

Kansai EP is applying its Groupwide resources and strengths into new areas of business designed to expand the Company's earnings base in coming years.

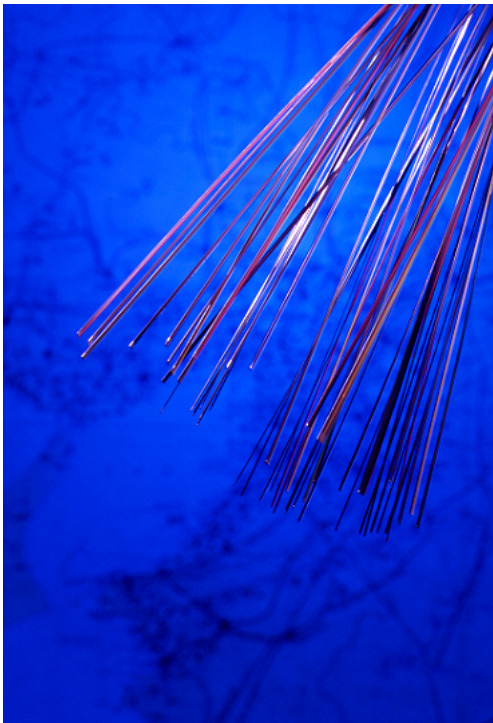
San Roque, Philippines



LNG ship and loading arms



# Pursuing a paradigm shift from energy supplier to provider of value-added solutions



### 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. To that end, we are now applying the full array of our Groupwide resources and strengths as well as undertaking aggressive investments into new business operations that will lead to the expansion of our earnings base.

### Three Strategic Vectors

To utilize its Groupwide resources and strengths to maximum effect, the

Company has elected to concentrate on three strategic areas: energy solutions, life-support amenities, and information technology. Fiscal 2002 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 retail supplier of gas to high-volume users. We are also in the process of building a new LNG storage center to serve as a new base of our expanding gas operations. In fiscal 2002 Kansai EP also became the first domestic power provider to participate in the power-generation business outside Japan.

This past year we also launched a number of new business operations as a provider of amenities to support lifestyle-related needs, including home se

curity, payment settlement services, and meal 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 endeavors to the creation of safe, convenient and comfortable living environments centering on the adoption of totally electric facilities.

In the IT field, in fiscal 2002 we inaugurated Internet access services (100Mbps) capitalizing on the Company's expansive fiber-optic network, which encompasses 40,000 kilometers in all. Going forward, we will pursue new applications including VoIP (voice over IP: telephone services using the Internet Protocol), multichannel broadcasting, and contents distribution.

### Medium-Term Target

Through the three strategy vectors just described, Kansai EP aims to apply its full Group resources to provide its customers with new forms of value ahead. As the tangible outcome of that initiative, we have hoisted a target of securing more than ¥29 billion in profit from non-core operations in electricity by fiscal 2007.