

Financial Results for 4/2005-3/2006 and Financial Forecasts for 4/2006-3/2007

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KYUSHU ELECTRIC POWER CO.,INC.

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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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Financial Highlights

Consolidated (Billions of yen,%)

	FY2005 (A)	FY2004 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,401.7	1,408.7	-6.9	99.5
Operating income	171.2	213.7	-42.4	80.1
Ordinary income	125.2	159.9	-34.6	78.3
[Extraordinary loss]	[9.1]	[10.5]	[-1.3]	[87.3]
Net income	76.8	89.2	-12.4	86.1

Non-Consolidated (Billions of yen,%)

	FY2005 (A)	FY2004 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,329.4	1,333.1	-3.7	99.7
Operating income	159.6	201.5	-41.9	79.2
Ordinary income	114.1	152.9	-38.7	74.7
[Extraordinary loss]	[10.0]	[6.6]	[3.3]	[150.4]
Net income	69.1	89.3	-20.2	77.3

(Notes) · Consolidation: 26 significant subsidiaries (21 for FY2004, newly added: 5, excluded: 0)

· Application of the equity method: 12 significant subsidiaries (13 for FY2004, newly added: 2, excluded: 3) and

12 significant associated companies (11 for FY2004, newly added: 1, excluded: 0)

Demand and Supply Condition

1 Demand (Electricity Sales Volume)

(Billion kWh, %)

		FY2005 (A)	FY2004 (B)	Change	
				(A)-(B)	(A)/(B)
	Residential	28.3	27.5	0.8	102.8
	Commercial and industrial	54.7	52.7	2.0	103.7
	Total electricity sales volume	83.0	80.2	2.8	103.4
Reposted	Ordinary demand	60.8	59.0	1.8	103.0
	Large industrial demand	22.2	21.2	1.0	104.6

2 Supply (Generated and Received Electricity Volume)

(Billion kWh, %)

		FY2005 (A)	FY2004 (B)	Change	
				(A)-(B)	(A)/(B)
Company-generated	Hydro (Water release factor)	3.1 (81.6)	4.8 (113.2)	-1.7 (-31.6)	65.2
	Thermal	31.8	29.7	2.1	107.0
	Nuclear (Utilization factor)	40.0 (86.8)	39.7 (86.2)	0.3 (0.6)	100.8
	Total	74.9	74.2	0.7	101.0
Received from other companies		16.4	14.3	2.1	114.5
Power interchange		-0.2	-0.1	-0.1	212.3
Pumping energy		-0.3	-0.4	0.1	81.7
Total		90.8	88.0	2.8	103.1

Summary of Non-consolidated Results (1)

1 Comparative Table of Revenues and Expenses

(Billions of yen. %)

	FY2005 (A)	FY2004 (B)	Change		Main factors in changes	
			(A)-(B)	(A)/(B)		
Ordinary revenues	Residential	562.3	566.7	-4.3	99.2	Lower electricity rates: -60.0, increase in sales (+2.8 BkWh) and other: 48.0 Sales to other electric power companies: 2.1, sales to other companies: 1.1 Incidental businesses: 4.8, gain on sales of securities: -1.7
	Commercial and industrial	728.5	736.3	-7.7	98.9	
	Sales to other companies	7.7	4.5	3.2	173.0	
	Other	35.2	30.8	4.3	114.0	
	[Sales]	[1,329.4]	[1,333.1]	[-3.7]	[99.7]	
Total	1,333.9	1,338.4	-4.4	99.7		
Ordinary expenses	Personnel expenses	178.4	185.9	-7.4	96.0	Employee retirement benefit: -3.5, salary expenses: -1.7
	Fuel costs	179.7	143.2	36.5	125.5	Rise in oil CIF price: 23.3, increase in sales: 14.5
	Maintenance costs	157.3	158.7	-1.3	99.2	Restoration costs for disaster damages: -1.5
	Depreciation	199.5	210.3	-10.7	94.9	Thermal power: -6.2, nuclear power: -5.2
	Purchased power	113.2	105.5	7.6	107.3	Purchases from other companies: 7.6
	Interest charges	38.4	46.5	-8.0	82.6	Lower interest rates: -3.4, loan prepayment premium: -2.5, decrease in interest bearing debts: -2.1
	Other	352.8	335.2	17.6	105.3	Incidental businesses: 4.4, decommissioning costs of nuclear power units: 4.1
Total	1,219.7	1,185.5	34.2	102.9		
[Operating Income]	[159.6]	[201.5]	[-41.9]	[79.2]		
Ordinary income	114.1	152.9	-38.7	74.7		
Provision for reserve for fluctuations in water level	-4.6	2.6	-7.3	-		
Extraordinary loss	10.0	6.6	3.3	150.4	Provision of monetary support for NEECO: 10.0, loss due to asset impairment : -6.6	
Net Income	69.1	89.3	-20.2	77.3		

2. Main Reference Data

(¥/\$, \$/b, %)

	FY2005 (A)	FY2004 (B)	Change (A)-(B)
Exchange rate	113.3	107.5	5.8
Crude oil CIF price	55.8	38.8	17.0
Water release factor	81.6	113.2	-31.6
Nuclear power plant utilization factor	86.8	86.2	0.6

Summary of Non-consolidated Results (2)

3 Comparative Table of Balance Sheets

(Billions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Change (A)-(B)	Main factors in changes
Assets	3,857.3	3,806.5	50.7	Depreciation and other: -229.8 (Utility: -199.5, incidental businesses: -6.5, nuclear fuel impairment: -23.8) Capital expenditures: 184.4 Reserve for reprocessing costs of irradiated nuclear fuel: 60.1 Investment securities (stated at market value): 44.2 Deferred tax assets (stated at market value of investment securities): -15.9
Liabilities	2,861.6	2,877.2	-15.5	Interest-bearing debt: -24.0 (3/05: 1,999.1 to 3/06: 1,975.1) [Interest-bearing debt ratio] 3/05: 52.5% to 3/06: 51.2%
Shareholders' Equity	995.6	929.3	66.3	Net income: 69.1, Unrealized gain on available-for-sale securities: 28.3 Dividends: -30.7 [Shareholders' equity ratio] 3/05: 24.4% to 3/06: 25.8%

Summary of Consolidated Results

Revenues and Expenses Condition

(Billions of yen, %)

		FY2005 (A)	FY2004 (B)	Change		Consolidated ratio
				(A)-(B)	(A)/(B)	
Ordinary revenues	Revenues from electricity business	1,311.9	1,320.5	-8.5	99.3	-
	Revenues from other businesses	89.7	88.1	1.6	101.8	-
	Operating Revenues (Sales)	1,401.7	1,408.7	-6.9	99.5	1.05
	Non-operating revenues	7.6	7.4	0.2	103.7	-
	Total	1,409.4	1,416.1	-6.6	99.5	-
Ordinary expenses	Expenses from electricity businesses	1,140.7	1,107.7	33.0	103.0	-
	Expenses from other businesses	89.6	87.2	2.4	102.8	-
	Operating expenses	1,230.4	1,194.9	35.4	103.0	-
	Non-operating expenses	53.7	61.1	-7.4	87.8	-
	Total	1,284.1	1,256.1	27.9	102.2	-
[Operating income]		[171.2]	[213.7]	[-42.4]	[80.1]	[1.07]
Ordinary income		125.2	159.9	-34.6	78.3	1.10
Provision for reserve for fluctuations in water level		-4.6	2.6	-7.3	-	-
Extraordinary loss		9.1	10.5	-1.3	87.3	-
Net income		76.8	89.2	-12.4	86.1	1.11

Business Segment Information

(Billions of yen)

	Sales				Operating income	
	Sales to outside customers (A)	Intersegment sales (B)	Total sales (A+B)	Change from FY2004		Change from FY2004
Electric	1,311.9	2.3	1,314.3	-8.6	162.9	-42.4
Energy related business	46.1	77.6	123.8	0.6	4.6	1.1
IT and Telecommunication	36.0	37.7	73.7	4.5	-0.6	-
Other	7.5	12.5	20.1	0.7	3.0	-0.7
Total	1,401.7	130.4	1,532.1	-2.7	169.9	-41.8
Eliminations/ Corporate	-	-130.4	-130.4	-4.2	1.3	-0.5
Consolidated	1,401.7	-	1,401.7	-6.9	171.2	-42.4

(Note)

The classification of business segments is based on the business areas of mid-term management plan established in March, 2005.

Summary of Consolidated Statements of Cash Flows

Comparative Table of Statement of Cash Flows

(Billions of yen, %)

	FY2005	FY2004	Change	Main factors in changes
	(A)	(B)	(A)-(B)	
Cash flows from operating activities	270.9	419.2	-148.3	Income before income taxes and minority interests: -26.0 Reserve for reprocessing costs of irradiated nuclear fuel: -60.1 Depreciation: -10.5 loss due to asset impairment : -10.5
Cash flows from investing activities	-197.0	-193.5	-3.5	
(Capital expenditures including nuclear fuel) [Reposted]	[-200.1]	[-206.3]	[6.1]	
Cash flows from financing activities	-66.6	-221.0	154.4	Decrease in interest bearing debts: 160.7 (3/05: -197.1 to 3/06 -36.3) Cash dividends paid: -7.0 (03/05: 23.6 to 3/06: 30.7)
Total	7.2	4.6	2.5	
Free cash flows	70.8	212.9	-142.1	

(Note) Free cash flows = Cash flows from operating activities - Capital expenditures including nuclear fuel

Financial Highlight of Results Projection for FY2006

Consolidated (Billions of yen, %)

	FY2006 (A)	FY2005 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,360.0 (approx.)	1,401.7	-41.7	97.0
Operating income	144.0 (approx.)	171.2	-27.2	84.1
Ordinary income	104.0 (approx.)	125.2	-21.2	83.0
[Extraordinary loss]	[-]	[9.1]	[-9.1]	[-]
Net income	62.0 (approx.)	76.8	-14.8	80.7

Non-Consolidated (Billions of yen, %)

	FY2006 (A)	FY2005 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,290.0 (approx.)	1,329.4	-39.4	97.0
Operating income	134.0 (approx.)	159.6	-25.6	83.9
Ordinary income	95.0 (approx.)	114.1	-19.1	83.2
[Extraordinary loss]	[-]	[10.0]	[-10.0]	[-]
Net income	58.0 (approx.)	69.1	-11.1	83.9

Sensitivity Factors for FY 2006 Projection (Non-Consolidated)

(Billions of yen)

	FY2006	FY2005
Exchange rate (¥/\$)	1.4 (approx.)	1.4 (approx.)
Oil CIF price (\$/b)	2.4 (approx.)	2.4 (approx.)
Water release factor (1%)	0.3 (approx.)	0.3 (approx.)
Nuclear power plant utilization factor (1%)	2.1 (approx.)	1.9 (approx.)
Interest rate (1%)	3.1 (approx.)	3.2 (approx.)

Appendix

Comparison with the Previous Projection for FY2005
- Financial Highlights

Comparison with the Previous Projection for FY2005 (Financial Highlights)

Consolidated (Billions of yen, %)

	FY2005 (A)	Forecasts as of November 2005 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,401.7	1,365.0 (approx.)	36.7	102.7
Operating income	171.2	151.0 (approx.)	20.2	113.4
Ordinary income	125.2	106.0 (approx.)	19.2	118.2
[Extraordinary loss]	[9.1]	[10.5]	[-1.3]	[87.3]
Net income	76.8	62.0 (approx.)	14.8	124.0

Non-Consolidated (Billions of yen, %)

	FY2005 (A)	Forecast as of November 2005 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,329.4	1,295.0 (approx.)	34.4	102.7
Operating income	159.6	143.0 (approx.)	16.6	111.6
Ordinary income	114.1	100.0 (approx.)	14.1	114.2
[Extraordinary loss]	[10.0]	[11.2]	[-1.1]	[89.9]
Net income	69.1	59.0 (approx.)	10.1	117.2

< For further information >

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