

Financial Results 4/03-3/04
(The year ended March 31, 2004)
&
Financial Forecast 4/04-3/05
(The year ending March 31, 2005)

May 19, 2004
The Kansai Electric Power Co., Inc.

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Summary of Financial Results

Consolidated basis: Decrease in revenue/Increase in income

Electric Power

- Revenue decreased because of full-year impact of the rate cut implemented in October 2002
- Increase in operating income by improving management efficiency and reducing costs

Other

- Increase in operating income
- Especially in IT/Communication and total energy solution business, increase in operating revenues

Ordinary Income

- Increased operating income coupled with improvement in the equity method led to the increase in ordinary income

Extraordinary Loss

- Estimated loss by stopping the PHS voice communication service

Non-Consolidated basis: Decrease in revenue/Increase in income

Revenues

(Minus factor)

- Full-year impact of the rate cut implemented in October 2002
- Decline in electricity kWh sales because of decrease in air-conditioning demand

(Plus factor)

- Increase in sold power to other utilities

Expenses

(Minus factor)

- Improvement in management efficiency
(Reduction of personnel costs, fuel costs and maintenance costs)

On the non-consolidated basis, revenue decreased because of the rate cut as well as decline in electricity sales, But, we recorded increased income by improving management efficiency and reducing costs, even after booking a losses by freezing the Suzu nuclear power plant project and costs by early-redemption of debt in order to strengthen our future financial position.

On the consolidated basis, IT/Communication business got into the black for the first time.

Major Factors

	4/03-3/04	4/02-3/03	Increase /decrease
Electricity Sales(TWh)	140.2(98.9)	141.8(101.5)	-1.6
Residential(TWh)	44.7(97.9)	45.6(102.8)	-0.9
Commercial and Industrial(TWh)	95.6(99.3)	96.2(100.8)	-0.6
Nuclear Capacity Factor(%)	89.1	90.5	-1.4
Water Run-off Ratio(%)	113.4	91.6	+21.8
CIF Crude Oil Price(\$/barrel)	29.4	27.4	+2.0
Exchange Rate (¥/\$)	113	122	-9

* () : Changes from the previous term, %

Non-Consolidated Statements of Income

(Billion yen)

	4/03-3/04	Increase /decrease	Breakdown
Ordinary Revenues	2,386.4	-104.3	
Electricity Sales	2,300.7	-121.0	<ul style="list-style-type: none"> Decline of electricity kWh sales -27.0 Decrease in revenue per kWh -94.0
Other	85.7	+16.7	<ul style="list-style-type: none"> Rate cut -70.0 / Fuel cost adjustment system -7.0 Sold power to other utilities +8.1 Gas supply business +1.5 Fuel business +1.5
Ordinary Expenses	2,197.6	-106.5	<ul style="list-style-type: none"> Details on p.4.
Ordinary Income	188.8	+2.2	
Provision for Reserve for Fluctuations in Water Level	8.3	+8.3	<ul style="list-style-type: none"> Water run-off rate 113.4% 91.6%
Extraordinary Income	-	-28.2	<ul style="list-style-type: none"> Gain on sales of securities
Extraordinary Loss	-	-62.0	<ul style="list-style-type: none"> Loss on discontinuing of power plant construction
Income before Income Taxes	180.4	+27.6	
Net Income	118.4	+21.1	

Detail of Ordinary Expenses

(Billion yen)

	4/03-3/04	Increase /Decrease	Breakdown
Ordinary Expenses	2,197.6	-106.5	
Personnel	330.7	-37.0	<ul style="list-style-type: none"> ·Salary payment -13.5 ·Retirement benefit costs -19.7 Special premium for early retired employees -34.8 Terminal gain or loss for early retirement -20.1 Recognition of actuarial gain or loss +25.8 Amortization of prior service cost +6.0 Reduction in expected rate of return +5.4 (1.5% 0%)
Fuel	168.4	-33.8	<ul style="list-style-type: none"> ·Fossil fuel costs -32.6 Nuclear fuel costs -1.1
Maintenance	185.8	-20.7	<ul style="list-style-type: none"> ·Fossil-fired power -15.4 (regular inspection units 8 11) Nuclear power +1.2 (regular inspection units 9 8)
Taxes other than income taxes	164.4	-5.9	<ul style="list-style-type: none"> ·Fixed Asset tax -2.6 ·Promotion of power resources development tax -1.9
Depreciation	388.7	+5.8	<ul style="list-style-type: none"> ·Normal depreciation -19.9 ·Extraordinary depreciation +14.8 ·Depreciation of trial operation +10.8
Purchased power	372.1	-35.3	<ul style="list-style-type: none"> ·From other utilities -27.4 ·From other companies -7.9
Interest expenses	98.5	-12.4	<ul style="list-style-type: none"> ·Deference of principal amount -7.8 (average amount of interest-debt 3,921.2 4,264.7) Deference of interest rate -7.2(average rate 2.17% 2.36%) Deference of early redemption and buyback amount +2.6
Other	488.7	+33.0	<ul style="list-style-type: none"> (Principals of early redemption and buyback 101.6 95.1)

Non-Consolidated Balance Sheets

(Billion yen)

	March 31 2004	Increase /decrease	Breakdown	
Assets	6,540.8	-231.4	<ul style="list-style-type: none"> •Depreciation and amortization •Nuclear fuel and other property •Amortization of nuclear fuel •Capital expenditures •Long-term investment (Net unrealized gain on available for sale securities) 	-398.3 -83.4 -56.1 +255.1 +51.2
Liabilities	5,107.4	-340.1	<ul style="list-style-type: none"> •Interest-bearing debt(3/04: 3,589.2 3/03: 4,075.4) •Several reserves 	-486.2 +136.5
Shareholders' Equity	1,433.4	+108.6	<ul style="list-style-type: none"> •Net income •Net unrealized gain on available for sale securities •Dividends 3/03 2nd half dividends ¥25 per share 3/04 1st half dividends ¥25 per share •Treasury stock (distribution by stock swap) 	+118.4 +34.1 -47.3 +2.1

Segment Information

(Billion yen)

	Electric Power	IT/Communications	Other	Total	Eliminations/Corporate	Consolidated
Total Sales	2,359.9	113.7	334.0	2,807.7	-267.6	2,540.1
Operating Income	330.2	4.2	11.9	346.4	3.0	349.4
Assets	6,563.2	265.0	543.3	7,371.6	-220.8	7,150.8
Depreciation	388.9	40.4	21.7	451.1	-6.4	444.6
Capital Expenditures	249.1	22.5	53.3	325.0	-3.5	321.5

Consolidated Statements of Cash Flows

(Billion yen)

	4/03- 3/04	Increase /decrease	Breakdown	
Operating Activities	808.3	152.2	<ul style="list-style-type: none"> • Decline of electricity sales • Increase in other operating revenue • Decrease in other expenses • Decrease in tax payments 	-112.0 +50.0 +189.0 +25.0
Investing Activities	-308.6	+100.9	<ul style="list-style-type: none"> • Purchases of property, plant and equipment (Reduction in KEPCO's CAPEX +71.4) 	+102.8
Financing Activities	-518.0	-246.7	<ul style="list-style-type: none"> • Net repayments of bonds and borrowings (3/04: -470.5 3/03: -193.6) Share buybacks (3/04: -0.5 3/03: -29.6) 	-276.9 +29.1
Net Cash Provided by Operating, Investing and Financial Activities	-18.4	+6.4		

Financial Highlights 4/03-3/04

(Billion yen)

	Consolidated (A)		Non-Consolidated (B)		(A)/(B)	
	4/03-3/04	Increase /decrease	4/03-3/04	Increase /decrease	4/03-3/04	4/02-3/03
Operating Revenue	2,540.1	-74.9	2,375.2	-107.5	1.07	1.05
Operating Income	349.4	+23.9	329.4	+13.8	1.06	1.03
Ordinary Income	187.3	+12.6	188.8	+2.2	0.99	0.94
Net Income	90.1	+9.6	118.4	+21.1	0.76	0.83
Total Assets	7,150.8	-251.5	6,540.8	-231.4		
Interest-Bearing Debt	3,883.6	-470.5	3,589.2	-486.2		
Shareholders' Equity Ratio	22.9%	(20.9%)	21.9%	(19.6%)		

Financial Forecast 4/04-3/05

(Billion yen)

	Consolidated		Non-Consolidated	
	4/04-3/05(E)	Increase /decrease	4/04-3/05(E)	Increase /decrease
Operating Revenue	2,480.0	-60.1	2,300.0	-75.2
Operating Income	280.0	-69.4	270.0	-59.4
Ordinary Income	200.0	+12.6	190.0	+1.2
Net Income	125.0	+34.8	121.0	+2.6

	4/04-3/05(E)	4/03-3/04
Electricity Sales (TWh)	138.1(98.5)	140.2(98.9)
Residential (TWh)	44.7(100.1)	44.7(97.9)
Commercial and Industrial (TWh)	93.4(97.7)	95.6(99.3)
Nuclear Capacity Factor (%)	86.8	89.1
Water Run-off Ratio (%)	100.0	113.4
CIF Crude Oil Price (\$/barrel)	30	29.4
Exchange Rate [TTM] (¥/\$)	110	113

Financial Forecast 4/04-9/04

(Billion yen)

	Consolidated		Non-Consolidated	
	4/04-9/04(E)	Increase /decrease	4/04-9/04(E)	Increase /decrease
Operating Revenue	1,280.0	+3.8	1,200.0	-4.6
Operating Income	230.0	-13.3	230.0	-7.6
Ordinary Income	190.0	+10.0	190.0	+17.6
Net Income	121.0	+12.9	121.0	+15.4

	4/04-9/04(E)	4/03-9/03
Electricity Sales (TWh)	70.4(99.1)	71.0(98.4)
Residential (TWh)	21.6(100.5)	21.5(97.3)
Commercial and Industrial (TWh)	48.8(98.5)	49.6(99.0)
Nuclear Capacity Factor (%)	84.4	87.1
Water Run-off Ratio (%)	100.0	117.1
CIF Crude Oil Price (\$/barrel)	30	28.4
Exchange Rate [TTM] (¥/\$)	110	118

*() :Changes from the previous term, %

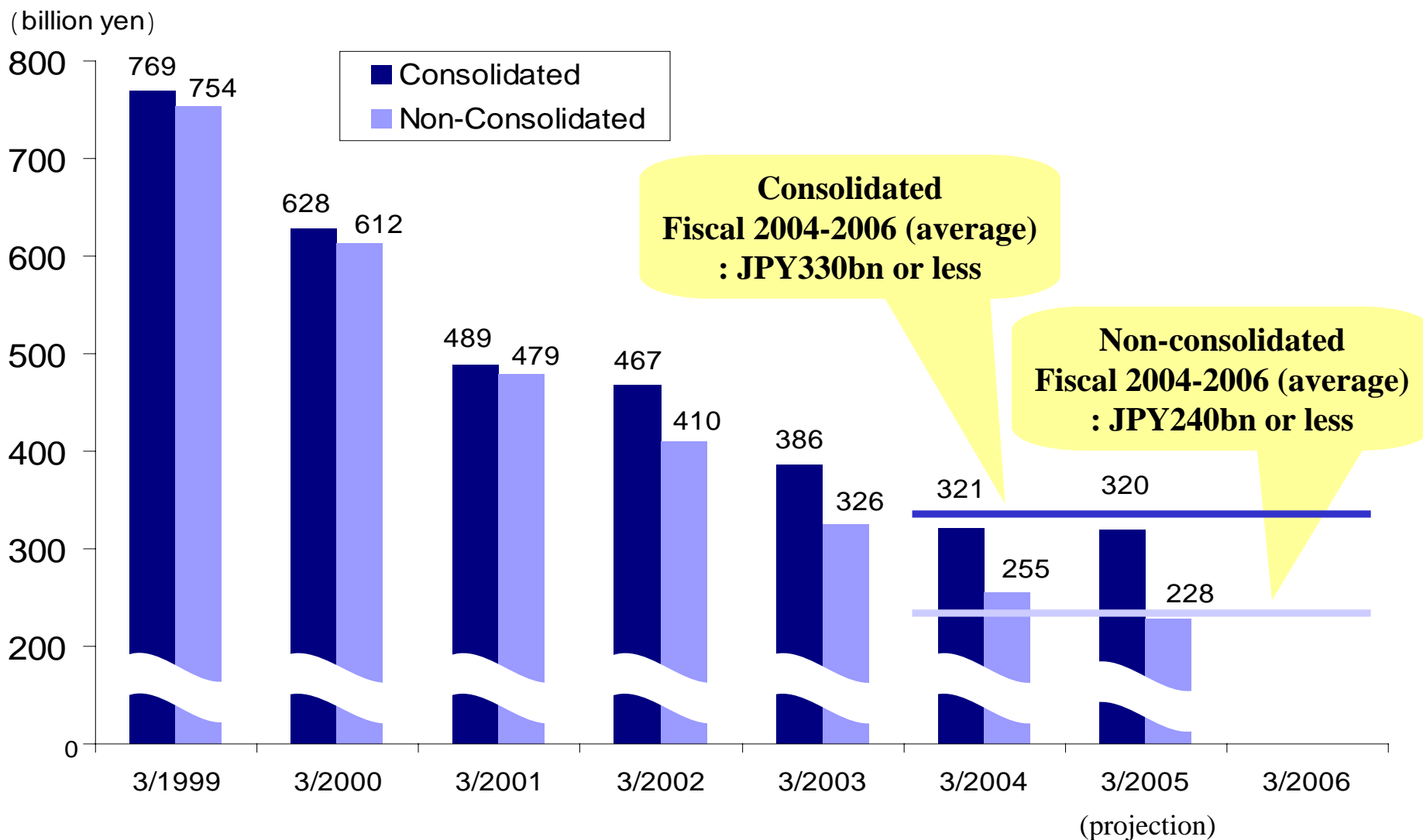
Segment Forecast 4/04-3/05

(Billion yen)

	Total Sales			Operating Income		
	4/04-3/05(E)	4/03-3/04	Increase /decrease	4/04-3/05(E)	4/03-3/04	Increase /decrease
Electric Power	2,280.0	2,359.9	-79.9	270.0	330.2	-60.2
IT /Communications	120.0	113.7	+6.2	4.0	4.2	-0.2
Other	320.0	334.0	-14.0	2.0	11.9	-9.9
Total	2,720.0	2,807.7	-87.7	276.0	346.4	-70.4
Eliminations/ Corporate	-240.0	-267.6	+27.6	4.0	3.0	+0.9
Consolidated	2,480.0	2,540.1	-60.1	280.0	349.4	-69.4

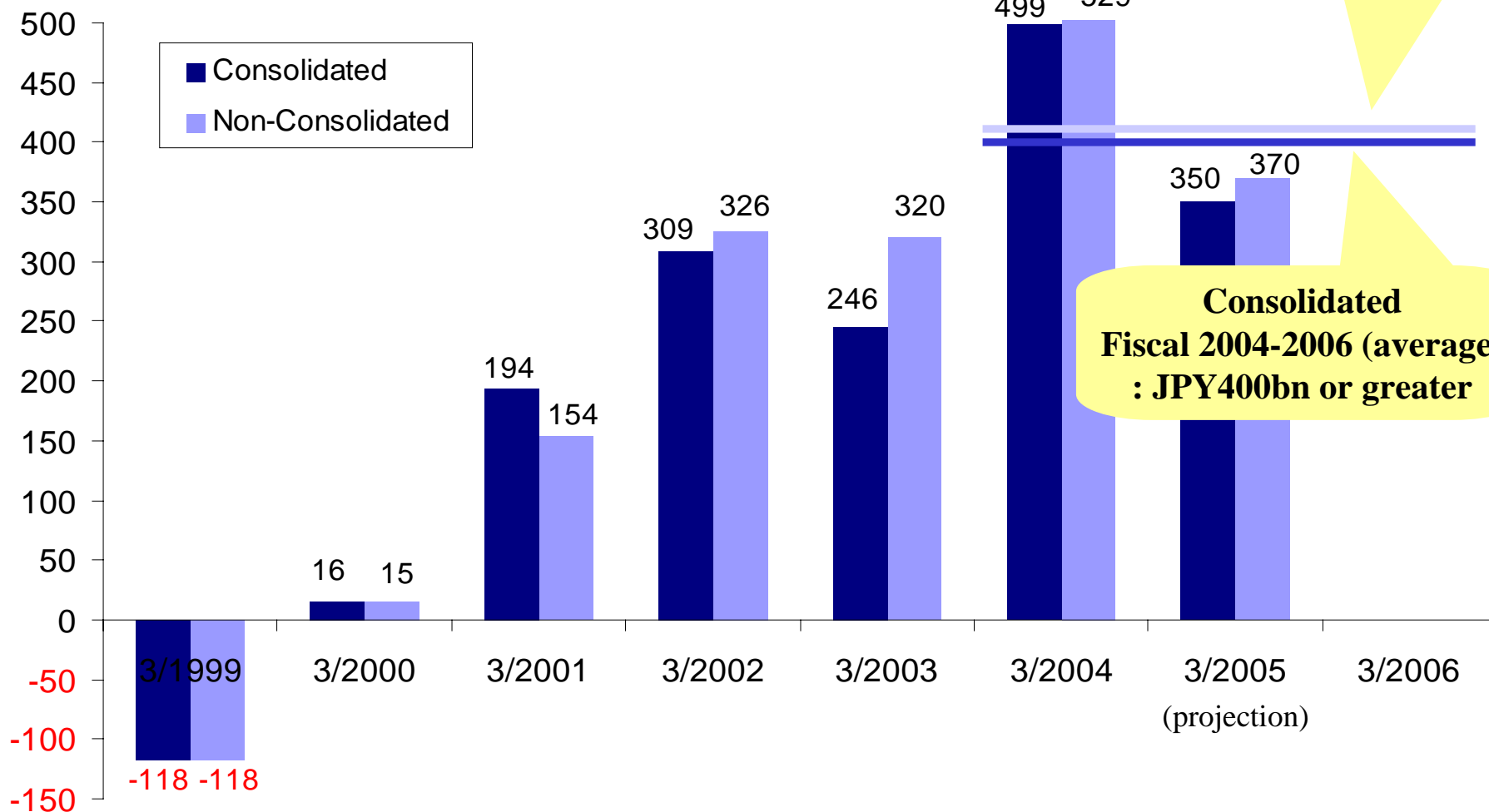
Appendix

Trends of Capital Expenditures



Trends of Free Cash Flow

(billion yen)



Financial Position

Interest-bearing debt
(billion yen)

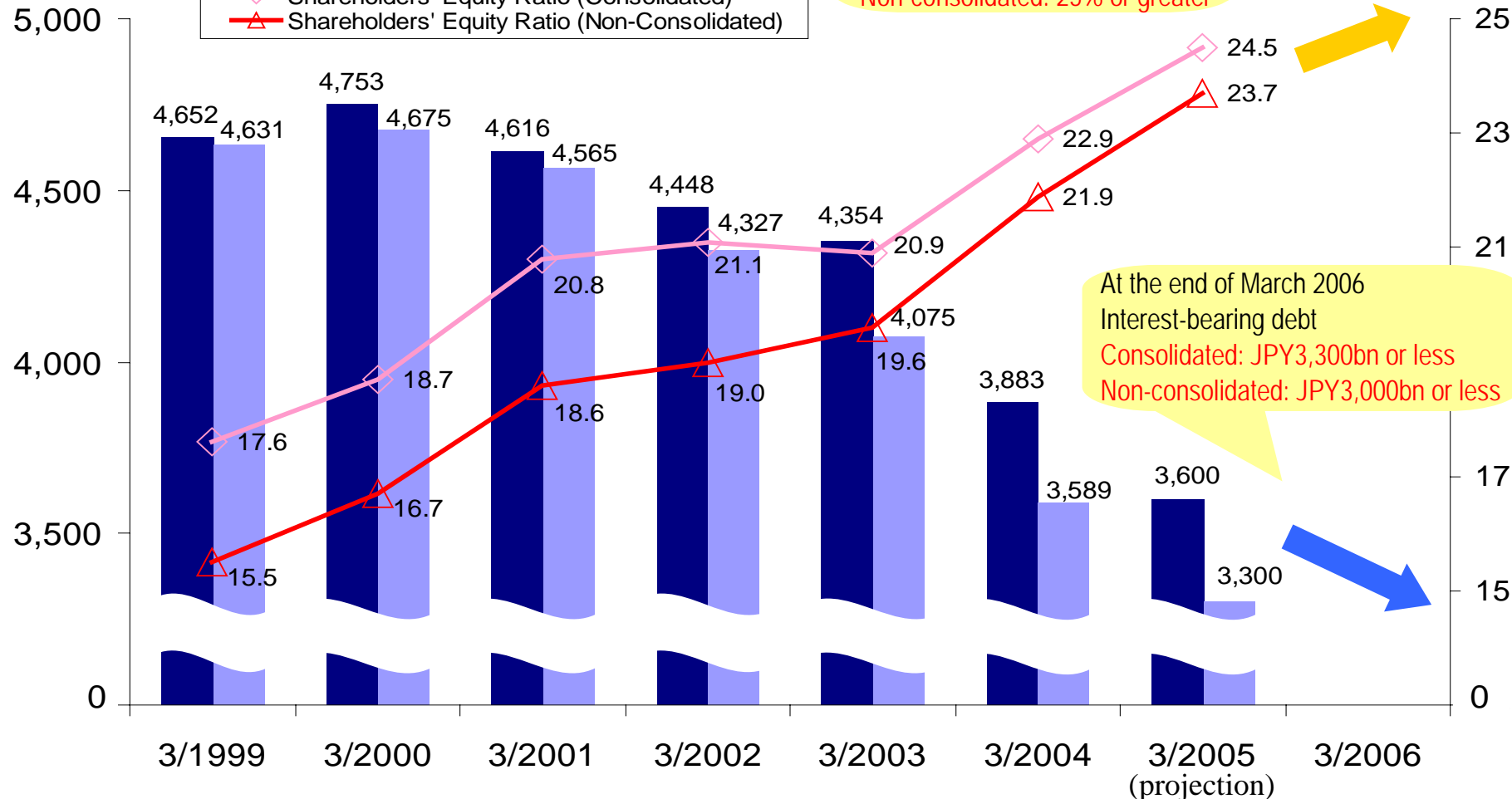
- Interest-Bearing Debt (Consolidated)
- Interest-Bearing Debt (Non-Consolidated)
- ◇ Shareholders' Equity Ratio (Consolidated)
- △ Shareholders' Equity Ratio (Non-Consolidated)

At the end of March 2006

Shareholders' equity ratio

Consolidated: 25% or greater

Non-consolidated: 25% or greater

Shareholders' equity ratio
(%)

Reduction of Interest Bearing Debt (Non-Consolidated)

(Billion yen)

	Mar. 31 2004	Mar.31 2003	Increase /decrease	Buyback and early redemption	
				Original Principal	Increase of expenses
Bond	1,731.4	1,903.6	-172.1	Buyback -33.2	6.4(Casualty loss)
Straight	1,552.8	1,724.9	-172.1		
Convertible	178.6	178.6	-		
Borrowings	1,857.8	2,086.8	-229.0	Early redemption -101.6	13.1(Interest expenses)
Long-term	1,689.9	1,868.3	-178.4		
Short-term	167.8	218.4	-50.6		
Commercial Paper	-	85.0	+85.0		
Interest-Bearing Debt	3,589.2	4,075.4	-486.2	Total -134.8	Total 19.5
Interest Rate(%)	2.18	2.31	-		

Notes

- *1. Ordinary Income means Income before Provision for (Reversal of) Reserve for Fluctuations in Water Level and Income Taxes.
- *2. The consolidated financial statements as of March 31, 2003 and 2004 include the accounts of Kansai and all of its subsidiaries.
- *3. The forecast is subject to change depending upon the changes of business environments and other conditions.

For Further Information

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