

Financial Results for 4/2010-9/2010 and Financial Forecasts for 4/2010-3/2011

November 4 , 2010



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.

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*Figures for FY2010 2nd quarter financial result is accumulated total from Apr.1,2010 to Sep.30,2010.

Financial Results and Forecasts Summary

FY2010 2nd Quarter Financial Results Summary

Summary: On both a consolidated and non-consolidated basis, an increase in sales and decreased profit for the first time in two quarters.

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/%)

	FY2010/2Q	FY2009/2Q	Change	vs FY2009/2Q
Sales	736.7	726.4	10.3	101.4
Operating Income	76.1	82.5	-6.3	92.3
Ordinary Income	57.2	67.5	-10.2	84.8
(Extraordinary Losses)	(18.4)	(-)	(18.4)	(-)
Net Income	21.8	42.6	-20.8	51.2

Note: As of the end of 2Q/2010, 66 subsidiaries were subject to consolidated accounting

Breakdown:

Consolidated subsidiaries: 35 companies (an increase of 1 company from the end of FY2009: 1 new company)

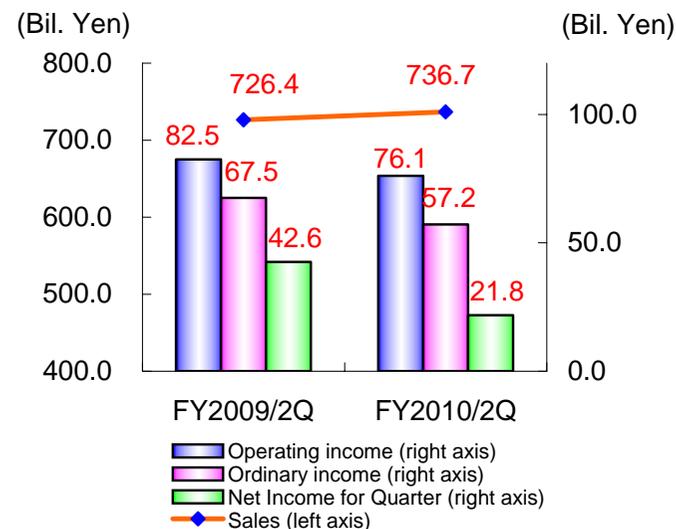
Equity method companies: 31 companies (no change from the end of FY2009: 1 new company, 1 company excluded)

Non-Consolidated

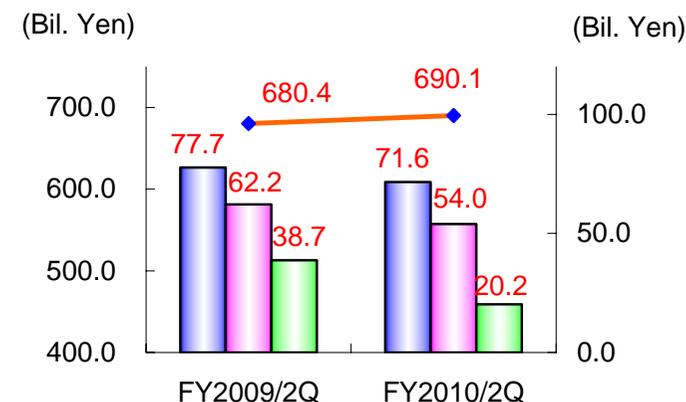
(Unit: Billions of Yen/%)

	FY2010/2Q	FY2009/2Q	Change	vs FY2009/2Q
Sales	690.1	680.4	9.7	101.4
Operating Income	71.6	77.7	-6.0	92.2
Ordinary Income	54.0	62.2	-8.2	86.7
(Extraordinary Losses)	(18.3)	(-)	(18.3)	(-)
Net Income	20.2	38.7	-18.5	52.2

Consolidate



Non-Consolidated



FY2010 Summary of Full-Year Financial Results Forecasts

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 application of accounting standards for asset retirement obligations

In energy related business:

- Decrease in sales including construction work

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

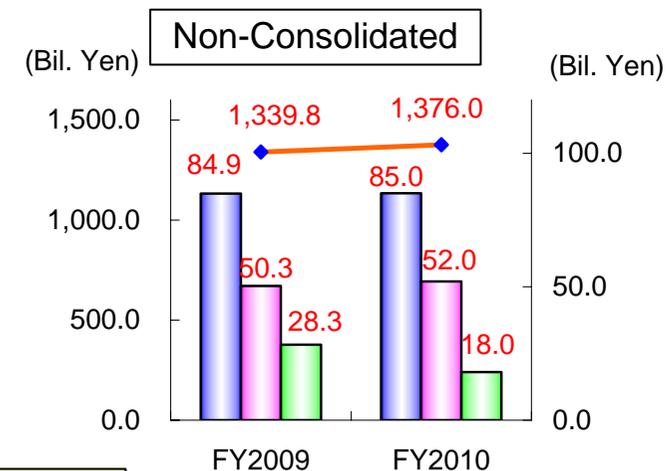
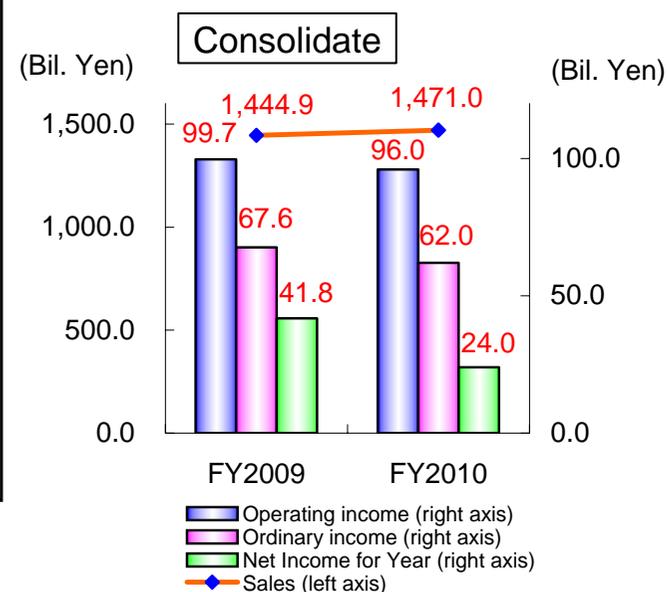
Non-Consolidated

(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.



Key Fundamentals and Sensitivity Factors (Non-Consolidated)

Key Fundamentals (Non-Consolidated)

	FY2010	FY2009	Change	[Ref.] 2nd Half FY2010
Electricity Sales Volume	86.7 TWh	83.4 TWh	3.3 TWh	42.8 TWh
Exchange rate	89 Yen/\$	93 Yen/\$	-4 Yen/\$	90 Yen/\$
Crude Oil CIF Price	80 \$/b	69 \$/b	11 \$/b	82 \$/b
Water Flow Rate	102.4 %	76.1 %	26.3 %	100.0 %
Nuclear Power Generation Capacity Utilization Rate	80.9 %	84.8 %	-3.9 %	80.2 %

Sensitivity Factors (Non-Consolidated)

	FY2010		(Unit: Billions of Yen) FY2009 (Reference)
	2nd Half	Full Year	
Exchange rate (1Yen/\$)	1.3	2.7	2.0
Crude Oil CIF Price (1\$/b)	0.8	1.7	1.3
Water Flow Rate (1%)	0.1	0.4	0.2
Nuclear Power Generation Capacity Utilization Rate (1%)	1.3	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.

FY2010 2nd Quarter Financial Results

Electricity Sales Volume

- General demand increased by 1.4 TWh (4.6%) compared to the same period last year due to increased air-conditioning demand caused by rising summer temperatures over those of last year.
- Demand from large-scale industrial companies increased by 0.8 TWh (7.1%) compared to the same period last year due to increased production of electrical and transportation machinery, chemicals and non-ferrous metals.

Electricity Sales Volumes (TWh/%)

		Actual	vs. FY2009/2Q	
			Change	%
Lighting		14.9	1.1	107.7
Power		29.0	1.1	104.1
Total		43.9	2.2	105.3
Repositing	General	31.9	1.4	104.6
	Large-scale Industrial	12.0	0.8	107.1

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

		Actual	vs. FY2009/2Q	
			Change	%
Machinery		3.6	0.2	106.7
	Electronics	2.5	0.1	104.3
	Transportation Machinery	0.8	0.1	112.7
Steel and Iron		1.1	0.1	106.4
Chemicals		1.3	0.2	111.3
Clay and Stone		0.4	-	107.2
Non-ferrous Metals		1.0	0.2	117.4
Others		4.6	0.1	104.5
Total		12.0	0.8	107.1

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

			Actual	vs. FY2009/2Q	
				Change	%
Demand other than under liberalization	Lighting		14.9	1.1	107.7
	Power	Low voltage	2.6	0.1	104.6
		Other	0.4	-0.1	98.8
	Subtotal		17.9	1.1	107.0
Demand under liberalization	Commercial		10.6	0.1	101.1
	Industrial		15.4	1.0	106.3
	Subtotal		26.0	1.1	104.1
Total			43.9	2.2	105.3

Shift in Large-scale Demand (by month)

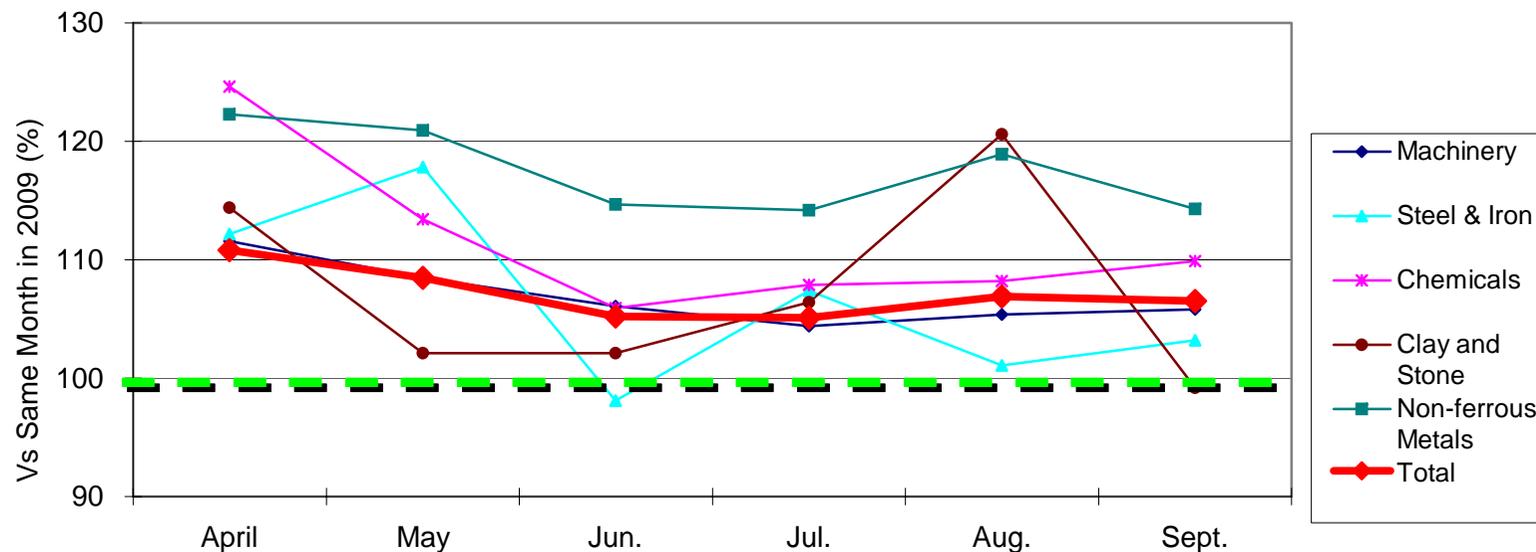
1 Large Scale Electric Power Results by Month (by sector)

(Units: TWh/%)

	April		May		Jun.		Jul.		Aug.		Sept.		FY2010/2Q	
	Volume	vs FY2009	Volume	vs FY2009										
Machinery*	0.535	111.6	0.542	108.5	0.594	106.1	0.646	104.4	0.635	105.4	0.632	105.8	3.584	106.7
Steel & Iron	0.166	112.2	0.191	117.8	0.160	98.1	0.166	107.4	0.178	101.1	0.194	103.2	1.055	106.4
Chemicals	0.203	124.6	0.208	113.4	0.203	105.9	0.216	107.9	0.217	108.2	0.221	109.9	1.268	111.3
Clay and Stone	0.084	114.4	0.080	102.1	0.078	102.1	0.070	106.4	0.077	120.6	0.064	99.2	0.453	107.2
Non-ferrous Metals	0.151	122.3	0.158	120.9	0.159	114.7	0.170	114.2	0.171	118.9	0.163	114.3	0.972	117.4
Total	1.850	110.8	1.900	108.5	1.971	105.2	2.106	105.1	2.112	106.9	2.095	106.5	12.034	107.1

* Machinery refers to electrical machinery, machinery for transport, etc.

2. Change vs. Previous Year

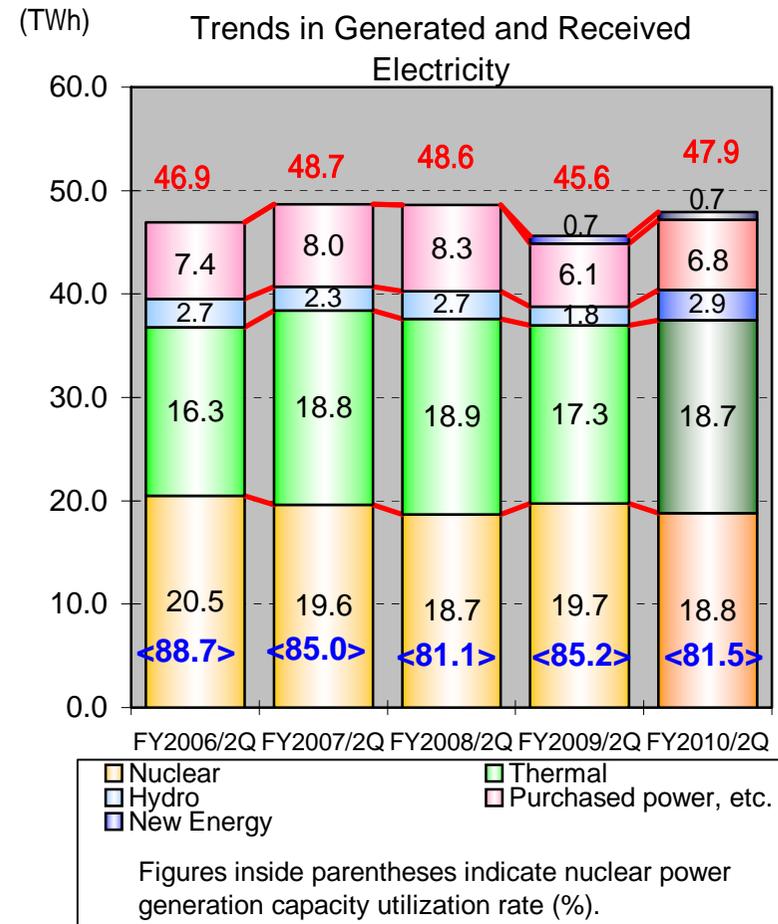


Electricity Generated and Received

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

		Actual	vs. FY2009/2Q	
			Change	%
Generated	Hydro (Water flow rate)	2.9 (103.8)	1.1 (40.0)	163.3
	Thermal	18.7	1.4	108.1
	Nuclear (Utilization rate)	18.8 (81.5)	-0.8 (-3.7)	95.6
	New Energy Sources, etc.	0.7	-	97.0
	Subtotal	41.1	1.7	104.2
	Received from Other Companies (Reposted new energy, etc.)	7.3 (0.7)	0.8 (0.1)	111.4 (114.8)
Interchange	-	-	-	
Pumped Storage Use	-0.5	-0.2	144.4	
Total	47.9	2.3	104.9	

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



Income Statement Summary (Non-Consolidated)

(Units: Billions of Yen/%)

	FY2010/2Q	FY2009/2Q	Change	vs. FY2009/2Q	Explanations	
Ordinary Revenues	Lighting	287.4	277.7	9.7	103.5	Increase in electricity sales volume, 34.2
	Power	376.2	382.1	-5.9	98.4	Decline in charge unit prices due to drop in fuel prices & other factors, -30.5
	Others	30.9	24.4	6.5	126.6	Sales to other companies, 2.1; operating income from incidental businesses, 0.7; miscellaneous income, 0.6
	(Sales)	(690.1)	(680.4)	(9.7)	(101.4)	
	Subtotal	694.5	684.2	10.3	101.5	
Ordinary Expenses	Personnel	81.2	86.6	-5.4	93.7	Employee retirement benefits, -5.8
	Fuel	134.5	106.4	28.0	126.3	Increase in electricity sales volume, 14.9; rise in fuel price, 14.3; increase in water flow rate, -9.5
	Maintenance	83.1	90.9	-7.8	91.4	Thermal, -9.8; nuclear, 2.0
	Depreciation	97.9	98.7	-0.8	99.1	Nuclear, -0.4; distribution, -0.3
	Purchased Power	64.1	56.2	7.8	114.0	Purchased from other companies, 7.9
	Interest Charges	16.2	16.7	-0.4	97.1	
	Miscellaneous Taxes	48.8	48.1	0.6	101.4	
	Nuclear Back-End Costs *1	24.1	24.9	-0.7	96.9	
	Others	90.3	92.9	-2.6	97.2	Overhead expenses *2, -7.0; miscellaneous losses, 3.1
	Subtotal	640.5	621.9	18.5	103.0	
	(Operating Income)	(71.6)	(77.7)	(-6.0)	(92.2)	
	Ordinary Income	54.0	62.2	-8.2	86.7	
	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
	Quarterly Net Income	20.2	38.7	-18.5	52.2	

* 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

	FY2010/2Q	FY2009/2Q	Change
Exchange Rate	89 Yen/\$	96 Yen/\$	-7.0 Yen/\$
Crude Oil CIF Prices	78 \$/b	62 \$/b	16 \$/b
Water Flow Rate	103.8 %	63.8 %	40.0 %
Nuclear Power Generation Capacity Utilization Rate	81.5 %	85.2 %	-3.7 %

[Reference] Extraordinary Losses

- Expenses required for the decommission 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.

Explanation of Ordinary Revenue (Non-Consolidated)

(Unit: Billions of Yen/%)				
	FY2010/2Q	FY2009/2Q	Change	vs FY2009/2Q
Lighting & Power	663.6	659.8	3.7	100.6

Explanations

Change

1. Increase in electricity sales volume due to increased de **34.2**

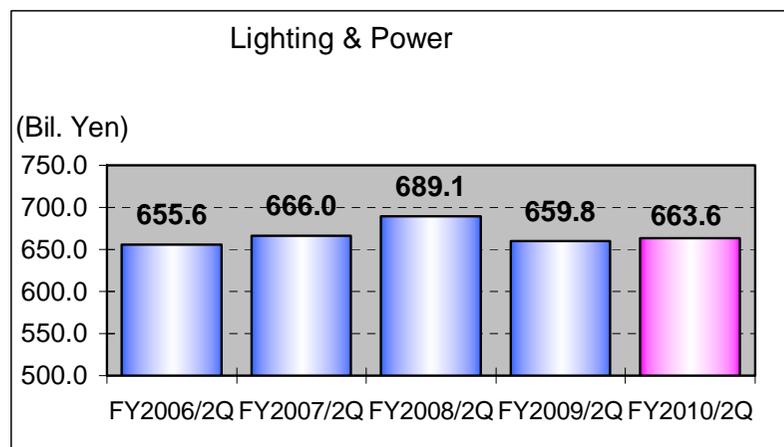
· Increase in sales volume (43.9 41.7 TWh; 2.2 TWh vs. FY2009/2Q)

(Unit: TWh)				Factors	
	FY2010/2Q	FY2009/2Q	Change		
General	31.9	30.5	1.4	· Temperature effect	0.7
				· Variation in meter inspection periods (+ 1.45 days)	0.2
				· Spread of all electric houses	0.1
Large-scale Industrial	12.0	11.2	0.8	Increase in production of electric and transport machinery, chemicals, and non-ferrous metals	0.8

2. Decline in charge unit price due to impact of fuel cost adjus **-30.5**

Effect of fuel cost adjustments **-22.7**

- Transitional measures -5.2 billion yen
- Special measures -3.2 billion yen
- Other fuel cost adjustments -14.3 billion yen



(Unit: Billions of Yen/%)				
	FY2010/2Q	FY2009/2Q	Change	vs FY2009/2Q
Others	30.9	24.4	6.5	126.6

Note: Other income: electricity sales and other total amount

Explanations

Change

FY2010/2Q

FY2009/2Q

1. Sales to other companies: **2.1** (3.8 1.6)

· Increase in electricity sales volume to other companies

(0.4 0.1 TWh; 3 TWh vs. FY2009/2Q)

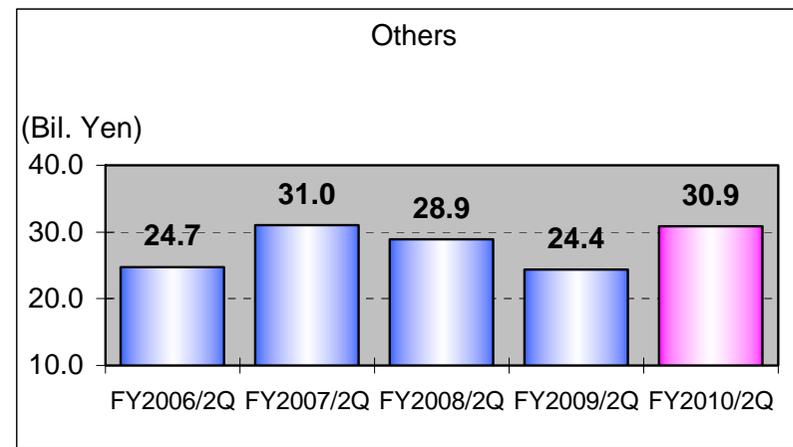
2. Operating income from incidental businesses **0.7** (12.7 12.0)

· Fiber optic lease line business **0.4** (5.6 5.2)

· Gas provider business **0.2** (4.9 4.6)

3. Miscellaneous revenue **0.6** (1.4 0.7)

· Profit on sale of securities **0.5**



Explanation of Ordinary Expenses (Non-Consolidated)

【 Personnel, Fuel 】

(Unit: Billions of Yen/%)

	FY2010/2Q	FY2009/2Q	Change	vs. FY2009/2Q
Personnel	81.2	86.6	-5.4	93.7

Explanations

	Change	FY2010/2Q	FY2009/2Q
Employee Retirement Benefits	-5.8	(10.2	16.0)
Amortization cost of actuarial	-2.9	(1.5	4.4)

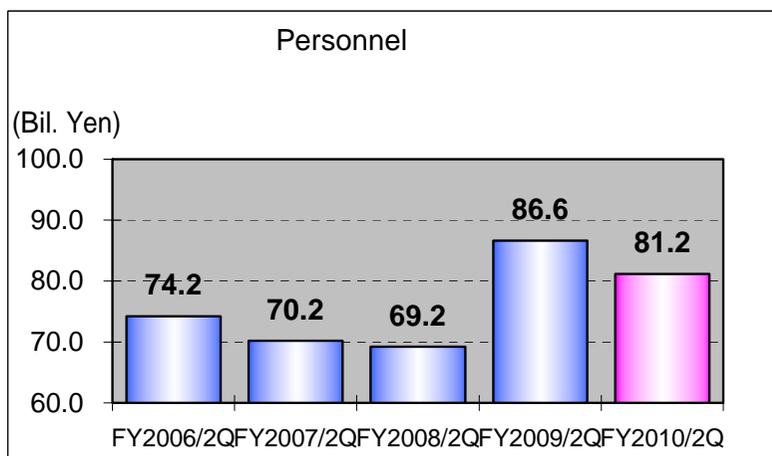
- Accrued in FY2004 0.8 billion yen (amortization completed in FY2009)
- Accrued in FY2009 -3.8 billion yen

(Reference) Actuarial Differences (Bil. Yen)

Year	Amount	Amount Amortized		Change (A-B)
		FY2010/2Q (A)	FY2009/2Q (B)	
FY2004	-8.9	-	-0.8	0.8
FY2005	-29.5	-2.9	-2.9	-
FY2006	-7.0	-0.7	-0.7	-
FY2007	33.2	3.3	3.3	-
FY2008	57.0	5.7	5.7	-
FY2009	-38.1	-3.8	-	-3.8
Total		1.5	4.4	-2.9

Expected return on plan assets	-2.9	(-2.9	-)
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- Reevaluate FY2010 expected return on plan assets (2% 0%)



(Unit: Billions of Yen/%)

	FY2010/2Q	FY2009/2Q	Change	vs. FY2009/2Q
Fuel	134.5	106.4	28.0	126.3

Explanations

	Change
1. Increase in sales volume	14.9

- Increase in sales volume (43.9 41.7 TWh; 2.2 TWh vs. FY2009/2Q)

2. Rise in fuel prices	14.3
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Effect of rise in fuel prices	18.7
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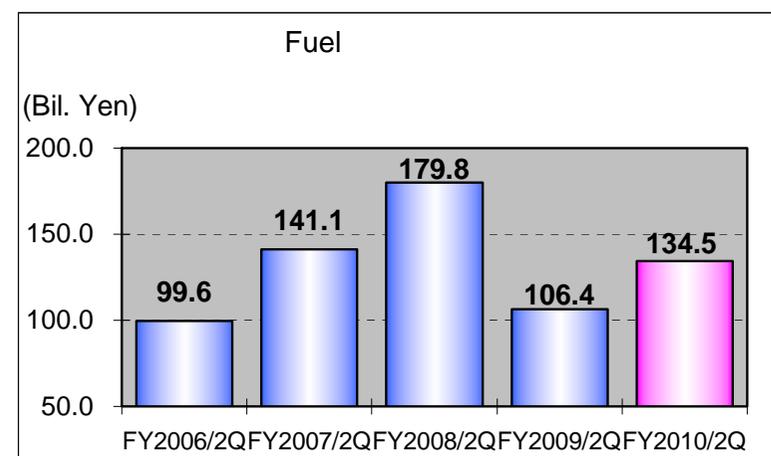
Reference: All Japan CIF prices

- Crude oil (78 62\$/b; 16\$/b vs. FY2009/2Q)
- LNG (570 402\$/t; 168\$/t vs. FY2009/2Q)
- Coal (107 103\$/t; 4\$/t vs. FY2009/2Q)

Effect of exchange rate (high-yen)	-4.4
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Reference: Interbank Rate

- Exchange rate (89 96yen/\$; 7 yen/\$ vs. FY2009/2Q)



Explanation of Ordinary Expenses (Non-Consolidated)

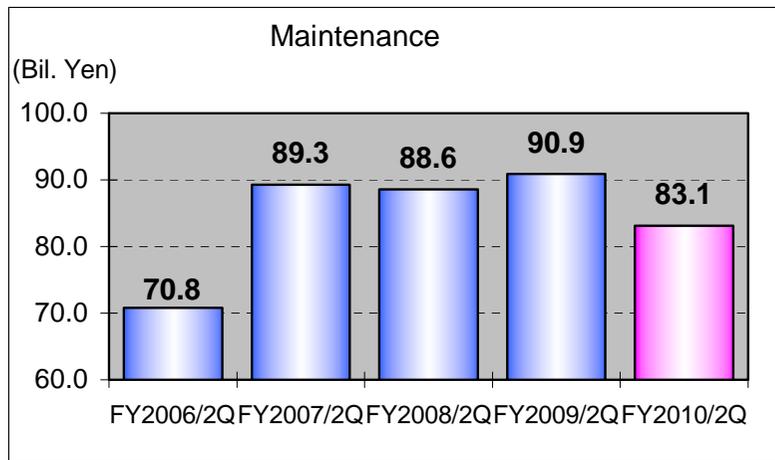
【 Maintenance, Depreciation 】

(Unit: Billions of Yen/%)

	FY2010/2Q	FY2009/2Q	Change	vs. FY2009/2Q
Maintenance	83.1	90.9	-7.8	91.4

Explanations

Explanations	Change	FY2010/2Q	FY2009/2Q
1. Thermal	-9.8	(12.9	22.8)
• Reduction in maintenance work during regular maintenance			
2. Nuclear	2	(30.3	28.3)
• Increase in accordance with variation in regular inspection cycle			
No. of days for nuclear power regular inspection:			
+ 51 days (231 days - 180 days)			

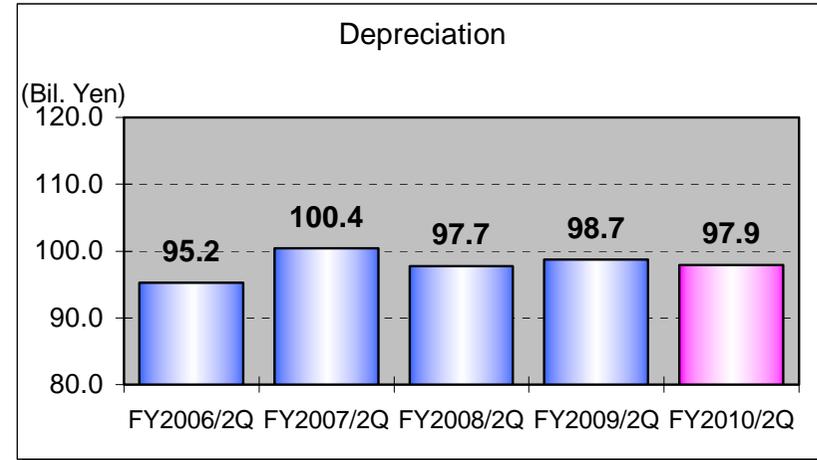


(Unit: Billions of Yen/%)

	FY2010/2Q	FY2009/2Q	Change	vs. FY2009/2Q
Depreciation	97.9	98.7	-0.8	99.1

Explanations

Explanations	Change	FY2010/2Q	FY2009/2Q
1. Nuclear	-0.4	(18.8	19.3)
2. Distribution	-0.3	(13.5	13.9)



Explanation of Ordinary Expenses (Non-Consolidated)

【 Purchased Power, Others 】

(Unit: Billions of Yen/%)

	FY2010/2Q	FY2009/2Q	Change	vs. FY2009/2Q
Purchased Power	64.1	56.2	7.8	114.0

Explanations

	Change	FY2010/2Q	FY2009/2Q
Purchased from other companies	7.9	64.0	56.1
Increase in solar power purchases	3.8	6.7	2.9

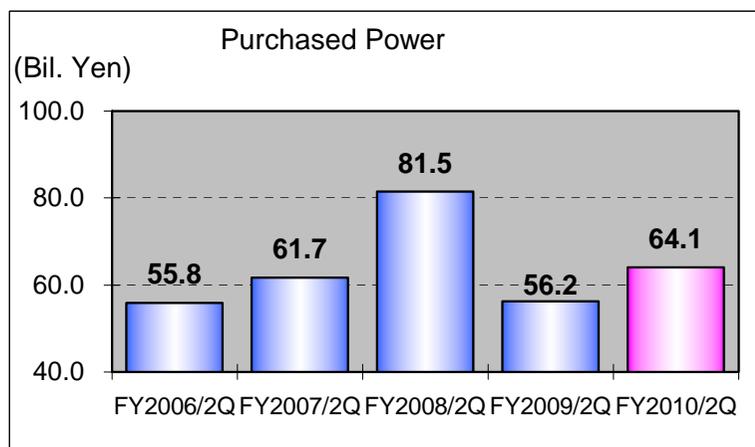
· Increase in purchase prices under the System for Purchasing Surplus Solar Power (since Nov. 2009)

Reference: Actual Purchases (TWh, Billions of Yen)

	FY2010/2Q	FY2009/2Q	Change
Power Qty	0.15	0.12	0.03
Purchase Cost	6.7	2.9	3.8

	Change	FY2010/2Q	FY2009/2Q
Increase in purchases from other thermal power companies	1.8	42.0	40.2

· Increase in thermal power purchases (5.6 5.2 TWh; 0.4TWh vs. FY2009/2Q)



(Unit: Billions of Yen/%)

	FY2010/2Q	FY2009/2Q	Change	vs. FY2009/2Q
Others	179.5	182.7	-3.2	98.2

Note: Others consists of interest charges, taxes, nuclear power back-end costs, and others

Explanations

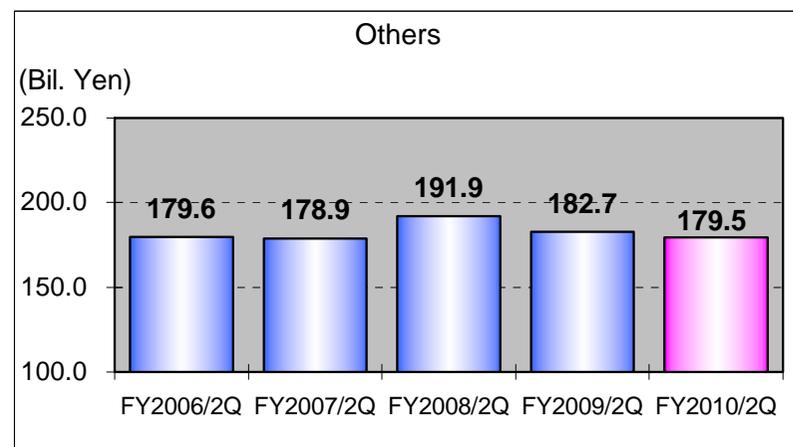
	Change	FY2010/2Q	FY2009/2Q
1. Overhead Expenses	-7.0	63.6	70.6

· Subcontract fees -3.3

· Communication & transport expenses -1.1

	Change	FY2010/2Q	FY2009/2Q
2. Miscellaneous losses	3.1	5.5	2.4

· Unrealized losses on securities 3.5



Balance Sheet Summary (Non-Consolidated)

[Assets]

(Unit:Billions of Yen)

	Sept. 30, 2010	Mar. 31, 2010	Change	Explanations
Utility Property, Plant, and Equipment	2,535.2	2,514.2	21.0	Construction completed 105.6, depreciation -97.9
Investments & Other Assets	531.2	495.8	35.4	Long-term investment, 25.9; Deferred tax assets, 10.2
Others	765.4	766.5	-1.1	
Total	3,831.9	3,776.5	55.3	

[Liabilities & Equity]

(Unit:Billions of Yen)

	Sept. 30, 2010	Mar. 31, 2010	Change	Explanations
Interest-bearing Debt	1,961.0	1,894.4	66.5	[D/E ratio] Sept. 30, 2010 2.00 March 31, 2010 1.93
Other Liabilities	888.5	898.0	-9.6	Asset retirement obligation, 205.7; Reserves for decommissioning of nuclear power plant, -164.9; } 40.8 Short term liabilities of affiliated companies, -26.4; Other accounts payable, -21.9
Equity	982.3	984.1	-1.7	2Q net income, 20.2; Dividends, -14.2; Net unrealized gains/losses on available-for-sale securities, -4.7 [Equity Ratio] Sept. 30, 2010 25.6% Mar. 31, 2010 26.1%
Total	3,831.9	3,776.5	55.3	

Income Statement Summary (Consolidated)

(Unit:Billions of Yen/%)

		2Q/2010	2Q/2009	Change	Vs 2Q/2009	2Q/2010 Consolidated Ratio
Ordinary Revenues	Electric	676.4	667.4	8.9	101.3	
	Others	60.3	59.0	1.3	102.3	
	Operating Revenues (Sales)	736.7	726.4	10.3	101.4	
	Other Revenues	4.6	5.0	-0.4	91.7	
	Subtotal	741.4	731.5	9.9	101.4	
Ordinary Expenses	Electric	604.6	589.1	15.4	102.6	(1.06)
	Others	55.9	54.7	1.2	102.2	
	Operating Expenses	660.5	643.8	16.7	102.6	
	Other Expenses	23.5	20.1	3.4	117.1	
	Subtotal	684.1	664.0	20.1	103.0	
(Operating Income)		(76.1)	(82.5)	(-6.3)	(92.3)	(1.06)
Ordinary Income		57.2	67.5	-10.2	84.8	(1.06)
Reserve For Fluctuations In Water Level		0.8	-	0.8	-	
Extraordinary Losses		18.4	-	18.4	-	
Net Income		21.8	42.6	-20.8	51.2	(1.08)

Segment Information

Summary of Financial Results:

Energy-related Business:

- Sales decreased due to a drop in sales from power plant repair work.
- Profits increased due to reduced depreciation cost.

IT and Telecommunications:

- Sales decreased due to a decline in IT system development and software sales.
- Profits were roughly level with last year due to an increase in the number of broadband service users.

Other:

- Sales increased due to an increase in revenues related to real estate sales. Profits were roughly level with last year.

Reference: Broadband Service (BBIQ) Lines

Vs. Sept. 30, 2009 (Unit: '000 lines)

	Sept. 30, 2010	Sept. 30, 2009	Change
Lines	293.0	276.0	17.0

3 Year Trend (Unit: '000 lines)

	End of FY2009	End of FY2008	End of FY2007
Lines	284.0	260.0	215.0

(Unit: Billions of Yen)

	Electric Power	Energy-related Business	IT and Telecommunications	Other	Subtotal	Eliminations/ Corporate	Consolidated
Total Sales	677.3 (8.9)	65.7 (-1.2)	41.0 (-2.7)	12.9 (0.2)	797.1 (5.2)	-60.3 (5.1)	736.7 (10.3)
Sales to Customers	676.4 (8.9)	26.8 (0.3)	28.0 (0.4)	5.4 (0.5)	736.7 (10.3)	(-) (-)	736.7 (10.3)
Operating Income	70.5 (-6.5)	1.2 (0.3)	2.2 (-0.1)	1.7 (-)	75.7 (-6.3)	0.4 (-)	76.1 (-6.3)
Ordinary Income	52.7 (-9.6)	1.2 (-0.3)	1.6 (-0.1)	1.3 (-)	56.8 (-10.2)	0.3 (-)	57.2 (-10.2)

Note: Figures in parentheses denote change from 2Q/2009

* Ordinary income in energy-related business of 1.2 billion yen includes -100 million yen in overseas energy business (down 500 million yen from the same period previous year)
Overseas energy business: Consolidated subsidiaries and equity method companies investing in businesses overseas (7 companies, including Kyuden International)

Cash Flow Summary (Consolidated)

(Unit:Billions of Yen)

	FY2010/2Q	FY2009/2Q	Change	Explanations
Cash Flows from Operating Activities	132.6	190.2	-57.5	Decrease in income before income taxes and minority interests -29.5 Change in accounts receivable -25.9
Cash Flows from Investment Activities	-160.3	-121.5	-38.8	Payments for investments and advances/collections -33.7
(Capital Expenditures Including Nuclear Fuel)	(-124.0)	(-120.5)	(-3.5)	
Cash Flows from Financing Activities	44.2	-50.4	94.7	Increase in fund-raising due to decrease in operating cash flows, etc. Change in interest-bearing debt: 95.4 (FY2010/2Q 59.9 FY2009/2Q -35.5)
Change in Cash & Cash Equivalentents	16.4	18.1	-1.6	

Free Cash Flows *	8.6	69.6	-61.0
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*Free Cash Flow = Cash Flows From Operating Activities less Capital Expenditures Including Nuclear Fuel

FY2010 Full-Year Results Forecast

Summary, Versus Previously Announced Forecast

Summary

Decreased sales compared to previous forecast
 Increased profit level compared to previous forecast

In the electricity business:

- Decrease in electricity sales due to effect of fuel expense adjustment
- Decrease in fuel expense due to drop in fuel prices

Consolidated

(Unit: Bil. Yen, %)

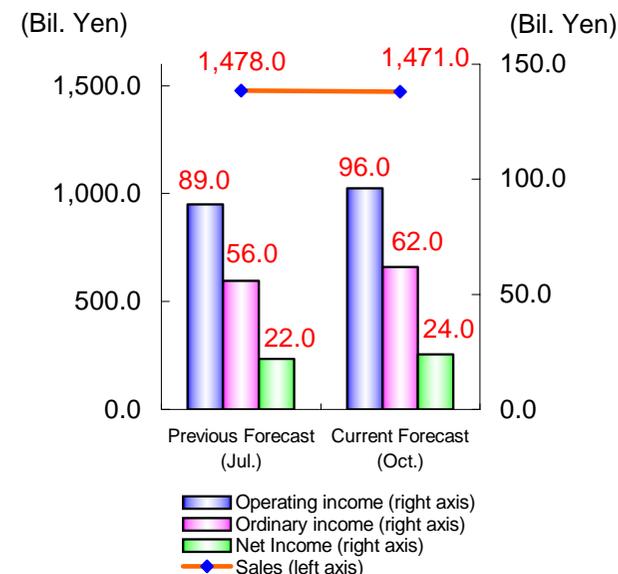
	Current Forecast (Oct.)	Previous Forecast (Jul.)	Change	vs. Previous
Sales	1,471.0	1,478.0	-7.0	99.5
Operating Income	96.0	89.0	7.0	107.9
Ordinary Income	62.0	56.0	6.0	110.7
(Extraordinary Losses)	(18.4)	(18.0)	(0.4)	(102.2)
Net Income	24.0	22.0	2.0	109.1

Non-Consolidated

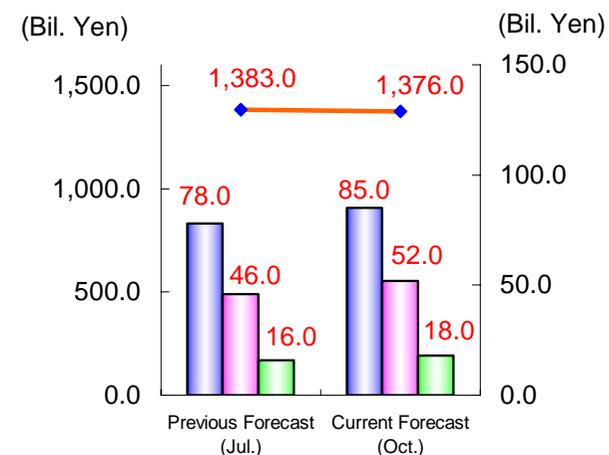
(Unit: Bil. Yen, %)

	Current Forecast (Oct.)	Previous Forecast (Jul.)	Change	vs. Previous
Sales	1,376.0	1,383.0	-7.0	99.5
Operating Income	85.0	78.0	7.0	109.0
Ordinary Income	52.0	46.0	6.0	113.0
(Extraordinary Losses)	(18.3)	(18.0)	(0.3)	(101.8)
Net Income	18.0	16.0	2.0	112.5

Consolidate



Non-Consolidated



Income Statement (Non-Consolidated) , Versus Previously Announced Forecast

(Unit:Billions of Yen)

		Current Forecast (October)	Previous Forecast (July)	Change	Explanations
Ordinary Revenues	Lighting	584.0	579.5	4.5	Increase in electricity sales volume, 24.5; decreased charge unit prices due to effect of fuel cost adjustment, -31.0
	Power	735.0	746.0	-11.0	
	Others	63.5	63.5	-	Sales to other companies, 1.0; miscellaneous income, 0.5; operating income from gas provider business, -2.0
	(Sales)	(1,376.0)	(1,383.0)	(-7.0)	
Subtotal		1,382.5	1,389.0	-6.5	
Ordinary Expenses	Personnel	163.0	165.5	-2.5	Employee retirement benefits, -2.5
	Fuel	271.0	276.0	-5.0	Fall in fuel prices, -18.5; increase in electricity sales volume, 11.0
	Maintenance	174.5	173.5	1.0	Meter replacement expenses, 1.0
	Depreciation	199.0	201.0	-2.0	Common depreciation, -2.0
	Purchased Power	134.0	136.5	-2.5	Purchased from other companies,-2.5
	Interest Charges	32.0	32.5	-0.5	
	Miscellaneous Taxes	89.0	88.5	0.5	
	Nuclear Back-End Costs	49.0	49.0	-	
Others	219.0	220.5	-1.5	Operating expenses for gas provider business, -2.0	
Subtotal		1,330.5	1,343.0	-12.5	
(Operating Income)		(85.0)	(78.0)	(7.0)	
Ordinary Income		52.0	46.0	6.0	
Reserve For Fluctuations In Water Level		0.8	-	0.8	
Extraordinary Loss		18.3	18.0	0.3	
Net Income		18.0	16.0	2.0	

Note: 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.

Key Fundamentals

	Current Forecast (October)	Previous Forecast (July)	Change
Electricity Sales Volume	86.7 TWh	85.1 TWh	1.6 TWh
Exchange Rate	89 Yen/\$	95 Yen/\$	-6 Yen/\$
Crude Oil CIF Prices	80 \$/b	82 \$/b	-2 \$/b
Water Flow Rate	102.4 %	100.0 %	2.4 %
Nuclear Power Generation Capacity Utilization Rate	80.9 %	79.6 %	1.3 %

Reference: Maintenance & Overhead Expenses

(Unit:Billions of Yen)

	Current Forecast (October)	Previous Forecast (July)	Change
Maintenance expenses	174.5	173.5	1.0
Overhead expenses	159.0	159.0	-
Total	333.5	332.5	1.0

Cash Flow (Non-Consolidated) , Versus Previously Announced Forecast

(Unit: Billions of Yen)

	Current Forecast (Oct.)	Previous Forecast (Jul.)	Change	Explanations
Cash Flows from Operating Activities	260.8	243.8	17.0	Ordinary income increase 6.0 Effect of accounts rec. changes 1.0
Cash Flows from Investment Activities	-295.3	-258.4	-36.9	Payments for investments and advances -35.9
(Capital Expenditures Including Nuclear Fuel)	(-230.8)	(-230.8)	-	
Cash Flows from Financing Activities	45.8	18.5	27.3	Increase in fund-raising due to decrease in operating cash flows, etc. Change in interest-bearing debt: 27.0 (October forecast 75.7 July forecast 48.7)
Change in Cash and Cash Equivalents	11.3	3.9	7.4	

Free Cash Flows*	30.0	13.0	17.0
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* Free Cash Flows = Cash Flows from Operating Activities less Capital Expenditures Including Nuclear Fuel

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; decreased charge unit prices due to effect of fuel cost adjustment, -25.0; Sales to other companies, 2.0; operating income from gas provider business, 3.5
	Power	735.0	726.7	8.3	101.1	
	Others	63.5	54.0	9.5	117.6	
	(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	Rising fuel costs, 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 nuclear fuel, -3.0; decommissioning costs of nuclear power units, -1.0
	Others	219.0	230.0	-11.0	95.2	Overhead expenses *, -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.

Key Fundamentals

	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 Prices	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 %

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

Segment Information , Versus Previous Year

Summary of Financial Results:

Energy-related business:

- Both sales and profits declined due to a decline in sales for construction work and for plant-related consulting services, despite an increase in sales in the gas sales business.

IT and Telecommunications:

- Both sales and profits declined due to a decline in software sales and IT systems development, despite an increase in the number of broadband service users.

Others:

- Sales declined due to a drop in revenues related to real estate sales. Profits were roughly level with last year.

(Unit:Billions of Yen)

	Electric Power	Energy-related Business	IT and Telecommunications	Other	Subtotal	Eliminations/ Corporate	Consolidated
Sales	1,343.0 (30.9)	156.0 (-7.8)	92.0 (-7.1)	26.0 (-0.5)	1,617.0 (15.4)	-146.0 (10.7)	1,471.0 (26.1)
Operating Income	83.0 (0.1)	5.0 (-2.4)	4.0 (-2.3)	3.5 (0.3)	95.5 (-4.4)	0.5 (0.7)	96.0 (-3.7)
Ordinary Income	49.5 (-0.6)	* 6.5 (-3.5)	3.0 (-1.9)	3.0 (0.3)	62.0 (-5.9)	- (0.3)	62.0 (-5.6)

Note: Figures in parentheses indicate change from FY2009

* Ordinary income in energy-related business of 6.5 billion yen includes 400 million yen from overseas energy business (down 1.1 billion yen over previous year)

Overseas energy business: Consolidated subsidiaries and equity method companies investing in businesses overseas (7 companies, including Kyuden International)

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

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