

Financial Results for 4/2007–9/2007 and Financial Forecasts for 4/2007–3/2008

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.

FY2007 Interim Financial Results

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FY2007 Financial Forecasts

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FY2007 Interim Financial Results Summary

【 Outline】

Growth in electricity sales volume contributed to sales increase. However, aggravated cost and maintenance expenses lowered incomes.

Consolidated

(Units:Billions of Yen)

	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	732.7	713.2	19.5	102.7
Operating Income	75.5	127.2	-51.7	59.3
Ordinary Income	61.4	108.8	-47.4	56.4
Net Income	37.5	66.7	-29.2	56.2

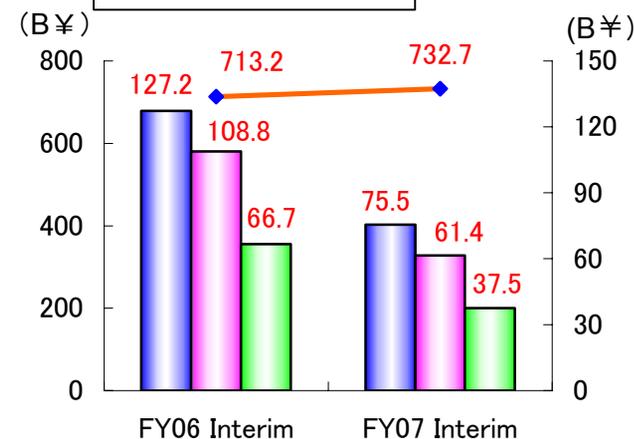
(Note) Scope of Consolidation and Companies Accounted for by Equity Method
 Consolidated Subsidiaries: 34
 Non-Consolidated Subsidiaries accounted for by Equity Method: 16
 Affiliated Companies accounted for by Equity Method: 12

Non-Consolidated

(Units:Billions of Yen)

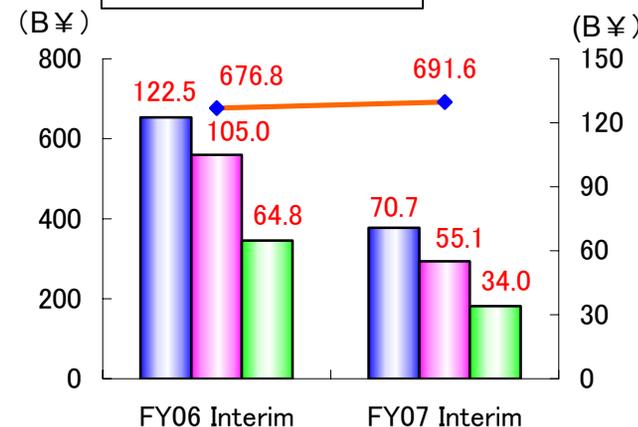
	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	691.6	676.8	14.8	102.2
Operating Income	70.7	122.5	-51.7	57.8
Ordinary Income	55.1	105.0	-49.8	52.5
Net Income	34.0	64.8	-30.8	52.4

Consolidated



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

Non-Consolidated



FY2007 Interim Electricity Sales Volume

- Contributed by new openings of commercial facilities and air-conditioning demand, general demand rose by 0.1TWh.
- Demand from major industrial users grew by 7.9%. Reasons for this increase include switches from in-company generation and robust industrial production in transportation, steel and iron, and chemical sectors.

Details

(Unit:TWh)

		FY07 Interim	Comparison with FY06 Interim		
			Difference	% Change	
Demand other than under Liberalization	Lighting	14.0	-	100.1	
	Power	Low Voltage	2.8	-0.1	97.8
		Others	0.5	-	96.4
	Subtotal		17.3	-0.1	99.6
Demand under Liberalization	Commercial	10.6	0.2	102.1	
	Industrial	16.2	0.9	105.6	
	Subtotal	26.8	1.1	104.2	
Total		44.1	1.0	102.3	

Breakdown	General	31.4	0.1	100.2
	Demand from Major Industrial Users	12.7	0.9	107.9

Large-Scale Industrial Demand by Sector

(Unit:TWh)

		FY07 Interim	Comparison with FY06 Interim	
			Difference	% Change
Machinery		4.0	0.2	106.5
	Electronics	3.0	0.1	103.6
	Transportation	0.7	0.1	115.8
Steel and Iron		1.5	0.2	114.1
Chemicals		1.2	0.1	110.5
Clay and Stone		0.6	-	99.4
Non-ferrous Metals		0.8	-	104.1
Others		4.6	0.4	108.4
Total		12.7	0.9	107.9

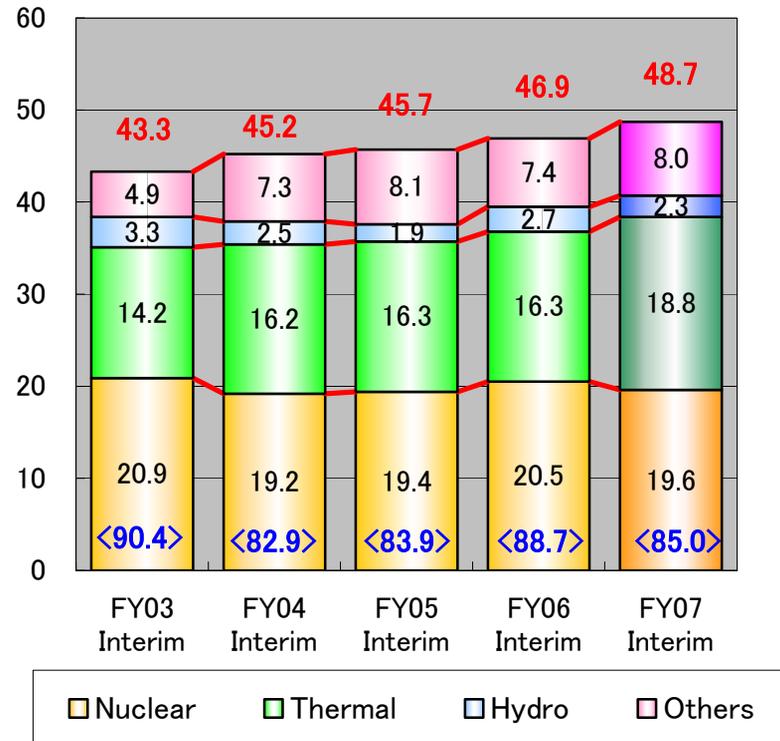
■ FY2007 Interim Generated and Received Electricity ■

Details

(Unit:TWh)

		FY07 Interim	Comparison with FY06 Interim	
			Difference	% Change
Generated	Hydro	2.3	-0.4	85.2
	(Water Flow Rate)	(84.0)	(-29.3)	
	Thermal	18.8	2.5	115.6
	Nuclear	19.6	-0.9	95.8
	(Utilization Rate)	(85.0)	(-3.7)	
Subtotal		40.7	1.2	103.2
Received from Other Companies		8.7	1.0	113.0
Interchange		-0.3	-0.3	504.2
Pumped Storage Use		-0.4	-0.2	211.4
Total		48.7	1.7	103.8

Trends in Generated and Received Electricity
(TWh)



(Note) Figures in brackets denote nuclear power utilization rate.

FY2007 Interim Income Statements Summary (Non-Consolidated)

(Unit:Billions of Yen)

		FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)	Explanations
Ordinary Revenues	Lighting	276.0	276.8	-0.8	99.7	Increase in Electric Power Sales, etc Sales to Other Electric Power Companies 3.9, Sales to Other Companies -0.8 Gain on Sales of Available-for-Sale Securities 1.8, Incidental Businesses 1.1
	Power	390.0	378.8	11.1	103.0	
	Sales to Other Companies	7.4	4.4	3.0	168.3	
	Others	23.6	20.3	3.2	116.2	
	(Sales)	691.6	676.8	14.8	(102.2)	
	Subtotal	697.1	680.4	16.6	102.5	
Ordinary Expenses	Personnel	70.2	74.2	-4.0	94.6	Employees' Retirement Benefits -3.3
	Fuel	141.1	99.6	41.5	141.7	CIF Price 9.0, Effect of Power Sales Growth 7.5, Decrease in Water Flow Rate 6.2, Decrease in Nuclear Power Generation 5.5, Effect of Difference on Thermal Power Fuel Composition 10.2
	Maintenance	89.3	70.8	18.5	126.2	Nuclear 9.2, Thermal 6.7, Distribution 1.9
	Depreciation	100.4	95.2	5.2	105.5	Effect of Change in Depreciation System 6.9
	Purchased Power	61.7	55.8	5.8	110.5	Purchase from Other Companies 5.8
	Interest Charges	16.6	17.4	-0.8	95.0	Interest Rate -0.5
	Miscellaneous Taxes	46.3	46.8	-0.4	99.0	
	Nuclear Back-end Costs	24.3	22.0	2.2	110.4	Preparation Costs for Reprocessing of Irradiated Nuclear Fuel 1.9
	Others	91.6	93.2	-1.5	98.3	Subcontract Fee -1.5
	Subtotal	641.9	575.3	66.5	111.6	
	(Operating Income)	(70.7)	(122.5)	(-51.7)	(57.8)	
	Ordinary Income	55.1	105.0	-49.8	52.5	
	Provision for Drought Reserve	-	1.3	-1.4	-	
	Net Income	34.0	64.8	-30.8	52.4	

(Note) Nuclear back-end costs consist the followings: Reprocessing Costs of Irradiated Nuclear Fuel, Reprocessing Preparations Costs of Irradiated Nuclear Fuel, Decommissioning Costs of Nuclear Power Units, and Disposal Cost of High-Level Radioactive Waste

(References)

	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)
Exchange Rate	¥ 119.4/\$	¥ 115.4/\$	¥ 4.0/\$
Crude Oil (All Japan CIF Price)	67.8\$/b	67.8\$/b	-\$/b
Water Flow Rate	84.0%	113.3%	-29.3%
Nuclear Power Generation Capacity Utilization Rate	85.0%	88.7%	-3.7%

FY2007 Interim Ordinary Income Explanations (Non-Consolidated)

(Unit:Billions of Yen)				
	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)
Lighting&Power	666.0	655.6	10.3	101.6

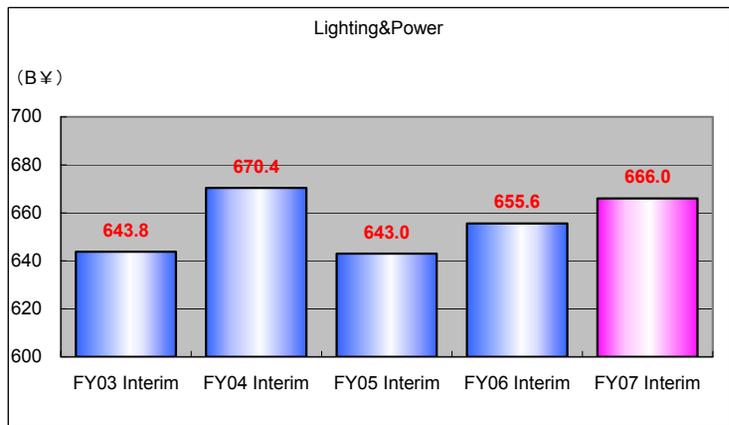
<Explanations>

① Increase in Electric Power Sales, etc **10.3**

- Increase in Electric Power Sales 43.1 → 44.1TWh
- Fuel Cost Adjustment ¥1.7B → ¥5.2B

(Reference)

- Effect of High Temperature + 0.1TWh



(Unit:Billions of Yen)				
	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)
Sales to Other Companies & Others	31.0	24.7	6.3	125.5

<Explanations>

FY06 Interim FY07 Interim

① Sales to Other EPCOs **3.9** (1.0 ⇒ 4.9)

- Increase in Sales to Other EPCOs (0.07→0.34TWh)

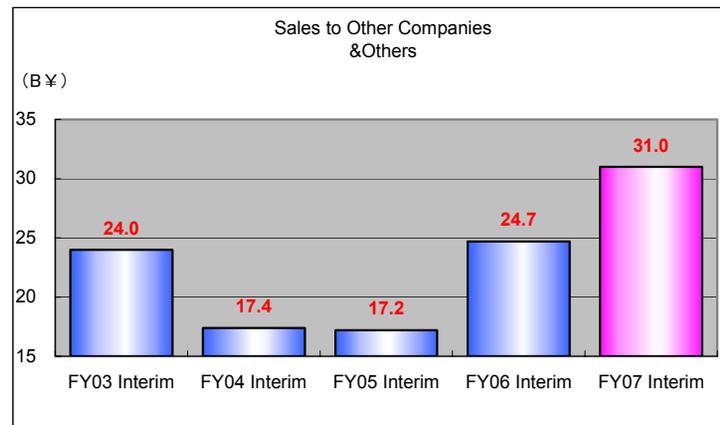
② Gain on Securities Sales **1.8** (- ⇒ 1.8)

③ Incidental Businesses **1.1** (9.5 ⇒ 10.6)

◆ Fiber-Optic Cable Leasing Service **0.8** (2.8 ⇒ 3.6)

④ Sales to Other Companies **-0.8** (3.3 ⇒ 2.4)

- Decrease in Sales to Other Companies (0.31→0.16 TWh)



FY2007 Interim Ordinary Expenses Explanations (Non-Consolidated) ①

(Unit: Billions of Yen)

	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)
Fuel	141.1	99.6	41.5	141.7

<Explanations>

① Increase in CIF Price **9.0**

(Reference) All Japan CIF Price

- Coal (62.5 → 68.3\$/t)
- LNG (368.2 → 378.9\$/t)
- Crude Oil (67.8 → 67.8\$/b)

② Effect of Power Sales Growth **7.5**

- Increased Power Sales Volume (43.1 → 44.1TWh)

③ Effect of Drought on Water Flow Rate **6.2**

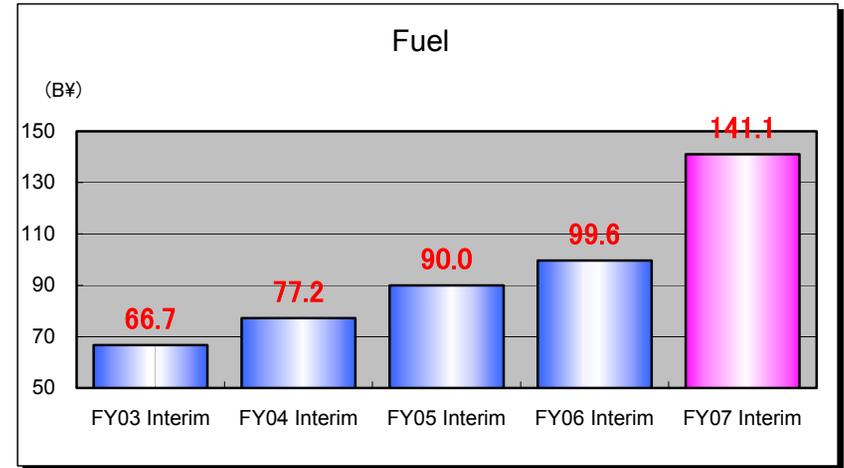
- Decrease in Water Flow Rate (113.3 → 84.0%)

④ Decrease in Nuclear Power Generation **5.5**

- Nuclear Power Generation (20.5 → 19.6TWh)

⑤ Effect of Difference on Fuel Composition **10.2**

- Increased demand and effect of drought caused more power generation by crude oil. Resulted in higher-priced fuel composition.



Breakdown of Thermal Power Generation

(Unit: TWh)

	FY07 Interim	FY06 Interim	Difference
Coal	< 38.7 > 7.3	< 43.9 > 7.2	< -5.2 > 0.1
LNG	< 42.0 > 7.9	< 43.6 > 7.1	< -1.6 > 0.8
Crude Oil	< 15.6 > 2.9	< 8.1 > 1.3	< 7.5 > 1.6
Geothermal	< 3.7 > 0.7	< 4.4 > 0.7	< -0.7 > -
Total	< 100.0 > 18.8	< 100.0 > 16.3	< - > 2.5

FY2007 Interim Ordinary Expenses Explanations (Non-Consolidated) ②

(Unit: Billions of Yen)

	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)
Personnel	70.2	74.2	-4.0	94.6

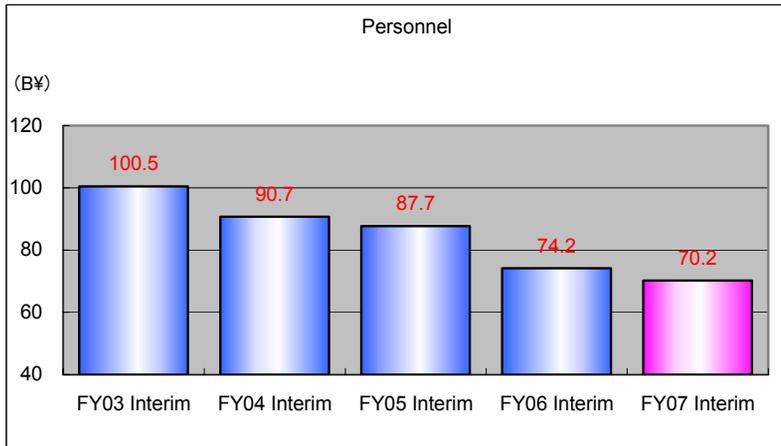
<Explanations>

FY06 Interim FY07 Interim

① Employees' Retirement Benefits **-3.3** (3.3 ⇒ -)

◆ Abolition of Retirement Bonus to Board of Directors and Auditors **-1.5** (1.5 ⇒ -)

◆ Amortization on Difference between Actual and Expected Returns on Plan Asset **-1.4** (-0.3 ⇒ -1.8)



(Unit: Billions of Yen)

	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)
Maintenance	89.3	70.8	18.5	126.2

<Explanations>

FY06 Interim FY07 Interim

① Nuclear **9.2** (18.6 ⇒ 27.8)

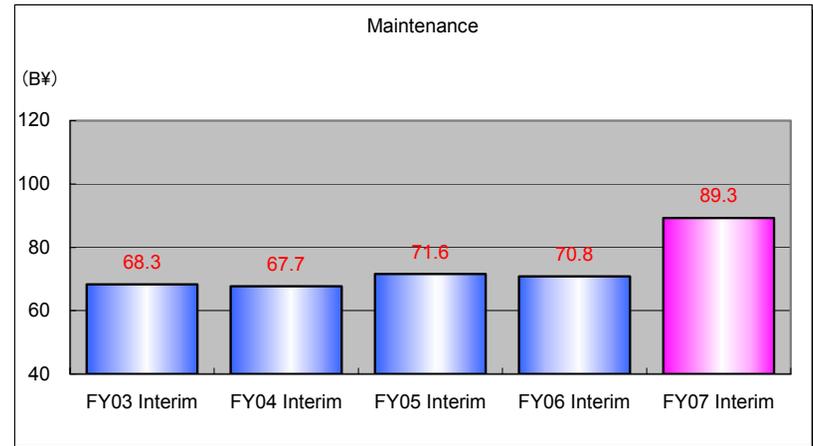
• Increase in Periodic Maintenance (Downtime 153 → 181 Days)

② Thermal **6.7** (15.5 ⇒ 22.2)

• Maintenance Work for Aging Degradation

③ Distribution **1.9** (25.2 ⇒ 27.1)

• Disaster Restoration Work



FY2007 Interim Ordinary Expenses Explanations (Non-Consolidated) ③

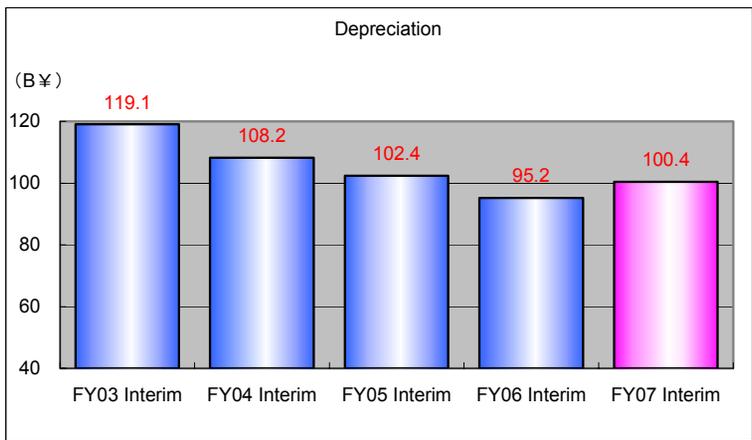
(Unit: Billions of Yen)				
	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)
Depreciation	100.4	95.2	5.2	105.5

<Explanations> FY06 Interim FY07 Interim

① Hydro	4.4	(5.5 ⇒ 9.9)
- Omarugawa Commercial Operation		
② Nuclear	1.0	(16.8 ⇒ 17.9)

<Difference Breakdown by Depreciation Method>

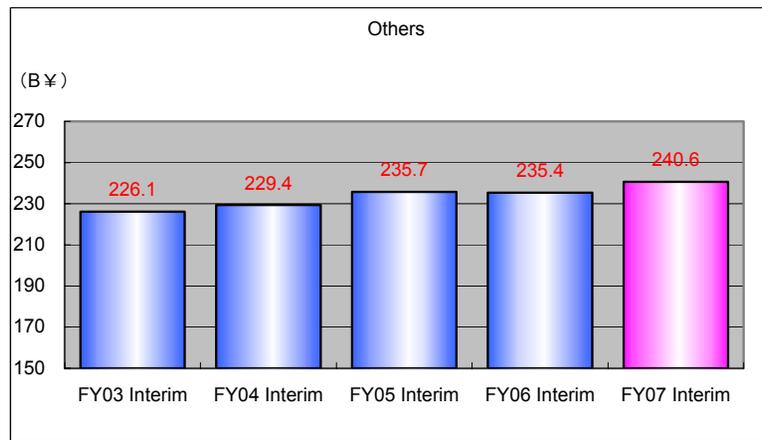
General 3.0
 Start-up 2.1
 ※ Omarugawa Power Station #4
 Start-up: Dec. 2006
 COD: Jul. 2007



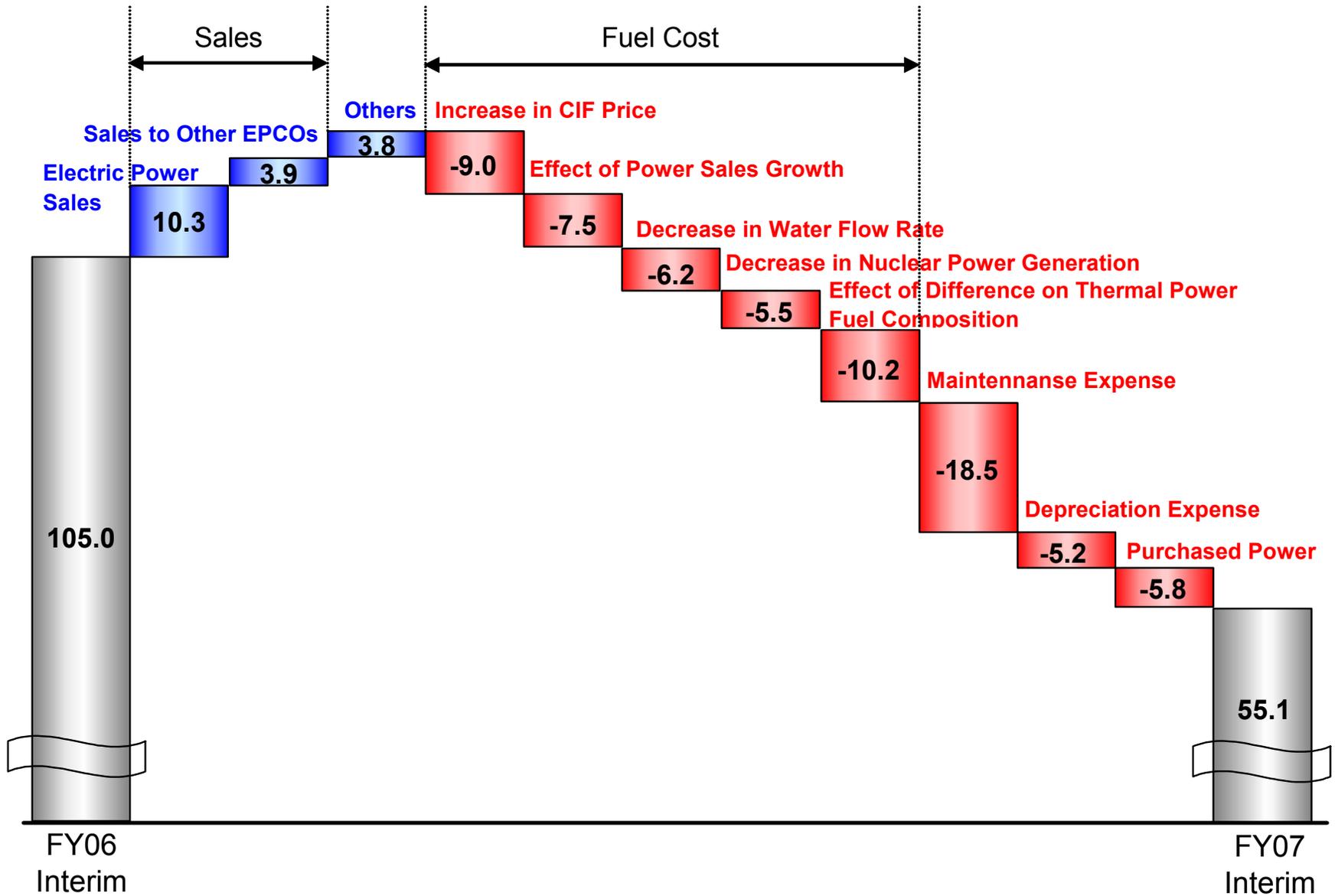
(Unit: Billions of Yen)				
	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)
Other Expenses	240.6	235.4	5.2	102.2

<Explanations> Y06 Interim FY07 Interim

① Purchased Power	5.8	(55.7 ⇒ 61.6)
② Nuclear Back-end Costs	2.2	(22.0 ⇒ 24.3)
◆ Preparation Costs for Reprocessing of Irradiated Nuclear Fuel	1.9	(- ⇒ 1.9)
③ Incidental Businesses	0.7	(10.3 ⇒ 11.1)
◆ Fiber-Optic Cable Leasing Service	0.7	(3.8 ⇒ 4.6)



Reasons for Changes in Ordinary Income



FY2007 Interim Balance Sheets Summary (Non-Consolidated)

【Assets】

(Unit:Billions of Yen)

	Sep. 30, 2007 (A)	Mar. 31, 2007 (B)	Difference (A)-(B)	Explanations
Utility Property, Plant and Equipment	2,657.6	2,566.2	91.4	Depreciation -100.5 Construction Completed 199.6 (Omarugawa Power Station 158.4, etc.)
Investments and Other Assets	414.3	433.4	-19.0	Investment Securities (Decrease in Unrealized Holding Gains) -20.5
Other	719.6	790.4	-70.8	Construction in Progress -130.3 Accounts Receivable 22.4 Nuclear Fuel in Process 16.8
Total	3,791.6	3,790.1	1.5	

【Liabilities and Shareholders' Equity】

(Unit:Billions of Yen)

	Sep. 30, 2007 (A)	Mar. 31, 2007 (B)	Difference (A)-(B)	Explanations
Interest-bearing Debt	1,931.2	1,912.3	18.8	[D/E Ratio] Mar. 07 1.88→Sep. 07 1.88
Other Liabilities	835.2	858.9	-23.7	Liabilities for Employees' Retirement Benefits -15.5
Equity	1,025.2	1,018.8	6.4	Net Income 34.0 Interim Dividends Paid -14.2 Unrealized Gain on Available-for-sale Securities -13.1 [Equity Ratio] Mar. 07 26.9%→Sep. 07 27.0%
Total	3,791.6	3,790.1	1.5	

■ FY2007 Interim Income Statements Summary (Consolidated) ■

(Unit:Billions of Yen)

		FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	% Change (A)/(B)	{ FY07 Interim Consolidated Ratio }
Ordinary Revenues	Electric	679.8	666.1	13.7	102.1	
	Other	52.8	47.1	5.7	112.2	
	Operating Revenues(Sales)	732.7	713.2	19.5	102.7	
	Other Revenues	7.0	4.1	2.9	169.8	
	Subtotal	739.8	717.3	22.4	103.1	
Ordinary Expenses	Electric	605.5	541.2	64.2	111.9	
	Other	51.7	44.7	7.0	115.7	
	Operating Expenses	657.2	585.9	71.3	112.2	
	Other Expenses	21.1	22.5	-1.4	93.6	
	Subtotal	678.3	608.5	69.8	111.5	
(Operating Income)		(75.5)	(127.2)	(-51.7)	(59.3)	(1.07)
Ordinary Income		61.4	108.8	-47.4	56.4	(1.11)
Provision for Reserve for Fluctuations in Water Level		-	1.3	-1.4	-	
Net Income		37.5	66.7	-29.2	56.2	(1.10)

Reasons for Changes in Operating Income

- Energy-related Business
 - Increased Completion of Maintenance Work(+)

- IT and Telecommunications
 - Addition of Consolidated Subsidiary(+)
 - Increased Equipment Cost of Broadband Services(-)

- Other
 - Reduced Sales on Real Estate Business(-)

(Unit:Billions of Yen)

	Electric Power	Energy-related Business	IT and Telecommunications	Other	Subtotal	Eliminations/ Corporate	Consolidated
Total Sales	681.0 (13.7)	62.5 (7.0)	39.4 (4.4)	11.7 (-0.9)	794.9 (24.2)	-62.1 (-4.7)	732.7 (19.5)
Sales to Customers	679.8 (13.7)	23.7 (1.4)	24.9 (5.9)	4.2 (-1.6)	732.7 (19.5)	- (-)	732.7 (19.5)
Operating Income	71.2 (-52.1)	3.1 (2.0)	-1.2 (-1.3)	1.5 (-0.5)	74.6 (-52.0)	0.8 (0.2)	75.5 (-51.7)
Ordinary Income	56.9 (-48.6)	4.3 (2.8)	-2.0 (-1.3)	1.3 (-0.6)	60.6 (-47.7)	0.8 (0.3)	61.4 (-47.4)

(Note) Figures in brackets denote differences from FY2006 interim.

FY2007 Interim Cash Flows Summary (Consolidated)

(Unit: Billions of Yen)

	FY07 Interim (A)	FY06 Interim (B)	Difference (A)-(B)	Explanations
Cash Flows from Operating Activities	138.7	172.1	-33.3	Decrease in Income before Income Taxes and Minority Interests -45.9 Increase in Trade Payables 18.7
Cash Flows from Investing Activities	-113.1	-110.8	-2.3	
(Capital Expenditures including Nuclear Fuel)	(-121.5)	(-108.9)	(-12.6)	
Cash Flows from Financing Activities	-4.9	-64.7	59.8	Net Decrease in Interest-bearing Debt 65.6 (FY07 Interim 15.5 ← FY06 Interim -50.1)
Total	20.6	-3.4	24.0	

Free Cash Flows (※)	17.1	63.1	-46.0
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(※) 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 interim dividend of 30 yen. The year-end dividend is planned to be 30 yen per share, which will make the Kyushu Electric Power's annual dividend 60 yen per share.

(Dividends Per Share)	(Unit: Yen)
Interim	30
Year-end	30
Total	60

【Outline】

Increased sales but decreased incomes. Growth in power sales volume is cancelled by fuel cost increase.

Consolidated

(Units:Billions of Yen)

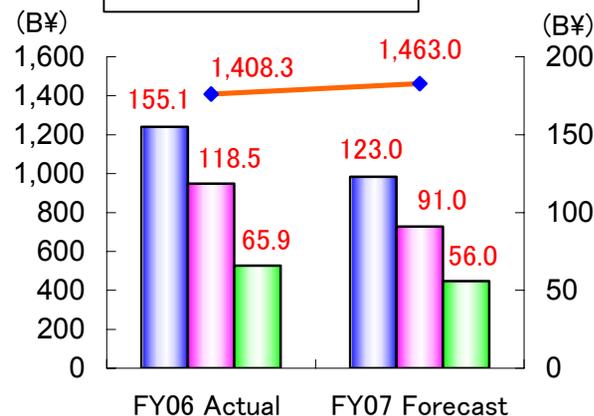
	FY2007 Forecast (A)	FY2006 Actual (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,463.0	1,408.3	54.7	103.9
Operating Income	123.0	155.1	-32.1	79.3
Ordinary Income	91.0	118.5	-27.5	76.7
Net Income	56.0	65.9	-9.9	84.9

Non-Consolidated

(Units:Billions of Yen)

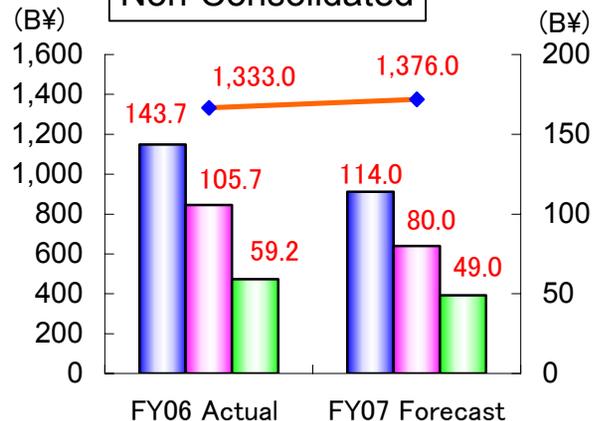
	FY2007 Forecast (A)	FY2006 Actual (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,376.0	1,333.0	43.0	103.2
Operating Income	114.0	143.7	-29.7	79.3
Ordinary Income	80.0	105.7	-25.7	75.6
Net Income	49.0	59.2	-10.2	82.7

Consolidated



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

Non-Consolidated



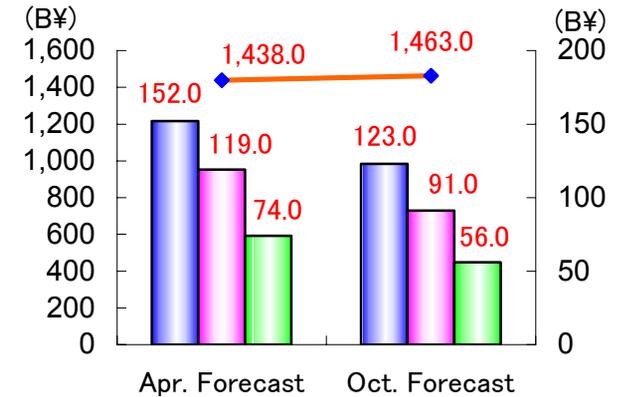
FY2007 Financial Forecasts Summary (Comparison with Apr. Forecast)

【Outline】

Sales increases due to growth in electricity sales volume and robust industrial production.

However, growth in power sales volume is cancelled by increase in fuel cost. Overall, results in lower incomes.

Consolidated



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

Consolidated

(Units:Billions of Yen)

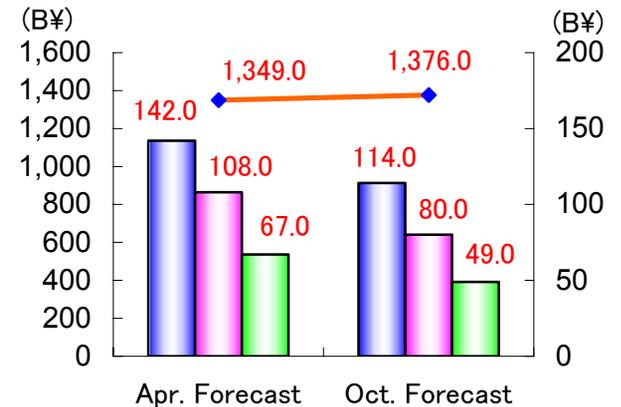
	FY2007 Oct. (A)	FY2006 Apr. (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,463.0	1,438.0	25.0	101.7
Operating Income	123.0	152.0	-29.0	80.9
Ordinary Income	91.0	119.0	-28.0	76.5
Net Income	56.0	74.0	-18.0	75.7

Non-Consolidated

(Units:Billions of Yen)

	FY2007 Oct. (A)	FY2006 Apr. (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,376.0	1,349.0	27.0	102.0
Operating Income	114.0	142.0	-28.0	80.3
Ordinary Income	80.0	108.0	-28.0	74.1
Net Income	49.0	67.0	-18.0	73.1

Non-Consolidated



(Unit:Billions of Yen)

	FY2007	FY2006
Exchange Rate (1¥/\$)	2.0	1.6
Crude Oil CIF Price (1\$/b)	2.9	2.6
Water Flow Rate (1%)	0.3	0.3
Nuclear Power Generation Capacity Utilization Rate (1%)	2.8	2.2
Interest Rate (1%)	3.0	2.8

For more information, please contact:

Investor Relations Group

Corporate Planning Office

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