

Financial Results for 4/2006–3/2007 and Financial Forecasts for 4/2007–3/2008

April 27, 2007



Statements made in this overview of operations regarding Kyushu Electric Power's strategies and forecasts and other statements that are not historical facts are forward-looking statements based on management's assumptions and beliefs in light of information currently available, and should not be interpreted as promises or guarantees.

Owing to various uncertainties, actual results may differ materially from these statements. Investors are hereby cautioned against making investment decisions solely on the basis of forward-looking statements contained herein.

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FY2006 Financial Results Summary

[Outline]

- Sales increased but income declined.
- Segments other than electricity contributed to an overall sales increase.
- However, expenses grew due to increases in fuel cost, etc.
- Posted impairment loss on fixed assets as extraordinary loss.

Consolidated

(Units:Billions of Yen)

	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,408.3	1,401.7	6.5	100.5
Operating Income	155.1	171.2	-16.1	90.6
Ordinary Income	118.5	125.2	-6.6	94.7
(Extraordinary Loss)	(5.6)	(9.1)	(3.5)	61.1
Net Income	65.9	76.8	-10.8	85.8

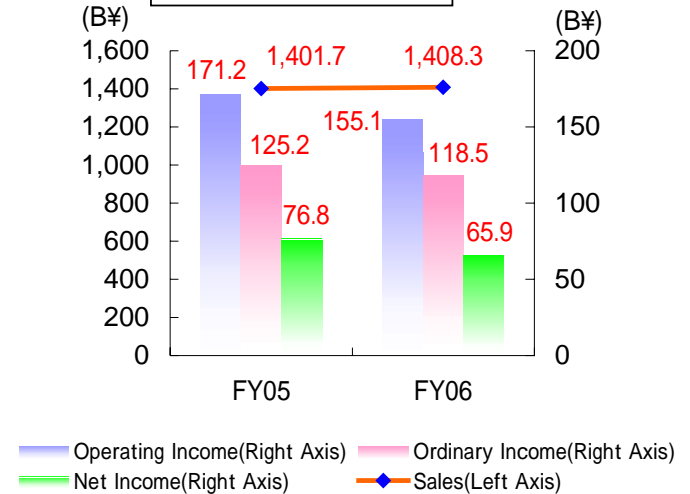
(Note) Scope of Consolidation and Companies Accounted for by Equity Method
 Consolidated Subsidiaries: 29
 Non-Consolidated Subsidiaries accounted for by Equity Method: 13
 Affiliated Companies accounted for by Equity Method: 13

Non-Consolidated

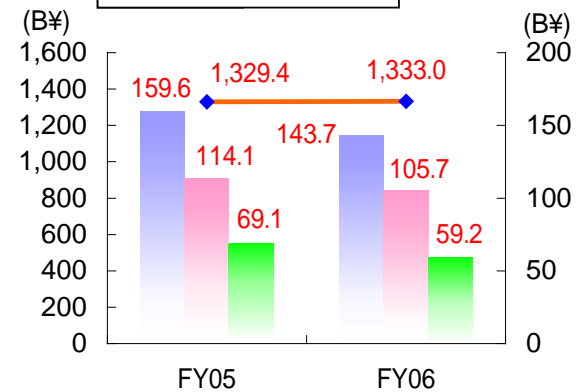
(Units:Billions of Yen)

	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,333.0	1,329.4	3.6	100.3
Operating Income	143.7	159.6	-15.8	90.1
Ordinary Income	105.7	114.1	-8.4	92.6
(Extraordinary Loss)	(5.6)	(10.0)	(-4.4)	55.7
Net Income	59.2	69.1	-9.9	85.7

Consolidated



Non-Consolidated



FY2006 Electricity Sales Volume

- Demand by customers other than large-scale industrial decreased by 0.1%.
 - Growth mainly in all-electric housing and new openings of commercial facilities was offset by demand decreases in air-conditioning, etc.
- Demand by large-scale industrial customers increased by 6.8%.
 - Robust economic activities in digital electronics and steel industries, etc. led to demand increase.
 - In response to a rise in oil price, industrial users switched from in-company generation to power purchase.

Details

(Unit:TWh)

		FY2006	Comparison with FY2005		
			Difference	% Change	
Demand other than under Liberalization	Lighting	28.2	-0.1	99.9	
	Power	Low Voltage	5.1	-0.3	93.0
		Others	0.9	-0.2	93.2
	Subtotal		34.2	-0.6	98.6
Demand under Liberalization	Commercial	19.7	0.5	102.7	
	Industrial	30.5	1.5	104.8	
	Subtotal	50.2	2.0	104.0	
Total		84.4	1.4	101.7	

Breakdown	Customers other than Large-scale Industrial	60.7	-0.1	99.9
	Large-scale Industrial Customers	23.7	1.5	106.8

Large-Scale Industrial Demand by Sector

(Unit:TWh)

	FY2006	Comparison with FY2005	
		Difference	% Change
Machinery	7.8	0.5	106.2
Electronics	6.0	0.3	104.5
Transportation	1.3	0.2	112.1
Steel and Iron	2.8	0.2	111.4
Chemicals	2.4	0.3	111.2
Clay and Stone	1.3	0.1	112.9
Cement	0.8	-	108.2
Non-ferrous Metals	1.1	0.1	111.0
Others	8.3	0.3	103.2
Total	23.7	1.5	106.8

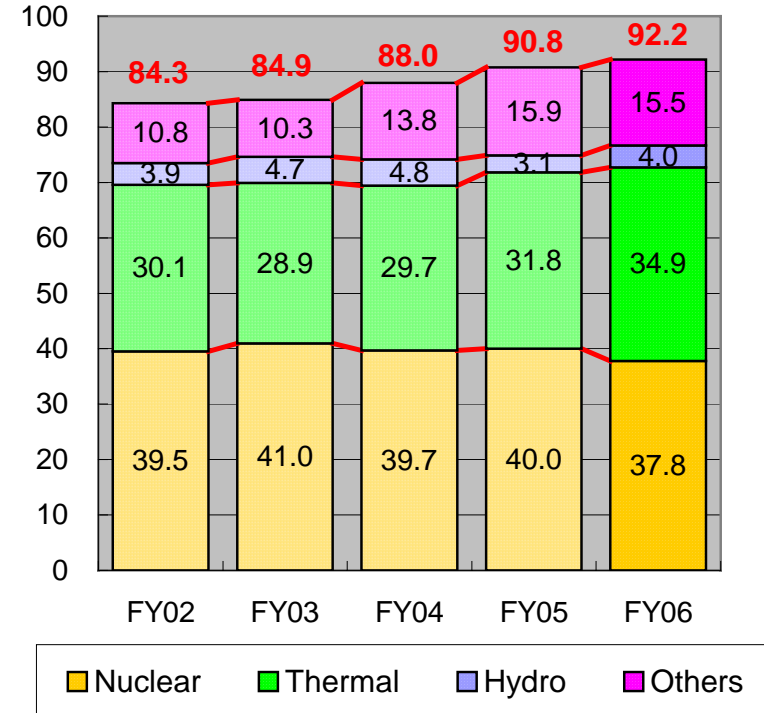
FY2006 Generated and Received Electricity

Details

(Unit:TWh)

		FY2006	Comparison with FY2005	
			Difference	% Change
Generated	Hydro	4.0	0.9	129.3
	(Water Flow Rate)	(103.5)	(21.9)	
	Thermal	34.9	3.1	109.8
	Nuclear	37.8	-2.2	94.6
	(Utilization Rate)	(82.1)	(-4.7)	
	Subtotal	76.7	1.8	102.5
Received from Other Companies		15.9	-0.5	96.8
Interchange		-0.1	0.1	72.6
Pumped Storage Use		-0.3	-	93.8
Total		92.2	1.4	101.6

(TWh) Trends in Generated and Received Electricity



FY2006 Income Statements Summary (Non-Consolidated)

(Unit:Billions of Yen)

	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)	Explanations	
Ordinary Revenues	Lighting	551.0	562.3	-11.3	98.0	Rate Reduction -15.0,
	Power	735.4	728.5	6.8	100.9	Increase in Electric Power Sales, etc 10.6
	Sales to Other Companies	8.1	7.7	0.3	104.6	Sales to Other Electric Power Companies -0.4, Sales to Other Companies 0.7
	Others	44.9	35.2	9.7	127.6	Incidental Businesses 7.8
	(sales)	(1,333.0)	(1,329.4)	(3.6)	(100.3)	
Subtotal	1,339.5	1,333.9	5.6	100.4		
Ordinary Expenses	Personnel	144.8	178.4	-33.6	81.1	Employees' Retirement Benefits -28.6
	Fuel	211.3	179.7	31.5	117.6	Decrease in Nuclear Power Generation 10.2, Increase in Electric Power Sales 8.4, CIF Price 6.4, Exchange Rate 4.6
	Maintenance	170.7	157.3	13.4	108.5	Thermal 4.7, Nuclear 2.6, Distribution 2.2, Transmission 2.1
	Depreciation	189.0	199.5	-10.5	94.7	Thermal -5.7, Nuclear -3.1, Transformation -1.3
	Purchased Power	112.6	113.2	-0.6	99.4	Purchase from Other Companies -0.6
	Interest Charges	35.7	38.4	-2.6	93.1	Prepayment -1.0, Net Decrease in Interest-bearing Debt -0.8, Decrease in Interest Rate -0.8
	Nuclear Back-end Costs	65.2	48.2	16.9	135.2	Costs for Reprocessing of Irradiated Nuclear Fuel 11.8, Costs for Preparation of Reprocessing of Irradiated Nuclear Fuel 6.9
Others	304.2	304.6	-0.4	99.9		
Subtotal	1,233.7	1,219.7	14.0	101.2		
(Operating Income)	(143.7)	(159.6)	(-15.8)	(90.1)		
Ordinary Income	105.7	114.1	-8.4	92.6		
Provision for Drought Reserve	-	-4.6	4.7	-		
Extraordinary Loss	5.6	10.0	-4.4	55.7	Loss on Impairment(FY2006) 5.6, Loss on Business Restructuring(FY2005) -10	
Net Income	59.2	69.1	-9.9	85.7		

(Note) Nuclear back-end costs consist the followings: Costs for Reprocessing of Irradiated Nuclear Fuel, Costs for Preparation of Reprocessing of Irradiated Nuclear Fuel, Costs for Disposal of Transuranic Waste, and Costs for Decommissioning Nuclear Power Plants.

(References)

(Units: ¥/\$, \$/b, %)

	FY2006 (A)	FY2005 (B)	Difference (A)-(B)
Exchange Rate	117.0	113.3	3.7
Crude Oil (All Japan CIF Price)	63.6	55.8	7.8
Water Flow Rate	103.5	81.6	21.9
Nuclear Power Generation Capacity Utilization Rate	82.1	86.8	-4.7

FY2006 Ordinary Income Explanations (Non-Consolidated)

(Unit:Billions of Yen)				
	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)
Lighting&Power	1,286.4	1,290.9	-4.4	99.7

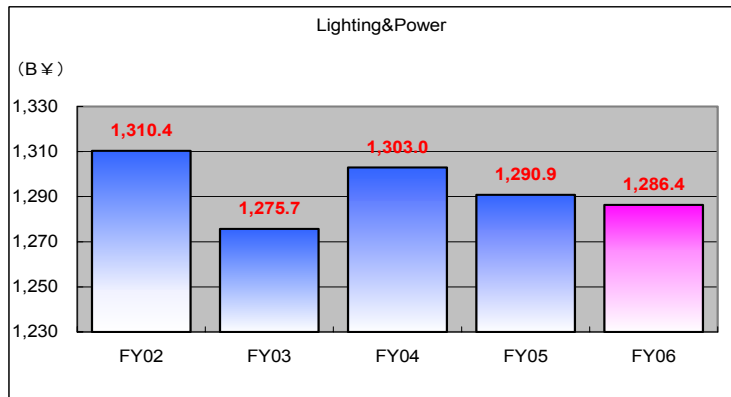
<Explanations>

①Rate Reduction -15.0

•3.71% Rate Reduction in April 2006

②Increase in Electric Power Sales 10.6

•83.0→84.4TWh



(Unit:Billions of Yen)				
	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)
Sales to Other Companies & Others	53.0	43.0	10.0	123.5

<Explanations>

①Incidental Businesses 7.8 (15.0 ⇒ 22.8)

◆Gas Sales 5.0 (8.0 ⇒ 13.0)

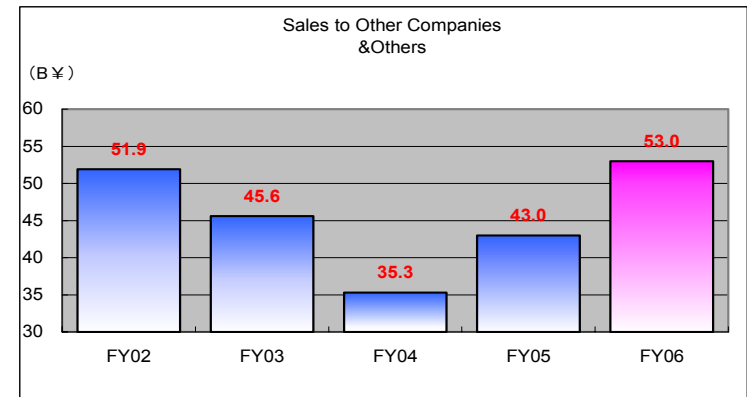
◆Fiber-Optic Cable Leasing Service 2.5 (3.6 ⇒ 6.1)

②Sales to Other Companies 0.7 (4.5 ⇒ 5.3)

•Increase in Sales to Other Companies (0.34→0.46TWh)

③Sales to Other EPCOs -0.4 (3.2 ⇒ 2.8)

•Decrease in Sales to Other EPCOs (0.23→0.17TWh)

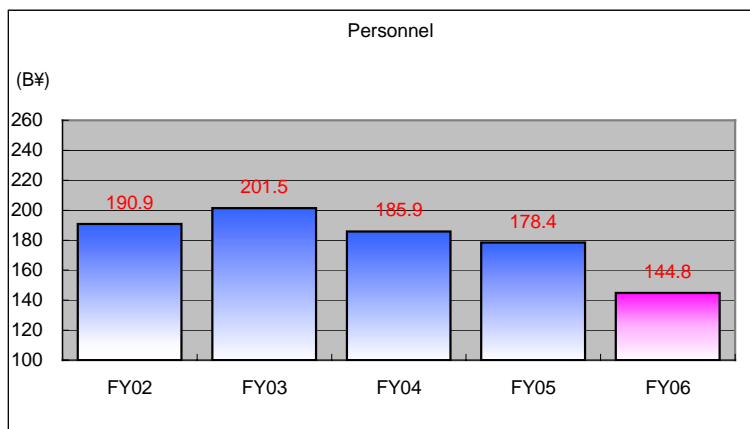


FY2006 Ordinary Expenses Explanations (Non-Consolidated)

	(Unit: Billions of Yen)			
	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)
Personnel	144.8	178.4	-33.6	81.1

< Explanations >

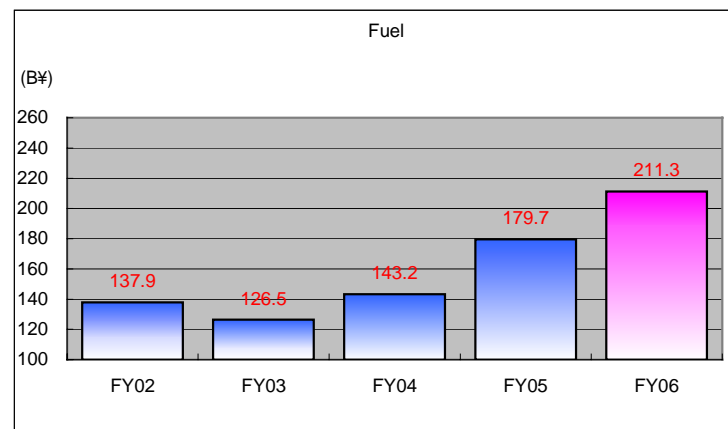
		FY2005	FY2006
Employees' Retirement Benefits	-28.6	(33.0	4.3)
Amortization on Difference between Actual and Expected Returns on Plan Asset	-17.0	(16.3	-0.6)
Expected Return on Plan Asset	-10.1	(-2.7	-12.8)
Payroll	-4.4	(112.6	108.2)
· Decreased employees (13,074 12,670)			



	(Unit: Billions of Yen)			
	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)
Fuel	211.3	179.7	31.5	117.6

< Explanations >

Decrease in Nuclear Power Generation	10.2
· Capacity Utilization Rate (86.8 82.1%)	
Electric Power Sales	8.4
· Increased Power Sales Volume (83.0 84.4TWh)	
Rise in CIF Price	6.4
· Crude Oil (55.8 63.6\$/b)	
· Coal (63.3 62.5\$/t)	
(Note) Referred to All Japan CIF Price	
Difference in Exchange Rate	4.6
· Yen Depreciation (113.3 117.0¥/\$)	

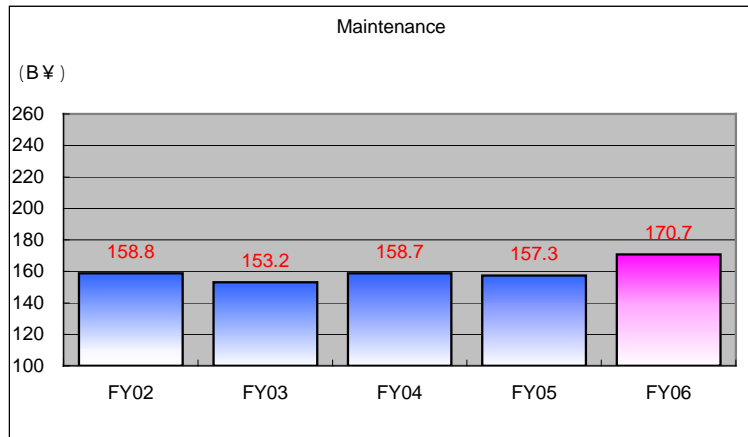


FY2006 Ordinary Expenses Explanations (Non-Consolidated)

(Unit:Billions of Yen)				
	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)
Maintenance	170.7	157.3	13.4	108.5

< Explanations >

	FY2005	FY2006
Thermal	4.7 (31.2)	35.9
· Increase in Power Station Maintenance, etc.		
Nuclear	2.6 (49.8)	52.5
· Increase in Periodic Maintenance, etc.		
Distribution	2.2 (49.6)	51.9
· Increase in Power Distribution Work for New Housing, etc.		
Transmission	2.1 (6.4)	8.5
· Additional Work for Reliability and Safety Measures, etc.		



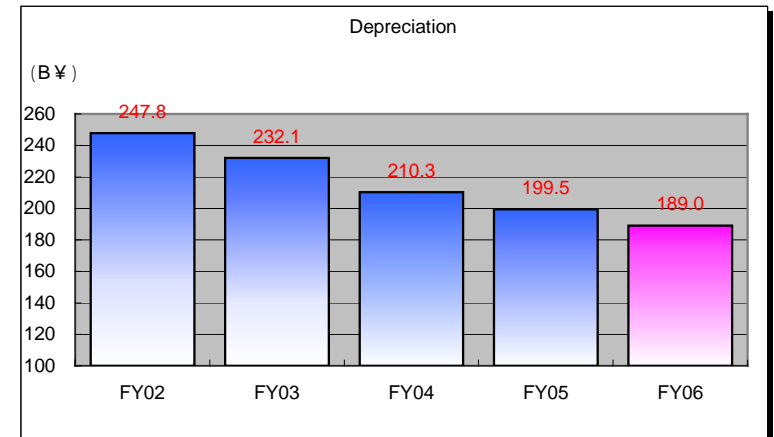
(Unit:Billions of Yen)				
	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)
Depreciation	189.0	199.5	-10.5	94.7

< Explanations >

	FY2005	FY2006
Thermal	-5.7 (42.9)	37.1
Nuclear	-3.1 (35.6)	32.5
Transformation	-1.3 (25.0)	23.6

<Difference Breakdown by Depreciation Method>

General **-13.2**
 Special **-0.2**
 Start-up **2.8**
 Omarugawa Power Station #4
 Start-up: Dec. 2006 ~ Jun. 2007
 COD: Jul. 2007



FY2006 Ordinary Expenses Explanations (Non-Consolidated)

(Unit: Billions of Yen)

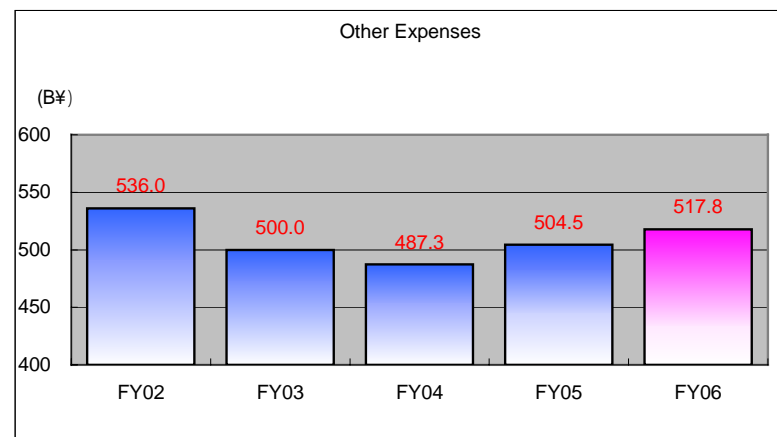
	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	%Change (A)/(B)
Other Expenses	517.8	504.5	13.2	102.6

(Note) Other expenses consist of the followings: Purchased Power, Interest Charges, Nuclear Back-end Costs, and Others.

< Explanations >		FY2005	FY2006
Nuclear Back-end Costs	16.9	(48.2	65.2)
Costs for Reprocessing of Irradiated Nuclear Fuel	11.8	(31.0	42.8)
Costs for Preparation of Reprocessing of Irradiated Nuclear Fuel	6.9	(-	6.9)
Incidental Businesses	5.0	(18.3	23.3)
Gas Sales	3.9	(8.0	12.0)
Fiber-Optic Cable Leasing Service	1.4	(6.7	8.1)
Miscellaneous	-2.7	(10.8	8.1)

· Removal of Omura Power Station -0.9

	FY2005	FY2006
Interest Charges	-2.6 (38.4	35.7)
· Prepayment	-1.0	
· Net Decrease in Interest-bearing Debt	-0.8	
· Decrease in Interest Rate	-0.8 (Interest Rate 1.80	1.76%)



FY2006 Extraordinary Loss Explanations (Non-Consolidated)

(Unit: Billions of Yen)				
	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)
Extraordinary Loss	5.6	10.0	-4.4	55.7

< FY2006 >

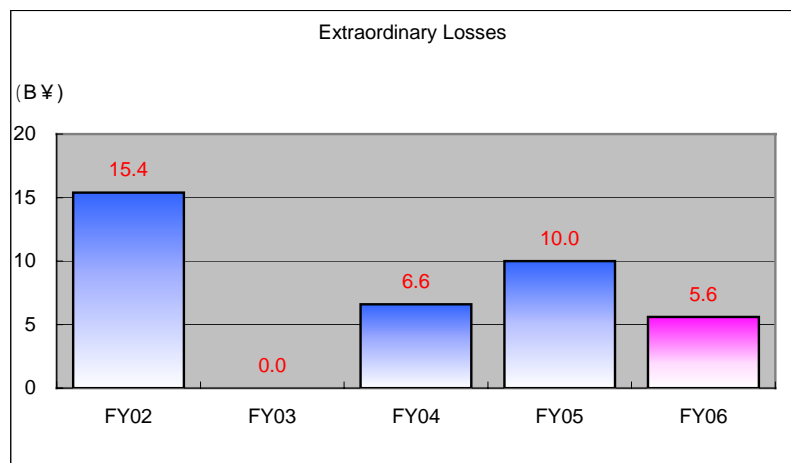
Loss on Impairment 5.6

- Commercial Lease Property
(Incidental Business Property&Equipment)3.5
- Unutilized Asset 2.0

< FY2005 >

Loss on Business Restructuring 10.0

Restructuring of a Subsidiary 10.0



(Reference)

FY2002

- Write-off on Investment Securities in a Subsidiary
¥15.4B

FY2004

- Loss on Impairment ¥6.6B

FY2006 Financial Results Summary (Comparison with Oct. 2006 Forecast)

[Outline]

- Actual incomes outperformed FY2006 forecast mainly for the following reasons:
 - Growth in all-electric housing,
 - Overall demand increase by large industrial customers,
 - Industrial users' switch from in-company generation to power purchase.

Consolidated

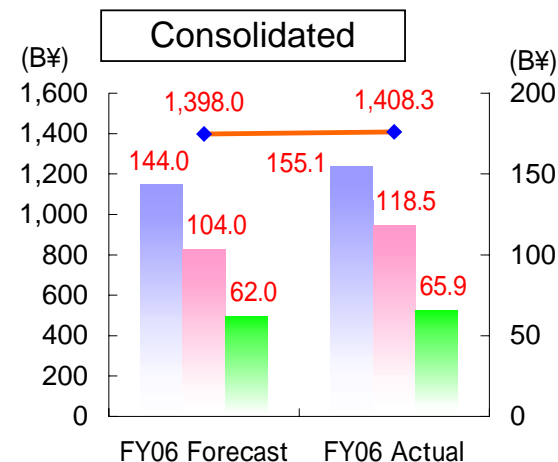
(Units:Billions of Yen)

	FY2006 Actual (A)	FY2006 Forecast (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,408.3	1,398.0	10.3	100.7
Operating Income	155.1	144.0	11.1	107.8
Ordinary Income	118.5	104.0	14.5	114.0
(Extraordinary Loss)	(5.6)	(-)	(5.6)	-
Net Income	65.9	62.0	3.9	106.4

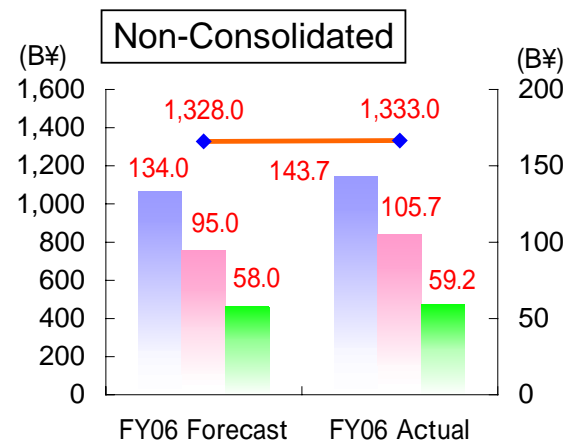
Non-Consolidated

(Units:Billions of Yen)

	FY2006 Actual (A)	FY2006 Forecast (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,333.0	1,328.0	5.0	100.4
Operating Income	143.7	134.0	9.7	107.3
Ordinary Income	105.7	95.0	10.7	111.3
(Extraordinary Loss)	(5.6)	(-)	(5.6)	-
Net Income	59.2	58.0	1.2	102.1



■ Operating Income(Right Axis)
 ■ Ordinary Income(Right Axis)
 ■ Net Income(Right Axis)
 ◆ Sales(Left Axis)



FY2006 Balance Sheets Summary (Non-Consolidated)

【Assets】

(Unit:Billions of Yen)

	Mar. 31, 2007 (A)	Mar. 31, 2006 (B)	Difference (A)-(B)	Explanations
Utility Property, Plant and Equipment	2,566.2	2,652.1	-85.9	Depreciation -186.5 Construction Completed 122.9(Omarugawa Transmission Line 23.5, etc.)
Investments and Other Assets	433.4	437.9	-4.5	Reserve Funds for Reprocessing of Irradiated Nuclear Fuel 9.9 Investment Securities (Decrease in Unrealized Holding Gains) -16.9 Deferred Tax Assets (Investment Securities) 6.1
Other	790.4	767.2	23.2	Accounts Receivable 9.5 Construction in Progress 8.8
Total	3,790.1	3,857.3	-67.2	

【Liabilities and Shareholders' Equity】

(Unit:Billions of Yen)

	Mar. 31, 2007 (A)	Mar. 31, 2006 (B)	Difference (A)-(B)	Explanations
Interest-bearing Debt	1,912.3	1,975.1	-62.8	[D/E Ratio] Mar. 06 1.98 Mar. 07 1.88
Other Liabilities	858.9	886.4	-27.5	Liabilities for Employees' Retirement Benefits -25.9
Total Shareholders' Equity	1,018.8	995.6	23.1	Net Income 59.2 Dividends Paid -28.4 Unrealized Gain on Available-for-sale Securities -10.8 [Equity Ratio] Mar. 06 25.8% Mar. 07 26.9%
Total	3,790.1	3,857.3	-67.2	

FY2006 Income Statements Summary (Consolidated)

(Unit:Billions of Yen)

		FY2006 (A)	FY2005 (B)	Difference (A)-(B)	% Change (A)/(B)	FY2006 Consolidated Ratio
Ordinary Revenues	Electricity	1,307.7	1,311.9	-4.2	99.7	
	Other	100.5	89.7	10.8	112.1	
	Operating Revenues(Sales)	1,408.3	1,401.7	6.5	100.5	
	Other Revenues	8.7	7.6	1.0	113.7	
	Subtotal	1,417.0	1,409.4	7.6	100.5	
Ordinary Expenses	Electricity	1,155.4	1,140.7	14.6	101.3	(1.08)
	Other	97.7	89.6	8.0	109.0	
	Operating Expenses	1,253.1	1,230.4	22.6	101.8	
	Other Expenses	45.3	53.7	-8.3	84.4	
	Subtotal	1,298.4	1,284.1	14.3	101.1	
(Operating Income)		(155.1)	(171.2)	(-16.1)	(90.6)	(1.08)
Ordinary Income		118.5	125.2	-6.6	94.7	(1.12)
Provision for Drought Reserve		-	-4.6	4.7	-	
Extraordinary Losses		5.6	9.1	-3.5	61.1	
Net Income		65.9	76.8	-10.8	85.8	(1.11)

FY2006 Segment Information

(Unit:Billions of Yen)

	Electricity	Energy-related	IT& Telecommunications	Other	Total	Eliminations/ Corporate	Consolidated
Sales	1,310.1 (-4.2)	128.3 (4.4)	76.4 (2.6)	25.9 (5.7)	1,540.8 (8.6)	-132.4 (-2.0)	1,408.3 (6.5)
Sales to Outside Customers	1,307.7 (-4.2)	49.2 (3.1)	40.2 (4.2)	11.0 (3.4)	1,408.3 (6.5)	- (-)	1,408.3 (6.5)
Operating Income	144.2 (-18.6)	6.8 (2.2)	-1.3 (-0.6)	4.2 (1.1)	154.1 (-15.7)	1.0 (-0.3)	155.1 (-16.1)
Ordinary Income	108.7 (-10.2)	8.2 (3.2)	-2.7 (-0.4)	3.4 (0.8)	117.7 (-6.6)	0.8 (-)	118.5 (-6.6)
Asset	3,681.1 (-70.4)	235.8 (-8.5)	133.5 (1.6)	138.0 (11.2)	4,188.6 (-66.0)	-149.8 (2.5)	4,038.8 (-63.4)
Capital Expenditure	170.2 (-3.9)	8.8 (3.0)	21.4 (2.9)	4.9 (2.6)	205.3 (4.6)	-2.8 (-)	202.5 (4.6)

(Note) Figures in brackets denote changes from FY2005.

FY2006 Cash Flows Summary (Consolidated)

(Unit:Billions of Yen)

	FY2006 (A)	FY2005 (B)	Difference (A)-(B)	Explanations
Cash Flows from Operating Activities	304.5	270.9	33.5	Reserve Funds for Reprocessing of Irradiated Nuclear Fuel 50.1 Income Taxes Paid 20.8 Liabilities for Employees' Retirement Benefits -25.9 Depreciation -10.5
Cash Flows from Investing Activities	-202.8	-197.0	-5.7	
(Capital Expenditures including Nuclear Fuel)	(-202.9)	(-200.1)	(-2.8)	
Cash Flows from Financing Activities	-102.7	-66.6	-36.1	Net Decrease in Interest-bearing Debt -37.3 (FY2005 -36.3 FY2006 -73.6) Decrease in Dividends Paid 2.3 (FY2005 30.7 FY2006 28.4)
Total	-1.1	7.2	-8.3	
Free Cash Flows ()	101.6	70.8	30.7	

() Free Cash Flows = Cash Flows from Operating Activities - Capital Expenditure including Nuclear Fuel

Profit Appropriation Policy

We have based our policy regarding the appropriation of profits on expanding shareholders' interest in medium to long-term perspective while maintaining the consecutive dividends.

We plan to use retained earnings for investments in electric facilities and new businesses as well as for repayment of interest-bearing debts, aiming to enhance sustainable corporate value.

We determined the dividend of 60 yen applicable to FY2006 (30 yen interim dividend paid and 30 yen year-end dividend) which we seek to shareholders' approval at the shareholders' meeting as a part of the appropriation of profits.

Kyushu Electric Power plans to pay a dividend of 60 yen per share for FY2007 (interim dividend of 30 yen and year-end dividend of 30 yen).

(Dividends Per Share)

(Unit: Yen)

	FY2006	FY2007
Interim	30	30
Year-end	30	30
Total	60	60

FY2007 Financial Forecasts Summary

[Outline]

- FY2007 tax reform accrues a larger depreciation expense because of a change in depreciation method.
- However, due to expected sales increase, sales and incomes are forecast to grow.

Consolidated

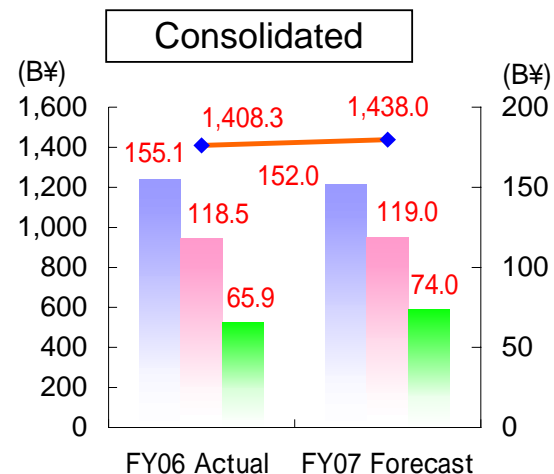
(Units:Billions of Yen)

	FY2007 Forecast (A)	FY2006 Actual (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,438.0	1,408.3	29.7	102.1
Operating Income	152.0	155.1	-3.1	98.0
Ordinary Income	119.0	118.5	0.5	100.4
Net Income	74.0	65.9	8.1	112.2

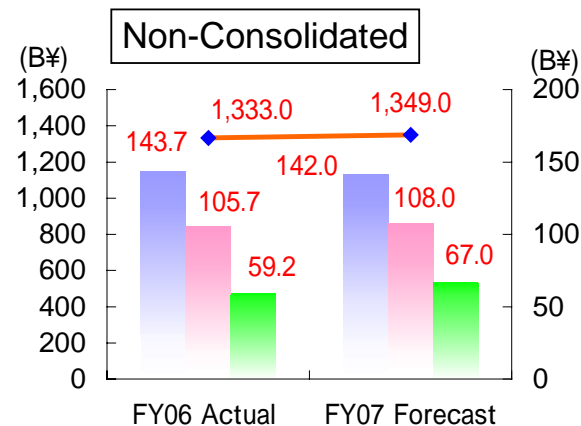
Non-Consolidated

(Units:Billions of Yen)

	FY2007 Forecast (A)	FY2006 Actual (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,349.0	1,333.0	16.0	101.2
Operating Income	142.0	143.7	-1.7	98.7
Ordinary Income	108.0	105.7	2.3	102.1
Net Income	67.0	59.2	7.8	113.1



■ Operating Income(Right Axis)
 ■ Ordinary Income(Right Axis)
 ■ Net Income(Right Axis)
 ◆ Sales(Left Axis)



FY2007 Sensitivity Factors (Non-Consolidated)

(Unit:Billions of Yen)

	FY2007	FY2006
Exchange Rate (1¥/\$)	1.6	1.6
Crude Oil CIF Price (1\$/b)	2.4	2.6
Water Flow Rate (1%)	0.3	0.3
Nuclear Power Generation Capacity Utilization Rate (1%)	2.2	2.2
Interest Rate (1%)	2.8	2.8

For more information, please contact:

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