

Financial Results for 4/2008–3/2009 and Financial Forecasts for 4/2009–3/2010

May 1, 2009



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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■ FY2008 Financial Results

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■ **Financial Results and Forecasts Summary**

FY2008 Financial Results Summary

【Summary】 Sales increase but income decline for the 3rd consecutive year:

- Increase in electricity sales due to fuel cost adjustment system.
- More fuel costs and purchased power expenses by soaring fuel prices, etc. in the 1st half of FY2008.

Consolidated

(Unit:Billions of Yen)

	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,524.1	1,482.3	41.8	102.8
Operating Income	84.7	105.5	-20.8	80.3
Ordinary Income	50.4	72.3	-21.9	69.7
Net Income	33.9	41.7	-7.7	81.5

Note : Scope of Consolidation and Companies Accounted for by Equity Method
 Consolidated Subsidiaries: 33 (-1 compared to FY2007)
 Companies Accounted for by Equity Method: 32 (+2 compared to FY2007)

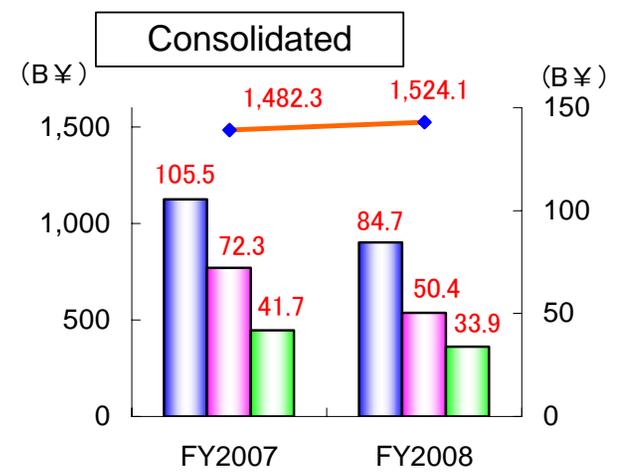
Non-Consolidated

(Unit:Billions of Yen)

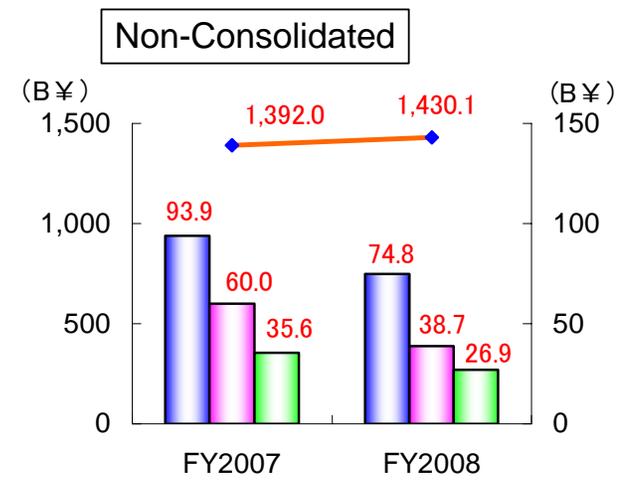
	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,430.1	1,392.0	38.1	102.7
Operating Income	74.8	93.9	-19.1	79.6
Ordinary Income	38.7	60.0	-21.3	64.5
Net Income	26.9	35.6	-8.7	75.4

Dividend

Annual dividend is planned to be 60 yen per share
 (Interim:30 yen , Year-end:30 yen)



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



FY2009 Financial Forecasts Summary

【Summary】 Sales decrease but income increase since FY2003:

- Decrease in electricity sales due to lowered electricity sales volume and decrease in electricity sales owing to fuel cost adjustment system.
- Lowered fuel and purchased power costs because of decrease in fuel prices, etc.

Consolidated

(Unit: Billions of Yen)

	FY2009 Forecast (A)	FY2008 Actual (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,448.0	1,524.1	-76.1	95.0
Operating Income	90.0	84.7	5.3	106.2
Ordinary Income	57.0	50.4	6.6	113.0
Net Income	35.0	33.9	1.1	103.0

Non-Consolidated

(Unit: Billions of Yen)

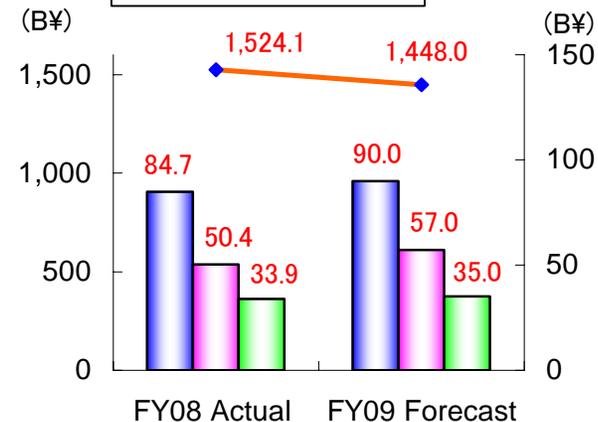
	FY2009 Forecast (A)	FY2008 Actual (B)	Difference (A)-(B)	% Change (A)/(B)
Sales	1,350.0	1,430.1	-80.1	94.4
Operating Income	79.0	74.8	4.2	105.6
Ordinary Income	45.0	38.7	6.3	116.1
Net Income	27.0	26.9	0.1	100.3

Dividend

Annual dividend is planned to be 60 yen per share
(Interim: 30 yen, Year-end: 30 yen)

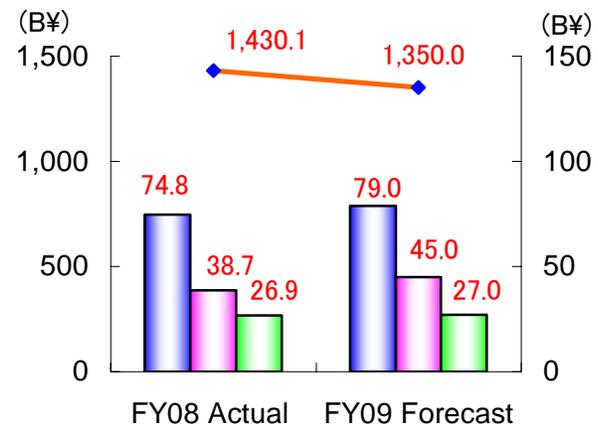
※Same as in FY2008

Consolidated



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

Non-Consolidated



Reference Information (Non-Consolidated)

	FY2009 (A)	FY2008 (B)	Difference (A)-(B)
Electricity Sales Volume	84.7 TWh	85.9 TWh	-1.2 TWh
Exchange Rate	100 ¥/\$	100.7 ¥/\$	-0.7 ¥/\$
Crude Oil CIF Price	55 \$/b	90.5 \$/b	-35.5 \$/b
Water Flow Rate	100.0 %	99.7 %	0.3 %
Nuclear Power Generation Capacity Utilization Rate	83.3 %	84.6 %	-1.3 %

Sensitivity Factors (Non-Consolidated)

(Unit: Billions of Yen)

	FY2009	FY2008
Exchange Rate (1¥/\$)	1.8	2.9
Crude Oil CIF Price (1\$/b)	1.4	1.5
Water Flow Rate (1%)	0.3	0.4
Nuclear Power Generation Capacity Utilization Rate (1%)	2.1	3.5

■ **FY2008 Financial Results**

Electricity Sales Volume

- General demand decreased by 1.6% to 1.0TWh. Reasons for this includes a decrease in air-conditioning demand due to a mild climate in summer and winter.
- Demand from large-scale industrial customers decreased by 4.7% to 1.2TWh. Reasons for this include a large production decline in major industries such as electronics, transportation and steel industries in the 2nd half of FY2008 ,although production in transportation machinery, chemicals and non-ferrous metals shifted steadily in the 1st half of FY2008.

Details

		FY2008	Comparison with FY2007		
			Difference	% Change	
Demand other than under Liberalization	Lighting	29.3	-0.3	99.0	
	Power	Low Voltage	4.9	-0.3	94.0
		Others	0.8	-0.1	90.6
	Subtotal		35.0	-0.7	98.0
Demand under Liberalization	Commercial	20.3	-0.1	99.5	
	Industrial	30.6	-1.4	95.6	
	Subtotal	50.9	-1.5	97.1	
Total		85.9	-2.2	97.5	

Breakdown	General	61.9	-1.0	98.4
	Large-scale industrial	24.0	-1.2	95.3

Large-Scale Industrial Demand by Sector

		FY2008	Comparison with FY2007	
			Difference	% Change
Machinery	Electronics	5.2	-0.5	92.1
	Transportation	1.5	-	100.4
	Steel and Iron	2.5	-0.6	81.6
Chemicals		2.6	-	100.8
Clay and Stone		1.1	-0.1	92.3
Non-ferrous Metals		1.7	-	100.9
Others		8.9	-	99.4
Total		24.0	-1.2	95.3

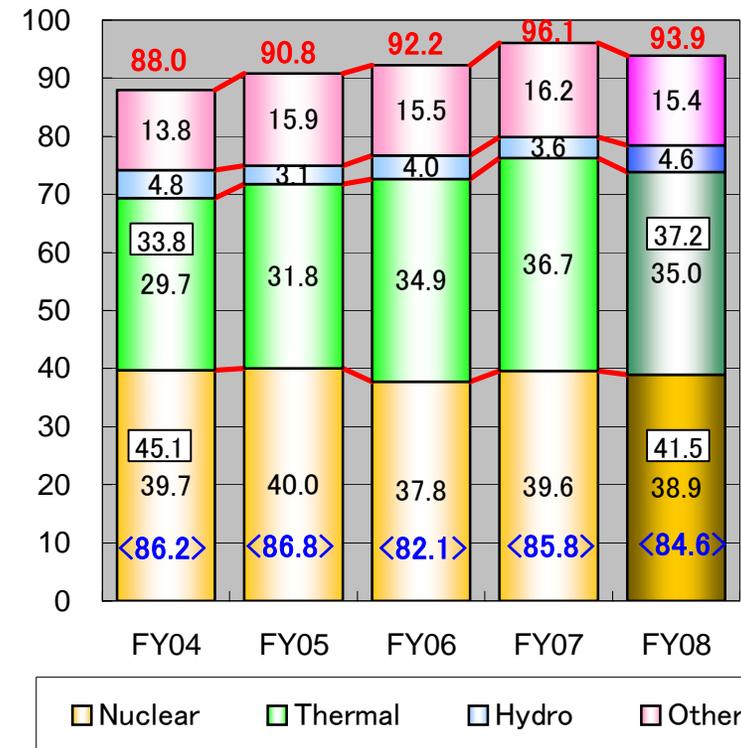
Generated and Received Electricity

Details

(Unit:TWh)

		FY2008	Comparison with FY2007	
			Difference	% Change
Generated	Hydro	4.6	1.0	128.6
	(Water Flow Rate)	(99.7)	(18.6)	
	Thermal	35.0	-1.7	95.2
	Nuclear	38.9	-0.7	98.3
	(Utilization Rate)	(84.6)	(-1.2)	
Subtotal		78.5	-1.4	98.2
Received from Other Companies		16.4	-0.8	95.4
Interchange		-0.1	0.3	19.1
Pumped Storage Use		-0.9	-0.3	146.6
Total		93.9	-2.2	97.7

Trends in Generated and Received Electricity (TWh)



Note1 : Figures in < > denote nuclear power utilization rate.

Note2 : Figures in □ denote component rate.

Income Statements Summary (Non-Consolidated)

(Unit:Billions of Yen)

	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)	Explanations	
Ordinary Revenues	Lighting	584.9	576.3	8.5	101.5	Sales Growth from Increased Fuel Cost Adjustment and Revised Base Fuel Price following New Electricity Rates, etc 71.4
	Power	793.3	763.2	30.0	103.9	
	Sales to Other Companies	7.6	10.6	-2.9	72.6	Sales to Other Electric Power Companies -4.5, Sales to Other Companies 1.6
	Others	51.3	51.2	0.1	100.2	
	(Sales)	(1,430.1)	(1,392.0)	(38.1)	(102.7)	
Subtotal	1,437.3	1,401.4	35.8	102.6		
Ordinary Expenses	Personnel	136.7	138.3	-1.5	98.9	Employees' Retirement Benefits -2.7
	Fuel	305.6	279.9	25.6	109.2	Surge in Fuel Prices 39.7(CIF Price 63.5, Exchange Rate -19.8) Effect of Decreased Sales Volume -16.7
	Maintenance	197.8	184.9	12.8	107.0	Nuclear 12.7
	Depreciation	195.2	197.3	-2.1	98.9	Thermal -3.0, Nuclear 1.3
	Purchased Power	149.9	123.2	26.6	121.6	Purchase from Other Companies 26.5
	Interest Charges	33.4	34.4	-0.9	97.1	
	Miscellaneous Taxes	90.1	88.7	1.3	101.5	Property Tax 1.2
	Nuclear Back-end Costs	51.1	72.0	-20.9	71.0	Decommissioning Costs of Nuclear Power Units -13.0, Reprocessing Costs of Irradiated Nuclear Fuel -7.2
Others	238.4	222.3	16.1	107.3	Disposition of Property 6.5, Subcontract Fee 4.1	
Subtotal	1,398.5	1,341.4	57.1	104.3		
(Operating Income)	(74.8)	(93.9)	(-19.1)	(79.6)		
Ordinary Income	38.7	60.0	-21.3	64.5		
Extraordinary Income	5.4	-	5.4	-	Gain on Sales of Available-for- Sale Securities 5.4	
Net Income	26.9	35.6	-8.7	75.4		

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

(References)

	FY2008 (A)	FY2007 (B)	Difference (A)-(B)
Exchange Rate	¥100.7/\$	¥114.4/\$	- ¥13.7/\$
Crude Oil CIF Price	90.5\$/b	78.7\$/b	11.8\$/b
Coal CIF Price	133.9\$/t	75.1\$/t	58.8\$/t
Water Flow Rate	99.7%	81.1%	18.6%
Nuclear Power Generation Capacity Utilization Rate	84.6%	85.8%	-1.2%

Note : Coal CIF Price is a weighted average from Apr.08 to Feb.09.

Ordinary Revenues Explanations (Non-Consolidated)

	(Unit:Billions of Yen)			
	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)
Lighting&Power	1,378.2	1,339.5	38.6	102.9

<Explanations>

Difference

① Sales Growth from Increased Fuel Cost **71.4**
 Adjustment and Revised Base Fuel Price following New Electricity Rates, etc

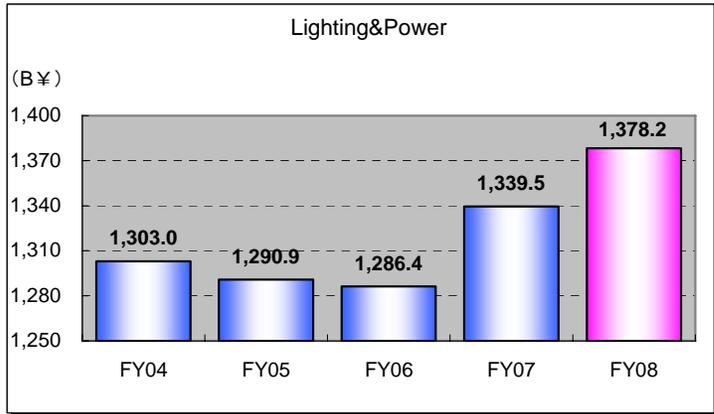
- Fuel Cost Adjustment (18.0 → ¥50.4B, +¥32.4B compared to FY2007)
- Increase due to Revised Base Fuel Price, etc

② Decrease in Demand **-32.9**

- Decrease in Electricity Sales Volume (88.1 → 85.9TWh, -2.2TWh compared to FY2007)

[Reference] Details of Electricity Sales Volume (Unit:TWh)

	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	Explanations
General	61.9	62.9	-1.0	Temperature Effect, etc -1.2 Leap Year Effect -0.1 All-electric Homes 0.3
Large-scale Industrial	24.0	25.2	-1.2	(1st half) Transportation, Chemicals and Non-Ferrous Metals, etc. 0.4 (2nd half) Electronics, Transportation, Steel and Iron -1.6



	(Unit:Billions of Yen)			
	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)
Sales to Other Companies & Others	59.0	61.8	-2.8	95.5

<Explanations>

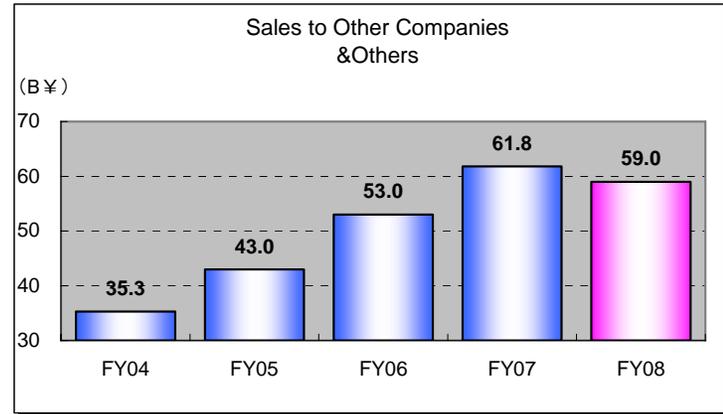
FY2007 FY2008

① Sales to Other EPCOs **-4.5** (6.0 ⇒ 1.5)

- Decrease in Sales to Other EPCOs (0.38→0.10TWh, -0.28TWh compared to FY2007)

② Sales to Other Companies **1.6** (4.5 ⇒ 6.1)

- Sales to Other Companies (0.31→0.54TWh, +0.23TWh compared to FY2007)



Ordinary Expenses Explanations (Non-Consolidated)

(Unit: Billions of Yen)

	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)
Fuel	305.6	279.9	25.6	109.2

(Unit: Billions of Yen)

	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)
Purchased Power	149.9	123.2	26.6	121.6

<Explanations>

Difference

① Surge in Fuel Prices **39.7**

◆ CIF Prices **63.5**

(Reference) All Japan CIF Price

- Coal (75.1 → 133.9\$/t, +58.8\$/t compared to FY2007)
- LNG (446.9 → 669.6\$/t, +222.7\$/t compared to FY2007)
- Crude Oil (78.7 → 90.5\$/b, +11.8\$/b compared to FY2007)

◆ Effect of Yen Appreciation **-19.8**

(Reference) Interbank Exchange Rate

- Yen's Exchange Rate against US\$
(114.4 → 100.7, +13.7 Appreciation over US\$ compared to FY2007)

② Effect of Decreased Sales Volume **-16.7**

- Electricity Sales Volume
(88.1 → 85.9TWh, -2.2TWh compared to FY2007)

<Explanations>

Difference

FY2007

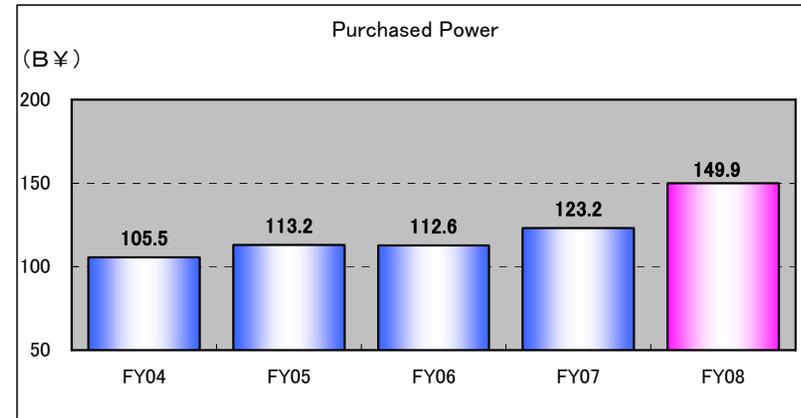
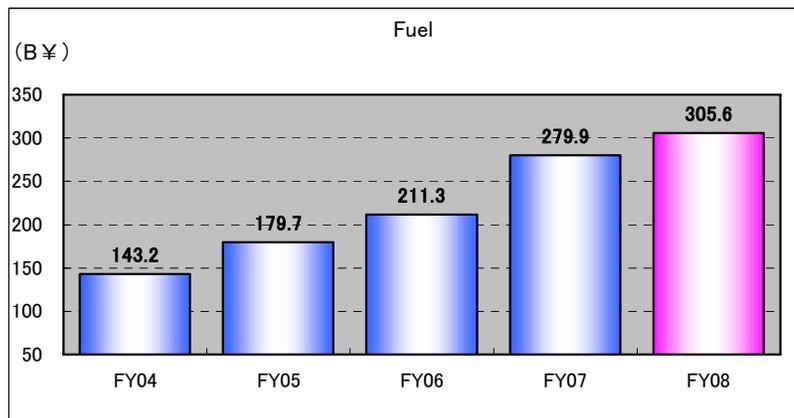
FY2008

Purchase from Other Companies **26.5** (123.1 ⇒ 149.6)

◆ Received Thermal Power **24.3** (95.7 ⇒ 120.1)

Rise of Purchase Cost due to Increased Fuel Cost, etc.

◆ Received Hydro Power **0.8** (15.1 ⇒ 15.9)



■ Ordinary Expenses Explanations (Non-Consolidated) ■

(Unit:Billions of Yen)				
	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)
Personnel	136.7	138.3	-1.5	98.9

<Explanations>

FY2007 FY2008

① Employees' Retirement Benefits **-2.7** (-1.2 ⇒ -4.0)

◆ Amortization on Difference between Actual and Expected Returns on Plan Assets **-6.2** (-3.6 ⇒ -9.8)

• Amount Accrued in FY2002 -12.8
(Completed Amortization in FY2007)

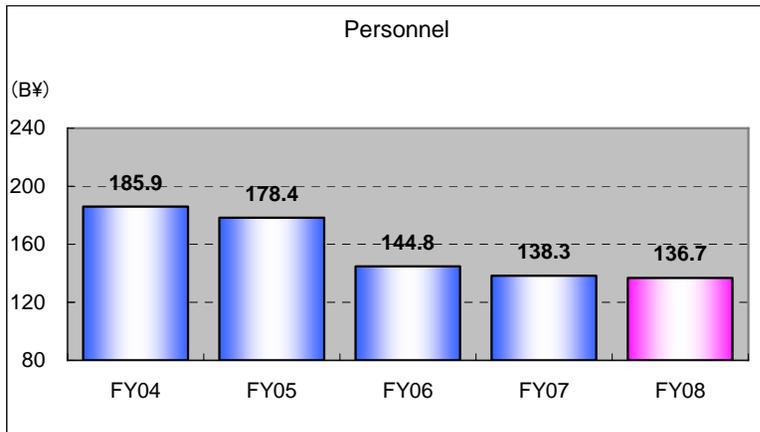
• Amount Accrued in FY2007 6.6

[Reference] Difference between Actual and Expected Returns on Plan Assets (Unit:Billions of Yen)

Year	Amount Accrued	Amortization		Difference (A-B)
		FY08(A)	FY07(B)	
FY02	64.2	-	12.8	-12.8
FY03	-36.9	-7.3	-7.3	
FY04	-8.9	-1.7	-1.7	
FY05	-29.5	-5.9	-5.9	
FY06	-7.0	-1.4	-1.4	
FY07	33.2	6.6	-	6.6
Total		-9.8	-3.6	-6.2

◆ Expected Return on Plan Assets **4.0** (-13.5 ⇒ -9.5)

• Change in Expected Return on Plan Assets (4%→3%)



(Unit:Billions of Yen)				
	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)
Maintenance	197.8	184.9	12.8	107.0

<Explanations>

FY2007 FY2008

① Nuclear **12.7** (60.4 ⇒ 73.2)

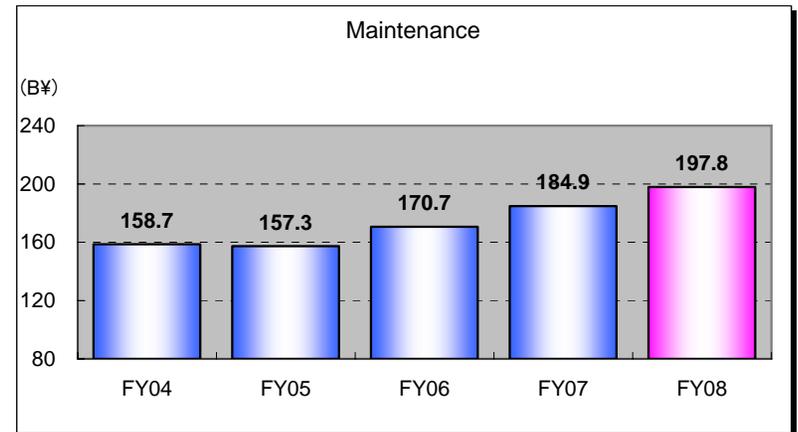
- Preventive Work on Weld of Inlet Nozzle Stub for No.2 Unit of Sendai Nuclear Power Station Steam Generation
- Vessel Head Replacement Work for No.1 and 2 Units of Sendai Nuclear Power Station

② Thermal **3.6** (39.5 ⇒ 43.1)

- Work for Aging Degradation

③ Other **-3.4** (84.9 ⇒ 81.4)

- Distribution -1.5, Transformation -0.8



Ordinary Expenses Explanations (Non-Consolidated)

(Unit:Billions of Yen)

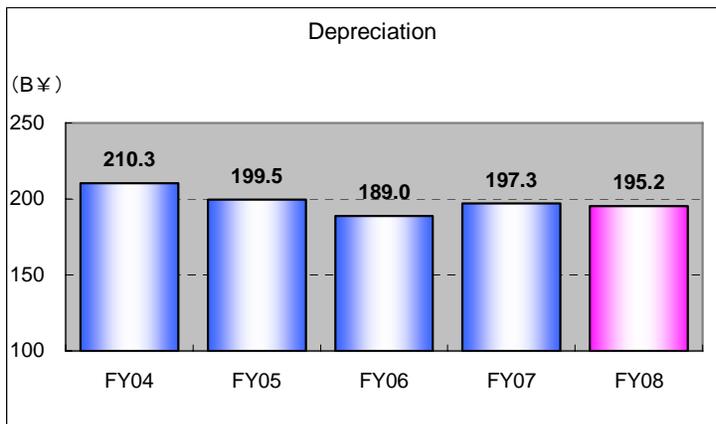
	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)
Depreciation	195.2	197.3	-2.1	98.9

<Explanations>

	FY2007	FY2008
①Thermal	-3.0 (36.9 ⇒ 33.8)	
②Nuclear	1.3 (35.0 ⇒ 36.3)	
③Hydro	0.6 (20.0 ⇒ 20.7)	

[Reference] Commercial Operation of Oamaru Hydro Power Situation

	Output	Commercial Operation date	Trial Operation
No.3 Unit	300MW	Jan.09	Jun.08 – Dec.08
No.4 Unit	300MW	Jul.07	Dec.06 – Jun.07

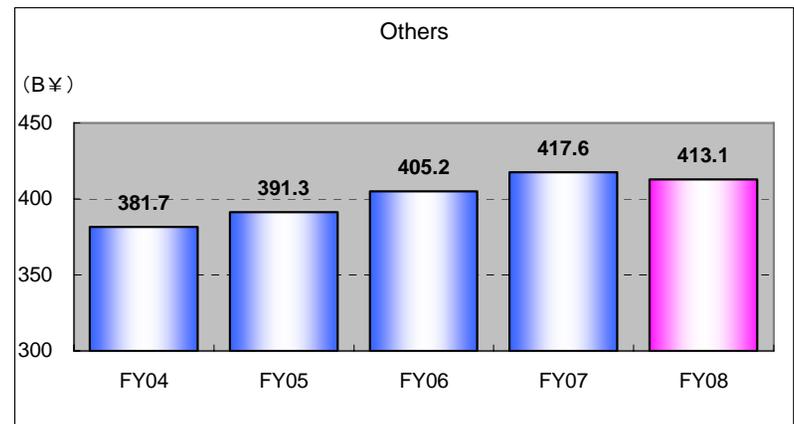


(Unit:Billions of Yen)

	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)
Other Expenses	413.1	417.6	-4.4	98.9

<Explanations>

	FY2007	FY2008
①Decommissioning Costs of Nuclear Power Units	-13.0 (21.3 ⇒ 8.3)	
• Reversal of Temporary Increase for FY2007 Clearance Revel Revision		
②Disposition of Property	6.5 (16.3 ⇒ 22.8)	
• Renewal of Steam Generator for No.1 Unit of Sendai Nuclear Power Station		
• Replacement Work for No.2 Unit Core Internal of Genkai Nuclear Power Station		
③Subcontract fee	4.1 (70.7 ⇒ 74.8)	
Work for Amended Regulatory Guide for Reviewing Seismic Design of Nuclear Power Reactor Facilities		



Balance Sheets Summary (Non-Consolidated)

【Assets】

(Unit:Billions of Yen)

	Mar. 31, 2009 (A)	Mar. 31, 2008 (B)	Difference (A)-(B)	Explanations
Utility Property, Plant and Equipment	2,582.0	2,616.6	-34.6	Depreciation -195.2, Construction Completed 178.6
Investments and Other Assets	470.6	440.5	30.1	Reserve Funds for Reprocessing of Irradiated Nuclear Fuel 31.2
Other	781.4	727.5	53.8	Cash and Cash Equivalents 29.3, Nuclear Fuels 13.3, Stores (Stored Fuels, etc.) 8.9
Total	3,834.1	3,784.7	49.4	

【Liabilities and Equity】

(Unit:Billions of Yen)

	Mar. 31, 2009 (A)	Mar. 31, 2008 (B)	Difference (A)-(B)	Explanations
Interest-bearing Debt	1,989.6	1,915.9	73.6	[D/E Ratio] Mar. 09 2.03 ← Mar. 08 1.92
Other Liabilities	862.9	869.0	-6.0	Liabilities for Employees' Retirement Benefits -12.7, Reserve for Decommissioning of Nuclear Power Units 8.3
Equity	981.5	999.6	-18.1	Net Income 26.9 Dividends Paid -28.4 Unrealized Gain on Available-for-sale Securities -14.6 [Equity Ratio] Mar. 09 25.6% ← Mar. 08 26.4%
Total	3,834.1	3,784.7	49.4	

Income Statements Summary (Consolidated)

(Unit:Billions of Yen)

		FY2008 (A)	FY2007 (B)	Difference (A)-(B)	% Change (A)/(B)	FY2008 Consolidated Ratio
Ordinary Revenues	Electric	1,398.5	1,363.4	35.1	102.6	
	Other	125.6	118.9	6.6	105.6	
	Operating Revenues(Sales)	1,524.1	1,482.3	41.8	102.8	
	Other Revenues	10.4	11.2	-0.8	92.7	
	Subtotal	1,534.6	1,493.5	41.0	102.7	
Ordinary Expenses	Electric	1,317.2	1,260.6	56.6	104.5	(1.13)
	Other	122.2	116.1	6.0	105.2	
	Operating Expenses	1,439.4	1,376.8	62.6	104.6	
	Other Expenses	44.6	44.3	0.2	100.6	
	Subtotal	1,484.1	1,421.2	62.9	104.4	
(Operating Income)		(84.7)	(105.5)	(-20.8)	(80.3)	(1.13)
Ordinary Income		50.4	72.3	-21.9	69.7	(1.30)
Extraordinary Income		5.4	-	5.4	-	
Net Income		33.9	41.7	-7.7	81.5	(1.26)

Reasons for Changes in Operating Income

- Energy-related Business
Increased Cost on Plant Construction Business
- IT and Telecommunications
Expansion of Broadband Services Subscribed
- Other
Increased Expense for Reconstruction of Commercial Building for Rent

(Unit:Billions of Yen)

	Electric Power	Energy-related Business	IT and Telecommunications	Other	Subtotal	Eliminations/Corporate	Consolidated
Total Sales	1,400.7 (35.0)	157.2 (10.1)	92.7 (4.3)	24.4 (-0.4)	1,675.1 (49.1)	-150.9 (-7.3)	1,524.1 (41.8)
Sales to Customers	1,398.5 (35.1)	60.4 (3.8)	55.7 (2.9)	9.4 (-0.1)	1,524.1 (41.8)	- (-)	1,524.1 (41.8)
Operating Income	74.1 (-20.1)	7.5 (-0.9)	0.7 (2.4)	1.6 (-1.8)	84.1 (-20.5)	0.5 (-0.2)	84.7 (-20.8)
Ordinary Income	40.7 (-22.6)	* 9.5 (0.9)	-0.8 (2.5)	0.7 (-2.2)	50.3 (-21.3)	0.1 (-0.5)	50.4 (-21.9)
Total Assets	3,705.3 (35.4)	284.8 (19.5)	141.9 (-0.9)	136.5 (-5.0)	4,268.7 (48.8)	-157.8 (2.2)	4,110.8 (51.1)
Capital Expenditures	223.9 (22.0)	20.2 (2.4)	22.2 (-2.4)	3.7 (-3.0)	270.0 (18.8)	-4.5 (-1.4)	265.5 (17.4)

Note : Figures in brackets denote differences from FY2007.

* Ordinary Income from Energy-related Business includes ¥2B Income from Overseas Energy Business(+¥3.1B compared to FY2007).

Cash Flows Summary (Consolidated)

(Unit: Billions of Yen)

	FY2008 (A)	FY2007 (B)	Difference (A)-(B)	Explanations
Cash Flows from Operating Activities	247.0	267.5	-20.4	Ordinary Income -21.9
Cash Flows from Investing Activities	-259.8	-233.5	-26.2	Payments for Investments and Advances -11.8
(Capital Expenditures including Nuclear Fuel)	(-258.5)	(-242.2)	(-16.3)	
Cash Flows from Financing Activities	42.0	-26.3	68.4	Net Increase in Interest-bearing Debt 62.2 (FY2008 70.5 ← FY2007 8.3)
Net Increase in Cash and Cash Equivalents	29.3	7.4	21.8	
Free Cash Flows *	-11.4	25.2	-36.7	

* Free Cash Flows = Cash Flows from Operating Activities - Capital Expenditures including Nuclear Fuel

For more information, please contact:

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