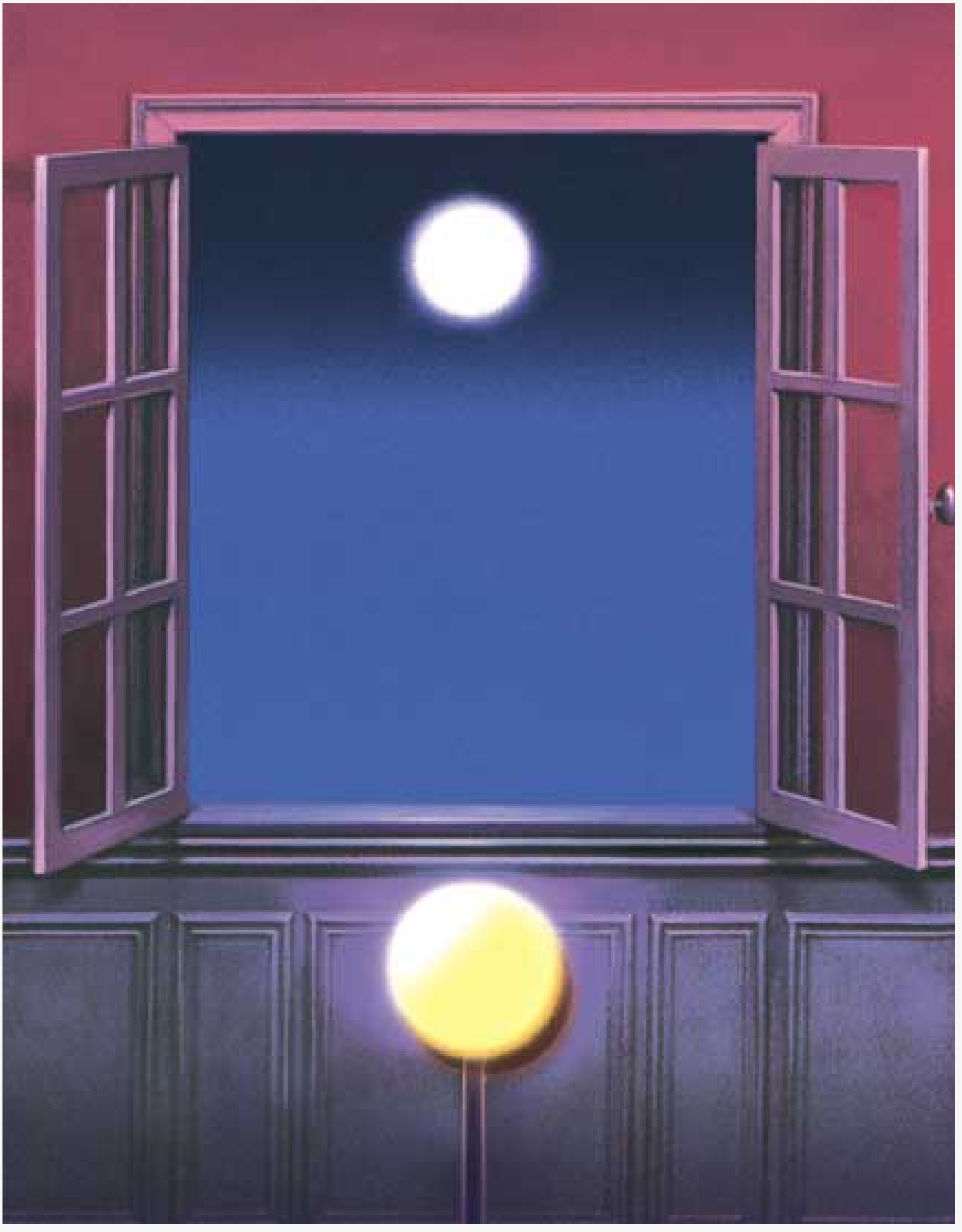
ANNUAL REPORT 2000

Year ended March 31, 2000



THE KANSAI ELECTRIC POWER CO.,INC.

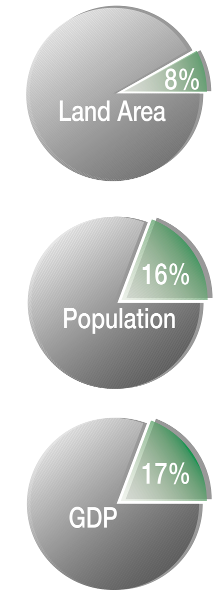
Contents

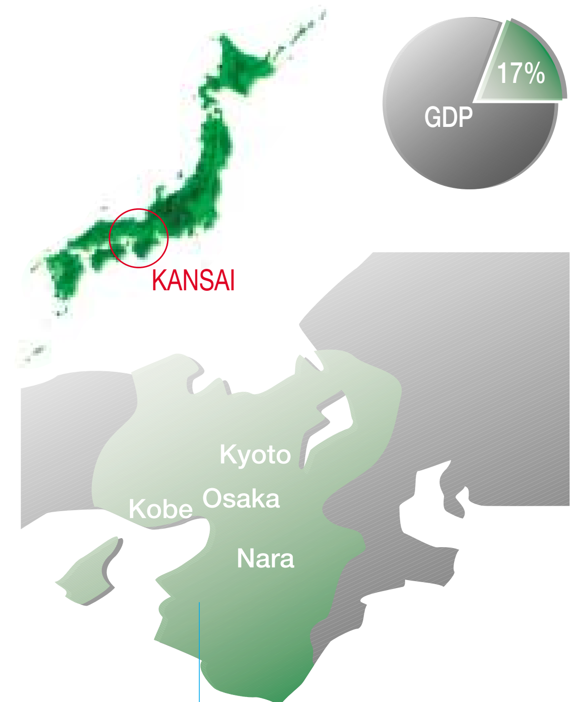
KANSAI—HEARTLAND OF JAPAN

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

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

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





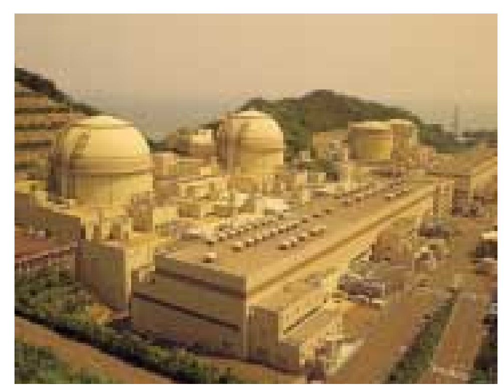
Service Area: 28,681 km^2
Electricity Sales Volume: 140.4 billion kWh
Number of Customers: 12.6 million
Generation Capacity: 37,796 MW

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 founding in 1951. Through half a century the company has been a total supplier in the truest sense, developing and operating its own power plants, securing diversified resources to run them, and delivering the generated power with optimum efficiency and reliability to customers throughout the region.

Geographically, Kansai EP's service area is remarkably expansive, covering nearly 29 thousand km^2. The company's output is equally impressive: in the fiscal year ended March 31, 2000, sales reached 140.4 billion kWh—nearly equal to the national power needs of Sweden.

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


Ohi Nuclear Power Plant.


Kurobegawa No.4 Hydro Power Plant.

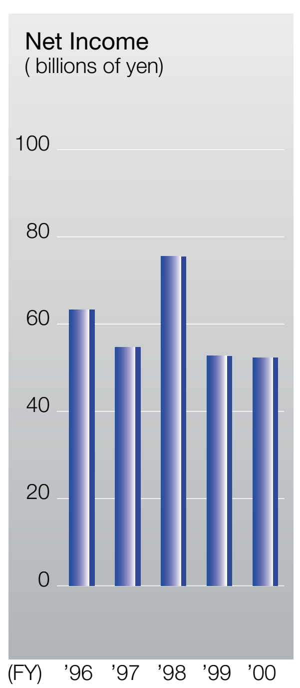

Himeji No.2 Fossil Fuel Power Plant and Himeji LNG Terminal.

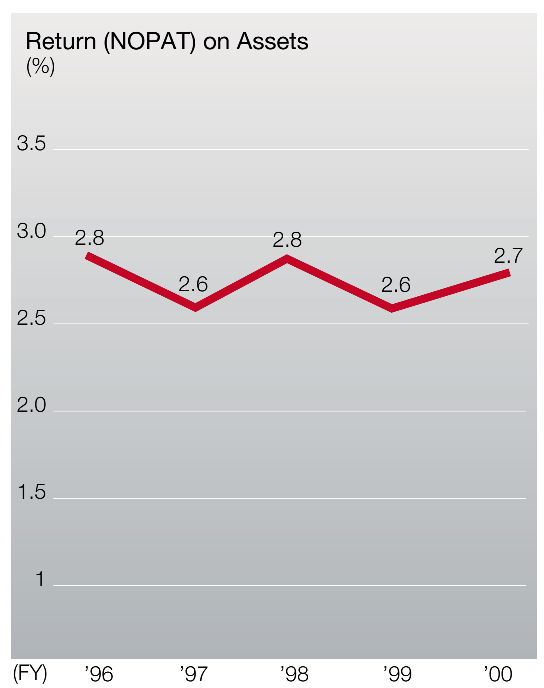
Cautionary Information With Respect to Forward-Looking Statements
Statements made in this annual report with respect to The Kansai Electric Power's plans, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about the future performance of the company. 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.

Financial Highlights
(Consolidated Basis)

	1999 (Billions of yen)	2000 (Billions of yen)	2000 (Millions of U.S. dollars)
Financial Data			
Operating Revenues	¥ 2,597.0	¥ 2,588.3	$ 24,384
Operating Income	310.5	310.5	2,925
Net Income	52.4	52.3	492
Net Operating Profit After Tax (NOPAT)	183.4	199.9	1,883
Total Assets	7,176.7	7,500.9	70,663
Per Share Data (Yen and U.S. dollars)			
Net Income	53.6	53.4	0.50
Cash Dividends	50.0	50.0	0.47
Key Ratios (%)			
Shareholders' Equity Ratio	17.6%	18.7%	
Return on Equity (ROE)	4.2%	3.9%	
Return (NOPAT) on Assets	2.6%	2.7%	

Notes; 1. U.S. dollar amounts have been traslated from yen, for convenience only, at the rate of ¥106.15=U.S.$1, the approximate rate of exchange at March 31, 2000.
2. Net Operating Profit After Tax (NOPAT) = (Operating Income + Financial Revenues) x (1 - Income Tax Rate)



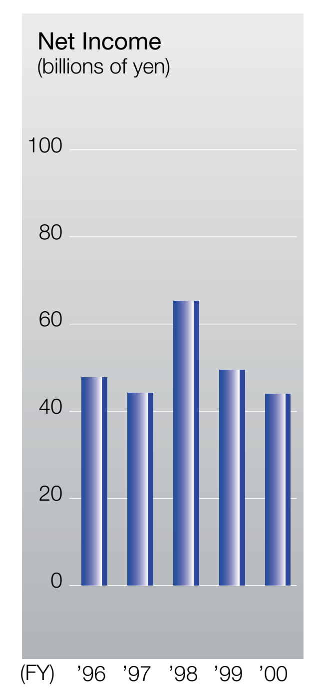


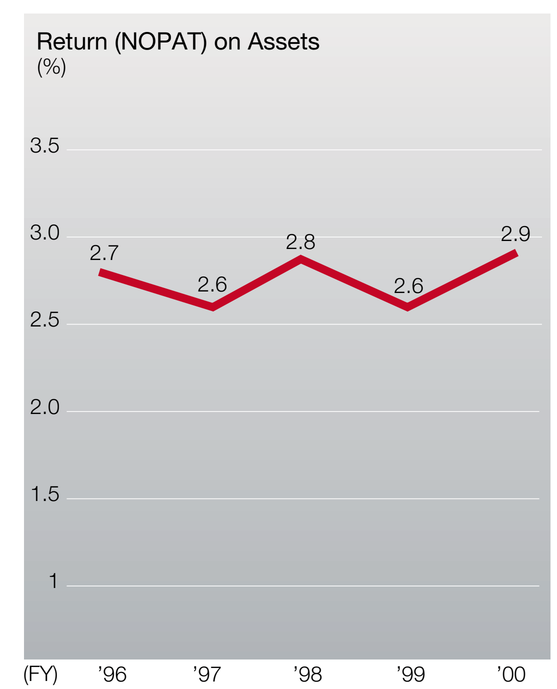
The Kansai Electric Power Co., Inc. | Annual Report 2000

Financial Highlights
(Non-Consolidated Basis)

	1999 (Billions of yen)	2000 (Billions of yen)	2000 (Millions of U.S. dollars)
Financial Data			
Operating Revenues	¥ 2,534.8	¥ 2,517.2	$ 23,713
Operating Income	298.2	315.2	2,969
Net Income	50.9	43.6	411
Net Operating Profit After Tax (NOPAT)	176.6	203.5	1,917
Total Assets	6,914.5	7,166.8	67,516
Per Share Data (Yen and U.S. dollars)			
Net Income	52.1	44.6	0.42
Cash Dividends	50.0	50.0	0.47
Key Ratios (%)			
Shareholders' Equity Ratio	15.5%	16.7%	
Return on Equity (ROE)	4.8%	3.9%	
Return (NOPAT) on Assets	2.6%	2.9%	

Notes; 1. U.S. dollar amounts have been traslated from yen, for convenience only, at the rate of ¥106.15=U.S.$1, the approximate rate of exchange at March 31, 2000.
2. Net Operating Profit After Tax (NOPAT) = (Operating Income + Financial Revenues) x (1 - Income Tax Rate)





Message from the Management

Proactively addressing the demands of an evolving industry

The Year in Review

The Kansai Electric Power Co., Inc. (Kansai EP), like most Japanese companies, faced difficult challenges in fiscal 2000, the period extending from April 1, 1999 through March 31, 2000. Broad restraint in capital investments and weak personal consumption together made for a harshly depressed operating environment. Signs of a modest upturn finally began to emerge in the second half of the term, but the overall outlook continues to suggest that more time will be needed before the Japanese economy regains its former vigor.

Our consolidated business results for the year under review reflect the challenges posed by this environment. Total electricity sales expanded for the seventh consecutive year, to 140.4 billion kWh, but were up a modest 1.1% from the level of the previous year. Consolidated operating revenues declined ¥8.7 billion year-on-year, to ¥2,588.3 billion; this resulted from a low electricity unit-rate through the term as demanded by Japan's fuel cost adjustment system, which requires that fuel charges be linked to crude-oil prices. Operating expenses totaled ¥2,277.8 billion, down ¥8.6 billion from the previous year; the reduction was achieved largely through initiatives targeted at curbing both repair and capital costs. Thanks to those efforts, operating profit finished at ¥310.5 billion, unchanged from the level of fiscal 1999.

Kansai EP is taking decisive and farsighted steps to meet the challenges and shifting parameters of the energy industry.

Interest payments rendered during the period declined year-on-year. To conform with international accounting practices, ¥105.3 billion was appropriated to the reserve against retirement allowances. Meanwhile we generated ¥24.4 billion in profit from the partial sale of our securities holdings. The final result was consolidated net profit totaling ¥52.3 billion.

Burgeoning Deregulation and its Impact

Symbolic of the diversified challenges posed by the shifting parameters of our operating environment is the partial opening of our retail market in March 2000. Under revisions to legislation governing the nation's electric utility industry, high-demand industrial and commercial customers are now free to purchase electricity from the source of their choice. This liberalized approach has opened the door to market entry by numerous new participants, including foreign companies.

This burgeoning deregulation will have both positive and negative impact on Kansai EP. On the one hand our high-volume industrial and commercial customers, who have traditionally contribut

Yoshihisa Akiyama
Chairman of the Board of Directors

Hiroshi Ishikawa
President and Director

ed 30% to our electricity sales volume and 20% to our sales revenue, are now accorded a broader palette of suppliers to choose from. This newfound freedom puts unprecedented pressure on Kansai EP to provide these vital segments with a level of satisfaction that will ensure our selection as their continued supplier of choice, to enable us to survive the severe competition we now face. On the other hand the new legislation will serve as a viable means toward greater competitive strength, since under the newly introduced electricity-rate reporting system we will now be less bound by price-setting constraints. Also, whereas until now rates have generally been forced lower any time profit was generated, going forward the deregulatory measures will put us in a better position to generate profits for our shareholders, through enhanced operating efficiency.

Taking Advantage of a Dynamic Opportunity

While deregulation, in progress or impending, is clearly bringing significant changes in the operating environment of the nation's power industry, at Kansai EP we look on these shifting parameters as a dynamic opportunity for us to strengthen our corporate position. Specifically we are focusing on three areas: our basic strategies, our marketing strategies, and our financial strategies.

We aim to remold our basic strategies in several important ways. First, we look to utilize the advantages presented by the deregulation of the industry as means that will enable us to enhance our competitive strength in our core business segment, so that we may look forward with confidence to sustained revenue growth groupwide. Second, we plan to build on the broad-based trust already placed in us, which we recognize to be our greatest corporate asset. For our customers, we will probe optimum solutions to their evolving energy demands, with the constant goal of retaining their profound loyalty. For our shareholders and investors, we will pursue an ever sounder financial structure and undertake business activities worthy of their backing. Third, we will strive to elevate our corporate value to progressively higher levels, based on the full satisfaction of our users. Toward that end, we will continue to accord highest priority to our customers, but with a new focus on the attainment of competitive strength in all areas of business as demanded by the new era of competition in energy supplies.

To enhance our marketing strategies, we will carry forward important innovations on two fronts. First, we will vigorously pursue improved marketing capabilities through ongoing development of solution-oriented operations and greater input from our engineering staff. Second, we will actively

work to fortify our products and services. To do so, we will strive for ever more competitive rate schedules coupled with strategically sound marketing policies.

Finally, with an eye toward building up our financial strategies, while seeking to realize the attractive rate schedules that will enable us to sustain our competitive edge, we will direct our managerial resources into the enhancement of our financial structure. To achieve that goal, we will trim our capital investments and curb operating expenses in order to raise our assets efficiency and boost our corporate earnings, as a means of increasing our cash flow.

Never Content with the Status Quo

Kansai EP has no interest in resting on its laurels. We are constantly seeking ways to enhance our managerial resources in order to better serve our customers. Our vision for tomorrow is three-pronged. First, we aim to be a company customers can always rely on for high-quality service. That we are securely on track in this aspect is confirmed by our winning of the Deming Prize in recognition of our quality improvement activities. Second, we aim to be a company that consistently develops in step with the development of the Kansai region. Third, we aim to be the Number One company in all aspects of our activities, including quality, dependability and dynamic progress.

We will carry forward the ongoing optimization of our corporate value, bringing to bear the full force of our outstanding infrastructure, our proven technical expertise in the energy field, and our overwhelming brand recognition in the Kansai area. At the same time, we will continue to take proactive measures to transform Kansai EP from a supplier of energy into a comprehensive provider of solutions to support not only the energy needs of our customers but also their information, communication and other everyday requirements and dreams.

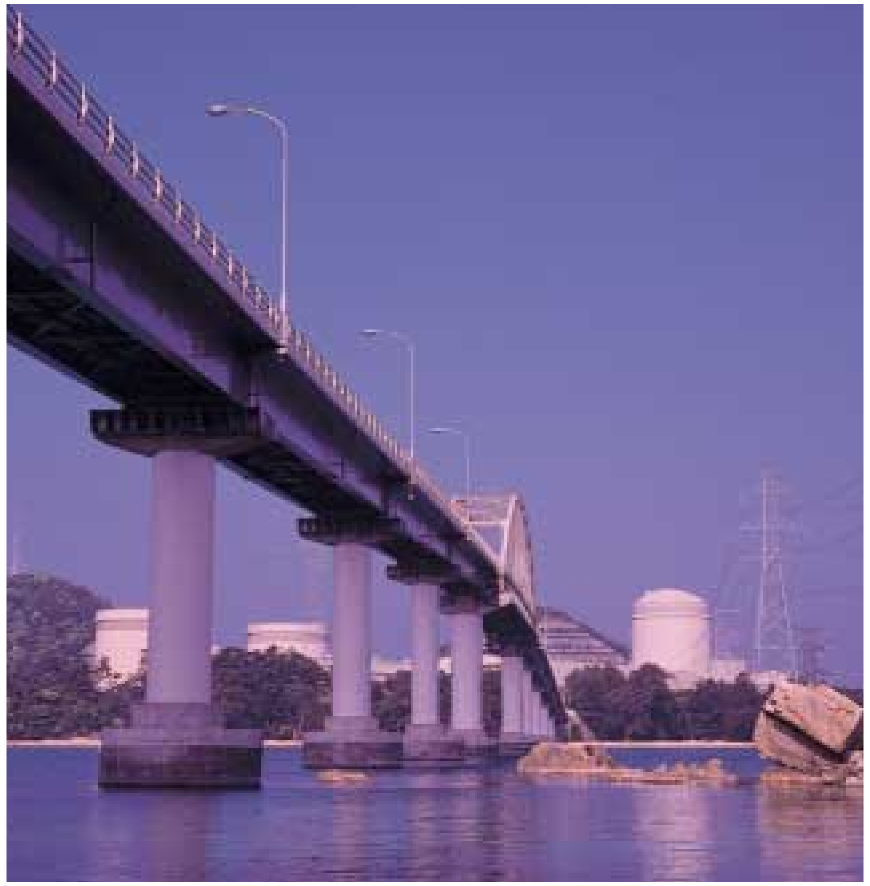
We sincerely look forward to your sustained support as we recast Kansai EP into a new mold to match the evolving needs of our times.

Yoshihisa Akiyama
Chairman of the Board of Directors

Hiroshi Ishikawa
President and Director

Business Focus: Demand and Supply

Laying the vital groundwork to support tomorrow's energy needs



Mihama Nuclear Power Plant.
The Mihama power station, Japan's first commercial nuclear plant, blends in beautifully with the natural scenery along the Sea of Japan.

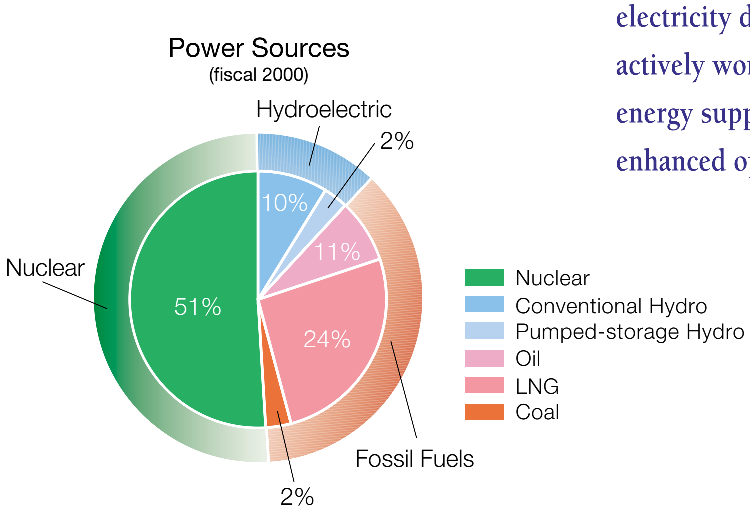
Sales up amid Signs of Economic Recovery

After a protracted recession the Japanese economy, and the economic picture in the Kansai region, finally began to show some signs of recovery in fiscal 2000. These were reflected at Kansai EP in sustained growth in our sales volume for the seventh straight year. Total sales reached 140.4 billion kWh, constituting a year-on-year increase of 1.1%. Growth in sales to the industrial sector was particularly significant, as sales to this sector had been down year-on-year in fiscal 1999 and into the first half of fiscal 2000, but returned to a positive growth curve in the second half, inviting expectations of sustained recovery going forward.

Promoting Optimum Use of Available Resources

The growing demand reflected in expanded electricity sales puts additional strain on the overall power infrastructure. To cope with this urgent issue, Kansai EP has been implementing vital measures to enhance its load factor, the ratio between the average electricity demand and the system peak demand during any given year. In fiscal 2000 we succeeded in lowering our system peak demand by a significant margin and improved our load factor accordingly, through promotion of more energy-efficient systems and equipment and offering of increasingly attractive rate schedules.

> To meet steadily growing electricity demand, Kansai EP is actively working to ensure a stable energy supply and achieve enhanced operating efficiency.



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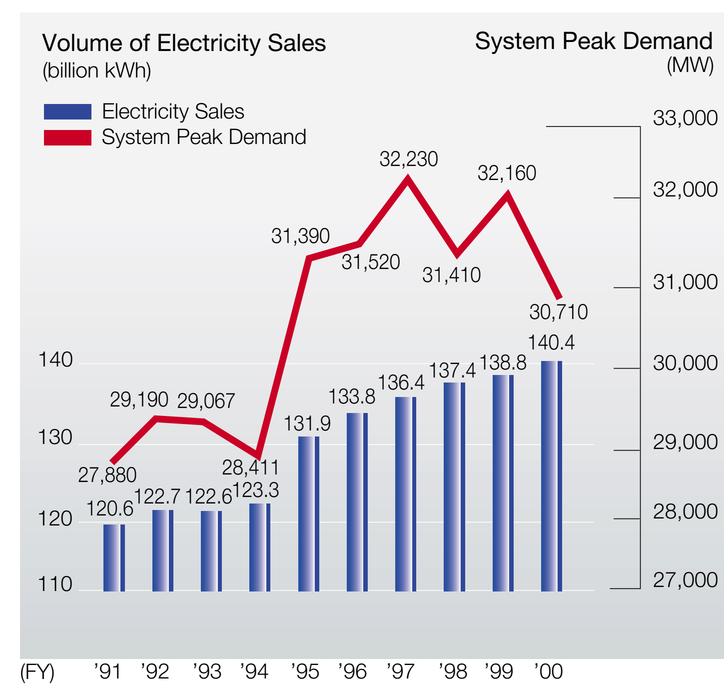
Aiming for the Optimum Generation Mix

Japan, a nation of limited natural resources, is in a perennially precarious energy position. To cope with these limitations, the power industry has long sought to achieve the optimum combination of generation methods to support the needs of the country. Today this optimum generation mix combines nuclear power, which offers economic and environmental advantages; fossil-fuel power, which enables diversification of fuel sources; and hydropower, which is a recyclable energy source.

Today, Kansai EP's long record of experience in nuclear power operations is bringing economic benefits in the form of relatively modest depreciation costs; in the years ahead, enhanced service lives are expected to enable further economic advantages. We are also pursuing a moderate level of dependency on fossil fuels and increased diversity in such fuel sources. In addition we are actively developing our hydroelectric capabilities, in recognition of the inherent environmental advantages and the need to optimize the effective use of Japan's available resources. We view pumped-storage hydropower as a prime supply source to help satisfy peak demand.

In fiscal 2000 we lowered our energy costs with our first purchases of power from independent producers. The move represents just one step made possible under recent revisions to electricity legislation, in line with vigorous new initiatives at deregulation.

Eco Ice heat storage system.
Herbis Osaka, a commercial tower, employs Kansai EP's Eco Ice heat storage system. The system utilizes inexpensive power generated during nighttime hours to make ice used for air-conditioning during daytime.



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Business Focus: Deregulation

Ushering in a new era of unprecedented changes and dynamic opportunities

Special high-voltage transmission installation. 500 kV pylon.

Central Load Dispatching Center.

In Quest of Greater Openness and Fairness

In recent years the Japanese power industry has been undergoing progressive deregulation, as exemplified by the introduction of a tender system in the fossil fuel generation wholesale market in 1996. In March 2000 partial opening of the retail market got under way, initially targeted at special high-demand users who contract to utilize more than 2,000 kW of power received at voltages above 20,000 V. Rate contracts are concluded through bilateral negotiations between these users and a local or non-local power company or an independent power producer (IPP).

> Partial opening of the electric power retail market is transforming the fundamental tenor of the energy business.

In all instances, these power providers transmit over existing power lines. The power companies operate "power line service centers" which function independently to provide open and fair network access to all power providers. Access fees are set according to actual costs relating to transmission facilities, and are equivalent to the corresponding charges collected from general customers. This arrangement assures full impartiality among power providers in the use of transmission networks.

Fees charged to high-demand users cannot be cross-subsidized by artificially raising the fees levied on regulated services in order to lower charges in deregulated segments. Also, the power companies are ultimately responsible for providing a safety net in the event that the other provider cannot meet its supply obligation.

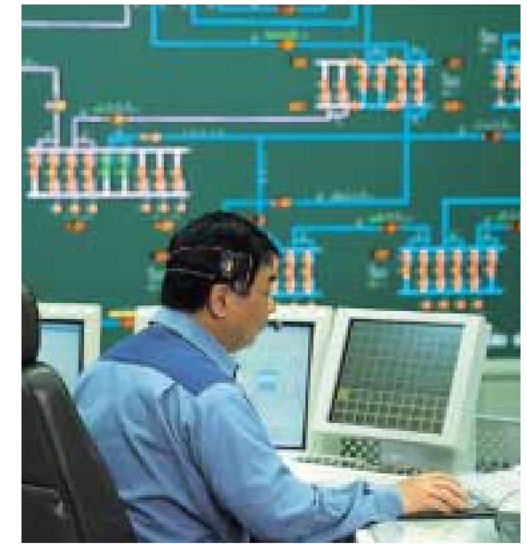
Firmly Positioned to Meet the Challenges

These deregulatory measures are compelling the power companies to meet imposing challenges. On the one hand, they are expected to provide universal services, sustain supply dependability, maintain energy security, and to protect the environment and otherwise act in the public's interests. On the other hand, they are expected to compete on equal terms against other power providers including new market entrants, and to bring the benefits of their enhanced operating efficiency—targeted at increased competitive strength—not only to the deregulated market but also to users in regulated markets as well.

At Kansai EP, the high-demand industrial and commercial users affected by burgeoning deregulation collectively account for roughly 30% of total electricity usage and contribute some 20% to our total sales revenue. Although these respective shares are quite high, Kansai EP is in a competitively advantageous position because our rates are among the lowest nationwide.

Potential Risks

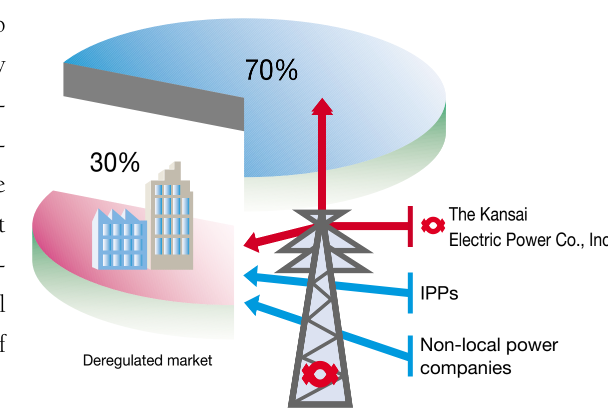
Of course, there are no built-in assurances that the deregulatory measures will leave us altogether unscathed. As just noted, as a result of the changes already imposed, some 20% of our sales revenue is now vulnerable to open competition. That competition can be expected inevitably to erode our earnings ratios if no compensatory measures are taken.



Central Load Dispatching Center. Power supply status throughout the company's network is monitored 24 hours a day.

Expected Benefits

At the same time, however, Kansai EP stands to reap significant benefits from the deregulatory trend. We are now in a position to implement a clear pricing strategy focused specifically on the market newly opened to competition. Also, the removal of legal restrictions that previously prevented us from expanding our scope of operations now opens the door to an unlimited range of new business areas outside the traditional realm of the electricity industry. Finally, we are now at liberty to conduct more comprehensive marketing activities that will embrace these other areas of business.



Business Focus: Marketing Strategies

Responding to evolving changes with dynamic initiatives of mutual benefit

Company meeting on sales expansion.

New Pricing Strategy

To secure a powerful competitive position within the liberalizing power industry, we are taking an aggressive new stance on pricing. At the core is a shifting orientation toward rate schedule options enabling discretionary selection by the customer—a strategy unprecedented in the Japanese power industry. We now offer a menu of options to users in all segments.

For customers in the newly deregulated high-demand segments, we provide a selection of rate schedules tailor-made to their specific requirements. Special discount programs are available which target attracting new businesses to the Kansai area. For customers in segments still subject to regulation, we offer strategic rate schedules focused on areas characterized by competition among energy options. As an example, household customers are given a choice of discount rates aimed at promoting wider adoption of totally electric homes. Commercial customers are offered a corresponding menu of discount rate options designed to promote electricity as their preferred power source for air-conditioning, kitchen systems and other areas which stand to benefit handsomely from Kansai EP's competitive pricing and high-quality services.

Kansai EP is taking up the challenges of deregulation with aggressive marketing strategies that serve the interests of both the customer and the company.

Kobe Office—Regional sales base.

From Utility Company to Energy Solutions Provider

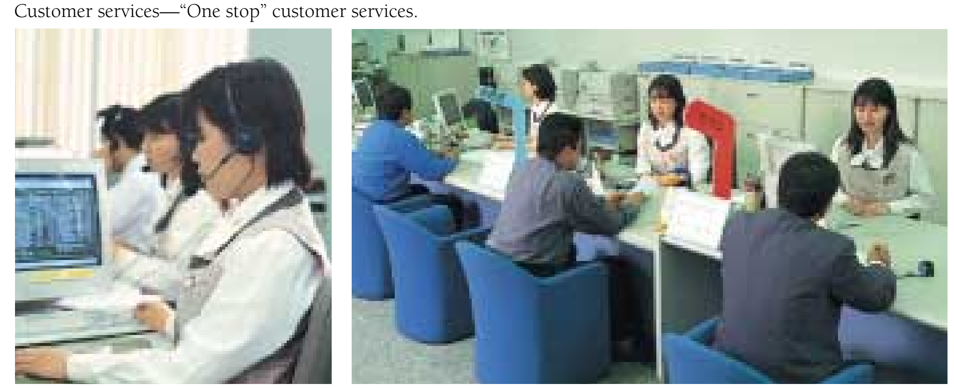
In addition to introducing highly competitive new pricing options, Kansai EP is responding to industry deregulation with a decisive transformation of its basic corporate role. Until now we have defined our social role primarily as a utility supplier; but going forward we are determined to become a provider of value-added energy solutions to satisfy the increasingly diversified needs of our customers. To achieve that goal, we are now taking aggressive steps to re-engineer our operations company-wide, working from the top downward through the ranks. We are also instituting measures that will enable us to undertake activities that take full advantage of the comprehensive capabilities of companies throughout our group network. Among those activities will be the provision of a broad palette of consulting services making optimum use of the superior technical prowess of our engineering staff.

Marketing solutions—Sales promotion at a sake factory, Osaka Dome and Kansai International Airport. (from left to right)

Enhanced Service through Information Technology

Since 1997, with an eye on achieving greater operating efficiency internally and higher customer satisfaction externally, Kansai EP has been introducing "one stop" customer services into its sales offices. The "one stop" system, which makes use of the latest IT interfacing, dramatically enhances our response time to customer inquiries and service requests. The system is to go fully onstream at all customer service outlets by July 2000.

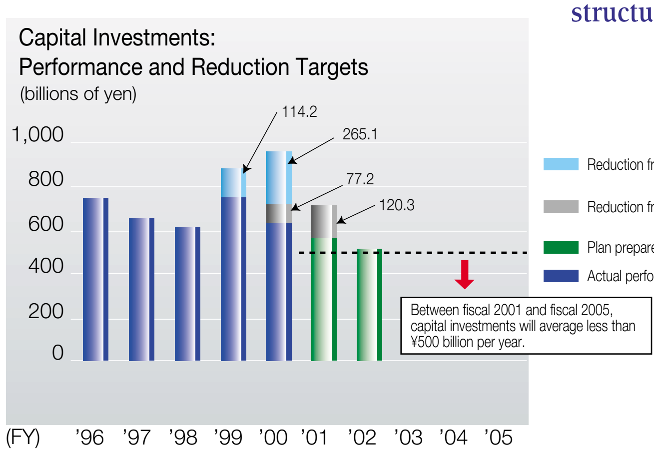
Customer services—"One stop" customer services.



Business Focus: Financial Strategies

Taking strategic steps to secure a competitive edge and corporate strength

Periodic inspection of nuclear power plant turbines.
By shortening inspection intervals,
the company is working to trim costs and
boost utilization ratios.



Through vigorous financial initiatives, Kansai EP is working to increase its cash flow so as to enhance its financial structure and corporate value.

Greater Efficiency in Plant Development

Kansai EP is taking decisive steps to develop its infrastructure more efficiently. Our prime focus is to reduce our capital investments while fully maintaining a proper balance with the needs of our users.

We have determined to trim our capital investments in fiscal 2001 to an amount ¥120.3 billion less than our original plans, laid out in March 1999. This is to be achieved by deferring constructions of new power plants and distribution facilities as market demand will permit. Between fiscal 2001 and fiscal 2005 our goal is to keep capital spending below ¥500 billion per year; by reassessing our investment schedules in line with demand trends and improved technology in diagnosing equipment service life, we aim to cut the five-year investment sum by ¥930 billion compared against fiscal 1996-2000.

Improved Cost Structure

Improvement of our cost structure, with the aim of controlling our cash outflow, is another vital aspect of our financial strategies. One of the most effective means toward that end is by maintaining the capacity factor of nuclear power stations at a high level exceeding 80%, which results in reduced outlays for fossil fuels. This has been accomplished in part by shortening periodic inspection shutdowns, through such measures as replacement of steam generators, while maintaining full compliance with legally stipulated inspection cycles.

We are also implementing critical strategies to reduce our controllable costs. For example, we are trimming maintenance and repair expenses through reengineering of maintenance work. From fiscal 2001 we are reducing operating costs linked to maintenance and repairs through scheduled, long-term suspensions of operation of our small-capacity thermal power generators with output below 150 MW.

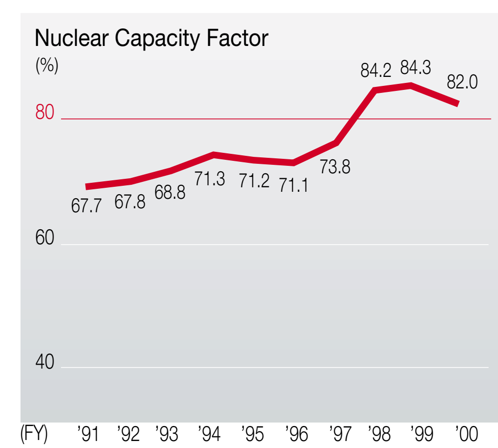
To curb our fixed costs, we are cutting our payrolls. Between fiscal 1999 and fiscal 2004 we intend to reduce our workforce by 1,000, enabling meaningful savings in personnel costs. We are also reexamining our employee welfare benefit programs.

Reduction of Interest-bearing Liabilities

Another of our clearly focused financial strategies is our determination to put our expanding cash flow to optimum use. This will be done not only by realizing attractively competitive price levels, but also by applying our expanding pool of funds toward reducing our interest-bearing liabilities. In fiscal 2001, by accelerating the pace at which we are reducing capital spending, we intend to keep our capital investments within the scope of internally generated funds. By the end of fiscal 2005, we aim to pare our interest-bearing debt to less than ¥4,000 billion, versus roughly ¥4,675 billion at the end of fiscal 2000. We also plan to raise our shareholders' equity to 20% by the same date.

Through these measures, we will seek to enhance our corporate value and shareholder value simultaneously, and thereby secure the trust of both our customers and the capital market.

Ohi Nuclear Power Plant.
The Ohi Plant, boasting an output of 4,710 MW, is Kansai EP's largest nuclear power station.

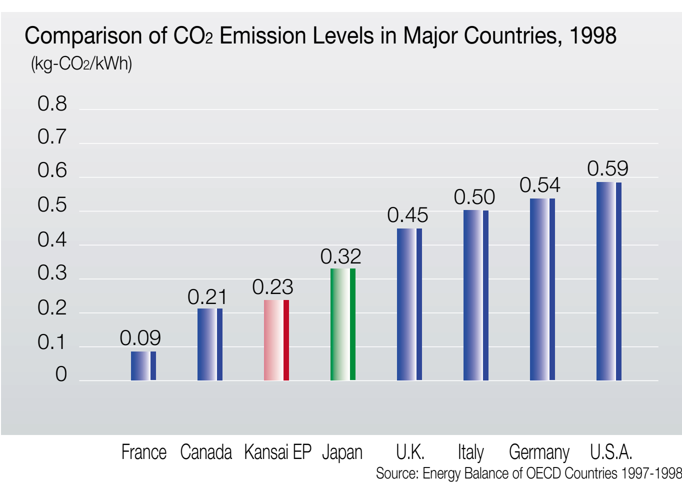


Environmental Initiatives

Fulfilling our social obligation to protect the environment, responsively and responsibly

Solar panels installed
at Nanko Fossil Fuel Power Plant.

As an energy supplier and a global citizen, Kansai EP is taking critical measures now to pass on a sustainable environment for tomorrow.



Commitment to Environmental Management

At Kansai EP environmental management has long been accorded the full-time, full-fledged commitment which this highly 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.

To realize enhanced energy efficiency, we pursue an ongoing program focused on promotion of the use of nuclear power. We also actively promote alternative energy options such as solar energy. Activities in this sphere encompass not only the development of new technologies and installation of innovative equipment; we even purchase surplus energy generated by home generators. We also vigorously promote load leveling, which is effective in terms of both curbing CO_2 emissions and trimming costs. To encourage users to shift their energy usage to nighttime hours, when nuclear power generation prevails, we push for adoption of our innovative "Eco Ice," a highly efficient year-round air-temperature control system which uses ice and cold/warm water as energy sources. Finally, we are also actively working to advance a widespread transition to electric vehicles.

Wind-energy generating equipment
at Okutataragi Pumped-storage Plant.

All of the above measures of course contribute not only to greater energy efficiency but also to reduction of harmful emissions. That these and other related efforts are bringing tangible results is clear from our statistics: in fiscal 2000 Kansai EP's CO_2 emissions were down by roughly 20.5 million tons as compared against fiscal 1991, despite the substantial increase in electricity generation over that decade. Our emission level per unit of generated electricity is now lower than in many major Western countries.

Beyond National Borders

Kansai EP is cooperating proactively with other nations to address our global goals together, from a worldwide perspective. In one example, we created a new flue-gas decarbonization technology involving development of one of the world's most energy-efficient chemical absorbents. After testing the system in a pilot plant at our Nanko generating facility, we have already exported it for use in a urea plant in Malaysia.

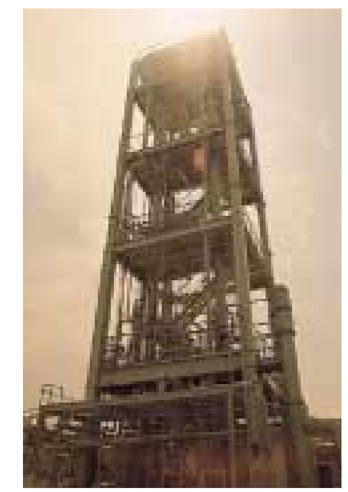
We are also working with other countries to achieve expanded absorption capability in the natural environment. Together with Gadjah Mada University of Indonesia we developed technology for regenerating and protecting tropical rain forests as natural CO_2 absorption zones, and in Australia we are collaborating with the Oceanographic Research Institute in research into use of coastal mangrove forests as CO_2 fixation areas.

Most recently, in January 2000 Kansai EP participated in an investment fund targeted at promoting energy conservation in the nations of Eastern Europe. We are solidly committed to applying our technical expertise in this field to the enhancement of the environment of that region, and by extension our entire planet.

International Certification

In conjunction with our environmental management initiatives, we are continuously striving to enhance the quality and safety levels of our facilities and bring them in line with international standards. In March 2000 our Miyazu Power Plant and the Himeji No.1 Power Plant acquired ISO14001 certification, and we are now working to expand our focus from fossil fuel plants to all facets and dimensions of our operations.

Himeji No.1 Combined Cycle Power Plant, newly certified as ISO14001 compliant.



Flue-gas decarbonization pilot plant set up within Nanko Power Plant. Research is under way into recovery of CO_2 present in power-plant flue-gas emissions.

Engaging in a never-ending quest for new products and services of unchallenged appeal

Resin balls. Compact heat-storage material for home use.

At Kansai EP, R&D is targeted at sustaining a clear competitive edge and generating new demand to drive expanding operations for tomorrow.

Redox-flow battery.

Aiming toward Mutual Benefits

Kansai EP's vigorous initiatives in research and development have two overriding aims: to bring added convenience to users while contributing to environmental enhancement, and to build a solid base for our future operations. Here we introduce just a sampling of our recent efforts and achievements in R&D.

New Heating/Cooling System for the Home

Among Kansai EP's most recent developments targeted at meeting both consumer requirements and environmental needs is an innovative system that stores heat energy for use in home heating, air-conditioning and hot-water supply. By storing heat energy during nighttime hours, when power demands are less stringent and utility charges are lower, and using it during the daytime, the system enables the consumer to reap significant advantages in curbing utility costs. At the same time, the system is also engineered to help reduce CO_2 emissions.

Although similar systems have previously been available for commercial and industrial applications, Kansai EP's newly developed system is the first of its kind for use in the home. It comprises three units: a tank installed below the floor used for air-temperature control and water supply; a heat pump installed outdoors; and a pneumatic radiant cooling and heating unit installed above the ceiling.

New Battery Storage Technology

In a continuing quest to boost the nation's load factor, Kansai EP has been carrying forward research into new battery storage technologies targeted at making positive contributions to load leveling. The latest result is an innovative redox-flow type battery offering significant advantages in terms of structural simplicity, long service life, ease of installation design, quick starts with no waiting loss, easy maintenance, and outstanding operating safety.

Redox-flow batteries, being rechargeable, enable storage of electrical energy from the power system when convenient, for subsequent usage when necessary. To eliminate drawbacks inherent in versions available until now, Kansai EP developed a flexible rubber tank to store the electrolyte solution and devised a system in which the new tank can be installed in a water tank beneath a building structure, thereby broadening the scope of applications. We have already installed a prototype system at an office building site, and we are now monitoring load characteristics as well as feasibility in terms of construction and operation.

Micro Gas Turbines and PEFC

Micro gas turbines have already been brought onto the market by several makers, and their expanding adoption is anticipated in light of their significant advantages, including structural simplicity, light weight, compact size and easy maintenance. In recognition of this growth potential, Kansai EP is now conducting field tests on micro gas turbines to evaluate them from two perspectives: the merits which the user stands to reap and, from the standpoint of a power supplier, their usefulness in diversifying power sources.

We are also conducting tests on polymer electrolyte fuel cells (PEFC). Although improvements are still awaited in technological and cost aspects, PEFCs should one day assume an active role as power sources for electric vehicles and as stationary power supplies.

Micro gas turbine undergoing field test.

New Silicon Carbide Diode

Kansai EP, working in collaboration with Cree Incorporated, an American semiconductor manufacturer, has successfully developed the world's first 12kV diode featuring outstanding voltage resistance and extremely low power loss. These characteristics are achieved through use of silicon carbide (SiC), a material which is expected to play a major role as an element of next-generation power semiconductors.

In contrast with conventional silicon diodes, which are vulnerable to significant power loss during conducting and switching and whose crystals tend to break under the heat generated at high voltages, the use of SiC elements results in only one-fourth as much power loss while also allowing a reduction in bulb volume to approximately one-sixth the size. The superlative voltage withstanding characteristics of SiC elements also enable substantial cost savings since conventional air-cooling can be replaced by simple air-cooling, thereby permitting cooling units of smaller size.

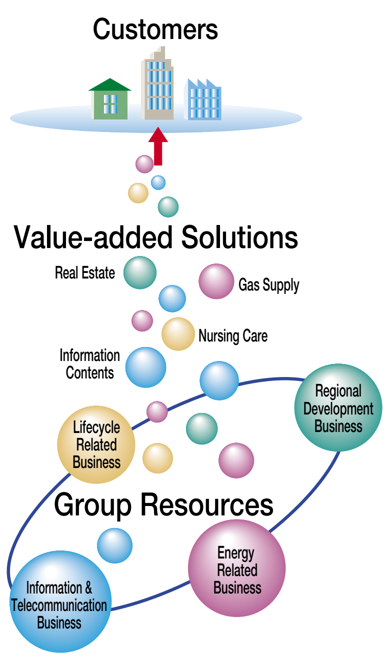
Potential applications of the new SiC diodes include use in back-to-back (BTB) and other equipment linking power systems, and in static var generators (SVG) and similar system-stabilizing equipment. Such applications will make important contributions to the enhancement of supply reliability. Other anticipated applications include use as distributed power supplies in linkage inverters and related equipment.

New silicon carbide diode.

Group Strategies

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

Communicating with a PHS (personal handyphone system) made by Astel Kansai.



Today Kansai EP is applying its groupwide resources and strengths to provide diverse solutions to customer needs — and thereby maximize its broad-based earnings.

Paradigm Shift

Over the years Kansai EP has largely concentrated its group activities on the achievement of a stable supply of high-quality electricity. Today, while fully maintaining that vital stance, we are synchronously building on our multifaceted capabilities in energy operations to become an all-round provider of value-added solutions for our customers in all segments. Toward that end, we are applying our groupwide resources and strengths: our technologies and expertise in all aspects of power supply, our information technologies and infrastructure, our real estate assets, and last but not least the trust placed in us by our customers in the Kansai region.

Four Strategic Vectors

Our new groupwide corporate vision embraces four principal strategy spheres. The first is energy, which will remain our core business focus. In addition to supplying power itself, however, we are now boosting our capacity as a provider of total energy solutions. This includes expansion into gas operations making use of our existing LNG storage facilities. Second, we are developing new service capabilities to support lifecycle-related requirements. For example, we are now engaging in operations relating to nursing care, meal services and home automation. Third, we are increasing our involvement in regional development. Operations in this segment include planning and provision of real estate projects and the creation of homes and office buildings geared to tomorrow's needs. Finally, we are also actively expanding into IT business. As examples, we are now leasing optic-fiber networks and providing a host of IT-related services.

By integrating these various operations on a groupwide basis, we aim to raise potential synergy benefits to the optimal level. To do so, we look to achieve full-scale involvement of all Kansai EP group members in these diversified activities.

LNG ship and loading arm.

LNG base at Himeji No.2 Power Plant. It serves as the base for companywide gas operations.

Challenging Demands, High Expectations

Kansai EP's paradigm shift is necessitating dynamic, and at times difficult, retooling of the management policies of all group companies. In place of inward-focused management, we are encouraging our corporate entities to look outward and seek beneficial liaisons beyond the group. We are also asking them to pursue innovations and greater sophistication in management, including reinforcement of support systems and cash management strategies. We further look for operational restructuring, to be achieved through clarification of guidelines on reorganization of or withdrawal from specific segments. Finally, in conjunction with these various initiatives, Kansai EP is supporting the establishment of venture businesses by company employees. In fiscal 2000, the first year of this program, three new ventures were founded under this project.

As an outgrowth of these groupwide transformations, we have set an ambitious goal: to increase our sales outside the group by 50% and boost our total recurring profit by 50%, by fiscal 2011. With the full support and determination of our group network, we look forward to this goal's attainment.

Fiber-optic infrastructure, vitally important to IT business. Kansai EP's fiber-optic network is now under development.

Putting difficult times behind with a forward-looking stance for the brand-new century

The Asia and Pacific Trade Center (ATC)/
The Osaka World Trade Center (WTC).
An office and commercial complex located in the Nanko district of Osaka.

Ambitious Projects of National Scale

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

One project which is quickly becoming a new landmark, and source of pride, of the region is "Kansai Science City." A cooperative undertaking by industry, academia and government at both the local and national levels, Kansai Science City is being developed as a hub for cultural, scholastic and state-of-the-art scientific endeavors of international scope and scale. The project involves the creation, on 15,000 hectares of scenic hilly terrain spanning across Kyoto, Osaka and Nara prefectures, of a vibrant and ultramodern city with a target population exceeding 380,000. Facilities are to include not only universities and corporate research centers, but also the residential and community support facilities for those who will work and live here.

As Kansai swiftly regains its economic vitality, Kansai EP forms the vital link between drawing-board aspirations and nuts-and-bolts accomplishments.

FM CO•CO•LO,
a new format in FM broadcasting.
Programs are conducted by volunteer native speakers from around the world in their native languages.

Another comprehensive undertaking which is transforming the face of Kansai is the "Bay Area Development" project. Located on a vast tract of land along Osaka Bay, the project zone is designed to provide the sophisticated office buildings and other commercial facilities appropriate to a truly international megalopolis. In tandem with the project, a famed theme park, Universal Studios Japan is also under construction here. Once in place, these various new amenities are expected to draw increasingly more visitors to Kansai from throughout Japan and the entire Asian region.

The Keihanna Plaza at Kansai Science City.
A new national library is currently under construction on adjacent property.

Enterprising Initiatives

Even long before the days when "business" became a global buzz-word, the Kansai region was already known as the commercial capital of Japan. The region has traditionally thrived on its enterprising spirit, the business acumen of its independent-minded entrepreneurs, and the hard-driving demands of its citizens. Today that tradition is reflected in an impressive list of enterprises and services that trace their origins to Kansai. Among the industries for which Kansai has garnered fame are home appliances and pharmaceuticals. But today these represent only two facets of an expanding palette that runs the gamut from advanced information-based home electronics to the latest in biotechnology.

A Truly International Environment

Kansai has long been home, permanent or temporary, to large numbers of non-Japanese. In particular the region enjoys unusually strong ties with the nations of Asia that trace back deep into the area's history, and significant communities from Asian backgrounds continue to live and work in a highly international environment. Moreover, because this trend towards a truly internationalized local society is expected to become even more pronounced during the 21st century, the region is giving birth to facilities of all kinds to support their needs.

As one modest example, Kansai is host to 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—everything from news and entertainment to language lessons and emergency information—in a remarkable array of languages.

In all aspects—from national projects to commercial development, to the enhancement of the region's international community—Kansai EP provides the vital link that enables Kansai's diverse and ambitious aspirations to be transformed to resounding, tangible accomplishments.

Directors and Auditors

(As of June 29, 2000)

Yoshihisa Akiyama
Chairman of the Board of Directors

Hiroshi Ishikawa
President and Director

Hajime Miyamoto
Executive Vice President and Director

Takashi Iwasaki
Executive Vice President and Director

Yasuo Hashimoto
Executive Vice President and Director

Hajimu Maeda
Executive Vice President and Director

Yohsaku Fuji
Executive Vice President and Director

Senior Managing Directors
Wataru Kinugawa
Masahisa Kagimoto
Motohiro Okazawa

Managing Directors
Toshihisa Hatanaka
Minoru Harada
Yoji Goto
Kazuo Sato
Hideki Osada
Shosuke Mori
Tetsuji Kishida
Hisao Takamoto

Directors
Tadao Tanabe
Takashi Inoue
Keishi Yoshimoto
Tetsuo Akiyama
Hiroshi Fujiwara
Hiroo Ariga
Akihiko Yagi
Hiroshi Morimoto
Isao Aoki
Takashi Tokunaga
Shigenobu Murai
Yasuo Shingu
Naotaka Saeki

Standing Auditors
Kenji Minami
Akihiko Tada
Haruo Morikiyo
Mitsunobu Kemuyama

Auditors
Yoshinori Ueyama
Tetsuhei Kiji

Financial Section

Contents

Financial Results and Analysis (Consolidated)

Overview

Income

Operating revenues from the Company's electricity operations in fiscal 2000—the year running from April 1, 1999 through March 31, 2000—totaled ¥2,512,721 million, down ¥18,029 million from the previous term. Although total power sales increased year-on-year, revenues from lighting and power sales declined as a result of the implementation throughout the term of reduced electricity rates in line with the Fuel-Cost Adjustment System*. Operating revenues generated by other operations reached ¥75,669 million, up ¥9,342 million over fiscal 1999. The increase derived from the addition of two new consolidated subsidiaries during the term.

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

Expenses

Expenses incurred in conjunction with electricity operations reached ¥2,193,012 million, down ¥33,832 million from fiscal 1999. Increased costs of fuel for steam power generation, tracing primarily to higher crude-oil costs, were offset by a combination of factors. These included reductions in maintenance, depreciation and other operating costs through management efficiency initiatives. Operating expenses linked to other business areas totaled ¥84,805 million; the figure represents a ¥25,164 million increase over fiscal 1999, attributable to the addition of the new consolidated subsidiaries noted above. As a result of the foregoing, the Company's operating income totaled ¥310,573 million, down ¥19 million from fiscal 1999.

Interest payments during the term were trimmed by ¥22,936 million from the level of the previous year. This feat was accomplished by reducing early repayments of debts bearing high interest rates accrued in conjunction with electricity operations, and by curbing interest-bearing debt expansion through reductions in capital investments. Also, the Company booked ¥24,491 million in profit from the sale of securities holdings. It further booked ¥105,354 million to cover a shortfall in the reserve against severance payments during the preceding fiscal period; this move, made possible by a change in related accounting methods, was taken in order to make the Company's financial position sounder.

As a result of the foregoing, income before income taxes, after provision for the reserve for fluctuations in water level, totaled ¥87,443 million, down ¥43,471 million from fiscal 1999. Net income, after factoring in tax effect adjustments in line with tax effect accounting, totaled ¥52,300 million, down ¥197 million.

Assets, Liabilities and Shareholders' Equity

The Company's total assets reached ¥7,500,934 million, up ¥324,151 million compared with the previous fiscal year-end. Fixed assets expanded by ¥69,890 million, mainly as a result of the implementation of ¥432,611 million in depreciation coupled with ¥628,928 million in capital investments, primarily directed into power generation and distribution facilities to ensure stable power supplies well into the future. Fixed and current defferd tax assets reached respectively ¥194,378 million and ¥11,623 million with the introduction of tax effect accounting.

Liabilities increased ¥188,315 million during the term, to ¥6,101,403 million. The increase stemmed from an increase made to the reserve for severance payments as necessitated by changes in accounting policies, and from coverage, using interest-bearing loans, of capital investments outside the scope of owned capital.

Total shareholders' equity increased ¥135,836 million year-on-year. This was occasioned by applying equity accrued through the introduction of tax effect accounting toward adjustment of the corporate tax sum, thereby realizing a surplus.

Cash Flow

Cash flow generated by business operations reached ¥626,062 million. Income before taxes, not including minority interest losses or gains, totaled ¥87,310 million; this resulted primarily after the deduction of ¥432,611 million in depreciation costs, deductions allocated to various reserves, including ¥108,423 million set aside for the reserve for severance payments, and other cost reductions achieved through management efficiency initiatives in conjunction with maintenance outlays and interest and other cash payments.

The cash flow sufficed to cover ¥609,767 million required during the period to fund investments, chiefly focused on the acquisition of fixed assets.

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Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS (Note 5)	**2000**	1999	**2000**
PROPERTY:			
Utility plant and equipment	**¥12,562,541**	¥12,330,521	**$118,347,065**
Other plant and equipment	**316,925**	258,867	**2,985,634**
Construction in progress	**1,008,786**	904,236	**9,503,401**
Contributions in aid of construction	**(361,478)**	(352,947)	**(3,405,351)**
Accumulated depreciation	**(7,401,135)**	(7,058,129)	**(69,723,363)**
Plant and equipment - net (Notes 4 and 5)	**6,125,639**	6,082,548	**57,707,386**
Nuclear fuel, net of amortization	**497,790**	470,991	**4,689,496**
Property - net	**6,623,429**	6,553,539	**62,396,882**
INVESTMENTS AND OTHER ASSETS:			
Investment securities	**92,221**	118,066	**868,780**
Investments in and advances to unconsolidated subsidiaries and associated companies	**217,973**	149,659	**2,053,443**
Deferred tax assets (Note 9)	**194,378**	17,174	**1,831,163**
Other assets	**50,713**	50,489	**477,749**
Total investments and other assets	**555,285**	335,388	**5,231,135**
CURRENT ASSETS:			
Cash and time deposits	**69,890**	59,068	**658,408**
Accounts receivable	**150,454**	142,137	**1,417,372**
Allowance for doubtful accounts	**(2,166)**	(1,219)	**(20,405)**
Inventories	**52,910**	51,166	**498,446**
Other current assets	**51,132**	36,704	**481,695**
Total current assets	**322,220**	287,856	**3,035,516**
TOTAL	**¥7,500,934**	¥7,176,783	**$70,663,533**

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY	**2000**	1999	**2000**
LONG-TERM DEBT, LESS CURRENT MATURITIES (Note 5)	**¥4,060,970**	¥3,900,623	**$38,256,901**
LIABILITY FOR SEVERANCE PAYMENTS (Notes 3 and 6)	**230,268**	121,713	**2,169,270**
RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL	**372,156**	351,205	**3,505,944**
RESERVE FOR DECOMMISSIONING OF NUCLEAR POWER UNITS	**179,995**	169,599	**1,695,667**
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 5)	**385,057**	381,776	**3,627,480**
Short-term borrowings (Note 7)	**428,180**	476,943	**4,033,726**
Accounts payable (Note 5)	**163,332**	183,091	**1,538,691**
Payable to unconsolidated subsidiaries and associated companies	**45,340**	43,361	**427,131**
Accrued income taxes	**42,180**	41,994	**397,362**
Reserve for restoration costs of natural disaster		928	
Accrued expenses and other current liabilities	**182,021**	227,600	**1,714,753**
Total current liabilities	**1,246,110**	1,355,693	**11,739,143**
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**9,108**	11,213	**85,803**
MINORITY INTERESTS	**2,796**	3,042	**26,340**
COMMITMENTS AND CONTINGENCIES (Notes 12 and 13)			
SHAREHOLDERS' EQUITY (Notes 5, 8 and 14):			
Common stock-authorized, 1,800,000,000 shares with par value of ¥500 per share	**489,320**	489,320	**4,609,703**
Additional paid-in capital	**65,463**	65,463	**616,703**
Retained earnings	**844,764**	708,934	**7,958,210**
Treasury stock	**(16)**	(22)	**(151)**
Total shareholders' equity	**1,399,531**	1,263,695	**13,184,465**
TOTAL	**¥7,500,934**	¥7,176,783	**$70,663,533**

See notes to consolidated financial statements.

Consolidated Statements of Income

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
OPERATING REVENUES:			
Electric	¥2,512,721	¥2,530,750	$23,671,418
Other	75,669	66,327	712,850
Total	2,588,390	2,597,077	24,384,268
OPERATING EXPENSES:			
Electric	2,193,012	2,226,844	20,659,557
Other	84,805	59,641	798,917
Total	2,277,817	2,286,485	21,458,474
OPERATING INCOME	310,573	310,592	2,925,794
OTHER (INCOME) EXPENSES:			
Interest expense	148,459	171,395	1,398,578
Exchange gain	(582)	(1,207)	(5,483)
Equity in losses (earnings) of associated companies	(4,654)	2,218	(43,844)
Loss (gain) on sales of securities	(24,491)	1,509	(230,721)
Cumulative effect of the change in the accounting for liability for severance payments	105,354		992,501
Other – net	1,282	(1,872)	12,078
Total	225,368	172,043	2,123,109
INCOME BEFORE PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS	85,205	138,549	802,685
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(2,105)	7,489	(19,830)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	87,310	131,060	822,515
INCOME TAXES (Note 9):			
Current	78,687	78,742	741,281
Deferred	(43,544)	(325)	(410,212)
Total	35,143	78,417	331,069
MINORITY INTERESTS IN NET INCOME	(133)	146	(1,253)
NET INCOME	¥52,300	¥52,497	$492,699

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Net income	¥53.44	¥53.64	$0.50
Fully diluted net income	53.10	53.06	0.50
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, 2000 and 1999

		Millions of Yen		
	Number of Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Earnings
BALANCE, APRIL 1, 1998	978,639,031	¥489,320	¥65,463	¥695,237
Cumulative effect of the initial application of the equity method to associated companies				10,607
Net income				52,497
Cash dividends, ¥50 per share				(48,931)
Bonuses to directors and corporate auditors				(476)
BALANCE, MARCH 31, 1999	978,639,031	489,320	65,463	708,934
Adjustment of retained earnings for adoption of deferred tax accounting method				147,853
Adjustment of retained earnings for newly consolidated subsidiaries				(14,914)
Net income				52,300
Cash dividends, ¥50 per share				(48,932)
Bonuses to directors and corporate auditors				(477)
BALANCE, MARCH 31, 2000	978,639,031	¥489,320	¥65,463	¥844,764

	Thousands of U.S. Dollars (Note 1)		
	Common Stock	Additional Paid-in Capital	Retained Earnings
BALANCE, MARCH 31, 1999	$4,609,703	$616,703	$6,678,605
Adjustment of retained earnings for adoption of deferred tax accounting method			1,392,869
Adjustment of retained earnings for newly consolidated subsidiaries			(140,499)
Net income			492,699
Cash dividends, $0.47 per share			(460,970)
Bonuses to directors and corporate auditors			(4,494)
BALANCE, MARCH 31, 2000	$4,609,703	$616,703	$7,958,210

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Year Ended March 31, 2000 and 1999

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
OPERATING ACTIVITIES:		
Income before income taxes and minority interests	¥87,310	$822,515
Adjustments for:		
Income taxes-paid	(77,970)	(734,527)
Depreciation and amortization	432,611	4,075,469
Amortization of nuclear fuel	59,580	561,281
Loss on disposal of property, plant and equipment	9,818	92,492
Nuclear fuel transferred to reprocessing costs	44,595	420,113
Provision for liability for severance payments	108,423	1,021,413
Provision for reprocessing of irradiated nuclear fuel	20,951	197,372
Provision for decommissioning of nuclear fuel units	10,395	97,927
Reversal of reserve for fluctuations in water level	(2,105)	(19,830)
Changes in assets and liabilities, net effects from newly consolidated subsidiaries:		
Increase in trade receivables	(5,568)	(52,454)
Decrease in interest and dividend receivable	631	5,944
Decrease in trade payables	(5,927)	(55,836)
Decrease in interest payable	(304)	(2,864)
Other - net	(56,378)	(531,116)
Total adjustments	538,752	5,075,384
Net cash provided by operating activities	626,062	5,897,899
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(642,485)	(6,052,614)
Payments for investments and advances	(8,390)	(79,039)
Proceeds from collections of investments and advances	32,973	310,626
Other – net	8,135	76,637
Net cash used in investing activities	(609,767)	(5,744,390)

See notes to consolidated financial statements.

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	¥348,525	$3,283,325
Proceeds from long-term debt (exclusive of bonds)	157,306	1,481,922
Proceeds from short-term borrowings	860,566	8,107,075
Proceeds from issuance of commercial paper	223,000	2,100,801
Redemption of bonds	(229,850)	(2,165,332)
Repayments of long-term debt (exclusive of bonds)	(184,372)	(1,736,901)
Repayments of short-term borrowings	(908,726)	(8,560,772)
Repayments of commercial paper	(223,000)	(2,100,801)
Dividends paid	(48,954)	(461,178)
Other – net	(38)	(358)
Net cash used in financing activities	(5,543)	(52,219)
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR (FORWARD)	¥5,526	$52,059
NET INCREASE IN CASH AND EQUIVALENTS	16,278	153,349
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	66,936	630,579
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥83,214**	**$783,928**
NON CASH FINANCING ACTIVITIES:		
Assets increased by consolidation of subsidiaries previously unconsolidated	¥36,227	$341,281
Liabilities increased by consolidation of subsidiaries previously unconsolidated	50,581	476,505

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

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

Effective April 1, 1999, a consolidated statement of cash flows is required to be prepared under Japanese accounting standards. The statement of cash flows for the year ended March 31, 2000 is presented herein. Such statement for the year ended March 31, 1999 is not presented, as Japanese accounting standards do not require retroactive preparation or presentation for prior year's financial statements.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.15 to $1, the approximate rate of exchange at March 31, 2000. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Certain reclassifications have been made in 1999 financial statements to conform to the classifications used in 2000.

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, 2000 include the accounts of the Company and its significant nine subsidiaries (seven for the year ended March 31, 1999). Effective April 1, 1999, the Companies changed its consolidation scope of subsidiaries and associated companies from the application of the ownership concept to the control or influence concept. Under the control or influence concept, those companies in which the Parent, directly or indirectly, is able to exercise control over operations are fully consolidated. Two subsidiaries, one of which was previously accounted for by the equity method and the other of which was accounted for by the cost method, have been consolidated as of April 1, 1999.

The consolidated financial statements for the year ended March 31, 1999 are not retroactively adjusted. The change of retained earnings arising from the change in the consolidated scope is recognized as "Adjustment of retained earnings for newly consolidated subsidiaries" in the Consolidated Statements of Shareholders' Equity for the year ended March 31, 2000.

Investments in two associated companies (three in 1999) are accounted for by the equity method. Investment in the remaining unconsolidated subsidiaries and 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.

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.

In 1999, certain associated companies, previously accounted for by the cost method, were newly accounted for by the equity method. The effects of the initial application of the equity method have been reflected in the consolidated statement of shareholders' equity for the year ended March 31, 1999.

b. Property, Depreciation and Amortization – Property is stated at cost. Prior to April 1, 1999, costs for plant and equipment included certain interest costs incurred during the construction period on borrowings specifically related to constructed plant and equipment. Effective April 1, 1999, those interest costs are charged to income as incurred with revision of the regulations described in the Japanese Electric Utility Law and the related accounting regulations. The effect of this change was not material. 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, 2000 and 1999 was ¥141,421 million ($1,332,275 thousand) and ¥135,697 million, respectively.

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

d. Investments – Investments in quoted securities, except those of an associated company accounted for by the equity method, are stated at the lower of cost or market value. Other investments are stated at cost or less if the value of such investments have been significantly impaired. The cost of securities is determined by the moving-average method.

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

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

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

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

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

If receivables and payables denominated in foreign currencies, not covered by forward exchange contracts, had been translated at the rates in effect at the balance sheet date, there would have been no material effect on the Companies' financial position or results of operations for the year ended March 31, 2000 and 1999.

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

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

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

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

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

k. Income Taxes – Through the year ended March 31, 1999, the Companies did not recognize the tax effect of temporary differences between amounts reported for tax and financial reporting purposes, except for those applicable to unrealized profits arising from the elimination of intercompany transactions in consolidations. Effective April 1, 1999, the Companies adopted an accounting method for interperiod allocation of income taxes principally based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥147,853 million ($1,392,869 thousand) is included as an adjustment to retained earnings as of April 1, 1999. Such cumulative effect is calculated by applying the income tax rate stipulated by enacted tax laws as of April 1, 1999.

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

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

The Company and a consolidated subsidiary have made a provision for estimated costs of repair and abandonment related to the above, excluding capital expenditures.

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

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

o. Per Share Information – The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in the computation were 978,639,031 shares for 2000 and 1999.

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

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

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

3. ACCOUNTING CHANGE

Effective for the year ended March 31, 2000, the Company changed its method of accounting for employees' severance payments as described in Note 2.h. This change was made in order to provide a more accurate allocation of severance costs to future periods and to make the Company's financial position sounder, taking this opportunity of investigating the actual condition of employees' severance payment. The effect of this change was to decrease income before income taxes by ¥105,421 million ($993,132 thousand) for the year ended March 31, 2000.

4. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	**2000**
Hydroelectric power production facilities	**¥539,321**	¥554,186	**$5,080,744**
Thermal power production facilities	**610,652**	666,034	**5,752,727**
Nuclear power production facilities	**593,959**	627,904	**5,595,469**
Transmission facilities	**1,374,779**	1,334,385	**12,951,286**
Transformation facilities	**561,318**	577,462	**5,287,970**
Distribution facilities	**1,072,460**	1,087,292	**10,103,250**
General facilities	**196,634**	201,451	**1,852,416**
Other utility facilities	**10,671**	11,748	**100,528**
Other plant and equipment	**157,059**	117,850	**1,479,595**
Construction in progress	**1,008,786**	904,236	**9,503,401**
Total	**¥6,125,639**	¥6,082,548	**$57,707,386**

5. LONG-TERM DEBT

Long-term debt at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	**2000**
General mortgage bonds:			
0.6% to 6.9%, due serially through 2018	**¥1,717,171**	¥1,597,021	**$16,176,835**
7.25%, due 2006 (payable in U.S. dollars)	**54,450**	54,450	**512,953**
6.625% and 7.0%, due through 2006 (payable in French francs)	**110,266**	110,266	**1,038,775**
5.75%, due 2007 (payable in Netherlands guilder)	**62,294**	62,294	**586,849**
General mortgage convertible bonds:			
2.0%, due 2002	**94,629**	94,629	**891,465**
1.4%, due 2005	**178,637**	178,637	**1,682,873**
1.1% to 7.4% secured loans from principally the Development Bank of Japan* maturing serially through 2023:			
The Company	**613,777**	651,763	**5,782,167**
Subsidiaries	**9,326**		**87,857**
1.1% to 7.97% unsecured loans from banks and insurance companies maturing serially through 2033	**1,485,692**	1,413,872	**13,996,156**
Other	**119,785**	119,467	**1,128,451**
Total	**4,446,027**	4,282,399	**41,884,381**
Less current maturities	**385,057**	381,776	**3,627,480**
Long-term debt, less current maturities	**¥4,060,970**	¥3,900,623	**$38,256,901**

**The Development Bank of Japan was launched on October 1, 1999, taking over the functions of the Japan Development Bank and the Hokkaido- Tohoku Development Finance Public Corporation.*

Annual maturities of long-term debt at March 31, 2000 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2001	¥385,057	$3,627,480
2002	437,375	4,120,349
2003	363,858	3,427,772
2004	387,054	3,646,293
2005	596,287	5,617,400
2006 and thereafter	2,276,396	21,445,087
Total	**¥4,446,027**	**$41,884,381**

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 ¥3,278 million ($30,881 thousand) and the above secured loans at March 31, 2000, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property and other	¥7,488	$70,542

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

The convertible bonds may be redeemed in whole or in part at prices declining by 1% per year from 107% to 100% of the principal amounts. The 2.0% and 1.4% bonds are currently redeemable. The convertible bonds outstanding at March 31, 2000 were convertible into 59,596 thousand shares of common stock, at the conversion prices shown below subject to certain anti-dilutive provisions:

	Conversion Price per Share	
	Yen	U.S. Dollars
2.0% bonds	¥4,218	$39.74
21.4% bonds	4,807	45.28

6. SEVERANCE PAYMENTS AND PENSION PLAN

Employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled under most circumstances to severance payments based on the rate of pay at the time of termination, years of service and certain other factors.

The Company has a non-contributory funded pension plan covering substantially all of its employees. A vested interest in the plan is acquired only at retirement age, upon death or in the case of disability. The assets of the fund amounted to ¥257,612 million ($2,426,868 thousand) at March 31, 1999 the most recent date of available information.

7. SHORT-TERM BORROWINGS

Short-term borrowings were principally represented by bank overdrafts. The weighted average interest rate on short-term borrowings outstanding were 0.478% and 0.802% at March 31, 2000 and 1999, respectively.

8. SHAREHOLDERS' EQUITY

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

The Code also requires the Companies to appropriate from retained earnings to a legal reserve an amount equal to at least 10% of all cash payments made as an appropriation of retained earnings, until such reserve equals 25% of the stated capital. This reserve amount, which is included in retained earnings, totals ¥121,392 million ($1,143,589 thousand) and ¥116,484 million as of March 31, 2000 and 1999, respectively, and is not available for dividends but may be used to reduce a deficit by shareholders' resolution.

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

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

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

Under the Code, the amount available for dividends is based on retained earnings as recorded on the Company's books. At March 31, 2000 and 1999, retained earnings recorded on the Company's books were ¥518,871 million ($4,888,092 thousand) and ¥397,233 million, respectively. Such retained earnings included certain specific reserves stipulated by the Japanese Special Taxation Measures Law totaling ¥3,375 million ($31,795 thousand) and ¥17,778 million at March 31, 2000 and 1999, respectively. These specific reserves were appropriated at the shareholders' meetings to be tax deductible in the respective years.

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 year ended March 31, 2000.

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

	Millions of Yen	Thousands of U.S. Dollars
Deferred Tax Assets:		
Liability for severance payments	¥46,810	$440,980
Reserve for reprocessing of irradiated nuclear fuel	41,878	394,517
Past service costs of pension plan	28,066	264,399
Reserve for decommissioning of nuclear power units	25,096	236,420
Deferred charges	21,393	201,536
Tax loss carryforwards of a subsidiary	25,891	243,910
Other	43,130	406,311
Less valuation allowance	(25,993)	(244,870)
Deferred tax assets	¥206,271	$1,943,203
Deferred Tax Liabilities:		
Property and equipment	¥119	$1,121
Special reserve for tax purposes	113	1,065
Other	38	358
Deferred tax liabilities	¥270	$2,544
Net deferred tax assets	¥206,001	$1,940,659

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

	Year ended March 31, 2000
Normal effective statutory tax rate	36.2%
Tax benefits not recognized on operating losses of a subsidiary	5.4
Equity in earnings of associated companies	(1.9)
Other - net	0.6
Actual effective tax rate	**40.3%**

The actual effective tax rate in the accompanying consolidated statement of income for the year ended March 31, 1999 differed from the normal statutory tax rate, principally due to non-recognition of the tax effects of temporary differences between tax and financial reporting and certain expenses that are permanently non-deductible for tax purposes.

At March 31, 2000, a certain subsidiary has tax loss carryforwards aggregating approximately ¥61,792 million ($582,120 thousand) which are available to offset against taxable income of such subsidiary in future years. These tax loss caryyforwards, if not utilized, will expire as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2001	¥4,548	$42,845
2002	14,246	134,206
2003	16,114	151,804
2004	13,631	128,413
2005	13,253	124,852
Total	**¥61,792**	**$582,120**

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥34,124 million ($321,470 thousand) for the year ended March 31, 2000.

11. RELATED PARTY TRANSACTIONS

Transactions of the Company with an associated company for the year ended March 31, 2000, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Kinden Co., Ltd.		
Transactions:		
Order for construction works of transmission facilities and distribution facilities	¥89,802	$845,992
Balances at year ended:		
Payables for construction works	11,525	108,573

The Company made a contribution of ¥1,714 million ($16,147 thousand) to Kanden Social Welfare Foundation which Mr. Hiroshi Ishikawa, the Company's president and director, also holds the post of administrative director.

12. LEASES

Lessor

Finance Leases

Revenue under finance leases were ¥843 million ($7,942 thousand) and ¥1,129 million for the years ended March 31, 2000 and 1999, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation and future lease revenue under finance leases for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Other Facilities		Other Facilities
	2000	1999	**2000**
Acquisition cost	**¥4,266**	¥5,721	**$40,188**
Accumulated depreciation	**3,253**	4,280	**30,645**
Net leased property	**¥1,013**	¥1,441	**$9,543**

Future lease revenue under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	**2000**
Due within one year	**¥669**	¥923	**$6,302**
Due after one year	**926**	1,642	**8,724**
Total	**¥1,595**	¥2,565	**$15,026**

Depreciation expenses relating to the leased assets arrangements mentioned above were ¥621 million ($5,850 thousand) and ¥1,221 million for the year ended March 31, 2000 and 1999.

Lessee

Finance Leases

Total lease payments under finance leases were ¥8,693 million ($81,894 thousand) and ¥8,176 million for the years ended March 31, 2000 and 1999, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense of finance leases that deem to transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999 was as follows:

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

	Thousands of U.S. Dollars				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2000					
Acquisition cost	$51,050	$70,890	$184,899	$164,965	$471,804
Accumulated depreciation	19,331	41,347	78,851	79,708	219,237
Net leased property	**$31,719**	**$29,543**	**$106,048**	**$85,257**	**$252,567**

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 1999					
Acquisition cost	¥5,311	¥7,951	¥20,059	¥11,255	¥44,576
Accumulated depreciation	1,628	4,288	6,589	6,036	18,541
Net leased property	**¥3,683**	**¥3,663**	**¥13,470**	**¥5,219**	**¥26,035**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	**2000**
Due within one year	**¥7,431**	¥7,514	**$70,005**
Due after one year	**19,379**	18,520	**182,562**
Total	**¥26,810**	¥26,034	**$252,567**

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

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method over the respective lease periods was ¥8,693 million ($81,894 thousand) and ¥8,176 million for the years ended March 31, 2000 and 1999.

Operating Leases

Obligations under non-cancelable operating leases at March 31, 2000 and 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	**2000**
Due within one year	**¥2**	¥9	**$19**
Due after one year	**2**	4	**19**
Total	**¥4**	¥13	**$38**

13. COMMITMENTS AND CONTINGENCIES

At March 31, 2000, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥300,857 million ($2,834,263 thousand). Additionally, the Companies have entered into several fuel supply contracts which involve substantial commitments.

At March 31, 2000, the Companies had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans of other companies:		
Japan Nuclear Fuel Limited	¥206,393	$1,944,352
Other	2,835	26,708
Total	**¥209,228**	**$1,971,060**
A guarantee about equity contribution and power supply for KPIC Singapore Pte Ltd.	¥1,260	$11,870
Contingency relating to debt assumption agreement	¥235,492	$2,218,483

14. SUBSEQUENT EVENT

On June 29, 2000, the shareholders of the Company approved payment of a cash dividend of ¥25 ($0.24) per share to holders of record as of March 31, 2000 or a total of ¥24,465 million ($230,476 thousand), the transfer from retained earnings to legal reserve of ¥937 million ($8,827 thousand) and bonuses to directors and corporate auditors of ¥145 million ($1,366 thousand).

15. SEGMENT INFORMATION

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

a. Sales and Operating Income

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

	Thousands of U.S. Dollars			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$23,671,418	$712,850		$24,384,268
Intersegment sales	42,223	2,192,171	$(2,234,394)	
Total sales	23,713,641	2,905,021	(2,234,394)	24,384,268
Operating expenses	20,744,079	2,950,278	(2,235,883)	21,458,474
Operating income	**$2,969,562**	**$(45,257)**	**$1,489**	**$2,925,794**

b. Assets, Depreciation and Capital Expenditures

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

	Thousands of U.S. Dollars			
	Electric Power	Other	Eliminations/ Corporate	Consolidated
Assets	$68,763,589	$2,986,322	$(1,086,378)	$70,663,533
Depreciation	3,916,156	186,670	(27,357)	4,075,469
Capital expenditures	5,759,416	191,974	(26,491)	5,924,899

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

Deloitte Touche Tohmatsu

INDEPENDENT AUDITORS' REPORT

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

We have examined the consolidated balance sheets of The Kansai Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 2000 and 1999, the related consolidated statements of income and shareholders' equity for the years then ended, and the consolidated statement of cash flows for the year ended March 31, 2000. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of The Kansai Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 2000 and 1999, the results of their operations for the years then ended, and their cash flows for the year ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, in the accounting for liability for severance payments, as discussed in Note 3.

As described in Note 2, effective April 1, 1999, the consolidated financial statements have been prepared in accordance with new accounting standards for consolidated financial statements and interperiod allocation of income taxes.

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

Deloitte Touche Tohmatsu

Osaka, Japan
June 29, 2000

Financial Results and Analysis (Non-Consolidated)

Overview

In fiscal 2000—the period from April 1, 1999 through March 31, 2000—the Japanese economy remained in an extremely severe position, with capital investment and personal consumption at greatly depressed levels. Nonetheless signs of gradual improvement emerged during the second half of the period as government policy initiatives began reaping results and the Asian economies continued to mark recovery. In reflection of this operating environment, marginal expansion in demand for electric power was recorded within both the industrial and general consumer segments. In the latter case, demand growth was restrained by a decline in air-conditioning demand stemming from relatively cool temperatures during the first half of the summer season. For the whole year, the Company's total power sales reached 140.4 billion kWh, up a modest 1.1% from fiscal 1999.

Despite this increase in total power sales, operating revenues fell ¥17,600 million year-on-year. The decline was attributable largely to a ¥12,259 million drop in lighting and power sales revenues arising from full-year implementation of lower electricity rates in line with the Fuel-Cost Adjustment System.

Operating income for the term reached ¥315,219 million, up ¥17,001 million over fiscal 1999. A ¥19,324 million year-on-year increase in fuel costs, chiefly from relatively higher crude-oil prices as compared with the low levels of the previous year, was adequately compensated by a ¥34,601 million reduction in operating expenses. Expenses were trimmed in various ways, including reductions in maintenance, depreciation and other operating costs on the back of management efficiency initiatives*.

*Initiatives implemented during fiscal 2000 targeted at enhanced management efficiency enabled a total of ¥43.0 billion in reduced operating expenses. Results took such forms as reduced maintenance outlays, reduced interest payments as a consequence of restrained capital investments, and deduction of increased fuel costs stemming from a reduced utilization rate of nuclear energy.

Interest payments were trimmed during the period by ¥24,219 million year-on-year. This was accomplished by curbing expansion in the Company's interest-bearing debt burden through reduced capital spending and reduced early repayments of liabilities bearing high interest rates. During the term, in order to apply the increased income from reduced operating expenses to early writedown of future liabilities, accounting practices affecting the reserve for severance payments were amended. In conjunction with these changes, ¥104,158 million of the reserve sum set aside during fiscal 1999 was included in other expenses. To cover a loss in the amount of ¥23,499 million linked to investments in the Company's affiliates, ¥23,189 million generated from the sale of part of the Company's securities holdings was included in other income.

In the end the Company finished with income before income taxes, after provision for the reserve for fluctuations in water level, of ¥67,052 million, down ¥54,301 million from the previous term. Net income, however, declined only ¥7,323 million, to ¥43,650 million, thanks to tax effect adjustments rendered in conjunction with the nationwide introduction, starting this fiscal year, of tax effect accounting.

Assets, Liabilities and Shareholders' Equity

As of the end of fiscal 2000, the Company's total assets had reached ¥7,166,847 million, constituting an increase of ¥252,259 million over fiscal 1999. The increase owes mainly to ¥612,291 million worth of capital investments carried out during the period, coupled with allocations, deriving from deferred tax assets in conjunction with the introduction of tax effect accounting, of ¥167,802 million and ¥13,892 million, respectively, to fixed and current assets. The Company's total asset figure was eroded during the term by three factors: ¥418,601 million in depreciation costs, ¥58,907 million in losses linked to reduced use of nuclear fuel, and ¥44,595 million in costs incurred for reprocessing irradiated nuclear fuel.

The Company's total liabilities reached ¥5,971,800 million, up ¥125,714 million from the end of fiscal 1999. The increase owed primarily to two factors: a ¥108,412 million increase in the reserve for severance payments necessitated by the changes in accounting practices affecting that reserve, and a ¥43,623 million increase in interest-bearing liabilities arising from coverage, through interest-bearing loans, of capital investments undertaken beyond the scope of owned capital.

Total shareholders' equity increased ¥126,546 million year-on-year. The increase came from application of equity accrued through the introduction of tax effect accounting toward adjustment of the corporate tax sum, enabling the realization of a surplus. As a result, as of the end of the fiscal term the Company's shareholders' equity ratio reached 16.7%, up 1.2 percentage point over the previous year.

Dividends

During the term the Company disbursed a dividend of ¥50 per share, unchanged from fiscal 1999. The allocation was carried out in conformity with the Company's fundamental policy governing dividend payments, which is coordinated with the goal of expanding the Company's shareholder value from a long-range perspective. To achieve that target during this era of unprecedented competition in the electric power industry, the Company seeks to strengthen its financial structure while implementing efficiency initiatives to optimum capacity and maintaining electricity rates sufficiently attractive to ensure the Company's competitive edge. In this respect, the latest dividend disbursement reflects the Company's policy of enhancing its shareholder value continuously through stable dividend payments.

Non-Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS (Note 5)	**2000**	1999	**2000**
PROPERTY:			
Plant and equipment (Note 4)	**¥12,725,108**	¥12,416,495	**$119,878,549**
Construction in progress (Note 4)	**1,013,367**	902,735	**9,546,557**
Contributions in aid of construction (Note 4)	**(357,845)**	(349,366)	**(3,371,126)**
Accumulated depreciation (Note 4)	**(7,328,140)**	(6,964,102)	**(69,035,704)**
Plant and equipment - net (Note 4)	**6,052,490**	6,005,762	**57,018,276**
Nuclear fuel, net of amortization	**497,790**	470,991	**4,689,496**
Property - net	**6,550,280**	6,476,753	**61,707,772**
INVESTMENTS AND OTHER ASSETS:			
Investment securities	**85,253**	110,497	**803,137**
Investments in and advances to subsidiaries and associated companies	**76,210**	63,954	**717,946**
Long-term loans receivable	**22,672**	29,073	**213,585**
Deferred tax assets (Note 9)	**167,802**		**1,580,801**
Other assets	**19,990**	15,487	**188,318**
Total investments and other assets	**371,927**	219,011	**3,503,787**
CURRENT ASSETS:			
Cash and time deposits	**45,166**	34,976	**425,492**
Accounts receivable	**122,382**	118,876	**1,152,916**
Allowance for doubtful accounts	**(12,923)**	(771)	**(121,743)**
Fuel, materials and supplies	**49,867**	50,344	**469,779**
Deferred tax assets (Note 9)	**13,892**		**130,871**
Other current assets	**26,256**	15,398	**247,348**
Total current assets	**244,640**	218,823	**2,304,663**
TOTAL	**¥7,166,847**	¥6,914,587	**$67,516,222**

See notes to non-consolidated financial statements.

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	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY	**2000**	1999	**2000**
LONG-TERM DEBT, LESS CURRENT MATURITIES (Note 5)	**¥3,998,975**	¥3,886,073	**$37,672,869**
LIABILITY FOR SEVERANCE PAYMENTS (Notes 3 and 6)	**217,451**	109,039	**2,048,526**
RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL	**372,156**	351,205	**3,505,944**
RESERVE FOR DECOMMISSIONING OF NUCLEAR POWER UNITS	**179,995**	169,599	**1,695,667**
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 5)	**369,454**	379,985	**3,480,490**
Short-term borrowings (Note 7)	**418,700**	468,700	**3,944,418**
Accounts payable	**130,906**	143,696	**1,233,217**
Payable to subsidiaries and associated companies	**76,085**	86,850	**716,769**
Accrued income taxes	**38,556**	36,042	**363,222**
Reserve for restoration costs of natural disasters	**75**	928	**707**
Accrued expenses and other current liabilities	**160,340**	202,757	**1,510,503**
Total current liabilities	**1,194,116**	1,318,958	**11,249,326**
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**9,108**	11,213	**85,803**
COMMITMENTS AND CONTINGENCIES (Notes 10 and 11)			
SHAREHOLDERS' EQUITY (Notes 5, 8 and 12):			
Common stock - authorized, 1,800,000,000 shares with par value of ¥500 per share	**489,320**	489,320	**4,609,703**
Additional paid-in capital	**65,463**	65,463	**616,703**
Legal reserve	**121,392**	116,484	**1,143,589**
Retained earnings	**518,871**	397,233	**4,888,092**
Total shareholders' equity	**1,195,046**	1,068,500	**11,258,087**
TOTAL	**¥7,166,847**	¥6,914,587	**$67,516,222**

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Income

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
OPERATING REVENUES:			
Residential	¥988,026	¥974,791	$9,307,829
Commercial and industrial	1,477,595	1,503,089	13,919,878
Other	51,582	56,923	485,934
Total	2,517,203	2,534,803	23,713,641
OPERATING EXPENSES:			
Personnel expenses	336,067	344,559	3,165,963
Fuel	238,155	218,831	2,243,570
Purchased power	324,734	327,964	3,059,199
Maintenance	311,306	347,212	2,932,699
Depreciation	415,692	427,558	3,916,081
Taxes other than income taxes	170,505	173,749	1,606,265
Other	405,525	396,712	3,820,302
Total	2,201,984	2,236,585	20,744,079
OPERATING INCOME	315,219	298,218	2,969,562
OTHER (INCOME) EXPENSES:			
Interest expense	146,790	171,009	1,382,854
Exchange gain	(582)	(1,206)	(5,483)
Loss (gain) on sales of investment securities	(24,455)	1,519	(230,382)
Cumulative effect of the change in accounting for liability for severance payments	104,158		981,234
Loss on investment in and advance to subsidiaries	23,499		221,375
Other - net	862	(1,946)	8,122
Total	250,272	169,376	2,357,720
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	64,947	128,842	611,842
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(2,105)	7,489	(19,830)
INCOME BEFORE INCOME TAXES	67,052	121,353	631,672
INCOME TAXES (Note 9):			
Current	73,124	70,380	688,874
Deferred	(49,722)		(468,413)
Total	23,402	70,380	220,461
NET INCOME	¥43,650	¥50,973	$411,211

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Net income	¥44.60	¥52.09	$0.42
Fully diluted net income	44.55	51.59	0.42
Cash dividends applicable to the year	50.00	50.00	0.47

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Shareholders' Equity

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

	Number of Common Shares Issued	Millions of Yen			
		Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings
BALANCE, APRIL 1, 1998	978,639,031	¥489,320	¥65,463	¥111,577	¥400,243
Net income					50,973
Cash dividends, ¥50 per share					(48,931)
Transfer to legal reserve				4,907	(4,907)
Bonuses to directors and corporate auditors					(145)
BALANCE, MARCH 31, 1999	978,639,031	489,320	65,463	116,484	397,233
Adjustment of retained earnings for the adoption of deferred tax accounting method					131,973
Net income					43,650
Cash dividends, ¥50 per share					(48,932)
Transfer to legal reserve				4,908	(4,908)
Bonuses to directors and corporate auditors					(145)
BALANCE, MARCH 31, 2000	978,639,031	¥489,320	¥65,463	¥121,392	¥518,871

	Thousands of U.S. Dollars			
	Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings
BALANCE, MARCH 31, 1999	$4,609,703	$616,703	$1,097,353	$3,742,185
Adjustment of retained earnings for the adoption of deferred tax accounting method				1,243,268
Net income				411,211
Cash dividends, ¥50 per share				(460,970)
Transfer to legal reserve			46,236	(46,236)
Bonuses to directors and corporate auditors				(1,366)
BALANCE, MARCH 31, 2000	$4,609,703	$616,703	$1,143,589	$4,888,092

See notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2000 and 1999

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

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

For the year ended March 31, 1999, a non-consolidated statement of cash flows was not required as a part of the basic financial statements in Japan and accordingly, such statement is not presented. As a consolidated statement of cash flows for the year ended March 31, 2000 is presented in the consolidated financial statements of the Company and subsidiaries, the non-consolidated statement of cash flows for the year then ended is also not presented herein.

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

The non-consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.15 to $1, the approximate rate of exchange at March 31, 2000. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Certain reclassifications have been made in 1999 financial statements to conform to the classifications used in 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Property, Depreciation and Amortization - Property is stated at cost. Prior to April 1, 1999, costs for plant and equipment included certain interest costs incurred during the construction period on borrowings specifically related to constructed plant and equipment. Effective April 1, 1999, those interest costs are charged to income as incurred with revision of the regulations described in the Japan Electric Utility Law and the related accounting regulations. The effect of this change is not material. Contributions in aid of construction, which include certain amounts assessed to and collected from customers, are deducted from the costs of the related assets in accordance with the regulations.

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

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel at March 31, 2000 and 1999 was ¥141,421 million ($1,332,275 thousand) and ¥135,697 million, respectively.

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

c. Investments - Investments in quoted securities, except for subsidiaries and associated companies, are stated at the lower of cost or market value. Other investments, including investments in subsidiaries and associated companies, are stated at cost or less if the values of such investments have been significantly impaired. The cost of securities is determined by the moving-average method.

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

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

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

If receivables and payables denominated in foreign currencies, not covered by forward exchange contracts, had been translated at the rates in effect at each balance sheet date, net payables would have increased by ¥1 million at March 31, 1999 and decreased by ¥127 million ($1,196 thousand) at March 31, 2000.

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

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

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

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

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

i. Income Taxes - Effective April 1, 1999, the Company adopted an accounting method for allocation of income taxes based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥131,973 million ($1,243,269 thousand) is included as an adjustment to retained earnings as of April 1, 1999. Such cumulative effect is calculated by applying the income tax rate stipulated by enacted tax laws as of April 1, 1999.

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

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

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

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

l. Per Share Information - The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in the computation were 978,639,031 shares for 2000 and 1999.

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

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

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

3. ACCOUNTING CHANGE

Effective for the year ended March 31, 2000, the Company changed its method of accounting for employees' severance payments as described in Note 2.f. This change was made in order to provide a more accurate allocation of severance costs to future periods and to make the Company's financial position sounder, taking this opportunity of investigating the actual condition of employees' severance payments. The effect of this change was to decrease income before income taxes by ¥105,421 million ($993,132 thousand) for the year ended March 31, 2000.

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4. PLANT AND EQUIPMENT

Plant and equipment at March 31, 2000 and 1999 consisted of the following:

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

	Thousands of U.S. Dollars			
	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
As of March 31, 2000				
Hydroelectric power production facilities	$11,163,731	$241,678	$5,806,858	$5,115,195
Thermal power production facilities	23,316,543	134,545	17,408,516	5,773,482
Nuclear power production facilities	21,110,542	44,428	15,453,481	5,612,633
Internal combustion engine power production facilities	380,989	34,922	254,414	91,653
Transmission facilities	25,683,778	1,849,072	10,754,734	13,079,972
Transformation facilities	13,220,593	361,008	7,523,401	5,336,184
Distribution facilities	19,866,255	278,596	9,108,912	10,478,747
Incidental business facilities	178,672	11,032	90,344	77,296
General facilities	4,907,800	396,486	2,632,190	1,879,124
Other facilities	49,646	19,359	2,854	27,433
Sub-total	119,878,549	3,371,126	69,035,704	47,471,719
Construction in progress	9,546,557			9,546,557
Total	**$129,425,106**	**$3,371,126**	**$69,035,704**	**$57,018,276**

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	Millions of Yen			
	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
As of March 31, 1999				
Hydroelectric power production facilities	¥1,165,419	¥26,117	¥581,483	¥557,819
Thermal power production facilities	2,465,709	14,256	1,783,127	668,326
Nuclear power production facilities	2,202,261	4,716	1,567,838	629,707
Internal combustion engine power production facilities	40,223	3,707	25,709	10,807
Transmission facilities	2,602,364	189,565	1,070,469	1,342,330
Transformation facilities	1,379,033	38,239	758,478	582,316
Distribution facilities	2,030,139	28,128	905,554	1,096,457
Incidental business facilities	18,117	1,171	8,373	8,573
General facilities	508,075	41,474	262,784	203,817
Other facilities	5,155	1,993	287	2,875
Sub-total	12,416,495	349,366	6,964,102	5,103,027
Construction in progress	902,735			902,735
Total	**¥13,319,230**	**¥349,366**	**¥6,964,102**	**¥6,005,762**

5. LONG-TERM DEBT

Long-term debt at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	**2000**
General mortgage bonds:			
0.9% to 6.9%, due serially through 2018	**¥1,717,171**	¥1,597,021	**$16,176,835**
7.25%, due 2006 (payable in U.S. dollars)	**54,450**	54,450	**512,953**
6.625% and 7.0%, due through 2006 (payable in French francs)	**110,266**	110,266	**1,038,775**
5.75%, due 2007 (payable in Netherlands guilder)	**62,294**	62,294	**586,849**
General mortgage convertible bonds:			
2.0%, due 2002	**94,629**	94,629	**891,465**
1.4%, due 2005	**178,637**	178,637	**1,682,873**
1.1% to 7.4% secured loans from the Development Bank of Japan* maturing serially through 2023	**613,777**	651,763	**5,782,167**
1.1% to 7.97% unsecured loans from banks and insurance companies maturing serially through 2033	**1,425,331**	1,413,872	**13,427,518**
Other	**111,874**	103,126	**1,053,924**
Total	**4,368,429**	4,266,058	**41,153,359**
Current maturities	**369,454**	379,985	**3,480,490**
Long-term debt, less current maturities	**¥3,998,975**	¥3,886,073	**$37,672,869**

**The Development Bank of Japan was launched on October 1, 1999, taking over the functions of the Japan Development Bank and the Hokkaido- Tohoku Development Finance Public Corporation.*

Annual maturities of long-term debt at March 31, 2000 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2001	¥369,454	$3,480,490
2002	421,723	3,972,897
2003	347,613	3,274,734
2004	381,717	3,596,015
2005	592,589	5,582,562
2006 and thereafter	2,255,333	21,246,661
Total	**¥4,368,429**	**$41,153,359**

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

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

The convertible bonds may be redeemed in whole or in part at prices declining by 1% per year from 107% to 100% of the principal amounts. The 2.0% and 1.4% bonds are currently redeemable. The convertible bonds outstanding at March 31, 2000 were convertible into 59,596 thousand shares of common stock, at the conversion prices shown below subject to certain anti-dilutive provisions:

	Conversion Price per Share	
	Yen	U.S. Dollars
2.0% bonds	¥4,218	$39.74
21.4% bonds	4,807	45.28

6. SEVERANCE PAYMENTS AND PENSION PLAN

Employees terminating their employment with the Company, either voluntarily or upon reaching mandatory retirement age, are entitled under most circumstances to severance payments based on the rate of pay at the time of termination, years of service and certain other factors.

The Company has a non-contributory funded pension plan covering substantially all of its employees. A vested interest in the plan is acquired only at retirement age, upon death or in the case of disability. The assets of the fund amounted to ¥257,612 million ($2,426,868 thousand) at March 31, 1999, the most recent date of available information.

Total provisions for severance payments and pension costs charged to income were ¥190,921 million ($1,798,596 thousand) million and ¥95,038 million for the years ended March 31, 2000 and 1999, respectively.

7. SHORT-TERM BORROWINGS

Short-term borrowings were principally represented by bank overdrafts. Weighted average interest rates on short-term borrowings outstanding were 0.479% and 0.802% at March 31, 2000 and 1999, respectively.

8. SHAREHOLDERS' EQUITY

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

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

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

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

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

Certain specific reserves stipulated by the Japanese Special Taxation Measures Law were included in retained earnings at March 31, 2000 and 1999, in the amounts of ¥3,375 million ($31,795 thousand) and ¥17,778 million, respectively. These specific reserves were appropriated at the shareholders' meetings to be tax deductible in the respective years.

9. INCOME TAXES

The Company is subject to a number of taxes based on income such as corporate income tax and inhabitant taxes which, in the aggregate, resulted in normal statutory tax rates of approximately 41.6% for the year ended March 31, 1999. New tax rates which were enacted at March 31, 1999, and effective April 1, 1999, caused the normal statutory tax rates to be reduced from 41.6% to 36.2% for the year ended March 31, 2000.

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

	Millions of Yen	Thousands of U.S. Dollars
Deferred Tax Assets:		
Liability for severance payments	¥43,177	$406,755
Reserve for reprocessing of irradiated nuclear fuel	41,878	394,517
Past service costs of pension plan	26,474	249,402
Reserve for decommissioning of nuclear power units	25,096	236,420
Deferred charges	20,917	197,051
Other	24,178	227,772
Deferred tax assets	¥181,720	$1,711,917
Deferred Tax Liabilities:		
Contingent reserve for overseas investment	¥25	$236
Other	1	9
Deferred tax liabilities	¥26	$245
Net deferred tax assets	¥181,694	$1,711,672

The effective tax rates in the accompanying non-consolidated statements of income for the year ended March 31, 1999 differed from the normal effective statutory tax rates, principally due to non-recognition of tax effects of temporary differences between tax and financial reporting and certain expenses that are permanently non-deductible for tax purposes.

10. LEASES

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

Total lease payments under finance leases were ¥9,949 million ($93,726 thousand) and ¥10,890 million for the years ended March 31, 2000 and 1999, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, and depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999 consisted of the following:

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

	Thousands of U.S. Dollars				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2000					
Acquisition cost	$56,420	$72,774	$271,022	$74,235	$474,451
Accumulated depreciation	22,817	41,583	120,725	43,241	228,366
Net leased property	**$33,603**	**$31,191**	**$150,297**	**$30,994**	**$246,085**

	Millions of Yen				
	Nuclear Power Generating Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 1999					
Acquisition cost	¥6,073	¥8,009	¥29,957	¥8,936	¥52,975
Accumulated depreciation	2,054	4,302	11,108	4,597	22,061
Net leased property	**¥4,019**	**¥3,707**	**¥18,849**	**¥4,339**	**¥30,914**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	**2000**
Due within one year	**¥8,261**	¥9,446	**$77,824**
Due after one year	**17,861**	21,468	**168,261**
Total	**¥26,122**	¥30,914	**$246,085**

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

Depreciation expense, which is not reflected in the accompanying non-consolidated statements of income, computed by the straight-line method over the respective lease periods was ¥9,949 million and ¥10,890 million for years ended March 31, 2000 and 1999, respectively.

11. COMMITMENTS AND CONTINGENCIES

At March 31, 2000, the Company had firm purchase commitments, principally related to utility plant expansion, of approximately ¥300,049 million. Additionally, the Company has entered into several fuel supply contracts which involve substantial commitments.

At March 31, 2000, the Company had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans of other companies:		
Japan Nuclear Fuel Limited	¥206,393	$1,944,352
Other	2,835	26,708
Total	**¥209,228**	**$1,971,060**
A guarantee about equity contribution and power supply for KPIC Singapore Pte Ltd	¥1,260	$11,870
Contingency relating to debt assumption agreement	¥235,492	$2,218,483

12. SUBSEQUENT EVENT

On June 29, 2000, the shareholders of the Company approved payment of a cash dividend of ¥25 ($0.24) per share to holders of record as of March 31, 2000 or a total of ¥24,465 million ($230,476 thousand) , the transfer from retained earnings to legal reserve of ¥937 million ($8,827 thousand) and bonuses to directors and corporate auditors of ¥145 million ($1,366 thousand).

Deloitte Touche Tohmatsu

INDEPENDENT AUDITORS' REPORT

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

We have examined the non-consolidated balance sheets of The Kansai Electric Power Company, Incorporated as of March 31, 2000 and 1999, and the related non-consolidated statements of income and shareholders' equity for the years then ended. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above present fairly the financial position of The Kansai Electric Power Company, Incorporated as of March 31, 2000 and 1999, and the results of its operations for the years then ended, in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, in the accounting for liability for severance payments, as discussed in Note 3.

As described in Note 2, effective April 1, 1999, the non-consolidated financial statements have been prepared in accordance with new accounting standards for interperiod allocation of income taxes.

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

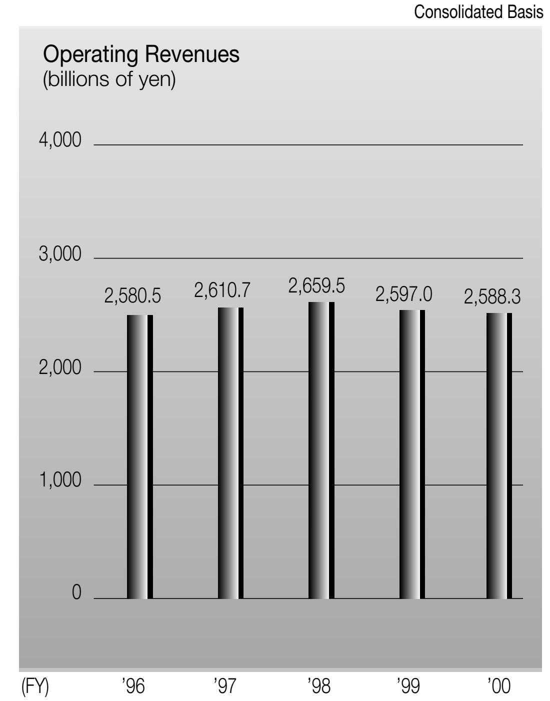
Deloitte Touche Tohmatsu

Osaka, Japan
June 29, 2000

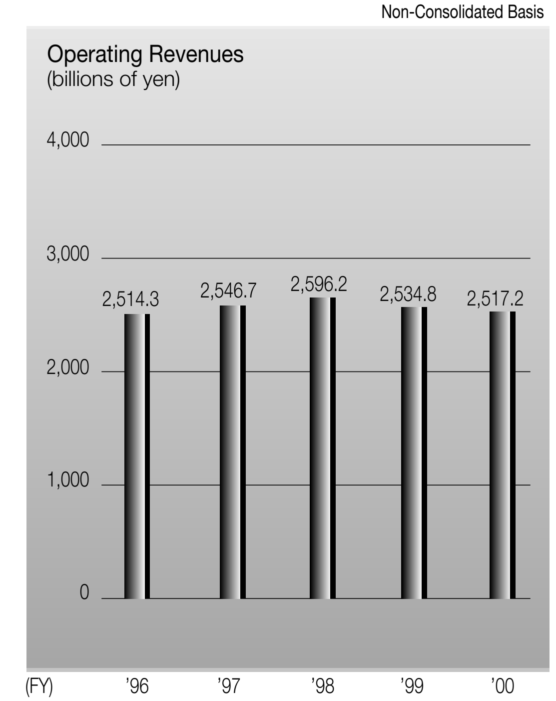
Five-Year Summary of Selected Operational Data

	Consolidated Basis					Non-Consolidated Basis				
(FY)	1996	1997	1998	1999	**2000**	1996	1997	1998	1999	**2000**
Operating Revenues (Millions of Yen)	2,580,584	2,610,749	2,659,520	2,597,077	**2,588,390**	2,514,353	2,546,707	2,596,288	2,534,803	**2,517,203**
Operating Income	335,338	324,447	353,540	310,592	**310,573**	316,336	309,626	338,117	298,218	**315,219**
Net Income	62,199	55,171	77,318	52,497	**52,300**	48,042	43,841	65,755	50,973	**43,650**
Net Operating Profit After-Tax (NOPAT)	186,115	179,684	195,891	183,444	**199,951**	175,920	171,861	187,833	176,650	**203,579**
Operating Revenues										
Residential						945,415	952,202	961,836	974,791	**988,026**
Commercial & Industrial						1,509,288	1,526,064	1,567,666	1,503,089	**1,477,595**
Total						2,454,703	2,478,266	2,529,502	2,477,880	**2,465,621**
Breakdown of Operating Expenses										
Personnel Expenses						299,642	313,779	318,016	344,559	**336,067**
Fuel Costs						280,430	325,732	270,937	218,831	**238,155**
Costs of Purchased Power						223,541	223,162	280,733	327,964	**324,734**
Maintenance Costs						378,367	361,485	374,767	347,212	**311,306**
Depreciation						451,821	444,431	438,584	427,558	**415,692**
Taxes Other than Income Taxes						168,977	173,342	175,657	173,749	**170,505**
Other						395,239	395,150	399,477	396,712	**405,525**
Total						2,198,017	2,237,081	2,258,171	2,236,585	**2,201,984**
Financial Revenues	3,979	3,383	3,600	3,202	**2,584**	4,394	3,932	4,332	3,955	**3,621**
Interest Expenses						197,781	197,906	207,128	171,009	**146,790**

Consolidated Basis

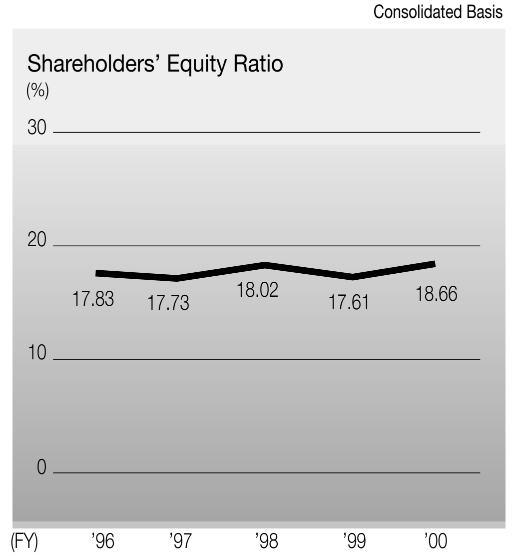


Non-Consolidated Basis

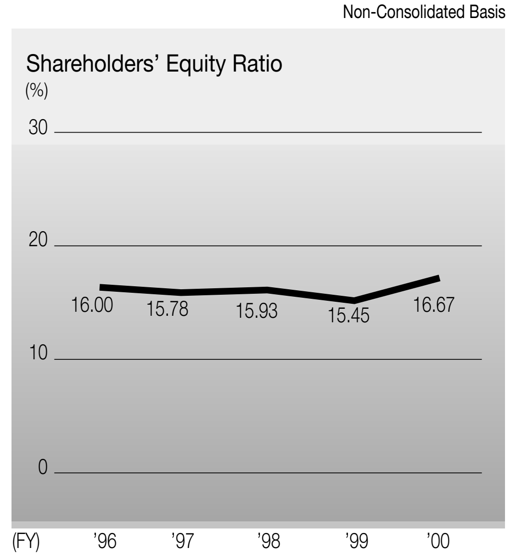


	Consolidated Basis					Non-Consolidated Basis				
	(FY) 1996	1997	1998	1999	2000	(FY) 1996	1997	1998	1999	2000
Return on Equity (ROE) (%)	5.14	4.53	6.26	4.18	**3.93**	4.55	4.17	6.21	4.77	**3.86**
Return on Assets (ROA) (%)	0.93	0.80	1.12	0.74	**0.71**	0.74	0.66	0.99	0.75	**0.62**
Return (NOPAT) on Assets (%)	2.78	2.62	2.83	2.60	**2.72**	2.71	2.59	2.81	2.60	**2.89**
Net Income per Share (Yen)	63.56	56.38	79.01	53.64	**53.44**	49.09	44.80	67.19	52.09	**44.60**
Cash Dividends per Share (Yen)	50.00	50.00	50.00	50.00	**50.00**	50.00	50.00	50.00	50.00	**50.00**
Stock Price (Yen)										
Highest Stock Price						2,530	2,580	2,300	2,610	**2,530**
Lowest Stock Price						2,140	2,050	2,000	2,130	**1,458**
Capital Investments (Millions of Yen)						750,499	673,160	644,516	754,817	**612,291**
Total Assets (Millions of Yen)	6,821,074	6,891,946	6,937,292	7,176,783	**7,500,934**	6,592,896	6,653,437	6,693,800	6,914,587	**7,166,847**
Shareholders' Equity (Millions of Yen)	1,216,313	1,222,108	1,250,000	1,263,695	**1,399,531**	1,055,156	1,049,923	1,066,603	1,068,500	**1,195,046**
Shareholders' Equity Ratio (%)	17.83	17.73	18.02	17.61	**18.66**	16.00	15.78	15.93	15.45	**16.67**
Volume of Electricity Sales (Million kWh)										
Residential						39,919	40,574	40,665	42,492	**43,555**
Commercial & Industrial						93,897	95,805	96,782	96,326	**96,848**
Total						133,816	136,379	137,447	138,818	**140,403**
Number of Customers (Thousands)										
Residential						10,475	10,712	10,905	11,057	**11,194**
Commercial & Industrial						1,444	1,445	1,443	1,437	**1,431**
Total						11,919	12,157	12,348	12,494	**12,625**

Consolidated Basis



Non-Consolidated Basis



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	(FY) 1996	1997	1998	1999	2000
Electricity Generation Capacity by Sources (MW)					
Nuclear	9,768	9,768	9,768	9,768	**9,768**
Fossil Fuel	19,251	19,921	19,921	19,921	**19,921**
Hydroelectric	7,352	7,362	7,360	8,087	**8,107**
Total	36,371	37,051	37,049	37,776	**37,796**
System Peak Demand (MW)	31,520	32,230	31,410	32,160	**30,710**
Load Ratio (%)	53.1	53.7	55.0	54.4	**57.2**
Power Sources (%)					
Nuclear	46	46	52	53	**51**
Fossil Fuel	44	44	36	34	**37**
Hydroelectric	10	10	12	13	**12**
Total	100	100	100	100	**100**
Duration of Power Interruptions per Household (Minute)	4	4	4	35	**4**
SO_X Emissions from Fossil Fuel Power Generation (g/kWh)	0.15	0.14	0.11	0.08	**0.08**
NO_X Emissions from Fossil Fuel Power Generation (g/kWh)	0.19	0.18	0.19	0.15	**0.15**
Nuclear Capacity Factor (%)	71.1	73.8	84.2	84.3	**82.0**
Heat Efficiency Ratio (power generation end) (%)	38.71	39.14	38.83	39.07	**39.40**
Number of Employees *	27,141	26,265	26,343	26,333	**24,903**
Ratings					
In Yen	Aaa	Aaa	Aaa	Aa1	**Aa2**
In Foreign Currencies	Aaa	Aaa	Aaa	Aaa	**Aa2**
Date of Shareholders General Meeting	June 27	June 27	June 26	June 29	**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.