

January 30, 2009

The 3rd Quarter of the Fiscal Year Ending March 31, 2009 Financial Results Overview
Kyushu Electric Power Co., Inc.

Stock code: 9508 URL: http://www1.kyuden.co.jp/en_index

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

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(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months (April 1, 2008 to December 31, 2008)

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

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1, 2008 - Dec. 31, 2008	1,115,234	—	44,407	—	21,238	—
April 1, 2007 - Dec. 31, 2007	1,085,026	4.0	118,598	-26.9	96,094	-28.2

	Net income		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2008 - Dec. 31, 2008	15,465	—	32.69	—
April 1, 2007 - Dec. 31, 2007	58,971	-28.1	124.64	—

(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, 2008	4,081,508	1,056,227	25.5	2,196.48
As of March 31, 2008	4,059,775	1,084,212	26.3	2,255.17

(Reference)

Shareholders' equity: As of December 31, 2008 : 1,039,194 million yen As of March 31, 2008: 1,067,046 million yen

2. Dividends

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

(Note) Revision of projected dividends: No

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

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

	Sales		Operating income		Ordinary income		Net income		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,527,000	3.0	82,500	-21.8	50,000	-30.9	33,000	-20.9	69.74

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

4. Other

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

(2) Adoption of simplified method or methods specific in 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 : Yes

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

(4) Number of common stocks issued and outstanding

① Total stocks including treasury stocks FY2008 3Q: 474,183,951 shares FY2007: 474,183,951 shares

② Treasury stocks FY2008 3Q: 1,065,140 shares FY2007: 1,028,013 shares

③ Average number of shares during the period FY2008 3Q: 473,144,324 shares FY2007 3Q: 473,150,600 shares

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

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

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

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

"Rules on Quarterly Consolidated Financial Statements."

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

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

	Sales		Operating income		Ordinary income		Net income		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,441,000	3.5	75,500	-19.6	40,000	-33.4	27,000	-24.3	57.03

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

[Qualitative Information and Financial Statements]

1. Qualitative information regarding consolidated business performance

Japanese economy in this period (April-December) stayed in the worst recessionary phase in decades. In the first half of the period, due to soaring energy and raw material prices, Japanese economy was in a stalemate and in the later half, economic circumstances worsened rapidly as the financial crisis spread from the US dragged the global economy into a recession.

(1) Consolidated Financial Overview

Consolidated sales (operating revenues) increased by 2.8% to ¥1,115.2 billion compared with the 3Q of FY2007 and the ordinary revenues increased by 2.8% to ¥1,123.8 billion mainly affected by the business performance in electricity business as the electricity sales revenue increased owing to the fuel cost adjustment system while the electricity sales volume decreased.

On the expenditure side ordinary expenses also increased by 10.5% to ¥1,102.6 billion compared with the 3Q of the previous year mainly because of increased fuel cost and cost to purchase electricity from other companies affected by soaring fuel prices in electricity business.

As a result, the ordinary income for the 3Q of FY2008 decreased by 77.9% to ¥21.2 billion.

The net income decreased by 73.8% to ¥15.4 billion compared with the 3Q of FY2007 because the Company recorded a gain on sales of marketable securities of 5.4 billion yen as an extraordinary gain.

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

(2) Sales and Supply Overview

In the 3rd quarter of FY2008, the demand for electric light, power for commercial operations and other general demands decreased by 1.4% compared with the same period of the previous year mainly because the air-conditioning demand decreased as summer temperature after August shifted below the previous year's level. The power demand from large industrial customers increased by 0.4% compared with the previous year. In the first six months, the power demand increased in the transportation machinery, chemicals and non-ferrous metal industries, while in October through December, the demand decreased in main industries including electric and transportation machinery and steel and iron.

Consequently, the total electricity sales for the 3rd quarter of FY2008 decreased by 0.9% to 64.75 billion kWh compared with the 3rd quarter of the previous year.

Electricity Sales Volume

(Unit: million kWh, %)

		FY2008 3Q	FY2007 3Q	Difference	Change
		(A)	(B)	(A-B)	(A/B)
Lighting		20,692	20,881	-189	99.1
Power		44,066	44,443	-377	99.2
Electricity Sales Total		64,758	65,324	-566	99.1
(Figures are included above)	Customers other than large-scale industrial	45,594	46,233	-639	98.6
	Large-scale industrial customers	19,164	19,091	73	100.4

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

Generated and Received Electricity

(Unit: million kWh, %)

		FY2008 3Q (A)	FY2007 3Q (B)	Difference (A-B)	Change (A/B)
Own facilities	Hydro (Water flow rate)	3,680 (95.7)	2,971 (80.8)	709 (14.9)	123.9
	Thermal	26,354	26,071	283	101.1
	Nuclear (Utilization rate)	28,727 (82.8)	30,938 (89.1)	-2,211 (-6.3)	92.9
	Subtotal	58,761	59,980	-1,219	98.0
From other companies		13,493	12,727	766	106.0
Interchange		-1	-357	356	0.2
For pumping		-884	-616	-268	143.3
Total		71,369	71,734	-365	99.5

2. Qualitative information regarding consolidated financial condition

Consolidated assets increased by ¥21.7 billion compared with the end of previous fiscal year to ¥4,081.5 billion mainly because of an increase of current assets such as inventories while the fixed assets decreased due to the progress of depreciation.

Consolidated debt increased by ¥49.7 billion to ¥3,025.2 billion due to an increase of the interest-bearing debt while provision for retirement benefits and account payable decreased. The interest-bearing debt increased by ¥87.0 billion to ¥2,127.1 billion mainly due to the increased bonds in electricity business.

Consolidated net assets decreased by ¥27.9 billion to ¥1,056.2 billion due to the dividends paid and the decrease in unrealized gain on other securities while the net income for the nine months has recorded. Consequently the shareholders' equity ratio declined to 25.5%.

3. Qualitative information regarding forecasts for the consolidated operating performance

Consolidated sales revenue is projected to increase in FY2008 as the electricity sales revenue is projected to increase due to the fuel cost adjustment system in electricity business while the sales volume of electricity is projected to decrease due to possible significant declines of the production in large-scale industrial sectors.

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

The Company has revised forecasts for the year-end consolidated operational performance since the last revision released on October 31, 2008. For details, please refer "Financial Forecast Revision For FY2008" also announced on January 30, 2009.

Forecast for operational performance in FY2008

(Unit: 100 million yen)

	Consolidated		Non-consolidated	
Sales	15,270	[103.0%]	14,410	[103.5%]
Operating income	825	[78.2%]	755	[80.4%]
Ordinary income	500	[69.1%]	400	[66.6%]
Net income	330	[79.1%]	270	[75.7%]

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

Sensitivity factors (Non-consolidated)

	FY2008	(Reference)FY2007
Electricity sales volume	86.8 billion kWh [98.5%]	88.1 billion kWh [104.4%]
Crude oil (CIF) price	92 \$/b	79 \$/b
Exchange rate	¥ 101/\$	¥114/\$
Nuclear power generation capacity utilization rate	84.6 %	85.8%
Water release rate	96.3%	81.1%

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

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

Crude oil (CIF) price 1\$/b	¥ 2.2 billion
Exchange rate ¥1/\$	¥ 3.0 billion
Nuclear power generation capacity utilization rate 1%	¥ 3.4billion

4. Other

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

N/A

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

N/A

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

- ① Adoption of accounting standards regarding quarterly financial statements

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

- ② Changes in Standards and Methods to Evaluate Significant Assets
Inventories

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

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

- ③ Changes in Accounting Practices on Significant Lease Transaction
(Lessee)

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

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

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

(Lessor)

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

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

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

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

	(Unit: million yen)	
	As of December 31 st , 2008	As of March 31 st , 2008
Assets		
Fixed Assets	3,761,613	3,772,773
Utility property, plant and equipment	2,542,960	2,581,653
Hydro	315,576	327,712
Thermal	273,139	292,116
Nuclear	251,762	241,080
Internal combustion	24,385	23,299
Transmission	678,072	689,600
Transformation	251,400	259,028
Distribution	614,099	615,419
General	125,015	123,385
Other	9,508	10,010
Other fixed assets	304,355	298,190
Construction in progress	228,222	229,448
Construction and retirement in progress	228,222	229,448
Nuclear fuel	266,545	250,845
Loaded nuclear fuel	40,137	40,012
Nuclear fuel in processing	226,407	210,833
Investments and other assets	419,528	412,634
Long-term investments	108,661	130,390
Reserve for reprocessing of irradiated nuclear fuel	113,124	104,739
Deferred tax assets	116,777	115,151
Other assets	81,913	63,210
Allowance for doubtful accounts	-948	-857
Current Assets	319,895	287,002
Cash and cash equivalent	60,214	58,741
Trade notes and accounts receivable	110,809	116,752
Inventories at average cost	87,216	65,114
Deferred tax assets	13,932	15,943
Other current assets	48,674	31,631
Allowance for doubtful accounts	-951	-1,181
Assets Total	4,081,508	4,059,775

	(Unit: million yen)	
	As of December 31 st , 2008	As of March 31 st , 2008
Liabilities		
Long-term Liabilities	2,528,069	2,408,448
Bonds	1,191,450	1,066,449
Long-term loans	637,583	646,500
Accrued retirement benefits	137,522	150,512
Reserve for reprocessing of irradiated nuclear fuel	354,023	351,972
Reserve for preparation of reprocessing of irradiated nuclear fuel	13,629	10,853
Reserve for decommissioning of nuclear power plant	152,873	147,529
Deferred tax liabilities	6	28
Other fixed liabilities	40,979	34,602
Current Liabilities	497,211	567,114
Current portion of long-term debt	154,183	175,777
Short-term borrowings	145,875	143,457
Notes and accounts payable	54,373	67,742
Income tax payable	16,018	20,082
Other current liabilities	126,760	160,054
Liabilities Total	<u>3,025,281</u>	<u>2,975,562</u>
Net Assets		
Shareholders' Equity	1,022,973	1,035,992
Common stock	237,304	237,304
Additional paid-in capital	31,130	31,140
Retained earnings	756,604	769,541
Treasury stock	-2,066	-1,955
Valuation and translation adjustments	16,221	31,054
Unrealized gain on other securities	17,276	28,004
Gain on deferred hedge	-315	3,331
Foreign currency translation adjustments	-739	-281
Minority Interests	17,033	17,165
Net Assets Total	<u>1,056,227</u>	<u>1,084,212</u>
Liabilities and Net Assets Total	<u>4,081,508</u>	<u>4,059,775</u>

(2) Quarterly Consolidated Income Statements for the 3rd quarter of FY2008

	(Unit: million yen)
	April 1, 2008 - December 31, 2008
Operating Revenues	1,115,234
Electricity	1,025,423
Other	89,811
Operating Expenses	1,070,827
Electricity	984,623
Other	<u>86,203</u>
Operating Income	<u>44,407</u>
Other Revenues	8,631
Proceed from dividends	3,044
Proceed from interests	1,818
Equity in earnings of affiliates	1,120
Other	2,647
Other Expenses	31,799
Interest expenses	26,764
Other	5,035
Total Ordinary Revenues	1,123,865
Total Ordinary Expenses	1,102,626
Ordinary Income	21,238
Extraordinary Gain	5,400
Gain on marketable securities	<u>5,400</u>
Income Before Income Taxes	<u>26,638</u>
Income Taxes	2,197
Income Taxes-Deferred	<u>8,585</u>
Income Taxes Total	<u>10,783</u>
Minority Interests	<u>389</u>
Net Income	<u>15,465</u>

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

(3) Notes on the premise of going concern

N/A

(4) Notes on significant changes in shareholders' equity

N/A

(Reference)

Quarterly Consolidated Income Statements for the 3rd quarter of FY2007

	(Unit: million yen)
	April 1, 2007-December 31, 2007
Operating Revenues	1,085,026
Electricity	1,006,762
Other	78,263
Operating Expenses	966,427
Electricity	890,576
Other	<u>75,851</u>
Operating Income	<u>118,598</u>
Other Revenues	8,667
Proceed from dividends	1,643
Proceed from interests	1,546
Gain on marketable securities	1,834
Gain on affiliates	901
Other	2,741
Other Expenses	31,172
Interest expenses	26,908
Other	4,264
Total Ordinary Revenues	1,093,693
Total Ordinary Expenses	997,599
Ordinary Income	96,094
Drought Reserve	-90
Reversal of drought reserve	<u>-90</u>
Income Before Income Taxes	<u>96,184</u>
Income Taxes	24,163
Income Taxes-Deferred	12,286
Income Taxes Total	36,449
Minority Interests	<u>764</u>
Net Income	<u>58,971</u>

(Reference)

Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2008 3Q (A)	FY2007 3Q (B)	Difference (A-B)	Change (A/B)	Composition Ratio	
						FY2008 3Q	FY2007 3Q
Ordinary Revenues	Lighting	4,136	4,099	36	100.9	39.2	39.7
	Power	5,970	5,777	193	103.3	56.7	56.0
	(Subtotal)	(10,106)	(9,876)	(230)	(102.3)	(95.9)	(95.7)
	Other	432	446	-13	96.9	4.1	4.3
	[Sales] Total	[10,487] 10,539	[10,254] 10,323	[232] 216	[102.3] 102.1	[99.5] 100.0	[99.3] 100.0
Ordinary Expenses	Labor	1,023	1,034	-10	98.9	9.8	11.0
	Fuel	2,448	1,907	541	128.4	23.5	20.2
	Maintenance	1,385	1,313	72	105.5	13.3	13.9
	Depreciation	1,471	1,474	-2	99.8	14.1	15.6
	Power purchase	1,211	910	300	133.1	11.6	9.6
	Interest	249	250	-	100.0	2.4	2.6
	Tax & public dues	682	694	-12	98.2	6.6	7.4
	Nuclear back-end	382	372	10	102.8	3.7	3.9
	Other	1,562	1,493	68	104.6	15.0	15.8
Total	10,418	9,449	968	110.2	100.0	100.0	
[Operating Income]		[372]	[1,114]	[-742]	[33.4]		
Ordinary Income		121	873	-752	13.9		
Drought Reserve		-	-	-	-		
Extraordinary Gain		54	-	54	-		
Income before income taxes		175	874	-699	20.0		
Income taxes		78	334	-256	23.4		
Net Income		96	539	-443	17.9		

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

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

(Reference)

	FY2008 3Q [A]	FY2007 3Q [B]	Difference [A-B]
Crude oil (CIF) price	105.1 \$/b	73.5 \$/b	31.6\$/b
Exchange rate	¥ 102.9 /\$	¥ 117.3 /\$	¥-14.4/\$