities of long-term debt at March 31, 2001 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property and other	¥17,492	\$141,178

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, 2001 were convertible into 59,027 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	\$34.04
1.4% bonds.	4,807	38.80

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2001 and 2000

8. RETIREMENT AND PENSION PLAN

The Company and certain of its consolidated subsidiaries have severance payment plans for employees.

Under most circumstances employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled to severance payments based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee.

Effective April 1, 2000, the Company adopted a new accounting standard for employees' retirement benefits.

The liability for employees' retirement benefits at March 31, 2001 consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
Projected benefit obligation.	¥652,522	\$5,266,521
Fair value of plan assets. .	(378,732)	(3,056,756)
Unrecognized prior service cost.	45,893	370,404
Unrecognized actuarial loss.	(39,725)	(320,621)
Net liability.	¥279,958	\$2,259,548

The components of net periodic benefit costs are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Service cost	¥28,418	\$229,362
Interest cost	19,582	158,047
Expected return on plan assets	(12,276)	(99,080)
Amortization of prior service cost.	(4,172)	(33,672)
Amortization of transitional obligation.	12,406	100,129
Net periodic benefit costs	¥43,958	\$354,786

Principal assumptions used for the year ended March 31, 2001 are set forth as follows:

Discount rate	3.0%
Expected rate of return on plan assets.	3.5%
Allocation method of the retirement benefits expected to be paid at the retirement date	Straight-line method based on years of service
Amortization period of prior service cost	3 years
Recognition period of actuarial gain/loss.	3 years
Amortization period of transitional obligation.	1 year

9. SHORT-TERM BORROWINGS

Short-term borrowings were principally represented by bank overdrafts. The weighted average interest rate on short-term borrowings outstanding were 0.682 % and 0.478% at March 31, 2001 and 2000, respectively.

10. 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. The Company's legal reserve amount, which is included in retained earnings, totals ¥122,330 million (\$987,328 thousand) and ¥121,392 million as of March 31, 2001 and 2000, 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.

11. 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 years ended March 31, 2001 and 2000.

The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2001 and 2000 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Deferred Tax Assets:			
Liability for retirement benefits (Including past service costs of pension plan in 2000)	¥70,519	¥74,876	\$569,161
Reserve for reprocessing of irradiated nuclear fuel	41,878	41,878	337,998
Reserve for decommissioning of nuclear power units	29,304	25,096	236,513
Deferred charges	19,930	21,393	160,856
Tax loss carryforwards of a subsidiary		25,891	
Other	48,185	43,130	388,902
Less valuation allowance	(485)	(25,993)	(3,914)
Deferred tax assets	209,331	206,271	1,689,516
Deferred Tax Liabilities:			
Unrealized gain on available-for-sale securities.	59,284		478,483
Property and equipment.		119	
Special reserve for tax purposes		113	
Other	295	38	2,381
Deferred tax liabilities	59,579	270	480,864
Net deferred tax assets	¥149,752	¥206,001	\$1,208,652

A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2001 and 2000 and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2001	2001
Normal effective statutory tax rate.	36.2%	36.2%
Tax benefits not recognized on operating losses of a subsidiary.		5.4
Loss from investments in subsidiary	(10.4)	
Equity in losses (earnings) of associated companies	2.1	(1.9)
Other - net	0.7	0.6
Actual effective tax rate	28.6%	40.3%

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2001 and 2000

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥29,374 million (\$237,078 thousand) and ¥34,124 million for the years ended March 31, 2001 and 2000, respectively.

13. RELATED PARTY TRANSACTIONS

Transactions and balances of the Company with an associated company for the years ended March 31, 2001 and 2000 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Kinden Co., Ltd.			
Transactions:			
Order for construction works of transmission facilities and distribution facilities	¥80,566	¥89,802	\$650,250
Balances at year ended:			
Payables for construction works	12,922	11,525	104,294

For the year ended March 31, 2000, the Company made a contribution of ¥1,714 million to Kanden Social Welfare Foundation which Mr. Hiroshi Ishikawa, the Company's president and director, also held the post of administrative director then.

14. LEASES

Lessor

Finance Leases

Revenue under finance leases were ¥839 million (\$6,772 thousand) and ¥843 million for the years ended March 31, 2001 and 2000, 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, 2001 and 2000 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Other Facilities	Other Facilities	
	2001	2000	2001
Acquisition cost	¥4,218	¥4,266	\$34,044
Accumulated depreciation.	3,445	3,253	27,805
Net leased property.	¥773	¥1,013	\$6,239

Future lease revenue under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Due within one year	¥625	¥669	\$5,044
Due after one year.	1,025	926	8,273
Total.	¥1,650	¥1,595	\$13,317

Depreciation expenses relating to the leased assets mentioned above were ¥906 million (\$7,312 thousand) and ¥621 million for the year ended March 31, 2001 and 2000.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2001 and 2000

Lessee	Certain pro forma information of leased property such as
Finance Leases	acquisition cost, accumulated depreciation, obligation under finance
Total lease payments under finance leases were ¥6,811 million	lease, depreciation expense of finance leases that deem to transfer
(\$54,972 thousand) and ¥8,693 million for the years ended March	ownership of the leased property to the lessee on an “as ifcapitalized”
31, 2001 and 2000, respectively.	basis for the years ended March 31, 2001 and 2000 was as follows:

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2001					
Acquisition cost	¥1,769	¥5,930	¥18,683	¥15,096	¥41,478
Accumulated depreciation	650	3,851	9,016	8,341	21,858
Net leased property	¥1,119	¥2,079	¥9,667	¥6,755	¥19,620

	Thousands of U.S. Dollars				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2001					
Acquisition cost	\$14,278	\$47,861	\$150,791	\$121,840	\$334,770
Accumulated depreciation	5,246	31,082	72,768	67,320	176,416
Net leased property	\$9,032	\$16,709	\$78,023	\$54,520	\$158,354

	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

Obligations under finance leases:	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Due within one year	¥5,765	¥7,431	\$46,529
Due after one year	13,855	19,379	111,825
Total.	¥19,620	¥26,810	\$158,354

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 ¥6,811 million (\$54,972 thousand) and ¥8,693 million for the years ended March 31, 2001 and 2000.

Operating Leases
Obligations under non-cancelable operating leases at March 31, 2001 and 2000 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Due within one year	¥68	¥2	\$549
Due after one year	126	2	1,017
Total.	¥194	¥4	\$1,566

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2001 and 2000

15. COMMITMENTS AND CONTINGENCIES

At March 31, 2001, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥247,752 million (\$1,999,613 thousand). Additionally, the Companies have entered into several fuel supply contracts which involve substantial commitments.

At March 31, 2001, the Companies 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	¥213,113	\$1,720,040
Other	2,360	19,048
Total	¥215,473	\$1,739,088
A guarantee of equity contribution for other companies:		
KPIC Singapore Pte Ltd	¥574	\$4,633
KPIC North America Corporation.....	1,623	13,099
Total	¥2,197	\$17,732
A guarantee about power supply for KPIC Singapore Pte Ltd.	¥552	\$4,455
Contingency relating to debt assumption agreement.....	¥235,492	\$1,900,662

16. SUBSEQUENT EVENT

On June 28, 2001, the shareholders of the Company approved payment of a cash dividend of ¥35 (\$0.28) per share to holders of record as of March 31, 2001 or a total of ¥34,252 million (\$276,449 thousand), and bonuses to directors and corporate auditors of ¥145 million (\$1,170 thousand).

17. SEGMENT INFORMATION

Information about industry segments of the Company and consolidated subsidiaries for the years ended March 31, 2001 and 2000, is as follows:

a. Sales and Operating Income

	Millions of Yen			
	2001			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
Sales to customers.	¥2,575,178	¥72,766		¥2,647,944
Intersegment sales.	6,273	221,434	¥(227,707)	
Total sales.	2,581,451	294,200	(227,707)	2,647,944
Operating expenses.	2,245,374	290,070	(228,182)	2,307,262
Operating income	¥336,077	¥4,130	¥475	¥340,682
	Thousands of U.S. Dollars			
	2001			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
Sales to customers.	\$20,784,326	\$587,296		\$21,371,622
Intersegment sales.	50,630	1,787,199	\$(1,837,829)	
Total sales.	20,834,956	2,374,495	(1,837,829)	21,371,622
Operating expenses.	18,122,470	2,341,162	(1,841,663)	18,621,969
Operating income	\$2,712,486	\$33,333	\$3,834	\$2,749,653

	Millions of Yen			
	2000			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
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

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen			
	2001			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
Assets	¥7,298,045	¥362,805	¥(110,029)	¥7,550,821
Depreciation	406,299	21,881	(2,963)	425,217
Capital expenditures.	478,097	14,106	(2,676)	489,527

	Thousands of U.S. Dollars			
	2001			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
Assets	\$58,902,704	\$2,928,208	\$(888,047)	\$60,942,865
Depreciation	3,279,249	176,602	(23,914)	3,431,937
Capital expenditures.	3,858,733	113,850	(21,598)	3,950,985

	Millions of Yen			
	2000			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
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

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, 2001 and 2000, the related consolidated statements of income, shareholders' equity, and cash flows 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 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, 2001 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period subsequent to the change, with which we concur, in the accounting for liability for severance payments, as discussed in Note 3.

As discussed in Note 2, the consolidated financial statements have been prepared, effective April 1, 1999, in accordance with new accounting standards for consolidated financial statements and interperiod allocation of income taxes and effective April 1, 2000, in accordance with new accounting standards for employees' retirement benefits and financial instruments and a revised accounting standard for foreign currency transactions.

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.


Osaka, Japan
June 28, 2001

Financial Results and Analysis (Non-Consolidated)

Overview

In fiscal 2001 – the period from April 1, 2000 through March 31, 2001 – the Japanese economy as a whole exhibited gradual improvement through most of the term, and incipient recovery emerged driven primarily by capital investments by the corporate sector. Toward the end of the period the economy stalled, but in reflection of the overall upturn Kansai EP’s demand from the industrial sector expanded year-on-year, as did demand from the private sector, fueled by a warmer summer that boosted demand for air-conditioning. As a result, the Company’s total power sales in fiscal 2001 increased 1.7% from the preceding term, to 142.85 billion kWh.

Operating revenues increased ¥64,248 million year-on-year, to ¥2,581,451 million. The expansion was chiefly ascribable to a ¥60,592 million increase in lighting and power revenues. Effective October 1, 2000, the Company implemented rate reductions averaging 4.2%, made possible by companywide efforts to enhance operating efficiency, and while the rate cutbacks had an impact, overall revenues grew on the back of the expansion in total power sales and upward adjustments to electricity rates in line with the Fuel-Cost Adjustment System (see page 24).

Operating costs increased a modest ¥43,390 million year-on-year, to ¥2,245,374 million. On the one hand fuel costs expanded by ¥31,404 million, primarily owing to higher fuel prices, and power purchasing costs increased by ¥44,924 million as purchasing volume grew. On the other hand, maintenance, depreciation and other operating costs declined as a result of vigorous efficiency enhancement initiatives in all areas of management*, and personnel expenses were lowered

by dint of the elimination of the preceding term’s booking of past service liability in tandem with reduction in the actuarial assumed rate of interest on qualified pensions, a move targeted at an early writeoff of future liabilities. At the operating level, the Company thereby finished fiscal 2001 with ¥336,077 million in profit, up ¥20,858 million year-on-year.

* Related initiatives implemented during fiscal 2001 enabled a total operating cost savings of ¥55.0 billion. In addition to maintenance/repair and similar costs, the cost trimming also derived from deductions against increased interest payments as well as increased fuel costs arising from a decline in the nuclear power utilization rate.

Other (income) expenses incurred during the term totaled ¥189,473 million, down ¥60,799 million from fiscal 2000. Interest payments increased a modest ¥862 million, even as the balance of interest-bearing debt was reduced by boosting the volume of early repayments of interest-bearing liabilities carrying high interest rates, in order to strengthen the Company’s financial structure going forward. Also, loss on investment in and advance to subsidiaries, etc., which are booked as other expenses, increased ¥10,627 million year-on-year. These collective increases were heavily outweighed, however, by the elimination of the ¥104,158 million booked in fiscal 2000 to cover the shortfall against the Company’s retirement allowance obligations in line with changes in related accounting methods, a move targeted at further making its financial position sounder.

In the end, the Company finished fiscal 2001 with pretax profit, after reversal of reserve for fluctuations in water level, of ¥149,103 million, up ¥82,051 million from the previous term. Net income, after ¥53,611 million in corporate and other taxes, totaled ¥95,492 million, an increase of ¥51,842 million year-on-year.

Assets, Liabilities and Shareholders’ Equity

At the end of fiscal 2001, the Company’s total assets stood at ¥7,212,514 million, constituting an increase of ¥45,667 million from the year-earlier level. Fixed assets were reduced by ¥64,858 million, after deductions including ¥427,827 million against depreciation costs, ¥54,137 million against amortization of nuclear fuel, and ¥20,808 million against costs allocated to reprocessing of irradiated nuclear fuel. Capital expenditures were held to ¥479,017 million, down ¥133,274 million from fiscal 2000, achieved through more efficient investing focused on power generation and distribution facilities to enable a stable power supply over the long term. Deferred tax assets, encompassing fixed and current assets, declined ¥64,478 million. Assets in the form of investment securities expanded, however, by ¥159,928 million; the increase owed to the introduction of a new accounting standard for financial insruments effective from fiscal 2001, against all securities whose fair value is readily determinable (other than stocks of subsidiaries and affiliated companies).

The Company’s total liabilities at term’s end reached ¥5,869,610 million, down ¥102,190 million from the year-earlier level. Interest-bearing liabilities were trimmed by ¥109,934 million during the year, through holding capital expenditures within the scope of funds in hand, so as to strengthen the Company’s financial structure.

Total shareholders’ equity increased ¥147,858 million, to ¥1,342,904 million. Retained earnings expanded by ¥45,478 million year-on-year, largely for two reasons. First, ¥101,442 million, after deduction of corresponding tax effect, was booked as securities

unrealized gains in tandem with the application of the new accounting standard of financial instruments from fiscal 2001. Second, net income increased ¥51,841 million over the level of the previous term. The shareholders’ equity ratio accordingly rose to 18.6%, up 1.9 percentage point year-on-year.

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 persistently 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 2001 the Company carried out ordinary dividend allotments totaling ¥50 per share, the same level as the preceding term. Additionally, the Company issued a special dividend of ¥10 per share as a reward to its shareholders on the occasion of its 50th Anniversary, celebrated on May 1, 2001.

Non-Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2001 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS (Note 6)	2001	2000	2001
PROPERTY:			
Plant and equipment	¥13,162,396	¥12,725,108	\$106,234,027
Construction in progress	861,056	1,013,367	6,949,605
Contributions in aid of construction	(363,618)	(357,845)	(2,934,770)
Accumulated depreciation.	(7,669,808)	(7,328,140)	(61,903,212)
Plant and equipment - net (Note 4).	5,990,026	6,052,490	48,345,650
Nuclear fuel, net of amortization.	495,396	497,790	3,998,353
Property - net	6,485,422	6,550,280	52,344,003
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 5).	245,181	85,253	1,978,862
Investments in and advances to subsidiaries and associated companies (Note 5).	97,467	76,210	786,659
Long-term loans receivable	17,171	22,672	138,588
Deferred tax assets (Note 9)	104,957	167,802	847,111
Other assets	16,225	19,990	130,951
Total investments and other assets	481,001	371,927	3,882,171
CURRENT ASSETS:			
Cash and time deposits	40,528	45,166	327,103
Accounts receivable.	131,448	122,382	1,060,920
Allowance for doubtful accounts.	(1,901)	(12,923)	(15,343)
Fuel, materials and supplies	52,501	49,867	423,737
Deferred tax assets (Note 9)	12,259	13,892	98,943
Other current assets	11,256	26,256	90,847
Total current assets	246,091	244,640	1,986,207
TOTAL	¥7,212,514	¥7,166,847	\$58,212,381

See notes to non-consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY	2001	2000	2001
LONG-TERM DEBT, LESS CURRENT MATURITIES (Note 6)	¥3,795,464	¥3,925,740	\$30,633,285
LIABILITY FOR RETIREMENT BENEFITS (Note 3)	266,936	290,686	2,154,447
RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL . . .	412,200	372,156	3,326,877
RESERVE FOR DECOMMISSIONING OF NUCLEAR POWER UNITS . . .	203,831	179,995	1,645,125
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 6)	404,789	369,454	3,267,062
Short-term borrowings (Note 7)	397,341	418,700	3,206,949
Accounts payable	120,214	130,906	970,250
Payable to subsidiaries and associated companies	74,165	76,085	598,588
Accrued income taxes	9,748	38,556	78,676
Reserve for restoration costs of natural disasters	17	75	137
Accrued expenses and other current liabilities.	178,297	160,340	1,439,040
Total current liabilities	1,184,571	1,194,116	9,560,702
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	6,608	9,108	53,333
COMMITMENTS AND CONTINGENCIES (Notes 10 and 11)			
SHAREHOLDERS' EQUITY (Notes 6, 8 and 12):			
Common stock - authorized, 1,800,000,000 shares with par value of ¥500 per share.	489,320	489,320	3,949,314
Additional paid-in capital	65,463	65,463	528,354
Legal reserve	122,330	121,392	987,328
Retained earnings	564,349	518,871	4,554,875
Net unrealized gain on available-for-sale securities	101,442		818,741
Total shareholders' equity	1,342,904	1,195,046	10,838,612
TOTAL	¥7,212,514	¥7,166,847	\$58,212,381

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, 2001 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
OPERATING REVENUES:			
Residential	¥1,010,946	¥988,026	\$8,159,370
Commercial and industrial	1,515,267	1,477,595	12,229,758
Other	55,238	51,582	445,828
Total	2,581,451	2,517,203	20,834,956
OPERATING EXPENSES:			
Personnel expenses	294,123	336,067	2,373,874
Fuel	269,559	238,155	2,175,617
Purchased power.	369,659	324,734	2,983,527
Maintenance	277,896	311,306	2,242,906
Depreciation	406,292	415,692	3,279,193
Taxes other than income taxes	170,703	170,505	1,377,748
Other	457,142	405,525	3,689,605
Total	2,245,374	2,201,984	18,122,470
OPERATING INCOME	336,077	315,219	2,712,486
OTHER (INCOME) EXPENSES:			
Interest expense	147,652	146,790	1,191,703
Exchange loss (gain)	25	(582)	202
Gain on sales of investment securities		(24,455)	
Cumulative effect of the change in accounting for liability for severance payments		104,158	
Loss on investment in and advance to subsidiaries	34,126	23,499	275,432
Other - net	7,670	862	61,904
Total	189,473	250,272	1,529,241
INCOME BEFORE REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	146,604	64,947	1,183,245
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL . . .	2,499	2,105	20,169
INCOME BEFORE INCOME TAXES	149,103	67,052	1,203,414
INCOME TAXES (Note 9):			
Current	46,569	73,124	375,860
Deferred	7,042	(49,722)	56,836
Total	53,611	23,402	432,696
NET INCOME	¥95,492	¥43,650	\$770,718
	Yen		U.S. Dollars
	2001	2000	2001
PER SHARE OF COMMON STOCK:			
Net income	¥97.58	¥44.60	\$0.79
Fully diluted net income.	94.72	44.55	0.76
Cash dividends applicable to the year	60.00	50.00	0.48

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, 2001 and 2000

	Number of Common Shares Issued	Millions of Yen				
		Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings	Net Unrealized Gain on Available- for-Sale Securities
BALANCE, APRIL 1, 1999	978,639,031	¥489,320	¥65,463	¥116,484	¥397,233	
Adjustment of retained earnings for 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	
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
		Thousands of U.S. Dollars				
		Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings	Net Unrealized Gain on Available- for-Sale Securities
BALANCE, MARCH 31, 2000.		\$3,949,314	\$528,354	\$979,757	\$4,187,821	
Net income.					770,718	
Cash dividends, \$0.40 per share.					(394,923)	
Transfer to legal reserve				7,571	(7,571)	
Bonuses to directors and corporate auditors . . .					(1,170)	
Net unrealized gain on available-for-sale securities (including the effect of initially adopting the new accounting standard at April 1, 2000)						\$818,741
BALANCE, MARCH 31, 2001.		\$3,949,314	\$528,354	\$987,328	\$4,554,875	\$818,741

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, 2001 and 2000

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, 2001 and 2000 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 ¥123.90 to \$1, the approximate rate of exchange at March 31, 2001. 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 2000 financial statements to conform to the classifications used in 2001.

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, 2001 and 2000 was ¥128,261 million (\$1,035,198 thousand) and ¥141,421 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 - Through the year ended March 31, 2000, investments in quoted securities, except for subsidiaries and associated companies, were 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.

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 in 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 Accounts - Through the year ended March 31, 2000, receivables and payables denominated in foreign currencies were translated into Japanese yen at exchange rates prevailing on the dates when they were acquired or incurred. However, in the case where there was significant fluctuation of currencies with possible exchange losses, receivables or payables denominated in foreign currencies were translated at the current exchange rates as of each balance sheet date. Receivables and payables hedged by forward exchange contracts were 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 were recognized as income or expense over the lives of the related contracts. Other exchange gains and losses were 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 March 31, 2000, net payables would have decreased by ¥127 million at March 31, 2000.

Effective April 1, 2000, the Company adopted a revised accounting standard for foreign currency transactions. In accordance with the revised standard, all receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at 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. The adoption of the revised accounting standard for foreign currency transactions did not have a material effect on the Company’s non-consolidated financial statements.

f. Retirement and Pension Plan - IThrough 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 the employees’ severance payments to an accrued benefit valuation method (see Note 3).

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

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 will be recognized by the straight-line method over a period of 3 years.

The full amount of the transitional obligation of ¥13,736 million (\$110,864 thousand), determined as of the beginning of year, is charged to income and presented as operating expense in the statement of income. As a result, net periodic benefit costs as compared with the prior method, increased by ¥3,504 million

(\$28,281 thousand) and income before income taxes decreased by the same amount, 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 - 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 was included as an adjustment to related earnings as of April 1, 1999. Such cumulative effect was 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 purpose and such amounts recognized for tax purposes. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

j. Derivatives and Hedging Activities - The Company uses 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 and interest rates. 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 derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on such derivatives are deferred until maturity of the hedged transactions.

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 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.

m. 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 978,639,031 shares for 2001 and 2000.

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.

n. 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 for the year ended March 31, 2000.

4. PLANT AND EQUIPMENT

Plant and equipment at March 31, 2001 and 2000 consisted of the following::

	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

	Thousands of U.S. Dollars			
	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
As of March 31, 2001				
Hydroelectric power production facilities	\$9,803,107	\$205,674	\$5,242,308	\$4,355,125
Thermal power production facilities	20,132,817	113,576	15,392,397	4,626,844
Nuclear power production facilities	18,289,274	36,610	13,780,041	4,472,623
Internal combustion engine power production facilities . .	125,343		88,789	36,554
Transmission facilities	23,721,614	1,628,152	9,875,714	12,217,748
Transformation facilities.	12,274,939	316,408	6,827,950	5,130,581
Distribution facilities	17,407,199	246,755	8,238,523	8,921,921
Incidental business facilities.	173,430	14,052	86,279	73,099
General facilities	4,232,857	332,098	2,367,821	1,532,938
Other facilities	73,447	41,445	3,390	28,612
Sub-total	106,234,027	2,934,770	61,903,212	41,396,045
Construction in progress	6,949,605			6,949,605
Total	\$113,183,632	\$2,934,770	\$61,903,212	\$48,345,650

	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

5. INVESTMENT SECURITIES

As certain consolidated information related to investment securities at March 31, 2001 is presented in the notes to consolidated financial statements of the Company and its subsidiaries, such non-consolidated information at March 31, 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, 2001 are as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Carrying Amount	Market Value	Unrealized Gain	Carrying Amount	Market Value	Unrealized Gain
Subsidiaries	¥357	¥1,297	¥760	\$4,334	\$10,468	\$6,134
Associated companies	11,955	55,210	43,255	96,489	445,601	349,112
Total	¥12,492	¥56,507	¥44,015	\$100,823	\$456,069	\$355,246

6. LONG-TERM DEBT

Long-term debt at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
General mortgage bonds:			
0.6% to 6.9%, due serially through 2018.	¥1,640,088	¥1,717,171	\$13,237,191
7.25%, due 2006 (payable in U.S. dollars).	54,450	54,450	439,467
6.625% and 7.0%, due through 2006 (payable in French francs).	110,266	110,266	889,960
5.75%, due 2007 (payable in Netherlands guilder)	62,294	62,294	502,776
General mortgage convertible bonds:			
2.0%, due 2002	92,229	94,629	744,383
1.4%, due 2005	178,637	178,637	1,441,784
1.1% to 7.4% secured loans from the Development Bank of Japan maturing serially through 2023.	557,589	613,777	4,500,315
0.7% to 7.97% unsecured loans from banks and insurance companies maturing serially through 2033	1,472,426	1,425,331	11,883,987
Other	32,274	38,639	260,484
Total	4,200,253	4,925,194	33,900,347
Current maturities	404,789	369,454	3,267,062
Long-term debt, less current maturities.	¥3,795,464	¥3,925,740	\$30,633,285

Annual maturities of long-term debt at March 31, 2001 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2002	¥404,789	\$3,267,062
2003	339,862	2,743,035
2004	372,609	3,007,336
2005	615,582	4,968,378
2006	231,004	1,864,439
2007 and thereafter . .	2,236,407	18,050,097
Total	¥4,200,253	\$33,900,347

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, 2001 were convertible into

59,027 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	\$34.04
1.4% bonds.	4,807	38.80

7. SHORT-TERM BORROWINGS

Short-term borrowings were principally represented by bank overdrafts. Weighted average interest rates on short-term borrowings outstanding were 0.683% and 0.479% at March 31, 2001 and 2000, 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.

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 36.2% for the years ended March 31, 2001 and 2000.

The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2001 and 2000 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Deferred Tax Assets:			
Liability for retirement benefits (Including past service costs of pension plan in 2000)	¥66,381	¥69,651	\$535,763
Reserve for reprocessing of irradiated nuclear fuel	41,878	41,878	337,998
Reserve for decommissioning of nuclear power units	29,303	25,096	236,505
Deferred charges	19,515	20,917	157,506
Other	17,597	24,178	142,026
Deferred tax assets	174,674	181,720	1,409,798
Deferred Tax Liabilities:			
Net unrealized gain on available-for-sale securities.	57,434		463,551
Contingent reserve for overseas investment	24	25	194
Other		1	
Deferred tax liabilities	57,458	26	463,745
Net deferred tax assets	¥117,216	¥181,694	\$946,053

10. LEASES

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

Finance Leases

Total lease payments under finance leases were ¥8,909 million (\$71,905 thousand) and ¥9,949 million for the years ended March 31, 2001 and 2000, 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, 2001 and 2000 consisted of the following:

	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

	Thousands of U.S. Dollars				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2001					
Acquisition cost	\$43,325	\$58,741	\$223,753	\$52,922	\$378,741
Accumulated depreciation	19,152	35,061	109,992	32,316	196,521
Net leased property	\$24,173	\$23,680	\$113,761	\$20,606	\$182,220

	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

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Due within one year	¥7,333	¥8,261	\$59,185
Due after one year	15,244	17,861	123,035
Total	¥22,577	¥26,122	\$182,220

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

(\$71,905 thousand) and ¥9,949 million for years ended March 31, 2001 and 2000, respectively.

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 ¥8,909 million

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

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥67	\$541
Due after one year	126	1,017
Total	¥193	\$1,558

11. COMMITMENTS AND CONTINGENCIES

At March 31, 2001, the Company had firm purchase commitments, principally related to utility plant expansion, of approximately ¥247,752 million (\$1,999,613 thousand). Additionally, the Company has entered into several fuel supply contracts which

involve substantial commitments.
At March 31, 2001, 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	¥213,113	\$1,720,040
Other	24,583	198,410
Total	¥237,696	\$1,918,450

A guarantee of equity contribution to other companies:		
KPIC Singapore Pte Ltd	¥574	\$4,633
KPIC North America Corporation.	1,623	13,099
Total	¥2,197	\$17,732

A guarantee about power supply for KPIC Singapore Pte Ltd	¥552	\$4,455
Contingency relating to debt assumption agreement	¥235,492	\$1,900,662

12. SUBSEQUENT EVENT

On June 28, 2001, the shareholders of the Company approved payment of a cash dividend of ¥35 (\$0.28) per share to holders of record as of March 31, 2001 or a total of ¥34,252 million (\$276,449

thousand) and bonuses to directors and corporate auditors of ¥145 million (\$1,170 thousand).

**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, 2001 and 2000, 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, 2001 and 2000, 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 subsequent to the change, with which we concur, in the accounting for liability for retirement benefits, as discussed in Note 3.

As discussed in Note 2, the non-consolidated financial statements have been prepared, effective April 1, 1999, in accordance with new accounting standards for interperiod allocation of income taxes and 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 and a revised accounting standard for foreign currency transactions.

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.

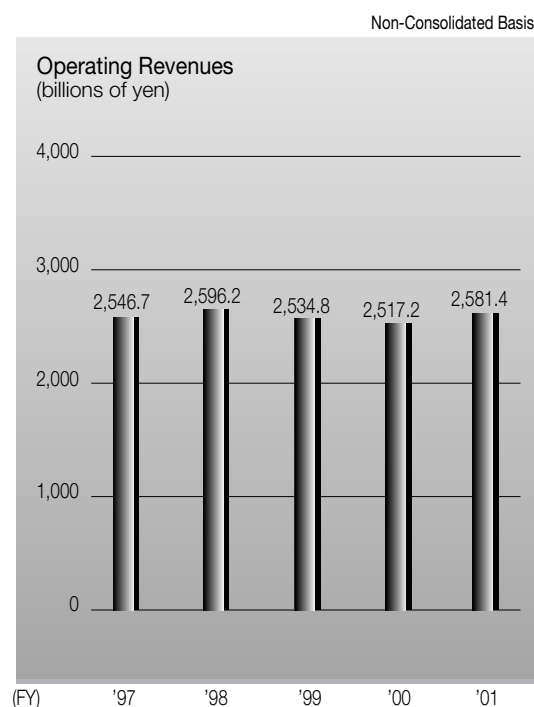
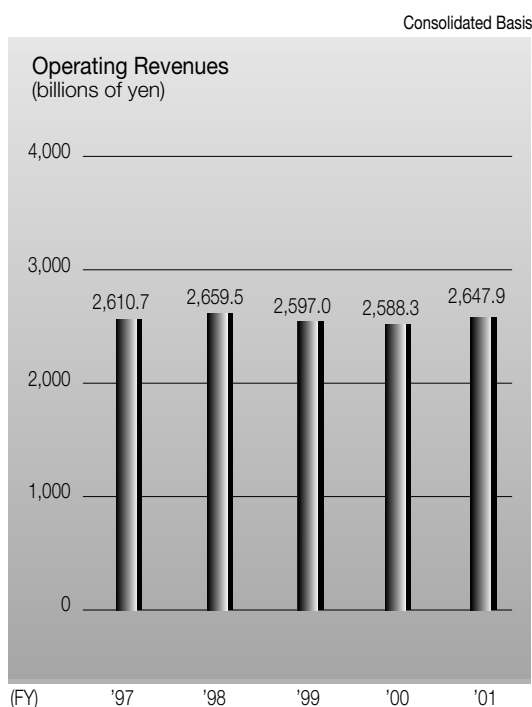
Deloitte Touche Tohmatsu

Osaka, Japan

June 28, 2001

Five-Year Summary of Selected Operational Data

	Consolidated Basis					Non-Consolidated Basis						
	(FY)	1997	1998	1999	2000	2001	(FY)	1997	1998	1999	2000	2001
Operating Revenues (Millions of Yen)		2,610,749	2,659,520	2,597,077	2,588,390	2,647,944		2,546,707	2,596,288	2,534,803	2,517,203	2,581,451
Operating Income		324,447	353,540	310,592	310,573	340,682		309,626	338,117	298,218	315,219	336,077
Net Income		55,171	77,318	52,497	52,300	122,791		43,841	65,755	50,973	43,650	95,492
Operating Revenues												
Residential								952,202	961,836	974,791	988,026	1,010,946
Commercial & Industrial								1,526,064	1,567,666	1,503,089	1,477,595	1,515,267
Total								2,478,266	2,529,502	2,477,880	2,465,621	2,526,213
Breakdown of Operating Expenses												
Personnel Expenses								313,779	318,016	344,559	336,067	294,123
Fuel Costs								325,732	270,937	218,831	238,155	269,559
Costs of Purchased Power								223,162	280,733	327,964	324,734	369,659
Maintenance Costs								361,485	374,767	347,212	311,306	277,896
Depreciation								444,431	438,584	427,558	415,692	406,292
Taxes Other than Income Taxes								173,342	175,657	173,749	170,505	170,703
Other								395,150	399,477	396,712	405,525	457,142
Total								2,237,081	2,258,171	2,236,585	2,201,984	2,245,374
Financial Revenues		3,383	3,600	3,202	2,584	2,820		3,932	4,332	3,955	3,621	3,575
Interest Expenses								197,906	207,128	171,009	146,790	147,652



	Consolidated Basis					Non-Consolidated Basis						
	(FY)	1997	1998	1999	2000	2001	(FY)	1997	1998	1999	2000	2001
Return on Equity (ROE) (%)		4.53	6.26	4.18	3.93	8.27		4.17	6.21	4.77	3.86	7.53
Return on Assets (ROA)* (%)		2.63	2.80	2.52	2.06	2.73		2.61	2.79	2.53	1.95	2.64
Net Income per Share (Yen)		56.38	79.01	53.64	53.44	125.47		44.80	67.19	52.09	44.60	97.58
Cash Dividends per Share (Yen)		50.00	50.00	50.00	50.00	60.00		50.00	50.00	50.00	50.00	60.00
Stock Price (Yen)												
Highest Stock Price								2,580	2,300	2,610	2,530	2,000
Lowest Stock Price								2,050	2,000	2,130	1,458	1,520
Capital Investments (Millions of Yen)								673,160	644,516	754,817	612,291	479,017
Total Assets (Millions of Yen)		6,891,946	6,937,292	7,176,783	7,500,934	7,550,821		6,653,437	6,693,800	6,914,587	7,166,847	7,212,514
Shareholders' Equity (Millions of Yen)		1,222,108	1,250,000	1,263,695	1,399,531	1,569,590		1,049,923	1,066,603	1,068,500	1,195,046	1,342,904
Shareholders' Equity Ratio (%)		17.73	18.02	17.61	18.66	20.79		15.78	15.93	15.45	16.67	18.62
Volume of Electricity Sales (Million kWh)												
Residential								40,574	40,665	42,492	43,555	44,408
Commercial & Industrial								95,805	96,782	96,326	96,848	98,444
Total								136,379	137,447	138,818	140,403	142,852
Number of Customers (Thousands)												
Residential								10,712	10,905	11,057	11,194	11,352
Commercial & Industrial								1,445	1,443	1,437	1,431	1,416
Total								12,157	12,348	12,494	12,625	12,768

*ROA= (Income Before Income Taxes+ Financial Expense) x (1 - Income Tax Rate) / Total Assets

	(FY)	1997	1998	1999	2000	2001
Electricity Generation Capacity by Sources (MW)						
Nuclear		9,768	9,768	9,768	9,768	9,768
Fossil Fuel		19,921	19,921	19,921	19,921	19,561
Hydroelectric		7,362	7,360	8,087	8,107	8,129
Total		37,051	37,049	37,776	37,796	37,458
System Peak Demand (MW)		32,230	31,410	32,160	30,710	31,060
Load Ratio (%)		53.7	55.0	54.4	57.2	57.1
Power Sources (%)						
Nuclear		46	52	53	51	51
Fossil Fuel		44	36	34	37	37
Hydroelectric		10	12	13	12	12
Total		100	100	100	100	100
Duration of Power Interruptions per Household (Minute)		4	4	35	4	4
SOx Emissions from Fossil Fuel Power Generation (g/kWh)		0.14	0.11	0.08	0.08	0.07
NOx Emissions from Fossil Fuel Power Generation (g/kWh)		0.18	0.19	0.15	0.15	0.15
Nuclear Capacity Factor (%)		73.8	84.2	84.3	82.0	81.8
Heat Efficiency Ratio (power generation end) (%)		39.14	38.83	39.07	39.40	39.44
Number of Employees *		26,265	26,343	26,333	24,903	24,539
Ratings						
In Yen		Aaa	Aaa	Aa1	Aa2	Aa2
In Foreign Currencies		Aaa	Aaa	Aaa	Aa2	Aa2
Date of Shareholders General Meeting		June 27	June 26	June 29	June 29	June 28

* 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.

