
***The Kansai Electric Power Company,
Incorporated and Subsidiaries***

*Consolidated Financial Statements for the
Years Ended March 31, 2003 and 2002
and for the Six Months Ended
September 30, 2003 and 2002*

**The Kansai Electric Power Company, Incorporated
and Subsidiaries**

Consolidated Statements of Income

| | Millions of Yen | | | | Thousands of U.S. Dollars (Note 1) |
|--|---------------------|------------------|-------------------------------------|------------------|--|
| | Year Ended March 31 | | Six Months Ended September 30 | | Six Months Ended September 30 |
| | 2003 | 2002 | 2003 | 2002 | 2003 |
| | | | (Unaudited) | (Unaudited) | (Unaudited) |
| OPERATING REVENUES: | | | | | |
| Electric | ¥ 2,461,694 | ¥ 2,509,564 | ¥ 1,193,728 | ¥ 1,283,212 | \$ 10,730,139 |
| Other | 153,460 | 142,033 | 82,469 | 60,746 | 741,295 |
| Total | <u>2,615,154</u> | <u>2,651,597</u> | <u>1,276,197</u> | <u>1,343,958</u> | <u>11,471,434</u> |
| OPERATING EXPENSES: | | | | | |
| Electric | 2,141,337 | 2,192,133 | 953,027 | 1,043,398 | 8,566,535 |
| Other | 148,236 | 140,152 | 79,815 | 62,757 | 717,438 |
| Total | <u>2,289,573</u> | <u>2,332,285</u> | <u>1,032,842</u> | <u>1,106,155</u> | <u>9,283,973</u> |
| OPERATING INCOME | <u>325,581</u> | <u>319,312</u> | <u>243,355</u> | <u>237,803</u> | <u>2,187,461</u> |
| OTHER (INCOME) EXPENSES: | | | | | |
| Interest expense | 113,065 | 127,462 | 53,514 | 55,454 | 481,025 |
| Equity in losses (earnings) of associated companies | 4,650 | (779) | (2,931) | 6,314 | (26,346) |
| Gain on sales of securities | (28,367) | (44,883) | (2,112) | | (18,984) |
| Loss on discontinuance of power plant construction | 62,001 | | | | |
| Other - net | 33,202 | 33,988 | 14,891 | 4,230 | 133,851 |
| Total | <u>184,551</u> | <u>115,788</u> | <u>63,362</u> | <u>65,998</u> | <u>569,546</u> |
| INCOME BEFORE PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS | 141,030 | 203,524 | 179,993 | 171,805 | 1,617,915 |
| PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL | | (6,608) | 7,088 | | 63,713 |
| INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS | 141,030 | 210,132 | 172,905 | 171,805 | 1,554,202 |
| INCOME TAXES: | | | | | |
| Current | 88,302 | 91,758 | 92,270 | 99,106 | 829,393 |
| Deferred | (28,379) | (10,968) | (27,825) | (31,428) | (250,113) |
| Total | <u>59,923</u> | <u>80,790</u> | <u>64,445</u> | <u>67,678</u> | <u>579,280</u> |
| MINORITY INTERESTS IN NET INCOME | 633 | 898 | 370 | 397 | 3,326 |
| NET INCOME | <u>¥ 80,474</u> | <u>¥ 128,444</u> | <u>¥ 108,090</u> | <u>¥ 103,730</u> | <u>\$ 971,596</u> |
| | Yen | | | | U.S. Dollars (Note 1) |
| | Year Ended March 31 | | Six Months Ended September 30 | | Six Months Ended September 30 |
| | 2003 | 2002 | 2003 | 2002 | 2003 |
| | | | (Unaudited) | (Unaudited) | (Unaudited) |
| PER SHARE OF COMMON STOCK: | | | | | |
| Net income | ¥83.49 | ¥131.61 | ¥114.26 | ¥107.80 | \$1.03 |
| Fully diluted net income | 81.99 | 126.91 | 110.76 | 104.60 | 1.00 |
| Cash dividends applicable to the period | 50.00 | 50.00 | 25.00 | 25.00 | 0.22 |

See notes to consolidated financial statements.

**The Kansai Electric Power Company, Incorporated
and Subsidiaries**

Consolidated Statements of Shareholders' Equity

| | Millions of Yen | | | | | | | |
|--|--------------------------------------|------------------|--------------------|----------------------|---|---|-------------------|---|
| | Number of Common Shares Issued | Common Stock | Capital Surplus | Retained Earnings | Net Unrealized Gain on Available- for-sale Securities | Foreign Currency Translation Adjustments | Treasury Stock | Common Stock Held by Consolidated Subsidiaries |
| BALANCE, APRIL 1, 2001 | 978,639,031 | ¥ 489,320 | ¥ 65,463 | ¥ 906,339 | ¥ 108,485 | | ¥ (17) | |
| Adjustment of retained earnings for newly consolidated subsidiaries | | | | 26,095 | | | | |
| Net income | | | | 128,444 | | | | |
| Cash dividends, ¥60 per share | | | | (58,718) | | | | |
| Bonuses to directors and corporate auditors | | | | (542) | | | | |
| Foreign currency translation adjustments | | | | | | ¥ 281 | | |
| Retirement of treasury stock | (15,940,303) | | | (30,191) | | | 30,191 | |
| Net increase in treasury stock (excluding retirement of treasury stock) | | | | | | | (30,196) | |
| Net increase in common stock held by consolidated subsidiaries | | | | | | | | ¥ (31) |
| Net decrease in unrealized gain on available-for-sale securities | | | | | (54,186) | | | |
| BALANCE, MARCH 31, 2002 | 962,698,728 | 489,320 | 65,463 | 971,427 | 54,299 | 281 | (22) | (31) |
| Net income | | | | 80,474 | | | | |
| Cash dividends, ¥50 per share | | | | (48,129) | | | | |
| Bonuses to directors and corporate auditors | | | | (568) | | | | |
| Net decrease in foreign currency translation adjustments | | | | | | (180) | | |
| Reclassification for adopting new accounting standards for treasury stock | | | | | | | (31) | 31 |
| Net increase in treasury stock | | | | | | | (29,779) | |
| Net decrease in unrealized gain on available-for-sale securities | | | | | (34,424) | | | |
| BALANCE, MARCH 31, 2003 | 962,698,728 | 489,320 | 65,463 | 1,003,204 | 19,875 | 101 | (29,832) | |
| Net income (Unaudited) | | | | 108,090 | | | | |
| Cash dividends, ¥25 per share (Unaudited) | | | | (23,647) | | | | |
| Bonuses to directors and corporate auditors (Unaudited) | | | | (487) | | | | |
| Net increase in foreign currency translation adjustments (Unaudited) | | | | | | 5 | | |
| Net decrease in treasury stock (Unaudited) | | | | | | | 1,108 | |
| Surplus from transaction in treasury stock (Unaudited) | | | 1,117 | | | | | |
| Net increase in unrealized gain on available-for-sale securities (Unaudited) | | | | | 20,603 | | | |
| BALANCE, SEPTEMBER 30, 2003 (UNAUDITED) | <u>962,698,728</u> | <u>¥ 489,320</u> | <u>¥ 66,580</u> | <u>¥ 1,087,160</u> | <u>¥ 40,478</u> | <u>¥ 106</u> | <u>¥ (28,724)</u> | <u>¥</u> |

(Continued)

**The Kansai Electric Power Company, Incorporated
and Subsidiaries**

Consolidated Statements of Shareholders' Equity

| | Thousands of U.S. Dollars (Note 1) | | | | | | |
|--|------------------------------------|--------------------|----------------------|---|---|---------------------|---|
| | Common Stock | Capital Surplus | Retained Earnings | Net Unrealized Gain on Available- for-sale Securities | Foreign Currency Translation Adjustments | Treasury Stock | Common Stock Held by Consolidated Subsidiaries |
| BALANCE, MARCH 31, 2003 | \$4,398,382 | \$ 588,431 | \$ 9,017,564 | \$ 178,652 | \$ 908 | \$ (268,153) | \$ |
| Net income (Unaudited) | | | 971,596 | | | | |
| Cash dividends, \$0.22 per share (Unaudited) | | | (212,557) | | | | |
| Bonuses to directors and corporate auditors (Unaudited) | | | (4,378) | | | | |
| Net increase in foreign currency translation adjustments (Unaudited) | | | | | 45 | | |
| Net decrease in treasury stock (Unaudited) | | | | | | 9,960 | |
| Surplus from transaction in treasury stock (Unaudited) | | 10,041 | | | | | |
| Net increase in unrealized gain on available-for-sale securities (Unaudited) | | | | 185,195 | | | |
| BALANCE, SEPTEMBER 30, 2003 (UNAUDITED) | <u>\$4,398,382</u> | <u>\$ 598,472</u> | <u>\$ 9,772,225</u> | <u>\$ 363,847</u> | <u>\$ 953</u> | <u>\$ (258,193)</u> | <u>\$</u> |

See notes to consolidated financial statements.

(Concluded)

**The Kansai Electric Power Company, Incorporated
and Subsidiaries**

Consolidated Statements of Cash Flows

| | Millions of Yen | | | | Thousands of U.S. Dollars (Note 1) |
|--|---------------------|-----------|-------------------------------------|---------------------|--|
| | Year Ended March 31 | | Six Months Ended September 30 | | Six Months Ended September 30 |
| | 2003 | 2002 | 2003 (Unaudited) | 2002 (Unaudited) | 2003 (Unaudited) |
| OPERATING ACTIVITIES: | | | | | |
| Income before income taxes and minority interests | ¥ 141,030 | ¥ 210,132 | ¥ 172,905 | ¥ 171,805 | \$ 1,554,202 |
| Adjustments for: | | | | | |
| Income taxes-paid | (111,526) | (39,979) | (43,953) | (65,659) | (395,083) |
| Depreciation and amortization | 413,951 | 421,573 | 192,725 | 197,468 | 1,732,360 |
| Amortization of nuclear fuel | 57,292 | 53,055 | 27,299 | 30,605 | 245,384 |
| Loss on disposal of property, plant and equipment | 17,584 | 51,203 | 7,758 | 5,972 | 69,735 |
| Loss on discontinuance of power plant construction | 62,001 | | | | |
| Nuclear fuel transferred to reprocessing costs | 14,871 | 14,372 | 4,089 | 17,132 | 36,755 |
| Increase (decrease) in liability for retirement benefits | 13,000 | (14,310) | 34,091 | 12,711 | 306,436 |
| Provision for reprocessing of irradiated nuclear fuel | 46,216 | 71,213 | 16,089 | 5,451 | 144,620 |
| Provision for decommissioning of nuclear power units | 12,358 | 9,212 | 3,333 | 6,868 | 29,960 |
| Provision for (reversal of) reserve for fluctuations in water level | | (6,608) | 7,088 | | 63,712 |
| Gain on sales of securities | (28,367) | (44,883) | (2,112) | | (18,984) |
| Changes in assets and liabilities, net of effects from newly consolidated subsidiaries and merger: | | | | | |
| Decrease (increase) in trade receivables | 1,166 | 20,546 | (9,007) | (14,278) | (80,962) |
| Decrease in interest and dividends receivable | 956 | 420 | 808 | 505 | 7,263 |
| Decrease in trade payables | (14,709) | (7,453) | (18,258) | (26,074) | (164,117) |
| Decrease in interest payable | (1,562) | (2,587) | (3,510) | (5,305) | (31,551) |
| Other - net | 31,779 | 20,721 | (41,136) | 17,048 | (369,761) |
| Total adjustments | 515,010 | 546,495 | 175,304 | 182,444 | 1,575,767 |
| Net cash provided by operating activities | 656,040 | 756,627 | 348,209 | 354,249 | 3,129,969 |
| INVESTING ACTIVITIES: | | | | | |
| Purchases of property, plant and equipment | (415,846) | (481,924) | (150,575) | (228,454) | (1,353,483) |
| Payments for investments and advances | (38,621) | (29,430) | (15,780) | (14,282) | (141,843) |
| Proceeds from sales of investments or collections of advances | 36,577 | 58,104 | 6,386 | 3,436 | 57,402 |
| Payments for purchase of investments in subsidiaries net of cash acquired | (7,247) | | | (464) | |
| Other - net | 15,545 | 6,623 | 10,294 | 8,753 | 92,531 |
| Net cash used in investing activities | (409,592) | (446,627) | (149,675) | (231,011) | (1,345,393) |
| FINANCING ACTIVITIES: | | | | | |
| Proceeds from issuance of bonds | 98,849 | 149,363 | | 59,416 | |
| Proceeds from long-term debt (exclusive of bonds) | 158,353 | 217,061 | 67,428 | 68,565 | 606,094 |
| Proceeds from short-term loans | 453,634 | 752,336 | 176,771 | 224,232 | 1,588,953 |
| Proceeds from issuance of commercial papers | 828,000 | 216,000 | 785,000 | 603,000 | 7,056,180 |
| Redemption of bonds | (208,032) | (276,039) | (150,268) | (115,582) | (1,350,724) |
| Repayments of long-term debt (exclusive of bonds) | (196,812) | (240,064) | (115,071) | (83,985) | (1,034,346) |
| Repayments of short-term loans | (534,663) | (869,750) | (228,319) | (304,973) | (2,052,306) |
| Repayments of commercial papers | (793,000) | (166,000) | (711,000) | (569,000) | (6,391,011) |
| Purchases of treasury stock | (29,670) | (30,477) | | | |
| Dividends paid | (48,113) | (58,690) | (23,636) | (24,060) | (212,458) |
| Other - net | 110 | 766 | (171) | (263) | (1,537) |
| Net cash used in financing activities | (271,344) | (305,494) | (199,266) | (142,650) | (1,791,155) |
| NET CASH PROVIDED BY (USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES - (Forward) | ¥ (24,896) | ¥ 4,506 | ¥ (732) | ¥ (19,412) | \$ (6,579) |

**The Kansai Electric Power Company, Incorporated
and Subsidiaries**

Consolidated Statements of Cash Flows

| | Millions of Yen | | | | Thousands of U.S. Dollars (Note 1) |
|---|---------------------|------------------|-------------------------------------|------------------|--|
| | Year Ended March 31 | | Six Months Ended September 30 | | Six Months Ended September 30 |
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> | <u>2003</u> |
| | | | (Unaudited) | (Unaudited) | |
| NET CASH PROVIDED BY (USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES - (Forward) | ¥ (24,896) | ¥ 4,506 | ¥ (732) | ¥ (19,412) | \$ (6,579) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (4) | 7 | (33) | (65) | (297) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (24,900) | 41,316 | (765) | (19,477) | (6,876) |
| CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF PERIOD | | 36,803 | | | |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | <u>129,083</u> | <u>87,767</u> | <u>104,183</u> | <u>129,083</u> | <u>936,476</u> |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u>¥ 104,183</u> | <u>¥ 129,083</u> | <u>¥ 103,418</u> | <u>¥ 109,606</u> | <u>\$ 929,600</u> |

See notes to consolidated financial statements.

(Concluded)

The Kansai Electric Power Company, Incorporated and Subsidiaries

Notes to Consolidated Financial Statements (In so far as applicable to the six months ended September 30, 2003 and 2002, or to dates subsequent to June 27, 2003, these notes are unaudited)

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 Financial Reporting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the consolidated financial statements for the year ended March 31, 2003 and 2002 and for the six months ended September 30, 2002 to conform to the classifications used in the consolidated financial statements for the six months ended September 30, 2003.

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 ¥111.25 to \$1, the approximate rate of exchange at September 30, 2003. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. *Principles of Consolidation and Accounting for Investments in Associated Companies* - The consolidated financial statements as of September 30, 2003 include the accounts of the Company and eighty-five subsidiaries (seventy-eight for the year ended March 31, 2003, seventy for the year ended March 31, 2002, and seventy-three for the six months ended September 30, 2002).

Under the control or influence concept, those companies over whose operations the Company, directly or indirectly, is able to exercise control are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

For the years ended March 31, 2003 and 2002, and for the six months ended September 30, 2003 and 2002, investments in one associated company are accounted for by the equity method. Investments in the remaining associated companies are stated at cost, and had the equity method been applied to the investments in these companies, there would have been an immaterial effect on the accompanying consolidated financial statements.

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

b. *Subsidiaries' Fiscal Period End* - The fiscal year-end of seven consolidated subsidiaries (five for the year ended March 31, 2003, four for the year ended March 31, 2002, and five for the six months ended September 30, 2002) is December 31. The Company consolidates such subsidiaries' financial statements using their financial results for the year ended December 31 and for the semi-annual period ended June 30. The effect of any significant transactions during the period between the subsidiaries' fiscal period-end and the Company's fiscal period-end are reflected in the consolidated financial statements.

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

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

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel at March 31, 2003 and 2002 and September 30, 2003 was ¥117,765 million, ¥119,224 million and ¥115,002 million (\$1,033,726 thousand), respectively.

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

e. *Investment Securities* - The Companies' securities are classified and accounted for as follows: i) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are reported at amortized cost, ii) available-for-sale securities whose fair value is not readily determinable are reported at cost, and iii) available-for-sale securities whose fair value is readily determinable are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholders' equity.

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

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

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

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

h. *Foreign Currency Transactions* - All receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by the forward contracts.

- i. Foreign Currency Financial Statements* - The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rate as of the balance sheet date. Differences arising from such translation are shown as "Foreign currency translation adjustments" as a separate component of shareholders' equity.
- j. Retirement and Pension Plan* - The Company and certain consolidated subsidiaries have non-contributory defined benefit pension plans, contributory pension plans, and unfunded retirement benefit plans.

The Company accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

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

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

- k. Reserve for Reprocessing of Irradiated Nuclear Fuel* - The Company has accrued costs for the reprocessing of irradiated nuclear fuel, in accordance with accounting methods accepted by the regulatory authority. The Company provides for the reprocessing of irradiated nuclear fuel at 60% of the amount, which would be required to reprocess all the irradiated nuclear fuel as of the balance sheet date.
- l. Reserve for Decommissioning of Nuclear Power Units* - The Company has accrued costs for decommissioning of nuclear power units, in accordance with accounting methods accepted by the regulatory authority.
- m. Income Taxes* - The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.
- n. Derivatives and Hedging Activities* - The Companies use principally foreign exchange forward contracts, currency swaps, interest rate swaps and commodity swaps in the normal course of business, to manage its exposure to fluctuations in foreign exchange, interest rates, fuel price and so on. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives be recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions be recognized in the income statement and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

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

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

- o. Reserve for Fluctuations in Water Level* - A reserve for fluctuations in water level is provided for costs expected to be incurred from insufficient water levels, in accordance with the Japanese Electric Utility Law and related accounting regulations.
- p. Appropriations of Retained Earnings* - Appropriations of retained earnings at each year end are reflected in the financial statements of the following year after shareholders' approval.
- q. Per Share Information* - Effective April 1, 2002, the Company adopted a new accounting standard for earnings per share of common stock issued by the Accounting Standards Board of Japan. Under the new standard, net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding in each period, retroactively adjusted for stock splits.

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

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

The average number of common shares used in the computation was 958,010,034 shares for the year ended March 31, 2003 and 975,972,901 shares for the year ended March 31, 2002, and 946,003,214 shares for the six months ended September 30, 2003 and 962,268,225 shares for the six months ended September 30, 2002.

Previous year's earnings per share based on the new accounting standards are as follows:

| | Year Ended March 31 <u>2002</u> |
|----------------------------|---------------------------------------|
| Per share of common stock: | |
| Net income | ¥131.06 |
| Fully diluted net income | 126.39 |

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

3. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2003 and 2002 and September 30, 2003, consisted of the following:

| | Millions of Yen | | | Thousands of U.S. Dollars |
|--|--------------------|--------------------|--------------------|------------------------------|
| | March 31 | | September 30, | September 30, |
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2003</u> |
| Hydroelectric power production facilities | ¥ 482,527 | ¥ 508,664 | ¥ 474,125 | \$ 4,261,798 |
| Thermal power production facilities | 423,751 | 488,429 | 403,549 | 3,627,407 |
| Nuclear power production facilities | 476,573 | 520,252 | 453,691 | 4,078,121 |
| Transmission facilities | 1,494,318 | 1,566,946 | 1,468,692 | 13,201,726 |
| Transformation facilities | 574,351 | 609,462 | 557,226 | 5,008,773 |
| Distribution facilities | 999,281 | 1,054,258 | 984,260 | 8,847,281 |
| General facilities | 165,792 | 180,562 | 160,107 | 1,439,164 |
| Other utility facilities | 14,257 | 14,310 | 14,043 | 126,229 |
| Other plant and equipment | 443,868 | 279,008 | 437,361 | 3,931,335 |
| Construction in progress | 822,748 | 773,318 | 829,186 | 7,453,357 |
| Total | <u>¥ 5,897,466</u> | <u>¥ 5,995,209</u> | <u>¥ 5,782,240</u> | <u>\$ 51,975,191</u> |

4. INVESTMENT SECURITIES

Information regarding each category of the securities classified as available-for-sale, whose fair value is readily determinable, and held-to-maturity at March 31, 2003 and 2002 and September 30, 2003 were as follows:

| | Millions of Yen | | |
|----------------------------------|-----------------|---------------------------------|---------------|
| | March 31, 2003 | | |
| | Cost | Unrealized Gains (Losses) | Fair Value |
| Securities classified as: | | | |
| Available-for-sale: | | | |
| Equity securities | ¥ 21,047 | ¥ 28,976 | ¥ 50,023 |
| Debt securities | 2,418 | 55 | 2,473 |
| Held-to-maturity debt securities | 11,603 | 620 | 12,223 |

| | Millions of Yen | | |
|----------------------------------|-----------------|---------------------------------|---------------|
| | March 31, 2002 | | |
| | Cost | Unrealized Gains (Losses) | Fair Value |
| Securities classified as: | | | |
| Available-for-sale: | | | |
| Equity securities | ¥ 25,116 | ¥ 80,716 | ¥ 105,832 |
| Debt securities | 1,382 | (11) | 1,371 |
| Other | 2,552 | 16 | 2,568 |
| Held-to-maturity debt securities | 8,012 | 391 | 8,403 |

| | Millions of Yen | | |
|----------------------------------|--------------------|---------------------------------|---------------|
| | September 30, 2003 | | |
| | Cost | Unrealized Gains (Losses) | Fair Value |
| Securities classified as: | | | |
| Available-for-sale: | | | |
| Equity securities | ¥ 19,741 | ¥ 58,056 | ¥ 77,797 |
| Debt securities | 2,526 | 15 | 2,541 |
| Held-to-maturity debt securities | 12,490 | 279 | 12,769 |

| | Thousands of U.S. Dollars | | |
|----------------------------------|---------------------------|---------------------------------|---------------|
| | September 30, 2003 | | |
| | Cost | Unrealized Gains (Losses) | Fair Value |
| Securities classified as: | | | |
| Available-for-sale: | | | |
| Equity securities | \$ 177,447 | \$ 521,852 | \$ 699,299 |
| Debt securities | 22,706 | 135 | 22,841 |
| Held-to-maturity debt securities | 112,270 | 2,508 | 114,778 |

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2003 and 2002 and September 30, 2003 were as follows:

| | Carrying Amount | | | Thousands of U.S. Dollars September 30, 2003 |
|----------------------------------|------------------|-----------------|-----------------------|---|
| | Millions of Yen | | September 30, 2003 | |
| | March 31 2003 | 2002 | | |
| Available-for-sale: | | | | |
| Equity securities | ¥ 71,538 | ¥ 55,658 | ¥ 79,867 | \$ 717,906 |
| Other | 8,355 | 8,624 | 9,049 | 81,339 |
| Held-to-maturity debt securities | 400 | 350 | 2,100 | 18,876 |
| Total | <u>¥ 80,293</u> | <u>¥ 64,632</u> | <u>¥ 91,016</u> | <u>\$ 818,121</u> |

5. LONG-TERM DEBT

Long-term debt at March 31, 2003 and 2002 and September 30, 2003, consisted of the following:

| | Millions of Yen | | | Thousands of U.S. Dollars (Note 1) |
|--|--------------------|--------------------|--------------------|--|
| | March 31 | | September 30, | September 30, |
| | 2003 | 2002 | 2003 | 2003 |
| General mortgage bonds: | | | | |
| 0.29% to 6.9%, due on various dates through 2018 | ¥ 1,497,976 | ¥ 1,606,278 | ¥ 1,394,378 | \$ 12,533,735 |
| 7.25%, due 2006 (payable in U.S. dollars) | 54,450 | 54,450 | 54,450 | 489,438 |
| 6.625% and 7.0%, due through 2006 (payable in French francs) | 110,266 | 110,266 | 63,516 | 570,930 |
| 5.75%, due 2007 (payable in Netherlands guilder) | 62,294 | 62,294 | 62,294 | 559,946 |
| 1.4% general mortgage convertible bonds, due 2005 | 178,637 | 178,637 | 178,637 | 1,605,726 |
| 0.65% to 5.8% secured loans from principally the Development Bank of Japan maturing on various dates through 2023: | | | | |
| The Company | 460,320 | 509,312 | 443,532 | 3,986,804 |
| Subsidiaries | 24,602 | 23,747 | 24,856 | 223,425 |
| 0.289% to 6.4% unsecured loans from banks and insurance companies maturing on various dates through 2036 | 1,683,477 | 1,568,610 | 1,650,114 | 14,832,485 |
| Other | 10,759 | 24,656 | 5,546 | 49,851 |
| Total | 4,082,781 | 4,138,250 | 3,877,323 | 34,852,340 |
| Less current maturities | (365,996) | (324,821) | (392,480) | (3,527,910) |
| Long-term debt, less current maturities | <u>¥ 3,716,785</u> | <u>¥ 3,813,429</u> | <u>¥ 3,484,843</u> | <u>\$ 31,324,430</u> |

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 ¥697 million (\$6,265 thousand) and the above secured loans at September 30, 2003, were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|--------------------|--------------------|------------------------------|
| Property and other | ¥60,668 | \$545,330 |

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, at the option of the Company, in whole or in part at prices declining by 1% per year from 107% to 100% of the principal amounts. The 1.4% bonds are currently redeemable. The 1.4% convertible bonds outstanding at September 30, 2003 were convertible into 37,162 thousand shares of common stock, at the conversion prices of ¥4,807 (\$43.21) subject to certain anti-dilutive provisions.

6. RETIREMENT AND PENSION PLAN

The Company and certain of its subsidiaries have severance payment plans for employees. Under most circumstances employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled to severance payments based on the rate of pay at the time of termination, years of service and certain other factors.

Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee.

7. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2003 and 2002 and September 30, 2003, consisted of the following:

| | Millions of Yen | | | Thousands of |
|---|------------------|------------------|------------------|-------------------------------------|
| | March 31 | | September 30, | U.S. Dollars |
| | <u>2003</u> | <u>2002</u> | 2003 | <u>September 30,</u> <u>2003</u> |
| Short-term loans principally from banks (principally bank overdrafts) weighted average interest rate of 0.299%, 0.291% and 0.294 % at March 31, 2003, 2002 and September 30, 2003 | ¥ 221,652 | ¥ 303,503 | ¥ 170,830 | \$ 1,535,551 |
| Commercial papers, weighted average interest rate of 0.012%, 0.007% and 0.019% at March 31, 2003, 2002 and September 30, 2003 | <u>85,000</u> | <u>50,000</u> | <u>159,000</u> | <u>1,429,213</u> |
| Total | <u>¥ 306,652</u> | <u>¥ 353,503</u> | <u>¥ 329,830</u> | <u>\$ 2,964,764</u> |

8. SHAREHOLDERS' EQUITY

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

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

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

The revised Code eliminated restrictions on the repurchase and use of treasury stock allowing Japanese companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders meeting and dispose of such treasury stock by resolution of the Board of Directors beginning April 1, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders meeting.

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

Effective April 1, 2002, the Companies adopted a new accounting standard for Treasury Stock and Reduction of capital surplus and Legal Reserve issued by the Accounting Standards Board of Japan. Under the new standard, the stock of the Company, which is held by its subsidiaries and associated companies, is stated as treasury stock according to the percentage of ownership. The effect of this change in the consolidated financial statements for the year ended March 31, 2003 is immaterial.

9. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥27,275 million, ¥30,499 million, ¥7,426 million (\$66,769 thousand) and ¥7,588 million for the years ended March 31, 2003 and 2002 and for the six months ended September 30, 2003 and 2002, respectively.

10. LEASES

Lessor

Finance Leases

Revenues under finance leases were ¥4,836 million and ¥4,805 million for the years ended March 31, 2003 and 2002 and ¥2,671 million (\$24,009 thousand) and ¥2,723 million for the six months ended September 30, 2003 and 2002, 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, 2003 and 2002 and the six months ended September 30, 2003, was as follows:

| | Millions of Yen | | | Thousands of U.S. Dollars |
|--------------------------|------------------|----------------|-----------------------|------------------------------|
| | Other Facilities | | | Other Facilities |
| | March 31 2003 | 2002 | September 30, 2003 | September 30, 2003 |
| Acquisition cost | ¥ 30,088 | ¥ 26,340 | ¥ 31,040 | \$ 279,011 |
| Accumulated depreciation | <u>19,632</u> | <u>18,174</u> | <u>20,432</u> | <u>183,658</u> |
| Net leased property | <u>¥ 10,456</u> | <u>¥ 8,166</u> | <u>¥ 10,608</u> | <u>\$ 95,353</u> |

Future lease revenue under finance leases:

| | Millions of Yen | | | Thousands of U.S. Dollars |
|---------------------|------------------|-----------------|-----------------------|------------------------------|
| | Other Facilities | | | Other Facilities |
| | March 31 2003 | 2002 | September 30, 2003 | September 30, 2003 |
| Due within one year | ¥ 4,488 | ¥ 4,962 | ¥ 4,575 | \$ 41,123 |
| Due after one year | <u>11,866</u> | <u>10,055</u> | <u>12,657</u> | <u>113,771</u> |
| Total | <u>¥ 16,354</u> | <u>¥ 15,017</u> | <u>¥ 17,232</u> | <u>\$ 154,894</u> |

Future lease revenue under finance leases includes the imputed interest revenue and sublease revenue.

Depreciation expenses relating to the leased assets mentioned above was ¥5,615 million and ¥4,479 million for the years ended March 31, 2003 and 2002 and ¥2,564 million (\$23,047 thousand) and ¥2,713 million for the six months ended September 30, 2003 and 2002, respectively.

Operating Leases

Future revenues due under non-cancelable operating leases at March 31, 2003 and 2002 and September 30, 2003 were as follows:

| | Millions of Yen | | | Thousands of |
|---------------------|-----------------|-------------|---------------|----------------------|
| | March 31 | | September 30, | U.S. Dollars |
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>September 30,</u> |
| | | | | <u>2003</u> |
| Due within one year | ¥ 5 | ¥ 26 | ¥ | \$ |
| Due after one year | — | <u>5</u> | — | — |
| Total | <u>¥ 5</u> | <u>¥ 31</u> | <u>¥</u> | <u>\$</u> |

Lessee

Finance Leases

Total lease payments under finance leases were ¥2,230 million and ¥3,177 million for the years ended March 31, 2003 and 2002 and ¥1,049 million (\$9,429 thousand) and ¥1,305 million for the six months ended September 30, 2003 and 2002, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under 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, 2003 and 2002 and the six months ended September 30, 2003 was as follows:

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

| | Millions of Yen | | | | |
|-----------------------------|--|------------------------------------|-------------------------------|-----------------------------|----------------|
| | <u>Nuclear Power Production Facilities</u> | <u>Distribution Facilities</u> | <u>General Facilities</u> | <u>Other Facilities</u> | <u>Total</u> |
| As of March 31, 2002: | | | | | |
| Acquisition cost | ¥ 4,436 | ¥ 1,135 | ¥ 4,739 | ¥ 8,378 | ¥ 18,688 |
| Accumulated depreciation | <u>628</u> | <u>881</u> | <u>4,643</u> | <u>5,245</u> | <u>11,397</u> |
| Net leased property | <u>¥ 3,808</u> | <u>¥ 254</u> | <u>¥ 96</u> | <u>¥ 3,133</u> | <u>¥ 7,291</u> |

| | Millions of Yen | | | | |
|-----------------------------|---|----------------------------|-----------------------|---------------------|----------------|
| | Nuclear Power Production Facilities | Distribution Facilities | General Facilities | Other Facilities | Total |
| As of September 30, 2003: | | | | | |
| Acquisition cost | ¥ 4,554 | ¥ 853 | ¥ 126 | ¥ 8,123 | ¥ 13,656 |
| Accumulated depreciation | <u>1,641</u> | <u>787</u> | <u>90</u> | <u>4,878</u> | <u>7,396</u> |
| Net leased property | <u>¥ 2,913</u> | <u>¥ 66</u> | <u>¥ 36</u> | <u>¥ 3,245</u> | <u>¥ 6,260</u> |

| | Thousands of U.S. Dollars | | | | |
|-----------------------------|---|----------------------------|-----------------------|---------------------|------------------|
| | Nuclear Power Production Facilities | Distribution Facilities | General Facilities | Other Facilities | Total |
| As of September 30, 2003: | | | | | |
| Acquisition cost | \$ 40,935 | \$ 7,667 | \$ 1,133 | \$ 73,017 | \$ 122,752 |
| Accumulated depreciation | <u>14,751</u> | <u>7,074</u> | <u>809</u> | <u>43,847</u> | <u>66,481</u> |
| Net leased property | <u>\$ 26,184</u> | <u>\$ 593</u> | <u>\$ 324</u> | <u>\$ 29,170</u> | <u>\$ 56,271</u> |

Obligations under finance leases:

| | Millions of Yen | | | Thousands of U.S. Dollars |
|---------------------|-------------------------|------------------------------|------------------------------|------------------------------|
| | March 31 <u>2003</u> | September 30, <u>2002</u> | September 30, <u>2003</u> | September 30, <u>2003</u> |
| Due within one year | ¥ 1,823 | ¥ 2,148 | ¥ 1,789 | \$ 16,081 |
| Due after one year | <u>4,359</u> | <u>5,174</u> | <u>4,495</u> | <u>40,405</u> |
| Total | <u>¥ 6,182</u> | <u>¥ 7,322</u> | <u>¥ 6,284</u> | <u>\$ 56,486</u> |

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

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 ¥2,230 million and ¥3,177 million for the years ended March 31, 2003 and 2002 and ¥1,049 million (\$9,429 thousand) and ¥1,305 million for the six months ended September 30, 2003 and 2002, respectively.

Operating Leases

Obligations under non-cancelable operating leases at March 31, 2003 and 2002 and September 30, 2003 were as follows:

| | Millions of Yen | | | Thousands of |
|---------------------|-----------------|--------------|---------------|-------------------------------------|
| | March 31 | | September 30, | U.S. Dollars |
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>September 30,</u> <u>2003</u> |
| Due within one year | ¥ 68 | ¥ 78 | ¥ 32 | \$ 288 |
| Due after one year | <u>3</u> | <u>71</u> | <u>—</u> | <u>—</u> |
| Total | <u>¥ 71</u> | <u>¥ 149</u> | <u>¥ 32</u> | <u>\$ 288</u> |

11. COMMITMENTS AND CONTINGENCIES

At September 30, 2003, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥228,018 million (\$2,049,600 thousand). Additionally, the Companies have entered into several fuel supply contracts which involve commitments.

At September 30, 2003, the Companies had the following contingent liabilities:

| | Millions of Yen | Thousands of |
|--|-------------------------------------|--|
| | <u>September 30,</u> <u>2003</u> | <u>U.S. Dollars</u> <u>September 30,</u> <u>2003</u> |
| Co-guarantees or guarantees of loans and bonds of other companies: | | |
| Japan Nuclear Fuel Limited | ¥ 221,426 | \$ 1,990,346 |
| Other | <u>4,031</u> | <u>36,234</u> |
| Total | <u>¥ 225,457</u> | <u>\$ 2,026,580</u> |
| A guarantee about power supply for San Roque Power Corporation | ¥451 | \$4,054 |
| Contingency relating to endorsement | 18 | 162 |

12. SUBSEQUENT EVENT

On November 19, 2003, the Company declared an interim cash dividend of ¥25 (\$0.22) per share to shareholders of record at September 30, 2003, amounting to a total of ¥23,670 million (\$212,764 thousand).

13. DERIVATIVE

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

The fair value of the Companies' derivative financial instrument at March 31, 2003 and September 30, 2003 is as follows:

| | Millions of Yen | | |
|---|----------------------|---------------|---------------------------|
| | March 31, 2003 | | |
| | Contracted Amount | Fair Value | Unrealized Gain (Loss) |
| Foreign currency forward contracts | | | |
| - Selling U.S. Dollars | ¥ 1,076 | ¥ 1,384 | ¥ (308) |
| Commodity swaps: | | | |
| Receivable floating price/payable fixed price | 978 | (10) | (10) |
| Receivable fixed price/payable floating price | 499 | (3) | (3) |

| | Millions of Yen | | |
|---|----------------------|---------------|---------------------------|
| | September 30, 2003 | | |
| | Contracted Amount | Fair Value | Unrealized Gain (Loss) |
| Foreign currency forward contracts | | | |
| - Selling U.S. Dollars | ¥ 1,076 | ¥ 1,292 | ¥ (216) |
| - Buying U.S. Dollars | 15,497 | 14,610 | (887) |
| Commodity swaps: | | | |
| Receivable floating price/payable fixed price | 489 | (22) | (22) |

| | Thousands of U.S. Dollars | | |
|---|---------------------------|---------------|---------------------------|
| | September 30, 2003 | | |
| | Contracted Amount | Fair Value | Unrealized Gain (Loss) |
| Foreign currency forward contracts | | | |
| - Selling U.S. Dollars | \$ 9,672 | \$ 11,613 | \$ (1,942) |
| - Buying U.S. Dollars | 139,299 | 131,326 | (7,973) |
| Commodity swaps: | | | |
| Receivable floating price/payable fixed price | 4,396 | (198) | (198) |

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

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

14. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2003 and September 30, 2003 and 2002 is as follows:

| | <u>Millions of Yen</u> | <u>Thousands of Shares</u> | <u>Yen</u> | <u>Dollars</u> |
|--|----------------------------|------------------------------------|------------|----------------|
| | <u>Net Income</u> | <u>Weighted Average Shares</u> | <u>EPS</u> | |
| <u>For the year ended March 31, 2003:</u> | | | | |
| Basic EPS | | | | |
| Net income available to common shareholders | ¥ 79,984 | 958,010 | ¥ 83.49 | |
| Effect of Dilutive Securities | | | | |
| Convertible bonds | 1,608 | 37,145 | | |
| Diluted EPS | | | | |
| Net income for computation | ¥ 81,592 | 995,155 | ¥ 81.99 | |
| <u>For the Six Months ended September 30, 2003:</u> | | | | |
| Basic EPS | | | | |
| Net income available to common shareholders | ¥ 108,091 | 946,003 | ¥114.26 | \$1.03 |
| Effect of Dilutive Securities | | | | |
| Convertible bonds | 804 | 37,145 | | |
| Diluted EPS | | | | |
| Net income for computation | ¥ 108,895 | 983,148 | ¥110.76 | \$1.00 |
| <u>For the Six Months ended September 30, 2002:</u> | | | | |
| Basic EPS | | | | |
| Net income available to common shareholders | ¥ 103,730 | 962,268 | ¥107.80 | |
| Effect of Dilutive Securities | | | | |
| Convertible bonds | 804 | 37,145 | | |
| Diluted EPS | | | | |
| Net income for computation | ¥ 104,534 | 999,413 | ¥104.60 | |

15. SEGMENT INFORMATION

Information about industry segments of the Company and subsidiaries for the year ended March 31, 2003 and 2002, and for the six months ended September 30, 2003 and 2002 are as follows:

Sales and Operating Income

| | Millions of Yen | | | | |
|---|-----------------------|-------------------------------|-----------------|------------------------------------|---------------------|
| | <u>Electric Power</u> | <u>IT/ Communications</u> | <u>Other</u> | <u>Eliminations/ Corporate</u> | <u>Consolidated</u> |
| For the year ended March 31, 2003 | | | | | |
| Sales to customers | ¥ 2,461,694 | ¥ 32,957 | ¥ 120,503 | | ¥2,615,154 |
| Intersegment sales | <u>9,665</u> | <u>43,388</u> | <u>230,271</u> | ¥ (283,324) | |
| Total sales | 2,471,359 | 76,345 | 350,774 | (283,324) | 2,615,154 |
| Operating expenses | <u>2,155,224</u> | <u>81,854</u> | <u>339,343</u> | <u>(286,848)</u> | <u>2,289,573</u> |
| Operating income | <u>¥ 316,135</u> | <u>¥ (5,509)</u> | <u>¥ 11,431</u> | <u>¥ 3,524</u> | <u>¥ 325,581</u> |
| | | | | | |
| | Millions of Yen | | | | |
| | <u>Electric Power</u> | <u>IT/ Communications</u> | <u>Other</u> | <u>Eliminations/ Corporate</u> | <u>Consolidated</u> |
| For the year ended March 31, 2002 | | | | | |
| Sales to customers | ¥ 2,509,564 | ¥ 28,815 | ¥ 113,218 | | ¥ 2,651,597 |
| Intersegment sales | <u>8,253</u> | <u>39,701</u> | <u>260,619</u> | ¥ (308,573) | |
| Total sales | 2,517,817 | 68,516 | 373,837 | (308,573) | 2,651,597 |
| Operating expenses | <u>2,206,105</u> | <u>75,341</u> | <u>363,640</u> | <u>(312,801)</u> | <u>2,332,285</u> |
| Operating income | <u>¥ 311,712</u> | <u>¥ (6,825)</u> | <u>¥ 10,197</u> | <u>¥ 4,228</u> | <u>¥ 319,312</u> |
| | | | | | |
| | Millions of Yen | | | | |
| | <u>Electric Power</u> | <u>IT/ Communications</u> | <u>Other</u> | <u>Eliminations/ Corporate</u> | <u>Consolidated</u> |
| For the six months ended September 30, 2003 | | | | | |
| Sales to customers | ¥ 1,193,728 | ¥ 31,066 | ¥ 51,403 | | ¥ 1,276,197 |
| Intersegment sales | <u>4,138</u> | <u>23,937</u> | <u>88,296</u> | ¥ (116,371) | |
| Total sales | 1,197,866 | 55,003 | 139,699 | (116,371) | 1,276,197 |
| Operating expenses | <u>960,212</u> | <u>51,990</u> | <u>139,091</u> | <u>(118,451)</u> | <u>1,032,842</u> |
| Operating income | <u>¥ 237,654</u> | <u>¥ 3,013</u> | <u>¥ 608</u> | <u>¥ 2,080</u> | <u>¥ 243,355</u> |

| | Millions of Yen | | | | Consolidated |
|---|------------------|-----------------------|----------------|----------------------------|------------------|
| | Electric Power | IT/ Communications | Other | Eliminations/ Corporate | |
| For the six months ended September 30, 2002 | | | | | |
| Sales to customers | ¥ 1,283,212 | ¥ 16,406 | ¥ 44,340 | | ¥ 1,343,958 |
| Intersegment sales | <u>4,199</u> | <u>17,558</u> | <u>102,449</u> | ¥ (124,206) | |
| Total sales | 1,287,411 | 33,964 | 146,789 | (124,206) | 1,343,958 |
| Operating expenses | <u>1,048,064</u> | <u>36,684</u> | <u>146,350</u> | <u>(124,943)</u> | <u>1,106,155</u> |
| Operating income | <u>¥ 239,347</u> | <u>¥ (2,720)</u> | <u>¥ 439</u> | <u>¥ 737</u> | <u>¥ 237,803</u> |

| | Thousands of U.S. Dollars | | | | Consolidated |
|---|---------------------------|-----------------------|------------------|----------------------------|---------------------|
| | Electric Power | IT/ Communications | Other | Eliminations/ Corporate | |
| For the six months ended September 30, 2003 | | | | | |
| Sales to customers | \$ 10,730,139 | \$ 279,245 | \$ 462,050 | | \$ 11,471,434 |
| Intersegment sales | <u>37,196</u> | <u>215,164</u> | <u>793,672</u> | \$ (1,046,032) | |
| Total sales | 10,767,335 | 494,409 | 1,255,722 | (1,046,032) | 11,471,434 |
| Operating expenses | <u>8,631,119</u> | <u>467,326</u> | <u>1,250,256</u> | <u>(1,064,728)</u> | <u>9,283,973</u> |
| Operating income | <u>\$ 2,136,216</u> | <u>\$ 27,083</u> | <u>\$ 5,466</u> | <u>\$ 18,696</u> | <u>\$ 2,187,461</u> |

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

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

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