



Management plan for fiscal 2004

(year ending March 31, 2004)

March 27, 2003

The Kansai Electric Power Co., Inc.

Contents

Management objectives

1

~

8

Specific measures

9

~

16

Management objectives ()

1

[Consolidated]

	Management plan for fiscal 2004	Management plan for fiscal 2003
FCF	Avg. JPY360 bn or greater (fiscal 2004-2006)	Avg. JPY250 bn or greater (fiscal 2003-2005)
ROA*	Avg. 2.4% or greater (fiscal 2004-2006)	Avg. 2.4% or greater (fiscal 2003-2005)
Shareholders' equity ratio	25% or greater (at the end of March 2006)	24% or greater (at the end of March 2005)
Interest-bearing debt	JPY3,400 bn or less (at the end of March 2006)	JPY3,800 bn or less (at the end of March 2005)
Ordinary income	Avg. JPY170 bn or greater (fiscal 2004-2006)	Avg. JPY160 bn or greater (fiscal 2003-2005)
Capital expenditures	Avg. JPY360 bn or less (fiscal 2004-2006)	Avg. JPY430 bn or less (fiscal 2003-2005)

*ROA={[(Income before income taxes + financial expense) × (1-Income tax rate)]/ total asset}

Management objectives ()

【Non-consolidated】

	Management plan for fiscal 2004	Management plan for fiscal 2003
FCF	Avg. JPY370 bn or greater (fiscal 2004-2006)	Avg. JPY310 bn or greater (fiscal 2003-2005)
ROA*	Avg. 2.5% or greater (fiscal 2004-2006)	Avg. 2.5% or greater (fiscal 2003-2005)
Shareholders' equity ratio	24% or greater (at the end of March 2006)	23% or greater (at the end of March 2005)
Interest-bearing debt	JPY3,100 bn or less (at the end of March 2006)	JPY3,500 bn or less (at the end of March 2005)
PCA**	Avg. JPY-65 bn or greater (fiscal 2004-2006)	Avg. JPY-70 bn or greater (fiscal 2003-2005)
Ordinary income	Avg. JPY160 bn or greater (fiscal 2004-2006)	Avg. JPY160 bn or greater (fiscal 2003-2005)
Capital expenditures	Avg. JPY270 bn or less (fiscal 2004-2006)	Avg. JPY340 bn or less (fiscal 2003-2005)

*ROA={((Income before income taxes + financial expense) × (1-Income tax rate))/ total asset

**PCA

Refer to the following page

Management objectives ()

[Reference]

	Management plan for fiscal 2004	Management plan for fiscal 2003
PCA*	JPY10 bn or greater (fiscal 2008)	—
Sales to non-group companies	JPY250 bn or greater (fiscal 2008)	—
Non-electric ordinary income	JPY33 bn or greater (fiscal 2008)	JPY29 bn or greater (fiscal 2007)

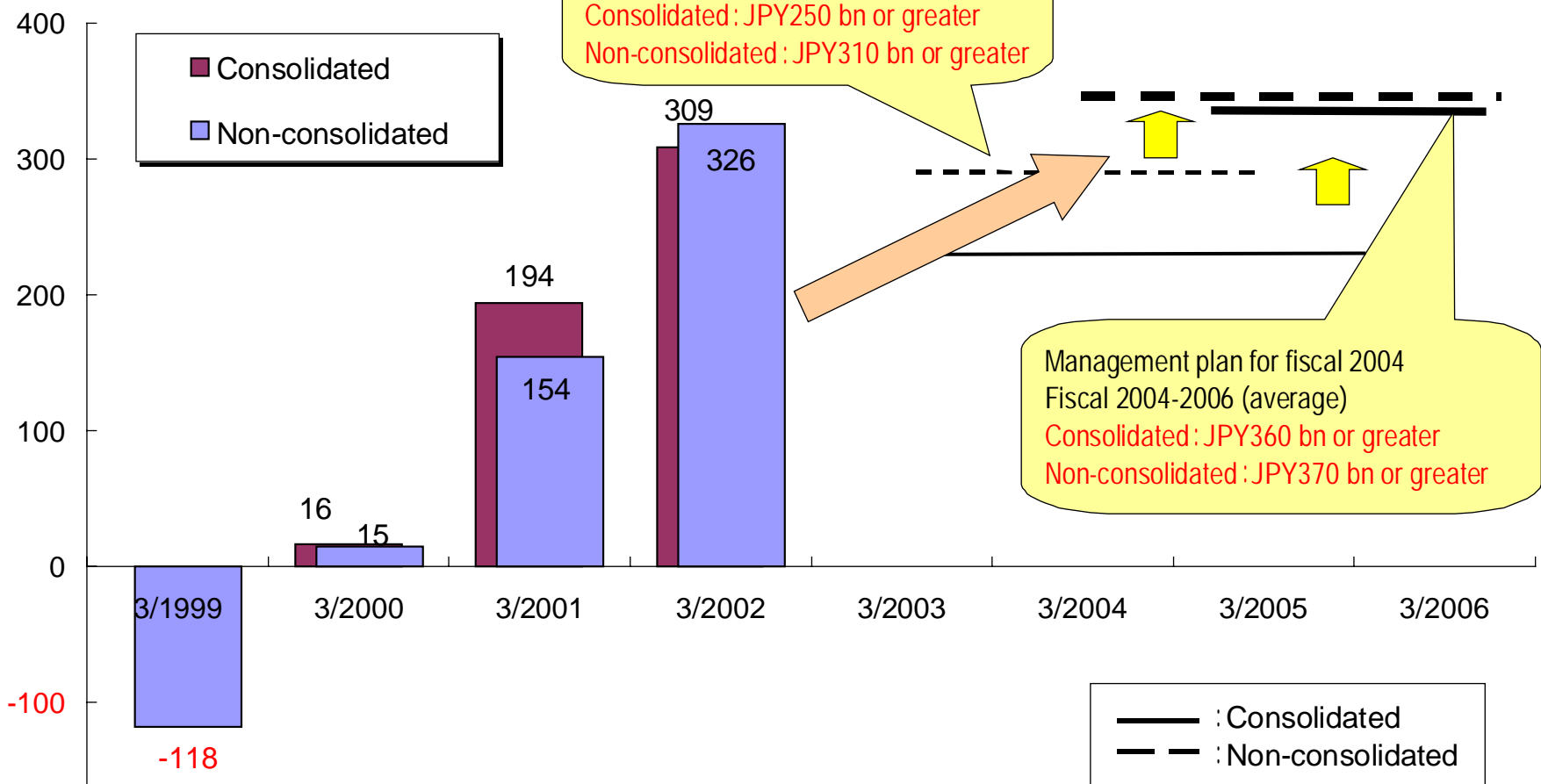
*PCA[Profit after Cost of Asset] : Management benchmark developed by Kansai, similar to EVA™. It represents added value retained after deducting WACC as “cost of asset”.

Profit = (Income before income taxes + financial expense) × (1-Income tax rate)

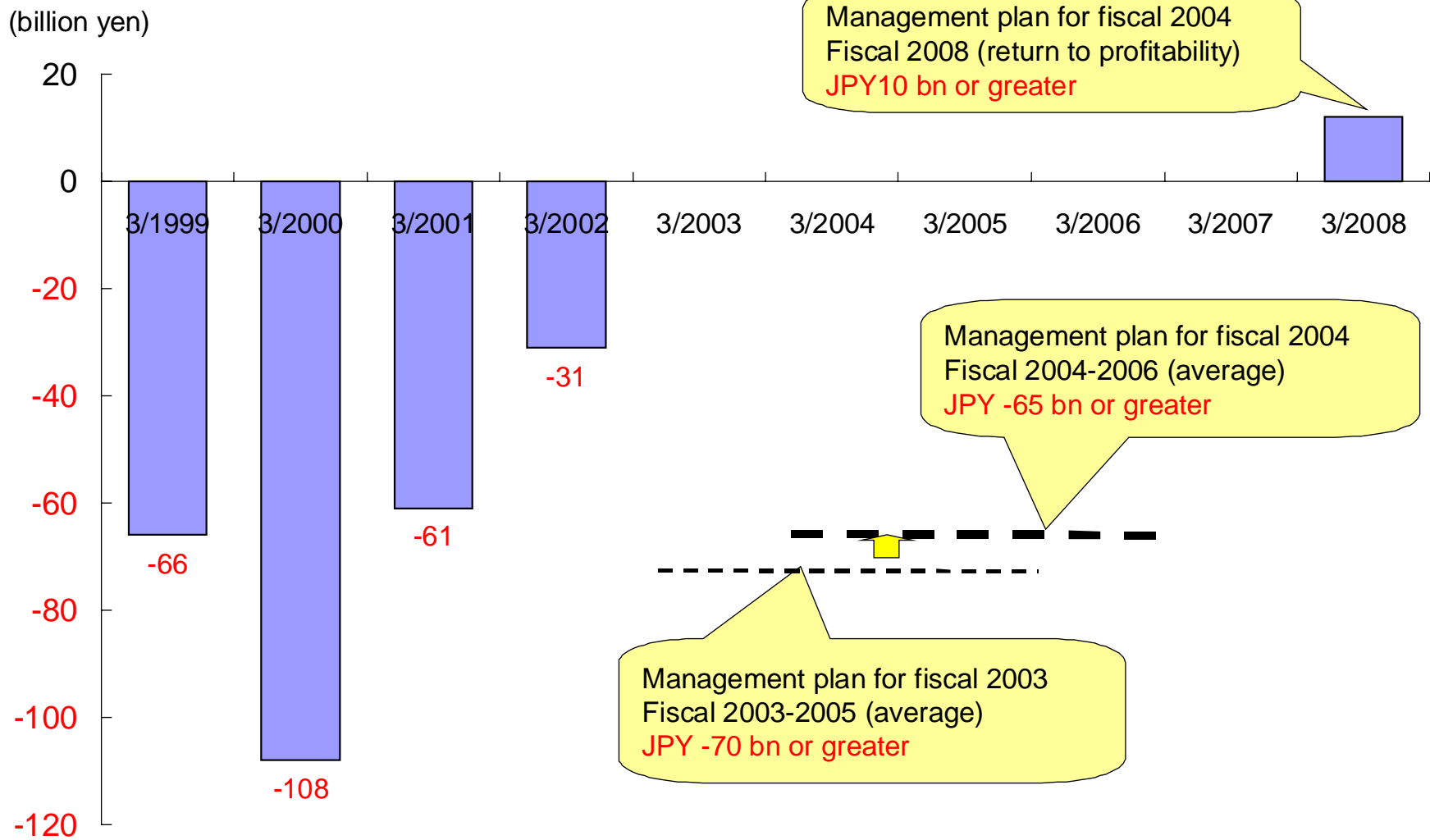
Cost of Asset = Total Assets × 3.5%

Trend of Free Cash Flows

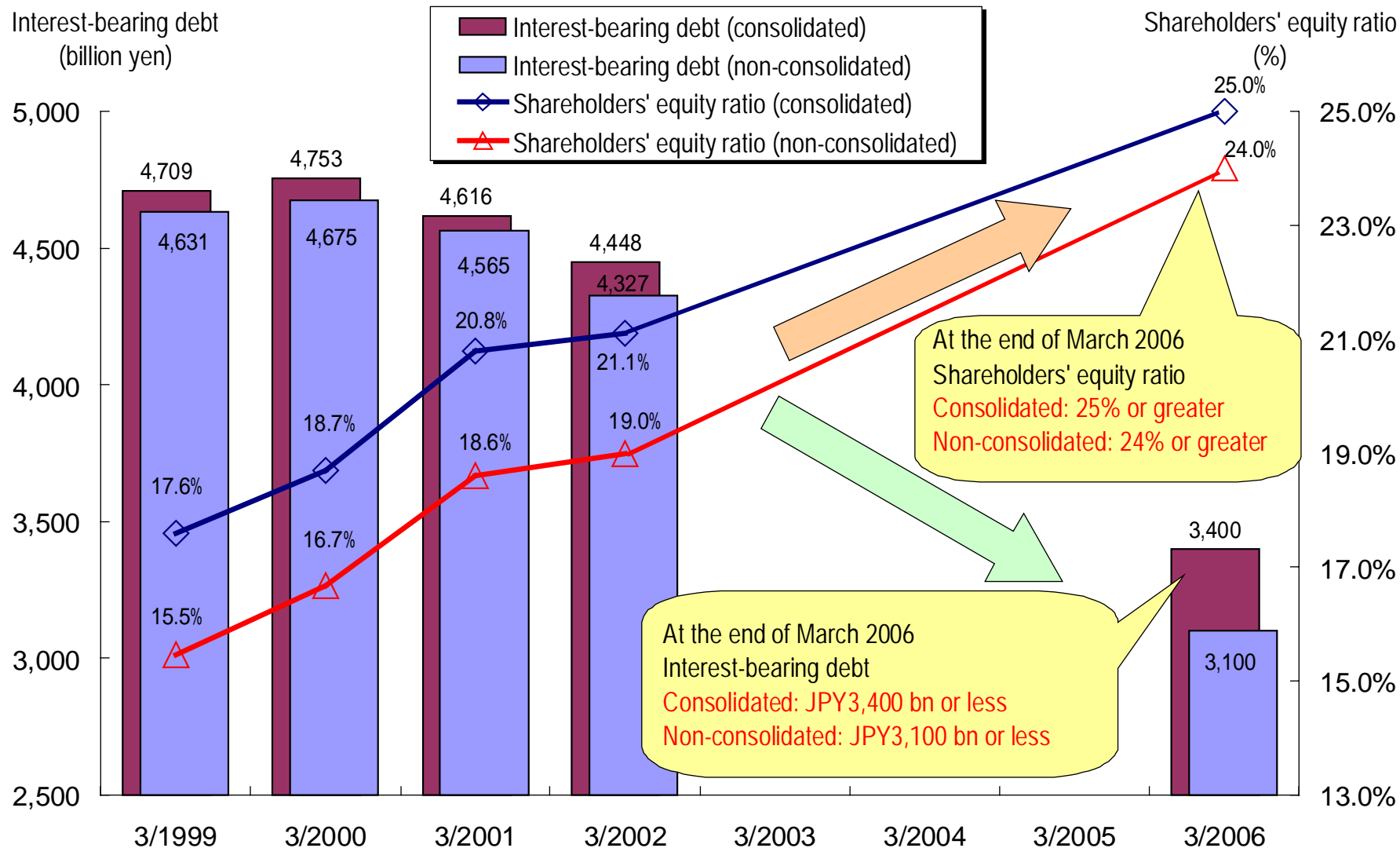
(billion yen)



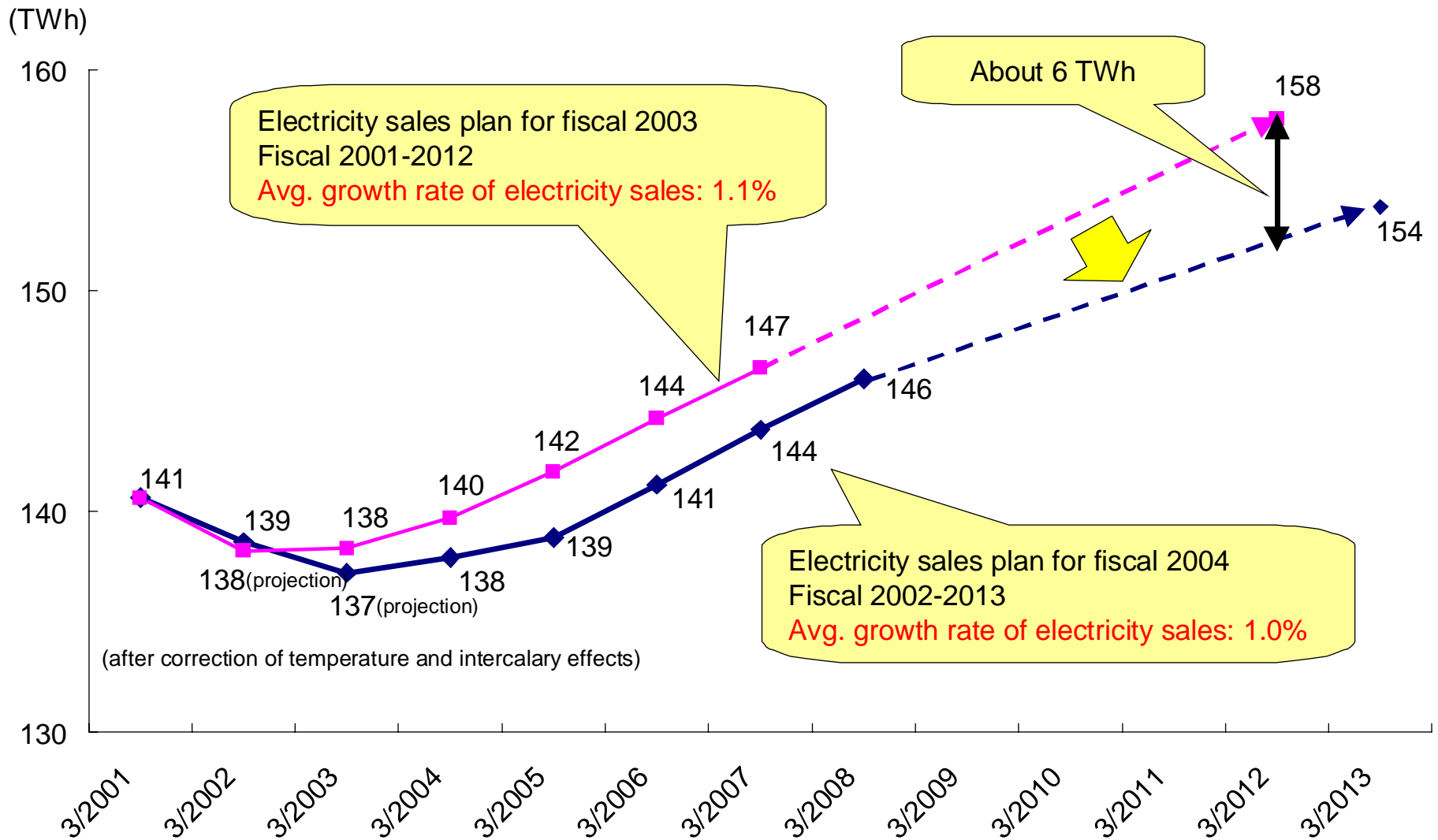
Trend of PCA



Improve Financial Position

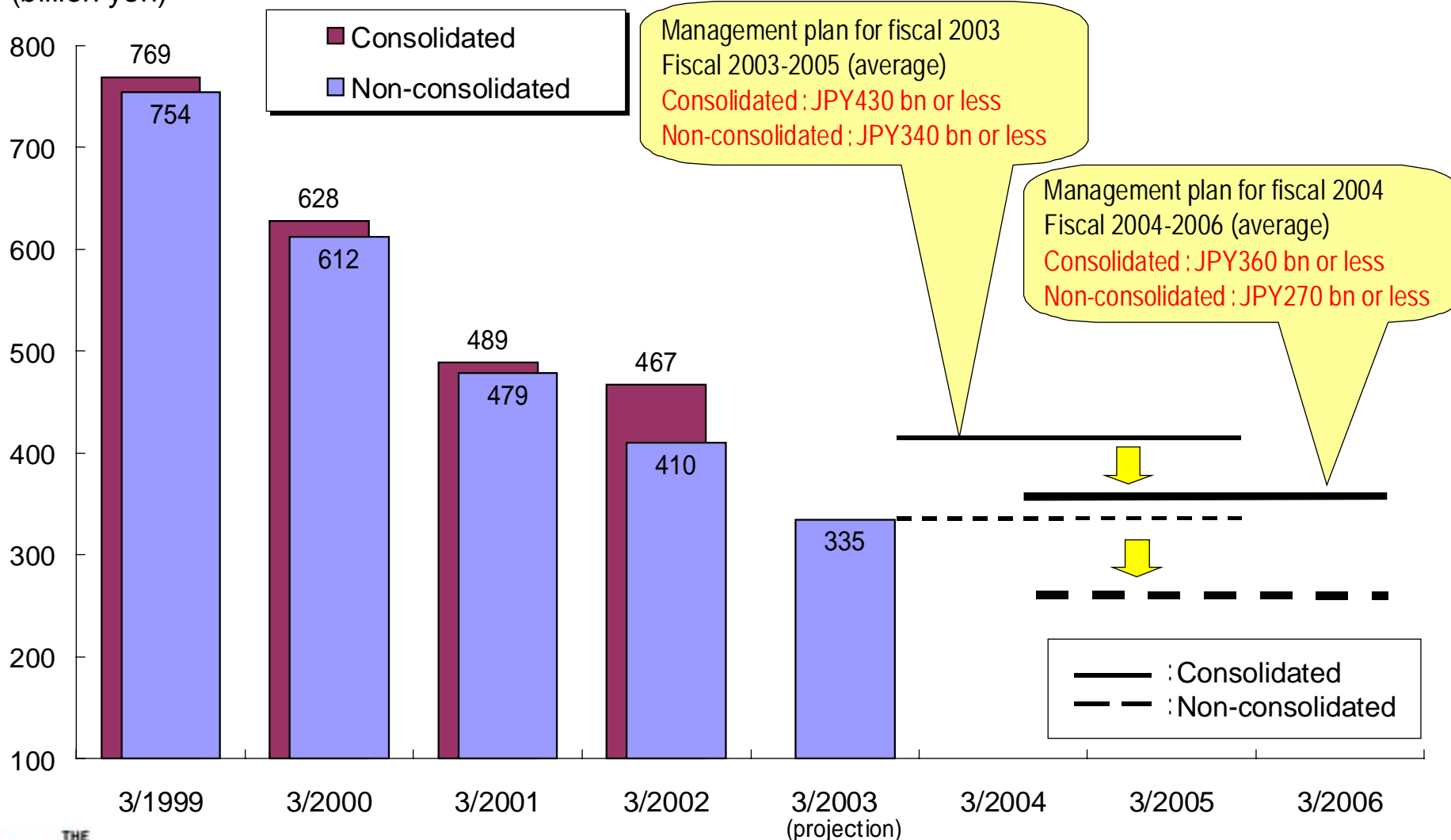


Expected Electricity Sales



Trend of Capital Expenditures

(billion yen)



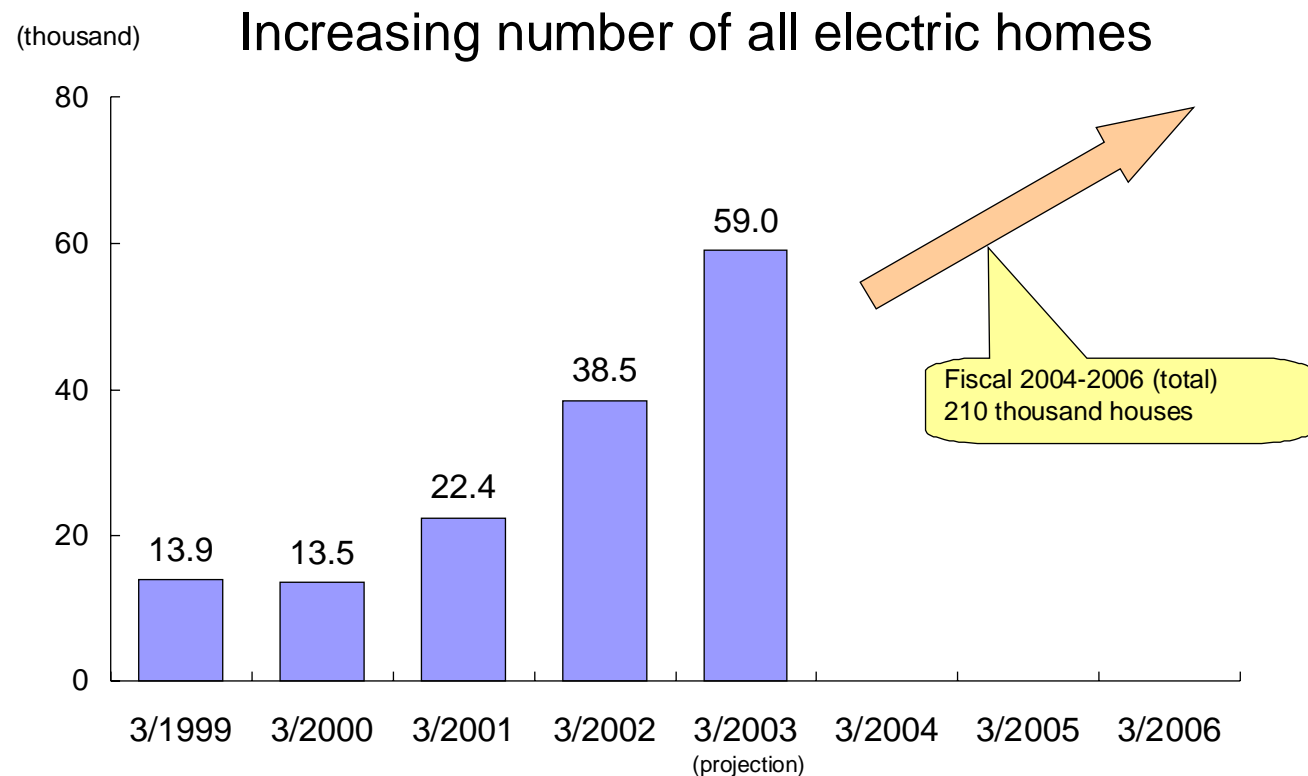
Revenue Growth Initiatives ()

9

1. Energy Business

(1) Electricity business

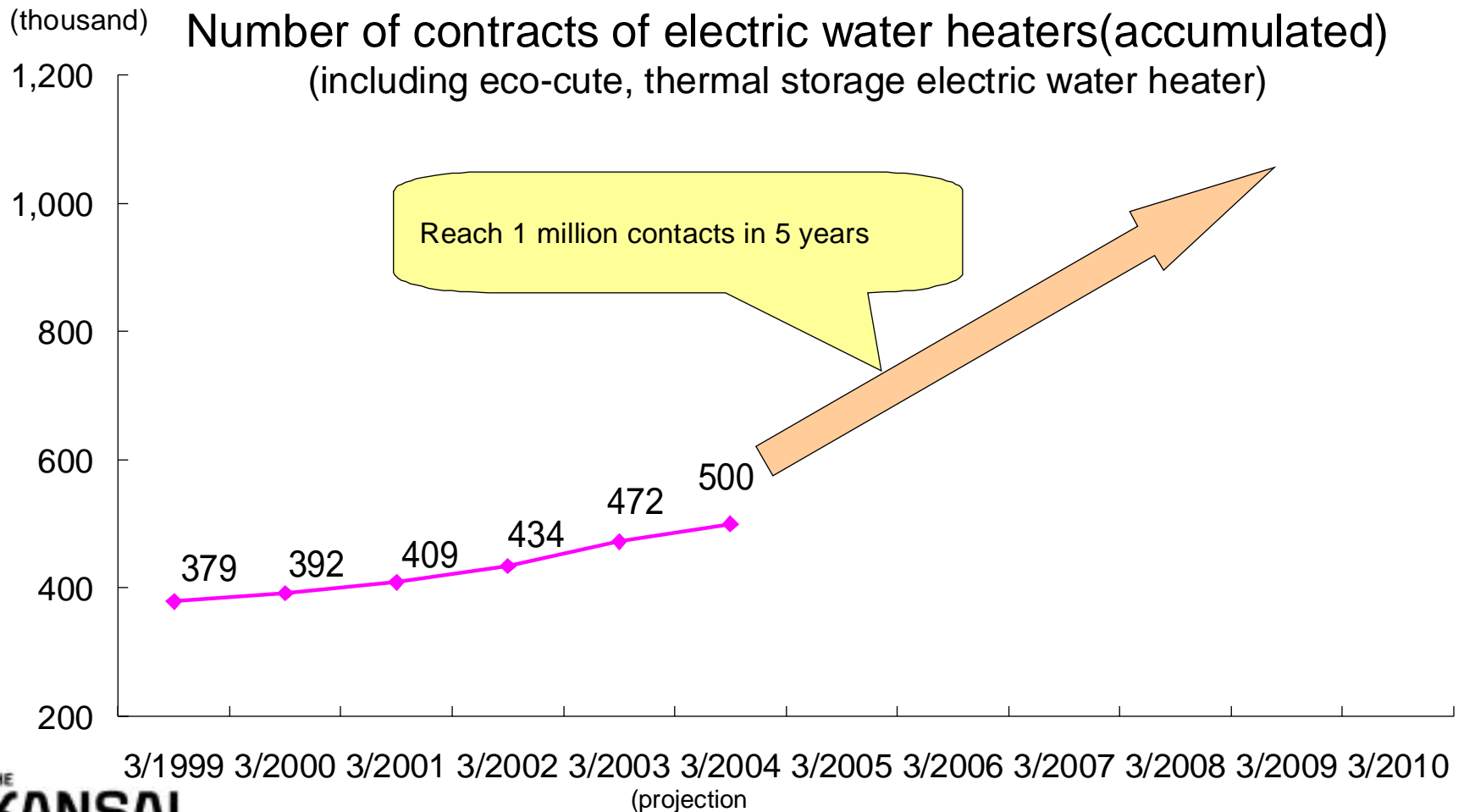
- Increase all electric homes by 210 thousand for next 3 years by promoting the use of IH cooking heaters and electric water heaters.



Revenue Growth Initiatives ()

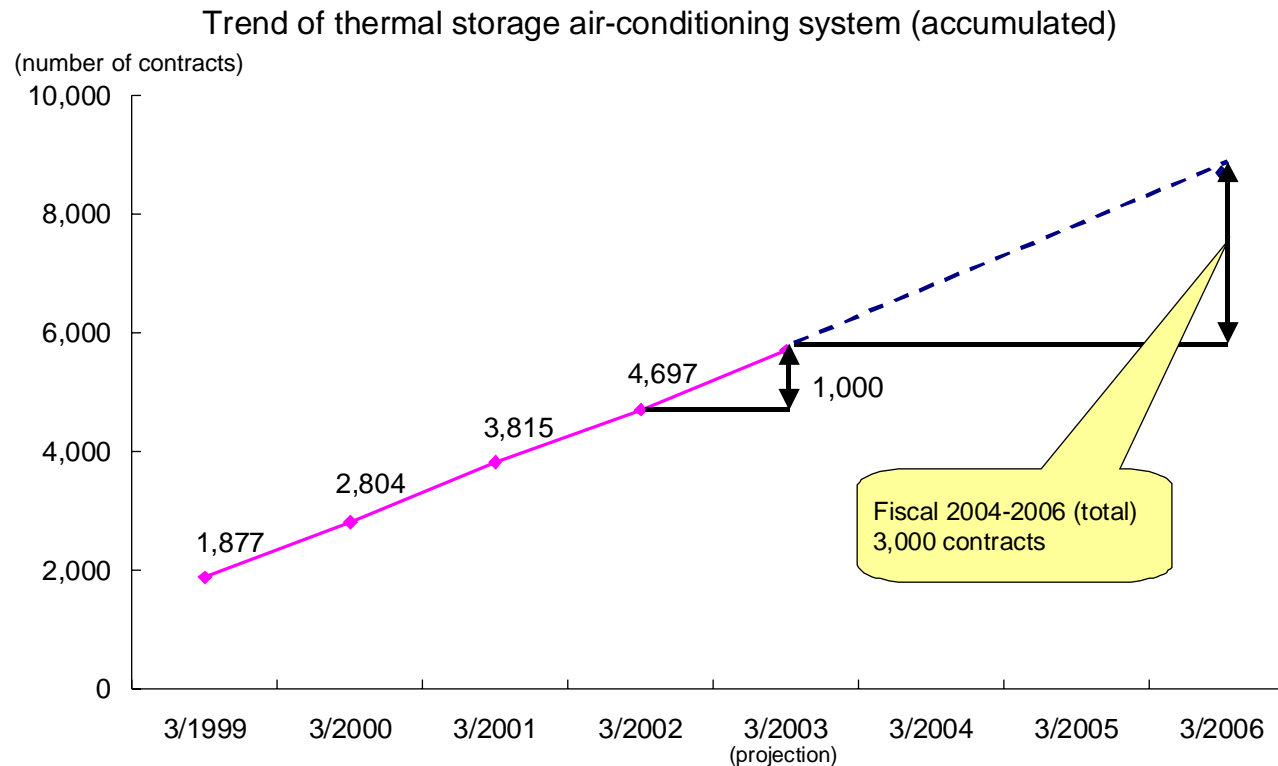
10

- Reach 1 million contracts of electric water heaters in 5 years by promoting the use of electric appliances.



Revenue Growth Initiatives()

- Increase thermal storage air-conditioning system by 3,000 contracts during next 3 years



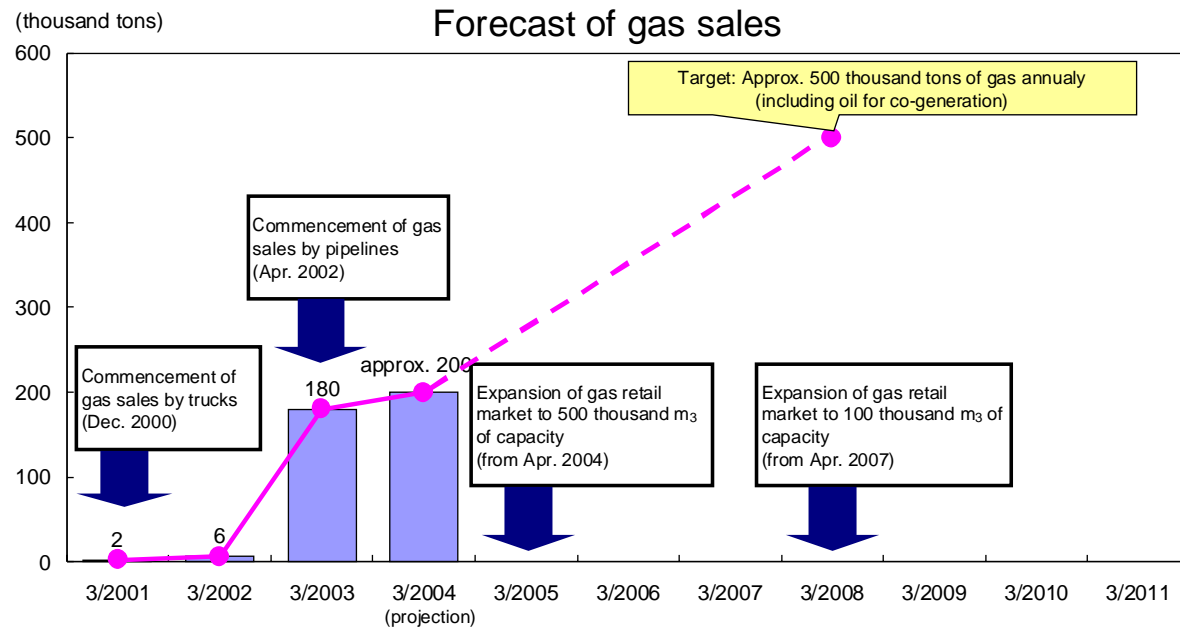
- Strategic distribution of sales personnel by restructuring sales offices.
(Number of sales offices : 38 points almost half points)
- Set a call center

Revenue Growth Initiatives ()

12

(2) Gas business

- Aim to sell 200 thousand tons of gas in fiscal 2004.
- Aim to sell 500 thousand tons of gas (calculated in natural gas, including oil for co-generation) by fiscal 2008 (forecast for the current fiscal year: 180 thousand tons)



- Construction of LNG terminal Operation of Sakai LNG center begins in fiscal 2006.

2. Life support amenities

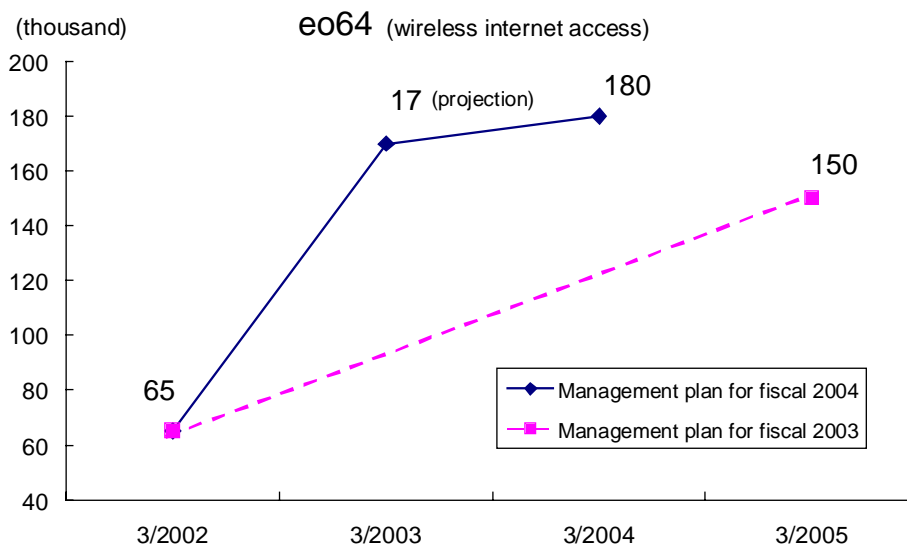
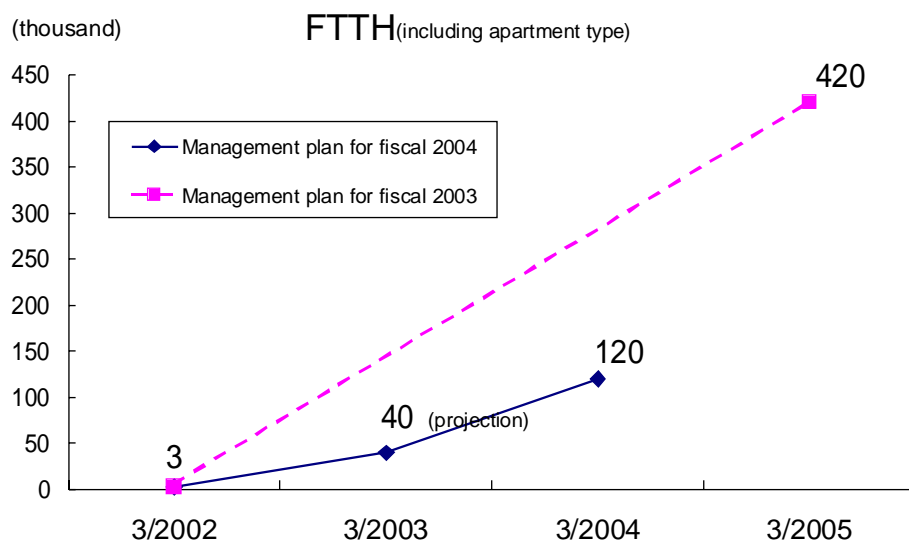
Promote housing related businesses

Sales and leases of 400 to 500 all electric homes annually.

(Forecast for the current fiscal year: 370)

3. IT/Communications

- Aim to increase users by enriching services, especially FTTH service.
- K-Opticom will achieve positive result in the year ending March 2004.
- Operate facilities efficiently and prepare a wide variety of service menus by managing OMP and K-Opticom as a unit.



Further Efficient Management ()

Further reduction of CAPEX

Management plan fiscal 2003

Fiscal 2003-2005
Avg. JPY340 bn or less
(within depreciation and amortization)

Management plan fiscal 2004

Fiscal 2004-2006
Avg. JPY270 bn or less
(within depreciation and amortization)

Expansion of suspended fossil-fuelled power units

Management plan fiscal 2003

13 units, 5,193MW

Management plan fiscal 2004

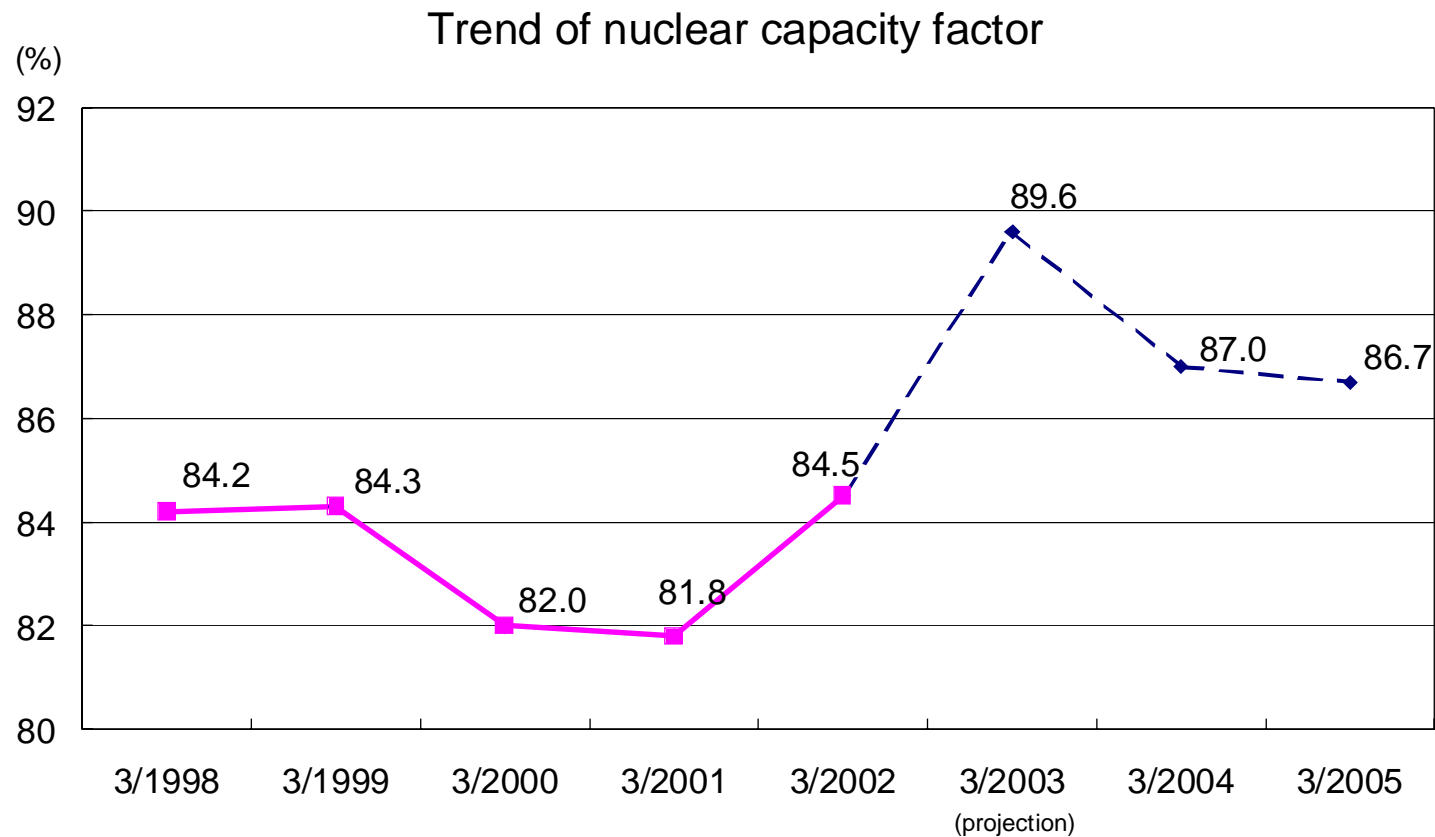
Additional 1 unit, 156MW
(Osaka power station, #4)

Closed Sanpo power station (156MW) in fiscal 2003

Further Efficient Management ()

Improve nuclear capacity factor

Continue to achieve more than 85% of nuclear capacity factor by introducing rated thermal power operation.



Further Efficient Management ()

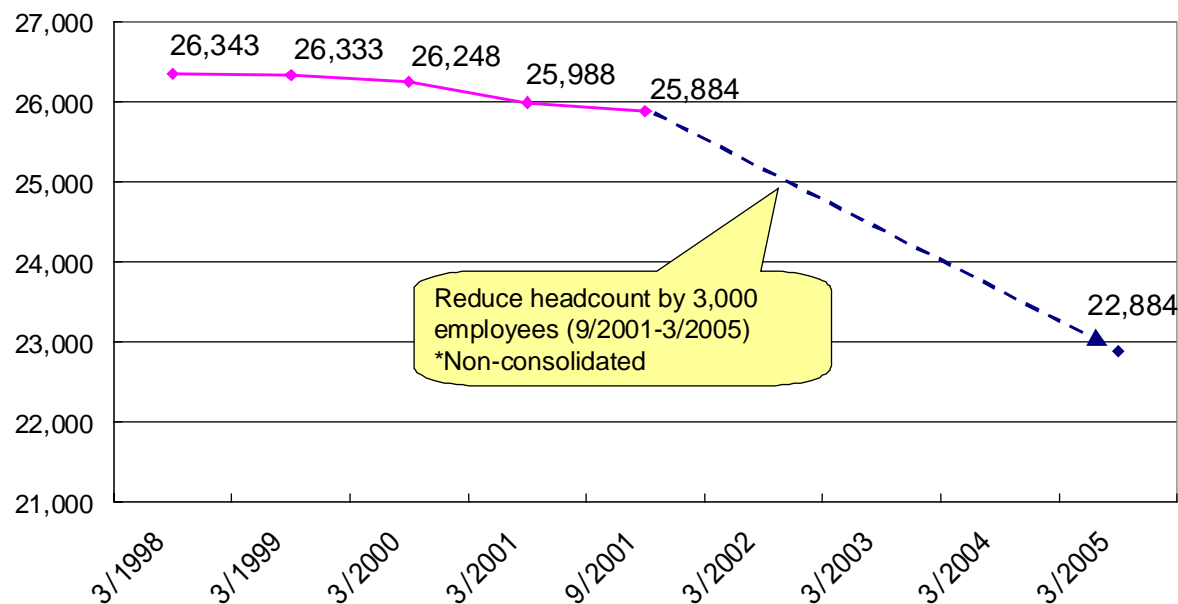
Efficient Management of Employees

Reduce headcount by 3,000 employees (9/2001-3/2004, Non-consolidated)



Applicants for enlarged early retirement plan (9/2002): 1,900

Trend of number of employees



Re-group affiliated companies by related function in order to allocate our group resources optimally.

For Further Information

Planning Group (IR)
Office of Financing & Accounting
The Kansai Electric Power Co., Inc.

Facsimile : +81 6 6447 7174

E-mail : finance@kepco.co.jp

Internet : <http://www.kepco.co.jp>