



**Financial Results 4/02-3/03
(The year ended March 31, 2003)
&
Financial Forecast 4/03-3/04
(The year ending March 31, 2004)**

**May 21, 2003
The Kansai Electric Power Co., Inc.**

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Summary of Non-consolidated Financial Results

Decrease in revenue/Increase in income (operating income, ordinary income)

Revenue	
(Plus factor)	Increase in electricity kWh sales(+2TWh)
(Minus factor)	Rate cut implemented last October.(5.35% rate cut in regulated segments)
Expenses	
(Plus factor)	Increase in personnel costs from additional retirement payment of early retirement plan (12/2002: 1,900 applicants, 7/2003: 330 applicants)
(Minus factor)	Reduction mainly of fuel costs through improving nuclear capacity factor and maintenance costs

Increase of JPY3.8bn in operating income and increase of JPY22.9bn in ordinary income.

Special profit/loss

Special profit	Gain on sales of securities
Special loss	Loss on discontinuance of power plant construction

We booked the special profit/loss in order to downsize our balance sheet and improve asset efficiency. As a result, net income decreased by JPY39.7bn from the previous term.



The summary of non-consolidated financial results for the year ended March 31, 2003 is as follows.

Electricity sales increased from the previous term mainly due to the increase of electricity demand for heating. However, revenues from electricity sales decreased compared with fiscal 2002 principally because of the rate cut implemented last October.

We fulfilled early retirement scheme in order to reduce manpower cost in the future, and personnel expenses increased considerably last year. However, cost reductions, such as in fuel costs and maintenance costs offsets these adverse factors, and ordinary income resulted in an increase of JPY22.9bn compared with 2002. Ordinary income increased in fiscal 2003 compared with fiscal 2002.

As for special profit/loss, we discontinued construction of Kaneihara pumped-storage hydro electric power plant and sold investment securities in order to improve asset efficiency and downsize our balance sheet.

Finally, our total assets at the end of March 2003 went below JPY7 trillion mainly because of the reduction of capital expenditures. Interest-bearing debt decreased by JPY251.6bn from the previous fiscal year-end. We think that our financial position is improving steadily.

Major Factors (Non-Consolidated)

	4/02-3/03	4/01-3/02	Increase /decrease
Electricity Sales(TWh)	141.8(101.5)	139.8(97.8)	+2.0
Residential(TWh)	45.6(102.8)	44.4(99.9)	+1.2
Commercial and Industrial(TWh)	96.2(100.8)	95.4(96.9)	+0.8
Nuclear Capacity Factor(%)	90.5	84.5	+6.0
Water Run-off Ratio(%)	91.6	87.7	+3.9
CIF Crude Oil Price(\$/barrel)	27.4	23.8	+3.6
Exchange Rate (¥/\$)	122	125	-3

* () : Changes from the previous term, %

This page shows major factors on a non-consolidated basis.

Total electricity sales in the year ended March 2003 reached 141.8TWh, constituting a 1.5% increase from the previous term. Electricity sales to residential customers increased by 2.8% year-on-year, to 45.6TWh because the demand for heating increased due to lower-than-normal temperatures in winter. Electricity sales to commercial and industrial customers increased by 0.8% from the previous term, to 96.2TWh because of the increase of heating demand and recovery of production for export.

Nuclear capacity factor reached a record 90.5% while maintaining safe and stable operation of nuclear power plants.

Non-Consolidated Statements of Income

(Billion yen)

	4/02-3/03	Increase /decrease	Breakdown	
Ordinary Revenues	2,490.8	-36.5	•Electricity Sales	-49.8
			•Gas business sales	+7.7
Ordinary Expenses	2,304.2	-59.5	•Maintenance	-38.4
			•Fuel	-36.7
			•Provision for reprocessing of irradiated nuclear fuel	-36.6
			•Loss on disposal of properties	-34.7
			•Interest expenses	-14.9
			•Depreciation	-13.1
			•Personnel	+90.1
Ordinary Income	186.5	+22.9		
Provision (Reversal) of Reserve for Fluctuations in Water Level	-	+6.6		
Extraordinary Income	28.2	-15.6	•Gain on sales of securities(3/03:28.2, 3/02:43.9)	-15.6
Extraordinary Loss	62.0	+62.0	•Loss on discontinuing of power plant construction	-62.0
Income before Income Taxes	152.8	-61.3		
Net Income	97.2	-39.7		

Though electricity sales increased year-on-year, revenues from electricity sales decreased by JPY49.8bn from the previous year mainly because of the rate cut implemented last October.

Ordinary expenses decreased by JPY59.5bn from the previous term due to reduction mainly of fuel costs and maintenance costs.

As for special profit/loss, gain on sales of securities and loss on discontinuance of power plant construction were booked.

As a result, net income totaled JPY97.2bn, down JPY39.7bn from the previous term.

Non-Consolidated Balance Sheets

(Billion yen)

	March 31 2003	Increase /decrease	Breakdown	
Assets	6,772.3	-271.1	<ul style="list-style-type: none"> •Capital expenditures •Depreciation and amortization •Nuclear fuel and other property •Amortization of nuclear fuel 	+326.5 -392.4 -142.6 -56.8
Liabilities	5,447.5	-258.2	<ul style="list-style-type: none"> •Interest-bearing debt(3/03:4,054.7 3/02:4,327.1) •Accrued expenses and accounts payable •Several reserves 	-251.6 -49.9 +73.1
Shareholders' Equity	1,324.8	-12.8	<ul style="list-style-type: none"> •Dividends <ul style="list-style-type: none"> 3/02 2nd half dividends ¥25 per share 3/03 1st half dividends ¥25 per share •Net unrealized gain on available for sale securities •Treasury stock •Net income 	-48.1 -32.2 -29.6 +97.2

Capital expenditures were limited within depreciation and amortization and existing facilities were also trimmed down in order to improve asset efficiency.

As a result, total assets were JPY6,772.3bn, down JPY271.1bn year-on-year. Interest-bearing debt decreased by JPY251.6bn from the previous term.

As for shareholders' equity, net unrealized gain on available-for-sale securities declined from the previous-term end mainly due to the sale of securities holdings and the decline in the value of other investment securities. We bought back shares worth 16 million shares while maintaining stable dividends.

Total shareholders' equity decreased compared with fiscal 2002, but shareholders' equity ratio was improved from the previous term.

Segment Information

(Billion yen)

	Electric Power	IT/Communications	Other	Total	Eliminations/Corporate	Consolidated
Total Sales	2,471.3	76.3	350.7	2,898.4	-283.3	2,615.1
Operating Income	316.1	-5.5	11.4	322.0	3.5	325.5
Assets	6,793.6	311.3	500.3	7,605.3	-203.0	7,402.3
Depreciation	383.0	15.6	22.1	420.9	-6.9	413.9
Capital Expenditures	322.7	23.3	44.1	390.3	-3.5	386.8

We aim to provide value-added solutions to customers on a group wide basis. To utilize our group resources to maximum effect and increase our top line, we concentrate on three strategic areas: IT/Communications, Energy business and Life-support.

As for IT/Communications, revenues increased from the previous term. This increase was mainly due to the increased number of contracts of “eo 64 air”, wireless internet access service, and the commencement of FTTH service provided by K-Opticom, our core subsidiary. However, profit was still negative mainly because of the depreciation of initial investments.

*“Energy business” and “Life-support Amenities” are included in “Other” in the industry segment information.

Consolidated Statements of Cash Flows

(Billion yen)

	4/02- 3/03	Increase/d ecrease	Breakdown	
Operating Activities	656.0	-100.5	• Income tax paid	-71.5
Investing Activities	-409.5	+37.0	• Purchases of property, plant and equipment • Payments for investments and advances	+66.0 -21.5
Financing Activities	-271.3	+34.1	• Net repayments of bond and borrowings (3/03: -193.6 3/02: -217.0)	+23.4
Net Cash Provided by Operating, Investing and Financial Activities	-24.8	-29.4		

Although cost reductions offset decreased revenues from electricity sales and pay out in the fulfilled early retirement scheme, operating cash flows decreased by JPY100.5bn from the previous term mainly due to the increase of income tax paid.

Investing cash flows decreased by JPY37.0bn year-on-year mainly due to the reduction of capital expenditures.

Free cash flows were allocated to stable dividends, share buy-backs and reduction of interest-bearing debt.

Financial Highlights 4/02-3/03

(Billion yen)

	Consolidated (A)		Non-Consolidated (B)		(A)/(B)	
	4/02-3/03	Increase /decrease	4/02-3/03	Increase /decrease	4/02-3/03	4/01-3/02
Operating Revenue	2,615.1	-36.4	2,482.7	-35.0	1.05	1.05
Operating Income	325.5	+6.2	315.5	+3.8	1.03	1.02
Ordinary Income	174.7	+15.1	186.5	+22.9	0.94	0.98
Net Income	80.4	-47.9	97.2	-39.7	0.83	0.94
Total Assets	7,402.3	-105.2	6,772.3	-271.1		
Interest-Bearing Debt	4,354.1	-94.2	4,075.4	-251.6		
Shareholders' Equity Ratio	20.9%	-0.2%	19.6%	+0.6%		



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This page shows consolidated financial results.

Consolidated/Non-consolidated ratio was almost one. This figure indicates that the results of consolidated subsidiaries have trivial effects on consolidated results at present.

Though the ratio was above one in operating revenues and operating income, it was below one in ordinary income and net income mainly due to the negative result of IT/Communication.

We aim to achieve over one for the ratio in ordinary income and net income in the year ending March 31, 2004.

Also, we intend to increase our non-electric ordinary income to JPY33.0bn in 5 years.

Financial Forecast 4/03-3/04

(Billion yen)

	Consolidated		Non-Consolidated	
	4/03-3/04(E)	Increase /decrease	4/03-3/04(E)	Increase /decrease
Operating Revenue	2,520.0	-95.1	2,350.0	-132.7
Operating Income	283.0	-42.5	270.0	-45.5
Ordinary Income	180.0	+5.2	170.0	-16.5
Net Income	115.0	+34.5	110.0	+12.7

	4/03-3/04(E)	4/02-3/03
Electricity Sales (TWh)	138.3(97.5)	141.8(101.5)
Residential (TWh)	43.7(95.9)	45.6(102.8)
Commercial and Industrial (TWh)	94.6(98.3)	96.2(100.8)
Nuclear Capacity Factor (%)	87.0	90.5
Water Run-off Ratio (%)	100.0	91.6
CIF Crude Oil Price (\$/barrel)	27	27.4
Exchange Rate [TTM] (¥/\$)	120	122



*() :Changes from the previous term, %

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Total electricity sales will decrease to 138.3TWh, down 2.5% compared with the previous term. Expected non-consolidated operating revenues are JPY2,350.0bn, down from fiscal 2003 mainly because of the full-year effect of rate cut implemented last October.

Though we intend to increase top line mainly in IT/Communications, Energy business and Life-support amenities, consolidated operating revenues are expected to decrease year-on-year, to JPY2,520.0bn.

Ordinary income on non-consolidate basis is expected to be JPY170.00bn and consolidated ordinary income is expected to increase by JPY10.0bn compared with non-consolidated basis, to JPY180.0bn.

Financial Forecast 4/03-9/03

(Billion yen)

	Consolidated		Non-Consolidated	
	4/03-3/04(E)	Increase /decrease	4/03-3/04(E)	Increase /decrease
Operating Revenue	1,260.0	-83.9	1,190.0	-102.6
Operating Income	190.0	-47.8	190.0	-49.4
Ordinary Income	140.0	-31.8	140.0	-43.0
Net Income	90.0	-13.7	90.0	-26.9

	4/03-9/03(E)	4/02-9/02
Electricity Sales (TWh)	70.5(97.8)	72.1(99.2)
Residential (TWh)	21.0(95.4)	22.0(99.7)
Commercial and Industrial (TWh)	49.5(98.8)	50.1(99.0)
Nuclear Capacity Factor (%)	83.9	94.7
Water Run-off Ratio (%)	100.0	90.9
CIF Crude Oil Price (\$/barrel)	27	25.6
Exchange Rate [TTM] (¥/\$)	120	123

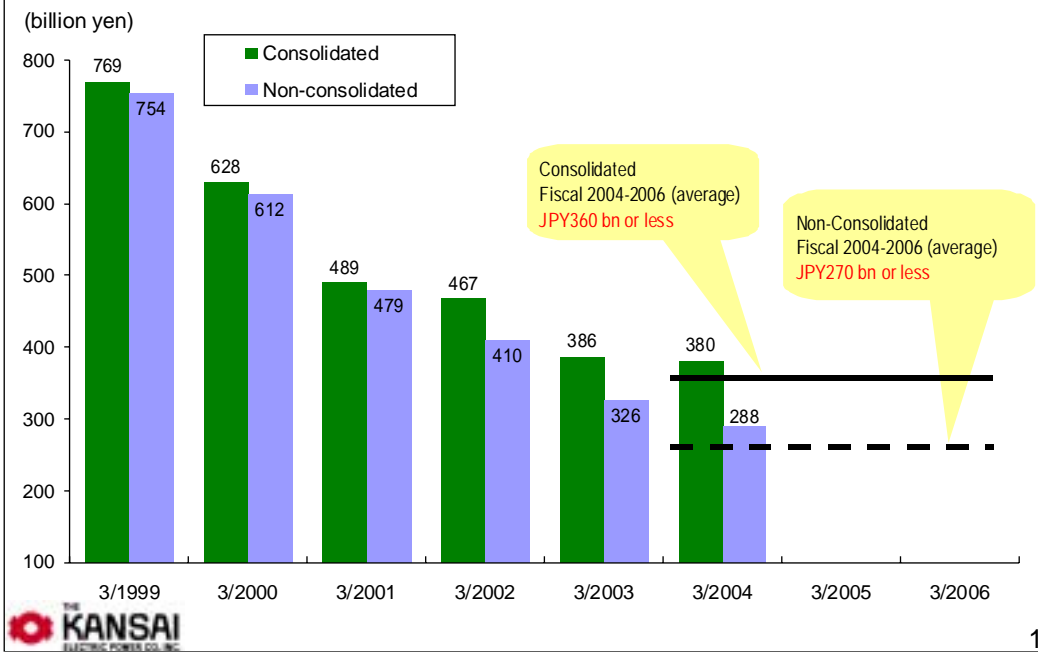


*() :Changes from the previous term, %

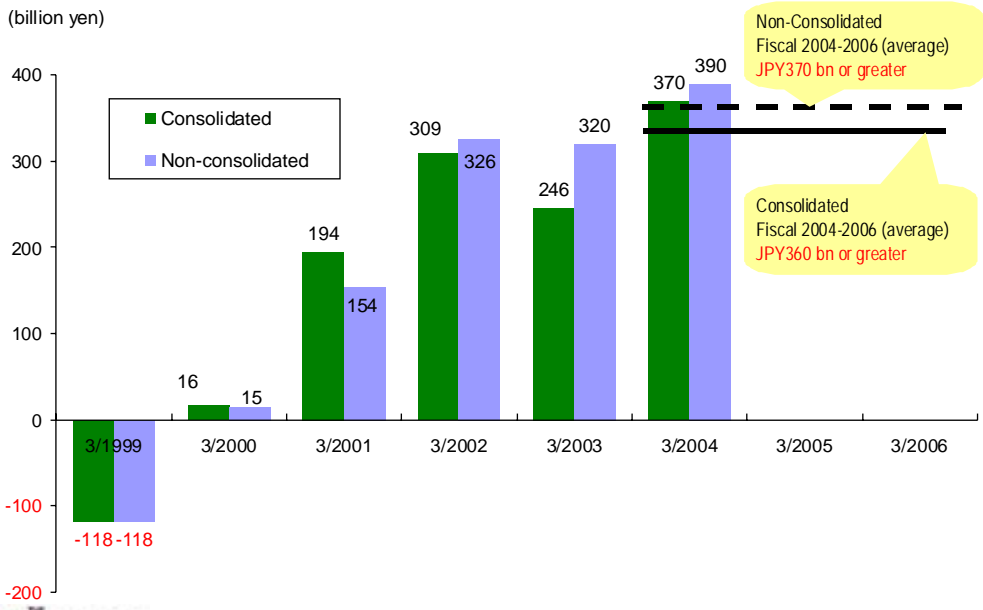
Financial forecasts for the 6 months ending September 30, 2003 and major factors are shown in the tables.

Appendix

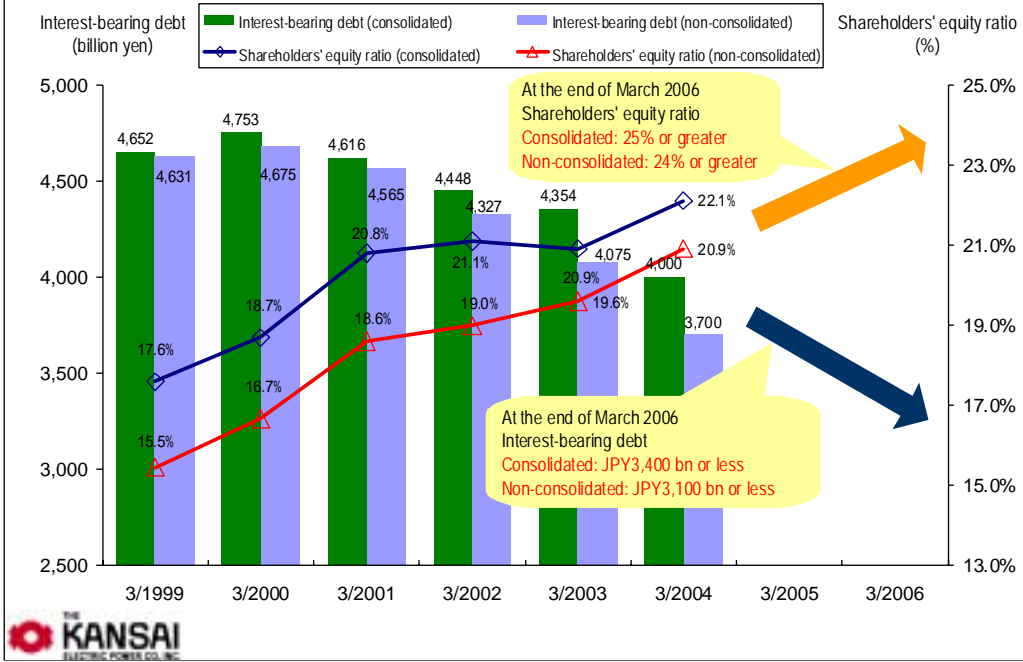
Trends of Capital Expenditures



Trends of Free Cash Flow



Financial Position



Reduction of Interest Bearing Debt (Non-Consolidated)

(Billion yen)

	Mar. 31 2003	Mar. 31 2002	Increase /decrease	Buyback and early redemption	
				Original Principal	Increase of expenses
Bond	1,903.6	2,011.9	-108.3	Buyback 4.6	0.7(Casualty loss)
Straight	1,724.9	1,833.2	-108.3		
Convertible	178.6	178.6	-		
Borrowings	2,086.8	2,265.1	-178.3	Early redemption 95.1	10.5(Interest expenses)
Long-term	1,868.3	1,985.1	-116.8		
Short-term	218.4	280.0	-61.5		
Commercial Paper	85.0	50.0	+35.0		
Interest-Bearing Debt	4,075.4	4,327.1	-251.6	Total 99.7	Total 11.3
Interest Rate(%)	2.31	2.45	-		

Notes

- *1. Ordinary Income means Income before Provision for (Reversal of) Reserve for Fluctuations in Water Level and Income Taxes.
- *2. The consolidated financial statements as of March 31, 2002 and 2003 include the accounts of Kansai and all of its subsidiaries.
- *3. The forecast is subject to change depending upon the changes of business environments and other conditions.

For Further Information

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