

**The Kyushu Electric Power  
CSR Report  
2006**



## Editorial Policy

Kyushu Electric Power Co., Inc. has published an annual Environment Action Report since 1996. Beginning this year, we will also publish an annual Corporate Social Responsibility (CSR) Report to enhance communications with our stakeholders, and to openly account for our CSR activities, policies and goals.

In this report, we arrange it by the idea of supporting the company activities based on customers' needs by CSR measures including corporate governance for mid-term management policy, and report on our concrete activities.

At the end of this report, you will find a questionnaire that can be returned to us via Fax. We would very much like to hear from you regarding your reactions to our CSR report. The questionnaire is also available on our company's website.

[http://www.kyuden.co.jp/csr\\_index](http://www.kyuden.co.jp/csr_index)

### ●Scope of the Report

Kyushu Electric Power Co., Inc. and its group companies

### ●Period

From April 1, 2005 to March 31, 2006

(some information outside of this period is also included)

### ●Referenced Guidelines

GRI\* "The 2002 Sustainability Reporting Guidelines"

### ●Third-Party Review

In order to secure the objectivity of this report, we have asked Professor Michiaki Abe of the Kyushu University Faculty of Law for his opinions (see page 69).

### ●Mainly related official documents

Please refer to our website below for more details regarding management, business conditions and environmental activities (in Japanese).

Financial Report [http://www.kyuden.co.jp/ir\\_financial\\_index](http://www.kyuden.co.jp/ir_financial_index)

Annual Report [http://www.kyuden.co.jp/ir\\_financial\\_index](http://www.kyuden.co.jp/ir_financial_index)

Environment Action Report [http://www.kyuden.co.jp/environment\\_index](http://www.kyuden.co.jp/environment_index)

### ●Date of Issue

June 2006 (Next Issue: June 2007 (tentative))

### ●Department in charge of the report and contact information

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### Disclaimer

This report covers not only past and present information about Kyushu Electric Power Co., Inc and its group companies, but also related future strategies and goals well. Such descriptions do not guarantee the future achievement of such goals, which is subject to uncertainty and risk. Please be aware that due to the business environment, changes may occur in our future business activities.

※Glossary / \*GRI: Global Reporting Initiative

An international organization established in 1997 to create a common framework for the voluntary reporting of the economic, environmental and social impact of organizational-level activity.



●Front Cover

The colorful gradations of a rainbow represent for us at Kyushu Electric Power Co., Inc. what we envision in CSR and business activities, with customers as its base.

We hope that this report is able to build bridges between us and all of our stakeholders.

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# “Valuing Trust” is the CSR of Kyushu Electric Power Company

## The mission and responsibility to take a role in the lifeline

I'd like to thank you all for using our electricity every day.

Our company has long understood the social responsibility of public utilities, of bearing a lifeline of electricity to our customers, and doing so with safety and stability. From the very beginning, we have been fulfilling our social responsibility of providing inexpensive and dependable electricity.

Without the community's cooperation and support, constructing, operating and staffing our facilities would be impossible. With this in mind, we have undertaken activities that will further strengthen the trust we have worked long and hard to earn from society.

There is no change in our fundamental mission to prioritize safety and continue providing electricity reliably and efficiently amid a business environment in which competition in the energy markets is growing increasingly intense. Our company takes pride in handling our responsibilities, and we strive for a sincere, fair and rigorous code of business conduct.

## Contributions for sustainable social development

A company is a part of society—a truth that is important to remember amid today's numerous corporate scandals. A company cannot exist if we ignore its relationship with society.

Together with the advance of globalization, recent trends in deregulation and administrative reform, and

greater corporate-community engagement are spreading through all industries. Defining a company's role and responsibilities has become critical.

It is generally said that CSR embodies a company's efforts to contribute to sustainable social development by meeting public expectations, not merely regarding legal compliance, but also involving the company's capacity to satisfy the public's fiscal and ethical expectations and enhance corporate value.

This is perfectly in accord with the business stance of Kyushu Electric Power Group's Management Vision and Kyushu Electric Power Group's Charter of conduct, the latter of which states our pledge to create corporate value and contribute to developments in society, by raising the degree of satisfaction in our customers, shareholders, investors, society and employees.

We believe that is Kyushu Electric Power's CSR vision. The basic philosophy I continue to stress is “cultivating and maintaining trust”—which is the essence of the CSR we are hoping to achieve.

## Striving for CSR Excellence

Positive approach for CSR includes compliance management, information disclosure, environment management, and co-existence with society.

These contribute to social development, of course, but they also lead to the creation of greater value for the Kyushu Electric Power Group and improving our competitive edge. For us, CSR activities are not merely responses to social demands; they are actions directly



rooted in our own company principles.

Our company has taken positive steps to pursue our CSR ideals. To further enhance effectiveness, we appointed an officer specializing in CSR in June 2005. And in July 2005, we established the CSR Promotion Committee with our managing executive officers.

With this system in place, we are striving to be a company known for its CSR excellence.

### United with our stakeholders

Recent animated discussions regarding the nature of company ownership frequently ask: To whom does a company really belong? But I have long felt that it is not a matter of possession. Instead, a company is a public entity, a place where various stakeholders are engaged in creating value.

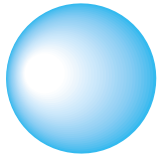
In order to continue being a company whose value can be measured by all stakeholders, we must listen closely to the voices of our stakeholders and reflect their opinions and feedback in our business management. In so doing, we will build our own CSR Management Cycle. We published The Kyushu Electric Power CSR Report, covering all of our group company activities, to constitute the core of our CSR cycle.

We hope that our communications with our many stakeholders through this report will help us further improve and develop our CSR activities. Your frank and honest opinions and comments are most welcome.

June, 2006

Shingo Matsuo  
President  
Kyushu Electric Power Co, Incorporated

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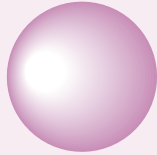
## Corporate Philosophy

# Creating a human Kyushu

Kyushu Electric Power Co., Inc. shall keep energy aglow forever.

Kyushu Electric Power Co., Inc. shall maintain close contact with the community and act in pursuit of valuable social goals.

Kyushu Electric Power Co., Inc. shall create a dynamic corporate culture by keeping a step ahead of the times.



### Kyushu Electric Power Group's Management Vision

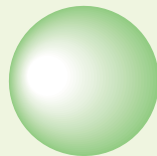
#### [Kyushu Electric Power Group's Basic Philosophy]

##### Serve our customers with energy

The Kyushu Electric Power Group supports the further development of advanced and affluent societies in Kyushu, Asia and the rest of the world through its many services-ranging from IT to environmental and lifestyle products as the core of energy with our customers always the primary focus of our corporate activities.

#### [Kyushu Electric Power Group's Management Approach]

We believe that by enhancing the satisfaction of our customers, shareholders, investors, employees and members of society, we will improve the value of the Kyushu Electric Power Group.



### Kyushu Electric Power Group Charter of conduct

At the Kyushu Electric Power Group, our customers are the focus of our corporate activities. By supplying our customers with energy and related products and services, we sustainably increase our corporate value and grow in harmony with society.

At the same time, we respect human right both domestically and overseas, and we are developing business operations to contribute to the growth of comfortable and rich society .

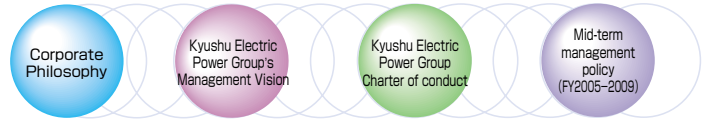
To steadily excute our business activities as stated above, the Kyushu Electric Power Group promotes compliance management based on the following principles under the trust and understanding from society.



### Mid-term management policy (FY2005~2009)

#### [Business Attitude]

Improve corporate value through applied efforts to raise business quality by placing our customers at the center of all corporate activities, thereby leading to the enhancement of the satisfaction level of our customers, shareholders, investors, members of society and employees.



**“For our customers’ smiles”**

The Kyushu Electric Power Group listens to its customers and will earnestly provide products and services that have value.

**“For the expectations of our shareholders and investors”**

The Kyushu Electric Power Group raises profitability and strengthens its financial structure by pursuing a method of business deployment based on “selection and concentration” and by maximizing efficiency.

**“For society’s trust”**

The Kyushu Electric Power Group achieves a mutually beneficial co-existence with society through fair and proactive business conducts, a wide range of environmental activities, and contributions to the local community.

**“For the well-being of our employees and associates”**

The Kyushu Electric Power Group creates an environment in which every employee can achieve his/her full potential and take pride in his/her accomplishments.

**1 Improve customer satisfaction**

We will plan for improvements in customer satisfaction by providing valuable products/ services for customers safely and surely after a thorough protection with personal data.

**2 Honest and fair business activities**

We will promote fair, transparent, free competition and sound trade and effect honesty and fair business activities, for instance, maintenance of sound and proper relationship with politics and administrations.

**3 Develop a safety-first culture**

We will foster safety-first culture in which prioritize not only employee safety but also public safety to say nothing of measures to improve technology and equipment.

**4 Communication activities**

We will acquire the demands of society by active information disclosure and communications with members of society at large. And we will immediately and exactly reflect them in our business activities.

**5 Promote environmental management**

We will promote environmental management by measure for global environmental issues, work to establish a recycling society.

**6 Contribute to local community and society**

Through our business and philanthropic activities, we will cooperate with local communities and society and contribute to them.

**7 Develop an open and fair corporate culture**

We will respect the diversity, character and individuality of our employees and guarantee them fair in treatment in the training and application of their talents, while providing them with a comfortable and enriching working environment.

**8 Coordinate with the global society**

we will observe laws and regulations applying to their overseas activities and respect the culture and customs of other nations and strive to manage their overseas activities in such a way as to promote and contribute to the development of local communities.

**9 Comply with laws**

We will comply with all laws and rules, and we will reject all contacts with organizations involved in activities in violation of the law or accepted standards of social behavior.

**10 Act up to the spirit of this charter and fulfill upper management’s responsibility**

Upper management must recognize that their duty is action up to the spirit of this charter, and they must take the lead and get the effective internal system ready. And they must make this charter widely known to supplies, after thorough education employees to the spirit of this charter.

If a violation of the law or the charter occurs, upper management must take the initiative to solve the problem, seeking out the causes and taking immediate corrective measures and carrying out recurrence preventive measures. And its disciplinary action should be taken, including upper management where necessary.

**[Main Focus]**

**(1) Strengthening the foundation of our business**

- a Improve efficiency to achieve peak levels in the industry
- b Establish a reliable business foundation
- c Take measures to fulfill corporate social responsibility (CSR)

- Promotion of compliance management
- Promotion of information disclosure to improve management transparency
- Promotion of environmental management

d Improve organizational ability

**(2) Enhancement of growth potential**

- a Promote business activities based on customer needs
- b Enhance the ability and motivation of employees

- Respect of human rights, and maintenance of labor environment
- The measure of a safety-first principle
- Collaborative activities with the local community and society

Corporate Social Responsibility

# Highlight

## Economic Performance



**Asahi Breweries Ltd.**  
General Manager of Hakata Brewery  
**Norifumi Hidejima**

The Hakata Brewery of Asahi Breweries Ltd. in Fukuoka City manufactures beer products that are shipped to Yamaguchi and other regions in Kyushu. Thanks to the stable supply of electricity from Kyushu Electric Power Co., Inc., we can safely and smoothly manufacture and provide beer products to our customers. We sincerely appreciate your excellent service.

The goal of our management philosophy is to contribute to society through our products and corporate activities. In recent years, our philosophy has been reviewed not only from our perspective, but also from social, environmental and global points of view. As a beverage provider, we are responsible for recognizing alcohol-related problems. Through open communication with consumers, we are taking the initiative to create a safe and healthy drinking culture.

As it is difficult to acquire most of the raw materials used for making alcoholic beverages

domestically, we have no choice but to rely on imports from foreign countries. The stable procurement of safe raw materials requires not only financial investment, but also worthwhile contributions to the society. In fact, without such contributions, we could not begin to acquire the information necessary for importation. The very survival of a Japanese company lacking in domestic resources depends upon its reputation as a company that is 'valuable to the world.' Knowledge, technology and constant growth and improvement give Japanese companies an extra edge in global business.

As industrial consumers of electricity, we need to fulfill our mission by saving resources and using electricity more efficiently to help prevent global warming. We are also obligated to procure environmentally friendly resources, and to use electricity safely and avoid accidents or mishaps of any nature.

There is still plenty of room for improvement. If consumers learn how to use electricity properly and more efficiently, their knowledge will lead to your future growth. We value our relationship with you, and we sincerely seek your insights and advice.

### Reducing electricity rates (Featured topic 1)

As "the law concerning the saving and management of funds for the reprocessing of spent nuclear fuel of nuclear power generation" was enforced in October 2005, we cut our electricity rates in April 2006.

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### Declining income and profit for the first time in three years

Although scorching summer heat and a harsh winter increased the amount of electricity sold, consolidated Ordinary Income were 125.2 billion yen due to the reduction in electricity rates in January 2005.

We are committed to increasing profitability and efficiency and achieving our managerial goals.

After accelerating the process for announcing our financial results, we successfully released our financial statement for FY 2005 on April 27.

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### We promote the "Kirei Life"

With the key phrase, 'Kirei (Beautiful) Life', we encourage the spread of an All-electric housing.



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### Establishing the CSR Promotion Committee

We established the CSR Promotion Committee chaired by the president in order to actively promote all of our CSR activities.

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### Sustaining electric supply reliability

We established an air transportation technology for emergency vehicles used for the early recovery of electrical power during massive disasters. We also started supplying electricity from Kyushu to the Goto Islands in Nagasaki through undersea cables - the longest undersea cables in Japan, spanning 53 kilometers from end to end.

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Corporate Social Responsibility

# Highlight

## Environment Performance

Although energy supply companies face harsh circumstances amid the deregulation of electricity and skyrocketing oil prices, your company takes the initiative by reducing CO<sub>2</sub> emissions and industrial waste and supporting forestation projects and environmental education. You also promote environment management by using your own environmental accounting system. I am sure these efforts are highly valued. You will earn even higher marks by disclosing not only your achievements and results, but also the processes of your activities, including evaluations and discussions, to create a more holistic report that is easy to comprehend.

Given the future of global energy supply and demand, the pluthermal projects are essential. But it strikes me that your efforts in the technological development of biomass energy, which is expected to be a regionally distributed source of energy, and in the introduction of co-generation systems into large-scale commercial areas are unlikely to be enough. I also recommend that you adopt an environmental philosophy that prioritizes 'Refuse' (don't buy, don't bring in) rather than the 3R initiatives.

Considering the sustainable development, it is necessary for you to collaborate

with your stakeholders on ideas that include the environment, society, economy and all related elements. Returning valuable ideas to society created through such collaborations is critical for finding the best mix of energy sources in the future, and your joint efforts are sure to result in greater safety among consumers and society.

Finally, I found that your international contributions in the energy field, such as geothermal electric power development, are also valuable to Japan, especially as our national energy self-sufficiency rate is a very low 4%. I hope you strengthen such developments and make further global contributions to forestation projects and environmental education. I am sure that the Kyushu Electric Power Group has the strength and skills to successfully carry out these missions.



Faculty of education, Nagasaki University  
**Assistant professor**  
**Noboru Fujimoto**

### We continually strive to achieve better operation of our environmental management system (EMS)

We have started EMS Training to complement the ongoing support that the Environmental Affairs Department provides to business sites and offices.

Page 36

### We have reinforced our efforts to combat global warming

Starting from FY2006, we have established new environmental targets in four areas - e.g., in-house power consumption - in order to further boost our office energy and resource conservation activities. Kyushu Electric Power has also been a proud and active member of Team Minus 6%, the movement started by Global Warming Prevention Headquarters (headed by Prime Minister Junichi Koizumi) since June 2005.

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### We have begun cooperative collection of industrial waste

In a move aimed at more efficient and effective recycling and reduction of the volume of waste disposed of at landfills outside company premises, we have begun cooperative collection of industrial waste.

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### We have submitted our environmental impact assessment procedure for scrutiny

With a view to development of the upcoming nuclear power in the latter part of the next decade, we have conducted an environmental survey at the Sendai Nuclear Power Station, and submitted the resulting environmental impact assessment procedure to the national and pertinent local governments in August 2005.

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### Eco Mothers in each region conduct their own unique environmental PR activities.

In FY 2005, Eco Mothers performed 209 environment related picture card shows at kindergartens, nursery schools, and children's meetings.



Reading to children from illustrated stories about the environment

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### The Kyushu Homeland Forestation Program is underway all over Kyushu

The Kyushu Homeland Forestation Program, which aims to plant one million trees over 10 years starting from FY2001, has marked its sixth anniversary, and 540,000 trees have been planted so far.



A forestation program underway in the Sozu River source area of Hitoyoshi City. (Hitoyoshi City, Kumamoto Prefecture)

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# Highlight

## Social Performance



**Incorporated NPO  
Workshop "If"  
Director  
Kuniko Hoshiko**

### Customer satisfaction and smiles

What is 'happiness?' What does 'a satisfied life' mean? After experiencing dramatic economic growth and enjoying its accompanying abundance, we may have lost our sense of guilt over disposable materials as we seek only our own self-satisfaction. Yet at the same time, in an aging society with a declining birth rate and an increasing number of nuclear families, we may worry about child and family care, even as we explore new ways to find happiness.

We may ask ourselves: In a disaster, who would help me? Are electricity, water, food and other lifelines secured? In today's world, the invisible ties that bind people together are strengthening-though political indifference is growing, and values and needs are becoming ever more diversified. The capacity of governments and corporations to respond to the needs of ordinary citizens is attracting considerable attention.

The management principles of Kyushu Electric Power Co., Inc. include the 'Voice of the Customer,' a core compliance standard and a guideline for improving customer satisfaction

levels based on feedback from customers themselves. Providing a stable energy supply is to understand and respond to the various needs and demands of local citizens, employees and members of society.

But in an age when 'happiness' and 'satisfaction' are rarely one and the same, it becomes extremely difficult to respond to ever more diverse forms of both. I believe that product innovation, providing new value and consumer excitement, may be most desirable now.

When communicating with customers through something tangible like selling and delivering material goods, it is easy to measure a satisfaction level. But happiness and satisfaction brought about by electricity are difficult to measure. As using electricity is regarded to be an ordinary thing, it receives little appreciation and produces very little excitement among customers, even though power failure can lead to massive troubles. It is necessary to reconsider the levels and kinds of satisfaction and happiness the company can provide to consumers through electricity.

Recently, I found the expression of 'for the improvement of customer satisfaction' was replaced with 'for the customer's smile' in a sentence that describes the company's management style in the management principle of your company. I understand you are striving to be a company which meets expectations, trying to be reliable and create 'smiles' outside and inside the company. A fluorescent light is nice, but warm light from a bare light bulb should be also cherished. I hope you will continue to be such an amiable and friendly company.

### Enhancing the functions of our compliance response center

In addition to our current in-house compliance center, we started a service at a law firm outside the company in April 2005 for workers who need consultation. This external compliance center is easy to access and ensures privacy and confidentiality.

Page 26

### Establishing an information security system

We established a new management system, with the president in the position of general manager of information security, in order to guarantee the security of knowledge and information throughout the company.

Page 29

### Further promoting information disclosure

We actively promote information disclosure to secure the transparency of management by holding regular press conferences by the president and conducting various IR activities.

Page 31

### Developing several kinds of communication programs

We have developed various kinds of communication programs, such as an advisor system and a session with customers, in order to better incorporate the opinions and demands of our stakeholders into our business operations.



Kyushu Electric Power advisor session

Page 33

### Strengthening the support system for child and nursing care

Based on key points in the revised childcare and nursing-care leave law, we revised our system for child and nursing care and implemented a revised system in April 2005.

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### Increasing employment opportunities for the physically challenged ~Kyushu Captioning Co-Production Center Inc.~

We created a barrier-free TV broadcasting environment operated by and for the differently abled.

We employ the physically challenged workers and provide closed caption service.



Page 47

I sincerely respect you for accepting the challenge to publish a CSR report, and I think your first report is deeply meaningful for your company in its dedication to a service directly related to the public-interest: providing a stable supply of electricity.

Among the several efforts and activities introduced in this report, I am especially interested in human resource development. The skills of professional workers improve through training sessions based on the needs of each particular department or level. At the same time, sound professional ethics are desperately needed in a world where company values continue to

diversify. Whenever I see news about either corporate troubles or triumphs, it is very clear that the corporate culture created by working professionals with pride in their jobs is critical in determining overall corporate performance. The quality of corporate culture is difficult to measure in numbers, of course, but analyses and seminar programs that focus on corporate culture will be of great value to your company.



Ritsumeikan Asia Pacific University President  
**Cassim Monte**

### Enhancing worker capabilities

We promote human resource development by focusing on both a “willingness to nurture” on behalf of the company and workplace and a “willingness to improve” on behalf of the workers themselves. [Page 50](#)

### Ensuring safe and stable operation of nuclear power station

We secure the safe operations of our nuclear power stations by conducting numerous quality assurance and preventive maintenance engineering activities. [Page 51](#)

### Supporting local art and cultural activities

The Fureai Concert, sponsored by the Kyushu Electric Power Co. The Bunka no Mori Concert, sponsored by the Kyushu Electric Power Co.

We sponsor classical music performances by the Kyushu Symphony Orchestra in all prefectures of the Kyushu area to enhance life through art and culture. [Page 55](#)

Training and dispatching promising young craftsmen in Japan and overseas

We have a domestic and international training and dispatching system for promising young craftsmen to support the sharing of artistic techniques and skills, and to train successors in the traditional handicrafts of Kyushu. [Page 56](#)



### Making our rugby team a ‘symbol sports’

We have made our rugby team. Our symbol sports as we want it to be cherished not only by our employees, but also by the people in the community. [Page 57](#)



### Improving social welfare

We visit the houses of the elderly to check on the wiring and clean light fixtures and related equipment. We also contact social welfare facilities in regions where we operate our business. [Page 58](#)



### Promoting a pluthermal project (Featured Topic 2)

We obtained the understanding and consent of Saga prefecture and Genkai town regarding our pluthermal project at Genkai Nuclear Power Station Unit 3. [Page 61](#)



## Electricity rates were lowered from April 2006

Our company is working hard to strive for a company chosen by customers, stockholders and investors in this competitive energy market. In FY2005, we established our new five-year mid-term management policy to take us to FY2009, enabling us to meet our business objectives and goals efficiently (please see pages. 13 and 14).

Although there had already been a Electricity rate reduction in January 2005, advances in operating efficiency were prompted by a new law on savings and management that went into effect in October of the same year. Which law stipulates the recycling of used fuel in nuclear power, and resulted in a further drop in rates in April 2006.

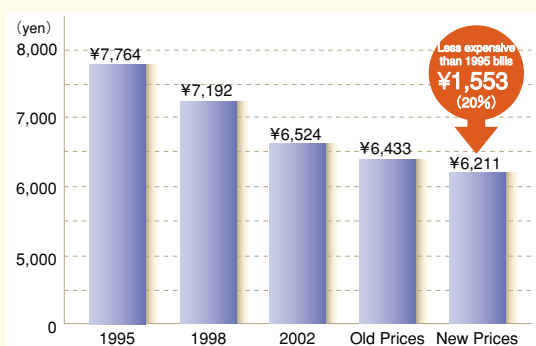
### Average unit price and the rate of price reduction

The average unit price and the rate of reduction of the new charges are as follows:

	New charge average unit price	Average rate of reduction
Total Electric Lights	¥19.34	▲3.87%
Total Electric Power	¥20.44	▲3.02%
Total Electric Lights & Power	¥19.54	▲3.71%

(note) Consumption tax is not included.  
The specific scale demand which is the object of deregulation is not included.

### Household bills are 20% less expensive than they were 10 years ago



(note) • An example with a contract current of 30A and an amount of electric power usage of 300kWh for one month. The equivalent amounts, such as the suitable amount of consumption tax are included.  
• The old charges were based on the electric supply article of enforcement implemented on January 1, 2005. The amount of the fuel cost adjustment for April to June 2006 (0.57 yen/kWh) is included.  
• The amount of the account transfer tax discount is included in the fees from 2002 and later.

## 【Example comparisons with the old price】

### ▼Electric Lights

Contract Classification	Usage Requirement (or Usage Conditions)		New Prices (yen/month)	Old Prices (yen/month)	Reduced Prices (yen/month)
	Contract	Monthly Usage Amount			
Mass of Electrical Light	B	30A 300kWh	6,211	6,433	▲222
	C	10kVA 1,000kWh	22,984	23,816	▲832
"Denka de Night" (Seasonal electrical lights)	6kVA (Water heater 4kVA)	910kWh	11,803	12,328	▲525
"Yoka Night 10" (Timely electrical lights)	6kVA (Water heater 4kVA)	710kWh	8,577	8,951	▲374

(Note) • The price is the amount of the electricity bill for one month (others are calculated by seasonal prices). The consumption tax and the amount of the account transfer tax discount are also included.  
• For "Denka de Night" and "Yoka Night 10", an 8 hour continuous usage discount rate is included. (A discount for the switching on of electricity on the country-type electric water heaters was added to the old price.)  
• The old prices were based on the electric supply article of enforcement implemented on January 1, 2005 and the amount of fuel cost adjustment for April to June 2006 (0.57 yen/(kWh)) . is included.

### ▼ Electric Power

Contract Classification	Usage Requirement (or Usage Conditions)	New Prices (yen/kWh)	Old Prices (yen/kWh)	Reduced Prices (yen/kWh)
Low voltage electricity	Contract electricity 10kW	22.14	22.76	▲0.62
	Monthly Usage Amount 800kWh			
	Phase factor 90%			

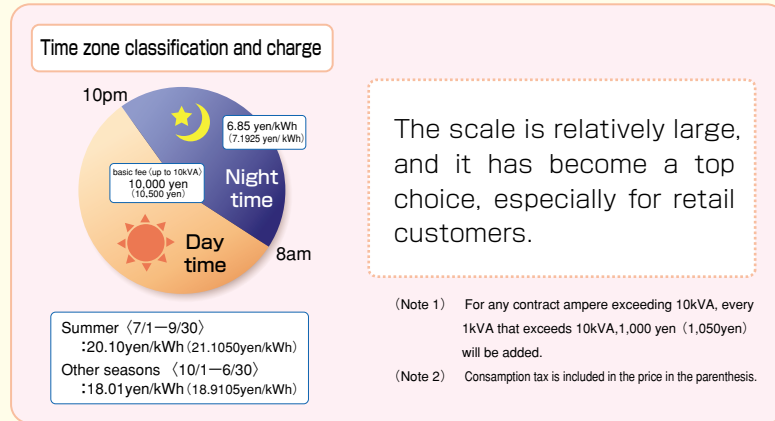
(Note) • The amount of money is a unit price per kWh in operating conditions (this is also calculated according to seasonal prices). (The equivalent amount to consumption tax, etc. are excluded. The amount of the account transfer discount is included.)  
• The old prices means the charge calculated based on the electric supply article as of January 1, 2005 and the amount of fuel cost adjustment for April to June 2006 (0.57 yen/(kWh)) . is included.

※Glossary/Optional supply article: The contract menu contributing to the efficient use (load equalization) of equipment and other efficient business management can be replaced with a supply article, and the customer can have an option to choose.

# For our new price menu, we have introduced “high load factor type of electric light.”

As an option provision this time we compared with the conventional electric light menu, the new light has a lower rate for electric power. The basic set-up rate for the new light is higher, with daytime and nighttime charges separated.

The higher the usage capacity, the more reasonable the light is for the customer.



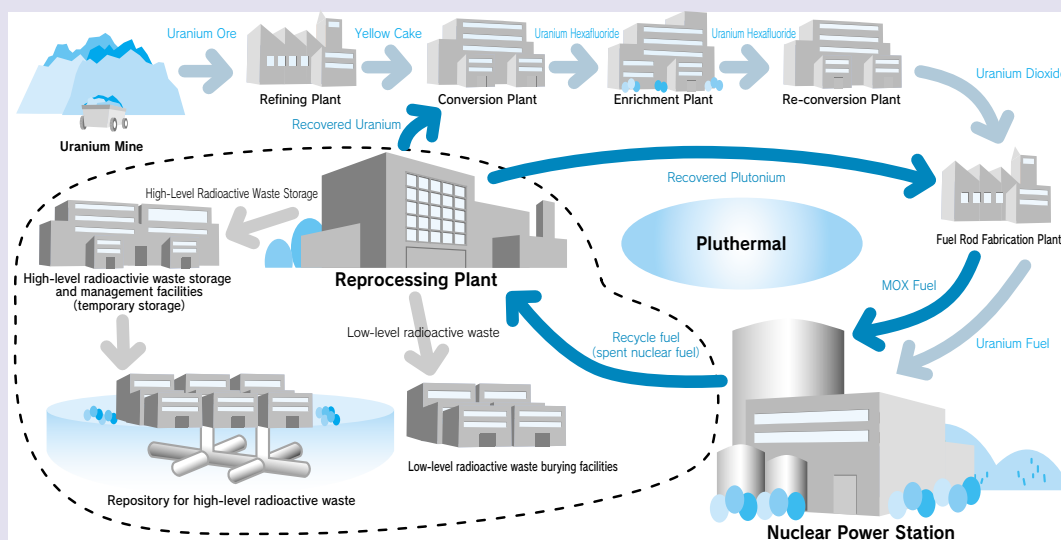
## The act on savings and management for the reprocessing of used fuel in nuclear power generation.

- This is a law which obliged the Minister of Economy, Trade and Industry to save a fund required for future recycling. The law also required the Minister to reserve other external funds for administering to the funding management corporations of electric power companies. This requirement was intended to help the companies smoothly undertake backend businesses, such as the reprocessing of used fuel.
- This law stipulates in addition to the conventional reprocessing expense, the customer will pay, along with their usual electricity bill, a portion of the funding for reprocessing and the abolition of measures at the station.

From the viewpoint of benefit assessment, the specified-scale power producer and supplier (PPS)\* will also have to pay a usage charge through the network for past electrical power charges.

## Backend business

The business performs the processing and disposal of used fuel, used for nuclear power generation and the demolition and disposal of reprocessing-related institutions (dotted line portion on figure).



\*Glossary / \*Specified-Scale power producer and supplier: This refers to the retail of electricity to large-lot customers (special high voltage (over 50kw) customers) by suppliers (specified-scale electric utilities) other than electric companies. To encourage effective competition, fair regulations were put into place (wheeling services regulations) to enable electric power provisions.

# Management objectives and management efficiency plan

In our mid-term management policy started in FY2005, we established a new strategy for the five years from FY2005 to FY2009, as a period wherein we will pursue further growth while solidifying the group's business foundation, with the total energy business as our main business focus. We aim to achieve sustainable improvements in corporate value through customer-focused activities. We will also improve management quality to raise the satisfaction levels of customers, shareholders, investors, members of society and our employees.

## Management Objectives according to the mid term management policy

### Customer's Outlook

rates	Offer competitive rates
Quality	Provide high reliability and rapid response
Service	Offer solutions that address the needs of the customer
Corporate Image	Establish a brand of reliable and peace-of-mind

### Slogan

**“Solidify the base and pursue growth”**

### Financial Outlook

		Targets		Target years	Point of view
		Consolidated	Non-consolidated		
Profitability and Stability	FCF*	120 billion yen	100 billion yen	FY 2005—2009 average	Aiming for the profitability which meets the expectation of the stockholders and investors.
	Ordinary Income	110 billion yen	100 billion yen		
	ROA*	3%	3%		
	Shareholders' equity ratio*	30%	30%	End of FY2009	While business conditions worsen, improvement in financial stability is aimed by expanding shareholders equity and reducing the interest bearing liabilities.
	【Use of FCF】	Reduction of interest-bearing liabilities to achieve an equity capital ratio of 30% by the end of FY2009			
		Investment and financial contribution according to the company's growth strategy (approx. 60 billion yen in five years)			With the intense competition in the electricity business, we shall aim for new growth with the total energy business at our core.
		Consecutive dividends			Aim for reservation of a consecutive dividend.
Efficiency		Top level of the industry			Refer to the following efficient operation plans.
Growth	The amount of new demand creation quantity (electricity business)	2.5 billion kWh (compared to FY 2003)		FY 2009	New demand is created by promotion of an All-electric housing and electric air-conditioning and electric kitchen, return demand acquisition from in-house power generation. All-electric housing : 1.3 billion kWh (end of FY2009: 50,000 households) Corporate Customers: 1.2 billion kWh
	Sales outside the group (other than electricity business)	100 billion yen increase (compared to FY 2003)			While business conditions worsen, the whole group aims for new growth.
Ordinary income for each business area (consolidated)	Total energy business (not including Kyushu Electric Power's electricity business)	4 billion yen		FY 2005—2009 average	While business conditions worsen, the whole group aims for new growth.
	IT and telecommunications business	4 billion yen			
	Environment and recycling business, consumer and community services business	2 billion yen			

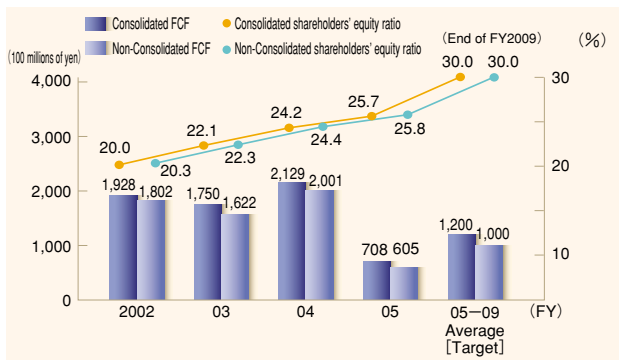
## Management Efficiency Plan

Increase in efficiency of capital investment	The amount of capital investment for FY2005~2009 Annual average 190 billion yen	Increase in efficiency of capital investment by re-examining the design criteria and specification when investing in facilities as well as accurately corresponding to trends in demand.
Reduction of maintenance and miscellaneous cost	Maintenance and Miscellaneous costs for FY2005—2009 Annual Average 300 billion yen	〈Maintenance cost〉 By introducing risk management techniques, re-examining the contents of checking and repairing equipments can attain efficiency and upkeep of upkeep facility safety measures. 〈Miscellaneous cost〉 Further reduction can be aimed by increasing efficiency and simplifying total business measures.
Increase in efficiency of operating management, and number of employees	Operating process reform that utilizes IT strives for the further increase in efficiency of operating management, and attains a slimming down in number of employees.	
Increase in efficiency of equipment management	Utilization rate of Nuclear power facilities	Striving for high level maintenance of utilization rate by continuation of safe stable operation of the nuclear power plant, implementation of rated heat output fixed operation, and thoroughness of the measure against preventive maintenance.
	Thermal power generation facility Efficiency	Striving for the maintenance and improvement in comprehensive thermal efficiency by high operation maintenance of efficient plant, such as Shin-ota Thermal power station.
Decrease in materials and fuels procurement costs	Materials procurement costs	Diversification of purchasing measures, purchase cost planning and Supply Chain Management* are being promoted to procure high-quality materials at reasonable price.
	Fuels funding costs	Decentralization of suppliers, diversification of contract terms and pricing system are promoted, and reduction and stabilization of fuel funding cost are attained.

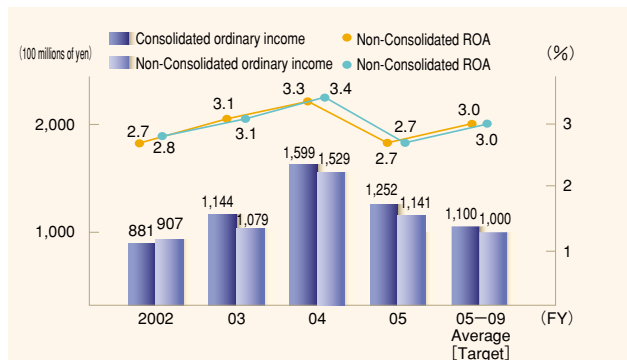
\*Glossary / FCF: Free Cash Flow. Cash at a company's disposal. FCF is calculated by subtracting cash expenditures from the company's cash flow produced by operating activities, and indicates an increase/decrease in cash and cash equivalents

\*ROA: Return on Assets. An indicator of profitability determined by dividing a company's income after tax (profit for the current term) by the total amount of assets. It indicates how efficiently assets or managerial resources are utilized to produce profit.

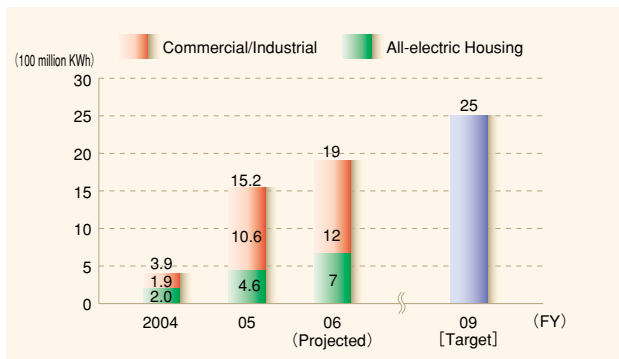
### FCF and the shareholders' equity ratio



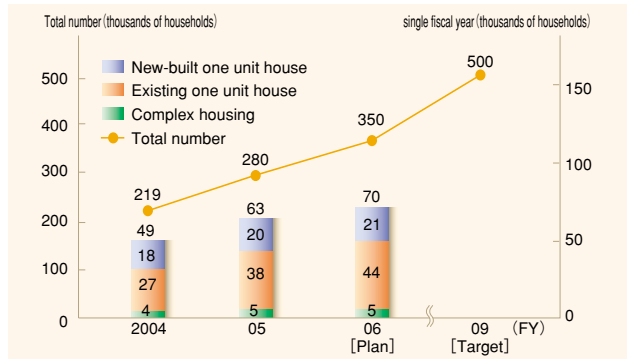
### Ordinary income and ROA



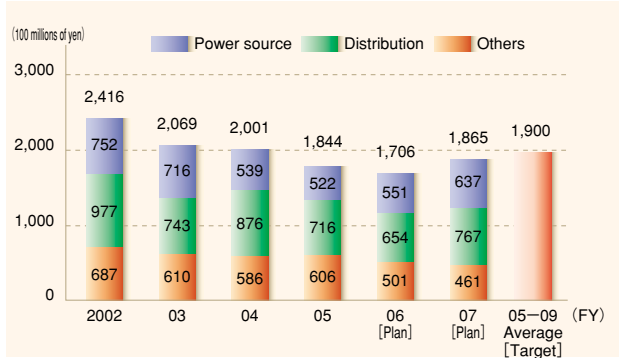
### Generated Demand Target (vs. FY2003)



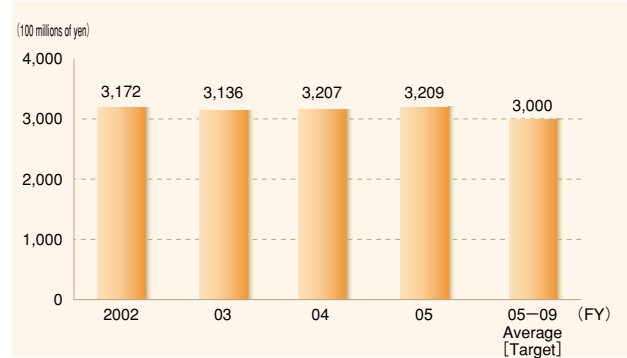
### Transition of All-electric Housing



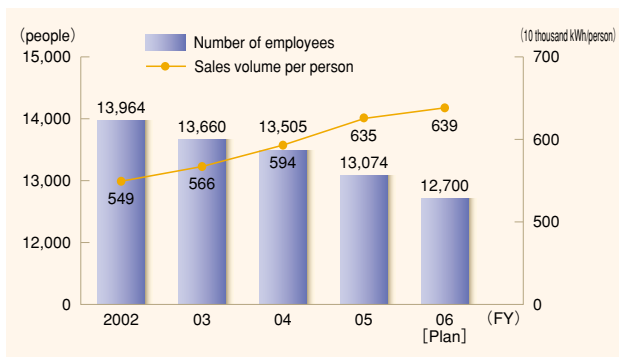
### Transition of the amount of capital investment



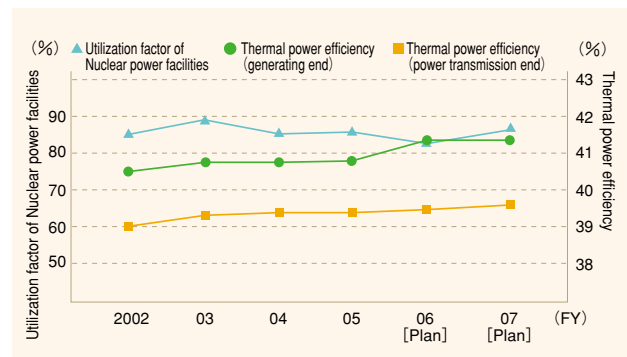
### Maintenance and miscellaneous cost



### Number of employees



### Utilization rate of Nuclear power facilities



※Glossary / \* Shareholders' equity ratio: The index for planning financial stability. If the financial stability of the company is high, the shareholders' equity to total assets will also be high.  
\* Supply Chain Management: Activities through which our company and customers collaborate to optimize the entire operating process and reduce costs.

# Business development based on customers' needs

As a company responsible for the lifelines of people's lifestyle and economy and industry, we strive to provide inexpensive, high-quality energy. Standing on a customer-first philosophy, we promote proactive activities, including contribution to comfortable and prosperous society, to enhance customer satisfaction.

## Promotion of total solution business

Taking advantage of the comprehensive power of our company group, we render total solution service for corporate customers ("total business solutions"), tailored to the corporate customers' diverse needs and demands.

We believe meeting to the customers' needs enables us to take new business opportunities, enables us to expand the entire group's business domain and strengthens our profitability.

### Positioning sales representatives

To accurately comprehend the needs of our corporate customers

Main solution menu
•Optimal rate menu
•Electric cooker
•Electrical air conditioning
•Electric heating system
•Sale of gas
•Technical services

and respond directly to their needs, we have assigned sales representatives to each branch or customer service office.

Using the sales representatives as the contact person, we offer our customers Optimal 1 rate menu and systems for the use of electric kitchens and air conditioning.

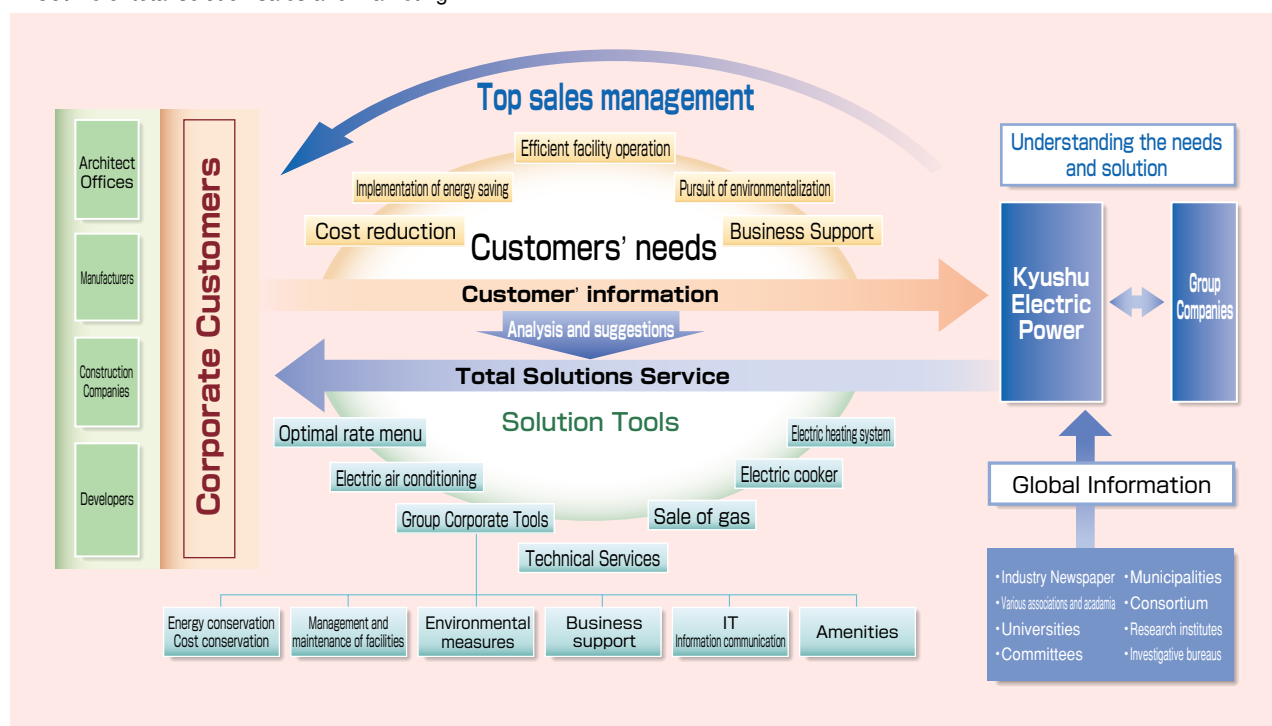
### Reduction of the customers' initial investments in air conditioning facilities

We promote "air conditioning business" to reduce customer's initial investment. We own and install air conditioning facility and deliver heat for air conditioning. The customers are charged for the heat.

Although our business area had been limited to regenerative types of air conditioning, we have expanded our business into non-heat accumulative areas in FY2005 to further respond to the diverse needs of our customers.

We will continue to respond proactively to the needs of our customers to raise their levels of satisfaction.

### ▼ Outline of total solution sales and marketing







**Kirei-Life**  
All-electric housing

# All-electric housing for a comfortable lifestyle



## Proposing a safe, comfortable and economical lifestyle (Promoting an All-electric housing)

### What is an All-electric housing?

There are an increasing number of customers who enjoy an All-electric housing because it answers to their diverse needs including lifestyles friendly to environment and family budget, healthy and safe lifestyle for senior citizens, and reduction of household chores for two-income families.

An All-electric housing is a house where the cooking facilities, hot water supply and other energy-related systems are powered by electricity. Customers can choose an All-electric housing and benefit from the peace of mind, convenience and comfort of no longer needing to use flames, while also saving monthly lighting and heating expenses. An All-electric housing produces a high level of customer satisfaction, answering to the diverse needs of the modern household.

### Proposing activities on an All-electric housing

Kyushu Electric Power is actively pursuing measures and proposing activities to dispatch information on an All-electric housing.

Using 'Kirei Life' as a key branding phrase, we have been promoting and conveying the merits of an All-electric housing through TV advertisements, our website and 'Iris', our showroom, where customers can actually experience the virtues of an All-electric housing.

Those customers who are considering an All-electric housing, we offer an optimal electric rates and an interest preference mortgage, and a total consultation regarding running costs\* and initial investments.

For those customers who choose an

All-electric housing, we provide home advisors in every customer service office who personally visit each home to answer questions such as, 'How do you operate the IH (Induction Heating) stove?' or 'What is the best way to cook'.

### The role of an All-electric housing

We are promoting the use of "Eco Cute," a hot water supply facility that conserves energy in All-electric housing (please see page 40). Since Eco Cute helps to reduce the amount of CO<sub>2</sub> emission in regular households, the government hopes the system to spread throughout the country.

We are promoting an All-electric housing to realize our customers' comfortable life and to contribute to our environment. We will keep meeting our social responsibility through the promotion of an All-electric housing.

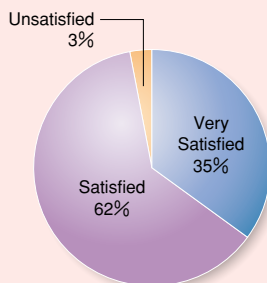
<"Kirei Life" website in Japanese >  
<http://www.kireilife.net>

### ▼ Questionnaire for residents of an All Electrification apartment building

•Research Period: December,2004 – January,2005

•Research Subjects: Residents of All-electric apartment complexes in the Fukuoka city area. 116 surveyed.

Q.How are you satisfied with the All-electric Apartments?



More than 90% of the residents are satisfied.

Q.What specific points are satisfying?  
(can answer freely with any number of answers)

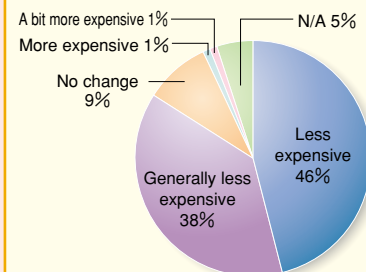
Utility costs are low (51)

Safe and Secure (39)

Easy to clean and manage (18)

Clean and comfortable (14)

[How have your utility costs changed compared to those before?]



More than 80% state that their utility costs have decreased.

\*Glossary / \*running cost: the cost necessary for the continued maintenance of equipment and facilities.

## Measures to increase customer satisfaction

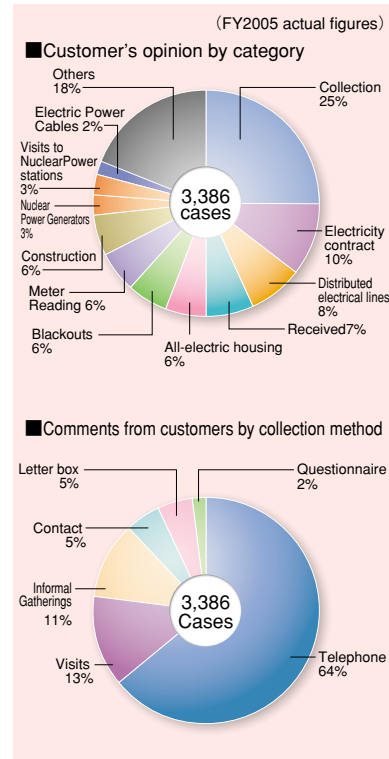
To create more smiles on the faces of our customers, the Kyushu Electric Power Group will listen to their voices and sincerely offer services and products with value.

We express our gratitude to our customers by listening to their opinions and feedback, and by using such responses to reflect upon and revise our management and business activities.

### Rainbow System

The Rainbow System has been established to receive, record, share and promptly react to external opinions and requests received during day-to-day operations, so that our employees can research and analyze the collected opinions and queries and use them to improve our systems and services (please see page 33).

#### ▼ Number of input cases in the Rainbow System



#### ▼ Examples of improvements made in response to customers' opinions

Items	Customers' Opinions	Responses from our company
Collection related items	•For bank account transfers, we would like to settle the account on a specific, desirable date.	•We started a bank account transfer system, offering designated days for customers using high voltage electricity (over 50kW).
	•Implement credit card payment for our electricity bills.	•Systems for enabling credit card payments are being implemented in FY2006.
Telephone related items	•Create a toll-free number for various inquiries.	•Our representative phone number at the customer service office connecting directly to the call center became a toll-free number starting May 29, 2006.
	•The recording of the non-office hours telephone message is too soft and difficult to hear.	•We rerecorded the message on our answering service and increased its volume.
Others	•Kyushu Electric employees frequently use the customer business entrance of the branch office. Since there is an employees' entrance, shouldn't they be using that door out of respect for your customers?	•We have re-inspected our barrier-free and universal design facilities to ensure "CS" consciousness by communicating customers' opinions to the person in charge.
	•I was in line to receive a ticket for an event at the Kyushu Energy science center, but the first event was full. To receive a ticket for the second event, I would have had to stand in line for another two hours. Please reconsider your approach to ticketing for these events.	•In the past, we distributed tickets for one-day events 30 minutes prior to each event. We will now distribute tickets to all events simultaneously.

## Measure of a long-term stable

### Development of power resources

For a country lacking in natural resources, sustaining a long-term supply of stable electric power is critical. In response, we combine diverse power supplies and sources to minimize the risk of power outages and ensure the smooth function of society.

Projected electricity demand increase, primarily driven by consumers, is modest but steady. (The annual average growth rate of electricity sales is 0.7%; that of system peak load is also 0.7% [0.8% after factoring in the effects of temperature and other variables].) The sustained growth means that we will continue to prioritize the integration of energy security\*, economic efficiency and environmental suitability and strive to develop additional power resources with a focus on nuclear energy, but maintaining balance with other sources, such as pumped storage power generation.

In addition, for the future of nuclear power, frequent and regular environmental investigations are conducted at our Sendai Nuclear Power Station. We are targeting development in the second half of 2010s, and we are working hard to earn the understanding and cooperation of local citizens and customers (please see page 42).

### Topics

Regarding the Omarugawa Hydro Power Station (Miyazaki prefecture), because of its superior load servility and the fact that it is a pumped storage plant which can start up quickly, the plant has been developed as a power source during peak hours and at during emergencies. In FY2005, the testing for storing water in the reservoir began, and construction is steadily proceeding with operations set to begin in FY 2007.



Test flooding of lower dam

※Glossary/\*Energy Security: Stability of energy and guaranteed supply

## supply of electric power

### Distribution facilities

We are increasing the efficiency of our distribution channels for transmission lines and substations in preparation for new power supplies and to ensure fairness and transparency as electric power is liberalized.

To maintain the stability and reduce the costs of the electric power supply to the Goto Archipelago in Nagasaki prefecture (powered by internal-combustion-power-generation station), we connected the Kyushu mainland to the islands via a high-pressure underwater cable in FY2005. The distance along the seabed of the archipelago link is 53 kilometers which is the longest undersea electric power cable in Japan.

We will begin investigating the development of a new plan for high-voltage equipment in FY2006. We will continue to efficiently disseminate precise information on electric power supplies to encourage regional development and attract new customers.

Supplying a stable amount of quality electricity at low costs is our company's primary mission. By increasing our technical skills and improving management and the operational integrity of our facilities, we will continue to fulfill our mission.

## The maintenance of electric supply reliability

### Measures for reducing power outage

In order for our customers to feel safe about using our electricity, we are working on securing electricity during the time of electric accidents due to lightning or typhoons so that there would hopefully be no power outage.

If by chance, a power outage occurs, we are working on minimizing the time of the power outage by installing quick and appropriate accident dispatch communication devices that will automatically separate the point of accident from the electric power system.

If suspension of electricity should occur due to facility maintenance, we will discuss the matter ahead of time with the customers to minimize the impact it may have on our customers as much as possible.

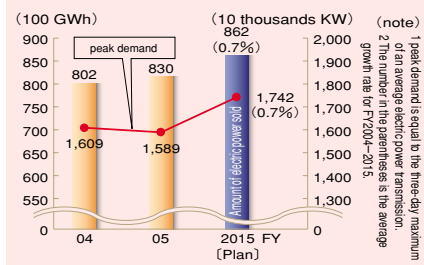
### Advancement of equipment management

For reducing both the area affected by and the duration of power failures at the time of distribution line accidents, we have introduced the "automatic distribution dispatching system", enabling automatic control of the high-voltage distribution line switches.

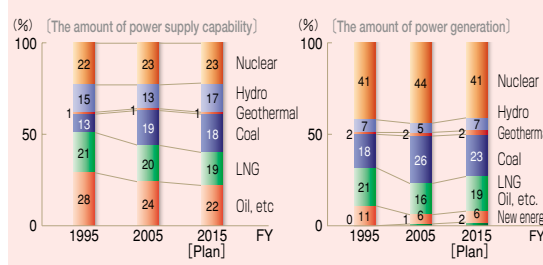
So far, the remote control was implemented by using paired cables. To ensure electric supply reliability, improvement for quicker accident processing and acquiring waveform information of the locale, a test introduction of the remote control system which utilizes the optical fiber network where high-speed bulk transmission became possible was carried out in 2005.

In the future, we will verify the operational aspects and will consider whether or not to implement this system.

▼ Amount of electric power sales and peak demand



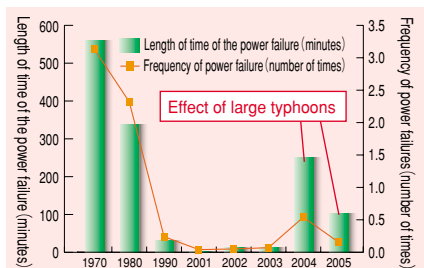
▼ Power source diversification plan (electricity received from other companies included)



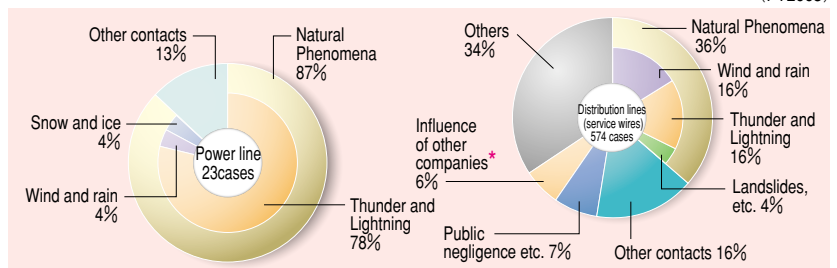
▼ Target ratio of power sources (Optimum mixture electrical power source)

Power Source	The amount of power supply facilities	Amount of Electric power generation
Nuclear	Approx. 30%	Approx. 45~50%
Renewable energy (geothermal, hydro, etc.)	Approx. 10%	Approx. 10%
Pumped storage	Approx. 10%	
Coal	Each taking approx. one third of the remaining half	Allocated according to fuel rates and other factors.
LNG		
Oil		

▼ frequency and for one customer per household



▼ A breakdown of the number of cases of accidental power outage



\*Glossary / \*Influence of other companies: This is when an accident occurs at an electricity receiving facility, it influences other general customers as well.

## Corresponding to Major Disasters

While carrying out training for large-scale counter measures against major disasters in our company every July, we are aiming for a quick restoration of the energy supply during the actual disasters by establishing a cross-sectional provisional organization.

When typhoon #14 hit in September 2005, and the road leading to Miyazaki prefecture Kamishiiba zone was destroyed, we were not able to restore the energy supply there for quite a period (power outage of 5 days).

We carried out power distribution restoration training by helicopter in collaboration with the Ground Self Defense Force in November, 2005, based on this case.

As a result, we have established an air transport technology for a comparatively light-weight, low-pressure generator vehicle.

Through this training, we are now able to transport relatively light low-voltage mobile generators. In the future, we are working for high-voltage mobile generators where the power supply capacity is larger, to be lighter and enable to be

transported. Moreover, due to the unprecedented amount of rain that this typhoon produced, it caused damage to hydroelectric power stations and substations from landslides, which also damaged the steel tower. So for FY2006, we will aim for the early and quick restoration of the hydroelectric power station, check all equipments on the facility, and install a floodwall wall for measures to prevent these natural disasters.

## Momentary Drop in Voltage

We are implementing various measures such as strengthening of equipment and speeding up the removal of equipment that had broken down during power failures due to lightning bolts, which are the main causes of power outages.

However, there is no way to prevent a lightning bolt from striking, so a momentary drop in voltage cannot be avoided. (about 0.07-2 seconds)

For those customers who may be affected by this momentary drop in voltage, we recommend taking measures to implement equipment for such cases.

## Technical development

A stable supply of electricity, environmental security and lowering of costs are the bases of electric power technology. We are developing new technology for long term growth and an increase in our company's earning capacity.

[http://www.kyuden.co.jp/company\\_tech\\_index](http://www.kyuden.co.jp/company_tech_index)  
(in Japanese)

### ▼ Main ongoing technical development projects

<b>Cost Reduction</b>
·Research on the corrosive protection and preservation processing of electric power equipment.
·Technical development of metal material life-expectancy/life evaluation
<b>Environmental Preservation</b>
·Research on the output characteristic and system influence of wind power
·Research on the CO <sub>2</sub> fixation of trees
<b>Improvements in the capacity to earn profits</b>
·Researches on the corrosion prevention technologies, such as the excellent anti-rust thermal spraying system (Plazwire spraying system*)
·Development of a water decontamination system from Magnetic separation
<b>Creating a demand for electricity</b>
·Technical development of the Effective use of electric power in the heating field
·Research on technological assistance during momentary drops in voltage.
<b>Technical Developments for the future</b>
·Research on the practical application of Superconducting Magnetic Energy Storage (SMES)
·Research on fuel cell batteries and hydrogen technology

### Topics

On the occasion of typhoon No. 14 in 2005, the expanded introduction of the PDA terminal enabled an early grasp of the damage situation.

A PDA terminal is a palm-sized small mobile information terminal. By using this, we can confirm on-the-spot damage information in real time in all places of business, making it possible to build a quick and optimal restoration organization.

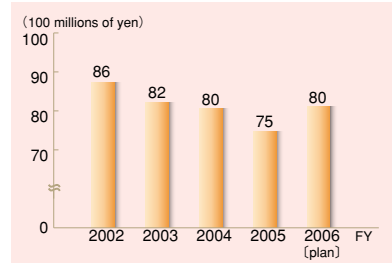
We will continue to expand its usage to shorten the restoration time during catastrophic disasters.

#### 【Terminal Specification】

Size	98×173×41mm (W×H×D)
Weight	500g
Continuous run time Actual working time	8 hours (At the time of power-saving mode use:24 hours)
Power Source	AC100V, cigar lighters in cars
O S	Windows Pocket PC2003



### ▼ Research costs



### ▼ The outline of implementing joint training for air transportation

Date and time	November 17, 2005 (Thursday)
Place	Western Army, JGSDF Ohayo Maneuver area (Kumamoto prefecture KamimashiKI-gun Yamato-town)
Participants	140 people from Western Army, JGSDF the Ground Self Defense Force West Army Division and others
Training Contents	① ※Air lift of Power distribution restoration vehicles which utilized the Self-Defense-Forces helicopter (a low-voltage, high maintenance vehicle) ※Verification of an air transport vehicles suspension equipment trial product ② Emergency power transmission which utilized power distribution restoration vehicles ③ Image transition system from a helicopter (Live footage from Kamishiiba-town)

※Glossary / \*Plazwire Spraying System: The technologies of the long-term anti-rust coatings for the steel structures

## Expansion of the business area with energy as its focus

### Total Energy Business

We believe there is a lot of room for us to grow in the total energy business as currently our group accounts for approx. 14% of final energy consumption in Kyushu region.

First, in the electricity business which is our core business, we make efforts to improve electrification ratio promoting the usage of an All-Electric housing.

In the gas business, we make full use of our group's LNG base by aggressively expanding sales of gas and LNG to our customers and wholesalers.

In addition, for the new energy business such as waste material generation and biomass\* generation, we have united alliance with municipalities from the viewpoint of the usage of management resources such as power generation technology and environmental preservation.

Furthermore, we are actively developing overseas projects and consulting business with electric suppliers and independent power producer projects (IPP)\* by effectively

using the groups operational resources such as power generation, transmission, transformation and distribution of power supply, and civil and construction works.

### IT and Telecommunications Business

IT and Telecommunications business is a fast growing area. We continue to proactively develop our IT and Telecommunications business by utilizing our extensive infrastructure and facilities, including optical fiber networks and data centers.

In FY2005, we have expanded our service area of BBIQ, a high-speed internet access service with fiber optic network, to 25 cities including secondary cities of each prefecture. We are tackling other IT and Telecommunication businesses, such as "Kyushu Ro," an interactive customer portal site for tourists between Korea and Kyushu, as well as an information surveillance business and other electronic contract storage services.

### Environment and recycling business

As a business taking measures for the development for a recycling society, we are promoting the waste recycling business area such as confidential documents recycling business and used fluorescent bulb recycling business.

(2006 Kyushu Electric Power Environment Action Report Page50)

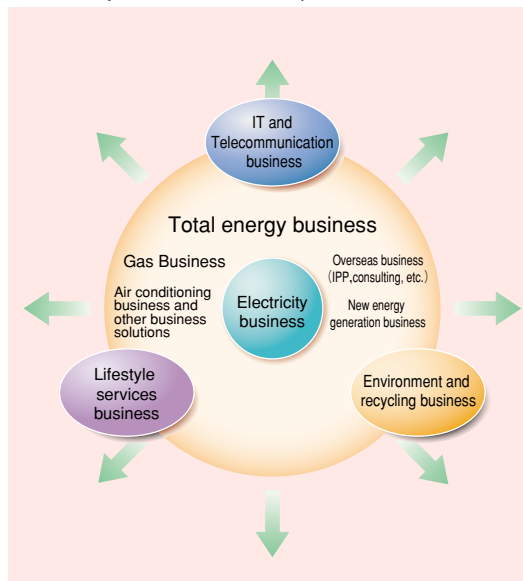
### Lifestyle services business

We are taking measures in business to offer a comfortable and affluent lifestyle, such as the development of a senior apartment complex business, and we will continue to work on planting new business seeds for the future.

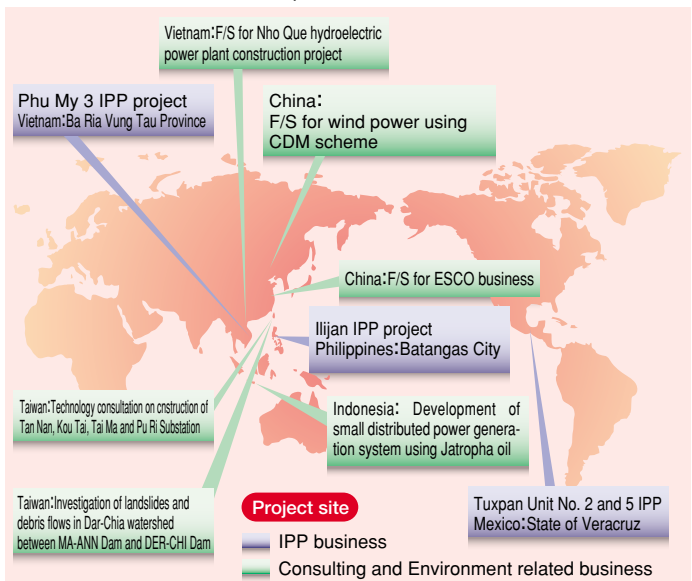
▼Main Consumer and Community service business area

Business area	Main businesses
Nursing Care and Welfare Business	Senior Apartment Complexes (with nursing care) business Medical Assistance Business
Housing and Real Estate Business	Residential performance evaluation business Wooden Housing Business
Business Support Business	Temporary personnel services ISO Certificate registration business Subtitle production for broadcasting
Social-capital associated Business	Kyushu University PFI business
Others	Manufacturing and sales of natural sea salt Manufacturing and sales of beverages Super Sento (bathroom) business Rental video business Home security business

### ▼ Directory of business development



### ▼ Overseas Business Developments



※Glossary / \*Biomass: Organic materials of biological origin used as energy sources include debris from thinned woods, sawdust from lumbering, pruned plants, construction waste, manure from the livestock industry, organic matter collected in sewage treatment facilities and kitchen garbage.  
\* IPP Business: General term used for wholesale generators that own power generation facilities but no transmission systems.

# Operation management

We are committed to reinforcement of business management as a primary task for Kyushu Electric Power Co., so that we can respond to changes in the business environment appropriately and increase our corporate value continuously. Above all, we develop effective corporate governance system to ensure soundness of business management.

## Corporate Governance

### Directors and Board of Directors

The Board of Directors meets once a month in principle and holds extraordinary gatherings as needed.

We decreased the number of directors (as of May 2006: 19) and elected an outside director (1 elected after June 2001) to assure the strengthening of audit functions.

In addition, the Board of Managing Directors, which is formed with the president, the Executive Vice President, has been established and will execute any necessary items and important decision making with respect to the agenda at hand.

We have positioned Executive officer in each department and each branch office so quick decision making and efficient management of busi-

ness may be performed.

### Corporate Auditors / Board of Corporate Auditors

As for the auditors, six (in which three are outside auditors) will attend important meetings of the Board of Directors and execution committee, administering hearing for each division, consolidated subsidiary and related companies while auditing branch business offices and taking care of overall audits for the Board of Directors.

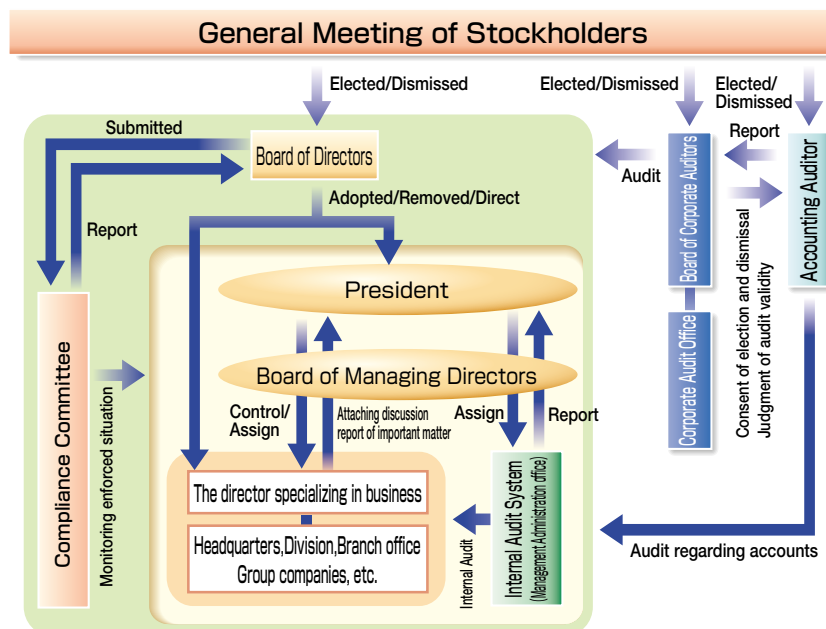
The Board of Corporate Auditors is held once a month in principle, or more if necessary. They receive reports concerning laws and articles of the association and other important items concerning the audit and hold consultations and resolutions.

In addition, in order to assist the duties of the auditors, "Corporate Audit Office" consisting of fifteen members was created.

### Internal Auditing

In order to improve properness of operations and efficiency of management, fourteen specialized staff members are assigned in the Management Administration Office to audit legal compliance and business execution at each division and branch office.

In addition, another six members of the Management Administration Office audit the quality assurance system in safety activities at important supply facilities, such as nuclear and thermal power generation facilities.



### Action for developing internal control system

We are working to develop organizational structure to increase efficiency and effectiveness in business execution, ensure credibility of financial reports, promote legal compliance and conduct legitimate asset protection.

In line with the Company Law of Japan, we have established principal policy on corporate governance structure to ensure properness of our business. It consists of seven clauses such as legal compliance of directors and employees. (Details are referred in the next page.)

We will strive to improve the structure continuously so as to secure soundness of corporate management.

<The website of the statement of principles concerning maintenance of internal control in Japanese>  
[http://www.kyuden.co.jp/ir\\_index](http://www.kyuden.co.jp/ir_index)

## Risk Management

Under the leadership of senior executives, we are highly promoting risk management, endeavoring to make sure that management will not suffer from serious damages due to realization of risks.

We clarify major risks that will affect the whole company and business divisions by extracting, appraising and classifying risks periodically, and control appropriately by applying countermeasures in the management plan.

### Crisis management system

In case of emergencies which effect largely on business management or cause the loss of confidence within the society, we have established a system that will follow the crisis management regulation, and under the person responsible for crisis management (the president), an emergency headquarter will be established and the related sections will act quickly and accurately.

#### The outline of the principal policy on corporate governance structure

In conformity with the Company Law and its enforcement regulations, we will develop the following structure to ensure compliance of directors with laws and the articles of incorporation and the properness of business execution.

- 1 Structure for securing compliance of directors with law, etc.
- 2 Structure for the preservation and management of information concerning execution by directors
- 3 Structure for risk management
- 4 Structure for securing efficiency of execution of directors
- 5 Structure for securing compliance of employees with laws, etc.
- 6 Structure for securing properness of business operations of our group companies
- 7 Structure for securing properness of execution of auditors

## TQM (Total Quality Management)

In August 2001, we decided that we would make good use of TQM (Total Quality Management) idea for the implementation of "continuous improvement and reform of over all management activities" and development of "tough management structure that will bring us victory in this age of competition". At the same time, TQM Promotion measures based on the "Japan Quality Award Assessment Criteria for Performance Excellence" which measures the quality level of management.

In detail, the whole management is Self-Assessment\* based on four fundamental principles of customer first, training for unique capability, respect for employee and coexistence with society. Takes discovered in this assessment are put into practice and taken into the management administration cycle.

## Strengthening our CSR Promotion Organization

Upholding our corporate responsibility is an important challenge that is essential for earning trust and understanding from our stakeholders, and we are planning to further strengthen our activities.

To encourage proactive involvement in CSR activities as a whole, we have established the "CSR Promotion Committee," where the President was appointed Chairman in July 2005, and are working to strengthen the system supporting CSR by appointing a director responsible for CSR.

#### Outline of CSR Promotion Committee

##### • Role of the Committee

Discuss creating policies, planning and reporting CSR activities in general

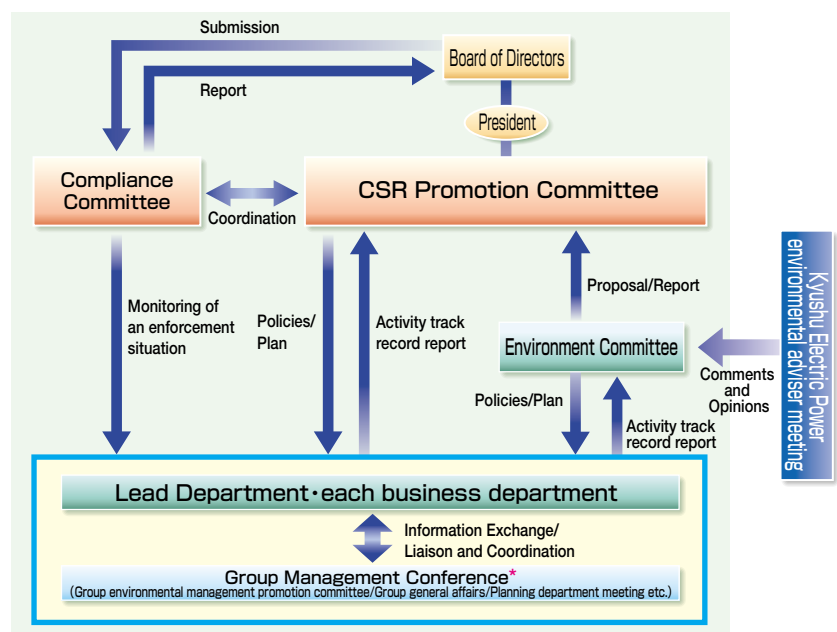
##### • Structure

Chairman : President

Vice Chairman : Director in charge of CSR  
(Executive Vice President)

Committee Members : Executive Vice Presidents,  
Managing Directors, Directors,  
Managers of related departments  
(appointed by the chairman)

Observer : Senior Corporate Auditor



※Glossary / \*Self-Assessment: An activity which evaluates the present condition of the company's management objective itself, through the PDCA cycle, it tries to improve and reform it.

\*Group Management Conference: An organization which consists of group companies of Kyushu Electric Power except the company which has head office locations outside of Kyushu, and discuss and investigate topics related to group management. (46 companies)

# CSR Measures

We place customers at the center of all our corporate activities and uphold our CSR measures using our corporate governance as a base, and we try to ensure the fortification of our bases and growth while the CSR Promotion Committee evaluates our corporate activities. We have established our CSR Action Plan for FY2006.

FY2005 was the first year for our mid-term management policy where we determined to establish a management cycle focused on our CSR report. We did this after the maintenance of CSR Promotion Committee and the present conditions of CSR measures of our company were evaluated.

For our own CSR Measures, although we evaluated that “it is our social mission to provide stable and sufficient energy to our customers,” which is the principle of our activities, we have also been moving forward with our management through the viewpoint of our stakeholders. It is necessary to further advance our CSR measures.

Based on this evaluation by the CSR Promotion Committee, risk analysis and self assessment, we established our CSR Action Plan.

We will plan to establish our CSR Action Plan for FY2007 and onward based on the evaluation of the stakeholders collected from communications mainly through the CSR Report.

## ▼FY2006 CSR Action Plan

Items	Results of the main activities from FY2005
Establishment of CSR Management Cycle	<ul style="list-style-type: none"> <li>○ Establishment of the CSR Promotion Committee</li> <li>• Self evaluation of CSR Measures</li> <li>• The deliberation regarding the CSR report</li> </ul>
Promotion of compliance management	<ul style="list-style-type: none"> <li>○ Establishment of a external Compliance Consultation desks</li> <li>○ Amendment to the “Antimonopoly Law observance manual”</li> <li>○ Maintenance the rule about wheeling service</li> <li>○ Establishment of an information security management system</li> <li>○ Execution of “initial training course of information security” and “e-learning training of information security” for all employees</li> </ul>
Promotion of information disclosure to improve management transparency	<ul style="list-style-type: none"> <li>○ Implementation of IR meeting and investors visits by the management</li> <li>○ Promotion of information disclosure concerning nuclear power-related information</li> <li>○ Administering information disclosure training, seminars and workshops</li> <li>○ Implementation of communication activities with stakeholders</li> <li>○ Examination of a stakeholder’s opinion management function</li> </ul>
Promotion of environmental management	<ul style="list-style-type: none"> <li>○ Implementation of EMS (environmental management system) special training (newly established)</li> <li>○ Construction of an environmental accounting automatic intensive system</li> <li>○ Reexamination of the group environmental target based on social situations, such as the Kyoto Protocol effectuation</li> <li>○ Participation in the Team Minus 6%</li> <li>○ New targets set for the independent target concerning CO<sub>2</sub> emissions (the amount of self-consumed electric power, the amount of paper purchase, and the amount of the waterworks used).</li> <li>○ New independent target set concerning CO<sub>2</sub> emissions accompanying private physical distribution transportation.</li> <li>○ Start of joint recovery of industrial waste</li> <li>○ Early registration to Japanese Environmental Safety Corporation for high concentration PCB processing</li> <li>○ Release information on the asbestos use situation and asbestos related health issues.</li> <li>○ Implementation of the investigation and evaluation regarding marine forest reclamation utilizing coal ashes.</li> <li>○ Implementation of Eco Mothers activities</li> <li>○ Promotion of Kyushu Homeland Forestation Program</li> <li>○ Supporting Car Sharing Project</li> <li>○ Implementation of environmental education support activities that utilize the Onagohata Power Station dam area.</li> </ul>
Respect of human rights, and maintenance of labor environment	<ul style="list-style-type: none"> <li>○ Reexamination and employment of childcare and nursing-care</li> <li>○ Decision and notification of the action plan based on The Next-Generation Bringing up Support Measure Promoting Act</li> <li>○ Distribution of the pamphlet for employees for the promotion of male-female gender equality</li> <li>○ Enforcement of the re-employment system called the “elder employee system,” which allows employees to work until they are 62 years old</li> <li>○ Achieve the rate of disabled person employment of 1.90% through planned adaptation</li> <li>○ Implementation of in-house recruitment and the job challenge system</li> <li>○ Common knowledge and thoroughness of proper management of working-hours</li> <li>○ Implementation of various employee education (about 60,000-person attendance)</li> </ul>
The measure of safety-first principle	<ul style="list-style-type: none"> <li>○ Continuous improvement and accurate operation of nuclear quality assurance management system</li> <li>○ Enforcement of safety workshops for the customers</li> <li>○ Implementation of PR activities of electric shock accident prevention</li> <li>○ Examination of the Occupational Safety and Health Management System</li> <li>○ Implementation of dangerous prospect activities by practical use of frequent traffic accident map</li> <li>○ Expansion of educational opportunities about mental health, and practical use of stress diagnostic</li> <li>○ Implementation of the measures towards prevention of health disorder from serious overwork</li> <li>○ Implementation of periodic education seminars on radiation protection and gathering information on radioactive control.</li> </ul>
Collaborative activities with the local community and society	<ul style="list-style-type: none"> <li>○ Instigation of a training system for young artists of traditional crafts to travel to other parts of Japan or overseas to receive training.</li> <li>○ Opening of machizukuri symposium in which local citizens take an active role in urban environmental improvement and management processes</li> <li>○ Implementation of various area and social symbiosis activities</li> </ul>





Activity items for FY2006	Main action plans for FY2006	Reference pages
Decision of the CSR Action Plan evaluated by society	<ul style="list-style-type: none"> <li>○ Enforcement of the improvement measures for a questionnaire collection rate attached to CSR reports, such as practical use of IT</li> <li>○ Accurate reflection in the CSR Action Plan of the comments from the stakeholders</li> </ul>	P22—24
Promotional measures for CSR by the whole group	<ul style="list-style-type: none"> <li>○ Installation of the CSR sectional meeting to the joint group management council</li> </ul>	
Thorough legal compliance and fair business operations based on corporate ethics	<ul style="list-style-type: none"> <li>○ Implementation of measures to enhance awareness of compliance</li> <li>○ Reconstruction of management rule of our company's rule governing the internal affairs</li> <li>○ Reinforcement of group-wide structure to promote compliance management</li> </ul>	P25—30
Reinforcement of information security system such as personal information protection	<ul style="list-style-type: none"> <li>○ Verification of an information security control system by a third party</li> <li>○ Execution of "intermediate training course of information security" and "e-learning training of information security" for all employees</li> </ul>	
Promotion of IR activity based on the needs of the stockholders and investors	<ul style="list-style-type: none"> <li>○ Continuous implementation of IR meetings and investors visits by the management</li> <li>○ Analysis and implementation of communication activities with individual stockholders</li> </ul>	P31—34
Proper and suitable dispatch of nuclear power-related information	<ul style="list-style-type: none"> <li>○ Continuous implementation of suitable and timely press announcements</li> <li>○ Continuous implementation of communication activities involving nuclear power-related information</li> </ul>	
Reinforcement of information disclosure promotion organization and the establishing of a system for collecting comments and opinions of the stakeholders	<ul style="list-style-type: none"> <li>○ The company-wide expansion of disaster information dispatch to mobile terminals</li> <li>○ Continuous implementation of communication activities with the stakeholders</li> <li>○ After collecting the voices of the stakeholders, analyzation and reflection towards management of the company</li> </ul>	
Promotion of environmental management	<ul style="list-style-type: none"> <li>○ Solidify environment-oriented activities through effective EMS operation</li> <li>○ Increase the level of environmental management by actively using environmental accounting</li> <li>○ Promote and establish environmental management on a Kyushu Electric Power Group basis</li> </ul>	P35—44
Measures for global environmental issues	<ul style="list-style-type: none"> <li>○ Steady efforts to reduce GHG emissions</li> <li>○ Measures for energy and resource conservation at the office</li> <li>○ Promote low fuel consumption cars for company use</li> <li>○ Through recovery of SF<sub>6</sub></li> <li>○ Through recovery of regulated chlorofluorocarbon</li> </ul>	
Establishing a recycling society	<ul style="list-style-type: none"> <li>○ Effective and efficient promotion of zero emissions activities</li> <li>○ Green procurement promotion</li> </ul>	
Harmoniously coexisting with local environment	<ul style="list-style-type: none"> <li>○ Promote the safe and proper management of PCBs</li> <li>○ Peeling thoroughly with asbestos</li> <li>○ Promotion of new environmental activities</li> </ul>	
Working with Society	<ul style="list-style-type: none"> <li>○ Active communications of environmental issues with parties concerned</li> <li>○ Develop Kyushu Homeland Forestation Program</li> <li>○ Promote collaborative activities with environmental NGOs and other groups</li> </ul>	
Promoting gender equality	<ul style="list-style-type: none"> <li>○ Examination of the support program of childcare and nursing-care on leave</li> <li>○ Complete examination of the Childcare support system (leave / shortened work hours)</li> <li>○ Promotion of positive application of female employees</li> </ul>	P45—50
Promoting of the employment of older persons and those who are challenged	<ul style="list-style-type: none"> <li>○ Thorough examination of the working environment which utilizes the aptitude of older persons</li> <li>○ Promoting the understanding of employing differently-abled people</li> <li>○ Positive support for the Kyushu Captioning Co-Production center Inc</li> </ul>	
Promotion of motivating and developing skills of the employees that will count towards personnel labor measures	<ul style="list-style-type: none"> <li>○ Implementation of placement of personnel who highly motivated and well qualified</li> <li>○ Further promotion of proper work hour management</li> <li>○ Promotion of education which focuses on the increase of motivation among the employees</li> </ul>	
Placing priority on securing safety during work and with equipment	<ul style="list-style-type: none"> <li>○ Thorough efforts toward prevention of industrial accidents caused by every concerned, including our business partners</li> <li>○ Thoroughness of measures for preventive maintenance of nuclear power stations</li> <li>○ Enhancing Quality Assurance activities of nuclear power stations</li> </ul>	P51—54
Knowledge of electric safety and improving the safety of our products and services	<ul style="list-style-type: none"> <li>○ Strengthening of inspections of equipment and the public electric shock accident prevention PR</li> </ul>	
Development of employee's awareness toward safety and health	<ul style="list-style-type: none"> <li>○ Gradual introduction of the Occupational Safety and Health Management System</li> <li>○ Substantial measures for mental health</li> <li>○ Continuous implementation of the measures toward the prevention of health disorders caused by serious overwork</li> </ul>	
Participation in local/community development	<ul style="list-style-type: none"> <li>○ Instigation of a training system for young artists of traditional crafts to travel to other parts of Japan or overseas to receive training.</li> <li>○ Hold a "Machizukuri symposium (town development)"</li> </ul>	P55—60
Continuous active engagement in local culture, sports and volunteer activities	<ul style="list-style-type: none"> <li>○ Building a promotional system of collaborative activities with the community and society</li> <li>○ Continual implementation of cooperative activities the community and society in various areas</li> </ul>	

# Compliance Management

We have traditionally focused our efforts on compliance management with the objective to be a “company that earns trust and recognition from society”. However social situation surrounding us has changed drastically due to frequent occurrence of corporate misconducts, and intensifying competition in the electric power market, etc.

In this situation, in order to further strengthen the relationship of trust we have with society, we are committed to further improve our business conduct, not merely by observing the law, but also by conducting our business in a fair and highly transparent way in accordance with corporate ethics.

## Activities to improve compliance

### Promotion of Compliance Management

Compliance Committee has been set up since October 2002 under the Board of Directors.

The heads of each operational department that practices compliance activities (each department at head office, each branch office, etc.) are assigned as the responsible persons for compliance and trying to improve compliance consciousness in the whole company. In addition, we provide compliance consultation desks, to ensure opportunities for directors and employees of our company, our group companies and business partners who questioned business operation or conduct of directors or employees in terms of compliance to consult about legal and ethical issues.

### Compliance Committee

The Compliance Committee is chaired by the President with committee members that include the company’s directors, lawyers, academic experts, consumer affairs advisors and labor union chairperson to secure objectivity and transparency.

The committee decides the basic policies, proposes and deliberates concrete actions, and monitors the situation.

In detail, we are promoting compliance management by drawing up the “Kyushu Electric Power Group Action Charter” (refer to page 5) and the “Compliance Action Guidelines”, installing consultation desks, promoting information disclosure, educating and training employees, and monitoring by in-house questionnaire on day-to-day activities with a focus on compliance.

### Compliance Action Guidelines

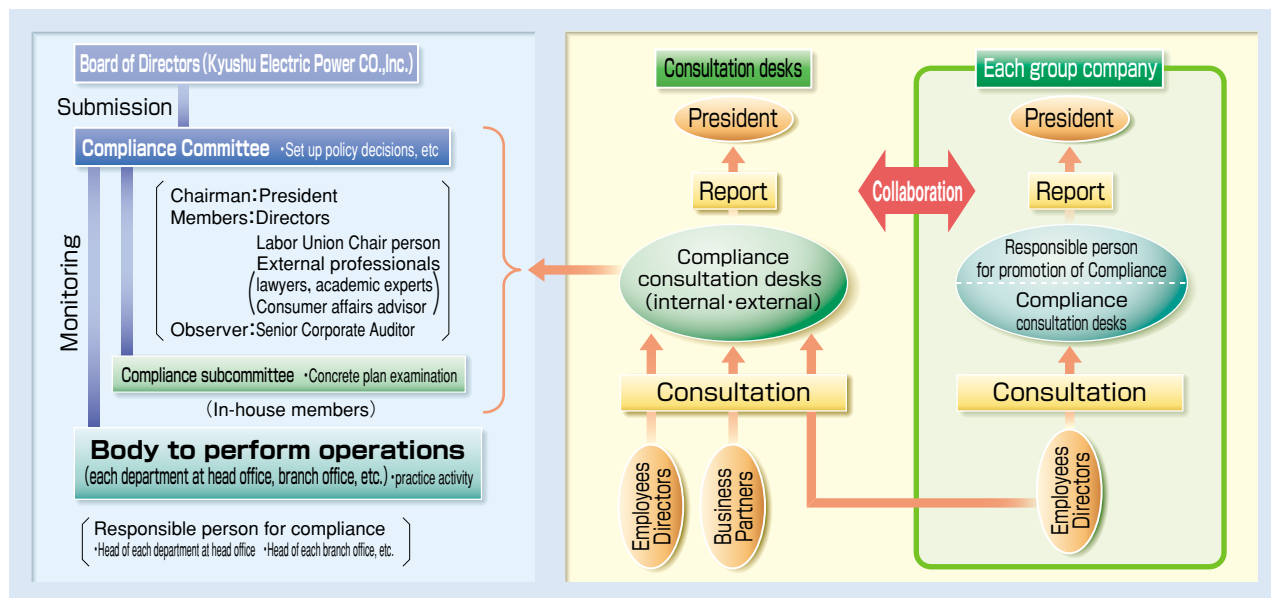
We established Compliance Action Guidelines in December 2002 which was handed out to all directors and employees. This policy states viewpoints to stand when we don’t know what to do, standards of general conduct, attention to pay in the relationship of stakeholders, such as customers, shareholders, and investors.

#### 〈Description〉

- Establishing relationship of trust with our customers
- Maintaining stable and high-quality electricity supply and ensuring safety
- Establishing good relationship with our business partners
- Maintaining fair competition with our competitors
- Information disclosure•Public hearing activities
- Fair management labor relations, etc.

< Website of our Compliance Action Guideline in Japanese >  
[http://www.kyuden.co.jp/csr\\_compliance\\_04](http://www.kyuden.co.jp/csr_compliance_04)

### ▼ Promotion of compliance Management



Activity items for FY2006	Main action plans for FY2006
Thorough legal compliance and fair business operations based on corporate ethics	<ul style="list-style-type: none"> <li>○ Implementation of measures to enhance awareness of compliance</li> <li>○ Reconstruction of management rule of our company's rule governing the internal affairs</li> <li>○ Reinforcement of group-wide structure to promote compliance management</li> </ul>
Reinforcement of information security system such as personal information protection	<ul style="list-style-type: none"> <li>○ Verification of an information security control system by a third party</li> <li>○ Execution of "intermediate training course of information security" and "e-learning training of information security" for all employees</li> </ul>

### Consciousness-raising activities for employees through education and training

We continue to provide educational programs concerning 'Compliance Action Guidelines' and 'Action Guidelines of each Department' and e-learning programs to all employees. In this condition we add 'corporate ethics' in personal evaluation items to appraise their consciousness about compliance by checking if their performance and operation adhere to compliance.

### Compliance promotion month

We set every January as 'compliance promotion month'. In FY 2005, we held a lecture meeting where an outside lecturer told us about 'compliance from the viewpoint of consumers.' The senior executives of our company and our group companies took part

in it. Moreover, actively held were lecture meetings and seminars in each branch office.

### Compliance consultation desks

We set up compliance consultation desks in February 2003, to prevent violation of laws and misconduct against corporate ethics and to discover them at early stage. Moreover, to develop this system, we built an consultation desks and have been providing external counseling group service of an outside law firm since April 2005.

The 'provisions of establishment and operation of Compliance consultation desks' strictly protect the privacy of those consultants and make sure that they are not treated unfavorably due to consultation or report.

In addition, we have established a 'Sexual Harassment advice center.' (Please see page 45.)

### Efforts carried out by the Kyushu Electric Power Group

According to "Kyushu Electric Power Group Action Charter," each Kyuden Group company works on promotion of compliance management, and as we do, it reinforces a compliance promotion system by stipulating "action guideline" and providing compliance consultation desks. When a problem that influences the whole Group happens, each company tries to work together with us such as deliberating on it at our Compliance Committee.

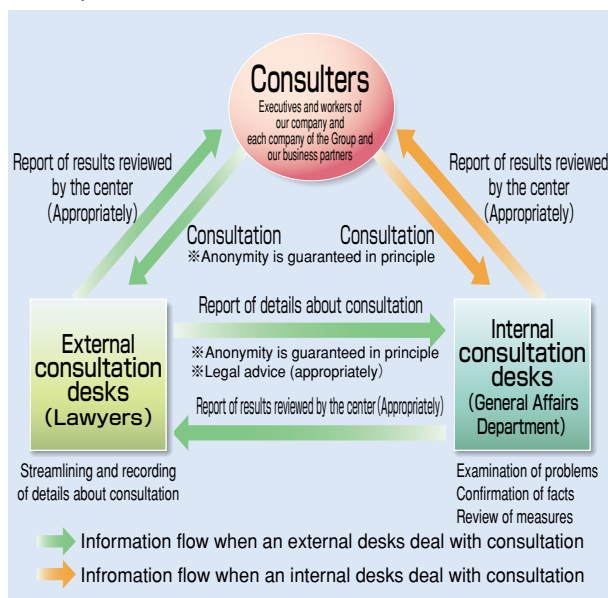
In order to strengthen group-wide structure to promote compliance, we have decided to monitor enforced situation of each group company and to set up a committee to exchange information in FY2006.

▼ Compliance Lecture Meeting (Event held on during a promotion month of FY 2005)



Subject: "Compliance from the viewpoint of consumers"  
 Participants: About 200, including our executives our directors in charge of compliance promotion, presidents of Kyuden Group companies and others

▼ Compliance consultation desks



## Compliance with the Antitrust Law

We created a “manual of compliance with the Antitrust Law” as a tool which helps us easily understand the contents, key points and violation cases. As it is placed on the Intranet, every employee can look it up anytime. Whenever the Antitrust Law and other related rules are amended, we review the manual and announce it to all employees.

In accordance with the “Guideline about Proper Electricity Transaction”<sup>\*</sup> amended in May 2005 and the amended Antitrust Law enforced in January 2006, we revised the manual twice and explained the outline of the revisions to all employees in order to improve awareness of compliance with the law.

We continue to provide information about amendments of the law and seminars about ATL across the company to thoroughly get employees to abide by the law.

## Securing fairness and transparency in the use of transmissions / distribution systems of electricity

Responding to changes of the electric utilities

industry system in April 2005, we established a “Wheeling Service Control Rule” which is comprised of action rules such as “prohibition of information use for purposes other than the original intent,” a “ban on discriminatory handling” and a “prohibition of internal mutual support.” This rule is based on a “Guidelines about Proper Electricity Transaction” and aims to secure fairness for all newcomers (Power Producers and Suppliers) and transparency of wheeling service.

We also created “provisions concerning management of wheeling service-related information” as the subordinate rules of the “wheeling service control rule”, striving to set specific information management measures to stop information leakage in wheeling service. We also made an information management system where a General Manager of Transmission and System Operation Division assumes responsibility in order to strictly prohibit the usage of information about wheeling service for purposes other than the original intent.

<Website about ‘transmission operation control rule’ in Japanese >  
[http://www.kyuden.co.jp/company\\_liberal\\_rule](http://www.kyuden.co.jp/company_liberal_rule)

## Thorough management of documents for provisions

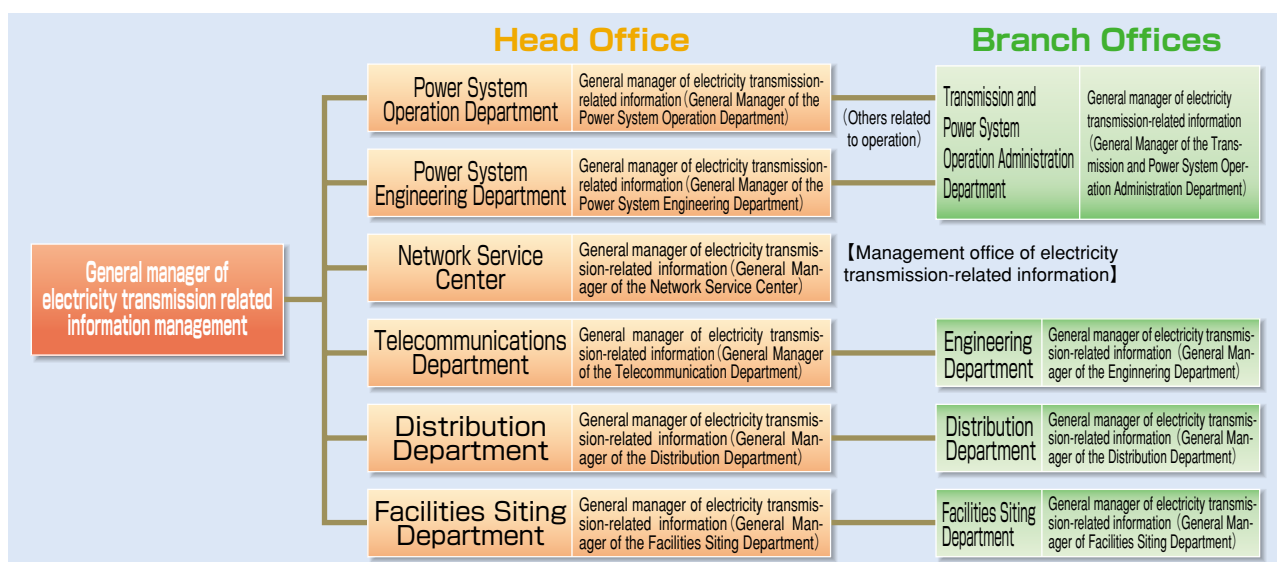
Internal documents for provisions, which stipulate our rules governing the internal affairs, need to comply with laws and contain proper contents. We have a provision management section (different from the organization which carries out business operations and draws up provisions) which inspects the properness of provisions such as legality and manages them when provisions are enacted and amended.

In addition to the current inspection system, we have decided to introduce a ‘regular review system’ in FY 2006 to regularly check details of provisions to keep them up-to-date, appropriate and more legitimate.

For detail, we review the properness of each provision when one year has passed after it was enacted or amended.

We also set up IT system which enables employees to gain access to the latest provisions and utilize them for their business operations.

### ▼“Management system of electricity transmission-related information”



※Glossary/<sup>\*</sup>Guideline about Proper Electricity Transaction:

Guideline that shows basic ideas and exemplifies recommended or problematic actions in areas such as liberalized electricity retail, electricity transmission, electricity procurement for electric utilities and regulated electricity retail, and competitive business for electric utilities aiming to make the liberalized electricity market effectively function. It was drawn and publicized by the Ministry of International Trade and Industry (now named the Ministry of Economy, Trade and Industry) in December 1999 and amended in July 2002 and May 2005.

### Implementation of suitable procurement of materials and fuels

For the procurement of supplies and fuels, while we comply with laws and ordinances, we strive to establish a mutual trusting relationship by ensuring open and fair transactions, and promote our basic ideas of contributing to the development of society. Toward that end, we have established the “Basic Policy for Procuring Materials and Fuels” in Au-

gust 2005, following our positive role in promoting CSR.

With this basic policy, in order to carry out the social responsibility of the business, we tackle the protection of observances of social norms, the assurance of safety, the thoroughness of Information Security and protection of personal Information and environmental considerations in all procurement activities.

For us to practice “Basic Policy for Pro-

curing Materials and Fuels”, we consider that understanding and cooperation by our business partners and partnership acquired through procurement activities based on mutual trust are necessary.

For this reason, we are asking our suppliers to follow 9 items, listed below, “For our suppliers”. The basic policy and requests for our suppliers are also up on our website.

[http://www.kyuden.co.jp/company\\_procurement\\_shizai\\_policy](http://www.kyuden.co.jp/company_procurement_shizai_policy)  
(in Japanese)

Basic Policy for Procuring Materials and Fuels	
<b>1 Open procurement</b>	We procure widely materials and fuels that meet the operational needs of our business and are favorable in terms of quality, price and delivery conditions from domestic and overseas suppliers.
<b>2 Fair and equitable business activities</b>	We conduct fair and equitable business activities for business partners in all our procurement activities. This includes an equitable selection of suppliers based on rational and fair evaluation, comprehensively taking into consideration a variety of factors such as: quality, technical capabilities, price, operational and financial conditions, punctual and reliable delivery, after-sales service, compatibility with existing facilities, pro-environmental practices and actions for continuous improvement.
<b>3 Compliance with laws, ordinances and social norms</b>	In all of our procurement activities, we not only respect human rights but also comply with domestic and international laws and ordinances and their spirit as well as social norms. We expect the same level of compliance from our suppliers.
<b>4 Environmental considerations</b>	We practice procurement activities while giving consideration to environmental conservation and the effective utilization of resources. One of the corporate practices we have established for these purposes is the promotion of “green procurement,” which prioritizes the procurement of eco-friendly products and, with the cooperation of our suppliers, contributes to the creation of a Recycling-Based Society.
<b>5 Safety assurance</b>	We request that our suppliers implement appropriate safety and health management procedures in order to prioritize the safety of the general public and workers. In this way, with the cooperation of our suppliers, we ensure safety and prevent accidents.
<b>6 Ensuring information security and protecting personal information</b>	We properly manage and protect, in cooperation with our suppliers, confidential and personal information obtained through business transactions pertaining to both parties.
<b>7 Compliance with contracts and good faith performance of contracts</b>	We observe contracts concerning business transactions and fulfill contractual obligations in good faith while requesting the same of our suppliers.
<b>8 Promotion of communication to establish mutual trust</b>	We aim to establish mutual trust through transparent procurement, the promotion of good communication and sound, reasonable relationships with our suppliers.
<b>9 Creation of new values</b>	We regard our suppliers to be sincerely devoted to the creation of new values and we respect them as our business partners. We aim for mutual prosperity with our business partners by pursuing good quality and reasonable prices.
<b>10 Contribute to local community and society</b>	We believe it is important to contribute, through our procurement activities, to the development of the region in which we are based and society in general as a “good corporate citizen,” along with our business partners.

For our suppliers	
<b>1 Compliance with laws, ordinances and social norms</b>	<ul style="list-style-type: none"> <li>• Compliance with domestic and international laws and ordinances and their spirit as well as social norms</li> <li>※ In the law and norms of society, observance should not only be limited to civil law, commercial law, ATL, and laws concerning intellectual property, but should also include laws that related to labor and fundamental human right, which must be observed as a part of social responsibility.</li> </ul>
<b>2 Compliance with contracts and good faith performance of contracts</b>	<ul style="list-style-type: none"> <li>• Observance of with contracts and good faith performance of contracts</li> </ul>
<b>3 Environmental considerations</b>	<ul style="list-style-type: none"> <li>• Compliance with environmental-related laws (such as industrial waste disposal method and constructive recycling method laws)</li> <li>• Implementation to improve environmental efficiency of the product (energy conservation, recycling, long-life, waste control, etc.)</li> <li>• Promotion of environmentally friendly proactive business activities (green procurement, etc.)</li> </ul>
<b>4 Securing safety</b>	<ul style="list-style-type: none"> <li>• Compliance with safety laws</li> <li>• Ensuring public safety</li> <li>• Securing working procedures and environment that gives top priority to safety</li> </ul>
<b>5 Thoroughness of information security</b>	<ul style="list-style-type: none"> <li>• Observance of the personal information protection law</li> <li>• Strict management and protection of management and technical know-how information that may have been picked up during business dealings</li> </ul>
<b>6 Stable delivery</b>	<ul style="list-style-type: none"> <li>• Establishment of stable delivery and construction system</li> </ul>
<b>7 Good after sales service</b>	<ul style="list-style-type: none"> <li>• Cooperation on maintenance</li> <li>• Guarantee for suitable handling of problems</li> <li>• Quick and accurate response during emergencies</li> </ul>
<b>8 Pursuit of a reasonable price, and maintenance and improvement of quality and technical know-how</b>	<ul style="list-style-type: none"> <li>• Further measures towards the realization of reasonable pricing</li> <li>• Continuous measures for maintenance and an improvement of quality and technical capabilities</li> </ul>
<b>9 Promotion of good communication</b>	<ul style="list-style-type: none"> <li>• Submission of opinions, requests and propositions</li> </ul>

## Measures to ensure the correct handling of information security and the protection of the personal information

### Establishment of a management system

In January 2005, we established an information security system with the President as the person responsible for information security measures.

The head of each branch office and group is appointed as the information security person that handles the acquisition of information and its management, storage and disposal in a strict process.

In addition, the president is designated as the chairman, and establishes the "Information Security Promotion Committee" with each head from the main office as members to start up a management cycle for the company. Each department, branch office and group secures information security throughout the entire company.

Furthermore, the respective person in charge will work concurrently with the per-

son in charge of personal information protection to secure information security. At the same time, they will set up a system where we can properly manage personal information that we receive from business activities with customers, shareholders and investors.

### Maintenance of regulations

The "Information Security Basic Policy" was enacted as a statement of principles about the handling of information in January 2005.

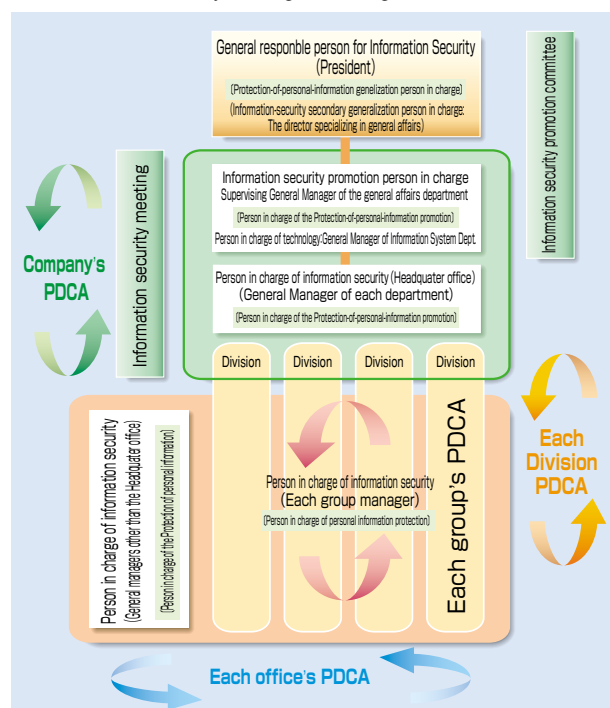
Moreover, the regulations about "information security management regulation" and the information peculiar to that section are maintained, and the thorough management of information security is executed.

### Countermeasures for Information Security

In addition to the organization of the system and the maintenance of regulations, there is self-inspection for each office, vulnerability scanning test for the in-house computer system and verification of the protection of personal information by an external third party.

Moreover, we are implementing personal measures such as information security initial training (assembled education) and e-learning, physical measures such as establishing a security gate using an IC card (employee ID), technical measures such as individual authentication when using PC, and restriction on general downloading functions and setting up encryption measures for PC.

#### ▼ Information security management organization chart



#### ▼ Maintenance of regulations



#### ▼ Counter measures for information Security

Management measures	Establishment of information security organization construction, maintenance of regulations, implementation of self check and third person verification. Thoroughness of maintaining confidentiality when executing a contract or agreement for the consignment of business activities.
Personnel measures	Stipulation of maintaining confidentiality obligation (work-rules revision). Implementation of "information security e-learning training" and "initial training on information security" for all employees.
Physical measures	Installation of a security gate using an IC card (Headquarters). Conversions to automatic lock for all offices. Separation of work area and reception area.
Technical measures	Continuous implementation of measures against illegal software, and restriction and abolition Batch Download. Record and management of a communication log, firewall installation to an external network connection section. Internal automated encryption device for business use PCS.

### Measure for personal information protection

For the accurate measurement of the personal information protection law enforced in April 2005, “A Personal Information Protection Basic Policy and A Personal Information Protection Basic Guideline” were established to further specify the purpose of collecting personal information and methods of handling disclosure claims. Concerning these items, an explanatory meeting is held at each branch office, places of business and customer service office.

In addition, in the sales department where the customer’s personal information is exposed more, “A Sales Department Personal Information Protection Guideline” was established, and to enhance the understanding of this guideline, we have implemented e-learning

and individual discussions with the employees for a complete and accurate management of personal information.

[http://www.kyuden.co.jp/functions\\_privacy\\_index](http://www.kyuden.co.jp/functions_privacy_index)  
(in Japanese)

### Information leakage incidents

In June and September 2005, it became clear that the customers’ “electric fare receipts” and “notification of electricity usage” were lost by commission members. Moreover, it also became clear that the company’s technical know-how and business meeting memos were leaked on the Winny network from Private PCs owned by employees of our company and our group company in September 2005 and in April 2006.

These information leakage incident should never have happened and as we take careful measures to prevent recurrence, we will take extensive measures

to properly manage personal and company information.

#### Preventive Measures for recurrence

- Loss prevention by the commission member
- Verification of personal information management circumstances of business consignee
- The thorough supervision of the commission member through individual interviews
- Minimizing the data carried to outside the company
- Data must be with the individual constantly, etc.

#### Prevention of information leakage on Winny network

- Notification of information leakage incident to all employees and direction of strict control of information management.
- Thoroughness of the ban on unauthorized carrying out of company data
- Submitting a confirmation sheet of the deletion of company internal information inside a private PC
- Automatic encoding of internal records of PC
- Verification and guidance on preventive measures of information leakage for group company.

Personal Information Protection Basic Policy
<ol style="list-style-type: none"> <li>1 Laws pertaining to personal information and other social norms and the company’s personal information protection management regulations shall be observed.</li> <li>2 Based on “An Information Security Basic Policy”, personal information is managed appropriately and the safety control measures against the risk of unlawful access, disclosure, destruction, or denaming are carried out.</li> <li>3 Personal information is appropriately dealt with as follows                     <ol style="list-style-type: none"> <li>(1) Specification, notification and disclosure for the purpose of use The purpose of use for personal information shall be specified as specifically as possible. In the case of acquiring personal information, the individual must be notified as quickly as possible or disclosed the purpose of usage.</li> <li>(2) Acquisition, handling Personal information is acquired through proper means and dealt with within the limits for the specified purpose of the use.</li> <li>(3) Offering information to a third party Personal data must not be offered or provided to a third party except business consignment without the consent of the individual involved.</li> <li>(4) Correspondence to notice / indication claim etc. As a general rule, if there is a request on notification of purpose of use, disclosure of data, corrections, deletion, suspension of use and suspending the information from going to a third party from the individual regarding the possession of personal data, we take immediate measures to follow up on the request.</li> </ol> </li> <li>4 Improvement of personal information protection by periodical verification.</li> <li>5 If a major complaint occurs, upper management personally take up the matter to resolve the issue, clarify the source of this claim and take immediate corrective action and preventive measures for recurrence, and disclose information in a quick and orderly fashion. Also, they must establish a system that can correspond appropriately and promptly to the complaint about the handling of personal information.</li> </ol>

Information Security Basic Policy
<ol style="list-style-type: none"> <li>1 Laws pertaining to personal information and other social norms and the company’s personal information protection management regulations shall be observed</li> <li>2 While establishing regulations regarding the handling of information or the information system, we shall perform periodic and ongoing education and training of the employee to prevent the misuse of equipment and illegal conduct.</li> <li>3 This policy is notified to business partners and information leakage shall be prevented by establishment of governing structure in cooperation with business partners such as making a contract in terms of information security.</li> <li>4 Security management for entering/leaving a building and preventive measures for illegal access to prevent information leaks, theft, and the abuse and misuse of information are implemented.</li> <li>5 Appropriate risk management measures are performed such as preparation of alternative plan and establishment of restoration procedure.</li> <li>6 Measures for information security are verified periodically and we aim for improvement.</li> <li>7 If a major problem occurs, upper management personally take up the matter to resolve the issue, clarify the source of this problem and take immediate corrective action and preventive measures for recurrence and disclose information in a quick and orderly fashion.</li> </ol>

# Information disclosure and communication activities

In order to secure the transparency of management and to further raise the trust of society, we will truthfully release easy-to-understand information. Moreover, we would like to further enrich our communications with the stakeholders and reflect their opinions and requests timely and appropriately in our business activities.

## Promotion of information disclosure

In order to carry out our business activities steadily going society's trust and understanding, we are taking measures to actively disclose information.

Specifically, along with the establishment of "Kyushu Electric Power's Mental Attitude towards Information disclosure" enacted in April 1999, information is communicated through a monthly press conference by the president, occasional press announcements, IR meetings and our website.

We will further pursue securing transparency in our management by prompt and accurate dispatch of information including negative information regarding technical problems of nuclear or thermal power stations.



President's regular press conference

### Internal organization

Other than establishing a liaison conference of persons in charge of an information disclosure, which is constituted by the person in charge of information disclosure from each department, the reorganization of various company regulations and manuals, the implementation of training, lectures on information disclosure and other promotional activities within the company are carried out.

Moreover, regarding the measure we have taken for promotion of information disclosure, we periodically report to the Compliance Committee, which includes outside professionals.

### Information disclosure during major disasters

At the time of emergency disaster such as typhoons and earthquakes and the occurrence of an unexpected accident, we will quickly and accurately grasp the situation of power outage using our "Emergency Disaster Information System" and "Customer Power Outage Information System". We will respond to customer's inquiries as well as provide a wide range of information through the massmedia and our website.

Information service during major disaster tailored to mobile terminals, that was introduced in the Kumamoto and Kagoshima branch offices in FY2005 has been expanded to all branch offices in FY2006 to improve customer service.

#### Kyushu Electric Power Mental Attitude towards Information Disclosure

We deeply realize our corporate responsibility to society and will pursue fair and impartial business activities based on our Charter of Corporate Conduct, and will try to obtain the understanding and trust of our customers by securing transparency in our business activities and abiding by our basic philosophy of the harmony with local community.

To this end, every employee needs to promote information disclosure with the following mental attitude.

- 1 I will release information positively to the customers.
- 2 I will put myself in the customers' shoes and disclose information quickly, accurately and intelligibly.
- 3 I will grasp the informational needs of the customer utilizing every opportunity.
- 4 I will perform a self check at all times to make sure there is no gap in consciousness and understanding between myself and customers.

April 1, 1999

President



<Our company's website in Japanese> <http://www.kyuden.co.jp>



Activity items for FY2006	Main action plans for FY2006
Promotion of IR activity based on the needs of the stockholders and investors	<input type="checkbox"/> Continuous implementation of IR meetings and investors visits by the management <input type="checkbox"/> Analysis and implementation of communication activities with individual stockholders
Proper and suitable dispatch of nuclear power-related information	<input type="checkbox"/> Continuous implementation of suitable and timely press announcements <input type="checkbox"/> Continuous implementation of communication activities involving nuclear power-related information
Reinforcement of information disclosure promotion organization and the establishing of a system for collecting comments and opinions of the stakeholders	<input type="checkbox"/> The company-wide expansion of disaster information dispatch to mobile terminals <input type="checkbox"/> Continuous implementation of communication activities with the stakeholders <input type="checkbox"/> After collecting the voices of the stakeholders, analyzation and reflection towards management of the company

## Proper and suitable dispatch of nuclear power-related information

Our company is promoting development of well-balanced electric power sources with nuclear power at its core in consideration of energy security, economical efficiency, and conformance to environment.

We will strive to dispatch information accurately and properly so that our customers can feel safe and trust our nuclear power-related activities, as well as take an active part in our PR activities in hopes that our customers will better understand our pluthermal project (refer to page 61) and the next nuclear power station development.

[Website about Nuclear power-related information in Japanese](http://www.kyuden.co.jp/nuclear_index)  
[http://www.kyuden.co.jp/nuclear\\_index](http://www.kyuden.co.jp/nuclear_index)

### Tours of our nuclear power stations

To gain our customers' better understanding of nuclear power, we are actively offering tours of our nuclear facilities.

At the exhibition facilities located next to our nuclear power stations, visitors can see how a nuclear reactor works through videos and observe the structure of nuclear power generation to promote the visitors' better understanding.

### Seminars and Events

To enhance public understanding of the energy issues including nuclear power, various activities such as visiting lectures at schools and science experiment seminars are held.



Science experiment in the classroom for elementary school children

### Nuclear Power Discussion Visit Activities

Aiming at plan interactive communication with opinion leader of the local area, various opportunities are created and discussion activities for understanding of nuclear power are carried out.

### Activity using various media

To gain public understanding of nuclear power generation or pluthermal use, we are deploying our PR activities using various media including mass media.

We have done commercial broadcasts for programs that we have sponsored, newspaper ads linked to our TV commercials, and even Internet-based PR.

Moreover, we have prepared a pamphlet explaining nuclear power and energy issues in simple, easy-to-understand language using illustrations, that is handed out at the tours or seminars.

## For your better understanding of our Pluthermal project

In April 2004, Kyushu Electric Power established a policy for the Pluthermal project at the Genkai Nuclear Power Station Unit 3 to be in operation by FY 2010. On May 28, 2004, we issued a request for a preliminary agreement from Saga Prefecture and the Genkai-town municipality and at the same time applied to the national government to the change in the nuclear reactor facilities. Following this, a safety survey was conducted, and on September 7, 2005, we received permission from the Ministry of Economy Trade and Industry. On March 26, 2006, we received advance permission from Saga Prefecture as well as from the Genkai-town.

In order to proceed with the Pluthermal project, we think it is important that everyone understand its necessity and safety so everyone can feel safe and secure about this project.

Since requesting advance permission for this project, we have been conducting information seminars and lectures, as well as providing information in newspapers and TV and on our website.

Also in February 2005 at Genkai-town, we hosted a Pluthermal open symposium for those who had various opinions, comments and questions regarding our Pluthermal project.

To further deepen everyone's understanding, we will continue our vigorous PR activities including information disclosure and easy-to-understand explanations.



Kyokan Talk & Concert

## Communication with the stakeholders

Through various opportunities, we are attempting communication with our stakeholders to quickly and truthfully respond to the opinions and requests of society and to gain understanding of our company's business activities.

### Letter BOX

To collect a wide range of opinions from society, we have set up a "Letter BOX" on our website (except telephone/contribution). Also, we have established a system where we can quickly answer all the opinions and requests we receive through this letter box.

### Kyuden Advisory System

External professionals are appointed as Kyuden's Advisors (presently 12 persons), where they convey their com-

ments, requests, and opinions about our entire business activities directly to the President, Executive Vice Presidents and other directors to reflect them back into our activities. A round table conference with the branch office General Managers is held periodically as well.

### Round-table talks with customers

As a place to connect the comments and requests from our local customers to our activities, we are holding roundtable meetings with municipalities, neighborhood associations, representatives from women's groups, large purchase customers and local opinion leaders.

These roundtable meetings are attended by each General Manager of Customer service Office, General Manager of Branch Office, and the President (two locations) and

are held through the Kyushu area.

### Discussion visit activities

In order to promote trust with our customers and society, we hold a "Thank you Campaign for customers of Kyuden" every October.

### The survey on stakeholder's satisfaction.

In order to grasp and analyze opinions and requests of our stakeholders and to make good use of them to improve our business activities, we have implemented a periodical survey on satisfaction of customers, stockholders, investors and employees since 2001.

The problems extracted from the results of the survey are incorporated into our midterm management plan to improve our management quality.



<Our company's website [Letter BOX] in Japanese>  
<http://www.kyuden.co.jp/cgi-bin/inquire/menu.cgi>

### "Science and Technology Ultra Fair"

At our Research Laboratory, by introducing our research activities electric handcraft class and fun experiences, we are hoping to deepen community's understanding and interest in technology by offering these events at the "17th Science and Technology Ultra Fair" held on Sunday April 16, 2006. We also hope for the community's understanding in our business activities. This fair is held every year as part of the "Technology Week" event of the Ministry of Education, Culture, Sports, Science and Technology.

Approximately 1,150 people visited this year's fair. The interactive corner where one can actually experience various scientific phenomena was very popular. Furthermore, we held an electric handcraft class where the children who participated tried to create their own motors with the help of our engineers.



"Let's see how a motor works!" Electric handcraft class

### Promoting IR Activities

In order to secure transparency and reliability in the active conduct of our business for institutional investors, individual investors, and analysts from home and abroad, our management holds IR briefing sessions and visits offices of domestic and foreign investors and offers facility tours periodically.

In addition, various data from our briefings and IR tools, financial information, and stock information are published on our website for the purpose of fair and honest disclosure of information.

[http://www.kyuden.co.jp/ir\\_index](http://www.kyuden.co.jp/ir_index)

For the general meeting of our shareholders, we have implemented voting procedures through the Internet as well as visualization of our business activities. We will continue to promote and operate a general meeting that is intelligible and welcoming for our shareholders.

In addition, while the number of individual

stockholders increased in recent years, communication with individual stockholders is performed more actively and measures for collecting opinions and requests are also being implemented.

Through these IR activities, we strive to enhance our two-way communication with our stockholders and investors and use their opinions and comments to reflect back on our business operations to deepen trust, raise management quality, and receive a proper evaluation from the capital markets.

### Internal Communication

To activate internal communications within our company, we have been deploying a "Conversation between Employees and Senior Management" wherein senior management visit each office to talk directly with employees.

Also, to raise employee motivation and to

share internal information within the company, we have set up an internal newsletter (Kyuden Newspaper and Internal TV programs).

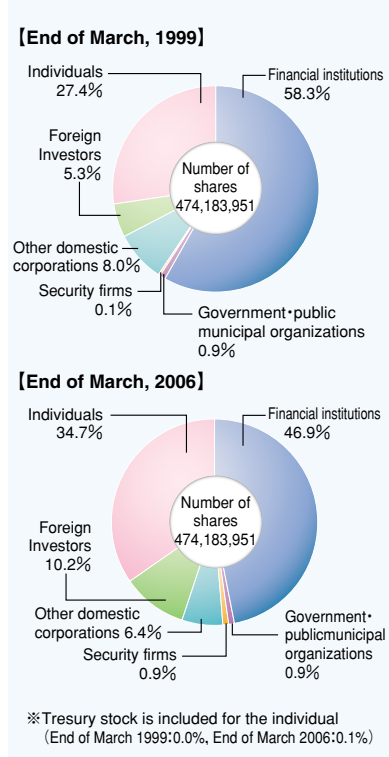


Internal company television recording scene

### Establishing the structure for collecting the voices of our stakeholders

As you can see, our company has taken various measures to enhance communication with our stakeholders and improve operations in each department. We will also proceed with the organizational reinforcement to incorporate the voices of our stakeholders into our business operations.

#### ▼Transition of Shareholders composition



#### ▼IR Tools



※ Glossary \* SRI: (Socially Responsible Investment)

When making an investment in a company, in addition to the conventional investment standards, investors seriously consider the company's social responsibility and contributions to society.

#### Investing in the SRI\* Fund

In recent years, when an investment for a company is made by both domestic and foreign investors, the company's consideration for CSR is part of their decision, along with financial aspects.

In our company, we have taken positive actions for CSR through various business activities, such as consideration for the environment, compliance and contributions to community and society, and as a result, we have received high appraisals from inspection agencies.

In addition, regarding our corporate pensions, we are investing in the SRI funds to actively assist companies promoting CSR from the standpoint of an investor.

# Environmental activities

The Kyushu Electric Power Company realizes that we cannot avoid producing environmental impacts, including CO<sub>2</sub> emissions, in the course of power generation. This is why we feel responsible for taking an active part in environmental conservation, especially in tackling environmental issues such as global warming.

## Promotion of Environmental Management



For a more detailed report, please refer to the 2006 Kyushu Electric Power Environment Action Report

P9-13, P41-52

### Kyushu Electric Power Environment Charter

The Kyushu Electric Power Environment Charter was established to define the stance and direction of environmental activities to be pursued.

### Environment Action Plan

Kyushu Electric Power Group formulated its Environment Action Plan as a guideline for all employees to participate in the implementation of environmental management. To continue the secure implementation of environmental activities, the Action Plan is revised and improved every year based on several factors, including the evaluation of current social conditions and needs, the company's mid-term management policies and internal and external evaluations related to the company's environmental activities during the previous year. Under Kyushu Electric Power Environment Charter, we will promote environmental management in our CSR measures. (Refer to Page 23)

### "Kyushu Electric Power Environment Charter"

"Towards an Environmentally Friendly Corporate Stance"

**1**  
The company shall recognize the importance of maintaining awareness of environmental conservation needs in all its corporate activities.

**2**  
The company shall make concerted efforts to contribute to a sound environment in all its corporate activities.

**3**  
The company shall promote the disclosure of environment related information in all its corporate activities.

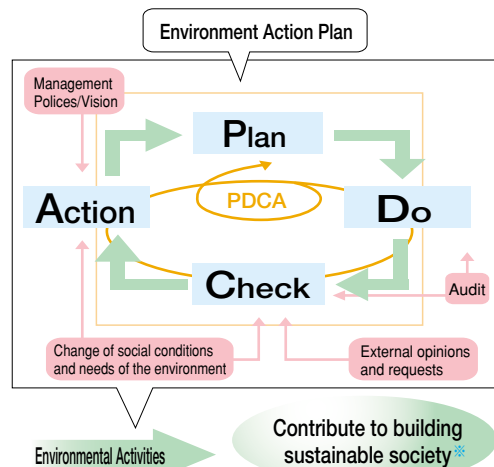
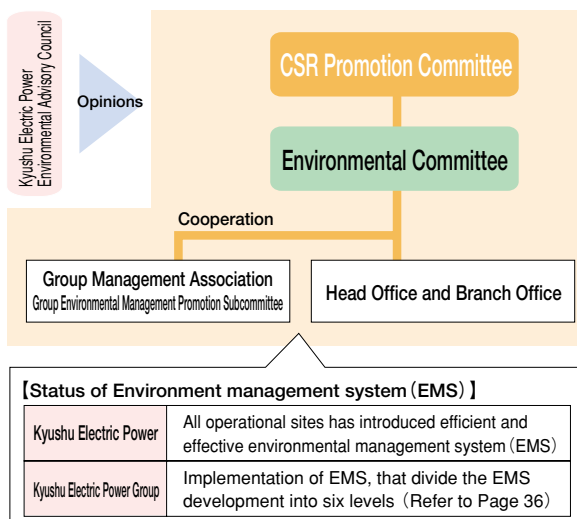
### Promotional Scheme

Kyushu Electric Power Co., Inc. has structured a company-wide scheme for the implementation of environmental management

Environmental committee	
Objectives	To deliberate on the company's overall environmental activity strategies
Structure	Chairperson: Executive Vice President Members: Officers-in-charge, General Managers
Tasks	To discuss and draft environmental activity strategies and the Environment Action Plan, including the scope of managerial resources to be distributed to environmental management.

Kyushu Electric Power Environmental Advisory Council	
Objectives	To review independently environmental management efforts made by Kyushu Electric Power and its group companies
Structure	11 experts in various fields from each prefecture in Kyushu
Tasks	To evaluate overall environmental activities

## Group Environmental Management Promotional Scheme



※ Consumption of the natural resource and environmental pollution are managed properly, making possible a long term maintenance at the level of economic activity and welfare.

Activity Items for FY2006	Main action plans for FY2006
Promotion of environmental management	○Solidify environment-oriented activities through effective EMS operation ○Increase the level of environmental management by actively using environmental accounting ○Promote and establish environmental management on a Kyushu Electric Power Group basis
Measures for global environmental issues	○Steady efforts to reduce GHG emissions ○Measures for energy and resource conservation at the office ○Promote low fuel consumption cars for company use ○Through recovery of SF <sub>6</sub> ○Through recovery of regulated chlorofluorocarbon
Establishing a recycling society	○Effective and efficient promotion of zero emissions activities ○Green procurement promotion
Harmoniously coexisting with the local environment	○Promote the safe and proper management of PCBs ○Peeling thoroughly with asbestos ○Promotion of new environmental activities
Working with Society	○Active communications of environmental issues with parties concerned ○Develop Kyushu Homeland Forestation Program ○Promote collaborative activities with environmental NGOs and other groups

## Environmental Management System

All operational sites have introduced efficient and effective environmental management systems (EMS).

At places of business, while seeking to meet targets in energy preservation and saving resources, we are striving for the management of environmental risks, such as the implementation of training for environmental accidents and the observance of environmental laws.

In addition to the ongoing support that the Environmental Affairs Department at our head office has been providing to business sites since FY2004-e.g., support for improving our internal environmental auditing\* framework, reinforcing environmental activities, and support tailored to suit individual business sites' needs for raising environmental awareness-FY2005 saw the introduction of EMS training for environmental management\* representatives and the administration office, through which we aim to raise the level of EMS operation.

## Kyushu Electric Power Group's Environmental Management Promotional Scheme

As of the end of FY2005, the Kyushu Electric Power Group environmental management scheme covered 46 member companies of the Group Management Association. Within the association is the Group Environmental Management Promotion Subcommittee, which aims to promote environmental management within the group.

The Group has introduced unified standards, the

Kyushu Electric Power Group Standards for the implementation of EMS, dividing EMS development into six levels to help each company move towards achieving ISO14001 certification in stages.

In additions, the "Kyushu Electric Power Group Environmental Activity Plan" is set every year along with the "Group Environmental Target," which unites the group in tackling these issues.

### ▼ Status of Environmental Management System (EMS) Implementation at Group Companies

EMS Development Levels		Company Name	
6th level	ISO14001 certification acquisition	Nishinippon Environmental Energy Co.,Inc.	West Japan Engineering Consultants,Inc.
		KYUKI CORPORATION	NISHINIPPON AIRLINES CO.,LTD.
		Kyushu Environmental Management Corporation	KYUHEN Co.,Inc.
		KITAKYUSHU LIQUEFIED NATURAL GAS CO.,INC.	—
5th level	ISO14001 based system	Kyudenko Co.,Inc. (Head office only) *	Kyukuen Co.,Ltd. (Head office only) *
		Kyuden Sangyo Co.,Inc. (Environmental Affairs Dept.)*	Fukuoka Clean Energy Corporation (Tobu Plant) *
		SEISHIN Corporation (Head office only) *	—
4th level	ISO14001 based system	Oita Liquefied Natural Gas Co.,Inc. (company wide)	Fukuoka Energy Service Company, Incorporated (company wide)
3rd level	—	—	—
2nd level	—	KYUSHU CRYOGENICS CO.,LTD. (company wide)	Koyo Denki Kogyo Co.,Inc. (company wide)
1st level	—	35 group companies	

(Note) Regarding the 2nd through 5th levels of development, the highest development level for each company is used as its development level for listing (the five companies marked with\*). The 35 companies in the first level of development include these five companies.

## FY2006 Kyushu Electric Power Group Environmental Activity Plan

- I Group promotion of environmental management
  - 1 Establishment and reinforcement of Group's environmental management promotional scheme
  - 2 Comply with laws and regulations
  - 3 Accurate understanding of environmental data and implementation of target management
  - 4 Implementation of environmental education and sharing of environment-related information
- II Measures for global environmental issues
  - 1 Steady measures for reduction of GHG emissions
  - 2 Steady measures for reduction of regulated Freon emissions
- III Measures for the creation of a recycling society
  - 1 Promotion of recycling
  - 2 Promotion of green procurement
- IV Coordination with society
  - 1 Thorough disclosure of environment-related information

## ▼ Main Group Environmental Targets and Accomplishments

Items		Target	FY 2005 Records
Power consumption at office Quantity consumed per unit area		Under 137kWh/m <sup>2</sup> or less (FY2010)	139.7kWh/m <sup>2</sup>
In-house distribution (The special vehicle is excluded)	Rate of low-pollution vehicle use	50% or more (FY2010)	28%
	Specific Fuel consumption rate (fuel cost)	11km/ℓ or more (FY2010)	10.2km/ℓ
Recovery rate of SF <sub>6</sub> *	At the time of apparatus check	98% or more	100%
	At the time of apparatus removal	99% or more	No record
Regulated Freon collection rate during equipment inspection		100%	100%
Recycling rate	Industrial waste	Approx. 85%	87%
	Old paper	100%	85%
Green procurement (use of recycled paper)	Photocopy paper	100%	86%
	Toilet paper	100%	90%

In addition, a qualitative target is established for the amount of paper and water usage.

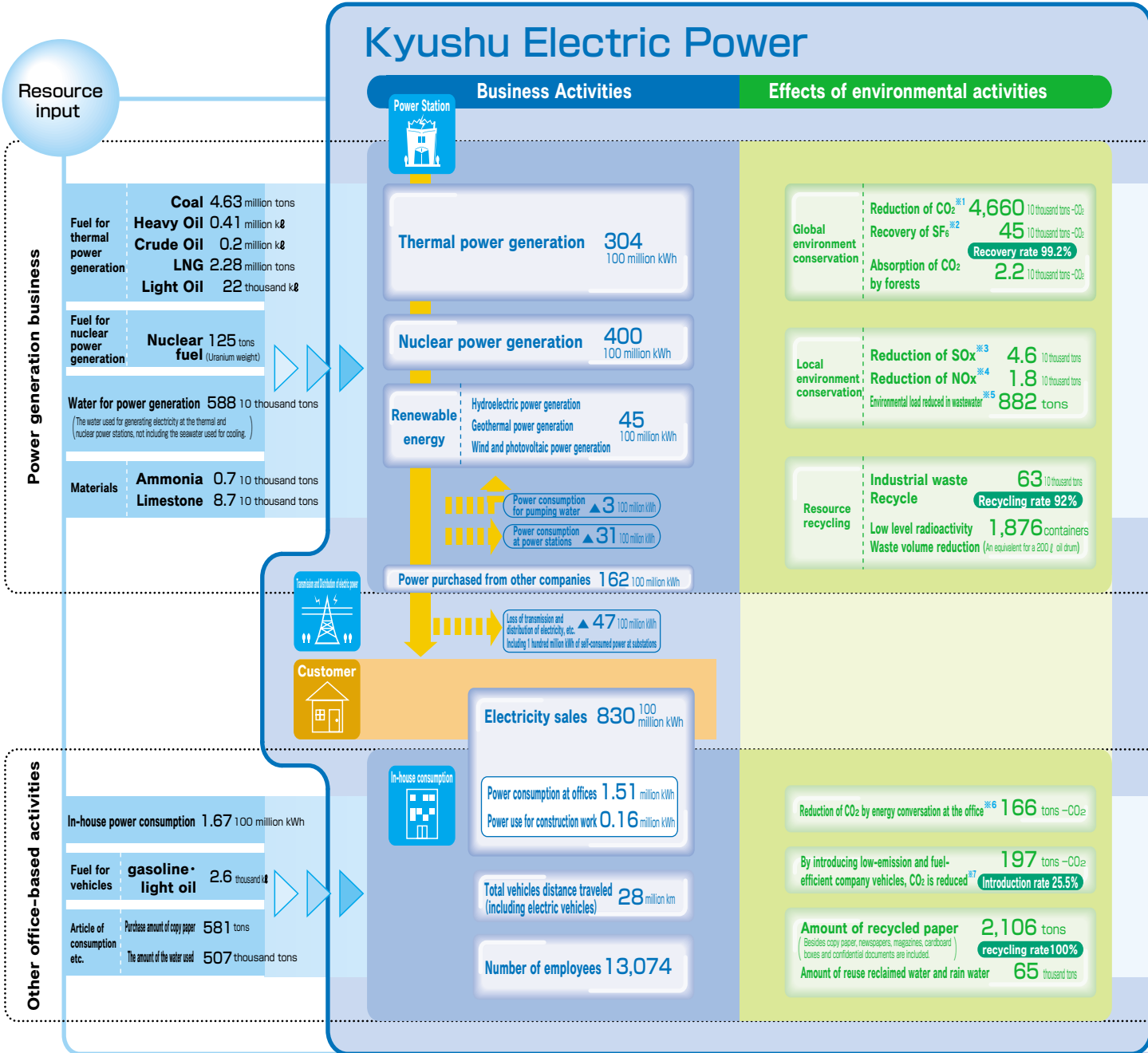
\*Glossary / \*Internal Environmental Auditing: A regular audit of the environmental management system to determine whether the system meets the ISO14001 standard and is operated and maintained properly.

\* environmental management: The personal responsible for promoting environmental activities in each business office

\*SF<sub>6</sub>: Sulfur hexafluoride



## FY2005 Business Activity and Environmental Activity Effect, Situation of Load



### The Baseline of Environmental Activity Effect

- ※1: The baseline for the effects resulting from power generation and purchase refers to cases when thermal power (except for LNG) generated kWh replaces power generated from nuclear power, hydroelectric power, new energy sources, and LNG. As baseline for the facility efficiency improvement, thermal efficiency and transmission and distribution loss factor in FY1990 are used as baseline.
- ※2: Baseline refers to the case when SF<sub>6</sub> is not recovered at equipment checkups/removals.
- ※3: Baseline refers to the case when no desulfurization is carried out or non-usage of low-sulfur fuel at power stations.
- ※4: Baseline refers to the case when no denitration is carried out at power stations.
- ※5: Baseline refers to the case when no wastewater treatment is carried out at power stations.
- ※6: Baseline refers to the case when no improvement in energy-saving equipment is carried out at offices.
- ※7: Baseline refers to the case when no clean-energy or fuel-efficient vehicle is introduced.

Amount of environmental load

**The amount of greenhouse gas emissions**

**CO<sub>2</sub> 3,060** 10 thousand tons -CO<sub>2</sub>  
\* Within this number, the self consumption amount of electricity 6.1 million tons -CO<sub>2</sub> includes amount of electricity purchased from other companies.

**N<sub>2</sub>O 3.9** 10 thousand tons -CO<sub>2</sub>

**HFC 0.08** 10 thousand tons -CO<sub>2</sub>

**SF<sub>6</sub> 4.0** 10 thousand tons -CO<sub>2</sub>

**Amount of air pollutant emission**

**SO<sub>x</sub> 1.5** 10 thousand tons

**NO<sub>x</sub> 2.7** 10 thousand tons

**Amount of wastewater** **253** 10 thousand tons  
(Including 56 tons of environmental load and 7 tons of COD)

**The amount of industrial waste disposal** **5.6** 10 thousand tons

**Low level radio active waste increased amount** **2,241** containers  
(An Equivalent for 200 l oil drum)

\* Calculation methods for CO<sub>2</sub> emission volume and CO<sub>2</sub> emission factors for electric utilities as defined under the Law Concerning the Promotion of Measure to Cope with Global Warming were not established as of the time of calculation of these figures.

**CO<sub>2</sub> emissions** **0.6** million tons -CO<sub>2</sub>

**Used paper disposed** **0** ton

**Clean water consumed** **442** thousand tons

Environmental Accounting

The costs and benefits of environmental activities are taken into account in decision-making regarding environmental activity deployment and are disclosed to the stakeholders. We have tackled environmental accounting from FY2000 for the purpose of developing environmental activity more efficiently and effectively through the analysis.

Cost of environmental activities

The cost for environmental activities for FY2005 was 11.27 billion yen for investments and 45.44 billion yen for expenses.

The wastewater treatment for the construction of the Omarugawa power station and the effective utilization of coal ash at the Matsuura power station are both proceeding according to schedule, and at the end of construction on one section, the investment

amount was 3% lower than the previous year.

For the expense amount, we've increased the expense for purchasing electricity to promote new energy, but there was a 4% reduction compared to FY2004's PCB disposal fees.

Improvement in environmental management through the environmental accounting system

For efficient, effective environmental activity deployment, the environmental accounting system must evolve as a tool for promoting environmental management.

Furthermore, for the improvement of environmental management level and efficiency as a goal, we have implemented a new web-based environmental accounting system for FY2006.

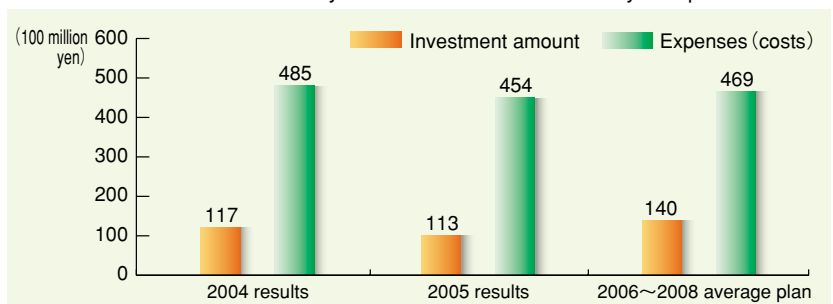
We are hoping to improve environmental efficiency\* and environmental load reduction efficiency, and improve and develop the environmental accounting system further.

Actual cost of environmental activities (FY2005)

	Environmental activity cost (100 million yen)		Main environmental activities
	Investment amount	Expenses (costs)	
Global environmental conservation	2.7	75.3	Energy conservation activities, implementation of new energy facilities and assistance
Local environmental conservation	7.8	118.4	Prevention of air pollution, water pollution, and noise and vibration pollution
Resource recycling	34.4	135.1	Recycling and disposal of industrial and general waste
Environmental activity management	2.4	17.3	Application and Maintenance of Environmental Management System (EMS)
Research & Development	0.0	1.6	Environment-related research and development
Social activities	65.2	99.3	Greening of power stations and other sites, measures to install underground power lines and tree planting activities
Response to environmental impairment	—	7.2	Pollution load levy
<b>Total</b>	<b>112.7</b>	<b>454.4</b>	

(Note) Figures are rounded off and may not add up to the total.

Results of Environmental activity cost and environmental activity cost plans



\* Glossary Environmental efficiency: The evaluation index from the viewpoint of the efficiency in environmental activity

# Measures for Global Environmental Issues



For more details, please refer to the 2006 Kyushu Electric Power Environment Action Report

P21—27

## Reducing Greenhouse Gas

By reducing the greenhouse gases in the power supply discharged from our business activities, we will take necessary measures to ensure the achievement of the targets set by the Japanese government following the Kyoto Protocol.

### Setting a target for CO<sub>2</sub> emissions reduction

The target was established in correspondence with the FY2010 commitment set in the Kyoto Protocol to reduce CO<sub>2</sub> emissions.

#### Target (Commitment)

**“20% reduction in FY2010 end-use CO<sub>2</sub> emissions intensity from FY1990”**

### CO<sub>2</sub> emissions during power generation

CO<sub>2</sub> emissions intensity in FY2005 were 0.368kg-CO<sub>2</sub>/kWh, which is an 18% decrease from FY1990. Compared to FY2004, there was an increase of 0.037kg-CO<sub>2</sub>/kWh (+11%) due to the increase amount of electricity rate and the decreased amount of hydroelectric power's electric ability due to a water shortage, and the maintenance of electricity by thermal power generation.

## Promotion of Optimal Combination of power source

Although the sales amount of electric power increased about 1.5 times since 1990, CO<sub>2</sub> emissions have stopped at 1.2 times. This is due to containing the discharge amount of CO<sub>2</sub> in the amount of electric power generated, a raise the total thermal efficiency of thermal power stations effectiveness and nuclear power capacity factors, and promoting the development of electric power resources with nuclear power at its core.

### High level maintenance of nuclear power capacity factors

Nuclear power accounts for 44% of total power generation and does not produce CO<sub>2</sub> during its power generation process, thus contributing to CO<sub>2</sub> emission reduction.

In FY2005, the rate of nuclear use was 86.8% by continuation of safe and stable operation, rated heat output fixed operation (operate maintaining at the rate of heat output accepted from the country). We will continue to operate in a safe and stable manner, and we will preserve the high level of nuclear power capacity factors for CO<sub>2</sub> emission reduction.

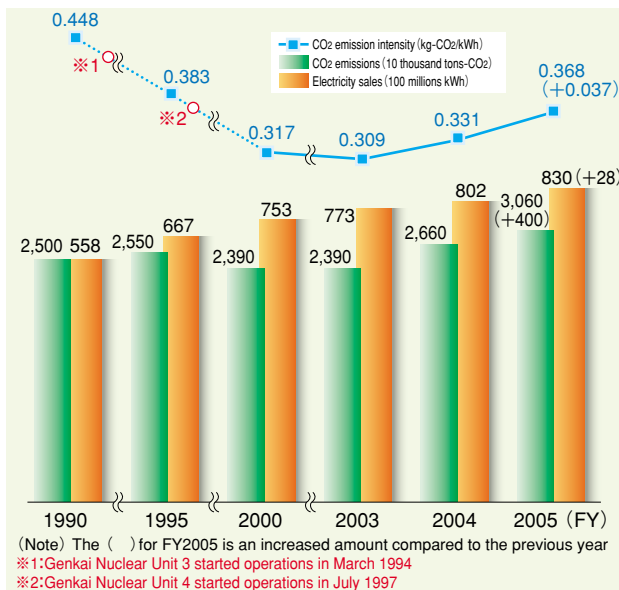
## Maintenance/ improvement of Thermal Power Generation Facility Efficiency

Improved thermal efficiency of thermal power stations will lead to less fuel consumption, resulting in a reduction of CO<sub>2</sub> emissions. In FY2005, the total thermal efficiency of the company's thermal power stations maintained the highest level in our history. This is attributable to the operation of the new and advanced Reihoku Thermal Power Station Unit No. 2 and the greater use of highly-efficient power stations employing the combined cycle\* power generation method, such as Shinoita Power Station.

## Promotion of Renewable Energy Use

Through the development of geothermal and hydroelectric power, the installation of wind force and photovoltaic power generation by our company and the electricity purchased by our customers and businesses through their own wind force power generators, we have achieved 450 million kWh of electricity generated using new energy sources, or the standard amount of new energy utilization (minimum requirement) set under the Renewable Portfolio Standard (RPS)\* in FY2005.

▼End-use CO<sub>2</sub> emission intensity, CO<sub>2</sub> emissions and electricity sales



▼Characteristics of power sources

Power Source	Characteristic
Nuclear	<input type="checkbox"/> Superior in fuel supply stability and prices. (No need to replace fuel for about one year, supply area is distributed widely, more efficient use of resources with nuclear fuel cycle.) <input type="checkbox"/> No CO <sub>2</sub> emissions during power generation.
Renewable energy (Geothermal, Hydroelectric, new energy)	<input type="checkbox"/> Resources are filled up continuously and not drained. <input type="checkbox"/> CO <sub>2</sub> emissions during power generation. Geothermal    Hydraulic <input type="checkbox"/> Development area restrictions (amount). <input type="checkbox"/> Large environmental load incurred during dam construction. Wind and photovoltaic power <input type="checkbox"/> Output changes with weather conditions. <input type="checkbox"/> High costs.
Pumped storage	<input type="checkbox"/> Excels in the output adjustment capability over change of demand. <input type="checkbox"/> Large environmental load incurred during dam construction.
Coal fired thermal	<input type="checkbox"/> Excellent fuel supply stability and economic efficiency. (Much of this fuel is stored, supply area is distributed widely.) <input type="checkbox"/> CO <sub>2</sub> , SO <sub>x</sub> , and NO <sub>x</sub> emitted during power generation
LNG fired thermal	<input type="checkbox"/> It is superior in stability of fuel supply. (Supply area is distributed widely.) <input type="checkbox"/> Lower CO <sub>2</sub> emission during power generation compared to other fossil fuels.
Oil fired thermal	<input type="checkbox"/> A storage and transportation of fuel are easy. <input type="checkbox"/> Dependent on the Middle East for most of oil supply. <input type="checkbox"/> CO <sub>2</sub> , SO <sub>x</sub> , and NO <sub>x</sub> emitted during power generation.

※Glossary / \* Combined cycle: a power generation method that combines gas and steam turbines. Heat from gas turbines is collected in a waste heat boiler, and the steam produced is used to rotate steam turbines.

/\* RPS law (Renewable Portfolio Standard): This law aims to protect the environment through the promotion of new energy utilization by requiring power companies to generate or purchase a certain percent or more of electricity from new energy sources depending on their electricity sales.



**Biomass Generation Activities**

The power generation project "Miyazaki Biomass Recycle Co., Inc." which utilized the thermal-power-generation technology of our company, is the first power generation project to use poultry litter in Asia as fuel. It started operation in May 2005 and sells incineration ashes as raw materials of fertilizer.

This business is attracting attention from the entire country not just for producing new energy, but also as a business that could maybe take care of the poultry litter issues for poultry farms, municipalities and local residents.



Miyazaki Biomass Recycle Co., Inc. bird dropping incinerator power generation facility

**Measures for public welfare and transportation**

We are tackling the strengthening of energy and resource saving and activities in the office based on the Kyoto Protocol Target Attainment Plan.

Moreover, since it corresponds to the revised Law Concerning Rational Use of Energy, we are moving ahead with implementing a correspondence indicator and manual revisions concerning cargo duty.

**Energy conservation at the office and resource saving activities**

We are tackling energy conservation and resource saving activities to lighten environmental load on a daily basis.

**CO<sub>2</sub> emission accompanying in-house power consumption of electric power and in-house distribution and transportation**

Various measures are taken from FY2006 regarding the CO<sub>2</sub> emissions ac-

companying the use of electric power for power station construction and physical distribution vehicles, and also at the head, branch and customer service offices.

**Introduction of low-consumption company cars**

We have been introducing clean energy vehicles and fuel-efficient vehicles.

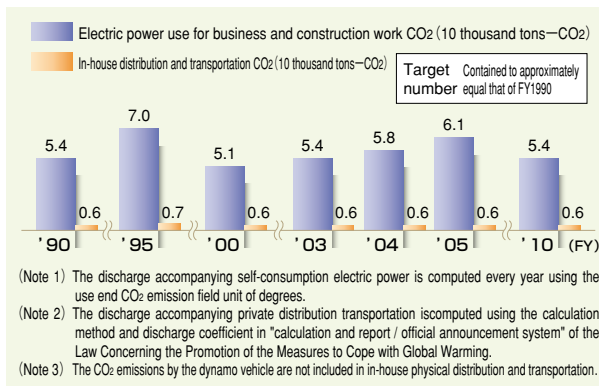
**Encouraging the use of energy-saving equipment**

We work to promote the use of energy-saving equipment such as heat storage systems and heat-pump water heaters.\* We also offer suggestions to our customers to promote energy conservation, including consultations on the efficient use of energy.

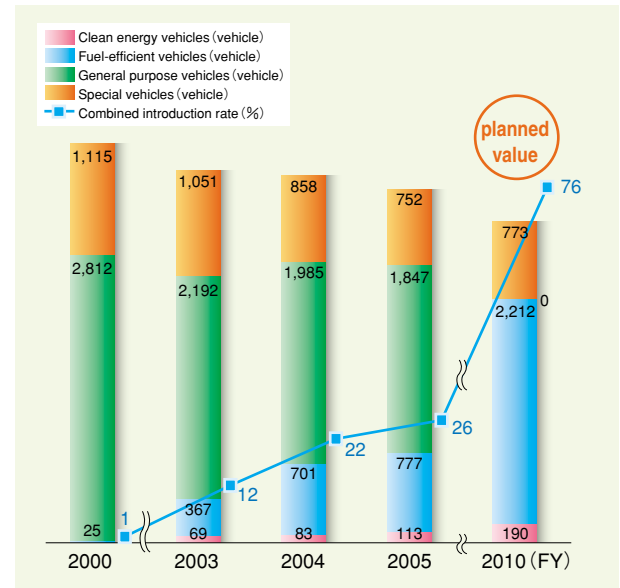
"Eco Cute" is a high-efficiency heat pump electric water heater that realizes better energy conservation and co-exists with nature. Eco Cute requires less energy than the conventional combustion type water heaters, and utilizes natural CO<sub>2</sub> as a coolant.

Environmental activities

▼ In-house power consumption and the CO<sub>2</sub> emission quantity which accompanies in-house distribution and transportation



▼ Low emission vehicle introduction plan



※Glossary / \*Heat-pump water heater: A water heater that utilizes surrounding air to heat the refrigerant.

# Establishing a Recycling Society



For more details, please refer to the 2006 Kyushu Electric Power Environment Action Report P28~30

We are promoting the 3Rs-Reuse, Recycle and Reduce-for our business activities towards industrial waste.

## Industrial Waste

Industrial waste generated during the course of our business operations includes coal ash, gypsum from desulfurization facilities, sludge from wastewater treatment, scrap metal and discarded concrete poles.

Coal ash, which comprises 80% of the amount of industrial waste generated by the company, is reused for cement or soil improvement materials taking advantage of its properties. The recycling rate for it was 91% in FY2005.

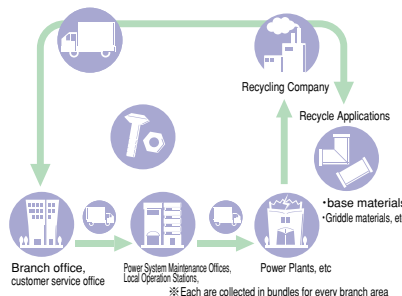
We have also developed recycled aluminum wires using waste aluminum wires from our electric works since FY2005.

## Cooperative collection of industrial waste

For industrial waste generated during the course of our business operations from our power stations, customer service office and power system maintenance offices, the specific items generated by the entire company were collected in a cooperative collection system established in FY2005, and are then handed over to a recycling company.

By doing this, we are trying to control the annual amount of external burial disposal to 1,000t or less.

### Cooperative collection of industrial waste



## Promotion of Green Procurement

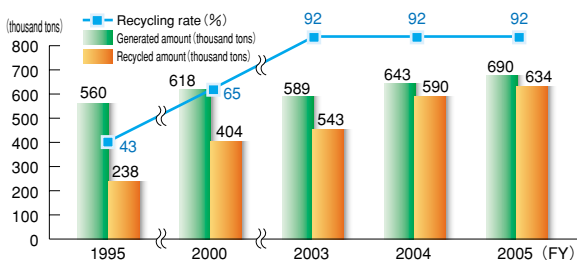
The green procurement system was introduced in FY2002 as a measure towards the establishment of a recycling society. Under the system, the company promotes green procurement by placing a greater priority on purchasing eco-friendly goods and encouraging the cooperation of suppliers.

The rate of green procurement in FY2005 (the rate of eco-friendly products in commodities purchased) was 97%. We are aiming for 100% for FY2006 using electronic catalog purchasing, established in May 2006.

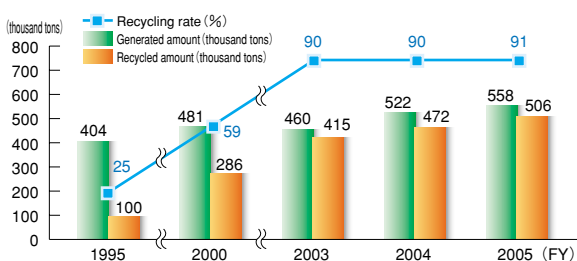
For electricity related-materials and equipment, we established criteria for assessing the level of environmental load reduction from various angles. Among these, especially good products were designated as "green products" (six items at the end of FY2005) and we are actively procuring these items.

< Green Procurement Policy introductory website in Japanese >  
[http://www.kyuden.co.jp/company\\_procurement\\_provide\\_green\\_index](http://www.kyuden.co.jp/company_procurement_provide_green_index)

### Transition volume of industrial waste generation and recycling rate



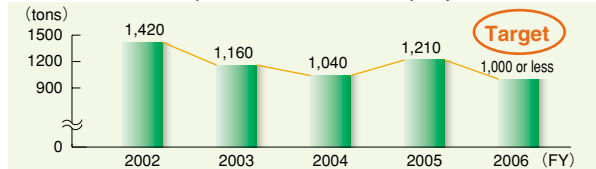
### Generated amount of coal ash and recycling rate



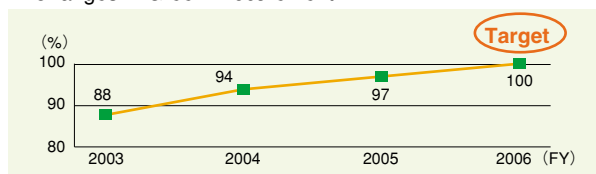
### Recycling of aluminum wires



### Landfill waste disposed outside the company



### Changes in Green Procurement



## Harmoniously coexisting with local environment



For more details, please refer to the 2006 Kyushu Electric Environment Action Report

P31—35

### Environmental Assessment

Three types of environmental surveys are conducted on the premises of Sendai Nuclear Power station towards the development of new nuclear power facilities, with the latter half of the 2010s as a goal. The surveys include an environmental assessment, geological survey and a meteorological survey.

▼ The leading particulars which becomes the prerequisites of investigations

Items	Investigation contents
Location	Gumizaki-cho, Satsuma-Sendai-shi, Kagoshima (Inside the premises of Sendai Nuclear Power Station)
Cardinal number	1 group
Output	1.5 million kW degree
Nuclear reactor form	An advanced pressurized-water reactor

### Environmental Assessment

The "environmental-impact-assessment method document" was submitted in August, 2005 to the Minister of Economy, Trade and Industry, the Kagoshima governor, Satsuma sendai City, and Ichikikushikino City mayor. After we obtained opinions from the standpoint of environmental preservation from everyone through the subse-

▼ Report to the Minister of Economy, Trade and Industry and Our company response

Minister of Economy, Trade and Industry report	Our company's response (Reflect back on the present situation of the investigation)						
<table border="1"> <thead> <tr> <th>Items</th> <th>Overview</th> </tr> </thead> <tbody> <tr> <td>The addition of an environmental-impact-assessment item</td> <td>① Implementation of prediction and evaluation in case there is a possibility of water quality influence on reclaimed earth and sand during an elusion examination</td> </tr> <tr> <td>Investigation, prediction, examination of the evaluation technique</td> <td>② Implementation of predicting the influence and evaluation of the nitrogen oxide released into the atmosphere by the work vessel ③ Implementation of the influence investigation, prediction, and evaluation to Greater Spotted Eagle ④ Implementation of the influence investigation, prediction, and evaluation of a sea turtle</td> </tr> </tbody> </table>	Items	Overview	The addition of an environmental-impact-assessment item	① Implementation of prediction and evaluation in case there is a possibility of water quality influence on reclaimed earth and sand during an elusion examination	Investigation, prediction, examination of the evaluation technique	② Implementation of predicting the influence and evaluation of the nitrogen oxide released into the atmosphere by the work vessel ③ Implementation of the influence investigation, prediction, and evaluation to Greater Spotted Eagle ④ Implementation of the influence investigation, prediction, and evaluation of a sea turtle	<p>Evaluation criteria are looked over again.</p> <p>Evaluation technique is looked over again.</p>
Items	Overview						
The addition of an environmental-impact-assessment item	① Implementation of prediction and evaluation in case there is a possibility of water quality influence on reclaimed earth and sand during an elusion examination						
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quent inspection period, the evaluation of our company was submitted in November, 2005.

In addition, regarding the advice on the "environmental-impact-assessment method document" obtained from the Minister of Economy, Trade and Industry in February 2006, the contents and evaluation criteria that it was based upon were reexamined.

Based on the contents of the Minister of Economy, Trade and Industry's advice, the investigation plan was considered, and a "present condition investigation" (the reference investigation and the field survey based on the environmental-impact-assessment method document) was started in June, 2006, while we deployed an examination about the prediction, environmental influence, and required environmental preservation measures.

▼ Main items of the survey for the current situation

Items	Contents
Atmospheric environment	Nitrogen oxides, noise, vibrations, etc.
Water environment	Water temperature and quality, etc.
Marine organisms	Marine algae and seaweed, fish, plankton, etc.
Terrestrial organisms	Animals, plants and ecosystem
Social environment (literature study)	Status of population, industry and land use

### Geological Survey



Performed to confirm the rock mass has enough seismic stability as a foundation for a nuclear reactor building.

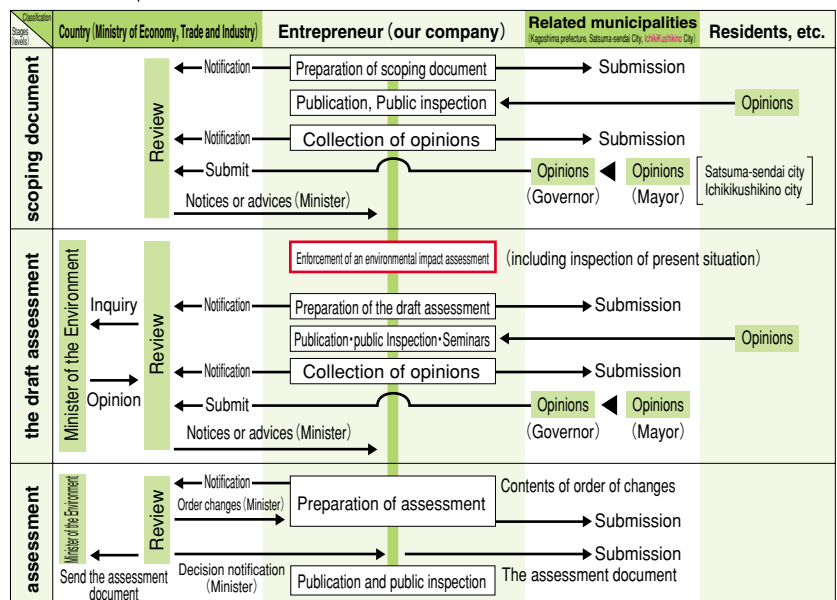
### Meteorological survey



Performed to examine how radiation dose and spread changes in and around the power station in the case of accidents, as well as the method to ensure safety against radiation.

We are implementing this inspection in the likelihood of a million to one chance of an accident to check the changes in the amount of radiation around the power plant vicinity and to secure safety from radioactivity.

▼ The flow of the process of environmental assessment



## Management of Chemical Substances

Chemical substances we use at power stations are properly managed at each site in full accordance with related laws and regulations. We take the initiative in investigating, collecting and voluntarily disclosing data on the amounts of designated chemical substances emission and transfers under the PRTR System\*.

### ■ PCB (Polychlorinated biphenyl)

Equipment utilizing PCB'S (1,511 units of high-voltage transformers, capacitors and others) is kept in special storage areas under strict surveillance according to the Waste Disposal and Public Cleaning Law. We plan to treat the equipment and render it harmless between 2007 and 2013 in the PCB Japan Environmental Safety Corporation under the control of the national government.

Moreover, for transformers and other issues where there is a small mixture of PCB in the insulation oil inside the heavy machinery and equipment, the fundamental directivity of processing is

examined by the examination committee of the country. At the present stage, since we cannot specify the mixing apparatus, we are implementing a mixture inspection for equipment that handles insulation oil at the time of equipment removal. The 1,485 units where the mixture was specified at the present time are managed appropriately under the related laws.

### ■ Asbestos

Although asbestos is contained in parts of our buildings and facilities, most of the product is non-dispersal.

As for areas that use sprayed asbestos that may be dispersal, they are closed off to the public.

For example, only specified parties may enter the engine room and transformer. We feel that there is no direct effect of asbestos use on the surrounding environment.

Moreover, in the case where a building and equipment are disassembled, based on the law, thorough preventive measures for preventing scattering, demolition, discharge, and processing are performed appropriately, and we are proceeding with replacing asbestos with a substitute product.

In addition, three retired employees of our company are

making asbestos-related workplace-accident applications from FY2005 to the present.

## Harmony with Surrounding Environment

When designing facilities, we take into consideration the natural environment and urban landscapes of the surrounding areas, and implement environmental measures such as tree planting.

Since FY1986, we have been promoting an underground power distribution system for the benefit of the urban landscape, safety and pedestrian-friendly pavement, and for the revitalization of local communities under the cooperation of related road administrators, other local parties involved and distribution line administrators.

### ▼ Underground distribution system installation status (within our company grounds)

Extension of underground distribution (km)	Underground Distribution System Installation Plan		New Underground Distribution System Installation Plan	Pole-free Power Distribution Promotion Plan	Cumulative total	
	1st phase (1986 -1990)	2nd phase (1991 -1994)	3rd phase (1995 -1998)	4th phase (1999 -2003)		5th phase (2004 -2005)
	97	73	117	210	54	551

### ▼ The main asbestos usage condition in the buildings and equipment (as of end of March,2006)

Subject	Areas of use	Present Situation	Remarks (Correspondence, etc.)	
Spraying containing asbestos	It is used for some of surfaces of walls and ceilings as sound isolation material, such as an equipment apparatus room and a transformer room, thermal insulation, and a fire refractory material.	<ul style="list-style-type: none"> <li>Area of usage is apparent and measures are taken.</li> <li>Company owned buildings:27 buildings/Transformer soundproof material: 7 units</li> </ul>	<ul style="list-style-type: none"> <li>During periodical inspection, we implement the wearing of protection gear at all times when areas where asbestos is used.</li> <li>As for the unclear placement of asbestos content, we are in the midst of investigation.</li> <li>For the aforementioned section, new measures will be in place by FY2007.</li> </ul>	
Asbestos content product	Building material	It is used for the fireproof board of a building, flooring material, etc.	<ul style="list-style-type: none"> <li>Since there are molded components where normally there would be no dispersal, at the times of periodical inspection and repair construction, we will exchange the present product with a non-asbestos products.</li> <li>Since there are molded components where normally there would be no dispersal, at the times of periodical inspection and repair construction, we will exchange the present product with a non-asbestos products</li> <li>Promoting the shift to a non-asbestos product by performing technical evaluation.</li> <li>Since there are molded components and there is usually no dispersal in that state since it is enclosed within the insulator, at the times of periodical inspection and repair construction, we will exchange the present product with a non-asbestos products.</li> <li>Because the oily material (the corrosion-proof grease) has unified, there is usually no dispersal in that state, but at the times of periodical inspection and repair construction, we will exchange the present product with a non-asbestos products.</li> </ul>	
	Acoustic insulation material	Soundproof material of transformer (transformation equipment and hydraulic power production plant)		•Approx. 70
	Asbestos cement pipe	Pipeline material for subterranean lines (power transmission equipment / power distribution equipment)		•Transmission line length: approx. 180km
	Heat insulation material	Power generation equipment (steam-generated equipment and nuclear paraphernalia)		•The amount of asbestos content in products: approx. 30,000 m <sup>3</sup> (About 30% of total)
	Seal material Joint Sheet	Power generation equipment (steam-generated equipment and nuclear paraphernalia)		•The amount of asbestos content in products: (Thermal) About 380,000 pieces (about 80 percent of total) (Nuclear power) About 170,000 pieces (about 90 percent of total)
	air bag	Suspension insulator (power transmission equipment)		•Suspension insulator: Approximately 147 ten thousand (approximately 4 tenths total) (The asbestos content product is inside the insulator, as a buffer agent. It is not used for the porcelain part of the insulator surface.)
	viscous material	The electric wire for fictitious lines (power transmission equipment)		•Electric-wire anticorrosive: approx. 17km of transmission line length (About 0.2% of all overhead power line transmission line length)

\*Glossary/PRTR System: (Pollutant Release and Transfer Register) A governmental system to calculate and publish the amounts of toxic chemical substances that are released into the environment and transported in waste based on reports from businesses and their estimates.

## Working with society



For more details, refer to the 2006 Kyushu Electric Power Environment Action Report. P36—40

We cooperate with communities through environment action reports and Eco Mothers Activities to enhance environment communication and to promote the environmental activities within the society.

### Eco Mothers Activities

We aim to promote environment-related communication with mothers responsible for environmental education at home. We pay visits to places where children and parents gather, such as pre-schools and kindergartens, to provide information on environmental issues to raise awareness, while we promote our activities to seek opinions and requests about our environmental activities.

The activity that acts as a pipeline between Kyushu Electric Power CO.,Inc. and the local community is Eco Mothers.

Presently, there are two to four Eco Mothers in our branch offices and are actively promoting activities with their own characteristics.

### Kyushu Homeland Forestation Program

To commemorate our 50th anniversary, we began the Kyushu Homeland Forestation Program to plant one million trees throughout Kyushu in 10 years (100,000 trees/year) starting FY2001 in cooperation with local residents.

In FY2005, approximately 115,000 trees were planted in 57 locations, bringing the 5-year total to about 540,000 trees.

As an activity during the seedlings' cultivation period, undergrowth is cut and thinned (as a maintenance and management activity) with the people who took part in the planting.



Kyushu Homeland Forestation Program in Takatoge (Tarumizu City, Kagoshima Prefecture)

### Supporting Environmental Education

In FY2002, we launched environmental education support activities, including nature watch and classes in forests, to utilize our abundant natural environment in the Onagohata Recreation Forest located near the dam of the Onagohata Power Station in Hita City, Oita Prefecture.

We are able to offer forest classrooms, grass cutting, tree planting, and energy classrooms which observe the hydroelectric power plant thanks to the cooperation of everyone from the citizen group.

### Programs during Environment Month

The Environmental Month of June is considered to be a time to recognize anew the necessity and importance of environmental preservation activities. Activities during the month include tree planting and community services such as cleanup activities.

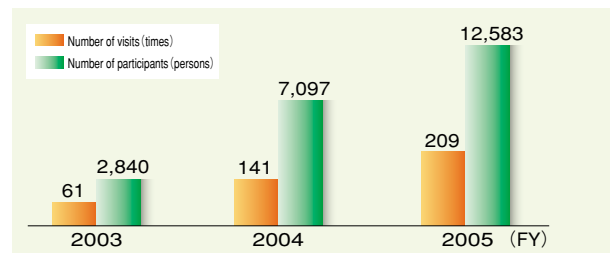
### Topics:Received [Highest Award for Environment Reporting]

The "2005 Kyushu Electric Power Environment Action Report" was awarded the highest prize at "The 9th Green Reporting Award," sponsored by TOYO KEIZAI INC. and the Green Reporting Forum, for the points that the top commitment was clear and information disclosure of environmental performance was high.

This "Environmental Report Award" was established in 1998 in the hope for the spread of environmental reporting and the improvement of the level of the reporting. We are the first in the electricity and gas industry to receive this award.



### ▼Records of Eco Mothers' Activities



Nature Watch at Onagohata Recreation Forest

# Respect of human rights, and maintenance of labor environment

Respecting basic human rights and observance of related law are of course, but we are also working on creating a working environment that is comfortable and where every employee can feel motivated by her/his work on the basis that human resources are the base source for raising corporate values.

## Respecting Human Rights

### Enlightenment of human rights respect consciousness

Kyushu Electric Power will respect human rights both domestically and abroad, contribute to the creation for a comfortable and affluent society and have each employee reach a better understanding of human rights issues as we promote measures to raise awareness and proper conduct in which the entire group will regard these issues as the basis of their business operations.

We conducted education training such as various gathering studies and activities to raise awareness as an ongoing project, and for FY2005 approximately 5,300 employees took the internal and external human rights and Anti-discrimination courses, with each group company participating as well.

We will continue to raise awareness and consciousness about human rights through pro-

moting education and enlightenment activities.

### Measures for Sexual Harassment

Sexual Harassment damages the dignity of the employee who becomes the object considerably-not only obstructing their ability, but also obstructing workplace harmony and order. We need to realize that sexual harassment is a major issue, and we are promoting the prevention of sexual harassment by deepening the understanding and consciousness of sexual harassment among the employees.

We have set up Sexual Harassment Advice Center both internally and externally, handing out pamphlets to the entire company and having seminars by professional counselors to raise the skills of the person in charge of the Internal Advice Center. We will further continue our efforts to prevent sexual harassment.

#### Human rights/Anti discrimination issue training

- Training for recruitment staff  
For managers in charge of recruitment.
- Training according to class  
Group debate is carried out in the training curriculum.
- Training according to organization  
Training given at the head office, branch office and power stations.
- External training  
Participation in training held by the government.



#### Sexual Harassment Advice Center

We have established Sexual Harassment Advice Center both internally and externally to receive questions and comments regarding sexual harassment in the company.

Privacy is protected in the consultation and consultation at the external advice center may be anonymous.

##### 【Internal Advice Center】

Head office Human Resources Dept.  
Department labor group manager  
Each Branch Office General Affairs Dept.  
Department Human Resources group manager

##### 【External Advice Center】

An external counseling specialist  
\*24-hour email consultation is also available.

## Promoting Gender Equality

### Management of the employment based on aptitude and competence

In order to achieve a goal to raise corporate value and activate in the entire company, we promote the employment of talented workers based on neither sex nor age to follow the Equal Employment Opportunity Law and to promote gender equality in employment management.

Specifically, we enforce the employment of all people regardless of academic background, gender or work experience.

Moreover, we deploy a fair promotion selection based on proper evaluation of placing the right person for the position according to capability and motivation, in addition to education and training programs regardless of gender.

#### ▼ Employee basic data (FY or end of FY)

	2003	2004	2005
Number of Employees	13,660 persons	13,505 persons	13,074 persons
Male (ratio)	12,694 (92.9)	12,546 (92.9)	12,189 (93.2)
Female (ratio)	966 (7.1)	959 (7.1)	885 (6.8)
Manager level	3,902 persons	3,984 persons	3,979 persons
Male (ratio)	3,866 (99.1)	3,945 (99.0)	3,936 (98.9)
Female (ratio)	36 (0.9)	39 (1.0)	43 (1.1)
Number of recruiting	97 persons	103 persons	101 persons
Male (ratio)	88 (90.7)	88 (85.4)	85 (84.2)
Female (ratio)	9 (9.3)	15 (14.6)	16 (15.8)
Average age	38.5 year-old	39.1 year-old	39.4 year-old
Male	38.7 year-old	39.2 year-old	39.6 year-old
Female	36.2 year-old	36.8 year-old	36.9 year-old
Average length of service	19.2 yrs	19.7 yrs	20.0 yrs
Male	19.4 yrs	19.9 yrs	20.2 yrs
Female	16.8 yrs	17.3 yrs	17.4 yrs
Member of labor unions	11,244 persons	11,049 persons	10,644 persons

※ Corporate executive officer and director are not included in the average age and the average length of service.

Activity items for FY2006	Main action plans for FY2006
Promoting gender equality	<input type="radio"/> Examination of the support program of childcare and nursing-care on leave <input type="radio"/> Complete examination of the Childcare support system (leave / shortened work hours) <input type="radio"/> Promotion of positive application of female employees
Promoting of the employment of older persons and those who are challenged.	<input type="radio"/> Thorough examination of the working environment which utilizes the aptitude of older persons <input type="radio"/> Promoting the understanding of employing differently-abled people <input type="radio"/> Positive support for the Kyushu Captioning Co-Production center Inc
Promotion of motivating and developing skills of the employees that will count towards personnel labor measures	<input type="radio"/> Implementation of placement of personnel who is highly motivated and well qualified <input type="radio"/> Further promotion of proper work hour management <input type="radio"/> Promotion of education which focuses on the increase of motivation among the employees

### Support to balance work and home life

The law for corresponding to the progress of low birthrate and longevity called for enforcement of the revised Childcare and Nursing-care leave Act and the Next-Generation Bringing up Measure Promoting Act in April 2005. We are promoting a "work life balance" where an employee can work and maintain a home with this support.

#### ■ Complete childcare and nursing-care support system

Based on the meaning of the revised Childcare and Nursing-care leave Act, the childcare and nursing-care support system were improved, and operations started in April, 2005.

(There were 72 employees on childcare leave in FY2005.)

We will revise the system based on the institutional use track record, and opinions and comments from the workplace.

#### ■ Correspondence to the Next-Generation Bringing up Measure Promoting Act

Based on the Next-Generation Bringing up Measure Promoting Act, a concrete action plan from April, 2005 to March, 2008 was decided, and notice was submitted to the labor office.

In conformity with this action plan, the creation of a place of work in which an employee can feel comfortable about raising a child will be promoted.

#### The concrete contents of the action plan

- Project period (First)  
April 1, 2005 to March 31, 2008  
(Divide 10 years set by Japanese law into 2-5 years and then manage the action plan.)
- Indication guide for our activity target
  - Temporary childcare holiday acquisition ratio of female employees: over 95%
  - Spouse maternity holiday acquisition ratio of male employees: over 75%
  - The flexible substantial service system for employees who engage in child-rearing

#### Using the childcare leave support system

I took childcare leave until my daughter was 10 months old, and have been using the childcare shortened work hour system. I feel that our company offers a workplace where it is easy to take this leave since the system is maintained well.

I feel grateful that I have the support of my family and understanding at work so I can do both.

Since this system is acceptable until the child becomes 2 years old, I feel that following up on the childcare leave system will become more important. I hope that everyone will utilize this system, and that the number of employees combining both workplace and family life will increase.



Nanae Nakayama  
(Human Resources Dept. Salary welfare group)

#### ▼ Contents of childcare and nursing-care support system

Items	Childcare support	Nursing-care support
Leave	<b>[Application period]</b> Until the child reaches 2 years of age <b>[Number of times]</b> After reinstating, available for the identical child for 1 time	<b>[Application period]</b> For the same care receiver, 2 years continuous (730 days). <b>[Number of times]</b> No limit (1 application period must be more than 1 month.)
Shortened work hours	<b>[Application period]</b> Until the end of March when the child enters elementary school <b>[Shortened working hours]</b> Work time can be set up in a 10-minute unit per day Working hours can be shortened by 1 to 3 hours per day	<b>[Application period]</b> Until nursing care becomes unnecessary <b>[Shortened working hours]</b> Work time can be set up in a 10-minute unit per day Start time and end time can be set in a 10 minute unit per day
Resilient use of childcare time ※ Females only	<b>[Application period]</b> Until the child becomes one year of age <b>[Operational time]</b> The time in which one wishes for nursing time of 1 hour per day.	_____
Spouse maternity leave ※ Males only	Three days are given when a spouse gives birth.	_____
Nursing holiday	Nursing the child before entering elementary school due to illness or injury, Five days are given annually (acquisition in a unit is possible half a day).	_____
Overtime work restrictive measures	Based on the application from the individual, overtime work is restricted to 24 hour per month and 150 hours per year.	
Nighttime work restrictive measures	Based on the application from the individual, employment in a time zone of (22:00 - 5:00) is restricted at midnight.	
Trouble consultation	The consultation window (for the employee and for the family is possible) by an external specialist	
System introduction	Common knowledge of the support system of utilizing a pamphlet, intranet, etc.	

## Promoting of the employment of older persons and those who are challenged

### Promoting employment of older persons

In order to provide employment for those who still have the will to work and have abundant knowledge from their long experience, we have established an "Elder Employee System" for retired personnel on a full and part time basis.

In addition, due to business needs, we have set up a career bank system where one can register and be called on for work when needed.

We hope to further recognize the social responsibility towards the employment needs of an increasing number of elderly workers and actively pursue the employment of older persons at our workplace.

### Promoting employment for those who are challenged

To broaden the activities of those

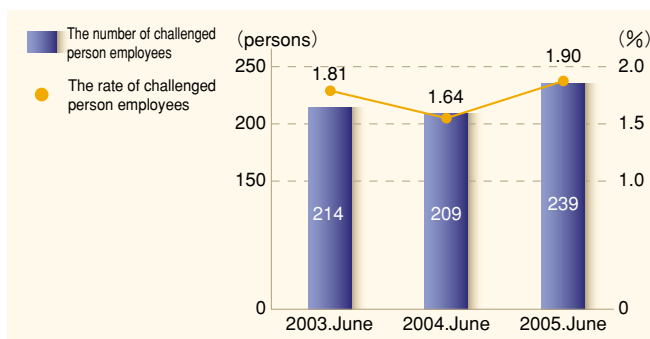
who are challenged and to realize their freedom to participate in society, we have a planned employment system in collaboration with schools and Job-placement office.

The employment rate for those who were challenged in June 2004 was 1.64% compared to the legal employment rate of 1.8%. We established "Kyushu Captioning Co-Production Center Inc." in July 2004 as a subsidiary company, and employed 6 per-

sons with challenges. Together with the cooperation of Job-placement office and High school visits by each branch office and proactive participation in employment interviews, we hired 11 people in April 2005, when the employment rate for those with challenges became 1.90%

We hope to further promote our continuous effort as well as to promote understanding in the workplace for the challenged.

▼ Transition of the number of employees who are challenged, and the rate of employment



### Special subsidiary "Kyushu Captioning Co-Production Center Inc."

#### ~Barrier free TV for the challenged by the challenged~

Subtitles on TV are necessary for those who have difficulties hearing sound on the TV or those with hearing impairment.

The number of nationwide programs is increasing these days, but there are very few programs created locally subtitles.

We position the expansion of subtitled broadcasts as one of our philanthropic activities, and we established the "Kyushu Captioning Co-Production Center Inc." to subtitle local programs in July 2004.

For the subtitles, some challenged persons are employed, providing a new occupation beyond the framework of an electricity company.

This is a project that has just started, but we are focusing on popular programs in the Kyushu area and the actual growth and achievements stand out from other areas.

The challenged employee also builds self-confidence to be the only producer of subtitles in Kyushu.

<http://www.q-caption.com> (in Japanese)





### Universal Design of business facilities

Our offices and buildings have universal design (UD) qualities in the entrance, hallways, toilet, etc. for the convenience of all users including the employees who work there, and visitors who come to our offices, based on the meaning of Heart Building Law\*.

When the Kirishima Customer Service Office and the Uki Customer Service Office were completed in FY2005, the entrance without a level difference, parking spaces and toilets for challenged persons and automatic washstands were installed. A Braille-points guidance board, textured pavement for guidance, and a voice guidance system were also installed.

For offices being planned for FY2006, we will implement UD factors in the entrance, hallway and toilets, and in the future, considerations will be made for existing buildings when repair work and layout changes are implemented.

#### ▼Textured pavement for guidance



## Improve employee motivation and knowledge

### Raising morale of the employees

While competition of the electrical market materializes, it is important to empower each employee to perform better at work and feel connected to the management of the organization.

Because of this, we continuously develop the labor and compensation system, carefully considering the employee's needs, to keep improving their motivation.

In addition, we are endeavoring to promote the understanding of each employee's personal labor measures.

#### ■Executing survey employees' satisfaction

In order to measure the penetration of management policy and the appraisal for the personnel labor system, a questionnaire survey which deals with all employees is given once every year to grasp the degree of satisfaction among employees.

The results are disclosed in the company intranet to share the awareness of the issues, and the pro-

blems extracted from the results of this survey are positioned as an issue to be taken up at the mid-term management plan policy. Countermeasures are reflected into the following fiscal year plan.

#### ■Fair treatment system

In order to assure promotion based on aptitude, we clarify the relationship between competence and promotion, so that we can precisely manage the treatment system and promote the truly qualified employees and decend the disqualifies.

#### ■Recruitment of enthusiastic personnel

For the purpose of training and recruiting those with motivation and spirit, we have set up a system of job challenges and in-house recruitment.

Moreover, we implement "the chief challenge examination" as the technique of appointing talented people at an early stage who can respond to change.

#### ▼The outline of the recruitment system

	Outline	Results for FY2005
In house recruitment	Will recruit openly for the specific business concerned and will employ a well-qualified person from among the spontaneous employees. → Effects, such as justification of appointment selection, equalizing of opportunity, and cultivating motivation	For 4 openings, 22 persons applied, 4 persons were transferred
Job Challenge	Applications from those who want to be engaged in business, such as in planning and management at headquarters or branch are received internally, and the person will be selected well-qualified. → Training of personnel with desire and motivation	43 persons applied for positions at the headquarters and 10 persons applied for positions at branch offices. As a result, 18 persons were transferred to the head office and 2 persons were transferred to the branch offices.
Chief Challenge Examination	While equalizing the opportunity of promotion according to capability and evoking an employees' will to work and develop knowledge and motivation, early recruitment of those that can respond to change quickly is implemented.	For the examination for FY2005 139 people passed and were promoted to chief in April 2006

※Glossary / \*Heart Building Law: The law about promotion of construction of a specific building type which elderly people, a physically handicapped person, etc. can use smoothly.

■ The assessment of performance which grasps employee's performance precisely and orients talent rearing it

Since FY2001, in order to achieve the goal of the entire company, all management levels must set the business objective's every year.

Although it is not necessary for non-managerial employees to set an objective, it is considered the base for consultation for employee training to report to the individual the "expected factors" needed for work by the primary rater on the basis of each individuals classification and work contents.

From FY2002, we are implementing individual interviews to supplement training consultations to reinforce training and supervising.

Through these systems, employees

and managers have more opportunities to communicate, increase substantial contents, so that managers can improve the transparency and the fairness of performance evaluation.

In addition, in order to improve the characteristics for appraisal, we implemented the standardization of the evaluation of administrative positions.

■ Measures towards harmony of work and life

The base for harmony between work and personal life lies in job performance, work requests and the acquisition of paid holiday leave, which are all part of work-hour management.

For the management of work hours, in the viewpoint of maintaining a healthy mind and body, observance of laws

such as the Labor Standards Act, management of overtime hours and grasping the results of these hours is part of proper management, and can improve the efficiency of all aspects of business.

For paid holidays, we are working to create a workplace where employees can comfortably take their paid holidays.

Other than that, we have Half-day use of annual paid holidays, sick holidays, volunteer holidays, nursing holidays and a "refreshment holiday" system, which is an annual long-term holiday for five consecutive days aiming at refreshment of mind and body.

In the future, we will direct our activities to the harmony of work and life on the basis of the diversification of the changing of times and sense of value needs, to keep endeavoring to making a comfortable workplace.

Labor-management relations

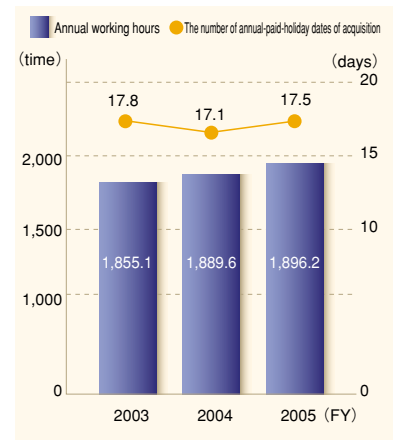
Understanding that the labor union is a business partner that strives to move forward to develop and sustain the company's labor management relations, we want to maintain solid and good relations.

In order to continue this type of relationship, we hold various round-table conferences, such as an employer-and-employee managing committee, a management special committee, and an employer-and-employees round-table conference so that communication is made and sharing of information is implemented.



The employer-and-employees round-table conference about working hours

▼ Annual working hours and the number of annual-paid-holidays dates of acquisition



**Raising the ability of the employees**

In order for us to aim at the improvement of long-term corporate value, raising the aptitude of the employees and realization of it are indispensable.

For this, we are aiming to train and nurture employees who are self directive, rich in creativity, can recognize their roles and responsibilities and have advanced special expertise which are important skills when promoting new business, deploying solution marketing and tackling environmental management.

In addition, in order to strengthen comprehensive power as a Kyushu Electric Power Group, it is necessary to keep tackling personnel training as a group. From these viewpoints, we are enforcing employee education with the will of training and a rise in motivation at the company and workplace.

▼ 2006 education system

Function level		Human Resource Department (educational supervisor division)			Lead office
		Training according to class	Special training	Selective studies	Training according to section
Management	EM		Business leader training	OJT Accounting Strategies Legal work Marketing Management Negotiation skills Explanation skills etc.	Training according to section (strengthening of technical knowledge and technical ability)
	MM	Newly promoted managers	Venture business dispatch training		
Chief		Pre-managerial training	Domestic and international graduate school dispatch		
Staff	3rd level				
	2nd level				
	1st level	Recruit education			

- (Note 1) Among the above training,  is a training course that must be taken
- (Note 2)  The training course that targets candidates (applicants)
- (Note 3)  The training course that targets each group company of the Kyuden group

**Personnel training policy**

**Set objectives to rear employees who will take major role in 21st century.**

- 1 **Principal attitude**  
Under the belief that human resources are the drivers of company's mission idea realization, we do our best for personnel training.
- 2 **Training target**  
We aim at rearing employees with wide feild of vision and a rich humanity toward the prosperity of community and contribution to the development of our company.
- 3 **Promotion plan**  
Cultivation of human resources will proceed with both "rise in motivation" and "will of training."

- FY2006 employee educational policy-important item**
- 1 **Training of the talented people trusted from society**
    - (1) Execution of education that contributes to the promotion of compliance management
    - (2) Execution of education study that contributes to the formation of personality which deals with the new employee
  - 2 **Improvement in the special capability towards competitive power strengthening, or technical power**
    - (1) Execution of education that contributes to the improvement of special ability
    - (2) Execution of education that contributes to the improvement of the ability to be able to correspond to diversification and internationalization of business
  - 3 **Improvement in the management capability about people or work**
    - (1) Execution of education which contributes to the improvement of the ability regarding the management of the person, such as rearing and utilizing the talent
    - (2) Execution of education which contributes to the improvement of the ability regarding work such as management and reformation of business
  - 4 **Promotion of education which seriously considers the improvement of desire in the employee**
    - (1) Execution of the education study which seriously considered the improvement desire of the employee
    - (2) Execution of e-learning as an effective education tool
  - 5 **Execution of education that contributes to strengthening the group management foundation**
    - (1) Combined execution of training and effective use of study facility
    - (2) Cooperation strengthening with the group companies about education and training

# The measure of a safety-first principle

Of all the basis activities, we give the highest priority to the safety-first culture, securing the safety of society as well as workers by improving facilities and technologies.

## Safe reservation of nuclear power generation

We strive for the safe and stable operation of our nuclear power plants, making safety our top priority. We work hard to guarantee the prompt and transparent disclosure of nuclear-related information and to implement, maintenance and quality assurance activities appropriately so that local citizens can feel secure and rely on us.

### Safety Management System

#### Quality Assurance Activities

To achieve safe and stable nuclear power plant operations, we created a quality assurance management system, conducting safety and quality assurance activities frequently and accurately. Our President heads the system to ensure compliance with all applicable laws, and with the commercial specifications known as the "Quality Assurance Regulations Concerning Safety at Nuclear Power Stations (JEAC4111)."

#### Development of a culture of nuclear safety

We recognize that a culture of safety starts with "the attitude of each employee and the culture of the workplace". We make every effort to create a positive workplace culture, with a management system emphasizing the worksite and fostering smooth communications among business partners.

We enhance communications through round-table conferences involving employees and management personnel, workplace meetings, and active reassignments between our head office and plant sites.

To activate communication with business partners, we perform site meetings and patrols, and hold round-table discussions together with various participatory events.

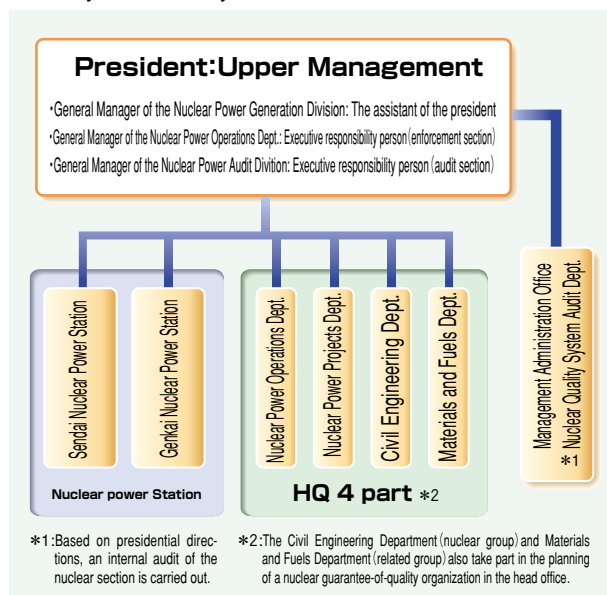
#### Maintenance of nuclear plant equipments

#### Appropriate maintenance and inspection in compliance with guidelines

In order to guarantee the safety and reliability of our nuclear power plants, it is critical to perform appropriate maintenance operations at the facilities, enabling plant equipments to smoothly perform its predetermined functions.

The contents and frequency of facility maintenance and inspections are based on existing laws, and on the commercial specifications known as the "Maintenance and Inspection Regulations for Nuclear Power Stations (JEAC4209)." We thoroughly review the results of our maintenance activities, amending our operations whenever necessary.

### Quality Assurance system



### The measure for technical succession

In order to maintain our technical capabilities involving plant operation and maintenance, on-the-job training is conducted intensively inside the plants. We also actively utilize the training simulator and maintenance training facilities at the Genkai and Sendai Nuclear Power Station to teach practical skills and techniques.



Activity item for FY2006	The main action plans for FY2006
Placing priority on securing safety during work and with equipment	<input type="radio"/> Thorough efforts toward prevention of industrial accidents caused by every concerned, including our business partners <input type="radio"/> Thoroughness of measures for preventive maintenance of nuclear power stations <input type="radio"/> Enhancing Quality Assurance activities of nuclear power stations
Knowledge of electric safety and improving the safety of our products and services	<input type="radio"/> Strengthening of inspections of equipment and the public electric shock accident prevention PR
Development of employee's awareness toward safety and health	<input type="radio"/> Gradual introduction of the Occupational Safety and Health Management System <input type="radio"/> Substantial measures for mental health <input type="radio"/> Continuous implementation of the measures toward the prevention of health disorders caused by serious overwork

### Steady implementation of preventive maintenance construction

For the prevention of problems in our nuclear power plants, we implement troubleshooting countermeasures based on industry mishaps both in Japan and overseas, and we closely monitor the aging of plant facilities. Based on acquired knowledge, we actively perform preventive maintenance, such as the repair and replacement of plant equipment.

### Radiation control

#### Management of radiation of radiation exposed worker

In order to reduce exposed dose of the workers as much as possible, we have automated and implemented remote conversions of work, and reduced the spatial dose by water chemistry. We installed a shield in workplace.

The radiation dose of the worker in FY2005 was an average of 1.0 millisievert (mSv) on an average, It was much lower than 50mSv which is a legal dose limit per year in FY2005.

#### Environmental radiation management around a nuclear power station

At nuclear power stations, the level of radioactivity in the environmental samples of seawater and agricultural and marine products are measured in addition to regular environmental monitoring of the ambient radiation dose. Presently, there has been no effect on the environment with the operation of our nuclear power stations.

The radiation exposure of people living near power stations is less than 0.001 msv per year, which is much lower than both the legal dose limit of 1 msv per year and the annual 0.05 msv target set by the Nuclear Safe-

ty Commission.

Concerning environmental radiation, the data is released in real time on our website.

[http://www.kyuden.co.jp/nuclear\\_real](http://www.kyuden.co.jp/nuclear_real) (in Japanese)

#### Management and Disposal of Radioactive Wastes

Gas and liquid radioactive wastes are processed appropriately with the wastes treatment equipment in the facilities. The influence of gas and liquid wastes on regions surrounding power plants is less than several% of natural radiation activity.

After the solid waste is stored strictly in the solid waste storage located within power station sites, it is then transferred to the low level Radioactive Waste Disposal Center of Japan Nuclear Fuel Limited, where it is buried and stored until the waste ceases to have any effect on the human living environment.

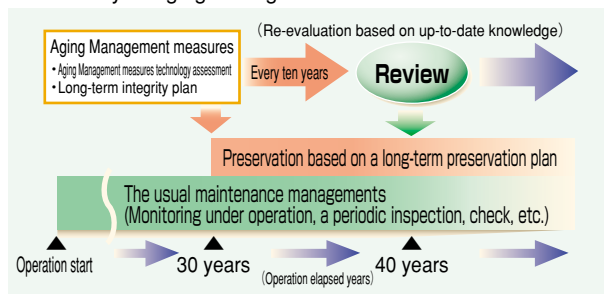
### Aging Management Measures

Management measures to address the aging of Genkai-1, which has been operational for thirty years, were considered in response to the government report, "Basic Guidelines for aging management measures." We verified that we can continue to operate Genkai-1, though the possibility of long-term operations need to be assessed carefully. Our conclusions were included in a report submitted to the government in December 2003.

The government evaluated our report as follows: "The evaluation method was appropriate, and operations may continue provided that the long-term maintenance program is executed appropriately."

We will determine when to begin our long-term maintenance program and will implement annual inspections in a strategic manner.

#### Summary of Aging Management Measures



### Nuclear disaster prevention

At our nuclear power stations, we adopt thoroughgoing safety measures to prevent accidents that might cause radiation disasters in the surrounding environments. Therefore, the possibility of such disasters occurring is extremely low. But to cope with such disasters quickly, national and local governments and operators of nuclear facilities develop emergency plans according to the Basic Law for Emergency Preparedness and the Special Law of Emergency Preparedness for Nuclear Disasters. All three work in concert to intensify nuclear disaster prevention systems and activities.

In addition, our company participates in nuclear disaster prevention training in Saga prefecture and Kagoshima prefecture every year. We have established emergency headquarters in our nuclear power stations, and we proceed to conduct training to enhance information communications and environmental monitoring during emergencies.



## The measure of Occupational Safety and Health

We have dubbed “achieving zero industrial accidents and establishing measures for occupational safety and health” as our health and safety philosophy, promoting the safety of the employees and improving health maintenance of both mind and body.

Also, in aiming for a workplace climate where safe hygienic activity is a top priority, we activate the function of safety and health committee.

### The measure towards zero industrial accidents

Knowing that most of disasters are caused by human error and removing dangerous factors can lower this portion, it is important to

raise our own awareness for safety and we have taken measures toward zero industrial accidents by continuing to remove dangerous factors in advance.

However, disaster has a tendency to rebound that alternates between advancing and retraining, so not only are consciousness and disaster awareness necessary, but it is also important to know the potentially dangerous factors. So we have introduced the “Occupational Safety and Health Management System,” which the Ministry of Health, Labor and Welfare recommends for FY2006.

We also promote meeting that we put an anticipating risk activity, and carry out some projects for prevention of traffic accidents by prac-

tically using a frequent traffic accident map.

### Assurance of Healthy mind and body, and establishment of a comfortable workplace

Under the situation of social workplace environment, we continue to assist in illness prevention measures and self health promotion, taking preventive measures for ensuring mental health and removing health obstacles from serious overwork. These are all part of our commitment to create a comfortable workplace where stress and fatigue can be reduced.

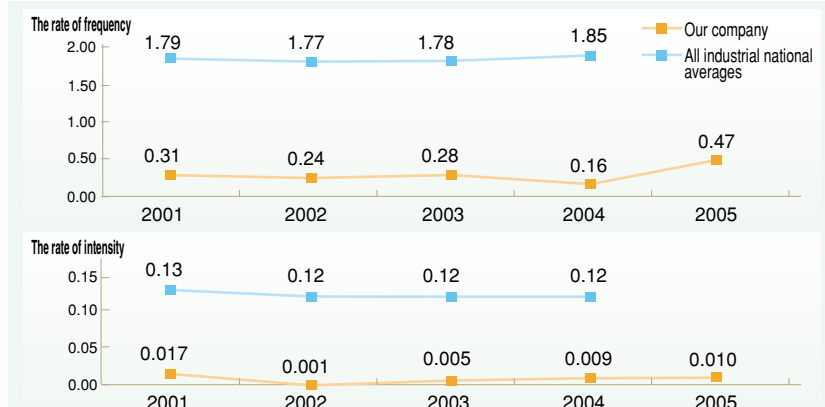
#### ▼ Whole company management-for-safety-and-sanitation plan for FY 2006



#### ▼ Number of Disaster cases with respect to business (main classified by cause) (cases)

FY	2001	2002	2003	2004	2005
Material cause	2	1	3	4	8
Human cause	13	10	22	19	18
Third party behavior	8	7	1	4	6
Total	23	18	26	27	32

#### ▼ Accident frequency ratio\* severity rate of industrial accident frequency\*, and the rate of intensity



#### Healthy management measures

□ In order to attain fullness and strengthening of the education for the prevention and early detection in mental health, we are strengthening consultation organization, educational expansion, practical use of a stress diagnostic system, and the medical staff.

About mental health education, training seminars are held with the introduction of the technique for coping with stress, including practical use of an external lecturer with expansion of the training opportunity.

□ For measures towards the health obstacle prevention by extreme work conditions, the advice and instruction by the occupational physician or medical staff will be at the workplace to carry out individual interviews for advice or consultation.

□ In order to promote the labor health administration measures in alignment with the new VDT guideline, the interview and the medical checkup by the medical staff based on an oral consultation vote are carried out.

□ Regarding the measures for smoking at the workplace based on the “health regime” and “the guideline for measures against smoking at the work place,” in principle the workplace is considered to be all non-smoking, so smoking rooms are established under the prevention of smoking measures.

□ In order to aim at the substantial measure against illness prevention, while holding various health lectures, measures will be carried out for promoting self health.

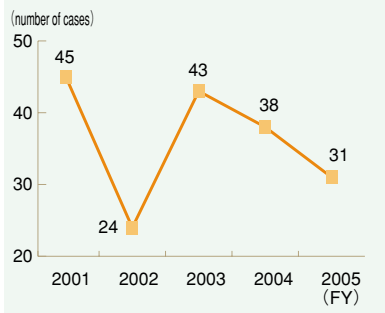
\*Glossary / \*Labor Accident Ratio: Number of accidents during paid holidays per 1 million hours worked.  
\*Labor Accident Severity: Number of work days lost due to accidents per 10 million work hours.

Promotion of strict enforcement of the safe activity for suppliers

Although we have been supporting and assisting our suppliers in their safe activities, some serious accidents such as electric shocks and falling have occurred during our suppliers' work. For this reason, we have encouraged our suppliers' safety work, and that the measure for calamity prevention is strengthened.

Specifically, for the summer safety promotion period and the winter safety promotion month, we have administered patrols for our suppliers and held meetings to discuss accident prevention measures and other aspects of safety promotion, raising with our suppliers' consciousness of safety work suppliers.

▼ The number of construction consignment and contract disaster cases



▼ Public electric shock accident



Measures of prevention of public accident

The measure of public electric shock accident prevention

During our public electric shock accident prevention PR periods which we have for three times a year, we also hold public electric shock accident prevention warnings for engineering and crane companies, educational institutions, municipalities, and other electricity-related organizations.

In addition, we promote the safe usage of electricity on our homepage by publishing the "Q&A on the usage of electricity" and handing out "Denki Shittoku Bon (Know your electricity)" pamphlets to propose safety measures and verification of dangerous areas by inspecting safe installments.

We will continue to promote PR activities by using various media and prevention of public electric shock accidents before they happen.

< [Q&A on the usage of electricity] website in Japanese >  
[http://www.kyuden.co.jp/life\\_living\\_safe\\_index](http://www.kyuden.co.jp/life_living_safe_index)

▼ Spring public electric shock accident prevention PR poster



□ Spring public electric shock accident prevention PR  
 PR activities with emphasis on the public electric shock accident prevention using carp streamer (Koi Nobori) are developed for three months from March to May.

□ Safe electric use month  
 In order to deepen an understanding about the safety of electric use and to aim at prevention of an electric accident before it happens, August is set as the safe electric use month by the appeal of the Ministry of Economy, Trade and Industry. Many electric related organizations including each electric power company unite to take part in the activities.

□ Winter public electric shock accident prevention PR  
 PR activities with emphasis on the public electric shock accident prevention in using kite flying and construction sites are developed for three months from December to February.

□ PR at the time of extraordinary disaster, such as a typhoons  
 Using TV commercial and newspaper ads, public electric shock accident prevention at the time of a typhoon and power failure caused by falling objects are some of our PR activities.

Topics

Our company CM "asking for cooperation from our customers during a typhoon-Fujin (god of the wind) version" was awarded the bronze prize for "the 45th advertisement contest which was beneficial for the consumer (November, 2005) .



# Cooperative activities with the local community and society

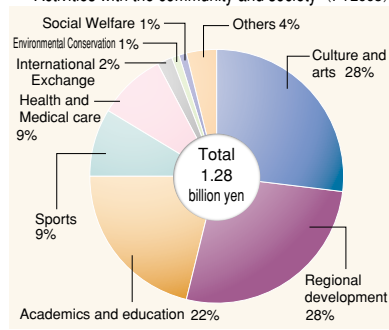
Aiming at the continuous development for a comfortable and affluent community and society, we actively promote contributions to Kyushu as a good corporate citizen.

## Cooperative activities in various fields

Aiming for coexistence with the local community and society, and in order to create a more affluent society, we consider what we can do to create it, and through our business activities and local contribution activities, we take measures towards the development of our area.

Specifically in various parts of Kyushu, we make support and cooperation in various fields, such as culture and arts, sport, local activa-

▼ The expenditure breakdown regarding cooperative Activities with the community and society (FY2005)



※Except appropriate expense to environmental accounty.

tion, and social welfare.

### Measure for culture and arts

Arts and culture promote vigorous activities that contribute to the support for cultural activities, and the improvement in the cultural level of an area. This is indispensable when realizing a rich and affluent lifestyle.

### Music culture support

Various measures are taken for the spread of the music culture in Kyushu. Specifically, the activity of the Kyushu Symphony Orchestra, Kyushu's only professional orchestra, is fully supported. We also hold a classic concert on a regular basis, so that as many people as possible

have an opportunity to experience it.

### ●Kyuden Fureai Concert

The classical concerts for parents and children by the Kyushu Symphony Orchestra have been held since 1985 in suburban areas where a full-scale live concert is relatively uncommon. From 1995, the winner of the regional contests of the Student Music Concours of Japan has a chance to perform with the orchestra itself, while we assist young, talented musicians.

The total number of attendance was 5,092 persons in 2005 and as they become one with the performers, they all seem to have a great time.

In addition, we donated the ticket sales to the welfare organization of that particular area.

### Cooperation towards establishment of the Kyushu National Museum

The Kyushu National Museum opened as the 4th National Museum in Japan in October 2005.

This museum, which was a long awaited dream by the locals, was a project that was done hand in hand with the government and the local citizens. Within that activity, we dispatched full time staff to take the central role in its promotional activities.

This museum was established with the viewpoint of "grasping the formation of Japanese culture from the historical viewpoint of Asia" and Kyushu seemed worthy since this land was a window of exchange between Japan and Asia from ancient times. We hope that it becomes a new base of exchange with Asia and contribute to the culture of Kyushu.



The Kyushu National Museum

### Performing together with the Kyushu Symphony Orchestra

My 13th birthday turned out to be one that is truly unforgettable. This is because it was the day that I would be performing together with the orchestra.

I was able to play my music with the warm support of my teachers, the orchestra members and those involved.

I am so grateful to you for letting me experience something so wonderful. I will keep practicing while keeping the feelings I have now with me.

Thank you very much.

Ms. Nobara Nishikawa  
(violin)





Activity item in FY2006	The main action plans in the FY2006
Participation in local/ community development	<ul style="list-style-type: none"> <li>○Instigation of a training system for young artists of traditional crafts to travel to other parts of Japan or overseas to receive training.</li> <li>○Hold a "Machizukuri symposium (town development)"</li> </ul>
Continuous active engagement in local culture, sports and volunteer activities	<ul style="list-style-type: none"> <li>○Building a promotional system of collaborative activities with the community and society.</li> <li>○Continual implementation of cooperative activities the community and society in various areas</li> </ul>

### ● Kyuden Bunka no Mori Concert

Since 1993, we have invited famous soloists and concert maestros to hold the classical concerts with the Kyushu Symphony Orchestra in various areas of Kyushu. In FY2005, the total number of attendance was 9,732 persons.

In addition, we donated the ticket sales to the Kyushu Symphony Orchestra as a support from local fans.



### ■ Participation in local festivals

As part of local culture preservation, and in order to deepen bonds with the locals, 3,544 employees of each business place participated in the festival of their areas in FY 2005. Our group companies also actively participate and manage a festival in their areas.



Wassho Hyakuman Summer Festival (Kitakyushu branch)

### ■ Assistance in Traditional Crafts

The traditional handicrafts of various areas of Kyushu are proud to have a long history and tradition, and the refined technologies serve as pre-

cious property for Kyushu. Our company takes various measures for preservation these arts, including the handicraft exhibition held at various areas, handicraft classrooms, and lectures done with the company's cooperation.

Also, we have initiated a training program for young artists of traditional crafts to travel in other parts of Japan or overseas to learn.

### ● Training program in other parts of Japan and overseas designed for young artists

This is a program for offering financial support for young artists of traditional crafts living in Kyushu to gain knowledge and technical skills by supporting their trips in Japan and overseas for training. It was established in 1996.

42 persons (overseas 27, Japan 15) utilized this program and trained in Japan or overseas. After they return from their training, they exchange information, put on a joint exhibition and keep contact with their training areas to further development the traditional handicrafts while putting what they learned into their creative activity.

### ■ Ocha-no-ma paper and a collection of essays

Since 1985, we have offered a chance widely for local people to apply the activities of literary work under co-sponsorship with

each branch office and local newspaper publishing companies.

There were 4,457 applications in FY 2005.



「Ochanoma Essay」 Winning a prize work collection

### ■ Cultural Activities for the next-generation

At each branch office, collection of composition, the pictures contest, the music exhibition, and other original culture activities will be promoted and performed in the local areas by children of the next generation under high school.



"My picture contest" Winning-a-prize work exhibition (Kagoshima branch)

### ▼ The contents of young craftsman training (FY2005)

Training sites (Country-Region)	Contents of training
China	Research of the technical propagation to the Korai Toji from Ryoji
Italy	Acquisition of the process technology from molding (hand-blown and ornament) to cutting of a Venetian glass
Okinawa Prefecture	Forming the shape on a Rokuro of the Okinawa Tsuboya ware, technical acquisition from decoration of tradition technique to calcination
Miyazaki Prefecture	Acquisition of the technique and technology for Authentic Amami Ohshima Pongee.



Training in China

## The measure for local activation

### ■ Start of Machi-zukuri Symposium

To actively promote the Kyushu area, a “Machi-zukuri symposium” (local citizens take an active role in urban functional improvement and management processes) has been held with the cooperation of local municipalities. Every year, we invite panelists and lecturers to discuss local topics and aspects of their local culture and debate on how to reinvigorate their area in hopes of creating a better town and better community.



Fukuoka prefecture Izuka city "Machi-zukuri symposium" (the Kitakyushu branch office)

### ■ Creation of intellectual infrastructure

We are also tackling the creation of the new intellectual infrastructure in the Kyushu area.

In order to produce a large number of business leaders who can play an active part in Kyushu and Asia and to contribute to improvement of the whole society, we are fully supporting the “(NPO) The Kyushu-Asia Institute of Leadership,” founded by 27 industry, academic and government organizations of Kyushu.

<http://www.kail.jp>

### ▼ Results of the Machi-zukuri symposium (FY2005)

Areas	Number of Participants
Izuka city Fukuoka prefecture	170persons
Yanagawa city Fukuoka prefecture	150persons
Taku city Saga prefecture	250persons
Unzen city Nagasaki prefecture	250persons
Kunisaki-town Oita prefecture	600persons
Yatsushiro city Kumamoto prefecture	400persons

## Support for the earthquake-stricken area of West Fukuoka

In the Fukuoka Seiho-oki earthquake on March 20, 2005 (-6 on the seismic scale), many parts of Fukuoka prefecture and surrounding areas suffered terribly from mudslides and collapsing houses. For the residents of the Genkai island, damage was severe and the evacuation period lasted a long time.

Our company developed support activities for the disaster victims, not to mention the repair work on electricity, which is an important lifeline. We offered our facility “Akari no yakata”, where is next to the Kyuden Memorial Gymnasium which was one of the shelter for victims, as a place for eating and contributed 10 million yen to the Fukuoka community for relief and restoration support.

Furthermore, in May 2005, the “Hakata Dontaku Port Festival” was held in cooperation with the local government and companies, along with the “Genki-bai Fukuoka” (Fukuoka dialect meaning, “Yes, I’m Fine Fukuoka!”) campaign. We proactively participated in reviving a city that wouldn’t let an earthquake bring it down.



“Akari no Yakata” used for meals



“Genki-bai Fukuoka” Dontaku guys

## Supporting Sports

### ■ Activities for regional sport promotion

Since 1993, we have been trying to raise the level of sports in local areas in aiming for a bright and healthy community, holding sports events and competitions in where children and the elderly can participate.

In FY2005, at each branch office, 113 meets with 18 events were held and 53,211 persons participated.



Kyuden Boys Soccer New Members Competition (Sasebo office)

### ■ Implementing our new symbol sport

We have made our rugby team our symbol sports from 2005. We have set our sights on entering the top national league in Japan. Part of our aspirations for this venture is to gain a devoted local fan base and encouragement from local people. As part of our commitment, we provide rugby coaching sessions in the local areas and participate in local events.



Rugby seminar by our company rugby team

**The measure for local environmental preservation**

In each place of business, through clean-up activities in the community, we are taking measures for creating a comfortable environment so residents can live comfortably.

As one of our main activities, we have an environmental month in June and a “Thank you campaign for customers” in October every year, where we focus on this campaign period to unite the management, and employees to clean the dry riverbeds, seashore, historical relics, etc.



The "Kushida shrine cleaning activities" (Fukuoka branch) in which the president participated

**Measures for social welfare**

In each place of business, measures are taken for social welfare based on the characteristic of the area.

As one of our main activities, we have a “Thank you campaign for customers”, and through this campaign, we service cultural assets, clean the light equipment at elderly persons’ homes and help them wire equipment, donate close-captioned TV tuners to schools for the hearing impaired, and perform other activities.



Stone wall cleaning of Oka castle mark (Takeda office)

We also take part in the Special Olympics in the Kumamoto area and the Oita International Wheelchair Marathon and support of the Iizuka International Wheelchair tennis tournament.



Donation of a television tuner for subtitle broadcast (Saga office)



Lighting equipment cleaning service of elderly persons living by themselves (Takeo office)

**Cooperation in the Bogatsuru burn-off activity**

In November 2005, our Oita branch office received a certificate of appreciation from Takeda City for our activities in their continuous efforts to preserve the swamp in the Kujyu Bogatsuru (Takeda-city, Oita prefecture) Tadehara (kokonoe-town) at the Ramsar Convention\* Registration Commemorative Ceremony.

At this branch, we launched a “Bogatsuru burn-off committee” in 1999, and ever since, have been supporting and assisting with the cooperation of the local organization.

Under the Ramsar Convention registration, burn-off activities will be more important, so we hope to continue with our activities for preserving the field with the cooperation of the local community.



Burning of a field

**Kyuhai Memorial Scholarship Association**

Through the Kyuhai Memorial Scholarship Association that was established by the predecessor of our company, Kyushu Haiden Co., Ltd. as an aid to support a healthy mind and body, we offer financial support for students (foreign students included) for universities or vocational schools since 1957.

We now have 30 students on this scholarship, and we support each person with 220,000 yen.

\*Glossary / Ramsar Convention: An intergovernmental treaty which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources.

## Measure of international exchange and international cooperation

We have been fostering international exchange activities with 13 electric power organizations in 9 countries based on exchange agreements.

Also we have contributed for sustainable development of the developing countries through training program and technical support.

### International exchange

With power utilities in U.K., France and South Korea, we have exchanged information such as the liberalization of the power market, and we have provided our expertise and know-how in the



Periodic international exchange with Provincial Electricity Authority (Thailand)

field of generation, transmission and distribution to the electric power organizations in China, Thailand and Vietnam.

### International cooperation

We have been accepting trainees from and dispatching experts to the developing countries mainly Asian countries, through Japan International Cooperation Agency (JICA) and Japan Electric Power Information Center (JEPIC) for contribution to the development of electric power industry in these countries.

## The measure for solving community issues

### Cooperation in local crime prevention activities

Taking advantage of community-based business, we can promote local crime prevention activities with the local police, residents and other companies to create an environment where chil-



A "Children Emergency call" activity by a company car (Kagoshima branch)

dren will not be involved in crime. We have implemented a "Children Emergency call" activity since FY2006 by Kagoshima Branch Office in cooperation with 7 business partners.

### Cooperation in an illegal dumping patrol

When illegal dumping is discovered during a patrol, the "agreement about the measure against illegal dumping" was concluded with 77 local self-governing bodies, by 22 places of business.



Stop illegal dumping sticker on a company car

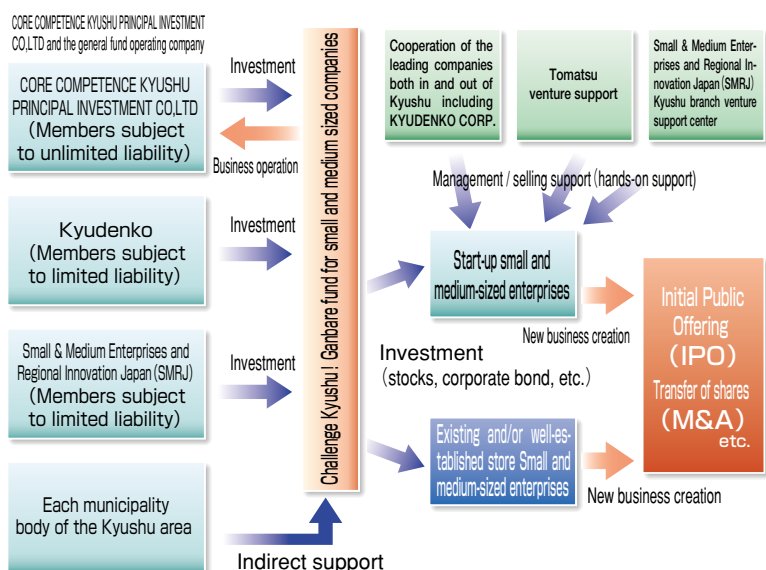
## Establishment of "Challenge Kyushu! a small-and-medium-sized-enterprises "ganbare" fund" Measure by Kyudenko.

Kyudenko Co.,Inc., one of the group kyuden companies established the "challenge Kyushu! small-and-medium-sized-enterprises "ganbare" fund," which made CORE COMPETENCE KYUSHU PRINCIPAL INVESTMENT CO.,LTD. in the management company, creating a fund by joint investment with the Small & Medium Enterprises and Regional Innovation Japan (SMRJ) (following minor mechanisms). It reached a total of 1 billion yen.

It was the first found in Kyushu to utilize the scheme of the "Small & Medium Enterprises and Regional Innovation Japan (SMRJ)" Various supporting funds, such as a loan and a corporate bond with the right of new share reservation, can also be offered to the Small & Medium Enterprises and Regional Innovation Japan (SMRJ) which have not gone public with their stocks.

Through this fund, KYUDENKO CORPORATION widely supports Small & Medium Enterprises and Regional Innovation Japan (SMRJ) for the deployment of new business.

<http://www.kyudenko.co.jp>



## Supporting employees' volunteer activities

We actively support employees' volunteer activities by offering, expense assistance education activities, and the production of environment so that an employee can freely participate in volunteer activity positively.

### ■ Volunteer time-off system

An employee can acquire a community service leave apart from regular paid holidays with an annual limit of seven days (required days for donors). (Unit acquisition is possible half a day)

#### ▼ The acquisition track record of volunteer holidays (days)

FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
191.5	345	283.5	261.5	296.5

### ■ Commendation system for notable contribution to the community

We commend the employee who is performing contribution activities to a community honestly over many

years is commended.

#### ▼ commendation for contributive persons to the community (people)

FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
49	27	41	21	25

### ■ Promotion of taking official certificate

We cover an examination fee of official certificate, a transportation-expenses paid for 17 examinations among 4 fields, such as elderly welfare, sport instruction, health and hygiene, leisure practical use, to promote an employee's contribution.

#### ▼ Number of employees paid (people)

FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
18	19	35	30	40

### ■ Volunteer education activities

Various educational activities, such as holding a volunteer experience exhibition or a seminar and a visit of welfare facilities, are performed per place of business for the purpose of raising employees' consciousness and promoting volunteer activity.

## Further substantial activities

We are carrying out cooperative activities with the community and society positively in a broad range, and these measures will continue to become more important.

In addition, in order to make these measures more substantial while clarifying our purpose and stance, we must aim at further developing activities according to the needs of the community and society.

From these experiences, we established the Basic Policy for coexisting with the community and society the Management System with which each department can take cross-departmental actions from the viewpoint of a cross section in April 2006.

Through these efforts, we hope to further enhance our coexistence with the community and society.

### Activity of the meeting which supports Ashinagawa scholarship society is continued.

The support activities for children who have lost parents to illness, disasters or suicides (creating a space for them), suicide prevention measures (held a orphaned child symposium and active measures towards the government) have been continuing for 8 years. When I was being commended for my activities, I realized that this is a community contribution example of our company, so I decided to receive the award.

After receiving this award, I felt that this type of activity is what is necessary in the society now, and our company's employees have the know-how and skill that can be harnessed in the present society. I want all the employees to know that there are many things that can be done as a volunteer, so I hope that this message goes out to each and every employee, and I hope you have the opportunity to use your knowledge for the society.



**Akemi Nakao**  
 Saga Branch Office, Public Relations Group  
 Association to assist the Ashinaga Ikuei Kai  
 [Saga·Big Foot] representative

### Basic policy for coexisting with the community and society

Kyushu Electric Power promotes activities to coexist with the local community and society by following the principles below to aim for continuous development and realization of a comfortable and affluent society.

- 1 We will take part in the active involvement of the community and society to help solving issues at hand, nurture the future generation, create an attractive society through the fields of regional development, culture and arts, sports, sciences and education, welfare, medical and health issues, international exchange and environmental preservation.
- 2 We will effectively use our management resources for measures that need to be taken.
- 3 While making your voice heard in many activities by releasing the contents of activity and aiming at communication with everyone, collaboration between you, the area and society will progress.

# Pluthermal Plan

We outlined a plan to start pluthermal operations at Genkai-3 that will be in use by FY2010.

We established a policy for the pluthermal plan at Genkai-3 that will be in use by FY2010.

We submitted our applications for prior consent to Saga Prefecture and Genkai town on May 28, 2004, based on our safety agreement. On the same day, we submitted the application for permission for reactor modification to the government.

After undergoing a safety review, we received permission for our pluthermal plan from the Ministry of Economy Trade and Industry (METI) on September 7, 2005.

In order to obtain understanding from surrounding municipalities, we continued to conduct activities to help local residents understand both the safety and the necessity of our pluthermal plan. On March 26, 2006 Saga prefecture and Genkai town gave us their consent.

We will proceed with the procedures for Mixed Oxide fuel (MOX fuel) fabrication and shipment, aiming to implement our pluthermal

plan by FY2010. And we will also comply with relevant laws in each stage and ensure measures for safety by doing appropriate quality assurance activities.

The safe operation of our nuclear power plants is our top priority, and we make every efforts to disclose information. With the understanding and cooperation of neighborhood people, we are making steady advances in our pluthermal plan.



President Matsuo receiving the document of prior consent

## Main activities to gain understanding for our Pluthermal project

- Visitations and information seminar activities
- Open discussions
- Seminars, lectures, events
- Newspaper ads
- Magazine ads
- TV and radio commercials, etc.



The pluthermal open forum of hosted Kyushu Electric power (February 20, 2005)

## History outline

- |             |  |
|-------------|--|
| April 28    | We established the policy for implementing the pluthermal plan at Genkai-3 by FY2010.  |
| May 28      | Applications for prior consent were submitted to Saga Prefecture and Genkai town based on the safety agreement between the municipalities and Kyushu Electric Power. Based on the Nuclear Reactor Regulation Law, the application for permission for reactor modification was submitted to the government. |
| February 10 | METI consulted the Atomic Energy Commission and the Nuclear Safety Commission to obtain their permission for our pluthermal plan.  |
| February 20 | A forum on our pluthermal plan was hosted by our company in Genkai town.   |
| August 29   | The Nuclear Safety Commission submitted its report to METI.  |
| August 30   | The Atomic Energy Commission submitted its report to METI.   |
| September 7 | METI granted us permission to proceed with our pluthermal plan.  |
| October 2   | A forum on pluthermal was hosted by the government in Genkai town  |
| December 25 | A forum on pluthermal was hosted by Saga prefecture in Karatsu city.   |
| February 7  | Saga prefecture announced its views on the safety of our pluthermal plan at Genkai-3.  |
| March 26    | Based on safety agreements, Saga prefecture and Genkai town gave us their consent for our pluthermal plan.   |

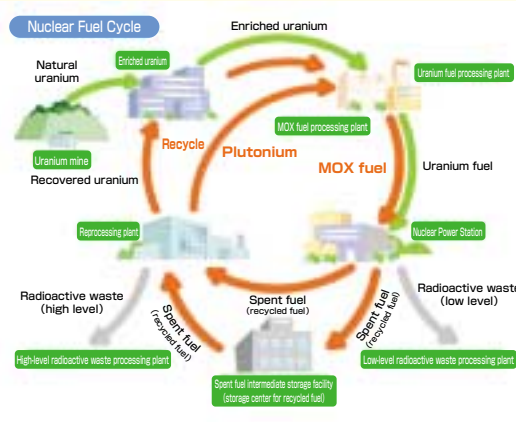
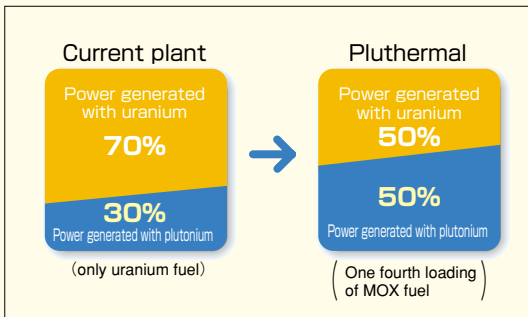
## The Necessity of our pluthermal plan

Our Pluthermal plan enables us to conserve uranium resources and reduce levels of radioactive waste because plutonium contained in spent fuel is recovered and reused.

In a view of nonproliferation, we intend to safely and steadily utilize the plutonium that has already been recovered from our plants' spent fuel.

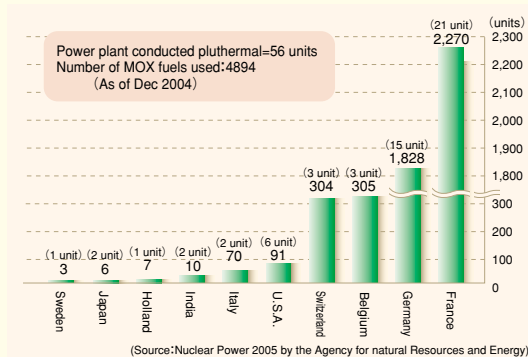
## The safety of our pluthermal plan

- In nuclear power plants that use only uranium fuel, some plutonium transformed from uranium burns in the reactor. The amount of energy produced from the plutonium in current reactors is approximately 30%.
- In the case of pluthermal operation, the amount of energy produced from plutonium rises to 50%, since loaded MOX fuel contains plutonium. The government has confirmed



the safety of pluthermal operations.

- Pluthermal operations have been conducted safely in France, Germany, Belgium and other parts of Europe since the 1960's
- Problems attributable to the characteristics of MOX fuel have not been reported.
- Our pluthermal plan at Genkai-3 has been reviewed by the government and deemed safe.



### (What is pluthermal?)

Spent uranium fuel burned in a nuclear reactor contains plutonium that can be reused as nuclear fuel.

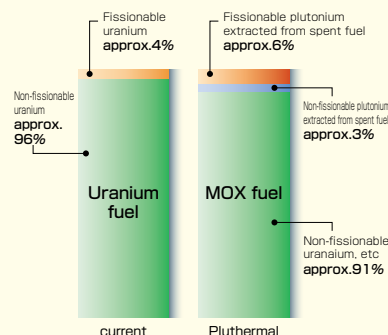
"Pluthermal" involves utilizing the plutonium extracted from spent fuels as MOX fuel. MOX fuel is made of plutonium extracted from spent fuels and uranium, and is loaded into the current reactor.

At Genkai-3, we plan to load 48 MOX fuels, which is one fourth of the total 193 fuels, into the reactor.

The term "pluthermal" comes from plutonium and thermal reactor.

### (What is MOX fuel?)

MOX fuel is the fuel utilized in the pluthermal process. The term "MOX" comes from mixed oxide, since MOX fuel is made from uranium and plutonium as forms of mixed oxides.



# Company data

## ▼ Data of financial statement for FY2005

### ■ Consolidated profit and loss overall condition (100 millions of yen, %)

		FY2005	FY2004	Increase/decrease	Ratio of previous year
Ordinary revenues	Electric power business operating revenue	13,119	13,205	▲85	99.3
	Other business and operating revenues	897	881	16	101.8
	Operating revenues (amount of proceeds)	14,017	14,087	▲69	99.5
	Non-operating revenue	76	74	2	103.7
	<b>Total</b>	<b>14,094</b>	<b>14,161</b>	<b>▲66</b>	<b>99.5</b>
Ordinary expenses	Electric power business operating expense	11,407	11,077	330	103.0
	Other business operating expense	896	872	24	102.8
	Operating expense	12,304	11,949	354	103.0
	Nonoperating expenditure	537	611	▲74	87.8
	<b>Total</b>	<b>12,841</b>	<b>12,561</b>	<b>279</b>	<b>102.2</b>
(operating income)		(1,712)	(2,137)	(▲424)	(80.1)
Current earnings		1,252	1,599	▲346	78.3
Provision for reserve for fluctuations in water level		▲46	26	▲73	—
Extraordinary loss		91	105	▲13	87.3
Net Income		768	892	▲124	86.1

### ■ Cash flow comparison chart (consolidated) (100 millions of yen)

		FY2005	FY2004	increase/decrease
Operating Cash flow		2,709	4,192	▲1,483
Investing Cash flow		▲1,970	▲1,935	▲35
(Capital Expenditure [Republication])		(▲2,001)	(▲2,063)	(61)
Financing Cash flow		▲666	▲2,210	1,544
total		72	46	25
Free Cash Flow*		708	2,129	▲1,421

\* (Free Cash Flow) = (Free cash flow for sales activities) - (Acquisition expenditure of fixed assets)

### ■ Ordinary Income for every business domain (100 millions of yen)

		FY2005 Actual achievement	FY2006 Forecast	FY2005~2009 Management target
Integrated energy business (excluding our electric power business)		50	45	Average 40
Information Communication business		▲23	▲25	Average 40
Environment and recycle business Lifestyle service business		25	35	Average 20

(Note) Each enterprise domain includes the incidental enterprise of Kyusyu electric Power.

### ■ Profit and loss comparison table (non-consolidated) (100 million yen, %)

		FY2005	FY2004	Increase/decrease	Ratio of previous year
Ordinary revenue	Residential	5,623	5,667	▲43	99.2
	Commercial & industrial	7,285	7,363	▲77	98.9
	Sales to electric power companies	77	45	32	173.0
	Other	352	308	43	114.0
	(amount of proceeds)	(13,294)	(13,331)	(▲37)	(99.7)
<b>Total</b>	<b>13,339</b>	<b>13,384</b>	<b>▲44</b>	<b>99.7</b>	
Ordinary expenditure	Personnel costs	1,784	1,859	▲74	96.0
	Fuel cost	1,797	1,432	365	125.5
	Maintenance and repairs	1,573	1,587	▲13	99.2
	Depreciation expense	1,995	2,103	▲107	94.9
	Purchase charge of electric power	1,132	1,055	76	107.3
	Interest	384	465	▲80	82.6
	Other	3,528	3,352	176	105.3
<b>Total</b>	<b>12,197</b>	<b>11,855</b>	<b>342</b>	<b>102.9</b>	
(operating income)		(1,596)	(2,015)	(▲419)	(79.2)
Ordinary profit		1,141	1,529	▲387	74.7
Provision for reserve for fluctuations in water level		▲46	26	▲73	—
Extraordinary loss		100	66	33	150.4
Net income		691	893	▲202	77.3

### ■ Lead specifications (yen/\$, \$/b, %)

		FY2005	FY2004	increase/decrease
Currency exchange rate		113.3	107.5	5.8
Crude-oil CIF price		55.8	38.8	17.0
Flood rate		81.6	113.2	▲31.6
Utilization factor of nuclear plants		86.8	86.2	0.6

### ■ Balance sheet comparison table (non-consolidated) (100 millions of yen)

		2006 end of March	2005 end of March	increase and decrease
Asset		38,573	38,065	507
Liability		28,616	28,772	▲155
Capital		9,956	9,293	663

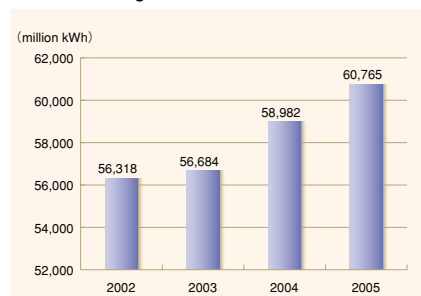
For a more details on the financial data, please visit our website (<http://www.kyuden.co.jp/>)

## ▼ Electric power sales

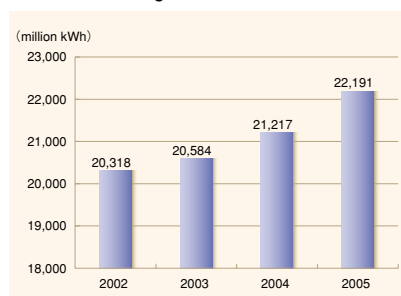
### ■ The amount comparison table of selling electric power (100 million kWh, %)

		FY 2005	FY 2004	Increase/decrease	previous year
Residential		283	275	8	102.8
Commercial / Industrial		547	527	20	103.7
Total		830	802	28	103.4

### ■ Transition of general demand

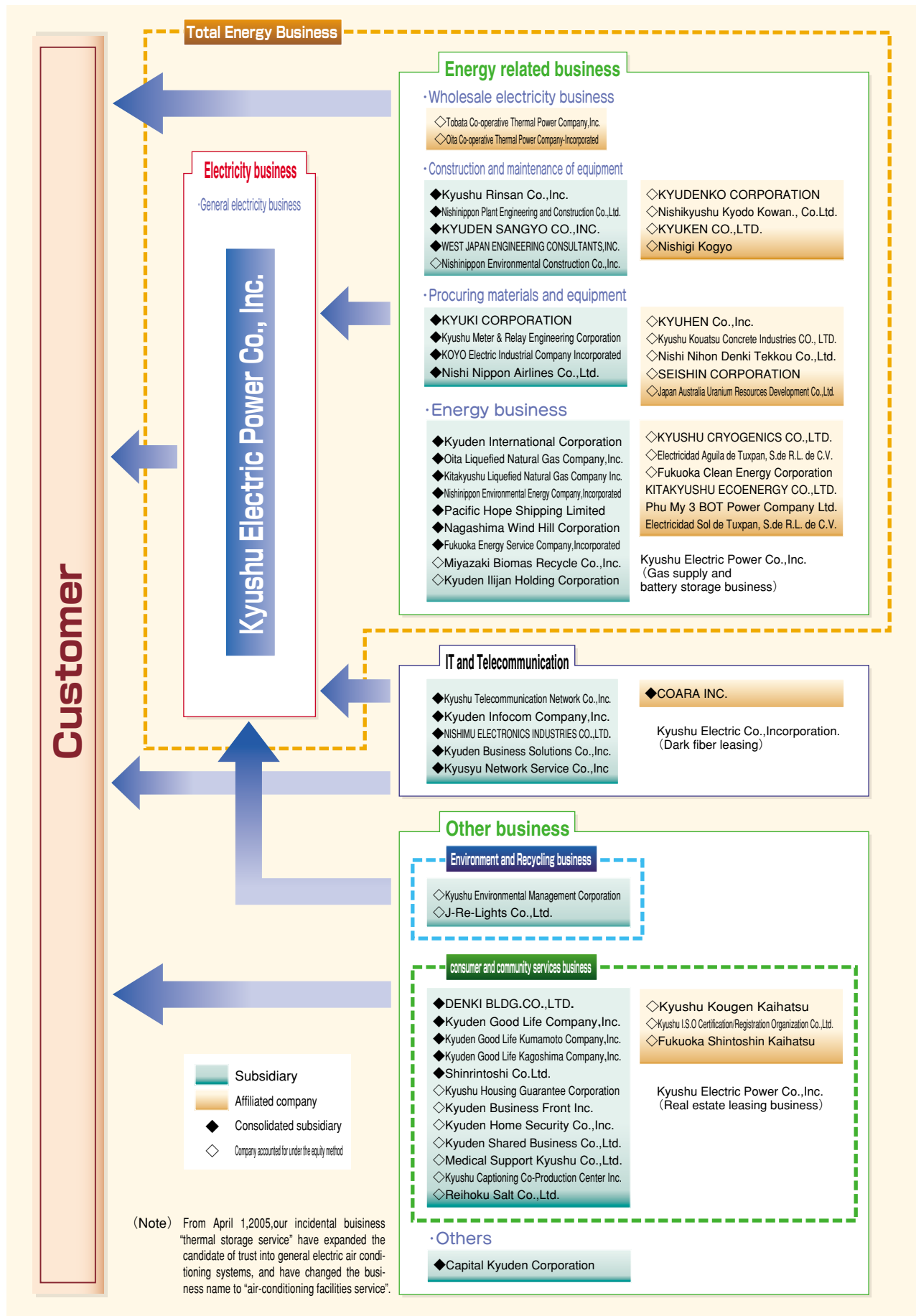


### ■ Transition of large-scale industrial demand





▼ Kyushu Electric Group Outline (as of the end of March)



▼ Record and Targets of Environmental Load

We set specific target values for our main environmental activities, and are striving to achieve sustained reduction of environmental load. (Non-Consolidated)

	Items	Units	Record	Target			
			FY2005	FY2005	FY2009		
Measures for global environmental issues	Supply aspect	CO <sub>2</sub> emissions intensity (end use electricity)	kg-CO <sub>2</sub> /kWh	0.368 <sup>※1</sup>	Approx. 0.34 <sup>※2</sup>	Approx. 0.36 <sup>※3</sup>	
		CO <sub>2</sub> emissions [Electricity sales]	10,000 tons-CO <sub>2</sub> [100 million kWh]	3,060 <sup>※1</sup> [830]	Approx. 2,700 <sup>※2</sup> [801]	Approx. 3,000 <sup>※3</sup> [830]	
		Nuclear power operating factor	%	86.8	84.4 <sup>※2</sup>	Approx. 85 <sup>※3</sup>	
		Efficiency at thermal power stations (sent-out thermal efficiency)	%	39.3	Approx. 40 <sup>※2</sup>	Approx. 40 <sup>※3</sup>	
		Utilization of power generated from new energy sources	100 million kWh	4.5 or more	4.5 or more	8.9 or more <sup>※4</sup>	
		Transmission and distribution loss factor	%	5.2	5.4 <sup>※2</sup>	5.4 <sup>※3</sup>	
	Consumption aspect	Energy and resource conservation at the office	consumption				
			CO <sub>2</sub> emissions <sup>※5</sup>	10,000 tons-CO <sub>2</sub>	6.1	—	Approx. 5.5
		In-house power <sup>※5</sup>	million kWh	167	—	153 or less	
		Internal logistics	CO <sub>2</sub> emissions <sup>※5</sup>	10,000 tons-CO <sub>2</sub>	0.6	—	Approx. 0.6
			Fuel for regular vehicles consumed <sup>※5</sup>	km/ℓ	11.9	—	12.3 or more
			Low emission/fuel-efficient vehicle introduction <sup>※6</sup>	%	25.5	25 or more	70 or more
		Paper purchased <sup>※5</sup>	tons	581	—	600 or less	
		Clean water used <sup>※5</sup>	m <sup>3</sup> /person	36 <sup>※7</sup>	—	36 or less	
		SF <sub>6</sub> recovery at equipment checkups	%	99	98 or more	98 or more	
Regulated Freon recovery at equipment checkups	%	100	100	100			
Measures for establishing a recycling society	Industrial waste recycled	%	92	90 or more	90 or more		
	Coal ash recycled	%	91	90 or more	90 or more		
	Other waste recycled	%	98	98 or more	98 or more		
	Industrial waste landfilled outside company	tons	1,210	1,000 or less	1,000 or less		
	Used paper recycled	%	100	100	100		
	Green procurement <sup>※8</sup>	%	97	100	100		
Co-existence with the local environment	SO <sub>x</sub> emissions intensity per thermal power generated	g/kWh	0.22	Approx. 0.2	Approx. 0.2		
	NO <sub>x</sub> emissions intensity per thermal power generated	g/kWh	0.19	Approx. 0.2	Approx. 0.2		
	Sievert calculation in radiation measurement on people living near nuclear power stations per year	miliseivert	Less than 0.001	Less than 0.001	Less than 0.001		

※1 Calculation methods for CO<sub>2</sub> emission volume and CO<sub>2</sub> emission factors for electric utilities as defined under the Law Concerning the Promotion of Measure to Cope with Global Warming were not established as of the time of calculation of these figures.

※2 Prospects based on FY2005 power supply plans.

※3 Prospects based on FY2006 power supply plans.

※4 The value which our company presumed from the amount of national duty under present reexamination of the examination by the Ministry of Economy, Trade and Industry.

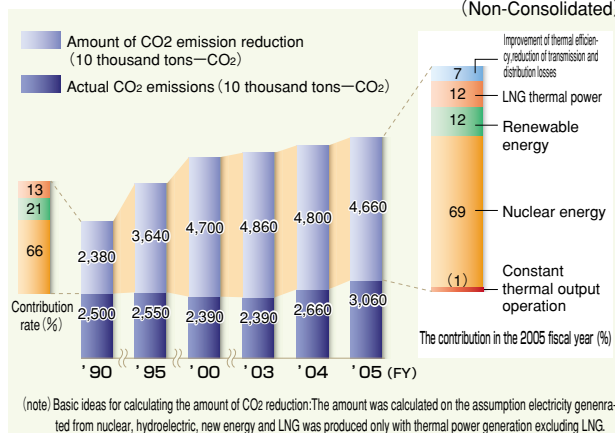
※5 Based on the Kyoto Protocol target achievement plan, newly established.

※6 This is the percentage of clean-energy vehicles (electric vehicles, hybrid cars) and fuel-efficient vehicles that are in conformity with FY2010 fuel economy standards and that are low-emission vehicles approved by the Ministry of Land, Infrastructure and Transport in the company fleet.

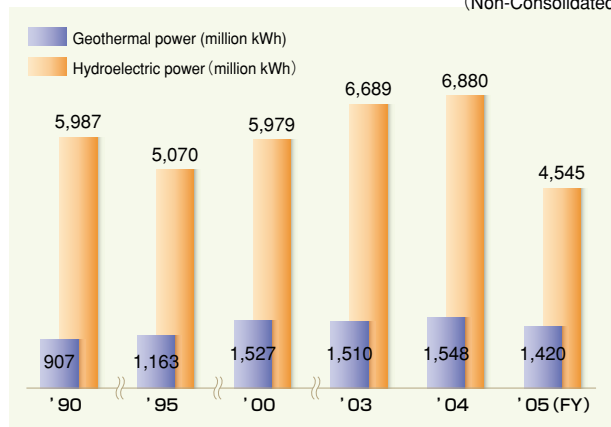
※7 The amount of clean water used by the entire company divided by the number of employees in the company (the end of the fiscal year concerned).

※8 Green procurement includes office and stationery supplies that are in conformity with socially recognized eco-friendly standards.

▼ CO2 emission reduction effects of nuclear power generation, etc. (Non-Consolidated)



▼ Electricity generated with geothermal and hydroelectric power (Non-Consolidated)

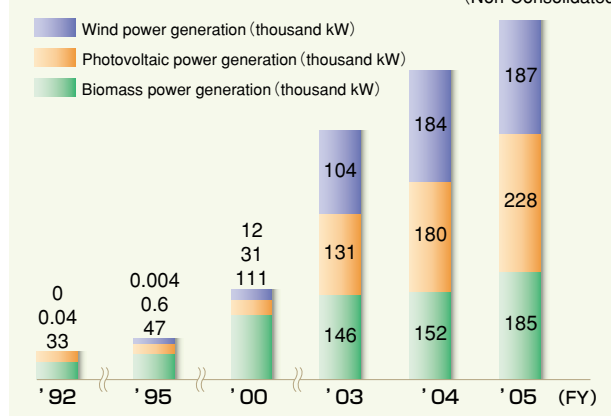


▼ Excess wind-, photovoltaic and biomass-generated power contract numbers (Non-Consolidated) (contract)

FY	1992	1995	2000	2003	2004	2005
Wind power	0	1	15	32	42	44
Photovoltaic power	2	126	7,642	32,353	45,060	57,296
Biomass power	9	11	18	27	31	33

※Generating electricity from waste materials using common garbage as fuel is included in biomass power generation.

▼ Excess wind-, photovoltaic and biomass generated power contracts (Non-Consolidated)



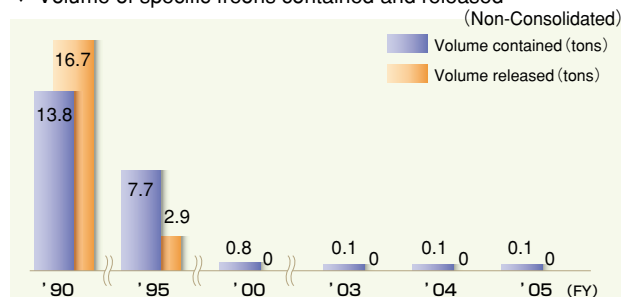
▼ SF6 gas recovery record (FY2005; Non-Consolidated)

Figures in parenthesis show CO2 converted volume※

	Amount of gas usage	Amount of recovered gas	Recovery Rate
At equipment overhaul	14.98 tons (358 thousand tons)	14.85 tons (355 thousand tons)	99.1%
At equipment dismantlement	4.07 tons (97.3 thousand tons)	4.04 tons (96.6 thousand tons)	99.3%

※Figures are obtained by converting the weight of SF6 gas to the weight of CO2 by applying the global warming potential (23,900) for SF6

▼ Volume of specific freons contained and released (Non-Consolidated)



(Note 1) Specific freons refer to specific freons and carbon tetrachloride.

(Note 2) Volume released is the amount actually used to replenish equipment.

(Note 3) Natural leakage was calculated in the year when it was detected during inspections or when switching to alternative freons.

▼ PRTR investigation results (FY2005; Non-Consolidated)

unit: kg (Dioxins: mg-TEQ)

INDEX NO.	Chemical substance	Applications	Qty. handled	Qty. released into the air	Qty. transferred
30	Bisphenol A type epoxy resin	Coating material for equipment	4,400	88	0
40	Ethylbenzene	Coating material for equipment	3,800	3,800	0
63	Xylene	Coating material for equipment	16,500	16,500	0
179	Dioxins	Waste incinerator	—	69	6.2
253	Hydrazine	Feed water processing agent	30,800	1.5	0
304	Boron and boron compounds	Reactivity control in nuclear reactors	2,300	0	0
353	This phosphate (dimethyl phenyl)	Turbine control oil	6,400	0	4,600

(Note) aggregated data for one ton or more of class 1 Designated Chemical Substances and 0.5 tons or more of Specific Class 1 Designated Chemical Substances handled by business sites annually (effective digits aggregated: 2 digits). All dioxins are calculated regardless of the amount.

▼ Significant memberships of associations

The Federation of Electric Power Companies of Japan, Japan Electric Association, Kyushu Electric Association, Japan Electric Power Survey Committee, Japan Electric Power Information Center, Overseas Reprocessing Committee, Council for Nuclear Cycle, Japan Nuclear Technology Institute, Japan Business Federation, Kyushu Economic Federation, Fukuoka Association of Corporate Executives, Fukuoka Chamber of Commerce and Industry.

▼ Main charters and principles in which we participate or provide aid

Team Minus 6%

Charter for Good Corporate Behavior [Japan Business Federation]  
Federation of Electric Power Companies action agenda [The Federation of Electric Power Companies of Japan]  
Fukuoka Prefecture [Rearing Child aid declaration]

▼ The main award track records in FY2005

Subject	Name of Commendation	Organizations	Award Winning Dates
Kyushu Electric Power Co.,Inc. Matsuura Thermal Power Station	Chairman Award	Nagasaki Association for Safety of Hazardous Materials	2005. 6
Kyushu Electric Power Co.,Inc. Telecommunications Dept.	Kyushu Radio Association's Chairman Award	Kyushu Radio Association	2005. 6
Oita Co-operative Thermal Power Company-Incorporated	5,250,000-hour non-disaster commendation	Health, Labor and Welfare Ministry-Labor Standards Bureau	2005. 9
Kitakyushu Liquefied Natural Gas Company Inc.	High-pressure gas security Minister of Economy, Trade and Industry commendation	Institution for Safety of High Pressure Gas Engineering	2005.10
Kyushu Electric Power Co.,Inc. Fukuoka Minami Customer Service Office	Fukuoka townscape prize	Fukuoka City	2005.12
Kyushu Electric Power Co.,Inc. Shinkokura Thermal Power Station	International technical cooperation prize	Japan International Cooperation Agency (JICA)	2005.12
KYUDENKO CORPORATION Kitakyushu Branch Office	Kitakyushu Machi-zukuri Achievement Award	Kitakyushu City	2006. 2

▼ Significant management systems obtained from outside parties

■ ISO9001

Kyushu Electric Power Co.,Inc. Research Laboratory, KYUKI CORPORATION Headquarters etc., KYUKEN CO.,LTD. Headquarters etc., Kyushu Meter & Relay Engineering Corporation Fukuoka Factory, KYUSHU CRYOGENICS CO.,LTD., KYUDENKO CORPORATION Headquarters etc., KYUDEN SANGYO CO.,INC. Environmental Affairs Dept.,Kyuden Business Solutions Co.,Ltd., KYUHEN Co.,Inc. Headquarters Factory etc., KOYO Electric Industrial Company Incorporated, Shinrintoshi Co.,Ltd Housing Group, SEISHIN CORPORATION Headquarters, DENKI BLDG.CO.,LTD.Headquarters etc., Nishikyushu Kyodo Kowan Co.,Ltd. Business Division,Nishigi Kogyo Co.,INC. Headquarters etc.,Nishigi survey and planning Co.,Inc., WEST JAPAN ENGINEERING CONSULTANTS INC. Civil Engineering Department, Nishi Nippon Airlines Co.,Ltd., Nishi Nihon Denki Tekkou Co.,Ltd., Nishinippon Plant Engineering and Construction Co.,Ltd. Thermal Power Generation Construction & Maintenance Dept. NISHIMU ELECTRONICS INDUSTRIES CO.,LTD. The First System Technology Department

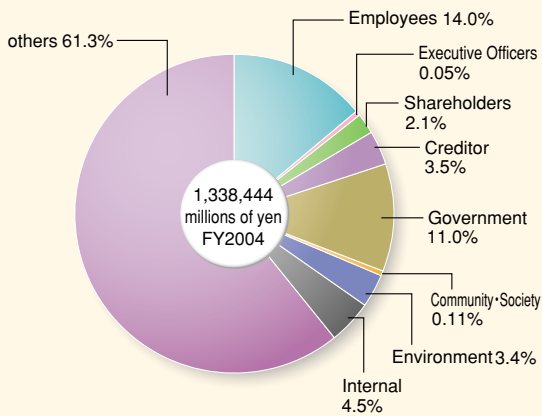
■ ISO14001

•Kyushu Electric Power Co.,Inc. Nagasaki Branch Office•Sendai Nuclear Power Station•Matsuura Thermal Power Station•Omarugawa Hydro Power Plant Construction Office  
•Saga Customer Service Office•HitoyoshiPower System Maintenance Office (Each group company's authentication status is listed on Page 36)

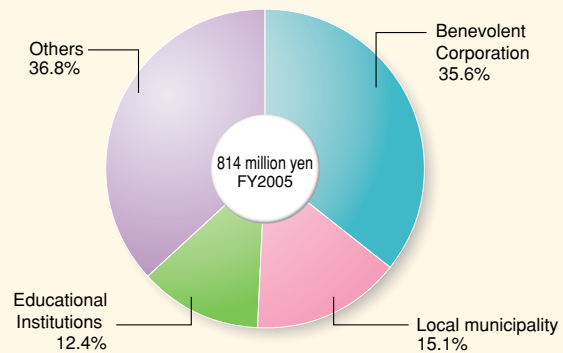
■ ISMS

•Kyuden Infocom Co.,Ltd.  
■ P-mark •Kyuden Business Solutions Co.,Ltd.

▼ Economical relation by the stakeholder (Non-Consolidated)



▼ The donation track record classified by expenditure place (Non-Consolidated)



(millions of yen)

	2002	2003	2004	Main items
Employees	192,618	202,253	187,643	employment cost, employee education and training cost
Executives (including corporate auditors)	763	1,783	664	board members compensation, board members salary, director retirement bonus for special services
Shareholders	23,702	23,697	28,430	cash dividend
Creditor	73,621	73,565	46,520	interest cost, bond interest
Government	130,529	127,016	146,632	corporate tax (including adjusted amount), business tax, promotion of power resource development tax, fixed property tax
Community and Society	1,621	1,480	1,467	contributions, Burden charge, Mesena activity charge, employee volunteer assistance activity charge
Environment	41,561	50,973	46,037	Environmental activity fund
Internal	38,703	46,280	60,815	Free reserve fund, Balance-carried-forward money
Others	859,289	794,355	820,235	
Total	1,362,410	1,321,406	1,338,444	

Profits from electric business sales	1,353,075	1,311,220	1,322,995	The electric business operating income of P/L
Profit earned by incidental business	5,533	7,116	10,165	The incidental business operating income of P/L (profit by a gas supply business, etc.)
Other profits	3,802	3,069	5,284	The nonoperating income of P/L (profit by a dividend earned)
Profit Total	1,362,410	1,321,406	1,338,444	

※ In order to grasp how the profit which is the countervalue of the goods and service obtained from the customers was distributed to the stakeholder, an earning statement (P/L) is prepared.



We asked Michiaki Abe, a professor at Kyushu University, to evaluate this report in order to ensure its objectivity.

## Third-Party opinion brief



Kyushu University Faculty of Law  
Professor  
**Michiaki Abe**

The CSR Promotion Committee was established and officer in charge of CSR was appointed. In addition to the Environment Action Report issued so far, the CSR report, covering every area of CSR, was published this year. These actions are highly valued and regarded as a strenuous effort to fulfill social responsibility and to seek sustainable social development. It is also greatly significant that the company decided to continue publication of the Environment Action Report as a tool to disclose detailed information about its environmental activities. My analysis of the details of this CSR report is as follows.

### Total impression of the report

This report shows that the company understands CSR concepts and themes thoroughly and CSR is not a special thing, but is rather what every company should carry out in its main business activities. Generally, viewpoints on the economy, environment and society are addressed in balanced manner and the six main pillars of this report are also easy to understand. As is after the case with CSR reports, while this report devotes many pages to environmental and social matters, it tends to depend on financial reports when it comes to economic matters. I think the next challenge for the company is to demonstrate and publicize social contributions from the viewpoint of economics. In addition, I recommend that the company puts more emphasis on its “economical relation by the stakeholder” (Page 67) in the data section of this report because it provides unique and interesting data, showing several kinds of expenditure to each stakeholder in vivid graphs.

### Compliance and disclosure of negative information

This report deals with much information about compliance, an important element of CSR. It says that the company has an in-house reporting system which helps employees to report to external lawyers when they find something illegal within the company. I recommend the company reveal in the report how the system actually works. Moreover, the information leakage accident and measures for recurrence prevention are mentioned in the report. Disclosure of such negative information gets high marks because it is a cornerstone of compliance.

### Implementation of CSR and communication with stakeholders

Not just setting goals of CSR, but actually carrying out CSR in daily business performance is a very important challenge for companies. It is estimable that the report introduces an action plan of this fiscal year, as well as results of each item in a CSR activity plan from the previous fiscal year. The company is preferable to conduct such questionnaires and surveys about CSR activities as carried out in the environmental report, and to set up a system where the company utilizes results for future CSR activities and publicizes them in its report. That system will enable the company to carry out CSR activities more effectively, and to communicate with stakeholders more beneficially through the report.

Like many CSR reports that introduce dialogue with workers or stakeholders, this report contains conversation and communication with an employee who used a support system for child and nursing care, one of the costars of a concert, and an employee who is engaged in volunteer activities. As this is favorably regarded as stakeholder participation, I hope the company more enthusiastically makes them public.

### Development of CSR through collaboration by group companies

CSR doesn't bear fruit without efforts to carry out CSR activities by a business group. This CSR report tells that business groups work together in the fields of basic principle, management style, charter of conduct, compliance management and other areas, and shows some affiliated company's efforts in CSR. On the other hand, the Environmental Action Report introduces CSR activities by group businesses on a larger scale. As this is the first time to publish CSR report, it is natural that introduction is what it is. But it is expected that more information about activities by group companies will be dealt with in the CSR report next year.

Urgent safety steps are needed for subcontractors and partner companies because they are likely to become victims of the most serious accidents. Accordingly, I think it would be better if the company increases descriptions about support and instruction in occupational safety and health for them.

Publication of your CSR report has just begun. I hope the company continues to make efforts and take the initiative in performing CSR activities based on solid principles and concrete measures to create a fruitful and easy-to-understand CSR report.

## About third-party opinion brief

We sincerely want to promote communication with stakeholders, reflect their opinions and demands on our management and business performance, and enhance efforts on CSR through this report.

This can be achieved if we increase trust among those who read this report by ensuring objectivity.

We asked Michiaki Abe, a professor at Kyushu University who studies legal affairs in companies and CSR, to evaluate the report from the viewpoint of an outsider. His objective analysis gave us suggestions and specific proposals and opinions.

We want to disclose implementation of the in-house reporting system in the report to the fullest extent possible.

We also strive to make the report contain more information and refined descriptions about economic responsibilities, communication with stakeholders, examples of efforts conducted by group companies, safety support and advice for contractors.

Moreover, as establishing a communication system via this report represents the purpose of its publication, we expand it to group companies, and we want to incorporate it into a 2006 CSR Action Plan.

Concerning points which are highly praised, we try to continue to engage in and reinforce them.

Based on feedback received so far, we will enhance our efforts in CSR activities and reflect them in the next report. And we continue to ask for your valuable opinions.

**Mitsuaki Sato**  
Representative Director & Executive Vice President  
Officer in charge of CSR  
Kyushu Electric Power Co, Incorporated

佐藤 光昭



GRI Guideline Comparative Table

\* : Arbitrary index item

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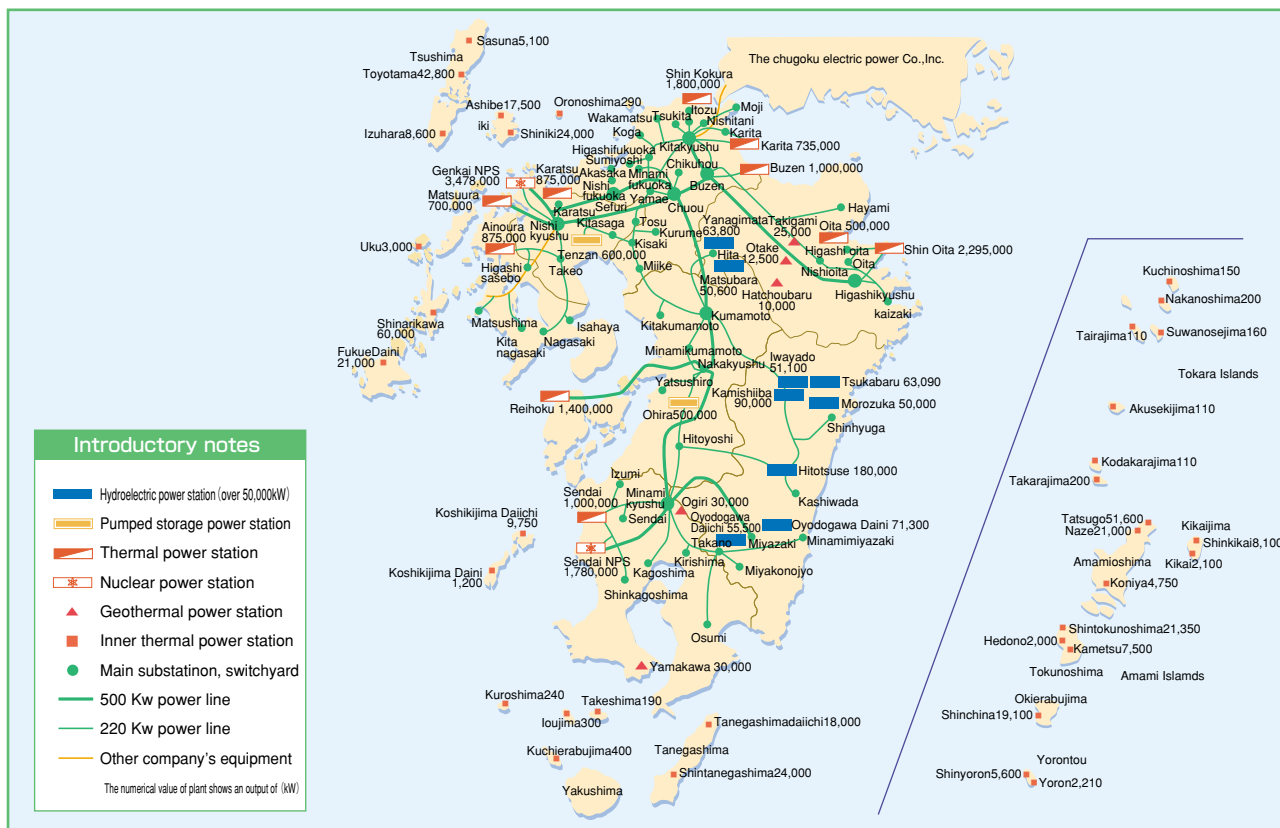
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<Abbreviations>  
 EC...direct economic impact  
 EN...environmental  
 LA...labor practice  
 HR...human rights  
 SO...society  
 PR...products responsibility



**[Main supply facilities] (As of March 2006)**



**[Business Outline] (As of March 2006)**

Trade Name	Kyushu Electric Power Company, Incorporated	
Date of Establishment	May 1, 1951	
Paid-in Capital	237.3 billion yen	
Number of shareholders	194,439	
Supply Area	Fukuoka prefecture, Saga prefecture, Nagasaki prefecture, Oita prefecture Kumamoto prefecture, Miyazaki prefecture, Kagoshima prefecture	
Amount of proceeds	1,329.4 billion yen	
Total assets	3,857.3 billion yen	
Number of employees	13,074	
Supply equipment		
Hydroelectric power stations	139 places	2,378 million kW
Thermal power stations	10 places	11.18 million kW
Geothermal power stations	5 places	0.208 million kW
Internal combustion power stations (exhaust heat and gas turbine included)	35 places	0.383 million kW
Nuclear power stations	2 places	5,258 million kW
O t h e r s	2 places	0.003 million kW
Our company's power stations total	193 places	19.41 million kW
Other companies' power stations total	47 places	2,971 million kW
Power generation equipment sum total	240 places	22,381 million kW
Substation	575 places	67.57 million kVA
Total transmission line length	9,769km	
Total distribution line length	132,327km	
Number of customers		
Residential electric power	7.31 million lots	
Commercial and Industrial Electric Power	1.05 million lots	
Total	8.36 million lots	

**[Board of Directors] (As of the end of June 2006)**

Chairman	Michisada Kamata
President	Shingo Matsuo
Executive Vice President	Hidemi Ashizuka
Executive Vice President	Mitsuaki Sato
Executive Vice President	Kowashi Imamura
Executive Vice President	Yukio Tanaka
Managing Director	Kouichi Hashida
Managing Director	Takahiro Higuchi
Managing Director	Tokihisa Ichinose
Managing Director	Tomokazu Odahara
Managing Director	Katsuhiko Higuchi
Director	Hachirou Kurano
Director	Nobuyoshi Yokoe
Director	Hitoshi Kiyota
Director	Shuuzou Katayama
Director	Yasumichi Hinago
Director	Toshio Manabe
Director	Keiji Mizuguchi
Senior Corporate Auditor	Noriyuki Ueda
Senior Corporate Auditor	Tooru Soufukuwaki
Corporate Auditor	Hajime Sankoda
Corporate Auditor	Kimiya Nakazato
Corporate Auditor	Zengo Ishimura
Corporate Auditor	Michiyo Koike



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