

Improving operational efficiency

At OEPC, to deal with the high price of fuel, the rising cost of measures to retard global warming, and the need for working funds accompanying the full-scale start of construction of the Yoshinoura Thermal Power Station, among other factors, we have been exerting our full efforts to ensure that the Company's financial position is safe and stable.

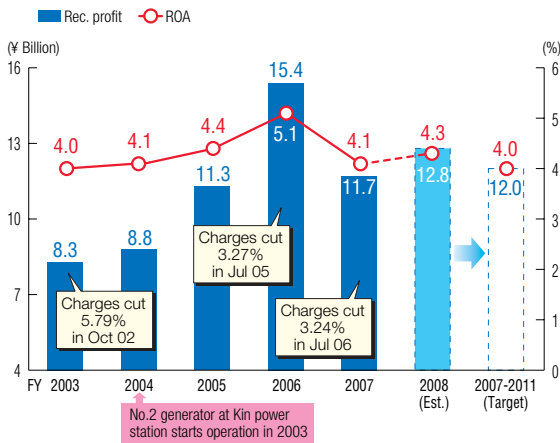


Medium-Term Financial Targets

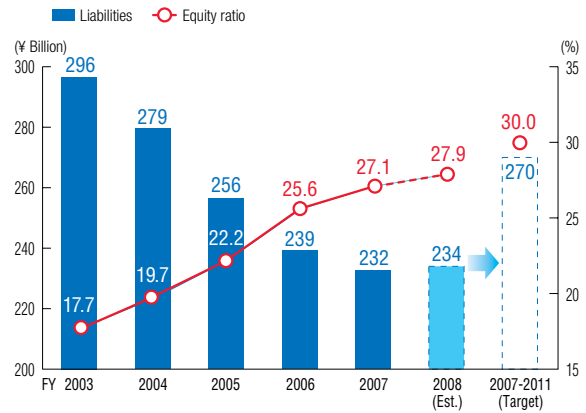
		FY2008 management plan	
Recurring profit	Consolidated	Annual avg. ¥12 billion or more	FY2006-10
	Non-consolidated	Annual avg. ¥11 billion or more	
ROA	Consolidated	Annual avg. 4.0% or more (operating income/total assets)	FY2006-10
	Non-consolidated		
Balance of interest-bearing liabilities	Consolidated	Approx. ¥270 billion	End of FY2010
	Non-consolidated	Approx. ¥260 billion	
Equity ratio	Consolidated	Approx. 30%	End of FY2010
	Non-consolidated		

Note: The Company's targets under its FY2007 management plan remain unchanged from the targets under the FY2006 management plan.

Recurring profit and ROA (Consolidated basis)



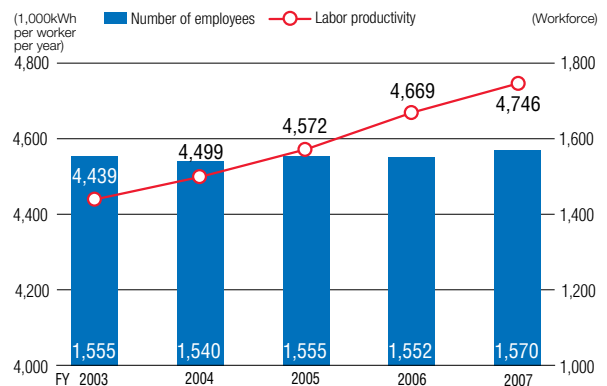
Balance of interest-bearing liabilities and equity ratio (Consolidated basis)



Raising Operational Efficiency

We are working to raise productivity by promoting rationalization for greater efficiency across the entire range of our business operations.

Labor productivity and number of employees



Note: Labor productivity = Amount of electric power sold per employee (adjusted for year-to-year temperature differences)

Effective Capital Investment

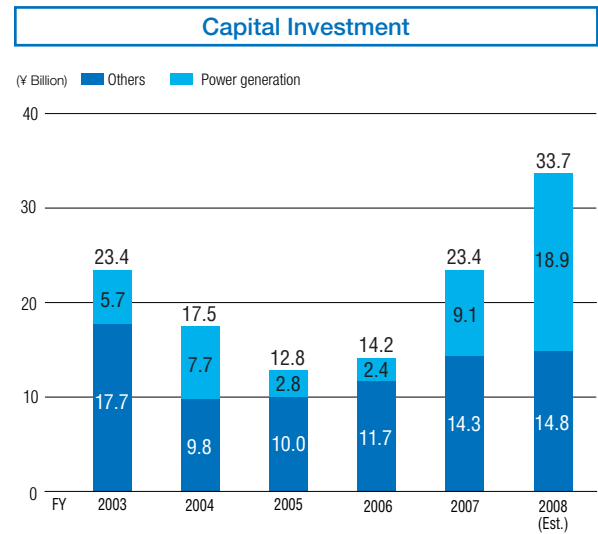
Investment by the Company in plant and equipment in fiscal 2007 came to ¥23.4 billion, ¥5.7 billion lower than the initially planned figure. This is attributable to a thorough review of our specifications and methods of design and installation, as well as cost savings on the procurement of materials thanks to progress in the reuse of recyclable scrap material. Capital investment is projected to remain at a high level until the completion of construction of the Yoshinoura thermal power plant. However, factoring into our plans the various measures we have taken thus far to improve the efficiency of our operations, we anticipate holding down annual equipment investment over the five-year period ending March 2011, to an average of ¥36.0 billion.

Striving for efficiency in operation and maintenance of equipment

Regarding expenses for repairs to equipment and facilities in fiscal 2007, the Company's choices were dominated by the twin aims of maintaining a stable and reliable supply of power, and further reducing costs. To these ends, considerable thought was given to employing the most rational methods of maintenance and the most efficient operational processes (exemplified by changes to the timing of spot checks).

Reducing Fuel Costs

In response to the recent high level of fuel costs, to ensure the stability of our fuel supply while also bringing down costs, we have been making greater use of the spot market to purchase grade C heavy crude oil and have been signing long-term contracts for the purchase of coal. We also efficiently use the *Shinryo-maru* — a dedicated coal-carrier vessel — to reduce fuel transport costs.



The *Shinryo-maru*, a dedicated coal carrier

Reducing the Cost of Supplying Power to Remote Islands

OEPC is examining a number of options for reducing the cost of supplying power to the residents of remote islands. These include laying underground pipelines from the fuel-delivery port to the generators, replacing the existing system, which employs tanker trucks to transport the fuel, and switching from Class A heavy oil to the less expensive FCC-C heavy oil.

