

Financial Results for 4/2010-12/2010

January 31 , 2011



Statements made in this overview of operations regarding Kyushu Electric Power's strategies and forecasts and other statements that are not historical facts are forward-looking statements based on management's assumptions and beliefs in light of information currently available, and should not be interpreted as promises or guarantees.

Owing to various uncertainties, actual results may differ materially from these statements. Investors are hereby cautioned against making investment decisions solely on the basis of forward-looking statements contained herein.

Table of Contents

■ Financial Results and Forecasts Summary

FY2010 3rd Quarter Financial Results Summary	p. 1
FY2010 Summary of Full-Year Financial Results Forecasts	p. 2

■ FY2010 3rd Quarter Financial Results

Electricity Sales Volume	p. 3
Electricity Generated and Received	p. 4
Income Statement Summary (Non-Consolidated)	p. 5

■ (Reference) FY2010 Full-Year Financial Results Forecasts

Income Statement (Non-Consolidated) Versus Previous Year	p. 6
Cash Flow (Non-Consolidated) Versus Previous Year	p. 7
Key Fundamentals and Sensitivity Factors (Non-Consolidated)	p. 8

*Figures for FY2010 3rd quarter financial results are accumulated totals from Apr.1, 2010 to Dec.31, 2010.

Financial Results and Forecasts Summary

FY2010 3rd Quarter Financial Results Summary

Summary: On both a consolidated and non-consolidated basis, sales increased while profit decreased.

In the electricity business:

- Higher electricity sales due to an increase in electricity sales volume and other factors
- Increase in fuel costs due to an increase in electricity sales volume and rising fuel prices
- Booking of extraordinary losses due to the application of the accounting standard concerning Accounting for Asset Retirement Obligations

Consolidated

(Unit: Billions of Yen/%)

	FY2010/3Q	FY2009/3Q	Change	vs FY2009/3Q
Sales	1,081.6	1,060.3	21.2	102.0
Operating Income	97.0	98.7	-1.6	98.3
Ordinary Income	69.7	77.2	-7.5	90.3
(Extraordinary Losses)	(18.4)	(-)	(18.4)	(-)
Net Income	29.5	48.9	-19.4	60.3

Note: As of the end of 3Q/2010, 66 affiliates were subject to consolidated accounting.

Breakdown:

Consolidated subsidiaries: 36 companies (an increase of 1 company from the end of 2Q/FY2010: 1 new company)

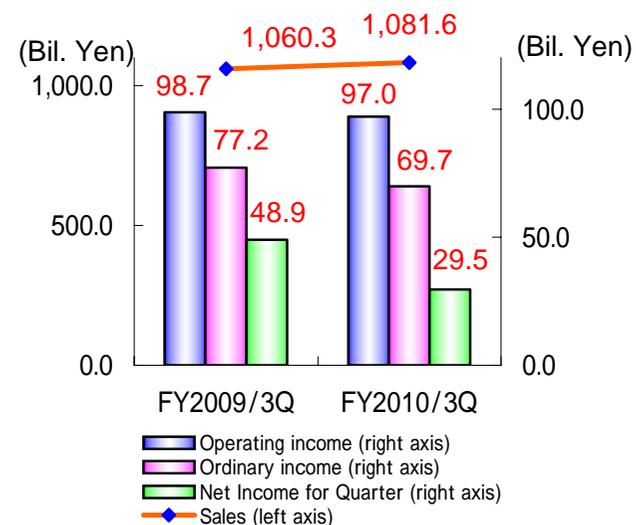
Equity method companies: 30 companies (a decrease of 1 company from the end of 2Q/FY2010: 1 company excluded)

Non-Consolidated

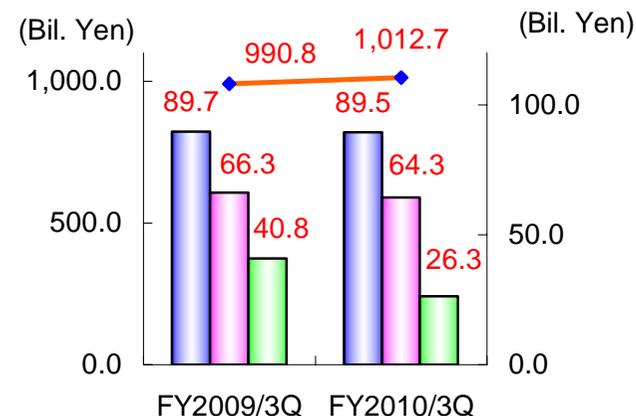
(Unit: Billions of Yen/%)

	FY2010/3Q	FY2009/3Q	Change	vs FY2009/3Q
Sales	1,012.7	990.8	21.8	102.2
Operating Income	89.5	89.7	-0.1	99.8
Ordinary Income	64.3	66.3	-1.9	97.1
(Extraordinary Losses)	(18.3)	(-)	(18.3)	(-)
Net Income	26.3	40.8	-14.5	64.5

Consolidated



Non-Consolidated



FY2010 Summary of Full-Year Financial Results Forecasts

Our forecasts for both our full-year financial results and key fundamentals are unchanged from those announced in October 2010.

Consolidated

(Unit: Billions of Yen/%)

	FY2010	FY2009	Change	Vs FY2009
Sales	1,471.0	1,444.9	26.1	101.8
Operating Income	96.0	99.7	-3.7	96.3
Ordinary Income	62.0	67.6	-5.6	91.7
(Extraordinary Losses)	(18.4)	(-)	(18.4)	(-)
Net Income	24.0	41.8	-17.8	57.4

Non-Consolidated

(Unit: Billions of Yen/%)

	FY2010	FY2009	Change	Vs FY2009
Sales	1,376.0	1,339.8	36.2	102.7
Operating Income	85.0	84.9	0.1	100.1
Ordinary Income	52.0	50.3	1.7	103.3
(Extraordinary Losses)	18.3	(-)	18.3	(-)
Net Income	18.0	28.3	-10.3	63.6

Dividend

Payment of stable dividends is our fundamental policy, and we intend to pay an annual dividend of 60 yen per share. (interim dividend of 30 yen and year-end dividend of 30 yen) * Both the same amount as the previous year.

[Reference: Summary of our forecasts announced in October 2010]

Summary: On consolidated basis, sales expected to increase and profit to decrease; on non-consolidated basis, both sales and profit expected to increase

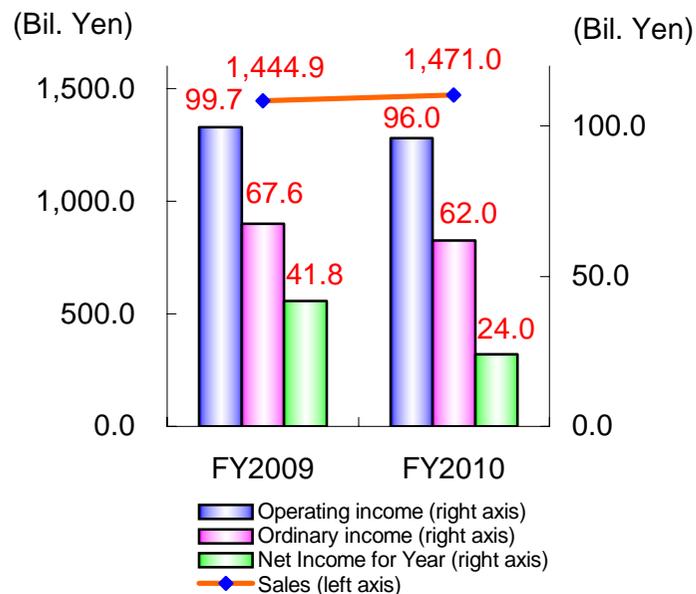
In the electricity business:

- Higher electricity sales due to an increase in electricity sales volume and other factors.
- Reduction in maintenance and overhead expenses due to thorough cost reductions across management in general
- Booking of extraordinary losses due to the application of the accounting standard concerning Accounting for Asset Retirement Obligations

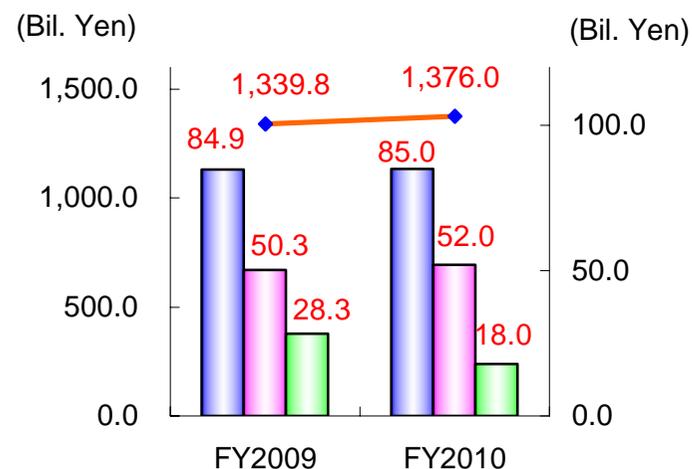
In energy related business:

- Decrease in sales including construction work

Consolidated



Non-Consolidated



FY2010 3rd Quarter Financial Results

Electricity Sales Volume

- General demand increased by 1.6 TWh (3.6%) compared to the same period last year due to increased air-conditioning demand caused by higher summer temperatures than those of last year.
- Demand from large-scale industrial companies increased by 1.1 TWh (6.6%) compared to the same period last year due to increased production of iron, steel, chemicals and non-ferrous metals.

Electricity Sales Volumes (Unit: TWh/%)

		Actual	vs. FY2009/3Q	
			Change	%
Lighting		21.7	1.2	105.9
Power		42.5	1.5	103.7
Total		64.2	2.7	104.5
Reposted	General	46.2	1.6	103.6
	Large-scale Industrial	18.0	1.1	106.6

Large-scale Industrial Demand by Sector (Unit: TWh/%)

		Actual	vs. FY2009/3Q	
			Change	%
Machinery		5.3	0.3	104.7
(Reposted) Electronics		3.7	0.1	102.7
Transportation		1.2	0.1	109.3
Steel and Iron		1.6	0.1	109.6
Chemicals		2.0	0.2	109.4
Clay and Stone		0.7	-	108.9
Non-ferrous Metals		1.4	0.2	116.8
Others		7.0	0.3	104.4
Total		18.0	1.1	106.6

[Ref.] Actual Electricity Sales Volumes (by sector) (Unit: TWh/%)

			Actual	vs. FY2009/3Q	
				Change	%
Lighting			21.7	1.2	105.9
Demand other than under liberalization	Power	Low voltage	3.6	0.1	103.6
		Others	0.6	-	97.4
	Subtotal		25.9	1.3	105.4
Demand under liberalization	Commercial		15.3	0.1	101.1
	Industrial		23.0	1.3	105.8
	Subtotal		38.3	1.4	103.8
Total			64.2	2.7	104.5

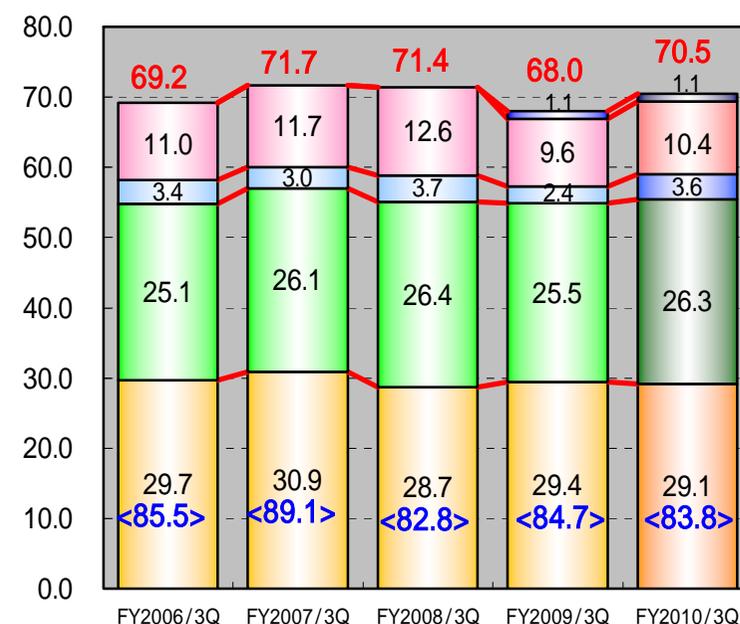
Electricity Generated and Received

Volume of Electricity Generated and Received (Units: TWh, %)

		Actual	vs. FY2009/3Q	
			Change	%
Generated	Hydro	3.6	1.2	149.9
	(Water flow rate)	(96.0)	(28.5)	
	Thermal	26.3	0.8	103.4
	Nuclear	29.1	-0.3	99.0
	(Utilization rate)	(83.8)	(-0.9)	
	New Energy Sources, etc.	1.1	-	98.4
	Subtotal	60.1	1.7	103.0
Received from Other Companies		11.1	1.1	111.2
(Reposted new energy, etc.)		(1.1)	(0.2)	(116.9)
Interchange		-	-	-
Pumped Storage Use		-0.7	-0.3	176.1
Total		70.5	2.5	103.8

"New Energy Sources, etc.": Generic terms for the sources of solar, wind power, biomass, waste and geothermal powers

(TWh) Trends in Generated and Received Electricity



■ Nuclear
 ■ Thermal
 ■ Hydro
 ■ Purchased power, etc.
 ■ New Energy power, etc.

Figures inside parentheses indicate nuclear power generation capacity utilization rate (%).

Income Statement Summary (Non-Consolidated)

(Units: Billions of Yen, %)

	FY2010/3Q	FY2009/3Q	Change	vs. FY2009/3Q	Explanations	
Ordinary Revenues	Lighting	417.0	404.0	12.9	103.2	Increase in electricity sales volume, 42.6
	Power	555.6	553.9	1.6	100.3	Decline in charge unit prices due to drop in fuel prices & other factors, -28.0
	Others	46.0	38.2	7.8	120.2	Sales to other companies, 2.2 ; regional sales, 1.8
	(Sales)	(1,012.7)	(990.8)	(21.8)	(102.2)	
	Subtotal	1,018.7	996.3	22.4	102.3	
Ordinary Expenses	Personnel	120.8	128.8	-8.0	93.8	Employee retirement benefits, -8.7
	Fuel	191.0	154.6	36.4	123.6	Increase in electricity sales volume, 18.7; rise in fuel price, 18.2
	Maintenance	130.5	139.3	-8.8	93.7	Thermal, -10.8; nuclear, 2.0
	Depreciation	147.5	148.0	-0.4	99.7	
	Purchased Power	98.8	85.1	13.7	116.1	Purchased from other companies, 13.7
	Interest Charges	24.3	25.0	-0.6	97.2	
	Miscellaneous Taxes	69.7	69.6	0.1	100.2	
	Nuclear Back-End Costs ^{*1}	35.7	37.4	-1.7	95.4	
Others	135.5	141.7	-6.2	95.6	Overhead expenses ^{*2} , -10.6; miscellaneous losses, 2.7	
Subtotal	954.3	930.0	24.3	102.6		
(Operating Income)	(89.5)	(89.7)	(-0.1)	(99.8)		
Ordinary Income	64.3	66.3	-1.9	97.1		
Extraordinary Loss	18.3	-	18.3	-	Effect due to appropriation for asset retirement obligations, 18.3	
Quarterly Net Income	26.3	40.8	-14.5	64.5		

*1: Nuclear back-end costs consist of the following: Reprocessing costs of irradiated nuclear fuel, Reprocessing preparation costs of irradiated nuclear fuel, Decommissioning costs of nuclear power plants, and Disposal costs of high-level radioactive waste.

*2: Overhead expenses refer to the aggregate sum of waste disposal expenses, consumables expenses, compensation expenses, leasing fees, subcontract fees, expansion and development expenses, training expenses, research expenses and others.

(Key Fundamentals)

	FY2010/3Q	FY2009/3Q	Change
Exchange Rate	87 yen/\$	94 yen/\$	-7 yen/\$
Crude Oil CIF Prices	80 \$/b	66 \$/b	14 \$/b
Water Flow Rate	96.0 %	67.5 %	28.5 %
Nuclear Power Generation Capacity Utilization Rate	83.8 %	84.7 %	-0.9 %

[Reference] Extraordinary Losses

- Expenses required for the decommissioning of nuclear power generation plants have always been booked as 90% of the total estimate of what is needed for the nuclear power generation plant decommissioning reserve based on the ordinances of the Ministry of Economy, Trade, and Industry, depending on actual volume of power generated each year.
- A recent revision of the ministerial ordinance will require lump-sum booking of an amount equivalent to the remaining 10% of the cumulative power generated up to 2009, in 2010.

(Reference)

FY2010 Full-Year Financial Results Forecasts

We have included figures for our full-year results forecasts announced in October 2010 for reference because they are unchanged from those released at that time.

Income Statement (Non-Consolidated) , Versus Previous Year

(Unit: Billions of Yen/%)

		FY2010	FY2009	Change	vs FY2009	Explanations
Ordinary Revenues	Lighting	584.0	566.4	17.6	103.1	Increase in electricity sales volume, 51.0;
	Power	735.0	726.7	8.3	101.1	Decline in charge unit prices due to drop in fuel prices & other factors, -25.0
	Others	63.5	54.0	9.5	117.6	Sales to other companies, 2.0; operating income from gas provider business, 3.5
	(Sales)	1376.0	1339.8	36.2	(102.7)	
Subtotal		1382.5	1347.2	35.3	102.6	
Ordinary Expenses	Personnel	163.0	172.7	-9.7	94.4	Employee retirement benefits, -11.5
	Fuel	271.0	213.0	58.0	127.2	Rise in fuel price, 38.0; increase in electricity sales volume, 23.0; decreased nuclear power 11.0; increase in water flow rate, -10.5
	Maintenance	174.5	195.1	-20.6	89.4	General maintenance expenses, -17.5; meter replacement expenses, -3.0
	Depreciation	199.0	196.7	2.3	101.1	Common depreciation, 2.5
	Purchased Power	134.0	113.6	20.4	117.9	Purchased from other companies, 20.5
	Interest Charges	32.0	33.1	-1.1	96.5	
	Miscellaneous Taxes	89.0	89.1	-0.1	99.8	
	Nuclear Back-End Costs *1	49.0	53.2	-4.2	92.0	Reprocessing cost of irradiated unclear fuel, -3.0; decommissioning costs of nuclear power units, -1.0
Others	219.0	230.0	-11.0	95.2	Overhead expenses *2, -16.3; operating expenses for gas provider business, 4.0	
Subtotal		1,330.5	1,296.8	33.7	102.6	
(Operating Income)		(85.0)	(84.9)	(0.1)	(100.1)	
Ordinary Income		52.0	50.3	1.7	103.3	
Reserve For Fluctuations In Water Level		0.8	-	0.8	-	
Extraordinary Loss		18.3	-	18.3	-	Effect due to appropriation for asset retirement obligations, 18.3
Net Income		18.0	28.3	-10.3	63.6	

*1: Nuclear back-end costs consist of the following: Reprocessing costs of irradiated nuclear fuel, Reprocessing preparation costs of irradiated nuclear fuel, Decommissioning costs of nuclear power plants, and Disposal costs of high-level radioactive waste.

*2: Overhead expenses refer to the aggregate sum of waste disposal expenses, consumables expenses, compensation expenses, leasing fees, subcontract fees, expansion and development expenses, training expenses, research expenses and others.

[Reference] Maintenance & Overhead Expenses

(Unit: Bil. Yen)

	FY2010	FY2009	Change
Maintenance expenses	174.5	195.1	-20.6
Overhead expenses	159.0	175.3	-16.3
Total	333.5	370.4	-36.9

Cash Flow (Non-Consolidated) , Versus Previous Year

(Unit:Billions of Yen)

	FY2010	FY2009	Change	Explanation
Cash Flows from Operating Activities	260.8	307.3	-46.5	Ordinary income up 1.7 Increase in income taxes paid, etc. -29.7 Impact of payment schedules, etc -22.9
Cash Flows from Investment Activities	-295.3	-210.8	-84.5	Payments for investments and advances/collections -65.7
(Capital Expenditures Including Nuclear Fuel)	(-230.8)	(-213.6)	(-17.2)	
Cash Flows from Financing Activities	45.8	-124.8	170.6	Increase in fund-raising due to decrease in operating cash flows and other factors. Increase in interest-bearing debt: 170.8 (FY2010 75.7 FY2009 -95.1)
Change in Cash and Cash Equivalents	11.3	-28.3	39.6	

Free Cash Flows *	30.0	93.7	-63.7
-------------------	------	------	-------

* Free Cash Flows = Cash Flows from Operating Activities less Capital Expenditures Including Nuclear Fuel

Key Fundamentals and Sensitivity Factors (Non-Consolidated)

Key Fundamentals (Non-Consolidated)

	FY2010	FY2009	Change
Electricity Sales Volume	86.7 TWh	83.4 TWh	3.3 TWh
Exchange rate	89 Yen/\$	93 Yen/\$	-4 Yen/\$
Crude Oil CIF Price	80 \$/b	69 \$/b	11 \$/b
Water Flow Rate	102.4 %	76.1 %	26.3 %
Nuclear Power Generation Capacity Utilization Rate	80.9 %	84.8 %	-3.9 %

Sensitivity Factors (Non-Consolidated)

(Unit: Billions of Yen)

	FY2010	FY2009 (Reference)
Exchange rate (1Yen/\$)	2.7	2.0
Crude Oil CIF Price (1\$/b)	1.7	1.3
Water Flow Rate (1%)	0.4	0.2
Nuclear Power Generation Capacity Utilization Rate (1%)	2.6	2.1

*1 Above figures show impact on fuel costs and cost of purchased power.

*2 Impact of water flow rates and nuclear power generation capacity utilization rates may change based on types of fuels used alternatively in power generation.

For more information, please contact:

Investor Relations Group

Strategy Planning Dept.

Corporate Planning Division

KYUSHU ELECTRIC POWER CO., INC.

Telephone : +81 92 726 1575

Facsimile : +81 92 733 1435

URL : http://www.kyuden.co.jp/en_ir_index