Message from the Management

In tandem with revisions to Japan’s regulations governing the electric power industry implemented in March 2000, liberalization of the retail energy market has commenced in earnest as relates to customers with special high-voltage requirements. This segment accounts for roughly a 30% share of The Kansai Electric Power Company’s total electricity sales.

In order to remain the power provider of choice to our customers in this new era of competition, we are mustering our comprehensive group resources to respond to the diversified requirements of our customers. Greater management efficiency enabling the delivery of electricity at ever less cost, the provision of a wider palette of rate schedule options, and the development of ever more attentive customer services are just some of the challenges The Kansai Electric Power Co., Inc. (Kansai EP) is taking up today.

We are also continuing our efforts to ensure stable supplies of high-quality electricity, and addressing such issues as energy security and global environmental protection through the operation of facilities focused on nuclear power.

Thanks to the loyal support of our many customers and shareholders, in May 2001 Kansai EP celebrated its 50th anniversary since its founding. By continuing to respond solidly to evolving demands and expectations, we pledge to maintain our commitment to ongoing development in the 21st century.

We ask for your continued support and understanding in the coming years.
Toward a Brighter and More Brilliant Future

Kansai EP is lighting the way to a new tomorrow.
Today, as we cross the threshold into a brand-new century, lifestyles and workstyles are changing dynamically. But at Kansai EP, our fundamental philosophy remains constant: to create smiling faces through energy. By maintaining a close rapport with our customers in all segments of the local community, we consistently strive to respond to their evolving needs and demands.

Happy smiles are our driving energy.
Electric power has become almost as indispensable to our lives today as the air we breathe, a vital support system enabling us to meet our daily needs. For us at Kansai EP, maintaining a stable power supply is therefore a task that allows for no compromises. All of our employees, supremely skilled and trained, apply their comprehensive technical capabilities round-the-clock to ensure the safe and secure operation and maintenance of all facilities in our energy grid.

Reliable power is our duty and pride.
At Kansai EP, we never shrug our obligation to be responsible global citizens. We continuously probe all avenues to make maximum use of available energy resources with optimal friendliness to the environment. For example, we work tirelessly to develop and promote cleaner energy forms, to maximize efficiency in the use of available resources, and to build energy facilities in harmony with the natural environment. Our quest for the ideal energies — and an ideal world — propels us ever forward.

Friendly energy is our mission and goal.
Power To Brighten Our Lives
Kansai EP supplies life-supporting energy.
Responding proactively to the diversifying needs of our customers

To respond to our customers’ increasingly diversified and sophisticated energy requirements as well as currents toward industry deregulation, Kansai EP is taking impressive steps to transform itself from an electric power company to an energy solutions provider.

Skills Honed through Decades of Experience

Kansai EP has been delivering a stable supply of high-quality electric power for roughly half a century. Today our engineering staff apply the company’s wealth of accumulated experience in all aspects of their activities, in order to achieve ideal solutions to every customer need. Simultaneously we are vigorously creating an environment to enable our comprehensive group capabilities to function with optimum effect.

Innovator in Menu Options

In recent years Kansai EP has set a number of major industry precedents with respect to rate plan development. In timing with partial deregulation implemented in March 2000, we launched a new discount menu targeted at totally electric homes. We also introduced a new scheme, offered to commercial and industrial users, which is based on load factor categories, and a special discount program created for customers who construct new or expanded factories or office buildings. Going forward, we will continue to devote our corporate resources to the development of rate schedules in our customers’ best interests.

One-stop Customer Service System

Applying state-of-the-art interfacing of information technology, Kansai EP has built a “one-stop” customer service network embracing all of its service bases. The configuration is making it possible for us to respond ever more speedily and accurately to customer inquiries and requests.
Ensuring a stable power supply through the optimum generation mix

Probing and Delivering the Optimum Generation Mix

Achieving a well-balanced generation mix begins with a thorough understanding of the strengths and weaknesses of all options available: stability of fuel supply, impact on the environment, economic viability, adaptability to future demand expansion. Based on that understanding, options are then coordinated in a manner ensuring a power supply of utmost efficiency and stability. Kansai EP's best generation mix places nuclear power in the base-load role, fossil fuels in a middle-load role, and conventional hydro and pumped-storage hydro cover both peak and base-load needs. During peak hours, maximum stability and efficiency are assured through flexible dependency on fossil fuels and pumped-storage hydro power.

A Commitment to Meet Rising Demand

The 21st century is destined to be a century marked by rising demand for electric power. As demographics shift toward an ever more mature society, home environments will become increasingly automated and convenience will be progressively targeted through power-assisted nursing aids. Meanwhile, as society becomes ever more information-intensive, a new array of electronic products and information equipment will become an indispensable feature of homes and offices. To meet the ever-expanding power needs these developments will engender, Kansai EP is working now to forge the optimum generation mix of reliable power generation modes to satisfy those requirements well into the future.
Placing nuclear power in the principal role

Salient Economic and Environmental Benefits
At Kansai EP, 51% of total electricity output derives from nuclear power, an energy source offering important economic and environmental advantages. Not only is uranium available in dependable supply, recycling of spent fuel can boost efficiency in energy usage many times over. Equally significant, generation of electricity from nuclear power produces no CO₂, so it can make a dramatic contribution to curbing global warming. Of course, in every aspect of our reliance on nuclear power, we always accord foremost priority and utmost attention to the assurance of maximum safety in all areas of operation, upstream and down.

Safe, Efficient Use of Uranium Resources
Kansai EP is vigorously carrying forward a program targeted at making effective use of uranium resources and reducing plutonium stocks. Under this project, plutonium recovered by reprocessing spent nuclear fuel is mixed with uranium to form mixed oxide (MOX) fuel.
Using thermal power as elastic, middle-load energy sources

Ensuring a stable supply of high-quality electric power

Another Vital, Flexible Energy Source
Thermal power is a vital source of energy offering supreme elasticity to cope with continuously fluctuating energy demand. At Kansai EP, 38% of total electricity output is generated using energy created by burning fossil fuels. Over the long term, we aim to diversify our fuel options through the use of coal, available at relatively stable prices, and LNG, an environmentally cleaner energy source.

Highly Sophisticated Power Supply Network
To deliver a stable supply of electricity efficiently from the power station to the customer is one of Kansai EP’s overriding missions, and to fulfill that mission we have long worked to continuously reinforce and update our Transmission and Distribution (T&D) facilities. Today, for example, sophisticated systems applying information technologies perform round-the-clock network monitoring and automated T&D system control. In addition to pursuing ever more advanced network operating systems, we also carry out all necessary steps to prepare against all types of possible mishaps. The result is that Kansai EP boasts one of the world’s strongest records in reducing the incidence and length of power failures. Going forward, while maintaining our high quality standards, we will continue to maintain power supply systems of ever greater efficiency, and we will pursue ever lower T&D system costs through the adoption of new technologies and new engineering methods.

Proactively Developing Hydro Power
Today, a comparably modest 11% of the electricity generated by Kansai EP derives from hydroelectric power, but in light of this energy source’s environmental advantages and Japan’s available water resources, we are working aggressively to develop increased capacity in this area. We also rely significantly on pumped-storage hydro power, a method whereby water is pumped during low-demand nighttime hours to support power generation requirements during peak daylight hours.

Making optimum use of renewable energy sources

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Taking a committed, global approach to environmental concerns

As an energy supplier, Kansai EP proactively pursues research and corporate activities targeted at protecting the environment. Their scope is worldwide.

Reducing CO2 Emissions on Global Scale
To counteract the warming of the earth's environment, Kansai EP is actively committed to reducing the world's CO2 emissions. Toward that objective, in our domestic operations we are making steady progress in promoting the use of nuclear power, enhancing thermal energy efficiency, and engaging in research into flue-gas decarbonization technology. Moreover, from the perspective that reducing CO2 emissions is a task of global proportions, we take our activities beyond national borders and participate in a multitude of international projects. For example, in Indonesia we are conducting joint research targeted at regeneration of tropical rain forests, and in Thailand we are investigating technologies relating to mangrove afforestation.

Internationally Certified in Environmental Management
We are also actively working to forge environmental management structures up to the highest international standards at our thermal and nuclear power plants, power stations and sales offices. The success of our efforts to date is reflected in our acquisition of ISO14001 certification at our Himeji No.1 and four other operating bases.

Vital Support to New Energy Initiatives
Kansai EP helps to foster expanded adoption of wind and solar energy by supporting the Center for Industrial Renovation of Kansai's (CIRK) “Kansai Green Power Fund,” which is targeted at promoting the use of new energies. We also actively purchase surplus power produced by wind and solar generating facilities installed by our customers.

Comparison of CO2 emission levels in major countries, 1998
In an ongoing quest to supply high-quality electric power and enhance customer convenience, Kansai EP dedicates its resources to the development of new energy technologies and attractive new services to serve as driving forces of tomorrow’s business expansion.
Boundless Possibilities, Borderless Expansion

Kansai EP’s group activities and worldwide operations.
Deploying our collective Group resources to satisfy a broader spectrum of needs

The managerial resources and expertise of all Kansai EP Group members are pooled and focused into three areas: energy, IT and life amenities. By offering services that respond to customer needs and providing total support to their lifestyles, we will continuously enhance customer satisfaction.
Expanding corporate activities to broad global scale

The environment and energy are issues that must be addressed on global scale. Kansai EP, recognizing that need, is a dynamic and flexible participant in international projects and business activities of worldwide breadth.

Pioneer in Overseas Business

In 1998 Kansai EP became Japan's first electric power provider to participate actively in a power-generation project overseas, in the Philippines. For the San Roque Multipurpose Project, we constructed a hydro power plant in line with a comprehensive “BOT” (Build, Operate and Transfer) scheme; after operating the plant for 25 years, we will transfer the facility to that country. More recently we are participating in a fund targeted at conserving energy and curbing emissions in eastern Europe and, under the Naniwa Project, we are giving our gas turbines no longer needed in the domestic market a second life as reliable power sources in the United States.

International Commitment to Mitigate Climate Change

At Kansai EP we recognize that a global approach is indispensable to addressing environmental issues of global scale. We therefore contribute to environmental enhancement in a broad spectrum of cross-border activities spanning from planting mangrove forests to participating in the aforementioned fund targeting energy conservation and emission reductions in eastern Europe.
Maintaining open links with the local community

We want to listen — to what local people have to say.
We want to tell — all about energy.
At Kansai EP, we create avenues of communication that build a strong rapport with the communities we serve.

Entertaining, Educational PR Venues
One of our aims at Kansai EP is for the public to have an accurate understanding of the important roles energy plays in their lives. Toward that end, we have created PR Halls at 23 locations where visitors can see how electricity is generated and learn all about energy in an entertaining way. We also operate an array of other facilities of a PR nature, including Hakata Takahama Eldoland, which has been designed like an amusement park, and the Kobe Lamp Museum, which focuses on the theme of lights and lighting.

Joint Action on the Environment
The environment is an issue that affects everyone, and at Kansai EP we are committed to helping local communities address this problem from various perspectives. Among the ways we use to achieve real results are organization of symposiums on the environment and classes on recycling. We also lead a broad program of “eco-friendly” activities including tree planting and environmental beautification. Through these and other undertakings, our local staff join with their local communities toward the protection and preservation of our earthly environment at the grass-roots level.

Close Rapport with Local Citizens
At each location, our local staff engage in a broad array of activities all aimed at strengthening Kansai EP’s ties with local citizens. To encourage curiosity towards science, we conduct electricity workshops and hold classes directly within the community. To foster increased communication, we support cultural activities such as concerts and art exhibitions, and sports activities such as football and soccer. We also carry out regular inspections of electrical equipment in homes occupied by seniors living alone, and at venues where important cultural properties are kept.

In Support of Local Internationalization
The Kansai region is home to large numbers of non-Japanese, and Kansai EP actively works to support the internationalization of the local community. As an example, we are a voluntary sponsor of FM CO-CO-LO, Japan’s first multilingual radio station. By broadcasting news, entertainment and emergency information in a multitude of languages, the station is eagerly embraced and relied on by foreign listeners as a vital source of information.
Overview

Date of establishment: May 1, 1951
Paid-in capital: ¥489,320 million
Outstanding shares: 978.6 million
Operating revenues: ¥2,581,451 million (consolidated: ¥2,647,944 million)
Total assets: ¥7,212,514 million (consolidated: ¥7,550,821 million)
Employees: 24,539 (consolidated: 32,589)
Energy sales volume: Lighting: 44,408 million kWh
Power: 98,444 million kWh

Contracted customers: Lighting: 11,398 thousand
Power: 1,417 thousand
Total: 12,815 thousand
Gross system input: 155,818 million kWh
System peak demand: 32,230 MW (August 2, 1996)
Supply area: Entire Osaka, Kyoto, Nara, Shiga and Wakayama prefectures and portions of Hyogo, Mie, Gifu and Fukui prefectures (total coverage area: 28,681 km²)

Supply facilities

Power plants:
- Hydro: 145, 8,129 MW
- Thermal: 18, 19,561 MW
- Nuclear: 3, 9,768 MW
Total: 166, 37,458 MW

Transmission lines (length):
- Overhead: 14,221 km
- Underground: 3,992 km

Distribution lines (length):
- Overhead: 117,952 km
- Underground: 5,232 km

Substations: 1,499, 148 million kVA

Brief History

<table>
<thead>
<tr>
<th>Year</th>
<th>National, world events</th>
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<tbody>
<tr>
<td>1951</td>
<td>Signing of San Francisco Peace Treaty</td>
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<tr>
<td>1957</td>
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<tr>
<td>1961</td>
<td>Successful installation of transmission line across Naruto Strait using balloon method (first in the world)</td>
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<td>1963</td>
<td>Completion of Kurobegawa No.4 plant after 7 years of difficult construction</td>
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<td>1966</td>
<td>Summer peak power output exceeds winter peak for first time</td>
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<td>1970</td>
<td>Inauguration of company’s first nuclear power plant (Mihama No.1)</td>
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<td>1973</td>
<td>Completion of 500 kV trunk network</td>
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<td>1976</td>
<td>Completion of LNG storage facilities at Himeji No.2 plant</td>
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<td>1979</td>
<td>Inauguration of domestic power industry’s first total quality control (TQC) program</td>
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<td>1981</td>
<td>Recipient of Deming Award (first outside the manufacturing and construction industries)</td>
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<td>1984</td>
<td>Annual energy sales exceed 100 billion kWh for first time</td>
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<td>1986</td>
<td>Chernobyl nuclear power plant disaster in the Soviet Union</td>
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<td>1991</td>
<td>International Garden and Greenery Exposition held in Osaka</td>
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<td>1992</td>
<td>Persian Gulf Crisis</td>
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<td>1995</td>
<td>United Nations Conference on Environment and Development (‘Earth Summit’) convened in Brazil</td>
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<td>1996</td>
<td>Great Hanshin-Awaji Earthquake</td>
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<td>1997</td>
<td>Third session of Conference on Parties to United Nations Framework Convention on Climate Change (COP3) held in Kyoto</td>
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<tr>
<td>2000</td>
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The Kansai Electric Power Co., Inc.  Company Profile 2001

Directors and Auditors (As of June 28, 2001)

Chairman of the Board of Directors
Yoshihisa Akiyama
President and Director
Yohsaku Fuji
Executive Vice Presidents and Directors
Yoji Goto
Kazuo Sato
Hideki Otsuka
Shosuke Mori

Managing Directors
Takashi Inoue
Katsuhisa Fujimura
Tetsuji Kishida
Hiroshi Nakano
Tetsuaki Hataoka
Hisao Takamoto
Takashi Minou
Hiroshi Morimoto
Takashi Iwasaki
Hiroshi Yatsuzuka

Directors
Hiroshi Matsumura
Koji Abe
Ikuro Tsukahara
Hiroaki Kikumoto
Masaaki Tokuoka
Yoko Matsumoto
Juzo Ogawa
Takashi Imai
Sadahiro Ozasa
Yasuo Shinji
Mitsuyoshi Hashimoto
Norihiko Saito
Toshiyuki Makii
Hiroshi Tabata

Senior Directors
Takashi Nakama
Masahiko Uenishi
Katsuyuki Inoue
Yoshitaka Kaji

Corporate Auditors
Takashi Iwasaki
Toshio Hataoka
Hiroshi Nakamura
Yoshimasa Kaji

Senior Corporate Auditors
Takashi Iwasaki
Toshio Hataoka
Mitsunobu Kadowaki
Yoshimasa Kaji

The Kansai Electric Power Co., Inc.  Company Profile 2001

Organization