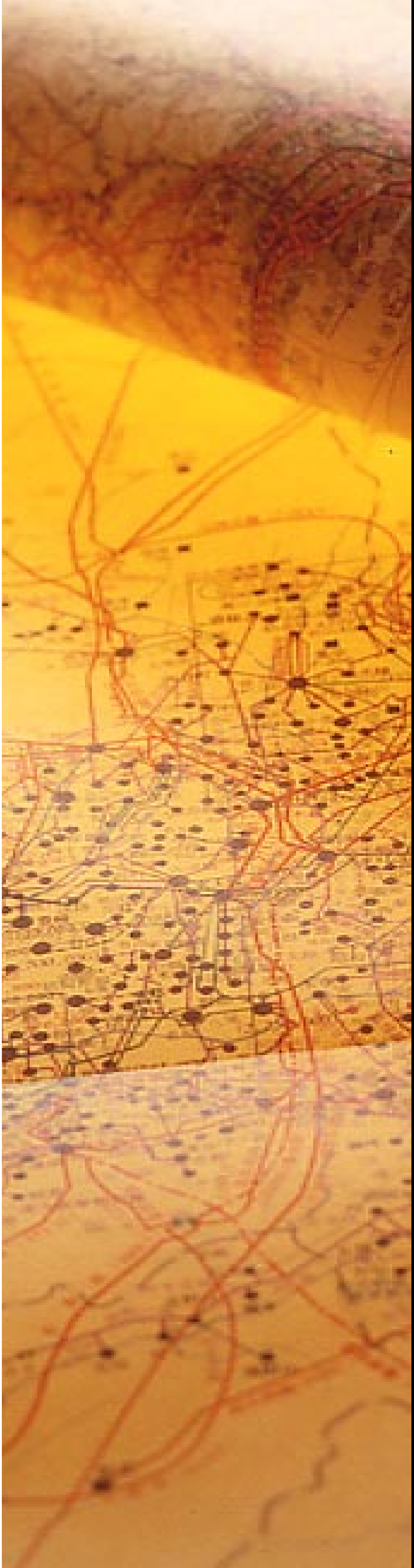


ANNUAL REPORT 2001

Year ended March 31, 2001

THE KANSAI ELECTRIC POWER CO.,INC.

THE KANSAI ELECTRIC POWER CO., INC.

The Kansai Electric Power Co., Inc. (Kansai EP) has been serving the power needs of the Kansai area since its foundation in 1951. In 2001 the Company celebrated its 50th Anniversary in operation, and during that half-century it has been a total supplier in the truest sense, developing and operating its own power plants, securing diversified resources to run them, and delivering the generated power with optimum efficiency and reliability to customers throughout the region.

Geographically, Kansai EP's service area is remarkably expansive, covering nearly 29,000 km^2. The Company's output is equally impressive: in the fiscal year ended March 31, 2001, sales reached 142.9 billion kWh — almost equal to the national power needs of Sweden.

One secret behind Kansai EP's ability to keep pace with Kansai's expanding power demand has been its steadfast commitment to technological development. Today, in an era of burgeoning deregulation of the utility industry, the Company is reinforcing its position in core electricity operations while simultaneously probing innovations in new growth-driving operations for tomorrow.

Cautionary Information with Respect to Forward-Looking Statements

Statements made in this Annual Report with respect to The Kansai Electric Power Company's plans, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about the future performance of the Company. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and therefore involve risks and uncertainties. Potential risks and uncertainties include, without limitation, the general economic conditions and changes to laws and regulations.

Osaka Castle and Osaka Business Park (OBP)

Kurobegawa No.4 Hydro Power Plant (335 MW)

Ohi Nuclear Power Plant (4,710 MW)

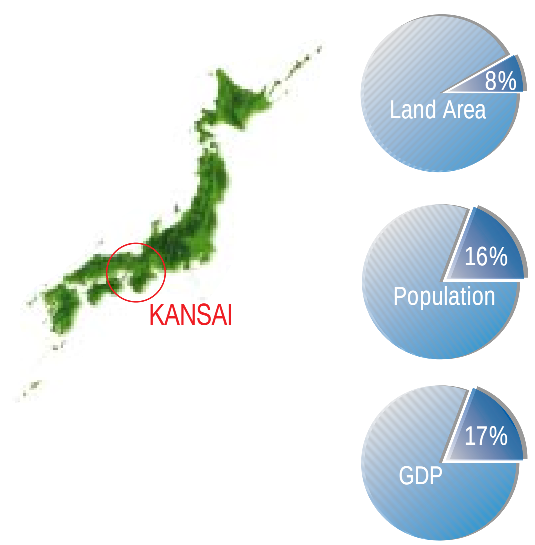
Himeji No.1 Thermal Power Plant (1,442 MW)

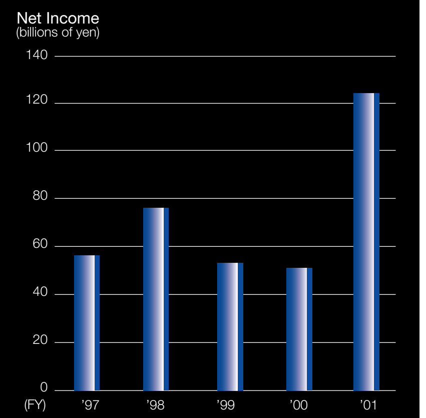
KANSAI — THE HEARTLAND OF JAPAN

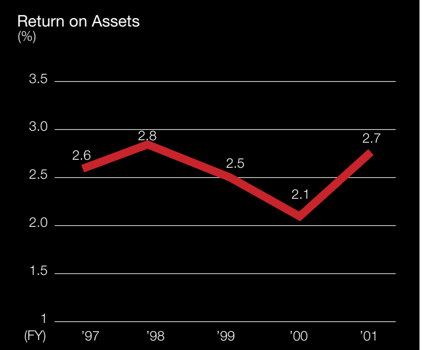
Kansai, the area served by The Kansai Electric Power Co., Inc., forms the cultural, historical, industrial and commercial core of the Japanese archipelago. From the treasured ancient capitals of Nara and Kyoto to the bustling business centers of Osaka and Kobe, Kansai is where the nation's heart began to beat — and where it continues to ring loud with dynamic growth for the 21st century.

Although Kansai covers a modest 8% of Japan's land area, it accounts for a stunning 17% of the nation's gross domestic product. The region, with a population today numbering more than 20 million, has long served as Japan's economic dynamo in segments spanning from manufacturing to services. A remarkable number of the nation's leading business enterprises trace their beginnings to Kansai, and today they are augmented by a host of vibrant companies marking steady growth driven by innovative technologies representing the state of their respective arts.

In January 1995 the Kansai area suffered devastating damage in what came to be known as the Great Hanshin-Awaji Earthquake. While the costs in human lives and economic loss ravaged the region and generated dire anxiety over the area's ability to recover, the undauntable spirit and determination of Kansai's citizens enabled them to squarely face the challenges the disaster placed before them. As a result, even in these times of severe economic recession the Kansai region is roaring back to its former vigor with renewed vitality and new ideas to ensure the area's bold and dynamic growth in the first century of the new millennium.







Financial Highlights
(Consolidated Basis)

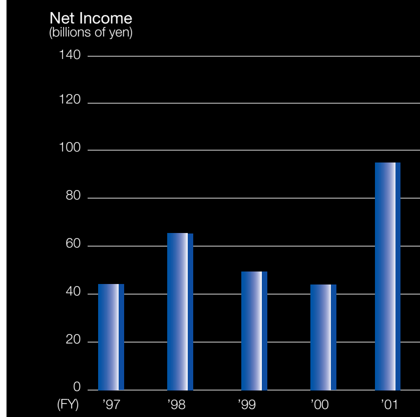
	2000 (Billions of yen)	**2001 (Billions of yen)**	**2001 (Millions of U.S. dollars)**
Financial Data			
Operating Revenues	¥ 2,588.3	**¥ 2,647.9**	**$ 21,371**
Operating Income	310.5	**340.6**	**2,749**
Net Income	52.3	**122.7**	**991**
Total Assets	7,500.9	**7,550.8**	**60,942**
Per Share Data (Yen and U.S. dollars)			
Net Income	53.4	**125.5**	**1.01**
Cash Dividends	50.0	**60.0**	**0.48**
Key Ratios (%)			
Shareholders' Equity Ratio	18.7%	**20.8%**	
Return on Equity (ROE)	3.9%	**8.3%**	
Return on Assets (ROA)	2.1%	**2.7%**	

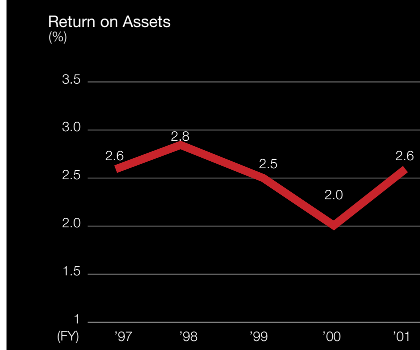
Notes; 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥123.90=U.S.$1, the approximate rate of exchange at March 31, 2001.
2. ROA= (Income Before Income Taxes+ Financial Expense) x (1 - Income Tax Rate) / Total Assets

Financial Highlights
(Non-Consolidated Basis)

	2000 (Billions of yen)	**2001 (Billions of yen)**	**2001 (Millions of U.S. dollars)**
Financial Data			
Operating Revenues	¥ 2,517.2	**¥ 2,581.4**	**$ 20,834**
Operating Income	315.2	**336.0**	**2,712**
Net Income	43.6	**95.4**	**770**
Total Assets	7,166.8	**7,212.5**	**58,212**
Per Share Data (Yen and U.S. dollars)			
Net Income	44.6	**97.6**	**0.79**
Cash Dividends	50.0	**60.0**	**0.48**
Key Ratios (%)			
Shareholders' Equity Ratio	16.7%	**18.6%**	
Return on Equity (ROE)	3.9%	**7.5%**	
Return on Assets (ROA)	2.0%	**2.6%**	

Notes; 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥123.90=U.S.$1, the approximate rate of exchange at March 31, 2001.
2. ROA= (Income Before Income Taxes+ Financial Expense) x (1 - Income Tax Rate) / Total Assets





Contents

Laying the vital groundwork for sustained growth in a world of shifting paradigms

Kansai EP is boldly reshaping itself into a dynamic and ever more robust company optimally prepared for the challenges of changing times.

The Year in Review

The Japanese economy continued to improve at a slow but sustained pace in fiscal 2001, the period from April 1, 2000 through March 31, 2001. Capital investments by the corporate sector led in propelling the economy steadily toward incipient recovery, until momentum stalled near the end of the term, inviting a consensus that more time will be needed before recovery might be achieved on full scale.

Against this backdrop The Kansai Electric Power Co., Inc. (Kansai EP) recorded a year-on-year increase in total electricity sales for the eighth consecutive term. Sales volume reached 142.9 billion kWh, up 1.7%, and operating revenues expanded by ¥59.5 billion to ¥2,647.9 billion. Impact from an average 4.2% reduction in electricity rates, implemented in October 2000 to enhance the Company's competitive position, was outweighed by the expanded sales volume and by income growth attributable to Japan's Fuel-Cost Adjustment System, which links electricity rate levels to crude-oil prices. Operating expenses totaled ¥2,307.2 billion, up a modest ¥29.4 billion from the level of fiscal 2000. Increased fuel costs, stemming from higher oil prices, and expanded costs arising from increased purchases of power from independent producers were offset by reductions in maintenance/repair and capital costs coupled with management efficiency enhancement initiatives executed throughout all segments. In the end the Company recorded ¥340.6 billion in operating income, up ¥30.1 billion from the year-earlier level.

Our net income reached ¥122.7 billion, constituting a significant ¥70.4 billion increase over fiscal 2000. The differential was primarily ascribable to the appropriation of funds last term to cover a shortfall in the Company's reserve against retirement allowances, a move undertaken to conform with international accounting practices. The Company's financial structure was also notably fortified during the past year. At term's end the shareholders' equity ratio had been enhanced by 2.1 percentage point over the level one year earlier, and interest-bearing liabilities had been reduced by ¥137.0 billion.

Dynamic Response to a Golden Opportunity

The environment surrounding the electricity business has undergone transformations with imposing ramifications during the past year. Under revisions to regulations governing the nation's electric utility industry effective from March 2000, high-demand industrial and commercial customers — who have traditionally contributed 30% to our total sales volume and 20% to our sales revenue — are now free to purchase electricity from the supplier of their choice. This newfound freedom has ushered in an era of full-fledged competition, and already a host of new power providers, including affiliates of foreign entities, are actively participating in the energy market. At the same time, increasingly diversified and sophisticated customer

Yoshihisa Akiyama
Chairman of the Board of Directors

Yohsaku Fuji
President and Director

requirements are creating growing demand for independent power-generating facilities and cogeneration, with the result that competition among energy modes is projected to reach unprecedented proportions going forward.

At Kansai EP, while we are keenly cognizant of the risk of becoming embroiled in severe competition amid this rapidly changing business environment, more importantly we look on these shifting parameters as a dynamic opportunity for us to raise our corporate and shareholder value through earnings expansion. To capitalize fully on this opportunity — an opportunity not afforded to us when the industry was totally regulated — we have set three overriding targets on which to focus our managerial resources: 1) reinforcement of our competitive strength and enhancement of customer satisfaction; 2) elevation of our Groupwide growth potential; and 3) further reinforcement of our financial structure. Here is how we aim to achieve this triad of objectives.

First, to boost our competitive strength and customer contentment, we are taking determined initiatives to strengthen our price competitiveness and enhancing our position as a provider of energy solutions with added value. Fortification of our price competitiveness demands that we apply our comprehensive corporate resources, including our human resources, toward the goal of greater operating efficiency. Two specific measures have been implemented in this connection: 1) upgrading of our organizational structure, including the establishment of management centers for each business segment assigned with the task of strengthening the competitive position of its sphere of operations; and 2) the introduction of improved management tools, as illustrated by the launch of a new management control system promoting autonomous administrative management by each sales office, including management of monthly income and outlays. In a quest for heightened customer satisfaction, we are assigning engineering staff to the front lines, offering rate schedules attuned to the needs and energy usage patterns of each customer, and aggressively applying our Groupwide resources. On another level, we are also taking proactive measures to remold the fundamental stance of all Company personnel, using direct communication with top management as one means of instilling a more aggressive approach to their jobs than was demanded prior to deregulation.

Second, with the aim of extending the potential growth trajectory of the entire Kansai EP Group, we are overhauling our underlying disposition toward Group activities. Whereas heretofore Group operations have been viewed merely as a sustaining force to support core business in electric utility supply, going forward we are committed to transforming our Groupwide activities to a new and independent earnings driver in its own right. This goal is being pursued along three vectors: comprehensive energy provision, information technology services, and amenities in support of lifecycle requirements. During fiscal 2001, already steady progress was achieved in each of these areas as related operations shifted from the drawing board to practical implementation. For example, during the year under review we instituted wholesale gas supplies to gas operators and determined to commence retail gas sales to high-demand customers from 2002; we consolidated our communications-related companies in order to use our fiber-optic network to optimum effect; and we launched services in nursing care. We also proceeded aggressively in expanding our operations overseas, as exemplified by the construction of a gas-turbine power-generating plant in the United States (sales inaugurated from June 2001).

Third, in conjunction with our determination to fortify our financial structure, in March 2001 we took the unusual step of revising our financial targets upward despite the deepening severity of our operating environment projected ahead. This audacious and ambitious measure was decided on the heels of the solid progress achieved during fiscal 2001 toward the attainment of the targets initially hoisted in March 2000. We now aim to average more than ¥200 billion in free cash flow between fiscal 2002 and fiscal 2004, and we have moved forward our 20% shareholders' equity target by one year, from fiscal 2005 to fiscal 2004.

Crossing the Threshold to a New Era of Growth

In the coming years Kansai EP will continue to fulfill its social responsibilities as a corporate global citizen, including our indelible commitment to resolution of environmental issues. Synchronously we will also enhance our corporate and shareholder value on a sustained basis, in three ways: by instilling loyal trust among our customers not merely as an energy supplier but as a comprehensive supporter of their lifecycle needs; by maintaining consistent corporate growth in tandem with the ongoing progress of the Kansai region; and by achieving and sustaining the resiliency and strength to respond to any and all changes in our operating environment.

The year 2001 has set a milestone in Kansai EP's history as we celebrate our 50th Anniversary since our founding. On this occasion we wish to express our profound appreciation to all those who have supported us over the decades, and as a mark of that gratitude we renew our pledge to achieve dramatic new heights as we now leap forward into our second half-century. We sincerely ask for your continuing support as we proceed with the innovative reforms demanded by the evolving needs of our times.

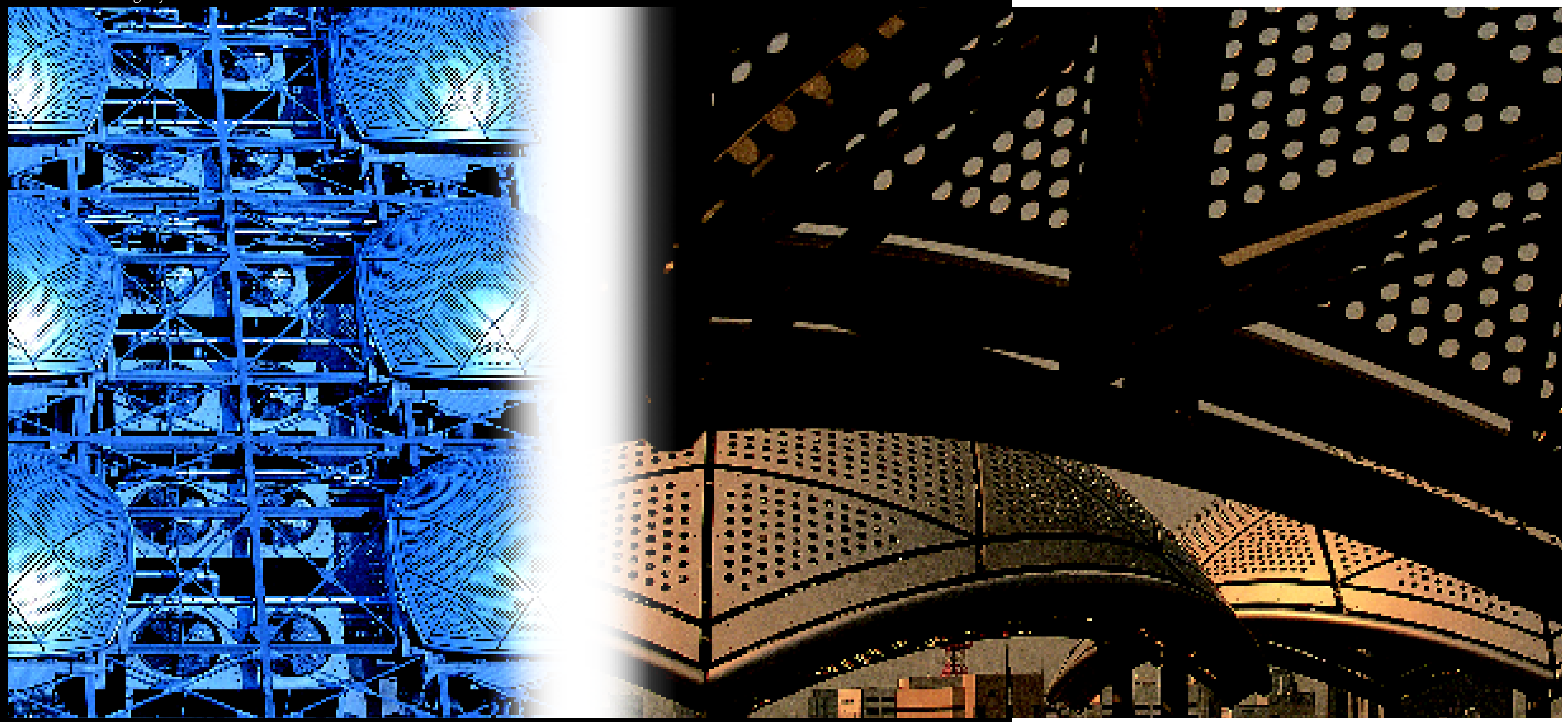
Yoshihisa Akiyama
Chairman of the Board of Directors

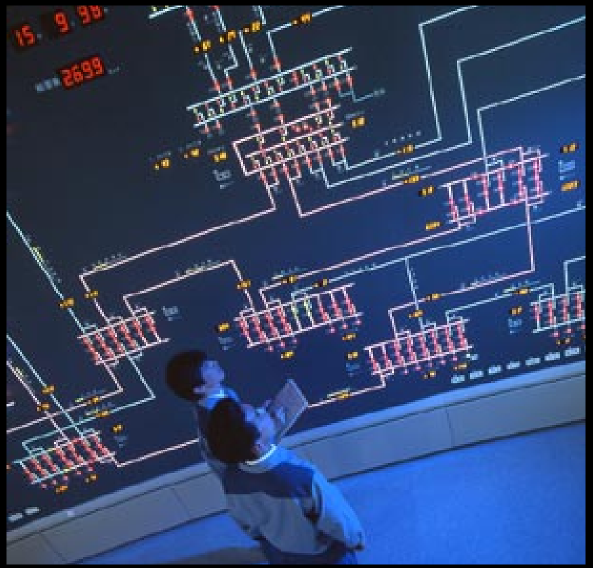
Yohsaku Fuji
President and Director

Setting the critical foundations now to support energy needs into the future

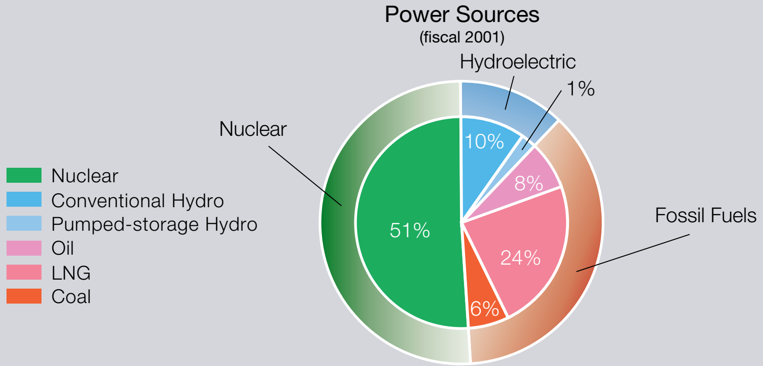
To cope with steadily rising electricity demand, Kansai EP probes all options to utilize available resources and infrastructure with optimum effectiveness.

'Eco Ice' heat storage system





Central Load Dispatching Center: Power supply conditions throughout the Company's network are monitored 24 hours a day.



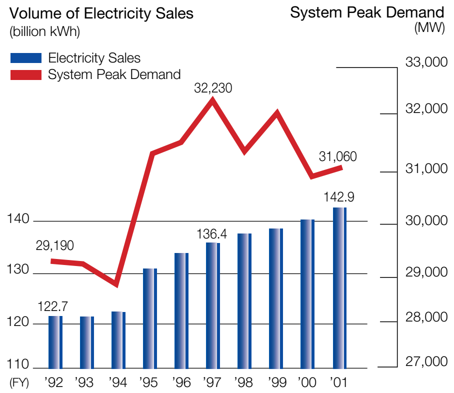
Sales Up amid Incipient Economic Recovery

Fiscal 2001 was a year in which the Japanese economy staged gradual but steady recovery. Against that broad backdrop, Kansai EP registered growth in sales volume for the eighth consecutive year, with total electricity sales reaching 142.9 billion kWh, an increase of 1.7% from the preceding term. In coming years this expansionary trend is expected to be sustained further, notably by energy demand for commercial and home uses.

Pursuing Maximum Use of Existing Infrastructure

Expanded electricity sales puts additional strain on the overall power infrastructure. To utilize existing infrastructure to optimum effect — and thereby enhance the Company's competitive position — we implement an array of initiatives focused on minimizing increases in peak demand on the system: in other words, improving our load factor.

First, we encourage the adoption of systems engineered for higher energy efficiency. Second, we aggressively promote the adoption of "Eco Ice," our innovative air-conditioning system that stores power generated during nighttime hours, when demand is modest, and thereby makes a significant contribution to easing daytime peak system demand. Third, we provide attractive rate schedules tailored to induce customers to adopt these energy-saving systems. The burgeoning success of these vigorous initiatives is reflected in the gradual improvement achieved in our load factor in recent years.



Aiming for the Optimum Generation Mix

Japan, a nation of limited natural resources, is in a perennially precarious energy position. To cope with this vulnerability, Kansai EP continuously probes the optimum combination of nuclear, thermal and hydro power, capitalizing on the respective advantages of each generation method to maximum effect.

Nuclear power forms the core of our energy platforms, meeting a majority 51% of the Company's total output demand. Nuclear power offers salient economic advantages because we pioneered its development, and this long record today yields benefits in terms of relatively modest depreciation costs and a sustained high capacity factor. Nuclear energy is also friendly to the environment as it produces low levels of CO^2 emissions.

Thermal power, which offers superior load-following characteristics, is our second-most important source of energy. In this area, we are pursuing diversification beyond oil dependency and striving for efficient operation of facilities by retiring or suspending, at length, operation of power plants plagued by poor efficiency or low load factor.

We are also developing hydroelectric power aggressively, in view of this energy source's modest burden on the environment and the need to optimize effective use of Japan's available resources. Pumped-storage hydropower plants play a significant role in satisfying peak demand.

Responding proactively to accelerating changes in the operating environment

Amid the rapid deregulation of Japan's power industry, Kansai EP is taking swift and aggressive steps to sustain its competitive position.

The Kansai Electric Power Co., Inc. | Annual Report 2001

New Roles Evolving from Industry Liberalization

Under revisions to Japanese regulations governing the electric power industry that took effect on March 21, 2000, retail users who contract for more than 2,000 kW of power received at voltages above 20,000V are now permitted to choose their preferred power supplier.

In tandem with this deregulatory measure, alternate power providers now have access to existing power networks, and the operators of those networks lease their power lines through specially established service centers. This arrangement enables all power providers equal access to transmission lines and thereby ensures total fairness among all competitors in the newly deregulated segment of the industry.

Fees charged to the high-demand users cannot be cross-subsidized by artificially raising the fees levied on regulated services. Also, in the performance of services in the deregulated segment, the local power companies are ultimately responsible for providing a safety net to end-users in the event that the alternate provider cannot meet its supply obligation.

Competition Entering a New Phase

Since the inception of this deregulatory change, new entrants have become increasingly active in the energy market. As of March 31, 2001, eight firms had submitted notification of intent to function as “electricity operators of specified scale,” and already they have acquired customers in areas including Tokyo, Kyushu and Kansai. In Kansai their market activities have gathered momentum notably this year, as illustrated by tender bidding on power supply contracts implemented by local government agencies.

Simultaneously deregulation has also had an impact on competition among the established power providers. Since deregulation began, rate reductions have been executed by all power firms, leading to rate leveling that to date has prevented scrambles for customers.

Aggressive Response to a Changing Environment

Kansai EP views these transformations in its operating environment as an ideal opportunity for corporate reform, and we are taking aggressive steps now in that direction. To begin, we are enhancing our price competitiveness. Historically the Company has maintained its pricing advantage in areas vulnerable to competition, but now that our competitors have lowered their rates to our levels since deregulation, we are accelerating our management efficiency enhancement initiatives as a way of fortifying our price competitiveness even further.

Second, in preparation for future developments in market liberalization and increased competition, we are intensifying our focus on the needs of our customers. Through the provision of added value and optimal solutions, we aim to secure the loyal patronage not only of customers in newly deregulated segments but also of home users and other customers in regulated markets. In addition, we are implementing vigorous measures to streamline our operations and generate cash flow. Drastic remedies are being administered to make our financial structure ever more muscular.

Finally, we are also pursuing more strategically oriented Group operations, concentrating our comprehensive managerial resources into three core areas: energy solutions, IT services, and amenities in support of lifecycle needs. In combination with our marketing and financial strategies, the new alignment of our Group strategy vectors will enable us to maintain our leading position in the coming era of unprecedented competition.

Pursuing marketing strategies focused on the needs of every customer

Kansai EP is cultivating higher levels of customer satisfaction through attractive pricing systems and energy solutions tailored to specific needs.

Dynamic Pricing Strategy

To secure a competitive edge within the liberalizing power industry, Kansai EP is carrying out a dynamically aggressive pricing strategy. At the core of the strategy is our development of a full menu of rate options targeting specific customer segments, based on exhaustive market research.

For customers already affected by industry liberalization, we provide a selection of rate schedules tailor-made to their specific needs and energy usage patterns. In a quest for new customers, we also offer special discount options applicable to new or expanded demand requirements.

For customers still affected by industry regulation, in October 2000 we implemented rate reductions averaging 4.2%. We also aggressively developed new rate options specifically targeted at applications marked by competition among energy sources, and in 2000 we took the lead among power providers nationwide in launching a succession of these rate options. One example is our "Hap-E (Happy) Plan" offering discounted rates to household customers who rely entirely on electric power to meet all their energy needs; the program has resulted in a dramatic increase in totally electric homes.

Under the foregoing pricing strategy centered on the development of dynamic rate schedules, Kansai EP is actively working to enhance customer satisfaction and convenience.

Transformation to Energy Solutions Provider

In addition to fortifying its rate menu development initiatives, Kansai EP is currently transforming itself from a utility company to an energy solutions provider, in an effort to boost customer satisfaction even further by offering them a host of value-added services.

Toward that end, the Company is presently reengineering its business operations at all levels and taking aggressive measures including changes to its organizational structure. In order to fully apply our technical skills, accumulated through long years of experience in the electricity business, to address the needs of our customers, we are reassigning our engineering staff with superlative technical backgrounds and rich experience to assume the leading role in solutions provision.

Solutions are carefully devised to match the specific needs of each customer segment. For large-volume customers, for example, we capitalize on the comprehensive capabilities of our Group companies to provide optimum solutions across a broad spectrum. Solutions center on energy-related services, including gas sales, but also touch upon the environment, information technology and business support. With individual customers in mind, in July 2000 we established a new company to provide lifestyle solutions focused on the merits of totally electric homes, in terms of safety, comfort, economy and convenience. Since its founding, the new firm, known as Kanden E-House Co., Ltd., has seen rapid expansion of its business activities.

Customer Service Enhancement through Advanced IT

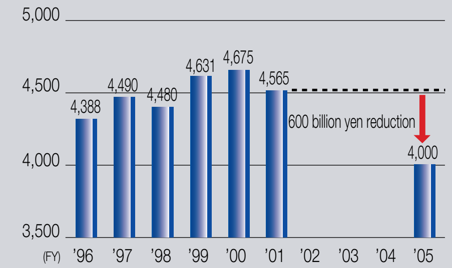
In July 2000 we completed the launch of "one-stop" customer services at all of our sales offices. The one-stop system utilizes state-of-the-art information technology interfacing to enhance our management efficiency and the customer's satisfaction, by enabling us to respond more precisely and far more swiftly to customer inquiries and service requests. Already the system is making a major contribution to raising the level of satisfaction among our customers.

Taking aggressive measures to trim costs and enhance operating efficiency

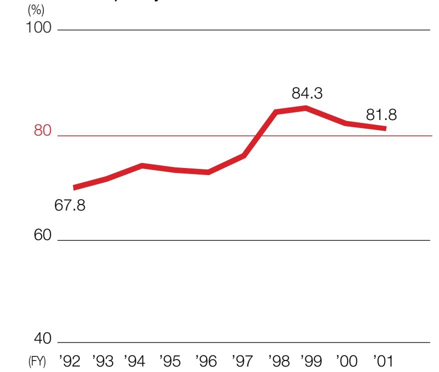
Kansai EP's financial strategies have three objectives: cost structure enhancement, scaling back of capital investments, and reduction in interest-bearing liabilities.

Nuclear power plant turbine blades

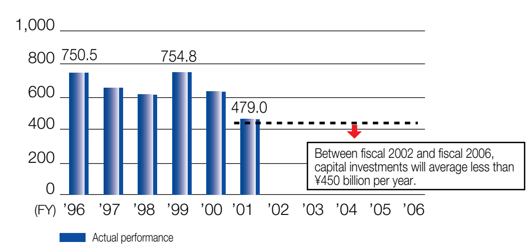
Interest-bearing Liabilities: Performance and Reduction Targets
(billions of yen)



Nuclear capacity factor
(%)



Capital Investments: Performance and Reduction Targets
(billions of yen)



Improved Cost Structure

Cost structure enhancement forms the underlying base of Kansai EP's financial strategy activities. The most effective means toward that end is to maintain the capacity factor of our nuclear power stations, our core energy source, at a high level exceeding 80%, which enables us to reduce our average power-generation costs. We are achieving that target by shortening shutdowns for periodic inspections through measures such as replacement of steam generators.

We are also trimming costs by downsizing our corporate assets. By the end of fiscal 2002 we intend to close down 15 small-scale thermal power generators with a total output of 1,976MW and to implement long-term suspension of operations of another 11 generators with a total output of 4, 293MW. This restructuring of our assets will enable significant reduction in operation and maintenance costs.

To curb our fixed costs, we are scaling back our payrolls. Plans call for reducing our workforce by 1,000 employees between fiscal 1999 and fiscal 2004. We are also reexamining our employee welfare benefit programs.

Efficient Infrastructure Development

Efficient development of our corporate infrastructure is an important strategy for boosting our assets' earning capacity and increasing free cash flow. At Kansai EP we are currently reducing our investments into power plants and other facilities while maintaining a proper balance with the needs and trust of our customers.

In fiscal 2001 we undertook a total of ¥479.0 billion in capital investments, 16% less than had been initially planned at the start of the term. Between fiscal 2002 and fiscal 2006 we intend to keep capex to less than ¥450 billion per year on average, holding within the scope of internally generated funds; the figure represents a reduction of ¥50 billion from the plan announced in March 2000. Toward realization of that target, we aim to cut our procurement costs through diversification of purchasing methods and the adoption of new technologies and construction methods, and we will also defer construction of new power plants, and transmission and distribution facilities while monitoring power demand trends.

Reduction of Interest-bearing Liabilities

In the broad perspective, Kansai EP's financial strategy calls for expansion — and strategic use — of free cash flow through enhancement of our cost structure and reduction of capital investments. That "strategic use" accords highest priority to reducing our interest-bearing liabilities. Our target is set on trimming those liabilities, which totaled some ¥4.565 trillion as of the end of fiscal 2001, to less than ¥4 trillion by the end of fiscal 2005. At the same time we aim to raise our shareholders' equity ratio to 20% by the end of fiscal 2004.

Financial Strategies for Corporate Strength

Through the various measures described here, we not only target sustained expansion of both our corporate and shareholder value, but also seek to achieve the financial stability and flexibility that will enable us to manifest our corporate strength even within the increasingly deregulated market of the coming years.

Shifting paradigms from a dependable energy supplier to a provider of value-added solutions

Kansai EP is focusing its Groupwide resources and strengths into new solutions for a changing world, with abundant benefits to user and provider alike.

LNG ship and loading arms/Himeji LNG storage facility

PHS (personal handyphone system) made by Astel Kansai/
PC card for mobile computer —'eo card'

New York Office

Paradigm Shift

Historically Kansai EP has focused its Group activities on the attainment of a stable supply of high-quality electricity. Today, in response to deregulation and other changes in our business environment, we recognize a need to transform our Group endeavors into a new full-fledged earnings driver of its own, so as to enhance both our corporate and shareholder value. Toward that end, we are now applying the full spectrum of our Groupwide resources and strengths: our technologies and expertise in all aspects of power supply, our information technologies and infrastructure, our real estate assets, and above all the trust placed in us by our customers in the Kansai region.

Three Strategic Vectors

In order to utilize our Groupwide resources and strengths to maximum effect, we have elected to concentrate on three strategic areas: energy solutions, information technology, and life-support amenities. Fiscal 2001 yielded tangible results in each segment.

As a comprehensive energy provider, during the past year we used our LNG storage facilities to full advantage and launched operations as a wholesale supplier to gas operators, to be followed in 2002 with institution of retail gas sales to high-volume users. We also inaugurated a new company that is providing energy solutions focused on the design and sale of co-generation systems. Overseas, after extensive groundwork we successfully launched operation of a gas-turbine power plant in the United States.

In the IT field, in our quest to use our fiber-optic network, cable TV installations and other related managerial resources most effectively, we consolidated and reinforced our communications affiliated companies and configured a system enabling the provision of comprehensive IT services. We also launched Internet connection and other new services.

As a provider of amenities to support life-cycle-related needs, during fiscal 2001 we began operations at three new companies that provide a variety of services to support safe, secure and comfortable living environments. One engages in nursing care services, another in housing design and the sale of home fixtures, and the other in the evaluation of housing performance. We also took steps to consolidate our real estate operations, in preparation to provide housing and office buildings of high added value.

Vital Support Systems, Ambitious Goals

Besides launching these diversified new services in our three chosen fields of concentration, during fiscal 2001 we also created new financial and management accounting systems to support management reform at our Group companies, in order to ensure that the new endeavors make positive contributions to our consolidated earnings. The new systems have already been introduced at some Group firms, and will gradually be expanded to others going forward.

In fiscal 2001 we also provided continuing support to the establishment of venture businesses by our employees. Three such companies were launched in 2000, and all got off to solid starts.

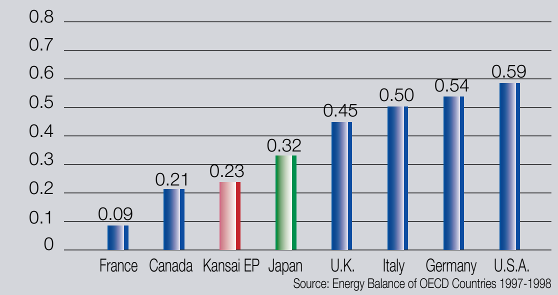
Through this expanding array of Group activities, our goal at Kansai EP is to increase sales outside the Group and profits by 50% by fiscal 2011.

Protecting the earth's environment as a responsible — and responsive — global citizen

Kansai EP undertakes an aggressive array of initiatives, both at home and abroad, to ensure a sustainable environment for future generations.

Solar panels, Nanko Thermal Power Plant

Comparison of CO_2 Emission Levels in Major Countries, 1998



Commitment to Environmental Management

At Kansai EP environmental management has long been accorded the full-time, full-fledged commitment which this crucially influential aspect of our operations — touching on the very health and lives of our customers, our nation and our planet — deserves. Reduction of CO_2 and other greenhouse gas emissions that are causing irreparable damage to our global environment is at the top of our list of priorities. However, achieving that aim requires aggressive and unwavering commitments on both the supply and demand sides.

Here on the supply side, we are assertively implementing a slate of organized initiatives targeted at curbing CO_2 emissions. These include active adoption of nuclear power generation, a technology that produces no CO_2; enhancement of the thermal efficiency of our fossil-fuel generating facilities; and the promotion and installation of new power-generating systems relying on wind and solar energy. Meanwhile on the demand side, we push for increasing adoption of "Eco Ice," our innovative air-conditioning system that utilizes power generated during nighttime hours, when nuclear power dependency is high and CO_2 emissions are low.

These diverse initiatives are already yielding tangible, positive results. In fiscal 2001 Kansai EP's CO_2 emissions were down by roughly 30 million tons from the level of fiscal 1991, despite a dramatic increase in power generation volume during that interim. Also, our emission level per unit of generated electricity is lower than in most major Western countries.

Beyond National Borders

In recognition of the global scale of the CO_2 emissions issue, Kansai EP takes its aggressive stance on environmental protection beyond domestic limits. We proactively participate in a host of projects focused on curbing CO_2 worldwide, including a program seeking to revitalize tropical rain forests in Indonesia and research on mangrove afforestation technologies for application in Thailand. We are also participating in an investment fund created to promote energy conservation and emission reduction in the nations of eastern Europe.

International Certification

In conjunction with our environmental management initiatives, we are continuously striving to enhance the quality and safety levels of our facilities and bring them in line with international standards. To date (March 2001) our efforts have enabled us to acquire ISO14001 certification for the Himeji No.1 Power Plant and four other operating bases.

Nanko Thermal Power Plant

Pursuing the never-ending quest for new technologies for tomorrow's products and services

Kansai EP engages in a sustained program of R&D to achieve the innovative breakthroughs to drive its future growth and contribute to a better world.

Research into CO_2 separation and fixation at Technical Research Center

Redox-flow battery/New silicon carbide (SiC) diode

Target Set on Mutual Benefits

Kansai EP's aggressive stance on research and development has two overriding objectives: to provide added convenience to our customers while contributing to environmental protection, and to forge a solid base for the Company's future operations. Here we introduce a sampling of some of our recent initiatives and achievements in R&D.

Environmentally Friendly Hot-Water Systems

Kansai EP is presently developing heat-pump type water heaters for the home that use CO_2 as the refrigerant. As adoption of CO_2 in this role avoids depletion of the ozone layer, these innovative systems are extremely friendly to the environment. Their superb heating capacity and vastly improved efficiency over traditional water heaters also enable remarkable savings in energy in addition to extraordinarily low running costs. This outstanding combination — environmental friendliness, energy efficiency and economical operation — makes them ideal systems for the 21st century. We expect to bring them on the market before the end of fiscal 2002.

Technologies to Protect our Earthly Habitat

In conjunction with our initiatives targeting protection of the global environment, we are carrying forward research into high-performance chemical absorbents of CO_2. Our research program has already yielded tangible results that have obtained patents not only in Japan but also in the United States, Europe and Asia, and our technology has been adopted in a urea production plant in Malaysia. We are also engaged in research into technologies to regenerate tropical rain forests, in order to revitalize the natural environment and expand CO_2 absorption zones.

New Energy Storage Technology

Kansai EP is also making rapid progress in the development of a new technology for storing energy, targeted at making a significant contribution to load leveling. The redox-flow battery is capable of storing electrical energy for subsequent retrieval as needed. It features a simple structure, light weight, small size and easy maintenance, and it is expected to be extremely effective as a power source for use in emergencies or for compensation against momentary voltage drops.

High-Performance Micro Gas Turbines

Micro gas turbines hold excellent promise for achieving power-generating systems of increasingly small scale. Their structural simplicity and ease of maintenance enhance the likelihood that micro gas turbines will come to be adopted widely. Currently we are evaluating their cogeneration characteristics, durability, system interconnection properties, and impact on the environment, in order to assess their performance potential as independent power supplies.

Next-Generation Semiconductor Elements

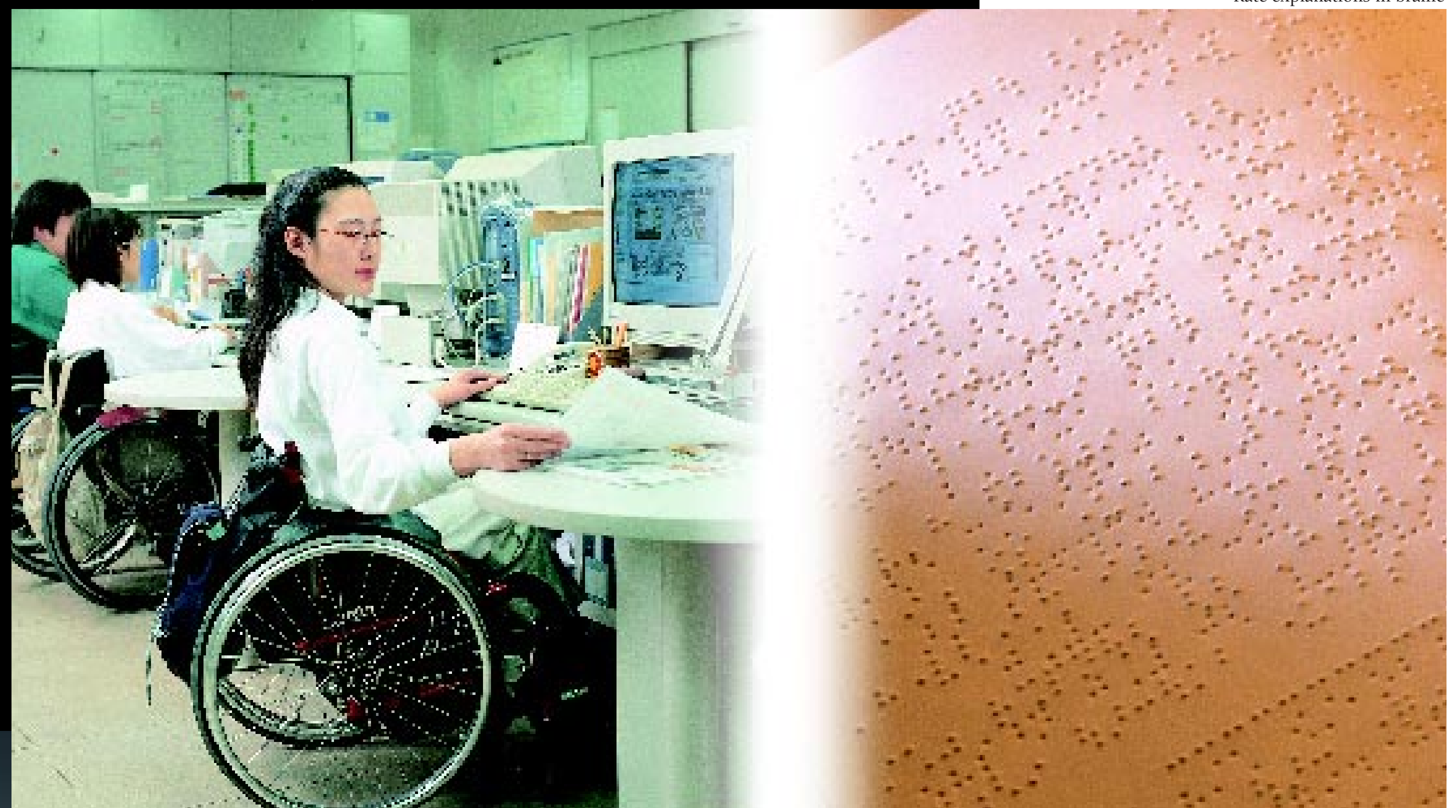
Kansai EP is conducting basic research into silicon carbide (SiC) diodes, next-generation power semiconductor elements that are expected to enable substantial reductions in power loss. Our research is aimed at applying SiC diodes to the power industry. Unlike conventional silicon elements that cause more power losses and are easily broken under high voltages, SiC diodes are revolutionary in their ability to curb power loss. They also offer outstanding advantages by enabling cooling devices of smaller size.

Focusing the vibrant spirit of Kansai on the challenges of the 21st century

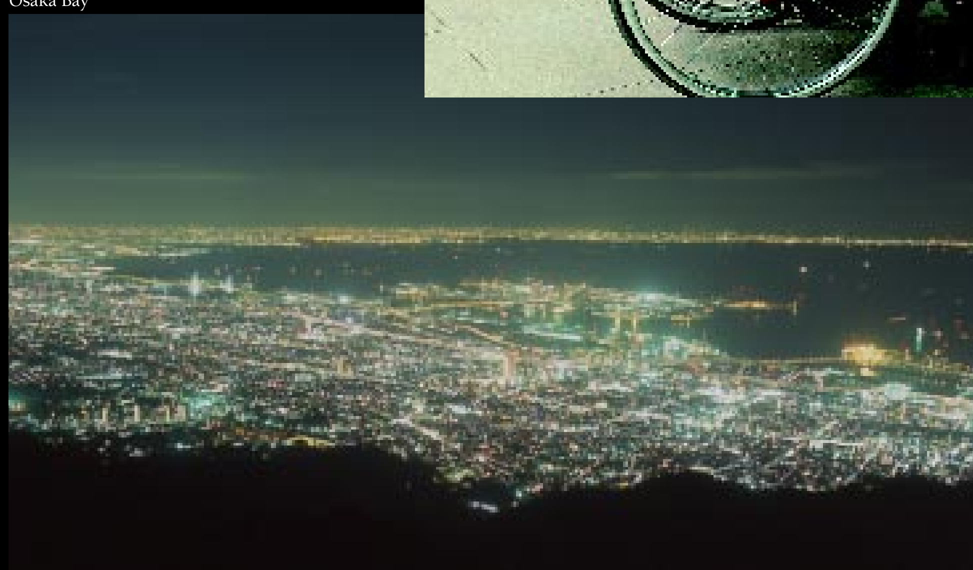
Kansai EP is a key link in the chain of dynamic developments giving Kansai a solid footing for a new century of growth and social caring .

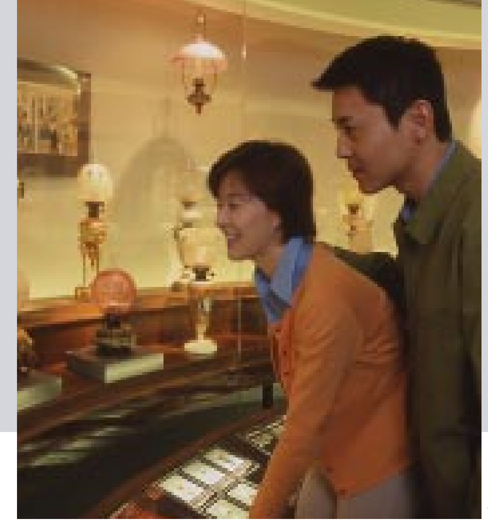
Kanden L-Heart, a Kansai EP subsidiary

Rate explanations in braille



Osaka Bay





Kobe Lamp Museum

Ambitious Projects of National Scale

The Great Hanshin-Awaji Earthquake of 1995 caused immeasurable physical devastation in Kansai, but by no means weakened the indomitable spirit for which the region has always been known. Today that spirit is reflected in ambitious new projects of national scale and importance that collectively are laying the foundations for Kansai's dynamic growth in the 21st century.

Among the most visible projects is the development of "Kansai Science City," an all-new hub for cultural, scholarly and scientific endeavors of international scope. Located on 15,000 hectares of rolling hills spanning Kyoto, Osaka and Nara prefectures, the City already boasts more than 70 newly constructed facilities. These include not only universities and corporate research centers, but also residential and community amenities to support the lives of those who work and reside here.

Another project in progress is the Kansai International Airport. Opened in 1994, the airport is the world's first facility of its scale built on a man-made islet and Japan's first airport operating round-the-clock. The underlying aim behind the project is to develop the airport into an international hub serving the entire Asia-Pacific region, as a means of bringing unprecedented vitality to Kansai. Currently the airport is in Phase II of construction, toward the inauguration of a second runway in 2007.

One more work in progress is the Bay Area Development Project, the objective of which is to make effective use of land along Osaka Bay, turning idle or undeveloped properties into sophisticated and attractive urban and residential facilities appropriate to a world-class metropolis. In tandem with this project, Universal Studios Japan opened here in March 2001 with great fanfare. Since its opening, the number of visitors to the theme park has exceeded all projections.

Close Community Rapport

Kansai is home to large numbers of non-Japanese, and to meet their needs as well as prepare for even greater internationalization of the region during the 21st century, a host of amenities are being developed. One example is FM CO·CO·LO, Japan's first multilingual FM radio station. Operated by dedicated volunteers with financial support from Kansai EP and other corporate sponsors, the station provides a broad array of programming — from news and entertainment to language lessons and emergency information — in a kaleidoscope of languages.

Kansai EP also collaborates with local government agencies in the operation of Kanden L-Heart, a facility that provides employment opportunities to the physically and mentally handicapped. Another facility we operate is Kanden Joy Life; by providing services relating to senior citizens homes and home nursing care, it offers a fresh approach to the daily needs of the nation's aging population.

In these various ways, Kansai EP forms a vital link enabling the realization of Kansai's colorful palette of dynamic undertakings, from national projects to development of all new industries, and actively supporting the evolving needs of the region's citizens.

Directors and Auditors
(As of June 28, 2001)

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Chairman of the Board of Directors

Yohsaku Fuji
President and Director

Yoji Goto
Executive Vice President and Director

Kazuo Sato
Executive Vice President and Director

Hideki Osada
Executive Vice President and Director

Shosuke Mori
Executive Vice President and Director

Managing Directors
Tetsuji Kishida
Hisao Takamoto
Takashi Inoue
Keishi Yoshimoto
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Hiroshi Fujiwara
Hiroo Ariga
Hiroshi Morimoto
Isao Aoki

Directors
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Hiroshi Yatsuzuka

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Hiroshi Ishikawa

Directors
Yasuo Shingu
Naotaka Saeki

Senior Corporate Auditors
Takashi Iwasaki
Toshihisa Hatanaka
Mitsunobu Kemuyama
Yoshimitsu Kajii

Corporate Auditors
Tetsuhei Kiji
Wa Tashiro

Financial Section

Contents

Financial Results and Analysis (Consolidated)

Overview

Income

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

* Fuel-Cost Adjustment System: A system whereby electricity rates are swiftly adjusted to reflect increases or decreases in fossil-fuel costs arising from fluctuations in exchange rates or crude-oil prices. Electricity rates are adjusted every three months to reflect fluctuations in fuel costs during the preceding three-month period.

Expenses

Expenses incurred in conjunction with electricity operations reached ¥2,237,375 million, up a modest ¥44,362 million from fiscal 2000. Increased costs of fuel for steam power generation, stemming from higher fuel prices, and expanded outlays linked to power purchasing were offset by a number of factors. These included reductions in maintenance, depreciation and other operating costs achieved through efficiency enhancement initiatives affecting all areas of management. Operating expenses in other business areas totaled ¥69,887 million, representing a reduction of ¥14,918 million from the preceding term. As a result, the Company's operating income in fiscal 2001 reached ¥340,682 million, up ¥30,108 million year-on-year.

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

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

Assets, Liabilities and Shareholders' Equity

The Company's total assets as of end-March 2001 reached ¥7,550,821 million, up ¥49,887 million over the previous fiscal year-end. Fixed assets, after subtracting ¥425,217 million in depreciation costs, decreased ¥38,357 million year-on-year. The trimming of fixed assets was made possible by curbing capital expenditures, through improved investment efficiency, to ¥489,527 million, down ¥139,401 million from fiscal 2000; investments were concentrated into power generation and distribution facilities designed to ensure a stable power supply on a long-term basis. Assets in the form of investment securities increased ¥167,810 million. The increase derived from the adoption of a new accounting standard for financial instruments instituted this term against all securities whose fair value is readily determinable, with the exception of stocks of subsidiaries and affiliated companies (equity-accounted affiliates excepted). Deferred tax assets, encompassing fixed and current assets, decreased by ¥56,039 million year-on-year, largely due to the booking of ¥59,284 million in deferred tax liabilities in the form of tax effect stemming from unrealized gain arising from the application of the new accounting standard for financial instruments.

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

Total shareholders' equity increased ¥170,059 million year-on-year. This was primarily attributable to: 1) the booking of ¥108,485 million in unrealized gains (after deducting corresponding tax effect) directly to net unrealized gain on available-for-sale securities, in tandem with the application of the new accounting standard for financial instruments; 2) a ¥61,575 million increase in consolidated retained earnings, largely due to the increase in consolidated net income by ¥70,491 million year-on-year. As a result, the shareholders' equity ratio rose 2.1 points this term, to 20.8%.

Cash Flow

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

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

Consolidated Balance Sheets

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

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

See notes to consolidated financial statements.

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

See notes to consolidated financial statements.

Consolidated Statements of Income

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

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

	Yen		U.S. Dollars
	2001	2000	**2001**
PER SHARE OF COMMON STOCK:			
Net income	**¥125.47**	¥53.44	**$1.01**
Fully diluted net income	**121.02**	53.10	**0.98**
Cash dividends applicable to the year	**60.00**	50.00	**0.48**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

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

		Millions of Yen				
	Number of Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Gain on Available-for-Sale Securities	Treasury Stock
BALANCE, APRIL 1, 1999	978,639,031	¥489,320	¥65,463	¥708,934		¥(22)
Adjustment of retained earnings for adoption of deferred tax accounting method				147,853		
Adjustment of retained earnings for newly consolidated subsidiaries				(14,914)		
Net income				52,300		
Cash dividends, ¥50 per share				(48,932)		
Bonuses to directors and corporate auditors				(477)		
Net decrease in treasury stock						6
BALANCE, MARCH 31, 2000	978,639,031	489,320	65,463	844,764		(16)
Adjustment of retained earnings for a newly consolidated subsidiary				2,526		
Adjustment of retained earnings for merger of an unconsolidated subsidiary				1,830		
Adjustment of retained earnings for decrease of associated companies adopted by the equity method				(16,237)		
Net income				122,791		
Cash dividends, ¥50 per share				(48,931)		
Bonuses to directors and corporate auditors				(404)		
Net decrease in treasury stock						(1)
Net unrealized gain on available-for-sale securities (including the effect of initially adopting the new accounting standard accounting standard at April 1, 2000)					¥108,485	
BALANCE, MARCH 31, 2001	978,639,031	¥489,320	¥65,463	¥906,339	¥108,485	¥(17)

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Gain on Available-for-Sale Securities	Treasury Stock
BALANCE, MARCH 31, 2000	$3,949,314	$528,354	$6,818,111		$(129)
Adjustment of retained earnings for a newly consolidated subsidiary			20,388		
Adjustment of retained earnings for merger of an unconsolidated subsidiary			14,770		
Adjustment of retained earnings for decrease of associated companies adopted by the equity method			(131,049)		
Net income			991,049		
Cash dividends, $0.40 per share			(394,923)		
Bonuses to directors and corporate auditors			(3,261)		
Net increase in treasury stock					(9)
Net unrealized gain on available-for-sale securities (including the effect of initially adopting the new accounting standard at April 1, 2000)				$875,585	
BALANCE, MARCH 31, 2001	$3,949,314	$528,354	$7,315,085	$875,585	$(138)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

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

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

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	¥149,356	¥348,525	$1,205,456
Proceeds from long-term debt (exclusive of bonds)	284,897	157,306	2,299,411
Proceeds from short-term borrowings	861,414	860,566	6,952,494
Proceeds from issuance of commercial paper	327,000	223,000	2,639,225
Redemption of bonds	(229,483)	(229,850)	(1,852,163)
Repayments of long-term debt (exclusive of bonds)	(323,407)	(184,372)	(2,610,226)
Repayments of short-term borrowings	(888,516)	(908,726)	(7,171,235)
Repayments of commercial paper	(327,000)	(223,000)	(2,639,225)
Dividends paid	(48,944)	(48,954)	(395,028)
Other – net	(25)	(38)	(202)
Net cash provided by financing activities	(194,708)	(5,543)	(1,571,493)
NET CASH PROVIDED BY (USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES	(513)	10,752	(4,140)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2		16
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	120	5,526	969
CASH AND CASH EQUIVALENTS INCREASED BY MERGER	4,944		39,903
NET INCREASE IN CASH AND EQUIVALENTS	4,553	16,278	36,748
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	83,214	66,936	671,622
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 6)	¥87,767	¥83,214	$708,370
NON CASH INVESTING AND FINANCING ACTIVITIES:			
Assets and liabilities increased by consolidation of subsidiaries previously unconsolidated:			
Assets	¥13,431	¥36,227	$108,402
Liabilities	10,843	50,581	87,514
Assets acquired and liabilities assumed in merger:			
Assets acquired	11,604		93,656
Liabilities assumed	9,062		73,140

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

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

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law (the "Law"), the Japanese Electric Utility Law and the related accounting regulations. The Kansai Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries (together the "Companies") maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code (the "Code"), the Japanese Electric Utility Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥123.90 to $1, the approximate rate of exchange at March 31, 2001. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Certain reclassifications have been made in 2000 financial statements to conform to the classifications used in 2001.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Associated Companies -** The consolidated financial statements as of March 31, 2001 and 2000 include the accounts of the Company and its significant nine subsidiaries. Investments in one associated company (two in 2000) are accounted for by the equity method. Investment in unconsolidated subsidiaries and the remaining associated companies are stated at cost, and had the equity method been applied to the investments in these companies, there would have been an immaterial effect on the accompanying consolidated financial statements.

Effective April 1, 1999, the Companies changed its consolidation scope of subsidiaries and associated companies from the application of the ownership concept to the control or influence concept. Under the control or influence concept, those companies over whose operations the Company, directly or indirectly, is able to exercise control are fully consolidated, and those companies over which the Companies has an ability to exercise significant influence are accounted for by the equity method.

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

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

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

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

c. **Leases -** All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

d. **Investment Securities -** Through the year ended March 31, 2000, investments in quoted securities, except those of an associated company accounted for by the equity method, are stated at the lower of cost or market value. Other investments are stated at cost or less if the value of such investments have been significantly impaired. The cost of securities is determined by the moving-average method.

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

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

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

e. **Cash Equivalents -** Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents principally include time deposits, certificate of deposits, commercial paper and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

f. **Inventories -** Inventories, mainly fuel, are stated at cost determined by the average method.

g. **Foreign Currency Accounts -** Through the year ended March 31, 2000, receivables and payables of the Company denominated in foreign currencies were translated into Japanese yen at exchange rates prevailing on the dates when they were acquired or incurred. However, in the case where there was significant fluctuation of currencies with possible exchange losses, receivables or payables denominated in foreign currencies were translated at the current exchange rates as of each balance sheet date. Receivables and payables hedged by forward exchange contracts were translated at the contract rates.

Differences between the contract rates and historical rates resulting from the translation of receivables and payables hedged by forward exchange contracts were recognized as income or expense over the lives of the related contracts. Other exchange gains and losses were recognized in the fiscal periods in which they occur.

If receivables and payables denominated in foreign currencies, not covered by forward exchange contracts, had been translated at the rates in effect at March 31, 2000, there would have been no material effect on the Companies' financial position or results of operations for the year ended March 31, 2000.

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

h. **Retirement and Pension Plan -** Through the year ended March 31, 1999, the Company provided a liability for employees' severance payments at 40% of the amount that would be required if all employees voluntarily terminated their service with the Company at the balance sheet date. Most of the consolidated subsidiaries provided for the liability at 100% of such amount. Effective for the year ended March 31, 2000, however, the Company changed its accounting for employees' severance payments to an accrued benefit valuation method (see Note 3).

In addition, the Company has a non-contributory funded pension plan. Related prior service costs were accounted for under long-term debt. The Company amended the expected rate of return on assets from 5.5% to 4.0% in the year ended March 31, 1999, and from 4.0% to 3.5% in the year ended March 31, 2000. The impact on prior service costs of the former amendment was divided and charged to income in the years ended March 31, 1999 and 2000, and the impact on prior service costs of the latter amendment was charged to income in the year ended March 31, 2000. The amounts contributed to the fund, excluding past service costs, were charged to income when paid.

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

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

The full amount of the transitional obligation of ¥12,406 million ($100,129 thousand), determined as of the beginning of year, is charged to income and presented as operating expense in the statement of income. As a result, net periodic benefit costs as compared with the prior method, increased by ¥2,083 million ($16,812 thousand), and income before income taxes and minority interests decreased by the same amount, for the year ended March 31, 2001.

Retirement benefits to directors and corporate auditors are charged to income when authorized by a resolution of the shareholders.

i. **Reserve for Reprocessing of Irradiated Nuclear Fuel -** The Company has accrued costs for the reprocessing of irradiated nuclear fuel since April 1, 1981, in accordance with accounting methods accepted by the regulatory authority. The Company provides for the reprocessing of irradiated nuclear fuel at 60% of the amount, which would be required to reprocess all the irradiated nuclear fuel as of the

Notes to Consolidated Financial Statements

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

balance sheet date.

j. **Reserve for Decommissioning of Nuclear Power Units -** The Company has accrued costs for decommissioning of nuclear power units since April 1, 1988, in accordance with accounting methods accepted by the regulatory authority.

k. **Income Taxes -** Through the year ended March 31, 1999, the Companies did not recognize the tax effect of temporary differences between amounts reported for tax and financial reporting purposes, except for those applicable to unrealized profits arising from the elimination of intercompany transactions in consolidations. Effective April 1, 1999, the Companies adopted a new accounting standard for interperiod allocation of income taxes principally based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥147,853 million was included as an adjustment to retained earnings as of April 1, 1999. Such cumulative effect was calculated by applying the income tax rate stipulated by enacted tax laws as of April 1, 1999.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

l. **Derivatives and Hedging Activities -** The Companies use foreign exchange forward contracts, currency swaps and interest rate swaps in the normal course of business, to manage its exposures to fluctuations in foreign exchange and interest rates. The Companies do not enter into derivatives for trading or speculative purposes.

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

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

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

The adoption of the new accounting standards for derivative instruments had no material effects on the Companies' consolidated financial statements.

m. **Reserve for Fluctuations in Water Level -** A reserve for fluctuations in water level is provided for insufficient water levels, in years in which the volume of water for generating hydroelectric power is abundant and available for future generation, in accordance with the Japanese Electric Utility Law and related accounting regulations.

n. **Appropriations of Retained Earnings -** Appropriations of retained earnings at each year end are reflected in the financial statements of the following year after shareholders' approval.

o. **Per Share Information -** The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in the computation was 978,639,031 shares for 2001 and 2000.

The computation of net income per share assuming full dilution is based on the further assumption that all convertible bonds were converted at the beginning of the year with applicable adjustments of interest expense, net of tax effect.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year, without giving retroactive adjustment for subsequent stock splits.

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

3. ACCOUNTING CHANGE

Effective for the year ended March 31, 2000, the Company changed its method of accounting for employees' severance payments as described in Note 2.h. This change was made in order to provide a more accurate allocation of severance costs to future periods and to make the Company' s financial position sounder, taking this opportunity of investigating the actual condition of employees' severance payment. The effect of this change was to decrease income before income taxes by ¥105,421 million for the year ended March 31, 2000.

4. PLANT AND EQUIPMENT

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

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

5. INVESTMENT SECURITIES

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

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥26,049	¥163,448	¥115	¥189,382
Debt securities	69	3		72
Other	2,866	17		2,883
Held-to-maturity debt securities	6,920	370		7,290

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$210,242	$1,319,193	$928	$1,528,507
Debt securities	557	24		581
Other	23,132	137		23,269
Held-to-maturity debt securities	55,851	2,987		58,838

Notes to Consolidated Financial Statements

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

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

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

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

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

6. RECONCILIATION TO CASH AND CASH EQUIVALENTS

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

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

7. LONG-TERM DEBT

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

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

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

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

All of the Company's assets are pledged as collateral for the general mortgage bonds, general mortgage convertible bonds and secured loans from the Development Bank of Japan.

The carrying amounts of subsidiaries' assets pledged as collateral for accounts payable of ¥4,119 million ($33,245 thousand) and the above secured loans at March 31, 2001, were as follows:

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

Certain long-term loan agreements include provisions which allow lenders the right of prior approval, if so requested, of any appropriation from retained earnings, including dividends. To date no lender has exercised this right.

The convertible bonds may be redeemed in whole or in part at prices declining by 1% per year from 107% to 100% of the principal amounts. The 2.0% and 1.4% bonds are currently redeemable. The convertible bonds outstanding at March 31, 2001 were convertible into 59,027 thousand shares of common stock, at the conversion prices shown below subject to certain anti-dilutive provisions:

	Conversion Price per Share	
	Yen	U.S. Dollars
2.0% bonds	¥4,218	$34.04
1.4% bonds	4,807	38.80

Notes to Consolidated Financial Statements

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

8. RETIREMENT AND PENSION PLAN

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

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

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

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

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

The components of net periodic benefit costs are as follows:

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

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

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

9. SHORT-TERM BORROWINGS

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

10. SHAREHOLDERS' EQUITY

The Code requires at least 50% of the issue price of new shares, with a minimum of the par value, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to additional paid-in capital.

The Code also requires the Companies to appropriate from retained earnings to a legal reserve an amount equal to at least 10% of all cash payments made as an appropriation of retained earnings, until such reserve equals 25% of the stated capital. The Company's legal reserve amount, which is included in retained earnings, totals ¥122,330 million ($987,328 thousand) and ¥121,392 million as of March 31, 2001 and 2000, respectively, and is not available for dividends but may be used to reduce a deficit by shareholders' resolution.

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

Under the Code, the Company may issue new common shares to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. The Company may make such a stock split to the extent the aggregate par value of the shares outstanding after the stock split does not exceed the stated capital. However, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split shall not be less than ¥500.

Cash dividends charged to retained earnings were dividends paid during the year, which represented year-end cash dividends for the preceding year and semi-annual interim dividends for the current year.

11. INCOME TAXES

The Companies are subject to a number of taxes based on income such as corporate income tax and inhabitant taxes which, in the aggregate, resulted in normal statutory tax rates of approximately 36.2% for the years ended March 31, 2001 and 2000.

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

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

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

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

Notes to Consolidated Financial Statements

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

12. RESEARCH AND DEVELOPMENT COSTS

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

13. RELATED PARTY TRANSACTIONS

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

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

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

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14. LEASES

Lessor

Finance Leases

Revenue under finance leases were ¥839 million ($6,772 thousand) and ¥843 million for the years ended March 31, 2001 and 2000, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation and future lease revenue under finance leases for the years ended March 31, 2001 and 2000 was as follows:

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

Future lease revenue under finance leases:

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

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

Notes to Consolidated Financial Statements

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

Lessee

Finance Leases

Total lease payments under finance leases were ¥6,811 million ($54,972 thousand) and ¥8,693 million for the years ended March 31, 2001 and 2000, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense of finance leases that deem to transfer ownership of the leased property to the lessee on an "as ifcapitalized" basis for the years ended March 31, 2001 and 2000 was as follows:

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

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

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2000					
Acquisition cost	¥5,419	¥7,525	¥19,627	¥17,511	¥50,082
Accumulated depreciation	2,052	4,389	8,370	8,461	23,272
Net leased property	¥3,367	¥3,136	¥11,257	¥9,050	¥26,810

Obligations under finance leases:

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

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

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method over the respective lease periods was ¥6,811 million ($54,972 thousand) and ¥8,693 million for the years ended March 31, 2001 and 2000.

Operating Leases

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

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

Notes to Consolidated Financial Statements

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

15. COMMITMENTS AND CONTINGENCIES

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

At March 31, 2001, the Companies had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited	¥213,113	$1,720,040
Other	2,360	19,048
Total	¥215,473	$1,739,088
A guarantee of equity contribution for other companies:		
KPIC Singapore Pte Ltd	¥574	$4,633
KPIC North America Corporation	1,623	13,099
Total	¥2,197	$17,732
A guarantee about power supply for KPIC Singapore Pte Ltd.	¥552	$4,455
Contingency relating to debt assumption agreement	¥235,492	$1,900,662

16. SUBSEQUENT EVENT

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

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17. SEGMENT INFORMATION

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

a. Sales and Operating Income

	Millions of Yen			
	2001			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥2,575,178	¥72,766		¥2,647,944
Intersegment sales	6,273	221,434	¥(227,707)	
Total sales	2,581,451	294,200	(227,707)	2,647,944
Operating expenses	2,245,374	290,070	(228,182)	2,307,262
Operating income	¥336,077	¥4,130	¥475	¥340,682

	Thousands of U.S. Dollars			
	2001			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$20,784,326	$587,296		$21,371,622
Intersegment sales	50,630	1,787,199	$(1,837,829)	
Total sales	20,834,956	2,374,495	(1,837,829)	21,371,622
Operating expenses	18,122,470	2,341,162	(1,841,663)	18,621,969
Operating income	$2,712,486	$33,333	$3,834	$2,749,653

	Millions of Yen			
	2000			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥2,512,721	¥75,669		¥2,588,390
Intersegment sales	4,482	232,699	¥(237,181)	
Total sales	2,517,203	308,368	(237,181)	2,588,390
Operating expenses	2,201,984	313,172	(237,339)	2,277,817
Operating income	¥315,219	¥(4,804)	¥158	¥310,573

b. Assets, Depreciation and Capital Expenditures

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

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

	Millions of Yen			
	2000			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
Assets	¥7,299,255	¥316,998	¥(115,319)	¥7,500,934
Depreciation	415,700	19,815	(2,904)	432,611
Capital expenditures	611,362	20,378	(2,812)	628,928

The Companies do not have any operations or sales to foreign customers.

Deloitte
Touche
Tohmatsu

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
The Kansai Electric Power Company, Incorporated:

We have examined the consolidated balance sheets of The Kansai Electric Power Company, Incorporated and consolidated subsidiaries as of March 31,
2001 and 2000, the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of The Kansai Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period subsequent to the change, with which we concur, in the accounting for liability for severance payments, as discussed in Note 3.

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

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

Osaka, Japan
June 28, 2001

Financial Results and Analysis (Non-Consolidated)

Overview

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

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

Operating costs increased a modest ¥43,390 million year-on-year, to ¥2,245,374 million. On the one hand fuel costs expanded by ¥31,404 million, primarily owing to higher fuel prices, and power purchasing costs increased by ¥44,924 million as purchasing volume grew. On the other hand, maintenance, depreciation and other operating costs declined as a result of vigorous efficiency enhancement initiatives in all areas of management*, and personnel expenses were lowered by dint of the elimination of the preceding term's booking of past service liability in tandem with reduction in the actuarial assumed rate of interest on qualified pensions, a move targeted at an early writeoff of future liabilities. At the operating level, the Company thereby finished fiscal 2001 with ¥336,077 million in profit, up ¥20,858 million year-on-year.

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

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

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

Assets, Liabilities and Shareholders' Equity

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

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

Total shareholders' equity increased ¥147,858 million, to ¥1,342,904 million. Retained earnings expanded by ¥45,478 million year-on-year, largely for two reasons. First, ¥101,442 million, after deduction of corresponding tax effect, was booked as securities unrealized gains in tandem with the application of the new accounting standard of financial instruments from fiscal 2001. Second, net income increased ¥51,841 million over the level of the previous term. The shareholders' equity ratio accordingly rose to 18.6%, up 1.9 percentage point year-on-year.

Dividends

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

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

Non-Consolidated Balance Sheets

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

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

See notes to non-consolidated financial statements.

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

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Income

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

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

	Yen		U.S. Dollars
	2001	2000	**2001**
PER SHARE OF COMMON STOCK:			
Net income	**¥97.58**	¥44.60	**$0.79**
Fully diluted net income	**94.72**	44.55	**0.76**
Cash dividends applicable to the year	**60.00**	50.00	**0.48**

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Shareholders' Equity

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

		Millions of Yen				
	Number of Common Shares Issued	Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings	Net Unrealized Gain on Available-for-Sale Securities
BALANCE, APRIL 1, 1999	978,639,031	¥489,320	¥65,463	¥116,484	¥397,233	
Adjustment of retained earnings for adoption of deferred tax accounting method					131,973	
Net income					43,650	
Cash dividends, ¥50 per share					(48,932)	
Transfer to legal reserve				4,908	(4,908)	
Bonuses to directors and corporate auditors					(145)	
BALANCE, MARCH 31, 2000	978,639,031	489,320	65,463	121,392	518,871	
Net income					95,492	
Cash dividends, ¥50 per share					(48,931)	
Transfer to legal reserve				938	(938)	
Bonuses to directors and corporate auditors					(145)	
Net unrealized gain on available-for-sale securities (including the effect of initially adopting the new accounting standard at April 1, 2000)						¥101,442
BALANCE, MARCH 31, 2001	978,639,031	¥489,320	¥65,463	¥122,330	¥564,349	¥101,442

	Thousands of U.S. Dollars				
	Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings	Net Unrealized Gainon Available-for-Sale Securities
BALANCE, MARCH 31, 2000	$3,949,314	$528,354	$979,757	$4,187,821	
Net income				770,718	
Cash dividends, $0.40 per share				(394,923)	
Transfer to legal reserve			7,571	(7,571)	
Bonuses to directors and corporate auditors				(1,170)	
Net unrealized gain on available-for-sale securities (including the effect of initially adopting the new accounting standard at April 1, 2000)					$818,741
BALANCE, MARCH 31, 2001	$3,949,314	$528,354	$987,328	$4,554,875	$818,741

See notes to consolidated financial statements.

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Notes to Non-Consolidated Financial Statements

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

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by The Kansai Electric Power Company, Incorporated (the "Company") in accordance with the provisions set forth in the Japanese Commercial Code (the "Code"), the Japanese Electric Utility Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The non-consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

As consolidated statements of cash flows for the year ended March 31, 2001 and 2000 are presented in the consolidated financial statements of the Company and subsidiaries, the non-consolidated statements of cash flows for the year then ended are also not presented herein.

In preparing these non-consolidated financial statements, certain reclassifications and rearrangements have been made to the Company's non-consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The non-consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥123.90 to $1, the approximate rate of exchange at March 31, 2001. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Certain reclassifications have been made in 2000 financial statements to conform to the classifications used in 2001.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

b. **Leases -** All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

c. **Investment Securities -** Through the year ended March 31, 2000, investments in quoted securities, except for subsidiaries and associated companies, were stated at the lower of cost or market value. Other investments, including investments in subsidiaries and associated companies, are stated at cost or less if the values of such investments have been significantly impaired. The cost of securities is determined by the moving-average method.

Effective April 1, 2000, the Company adopted a new accounting standard for financial instruments. The Company's securities are classified and accounted for as follows: i) investments in subsidiaries and associated companies, are reported at cost, ii) available-for-sale securities whose fair value is not readily determinable are reported at cost, and iii) available-for-sale securities whose fair value is readily determinable are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity.

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

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

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

e. **Foreign Currency Accounts -** Through the year ended March 31, 2000, receivables and payables denominated in foreign currencies were translated into Japanese yen at exchange rates prevailing on the dates when they were acquired or incurred. However, in the case where there was significant fluctuation of currencies with possible exchange losses, receivables or payables denominated in foreign currencies were translated at the current exchange rates as of each balance sheet date. Receivables and payables hedged by forward exchange contracts were translated at the contract rates.

Differences between the contract rates and historical rates resulting from the translation of receivables and payables hedged by forward exchange contracts were recognized as income or expense over the lives of the related contracts. Other exchange gains and losses were recognized in the fiscal periods in which they occur.

If receivables and payables denominated in foreign currencies, not covered by forward exchange contracts, had been translated at the rates in effect at March 31, 2000, net payables would have decreased by ¥127 million at March 31, 2000.

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

f. **Retirement and Pension Plan -** IThrough the year ended March 31, 1999, the Company provided a liability for employees' severance payments at 40% of the amount that would be required if all employees voluntarily terminated their service with the Company at the balance sheet date. Effective for the year ended March 31, 2000, however, the Company changed its accounting for the employees' severance payments to an accrued benefit valuation method (see Note 3).

In addition, the Company has a non-contributory funded pension plan. Related prior service costs were accounted for under long-term debt. The Company amended the expected rate of return on assets from 5.5% to 4.0% in the year ended March 31, 1999, and from 4.0% to 3.5% in the year ended March 31, 2000. The impact on prior service costs of the former amendment was divided and charged to income in the years ended March 31, 1999 and 2000, and the impact on prior service costs of the latter amendment was charged to income in the year ended March 31, 2000. The amounts contributed to the fund, excluding past service costs, were charged to income when paid.

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

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

The full amount of the transitional obligation of ¥13,736 million ($110,864 thousand), determined as of the beginning of year, is charged to income and presented as operating expense in the statement of income. As a result, net periodic benefit costs as compared with the prior method, increased by ¥3,504 million ($28,281 thousand) and income before income taxes decreased by the same amount, for the year ended March 31, 2001.

Retirement benefits to directors and corporate auditors are charged to income when authorized by a resolution of the shareholders.

g. **Reserve for Reprocessing of Irradiated Nuclear Fuel -** The Company has accrued costs for the reprocessing of irradiated nuclear fuel since April 1, 1981, in accordance with accounting methods accepted by the regulatory authority. The Company provides for the reprocessing of irradiated nuclear fuel at 60% of the amount, which would be required to reprocess all the irradiated nuclear fuel as of the balance sheet date.

h. **Reserve for Decommissioning of Nuclear Power Units -** The Company has accrued costs for decommissioning of nuclear power units since April 1, 1988, in accordance with accounting methods accepted by the regulatory authority.

i. **Income Taxes -** Effective April 1, 1999, the Company adopted an accounting method for allocation of income taxes based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥131,973 million was included as an adjustment to related earnings as of April 1, 1999. Such cumulative effect was calculated by applying the income tax rate stipulated by enacted tax laws as of April 1, 1999.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purpose and such amounts recognized for tax purposes. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

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

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

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

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

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

k. Reserve for Restoration Costs of Natural Disasters - In July 1995, a flood in the Kurobe River area resulted in serious damage to the Company's hydroelectric power plants.

The Company has made provision for estimated costs of repair and abandonment related to the above, excluding amounts for capital expenditures.

l. Reserve for Fluctuations in Water Level - A reserve for fluctuations in water level is provided for insufficient water levels, in years in which the volume of water for generating hydroelectric power is abundant and available for future generation, in accordance with the Japanese Electric Utility Law and related accounting regulations.

m. Per Share Information - The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in the computation was 978,639,031 shares for 2001 and 2000.

The computation of net income per share assuming full dilution is based on the further assumption that all convertible bonds were converted at the beginning of the year with applicable adjustments of interest expense, net of tax effect.

Cash dividends per share presented in the accompanying non-consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, without giving retroactive adjustment for the stock split.

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

3. ACCOUNTING CHANGE

Effective for the year ended March 31, 2000, the Company changed its method of accounting for employees' severance payments as described in Note 2.f. This change was made in order to provide a more accurate allocation of severance costs to future periods and to make the Company' s financial position sounder, taking this opportunity of investigating the actual condition of employees' severance payments. The effect of this change was to decrease income before income taxes by ¥105,421 million for the year ended March 31, 2000.

4. PLANT AND EQUIPMENT

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

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

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

	Millions of Yen			
	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
As of March 31, 2000				
Hydroelectric power production facilities	¥1,185,030	¥25,654	¥616,398	¥542,978
Thermal power production facilities	2,475,051	14,282	1,847,914	612,855
Nuclear power production facilities	2,240,884	4,716	1,640,387	595,781
Internal combustion engine power production facilities	40,442	3,707	27,006	9,729
Transmission facilities	2,726,333	196,279	1,141,615	1,388,439
Transformation facilities	1,403,366	38,321	798,609	566,436
Distribution facilities	2,108,803	29,573	966,911	1,112,319
Incidental business facilities	18,966	1,171	9,590	8,205
General facilities	520,963	42,087	279,407	199,469
Other facilities	5,270	2,055	303	2,912
Sub-total	12,725,108	357,845	7,328,140	5,039,123
Construction in progress	1,013,367			1,013,367
Total	¥13,738,475	¥357,845	¥7,328,140	¥6,052,490

5. INVESTMENT SECURITIES

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

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

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

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6. LONG-TERM DEBT

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

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

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

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

All of the Company's assets are pledged as collateral for the general mortgage bonds, general mortgage convertible bonds and secured loans presented above.

Certain long-term loan agreements include provisions which allow lenders the right of prior approval, if so requested, of any appropriation from retained earnings, including dividends. To date no lender has exercised this right.

The convertible bonds may be redeemed in whole or in part at prices declining by 1% per year from 107% to 100% of the principal amounts. The 2.0% and 1.4% bonds are currently redeemable. The convertible bonds outstanding at March 31, 2001 were convertible into

59,027 thousand shares of common stock, at the conversion prices shown below subject to certain anti-dilutive provisions:

	Conversion Price per Share	
	Yen	U.S. Dollars
2.0% bonds	¥4,218	$34.04
1.4% bonds	4,807	38.80

7. SHORT-TERM BORROWINGS

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

8. SHAREHOLDERS' EQUITY

The Code requires at least 50% of the issue price of new shares, with a minimum of the par value, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to additional paid-in capital.

The Code also requires the Company to appropriate from retained earnings to a legal reserve an amount equal to at least 10% of all cash payments made as an appropriation of retained earnings, until such reserve equals 25% of the stated capital. This reserve is not available for dividends but may be used to reduce a deficit by shareholders' resolution.

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

Under the Code, the Company may issue new common shares to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. The Company may make such a stock split to the extent the aggregate par value of the shares outstanding after the stock split does not exceed the stated capital. However, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split shall not be less than ¥500.

Cash dividends charged to retained earnings were dividends paid during the year, which represented year-end cash dividends for the preceding year and semi-annual interim dividends for the current year.

9. INCOME TAXES

The Company is subject to a number of taxes based on income such as corporate income tax and inhabitant taxes which, in the aggregate, resulted in normal statutory tax rates of approximately 36.2% for the years ended March 31, 2001 and 2000.

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

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

10. LEASES

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

Finance Leases

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

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, and depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2001 and 2000 consisted of the following:

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

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

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2000					
Acquisition cost	¥5,989	¥7,725	¥28,769	¥7,880	¥50,363
Accumulated depreciation	2,422	4,414	12,815	4,590	24,241
Net leased property	¥3,567	¥3,311	¥15,954	¥3,290	¥26,122

Obligations under finance leases:

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

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

Depreciation expense, which is not reflected in the accompanying non-consolidated statements of income, computed by the straight-line method over the respective lease periods was ¥8,909 million ($71,905 thousand) and ¥9,949 million for years ended March 31, 2001 and 2000, respectively.

Operating Leases

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

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

11. COMMITMENTS AND CONTINGENCIES

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

At March 31, 2001, the Company had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited	¥213,113	$1,720,040
Other	24,583	198,410
Total	¥237,696	$1,918,450
A guarantee of equity contribution to other companies:		
KPIC Singapore Pte Ltd	¥574	$4,633
KPIC North America Corporation	1,623	13,099
Total	¥2,197	$17,732
A guarantee about power supply for KPIC Singapore Pte Ltd	¥552	$4,455
Contingency relating to debt assumption agreement	¥235,492	$1,900,662

12. SUBSEQUENT EVENT

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

Deloitte
Touche
Tohmatsu

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
The Kansai Electric Power Company, Incorporated:

We have examined the non-consolidated balance sheets of The Kansai Electric Power Company, Incorporated as of March 31, 2001 and 2000, and the related non-consolidated statements of income and shareholders' equity for the years then ended. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above present fairly the financial position of The Kansai Electric Power Company, Incorporated as of March 31, 2001 and 2000, and the results of its operations for the years then ended, in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period subsequent to the change, with which we concur, in the accounting for liability for retirement benefits, as discussed in Note 3.

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

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

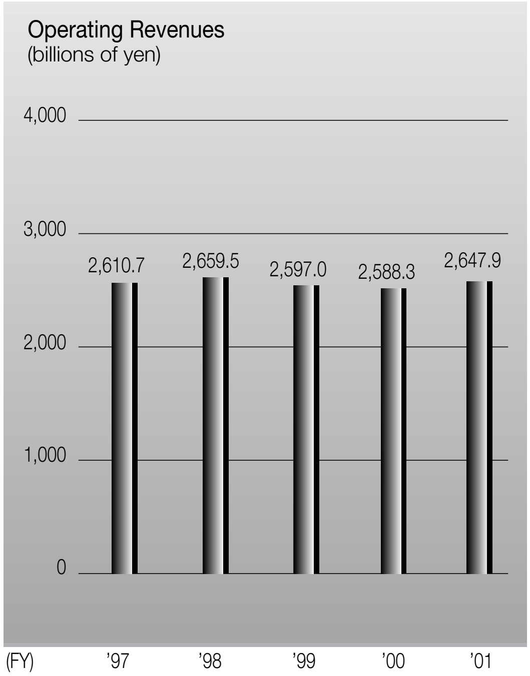
Deloitte Touche Tohmatsu

Osaka, Japan
June 28, 2001

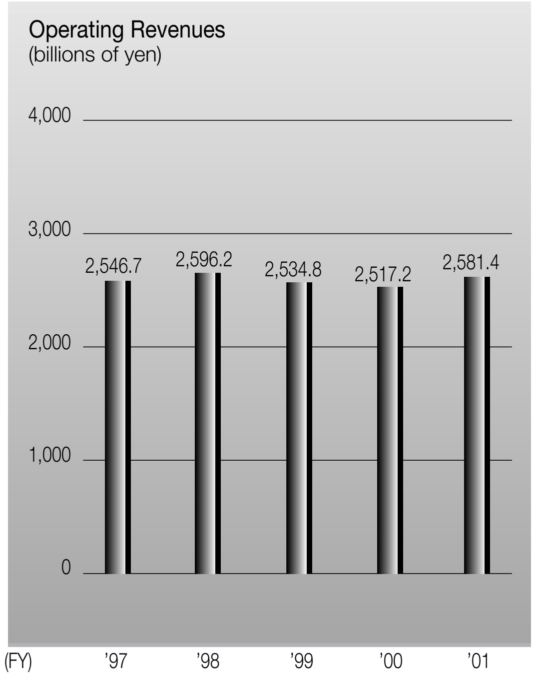
Five-Year Summary of Selected Operational Data

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

Consolidated Basis



Non-Consolidated Basis



Five-Year Summary of Selected Operational Data

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Operating Income	324,447	353,540	310,592	310,573	**340,682**	309,626	338,117	298,218	315,219	**336,077**
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Residential						952,202	961,836	974,791	988,026	**1,010,946**
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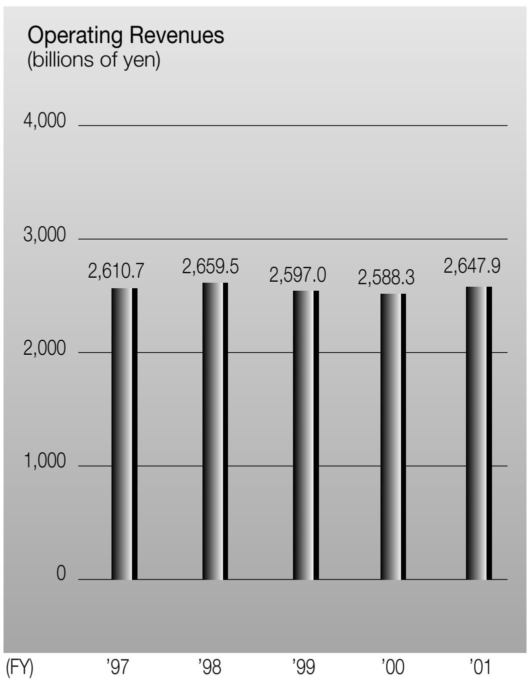
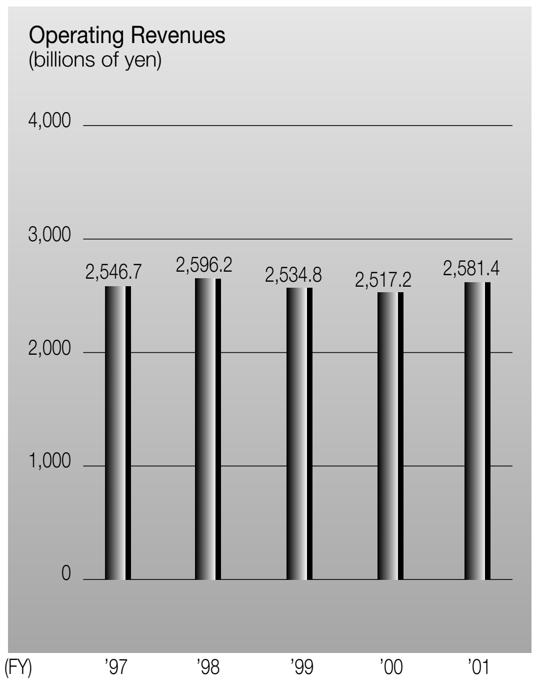
Consolidated Basis



Non-Consolidated Basis

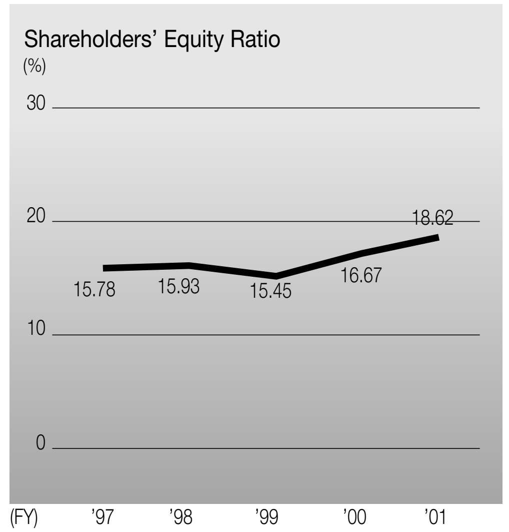


	Consolidated Basis					Non-Consolidated Basis				
(FY)	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
Return on Equity (ROE) (%)	4.53	6.26	4.18	3.93	**8.27**	4.17	6.21	4.77	3.86	**7.53**
Return on Assets (ROA)* (%)	2.63	2.80	2.52	2.06	**2.73**	2.61	2.79	2.53	1.95	**2.64**
Net Income per Share (Yen)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

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

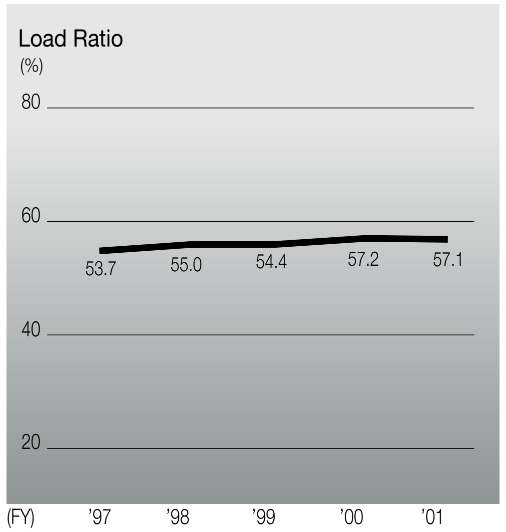
Consolidated Basis

Non-Consolidated Basis



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

* The standard for stating the number of employees has been changed since beginning 2000. Using the traditional standard, the number of employees would be 26,248 in 2000.



Corporate Data
(As of March, 2001)

Date of Establishment: May 1, 1951
Paid-in Capital: ¥489.3 (Billion)
Number of Common Shares Issued: 978,639 (Thousand)
Number of Shareholders: 489 (Thousand)
Operating Revenues: ¥2,647.9 (Billion)
Total Assets: ¥7,550.8 (Billion)
Number of Employees: 32,589

Corporate Information

THE KANSAI ELECTRIC POWER CO., INC.

Head Office:
3-22, Nakanoshima 3-chome, Kita-ku, Osaka 530-8270, Japan
Phone: 06-6441-8821
Fax: 06-6441-7174
URL: http://www.kepco.co.jp
E-mail: finance@kepco.co.jp

New York Office:
Suite 2607, 375 Park Avenue, New York, NY 10152, U.S.A.
Phone: 212-758-3505
Fax: 212-832-3253

Purchasing Access Office:
Suite 2607, 375 Park Avenue, New York, NY 10152, U.S.A.
Phone: 212-758-0609
Fax: 212-758-8402

Washington Office:
2001 L St. NW Suite 801, Washington, DC 20036, U.S.A.
Phone: 202-659-1138
Fax: 202-457-0272

Paris Office:
3, Avenue Hoche, 75008 Paris, France
Phone: 1-4267-9301
Fax: 1-4267-8345

Stock Exchange Listings:
Common Stock;
Osaka Securities Exchange
Tokyo Stock Exchange
Nagoya Stock Exchange
Kyoto Stock Exchange

Transfer Agent:
The Toyo Trust and Banking Company Co., Ltd.
6-3, Fushimi-cho 3-chome, Chuou-ku, Osaka 541-8502, Japan
Phone: 06-6229-3011

Notes:
1. THE KANSAI ELECTRIC POWER CO., INC. is the source of all exhibits herein unless otherwise indicated.
2. All fisical years (F.Y.) run from April 1 to March 31 unless otherwise indicated.
3. All dollar amounts are U.S. dollars unless otherwise stated.
4. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥123.90=U.S.$1, the approximate rate of exchange at March 31, 2001.