

Pursuing top-line expansion and sustained growth as an all-around life-support industry

Total Solutions and Competitive Supremacy

To respond to the diversified needs of our customers, at Kansai EP we muster our comprehensive Groupwide strengths to enable us to provide power solutions across the full spectrum. In the process we aim to lend unparalleled support in resolving the kaleidoscopically evolving issues that our customers face.

In conjunction with this commitment, we seek to achieve ever more advanced usage of our managerial resources. As an example, we are determined to transform our LNG depots and fiber-optic facilities, which historically have constituted the core cost-generating drags on our electric power operations, into Groupwide seeds to drive profits going forward.

Additionally, whereas traditionally the focus of our Groupwide power operations has been on achieving a stable supply of high-quality electricity, today we are pursuing maximum cost reductions and reorganization targeted at the configuration of an operating structure of optimal efficiency. Through these initiatives we are confident of achieving an unsurpassed level of competitive strength in electricity operations.

Three Strategic Vectors

To utilize our Groupwide resources and strengths to maximum effect, we have elected to concentrate on three strategic areas: energy



Internet cafe



solutions, life-support amenities, and information technology. Fiscal 2003 yielded tangible results in each segment.

As a comprehensive energy provider, the Company made further progress in providing customers with optimal energy solutions to match their power requirements, relying foremost on electricity but also on gas and cogeneration options as well. In fiscal 2003 we scored solid results in this respect, as illustrated by an increase in retail gas sales to 180,000 tons, and we are targeting 200,000 tons for fiscal 2004. To support this expansion in gas operations, we are presently constructing a new LNG base.

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, 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 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 2003 we expanded our Internet connection services capitalizing on the Company's fiber-optic network, now some 65,000 kilometers in length. As of the end of fiscal 2003 these services had attracted 220,000 subscriptions, and our target for



Kansai EP is investing its Group resources and capital into new business areas with potential to drive earnings and boost corporate and shareholder value.

the year in progress has been set at 300,000. In addition we are pursuing ongoing improvement in our content distribution and application services — illustrated by program distribution integrating communications and broadcasting capabilities — as well as expansion of our user base centered on fiber-to-the-home (FTTH) technology. Our underlying goal is to make operations in these areas our second-largest earnings source after electricity.

Medium-Term Targets

Through the three strategy vectors just described, Kansai EP aims to apply its full



LNG ship and loading arms

Group resources to provide its customers with new forms of added value ahead. As the tangible outcome of that initiative, we have hoisted two targets for fiscal 2007: 1) to

expand Groupwide sales by 50% to ¥250 billion and 2) to secure ¥33 billion in recurring profit.