

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.

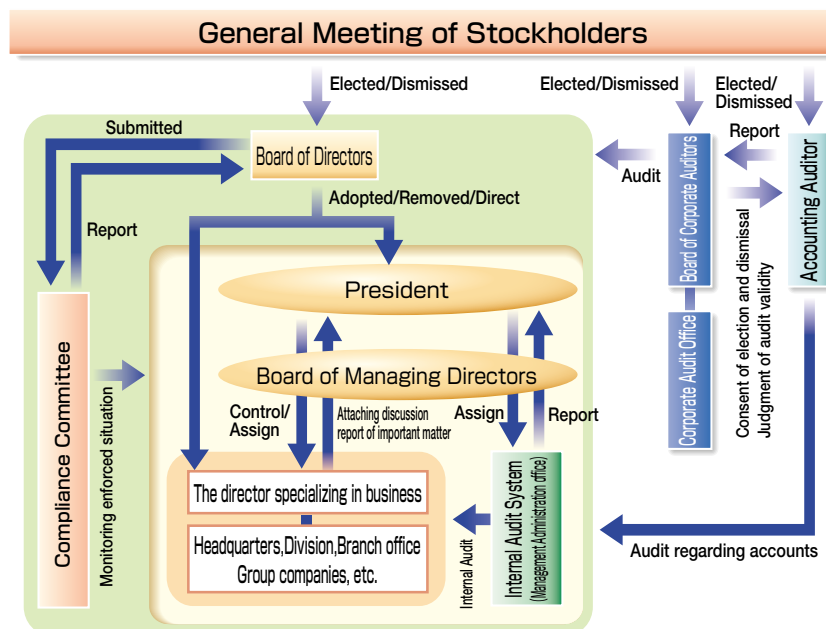
The Board of Corporate Auditors is held once a month in principle, or more if necessary. They receive reports concerning laws and articles of the association and other important items concerning the audit and hold consultations and resolutions.

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

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

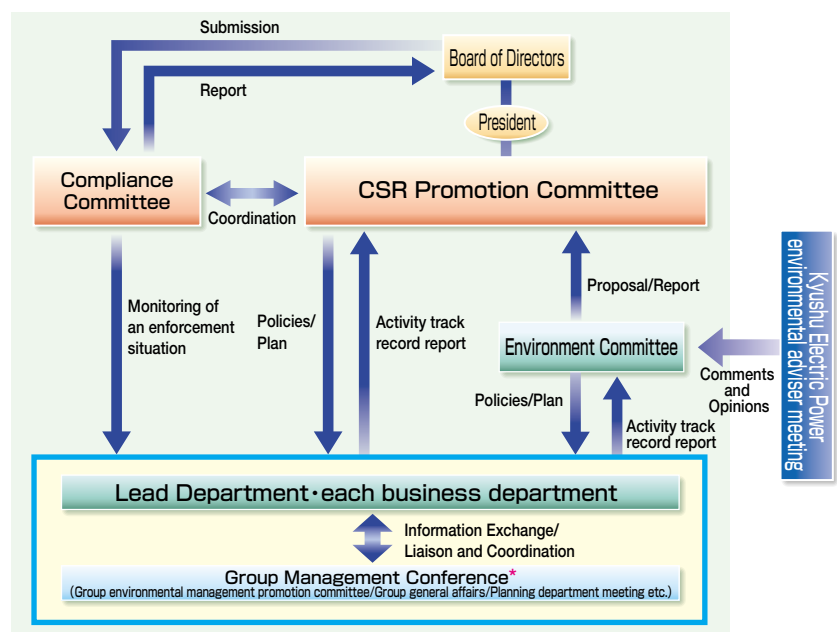
• Structure

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)