ANNUAL REPORT 2004

Year ended March 31, 2004

THE KANSAI ELECTRIC POWER CO.,INC.

THE KANSAI ELECTRIC POWER CO., INC.

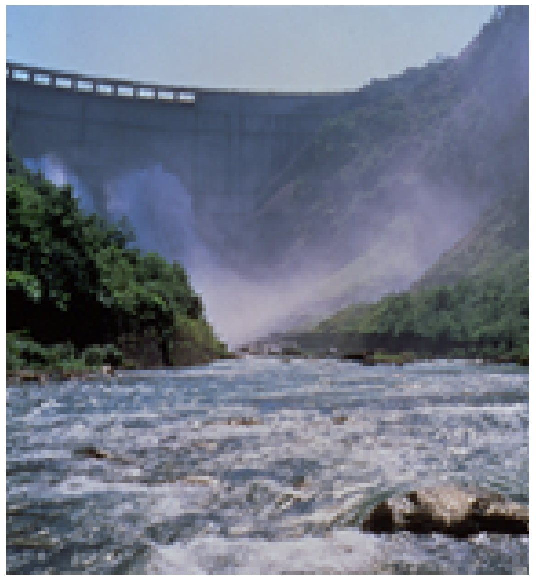
The Kansai Electric Power Co., Inc. (Kansai EP) has been serving the power needs of the Kansai area since its establishment in 1951. Through more than a half-century it has developed and operated its own power plants, secured diversified resources to run them, and delivered the generated power with optimum 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, 2004, sales reached 140.2 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 rapid deregulation of public utilities, 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 Nakanoshima Business Area



Kurobegawa No.4 Hydro Power Plant (335 MW)

Ohi Nuclear Power Plant (4,710 MW)

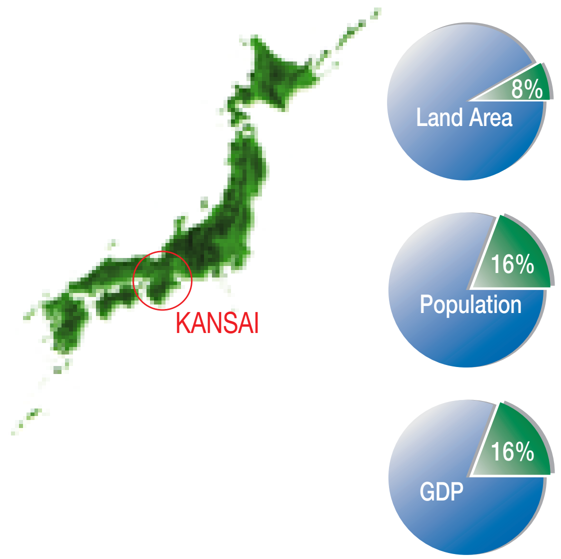
Himeji No.1 Thermal Power Plant (1,442 MW)

KANSAI — THE HEARTLAND OF JAPAN

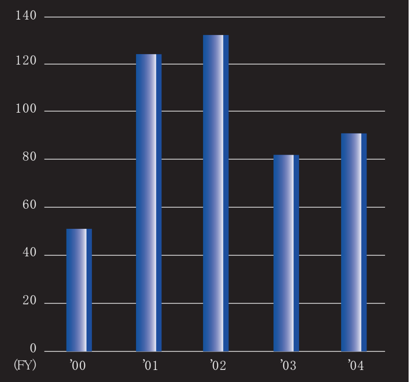
Kansai, the area served by The Kansai Electric Power Co., Inc., forms the cultural, historical, industrial and commercial core of the Japanese archipelago. From the treasured ancient capitals of Nara and Kyoto to the bustling business centers of Osaka and Kobe, Kansai is where the nation's heart began 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 16% 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.

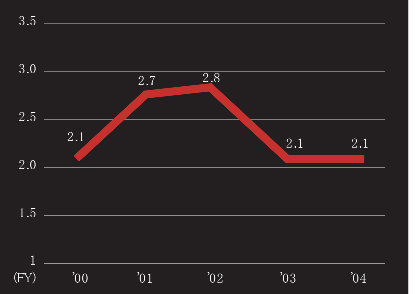
As the nation presently moves forward on the road to solid economic recovery, the Kansai region is concentrating its full roster of resources — its vigor, vitality and wisdom — to ensure the area's sustained and dynamic growth in the first century of this new millennium.



Net Income
(billions of yen)



Return on Assets
(%)



Financial Highlights
(Consolidated Basis)

	2003 (billions of yen)	2004 (billions of yen)	2004 (millions of U.S. dollars)
Financial Data			
Operating Revenues	¥ 2,615.1	¥ 2,540.1	$ 24,034
Operating Income	325.5	349.4	3,307
Net Income	80.4	90.1	853
Total Assets	7,402.3	7,150.8	67,658
Per Share Data (Yen and U.S. dollars)			
Net Income	83.5	94.8	0.90
Cash Dividends	50.0	50.0	0.47
Key Ratios (%)			
Shareholders' Equity Ratio	20.9%	22.9%	
Return on Equity (ROE)	5.1%	5.7%	
Return on Assets (ROA)	2.1%	2.1%	

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥105.69=US$1, the approximate rate of exchange at March 31, 2004.
2. ROA= (Income Before Income Taxes+ Financial Expenses) x (1 −Income Tax Rate) /Total Assets

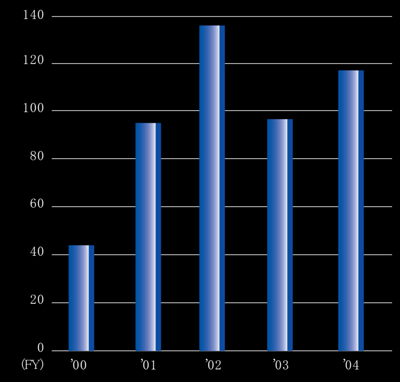
Financial Highlights
(Non-Consolidated Basis)

	2003 (billions of yen)	2004 (billions of yen)	2004 (millions of U.S. dollars)
Financial Data			
Operating Revenues	¥ 2,482.7	¥ 2,375.2	$ 22,474
Operating Income	315.5	329.4	3,117
Net Income	97.2	118.4	1,121
Total Assets	6,772.3	6,540.8	61,887
Per Share Data (Yen and U.S. dollars)			
Net Income	101.4	125.0	1.18
Cash Dividends	50.0	50.0	0.47
Key Ratios (%)			
Shareholders' Equity Ratio	19.6%	21.9%	
Return on Equity (ROE)	7.3%	8.6%	
Return on Assets (ROA)	2.4%	2.7%	

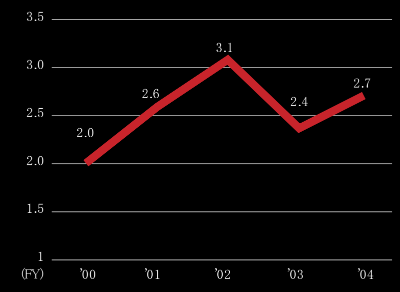
Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥105.69=US$1, the approximate rate of exchange at March 31, 2004.
2. ROA= (Income Before Income Taxes+ Financial Expenses) x (1 −Income Tax Rate) /Total Assets

The Kansai Electric Power Co., Inc. | Annual Report 2004

Net Income
(billions of yen)



Return on Assets
(%)



Contents

Building new foundations today for sustained growth in the changing world of tomorrow

Kansai EP is boldly responding to changes in its business environment with dynamic initiatives of unprecedented diversity and strength.

The Year in Review

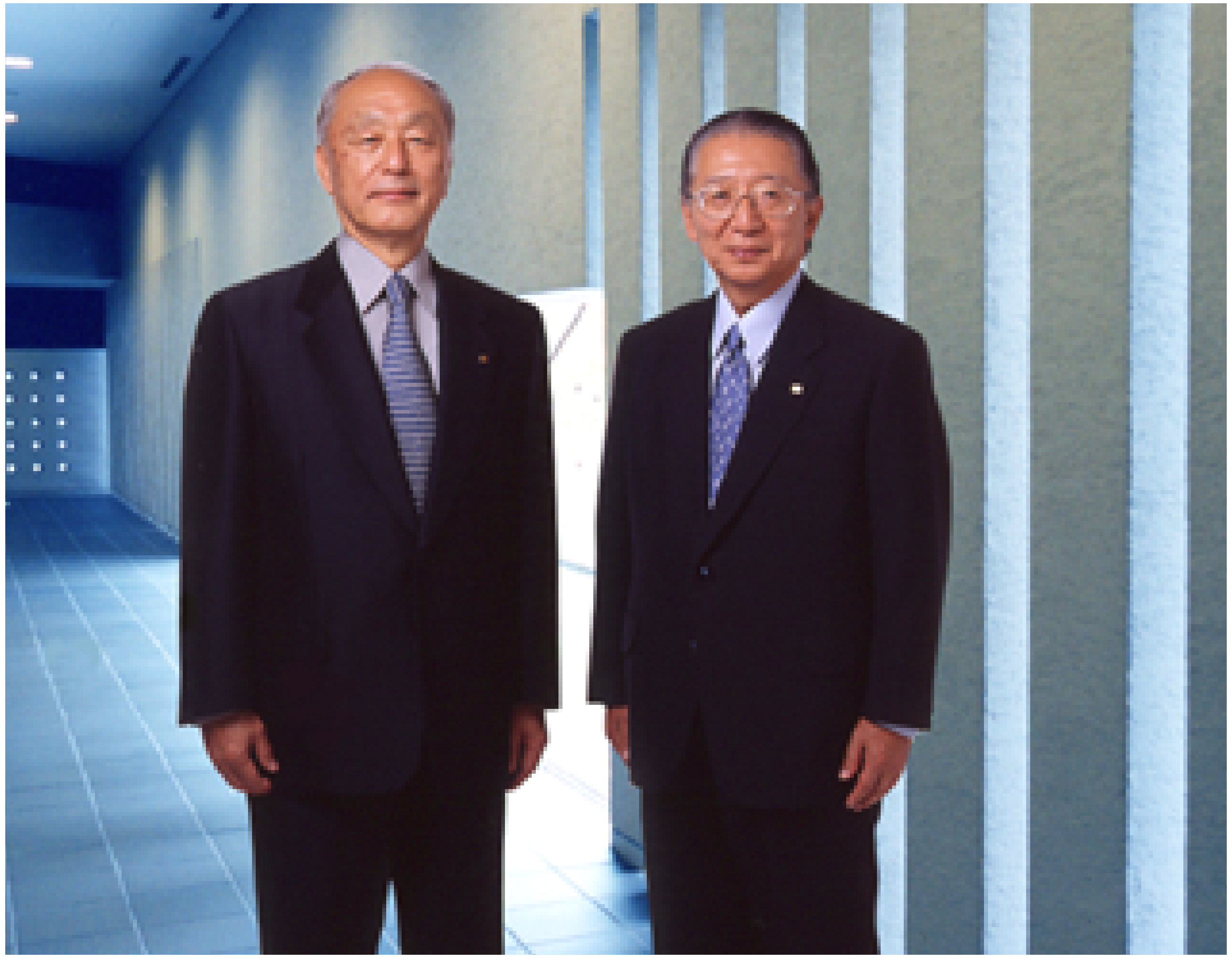
In fiscal 2004, the period from April 1, 2003 through March 31, 2004, the Japanese economy held generally flat during the first half but gradually shifted into recovery, largely driven by exports and capital investments, during the second half.

Against this backdrop The Kansai Electric Power Co., Inc. (Kansai EP) recorded total electricity sales volume of 140.2 billion kWh, down 1.1% year-on-year. The decrease owed primarily to reduced demand for heating and air-conditioning, in response to predominantly high temperatures during the Japanese winter after the coolest summer in ten years.

Outside core operations in electricity, the Company currently pursues business along three main vectors: information technology (IT), total energy solutions, and amenities in support of lifecycle needs. To enhance our capacity to provide comprehensive IT services, in December 2003 we merged K-Opti.com and Osaka Media Port; the new configuration has enabled the development of a broad menu of services responding to customer needs. We also achieved steady progress in expanding earnings based on the remaining two vectors of our business domain. As a total energy solution provider, expansion is being accomplished centered on gas operations; in the area of lifecycle amenities, earnings growth is building on operations in real estate development and new life-support services.

Turning to the financial side of fiscal 2004, total operating revenue finished at ¥2,540.1 billion, down ¥74.9 billion year-on-year. Income from electricity operations reached ¥2,351.5 billion, down ¥110.0 billion. Two causes were behind the year-on-year contraction in power revenue: the aforementioned decline in total electricity sales volume and the full-year impact of rate reductions implemented in October 2002. Revenue from other operations totaled ¥188.5 billion, up ¥35.0 billion from fiscal 2003. Expansion came on the back largely of increased sales in operations in IT and total energy solutions.

Total operating expenses in fiscal 2004 reached ¥2,190.6 billion. The figure translates to a ¥98.9 billion reduction year-on-year, more than enough to offset the decline in sales suffered this term. Operating expenses related to electricity operations totaled ¥2,015.3 billion, down ¥126.0 billion from fiscal 2003. The year-on-year reduction was diversely attributable to trimming of retirement allowance payments in tandem with measures offering preferential treatment to early retirees, reduced fossil-fuel costs enabled by increased production of hydro power resulting from this year's abundant rains, and enhanced efficiency pursued in all aspects of electricity operations. Operating expenses incurred in the performance of other business operations totaled ¥175.3 billion, up a modest ¥27.1 billion year-on-year. The relatively small increase was made possible by efficiency-enhancement initiatives.



Yoshihisa Akiyama
Chairman of the Board of Directors

Yohsaku Fuji
President and Director

As the combined result of the foregoing revenue and expense figures, consolidated operating income in fiscal 2004 came to ¥349.4 billion, up ¥23.9 billion from the previous year. Consolidated net income reached ¥90.1 billion, up ¥9.6 billion. At term's end our shareholders' equity ratio was up 2 percentage points from the level of fiscal 2003, and our interest-bearing liabilities were reduced by ¥470.5 billion.

One item deserving special mention in conjunction with this year's business results is the Company's continuing drive to reduce its assets, as a way of easing future cost burdens. Measures taken during fiscal 2004 included the booking of extraordinary depreciation against 1.95 million kW related to the Miyazu and Tanagawa No. 2 power plants, shelving of the Suzu nuclear power plant project, writing down of appraisal values of idle land holdings, and trimming of asset appraisal values in tandem with the merger of K-Opti.com and Osaka Media Port. Further to K-Opti.com, although we booked an extraordinary loss this term arising from withdrawal from conventional PHS (personal handyphone system) services, the firm turned a profit at the operating level for the first time, thereby contributing to a return to profitability in our Groupwide telecom operations as a whole.

One problem that merits notice is the lethargic pace of growth in operating income from the Company's core business relative to the term's expansionary achievement in net revenues. Securing the appropriate profit level depends largely on reductions not only in operating costs but also in financing costs, and in light of the steady progress being recorded in trimming the Company's interest-bearing debt, the potential for increases in our financing costs going forward should be virtually nil, even if interest rates turn upward. Accordingly, the prime task ahead of us now is to boost our operating revenue. Toward that end, we will continue to strive to trim our operating costs and, from the standpoint of expanding earnings, we believe it will be imperative for us to pursue vigorous sales and pricing strategies.

Groupwide Response to an Evolving Business Environment

In Japan today, as individual values diversify in tandem with the maturation of society, expectations held of the corporate sector are intensifying with respect to both environmental and social responsibilities. Furthermore, in the process of the electrical utility business, the nation is presently in the incipient stages of deregulation, a transformation of major significance. In these ways, the circumstances surrounding Kansai EP are currently undergoing changes of massive impact.

In April 2004 the scope of industry deregulation was expanded to include all customers contracting for more than 500 kilowatts of power. From April 2005 the deregulatory parameters will be further widened to encompass all recipients of electric power delivered at high voltages, and wheeling charges traditionally levied whenever power has crossed into the grid of another provider will be eliminated. As a consequence of these changes, in fiscal 2005 customers affected by the new deregulation measures will account for approximately 60 percent of the total electricity sold by Kansai EP, setting the stage for competition on nationwide scale.

The Kansai Electric Power Co., Inc. | Annual Report 2004

To meet the challenges of this changing environment, in March 2004 Kansai EP set down a new "Group Management Vision." The Vision represents a commitment by all Group members to meld their collective capabilities in a quest to secure unparalleled satisfaction from customers in all areas of operation, centering on energy to support their lifestyles, as a way of seeking sustained growth of the Group collectively.

To realize the aims outlined in the Group Management Vision, we have drawn up a new business plan for fiscal 2005. Fundamentally the plan has two overriding targets: 1) to create further customer value through provision of solutions relating to usage of electricity and other modes of energy, equipment maintenance and life-supporting services; and 2) to boost our competitive strength by pursuing optimal cost reductions while simultaneously maintaining uncompromised quality. The new business plan also calls for optimal allocation of all managerial resources Groupwide and functional restructuring of affiliated enterprises.

Through implementation of the fiscal 2005 business plan, we are targeting a number of achievements on a consolidated basis, including a free cash flow averaging more than ¥400 billion per annum between fiscal 2004 and fiscal 2006, a shareholders' equity ratio above 25% by the end of fiscal 2006, and a reduction in our interest-bearing debt to less than ¥3.3 trillion by the end of fiscal 2006. In nearly all ways, these targets are even more demanding than the corresponding goals that we set in place just one year earlier.

Of course, at Kansai EP we hold nothing more dearly than the trust placed in us by our customers. In order to respond to that trust, we pledge to continue to do our very best to provide products and services with optimal safety and stability.

Wholehearted Commitment to Future Growth

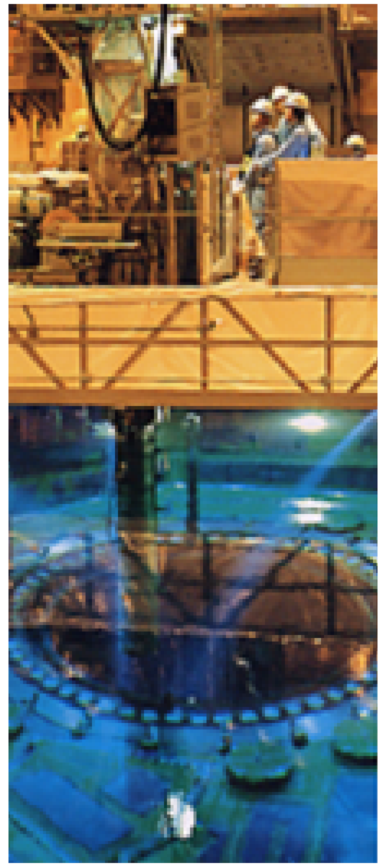
Going forward Kansai EP will continue to pursue profit growth and expanded shareholder value in a sustained manner, in three ways: 1) by achieving and maintaining the resiliency and strength to respond to all changes in the operating environment; 2) by driving the continuing development of the Kansai region as a growth enterprise; and 3) by instilling loyal trust among all customers on a Groupwide basis.

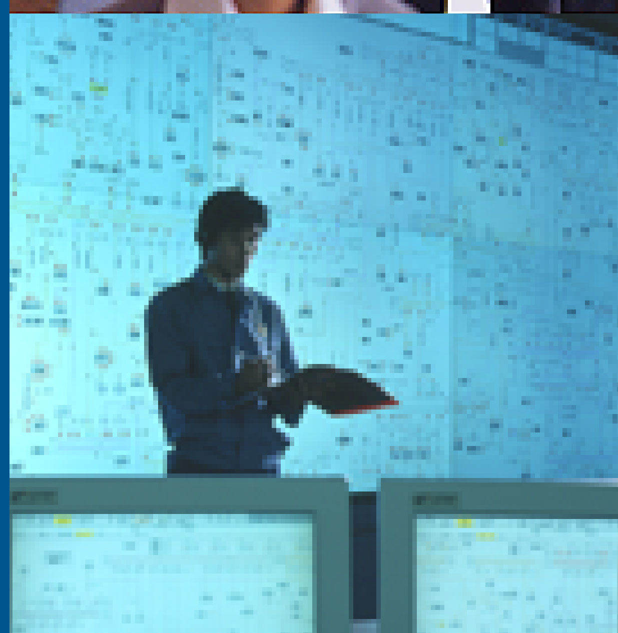
Our operating environment is presently on the threshold of even greater transformations ahead. To weather the challenges of these changing times, we renew our pledge to pursue innovations on broad fronts and to seek dramatic new heights for tomorrow. We sincerely ask for your continuing support as we proceed toward these demanding goals.

Yoshihisa Akiyama
Chairman of the Board of Directors

Yohsaku Fuji
President and Director

Coping with demand growth through effective use of resources, infrastructure and innovations





With electricity demand poised for sustained expansion, Kansai EP is exploring all avenues to optimize use of available resources and infrastructure.

Economic Recovery to Drive Sales Expansion

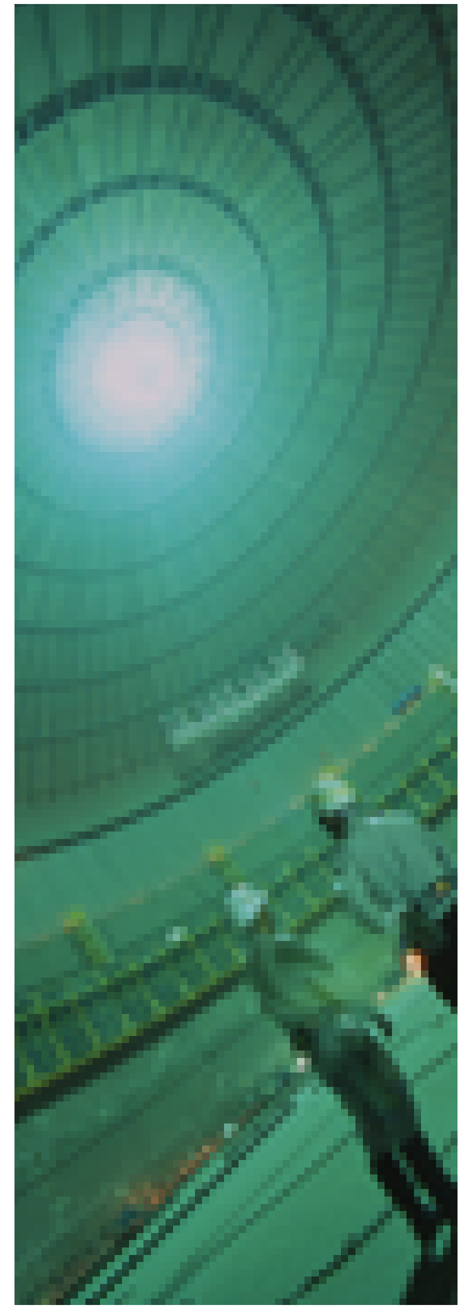
In fiscal 2004 Kansai EP recorded total electricity sales of 140.2 billion kWh, a 1.1% decrease from the year-earlier level. The sales contraction was largely attributable to reduced demand for air-conditioning and heating as Japan experienced the coolest summer in 10 years and generally mild winter temperatures.

Going forward, however, now that the national economy is in a clear recovery trend, electricity demand is expected to mark steady expansion, especially for use in homes and businesses as living standards continue to improve and as Japanese society becomes increasingly information-intensive.

Making Maximum Use of Existing Facilities

Electricity sales expansion normally comes hand in hand with increases in peak demand. At Kansai EP, in order to cope with projected growth in demand at peak levels we are compelled to pursue ongoing development of our power infrastructure. At the same time, in order to continuously enhance our competitive position, we must also maximize effective use of existing facilities while probing ways to minimize increases in peak demand. In line with these dual aims, we are taking a wide spectrum of steps targeted at improving our load factor.

Specifically, we are vigorously promoting the adoption of systems engineered for greater energy efficiency. Two notable examples are "Eco Ice" and "Eco Cute." Eco Ice is our innovative thermal-storage system that retains power generated during nighttime hours, when demand is modest, and thereby makes a significant contribution to easing daytime peak system demand. Eco Cute are our newly launched electric heat-pump water heaters that use a natural refrigerant (CO_2). We also provide attractive rate schedules tailored to induce customers to adopt these energy-saving systems. The burgeoning success of these initiatives is reflected in the gradual improvement in our load factor in recent years.



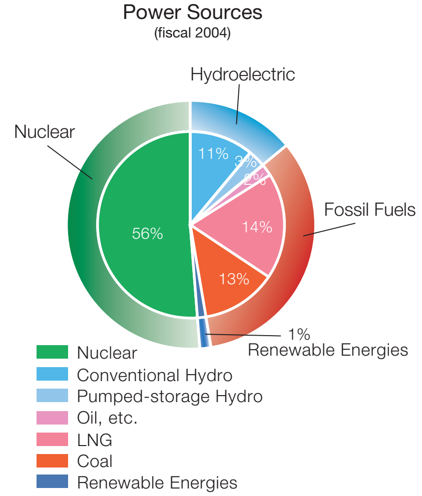
In Pursuit of the Optimum Generation Mix

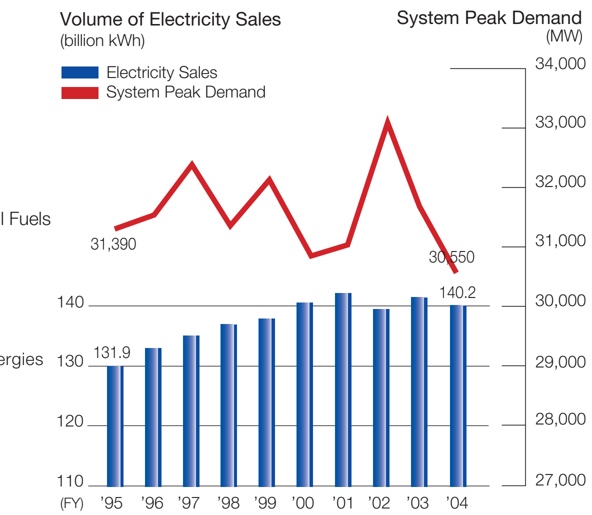
Japan, a nation of limited natural resources, is in a perennially precarious energy position. To cope with this vulnerability, Kansai EP continuously probes the optimum combination of nuclear, thermal and hydro power, capitalizing on the respective advantages of each generation method to maximum effect.

Nuclear power forms the core of our energy platforms, meeting a majority 56% 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.

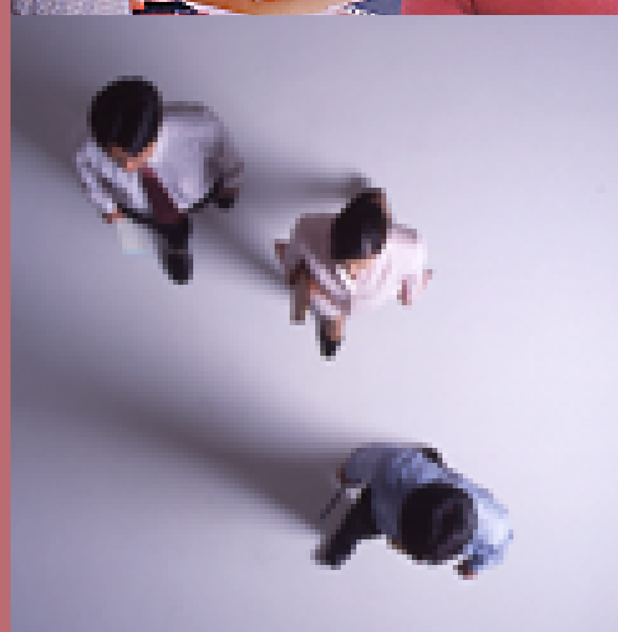
Thermal power, which offers superior load-following characteristics, is our second-most important source of energy. In this area, we are pursuing diversification beyond oil dependency and striving for efficient operation of facilities by retiring or suspending, at length, operation of power plants plagued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

We have also developed 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. Today pumped-storage hydropower plants play a significant role in satisfying peak demand.





Fine-tuning a trio of business strategies to ensure dynamic growth in the face of intensifying competition



Keeping pace with ongoing deregulation of Japan's power industry, Kansai EP is ardently taking salient steps to strengthen its competitive position.

Transformation of the Power Industry

Under continuing revisions to Japanese regulations governing the electric power industry that took effect from April 2004, all customers who contract for more than 500 kW of power are now permitted to choose their preferred power supplier. Users matching those criteria account for roughly 40% of Kansai EP's sales volume.

The deregulatory trend that has been underway in the Japanese power industry in recent years is projected to continue further ahead. From April 2005, the scope of deregulation is to be expanded to encompass all customers of electricity received at high voltages. Simultaneously, wheeling charges presently levied by the power companies against transmissions through their supply grids will be eliminated, and a wholesale power market will be established. Collectively these and other complementary initiatives will serve to enhance the industry's competitive environment.

A New Era in Business Competition

Since the implementation of the industry's first deregulatory measures in 2000, new participants have become increasingly active in the domestic electricity market. As of March 31, 2004, twelve new energy providers had entered the market and successfully acquired customers in areas throughout the nation. Kansai is but one region where their activities targeted at attracting demand are beginning to gather momentum.

Deregulation has also had an impact on competition among the traditional power providers. Since deregulation got under way, rate reductions have been executed by all power firms, leading to rate leveling that to date has prevented scrambles for customers. Going forward, however, it is difficult to project how the competitive situation might change in tandem with continuing developments in industry deregulation.

Focused Response to a Shifting Environment

Kansai EP is keenly cognizant of the risk potential for becoming embroiled in severe competition as our business environment undergoes vertiginous changes. More importantly, however, we view these environmental transformations as an ideal opportunity to enhance both our corporate and shareholder value through profit expansion. To capitalize on this opportunity – one

not afforded to us when we operated in a fully regulated environment – we are focusing on three targets: greater competitive strength, a more muscular financial structure, and enhancement of our earning capacity Groupwide.

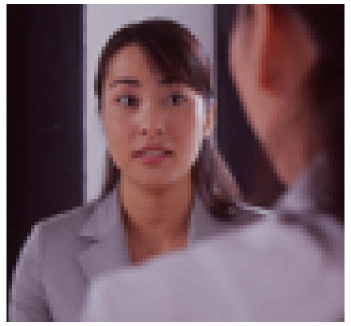
First, to achieve greater competitive strength, we are determined to pursue ever stronger price competitiveness in line with developments in deregulation, and to invite greater customer satisfaction through the provision of new forms of value. Toward those ends, we are firmly resolved to pursue improved efficiency throughout all aspects of our operations, and to develop new electricity-operated devices, services and rate menus. Furthermore, we intend to muster our comprehensive Groupwide capabilities toward fortifying our solution-focused services. In this last connection, we aim to strengthen our programs of human resource development so as to cultivate the professional teams needed to provide our key solutions.

Second, in order to make our financial

structure ever more muscular, we intend to apply the enhanced cash flow to come from the foregoing efficiency-centered initiatives. Reinforcement of our financial structure is indispensable in two respects: to ensure the Company's survival as competition becomes increasingly severe in coming years, and to win the confidence of the capital markets.

Third, to achieve stronger earning capability as a Group, we will pursue optimal utilization of our Groupwide managerial resources and enhanced operational efficiency, opting for radical restructuring of Group companies as may be deemed necessary. We will also develop new areas of business by strategically selecting business areas that will enable the most effective use of our Groupwide resources. In doing so, we will concentrate on three core areas: total energy solutions, amenities in support of lifecycle needs, and information technology (IT). Today steady progress is being achieved in a diversity of fields, including retail gas sales capitalizing on our expertise in operating LNG processing facilities, home security services rooted in the trust placed in us by the local community, and Internet services taking advantage of our 65,000-kilometer fiber-optic network. Going forward, we will continue to invest vigorously into new business areas that will lead to ever further expansion of our earnings base.

As the three supporting pillars of our business strategies, our marketing, financial and Group strategies will enable Kansai EP to maintain its leading position in the coming era of severe competition.



Devising timely marketing strategies in step with the evolving needs of the customer

With the full spectrum of its Group resources, Kansai EP is transforming itself into a provider of energy solutions tailored to customer needs.

Metamorphosis to All-round Energy Solution Provider

In a quest to raise customer satisfaction through the provision of value-added services, Kansai EP is currently transforming itself from a common utility company to an all-round provider of a broad palette of energy solutions.

Toward that end, the Company is presently reengineering its business operations at all levels and taking a host of decisive steps, including changes to its organizational structure and enhancement of operations Groupwide. To fully apply our technical skills, accumulated through long years of experience in the electricity business, so as 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 our new solutions-oriented transformation.

Solutions are carefully devised in line with 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 wide spectrum. Solutions center on energy-related services, including gas sales, but also touch upon the environment, information technology and business support.

For our household customers, we offer solutions focused on the “value” of totally electric homes in terms of safety, convenience and comfort. This initiative has spurred a rapid increase in the number of fully electric dwellings, and is making Kansai EP renowned as a provider of related solutions. We are also proactively developing a total array of life-supporting operations for household customers, including FTTH (fiber-to-the-home) and home security services. The entire Kansai EP Group is pooling its full complement of solutions to help customers realize ever greater peace of mind through reliance on electricity.

Going forward, we will combine these and other value-added services made possible through our Groupwide operations to provide an ever broader spectrum of solutions attuned to the changing needs of the market.

Pricing Strategy Geared to Changing Parameters

The Company is also carrying out a dynamically aggressive pricing strategy in a quest to maintain a competitive edge within the liberalizing power industry. At the core of the strategy is our development, based on exhaustive market research, of a full menu of rate options targeting specific customer segments. Kansai EP is leading the industry in introducing special rate plans not only to customers in the newly liberalized market but also, in anticipation of further deregulation and competition, to commercial and home users in markets still regulated.

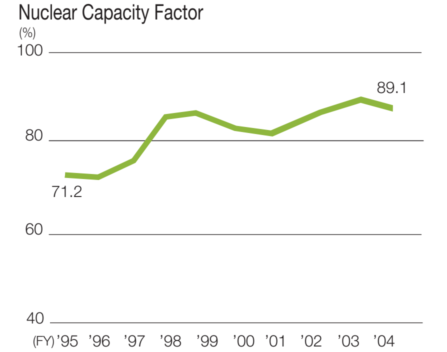
For customers in the liberalized market, we provide a selection of rate schedules tailor-made to their specific needs and energy usage patterns.

For customers still affected by industry regulation, the Company has aggressively developed new rate options specifically targeting areas in which various energy sources compete. One example is the launch of our “HAP-e (Happy) Plan” in 2000. The new program, the first of its kind from any power provider in the nation, offers 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 and adoption of electric kitchens.

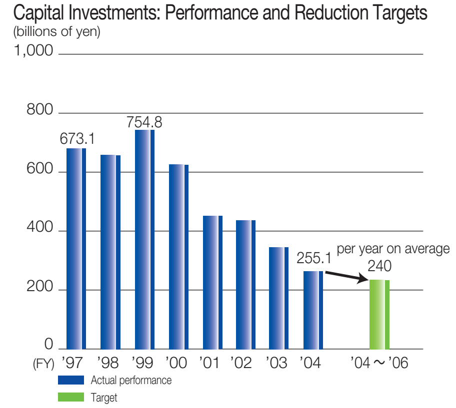
Enhanced Customer Service Enabled by Advanced IT

In a quest for greater management efficiency and customer satisfaction, we have launched a “one-stop customer service” system at all of our service bases. The one-stop system applies IT interfacing to enable swift and on-the-mark responses to customer inquiries and requests, with the result that our customers are more satisfied today than ever. In 2003 we also commenced operation of a call center in the heart of Osaka incorporating the latest CTI (computer telephone integration) technology. In ways like these, we intend to continue seeking ever higher customer satisfaction ahead through active use of IT.

Pursuing optimal cost efficiency to enable the attainment of robust financial health



Nuclear Capacity Factor



Capital Investments: Performance and Reduction Targets

Kansai EP's financial strategies focus clearly on cost structure enhancement, improved infrastructure efficiency, and a lighter debt burden.

Three Strategic Aims

Kansai EP's financial strategy agenda encompasses three fundamental points of focus. The first is the enhancement of our cost structure, to permit us to attain greater competitive strength and generate an abundant cash flow. Second, we focus on the development of an optimally efficient infrastructure, to enable us to reduce our capital investment expenditures. Finally, we accord foremost priority to allocating free cash flow to the reduction of our interest-bearing liabilities.

More Muscular Cost Structure

Cost structure enhancement, centering on operations in power generation and targeted at the achievement of solid competitive strength, forms the underlying base of the Company's financial strategies. The most effective means toward that end is to reduce our average power-generation costs by elevating the capacity factor of our nuclear power stations, our core energy source.

In addition, we are trimming costs through streamlining of our existing infrastructure. During the past three fiscal years we closed down 20 less efficient power generators with a total output of 2,756 MW. We also implemented long-term suspension of operations of another 11 generators with a total output of 5,100 MW, and plans call for two more suspensions in fiscal 2006. This restructuring of major assets is lowering our maintenance, repair and other operating costs by significant margins.

To curb our fixed costs, we are scaling back our payrolls. Our original goal was to cut our workforce by roughly 3,000 employees between September 2001 and March 2005, but we successfully reached that target one year ahead of schedule, in March 2004.

Higher Efficiency in 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 even as we maintain a stable supply of high-quality power.

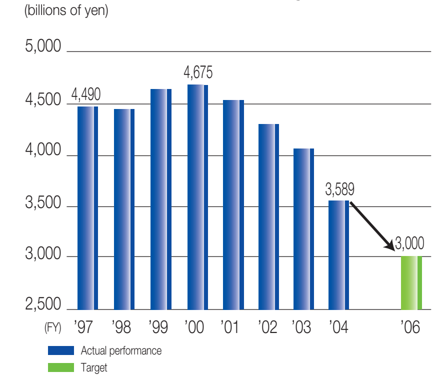
In fiscal 2004 we undertook a total of ¥255.1 billion in capital investments, 12% less than had been initially planned at the start of the term. Between fiscal 2004 and 2006 we are striving to keep capex below ¥240 billion per year on average; the figure represents a reduction of ¥30 billion beyond the target hoisted in March 2003. To achieve that goal, which will focus on curbing capex into distribution and other facilities, we aim to cut our procurement costs through diversification of purchasing methods and the adoption of new technologies and construction methods. We are also substantially deferring construction of new power generation, distribution and transmission facilities while monitoring power demand trends.

On a consolidated basis, in fiscal 2004 we undertook capital investments totaling ¥321.5 billion, 15% less than originally planned. Between fiscal 2004 and 2006 we are targeting a decrease to less than ¥330 billion per term on average, a further ¥30 billion below the target set in March 2003.

Further Paring of Interest-bearing Debt

Kansai EP's longer-range financial strategy calls for expansion of free cash flow through reductions in costs and capital investments. The generated cash flow will be allocated to reducing interest-bearing liabilities as a way of reinforcing our financial structure. In fiscal 2004 we decreased those liabilities by ¥486.2 billion at the parent level.

Currently, we have set two targets for trimming our liabilities further. At the parent level we aim to reduce our interest-bearing debt to less than



Interest-bearing Liabilities: Performance and Reduction Targets

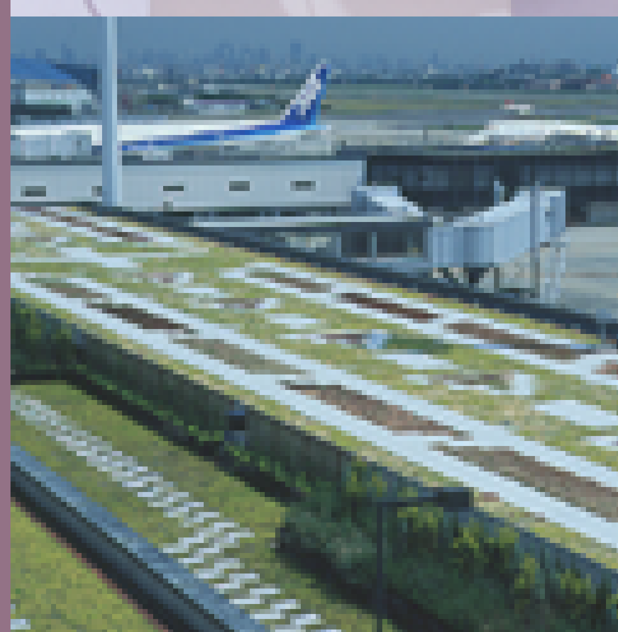
¥3 trillion by the end of fiscal 2006, rather than our original goal of ¥3.1 trillion. We have simultaneously revised our shareholders' equity ratio target to higher than 25% by the end of fiscal 2006, superseding the earlier goal to bring the ratio above 24%. On a consolidated basis we are holding our shareholders' equity ratio target at more than 25% by the end of fiscal 2006, but we now aim to pare our interest-bearing debt to ¥3.3 trillion by that time as opposed to the ¥3.4 trillion target we had set earlier.

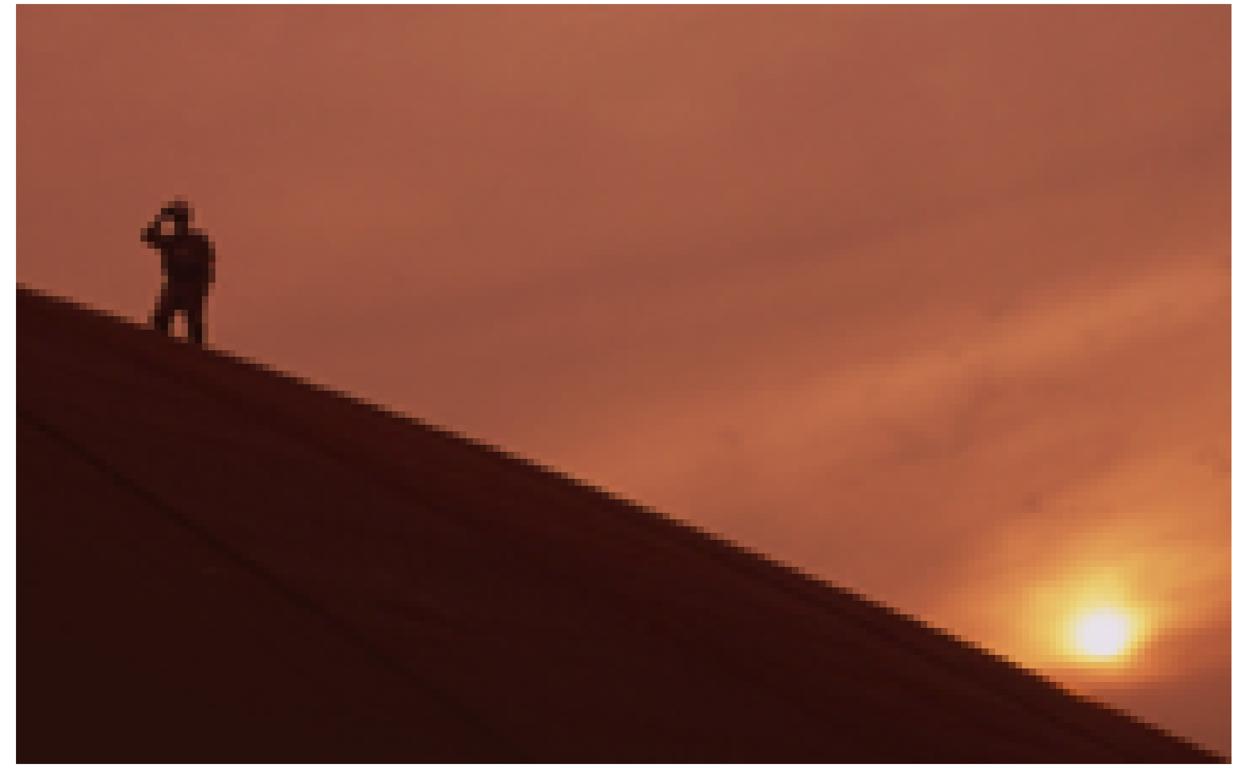
Comprehensive Commitment to Corporate Strength

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.

Pursuing supreme customer satisfaction as an all-around life-support industry

Kansai EP is investing its Groupwide resources into new business areas with potential to drive earnings and boost corporate and shareholder value.





Application of Groupwide Strengths

At Kansai EP we believe that in order to remain the power provider chosen by our customers, we must provide them not only with electricity but also with a panoply of services supporting both their daily living and business environments, as a way of inviting an ever higher level of customer satisfaction.

It is our firm belief that in pursuing these goals on a Groupwide basis, we will be able to furnish ever higher value to customers and induce them to choose our power and other services. In this way, we aim to elevate the earnings of all Group enterprises.

Three Core Business Domains

In line with the objectives just described, Kansai EP engages in a kaleidoscope of Groupwide business endeavors all targeted at enabling the most effective use of managerial resources. We concentrate on three strategic areas: energy solutions, life-support amenities, and information technology.

As a comprehensive energy provider, we are making steady progress in providing customers with optimal energy solutions to match their power requirements, relying foremost on electricity but also on gas and cogeneration options as well. In fiscal 2004 we scored solid results in this respect, as illustrated by an increase in retail gas sales to 270,000 tons, and we are targeting 400,000 tons for fiscal 2005. To support this expansion in gas operations, we are presently constructing a new LNG depot.

In recent years we have also launched a wealth of new amenity-type business operations to support lifecycle-related needs. The new ventures include operations in home security, settlement services, meal services and health-management support services. In the coming years, we will continue to respond to the trust of our customers, nurtured through many years of service as a dependable electricity provider, by applying these and other new business initiatives to the creation of safe, convenient and comfortable living environments, centering on the adoption of totally electric facilities.

In the IT field, in fiscal 2004 we continued to enhance our Internet connection services capitalizing on the Company's fiber-optic network, now some 65,000 kilometers in length. As of the end of fiscal 2004 these services had attracted 260,000 subscriptions, and our target for the year in progress has been set at 380,000. In addition we are pursuing ongoing improvement

in our content distribution and application services — illustrated by program distribution integrating communications and broadcasting capabilities — as well as expansion of our user base centered on fiber-to-the-home (FTTH) technology. Our underlying goal is to make operations in these areas our second-largest earnings source after electricity.

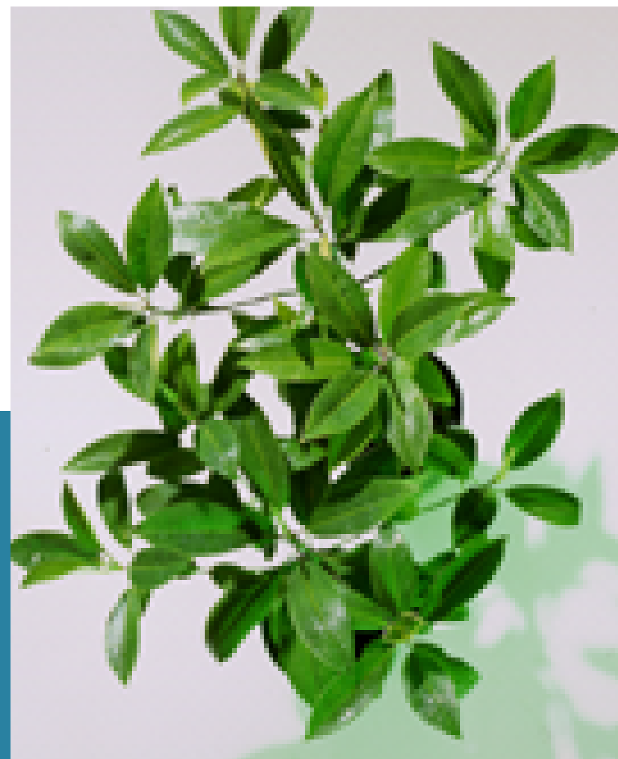
Medium-Term Targets

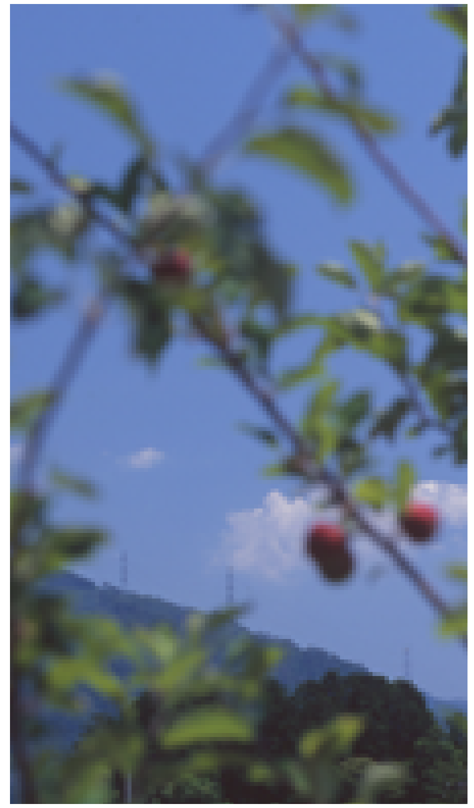
Through the three strategy vectors just described, Kansai EP aims to apply its full Group resources to provide its customers with new forms of added value ahead. As the tangible outcome of that commitment, we have hoisted two targets for fiscal 2008: 1) to expand Groupwide sales by 50% to ¥250 billion and 2) to secure ¥33 billion in recurring profit.

Safeguarding the natural environment as a responsible global citizen

No. AT-03-001

Kansai EP is Japan's first power provider to have its electricity acquire the "EcoLeaf"™ label. Under this labeling program, quantitative data on a product's environmental impact is certified and disclosed by a third party.





Mangrove research

Kansai EP is a committed instigator of and dynamic contributor to initiatives to preserve the Earth's environment for future generations.

Nanko Thermal Plant

High Priority on 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 vigorously promoting the adoption of nuclear power generation, a technology that produces no CO_2, and enhancing the thermal efficiency of our fossil-fuel generating facilities. We are also fortifying our commitment to the development of new power-generating systems based on wind and solar energy, particularly in response to the enactment in April 2003 of the RPS (Renewable Portfolio Standard) Law. The new legislation delineates special measures concerning the utilization of new energies by Japan's electricity providers. Going forward we pledge to devote our resources all the more to the development and promotion of expanded adoption of new energy formats.

Targeting the demand side, we are pushing for widespread adoption of "Eco Ice," our innovative thermal-storage system that utilizes power generated during nighttime hours, when nuclear power dependency is high and CO_2 emissions are low. We are also actively promoting "Eco Cute," our newly launched electric heat-pump water heaters that use a natural refrigerant (CO_2).

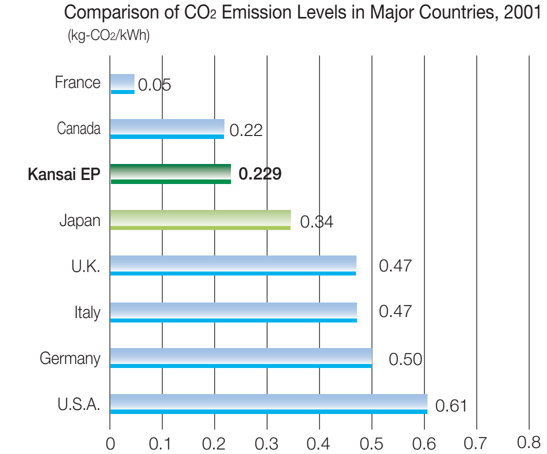
These and a broad array of other initiatives are already yielding tangible, positive results. In fiscal 2004 Kansai EP's CO_2 emissions were down by 6.05 million tons from the level of fiscal 1991, despite a dramatic increase in power generation volume during that interim. Also, our emission level per unit of generated electricity is lower than in most major Western countries.

Activities of International Scope

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 research project on mangrove afforestation technologies for application in Thailand and environmental tree planting to prevent soil salinization in Western Australia. We are also participating in an investment fund created to promote energy conservation and reduce harmful emissions in the nations of eastern Europe.

Soil decontamination services: KANDEN GEO-RE Inc.

Comparison of CO_2 Emission Levels in Major Countries, 2001



Source: Energy Balance of OECD Countries 2000-2001 *Kansai EP (2003, actual)

Contributing toward a World of Renewable Resources

Kansai EP is also seriously committed to contribute toward the eventual elimination of all waste materials that today require landfill disposal. In a quest to achieve business activities matching the demands of a world of ecologically harmonic renewable resources, the Company pursues the "3 Rs" for dealing with industrial and other wastes: reduce, reuse and recycle.

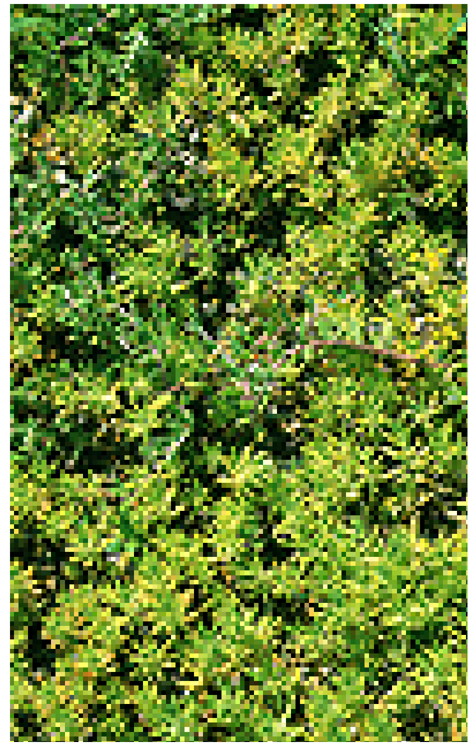
As an example, already we recycle 100 percent of the heavy/crude oil ash generated by our fossil-fuel-burning generating facilities as well as all of the low-voltage power lines and concrete poles used in our power distribution grids. We are also retooling our purchasing practices to accord highest priority to products that offer high environmental compatibility. To illustrate, from fiscal 2003 we began meeting our full requirement for wire protection conduits by procuring products manufactured from recycled materials originally discarded from our own premises.

We are equally active in recycling initiatives on a Groupwide basis. These include the creation of livestock bedding materials, fertilizers and soil enhancers from dam driftwood, and revitalization of contaminated soil through washing and thermal desorption.

Environmental 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 2004) our efforts have enabled us to acquire ISO14001 certification for the Nanko Power Plant and nine other operating bases. The Company is also the first power provider in Japan to receive "Eco Leaf" environmental labeling certification for its electrical power systems. "Eco Leaf" is expected to be acknowledged by the International Organization for Standardization (ISO) as a Type III labeling system.

Probing revolutionary technologies for the Earth's benefit and the Company's future



Development of soil decontamination technologies

Kansai EP vigorously pursues a palette of R&D projects focused on innovations with environmental merit and growth-driving potential.

Basic research into SOFC materials

Top Priority on Dual 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.

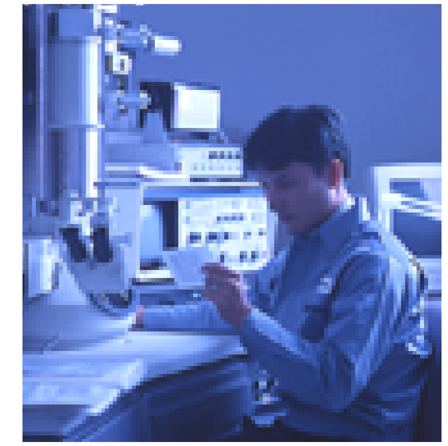
Technologies to Protect the Earth's Environment

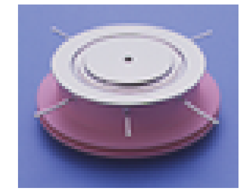
In conjunction with an array of initiatives all geared toward protection of the global environment, Kansai EP is carrying forward research into high-performance chemical absorbents of CO_2. Our research program has already yielded tangible results that have obtained patents not only in Japan but also 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.

Another R&D focus related to environmental protection is the development of soil decontamination technologies employing biotechnologies. We are currently conducting research into soil remediation technologies and into biosensors for measuring heavy metals, dioxins and other environmentally detrimental substances.

Next-Generation Semiconductor Elements

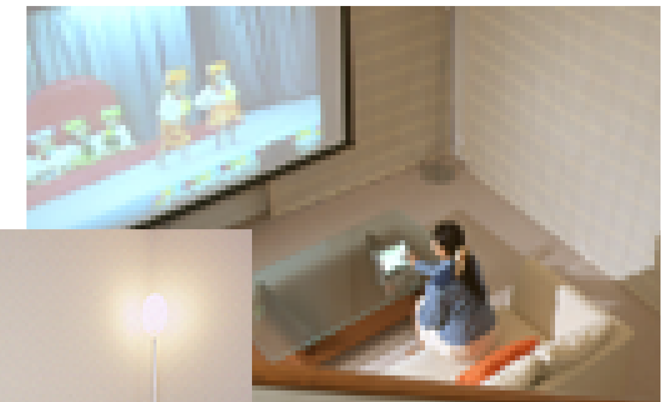
Today the Company is actively pursuing research into silicon carbide (SiC) diodes, next-generation power semiconductor elements that are expected to enable major reductions in power loss. In contrast to conventional silicon elements that are vulnerable to significant power loss during current flow, etc., and whose crystals break easily under high voltages, SiC diodes are revolutionary in their ability to reduce power loss substantially. We have already succeeded in developing inverters using SiC diodes, and once they shift into commercial production and supersede today's Si inverters, power loss will be curbed by more than 50%. In that way, SiC diodes are projected to make a dramatic contribution to energy savings throughout the entire industrial sector.

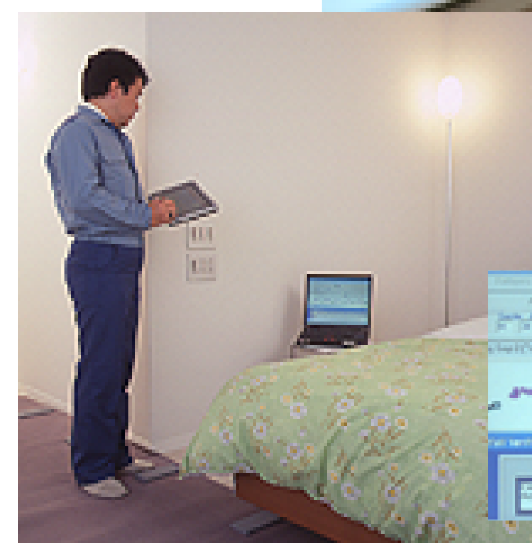




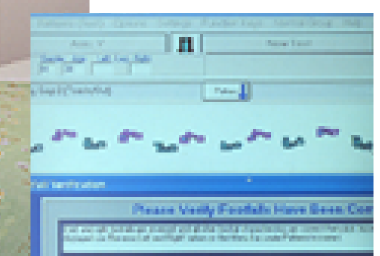
SiC diode module testing

Metal fatigue inspection by electron microscope





Networked housing project



High-Efficiency Fuel Cells

Solid oxide fuel cells (SOFC) are garnering attention today as an epochmaking new technology offering excellent characteristics in generation efficiency, stability and environmental friendliness. At Kansai EP, we are engaged in research into low-temperature SOFCs. We have already succeeded in developing fuel cells boasting high power density and an SOFC-based power-generating system, as part of our ongoing quest to realize power systems of low cost, light weight and compact size.

Networked Housing Project

The Japanese Ministry of Public Management, Home Affairs, Posts and Telecommunications has commissioned Kansai EP to carry out research and development of a high value-added platform, in the form of middleware, for networked housing to support tomorrow's lifestyles. Presently the Company is undertaking R&D of systems and services to enable central control of a full array of networked appliances and to permit links with web services of all kinds, according to the needs and preferences of the residents of these futuristic dwellings.

Playing a proactive and central supporting role in the Kansai region's dynamic development

FM CO·CO·LO

Kansai EP serves invaluably as a supporting participant in projects and initiatives making Kansai an ever more vibrant and people-friendly region.

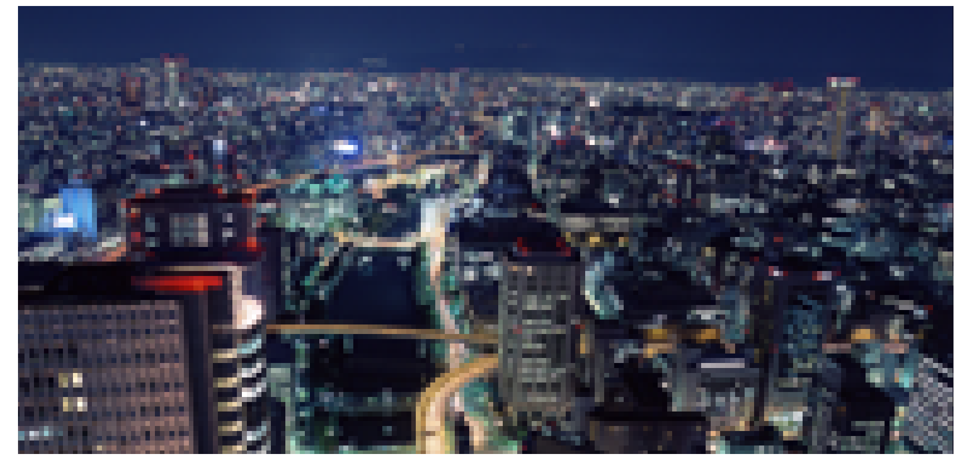
Ambitious Projects of Remarkable Scale

For centuries the Kansai region has served as a main pillar supporting the flourishing of the Japanese economy. Today, with the economy in a clear recovery trend, Kansai is attracting unprecedented attention as a central driving force for the nation's future growth and prosperity. In response to those weighty expectations, Kansai is currently setting down new foundations for its dynamic expansion in the coming years. Those foundations include a number of new initiatives of major scale, illustrated by a trio of projects offering exciting prospects for the future.

The first project is the development of "Kansai Science City," currently under construction on 15,000 hectares of rolling hills spanning Kyoto, Osaka and Nara prefectures. The City is a national project that aims to apply Kansai's rich cultural, academic and scientific strengths to forge a new creative launching ground on international scale appropriate for the 21st century. Facilities are to include not only universities and corporate research centers, but also residential and community amenities to support the lives of those who will work and reside here. In conjunction with the City's infrastructure development, construction is presently proceeding on a new railway, the Keihanna New Line, to serve as a major new access route in the Osaka area. Plans call for the new route to go into service in 2005.

The second mammoth project under way in Kansai is 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.

The third large-scale work in progress in Kansai 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 suited to a world-class metropolis. In tandem with this project, Universal Studios Japan opened here in 2001. The new theme park has quickly become one of Kansai's most popular destinations.



Besides supporting dynamic projects like these as the leading power supplier to the region, Kansai EP is playing a proactive role in initiatives designed to draw new businesses, both domestic and foreign, to Kansai as a way of contributing to its sustained development and prosperity.

Close Ties with the Local Community

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 is also active in operations that cater to the special needs of or provide employment opportunities to the physically and mentally handicapped.

In these various ways, through national projects, nurturing of new industries and a colorful palette of undertakings in support of the evolving needs of local citizens, Kansai EP today is contributing on broad fronts to the ongoing development of its home region.

Directors and Auditors
(As of June 29, 2004)


Yoshihisa Akiyama
Chairman of the Board of Directors


Yohsaku Fuji
President and Director


Shosuke Mori
Executive Vice President and Director


Tetsuji Kishida
Executive Vice President and Director


Keishi Yoshimoto
Executive Vice President and Director


Hiroshi Morimoto
Executive Vice President and Director


Isao Aoki
Executive Vice President and Director

Managing Directors
Takashi Inoue
Hiroshi Matsumura
Ikuro Tsukuda
Sadanori Ozasa
Yasuo Shinomaru
Michiyuki Hashimoto
Norihiko Saito
Sakae Kanno

Directors
Koji Kaibe
Masanobu Tezuka
Takeshi Imai
Toshiaki Mukai
Masumi Fujii
Yonezo Tsujikura
Mamoru Yoshida
Takashi Teramoto
Hirofumi Tayama
Tsuneaki Miyamoto

Directors
Yasuo Hamada
Naotaka Saeki
Wa Tashiro
Noriyuki Inoue

Senior Corporate Auditors
Yoji Goto
Hiroki Tanaka
Tomoaki Nakamori

Corporate Auditors
Takaharu Dohi
Yoichi Morishita
Akira Imagawa
Keiko Nakamura

Financial Section

Contents

The Kansai Electric Power Company, Incorporated and Subsidiaries

Consolidated Financial Statements
for the Years Ended March 31, 2004 and 2003, and
Independent Auditors' Report

Financial Results and Analysis (Consolidated)

OVERVIEW

Operating Income

Electricity Operations
Kansai EP and its Group enterprises consistently strive to achieve expanded market shares in both home-use and industrial applications through the provision of new products and solutions that anticipate the needs of the customer. In fiscal 2004 — the year from April 1, 2003 through March 31, 2004 — those efforts enabled the acquisition of 78,000 new contracts from customers living in fully electric homes and 1,700 new contracts for hybrid power systems of heating, cooling and air conditioning for commercial and industrial users. Those figures represent year-on-year increases of 30.2% and 31.5%, respectively.

Those increases notwithstanding, income from electricity operations suffered a 4.5% decline from the level of the preceding term. Sales revenue reached ¥2,359,907 million*, down ¥111,452 million. The setback was attributable to a 1.1% contraction in total electricity sales volume, to 140.25 billion kWh (1.57 billion kWh less than fiscal 2003), and the full-year impact of the rate reductions that took effect from October 1, 2002.

The decline in sales from electricity operations was more than compensated, however, by a 5.8% year-on-year reduction in relating operating expenses. Total expenses reached ¥2,029,667 million*, down ¥125,557 million from the previous term. Initiatives were taken to trim expenses in all aspects. Personnel outlays were trimmed thanks to a decline in retirement stipends meted out in line with preferential early-retirement measures, coupled with a decline in salary expenses achievable through continued scaling back of payrolls. Fuel costs for thermal power generation fell in tandem with an increase in hydro power output enabled by this year's abundant rainfall, illustrated by a water run-off ratio of 113.4%. In addition, maintenance and repair costs were reduced through measures including long-term planned shutdowns of thermal power plants.

As a result of the foregoing, operating income from electricity operations reached ¥330,240 million*. The figure constitutes a year-on-year increase by ¥14,105 million, or 4.5%.

Information Technology Operations
Kansai EP and its Group companies, centered on K-Opti.com, provide a comprehensive range of information technology services to both individual and corporate customers. A diversified menu of services is offered in line with the broad spectrum of user requirements, spanning from 64kbps to 100Mbps in both indoor and outdoor applications.

In fiscal 2004 Groupwide IT operations generated sales totaling ¥113,793 million*, marking a robust increase of ¥37,448 million, or 49.1%, over the previous year. Although the operating environment in this segment is severe, achievement of sales expansion was realized in combination with an increase in newly acquired customers. These were made possible largely through vigorous marketing activities and the attainment of a full lineup of service offerings accomplished through the merger of K-Opti.com and Osaka Media Port Corporation. Meriting special mention is a 25% year-on-year increase marked in the number of individual customers contracting for K-Opti.com's various Internet connection services ("eo HOME FIBER," etc.); at March 31, 2004, the number of contracts exceeded 260,000. IT sales also were boosted this year by the incorporation to the consolidated balance sheets, starting this fiscal period, of Osaka Media Port.

Operating expenses incurred in the performance of IT operations totaled ¥109,584 million*, up a relatively modest ¥27,730 million, or 33.9%, from fiscal 2003. The increased outlays booked in conjunction with the transfer of Osaka Media Port to the consolidated account were substantially absorbed by the enhanced efficiency enabled by the merger, as well as efforts to trim operating costs in general.

As a result of the foregoing, operating income from Groupwide information technology operations reached ¥4,209 million*. This represented a year-on-year increase of ¥9,718 million, and marked the first time IT operations turned a profit on a fiscal-year basis.

Other Operations
In addition to core electricity operations and IT business, Kansai EP and its Group network undertake an aggressive program of operations in two prime areas: total energy solutions and amenities in support of lifecycle needs. Business in total energy solutions focuses on gas-related operations, while operations involving life-support amenities center on related services as well as real estate development, especially housing.

Sales generated by these various undertakings to customers outside the Group reached ¥123,691 million, up ¥3,188 million, or 2.6%, from the preceding fiscal year. Growth came from two principal sources: in total energy solutions business, from the sale of 270,000 tons (in LNG parameters) of gas and other fuels, significantly above target, and expansion in energy services stemming from distributed type generators; and in real estate development operations, from the steady development of private homes and condominiums, both sale and rental units, incorporating a complete array of Group services based on fully electric installations. Sales within the Group totaled ¥210,378 million, down ¥19,893 million, or 8.6%, from the year-earlier level. As a result, total sales revenue from other operations reached ¥334,069 million*, off ¥16,705 million, or 4.8%, from fiscal 2003.

Expenses incurred in the performance of other services totaled ¥322,079 million*. This constituted a year-on-year reduction by ¥17,265 million, or 5.1%, achieved through continuing progress in efficiency enhancement.

As a result of the foregoing, operating income generated by other operations Groupwide tallied to ¥11,991 million*. The figure marked an increase by ¥560 million, or 4.9%, from the previous year.

Taken together, consolidated income accrued from electricity, IT and other operations reached ¥349,492 million, up ¥23,911 million, or 7.3%, from fiscal 2003. This total is the end result after eliminating all profits or losses incurred in conjunction with internal sales between the various segments.

* Includes internal transactions between segments.

Net Income

Other (income) expenses recorded during the term totaled ¥172,844 million, an increase of ¥11,707 million, or 6.8%, from the year-earlier level. The increase owed to two contributing factors. First, a variety of measures were implemented with the aim of easing the burden to be borne in subsequent years: these included writing down corporate bonds purchased to enhance the financial structure, booking of losses incurred in shelving the Suzu nuclear power plant project, and trimming of asset appraisal values in tandem with the merger of K-Opti.com and Osaka Media Port. Second, a loss of ¥10,731 million was booked against K-Opti.com's withdrawal from conventional PHS telephone services. The decision to terminate PHS services was rendered for two reasons: a) the inability to maintain nationwide service following Astel's incipient withdrawal from other regions and b) the judgment that intensified competition against cellphones makes profitability potential questionable. Interest payments during the term reached ¥102,973 million, down ¥10,092 million, or 8.9%, year-on-year; the reduction was achieved primarily through the reduction in the Company's interest-bearing debt and efforts to trim interest on borrowings. Because, as noted earlier, the water runoff ratio this term was a robust 113.4%, ¥8,366 million was set aside, in line with stipulations under Japan's Electricity Utilities Industry Law, as reserve for fluctuations in water level, to prepare against increased expenses in the event of future water shortages.

As a result of the foregoing, in fiscal 2004 consolidated income before taxes and after provision for the reserve for fluctuations in water level reached ¥168,282 million, up ¥27,252 million, or 19.3%, from the preceding term. Net income, after income-tax deductions totaling ¥77,455 million, finished at ¥90,111 million. The end result marked a year-on-year increase of ¥9,637 million, or 12.0%.

The Kansai Electric Power Co., Inc. | Annual Report 2004

The Kansai Electric Power Co., Inc. | Annual Report 2004

FISCAL POSITION

Assets

The value of the Company's Groupwide fixed assets as of March 31, 2004 stood at ¥6,117,554 million, down ¥297,397 million, or 4.6%, from the year-earlier level. The trimming of fixed assets was made possible largely by two factors targeted at raising asset efficiency with respect to electricity operations. First, capital expenditures were held to ¥321,503 million, down ¥65,348 million, or 16.9%, from fiscal 2003 and within the scope of the term's depreciation costs (¥444,631 million). This was accomplished by optimizing efficiency through initiatives including severe selectivity regarding new construction projects and reconsideration of previously set construction schedules and project scopes. Second, measures were taken to reduce property assets: for example, further depreciation costs were booked against thermal plants under long-term suspension and a loss was booked against the shelving of the Suzu nuclear plant project.

Assets mostly in the form of investments reached ¥672,321 million, up ¥82,229 million, or 13.9%. The increase was chiefly attributable to a ¥56,966 million increase in investment securities, stemming largely from an increase in net unrealized gains under market valuations in line with rising market values of available-for-sale stocks.

Current assets reached ¥360,951 million, down ¥36,333 million, or 9.1%, from fiscal 2003. The decrease derived principally from an ¥18,483 million reduction in cash and cash equivalents made possible through effective use of cash on hand and aggressive trimming of interest-bearing liabilities.

As a result of the foregoing, as of March 31, 2004 the Company's Groupwide assets had a total value of ¥7,150,826 million. The figure represents a decrease of ¥251,501 million, or 3.4%, from the year-earlier level.

Liabilities

Groupwide interest-bearing liabilities were slashed an unprecedented ¥470,512 million, or 10.8%, during the term, to ¥3,883,603 million. The reduction was achieved by according highest priority to trimming interest-bearing debt in the allocation of the free cash flow generated through aggressive measures taken to boost efficiency in all areas of operation, including restraint in capital expenditures.

This significant reduction in interest-bearing debt enabled a reduction in Groupwide liabilities to ¥5,506,439 million, down ¥335,513 million, or 5.7%, year-on-year. The latter achievement contributed to the steady fortification of the Group's financial structure.

Shareholders' Equity

At March 31, 2004 total shareholders' equity was ¥1,637,248 million, up ¥89,117 million, or 5.8%, from a year earlier. The increase owed largely to the term's year-on-year expansion in revenues and the net increase in unrealized gain on available-for-sale securities from higher market valuations. These growth factors were complemented by the asset reductions noted earlier, including curbing of capital expenditures, and the progress achieved in trimming interest-bearing debt. As a result of these collective factors, at term's end the shareholder's equity ratio reached 22.9%, up 2 percentage points year-on-year.

During fiscal 2004 the Company swapped part of its treasury stock for shares in three Group subsidiaries. This initiative was undertaken in order to convert those entities to wholly owned subsidiaries, as a way of facilitating Group restructuring with greater alacrity and flexibility. Going forward, the Company plans to pursue Groupwide reorganization in line with business domains and functions, with the aim of reinforcing the overall competitive strength of the Group.

In April 2004 the Company repurchased 4.95 million shares of its own stock, at an outlay of ¥9,687 million. The move had two objectives: a) to increase shareholder value and enhance capital efficiency, and b) to improve the supply balance of Company shares within the market. The Company is mulling flexible use of the repurchased shares in applications including share swapping and retirement of treasury stock, as changes in the operating environment might come to dictate.

Cash Flow

Kansai EP and its consolidated subsidiaries pursue all avenues toward the further enhancement of the Group's free cash flow through ever greater management efficiency. At the same time, investments are actively undertaken into new areas of operation that will lead to expansion of the consolidated earnings base going forward, and aggressive initiatives are taken on diverse fronts toward strengthening the Group's financial structure.

In fiscal 2004 cash flow generated by operating activities produced ¥808,328 million in income, up ¥152,288 million, or 23.2%, year-on-year. The positive effect of enhanced efficiency in all aspects of management offset the full-year impact of the electricity rate reductions implemented from October 1, 2002 and the year-on-year decrease in electricity sales volume, the latter stemming from the coolest summer in 10 years and an unseasonably warm winter.

Cash flow linked to investment activities resulted in ¥308,608 million in outlays, down ¥100,984 million, or 24.7%, from the preceding term. The reduction, achieved despite aggressive capital expenditures into new business areas such as information technology, was chiefly ascribable to a significant decrease in capital investments as a whole, made possible by enhanced efficiency in electricity operations.

Cash flow from financing activities reached outlays totaling ¥518,090 million, up ¥246,746 million, or 90.9%, from the year-earlier level. The free cash flow generated as described above was allocated mainly to reducing the Group's interest-bearing liabilities.

As a result of the foregoing, the balance of cash and cash equivalents at the end of fiscal 2004 reached ¥85,700 million, constituting a decline of ¥18,483 million, or 17.7%, from the preceding year.

Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS (Note 5)	**2004**	2003	**2004**
PROPERTY:			
Utility plant and equipment	**¥13,006,857**	¥13,026,235	**$123,066,108**
Other plant and equipment	**987,387**	936,821	**9,342,293**
Construction in progress	**802,523**	822,748	**7,593,178**
Contributions in aid of construction	**(416,180)**	(407,075)	**(3,937,742)**
Accumulated depreciation	**(8,765,033)**	(8,481,263)	**(82,931,526)**
Plant and equipment - net (Notes 3 and 5)	**5,615,554**	5,897,466	**53,132,311**
Nuclear fuel, net of amortization	**502,000**	517,485	**4,749,740**
Property - net	**6,117,554**	6,414,951	**57,882,051**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	**196,620**	139,654	**1,860,346**
Investments in and advances to associated companies	**168,165**	163,649	**1,591,116**
Deferred tax assets (Note 9)	**274,439**	248,575	**2,596,641**
Other assets	**33,097**	38,214	**313,152**
Total investments and other assets	**672,321**	590,092	**6,361,255**
CURRENT ASSETS:			
Cash and cash equivalents	**85,700**	104,183	**810,862**
Accounts receivable	**148,607**	159,374	**1,406,065**
Allowance for doubtful accounts	**(2,386)**	(3,910)	**(22,575)**
Inventories	**51,302**	53,001	**485,401**
Deferred tax assets (Note 9)	**26,157**	32,236	**247,488**
Other current assets	**51,571**	52,400	**487,945**
Total current assets	**360,951**	397,284	**3,415,186**
TOTAL	**¥7,150,826**	¥7,402,327	**$67,658,492**

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY	**2004**	2003	**2004**
LONG-TERM DEBT, LESS CURRENT MATURITIES (Note 5)	**¥3,143,973**	¥3,716,785	**$29,747,119**
LIABILITY FOR RETIREMENT BENEFITS (Note 6)	**353,031**	290,737	**3,340,250**
RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL	**594,749**	529,630	**5,627,297**
RESERVE FOR DECOMMISSIONING OF NUCLEAR POWER UNITS	**226,603**	225,402	**2,144,034**
DEFERRED TAX LIABILITIES (Note 9)	**510**	184	**4,825**
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 5)	**599,165**	365,996	**5,669,079**
Short-term borrowings (Note 7)	**170,981**	306,652	**1,617,759**
Accounts payable (Note 5)	**136,708**	129,430	**1,293,481**
Payable to associated companies	**14,279**	15,062	**135,103**
Accrued income taxes	**74,015**	44,501	**700,303**
Deferred tax liabilities (Note 9)		113	
Accrued expenses and other current liabilities	**184,059**	217,460	**1,741,499**
Total current liabilities	**1,179,207**	1,079,214	**11,157,224**
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**8,366**		**79,156**
MINORITY INTERESTS	**7,139**	12,244	**67,547**
COMMITMENTS AND CONTINGENCIES (Notes 12 and 13)			
SHAREHOLDERS' EQUITY (Notes 5, 8 and 16):			
Common stock - authorized, 1,784,059,697 shares; issued, 962,698,728 shares in 2004 and 2003	**489,320**	489,320	**4,629,766**
Capital surplus	**66,553**	65,463	**629,700**
Retained earnings	**1,045,511**	1,003,204	**9,892,241**
Net unrealized gain on available-for-sale securities	**64,310**	19,875	**608,479**
Foreign currency translation adjustments	**26**	101	**246**
Treasury stock - at cost 16,344,354 shares in 2004 and 17,122,620 shares in 2003	**(28,472)**	(29,832)	**(269,392)**
Total shareholders' equity	**1,637,248**	1,548,131	**15,491,040**
TOTAL	**¥7,150,826**	¥7,402,327	**$67,658,492**

See notes to consolidated financial statements.

Consolidated Statements of Income

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	**2004**
OPERATING REVENUES:			
Electric	**¥2,351,598**	¥2,461,694	**$22,249,957**
Other	**188,557**	153,460	**1,784,058**
Total	**2,540,155**	2,615,154	**24,034,015**
OPERATING EXPENSES (Note 10):			
Electric	**2,015,311**	2,141,337	**19,068,133**
Other	**175,352**	148,236	**1,659,117**
Total	**2,190,663**	2,289,573	**20,727,250**
OPERATING INCOME	**349,492**	325,581	**3,306,765**
OTHER (INCOME) EXPENSES:			
Interest expense	**102,973**	113,065	**974,293**
Equity in losses (earnings) of associated companies	**(3,190)**	4,650	**(30,183)**
Gain on sales of securities		(28,367)	
Loss on discontinued operation of subsidiary	**10,731**		**101,533**
Loss on discontinuance of power plant construction		62,001	
Other - net	**62,330**	33,202	**589,743**
Total	**172,844**	184,551	**1,635,386**
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS	**176,648**	141,030	**1,671,379**
PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**8,366**		**79,156**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**168,282**	141,030	**1,592,223**
INCOME TAXES (Note 9)			
Current	**117,269**	88,302	**1,109,556**
Deferred	**(39,814)**	(28,379)	**(376,705)**
Total	**77,455**	59,923	**732,851**
MINORITY INTERESTS IN NET INCOME	**716**	633	**6,775**
NET INCOME	**¥90,111**	¥80,474	**$852,597**

	Yen		U.S. Dollars
	2004	2003	**2004**
PER SHARE OF COMMON STOCK (Note 15):			
Net income	**¥94.77**	¥83.49	**$0.90**
Fully diluted net income	**92.82**	81.99	**0.88**
Cash dividends applicable to the year	**50.00**	50.00	**0.47**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2004 and 2003

		Millions of Yen						
	Number of Common Shares Issued	Common Stock	Capital Surplus	Retained Earnings	Net Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Common Stock Held by Consolidated Subsidiaries
BALANCE, APRIL 1, 2002	962,698,728	¥489,320	¥65,463	¥971,427	¥54,299	¥281	¥(22)	¥(31)
Net income				80,474				
Cash dividends, ¥50 per share				(48,129)				
Bonuses to directors and corporate auditors				(568)				
Net decrease in foreign currency translation adjustments						(180)		
Reclassification for adopting new accounting standards for treasury stock							(31)	31
Net increase in treasury stock							(29,779)	
Net decrease in unrealized gain on available-for-sale securities					(34,424)			
BALANCE, MARCH 31, 2003	962,698,728	489,320	65,463	1,003,204	19,875	101	(29,832)	
Net income				90,111				
Cash dividends, ¥50 per share				(47,317)				
Bonuses to directors and corporate auditors				(487)				
Net decrease in foreign currency translation adjustments						(75)		
Net decrease in treasury stock							1,360	
Net increase in unrealized gain on available-for-sale securities					44,435			
Surplus from transaction in treasury stock			1,090					
BALANCE, MARCH 31, 2004	962,698,728	¥489,320	¥66,553	¥1,045,511	¥64,310	¥26	¥(28,472)	

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Capital Surplus	Retained Earnings	Net Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, MARCH 31, 2003	$4,629,766	$619,387	$9,491,948	$188,050	$956	$(282,259)
Net income			852,597			
Cash dividends, $0.47 per share			(447,696)			
Bonuses to directors and corporate auditors			(4,608)			
Net decrease in foreign currency translation adjustments					(710)	
Net decrease in treasury stock						12,867
Net increase in unrealized gain on available-for-sale securities				420,429		
Surplus from transaction in treasury stock		10,313				
BALANCE, MARCH 31, 2004	$4,629,766	$629,700	$9,892,241	$608,479	¥246	¥(269,392)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Year Ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥168,282	¥141,030	$1,592,223
Adjustments for:			
Income taxes-paid	(87,015)	(111,526)	(823,304)
Depreciation and amortization	444,631	413,951	4,206,935
Amortization of nuclear fuel	56,132	57,292	531,100
Loss on disposal of property, plant and equipment	15,181	17,584	143,637
Loss on discontinued operation of subsidiary	10,731		101,533
Loss on discontinuance of power plant construction		62,001	
Nuclear fuel transferred to reprocessing costs	23,622	14,871	223,503
Increase in liability for retirement benefits	62,292	13,000	589,384
Provision for reprocessing of irradiated nuclear fuel	65,118	46,216	616,123
Provision for decommissioning of nuclear power units	1,201	12,358	11,363
Provision of reserve for fluctuations in water level	8,366		79,156
Gain on sales of securities		(28,367)	
Changes in assets and liabilities, and net of effects from newly consolidated subsidiaries:			
Decrease in trade receivables	14,418	1,166	136,418
Decrease in interest and dividends receivable	1,129	956	10,682
Decrease in trade payables	(1,552)	(14,709)	(14,684)
Decrease in interest payable	(4,884)	(1,562)	(46,211)
Other - net	30,676	31,779	290,245
Total adjustments	640,046	515,010	6,055,880
Net cash provided by operating activities	808,328	656,040	7,648,103
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(313,005)	(415,846)	(2,961,538)
Payments for investments and advances	(24,823)	(38,621)	(234,866)
Proceeds from sales of investments or collections of advances	13,543	36,577	128,139
Payments for purchase of investments in subsidiaries net of cash acquired		(7,247)	
Other – net	15,677	15,545	148,329
Net cash used in investing activities	(308,608)	(409,592)	(2,919,936)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	29,681	98,849	280,831
Proceeds from long-term debt (exclusive of bonds)	127,240	158,353	1,203,898
Proceeds from short-term loans	358,342	453,634	3,390,501
Proceeds from issuance of commercial papers	1,118,000	828,000	10,578,106
Redemption of bonds	(201,925)	(208,032)	(1,910,540)
Repayments of long-term debt (exclusive of bonds)	(288,947)	(196,812)	(2,733,910)
Repayments of short-term loans	(409,905)	(534,663)	(3,878,371)
Repayments of commercial papers	(1,203,000)	(793,000)	(11,382,345)
Purchases of treasury stock	(546)	(29,670)	(5,166)
Dividends paid	(47,299)	(48,113)	(447,526)
Other – net	269	110	2,545
Net cash used in financing activities - (Forward)	¥(518,090)	¥(271,344)	$(4,901,977)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Net cash used in financing activities-(Forward)	¥(518,090)	¥(271,344)	$(4,901,977)
NET CASH USED IN OPERATING, INVESTING AND FINANCING ACTIVITIES	(18,370)	(24,896)	(173,810)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(113)	(4)	(1,069)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,483)	(24,900)	(174,879)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	104,183	129,083	985,741
CASH AND CASH EQUIVALENTS, END OF YEAR	¥85,700	¥104,183	$810,862

ADDITIONAL INFORMATION:

Assets and liabilities of subsidiaries, which were included in the scope of consolidation through acquisition of common stock, were as follows:

Property, investments and other assets	¥123,693
Current assets	9,075
Long-term debt	(77,435)
Current liabilities	(29,689)
Negative goodwill	(356)
Minority interests and other	(7,020)
Sub-total	18,268
Investments acquired in prior years	(6,358)
Payment for investments	11,910
Cash and cash equivalents	(4,663)
Payments for purchase of investments in subsidiaries net of cash acquired	¥7,247

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2004 and 2003

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 generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

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. In addition, certain reclassifications have been made in 2003 financial statements to conform to the classifications used in 2004.

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 ¥ 105.69 to $1, the approximate rate of exchange at March 31, 2004. 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.

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, 2004 include the accounts of the Company and all subsidiaries (eighty-five in 2004 and seventy-eight in 2003).

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 Company has an ability to exercise significant influence are accounted for by the equity method.

For the years ended March 31, 2004 and 2003, the investment in one associated company is accounted for by the equity method. Investments in 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.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill on acquisition of subsidiaries is reported in the balance sheet as other assets and is amortized using the straight-line method over five years.

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. **Subsidiaries' Fiscal Year-End -** The fiscal year-end of seven consolidated subsidiaries is December 31. The Company consolidates such subsidiaries' financial statements using their financial results for the year ended December 31. The effect of any significant transactions during the period between the subsidiaries' fiscal year-end and the Company's fiscal year-end are reflected in the consolidated financial statements.

c. **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, 2004 and 2003 was ¥116,067 million ($1,098,183 thousand) and ¥117,765 million, respectively.

d. **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.

e. **Investment Securities -** 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 as a separate component of shareholders' equity.

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

f. **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.

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

h. **Foreign Currency Transactions -** All receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of 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.

i. **Foreign Currency Financial Statements -** The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rate as of the balance sheet date. Differences arising from such translation are shown as "Foreign currency translation adjustments" as a separate component of shareholders' equity.

j. **Retirement and Pension Plan -** The Company and certain consolidated subsidiaries have non-contributory defined benefit pension plans, contributory pension plans, and unfunded retirement benefit plans.

The Companies 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 are being recognized by the straight-line method over a period of principally 3 years.

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

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

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

m. **Income Taxes -** The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

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

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are 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 such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

Assets and 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.

o. **Reserve for Fluctuations in Water Level -** A reserve for fluctuations in water level is provided for costs expected to be incurred from insufficient water levels, in accordance with the Japanese Electric Utility Law and related accounting regulations.

p. **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.

q. **Per Share Information -** Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding in each period, retroactively adjusted for stock splits.

Fully diluted net income per share reflects the potential dilution that could occur if securities were converted into common stock. Fully diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

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

s. **New Accounting Pronouncements -** In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets", and in October 2003 the Accounting Standards Board of Japan (ASB) issued ASB Guidance No. 6 "Guidance for Accounting Standard for Impairment of Fixed Assets". These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The new accounting standard requires an entity to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The Company expects to adopt these pronouncements as of April 1, 2004 and is currently in the process of assessing the effect of adoption of these pronouncements.

The Kansai Electric Power Co., Inc. | Annual Report 2004

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2004 and 2003

3. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Hydroelectric power production facilities	**¥462,083**	¥482,527	**$4,372,060**
Thermal power production facilities	**363,436**	423,751	**3,438,698**
Nuclear power production facilities	**434,834**	476,573	**4,114,240**
Transmission facilities	**1,452,188**	1,494,318	**13,740,070**
Transformation facilities	**540,798**	574,351	**5,116,832**
Distribution facilities	**971,066**	999,281	**9,187,870**
General facilities	**160,275**	165,792	**1,516,463**
Other utility facilities	**13,830**	14,257	**130,854**
Other plant and equipment	**414,521**	443,868	**3,922,046**
Construction in progress	**802,523**	822,748	**7,593,178**
Total	**¥5,615,554**	¥5,897,466	**$53,132,311**

4. 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, 2004 and 2003 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	2004			
Securities classified as:				
Available-for-sale:				
Equity securities	¥20,432	¥84,749	¥7	¥105,174
Debt securities	2,525	28	1	2,552
Held-to-maturity debt securities	12,215	402	115	12,502

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	2003			
Securities classified as:				
Available-for-sale:				
Equity securities	¥21,047	¥29,076	¥100	¥50,023
Debt securities	2,418	61	6	2,473
Held-to-maturity debt securities	11,603	640	20	12,223

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	2004			
Securities classified as:				
Available-for-sale:				
Equity securities	$193,320	$801,864	$66	$995,118
Debt securities	23,890	265	9	24,146
Held-to-maturity debt securities	115,573	3,804	1,088	118,289

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2004 and 2003 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Available-for-sale:			
Equity securities	**¥73,053**	¥71,538	**¥691,201**
Other	**7,811**	8,355	**73,905**
Held-to-maturity debt securities	**100**	400	**946**
Total	**¥80,964**	¥80,293	**¥766,052**

Proceeds from sales of available-for-sale securities for the year ended March 31, 2003 were ¥28,649 million. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥28,382 million and ¥15 million, respectively for the year ended March 31, 2003.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2004 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥1,106	$10,465
Due after one year through five years	8,031	75,986
Due after five years through ten years	4,700	44,470
Due after ten years	1,280	12,111
Total	¥15,117	$143,032

The Kansai Electric Power Co., Inc. | Annual Report 2004

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 203 and 2002

5. LONG-TERM DEBT

Long-term debt at March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
General mortgage bonds:			
0.29% to 6.9%, due serially through 2018	**¥1,372,546**	¥1,497,976	**$12,986,527**
7.25%, due 2006 (payable in U.S. dollars)	**54,450**	54,450	**515,186**
6.625% and 7.0%, due through 2006 (payable in French francs)	**63,516**	110,266	**600,965**
5.75%, due 2007 (payable in Netherlands guilder)	**62,294**	62,294	**589,403**
1.4% general mortgage convertible bonds, due 2005	**178,637**	178,637	**1,690,198**
0.65% to 5.6% secured loans principally from the Development Bank of Japan maturing serially through 2023:			
The Company	**414,309**	460,320	**3,920,040**
Subsidiaries	**23,621**	24,602	**223,493**
0.289% to 6.4% unsecured loans from banks and insurance companies maturing serially through 2036	**1,566,730**	1,683,477	**14,823,824**
Other	**7,035**	10,759	**66,562**
Total	**3,743,138**	4,082,781	**35,416,198**
Less current maturities	**599,165**	365,996	**5,669,079**
Long-term debt, less current maturities	**¥3,143,973**	¥3,716,785	**$29,747,119**

Annual maturities of long-term debt at March 31, 2004 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2005	¥599,165	$5,669,079
2006	310,389	2,936,787
2007	364,041	3,444,422
2008	389,703	3,687,227
2009 and thereafter	2,079,840	19,678,683
Total	¥3,743,138	$35,416,198

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 ¥1,528 million ($14,457 thousand) and the above secured loans at March 31, 2004, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property and other	¥69,495	$657,536

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 1.4% convertible bonds are currently redeemable. The 1.4% convertible bonds outstanding at March 31, 2004 were convertible into 37,162 thousand shares of common stock, at the conversion prices of ¥4,807 ($45.48) subject to certain anti-dilutive provisions.

6. RETIREMENT AND PENSION PLAN

The Company and certain of its 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 subsidiaries and annuity payments from a trustee. In certain instances additional retirement payments are paid at the retirement of employees.

The liability for employees' retirement benefits at March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Projected benefit obligation	**¥804,067**	¥798,894	**$7,607,787**
Fair value of plan assets	**(433,145)**	(362,105)	**(4,098,259)**
Unrecognized prior service cost	**680**	12,573	**6,434**
Unrecognized actuarial loss	**(18,571)**	(158,892)	**(175,712)**
Prepaid pension cost		267	
Net liability	**¥353,031**	¥290,737	**$3,340,250**

The components of net periodic retirement benefit costs are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Service cost	**¥31,232**	¥31,024	**$295,506**
Interest cost	**15,883**	18,415	**150,279**
Expected return on plan assets	**(568)**	(6,287)	**(5,374)**
Amortization of prior service cost	**(11,272)**	(17,314)	**(106,652)**
Recognized actuarial loss	**65,987**	39,985	**624,345**
Settlement loss	**4,578**	24,119	**43,315**
Other	**7,507**	53,030	**71,029**
Net periodic retirement benefit costs	**¥113,347**	¥142,972	**$1,072,448**

For the year ended March 31, 2004 and 2003 the Companies recognized amortization of unrecognized actuarial loss and prior service cost as "settlement loss" incurred by the large scale retirement due to the expansion of the early retirement plan, and an additional retirement payment of ¥7,386 million ($69,884 thousand) and ¥52,921 million are included in "Other" in the above table.

Principal assumptions used for the years ended March 31, 2004 and 2003 are set forth as follows:

	2004	2003
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**0.0%**	1.5%
Allocation method of the retirement benefits expected to be paid at the retirement date	**Straight-line method based on years of service**	Straight-line method based on years of service
Amortization period of prior service cost	**3 years**	3 years
Recognition period of actuarial gain/loss	**3 years**	3 years

In addition certain consolidated subsidiaries participate in a contributory multi-employer pension plan covering substantially all of their employees. The pension fund and assets available for benefits under this plan were approximately ¥2,349 million ($22,225 thousand) at March 31, 2004.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2004 and 2003

7. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Short-term loans principally from banks (principally bank overdrafts), weighted average interest rate of 0.297% and 0.299% at March 31, 2004 and 2003	**¥170,981**	¥221,652	**$1,617,759**
Commercial paper, weighted average interest rate of 0.012% at March 31, 2004		85,000	
Total	**¥170,981**	¥306,652	**$1,617,759**

8. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

The Code was revised whereby common stock par value was eliminated resulting in all shares being recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The revised Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The revised Code eliminated restrictions on the repurchase and use of treasury stock allowing Japanese companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders meeting or by resolution of the Board of Directors provided it is stipulated in an article of incorporation and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders meeting.

The amount of retained earnings available for dividends under the Code was ¥705,383 million ($6,674,075 thousand) as of March 31, 2004, based on the amount recorded in the parent company's general books of account. In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

9. 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, 2004 and 2003.

The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2004 and 2003 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Deferred Tax Assets:			
Liability for retirement benefits	**¥117,035**	¥85,679	**$1,107,342**
Intercompany profit elimination	**41,941**	44,010	**396,830**
Reserve for reprocessing of irradiated nuclear fuel	**41,878**	41,878	**396,234**
Reserve for decommissioning of nuclear power units	**29,304**	29,304	**277,264**
Depreciation	**45,202**	28,747	**427,685**
Deferred charges	**18,257**	17,071	**172,741**
Other	**71,484**	60,427	**676,356**
Less valuation allowance	**(33,794)**	(15,257)	**(319,746)**
Deferred tax assets	**¥331,307**	¥291,859	**$3,134,706**
Deferred Tax Liabilities:			
Unrealized gain on available-for-sale securities	**¥30,899**	¥10,652	**$292,355**
Other	**322**	693	**3,047**
Deferred tax liabilities	**¥31,221**	¥11,345	**$295,402**
Net deferred tax assets	**¥300,086**	¥280,514	**$2,839,304**

A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2004 and 2003 and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2004	2003
Normal effective statutory tax rate	**36.2%**	36.2%
Equity in losses (earnings) of associated companies	**(0.7)**	1.2
Valuation allowance	**11.0**	4.7
Other - net	**(0.5)**	0.4
Actual effective tax rate	**46.0%**	42.5%

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

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥23,227 million ($219,765 thousand) and ¥27,275 million for the years ended March 31, 2004 and 2003, respectively.

11. RELATED PARTY TRANSACTIONS

As the transactions and balances of the Company with an associated company for the year ended March 31, 2004 is immaterial, such disclosure is omitted. Transactions and balances of the Company with an associated company for the year ended March 31, 2003 were as follows:

	Millions of Yen
Kinden Co., Ltd.	
Transactions:	
Orders for construction of transmission and distribution facilities	¥54,228
Balances at year ended:	
Payables for construction	6,016

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2004 and 2003

12. LEASES

Lessor

Finance Leases

Revenues under finance leases were ¥5,224 million ($49,428 thousand) and ¥4,836 million for the years ended March 31, 2004 and 2003, respectively.

The amount of the imputed interest revenue was included in the above revenue under finance leases for the year ended March 31, 2003. Such interest revenue was computed using the interest method and separately recognized as interest revenue, amounting to ¥911 million ($8,620 thousand), for the year ended March 31, 2004.

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, 2004 and 2003 was as follows:

Other Facilities	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Acquisition cost	¥34,071	¥30,088	$322,367
Accumulated depreciation	21,388	19,632	202,365
Net leased property	¥12,683	¥10,456	$120,002

Future lease revenue under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Due within one year	¥3,835	¥4,488	$36,285
Due after one year	12,793	11,866	121,043
Total	¥16,628	¥16,354	$157,328

Future lease revenue under finance leases for the year ended March 31, 2004 is calculated excluding the interest revenue due to the increase in the ratio of future lease revenue to the total amount of the future lease revenue and operating receivables as of March 31, 2004, whereas the future lease revenue for the previous years was calculated including the interest revenue.

As of March 31, 2004, the amount of future lease revenue including the interest revenue under finance lease is as follows:

Future lease revenue under finance leases:

	Millions of Yen	Thousands of U.S. Dollars
	2004	2004
Due within one year	¥4,950	$46,835
Due after one year	15,125	143,107
Total	¥20,075	$189,942

Future lease revenue under finance leases includes the sublease revenue.

Depreciation expenses relating to the leased assets mentioned above were ¥5,699 million ($53,922 thousand) and ¥5,615 million for the years ended March 31, 2004 and 2003, respectively.

Operating Leases

Future lease revenue under non-cancelable operating leases at March 31, 2004 and 2003 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Due after one year		¥5	

Lessee

Finance Leases

Total lease payments under finance leases were ¥2,049 million ($19,387 thousand) and ¥2,230 million for the years ended March 31, 2004 and 2003, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, 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, 2004 and 2003 was as follows:

Millions of Yen	Nuclear Power Production Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2004					
Acquisition cost	¥4,541	¥331	¥43	¥9,194	¥14,109
Accumulated depreciation	1,979	298	17	5,052	7,346
Net leased property	¥2,562	¥33	¥26	¥4,142	¥6,763

Thousands of U.S. Dollars	Nuclear Power Production Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2004					
Acquisition cost	$42,965	$3,132	$407	$86,990	$133,494
Accumulated depreciation	18,725	2,820	161	47,800	69,506
Net leased property	$24,240	$312	$246	$39,190	$63,988

Millions of Yen	Nuclear Power Production Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2003					
Acquisition cost	¥4,480	¥1,135	¥112	¥7,415	¥13,142
Accumulated depreciation	1,302	1,007	79	4,598	6,986
Net leased property	¥3,178	¥128	¥33	¥2,817	¥6,156

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Due within one year	¥1,845	¥1,823	$17,457
Due after one year	4,940	4,359	46,740
Total	¥6,785	¥6,182	$64,197

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Depreciation expense	¥2,049	¥2,230	$19,387

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, was computed by the straight-line method over the respective lease periods.

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

Operating Leases

Obligations under non-cancelable operating leases at March 31, 2004 and 2003 were as follows:

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Due within one year	**¥3**	¥68	**$28**
Due after one year		3	
Total	**¥3**	¥71	**$28**

13. COMMITMENTS AND CONTINGENCIES

At March 31, 2004, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥159,275 million ($1,507,002 thousand). Additionally, the Companies had a number of fuel purchase commitments, most of which specify quantities and terms. Purchase prices are contingent upon fluctuations of market prices and so on.

At March 31, 2004, the Companies had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited	¥232,961	$2,204,191
Other	2,938	27,800
Total	¥235,899	$2,231,991
A guarantee about power supply for San Roque Corporation	¥438	$4,147

14. DERIVATIVES

The Company enters into derivative financial instruments, including foreign currency forward contracts, currency swaps, interest rate swaps and commodity swaps, to reduce market risks associated with assets and liabilities in the normal course of business.

The fair value of the Companies' derivative financial instruments at March 31, 2004 and 2003 are as follows:

	Millions of Yen					
	2004			2003		
	Contracted Amount	Fair Value	Unrealized Loss	Contracted Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts						
Selling U.S. Dollars				¥1,076	¥1,384	¥308
Buying U.S. Dollars	¥12,315	¥11,017	¥1,298			
Commodity swaps:						
Receivable floating price/payable fixed price				978	(10)	10
Receivable fixed price/payable floating price				499	(3)	3

	Thousands of U.S. Dollars		
	2004		
	Contracted Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts -			
Buying U.S. Dollars	$116,520	$104,239	$12,281

The fair values above are based on the prices which are provided by banking institutions.

Derivative financial instruments that qualify for hedge accounting are excluded from disclosure of fair value information.

15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2004 and 2003 is as follows:

	Millions of Yen	Thousands of Share	Yen	Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2004				
Basic EPS				
Net income available to common shareholders	¥89,666	946,191	¥94.77	$0.90
Effect of Dilutive Securities				
Convertible bonds	1,608	37,145		
Diluted EPS				
Net income for computation	¥91,274	983,336	¥92.82	$0.88
For the year ended March 31, 2003				
Basic EPS				
Net income available to common shareholders	¥79,984	958,010	¥83.49	
Effect of Dilutive Securities				
Convertible bonds	1,608	37,145		
Diluted EPS				
Net income for computation	¥81,592	995,155	¥81.99	

16. SUBSEQUENT EVENT

On June 29, 2004, the shareholders of the Company approved payment of a cash dividend of ¥25 ($0.23) per share to holders of record as of March 31, 2004 or a total of ¥23,667 million ($223,928 thousand), and bonuses to directors and corporate auditors of ¥130 million ($1,230 thousand).

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2004 and 2003

17. SEGMENT INFORMATION

Information about industry segments of the Companies for the years ended March 31, 2004 and 2003, is as follows:

a. Sales and Operating Income

	Millions of Yen				
	2004				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥2,351,599	¥64,865	¥123,691		¥2,540,155
Intersegment sales	8,308	48,928	210,378	¥(267,614)	
Total sales	2,359,907	113,793	334,069	(267,614)	2,540,155
Operating expenses	2,029,667	109,584	322,078	(270,666)	2,190,663
Operating income	¥330,240	¥4,209	¥11,991	¥3,052	¥349,492

	Thousands of U.S. Dollars				
	2004				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$22,249,967	$613,729	$1,170,319		$24,034,015
Intersegment sales	78,607	462,939	1,990,519	$(2,532,065)	
Total sales	22,328,574	1,076,668	3,160,838	(2,532,065)	24,034,015
Operating expenses	19,203,964	1,036,844	3,047,384	(2,560,942)	20,727,250
Operating income	$3,124,610	$39,824	$113,454	$28,877	$3,306,765

	Millions of Yen				
	2003				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥2,461,694	¥32,957	¥120,503		¥2,615,154
Intersegment sales	9,665	43,388	230,271	¥(283,324)	
Total sales	2,471,359	76,345	350,774	(283,324)	2,615,154
Operating expenses	2,155,224	81,854	339,343	(286,848)	2,289,573
Operating income	¥316,135	¥(5,509)	¥11,431	¥3,524	¥325,581

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen				
	2004				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Assets	¥6,563,284	¥265,016	¥543,348	¥(220,822)	¥7,150,826
Depreciation	388,915	40,441	21,758	(6,483)	444,631
Capital expenditures	249,115	22,571	53,390	(3,573)	321,503

	Thousands of U.S. Dollars				
	2004				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Assets	$62,099,385	$2,507,484	$5,140,959	$(2,089,336)	$67,658,492
Depreciation	3,679,771	382,638	205,866	(61,340)	4,206,935
Capital expenditures	2,357,035	213,558	505,156	(33,806)	3,041,943

	Millions of Yen				
	2003				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Assets	¥6,793,679	¥311,359	¥500,361	¥(203,072)	¥7,402,327
Depreciation	383,031	15,687	22,185	(6,952)	413,951
Capital expenditures	322,786	23,391	44,197	(3,523)	386,851

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of The Kansai Electric Power Company, Incorporated and subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Kansai Electric Power Company, Incorporated and subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits 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

June 29, 2004

Member of
Deloitte Touche Tohmatsu

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements for the Years Ended March 31, 2004 and 2003

Non-Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. • March 31, 2004 and 2003

ASSETS	Millions of Yen 2004	Millions of Yen 2003	Thousands of U.S. Dollars (Note) 2004
PROPERTY:			
Plant and equipment	¥13,353,683	¥13,348,698	$126,347,650
Construction in progress	743,463	792,008	7,034,374
Contributions for construction	(393,723)	(385,825)	(3,725,263)
Accumulated depreciation	(8,416,554)	(8,190,315)	(79,634,346)
Plant and equipment - net	5,286,869	5,564,566	50,022,415
Nuclear fuel, net of amortization	502,000	517,485	4,749,739
Property - net	5,788,869	6,082,051	54,772,154
INVESTMENTS AND OTHER ASSETS:			
Investment securities	172,417	118,465	1,631,346
Investments in and advances to subsidiaries and associated companies	133,138	133,104	1,259,703
Long-term loans receivable	2,007	6,280	18,989
Deferred tax assets	209,051	177,885	1,977,964
Other assets	24,652	21,977	233,248
Total investments and other assets	541,265	457,711	5,121,250
CURRENT ASSETS:			
Cash and cash equivalents	26,193	30,702	247,829
Accounts receivable	112,686	127,458	1,066,194
Allowance for doubtful accounts	(2,232)	(2,149)	(21,118)
Fuel, materials and supplies	33,725	37,723	319,094
Deferred tax assets	21,748	23,616	205,772
Other current assets	18,590	15,204	175,891
Total current assets	210,710	232,554	1,993,662
TOTAL	¥6,540,844	¥6,772,316	$61,887,066

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥105.69 = U.S.$1, the approximate rate of exchange at March 31, 2004.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2004	Millions of Yen 2003	Thousands of U.S. Dollars (Note) 2004
LONG-TERM DEBT, LESS CURRENT MATURITIES	¥2,856,976	¥3,450,486	$27,031,659
LIABILITY FOR RETIREMENT BENEFITS	329,224	267,476	3,114,997
RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL	594,748	529,630	5,627,287
RESERVE FOR DECOMMISSIONING OF NUCLEAR POWER UNITS	226,603	225,402	2,144,034
CURRENT LIABILITIES:			
Current maturities of long-term debt	577,429	337,183	5,463,421
Short-term borrowings	167,871	303,472	1,588,334
Accounts payable	81,306	72,559	769,288
Payable to subsidiaries and associated companies	49,636	53,017	469,638
Accrued income taxes	69,405	39,823	656,685
Accrued expenses and other current liabilities	145,841	168,462	1,379,893
Total current liabilities	1,091,488	974,516	10,327,259
RESERVE FOR FLUCTUATIONS IN WATER REVEL	8,366		79,156
SHAREHOLDERS' EQUITY			
Common stock, authorized, 1,784,059,697 shares; issued, 962,698,728 shares in 2004 and 2003	489,320	489,320	4,629,766
Capital surplus	67,031	65,463	634,223
Retained earnings:			
Legal reserve	122,330	122,330	1,157,442
Unappropriated	732,138	661,318	6,927,221
Net unrealized gain on available-for-sale securities	50,203	16,067	475,002
Treasury stock - at cost 15,579,553 shares in 2004 and 16,796,995 shares in 2003	(27,583)	(29,692)	(260,980)
Total shareholders' equity	1,433,439	1,324,806	13,562,674
TOTAL	¥6,540,844	¥6,772,316	$61,887,066

U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥105.69 = U.S.$1, the approximate rate of exchange at March 31, 2004.

Non-Consolidated Statements of Income

The Kansai Electric Power Co., Inc. • Years Ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note)
	2004	2003	2004
OPERATING REVENUES:			
Electricity operating revenues:			
Residential	¥944,224	¥995,426	$8,933,901
Commercial and industrial	1,356,480	1,426,323	12,834,516
Other	59,203	49,609	560,157
Sub-total	2,359,907	2,471,358	22,328,574
Incidental operating revenues	15,332	11,385	145,066
Total	2,375,239	2,482,743	22,473,640
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	330,738	367,818	3,129,322
Fuel	168,436	202,275	1,593,680
Purchased power	372,126	407,465	3,520,920
Maintenance	185,848	206,636	1,758,426
Depreciation	388,751	382,931	3,678,219
Taxes	160,054	166,019	1,514,372
Other	423,714	422,080	4,009,025
Sub-total	2,029,667	2,155,224	19,203,964
Incidental operating expenses	16,116	11,944	152,484
Total	2,045,783	2,167,168	19,356,448
OPERATING INCOME	329,456	315,575	3,117,192
OTHER (INCOME) EXPENSES:			
Interest expense	98,575	111,072	932,680
Gain on sales of investment securities	(2,109)	(28,286)	(19,955)
Loss on discontinuance of power plant construction		62,001	
Other - net	44,157	17,944	417,798
Total	140,623	162,731	1,330,523
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	188,833	152,844	1,786,669
PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	8,366		79,156
INCOME BEFORE INCOME TAXES	180,467	152,844	1,707,513
INCOME TAXES			
Current	110,643	82,992	1,046,863
Deferred	(48,624)	(27,425)	(460,062)
Total	62,019	55,567	586,801
NET INCOME	¥118,448	¥97,277	$1,120,712

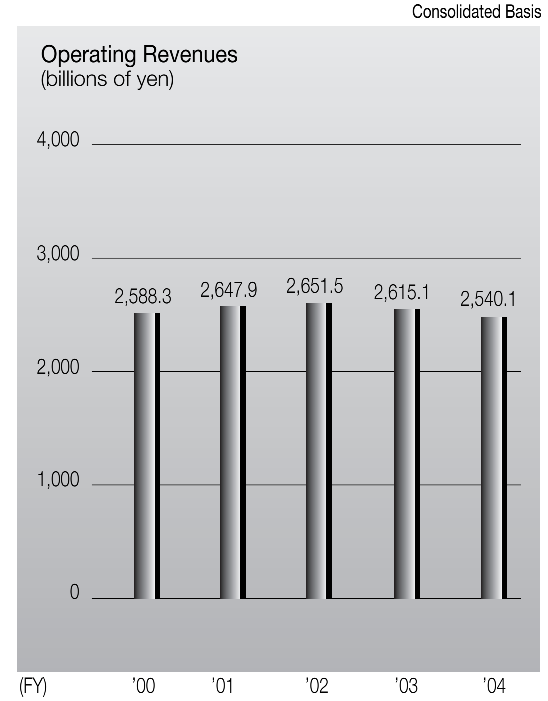
U.S.dollar amounts have been translated from yen, for convenience, at the rate of ¥105.69 = U.S.$1, the approximate rate of exchange at March 31, 2004.

Five-Year Summary of Selected Operational Data

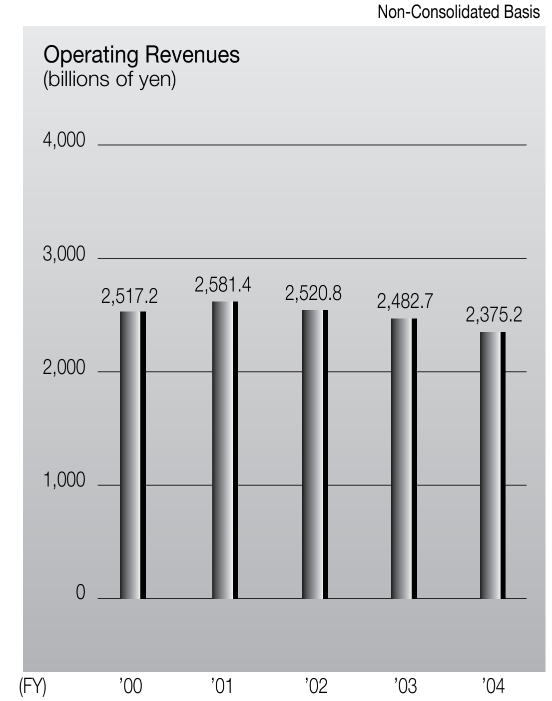
	Consolidated Basis					Non-Consolidated Basis				
(FY)	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004
Operating Revenues (Millions of Yen)	2,588,390	2,647,944	2,651,597	2,615,154	2,540,155	2,517,203	2,581,451	2,520,889 *	2,482,743 *	2,375,239 *
Operating Income	310,573	340,682	319,312	325,581	349,492	315,219	336,077	311,272	315,575	329,456
Net Income	52,300	122,791	128,444	80,474	90,111	43,650	95,492	137,020	97,277	118,448
Operating Revenues										
Residential						988,026	1,010,946	993,753	995,426	944,224
Commercial & Industrial						1,477,595	1,515,267	1,477,859	1,426,323	1,356,480
Total						2,465,621	2,526,213	2,471,612	2,421,749	2,300,704
Breakdown of Operating Expenses										
Personnel Expenses						336,067	294,123	277,634	367,818	330,738
Fuel Costs						238,155	269,559	239,059	202,275	168,436
Costs of Purchased Power						324,734	369,659	399,621	407,465	372,126
Maintenance Costs						311,306	277,896	245,068	206,636	185,848
Depreciation						415,692	406,292	396,054	382,931	388,751
Taxes Other than Income Taxes						170,505	170,703	166,884	166,019	160,054
Other						405,525	457,142	485,297 **	434,024 **	423,714 **
Total						2,201,984	2,245,374	2,209,617 **	2,167,168 **	2,029,667 **
Financial Revenues	2,584	2,820	2,491	2,192	2,364	3,621	3,575	3,086	2,932	2,892
Interest Expenses						146,790	147,652	126,193	111,072	98,575

*Including Incidental Operating Revenues
**Including Incidental Operating Expenses

Consolidated Basis



Non-Consolidated Basis

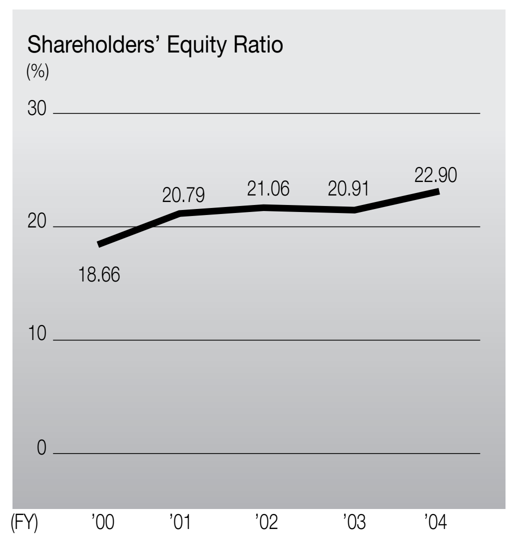


	Consolidated Basis					Non-Consolidated Basis				
(FY)	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004
Return on Equity (ROE) (%)	3.93	8.27	8.15	5.14	5.66	3.86	7.53	10.22	7.31	8.59
Return on Assets (ROA)* (%)	2.06	2.73	2.77	2.05	2.09	1.95	2.64	3.05	2.44	2.68
Net Income per Share (Yen)	53.44	125.47	131.61	83.49	94.77	44.60	97.58	140.39	101.36	124.97
Cash Dividends per Share (Yen)	50.00	60.00	50.00	50.00	50.00	50.00	60.00	50.00	50.00	50.00
Stock Price (Yen)										
Highest Stock Price						2,530	2,000	2,180	1,912	2,035
Lowest Stock Price						1,458	1,520	1,757	1,641	1,801
Capital Investments (Millions of Yen)	628,928	489,527	467,813	386,850	321,503	612,291	479,017	410,502	326,535	255,110
Total Assets (Millions of Yen)	7,500,934	7,550,821	7,507,556	7,402,327	7,150,826	7,166,847	7,212,514	7,043,444	6,772,316	6,540,844
Shareholders' Equity (Millions of Yen)	1,399,531	1,569,590	1,580,737	1,548,131	1,637,248	1,195,046	1,342,904	1,337,693	1,324,806	1,433,439
Shareholders' Equity Ratio (%)	18.66	20.79	21.06	20.91	22.90	16.67	18.62	18.99	19.56	21.92
Volume of Electricity Sales (Million kWh)										
Residential						43,555	44,408	44,347	45,603	44,655
Commercial & Industrial						96,848	98,444	95,432	96,217	95,591
Total						140,403	142,852	139,779	141,820	140,246
Number of Customers (Thousands)										
Residential						11,194	11,352	11,491	11,590	11,695
Commercial & Industrial						1,431	**1,416	**1,398	**1,379	**1,358
Total						12,625	**12,768	**12,889	**12,969	**13,053

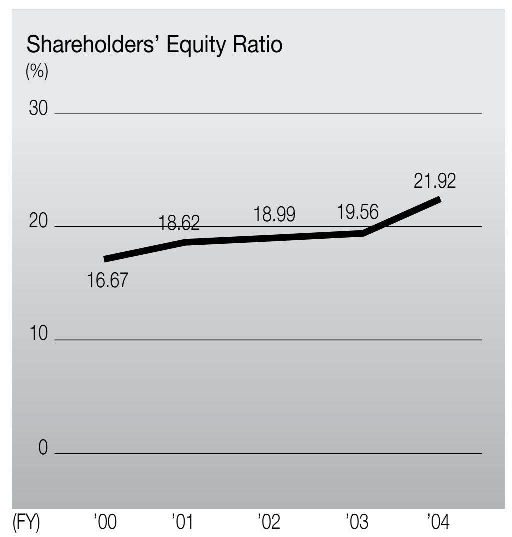
**Excluding the liberalized segment

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

Consolidated Basis

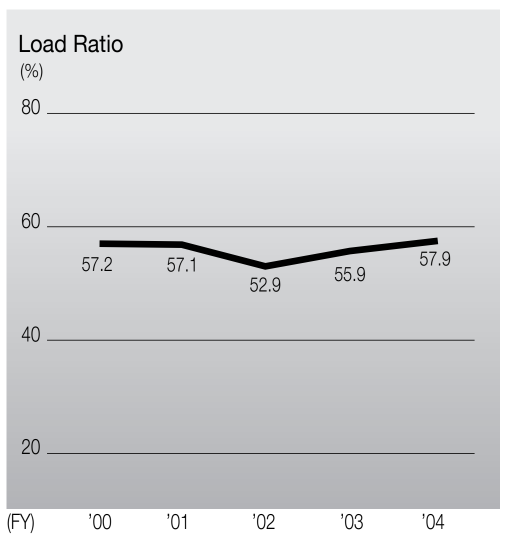


Non-Consolidated Basis



(FY)	2000	2001	2002	2003	2004
Electricity Generation Capacity by Sources (MW)					
Nuclear	9,768	9,768	9,768	9,768	9,768
Fossil Fuel	19,921	19,561	17,687	17,531	16,907
Hydroelectric	8,107	8,129	8,130	8,135	8,149
Total	37,796	37,458	35,585	35,434	34,824
System Peak Demand (MW)	30,710	31,060	33,060	31,610	30,550
Load Ratio (%)	57.2	57.1	52.9	55.9	57.9
Power Sources (%)					
Nuclear	51	51	54	57	56
Fossil Fuel	37	37	35	31	29
Hydroelectric	12	12	11	12	14
Renewable					1
Total	100	100	100	100	100
Duration of Power Interruptions per Household (Minute)	3	4	4	2	6
SOx Emissions from Fossil Fuel Power Generation (g/kWh)	0.084	0.069	0.040	0.049	0.019
NOx Emissions from Fossil Fuel Power Generation (g/kWh)	0.146	0.149	0.133	0.138	0.124
Nuclear Capacity Factor (%)	82.0	81.8	84.5	90.5	89.1
Heat Efficiency Ratio (power generation end) (%)	39.40	39.44	39.48	39.74	39.50
Number of Employees *	24,903	24,539	23,971	21,920	21,031
Ratings (Moody's)					
In Yen	Aa2	Aa2	Aa2	Aa3	Aa3
In Foreign Currencies	Aa2	Aa2	Aa2	Aa3	Aa3
Date of Shareholders General Meeting	June 29	June 28	June 27	June 27	June 29

* 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, 2004)

Date of Establishment: May 1, 1951
Paid-in Capital: ¥489.3 Billion
Number of Common Shares Issued: 962,698 Thousand
Number of Shareholders: 499 Thousand
Operating Revenues: ¥2,540.1 Billion (Consolidated Basis)
Total Assets: ¥7,150.8 Billion (Consolidated Basis)
Number of Employees: 33,935 (Consolidated Basis)

Corporate Information

THE KANSAI ELECTRIC POWER CO., INC.

Head Office: (Through December 31, 2004)
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

Head Office: (From January 1, 2005)
6-16, 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

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

Transfer Agent:
UFJ Trust Bank Limited
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 ¥105.69=U.S.$1, the approximate rate of exchange at March 31, 2004.

Major Power Plants In Service (Over 50 MW)

(As of March 31, 2004)

Hydroelectric

1	Okutataragi (Pumped-Storage)	1,932 MW
2	Okawachi (Pumped-Storage)	1,280 MW
3	Okuyoshino (Pumped-Storage)	1,206 MW
4	Kisenyama (Pumped-Storage)	466 MW
5	Kurobegawa No.4	335 MW
6	Shimokotori	142 MW
7	Maruyama	125 MW
8	Otozawa	124 MW
9	Kiso	116 MW
10	Yomikaki	114 MW
11	Shin-Kurobegawa No.3	105 MW
12	Amagase	92 MW
13	Kurobegawa No.3	81 MW
14	Komaki	78 MW
15	Shin-Kurobegawa No.2	74 MW
16	Kurobegawa No.2	72 MW
17	Shin-Soyama	68 MW
18	Ontake	67 MW
19	Shin-Tsubakihara	63 MW
20	Shin-Maruyama	63 MW
21	Shin-Narude	58 MW
22	Soyama	54 MW
23	Ohi	52 MW
24	Kanidera	51 MW

Fossil Fuel

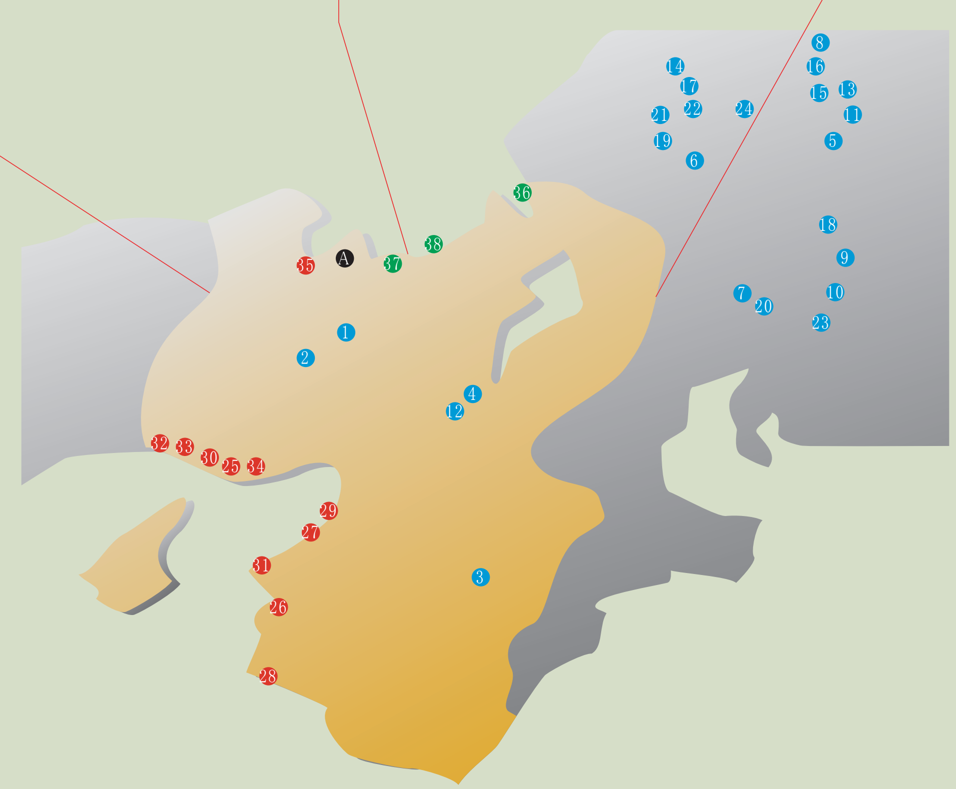
25	Himeji No.2 (LNG/Oil)	2,550 MW
26	Kainan (Oil)	2,100 MW
27	Sakaiko (LNG/Oil)	2,000 MW
28	Gobo (Oil)	1,800 MW
29	Nanko (LNG)	1,800 MW
30	Himeji No.1 (LNG)	1,442 MW
31	Tanagawa No.2 (Oil)	1,200 MW
32	Ako (Oil)	1,200 MW
33	Aioi (Oil)	1,125 MW
34	Takasago (Oil)	900 MW
35	Miyazu (Oil)	750 MW

Nuclear

36	Mihama	1,666 MW
37	Takahama	3,392 MW
38	Ohi	4,710 MW

Power Plants Under Construction
Fossil Fuel

A	Maizuru (Coal)	1,800 MW



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