Outline of Business Management Plan for FY2009

March 2009

Kyushu Electric Power Company Inc.

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 4 goals:

1. **Steady and reliable, Earth-friendly energy.**
2. **Services that truly satisfy.**
3. **In company with Kyushu. And to Asia and the world.**
4. **Discovering solutions, and putting them into practice.**

(Established April 2007)

Contents

Introduction

- Under our Midterm Management Policy (2005-2009), Kyushu Electric Power Co., Inc. has been engaged in measures to ensure stable supply of electric power through the efficient development and maintenance of facilities and secured long-term fuel procurement. We have been also working hard to strengthen our price competitiveness, grow electricity demand through promoting electrification, and promote nuclear power generation such as our pluthermal project.

- The business environment surrounding Kyushu Electric has rapidly become uncertain because of turbulent oil prices, strained financial condition, and the global economic recession. Also in the long run the business climate is projected to change dramatically due to the growing global energy demand, the tightened energy resources availability, and the rising awareness on global environment issues.

- While responding properly to challenges in the current drastically changing business environment and the characteristics of electric power industry where facility formation takes 20 to 30 years, we established Long-term Management Vision to realize the Kyushu Electric Power's Mission. Based on this Long-term Management Vision, we also established Mid-term Management Policy starting in FY2009 for the next three years to respond to various issues that requires immediate investigation not to be too late with mid to long term perspective.

5 prioritized measures (management objectives) in the Mid-term Management Policy

I. Measures toward stable supply of electricity and responses to global environmental issues
II. Highly value added services that fulfill both comfort and eco-consciousness
III. Contribution on establishing sustainable society in Kyushu, Asia and worldwide
IV. Measures to enhance account structure capable of changes in circumstances
V. Personnel enhancement to attract next generation workforce

- This leaflet is prepared for better understanding of customers, shareholders and investors on our detailed plan based on Mid-term Management Policy.

- We will create sustainable corporate value through promotion of CSR-based management. We would like to request your support and cooperation for our efforts to further improve business management.

March 2009
Kyushu Electric Power Co., Inc.

Ⅰ Measures for stable supply of electricity and global environmental issues

In response to increasing importance of energy security and increasing awareness of global environmental issues, we will actively introduce solar, wind and other renewable energy sources centering on nuclear power which is superior in terms of supply stability, environmental characteristics, and economic efficiency.
We will also improve thermal efficiency and take steady measures on aged facilities to develop and maintain long-term stable facility formation to respond to global environmental issues and from viewpoint of an effective use of energy.

1 We will work to promote nuclear power generation and to actively develop and introduce renewable energy

- Development of Unit3 at the Sendai Nuclear Power Station
  - o Nuclear power generation takes an important role in energy security and measures on global environmental issues and has great economic efficiency.
  - o We continue our efforts to develop Unit3 at the Sendai Nuclear Power Station by FY 2019, with safety as our first priority.

Development Plan of Unit3 at the Sendai Nuclear Power Plant

- As a result of the environmental survey conducted since October 2003 at the site of Sendai Nuclear Power Station, we confirmed the feasibility of the additional development and submitted an overture to local governments at Kagoshima Prefecture and Satsuma-Sendai City.

  (- Outline of Facilities-
  - System: Advanced pressurized water reactor (Advanced PWR)
  - Output: 1.59 million kW)

- We will continue the environmental assessment procedures steadily including the national government's inspection on our preparation report of the environmental impact survey.
- In order to pursue the development project, we prioritize the understandings and cooperation from local community. We will promote better understandings about the development project by setting a general office of Sendai nuclear power in March 2009.

➢ Promotion of measures to establish nuclear fuel cycle

- o Nuclear fuel cycle is a recycling system to reprocess spent nuclear fuel used at nuclear power stations and by extracting resources reusable as nuclear fuels and is a crucial system for resource-poor Japan to secure stable energy.
- o As one of the measures on nuclear fuel cycle, we will steadily implement the pluthermal project to generate electricity with MOX fuel, which is made from plutonium extracted by reprocessing irradiated nuclear fuel and uranium.
- o Currently, we temporarily store irradiated nuclear fuel spent in our nuclear power stations in storage pool on site before shipping to reprocessing facilities. To ensure spare capacity of operation, we will investigate the enhancement of irradiated fuel storage capacity (Re-racking).
- o As a long-term measure, we will conduct surveys and investigation aiming to install interim storage facilities to ensure flexibility of the overall nuclear fuel cycle.

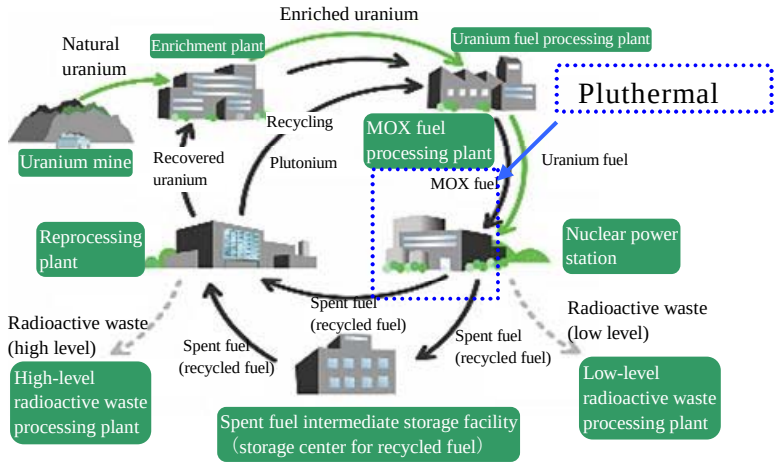
Pluthermal Project for Unit3 at the Genkai Nuclear Power Station

- · We plan to introduce pluthermal at Unit3 at the Genkai Nuclear Power Station and will steadily work to unload MOX fuels into the power station and the rest of the procedures aiming to load the first MOX fuel during regular maintenance starting in the late August 2009.
- · We will tale all possible measures on MOX fuel transportation and steadily implement the pluthermal project with the safe operation of nuclear power stations as our priority.

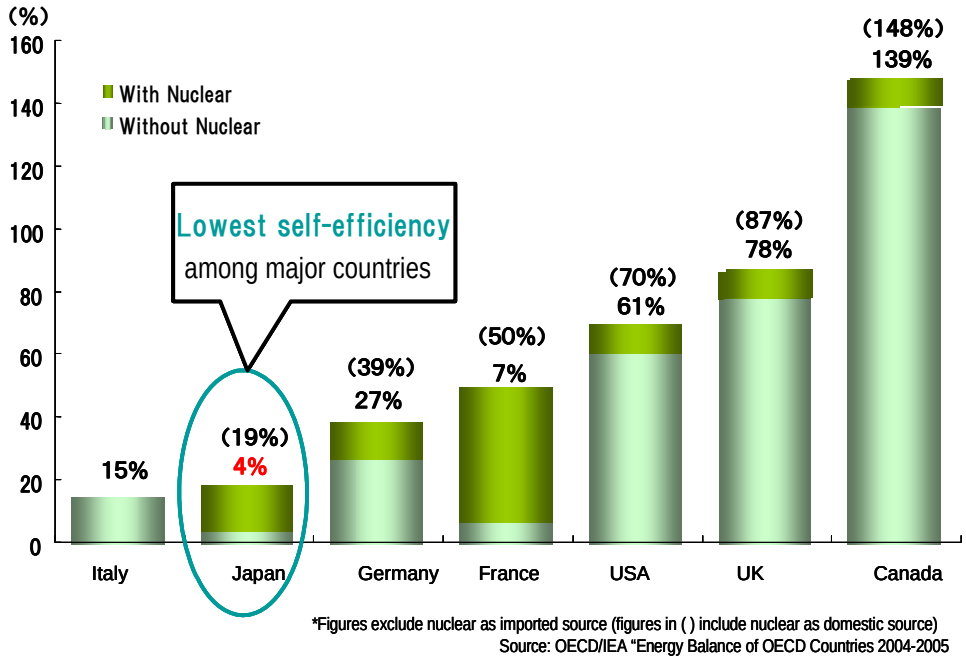
(Background)

- · September 2005 Government's approval for changes in nuclear reactor installation
- · March 2006 Preliminary agreement of Saga Prefecture and Genkai-cho based on safety agreement
- · October 2007 Commencement of manufacture of 16 MOX fuel rods
- · February 2009 Preliminary agreement of Saga Prefecture and Genkai-cho based on safety agreement on MOX fuel transportation

■ Nuclear Fuel Cycle



■ Self-sufficiency of Energy



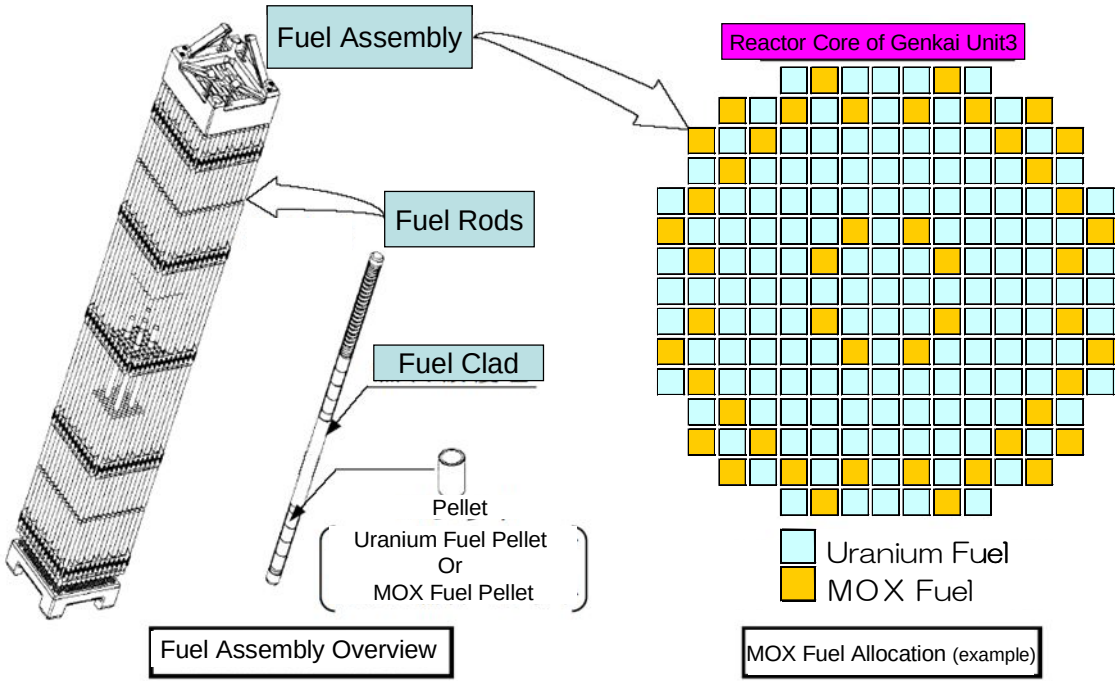
■ Pluthermal

Uranium fuel (spent nuclear fuel) used at nuclear power stations contains a substance called plutonium, which can be recycled as fuel.

"Pluthermal" involves utilizing the plutonium extracted from spent fuels as Mixed Oxide (MOX) fuel. MOX fuel is made of plutonium extracted from spent fuels and uranium, and is loaded into the nuclear reactor currently in use (thermal reactor).

At Genkai Unit 3, we plan to load 48 MOX fuel rods, which is one fourth of the total 193 fuel rods, into the reactor.

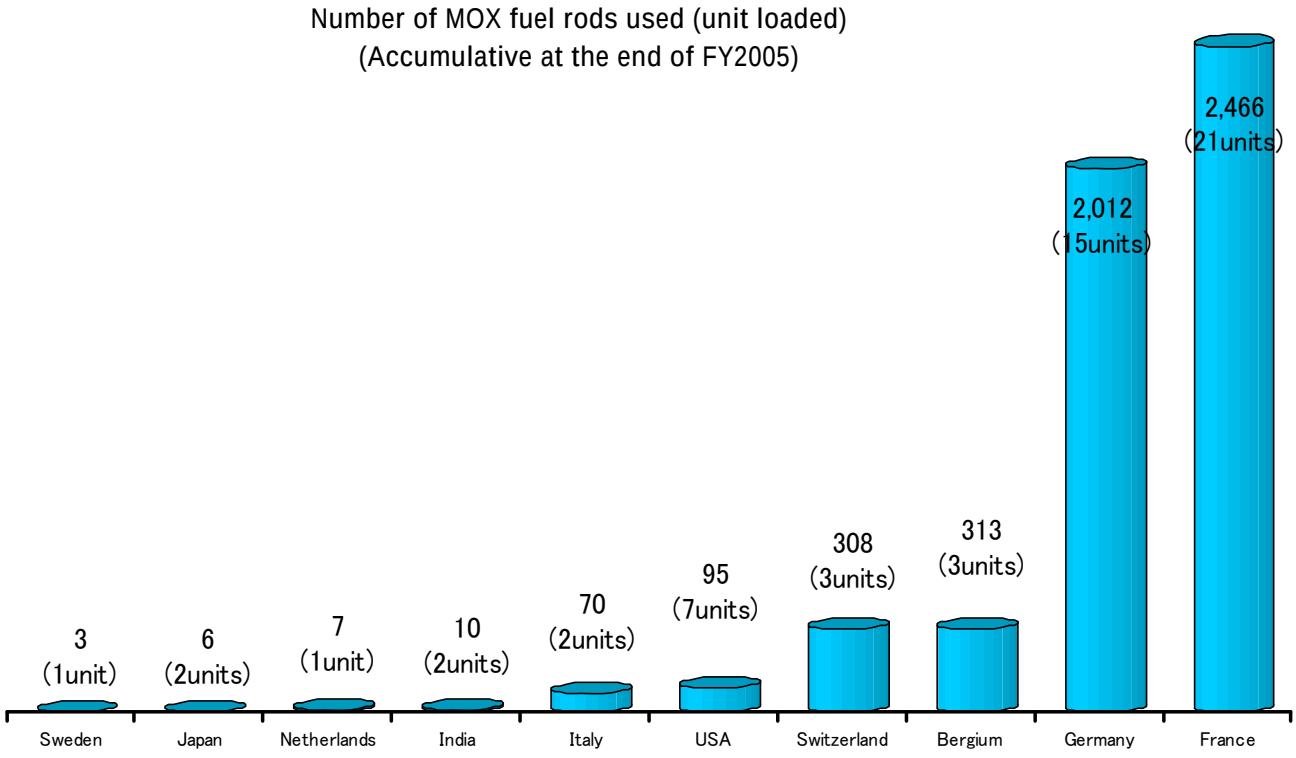
[Fuel Assembly and Example of MOX Fuel Allocation]



■ Pluthermal Performance

Pluthermal has been implemented at nuclear power plants all over the world since 1960's. At 57 units mainly in France, Germany, Belgium, and other European countries, approximately 5,290 units of MOX fuel have been safely loaded.

In Japan, The Japan Atomic Power Company's Unit 1 at the Tsuruga Nuclear Power Station and The Kansai Electric Power Company's Unit1 of the Mihama Nuclear Power Station have experimentally implemented pluthermal and confirmed its safety.



Source: Japan Atomic Industrial Forum Inc., "World Trend of Nuclear Power Generation Development 2005"

➢ Active development and introduction of Renewable energy

- o We engaged in active development and introduction of renewable energy sources such as wind, solar, hydro, and geothermal power generation.
- o We set introduction target for wind and solar power of 1 million kW output capacities respectively by FY2017.
- o Our obligation under RPS law for FY2008 (750 million kWh) is expected to be achieved.

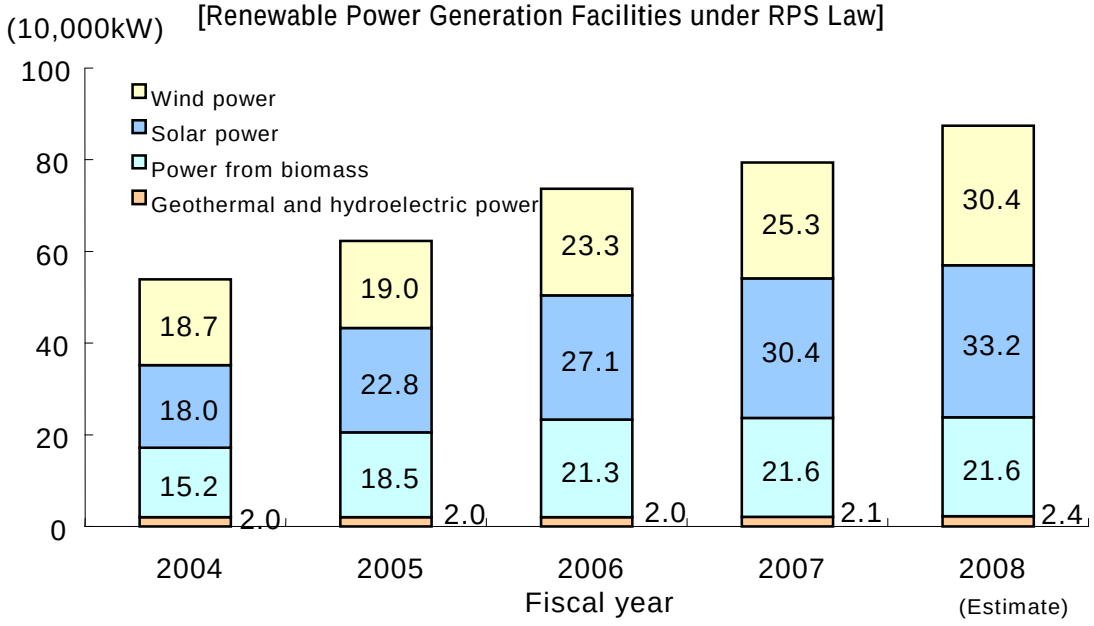
*RPS (Renewables Portfolio Standard) Law: A special measures law related to the use of new energies

[Introduction of Renewable Energy]

	Generated Power (100million kW)		Output Capacity (10,000 kW)	
	FY2007	FY2017	FY2007	FY2017
New energy	12	28	79	224
Wind power	4	16	25	100
Solar	2	6	30	100
Biomass	6	6	24	24
Hydroelectric (excluding pumped storage)	45	58	185	185
Geothermal	14	16	21	21
Total	71	102	285	431

Note 1: New energy for 2017 is a newly introduced target.
Note 2: Including excess power contracts with outside companies.

[Renewable Power Generation Facilities under RPS Law]



*Figures include wind power, solar, geothermal (binary power generation, power generation with hot spring water etc), hydroelectric (1,000kW or less), biomass (organic energy resources from livestock and plants and non-industrial waste power generation using biomass sources)

(a) Wind power

o Based on the assessment of the impact on system prepared with the actual data of wind power generation, we have expanded the connection capability from 700,000 kW to 1,000,000 kW in November 2008.

o We have accepted 600,000 kW by FY2008 and will accept the rest 400,000 kW in the next 2 to 3 years.

o We will investigate and assess wind condition aiming to develop our own wind power generation facilities.

(b) Solar power

o We will develop solar power facilities at our brunch offices, sales offices and power station sites. (FY2017: approx. 30,000kW)

o Feed-in Tariffs will be introduced to enable domestic households to sell extra electricity generated by their solar power facilities to local power companies at fixed prices and will boost the spread of solar power. We will implement proper countermeasures on technical issues including voltage rise and fluctuation of frequency in case of a drastic proliferation of solar power connected to our power network.

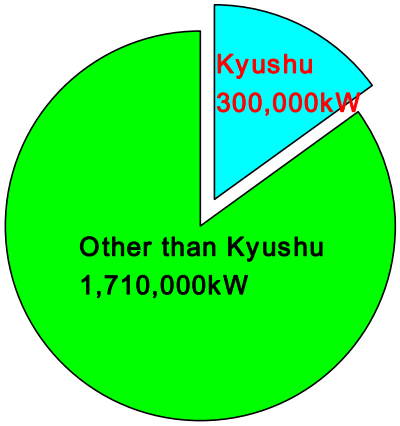
- Specific Examples –
  - Mega-solar facility development at the site of Minato Power Station in Omuta city, Fukuoka with 3,000 kW output (scheduled commencement in FY2010)
  - Installation of solar power equipment at all of our offices by FY2013 with 5,000 kW output capacity total

[Mega-Solar Power Generation Facility]

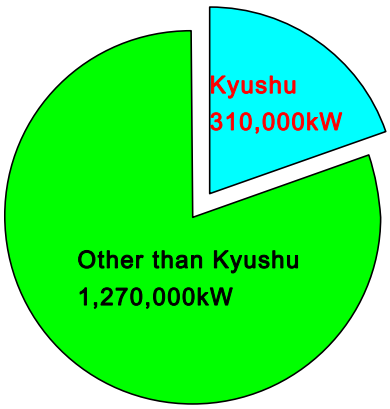
[Outline of Mega-Solar Project]

Location	Omuta City, Fukuoka
Output Capacity	3,000kW
Annual generation	3,150,000 kWh
CO_2Reduction/year	1,300t
Commencement Schedule	Construction : FY2009- Operation:FY2010-

[Wind Power Facility]



[Solar Power Facility]



Source: Agency for Natural Resources and Energy RPS Law website “Facility Status as of Dec. 31, 2008”

(c) Hydroelectric power

o We will conduct regular development and surveys on hydroelectric power stations suited to economics and site environment, and develop power generation using river dam maintenance flows*.

*Minimum stream to maintain river environment to protect ecosystem around downstream of dams

- Specific Examples –
  - · Development of Kisegawa Power Station (Saga Pref. FY2011)
  - · Development Shin-Kosa Power Station (Kumamoto Pref. FY2014)
  - · Development of maintenance flows power generation at 3 locations (Kawahara, Kami-Shiiba, and Hitotsuse in Miyazaki Prefecture, 730 kW total output)
    *Redevelopment of existing Kosa power station (Upscale of output 3,900→7,200 kW)

(d) Geothermal power

o We will conduct survey and collect data on sites considered promising in terms of an abundance of geothermal resources.

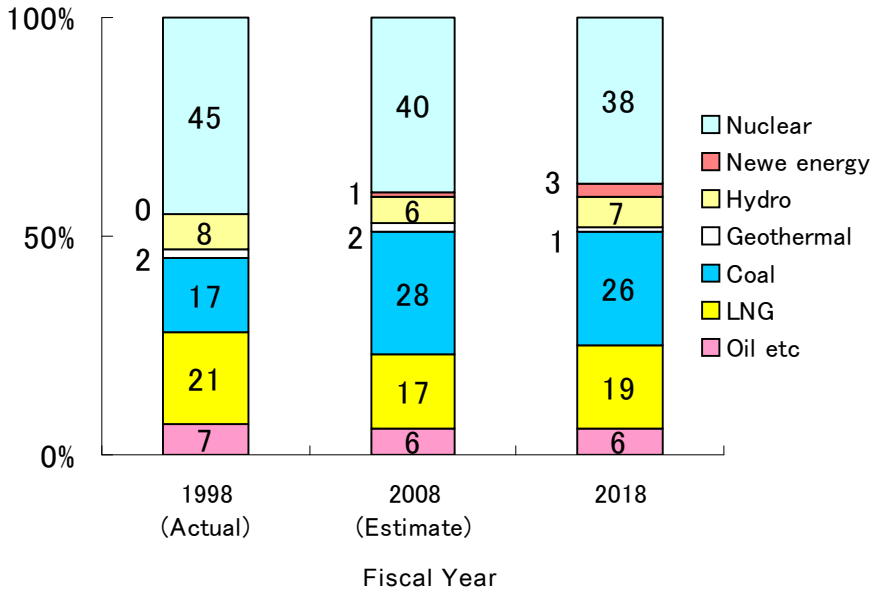
o Geothermal power generation can provide more stable electricity all throughout the year than other renewable energy sources.

[Utility Factor of Renewable Energy Sources]

	Geothermal	**Solar**	**Wind**
Utility Factor	**70%**	**12%**	**20%**

Source: Agency for Natural Resources and Energy

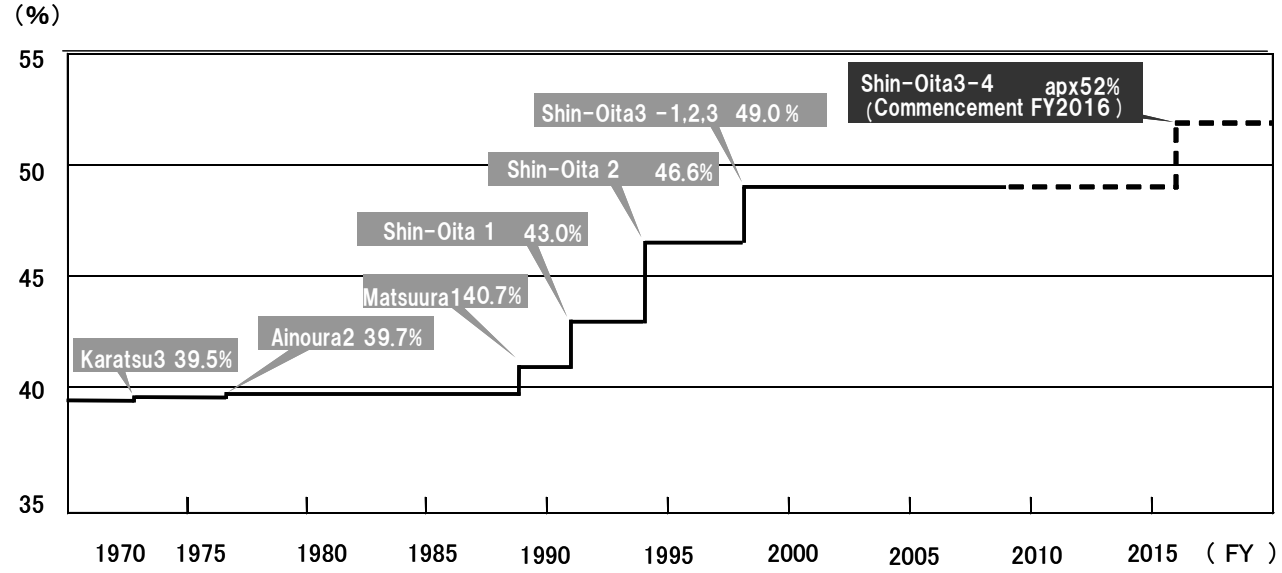
[Power Source Development Plan (including purchases from other companies)]



2 We will promote stable and efficient facility formation by improving facility efficiency and maintaining aged facilities.

- Efficiency Improvement of Thermal Power Generation Facilities
  - o We will work to improve thermal efficiency in view of energy utilization and in response to global environmental issues.
    - Specific Examples –
      - · Replacement of gas turbine of Unit 1 at Shin-Oita thermal power station (FY2009-2012)
      - · Development of 400,000 kW-size Unit3-4 at Shin-Oita thermal power plant (FY2016)
      - · Investigation of the maintenance of rated output operation at Hatchobaru and Otake power stations

[Thermal Efficiency of Kyushu Electric's Thermal Power Facilities]



- Steady Development of Omarugawa Power Station
  - o As pumped storage power station has great load following capability with prompt start and stop, we position pumped storage to be a ready source at peak and emergency. We will steadily develop Omarugawa Power Station, where two units have started operation by FY2008, to complete commencement of all units with maximum output of 1.2 million kW (4 units of 300,000 kW each) by FY2011.

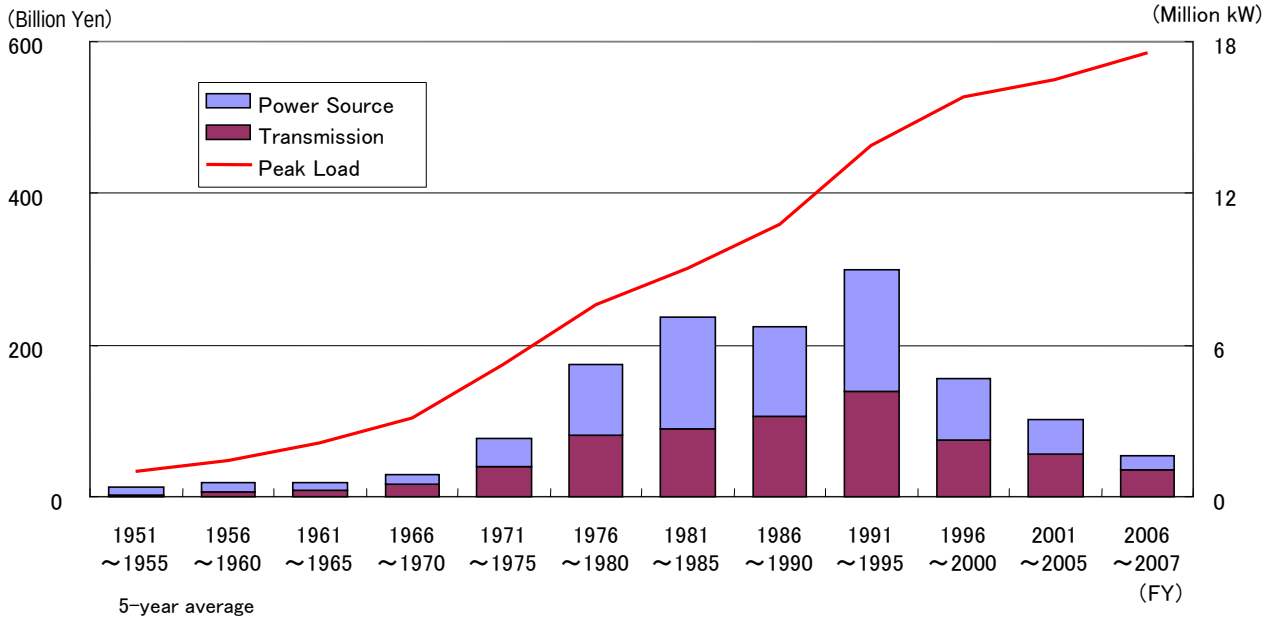
- Promotion of dam management advancement and renewal in main streams
  - o We will work on power station renewal aiming to utilize hydro resources. We will also promote advanced dam management to response appropriately to changes in natural environments including torrential rains and the aging of facilities.
    - Specific Examples-
      - · Dam renovation aiming to improve stream capacity and sand elimination function
      - · Additional installation of meteorological and hydrometeor equipment to improve the forecast accuracy of rainfall and river flow
      - · Reinforcement of monitoring network on river condition

➢ Proper Maintenance and Renovation of Aged Facilities

o Many of our power generation facilities were built to meet growing electricity demand along with high economic growth and the composition of aged facilities will rise in the future. In order to maintain stable facility formation in the long run, we will implement systematic maintenance and renewal of aging facilities.

- Specific Examples –
  - · Detailed inspection and maintenance of aged facilities and systematic replacement
  - · Accuracy improvement of the estimate on lifetime of electric wire based on the result of the data analysis of facility troubles and deterioration

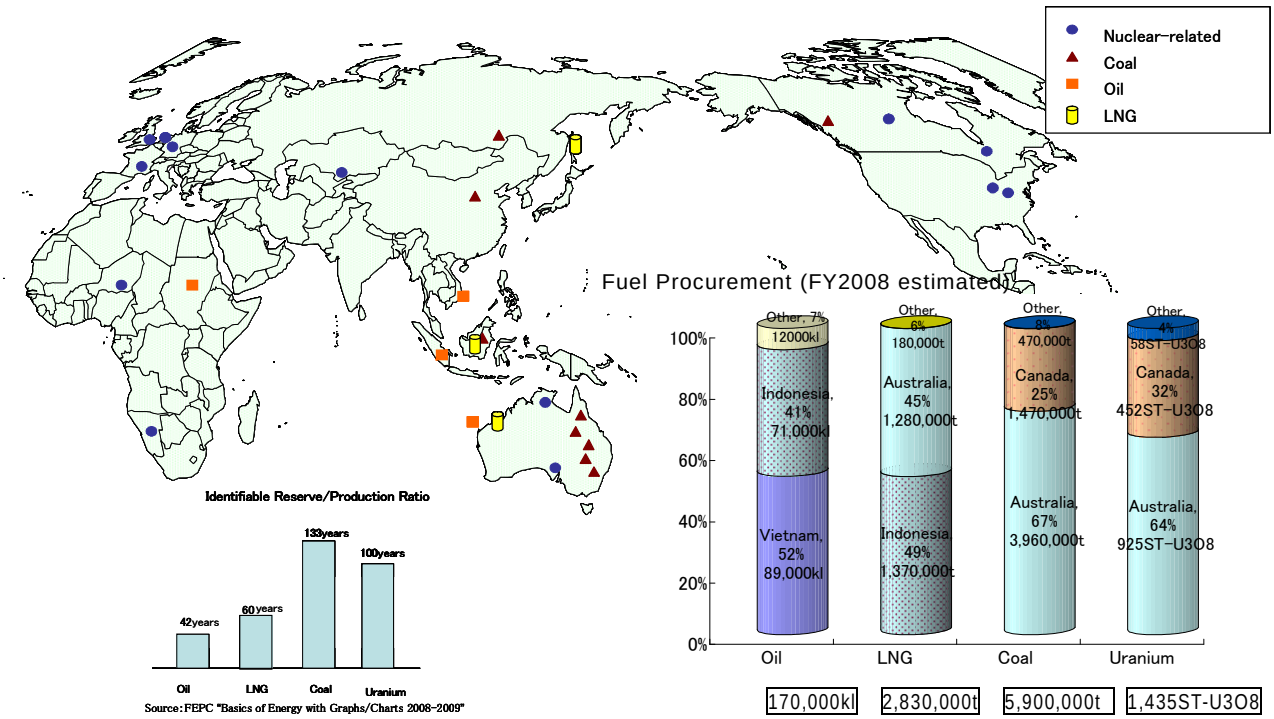
[Capital Investment (extension work)]



3 We will address long-term and stable fuel procurement

➢ Promotion of diversified supply sources

o In addition to Australia and Canada, both abound in resources and politically stable, we procure resources from Indonesia and other countries to reduce fuel procurement risk.



➢ Stable and efficient fuel transportation

o We will reduce transportation cost and realize stable procurement by utilizing own LNG vessel (commencement in April 2009)

➢ Investigation to acquire upstream interest of uranium and other resources

o Long-term and stable procurement of uranium is crucial as nuclear power development is getting more awareness around then world as a countermeasure on global environmental issues. Therefore, we have been participating in a new uranium mine development and production project in Republic of Kazakhstan since September 2007.

Kyushu Electric's own LNG vessel (Pacific Enlighten)

・Capacity：145,000m^3(67,000t)

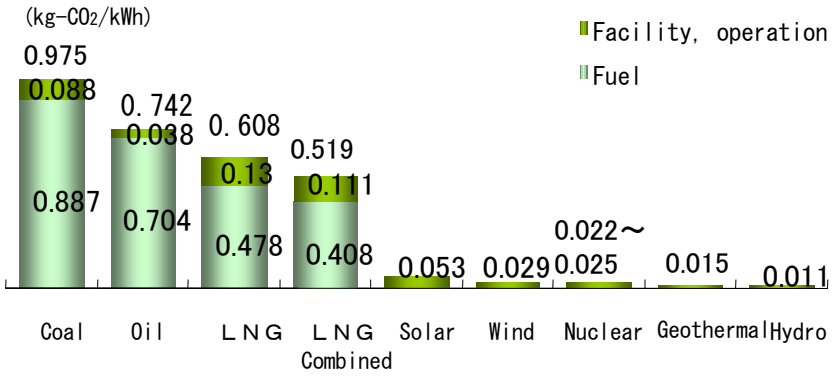
Participation in Uranium Mine Project

・Name：Kharassan Mine
・Reserve 186,000t(MTU)（estimate）
・Period：2008～2050
・Production：5,000t(MTU)/year
・Procurement：50t(MTU)/year
・Interest：2.5%

4 We will work to reduce CO_2 emission with a goal of 20% reduction in end-use CO_2 emission intensity over FY2008-2012 in comparison to our FY1990 actual result

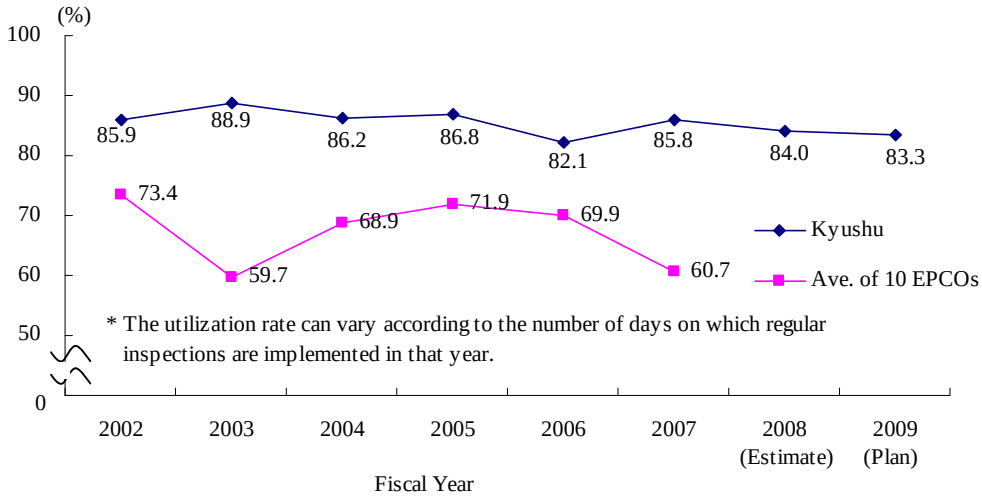
- Maintaining a high nuclear utilization rate by pursuing safe and stable operation of nuclear power facilities
  - o As nuclear power emits no carbon dioxide during power generation process, it is taking an important role in pursing measures against global warming. In order to maintain high utilization rate of nuclear power, we will work to maintain safe and stable operation of nuclear power stations and implement constant rated nuclear power operation* and thorough preventive maintenance. (1% improvement of utilization factor has CO_2 reduction effect of 300,000t / year)
    *Method to operate nuclear power facility while keeping reactor thermal power around the maximum approved level. In winter time when water temperature in the ocean is low, thermal efficiency becomes higher and output increases by 1 to 4%)
  - o We will promote smooth operation by steadily implementing seismic safety evaluation and seismic safety margin improvement measures while responding to the introduction of new inspection system* properly.
    *Revised from the fixed inspection based on schedule applied to all nuclear power facilities, this system requires regular maintenance to inspect facility condition in operation based on detailed maintenance plan suited for each facility based on the characteristics to enhance safety and reliability.

[Lifecycle CO_2 emission intensity by power source]



Note: The figures include all energy consumed from resource mining to construction of power generation facilities, transportation and refinement of fuel, operation and maintenance. Nuclear also includes reprocessing of irradiated nuclear fuel, pluthermal operation, and disposal of high-level radioactive waste.
Source: Report from Central Research Institution of Electric Power Industry

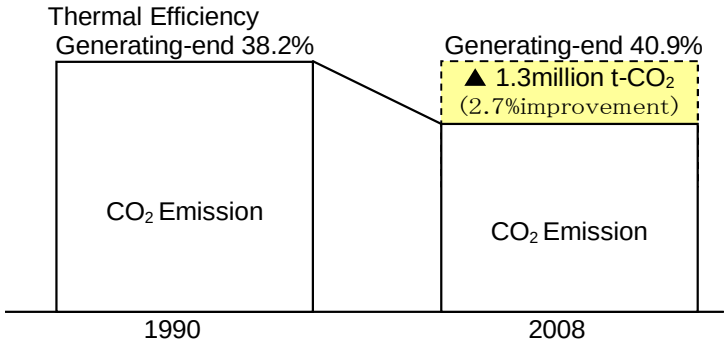
[Nuclear Power Utilization Rate]



- Maintenance and improvement of thermal efficiency
  - By improving thermal efficiency at thermal power stations, we can reduce fuel consumption amount and CO_2 emission. Therefore, we will work to maintain and improve thermal efficiency by developing high-efficiency LNG combined cycle power generation and maintaining high utilization rate operation at thermal power stations in order to reduce CO_2 emission.
  - In FY2008, we consumed fossil fuel equivalent to approximately 7 million kilo liter of heavy oil, which means we saved approximately 460 thousand kilo liter of fuel by improving thermal efficiency compared to FY1990. With this reduction amount, we reduced CO_2 emission by approximately 1.3 million t-CO_2

    (Improving thermal efficiency by 1% leads to fuel saving equivalent to approximately 170,000 kilo liter of heavy oil and approximately 500,000t of CO_2 emission annually based on consumption amount in FY2008)

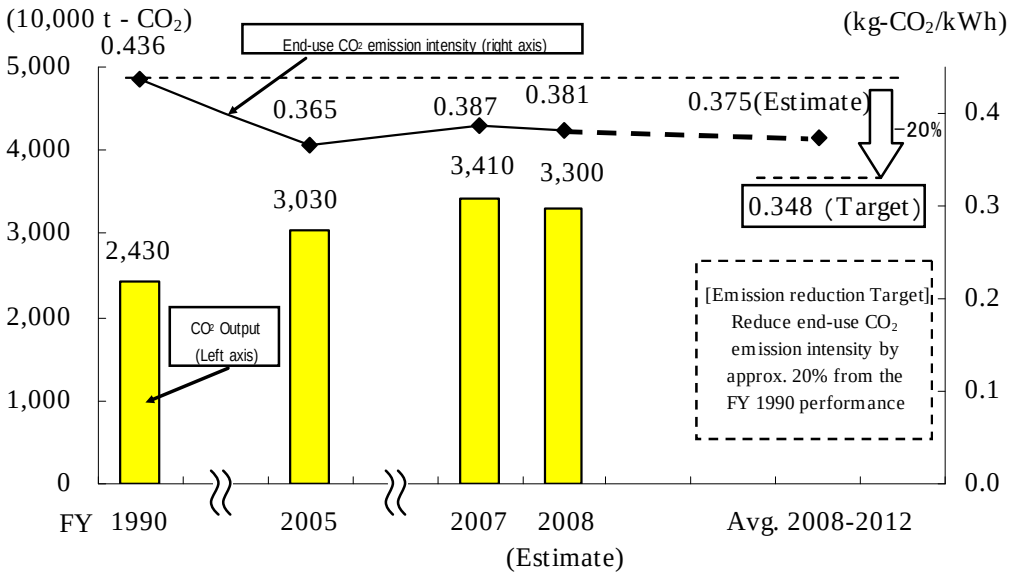
[CO2 Reduction Effect of Thermal Efficiency Improvement]



- Utilization of Kyoto mechanism including CDM*
  - We are utilizing Kyoto mechanism, which is globally recognized system to reduce greenhouse effect gases including investments in Prototype Carbon Fund, Japan Greenhouse gas Reduction Fund and other funds and purchases of carbon credit, while participating in experimental domestic emissions trading.

    *CDM: Clean Development Mechanism: a mechanism where developed countries support emission reduction projects of developing countries and gain the reduction amount

[Trends in CO_2 Emissions, and End-use CO_2 Emission Intensity]



Note 1: CO2 emission intensity is the amount of CO2 (kg) emitted upon consumption of 1kWh electricity
Note 2: CO2 emissions and CO2 emission intensity excludes carbon credit

5 We will work on research and development for safe and stable supply of environmentally-friendly energy

- R&D aiming to expand the usage of renewable energy
  - Investigation of the impact of drastic introduction of solar power on power network
  - R&D on bio fuel and biomass power utilizing geographical characteristics including livestock biomass

- R&D on improvement of energy efficiency and reduction of CO_2 emission
  - Research on technical assessment of Advanced Ultra Super Critical (A-USC) and Integrated Gasification Combined Cycle (IGCC) envisioning future introduction on own thermal facilities
  - Technical evaluation research on Carbon Dioxide Capture and Storage (CCS)
  - R&D aiming for electrification in agricultural, forestry and fishery industries utilizing heat pump technology

- R&D on high-efficiency lithium-ion battery and power storage
  - Development of clean and eco-friendly equipment utilizing high-efficiency lithium-ion battery and research on power storage equipment
  - Research on building infrastructure to encourage widespread of electric vehicles including high speed battery charger
  - R&D on superconductivity

- R&D on new resources and new energy
  - R&D on effective use of coal ash
  - R&D on dehydration and desiccation of high-moisture brown coal (low grad coal)

Development of High-efficiency Lithium-ion Battery

We are collaborating with Mitsubishi Heavy Industries, Ltd. On the development of a high-efficiency lithium-ion battery for use in electric vehicles and plug-in hybrid vehicles which can be charged from household wall socket. R&D is now conducted for further safety level and studies are also being carried out with a view to expanding to other usage including portable power generation equipment and reducing production costs.

Lithium-ion Battery

Powetable power generation equipment
"Ele-Kiteru"

Large capacity type

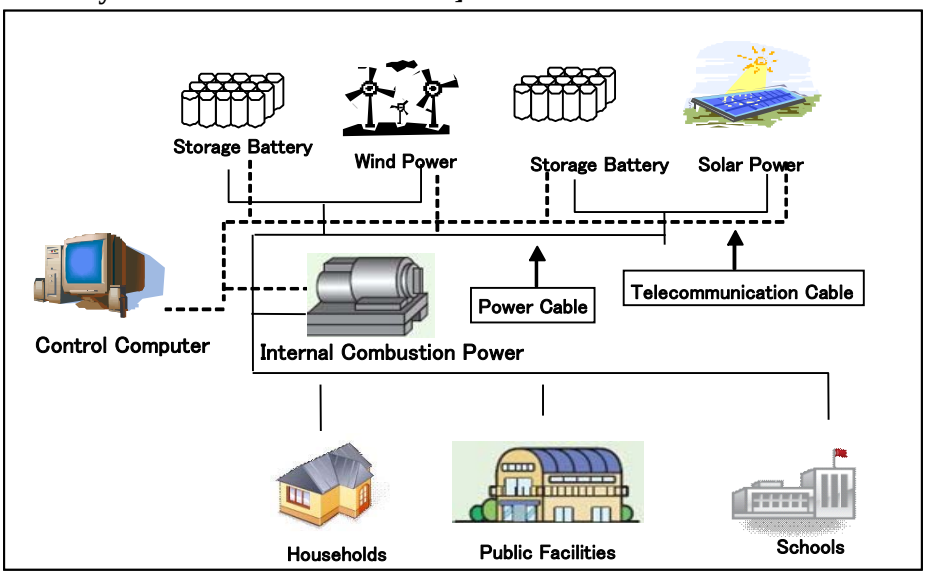
On-wheel type

Cell phone charger type

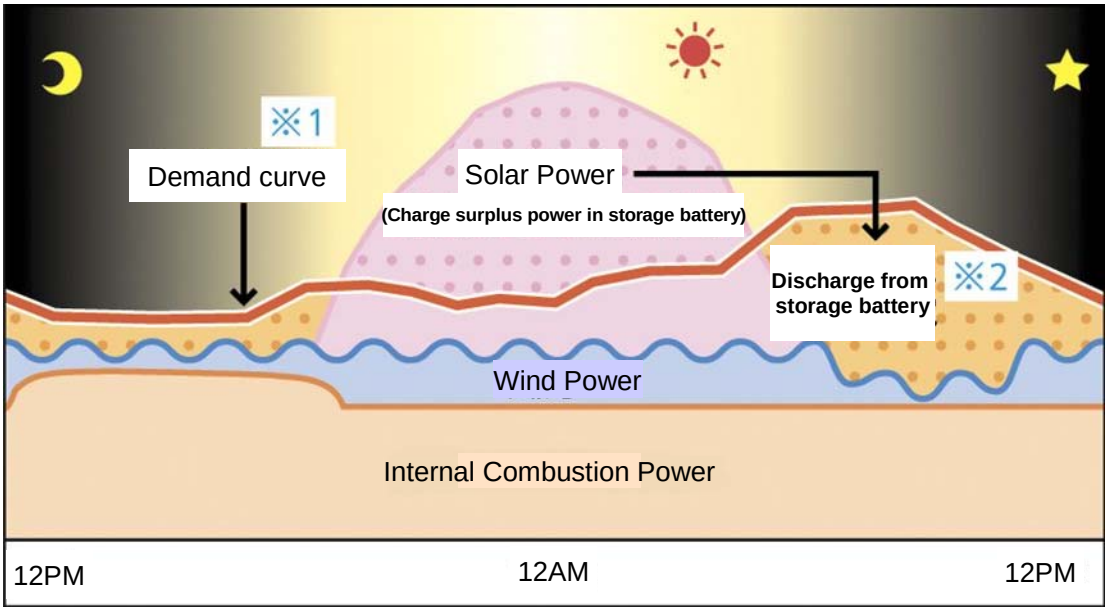
6 We will work on stable and efficient supply of electricity in isolated islands based on each island's geographical characteristics

- Demonstration experiment of micro grid combining solar, wind and other power sources
  - In isolated islands with no power network connected to the main island, electricity is provided with internal combustion (diesel power) facilities on each island. From viewpoints of energy security, global environment conservation and economic efficiency, we will investigate optimal power supply system suitable for each island's characteristics.
  - As part of the investigation, we will develop micro grid system combining solar, small-sized wind and other renewable energy sources with existing internal combustion facilities and conduct demonstration experiment (examination and evaluation on power network operation and control aspects and economic efficiency) in FY2009-2012.

[Micro Grid System for Isolated Islands]



[Daily Demand and Supply Balance]



*Charge with solar power in daytime and discharge in nighttime

Ⅱ Highly value added services that fulfill both comfort and eco-consciousness

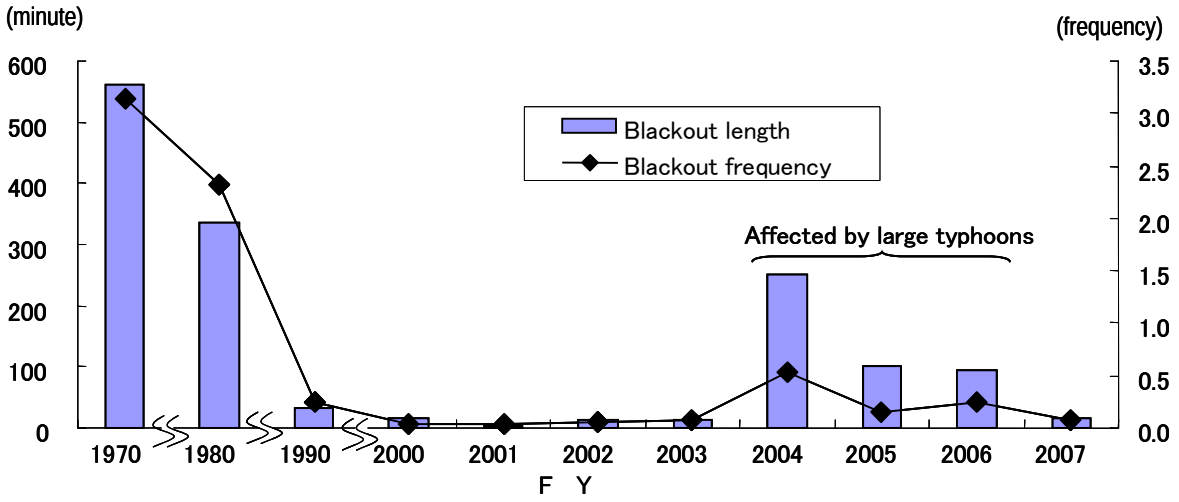
We will provide quality electricity to response to the rising importance of electricity as a lifeline as well as services to meet customers' sophisticated and diversified expectation and needs.

We will also actively support customers' energy-saving efforts to reduce CO_2 emission by promoting "Comfort and Eco-friendly Lifestyle" and proposing comprehensive solutions to energy-related problems customers face.

1 We will provide stable and quality electricity to customers.

- Maintaining high supply reliability
  - o We will maintain the level of trust by improving transmission and distribution network, improving operation and maintenance techniques, and sophisticating facility operation and management.
  - o We will also work to establish solid core network which can prevent large-scale and long-lasting blackout in case of transmission network troubles.
    - Specific Examples –
      - · Expansion of 500,000V core network including new development of Kitakyushu main line (double routing of 500,000V transmission line etc)
      - · Installation of current limiting arcing horn to reduce impacts of thunder to customers
      - · Expanded introduction of sophisticated network operation system and voltage control based on actual data utilizing switches with built-in sensors
      - · Airlift training of generator vehicle and other specialized vehicles by large helicopter of Japanese Self-Defense Forces

[Annual Blackout Frequency per Household]



2 We will develop and provide services that meet customers' needs.

- Enhancement of interactive communication with customers
  - o Utilizing every opportunity including customers' round-tables and customer visits, we will listen to comments and needs from customers and provide optimal services to customers utilizing cutting edge IT and other technologies.

Development of Optimal Services

Customer opinions

[Collection of Customer Opinions and Requirements]

- Daily operations, conferences, customer visits, call centers, websites etc.

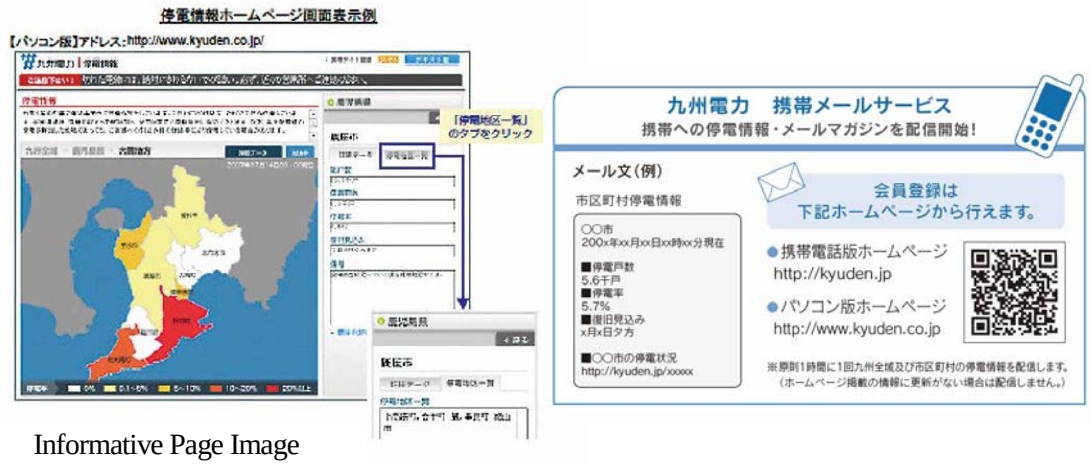
[Provision of Services (e.g.)]

- Rapid restoration of service after blackouts, and transmission of information on power outages in emergencies by mobile phone.
- Rapid and precise customer response utilizing mobile devices.

Advanced technology

- Enhancement of blackout information mail delivery service
  - o When typhoons and other emergency disasters cause blackouts, we provide detailed information including estimated recovery time on our website both for PC and for mobile device, as well as text messages to customers' mobile device registered in advance.

■ Information transmission in emergency and disasters



Informative Page Image

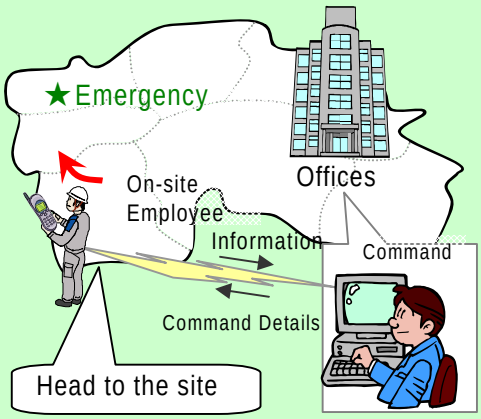
➢ Prompt and accurate customer service utilizing mobile devices

o We will work to provide prompt and accurate customer services including prompt services by closest workers to the location utilizing GPS function installed in mobile phones and smooth one-stop procedure at site utilizing mobile devices.

Prompt service by the closest workers

Example: Emergency response

An employee closest to the site heads to serve initial response

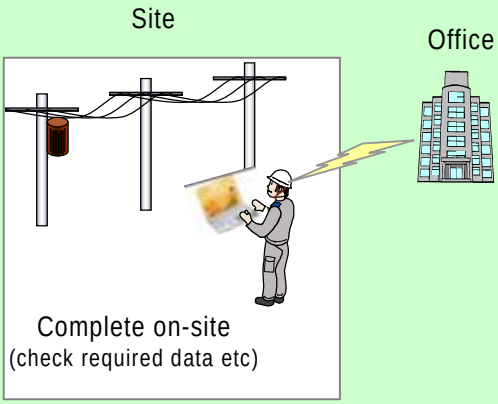


○ Prompt response to emergency incidents
○ Prompt services to customers

One-stop procedure at site

Example: Design work

Investigation, design, and data transfer on site



○ Improvement of operation accuracy
○ Efficient and speedy operation

➢ Systematic introduction of new electric meters

- o We will develop and systematically introduce new electric meter (unit mater) with communication function to low voltage customers.
- o In FY2009, we will introduce the new meters to approximately 10,000 households as a verification test to examine remote meter-reading system's practical use.

-Main Expected Future Effect after Introduction of Low-voltage New Electric Mater-

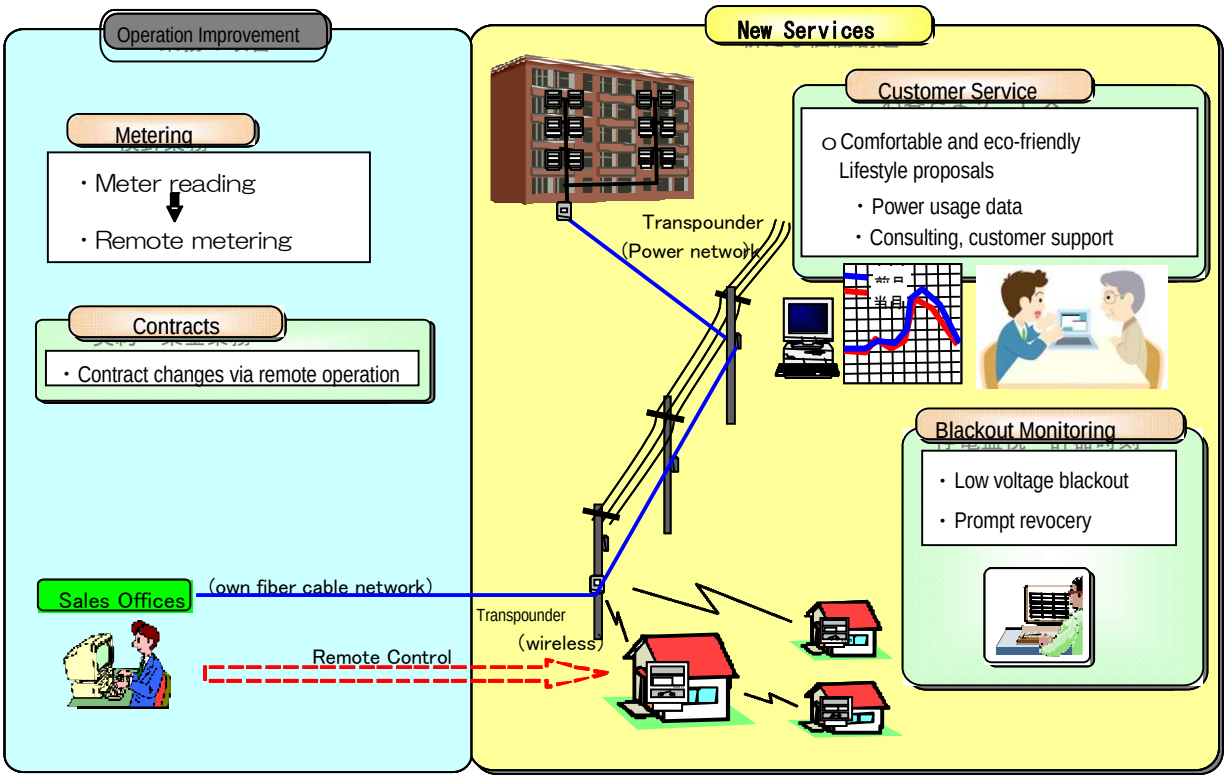
○ Improvement of customer service

- · Data service on electricity usage and propose of "Energy-saving and Comfortable Lifestyle" including energy-saving consultation
- · Prompt recovery by determining the low-voltage blackout area

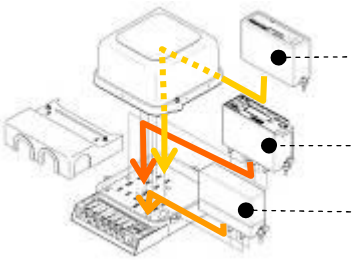
○ Improvement of operation efficiency

- · Operation efficiency improvement by remote mater-reading

[Operation Flow after Widespread of Low-voltage New Electric Meter]



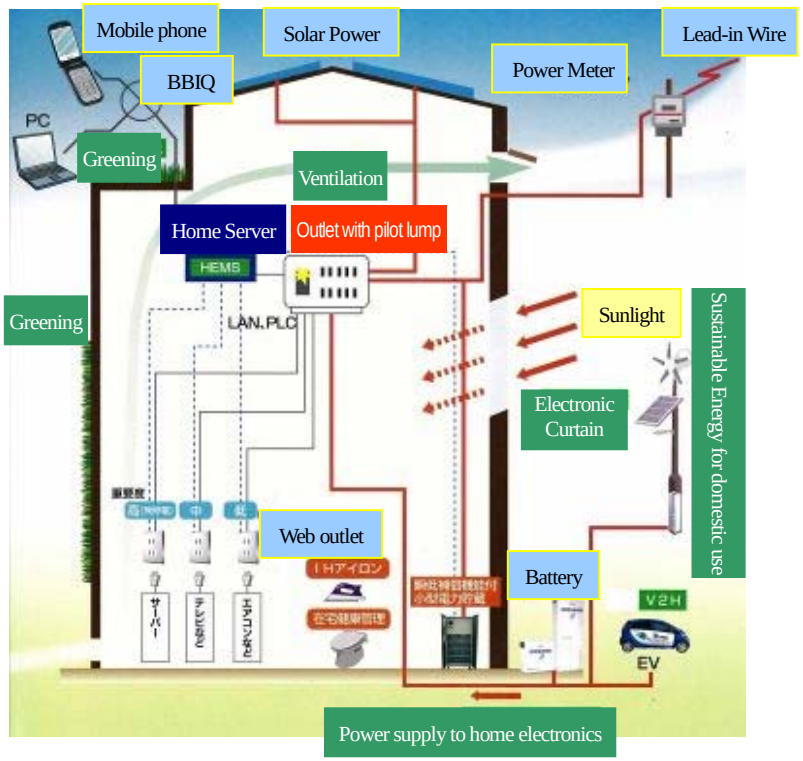
■New low-voltage meter (Unit meter)



- Measures to develop technologies and build infrastructure to encourage the spread of electric vehicles
  - Toward the widespread of electric vehicles, we are working on the evaluation of aged EV batteries and developing infrastructure including the high-speed charger for EV that we are currently developing.

[Electric Vehicle and High-speed Charger]

- **Development and investigation of new ways to use electricity including intelligent houses utilizing information technology**
  - Intelligent house is an experimental house utilizing electric technologies and IT to realize ease-of-mind, safe, and comfortable life with eco-friendliness and cost-savings. We will propose ahead-of-times lifestyle including energy saving lifestyle through our research at this experimental house that we established inside our own R&D facility.



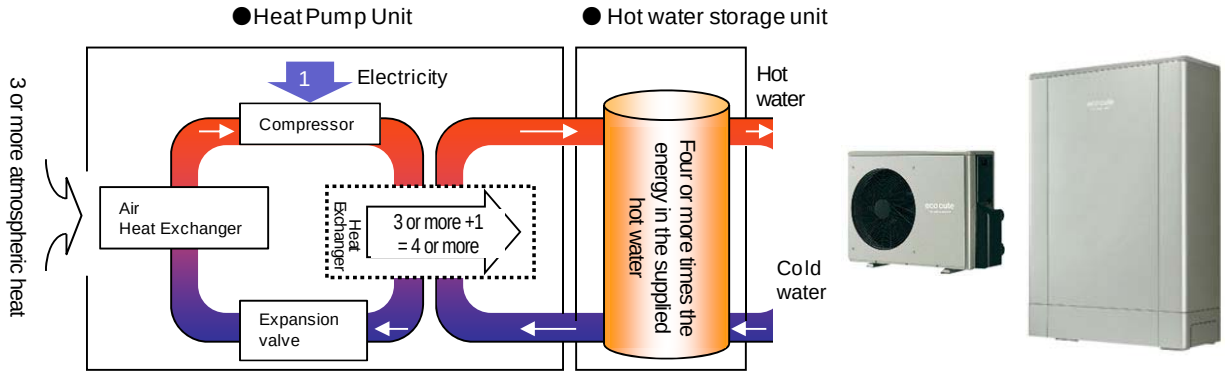
3 We will provide services to improve energy use efficiency of customers.

By promoting "Energy-saving and Comfortable Lifestyle" and providing comprehensive proposals on energy, we are aiming to reduce customers' CO_2 emission by 90,000t in FY2009.

- Promotion of "Energy-saving and Comfortable Lifestyle"
  - Based on the rising awareness of global environmental issues and energy resources issues, we will cooperate and work with customers on "Energy-saving and Comfortable Lifestyle" to support customers to use electricity skillfully and in an efficient manner to achieve a comfortable and eco-friendly lifestyle.
    - Specific Examples –
    - · Collecting energy-saving ideas from customers
    - · Active PR on energy-savings
    - · Proliferation of all-electric especially of highly energy saving Eco Cute

Eco Cute

Eco Cute is a high-efficiency heat pump making effective use of the natural heat in the air, and as such is able to extract more than four times as much thermal energy as the energy employed in extraction.



- Comprehensive proposal on energy
  - In response to customers' eco-consciousness and desires for comfort, we will develop solution activities to meet various needs from customers and fix problems that customers face.
    - Specific Examples –
      - · Promotion of energy-saving consultation
      - · Promotion of efficient and comfortable all-electric kitchens
      - · Highly value added electric air conditioning system to improve interior condition
      - · Provision of technical services for operation of electrical equipment
      - · Promotion of electrification in agricultural, forestry and fishery industries utilizing heat pump technology

Ⅲ Contribution on establishing sustainable society in Kyushu, Asian and worldwide

While leading eco-friendly business activities, we will cooperate and work with customers and the community toward the enhancement of local industries and cultures.

We will contribute to a stable supply of energy in Asia and worldwide, as well as to a reduction of CO_2 emission in global level by utilizing our expertise and technologies.

1 We will pursue fair and highly transparent business activities

- Improvement of compliance awareness and thorough implementation of fair business
  - In order to gain trust from the community and the society, we intend not only to comply with laws and regulations, but also to actively promote fair and highly transparent corporate activities in accordance with corporate ethics.
    - Specific Examples –
      - Thorough legal inspection on company's leaflets and advertisement based on the order to eliminate the misleading ad from the Fair Trade Commission in October 2008
      - Compliance education including the case of the above order of elimination
      - Thorough announcement to employees on amendment of laws and compliance via intranet

- Enhancement of compliance management promotion system
  - We work to ensure objectiveness and transparency of management by proposing, examining and monitoring the guidelines and measures on compliance management at the Compliance Committee chaired by the president and composed of Directors and external knowledgeable experts. We have also established Compliance Consultation Desks, both inside and outside the company, as part of an in-house notification system.
  - We have established an information security system, with the president having overall responsibility, to ensure correct handling of information. To ensure compliance with the Private Information Protection Law, we have also established rules governing identification of the purpose of use of private information, methodologies for responding to requests for disclosure of such information, and appropriate management.

- Thorough information disclosure from customers, shareholders and investors' viewpoints
  - To ensure greater transparency in management and earn a higher degree or trust from society, we actively disclose information with viewpoints of customers, shareholders, and investors.
  - We will continue to conduct timely and appropriate disclosure regarding managerial information and corporate PR as well as troubles and problems with nuclear and thermal power generation in order to ensure transparency of management.

- Promotion of management with full respect for human rights
  - To encourage employees' understandings on human rights and right action, we will continuously maintain and improve awareness on human rights through systematic education and promotion activities.

2 We will enhance communication with the society on energy and environmental issues

- Promotion activities on our measures to tackle energy and environmental issues
  - Through Kyuden Advisory Board and customers' round-tables, we will gather comments and requests on our overall management from outside experts and local opinion leaders to enhance interactive communication with customers.
  - Through Environment Action Report and our website, we will actively disclose environment-related information and listen to comments and requests to enhance interactive communication.

- Energy and environmental education for the next generation (Kyuden Future School)
  - We will work to build next generation's awareness on energy and environment through "Eco Mother" visit to kindergartens and on-site classes on energy and environment to elementary and junior high school students.

Eco Mother Activity

Eco-Mother activities are held at kindergartens around Kyushu to encourage children's awareness on the importance of eco-friendliness in easy-to-understand ways with picture-story shows and leaflets.

Eco-Mother visit

Eco-Mother leaflet

On-site Energy and Environment Class

On-site classes are for elementary to junior high school students to learn about electricity, energy-savings and environment in experimental and enjoyable way. It is arranged to enhance children's knowledge on energy by watching, touching and experiencing with man-powered generator and miniature thermal power plants.

On-site class

Man-powered generator

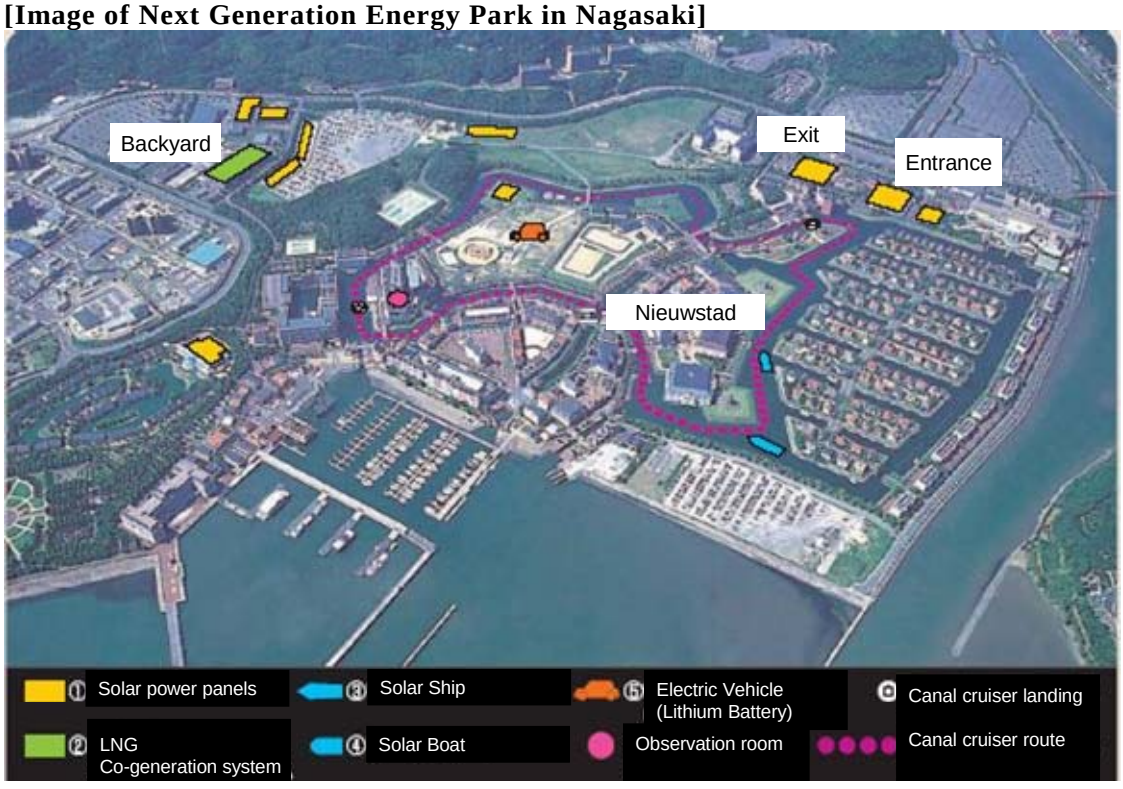
3 We will take the lead in eco-friendly business activities in cooperation with customers and local society

- Active cooperation with customers and local society utilizing regional characteristics including development of renewable energy
  - o We will conduct feasibility study on the development of regional renewable energy including small-size hydroelectric power generation facilities at sites unused for water supply or agricultural use and geothermal binary power generation using unused hot spring water while providing technical support for design and installation of power generation equipment.
  - o We support the activities to promote the diffusion of biomass and waste power generation by purchasing electricity generated with biomass and waste.
  - o We will work in cooperation with local community on issues we share with the community including forest protection and river environment protection.
  - o We are developing cooperative activities with the community including "Kyushu Homeland Forestation Program" to plant 1 million trees over 10 years (2001-2011).

Participation in Next Generation Energy Park in Nagasaki

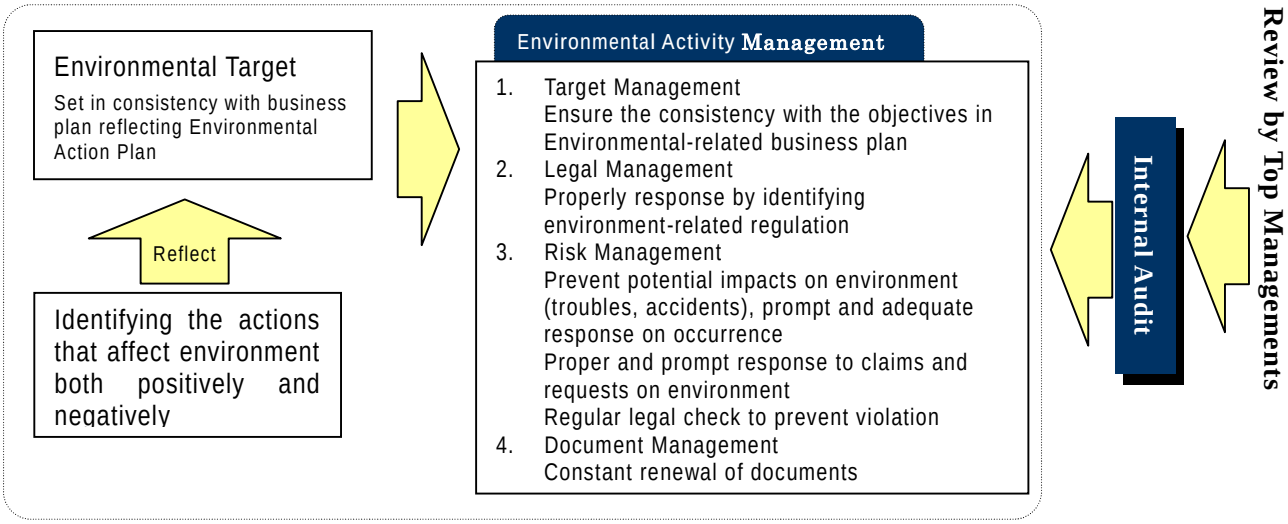
Ministry of Economy, Trade and Industry promotes "Next Generation Energy Park Project" to develop new energy facilities and experience-based theme parks aiming to encourage public understandings on solar power and other next-generation energy. In the Kyushu region, Kitakyushu city, Genkai town and Nagasaki prefecture have received approval of their energy park projects from the ministry.
In Nagasaki prefecture's project, solar power generation facilities with 900 kW total output, Solar Ship (electric propulsion passenger ship) and Solar Boat (electric small-sized leisure boat) are planned to be introduced at Huis Ten Bosch in Sasebo city a measure to provide information and learning opportunities on next-generation energy. We participate in the consortium of Nagasaki prefecture, Sasebo city and some nongovernmental enterprises to operate the energy part and cooperate in the promotion of the project.

[Image of Next Generation Energy Park in Nagasaki]



- Development of zero-emission activities and adequate operation of Environment Management Systems (EMS)
  - With a slogan of "Challenge for Zero Emission," we will promote the 3R (Reduce, Reuse, Recycle) on industrial waste from our business activities.
  - We will promote "Green Procurement" to procure eco-friendly products.
  - We will work to build biodiversity-conscious facilities with lower impact on environment by implementing environmental assessment based on the latest knowledge and local condition upon planning power generation facility construction.
  - We will properly manage chemicals such as PCB (polychlorinated biphenyl) and asbestos and work to reduce and avoid the risk of environmental contamination.
  - We ensure all of our business locations adopt our Environmental Management Systems (EMS) properly and continuously work to reduce environmental burden by planning, implementing, evaluating, and reviewing voluntary eco-activities.

[Outline of Environment Management System (EMS)]



- Active introduction of electric vehicles as company cars and promotion of energy savings at own facilities
  - We will introduce 1,000 units of electric vehicles including plug-in hybrid vehicles by FY2020 for company use (36 vehicles introduced in FY2009).
  - We will work to reduce electricity usage at the workplace by introducing high-efficiency type of lighting and air conditioning equipment.

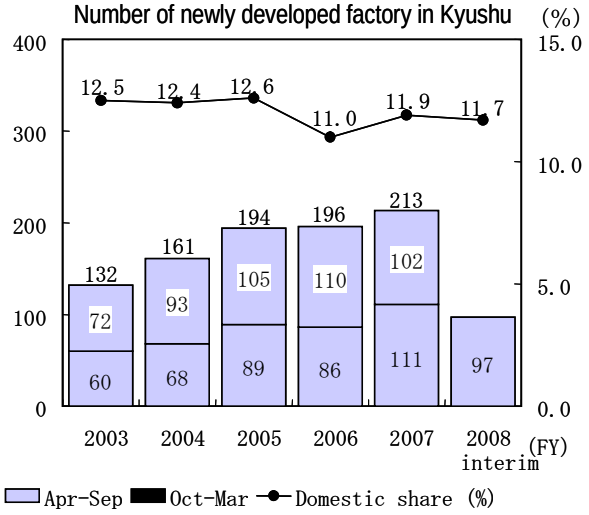
- Promotion of earth-conscious and aesthetic undergrounding
  - Undergrounding has been systematically implemented in close cooperation with road managers and local parties since 1986 in consideration of urban landscape and to ensure safe and comfortable traffic space.
  - By the end of FY2007, we have completed total of 647km of undergounding and will promote undergrounding systematically.

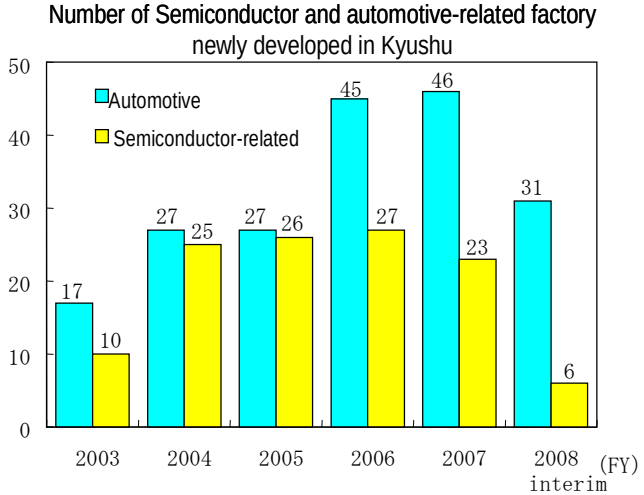
4 We will work in harmony with local community to develop local industries and

- Cooperative promotion to attract enterprises with local authorities and economic organization
  - o We are working to attract enterprises by collecting information on company locations through meetings with local authorities and disclosing of related information on our website while engaging in prompt supply of electricity to meet customers' needs.
  - o We also participate and support local projects including attraction of enterprises and industrial development that lead to local revitalization.

Our website "Invest in Kyushu, JAPAN"

As a measure to release information to attract enterprises to Kyushu, we have been providing information on firm development and attractiveness of the Kyushu area with accumulative 250,000 hit counts traffic.
In March 2009, we redesigned the site and updated trends in human resources, fundamental transportation infrastructure and industry as well as our support system for company location to further meet needs from enterprises.
(http://www.kyuden.co.jp/en_investq.html)





* Completed contracts in January-June 2007 with factory site of more than 1,000 ㎡ Source: METI "Survey on Factory Location Trend"

➢ Support for local cultural and sport events and employees' volunteering activities

o Measures for regional revitalization

	Activities
Cooperative regional invigoration activities	- Contributions to regional invigoration through such measures as symposiums directed towards better communities. - Holding of "Kyushu Tourism and Food Fair" in the Tokyo area in cooperation with the Kyushu Tourism Promotion Organization and other enterprises.
Support for Regional industries	- Holding of exhibitions of local products in cooperation with the Regional Industries Promotion Center.
Support for Traditional handicrafts industry	- Support for local and overseas training for young handicraft artists. - A range of support for traditional handicraft artists.
Support for local informatization	- A range of support for advanced IT specialist training and R&D under Industry-academia-government collaboration

o Support for local culture (corporate patronage activities)

	Activities
Music	- Hosting of the Kyushu Symphony Orchestra's Kyuden Family Concerts and full-scale classical Kyuden Bunka no Mori Concerts.
Literature	- Hosting of casual writing contests such as the Family Essay Contest.
Festival participation	- Participation of branch and sales offices and employees of group companies in local festivals in each service area
Cultural activities for the younger generation	- Hosting local cultural activities such as essay contests for younger people, art exhibitions, and music events.
Support for local events	- Support for local cultural events such as concerts and art exhibitions.

o Support for local sports activities

· We will continue our support for local sports activities in order to revitalize and raise the level of sports activities in the community, and to create a cheerful and healthy regional community.

· The company's flagship sport is rugby, and our rugby team is working to establish a team supported by community, providing lessons to regional junior rugby teams and participating in local events to support invigoration of regional sports.

o Support for volunteering activities of employees

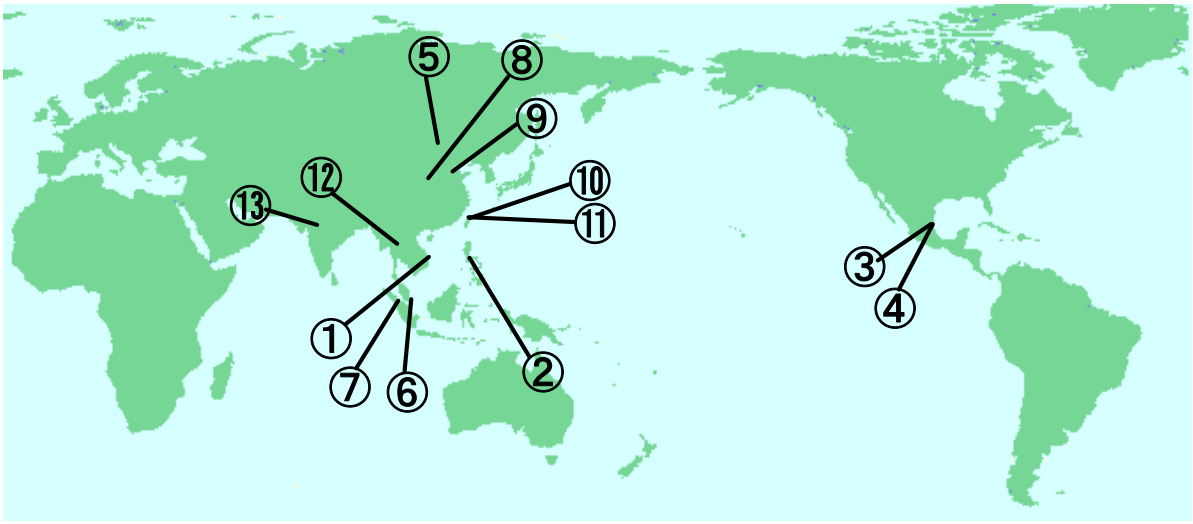
· We support the individual volunteer activities of employees through volunteer vacation programs and programs supporting the acquisition of social welfare qualifications.

5 We will develop businesses overseas including IPP businesses and energy-saving and environment-related consulting businesses

➢ Development of overseas businesses

o We will promote high-efficiency thermal power, power generation with renewable energy resources, and energy saving consulting businesses utilizing our own expertise and techniques mainly in growing Asian region.

[Business Development Overseas (as of March 31, 2009)]



Power Generation Business (in operation)

①	Phu My Ⅲ, Vietnam (gas combined cycle)
②	Ilijan, Philippines (gas combined cycle)
③	Tuxpan Ⅱ, Mexico (gas combined cycle)
④	Tuxpan V, Mexico (gas combined cycle)
⑤	Senoko Power, Singapore (gas combined cycle, oil)
⑥	Inner Mongolia wind power IPP, China (in preparation)

Power Generation Business (under review)

⑦	Sarulla geothermal power IPP, Indonesia

Consulting, environment-related business

⑧	China Energy conservation consulting
⑨	China Project management for ESCO business in Shanghai
⑩	Consulting for Taiwan Thermal power plant construction
⑪	Taiwan Technical consulting for substation construction
⑫	Thailand Consulting for Thai Provincial Electricity Authority (PEA) HV training center
⑬	India Study on enhancement of thermal power plant operation

➢ Information gathering and business development based in overseas locations

o We will investigate overseas location aiming to collect information to develop businesses based mainly in Asian countries including Indonesia, Vietnam, the Philippines and India as well as to support overseas business projects.

6 Utilizing group-wide resources, we will develop businesses to meet needs of customers and community

- Business development based on the social meanings, synergy effect with eco-friendly energy business (core business) and valuation of the risk and profitability
  - o In "Social and lifestyle-oriented services businesses" domains, including IT and telecommunication businesses, environmental and recycling business, and lifestyle-oriented service businesses, we will develop businesses based on their meanings in society, synergy effect with the core business and valuation of the risk and profitability.

Business Domains

[Environmentally-friendly Energy Business]
- New energy power generation including wind, solar, biomass and geothermal
- Power generation businesses (thermal IPP and renewable energy etc) and energy conservation and environment-related consulting businesses overseas
- Gas and LNG sales to local gas companies

[Society and Lifestyle-oriented Service Business]

<IT and telecommunication business>
- Ultra-high-speed internet access service and other broadband businesses
- IT solution businesses providing telecommunications infrastructure design, development, operation and applications
- Fiber-optic cable leasing service for local authorities, telecommunication companies and CATV businesses

<Environmental and Recycling Business>
- Waste recycling of used fluorescent tubes from companies and households
- Waste recycling of confidential documents from local governments and companies

<Lifestyle-oriented Service Business>
- A senior apartment complex business to support a rich and comfortable lifestyle of senior citizens and to provide nursing services
- A building inspection business to provide compatibility assessment of buildings to building codes and a residential building evaluation business to provide evaluation of residential buildings

We will implement measures to establish a flexible account structure with multiple revenue sources capable of coping with changes in circumstances including measures to shift to non fossil energy, to improve energy efficiency on both demand and supply sides, and to ensure new revenue sources by developing businesses overseas and in new business domains.
Based on a risk evaluation, we will allocate management resources properly and improve efficiency while working to reduce fuel cost through the establishment of flexible fuel procurement portfolio based on changes in business circumstances.

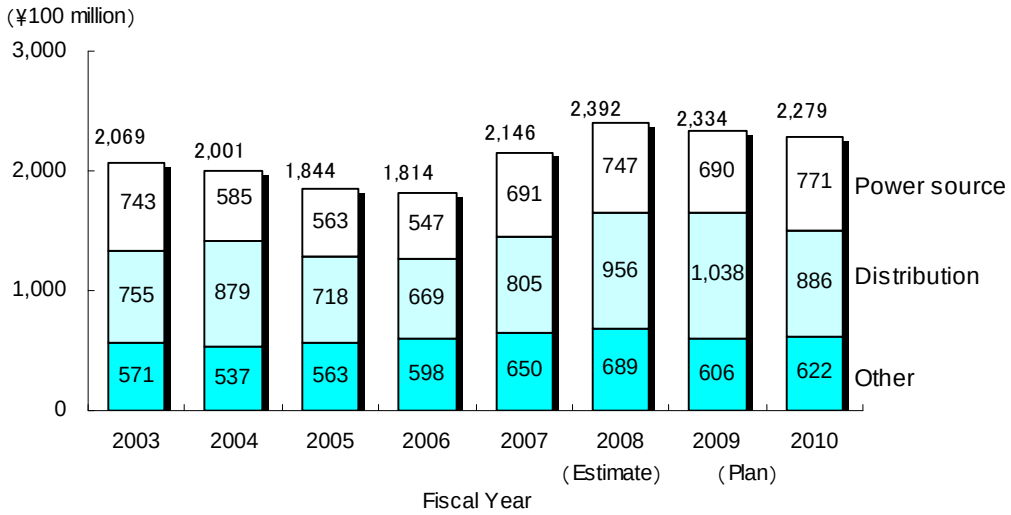
1 We will strive to allocate management resources properly based on a risk evaluation and to improve efficiency

- Risk management enhancement
  - o We will pursue thorough risk management by sorting out crucial risks based on regular risk analysis and reflecting the countermeasures to business management plans aiming for prompt and adequate response to increasingly complex and diversified risks.
  - o We will sort out and prioritize risks from midium to long term perspective and allocate management resources based on the degree of importance and emargency.

- Improvement of capital investment efficiency
  - o We will work to improve efficiency by reviewing schedules of safety repair and construction area while there are some factors of increase including the measures on the challenges that require immediate launch before it is too late, such as measures for effective use of fossil fuel, widespread of renewable energy, aging of existing facilities, as well as the measures to increase seismic safety margin at nuclear power stations.

－Specific Examples－
- Review of planning criteria and repair standards
  (Reschedule of repair based on the analysis of facility troubles and deterioration as well as the estimate on lifetime determined by the accumulated data on deterioration of removed parts)
- Revision of design basis and specifications and construction cost reduction
  (Reduction of material amount and construction procedures by reviewing facility design and construction area based on the result of data analysis)

[Capital Investment]



➢ Efficiency improvement in maintenance and miscellaneous cost

o We will work thoroughly to improve overall efficiency in operation by rescheduling construction, reviewing construction area and renegotiating unit prices based on the risk evaluation including inspection results, while there are factors of increase such as the aging of facilities.

－Specific Examples－

· Reschedule of maintenance work and revision of repair area based on the detailed consideration of the degree of emergency and impact)

· Revision of outsourcing cost (outsourcing area, unit cost) and rent, miscellaneous cost reduction

➢ Cost reduction in equipment procurement and construction

o We will work on cost reduction by effectively utilizing strategic purchase method in cooperation among materials procurement department, department in charge of the facility, and supplyers including purchasing price proposals and supply chain management (SCM) as well as diversification of order arrangements and promotion of competitive estimates.

o By disclosing related information on our website, we will provide open market opportunities to new supplyers both domestic and overseas while working to reduce procurement cost by actively utilizing e-commerce.

Purchase cost proposals and SCM

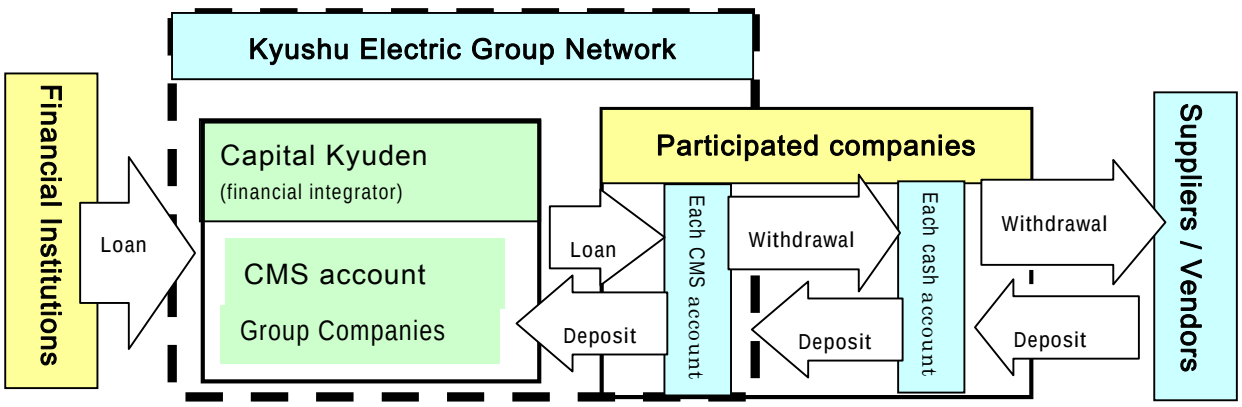
As a cooperative effort among our materials procurement department, department in charge of facility and suppliers, we will seek to reduce overall procurement cost in a series of processes from manufacturing at suppliers' to procurement to operation. Examples include efficiency improvements of parts procurement and manufacturing process, revision of specification, optimization of operational process overall.

Information on our material procurement is available on our website.
（http://www.kyuden.co.jp/company_procurement_shizai_index）

➢ Cutting financing cost by efficient funding among group companies

o By enhancing cash management system (CMS) function, we will encourage fund financing among group companies and reduce financing cost.

[Outline of CMS]



2 We will work to reduce fuel cost by economic fuel procurement and operation based on energy proce volatility risk

- Measures to establish a flexible fuel procurement portfolio including diversified contract methods
  - o While ensuring stable procurement, we will promote diversification of suppliers, contract periods and methods to determine prices aiming to reduce stabilize fuel cost.

[Example of measures to diversify fuel procurement contracts]

	Supply Sources	Measures for cost reduction and stable procurement
LNG	Indonesia Australia Sakhalin (2009-) etc	・Diversified contract terms including mid-term and spot yet mainly long-term contracts ・Efficient operation of our first own LNG vessel
Coal	Australia Canada Indonesia etc	・Diversified contract terms including multiple years, single year, and spot contracts ・Ensuring stability, economic efficiency and flexibility by properly combining exclusive-use vessel, exclusive-route vessel and vessel for spot transaction
Uranium	Australia Canada African region Kazakhstan (2010-) etc	・Promoting diversification of contracts by the commencement of uranium procurement newly from Kazakhstan where we acquired upstream interest ・Participating in Uranium ore search project in south Australia through Japan Australia Uranium Resources Development Co., Ltd (affiliated company)
Oil	Vietnam Indonesia Domestic etc	・Diversified suppliers and transportation methods aiming to reduce risk of demand volatility ・Enhancement of stable procurement by securing exclusive domestic carrier

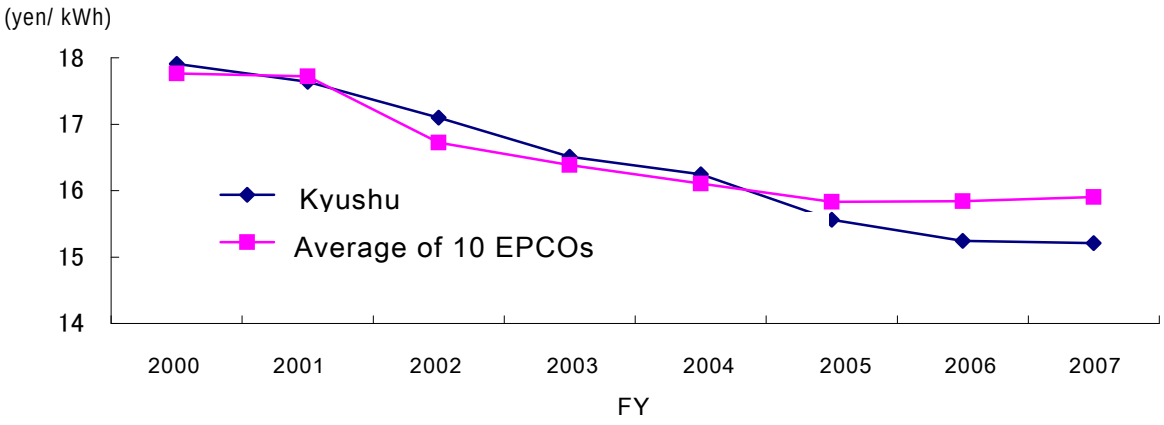
- Economic power plant operation and flexible use of electric power exchange
  - o By combining hydroelectric, thermal and nuclear power generation, we will work to achieve the most economic power plant operation to fulfill demands while flexibly utilizing electricity purchased from other companies and electric power exchange to reduce fuel cost.

3 We will develop electricity rate plans based on changes in business circumstances and needs from customers

- Investigation of electricity rate plans based on our response to requests from society
  - o We will thoroughly improve overall management efficiency and work to reduce electric rates while providing wide range or rate plans to choose from based on customers' needs. (see page 43 and 44 for details)
  - o We will also investigate rate plans based on our response to requests from society including an introduction of renewable energy.

○ Through measures outlined in 1 to 3 above, we have conducted rate reduction several times and realized the leading level of cost in the industry.

[Electricity rate of Kyushu Electric Power]



(Revenues from electricity sales / Electricity sales volume)

Ⅴ Personnel enhancement to attract next generation's workforce

Based on the impacts of increasing difficulty in securing human resources due to an aging population with low birthrates and the changes in employees' future age composition on our future business operation, we will rebuild personnel system and review operational system from a long term point of view.
While responding to new needs from society and employees, including satisfying work and family balance and enhanced opportunities for female employees, we will also work to establish a vigorous and motivating organization where each and every employee can maximize their capabilities and pursue personal development through their work.

1 We will establish an operational and organizational structure based on changes in current business situations

- Development of corporate governance structure
  - In line with the Corporate Law, we have established our "Principal Policy on Corporate Governance Structure" including legal compliance of the directors and employees.
  - We have established an implementation system of internal audit (financial audit) on corporate governance system for financial reporting based on the Financial Product Trading Law (J-SOX Law).
  - We will continue our efforts to build and enhance the system in order to ensure sound corporate management.

- Promotion of efficient and advanced business operation by introducing the latest technologies and restructuring operational processes
  - We will promote efficient and advanced business operation by restructuring operational processes utilizing IT and by reviewing business allocation group-wide.

- Measures to establish operational structure based on employees' future age composition
  - From a long term point of view, we will discuss and implement measures to effectively hand down expertise to younger employees as well as measures to utilize knowledge and experiences of middle-aged and older employees in consideration of the impacts of increasing difficulty in securing human resources due to an aging population with low birthrates and the changes in employees' future age composition on our future business operation.

- Inheritance of the electronic core technologies and expertise group-wide
  - By actively exchanging workers and improving educational environment, we will work on human resources development in cooperation with group companies and affiliated companies aiming to maintain and hand down our electronic expertise.

Establishment of Kyushu Power Academy (Tentative)

We plan to establish "Kyushu Power Academy (tentative)" in FY2009 in cooperation with collages and universities in Kyusyu to promote academic-industrial collaboration on research and educational aspects aiming to ensure and develop human resources with electric skills to support electricity and related businesses. We have established a preparatory committee in December 2008.

2 We will develop an environment where various workforces can maximize their capabilities and work vigorously

- Comprehensive reformation of personnel structure
  - We will clarify the mind-set and skills required to our employees in the future and build a consistent personnel structure where required mind-set and skills can be organically connected to personnel systems including recruiting, education, reshuffles, evaluation and working conditions.

- Investigation and development of carious ways to work as well as employment systems to enhance the balance of work and family
  - We have introduced shorter work hours and flexible work hours to support employees who raise children and provide nursing care. We will improve our employment systems to realize more diversified ways to work.

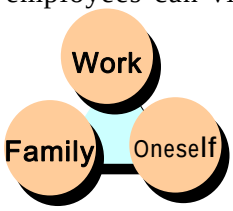
- Career support for female employees and enhancement of awareness in the workplace
  - We will enhance the balance of work and family by providing a system to support child-care and nursing care, support female employees formatting their career paths with one-on-one interviews and job assessments from a long term point of view, and implement awareness-rising activities to support these measures and various seminars and counseling activities to foster corporate culture to support the measures.

    - Specific Examples-
      - Hosting seminars for management level employees with female subordinates and round-table talks among female employees

Opening of "Tri-net," a communication tool to support female employees

In the view point of "awareness-rising and culture-fostering," to promote career support for female employees, we launched "Tri-net," an intra net site to continuously release related information that all the employees can view and participate for open communication.

*the name "Tri-net" comes from Triangle that balances among work, family and oneself.



- Expanding employment opportunities for elder workforce including people over 60 years old
  - We will expand the age range that applies to current senior employment system and review the work condition aiming to expand work opportunities for elder workforce as well as discussing measures to foster the attitude toward work of elderly.

- Active internal and cross-functional communication both inside the workplace and beyond functional and institutional boundaries
  - We will work to activate internal communication by organizing recreational activities to strengthen employees' senses of unity in the workplace.

3 We will support employees' self-development

- Improvement of leadership and management skills of management level employees
  - We will discuss and develop a personnel system for each and every employee to clarify career paths and goals and for management level employees to encourage and motivate their subordinates pursuing their career paths.
  - We will improve personnel evaluation system to put more focus on communication and team work skills and human resource development while working to enhance educational programs to improve management skills of management level employees.

- Development of employee education to enhance corporate culture emphasizing human resources development and activation
  - Based on the Kyushu Electric Power Educational Charter, we will enhance hierarchically specified educational programs for employees of each position to foster their awareness of the roles and learn knowledge and skills required for the hierarchical level.
  - We will conduct educational programs for younger employees focusing on fostering faculties as a person and ambition.

4 We will develop group-wide business management functions

- Establishment of solid group management basis with a sense of unity shared group-wide
  - We established the Kyushu Electric Power Group CSR Promotion Committee to promote CSR measures group-wide.
  - With the utilization of group companies' management resources including funds and facilities, group-wide cooperative business development, and enhancement of sales capabilities, we will improve group-wide management capabilities.
  - We will also work to establish group-wide business management to promote each group company's autonomous management improvement and support group-wide united efforts to hand down skills and expertise and enhance frontline capabilities.
  - We will work to centralize common tasks including accounting and personnel work (shared services) to improve group companies' efficiency.

- Enhancement of capacity to respond to emergency situations
  - In preparation of new types of influenza, we will extract the questionable points including group companies in ensuring business continuity, establish business operation system in case of pandemics, and implement training session for outbreak of influenza in the workplace.

- Promotion of TQM aiming to improve company-wide management quality
  - Based on the four basic principles of Japan Quality Award (Customer Focus, Employee Oriented, Unique Capabilities and Public Responsibility), we have made a group-wide commitment to promote TQM (Total Quality Management) so as to improve management quality.

5 Based on safety and health, we will create workplace where we all treat each employee with respect

- Thorough implementation of the safety-first policy
  - We are committed as a group, including group companies and contractors to thorough implementation of the Safety First Policy through measures such as securing safety at facilities and in the work environment, dissemination of knowledge regarding safe handling of electricity, and establishment of a work environment that pays proper attention to safety and the health of employees.

- Promotion of health management pertaining to both mental and physical aspects of employee well being
  - We will engage in initiatives focused on occupational health such as mental health measures and measures to prevent health problems through overwork.

Safety and Hygiene Management Policy for FY2009

◆ Basic philosophy

Safety and Health Come First
-Prevention of all possible disasters (zero-disaster principle), ensuring of mental and physical health, and establishment of a comfortable workplace-

◆ Targets

- Safety: Zero-disaster from electric shock, arc, falling, fallen objects and being stuck
  Thorough risk prediction in all tasks/work activities
- Hygiene: Promotion of a comfortable workplace with minimal fatigue and stress
  Improved self-awareness of mental and physical health

◆ Points of Emphasis

- Creation of a workplace giving maximum priority to safety and mental & physical health
- Steady implementation of risk assessment for the establishment of labor safety and hygiene management system and measures to introduce system audit
- Promotion of basic measures toward prevention of disasters
- Thorough measures to prevent accidents in the workplace
- Thorough measures to prevent traffic accidents
- Through measures to prevent accidents at subcontractor sites
- Through measures to prevent accidents involving the public
- Development and strengthening of measures for the management of mental and physical health
- Development and strengthening of measures for the prevention of occupational illnesses
- Promotion of measures to prevent infection and diffusion of new types of influenza

References

1. Outline of the Supply Plan

[Actual electricity sales and outlook]

FY	2007 (Actual)	2008 (Estimate)	2009	2010	2011	2012	2013	2018	Av. annual growth 2018/2007 (%)
Electric power sold (100 million kWh)	881 [862]	868 (859)	847	862	871	879	887	930	0.5 (0.7)
Peak demand (10,000 kW)	1,693 (1,689)	1,698 (1,683)	1,656	1,681	1,696	1,711	1,725	1,799	0.6 (0.6)

Note: - Peak demand is the average of maximum output at transmission end over three days.
- ( ) after compensation for air temperature, [ ] after compensation for air temperature and reap year.

[Peak demand and supply balance]

FY		2008 (Actual)	2009	2010	2011	2012	2013	2018
Demand	(10,000kW)	1,698	1,656	1,681	1,696	1,711	1,725	1,799
Supply capacity	(10,000kW)	1,941	1,948	1,936	1,910	1,911	1,921	1,965
Reserve capacity	(10,000kW)	243	292	255	214	200	196	166
Reserve margin	(%)	14.3	17.6	15.1	12.6	11.7	11.4	9.2

[Development Plan]

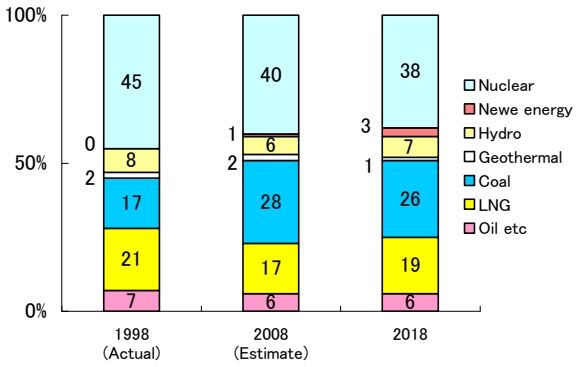
Classification	Type	Power plant & unit		Output (10,000kW)	Construction schedule	
					Commencement of work	Commencement of commercial operation
Under construction	Hydro power	Omarugawa	Unit 1	30	February 1999	July 2010
			Unit 2	30		July 2011
		Kasegawa		0.28	June 2008	March 2012
	Thermal power (coal)	Matsuura unit 2		100	March 2001	FY2023 or later
In preparation for construction	Hydro power	Kawahara*		0.015	June 2010	May 2011
		Kami-Shiiba*		0.031	June 2011	October 2012
		Hitotsuse*		0.027	June 2012	October 2013
		Shin-Kosa**		0.72	June 2012	October 2014
	Thermal power (LNG)	Shin Oita unit 3-4		Approx. 40	July 2013	July 2016
	Nuclear	Sendai unit 3		158	FY2013	FY2019
	Solar	Minato-Solar		0.3	November 2009	November 2010

*River dam maintenance flows
**Existing Kosa power station is planned to be discontinued (June 2012) with the new construction of Shin-Kosa power station

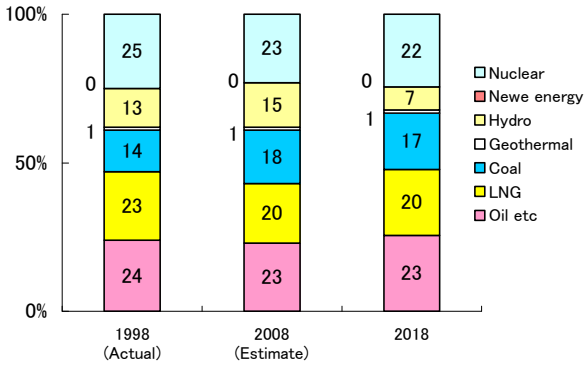
[Reference] Plans under suspension	Thermal power (petroleum)	Oita unit 1 & 2	250,000 kW x 2	FY2002-2018
		Karatsu unit 2 & 3	375,000 kW, 500,000kW	FY2004-2018

[Power source diversification plan (including purchases from other companies)]

(Electricity Generated)



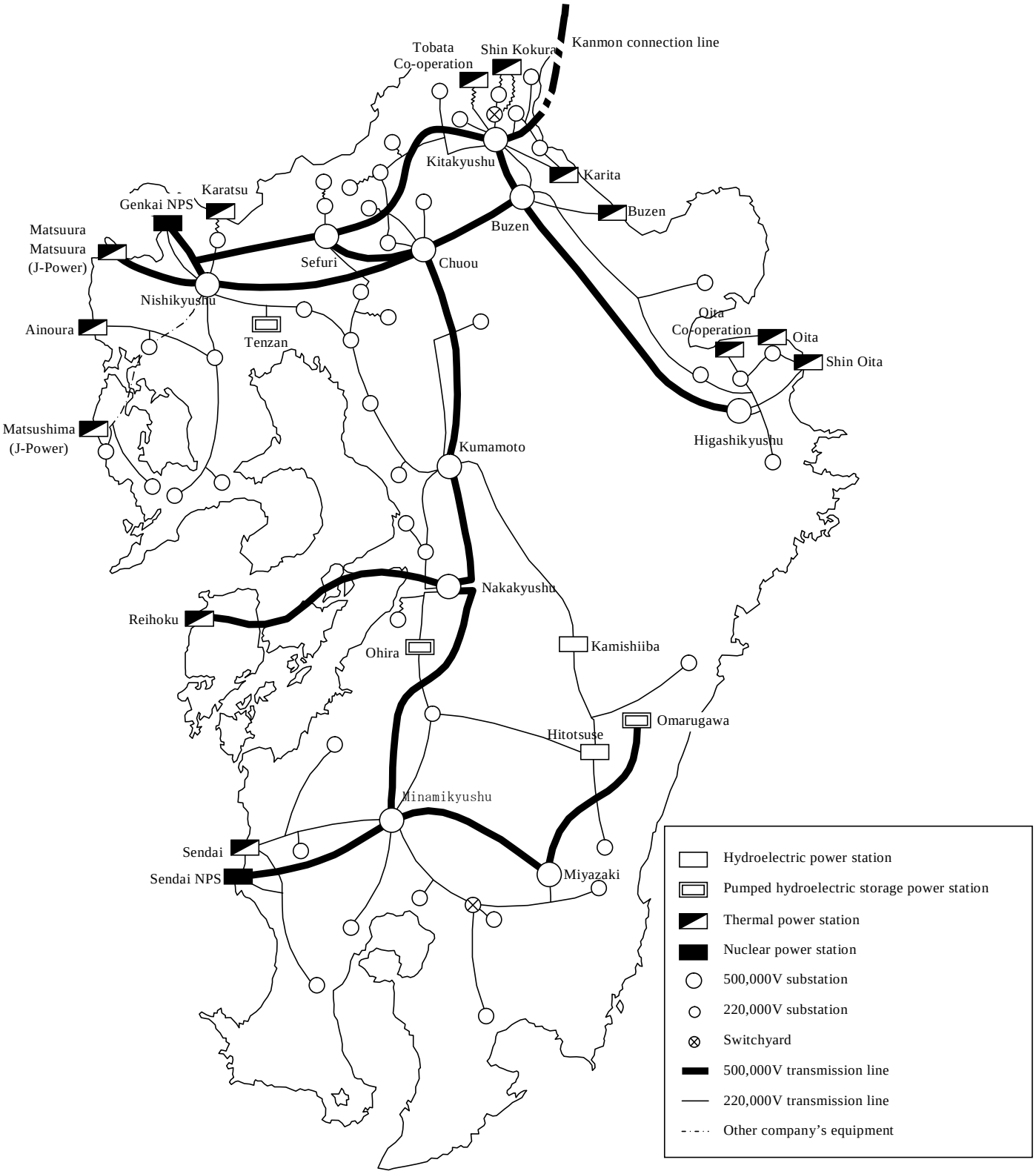
(Power generation facility)



[Main transmission facility construction plan]

Classification	Type	Line/ Facility	Voltage (10,000V)	Size	Construction schedule		Remark
					Commencement of work	Commencement of commercial operation	
Under construction	Transmission	Kitakyushu main line	50	84km	April 2006	June 2011	New construction
		Sefuri-Tosu line	22	18km	September 2006	June 2009	New construction
	Transformation	Sefuri substation	50/22	1 million kVA	October 2007	June 2009	Enhanced
In preparation for construction	Transmission	Higashi Fukuoka New main line	22	21km	November 2010	February 2011	Change
		Sefuri-Ito line	22	19km	February 2013	June 2015	New construction
		Kagoshima main line	22	44km	June 2012	June 2015	Enhanced
	Transformation	Midorikawa substation	22/6.6	300,000 kVA	May 2009	June 2010	Enhanced
		Higashi Sasebo substation	22/6.6	300,000 kVA	July 2011	June 2012	Enhanced
		Ito substation	22/6.6	600,000 kVA	November 2013	June 2015	New construction
		Kagoshima substation	22/6.6	300,000 kVA	March 2014	June 2015	Enhanced

Trunk electric power system plan (As of end of FY2013)



2. Renewable Energy Power Generation Facilities

[Kyushu Electric Power and Group Facilities]

<Wind power generation> (kW)

	Existing Facilities			Plan		Total
	Koshikijima	Nomamisaki	Nagashima*	Washiodake*	Amami Oshima*	
Location	Kagoshima	Kagoshima	Kagoshima	Nagasaki	Kagoshima	
Output	250	3,000	50,400	12,000	1,990	67,640

Note: *Developed by group companies
The Washiodake wind power plant's full operation scheduled in October 2010.
The Amami Oshima wind power plant's full operation scheduled in December 2009.

<Solar power generation> (kW)

	Existing Facilities	Plan		Total
	Installation at branch offices, sales offices etc		Mega solar (Minato solar)	
Output	293	Approx. 5,000	3,000	8,293

*Plan to install solar power equipment at branch offices etc. implementation date : around FT2013

<Biomass and waste product power generation> (kW)

	Miyazaki Biomass Recycling*	Fukuoka Clean Energy*	Total
Fuel	Biomass (poultry manure)	Non-industrial waste	40,550
Output	11,350	29,200	

Note: Figures only include existing facilities
* Developed by group companies

<Hydro power generation> (kW)

	Existing	Plan					Total
	136 locations	Kisegawa	Kawahara2	Kami-Shiiba3	Hitotsuse3	Shin-Kosa	
Output	1,277,096	2,800	150	310	270	7,200 (-3,900)	1,283,926

Note: General hydro power (excluding pumped storage)
Negative figure of 3,900 kW in Shin-Kosa refers to the discontinued Kosa power plant

<Geothermal power generation> (kW)

	Otake	Hatchoubaru	Yamakawa	Ogiri	Takigami	Hatchoubaru Binary	Total
Output	12,500	110,000	30,000	30,000	25,000	2,000	209,500

*Feasibility studies are under implementation on sites considered promising in terms of an abundance of geothermal resources for new development

3. Capital Investment Breakdown

(Unit: ¥100 million)

		FY2008 (Estimate)	FY2009 (Plan)	FY2010 (Plan)
Power Source	Hydro	183	180	205
	Thermal	145	154	180
	Nuclear	419	356	386
	Subtotal	747	690	771
Distribution	Transmission	449	516	413
	Transformation	200	227	208
	Distribution	307	295	265
	Subtotal	956	1,038	886
Other	General	200	221	318
	Nuclear fuel	392	332	252
	Incidental	97	53	52
	Subtotal	689	606	622
Total		2,392	2,334	2,279

4. Wide Variety of Rate Plans to Choose From

Customers in the regulated sector

	Overview of Plans	Main Target Customers
Lighting Contract with time-of-day rates/ seasonal rates (*Denka de Night*)	- Charged with three time-of-day rates: daytime, living-time and nighttime. - Customers can save by shifting their concentration of electricity use from daytime to living-time and nighttime hours.	All-electric households General households with electric water heaters
Lighting Contract with time-of-day (*Yoka Night 10*)	- Charged with higher daytime rate and lower nighttime rate than regular lighting contracts. - Customers can save by shifting their concentration of electricity use from daytime to nighttime.	General households Small shops and stores
Lighting Contract for high-load facilities	- Demand charges are set higher and energy charges are set lower than regular lighting contracts. - Charged with time-of-day rates - Customers can save by raising operating rate of their facilities.	Small shops and stores with relatively large-scale facilities that use electricity relatively efficiently
Low Voltage Power Contract with time-of-day/seasonal rates	- Charged with time-of-day and seasonal rates: summer-daytime, other-daytime, and nighttime. - Customers can save by shifting their concentration of electricity use to nighttime hours.	Small shops, stores and offices with large electric appliances
Discount for Power Contract with Thermal Storage Facilities (Optional)	- Discounted in proportion to the volume of electricity shifted to nighttime due to implementation of thermal storage facilities.	Small shops, stores, and offices with thermal storage facilities (air-conditioning facilities etc.)
Account Transfer Payment Discount (Optional)	- Discounted when electricity bill is paid via account transfer on the first payment date.	All customers who pay their electricity bills monthly by account transfer payment

Customers in the liberalized sector

	Overview of Plans	Main Target Customers
Power Contract with time-of-day/seasonal rates	- Charged with time-of-day/seasonal rates: peak-time, summer-daytime, other-daytime, and nighttime hours. - Customers can save by shifting their concentration of electricity use to nighttime hours.	Hospitals Hotels Industrial plants
Weekend/holiday Economy Power Contract for Commercial Customers	- Charged with lower rates in weekends and holidays than weekdays - Customers can save by shifting electricity use to weekends and holidays.	Department stores Leisure facilities
Contracts by load factor	- Discounted energy charges in proportion to load factor	Office buildings Industrial plants
Discount for Power Contract with Electric Kitchen Appliance (Optional)	- Discounted in proportion to the use of electric kitchen appliances (cooking appliances such as microwave and regular ovens).	Restaurants and shopping malls with 20kW worth or more of electrical kitchen appliances.
Discount for Power Contract with Thermal Storage Facilities (Optional)	- Discounted in proportion to the volume of electricity shifted to night-time due to implementation of thermal storage facilities.	Office buildings, large shops and stores, and plants with thermal storage facilities (air-conditioning facilities etc.)
Discount for Power Contract with Electric Air-Conditioning Facilities (Optional)	- Discounted in proportion to the volume of electricity used by the non-thermal-type electric air conditioning facilities when used in combination with thermal-type air conditioning facilities.	Office buildings and plants that use non-thermal and thermal-type air conditioning facilities in combination.
Discount for Power Contract with All-Electric Facilities (Optional)	- Discounted for customers who use electricity for all sources of energy including air-conditioning, kitchen, and water heater	All-electric restaurants and shopping malls with 20kW worth or more of electrical kitchen appliances.

5. Overview of Group Companies

< Energy Related Business>

	Company name	Main business description
Facility Construction and Maintenance	Kyushu Rinsan Co.	Greening of power plants, etc.
	Nishinippon Plant Engineering and Construction Co., Ltd.	Investigation, maintenance and repair of power generation facilities
	Kyuden Sangyo CO., INC.	Environmental preservation activities in power generation facilities
	West Japan Engineering Consultants, Inc.	Consultation and planning of civil engineering and construction
	Kyudenko Co., Inc.	Engineering works for power supply facilities
	Nishikyushu Kyodo Kowan Co., Ltd.	Maintenance, control and operation of coal unloading facilities
	Kyuken Corporation	Construction and repair of electric lines
	Nishigi Kogyo Co., Inc.	Maintenance and repair of hydroelectric power generation facilities
	Nihon FRB Co., Ltd.	Design, manufacture, repair and installation of hardened plastic
	Nishida Techno Service Co., Ltd.	Maintenance, inspection, design, manufacture and construction of water gate and dam facilities
	NISHIGI SURVEYING AND DESIGN CO., LTD.	Investigation, survey, design and draft of civil construction projects
	Plaswire Co., Ltd.	Thermal spraying work
Procurement of Materials & Equipment	KYUKI CORPORATION	Manufacture and sales of electric machinery
	NISHI NIPPON AIRLINES CO., LTD.	Transportation of cargo by aircraft
	Kyushu Meter & Relay Engineering Corporation	Repair and maintenance of electronic instruments
	KOYO Electric Industrial Company, Incorporated	Manufacturing and sales of high/low voltage insulators
	KYUHEN Co., Inc.	Manufacture and sale of electric equipment
	Kyushu Kouatsu Concrete Industries Co., Ltd.	Manufacture and sale of concrete poles
	CONTEX	Manufacture and sale of concrete products
	SEISHIN CORPORATION	Sale of electric equipment
	Nishi Nihon Denki Tekkou Co., Ltd.	Design, manufacture and sales of steel towers, steel structures, etc.
	Japan Australia Uranium Resource Development Co., Ltd.	Acquisition and sales of natural uranium
Electric Power Wholesalers / Energy Business	Tobata Co-operative Thermal Power company, Inc.	Wholesale electricity supply
	Oita Co-operative Thermal Power company, Inc.	Wholesale electricity supply
	Kyuden International Corporation	Acquiring and owning securities of overseas power companies
	Oita Liquefied Natural Gas Company	Receipt, storage, vaporization and delivery of LNG
	KITAKYUSHU LIQUEFIED NATURAL GAS CO., INC.	receipt, storage, vaporization and delivery of LNG
	Nishinippon Environmental Energy Co., Inc.	Dispersed power system business and consultation about Energy efficiency
	Fukuoka Energy Service Company Incorporated	Heat supply business
	Miyazaki Biomass Recycle Co., Inc.	Power generation using poultry manure
	Nagashima Windhill Corporation	Sales of electricity generated by wind power
	Amami Oshima Wind Powr Co., Ltd.	Sales of electricity generated by wind power
	Washiodake Wind Power., Ltd.	Sales of electricity generated by wind power
	KYUSHU CRYOGENICS CO., LTD	Manufacturing and sales of liquefied oxygen, liquefied nitrogen and liquefied argon
	Kitakyushu LNG Lorry Sales	LNG (lorry) sales
	Fukuoka Clean Energy Corporation	Incineration of non-industrial waste and power generation
	Pacific Hope Shipping Limited	Owning and operation of LNG ships
	Kkyuden Ilijan Holding Corporation	Investment to Ilijan IPP Project Company
	Phu My 3 BOT Power Co., Ltd	Operation and management of power plant in Phu My 3 IPP Project
	Electricidad Aguila de Tuxpan, S.de R.L.deC.V.	Operation and management of power plant in Tuxpan No.2 IPP Project
	Electricidad Sol de Tuxpan, S.de R.L.deC.V.	Operation and management of power plant in Tuxpan No.5 IPP Project
	Kyuden Sarulla	Investment to Sarulla geothermal power IPP project
	Sarulla Operation	Sarulla geothermal I`` project
	Lion Power	Investment to Senoko Power Limited
	Datang China-Japan (Chifeng) Corporation	Operation and management of power plants in China Datang Wind Power Project

<IT & Telecommunications Business>

Company name	Main business description
Kyushu Telecommunication Network Co., Inc.	Fiber-optic cable, broadband service and IP phone service
Kyuden Infocom Company, Inc.	IT planning/consultation, data center business
NISHIMU ELECTRONICS INDUSTRIES, Co., Ltd.	Manufacturing, sale, installation and maintenance of telecommunication devices
Q-DEN BUSINESS SOLUTIONS Co., Inc.	Development, operation and maintenance of Information system
Kagoshima Hikari Television Co., Inc.	Cable television broadcast business
RKK Computer Service Co., Inc.	Development and sales of computer software
RKKCS Software Ltd.	Development of computer software
COARA Co., Ltd.	Internet connections and creation of website contents

<Environmental/Recycling Business>

Company name	Main business description
Kyushu Environmental Management Corporation	Recycle of confidential documents
Japan Recycling Light Technology & System	Recycle of spent fluorescent tube and dry cell battery

<Lifestyle-Oriented Service>

Company name	Main business description
DENKI BLDG. CO., LTD.	Management and rental of real estate
Kyuden Good-Life Corporation	Overall control of retirement complex (nursing care included) business (Kyuden Good Life Higashifukuoka, Kumamoto, Kagoshima, Fukuokajousui)
Kyuden Good Life Higashifukuoka Company, Inc.	Management of paid nursing homes and nursing care business
Kyuden Good Life Kumamoto Company, Inc.	Management of paid nursing homes and nursing care business
Kyuden Good Life Kagoshima Company, Inc.	Management of paid nursing homes and nursing care business
Kyuden Good Life Fukuokajousui Company, Inc.	Management of paid nursing homes and nursing care business
Kyuden Real Estate Co., Ltd.	Leasing of company housing and other real estate
Kyuden Office Partner Co., Ltd.	Indirect clerical tasks and consulting business
Kyuden Business Front Inc.	Worker dispatching and paid job placement service
Kyushu Housing Guarantee Corporation	Residential home performance evaluation and inspection of building certificates
Kyuden HOME SECURITY Co., Inc.	Home security and safety/supervision service
Kyuden Shared Business Corporation	Undertaking of accounting and tasks regarding personnel labor
Medical Support Kyushu Co. Ltd.	Rental and leasing of medical equipment etc. to clinics specializing in diagnostic imaging as well as operation support
Kyushu Captioning Co-production Center Inc.	Creation of captions for broadcasted programs (special subsidiary of Kyushu Electric Power)
Oak Ltd.	Apartment management
Kyushu Kougen Kaihatsu	Management of golf courses
Ito Golf Cub	Management of golf courses
Fukuoka Shintoshin Kaihatsu	Management and rental of real estate
Midorigaoka Living Support	Construction, rental and management of residences for civil service workers
Capital Kyuden Corporation	Acquiring, owning of Securities and loan to group companies

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