

Business Update

October 31, 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.

Contents

Financial Targets	P2
Electricity Sales	P3
Performance by Business Segment	P4-5
Securing Fuel Procurement	P6
Reducing Greenhouse Gas Emission	P7
Update on Nuclear Power	P8-11

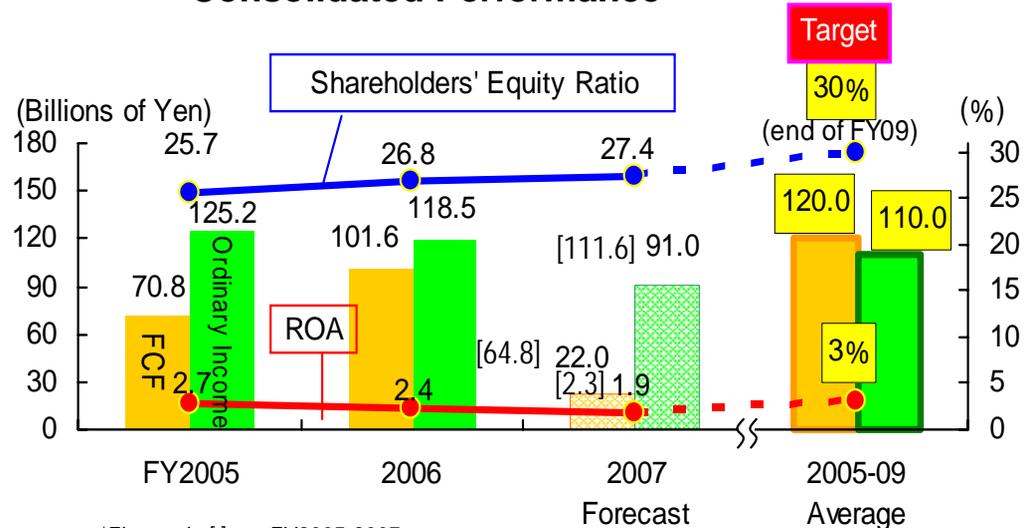
Financial Targets

Consolidated

	FY2006 Results	FY2007 Forecasts	FY2005-2009 Financial Targets
FCF	¥101.6 Billion	(¥56 Billion) ¥22 Billion	Ave. ¥120 Billion
Ordinary Income	¥118.5 Billion	(¥119 Billion) ¥91 Billion	Ave. ¥110 Billion
ROA	2.4%	(2.4%) 1.9%	Average 3.0%
Shareholders' Equity Ratio	26.8%	(27.9%) 27.4%	30% (End of FY09)

*Figures in () are the previous forecasts made in July 2007

Consolidated Performance



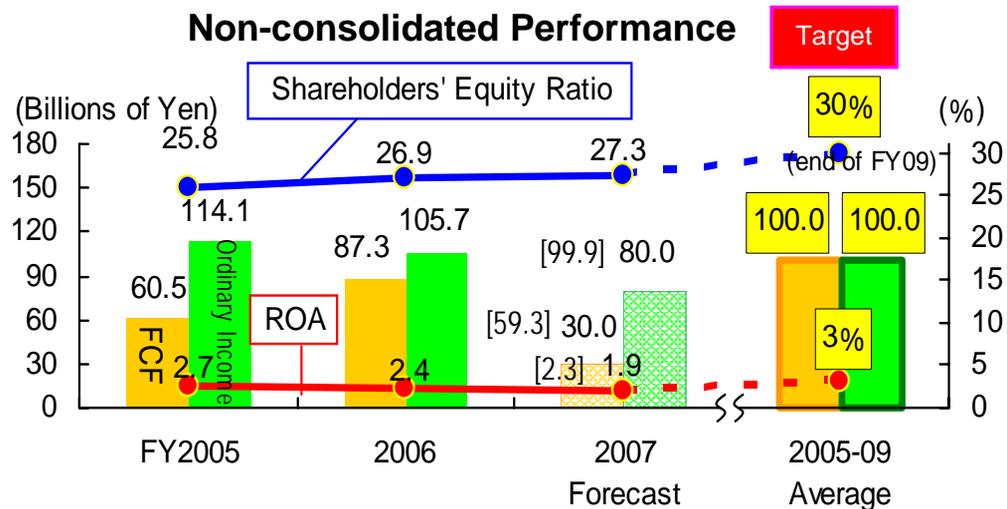
*Figures in [] are FY2005-2007 average

Non-consolidated

	FY2006 Results	FY2007 Forecasts	FY2005-2009 Financial Targets
FCF	¥87.3 Billion	(¥61 Billion) ¥30 Billion	Ave. ¥100 Billion
Ordinary Income	¥105.7 Billion	(¥108 Billion) ¥80 Billion	Ave. ¥100 Billion
ROA	2.4%	(2.4%) 1.9%	Average 3.0%
Shareholders' Equity Ratio	26.9%	(28.0%) 27.3%	30% (End of FY09)

*Figures in () are the previous forecasts made in July 2007

Non-consolidated Performance



*Figures in [] are FY2005-2007 average

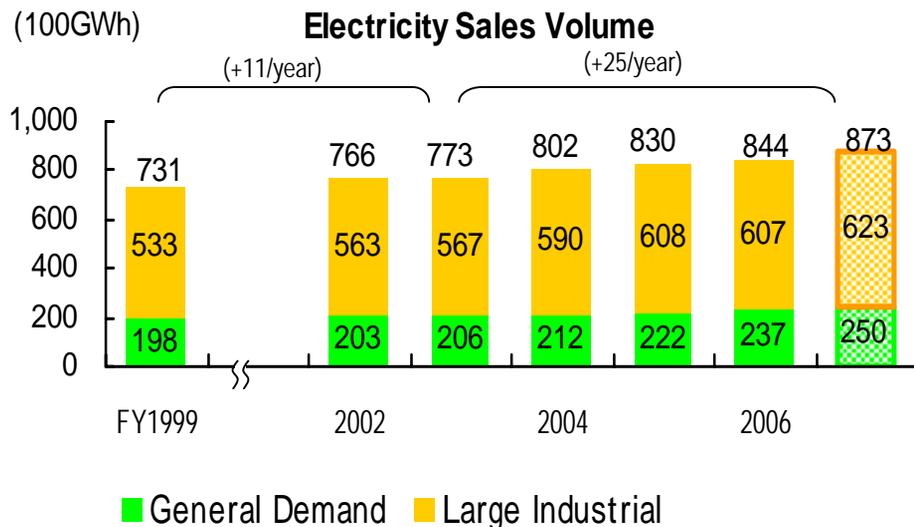
Electricity Sales

Electricity Sales Volume

	FY2006 Results	FY2007		Change (a-b)
		Forecasts (a)	Originally Planned (b)**	
General Demand	607	(2.6) 623	(1.0) 613	[1.5] 10
Large Industrial	237	(5.6) 250	(2.0) 242	[3.5] 8
Total	844	(3.4) 873	(1.3) 856	[2.1] 18

*Figures in () are the rates of changes from the previous year (%), figures in [] are the rate of changes from the previous forecasts (%)

**Forecasts were made in July 2007

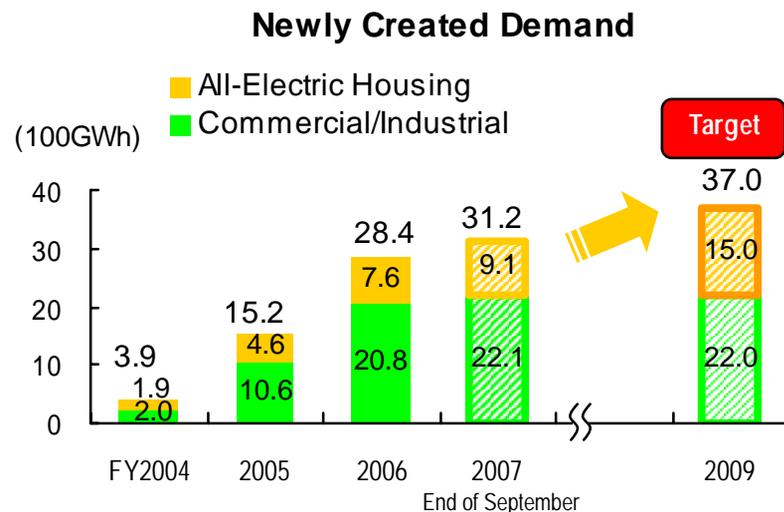


Newly Created Demand

(100GWh)

	FY04-06 Accumulated	FY2006 Interim Results	Accumulating Total	FY04-09 Targets
All-Electric Housing	7.6	1.5	9.1	15.0
Commercial /Industrial	(18.5) 20.8	(0.6) 1.3	(19.1) 22.1	22.0
Total	(18.5) 28.4	(0.6) 2.8	(19.1) 31.2	37.0

*Figures in () are demand from customers returning from private on-site power generation (inclusive)



Performance by Business Segment – 1

Ordinary Income by Business Segment

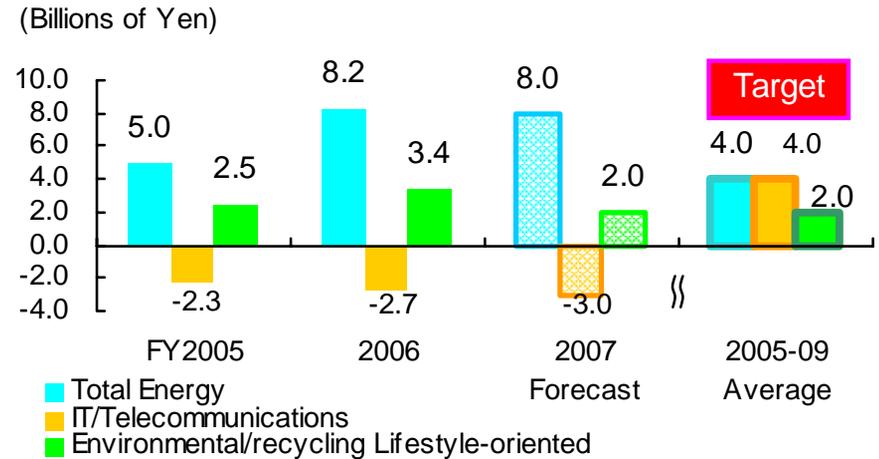
(Billions of Yen)

	FY2006 Results	FY2007 Forecasts	Financial Target (Ave. of FY05-09)
Total Energy	8.2	<4.3> (8.0) 8.0	4.0
IT/Telecommunications	-2.7	<-2.0> (-3.0) -3.0	4.0
Environment/Recycling Lifestyle-oriented	3.4	<1.3> (2.0) 2.0	2.0

*Each business segment includes non-consolidated incidental businesses

**Figures in < > are interim results, in () are forecasts made in July 2007

Ordinary Income by Business Segment



Total Energy Business

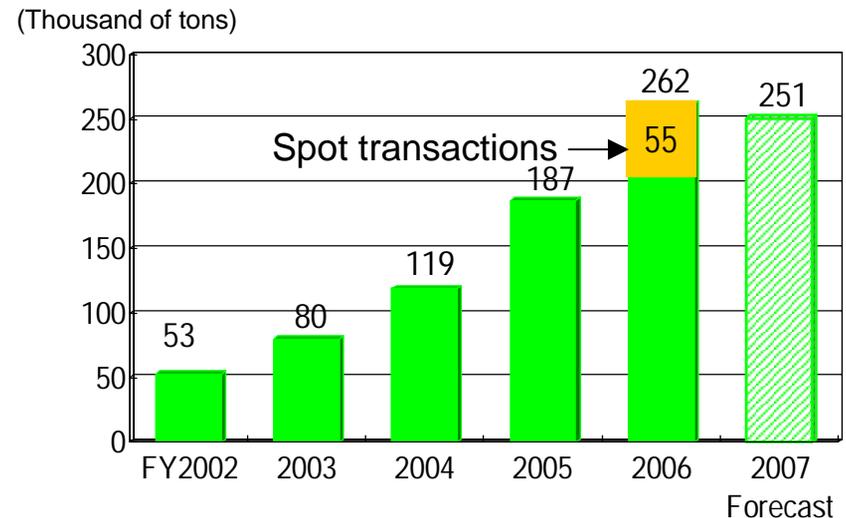
(Billions of Yen)

	FY2006 Results		FY2007 Forecasts	
	Operating Revenues	Ordinary Income	Operating Revenues	Ordinary Income
Gas Sales	13.0	1.0	(13.7) 13.8	(0.9) 0.9

*Non-consolidated results and forecasts

**Figures in () are forecasts made in July 2007

Gas and LNG Sales Volume



Performance by Business Segment – 2

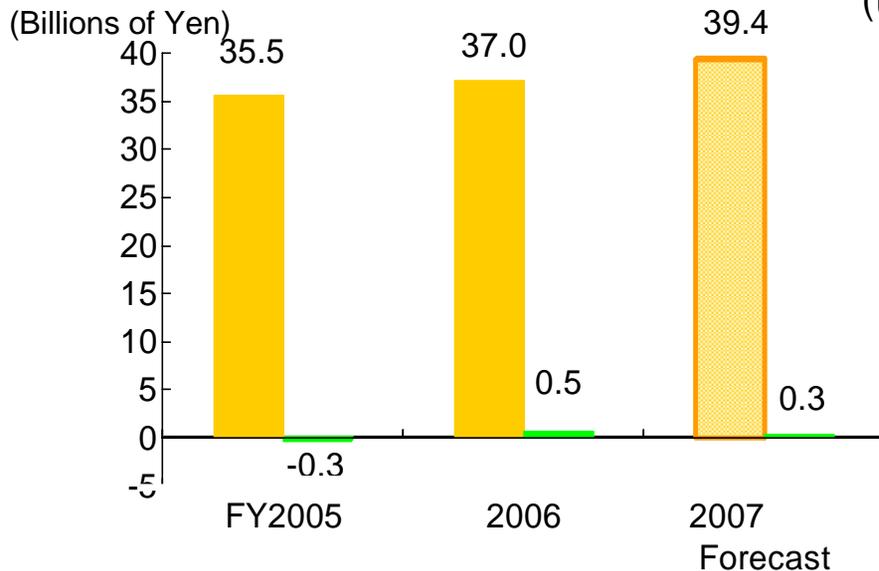
IT and Telecommunications

Current Situation and Prospects of QT-Net

- Broadband services (BBIQ) shows steady increase in the number of subscribers as penetration rate grows while it posted deficits due to the initial facility development costs
- Income from corporate customers is projected to increase due to the growing revenues from VLAN services and the substantially depreciated current facilities

Financial Performance of QT-Net

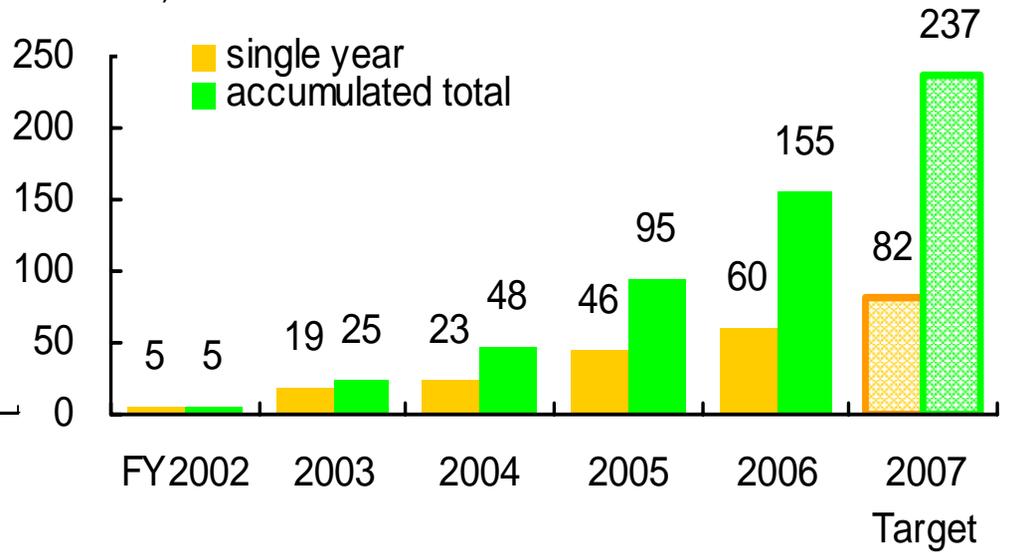
■ Operating Revenues ■ Ordinary Income



BBIQ contracts

(thousand)

■ single year ■ accumulated total



Securing Fuel Procurement

Procurement Status of LNG and Uranium

L N G	Western Australia	<ul style="list-style-type: none">February 2007: Reached a basic consensus on the extension of the current contract (1,050 thousand tons/year until March 2009) rearranged to 700 thousand tons/year for 8 years starting April 2009. The total reserved procurement has reached 1,200 thousand tons/year, combined with the expanded contract (500 thousand tons/year in effect since FY2006 for 15 years).
	Indonesia	<ul style="list-style-type: none">May 2007: Agreement to aim to reach a basic consensus by the end of December 2007 on the extension of the current contract (1,560 thousand tons/year until 2010).
	Sakhalin	<ul style="list-style-type: none">Signed a contract to purchase 500 thousand tons/year starting FY2009.
Uranium		<ul style="list-style-type: none">At this moment, the total amount of our current contracts and contracts under future discussion is projected to be enough to secure uranium concentrate required for our operation until around 2020.

Upstream Investment

September 2007: Participation in a new uranium mine development and production project promoted by Kazatomprom, a state-owned nuclear fuel enterprise in the Republic of Kazakhstan. We will continuously examine and discuss the pros/cons of upstream investments.

Participation in uranium mine development and production project in Kazakhstan

- Acquired 2.5% indirect ownership interest in a Kazatomprom's related company (Kyushu Electric's first acquisition of the right to obtain uranium concentrate)
- Own a prior right to obtain 50MTU of the uranium concentrate annually.

Reducing Greenhouse Gas Emission

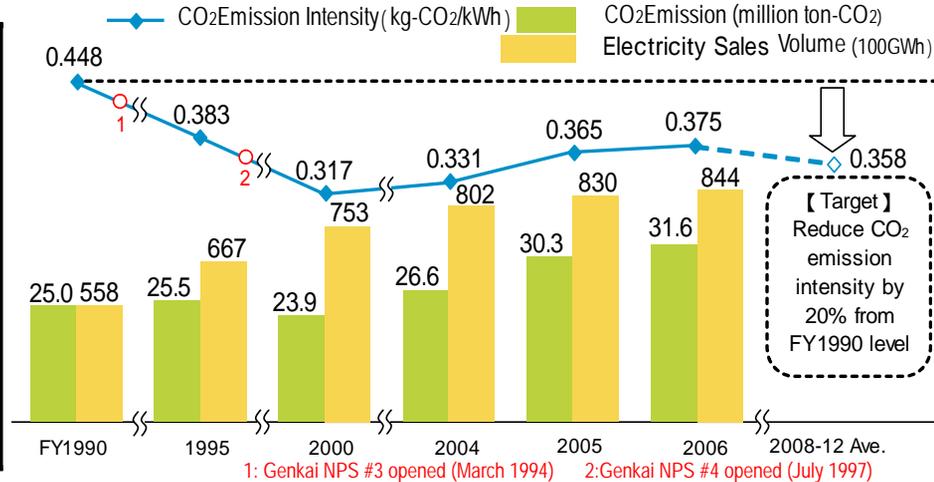
Target

Reduce the average CO₂ emission intensity for FY2008-2012 by about 20% compared with the level in FY1990

Actual Results and Prospects

over the First Commitment Period under the Kyoto Protocol

	FY1990	FY2005	FY2006	Average of FY2008-2012 (forecast)
Electricity Sales Volume (100GWh)	558	830	844	873
CO ₂ Emission (million tons-CO ₂)	25.0	30.3	31.6	32.4
CO ₂ Emission Intensity (kg-CO ₂ /kwh)	0.448	0.365	0.375	0.371



- Total amount of CO₂ emission cuts required to achieve the target under current plan is approx. 5.5 million tons (5 year total)

Measures to reduce CO₂ gas emission

- Improving the operating rate of nuclear power plants while securing safe and stable operation
- Promoting renewable energy
- Improving the efficiency of thermal power generation facilities
- Utilizing the Kyoto Mechanism

Updates on Nuclear Power – 1

[Measures in line with Seismic Design Guidelines Amended in September 2007]

Seismic Safety Evaluation

- Completed most geological surveys except marine surveys around Genkai Nuclear Power Station (NPS) by September 2007. The seismic safety evaluation results on all units of our NPSs will be reported by September 2009.
- Plan to issue an interim assessment report in March 2008 on the evaluation results of Unit3 at Genkai NPS and Unit1 at Sendai NPS.
- If new knowledge is discovered as a result of the Niigata Chuetsu Offshore Earthquake, it will be appropriately reflected in our seismic safety evaluation.

Details about geological surveys on NPSs

	Genkai NPS	Sendai NPS
Bibliographic Survey	-Bibliographic surveys on active fault and geology	-Bibliographic surveys on active fault and geology
Terrestrial Survey	-Surface geology investigation -Boring survey -Topographic survey -Geophysical research (Gravity survey)	-Surface geology investigation -Boring survey -Topographic survey -Geophysical research (Refraction seismic survey)
Marine Survey	-Inspection of marine acoustic survey records -Marine acoustic survey (in preparation) _____	_____ -Marine acoustic survey -Marine boring survey

Evaluation report due

Location		Planned Report Due
Genkai NPS	Unit 1&2	September 2009
	Unit 3&4	March 2009
Sendai NPS	Unit 1&2	December 2008

Updates on Nuclear Power – 2

Countermeasures reflecting the Niigata Chuetsu Offshore Earthquake

Voluntary seismic safety improvement work

- Conducted on some facilities including accumulators and tanks for iodine removal chemicals at Unit 1&2 at the Sendai Nuclear Power Station in the periodic checkups.

Reinforcement of in-house fire-fighting teams at nuclear power stations

- Installed direct lines with local fire departments in September 2007
- Preparing to station full-time fire-fighting teams and chemical firefighting vehicles.

Development of systems to ensure timely and accurate reporting of accidents

- Installed satellite-based mobile phone to enhance telecommunication methods in September 2007
- Preparing to station personnel capable of measuring radioactivity on a 24-hour basis.

Investigation of an Earthquake's Impact on Nuclear Power Facilities

Investigated earthquake safety of representative nuclear facilities (reactor vessels, steam generators etc) on durability to withstand the seismic shaking observed in Kashiwazaki-Kariwa Nuclear Power Station on the Niigata Chuetsu Offshore Earthquake.

Confirmed the safety of all of the representative nuclear facilities against seismic shaking equivalent to the one experienced in the nuclear reactor buildings at Kashiwazaki-Kariwa Nuclear Power Station (reported to the Ministry of Economy, Trade and Industry on September 20, 2007)

Updates on Nuclear Power – 3

Development of next-generation nuclear power facility

Need for the development of nuclear power

- Fossil fuel (oil, natural gas etc) are precious resources with versatile use. In addition, the global market for fossil fuel is expected to become tighter in near future.
- Nuclear power generation doesn't produce CO2 gas in the power generation process.
- Uranium fuel supply is more stable than fossil fuel supply. By recycling uranium fuel, we can utilize those procured uranium as quasi-domestic energy in the long term.

Current situation and prospects

<Current Status>

- Environmental surveys in preparation for the discussion on facility addition are currently being carried out at Sendai Nuclear Power Plants' site and will be completed by December 2008

<Next Step>

- Based on the results of the environmental surveys, we will examine the feasibility of facility addition.

(Reference) Major background of the environmental surveys

2000	September 8	Submit requests for approval of environmental surveys to Kagoshima Prefecture and Sendai-shi local government
2001	January 26	The mayor of Sendai-shi approved the implementation of environmental surveys
2003	May 16	The governor of Kagoshima Prefecture approved the implementation of environmental surveys
2005	January 19	Sendai-shi Fisheries Cooperative Association approved the implementation of the marine surveys
	January 26	Kagoshima Prefecture Fisheries Cooperative Association and the council of Fisheries Cooperative Associations approved the implementation of the marine surveys
2006	June 1	Start investigating the current status of the environmental assessment
2008	December	Planning to submit/send preparatory documents of the environmental assessment

Updates on Nuclear Power – 4

Pluthermal Project

Purpose of the Pluthermal Project

- Effective utilization of energy resources by recycling nuclear fuel (utilizing plutonium collected by reprocessing irradiated nuclear fuel)

Current situation and prospects

<Current situation>

- Conducting briefing sessions and other public relations activities to promote the need and the safety of our Pluthermal project to local communities in Saga Prefecture, especially in Genkai-Cho, where our nuclear power station is located.
- In April 2007, completed the audit of quality assurance systems at the French company MELOX, which produces the MOX fuel, and confirmed its reliability.
- The application for fuel inspection including the audit results was submitted to the government in September 3, 2007 and MELOX started producing MOX fuel in October 9, 2007.

<Next step>

- We plan to have MELOX produce MOX fuel equivalent to the half amount of plutonium that Kyushu Electric Power possesses in France by the end of 2008 and load the MOX fuel to Unit 3 at the Genkai NPS by FY2010.

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