

The Kyushu Electric Power CSR Report

2008



Kyushu Electric Power CSR Report 2008

Editorial Policy

The Kyushu Electric Power CSR Report is a tool for communicating with stakeholders about the Group's corporate social responsibility stance and activities.

This is our third such report, which we produced in keeping with GRI Sustainability Reporting Guidelines to solicit feedback from stakeholders, focusing on the areas of greatest interest to those parties and issues with the greatest impact on Group operations.

We invite readers to visit the following Web sites for full details.

Report Scope
Kyushu Electric Power Co., Inc. and Group companies

Period Covered
April 1, 2007 through March 31, 2008 (although some content is outside that time frame)

Issue Dates
This report: June 2008
Previous report: June 2007
Next report: June 2009


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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.

Report Coverage and Tools

Kyushu Electric Power CSR Report 2008

We report on all CSR initiatives



We also publish a digest of this report.

CSR Digest 2008

See the following Web site for more details:
http://www.kyuden.co.jp/en_csr_index.html


Areas that this Report Covers

Environmental initiatives

Economic impact

Social contributions

We report in detail on environmental initiatives



2008 Kyushu Electric Power Environmental Action Report

See the following Web site for more details:
http://www.kyuden.co.jp/en_environment_index.html

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Kyushu Electric Power's Mission

"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 four 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 rest of 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.

Topic Implementing Action Guidelines to Pursue Our Mission

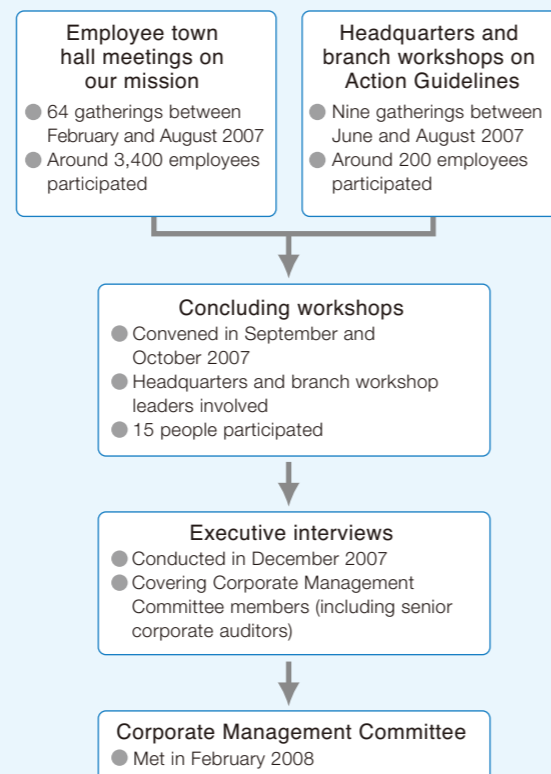
We instituted a set of Action Guidelines to help all employees embody the corporate mission goals that we set in April 2007.

We finalized these guidelines after engaging with employees on how best to better understand and act on the mission.

The process began with compiling employee opinions and holding workshops at headquarters and branches to analyze that information. We then interviewed executives about shared values, corporate culture objectives and other issues.

The "Think and act yourself" slogan aims to encourage all employees to consider how their work affects customers, our service area, colleagues and future generations.

Process for Determining Action Guidelines



Action Guidelines

Think and act yourself

- For Customers
- For The community
- For Colleagues
- For Future generations

Group Management Mission

Basic Philosophy

Serve our customers with energy

Management Approach

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

For our customers' smiles

For the expectations of our shareholders and investors

For society's trust

For the well-being of our employees and associates

Charter of Conduct

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

At the same time, we respect human right both domestically and overseas, and we are developing

business operations to contribute to the growth of comfortable and rich society.

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

- 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. Cordinate 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.

Thoughts from President Toshio Manabe

"I want to make it absolutely clear that Kyushu Electric Power will strive to earn broad community trust by consistently supporting consumer lifestyles and society."

—Toshio Manabe's message upon becoming president



"It is critical for us to deepen customer and regional trust even more so as customers continue to choose our products and services."

—Comments at the launch of the 2007 Customer Appreciation campaign



Message from Top Management



"One of a power company's most important missions is to provide stable, long-term supplies of energy, to ensure prosperous living. We should make the highest priority because environmental issues threaten the survival of humankind."

—Statement during conversation with former astronaut Mamoru Mouri

Pursuing CSR on Behalf of Our Customers and Society



Toshio Manabe
President, KYUSHU ELECTRIC POWER CO., INC.

Our Social Responsibilities and Mission

Our prime social responsibility has always been to provide safe, dependable and efficient supplies of electricity to our customers. We have accordingly sought to collaborate with the community 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.

High fuel prices, worsening environmental problems, intensified competition in energy markets and diversifying lifestyles have transformed our operating climate. We are thus looking into creating new management policies to accommodate such changes, although we will remain dedicated to fulfilling our social responsibilities and maintaining trust. supplies of electricity and other energy while contributing daily to customer comfort and the environment.

In April 2007, we formulated the Kyushu Electric Power Mission to build even greater trust with customers in these changing times. Drawing on a

slogan of Enlighten Our Future, we pledge under this mission to maintain stable supplies of electricity and other energy while contributing to customer comfort and the environment.

Fulfilling Our Mission

We aim to provide stable supplies of environmentally friendly electricity in keeping with our mission. We will thus comprehensively assess such factors as our need to maintain energy security and tackle environmental problems while operating economically in developing a balance of energy sources centered on nuclear power, ensuring safe and stable power generation.

We will harness and expand output from such renewable energy sources as wind, solar, hydro-electric and geothermal power.

In keeping with the top priority we accord to customer trust, we will work with customers to explore ways of ensuring sustainable supplies of energy for society. We will therefore promote

power-saving and comfortable lifestyles and otherwise communicate so our customers can use electricity more efficiently.

Groupwide CSR Efforts

Our CSR commitment encompasses pursuing our Group Management Mission and Charter of Conduct, which aim to enhance the satisfaction of all stakeholders and sustainably increase corporate value while contributing to social progress.

We have drawn on such dedication to build a Groupwide CSR structure, centering on the CSR Promotion Committee, to drive compliance, disclosure, environmental management and coexistence with society.



"We commit ourselves to compliance and disclosure because we want to ensure complete peace of mind for our customers and the region we serve."

— New Year's message for 2008



"Many think that companies exist solely to pursue profits. You ought to remember, though, that profits come from serving customers satisfactorily, and that a company's true value is in providing products and services that make customers happy."

— Speech at ceremony to welcome new employees

Still, we need to make Group CSR efforts more responsive to increasingly diverse and sophisticated needs and demands from customers and society .

Communicating with Stakeholders

We issued our first Kyushu Electric Power CSR Report in 2006 as a communication tool to boost our CSR efforts. We have since received feedback from many customers and other stakeholders.

The 2008 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 2008

Toshio Manabe
President

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Focus 1

Initiatives to Support Lifestyles and Society with Environmentally Friendly Energy
Optimizing our power source mix to maintain energy security and tackle environmental issues



The Energy Situation

We expect global energy demand to keep rising steadily in line with rapid economic progress, particularly in Asia. But at current consumption rates the world has only another 147 years of coal, 63 years of natural gas and 41 years of oil. New discoveries of energy reserves in the future would not significantly change those numbers.

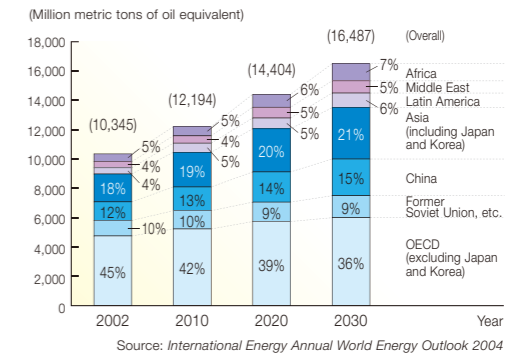
It is particularly important for Japan to address its vulnerability to global energy developments. This nation has to import 82% of its energy (or 96% if excluding nuclear power), far more than other major developed countries.

There is a growing risk of global warming due to greenhouse gases. In Japan, electricity generation accounts for around 30% of the nation's carbon dioxide output, so power companies must endeavor to limit their emissions.

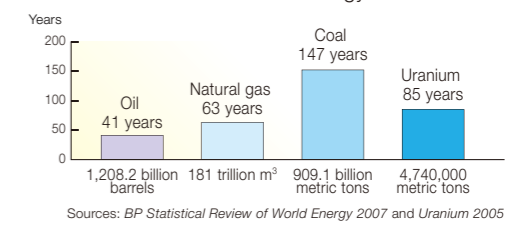
Optimizing Our Energy Mix

It is vital for us to maintain energy security and comprehensively factor in economic and other considerations, optimally balancing power sources and generating techniques so we can disperse risks. Our energy mix centers on nuclear power, with contributions from thermal and hydroelectric sources.

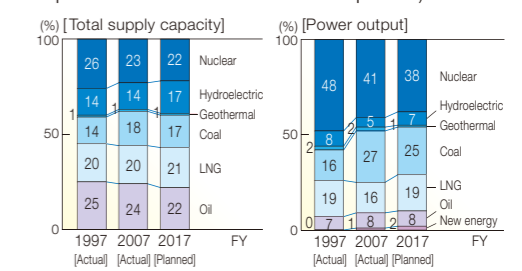
Projected world energy demand



Proven world reserves of energy



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



Optimal power mix

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



Nuclear Power Key to Resolving Energy Issues

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. We prioritize safety and stability, operate at the rated thermal output and plan to open new nuclear power facilities. Once a nuclear fuel cycle that uses reprocessed uranium is in place, we will be able to more efficiently harness this limited energy source. We thus consider it important to gradually deploy pluthermal generation.

▼ Power source characteristics

Power source	Characteristics	Issues
Nuclear	<ul style="list-style-type: none"> Stable fuel supplies and excellent economy Free of carbon dioxide emissions 	<ul style="list-style-type: none"> Final disposal of high-level radioactive waste Cultivating social understanding
Hydro-electric and geothermal	<ul style="list-style-type: none"> Renewable energy Free of carbon dioxide emissions 	<ul style="list-style-type: none"> Limited development sites (volume) Environmental impact of dam development Economy improvements
Pumped storage	<ul style="list-style-type: none"> Output adjustable in line with demand fluctuations 	
Wind and solar	<ul style="list-style-type: none"> Renewable energy Free of carbon dioxide emissions 	<ul style="list-style-type: none"> Small concentration as energy source Output fluctuates according to weather
Coal-fired thermal	<ul style="list-style-type: none"> Stable fuel supplies and excellent economy (broad distribution of suppliers) 	<ul style="list-style-type: none"> Emits carbon dioxide and sulfur and nitrogen oxides
LNG-fueled thermal	<ul style="list-style-type: none"> Relatively stable fuel supplies (broad distribution of suppliers) Carbon dioxide emissions lower than from coal-fired generation 	<ul style="list-style-type: none"> Contracts are long-term, making LNG a less flexible source than coal and oil
Oil-fueled thermal	<ul style="list-style-type: none"> Easier to transport and handle than coal and LNG 	<ul style="list-style-type: none"> Reliance on the Middle East for most fuel oil Emits carbon dioxide and sulfur and nitrogen oxides

Lowering the Environmental Impact of Thermal Power Generation

We use liquefied natural gas (LNG) coal and various other resources to ensure long-term access to thermal fuels. We are raising generating efficiency to lower environmental impact while using energy more effectively.

For example, we are maintaining high operating rates at the Shin Oita Power Station, an LNG combined-cycle facility, and at the Reihoku Thermal Power Station, which employs advanced systems. We are also increasing the generating efficiency at our thermal facilities. A good example is our plan to replace high-gas turbines at Unit No. 1 of Shin Oita Power Station between 2009 and 2012.

We will install four 400,000-kilowatt turbines featuring thermal efficiencies of 52% at the No. 3 Unit of Shin Oita Power Station in 2016.



LNG-fired Shin Oita Power Station

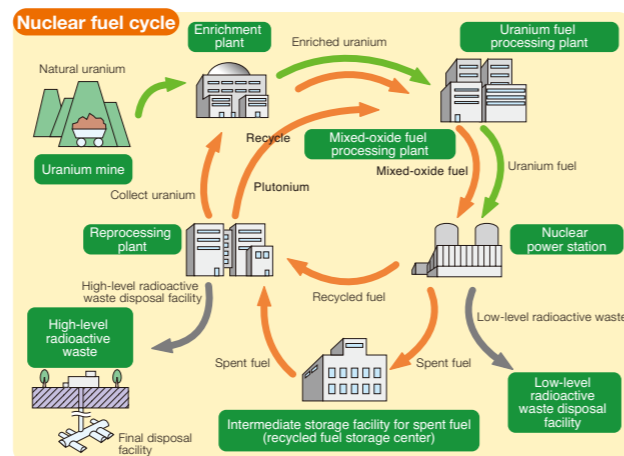


Coal-fired Reihoku Thermal Power Station

Pluthermal Generation Efforts

Japan needs to compensate for a lack of natural resources by deploying pluthermal power as a stable energy source. We plan to start pluthermal generation by 2010 at the No. 3 unit of the Genkai Nuclear Power Station.

- **Use limited resources more efficiently**
We can more efficiently use uranium by reprocessing spent fuel to produce plutonium for power generation.
- **Slash high-level radioactive waste**
Reprocessing and reusing spent fuel can greatly reduce high-level radioactive waste.
- **Produce no more plutonium than needed**
Japan pledged internationally to produce only the plutonium it needs for electric power. The pluthermal generation process is crucial for harnessing plutonium for peaceful purposes.



Optimally Harnessing Renewable Energy

We are cultivating domestic renewable sources of energy that are environmentally friendly because they are free of carbon dioxide emissions, notably wind and solar power, biomass and hydroelectric power.

Kyushu has massive geothermal resources and accounts for around 40% of the nation's geothermal generating capacity. In April 2006, the Hatchobaru Geothermal Power Station started operating a 2,000-kilowatt geothermal binary generating facility. It was the first in Japan to tap low-temperature geothermal energy, which is impossible with conventional setups. The facility continues to operate efficiently. We are also surveying geothermal sites for potential development.

▼ Renewable energy production Millions of kWh

FY	2007	2017
New energy	1,200	2,800
Wind power	400	1,600
Solar power	200	600
Biomass, etc.	600	600
Hydroelectric power (except pumped storage)	4,600	5,700
Geothermal power	1,400	1,500
Total	7,200	10,000

Notes: 1. New energy figures for 2017 are targets for new facilities.
2. Data includes supplies from excess power contracts with other companies.



We obtain wind power under an annual fixed purchasing plan. In August 2006, we announced that our facilities could accept 700,000 kilowatts from around Kyushu. We purchased about 200,000 kilowatts in FY 2008. We plan to buy more wind power after assessing its frequency and voltage impacts on our power grid.

Group member Nagashima Windhill Co., Ltd., is constructing the 50,400-kilowatt Nagashima Wind Power Station in Nagashima Town, Kagoshima Prefecture. That facility should go on line in October 2008.

We are looking into installing solar power systems at our facilities and idle properties. We are also researching sun-tracking techniques and new solar panels and are conducting R&D on a microgrid generating system that combines diesel, solar and wind power, and storage batteries.

The Group is working to deploy more facilities that reduce fossil fuel usage and carbon dioxide emissions. For example, Miyazaki Biomass Recycle Co., Ltd., maintains a 11,350-kilowatt plant that runs on poultry droppings. Fukuoka Clean Energy Co., Inc., has a 29,200-kilowatt waste-fueled facility.

We are developing and surveying regular hydroelectric sites and developing hydrokinetic river turbines. We are also evaluating potential sites for micro hydropower stations near consumption areas and are providing technical support for designing and installing these facilities.

We reached the Renewables Portfolio Standard's requirement of 630 million kWh in FY 2007.



Solar panels



Miyazaki Biomass Recycle Co., Ltd.



Fukuoka Clean Energy Co., Inc.

Ensuring Stable Long-Term Supplies

In April 2008, we set up an office to evaluate socioeconomic and other trends and recommend a long-term optimal energy mix that reflects those factors.

The Kyushu Electric Power aims to fulfill our mission of consistently delivering environmentally friendly energy.

Anti-Quake Measures Today and Tomorrow

Our Genkai and Sendai nuclear power stations began geological surveys to evaluate safety ahead of the September 2006 revision of seismic design guidelines. These facilities undertook the following tasks after the July 2007 Niigata Chuetsu Offshore Earthquake.

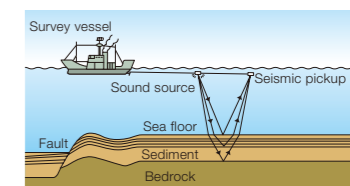
New Geological and Ground Surveys and Assessments

Geological and Ground Surveys

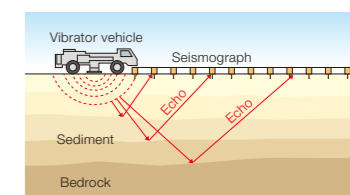
At the Genkai Nuclear Power Station, we are conducting geomorphological, ground surface and boring, and gravity surveys—the latter measuring slight differences in gravity between different locations to estimate the state of the deep subsurface structure. The facility is gathering more data by using the latest techniques in offshore ultrasonic surveys.

We are similarly doing geomorphological, ground surface and boring surveys at the Sendai Nuclear Power Station, and are profiling seismic reflections. The latter technique images the geological structure by bouncing sound waves off strata boundaries and fault planes and plotting the echoes. We are also conducting boring and offshore ultrasonic surveys.

▼ Examples of geological surveys around our power plants



Offshore ultrasonic survey



Profiling seismic reflections

Earthquake Safety Assessments

We are reassessing the earthquake safety of all six of our power plants based on the results of our geological and ground surveys. Seismic load evaluation for assessing structural reliability at the No. 3 Unit of the Genkai Nuclear Power Station and the No. 1 Unit of the Sendai Nuclear Power Station confirmed that the facilities met all key safety requirements, notably for reactor shutdowns and cooling and confining radioactive materials. We submitted an interim report on our findings to the Ministry of Economy, Trade and Industry in March 2008.

We will continue to carry out planned earthquake safety assessments and file final reports according to the schedule below. These documents will reflect any additional knowledge we gain from research into the Niigata Chuetsu Offshore Earthquake and other disasters.

Schedule	FY 2006	FY 2007	FY 2008	FY 2009
Genkai Nuclear Power Station	Geological and ground surveys	September 2007	Earthquake safety assessment	▽ Final report September 2009
	No. 1 & 2 units		▽ March 2008 (Interim report on No. 3 Unit)	
	No. 3 & 4 units		Earthquake safety assessment	▽ Final report March 2009
Sendai Nuclear Power Station	Geological and ground surveys	September 2007	Earthquake safety assessment	▽ Final report December 2008
	No. 1 & 2 units		▽ March 2008 (Interim report on No. 1 Unit)	

Strengthening Our Firefighting Units

- We set up 10-person firefighting units at each of our nuclear power stations so we can respond more swiftly to disasters. Five of those people are on station around the clock, with another five ready to participate in emergency work.
- Each facility has a chemical fire engine and a truck with a portable motor pump.
- Satellite phones and other communications devices link these units directly with local fire brigades. Our units work closely with these fire brigades while conducting regular drills and other training.



Genkai Nuclear Power Station firefighting unit

Establishing Swift Reporting Systems

- We have assigned personnel to measure radioactivity concentrations around the clock and swiftly report their findings.
- We equipped the central control rooms of our nuclear power stations with satellite phones to optimize communications with our Emergency Response Department and other bodies.

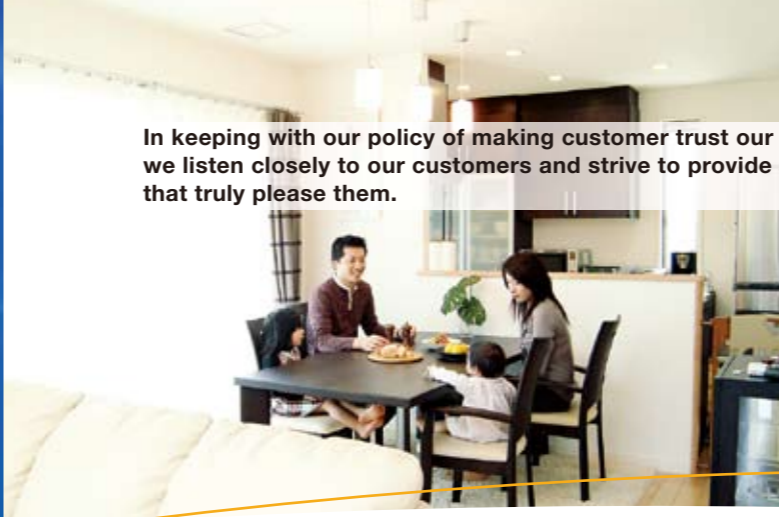
Listening to Our Customers

Reinforcing trust by providing optimal services



Kyushu Electric Power sponsored an event to highlight the energy savings and contributions to lower carbon dioxide emissions of its Eco Cute water heating system in Tenjin, Fukuoka, on February 16 and 17, 2008. A number of attendees wrote down their ideas on energy-saving techniques on leaf-shaped stickers that they placed on a large board.

Stickers with energy-saving ideas



In keeping with our policy of making customer trust our top priority, we listen closely to our customers and strive to provide services that truly please them.



Communicating with Customers

Kyushu Electric Power Advisor System

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

Roundtable Talks with Customers

Our customer service office hold gatherings with local community leaders and other customers to obtain feedback for our operations. The president attends some of these meetings every year to directly solicit customer views.

Seeking Dialogue

Every October, we conduct a campaign to thank Kyushu Electric Power customers, taking numerous opportunities during that time to deepen dialogue with customers and local community leaders.

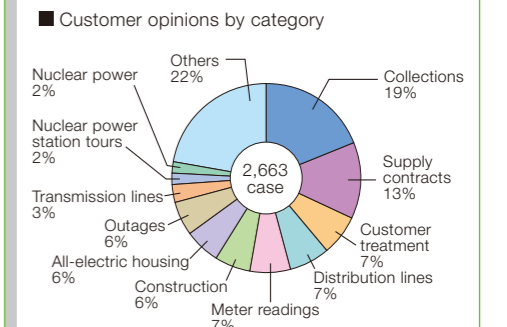
Soliciting Feedback When Dealing with Customers

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.

Rainbow System

We built this system to allow all employees to input and retrieve customer opinions on their computer terminals. The system deals with opinions from daily operations, meetings and visits. We regularly use summaries of business improvement cases and other information registered in the system for Companywide initiatives to bolster customer satisfaction.

▼ Rainbow System cases by category in FY 2007



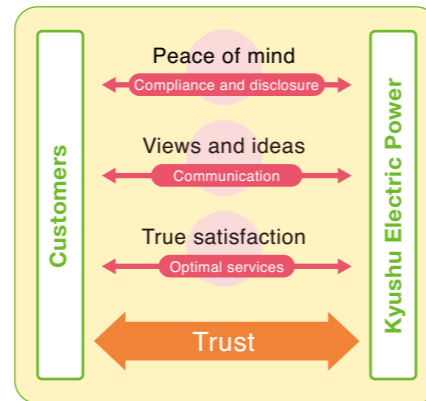
▼ Examples of improvements in response to customer feedback

Subject	Customer opinions	Our responses
Electricity contract	I didn't know that you halve the basic charge if I consume no electricity.	We will better inform customers through our Web site and by putting such information on the back of meter reading slips and power application forms.
Meter readings	The text on the back of the meter reading slips is dim and hard to read.	We will switch to three-color printing in May 2008.
All-electric housing	Someone claiming to be from Kyushu Electric Power tried to sell me an all-electric housing system over the phone.	In light of several cases of stores engaging in dubious sales solicitations for all-electric housing, in July 2007 we posted cautions about such activities on our Web site.
Outages	I didn't know how to use the limiter and breaker switches when a typhoon caused an outage. We didn't have any information on what to do when outages occur.	We produced a pamphlet with instructions on using the switches after outages and on confirming outages and distributed this publication with meter reading slips to all houses in July 2007. From July 2007, we launched a service on our PC and cell phone Web sites to swiftly show outage rates by prefecture and municipality after typhoons and other major disasters and inform customers when we expected to restore power.
Others	There are lots of potholes in the branch's car park. I get my feet wet when getting out of my car.	We will quickly investigate and repair the worst potholes.

Making Customer Trust Our Top Priority

The trust that we have built with customers in serving them is invaluable.

Maintaining their trust remains our top priority. We have thus stepped up compliance and disclosure to provide customers with peace of mind by operating transparently, in line with the law and our commitment to ethical conduct. We communicate extensively with customers and offer optimal services that we hope will truly satisfy their requirements.



Providing Peace of Mind through Compliance and Disclosure

Protecting Personal Information

We recognize that it is essential to safeguard the individual rights and interests of our customers. We therefore formulated basic policies and guidelines to properly handle and protect personal information, and ensure that our employees and vendors properly understand and adhere to them (see page 27 for details).

Better Communicating Disaster Information through Our Mobile E-mail Service

In January 2008, we launched a service to e-mail preregistered cell phone addresses if typhoons and other disasters cause outages. We plan to improve this service in response to customer views and ideas to ensure that we keep them better informed (see page 29 for details).

Proposing Energy-Saving Lifestyles



Encouraging Energy-Saving Lifestyles

Customers are fast becoming concerned about environmental and energy issues. We suggest energy-saving lifestyles that enable customers to address those issues through simple measures when using electricity.

Energy-saving goal

Cut carbon dioxide emissions by 80,000 metric tons annually in FY 2008

Specific initiatives

- Heavily publicize ways to save energy
- Provide consulting on saving energy
- Promote the use of electric cooking ranges and Eco Cute

Recommending All-Electric Housing (Induction Heating Cooking Ranges Plus Eco Cute)

We advise customers to choose all-electric housing, encompassing everything from cooking ranges and water heating to air-conditioning. Such housing provides peace of mind and is comfortable, economical and environmentally friendly, and thus improves customer satisfaction while protecting the environment.

We are heavily marketing the Eco Cute water heating system as a key to cutting household energy consumption.



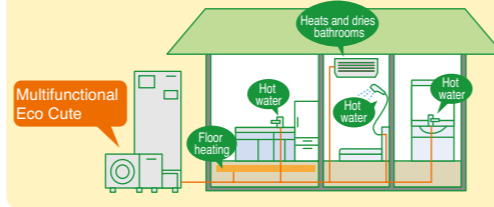
Eco Cute—Good for the Environment and Household Budgets

The environmentally friendly Eco Cute uses a heat pump (see note below) to boil water, reducing energy consumption and slashing carbon dioxide emissions. Another advantage is that the system does not produce chlorofluorocarbons that damage the ozone layer, instead using carbon dioxide from the atmosphere as a coolant. Nighttime electricity rates apply to Eco Cut, so it is also economical.

The nationwide installation goal for Eco Cute is 5.2 million units by FY 2010. This system will play a vital role in Japan meeting its Kyoto Protocol targets, and the government is accordingly subsidizing people who switch to this system.

Multifunctional Eco Cute

This next-generation system automatically provides hot tap and bath water, heats and dries bathrooms and heats floors.



Note: A heat pump contributes to high efficiency and energy savings because it harnesses heat from the atmosphere at triple the rate obtained from electrical energy.

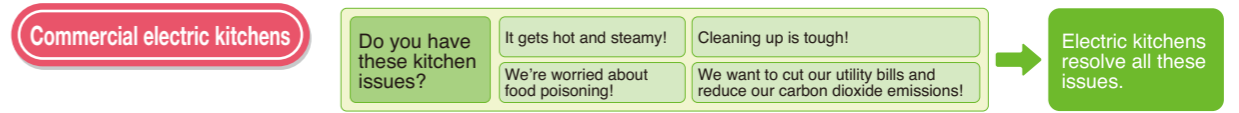
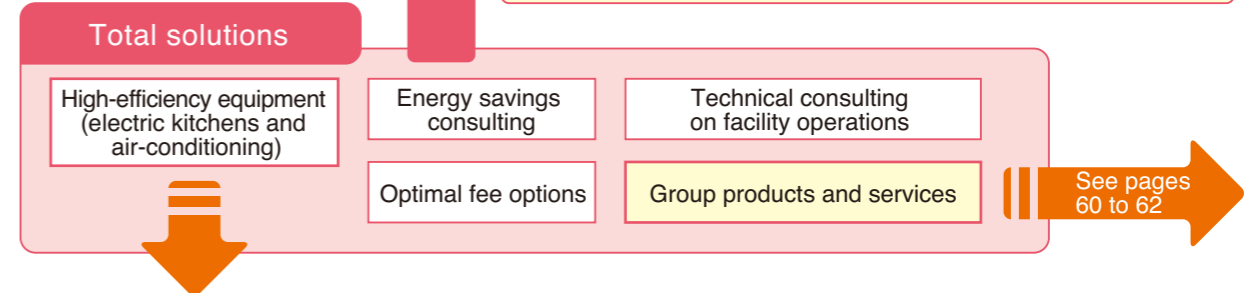
Providing Information on Saving Energy

We distribute pamphlets to customers that show how easy it is to save energy and publicize energy-saving ideas through our Web site and television commercials. Home advisers at our branches hold classes that show customers how to use electricity more efficiently.



Information pamphlet about saving energy

Optimal Services for Corporate Customers



• The eKitchen Commercial Electric Kitchen Demonstration Booth

We have installed these booths in Kitakyushu and all prefectural offices. Customers can try electric cooking for themselves at no charge.

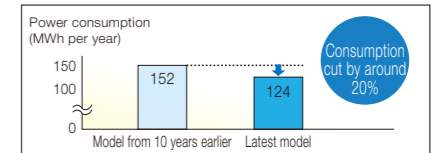
We also arrange free cooking seminars by professional chefs. Contact your nearest sales office for further details.



Electrical air-conditioning

Installing electrical air-conditioning systems that employ heat pumps will save energy and cut carbon dioxide emissions. Recent technological developments have boosted energy savings even further.

▼ Energy consumption compared with models launched 10 years ago



Note: The energy saved in a 5,000 m² office

Energy savings

We present case studies on customers that have benefited from deploying our systems and offer consultations on ways to save energy.



Lighting

Consider saving energy by switching from regular light bulbs to fluorescent lamps.

Fluorescent lamps last six times longer than regular light bulbs and consume just one-third of the energy. These lamps are particularly economical in locations where lights stay on for long times.

Save money by turning lights off when you don't need to use them.

Leave lights on where the circuits for light fixtures are not segmented and in unused areas. Take advantage of natural lighting and turn off lighting near windows where appropriate.

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

Basic Corporate Governance Framework

The Board of Directors and the Board of Corporate Auditors oversee corporate governance at Kyushu Electric Power. Directors promote ongoing efforts to strengthen oversight and compliance management systems. They also formulated our basic corporate governance policy to maintain healthy management.

We clarified oversight and implementation roles in 2007 and revised our Board of Directors and executive officer structures to bolster our corporate governance capabilities.

Board of Directors

In principle, this body meets monthly to decide on important corporate management matters and monitor the progress of executive officers. We have taken steps to revitalize this board and strengthen oversight, notably by having directors serve for one year, reducing the number of directors and appointing external directors.

The Board of Managing Directors considers matters requiring further discussion before decisions are made by the Board of Directors and decides on 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 meetings, 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 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.

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

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.

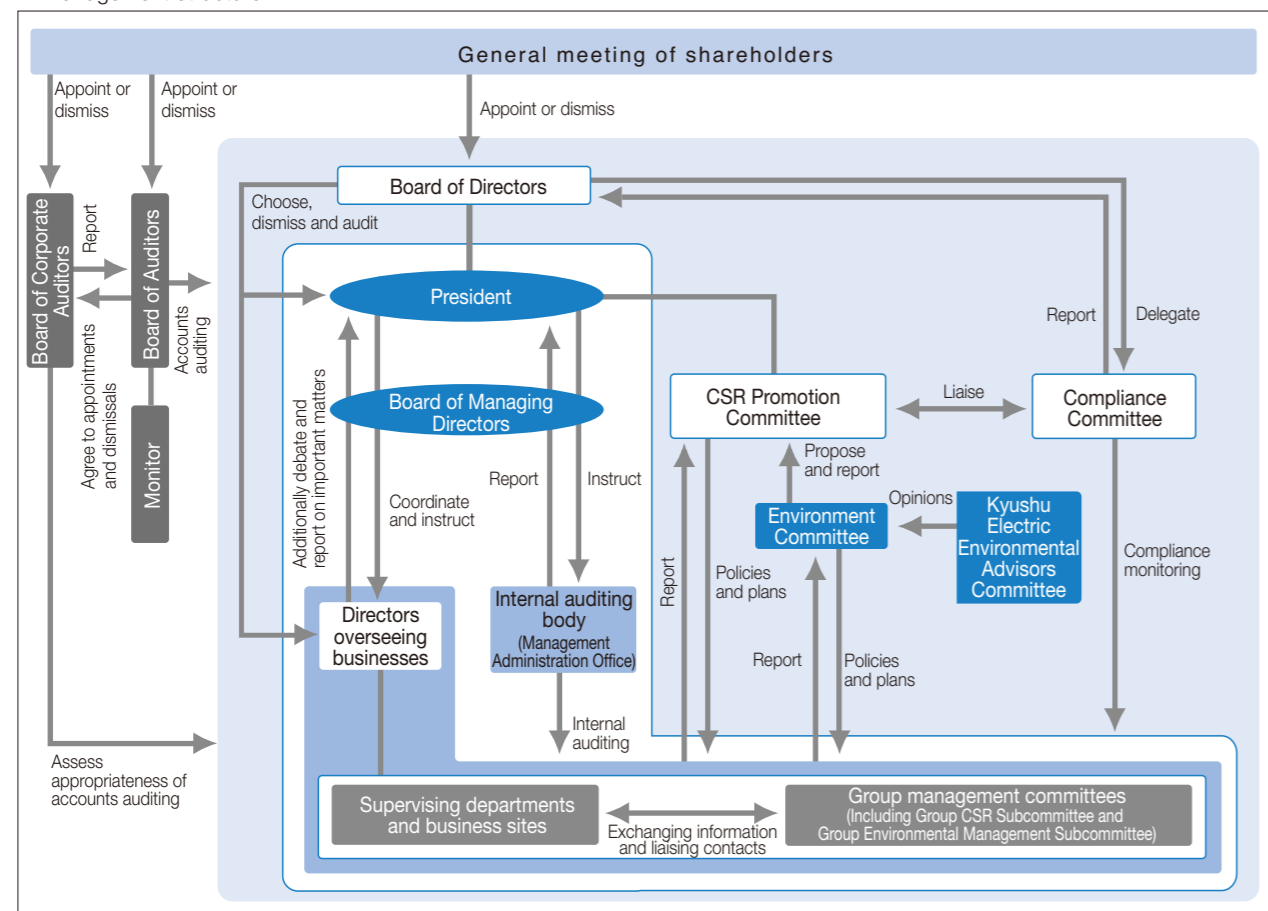
Each division and business office produces contingency plans to manage general and specific risks.

Crisis Management Structure

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

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

Management structure



Revisions to Board of Directors and Executive Officer Structures

We have reinforced corporate governance under an internal auditing framework and have accordingly strengthened the oversight of the Board of Directors and deployed an executive officer system to accelerate decision-making. In 2007, we revised our Board of Directors and executive officer structures to clarify their roles.

Basic Concepts and Specific Systems

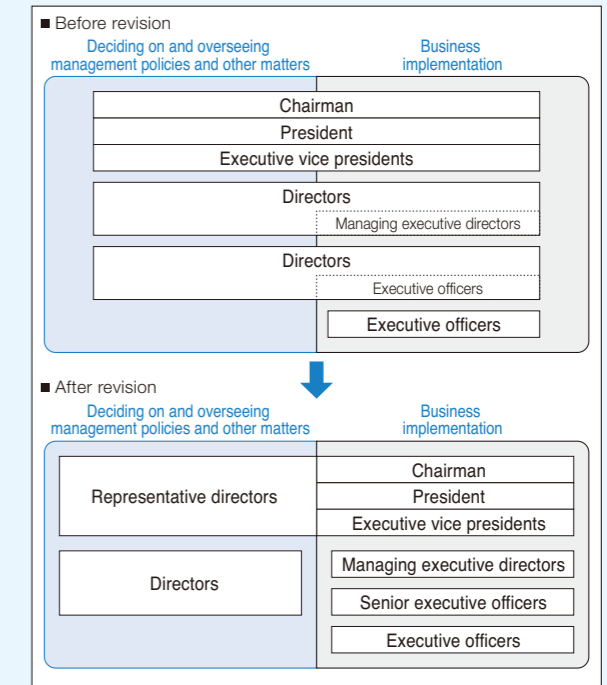
Directors
Each director deliberates on and authorizes important management policies and decisions and monitors business implementation.

- Changes**
- We reduced the number of directors, from 25 to 17.
 - We halved the terms of directors to one year.
 - We terminated the Board of Managing Directors.

Executive officers
The president is in charge of these executive officers, who execute operations as the Company authorizes.

- Changes**
- We augmented managing executive officers and executive officers with senior executive officers.

Overview of revisions



We are building a CSR management cycle that encompasses the CSR Report as a tool for communicating our initiatives and efforts to reflect feedback from customers and other stakeholders in our operations.

CSR Promotion Committee

We appointed one director to oversee our CSR management structure. The president chairs the CSR Promotion Committee, which formulates our CSR action plans (see page 21) and deliberates on our CSR Report as part of efforts to bolster our capabilities.

Group CSR Promotion Committee Overview

Roles
Deliberate on Group CSR policies, plans and reports

Members
Chairperson: President
Vice chairperson: Executive vice president in charge of CSR
Members: Executive vice president, directors, relevant executive officers, and relevant general managers whom the chairperson picks

Observer: Senior Corporate auditor

Meetings
In principle, in June, October, and March

Group CSR Promotion Subcommittee Overview

Roles
Ensure Group understanding of our CSR policies and plans and formulate Group CSR Action Plan

Members
Chairperson: General manager of General Affairs Department
Members: Representatives of 46 Group companies (as of the end of March 2008)

Meetings
In principle, in April and October

Pursuing Groupwide Initiatives

As our Management Vision and Charter of Conduct state, we pursue Groupwide CSR efforts. The Group CSR Promotion Subcommittee spearheads the creation of our CSR action plans and implements plan-do-check-act (PDCA) initiatives in creating a Group management cycle.

▼ Specific Group company initiatives

Compliance management	<ul style="list-style-type: none"> Holding regular Compliance Committee meetings Implementing ongoing compliance education, training and seminar programs
Disclosure	<ul style="list-style-type: none"> Enhancing disclosure of management and operations through Web site
Environmental management	<ul style="list-style-type: none"> As described in the FY 2008 Kyushu Electric Group Action Plan, presented on page 32 of this report
Human rights and employee care	<ul style="list-style-type: none"> Deploying and improving our child and family care support systems
Upholding safety-first principle	<ul style="list-style-type: none"> Reinforcing policies to prevent occupational accidents
Community contributions	<ul style="list-style-type: none"> Participating in local activities such as cleaning and tree planting

Results of the Questionnaire Survey relating to the Japanese Version of the 2007 CSR Report

■ Outline

Conducted from June 25, 2007 through May 31, 2008
Number of responses: 884

(1) Assessments and Opinions about the Company's Efforts

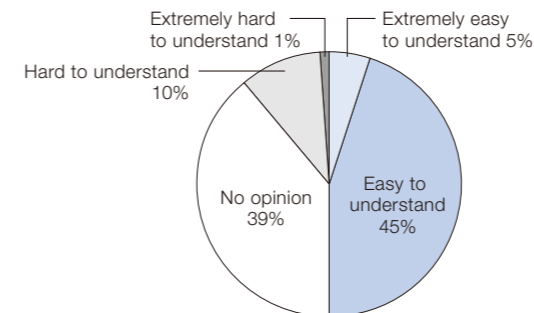
Issue	Rating (%)			Main opinions	
	20	40	60		80
Compliance management	68			27	<ul style="list-style-type: none"> I want you to improve compliance awareness Your information security initiatives with vendors look promising
Disclosure	71			22	<ul style="list-style-type: none"> I want you to improve your disclosure of emergency measures at power stations How about publicizing your initiatives and activities through the media?
Environmental management	82			14	<ul style="list-style-type: none"> Your extensive and ongoing initiatives to tackle global warming and other environmental issues have potential I want you to enhance your efforts from the perspective of educating the young
Human rights and employee care	66			28	<ul style="list-style-type: none"> I look forward to further progress in ensuring equal opportunities for men and women and helping them balance their working and private lives
Adherence to safety-first principle	71			22	<ul style="list-style-type: none"> I want you to improve your management of nuclear power station safety I'd like you to enhance your natural disaster responsiveness and preparedness
Community contributions	78			17	<ul style="list-style-type: none"> I look forward to more activities to meet local and social needs Don't you think it would be better to disseminate more information about your activities?
Overall assessment	83			14	

Legend: Aggregate of "excellent" and "good" "No opinion" Aggregate of "needs improvement" or "no effort made"

We have reflected such feedback in our FY 2008 CSR Action Plan (see page 21)

(2) Assessment of Report

● Ease of understanding



We revised the content and endeavored to create a more readily understandable and friendly tone.

● Areas of most interest to survey respondents

1. Nuclear power safety	464	52.5%
2. Energy security and environmental issues	415	46.9%
3. Efforts to boost customer satisfaction	396	44.8%
4. Environmental activities	377	42.6%
5. Kyushu Electric's mission	345	39.0%

We have presented the areas of most interest in the section covering pages 8 through 16.

FY 2008 CSR Action Plan

We formulated CSR action plans for FY 2007 after internally evaluating the progress of 2006 efforts and the results of the questionnaire survey of stakeholders regarding our CSR Report.

Issue	Main FY 2007 achievements	Key benchmarks and quantitative targets	Main action plans for FY 2008	Relevant pages
Compliance management	Strengthening compliance and conducting fair and ethical business activities	Results of compliance awareness survey: Conducted in FY 2007 • 78 points (out of 100) Note: See page 24 for score details	<ul style="list-style-type: none"> Implement compliance education as part of hierarchical and optional training Enhance compliance through collaboration with business partners 	23-28
	Strengthening security structure to safeguard personal and other information	Number of information leaks • 22 in FY 2007	<ul style="list-style-type: none"> Visit business sites to improve awareness of regulations Step up operations to ensure compliance with regulations for protecting personal information Survey and instruct business partners on handling personal information 	
Disclosure	Reinforcing disclosure structure	Results of customer satisfaction survey with disclosure Note: See page 29 for details	<ul style="list-style-type: none"> Broaden public relations reach after earthquakes and other disasters by using such delivery channels as radio and the Internet 	29-30
	Conducting investor relations activities	<ul style="list-style-type: none"> Executives held investor relations meetings for individual investors and visited institutional investors 	<ul style="list-style-type: none"> Executives to continue holding investor relations meetings for individual investors and visiting institutional investors 	
	Disseminating nuclear power information	<ul style="list-style-type: none"> Continued publicizing plans to deploy plutothermal power generation and upgrade Sendai Nuclear Power Plant Continued disseminating information on nuclear power through press announcements, publicity magazines and Web site updates 	<ul style="list-style-type: none"> Pursue public relations on plutothermal power generation Step up publicity on our efforts to combine nuclear power, energy savings and new energy sources Disclose nuclear power information and explain issues to local government bodies 	
Environmental management	Taking initiatives dealing with global environment issues	<ul style="list-style-type: none"> Maintained high nuclear power usage rates while tackling ways to cut carbon dioxide emissions from electricity generation Informed customers about ways to save energy, engaged in efforts to save energy and conserved resources at business sites, and otherwise endeavored to reduce carbon dioxide emissions 	<ul style="list-style-type: none"> Suppress greenhouse gas emissions from electricity production and consumption Supply side: Maintain high nuclear power usage rates and expand the use of renewable energy Consumption side: Spread the use of energy-saving equipment and undertake energy-saving and conservation activities at business sites Efficiently use coal ash and continue with collaborative industrial waste collections to raise recycling rates and cut landfill outside our properties Collaborate with business partners in green purchasing Step up management and treatment of polychlorinated biphenyls and tackle asbestos issues Conduct R&D to reduce environmental impact Communicate with more customers about the environment Implement the Kyushu Homeland Forestation Program through collaboration with educational institutions and citizens' groups Educate children about the environment through Eco Mothers activities and by holding seminars at schools and other institutions Boost environmental management standards by employing environmental management systems and environmental accounting Strengthen support for efforts to improve Groupwide environmental management 	31-40
	Taking initiatives towards forming a recycling-oriented society	<ul style="list-style-type: none"> Efficiently used coal ash and collaboratively collected industrial waste Took steps to raise green purchasing on general-purpose products to 100% 		
	Coexisting with the global environment	<ul style="list-style-type: none"> Continued to treat highly concentrated polychlorinated biphenyl waste and formulated plans for future treatment Undertook work to deal with locations in which asbestos was used 		
	Harmonizing with society	<ul style="list-style-type: none"> Issued the Environmental Action Report and conducted monthly environmental drives Undertook tree plantings at 45 locations under the Kyushu Homeland Forestation Program Implemented 311 Eco Mother initiatives and supported environmental education activities 		
	Promoting environmental management	<ul style="list-style-type: none"> Provided support in line with environmental management systems progress at business sites and Group companies Linked environmental accounting and other departmental systems and formulated environmental costing plans 		
Respecting Human Rights and Caring for Employees	Respecting human rights	<ul style="list-style-type: none"> Provided internal (by business site and job type) and external education training on human and minority rights issues 	<ul style="list-style-type: none"> Continue internal (by business site and job type) and external education training on human and minority rights issues Disseminate human rights information that explains minority rights issues and presents case studies Extend and make more responsive our systems for employees needing leave and shorter working hours to care for their children and implement pilot child and family care program Hold seminars to cultivate awareness activities to encourage dialogue, such as through female employee round-table gatherings Continue to deploy and assess senior employee system and other initiatives to accommodate senior citizens Continue planned hiring of mentally and physically challenged people Continue to provide hierarchical, optional, divisional, and overseas training Keep enabling people to relocate throughout organization through internal recruiting, by offering new job challenges, and by using a human resources database 	41-44
	Promoting equal opportunities	<ul style="list-style-type: none"> Bolstered systems for employees needing leave and shorter working hours to care for their children and assessed flexible work systems for child and family care Established a system in July 2007 to more actively deploy women 		
	Employing retirees and physically challenged people	<ul style="list-style-type: none"> Deployed and assessed senior employee system and other initiatives to accommodate senior citizens Continued planned hiring of mentally and physically challenged people, recruiting two more such employees; such people represented 1.92% of our employees as of June 2007 		
	Improving employee motivation and skills	<ul style="list-style-type: none"> Formulated the Kyushu Electric Power Education Charter and bolstered education and training Enable people to relocate positions throughout the organization through internal recruiting, by offering new job challenges, and by using a human resources database 		
Upholding safety-first principle	Maintaining the safety of facilities	<ul style="list-style-type: none"> Implemented preventive maintenance at nuclear power facilities In keeping with revised seismic design guidelines, established basic design earthquake ground motion standards and assessed quake safety Enhanced quality assurance activities at nuclear power plants and improved safety management initiatives 	<ul style="list-style-type: none"> Conduct quake safety assessments at nuclear power stations in light of revised seismic design guidelines and Niigata Chuetsu Offshore Earthquake Deploy quality management systems at nuclear power stations Bolster publicity and facility inspections to prevent electric shocks Undertake efforts to create of worker health and safety management system Strengthen initiatives to improve management of physical and mental wellbeing of employees 	45-48
	Improving the safety of products and services and educating about electrical safety	<ul style="list-style-type: none"> Stepped up publicity and facility inspections to prevent electric shocks 		
	Maintaining safe and healthy work environments	<ul style="list-style-type: none"> Conducted risk assessments for worker health and safety management systems Reinforced efforts to prevent business partner accidents 		
Community contributions	Engaging in collaborative activities as a good corporate citizen	<ul style="list-style-type: none"> Established a system to manage corporate citizenship initiatives Implemented collaborative community activities Explored ways to effectively support employee volunteer activity programs 	<ul style="list-style-type: none"> Bolster management system for corporate citizenship initiatives to more effectively resolve local issues Effectively support employee volunteer activity programs Continue to contribute to sustainable regional and social progress through business activities 	49-54

Compliance Management

Kyushu Electric Power ensures peace of mind for its customers and people in its service area by maintaining strict compliance while operating with transparency and fairness 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 taken steps based on this experience to prevent reoccurrences. We will keep striving to provide customers and people in our service area with peace of mind, maintaining compliance while operating with transparency and fairness in keeping with our commitment to ethical conduct.

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 19).

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 deliberate on and propose compliance management policies and responses and to 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.

Compliance Action Guidelines

We implemented these guidelines in December 2002 and have issued copies to all directors and employees since then. The guidelines offer standards of conduct to those who need guidance and provide specifics on maintaining relationships with customers, shareholders, and investors.

In FY 2006, 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 Contents

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

[Compliance Action Guidelines Web site \(in Japanese only\)](http://www.kyuden.co.jp/csr_compliance_04)
http://www.kyuden.co.jp/csr_compliance_04

Compliance Promotion Month

January is Compliance Promotion Month for all Group companies.

In FY 2007, we held a seminar for parent and Group company executives at which a guest university professor analyzed specific corporate breaches of conduct and presented ideas on corporate compliance. Our business sites also held lectures and study sessions.



Compliance Awareness Surveys

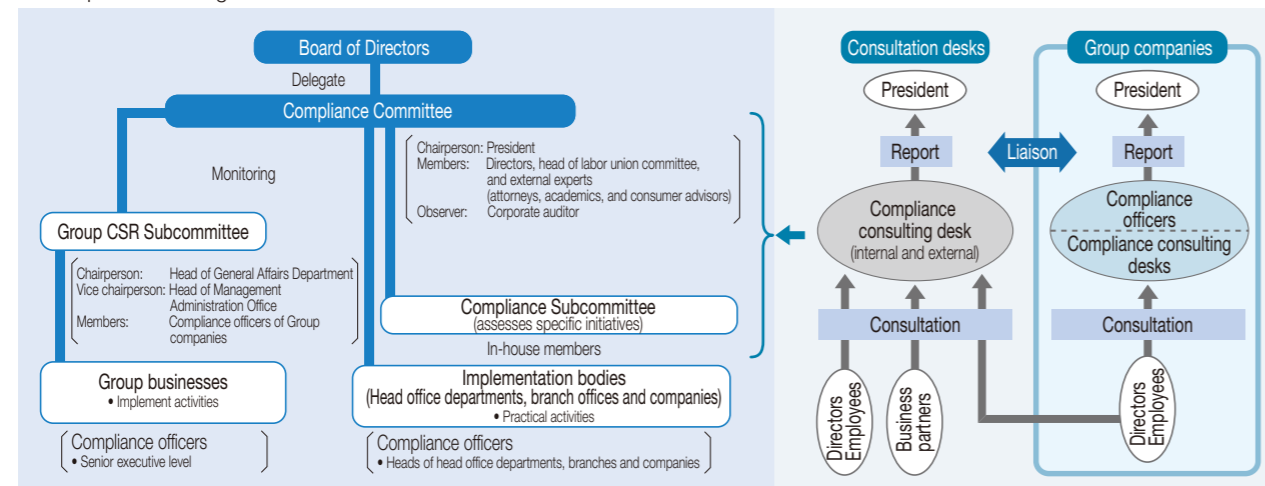
We conduct and monitor employee awareness surveys for the parent and Group companies, identifying key issues so we can pursue further improvements.

Raising Employee Awareness Through Education and Training

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

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

▼ Compliance Management Structure



Results of Compliance Awareness Survey Conducted January Through April 2008

Score: 78 points out of 100
(compared with 74 points in 2007)

Number of respondents: 18,008 employees of Kyushu Electric Power and Group companies
(15,887 in 2007)

Sample survey questions:

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

Assessment methodology:
A maximum score of 100 is possible with "Yes" and "Somewhat" answers out of the following:
1. Yes 2. Somewhat 3. I'm unsure 4. Not much and 5. No

Compliance Intranet

In October 2007, we launched an intranet site to centrally manage the latest compliance information and best practice examples.

The move was part of an effort to share information Groupwide and encourage dialogue and education relating to that knowledge at work sites and departments and thus enhance employee compliance.



Intranet Site Contents	
○ Compliance structure	○ Conferences
○ Progress	○ Case studies
○ Promotional and educational tools	○ Case studies from other companies

Compliance Consulting Desks

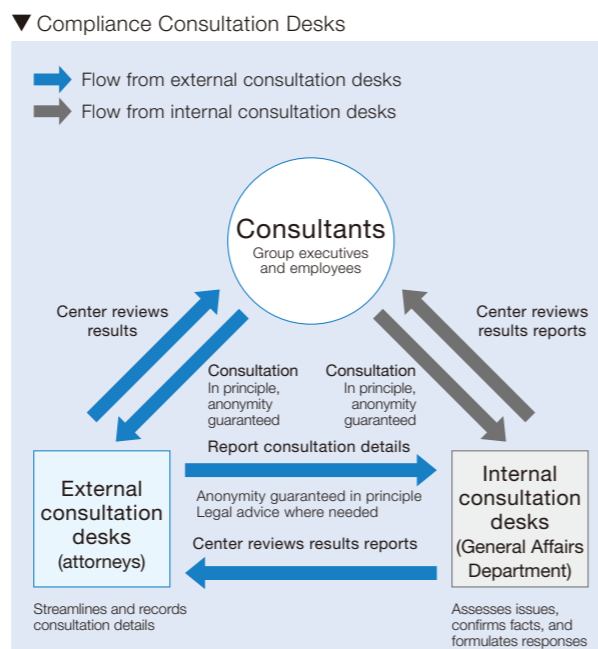
We set up compliance consultation desks in February 2003 to prevent or quickly identify legal and ethical violations. In April 2005, we began external counseling services for Group companies through a law firm.

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 FY 2007, there were 40 cases in which people sought consultation or reported compliance abuses (see below).

Compliance Abuse Consultations and Reports in FY 2007	
• Doubts about operational practices	13
• Complaints about employee conduct	17
• Consultations about the law	6
• Other consultations and queries	4

Note that we maintain a sexual harassment advice desk (see page 41).



Antimonopoly Act Compliance

We produced the *Antimonopoly Act Compliance Manual*, distributing a copy to each employee through our intranet. 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 provide legislative updates and hold companywide seminars on this act to deepen employee awareness of the need to satisfy legal requirements.

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 our transmission and distribution system of electric power and transparent wheeling services.

We will ensure fair and transparent information management by continuing to comply with regulations.

[Transmission regulations Web site \(in Japanese only\) http://www.kyuden.co.jp/company_liberal_rule](http://www.kyuden.co.jp/company_liberal_rule)

Initiatives to Properly Identify Information on Revised Laws and Ordinances

In November 2007, we launched a system to collect and manage information on the latest revisions to laws and ordinances. The move was part of a drive to accurately identify information

on relevant revisions and modify our operations accordingly. We are disseminating this information internally to prevent violations stemming from insufficient awareness of legal information.

Group Company Compliance

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

The Group CSR Committee and our Compliance Committee discuss and coordinate Group compliance management (see page 19).

Preventing Recurrence of Violations in Light of Results of Power Generating Facilities Inspections

In March 2007, we filed a report with the Ministry of Economy, Trade and Industry on the results of inspections of power generating facilities. We have since taken steps to fully identify the causes of violations identified in the report and prevent recurrences.

We will confirm the progress and results of these initiatives and will strive to restore public trust by preventing violations from recurring.

For example, the president and other senior executives visited our business sites to talk directly with employees and foster their understanding of compliance requirements. We are also building a workplace culture that prevents violation recurrences by bolstering awareness education and training.

We are reinforcing education and training in laws and ordinances relating to operational management and have created a clerical procedures check system.



Discussion between president and employees

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 trust with business partners so we can secure their understanding and cooperation in our procurement activities.

A Japanese-language Web site presents our Basic Policy for Procuring Materials and Fuel and a list of requests for suppliers. We have sent other information to vendors and have visited

them as part of ongoing efforts to enhance their familiarity with our requirements.

Materials and fuels sourcing Web site (in Japanese only)
http://www.kyuden.co.jp/company_procurement_shizai_policy

Contents of Basic Policy for Procuring Materials and Fuel
1. Open procurement
2. Fair and equitable business activities
3. Compliance with laws, ordinances and social norms
4. Environmental considerations
5. Safety assurance
6. Ensuring information security and protecting personal information
7. Compliance with contracts and good faith performance of contracts
8. Promotion of communication to establish mutual trust
9. Creation of new values
10. Contributing to society and communities

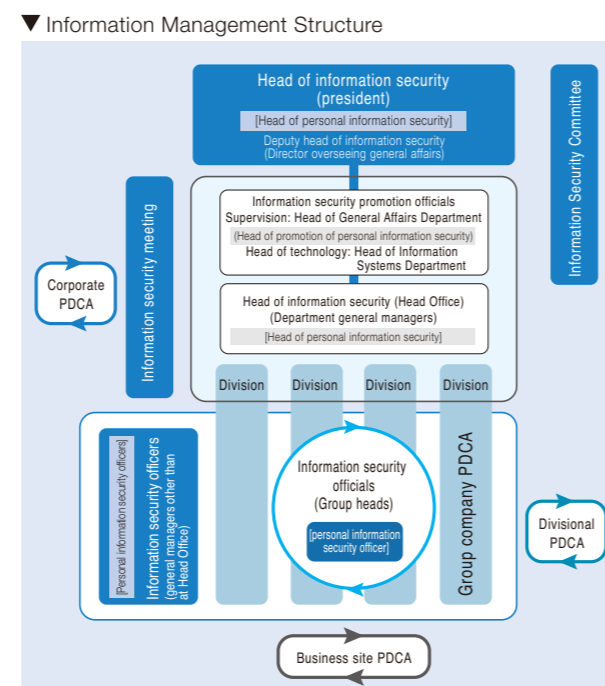
Supplier Requirements
1. Meeting legal and social requirements
2. Meeting contractual obligations
3. Safeguarding the environment
4. Maintaining safety
5. Protecting information
6. Ensuring reliable deliveries
7. Offering good after-sales service
8. Offering reasonable prices and maintaining and improving quality and technical expertise
9. Communicating well

Initiatives to Ensure Information Security

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 PDCA cycles.



Information Security Measures

We deployed measures in FY 2007 based on third-party checks of the operation of the management structure deployed in FY 2006. In FY 2008, we will continue to tackle issues identified in our PDCA cycle to further enhance information security.

The following details the progress in our initiatives.

● Organizational measures

In FY 2007, we drew on the results of a third-party check of our measures to revise related rules and improve operations while undertaking voluntary inspections at all of our business sites.

We will continue to ensure compliance with relevant regulations and will survey and issue guidance on the Group's information security management.

▼ Main internal regulations

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

● Personnel measures

We hold educational seminars for all employees and use e-learning systems.

We will continue to offer educational programs while having officers visit business sites to improve understanding of relevant regulations.



Information security class

● Facility measures

We are installing IC card-based security gates, separating work and visitor areas, limiting access to work rooms and buildings, and keeping doors locked.

● Technological measures

We continue to deploy systems measures for computer usage, notably by broadening our use of encryption software and expanding our use of IC card systems to verify personal identities.

Strengthening Personal Information Management Among Vendors

Article 22 of the Personal Information Protection Act requires companies to properly monitor their vendors. In FY 2007 we surveyed the handling of such information among our contractors and issued instructions to prevent leaks of personal information that we entrusted to them.

We will continue and strengthen such oversight in FY 2008.

▼ Summary of survey of personal information handling among contractors

Period	February through April 2008
Number of checks	181 (including 50 surveys)
Methodology	Identified issues and inspected sites based on survey forms
Resulting issues	Complying with rules on receiving data and managing data passwords

Information Leaks and Preventing Recurrences

There were 22 losses of documentation containing personal information in FY 2007, including losses of receipts for power bill payments and blueprints for constructing customer facilities.

The information could have leaked to third parties in all these incidents, which should not have occurred in the first place. We are thus taking extensive ongoing steps to completely safeguard personal and company information.

Preventing Recurrences

- Strengthen information handling in keeping with regulations
- Continuously educate all employees
- Assess vendors' handling of personal information and request improvements
- Assess Group companies' information security management and request improvements

Improving Disclosure

We properly and swiftly disclose information to keep our operations transparent and to secure the understanding and trust of our customers.

Disclosure Structure

We formulated the Kyushu Electric Power Disclosure Commitment to maintain transparency and increase public confidence in our business. The president accordingly convenes press conferences monthly and when otherwise necessary. We also hold investor relations meetings and additionally disclose information on our Web site. We revised explanatory notes to the Kyushu Electric Power Disclosure Commitment in May 2007 as part of efforts to increase the disclosure awareness of all employees.

Results of survey of customer satisfaction with our disclosure (conducted in July and August 2007)

- ◆ In the survey, 36.5% of respondents fully or somewhat agreed with the statement that: Kyushu Electric Power operates very transparently and actively discloses information, including negative developments like outages, accidents, and breaches of conduct.

Kyushu Electric Power 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 and 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 quickly identify and assess the impacts of disasters and emergencies. We use that data to handle customer inquiries and disseminate an array of information through the media and our Web site.

We improved customer services in FY 2007 by posting information on disaster outages that detailed problems around our branches and in each administrative area. We also started providing information right after typhoons on when we expected to restore services in specific localities.

In January 2008, we launched a service to e-mail preregistered cell phone addresses if typhoons and other disasters cause outages. We were the first electric power company to offer such a service.

We also set up a system to issue outage reports through radio programs as part of initiatives to strengthen our communication structure.



Outage information screen shot

Kyushu Electric Power Mobile E-mail Service

We have launched a service to send emergency information and our e-mail magazine to cell phones

Sample e-mail text

Local outage information

○市
200x年xx月xx日xx時xx分現在
■停電戸数
5,6千戸
■停電率
5.7%
■復旧見込み
x月x日夕方
■○市の停電状況
http://kyuden.jp/xxxx



You can register for this Web site:

- Our cell phone Web site: <http://kyuden.jp>
- Our regular Web site: <http://www.kyuden.co.jp>



Disseminating Nuclear Power Information

Computer icon Nuclear power information Web site (in Japanese only)
http://www.kyuden.co.jp/nuclear_index

We aim to maintain customer trust and peace of mind by keeping people fully informed about our nuclear power operations. We appropriately disseminate information to build customer support for our pluthermal project and other nuclear power development plans.

We produced and distribute a pamphlet that explains nuclear power and energy issues in layperson's terms. We also hold nuclear power plant tours.

Activities to Deepen Understanding of Nuclear Power

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

We maintain an extensive publicity program in which we harness the media and other channels. We show commercials on television shows that we sponsor, place related newspaper advertisements, and also publicize our activities on the Internet.

Information magazine for Women

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

Computer icon Investor relations Web site
http://www.kyuden.co.jp/en_ir_index

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

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

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

Basic Investor Relations Policy

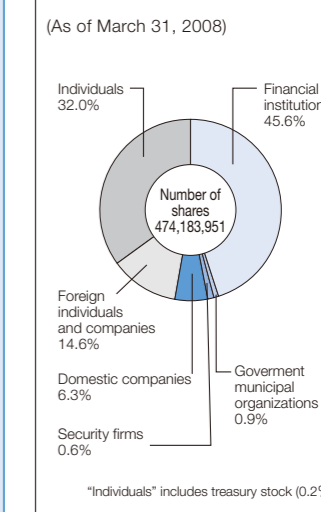
Basic philosophy

- ◆ 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.

Shareholder Composition



Environmental Management

We are pursuing Groupwide environmental management to contribute to the development of a sustainable society.

Our Environmental Charter

In April 2008, we integrated the Kyushu Electric Power Environment Charter and the Kyushu Electric Power Group Environmental Philosophy and Policy to create the charter presented below.

Kyushu Electric Power Group Environmental Charter

Pursuing environmentally friendly corporate activities

The Kyushu Electric Power Group undertakes initiatives to preserve and harmonize with the global environment to contribute to the development of a sustainable society.

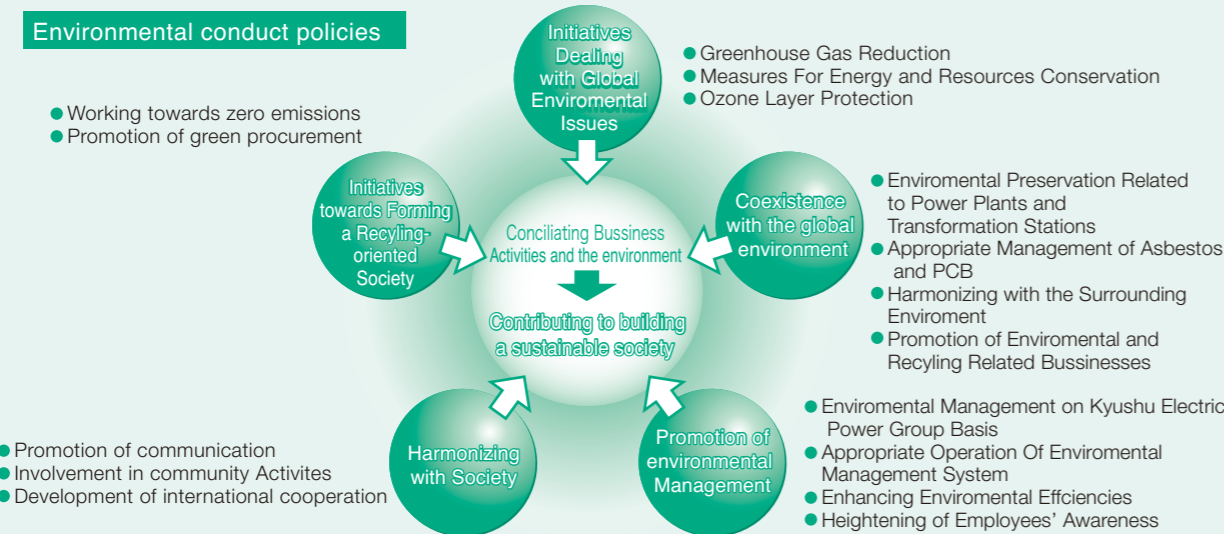
1. We strive to properly address environmental issues and use resources effectively while pursuing business activities that lead toward the future.
2. We work with society to engage in initiatives that enhance the environment.
3. We foster interest in conservation in keeping with our desire to earn customer trust for the Group.
4. We proactively disclose environmental information when communicating with society.

Environment Action Plan

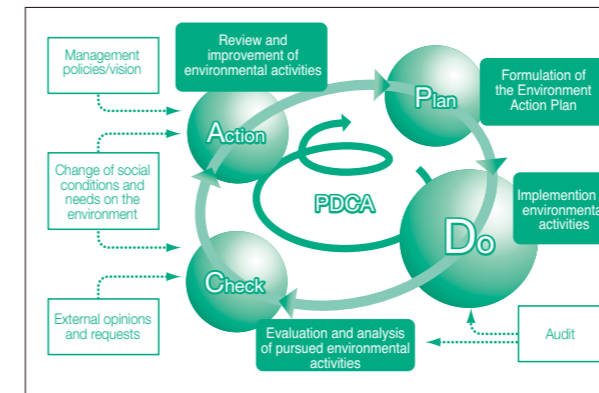
We draw on our environmental charter to update our Environment Action Plan annually, in light of the changing social climate, stakeholder needs, comprehensive internal, and external assessments of the previous year's activities. All employees participate in planning our environmental management activities.

● FY 2008 Environment Action Plan

This initiative encompasses five environmental action policies, targets and plans for specific action. The five policies are taking initiatives dealing with global environmental issues, taking initiatives towards forming a recycling-oriented society, harmonizing with society, coexisting with the global environment, promoting of environmental management.



▼ Environmental PDCA chart



Kyushu Electric Power Group Environmental Action Plan

We formulated this plan in keeping with the Kyushu Electric Power Group Environmental Charter to drive our complete commitment environmental management.

FY 2008 Kyushu Electric Power Group Environmental Action Plan

- 1 Taking initiatives dealing with global environmental issues**
 1. Suppress greenhouse gas emissions
 2. Reduce regulated freon emissions
- 2 Taking initiatives towards forming a recycling-oriented society**
 1. Encourage recycling
 2. Engage in green purchasing
- 3 Harmonizing with society**
 1. Extensively disclose environmental information
- 4 Promoting environmental management**
 1. Establish and reinforce environmental management system
 2. Comply with laws and ordinances
 3. Assess environmental data and pursue targets
 4. Provide environmental education and share environmental information

Promotional Scheme

We have established a framework that ties directly to management and created an evaluation body of external experts.

Environmental Committee

This committee comprehensively deliberates on and determines Groupwide environmental action strategies.

Membership
Chairperson: Executive vice president
Members: Relevant directors and general managers

Group Environmental Management Subcommittee

The committee deliberates on and determines specific initiatives to foster Groupwide environmental management.

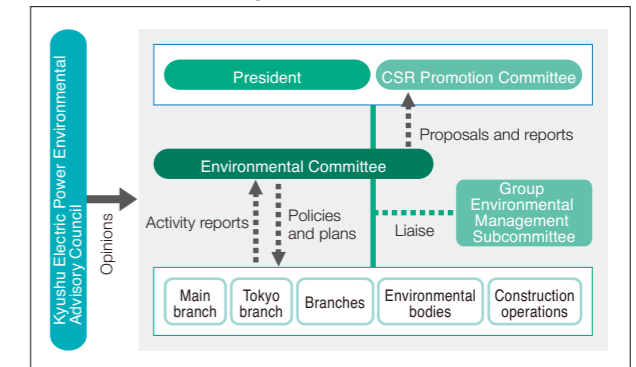
Membership
Chairperson: General manager of Environmental Affairs Department
Membership: 48 companies

Kyushu Electric Power Environmental Advisory Council

The council independently reviews Group environmental management efforts.

Membership
11 external industry experts

▼ Environmental management structure



Key opinions on activities and responses at the meeting of Kyushu Electric Power Environmental Advisory Council

■ Date: Thursday, May 22, 2008

Opinions	Responses
Recycling for the future ○ We encourage the Group to pursue initiatives based on the Basic Plan for Establishing a Recycling-Based Society (resolved at a Cabinet meeting in March 2008)	○ Refer to the plan and consider for next FY year's action plan
International contributions ○ We want the Group to continue contributing internationally in light of the issue of cross-border pollution in Asia	○ We will continue to contribute internationally through participation in Asia-Pacific Partnership on Clean Development and Climate and other initiatives
Environmental goals and heightening awareness ○ It is crucial to improve awareness and implementation from the top down to achieve targets	○ We are striving to reach our goals based on the Environment Action Plan by properly deploying environmental management systems. We will establish more of these systems through ongoing support at business sites and through training to bolster environmental awareness

Tackling Global Environmental Issues

We aim to suppress our carbon dioxide emissions to target levels through supply-side initiatives, work with customers on reducing their power consumption and employ the Kyoto Mechanism so we can constrain greenhouse gas emissions into the future.

We are suppressing emissions of freon used in air-conditioners and other equipment to safeguard the ozone layer.

Targeted Carbon Dioxide Emission Constraints

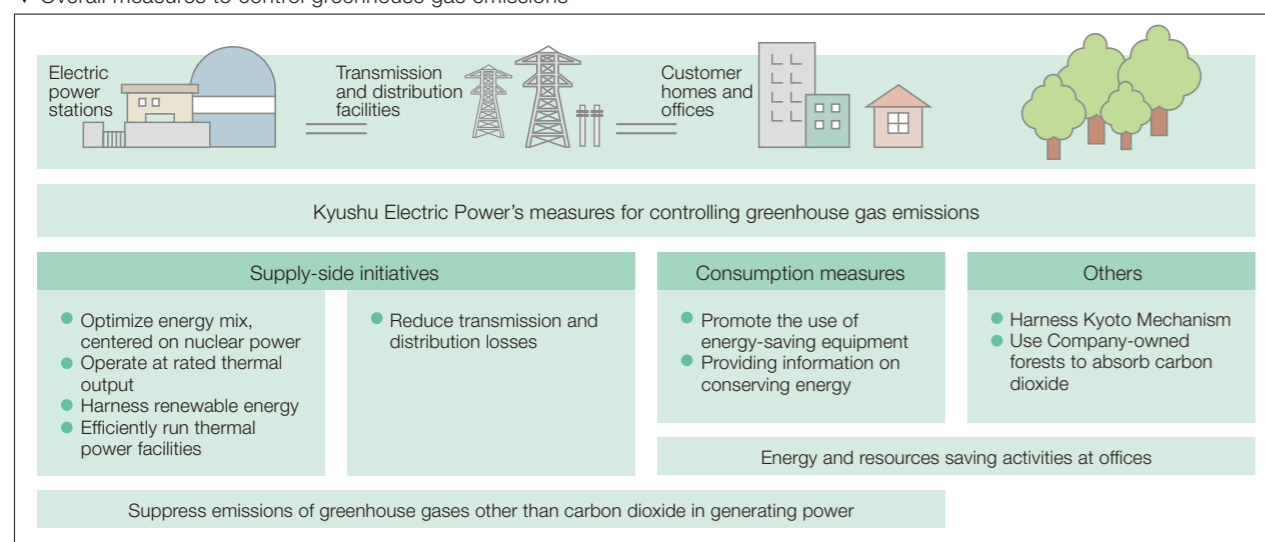
We are tackling global warming in line with the original commitment period of "2008 through 2012 for carbon dioxide emissions of the Kyoto Protocol to the United Nations Framework Convention on Climate Change."

Cut average emissions intensity for 2008 through 2012 by around 20% from 1990 levels

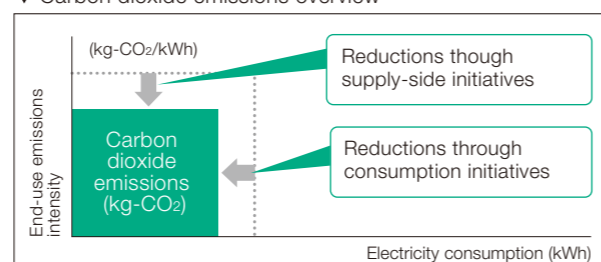
Working to Minimize Carbon Dioxide Emissions

We aim to cut carbon dioxide emissions per kilowatt-hour by pursuing supply-side efforts, while working with customers on initiatives to reduce power consumption without sacrificing convenience and lifestyles (see pages 8 through 16).

Overall measures to control greenhouse gas emissions



Carbon dioxide emissions overview

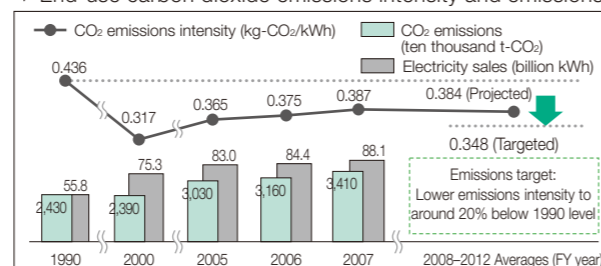


Cutting Carbon Dioxide Emissions from Power Generation

In FY 2007, our carbon dioxide emissions intensity was 0.387 kg per kilowatt-hour, down 11% from FY 1990.

In the 17 years since FY 1990, our carbon dioxide emissions have increased 40% against a roughly 60% rise in power sales. This is because we have suppressed emissions per unit of power by optimizing our energy mix. This centers on nuclear power and includes LNG in thermal generation and hydroelectric, geothermal, and other renewable energy sources. Nuclear power has represented a high proportion of our output, and we have deployed high-efficiency thermal power facilities, thereby maintaining and boosting our overall thermal efficiency.

End-use carbon dioxide emissions intensity and emissions

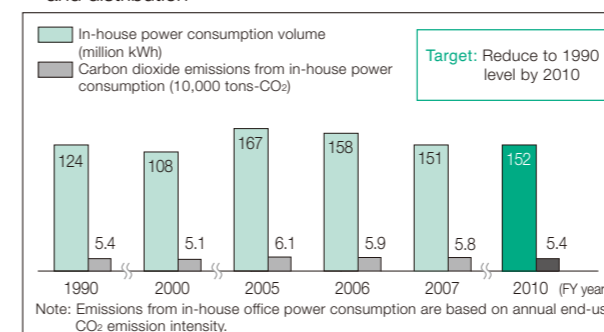


Energy and Resource Conservation in Offices

● Suppressing in-house carbon dioxide emissions

By FY 2010, we aim to reduce carbon dioxide emissions from head office, branch offices, customer service offices and our power stations to around FY 1990 levels.

Carbon dioxide emissions from in-house power consumption and distribution



● Suppressing carbon dioxide emissions from our vehicle fleet

We are cutting such emissions by managing the fuel consumption of regular vehicles and deploying eco-driving initiatives. We are also using company cars that run on clean energy or which deliver low fuel consumption.

Harnessing the Kyoto Mechanism to Control Greenhouse Gas Emissions

We help prevent global warming by harnessing the Kyoto Mechanism, investing in the World Bank's Prototype Carbon Fund and the Japan Greenhouse Gas Reduction Fund, and buying carbon dioxide emission credits from individual projects.

Controlling Emissions of Greenhouse Gases other than Carbon Dioxide Emissions when Generating Power

More than 99% of our greenhouse gas emissions from generating power are from carbon dioxide. Still, we are assessing and trying to control emission volumes of other greenhouse gases, such as nitrous oxide and sulfur hexafluoride.

Participating in Asia-Pacific Partnership on Clean Development and Climate

The Asia-Pacific Partnership, which comprises Australia, China, India, Japan, the Republic of Korea, the United States and Canada, is a framework for preventing global warming from major carbon dioxide producers China, India, and the United States. There is global interest in the potential achievements of that organization.

Part of the focus of this partnership is peer review initiatives among power industry participants to maintain and improve the thermal efficiencies of aging coal-fired thermal power stations.

We sent several employees to peer reviews in Japan, India, the United States and Australia between April 2007 and June 2008 to share our expertise in thermal power technologies.

We will continue to transfer, develop, and improve technologies to help combat global warming.



Peer review in the United States

Protecting the Ozone Layer

We are controlling emissions of gases such as freon from air-conditioners and other equipment. Our efforts include inspecting equipment and the rigorous collection of regulated freon when removing equipment. As a result, except for minute natural leaks, we have maintained zero emissions of specified chlorofluorocarbons and carbon tetrachloride since FY 2000.

Topic Receiving SHASE Ten Years Award

In recognition of efforts at our Oita branch building to improve energy savings and develop maintenance and management technologies over the past decade, the Society of Heating, Air-conditioning and Sanitary Engineers of Japan (SHASE) bestowed its eighth specialty award, the Ten Years Award. The prize reflected ongoing improvements in the facility's equipment, including air conditioning, ventilation, and lighting. Such initiatives reduced the facility's electricity consumption by around 13.5% and thereby cut carbon dioxide emissions.

We will harness what we learned from efforts at this building to meet new challenges in conserving energy.



Our Oita branch building

Forming a Recycling-Oriented Society

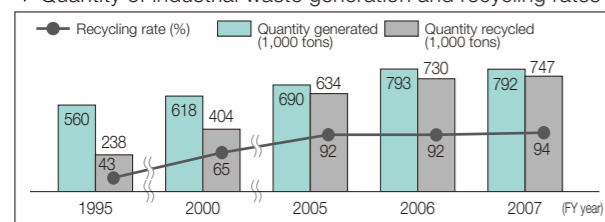
Kyushu Electric Power has set a target of zero emissions of final waste from its business activities, and is properly managing and treating its industrial and general waste. We are also practicing the 3Rs—Reduce, Reuse, and Recycle—to minimize waste.

Properly Using Industrial Waste

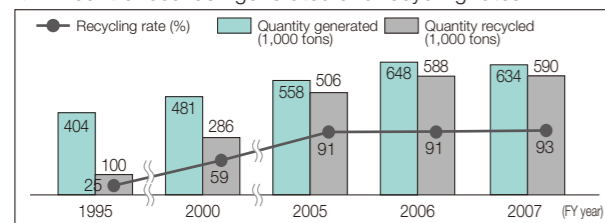
Our industrial waste includes coal ash and gypsum from thermal power operations and materials we remove from construction work.

We will continue to improve recycling rates Companywide, notably by employing a collaborative collection system that recycles specific types of industrial waste.

▼ Quantity of industrial waste generation and recycling rates



▼ Amount of coal ash generated and recycling rates



Responding to Issue of Recycled Paper Failing to Contain Stated Percentages of Used Pulp

We have long prioritized purchasing products that match our environmental requirements, reflecting such buying in our green purchasing ratios. But in January 2008 we learned that recycled copier paper and other stock did not contain stated percentages of recycled pulp. Such paper thus failed to meet our green purchasing standards.

Realizing the broad impact that this issue could have, we decided to provisionally refrain from declaring recycled pulp percentages in our publications until the government finishes reviewing recycled paper definitions and standards.

Properly Using General Waste

We also practice the 3Rs for general waste, including the paper we use in our offices, kitchen waste from canteens, shellfish from power plants and driftwood from dams.

▼ General waste produced

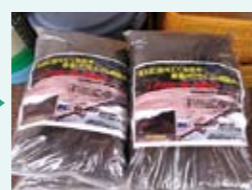
	Amount created (metric tons)	Amount recycled (metric tons)	Recycling rate (%)	Major uses of recycled materials
Paper	1,556	1,556	100	Recycled paper
Dam driftwood	7,076	6,517	92	Alternative litter
Shellfish	416	393	94	Fertilizer

Recycling Dam Driftwood

We make woodchips out of driftwood and by pruning or removing trees around our power plant and reuse the materials as gardening fertilizer.



Dam driftwood



Garden fertilizer made of chips from driftwood

Promoting Green Procurement

We launched our Green Procurement System in FY 2002 as part of initiatives to reduce the environmental impact of our operations, and thus carefully consider the need for products before buying them. We are working with vendors to purchase green products.

We also decided against recalculating our green procurement ratios, including those for previous years—as so many of our printed materials use recycled paper—and we concluded that it would be too difficult to produce accurate figures.

We will push ahead with green purchasing after reassessing our benchmarks for buying products that incorporate recycled paper in light of a government review of its Law on Promoting Green Purchasing.

Coexisting with the Global Environment

We fully manage the chemical substances we produce as part of our efforts to minimize the environmental impact of our facilities.

Air Pollution Measures

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

Measures to reduce sulfur oxides	<ul style="list-style-type: none"> ○ Use heavy and crude oil with low sulfur content ○ Use sulfur-free liquefied natural gas ○ Install desulfurization facilities that remove sulfur oxides from emissions ○ Adopt in-furnace desulfurization to remove sulfur oxides within boilers
Measures to reduce nitrogen oxides	<ul style="list-style-type: none"> ○ Improve boiler combustion <ul style="list-style-type: none"> — Use dual-stage combustion — Use exhaust gas recirculation combustion — Use low-nitrogen oxide burners and combustors ○ Install denitration facilities
Measures to reduce soot and dust	<ul style="list-style-type: none"> ○ Use liquefied natural gas that does not generate soot and dust ○ Install high-performance devices that remove soot and dust from exhaust gases

FY 2007 emission factors (emissions per unit of thermal power in generating electricity) were 0.31g/kWh for sulfur oxides, up from 0.25g/kWh in FY 2006, and 0.23g/kWh for nitrogen oxides, up from 0.21g/kWh. The rises reflected additional power generation at older thermal plants to accommodate higher electricity demand.

Managing Chemical Substances

We strictly comply with laws and ordinances in handling the chemical substances at our electric power plants and other business sites.

● Managing Polychlorinated Biphenyl and Asbestos

In FY 2006, the Kitakyushu polychlorinated biphenyl treatment plant of the government-owned Japan Environmental Safety Corporation began to neutralize equipment containing these substances from our sites in Fukuoka Prefecture. The facility had treated 435 sites.

We plan to complete treatment of all our polychlorinated biphenyls by 2016.

Some of our buildings and facilities incorporate asbestos, although there is no risk of dispersal in most cases. At the end of FY 2006, we had 16 structures and four transformer facilities from which such dispersal could occur. We had reduced the number of structures in question to four and had removed sprayed asbestos insulation from all transformer facilities by the close of FY 2007. We intend to replace remaining asbestos insulation from structures during FY 2008.

Environmental Assessments

We aim to build new nuclear power facilities between 2015 and 2020 to ensure energy security and tackle environmental issues while satisfying small but steady increases in electricity demand.

We are conducting an environmental assessment at the Sendai Nuclear Power Station site and are undertaking geological and meteorological surveys outside the site.

Developing High-Performance Lithium Ion Batteries

As part of efforts to innovate products that cut carbon dioxide emissions, we joined hands with Mitsubishi Heavy Industries, Ltd., in FY 2006 to develop high-performance lithium ion batteries for electric vehicles and hybrid cars that users can recharge from their homes.

We are looking into assessing the applicability of these technologies and a recharging infrastructure for commercial electric vehicles. In February 2008, 10 of our business sites began operating the iMiEV electric model that Mitsubishi Motors Corporation is developing. We are evaluating the suitability of this model as a commercial vehicle and are assessing the rapid recharging stands that we developed.



Electric vehicle at rapid recharging stand

Harmonizing with Society

By educating children about the environment and energy and by running our Kyushu Homeland Forestation Program we hope to give back to society.

Educating Children about the Environment

We have undertaken various activities to educate children about energy and the environment.

● Eco Mothers Activities

We initiated Eco Mothers Activities in FY 2003 to help educate children about the environment and provide parents with information so they can enlighten their children at home.

Under this program, Eco Mothers visit kindergartens and other facilities around Kyushu to perform and show pictures that raise awareness of environmental issues and explain the need to protect the environment in ways that even the youngest can understand.

Eco Mothers are raising their own children and they are a link to our customers.

In FY 2007, 20,063 people participated in 311 Eco Mothers visits.

Community Activities

We engage in and support community environmental activities. We also help safeguard biodiversity.

● Kyushu Homeland Forestation Program

We commemorated our 50th anniversary in FY 2001 by launching the Kyushu Homeland Forestation Program. We are working with residents throughout the region through this initiative to plant one million trees in 10 years.

In FY 2007, we planted 120,000 trees under the program in 45 locations. That raised the seven-year total to about 790,000 trees.



Volunteers planting trees in the Unzen Fugendake area near Shimabara, Nagasaki Prefecture

Planting Local Tree Species

Our forestation program entails planting local tree species to conserve watersheds, absorb carbon dioxide, ensure biodiversity, prevent landslides, and provide recreational areas.



An Eco Mothers' gathering in Saga

Education In and Out of The Classroom

Voice



Kayoko Tsuruta, a staffer at the Genkai Energy Park

In September 2007, I became part of Kyushu Electric's in-house children's education program that comprised a six-month initiative to develop a visiting class curriculum.

As part of the program, representatives of the Company visit schools and other institutions to educate children about energy resources and the environment.

The Genkai Energy Park provides experiential classes to visiting primary school students. We ensure that they find the explanations easy to understand and the contents retain their interest.

I will keep working with other staff from the exhibition hall in the hope that we can increase even slightly children's awareness of energy and environmental issues.

● Environment Month Initiatives

Environment Month is a nationwide initiative that begins on June 1 and includes Environment Day, which is on June 5 as part of the Basic Environment Law.

We consider this period an opportunity to heighten awareness of the need to protect nature. During this time, we hold environmental and energy seminars for customers, conduct forestation and cleanup drives, and engage in other community-service activities.



Environment Month discussion

Preserving Precious Flora and Fauna around the Omarugawa Pumped Storage Power Plant

The area around this power plant abounds with natural life, including the precious mountain hawk eagle that is at the top of the food chain. In constructing the facility, we took steps to safeguard biodiversity and minimize the impact on the environment.

Measures to protect flora and fauna included soliciting guidance and advice from academics and conferring with relevant government institutions. We kept close tabs on the mountain hawk eagles near the lower dam during construction and limited project work during the breeding season.

Near the upper regulating reservoir, we restored the ground surface and built water channels to restore the Japanese umbrella pine and other growth.

In May 2007, we held a forestation drive in which numerous residents near the Omarugawa River participated. Together, we planted 5,000 native trees, including Japanese umbrella pines, firs, and hollyleaf cherry trees.



Vegetation near upper regulating reservoir

Promoting Environmental Management

Environmental Management Systems

All our business sites have created and deployed environmental management systems based on the ISO 14001 standard as part of ongoing efforts to reduce our environmental footprint.

In keeping with our Companywide Environmental Action Plan, our business sites establish and pursue energy and resource conservation goals. They also assess environmental compliance and conduct emergency drills to manage environmental risks.

▼ Results of FY 2007 Initiatives

Initiatives	Results
Environmental Affairs Department support for business sites	107 sites assisted
Specialized environmental management systems training	112 participants
Training for internal environmental auditors	138 participants

Compliance with Laws and Ordinances

We have never received improvement warnings, summary orders, or penalties under key environmental laws and ordinances, and are not subject to any environmental litigation.

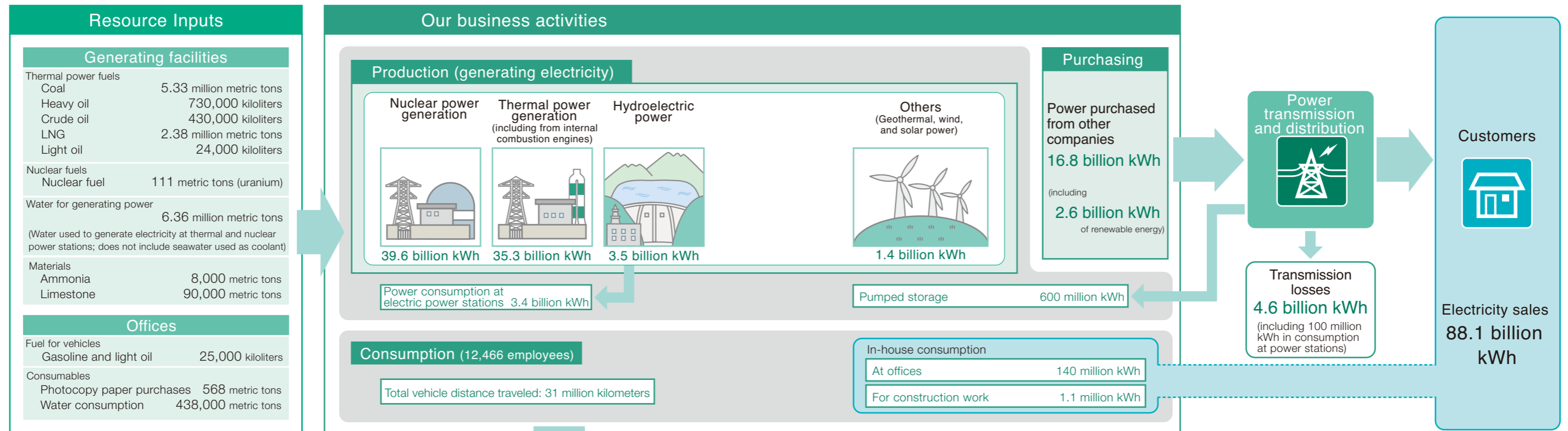
There has been an accidental leak of lubricant off the coast. We have disclosed information about that incident and undertook a cleanup.

Lubricant Leak at Tanegashimadaichi Inner Thermal Power Station

Around 600 liters of lubricant from a punctured cooling pipe supplying the no. 10 generator at the plant leaked, with some of the lubricant reaching coastal waters.

We deployed an oil fence to prevent the leak from spreading, used oil absorbant to collect around 380 liters of lubricant, and cleaned up the area. We identified the cause of the incident and have since formulated and implemented steps to prevent a recurrence.

Business and Environmental Activity Achievements and Environmental Impact in FY 2007



Results of Environmental Activities

Global conservation	CO ₂ reductions ^{*1}	46.8 million metric tons CO ₂
	SF ₆ collections ^{*2}	570,000 million metric tons CO ₂
		99% recovery rate
	Regulated Freon collections	100% collection during inspections
	Forest absorption of CO ₂	80,000 metric tons CO ₂
Local conservation	SO _x reductions ^{*3}	63,000 metric tons
	NO _x reductions ^{*4}	16,000 metric tons
Resource recycling	Industrial waste recycled	750,000 million metric tons
		95% recycling rate
	Reduction in low-level radioactive waste	1,051 containers
	CO ₂ reductions through office energy conservation ^{*5}	174 metric tons CO ₂
	CO ₂ reductions through use of low-emission and fuel-efficient company vehicles ^{*6}	106 metric tons CO ₂
		Representing 53% of Vehicle feet
	Volume of paper recycled (including copy paper, newspapers, magazines, cardboard containers, and confidential documents)	1,556 metric tons
		100% recycling rate
	Ground and rain water consumption	26,000 metric tons

Environmental Loads

Generating facilities

Greenhouse gas emissions CO ₂	CO ₂	34.1 million metric tons CO ₂
		(in-house power consumption was 58,000 metric tons of CO ₂ ; including power purchased from other companies)
	N ₂ O	42,000 metric tons CO ₂
	SF ₆	42,000 metric tons CO ₂
	HFC	1,200 metric tons CO ₂
Ozone-depleting emissions		0.1 chemical oxygen demand metric ton
Air pollutant emissions	SO _x	19,000 metric tons
	NO _x	27,000 metric tons
Waste water		82 metric tons
Chemical oxide demand emissions		8 metric tons
Industrial waste disposed		46,000 metric tons
Increase in low-level radioactive waste		3,771 containers (each equivalent to one 200-liter oil drum)

Offices

CO ₂ emissions from vehicles		6,000 metric tons CO ₂
Waste paper		None
Clean water consumed		398,000 metric tons

Environmental Targets and Loads

		Results		Targets	
		FY 2007	FY 2007	FY 2007	FY 2009
Supply	CO ₂ emissions intensity (end use electricity)	0.387	-	*1	-
	Nuclear power operating factor (%)	85.8	85.5	83.0	
	Thermal efficiency of thermal power stations (on a higher heating value basis) (%)	39.1	39.4	39.1	
	Power from new energy sources (billions of kWh)	More than 0.63	More than 0.63	More than 0.57	
	Transmission losses (%)	4.9	5.4	5.3	
	Environmental initiatives	In-house power consumption	CO ₂ emissions (thousands of metric tons)	5.8	Around 5.7
In-house power consumption (millions of kWh)			151	Less than 159	Less than 153
In-house logistics		CO ₂ emissions (thousands of metric tons)	0.6	Around 0.6	Around 0.6
		Fuel consumed for regular vehicles (km/l)	13.0	More than 12.1	More than 12.2
Consumption		Percentage of low-pollution vehicles in fleet	53	More than 50	More than 60
		Paper purchased (metric tons)	568	Less than 600	Less than 600
		Clean water used (m ³ /person)	34	Less than 36	Less than 36
		Percentage of SF ₆ recovered during equipment checks	99	Less than 98	Less than 98
Percentage of regulated freon recovered during equipment checks		100	100	100	

		Results		Targets	
		FY 2007	FY 2007	FY 2007	FY 2009
Recycling initiatives	Percentage of industrial waste recycled	94	More than 90	More than 99	
	Percentage of coal ash recycled	93	More than 90	More than 90	
	Percentage of other waste recycled	99	More than 98	More than 98	
	Percentage of industrial waste put in landfill outside company premises	220	Less than 1,000	Less than 500	
Harmonizing with environment	Percentage of used paper recycled	100	100	100	
	Green procurement (%)	*2	100	100	
	NO _x emissions intensity (g) per kWh	0.31	Around 0.2	Around 0.2	
	SO _x emissions intensity (g) per kWh	0.23	Around 0.2	Around 0.2	
Per capita sieverts of radiation exposure for people living near nuclear power stations		Less than 0.001	Less than 0.001	Less than 0.001	

Notes: 1. See page 33
2. See page 35

*1: Calculations based on thermal power (except for LNG) generated replacing power generated from nuclear power, hydroelectric power, new energy sources, and LNG.
*2: Where 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 low-pollutant vehicles were used.

Respecting Human Rights and Caring for Employees

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 improve our corporate value.

Respecting Human Rights

Highlighting Awareness

We respect human rights everywhere and see them as vital to creating a better world. Such rights are fundamental to Group operations. We provide ongoing education through seminars for all Group operations to ensure that all employees understand the issues and act accordingly.

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

About 15,000 (total number) employees participated in human rights and anti-discrimination seminars in FY 2007.

Addressing Sexual Harassment

Sexual harassment is an affront to human dignity. It prevents victims from performing their tasks, disrupts the workplace and can sully our reputation in society. We therefore enlighten our employees by distributing pamphlets, holding seminars and maintaining internal and external sexual harassment counseling services.

Eight cases used our sexual harassment counseling services in FY 2007.

Promoting Equal Opportunities

Employing People Based on Aptitude and Competence

Kyushu Electric Power hires and promotes people regardless of gender or age, to create dynamic workplaces that build corporate value.

Recruiting is gender-free in all academic levels and work categories. Appointments are made according to the capabilities and motivations of employees, as are promotions and educational opportunities.

Balancing Work and Private Commitments

We help employees to balance their work and family commitments, and create an environment that enables them to remain in our employ.

In FY 2007, we revised our childcare leave system and devised shorter working hours periods. We also deliberated on a flextime system that would better enable workers to care for their children and other family members, and launched that system in FY 2008.

▼ Child and family Care Support System Overview and Achievements

Item	Childcare support	family care support
Leave	Period Through to April after the child reaches two years of age System users in FY 2007 65 (including 3 men)	Period Two years in total (730 days) for the same care receiver System users in FY 2007 None
Shorter work hours	Period Until the end of the child's third year in elementary school Permissible shortening in hours • One, two or three hours per day • Can set up times to start and finish work in units of 10 minutes Other opportunities Can simultaneously work flextime System users in FY 2007 101 (including 3 men)	Period Until care is no longer needed Permissible shortening in hours • One, two or three hours per day • Can set up times to start work in units of 10 minutes Other opportunities Can simultaneously work flextime System users in FY 2007 3 (including 1 man)
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 (half-day breaks permissible)	—

● Implementing Action Plan to Support Childcare

Based on the Law for Measures to Support the Development of the Next Generation, we produced our second Child Care Support Action Plan, which covers April 2008 through March 2011, and submitted it to the Labor Bureau. We are drawing on this plan to create an environment that makes it easier for employees to look after their children.

Specifics of Second Child Care Support Action Plan

- Plan term
April 1, 2008 to March 31, 2011
(Meet legal 10-year requirement by dividing initiatives into periods of two to five years)
- Benchmarks
 - At least 95% of female employees to take child care leave
 - At least 90% of male employees to take leave for birth of children
 - Bolster flextime system for employees to care for children

▼ Reference: Goals and Results of First Child Care Support Action Plan (April 2005 through March 2008)

Goal 1: 95% of female employees to take childbirth leave	Results			Goal 3: Bolster flextime system for employees to care for children
	Number giving birth	Number taking leave	Percentage taking leave	
	96	94	97.9%	<ul style="list-style-type: none"> • Extend child care leave system (from one year old to two) • Enhance consulting for employees taking leave or returning to work • Trial communication support tools for workers taking child care leave
Goal 2: 75% of male employees to take childbirth leave	Results			
	Number whose wives gave birth	Number taking leave	Percentage taking leave	
	1,708	1,227	71.8%	

Establishing a Group to Increase Opportunities for Female Employees

In July 2007, we established the Advancement Opportunities for Wowan Group within the Human Resources Department, to support our commitment to equal work opportunities regardless of gender or age. This organization's tasks

include helping female employees build their careers and balance their work and home commitments, and foster a corporate culture of broader awareness to support these objectives.

Main Initiatives of Advancement Opportunities for Wowan Group

Voice

Our activities in FY 2007 included contributing to a message from the president, engaging in dialogue through informal women's meetings and other gatherings, and holding seminars. We gave women more confidence to use our leave systems, and improved the consulting process on taking child care and family care leave or returning to work. We also used the Internet in a trial service to assist communication between people taking child care leave and their work sites.

For FY 2008, we are producing an intranet site so we can continue to disseminate information. We are helping individual employees to further their careers, while addressing diverse working styles to balance professional and private lives. For instance, we are endeavoring to make child care leave periods more flexible, extend periods of shorter working hours so people can look after their children and test a short-hours flextime setup to assist with child and Family care.



Rie Ueno
Manager of
Advancement Opportunities
for Wowan Group

Topic Conference between the President and Female Employees

In January 2008, Toshio Manabe, the president, held a conference with six female employees.

Participants expressed numerous opinions on the issues of what female employees feel and how to help these people become more active in the workplace.

One participant said that, "Managers should help close perception gaps between female employees and their supervisors at work sites." Another mentioned that, "It is important for those taking advantage of systems that help balance professional and private lives to do their best during the limited time they are at work."

Commenting on the challenge of better fostering female employees, Mr. Manabe said that, "Everything is possible. I want you to pursue what you most want to do."



Employing Retirees and Physically and Mentally Challenged People

Finding Work for Retirees

The Japanese government responded to the aging population of society by raising the pension age and revising the Law Concerning Stabilization of Employment of Older Persons.

In FY 2007, Kyushu Electric Power responded to such developments by launching the Senior Employee System, which offers work that accommodates more diverse individual needs and draws on the skills of retirees, and by increasing the retirement age to 65.

Our broad support structure for retirees includes the Career Bank system, which outsources to

retirees preferring that option, the Reemployment Support Course for those seeking jobs elsewhere and the Leave System for Early Career Changes.

▼ Overview of retiree employment system



Hiring the Physically and Mentally Challenged

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

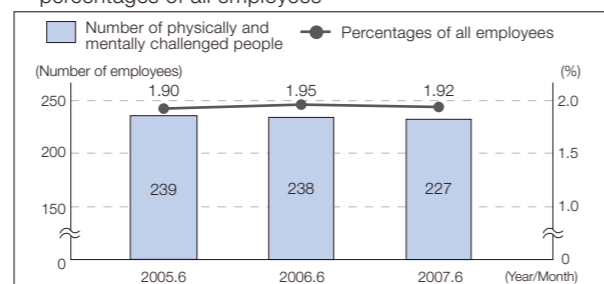
In 2004, we established the Kyushu Captioning Co-Production Center Inc., to develop more business opportunities by enabling the hearing-impaired to serve others with similar disabilities.

Physically and mentally challenged people accounted for 1.92% of our employees, as of June 2007, which is above the legal requirement of 1.8%.

We will maintain our commitment to these employees and foster acceptance of them in the workplace.

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

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



Improving Employee Morale and Skills

Our workforce is central to improving our corporate value. We will therefore enhance our employees' skills and use them more efficiently, so we can tackle new challenges amid intensifying competition.

● Enacting the Educational Charter

We enacted the Kyushu Electric Power Educational Charter in October 2007 in line with our recognition that corporate value stems from our staff. The charter clarifies our basic commitment to motivating employees and managers through education, and our desire to encourage employees to individually and collectively raise their skill levels for the good of the organization.

● Strengthening Education and Training

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 facilities to bolster the overall capabilities of Group employees.

▼ FY 2008 training systems

Occupational group	Human Resources Department			Supervising departments	
	Training level	Elective training	Specified training	Departmental training	
Management	EM	Management course (for EM)	Elective training Coaching Innovative thinking Skills improvement for mid-tier employees Corporate accounting Business law Marketing Reporting and explanatory skills	Compliance training Human rights and anti-discrimination training	Departmental training
	MM	Management course (for MM) New manager training			
Regular employees	Chiefs	Management course (for Chief)			
	Staffers	Third-year education New employee training			

Color code explanations:

1. Mandatory courses
2. Elective courses (managers take courses electively or upon recommendation)
3. Courses also for Group company personnel

● Motivation-Oriented Promotion system

We draw on in-house recruiting, Job Challenge and Human Resources Bank programs to offer our employees more opportunities for advancement.

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

● Reflecting Employee Opinions

We offer ongoing opportunities for discussion between employees and human resources officials, and conduct an annual satisfaction survey for all employees to assess morale and compliance with our personnel systems. Such efforts secure feedback that we will be reflected in our personnel policies.

Senior executives regularly visit business sites to exchange views with employees. In January 2008, we established a special committee to deliberate on management responses to opinions received.

▼ Promotion systems overview and FY 2007 achievements

	Overview (FY 2007 achievements)
In-house recruiting	Offer jobs requiring outstanding motivation and special qualifications (8 people transferred).
Job Challenge	To foster departmental human resources, select those wishing to meet new challenges at the head and branch offices (13 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 FY 2007, with 9 people registering).
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 183 employees).

● Employee Assessments that Enhance Human Resources

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

At the start of the 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.

● Balancing Work and Private Lives

We are committed to balancing work and private lives, ensuring the physical and mental well-being of employees, and complying with the Labour Standards Law and other regulations. We therefore extensively manage working hours, particularly overtime. We recognize that proper rest enhances overall productivity, and have made it easier for employees to take annual paid vacations.

Labor-Management Relations

Labor unions share our goal of ensuring sustainable progress. Management thus strives 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

The top priority in all our business activities is to ensure safety for society and employees by constantly endeavoring to improve our facilities and technologies.

Ensuring Nuclear Power Safety

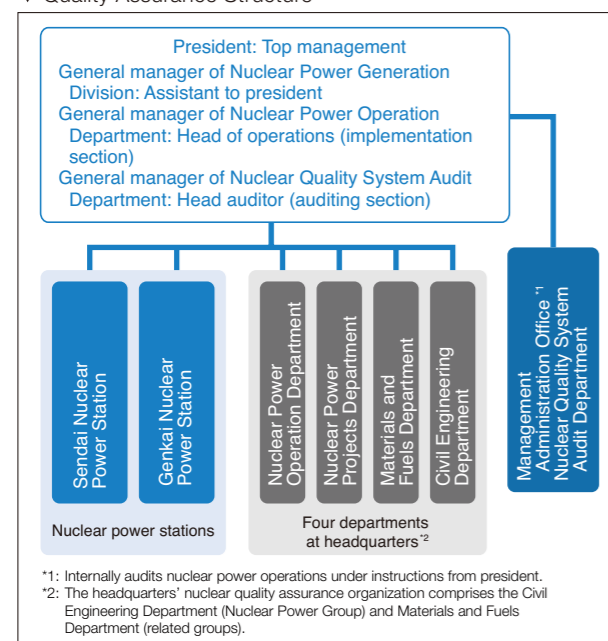
Safety is our prime goal in managing our nuclear power stations. We deploy extensive security and quality assurance initiatives to ensure safety and build community trust.

Safety Management Systems

● Quality Assurance Structure

The president has established a system to ensure the safety and quality of our nuclear power operations. Our system complies with laws and ordinances and the requirements of the Japan Electric Association's Quality Assurance Code for Safety in Nuclear Power Plants, known as JEAC 4111.

▼ Quality Assurance Structure



● Fostering a Culture of Safe Nuclear Power Operations

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 maintain extensive internal communications through conferences with executive managers

and through worksite meetings and 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, formal discussions, and other activities.

Maintaining Nuclear Power Facilities

● Inspecting and Repairing Facilities in Line with Maintenance Management guidelines.

We ensure that our nuclear power stations are safe and reliable and that facilities and equipment perform as required by frequently formulating and implementing inspection and repair standards. We assess the results of our work to decide if we need to review our approach. These and other efforts are in keeping with laws, ordinances and the code of Maintenance and Inspection for Nuclear Power Plants, known as JEAC 4209.

● Implementing Preventive Maintenance

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

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. Operational simulators and maintenance Facilities at the training centers of our Genkai and Sendai nuclear power stations help us retain our practical technological capabilities.



Simulator room at training center of Genkai Nuclear Power Station

Managing Radiation

● Controlling Occupational Radiation Exposure

We minimize 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 FY 2007, the average occupational dosage at our Facilities was 1.2 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 Japanese Web site. We regularly measure the radioactivity of samples of seawater, agricultural and marine products. We have found no environmental radiation from our Facilities.

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

Ambient radiation from our nuclear power stations

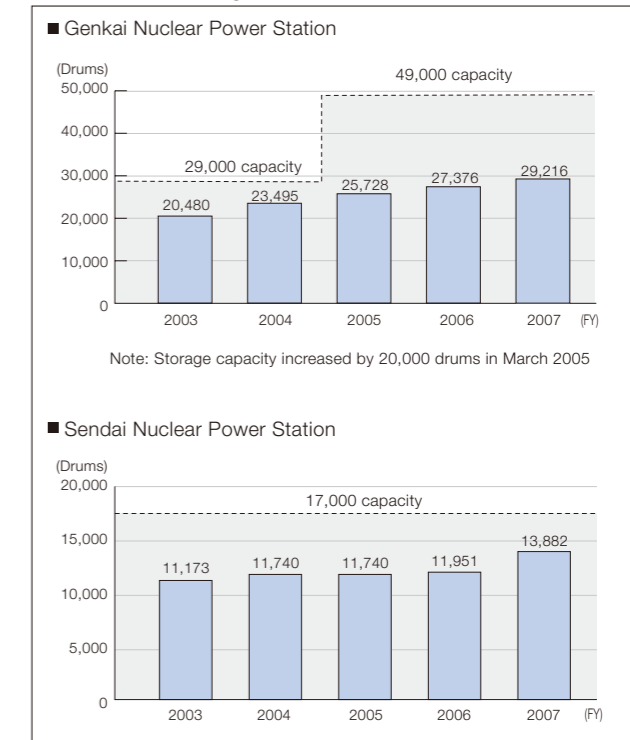
FY 2007: Less than 0.001 mSv
 FY 2008 target: Less than 0.001 mSv

● Managing Radioactive Waste

On-site Facilities treat the small amounts of radioactive gaseous and liquid waste that our nuclear power stations create and safely dispose of it. This waste has miniscule impact on radioactivity outside our plants.

We store and strictly supervise solid waste on-site and then ship it to Japan Nuclear Fuel Limited's Low-Level Radioactive Waste Disposal Center. The center stores the waste underground until the potential dangers for humans disappear.

▼ Solid Waste Storage



Worker Safety and Health Initiatives

We aim to eliminate all industrial accidents and provide a work environment that fosters the physical and mental well-being of our employees. Management and members of staff collaborate to produce and follow Companywide goals.

We encourage employees to regularly discuss and air views about safety and mental health and we aim to expand the involvement of the Safety and Health Committee in dealing with these issues.

Eliminating Occupational Accidents

The number of occupational accidents has fluctuated in recent years despite ongoing efforts to optimize the safety awareness of employees and remove potential dangers. We thus undertook task-specific risk assessments that would be central to an eventual occupational safety and health management system, and going forward we aim to strengthen our PDCA cycles.

We have implemented hazard prediction activities, and require employees to perform safety checks on objects before and after performing tasks. We also provide education and training to improve compliance with laws and ordinances and enhance safety awareness to help prevent things such as traffic accidents.

▼ Numbers of occupational accidents by category

FY	2003	2004	2005	2006	2007
Electric shock	1	2	1	1	2
Traffic accident	8	8	10	7	12
Falling accident	1	1	2	0	0
Others	16	16	19	16	29
Total	26	27	32	24	43

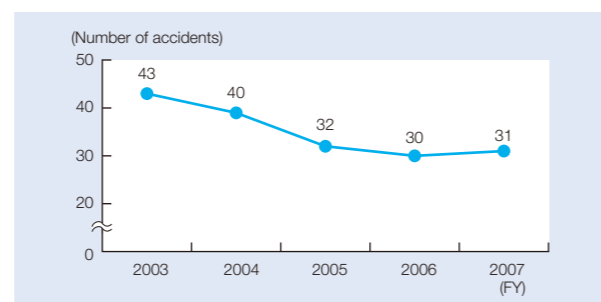
Note: The "others" category includes incidents such as Falls and being jammed or caught in machines

Mandating Supplier Safety

We support and instruct suppliers on their safety activities as our responsibilities.

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



The Patrolling of Worksites by Architects

Certified architects from Kyuden Fudosan Ltd., patrol the construction and renovation sites of their contractors twice weekly.

The architects confirm construction details and procedures to ensure buildings are completed on schedule. They also make sure that site workers consider safety to be their top priority.

Kyuden Fudosan Ltd. will continue such activities to maintain safe working environments and improve the safety of structures for owners.



An architect on patrol

Ensuring the Mental and Physical Well-being and Comfort of Employees

We provide our employees with support how to prevent illness, improve their health and a variety of programs implemented by the Company safeguard workers from the mental and physical damage of overwork, prevent eyesight damage from the use of video display terminals, shield workers from cigarette smoke, and create workplaces that minimize fatigue and stress. We will continue to evaluate and improve these programs.

Overview of Mental Health Initiatives

Level 1 Prevention	<ul style="list-style-type: none"> Educate and enlighten (instruct how to recognize and address stress, as well as identify and assist others in stress) Measure occupational stress and build frameworks to improve working environments
Level 2 Early detection and response and alleviation	<ul style="list-style-type: none"> Create a climate in which employees can identify when they are experiencing stress (through interviews to assess health and simple occupational stress diagnoses) Make it easy for employees to seek help (through occupational therapists, mental health counselors and external consultancies) Encourage occupational therapists and physicians to have follow-up sessions with sufferers of stress to quickly identify and treat their problems
Level 3 Helping employees to return to work	<ul style="list-style-type: none"> Provide support during treatment (liaise with case physicians, Families and supervisors, and communicate regularly with sufferers) Assist employees when they return to work (initially setting shorter working hours, then prohibiting overtime and business trips) Provide worksite support (liaise with supervisors and follow up with physicians and occupational therapists)

Ensuring Safe Products and Services

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 organizations. In light of the July 2007 accident in which a ship-mounted crane severed a 66,000-volt power line, in February 2008 we informed such interested parties as harbor offices and other public authorities and companies operating crane vessels of the locations and heights of our power lines in straits and river mouths. We also publicized precautions for ships passing under power lines or working near them.

Other safety awareness tools include the Know Your Electricity pamphlet, which we distribute to new customers, and a questions and answers Web site on power usage. We recommend that customers check their facilities for potential problems and use their own safety procedures.

Questions and answers Web site on power usage (in Japanese only): http://www.kyuden.co.jp/life_living_safe_index

- Spring and Summer Publicity Campaigns to Prevent Electric Shocks
We hold publicity campaigns every 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 together with several electric power bodies in holding 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 use other publicity vehicles during disaster periods to heighten power safety awareness and inform the public of outages from debris.

▼ Number of public electric shock incidents

FY	2003	2004	2005	2006	2007
Number	1	3	2	0	1

About Our Electric Water Heater Recall

Group company KYUHEN Co., Inc. is engaged in inspecting and repairing its water heaters with no charge to customers. The move is in light of the remote possibility that loose electrical wiring in some of the heaters might cause fires. We ask customers to accept our deepest apologies for the concern and inconvenience stemming from quality or safety problems with a product from our Group.

The Group will strengthen its policies to ensure the safety and peace of mind of customers.

KYUHEN learned that there was a remote possibility that loose electrical wiring in 11 models in the Yunoka water heater line that were manufactured between September 1996 and October 2000 could cause fires. KYUHEN began inspecting and repairing (or replacing parts) in these products in April 2008 to ensure their reliability.

Contacts
Toll-free: 0120-048-500
 The line is open from 9:00 a.m. to 7:00 p.m. everyday, including holidays, through August 31, 2008.
 Please check the following Web site for details on the models that this service covers:
<http://www.kyuhen.co.jp>

Community Contributions

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

Community contributions Web site (in Japanese only): http://www.kyuden.co.jp/company_local-social_index



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The Woods Ensemble Performance (cosponsored by the Yukuhashi Sales Office)



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Kyuden Cup Friendly Soccer Tournament for middle school students (sponsored by the Kitakyushu Branch Office)



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The most popular lesson in Kyushu, an E-KIDS Project (sponsored by the Fukuoka Branch Office)

Managing Community Contribution Activities

Bolstering Our Community Contribution Activities Structure

We play an active community role in a wide range of fields, in keeping with our Basic Policy for Coexisting with Communities and Society. We set up a liaison committee to coordinate the community and social activities of various departments. The committee established a PDCA cycle to bolster its efforts. We will enhance our management framework to encourage branches to engage in more locally focused activities.

We had two quantitative targets in our customer satisfaction surveys (see page 21). Since customers rated us lower in FY 2007, we will pursue activities that meet social and community needs, while internally and externally disseminating information on our initiatives.

Basic Policy for Coexisting with Communities and Society

In keeping with the following principles, we act as a good corporate citizen to collaborate with the communities we serve and contribute 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 discuss and resolve issues with communities and society.
2. We harness our management resources to use in these initiatives.
3. We communicate with residents by disclosing our activities. We work together with them and the community, and reflect their opinions in our actions.
4. We encourage our employees to participate in community and social activities.

FY 2007 expenditure on community activities

¥1,556 million

Collaborating with Communities

We collaborate with communities around Kyushu in regional promotions, culture and arts, and sports to make the region more attractive and help foster today's youth.

Regional Promotions

● Assisting Local Industries

Each branch office works closely with local municipalities, sponsors community improvement symposiums and holds expositions with local industry promotion centers to cultivate local economic growth.

● Supporting Traditional Craftsmanship

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

At the same time, we run a domestic and overseas training program that provides young artisans from Kyushu with financial assistance to refine their craftsmanship. To date, we have funded the training of 30 young artisans in Japan and 16 abroad.

Kyushu Tourism and Produce Fair An initiative of the Tokyo Branch Office

The Tokyo Branch Office joined together with other Kyushu-based corporations to sponsor a Kyushu tourism and produce fair in Yoyogi Park in Tokyo's Shibuya Ward on Saturday, October 13 and Sunday, October 14, 2007. The fair was a publicity initiative for Tokyo consumers, and highlighted tourist and culinary attractions around Kyushu. Around 100,000 people attended the fair. This very popular event stemmed from a proposal that the Tokyo Branch Office made after discussions with several parties to the Kyushu Tourism Promotion Organization, which represents all prefectures in Kyushu. The branch hopes to hold this fair annually.



Family Pottery Class An initiative of the Kumamoto Branch Office

The Kumamoto Branch Office holds a pottery class during summer vacations for parents and children in collaboration with Seishokai, a group of local traditional crafts enthusiasts. In FY 2007, 56 parents and children participated in the class.



SAGA Exhibition of Young Potters' Work An initiative of the Saga Branch Office

The Saga Branch Office held an exhibition featuring the work of nine artisans residing in Saga Prefecture, who completed Group-funded domestic and overseas training. In FY 2007, the exhibition was designated as a satellite event for the Saga International Balloon Festa, which Saga City sponsored.



Voice



Etsuko Nishijima
Chairperson of Seishokai

I trained at the Shigaraki Ceramic Cultural Park in 1997 with sponsorship from Kyushu Electric Power. My goal was to try new design and production processes with a traditional Shodaiyaki kiln. After completing my training, I joined Seishokai to promote traditional craftwork while continuing my pottery efforts. I collaborate with Kyushu Electric Power in various ways in addition to the pottery class. I hope to convey the wonder of traditional Kumamoto crafts with help from the Company.

Culture and Arts Involvement

● Orchestral Concerts

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

■ Kyuden Fureai Concert

We hold classical concerts for FYmilies in municipalities with little access to live performances. We also give opportunities to young musicians who placed highly 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 which feature FYmous soloists and maestros.



Fureai Concert (sponsored by the Miyazaki Branch Office)

● Participating in Local Festivals

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



Peiron Boat Championship Tournament (sponsored by the Nagasaki Branch Office)

● Ocha-no-ma Essay Contest

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



Some essays submitted for the contest

FY 2007 Activities

- Kyuden Fureai concerts: 8 locations, with 5,911 people attending (we donated the ticket proceeds to local welfare organizations)
- Bunka no Mori concert: 6 locations, with 8,470 people attending (we donated the ticket proceeds to local welfare organizations)
- Participation in community festivals: 3,878 employees
- Ocha-no-ma Essay Contest: 6,168 applications

The Woods Ensemble Performance Arranged by the School of the Forest Sponsored by the Yukuhashi Customer Service Office

The Yukuhashi Customer Service Office cosponsors this performance with the School of the Forest, a nonprofit organization. Ensemble members come from the Kyushu Symphony Orchestra.

Collaborating with Kyushu Electric Power Voice

The Woods Ensemble performance is now a prime event at the Momiji Gakusha festival, and is very popular among members of the local community. Kyushu Electric Power made it possible for us to stage a full-scale concert.

For example, Kyushu Electric Power employees helped to clean the auditorium and maintain the electrical equipment.

I am very pleased that we can stage this event every year.

It is extremely encouraging for a nonprofit organization like ours to enjoy this level of corporate support, where we can pursue the same goals. I would love to see more instances of ongoing cooperation between companies and nonprofit organizations in the years ahead.



Mr. Shinichiro Funahashi
Representative of the School of the Forest

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 sport standards around the region.

Tournament sponsorships in FY 2007

Through 82 offices, we supported 106 tournaments in 20 sports in which 47,742 people participated.



Kyuden Cup Boys Nanshiki Baseball Tournament (sponsored by the Kumamoto Branch Office)

Community Collaboration through the Kyuden Voltex Rugby Team Voice



Yoshihiro Nakamura

Rugby is Kyushu Electric's symbolic sport. Our rugby team promotes local sports by coaching local boys' rugby teams and participating in various events.

Rugby is very popular in Kyushu. Our players look forward to our events very much, which many people attend.

The Kyuden Voltex Web site outlines our activities. If there is an event near where you live, please come and watch us and get acquainted with rugby and with our players. I hope you have lots of fun being part of our sport.

Kyuden Voltex rugby team Web site (in Japanese only): <http://www.kyudenvoltex.com>



A local children's event organized by the Kyuden Voltex Rugby Team

■ FY 2007 Activities

Rugby classes and events:	12
Cleanups and other activities:	4

Fostering Today's Youth

We participate in various activities to help foster the young.

● Cultural Activities

Each branch office engages in its own locally focused cultural activities, through events such as essay and painting contests and concerts.

● Visiting Institutions to Hold Classes, and Holding Experiential Events

Our employees visit schools and other institutions to speak to young people about electric power and ways to conserve energy. Our experiential events feature scientific experiments for children. Both types of initiative aim to raise children's interest in environment and energy issues.



A painting contest (sponsored by the Kagoshima Branch Office)



A guest talk at school (with employees from the Oita Branch Office)

E-KIDS Project

An Initiative of the Fukuoka Branch Office

The Fukuoka Branch Office launched this project to cultivate interest among the young in the earth, ecology and energy. Project components include the E-KIDS Science Seminar, which offers the chance to learn about the environment and energy, classes delivered by employees on electricity and the environment, and classes in which we invite famous lecturers that are not in the regular curriculum to talk to children.



E-KIDS Project Web site:
http://f.kyuden.co.jp/kids_index

Children Plant and Harvest Sweet Potatoes

An Initiative of the Shin-Oita Thermal Power Station

Our power plants and power system maintenance offices use their facilities more effectively by making them available for free to local residents, and by otherwise communicating extensively with the community.

The Shin-Oita Thermal Power Station annually invites children from local nurseries and kindergartens to plant and harvest sweet potatoes. The children also watch videos about the facility that were produced for young viewers, and learn about electricity. These initiatives have proved to be very popular.



Harvesting sweet potatoes in October

Producing a Children's Safety Guidebook

A Kyudenko Initiative

In April 2008, Kyudenko Corporation produced a children's safety guidebook with assistance from the Fukuoka Prefectural Police. The publication includes light hearted illustrations on techniques for children to protect themselves from crime. This was the first publication of its type.

Kyudenko printed and distributed around 48,000 free copies to all first year primary school pupils in Fukuoka Prefecture and held classes on children's safety.

Kyudenko also donated two patrol cars to the Fukuoka Minami Crime Prevention Association in 2007.



Children's safety guidebook

Supporting Employee Involvement in Community Activities

We support employees who volunteer in community activities by allowing people to take seven days off annually for such events—subsidizing their expenses for those initiatives, supplying them with information through notice boards and providing education.

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

We additionally offer funding for acquiring qualifications.

	FY 2005	FY 2006	FY 2007
Number of days taken off under volunteer system	296.5	246	262
Number of people commended for community contributions	25	32	37
Number of employees receiving funding for qualifications	40	36	32

Initiatives through Business Activities

Technological Development Driving Social Contributions in Key Industries

Research Laboratory Efforts

The Bioresources Research Center at the Research Laboratory furthers the interests of the agricultural, forestry and fisheries industries through broad research that has two goals. The first is to help people in those industries use electrical energy conveniently and efficiently. The second is to assist those industries to harmonize with the environment and ecosystem.

▼ Main Research Focuses

Agriculture	<ul style="list-style-type: none"> Hydroponics Keeping fruit fresh Using coal ash effectively in agriculture
Fisheries	<ul style="list-style-type: none"> Recirculating aquaculture
Plant functionality	<ul style="list-style-type: none"> Improving plant functionality
The environment	<ul style="list-style-type: none"> Safeguarding the environment
Using microorganisms	<ul style="list-style-type: none"> Using microorganisms to purify waste water

Research to Revitalize Mountain Areas

It has been hard to cultivate wasabi, or Japanese horseradish, in Kyushu because the area is warm. We confirmed that it is possible to grow wasabi locally in boxes, a first for Kyushu.



Collaborating with Industrial, Academic and Government Bodies

We worked with universities, companies, and agricultural bodies in research that led to growing salt-absorbing ice plant vegetables.



Working with Academic and Government Institutions to Create an Advanced Regional Communications Infrastructure

Electronic Communications Department Initiatives

This department is using its expertise in telecommunications technologies to assist advances in information and communications technology and share Kyushu's advances in this area with the world.

A notable example is the department's involvement in the Kyushu Information and Communications Platform Promotion Council—a body of industrial, academic and government interests. The Council is leading efforts to use information technologies in Kyushu and make it possible for anyone to access these networks any time or any place.

The department sent some employees to work with local government bodies to help build broadband information systems. The department's employees are also key members of the Kyushu Economic Federation's Information and Communications Committee—a body reflecting industrial, academic and government interests that is working on the IT Island Kyushu Project.

The department is using a fiber-optic cable between Japan and Korea, and next-generation

Internet technologies, as part of a joint project with the Kyushu University Hospital to bring Kyushu's advanced health care techniques to Asia and the rest of the world through telemedicine.

We will continue to use our information and communications technology infrastructure and expertise to contribute to more providing comfortable lifestyles.



The international telemedicine project in which we are participating drew on advanced information and communications technologies to distribute real-time surgical images to Korea, China, India and other countries.

We will continue to build corporate value by providing energy and other products and services, so we can go forward together with the communities we serve.

As the management vision and Charter of Conduct state, the Kyushu Electric Power Group seeks to sustainably increase its corporate value and grow with society by improving the satisfaction of customers, shareholders and other investors, society and employees. We are driving toward those goals through our total energy business, with support from our IT and telecommunications, environment and recycling, and lifestyle-oriented services.

Total Energy Business

This diverse area encompasses our core electric power business, as well as the sales of gas and

LNG, power generation from new energy sources, and air-conditioning operations.

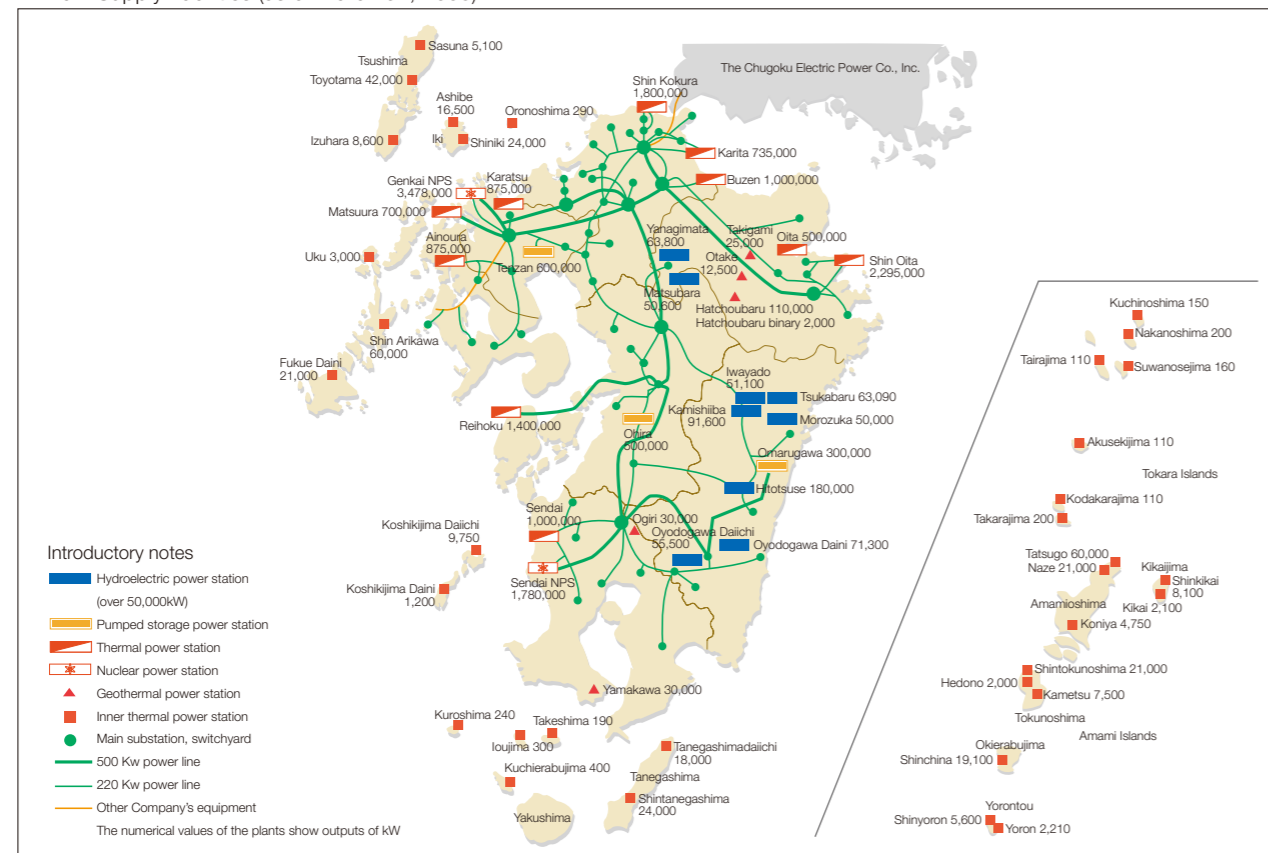
Electric Power Business

Our mission and prime social responsibility is to provide safe, dependable and efficient supplies of electricity to our customers.

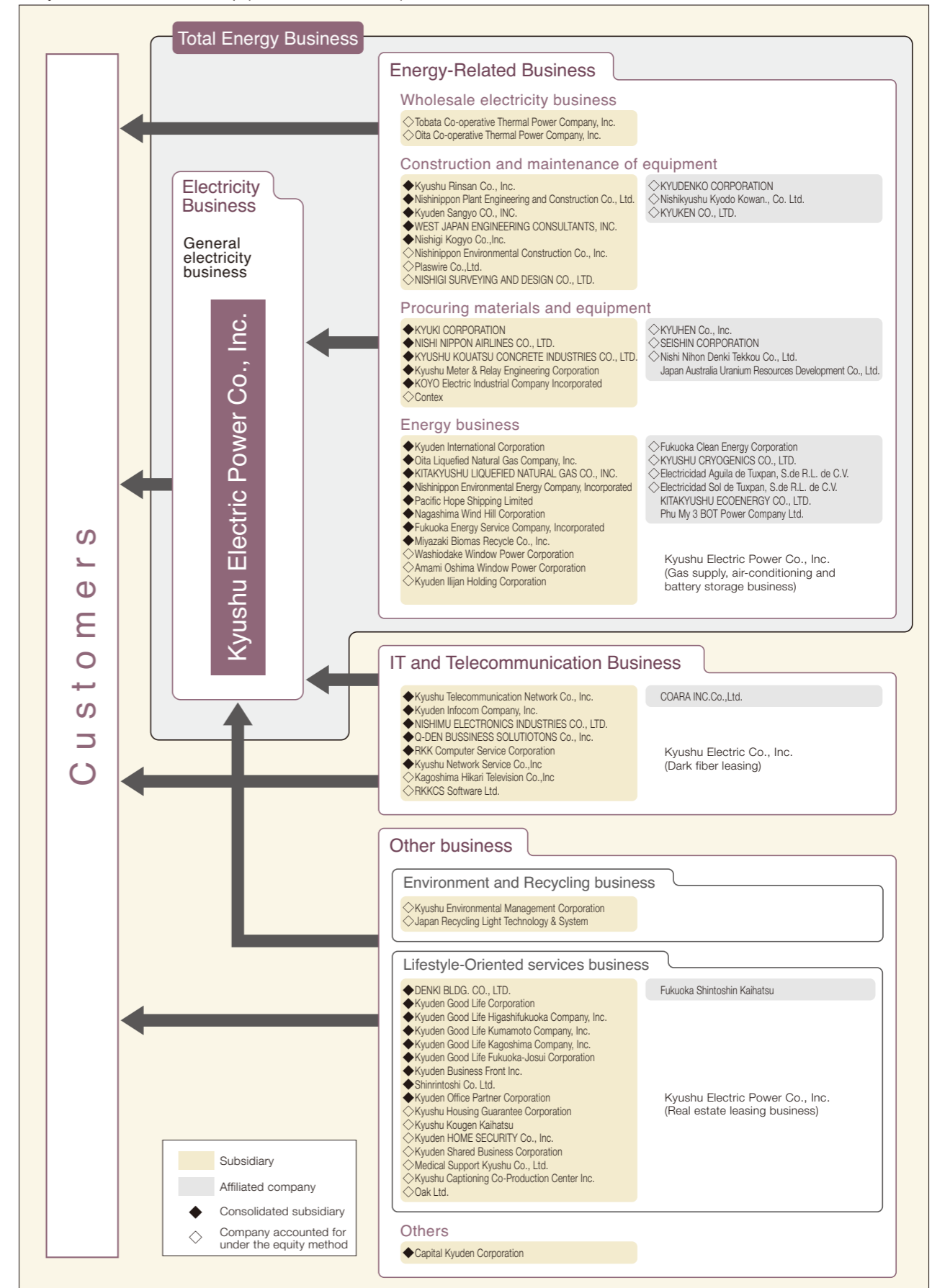
managing our facilities, and swiftly restoring power after large disasters. These efforts have enabled us to raise our supply reliability standards while continuing to ensure universal service.

We accommodate electricity demand trends by employing our facilities efficiently, while taking steps to reduce outages, optimally operating and

▼ Main Supply Facilities (as of March 31, 2008)



▼ Kyushu Electric Power Group (as of March 31, 2008)



Notes: 1. Nishinippon Environmental Energy Company, Incorporated, absorbed Nishinippon Environmental Construction Co., Inc., and Kyushu Telecommunication Network Co., Inc., absorbed Kyushu Network Service Co., Inc., as of April 1, 2008.
2. Shinrintoshi Co., Ltd., was renamed Kyuden Fudosan Co., Ltd., as of April 1, 2008.

Efforts to Maintain Reliable Supplies

● Measures to Prevent Outages

We deliver power reliably by regularly inspecting and improving facilities, and operating them safely and efficiently. We also improve facilities to safeguard them against lightning strikes, typhoons and other natural disasters.

We minimize customer inconvenience by servicing distribution lines without disruptions.

To prepare for the rare event of damage to transmission and distribution line routes, we are building a 500,000-volt main line in northern Kyushu and are otherwise augmenting our trunk line network to avoid widespread and lengthy outages.



Interruption-free line work

■ Planned Facilities Upgrades

The power distribution facilities that we installed during Japan's fast economic growth in the 1960s and 1970s have aged considerably.

We are therefore intensively inspecting and repairing facilities, and intend to launch a planned replacement program. Key priorities are transmission facilities (including towers and power lines), distribution facilities (including transformers and circuit breakers) and distribution facilities (notably power poles, lines and power pole-mounted transformers). We also plan upgrades in keeping with the conditions of specific facilities. Thermal power facilities are also aging, so we are accordingly inspecting, repairing and replacing them to keep supplying electricity reliably.

We will continue our surveys and analyses to formulate upgrade plans, and will intensively maintain and enhance facilities to prevent breakdowns.

● Advanced facilities operations and management

We have installed devices that automatically isolate breakdown sites from the grid, and we quickly conduct repairs to minimize outages and outage times.

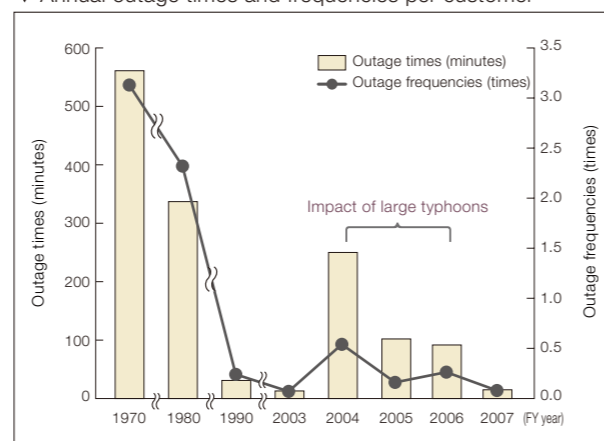
The Transmission and System Operation Division builds and runs transmission and distribution facilities. It used IT systems to set up a database that manages all the information from the division's facilities and operations. We use the data to produce facilities charts covering each piece of equipment, 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.

Developing technologies to improve supply reliability

We pursue ongoing technological development and research programs so we can supply power more reliably. Examples include:

- Research to prevent corrosion on steel structures and other power facilities and ensure their long-term preservation
- Using technologies to assess the remaining service lives of metallic materials at thermal power plants
- Researching wind power output characteristics and how they affect our power network
- Exploring the effects on voltage and other aspects of power distribution by deploying or expanding the use of solar power

▼ Annual outage times and frequencies per customer



● Reducing temporary drops in voltage

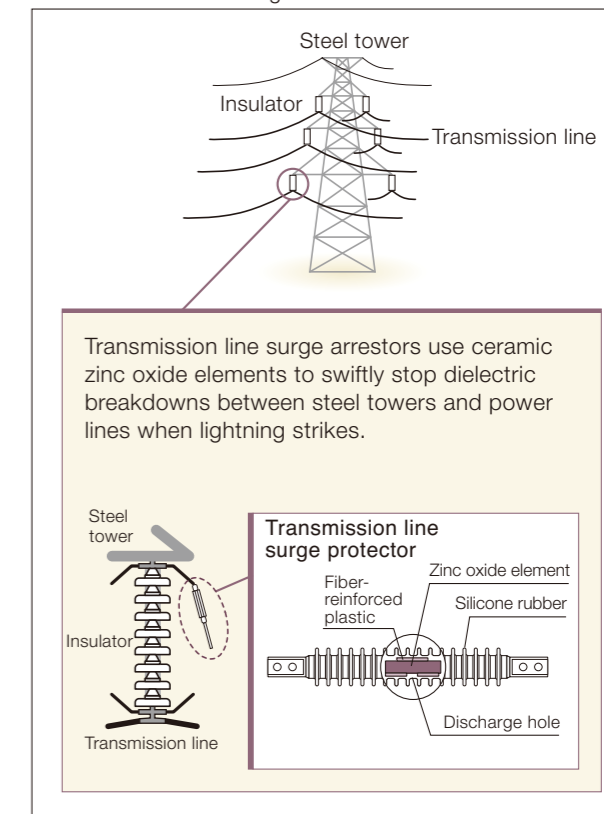
To prevent outages from lightning strikes, our transmission lines go off the grid for 0.07 to 2 seconds, causing short drops in voltage.

These drops have almost no effect on household appliances while in use, although some customers have found that equipment that is sensitive to such changes either shuts off or malfunctions.

We will minimize the frequency of such temporary voltage drops by improving facilities and more swiftly addressing breakdowns, while installing even more lightning surge arrestors on transmission lines and deploying other equipment.

We provide technical consulting for customers when needed and as part of our customer facility evaluations, and we also make necessary improvements in locations that are most vulnerable to voltage drops.

▼ Transmission Line Surge Arrestors



Participating in Desktop Drills Based on the Civil Protection Law

In February 2008, the Kagoshima Branch participated in a desktop drill in line with the Kagoshima Prefectural Civil Protection Plan.

The drill assumed that an armed group whose nationality was unknown had committed a terrorist act at an outlying island. Officials from the prefectural government and the Cabinet Office gathered to liaise with the Self-Defense Forces, police, firefighting brigades and other organizations. Together they gathered information and examined how best to evacuate citizens from the island. Kyushu Electric Power participated as a designated public institution under the Civil Protection Law, reporting to the prefectural and national governments on operations at the nuclear power station on the island, evacuations of plant employees in line with official instructions and the power station's security.

This was our first involvement in such a drill. We plan to take advantage of more opportunities like this to better liaise with the relevant institutions and to bolster our risk management structure.



Kagoshima Branch personnel participating in the desktop drill

Responding to Major Disasters



Responding to Large 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 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

We have drawn on our experiences from typhoons to develop systems in which large military helicopters can quickly carry generator trucks and other special vehicles to sites lacking power. In FY 2006, 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 the helicopters. We then successfully airlifted these trucks. We will continue to hold joint drills with the Ground Self-Defense Force, so we can quickly restore services to areas without power because of typhoons, earthquakes and other disasters.



Military helicopter transporting a high-voltage generator truck

NISHI NIPPON AIRLINES Conducting Emergency Patrols after Disasters

Group and other companies collaborate to quickly restore services after disasters.

On such Group company is NISHI NIPPON AIRLINES Co., Ltd., which regularly patrols transmission lines, installs overhead lines and otherwise helps to ensure reliable supplies. This company conducts emergency patrols after typhoons, heavy rains, earthquakes and other disasters.



Other Total Energy Business

The Group's other businesses include wholesaling electricity, constructing and maintaining equipment, procuring materials and equipment, and providing energy. We particularly aim to expand earnings from the energy provision business, which encompasses selling gas and LNG, generating power from new

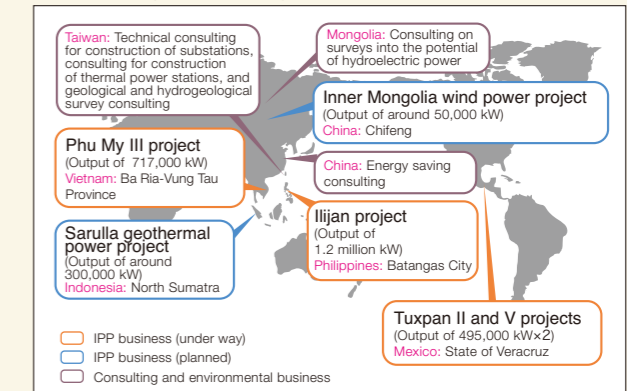
energy sources, cultivating independent power producer (IPP) operations overseas, and offering energy savings and environmental consulting.

We will continue to develop our diverse businesses, all centered around providing electricity, with the aim of offering total solutions to our customers.

Overseas Operations

The Group draws on expertise from its domestic electric power operations and personnel with advanced technological capabilities to build its overseas IPP and consulting businesses, focusing on Asia. Consulting covers power development, surveying and designing transmission and substation facilities, and energy savings and the environment. Through these operations, we aim to provide stable supplies of electricity in Asia, where demand is soaring, while contributing to environmental measures and cultivating human resources and building new businesses.

Overseas power development efforts as of end-March 2008



Wind Power Business



Kyushu Electric and Kyudenko jointly established Nagashima Wind Hill Corporation to further the use of new energy sources. In June 2008, this subsidiary built a wind farm in Nagashima, which is in the northwest of Kagoshima Prefecture and faces the East China Sea. The site is blessed with winds year-round. Operations at the 50,400-kW facility (featuring 21 2,400-kW turbines), should begin in October 2008.

The annual production of around 100 million kWh should benefit the environment considerably, particularly since 30,000 metric tons of carbon dioxide would have been generated annually from a conventional thermal power station. The wind farm symbolizes our commitment to new energy sources.



IT and Telecommunications Business

The rising use of the Internet, the increased corporate use of information and a shift towards an electronic-based government are all part of the development of a society in which people can access networks at any time or place.

The Group is using 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

Megakiku Information Network Solution



Web site: <http://www.nishimu.co.jp/>

The Group company Nishimu Electronics Industries Co., Ltd., has comprehensive capabilities in communications, monitoring, control and power systems—ranging from planning and consulting to designing, manufacturing, installing, operating and maintaining these systems.

Nishimu Electronics employed its technologies and expertise in networks and in facilities monitoring and control to commercialize the Megakiku service brand in FY 2007, the goal being to provide more customers with convenient and user-friendly services.

The name Megakiku combines the notion of megabit-speed transmissions and “me,” the Japanese word for eye, to convey remote monitoring, and the Japanese word “kiku,” different characters for which express the goals of being effective and listening.

Nishimu Electronics aims to raise public awareness of the Megakiku brand and help contribute to customer peace of mind by providing IT support that allows customers to focus on their operations.

Megakiku Service Concept

- Become a partner to our customers, hearing their concerns and working with them to create solutions
- Assess and tackle issues so customers can comfortably focus on their operations
- Use IT to provide services that satisfy customers.



Environment and Recycling Business

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

We will continue to help society increase its recycling rate through our operations.

Recycling Confidential Documents



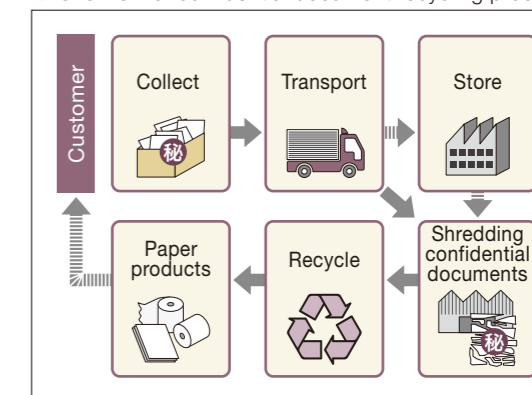
We created Kyushu Environmental Management Corporation in light of society's desire to recycle, out of concern for the environment and in response to the frequent corporate information leaks in Japan.

Kyushu Environmental Management collects confidential documents from companies and local government bodies and shreds and processes them into commercial recycled paper products.

The company reduces environmental impact and conserves resources by recycling important documents instead of burning them. It has received security management certification from the Japan Quality Assurance Organization for the facilities in which it recycles confidential documents and prevents information leaks. The company qualified under the ISO 27001 standard for information management security in October 2007.

Kyushu Environmental Management will continue to care for the environment and provide customers with peace of mind.

▼ Overview of confidential document recycling process



Lifestyle Oriented Services Business

We contribute to the quality of life for our customers through diverse businesses that seek to provide comfortable lifestyles. For example, we build wooden houses that are good for both the

environment and for their residents, we appraise houses and we operate apartment complexes for senior citizens.

Apartment Complexes for Senior Citizens

Kyuden Good-Life Co., Inc.

Web site (in Japanese only): <http://www.kyuden-gl.co.jp/>



Artist's drawing of the planned Grand Garden Fukuoka Josui

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

Kyuden Good-Life will continue to serve senior citizens who wish to maintain active lifestyles.



Kyuden Care Town in Fukuoka Prefecture



Grand Garden Kumamoto in Kumamoto



Grand Garden Kagoshima in Kagoshima

Kyushu Electric Power offers stable dividends to its shareholders in keeping with its commitment to stably and efficiently supply electricity to its customers. We are strengthening our financial position and are investing to ensure sustainable corporate growth.

Management Targets

IR Web site: http://www.kyuden.co.jp/ir_irdate_meeting_index

Efforts to strengthen our price competitiveness, create new demand and reinforce our financial position under the five-year management plan we implemented in 2005 have borne considerable fruit.

Nonetheless, it will be hard to reach key profitability and financial stability targets—notably, free cash flow, ordinary income, return on assets, and the shareholders' equity ratio—owing to surging fuel costs, growing environmental issues and changes in the business climate that are far greater than we initially envisaged.

We plan to revise our management targets in light of these changes in the operating climate.

Midterm Management Policy Targets and Results

▼ Profitability and financial stability

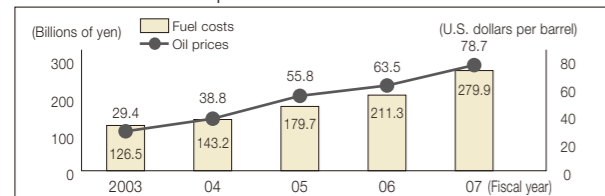
	Targets (Averages for FY 2005 through 2009)	Results (Averages for FY 2005 through 2007)
Free cash flow	¥120 billion (¥100 billion)	¥65.9 billion (¥57.7 billion)
Ordinary income	¥110 billion (¥100 billion)	¥105.4 billion (¥ 93.3 billion)
Return on assets	3% (3%)	2.3% (2.2%)
Shareholders' equity ratio	30% (30%) by end of FY 2009	26.3% (26.4%) by end of FY 2007

Notes: Free cash flow = Net income + depreciation and amortization + change in net receivables - capital expenditures
Return on assets = Net operating profit after tax ÷ average total assets
Figures in parentheses are nonconsolidated.

▼ Growth

	Targets (Increases between FY 2003 and 2009)	Results (Increases between FY 2003 and 2009)
New demand from electric power business	3.7 billion kWh	3.5 billion kWh
Non-electricity sales outside Group	¥100 billion	¥72.9 billion

▼ Fuel costs and oil prices



Note: Oil prices based on trade data

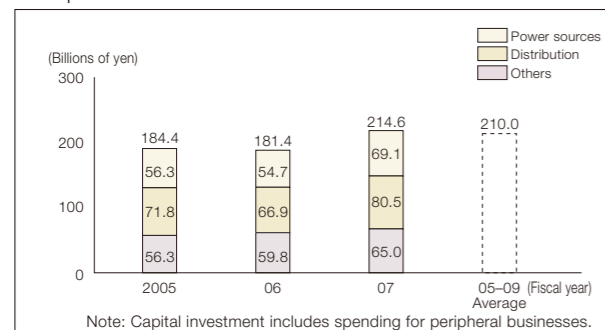
Management Efficiency

IR Web site: http://www.kyuden.co.jp/en_ir_library

We are ensuring safe and reliable supplies of electricity, while creating and maintaining efficient facilities, streamlining operations and striving to

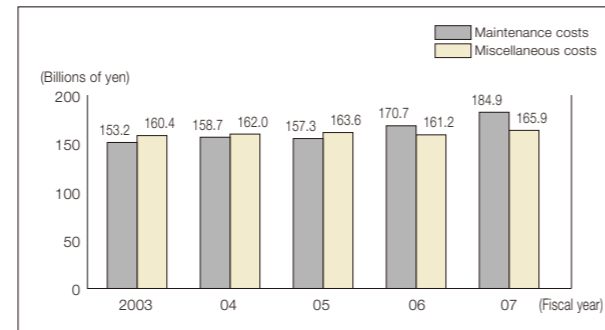
cut supply and fuel costs. We are using information technology to overhaul our clerical processes to bolster efficiency and employee productivity.

▼ Capital investment

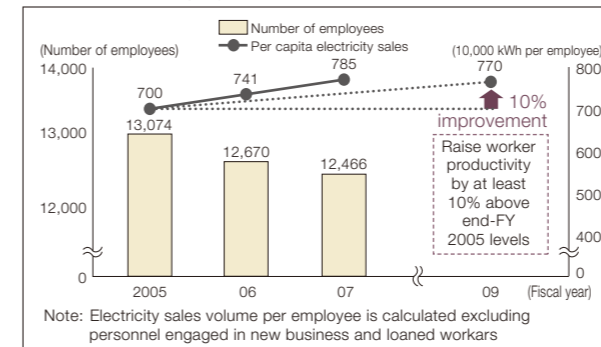


Note: Capital investment includes spending for peripheral businesses.

▼ Maintenance and miscellaneous costs

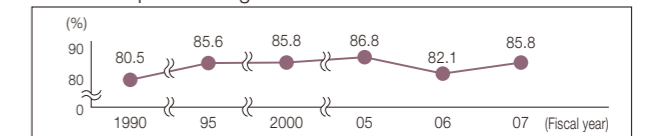


▼ Number of employees

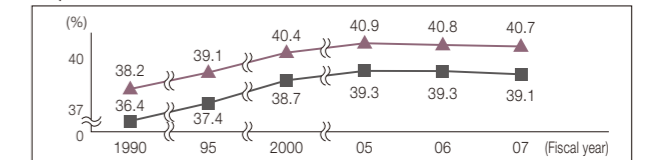


Note: Electricity sales volume per employee is calculated excluding personnel engaged in new business and loaned workers

▼ Nuclear power usage rates



▼ Thermal efficiency of thermal power stations



Overview of FY 2007 Results

IR Web site: http://www.kyuden.co.jp/en_financial_results.html

In FY 2007, power sales volume increased, causing consolidated operating revenues to rise 5.3% year on year, to ¥1,482.3 billion. Total ordinary revenues advanced 5.4%, to ¥1,493.5 billion. With regard to expenditures, total ordinary expenses were up 9.5%, to ¥1,421.2 billion, reflecting rises in fuel expenses and electricity purchases amid high fuel prices and increases in electricity sales. Another factor was the surge in maintenance costs, including those for regular surveys of nuclear power stations.

Ordinary income thus fell 39.0%, to ¥72.3 billion. Net income declined 36.7%, to ¥41.7 billion.

Segment Performances

● Electric Power

Operating revenues from this business increased 4.2% year on year, to ¥1,365.7 billion over the previous term, owing to higher electricity sales volume. Segment operating income dropped 34.6%, to ¥94.3 billion, reflecting rises in fuel and maintenance costs.

● Energy

Segment operating revenues increased 14.6% year on year, to ¥147.0 billion, as the number of consolidated subsidiaries rose by three during the year. Operating income climbed 24.5%, to ¥8.5 billion, due to a rise in completions of power plant repair projects.

● IT and Telecommunications

In this business, operating revenues were up 15.7% year on year, to ¥88.4 billion, reflecting the addition of one consolidated subsidiary and an increase in the number of lines for broadband services. We posted a ¥1.6 billion operating loss, against ¥1.3 billion in operating income a year

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

	FY 2007	FY 2006	Change	Percentage change
Total operating revenues	1,482.3	1,408.3	74.0	5.3
Other revenues	11.2	8.7	2.4	28.3
Total ordinary revenues	1,493.5	1,417.0	76.5	5.4
Total operating expenses	1,376.8	1,253.1	123.6	9.9
Other expenses	44.3	45.3	(0.9)	(2.1)
Total ordinary expenses	1,421.2	1,298.4	122.7	9.5
Operating income	105.5	155.1	(49.6)	(32.0)
Ordinary income	72.3	118.5	(46.2)	(39.0)
Drought reserve	—	—	(0.1)	—
Extraordinary loss	—	5.6	(5.6)	—
Income taxes	29.8	46.0	(16.2)	(35.2)
Minority interests in net income of consolidated subsidiaries	0.8	0.8	—	4.7
Net income	41.7	65.9	(24.2)	(36.7)

▼ Segment results (Billions of yen, %)

	FY 2007	FY 2006	Change	Percentage change
Electric power				
Operating revenues	1,365.7	1,310.1	55.5	4.2
Operating income	94.3	144.2	(49.9)	(34.6)
Energy				
Operating revenues	147.0	128.3	18.7	14.6
Operating income	8.5	6.8	1.6	24.5
IT and telecommunications				
Operating revenues	88.4	76.4	12.0	15.7
Operating loss	(1.6)	(1.3)	(0.3)	—
Others				
Operating revenues	24.8	25.9	(1.0)	(4.2)
Operating income	3.4	4.2	(0.7)	(18.2)

earlier, because the cost of sales rose in line with telecommunications equipment revenues.

● Others

Segment operating revenues were down 4.2% year on year, to ¥24.8 billion over the previous term, as proceeds from property sales declined. Operating income dropped 18.2%, to ¥3.4 billion.

Third-Party Assessments

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

Third-Party

Assessments



Director of The Inter-University Life-Long Learning Research Institute and professor at Kyushu Kyoritsu University, Kyushu Women's University, and Kyushu Women's Junior College

Professor Toshiko Hirata

Interest in environmental issues remained high in 2008, when Japan hosted the 2008 G8 Summit in Toyako, Hokkaido. With that in mind, I first read through pages 8 to 12 and 31 to 40 of this report to see how a large business like Kyushu Electric has fulfilled its corporate social responsibilities. My impression was that this third CSR Report from the Company made it easier to understand Kyushu Electric's philosophy and specific supporting initiatives.

Overall Structure

Page 20 of the report presented the results of a questionnaire survey of the 2007 report. The Company received passing grades in all seven elements. Still, it fared poorly in terms of compliance management and respect of human rights and employee care.

Incidentally, what would attract people to read this report? It has to be comprehensible, and it must be interesting enough to convince readers that Kyushu Electric deserves to remain in business.

It was noteworthy that this year's report presented a two-part special feature after the message from top management to cover the most interesting issues. I was pleased that the report retained the positive aspects of the previous version, while going beyond corporate philosophy to describe actual examples, and include tables and diagrams containing specifics.

What I Seek from Environmental Management

The G8 Summit underscored the notion that people around the world look to Japan to lead what is becoming a massive market for pricing and trading in carbon dioxide emissions. Page 11 of the report mentions that Kyushu Electric set up an office in April 2008 to consider an optimal energy mix. The Company has taken diverse steps to contribute to the environment by pursuing sustainability and recycling. I got the impression that Kyushu Electric started the new office because it felt that it had to return to basics.

I hope that the Company will be courageous enough to research and develop clean power sources. I would like efforts to be made around Kyushu that take advantage of its regional characteristics to include building a collaborative system with the government which includes subsidies and tax breaks. I hope to see such information in next year's report, as well as more data on the progress in the shift toward energy-saving, comfortable lifestyle that offer greater comfort.

Performance Benchmarks and Assessment System Needed

The editorial policy is to use this report to communicate with stakeholders by summarizing CSR concepts and initiatives. It might be too much to ask Kyushu Electric to establish performance benchmarks or assess its progress in those respects. Still, corporate reports that internally assess social value no longer satisfy most people. External appraisal bodies now set such standards. Therefore, I accordingly look for greater leadership from Kyushu Electric's CSR units. I suggest augmenting internal assessments from divisions with detailed evaluations from CSR units and a panel of external experts. The Company has admittedly established the Kyushu Electric Power Environmental Advisory Council of 11 outside experts to offer opinions. Still, I want comprehensive assessments that include detailed findings from discussions from each division.

Seeking More from Kyushu Electric

Around this time last year, the city of Kitakyushu attracted national attention by founding the Committee to Verify Administrative Protection of Livelihoods. The committee found that many people lived and died lonely without assistance lifelines, or even neighborhood friends, as the city modernized.

I would like Kyushu Electric to underpin its corporate image goals of making customers happy, earning society's trust, and enlightening our future by helping to provide health and cultural basics, including for those who could face lonely lives and deaths.

An elementary student said after an environmental education class that, "People who pick up garbage don't tend to litter in the first place." This reminded me of the zero-emissions approach to life since childhood.

Kyushu's first photochemical smog warning for 2008 was on May 22. The environment is worsening every year, threatening the entire ecosystem. We must tackle these warnings with radical therapies before it is too late.

Response to Third-Party Assessments

Since producing our first CSR Report, we have deemed it important to solicit third-party assessments and opinions to ensure the objectivity of this publication and increase trust among our readers.

For the 2008 version, we again sought input from Professor Toshiko Hirata of Kyushu Women's Junior College and also asked for an assessment from Professor Kazutake Okuma of Seinan Gakuin University. Both objectively analyzed the report and provided specific opinions and suggestions.

Professor Hirata recommended that we seek external assessments of our CSR efforts. We certainly intend to do more in that regard. We already maintain the Compliance Committee and the Kyushu Environmental Advisors Committee to solicit opinions from external experts, and endeavor to reflect the views of stakeholders in our action plans. We are also taking necessary steps to address the social issue of providing minimum standards of livelihood protection. We will work more in that area.

I was frankly surprised upon reading the 2008 CSR Report that Kyushu Electric so broadly practices corporate social responsibility.

In general, CSR gives the impression of a one-way street—companies behaving responsibly toward consumers, employees, communities, vendors and other stakeholders. Responsibility should also mean that companies engage with stakeholders to earn their trust. That is why I believe that an alternative term for CSR would be corporate social credibility. Companies exist to pursue profits. However, we have seen a string of scandals lately from businesses that have gone too far down that path, and have actually destroyed corporate value. In contrast, earning social credibility by building stakeholder trust will strengthen overall corporate value.

Impressions of the Report

So, when I read the 2008 CSR Report in light of what I have just written I noted that the message from management stated that the Company has been building trust with society and customers. In fact, Kyushu Electric has made such statements since the 2006 report, demonstrating the company's commitment to earning credibility.

Corporate governance and compliance management are CSR essentials. On the governance front, the report states that in FY 2007 the Company reviewed its Board of Directors and executive officer structures to clarify roles, created a new auditing system encompassing audition and internal checks, and built risk and crisis management structures. The report also says that six years ago the Company formed its Compliance Committee, which the president chairs, to ensure that management adheres to compliance and corporate ethics. However, two years ago Kyushu Electric, as did other electric power companies, revealed that it had improperly inspected generating facilities. The 2008 report reflects on that experience in showing that the Company has taken steps to prevent such a recurrence. We look for timely disclosure and proper responses to improper practices to gain stakeholder trust.

Businesses Unique to a Power Company

It has become particularly important in recent years for companies to engage with society. Shareholders and other investors can get the knowledge they need from business reports and other specialized documents. But consumers and local communities seek simple explanations of what companies are doing in their core businesses. So, basics for this report include describing the issues with generating and transmitting hydroelectric, thermal, geothermal, wind and nuclear power, and tackling the resources challenges with water, fuel and treatment. The report should also explain how these elements relate to safety and the environment.

Early on, the 2008 report describes energy resources, and uses graphs, tables, and illustrations to support detailed explanations about nuclear power generation, notably initiatives to manage radiation and environmental impact and safeguard against earthquakes. Earthquake measures at nuclear power stations have become an issue in Japan since the Niigata Chuetsu Offshore Earthquake in 2007. So, I found it interesting to read the clear explanations on page 12 about seismic surveys and the Company's firefighting units, and on page 13 and 29 about publicizing disaster and emergency information.

One general challenge is to employ wind and solar power to generate electricity. Renewable power represents a small proportion of Kyushu Electric's energy mix. Still, I would like the company to keep us informed about what it is doing in these areas (see pages 11, 40, and 60).

Antimonopoly Legislation Perspectives

The Antimonopoly Act now applies to the railroad, electric power, gas, and other industries that were once natural monopolies. The revision of the Electricity Utilities Industry Law enabled regular businesses to generate and sell electricity to power companies through tenders (see page 40). Given that backdrop, page 25 of the report mentions that the Company produced an Antimonopoly Act Compliance Manual and is informing employees abreast of this. On page 27, the report explains how the Company is procuring materials and fuel in line with its CSR commitment. From the legal perspective, Kyushu Electric Power is the most monopolistic company in its region. The section on page 27 is significant for highlighting efforts to prevent unfair trading, as the Company has purchasing clout that it could theoretically abuse. The Antimonopoly Act is now stricter, so I look for Kyushu Electric to comply with the law as part of its CSR commitment.

Finally, I note that while this report explains the breadth of Kyushu Electric's CSR activities, readers can learn even more about Kyushu Electric by accessing its Japanese Web site, which extensively explains the Company's activities.



Faculty of Law and Law School, Seinan Gakuin University, and Section Chief at the Law Department of Seinan Gakuin University Graduate School, and Doctor of Juridical Science

Professor Kazutake Okuma

Professor Okuma discussed disclosure and other responses in light of inappropriate business practices. We will continue to ensure timely and proper disclosure and present the details in our CSR Report. Page 25 of our report also covers our compliance with the Antimonopoly Act. We will further improve employee awareness of its requirements.

Both Professor Hirata and Professor Okuma sought more data on our natural energy initiatives and energy-efficient and comfortable lifestyles. We will do more in that regard.

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.



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

佐藤 光昭



Kyushu Electric participates in the Team Minus 6% program.



みんなで止めよう温暖化

チーム・マイナス6%