

**Unaudited Financial Release (Consolidated)**  
(Renketsu Kessan Tanshin)

The information below is an English translation of the main contents of the Renketsu Kessan Tanshin (Unaudited Financial Release [Consolidated]) which has been filed with the major Japanese stock exchanges (Osaka, Tokyo and Nagoya) for public inspection. These financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

May 20, 2003

**Unaudited Financial Release (Consolidated) for the Year ended March 31, 2003**

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**I. Performance for the Years ended March 31, 2003 and 2002**

(Figures are rounded down to the nearest million yen)

**1. Results of Operations**

	(Million Yen)			
	<u>Year ended March 31</u>		<u>Change</u>	
	2003	2002	03/02	02/01
Operating Revenues	2,615,154	2,651,597	-1.4%	0.1%
Operating Income	325,581	319,312	2.0%	-6.3%
Ordinary Income *	174,745	159,562	9.5%	-5.8%
Net Income	80,474	128,444	-37.3%	4.6%
Net Income per Share	83.49yen	131.61yen		
Fully Diluted Net Income per Share	81.99yen	126.91yen		
Net Income/ Shareholder's Equity	5.1%	8.2%		
Ordinary Income * / Total Assets	2.3%	2.1%		
Ordinary Income * / Operating Revenues	6.7%	6.0%		

Notes:

1. Equity in earnings (losses) of associated companies  
Year ended March 31, 2003: (4,650 million yen)  
Year ended March 31, 2002: 779 million yen
2. Average number of shares outstanding  
Year ended March 31, 2003: 958,010,034  
Year ended March 31, 2002: 975,972,901
3. Changes have been made in accounting policies.
4. Ordinary Income means Income before Reversal of Reserve for Fluctuations in Water Level, Special Item and Income Taxes.

## 2. Financial Position

	(Million Yen)	
	<u>As of March 31</u>	
	2003	2002
Total Assets	7,402,327	7,507,556
Shareholders' Equity	1,548,131	1,580,737
Shareholders' Equity Ratio	20.9%	21.1%
Shareholders' Equity per Share	1,636.72yen	1,642.04yen

Notes:

Number of shares outstanding

As of March 31, 2003: 945,576,108

As of March 31, 2002: 962,667,129

## 3. Statements of Cash Flows

	(Million Yen)	
	<u>As of March 31</u>	
	2003	2002
Net cash provided by Operating Activities	656,040	756,626
Net cash used in Investing Activities	-409,591	-446,627
Net cash used in Financing Activities	-271,343	-305,494
Cash and Cash Equivalents, End of year	104,183	129,083

## 4. Scope of Consolidation and Application of Equity Method

Number of Consolidated Subsidiaries: 78

Number of Equity Method Applied to Unconsolidated Subsidiaries: None

Number of Equity Method Applied to Associated Companies: 1

## 5. Changes in Scope of Consolidation and Application of Equity Method

(Consolidated Subsidiaries) (Associated companies accounted for by equity method)

Number of Newly Included: 8 Number of Newly Included: None

Number of Newly Excluded: None Number of Newly Excluded: None

## II. Earnings Forecasts

	(Billion Yen)	
	<u>Six Months ending Sep.30</u>	<u>Year ending March 31</u>
	2003	2004
Operating Revenues	1,260	2,520
Ordinary Income*	140	180
Net Income	90	115

Reference:

Net Income per Share for the year ending March 31, 2004: 121.62yen

Notes:

1. Key data for Earnings Forecasts

Electricity Sales	
Year ending March 31, 2003	138.3 TWh
Six months ending Sep.30, 2002	70.5 TWh
Exchange rate	¥ 120/\$
CIF crude oil price	\$ 27/barrel
Nuclear capacity factor	87.0%
Water run off ratio	100%

2. Ordinary Income means Income before Reversal of Reserve for Fluctuations in Water Level, Special Item and Income Taxes.

# 1. Kansai Electric Power Group

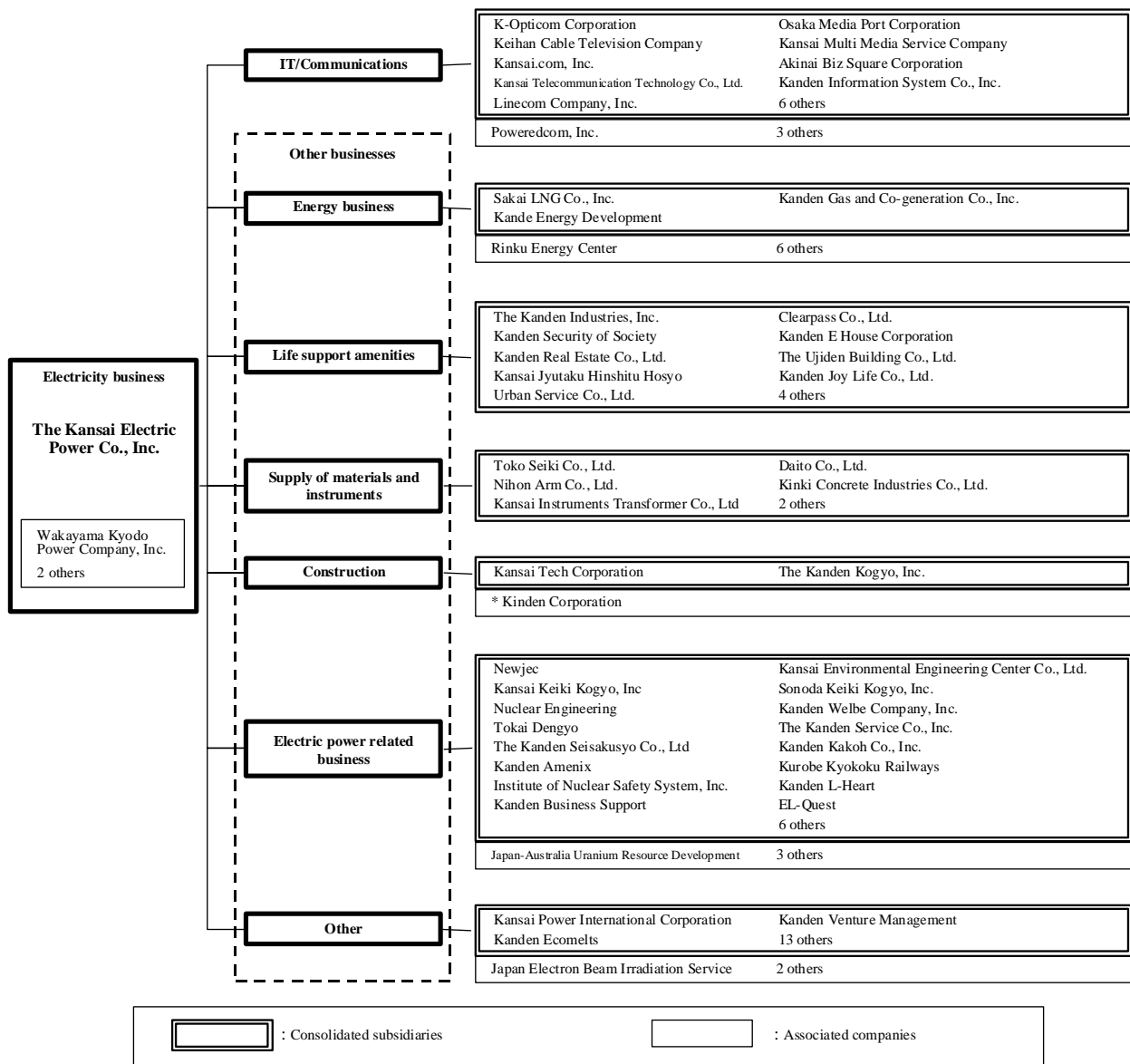
## (1) Business group

[Number of group companies : 99 (Subsidiaries : 78, Associated companies : 21)]

Our business group is engaged in a variety of businesses in addition to our core Electricity business in order to support regional customers' lives.

In our non-electric business areas, we focus on three strategic business areas: IT/Communication, Energy business and Life-support amenities. Our group is also engaged in the Supply of materials and instruments, Construction and Electric power related business in order to support our core business.

## (2) Group structure and major group companies



Note: 1. The company with (\*) is an associated company accounted for by equity method  
 2. Following companies are listed on domestic stock exchanges.  
 Toko Seiki Co., Ltd. Osaka Securities Exchange (2nd Section)  
 Daito Co., Ltd. Osaka Securities Exchange (2nd Section)  
 Kinden Corporation Tokyo Stock Exchange (1st Section), Osaka Securities Exchange (1st Section)

### (3) Subsidiaries and associated companies

Company name	Location	Capital (¥ mil)	Principal business	Ownership (%)
<b>(Consolidated subsidiaries)</b> K-Opticom Corporation	Kita-ku Osaka	33,000	Internet connection service, Digital celluler phone (PHS) service and lease of telecommunications facilities	100.0
Osaka Media Port Corporation	Kita-ku Osaka	24,000	Telecommunication business(Type )	72.8
Keihan Cable Television Co.	Hirakata Osaka	2,418	Cable television service and internet connection service by cable television	75.1 (8.3)
Kansai Multi Media Service Co.	Nishi-ku Osaka	2,000	Internet connection service	48.8 (10.0) 2.0*
Kansai. Com Inc.	Chuo-ku Osaka	450	Operation of internet website	55.0 (40.0)
Akinai Biz Square Co.	Kita-ku Osaka	380	Operation of a website for B-to-B e-commerce	62.0
Kansai Telecommunication Technology Co., Ltd.	Chuo-ku Osaka	200	Telecommunication business(Type )	100.0 (51.0)
Kanden Information System Co., Inc.	Nishinomiya Hyogo	90	Computer-assisted calculation and lease of computers	100.0
Linecom Co., Inc.	Nishi-ku Osaka	60	Development of technology of power line communication	51.0
Sakai LNG Co., Inc.	Sakai Osaka	1,000	Construction of Sakai LNG terminal and operation of LNG terminal	70.0
Kanden Gas and Co-generation Co., Inc.	Kita-ku Osaka	400	Gas sales agent and design of optimum systems such as co-generations	90.0
Kanden Energy Development	Kita-ku Osaka	200	Heat supply service	100.0
The Kanden Industries, Inc.	Kita-ku Osaka	810	Management and lease of real estate	100.0
Clearpass Co., Ltd	Kita-ku Osaka	450	Billing service	100.0
Kanden Security of Society	Kita-ku Osaka	400	Home security service	71.0
Kanden E House Corporation	Yodogawa-ku Osaka	300	Housing design and sale of electric appliances	100.0
Kanden Real Estate Co., Ltd.	Kita-ku Osaka	290	Sale, lease and management of real estate	100.0 (32.0)
The Ujiden Building Co., Ltd.	Kita-ku Osaka	250	Lease of office	79.7 (9.7)
Kansai Jyutaku Hinsitsu Hosyo	Kita-ku Osaka	200	Performance evaluation and guarantee of new houses	62.5
Kanden Joy Life Co., Ltd.	Kita-ku Osaka	200	Construction and operation of private old people's homes and fosterage of helpers	100.0 (5.0)
Urban Service Co., Ltd.	Chuo-ku Osaka	36	Management of apartment houses	60.0 (15.0)
Toko Seiki Co., Ltd	Settsu Osaka	519	Manufacture and sale of electricity measuring device	57.0 (13.5)
Daito Co., Ltd.	Izumisano Osaka	500	Manufacture and sale of insulator	49.0 (22.5) 1.2*
Nihon Arm Co., Ltd	Kita-ku Osaka	412	Manufacture and sale of steel electric pole	88.5 (43.3)

Company name	Location	Capital (¥ mil)	Principal business	Ownership (%)
Kinki Concrete Industries Co., Ltd.	Kita-ku Osaka	240	Manufacture and sale of concrete product	65.0 (11.3)
Kansai Instruments Transformer Co., Ltd.	Toyonaka Osaka	20	Manufacture and sale of transformer	40.0 (20.0)
Kansai Tech Corporation	Kita-ku Osaka	786	Electrical construction, transportation and reclamation of petroleum	100.0 (23.3)
The Kanden Kogyo, Inc.	Kita-ku Osaka	300	Electrical construction and engineering	100.0
Newjec	Chuo-ku Osaka	200	Survey, design and management of construction	76.0 (2.0)
Kansai Environmental Engineering Center Co., Ltd.	Chuo-ku Osaka	20	Environmental assessment, survey of environmental preservation	100.0
Kansai Keiki Kogyo, Inc.	Kita-ku Osaka	40	Maintenance and examination of electric meters	100.0
Sonoda Keiki Kogyo, Inc.	Amagasaki Hyogo	30	Maintenance and examination of electric meters	100.0
Nuclear Engineering	Nishi-ku Osaka	100	Nuclear plant engineering	50.0
Kanden Welbe Company, Inc.	Toyama Toyama	90	Electrical and civil construction contract and management, operation and management of real estate	100.0
Tokai Dengyo	Nagoya Aichi	75	Contract and management of electrical and civil construction, operation and management of real estate	100.0
The Kanden Service Co., Inc.	Kita-ku Osaka	70	Electric pole advertising	100.0 (28.6)
The Kanden Seisakusyo Co., Ltd	Nishi-ku Osaka	30	Repair, sale and lease of automobile, waste collection, transportation and disposal	100.0 (20.0)
Kanden Kakoh Co., Inc.	Minato-ku Osaka	30	Operation, maintenance and construction of environmental preservation facilities, waste collection and disposal	100.0
Kanden Amenix	Chuo-ku Osaka	10	Sale of electric appliances	100.0
Kurobe Kyokoku Railways	Unazuki Shimokawa Toyama	250	Passenger and freight transportation	100.0
Institute of Nuclear Safety System, Inc.	Mihama Mikata Fukui	200	Survey and research of nuclear power safety technology	100.0
Kanden EL Heart	Suminoe-ku Osaka	200	Printing business, sale of novelties	51.0
Kanden Business Support	Kita-ku Osaka	10	Intra-group money-lending	100.0
EL Quest	Fukushima-ku Osaka	10	Development of energy saving technology and practice use research	50.0
Kansai Power International Corporation	Kita-ku Osaka	7,659	Investment in overseas electric power business and survey of overseas projects	100.0
Kanden Venture Management	Kita-ku Osaka	495	Investment in venture companies and consulting	100.0 (24.2)
Kanden Ecomelts	Chuo-ku Osaka	120	Recycling of polystyrene	90.0 (10.0)
28 others				
<b>(Associated company accounted for by equity method)</b> Kinden Corporation	Kita-ku Osaka	26,411	Electrical construction and engineering	41.3 (5.8)

Notes: Figures in parentheses in “ownership” represent the percentage indirectly owned by Kansai Electric and included in total ownership. Figures with asterisk in “ownership” represent the percentage owned by associated companies of Kansai Electric and excluded from total ownership.

## 2. Management Policy

### (1) Basic Management Policy

The Company has always designed its business activities on a basis of a relationship of trust with its customers. However, the business environment has greatly changed. It has become clearer how the electricity market is liberalized. Social reliance on nuclear power has been damaged by another company's untrustworthy voluntary inspections of its plants.

The Company expects more fierce competition in the future electricity market. The Electricity Industry Committee of the Agency for Natural Resources and Energy met in February of this year, and the committee set down guidelines for the liberalization of the market. The guidelines schedule important changes in the system such as gradual expansion of the scope of liberalization, establishment of a wholesale electricity trading market and elimination of so called "pancakes" (transfer fees charged as the electricity supply crosses service areas of existing utilities). In addition, new competitors are vigorously entering the electricity market. One example is one of our rivals, who is planning to build a large power plant in our service area.

With these changes foremost in mind, the Company has formulated the fiscal 2004 Management Plan, under which it will undertake business activities with the goal to be "trusted and chosen by our customers on a sustainable basis", providing electricity and various solutions to our customers' life. We will continue to pursue sustainable group-wide growth with "Total Solution Power" as a keyword, emphasizing "Creation of New Value for our Customers", "Achieving Unrivalled Competitiveness", and "Cultivation of Human and Corporate Resources" by taking full advantage of our management resources.

Specifically, the Company will provide new products and services to meet customer needs and expectations, create new value recognized by our customers in order to maintain and expand the top line (sales). The Company will keep a close eye and tight grip on capital expenditures, while focusing investment in areas which are expected to produce future profits, mainly the telecommunications and gas business. These activities are aimed at achieving the following financial goals.

#### <Consolidated>

Free cash flow	Avg. JPY360 bn or greater (fiscal 2004-2006)
ROA	Avg. 2.4% or greater (fiscal 2004-2006)
Shareholders' equity ratio	25% or greater (at the end of March 2006)
Interest-bearing debt	JPY3,800 bn or less (at the end of March 2006)
Ordinary income	Avg. JPY170 bn or greater (fiscal 2004-2006)

#### <Non-Consolidated>

Free cash flow	Avg. JPY370 bn or greater (fiscal 2004-2006)
ROA	Avg. 2.5% or greater (fiscal 2004-2006)
Shareholders' equity ratio	24% or greater (at the end of March 2006)
Interest-bearing debt	JPY3,100 bn or less (at the end of March 2006)
Ordinary income	Avg. JPY160 bn or greater (fiscal 2004-2006)

We will continue to pour our energies into long-term public-interest issues such as safe and stable operation of nuclear power plants – a chief priority – as well as energy security and the global environment, without cutting corners in compliance with relevant laws. Enhancing corporate value and strengthening our financial structure by efficient operation of our management resources, we will make great efforts to obtain full trust not only from our customers but also from shareholders and other investors through these activities.

## **(2) Dividends policy**

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

## **(3) Basic Policy Regarding Corporate Governance and Current Status of Implementation**

### Basic Policy Regarding Corporate Governance

Corporate governance is an essential factor for the Company to achieve lawful and efficient management, and to be well-evaluated by the capital market. Therefore the Company intends to maintain transparent and sound business operations and strengthen its competitive edge in order to live up to the expectations of shareholders and other investors as well as customers..

### Current Status of Implementation of Corporate Governance Policy

The board of directors holds ordinary meetings once a month and extraordinary meetings as needed to discuss and make decisions on important management matters, as well as to oversee the activities of its members.

A management committee composed mainly of executive directors of the company has also been put in place to deal with important management issues from a strategic and forward-looking perspective. An executive/managing director meeting is also in place, made up of executive directors and managing directors, which generally meets once a week to discuss important operations issues and provide rapid and accurate response to situations which require attention.

The Company has an auditing system in which auditors attend important meetings, such as of the board of directors and executive managing directors, at which they give opinions to and hear from the members about important management issues. In this way they stay on top of the main operations and finances of each division, allowing them to examine the operations of directors from the perspective of legality and reasonableness.

Besides this, the Company has two outside directors and three outside auditors. There are no special interests between the Company and these outside directors and auditors.

The Company has a full range of internal checks to ensure quality and safety, including the Quality and Safety Committee, which benefits from the participation of outside experts, internal auditing by the Office of Quality and Safety Improvement Audit, and a variety of self-checks throughout the company.

Financial auditing work is contracted to Tohmatsu & Co.

### Other

In November 2002, the Company established the Kansai Electric Power Company Compliance Committee, which includes two outside committee members (lawyers), with the goal of enhancing corporate governance and creating a transparent and open corporate culture ensuring greater trust. The committee focuses on planning and entrenchment of company compliance activities. In February 2003, Compliance Consultation Offices both inside and outside the company (in a law firm) were set up to answer questions regarding compliance. Lastly, a Compliance Manual was put together which lays out rules which employees should strictly adhere to. It was distributed to all employees and works as part of a larger compliance system including training sessions based on the manual.

In September 2002, the Company set up the Study Committee on Voluntary Inspections at Nuclear Power Plants, headed by the Company president, in order to promote general inspections based on orders from the Nuclear and Industrial Safety Agency, from Fukui Prefecture, and other bodies, in response to a series of irregularities by other utilities which was uncovered in inspections of nuclear power plants. In conjunction with this commission, the Company has also set up Oversight Advisory Committee on the Voluntary Inspection Surveillance Process which hears outside opinion from academic experts in the field on how to implement activities of the Commission. In March 2003 it was reported that no irregularities were uncovered in voluntary inspection activities by the Company.

### **3. Results of operations and financial position**

#### **(1) Results**

##### General overview

Due among other things to a rise in exports from the beginning of the fiscal year, the Japanese economy showed signs of improvement in some areas in the fiscal year ended March 31, 2003. Factors such as the continued fall in share prices, dragged down by rising deflationary pressure and the uncertain global economic outlook, however, caused conditions to worsen in the second half of the fiscal year.

Amid these conditions, in the electric business which is the company's core business, electricity sales in fiscal 2003 grew 1.5% to 141.82 TWh. A breakdown by category shows that residential sales rose 2.8% to 45.6 TWh due to a generally colder winter than the previous year and an increase in space heating demand while in the regulated commercial/industrial segment and liberalized segment, electricity sales increased 1.0% to 55.58TWh and 0.5% to 40.64 TWh respectively as a result of an increase in space heating demand combined with a recovery in output for export.

Electricity rates were lowered by an average of 5.35% from October 1, 2002, reflecting across-the-board efficiency improvements.

In other segments, we are strengthening our position in new fields, particularly in IT/Communications, Energy business, and life-support amenities. In the IT/Communications, the number of subscribers to K-Opticom Corporation's residential internet access service broke the 200,000 mark. There was steady growth in revenue streams in other areas, too, as sales in the Energy services sector took off and sales in the life-support amenities sector expanded, primarily in the real estate business.

Reflecting these developments, sales (operating revenues) declined 1.4% to ¥2,615.1 billion, operating income increased 2.0% to ¥325.5 billion, ordinary income increased 9.5% to ¥174.7 billion, and net income declined 37.3% to ¥80.4 billion.



## Performance by industry segment

Performance in each segment by type of business was as follows.

### <Electric power>

Despite growth in total electricity sales, the reduction in electricity rates caused revenues from electricity sales to decline 1.8% to ¥2,471.3 billion.

On the expenses front, there was some increase in spending on additional retirement payments for early retirement plan. Overall, however, operating expenses fell 2.3% to ¥2,155.2 billion as a result of efforts to cut maintenance and capital costs, across-the-board efficiency improvements, and our nuclear power stations operating at a record capacity factor of 90.5%, which resulted in reduced fuel costs for fossil-fuelled power generation.

As a result, operating income rose 1.4% to ¥316.1 billion.

### <IT/Communications>

Substantial growth in the number of “eo64 air” subscribers to K-Opticom Corporation’s residential wireless internet connection service and the launch of the “eo Home Fiber, FTTH” service led to an 11.4% increase in sales to ¥76.3 billion.

Regarding expenses, efficiency improvements enabled a tight rein to be kept on operating expenses, which rose just 8.6% from the previous term to ¥81.8 billion.

The result was an operating loss of ¥5.5 billion, down 19.3% from the previous fiscal year.

### <Other>

A decline in intra-group transactions caused sales to fall 6.2% to ¥350.7 billion. The non-group component of sales, however, rose 6.4% to ¥120.5 billion due to growth in the Energy business and life-support amenity segments.

Regarding expenses, efficiency improvements generated a 6.7% reduction in operating expenses to ¥339.3 billion.

As a result, operating income rose 12.1% to ¥11.4 billion.

Power generation and sales

**[Power generation]**

(GWh)

	Year ended Mar. 31, 2003	Year ended Mar. 31, 2002	Change(%)
Kansai Electric			
Hydroelectric	15,396	13,745	112.0
Fossil Fuel	27,078	36,167	74.9
Nuclear	77,459	72,319	107.1
Purchased (sold) power from other companies	24,379 (122)	20,359 (131)	119.7 93.3
Purchased (sold) power from other utility companies	17,532 (1,979)	15,231 (1,785)	115.1 110.9
Power used for pumped storage	-4,825	-3,451	139.8
Total	154,918	152,454	101.6
Losses	-13,098	-12,675	103.3
Electricity sales	141,820	139,779	101.5
Water flow rate (%)	91.6	87.7	

Note: Electricity sales include electricity used for the Company's own business. (234GWh for the fiscal 2003 and 238GWh for the fiscal 2002)

**[Number of contracts and contract demand]**

		As of Mar. 31, 2003	As of Mar. 31, 2002	Change(%)
Contracts	Residential	11,628,957	11,532,750	100.8
	Commercial and industrial	1,379,015	1,398,183	98.6
	Total	13,007,972	12,930,933	100.6
Contract Demand (kW)	Residential	4,640,027	4,208,261	110.3
	Commercial and industrial	26,378,117	26,674,184	98.9
	Total	31,018,144	30,882,445	100.4

Note: Excluding the liberalized segment and sales to other companies.

**[Electricity sales and revenues]**

		Year ended Mar. 31, 2003	Year ended Mar. 31, 2002	Change(%)
Electricity Sales (MW)	Residential	45,602,930	44,346,976	102.8
	Commercial and industrial	96,216,881	95,431,959	100.8
	Total	141,819,811	139,778,935	100.5
	Sales to other companies	122,152	130,870	93.3
	Sales to other utility companies	1,979,268	1,784,849	108.5
Revenues (million yen)	Residential	993,231	991,533	100.2
	Commercial and industrial	1,425,120	1,476,605	96.5
	Late payment	3,397	3,473	97.8
	Total	2,421,749	2,471,612	98.0
	Sales to other companies	1,394	1,776	78.5
	Sales to other utility companies	16,511	15,213	108.5

Notes:

1. Including the liberalized segment.
2. Consumption tax is not included in revenues.

## Dividends

Regarding the distribution of non-consolidated profits for the year ended March 31, 2003, an interim dividend of ¥25 per share was paid in November 2002. The year-end dividend of ¥25 is to be paid.

## Cash flow performance

The Company and its consolidated subsidiaries are striving to enhance cash flow by boosting management efficiency. We are also actively investing, primarily in new fields of business that will broaden revenue streams in the future, and taking steps to strengthen our financial standing.

### <Cash flow from operating activities>

Across-the-board efficiency improvements and an increase in total electricity sales in the electricity business failed to entirely offset the effects of the reduction in electricity rates in October 2002 and large increase in income tax paid, causing revenues to decline ¥100.5 billion (-13.3%) to ¥656.0 billion.

### <Cash flow used in investing activities>

Despite active capital expenditures in new fields, such as IT/Communications, further efficiency improvements in the electric power segment resulted in capital expenditures declining overall. This led to a ¥37.0 billion (-8.3%) decline in expenditures to ¥409.5 billion.

### <Cash flow used in financing activities>

The free cash flow thus generated was allocated principally to reduce interest-bearing debt and acquire treasury stock, as a result of which expenditure fell ¥34.1 billion (-11.2%) to ¥271.3 billion.

As a consequence, cash and cash equivalents at the fiscal-year-end declined ¥24.8 billion (-19.3%) to ¥104.1 billion.

Total assets at the fiscal-year-end came to ¥7,402.3 billion and interest-bearing debt to ¥4,354.1 billion, respectively down ¥219.7 billion and ¥193.5 billion excluding the effects of the increase in newly consolidated subsidiaries.

## Cash flow indices

	Fiscal 2003	Fiscal 2002
Shareholder's equity ratio	20.9%	21.1%
Shareholder's equity ratio at market value	22.9%	23.7%
Debt repayment period	6.6 years	5.9 years
Interest coverage ratio	6.4	6.6

Shareholder's equity ratio: shareholder's equity / total assets

Shareholder's equity ratio at market value: shareholders' equity at market value / total assets

Debt repayment period: interest-bearing debt / operating cash flow

Interest coverage ratio: operating cash flow / interest payment

### Notes:

1. All figures are calculated based on consolidated financial data.
2. Interest payment excludes fees for early payment of loans from interest expenses given in the consolidated statements of income.

**(2) Earnings forecasts**

Electricity sales are forecasted to fall from the previous term. This will be resulting mainly from a decrease in demand from the private sector due to the strong demand for air conditioning and space heating in the previous year, and a decline in demand from the industrial sector due to the increasingly uncertain economic outlook and a decrease in exports. Total electricity sales are therefore expected to fall 2.5% to 138.3 TWh.

In other segments, we shall be expanding the provision of total IT/Communications services for residential and corporate customers, centered around K-Opticom Corporation' FTTH service, in the IT/Communications segment. In the Energy business and life-support amenity segments, too, we shall be expanding sales.

As a result of the above, we project consolidated sales for the year ending March 2004 to fall 3.6% to approximately ¥2,520 billion, and ordinary income and net income to reach ¥180 billion and ¥115 billion respectively.

Regarding our interim forecasts, we project operating revenues of approximately ¥1,260 billion, ordinary income of ¥140 billion and net income of ¥90 billion.

The above projections are calculated based on the following conditions:

Electricity sales	138.3 TWh
Exchange rate (interbank)	approx. ¥120/\$
CIF crude oil price	approx.\$27/barrel
Nuclear capacity factor	87.0%
Water run-off ratio	100%

## Consolidated Balance Sheets

(million yen)

Account	As of Mar. 31, 2003	As of Mar. 31, 2002	Increase/ decrease
<b>(Assets)</b>			
Property	7,005,043	7,095,573	-90,530
Utility facilities	4,630,848	4,942,881	-312,032
Hydroelectric power production facilities	482,527	508,663	-26,136
Thermal power production facilities	423,750	488,428	-64,678
Nuclear power production facilities	476,572	520,251	-43,679
Transmission facilities	1,494,318	1,566,945	-72,627
Transformation facilities	574,350	609,461	-35,110
Distribution facilities	999,280	1,054,257	-54,976
General facilities	165,792	180,561	-14,769
Other utility facilities	14,256	14,310	-54
Other plant and equipment	443,867	279,009	164,858
Construction in progress	822,748	773,318	49,430
Nuclear fuel	517,485	500,168	17,317
Loaded nuclear fuel	101,111	107,060	-5,949
Nuclear fuel in processing	416,374	393,107	23,267
Investments and other assets	590,092	600,196	-10,104
Long-term investments	155,207	194,033	-38,826
Deferred tax assets	248,575	208,291	40,284
Other	187,282	198,552	-11,270
Allowance for doubtful accounts	-973	-681	-291
Current assets	397,284	411,983	-14,698
Cash and time deposits	99,015	115,007	-15,992
Accounts receivable	150,212	148,846	1,366
Deferred tax assets	32,236	24,811	7,425
Other	119,729	127,633	-7,903
Allowance for doubtful accounts	-3,910	-4,316	406
<b>Total assets</b>	<b>7,402,327</b>	<b>7,507,556</b>	<b>-105,229</b>

## Consolidated Balance Sheets

(million yen)

Account	As of Mar. 31, 2003	As of Mar. 31, 2002	Increase/ decrease
<b>(Liabilities)</b>			
Long-term liabilities and reserves	4,762,736	4,786,872	-24,135
Bond	1,554,297	1,628,330	-74,033
Convertible bond	178,557	178,557	
Long-term loans	1,952,364	1,973,709	-21,344
Liability for retirement benefits	290,737	276,663	14,074
Reserve for reprocessing of irradiated nuclear fuel	529,630	483,413	46,216
Reserve for decommissioning of nuclear power units	225,402	213,043	12,358
Deferred tax liabilities	184	325	-141
Other	31,562	32,829	-1,266
Current liabilities	1,079,214	1,132,264	-53,050
Current maturities of long-term debt and other	365,996	324,821	41,174
Short-term borrowings	221,652	303,503	-81,850
Commercial papers	85,000	50,000	35,000
Accounts payable	79,059	93,544	-14,485
Accrued taxes	93,344	109,219	-15,874
Deferred tax liabilities	113	72	40
Other	234,048	251,103	-17,055
<b>Total liabilities</b>	<b>5,841,951</b>	<b>5,919,137</b>	<b>-77,185</b>
Minority interest	12,244	7,681	4,562
<b>(Shareholders' Equity)</b>			
Paid in capital	489,320	489,320	
Capital surplus	65,463	65,463	
Retained earnings	1,003,204	971,427	31,776
Net unrealized gain on available-for-sale securities	19,875	54,298	-34,442
Foreign currency translation adjustments	100	280	-180
Treasury stock	-29,832	-53	-29,779
<b>Total shareholders' equity</b>	<b>1,548,131</b>	<b>1,580,737</b>	<b>-32,605</b>
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>7,402,327</b>	<b>7,507,556</b>	<b>-105,229</b>

## Consolidated Statements of Income

(million yen)

Account		Year ended Mar. 31, 2003	Year ended Mar. 31, 2002	Increase/ decrease	
Ordinary revenues and expenses	Operating revenues and expenses	Operating revenues	2,615,154	2,651,597	-36,442
		Electric	2,461,694	2,509,564	-47,870
		Other	153,460	142,032	11,428
		Operating expenses	2,289,572	2,332,284	-42,711
		Electric	2,141,337	2,192,133	-50,795
		Other	148,235	140,151	8,083
		(Operating Income)	325,581	319,312	6,269
	Non-operating revenues and expenses	Non-operating revenues	9,792	11,279	-1,487
		Dividends received	1,730	1,769	-38
		Interests received	462	722	-259
		Gain on sales of property, plant and equipment	2,008		2,008
		Equity in earnings of associated companies		779	-779
		Other	5,590	8,007	-2,417
		Non-operating expenses	160,628	171,029	-10,401
		Interest expense	113,065	127,462	-14,396
		Equity in losses of associated companies	4,650		4,650
	Other	42,911	43,567	-655	
	Total ordinary revenues	2,624,946	2,662,876	-37,930	
	Total ordinary expenses	2,450,201	2,503,314	-53,113	
	Ordinary Income	174,745	159,562	15,183	
Reversal of reserve for fluctuations in water level			-6,608	6,608	
Special Items					
	Loss on discontinuance of power plant construction	62,001		62,001	
	Gain on sales of securities	28,286	43,961	-15,674	
Income before income taxes and minority interests		141,030	210,132	-69,101	
	Income taxes-current	88,301	91,758	-3,457	
	Income taxes-deferred	-28,379	-10,969	-17,409	
Minority interest in net income		633	898	-264	
Net Income		80,474	128,444	-47,970	

## Consolidated Statements of Retained Earnings

(million yen)

Account	Year ended Mar. 31, 2003	Year ended Mar. 31, 2002
Balance of retained earnings, beginning of period		906,338
Increase in retained earnings		26,095
Increase in retained earnings of newly consolidated subsidiaries		26,095
Decrease in retained earnings		89,451
Cash dividends, 50 yen per share		58,717
Bonuses to directors and corporate auditors		542
Retirement of treasury stock		30,191
Net income		128,444
Balance of retained earnings, end of period		971,427
<b>(Capital surplus)</b>		
Balance of capital surplus, beginning of period	65,463	
Increase in capital surplus		
Decrease in capital surplus		
Balance of capital surplus, end of period	65,463	
<b>(Retained earnings)</b>		
Balance of retained earnings, beginning of period	971,427	
Increase in retained earnings	80,474	
Net income	80,474	
Decrease in retained earnings	48,698	
Cash dividends, 50 yen per share	48,129	
Bonuses to directors and corporate auditors	568	
Balance of retained earnings, end of period	1,003,204	



## Consolidated Statements of Cash Flows

(million yen)

Account	Year ended Mar. 31, 2003	Year ended Mar. 31, 2002	Increase/ decrease
<b>Operating Activities</b>			
Income before income taxes and minority interest	141,030	210,132	-69,101
Depreciation and amortization	413,951	421,573	-7,622
Amortization of nuclear fuel	57,292	53,055	4,236
Loss on disposal of property, plant and equipment	17,584	51,203	-33,618
Loss on discontinuance of power plant construction	62,001		62,001
Nuclear fuel transferred to reprocessing costs	14,871	14,372	499
Increase (decrease) in liability for retirement benefits	13,000	-14,310	27,311
Provision for reprocessing of irradiated nuclear fuel	46,216	71,213	-24,996
Provision for decommissioning of nuclear power units	12,358	9,212	3,145
Reversal of reserve for fluctuations in water level		-6,608	6,608
Interest revenue and dividends received	-2,193	-2,491	298
Interest expense	113,065	127,462	-14,396
Gain on sales of securities	-28,286	-43,961	15,674
Accounts receivable	1,166	20,546	-19,380
Accounts payable	-14,709	-7,453	-7,256
Other	31,695	19,797	11,897
Sub total	879,045	923,744	-44,698
Receipt of interest and cash dividends	3,149	2,911	238
Interest paid	-114,627	-130,049	15,421
Income tax paid	-111,526	-39,979	-71,547
Net cash provided by operating activities	656,040	756,626	-100,586
<b>Investing activities</b>			
Purchases of property, plant and equipment	-415,846	-481,924	66,077
Payment for investments and advances	-38,621	-29,430	-9,190
Proceeds from sales or collections of investments and advances	36,577	58,104	-21,527
Payment for purchase of investments in subsidiaries net of cash acquired	-7,247		-7,247
Other	15,545	6,623	8,922
Net cash used in investing activities	-409,591	-446,627	37,035
<b>Financing Activities</b>			
Proceeds from issuance of bonds	98,849	149,363	-50,513
Redemption of bonds	-208,032	-276,039	68,007
Proceeds from long-term debt (exclusive of bonds)	158,353	217,061	-58,708
Repayments of long-term debt (exclusive of bonds)	-196,812	-240,064	43,252
Proceeds from short-term borrowings	453,634	752,336	-298,701
Repayments of short-term borrowings	-534,663	-869,750	335,087
Proceeds from issuance of commercial papers	828,000	216,000	612,000
Repayments of commercial papers	-793,000	-166,000	-627,000
Purchases of treasury stock	-29,670	-30,477	807
Dividends paid	-48,113	-58,690	10,577
Other	110	768	-657
Net cash used in financing activities	-271,343	-305,494	34,150
Foreign currency translation adjustments on cash and cash equivalents	-4	7	-11
Net increase (decrease) in cash and cash equivalents	-24,899	4,512	-29,411
Cash and cash equivalents, beginning of year	129,083	87,767	41,316
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year		36,803	-36,803
Cash and cash equivalents, end of year	104,183	129,083	-24,899

## (Summary of significant accounting policies)

1. Scope of Consolidation  
Number of consolidated subsidiaries: 78 (all subsidiaries)  
Newly consolidated subsidiaries in the fiscal year ended March 31, 2003 are as follows.  
EL-Suehiro Food Service, Akinai Biz Square Corporation, Urban Service Co., Ltd., Kanden Ecomelts, Osaka Media Port Corporation and 3 others  
Refer to “Kansai Electric Power Group” and “Subsidiaries and associated companies” for names of principal subsidiaries.
2. Application of the equity method  
Number of associated companies accounted for by the equity method: 1 (Kinden Corporation)  
Investments in the remaining affiliated 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
3. Consolidated subsidiaries' fiscal-year end  
The fiscal year-end of five consolidated subsidiaries (four for the year ended March 31, 2002) is December 31. The Kansai Electric Power Co., Inc. (“the Company”) consolidates such subsidiaries' financial statements using their financial results for the year ended December 31. The effect of any significant transactions during the period between the subsidiaries' fiscal period-end and the Company's fiscal period-end are reflected in the consolidated financial statements.
4. Accounting standards
  - (1) Valuation of principal assets
    - a. Held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are reported at amortized cost.
    - b. Available-for-sale securities whose fair value is readily determinable are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholders' equity. Available-for-sale securities whose fair value is not readily determinable are reported at cost. The cost of securities sold is determined by the moving-average method.
    - c. All derivatives are reported at fair value.
    - d. Inventories, mainly fuel, are stated at cost determined by the average method.
  - (2) Method of depreciation of principal property  
Most of consolidated subsidiaries adopt the same methods of depreciation of principal property. Depreciation is principally computed by the declining-balance method based on the estimated useful lives of the assets.
  - (3) Accounting standard for principal reserves
    - a. Allowance for doubtful accounts  
To protect against potential losses from uncollectible accounts receivable, the Company and consolidated subsidiaries (“the Companies”) provides for uncollectible accounts based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.
    - b. Liability for retirement benefits  
Liability for retirement benefits is accounted for 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 are being recognized by the straight-line method over a period of principally 3 years.
    - c. Reserve for Reprocessing of Irradiated Nuclear Fuel  
The Company has accrued costs for the reprocessing of irradiated nuclear fuel 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.
    - d. Reserve for Decommissioning of Nuclear Power Units  
The Company has accrued costs for decommissioning of nuclear power units in accordance with accounting methods accepted by the regulatory authority.

- (4) 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 operation lease transactions.
- (5) Hedging activities
- a. Methods of hedging accounting  
For derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.
  - b. Hedging instruments, hedged items and hedging policies  
The Companies use principally foreign exchange forward contracts, currency swaps and interest rate swaps in the normal course of business, to manage its exposures to fluctuations in foreign exchange, interest rate and so on. The Companies do not enter into derivatives for trading or speculative purposes.
  - c. Method of assessing effectiveness of hedges  
The post-testing of the effectiveness of hedges is conducted after every fiscal year-end. The post-testing is omitted if the correlation and effectiveness between the heading instruments and the hedged items are extremely high.
- (6) Others
- a. Consumption taxes  
Consumption taxes are excluded from revenues and expenses.
  - b. Accounting method for treasury stock and reduction of legal reserves  
From this fiscal year, statement of “Accounting standards for Treasury stocks and reduction of legal reserves” was adopted. The adoption of this new standard had an immaterial effect on the Companies’ results of operations and financial position.
5. Valuation of assets and liabilities of consolidated subsidiaries  
The assets and liabilities of consolidated subsidiaries are valued using the full mark-to-market method.
6. Amortization of consolidated adjustment account  
Consolidated adjustment account is amortized on a straight-line basis over a five-year period.
7. 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.
8. 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.

**(Notes to consolidated balance sheets)**

1. Accumulated depreciation of tangible assets	8,406,231 million yen
2. Co-guarantees of loans and bonds of other companies	223,526 million yen
Contingency relating to debt assumption agreement	117,015 million yen
Note receivable endorsed	24 million yen
3. Consolidated adjustment account included in other long-term liabilities	2,863 million yen

## (Segment information)

### 1. Industry segment information

[Year ended March 31, 2003]

(million yen)

	Electric Power	IT/ Communications	Other	Total	Eliminations/ Corporate	Consolidated
Sales and operating income						
Operating revenues						
(1) Sales to customers	2,461,694	32,957	120,503	2,615,154		2,615,154
(2) Intersegment sales	9,664	43,388	230,271	283,324	-283,324	
Total	2,471,358	76,345	350,774	2,898,479	-283,324	2,615,154
Operating expenses	2,155,224	81,853	339,343	2,576,421	-286,848	2,289,572
Operating income	316,134	-5,508	11,430	322,057	3,523	325,581
Assets, depreciation and capital expenditures						
Assets	6,793,679	311,358	500,361	7,605,398	-203,071	7,402,327
Depreciation	383,030	15,687	22,185	420,903	-6,952	413,951
Capital expenditures	322,785	23,390	44,197	390,373	-3,523	386,850

[Year ended March 31, 2002]

(million yen)

	Electric Power	IT/ Communications	Other	Total	Eliminations/ Corporate	Consolidated
Sales and operating income						
Operating revenues						
(1) Sales to customers	2,509,564	28,814	113,217	2,651,597		2,651,597
(2) Intersegment sales	8,252	39,700	260,619	308,572	-308,572	
Total	2,517,817	68,515	373,836	2,960,169	-308,572	2,651,597
Operating expenses	2,206,104	75,341	363,639	2,645,086	-312,801	2,332,284
Operating income	311,712	-6,826	10,197	315,083	4,228	319,312
Assets, depreciation and capital expenditures						
Assets	7,098,474	123,757	498,961	7,721,193	-213,637	7,507,556
Depreciation	396,084	12,137	22,556	430,778	-9,204	421,573
Capital expenditures	407,186	34,123	31,749	473,059	-5,245	467,813

Notes: 1. Industry segments are classified based on the type of business.  
2. Principal products and business of each industry segment

Industry segment	Principal products and business
Electric power	Supply of electricity
IT/Communications	Telecommunication (type , type ), Lease of telecommunication facilities, Computer-assisted calculation, Lease of computers
Other	Electrical and civil constructions, Repair, sale and lease of automobiles, Waste collection, transportation and disposal, Manufacture and sale of steel electric pole, Operation and management of real estate, Lease of office rooms, Gas supply business, Heat supply business

### 2. Geographic segment information

Geographic segment information is not disclosed because generally accepted accounting principles in Japan do not require such disclosure if sales of foreign operations represent less than 10% of total sales.

### 3. Sales to foreign customers

Sales to foreign customers are not disclosed because generally accepted accounting principles in Japan do not require such disclosure if sales to foreign customers represent less than 10% of total sales.

## (Income taxes)

### 1. Breakdown of major factors giving rise to deferred tax assets and liabilities

(million yen)

	As of March 31, 2003	As of March 31, 2002
Deferred tax assets		
Liabilities for retirement benefits	85,679	72,767
Intercompany profit elimination	44,009	45,486
Reserve for reprocessing of irradiated nuclear fuel	41,878	41,878
Reserve for decommissioning of nuclear power units	29,303	29,303
Depreciation	28,747	20,032
Deferred charges	17,071	19,413
Other	60,427	42,426
Sub total	307,116	271,308
Less valuation allowance	-15,256	-8,354
Total	291,860	262,954
Deferred tax liabilities		
Unrealized gain on available-for-sale securities	-10,651	-29,458
Other	-693	-790
Total	-11,344	-30,249
Net deferred tax assets	280,515	232,705

### 2. A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income

(%)

	Year ended March 31, 2003	Year ended March 31, 2002
Normal effective statutory tax rate	36.2	36.2
(Adjustment)		
Equity in (losses) earnings of associated companies	1.2	-0.1
Valuation allowance	4.7	2.6
Other-net	0.4	-0.2
Actual effective tax rate	42.5	38.5

3. On March 31, 2003, a local tax reform law was enacted in Japan, which changed the normal effective statutory tax rate of certain consolidated subsidiaries from approximately 42% to 40%, effective for years beginning April 1, 2004. The effect of this change on deferred taxes in the consolidated financial statements for the year ended March 31, 2003 is immaterial

**(Investment securities)**

[Year ended March 31, 2003]

1. Held-to-maturity debt securities with fair value (as of March 31, 2003) (million yen)

	Carrying amount	Fair value	Unrealized gains/losses
Securities that exceed carrying amount			
Government and municipal bonds, etc.	6,681	7,175	494
Corporate bonds	3,521	3,666	145
Others	10	10	
Sub total	10,212	10,852	640
Securities that do not exceed carrying amount			
Government and municipal bonds, etc.			
Corporate bonds	990	979	-11
Others	400	390	-9
Sub total	1,390	1,369	-20
Total	11,602	12,222	619

2. Available-for-sale securities with fair value (as of March 31, 2003) (million yen)

	Cost	Carrying amount	Unrealized gains/losses
Securities that exceed cost			
Equity securities	20,573	49,650	29,076
Debt securities			
Government and municipal bonds, etc.	981	1,029	47
Corporate bonds	198	210	12
Others			
Others			
Sub total	21,752	50,890	29,137
Securities that do not exceed cost			
Equity securities	472	372	-100
Debt securities			
Government and municipal bonds, etc.			
Corporate bonds	1,239	1,232	-6
Others			
Others			
Sub total	1,712	1,605	-106
Total	23,465	52,495	29,030

3. Proceeds from sales of available-for-sale securities (year ended March 31, 2003) (million yen)

Proceeds from sales of securities	Gross realized gains	Gross realized losses
28,648	28,382	15

4. Held-to-maturity and available-for-sale securities whose fair value is not readily determinable. (million yen)

Held-to-maturity securities	Unlisted foreign bonds	400
Available-for-sale securities	Equity securities (excluding securities listed or traded over-the-counter)	71,538
	Fund certificates	3,062
	Other	5,292

5. The carrying values of debt securities by contractual maturities for securities classified as held-to-maturity and available-for-sale.

(million yen)

	Within 1 year	1-5 years	5-10 years	Over 10 years
Debt securities				
Government and municipal bonds, etc.	417	2,078	5,214	
Corporate bonds	544	4,176	849	385
Others	110	100		600
Others	100	310		
Total	1,172	6,664	6,064	985

[Year ended March 31, 2002]

1. Held-to-maturity debt securities with fair value (as of March 31, 2002)

(million yen)

	Carrying amount	Fair value	Unrealized gains/losses
Securities that exceed carrying amount			
Government and municipal bonds, etc.	5,014	5,356	342
Corporate bonds	1,739	1,819	79
Others	9	10	
Sub total	6,764	7,185	421
Securities that do not exceed carrying amount			
Government and municipal bonds, etc.	386	384	-2
Corporate bonds	750	725	-25
Others	110	107	-2
Sub total	1,247	1,216	-30
Total	8,011	8,402	390

2. Available-for-sale securities with fair value (as of March 31, 2002)

(million yen)

	Cost	Carrying amount	Unrealized gains/losses
Securities that exceed cost			
Equity securities	23,656	104,673	81,016
Debt securities			
Government and municipal bonds, etc.	59	60	
Corporate bonds	40	49	8
Others			
Others	2,552	2,567	15
Sub total	26,309	107,351	81,041
Securities that do not exceed cost			
Equity securities	1,458	1,158	-300
Debt securities			
Government and municipal bonds, etc.	561	557	-3
Corporate bonds	719	702	-16
Others			
Sub total	2,739	2,419	-320
Total	29,049	109,770	80,721

3. Proceeds from sales of available-for-sale securities (year ended March 31, 2002)

(million yen)

Proceeds from sales of securities	Gross realized gains	Gross realized losses
45,477	44,955	72

4. Held-to-maturity and available-for-securities whose fair value is not readily determinable.

(million yen)

Held-to-maturity securities	Unlisted foreign bonds	350
Available-for-sale securities	Equity securities (excluding securities listed or traded over-the-counter)	52,595
	Fund certificates	3,062
	Others	8,624

5. The carrying values of debt securities by contractual maturities for securities classified as held-to-maturity and available-for-sale.

(million yen)

	Within 1 year	1-5 years	5-10 years	Over 10 years
Debt securities				
Government and municipal bonds, etc.	217	1,594	4,207	
Corporate bonds	255	2,561	246	180
Others	20	200		250
Others	100	307		
Total	592	4,663	4,454	430



## (Retirement and pension plan)

### 1. Description of retirement and pension plan

The company and certain consolidated subsidiaries have non-contributory defined benefit pension plans, contributory pension plans and unfunded retirement benefit plans. In certain instances, additional retirement payments are paid at the retirement of employees. In addition certain consolidated subsidiaries participate in a contributory multi-employer pension plan covering substantially all of their employees. The pension fund and assets available for benefits under this plan were approximately ¥1,854 million at March 31, 2003.

### 2. Retirement liability for employees' retirement benefits

(million yen)

	As of March 31, 2003	As of March 31, 2002
(1) Projected benefit obligation	-798,894	-752,472
(2) Fair value of plan assets	362,104	396,570
(3) Funded status ((1)+(2))	-436,789	-355,902
(4) Unrecognized actuarial loss	158,891	108,217
(5) Unrecognized prior service benefit (Note 1)	-12,572	-28,978
(6) Net carrying amount ((3)+(4)+(5))	-290,471	-276,663
(7) Prepaid pension expenses	266	
(8) Liability for retirement benefits((6) (7))	-290,737	-276,663

Note: 1. Unrecognized prior service benefit incurred by the changes in benefit plan of the Company and certain subsidiaries.

2. Some consolidated subsidiaries use the simplified method in calculating the retirement projected benefit obligation.

### 3. Components of net periodic retirement benefit costs

(million yen)

	Year ended March 31, 2003	Year ended March 31, 2002
(1) Service cost (Note 1)	31,024	28,573
(2) Interest cost	18,414	19,653
(3) Expected return on plan assets	-6,286	-6,260
(4) Recognized actuarial loss	39,984	12,895
(5) Amortization of prior service benefit (Note 2)	-17,313	-17,799
(6) Settlement loss (Note 3)	24,118	
(7) Other (Note 4)	53,030	1,997
(8) Net retirement benefit costs (1)+(2)+(3)+(4)+(5)+(6)+(7)	142,972	39,060

Note: 1. Retirement benefit costs of consolidated subsidiaries that use a simplified method are included.

2. Profit concerning prior service benefit stated in "Note 1" of "2. Retirement liability for employees' retirement benefits"

3. A lump-sum amortization of unrecognized actuarial loss and prior service cost incurred by the large scale retirement brought about by the expansion of early retirement plan.

4. For the year ended March 31, 2003, an additional retirement payment of ¥52,921 million is included. For the year ended March 31, 2002, an additional retirement payment of ¥1,885 million is included.

4. Principal assumptions used for calculation of retirement benefit obligation

	Year ended March 31, 2003	Year ended March 31, 2002
Allocation method of the retirement benefits expected to be paid at the retirement date	Straight-line method based on years of service	Straight-line method based on years of service
Discount rate	Primarily 2.0%	Primarily 2.5%
Expected rate of return on plan assets	Primarily 1.5%	Primarily 1.5%
Amortization period of prior service cost	Primarily 3 years	Primarily 3 years
Recognition period of actuarial gain/loss	Primarily 3 years	Primarily 3 years

**Unaudited Financial Release (Non-Consolidated)**  
(Kessan Tanshin)

The information below is an English translation of the main contents of the Kessan Tanshin (Unaudited Financial Release [Non-Consolidated]) which has been filed with the major Japanese stock exchanges (Osaka, Tokyo and Nagoya) for public inspection. These financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

May 20, 2003

**Unaudited Financial Release (Non-Consolidated) for the Year ended March 31, 2003**

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**I. Performance for the Years ended March 31, 2003 and 2002**

(Figures are rounded down to the nearest million yen)

**1. Results of Operations**

	(Million Yen)			
	<u>Year ended March 31</u>		<u>Change</u>	
	2003	2002	03/02	02/01
Operating Revenues	2,482,743	2,517,817	-1.4%	-2.5%
Operating Income	315,575	311,712	1.2%	-7.2%
Ordinary Income *	186,559	163,595	14.0%	-9.5%
Net Income	97,277	137,020	-29.0%	43.5%
Net Income per Share	101.36yen	140.39yen		
Fully Diluted Net Income per Share	99.19yen	135.19yen		
Net Income / Shareholder's Equity	7.3%	10.2%		
Ordinary Income * / Total Assets	2.7%	2.3%		
Ordinary Income * / Operating Revenues	7.5%	6.5%		

Notes:

- Average number of shares outstanding  
Year ended March 31, 2003: 958,335,659  
Year ended March 31, 2002: 976,016,583
- Changes have been made in accounting policies.
- Ordinary Income means Income before Reversal of Reserve for Fluctuations in Water Level, Special Item and Income Taxes.

## 2. Dividends

(Million Yen)

	<u>Year ended March 31</u>	
	2003	2002
Semi Annual Interim		
Dividends per Share	25.00yen	25.00yen
Annual Dividends per Share	50.00yen	50.00yen
Annual Dividends	47,709	48,533
Payout Ratio	49.3%	35.4%
Dividends/Shareholders' Equity	3.6%	3.6%

## 3. Financial Position

(Million Yen)

	<u>As of March 31</u>	
	2003	2002
Total Assets	6,772,316	7,043,444
Shareholders' Equity	1,324,806	1,337,693
Shareholders' Equity Ratio	19.6%	19.0%
Shareholders' Equity per Share	1,400.42yen	1,389.54yen

Notes:

1. Number of shares outstanding  
As of March 31, 2003: 945,901,733                      As of March 31, 2002: 962,687,329
2. Number of treasury stock  
As of March 31, 2003: 16,796,995                      As of March 31, 2002: 11,399

## II. Earnings Forecasts

(Billion Yen)

	<u>Six Months ending Sep.30</u>	<u>Year ending March 31</u>
	2003	2004
Operating Revenues	1,190	2,350
Ordinary Income*	140	170
Net Income	90	110

Reference:

Net Income per Share for the year ending March 31, 2004; 116.29yen

Notes:

1. Key data for Earnings Forecasts

Electricity Sales	
Year ending March 31, 2004	138.3 TWh
Six months ending Sep.30, 2003	70.5 TWh
Exchange rate	¥ 120/\$
CIF crude oil price	\$ 27/barrel
Nuclear capacity factor	87.0%
Water run off ratio	100%

2. Ordinary Income means Income before Reversal of Reserve for Fluctuations in Water Level, Special Item and Income Taxes.

## Non-Consolidated Balance Sheets

(million yen)

Account	As of Mar. 31, 2003	As of Mar. 31, 2002	Increase/ Decrease
<b>(Assets)</b>			
Property	6,539,762	6,794,936	-255,174
Utility facilities	4,753,211	5,068,247	-315,036
Hydroelectric power production facilities	488,485	514,887	-26,401
Thermal power production facilities	427,463	492,655	-65,192
Nuclear power production facilities	479,422	523,273	-43,851
Internal combustion engine power production facilities	3,482	3,903	-421
Transmission facilities	1,516,620	1,589,980	-73,359
Transformation facilities	586,029	621,648	-35,618
Distribution facilities	1,071,836	1,127,218	-55,381
General facilities	169,018	184,182	-15,164
Facilities loaned	10,851	10,497	354
Incidental business facilities	12,517	10,161	2,355
Non-operating facilities	6,828	5,731	1,096
Construction in progress	792,008	768,744	23,264
Nuclear fuel	517,485	500,168	17,317
Loaded nuclear fuel	101,111	107,060	-5,949
Nuclear fuel in processing	416,374	393,107	23,267
Investments and other assets	457,711	441,882	15,829
Long-term investments	131,578	173,072	-41,493
Investments in and advances to subsidiaries and associated companies	133,104	119,776	13,328
Long-term loans receivable	16,044	12,362	3,682
Deferred tax assets	177,885	136,798	41,086
Allowance for doubtful accounts	-902	-127	-774
Current assets	232,554	248,508	-15,954
Cash and time deposits	30,702	39,919	-9,216
Accounts receivable-trade	111,851	114,760	-2,908
Other accounts receivable	15,605	14,911	694
Fuel, materials and supplies	37,723	44,133	-6,409
Prepaid expenses	148	319	-170
Short-term receivables from subsidiaries and associated companies	3,873	5,637	-1,764
Deferred tax assets	23,616	19,035	4,580
Other current assets	11,181	12,202	-1,021
Allowance for doubtful accounts	-2,149	-2,410	261
<b>Total assets</b>	<b>6,772,316</b>	<b>7,043,444</b>	<b>-271,128</b>

## Non-Consolidated Balance Sheets

(million yen)

Account	As of Mar. 31, 2003	As of Mar. 31, 2002	Increase/ Decrease
<b>(Liabilities)</b>			
Long-term liabilities and reserves	4,472,993	4,651,589	-178,595
Bond	1,556,037	1,629,585	-73,548
Convertible bond	178,637	178,637	
Long-term loans	1,704,733	1,879,723	-174,989
Long-term obligations	10,784	13,939	-3,155
Liability for retirement benefits	267,476	253,072	14,404
Reserve for reprocessing of irradiated nuclear fuel	529,630	483,413	46,216
Reserve for decommissioning of nuclear power units	225,402	213,043	12,358
Other	290	172	117
Current liabilities	974,516	1,054,161	-79,645
Current maturities of long-term debt	337,183	319,474	17,708
Short-term borrowings	218,472	280,013	-61,541
Commercial papers	85,000	50,000	35,000
Accounts payable-trade	44,131	52,529	-8,397
Other accounts payable	28,427	54,421	-25,993
Accrued expenses	105,152	109,887	-4,735
Accrued income tax	85,862	101,822	-15,960
Deposits received	2,905	3,660	-754
Short-term obligations to subsidiaries and affiliates	53,017	63,871	-10,854
Advances received	12,599	15,686	-3,087
Other current liabilities	1,764	2,793	-1,028
<b>Total liabilities</b>	<b>5,447,509</b>	<b>5,705,750</b>	<b>-258,240</b>
<b>(Shareholders' Equity)</b>			
Paid in capital	489,320	489,320	
Capital surplus	65,463	65,463	
Additional paid-in capital	65,463	65,463	
Retained earnings	783,647	734,644	49,002
Legal reserves	122,330	122,330	
Voluntary reserves	477,031	427,041	49,990
Reserve for losses on overseas investment, etc.	31	41	-9
Reserve for adjustment of cost fluctuation	207,000	207,000	
General reserve	270,000	220,000	50,000
Unappropriated retained earnings at the end of the term	184,285	185,272	-987
Net unrealized gain on available-for-sale securities	16,067	48,287	-32,219
Treasury stock	-29,692	-22	-29,670
<b>Total shareholders' equity</b>	<b>1,324,806</b>	<b>1,337,693</b>	<b>-12,887</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,772,316</b>	<b>7,043,444</b>	<b>-271,128</b>

## Non-Consolidated Statements of Income

(million yen)

Account		Year ended Mar. 31, 2003	Year ended Mar. 31, 2002	Increase/ Decrease	
Ordinary revenues and expenses	Operating revenues and expenses	Operating revenues	2,482,743	2,520,889	-38,146
		Electricity business revenues	2,471,358	2,517,817	-46,458
		Residential	995,426	993,753	1,673
		Commercial and industrial	1,426,323	1,477,859	-51,536
		Sold power to other utilities	16,511	15,213	1,298
		Sold power to other companies	1,394	1,776	-382
		Transmission revenues	5,195	4,834	360
		Other electricity revenues	25,978	23,929	2,048
		Revenues from loaned facilities	529	450	79
		Incidental business revenues	11,384	3,071	8,312
		Heat supply business revenues	1,270	1,250	19
		Steam supply business revenues	1,201	1,239	-38
		Gas supply business revenues	8,015		8,015
		Other	897	582	315
		Operating expenses	2,167,168	2,209,616	-42,448
		Electricity business expenses	2,155,224	2,206,104	-50,880
		Hydro electric power production expenses	78,502	82,103	-3,601
		Thermal power production expenses	315,001	396,821	-81,820
		Nuclear power production expenses	347,116	397,036	-49,919
		Internal combustion engine power production expenses	2,617	2,973	-356
		Purchased power from other utilities	171,848	191,084	-19,235
		Purchased power from other companies	235,616	208,535	27,080
		Transmission expenses	184,190	191,214	-7,023
		Transformation expenses	108,444	114,322	-5,878
		Distribution expenses	200,308	205,847	-5,538
		Selling expenses	102,188	93,139	9,048
		Cost of loaned facilities	69	79	-9
		General and administrative expenses	318,639	232,877	85,762
		Promotion of power-resources development tax	63,355	62,410	945
		Enterprise tax	27,676	28,007	-331
		Transferred cost of electricity for construction and incidental business	-351	-348	-2
		Incidental business expenses	11,944	3,511	8,435
		Heat supply business expenses	1,090	1,308	-217
		Steam supply business expenses	1,003	986	16
		Gas supply business expenses	8,121		8,121
Other	1,728	1,216	514		
	(Operating income)	315,575	311,712	3,862	
Non-operating revenues and expenses	Non-operating revenues and expenses	Non-operating revenues	8,057	9,520	-1,463
		Financial revenues	2,932	3,086	-154
		Dividend received	2,789	2,879	-90
		Interest received	142	206	-64
		Other non-operating revenues	5,125	3,362	1,762
		Non-operating expenses	137,073	154,124	-17,051
		Financial expenses	111,488	126,615	-15,127
		Interest expenses	111,072	125,979	-14,907
		Amortization of bond issue expenses	389	587	-198
		Amortization of bond issue discount	27	49	-22
Other non-operating expenses	25,584	27,509	-1,925		
Total ordinary revenues		2,490,800	2,527,338	-36,537	
Total ordinary expenses		2,304,241	2,363,742	-59,501	
Ordinary income (forward)		186,559	163,595	22,964	

## Non-Consolidated Statements of Income

(million yen)

Account	Year ended Mar. 31, 2003	Year ended Mar. 31, 2002	Increase/ decrease
Ordinary income (forward)	186,559	163,595	22,964
Reversal of reserve for fluctuations in water level		-6,608	6,608
Special item			
Loss on discontinuance of power plant construction	62,001		62,001
Gain on sales of securities	28,286	43,961	-15,674
Income before income taxes	152,844	214,165	-61,320
Income taxes-current	82,992	85,666	-2,673
Income taxes-deferred	-27,425	-8,521	-18,903
Net income	97,277	137,020	-39,743
Retained income brought from the previous term	111,070	102,908	8,161
Retirement of treasury stock		30,191	-30,191
Interim dividends	24,062	24,465	-403
Unappropriated retained earnings at the end of the term	184,285	185,272	-987

## Proposed Appropriations of Retained Earnings

(million yen)

Item	Year ended Mar. 31, 2003	Year ended Mar. 31, 2002
Retained earnings	184,285	185,272
Transfer from the reserve for losses on overseas investment, etc.		9
Total	184,286	185,282
Appropriations are made as follows:		
Dividends (¥25 per share)	23,647	24,067
Bonuses to directors and corporate auditors	145	145
(to corporate auditors)	(23)	(23)
General reserve	50,000	50,000
Balance to be carried forward	110,493	111,070

Note: The company paid an interim dividend of ¥24,062 million (¥25 per share) on December 10, 2002.

## (Summary of significant accounting policies)

1. Valuation of investment securities
  - (1) Investments in subsidiaries and associated companies are reported at cost.
  - (2) Held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are reported at amortized cost. Available-for-sale securities whose fair value is readily determinable are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholder' equity. Available-for-sale securities whose fair value is not readily determinable are reported at cost. The cost of securities sold is determined by the moving-average method.
2. Fuel, materials and supplies
 

Fuel, materials and supplies are stated at cost determined by the average method and the moving-average method.
3. Method of depreciation of principal property
 

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



Costs incurred in connection with the issuance of bonds are charged to income as incurred.

5. Accounting standard for principal reserves

(1) Allowance for doubtful accounts

To protect against potential losses from uncollectible accounts receivable, the Company provides for uncollectible accounts based on the company's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(2) Liability for retirement benefits

Liability for retirement benefits is accounted for 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 3 years. Actuarial gains or losses are being recognized by the straight-line method over a period of 3 years.

(3) Reserve for Reprocessing of Irradiated Nuclear Fuel

The Company has accrued costs for the reprocessing of irradiated nuclear fuel, 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.

(4) Reserve for Decommissioning of Nuclear Power Units

The Company has accrued costs for decommissioning of nuclear power units in accordance with accounting methods accepted by the regulatory authority.

6. 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 operation lease transactions.

7. Hedging activities

(1) Methods of hedging accounting

For derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

(2) Hedging instruments, hedged items and hedging policies

The Companies use principally foreign exchange forward contracts, currency swaps and interest rate swaps in the normal course of business, to manage its exposures to fluctuations in foreign exchange, interest rate and so on. The Companies do not enter into derivatives for trading or speculative purposes.

(3) Method of assessing effectiveness of hedges

The post-testing of the effectiveness of hedges is conducted after each fiscal year-end. The post-testing is omitted if the correlation and effectiveness between the hedging instruments and hedged items are extremely high.

8. Others

(1) Consumption taxes

Consumption taxes are excluded from revenues and expenses.

(2) Accounting method for treasury stock and reduction of legal reserves

From this fiscal year, statement of "Accounting standards for Treasury stocks and reduction of legal reserves" was adopted. The adoption of this new standard had an immaterial effect on the Company's results of operations and financial position.

(3) Statements of income

In accordance with amendment of the accounting regulations related to the Japanese Electric Utility Law, incidental operating revenues and expenses are reclassified as operating revenues and expenses. Electric and incidental financial revenues and expenses are reclassified as other revenues and expenses.

### (Notes to non-consolidated balance sheets)

1. Accumulated depreciation of tangible assets	8,126,594 million yen
2. Co-guarantees of loans and bonds of other companies	322,159 million yen
3. Contingency relating to debt assumption agreement	117,025 million yen

### (Changes in numbers of shares outstanding)

Number of shares outstanding at the beginning of the fiscal year	962,687,329
Purchase of treasury stock (less than 1 unit per shareholder)	788,096
Purchase of treasury stock (pursuant to Article 210 of the Commercial Code)	15,997,500
Number of shares outstanding at the end of fiscal year	945,901,733

### (Investment securities)

The carrying amounts and aggregate fair values of investments in subsidiaries and associated companies whose fair values are available are as follows:

[As of March 31, 2003]

(million yen)

	Carrying amount	Market value	Unrealized gain
Subsidiaries	622	942	319
Associated companies	11,954	34,673	22,718
Total	12,577	35,615	23,038

[As of March 31, 2002]

(million yen)

	Carrying amount	Market value	Unrealized gain
Subsidiaries	587	962	374
Associated companies	11,954	46,408	34,453
Total	12,542	47,370	34,828

### (Income taxes)

Breakdown of major factors giving rise to deferred tax assets and liabilities

(million yen)

	As of March 31, 2003	As of March 31, 2002
Deferred tax assets		
Liabilities for retirement benefits	78,261	65,155
Reserve for reprocessing of irradiated nuclear fuel	41,878	41,878
Reserve for decommissioning of nuclear power units	29,303	29,303
Deferred charges	16,939	19,160
Depreciation	15,662	6,963
Other	28,569	20,728
Total	210,615	183,191
Deferred tax liabilities		
Unrealized gain on available-for-sale securities	-9,097	-27,339
Reserve against losses on overseas investment, etc.	-17	-17
Total	-9,114	-27,357
Net deferred tax assets	201,501	155,834

May 20, 2003  
The Kansai Electric Power Co., Inc.

## Financial Highlights

### 1. Consolidated Financial Results

	Year ended March 31, 2003	Year ended March 31, 2002	Change
Operating Revenue (Billion yen)	2,615.1	2,651.5	-1.4%
Operating Income (Billion yen)	3,25.5	319.3	2.0%
Ordinary Income* (Billion yen)	174.7	159.5	9.5%
Net Income (Billion yen)	80.4	128.4	-37.3%
Net Income per Share (Yen)	83.49	131.61	-48.12

Note:

1. Figures are rounded down to the nearest 10 million yen.
2. Ordinary Income means Income before Reversal of Reserve for Fluctuations in Water Level, Special Item and Income Taxes.

Number of consolidated subsidiaries: 78

Number of affiliates accounted by equity method: 1

### 2. Non-Consolidated Financial Results

	Year ended March 31, 2003	Year ended March 31, 2002	Change
Operating Revenue (Billion yen)	2,482.7	2,517.8	-1.4%
Operating Income (Billion yen)	315.5	311.7	1.2%
Ordinary Income (Billion yen)	186.5	163.5	14.0%
Net Income (Billion yen)	97.2	137.0	-29.0%
Net Income per Share (Yen)	101.36	140.39	-39.03

Note:

1. Figures are rounded down to the nearest 10 million yen.
2. Ordinary Income means Income before Reversal of Reserve for Fluctuations in Water Level, Special Item and Income Taxes.

## Revenues and Expenses (Non-Consolidated)

The Kansai Electric Power Co., Inc.

	Year ended March 31, 2003 (A)	Year ended March 31, 2002 (B)	(A)	(B)	(A)/(B)	Percentage of total	
						Fiscal 2003	Fiscal 2002
	¥ million	¥ million	¥ million		%	%	%
Residential	995,426	993,753	1,673		100.2	40.0	39.3
Commercial and industrial	1,426,323	1,477,859	-51,536		96.5	57.2	58.5
Total	2,421,749	2,471,612	-49,863		98.0	97.2	97.8
Other	69,051	55,725	13,326		123.9	2.8	2.2
Ordinary revenues	2,490,800	2,527,338	-36,537		98.6	100.0	100.0
Personnel expenses	367,817	277,634	90,183		132.5	16.0	11.8
Fuel	202,275	239,058	-36,783		84.6	8.8	10.1
Maintenance	206,635	245,067	-38,431		84.3	9.0	10.4
Taxes other than income taxes	170,398	171,253	-854		99.5	7.4	7.2
Depreciation	382,930	396,053	-13,122		96.7	16.6	16.8
Purchased power	407,464	399,620	7,844		102.0	17.7	16.9
Interest expenses	111,072	125,979	-14,906		88.2	4.8	5.3
Other	455,644	509,074	-53,430		89.5	19.7	21.5
Ordinary expenses	2,304,241	2,363,742	-59,501		97.5	100.0	100.0
Ordinary income	186,559	163,595	22,964		114.0		
Reversal of reserve for Fluctuation in water level		-6,608	6,608				
Special profit	28,286	43,961	-15,674		64.3		
Special loss	62,001		62,001				
Income before income taxes	152,844	214,165	-61,320		71.4		
Current income taxes	82,992	85,666	-2,673		96.9		
Deferred income taxes	-27,425	-8,521	-18,903		321.8		
Net income	97,277	137,020	-39,743		71.0		

## Major Factors (Non-Consolidated)

The Kansai Electric Power Co., Inc.

		Year ended March 31, 2003	Year ended March 31, 2002	Increase /decrease
Electricity Sales	Residential (TWh)	45.6	44.4	1.2
	(Change, %)	(102.8)	(99.9)	
	Commercial and industrial (TWh)	96.2	95.4	0.8
	(Change, %)	(100.8)	(96.9)	
	Total (TWh)	141.8	139.8	2.0
	(Change, %)	(101.5)	(97.8)	
CIF crude oil price (\$/barrel)		27.4	23.8	3.6
Exchange rate[TTM] (Yen/\$)		122	125	-3
Nuclear capacity factor (%)		90.5	84.5	6.0
Water run off ratio (%)		91.6	87.7	3.9
Ordinary income (Billion yen)		186.5	163.5	22.9
(Change, %)		(114.0)	(90.5)	
Net income (Billion yen)		97.2	137.0	-39.7
(Change, %)		(71.0)	(143.5)	

Notes: Figures of Ordinary income and Net income are rounded down to the nearest 10 million yen

\*Sensitivity of major factors (year ended March 31, 2003)

Exchange rate[TTM]	¥1/\$	1.5 billion yen
CIF crude oil price	\$1/barrel	4.0 billion yen
Water run off ratio	1%	0.7 billion yen
Nuclear capacity factor	1%	4.0 billion yen