

Company Profile

Company name: Kyushu Electric Power Co., Inc.
 Date of establishment: May 1, 1951
 Head Office: 1-82, Watanabedori 2-chome, Chuo-ku, Fukuoka, Japan

Capital: 237.3 billion yen
 Main business: Electric utility, district heating and cooling, telecommunications
 Service area: Fukuoka, Saga, Nagasaki, Oita, Kumamoto, Miyazaki and Kagoshima Prefectures

Major organizational changes in FY2004

Company-wide introduction of call centers to enhance quality of customer service and operational efficiency

- Fukuoka Call Center (for Kitakyushu and Fukuoka Branch Offices) and Saga Call Center (for Saga and Nagasaki Branch Offices) started formal operation (May 18, 2004)
- Oita Call Center (for Oita and Kumamoto Branch Offices) and Kagoshima Call Center (for Miyazaki and Kagoshima Branch Offices) started formal operation (June 22, 2004)
- Closing and merger of customer service offices to promote sales enhancement and higher management efficiency
- Kitakyushu Branch Office: Buzen Customer Service Office was incorporated into the Yukuhashi Customer Service Office (October 18, 2004)

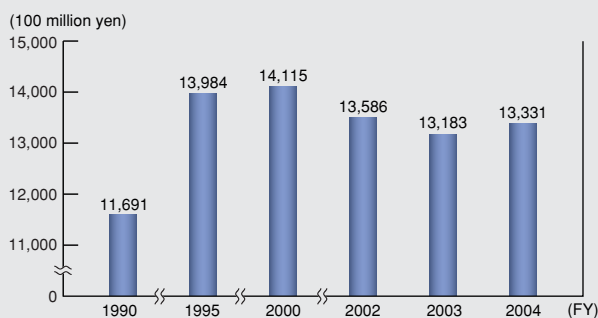
- Fukuoka Branch Office: Maebaru Customer Service Office was incorporated into the Fukuoka-nishi Customer Service Office (October 18, 2004)
- Kumamoto Branch Office: Minamata Customer Service Office was incorporated into the Yatushiro Customer Service Office (January 24, 2005)
- Kagoshima Branch Office: Shibushi Customer Service Office was incorporated into the Kanoya Customer Service Office (January 24, 2005)
- Closing of aging thermal power stations having low efficiencies following the development of more advanced thermal power
- Minato Power Station [156,000 kW output, coal-fired power] (closed on April 1, 2004)
- Unit 1 and 2 at Shin Kokura Power Station [156,000 kW output each, LNG power] (closed on October 1, 2004)

FY 2004 Business Performance

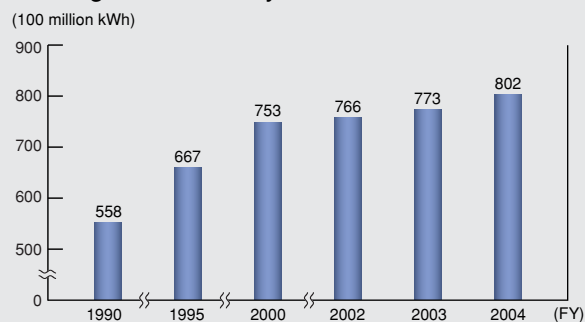
| Item | Unconsolidated | (Reference) Consolidated for financial accounting purposes* | Item | Unconsolidated | (Reference) Consolidated for financial accounting purposes* |
|--|----------------|---|---|----------------|---|
| Sales (100 million yen) | 13,331 | 14,087 | Net income per share (yen) | 188.33 | 187.91 |
| Electricity sales (100 million kWh) | 802 | — | Free cash flow: FCF ① (100 million yen) | 2,001 | 2,129 |
| Ordinary profit (100 million yen) | 1,529 | 1,599 | Return on assets: ROA ① (%) | 3.4 | 3.3 |
| Net income (100 million yen) | 893 | 892 | Return on equity: ROE ① (%) | 10.0 | 9.4 |
| Shareholders' equity (100 million yen) | 9,293 | 9,792 | Capital expenditures (100 million yen) | 2,001 | 2,105 |
| Total assets (100 million yen) | 38,065 | 40,497 | Number of employees (persons) | 13,505 | 19,328 |
| Shareholders' equity per share (yen) | 1,961.19 | 2,067.54 | | | |

*Scope of consolidation: 45 companies (21 consolidated subsidiaries and 24 associated companies accounted for using the equity method)

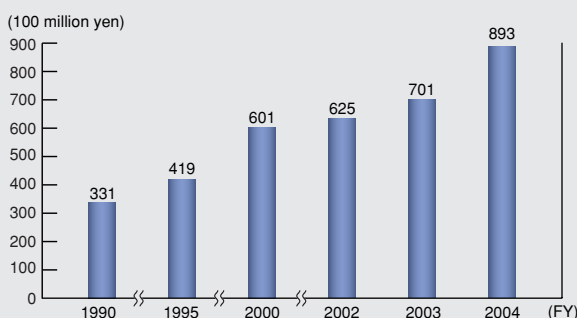
Changes in sales



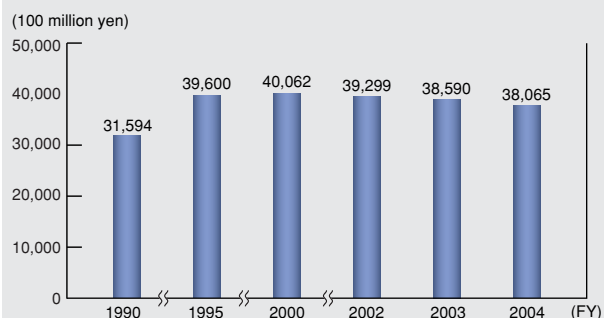
Changes in electricity sales



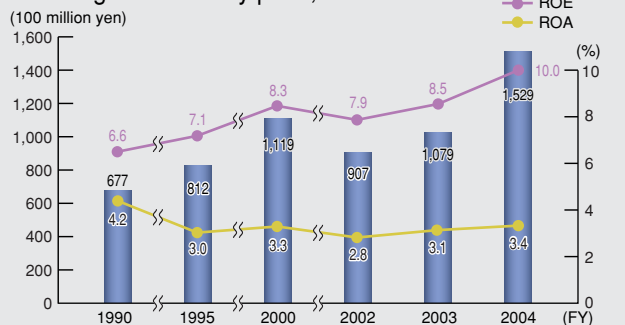
Changes in net income



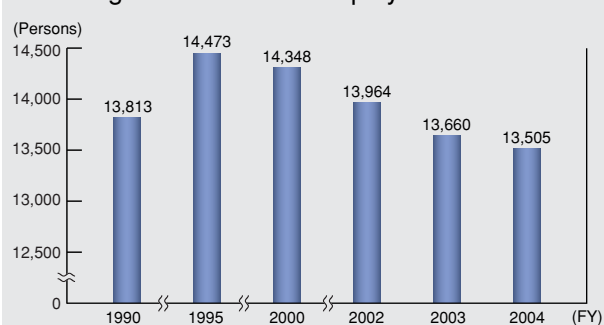
Changes in total assets



Changes in ordinary profit, ROA and ROE



Changes in number of employees



Corporate Social Responsibility (CSR) Measures

◇ Kyushu Electric Power Group Corporate Activity Charter

To clarify the Kyushu Electric Power Group's unified approach towards CSR ①, the Kyushu Electric Power Group Corporate Activity Charter was established in January 2005 through revision of the Kyushu Electric Power Corporate Behavior Charter. The new charter provides detailed guidelines for conducting business activities based on the Kyushu Electric Power Group Management Vision formulated in February 2002.

Kyushu Electric Power Group Management Vision (abstract)

[Basic philosophy]

“ Be more energetic to serve customers ”

[Kyushu Electric Power Group management approach]

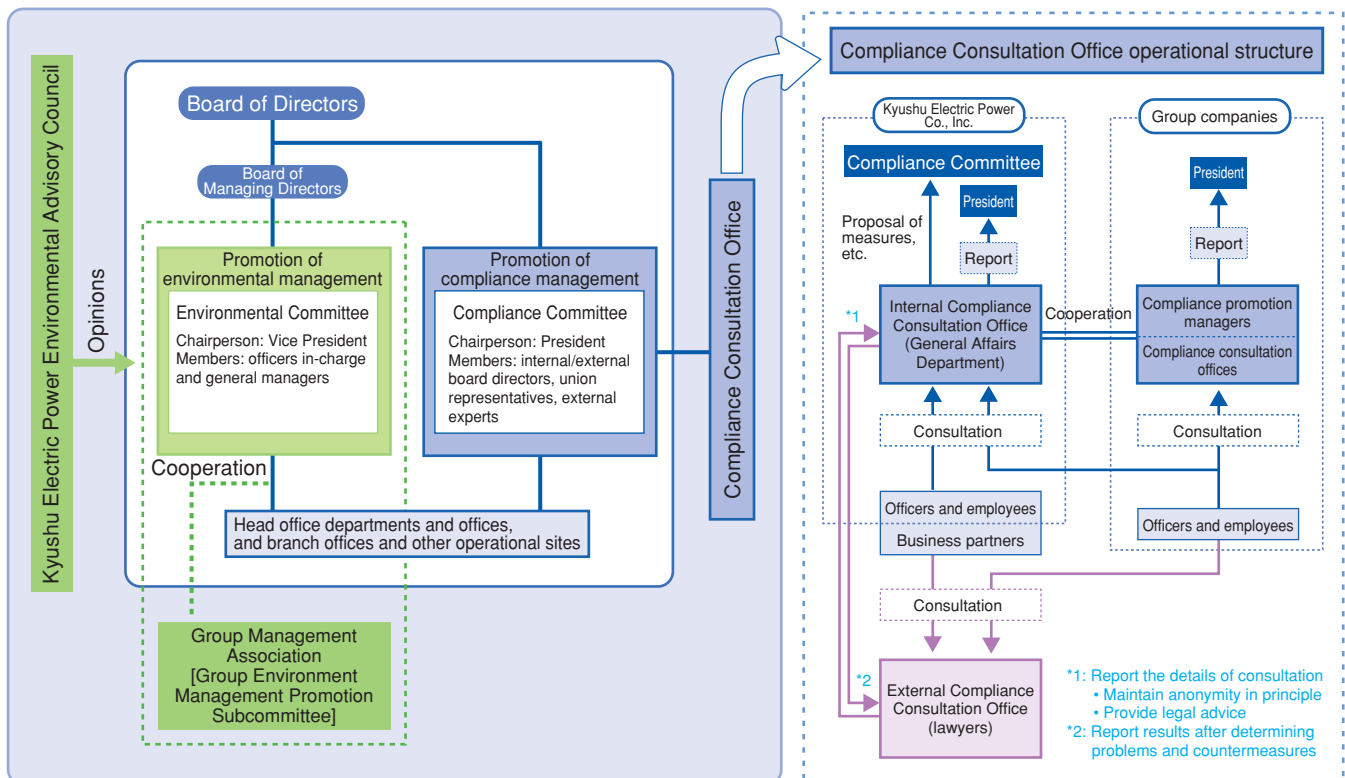
We believe enhancing the satisfaction of customers, shareholders, investors, society and employees leads to improving the value of the Kyushu Electric Power Group.

Kyushu Electric Power Group Corporate Activity Charter (abstract)

Kyushu Electric Power Group places “customers” at the center of all corporate activities to upgrade corporate value by providing energy, other related services and products and to achieve further development in step with society. Group companies are joining forces to promote business operations which respect human rights both nationally and globally and to contribute to the building of an enriched and comfortable society. To ensure the continued conduct of such business activities and gain the trust and understanding of society, the Kyushu Electric Power Group promotes compliance ① management based on the following principles:

- | | | |
|---|--|---|
| 1. Enhance customer satisfaction | 5. Promote environmental management ① | 9. Comply with laws and ordinances |
| 2. Pursue honest and fair business activities | 6. Contribute to society and the local community | 10. Value and practice the spirit of this charter and clarify top management's responsibility |
| 3. Develop a safety culture | 7. Develop an open and fair corporate culture | |
| 4. Promote communication activities | 8. Coordinate with international society | |

◇ Compliance and environmental management promotion structure shared by Kyushu Electric Power Group



FY2005 to 2009 Mid-Term Management Policy under the Slogan: “Strengthen our Operating Foundations and Support Continued Growth”

Kyushu Electric Power Co., Inc. established a new mid-term management policy targeted for the five years between fiscal 2005 and 2009 based on probable accomplishment of objectives set forth in the previous management policy for fiscal 2002 to 2006. The new policy was drafted, keeping in mind forecasted increases in competition resulting from drastic changes in the business environment after April 2005, including the expanded deregulation of the power industry and the abolition of transfer supply charges.

Corporate Philosophy

An entity building a humane Kyushu

Action Guidelines

Kyushu Electric Power Co., Inc. shall:

1. keep energy aglow forever.
2. maintain close contact with the community and act in pursuit of valuable social goals.
3. create a dynamic corporate culture by staging a step ahead of the times.

FY2005 to 2009 Mid-Term Management Policy

Basic concept

◇ Business attitude

Continuously improve corporate value through constant efforts to raise business quality by placing “customers” at the center of all business activities thereby leading to the enhancement of the satisfaction of customers, shareholders, investors, society members and employees.

◇ Perception of the times

Position the targeted five years as a period to reinforce the foundation of Kyushu Electric Power Group companies’ business, mainly total energy services, and to promote further growth with a strengthened basis.

Direction for future business promotion

- Active promotion of total energy service as a core business, based on the know-how of management, and business practice as an electric utility.
- Respond to the needs of local customers by utilizing the company’s tangible and intangible managerial resources in promoting information & telecommunications, environment-related and recycling businesses, and other services rooted in people’s daily life.
- Improve efficiency and potentials for growth in every field of business focusing on profit performance.

Business objectives

◇ Customer aspect

| | |
|-----------------|---|
| Price | Offer competitive market price |
| Quality | Respond promptly and maintain high reliability |
| Service | Provide solutions to cater the various needs of customers |
| Corporate image | Establish a brand image of “safe and reliable” |

◇ Financial aspect

| | | Target | | Target year |
|--|---|--|-----------------|--|
| | | Consolidated | Unconsolidated | |
| Profit performance/ financial stability | FCF ⓘ | 120 billion yen | 100 billion yen | Average of five years between FY2005 and 2009 |
| | Ordinary profit | 110 billion yen | 100 billion yen | |
| | ROA ⓘ | 3% | 3% | |
| | Ratio of equity capital | 30% | 30% | By the end of FY2009 |
| Use of FCF | | <ul style="list-style-type: none"> • Reduction of interest-bearing liabilities to achieve an equity capital ratio of 30% by the end of FY2009 • Investment and financial contribution according to the company’s growth strategy (approx. 60 billion yen in five years) • Consecutive dividends | | |
| Efficiency | | Top level of the industry | | |
| Growth | Newly created demand (electricity business) | 2.5 billion kWh (compare to FY2003) | | FY2009 |
| | Sales to outside the group (except for electricity business) | 100 billion yen increase (compare to FY2003) | | |
| Ordinary profit by business category | Total energy services (except for electricity business) | 4 billion yen | | Average of five years between FY2005 and 2009 |
| | Information and telecommunications | 4 billion yen | | |
| | Environment-related, recycling and other services rooted in people’s daily life | 2 billion yen | | |

Main focus

Strengthening the foundation of our business

- Improve efficiency to achieve industry high levels
- Establish a reliable business foundation
- Take measures to fulfill corporate social responsibility (CSR) ①
- Improve organizational ability

Growth potential enhancement

- Promote business activities based on customer needs
- Enhance the ability and motivation of employees

CSR measures in the mid-term management policy

- Awareness of the issues of environment and energy, safety of products and service and the employment system has increased. Corporate brand values have fallen as a result of mismanagement by business entities and more investors are practicing socially responsible investment (SRI). Under these circumstances, attention is being drawn to measures that fulfill CSR.
- Kyushu Electric Power has been active with information disclosure and making constant efforts to ensure the transparency of management and the fair conduct of business. As a part of such efforts, the Kyushu Electric Power Corporate Activity Charter (revised as “Kyushu Electric Power Group Corporate Activity Charter” in January 2005) was established in 1998 and made known company wide.
- The new mid-term management policy places special focus on measures for CSR as the core of Kyushu Electric Power’s management policy in order to be a company supported and trusted by customers, shareholders and investors. This shows the company’s determination to strive towards the fulfillment of its social responsibility by promoting environmental management ① and compliance ① management.

Main measures for CSR

| | | |
|---|---|--|
| Promotion of compliance management | Safety first policy | Promotion of information disclosure to improve management transparency |
| <ul style="list-style-type: none"> • Promote fair business activities in strict conformity with laws, ordinances and corporate ethics • Reinforce the system to protect personal and other information • Reinforce the legal work system | <ul style="list-style-type: none"> • Prioritize the safety of facilities, equipment and their operation • Improve the safety of products and services as well as provide information about the safe use of electric power • Provide a safe and healthy working environment | <ul style="list-style-type: none"> • Promote IR activities ① according to the investors’ needs • Dispatch nuclear power-related information timely and appropriately |
| Promotion of environmental management | Respecting human rights and realizing an ideal working environment | Cooperation with the local community and society |
| <ul style="list-style-type: none"> • Reduce greenhouse gases ① • Promote development of renewable energy sources ① and zero emissions • Encourage communications about the environment • Promote environmental energy education | <ul style="list-style-type: none"> • Promote gender equality • Promote the employment of the aged and disabled | <ul style="list-style-type: none"> • Participate in urban development and community building • Continue to support the promotion of local culture, sports and voluntary activities |

TOPIC
No. 1

Kyushu Electric Power’s CSR appeared in Newsweek magazine’s “ranking of the world’s 500 companies”

Kyushu Electric Power ranked 110th globally (18th out of 121 companies in Japan) in Newsweek magazine’s 2004 Fortune Global 500 (June 2, 2004 issue). Five hundred companies in Japan, the U.S. and Europe were surveyed to evaluate both financial performance and corporate social responsibility (CSR). Not content to rest on our laurels, we continue our endeavor to disperse CSR measures companywide.

[Survey details]

- Evaluation method:** Total of financial ability (full mark: 60 points) and CSR (full mark: 60 points)
- Evaluation of financial ability:** Total of financial ability (full mark: 60 points) and CSR (full mark: 60 points)
- Evaluation of CSR:** Assess the following four items (full mark: 15 points each)
- Corporate governance (independence of board of directors, laws and ordinances compliance system, ethical provisions)
 - Employees (provision of equal opportunities, health and safety, employment stability, ratio of union members, education and support, ratio of female directors)
 - Society (human rights protection in developing countries, fair procurement, relationship with customers and business partners, social contribution programs)
 - Environment (measures for environmental issues and their results, utilization of natural energy)

Kyushu Electric Power results:

| Items | Financial ability | | | | Corporate social responsibility (CSR) | | | | Grand total | |
|--------|--------------------|------------------|--------|-------|---------------------------------------|-----------|---------|-------------|-------------|------|
| | Profit performance | Growth potential | Safety | Total | Corporate governance | Employees | Society | Environment | | |
| Points | 10 | 7 | 6 | 23 | 12.3 | 7.5 | 8.5 | 10.4 | 38.7 | 61.7 |



Significant environment-related information reviewed by referring to the Standards for Environment Report Compilation.



Environmental terms described or defined in the attached glossary.