

October 31, 2008

The 2nd Quarter of the Fiscal Year Ending March 31, 2009 Financial Results Overview
Kyushu Electric Power Co., Inc.

Stock code: 9508

Representative: Mr. Toshio Manabe, President

Contact: Investor Relations Group, Corporate Planning Dept.

Tel: +81-92-726-1575

Stock listed on: Tokyo Stock Exchange,
Osaka Securities Exchange,
Fukuoka Stock Exchange

URL: http://www1.kyuden.co.jp/en_index

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months (April 1, 2008 to September 30, 2008)

(1) Consolidated Operational Results (% shows the changes from the same quarter period of the previous FY)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1, 2008 - Sept. 30, 2008	759,824	—	29,081	—	13,468	—
April 1, 2007 - Sept. 30, 2007	732,763	2.7	75,511	-40.7	61,447	-43.6

	Net income		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2008 - Sept. 30, 2008	11,173	—	23.62	
April 1, 2007 - Sept. 30, 2007	37,513	-43.8	79.28	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
As of September 30, 2008	4,076,003	1,079,849	26.1	2,246.59
As of March 31, 2008	4,059,775	1,084,212	26.3	2,255.17

(Reference)

Shareholders' equity: As of September 30, 2008 : 1,062,940 million yen As of March 31, 2008: 1,067,046 million yen

2. Dividends

(Record date)	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2007		30.00		30.00	60.00
FY2008		30.00	—	—	—
FY2008(projected)				30.00	60.00

(Note) Revision of projected dividends: No

3. Forecast for Consolidated Financial Results for FY2008 (April 1, 2008 to March 31, 2009)

(% shows the changes from the same financial periods of the previous year)

	Sales		Operating income		Ordinary income		Net income		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,537,000	3.7	26,500	-74.9	-5,000		-3,000		-6.34

(Note) Revision of forecasts for consolidated financial results: Yes

4. Other

(1) Changes in significant subsidiaries (changes in scope of consolidated subsidiaries) : No

(2) Adoption of simplified method or methods specific in prearing quarterly consolidated financial statements in accounting practice : No

(3) Changes in the accounting practices, procedures, or disclosure regarding preparation of quarterly consolidated financial statements

Changes in line with revised accounting standards : Yes

Other than : Yes

* For the details, see page 6 [Qualitative Information and Financial Statements] 4. Other.

(4) Number of common stocks issued and outstanding

Total stocks including treasury stocks FY2008 2Q: 474,183,951 shares FY2007: 474,183,951 shares

Treasury stocks FY2008 2Q: 1,048,798 shares FY2007: 1,028,013 shares

Average number of shares during the period FY2008 2Q: 473,151,165 shares FY2007 2Q: 473,158,229 shares

***Notes on the proper use of the forecasts**

(1) The above forecasts are based on information available at the date of the release of this document. Due to various factors,

the actual result may differ from these forecasts. For the assumptions applied to the above forecasts, see page 5.

(2) The Company has applied "Accounting Standard Regarding Quarterly Financial Statements" and "Guideline for Accounting Standard Regarding Quarterly Financial Statements" enacted on March 14th, 2007 since the 1st quarter financial period. The Company also prepares quarterly consolidated financial statements in line with

"Rules on Quarterly Consolidated Financial Statements."

(Reference) Non-consolidated Forecast for FY2008 (April 1, 2008 to March 31, 2009)

(% shows the changes from the same financial periods of the previous year)

	Sales		Operating income		Ordinary income		Net income		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,451,000	4.2	19,500	-79.2	-15,000		-9,000		-19.01

(Note) Revision of forecasts for non-consolidated financial results: Yes

[Qualitative Information and Financial Statements]

1. Qualitative information regarding consolidated operational results

Due to soaring energy and raw material prices, Japanese economy in this 2nd quarter (April-September) was in a stalemate and fell deeper into recession toward the end of the quarter as financial crisis worsened the slowdown in global economy especially in the US and Europe.

(1) Consolidated Financial Overview

Consolidated sales (operating revenue) increased by 3.7% to ¥759.8 billion compared with the 2Q of FY2007 and the ordinary revenue increased by 3.3% to ¥764.4 billion mainly affected by the business performance in electricity business as the electricity sales revenue increased due to an increase in sales volume and also owing to the fuel cost adjustment system.

On the expenditure side ordinary expenses also increased by 10.7% to ¥751.0 billion compared with the 2Q of the previous year mainly because of increased fuel cost and cost to purchase electricity from other companies affected by soaring fuel prices in electricity business.

As a result, the ordinary income for the 2Q of FY2008 decreased by 78.1% to ¥13.4 billion.

The net income decreased by 70.2% to ¥11.1 billion compared with the 2Q of FY2007 because the Company recorded a gain on sales of marketable securities of 5.4 billion yen as an extraordinary gain.

The change from the same quarter of the previous year is disclosed as reference.

(2) Sales and Supply Overview

In the 2nd quarter of FY2008, the demand for electric light, power for commercial operations and other general demands decreased by 0.7% compared with the same period of the previous year mainly because the air-conditioning demand decreased in August and September when the temperature shifted below the previous year's level, while power demand for commercial operations increased due to openings of commercial facilities. The power demand from large industrial customers increased by 3.2% from the 2nd quarter of the previous year, supported by the steady production activities in the transportation machinery, chemicals and non-ferrous metal industries.

Consequently, the total electricity sales for the 2nd quarter of FY2008 increased by 0.5% to 44.27 billion kWh compared with the 2nd quarter of the previous year.

Electricity Sales Volume

(Unit: million kWh, %)

		FY2008 2Q	FY2007 2Q	Difference	Change
		(A)	(B)	(A-B)	(A/B)
Lighting		13,992	14,033	-41	99.7
Power		30,281	30,039	242	100.8
Electricity Sales Total		44,273	44,072	201	100.5
(Figures are included above)	General demand	31,128	31,339	-211	99.3
	Large-scale industrial customers	13,145	12,733	412	103.2

On the supply side, mainly owing to the smooth operation of nuclear power plants, we have provided stable supply of electricity to our customers.

Generated and Received Electricity

(Unit: million kWh, %)

		FY2008 2Q (A)	FY2007 2Q (B)	Difference (A-B)	Change (A/B)
Own facilities	Hydro (Water release rate)	2,722 (92.0)	2,341 (84.0)	381 (8.0)	116.2
	Thermal	18,909	18,789	120	100.6
	Nuclear (Utilization rate)	18,718 (81.1)	19,628 (85.0)	-910 (-3.9)	95.4
	Subtotal	40,349	40,758	-409	99.0
From other companies		8,887	8,716	171	102.0
Interchange		-4	-330	326	1.1
For pumping		-657	-446	-211	147.2
Total		48,575	48,698	-123	99.7

2. Qualitative information regarding consolidated financial condition

Consolidated assets increased by ¥16.2 billion compared with the end of previous fiscal year to ¥4,076.0 billion mainly because of an increase of the current assets such as inventories while the non-current assets decreased due to the progress of depreciation.

Consolidated liabilities increased by ¥20.5 billion to ¥2,996.1 billion mainly due to an increase of interest-bearing debt while provision for retirement benefits and accounts payable decreased. The interest-bearing debt increased by ¥70.7 billion to ¥2,110.8 billion mainly due to an increase in commercial papers and bonds in electricity business.

Consolidated net assets decreased by ¥4.3 billion to ¥1,079.8 billion due to the dividends paid while the net income for the six months has recorded. Consequently the shareholders' equity ratio slightly declined to 26.1%.

3. Qualitative information regarding forecasts for the consolidated operating performance

Consolidated sales revenue is projected to increase in FY2008 as the electricity sales revenue is projected to increase due to the fuel cost adjustment system in electricity business while the sales volume of electricity is projected to remain unchanged from the previous fiscal year.

Operating income is projected to decrease because of increased fuel cost and cost to purchase electricity from other companies due to soaring fuel prices in electricity business, and ordinary loss and net loss are projected.

Consolidated operating performance forecasts have been changed since the last forecast released in July 29, 2008. For details, see "Financial Forecast Revision for FY2008" announced in October 31, 2008.

Forecast for operational performance in FY2008

(Unit: 100 million yen)

	Consolidated		Non-consolidated	
Sales	15,370	[103.7%]	14,510	[104.2%]
Operating income	265	[25.1%]	195	[20.8%]
Ordinary income	-50	[-]	-150	[-]
Net income	-30	[-]	-90	[-]

(Note) the percentage figures in [] show the comparison from the previous year

Sensitivity factors (Non-consolidated)

	FY2008	(Reference)FY2007
Electricity sales volume	88.1 billion kWh [100.0%]	88.1 billion kWh [104.4%]
Crude oil (CIF) price	110 \$/b	79 \$/b
Exchange rate	¥ 106 /\$	¥114/\$
Nuclear power generation capacity utilization rate	83.9 %	85.8%
Water release rate	95.0%	81.1%

(Note) the percentage figures in [] show the comparison from the previous year

(Reference) FY2008 The impact of sensitivity factors on non-consolidated financial performance

Crude oil (CIF) price 1\$/b	¥ 2.4 billion
Exchange rate ¥1/\$	¥ 3.5 billion
Nuclear power generation capacity utilization rate 1%	¥ 4.0 billion

4. Other

(1) Changes in significant subsidiaries (changes in scope of consolidated subsidiaries)

N/A

(2) Adoption of simplified methods or methods specific in preparing quarterly consolidated financial statements in accounting practices

N/A

(3) Any changes in accounting practices, procedures, or disclosure regarding preparation of quarterly consolidated financial statements from the previous fiscal year

Adoption of accounting standards regarding quarterly financial statements

From this fiscal year, the Company has adopted “Accounting Standard Regarding Quarterly Financial Statement” and “Guidelines for Accounting Standard Regarding Quarterly Financial Statement” enacted on March 14th, 2007. It also prepares quarterly financial statements in line with “Rules on Quarterly Consolidated Financial Statements” and “Electricity Business Accounting Rules.”

Changes in Standards and Methods to Evaluate Significant Assets

Inventories

To record inventories, the Company mostly applied gross average cost method. From the 1st quarterly period in FY2008, in line with “Accounting Standard Regarding Valuation of Inventory” enacted on July 5th, 2006, the Company mostly applies gross average cost method except the amounts on income statements, where it applies book value markdown method based on decreased profitability.

This change gives minor effect on the Company’s profit and loss.

Changes in Accounting Practices on Significant Lease Transaction

(Lessee)

To record finance lease transaction without transfer of title, the Company applied accounting methods conformed to the methods on lease transaction. In line with “Accounting Standard Regarding Lease Transaction” and “Guideline for Accounting Standard Regarding Lease Transaction” revised on March 30th, 2007, which are allowed to be applied on quarterly financial statements for fiscal years starting on or after April 1st, 2008, the Company applies the accounting standard and the guideline from the 1st quarterly period in FY2008 and applies accounting practices regarding regular sales transactions to record finance lease transactions without transfer of title starting on and after April 1st, 2008. To record depreciation on lease assets regarding finance lease transaction without transfer of title, the Company regards leasing period as useful life and applies straight line method with zero residual value.

This change gives minor effect on the Company’s profit and loss.

To record finance lease transaction without transfer of title started on or before March 31st, 2008, the Company continues to apply accounting methods conformed to the methods on regular lease transaction.

(Lessor)

To record finance lease transaction without transfer of title, the Company applied accounting methods conformed to the methods on lease transaction. In line with “Accounting Standard Regarding Lease Transaction” and “Guideline for Accounting Standard Regarding Lease Transaction” revised on March 30th, 2007, which are allowed to be applied on quarterly financial statements for fiscal years starting on or after April 1st, 2008, the Company applies the accounting standard and the guideline from the 1st quarterly period in FY2008 and applies accounting practices regarding regular sales transactions to record finance lease transactions without transfer of title starting on and after April 1st, 2008.

This change gives minor effect on the Company’s profit and loss.

To record finance lease transaction without transfer of title started on or before March 31st, 2008, the Company continues to apply accounting methods conformed to the methods on regular lease transaction.

5. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

	(Unit: million yen)	
	As of September 30 th , 2008	As of March 31 st , 2008
Assets		
Non-current Assets	3,765,480	3,772,773
Electric Utility Plant and Equipment	2,545,683	2,581,653
Hydroelectric power production facilities	319,942	327,712
Thermal power production facilities	277,216	292,116
Nuclear power production facilities	239,044	241,080
Internal combustion engine power production facilities	25,014	23,299
Transmission facilities	682,591	689,600
Transformation facilities	253,111	259,028
Distribution facilities	614,503	615,419
General facilities	124,592	123,385
Other electric utility plant and equipment	9,668	10,010
Other non-current assets	299,484	298,190
Construction in progress	240,109	229,448
Construction and retirement in progress	240,109	229,448
Nuclear fuel	257,009	250,845
Loaded nuclear fuel	40,866	40,012
Nuclear fuel in processing	216,142	210,833
Investments and other assets	423,193	412,634
Long-term investments	130,543	130,390
Reserve fund for reprocessing of irradiated nuclear fuel	105,113	104,739
Deferred tax assets	110,793	115,151
Other assets	77,667	63,210
Allowance for doubtful accounts	-924	-857
Current Assets	310,522	287,002
Cash and deposits	55,980	58,741
Notes and accounts receivable-trade	125,065	116,752
Inventories	80,329	65,114
Deferred tax assets	16,209	15,943
Other current assets	33,786	31,631
Allowance for doubtful accounts	-848	-1,181
Assets Total	4,076,003	4,059,775

	(Unit: million yen)	
	As of September 30 th , 2008	As of March 31 st , 2008
Liabilities		
Non-current Liabilities	2,468,161	2,408,448
Bonds payable	1,116,450	1,066,449
Long-term loans payable	654,959	646,500
Provision for retirement benefits	138,842	150,512
Provision for reprocessing of irradiated nuclear fuel	354,745	351,972
Provision for preparation of reprocessing of irradiated nuclear fuel	12,621	10,853
Provision for decommissioning of nuclear power units	151,027	147,529
Deferred tax liabilities	19	28
Other non-current liabilities	39,496	34,602
Current Liabilities	527,992	567,114
Current portion of non-current liabilities	154,616	175,777
Short-term loans payable	148,660	143,457
Notes and accounts payable-trade	51,906	67,742
Accrued taxes	19,006	20,082
Other current liabilities	153,802	160,054
Liabilities Total	<u>2,996,153</u>	<u>2,975,562</u>
Net Assets		
Shareholders' Equity	1,032,922	1,035,992
Capital stock	237,304	237,304
Capital surplus	31,134	31,140
Retained earnings	766,514	769,541
Treasury stock	-2,031	-1,955
Valuation and translation adjustments	30,018	31,054
Valuation difference on available-for-sale securities	26,438	28,004
Deferred gains or losses on hedges	4,181	3,331
Foreign currency transaction adjustments	-601	-281
Minority Interests	<u>16,908</u>	<u>17,165</u>
Net Assets Total	<u>1,079,849</u>	<u>1,084,212</u>
Liabilities and Net Assets Total	<u>4,076,003</u>	<u>4,059,775</u>

(2) Quarterly Consolidated Income Statements for the 2nd quarter of FY2008

(Unit: million yen)	
April 1, 2008-September 30, 2008	
Operating Revenue	759,824
Electric utility operating revenue	699,130
Other	60,694
Operating Expenses	730,743
Electric utility operating expenses	672,300
Other	58,442
Operating Income	29,081
Non-operating Revenue	4,659
Dividends income	1,153
Interest income	1,225
Equity in earnings of affiliates	466
Other	1,814
Non-operating Expenses	20,271
Interest expenses	17,637
Other	2,634
Total Ordinary Revenue	764,484
Total Ordinary Expenses	751,015
Ordinary Income	13,468
Extraordinary Income	5,400
Gain on marketable securities	5,400
Income Before Income Taxes	18,868
Income Taxes -Current	2,942
Income Taxes-Deferred	4,481
Income Taxes Total	7,423
Minority Interests in Income	270
Net Income	11,173

The Company has applied “Accounting Standard Regarding Quarterly Financial Statements” and “Guideline for Accounting Standard Regarding Quarterly Financial Statements” enacted on March 14th, 2007 since this fiscal year. The Company also prepares quarterly consolidated financial statements in line with “Rules on Quarterly Consolidated Financial Statements” and “Electricity Business Accounting Rules.”

(3) Notes on the premise of going concern

N/A

(4) Notes on significant changes in shareholders' equity

N/A

(Reference)

Interim Consolidated Income Statements for FY2007

	(Unit: million yen)
	April 1, 2007-September 30, 2007
Operating Revenues	732,763
Electricity	679,893
Other	52,869
Operating Expenses	657,251
Electricity	605,528
Other	51,723
Operating Income	75,511
Other Revenues	7,063
Proceed from dividends	1,206
Proceed from interests	1,016
Gain on marketable securities	1,834
Equity in earnings of affiliates	1,046
Other	1,960
Other Expenses	21,128
Interest expenses	17,895
Other	3,232
Total Ordinary Revenues	739,827
Total Ordinary Expenses	678,379
Ordinary Income	61,447
Reserve for fluctuation in water levels	-90
Reserve for fluctuation in water levels	-90
Income Before Income Taxes	61,538
Income Taxes	16,252
Income Taxes-Deferred	7,260
Income Taxes Total	23,512
Minority Interests	511
Net Income	37,513

(Reference)

Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2008 2Q (A)	FY2007 2Q (B)	Difference (A-B)	Change (A/B)	Composition Ratio	
						FY2008 2Q	FY2007 2Q
Ordinary Revenues	Residential	2,814	2,760	54	102.0	39.2	39.6
	Commercial and industrial	4,076	3,900	176	104.5	56.8	55.9
	(Subtotal)	(6,891)	(6,660)	(230)	(103.5)	(96.0)	(95.5)
	Other	289	310	-20	93.3	4.0	4.5
	[Sales] Total	[7,145]	[6,916]	[228]	[103.3]	[99.5]	[99.2]
Ordinary Expenses	Labor	692	702	-9	98.6	9.7	10.9
	Fuel	1,798	1,411	387	127.4	25.4	22.0
	Maintenance	886	893	-7	99.2	12.5	13.9
	Depreciation	977	1,004	-27	97.3	13.8	15.7
	Power purchase	815	617	198	132.1	11.5	9.6
	Interest	164	166	-1	99.1	2.3	2.6
	Tax & public dues	497	463	33	107.3	7.0	7.2
	Nuclear back-end	266	243	23	109.6	3.8	3.8
	Other	989	916	73	108.0	14.0	14.3
Total	7,089	6,419	670	110.4	100.0	100.0	
[Operating Income]		[246]	[707]	[-461]	[34.8]		
Ordinary Income		91	551	-460	16.6		
Reserve for fluctuation in water levels		-	-	-	-		
Extraordinary Income		54	-	54	-		
Income before income taxes		145	552	-407	26.3		
Income taxes		56	212	-155	26.8		
Net Income		88	340	-251	26.0		

(Note) Nuclear back-end expenses include the costs below:

- Costs for reprocessing of irradiated nuclear fuel
- Costs for preparation of reprocessing of irradiated nuclear fuel
- Costs for disposal of transuranic waste
- Costs for decommissioning nuclear power plants

(Reference)

	FY2008 2Q [A]	FY2007 2Q [B]	Difference [A-B]
Crude oil (CIF) price	119.7 \$/b	67.9 \$/b	51.8\$/b
Exchange rate	¥ 106.1 /\$	¥ 119.4 /\$	¥-13.3/\$