

Shifting paradigms from a dependable energy supplier to a provider of value-added solutions



Communicating with a PHS (personal handyphone system) made by Astel Kansai.

Paradigm Shift

Over the years Kansai EP has largely concentrated its group activities on the achievement of a stable supply of high-quality electricity. Today, while fully maintaining that vital stance, we are synchronously building on our multifaceted capabilities in energy operations to become an all-round provider of value-added solutions for our customers in all segments. Toward that end, we are applying our groupwide resources and strengths: our technologies and expertise in all aspects of power supply, our information technologies and infrastructure, our real estate assets, and last but not least the trust placed in us by our customers in the Kansai region.

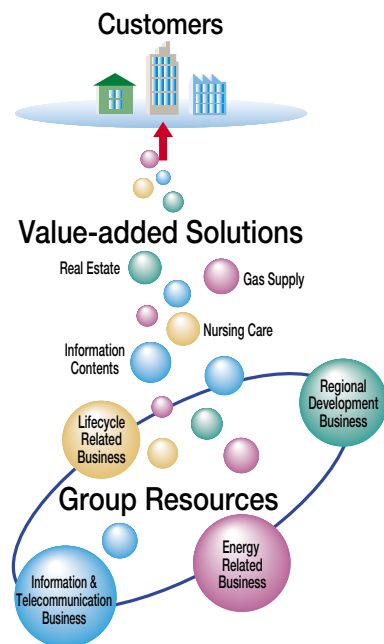
Four Strategic Vectors

Our new groupwide corporate vision embraces four principal strategy spheres. The first is energy, which will remain our core business focus.

In addition to supplying power itself, however, we are now boosting our capacity as a provider of total energy solutions. This includes expansion into gas operations making use of our existing LNG storage facilities. Second, we are developing new service capabilities to support

lifecycle-related requirements. For example, we are now engaging in operations relating to nursing care, meal services and home automation. Third, we are increasing our involvement in regional development. Operations in this segment include planning and provision of real estate projects and the creation of homes and office buildings geared to tomorrow's needs. Finally, we are also actively expanding into IT

Today Kansai EP is applying its groupwide resources and strengths to provide diverse solutions to customer needs — and thereby maximize its broad-based earnings.



LNG ship and loading arm.



LNG base at Himeji No.2 Power Plant. It serves as the base for companywide gas operations.



business. As examples, we are now leasing optic-fiber networks and providing a host of IT-related services.

By integrating these various operations on a groupwide basis, we aim to raise potential synergy benefits to the optimal level. To do so, we look to achieve full-scale involvement of all Kansai EP group members in these diversified activities.

Challenging Demands, High Expectations

Kansai EP's paradigm shift is necessitating dynamic, and at times difficult, retooling of the management policies of all group companies. In place of inward-focused management, we are encouraging our corporate entities to look outward and seek beneficial liaisons beyond the group. We are also asking them to pursue innovations and greater sophistication in management, including reinforcement of support

systems and cash management strategies. We further look for operational restructuring, to be achieved through clarification of guidelines on reorganization of or withdrawal from specific segments. Finally, in conjunction with these various initiatives, Kansai EP is supporting the establishment of venture businesses by company employees. In fiscal 2000, the first year of this program, three new ventures were founded under this project.

As an outgrowth of these groupwide transformations, we have set an ambitious goal: to increase our sales outside the group by 50% and boost our total recurring profit by 50%, by fiscal 2011. With the full support and determination of our group network, we look forward to this goal's attainment.

Fiber-optic infrastructure, vitally important to IT business. Kansai EP's fiber-optic network is now under development.

