



# NEWS RELEASE

Mar 5, 2010

## R&I Assigns AA+: Kyushu Electric Power SB No.410

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER:** Kyushu Electric Power Co., Inc. (Sec. Code: 9508)  
Sec. Str. Bonds No.410  
New Issue (issued under the Shelf Registration)

**R&I RATING:** AA+ (Assigned)

### **RATIONALE:**

Being the fourth largest supplier of electricity behind The Tokyo Electric Power Co., Inc., The Kansai Electric Power Co., Inc. and Chubu Electric Power Co., Inc., Kyushu Electric Power Co., Inc. enjoys economies of scale when it comes to fuel procurement and business diversification. Over the past few years, there has been construction of several large-scale facilities for automobiles, electrical machinery, and semiconductor-related products in the Kyushu region. As such, Kyushu Electric saw a sharp increase in electricity sales during the years, although they are now stagnant. The company has been doing well in creating new demand, with sharp growth in all-electric houses for general households and progress in shifting corporate-related demand to purchased electricity from in-house power generation. It maintains a relatively high nuclear power utilization rate compared to industry peers, and its earnings stability is strong. That said, electricity supply to remote islands continues to be unprofitable, with the burden increasing due to rising fuel prices. The company therefore plans to implement profitability enhancement measures. R&I will keep an eye on the outcomes of the measures. The company intends to use funds to upgrade its aging facilities and develop electric power with the use of new energy. It also plans to invest in LNG thermal and nuclear power plants. Note that construction of Unit 3 of the Sendai Nuclear Power Station is scheduled four years later. While debt is expected to increase over the medium-to-long term, R&I considers such investments vital to maintain and strengthen the operational base.

The primary rating methodology applied to this rating is provided at "Basic Methodologies for R&I's Credit Rating". The methodology is available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/rating/rating/methodology.html>

### **R&I RATINGS:**

**ISSUER:** Kyushu Electric Power Co., Inc. (Sec. Code: 9508)

<b>LONG-TERM ISSUE RATING:</b>	<b>Issue Date</b>	<b>Redemption</b>	<b>Issue Amount (mn)</b>
Sec. Str. Bonds No.410	Mar 29, 2010	Mar 25, 2020	Yen 20,000
<b>R&amp;I RATING:</b>	<b>AA+ (Assigned)</b>		

### **Notes/Financial covenants:**

1) the bonds are provided with general security

**ISSUER RATING:** AA+  
**RATING OUTLOOK:** Stable

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In principle, an Issuer Rating is R&I's opinion on an issuer's overall capacity to repay its financial obligations as agreed and is assigned to all issuers. The rating of individual obligations includes the prospect of recovery and reflects the terms and conditions of the agreement and it may be lower or higher than the Issuer Rating.

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