

Financial Highlights

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

Management Targets

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

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

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

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

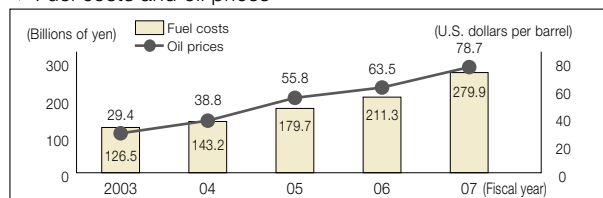
Midterm Management Policy Targets and Results

▼ Profitability and financial stability

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

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

▼ Fuel costs and oil prices



Note: Oil prices based on trade data

▼ Growth

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

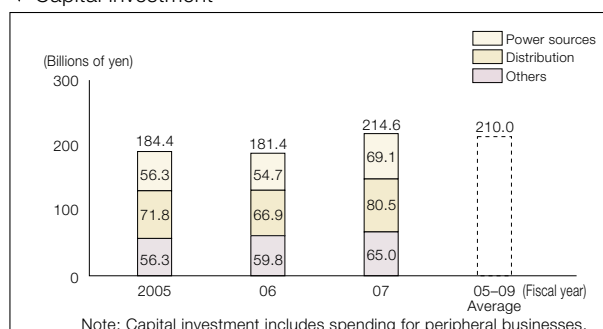
Management Efficiency

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

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

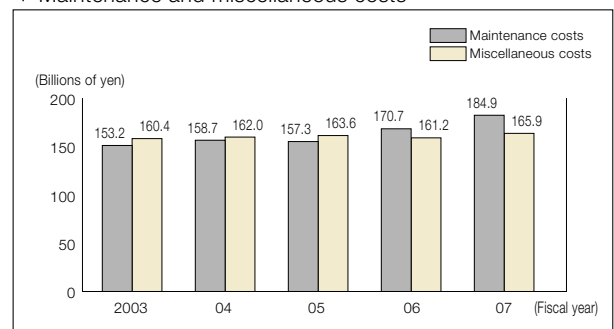
cut supply and fuel costs. We are using information technology to overhaul our clerical processes to bolster efficiency and employee productivity.

▼ Capital investment

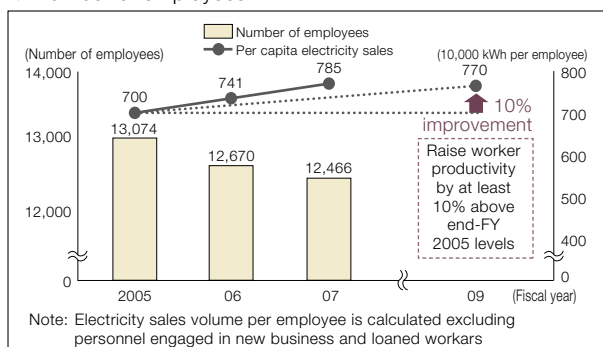


Note: Capital investment includes spending for peripheral businesses.

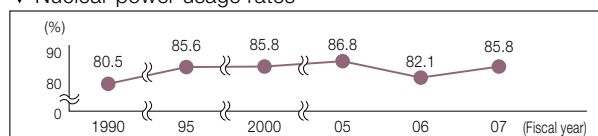
▼ Maintenance and miscellaneous costs



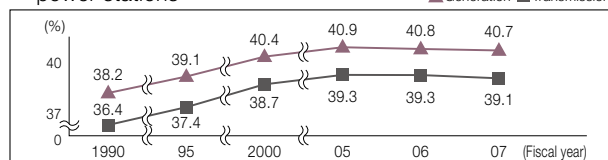
▼ Number of employees



▼ Nuclear power usage rates



▼ Thermal efficiency of thermal power stations



Overview of FY 2007 Results

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

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

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

Segment Performances

● Electric Power

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

● Energy

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

● IT and Telecommunications

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

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

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

▼ Segment results (Billions of yen, %)

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

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

● Others

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