

January 29, 2010

**The 3rd Quarter of the Fiscal Year Ending March 31, 2010 Financial Results Overview**  
**Kyushu Electric Power Co., Inc.**

Stock code: 9508 URL: [http://www.kyuden.co.jp/en\\_index.html](http://www.kyuden.co.jp/en_index.html)

Stock listed on: Tokyo SE, Osaka SE, Fukuoka SE

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Quarterly financial report submission date (plan): February 10, 2010

Date to start dividend payments: —

(Rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Nine Months (April 1, 2009 to December 31, 2009)**

**(1) Consolidated Operational Results**

(% shows the changes from the same quarter period of the previous FY)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1, 2009 - December 31, 2009	1,060,369	-4.9	98,705	122.3	77,238	263.7
April 1, 2008 - December 31, 2008	1,115,234	—	44,407	—	21,238	—

  

	Net income		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2009 - December 31, 2009	48,951	216.5	103.46	—
April 1, 2008 - December 31, 2008	15,465	—	32.69	—

**(2) Consolidated Financial Position**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
As of December 31, 2009	4,038,521	1,092,574	26.6	2,273.38
As of March 31, 2009	4,110,877	1,072,374	25.7	2,229.13

(Reference)

Shareholders' equity: As of December 31, 2009 : 1,075,527 million yen As of March 31, 2009: 1,054,732 million yen

**2. Dividends**

(Record date)	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2008	—	30.00	—	30.00	60.00
FY2009	—	30.00	—	—	—
FY2009(projected)	—	—	—	30.00	60.00

(Note) Revision of projected dividends: No

**3. Forecasts for Consolidated Financial Results for FY2009 (April 1, 2009 to March 31, 2010)**

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

	Sales		Operating income		Ordinary income		Net income		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,448,000	-5.0	90,000	6.2	57,000	13.0	35,000	3.0	73.97

(Note) Revision of forecasts for consolidated financial results: No

**4. Other**

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

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

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

① Changes in line with revised accounting standards : Yes

② Other than ① : No

(Note) For details, see page 6 "Qualitative information regarding forecast for the consolidated operating performance" 4. Other.

**(4) Number of common stocks issued and outstanding**

① Total stocks including treasury stocks	FY2009 3Q: 474,183,951 shares FY2008: 474,183,951 shares
② Treasury stocks	FY2009 3Q: 1,087,644 shares FY2008: 1,024,166 shares
③ Average number of shares during the period	FY2009 3Q: 473,140,023 shares FY2008 3Q: 473,144,324 shares

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

The above forecasts are based on information available at the date of the release of this document. Due to various factors, the actual result may differ from these forecasts.

**(Reference) Non-consolidated Forecast for FY2009 (April 1, 2009 to March 31, 2010)**

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

	Sales		Operating income		Ordinary income		Net income		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,350,000	-5.6	79,000	5.6	45,000	16.1	27,000	0.3	57.03

(Note) Revision of forecasts for non-consolidated financial results: No

**[Qualitative Information and Financial Statements]**

1. Qualitative information regarding consolidated business performance

Japanese economy in this period (April-December) stayed in a fierce phase due to the global economy turndown. While capital investment kept decreasing, the employment situation kept deteriorated and corporate profits declined because of exchange rate fluctuations since October, the economic conditions partly showed rallies due to the economic stimulus and improvement of overseas economic environment.

(1) Consolidated Financial Overview

On revenue side, consolidated sales (operating revenues) decreased by 4.9% to ¥1,060.3 billion compared with the 3Q of FY2008 and the ordinary revenues decreased by 4.9% to ¥1,068.8 billion mainly affected by the electricity sales revenue decreased due to a decrease in sales volume.

On the expenditure side, ordinary expenses decreased by 10.1% to ¥991.6 billion mainly because of the decreased fuel costs affected by the drop of fuel prices and the decrease of electricity sales volume in electricity business.

As a result, the ordinary income for the 3Q of FY2009 increased to ¥77.2 billion compared with the 3Q of FY2008 and the net income was ¥48.9 billion.

(2) Sales and Supply Overview

The demand for electric light, power for commercial operations and other general demands decreased by 2.2% compared with the 3Q of the previous year due to a decrease in the air-conditioning demand as the temperature in July has shifted lower than the previous year's level and the decreased sales in commercial demand for small-scale factories and stores. The power demand from large industrial customers decreased by 11.8% compared with the 3Q of the previous year due to the decrease in main industries such as electric and transportation machinery and steel industries.

Consequently, the total electricity sales for the 3<sup>rd</sup> quarter of FY2009 decreased by 5.0% to 61.5 billion kWh.

Electricity Sales Volume

(Unit: million kWh, %)

		FY2009 3Q (A)	FY2008 3Q (B)	Difference (A-B)	Change (A/B)
Lighting		20,484	20,692	-208	99.0
Power		41,021	44,066	-3,045	93.1
Electricity Sales Total		61,505	64,758	-3,253	95.0
(Figures are included above)	Customers other than large-scale industrial	44,600	45,594	-994	97.8
	Large-scale industrial customers	16,905	19,164	-2,259	88.2

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

At Unit 3 of the Genkai Nuclear Power Station, we have commenced the pluthermal process from December 2009.

Generated and Received Electricity

(Unit: million kWh, %)

		FY2009 3Q (A)	FY2008 3Q (B)	Difference (A-B)	Change (A/B)
Own facilities	Hydro (Water flow rate)	2,393 (67.5)	3,680 (95.7)	-1,287 (-28.2)	65.0
	Thermal	26,596	26,354	242	100.9
	Nuclear (Utilization rate)	29,381 (84.7)	28,727 (82.8)	654 (1.9)	102.3
	Subtotal	58,370	58,761	-391	99.3
From other companies		10,015	13,493	-3,478	74.2
Interchange		6	-1	7	—
For pumping		-390	-884	494	44.2
Total		68,001	71,369	-3,368	95.3

## 2. Qualitative information regarding consolidated financial condition

### (1) Consolidated assets, debt, and shareholders' equity overview

Consolidated assets decreased by ¥72.3 billion compared with the end of the previous fiscal year to ¥4,038.5 billion mainly because of the decrease in fixed assets due to the progress of depreciation and the decrease in current assets including cash and cash equivalent.

Consolidated debt decreased by ¥92.5 billion to ¥2,945.9 billion mainly due to the decreased interest-bearing debt. The interest-bearing debt decreased by ¥76.8 billion to ¥2,033.8 billion.

Consolidated shareholders' equity increased by ¥20.1 billion to ¥1,092.5 billion as the net income for this quarter has been recorded while the dividends were paid. Consequently the shareholders' equity ratio went up to 26.6%.

### (2) Consolidated cash flow overview

Cash inflow from operating activities increased by ¥119.5 billion to ¥258.6 billion from the 3Q of the previous year mainly due to the decrease in fuel costs while the electricity sales revenue decreased in electricity business.

Cash outflow from investing activities decreased by ¥27.3 billion to ¥168.8 billion from the 3Q of the previous year mainly due to the decrease in capital investments.

Cash outflow from financing activities was ¥106.4 billion. (Cash inflow for the 3Q of the previous year was ¥58.2 billion.)

As a result, the balance of cash and cash equivalents at the end of this third quarter decreased by ¥16.6 billion to ¥71.4 billion compared with the end of the previous fiscal year.

## 3. Qualitative information regarding forecasts for the consolidated operating performance

There is no change about financial forecasts for FY2009 from the numbers announced in October 2009.

## 4. Other

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

N/A

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

N/A

### (3) Any changes in accounting practices, procedures, or disclosure regarding preparation of quarterly consolidated financial statements

Changes in standards to record construction revenue and cost of completed construction work

As the Accounting Standards on Construction Contracts (Accounting Standards Board of Japan Statement No.15, Dec. 27, 2007) and the Guideline to Apply the Accounting Standards on Construction Contracts (Guideline to Apply the Accounting Standards Board of Japan Statement No.18, Dec. 27, 2007) have been adopted since this first quarter of consolidated fiscal year, Kyushu Electric Power has revised the standards to record revenues on contract work. As a result, from the construction contracts launched during this first quarter, the percentage of completion basis method with cost proportion method to estimate the progress of construction is applied for the construction works with assured progress as of the end of this third quarter, and the completed work basis method is applied for other construction works.

This change gives minor effect on the Company's sales (operating revenue), profit and loss.

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

	As of December 31st, 2009	As of March 31st, 2009
(Unit: million yen)		
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Assets		
Fixed Assets	3,737,374	3,785,418
Utility property, plant and equipment	2,480,993	2,547,312
Hydro	313,219	326,212
Thermal	246,133	267,214
Nuclear	239,537	257,522
Internal combustion	22,406	24,255
Transmission	663,064	671,145
Transformation	249,220	249,756
Distribution	613,538	616,215
General	125,019	125,648
Other	8,853	9,341
Other fixed assets	306,060	320,964
Construction in progress	240,401	212,169
Construction and retirement in progress	240,401	212,169
Nuclear fuel	264,334	264,205
Loaded nuclear fuel	56,902	40,816
Nuclear fuel in processing	207,432	223,388
Investments and other assets	445,584	440,766
Long-term investments	100,911	101,000
Reserve for reprocessing of irradiated nuclear fuel	144,760	136,011
Deferred tax assets	119,163	117,743
Other assets	81,758	86,931
Allowance for doubtful accounts	-1,008	-921
Current Assets	301,146	325,459
Cash and cash equivalent	72,044	88,359
Trade notes and accounts receivable	103,245	112,214
Inventories at average cost	76,993	76,481
Deferred tax assets	16,720	16,284
Other current assets	33,239	33,405
Allowance for doubtful accounts	-1,097	-1,286
Assets Total	4,038,521	4,110,877

	(Unit: million yen)	
	As of December 31st, 2009	As of March 31st, 2009
<b>Liabilities</b>		
Long-term Liabilities	2,404,554	2,506,368
Bonds	1,191,503	1,221,451
Long-term loans	503,809	587,088
Accrued retirement benefits	138,132	137,683
Reserve for reprocessing of irradiated nuclear fuel	351,568	351,832
Reserve for preparation of reprocessing of irradiated nuclear fuel	17,452	14,604
Reserve for decommissioning of nuclear power plant	161,425	155,838
Deferred tax liabilities	12	7
Other fixed liabilities	40,649	37,862
Current Liabilities	541,391	532,133
Current portion of long-term debt	231,804	170,822
Short-term borrowings	109,866	133,645
Notes and accounts payable	37,439	46,475
Income tax payable	46,720	21,111
Other current liabilities	115,560	160,079
<b>Liabilities Total</b>	<b>2,945,946</b>	<b>3,038,502</b>
<b>Net Assets</b>		
Shareholders' Equity	1,062,003	1,041,582
Common stock	237,304	237,304
Additional paid-in capital	31,141	31,146
Retained earnings	795,676	775,130
Treasury stock	-2,120	-1,999
Valuation and translation adjustments	13,523	13,150
Unrealized gain on other securities	13,648	13,099
Gain on deferred hedge	1,286	1,392
Foreign currency translation adjustments	-1,411	-1,341
Minority Interests	17,047	17,642
<b>Net Assets Total</b>	<b>1,092,574</b>	<b>1,072,374</b>
<b>Liabilities and Net Assets Total</b>	<b>4,038,521</b>	<b>4,110,877</b>

(2) Quarterly Consolidated Income Statements for the 2<sup>nd</sup> quarter of FY2009

(Unit: million yen)

	April 1, 2008-December 31, 2008	April 1, 2009-December 31, 2009
Operating Revenues	1,115,234	1,060,369
Electricity	1,025,423	970,573
Other	89,811	89,795
Operating Expenses	1,070,827	961,663
Electricity	984,623	878,965
Other	86,203	82,698
Operating Income	44,407	98,705
Other Revenues	8,631	8,474
Proceed from dividends	3,044	2,178
Proceed from interests	1,818	2,001
Equity in earnings of affiliates	1,120	1,786
Other	2,647	2,508
Other Expenses	31,799	29,941
Interest expenses	26,764	26,744
Other	5,035	3,196
Total Ordinary Revenues	1,123,865	1,068,843
Total Ordinary Expenses	1,102,626	991,604
Ordinary Income	21,238	77,238
Extraordinary Gain	5,400	-
Gain on sale of marketable securities	5,400	-
Income before Income Taxes	26,638	77,238
Income Taxes	2,197	30,247
Income Taxes-Deferred	8,585	-2,080
Income Taxes Total	10,783	28,166
Minority Interests	389	120
Net Income	15,465	48,951

(3) Consolidated Statements of Changes in Shareholders' Equity

	(Unit: million yen)	
	April 1, 2008- December 31, 2008	April 1, 2009- December 31, 2009
<b>Operating Activities</b>		
Income before income taxes and minority interests	26,638	77,238
Depreciation and amortization	173,763	175,917
Amortization of nuclear fuel	15,785	16,641
Loss on disposal of property, plant and equipment	6,165	5,226
Increase(decrease) in liability for retirement benefits	-12,990	448
Provision for reserve for reprocessing of used fuel	2,051	-264
Provision for preparation for reprocessing of irradiated nuclear fuel	2,775	2,847
Provision for reserve for decommissioning of nuclear power plants	5,344	5,587
Interest revenue and dividends received	-4,862	-4,179
Interest expense	26,764	26,744
Loss on equity under the equity method	-1,120	-1,786
Loss on sale of marketable securities	-5,400	-
Decrease in fund for reprocessing of irradiated nuclear fuel	-8,385	-8,748
Decrease in accounts receivable	6,184	9,331
Decrease in inventories, principally fuel, at average cost	-22,101	-512
Increase in accounts payable	-14,230	-8,310
Other	-17,218	-2,795
Sub Total	179,165	293,387
Receipt of interest and cash dividends	5,156	4,589
Interest paid	-30,063	-30,486
Income tax paid	-15,143	-8,870
Net cash provided by operating activities	139,115	258,619
<b>Cash Flows from Investing Activities</b>		
Purchases of property, plant and equipment	-191,760	-168,248
Payment for investments and other	-19,436	-12,581
Proceeds for recoveries from investments and other	8,309	7,553
Other	6,718	4,474
Net cash used in investing activities	-196,168	-168,802

	(Unit: million yen)	
	April 1, 2008- December 31, 2008	April 1, 2009- December 31, 2009
Cash Flows from Financing Activities		
Proceeds from issuance of bonds	174,473	39,868
Redemption of bonds	-80,000	-50,000
Proceeds from long-term loans	48,741	13,230
Repayment of long-term loans	-47,010	-56,245
Net increase (decrease) in short-term borrowings	2,418	-23,778
Net increase in commercial paper	-12,000	-
Cash dividends paid	-28,412	-28,398
Other	47	-1,095
Net cash used in financing activities	<u>58,257</u>	<u>-106,419</u>
Effect of exchange rate changes on cash and cash equivalents	-187	-73
Changes in cash and cash equivalents	<u>1,017</u>	<u>-16,675</u>
Cash and cash equivalents at beginning of the fiscal year	58,766	88,124
Increase in cash and cash equivalent due to the merger of consolidated subsidiaries	46	-
Cash and cash equivalents at end the of the 1Q	<u>59,830</u>	<u>71,449</u>

- (4) Notes on the premise of going concern  
N/A
- (5) Notes in case of drastic changes in the amount of Equity  
N/A

6. Other Information

Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2009 3Q (A)	FY2008 3Q (B)	Difference (A-B)	Change (A/B)	Composition Ratio	
						FY2009 3Q	FY2008 3Q
Ordinary Revenues	Lighting	4,040	4,136	-95	97.7	40.6	39.2
	Power	5,539	5,970	-430	92.8	55.6	56.7
	(Subtotal)	(9,580)	(10,106)	(-525)	(94.8)	(96.2)	(95.9)
	Other	382	432	-50	88.4	3.8	4.1
	[Sales] Total	[9,908] 9,963	[10,487] 10,539	[-578] -575	[94.5] 94.5	[99.5] 100.0	[99.5] 100.0
Ordinary Expenses	Labor	1,288	1,023	264	125.9	13.9	9.8
	Fuel	1,546	2,448	-902	63.1	16.6	23.5
	Maintenance	1,393	1,385	7	100.6	15.0	13.3
	Depreciation	1,480	1,471	8	100.6	15.9	14.1
	Power purchase	851	1,211	-359	70.3	9.2	11.6
	Interest	250	249	-	100.4	2.7	2.4
	Tax & public dues	696	682	14	102.1	7.5	6.6
	Nuclear back-end	374	382	-7	98.0	4.0	3.7
	Other	1,417	1,562	-144	90.8	15.2	15.0
	Total	9,300	10,418	-1,117	89.3	100.0	100.0
[Operating Income]		[897]	[372]	[525]	[241.1]		
Ordinary Income		663	121	541	547.3		
Extraordinary Gain		-	54	-54	-		
Income before income taxes		663	175	487	378.6		
Income taxes		254	78	176	325.6		
Net Income		408	96	311	421.3		

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

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

(Reference)

	FY2009 3Q [A]	FY2008 3Q [B]	Difference [A-B]
Crude oil (CIF) price	66.5 \$/b	105.1\$/b	-38.6\$/b
Exchange rate	93.6 ¥/\$	102.9 ¥/\$	-9.3 ¥/\$