

The Kyushu Electric Power  
CSR Report 2007

2007



KYUSHU ELECTRIC POWER CO., INC.

# Editorial Policy

Kyushu Electric Power issued our first CSR Report which consisted of our philosophy and activities about CSR as a communication tool with our stakeholders.

We based this year's report on feedback from stakeholders and the following editorial policy.

## Report Scope

Kyushu Electric Power Co., Inc. and Group companies

## Period Covered

April 1, 2006 to March 31, 2007 (although some content is outside that timeframe)

## Reference Guidelines

GRI Sustainability Reporting Guidelines (G3)

### Tools other than this report disclosing CSR information

We produced this report in keeping with Sustainability Reporting Guidelines to raise stakeholder interest in what Kyushu Electric Power is doing and solicit feedback. The report focuses on areas of greatest stakeholder interest and issues with the greatest impact on Group operations.

We invite readers to see the following websites for full details:

■ Kyushu Electric Power website	<a href="http://www.kyuden.co.jp">http://www.kyuden.co.jp</a>	Provides details on the environment, investor relations, nuclear power, community activities, and technological development.
■ Environmental Action Report	<a href="http://www.kyuden.co.jp/environment_index">http://www.kyuden.co.jp/environment_index</a>	Contains detailed environmental data and results of activities.
■ Business Report	<a href="http://www.kyuden.co.jp/ir_irdate_index">http://www.kyuden.co.jp/ir_irdate_index</a>	A document that we are legally required to submit to the Financial Services Agency and which contains detailed financial data.
■ Corporate Governance Report	<a href="http://www.kyuden.co.jp/ir_irdate_index">http://www.kyuden.co.jp/ir_irdate_index</a>	Provides detailed corporate governance information; we submit it to stock exchanges.
■ Annual Report	<a href="http://www.kyuden.co.jp/ir_irdate_index">http://www.kyuden.co.jp/ir_irdate_index</a>	Provides detailed financial information and overviews our Corporate Social Responsibility initiatives.

 [GRI Sustainability Reporting Guidelines website](http://www.kyuden.co.jp/csr_index/)  
[http://www.kyuden.co.jp/csr\\_index/](http://www.kyuden.co.jp/csr_index/)

### GRI Sustainability Reporting Guidelines

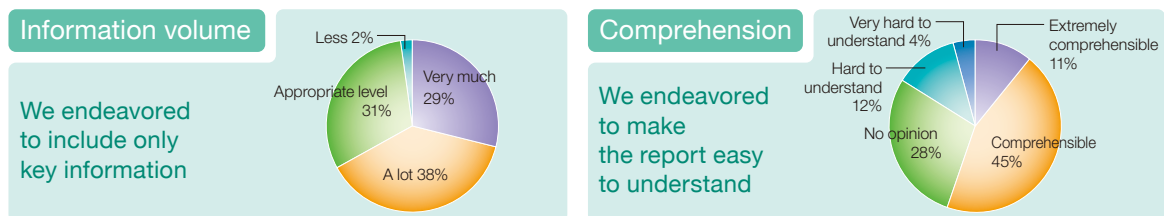
1 Strategies and analysis	1, 2	Economy (EC)	1, 8	Product responsibility (PR)	1, 5, 8
2 Organizational profile	1-8, 10	Environment (EN)	1, 3-6, 8, 10, 11, 16, 18-22, 29, 30	Labor practices and working conditions (LA)	1, 4, 7-9, 11-13
3 Report elements	1-6, 13			Human resources (HR)	3, 4, 7
4 Governance, commitment, and participation	1-4, 8, 9, 11, 16, 17			Social responsibility (SR)	1, 3, 4, 7

## Issue Dates

Previous report: June 2006    **This report: June 2007**    Next report: June 2008

## Results of Questionnaire Survey of Kyushu Electric Power CSR Report 2006

(Surveyed from June 19, 2006 to May 31, 2007; 602 responses)



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### Disclaimer

This report covers past and present information about Kyushu Electric Power Co., Inc and Group companies, as well as future strategies and goals. Such descriptions do not guarantee the achievement of such goals, which are subject to uncertainties and risks. Business activities may change in line with the operating environment.

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# We Treasure the Trust of Society

## Our Social Responsibilities and Mission

I'd like to take this opportunity to sincerely thank you for your continuing purchase of our electricity.

Our prime social responsibility has always been to provide safe, dependable, and efficient supplies of electricity to our customers. We have accordingly sought community cooperation in all aspects of our business.

Our greatest asset is the trust that we have built with society and our customers in fulfilling our mission.

Building and maintaining trust have been top priorities for me since becoming president. Kyushu Electric is determined to maintain that trust as society changes. Key examples are full-fledged competition in the energy market, growing global warming and energy resource issues, and diversifying lifestyles.

We recently formulated a new "Kyushu Electric Power's Mission" to ensure that we can build even greater trust with our customers in these changing times. The mission is to maintain stable supplies of electricity and other energy while contributing to customer comfort and the environment.

## Group CSR Commitment

Management aims to complement the Group's Management Vision and Charter of Conduct by increasing the satisfaction of customers, shareholders, investors, society,

and employee so it can keep creating enterprise value while contributing to social progress.

That is why corporate social responsibility is one of the top priorities in our midterm management plan, which covers fiscal 2005 through 2009. The CSR component of that one of plan centers on compliance, disclosure, the environment, and coexisting with society.

Our efforts in all these areas stem from long-held principles; they are not responses to government or social demands. I am convinced that our endeavors will enable us to consistently improve Group value and our competitiveness.

In August 2006, we established the Group CSR Promotion Subcommittee to support our drive toward overall excellence in corporate social responsibility.

## Reinforcing Compliance

Later in this report we discuss defects we identified in inspecting our hydroelectric and thermal power facilities in FY2006 in line with government guidelines. We found 605 defects in five categories.

None of the defects affected generating safety or the environment. We are nevertheless deeply sorry for compromising society's trust.

We take the findings extremely seriously, and will step up compliance to prevent such problems from reoccurring and restore trust.

# and Our Customers

## Communicating with Stakeholders

We issued our first Kyushu Electric Power CSR Report in 2006 as a communication tool for boosting our CSR efforts. We have since received feedback from many customers and other stakeholders. The 2007 report reflects many of those opinions, and we are responding accordingly. We thank all who contributed their ideas.

We look forward to hearing your thoughts on this year's report so we can further improve our CSR endeavors.

June 2007

Shingo Matsuo  
President

松尾新吾



# “Enlighten Our Future”

Towards a comfortable and environment-friendly lifestyle today and for generations to come.

To fulfill this mission, we are dedicated to achieving the following 4 goals:

**1 Steady and reliable, Earth- friendly energy.**  
In order for our customers to lead harmonious lives we will provide steady and reliable, Earth-friendly energy, while anticipating global trends and making full use of our advanced technology and abundant experience with energy and the environment.

**2 Services that truly satisfy.**  
We will offer services that place the gaining of trust from the customer as top priority. We would like to listen to the various voices of our customers in order to respond to their needs with services that truly satisfy.

**3 In company with Kyushu. And to Asia and the world.**  
In company with the people of Kyushu, we will work together to take action while thinking of our children's future and of the prosperity of the region. And from there, we will look to Asia and the world.

**4 Discovering solutions, and putting them into practice.**  
We will discover solutions that lead to a better tomorrow through honest, sincere and active discussions, believing in people's potential and mutually respecting personalities, and we will put these solutions into practice.



# 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.

### "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.

## 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 execute 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.

### 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.

# Highlights

## Kyushu Electric Power's Mission

### Enlighten our future

Toward a comfortable and environment-friendly lifestyle today and for generations to come.

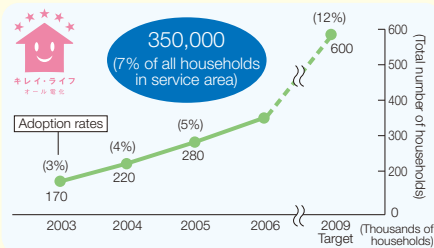
⇒ P5

We developed systems to air-lift generator trucks to sites lacking power.



⇒ P14

There are now more than 350,000 all-electric housing.



⇒ P16

We increased target reductions in carbon dioxide emissions

We switched from a goal of reducing our carbon dioxide emissions by FY2010 from a fiscal 1990 baseline to an objective of cutting average emissions for 2008 through 2012 in keeping with the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

### Target

Cut average carbon dioxide emissions for FY2008 through 2012 to 20% below fiscal 1990 level.

⇒ P37

We audited our quality assurance system for mixed oxide fuel.

In April 2007, we audited the quality assurance systems of fuel manufacturers to prepare for the production of mixed oxide fuels for pluthermal power generation.

### Kyushu Electric Power's pluthermal plan

Start power generation with this energy source by 2010 at the No. 3 unit of the Genkai Nuclear Power Station.

⇒ P52

Our rugby team "KYUDEN VOLTEX" was promoted to the top league.



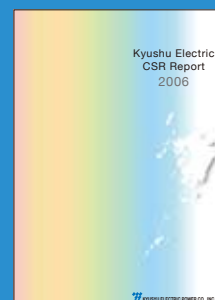
⇒ P55

We conducted seminars to explain our CSR Report to all employees



Sustainability Reporting Award for Kyushu Electric Power CSR Report 2006

We received a Sustainability Reporting Award from Toyo Keizai Inc. and a Green Reporting Award from the Green Reporting Forum for the Kyushu Electric CSR Report 2006.





Customer-based operations

Energy Security and Environmental Problems

We optimize our power source mix to safeguard the environment while continuing to ensure stable and efficient supplies of electricity.

⇒P10

Operation Management

Strengthening Corporate Governance

We established basic policies on corporate governance and are continuing to strengthen our systems to ensure healthy corporate management.

⇒P19

Compliance Management

Results of Generating Facility Inspections

We took steps to prevent violations from reoccurring and are endeavoring to rebuild trust.

⇒P26

Information Disclosure and Communication activities

Better Communicating Disaster and Emergency Information

We learned much from what happened after Typhoon No. 13 in September 2006 and from customer feedback and are improving our communications systems.

⇒P29

Environmental Activities

Eco Mothers Program

We keep looking toward tomorrow with children and mothers.

⇒P41

Respect of Human Rights and maintenance of labor environment

Reemploying Retirees

We create the senior employee system and other initiatives to increase employment opportunities.

⇒P45

Maintaining Our Safety-First Principle

Ensuring Nuclear Power Safety

We ensure that safety remains our top priority at nuclear power stations.

⇒P49

Corporate Citizenship

Participating in Community Activities

We participate in all aspects of community life throughout Kyushu.

⇒P53

Business Report

Management Targets

We continue progressing steadily toward our goals.

⇒P59

Group CSR Initiatives

Establishing the Group CSR Promotion Subcommittee

We set up the Group CSR Promotion Subcommittee to establish a CSR management cycle for the entire group organization.

⇒P63



## Customer-based Operations

Kyushu Electricity takes numerous steps to ensure reliable supplies of electricity and provide valuable products and services in keeping with its primary focus on our customers.

We recognize that electricity is an essential lifeline for daily living and economic and industrial activities. So it is our mission to supply power stably and efficiently.

Our basic philosophy has always been to contribute to comfortable and safe lifestyles and business activities and thereby foster regional development.

Full-fledged competition in the energy market and worsening global warming have transformed the operating climate in recent years.

Energy and the environment are crucial social issues. We will accordingly continue contributing to society by supplying energy that ensures comfort without harming the environment.

Building customer trust will be pivotal to our sustainable growth, and we will accordingly heed and respond to the opinions and needs of our customers.



### Energy Security and Environmental Problems

⇒P10-12

We are providing an optimum mixture of power sources to safeguarding the environment while maintaining stable electricity supplies for our customers.

### Maintaining Stable Supplies

⇒P13-14

We will continue to draw on our technologies and expertise to satisfy the increasingly sophisticated needs of our customers by reducing outages and increasing power quality.

### Initiatives to Increase Customer Satisfaction

⇒P15-18

We regularly communicate with customers and conduct customer satisfaction surveys to identify needs so we can bolster our services and increase trust.

We provide products and services that customers value for outstanding comfort and environmental friendliness by efficiently employing our group resources and also endeavor to increase our group value.

## Ensuring Energy Security

Kyushu Electric expects global energy demand to continue increasing, particularly in the fast-growing Chinese, Indian, and other Asian markets.

In recent years, it has become critical worldwide to tackle global warming from energy usage.

It is more important than ever to maintain energy security.

### Optimum mixture

Japan is poor in energy resources and must import much of its primary energy. The nation imports 82% of its energy (or 96% if excluding nuclear power), far more than other major developed countries.

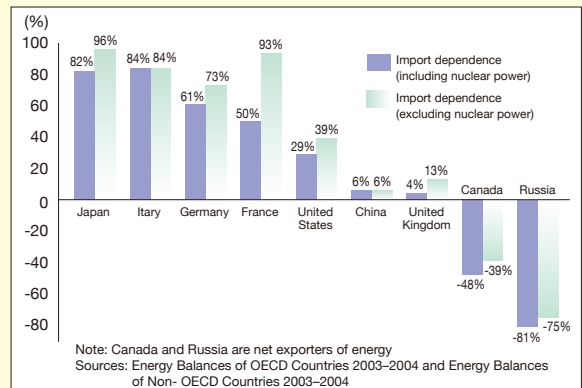
This vulnerability makes it important to balance power sources and procure fuels from diverse suppliers.

Our power development therefore maintains energy security and comprehensively factors in economic and environmental factors to attained the desired balance, center on nuclear power.

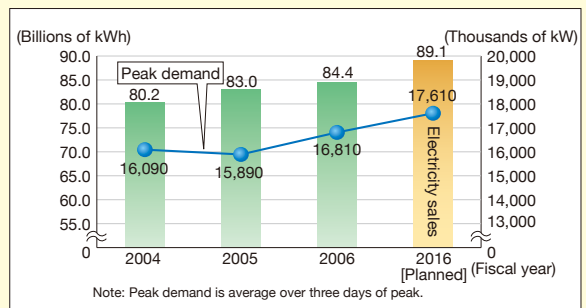
### Stabilizing long-term power supplies

We expect demand for electricity to increase modestly, largely through higher consumer usage. Sales should rise 0.7% annually, or 0.9% after factoring in the impact of temperatures and other factors. Peak system loads should grow 0.9% per annum, even after the impact of temperatures and other factors. We will maintain stable long-term supplies of power by operating efficient facilities while minimizing the environmental impact of our operations.

### Energy import dependence of key countries in 2004



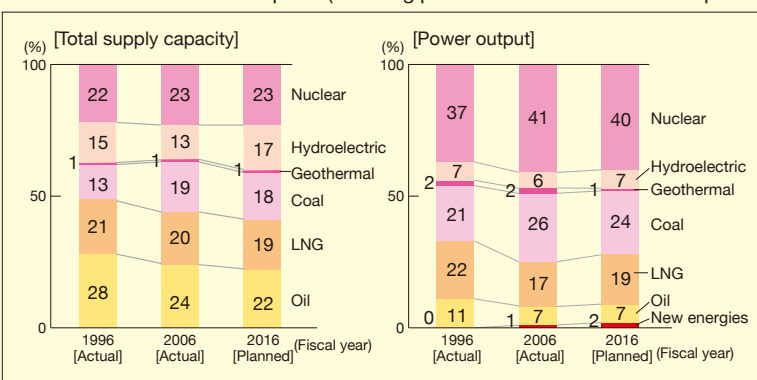
### Electricity sales and peak demand



### Power source characteristics

Power source	Characteristics	Issues
Nuclear	<ul style="list-style-type: none"> <li>Stable fuel supplies and excellent economy (in terms of broad distribution of suppliers and efficient resources use through nuclear fuel cycle)</li> <li>Free of CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Final disposal of high-level radioactive waste</li> <li>Cultivating social understanding of nuclear power</li> </ul>
Hydroelectric and geothermal	<ul style="list-style-type: none"> <li>Renewable energy</li> <li>Free of carbon dioxide emissions</li> </ul>	<ul style="list-style-type: none"> <li>Limited development sites (volume)</li> <li>Environmental impact of dam development</li> <li>Economy improvements</li> </ul>
Pumped storage	<ul style="list-style-type: none"> <li>Output adjustable in line with demand fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>Limited development sites (volume)</li> <li>Environmental impact of dam development</li> </ul>
Wind and photovoltaic	<ul style="list-style-type: none"> <li>Renewable energy</li> <li>Free of CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Small concentration as energy source</li> <li>Economy improvements</li> <li>Output fluctuates according to weather</li> </ul>
Coal-fired thermal	<ul style="list-style-type: none"> <li>Stable fuel supplies and excellent economy (broad distribution of suppliers)</li> </ul>	<ul style="list-style-type: none"> <li>Emits CO<sub>2</sub> and sulfur and nitrogen oxides</li> <li>Effectively using coal ash by products</li> </ul>
LNG-fired thermal	<ul style="list-style-type: none"> <li>Relatively stable fuel supplies (broad distribution of suppliers)</li> <li>CO<sub>2</sub> emissions lower than from coal-fired generation</li> </ul>	<ul style="list-style-type: none"> <li>The limitations because contracts are long-term, making LNG a less flexible source than coal and oil</li> </ul>
Oil-fired thermal	<ul style="list-style-type: none"> <li>Easier to transport and handle than coal and LNG</li> </ul>	<ul style="list-style-type: none"> <li>Reliance on the Middle East for most fuel oil</li> <li>Emits CO<sub>2</sub> and sulfur and nitrogen oxides</li> </ul>

### Fuel source diversification plans (including power sourced from other companies)



### Optimum mixture of power source

Power source	Approximate percentage of total supply capacity	Approximate percentage of power output
Nuclear power	30%	45-50%
Renewable energy (including geothermal and hydroelectric sources)	10%	10%
Pumped storage	10%	
Thermal	Coal	According to fuel situations
	LNG	
	Oil	
	Around 16.66%	

## Minimizing Environmental Impact in Supplying Electricity

Kyushu Electric Power is pushing ahead with groupwide environmental management all operations to counter global warming and foster recycling society.

Carbon dioxide is a greenhouse gas, which can cause global warming we aim to reduce the average intensity of these emissions in fiscal 2008-2012 to 20% below FY1990 levels (see page 37). We have produced 50% more electricity since FY1990, against which carbon dioxide emissions have increased 30%.

The lower relative rise in carbon dioxide emissions reflects the higher use of nuclear power to optimize our energy source mix and improve thermal efficiency while developing and deploying renewable energy.

### Promoting nuclear power

Nuclear power accounts for 41% of the electricity we generate. It offers superior supply stability and contributes to energy security while helping alleviate global warming because it is free of carbon dioxide emissions.

Our nuclear power utilization rate is high because we prioritize safety, conduct extensive preventive maintenance, and operate at the rated thermal output.

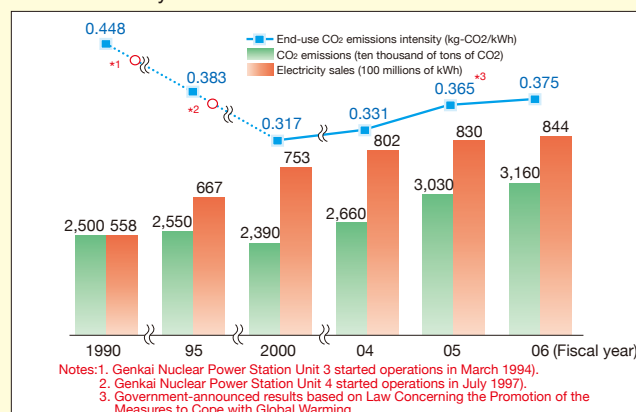
We aim to deploy new nuclear power facilities later half of the 2010's based on efforts to obtain the understanding and support of customers and the community. We are thus conducting an environmental survey at the site of the Sendai Nuclear Power Station (see page 40).

It is essential to establish a domestic nuclear fuel cycle to ensure secure stable energy supplies for this natural resource-poor nation. We need to make steady progress in our pluthermal plan as part of that effort.

### Efficiently operating thermal power facilities

We have improved efficiency through the

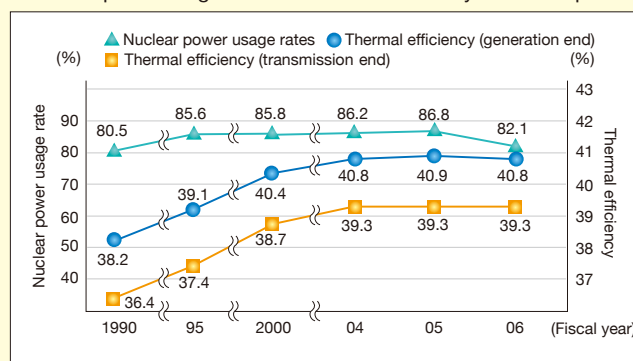
▼CO<sub>2</sub> emissions intensity, CO<sub>2</sub> emissions, and Electricity Sales



Shin-Oita Thermal Power Station, an LNG combined-cycle facility, and deployed advanced systems at the Reihoku Thermal Power Station Unit No. 2.

We will accordingly maintain high utilization rates at these facilities while expanding our use of LNG, which outputs less carbon dioxide than other fossil fuels. Enhancing the thermal efficiency of our thermal power facilities cuts fuel consumption and reduces carbon, nitrogen, and sulfur dioxide emissions.

▼Nuclear power usage rates and thermal efficiency of thermal power stations



### Cultivating renewable energy

Geothermal and hydroelectric power are valuable domestic energy sources and are environmentally friendly because they are free of carbon dioxide emissions. We mainly develop such power in rural areas, taking care to minimize the environmental impact.

Kyushu has massive geothermal resources and accounts for around 40% of the nation's geothermal generating capacity. In April 2006, at the Hatchoubaru Geothermal Power Station

started operating a 2,000-kilowatt geothermal binary generating facility. It was thus the first in Japan to tap low-temperature geothermal energy, which has been impossible with conventional facilities.



Hatchoubaru Power Station

Hatchoubaru Binary Power Station

Wind and solar power are limitless sources of energy, although output depends on weather conditions.

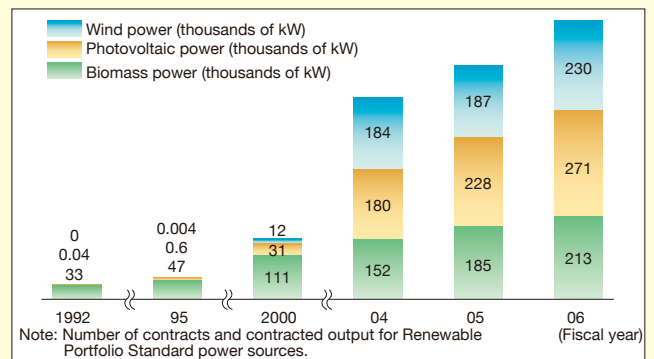
We have developed and deployed such facilities. We also foster the increased use of renewable energy by buying wind, solar, and biomass electricity from customers and companies and by collaborating with the Kyushu Green Power Fund (see page 37).

We have obtained around 400,000 kilowatts of wind power under an annual fixed purchasing plan. In August 2006, we announced that our facilities could accept 700,000 kilowatts from around Kyushu. As a result, we're planning to purchase 150,000 kilowatts in FY2007, triple the average annual amount to date. The Group is building the 50,400-kilowatt Nagashima Wind Power Station in Nagashima-town, Kagoshima Prefecture, which should go online in October 2008.

Biomass is a good alternative to fossil fuels because we can more easily suppress CO<sub>2</sub> emissions. We have expanded our capabilities in this field by establishing the Miyazaki Biomass Recycle Co., Inc., which has an 11,350-kilowatt facility, and the Fukuoka Clean Energy Co., Inc., which has 29,200 kilowatt facility.

As a result of such initiatives, we reached the Renewables Portfolio Standard's requirement of 500 million kWh in electricity generated in FY2006.

▼ Excess wind-, photovoltaic- and biomass-generated Power contracts



▼ Changes in the standard amount of new energy utilization (minimum requirement)

(100 millions of kWh)

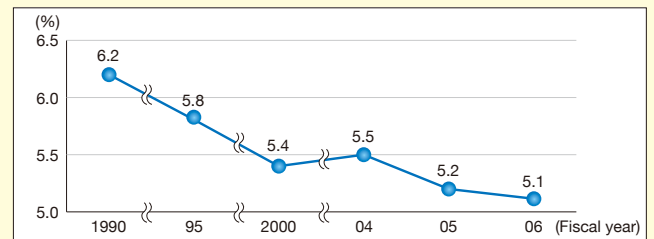
Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Nationwide	44.4	60.7	75.6	94.6	122.0	131.5	141.0	150.5	160.0
Kyushu Electric	5.0	6.3	7.4	9.0	11.3	12.1	13.0	13.8	14.6

Note: Nationwide figures for FY2008–2009 and Kyushu Electric figures for FY2008–2014 are estimates.

● Reduction of transmission and distribution losses

We endeavor to supply power efficiently by upgrading our facilities to cut power losses between our transmission and distribution facilities and our customers.

▼ Transmission and distribution losses factors



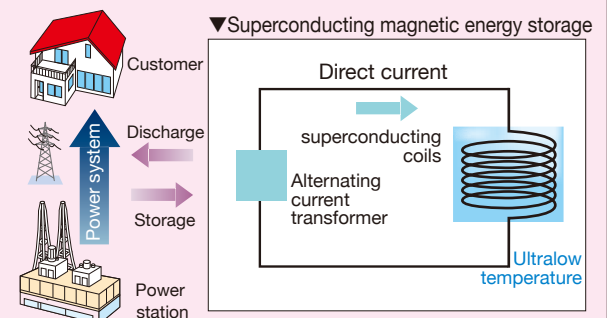
● Developing new technologies

We are working on a host of innovative technologies to maintain energy security.

- Research into applying superconducting magnetic energy storage
- Research into fuel cells and hydrogen technology

What is superconducting magnetic energy storage?

- Harnesses the zero electrical resistance of superconductors and stores electrical energy as magnetic energy in superconducting coils
- Enables instant inputs and outputs of large amounts of electric power and independent control of active and reactive power, with high storage efficiency.



# Ensuring Reliable Supplies

We will continue to deliver power reliably and thereby satisfy our customers by taking steps to cut outages while using more sophisticated facilities operations and management techniques.

## Measures reducing outages

We employ facilities to prevent outages from lightning strikes, typhoons, and other events.

In FY2006, there were 708 cases of damage to our high-voltage distribution lines, up 23.3%.

This was mainly because of a great increase in lightning strikes, damage from crows, and the aging of facilities. In FY2007, we are thus installing equipment on power poles and improving insulation around the poles to reduce lightning damage. We are also making planned replacements of aging facilities.

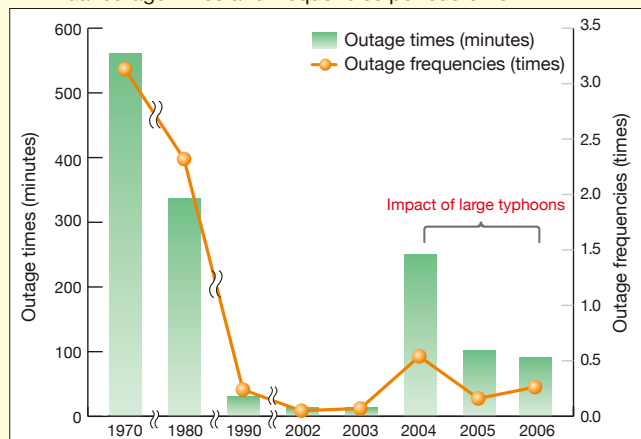
Transmission and distribution facilities that we installed during Japan's fast economic growth in the decade after 1965 have aged considerably. In FY2007, we will continue surveys and analysis to formulate upgrade plans. We will also perform intensive maintenance and upgrades to prevent facilities breakdowns in advance.

## Advanced facilities operations and management

We have been installing devices that automatically isolate breakdown sites from the grid and quickly conduct repairs to minimize outages area and outage times.

The Transmission and System Operation Division builds and runs transmission and

▼Annual outage times and frequencies per customer



distribution facilities. We have set up a database to centrally manage information from that division's facilities and operations. We also use IT systems to support facilities operations and management. We use the data to produce facilities charts covering each piece of equipment so we can swiftly identify and analyze signs of abnormality and deterioration trends.

The Distribution Department uses measurements from switches incorporating sensors to set up power system operations and is increasing installations of fiber-optic remote control systems. These and other IT-based operational improvements help us to maintain reliable supplies.

## Reducing temporary voltage drops

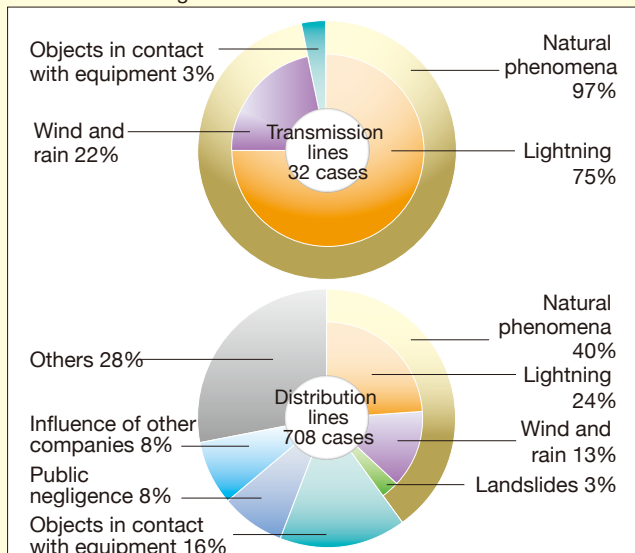
To prevent outages from lightning strikes, our transmission lines go off the grid for 0.07 to 2 seconds, causing short drops in voltage.

We will minimize such temporary voltage drops by installing even more lightning surge arrestors on transmission lines.

We recommend that customers whom temporary voltage drops most affect to take specific protective measures for their equipment. We also provide technical consulting for customers seeking ways to better safeguard their facilities.

Temporary voltage drop website (in Japanese only)  
<http://www.kyuden.co.jp/rakurai/etc/syuntei/index.html>

▼Number of outages in FY2006



## ● Responding to major disasters

We initiate our emergency management structure for headquarters, branches, and other business sites in response to predictions or occurrences of typhoons, earthquakes, and other disasters. We keep in close contact with affiliates, business partners, and government bodies in such circumstances so we can swiftly restore service.

Each July, we conduct drills for large disasters ahead of the typhoon season to ensure that we can quickly and properly restore power supplies. The drills focus on:

- Confirming roles under the command system
- Quickly assessing disaster conditions and formulating and implementing restoration initiatives
- Quickly supplying accurate information in-house and to external bodies





Drill for major disasters

When Typhoon #14 hit in 2005, we were unable to restore power to Kamishiiba in Miyazaki Prefecture for five days because landslides and road destruction isolated the area. This incident prompted us to develop systems in FY2005 in which large military helicopters can quickly carry generator trucks and other special vehicles to sites lacking power.

In FY2006, we lightened high-voltage generator trucks that were previously too heavy for helicopter transport and modified the roofs of these vehicles to reduce wind loads for helicopters. We successfully airlifted those trucks in a joint drill with the Ground Self Defense Force and NTT West Japan in December 2006.

Our improvements should enable us to quickly restore services to areas without power because of typhoons, earthquakes, and other disasters.

### ▼ High-voltage generator trucks before and after modification

New specifications	Old specifications
 <ul style="list-style-type: none"> <li>■ Vehicle weight 6,560kg</li> <li>■ Wind load 570kg</li> </ul>	 <ul style="list-style-type: none"> <li>■ Vehicle weight 7,350kg</li> <li>■ Wind load 800kg</li> </ul>

The vehicles have a generating capacity of 300kVA and can serve around 160 low-voltage households in emergencies. Low-voltage generator trucks can serve around 40 low-voltage households. We have a fleet of several high-voltage trucks that can supply a wide area.

## Groupwide disaster responses

We collaborate with our group companies and business partners collaborate to quickly restore services after disasters.

KYUDENKO, which is our group company, puts one of their central missions is to ensure that distribution work is always safe and that is quick restoration to areas that typhoons and other natural disasters strike.

We accordingly prepare for such disasters and maintain a support structure for Kyushu and its outlying islands so that when catastrophes occur we can work around the clock to restore lighting and air-conditioning to households and urban facilities.



Disaster restoration work of Miyazaki branch after typhoon no. 14 in September 2005



Military helicopter transporting high-voltage generator truck

## ● Developing technologies to improve supply reliability

We maintain ongoing technological development and research programs so we can supply power more reliably.

### Examples:

- Developing life-cycle assessment technologies for metals used at our thermal power stations (developing discharge sampling equipment)
- Researching wind power output characteristics and how they affect our power network

□ [Technological development website \(in Japanese only\)](http://www.kyuden.co.jp/company_tech_index)  
[http://www.kyuden.co.jp/company\\_tech\\_index](http://www.kyuden.co.jp/company_tech_index)

# Enhancing Customer Satisfaction

## Communicating with customers

We are committed to providing products and services that customers want and value.

We constantly revise our management and operations based on ideas from our customers.

### Rainbow System

We established this system to gather and share customer opinions from daily operations, meetings, and visits (see page 31). The system retrieves customer opinions that all employees input in special devices.

We regularly use summaries of business improvement cases and other information registered in the system for companywide initiatives to bolster customer satisfaction.

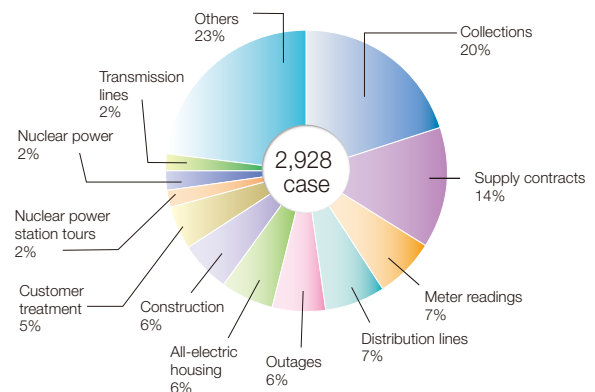
## Soliciting feedback when dealing with customers

We instituted a program to obtain more customer feedback by having people at call centers and in the field ask customers if they want to voice additional opinions.

We record that information in the Rainbow System for sharing companywide.

▼Cases input in Rainbow System by category in FY2006

■ Customer opinions by category



▼Example improvements in response to customer feedback

Subject	Customer opinions	Our responses
Electricity contracts	I heard for the first time that you cannot reinstate an electricity contract during certain times. Have you told the public about this?	We have published in our pamphlets and on our website that you need a one-year contract when repeatedly using electricity during a certain period of time.
	It would be convenient to have an English version of electricity contract terms.	We plan to publish English versions of our electricity supply agreements and standard supply terminology on our website by the first half of FY2007.
Meter readings and collections	The text on the back of meter reading slips is too light and hard to read.	We will make it dark blue.
	I'd prefer to pay power bills with my credit card.	We started a credit card payment service in January 2007.
	Account transfer application forms do not show Kyushu Electric's telephone number.	Our telephone number is on envelopes for these forms.
	We keep receiving the communal portion of meter-reading slips every month for even though the housing complex account changed.	We informed meter-reading officers and agents to confirm such information to their best ability. This is sometimes impossible when customers are not at home.
	I cannot read the text on the back of receipts from the payment office because it is too light.	We darkened the text and increased the point size. We also inserted a note to caution customers about making double payments for electricity bills.
Others	Lightning has struck your service area on many days. Please provide information on lightning.	We began disclosing this information on our website in May 2007.
	I sometimes have to queue for a long time at my customer service office. I recently noticed that you make the city's PR magazine and other materials available, not just your own PR publications, which showed that you are a truly local citizen.	Based on customer feedback, we set up town information boards that offer PR magazines for all cities, towns and villages in our service areas.
	The floor tiles at the entrances of customer service offices are slippery and dangerous.	We conducted an immediate inspection and confirmed that the tiles are slippery on rainy days. We immediately applied non-slip coatings to the tiles.
	I tried using an induction heating cooking range during an event at your all-electric housing booth. But I could not concentrate because my children were with me the whole time.	We set up more video machines and toys at more locations.





1. Safe!  
It's flame-free, so it's safe for the elderly and children.
2. Convenient!  
It's flame-free, so helps keep your air cleaner and cooler.
3. Economical!  
Save money because lower nighttime electricity rates apply.
4. Environmentally friendly!  
The Eco Cute hot water system lowers environmental impact.



<http://www.kireilife.net>

## Offering more comfortable lives through all-electric housing

### All-electric housing

Customers increasingly choose all-electric housing for diverse reasons. Such housing is environmentally friendly, economical, is good for the health and safety of senior citizens, and reduces household chores for two income families.

In an all-electric housing, cooking, hot water and other energy systems run exclusively on electricity. Eliminating the need for gas provides peace of mind, convenience, and comfort and reduces monthly lighting and heating costs.

### Promoting all-electric housing

We aim to improve customer satisfaction and contribute to society and the environment by encouraging people to adopt all-electric housing.

We thus disseminate information on such housing and engage in promotional activities.

Customers can register for free membership of the Kirei-Life (which means “beautiful life”) Club through the Internet at <http://www.kireilife.net> (in Japanese only). Members can check their electricity rates and power usage online. They can also calculate the costs of lighting and heating if they switch to all-electric housing and subscribe to an email magazine that is packed with

information.

Home advisors at our customer service offices offer proposals and follow up on the results. Our Iris Kirei-Life Plaza shows people what it is like to live in an all-electric housing. People wishing to build such homes can take advantage of a program that we launched with financial institutions to receive discounts on their housing loans and take out loans to renovate their homes for all-electric living.

### Eco Cute

We are marketing the Eco Cute water heating system for all-electric living.

Eco Cute operates on the same principle as an air-conditioner, using the heat and carbon dioxide in the atmosphere to heat water. It can more than triple the heat energy obtained from electric power and is thus both economical and environmentally friendly. The government supports the expanded use of Eco Cute to help Japan reach its Kyoto Protocol targets.



◀ Eco Cute

Sample responses to customer feedback in questionnaire for 2006 Kyushu Electric Power CSR Report

### Kyushu Electric Power always highlights the benefits of all-electric housing, but...

**Q1** I'm worried about what will happen in an outage.

**A** Kyushu Electric strives daily to maintain reliable supplies of electricity for its customers. That is why long outages have become rare in recent years. You cannot use electric appliances in an outage. The same is true for gas and kerosene-fueled equipment, which is electrically controlled. Electricity is far less vulnerable to disasters than other energy sources, which is why power was quickly restored after the Kobe and Niigata quakes.

**Q2** Are the electromagnetic waves from induction heater cooking ranges safe?

**A** There are varying opinions and reports on their effects, but Kyushu Electric concluded that there are no dangers to people, based on the following information:

- (1) The Japanese government declared that there is no evidence that electromagnetic waves harm human health.
- (2) Electromagnetic wave emissions from such cooking ranges are below those in domestic and overseas guidelines.
- (3) The emissions are around the same as from conventional electrical appliances.

**Glossary** Kyoto Protocol targets: These stem from Japanese government plans in line with a pledge lower emissions 6%

## Our Group Strengths (Expanding Operations Centered on Energy)

We pursue total solutions marketing that draws on our comprehensive Group capabilities to meet the diverse needs of our

customers and maintain their satisfaction. We aim to build our earnings foundations through energy-focused businesses.

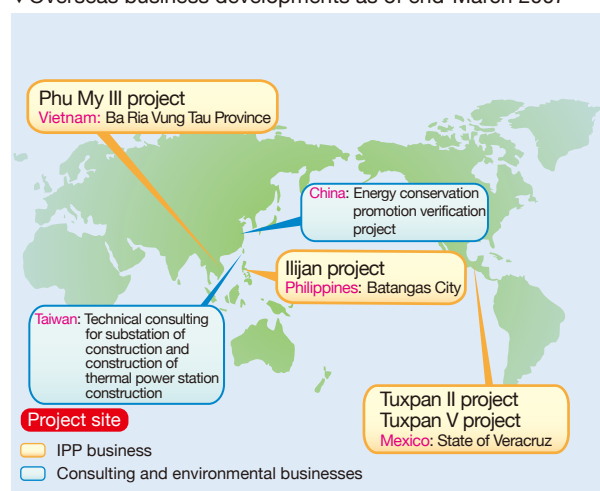
### Total Energy Business

We offer total energy solutions that offer optimal synergies with our core electric power business.

#### ▼Main domestic business areas

Business	Key operations
Gas and LNG sales	<ul style="list-style-type: none"> <li>Expanding wholesale gas sales by increasing collaborative ties with local gas companies</li> <li>Marketing gas to large customers as part of total solutions to meet customer needs</li> </ul>
Generating power from new energy sources	<ul style="list-style-type: none"> <li>Generating power from waste, biomass, and the windsolutions to meet customer needs</li> </ul>
Air-conditioning	<ul style="list-style-type: none"> <li>Installing heat source facilities for electric air-conditioning systems and supplying the heat needed for cooling and heating as part of total solutions to meet customer needs</li> </ul>

#### ▼Overseas business developments as of end-March 2007



### IT and Telecommunications Business

The rising use of the Internet, the increased corporate use of information technology, and the shift toward electronic government are all part of the development of a ubiquitous society\*. These trends offer high growth potential for Kyushu Electric.

Our Group is harnessing its fiber-optic network, data centers, and other IT

infrastructure and expertise to offer user-friendly communications capabilities to its customers.

#### ▼Main business areas

- Broadband services, centered on Internet services provider operations
- Full-fledged IT solutions
- Leasing fiber-optic lines to local governments, telecommunications companies, and cable television stations

### Environment and Recycling Business

We contribute to society by recycling fluorescent bulbs and confidential documents.

### Lifestyle-Oriented Business

Apartment complexes for senior citizens that offer nursing care and diverse other businesses all aim to enable comfortable lifestyles.

#### ▼Main consumer and community services businesses

Field	Main operations
Nursing and welfare	Apartment complexes (with nursing services) for senior citizens Medical treatment
Housing and real estate	House performance appraisals Wooden housing construction
Business support	Temp services ISO certification TV subtitle production
Social capital	Private finance initiative business at Kyushu University
Lifestyle support and others	Making and selling sea salt Making and selling beverages Bathhouse operations Home security

**Glossary** Ubiquitous society: In which networks allow people to connect anytime, anywhere, with anything and anyone

## Offering Total Solutions Service

We harness the Group's broad capabilities to offer total solutions for diverse customer

needs through customized electricity rates and other services.

### Residential customers

We offer a broad range of electricity rates so that customers could choose based on their use. All employees including our group companies offer lifestyle solutions, such as all-electric housing for secure, comfortable and economical life. We offer fiber-optic Internet services and home security services as well.

#### ▼Sample electricity rate offerings

Name	Key target customers
Denka-de-night (Lighting by time-of-use)	Regular households with electric water heaters
Yoka-night 10 (Lighting by season and time-of-use)	Regular households and small shops

We offer other needs-specific electricity rates. Please see our website or contact your nearest customer service office for details.

### QHS protects your precious family and home

Kyuden Home Security Co., Inc. (QHS), makes society safer by drawing on Kyushu Electric's leading-edge telecommunications technologies to provide home security systems and monitoring services.

Home security service	We send emails to customers of security camera images of intruders, fires, or other abnormalities.
Monitoring service	We keep tabs on elderly people living alone.
Bright night service	This is service lets you switch on lights and electrical equipment with your cell phone.

Note: You can request that security personnel go to the premises for all services.

#### [Service areas]

Fukuoka Prefecture: Fukuoka, Munakata, Fukutsu, Koga, Maebaru, Kasuga, Ohnojo, Dazaifu, Chikushino, Shingu-cho, and Nakagawa-cho

Note: Services may be unavailable to some locations within service areas.

☆You can monitor parents living locally from outside the service areas.

Consultations and inquiries:

 **Kyuden Home Security Co., Inc.**

 **0120-306-940** [Business hours: 9:00 a.m. to 6:00 p.m. on weekdays]  
<http://www.qhs.co.jp>

### Corporate customers

Account managers at our branches and costmer service offices accommodate the diverse needs of corporate customers. They suggest ways to create comfortable environments using electric kitchens and air-conditioners and produce optimal electricity rate proposals.

We draw on comprehensive Group capabilities to handle requests and consultations for electricity and other energy requirements.

#### Main solutions

- Optimal rates
- Energy consultations
- Electric kitchens
- Technological consultation for facilities operations
- Electric air-conditioning
- Introductions to Group companies

### Message from an account manager

Hello! My name is Toshiyuki Murase. I'm the account manager at the Kumamoto Higashi Customer Service Office.

I always strive to build customer relationships by quickly delivering the information and services that customers want.

I'm always seeking information in order to understand what customers are thinking.



Toshiyuki Murase  
Sales Group, Kumamoto Higashi Customer Service Office, Kumamoto Branch

 [Homepage for corporate customers  
http://www.kyuden.co.jp/business\\_index](http://www.kyuden.co.jp/business_index)



# Operation Management

We are strengthening our operational management structure to respond appropriately to changes in the business climate, maintain healthy management, and continue to build corporate value.

## Strengthening Corporate Governance

The Board of Directors and the Board of Corporate Auditors oversee corporate governance at Kyushu Electric. Directors pursue ongoing efforts to strengthen oversight and compliance management systems. They also formulate Principal Policy on Corporate Governance Structure to maintain healthy management.

We revised our Board of Directors and Executive Officer structures at the end of June 2007 in keeping with these priorities.

### Board of Directors

In principle, this body meets once monthly to decide on important corporate management matters and monitor the progress of executive officers. One of its tasks is to reinforce auditing by reducing the number of internal directors and choosing external directors<sup>1</sup>.

Board of Managing-Directors, which looks at matters requiring further discussion before Board of Directors decisions and important executive issues. Each Division and branch office has an executive officer to accelerate decision-making and streamline operations.

### Board of Auditors

Auditors attend important gatherings, including those of the Board of Directors. They conduct hearings for all divisions, consolidated subsidiaries, and affiliates, audit branch offices, and otherwise handle auditing for the Board of Directors.

In principle, the Board of Auditors meets once monthly to debate on and make resolutions about reports on laws and ordinances and important matters relating to the articles of incorporation.

The Corporate Audit Office assists this body.

### Internal auditing


The Management Administration Office assesses compliance and business implementation at all divisions and branch offices to ensure that they operate properly and efficiently.

Staffers from this office audit quality assurance systems for safety initiatives at nuclear and thermal power stations and other important facilities.

### Outline of the Principal Policy on Corporate Governance Structure

In conformity with the Corporate Law and its enforcement regulations, we will develop the following structure to ensure compliance of the Directors with laws and the articles of incorporation as well as to secure soundness of business execution.

- (1) Structure for securing compliance of the directors with laws and regulations in the execution of duties
- (2) Structure for the preservation and management of information concerning the execution of duties by the Directors
- (3) Structure for risk management
- (4) Structure for securing efficiency in the execution of duties by the Directors
- (5) Structure for securing compliance of the employees with laws and regulations in the execution of duties
- (6) Structure for securing properness of business operations of our group companies
- (7) Structure for securing properness of execution of duties by the Auditors

 Management policies and plans website (in Japanese only) [http://www.kyuden.co.jp/ir\\_policy\\_index](http://www.kyuden.co.jp/ir_policy_index)

## Risk Management

We set up an administrative coordination unit to oversee risks that could materially affect operations. This unit identifies, categorizes, and assesses risks, clarifying material companywide and business threats.

Each division and business office produces contingency plans to manage clear general and specific risks.

### Crisis management structure

We maintain rules to swiftly address sudden major impacts on operations or on trust in society. Under this setup, the president oversees the Crisis Response Headquarters, which coordinates with affected operations to resolve problems and also drills for emergency scenarios.

We are also prepared to work closely with Group companies to tackle their crises.

## Creating a CSR Management Cycle

This CSR report aims to solicit feedback from customers and other stakeholders so we can build a CSR management cycle that reflects this input in our operations.

### CSR Promotion Committee

We appointed one director to oversee our CSR management structure. The president chairs the CSR Promotion Committee, comprising senior executives, to bolster our CSR capabilities. The president chairs this body of senior executives, which aims to bolster our CSR capabilities.

**CSR Promotion Committee Overview**

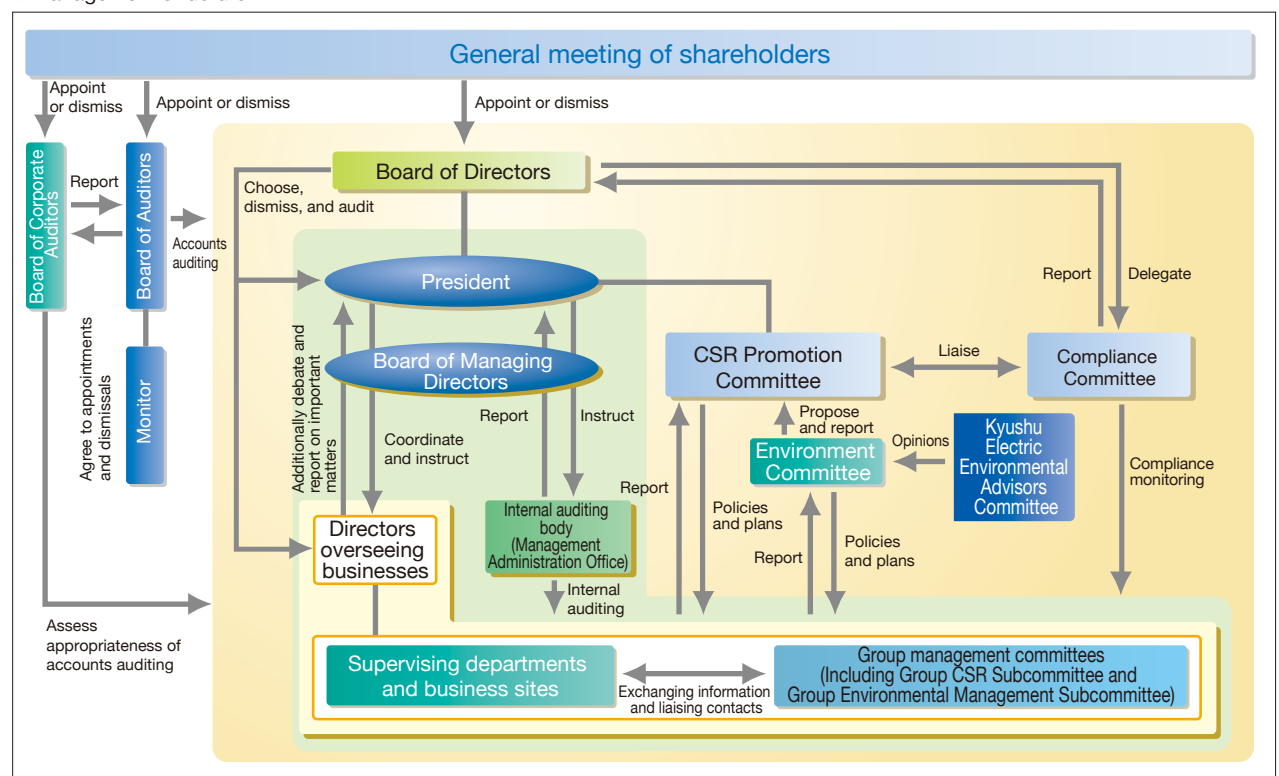
**(Role)**  
Deliberate on overall CSR policies, plans, and reports

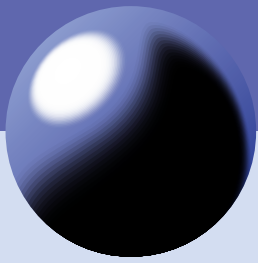
**(Structure)**  
Chairperson: President  
Vice chairperson: Director in charge of CSR (Executive vice President)  
Committee Members: Executive vice presidents, Managing directors, Directors, and Chairman-appointed managers of related departments

Observer: Senior corporate auditor

**(Meeting frequency)**  
In principle, in March, June, and October

### ▼Management structure





# Corporate Social Responsibility Initiatives

In FY2006, we formulated new corporate social responsibility action plans for FY2007 based on assessing progress in our CSR Action Program and comprehensively evaluating the results of a questionnaire survey of stakeholders on our CSR Report.

We implemented CSR initiatives as planned in FY2006. To help step up our activities in FY2007, we decided to disclose to stakeholders our detailed quantitative targets to measure CSR progress.

## ▼ FY2007 CSR Action Plans

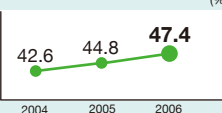
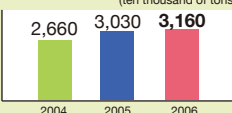
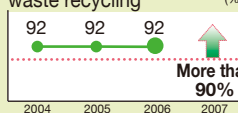
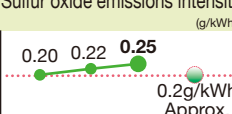
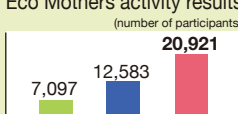
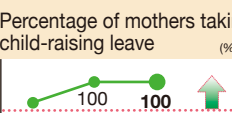
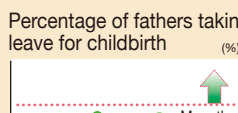
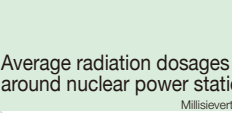
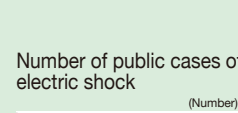

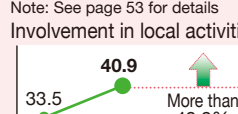
		Main FY2006
CSR management cycle	Implementing the CSR management cycle	<input type="checkbox"/> CSR Committee met three times <input type="checkbox"/> Explained our CSR Report to all employees
	Driving Group CSR management	<input type="checkbox"/> Established Group CSR Committee
Compliance management	Strengthening compliance and conducting fair and ethical business activities	<input type="checkbox"/> Revised Compliance Action Guidelines <input type="checkbox"/> Pursued Group compliance management <input type="checkbox"/> Implemented policies to enhance compliance consciousness
	Strengthening security structure to safeguard personal and other information	<input type="checkbox"/> Provided e-learning for all employees <input type="checkbox"/> Installed encryption software on all personal computers
Disclosure	Reinforcing disclosure structure	<input type="checkbox"/> Expanded access to disaster outage information to mobile terminals at all branches
	Conducting investor relations activities	<input type="checkbox"/> Executives held investor relations meetings for individual investors and visited institutional investors
	Disseminating nuclear power information	<input type="checkbox"/> Publicized activities through newspapers, television commercials, and other mass media vehicles <input type="checkbox"/> Visited opinion leaders to discuss nuclear power <input type="checkbox"/> Disclosed nuclear power information and explained issues to local government bodies
Environmental management	Environmental management	<input type="checkbox"/> Helped business sites and Group companies improve their environmental management systems <input type="checkbox"/> Formulated environmental activity costing plans for FY2007 through 2009
	Resolving environmental issues	<input type="checkbox"/> Revised carbon dioxide emission reduction targets <input type="checkbox"/> Reinforced management of in-house power consumption targets <input type="checkbox"/> Strengthened collections of sulfur hexafluoride and regulated freon
	Recycling for the future	<input type="checkbox"/> Expanded business sites participating in collaborative industrial waste collection <input type="checkbox"/> Built a system for green procurement through electronic catalogs
	Harmonizing with the environment	<input type="checkbox"/> Started neutralizing polychlorinated biphenyl waste <input type="checkbox"/> Reinforced asbestos management
	Working with society	<input type="checkbox"/> Issued Environmental Action Report <input type="checkbox"/> Continued tree planting through Kyushu Homeland Forestation Program <input type="checkbox"/> Used Company facilities to support environmental education activities
Respecting Human Rights and Caring for Employees	Respecting human rights	<input type="checkbox"/> Provided training on human and minority rights issues at each business site <input type="checkbox"/> Expanded access to sexual harassment hotline to cover entire Group
	Promoting equal opportunities	<input type="checkbox"/> Enlightened new managers on need to help employees balance work and private lives <input type="checkbox"/> Assessed policies to enable employees taking child-raising leave to return to work
	Employing retirees and physically challenged people	<input type="checkbox"/> Built a system to reemploy retirees <input type="checkbox"/> Employed 10 more mentally and physically challenged people
	Improving employee motivation and skills	<input type="checkbox"/> Expanded internal recruiting system
Upholding safety-first principle	Maintaining facilities safety	<input type="checkbox"/> Implemented quality management systems for nuclear power operations <input type="checkbox"/> Submitted report to government on policies to address aging of No. 1 unit of Genkai Nuclear Power Station <input type="checkbox"/> Began assessing durability and safety of nuclear power facilities in response to revised guidelines on evaluating durability designs <input type="checkbox"/> Intensively inspected aged towers
	Improving safety of products and services and educating on electrical safety	<input type="checkbox"/> Continued publicity and strengthened facility inspections to prevent electric shocks
	Maintaining safe and healthy work environments	<input type="checkbox"/> Conducted trial risk assessments to prepare for deployment of worker health and safety management system <input type="checkbox"/> Conducted internal audit of business partner safety management <input type="checkbox"/> Continued initiatives to prevent health damage from overwork
Community contributions	Engaging in collaborative activities as good corporate citizen	<input type="checkbox"/> Each business site participated in community activities <ul style="list-style-type: none"> <li>• Fureai concerts</li> <li>• Sponsoring sports events</li> <li>• Providing educational opportunities in Japan and abroad for young craftspeople</li> </ul>

## <Results of CSR Report survey>

Issue	Rating (%)				Main opinions
	20	40	60	80	
Compliance management	64 33				<ul style="list-style-type: none"> <li>I want you to improve employee compliance consciousness</li> <li>Please improve personal information protection</li> </ul>
Disclosure and communications	74 18				<ul style="list-style-type: none"> <li>I applaud your disclosure, but you don't communicate very well</li> <li>Please disclosure more nuclear power information</li> </ul>
Environmental activities	82 14				<ul style="list-style-type: none"> <li>Please inform us about environmental activities that consumers can undertake, such as in energy saving</li> </ul>
Human rights and working environment	67 29				<ul style="list-style-type: none"> <li>You've improved the system but there are still few female managers</li> </ul>
Adherence to safety-first principle	82 13				<ul style="list-style-type: none"> <li>Keep improving your commitment to the safety-first principle, including in nuclear power generation</li> </ul>
Community activities	79 17				<ul style="list-style-type: none"> <li>I want you to engage in activities that are close to the community</li> </ul>

■ Aggregate of excellent and good Main FY2006    
 ■ No opinion    
 ■ Aggregate of needs improvement or no effort made

Note: Results of survey as of May 31, 2007 (602 respondents)

Key benchmarks and quantitative targets	Main action plans for FY2007	Relevant pages
Number of responses to CSR Report survey: 602 in FY2006	<input type="checkbox"/> Hold regular meetings of CSR Committee <input type="checkbox"/> Improve stakeholder communications <input type="checkbox"/> Establish plan-do-check-act cycle based on Group CSR Action Plan	P20 P63
Results of compliance consciousness survey: Conducted in FY2006: 74 points (out of 100) Note: See page 24 for score details	<input type="checkbox"/> Implement e-learning to educate all employees about compliance <input type="checkbox"/> Refer to results of power facilities inspections in taking steps to prevent breaches from reoccurring <input type="checkbox"/> Demand that business partners adhere strictly to compliance requirements	P23-28
Number of information leaks 12 in FY2006	<input type="checkbox"/> Implement e-learning to educate all employees about information security <input type="checkbox"/> Strengthen business partner management of information	
Results of survey of customer satisfaction with disclosure Note: See page 29 for details 	<input type="checkbox"/> Strengthen liaison with media and local governments and harness various systems to bolster information dissemination structure <input type="checkbox"/> Executives to continue holding investor relations meetings for individual investors and visiting institutional investors <input type="checkbox"/> Continue publicizing activities through newspapers, television commercials, and other mass media vehicles <input type="checkbox"/> Continue visiting opinion leaders to discuss nuclear power <input type="checkbox"/> Continue disclosing nuclear power information and explaining issues to local government bodies	P29-32
CO2 emissions (ten thousand of tons) 	<input type="checkbox"/> Step up environmental activities by harnessing environmental management systems, including at Group companies <input type="checkbox"/> Use environmental accounting and other tools to enhance environmental management	P33-42
Percentage of Industrial waste recycling (%) 	<input type="checkbox"/> Suppress power supply and consumption emissions of greenhouse gases <input type="checkbox"/> Step up energy-saving and resource conservation efforts at business sites <input type="checkbox"/> Continue strengthening collections of sulfur hexafluoride and regulated Freon	
Sulfur oxide emissions intensity (g/kWh) 	<input type="checkbox"/> Ensure efficient collaborative collections of industrial wastes <input type="checkbox"/> Continue using green purchasing in collaboration with business partners	
Eco Mothers activity results (number of participants) 	<input type="checkbox"/> Neutralize polychlorinated biphenyl waste <input type="checkbox"/> Strengthen management of products containing asbestos and employ alternatives <input type="checkbox"/> Better communicate with customers about the environment <input type="checkbox"/> Continue tree plantings under Kyushu Homeland Forestation Program <input type="checkbox"/> Bolster support for environmental education activities	
Percentage of mothers taking child-raising leave (%) 	<input type="checkbox"/> Continue training on human and minority rights issues at each business site <input type="checkbox"/> Deliberate on flexible work systems for employees raising children <input type="checkbox"/> Assess and implement specific policies to more actively deploy female employees <input type="checkbox"/> Deploy and assess senior employee system <input type="checkbox"/> Continue planned hiring of mentally and physically challenged people	P43-46
Percentage of fathers taking leave for childbirth (%) 	<input type="checkbox"/> Improve training to enhance manager skills <input type="checkbox"/> Enable people to relocate positions throughout organization through internal recruiting, by offering new job challenges, and by using a human resources database	
Average radiation dosages around nuclear power stations (Millisieverts) (Legal limit: Less than 0.05) 	<input type="checkbox"/> Oversee quality management systems for nuclear power operations <input type="checkbox"/> Institute policies to combat aging of nuclear power stations <input type="checkbox"/> Understand construction to improve nuclear power station durability and safety <input type="checkbox"/> Conduct planned inspections and repairs of significantly damaged towers and power line	P47-52
Number of public cases of electric shock (Number) 	<input type="checkbox"/> Strengthen publicity and facility inspections to prevent electric shocks <input type="checkbox"/> Continue trial risk assessments for worker health and safety management system <input type="checkbox"/> Provide support to prevent business partner accidents	
[Results of customer satisfaction survey] Contributions to local economy and culture (%) 	<input type="checkbox"/> Create a management system for corporate citizenship initiatives <input type="checkbox"/> Assess and implement collaborative community activities <input type="checkbox"/> Each business site to continue participating in community activities <input type="checkbox"/> Continue and reinforce employee volunteer activity programs	P53-58
Note: See page 53 for details Involvement in local activities (%) 		



# Compliance Management

Kyushu Electric will continue to focus on compliance management, operating even more transparently and fairly in keeping with its commitment to ethical conduct.

## Enhancing Compliance

We have traditionally pursued a compliance agenda that centers on earning and maintaining society's trust.

But inspections of our generating facilities in 2006 revealed practices that violated compliance requirements. We have deployed steps based on this experience to prevent reoccurrences. We will endeavor to operate more transparently and fairly in keeping with our commitment to ethical conduct and thereby restore society's faith in us.

### Compliance management structure

We established our Compliance Committee in October 2002 under the oversight of the Board of Directors. The committee appoints the heads of head office departments, branch offices, and other operations to manage their compliance activities, thus raising companywide awareness of the issues. We have set up internal and external compliance consulting desks.

We also maintain the Group Compliance Subcommittee (see page 63).

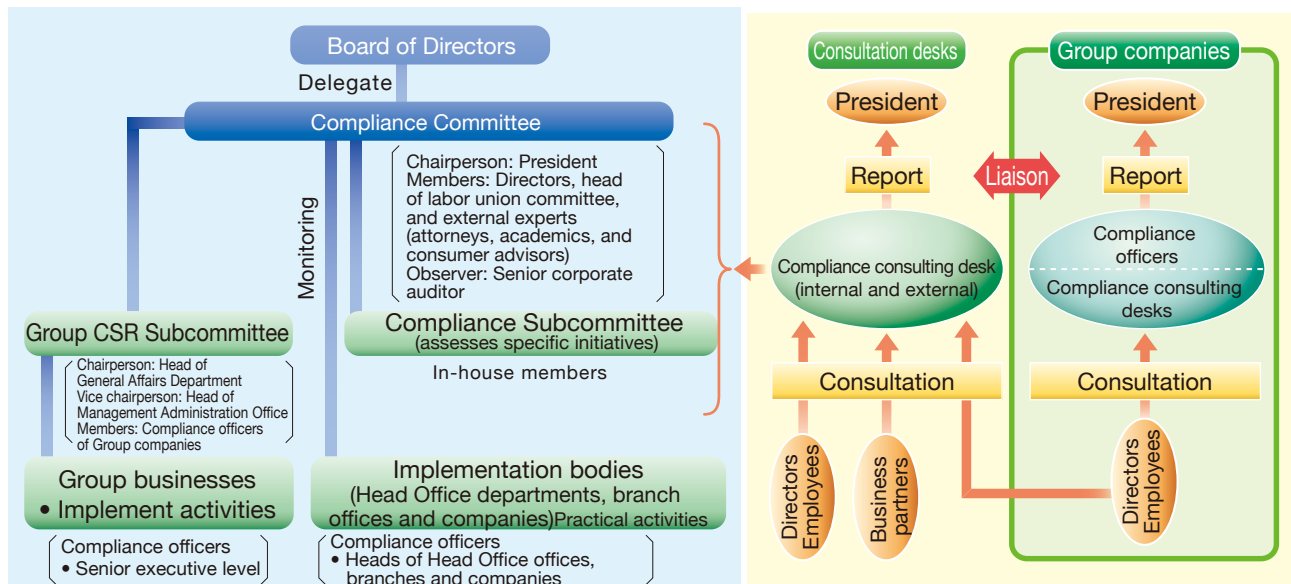
### Compliance Committee

The president chairs this body, whose members include directors, attorneys, academics, consumer advisors, and the chairperson of the Company's labor union to ensure objectivity and transparency.

This committee meets semiannually to formulate basic policies, propose and deliberate on specific initiatives, and monitor progress. For example, it reviews the Compliance Action Guidelines, educates and trains employees, and monitors compliance awareness by issuing questionnaires to the parent and Group companies.

If compliance violations arise, the committee can convene where necessary to confirm the facts, analyze the causes, and produce measures to prevent reoccurrences.

▼ Compliance management structure





## Compliance Action Guidelines

We implemented these guidelines in December 2002. We issue copies to all directors and employees. The guidelines offer standards of conduct for when people are unsure how to act and provide specifics on maintaining relationships with customers, shareholders, and investors.

In FY2006, we updated the guidelines in response to recent developments and held explanatory meetings for employees and took other steps to ensure awareness of the changes.

### Guideline coverage

- Building customer trust
- Maintaining stable supplies of high-quality electricity and ensuring safety
- Establishing good ties with business partners
- Competing fairly
- Strictly following procedures for seeking authorization and submitting reports

 [Compliance Action Guidelines website \(in Japanese only\)](http://www.kyuden.co.jp/csr_compliance_04)  
[http://www.kyuden.co.jp/csr\\_compliance\\_04](http://www.kyuden.co.jp/csr_compliance_04)

## Overview of Revisions to Compliance Action Guidelines

Revision date	January 2007
Outline of revisions	We presented areas for daily precautions and showed examples of legal violations and other undesirable behavior, referring to our own problematic cases, reforms to laws, other companies' scandals, and other recent developments
Revised contents	The president's message early in this publication calls for thorough implementation of the action guidelines, focusing on responses particularly in the following areas: <ol style="list-style-type: none"> <li>1. In-house problems Employee arrests, data leaks, and penalties</li> <li>2. Recent legal reforms The implementations of the Company Law and the Whistleblower Protection Act and revisions to the Antitrust Law</li> <li>3. Other companies' scandals Drink-driving and illegal contracts</li> </ol>

## Raising employee consciousness through education and training

We continue provide all employees with ongoing education and training through classes and e-learning on our Compliance Action Guidelines and departmental action guidelines.

Another way in which we raise consciousness of compliances is our personnel ratings. They encompass such areas as corporate ethics and assess employees on whether they perform their tasks in keeping with compliance requirements.

## Compliance Promotion Month

January is Compliance Promotion Month for all Group companies.

In FY 2006, we held a lecture for senior Group executives at which a guest sociopsychologist spoke on the links between scandals and organizational cultures. Our business sites held lectures and study sessions.

## Compliance awareness surveys

We conduct and monitor employee consciousness surveys for the parent and Group companies, identifying key issues so we can pursue further improvements.

Reference: Results of compliance awareness survey conducted in January through April 2007

Score: 74 points out of 100

Coverage: 15,887 employees of Kyushu Electric and Group companies

Survey items: Average values for 8 compliance items

- Can you trust your company?
- Does your work site use double checking to prevent improper and scandalous conduct?
- Do you understand and adhere to the Compliance Action Guidelines?

Assessment methodology

The maximum score of 100 points would be for those answering Yes or Somewhat from the following response choices:

1. Yes, 2. Somewhat, 3. I'm unsure, 4. Not much, and 5. No

## Compliance consultation desks

We set up compliance consultation desks in February 2003 to prevent or quickly identify legal and ethical violations. In April 2005, we began external counseling services for Group companies through a law firm.

The rules for creating and running compliance consulting desks mandate complete confidentiality for all users. It is forbidden to treat any user unfavorably for using or making reports through these services.

In FY2006, there were 33 cases in which people sought consultation or reported

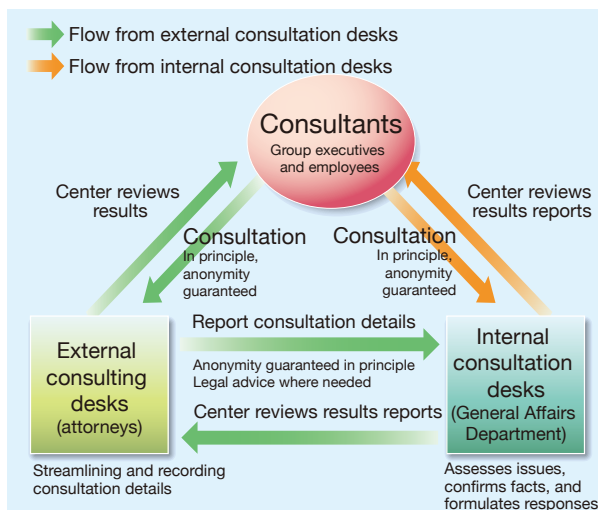
### Compliance abuse consultations and reports in FY2006

Doubts about operational practices	12
Complaints about employee conduct	14
Consultations about the law	4
Other consultations and queries	3

compliance abuses (see below).

Note that we maintain a sexual harassment consultation desk (see page 43).

### ▼Compliance consultation desks



## Antimonopoly Act compliance

We produced the Antimonopoly Act Compliance Manual, distributing a copy to each employee. This publication enhances understanding of the contents of that legislation and describes the types of conduct that would violate the act. We review

the manual following legislative changes and inform all employees accordingly.

We will continue to keep employees abreast of legal amendments while holding companywide seminars on this act.

## Securing fairness and transparency in the use of transmission and distribution system of electric power

We adhere strictly to regulations governing activities and network usage to secure fair use of the transmission and distribution system of electric power and transparent wheeling services.

In FY2006, the Wheeling Services Information Governance Committee inspected business sites that have offered wheeling

services to ensure that they properly manage information. The committee also set up an e-learning program on information management.

The committee will continue to monitor and educate on compliance with regulations, thereby securing fairness and proper information management.

[Transmission regulations website \(in Japanese only\)  
http://www.kyuden.co.jp/company\\_liberal\\_rule](http://www.kyuden.co.jp/company_liberal_rule)

## Compliance measures of group companies

The Charter of Conduct governs all Group companies. Like the parent, they also have their own conduct guidelines and consulting desks to reinforce compliance.

The Group CSR Committee and our Compliance Committee discuss and coordinate on Group compliance management (see page 63).

## Compliance Violations and Measures to Prevent Reoccurrences

### Results of generating facility inspections

In March 2007, we filed a report on improper practices uncovered in response to instructions from the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure and Transport to inspect generating facilities. There were a total of 605 infractions in five categories. They included 599 infractions in four categories at hydroelectric facilities and six infractions in one category at thermal power facilities.

These lapses stemmed from a poor awareness of compliance, including unfamiliarity with the specific laws covering operations and a reliance on entrenched practices. So, in April 2007 we submitted a report to the authorities that detailed measures to prevent the reoccurrence of these problems throughout the organization, including in our power generation business.

The Minister of Economy, Trade and Industry issued a stern warning over the inspection infractions and order us to amend our safety rules pursuant to Article 42-3 of the Electricity Utilities Industry Law. In May 2007, the head of the Regional Development Bureau of the Ministry of Land, Infrastructure and Transport directed us to formulate policies to prevent relapses,

such as by setting up systems to better manage water intake and properly check water usage.

We take these matters very seriously, and are accordingly drawing on the lessons to formulate measures to prevent reoccurrences so we can regain society's trust in our ability to operate ethically.

#### ▼Results of generating facility inspections

Category	Hydroelectric facilities	Thermal power facilities	Nuclear power facilities	Total
Inadequate procedures	1 category (482 cases)	—	—	1 category (482 cases)
Data falsification	1 category (1 cases)	—	—	1 category (1 cases)
Others	2 category (116 cases)	1 category (6 cases)	—	3 category (122 cases)
Total	4 category (599 cases)	1 category (6 cases)	—	5 category (605 cases)

### Key Measures to prevent relapses

#### Steps to raise compliance consciousness in corporate culture

- Issue messages from the president
- Increase understanding of preventive measures in senior management and other meetings
- Disclose information on adherence to laws and ordinances and ethical practices
- Share information, including throughout Group
- Improve disclosure on nuclear power operations

#### Organizational improvements

- Broaden education about related laws and ordinances
- Revise and improve design and construction manuals and other publications
- Clarify standards for determining whether laws and ordinances govern procedures
- Build systems to check business procedures
- Clarify business processes when modifying operations

### Employee arrests

A Kyushu Electric employee was arrested and prosecuted in July 2006 for registering a fictitious land transaction.

We responded to this incident in several ways to improve employee education about compliance. We issued a message from the president and included the incident in our Compliance Action Guidelines. We also conducted additional compliance training seminars.

### Transactional violations

A Group employee bribed a foreign government official while posted at an overseas subsidiary. In March 2007, the government issued a summary order for violation of the Unfair Competition Prevention Act.

To prevent such a reoccurrence, we informed Group employees and executives about this case and improved understanding of the relevant legislation. We also stepped up compliance education at the company concerned and established a system to cover compliance in doing business abroad.

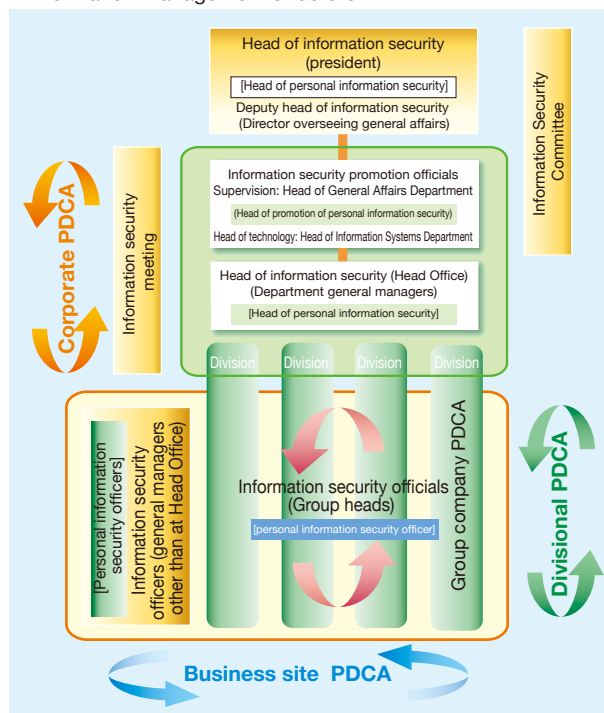
## Initiatives to Protect Personal and Other Information

### Information management structure

The president is ultimately responsible for managing information securely. The heads of head office departments, business sites and Group operations oversee security at their respective operations to safeguard internal and personal information.

The president chairs the Information Security Committee. We also have the Information Security Managers Committee, which comprises the general managers of head office departments. These bodies ensure that all Group operations properly use plan-do-check-action (PDCA) cycles.

#### ▼Information management structure



#### ▼Main internal regulations

Information security	<ul style="list-style-type: none"> <li>• Basic policies</li> <li>• Management rules</li> <li>• Key handling rules</li> </ul>
Personal information protection	<ul style="list-style-type: none"> <li>• Policies</li> <li>• Management rules</li> <li>• Basic guidelines</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Key building access management rules</li> <li>• Personal computer usage standards</li> </ul>

**Note** Winny software allows PC users to exchange data files over networks. The software can lead to data leakage because it makes computers vulnerable to virus infections.

### Information security measures

We took the following steps in FY2006. In FY2007, we are deploying initiatives to enhance security in light of issues identified in PDCA cycles.

#### ● Organizational measures

A third party organization checked the operation of our management structure, while each work site conducted voluntary inspections.

#### ▼Overview of third-party checks

Period	May through August 2006
Focus	16 in-house operations
Methodology	Examined documents and conducted field inspections
Resulting issues	Rules creation, adherence to existing rules, and systems security measures

#### ● Personnel measures

We held educational seminars for all employees and used e-learning systems.

#### ● Facility measures

We separated work and visitor areas, limited access to work rooms and buildings, and kept doors locked.

#### ● Technological measures

We deployed encryption software and systems covering personal computer usage.

### Information leaks and preventing reoccurrences

There were 10 leaks of documentation containing personal information in FY2006, including losses of receipts for power bill payments and blueprints for constructing customer facilities. There were two instances in which Group employees using private personal computers on which they installed Winny\* file-sharing software accidentally leaked power station and other in-house data.

We are fully aware that such incidents should never have occurred in the first place, and are taking extensive ongoing steps to completely safeguard personal and company information.

#### Preventing reoccurrences

- Ensure complete compliance with information handling rules under prevailing regulations
- Continuously educate all employees
- Assess vendors' information management and request improvements
- Prevent problems stemming from private personal computer usage
  - Have employees submit documents confirming that they have deleted company information from their equipment
  - Instruct employees to delete Winny and other file-sharing software from their machines

## Procurement activities and Fuels in Keeping with CSR Commitment

Our activities in these areas are in keeping with our “Basic Policy for Procuring Materials and Fuel”, laws and ordinances, and such CSR priorities as safety and the environment.

It is essential to build relationships of trust with business partners so we can secure their understanding and cooperation in our procurement activities.

A Japanese-language website presents our “Basic Policy for Procuring Materials and Fuel” and a list of requests for suppliers. In fiscal 2006, we sent other information to suppliers and visited them as part of ongoing efforts to enhancing their familiarity with our requirements.

 [Materials and fuels sourcing website  
http://www.kyuden.co.jp/en\\_procurement\\_index](http://www.kyuden.co.jp/en_procurement_index)

### “Basic Policy for Procuring Materials and Fuel”

For Kyushu Electric Power to safely and stably provide energy and other related products and services, that are valuable to our customers, it is essential for us to procure high-quality materials and fuels at a reasonable price with the cooperation of suppliers.

While we comply with laws and ordinances and their spirit on the basis of equal partnership with our suppliers, we strive to help “enhance customer satisfaction,” “continually create corporate values” and “contribute to the sustainable development of society” through fair and transparent procurement activities.

Toward that end, our Materials and Fuels Division performs procurement activities based on the following basic policy under the Kyushu Electric Power Group Corporate Activity Charter and promotes compliance management.

#### 1 Open procurement

We widely procure 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.

#### 2 Fair and equitable business activities

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 valuation, 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 continual improvement.

#### 3 Compliance with laws, ordinances and social norms

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.

#### 4 Environmental considerations

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 society.

#### 5 Safety assurance

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 can ensure safety and prevent accidents.

#### 6 Ensuring information security and protecting personal information

We properly manage and protect, in cooperation with our suppliers, confidential and personal information obtained through business transactions pertaining to both parties.

#### 7 Compliance with contracts and good faith performance of contracts

We observe contracts concerning business transactions and fulfill contractual obligations in good faith while requesting the same of our suppliers.

#### 8 Promotion of communication to establish mutual trust

We aim to establish mutual trust through transparent procurement, the promotion of good communication and sound, reasonable relationships with our suppliers.

#### 9 Creation of new values

We encourage 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 appropriate quality and prices.

#### 10 Contribution to society and the regional community

We believe it is important to contribute, through our procurement activities, to the development to the region in which we are based and society in general as a “good corporate citizen” along with our business partners.

### Supplier requirements

- 1 Meeting legal and social requirements
  - Comply with the spirit and substance of domestic and international laws and ordinances and act according to social norms
  - Laws and ordinances and social norms encompass civil, commercial, antitrust, and intellectual property laws, as well as labor and human rights legislation.
- 2 Meeting contractual obligations
  - Faithfully comply with and execute contracts
- 3 Safeguarding the environment
  - Comply with laws governing industrial waste disposal, construction waste recycling, and other environmental legislation
  - Improve the environmental performance of products, notably by reducing their energy consumption, recyclability, durability, and their resulting waste
  - Pursue green purchasing and other environmentally friendly business activities
- 4 Maintaining safety
  - Comply with safety laws
  - Ensure public safety
  - Use working procedures and environments that prioritize safety
- 5 Protecting information
  - Comply with the Personal Information Protection Law
  - Strictly safeguard management and technical information provided in business dealings
- 6 Ensuring reliable deliveries
  - Build a reliable delivery and construction systems
- 7 Good after-sales service
  - Assist in maintenance
  - Properly address problems
  - Ensure quick emergency responses
- 8 Offering reasonable prices and maintaining and improving quality and technical expertise
  - Keep working to ensure reasonable pricing
  - Constantly maintain and improve quality and technical capabilities
- 9 Communicating well
  - Submit opinions, requests, and propositions



## Information disclosure and Communication activities

We proactively disclose information and communicate with communities and swiftly reflect feedback in our operations

### Disclosure Structure

We formulated the Kyushu Electric Disclosure Commitment to maintain transparency and increase social confidence in our business. The president accordingly convenes press conferences monthly and when otherwise necessary. We also hold investor relations meetings and otherwise disclose information on our website.

We established the Disclosure Officers Liaison Committee, which comprises officials specializing in this field from head office departments. There are also the

#### Results of survey of customer satisfaction with our disclosure

(Conducted in July and August 2006)

In the survey, 47.4% of respondents fully or somewhat agreed with the statement that: Kyushu Electric operates very transparently and actively discloses information, including negative developments like outages, accidents, and scandals.

Branch Disclosure Officers Liaison Committee and the Group Public Relations Liaison Committee. These bodies formulate disclosure plans and regularly monitor progress in keeping with a PDCA cycle.

#### Kyushu Electric Disclosure Commitment

We fully understand our social responsibilities and will operate equitably in keeping with our Charter of Conduct. We will seek customer understanding and trust by acting transparently and adhering to our basic philosophy of harmonizing with communities.

All employees must accordingly commit themselves to the following disclosure precepts:

1. I will inform positively our customers.
2. I will put myself in customers' shoes and disclose information quickly, accurately, and intelligibly.
3. I will take every opportunity to identify grasp customers' information needs.
4. I will always ensure that there are no perception gaps between myself and our customers.

### Better Communicating Disaster and Emergency Information

We use the Emergency Disaster Information System and the Customer Outage Information System to quickly identify and assess the impacts of disasters and emergencies. We use that data to customer inquiries and disseminate an array of information through the media and our website.

We improved customer services in FY2006 by sending disaster outage information to mobile terminals at all our branches.

#### Improving customer communication following typhoons

We apologize for the tremendous inconvenience that customers suffered from long outages after Typhoon No. 13 in September 2006.

We drew on the lessons and customer feedback to take steps to bolster our customer communication structure. We aim to swiftly identify and broadly disseminate information that customers need after typhoons and other disasters and emergencies.

##### [Initiatives]

- Improve structure for handling customer phone calls
- Provide estimated restoration times for each locality through websites for personal computer and cell phone users
- Strengthen information dissemination by more closely liaising with local government bodies and press organizations

## Properly Disseminating Nuclear Power Information

 Nuclear power information website (in Japanese only)  
[http://www.kyuden.co.jp/nuclear\\_index](http://www.kyuden.co.jp/nuclear_index)

Nuclear power is at the heart of a balanced power source development strategy that factors in energy security, costs, and the environment.

We aim to maintain customer trust and peace of mind by keeping people fully informed about our nuclear power operations. We also provide proper and suitable information to build customer support for our pluthermal plan and other nuclear power development plans.

### Nuclear power station tours

We conduct tours of these facilities to enhance customer understanding.

Exhibition halls next to our nuclear power stations show videos of how reactors work and display equipment that these facilities use.

#### Genkai Energy Park

This park covers much of the property on which our Genkai Nuclear Power Station operates. The Genkai PR Center in the park features many exhibits on the themes of science and energy and the energy of the people of Kyushu. Other attractions include the Sun Plaza, which showcases the sun, wind, water, and the four seasons, and extensive sports facilities. The park highlights how nuclear power and other energy sources bring people and nature together.



### Discussing nuclear power with opinion leaders

We regularly visit local opinion leaders to enhance their understanding of nuclear power.

### Seminars and events

We improve public understanding of issues related to nuclear power and other energy sources by holding energy seminars, offering scientific experimentation classes for young people, and delivering lectures at schools.

#### Making science fun

From the beginning of in FY2007, we have been launching a program in which we hold events around Kyushu that give children a rare opportunity to do their own scientific experiments and have fun in the process. The events aim to raise interest in nuclear and other energy and resources.



### Media activities using various media

We maintain an extensive publicize program in which we harness all sections of the media to gain public understanding of nuclear power and our pluthermal plan. We show commercials in television shows that we sponsor, place related newspaper advertisements, and also publicize our activities on the Internet.

We produced a pamphlet that explains nuclear power and energy issues in layperson's terms. We distribute this publication during tours and seminars.

#### For women's information magazine

We issue the quarterly Sora (Sky) magazine, which relates lifestyle issues to nuclear power and other energy sources. The magazine invites readers to attend seminars three times a year that feature experts from various fields.



## Investor Relations Program

Investor relations website  
[http://www.kyuden.co.jp/en\\_ir\\_index](http://www.kyuden.co.jp/en_ir_index)

We formulated our Investor Relations Basic Policy to build trust with and enhance the satisfaction of shareholders and investors. This policy underpins our investor relations program.

### IR Basic Policy

#### Basic Philosophy

- ◆ We strive to enhance shareholder and investor satisfaction by continuously improving corporate value and management quality.
- ◆ We disclose information proactively and sustain interactive communication so as to be evaluated fairly by the capital market and to establish mutual trust with shareholders and investors.

#### Action Guidelines

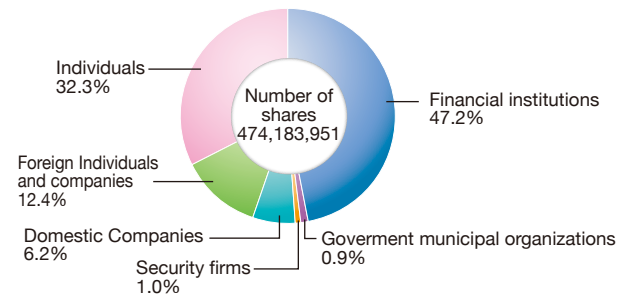
- ◆ Timely, accurate and proactive communication: Transparent disclosure
  - We conduct disclosure in a timely and accurate manner, in compliance with laws and regulations.
  - We disclose corporate information contributing to investment decisions in a proactive and easy-to-understand manner.
  - We ensure fairness in opportunities for accessing disclosed information.
- ◆ Appropriate reflection of shareholder and investor opinions: Emphasis on interactive communication
  - We value not only for disclosure of corporate information, but also for interactive communication with shareholders and investors.
  - Voices of shareholders and investors are appropriately reflected in our business operations.
- ◆ Company-wide commitment: IR activity by the entire organization
  - We recognize that IR is an important aspect of management; the entire company engages in IR activities under the leadership of its top management.
  - We strive to improve company-wide IR awareness, which is the basis for effective interactive communication.

We keep institutional and individual investors and analysts in Japan and abroad well informed about our business activities. Executives speak at investor relations briefings and accompany our investor relations officers on visits to domestic and overseas investors. We also hold regular facilities tours for these stakeholders.

Our website presents materials from investor briefings and financial and stock information in line with our commitment to proper disclosure.

We set up a website that allows shareholders to vote on resolutions and which provides visual presentations of business reports at a general meeting of shareholders. These and other initiatives make it easier for shareholders to participate in general meetings.

#### ▼ Breakdown of Shareholdings (March 31, 2007)



"Individuals" includes treasury stock (0.1%)

## Bolstering Communications

We seek every opportunity to communicate with stakeholders so we can quickly identify and accommodate their opinions and wishes.

### Letterbox

We welcome telephone calls and letters from stakeholders. We also solicit feedback through our Japanese-language Letterbox website, through which even more people can inquire or post their opinions about a wide range of specific areas of our operations and receive swift responses.

#### ▼ Letter Box inquiries

	FY2004	FY2005	FY2006
Number	1,145	1,226	2,371

### Kyushu Electric Advisor system

Under this system, 12 external experts directly advise the president, executive vice president, and other senior executives on all aspects of operations.

Where necessary, we convene round-table meetings between these advisors and branch managers.



## Round-table talks with customers

We hold gatherings with municipalities, assembly members, representatives of neighborhood associations representatives from women's groups, large customers, and other local opinion leaders to obtain feedback and ideas.

The general managers of local customer service and branch offices and the president (twice annually) attend these meetings throughout Kyushu.

## Seeking dialog

Every October, we conduct a campaign to thank Kyushu Electric customers, taking numerous opportunities during that time to deepen dialog with customers and local opinion leaders to build trust throughout society.

### Oita Branch's Mirai Kids Club

It is crucial to work on environmental and energy issues with customers and local residents, not just governments and corporations.

In April 2004, the Oita Branch set up the Mirai Kids Club to raise awareness of these issues among elementary school students and their parents. The club offers family and study events throughout the year, including tree-plantings and power station tours. The number of members has increased steadily, reaching 310 as of the end of March 2007.



### Our involvement in the Mirai Kids Club

We always look forward to receiving invitations to Mirai Kids Club activities. As soon as we receive letters, we always apply to participate, writing that, "It sounds like fun." China and Mika find the many activities exciting. They help us understand what a big world we live in. And we hope to make more friends through the club. We wonder who we will meet and what we will do at the next event.



By Masako Wakatsuki, pictured with daughters China (grade six) and Mika (grade three)

 [Mirai Kids Club website \(in Japanese only\) http://o.kyuden.co.jp/mirai\\_index](http://o.kyuden.co.jp/mirai_index)

## Advisor perspectives

I always tell our employees that perspective is paramount in serving customers. Instead of saying "we supply you with electricity" they should say "thank you for buying our electricity." Sales activities should highlight the convenience of all-electric lifestyles.

But none of these thoughts originated with me. They came from what Shingo Matsuo, Kyushu Electric's president, said at a round-table meeting with customers several years ago. His words did not sound particularly noteworthy at the time. But I later realized that they reflected Mr. Matsuo's efforts to lead the company beyond its position as a monopoly before deregulation.

Financial institutions and public utilities used to have a convoy system approach to charges—there was almost no variation within these sectors. But now there is competition over pricing and services. This is good. But consumer attitudes also need to change.

Many people little appreciate the blessings that stable supplies of electricity and water bestow on their lifestyles, not to mention the tremendous effort that goes into making this happen. This is ironic because all-electric

housing will once day become the sole energy source for many consumers.

Many rush to complain when disasters cause power outages but tend to think that everything is alright if power is restored quickly to their homes. Assuming that power companies amply inform them about progress, people should be a little more patient about waiting for power companies to undertake what is frequently very challenging restoration work.

Companies should not consider their customer as minor deities. They should not let expert prepare everything either. I think that it is crucial to increase dialog between customers and power companies to share information on security and safety, ways to conserve energy and prepare households for disasters, and determine how to disseminate information on restoring services.



Toshihiro Mitsui,  
executive director of the Kitakyushu  
Chamber of Commerce and Industry



# Environmental Activities

Kyushu Electric Power recognizes that its carbon dioxide emissions and other byproducts of its operations inevitably affect the environment. We are accordingly tackling global warming and other issues as a responsible corporate citizen.

## Promotion of Environmental Management



See pages 15 to 18 of the 2007 Kyushu Electric Power Environmental Action Report for details.

### 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.
  - Fully realize that dealing with environmental problems is a fundamental precondition for its own existence and business activities.
- 2 The company shall make concerted efforts to contribute to a sound environment in all its corporate activities.
  - Strive to prevent global warming and to conserve nature and environment.
  - Actively implement environmental conservation programs that contribute to the community's well being.
  - Reduce waste output and encourage use of waste as a resource, thus promoting a recycling society.
- 3 The company shall promote the disclosure of environment related information in all its corporate activities.
  - Promote ease of public access to environment related information concerning the company's business activities and provide opportunities for communicating with members of society.

### Environment Action Plan

Every year, we update our Environment Action Plan to guide the conduct of all employees. The plans factor in contemporary social conditions, changing needs, and overall internal and external assessments of activities in the previous term.

Key plans form part of promotion of environmental management initiatives under our CSR Action Plan (see page 21).

### Key FY2007 action plans

#### 1 Promotion of environmental management

- Deploy the systems of all parent and Group company operations to step up environmental management and continue to lower environmental impact

#### 2 Measures for global environmental issues

- Keep reducing CO<sub>2</sub> emissions by safely and reliably operating nuclear power stations and sourcing more electricity from wind power facilities while encouraging customers to conserve energy, notably by using heat-pump water heaters

#### 3 Establishing a recycling society

- Increase recycling rates and eliminate landfill outside our properties by taking advantage of efficient collaborative collections of industrial waste

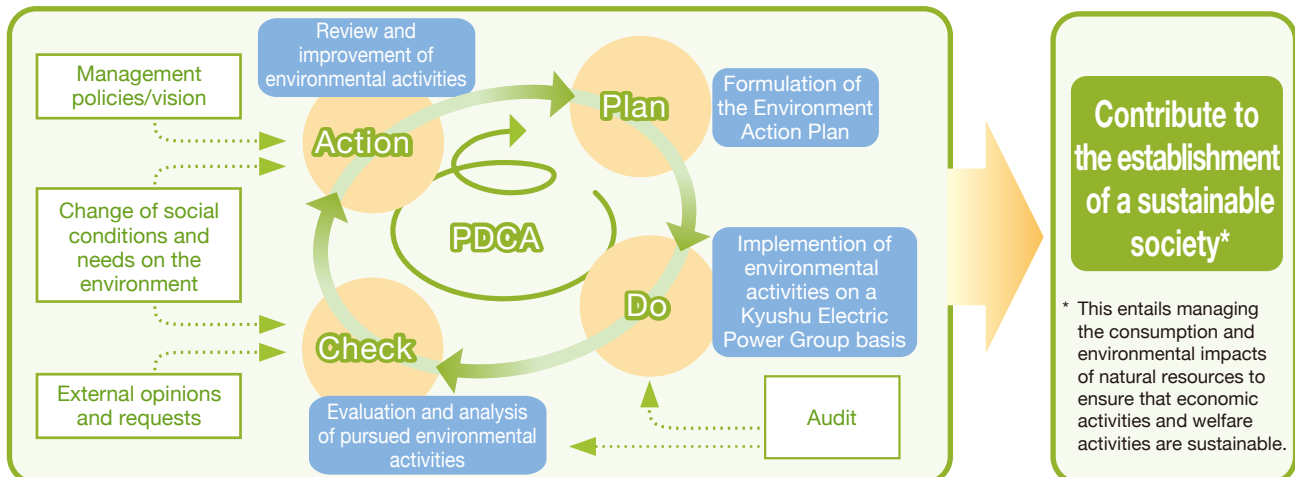
#### 4 Harmoniously coexisting with the local environment

- Neutralize polychlorinated biphenyl wastes and use asbestos-free products

#### 5 Working with society

- Increase customer awareness of our environmental activities through our Environmental Action Report and Eco Mothers Activities
- Safeguard biological diversity through such regional initiatives as the Kyushu Homeland Forestation Program and Environment Month.

#### ▼Environmental PDCA chart



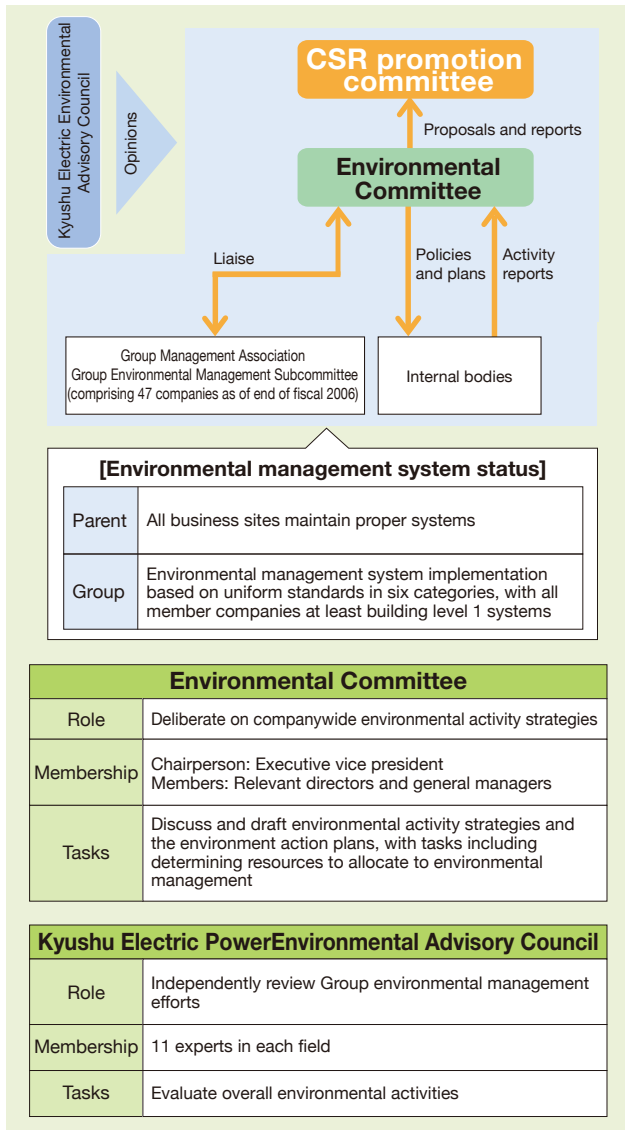
## Promotional Scheme

We have built a companywide environmental management structure (see below).

All our business sites have created and implement environmental management systems to consistently reduce environmental loads.

In FY2006, the Environmental Affairs Department at head office enhanced branch capabilities in these systems by providing support and specialized training. We continued our training program for internal environmental auditors. Officials from the Environmental Affairs Department attended audits at business sites as part of efforts to improve overall in-house auditing.

### ▼Environmental management structure



## Promotion of Group environmental management

Every year, the Group Environmental Management Subcommittee prepares the Kyushu Electric Group Environmental Activity Plan and deploys a PDCA cycle.

In FY2006, Group company Nishimu Electronics Industries Co., Ltd., received ISO 14001 certification for its environmental management systems. Japan Recycling Light Technology & System became the first Group company to obtain Eco Action 21 certification.

We will continue to help all Group companies to improve their environmental activities and environmental management systems.



See pages 49 to 58 of the 2007 Kyushu Electric Power Environmental Action Report for details.

### 「2007 Kyushu Electric Power Environment Action Report」

#### I Promotion of Group environmental management

- 1 Reinforce Group's environmental management
- 2 Comply with laws and ordinances
- 3 Assess environmental data and pursue targets
- 4 Provide environmental education and share environmental information

#### II Measures for global environmental issues

- 1 Cut greenhouse gas emissions
- 2 Reduce regulated freon emissions

#### III Establishing a recycling society

- 1 Recycle
- 2 Use green purchasing

#### IV Working with society

- 1 Amply disclose environmental information

### Key opinions about environmental activities at meeting of Kyushu Electric Advisory Council

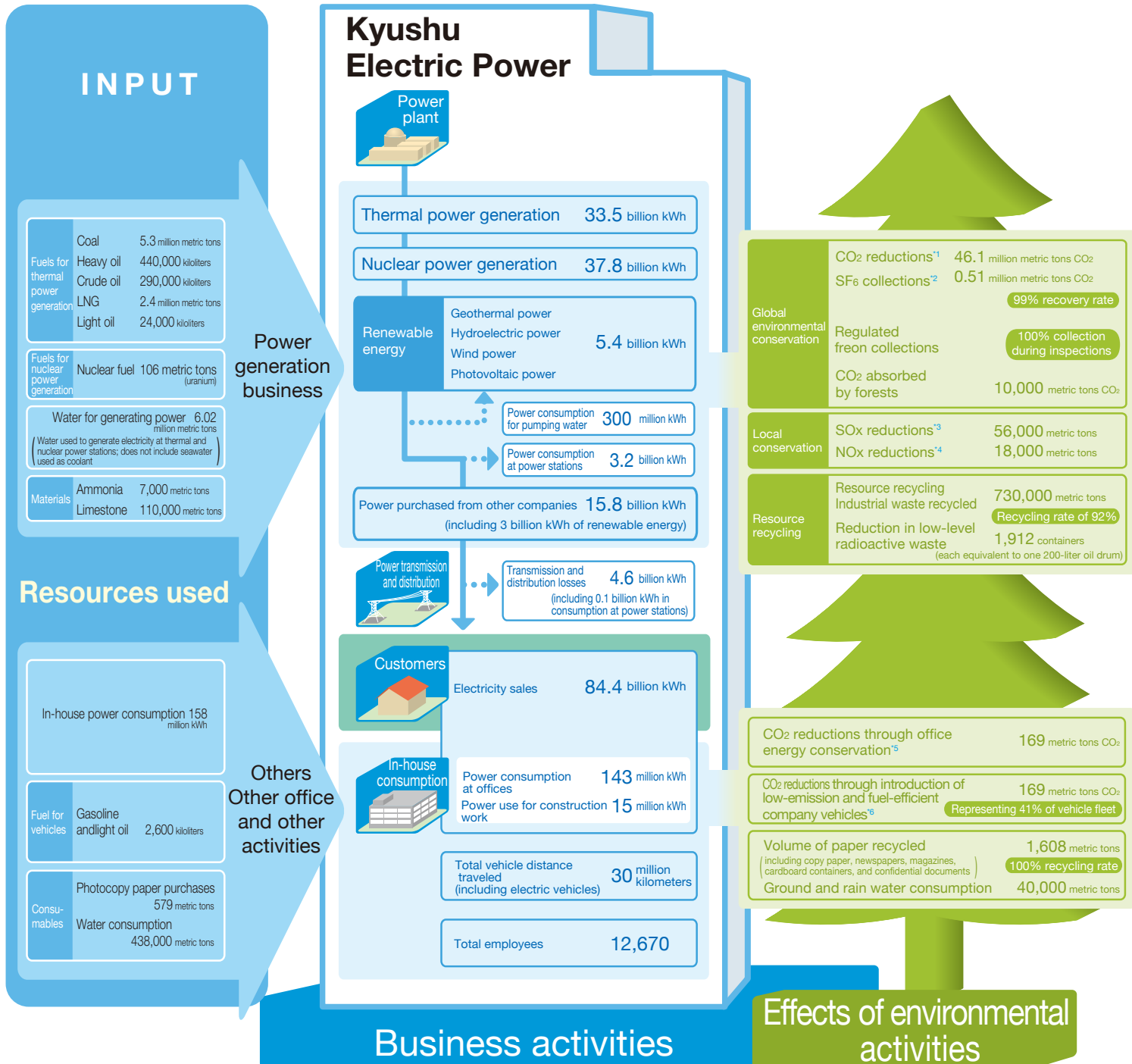
Date: Monday, May 21, 2007, at 2:00 - 4:00 p.m.

- As an electric power company, it is incumbent on you to do something about reducing CO<sub>2</sub> emissions.
- Safe and reliable nuclear power is crucial to reduce CO<sub>2</sub> emissions. You need to improve disclosure given considerable distrust right now in nuclear power.
- Kyushu Electric Power has pledged to contribute to Asia and elsewhere around the world, so I'd like it to lead the way in tackling pollution issues and educating people about environmental issues.
- You have to communicate more about your environmental efforts and encourage more people to read your Environmental Action Report.



See pages 59 to 60 of the 2007 Kyushu Electric Power Environmental Action Report for details.

# Business and Effects of Environmental Activity



## Definitions of baselines for calculating environmental activity contributions

\*1: Where thermal power (except for LNG) generated in kilowatt-hours replaced power generated from nuclear power, hydroelectric power, new energy sources, and LNG. The baselines for facilities efficiency improvements are the thermal efficiency and transmission and distribution loss factors in FY1990.

\*2: Where sulfur hexafluoride was not recovered in equipment checkups or removals.

\*3: Where there was no desulfurization or no use of low-sulfur fuels at power stations.

\*4: Where there was no denitration at power stations.

\*5: Where there were no facility energy conservation measures at business sites.

\*6: Where no clean-energy or fuel-efficient vehicles were used.

\*7: Calculated based on Greenhouse Gas Emissions Calculations, Reporting, and Disclosure System. However, calculations are based on power consumed in-house multiplied by Kyushu Electric estimates of CO<sub>2</sub> emissions intensity for FY2006.

\*8: We used the ozone-depletion potentials of each type of chlorofluorocarbon and converted to the CFC-11 weight equivalent.

\*9: Emission weights for steam and internal combustion engines converted by multiplying total gas exhaust emissions by exhaust gas densities.



See pages 19 to 22 of the 2007 Kyushu Electric Power Environmental Action Report for details.

## OUTPUT

Greenhouse gas emissions<sup>7</sup>  
 CO<sub>2</sub> 31.6 million metric tons CO<sub>2</sub>  
(in-house power consumption was 59,000 metric tons of CO<sub>2</sub>; including power purchased from other companies)  
 N<sub>2</sub>O 47,000 metric tons CO<sub>2</sub>  
 HFC 37,000 metric tons CO<sub>2</sub>  
 SF<sub>6</sub> 700 metric tons CO<sub>2</sub>

Ozone-depleting emissions<sup>8</sup> 0.1 chemical oxygen demand metric ton

Air pollutant emissions<sup>9</sup>  
 SO<sub>x</sub> 16,000 metric tons  
 NO<sub>x</sub> 25,000 metric tons

Waste water<sup>10</sup> 87 metric tons  
 Chemical oxide demand emissions<sup>11</sup> 6 metric tons

Industrial waste disposed 62,000 metric tons

Increase in low-level radioactive waste 1,851 containers  
(each equivalent to one 200-liter oil drum)

## Environmental Load

CO<sub>2</sub> emissions<sup>7</sup> 6,000 metric tons CO<sub>2</sub>

Used paper disposed None

Clean water consumed 398,000 metric tons

## Environmental Activities Achievements in FY2006

We established targets for our main environmental activities, and have continued to lower the environmental loads of our operations.

### ▼Environmental loads and targets

		Result	Target				
		FY2006	FY2006	FY2009			
Measures for global environmental issues	Supply	CO <sub>2</sub> emissions intensity (end use electricity) (kg-CO <sub>2</sub> /kWh)	0.375	0.36 Approx.	We aim to reduce average emissions intensities for FY2008 through 2012 to 20% below FY1990 levels		
		CO <sub>2</sub> emissions (Electricity sales) (10,000 tons-CO <sub>2</sub> [100 million kWh])	3,160 [844]	2,900 Approx. [812]			
		Nuclear power operating factor (%)	82.1	82.1	84.6		
		Efficiency at thermal power stations (sent-out thermal efficiency) (%)	39.3	40 Approx.	39		
		Utilization of power generated from new energy sources (100 million kWh)	5.0 Above	5.0 Above	9.0 Above		
	Consumption	Office energy and resource conservation	In-house power consumption	CO <sub>2</sub> emissions (10,000 tons- CO <sub>2</sub> )	5.9	5.8 Approx.	5.5 Approx.
				In-house power consumption (million kWh)	158	163 Below	153 Below
		In-house logistics	In-house	CO <sub>2</sub> emissions (10,000 tons- CO <sub>2</sub> )	0.6	0.6 Approx.	0.6 Approx.
				Fuel for regular vehicles consumed (km/ℓ)	12.3	12.0 Above	12.3 Above
				Low-emission/fuel-efficient vehicle introduction (%)	41	40 Above	70 Above
Office energy and resource conservation		In-house	Paper purchased (tons)	579	600 Below	600 Below	
			Clean water used (m <sup>3</sup> /person)	34	36 Below	36 Below	
			SF <sub>6</sub> recovery at equipment inspections (%)	99	98 Above	98 Above	
			Regulated freons recovery at equipment checkups (%)	100	100	100	
			Industrial waste recycled (%)	92	90 Above	90 Above	
Establishing a recycling society		Coal ash recycled (%)	91	90 Above	90 Above		
		Other waste recycled (%)	98	98 Above	98 Above		
		Industrial waste landfilled outside company (tons)	490	1,000 Below	1,000 Below		
	Used paper recycled (%)	100	100	100			
	Green procurement (%)	99	100	100			
	Harmoniously coexisting with the local environment		SO <sub>x</sub> emissions intensity per thermal power generated kWh (g/kWh)	0.25	0.2 Approx.	0.2 Approx.	
NO <sub>x</sub> emissions intensity per thermal power generated kWh (g/kWh)			0.21	0.2 Approx.	0.2 Approx.		
Sievert calculation in radiation measurement on people living near nuclear power stations per year (g/kWh)			0.001 Below	0.001 Below	0.001 Below		

\*10: We used the densities of pollutants in waste water treated at our thermal and nuclear power stations and water drainage volumes to calculate this figure, adding our own weight factor and converting the equivalent chemical oxygen demand.

\*11: The chemical oxygen demand figure covers totals for waste water treated at our thermal and nuclear power stations.

## Measures for Global Environmental Issues



See pages 25 to 30 of the 2007 Kyushu Electric Power Environmental Action Report for details.

### Target for CO<sub>2</sub> emission control

Global warming is a long-term challenge for the world. It is essential for states and businesses to conserve more energy and thereby reduce greenhouse gas emissions.

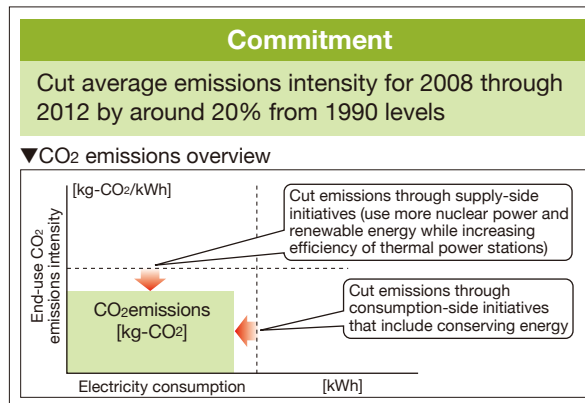
We stepped up efforts to combat global warming by revising our policy. We originally aimed to reduce our CO<sub>2</sub> emissions by fiscal 2010 from a fiscal 1990 baseline. We now seek to cut our average emissions for 2008 through 2012 in keeping with the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

### Working to minimize CO<sub>2</sub> emissions

We can calculate the carbon dioxide emissions intensity, which is the volume of CO<sub>2</sub> emissions multiply by customer electricity consumption. The intensity rises

with electricity consumption of customers.

We are thus improving the supply side while working with customers to optimize their consumption to combat global warming.



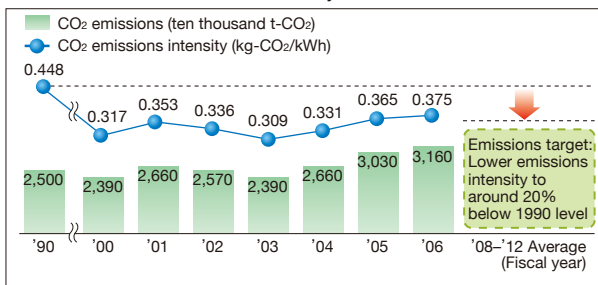
### Cutting supply-side CO<sub>2</sub> emissions

See pages 10 through 12 for details

In FY2006, our CO<sub>2</sub> emissions intensity was 0.375 kg per kilowatt-hour, down 16% from FY1990.

This was because we have suppressed emissions per unit of power produced by optimizing our energy mix. This centers on nuclear power and includes LNG in thermal generation and hydroelectric, geothermal, and other natural energy sources. We increased nuclear power as a proportion of our electricity output and deployed high-efficiency thermal power facilities, thus raising our overall thermal efficiency.

#### ▼End-use CO<sub>2</sub> emissions intensity and emissions



### Reducing CO<sub>2</sub> emissions from electricity consumption

We aim to help customers to reduce their consumption of electricity and thereby lower CO<sub>2</sub> emissions by offering the Eco Cute heat pump-based water heating system and proposing the use of electrical air conditioning through our total solutions services (see pages 16 to 18).

### Looking ahead

We will continue to maintain the safety and reliability of our nuclear power operations while optimizing their efficiency. At the same time, we will develop new nuclear power systems and tap more renewable energy and will operate our thermal generating facilities more efficiently as part of intensive efforts to suppress greenhouse gases.

We will step up our operations in Asia and elsewhere internationally in keeping with our recognition that global warming is a medium- and long-term challenge for everyone. For example, we will build our renewable energy and other businesses in keeping with the mechanisms of the Kyoto Protocol.

### Contributing to the Kyushu Green Power Fund

We and our customers contribute significantly to the Kyushu Green Power Fund, which the Kyushu Industrial Advancement Center runs to help ameliorate global warming. We match donation (one share=¥500 per month) from customers and pass this money to the fund.

#### ▼Kyushu Green Power Fund subsidy allocations for FY2006

	Number of projects	Output in kilowatt-hours	Subsidiaries
Solar power	36	474	¥5,833,000
Wind power	12	40,295	¥5,445,000

Note: Data from Kyushu Industrial Advancement Center announcement.

## Energy and resource conservation in office

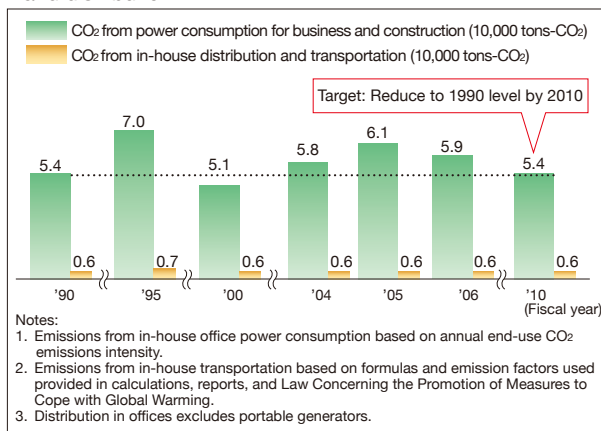
Our offices have stepped up efforts in these areas in line with our targets under the Kyoto Protocol.

Our offices are producing shipping guidelines and manuals to ensure compliance with the revised Energy Conservation Law.

### CO<sub>2</sub> emission targets for in-house power consumption and distribution

Beginning in FY2006, we have set ourselves targets for reducing CO<sub>2</sub> emissions for company head office, branch offices, customer service offices and power system maintenance offices, and electricity used to build power stations and for other construction, as well as by in-house distribution. Naturally, we are working hard towards meeting these goals.

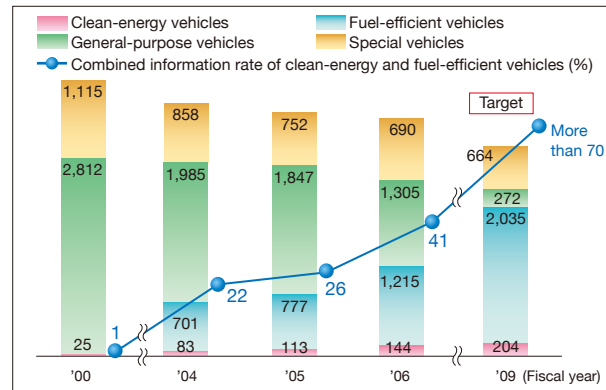
#### CO<sub>2</sub> emissions from in-house power consumption and distribution



### Low-emission vehicle introduction plan

We established targets to raise the proportion of clean energy and fuel-efficient vehicles in our fleet.

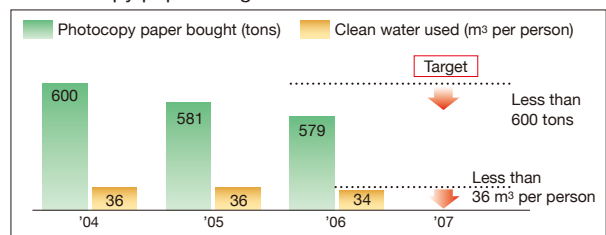
#### Low-emissions vehicle introduction plan



### Reduction of paper purchases and clean water use

Beginning in FY2006, we have set ourselves targets for reducing the volume of photocopy paper purchases and per capita consumption of tap water to below FY2004 levels as part of efforts to lower the environmental loads of our offices.

#### Photocopy paper bought and clean water used



## Kirishima Customer Service Office has received the Excellent Building Mark for Environment and Energy

The office's new premises received this mark from the Institute for Building Environment and Energy Conservation for meeting standards on environmentally friendly interiors. The center was the four of our facilities to receive such recognition from the institute. Kyushu Electric ranks third in Japan in terms of this mark after Mitsui & Co. and Tokyo Electric Power Co., Inc., which have received it for eight and six buildings, respectively.



Exterior of Kirishima customer service office (opened on February 27, 2006)

## Establishing a Recycling Society



See pages 31 to 33 of the 2007 Kyushu Electric Power Environmental Action Report for details.

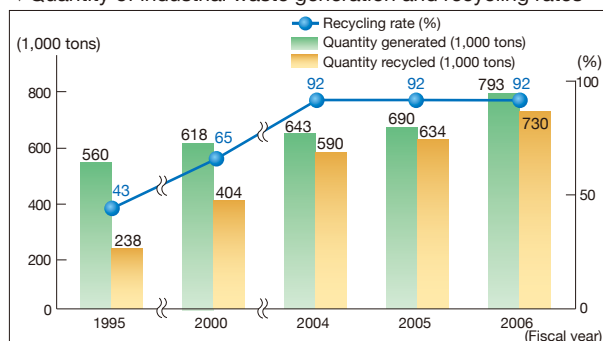
Kyushu Electric practices the 3Rs (Reducing, Reusing, and Recycling) in order to minimize waste from its operations.

### Industrial waste

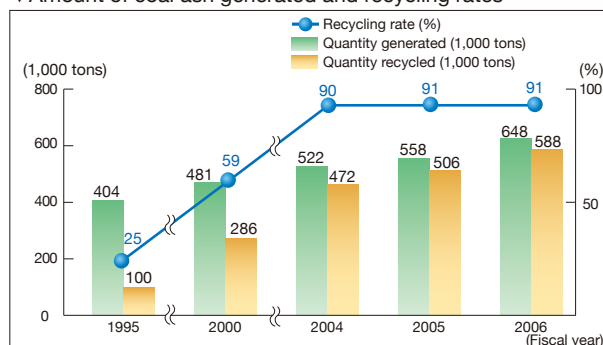
Industrial waste we generate during the course of our business includes coal ash and gypsum from thermal power operations and scrap metal and discarded power poles from construction work.

Accounting for around 80% of our industrial waste is coal ash, whose applications include materials for cement and bitumen. These and other uses enabled us to recycle 92% of our industrial waste in FY2006.

▼Quantity of industrial waste generation and recycling rates

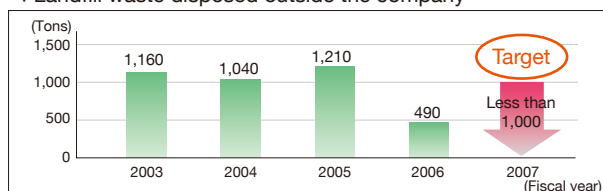


▼Amount of coal ash generated and recycling rates

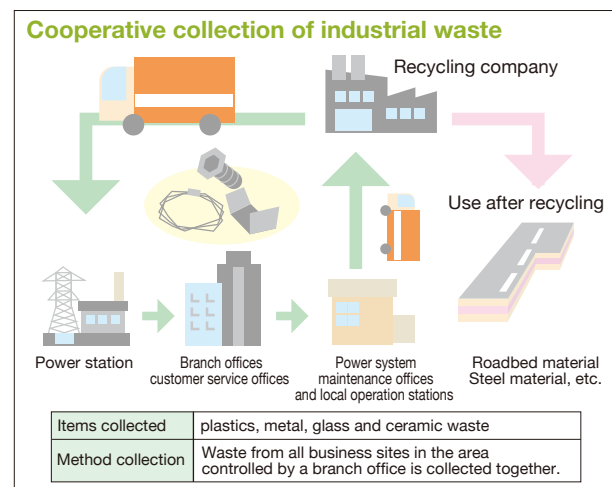


External landfill with industrial wastes was 490 metric tons in FY2006, which was less than half of our targeted level.

▼Landfill waste disposed outside the company



● Cooperative collection of industrial waste  
We introduced a cooperative collection system for industrial waste in FY2005, under which certain types of the industrial waste generated from electric works under direct management of power stations and customer service offices are collected in dulk by area and delivered to a recycling company.



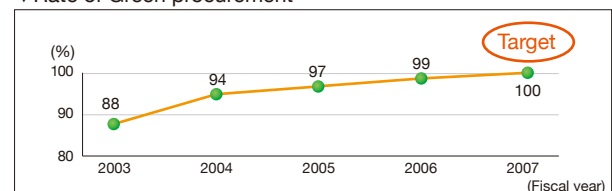
### Promotion of green procurement

The rate of green procurement in FY2006 (the rate of eco-friendly products in commodities purchased) was 99%.

We aim to increase this ratio to 100% in FY2007 by taking advantage of the electronic catalog procurement system that we set up in May 2006.

We comprehensively assess the potential environmental impacts of materials and equipment for our electric power operations before buying them. In FY2006, we have designated six outstanding offerings as Green Products.

▼Rate of Green procurement





## Harmoniously Coexisting with the Local Environment



See pages 34 to 37 of the 2007 Kyushu Electric Power Environmental Action Report for details.

### Environmental assessments

We aim to build new nuclear power facilities in the latter half of the 2010's.

We are accordingly conducting an environmental survey such as environmental assesment, geological survey and meteorological surveys at the Sendai Nuclear Power Station site.

Beginning in June 2006, we launched a

situational survey in keeping with recommendations from the Minister of Economy, Trade and Industry. This effort entails bibliographic research and field surveys based on environmental impact assessment methodologies. We will consider all steps needed to aid conservation by projecting and assessing environmental impact.

### Air pollution measures

We have taken several steps to reduce emissions of sulfur oxides and other pollutants from our thermal power stations.

Measures for reducing sulfur oxides (SOx)	<ul style="list-style-type: none"> <li>○ Use of heavy and crude oil with a low sulfur content</li> <li>○ Promotion of the use of sulfur-free liquefied natural gas (LNG)</li> <li>○ Installation of desulfurization facilities that remove SOx from exhaust gas</li> <li>○ Adoption of the in-furnace desulfurization method, which removes SOx within the boiler.</li> </ul>
Measures for reducing nitrogen oxides (NOx)	<ul style="list-style-type: none"> <li>○ Combustion method improvement for boilers, etc.                             <ul style="list-style-type: none"> <li>• Adoption of the two-stage combustion method</li> <li>• Adoption of the exhaust gas recirculation combustion method</li> <li>• Adoption of low NOx burner and combustors</li> </ul> </li> <li>○ Installation of denitration facilities that remove NOx from exhaust gas</li> </ul>

### Harmony with the Surrounding Environment

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

Since FY1986, we have been promoting the underground power distribution system for the benefit of urban landscape and to ensure safe and pedestrian-friendly pavements. It has been a systematic undertaking with the close cooperation of related road administrators, other local parties involved, and distribution line administrators.

### Managing polychlorinated biphenyl and asbestos

We store 1,478 transformers, capacitors, and other pieces of equipment containing polychlorinated biphenyls at special sites in line with the Waste Disposal and Public Cleaning Law.

In FY2006, the treatment facilities of the government-owned Japan Environmental Safety Corporation began to neutralize equipment containing these substances from our sites in Fukuoka Prefecture.

Some of our buildings and facilities incorporate asbestos, although there is no risk of dispersal in most cases. But dispersal could occur in 16 structures and in four transformer facilities that use sprayed asbestos insulation. We plan to replace with asbestos with alternatives by FY2007.

**Q** Are the electromagnetic fields from your generating facilities safe?

**A** We do not think that electromagnetic fields from our generating facilities harm human health in the surrounding neighborhoods. We base this stance on the environmental health standards of the World Health Organization and the results of research among institutions in Japan and abroad.

We will keep close tabs on relevant revisions to that organization's standards and trends in countering electromagnetic fields at power facilities in Japan.

 [Electromagnetic field website \(in Japanese only\)](http://www.kyuden.co.jp/life_living_denji_index)  
[http://www.kyuden.co.jp/life\\_living\\_denji\\_index](http://www.kyuden.co.jp/life_living_denji_index)

### Developing Lithium Ion Batteries and Quick-Charging Stands for Electric Vehicles

We are applying technologies that we accumulated in jointly developing large lithium ion batteries with Mitsubishi Heavy Industries, Ltd., to work on high-performance units for electric vehicles and hybrid cars that users can recharge at their homes.

We are already encouraging the adoption of electric vehicles to cut carbon dioxide emissions and increase demand for our electricity. We are accordingly looking into setting up the infrastructure we would need to deploy a full-fledged electric vehicle fleet for our operations.

We have focused to date on verifying the performance of these batteries while exploring ways to make them affordable. We have also provided

automakers with samples. In March 2007, we began assessing the iMIEV electric model that Mitsubishi Motors Corporation is developing for its suitability as a commercial vehicle. We are working with that company to study the practicality of multipurpose fast-charging stands for electric vehicles. These stands incorporate our communications and other technologies.



## Working with Society



See pages 38 to 42 of the 2007 Kyushu Electric Power Environmental Action Report for details.

We promote environmental activities at local community, and communicate through our

Environmental Action Report, Eco Mothers, and other communication vehicles.

### Environmental Action Report

We have published our Environmental Action Report since FY1996. Beginning in FY2006, we repositioned that report to detail issues

highlighted in the Kyushu Electric CSR Report. Both publications thus form a set.

### Supporting environmental education activities

We support environmental education by working with citizens' groups to harness the Onagohata Recreation Forest, a facility that we own near the dam of our Onagohata Hydroelectric Power Station in Hita, Oita Prefecture. There, we hold nature-watching events, show people how to cut undergrowth to foster tree growth, and conduct tours of the hydroelectric power station.

In FY2006, we launched nature-watching activities at another forest that we own near Yamashitaike in Yufu, Oita Prefecture.



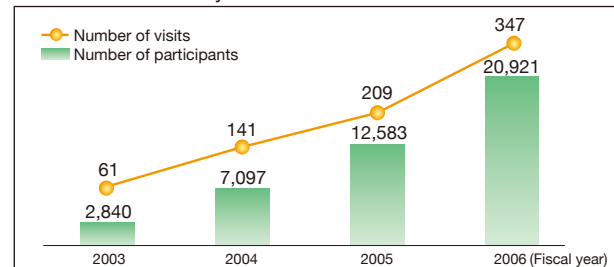
Nature watching at the Onagohata Recreation Forest in Oita Prefecture

### Eco Mothers Activities

This Activity is our key liaison to the community. It educates children about the environment and provides parents with information so they can enlighten their children at home.

Eco Mothers visit local nurseries and kindergartens. They perform and show pictures that raise awareness of environmental issues and provide simple tips on saving energy at home. They also solicit feedback on our environmental activities.

#### ▼Eco Mothers activity achievements



Eco Mothers show at Minai Imaizumi Nursery in Miyazaki Prefecture

### A message from Kumi Kudo of Eco Mothers (Oita staff)

My son is nine year-old and my daughter is five. I have worked for Eco Mothers Oita for three years.

We mainly visit kindergartens, elementary school clubs, and facilities where the very young and their guardians gather. Our prime challenge is to tailor story-telling to age groups. We are doing our best with panel theater shows, novelty picture books, and quizzes.

I think that children have become much more aware of the environment since we started our work. For example, they now initiate discussions about deforestation in Brazil and carbon dioxide emissions from human activities. We are very grateful to the Oita Branch of Kyushu Electric for publicizing our activity because it is now much easier for us to do our work in public places. I would like more people to know about what we do and hope we can expand our coverage to new locations.



For more information about Eco Mothers, please call Kyushu Electric Power's Environment Department (in Japanese only) in +81-92-726-1531.

### Kyushu Homeland Forestation Program

We commemorated our 50th anniversary in FY2001 by launching the Kyushu Homeland Forestation Program. We are working with residents around the region through this initiative to plant one million trees in 10 years and cut underbrush around seedlings to promote growth.

In FY2006, we planted 120,000 trees under the program in 42 locations. That raised the six-year total to about 670,000 trees.



Caption: Planting trees in Fujicho, Saga City

### Supporting Green Helper training

Since FY1998, we have helped an NPO, the Interchange Association for Promoting Forestation to train Green Helpers. These people become leaders in creating eco-friendly communities.

In FY2006, we held seminars in Fukuoka and Oita for a total of 119 participants. By year-end, the aggregate number of participants is 912. Trained Green Helpers lead volunteer forestation teams in their areas and assist with our Kyushu Homeland Forestation Program.

### Environment Month Programs

Environment Month in June highlights the need for protecting nature. During that time, we conduct forestation and cleanup drives and hold environmental and energy seminars. June is designated Environment Month, and we consider June to be a time to recognize a-new the necessity and importance of environmental presentation activities we are productive in this area with activities including seminars, tree planting and cleanup.

## Conserving Our Watershed Forests

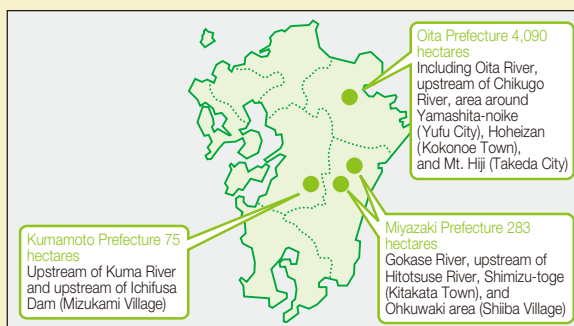
Kyushu Electric owns and manages 4,448 hectares of forests, mainly in Aso Kuju National Park, which provide stable supplies of water for our hydroelectric facilities. The forests conserve the watershed, absorb carbon dioxide, ensure biological diversity, prevent landslides, and also function as recreational areas. Rising concern in environmental issues has raised the profile of forests for their potential roles in reducing global warming.

Subsidiary Kyushu Rinsan Co., Inc., accordingly manages our forests to ensure they serve our business requirements while serving the public interest.

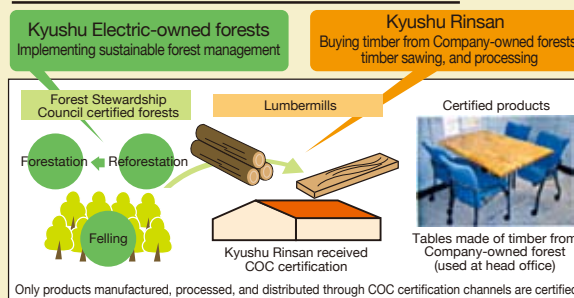
That is why in 1995 the Forestry Agency decided to place our forests around Yamashitaike, which also function as recreational areas, on the list of 100 key water sources in Japan.

In March 2005, we became Japan's first electric power company to obtain forest management certification from the Forest Stewardship Council. Our forests were the second in Kyushu and the 20th in the nation to receive this recognition.

Kyushu Rinsan acquired chain of custody certification from the council, enabling it to sell lumber from selection cutting that consumers can recognize as coming from responsible foreign management. The timber is eventually used in houses and furniture as part of a sustainable forest maintenance and management cycle.



#### Forest Stewardship Council certification flow





# Respect of Human Rights and Maintenance of Labor Environment

Kyushu Electric Power respects human rights and strictly complies with related laws and ordinances. We also provide stimulating and comfortable working environments to help employees to help improve our corporate value.

## Respecting Human Rights

### Highlighting awareness

We respect human rights everywhere as central to creating a better world. Such rights are fundamental to Group operations, and we accord top priority to ensuring that all employees understand the issues and act accordingly.

We provide ongoing education through seminars for all Group operations.

Our overseas businesses also enlighten supply chains about our human rights requirements.

About 5,900 employees participated in human rights and anti-discrimination seminars in FY2006.

### Addressing sexual harassment

Sexual harassment is an affront to the dignity of victims, prevents them from performing their tasks and disrupts the workplace, and can reduce our reputation in society. We are completely committed to preventing sexual harassment.

We enlighten employees by distributing pamphlets and holding seminars and offer internal and external counseling services for employees. We also conduct classes to improve the skills of internal counselors. In FY2006, we bolstered the external counseling service, which is Sexual Harasment Hot Line, so it can serve employees of all Group companies.

We will continue to combat sexual harassment through these and other means.

Five employees used our sexual harassment counseling services in FY2006.

## Promoting Equal Opportunities

### Employing people based on aptitude and competence

Kyushu Electric hires and promotes people regardless of gender or age to create dynamic workplaces that build corporate value in keeping with its commitment to good corporate citizenship and the spirit of the Equal Employment Opportunity Law.

For example, recruiting is gender-free at all academic levels and work categories. Appointments are solely according to the capabilities and motivations of employees, as are promotions. Educational opportunities are similarly regardless of gender.

▼Basic employee data (fiscal years and fiscal year-ends)

	2004	2005	2006
Number of employees	13,505	13,074	12,670
Males (%)	12,546 (92.9)	12,189 (93.2)	11,876 (93.7)
Females (%)	959 (7.1)	885 (6.8)	794 (6.3)
Number of managers	3,984	3,979	3,946
Males (%)	3,945 (99.0)	3,936 (98.9)	3,901 (98.9)
Females (%)	39 (1.0)	43 (1.1)	45 (1.1)
Number appointed	103	101	105
Males (%)	88 (85.4)	85 (84.2)	91 (86.7)
Females (%)	15 (14.6)	16 (15.8)	14 (13.3)
Average ages	39.1	39.4	39.8
Males	39.2	39.6	40.0
Females	36.8	36.9	37.2
Average years of service	19.7	20.0	20.4
Males (years)	19.9	20.2	20.5
Females (years)	17.3	17.4	17.6
Number of labor union members	11,049	10,644	10,191

Note: Average ages and years of service exclude senior executive figures.

## Balancing work and private commitments

In keeping with the revised Childcare and Family Care Leave Law, in FY2005 we reinforced our child and family care support systems to enable employees to balance their work and family commitments.

We conducted seminars for new managers on our childcare leave system in FY2006.

We will continue to explore more flexible working approaches for employees with child-raising needs by assessing usage of the system to date and considering employee opinions and requests.

### Users of childcare and family care support system in fiscal 2006

- 59 (2) employees on childcare leave
- 2 (2) employees on family care leave
- 115 (1) employees working shorter hours because of childcare
- No employees working shorter hours because of family care

Note: Male employee numbers in parentheses

## ● Implementing action plan to support childraising

Based on the Law for Measures to Support the Development of the Next Generation, we produced a child-raising support action plan covering April 2005 through March 2008 and submitted it to the Labor Bureau. We are drawing on this plan to create environments that make it easier for employees to look after their children.

### Message from a childcare support system user

Employees can take childcare leave until their children reach the age of two. I used this system, too, staying home until my baby was 14 months old. The system allowed me to concentrate on the needs of my infant.

The company has other systems when you return to work, such as shorter hours and family care leave. I think the company offers

everything for working mothers so we can balance our job and family commitments. I am very grateful to have been able to continue working after the marriage and childbirth in an organization that offers full support systems and understanding.

I hope more people choose to use this support system and continue working with balance job and childcare.



By Akiko Takishita,  
Settlement Group,  
Accounting Department

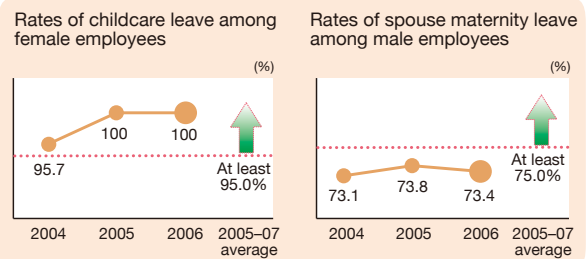
## ▼ Outline of child and family care support system

Item	Childcare support	Family care support
Leave	<p>[Period] Until child reaches two years of age</p> <p>[Frequency] Employee can take leave one more time for the same child after returning to work</p>	<p>[Period] Two years in total (730 days) for the same care receiver</p> <p>[Frequency] No limit to number of times (primarily, more than one month per application) Shorter work hours</p>
Shortened work hours	<p>[Period] Until the end of March of the year child starts elementary school</p> <p>[Permissible shortening in hours] • One, two or three hours per day • Can set up times to start work in units of 10 minutes</p>	<p>[Period] Until care no longer needed</p> <p>[Permissible shortening in hours] • One, two or three hours per day • Can set up times to start work in units of 10 minutes</p>
Spouse maternity leave for male employees only	Three days at time of childbirth	_____
Nursing leave	Five days annually for illness and injury of pre-schooler child younger (half-day breaks permissible)	_____

## Action Plan

- First action plan period  
April 1, 2005, to March 31, 2008  
(Reducing 10 years stipulated under into segments of two to five years)
- Targets
  - More than 95% of eligible female employees taking childcare leave
  - More than 75% of eligible male employees taking spouse maternity leave
  - More flexible work systems for employees raising families

## ▼ Actual and targeted childcare leave among female employees and spouse maternity leave among male employees



## Organizational initiatives to improve opportunities for female employees

We established an organization in July 2007 to increase opportunities for female employees. This body aims to cultivate and support these employees, help them balance work and home commitments, and broaden in-house awareness to support these objectives.

## Employing Retirees and Physically and Mentally Challenged People

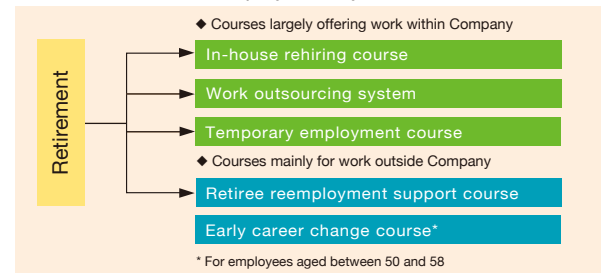
### Finding work for retirees

The Japanese government raised the age at which people can begin receiving retirement pensions and revised the Law Concerning Stabilization of Employment of Older Persons. These and other changes have made it important for society to draw more actively on the skills of senior citizens.

Kyushu Electric has long maintained rehiring and other employment systems for retirees. We bolstered our setup in April 2007 by replacing the existing rehiring system so we could more actively

harness the skills of retirees and offer work that accommodates more diverse individual needs. The new system enables these retirees to work within and outside the Company.

#### ▼Overview of retiree employment system



### Hiring the physically and mentally challenged

We collaborate with schools and the state-run Hello Work placement agency systematically recruit physically and mentally challenged people so they can participate more easily in society.

In 2004, we established the Kyushu Captioning Co-Production Center Inc. to develop more business opportunities by enabling the hearing-impaired to provide services aimed at others with similar disabilities.

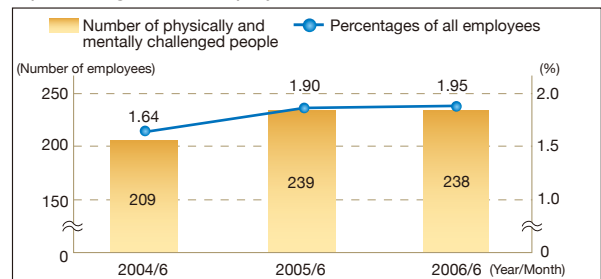
In April 2006, we hired 10 more people for the parent and two for the above subsidiary. As a result, physically and mentally challenged people accounted for 1.95% of our employees as of June 2006.

We will maintain our commitment to these

people and foster acceptance of them in the workplace.

□ Kyushu Captioning Co-Production Center Inc. website (in Japanese only)  
<http://www.q-caption.com/>

#### ▼Number of physically and mentally challenged people and percentages of all employees



### Improving Employee Motivation and ability

Our people are central to improving corporate value. It is thus essential to enhance and better deploy the skills of our employees so we can tackle new challenges amid intensifying competition.

We accordingly offer various training courses. We also motivate employees through our promotion system and initiatives to reflect their opinions in our labor policies.

#### ● Improving skills

We offer education and training to improve specialist and management skills and cultivate

creativity and drive so we can respond to changes in the operating climate and improve our organization.

We offer joint training courses and a host of facilities to bolster the overall capabilities of Group employees.

We plan to enact the Kyushu Electric Educational Charter to drive reforms in the corporate culture by cultivating our human resources. We will provide more educational and training opportunities so we can enhance the interpersonal skills of younger employees and the capabilities of managers.

● Motivation-oriented appointing system  
We draw on in-house recruiting and our Job Challenge and Human Resources Bank programs to offer our people more opportunities for advancement.

Our Chief Challenge Examination program offers early promotions for people are keenest to tackle the challenges of change.

▼Promotion systems overview and FY2006 achievements

Overview (FY2006 achievements)	
In-house recruiting	Offer jobs requiring outstanding motivation and special qualifications (7 people transferred).
Job Challenge	To foster departmental human resources, select those wishing to meet new challenges at the head and branch offices (16 people transferred).
Human Resources Bank	Register in-house applicants and disseminate information companywide to encourage the use of in-house people who satisfy operational requirements (implemented in FY2007).
Chief Challenge Examination	Motivates employees with outstanding capabilities and a desire for change to enhance their skills and obtain earlier promotions (we passed and promoted 173 employees).

● Employee assessments helping to enhance human resources

We introduced a goal management system for all managers (excluding seconded and delegated employees). Each manager establishes annual companywide objectives at the start of each year. We assess achievements at year-end. Managers refer to the results in setting goals for the following year.

At the beginning of each year, we inform regular employees of the areas on which we would like them to focus, basing assessments on progress in those fields. We complement those evaluations by interviewing employees individually to provide additional feedback and guidance.

● Reflecting employee opinions

▮ Maintaining dialog with employees

We offer ongoing opportunities for discussion between employees and human resources

officials to secure feedback that we reflect in our personnel policies.

▮ Employee satisfaction surveys

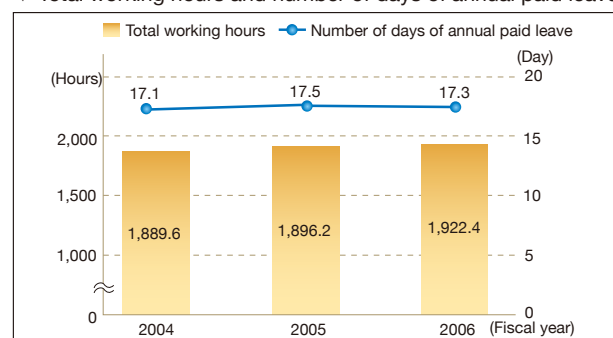
We conduct an annual satisfaction survey for all employees to assess morale and compliance with our personnel systems.

We factor issues raised in the survey into the process of formulating our medium-term business plan and deploy our responses in plans for the following fiscal year.

● Balancing work and private lives

As well as complying with the Labor Standards Law and other regulations, we are committed to ensuring the physical and mental wellbeing of employees. We therefore extensively manage overtime so employees can balance their work and private lives. We recognize that proper rest enhances overall productivity, and have taken steps to make it easier for employees to take annual paid vacations.

▼ Total working hours and number of days of annual paid leave



**Labor-management relations**

Labor unions share our goal of ensuring sustainable progress, and management accordingly endeavors to maintain healthy and cordial relationships with them.

We keep in close daily contact with unions and share information with them. We also hold labor-management and special management committee meetings with unions.



# Maintaining Our Safety-First Principle

Kyushu Electric Power accords top priority to safety for society and employees, and constantly endeavors to improve its facilities and technologies.

## Worker Safety and Health Initiatives

We aim to eliminate all industrial accidents and provide work environments that foster the physical and mental wellbeing of our employees. Management and employees collaborate to produce and follow companywide goals with support from our Safety and Health Committee.

### Eliminating occupational accidents

The number of accidents has fluctuated in recent years despite ongoing efforts to optimize the safety awareness of employees and remove potential dangers. We thus explored the creation of Occupational Safety and Health Management System, as part of which we will push ahead in FY2007 with risk assessments that will be central to that system.

Employees meet to discuss and prepare for risks before and after starting jobs. For example, they check road maps pinpointing locations where traffic accidents are frequent.

### Ensuring mental and physical wellbeing and comfort

We help employees cope with changes in the social and working environment by showing them how to prevent illness and improve their health. We deploy a wide range of programs to safeguard workers from the mental and physical damage of overwork and to create workplaces that minimize fatigue and stress. We will continue to improve these programs.

▼Number of occupational accidents and main causes (Number)

Fiscal year	2002	2003	2004	2005	2006
Material cause	1	3	4	6	4
Human error	10	22	19	18	12
Third party factors	7	1	4	8	8
Total	18	26	27	32	24

### Health management policies

- Mental health education improvements
  - Using more external lecturers and otherwise expanding training opportunities
  - Enhancing training such as by instructing on stress-reduction techniques
- Preventing health damage from overwork
  - Occupational physicians and medical staffers providing workplace guidance
  - Offering consultation to at-risk individuals
- Initiatives for visual display terminal usage
  - Consultations and examinations from medical staffers
- Workplace smoking measures
  - Smoking is prohibited in work areas
  - Smoking rooms and other facilities used to prevent passive smoking
- Illness prevention
  - Classes and lectures on various issues

### A message from our occupational physicians

As part of our work, we occupational physicians provide considerable guidance in recent years on ways to combat the effects of overwork and maintain mental health.

In recent years, we've offered administrative and general mental health education at employee training facilities. We also use in-house television programs to speak about mental health and otherwise enlighten employees. We will continue to perform our duties in the years ahead, contributing to more comfortable workplaces and improving employee health.



Dr. Kazuya Fujishiro (front left), chief occupational physician, and Dr. Rie Yoshikawa (front right), head office occupational physician



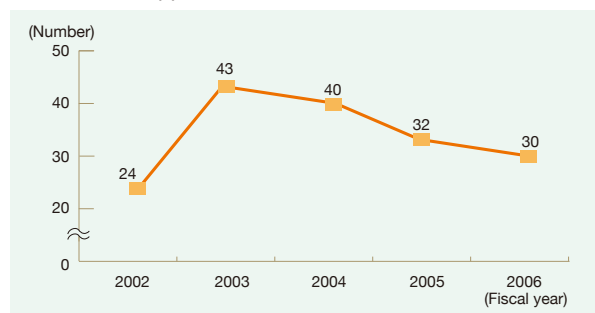
### Mandating supplier safety

We have long fulfilled our responsibilities to suppliers by supporting and instructing on their safety activities. But there have been some tragic incidents of electric shocks and falls. We thus reinforced efforts to ensure supplier and prevent accidents.

For example, we hold safety months in summer and winter, during which we patrol supplier work sites. We also meet suppliers

to discuss accident prevention and other safety issues.

▼Number of supplier accidents



## Ensuring Public Safety

### Preventing electric shocks

We hold three publicity campaigns annually to help reduce the incidence of electric shocks. During Power Safety Month, we highlight this issue to engineering and construction firms, crane companies, educational institutions, municipalities, and other major organizations. In light of an accident in Tokyo in 2006 in which a ship-mounted crane touched power lines and triggered a massive outage, we expanded our publicity program to encompass construction and other companies operating such vessels.

Other safety awareness tools include “Denki Shittoku Bon” (Know Your Electricity pamphlet), which we distribute to new customers, and a questions and answers website on power usage. In addition, we recommend that customers check their facilities for potential problems and deploy their own safety procedures.

▼Number of public electric shock accidents

Fiscal year	2002	2003	2004	2005	2006
Number	4	1	3	2	0

[http://www.kyuden.co.jp/life\\_living\\_safe\\_index](http://www.kyuden.co.jp/life_living_safe_index)

We will continue to take every opportunity to pursue electric shock prevention by publicize the risks.

Spring and summer publicity campaigns to prevent electric shocks

We hold two publicity campaigns each of three months, from December through May. The main priorities are to prevent shocks from carp streamers touching power lines and from mishaps at construction sites.

Power Safety Month

We join hands with several electric power bodies to hold this campaign every August under the auspices of the Ministry of Economy, Trade and Industry to deepen public awareness of the need to use electricity safely and prevent accidents.

Publicity during typhoons and other disasters

We run television commercials, place newspaper advertisements, and harness other publicity vehicles during disaster periods to heighten power safety awareness and inform of outages from debris.



Publicity poster highlighting risk of electric shock

# Ensuring Nuclear Power Safety

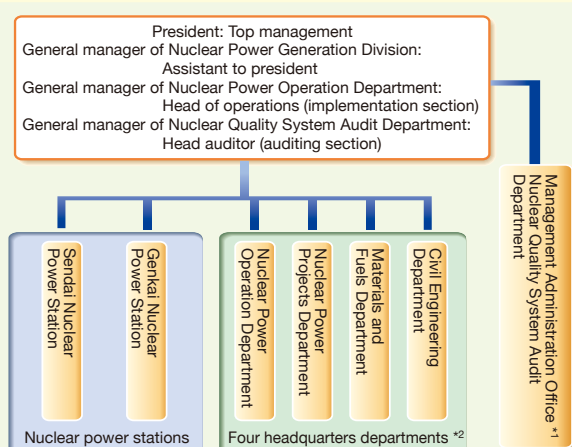
We harness extensive safety and quality assurance activities to manage our nuclear power operations and disclose information on our activities to build community trust.

## Safety Management System

### Quality assurance Activities

The president establishes the quality management system that ensures the safety and quality of our nuclear power operations. Our system complies with laws and ordinances and the requirements of the Japan Electric Association code of Quality Assurance for Safety of Nuclear Power Plants, known as JEAC 4111.

#### ▼Quality assurance structure



\*1: Internally audits nuclear power operations under instructions from president.  
 \*2: The headquarters nuclear quality assurance organization comprises the Civil Engineering Department (Nuclear Power Group) and Materials and Fuels Department (related groups).

### Keeping our technological edge

The technological capabilities of our employees are essential to keep our nuclear power stations operating safely.

On-the-job training is the main tool for imparting operational and maintenance technologies. We use operation simulators and maintenance training facilities at the training centers of our Genkai and Sendai nuclear power stations to maintain our practical technological capabilities.



### Developing safety culture in nuclear activities

Our management system emphasizes building positive worksite environments and communicating with business partners because we believe that safety starts with individual awareness and the organizational culture.

We therefore not only maintain extensive internal communications through meeting with executive managers and worksite meetings but also regularly reassign employees between headquarters and our nuclear power stations.

We maintain close ties with business partners by participating in their pre-work meetings and site inspections while participating with them in site patrols, informal discussions, and other activities.

### Ensuring groupwide nuclear power safety

Focus on Nishinippon Plant Engineering and Construction Co., Ltd.

This Group company inspects and maintains our nuclear power facilities. Its rigorous safety management and quality management programs have contributed significantly to the safety of Group operations and technological capabilities.

That company performs exceptionally reliable work because it extensively trains its employees to enhance their technical skills and is totally committed to safety.

Nishinippon Plant Engineering and Construction managed a project to replace the steam turbine at the Sendai Nuclear Power Station Unit 1, working from the design stage with the overseas supplier of this equipment to assess technical issues.



▲ Replacing a turbine at The Sendai Nuclear Station Unit 1

📄 Nishinippon Plant Engineering and Construction website (in Japanese only)  
<http://www.npc21.jp/>

## Maintaining Nuclear Power Facilities

### ● Adhering to guidelines

It is naturally important to properly maintain nuclear power station facilities and equipment.

We thus determine the scope and frequency of inspections and repairs and assess the results of our work to decide if we need to review our approach. These and other efforts are in keeping with laws and ordinances and the Code of Maintenance and Inspection for Nuclear Power Plants, or known as JEAC 4209.

### ● Implementing preventive maintenance

We refer to nuclear power station accidents in Japan and abroad to take recurrence preventive steps and monitor the aging of our facilities. We draw on our knowledge to maintain and improve facilities and equipment.

### ● Enhancing seismic resistance

In August 2006, we began geological surveys to evaluate seismic safety ahead of the September 2006 revision of seismic design guidelines. We are continuing to measure seismic safety and to accordingly upgrade our facilities.

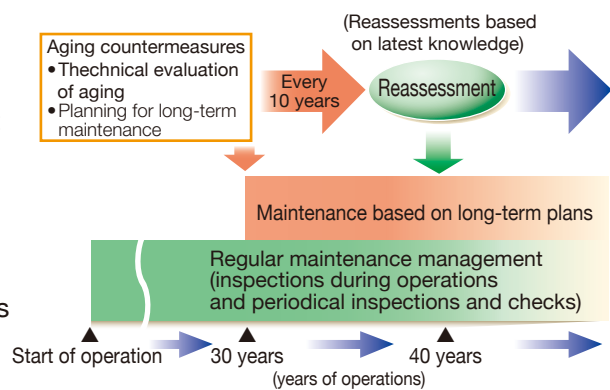
## Aging countermeasures

We responded to the government's basic guidelines on aging facilities by evaluating the Genkai Nuclear Station Unit 1, which had been operating 30 years. In December 2003, we submitted a report to the government stating that the passage of time had not undermined the facility's safety.

In March 2004, the government approved this report, stating that, "The company appropriately evaluated aging, and may continue to operate this facility as long as it properly implements its long-term maintenance plan."

We are systematically addressing aging at that facility under a program of periodical inspections.

### ▼ Overview of aging countermeasures

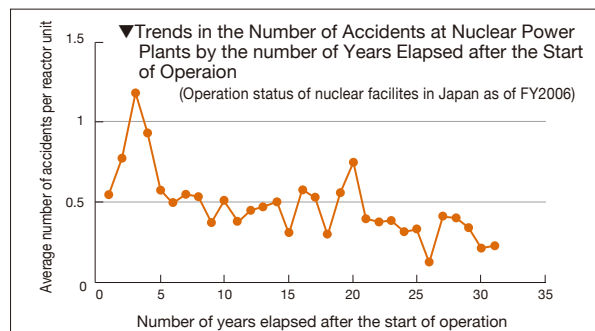


**Q1** Aren't the aging countermeasures for your nuclear power stations simply a pretext for extending the operating lives of old facilities?

**A** No laws govern how long these facilities can operate. The goal of aging countermeasure assessments is simply to bolster maintenance programs for before and after facilities run for 30 years, not to extend operating lives.

**Q2** Haven't more problems occurred as nuclear power stations age?

**A** The statistics show no such trend.



# Ensuring Nuclear Power Safety

## Controlling Radiation

### Controlling occupational radiation exposure

We minimize such exposure at our nuclear power stations by strictly managing water quality, shielding workers, and having them perform tasks through remote control or automated systems.

In FY2006 result, the average occupational exposed dose at our facilities was 0.9 milliSievert (mSv), far lower than the legally permitted 50 mSv.

### Managing environmental radiation

We constantly monitor radiation levels around our nuclear power stations. We disclose real-time data on our website. We regularly measure the radioactivity of samples of seawater, agricultural and marine products, and have found no instances of environmental radiation from our facilities.

The annual dosage of people living around our nuclear power stations is less than 0.001 mSv. This is well below the legal dose limit of 1 mSv per year and the Nuclear Safety Commission's target of 0.05 mSv annually.

#### Ambient radiation from our nuclear power stations

FY2006 result: Less than 0.001 mSv

FY2007 target: Less than 0.001 mSv

### Preventing nuclear disasters

Our nuclear power stations maintain rigorous safety measures to minimize disaster risks. As part of ongoing efforts to ensure preparedness, we maintain contingency response plans with national and local government bodies in line with the Special Law of Emergency Preparedness for Nuclear Disasters and the Disaster Countermeasures Basic Act.

We participate in annual nuclear disaster drills in Saga and Kagoshima prefectures. Headquarters and our nuclear power stations have emergency response headquarters that regularly train for such tasks as issuing bulletins and monitoring the environment.

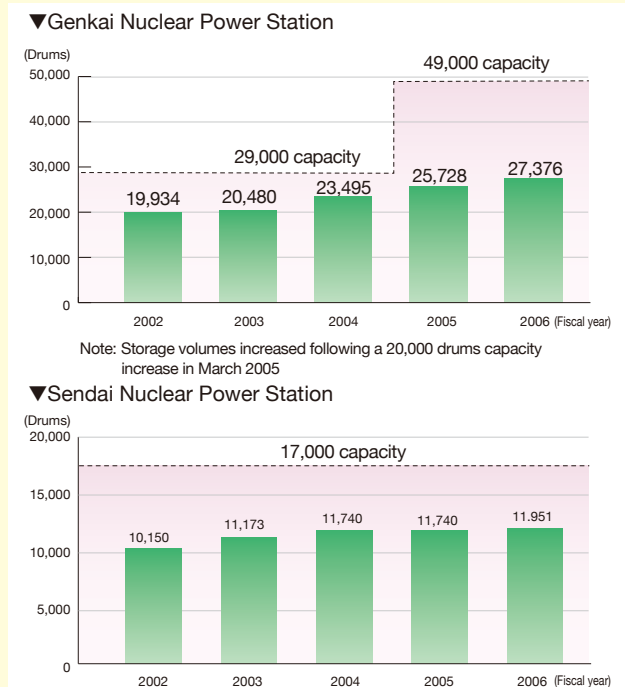
**Note** MOX fuel is the acronym for mixed uranium and plutonium oxides from spent and reprocessed materials. Pluthermal is a Japanese English term derived from the words plutonium and thermal unit. The pluthermal generation process harnesses MOX fuel.

### Managing radioactive wastes

On-site facilities treat the small amounts of radioactive gaseous and liquid wastes that our nuclear power stations create and safely dispose of them. These wastes have a miniscule impact on radioactivity around our plants.

They store and strictly supervise solid wastes on-site and then ship them to Japan Nuclear Fuel Limited's Low-Level Radioactive Waste Disposal Center. That center stores the wastes underground for management until the potential dangers to humans disappear.

#### Solid waste storage



## Plutothermal Safety

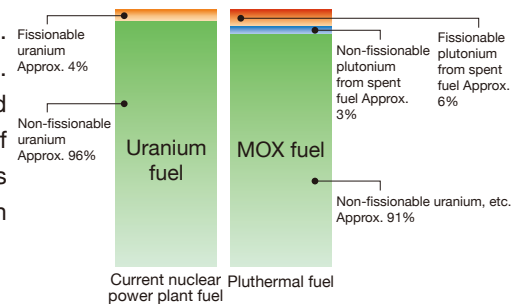
We plan to start plutothermal generation at the Genkai Nuclear Power Station Unit 3 (see note at the bottom of page 51) by FY2010.

We passed a rigorous government safety review in September 2005. Saga Prefecture and Genkai town consented to our plan in March 2006. The next step is to prepare for MOX fuel (see note at the bottom of page 51) fabrication and shipments. We will ensure complete safety at each stage, complying strictly with the law and undertaking quality assurance activities.

### MOX fuels are safe for existing facilities

Conventional nuclear power stations run solely on uranium fuel. But plutothermal facilities can use both uranium and MOX fuels. Just like uranium fuels, MOX fuels are made like ceramics, sealed in fuel rods, and used in fuel assemblies. The shapes and sizes of uranium and MOX fuel assemblies and the generating principles are identical. The Genkai nuclear power station unit 3 will run on one-quarter MOX fuel, with uranium fuel accounting for the rest.

#### ▼ Differences between uranium and MOX fuels



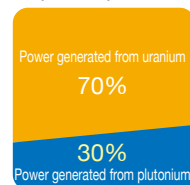
### Plutonium is useful for current nuclear power generation

In modern nuclear power stations, some uranium fuel transforms into plutonium in the fission (in which atoms split to release heat) process.

In this way, plutonium already produces 30% of the energy at these plants in what essentially becomes plutothermal power generation.

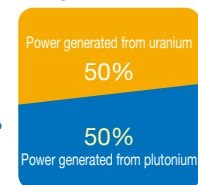
With a plutothermal setup, plutonium accounts for around 50% of energy output because MOX fuel contains that material.

#### Current nuclear power plants



(With uranium fuel only)

#### Plutothermal generation



(Where using 25% MOX fuel)

### A track record of more than 40 years

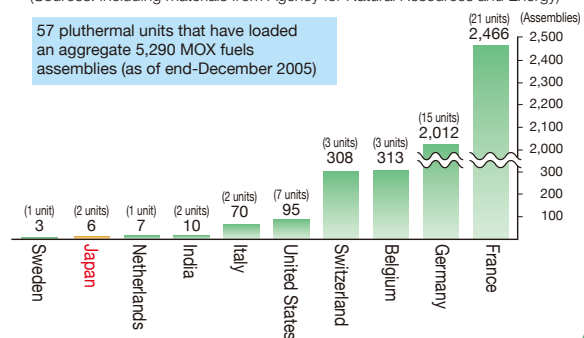
Plutothermal power generation began in the 1960s. There are 57 plutothermal units internationally, largely in France, Germany, and Belgium, and they have loaded an aggregate 5,290 MOX fuels assemblies. There have been no reports of safety problems.

Trial plutothermal operations at the Japan Atomic Power Company's Tsuruga Power Station Unit 1 and Kansai Electric Power Co., Inc.'s Mihama Nuclear Power Plant Unit 1 confirmed the safety.

#### ▼ Aggregate global plutothermal power generation

(Sources: Including materials from Agency for Natural Resources and Energy)

57 plutothermal units that have loaded an aggregate 5,290 MOX fuels assemblies (as of end-December 2005)



### The Japanese government confirmed the safety of our plutothermal plan for the Genkai nuclear power station unit 3

The Nuclear Safety Commission assessed MOX fuels and published its report in 1995. The report stated that if MOX fuels accounted for up to around one-third of the fuel used in a nuclear unit the MOX fuels would perform around the same as uranium fuel. The commission thus concluded that it would be acceptable to apply existing criteria and use safe design techniques and evaluation methods that factored in the characteristics of MOX fuels.

The government appraises the safety of each unit in which operators plan to start plutothermal generation.

The Genkai nuclear power station unit 3 passed a government safety review completed on September 7, 2005.

### We have audited the quality assurance systems for MOX fuel

In April 2007, we audited the quality assurance systems of fuel supplier Mitsubishi Heavy Industries and parts manufacturer Mitsubishi Nuclear Fuel Co., Ltd. We dispatched employees to MOX fuel fabricator MELOX SA in France to audit their quality assurance systems.



# Community Contributions

We act as a good corporate citizen in collaborating the communities we serve and contributing to society at large to promote comfortable living and sustainable development.

[Community contributions website \(in Japanese only\) http://www.kyuden.co.jp/company\\_local-social\\_index](http://www.kyuden.co.jp/company_local-social_index)

## Managing Community Contribution Activities

### Building systems to manage community and society contribution activities

We have long played an active community role in a wide range of fields. But we need to go further by clarifying the objectives and social significance of these activities to better serve communities and society.

We therefore created the Basic Policy for Coexisting with Communities and Society in April 2006 to guide our efforts. At the same time, we set up a committee to coordinate the community and social activities of various departments.

We established a PDCA cycle for these activities in line with the basic policy.

#### Quantative goals for FY2007

We aim to improve on FY2006 household satisfaction levels in two aspects of our social contributions, receiving responses of “yes” and “I think so” totaling the percentages below:

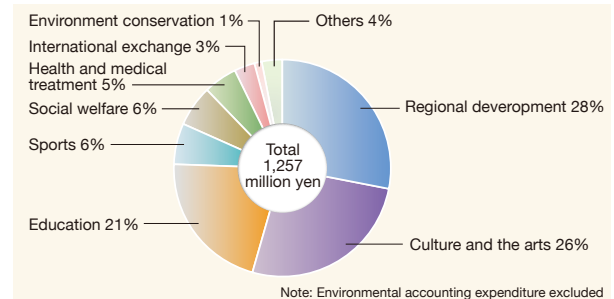
- 1) Does Kyushu Electric help revitalize the local economy and culture?: More than 60% agreeing
- 2) Does Kyushu Electric participate significantly in local activities, events and volunteer initiatives?: More than 40.9% agreeing

#### Basic Policy for Coexisting with Communities and Society

In keeping with the following principles, we act as a good corporate citizen in collaborating the communities we serve and contributing to society at large to promote comfortable living and sustainable development.

1. We help create attractive communities and foster future generations in regional promotions, culture and the arts, sports, academia and education, social welfare, health and medicine, international exchanges, and conservation. At the same time, we resolve issues with communities and society.
2. We harness use our management resources in these initiatives.
3. We communicate with residents by disclosing our activities and partner with them and society and reflect their opinions in what we do.
4. We encourage our employees to participate as citizens in community and social activities.

#### ▼FY2006 expenditure on community activities



## Collaborating with Communities

We collaborate with communities around Kyushu region in such fields as culture and the art, sports, community promotions, and social welfare.

### Culture and arts involvement

#### ●Orchestral concerts

We fully support the Kyushu Symphony Orchestra, the region’s sole professional orchestra, sponsoring concerts that give the community opportunities to experience outstanding classical performances.

#### Kyuden Fureai Concert

We hold classical concerts for families in municipalities with little access to live performances. We give opportunities to top-placed young musicians in the Fukuoka round of the Student Music Concours of Japan to perform with orchestras.

#### Kyuden Bunka no Mori Concert

We arrange Kyushu Symphony Orchestra concerts around Kyushu that feature famous soloists and maestros. In FY2006, internationally acclaimed violinist Ms. Shion Minami performed as a soloist with the orchestra. She participated in Kyuden Fureai concerts when an aspiring young musician.

## Performing with the Kyushu Symphony Orchestra

My very first orchestral performance was with the Kyushu Symphony Orchestra at a Kyuden Fureai Concert in my last summer of elementary school. It is a valuable and rare experience for a music student to participate in such a performance. I still remember my joy at receiving such an opportunity. I remember performing in my favorite Mendelssohn concerto.

Five-and-a-half years later, I was in my second year of high school. I performed in a Kyuden Bunka no Mori Concert. It was again with the Kyushu Symphony Orchestra, and I renewed the joy of participating and experiencing the depth and splendor of music. I hope as a musician that we can convey this time by ourselves the splendor of music to people.



Shion Minami  
Violinist

### Participating in local festivals

Employees from our offices and Group companies help run local festivals to help preserve local cultures and deepen community bonds.



Ohara Festival in Kagoshima branch

### Ocha-no-ma essay contest

Branch offices and local newspapers solicit applications for this literary essay contest.

## Local promotions

### Assisting local industries

All branch offices work closely with local municipalities and sponsor symposiums on community improvement.

These offices also hold expositions with local industry promotion centers to help cultivate local economic growth.

### Supporting traditional craftsmanship

We help maintain the traditional crafts that are valuable cultural assets for Kyushu by cosponsoring and otherwise supporting exhibitions and craft classes around the region.

### FY2006 activities

- Kyuden Fureai concerts: 8 locations, with 5,477 people attending (We donated the ticket proceeds to local welfare organizations)
- Bunka no Mori concert: 7 locations, with 9,540 people attending (We donated the ticket proceeds to the Kyushu Symphony Orchestra)
- Participation in community festivals: 4,054 employees
- Ocha-no-ma essay: 5,613 applications

### Cultural activities for the young

Each branch office participates in its cultural activities for young generation such as pre-high-school students, ranging from essay and painting contests to musical performances.



Nagasaki branch-sponsored hometown concert at primary school

Our unique domestic and overseas training program for young artisans financially supports young craftsmen from Kyushu so they can refine their skills in other locations. To date, we have funded the training of 15 craftsmen around Japan and 29 abroad, all of whom are working around Japan.

### ▼ Highlights of young artisan training program in FY2006

	Location	Training
Hakata weaving	Korea	Obtaining inspiration from the colors of Korean textiles and helping maintain traditional Korean craftsmanship
Karatsuyaki pottery	Thailand and Vietnam	Learning the traditional pottery skills of Southeast Asia

## Thoughts on the domestic and overseas training program for young artisans



Sadao Terashima,  
Chairman of  
the Kyushu Traditional  
Craftsmanship  
Liaison Council

Kyushu flourished as Japan's gateway to the continent and as a base for international trade. The area developed its own culture, and its colorful and dramatic history includes exchanging gold seals with the continent, Mongolian attacks and civil wars, and the emergences of wealthy merchants.

Kyushu abounds in nature and land, and developed a proud array of traditional crafts and daily utensils and folklore that Japan has shared with the world. Young people today rejoice in the virtues of traditional Japanese housing and seek the tranquility of the three-stringed shamisen and the shakuhachi flute. People are reawakening to the value of Japanese culture, which quenches a

thirst for authenticity that I think people have in these prosaic times.

But the trouble is that our master artisans are rapidly aging, and we will soon lose the secrets of their skills.

Kyushu Electric's domestic and overseas training program for young artisans gives us hope by helping these people to fulfill their dreams.

I firmly believe that the program can harness the energy and passion of these young artisans to foster progress in Japanese culture and share Japanese crafts with the world through their training. I am grateful to Kyushu Electric for its community and cultural support, and look forward with confidence to the future of Japan.

## Promoting sports

### ● Supporting local tournaments

We support local tournaments for everyone from children to senior citizens to enhance community enjoyment and health and to popularize and improve the standards of sporting activities around the region.

#### ■ Tournament sponsorships in FY2006

Through 80 offices, we supported 112 tournaments in 20 sports in which 49,101 people participated.



Nichinan branch-sponsored archery tournament

### ● Involvement in rugby

Rugby is Kyushu Electric's symbolic sport. Our rugby team has earned the fervent community support, contributing to local communities by coaching at boy's rugby clubs and participating in matches.



Boy's rugby clinic by our rugby club

 Rugby club website (in Japanese only)  
<http://www.kyuden-rugby.jp>

## Social Welfare

Each business office participates in social welfare activities that focus on local needs.

During our campaign to thank customers for their support, people from our offices visit social welfare facilities and donate television tuners to associations and schools for the hearing-impaired so they can enjoy closed-caption broadcasts. We also check electric wiring and clean the lighting fixtures of facilities housing cultural assets and in the homes of elderly people living alone.

We also continue to support the Oita International Wheelchair Marathon and the Iizuka International Wheelchair Tennis Tournament.



Takeo office worker cleaning lighting fixture at home of elderly person living alone



## Supporting the Special Olympics Nippon National Summer Games Kumamoto

The Kumamoto branch contributed volunteers and funding for the Special Olympics Nippon National Summer Games Kumamoto. These three-day games for intellectually challenged athletes were in Kumamoto prefecture from November 3, 2006. A total of 97 branch staffers and Group company employees helped with operations at games venues. The branch contributed sponsorship money and raised funds for the event.

### Our participation in the games

We worked on general operations for the games from the preparatory stage. We produced the volunteer manual and provided training and made arrangements with related organizations. During the games, we allocated employees to manage 12 games sites and handled overall operations for the entire games. Our jobs were mainly in the back office, so it was sad not to have much direct contact with athletes. But we forgot about all that and our difficulties after looking at the serious expressions of athletes and their smiles on the victory stands. It made us happy to contribute to such a special event as a staff.



Naomi Nakagawa  
General affairs group  
Kumamoto Branch

### Thanks to everyone at Kyushu Electric!

This year, we asked Kyushu Electric employees to manage operations at each game site and otherwise help out as staffer. Kyushu Electric people looked after the most crucial operational aspects of the games. They dealt with numerous requests during the preparation period and events and even handled complaints. It was a pleasant surprise to see that each and every Kyushu Electric employee pitching in alongside other volunteers. I was really impressed, realizing that your company has many wonderful people.



Aya Ishibashi,  
Deputy Secretary General  
Special Olympics Nippon Kumamoto

## Kyuden Sangyo initiatives

### ■ Raising scholarship funds for orphans of cancer victims

Around 10 employees of Group company Kyuden Sangyo Co. Inc. raise funds on the streets for the AFLAC Cancer Orphans Scholarship Fund. The money goes to scholarships for high school students whose educational opportunities have declined or disappeared following the death of a parental breadwinner from cancer.



 Kyuden Sangyo website (in Japanese only)  
<http://www.kyudensangyo.co.jp/>

## International exchange and cooperation

We keep in close touch with 14 overseas power organizations in 10 countries based on exchange agreements, contributing to sustainable progress in developing countries through training programs and technical supports.

### ● International exchange

We exchange information on power market liberalization and other issues electric utilities in the United Kingdom, France, and South Korea. We maintain ties with power utilities in China, Thailand, and India by providing our expertise and know-how in power generation, transmission and distribution.



Signing exchange agreement with NTPC (India)

### ● International cooperation

We contribute to electric power infrastructures in developing countries by accepting trainees from and dispatching experts to other Asian countries through the Japan International Cooperation Agency and the Japan Electric Power Information Center.

## Kitakyushu Liquefied Natural Gas

■ Planting trees at Bontan site in Indonesia  
Group company Kitakyushu Liquefied Natural Gas Co., Inc., is fulfilling its corporate social responsibilities at the supply chain level through its contribution at a liquefied natural gas base in Indonesia.

In FY2006, three employees dispatched for training at the Bontan base planted trees around site and donated \$1,000 U.S dollars to fund further plantings around the premises.

Kitakyushu Liquefied Natural and its employees donated money to assist a recovery after an earthquake in central Java in May 2006.



□ Kitakyushu Liquefied Natural Gas website (in Japanese only)  
<http://www.k-lng.co.jp/>

## Supporting NPO Rocinantes

The Sudanese people still suffer from the poverty that stemmed from a long civil war and economic sanctions.

NPO Rocinantes provides medical treatment in Sudan and brings Sudanese doctors to Japan. Dr. Naoyuki Kawahara of Kitakyushu city decided to begin this nonprofit organization after his experience in working for the Japanese embassy in Sudan. He quit the Ministry of Foreign Affairs and decided to help the Sudanese people as a doctor. He started his activities there after qualifying as a doctor in Sudan.

Sudan accounts for 49% of Kyushu Electric's imports of crude oil. We support NPO Rocinantes in keeping with our corporate social responsibilities at the supply chain level.



□ NPO Rocinantes website (in Japanese only)  
<http://www.rocinantes.org>

## Helping conserve local environments

Each of our offices participates in community cleanups and other activities that enhance local environments.

Executive Managers and employees alike clean up riverbeds, beaches and historical sites, mainly during Environment month in June and during the customer thanks campaign in October.



Kyushu Electric's president helps Fukuoka Branch personnel clean Kushida Shrine

## KYUHEN's efforts

■ Protecting the Tsuyazaki tidelands in Fukutsu  
The Tsuyazaki tidelands in Fukutsu, Fukuoka Prefecture, are a spawning ground for horseshoe crabs and a resting place for black-faced spoonbills and other migratory birds. But the tidelands are polluted with illegal waste disposals and floating wastes, and the environment of habitat is rapidly deteriorating. Group company KYUHEN Co., Inc., is headquartered in Fukutsu. Around 20 KYUHEN employees volunteered for a municipal government program to clean up the tidelands and help preserve the local environment.



□ Kyuhen website (in Japanese only)  
<http://www.kyuhen.co.jp/>

## The measure towards the business solution which a community holds

### ● Helping prevent crime

We take advantage of the closeness of our business to communities by assisting with local crime prevention activities around Kyushu. We work with communities, other corporations, and the police on patrols and other initiatives to safeguard children from crime.



"Children's emergency call" activity using company car at the Kagoshima Branch

### ● Illegal garbage dumping patrols

A total of 24 of our offices concluded agreements to inform 66 municipalities of illegally dumped garbage found on patrols.



Sticker on vehicle of Nagasaki customer service office encouraging opposition to illegal garbage dumping

## Supporting Employee Involvement in Community Activities

We support employee volunteerism by allowing people to take days off for volunteer activities, subsidizing their expenses, supplying them with information, and providing education.

### ● Volunteer day-off system

Employees can take up to seven days annually of paid leave (or if donating organs, for the time needed) in addition to their annual paid holidays (in minimum units of half a day)

▼Number of days taken off under system (Day)

FY2002	FY2003	FY2004	FY2005	FY2006
345	283.5	261.5	296.5	246

### ● Improved leave for Japan Overseas Cooperation Volunteers

From April 2007, we removed all restrictions on employee leave for participation in the Japan Overseas Cooperation Volunteers program. We reinforced support for all job descriptions under that program.

### ● Commending noteworthy contributors to local communities

We commend employees whose activities have contributed to communities over many years.

▼Number of commendations for community contributions (People)

FY2002	FY2003	FY2004	FY2005	FY2006
27	41	21	25	32

### ● Support for acquiring qualifications

We cover examination and course fees and transportation expenses for employees seeking to acquire 17 qualifications in four areas: helping the physically challenged and the elderly, sports instruction, health and hygiene, and pastimes.

▼Number of employees receiving funding for qualifications (People)

FY2002	FY2003	FY2004	FY2005	FY2006
19	35	30	40	36

### ● Attracting volunteers

We develop conduct various activities to raise employee awareness of volunteerism, including through presentations and seminars from volunteers at each business office and visits to welfare facilities.



# Financial Report

Kyushu Electric offers stable dividends to its shareholders in keeping with its commitment to providing stable supplies of affordable electricity for its customers. We are strengthening our financial position and investing to ensure sustainable growth.

## Management Targets

IR website [http://www1.kyuden.co.jp/en\\_ir\\_corporate](http://www1.kyuden.co.jp/en_ir_corporate)

We launched our Midterm Management Policy in March 2005 to better serve shareholders and investors by fortifying our business foundations while pursuing growth. We aim to build profitability by delivering customer solutions while becoming more price-competitive.

Some of our results have been less than targeted, like free cash flow, however, we have been doing well such as reach our objectives ahead of schedule in creating new demand area.

### [Customer Outlook]

Price	Offer competitive electric rates
Quality	Respond promptly and maintain high reliability
Service	Provide solutions to cater the various customer needs
Corporate Image	Establish a brand image of "Safe and Reliable"

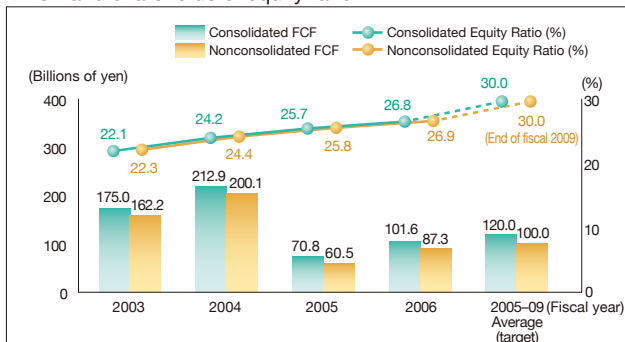
### [Financial Outlook]

		Targets		Target year
		Consolidated	Non-consolidated	
Profit Performance	FCF (Free Cash Flow)	¥120 billion	¥100 billion	Five year average (FY2005-2009)
	Ordinary Income	¥110 billion	¥100 billion	
	ROA (Return On Assets)*	3%	3%	
	Shareholders' Equity Ratio	30%	30%	End of FY2009
Financial Stability	[Use of FCF]			
	1. Reduction of interest-bearing debt ratio to achieve a shareholders' equity ratio of 30% by the end of FY2009			
	2. Strategic investment to enhance company's growth (approx. ¥60 billion in 5 years)			
		3. Consecutive dividends		
Efficiency		Highest among the domestic electric power companies		
Growth	Newly Created Demand in Electricity Business	3.7 billion kWh** (Incremental from FY2003)		FY2009
	Non-Electricity Sales to outside the group Company	¥100 billion (Incremental from FY2003)		
Ordinary Income by business Area	Total Energy Business	¥4.0 billion		Five year average (FY2005-2009)
	IT and Telecommunication Business	¥4.0 billion		
	Environment and Recycling and Lifestyle-Oriented Business	¥2.0 billion		

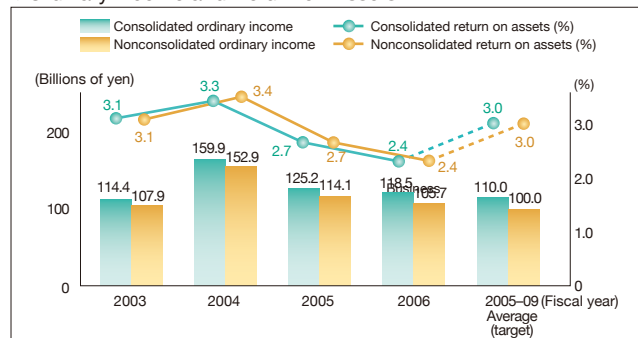
\* ROA=net operating profit after tax divided by average total assets

\*\* The target newly created demand increased from original 2.5 billion kWh to 3.7 billion kWh

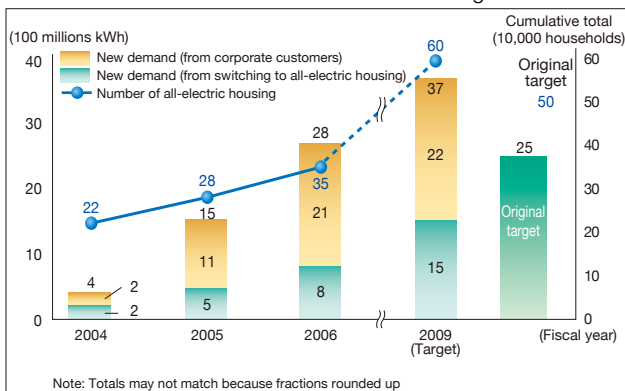
### ▼FCF and shareholders' equity ratio



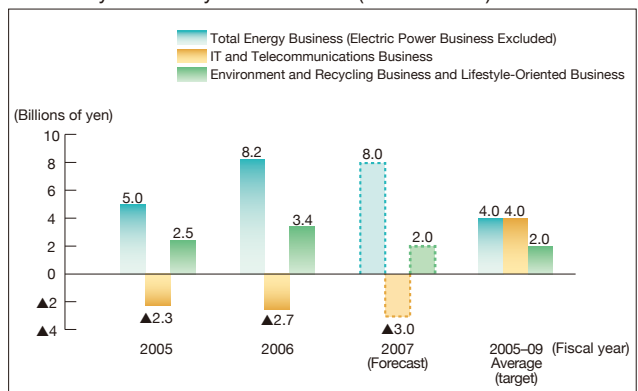
### ▼Ordinary income and Return on Assets



### ▼New demand and number of all-electric housing



### ▼Ordinary income by business area (consolidated)



## Attracting Companies to Kyushu

Bringing businesses to Kyushu help expand the regional economy by fostering industrial activity and increasing employment. Also, it can be business chances for us as new demands for electricity and sales opportunities for Group companies.

Kyushu offers tremendous potential. It is near the fast-growing east Asian market. It has a high concentration of companies in the automotive and semiconductor industries and offers outstanding human resources.

Kyushu Electric works with municipalities and business groups to devise strategies that foster regional economic, focusing on the following areas:

- Gathering information
  - Liaising with municipalities and other parties in these activities
  - Drawing on our network to identify customer needs
- Disseminating information
  - Visiting to customers and informing Kyushu through and dealings with business groups
  - Providing information through our website and pamphlets
- Attracting businesses
  - Swiftly connecting new plants to the power grid
  - Using our telecommunications network, optimal energy solutions, and a host of other Group resources so companies can set up operations in Kyushu
  - Helping arrange municipal seminars to attract businesses
  - Introducing company-owned properties



Automotive industry concentrating in Kyushu

## Overview of Fiscal 2006 Results

Financial results website  
[http://www1.kyuden.co.jp/en\\_financial\\_results](http://www1.kyuden.co.jp/en_financial_results)

In FY2006, power sales volume increased, although revenues from these sales declined slightly owing to rate reductions we implemented in April 2006. Revenues from other businesses were up however, enabling us to boost consolidated total operating revenues 0.5%, to ¥1,408.3 billion. Total ordinary revenues also gained 0.5%, to ¥1,417.0 billion.

Total operating expenses rose 1.1%, to ¥1,298.4 billion. This was despite lower labor costs resulting from further successes in pension fund operations. The prime factors were higher fuel expenses stemming from a reduction in output from nuclear power stations and an increase in backend costs, for reprocessing irradiated nuclear fuel.

Ordinary income thus decreased 5.3%, to ¥118.5 billion.

After posting an extraordinary loss of ¥5.6 billion from impairment losses on fixed assets, net income was down 14.2%, to ¥65.9 billion.

### ▼ Consolidated statements of income (Billions of yen, %)

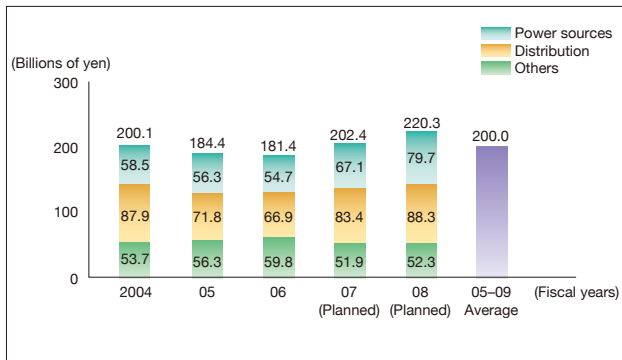
		Fiscal 2006	Fiscal 2005	Change	Percentage change
Operating revenues	Electricity	1,307.7	1,311.9	(4.2)	(0.3)
	Other	100.5	89.7	10.8	12.1
	Total operating revenues	1,408.3	1,401.7	6.5	0.5
	Other revenues	8.7	7.6	1.0	13.7
	Total ordinary revenues	1,417.0	1,409.4	7.6	0.5
Operating expenses	Electric	1,155.4	1,140.7	14.6	1.3
	Other	97.7	89.6	8.0	9.0
	Total operating expenses	1,253.1	1,230.4	22.6	1.8
	Other expenses	45.3	53.7	(8.3)	(15.6)
	Total ordinary expenses	1,298.4	1,284.1	14.3	1.1
Operating income		155.1	171.2	(16.1)	(9.4)
Ordinary income		118.5	125.2	(6.6)	(5.3)
Drought Reserve		—	(4.6)	4.7	—
Extraordinary loss		5.6	9.1	(3.5)	(38.9)
Income taxes		46.0	43.0	3.0	7.1
Minority interests in net income of consolidated subsidiaries		0.8	0.9	—	(6.4)
Net income		65.9	76.8	(10.8)	(14.2)

## Management Efficiency Plans

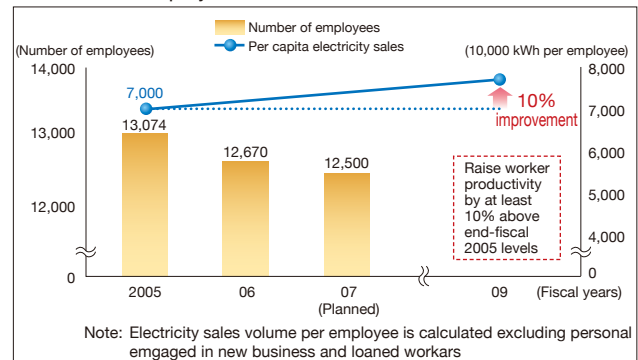
IR website [http://www1.kyuden.co.jp/en\\_ir\\_library](http://www1.kyuden.co.jp/en_ir_library)

Improvement in Capital Investment Efficiency		We set the annual average capital investment of ¥200 billion as our target for this 5-year period (FY2005-FY2009).
Maintenance and Miscellaneous Costs		We will further improve efficiency to reduce maintenance and miscellaneous costs.
Improvement in Business Operation and Labor Productivity		Aiming at achieving a 10% improvement in labor productivity by FY2009, we are endeavoring to further improve operational efficiency by reforming business processes.
Promotion of Efficient Facility Operations	Maintaining a high nuclear power utilization rate	We are committed to maintaining a high utilization rate of nuclear power by operating it safe and stably and so on.
	Maintaining/improving thermal power generation facility efficiency rate	We are committed to maintaining and improving the total thermal efficiency at thermal power stations by keeping a high utilization rate of efficient power station like Shin-Oita P.S.
Reduction of Material, Equipment and Fuel Procurement Costs	Reduction of material and equipment costs	We work to reduce material and equipment costs, through diversification of ordering systems as well as promotion of purchasing cost planning activities and supply chain management (SCM).
	Reduction of fuel procurement costs	While securing stable procurement, we will decentralize the supply sources and diversify the forms of contracts, including the contract period and pricing system, so as to reduce and stabilize fuel procurement costs.

### ▼Capital Investment



### ▼Number of employees



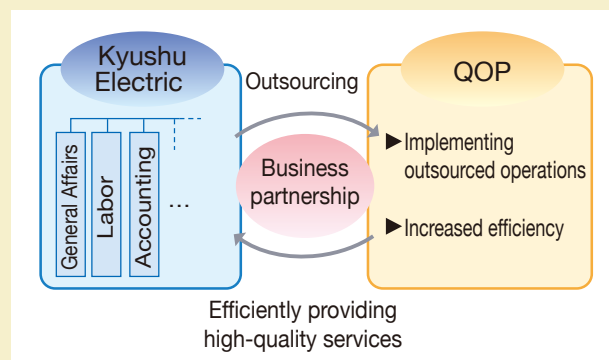
## Kyuden Office Partner established

By the end of FY2009, we aim to raise worker productivity by at least 10% above end-FY2005 levels by using information technology to centralize and simplify clerical processes.

We have already significantly increased productivity in human resources and accounting administration through centralization. To help drive further clerical efficiency gains and enhance work quality, in April 2006 we established Kyuden Office Partner Co., Ltd., which employs around 130 people.

This subsidiary handles centralized tasks and advises Kyushu Electric departments on ways to further centralize and streamline operations.

Kyuden Office Partner aims to cut the clerical and administrative costs of the work it receives from our operations by around 20% over the next five years.



## Environmental Accounting



See pages 23 to 24 of the 2007 Kyushu Electric Power Environmental Action Report for details.

We use environmental accounting to evaluate progress in our environmental management activities so we can make them more efficient and effective.

In FY2006, we allocated ¥11.76 billion in investments and ¥45.35 billion in expenses for these activities.

Our investments were up around 4% from the previous year. They included installing additional desulfurization catalysts at the Reihoku Thermal Power Station to prevent air pollution and

constructing more transmission lines with low-noise, low-vibration piling techniques.

Our expenses were basically unchanged for the year. They included purchasing more power from new energy sources in keeping with policy priorities. We offset that spending through lower depreciation costs on environmental facilities.

During the year, we formulate environmental activity costing plans to optimally deploy our resources.

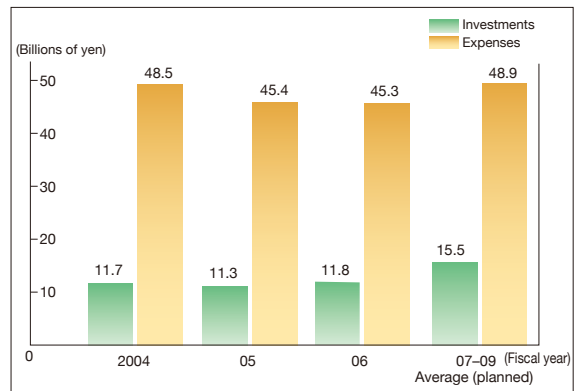
### ▼ Environmental Activities Achievements in FY2006

	Costs (millions of yen)		Main activities
	Investments	Expenses	
Global conservation	680	8,340	Preventing global warming and protecting the ozone layer
Local conservation	1,710	11,250	Preventing air and water pollution and suppressing noise and vibration
Recycling	2,840	1,334	Recycling and treating industrial and general wastes
Green purchasing	—	10	
Environmental activities management	6,530	11,070	Preparing environmental management systems and disclosing environmental information*
Research and development	—	480	Conservation R&D
Community activities	—	180	Kyushu Homeland Forestation Program and support for environmental education
Environmental impact	—	680	Pollution levies
<b>Total</b>	<b>11,760</b>	<b>45,350</b>	

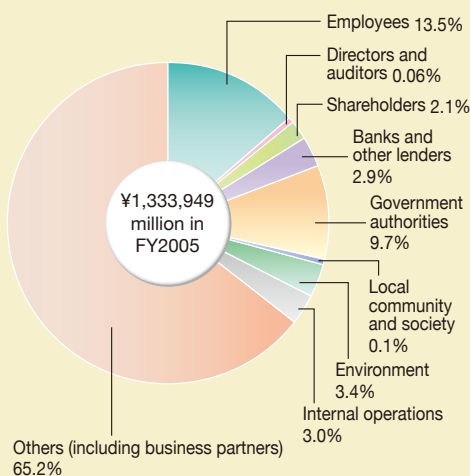
Note: Decimals rounded up, so totals may not match.

\* In FY2006, the Company excluded the costs of disclosing environmental information, site greening, and laying power cables underground from community activities costs.

### ▼ Environmental Activities Achievements and Costing Plans in FY2006



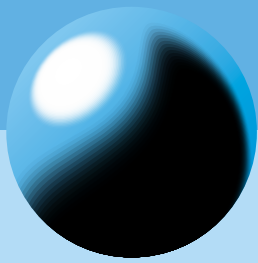
## Economic relationships with stakeholders



	2003	2004	2005	Main components
Employees	202,253	187,643	179,971	Wages, education, and training
Directors and auditors	1,783	664	854	Director remunerations, bonuses, and retirement benefits
Shareholders	23,697	28,430	28,424	Dividends
Banks and other lenders	73,565	46,520	38,444	Interest on loans and bonds
Government authorities	127,016	146,632	129,625	Income taxes (including adjusted amounts), business taxes, electric power development taxes, and fixed asset taxes
Communities and society	1,480	1,467	1,279	Donations, miscellaneous expenses, supporting the arts and culture, and funding volunteer activities of employees
Environment	50,973	46,037	45,131	Environmental activities costs (after deducting personnel costs from environmental accounting expenses)
Internal operations	46,280	60,815	40,572	Voluntary reserves and funds carried forward
Others (including business partners)	794,355	820,235	869,644	Payments to business partners (other than for the above)
<b>Total</b>	<b>1,321,406</b>	<b>1,338,444</b>	<b>1,333,949</b>	

Operating revenues from electric power business	1,311,220	1,322,995	1,314,393	On statements of income
Operating revenues from peripheral businesses	7,116	10,165	15,041	On statements of income (including from gas supply business)
Other revenue sources	3,069	5,284	4,514	On statements of income (including dividend income)
<b>Total operating revenues</b>	<b>1,321,406</b>	<b>1,338,444</b>	<b>1,333,949</b>	

Note: We adjusted our statements of income and other data to identify how we allocated revenues from customer payments for products and services to stakeholders.



# Group CSR Initiatives

We aim to continue to build corporate value by providing energy and other products and services so we can progress with the communities we serve.

## Pursuing groupwide initiatives

As our Management Vision and Charter of Conduct state, the Kyushu Electric Group seeks to sustainably increase corporate value and grow with society by improving the satisfaction of customers, shareholders and other investors, society, and employees.

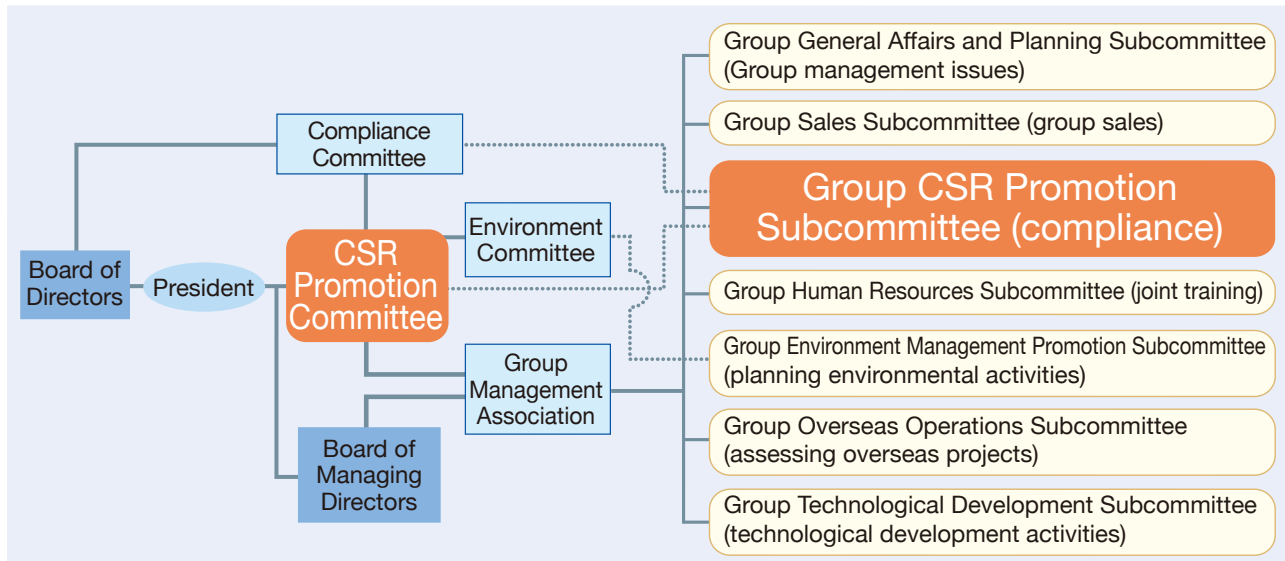
In August 2006, we established the Group CSR Promotion Subcommittee in recognition of the need to create a Group management cycle. This body reports to the Group Management Conference, and produced the Group CSR Action Plan.

From FY2007, we will deploy PDCA cycles based on this plan, as part of a groupwide commitment to corporate social responsibility.

### Group CSR promotion subcommittee Overview

Roles	<ul style="list-style-type: none"> <li>To ensure Group understanding of Kyushu Electric's CSR policies and plans</li> <li>To formulate Group CSR Action Plan</li> </ul>
Members	<ul style="list-style-type: none"> <li>Chairperson: General manager of Kyushu Electric's General Affairs Department</li> <li>Representatives of 47 Group companies (as of the end of March 2007)</li> </ul>

### ▼Overview of Group CSR structure

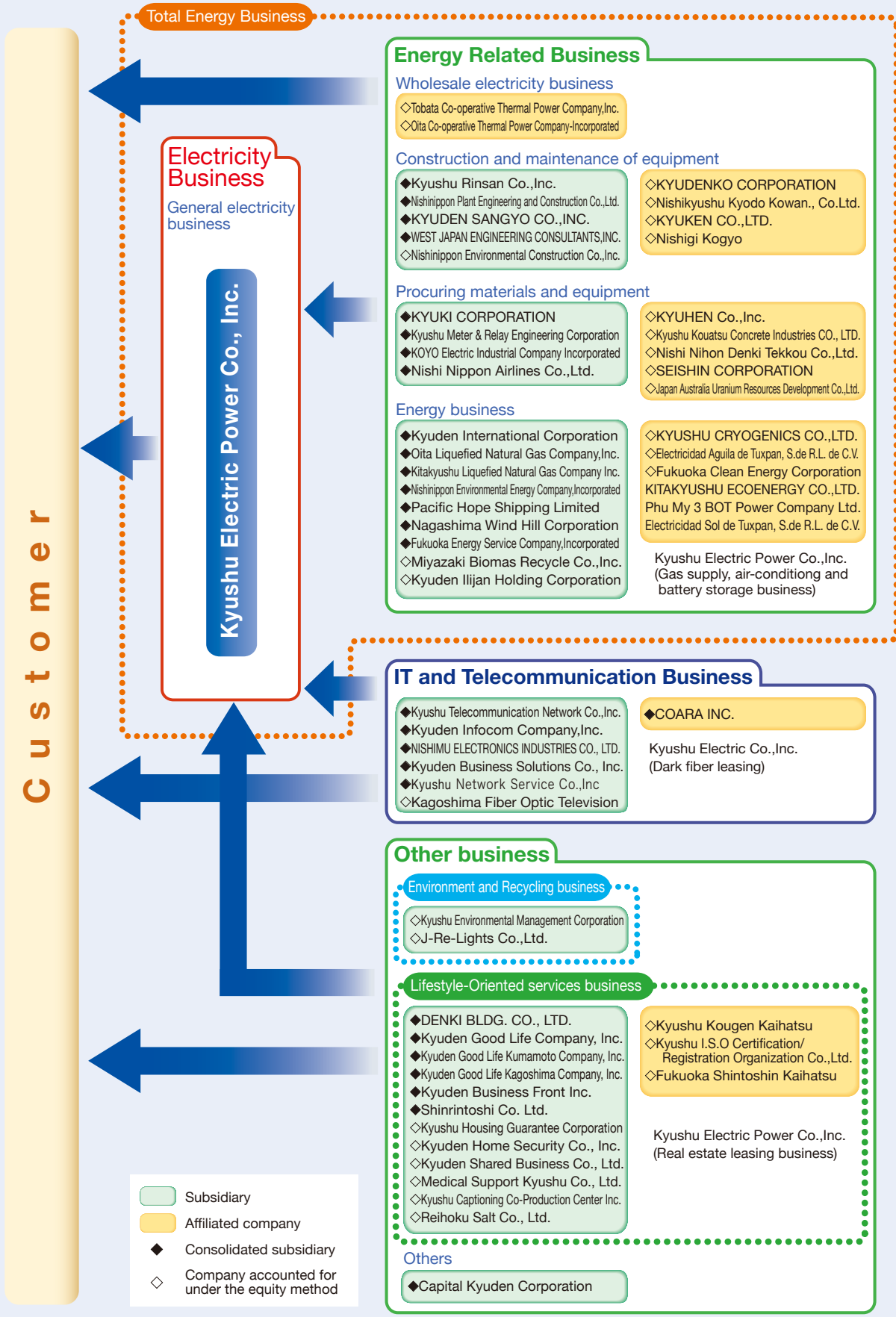


### ▼Prime focuses of Group subcommittees in FY2007 under Group CSR Action Plan

Compliance management	<ul style="list-style-type: none"> <li>Compliance Committee meets regularly</li> <li>Conducts surveys of Group employee consciousness</li> </ul>	<ul style="list-style-type: none"> <li>Shares information through Group intranet</li> </ul>
Disclosure and communications	<ul style="list-style-type: none"> <li>Announces financial results and conducts other investor relations activities</li> <li>Explores Group disclosure plans</li> </ul>	<ul style="list-style-type: none"> <li>Handles ongoing internal communications</li> </ul>
Environmental management	<ul style="list-style-type: none"> <li>Works in keeping with Group environmental activities plan (see page 34)</li> </ul>	
Human rights and working environment	<ul style="list-style-type: none"> <li>Participates in Group human rights training and other training gatherings</li> <li>Enforces measures to prevent sexual harassment</li> </ul>	<ul style="list-style-type: none"> <li>Ensures ongoing employment of retirees</li> <li>Takes steps to improve employee motivation and ability</li> </ul>
Safety-first principle	<ul style="list-style-type: none"> <li>Reinforces policies to prevent occupational and traffic accidents</li> <li>Holds and follows up on regular health examinations</li> </ul>	<ul style="list-style-type: none"> <li>Implements measures to prevent overwork</li> <li>Takes steps to optimize working environments</li> </ul>
Community involvement	<ul style="list-style-type: none"> <li>Participates in local activities</li> </ul>	



▼Kyushu Electric Power Group Outline (as of March 31, 2007)



- ◇ Subsidiary
- ◆ Affiliated company
- ◆ Consolidated subsidiary
- ◇ Company accounted for under the equity method

# Fulfilling Social Responsibilities through Our Businesses

## Total Energy Business

Energy



### Nishinippon Environmental Energy Co., Inc.

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

#### — Pursuing harmony between people and the environment —

Society increasingly seeks solutions for environmental and resource scarcity issues.

Nishinippon Environmental Energy aims to contribute to its customers and society by helping resolve these issues. We help municipalities and other bodies formulate their new energy-saving visions and policies. We develop biomass and other power sources and translate recycling plans into reality.

We offer proposals that optimally balance environmental, energy-saving, and economic factors. We also provide ideas on comprehensively and efficiently harnessing energy, such as through energy services companies.

For example, in Miyazaki Prefecture our biomass generation business has begun sourcing poultry droppings as fuel. This initiative won praise for creating a business model that

fosters local industry by creating a recycling ecosystem while harnessing the precepts of the Law of Renewables Portfolio Standard. This setup won an award in FY2005 from the Director of the Farming Community Promotion Bureau of the Ministry of Agriculture, Forestry and Fisheries and the Chairman's award from the New Energy Foundation in fiscal 2006.

Nishinippon Environmental Energy will continue to draw on its technological expertise to help protect the environment through new ways to conserve resources and energy.



Miyazaki Biomass Recycle power plant fueled by poultry droppings

## IT and Telecommunications Business

Information and telecommunications



### Kyushu Telecommunication Network Co., Inc.

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

Kyushu Telecommunication Network Co., Inc. (QTN) offers BBIQ Internet connection service and BBIQ Hikari-Denwa IP telephony service for individuals and its VLAN broadband Internet service for corporate customers by using Kyushu Electric's fiber-optic network.

Telecommunications are increasingly important in an aging society in which there is a drive to enhance safety and security and revitalize the economy by ensuring universal access to networks at any time and place.

Through its lifeline optical telephone service, QTN is endeavoring to maintain and improve telecommunications for its

customers.

We believe that information technology will become much more important among small and medium-sized enterprises, and are working on optimal solutions for customers in local industries.

Through these initiatives, we will continue contributing to community progress.



#### Community portal site

We launched the free Kyushu-no-Wa Q-ring portal site to provide information and community services specifically for the people of Kyushu.



<http://www.q-ring.jp>

## J-Re-Lights Co., Ltd.

<http://www.j-relights.co.jp/>

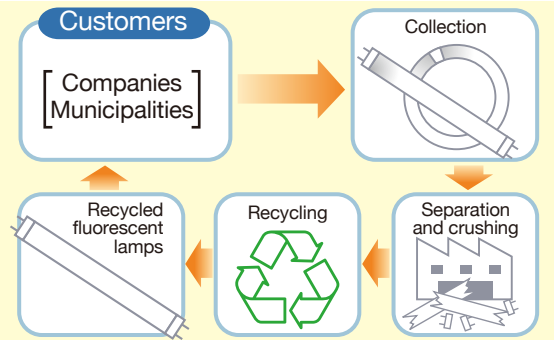
In Japan, most used fluorescent bulbs are incinerated or become landfill.

The environmental impact of these practices is a concern, as the lights contain mercury, albeit in minute amounts.

J-Re-Lights Co., Ltd., has responded to such concern by collecting used fluorescent bulbs from companies, schools, and municipalities (as well as from household waste), recycling them into raw materials such as glass, phosphorous, mercury and metals. The company also makes and sells fluorescent bulbs made out of these recycled materials by contracting production to outside manufacturers.

Through this business and a waste battery recycling business started in June 2006, J-Re-Lights will help resolve social issues by fostering recycling and preventing pollution.

### ▼Overview of used fluorescent lamp recycling



### Product introduction **Top Star**

Since 2002, J-Re-Lights has sold the Yoka Lamp for commercial use. It made of recycled materials. In 2005, we launched Top Star, an energy-saving bulb that complies with the Law on Promoting Green Purchasing. The brightness and lifespan are comparable to those of conventional bulbs.



Top Star brand lamp

## Kyuden Good-Life Co., Inc.

<http://www.kyuden-gl.jp/>

Kyuden Good-Life Co., Inc. develops modern apartments for senior citizens in central urban locations. These facilities provide services that ensure safety through medical support and other services and comfortable lifestyles. Kyuden Good-Life operates such facilities in Fukutsu in Fukuoka Prefecture, Kumamoto, and Kagoshima.

Kyuden Good-Life will draw on expertise gained through running such operations to develop facilities at other locations and manage nursing care and welfare businesses. Its goal is to continue serving senior citizens who wish to maintain active urban lifestyles without compromising convenience and safety.



Kyuden Care Town in Fukutsu, Fukuoka Prefecture



Grand Garden Kumamoto in Kumamoto



Grand Garden Kagoshima in Kagoshima

# Corporate Social Responsibility at KYUDENKO

The social responsibility mission of KYUDENKO CORPORATION, Inc. is to ensure that all companies in the KYUDENKO Group contribute to sustainable development through their business activities.

It is important for each employee to understand corporate principles and the Charter of Conduct and apply them to their daily activities.

## Deploying compliance initiatives

Compliance is the basis for all corporate activities in the KYUDENKO Group. It is the foundation of corporate social responsibility and is the prime factor in earning society's trust.

The president chairs monthly meetings of the compliance committee, which implements PDCA cycles and provides all employees with ongoing compliance education.

KYUDENKO has established a Group Compliance Consultation Desk to solicit information on legal violations in the workplace without compromising the privacy of informants.

Unfortunately, there was one incident in

FY2006 in which an employee dispatched to an overseas subsidiary was indicted for violating the Unfair Competition Prevention Law. We have redoubled compliance activities to prevent a reoccurrence of such a violation.

### Key in FY2006 achievements

- Produced KYUDENKO Group Compliance Manual
- Employee education
  - KYUDENKO Group compliance training (three times in year)
  - Introductory compliance training for new employees
- Compliance seminars
  - Seminar on compliance for specified commercial transactions

## CSR through Core Businesses

■ Quality improvements in construction planning and implementation  
KYUDENKO complies strictly with legally mandated construction standards. It is also committed to safety, and has accordingly reinforced its internal inspection system in line with the ISO 9001 quality management standard. KYUDENKO strives to provide high-quality facilities by enhancing its technologies and skills.

### ■ Key CSR businesses in KYUDENKO Group

- Remote medical diagnostic systems business  
<Net Medical Center Co.>
- Hospital management  
<Medical, Nursing and Education Research Foundation>
- Onsen Paradise Kyushu site for booking hotels with spas to foster tourism throughout the region  
<KYUDENKO Communications Co., Ltd.>
- Operating business hotels to promotion tourism  
<Three In Co., Ltd.>
- Marriage introduction service to address low childbirth rates and late marriages  
<KYUDENKO Net Produce Co., Ltd.>
- Employment for the physically and mentally challenged  
<KYUDENKO Friendly Co., Ltd.>
- Businesses offering wind power and other energy technologies  
<Shin Energy Kikaku Co., Ltd.>



Miyakonojo Culture Hall  
(Electrical facilities)



AEON Ito Shopping Center  
(Air conditioning ducts)



Hotel Urbic Kagoshima



Shikamachicho Wind Farm

## Occupational Safety and Health

### ■ Targeting zero accidents

We strictly enforce observance of safety standards and the requirements of the Industrial Safety and Health Law to prevent accidents among employees of KYUDENKO, affiliates, and business partners. Extensive patrols and safety and health educational programs complement these efforts.

### ■ Preventing traffic accidents

We conduct activities to prevent such accidents and prevent drink-driving among employees.

### ■ Managing employee health

We work closely with the industrial physician and nurse in the Health Consultation Room and provide physical and mental health guidance and education.

## Tackling Environmental Issues

We engage in recycling and other activities as part of Kyushu Electric's Group Environmental Management Subcommittee.

### ■ Environmental organization

The director in charge of environmental management heads our Environmental Committee, which meets regularly to assess progress. Kyudenko's headquarters obtained certification under ISO 14001 and accordingly established a PDCA cycle for environmental management throughout the KYUDENKO Group.

### ■ Conservation activities

We produce a detailed annual environmental activities plan with quantifiable targets. We reduce general waste and pursue green purchasing. Our technology department develops environmental designs and is working to spread the use of wind and solar power.

We separate and recycle construction waste in line with the Construction Waste Recycling Law, issue manifestos to waste disposal businesses based on the Waste Disposal and Public Cleaning Law, and check disposal processes. These and other efforts help prevent illegal disposal and pollution.

## Community Involvement

### ■ October Community Campaign

In a parallel effort with Kyushu Electric's customer appreciation campaign, Kyudenko employees participate in community activities of every October. They inspect and clean public welfare facilities, donate goods for fund-raising bazaars, and assist nonprofit organizations.



Kumamoto branch employees cleaning walls of Kumamoto Castle



Kitakyushu branch employees cleaning Kaho Theater

### ■ Fostering community sports

We foster our athletics team and other sports in local communities by cosponsoring local professional and amateur athletes.





Professor Michiaki Abe  
Graduate School of Law  
Kyushu University

This is the second Kyushu Electric Corporate Social Responsibility Report. The 2006 report won awards for excellence in the 10th Sustainability Reporting Awards, which Toyo Keizai Inc. and the Green Reporting Forum cosponsored. New corporate responsibility developments for Kyushu Electric since last year's report included an acceleration in Group CSR activities and groupwide CSR action plans through a new Group CSR promotion subcommittee. I also note that the Company reviewed its compliance action guidelines by adding precautions for daily operations and by presenting of problematic behavior. The Company has begun establishing a CSR management cycle that uses internal and stakeholder assessments of achievements under the previous year's CSR action plans. It has based this year's action plans on those evaluations. I can thus laud Kyushu Electric's ongoing CSR progress overall.

### Overall comments on report

The 2007 report basically follows from the previous one. It clearly expresses the Company's basic CSR stance and the importance of each section. The overall composition ensures easy understanding and reading. The 2007 report provides financial contributions in a separate section, reflecting a point that I made in my appraisal last year. The social and environmental focuses are very well balanced. But I have mixed feelings on whether the financial section should be toward the end of the report instead of near the beginning. I will leave that for the Company to consider.

The 2007 report enhance credibility by extensively using numbers and graphs throughout. Good examples are CSR management cycle parts, the number of consultations and reports to compliance and sexual harassment hotlines, and the results of a customer satisfaction survey on disclosure. There was also hard data on the number of inquiries to the customer Letterbox, the number of employees attending human rights courses, and even the number of employees taking childcare, nursing care and volunteer leave.

### CSR management cycle

The 2006 report received accolades for the CSR management cycle in the Sustainability Reporting Awards for providing "highly substantial disclosure of CSR goals and achievements." In this year's report, the Company went a step further by additionally presenting achievements in terms of numbers and graphs. That said, I did notice that the Company dealt with specific plans and achievements last year but not necessarily always verifiably. Perhaps, it was difficult to do so. But it is worth pointing out items for that Company could not achieve for later reflection.

### Cultivating Group CSR

I pointed out in my review of the previous report that it is crucial to pursue groupwide CSR in these times when people rate companies in terms of what their group businesses do. The Company set up an internal body and plans in response to that

# Third-Party Assessments

point. As a result, this year's report explains Group CSR involvements and devotes quite a few pages to what major Group companies have done. The report composition made it easier to understand Group initiatives.

Once Kyushu Electric solidifies its Group CSR activities, the next stage would be initiatives that encompass business partners. At the same time, information security management and guidance to vendors will be a crucial issue. On that score, the Company mentioned the issue in last year's report. I am very pleased that this year's report properly addressed the issue with action plans. Going forward, it will be essential present specific plans and verify the results.

### Disclosing negative information and corporate scandals

There were several scandals last year among electric power companies, including cases of falsifying and concealing data. Happily, there were no dislodged fuel rods at Kyushu Electric, which does not operate boiling water reactors. But there were still a couple of incidents of poor procedures and data falsification. The report properly disclosed these incidents and a few other pieces of negative information. Various types of corporate scandal can happen. But they shouldn't. Still hiding or falsely reporting discoveries of illegal or dishonest behavior makes matters even more serious when the truth is revealed. Previous incidents with other companies have amply demonstrated that. And a corporate image can sometimes actually improve if a company promptly discloses a violation or other wrongdoing and takes appropriate steps. So, proper disclosure of negative information is extremely crucial in corporate compliance.

It is wonderful to see Kyushu Electric's CSR Report taking solid shape and receiving high marks from third-party organizations. The Company still needs to tackle some issues, and I would like to see it continue producing substantial reports down the track, not just for form's sake, that show that it recognizes the significance of CSR and the importance of compliance.

## Response to Third-Party Assessments



Mitsuaki Sato  
Director in charge of CSR  
Executive Vice President  
Kyushu Electric Power Co., Incorporated

佐藤 光昭

Kyushu Electric Power aims to communicate its CSR activities to stakeholders through this report and further enhance its activities in that field.

To do so, we need to improve the report's credibility

We sought assessments and opinions from Professor Michiaki Abe of Kyushu University and Professor Toshiko Hirata of Kyushu Women's Junior College to confirm the objectivity of this report.

Professor **Toshiko Hirata**

Director

The Inter-University Life-long Learning Research Institute  
Kyushu Kyoritsu University,  
Kyushu Women's University,  
and Kyushu Women's Junior College



Discussions of electric power industry CSR are quite negative today because many point to data falsifications that happened at nuclear power plants. Even though no such incidents occurred at Kyushu Electric, its image has unavoidably suffered. The president's message talks about Kyushu Electric valuing social credibility and trust with customers. I looked at the 2007 report in anticipation of it being more meaningful.

### Overall impression

Page 5 of this report presents four goals under the Kyushu Electric Power's Mission "Enlighten Our Future." They are easy to understand and are persuasive. I think that the third goal of contributing to Kyushu, Asia, and the world will eventually be central to CSR activities. I look forward to seeing future initiatives that Kyushu Electric can be truly proud of.

After clearly presenting its Group management vision, Charter of Conduct, and highlights, the report shows Kyushu Electric's CSR action plans for FY2007.

Kyushu Electric deserves praise for adding the improvements that Professor Michiaki Abe pointed out last year. More specifically, the financial reporting section starting on page 53 was easy to understand.

### Encouraging respect for human rights and gender equality

The Cabinet Office's Gender Equality Bureau has called on corporations to have females in more than 30% of management positions by 2020. Tokyo Electric Power was one of 70 major companies to jointly launch the nonprofit J-Win organization in May 2007 to drive progress. It seems everybody has arrived at the start line in the race toward gender equality.

J-Win encourages hiring female workers and promoting them to executive positions on the grounds that women are crucial to winning in the international marketplace. As well as pressing for mindset reforms, J-Win organizes seminars on expertise and presents specific examples of Western corporations that better harness female employees. J-Win will

by confirming that the content is objective. That is why we asked Professor Michiaki Abe of Kyushu University to provide a third-party assessment of last year's version and included his comments.

We asked him to review this year's edition and check how we responded to his opinions from last year. At the same time, we asked Professor Toshiko Hirata of Kyushu Women's Junior College for her assessment. They both offered specific opinions and proposals based on their objective analyses.

Professor Abe talked about comparisons with the previous fiscal year's CSR action plans. We will think of a way to make such comparison easier to understand in future reports. We will also consider including specific CSR activities that involve our business partners and

apparently provide opportunities for businesses to exchange candidate female executives to assist in their networking.

I worry whether companies will reach the 2020 target.

People have started recognizing the need to create environments in which people can continue working while getting support so they can balance their professional and private lives, regardless of gender. There should be no exceptions for what is becoming a global wave of gender equality, even in workplaces where it is generally considered hard for women to work. We seek proactive initiatives that totally convince us of corporate sincerity.

I propose a better way of assessing employee morale and skills than measuring using the hours worked or the number of days of paid vacation. That is, the measure should be the amount of free time an employee has for private pursuits. If free time and how people spend it became a topic of conversation in the Company, the Company could also benefit from a wealth of ideas for enhancing the quality of its human resources. People today are valuing their time more than money. They want to better balance the time they spend at work, at home, and in the community. On that note, I would like to see improvements to the contents of page 46 of this report.

### Shifting from cooperation to collaboration with community and society

Kyushu Electric has spent ¥1,257 million on its community and social programs. I think I am one of many who wish to see how cooperation translates into collaboration as the fruit of Kyushu Electric's many activities, such as community promotions, sports, social welfare, local conservation, and international cooperation.

Incidentally, I think that one way to enhance reader satisfaction would be to highlight one CSR topic every year and devote more pages to it, enriching the content. I would like to see a CSR report that demonstrates a strong will rather than just providing equal treatment for everything.

verify all the activities.

Professor Hirata discussed support for women in the workforce and measures to balance professional and private lives. We will set up a structure to consider and deploy specific progress in those areas. On the subject of community involvement, we are looking into creating a management system at branches so we can pursue activities that more locally oriented and collaborative with local residents.

We will endeavor to keep improving in the areas in which both professors considered that we are doing well.

We will draw on the third-party assessments to reinforce our CSR activities and present our achievements in the next report. We look forward to receiving reader opinions on our progress.

## PR Facilities

### 1 Kyushu Energy Science Center

4-13-55, Yakuin, Chuo-ku, Fukuoka  
 TEL. +81-92-522-2333  
 ● Open hours 9:00am-5:00pm  
 ● Closed Every Monday (if a national holiday falls on a Monday, than the following day will be closed) and new year holidays (December 29-January 2)



### 2 Genkai Energy Park

4112-1, Imamura-cho, Genkai-cho, Higashimatsushima-gun, Saga  
 TEL. +81-955-52-6409  
 ● Open hours 9:00am-5:00pm  
 ● Closed Every 3rd Monday of the month (if the 3rd Monday is a national holiday, than the following day will be closed) and new year holidays (December 29-January 2)



### 3 Hachchoubaru Power Station Visitor Center

601, Hachchoubara, Oazayutsu-cho, Kokonoe-cho, Kusu-gun, Oita  
 TEL. +81-973-79-2853  
 ● Open hours 9:00am-5:00pm  
 ● Closed New year holidays (December 29-January 3)



### 6 Kyushu Electric Power Assist Center

(experience center of business-use electric kitchen)  
 4-2-28, Yakuin, Chuo-ku, Fukuoka  
 TEL. +81-92-523-8445  
 ● Open hours 9:30am-5:00pm  
 ● Closed Saturdays, Sundays, national holidays

### 7 Tenzan Power Station Visitor Center

1327, Oazaamagawa, Kyuragi-cho, Karatsu  
 TEL. +81-955-65-2266  
 ● Open hours 10:00am-4:00pm  
 ● Closed New year holidays (December 29-January 3)  
 The underground power plant can not be seen on Saturdays, Sundays and national holidays.

### 8 Kyuden Puratto Hall

1-1, Torioi-cho, Satsumasendai  
 TEL. +81-996-23-2131  
 ● Open hours 10:00am-7:00pm  
 ● Closed New year holidays (December 29-January 1)

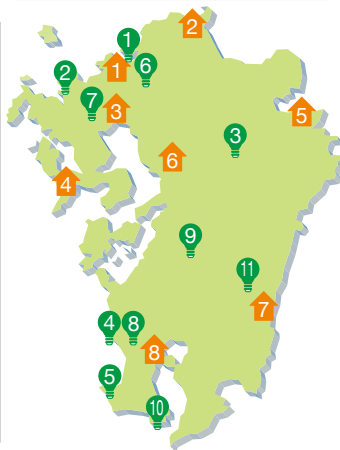
### 4 Sendai Nuclear Power Station Exhibition Hall

1758-1, Azakodaira, kumisaki-cho, Satsumasendai  
 TEL. +81-996-27-3506  
 ● Open hours 9:00am-5:00pm  
 ● Closed New year holidays (December 29-January 1)



### 5 Nomamisaki Wind Park Visitor Center

Azanomaikie, Kasasa-cho, Minamisatsuma, Kagoshima  
 TEL. +81-993-59-5522  
 ● Open hours 9:00am-5:00pm  
 ● Closed New year holidays (December 29-January 3)



### 9 Ohira Power Station Visitor Center

1196-2, Ayugaerini, Sakamoto-machi, Yatsushiro  
 TEL. +81-985-45-2741  
 ● Open hours 9:00am-4:00pm  
 ● Closed New year holidays (December 29-January 3)

### 10 Yamagawa Power Station Visitor Center

2303, Yamakawaogawa, Ibusuki, Kagoshima  
 TEL. +81-993-35-3326  
 ● Open hours 9:00am-5:00pm  
 ● Closed New year holidays (December 29-January 3)

### 11 Hitotsuse Power Station Visitor Center

509-12, Azamatoba, Oazanaka-cho, Saito  
 TEL. +81-985-24-2140  
 (Miyazaki Branch Office, Public Relation Group)  
 ● Open hours 9:00am-5:00pm  
 ● Closed Every Monday and new year holidays (December 29-January 3)

## Kirei Life Plaza

### 1 Iris Fukuoka

IMS BLD 6F, 1-7-11, Tenjin, Chuo-ku, Fukuoka  
 TEL. +81-92-733-2090  
 ● Open hours 10:00am-8:00pm  
 ● Closed Every 3rd Tuesday (except for July, August and December) and new year holidays (December 29-January 2)

### 2 Iris Kitakyushu

River-walk Kitakyushu BLD 5F, 1-1-1, Muromachi, Kokurakita-ku, Kitakyushu TEL. +81-93-533-2074  
 ● Open hours 10:00am-8:00pm  
 ● Closed New year holidays (December 31-January 2)

### 3 Iris Saga

2-3-6, Kouno-higashi, Saga  
 TEL. +81-952-33-0800  
 ● Open hours 9:00am-5:30pm  
 ● Closed Every 3rd Sunday and new year holidays (December 29-January 3)

### 4 Iris Nagasaki

NK Iris BLD, 2-15 Douza-cho, Nagasaki  
 TEL. +81-95-829-2990  
 ● Open hours 10:00am-6:00pm  
 ● Closed Every 3rd Tuesday and new year holidays (December 29-January 3)

### 5 Iris Oita

2-4-6, Kanaikemachi, Oita  
 TEL. +81-97-534-2877  
 ● Open hours 10:00am-6:00pm  
 ● Closed Every 3rd Wednesday, and New year holidays (December 29-January 3)

### 6 Iris Kumamoto

Bipuresu Kumanichikaikan BLD 7F, 2-17, Kamitorimachi, Kumamoto  
 TEL. +81-96-326-1666  
 ● Open hours 10:00am-6:00pm  
 ● Closed Every 3rd Tuesday, and new year holidays (December 29-January 3)

### 7 Iris Miyazaki

4-2-23, Tachibanadorinishi, Miyazaki  
 TEL. +81-985-31-7075  
 ● Open hours 9:00am-5:00pm  
 ● Closed Every 3rd Sunday and new year holidays (December 29-January 3)

### 8 Iris Kagoshima

Kagoshima Shoko-Kaigisho BLD "Aimu" 2F, 1-38, Higashi Sengoku-cho, Kagoshima  
 TEL. +81-99-224-6896  
 ● Open hours 10:00am-6:00pm  
 ● Closed Every 3rd Tuesday and New year holidays (December 29-January 3)

## [Main Offices and facilities]

### Headquarters

〒810-8720  
 2-1-82, Watanabe-dori, Chuo-ku, Fukuoka  
 TEL+81-92-761-3031  
 ● General Affairs Dept CSR G  
 TEL+81-92-726-1564  
 ● Environmental Dept Environmental management G  
 TEL+81-92-726-1531

### Kitakyushu Branch Office

〒802-8521  
 2-3-1 Komemachi, Kokurakita-ku, Kitakyushu  
 TEL+81-93-531-1180

### Fukuoka Branch Office

〒810-0004  
 2-1-82 Watanabe-dori, Chuo-ku, Fukuoka  
 TEL+81-92-761-6381

### Saga Branch Office

〒840-0804  
 2-3-6 Kono-higashi, Saga  
 TEL+81-952-33-1123

### Nagasaki Branch Office

〒852-8509  
 3-19, Shiroyamamachi, Nagasaki  
 TEL+81-95-864-1810

### Oita Branch Office

〒870-0026  
 2-3-4, Kanaikemachi, Oita  
 TEL+81-97-536-4130

### Kumamoto Branch Office

〒862-0951  
 1-6-36, Kamisuizenji, Kumamoto  
 TEL+81-96-386-2200

### Miyazaki Branch Office

〒880-8544  
 4-2-23 Tachibanadori-nishi, Miyazaki  
 TEL+81-985-24-2140

### Kagoshima Branch Office

〒890-8558  
 2-6-16, Yojiro, Kagoshima  
 TEL+81-99-253-1120

### Tokyo Branch Office

〒110-0006  
 1-7-1, Yurakucho, Chiyoda-ku, Tokyo  
 TEL+81-3-3281-4931

### Research Laboratory

〒815-8520  
 2-1-47, Shiobaru, Minami-ku, Fukuoka  
 TEL+81-92-541-3090



## [Main supply facilities] (As of March 2007)



## [Business Outline] (As of March 2007: unconsolidated)

Trade Name	Kyushu Electric Power Company, Incorporated	
Date of Establishment	May 1, 1951	
Paid-in Capital	237.3 billion yen	
Number of shareholders	183,736	
Supply Area	Fukuoka prefecture, Saga prefecture, Nagasaki prefecture, Oita prefecture, Kumamoto prefecture, Miyazaki prefecture, Kagoshima prefecture	
Amount of proceeds	1,333.0 billion yen	
Total assets	3,790.1 billion yen	
Number of employees	12,670	
Supply equipment		
Hydroelectric power stations	139 places	2.378 million kW
Thermal power stations	10 places	11.180 million kW
Geothermal power stations	6 places	0.210 million kW
Internal combustion power stations (exhaust heat and gas turbine included)	35 places	0.389 million kW
Nuclear power stations	2 places	5.258 million kW
Others	2 places	0.003 million kW
Our company's power stations total	194 places	19.417 million kW
Other companies' power stations total	46 places	2.971 million kW
Power generation equipment sum total	240 places	22.389 million kW
Substation	577 places	68.16 million kVA
Total transmission line length	9,849km	
Total distribution line length	133,990km	
Number of customers		
Residential electric power	7.38 million lots	
Commercial and Industrial Electric Power	1.04 million lots	
Total	8.42 million lots	

## [Board of Directors] (As of the end of March 2007)

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**

\* Indicates that person is also an executive officer

\*\* Is an external director or auditor

Note: We have rounded decimals up, so supply figure totals may not necessarily match.

On May 29, 2006,

customer service offices switched to toll-free numbers.

**Fukuoka Prefecture (Kita-Kyushu Area)**

Kokura	0120-986-101
Yahata	0120-986-102
Yukuhashi	0120-986-103
Iizuka	0120-986-104
Tagawa	0120-986-105

**Fukuoka Prefecture (Fukuoka Area)**

Fukuma	0120-986-203
Fukuoka-Higashi	0120-986-204
Fukuoka	0120-986-205
Fukuoka-Nishi	0120-986-206
Fukuoka-Minami	0120-986-207
Amagi	0120-986-208
Kurume	0120-986-209
Yame	0120-986-210
Omuta	0120-986-211

**Saga Prefecture**

Karatsu	0120-986-301
Tosu	0120-986-302
Saga	0120-986-303
Takeo	0120-986-304

**Nagasaki Prefecture**

Tsushima	0120-986-201
Iki	0120-986-202
Hirado	0120-986-401
Sasebo	0120-986-402
Omura	0120-986-403
Shimabara	0120-986-404
Nagasaki	0120-986-405
Gotou	0120-986-406

**Ohita Prefecture**

Nakatsu	0120-986-501
Hita	0120-986-502
Beppu	0120-986-503
Oita	0120-986-504
Mie	0120-986-505
Saeki	0120-986-506

**Kumamoto Prefecture**

Tamana	0120-986-601
Ozu	0120-986-602
Kumamoto-Nishi	0120-986-603
Kumamoto-Higashi	0120-986-604
Uki	0120-986-605
Yatsushiro	0120-986-606
Amakusa	0120-986-607
Hitoyoshi	0120-986-608

**Miyazaki Prefecture**

Nobeoka	0120-986-701
Hyuga	0120-986-702
Takanabe	0120-986-703
Miyazaki	0120-986-704
Miyakonojyo	0120-986-705
Nichinan	0120-986-706

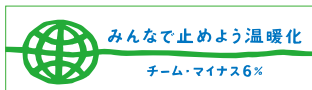
**Kagoshima Prefecture**

Izumi	0120-986-801
Sendai	0120-986-802
Kirishima	0120-986-803
Kagoshima	0120-986-804
Kaseda	0120-986-805
Kanoya	0120-986-806
Kumage	0120-986-807
Amami	0120-986-808

\* The Call Center handles calls to customer service offices.

○Please record your requests of the Kyushu Electric Group here.

Kyushu Electric participates in the Team Minus 6% program.



**Kyushu Environmental Management Corporation**  
This report is printed on recycled paper  
which is developed and collected by Kyushu  
Electric Power Group.



**KYUSHU ELECTRIC POWER CO., INC.**