

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

Kansai EP is focusing its Groupwide resources and strengths into new solutions for a changing world, with abundant benefits to user and provider alike.

LNG ship and loading arms/Himeji LNG storage facility



PHS (personal handyphone system) made by Astel Kansai/PC card for mobile computer —'eo card'



New York Office

Paradigm Shift

Historically Kansai EP has focused its Group activities on the attainment of a stable supply of high-quality electricity. Today, in response to deregulation and other changes in our business environment, we recognize a need to transform our Group endeavors into a new full-fledged earnings driver of its own, so as to enhance both our corporate and shareholder value. Toward that end, we are now applying the full spectrum of 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 above all the trust placed in us by our customers in the Kansai region.

Three Strategic Vectors

In order to utilize our Groupwide resources and strengths to maximum effect, we have elected to concentrate on three strategic areas: energy solutions, information technology, and life-support amenities. Fiscal 2001 yielded tangible results in each segment.

As a comprehensive energy provider, during the past year we used our LNG storage facilities to full advantage and launched operations as a wholesale supplier to gas operators, to be followed in 2002 with institution of retail gas sales to high-volume users. We also inaugurated a new company that is providing energy solutions focused on the design and sale of co-generation systems. Overseas, after extensive groundwork we successfully launched operation of a gas-turbine power plant in the United States.

In the IT field, in our quest to use our fiber-optic network, cable TV installations and other related managerial resources most effectively, we consolidated and reinforced our communications affiliated companies and configured a

system enabling the provision of comprehensive IT services. We also launched Internet connection and other new services.

As a provider of amenities to support life-cycle-related needs, during fiscal 2001 we began operations at three new companies that provide a variety of services to support safe, secure and comfortable living environments. One engages in nursing care services, another in housing design and the sale of home fixtures, and the other in the evaluation of housing performance. We also took steps to consolidate our real estate operations, in preparation to provide housing and office buildings of high added value.

Vital Support Systems, Ambitious Goals

Besides launching these diversified new services in our three chosen fields of concentration, during fiscal 2001 we also created new financial and management accounting systems to support management reform at our Group companies, in order to ensure that the new endeavors make positive contributions to our consolidated earnings. The new systems have already been introduced at some Group firms, and will gradually be expanded to others going forward.

In fiscal 2001 we also provided continuing support to the establishment of venture businesses by our employees. Three such companies were launched in 2000, and all got off to solid starts.

Through this expanding array of Group activities, our goal at Kansai EP is to increase sales outside the Group and profits by 50% by fiscal 2011.