

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			

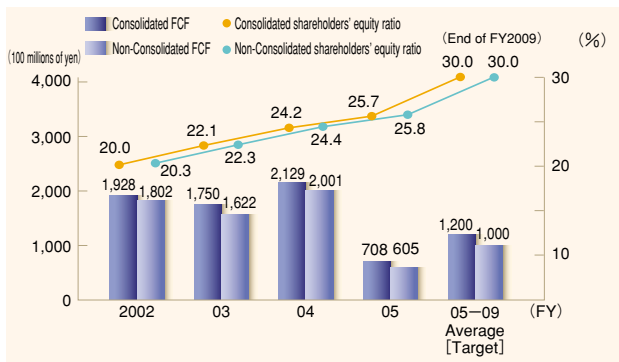
Management Efficiency Plan

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.

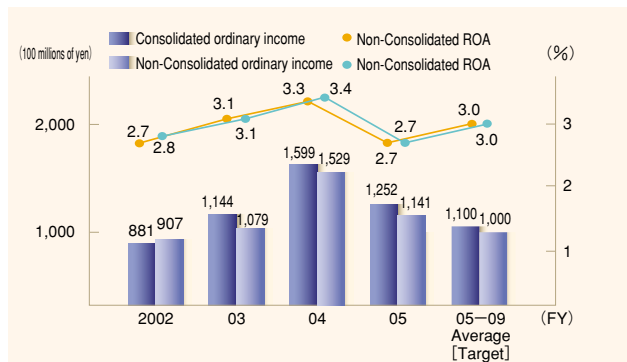
*Glossary / FCF: Free Cash Flow. Cash at a company's disposal. FCF is calculated by subtracting cash expenditures from the company's cash flow produced by operating activities, and indicates an increase/decrease in cash and cash equivalents

*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.

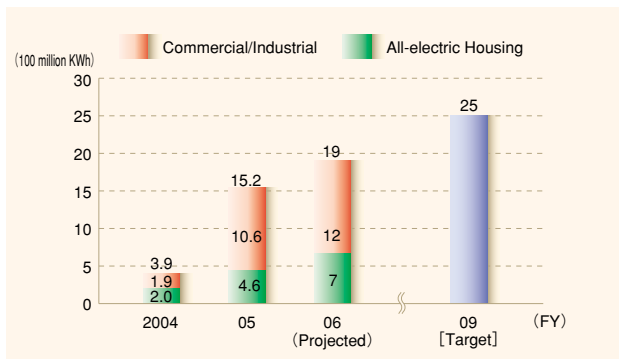
FCF and the shareholders' equity ratio



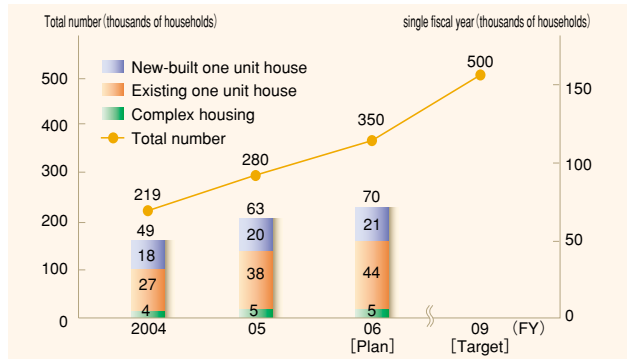
Ordinary income and ROA



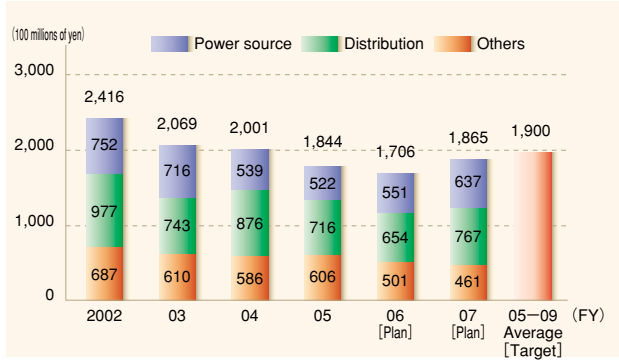
Generated Demand Target (vs. FY2003)



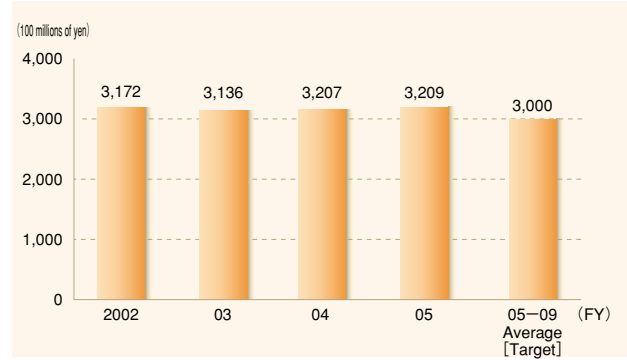
Transition of All-electric Housing



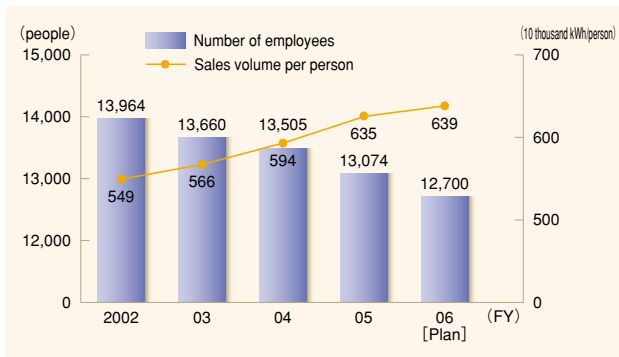
Transition of the amount of capital investment



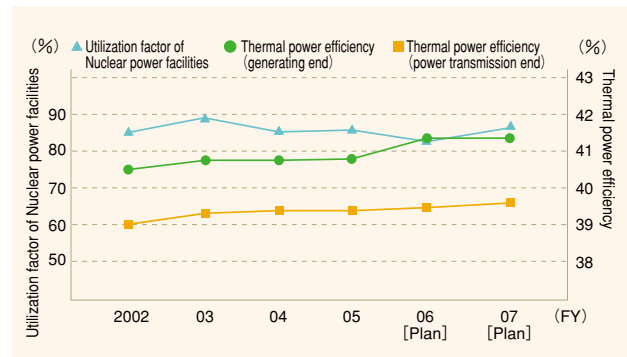
Maintenance and miscellaneous cost



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.