

January 29, 2016

**The 3rd Quarter of the Fiscal Year Ending March 31, 2016 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, Fukuoka SE

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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, 2015 to December 31, 2015)

(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, 2015 - December 31, 2015	1,353,765	-1.0	92,592	—	68,927	—
April 1, 2014 - December 31, 2014	1,367,385	5.1	-47,420	—	-69,775	—

(Note) Comprehensive income: FY2015 3Q 44,682 million yen (- %) FY2014 3Q -83,622 million yen (- %)

	profit attributable to owners of parent		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2015 - December 31, 2015	52,693	—	111.24	
April 1, 2014 - December 31, 2014	-77,815	—	-164.49	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
As of December 31, 2015	4,629,029	495,137	10.3
As of March 31, 2015	4,784,735	450,990	9.0

(Reference) Shareholders' equity: As of September 30, 2015: 478,775 million yen As of March 31, 2015: 431,528 million yen

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2014		0.00		0.00	0.00
FY2015		0.00			
FY2015(forecast)				—	—

(Note) Revision of the dividend forecast: No

Year-end dividend for FY2015 ending March 31, 2016 has yet to be decided. We will promptly inform you of our forecasts when it is possible for us to make them.

Dividends mentioned the above is regarding common shares. Regarding preferred shares which differ in shareholders' rights from common shares, see "Dividends for preferred shares".

3. Forecasts for Consolidated Financial Results for FY2015 (April 1, 2015 to March 31, 2016)

(% shows the changes from the previous FY)

	Sales		Operating income		Ordinary income		profit attributable to owners of parent		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,845,000	-1.5	115,000	-	80,000	-	65,000	-	137.23

(Note) Revision of financial results forecast: Yes

We announce the fiscal 2015 full year forecasts for consolidated operating performance as we have calculated forecast figures, in considering recent supply and demand trends and progress of management efficiency, though we couldn't estimate operating income, ordinary income and profit attributable to owners of parent (see "(2) Explanation regarding forecasts for the consolidated operating performance and dividend" (attached materials on page 4)).

(Reference) Dividends for Preferred Shares

The breakdown of dividend per preferred shares which differ in shareholders' rights from common shares is as follows.

Class A preferred shares	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2014		0.00		0.00	0.00
FY2015		0.00			
FY2015(forecast)				—	—

(Note 1) Revision of the dividend forecast : No

Year-end dividend for FY2015 ending March 31, 2016 has yet to be decided.

(Reference) Non-consolidated Operating Performance Forecasts**Non-consolidated Operating Performance Forecasts for FY2015 (April 1, 2015 to March 31, 2016)**

(% shows the changes from the previous FY)

	Sales		Operating income		Ordinary income		Net income		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,715,000	-2.6	95,000	-	70,000	-	60,000	-	126.58

(Note) Revision of operating performance forecasts : Yes

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1. Qualitative Information regarding Quarterly Financial Results

(1) Explanation regarding business performance

The Japanese economy during this period (April-December, 2015) has been recovering gently as a whole due to improvements in corporate earnings, while some sectors have been declining. The economy in Kyushu has been also recovering as that employment and income environment and personal consumption has improved as well as capital and housing investment.

Regarding the Kyushu Electric Power Group, Sendai nuclear power unit No.1 and No.2 have returned to commercial operation in September and November amid the long-term shutdown of our nuclear power stations. Under these conditions, in addition to the expenditure restraints, which are short term limited, the ordinary income was in the black due to the time lag of reflection of decreasing fuel prices in lighting and power prices, based on fuel costs adjustment system, while fuel costs has decreased along with the significant decline of fuel prices from the latter half of the previous fiscal year.

We have made every group-wide effort to achieve thorough cost savings and an early resumption of our nuclear power stations based on safety, compliance and stable supply. This is due to a delay in full-fledged recovery of earnings as the Genkai nuclear power unit No.3 and No.4 are under the review to verify compatibility in new regulatory requirements.

Revenue and Expenditure

On the revenue side, consolidated sales (the operating revenue) decreased by 1.0% to ¥1,353.7 billion compared with the 3Q of FY2014 and the ordinary revenue decreased by 1.2% to ¥1,363.6 billion as lighting and power revenues decreased due to the reduction of unit price with the effect of the fuel costs adjustment in addition to the decrease of electricity sales, while grant based on the Act on Purchase of Renewable Energy Sourced Electricity increased.

On the expenditure side, the ordinary expense decreased by 10.7% to ¥1,294.6 billion compared with the 3Q of FY2014 affected by the expenditure restraints in entire group, in addition to decreasing fuel costs along with the significant decline of fuel prices and the restart generating electricity of Sendai nuclear power unit No.1 and No.2, while the costs for power purchases from renewable energy increased.

As a result, the ordinary income was ¥68.9 billion, improved from loss of ¥69.7 billion for the 3Q of FY2014, and the profit attributable to owners of the parent was ¥52.6 billion, improved from loss of ¥77.8 billion for the 3Q of FY2014.

Sales and Supply Overview

As for electricity sales, the general demand such as electric light and power for commercial operation decreased by 2.4% compared with the 3Q of FY2014 due to a decrease in power for commercial operation. The power demand from large industrial customers decreased by 3.3% compared with the 3Q of FY2014 due to a decrease in the production of Steel, Iron and Chemical.

Consequently, the total electricity sales during the 3Q of FY2015 decreased by 2.7% to 57.73 billion kWh.

Electricity Sales Volume

(Unit: million kWh, %)

		FY2015 3Q (A)	FY2014 3Q (B)	Difference (A-B)	Change (A/B)
Demand other than those under Liberalization	Lighting	19,120	19,433	-313	98.4
	Power	3,422	3,510	-88	97.5
	Total	22,542	22,943	-401	98.3
Demand under Liberalization		35,192	36,375	-1,183	96.7
Electricity Sales Total		57,734	59,318	-1,584	97.3
Figures are included above	Customers other than large-scale industrial	40,402	41,390	-988	97.6
	Large-scale industrial customers	17,332	17,928	-596	96.7

On the supply side, the generation of own thermal facilities decreased due to that Sendai nuclear power unit No.1 and No.2 have restarted generating electricity, as well as a decline in the demand and an increase of new energy received from other company.

Generated and Received Electricity

(Unit: million kWh, %)

		FY2015 3Q (A)	FY2014 3Q (B)	Difference (A-B)	Change (A/B)
Own facilities	Hydro	3,923	3,339	584	117.5
	(Water flow rate)	(112.9)	(100.2)	(12.7)	
	Thermal	35,386	43,259	-7,873	81.8
	Nuclear	4,524	-	4,524	-
	(Utilization rate)	(14.4)	(-)	(14.4)	
	New Energy	971	931	40	104.2
	Subtotal	44,804	47,529	-2,725	94.3
From other companies (New Energy [included above])		18,300 (5,517)	17,091 (3,726)	1,209 (1,791)	107.1 (148.0)
Interchange		274	561	-287	48.8
For pumping		-486	-128	-358	377.0
Total		62,892	65,053	-2,161	96.7

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

(2) Explanation regarding forecasts for the consolidated operating performance and dividend

Forecasts for the consolidated operating performance

We announce the fiscal 2015 full year forecasts for consolidated operating performance as we have calculated forecast figures, in considering recent supply and demand trends and progress of management efficiency, though we couldn't estimate profit.

The outlook on performance of sales during the FY2015 will be around ¥1,845.0 billion which is lower than FY2014 as lighting and power revenues will decrease due to the reduction of unit price with the effect of the fuel costs adjustment in addition to the decrease of electricity sales, while grant based on the Act on Purchase of Renewable Energy Sourced Electricity will increase.

The outlook on performance of ordinary income during the FY2015 will be around ¥80.0 billion improved from loss of ¥73.6 billion for the FY2014 affected by the expenditure restraints in entire group, in addition to decreasing fuel costs along with the significant decline of fuel prices and the restart generating electricity of Sendai nuclear power unit No.1 and No.2, while the costs for power purchases from renewable energy will increase. And the profit attributable to owners of the parent will be around ¥65.0 billion, improved from loss of ¥114.6 billion for the FY2014.

Forecast for the FY2015 Financial Results

[Consolidated]

	The Revised Forecast	The Previous Forecast	Deference from The Previous Forecast		FY2014 (Actual)
			Changes in Amount	Rate of Changes	
Sales (100 million yen, %)	18,450	18,650	-200	-1.1	18,734
Operating income (100 million yen, %)	1,150	-	-	-	-433
Ordinary income (100 million yen, %)	800	-	-	-	-736
Profit attributable to owners of parent (100 million yen, %)	650	-	-	-	-1,146
EPS (yen)	137.23	-			-242.38

[Non-consolidated]

	The Revised Forecast	The Previous Forecast	Deference from the Previous Forecast		FY2014 2Q (Actual)
			Changes in Amount	Rate of Changes	
Sales (100 million yen, %)	17,150	17,350	-200	-1.2	17,612
Operating income (100 million yen, %)	950	-	-	-	-593
Ordinary income (100 million yen, %)	700	-	-	-	-930
Net income (100 million yen, %)	600	-	-	-	-1,190
EPS (yen)	126.58	-			-251.32

Sensitivity factors

	The Revised Forecast	The Previous Forecast
Electricity sales volume	79.4 billion kWh	80.3 billion kWh
Crude oil (CIF) price	52 \$/b	57 \$/b
Exchange rate	¥ 122 /\$	¥ 121 /\$
Nuclear power utilization	20.4%	

Forecasts for the dividend

Year-end dividend for FY2015 ending March 31, 2016 has yet to be decided. We will promptly inform you of our forecasts when it is possible for us to make them.

2. Matters regarding Summary Information (Notes)

Changes in accounting policies, changes of accounting estimates, and restatement

"Accounting Standards for Business Combination" (Accounting Standards Board of Japan Statement No. 21, issued on September 13, 2013, hereinafter, "Business Combination Accounting Standards"), "Accounting Standards for Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 22, issued on September 13, 2013, hereinafter, "Consolidated Accounting Standards"), and "Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Statement No. 7, issued on September 13, 2013, hereinafter, "Business Divestitures Accounting Standards"), etc., are applied from the first quarter of the current fiscal year, and reported as capital surplus differences due to changes in Company equity that arose at subsidiaries we continued to control, while shifting to the method of reporting acquisition-related expenses as those for the consolidated accounting period in which such expenses were defrayed. Meanwhile, with respect to business combinations that take effect after the beginning of the current quarter of the consolidated accounting period, we will change to the method reflecting reviews of acquisition expenses allocated after provisional accounting becomes definite on financial statements for the quarter of the consolidated accounting period to which the day of business combination belongs. In addition, we changed the method to indicate quarterly net income and other results and the method of indication from minority interests to non-controlling interests. To reflect these changes of indication, we rearranged the consolidated quarterly financial statements and annual consolidated financial statements for the previous quarter of the consolidated accounting period and the previous consolidated accounting period as a whole.

We followed the transitional treatment stipulated in Section 58-2(4) of the Business Combination Accounting Standards, Section 44-5(4) of the Consolidated Accounting Standards, and Section 57-4(4) of the Business Divestitures Accounting Standards, and started to apply these standards at the beginning of the current quarter of the consolidated accounting period and will continue to do so in the future.

These changes do not affect amounts in the consolidated quarterly financial statements for the current quarter of the consolidated accounting period.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(Unit: million yen)	
	As of March 31, 2015	As of December 31, 2015
Assets		
Fixed Assets	3,925,720	3,953,025
Utility property, plant and equipment	2,248,572	2,318,380
Hydro	285,370	274,646
Thermal	156,633	155,634
Nuclear	196,062	266,620
Internal combustion	17,909	17,013
New energy power production facilities	14,673	13,620
Transmission	625,131	638,982
Transformation	216,918	220,339
Distribution	613,880	613,647
General	116,210	112,092
Other	5,782	5,782
Other fixed assets	327,314	335,465
Construction in progress	431,741	373,796
Construction and retirement in progress	410,049	352,720
Special account related to nuclear power decommissioning	21,692	21,076
Nuclear fuel	280,616	287,953
Loaded nuclear fuel	75,531	72,675
Nuclear fuel in processing	205,084	215,278
Investments and other assets	637,475	637,429
Long-term investments	106,018	109,583
Reserve for reprocessing of irradiated nuclear fuel	282,071	267,921
Assets for retirement benefits	14,925	17,757
Deferred tax assets	127,072	129,105
Other assets	108,727	114,309
Allowance for doubtful accounts	-1,339	-1,247
Current Assets	859,015	676,004
Cash and cash equivalent	512,472	334,525
Trade notes and accounts receivable	179,065	188,663
Inventories at average cost	81,433	86,952
Deferred tax assets	34,068	28,723
Other current assets	52,797	37,825
Allowance for doubtful accounts	-822	-685
Assets Total	4,784,735	4,629,029

	(Unit: million yen)	
	As of March 31, 2015	As of December 31, 2015
Liabilities		
Long-term Liabilities	3,499,896	3,326,167
Bonds	1,064,274	1,034,283
Long-term loans	1,773,867	1,632,210
Reserve for reprocessing of irradiated nuclear fuel	294,345	282,631
Reserve for preparation of reprocessing of irradiated nuclear fuel	28,320	29,428
Liabilities for retirement benefits	90,547	90,491
Asset retirement obligations	207,437	210,104
Deferred tax liabilities	527	1,024
Other fixed liabilities	40,575	45,993
Current Liabilities	832,156	800,578
Current portion of long-term debt	397,338	420,846
Short-term borrowings	119,001	118,134
Notes and accounts payable	97,115	75,859
Income tax payable	27,325	20,592
Deferred tax liabilities	66	65
Other current liabilities	191,310	165,080
Reserves under the special law	1,692	7,145
Reserve for fluctuation in water levels	1,692	7,145
Liabilities Total	<u>4,333,744</u>	<u>4,133,891</u>
Net Assets		
Shareholders' Equity	427,157	479,860
Paid-in capital	237,304	237,304
Additional paid-in capital	130,344	130,369
Retained earnings	60,175	112,868
Treasury stock	-666	-682
Accumulated other comprehensive income	4,370	-4,787
Unrealized gain on other securities	4,097	3,612
Gain on deferred hedge	596	-3,108
Foreign currency translation adjustments	-18	-2,993
Accumulated amount of adjustments related to retirement benefits	-305	-2,998
Non-controlling Interests	19,462	20,064
Net Assets Total	<u>450,990</u>	<u>495,137</u>
Liabilities and Net Assets Total	<u>4,784,735</u>	<u>4,629,029</u>

(2) Quarterly Consolidated Income Statements and Quarterly Consolidated Comprehensive Income Statements

(Quarterly Consolidated Income Statements)

	April 1, 2014- December 31, 2014	April 1, 2015- December 31, 2015
	(Unit: million yen)	
Operating Revenues	1,367,385	1,353,765
Electricity	1,255,752	1,250,127
Other	111,632	103,638
Operating Expenses	1,414,806	1,261,173
Electricity	1,316,374	1,169,221
Other	98,431	91,951
Operating Income(Loss)	-47,420	92,592
Other Revenues	12,482	9,858
Proceed from interests	3,054	3,145
Equity in earnings of affiliates	3,840	3,127
Other	5,587	3,584
Other Expenses	34,837	33,523
Interest expenses	30,170	29,667
Other	4,666	3,855
Total Ordinary Revenues	1,379,868	1,363,624
Total Ordinary Expenses	1,449,644	1,294,696
Ordinary Income(Loss)	-69,775	68,927
Provision or reversal of reserve fluctuation in water levels	1,327	5,453
Provision of reserve fluctuation in water levels	1,327	5,453
Extraordinary gain	1,951	4,482
Gain on sale of fixed assets	1,951	1,547
Gain on sale of securities	-	2,935
Profit(Loss) before Income Taxes	-69,152	67,957
Income Taxes	4,589	6,889
Income Taxes-Deferred	2,818	7,196
Income Taxes Total	7,407	14,086
Profit(Loss)	-76,560	53,871
Profit attributable to non-controlling interests	1,255	1,178
Profit(Loss) attributable to owners of parent	-77,815	52,693

(Quarterly Consolidated Comprehensive Income Statements)

	(Unit: million yen)	
	April 1, 2014- December 31, 2014	April 1, 2015- December 31, 2015
Profit(Loss)	-76,560	53,871
Other comprehensive income		
Unrealized gain on other securities	1,039	-527
Gain on deferred hedge	2,390	-3,713
Foreign currency translation adjustments	-1,241	-3,005
Adjustments related to retirement benefits	-8,702	-2,085
Equity in equity method companies	-549	143
Total other comprehensive income	-7,062	-9,188
Comprehensive income	-83,622	44,682
(Breakdown)		
Comprehensive income attributable to owners of parent	-84,951	43,535
Comprehensive income attributable to non-controlling interests	1,328	1,147

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the premise of going concern)

N/A

(Notes in case of drastic changes in the amount of equity)

N/A

4. Supplementary Information

(1) Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2015 3Q (A)	FY2014 3Q (B)	Difference (A-B)	Change (A/B)	Composition Ratio	
						FY2015 3Q	FY2014 3Q
Ordinary Revenues	Lighting	4,270	4,467	-196	95.6	33.4	34.5
	Power	6,300	6,798	-497	92.7	49.3	52.4
	(Subtotal)	(10,571)	(11,265)	(-693)	(93.8)	(82.7)	(86.9)
	Other	2,212	1,699	512	130.1	17.3	13.1
	[Sales] Total	[1,2627] 12,783	[12,897] 12,965	[-269] -181	[97.9] 98.6	[98.8] 100.0	[99.5] 100.0
Ordinary Expenses	Labor	965	859	106	112.4	7.9	6.2
	Fuel	2,839	5,169	-2,330	54.9	23.4	37.3
	Power purchase	3,058	2,856	201	107.1	25.2	20.6
	Maintenance	984	824	159	119.3	8.1	6.0
	Depreciation	1,226	1,239	-12	99.0	10.1	9.0
	Interest	280	290	-10	96.4	2.3	2.1
	Tax & public dues	646	639	6	101.1	5.3	4.6
	Nuclear back-end	145	154	-8	94.2	1.2	1.1
	Other	2,011	1,807	204	111.3	16.5	13.1
	Total	12,157	13,841	-1,683	87.8	100.0	100.0
[Operating Income(Loss)]		[783]	[-610]	[1,394]	[-]		
Ordinary Income(Loss)		625	-876	1,502	-		
Reserve for fluctuation in water levels		54	13	41	410.6		
Extraordinary Gain		43	94	-50	46.4		
Income(Loss) before income taxes		615	-794	1,410	-		
Income taxes		96	30	66	320.6		
Net Income(Loss)		519	-824	1,344	-		

(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)

	FY2015 3Q [A]	FY2014 3Q [B]	Difference [A-B]
Crude oil (CIF) price	55 \$/b	103 \$/b	-48 \$/b
Exchange rate	122 ¥/\$	107 ¥/\$	15 ¥/\$

(2) Information regarding Consolidated Financial Position

(Unit: 100 million yen)

	FY2015 3Q	FY2014 3Q	Difference
The balance of interest-bearing liabilities	31,893	33,379	-1,486

(Unit: 100 million yen)

	FY2015 3Q	FY2014 3Q
Depreciation expense	1,452	1,460
Nuclear fuel impairment losses	30	-