

January 31, 2011

**The 3rd Quarter of the Fiscal Year Ending March 31, 2011 Financial Results Overview [Japan GAAP] (Consolidated)
Kyushu Electric Power Co., Inc.**

Stock code: 9508 URL: 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, 2011

Date to start dividend payments: -

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results: No

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months (April 1, 2010 to December 31, 2010)

(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, 2010 - December 31, 2010	1,081,639	2.0	97,015	-1.7	69,737	-9.7
April 1, 2009 - December 31, 2009	1,060,369	-4.9	98,705	122.3	77,238	263.7

	Net income		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2010 - December 31, 2010	29,504	-39.7	62.37	—
April 1, 2009 - December 31, 2009	48,951	216.5	103.46	—

(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, 2010	4,118,966	1,082,850	25.9	2,253.28
As of March 31, 2010	4,054,192	1,089,066	26.4	2,265.59

(Reference)

Shareholders' equity: As of December 31, 2010 : 1,065,814 million yen As of March 31, 2010: 1,071,792 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)
FY2009	—	30.00	—	30.00	60.00
FY2010	—	30.00	—		
FY2010(projected)				30.00	60.00

(Note) Revision of projected dividends: No

3. Forecasts for Consolidated Financial Results for FY2010 (April 1, 2010 to March 31, 2011)

(% 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	1,471,000	1.8	96,000	-3.7	62,000	-8.3	24,000	-42.6	50.73

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

4. Other (For details, see page 5 "Other Information" of attached material.)

(1) Changes in significant subsidiaries during the period : No

(Note) Changes in scope of consolidated subsidiaries during the period

(2) Adoption of simplified methods or specific methods : No

(Note) Adoption of simplified methods or methods specific in preparing quarterly consolidated financial statements in accounting practice

(3) Changes in the accounting principles, procedures and disclosure

① Changes in line with revised accounting standards : Yes

② Other than ① : No

(Note) Changes in the accounting principles, procedures and disclosure regarding preparation of quarterly consolidated financial statements, written in "Changes in significant items regarding preparation of quarterly consolidated financial statements"

(4) Number of common stocks issued and outstanding

① Total stocks including treasury stocks	FY2010 3Q: 474,183,951 shares FY2009: 474,183,951 shares
② Treasury stocks	FY2010 3Q: 1,177,205 shares FY2009: 1,110,624 shares
③ Average number of shares during the period	FY2010 3Q: 473,055,079 shares FY2009 3Q: 473,140,023 shares

*Notes on implementation status of quarterly review procedure

This financial results overview is not the object of quarterly review procedure based on Financial Instruments and Exchange Act, and at the time of this disclosure, review procedure of quarterly consolidated financial reports based on Financial Instruments and Exchange Act has not been completed.

*Notes on the proper use of the forecasts

The 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 FY2010 (April 1, 2010 to March 31, 2011)

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

	Sales		Operating income		Ordinary income		Net income		EPS
	(Unit: million yen)	(%)	(Unit: yen)						
Full-year	1,376,000	2.7	85,000	0.1	52,000	3.3	18,000	-36.4	38.03

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

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1. Qualitative Information regarding Quarterly Financial Results

(1) Qualitative information regarding consolidated business performance

The Japanese economy in this period (April to December 2010) marked time toward the end of the year mainly due to slowdown of export and production and rebound effect of economic measures in addition to the difficult employment market, although gradual recovery continued as corporate earnings improved on the back of increases in export and production, and capital expenditures turned to recovery.

① Revenue and Expenditure

On the revenue side, consolidated sales (operating revenues) increased by 2.0% to ¥1,081.6 billion compared with the 3Q of FY2009 and the ordinary revenues increased by 1.9% to ¥1,088.9 billion affected by the business performances in electricity business as electricity sales volume increased while charge unit price decreased mainly due to the effect of fuel cost adjustment system.

On the expenditure side, ordinary expenses increased by 2.8% to ¥1,019.1 billion affected by the business performances in electricity business as fuel costs increased mainly due to the increase of electricity sales volume and the rise of fuel prices while maintenance cost decreased.

As a result, the ordinary income for the 3Q of FY2010 decreased by 9.7% to ¥69.7 billion compared with the 3Q of FY2009.

The net income decreased by 39.7% to ¥29.5 billion due to the recording of an extraordinary loss of ¥18.4 billion with the application of “Accounting Standards for Asset Retirement Obligations”.

② Sales and Supply Overview

The demand for electric light, power for commercial operations and other general demands increased by 3.6% compared with the 3Q of the previous year mainly due to an increase in the air-conditioning demand as the temperature in this summer was higher than the previous year’s level. The power demand from large industrial customers increased by 6.6% compared with the 3Q of the previous year due to an increase in production of Steel and Iron and Chemicals and Non-ferrous metals.

Consequently, the total electricity sales for the 3Q of FY2010 increased by 4.5% to 64.24 billion kWh.

Electricity Sales Volume

(Unit: million kWh, %)

		FY2010 3Q	FY2009 3Q	Difference	Change
		(A)	(B)	(A-B)	(A/B)
Lighting		21,696	20,484	1,212	105.9
Power		42,548	41,021	1,527	103.7
Electricity Sales Total		64,244	61,505	2,739	104.5
(Figures are included above)	Customers other than large-scale industrial	46,227	44,600	1,627	103.6
	Large-scale industrial customers	18,017	16,905	1,112	106.6

On the supply side, owing to the overall operation of power-generating facilities including nuclear power plants, we have provided stable supply of electricity to our customers.

Generated and Received Electricity

(Unit: million kWh, %)

		FY2010 3Q (A)	FY2009 3Q (B)	Difference (A-B)	Change (A/B)
Own facilities	Hydro (Water flow rate)	3,581 (96.0)	2,390 (67.5)	1,191 (28.5)	149.9
	Thermal	26,371	25,509	862	103.4
	Nuclear (Utilization rate)	29,087 (83.8)	29,381 (84.7)	-294 (-0.9)	99.0
	New Energy	1,073	1,090	-17	98.4
	Subtotal	60,112	58,370	1,742	103.0
From other companies (New Energy [included above])		11,133 (1,088)	10,015 (932)	1,118 (156)	111.2 (116.9)
Interchange		1	6	-5	7.3
For pumping		-687	-390	-297	176.1
Total		70,559	68,001	2,558	103.8

(Note) "New Energy" includes Solar, Wind, Biomass, Waste and Geothermal.

(2) Qualitative information regarding consolidated financial condition

① Consolidated assets, debt, and shareholders' equity overview

Consolidated assets increased by ¥64.7 billion compared with the end of the previous fiscal year to ¥4,118.9 billion mainly because of the increase in fixed assets due to the increase in long-term investments and because of the increase in current assets such as trade notes and accounts receivable and cash and cash equivalent while depreciation progressed.

Consolidated liabilities increased by ¥70.9 billion to ¥3,036.1 billion in spite of the payment of construction costs accrued to the end of the previous period due to an increase in interest-bearing debts and the inclusion of asset retirement obligations. The interest-bearing debts increased by ¥81.4 billion to ¥2,086.2 billion.

Consolidated shareholders' equity decreased by ¥6.2 billion to ¥1,082.8 billion mainly as the dividends were paid and unrealized gain on other securities decreased while the net income for this quarter has been recorded. Consequently the shareholders' equity ratio went down to 25.9%.

② Consolidated cash flow overview

Cash inflow from operating activities decreased by ¥55.2 billion to ¥203.4 billion from the 3Q of the previous year mainly due to an increase in fuel costs and costs to purchase electricity from other companies in electricity business.

Cash outflow from investing activities increased by ¥76.4 billion to ¥245.2 billion from the 3Q of the previous year mainly due to an increase in capital investments and an increase in payments for purchases of marketable securities.

Cash inflow from financing activities was ¥50.3 billion. (Cash outflow for the 3Q of the previous year was ¥106.4 billion.)

As a result, the balance of cash and cash equivalents at the end of this third quarter increased by ¥8.5 billion to ¥76.7 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 FY2010 from the numbers announced in October 2010.

2. Other Information

- (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) Changes in accounting principles, procedures or disclosure regarding preparation of quarterly consolidated financial statements

- ① Application of the accounting standards for asset retirement obligations

The Company applied the Accounting Standards for Asset Retirement Obligations (ASBJ Statement No. 18; March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21; March 31, 2008) starting in the first quarter of the current consolidated fiscal year. The Ministerial Ordinance on Reserve for Decommissioning of Nuclear Power Plants (Ordinance of the Ministry of Economy, Trade and Industry) was revised in conjunction with the application of the above standards and guidance.

As a result, operating income and ordinary income decreased by ¥628 million each, and the income before income taxes and minority interests decreased by ¥19.057 billion. The amount recorded as the asset retirement obligation as the result of application of these accounting standards and guidance was ¥207.253 billion (of which ¥164.931 billion was transferred from the reserve for the decommissioning of nuclear power plants).

- ② Application of the accounting standards for business combinations

The Company applied the Accounting Standard for Business Combinations (ASBJ Statement No. 21; December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; December 26, 2008), the Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23; December 26, 2008), the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7; December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16; December 26, 2008) and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10; December 26, 2008) starting in the first quarter of the current consolidated fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(Unit: million yen)	
	As of December 31th, 2010	As of March 31st, 2010
Assets		
Fixed Assets	3,818,784	3,776,231
Utility property, plant and equipment	2,480,943	2,479,444
Hydro	330,365	311,589
Thermal	220,746	233,364
Nuclear	260,525	239,258
Internal combustion	20,656	22,304
New energy power production facilities	16,287	14,561
Transmission	645,051	659,753
Transformation	239,464	247,041
Distribution	615,370	615,752
General	125,137	128,195
Other	7,338	7,623
Other fixed assets	298,313	310,531
Construction in progress	241,073	247,077
Construction and retirement in progress	241,073	247,077
Nuclear fuel	264,716	269,663
Loaded nuclear fuel	57,269	57,433
Nuclear fuel in processing	207,447	212,230
Investments and other assets	533,736	469,513
Long-term investments	131,322	104,473
Reserve for reprocessing of irradiated nuclear fuel	174,706	167,769
Deferred tax assets	128,792	119,708
Other assets	99,970	78,615
Allowance for doubtful accounts	-1,055	-1,054
Current Assets	300,182	277,961
Cash and cash equivalent	78,440	69,813
Trade notes and accounts receivable	108,285	96,033
Inventories at average cost	69,286	63,845
Deferred tax assets	14,758	16,567
Other current assets	30,382	32,780
Allowance for doubtful accounts	-971	-1,079
Assets Total	4,118,966	4,054,192

	(Unit: million yen)	
	As of December 31th, 2010	As of March 31st, 2010
Liabilities		
Long-term Liabilities	2,448,014	2,432,904
Bonds	1,192,255	1,211,503
Long-term loans	492,283	508,094
Accrued retirement benefits	144,876	141,699
Reserve for reprocessing of irradiated nuclear fuel	347,291	350,780
Reserve for preparation of reprocessing of irradiated nuclear fuel	21,576	18,439
Reserve for decommissioning of nuclear power plant	-	164,931
Asset retirement obligations	207,253	-
Deferred tax liabilities	37	16
Other fixed liabilities	42,440	37,439
Current Liabilities	588,101	532,221
Current portion of long-term debt	234,950	177,320
Short-term borrowings	112,881	111,886
Notes and accounts payable	44,968	47,964
Income tax payable	31,681	41,912
Other current liabilities	163,619	153,137
Liabilities Total	3,036,115	2,965,126
Net Assets		
Shareholders' Equity	1,055,844	1,054,819
Common stock	237,304	237,304
Additional paid-in capital	31,138	31,140
Retained earnings	789,686	788,538
Treasury stock	-2,285	-2,164
Valuation and translation adjustments	9,970	16,973
Unrealized gain on other securities	13,452	16,382
Gain on deferred hedge	-1,651	1,879
Foreign currency translation adjustments	-1,831	-1,289
Minority Interests	17,036	17,273
Net Assets Total	1,082,850	1,089,066
Liabilities and Net Assets Total	4,118,966	4,054,192

(2) Quarterly Consolidated Income Statements

(Unit: million yen)

	April 1, 2009-December 31, 2009	April 1, 2010-December 31, 2010
Operating Revenues	1,060,369	1,081,639
Electricity	970,573	991,322
Other	89,795	90,316
Operating Expenses	961,663	984,623
Electricity	878,965	901,776
Other	82,698	82,847
Operating Income	98,705	97,015
Other Revenues	8,474	7,268
Proceed from dividends	2,178	1,989
Proceed from interests	2,001	2,279
Equity in earnings of affiliates	1,786	247
Other	2,508	2,751
Other Expenses	29,941	34,546
Interest expenses	26,744	25,806
Other	3,196	8,740
Total Ordinary Revenues	1,068,843	1,088,907
Total Ordinary Expenses	991,604	1,019,170
Ordinary Income	77,238	69,737
Extraordinary Loss	-	18,428
Loss on adjustment for changes of accounting standard for asset	-	18,428
Income before Income Taxes and Minority Interests in income	77,238	51,309
Income Taxes	30,247	25,372
Income Taxes-Deferred	-2,080	-3,673
Income Taxes Total	28,166	21,698
Income before Minority Interests	-	29,610
Minority Interests	120	106
Net Income	48,951	29,504

(3) Quarterly Consolidated Statements of Cash Flows

	(Unit: million yen)	
	April 1, 2009- December 31, 2009	April 1, 2010- December 31, 2010
Operating Activities		
Income before income taxes and minority interests	77,238	51,309
Depreciation and amortization	175,917	173,735
Decommissioning cost of nuclear power plants	-	6,154
Amortization of nuclear fuel	16,641	19,974
Loss on disposal of property, plant and equipment	5,226	5,803
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	18,428
Increase(decrease) in liability for retirement benefits	448	3,174
Provision for reserve for reprocessing of used fuel	-264	-3,488
Provision for preparation for reprocessing of irradiated nuclear fuel	2,847	3,137
Provision for reserve for decommissioning of nuclear power plants	5,587	-
Interest revenue and dividends received	-4,179	-4,268
Interest expense	26,744	25,806
Loss on equity under the equity method	-1,786	-247
Decrease in fund for reprocessing of irradiated nuclear fuel	-8,748	-6,937
Decrease in accounts receivable	9,331	-11,870
Decrease in inventories, principally fuel, at average cost	-512	-5,440
Increase in accounts payable	-8,310	-2,466
Other	-2,795	-10,305
Sub Total	<u>293,387</u>	<u>262,498</u>
Receipt of interest and cash dividends	4,589	4,576
Interest paid	-30,486	-29,204
Income tax paid	-8,870	-34,453
Net cash provided by operating activities	<u>258,619</u>	<u>203,416</u>
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	-168,248	-188,472
Payment for investments and other	-12,581	-63,226
Proceeds for recoveries from investments and other	7,553	4,503
Other	4,474	1,957
Net cash used in investing activities	<u>-168,802</u>	<u>-245,237</u>

	(Unit: million yen)	
	April 1, 2009-	April 1, 2010-
	December 31, 2009	December 31, 2010
Cash Flows from Financing Activities		
Proceeds from issuance of bonds	39,868	129,624
Redemption of bonds	-50,000	-70,000
Proceeds from long-term loans	13,230	57,364
Repayment of long-term loans	-56,245	-96,668
Net increase (decrease) in short-term borrowings	-23,778	994
Net increase in commercial paper	-	59,000
Cash dividends paid	-28,398	-28,413
Other	-1,095	-1,561
Net cash used in financing activities	<u>-106,419</u>	<u>50,339</u>
Effect of exchange rate changes on cash and cash equivalents	<u>-73</u>	<u>19</u>
Changes in cash and cash equivalents	<u>-16,675</u>	<u>8,538</u>
Cash and cash equivalents at beginning of the fiscal year	88,124	68,178
Increase in cash and cash equivalent due to the merger of consolidated subsidiaries	-	20
Cash and cash equivalents at end the of the 1Q	<u>71,449</u>	<u>76,737</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

4. Supplementary Information

Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2010 3Q (A)	FY2009 3Q (B)	Difference (A-B)	Change (A/B)	Composition Ratio	
						FY2010 3Q	FY2009 3Q
Ordinary Revenues	Lighting	4,170	4,040	129	103.2	41.0	40.6
	Power	5,556	5,539	16	100.3	54.5	55.6
	(Subtotal)	(9,726)	(9,580)	(146)	(101.5)	(95.5)	(96.2)
	Other	460	382	78	120.5	4.5	3.8
	[Sales] Total	[10,127] 10,187	[9,908] 9,963	[218] 224	[102.2] 102.3	[99.4] 100.0	[99.5] 100.0
Ordinary Expenses	Labor	1,208	1,288	-80	93.8	12.7	13.9
	Fuel	1,910	1,546	364	123.6	20.0	16.6
	Maintenance	1,305	1,393	-88	93.7	13.7	15.0
	Depreciation	1,475	1,480	-4	99.7	15.5	15.9
	Power purchase	988	851	137	116.1	10.4	9.2
	Interest	243	250	-6	97.2	2.5	2.7
	Tax & public dues	697	696	1	100.2	7.3	7.5
	Nuclear back-end	357	374	-17	95.4	3.7	4.0
	Other	1,355	1,417	-62	95.6	14.2	15.2
	Total	9,543	9,300	243	102.6	100.0	100.0
[Operating Income]		[895]	[897]	[-1]	[99.8]		
Ordinary Income		643	663	-19	97.1		
Extraordinary Gain		183	-	183	-		
Income before income taxes		460	663	-202	69.5		
Income taxes		197	254	-57	77.5		
Net Income		263	408	-145	64.5		

(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)

	FY2010 3Q	FY2009 3Q	Difference
	[A]	[B]	[A-B]
Crude oil (CIF) price	80 \$/b	66\$/b	14\$/b
Exchange rate	87 ¥/\$	94 ¥/\$	-7 ¥/\$