

Review of the Environment Action Report by Third Party

Since fiscal 2002, Environment Action Report (“Action Report”) of Kyushu Electric Power Co., Inc. (“the company”) has been reviewed by a third party, Tohmatsu Environmental Research Institute Ltd., in order to improve the reliability of the Action Report.



Examining the information included in this report based on source materials (Environmental Affairs Dept., Head Office)



Meeting with a deputy manager responsible for safety and environmental matters at a construction site (Omarugawa Power Station Construction Office)

1. Report on Review Results

Review of 2004 Kyushu Electric Power Environment Action Report

Tohmatsu Environmental Research Institute Ltd. implemented a third-party review on the reliability of environmental activity records, environmental accounting and other related information described in the “2004 Kyushu Electric Power Environment Action Report” by Kyushu Electric Power Co., Inc.

Findings identified in our review process are described below, aside from those on the Third Party Opinions about the Environment Action Report. The numbers in parentheses included in the descriptions below represent page numbers in the 2004 Kyushu Electric Power Environment Action Report.

1. Matters evaluated

(1) Increase in reliability of the Action Report

This fiscal year, at the Company’s request, a review was conducted in accordance with the Standards for Environment Report Compilation (Proposal) issued by the Ministry of Environment since the Company adopted the standards on their own initiative. The review is recommendable to improve the reliability of the Action Report.

(2) Effective provision of environmental information

This fiscal year, more emphasis was placed on the convenience of stakeholders in using the Action Report. A glossary section was added to help users read and understand the Action Report.

(3) Scope and policy of compilation of the Action Report

The Company adopted the Standards for Environment Report Compilation (Proposal) on their own initiative for the compilation of the Action Report. We believe that the scope and the policy of compilation of the Action Report have been defined more precisely.

2. Matters to be addressed

(1) Environmental accounting

Environmental costs for this fiscal year are shown in comparison with those for the prior fiscal year in the Action Report (pages 14 and 15). The effect of the related/corresponding environmental activities actually implemented should be compared to those for the prior fiscal year.

(2) Process of information collection

With respect to the environmental accounting and environmental load, the related information was provided directly to the responsible department this fiscal year. However, an online connection between each power station and the Company has not been completed, and manual work is still being performed. To improve the accuracy of information in the Action Report in following years, it will be crucial to introduce an integrated system in the Group soon.

2.Third-Party Opinions about the Environment Action Report



Independent Review Report on the Environment Action Report

Mr. Shingo Matsuo
Representative Director & President
Kyushu Electric Power Co., Inc.

Scope of our Review

We have reviewed the “2004 Kyushu Electric Power Environment Action Report” (a booklet and a CD-ROM and glossary attached to the Action Report)” (hereinafter referred to as Action Report) for the fiscal year ending March 31, 2004 pursuant to Standards for Environment Report Compilation (Proposal) (2003 Environment Report Standards Committee’s Report issued by the Ministry of Environment in March 2004). The purpose of our review is to provide an opinion from an independent standpoint regarding the accuracy or completeness of key and major environmental information marked “reviewed,” and included in the Action Report in accordance with the Standards for Environment Report Compilation (Proposal) (2003 Environment Report Standards Committee’s Report issued by the Ministry of Environment in March 2004). With respect to other environmental information included in the Action Report, we performed review procedures agreed upon with the Company’s management.

The Action Report is the responsibility of the Company’s management. Our responsibility is to provide an opinion on the Action Report from an independent standpoint.

With respect to fiscal 2001 and 2002, we reviewed key and major environmental information for the years in accordance with procedures agreed upon with the Company’s management. An environmental review was not performed for prior fiscal years including fiscal 2000.

Summary of Review Procedures

We have performed review procedures in accordance with a review plan to obtain reasonable assurance necessary to issue our conclusions. Summary of the review procedures is described below:

- (1) With respect to key and major environmental information marked “reviewed”
 - Examination of completeness of the descriptive information included in the Action Report in accordance with the Standards for Environment Report Compilation (Proposal).
 - Evaluation of the implementation and operation of the Company’s environmental internal controls through interviews of in-charge employees regarding methods of measurement and calculation and the collection of information, and test-basis examination of related materials.
 - Review of corporate policies and efforts related to environmental activities and consistency of the environmental activities described in the Action Report with corporate plans for environmental activities intended to be taken in the course of the Company’s business operations.
 - Test-basis confirmation based on original vouchers and/or various related records serving as a basis for calculation
 - Comparative analysis by power station and year and questions to in-charge employees and examinations of the related materials regarding significant or unusual changes identified from the analysis.
 - Interviews of employees and examination of the related documents with respect to legal compliance and the existence of major lawsuits.
- (2) Review procedures for other environmental information
 - Interviews of employees and test-basis confirmation based on the related documents serving as a basis for calculation with respect to measurement, method of calculation and process of information collection. In-charge employees were questioned about measuring and calculation methods as well as information collection.
 - Comparative analysis by power station and year and questions to in-charge employees and examinations of the related materials regarding significant or unusual changes identified from the results of analysis.

Our Conclusions

Based on our review, the key and major information marked “reviewed” in the Action Report was accurately measured, calculated and complete in accordance with the Standards for Environment Report Compilation (Proposal). The other information in the Action Report is based on information properly collected from Kyushu Electric Power and the Kyushu Electric Power Group companies and consistent with internal materials or information available to us.

Financial Interest

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Standards for Environment Report Compilation (Proposal).

Tohmatsu Environmental Research Institute

Tohmatsu Environmental Research Institute Ltd.
June 22, 2004