

Message from the Management



Tsugiyoshi Toma
Chairman

Denichiro Ishimine
President

During fiscal 2008 ending March 2008, the Japanese economy is expected to show internally generated, self-sustaining growth in conditions of price stability, driven by steady recovery in the global economy, flourishing corporate results and household budgets, and a joint commitment by the Japanese government and the Bank of Japan to accelerate and deepen reform.

At the same time, the Okinawa Prefecture economy is expected to show moderate economic expansion, led by tourism as the “Okinawa boom” spread across Japan, the return of consumer spending to a growth track, and signs of a pickup in the construction industry centered on housing starts and other private-sector projects.

Demand for non-industrial electric power in fiscal 2008 is set to rise year-on-year, amid steady growth in the number of households (residential demand) and an increase in the number of new customers for commercial-use power. We also expect demand for industrial-use power to increase, driven chiefly by rising consumption by the food-processing industry.

Despite these encouraging demand trends, we expect sales to be more or less flat year-on-year, due largely to the impact of lower electricity charges introduced in July 2006.

At the same time, we expect our expenses to rise. Positives such as tax breaks and the shift to C-grade heavy oil for fuelling power plant in the remote islands are likely to be outweighed by the continuing high level of fuel prices, unfavorable changes to depreciation-expense accounting rules and an increase in call-center expenses, as well as the cost of introduction of a new computer system to upgrade data-processing.

Under these circumstances, it will be necessary for every employee of the Company to commit to constantly improving efficiency if we are to reach our financial targets.

Business and Financial Issues

We expect the operating environment facing the Company to remain difficult, due to an increase in interest-bearing debt necessitated by the costs of funding the launch of

works at Yoshinoura Thermal Power Plant, a decline in public-sector projects, increased competition in the information technology sphere, and the need to take measures to combat global warming.

During fiscal 2008, we plan to take the following priority policies aimed at transforming the Company into a comprehensive energy and lifestyle provider, based on our core business of stable, optimized energy supplies, as a means of raising enterprise value.

(1) Strengthening the Operating Base

All Group member companies will focus their management resources on their core businesses, and strengthen their operating base by improving their financial position, quality and safety management and procedural verification, and by developing their technological capabilities and talent.

(2) Establishing an OEPC Group Brand

While prioritizing the Company's social responsibilities and corporate ethics, we worked to establish an OEPC Group brand. To this end, we built up closer relations of trust with our customers as a Group, by redoubling our commitment to reliability and safety by promoting safe and comfortable lifestyles and supporting local business in its operations.

In the electric power business, our core business, official deregulation discussions are focusing on ways of reconciling the goals of assuring a stable electricity supply and protecting the environment.

With the enactment of the Financial Products and Exchange Law in June 2006, it has become compulsory for companies to establish and operate internal control systems for corporate financial reporting. This has created pressure for a stronger corporate commitment to social responsibilities and missions.

In this environment, we have enhanced customer satisfaction by pinpointing and promptly responding to customers diversifying needs and providing a stable and safe supply of electric power. In addition to ensuring that we construct, operate and maintain power generation facilities in an efficient, rational way that takes ample account of the risks posed by natural disasters, we will take measures to verify the effectiveness of our management model and operating procedures for ensuring a stable power supply. Through our ever greater commitment to corporate ethics and compliance, to the regional environment and to anti-global warming measures, we aim to continue to justify the

trust and support of our community, shareholders and investors.

Priority issues are as follows:

1. Increasing customer satisfaction
2. Becoming an electric power business known for reliability
3. Commitment to stable power supplies
4. Ensuring our operations are in harmony with the global environment
5. Strengthening our financial position
6. Strengthening our Group management

In other Group activities, our construction business continues to face difficult operating conditions due to a contraction in public-works budgets. It will strengthen its management base by selecting and focusing resources on promising projects, and expand marketing initiatives supported by its long-established technological capabilities.

In the Information and Telecommunications business, we will continue to grow by drawing on the strength of the whole Group, and supply high value-added services swiftly to meet customer needs.

We are considering entering the gas business, treating the introduction of LNG for the launch of operations at Yoshinoura Thermal Power Plant as business chance, helping us to develop into a general energy supplier.

The OEPC Group will continue to commit to corporate ethics and its corporate code of conduct standard, work to protect the environment based on the Okinawa Electric Power Company's environment policy, expand dialogue with its customers through a 10-day "get-to-know Okiden" program, and pursue CSR activities with an emphasis on relations with stakeholders (customers, shareholders, investors, and our community).



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