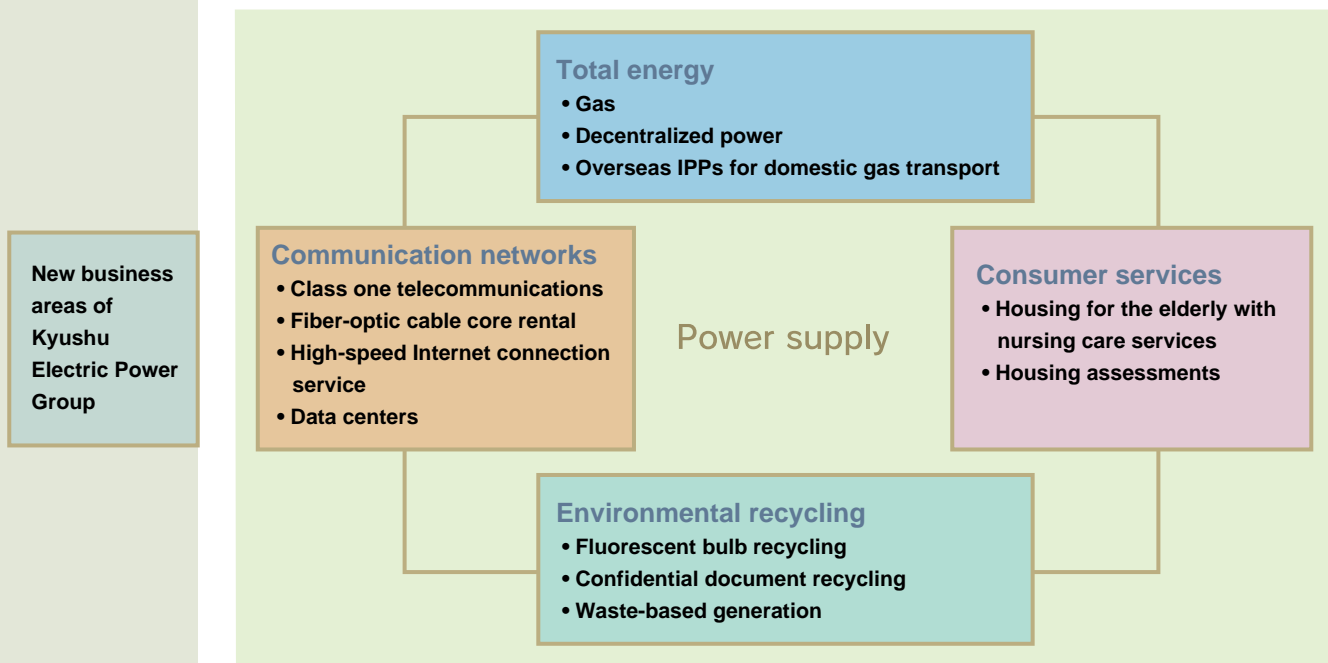




## New Business Areas

We are working on increasing profitability throughout the entire Group by developing new business areas. We are focusing our management resources on four areas that best reflect the Group's facilities, technology, expertise and brand power: total energy, communication networks, and consumer service, and environmental recycling.



### Total energy

#### (1) Gas

Kyushu Electric Power has two plants (in Kitakyushu and Oita) that obtain, gasify, and distribute liquefied natural gas (LNG). We plan to make effective use of these resources by actively developing gas-related business areas such as gas supply or LNG sales.

Using these resources to sell LNG will enable us to expand our sales to general gas companies and large power users. We will also actively promote the use of gas for decentralized power such as gas-based private power generation or cogeneration.

#### a. Gas supply

Our consolidated subsidiaries Kitakyushu Liquefied Natural Gas Company Inc. and Oita Liquefied Natural Gas Company Inc. have already started supplying gas to Seibu Gas and Oita Gas on a wholesale basis. The November 1999 deregulation of the gas business has expanded the possibilities for supply to large power users, and regulations enabling gas suppliers to share lines has made gas pipelines available to new companies in the market. In this new arena, we are seriously looking into opportunities to supply large power users by contracting out the distribution work.



#### b. LNG sales

We are planning to sell LNG to city gas companies through our affiliate Kita Kyushu Liquefied Natural Gas.

##### Developments

- We will start selling LNG to two companies outside the Kyushu region (Shikoku Gas, Okayama Gas) in August 2003, using the first ship specialized for domestic gas transport.
- In collaboration with Nippon Steel Corporation and Japan Petroleum Exploration, Kitakyushu Liquefied Natural Gas established Kitakyushu LNG Sales and Lorry Transport Corp in December 2000. The new company transports LNG by tanker trucks, for sale to two Kyushu companies (Chikushi Gas and Nogata Gas).

#### c. Decentralized power

Our affiliate Nishinippon Environmental Energy Co.,Inc. has been preparing to enter the decentralized power market since December 2000.

#### (2) Overseas projects

##### a. Tuxpan IPP project (Mexico)

An IPP (independent power producer) project undertaken with Mitsubishi Corporation for a gas combined plant with an output of 495 MW.

##### b. Ilijan IPP project (Philippines)

An IPP project undertaken with Korea Electric Power Corporation, Mitsubishi Corporation and Southern Energy (US) for a gas combined plant with an output of 1,200 MW.

##### c. Tanawon Geothermal project (Philippines)

In collaboration with Philippine National Oil Company–Energy Development Corporation, we have been conducting a feasibility study on geothermal generation since 1999.

##### d. Consulting work for Thailand's Provincial Electricity Authority

In February 2001, we successfully bid on a consulting project open to companies from around the world, tendered by Thailand's Provincial Electricity Authority (PEA). The consulting work started in May.

## Communications networks

### (1) Fiber optic cable core rental

In August 2000, we started renting the fiber optic cable core we have laid to telecommunications and cable TV companies.

In fiscal 2000, we laid about 1,000 km of fiber optic cable in and around the cities of Fukuoka and Kitakyushu, and signed agreements with four cable TV and other communications companies to rent a total of 300 km of cable core.

Between fiscal 2000 and 2005, we plan to invest ¥40 billion in 21 cities of over 100,000 people in Kyushu, and lay a total of 19,000 km of cable.



## (2) High-speed Internet connection service

As part of our research on business based on fiber-optic technology, we started testing a system combining wireless and fiber-optic technology in October 2000, using our Fukuoka customers as test subjects. We plan to expand the scope of the test and the content provided, and will start a test service aimed at future commercialization in fall 2001.

We are continuing to investigate how to increase the speed of Internet services offered through low-voltage power distribution lines, aiming to make them commercially viable.

## (3) Japan – Korea IT Optical Corridor Project

In collaboration with Korea Telecom Co.,Ltd., Japan Telecom Co.,Ltd. and NTT Communications Corporation, we plan to link Fukuoka Prefecture and Pusan, Korea, with two sets of highly reliable non-relay fiber-optic cables, totaling about 250 km in length.

The total cost of laying the cables will be about ¥6.8 billion, of which ¥2.7 billion (40%) will be supplied by Kyushu Electric Power. The work started in May 2001. The lines should be operational by the end of March 2002, enabling capacity and core rental to start in time for the World Cup in May. The World Cup could cause an explosive rise in demand for communications between Japan and Korea. We will continue to research business areas that can make use of the cables. We plan to use the cables to take advantage of Kyushu's position as a natural information relay point between Japan and the rest of Asia.

## (4) IT

In September 2000, we established Kyuden Infocomm to engage in a variety of IT-related business areas such as consulting and data centers.

## Consumer services

### (1) Housing assessments

In August 2000, we established Kyushu Housing Guarantee to provide damage guarantees and housing assessments to builders or other housing providers.

### (2) Housing for the elderly with nursing care services

In October 2002, we plan to establish Kyuden Good Life, a provider of nursing care services and housing for the elderly.

## Environmental recycling

### (1) Fluorescent bulb recycling

J•Re-Lights, a company we established to recycle used fluorescent bulbs, came online in July 2001.

### (2) Confidential document recycling

In May 2001, we established Kyushu Environmental Management Corporation, a confidential document recycler. The company is scheduled to start business in October.

### (3) Waste-based generation

In October 2000, Kyushu Electric Power and the city government of Fukuoka established Fukuoka Clean Energy Corporation, a company that generates power from waste materials. The new company is slated to come on line in October 2005.

## Group Companies

<p><b>Electric Power Wholesalers</b></p> <p>Tobata Co-operative Thermal Power Company, Inc. Oita Co-operative Thermal Power Company, Inc.</p>	<p><b>Facilities Construction</b></p> <p>Electrical, engineering, surveys, design, construction and construction management</p> <p>Nishi Nippon Plant Engineering Construction Company West Japan Engineering Consultants, Inc. Kyudenko Corporation Kyuken Co., Ltd. Nishigi Kogyo</p>	<p><b>Supplies Sourcing</b></p> <p>Manufacturing and selling electrical equipment and instruments for the provision of power and shipping construction supplies and general goods</p> <p>Koyou Denki Kogyo Co., Ltd. KYUKI CORPORATION Nishimu Electronics Industries Co., Ltd. Kyushu Keisou Engineering Nishi Nippon Airlines Co., Ltd. Kyuden Transport Co., Ltd. Kyushu Koatsu Concrete Industries Co., Ltd. Kyushu Transformer Co., Ltd. Nishi Nihon Denki Tekkou Co., Ltd. SEISHIN CORPORATION</p>
<p><b>Securing Energy Sources</b></p> <p>Obtaining, storing, gasifying and supplying LNG, acquiring and selling uranium ore</p> <p>Kitakyushu Liquefied Natural Gas Company Inc. Oita Liquefied Natural Gas Company Inc. Japan Australia Uranium Resource Development Co., Ltd.</p>	<p><b>Group Companies</b></p>	<p><b>Maintaining Facilities</b></p> <p>Managing forests to conserve water resources, renting office space, preserving the natural surroundings of power stations, developing software, and handling transmission line-site operations</p> <p>Kyushu Rinsan Co., Inc. Denki Building Co., Ltd. KYUDEN INDUSTRIES Co., Ltd. Kyuden Information Services Co., Inc. Forest Co., Ltd.</p>
<p><b>Telecommunications Business</b></p> <p>Providing telephone lines and wirelines, cellular, and PHS phone services</p> <p>Kyushu Telecommunication Network Co., Inc.</p>	<p><b>Heat Supply Business</b></p> <p>Nishinippon Environmental Energy Company, Incorporated</p>	<p><b>Other Businesses</b></p> <p>Kyuden International Corporation Capital Kyuden Corporation Kyuden Information Communication Inc. J-Re-Lights Co., Ltd. Kyushu Housing Guarantee Inc., Kyuden Good Life Company Inc., Kyushu Environmental Management Corporation Kyuden Ilijjan Holding Corporation Kyushu Highlands Development Co., Ltd. Fukuoka Urban Development Co., Ltd. Fukuoka Clean Energy Co., Ltd. Electricidad Aguila de Tuxpan</p>
<p><b>Note:</b></p> <p>1. The blue-colored companies mean our subsidiaries ( means consolidated companies), and the black-colored companies mean our affiliate companies ( means companies to which an equity method is applied at the time of consolidated financial settlements)</p> <p>2. Subsidiaries: Companies whose decision making process is controlled by us as seen from a financial, sales or administrative perspective. Affiliates: Companies, other than subsidiaries, on which we have an important influence as seen from a financial, sales or administrative perspective.</p> <p>3. The main companies of the 48 group companies are listed.</p>		