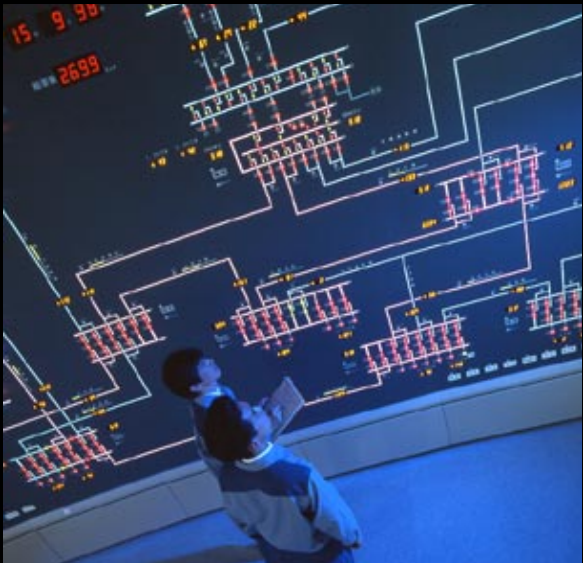
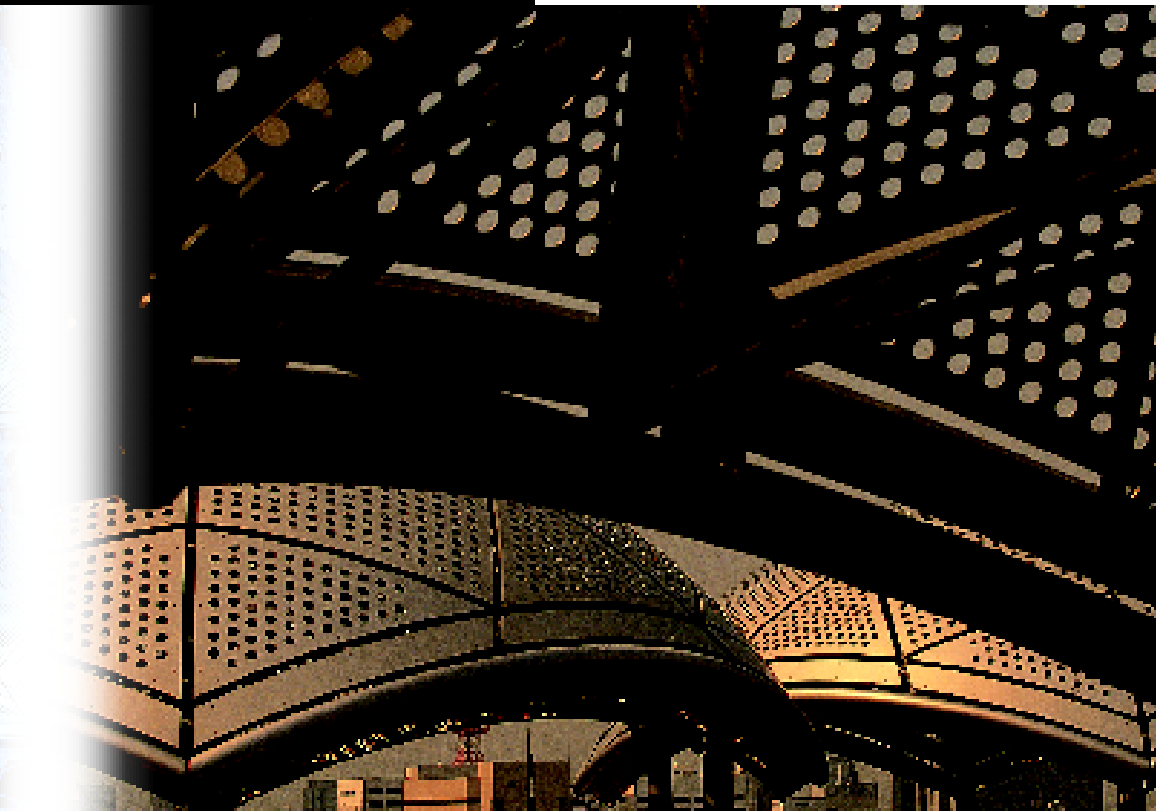
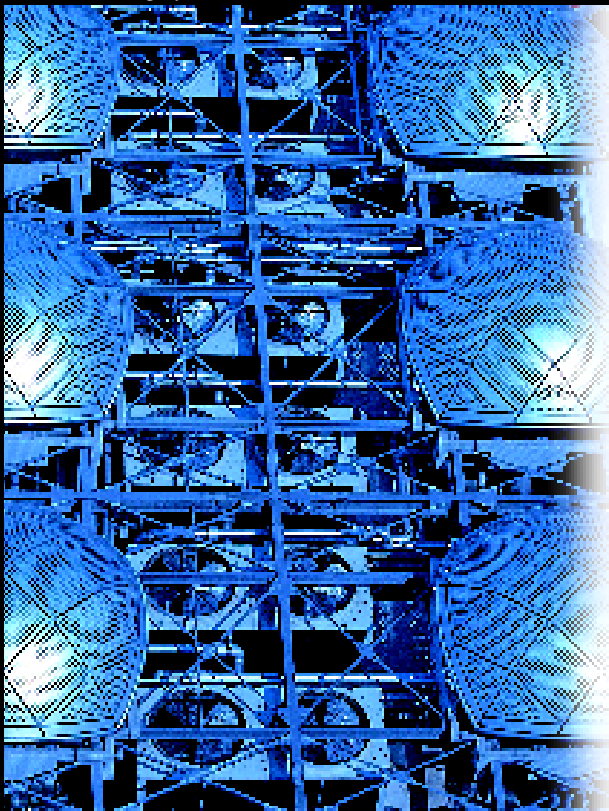


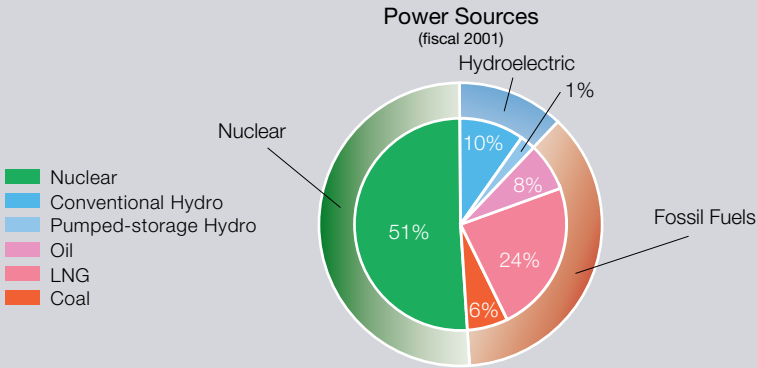
Setting the critical foundations now to support energy needs into the future

To cope with steadily rising electricity demand, Kansai EP probes all options to utilize available resources and infrastructure with optimum effectiveness.

'Eco Ice' heat storage system



Central Load Dispatching Center:
Power supply conditions throughout
the Company's network are
monitored 24 hours a day.



Sales Up amid Incipient Economic Recovery

Fiscal 2001 was a year in which the Japanese economy staged gradual but steady recovery. Against that broad backdrop, Kansai EP registered growth in sales volume for the eighth consecutive year, with total electricity sales reaching 142.9 billion kWh, an increase of 1.7% from the preceding term. In coming years this expansionary trend is expected to be sustained further, notably by energy demand for commercial and home uses.

Pursuing Maximum Use of Existing Infrastructure

Expanded electricity sales puts additional strain on the overall power infrastructure. To utilize existing infrastructure to optimum effect — and thereby enhance the Company's competitive position — we implement an array of initiatives focused on minimizing increases in peak demand on the system: in other words, improving our load factor.

First, we encourage the adoption of systems engineered for higher energy efficiency. Second, we aggressively promote the adoption of "Eco Ice," our innovative air-conditioning system that stores power generated during nighttime hours, when demand is modest, and thereby makes a significant contribution to easing daytime peak system demand. Third, we provide attractive rate schedules tailored to induce customers to adopt these energy-saving systems. The burgeoning success of these vigorous ini-

tiatives is reflected in the gradual improvement achieved in our load factor in recent years.

Aiming for the Optimum Generation Mix

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

Nuclear power forms the core of our energy platforms, meeting a majority 51% of the Company's total output demand. Nuclear power offers salient economic advantages because we pioneered its development, and this long record today yields benefits in terms of relatively modest depreciation costs and a sustained high capacity factor. Nuclear energy is also friendly to the environment as it produces low levels of CO² emissions.

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

We are also developing hydroelectric power aggressively, in view of this energy source's modest burden on the environment and the need to optimize effective use of Japan's available resources. Pumped-storage hydropower plants play a significant role in satisfying peak demand.

