

COMPANY PROFILE

2001



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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.



Yoshihisa Akiyama
Chairman of the Board of Directors

Yohsaku Fuji
President and Director



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.



(from top)
One-stop customer services
Home switchboard inspection
Totally electric school lunch service center
(Kinomoto-cho, Shiga Prefecture)



Transformation to Energy Solutions Provider

In response to diversifying customer needs and industry deregulation, Kansai EP is implementing a decisive transformation of its basic corporate role from a utility supplier to a provider of value-added energy solutions. To achieve this new positioning, we are taking aggressive steps to re-engineer our operations companywide and instituting measures to enable us to take full advantage of resources throughout our group network.

Skills Honed through Decades of Experience

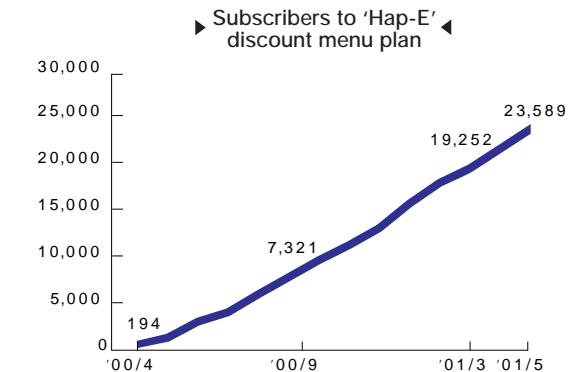
Kansai EP has been delivering a stable supply of high-quality electric power for roughly half a century. Today our engineering staff apply the company's wealth of accumulated experience in all aspects of their activities, in order to achieve ideal solutions to every customer need. Simultaneously we are 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.

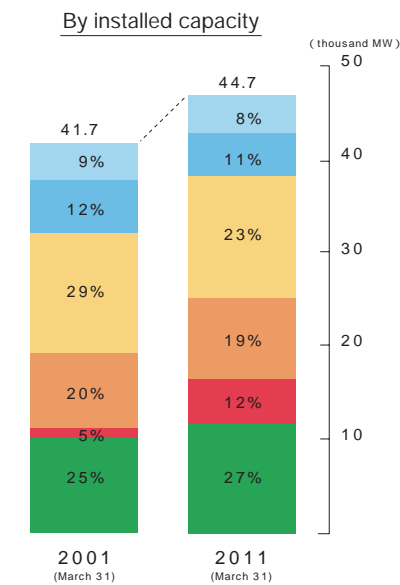
One-stop Customer Service System

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.

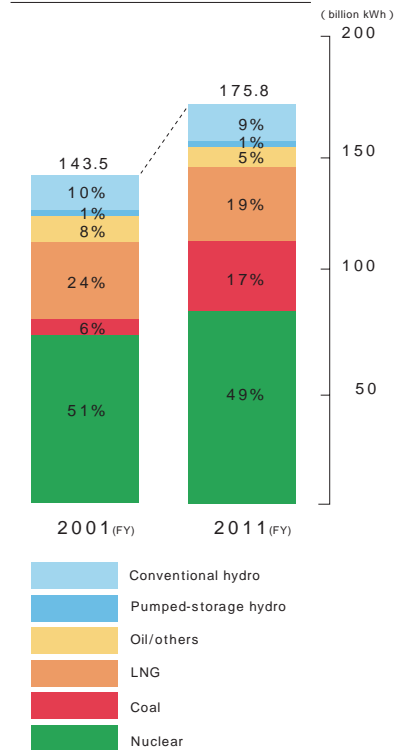


Ensuring a stable power supply through the optimum generation mix

► Breakdown of power sources* ◀

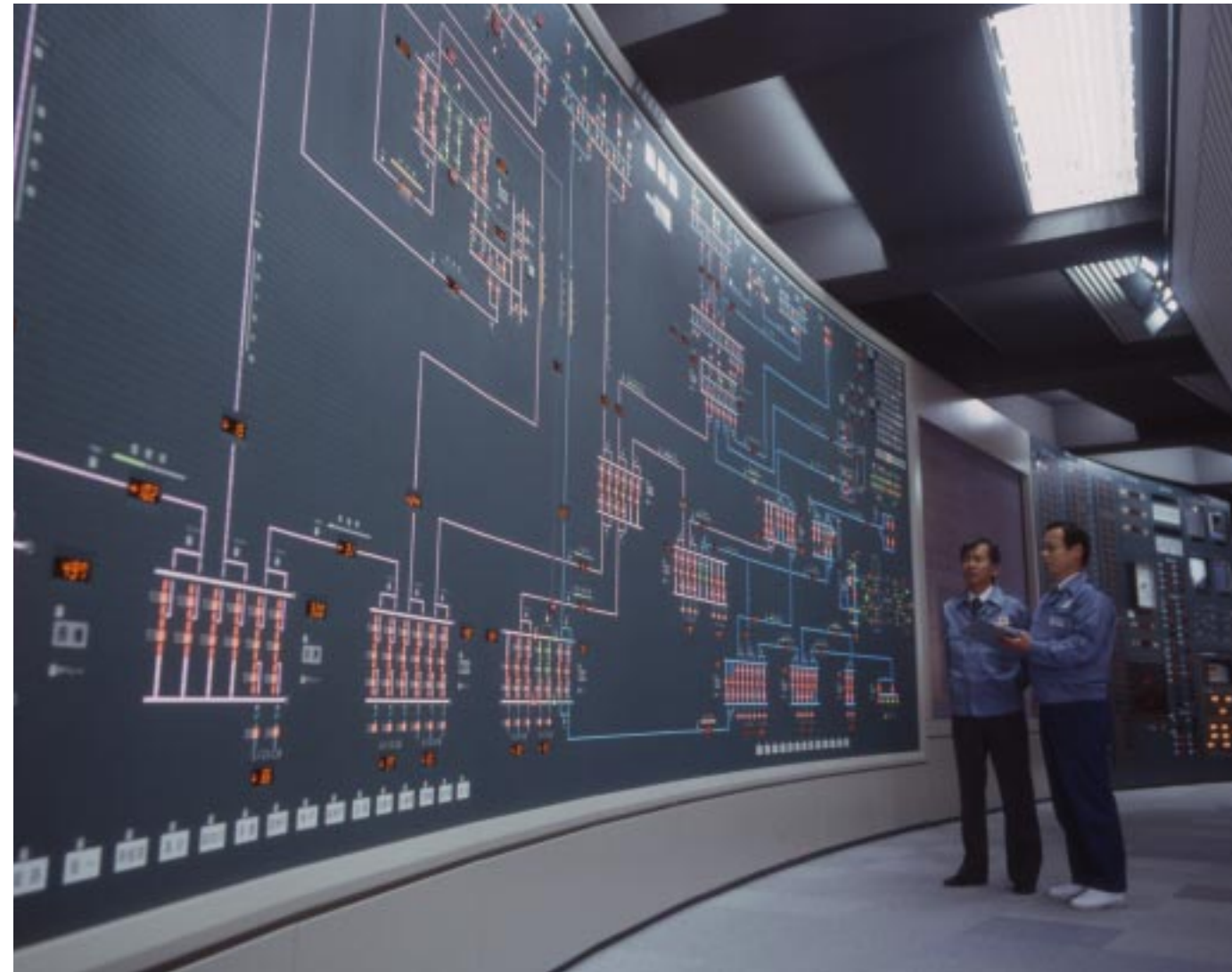


By volume of power generation



*Power received from other providers included.

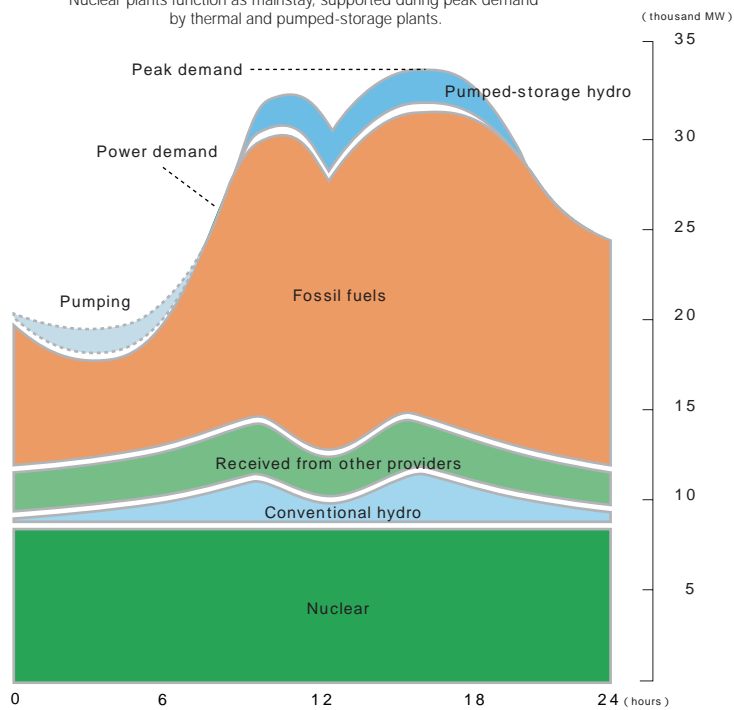
Japan is a nation of limited energy resources. To ensure a stable and sustainable power supply, Kansai EP vigorously pursues the optimum generation mix of generation modes.



Central Load Dispatching Center

► 24-hour fluctuations in power demand and power sources (summer) ◀

Nuclear plants function as mainstay, supported during peak demand by thermal and pumped-storage plants.



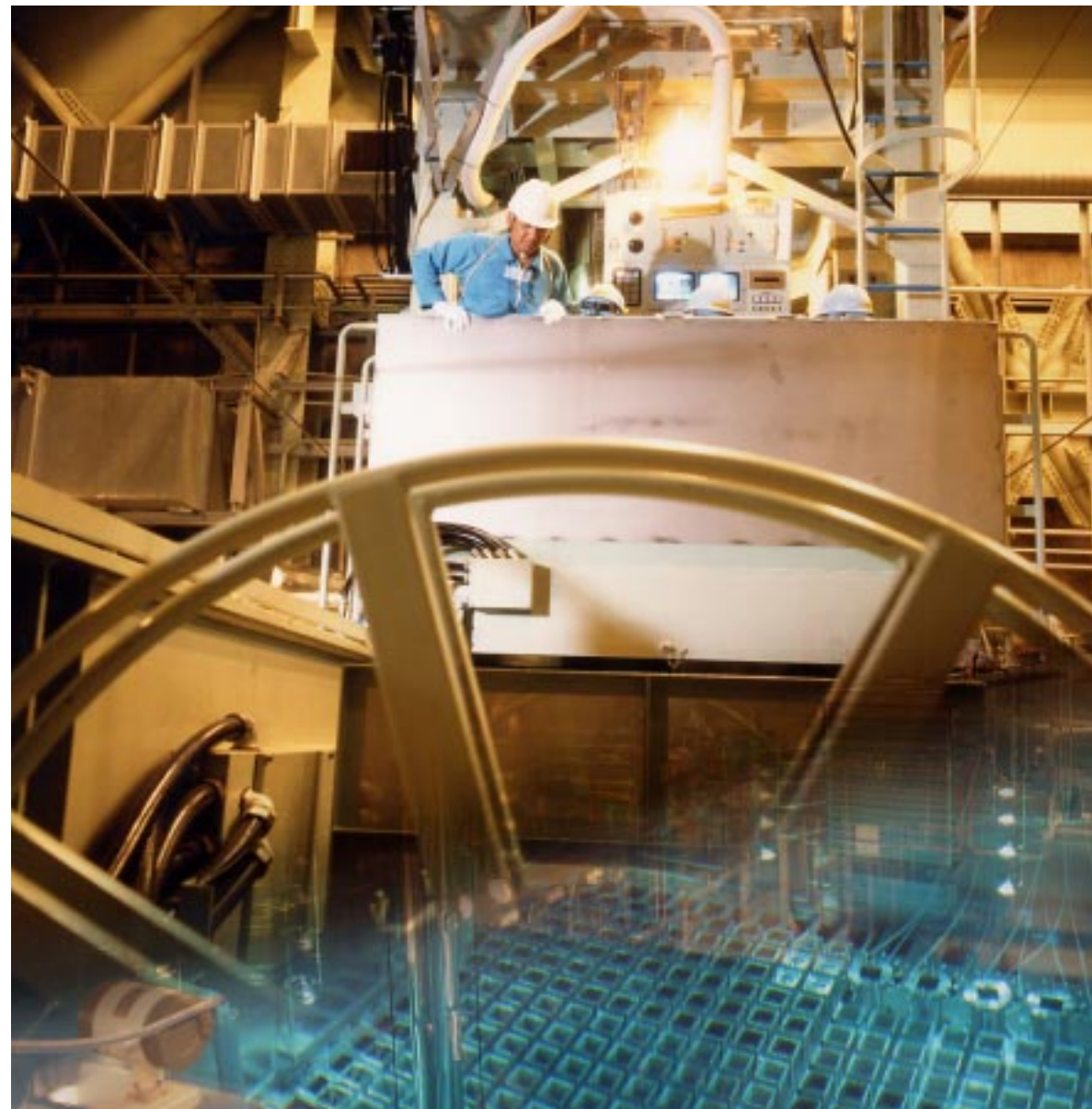
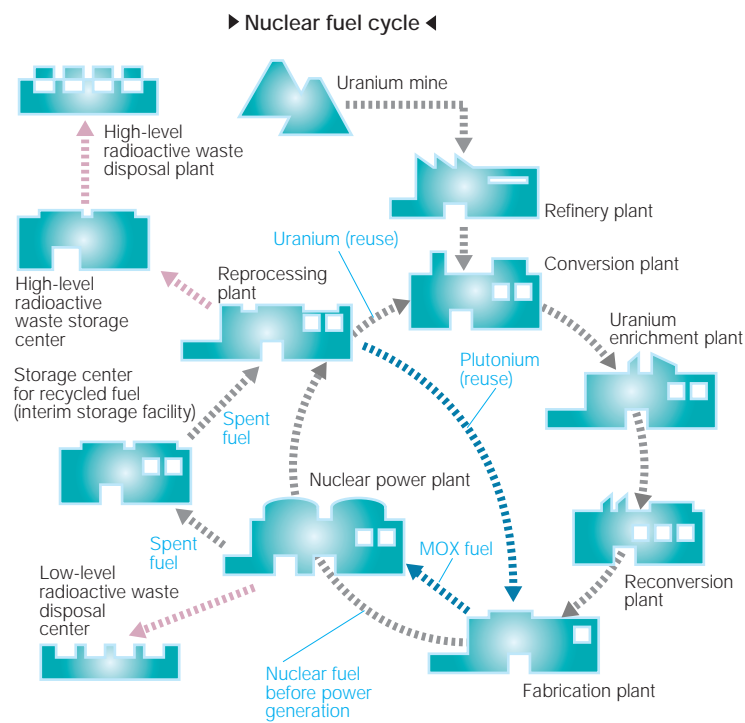
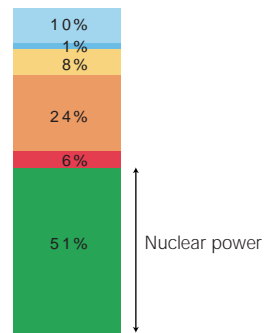
Probing and Delivering the Optimum Generation Mix

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



Spent fuel rod inspection (Takahama Nuclear Plant)

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.

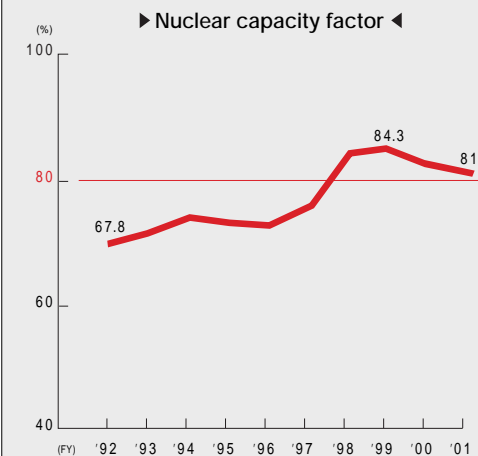
Safe, Efficient Use of Uranium Resources

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.

Central Control Room (Takahama Nuclear Plant)



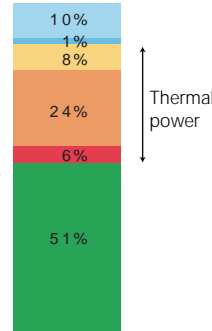
Nuclear power plants (from left):
Ohi Plant (4,710 MW),
Mihama Plant (1,666 MW),
Takahama Plant (3,392 MW)



Using thermal power as elastic, middle-load energy sources

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 clean energy source.

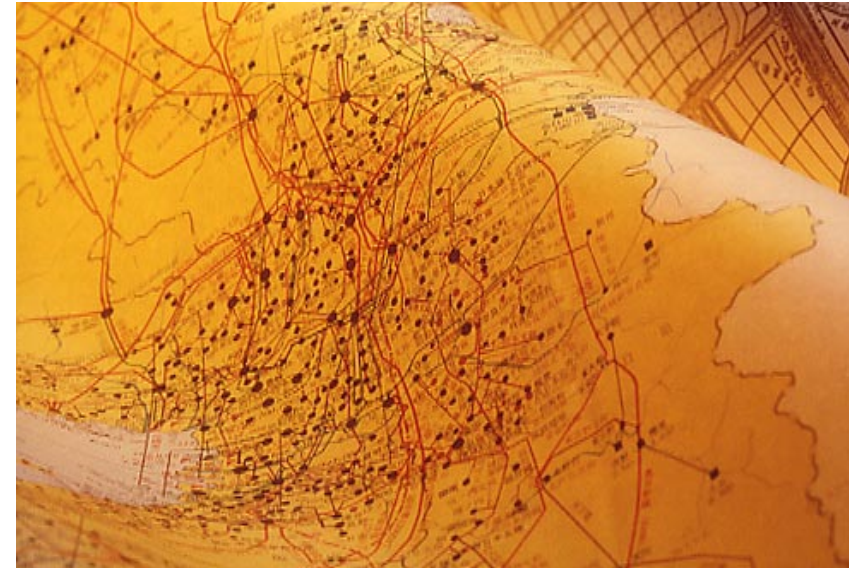


(from top)
Himeji No.1 Thermal Power Plant (1,442 MW)
Himeji LNG Control and Command Center

Ensuring a stable supply of high-quality electric power

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.

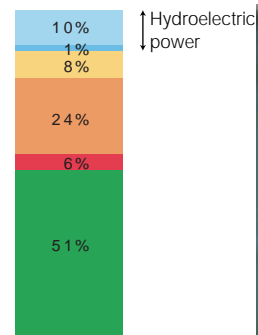


(from top)
Transmission network map
Shin-Ikoma Substation

Making optimum use of renewable energy sources

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.



Kurobegawa No.4 Thermal Power Plant (335 MW)

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.**



Photovoltaic power-generating devices and attractively designed flue (Nanko Plant)

(from top)
Flue-gas decarbonization testing
(Technical Research Center)
Flue-gas decarbonization pilot plant (Nanko Plant)



Reducing CO₂ Emissions on Global Scale

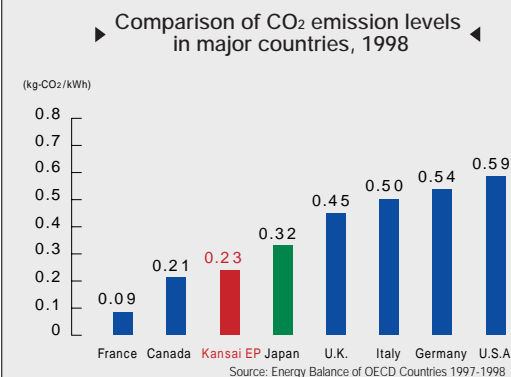
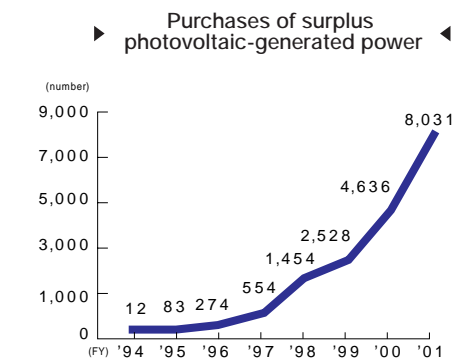
To counteract the warming of the earth's environment, Kansai EP is actively committed to reducing the world's CO₂ emissions. Toward that objective, in our domestic operations we are making steady progress in promoting the use of nuclear power, enhancing thermal energy efficiency, and engaging in research 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.



Probing new technologies to survive intensifying competition in the energy market

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.



(from top)
Redox-flow battery
Micro gas turbine undergoing field test



(from left)
Research into CO₂ separation and fixation (Technical Research Center)
Wind power generation equipment (Okutataragi Pumped-Storage Plant/150 kW)



New silicon carbide diode

Products to Satisfy the Customer's Needs

R&D programs at Kansai EP focus on the creation of products offering ever greater convenience and economy. Among the more recent fruits of our labors is an innovative system for heating, cooling and hot-water supply that makes use of relatively less expensive energy generated during nighttime hours. Another project in progress is the development of redox-flow batteries; easy to maintain and offering outstanding service life, they can play a significant role as emergency power sources or as energy boosters to counter momentary voltage drops.

Exploring New Avenues in Multi-energy Services

Micro gas turbines harbor great potential to become a common alternative in power-generating systems, owing to their salient advantages in terms of compact size, simple structure, and ease of maintenance. Today Kansai EP is carrying forward a robust R&D program focused on micro gas turbines. Field tests are being performed to assess their cogeneration characteristics, endurance, system interconnection characteristics, and impact on the environment, in order to assess their overall feasibility as decentralized power sources.

Aggressive Stance on Environmental Protection

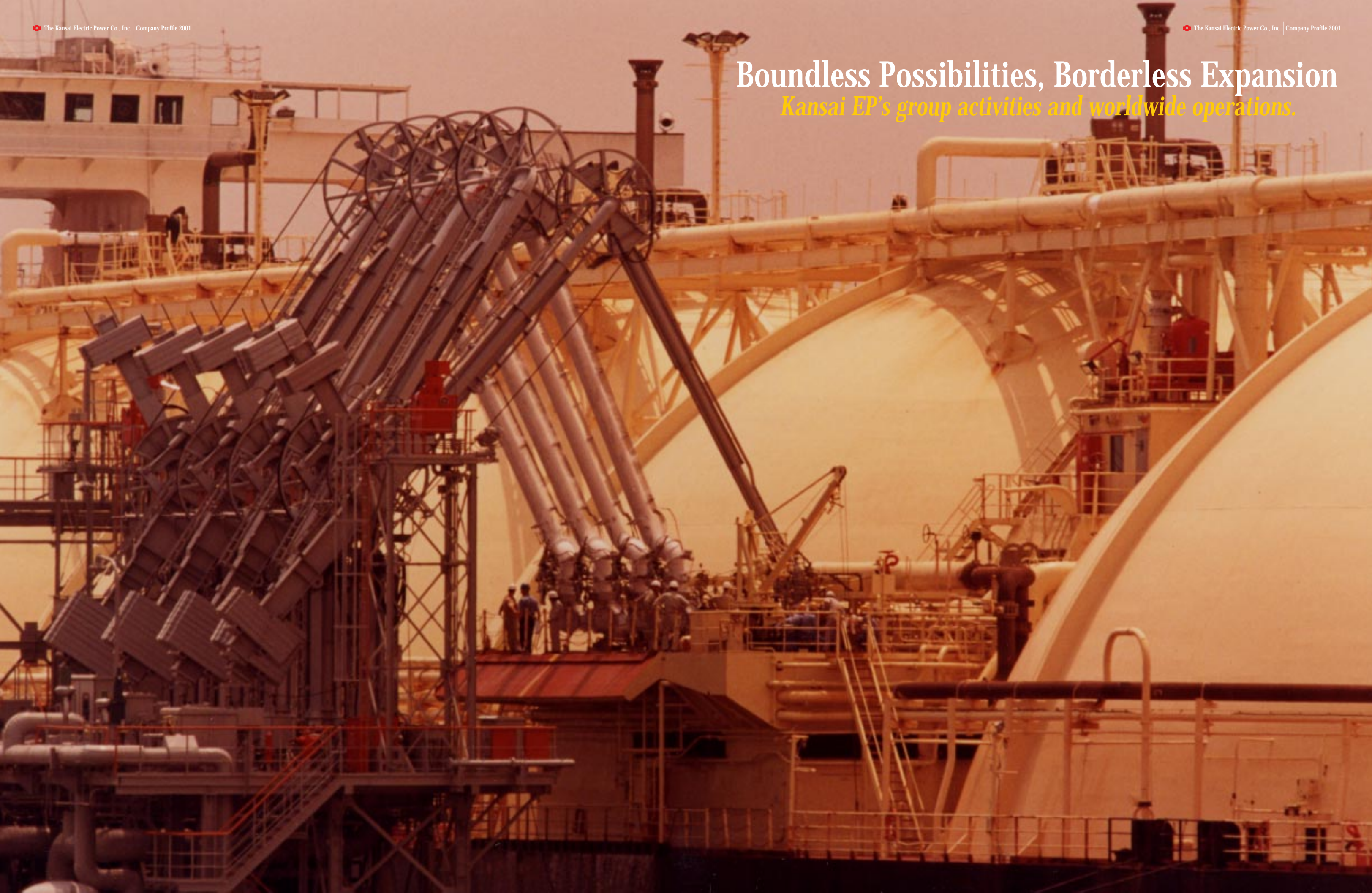
In conjunction with our strong commitment to protect the global environment, we pursue an active program of research into high-performance chemical absorbents of CO₂. Already we have acquired related patents not only in Japan but also in the United States, Europe and Asia, and our technologies have been adopted in a urea production plant in Malaysia. We are also conducting research into regeneration of tropical rain forests as a means of revitalizing the natural environment and creating expanded CO₂ absorption sinks.

Semiconductor Elements for Tomorrow

Kansai EP is also vigorously involved in basic research into silicon carbide (SiC) diodes, targeting their application into the power industry. Conventional silicon diodes are vulnerable to breakage under high voltage, and they are prone to significant power loss. SiC diodes are a revolutionary new type of diode that offers outstanding promise as a low-loss semiconductor element enabling a host of next-generation power applications, such as cooling units of smaller size.

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.



LNG shipment from storage depot

Core Business as Multi-energy Supplier

Kansai EP effectively utilizes its robust brand strength to provide optimal multi-energy solutions to its customers. In keeping with that commitment, today we have become an active participant in gas supply operations, marketing liquefied natural gas (LNG) and constructing storage depots in the Osaka region. We also offer options involving cogeneration.

Full Use of Fiber-Optic Network

In recognition of the dynamic transformation under way to an advanced IT society, Kansai EP is linking the assets of its Group members toward providing a diversified menu of communication and other services. In particular, by making optimum usage of our Group's fiber-optic network in the greater Kansai area, communication services of outstanding quality can be achieved at low cost. Toward that goal, today we lease our optical network to telecom carriers and cable TV service providers, and we offer high-speed, large-capacity communications platforms to both individual and corporate users.

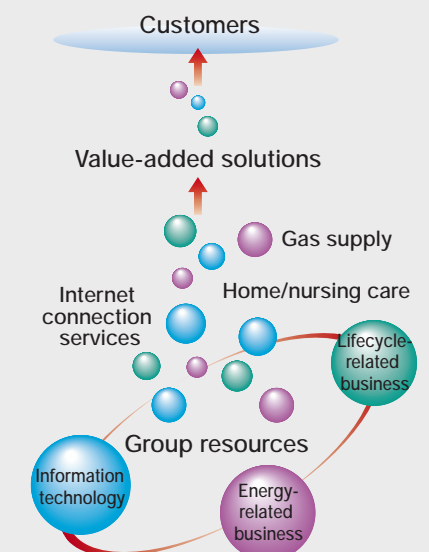
Vital Support to Everyday Life

Kansai EP is also a forceful innovator of services designed to provide customers with an environment conducive to comfortable, safe and worry-free living. For the changing requirements of senior citizens, for example, we are exploring a variety of nursing care and meal services, and to make lives easier for everyone we are developing a broad palette of services integrated with progress in home automation. In coming years, one of our goals is to supply housing and office buildings engineered to accommodate energy, IT and lifecycle services attuned to tomorrow's needs.

(from top)
Nursing care service
Kanden L-Home,
a social welfare-oriented group member



(from left)
Totally electric home
PC card for mobile computer—'eo card'
LNG storage facilities at Himeji



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.

Kansai EP New York Office



Gas turbines, Nevada



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.

(from top)
 Flashball (football game)
 FM CO-CO-LO
 Kanden L-Heart, a Kansai EP subsidiary



(from top)
 Recycling class
 PR Hall (Ohri Nuclear Power Plant)



Kobe Lamp Museum

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 Wakasa 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 earthy 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

(As of March 31, 2001)

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 Total: 142,852 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 km ²)

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
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Brief History

Company events	Year	National, world events
Kansai Electric Power Company Inc. established in tandem with reorganization of Japan's power industry	1951	Signing of San Francisco Peace Treaty
Nuclear Power Department founded to conduct research and development of nuclear power	1957	
Successful installation of transmission line across Naruto Strait using balloon method (first in the world)	1961	
Completion of Kurobegawa No.4 plant after 7 years of difficult construction	1963	
Summer peak power output exceeds winter peak for first time	1966	
Inauguration of company's first nuclear power plant (Mihama No.1)	1970	Osaka Expo '70
	1973	First oil crisis
Completion of 500 kV trunk network	1976	
Completion of LNG storage facilities at Himeji No.2 plant	1979	Second oil crisis; Three Mile Island nuclear power plant accident
Inauguration of domestic power industry's first total quality control (TQC) program	1981	
Recipient of Deming Award (first outside the manufacturing and construction industries)	1984	
	1986	Chernobyl nuclear power plant disaster in the Soviet Union
Annual energy sales exceed 100 billion kWh for first time	1987	
	1990	International Garden and Greenery Exposition held in Osaka
Accident involving broken steam generator tube at Mihama No.2 plant	1991	Persian Gulf Crisis
Institute of Nuclear Safety System, Inc. (INSS) established in response to 1991 accident	1992	United Nations Conference on Environment and Development ("Earth Summit") convened in Brazil
Electric Utility Industry Law revised for first time in 31 years, enabling deregulation of wholesale power operations, etc.	1995	Great Hanshin-Awaji Earthquake
Electricity rate reductions implemented; Organized first bidding for wholesale power supply	1996	
	1997	Third session of Conference on Parties to United Nations Framework Convention on Climate Change (COP3) held in Kyoto
Electricity rate reductions implemented	1998	
Revisions to Electric Utility Industry Law amended, ushering in liberalization of retail power operations; Implemented first electricity rate reductions using new rate-reporting system	2000	

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 Osada

Shosuke Mori

Managing Directors

Tetsuji Kishida

Hisao Takamoto

Takashi Inoue

Keishi Yoshimoto

Tetsuo Akiyama

Hiroshi Fujiwara

Hiroo Ariga

Hiroshi Morimoto

Isao Aoki

Directors

Hiroshi Matsumura

Koji Kaibe

Ikuro Tsukuda

Hiroyuki Kitamoto

Masanobu Tezuka

Yoku Matsumoto

Jozo Ogawa

Takeshi Imai

Sadanori Ozasa

Yasuo Shinomaru

Michiyuki Hashimoto

Norihiko Saito

Toshiaki Mukai

Hiroshi Yatsuzuka

Senior Advisor and Director

Hiroshi Ishikawa

Directors

Yasuo Shingu

Naotaka Saeki

Senior Corporate Auditors

Takashi Iwasaki

Toshihisa Hatanaka

Mitsunobu Kemuyama

Yoshimitsu Kajii

Corporate Auditors

Tetsuhei Kiji

Wa Tashiro

Organization

