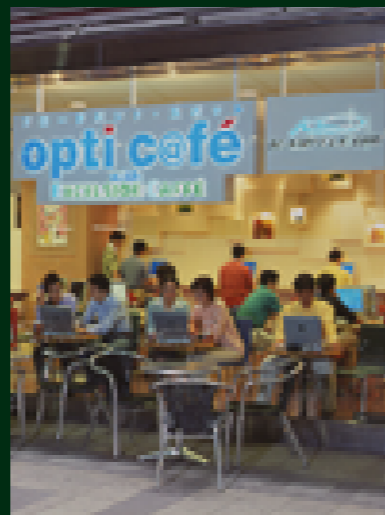


Aiming to generate unchallenged customer satisfaction as an all-round life-support provider



Targeting Unrivalled Customer Satisfaction in Both Energy and Life-Supporting Realms

At Kansai EP we actively invest our Group wide resources and strengths into new areas of business that have the potential to grow into new sources of earnings. 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 well into the future, 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

tion, in January 2006 we inaugurated operations at a new LNG receiving terminal constructed along Osaka Bay, targeted at boosting the competitive position and supply stability of our electricity operations. The new facility will serve effectively as the Company's second base supporting our comprehensive energy solutions business.

In recent years we have also launched a wealth of new amenity-type business operations to support lifecycle-related needs. New ventures already established include operations in real estate centered on the provision of fully electric homes as well as services relating to home security protection, health-management support and care provision. Going forward, by providing products and services of true value to the customer, we will assiduously strive to acquire new

market destined to achieve salient growth in the years ahead. Through the provision of services supporting daily living, IT services also have outstanding synergy with our electricity operations. In fiscal 2006 we attracted some 510,000 new home subscriptions for our Internet connection services and 20,000 business subscriptions for our communication services, and for fiscal 2007 we have set targets of 620,000 and 21,000, respectively. As a provider of IT services rooted in the local community, 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.

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.

Kansai EP is vigorously investing its Groupwide resources into new business areas offering promise as tomorrow's pillars of earnings.

on a Groupwide basis will enable us to furnish greater value to customers and, as a result, lead to sustained growth and ongoing earnings expansion at all Group enterprises.

Three Core Business Domains

In line with the foregoing objectives, Kansai EP engages in a kaleidoscope of Groupwide 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 implementing focused measures to provide customers with optimal energy solutions matching their power requirements, relying foremost on electricity but also including gas, cogeneration and related service options as well. In fiscal 2006 we scored solid results in this respect, as illustrated by the achievement of sales of 640,000 tons (in natural gas parameters) of gas, LNG and fuel oil for cogeneration applications – 140,000 tons above both the level of fiscal 2005 and the 500,000-ton target we had originally hoisted for fiscal 2008. In addition,

customers in all of these business areas as a means of fortifying the links between Group companies and the lives of our customers.

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

