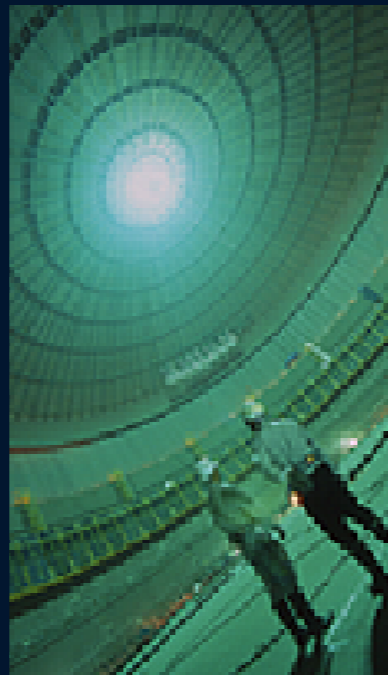


Targeting unrivaled customer satisfaction as an all-round life-support provider



Applying Group Resources to Ensure Total Customer Satisfaction

At Kansai EP we actively invest our Group wide resources and strengths into new areas of business having the potential to grow into new earnings sources. This approach is vigorously pursued as our way of continuously expanding our corporate and shareholder value.

Our belief is that in order to remain the power provider chosen by our customers, we must provide them not only with electricity but also with a panoply of services supporting their living environment, as a way of inviting an ever higher level of customer satisfaction.

We believe that pursuing these objectives on a Groupwide basis will enable us to furnish

ket; it will also enable us to boost our competitive position and supply stability in electricity operations.

In recent years we have also launched a wealth of new amenity-type business operations to support lifecycle-related needs. The new ventures include operations in home security, payment settlement services, meal services and health-management support services. In the coming years, we will continue to respond to the trust of our customers, nurtured through many years of service as a dependable electricity provider, by applying these and other new business initiatives to the creation of safe, convenient and comfortable living environments, centering on the adoption of totally electric facilities.

Kansai EP is vigorously investing its Groupwide resources into new business areas that offer exciting promise as new sources of earnings.

ever higher value to customers and, as a result, elevate the earnings of all Group enterprises.

Three Core Business Domains

In line with the foregoing objectives, Kansai EP engages in a kaleidoscope of Group wide business endeavors all targeted at enabling the most effective use of managerial resources. We concentrate on three strategic areas: total energy solutions, life-support amenities, and information technology (IT).

As a comprehensive energy provider, we are making steady progress in providing customers with optimal energy solutions to match their power requirements, relying foremost on electricity but also on gas and cogeneration operations as well. In fiscal 2005 we scored solid results in this respect, as illustrated by the achievement of sales of 500,000 tons (in natural gas parameters) of gas, LNG and fuel oil for cogeneration applications — the target we had originally hoisted for fiscal 2008. We are also presently constructing a new LNG depot slated for completion within fiscal 2006. The new facility is to serve as a primary base of our gas operations in the Osaka area, so that we may better respond to changes in the energy mar-

The IT field offers another opportunity to make effective use of our Groupwide managerial resources, especially our fiber-optic network, and we are vigorously working to develop this market destined to achieve salient growth in the years ahead. Through the provision of services supporting daily living, IT services also offer outstanding synergy with our electricity operations. In fiscal 2005 we attracted 370,000 new home subscriptions for our Internet connection services and 18,000 business subscriptions for our communication services, and for fiscal 2006 we have hoisted targets of



580,000 and 20,000, respectively. As an all-round provider of IT services specialized in Internet protocol within our operating area, we aim to continuously expand our user base centered on fiber-to-the-home (FTTH) technology. Our long-range goal is to make operations in these areas the Company's second-largest earnings source after electricity, as a way of contributing to the sustained growth of our Group.

Strengthening of Group Affiliates

In conjunction with the fortification of our existing electric power operations, in October 2004 we began reorganizing and consolidating 29 business enterprises supporting related operations into just 12 firms, which are now more efficiently structured according to field of business and function. The regrouping has enabled the new entities to concentrate on their particular field of specialization as a means of effectively applying their individual competitive strengths.

Medium-Term Targets

Applying the three strategy vectors just described, Kansai EP has set two targets for fiscal 2008: 1) to expand Groupwide sales to ¥250 billion and 2) to secure ¥33 billion in income before income taxes.

