Generating Long-term Sustainability

Kyushu Electric Power Company Annual Report 2009

The Kyushu Electric Power Group continues to provide steady and reliable environment-friendly electricity and energy for our customers.

In the decades since its establishment in 1951, the Kyushu Electric Power Company has lived through post-war reconstruction and subsequent high economic growth, the oil shocks of the 1970s, the development of high-speed information systems, and the recent deregulation of the electric power industry. Throughout these changes, Kyushu Electric Power and its employees have worked to supply reliable electric power in support of regional development and the jobs and lifestyles of our customers.

Throughout deepening energy security and environmental issues, we will sustain reliable performance under the Kyushu Electric Power's Mission, as expressed by the key message "Enlighten our Future," continuing to provide steady and reliable environment-friendly electric power and energy to our customers. Across the entire group, we will fulfill our social responsibility to create sustainable corporate value by increasing the satisfaction of our customers, shareholders, investors and all other stakeholders.

Kyushu Electric Power's Mission

[Enlighten Our Future]

Towards a comfortable and environment-friendly lifestyle today and for generations to come.

Steady and reliable, Earth-friendly energy.

We will assure comfortable lifestyles through leading-edge energy and environmental technology, while anticipating global trends to provide steady and reliable environment-friendly energy to customers.

- Ensuring long-term stable supply of electricity
- Responding to environmental problems

DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS:

Statements made in this annual report regarding Kyushu Electric Power Group'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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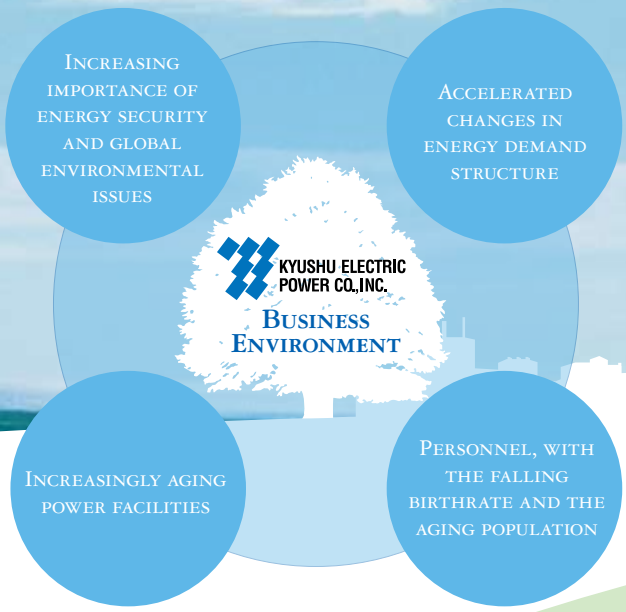


Services that truly satisfy.

Together, we will serve multiple customer viewpoints, making their trust our first priority, and we will bring forth services that evoke a real sense of satisfaction, joy and excitement.

- Promoting an energy savings comfortable lifestyle
- Business development based on customer needs

In company with Kyushu. And to Asia and the world.

Together, we will plan and conduct business side-by-side with the whole of Kyushu for our children's future and an affluent, environmental society. And beyond that, we will look to Asia and the world.

- Action on sustainable development of Kyushu
- Contribution to global CO_2 reduction

Discovering solutions, and putting them into practice.

Together, we will conduct business that seeks the path to tomorrow by promoting the potential of every human being, respecting individuality, and carrying out free and lively discussion.

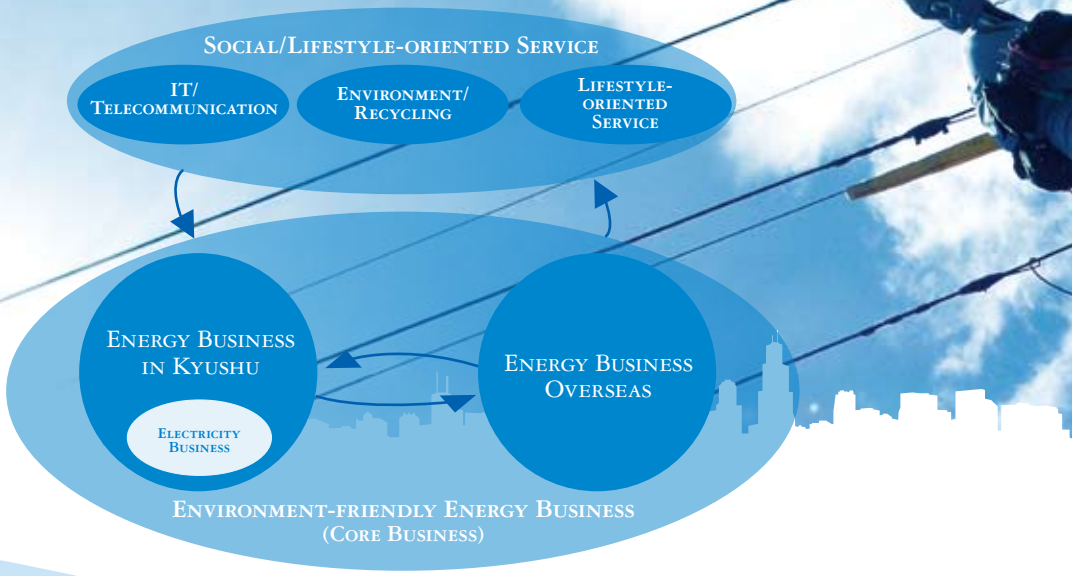
- Building stronger communication with stakeholders
- Raising the abilities and aspirations of employees

Our Business

Measures to ensure stable supply of electricity, while respecting the global environment, and supplying services built upon society's needs.

— Providing value to society —

The Kyushu Electric Power Group continues to provide steady and reliable electricity and energy to our customers at all times and contributes to the creation of a comfortable, environment-friendly and sustainable society by providing lifestyle-oriented services that aptly increase the quality of society.



Environment-friendly Energy Business

ENERGY BUSINESS IN KYUSHU: Contributing to the sustainable development of the Kyushu region

- An electricity business that continues to provide steady and reliable power
- A new energy business that uses alternative sources like wind, solar and biomass
- A solution business that responds to the diverse needs of our customers
- A gas business that provides end-to-end handling of LNG from receipt to sales

ENERGY BUSINESS OVERSEAS: Taking on the challenge of global-scale CO_2 reduction with growth potential

- An efficient thermal IPP business
- Applying renewable wind, geothermal and other power sources
- Energy conservation and environmental consulting leveraging our thermal power plant heat-efficiency improvement expentise and energy-efficient technology.

Social and Lifestyle-oriented Services Business

IT AND TELECOMMUNICATIONS BUSINESS: Ensuring earning power and putting our information infrastructure to full use

- An optical broadband service business that achieves high quality at low cost
- An IT solutions business that provides the best solution from the customer's standpoint
- A data center business with accumulated expertise and leading-edge infrastructure
- A fiber-optic cable leasing business that leverages group management resources

ENVIRONMENT AND RECYCLING BUSINESS: Forming a resource-recycling society

- A fluorescent tube recycling business yielding renewable resources and sales of refurbished tubes
- A recycling business that shreds confidential documents into renewable resources

LIFESTYLE-ORIENTED SERVICE BUSINESS: Handling the diverse needs of all citizens in the region

- A senior citizen apartment complex business providing a rich and comfortable lifestyle and nursing services
- A residential building evaluation business to comprehensively support building construction

Nuclear power

With superior supply stability, environmental features and economic efficiency, nuclear power is a key source of power when developed with keen attention to safety.

Renewable energy

Solving environmental problems and leveraging domestic energy, we will aggressively develop and promote hydroelectric, geothermal, solar and wind power.

Thermal power

Addressing global fuel supply and environmental problems, economic efficiency and facility operation, we will develop highly efficient LNG combined-cycle, coal-fired and other thermal facilities.

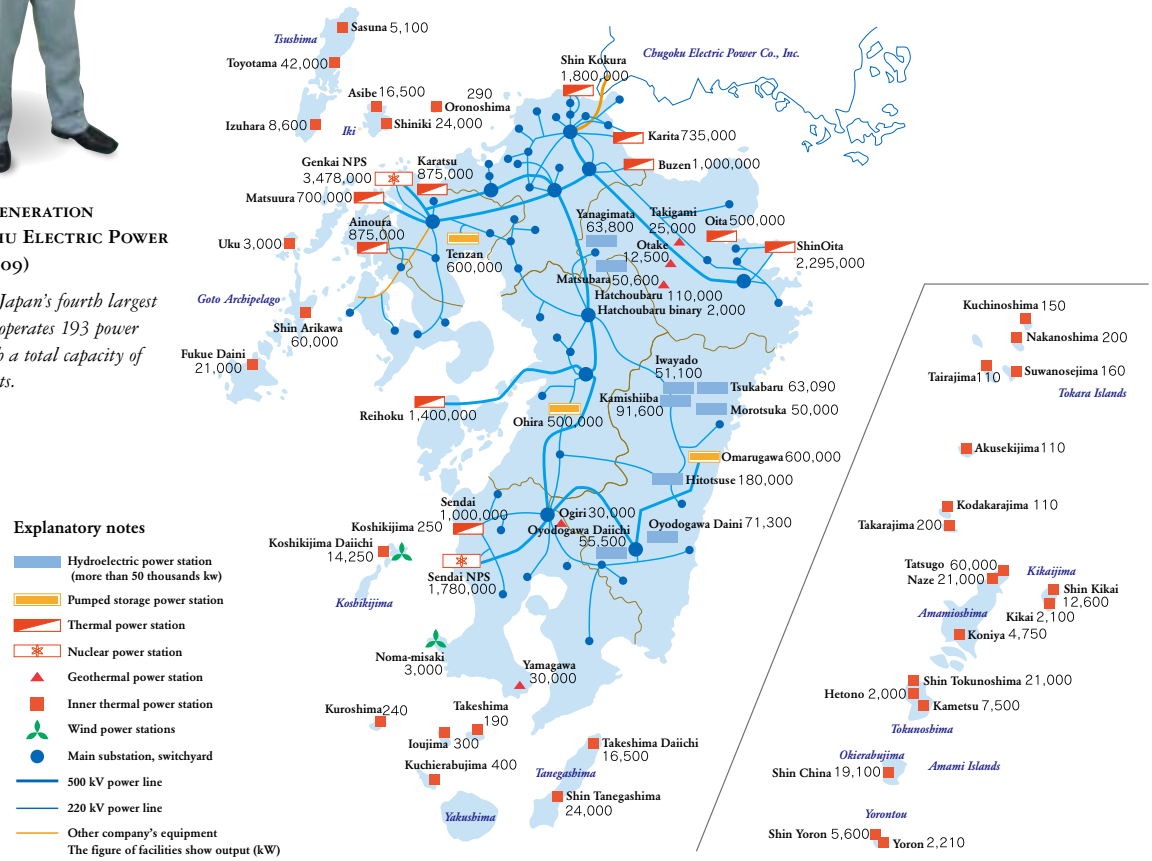
Pumped storage

Since pumped storage has great load-tracking capability with prompt start and stop, we will develop pumped storage as a ready source for peak and emergency usage.

Principal Power Generation Facilities of Kyushu Electric Power (as of March 31, 2009)

Kyushu Electric Power, Japan's fourth largest electric power company, operates 193 power generation facilities with a total capacity of 20.023 million kilowatts.

▼ Main Supply Facilities (as of March 31, 2009)



The Kyushu Region—Gateway to Asia
Kyushu Electric Power has continued its growth along with the development of the local economy.

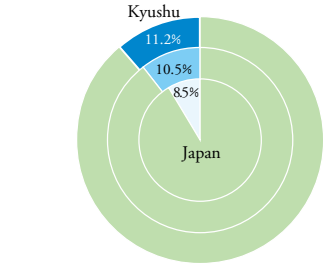
— Principal Features and Advantages of the Kyushu Region and Kyushu Electric Power —

The Kyushu Region, where we primarily supply power, is the southernmost of the four major islands of Japan, and is surrounded by 1,400 small islands. Kyushu has seven prefectures: Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima. As the region of Japan that is closest to the Asian continent, it has long been a gateway for cultural exchange and trade. Attracted by this geographical advantage, many industries like automotive and semiconductors have chosen to set up here.

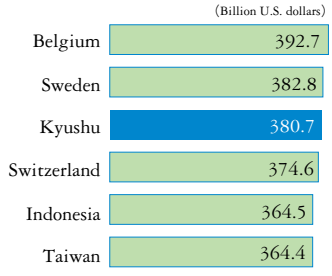
Principal Features of the Kyushu Region

Major Statistical Indices (compared to all of Japan)

Kyushu has an area of 42,000 km^2, 11.2% of Japan's total; a population of 13.32 million (2008), 10.5% of Japan's total population; and a GDP of approximately ¥44.3 trillion (fiscal 2006), 8.5% of the national total. Other major economic indicators show Kyushu to account for about 10% of the Japanese economy.



Total area (2008) Population (2008)
Gross domestic (intraregional) product (FY2006)

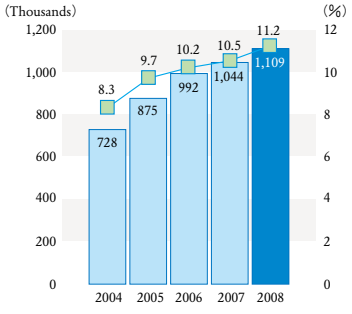


Gross Domestic Product of the Kyushu Region (compared to the world)

In fiscal 2006, the gross domestic product (GDP) of the Kyushu region was the equivalent of US$380.7 billion. Compared to the rest of the world, the Kyushu economy is larger than Indonesia or Taiwan, and about the same level as Sweden and Switzerland.

Automobile Production in Kyushu

Automobile production in Kyushu topped 1.1 million vehicles in 2008 after five years of strong growth owing to the expansion of production capacity through new plant construction by several automakers. The region's share of Japanese automobile output has been rising year after year and Kyushu has assumed a crucial position in domestic auto production.

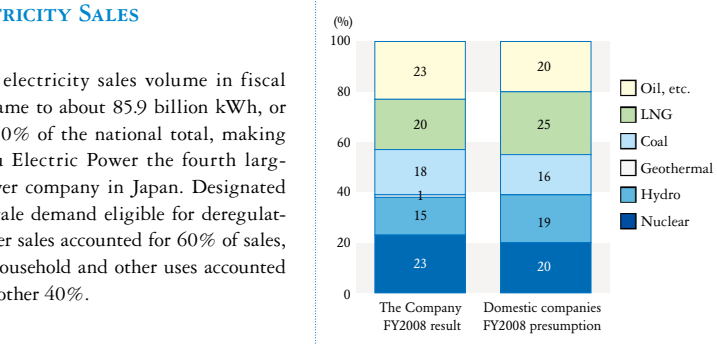


Vehicle production Nationwide share

Kyushu Electric Power Business Performance

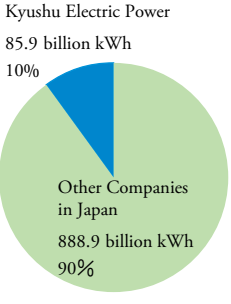
Share of Domestic Electricity Sales

Actual electricity sales volume in fiscal 2008 came to about 85.9 billion kWh, or about 10% of the national total, making Kyushu Electric Power the fourth largest power company in Japan. Designated large-scale demand eligible for deregulated power sales accounted for 60% of sales, while household and other uses accounted for the other 40%.



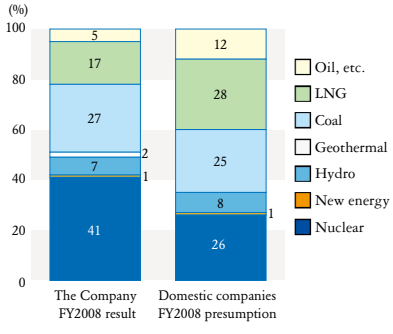
Composition of Power Output

Nuclear power accounted for 41% of fiscal 2008 power generation. In the same year, Kyushu Electric Power's nuclear power generation facilities achieved a utilization ratio of 84.6%, the highest in Japan. Our operation of nuclear facilities stresses "safety first"–a principle that has supported stable operations of nuclear facilities.



Composition of Generation Facilities

Kyushu Electric Power strives for balanced power generation with nuclear power at the core that takes into overall account the assurance of energy security and meeting increased power demand, addressing global environmental issues, and business efficiency. We are proceeding with the planned facility expansion of Unit 3 at the Sendai Nuclear Power Station and currently aim to start operations in fiscal 2019.



FINANCIAL HIGHLIGHTS

Consolidated Financial Summary

Years Ended March 31

(Millions of U.S. Dollars)

For the year (Billions of Yen)	2009	2008	2007	2006	2005	2009
Operating Revenues	¥ 1,524.1	¥ 1,482.3	¥ 1,408.3	¥ 1,401.7	¥ 1,408.7	$15,511
Operating Income	84.7	105.5	155.1	171.2	213.7	862
Net Income	33.9	41.7	65.9	76.8	89.2	345
Electricity Sales Volume (Millions of kWh)	85,883	88,082	84,399	82,956	80,199	
General Demand (Millions of kWh)	61,859	62,873	60,706	60,765	58,982	
Large Industrial (Millions of kWh)	24,024	25,209	23,693	22,191	21,217	
At year-end (Billions of Yen)						
Total Assets	4,110.8	4,059.7	4,038.8	4,102.3	4,049.7	41,836
Shareholders' Equity*1	1,054.7	1,067.0	1,081.6	1,052.7	979.2	10,734
Interest-bearing Debt	2,110.6	2,040.0	2,031.7	2,104.9	2,139.4	21,480
Per share of common stock						
Net Income (yen and U.S. dollars)	71.84	88.19	139.37	161.67	187.91	0.73
Cash Dividends (yen and U.S. dollars)	60.00	60.00	60.00	60.00	60.00	0.61
Financial ratios (%)						
ROA*2	1.3	1.7	2.4	2.7	3.3	
ROE*3	3.2	3.9	6.2	7.6	9.4	
Equity Ratio	25.7	26.3	26.8	25.7	24.2	

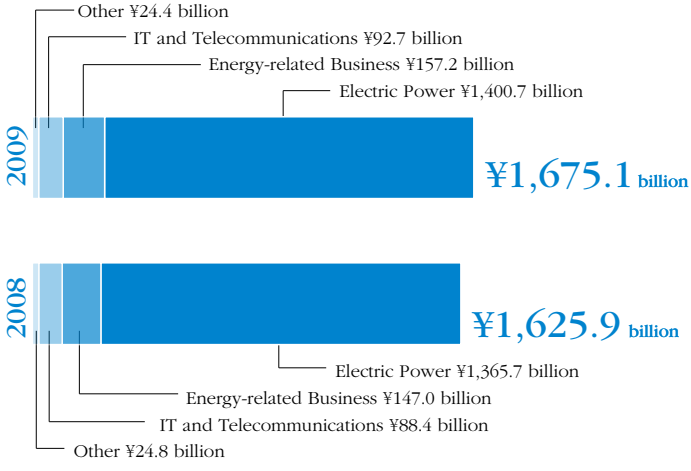
*1 Shareholders' Equity = Equity - Minority Interests

*2 ROA = After-Tax Operating Income/Average Total Assets at beginning and ending of the Fiscal Year

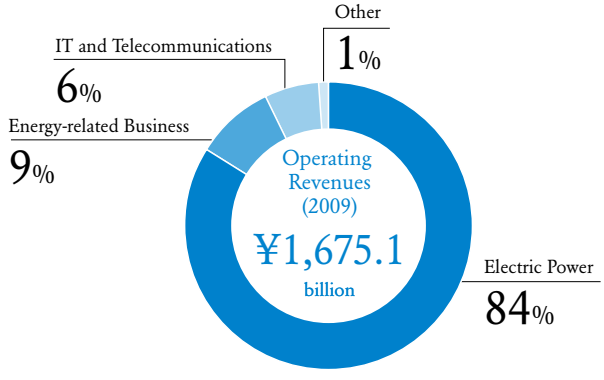
*3 ROE = Net Income/Average Equity at beginning and ending of the Fiscal Year (U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥98.26=U.S.$1, the approximate rate of exchange at March 31, 2009.)

Segment Information (before eliminating internal transactions)

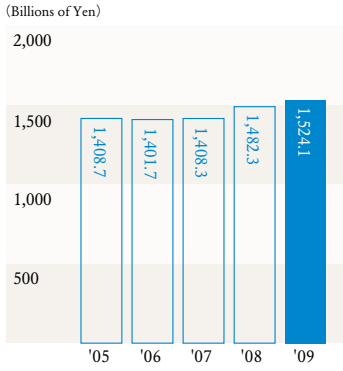
Operating Revenues



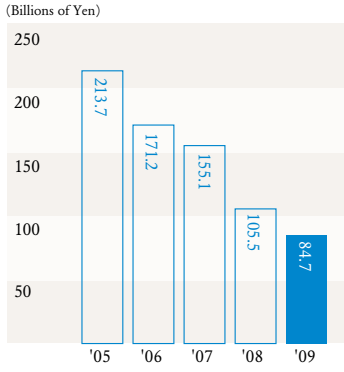
Revenue Share by Segment



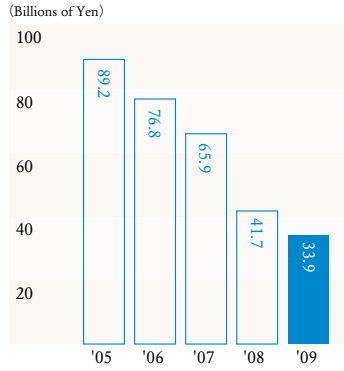
Operating Revenues



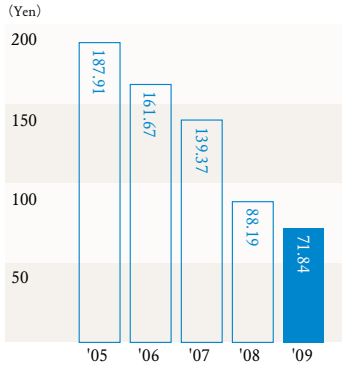
Operating Income



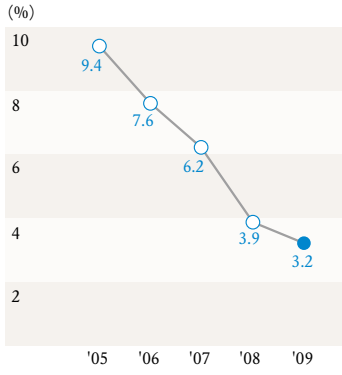
Net Income



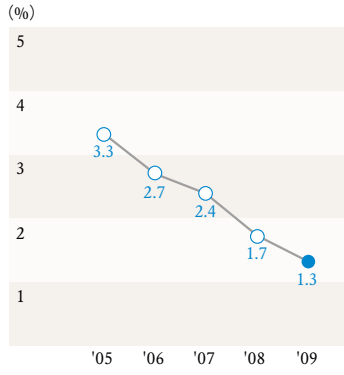
Earnings per Share (EPS)



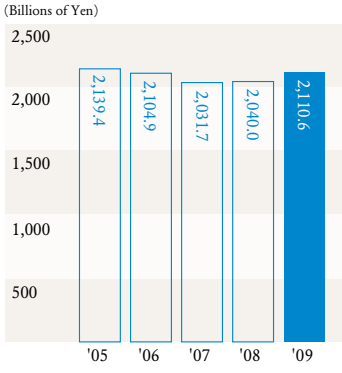
Return on Equity (ROE)



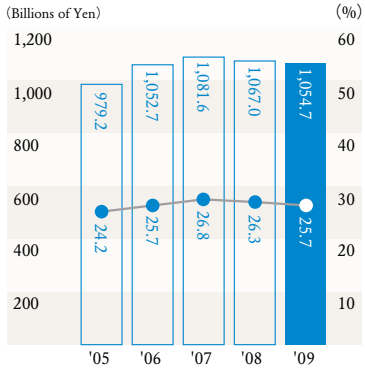
Return on Assets (ROA)



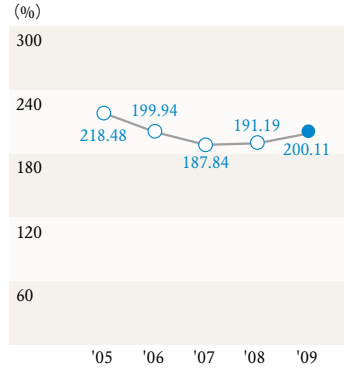
Interest-bearing Debt



Shareholders' Equity/Equity Ratio



Debt/Equity Ratio



TO OUR SHAREHOLDERS

To continue to deliver environment-friendly energy, Kyushu Electric Power is addressing essential tasks now, rather than later, when it may be too late.

We would like to begin by thanking you, our shareholders, for your continuing support of Kyushu Electric Power. To clearly define the future long-term management direction, in March 2009, Kyushu Electric Power established its first Long-term Management Vision since 1985. Although the current adverse business environment may well continue, we intend to appropriately address issues such as energy security and global environmental problems in order to provide sustained value to stakeholders.

In this annual report, we explain the Kyushu Electric Power Group's medium-term to long-term management direction for the creation of sustained corporate value for the Kyushu Electric Power Group, focusing on the content of the Long-term Management Vision and the new medium-term management policy, recently formulated to realize Kyushu Electric Power's Mission, "Enlighten Our Future."

Establishment of the Long-term Management Vision

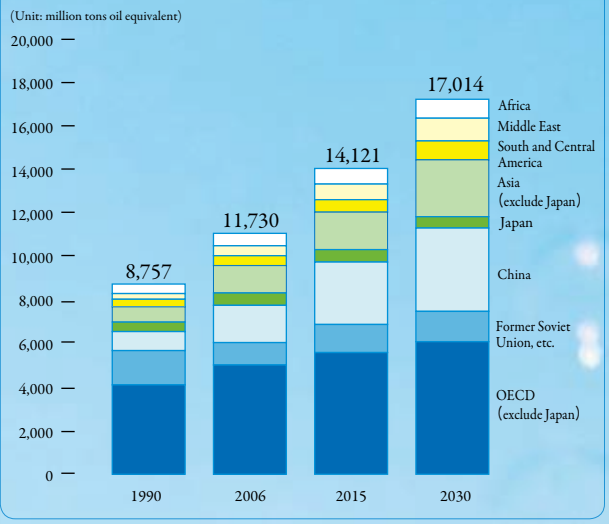
The business environment surrounding the Company is likely to change dramatically owing to rising uncertainty about the future economic outlook, worldwide expansion of energy demand, increased constraints on energy resources and increased importance of global environmental problems.

Even in these circumstances, we must continue to fulfill our obligation to contribute each day to comfortable, environment-friendly living for our customers through the stable provision of electric power and energy to achieve Kyushu Electric Power's Mission as expressed in the brand message "Enlighten Our Future."

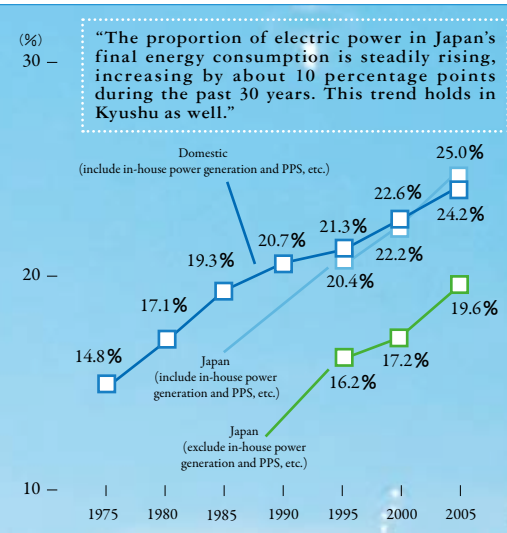
At the same time, in the electric power business, extremely long periods of time are required for the development and maintenance of facilities, and the construction of major power sources and trunk transmission system infrastructure takes from 20 to 30 years. As well, the development of personnel and organizational systems, the establishment of business operation systems and technical succession all unfold over decades. In view of the extremely long business cycle that is characteristic of the electric power business, long lead times make it necessary to approach essential tasks by addressing them now, rather than later, when it may be too late.

In light of this tremendous change in the business environment and the distinctive characteristics of the electric power business, we have established our first Long-term

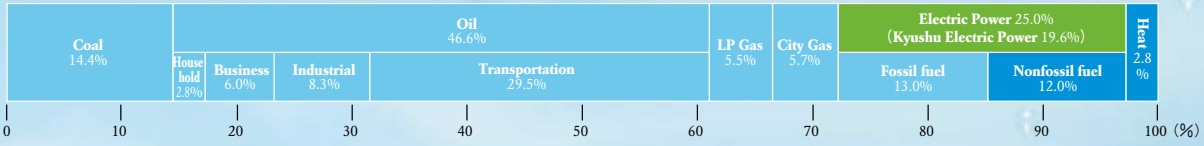
(Figure 1) Outlook for World Energy Demand by Region[1]



(Figure 2) The Share of Electric Power in Final Energy Consumption[2]



(Figure 3) Fuel Composition Ratio for Energy Consumed in Kyushu (FY2005)[3]



1. **Source:** International Energy Agency (IEA) "World Energy Outlook 2008"
2. **Source:** The Institute of Energy Economics, Japan "EDMC Handbook of Energy & Economic Statistics in Japan"
3. **Note:** Final energy consumption excludes fuel consumed as raw material. **Sources:** Agency for Natural Resources and Energy, Energy Consumption Statistics by Prefecture, Ministry of Land, Infrastructure, Transport and Tourism statistics, etc.

Management Vision in a quarter century to define for management the overall sweep of the Kyushu Electric Power Group over the coming decades.

Long-term Outlook for the Operating Environment

Uncertainty in the business environment surrounding the Company is increasing, as evidenced by large swings in the price of crude oil, instability in the financial situation and concern about a global economic recession. However, from a long-term perspective of 20 to 30 years, we consider the following transformational themes to be highly certain.

1. Increased importance of energy security and global environmental problems

Attendant on worldwide population increase and economic growth in developing countries, worldwide energy demand is expected to increase over the long term (Figure 1). At the same time, as oil and other fossil fuels are limited, constraints on the supply of energy resources are likely to increase. Accordingly, the balance of energy supply and demand is likely to tighten, and fuel procurement difficulties and soaring resource prices are matters for concern.

Also, according to the fourth report of the Intergovernmental Panel on Climate Change (IPCC), human activity is identified as a major cause of global warming, and recognition of the need to reduce emissions of CO_2 and greenhouse gases by at least half by 2050 is taking hold worldwide.

2. Acceleration of change in the energy demand structure

In Japan, attendant on maturation of the economy in the form of future population decline and advancement of energy conservation, future energy consumption is likely to flatten or decrease. However, the shift toward electric power, which offers across-the-board superiority with respect to environmental friendliness, convenience, economy and stability of supply, may continue to accelerate (Figure 2).

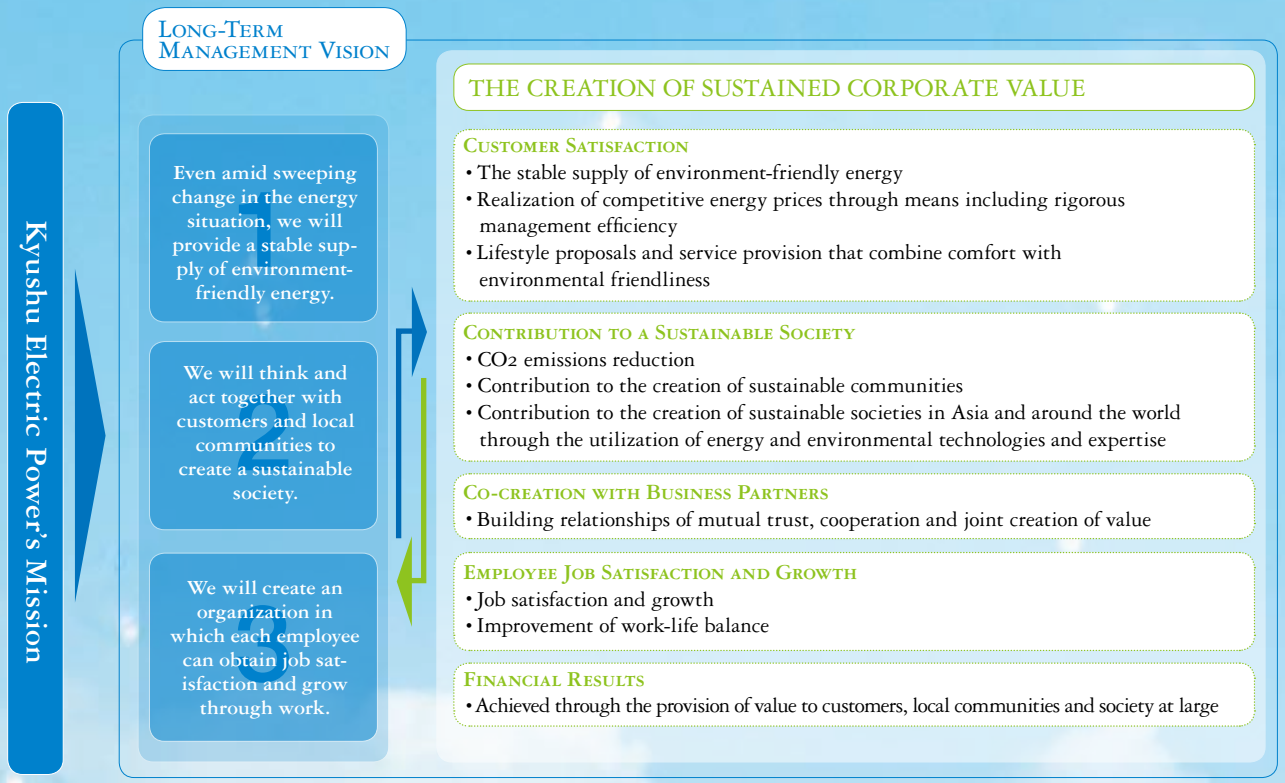
In Kyushu, fossil fuels now account for approximately 85% of final energy consumption, and it is necessary to reduce that proportion (Figure 3).

3. Aging of electric power facilities

Many of the Company's facilities were constructed to accommodate increases in demand for electric power attendant on economic growth, therefore the number of aged facilities will increase in the coming years.

4. Diversification of values and the graying of society

Attendant on internationalization and the rapid spread of the Internet, people's lifestyles and values are diversifying. Also, awareness that companies are public entities is on the rise and requirements for CSR are increasing. Also, society itself is changing, with the working population of Japan expected to decrease sharply, due to the falling birthrate, with the rising belief in equal participation by men and women in society and with people seeking to more evenly balance their work and home life.



The Kyushu Electric Power Group must adapt to each of these trends as it seeks to recruit and retain personnel, ensure succession of technologies and respond to changes that affect people and work.

Management Direction

Faced with these major changes in the business environment, in order to continue to fulfill our social mission and responsibility of providing steady and reliable electricity and energy and contributing each day to comfortable, environment-friendly living for our customers, we will implement various initiatives and create sustained corporate value through the following course of action.

1. Even amid sweeping change in the energy situation, we will provide a stable supply of environment-friendly energy.

Making safety our foremost consideration, we will proceed steadily with the development of nuclear power, which offers across-the-board superiority in terms of stable resource procurement, environmental friendliness and economy. At the same time, we will step up the introduction of renewable energy, the improvement of energy efficiency at facilities and technical development.

We will also develop and maintain disaster-resistant facilities in the course of periodic updating of aging equipment in accordance with forecasts for increased devastation from natural disasters attendant on global warming. In facilities operation, we will put in place a framework for the stable supply of electricity to customers.

2. We will think and act together with customers and local communities to create a sustainable society.

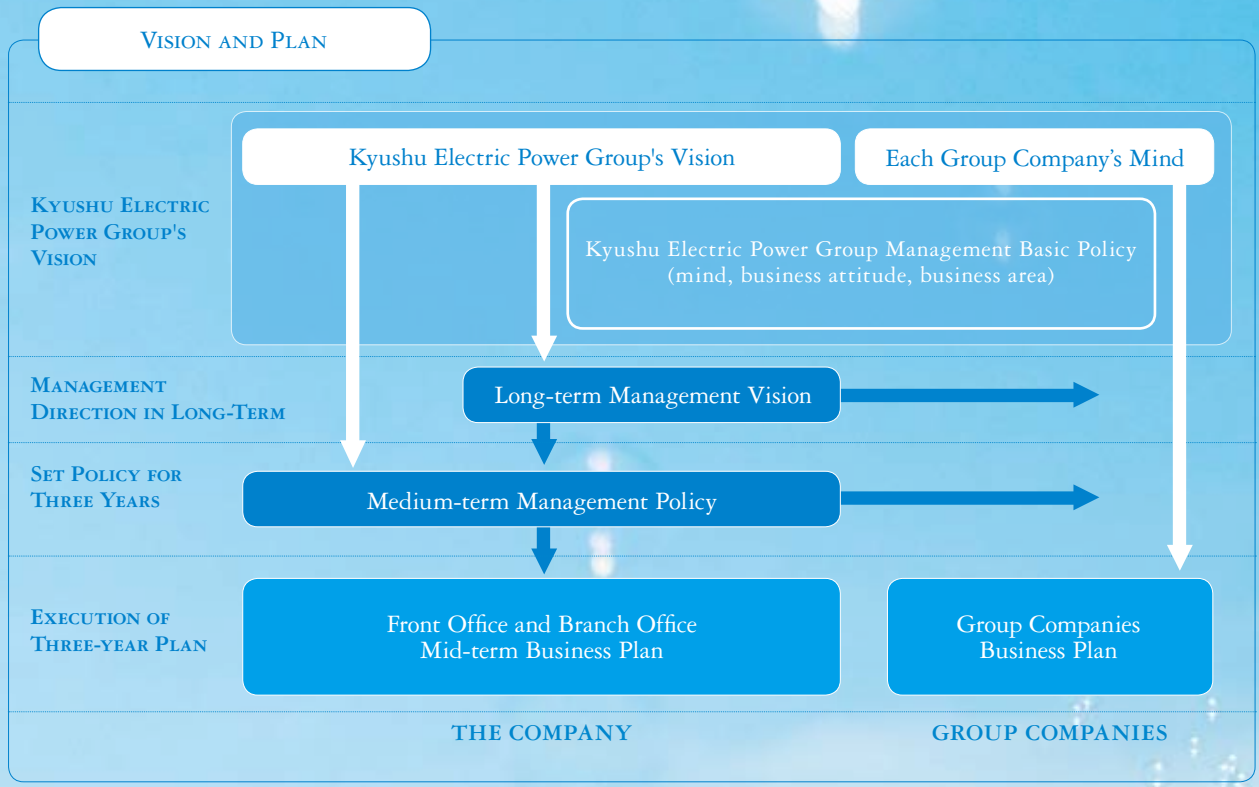
To actively contribute to the creation of a sustainable society in Kyushu, we will cooperate with customers and local communities to transform Kyushu's overall energy demand structure by means including a shift to non-fossil energy sources and the promotion of energy conservation.

Also, in the light of global economic trends, especially relating to developments in Asia, where economic development is soaring, we will apply the technologies and expertise we have developed over the years to contribute to the stable supply of energy and efficiency improvement in the countries and regions we serve and to CO_2 emissions reduction on a global scale.

We will also engage in businesses that increase the quality of society and the quality of life, a matter of great social significance.

3. We will create an organization in which each employee can obtain job satisfaction and grow through work.

We will mount an appropriate group-wide response to issues that arise from the graying of society, such as the recruitment and retention of personnel, technology succession and employee age composition. We will create organizations in which each employee can obtain job satisfaction and grow through work and in which each workplace supports employee initiative.



The Provision of Value to Stakeholders

In the Long-term Management Vision, we consider societal needs that will arise from changes in the economy and society over a long-term span of 30 years with the aim of continuing to provide long-term socially significant value, taking into account the Company's management resources and Kyushu Electric Power's Mission.

Specifically, we will provide customers with a stable supply of environment-friendly energy through supply-side and demand-side energy efficiency improvements using such means as conversion to non-fossil fuel energy, nuclear power generation and renewable energy sources, improvement in the thermal efficiency of thermal power generation and the promotion of energy conservation by customers.

We will also contribute to CO_2 emissions reduction on a global scale through the stable supply of energy and efficiency improvements not only in the Kyushu region, but also in Asia and elsewhere overseas.

We believe that the provision of the value required by society is the creation of value for all stakeholders on a sustained basis. Through the steady implementation of these activities we intent to link the stakeholder benefits described above to long-term shareholder value.

The Creation of Corporate Value Group-wide

To ensure that the entire Kyushu Electric Power Group shares a basic concept of management and engages in activities in unison, we have established the Kyushu Electric Power Group Management Basic Policy along with the Long-term Management Vision. This concept has as its fundamental principle "We at all times provide steady and reliable electricity and energy to our customers and contribute to the creation of a comfortable, environment-friendly and sustainable society through the provision of services that increase the quality of society and the quality of life."

The Kyushu Electric Power Group will continue to work in unison to contribute to the creation of a comfortable, environmentally friendly, sustainable society and undertake to create sustained corporate value. We request the continuing understanding and support of our shareholders and investors in the years ahead.

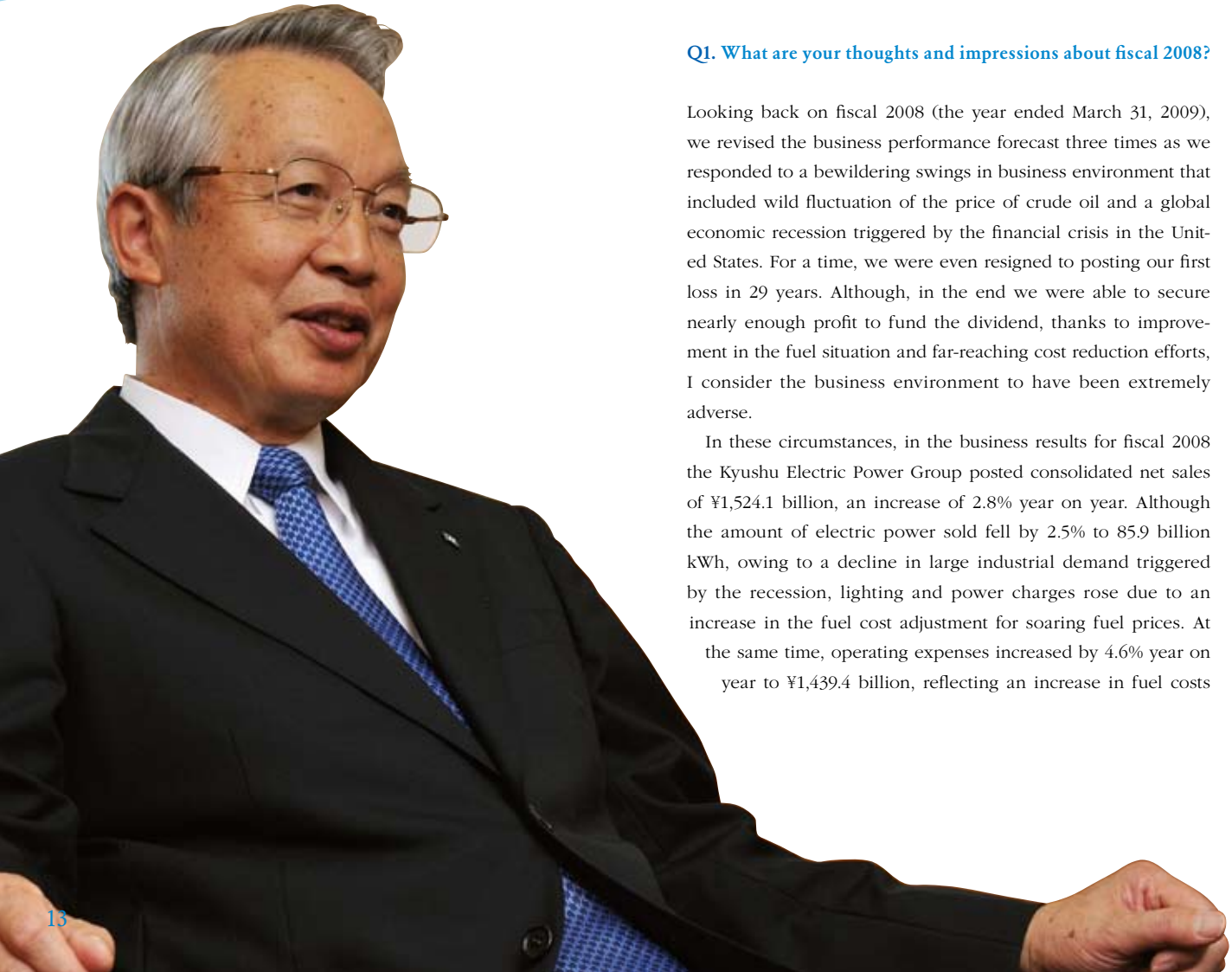
Chairperson: Shingo Matsuo

President: Toshio Manabe

Growing together with stakeholders to deliver sustained value

The Company has established a new medium-term management policy covering the years from fiscal 2009 to fiscal 2011 to reliably cope with a current adverse business environment characterized by large swings in the price of crude oil, instability in the financial markets and a global economic recession and address essential tasks now, rather than later, when it may be too late in accordance with the Long-term Management Vision.

By addressing important issues from the perspective of fulfillment of corporate social responsibility, including the promotion of nuclear power, the further introduction of renewable energy and the promotion of energy conservation, we will create sustained value for everyone involved in the Company's business activities.



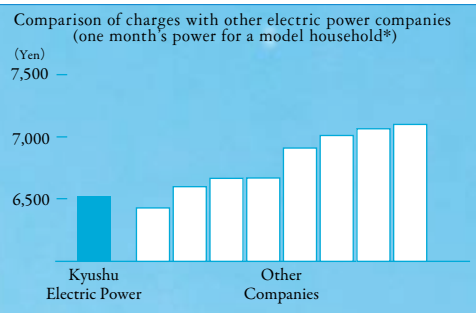
Q1. What are your thoughts and impressions about fiscal 2008?

Looking back on fiscal 2008 (the year ended March 31, 2009), we revised the business performance forecast three times as we responded to a bewildering swings in business environment that included wild fluctuation of the price of crude oil and a global economic recession triggered by the financial crisis in the United States. For a time, we were even resigned to posting our first loss in 29 years. Although, in the end we were able to secure nearly enough profit to fund the dividend, thanks to improvement in the fuel situation and far-reaching cost reduction efforts, I consider the business environment to have been extremely adverse.

In these circumstances, in the business results for fiscal 2008 the Kyushu Electric Power Group posted consolidated net sales of ¥1,524.1 billion, an increase of 2.8% year on year. Although the amount of electric power sold fell by 2.5% to 85.9 billion kWh, owing to a decline in large industrial demand triggered by the recession, lighting and power charges rose due to an increase in the fuel cost adjustment for soaring fuel prices. At the same time, operating expenses increased by 4.6% year on year to ¥1,439.4 billion, reflecting an increase in fuel costs

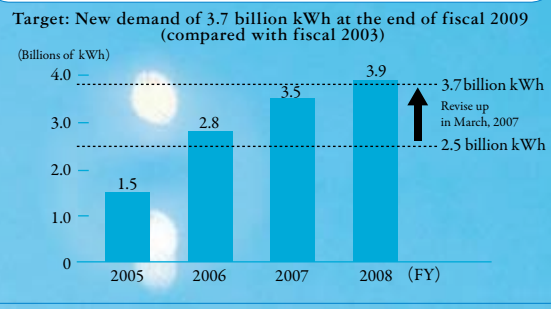
Achievement of Management Targets in the Previous Medium-term Management Policy

Realization of Competitive Prices in the Market



*Calculated based on contract capacity of 30 A and monthly usage of 300 kWh. Charges include the fuel cost adjustment amount for May 2009, a bank transfer discount and an amount equivalent to consumption tax.

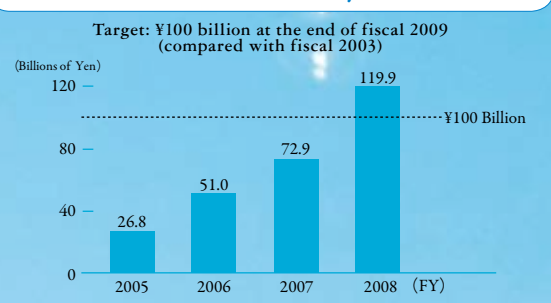
Creation of New Demand in the Electricity Business



Establishment of the Brand Message "Reliable and Secure"

*From a stakeholder satisfaction survey

External Operating Revenues of Businesses Other Than the Electricity Business



and the cost to purchasing electricity from other companies resulting from factors including soaring fuel prices in the first half. As a result, operating income declined by 19.7% year on year to ¥84.7 billion, and net income fell by 18.5% to ¥33.9 billion.

Also, I think that fiscal 2008 marked a new phase of environmental action: the first commitment period of the Kyoto Protocol began, it was agreed at the Toyako Summit in July to pursue a course of reducing greenhouse gas emissions worldwide by 2050. Discussion in Japan began about a new surplus solar power purchasing system.

I have long thought that the essence of the electric power business, namely the stable provision of electricity to customers, will not change and that a period of 20 to 30 years isn't very long from the perspective of large-scale power source development. However, in light of the recent aggravation of energy and environmental problems, the aging of facilities and organizational and personnel issues, in fiscal 2007 I judged that the time was ripe for formulation of a vision for the future and began consideration of the management direction for the coming 20 to 30 years.

This vision for the future was established and announced at the end of March 2009 in the form of our first Long-term Management Vision since 1985, formulated to achieve Kyushu Electric Power's Mission. Although the initiatives to continue to reliably deliver environment-friendly energy into the future set forth in the Long-term Management Vision have yet to begin, one positive outcome is that we have clearly defined the pace and direction for Group management.

Q2. Please provide the background to the review of the medium-term management policy during the implementation period.

Heretofore, on the basis of the medium-term management policy established in 2005, the Company has achieved results from initiatives to ensure the stable supply of electric power through the development and maintenance of efficient facilities and the assurance of long-term stability in fuel procurement, undertaken demand creation through reinforcement of price competitiveness and the promotion of all-electric housing and worked to promote nuclear power by means including a pluthermal project.

Nevertheless, the business environment is characterized by a rapidly heightened sense of uncertainty about the future, owing to factors including sharp fluctuations in crude oil prices, instability in the financial situation and the global economic recession. Also, increased demand for global energy, exacerbation of constraints on energy resources, the heightened importance of global environmental problems and other factors might change markedly over the long term.

Amid this sweeping change in the business environment, it is necessary to mount united group-wide activities to address the issues facing the Company as we seek to achieve Kyushu Electric Power's Mission. From this perspective, we have established a new medium-term management policy covering the three-year period from fiscal 2009 to fiscal 2011 to appropriately respond to the current adverse business environment and to address es-

Five Pillars of Key Initiatives

1. Measures to ensure the stable supply of electric power for the future and a response to global environmental problems

- ○ Promote nuclear power and develop renewable energy
- ○ Implement stable, long-term facilities development

2. The provision of high-value-added services that combine comfort with environmental friendliness

- ○ Deliver high-quality electric power and services
- ○ Support energy conservation with customers to reduce CO_2

3. Contribution to the creation of sustainable societies in Kyushu, in Asia, and around the world

- ○ Activities with communities to build sustainable societies
- ○ Technology for stable energy and for global CO_2 reduction with a focus on Asia

4. Measures to develop an income and expenditure structure adaptable to changes in circumstances

- ○ Adaptable income and expenditure structure
- ○ Efficient risk-based resource allocation, fuel cost reductions and new charge plans
- ○ Lowest cost levels and stable dividends

5. Work style reform and organizational development in response to next-generation needs

- ○ Change work style in line with needs of graying society
- ○ Serve employee and social needs, while promoting workplace opportunities and satisfaction

sential tasks now, rather than later, from a medium-term to long-term perspective in accordance with the Long-term Management Vision.

Q3. What are the key points in the new medium-term management policy?

There are three key points in the new medium-term management policy. The first is to engage in activities from a long-term perspective. In addition to appropriately responding to adverse business conditions such as fluctuation in fuel prices and global deterioration of business conditions, we will address essential tasks involving nuclear power, sustainable energy and energy conservation, while focusing on major long-term change in the social situation in the form of the increased importance of energy security and global environmental problems.

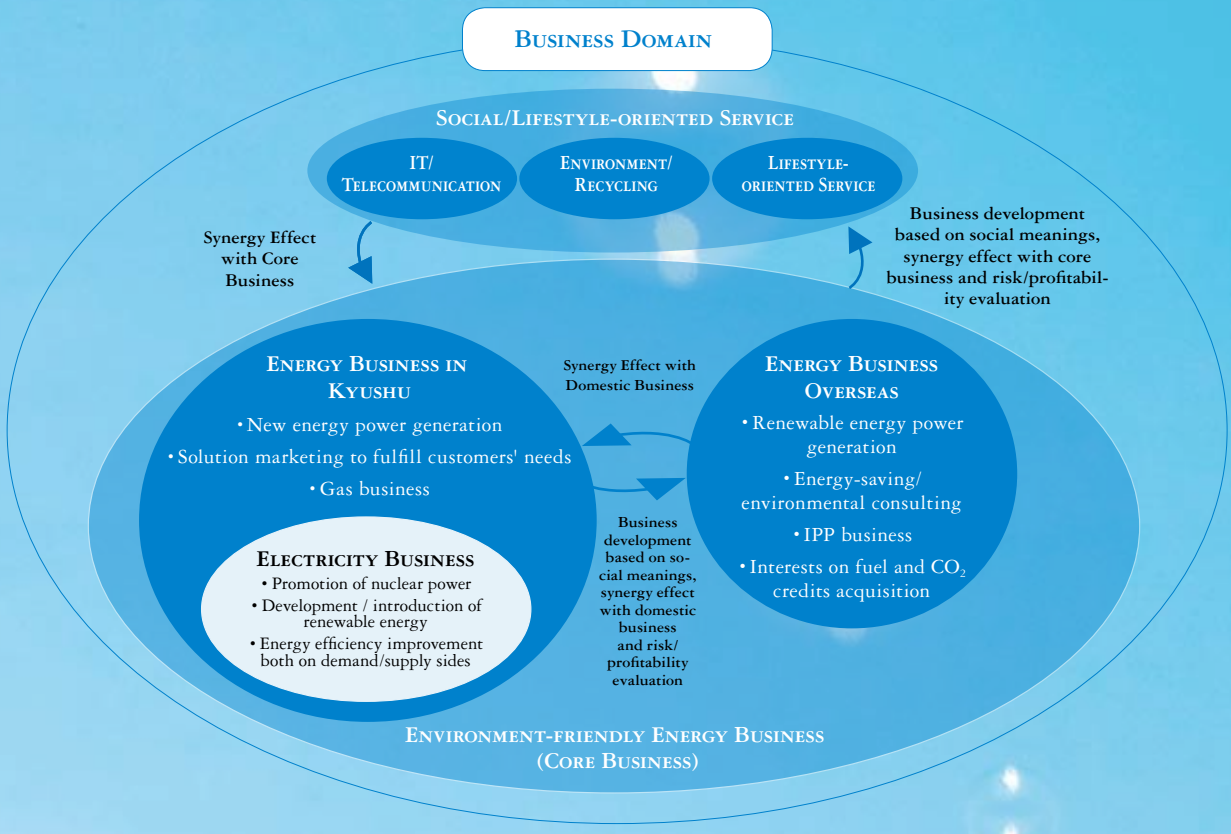
The second key point is to make environment-friendly energy a core business. In light of the increased importance of energy security and global environmental problems and the potential for a shift to electric power from other energy sources for greater environmental friendliness and economics, we will reorganize the environment-friendly energy business as a core business on the basis of technologies and expertise developed heretofore and actively engage in this business.

Finally, the third key point is that we have identified the issues before us under the "five pillars." During the three years of the plan, we will organize the management issues to be addressed from a long-term perspective, position initiatives to address these issues as management objectives to be shared with stakeholders within and beyond the Group and implement those initiatives.

Q4. Now that the Group's business domains have changed, what are the policies for each business domain?

On the basis of the management direction set forth in the Long-term Management Vision, we have reorganized our business domains on the basis of factors such as synergy with the electricity business and social importance. Specifically, we have positioned the environment-friendly energy business as a core business and coined the term Social/Lifestyle-oriented Service to encompass the IT and telecommunications business, the environment and recycling business and the lifestyle-oriented services business.

With regard to the environment-friendly energy business, in Kyushu we will utilize our management and business expertise in the electricity business and the management resources at our disposal to actively engage in this business and implement initiatives to develop an income and expenditure structure that will make it possible to address energy and global environmental problems and appropriately cope with changes in business conditions. Overseas, we will utilize our technologies and expertise to contribute to the stable supply of energy and efficiency improvements in the countries and regions we serve, chiefly the growing Asia region, and to the reduction of CO_2 emissions on



a global scale. We will also feed back the business experience, fuel rights and other management resources acquired overseas to operations in Japan.

With regard to the social and service businesses, we will utilize our tangible and intangible management resources to engage in business in accordance with the social significance of the business in question, synergy with the core business and risk and profitability evaluation.

Q5. What will be the high-priority activities in the coming years?

The Company has organized the management issues to be addressed during the coming three years under the "five pillars" and position initiatives to address these issues as management objectives. Since we have organized these initiatives on the basis of consideration from a long-term perspective of "tasks that must be undertaken now, before it's too late," we consider all of them to be important. In that context, there are three priorities that we consider especially important.

The first priority is further involvement with nuclear power. Comprehensive consideration of future increases in power demand, energy security and the need to respond to global environmental problems, indicates that it is necessary to develop Unit 3 of the Sendai Nuclear Power Station by the second half of the 2010s. Also, the establishment of a nuclear fuel cycle is essential for securing a stable supply of energy for the future in resource-poor Japan. On the basis of the results of environmental surveys conducted since 2003, in January 2009 the Company proposed to the local authorities construction of Unit 3 of the Sendai Nuclear Power Station. Also, if preparations progress according to plan we expect to be able to implement the pluthermal process at Unit 3 of the Genkai Nuclear Power Station during fiscal 2009. The Company will continue to rigorously ensure safe, stable operation of nuclear power facilities and work to promote understanding of our activities among the residents of the region we serve.

The second key priority is involvement with renewable energy. We consider it necessary to actively engage in renewable energy businesses to address global environmental problems and utilize domestic energy sources. The current capacity of wind-power and solar-power facilities installed in the Kyushu region is about 300,000 kW for each type of facility, and we aim to increase this to 1,000,000 kW each by the end of fiscal 2017. We will install solar-power facilities at power station sites and all business sites and promote the dissemination of solar power in cooperation with customers and local communities.

The third key priority is appropriate management-resource allocation based on risk management. We will engage in rigorous risk management to rapidly and appropriately respond to increasingly complex and diverse risks, identify risks from the medium-term to long-term perspective and allocate management resources in accordance with the importance and urgency of risks. In our overseas energy businesses in particular, there is greater room for improvement than in Japan with respect to the

environment and stable supply. Since the Company's overseas businesses have high social significance and can be expected to generate revenue and profits, we will actively engage in these businesses using technologies and expertise developed in Kyushu on the basis of ample risk and profitability assessment.

Q6. In the new medium-term management policy you have made "Management grounded in CSR" the basic corporate stance. What are your views on corporate social responsibility?

To achieve Kyushu Electric Power's Mission as expressed in the brand message "Enlighten Our Future" on the basis of our social mission of providing steady and reliable electricity and energy and contributing each day to comfortable, environment-friendly living for our customers, the Group has mounted a united effort to engage in management that places importance on coexistence with the environment and society across all business activities on the basis of six pillars of CSR activities: compliance management, information disclosure, environmental management, respect for human rights, working environment development, rigorous adherence to a safety-first policy and harmonious coexistence with local communities and society at large.

This management stance has not changed over time and will not change. In undertaking the recent review of the management stance, we used the term "CSR" and adopted the expression "Management grounded in CSR" in order to more clearly indicate that CSR management is the basis for our overall management stance. We considered that the general public has come to understand CSR as a "triple bottom line" of corporate activities from three perspectives, the economic (business), the environment and society, and that we have made energy and environmental problems, issues of extremely high social nature, as our highest management priorities.

Q7. Finally, please discuss the policy on future shareholder returns.

We consider it important for a company to increase its ability to deliver value to society. In accordance with this belief, we intend to appropriately address issues facing the Company from a long-term perspective and link this effort to shareholder and investor returns by creating continuous corporate value.

Our fundamental policy on dividends is to pursue stability in keeping with the characteristics of the electricity business. We establish the dividend amount by considering the medium-term and long-term outlook for income and expenditure for the Group as a whole, including overseas operations. Although the current adverse operating environment can be expected to continue, for the time being we intend to make every effort to maintain the annual dividend at ¥60 per share.

The Kyushu Electric Power Group will continue to work as one to meet the expectations of our shareholders and investors, and I request your continued support in the years ahead.

FAQ

Q. What is the outlook for future demand?

A. With regard to electricity sales volume in fiscal 2009 (the year ending March 31, 2010), we forecast overall demand of 84.7 billion kWh, a decrease of 1.3% year on year (0.6% after adjusting for temperature variations) owing to a decrease in air conditioning demand following slightly higher than average summer temperatures in fiscal 2008 and a forecast for lower production in major industries including electric, transportation machinery, and iron and steel.

In the medium- to long-term, population decline and the effects of energy conservation notwithstanding, we anticipate a gradual but steady increase in demand, centered on consumer demand. Demand will be driven by stable economic growth, an increase in the number of all-electric residences and the spread of heat pumps for commercial use. We forecast demand of 93.0 billion kWh in fiscal 2018, which would mean an average annual growth rate of 0.5% from fiscal 2007 to fiscal 2018 (0.7% after adjusting for temperature and the leap year).

Q. Is Unit 3 of the Sendai Nuclear Power Station necessary?

A. Having carefully considered factors including higher demand for electric power, the need for energy security, a response to global environmental problems and cost efficiency, we are proceeding with balanced power source development centered on nuclear power. A response to ensure a stable supply of electric power is necessary to cope with the summer peak demand period and anticipated future difficulties in fossil fuel procurement. Measures to rapidly and sharply curb CO_2 emissions are also necessary to respond to the problem of global warming. From these perspectives, we consider construction of Unit 3 of the Sendai Nuclear Power Station to be necessary.

Q. Is the pluthermal plan safe?

A. Although there are some differences in the characteristics of uranium-plutonium mixed oxide fuel (MOX fuel) and uranium fuel, the differences and the degree of impact have been ascertained from data and study findings obtained heretofore. According to a report compiled in 1995 by the Nuclear Safety Commission, a government administrative agency, provided the proportion of MOX fuel is up to approximately one-third of the total amount of fuel used, there is no major difference in the characteristics of MOX fuel from those of uranium fuel within nuclear reactors and it is possible to use the same safety designs and assessment methods as those currently used. In the pluthermal plan intended for implementation at Unit 3 of the Genkai Nuclear Power Station, we plan to use a maximum of 48 MOX fuel bundles, approximately one-fourth of the total of 193 fuel bundles.

Looking to the future, the Kyushu Electric Power Group will work in unison to address critical issues in accordance with the newly established medium-term management policy.

The Five Pillars of Key Initiatives

The Group will practice management grounded in CSR
and create value for all stakeholders on a sustained basis.

1. Measures to ensure the stable supply of electric power for the future and a response to global environmental problems
2. The provision of high-value-added services that combine comfort with environmental friendliness
3. Contribution to the creation of sustainable societies in Kyushu, in Asia, and around the world
4. Measures to develop an income and expenditure structure adaptable to changes in circumstances
5. Work style reform and organizational development in response to next-generation needs

1

MEASURES TO ENSURE THE STABLE SUPPLY OF ELECTRIC POWER FOR THE FUTURE AND A RESPONSE TO GLOBAL ENVIRONMENTAL PROBLEMS

The Kyushu Electric Power Group will promote nuclear power, actively develop and introduce renewable energy, and implement stable, efficient facilities development over the long term.

Promotion of Nuclear Power

Amid sweeping changes in the energy business environment placing greater importance on energy security and global environmental problems, the further development of nuclear power, a major power source, is essential for the realization of Kyushu Electric Power's Mission and the provision of a stable supply of environment-friendly energy into the future. The Company is currently moving forward with the plan to construct Unit 3 of the Sendai Nuclear Power Station with the aim of starting operations in fiscal 2019. This will increase the contribution of nuclear power to total power generation, which has declined to about 40%, to the target of about 50% in the optimal mix of power sources.

With regard to the construction plan, on the basis of the results of environmental surveys conducted since October 2003, in January 2009 the Company issued a construction proposal to the governor of Kagoshima Prefecture and the mayor of Satsumasendai City. The next step is to steadily continue with environmental assessment procedures, such as undergoing a national government examination of the environment impact assessment draft report.

Furthermore, the establishment of a nuclear fuel cycle involving the reprocessing of spent fuel from nuclear reactors, the collection of useful resources, and their reuse as fuel is essential for securing a stable supply of energy for the future in resource-poor Japan. As one aspect of this, it is necessary to steadily implement the pluthermal process, in which we will generate electricity by utilizing plutonium recovered through the reprocessing of spent fuel as light-water reactor fuel. The Company plans to load MOX fuel* in regular inspections scheduled to begin in late August 2009. We will also expand our spent fuel storage facilities and study and consider temporary storage facilities.

*MOX fuel: A fuel produced by reprocessing spent fuel to extract plutonium and mixing the plutonium with uranium

RENDERING OF UNIT 3 OF THE SENDAI NUCLEAR POWER STATION

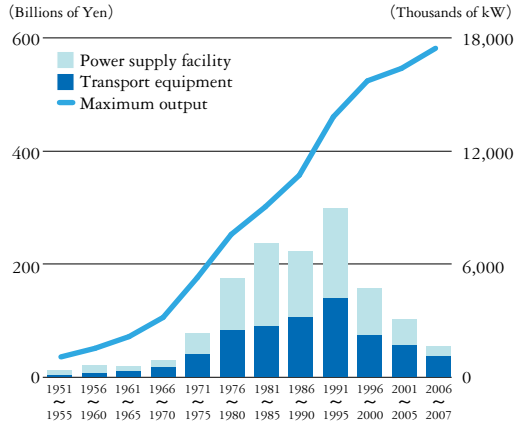
Note: Prepared from satellite image from Japan Space Imaging Corporation

RENEWABLE ENERGY INTRODUCTION RESULTS AND TARGETS

	Generated Power (100 millions kW)		Output Capacity (10 thousands kW)	
	FY2007	FY2017	FY2007	FY2017
New energy	12	28	79	224
Wind power	4	16	25	100
Solar power	2	6	30	100
Biomass etc.	6	6	24	24
Hydroelectric (excluding pumped storage)	45	58	185	186
Geothermal	14	16	21	21
Total	71	102	285	431

Notes:
Review of existing plans for geothermal power, biomass, etc.
Engage in development on the basis of a development potential survey currently being conducted.
Figures include the portion of surplus electric power contracts with other companies.

CHANGE IN FACILITIES INVESTMENT (EXPANSION CONSTRUCTION)



Note:
Mean value in pertinent fiscal year.

Active Introduction and Development of Renewable Energy

From the viewpoint of alleviating global environmental problems and utilizing domestic energy sources, we are actively engaged in the development, introduction, and expansion of renewable energy sources, including wind power, solar power, hydroelectric, geothermal, and biomass power. We aim to install wind power and solar power facilities with capacity of 1,000,000 kW each by fiscal 2017.

With regard to wind power generation, we conducted an assessment of impact on other power systems using historical power generation data and expanded wind power system capacity, from the previous 700,000 kW to 1,000,000 kW in November 2008. We had already accepted capacity of approximately 600,000 kW up to fiscal 2008 and plan to accept the remaining 400,000 kW over the coming two to three years.

With regard to solar power, we will consider and address technical issues such as voltage increase due to reverse power flow in preparation for the dissemination and expansion of residential solar power generation. We also considered space available for installation at Company sites and established a development target of approximately 30,000 kW. We are currently proceeding with development of a 3,000-kW mega solar power generation system on the former site of the Minato Power Station in Omuta City, Fukuoka Prefecture and plan to start operation in fiscal 2010. We have decided to install solar power generation facilities at all business sites with a target completion date of fiscal 2013 and plan to introduce 5,000 kW of capacity as a result.

In addition to these initiatives, we will actively undertake the dissemination and expansion of renewable energy by developing maintenance flow power generation (hydroelectric) at dams that discharge maintenance flow for rivers.

Stable, Efficient Facilities Development over the Long Term

In the interest of alleviation of global environmental problems and the efficient use of energy, we are working to increase power generation efficiency at thermal power generation facilities. At the Shin Oita Power Station, an LNG power generation facility, we will install high-efficiency gas turbines to replace the No.1 System from fiscal 2009 to fiscal 2012 and develop a fourth unit for the No. 3 System by fiscal 2016.

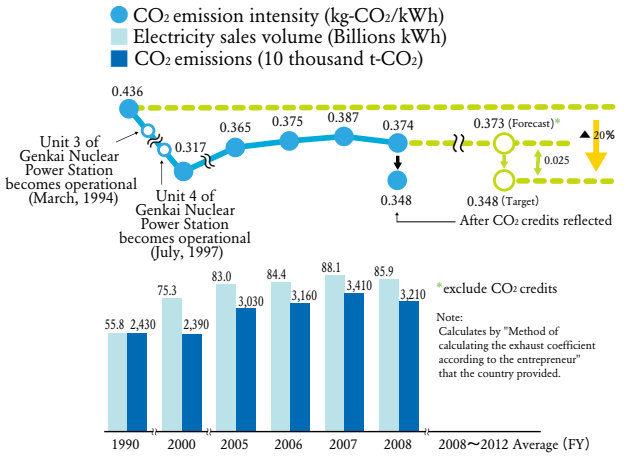
Since facilities constructed to accommodate increases in demand for electric power attendant on economic growth are aging, to ensure stable long-term facilities upkeep we are prioritizing the inspection, repair, and periodic replacement of age-deteriorated transmission equipment, transformers, and other power distribution equipment.

In addition, we are actively conducting studies and analysis to formulate a replacement plan for aged facilities. A key aspect of this is improvement of power line service life estimation accuracy based on the results of analysis of data on facilities nonconformance and deterioration.

CO_2 Emissions Control Target

We have set a target of reducing CO_2 emissions per unit of electric power sold (CO_2 emission intensity) by about 20% from the fiscal 1990 level on average from fiscal 2008 to 2012. We are undertaking to maintain high-capacity operation through safe, stable nuclear power operation, increase the operating efficiency of thermal power stations and other power generation facilities, expand the introduction of renewable energy sources, and promote energy conservation. These efforts notwithstanding, as of the end of fiscal 2008 the outlook is for CO_2 emissions reduction of only about 14% during the target period. We will utilize the Kyoto Mechanisms to counterbalance the shortfall against target by purchasing CO_2 emission credits from the World Bank's Prototype Carbon Fund (PCF), the Japan GHG Reduction Fund (JGRF), and individual CDM projects.

TRENDS IN CO_2 EMISSIONS, AND CO_2 EMISSION INTENSITY



DEVELOPMENT OF HIGH EFFICIENCY LITHIUM-ION BATTERIES

Lithium-ion battery

Portable power supply device (Large capacity)

Research and Development to Ensure the Safe, Stable Supply of Environmentally Friendly Energy

Since fiscal 2006 we have partnered with Mitsubishi Heavy Industries, Ltd. in the development of high-performance lithium-ion batteries suitable for plug-in hybrid electric vehicles that can be recharged using home power supply systems. In May 2008 we completed development of a new application for lithium-ion batteries, consisting of three types of environmentally friendly portable electric power supply units that emit no noise or exhaust. These units supply electricity for outdoor electromagnetic cookers and lighting. We are now proceeding with R&D with the aim of further increasing safety and conducting research to achieve low cost.

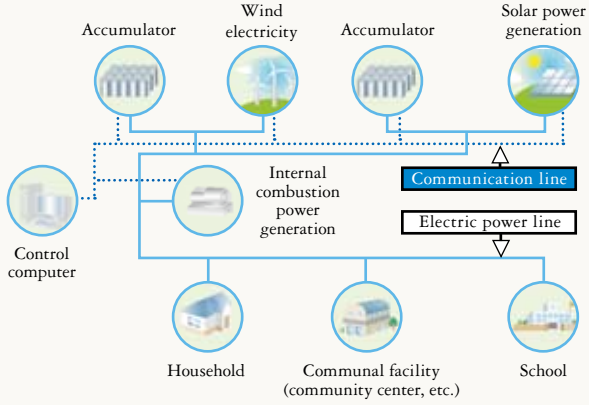
We are also actively engaged in the introduction of wind power and solar power generation in the Kyushu region. To pave the way for future facilities expansion, issues related to impact on power generation systems must be resolved. One concern related to wind power is the impact of expansion on electric power quality, such as change in frequency and voltage. A consideration at the time of expansion of solar power generation is an increase in power line voltage due to reverse power flow. We are developing a power grid stabilization storage system that uses lithium-ion batteries to address the conceivable impact on electric power systems at the time of expanded use of these renewable energy sources.

Measures for the Long-term Stable, Efficient Supply of Electric Power to Outlying Islands

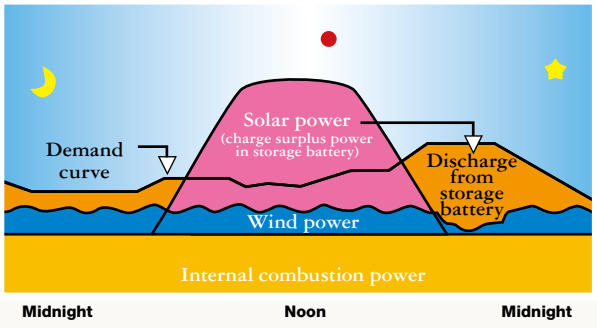
Kyushu has many outlying islands. On outlying islands having no linkage with the main island, we principally supply electric power by means of internal combustion power generation using heavy oil as fuel. The Company is considering an optimal electric power supply system adapted to the characteristics of each outlying island from the standpoints of energy security, environmental protection, and economic efficiency.

As part of this initiative, to reduce CO_2 emissions and curb fuel costs on outlying islands, we will develop an outlying island micro grid system that combines conventional internal combustion power generation with renewable energy from solar power and wind power and storage batteries. We will conduct demonstration tests from fiscal 2009 to 2012 to verify and assess power systems operation, systems control issues, and economic efficiency.

MICRO GRID SYSTEM FOR OUTLYING ISLANDS



THE BALANCE OF SUPPLY AND DEMAND AT THE TIME OF INTRODUCTION OF A MICRO GRID SYSTEM FOR OUTLYING ISLANDS



2 The provision of high-value-added services that combine comfort with environmental friendliness

The Kyushu Electric Power Group satisfies customers' increasingly sophisticated and diverse expectations and needs and contributes to CO_2 emissions reduction by actively supporting customers' energy conservation efforts.

Maintaining Reliability of Electricity Supply

Although we currently achieve a high level of supply reliability by international standards, the importance of the stable provision of high-quality electric power is increasing along with greater sophistication and diversity of customer needs due to factors such as the advancement of computerization and electrification.

For this reason, we are improving power supply facilities operation and maintenance technologies and increasing sophistication in facility operation and management. At the same time, in accordance with our policy of avoiding power outages due to accidents or problems that can be ordinarily anticipated, we are engaging in facilities development to ensure that widespread long-term power outages do not occur even in the event of facilities damage due to a large-scale natural disaster.

Promoting Efficiency in Customers' Energy Use

We promote an energy-saving, comfortable lifestyle by which our customers practice skillful, waste-free use of electricity to enjoy comfortable, environmentally friendly living by disseminating and promoting all-electric housing and actively promoting energy conservation. Central to this effort is the highly energy efficient EcoCute system. We also strive to increase efficiency in customers' energy use by offering corporate customers comprehensive energy solutions that include energy conservation consulting and the promotion of energy-efficient electric kitchens and electric air conditioning. We aim to reduce CO_2 emissions by 90,000 tons in fiscal 2009 through these initiatives.

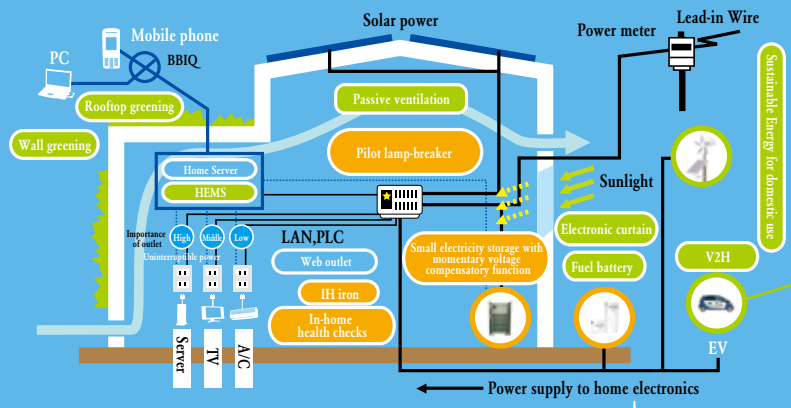
Technologies and Services That Meet the Needs of Customers and Society

■ Technology Development Using the Intelligent House

As energy and environmental problems manifest themselves, in December 2008 we built the Intelligent House at the Research Laboratory for the purpose of considering the welfare of future generations together with our customers and propose a highly convenient lifestyle. Under the slogan "Ecology and Web Comfortable Life" we are conducting R&D into ways of using electricity from the perspective of a new environmentally friendly, economical lifestyle in homes of the future.

Specifically, we are conducting research to realize safe, secure living. For instance, in research to realize ecologically sound living, we are testing the Kyushu Electric Power-developed home energy management system (HEMS), a vehicle-to-home (V2H) system, and sustainable residential energy that combines wind power, solar power, and lithium-ion batteries. The HEMS incorporates optimal operation functions such as visual control of power consumption, minimum CO_2 mode, and minimum cost mode, monitors the operation of electrical appliances, and optimally controls power sources and loads for commercial power sources and batteries according to the season or power use situation. The V2H system supplies electricity to the home from the lithium ion batteries installed in electric vehicles and effectively uses the power. Other research projects include research into comfortable living using the World Wide Web, such as the "Web electrical outlet" for monitoring and controlling the operation and use of electrical appliances in conjunction with HEMS, and a clothes iron that applies induction heating technology, so that the iron itself doesn't get hot.

OUTLINE OF INTELLIGENT HOUSE



i MiEV AND RAPID CHARGE STAND

■ Activities to Promote the Use of Electric Vehicles

To promote the use of electric vehicles, which can be expected to reduce environmental loads and create demand for electricity, in February 2008, Kyushu Electric Power introduced ten i MiEV electric vehicles produced by Mitsubishi Motors to evaluate their potential suitability for use as company vehicles. We have developed a fast-charging system that can be widely installed as electric vehicle charging infrastructure and are conducting field tests.

The fast-charging system developed in-house is designed for separation of the power supply and charging stand, which makes it possible to reduce the size of the charging stand and charge an electric vehicle to 80% capacity in roughly 10 minutes to 30 minutes at most. Other features include a user-authenticated charging system that uses ID cards or other identification mechanisms and a Web browser function.

■ Customer Support Using Mobile Terminals

To improve customer service, in May 2009 we began operation of the electricity distribution mobile phone system. This system uses mobile phones equipped with a GPS function to speed up service provision through the sharing of information on facilities or worker location and work status by sales offices and work sites. We are currently enhancing information leakage prevention and other security functions.

This system was awarded the Grand Prize and the Minister for Internal Affairs and Communications Award in the MCPC Award 2009, sponsored by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry.

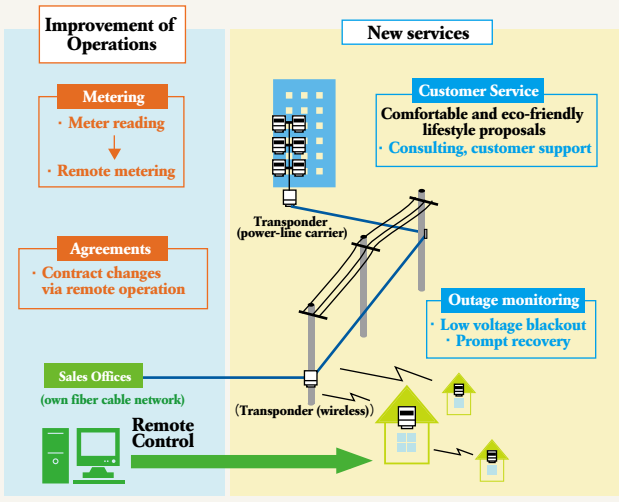
■ The Introduction of a New Low-Voltage Electronic Meter

To improve customer service and increase operational efficiency, we have developed a new low-voltage electronic meter (unit meter) equipped with a communications function. We plan systematic introduction of the new meter at customer sites.

Following widespread installation, the new low-voltage electronic meter is expected to contribute to proposals for an energy-saving, comfortable lifestyle and increase operating efficiency through remote measuring operations. It will facilitate the rapid restoration of power by ascertaining low-voltage blackout areas, provide data on electricity use, and enable energy conservation consulting.

In fiscal 2009 we will install the new meter at approximately 10,000 customer sites and conduct verification tests aimed at commercialization of a remote meter reading system.

OPERATION FLOW AFTER ADOPTION OF NEW LOW-VOLTAGE ELECTRIC METERS



3 Contribution to the creation of sustainable societies in Kyushu, in Asia, and around the world

The Kyushu Electric Power Group works symbiotically with local communities and society at large to promote the development of the Kyushu region. We undertake CO_2 reduction on a global scale and contribute to the creation of sustainable societies in Japan and overseas.

Activities That Promote Industrial Development in the Kyushu Region

Local communities are the foundation of the Group's business, we believe that the development of local communities leads to our own development and growth. Accordingly, we ensure the stable delivery of inexpensive, high-quality electricity and actively disseminate information to companies considering locating in Kyushu and offer solutions that take advantage of the resources of local governments and the Group.

Specifically, we make use of visits to local governments and our business network to gather information to ascertain customer needs and are providing information through customer visits and the corporate website. We put in place systems that can quickly supply electric power when customers locate plants in our service area. We actively utilize the Group's management resources to assist customers with plant location by introducing our own land or proposing optimal energy solutions and the use of communications networks.

In light of concern about a potential decline in the vitality of the regional economy owing population decline and other structural factors, the importance of regional projects expected to contribute to regional vitalization is increasing. Accordingly, we are actively participating and cooperating in projects aimed at industrial development and urban vitalization.

Activities that Contribute to the Development of Children

In May 2009 we launched the Kyuden Future School project under the slogan "Excited and shining." The aim of the project is to stimulate the curiosity and enrich the sensitivity of the children of Kyushu by providing them with various venues for learning and encounters in fields including energy, the environment, culture, and the arts.

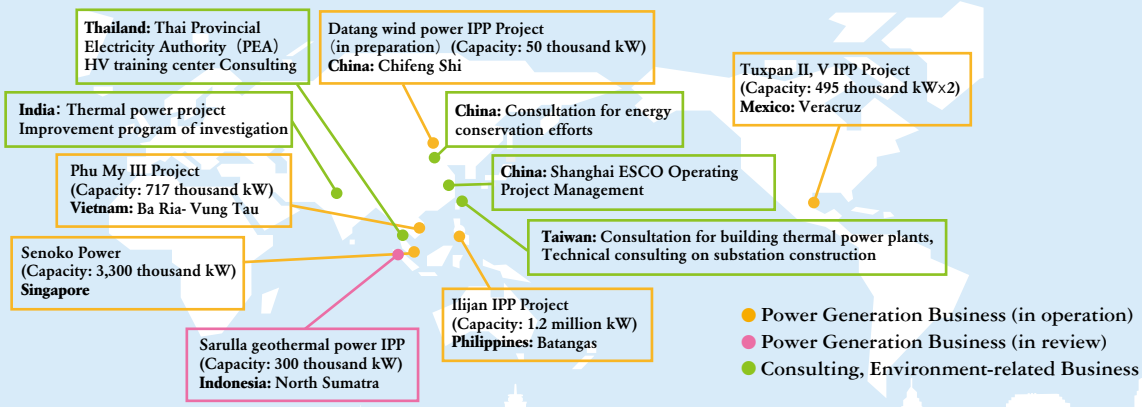
In this project, employees conduct on-site classes on energy, the environment, and science at schools and university professors conduct participatory science experiment classrooms. In addition, in the fields of culture, the arts, and sports we plan to conduct full-scale classical music concerts, painting contests, rugby classes, and other activities.

Environment-friendly Business Activities

To demonstrate leadership and initiative in environmentally friendly business activities, we will undertake further reductions in electric power consumption at our offices by systematically introducing high-efficiency lighting fixtures and air conditioning facilities and have decided to introduce about 1,000 electric vehicles, including plug-in hybrid vehicles, as company vehicles by fiscal 2020.

We also provide technical support for the development of renewable energy in the region, such as small-scale hydropower, and are engaged in an activity to plant one million trees over a ten-year period in cooperation with customers and local communities.

BUSINESS DEVELOPMENT OVERSEAS



Social/Lifestyle-Oriented Services

■ IT and Telecommunications Business

A number of initiatives to realize a fully computerized society are being implemented, such as the dissemination and expansion of the Internet, the computerization of companies, and the development of electronic government. We utilize telecommunications infrastructure such as our optical fiber network and data centers and accumulated expertise to engage in businesses firmly rooted in the region, such as the BBIQ broadband service and the provision of computerization solutions to local businesses and governments. The number of BBIQ subscribers has increased steadily to approximately 260,000 at the end of fiscal 2008.

■ Environment and Recycling Business

For solution of the societal challenges of creating a recycling-based economy and the prevention of environmental pollution, we collect used fluorescent bulbs from companies, schools, and local governments, separate them into their original materials, and manufacture and sell recycled fluorescent bulbs.

To meet societal needs for information security and mitigate environmental impact, we collect confidential documents generated by companies and local governments, erase confidential information, and recycle the paper to manufacture and sell paper products.

■ Lifestyle-oriented Services Business

To provide fulfilling, highly convenient living environments to aged customers, we operate a new style of urban condominiums for senior citizens that harmoniously coexist with local communities and condominiums with full-featured medical support systems that provide care services that enable senior citizens to lead secure, comfortable lives.

Overseas Energy Businesses

The geographical focus of our overseas energy businesses is the growing Asia region, where we engage in electric power generation using environmentally friendly energy sources. We provide a stable supply of energy in the region, increase energy efficiency, and engage in high-efficiency thermal power IPP projects and renewable energy power generation that contributes to CO_2 emissions reduction on a global scale. In business operation, we consider the stable procurement of fuel over the long term and the acquisition of CO_2 emissions credits.

Heretofore the Company has engaged in four IPP projects in Mexico, the Philippines and Vietnam, and we have steadily recovered our investment. As a new IPP project, in September 2008 we entered into a new IPP project by acquiring Senoko Power Ltd., Singapore's largest electric power generation company, in a consortium with other companies. This project will assure a stable supply of electric power for Singapore. We believe that the project can contribute to the alleviation of environmental problems such as CO_2 emissions through fuel conversion of the current oil-fired capacity to combined-cycle power generation and that satisfactory profitability can be expected in Singapore's stable business environment.

We are also engaged in new renewable energy businesses including the Datang wind power generation project in China and the Sarulla geothermal power generation project in Indonesia.

Furthermore, the Company takes advantage of the experience and expertise gained through the electricity business in Japan to engage in environmental technology and energy conservation consulting, primarily in Asia. We also contribute to the development of engineers by accepting interns in fields such as power distribution, thermal power generation, nuclear power generation, power transmission, and telecommunications.

In July 2009 we opened a business office in Singapore, which we will use as a base for overseas business activities in the Asia region to gather information on new projects and manage and operate existing projects.

4

MEASURES TO DEVELOP AN INCOME AND EXPENDITURE STRUCTURE ADAPTABLE TO CHANGES IN CIRCUMSTANCES

The Kyushu Electric Power Group is undertaking to develop an income and expenditure structure that has flexible, diverse revenue and profit sources and undertakes appropriate management resource allocation based on risk management and efficiency improvement.

Appropriate Allocation of Management Resources

Each year the Company identifies, classifies, and assesses approximately 50 operational risks and defines important risks. On that basis, we decide a risk countermeasures policy through executive management discussions and appropriately reflect the countermeasures in the annual business plan.

Also, in view of the long time required for the development and maintenance of facilities characteristic of the electric power business, we strive to appropriately allocate management resources from a medium-term to long-term perspective in accordance with the importance and urgency of risks.

Efficiency Improvement

Facilities investment and repair costs and overheads are trending up as a result of measures to counter the aging of current facilities and measures to increase the earthquake resistance margin at nuclear power stations. We are reviewing planning and replacement criteria and design standards and specifications and working to increase facilities investment efficiency through construction cost reductions. We are also striving for greater efficiency in repair costs and overheads through means including postponement of repairs and a review of the scope of repairs in accordance with their urgency and impact on operations, a review of outsourcing costs (the scope of outsourcing and unit prices), a review of rental expenses, and overhead reductions.

We are also pursuing cost reductions through the effective use of purchase cost planning activities, supply chain management, and other strategic purchasing techniques implemented by means of cooperation among the materials departments, facilities administration departments, and business partners as well as diversification of purchase order methods and the use of competitive price quotations.

Activities to Reduce Fuel Costs

The Company procures crude oil, coal, LNG, and uranium from around the world for use as fuel for electric power generation. We consider securing long-term, stable supplies of fuel to be the most important management priority and are working to reduce fuel costs and ensure stability through diversification of fuel suppliers, contract periods, and pricing methods.

In April 2009 the Company put into service a jointly owned LNG carrier, which is contributing to efforts to increase economic efficiency through transport cost control and the use of flexible means of transportation.

Consideration of New Charge Plans

By pursuing efficiency across all business operations heretofore, the Company has reviewed its charge plans several times in an effort to provide low-cost electricity charges. In September 2008 we decreased electricity charges approximately 1% and are competitive at current pricing levels.

In future, we will strive to reduce electricity charges by rigorously ensuring efficiency in every aspect of business operation. We are currently considering charge plans to respond to customer needs and societal requirements such as the introduction of renewable energy.

5

WORK STYLE REFORM AND ORGANIZATIONAL DEVELOPMENT IN RESPONSE TO NEXT-GENERATION NEEDS

The Kyushu Electric Power Group will rebuild its personnel and labor management systems from a long-term perspective to cope with the graying of society and change in employee age composition and seek to develop organizations in which each employee obtains job satisfaction and grows through work.

Development of Business Operations and an Organizational Structure Adapted to Changes in the Business Environment

In consideration of the long-term impact on business operations of difficulty in recruiting and retaining personnel and changes in employee age composition, we are considering and implementing measures for the efficient succession of technologies to young employees and measures to take advantage of the knowledge, skills, and experience of middle-age and older employees, who will increase in number in the coming years.

To ensure the succession of core electric power technologies throughout the Group, we will engage in personnel development together with Group companies and partner companies through personnel exchanges and the development of an education environment.

ESTABLISHMENT OF KYUSHU POWER ACADEMY

In April 2008, Power Academy was established as a nationwide activity to support young researchers in the field of electrical engineering, broadly communicate the appeal of electrical engineering, and develop the field at a time of a declining birth rate and declining enrollment in science courses. Building on this successful initiative, in June 2009 under the "Kyushu as one" regional initiative, we established the Kyushu Power Academy as an independent activity in Kyushu to develop a human network of universities and technical colleges, develop engineers and researchers who will support electrical engineering in Kyushu and Asia, and promote technology and R&D. Planned activities are mutual recognition of credits and educator exchanges among universities and technical colleges, the offering of intensive courses to prepare for the licensed electrical engineer examination, and the holding of electrical shop classes for elementary, junior, and senior high school students.

Development of Environments where People from Diverse Backgrounds can Demonstrate their Capabilities and Skills

In view of future changes in the business environment and the diversification of values, we are rebuilding our personnel and labor management systems to improve employee job and life satisfaction and enable employees to fully demonstrate their capabilities and skills.

Specifically, we will seek to develop integrated personnel and labor management systems that organically link hiring, education and training, employee transfer and assignment, performance evaluation, and compensation systems to support growth on the basis of clarification of the mindset and skills required of employees in light of Kyushu Electric Power's Mission.

In the interest of promoting work-life balance for employees, we are introducing short-time work, flextime work, and other systems to provide flexible support for childcare and nursing care. Taking into consideration the use history of current work-life balance support systems and employee needs, we will comprehensively examine and consider additional support measures and employment systems to make possible greater workstyle diversity.

In addition, we will put in place workplace environments in which people from diverse backgrounds can demonstrate their capabilities and skills and thrive by providing career formation support for women and implementing measures to raise awareness and measures to expand opportunities for older workers.

Corporate Governance

The Company believes in carrying out meaningful initiatives for society under Kyushu Electric Power's Mission over the long term. To faithfully execute these initiatives, we spare no effort to enhance corporate governance as a central challenge from a business perspective.

Board of Directors

The Board of Directors meets once each month, as a rule, to make decisions on important corporate management matters and to supervise the execution of business. The Company has taken measures to vitalize the Board of Directors and strengthen its supervisory functions, including a reduction in the number of directors, and the appointment of outside corporate directors.

Matters for decision by the Board of Directors that require advance discussion or decisions that are important for business execution are discussed by the Corporate Management Committee, made up of the president and the executive officers.

Executive officers are assigned to various organizational units, such as divisions and branches, to execute business; this structure ensures rapid decision-making and efficient business execution.

Board of Corporate Auditors

The corporate auditors attend important meetings, including meetings of the Board of Directors, conduct interviews at business units, and consolidated subsidiaries, inspect business premises, and through conduct audits concerning the overall execution of business of the directors and executive officers. The Board of Corporate Auditors as a rule meets once a month to receive reports, consult, and make decisions on important matters related to audits stipulated in laws, regulations, and the Articles of Incorporation. The Company has established the Corporate Audit Office as a dedicated organization to assist with the duties of the corporate auditors.

Internal Auditing

To ensure the appropriateness of business operations and increase management efficiency, the Company has assigned employees to the Internal Auditing Office, an organization that is in a position of neutrality with respect to business execution.

Furthermore, we have established a dedicated internal auditing organization pertaining to our nuclear and thermal power generation facilities and power transmission network. We are also auditing the quality assurance system for safety programs and the execution of these programs.

Internal Controls (Financial Reporting)

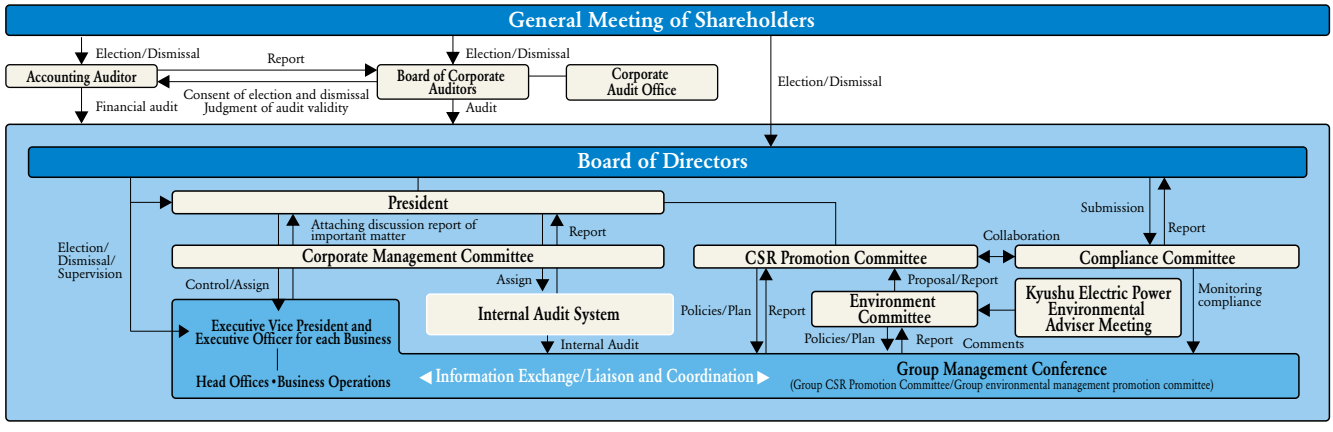
Kyushu Electric Power strictly enforces proper internal controls for financial reporting and shows its commitment to highly reliable reporting by maintaining a system that can take necessary corrective actions.

(Note) Pursuant to the Financial Instruments and Exchange Act, the Company has evaluated the effectiveness of the operation of its internal controls for financial reporting and received a clean opinion from an audit by independent auditors.

Risk Management

For the risks that pose a serious threat to our business operations, our approach is to periodically identify, classify and evaluate risks according to our risk management policy. We then identify the most important risks for each department and the company as a whole. Each department and worksite incorporates countermeasures against the risks identified through this process as well as against other risks relating to specific projects, into their business plans and engages in appropriate risk management.

We have also started a response system and set up procedures in advance to respond promptly and accurately to natural disasters and other crises exerting a serious impact on our business and the community whenever they arise and conduct regularly scheduled training on this system.



Corporate Social Responsibility

The Kyushu Electric Power Group conducts its business from a CSR point of view in the medium-term management policy that we have recently laid out. To promote sustainable development with society, we will remain steadfast in pursuit of business activities that show a high regard for the environment and harmonious coexistence with the local community across all segments of our business. We shall make CSR present in our entire business.

CSR Management

Management relies strongly on the CSR report, which lays out the Kyushu Electric Power Group's entire set of CSR programs and communicates them to our numerous stakeholders starting with our customers. We use this report to solicit feedback for management through opinion surveys (receiving about 900 responses in fiscal 2008) and have developed a CSR management cycle to reflect these opinions in management and business operations.

The Company has put in place a structure to advance CSR management, appointed a corporate officer for CSR, and started the CSR Promotion Committee chaired by the president. The committee draws up a CSR Action Plan and reviews and discusses issues related to the CSR report. In this way, we strive to take CSR to a higher level.

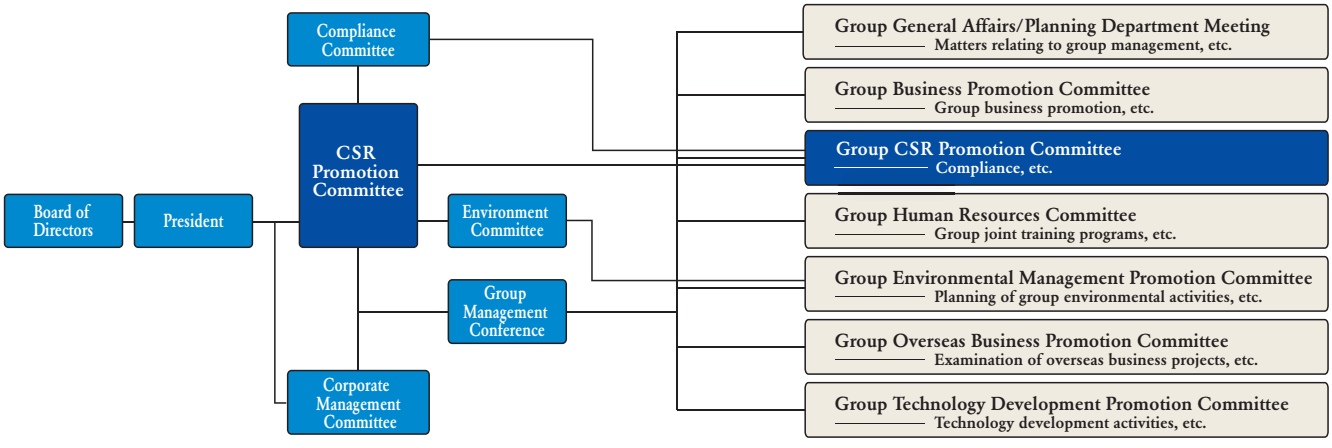
To allow CSR to penetrate the entire group, we have also established the Group CSR Promotion Subcommittee which familiarizes employees with the CSR Action Plan and, based on that, solidifies CSR through Plan-Do-Check-Action (PDCA) quality initiatives and similar efforts.

Information Disclosure

Kyushu Electric Power pursues management transparency that will increase society's trust in the Company. To this end, we aim to make information disclosure easy to understand, on-time, and precise in accordance with the Information Disclosure Preparedness Program set up in 1999. Except for information that cannot be disclosed due to confidentiality obligations, we make active use of press releases, utilize the company website, and actively disclose information of interest not only about management and corporate public relations, but also about any problems that may occur at our nuclear and thermal power generation facilities.

When a natural disaster like a typhoon causes a power outage, we quickly gather information about the power outage and then provide the pertinent data in response to customer queries, and releasing it through the media, our website and through our mobile phone e-mail service power outage notifications. Starting in June 2009, we are providing information by e-mail on operating conditions at nuclear power stations in the aftermath of large earthquakes—one more way in which we are improving information provision from a customer service point of view.

In February 2009, the Company reexamined its rules for releasing information of any misconduct that may occur at Kyushu Electric Power and its group companies, so to make the release of information more prompt and accurate than before, in order to avoid the harm to our customers and the community that withholding information can engender.



Compliance

Kyushu Electric Power Group seeks to be recognized as a corporation enjoying the trust of society, and has been rolling out compliance management to further this purpose. To ensure the peace of mind of customers and the residents of the region we serve, Kyushu Electric Power rigorously complies with the law and engages in sincere, fair business activities in accordance with the principles of business ethics.

Initiatives to Increase Compliance

The Company has established a Compliance Committee under the oversight of the Board of Directors. The Committee meets regularly twice per year, where it reviews and discusses plans and proposed measures pertaining to compliance management and then monitors the status of their implementation. The Compliance Committee is directed by the president and is made up of the company officers, the chairperson of the company's labor union, and three outside experts and makes every effort to ensure transparency and objectivity.

We are taking strides to improve awareness of compliance throughout the Company. We have developed a Code of Conduct to provide guidance on proper judgment as well as Compliance Action Guidelines that state specifically the points to consider in our relationship with all stakeholders, including our customers and our shareholders and other investors. We have also designated the head of each business organization that carries out compliance-related activities as the person responsible for compliance. In light of the diverse range of legal issues we encounter, we established a Legal Office in the General Affairs Department in July 2008.

We are providing the information to make everyone familiar with the action plan of the Group CSR Promotion Committee and have set up internal and external Compliance Consultation Desks that cover compliance through an internal notification system and are monitoring compliance through a compliance awareness survey for group employees.

Actual Compliance Violations and Measures to Prevent Recurrence

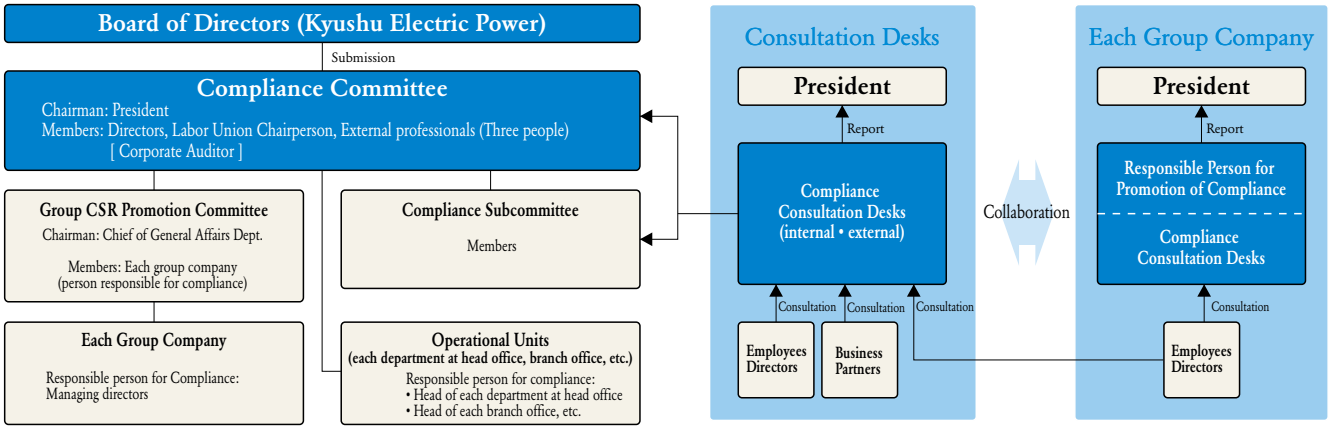
In October 2008, the Company received a cease and desist order from the Japan Fair Trade Commission concerning pamphlets for the Company's All-Electric Housing program and found Kyushu Electric Power to be in violation of the Act against Unjustifiable Premiums and Misleading Representations.

The pamphlets in question showed a comparison of an all-electric housing and one with mixed use of gas and electricity and stated that savings on utilities would amount to ¥100,000 over the course of a year and extend to ¥3,000,000 over 30 years and, further, that 30-year savings would increase to ¥3,500,000 if an All-Electric Housing Loan was used. The directive stated that pamphlet details misrepresented the facts to the customers by not taking into account the cost of initial investments and their subsequent replacement.

This misconduct resulted from 1) a lack of consideration for what customers would consider troublesome or detrimental, 2) insufficient knowledge and information about mandatory laws and regulations for business operations that was not thoroughly conveyed, and 3) an incomplete follow-up system and training.

We immediately collected the pamphlets covered by the directive and corrected the information.

We are taking the opportunity of this cease and desist order to thoroughly reinforce compliance awareness and to beef up internal inspections of advertising materials as we strengthen measures to prevent recurrence and to make proper advertising presentations.



Environmental Management

To continue to contribute to the development of a sustainable society in the years ahead, the Kyushu Electric Power Group mounts a united effort to implement environmental management that achieves balance between business activities and the natural environment.

The Kyushu Electric Power Group Environmental Charter

We have established the Kyushu Electric Power Group Environmental Charter to clarify our stance toward environmental management as a unified group. Under this charter, we develop and release an annual Kyushu Electric Power Environmental Action Plan that will be carried out by all employees in pursuit of sound environmental management. We also release an annual Environmental Action Report on the status of our environmental initiatives.

Kyushu Electric Power Group Environmental Charter

— Pursuing environmentally friendly corporate activities —

The Kyushu Electric Power Group undertakes initiatives to preserve and harmonize with the global environment to contribute to the development of a sustainable society.

1. *We strive to properly address environmental issues and use resources effectively while pursuing business activities that lead toward the future.*
2. *We work with society to engage in initiatives that enhance the environment.*
3. *We foster interest in conservation in keeping with our desire to earn customer trust for the Group.*
4. *We proactively disclose environmental information when communicating with society.*

Environmental Action Plan

Measures to Address Global Environmental Problems

By addressing the supply-side, by working with our customers to address the demand side, and by putting the Kyoto mechanism into practice, we are taking on the reduction of greenhouse gas emissions while looking directly at the future.

Measures to Create a Recycling Society

Our policy of "zero emissions" sets no limit to how low we can reduce the final volume of waste emissions that occur in our business activities, and is being carried out in the form of the 3Rs: Reduce, Reuse, and Recycle.

Harmonious Coexistence with the Local Environment

We strive to preserve and live together with the local environment through proper control of chemical substances and harmonizing operations with the surrounding environs as we seek to perfect environmental conservation and wise management in our facilities operations.

Partnership with Society

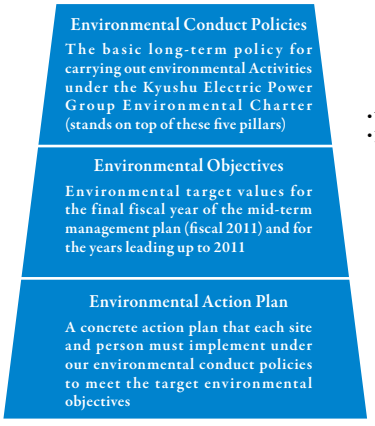
We are pursuing cooperation with society through environmental initiatives like energy and environmental education for the next generation and tree-planting.

Environmental Management

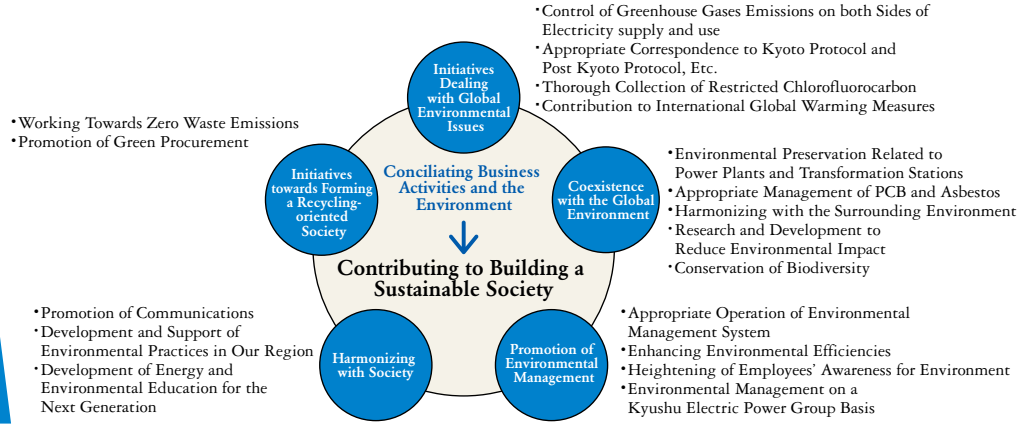
We endeavor to continually reduce our environmental burden by engaging in appropriate operation of an environmental management system (EMS) and putting environmental accounting into practice in order to spread environmental programs effectively and efficiently.

FY 2009 ENVIRONMENT ACTION PLAN

Overall Composition



Environmental Conduct Policies



BOARD OF DIRECTORS AND AUDITORS

(As of June 26, 2009)

Chairperson
Shingo Matsuo

President
Toshio Manabe

Executive Vice President
Yasumichi Hinago

Executive Vice President
Mamoru Dangami

Executive Vice President
Masayoshi Nuki

Executive Vice President
Yoshinori Fukahori

Chairperson
Shingo Matsuo

President
Toshio Manabe

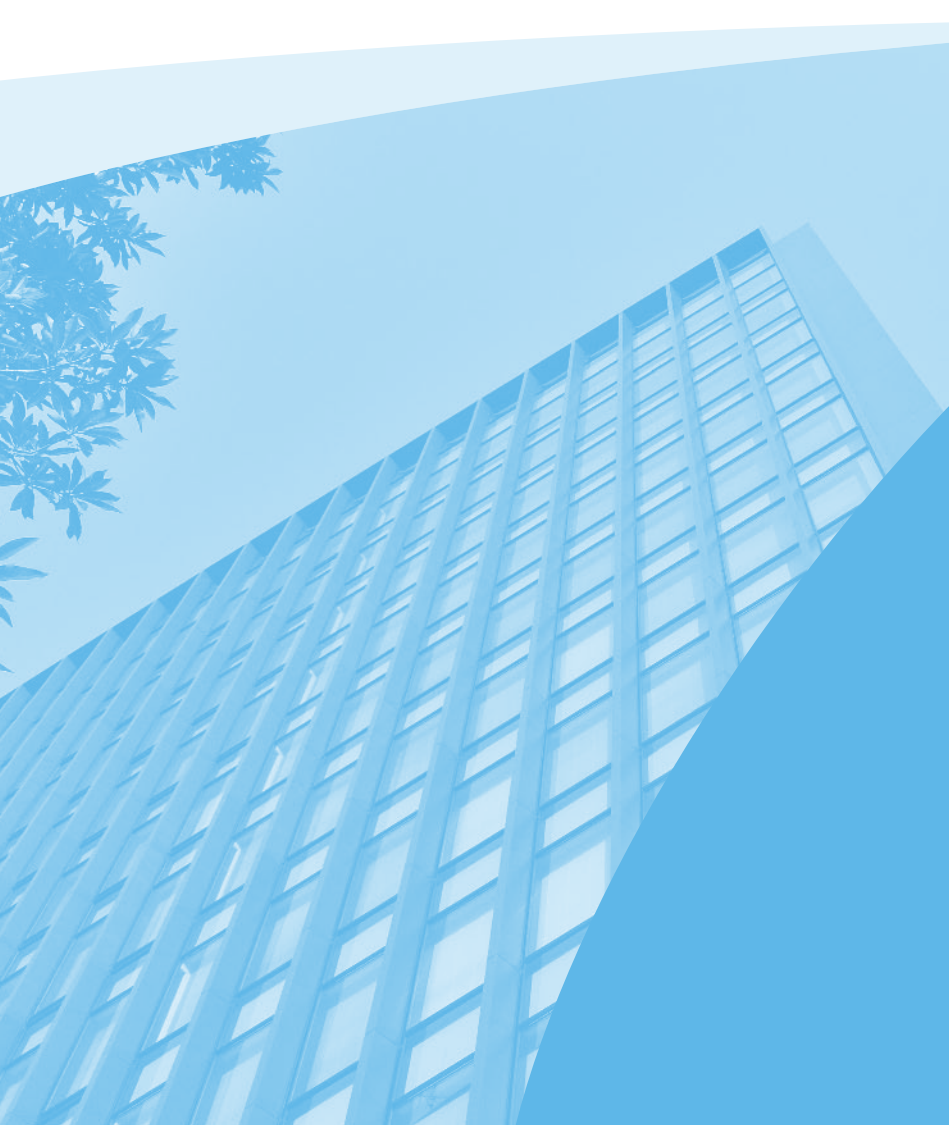
Executive Vice Presidents
Yasumichi Hinago
Mamoru Dangami
Masayoshi Nuki
Yoshinori Fukahori

Directors
Kazutami Oyama
Toshihiko Hirano
Haruyoshi Yamamoto
Kenichi Fujinaga
Satoshi Mizobe
Masatoshi Morooka
Masahiro Kajiwara
Michiaki Uriu
Kenji Tsugami
Akiyoshi Watanabe
(Outside Director)

Senior Corporate Auditors
Tokihisa Ichinose
Kenji Hokamura

Corporate Auditors
Tsutomu Zenpuku
Kyousuke Takaishi
(Outside Corporate Auditor)
Hirokazu Murayama
(Outside Corporate Auditor)
Keiko Hieda
(Outside Corporate Auditor)

Financial Information



CONTENTS

Consolidated Five-Year Financial Summary

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Years Ended March 31,

	Millions of Yen (except for per share data)					Thousands of U.S. Dollars (except for per share data)
	2009	2008	2007	2006	2005	2009
For the Year:						
Operating revenues	¥ 1,524,193	¥ 1,482,352	¥ 1,408,328	¥ 1,401,752	¥ 1,408,728	$ 15,511,836
Electric	1,398,577	1,363,424	1,307,737	1,311,996	1,320,581	14,233,432
Other	125,616	118,928	100,591	89,756	88,147	1,278,404
Operating expenses	1,439,470	1,376,811	1,253,155	1,230,467	1,194,993	14,649,603
Electric	1,317,216	1,260,616	1,155,414	1,140,797	1,107,744	13,405,414
Other	122,254	116,195	97,741	89,670	87,249	1,244,189
Interest charges	35,771	36,938	38,354	41,130	49,522	364,044
Income before income taxes and minority interests	55,859	72,463	112,887	120,790	146,797	568,482
Income taxes	21,481	29,853	46,075	43,038	57,858	218,614
Net income	33,992	41,727	65,968	76,850	89,288	345,939
Per share of common stock (yen and U.S. dollars):						
Basic net income	¥ 71.84	¥ 88.19	¥ 139.37	¥ 161.67	¥ 187.91	$ 0.73
Cash dividends applicable to the year	60.00	60.00	60.00	60.00	60.00	0.61
At year-end:						
Total assets	¥ 4,110,878	¥ 4,059,775	¥ 4,038,839	¥ 4,102,319	¥ 4,049,713	$ 41,836,739
Net property	3,080,447	3,109,293	3,140,200	3,217,982	3,300,740	31,349,959
Long-term debt, less current portion	1,811,744	1,712,949	1,689,107	1,724,179	1,739,660	18,438,266
Equity	1,072,375	1,084,213	1,092,601	1,052,785	979,252	10,913,647

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥98.26 = U.S. $1, the approximate rate of exchange at March 31, 2009.)

Management Discussion and Analysis

Summary

- Sales increase but income decline for the third consecutive year:
  - — Increase in electricity sales due to fuel cost adjustment system.
  - — Higher fuel costs and purchased power expenses due to soaring fuel prices, etc., in the first half of fiscal 2008.

Operating Results

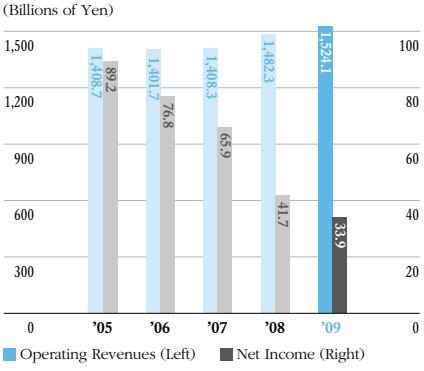
In the year ended March 31, 2009 (fiscal 2008), Kyushu Electric Power achieved 2.8% year on year growth in consolidated operating revenues to ¥1,524.1 billion, as increased electric rates for lighting and power arising from fuel cost adjustments offset lower sales volume in the electric power segment.

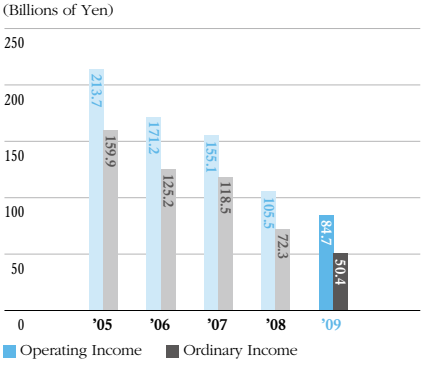
With regard to expenditures, operating expenses increased by 4.6% to ¥1,439.4 billion. The increase is attributable to such causes as higher rates for purchased power and rising fuel expenses resulting from the sharp rise in fuel costs in the first half of the year. As a result, operating income for the segment dropped by 19.7% to ¥84.7 billion.

Other revenues fell by 7.3% from the previous year to ¥10.4 billion. One primary factor was the recording of ¥5.4 billion in extraordinary income for a gain on sales of investment securities, an entry that had been included under other revenues in the previous year, which offset increases in proceeds from dividends and other increases. In addition, other expenses increased by 0.6% year on year to ¥44.6 billion, due to factors like valuation losses on investment securities, which offset decreased interest expenses and other decreased expenses.

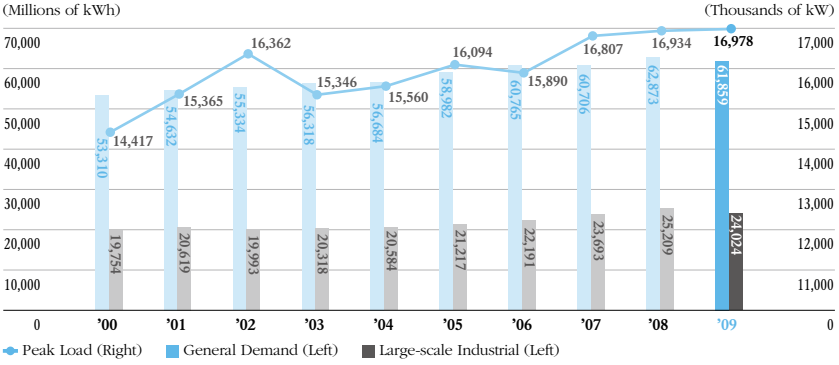
As a result, ordinary revenues rose by 2.7% from the previous year to ¥1,534.6 billion but ordinary expenses increased even more, by 4.4% to ¥1,484.1 billion, resulting in 30.3% year on year fall in ordinary income to ¥50.4 billion for the fourth consecutive year of ordinary income declines.

Net income dropped by 18.5% from the previous year to ¥33.9 billion for the fourth consecutive year on year decrease, causing net earnings per share to fall ¥16.35 to ¥71.84.





Electricity Sales Volume (Millions of kWh) **and Peak Load** (Thousands of kW)



Segment Information (Before Elimination of Internal Transactions)

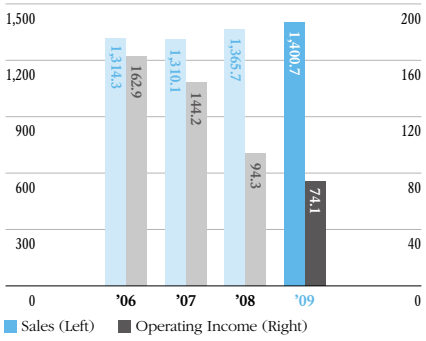
(1) Electric Power

Sales volume in the electric power segment slipped 1.6% from the previous year. General demand including domestic lighting and commercial demand was impacted by the combination of a cooler summer and warmer winter than the previous year, which lowered demand for heating and cooling. Demand from large industrial users, on the other hand, fell by 4.7%, as steep production cuts by the electrical equipment, transport equipment and steel industries in the second half offset firm output from key industries like transport equipment, chemicals and non-ferrous metal industries in the first half. As a result, total sales volume fell by 2.5% year on year to 85.88 billion kWh.

On the supply side, our nuclear facilities (power generation) and other facilities continued to operate steadily, allowing us to maintain reliable sources of electric power. Analysis of the energy mix, including power generated by Kyushu Electric Power and power purchased from other companies shows nuclear power to account for 41%, thermal power for 51%, hydroelectric for 7%, and new energy sources for 1%.

Segment business performance shows that operating revenues rose by 2.6% from the previous year to ¥1,400.7 billion owing to increased rates for electric lighting and power, while operating income dropped 21.4% to ¥74.1 billion, due to increased fuel expenses and purchase power costs.

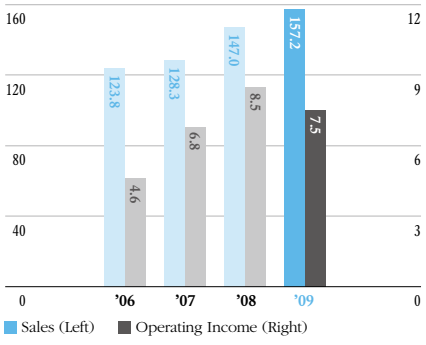
Electric Power (Billions of Yen)



(2) Energy-related Business

Operating revenues in the energy-related segment were up 6.9% year on year to ¥157.2 billion owing to such factors as the addition of two consolidated subsidiaries at the end of the second quarter of the previous year. Meanwhile, operating income fell by 11.4% from the previous year to ¥7.5 billion due to increased cost of sales related to plant construction and other factors.

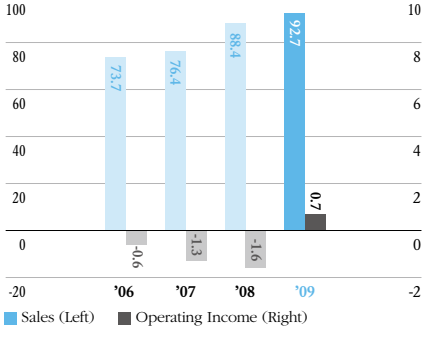
Energy-related Business (Billions of Yen)



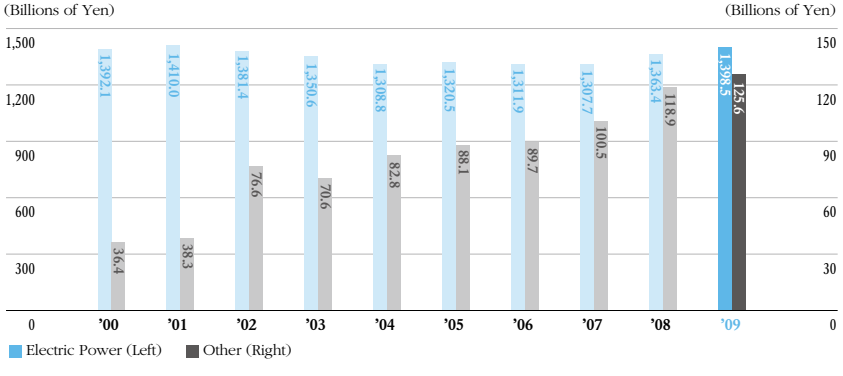
(3) IT and Telecommunications

Operating revenues increased by 4.9% year on year to ¥92.7 billion. This increase is attributable to a rise in the number of broadband service lines in operation. Operating income improved ¥2.4 billion over the previous year to an operating profit of ¥0.7 billion.

IT and Telecommunications (Billions of Yen)



Trends of Operating Revenues by Segments (after eliminating internal transactions) (Billions of Yen)



(4) Other Activities

Other business showed 1.7% year on year decrease in operating revenues to ¥24.4 billion, while operating income fell by 52.5% to ¥1.6 billion as a result of additional expenses for reconstruction of rental buildings and other factors.

Financial Position

(1) Cash Flows

Cash flows from operating activities fell by 7.6% from the previous year to inflow of ¥247.0 billion. The primary causes were increased fuel expenses and purchased power costs in the Electric Power Business.

Cash flows for investment activities increased by 11.2% year on year to a ¥259.8 billion outflow. This increase is attributable to capital investments, purchase of investment securities, and other factors.

Cash flows from financing activities amounted to ¥42.0 billion inflow, an increase of ¥68.4 billion over the previous year.

Based on the figures above, cash and cash equivalents on March 31, 2009, stood at ¥88.1 billion, ¥29.3 billion increase over the end of the previous year.

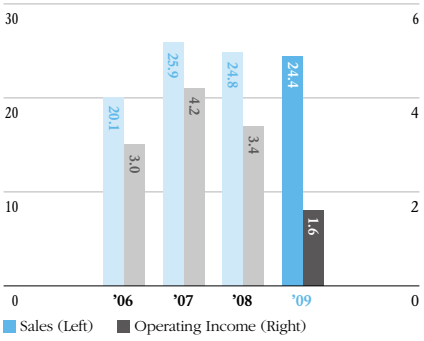
(2) Assets, Liabilities and Net Assets

Total assets at the end of the year in review were ¥4,110.8 billion, 1.3% increase since the end of the business year. Major factors behind this rise include reserve funds for reprocessing of irradiated nuclear fuel for fixed assets and cash and cash equivalents for current assets.

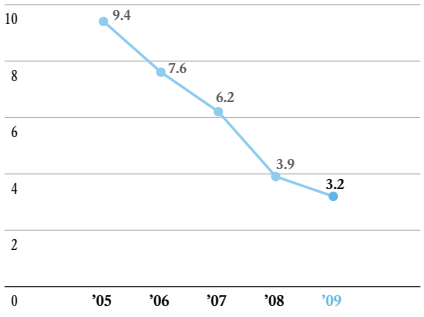
Total liabilities at the end of the year under review increased by 2.1% to ¥3,038.5 billion owing to such factors as an increase in interest-bearing debt, which offset such declining factors as decreases in notes and accounts payable and the liability for accrued retirement benefits. Outstanding interest-bearing debt increased ¥70.5 billion to ¥2,110.6 billion.

Although the Company recorded a net profit, net assets declined by 1.1% from the end of the previous year to ¥1,072.3 billion owing to cash dividends and decrease in unrealized gain on available-for-sale securities. The equity ratio was 25.7%.

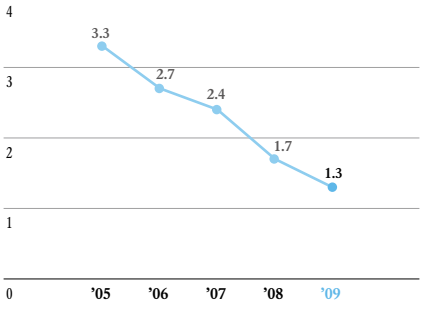
Other Activities (Billions of Yen)



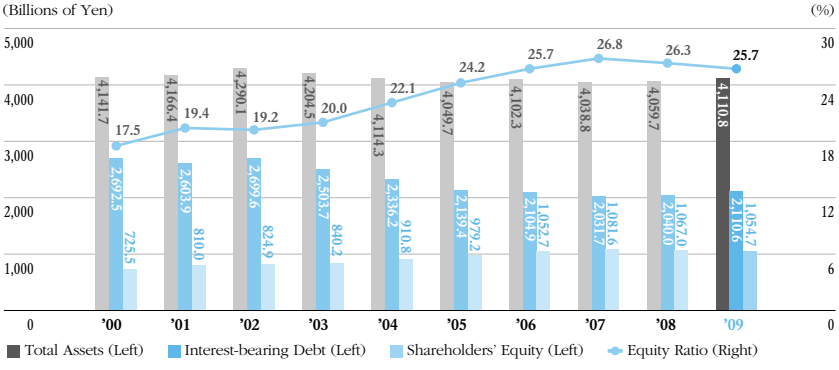
ROE (%)



ROA (%)



Consolidated Interest-bearing Debt and Equity Ratio (Billions of Yen, %)



Business Risk Factors

The following is a list of some significant risk factors that may have an effect on the operating results, financial position, and other aspects of the Group (consolidated). The statements made in this report regarding our future operations are forward-looking statements made in light of information available as of June 26, 2009.

1 Risks Related to Economic Conditions and Weather Conditions

The sales volume in the electric power business reflects economic conditions and seasonal changes in temperatures. These factors may have a material impact on the results and financial condition of the Kyushu Electric Power Group.

2 Risks Related to the Fluctuation of Fuel Prices

Fuel expenses in electricity business fluctuate as a result of trends in CIF prices and in the foreign exchange markets because we procure sources of fuel for thermal power generation including liquefied natural gas (LNG) and coal from overseas.

However, fluctuations in fuel prices are reflected in electric rates through the fuel cost adjustment system, which in our opinion helps to limit the impact of fuel price volatility on the Kyushu Electric Power Group.

3 Risks Related to Costs of Nuclear Fuel Cycle Operations

The uncertainties in the long-term prospects of nuclear fuel cycle operations pose a risk, but operator risk is being reduced through measures proposed by the Japanese government. However, Group performance could be affected by the burden of increased costs based on revised cost estimates for future expenses.

4 Risks Related to Businesses Other than Electricity

The Kyushu Electric Power Group is enhancing its revenue basis by utilizing the group's management resources and proactively developing new business area beyond electricity business. In the business operation, we put emphasis on the profitability and work to improve efficiency while pursuing the growth. In case securing the planned profits cannot be achieved due to the worsening business conditions, the Kyushu Electric Power Group's performance may be affected.

5 Risks Related to Interest Rates

The Kyushu Electric Power Group's balance of interest-bearing debt as of the end of March 2009 is 2,110.6 billion yen, which accounts for 51% of total assets of the group. Future changes in interest rates have potential to affect the Kyushu Electric Power Group's financial condition.

However, 94% of outstanding interest-bearing debt comprises long-term debt, and most of these bear interest at fixed rates. The impact of fluctuating interest rates on Kyushu Electric Power Group is therefore viewed as limited.

6 Risks Related to the Leaking of Personal Information

The Kyushu Electric Power Group has established strict internal frameworks to manage personal information and to secure information security. Additionally, we have implemented thorough protection of personal information by establishing internal policies and guidelines on handling information as well as familiarizing employees with the handling procedures. However, in case of the leaking of personal information, the Kyushu Electric Power Group's operation may be affected.

7 Risks Related to Natural Disasters

To ensure a stable supply of electricity to our customers, the Kyushu Electric Power Group implements inspection and maintenance of the facilities systematically to prevent any trouble from occurring. However, large-scaled natural disasters such as typhoons, torrential rains and earthquakes as well as unexpected accidents and illicit acts have the potential to affect the Kyushu Electric Power Group's operations.

The Kyushu Electric Power Group is working to establish a crisis management structure. However, in case of an inappropriate handling of unexpected situation, which brings serious damage to the Kyushu Electric Power Group's reputation, the Kyushu Electric Power Group's operation may be affected.

Additionally, a tightening of environmental regulations related to global warming has a potential to affect the Kyushu Electric Power Group's operations.

Consolidated Balance Sheets

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
ASSETS			
PROPERTY (Note 3)**:**			
Plant and equipment	¥ 9,123,680	¥ 8,967,001	$ 92,852,432
Construction in progress	212,169	229,449	2,159,261
Total	9,335,849	9,196,450	95,011,693
Less-			
Contributions in aid of construction	148,728	143,095	1,513,617
Accumulated depreciation	6,106,674	5,944,062	62,148,117
Total	6,255,402	6,087,157	63,661,734
Net property	3,080,447	3,109,293	31,349,959
NUCLEAR FUEL	264,205	250,845	2,688,836
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	82,988	109,279	844,576
Investments in and advances to non-consolidated subsidiaries and affiliated companies	69,618	54,553	708,508
Reserve funds for reprocessing of irradiated nuclear fuel (Note 8)	136,012	104,740	1,384,205
Deferred tax assets (Note 10)	117,744	115,151	1,198,290
Other assets	34,405	28,912	350,142
Total investments and other assets	440,767	412,635	4,485,721
CURRENT ASSETS:			
Cash and cash equivalents	88,124	58,767	896,845
Receivables	126,857	128,456	1,291,034
Allowance for doubtful accounts	(1,286)	(1,181)	(13,088)
Inventories, principally fuel	76,481	65,115	778,354
Deferred tax assets (Note 10)	16,285	15,943	165,734
Prepaid expenses and other	18,998	19,902	193,344
Total current assets	325,459	287,002	3,312,223
TOTAL	¥ 4,110,878	¥ 4,059,775	$ 41,836,739

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	2009	2008	2009
LONG-TERM LIABILITIES:			
Long-term debt, less current portion (Note 6)	¥ 1,811,744	¥ 1,712,949	$ 18,438,266
Liability for employees' retirement benefits (Note 7)	137,684	150,513	1,401,221
Reserve for reprocessing of irradiated nuclear fuel (Note 8)	366,437	362,826	3,729,259
Reserve for decommissioning of nuclear power units	155,838	147,529	1,585,976
Other	34,666	34,631	352,799
Total long-term liabilities	2,506,369	2,408,448	25,507,521
CURRENT LIABILITIES:			
Current portion of long-term debt (Note 6)	169,264	171,616	1,722,614
Short-term borrowings (Note 9)	133,645	143,457	1,360,116
Commercial paper		12,000	
Notes and accounts payable (Note 14)	92,157	113,161	937,889
Accrued income taxes	3,220	4,289	32,770
Accrued expenses	86,632	79,420	881,661
Other	47,216	43,171	480,521
Total current liabilities	532,134	567,114	5,415,571
COMMITMENTS AND CONTINGENCIES (Note 16)			
EQUITY (Note 11)**:**			
Common stock, authorized, 1,000,000,000 shares; issued, 474,183,951 shares in 2009 and 2008	237,305	237,305	2,415,072
Capital surplus	31,147	31,141	316,986
Retained earnings	775,130	769,542	7,888,561
Unrealized gain on available-for-sale securities	13,099	28,004	133,309
Deferred gain on derivatives under hedge accounting	1,393	3,332	14,177
Foreign currency translation adjustments	(1,341)	(282)	(13,648)
Treasury stock-at cost 1,024,166 shares in 2009 and 1,028,013 shares in 2008	(2,000)	(1,995)	(20,354)
Total	1,054,733	1,067,047	10,734,103
Minority interests	17,642	17,166	179,544
Total equity	1,072,375	1,084,213	10,913,647
TOTAL	¥ 4,110,878	¥ 4,059,775	$ 41,836,739

Consolidated Statements of Income

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
OPERATING REVENUES:			
Electric	¥ 1,398,577	¥ 1,363,424	$ 14,233,432
Other	125,616	118,928	1,278,404
Total operating revenues	1,524,193	1,482,352	15,511,836
OPERATING EXPENSES (Note 12)**:**			
Electric	1,317,216	1,260,616	13,405,414
Other	122,254	116,195	1,244,189
Total operating expenses	1,439,470	1,376,811	14,649,603
OPERATING INCOME	84,723	105,541	862,233
OTHER EXPENSES (INCOME)**:**			
Interest charges	35,771	36,938	364,044
Gain on sales of investment securities	(5,400)	(1,835)	(54,956)
Other-net	(1,507)	(1,934)	(15,337)
Total other expenses-net	28,864	33,169	293,751
INCOME BEFORE INCOME TAXES AND REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND MINORITY INTERESTS	55,859	72,372	568,482
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL		(91)	
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	55,859	72,463	568,482
INCOME TAXES (Note 10)**:**			
Current	14,587	23,830	148,453
Deferred	6,894	6,023	70,161
Total income taxes	21,481	29,853	218,614
INCOME BEFORE MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	34,378	42,610	349,868
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	(386)	(883)	(3,929)
NET INCOME	¥ 33,992	¥ 41,727	$ 345,939

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2. r.)**:**			
Basic net income	¥ 71.84	¥ 88.19	$ 0.73
Cash dividends applicable to the year	60.00	60.00	0.61

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

Thousands of Shares / Millions of Yen

	Common Stock		Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock		Total	Minority Interests	Total Equity
	Shares	Amount						Shares	Amount			
BALANCE AT APRIL 1, 2007	474,184	¥237,305	¥ 31,094	¥756,406	¥ 54,992	¥ 3,865	¥ (184)	999	¥ (1,844)	¥1,081,634	¥10,967	¥1,092,601
Adjustment of retained earnings for inclusion of companies accounted for by the equity method				(290)						(290)		(290)
Adjustment of retained earnings for the merger of a non-consolidated subsidiary with a consolidated subsidiary				106						106		106
Net income				41,727						41,727		41,727
Cash dividends, ¥60 per share				(28,407)						(28,407)		(28,407)
Purchase of treasury stock								131	(391)	(391)		(391)
Disposal of treasury stock			47					(102)	240	287		287
Net change in the year					(26,988)	(533)	(98)			(27,619)	6,199	(21,420)
BALANCE AT MARCH 31, 2008	474,184	237,305	31,141	769,542	28,004	3,332	(282)	1,028	(1,995)	1,067,047	17,166	1,084,213
Net income				33,992						33,992		33,992
Cash dividends, ¥60 per share				(28,404)						(28,404)		(28,404)
Purchase of treasury stock								111	(276)	(276)		(276)
Disposal of treasury stock			6					(115)	271	277		277
Net change in the year					(14,905)	(1,939)	(1,059)			(17,903)	476	(17,427)
BALANCE AT MARCH 31, 2009	**474,184**	**¥237,305**	**¥ 31,147**	**¥775,130**	**¥ 13,099**	**¥ 1,393**	**¥ (1,341)**	**1,024**	**¥ (2,000)**	**¥1,054,733**	**¥17,642**	**¥1,072,375**

Thousands of U.S. Dollars (Note 1)

	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE AT MARCH 31, 2008	$ 2,415,072	$ 316,925	$ 7,831,691	$ 284,999	$ 33,910	$ (2,870)	$ (20,303)	$ 10,859,424	$ 174,699	$ 11,034,123
Net income			345,939					345,939		345,939
Cash dividends, $0.61 per share			(289,069)					(289,069)		(289,069)
Purchase of treasury stock							(2,809)	(2,809)		(2,809)
Disposal of treasury stock		61					2,758	2,819		2,819
Net change in the year				(151,690)	(19,733)	(10,778)		(182,201)	4,845	(177,356)
BALANCE AT MARCH 31, 2009	**$ 2,415,072**	**$ 316,986**	**$ 7,888,561**	**$ 133,309**	**$ 14,177**	**$ (13,648)**	**$ (20,354)**	**$ 10,734,103**	**$ 179,544**	**$ 10,913,647**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 55,859	¥ 72,463	$ 568,482
Adjustments for:			
Income taxes-paid	(15,946)	(31,369)	(162,284)
Depreciation and amortization	252,431	253,370	2,569,011
Reversal of liability for employees' retirement benefits	(12,829)	(28,405)	(130,562)
Provision for (reversal of) reserve for reprocessing of irradiated nuclear fuel	3,611	(8,989)	36,749
Provision for reserve for decommissioning of nuclear power units	8,309	21,357	84,561
Loss on disposal of plant and equipment	9,537	8,050	97,059
Reversal of reserve for fluctuations in water level		(91)	
Gain on sales of investment securities	(5,400)	(1,835)	(54,956)
Changes in assets and liabilities, net of effects from newly consolidated subsidiaries and merger of a non-consolidated subsidiary with a consolidated subsidiary:			
Increase in reserve funds for reprocessing of irradiated nuclear fuel	(31,272)	(34,658)	(318,258)
Decrease (increase) in trade receivables	4,315	(8,055)	43,914
Increase in inventories	(11,366)	(13,194)	(115,673)
Increase (decrease) in trade payables	(23,117)	19,671	(235,263)
Other-net	12,963	19,195	131,926
Total adjustments	191,236	195,047	1,946,224
Net cash provided by operating activities	247,095	267,510	2,514,706
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures including nuclear fuel	(258,530)	(242,220)	(2,631,081)
Payments for investments and advances	(20,064)	(8,165)	(204,193)
Proceeds from sales of investment securities and collections of advances	10,246	7,840	104,274
Proceeds from acquisition of additional interests of subsidiaries which caused initial consolidation, net of cash acquired (Note 13)		3,211	
Other-net	8,514	5,747	86,648
Net cash used in investing activities	(259,834)	(233,587)	(2,644,352)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	204,380	139,452	2,079,992
Repayments of bonds and notes	(100,000)	(127,710)	(1,017,708)
Proceeds from long-term bank loans	61,778	63,784	628,720
Repayments of long-term bank loans	(74,322)	(83,994)	(756,381)
Net increase (decrease) in short-term borrowings	(9,812)	6,067	(99,858)
Net increase (decrease) in commercial paper	(12,000)	5,000	(122,125)
Cash dividends paid	(28,413)	(28,391)	(289,162)
Other-net	479	(579)	4,875
Net cash provided by (used in) financing activities	42,090	(26,371)	428,353
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(40)	(64)	(407)
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,311	7,488	298,300
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES		537	
CASH AND CASH EQUIVALENTS OF A NON-CONSOLIDATED SUBSIDIARY MERGED WITH A CONSOLIDATED SUBSIDIARY	46	70	468
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	58,767	50,672	598,077
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥ 88,124	¥ 58,767	$ 896,845

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and the Electricity Business Act and their related accounting regulations. Especially accounting related to the nuclear power generation is regulated by the above accounting regulations which are dependent on a governmental long term nuclear energy policy. Kyushu Electric Power Company, Incorporated (the "Company") and its domestic consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Companies Act of Japan (the "Companies Act") and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2008 to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2009.

The United States dollar amounts included herein are provided solely for the convenience of readers and are stated at the rate of ¥98.26 = U.S. $1, the approximate exchange rate prevailing on March 31, 2009. The translations should not be construed as representations that the Japanese yen amounts could be converted into United States dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation and Application of the Equity Method — The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its thirty-three (thirty-four for 2008) subsidiaries (together, the "Companies"). All significant intercompany transactions and balances have been eliminated in consolidation. Investments in nineteen (eighteen for 2008) non-consolidated subsidiaries and thirteen (twelve for 2008) affiliated companies are accounted for by the equity method.

The Company adopts the control or influence concept. Under the concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are treated as subsidiaries and those companies over which the Companies have the ability to exercise significant influence are treated as affiliated companies.

The difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of five years.

Consolidation of the remaining subsidiaries and the application of the equity method to the remaining affiliated companies would not have a material effect on the accompanying consolidated financial statements.

b. Property and Depreciation — Property is stated at cost. Contributions in aid of construction including those made by customers are deducted from the cost of the related assets.

Depreciation is principally computed using the declining-balance method based on the estimated useful lives of the assets. Depreciation of easements is computed using the straight-line method based on the estimated useful lives of the transmission lines.

c. Leases — In March 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008.

Lessee

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

Lessor

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Companies applied the revised accounting standard effective April 1, 2008. In addition, the Companies accounted for leases which existed at the transition date and do not transfer ownership of the

leased property to the lessee as operating lease transactions. The effect of this change was immaterial.

All other leases are accounted for as operating leases.

d. Impairment of Fixed Assets — The Companies review their fixed assets including leased property for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

e. Amortization of Nuclear Fuel — Amortization of nuclear fuel is computed based on the proportion of current heat produced to the estimated total potential heat production over the estimated useful life of the nuclear fuel.

f. Investment Securities — Investment securities are classified and accounted for, depending on management's intent, as follows:
i) held-to-maturity debt securities are stated at cost with discounts or premiums amortized throughout the holding periods; ii) available-for-sale securities, which are not classified as the aforementioned securities and investment securities in non-consolidated subsidiaries and affiliated companies, are stated at market value; and securities without market value are stated at cost.

The Companies record unrealized gains or losses on available-for-sale securities, net of deferred taxes, in equity presented as "Unrealized gain on available-for-sale securities."

For other than temporary declines in fair value, investment securities are written down to net realizable value by a charge to income.

g. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

h. Inventories — Prior to April 1, 2008, inventories were stated at cost, principally determined by the average method. In July 2006, the ASBJ issued ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories", which was effective for fiscal years beginning on or after April 1, 2008. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

The Companies applied the new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was immaterial.

i. Foreign Currency Transactions — Receivables and payables denominated in foreign currencies are translated into Japanese yen at the rates in effect as of the each balance sheet date.

j. Foreign Currency Financial Statements — The balance sheet accounts of foreign subsidiaries and foreign affiliated companies, which are not consolidated but accounted for by the equity method, are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity.

k. Derivatives and Hedging Activities — The accounting standard for derivative financial instruments and the accounting standard for foreign currency transactions require that: a) all derivatives are recognized as either assets or liabilities and measured at market value, and gains or losses on the derivatives are recognized in the income statement and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturities of the hedged transactions.

The long-term debt denominated in foreign currencies for which the foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate, since such treatment is also allowed to be incorporated under the standards if the forward contracts qualify for hedge accounting.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized in interest charges, which treatment is also allowed under the standards.

l. Severance Payments and Pension Plans — The Companies have unfunded retirement plans for most of their employees and the Company and most of the consolidated subsidiaries also have contributory funded defined benefit pension plans covering substantially all of their employees.

Under the accounting standard for employees' retirement benefits, the amount of the liability for employees' retirement benefits is determined based on the projected benefit obligations and plan assets of the pension fund at the end of the fiscal year.

m. Reserve for Reprocessing of Irradiated Nuclear Fuel — This reserve is provided for reprocessing costs of irradiated nuclear fuel. The annual provision is calculated in accordance with the accounting regulations set by the Japanese Government applicable to electric utility providers in Japan.

n. Reserve for Decommissioning of Nuclear Power Units — Provision is made for future disposition costs of nuclear power units based on a proportion of the current generation of electric power to the estimated total life-time generation of electric power of each unit.

o. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

p. Reserve for Fluctuations in Water Level — This reserve is provided to stabilize the Company's income level based on the Electricity Business Act and related accounting regulations. This reserve is recorded when the volume of water for generating hydroelectric power is abundant and available for future power generation, and reversed in years when there is an insufficient volume of water. Also this reserve must be shown as a liability under the act and regulations.

q. Treasury Stock — The accounting standard for treasury stock requires that where an affiliated company holds a parent company's stock, a portion which is equivalent to the parent company's interest in such stock should be presented as treasury stock as a separate component of equity and the carrying value of the investment in the affiliated company should be reduced by the same amount.

r. Net Income and Cash Dividends per Share — Basic earnings per share ("EPS") is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the year and diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock.

Diluted EPS is not disclosed for the years ended March 31, 2009 and 2008, because potentially dilutive securities were not outstanding.

Cash dividends per share represent actual amounts applicable to earnings of the respective years.

s. Research and Development Costs — Research and development costs are charged to income as incurred.

t. New Accounting Pronouncements

Construction Contracts — Under the current Japanese GAAP, either the completed-contract method or the percentage-of-completion method is permitted to account for construction contracts. In December 2007, the ASBJ Issued a new accounting standard for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method shall be applied. When it is probable that total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations — On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

3. PROPERTY

The breakdown of property as of March 31, 2009 and 2008 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Costs:			
Electric power production facilities:			
Hydroelectric power	¥ 732,466	¥ 715,625	$ 7,454,366
Thermal power	1,555,441	1,550,562	15,829,849
Nuclear power	1,552,174	1,528,525	15,796,601
Internal-combustion engine power	125,791	122,557	1,280,185
	3,965,872	3,917,269	40,361,001
Transmission facilities	1,604,431	1,587,215	16,328,425
Transformation facilities	948,069	944,115	9,648,575
Distribution facilities	1,314,803	1,301,461	13,380,857
General facilities	373,580	365,862	3,801,954
Other electricity-related facilities	64,561	64,559	657,042
Other plant and equipment	852,364	786,520	8,674,578
Construction in progress	212,169	229,449	2,159,261
Total	9,335,849	9,196,450	95,011,693
Less contributions in aid of construction	148,728	143,095	1,513,617
Less accumulated depreciation	6,106,674	5,944,062	62,148,117
Carrying amount	¥ 3,080,447	¥ 3,109,293	$ 31,349,959

4. INVESTMENT SECURITIES

The carrying amounts and aggregate fair values of investment securities at March 31, 2009 and 2008 were as follows:

	Millions of Yen			
March 31, 2009	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 14,460	¥ 22,666	¥ 1,183	¥ 35,943
Debt securities	2,319		957	1,362
Other securities	557	2	64	495
Held-to-maturity	5,835	14	1,047	4,802
March 31, 2008				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 14,476	¥ 45,845	¥ 208	¥ 60,113
Debt securities	500		107	393
Other securities	571	30	28	573
Held-to-maturity	6,799	22	930	5,891

	Thousands of U.S. Dollars			
March 31, 2009	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 147,160	$ 230,674	$ 12,039	$ 365,795
Debt securities	23,601		9,740	13,861
Other securities	5,669	20	651	5,038
Held-to-maturity	59,383	142	10,655	48,870

Available-for-sale securities and held-to-maturity debt securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Available-for-sale:			
Equity securities	¥ 35,924	¥ 37,408	$ 365,602
Other securities	2,091	2,395	21,280
Held-to-maturity	1,338	1,598	13,617
Total	¥ 39,353	¥ 41,401	$ 400,499

5. PLEDGED ASSETS

All of the Company's assets amounting to ¥3,834,125 million ($39,020,202 thousand) are subject to certain statutory preferential rights established to secure bonds and loans borrowed from The Development Bank of Japan Inc. and bonds transferred to banks under debt assumption agreements (see Note 16).

Certain assets of the consolidated subsidiaries, amounting to ¥79,951 million ($813,668 thousand), are pledged as collateral for a portion of their long-term debt at March 31, 2009.

Investments in affiliated companies held by a consolidated subsidiary, amounting to ¥21,298 million ($216,751 thousand), are pledged as collateral for bank loans of the affiliated companies at March 31, 2009.

6. LONG-TERM DEBT

Long-term debt consisted of the following at March 31, 2009 and 2008:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Yen bonds, 0.3% to 3.65%, due serially to 2024	¥ 1,252,486	¥ 1,147,458	$ 12,746,652
Swiss franc bonds, 2.625%, due 2014	18,965	18,990	193,008
Loans from The Development Bank of Japan Inc., 0.69% to 6.1%, due serially to 2028	202,521	228,170	2,061,073
Loans, principally from banks and insurance companies, 0.25% to 5.79%, due serially to 2025			
Collateralized	34,392	27,335	350,010
Unsecured	468,603	462,612	4,769,011
Obligations under finance leases	4,041		41,126
Total	1,981,008	1,884,565	20,160,880
Less current portion	169,264	171,616	1,722,614
Long-term debt, less current portion	¥ 1,811,744	¥ 1,712,949	$ 18,438,266

The annual maturities of long-term debt outstanding at March 31, 2009 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 169,264	$ 1,722,614
2011	172,709	1,757,674
2012	226,115	2,301,191
2013	176,508	1,796,336
2014	217,295	2,211,429
Thereafter	1,019,117	10,371,636
Total	¥ 1,981,008	$ 20,160,880

7. SEVERANCE PAYMENTS AND PENSION PLANS

Employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled, under most circumstances, to severance payments based on credits earned in each year of service, length of service and certain other factors. As for the Company, if the termination is made voluntarily at one of a number of specified ages, the employee is entitled to certain additional payments.

Additionally, the Company and most of the consolidated subsidiaries have contributory funded defined benefit pension plans covering substantially all of their employees. In general, eligible employees retiring at the mandatory retirement age receive pension payments for the several fixed terms selected by them. As for the Company, eligible employees retiring after at least 20 years of service but before the mandatory retirement age, receive a lump-sum payment upon retirement and annuities.

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the followings:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligation	¥ 489,060	¥ 490,083	$ 4,977,203
Fair value of plan assets	(286,661)	(345,837)	(2,917,372)
Unrecognized actuarial loss	(75,519)	(1,582)	(768,563)
Unrecognized prior service cost (deduction of liability)	911	7,849	9,271
Prepaid pension cost	9,893		100,682
Net liability	¥ 137,684	¥ 150,513	$ 1,401,221

The components of net periodic benefit costs for the years ended March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service Cost	¥ 15,273	¥ 15,435	$ 155,435
Interest Cost	9,624	9,715	97,944
Expected return on plan assets	(10,453)	(14,699)	(106,381)
Recognized actuarial gain	(9,437)	(3,705)	(96,041)
Amortization of prior service cost	(7,859)	(7,761)	(79,982)
Net periodic benefit costs	¥ (2,852)	¥ (1,015)	$ (29,025)

Assumptions for actuarial computations for the years ended March 31, 2009 and 2008 are as follows:

	2009	2008
Discount rate	2.0%	mainly 2.0%
Expected rate of return on plan assets	mainly 3.0%	mainly 4.0%
Recognition period of actuarial gain / loss	mainly 5 years	mainly 5 years
Amortization period of prior service cost	mainly 5 years	mainly 5 years

8. RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL

The reserve is provided for reprocessing costs of irradiated nuclear fuel. The annual provision is calculated in accordance with the accounting regulations set by the Japanese Government applicable to electric utility providers in Japan.

The reserve is consisted of three portions and each of them is calculated in different ways. (a) The costs reprocessed in Japan Nuclear Fuel Limited are calculated based on the expected future cash flows discounted at 1.5% and 1.6% at March 31, 2009 and 2008, respectively, (b) the costs reprocessed in the other reprocessing companies are calculated based on the quantities to be reprocessed as of each balance sheet date and contracted reprocessing rate, (c) the costs of irradiated nuclear fuels which have no authorized definite reprocessing plan are calculated based on the expected future cash flows discounted at 4.0%.

As of April 1, 2005, unrecognized prior costs of ¥130,495 million, which had not been recognized in the past as liability, were incurred

because new accounting regulations to estimate the reprocessing costs for irradiated nuclear fuel were applicable on or after April 1, 2005. These costs were amortized on a straight-line basis over 15 years. The Company recalculated an estimate in accordance with a specific law. As a result, the unrecognized prior costs as of April 1, 2008 were changed from ¥104,397 million to ¥90,977 million, and these costs are amortized over 12 years, beginning on April 1, 2008. The effect of this treatment was immaterial. The balance of unrecognized past costs as of March 31, 2009 was ¥83,396 million ($848,728 thousand). The Company is permitted to recover these reprocessing costs by including them in the admitted cost elements for electric rate.

In addition, if any changes are made in the assumptions for the calculations of the reserve, such as expected future cash flows and the discount rate, unrecognized difference might be incurred. The balance of unrecognized difference as of March 31, 2009 is a loss of ¥12,337 million ($125,555 thousand). In accordance with the accounting regulations, the difference will be amortized on a straight-line basis beginning the following year the change was made, over the period in which the irradiated nuclear fuel was produced. The annual amortization is treated as operating expenses.

An independent fund managing body was set up based on a specific law and the Company is obliged to contribute the same amounts as the balance of reserve for reprocessing of irradiated nuclear fuel to reserve funds in 15 years. The reserve funds is presented as "Reserve funds for reprocessing of irradiated nuclear fuel."

9. SHORT-TERM BORROWINGS

Short-term borrowings are generally represented by bank loans, bearing interest at rates ranging from 0.57% to 1.88% and from 0.84818% to 2.13% at March 31, 2009 and 2008, respectively.

10. INCOME TAXES

The Companies are subject to several income taxes. The aggregate normal statutory tax rates for the Company approximated 36.1% for 2009 and 2008.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred Tax Assets:			
Pension and severance costs	¥ 46,735	¥ 54,918	$ 475,626
Depreciation	33,245	32,511	338,337
Reserve for reprocessing of irradiated nuclear fuel	19,247	16,036	195,878
Reserve for decommissioning of nuclear power units	15,025	15,025	152,911
Unrealized profits arising from the elimination of intercompany transactions in consolidation	9,381	8,845	95,471
Tax loss carryforwards	7,508	9,801	76,410
Accrued bonus to employees	7,472	7,307	76,043
Deferred charges	5,981	6,070	60,869
Other	27,923	28,990	284,175
Less valuation allowance	(28,405)	(28,250)	(289,080)
Deferred tax assets	¥ 144,112	¥ 151,253	$ 1,466,640
Deferred Tax Liabilities:			
Unrealized gain on available-for-sale securities	¥ 7,611	¥ 16,434	$ 77,458
Deferred gain on derivatives under hedge accounting	1,049	2,240	10,676
Other	1,431	1,516	14,563
Deferred tax liabilities	¥ 10,091	¥ 20,190	$ 102,697
Net deferred tax assets	¥ 134,021	¥ 131,063	$ 1,363,943

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2009 and 2008 is as follows:

	2009	2008
Normal effective statutory tax rate	36.1%	36.1%
Expenses not deductible for income tax purposes	2.9	2.3
Increase in valuation allowance	2.6	3.2
Income not taxable for income tax purposes	(1.8)	(0.5)
Tax credit for R&D	(1.5)	(1.1)
Other-net	0.2	1.2
Actual effective tax rate	38.5%	41.2%

11. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥10,292 million ($104,743 thousand) and ¥9,792 million for the years ended March 31, 2009 and 2008, respectively.

13. ADDITIONAL CASH FLOW INFORMATION

The Companies acquired a majority ownership share of three affiliated companies in the year ended March 31, 2008. Assets acquired and liabilities assumed in acquisition were as follows:

	Millions of Yen
Assets acquired	¥ 21,170
Liabilities assumed	(9,087)
Negative goodwill	(691)
Minority interests in consolidated subsidiaries	(5,822)
Total	5,570
The Companies' interests in subsidiaries prior to the acquisition of additional interests	(4,007)
Cash paid for the capital	1,563
Cash and cash equivalents held by subsidiaries	4,774
Net proceeds	¥ 3,211

14. RELATED PARTY DISCLOSURES

Significant transactions of the Company with an affiliated company for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
KYUDENKO CORPORATION			
Transactions: Purchase of construction works on distribution facilities and other	¥ 44,584	¥ 47,881	$ 453,735
Balances at year end: Payables for construction works	4,845	5,539	49,308

15. DERIVATIVES

The Company enters into foreign exchange forward contracts, currency swaps, interest rate swaps, energy swap agreements and weather derivatives to manage its exposures to fluctuations in foreign exchanges, interest rates, fuel price and electric operating revenues, respectively.

A consolidated subsidiary of the Company enters into interest rate swaps to manage exposure to fluctuations in interest rates.

The Companies do not enter into derivatives for trading or speculative purposes.

Foreign exchange forward contracts, currency swaps, interest rate swaps and energy swap agreements are subject to market risk which is the exposure created by potential fluctuations in market conditions.

Weather derivatives are subject to electric power business risk which is the exposure created by potential fluctuations in summer temperature changes.

The Companies do not anticipate any losses arising from credit risk which is the possibility that a loss may result from counterparties' failure to perform according to the terms and conditions of the contract, because the counterparties to those derivatives have high credit ratings.

The derivative transactions are executed by the specific sections and administrative section monitors them based on internal policies.

16. COMMITMENTS AND CONTINGENCIES

At March 31, 2009, the Companies had a number of fuel purchase commitments, most of which specify quantities and dates for fuel deliveries. However, most of purchase prices are contingent upon fluctuations in market prices.

Contingent liabilities as of March 31, 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans, mainly in connection with procurement of fuel	¥ 101,983	$ 1,037,889
Guarantees of employees' loans	78,952	803,501
Guarantees under debt assumption agreements	70,000	712,396
Other	9,102	92,632

Under the debt assumption agreements, the Company was contingently liable for the redemption of the domestic bonds transferred to banks.

17. SEGMENT INFORMATION

Information by business segments for the years ended March 31, 2009 and 2008 is as follows:

Business Segments

	Millions of Yen					
	2009					
	Electric Power	Energy-related Business	IT and telecommunications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 1,398,577	¥ 60,462	¥ 55,751	¥ 9,403		¥ 1,524,193
Intersegment sales	2,215	96,738	36,994	15,025	¥ (150,972)	
Total sales	1,400,792	157,200	92,745	24,428	(150,972)	1,524,193
Operating expenses	1,326,654	149,602	91,962	22,777	(151,525)	1,439,470
Operating income	¥ 74,138	¥ 7,598	¥ 783	¥ 1,651	¥ 553	¥ 84,723
Total assets	¥ 3,705,355	¥ 284,830	¥ 141,956	¥ 136,576	¥ (157,839)	¥ 4,110,878
Depreciation	216,706	12,028	21,238	5,400	(2,941)	252,431
Impairment loss	501	68				569
Capital expenditures	223,954	20,202	22,209	3,716	(4,558)	265,523

	Millions of Yen					
	2008					
	Electric Power	Energy-related Business	IT and telecommunications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 1,363,424	¥ 56,606	¥ 52,803	¥ 9,519		¥ 1,482,352
Intersegment sales	2,277	90,432	35,601	15,325	¥ (143,635)	
Total sales	1,365,701	147,038	88,404	24,844	(143,635)	1,482,352
Operating expenses	1,271,380	138,458	90,089	21,369	(144,485)	1,376,811
Operating income (loss)	¥ 94,321	¥ 8,580	¥ (1,685)	¥ 3,475	¥ 850	¥ 105,541
Total assets	¥ 3,669,928	¥ 265,322	¥ 142,912	¥ 141,674	¥ (160,061)	¥ 4,059,775
Depreciation	219,754	11,183	20,264	5,023	(2,854)	253,370
Impairment loss	1,227	287		233		1,747
Capital expenditures	201,953	17,730	24,704	6,806	(3,140)	248,053

	Thousands of U.S. Dollars					
	2009					
	Electric Power	Energy-related Business	IT and telecommunications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$ 14,233,432	$ 615,327	$ 567,382	$ 95,695		$ 15,511,836
Intersegment sales	22,542	984,510	376,491	152,911	$ (1,536,454)	
Total sales	14,255,974	1,599,837	943,873	248,606	(1,536,454)	15,511,836
Operating expenses	13,501,465	1,522,512	935,904	231,804	(1,542,082)	14,649,603
Operating income	$ 754,509	$ 77,325	$ 7,969	$ 16,802	$ 5,628	$ 862,233
Total assets	$ 37,709,699	$ 2,898,738	$ 1,444,697	$ 1,389,945	$ (1,606,340)	$ 41,836,739
Depreciation	2,205,435	122,410	216,141	54,956	(29,931)	2,569,011
Impairment loss	5,099	692				5,791
Capital expenditures	2,279,198	205,597	226,023	37,818	(46,387)	2,702,249

Energy related business consisted of obtaining, storing, gasifying and supplying LNG, heat supply business, distributed generation business, energy consulting and other businesses related to energy.

IT and telecommunications consisted of providing telephone lines and wirelines.

Other consisted of environment and recycling, lifestyle-oriented services and others.

Geographic segment information is not disclosed because the Companies' overseas operations are immaterial.

Information for overseas sales is not disclosed due to overseas sales being immaterial compared with consolidated net sales.

18. SUBSEQUENT EVENT

At the general shareholders meeting held on June 26, 2009, the Company's shareholders approved the following appropriation of retained earnings as of March 31, 2009:

Appropriations of Retained Earnings

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥30.00 ($0.31) per share	¥ 14,203	$ 144,545

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Kyushu Electric Power Company, Incorporated:

We have audited the accompanying consolidated balance sheets of Kyushu Electric Power Company, Incorporated (the "Company") and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kyushu Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 26, 2009

Member of
Deloitte Touche Tohmatsu

Non-consolidated Five-Year Financial Summary

Kyushu Electric Power Company, Incorporated
Years Ended March 31, 2009 and 2008 (Unaudited)

	Millions of Yen (except for per share data)					Thousands of U.S. Dollars (except for per share data)
	2009	2008	2007	2006	2005	2009
For the Year:						
Operating revenues	¥ 1,430,162	¥ 1,392,060	¥ 1,333,038	¥ 1,329,435	¥ 1,333,161	$ 14,554,875
Electric	1,400,792	1,365,701	1,310,170	1,314,394	1,322,996	14,255,974
Other	29,370	26,359	22,868	15,041	10,165	298,901
Electric operating expenses	1,326,654	1,271,380	1,165,874	1,151,486	1,117,674	13,501,465
Personnel	136,794	138,313	144,806	178,455	185,902	1,392,164
Fuel	305,600	279,930	211,318	179,745	143,221	3,110,116
Purchased power	149,940	123,276	112,603	113,252	105,553	1,525,952
Depreciation	195,232	197,343	189,004	199,587	210,386	1,986,892
Maintenance	197,807	184,938	170,789	157,370	158,704	2,013,098
Reprocessing costs of irradiated nuclear fuel	34,167	41,579	49,859	31,080	26,628	347,720
Decommissioning costs of nuclear power units	8,309	21,357	6,546	9,121	5,009	84,561
Disposal cost of high-level radioactive waste	8,669	9,125	8,822	8,041	7,727	88,225
Disposition of property	22,877	16,329	17,866	16,407	14,856	232,821
Taxes other than income taxes	88,453	87,107	87,216	89,259	91,846	900,193
Subcontract fee	74,835	70,721	65,657	64,896	66,779	761,602
Rent	35,760	36,547	36,515	36,316	36,463	363,932
Other	68,211	64,815	64,873	67,957	64,600	694,189
Interest charges	33,444	34,426	35,800	38,445	46,521	340,362
Income before income taxes	44,165	60,162	100,085	108,815	143,567	449,471
Net income	26,917	35,683	59,237	69,137	89,385	273,937
Per share of common stock (yen and U.S. dollars):						
Basic net income	¥ 56.85	¥ 75.37	¥ 125.07	¥ 145.64	¥ 188.33	$ 0.58
Cash dividends applicable to the year	60.00	60.00	60.00	60.00	60.00	0.61
At year-end:						
Total assets	¥ 3,834,125	¥ 3,784,701	¥ 3,790,112	¥ 3,857,317	¥ 3,806,568	$ 39,020,202
Net property	2,847,639	2,878,537	2,926,322	3,000,958	3,076,207	28,980,653
Long-term debt, less current portion	1,715,780	1,620,563	1,595,429	1,638,092	1,635,720	17,461,632
Total equity	981,540	999,679	1,018,804	995,662	929,356	9,989,212

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥98.26 = U.S. $1, the approximate rate of exchange at March 31, 2009.)

Non-consolidated Balance Sheets

Kyushu Electric Power Company, Incorporated
March 31, 2009 and 2008 (Unaudited)

	Millions of Yen		Thousands of U.S. Dollars
ASSETS	2009	2008	2009
PROPERTY:			
Plant and equipment	¥ 8,516,921	¥ 8,418,655	$ 86,677,397
Construction in progress	211,662	207,352	2,154,101
Total	8,728,583	8,626,007	88,831,498
Less-			
Contributions in aid of construction	140,908	138,168	1,434,032
Accumulated depreciation	5,740,036	5,609,302	58,416,813
Total	5,880,944	5,747,470	59,850,845
Net property	2,847,639	2,878,537	28,980,653
NUCLEAR FUEL	264,205	250,845	2,688,836
INVESTMENTS AND OTHER ASSETS:			
Investment securities	73,029	97,336	743,222
Investments in and advances to subsidiaries and affiliated companies	130,327	115,607	1,326,349
Reserve funds for reprocessing of irradiated nuclear fuel	136,012	104,740	1,384,205
Deferred tax assets	100,101	97,747	1,018,736
Other assets	31,185	25,094	317,372
Total investments and other assets	470,654	440,524	4,789,884
CURRENT ASSETS:			
Cash and cash equivalents	70,074	40,752	713,149
Receivables	105,426	105,682	1,072,929
Allowance for doubtful accounts	(782)	(947)	(7,958)
Fuel and supplies	51,800	42,882	527,173
Deferred tax assets	12,163	12,006	123,784
Prepaid expenses and other	12,946	14,420	131,752
Total current assets	251,627	214,795	2,560,829
TOTAL	¥ 3,834,125	¥ 3,784,701	$ 39,020,202

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥98.26 = U.S. $1, the approximate rate of exchange at March 31, 2009.)

LIABILITIES AND EQUITY	Millions of Yen 2009	2008	Thousands of U.S. Dollars 2009
LONG-TERM LIABILITIES:			
Long-term debt, less current portion	¥ 1,715,780	¥ 1,620,563	$ 17,461,632
Liability for employees' retirement benefits	120,665	133,391	1,228,018
Reserve for reprocessing of irradiated nuclear fuel	366,437	362,826	3,729,259
Reserve for decommissioning of nuclear power units	155,838	147,529	1,585,976
Other	17,409	17,531	177,173
Total long-term liabilities	2,376,129	2,281,840	24,182,058
CURRENT LIABILITIES:			
Current portion of long-term debt	148,460	150,351	1,510,890
Short-term borrowings	129,000	133,000	1,312,843
Commercial paper		12,000	
Accounts payable	69,939	88,880	711,775
Accrued income taxes	1,066	88	10,849
Accrued expenses	97,467	91,708	991,930
Other	30,524	27,155	310,645
Total current liabilities	476,456	503,182	4,848,932
EQUITY:			
Common stock, authorized, 1,000,000,000 shares; issued, 474,183,951 shares in 2009 and 2008	237,305	237,305	2,415,072
Capital surplus:			
Additional paid-in capital	31,087	31,087	316,375
Other capital surplus	36	47	366
Retained earnings:			
Legal reserve	59,326	59,326	603,765
Retained earnings - carryforward	640,948	642,439	6,522,980
Unrealized gain on available-for-sale securities	13,122	27,744	133,544
Deferred gain on derivatives under hedge accounting	1,520	3,454	15,469
Treasury stock-at cost 749,232 shares in 2009 and 710,366 shares in 2008	(1,804)	(1,723)	(18,359)
Total equity	981,540	999,679	9,989,212
TOTAL	¥ 3,834,125	¥ 3,784,701	$ 39,020,202

Non-consolidated Statements of Income

Kyushu Electric Power Company, Incorporated
Years Ended March 31, 2009 and 2008 (Unaudited)

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
OPERATING REVENUES:			
Electric	¥ 1,400,792	¥ 1,365,701	$ 14,255,974
Other	29,370	26,359	298,901
Total operating revenues	1,430,162	1,392,060	14,554,875
OPERATING EXPENSES:			
Electric:			
Personnel	136,794	138,313	1,392,164
Fuel	305,600	279,930	3,110,116
Purchased power	149,940	123,276	1,525,952
Depreciation	195,232	197,343	1,986,892
Maintenance	197,807	184,938	2,013,098
Reprocessing costs of irradiated nuclear fuel	34,167	41,579	347,720
Decommissioning costs of nuclear power units	8,309	21,357	84,561
Disposal cost of high-level radioactive waste	8,669	9,125	88,225
Disposition of property	22,877	16,329	232,821
Taxes other than income taxes	88,453	87,107	900,193
Subcontract fee	74,835	70,721	761,602
Rent	35,760	36,547	363,932
Other	68,211	64,815	694,189
Total	1,326,654	1,271,380	13,501,465
Other	28,691	26,718	291,991
Total operating expenses	1,355,345	1,298,098	13,793,456
OPERATING INCOME	74,817	93,962	761,419
OTHER EXPENSES (INCOME):			
Interest charges	33,444	34,426	340,362
Gain on sales of investment securities	(5,400)	(1,835)	(54,956)
Other-net	2,608	1,300	26,542
Total other expenses-net	30,652	33,891	311,948
INCOME BEFORE INCOME TAXES AND REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL	44,165	60,071	449,471
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL		(91)	
INCOME BEFORE INCOME TAXES	44,165	60,162	449,471
INCOME TAXES:			
Current	10,406	17,838	105,903
Deferred	6,842	6,641	69,631
Total income taxes	17,248	24,479	175,534
NET INCOME	¥ 26,917	¥ 35,683	$ 273,937

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Basic net income	¥ 56.85	¥ 75.37	$ 0.58
Cash dividends applicable to the year	60.00	60.00	0.61

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥98.26 = U.S. $1, the approximate rate of exchange at March 31, 2009.)

Overview of Power Generation Facilities

(As of March 31, 2009)

Nuclear Power Stations (two facilities/maximum output 5,258,000 kW)

Station name	Maximum output (kW)	Operation commencement date	System	Location
Genkai	3,478,000 (559,000×2 1,180,000×2)	Oct. 1975	Pressurized water reactor	Genkai-cho, Higashi Matsuura-gun, Saga Prefecture
Sendai	1,780,000 (890,000×2)	Jul. 1984	Pressurized water reactor	Satsumasendai-shi, Kagoshima Prefecture

Thermal Power Stations (10 facilities/maximum output 11,180,000 kW)

Station name	Maximum output (kW)	Operation commencement date	Main fuel	Location
Shin Kokura	1,800,000 (600,000×3)	Oct. 1961	LNG	Kokura Kita-ku, Kitakyushu-shi, Fukuoka Prefecture
Karita	735,000 (375,000×1 360,000×1)	Mar. 1956	Coal/heavy oil	Kanda-machi, Miyako-gun, Fukuoka Prefecture
Buzen	1,000,000 (500,000×2)	Dec. 1977	Heavy oil/crude oil	Buzen-shi, Fukuoka Prefecture
Karatsu	875,000 (375,000×1 500,000×1)	Jul. 1971	Heavy oil/crude oil	Karatsu-shi, Saga Prefecture
Matsuura	700,000	Jun. 1989	Coal	Matsuura-shi, Nagasaki Prefecture
Ainoura	875,000 (375,000×1 500,000×1)	Apr. 1973	Heavy oil/crude oil	Sasebo-shi, Nagasaki Prefecture
Oita	500,000 (250,000×2)	Jul. 1969	Heavy oil	Oita-shi, Oita Prefecture
Shin Oita	2,295,000 (115,000×6 217,500×4 245,000×3)	Jun. 1991	LNG	Oita-shi, Oita Prefecture
Reihoku	1,400,000 (700,000×2)	Dec. 1995	Coal	Reihoku-machi, Amakusa-gun, Kumamoto Prefecture
Sendai	1,000,000 (500,000×2)	Jul. 1974	Heavy oil/crude oil	Satsumasendai-shi, Kagoshima Prefecture

Hydroelectric Power Stations (139 facilities/maximum output 2,977,096 kW)

Station name	Maximum output (kW)	Operation commencement date	System	Location
Tenzan	600,000	Dec. 1986	Dam and conduit system (pure pumped-storage)	Karatsu-shi, Saga Prefecture
Yanagimata	63,800	Jun. 1973	Dam and conduit system	Hita-shi, Oita Prefecture
Matsubara	50,600	Aug. 1971	Dam system	Hita-shi, Oita Prefecture
Ohira	500,000	Dec. 1975	Dam and conduit system (pure pumped-storage)	Yatsushiro-shi, Kumamoto Prefecture
Iwayado	51,100	Jan. 1942	Dam and conduit system	Shiiba-son, Higashi Usuki-gun, Miyazaki Prefecture
Kamishiiba	91,600	May 1955	Dam and conduit system	Shiiba-son, Higashi Usuki-gun, Miyazaki Prefecture
Tsukabaru	63,090	Oct. 1938	Dam and conduit system	Morotsuka-son, Higashi Usuki-gun, Miyazaki Prefecture
Morotsuka	50,000	Feb. 1961	Dam and conduit system	Morotsuka-son, Higashi Usuki-gun, Miyazaki Prefecture
Omarugawa	600,000	Jul. 2007	Dam and conduit system (pure pumped-storage)	Kijo-cho, Koyu-gun, Miyazaki Prefecture
Hitotsuse	180,000	Jun. 1963	Dam and conduit system	Saito-shi, Miyazaki Prefecture
Oyodogawa Daiichi	55,500	Jan. 1926	Dam system	Miyakonojo-shi, Miyazaki Prefecture
Oyodogawa Daini	71,300	Mar. 1932	Dam and conduit system	Miyazaki-shi, Miyazaki Prefecture

*with outputs of 50,000 kW or higher

Geothermal Power Stations (6 facilities/maximum output 209,500 kW)

Station name	Maximum output (kW)	Operation commencement date	Location
Takigami	25,000	Nov. 1996	Kokonoe-machi, Kusu-gun, Oita Prefecture
Otake	12,500	Aug. 1967	Kokonoe-machi, Kusu-gun, Oita Prefecture
Hatchoubaru	110,000 (55,000×2)	Jun. 1977	Kokonoe-machi, Kusu-gun, Oita Prefecture
Hatchoubaru Binary	2,000	Apr. 2006	Kokonoe-machi, Kusu-gun, Oita Prefecture
Ogiri	30,000	Mar. 1996	Kirishima-shi, Kagoshima Prefecture
Yamagawa	30,000	Mar. 1995	Ibusuki-shi, Kagoshima Prefecture

Wind Power Stations (two facilities/maximum output total 3,250 kW)

Station name	Maximum output (kW)	Operation commencement date	Location
Koshikijima wind power	250	Mar. 2003	Satsumasendai-shi, Kagoshima Prefecture
Noma-misaki wind park	3,000	Mar. 2003	Minami satsuma-shi, Kagoshima Prefecture

Internal Combustion Power Stations (34 facilities/maximum output 395,270 kW) *including gas turbines

Station name	Maximum output (kW)	Operation commencement date	Location
Shinarikawa	60,000 (10,000×6)	Jun. 1982	Shinkamigotou-chou, Minami matsuura-gun, Nagasaki Prefecture
Tatsugo	60,000 (10,000×6)	Jun. 1980	Tatsugo-chou, Ooshima-gun, Kagoshima Prefecture

*with outputs of 50,000 kW or higher

Major Subsidiaries and Affiliated Companies

(As of March 31, 2009)

Major Consolidated Subsidiaries

Company Name	Capital (Millions of yen)	Equity Ownership (%)	Business
Energy Business in Kyushu			
Oita Liquefied Natural Gas Co., Inc.	7,500	90.0	Receipt, storage, vaporization and delivery of LNG
Kitakyushu Liquefied Natural Gas Co., Inc.	4,000	75.0	Receipt, storage, vaporization and delivery of LNG
Pacific Hope Shipping Limited	4,071	60.0	Purchasing, operating, chartering and renting of LNG carriers
Nishinippon Environmental Energy Co., Inc.	1,010	100.0	Distributed power system business and consultation about energy efficiency
Nagashima Windhill Co., Ltd.	490	86.0	Sales of electricity generated by wind power
Fukuoka Energy Service Co., Inc.	490	80.0	Heat supply business
KYUKI CORPORATION	305	67.0	Manufacture and sales of electric machinery
NISHI NIPPON AIRLINES CO., LTD.	360	54.7	Air cargo transportation
Nishinippon Plant Engineering and Construction Co., Ltd.	150	85.0	Construction, maintenance and repair of power generation facilities
Kyushu Kouatsu Concrete Industries Co., Ltd.	240	51.3	Manufacture and sales of concrete poles
Kyuden Sangyo Co., Inc.	117	100.0	Environmental preservation work at power stations
Miyazaki Biomass Recycle Co., Inc.	100	42.0	Power-generation activities using poultry dung fuel
West Japan Engineering Consultants, Inc.	40	100.0	Consultation and planning of civil engineering and construction
Kyushu Meter & Relay Engineering Corporation	22	98.6	Repair and maintenance of electronic instruments
Koyo Denki Kogyo Co., Ltd.	20	95.9	Manufacture and sales of HV and LV insulators and other items
Nishigi Kogyo, Co., Inc.	20	69.0	Conduit maintenance for hydroelectric power stations
Energy Business Overseas			
Kyuden International Corporation	10,600	100.0	Acquisition and holding of securities of overseas electric companies
IT and Telecommunications			
Kyushu Telecommunication Network Co., Inc.	22,020	96.8	Fiber-optic cable and broadband services
Kyuden Infocom Company, Inc.	480	100.0	IT-related planning and consultation, and data center business
Nishimu Electronics Industries, Co., Ltd.	300	100.0	Manufacture, sales, installation and maintenance of telecomunication devices
Kyuden Business Solutions Co., Inc.	100	100.0	Development, operation and maintenance of information systems
RKK Computer Service Co., Inc.	100	61.3	Development and sales of computer softwares
Lifestyle-oriented Services			
Capital Kyuden Corporation	600	92.5	Acquiring and owning of securities, loans to group companies
Kyushu Rinsan Co.	490	100.0	Greening construction at power stations and other facilities
DENKI BLDG. CO., Ltd.	495	89.9	Leasing and management of real estate
Kyuden Good Life Company, Inc.	300	100.0	Paid elderly nursing home management and nursing services
Kyuden Good Life Kumamoto Company, Inc.	200	100.0	Paid elderly nursing home management and nursing services
Kyuden Business Front Inc.	100	100.0	Temporary staffing and job-placement services
Kyuden Good Life Fukuoka Josui Company, Inc.	100	100.0	Paid elderly nursing home management and nursing services
Kyuden Good Life Kagoshima Company, Inc.	100	90.0	Paid elderly nursing home management and nursing services
Kyuden Good Life Higashifukuoka Company, Inc.	100	70.0	Paid elderly nursing home management and nursing services
Kyuden Fudousan Co., Ltd.	32	98.1	Leasing of real estate and site management
Kyuden Office Partner Co., Inc.	30	100.0	Clerical work acceptance on trust and consulting business

Major Non-consolidated Subsidiaries and Affiliated Companies Accounted for under Equity Method

Company Name	Capital (Millions of yen)	Equity Ownership (%)	Business
Energy Business in Kyushu			
Tobata Co-operative Thermal Power Co., Inc.	9,000	50.0	Wholesale electricity supply
Fukuoka Clean Energy Co., Ltd.	5,000	49.0	Waste incineration and power generation business
Kyudenko Corporation	7,901	30.5	Electric work
Oita Co-operative Thermal Power Co., Inc.	4,000	50.0	Wholesale electricity supply
KYUSYU CRYOGENICS CO., LTD.	450	50.0	Manufacture and sales of liquid oxygen, liquid nitrogen and liquid argon
Kyuhen Co., Ltd.	225	35.9	Manufacture and sales of electrical equipment
Seishin Corporation	200	26.5	Sale of electrical equipment
Kyuken Corporation	100	14.4	Construction and repair of transmission lines
Plazwire Co., Ltd.	50	100.0	Flame spray coating (painting) business
Nishikyushu Kyodo Kowan Co., Ltd.	50	50.0	Operation and maintenance of coal handling equipment
Nihon FRP Co., Inc.	30	65.0	Design fabrication, repair and installation of reinforced plastic
Nishi Nihon Denki Tekkou Co., Ltd.	30	33.5	Design, production and sales of steel towers and steel conduits
NISHIDA TECHNO SERVICE Co., Inc.	20	65.0	Inspection, maintenance, design, production and construction of sluice and weir equipment
Washiodake Wind Power Co., Ltd.	10	100.0	Development of wind power generation facilities and sales of generated electric power
NISHIGI SURVEYING AND DESIGN CO., LTD.	10	97.6	Investigation, measurement, design, drafting and care of civil engineering/construction projects
Amami Oshima Wind Power Co., Ltd.	10	75.0	Development of wind power generation facilities and sales of generated electric power
CONTEX	10	70.0	Manufacture and sales of cement products
Energy Business Overseas			
KYUDEN ILIJAN HOLDING CORPORATION	3,050 (Thousands of U.S. dollars)	100.0	Investment in Ilijan IPP business company
KYUDEN SARULLA PTE. LTD.	3,762 (Thousands of Singapore dollars)	100.0	Geothermal power generation
Electricidad Aguila de Tuxpan, S.deR.L.deC.V.	641,743 (Thousands of Mexico Pesos)	50.0	Power-generation activities using natural gas fuel
Electricidad Sol de Tuxpan, S.deR.L.deC.V.	493,407 (Thousands of Mexico Pesos)	50.0	Power-generation activities using natural gas fuel
IT and Telecommunications			
Kagoshima Hikari Television Co., Inc.	75	90.0	Telecommunication broadcasting business
RKKCS Software	10	100.0	Developments and sales of computer software
Environment and Recycling Business			
J-Re-Lights Co., Ltd.	275	100.0	Recycling of used fluorescent bulbs
Kyushu Environmental Management Corporation	80	98.1	Recycling of confidential documents
Lifestyle-oriented Services			
Kyushu Housing Guarantee Corporation	272	33.3	Housing and building assessments, security services affairs
Kyushu Highlands Development Co., Ltd.	150	100.0	Management of golf courses
Kyuden Home Security Co., Inc.	100	90.0	Home security and monitoring business
Kyuden Shared Business Co., Ltd.	80	100.0	Accounting and personnel services
Kyushu Captioning Co-Production Center Inc.	60	76.7	Subtitle production for broadcasting
Medical Support Kyushu Co., Ltd.	50	97.0	Lease of medical equipment and management support for a clinic medical imaging
Oak Co., Ltd.	3	100.0	Real estate management

Outline of Kyushu Electric Power's History

(As of March 31, 2009)

(Fiscal Year)	Noteworthy Events
1951	Kyushu Electric Power is established.
1953	Kyushu Electric Power receives its first postwar loan (approximately ¥3.8 billion) in Japan from the International Bank for Reconstruction and Development (the World Bank).
1955	The Kamishiiba Power Station, the first in Japan with an arch dam, becomes operational. Unit 1 at the Karita Thermal Power Station, an advanced, high-capacity system (75,000 kW) becomes operational.
1957	Kyushu Electric Power completes its Central Line (220,000 V), its first super-high-voltage transmission line. Thermal generation capacity exceeds hydroelectric capacity.
1960	Frequency unification is completed.
1967	The Otake Power Station, Japan's first commercial geothermal generation facility, becomes operational with a capacity of 11,000 kW. Unit 1 at the Karatsu Power Station (156,000 kW) becomes operational as Kyushu Electric Power's first generation facility with a control computer.
1969	Unit 1 at the Oita Power Station (250,000 kW), Kyushu Electric Power's first facility designed to run exclusively on heavy fuel oil, becomes operational.
1970	The provision of electric lighting to all homes is completed.
1975	Unit 1 at the Genkai Power Station (559,000 kW), Kyushu Electric Power's first nuclear facility, becomes operational. The Ohira Power Station, then Japan's biggest pumped-storage facility (500,000 kW) becomes operational.
1977	Unit 1 at the Hatchoubaru Geothermal Power Station, one of the biggest in Japan, becomes operational, initially with a capacity of 23,000 kW.
1980	Kyushu Electric Power builds the Central and West Kyushu Substations (500,000 V) and raises the voltage on its Saga Line to 500,000 V. The 500,000 V Trans-Kanmon Line becomes operational.
1982	The Kyushu Energy Center is opened.
1984	Unit 1 at the Sendai Nuclear Power Station (890,000 kW) becomes operational.
1986	Unit 1 at the Tenzan Power Station (300,000 kW), a large-capacity pumped-storage facility, becomes operational. Kyushu Electric Power begins to use automatic control systems on its distribution lines.
1989	Kyushu Electric Power achieves a zero outage record for work on high-and low-voltage facilities for the first time in Japan.
1990	The No. 1 System at the Shin Oita Power Station (690,000 kW) becomes operational. Designed to use LNG, this combined-cycle unit provides excellent thermal efficiency.
1992	Kyushu Electric Power begins to purchase surplus electric power from distributed generation facilities, including solar and wind power systems.
1998	Kyushu Electric Power begins to operate a superconducting storage system as an electric power facility. It is the first of its type in Japan and one of the largest in the world.
2000	The Genkai Energy Park is opened. Revision of the Electricity Enterprises Law (deregulation of electric utilities).
2001	A loan agreement is signed for the Tuxpan II IPP project in Mexico. The Kyushu Homeland Forestation Program is launched.
2002	Dedicated sales representatives are assigned to corporate customers.
2004	The Call Center is extended to the entire corporate organization. Kyushu Electric Power achieves the best CO_2 emission level per unit of electric power (0.331 kg-CO_2/kWh) in the Japanese electric power industry.
2005	The Goto Archipelago Link, Japan's longest sea-bed cable, becomes operational.
2006	Kyushu Electric Power becomes the first electric power company to win top prize in the 9th Green Reporting Awards.
2007	"Kyushu Electric Power's Mission" is adopted.
2008	Formulation of Long-term Management Vision.

Corporate Data

(As of March 31, 2009)

Company Overview

Trade Name	Kyushu Electric Power Company, Incorporated
Head Office	1-82, Watanabe-dori 2-chome, Chuo-ku, Fukuoka 810-8720, Japan Phone +81-92-761-3031
Tokyo Branch Office	7-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan Phone +81-3-3281-4931
Date of Establishment	May 1, 1951
Paid-in Capital	¥237,304,863,699
Number of Employees	12,465

Stock Information

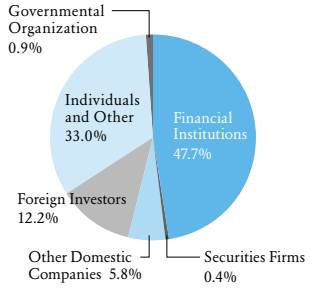
Total Number of Shares Authorized	1,000,000,000
Number of Shares Issued and Outstanding	474,183,951
Number of Shareholders	182,869
Shareholders' Meeting	June
Fiscal Year-end	March 31
Stock Listings	Tokyo Stock Exchange, Osaka Securities Exchange, Fukuoka Stock Exchange (Code: 9508)
Transfer Agent and Registrar	The Chuo Mitsui Trust and Banking Co., Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo, Japan
Accounting Auditor	Deloitte Touche Tohmatsu

Major Shareholders

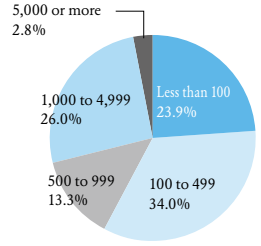
Name	Number of Shares Held (Thousands of Shares)	Shareholding Ratio (%)
Meiji Yasuda Life Insurance	23,710	5.00
Japan Trustee Services Bank, Ltd. (trust unit 4G)	22,942	4.84
The Master Trust Bank of Japan, Ltd. (trust unit)	22,397	4.72
Japan Trustee Services Bank, Ltd. (trust unit)	20,281	4.28
Nippon Life Insurance Company	18,454	3.89
Mizuho Corporate Bank, Ltd.	10,419	2.20
Mizuho Trust and Banking, Retirement Benefit Trust Fukuoka Bank unit	8,637	1.82
Sumitomo Mitsui Banking Corporation	8,474	1.79
Kyushu Electric Power Co., Inc. Employees' Shareholding Association	6,868	1.45
Kochi Shinkin Bank	5,968	1.26

Composition of Shareholders

By Type of Shareholder



By Number of Shares Held



Stock Price Movement