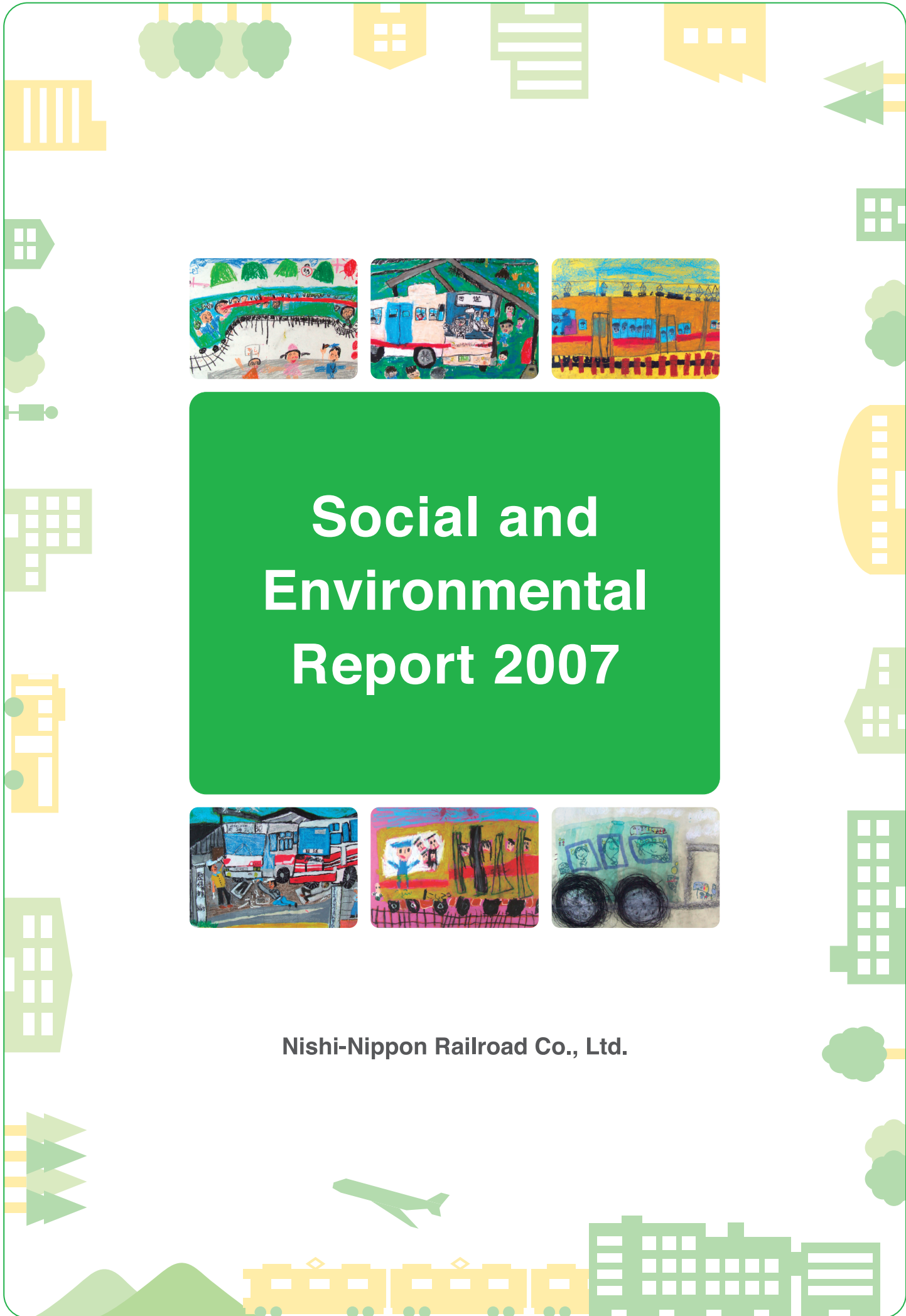




Social and Environmental Report 2007



Nishi-Nippon Railroad Co., Ltd.



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Editorial Policies

As a member of local society and as a global citizen, it is our duty to fulfill social responsibility through business operations that balance societal and environmental concerns.

This report introduces our initiatives into two categories: harmony with society and harmony with the environment. Plans to respond to customer expectations by improving safety and service compose the core of our initiatives for harmony with society. Also included in this report are plans for the betterment of our employees and the local community. Our environmental harmony initiatives are composed of plans focusing on the prevention of global warming, creation of a recyclable society, and co-existence with the local community. Last year, we issued this report under the title of an environmental report. However, as part of our efforts to share more information regarding our company, we are issuing this year's report as a society and environmental report.

Scope of Reporting

Organizations

Scope was placed on initiatives at Nishitetsu business facilities within Japan. Some group companies were also included.

Period

The period covered in date is from April 2006 to March 2007. Some information is reported regarding the FY 2005 and earlier, as well as FY 2007 and later.

Guidelines

Environmental Reporting Guideline 2003, by the Japanese Ministry of Environment

Publication Date

September, 2007
(Next issue is planned for September, 2008)

Contact for Questions Regarding This Report

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<http://www.nishitetsu.co.jp/>
This report can also be viewed at the internet address shown below.
<http://www.nishitetsu.co.jp/eco/report2007/>

Profile of Nishitetsu

(as of March 31, 2007)

Profile of Business

Since our founding in 1908 under the former name of Kyushu Electric Railroad, Inc., we have provided regional transportation concentrated around the Fukuoka Prefecture. Each day, our bus division, which is the largest in Japan, and railroad division carry 1.05 million customers. In addition to our original railroad business, we continue to grow and diversify to include businesses such as bus, freight forwarding, urban development, and housing.



■ Bus Business

Our fleet of 2,139 buses operates over a network of 3,717.2 km, centered in the Fukuoka Prefecture. In the FY 2006, we drove over 115.8 million kilometers and carried over 196.3 million passengers.

■ Railroad Business

We operate the 95.1 kilometer Tenjin-Omuta Line, which extends south from Tenjin, Fukuoka, and the 11.0 kilometer Kaizuka Line*, which is in the eastern section of Fukuoka city. In the FY 2006, we traveled over 43.8 million kilometers and carried over 103.4 million passengers.

*As of March 31st of 2007, a portion (9.9 km) of the Miyajidake Line was closed, and as of April 1st of 2007, the name of the line was changed to the Kaizuka Line.

■ Housing Business

We are continuing our program of mass housing and residential home development along our railway and bus routes. In the FY 2006, we sold 252 condominium units, as well as a total of 275 blocks of housing and land.

■ Urban Development Business

We are building and managing large-scale commercial facilities, office buildings and business hotels.

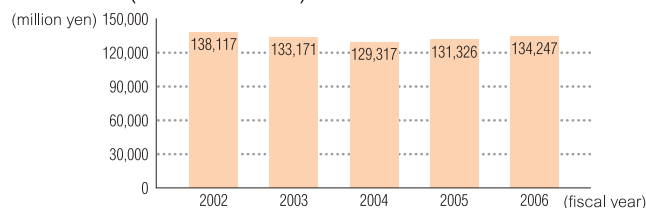
■ Global Logistics Business

We serve as a freight forwarder, with 47 offices in Japan, 43 overseas offices, and 6 overseas liaison offices.

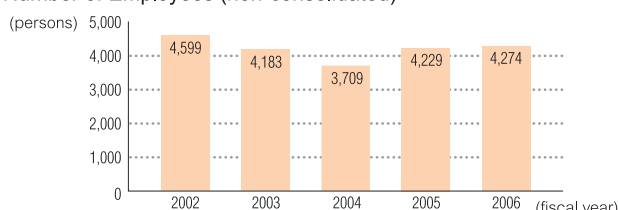
Company Profile

Company Name:	Nishi-Nippon Railroad Co., Ltd.
Founded:	December 17, 1908
Incorporated:	September 22, 1942
Headquarters:	1-11-17 Tenjin, Chuo-ku, Fukuoka, Japan
Capital (Paid):	26,157 million yen
Number of Employees:	4,274
Sales:	134,247 million yen
Ordinary Profit:	11,894 million yen

■ Net Sales (non-consolidated)



■ Number of Employees (non-consolidated)



※ From FY 2005, members of employee pension plans are considered as employees.

Profile of Nishitetsu Group

(as of March 31, 2007)

CORE BUSINESSES:

Transportation Sector
Railroad, Bus, Taxi, Freight Transportation, Air Transportation, Bus Terminal

Distribution Sector
Store, Oil Product Sales, Forklift Sales

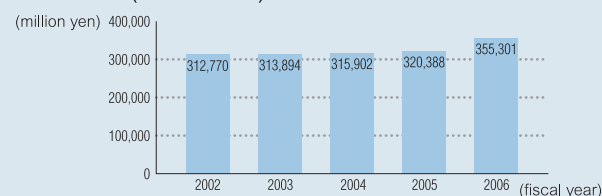
Real Estate Sector
Rental Real Estate, Subdivision Real Estate, Real Estate Management

Leisure Service Sector
Leisure Transportation, Hotel, Amusement, Travel, Advertisement, Restaurant/Bar/Café

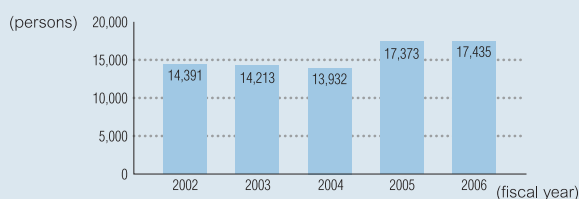
Other Sector
Maintenance/Scrapping/Repair, Automobile Manufacturing, Electrical Construction, Construction/Civil Engineering/Design, Building Material Manufacturing/Sales, Cleaning

Group Companies:	90 Companies, 1 Corporation (including Nishi-Nippon Railroad Co., Ltd.)
Number of Employees (consolidated):	17,435
Sales (consolidated):	355,301 million yen
Ordinary Profit (consolidated):	18,655 million yen

■ Net Sales (consolidated)



■ Number of Employees (consolidated)



※ From FY 2005, members of employee pension plans are considered as employees.

Striving for Sustainable Development

Relationship of Corporation and Society

We believe that a corporation exists to benefit society. For a company to be granted the right to conduct business within society, it is a prerequisite that the result of those business activities is not limited to only financial profit, but also to benefits society as a whole. In addition to relationships with customers, employees, and shareholders, we have built favorable relationships between a variety of stakeholders. We give back to society by providing beneficial products and services, and during that process we create employment opportunities and profit. The role that our corporation must fulfill in today's society is varied and diverse.

We must constantly ensure that we are correctly fulfilling our responsibility and duty in the three aspects which are referred to as the triple bottom line: economy, society, and environment. Simultaneously, we must realize our duty to conduct fair and clear management, and to fulfill the responsibility to disclose all information regarding the process and results of operations. These responsibilities and duties serve as a measure of the value of corporations today, and are the core philosophies of our CSR, Corporate Social Responsibility. Furthermore, our businesses are in close contact with the local community, thus making trust from society essential to the continued existence of our corporation. We always have firmly in mind the importance of responding to the needs of our customers and society, and of fulfilling our duties and responsibilities.

Corporate Philosophy, Our Ideal Form

We established our corporate philosophy in September 1993. This philosophy includes the description of a holistic, fundamental perspective of conducting development hand-in-hand with the community. This perspective serves as the foundation for all decisions and actions undertaken by our group, and gives us an ideal for the kind of outstanding company that must exist. Another important aspect of our philosophy is the highest priority given to safety as a component of placing our customers first and co-existing with the community.

Our corporate philosophy is aligned with the commitment to CSR that is demanded of corporations today. The base of our CSR is to consistently adhere to our corporate philosophy during operation and to constantly strive for the realization of the ideal corporation.

The Corporate Philosophy of Our Group (Excerpt)

- Fundamental Philosophy -

Our group shall
conduct businesses that
create new encounters
and fulfill expectations,
thus offering peace of mind,
comfort, and enjoyment
to our customers,
while developing hand-in-hand
with the community.

Safety Initiatives

Safety is a major premise in providing the peace of mind described in our corporate philosophy. We manage transportation businesses and other businesses closely linked with the daily life of people, and therefore the assurance of safety, particularly the safety of our customers, is the most vital service that we can provide, and is the essence of our corporate existence.

However, as indicated by the scandal that occurred in 2006 involving employees working while under the influence of alcohol in the railroad business division and in the bus corporation of our group, we realized that our corporate philosophy was not being adequately understood or applied. This most regrettable incident occurred because of a lack of understanding and sense of responsibility as transportation professionals.

There can be no compromise in the assurance of safety. I personally deeply regret this scandal, and have taken the lessons learned to heart, never to be forgotten. We shall establish every possible reform to rebuild and strengthen a corporate environment which places the highest priority on safety, and shall strive to regain the trust of our customers and of society.

Environmental Initiatives

Recently, signs of changes in the global environment have become clear. We are now faced with the mission and responsibility to preserve the quality of the environment for future generations. Beginning from the mid-term management plan of FY 2004, we have instituted environmental management as a common management theme throughout our group, and have implemented specific initiatives for environmental load reduction throughout all of our businesses.

Our bus and railroad businesses are gaining recognition for their efficient use of resources and energy, establishing them as a means of transportation that places a small footprint on the environment. However, it cannot be denied that even our bus and railroad businesses consume resources and energy, thus placing a footprint on the environment. We will not become complacent with our status as a provider of mass transportation services, and will actively continue our efforts to reduce our footprint placed upon the environment.

Looking Towards the Next Generation

We will celebrate the 100th anniversary of our founding in September 2008. In our mid-term management plan from 2007, which encompasses this historic anniversary, we are re-examining the meaning of our existence. Through the growth and challenging spirit of every one of our employees, we are striving to improve safety, customer satisfaction, and the value of our corporation.

As part of our initiatives for fair, clear management and CSR, we have expanded this report to include issues relating to society in addition to the environmental issues which were the focus in previous reports. This report serves as a medium of communication with our customers and members of society, allowing us to reflect customers' suggestions and desires into our management. Continuing into the next generation, we will diligently continue our efforts to contribute to the realization of a sustainable society, thereby gaining recognition for the value of our corporation from customers and society.

September, 2007



President
Tsuguo Nagao



Training of Drivers

Drivers are trained to place the highest emphasis on passenger safety.

In one year, our bus and railroad businesses service approximately 300 million people. At our company, the training of drivers creates the basis for the assurance of safety. We are educating our employees to develop not only driving skills that protect the lives of our passengers, but also to elevate their understanding and sense of responsibility as a driver.



Training of Bus Drivers

Training for New Bus Drivers

Bus drivers undergo a training program that includes study at a driving school and at each bus depot.

■ Bus Driver Training Program

New Bus Driver Training (First Stage)

- Two weeks at driving school
- Safe driving, customer service, route driving, emergency drills

Practicing at Bus Depot

- Two weeks at each bus depot
- Route study under instructor supervision

New Bus Driver Training (Second Stage)

- One week at driving school
- Route driving, night driving training, environmental-friendly driving

Route Training

- One week to one month at each bus depot
- One-on-one route study under instructor supervision

Commercial Driving

- Solo driving

Recurrent Training (Years 2, 3, and 4)

- Two days at driving school
- Review of safety driving

● New Bus Driver Training (First Stage)

The purpose of the first stage of new bus driver training is to develop a driver's mindset by developing driving skills, and operational knowledge of devices inside the bus. Instruction is given based on each individual's personality and habits, as determined by a prior driving aptitude test. The two weeks of training includes lectures on the corporate philosophy of the Nishitetsu group and Nishitetsu group compliance policies. The responsibility to society that accompanies work as a bus driver is strongly conveyed.



Training to acquire driving sensation

● Practice at Bus Depot

Training is performed in groups of two to three drivers and under the supervision of an instructor. Driving is performed on the actual bus route or on ordinary roads surrounding the bus depot.

● New Bus Driver Training (Second Stage)

The second stage of training is focused on practicing routes on ordinary routes, with special areas of study such as night driving. Training for environmental-friendly driving is conducted using a special fuel economy vehicle, and barrier free training is performed through role-playing experiences as wheelchair users or senior citizens.



Environmental-Friendly Driving

● **Route Training**

After completion of the new bus driver training, from one week to one month of training is performed at each bus depot under instructor supervision. Route training is performed on actual routes and under one-on-one instruction, with the goal of acquiring practical driving skills.

● **Recurrent Training**

An overnight training course is held for drivers who are entering their second, third, and fourth year of service. Participants are retrained in basic safety topics such as driving sensation, starting, stopping and left and right turns.



Check of a stopping point

In the third year of recurrent training, training is conducted using a special fuel economy vehicle and vehicle which promotes safety driving. This training gives each driver an opportunity to refine their skills.

● **Classroom Curriculum**

Participants acquire specialized knowledge related to topics such as laws and regulations for driving, theory of driving a train, signals, railroad tracks, and the mechanism of a train. CIS (Computer Instruction System) was introduced in 1998 and has since been used as a teaching aid to increase comprehension.



● **Driver Skills Course**

During the driver skills course, participants acquire the techniques required to drive a train, as well as the knowledge to respond to emergency situations. A driver simulator was introduced in 1996 to aid in the acquirement of driver



Driver Simulator

skills. The simulator is particularly useful for conducting a variety of training under irregular or emergency conditions. Features such as the view from the driver's room, the position of signals, and the impact during emergency braking closely are highly realistic, allowing participants to acquire driving skills in an environment that closely resembles actual operation. Furthermore, participants experience role playing of senior citizen and physically impaired passengers, as well as rehearsing basic life saving situations. This training increases the level of customer service provided to our customers, as well as equipping them with the necessary skills to handle sudden injury or illness.

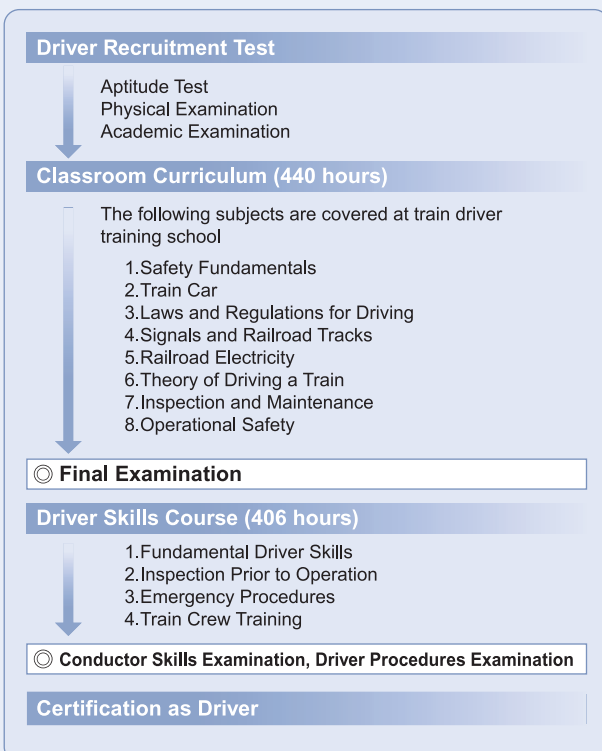
Our training develops not only driver skills, but also serves as a character building course, instilling our conductors with discipline, energy, and enthusiasm.

Training of Train Drivers

Training of New Train Drivers

We train carefully selected candidates, all of whom are experienced conductors, at least 20 years of age, and have passed a driver recruitment test. The training program for train drivers consists of both an eight subject classroom curriculum and a drivers skills course that includes one-on-one instruction on operating the train. The entire program takes approximately seven and a half months to complete. A final examination is then held for participants who have completed the course. Those who pass the exam then acquire a national certificate, the Type 1 Electric Train Drivers License, and actual begin to serve as a train driver.

■ **Training Curriculum for Train Drivers**



Basic Life Saving



Role Playing of Senior Citizens and the Physically Impaired

Recurrent Training

Recurrent training is held for even experienced drivers. A two day follow-up training program is held for drivers entering their first, third, and fifth year of service to review safety fundamentals and action under emergency conditions.



Recurrent Training

Also, beginning from the FY 2006, a one day follow-up training is held for drivers entering their tenth, fifteenth, twentieth, and twenty-fifth year of service.

CSR of Nishitetsu

Becoming a Corporation that Fulfills our Social Responsibility

“I am what the customer sees” - Implementation of the Corporate Philosophy by Each Employee

Nishitetsu Group Corporate Philosophy

We established the Nishitetsu group corporate philosophy in 1993.

In this philosophy, we express our commitment to remain an ideal company in a world full of rapid changes and uncertainties, where even people's values are being transformed. We believe that the ideal company is one that is embraced by society and provides a meaningful work experience for our employees.

We started the POT Project (Project for Our Tomorrow) in 1991 as a way to become an ideal company. Initially, we surveyed employee attitudes, and concluded that the basic qualities necessary to become our ideal company needed to be clarified. Subsequently, our POT Promotion Committee and Corporate Philosophy Panel performed repeated analysis. Two years later, on September 22nd, 1993, which was the 85th anniversary of our founding, the Nishitetsu Group Corporate Philosophy was established.

This corporate philosophy details the ideal form of our group in the future, and serves as a basis from which our employees can think and act independently. This corporate philosophy also clearly states to our customers the goals of our group for the 21st century.

Nishitetsu Group Compliance Policy

The Nishitetsu group compliance policy was established in July 2003. This policy details the 10 essential rules governing ethical employee behavior, which are essential for the realization of our corporate philosophy. Furthermore, we created a compliance manual containing specific examples and standards for behavior, and distributed the manual to all employees.



CSR Implementation System

Recently, response to issues relating to CSR (Corporate Social Responsibility) has become increasingly important. This is due to the duties established by the enactment of laws such as the Corporate Law in May 2006, the Financial Instruments and Exchange Law in June 2006, and requirements for internal control.

We established the Nishitetsu Group CSR Implementation Committee in January 2006 in order to facilitate CSR initiatives which encompass our entire group. Our company president, Mr. Tsuguo Nagao, serves as chairperson of this committee.

Particular emphasis is placed upon establishing committees across our entire group with the goal of creating initiatives for the four vital themes of CSR: Compliance, Internal control, Environment, and Safety. The Nishitetsu Group CSR Implementation Committee serves as a forum of discussion by executives for items introduced at the group-wide committee level, including items other than the four vital themes listed above. Discussion of these items is held not only from an economical viewpoint, but also by considering the value to society and the environment.

● Nishitetsu Group Compliance Committee

We established this committee in July 2003 in order to support the implementation of compliance. The committee has various functions, such as operating as a central contact point for internal reporting and overseeing the performance of surveys such as consciousness surveys. The committee also creates a forum for discussion, deliberation and exchange of information for important compliance issues.

● Nishitetsu Group Internal Control Committee

This committee, which we established in January 2006, is responsible for leading the creation of an internal control system which supports the financial reporting standards of the Financial Instruments and Exchange Law.

● Nishitetsu Group Environmental Management Committee

Established in March 2006 (refer to page 15 for details).

● Nishitetsu Group Safety Management Committee

Established in July 2006 (refer to page 9 for details).

Fundamental Philosophy

Nishitetsu group shall conduct businesses that create new encounters and fulfill expectations, thus offering “peace of mind”, “comfort”, and “enjoyment” to our customers, while developing hand-in-hand with the community.

■ **Management that Maximizes People**

Respect humanity, empower our employees, and create a stimulating work environment.

■ **Creation of Customer Expectations**

Identify with the position of the customer, respond to customer expectations, provide products and services that meet expectations.

Management Philosophy

■ **Rapid Creation of New Business Value**

Obtain a precise understanding of current needs, establish acceptance from society, create new business values.

■ **Exhibit the Combined Power of Our Group**

Respect each other’s independence, individuality and diversity, cooperate with each other, and exhibit the combined power of our group.

Philosophy of Behavior

■ **The Happiness of the Customer is Our Happiness**

Identify with the position of the customer when taking action.

■ **Maintain a Positive Attitude**

Act with imagination and innovation.

■ **The Quality of our Group is Found in Each Individual**

Increase self-awareness and fulfill duties and responsibilities.

■ **Create a Vibrant Workplace**

Increase dialogue and strengthen trust and cooperation.

Corporation Message

Moving towards people, society, and tomorrow....Nishitetsu Group

Company Slogan

I am what the customer sees.

1.Compliance with Laws and Society Regulations

Our group correctly perceives the law and the standards of society and shall comply with these laws and standards. We will not undertake any action which may cause distrust from society.

2.Trust from Our Customers

Our group provides products and services that bring “peace of mind”, “comfort”, and “enjoyment”, placing trust from the customer first.

3.Trust from Our Stockholders, Disclosure of Information

Our group gains the trust of our stockholders aiming at the advancement of enterprise values. We shall widely expand communication with our stockholders and with society in order to disclose necessary information faithfully and appropriately.

4.Fair Business Activities

Our group shall engage in fair business activities with all customers and competitors. In addition, we shall maintain healthy relationships with all government and administrative organizations.

5.Respect for Human Rights and a Healthy Fair Workplace Environment

Our group respects the human rights of all people. Moreover, we shall create a healthy fair workplace environment based on mutual trust and respect.

6.Social Contribution, Overseas Business Activities

Our group contributes to the local community through not only business activities but also through social activities. In foreign countries, we shall undertake business activities that are in harmony with the local environment.

7.Effort Toward the Environmental Problem

Our group has a strong recognition of the environmental problem, and seeks the business activities that promote environmental harmony.

8.Appropriate Handling of Information and Intellectual Property

Our group recognizes the importance of proper handling of information and intellectual property, and seeks to manage/handle information appropriately and to protect/respect intellectual rights.

9.Attitudes Against Antisocial Powers or Groups

Our group firmly opposes powers and groups that threaten healthy business activity and social order.

10.Promotion and Improvement of the Compliance System

Our group strives for promotion and improvement in the establishment of our compliance system by strictly conducting ourselves in accordance with this compliance system.

Harmony with Society

Responding to Customer Expectations

Safety Initiatives

Providing Safe Products and Services is the Essence of Our Business

Safety Management

Basic Concepts

We believe that the highest priority of our group must be the continued refinement of initiatives to guarantee the safety of our products and services. This commitment to safety will allow us to gain the trust of various stakeholders such as customers and local society, ensuring our continued existence as a member of society.

Nishitetsu Group Fundamental Safety Policy (established September 21, 2006)

We consider the guarantee of safety to be the most important mission of our group's corporate philosophy. Each member of our group shall be aware of their individual responsibility and role, and shall gain the trust of our customers by fulfilling their duty to society.

1. Establishment of an organizational environment in which safety is the highest priority.
2. Establishment of a safety management system and constant refinement of the system.
3. Improvement of the skill and health of our employees, who are the foundation of safety.
4. Provision of products and services which give priority to the safety of customers.
5. Promotion of active communication with customers regarding safety.
6. Implementation of initiatives based upon the Fundamental Safety Policy and observance of applicable laws.

We shall unceasingly strive for the guarantee of safety based upon the policy explained above.

We established the Nishitetsu Group Fundamental Safety Policy in September 2006 in order to establish a safety-first mindset throughout our entire group, and to enable our group to act resolutely in the pursuit of safety.

Promotion of Safety Management

● Establishment of Safety Management Committees

Safety committees already existed in each of our bus, railroad, and marine transportation divisions. Research and discussion regarding the prevention and response to accidents was held by these committees.

We established the Nishitetsu Group Safety Management Committee in July 2006 to serve as group-wide safety organization, encompassing not only the transportation arena but also of construction and food products.

Our company vice-president serves as chairperson of this committee, and the role of vice-chairperson is filled by the president of our safety establishment division. The safety committee is responsible for the items listed below.

- Determination of fundamental safety policies and actions taken to assure safety.
- Deliberation and determination of vital safety issues.
- Comprehension of the safety initiatives of each division.
- Support of each division, establishment of a safe working environment in each division, and strengthening a system to share information.

■ Nishitetsu Group Safety Management System (as of July 1, 2007)



Initiatives for Railway Safety

Preparing for the Unexpected

● Comprehensive Railway Training

We held comprehensive railway training at the Chikushi Railroad Facility in December 2006. The focus of this training was to raise safety consciousness, prepare conductors to handle emergency situations, and practice transmitting information.

We hold this training every year independently or in conjunction with police or fire department officials. The training held in the FY 2006 was held independently and was attended by over 200 employees, including employees engaged in the conducting, electricity, railroad track, and train car fields. The training focused on situations such as when the railroad track is damaged, and when the train malfunctions.



Training for track damaged



Training for non-operable trains

Accident Response

In FY 2006, there were 6 accidents caused by obstructions at railroad crossings. The major cause of the accidents was intrusion by vehicles or pedestrians. We are instructing our conductors on methods for the early detection of obstructions. We are striving to eliminate accidents at railroad crossings by assuring monitoring and warning by station staff at stations which border railroad crossings, and by educating pedestrians regarding railroad crossing safety.

■ Number of Accidents in FY 2006 ※ (accidents)

Detail	Tenjin-Omuta Line	Kaizuka Line	Total
Train derailments	0	0	0
Railroad crossing accidents	5	1	6
Railroad accidents involving pedestrians	2	1	3
Total	7	2	9

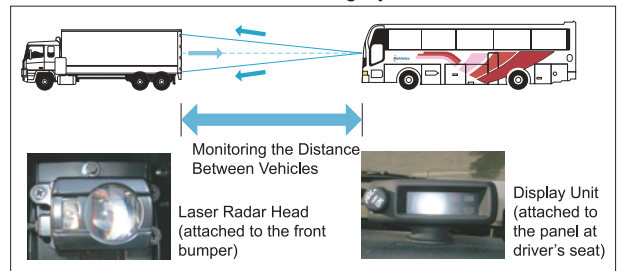
※ Number of accidents based on regulations for reporting train accidents.

Initiatives for Bus Safety

● Collision Warning Systems

We are introducing a collision warning system that monitors the distance between the bus and the vehicle. When the system determines an unsafe distance, a warning lamp is illuminated on the speedometer, and a vibrator on the driver's hat is activated concurrently to alert the driver of the potential danger.

■ Overview of the Collision Warning System



Preparing for the Contingency

● Emergency Notification System

In the event of a bus hijacking or other emergency, a panic button is used to send a signal to the regional control center and display an SOS signal to alert surrounding vehicles and pedestrians. The SOS signal is displayed in the rear window of the bus to announce danger.



Display for Highway Buses

Accident Response

25 accidents occurred in our bus division during FY 2006. In FY 2007, measures to prevent such accidents focus on the following areas: 1) revision of our complete transportation campaign, 2) revision of instruction and training techniques, 3) revision of the gathering, sharing, and use of data regarding accidents and near accidents. Our goal is to eliminate accidents between buses and other vehicles and/or pedestrians, and to reduce the number of accidents involving injury to passengers by 50% compared to FY 2006.

■ Number of Accidents in FY 2006 ※

Details of Accident	Number of Accidents
Accidents with other vehicles/pedestrians	6
Accidents involving passengers	19
Total	25

※ Number of accidents based on regulations for reporting automotive accidents.

Responding to Customer Expectations

Initiatives for Customer Satisfaction

We consider the customer's point of view to create services and products that offer peace of mind and comfort.

The Customer's Voice Plants the Seed for Change

Comprehensive Service Center

We established a comprehensive service center in 1966 to assist us in fulfilling our responsibility as a provider of mass transportation. The center offers guidance services to match the needs of our customers and responds to customer inquiries. At the time of its founding, the comprehensive service center consisted of a simple information booth located at the north exit on the first floor of Fukuoka (Tenjin) station. In 1972, a telephone center was established in Fukuoka. Since then, we have established several other locations, and we now offer a system to respond to customer inquiries every day of the year.

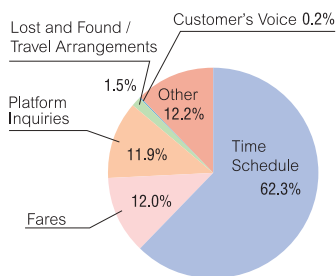
Improving Service in Response to the Customer's Voice

● Listening to the Customer's Voice

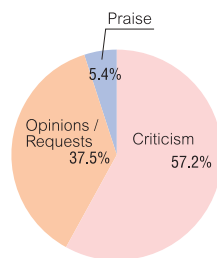
At the comprehensive service center, we gather the voice of the customer from sources such as the information center, telephone center, home page, and individual divisions of the company. The criticism, opinions, desires, and requests that constitute the customer's voice are highly useful in our quest to improve service.

In FY 2006, we received 4,131 instances of the customer's voice.

■ Details of Customer Inquiries to the Comprehensive Service Center



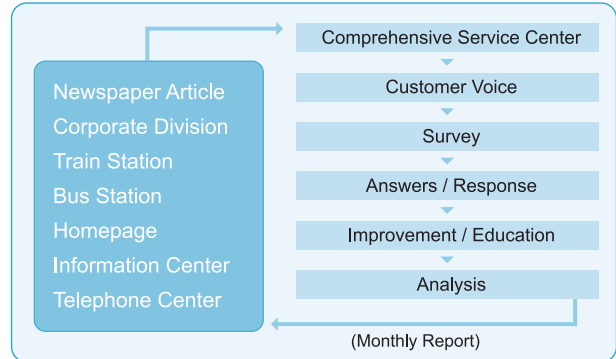
■ Detail of Customer's Voice



● Giving Shape to the Customer's Voice

Upon hearing the voice of the customer, we quickly contact the relevant bus stations, train stations, and corporate divisions, and begin to survey the situation. We have established a system to issue the necessary responses and apologies to customers, while at the same time educating and improving the service of our company. Furthermore, the opinions which are the voice of the customer are entered into a database and analyzed. A monthly report summarizing initiatives for improvement and responses to customers is distributed to all bus stations, train stations, and relevant corporate division. This report helps us to share information throughout the company and improve service.

■ Flow of the Customer's Voice



Promotion of Barrier Free Services

It is our goal to provide service that is attentive to the needs of all our customers. We are proceeding with barrier free initiatives in facilities such as stations, buses, and trains (hard initiatives), as well by increasing the guidance services available at stations (soft initiatives).

Improvement of Facilities

● Low-Floor Buses with Access Ramps

Our bus division has decreased the number of steps that passengers must climb during boarding or disembarking. Furthermore, in order to offer support for customers in wheelchairs, we have introduced low-floor buses equipped with access ramps in the doorways. The progress of barrier free facilities also extends to the interior of the bus, where dedicated seats have been installed that allow for the securing of wheelchairs.

We first introduced low-floor buses with access ramps in FY 1992, and an additional 108 of these buses were introduced in FY 2006. These barrier free buses constitute 33% of all buses operating on normal roads.



Bus with Access Ramp

● Barrier Free Train Cars

We have installed a base for securing wheelchairs in our train cars. Station staff provides assistance for customers in wheelchairs when boarding and disembarking from the trains.



● **Barrier Free Stations**

We have introduced elevators, escalators, and slopes in all of our train stations in order to eliminate bumps and obstacles between the tickets gates and the platforms, thus establishing a smooth route of movement. In FY 2006, escalators and elevators were installed in Nishitetsu-Kashii Station and Kashii-Miyamae Station. Furthermore, at the newly constructed Sakuradai Station, a slope was created at the east exit in order to eliminate all obstacles to the platform.



Escalator at Kashii-Miyamae Station

Our Global Logistics Business Responds with International Standard

ISO9001

We are acquiring ISO9001 certification throughout our air freight forwarding business, including foreign subsidiary companies. ISO9002/1994 certification was acquired in 1997 by our Eastern Japan sales Dept. in 1998 by our Western Japan Region, and in 1999 by our Tokyo import Dept. Later, a shift was made to ISO9001/2000 in April 2001 in conjunction with a revision of standards, and certification was acquired as a global logistics division.

Among our foreign subsidiary companies, the first certification occurred when our British subsidiary acquired ISO9002/BS5750 in March 1994. Since then, certification has been acquired in rapid succession, and a total of 10 subsidiaries currently hold ISO9001/2000 certification, including Japan.

We shall continue to provide high quality services that respond to the needs of our customers.



Certificate of Conformity

[Scope]

Export/Import Air Freight Forwarding Service and Export/Import International Multimodal Transportation Service (NVOCC) including Customs Clearance, Collection & Delivery and Other Associated Service.

[Overseas Subsidiaries with ISO9001 Certification]

- NNR Global Logistics USA Inc.
- NNR Global Logistics UK Limited
- NNR + Dachser Global Logistics (Germany)
- NNR Global Logistics (HK) Limited (Hong Kong)
- NNR Global Logistics (S) Pte Ltd. (Singapore)
- NNR Global Logistics (M) Sdn Bhd. (Malaysia)
- NNR Global Logistics Taiwan Inc.
- NNR Global Logistics (Thailand) Co., Ltd.
- NNR Global Logistics (Shanghai) Co., Ltd.

TAPA

Both the Narita Logistics Center and the Rinku Logistics Center, which handle high-tech products within the global logistics division, acquired TAPA Class A* certification in April and October 2005.

Furthermore, among our overseas subsidiary companies, our Singapore subsidiary airport office obtained the same TAPA certification in July 2007. Currently, TAPA Class A certification has been acquired at a total of 15 locations worldwide (Japan: 2, China: 2, America: 8, Malaysia: 2, Singapore: 1).



Registration of TAPA Certification

***Glossary TAPA Class A**

TAPA (Transported Asset Protection Association) is dedicated to the prevention of loss caused by products being lost or stolen during the storage and transportation stages. TAPA was founded in America in 1997 and has expanded into Europe and Asia. The members of TAPA include manufacturers of high-tech products, transportation companies, and consulting companies. TAPA certification is awarded to companies which have fulfilled standards for strict security. Certification is divided into three classes (A, B, and C). Class A contains the highest level of standards.

Hand-in-Hand with the Community

Initiatives for Community Partnership

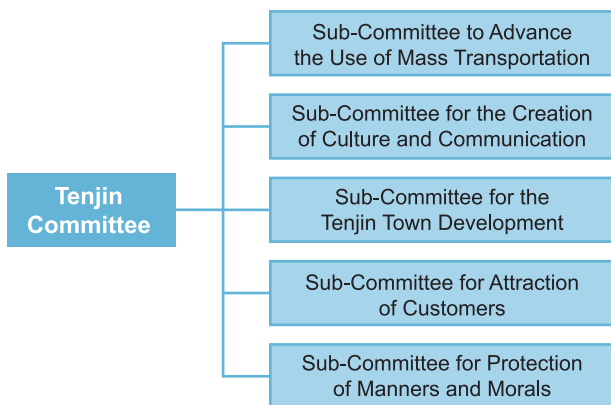
An Open Corporation that Values Our Bond with the Community

Vitalization of the Tenjin Ward and Community Partnership

Tenjin Committee

Our group has established many bases in the Tenjin area, including our mass transportation business, distribution business and real estate business. This makes Tenjin a vital area for our group. We established the Tenjin Committee in July 2001 in order to create a group-wide organization with the goal of contributing to the vitality and expansion of the Tenjin Ward, which already possess the largest number of commercial businesses in all of Northern Kyushu.

As of July 1st, 2007, the Tenjin Committee is composed of 10 divisions (corporate) and 12 members from throughout our group. Furthermore, 5 sub-committees have been established to conduct discussions and take action regarding individual issues.



Affiliation with the We Love Tenjin Council

After one year of preparation, the We Love Tenjin Council was established in April 2006 with the goal of managing the Tenjin area. Currently, over 90 organizations are members of the council, including land owners of the Tenjin Ward, corporations, and governmental agencies. We play an important part in the administration of the Council.

We believe that our Tenjin Committee can produce the most beneficial and wide-spread results by cooperating as a member of the We Love Tenjin Council instead of operating independently. We actively participate in council events, as well as in the resolution of issues such as improper use of bicycles, loss of manners, and other city problems.

● Initiatives for a Safe and Comfortable City

In FY 2006, we held the “Push Your Bike” campaign, encouraging bicyclists to dismount and push their bicycles on crowded streets. Furthermore, as a measure against illegal bicycle parking, we cooperated with retail business to create a



Push Your Bike Campaign

program which offers benefits (coupons) to bicyclists who park their bicycles in appropriate facilities.

Also, we have established a crime prevention patrol that operates out of Kego Park, are an active participant in “Tenjin Clean Day”, and take part in various other functions to create a safe and comfortable city.

Protecting the Safety of the Community

Child 110

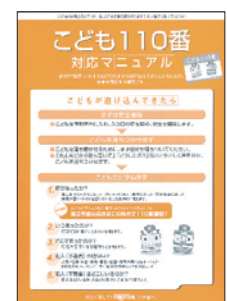
In cooperation with the Fukuoka Prefecture Police Headquarters, we started the Child 110 program (110 is the emergency telephone number in Japan) from April 2006. A recent social problem in Japan is the increase in the number of accidents in which children become the victim



Sticker

of crimes when they are walking to or from school. The Child 110 program was created by the efforts of local police and government agencies to provide emergency shelters from which children can receive help if they become involved in trouble or are distressed. We have designated our train stations, bus centers, offices, and retail stores to be part of this program. We offer 278 such shelters for children throughout Fukuoka Prefecture.

Our businesses which participate in the Child 110 program are designated by a special sticker which is placed affixed in the storefront at a child’s eyesight level. When a child seeks protection at one of our businesses we quickly ensure the safety of the child, obtain information from the child regarding the nature of the accident, and, if necessary, will contact local authorities in place of the child. We have also created a Child 110 Support Manual to aid in the implementation of the program.



Child 110 Support Manual

Hand-in-Hand with the Community

Contributing to the Community

A corporation that is a member of the community must contribute to the community.

Events Celebrating the Anniversary of our Founding

Every year on September 22nd, we hold events to contribute to communities in several different areas as part of the celebration of the anniversary of our founding.

● Inviting Elementary School Students to Leisure Facilities

Every year, we invite elementary school students from the welfare facilities of the North Kyushu, Fukuoka, Kurume, and Chikuhō areas to visit the Kashii-kaen Park and Marine World Umino-Nakamichi operated by our company and our group.



In FY 2006, 146 elementary school students from 19 facilities participated in the program. The children enjoyed a fun-filled day with dolphin shows, rare fish, and large sharks at Marine World Umino-Nakamichi, and amusement rides at Kashiikaen Park.

● Free Admission

Every year on the anniversary of our founding, we provide free admission to our Dazaifu Amusement Park and Kashiikaen Park. In FY 2006, over 12,092 people visited the parks on this day.



Kashiikaen Park

● Founding Anniversary Blood Donation Campaign

On September 20, 2006, we held a blood donation campaign on the 9th floor of our headquarters in Fukuoka. Over 145 employees from our company and our group participated in the event.



Found Anniversary Blood Donation Campaign

● Donations to Social Welfare Facilities

We donate electric appliances, furniture, and other goods to facilities for the handicapped and other social welfare facilities in the Fukuoka, North Kyushu, Kurume, and Chikuhō areas.

In FY 2006, we donated computers and liquid-crystal televisions to 10 such facilities.



Award for Community Services

We value our connections with the local community and recognize the importance of strengthening the bond of trust between local residents and us. Therefore, we have created a system to award our employees for community services. This award is presented to an employee of our group who has dedicated a great amount of time and effort to the betterment of the community, or who has made significant contributions to the development of cultural or sports activities within the community. In FY 2006, the award was presented to Mr. Tsukasa Sugino of Nishitetsu Information Systems (Inc.). Mr. Sugino has served for over 10 years as a rugby school coach and advisor to local middle school students.



FY 2006 award recipient
Mr. Tsukasa Sugino
of Nishitetsu Information Systems

Furthermore, we send congratulatory letters and gifts to non-employees who give their cooperation to our company through the following activities or actions.

- Cleaning campaigns along train and bus routes, environmental beautification campaigns.
- Traffic safety campaigns.
- Accident prevention or lifesaving actions.

In FY 2006, we sent such letters and gifts to 3 people who participated in the organization of bicycle parking in the area surrounding one of our bus centers.

Harmony with the Environment

Promotion of Environmental Management Environmental Management

Environmental Management

Basic Concepts

We recognize that the environment is affected by business activities, and constantly strive for business activities that are in harmony with the environment. We believe that it is essential to contribute to the important common themes of society, namely the realization of a recycle-oriented society and the suppression of global warming, which in turn contributes to the creation of a sustainable society.

Nishitetsu Group Environmental Policy

(established April 28, 2005)

We recognize the importance of environmental preservation. Through the use of business activities which are in harmony with the environment, we shall decrease the load placed on the environment. Furthermore, we shall contribute to the realization of a recycle-oriented society and the suppression of global warming.

- (1) Increased environmental awareness.
- (2) Proper interpretation and adherence to applicable laws and regulations.
- (3) Efficient use of resources and energy, as well as the reduction of waste materials.
- (4) Promotion of highly energy-efficient mass transportation.
- (5) Provision of products and services possessing environmental quality.

We shall constantly improve our environmental initiatives based upon the policy listed above.

Promotion of Environmental Management

We made promotion of environmental management a principle strategy in our Tenth Mid-term Management Plan (FY 2004 to FY 2006). A unified environmental policy for our entire group was created, and environmental preservation activities were promoted.

In March 2006, the Nishitetsu Group Environmental Management Committee was created to provide an environmental institution encompassing our entire group. Then, in January 2007, the Nishitetsu Group Environmental Management Regulations were enacted in order to further develop the environmental management system of our entire group. These regulations clarify the division of responsibility regarding the execution of the Environmental Action Programs that were formulated in each division and company beginning from FY 2006.

● Nishitetsu Group Environmental Management Committee

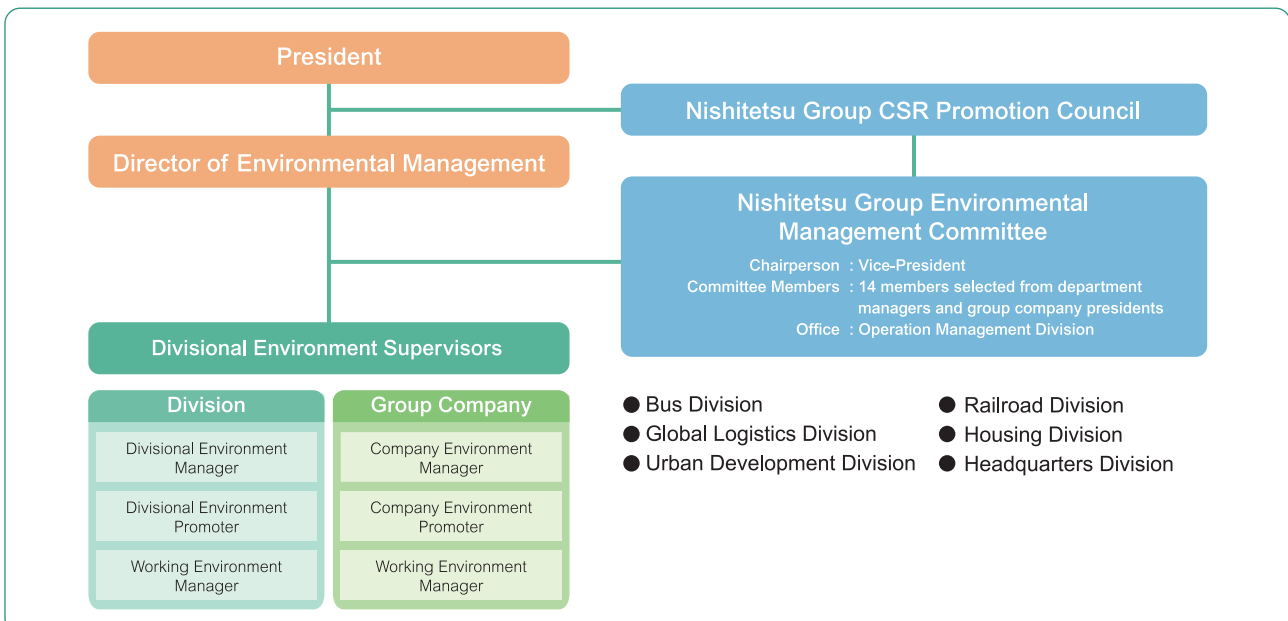
The Nishitetsu Group Environmental Management Committee is composed of a chairperson who is responsible for environmental management, as well as fourteen others members who are chosen by the chairperson from among the division and company presidents of our group.

The committee is responsible for formulating environmental policies that consider factors such as the state of activities in the divisions and companies which created the Environmental Action Programs, as well as social conditions. Furthermore, the committee conducts deliberation regarding environmental matters of our group and reports to the Nishitetsu CSR Promotion Council when necessary.

Compliance with the Energy Conservation Law

Due to the enactment of the Energy Conservation Law in April 2006, the operations of the bus division and railroad division of our company are now classified as Special Passenger Transportation Operations. In order to comply with this new status, mid-term and long-term plans were submitted to regulatory agencies. These plans contained details regarding the following information: (1) Actual use of fuel and electricity in FY 2006 and (2) Reduction of specific energy consumption in FY 2006. In addition, in regard to the construction of condominiums, documentation was submitted for buildings with more than 6 units, as required by law.

■ Chart of Nishitetsu Group Environmental Management System (as of July 1, 2007)



Status of Acquisition of External Certification

● ISO14001

On April 16, 2007, ISO14001 certification was acquired for the commercial facilities managed by the Urban Development Division.

Furthermore, during examination for ISO14001 renewal in November 2006, the Chikushi Factory was recognized for its continuing improvements. Maintenance and inspection of train cars are performed at the Chikushi Factory, and the factory had originally acquired ISO14001 certification in January 2004.

● Green Management

In the bus division, acquirement of Green Management certification has been pursued at all offices since FY 2004. In FY 2006, certification was newly acquired at the following eight depots: Nakagawa, Shingu, Iki, Kanetake, Katae, Doi, Wakiyama, and Sawara. Also, certification was acquired at the Kashiihama and Zassho-no-Kuma offices in May 2007, and at the Umi and Chiyo depots in June 2007. This raises the total number of depots with Green Management certification to 14. Acquisition of certification for the remaining two offices is planned for FY 2007.

Environmental Management Certification

■ ISO14001

Date	Company	Extent of Certification Acquired
2003.3.25	Nishitetsu Store Inc.	Head Office, Fresh Foods Center, and 31 other stores
2003.12.25	Kyushu Metal Industry Co., Ltd.	Headquarters, factory, Kokura office, Tosu office
2004.1.15	Nishi-Nippon Railroad Co., Ltd.	Railroad division head office, Chikushi factory
2004.3.18	Nishitetsu Store Inc.	Tsuyazaki store, Togo store, Dazaifu store, Arita store
2004.4.7	Nishitetsu Green Co., Ltd.	Headquarters
2004.11.17	Kyushu Metal Industry Co., Ltd.	Fukuoka office, Nogata office, Omuta office
2004.11.25	Nishitetsu Agency Co., Ltd.	Headquarters, North Kyushu office, Nagasaki office, Tokyo office
2005.4.6	Nishitetsu Store Inc.	Yanagawa store
2005.9.29	Nishitetsu Store Inc.	Kurume Tami store
2006.5.11	Nishitetsu Buil Management Co., Ltd.	Headquarters, Solaria office
2006.9.26	Nishitetsu Store Inc.	Hanabatake store
2006.11.17	Nishitetsu M-Tech Co., Ltd.	Headquarter, Hakata north factory
2007.3.12	Nishitetsu Transportation Co., Ltd.	Headquarters, Toko distribution center (including delivery center), Moving center, Grand Box, Network development center
2007.4.16	Nishi-Nippon Railroad Co., Ltd.	Urban development division head office, Solaria Terminal Building, Solaria Plaza Building, Solaria Stage Building, Nishitetsu Fukuoka Station Building, Tenjin Core Building, Ohashi Nishitetsu Commercial Street, Emax Kurume, Chacha Town Kokura, Retail Leisure division (office)
2007.4.24	Nishitetsu Store Inc.	Reganet Chihaya store

■ Green Management

Date	Company	Extent of Certification Acquired
2004.8.20	Nishitetsu Butsuryu Co., Ltd.	Chiba branch
2004.11.19	Nishi-Nippon Railroad Co., Ltd.	Bus / Hakata depot
2005.8.30	Nishi-Nippon Railroad Co., Ltd.	Division / Atagohama depot
2006.3.22	Nishitetsu Kanko Bus Co., Ltd.	Fukuoka branch, South Fukuoka branch, Kurume branch
2006.4.10	Kurume Nishitetsu Taxi Co., Ltd.	Hachkenya office, Ogoori office
2006.8.30	Nishi-Nippon Railroad Co., Ltd.	Division / Nakagawa, Shingu depots
2006.9.8	Nishi-Nippon Railroad Co., Ltd.	Division / Iki, Kanatake depots
2007.1.19	Nishi-Nippon Railroad Co., Ltd.	Division / Doi, Katae, Sawara, Wakiyama depots
2007.5.30	Nishi-Nippon Railroad Co., Ltd.	Division / Kashii, Zassho-no-Kuma depots
2007.6.8	Nishi-Nippon Railroad Co., Ltd.	Division / Umi, Chiyo depots




















Promotion of Environmental Management

Progress of Environmental Action Programs

Results for FY 2006

In FY 2006, environmental action programs based on Nishitetsu Group Environmental Policy were planned on a company-wide level for the first time. We created these plans in order to promote the environmental protection activities that had been performed separately by each division on a company wide scale before.

 Goals for FY 2006 were achieved. Plans for FY 2006 were executed.
  Results were improved compared FY 2005, but goals for FY 2006 were not achieved.
  Results were worse compared to FY 2005, goals for FY 2006 were not achieved, and plans for FY 2006 were not implemented.

Classification		Environmental Load Reduction Plan		Division	Result	
Environmental Policy	Item	Action	Goal		Details	Achievement
Increased environmental awareness	Implement education and training to cultivate environmental consciousness	Implementation of environmental education	Full participation from construction divisions and building offices. Participation of more than half of business offices.	Railroad	Implemented according to plan.	
		Implementation of multi-level education and training	Each level one time per year	Global logistics	Implementation in combination with ISO9001 training	
	Promote contribute to society through environmental initiatives	Cleaning by Gumbusters of the area surrounding retail facilities (8 facilities) in Tenjin area.	—	Urban development	One cleaning unit used in Fukuoka (Tenjin, Ohashi, Takamiya), One cleaning unit used in North Kyushu (Chacha Town)	
		Participation in the Tenjin Ward Mass Cleanup	—	Head-quarters	Cleaning performed every month on the 14th in addition to participation in community cleanups	
Proper interpretation and adherence to applicable laws and regulations	Compliance to environmental laws and regulations	Patrols of the working place to ensure compliance to environmental laws	—	Bus	Inspections instituted at 23 bus centers	
		Measures for disposal of hazardous materials (PCB and asbestos processing)	—	Railroad Urban development	PCB: processing of 7 transformers and 38 condensers, Asbestos: removal and processing of train car and 3 buildings	
	Comprehension of environmental laws and regulations	Gathering of information regarding environmental laws and regulations	—	Railroad Urban development	Gathering of environmental law and regulation information using information system	
		Improvement of gas mileage for buses	1: Implementation of fuel efficient buses (138 buses) 2: Promotion of idling stops (50 or more times per day). 3: Creation of an environmental-friendly driving manual 4: Introduction of digital tachographs 5: Awards given to bus center offices 6: Driving instruction	2% improvement compared to the FY 2005: 2.76 km per liter	Bus	4.5% improvement compared to the FY 2005: Average mileage of 2.97 km per liter 1: 135 buses satisfying new regulations (27 highway buses, 108 ordinary road buses) 2: Average of 63.3 times (14.5% increase compared to the FY 2005) 3: Distribution of all printed manuals at regular meetings 4: Introduction of 1,405 units 5: Awards given to 60 offices (including group companies) 6: Instruction given to a total of 9,166 drivers
Efficient use of resources and energy, as well as the reduction of waste materials	Reduction of amount of electricity used	Implementation of summer and winter dress codes	5% reduction compared to FY 2005 (Fukuoka headquarters building)	Head-quarters	3.3% reduction compared to FY 2005 Implementation of summer and winter dress codes	
		1: Introduction of VVVF trains for the Tenjin-Omuta Line (6 trains) 2: Aggregation of electric feeding cable (9.5 km)	2.06 kWh per car-km	Railroad	2.04 kWh per car-km 1: Introduction of 4 VVVF trains 2: Currently investigating specifications which will result in the greatest reduction	
	Reduction in amount of paper used	Replacement of light fixtures at retail facilities with energy efficient fixtures	3 facilities	Urban development	5 retail facilities, 11 office buildings Replacement with energy efficient light fixtures: motion sensor type, high brightness type, energy efficient type, etc.	
		Raise consciousness regarding efficient (double-side) use of paper Enforce double-sided copying rules	10% reduction compared to the FY 2005	Global logistics	24.3% increase compared to the FY 2005 Consciousness was raised, but goals were not achieved due to a rise in business volume	
Reduction of NOx and PM concentration in exhaust gas	Introduction of buses satisfying new regulations and CNG buses	Buses satisfying new regulations: 138 CNG buses: 2	Buses satisfying new regulations: 138 CNG buses: 2	Bus	Buses satisfying new regulations: 135, CNG buses: 2 (change in number of buses purchased)	
		Maintenance of buses to comply to standards for black smoke concentration	Short-term regulations and earlier: below 30% (our standard) Long-term regulations and later: below 25% (our standard)		Measurement of black smoke concentration in 3 month period inspections (inspection required every other year by law)	
	Improvement of usability	Barrier free buses	One step buses: 108 No step buses: 2	Bus	Introduction of 108 low-floor buses with access ramps (104 one step, 4 no step)	
Barrier free stations		Braille guidance: 22 stations Audio guidance: 3 stations	Railroad	Currently examining the best method for implementation based on the New Barrier Free Law		
Promotion of park-and-ride system		Experimental implementation at Hacho-Muta Station		Hacho-Muta Station: 55 spaces acquired from October 1st Kaizuka Station: 17 spaces newly constructed for a total of 118 spaces		
Provision of products and services possessing environmental quality	Construction of an environmental management system	Expansion of Green Management certification	8 offices	Bus	Certification acquired at eight offices: Nakagawa, Shingu, Iki, Kanatake, Katae, Doi, Wakiyama, Sawara	
	Noise reduction	1: Change to long rails 2: Absolute compliance to manual procedures during construction and maintenance	—	Railroad	1: 3,678 km of long rail (65.4% advancement rate) 2: Continued compliance	
		Provision of Ecological housing	1: Pair glass using 2x4 construction methods 2: All electric (no gas) 3: Active adoption of cogeneration systems	—	Housing	1: 2x4 construction methods used in all lot houses 2 condominiums 2: Adoption in 49% of lot housing (Fukuoka 24%, North Kyushu 88%) 3: Adoption abandoned after examination
	1: Solar powered housing 2: Research into housing which uses rainwater		—	Housing	1: Experimental adoption at two lot houses 2: Currently surveying and examining implementation in lot housing	

Environmental Action Plans from FY 2007 to FY 2009

In our mid-term plan from FY 2007 to FY 2009, we are making a company-wide effort towards the fundamentals of environmental protection, which include measures for paper, trash, and electricity at our offices. Additionally, each division is responsible for executing individual plans by considering the environmental impact generated by their specific business.

■ Company-Wide Items

Item	Division	Goal for until FY 2009	Goal for FY 2007	FY goal	Details of plan
Reduction of paper used for copying	Railroad	5% reduction	5% reduction	2005	Storage for paper which has been printed on one side. Raise consciousness regarding double sided printing and methods. Survey of paper use by each division. Revision of operations to realize computerized data storage. Selection of supervisor for each division.
	Bus	10% reduction	5% reduction	2006	
	Global logistics	10% reduction	Survey of current conditions	2006	
	Housing	10% reduction	3% reduction	2006	
	Urban development	10% reduction	2% reduction	2006	
	Headquarters	35% reduction	20% reduction	2006	
Reduction of common waste and trash	Railroad	10% improvement of recycling rate	5% improvement of recycling rate	2005	Establishment of facilities for trash separation. Raise consciousness regarding trash separation. Increase number of categories for trash. Selection of a disposal service. Selection of supervisor for each division.
	Bus	10% improvement of recycling rate	Survey of current conditions	2007	
	Global logistics	10% reduction of waste/trash	5% reduction of waste/trash	2005	
	Housing	5% reduction of waste/trash	1% reduction of waste/trash	2006	
	Urban development	10% reduction of waste/trash	Survey of current conditions	2006	
	Headquarters	10% reduction of waste/trash	10% reduction of waste/trash	2005	
Reduction of electricity usage	Railroad	0.1% reduction	0.1% reduction	2005	Introduction of individual heating and air conditioning. Introduction of lighting system that automatically detects and adjusts to daytime light. Increase in the number of light switches. Raise consciousness regarding management of heating and air conditioning. Require employees to turn off computers when leaving their desk.
	Bus	5% reduction	3% reduction	2006	
	Global logistics	5% reduction	3% reduction	2005	
	Housing	5% reduction	1% reduction	2006	
	Urban development	4% reduction	2% reduction	2006	
	Headquarters	Refinement of facilities	Refinement of facilities on 6th floor of headquarters building	—	

■ Individual Items for Each Division (Excerpt)

Item	Goal for until FY 2009	Goal for FY 2007	FY goal	Details of plan for FY 2007	Division
Execution of and participation in cleaning campaigns	Increase in number of campaigns and number of participants	Increase in number of campaigns and number of participants	—	Increase of periodic cleaning campaigns in areas surrounding retail facilities.	Urban development
	Increase of cleaning campaigns	Increase of cleaning campaigns	—	Implementation of a cleaning campaign on the anniversary of our company founding. Increase the scale of participation (participation from the entire group, participation in all areas of Fukuoka Prefecture)	Head-quarters
Reduction of electricity used in operation of trains	5% reduction	2% reduction	2005	Replacement with VVVF train cars (10 train cars) Priority given to introduction of energy-saving devices	Railroad
Reduction of electricity used at retail facilities	3% reduction	2% reduction	2005	Revision of machine operating conditions Investigation of implementing energy-saving methods Introduction of BEMS equipment to coincide with revision of central supervisory system (Solaria Plaza)	Urban development
Reduction of electricity used at office buildings	From 0.1% to 4% reduction (separate goal for each building)	0.2% reduction	2005	Replacement of lights in common use areas with energy efficient lights (during renewal of Imaizumi Building)	Urban development
Improvement of gas mileage for buses	10% improvement	8% improvement	2006	Introduction of digital tachograph Revision of evaluation standards for digital tachograph Creation of environmental-friendly driving video Introduction of fuel-efficient buses	Bus
Reduction of gasoline used by company vehicles	5% reduction	1% reduction	2006	Separate gas mileage management for each business Practice of environmental-friendly driving Checking of and instruction based on driving journal Replacement with fuel-efficient vehicles Management of number of vehicles for each business	Housing
Reduction of food waste	10% reduction (retail facilities)	Survey of current conditions	2005	Raise consciousness regarding rules for separation of trash, Continuation of food waste recycling programs	Urban development
	9% reduction (office building)	3% reduction	2006	Remind tenants of the need to separate trash	
Reduction of waste products (NOx, PM)	Clearance of both company standards and legal standards	Clearance of both company standards and legal standards	—	Introduction of low-pollution buses (buses that satisfy new regulations), Enforcement of idling stops (evaluation using tachograph), Periodic measurement of black smoke concentration, Enforcement of maintenance for buses that do not satisfy standards, Establishment of months when reduction of waste products is made a top goal	Bus
Reduction of paint thinner usage	3% reduction	3% reduction	2004	Change to water soluble paints Improvement of painting efficiency	Railroad
Reduction of chemical fertilizer usage (Kashiikaen Park)	5% reduction	5% reduction	2006	Creation of mulch, Creation of fertilizer by using a food waste processing machine	Urban development
Provision of environmental-friendly housing	—	—	—	Planting trees and flowers on roofs of mansions Constructions of housing that is air-tight and insulated	Housing

Promotion of Environmental Management

Environmental Impact

INPUT

Amount of Energy Used 2,548,283GJ

Electricity: 243,389,000 kWh
 City Gas: 1,537,000 m³
 Propane Gas: 73,000 m³
 CNG Gas: 58,000 m³
 Light Oil: 40,102 kl
 Heavy Oil: 271 kl
 Gasoline: 188 kl
 Kerosene: 33 kl

Amount of Resources Used

Water (Clean): 744,000 m³
 Copy Paper: 34,649,000 sheets

Amount of Energy Used 1,555,860GJ

Electricity: 4,077,000 kWh
 Gas: 139,000 m³
 (amount of CNG gas: 58,000 m³)
 Light Oil: 40,076 kl
 Other Fuels: 12 kl

Amount of Resources Used

Water (Clean): 138,000 m³
 Copy Paper: 1,309,000 sheets

Amount of Energy Used 452,496GJ

Electricity: 117,855,000 kWh
 Gas: 16,000 m³
 Light Oil: 42 kl
 Other Fuels: 58 kl

Amount of Resources Used

Water (Clean): 93,000 m³
 Copy Paper: 1,494,000 sheets

Amount of Energy Used 23,053GJ

Electricity: 4,428,000 kWh
 Gas: 18,000 m³
 Gasoline: 117 kl
 Other Fuels: 12 kl

Amount of Resources Used

Water (Clean): 12,000 m³
 Copy Paper: 22,121,000 sheets

Amount of Energy Used 2,880GJ

Electricity: 477,000 kWh
 Gas: 0 m³
 Gasoline: 30 kl

Amount of Resources Used

Water (Clean): 1,000 m³
 Copy Paper: 450,000 sheets

Amount of Energy Used 506,816GJ

Electricity: 115,399,000 kWh
 Gas: 1,428,000 m³
 Heavy Oil: 222 kl
 Other Fuels: 25 kl

Amount of Resources Used

Water (Clean): 497,000 m³
 Copy Paper: 549,000 sheets

Amount of Energy Used 7,178GJ

Electricity: 1,152,000 kWh
 Gas: 68,000 m³

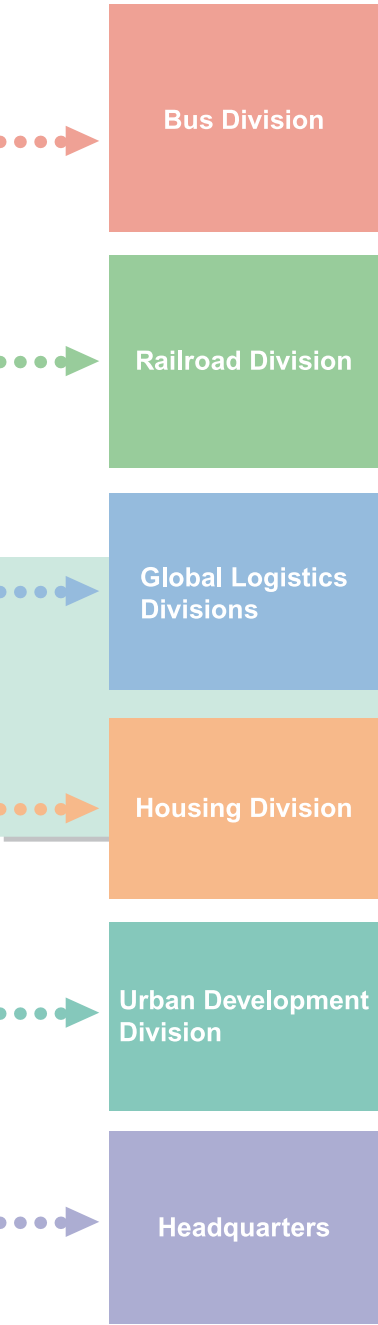
Amount of Resources Used

Water (Clean): 4,000 m³
 Copy Paper: 8,727,000 sheets

● Amount of industrial waste generated from orders such as construction works

Concrete Scrap:	26,422 tons	Mixed Waste Products:	382 tons	Asbestos Waste:	21 tons
Construction Sludge:	13,909 tons	Paper Scrap:	312 tons	Fiber Scrap:	12 tons
Rubble:	4,772 tons	Waste Plastics:	212 tons	Waste Oil:	11 tons
Asphalt Scrap:	2,777 tons	Ceramic Scrap:	211 tons	Dust:	1 ton
Metallic Scrap:	2,574 tons	Plaster Waste:	186 tons		
Wood Scrap:	427 tons	Rubber Scrap:	22 tons		

OUTPUT



Amount of CO ₂ Conversion Emissions	107,043 tons-CO ₂
Amount of Waste Products Generated	694 tons
General Waste	319 tons
Industrial Waste	374 tons

Amount of CO ₂ Conversion Emissions	43,323 tons-CO ₂
Amount of Waste Products Generated	556 tons
General Waste	366 tons
Industrial Waste	189 tons

Amount of CO ₂ Conversion Emissions	2,039 tons-CO ₂
Amount of Waste Products Generated	351 tons
General Waste	303 tons
Industrial Waste	48 tons

Amount of CO ₂ Conversion Emissions	246 tons-CO ₂
Amount of Waste Products Generated	22 tons
General Waste	21 tons
Industrial Waste	1 ton

Amount of CO ₂ Conversion Emissions	45,755 tons-CO ₂
Amount of Waste Products Generated	7,423 tons
General Waste	7,229 tons
Industrial Waste	194 tons

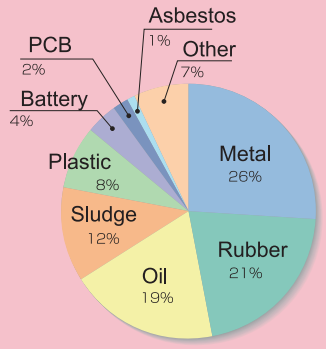
Amount of CO ₂ Conversion Emissions	562 tons-CO ₂
Amount of Waste Products Generated	148 tons
General Waste	143 tons
Industrial Waste	5 tons

Amount of CO₂ Conversion Emissions
198,967 tons-CO₂

Amount of Waste Products Generated
9,193 tons

General Waste 8,383 tons
Industrial Waste 810 tons

Detail of Industrial Waste



Amount of Chemical Substances Generated
3,870 kg

Emission of dichloromethane into atmosphere
970 kg

Transfer outside of relevant business
2,900 kg

Environmental Performance Reporting

Initiatives for Preventing Global Warming

Suppressing Global Warming through Efficient Use of Energy and Resources

Initiatives for Improving Gas Mileage of Buses

Our program of environmental-friendly driving, which is represented by the idling stop practice which we began in 1958, now takes on a greater meaning due to the effect of recent increases in oil prices. Environmental-friendly driving is now important from an economic standpoint, as well as from the standpoints of safety and environmental protection.

Thanks to the introduction of digital tachographs and comprehensive driving instruction, our fuel consumption ratio for FY 2006 was 2.97 km per liter. This is a 4.5% increase in fuel efficiency compared to FY 2005, which well surpasses our goal of a 2% increase.

Introduction of Digital Tachographs

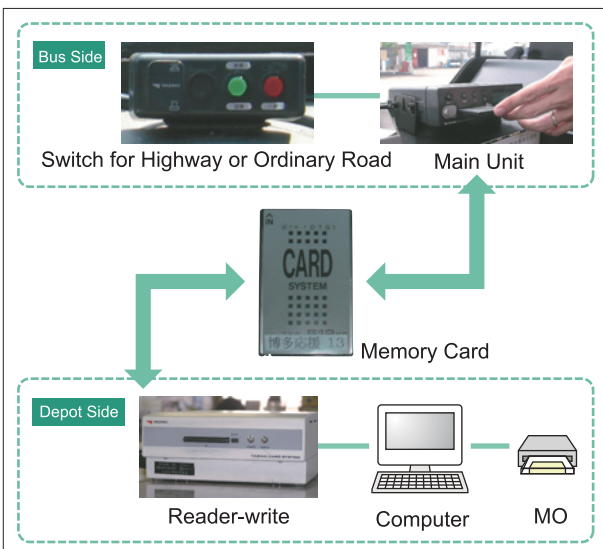
● Use in Buses Operating on Ordinary Roads

Since September 2003, we have used digital tachographs in highway buses as a measure for accident prevention. Digital tachographs were then used in buses operating on ordinary roads in an experiment during December 2005. The results of the experiment proved that digital tachographs are also beneficial for environmental-friendly driving. Therefore, from the FY 2006, we began the process of installing digital tachographs in buses operating on ordinary roads within the Fukuoka city area. Digital tachographs are currently installed in approximately 1,400 buses.

The installation of digital tachographs helps to raise the consciousness of bus drivers regarding environmental-friendly driving. When comparing the fuel consumption of buses that are equipped with digital tachographs to the fuel consumption for each month in the previous year, a 9.6% improvement in fuel consumption can be seen. These results are for all buses which were equipped with digital tachographs by February 2007, according to plans made in FY 2006.

In FY 2007, we plan to install digital tachographs in all remaining buses.

■ Outline of Digital Tachograph



● Revision of Digital Tachograph Driving Evaluation Standards

Detailed data regarding rapid starts, accelerations and decelerations is stored in the digital tachograph. The performance of each bus driver is analyzed and a total evaluation is made using this data. In October 2006, we revised the standards used during this evaluation. The new standards emphasize "driving patterns that result in fuel economy"*, top speeds, and idling stops.

■ Details of Revisions made to Digital Tachograph Driving Evaluation Standards

1. Driving Patterns that Result in Fuel Economy

① Rapid Starts and Stops

Standard Value: 6.3 to 7.2 km/h/s
(Acceleration rate during starts and stops)

We established a standard for driving patterns that resulted in fuel economy during starts. We evaluate drivers based on the number of times that they exceed the standard during one hour of driving.

② Engine Revolutions

Standard Value: 1600 rpm for ordinary roads,
1800 rpm for highways within the city limits
(Number of engine revolutions in one minute)

We evaluate drivers based on the number of times that they exceed the standard during one hour of driving.

2. Top Speed

Standard Value: 50 km/h for ordinary roads,
60 km/h for highways within the city limits

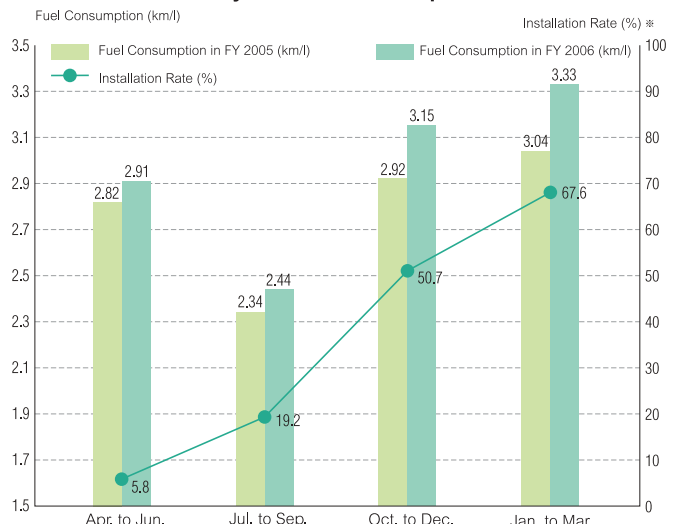
An alarm is activated when speed exceeds 60 km/h. We evaluate drivers based on the number of times that they exceed the standard during one hour of driving.

3. Idling Stop

Standard Value: (Number of idling stops) /
(Number of stops exceeding 30 seconds) x 100%

Until now, we evaluated drivers based only on the number of idling stops. We now measure the number of idling stops that exceed 30 seconds, allowing us to evaluate the quality of idling stops.

■ Graph of Digital Tachograph Equipped Buses Operating with Fukuoka City and Fuel Consumption



※ Percentage of buses operating with Fukuoka city limits that are equipped with a digital tachograph.

Promotion of Environmental-Friendly Driving

● Environmental-Friendly Driving Check

We have implemented a program to check the status of environmental friendly driving at the depots of each bus center. In this program, supervisors ride in the bus during operation and evaluate the performance of the driver. Supervisors check the fuel and digital tachograph records and ensure that environmental-driving is performed. This program was performed at 16 offices in FY 2006.

Furthermore, a patrol of supervisors ride in buses and ensure that environmental-friendly driving is being performed. These supervisors refer to a checklist and evaluate the actual driving performance of the bus. The supervisors also instruct managers and assistants responsible for the driving operations of each depot.

● Depot Award System

Our group presents an award to offices that have improved fuel consumption by 1% or more compared to the same month of the previous year. This award is given 4 times a year. Thanks to measures taken by our group such as the introduction of digital tachographs, we were able to present this award to a total of 60 depots in FY 2006.



Initiatives for Reduction of Electricity Usage in Railroad Division

Increased Use of Type 3000 Train Car



Type 3000 Train Car

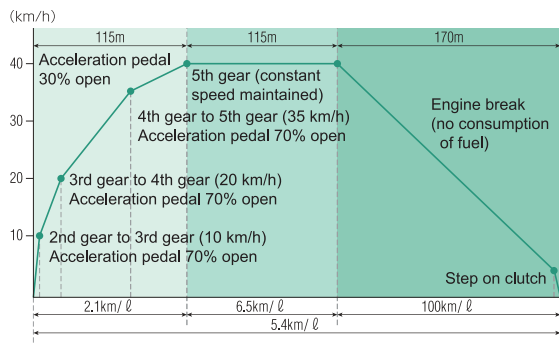
In March 2006, our Type 3000 train car underwent a full model change for the first time in 18 years. We introduced 4 of these new Type 3000 cars in FY 2006, and plan to introduce 10 more in FY 2007.

In addition to the standard VVVF inverter control and electrical regeneration brake, the Type 3000 features a new stainless steel body which makes it even more light weight and energy efficient.

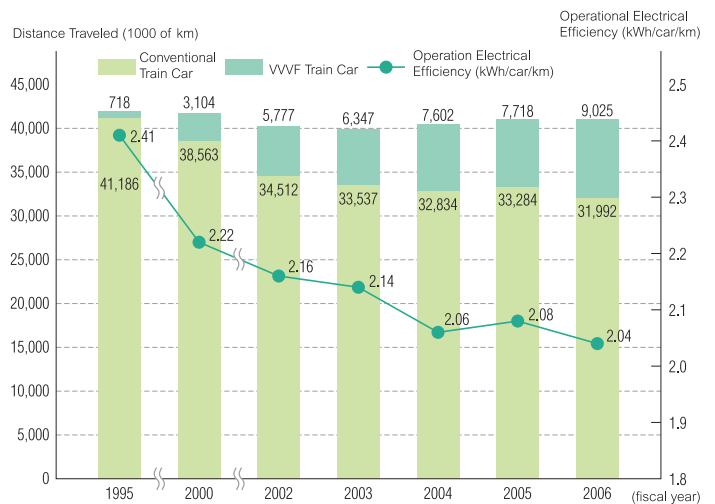
*Glossary Driving Patterns that Result in Fuel Economy

In November 2005, we revised previous driving patterns to create "driving patterns that result in fuel economy", which focuses on a series of specific driving techniques from starting to stopping of the bus. These techniques include adjustment of the angle of the acceleration pedal relevant to the driving situation, timing speed and moment of shift changes, and timing for the use of engine braking. In order to enhance the driver's understanding of these techniques, we have created a model graph in which the techniques are used for a 400 meter drive, which is the average distance between bus stops. (Refer to graph below.)

■ Driving Patterns that Result in Fuel Economy



■ Distance Traveled and Operational Electrical Efficiency for Trains of the Tenjin-Omuta Line



Environmental Performance Reporting

Initiatives for Realizing a Recyclable Society

Making Every Possible Effort to Realize a Recycle-Oriented Society

Efficient Use of Resources

Recycling of Train Cars

We perform inspection and maintenance that allows us to use our train cars for approximately 40 years. Once a car is retired from service, it is disassembled and reusable parts, such as the iron comprising the majority of the car body, are recycled. In FY 2006, four Type 700 cars and three Type 600 train cars that were once used on the Tenjin-Omuta Line were disassembled. The recycle rate for these seven cars was 92%.

■ Recycling Process for Train Cars

① Processing before Disassembly



Removal of asbestos

Freon Gas: Destroyed
Waste Oil: Recycled
Asbestos: Sent to landfill
Window Frames: Recycled
Window Glass: Sent to landfill
Fluorescent Light Tubes: Recycled

② Disassembly



Disassembly of car body

Car Body: Iron recycled
Base: Iron recycled
Wood Materials: Incinerated

Recycling of Tickets

We collect and recycle all used bus cards, commuter tickets and train tickets. Plastic bus cards and commuter tickets are melted and reused as heat energy. Also, the magnetic backing is removed from train tickets and the tickets are recycled into toilet paper which is used in station bathrooms.

In FY 2006, we collected and recycled 2.9 tons of bus cards and commuter tickets, and 12.9 tons of train tickets.

Introduction of Environmental-Friendly Upholstery in Buses

In June 2007, we began using environmental friendly upholstery in the seats of our buses. This upholstery, which is made from recycled PET bottle materials, is of higher quality and is more durable than the previous upholstery. We plan to use this environmental-friendly upholstery for reupholstering the seats of existing buses (performed every 8 to 10 years) and for newly manufactured buses.



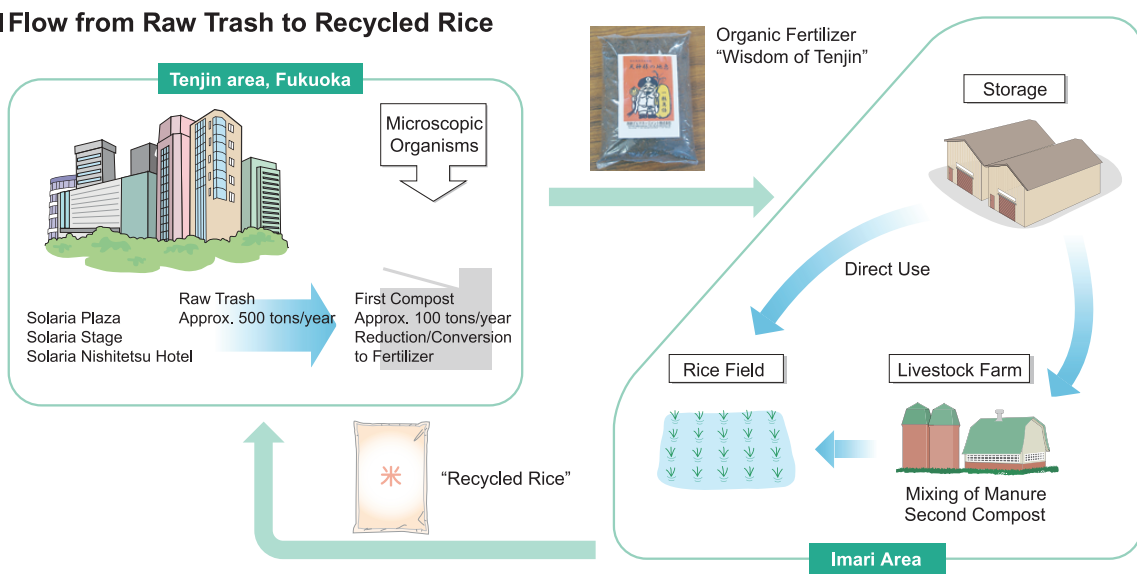
Nishitetsu Building Management Initiatives for Recycling Raw Trash



From 2005, Nishitetsu Building Management Inc. has headed a project to collect raw trash from our retail facilities in the Tenjin area of Fukuoka City. These facilities include the Solaria Plaza Building, restaurants and bars of the Solaria Stage Building, and the Solaria Nishitetsu Hotel. The raw trash is collected and composted to create organic fertilizer used to grow vegetables and rice. This organic fertilizer is used to grow rice by Bokusui, which is an agricultural group from Imari City in Saga Prefecture. The Bokusui group adds cow manure to the fertilizer and allows it to ferment once again before laying it in rice fields.

In November 2006, the first batch of rice grown with this fertilizer was harvested. 8 tons of rice was harvested, and it was named "recycled rice". Approximately 400 kilograms of this rice is being used at restaurants in the Solaria Nishitetsu Hotel and Nishitetsu Grand Hotel.

■ Flow from Raw Trash to Recycled Rice



Environmental Performance Reporting

Initiatives for Co-existence with the Community

Considering the environment of the community is essential for being a corporation that is in harmony with the community.

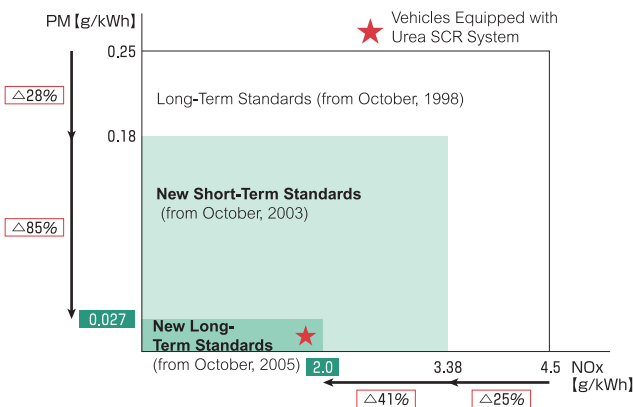
Reducing the Environmental Load on the Community

Measures for Bus Emissions

The emissions standards for the diesel engine of buses have been strengthened every year. New long-term standards were applied to the new model of buses introduced in October 2005 (production of the next model will occur in September, 2007). Emissions standards are gradually becoming stricter, with 3 modifications of emissions laws in the last 10 years. An example of this is the standards for nitrogen oxide (NOx) and particulate matter (PM), both of which cause air pollution. Compared to initial standards (NOx: 1974, PM: 1994), the current standards are much stricter, calling for an 85% reduction in NOx and a 95% reduction in PM.

In FY 2006, we introduced 135 buses that satisfy both new short-term standards and new long-term standards, and are proceeding to change to low-pollution buses. Furthermore, we perform strict inspection and maintenance on existing buses to prevent the emission of black smoke.

■ Emission Standards of the Automotive NOx / PM Law



● Urea SCR System

The urea SCR system uses an ultra high pressure fuel injection system to increase the combustion of the engine, which decreases the concentration of PM in emissions. Furthermore, the urea used in the system causes a chemical reaction which suppresses the generation of NOx. Emissions from the urea SCR system satisfy new long-term standards.

Since FY 2005, we have proceeded with the introduction of urea SCR system equipped highway buses and buses operating on ordinary roads. All 112 of the buses introduced in FY 2006 are equipped with the urea SCR system.

● CNG (Compressed Natural Gas) Bus

For CNG buses using compressed natural gas as fuel, there is a low concentration of NOx in emissions, and there is almost no emission of PM. Furthermore, there is almost no noise or vibration during operation. These benefits were the reason we introduced CNG buses in the FY 2004. We plan to add two more CNG buses in the FY 2006, which will bring the total number of CNG buses in operation to 7.



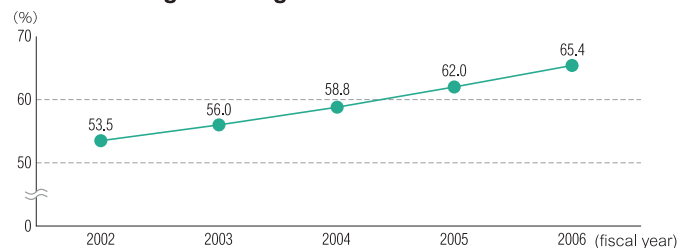
CNG Bus

Measure for Preventing Noise along Railroad Tracks

● Changing to Long Rails

Individual rails, which are 25 meters long, are welded together to create rails which are 200 meters or longer in length. Thanks to the reduction of joints in the rail, there is a decrease in noise and vibration when trains run on the rails. We are proceeding with the introduction of long rails on our Tenjin-Omuta Line. As of March 2006, conventional rails have been replaced with long rails on 65.4% of the tracks for which the laying of long rails is possible.

■ Percentage of Long Rail Tracks



Environmental Harmony through Cooperation with the Community

Community Cleaning Programs

Our headquarters division observes a cleaning service day on the 14th of each month. On this day, we clean the area surrounding our headquarters. In FY 2006, it was our goal to actively participate in other community cleaning programs in addition to our cleaning service day.



Cleaning service day on the 14th of every month