

# Message from the Management



**Tsugiyoshi Toma**  
Chairman

**Denichiro Ishimine**  
President

As a locally-based group of companies, the OEPC Group is committed to supporting the improvement of living standards for all the people of Okinawa, promoting industrial activity in the prefecture, and making a contribution to the development of the local community. To these ends, we have been putting our full efforts into finding effective countermeasures to a wide range of business issues in order to provide safe and reliable electric power at low rates, thereby raising customer satisfaction levels and strengthening the Group's financial position. However, the OEPC Group's current operating environment is challenging. Against the background of a worldwide economic downturn we are faced with unstable oil prices, the need to take measures to combat global warming, a reduction in public works expenditure, and increasingly severe competition in the IT field. We are also faced with the need for additional investment in the construction of the Yoshinoura Thermal Power Plant.

Against this background, to maintain the trust of the local community, the OEPC Group is working not only to provide services that achieve customer satisfaction, but also to ensure that the Group's business operations exhibit high ethical standards while improving transparency and accountability.

During the current fiscal year, through the two major measures described below, the OEPC Group will be working to raise the corporate value of all its member companies, with the

ultimate goal of providing integrated energy services in addition to support for businesses and general living standards, by offering customers different types of energy sources to suit their differing needs.

## **(1) Strengthening our operating base**

The managements of all Group member companies, and all their employees, will be encouraged to be constantly aware of the need for cost reductions so as to enable us to reach our financial targets. Simultaneously with more thorough efforts than ever before to improve operational efficiency and raise profitability, all staff members will be made aware of the crucial importance of service quality and safety management. In addition, we will be working to improve the Group's technological and marketing capabilities, as well as to nurture human resources and utilize them in an optimal manner.

## **(2) Reinforcing the OEPC Group's brand value**

During the current term we aim to establish a strong OEPC Group brand name by taking steps to raise customer satisfaction, as well as through vigorous CSR activities such as contributing to the local community and assisting in efforts to protect the natural environment, and by establishing a strong relationship of trust with our stakeholders.

In the electric power business segment, the Group's core

business, we are making steady progress in the construction of the Yoshinoura Thermal Power Plant, which is required in order to fulfill the Group's central objective of providing Okinawa Prefecture with a reliable supply of electric power. We are also working on steady and efficient construction, operation, and maintenance of power facilities, while adequately addressing environmental concerns and ensuring that contingency plans are in place to cover all potential natural disasters. In the field of fuel procurement, we are taking great care to ensure uninterrupted supply.

With respect to the global warming problem, electric power providers are being required to take even more extensive countermeasures. For OEPC, which is entirely reliant on fossil fuels, this is an exceedingly difficult matter, but mindful of our environmental responsibilities, we are taking proactive initiatives to lower the environmental burden of our business activities as much as possible.

#### OEPC's Priority Issues for Fiscal 2009

##### To remain the power provider of choice

1. Delivering a reliable supply of power
2. Raising customer satisfaction level

##### To harmonize the company's business activities with the local community

3. Maintaining public trust
4. Ensuring harmony between the company's operations and both the local community and the environment
5. Working to help realize a low-carbon society

##### To achieve sound and sustainable growth

6. Strengthening the company's financial position

##### To create a dynamic workplace

7. Improving organizational effectiveness and empowering employees

##### To raise the corporate value of the Group

8. Aiming to create the optimal management system across the Group

We have set financial targets below for fiscal 2008 through fiscal 2012, on both a consolidated and non-consolidated basis, and are working to realize greater business management efficiency.

#### Financial Targets (FY2008-2012)

##### Consolidated

1. Minimum annual ordinary income of ¥11 billion


2. Minimum average ROA (operating income / total assets) of 3.5%
3. Balance of interest-bearing debt of around ¥260 billion by FY2012 term-end
4. Equity ratio of around 30% by FY2012 term-end

##### Non-Consolidated

1. Minimum annual ordinary income of ¥10 billion
2. Minimum average ROA (operating income / total assets) of 3.5%
3. Balance of interest-bearing debt of around ¥250 billion by FY2012 term-end
4. Equity ratio of around 30% by FY2012 term-end

In the Group's non-core operations, our construction business faces an over-competition situation in the construction sector in Okinawa, which has led to severe competition for orders through low-price bidding. Nevertheless, we are working to enhance our technological capabilities and expand our lineup of proposals, to enable us to differentiate ourselves from our competitors and produce adequate profit margins and a reinforced earnings base. In the telecommunications business, we are employing an active strategy of marketing proposals aimed at meeting customer needs promptly and precisely to realize a value-added service.

We are also examining the feasibility of moving into the gas supply business by taking advantage of our importation of LNG, the first such in Okinawa's history, as fuel for the Yoshinoura Thermal Power Plant, which is currently under construction. This will fit in with our long-term plans to become a truly integrated energy service provider, and constitutes a promising new business opportunity.



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