ANNUAL REPORT 2015

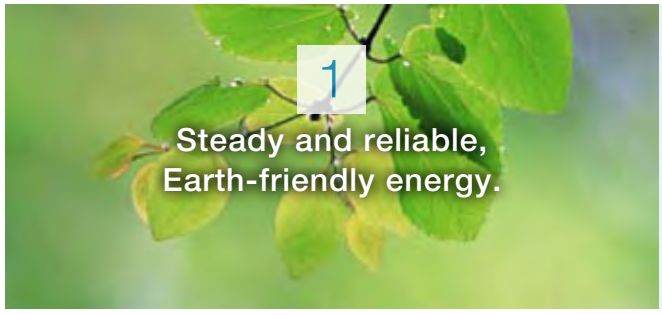
KYUSHU ELECTRIC POWER CO.,INC.

Kyushu Electric Power Summary

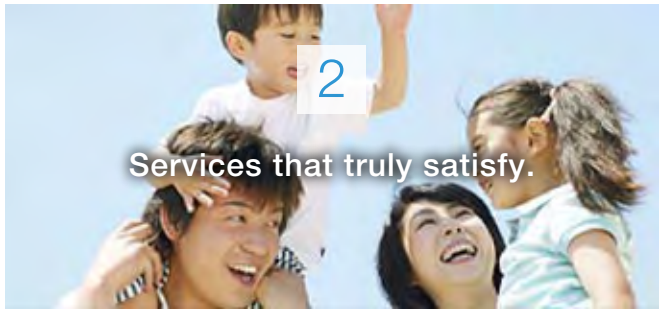
Kyushu Electric Power's Mission

"Make a brighter future for generations to come"

Towards a comfortable and environment-friendly lifestyle today and for generations to come.
To fulfill this mission, we are dedicated to achieving the following 4 goals:

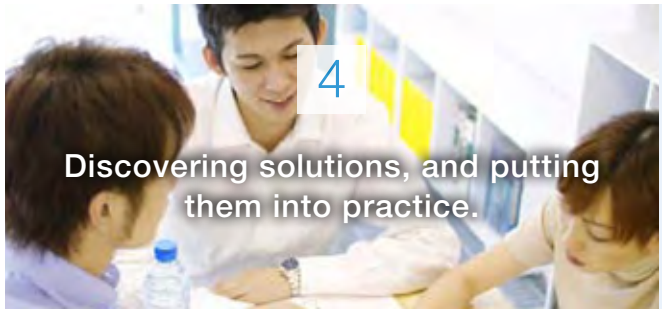


In order for our customers to lead harmonious lives we will provide steady and reliable, Earth-friendly energy, while anticipating global trends and making full use of our advanced technology and abundant experience with energy and the environment.



We will offer services that place the gaining of trust from the customer as top priority. We would like to listen to the various voices of our customers in order to respond to their needs with services that truly satisfy.

In company with the people of Kyushu, we will work together to take action while thinking of our children's future and of the prosperity of the region. And from there, we will look to Asia and the world.



We will discover solutions that lead to a better tomorrow through honest, sincere and active discussions, believing in people's potential and mutually respecting personalities, and we will put these solutions into practice.

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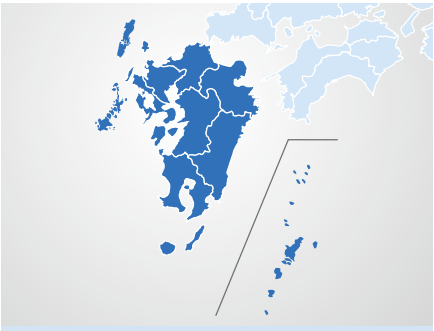


Disclaimer Regarding Forward-looking Statements
Statements made in this annual report regarding Kyushu Electric Power Group's strategies and forecasts and other statements that are not historical facts are forward-looking statements based on management's assumptions and beliefs in light of information 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.

Sendai Nuclear Power Plant (photo taken June 2015)
- The photo in the center is the reactor building of Sendai Nuclear Power Plant Unit 1 (became operational in 1984, output of 890,000 kW). In the right rear is Unit 2 (became operational in 1985, output of 890,000 kW).
- The photo to the lower left shows a condensate tank and other equipment erected as a tornado protection measure in response to new regulatory requirements (enacted July 8, 2013) (Shown in the exploded image on the lower right of page 27.)

Corporate Profile

Since its establishment in 1951, the mission of the Kyushu Electric Power Company has been to assure quality and comfort in life for customers and their local communities by providing a stable supply of electricity.

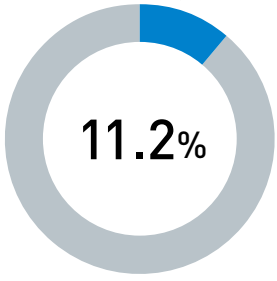
We have weathered many changes, including post-war reconstruction and subsequent high economic growth, the oil shocks of the 1970s and the recent deregulation of the electric power industry. In the decades to come, we will continue to fulfill our social responsibility through the discharge of our mission.

Snapshot of Kyushu

Note: Figures in parentheses are totals for all of Japan.

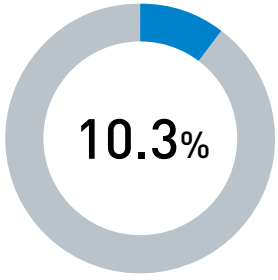
Area (As of October 1, 2014)

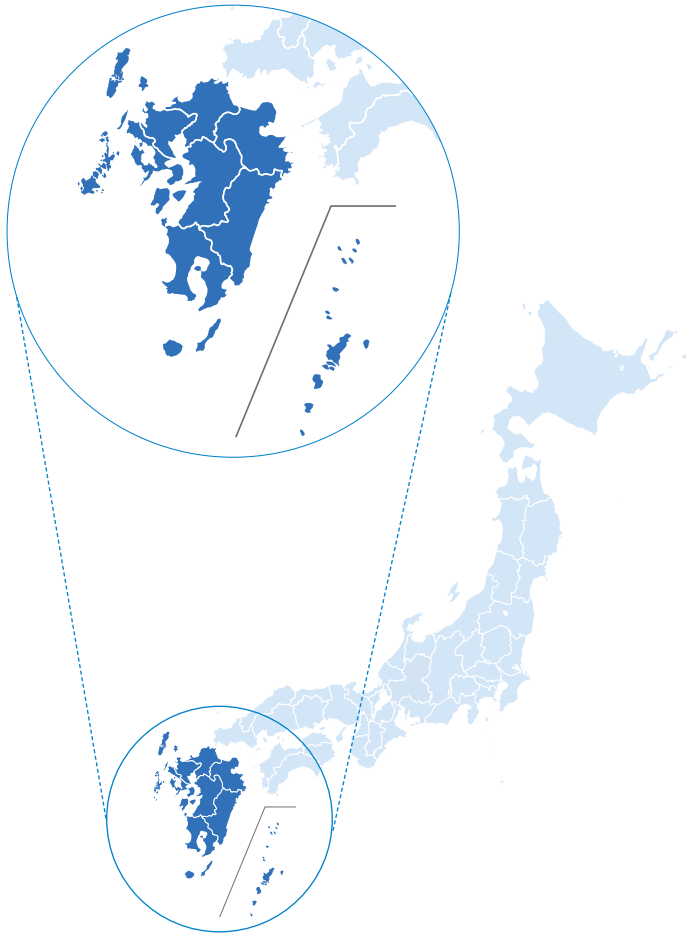
42,233 km²
(377,972 km²)



Population (As of October 1, 2014)

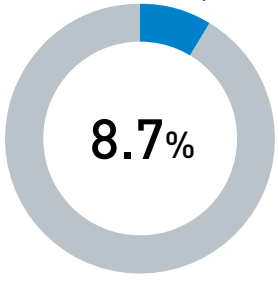
13.06 million
(127.08 million)





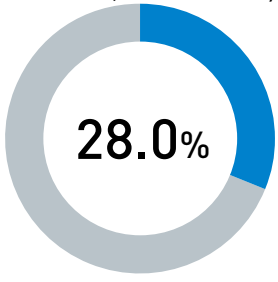
Nominal Gross Regional Product (FY2012)

Around 44 trillion
(500 trillion)



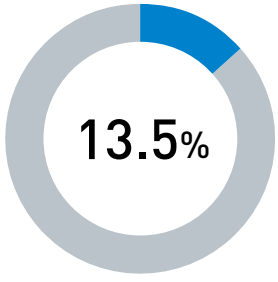
IC Production Value (FY2014)

645.9 billion yen
(2,303.1 billion yen)



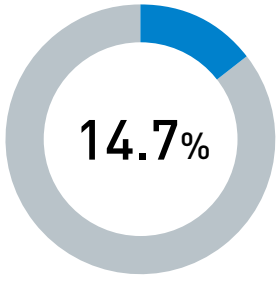
Automobile Production (FY2014)

1.29 million
(9.59 million tons)



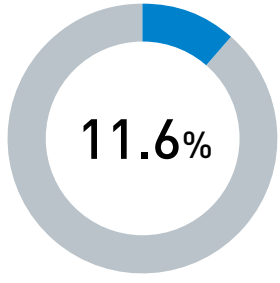
Crude Steel Production (FY2014)

16.20 million tons
(109.84 million tons)



Foreign Visitors to Kyushu (2014)

1.68 million people
(14.41million people)



Sources: Geospatial Survey of All Prefectures, Cities, Towns and Municipalities in Japan, Geospatial Information Authority of Japan; Population Estimate, Ministry of Internal Affairs and Communications; Annual Report on Prefectural Accounts, Cabinet Office; Recent Trends in the Kyushu Economy, Kyushu Bureau of Economy, Trade and Industry; *Statistical Survey on Legal Migrants*, Ministry of Justice

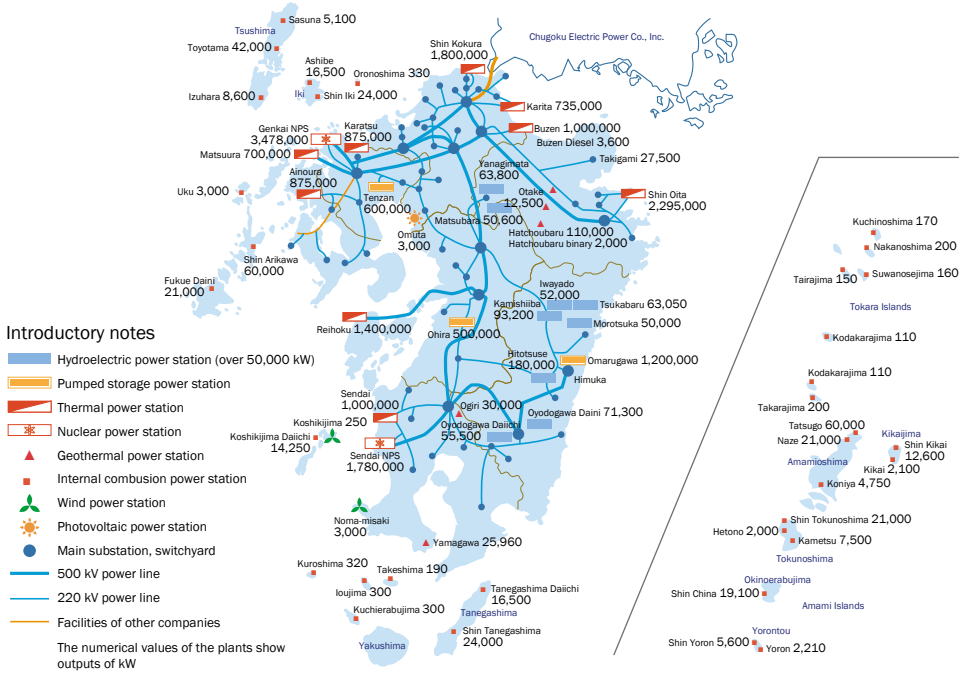
Our Business

The Kyushu Electric Power Group comprises Kyushu Electric Power Co., Ltd., 55 subsidiaries and 28* affiliated companies. The Group's business activities consist of Electric Power, Energy-related business, IT and Telecommunications, and Other. As the center of the Group, Kyushu Electric Power is engaged in general electric power business activities.

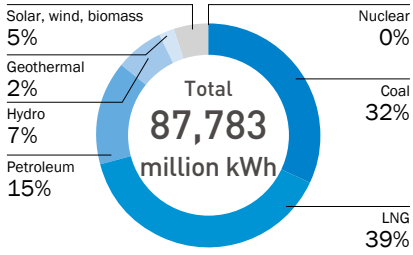
*As of March 31, 2015

Main Supply Facilities

(As of March 31, 2015)

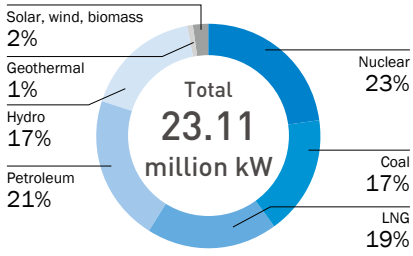


Composition of Generated and Purchased Electric Power (kWh)



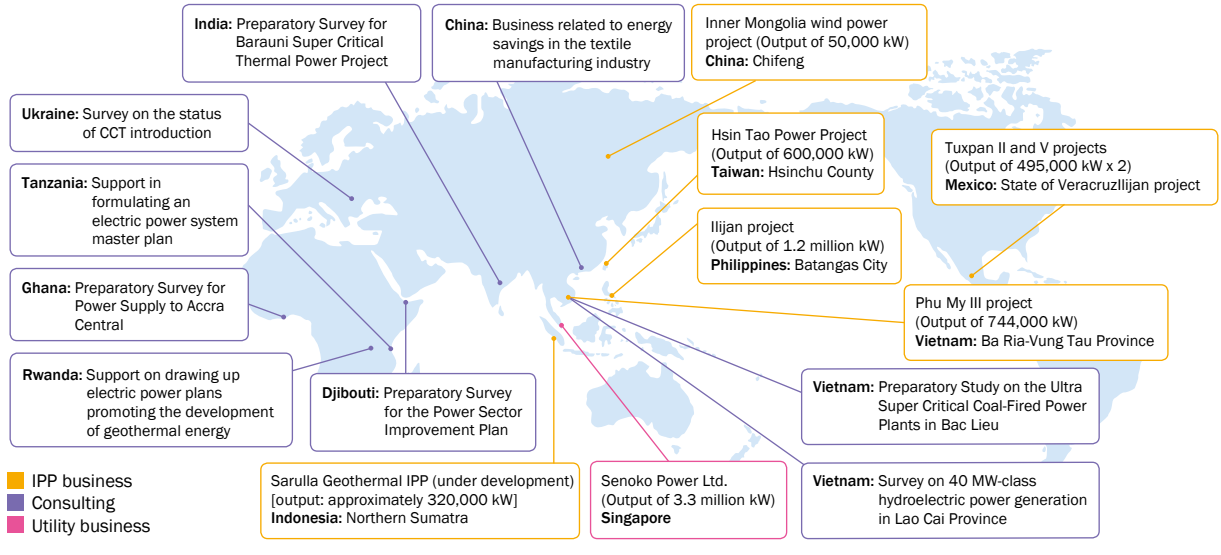
Composition of Capacity for All Facilities (kW)

(Including power purchased from other companies)



Business Development Overseas

(Fiscal 2014)



Financial and Non-Financial Highlights

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Years Ended March 31

Non-Financial Highlights

CO_2 emissions per unit of electricity sales volume

Fiscal 2010: 0.348 kg-CO_2/kWh → Fiscal 2014: 0.598 kg-CO_2/kWh

Note: Calculated based on the Japanese government's formula for CO_2 emissions by business.

Kyushu Electric Power engages in measures to prevent global warming from both the supply side (activation of nuclear power generation, development and introduction of renewable energy, etc.) and as a user (our own efforts to conserve and reduce energy use, etc.). However, our nuclear power plants, which do not emit CO_2, have been shut down since the Great East Japan Earthquake. As a result, our CO_2 emissions per volume of sales are up 70% compared to pre-earthquake (fiscal 2010) levels.

Geothermal Power Facility Capacity
[Our percentage of the total for all electric utilities]

2015 (March 31): 43.5% (Excluding private power generation)

Source: *Electric Power Survey Statistics* (Fiscal 2014), Agency for Natural Resources and Energy

Kyushu Electric's geothermal power facilities, which include the Hatchoubaru Geothermal Power Station—one of the largest in Japan—account for around 40% of the country's total, and electricity generated and purchased is more than 50% of the total for Japan. As geothermal power emits essentially no CO_2 and is a clean and stable energy source that is unaffected by fuel costs, we plan to continue proactively developing this power, including through Group companies. We will do so while maintaining harmony with the local community and taking into overall consideration the technical aspects of such generation, as well as its economic performance and location environments.

Financial Highlights

	Billions of Yen					Millions of U.S. Dollars
For the Year:	2011	2012	2013	2014	2015	2015
Operating revenues	¥14,860	¥15,080	¥15,459	¥17,911	¥18,734	$15,577
Operating income (loss)	989	(1,848)	(2,994)	(958)	(433)	(360)
Net income (loss)	287	(1,663)	(3,324)	(960)	(1,146)	(953)
	Millions of kWh					
Electricity sales volume	87,474	85,352	83,787	84,450	81,279	
General demand	63,636	61,408	60,173	60,827	57,860	
Large-scale industrial customers	23,838	23,944	23,614	23,623	23,419	
At Year-end:	Billions of Yen					Millions of U.S. Dollars
Total assets	¥41,854	¥44,280	¥45,265	¥45,498	¥47,847	$39,783
Shareholders' equity*1	10,624	8,703	5,396	4,755	4,315	3,587
Interest-bearing debt	20,894	24,832	29,107	31,167	33,379	27,754
	Yen					U.S. Dollars
Basic net income (loss)	¥60.73	¥(351.80)	¥(702.98)	¥(203.19)	¥(242.38)	$(2.01)
Cash dividends applicable to the year	60.00	50.00				
Financial Ratios:	%					
ROA*2	1.5	(2.7)	(4.6)	(1.5)	(0.6)	
ROE*3	2.7	(17.2)	(47.2)	(18.9)	(25.3)	
Equity ratio	25.4	19.7	11.9	10.5	9.0	

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.27 = U.S.$1, the approximate rate of exchange at March 31, 2015.)
*1 Financial highlights are provided for fiscal years ended March 31.
*2 Figures in parentheses are negative.
*3 Shareholders' equity = Equity – Minority interests
*4 ROA = After-tax operating income / Average total assets at beginning and ending of the fiscal year
*5 ROE = Net income / Average equity at beginning and ending of the fiscal year
*6 Figures less than a billion yen are rounded down.

Promoting Diversity

[Female Employee Hiring Rate] [Regular April Hires]

2007 → 2015

7.8% → 23.7%

(Clerical only 30.4% → 55.2%)

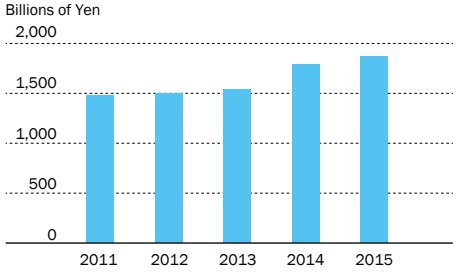
[Number of Female Managers] [March 31]

2007 → 2015

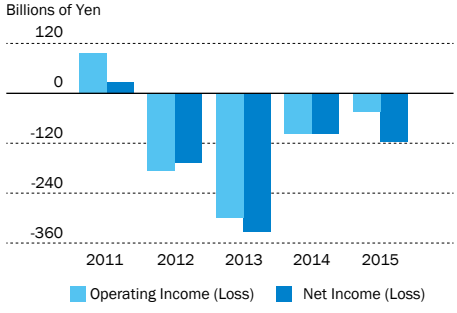
47 → 71

Recognizing that human resources are the wellspring that enhances corporate value, we promote diversity in our working environment to ensure that all people can work enthusiastically and maximize their individual capabilities, regardless of gender, age, rank or other factors. As part of these efforts, from fiscal 2007 we have enhanced our comprehensive activities based on the pillars of supporting female career development, raising awareness and reforming the organizational culture, and supporting a balance between work and home life, and we are steadily expanding the range of career possibilities open to women. In December 2014, we formulated the "Action Plan for Promoting Women to Management Positions." This plan sets the target of doubling the number of women newly promoted to management positions, compared with the number for the past five years. This is part of our efforts to further cultivate female employees.

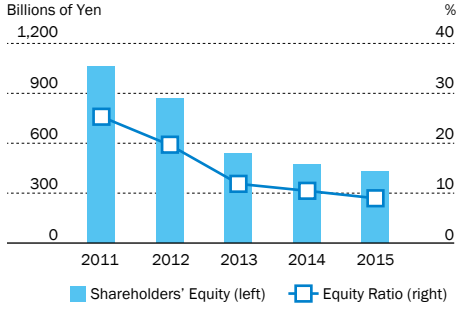
Operating Revenues



Operating Income (Loss)/Net Income (Loss)

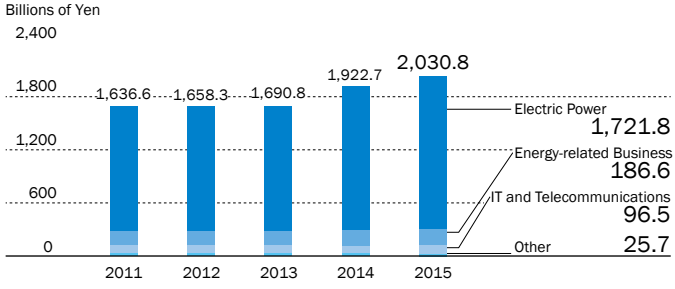


Shareholders' Equity/Equity Ratio

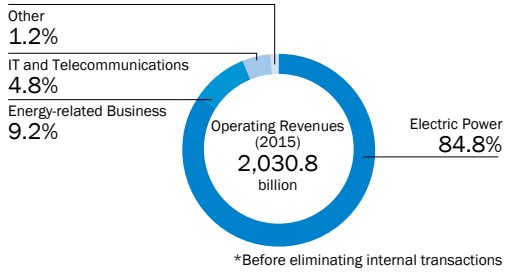


Segment Information (Before Eliminating Internal Transactions)

Operating Revenues



Revenue Share by Segment



*Before eliminating internal transactions

The Kyushu Electric Group's Medium-Term Management Policy

Up to now, we have continued to support the lives and economic activities of customers in the Kyushu region and grow together with the regional community by delivering a stable supply of low-priced, high-quality energy.

We formulated a Medium-Term Management Policy (fiscal 2013–2015) in April 2013, and amid the severe financial situation and supply–demand relations caused by the suspension of operation of all our nuclear power stations, we have worked to achieve greater managerial efficiency, resume operation of nuclear power stations, take measures to cope with such supply–demand relations and gain greater public confidence.

On the other hand, looking at the external business environment, we are going to enter a period of real competition in the years to come as the full liberalization of the retail market due to the electric power system reforms scheduled for April 2016.

In this competitive environment, in order to achieve our mission to "Make a brighter future for generations to come" and continue to be trusted and chosen by customers as an energy supplier (See page 1 for details), we need to accelerate our reforms on a groupwide basis. We therefore recently formulated the new Kyushu Electric Power Group Medium-Term Management Policy, which covers the five years from fiscal 2015 to fiscal 2019.

This policy consists of our "Vision for 2030" and the three main strategies to attain the vision. It also shows the priority measures we should take during the five-year period from fiscal 2015 to fiscal 2019.

We aim to achieve sustained growth and provide all stakeholders with enhanced value by pushing forward with these initiatives on a groupwide basis.

We ask all stakeholders to give their continued support and cooperation to our Group.

Kyushu Electric Group Medium-term Management Policy

Vision for 2030

Aiming to become a corporate group that provides Japan's best energy services
—Everyone eventually asks the Kyuden Group for energy!—

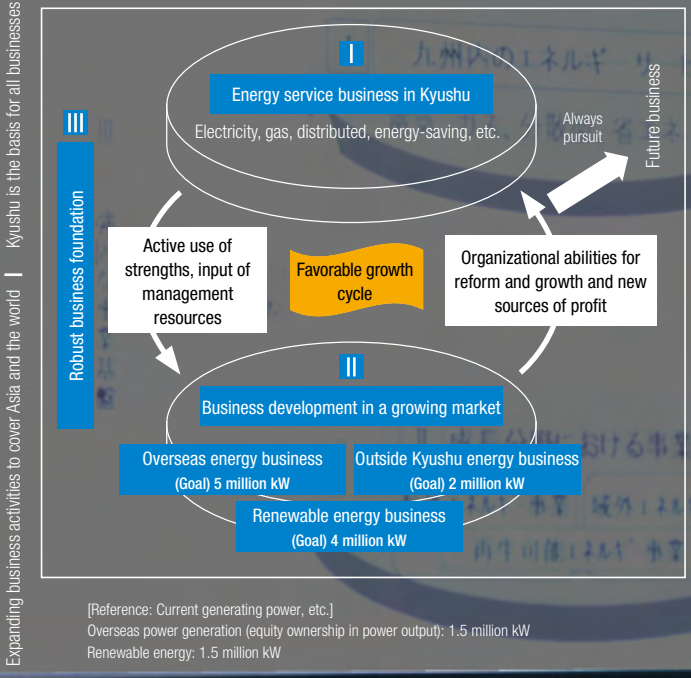
Three Pillars of strategy

I Grow into a corporate group that provides energy services in Kyushu where we operate from a company that delivers electricity and develops together with the regional community and society by meeting the diverse energy needs of customers

II Make the most of the Kyuden Group strengths to achieve sustained growth through energy service businesses for overseas and outside Kyushu and renewable energy business

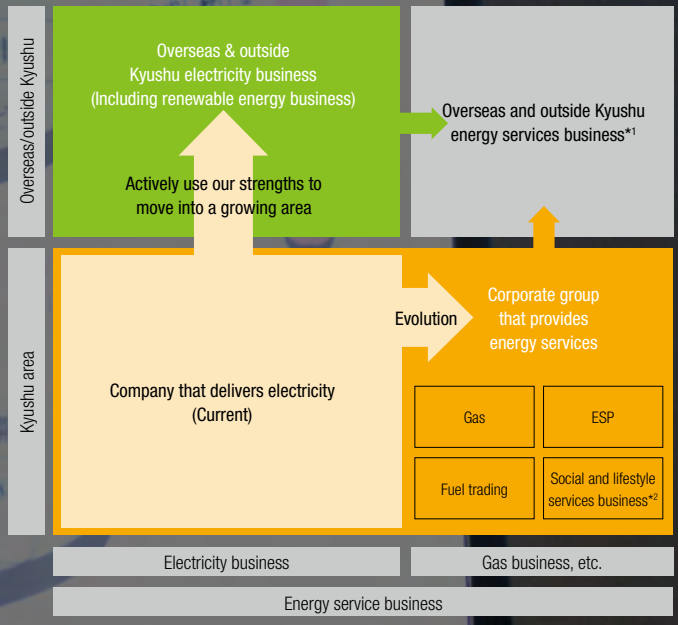
III Enhance the organizational strength required to implement strategies to establish a robust business foundation

Direction of Future Strategy



[Reference: Current generating power, etc.]
Overseas power generation (equity ownership in power output): 1.5 million kW
Renewable energy: 1.5 million kW

Image of Expansion of Business Areas



*1 In overseas and outside Kyushu markets, for the immediate future, we will focus on the electrical power business where we can display our strength in high-level maintenance and operation technology but will also enter the energy service business starting from services that we can provide.
*2 Relationships with energy service business and expected synergistic effects will be taken into consideration.

Outline of the Fiscal 2015 Management Plan

Strategy Pillar I

Meeting the diverse energy needs of customers in the Kyushu region

(1) Gaining more Kyuden fans through provision of diverse energy services

[One-stop energy services (for corporate clients)]

- Energy-related sales operations will be integrated into Kyuden's retail operations to offer all optimal combinations of energy services through a single channel.

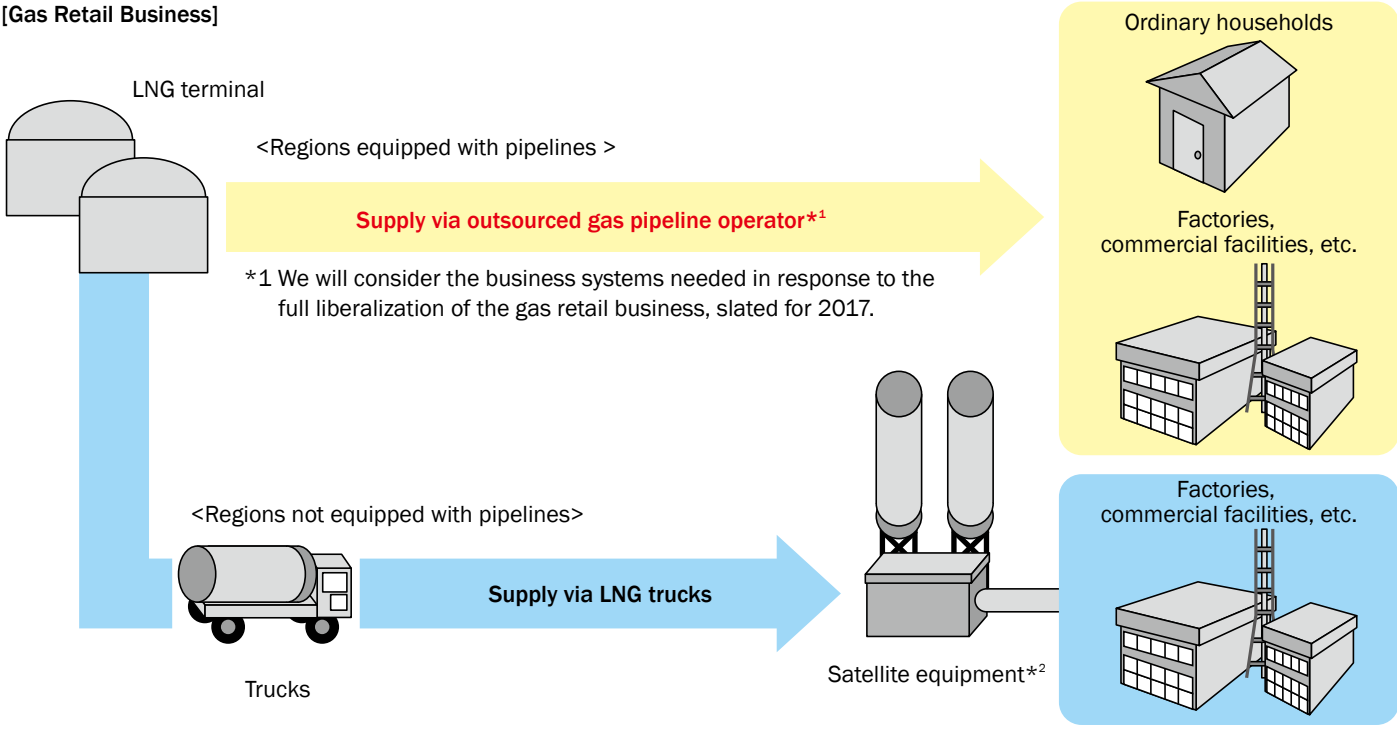
[Services closely tied to the lives of customers (for ordinary households)]

- We will offer service menus that suit the lifestyles of customers to provide enjoyment and excitement.
- We are considering making customers' power consumption visible at our website's "Energy-saving, Comfortable Life" page starting from April 2016. Data on power consumption will be obtainable every 30 minutes through smart meters, which have been installed since November 2009.

[Gas business]

- In addition to the previous wholesaling of gas supplies, we will start retail sales gas in earnest as part of our energy services.

[Gas Retail Business]



*2 Facilities for LNG storage, vaporization and delivery

(2) Enhancing the competitiveness of power sources and fuel procurement abilities

- We will secure stable and competitive power sources with the imminent full liberalization of the retail market in mind.
  - ≫ We will develop System No. 3 x 4 for the Shin-Oita Power Station (LNG, output of 480,000 kW, operations to commence in July 2016) and Unit 2 for the Matsuura Power Station
- We will maintain our competitiveness so that we can respond flexibly even if the strengths and weaknesses of power sources change with various environmental changes and possess nuclear power, coal or LNG-burning thermal power, and renewable energy such as hydraulic and geothermal power in a well-balanced manner.

Conceptual drawing of the Matsuura Power Station Unit 2 at its completion

Location	Matsuura, Nagasaki Prefecture
Generating power	1 million kW
Power generation method	Pulverized coal-burning ultra-super critical (USC)* thermal power generation
Fuel	Coal
Start of operation	June 2020 (scheduled)

Outline of the Matsuura Power Station Unit 2 Plan

*Ultra-super critical (USC)
This is a highly efficient method of generating electricity that reduces environmental impact, boosting thermal efficiency by operating at temperatures and pressures above the critical point of water.

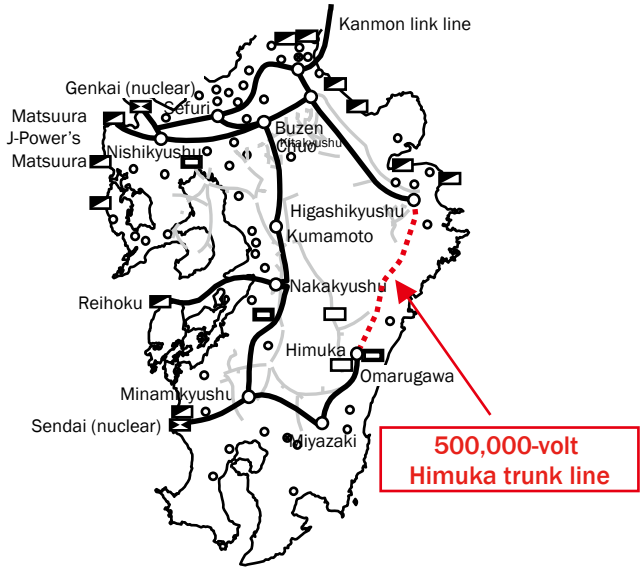
- Firmly determined not to cause accidents like the one that occurred at the Fukushima Daiichi Nuclear Power Station, we will continuously work to improve the safety and reliability of nuclear power and use it as a power source that is effective in ensuring energy security, mitigating global warming, and supplying electrical power economically.
- We will enhance competitiveness in fuel procurement and enhance its flexibility by stepping up our initiatives for the entire fuel value chain such as introducing fuel trading and promoting investments for upstream interests.

(3) Improving and making effective use of power transmission and distribution networks

As a company with equipment covering the entire Kyushu region, we will contribute to sustained development and growth of the region through business activities such as creation and operation of equipment.

- Building a 500,000 V Hinuka trunk line
- Test project to improve the supply–demand balance for large-capacity electricity storage systems
- Building smart grids
  In order to ensure that high-quality power is supplied in a reliable manner even if sunlight and other types of renewable energy whose output is unstable comes into wide use, we will conduct tests on both the supplier and user sides, obtain data that meet the conditions of our equipment and the characteristics of local markets, and examine such data, thus solving issues to be addressed in building smart grids in the future.
- Building related systems in preparation for the full-fledged introduction of smart meters
  As of March 31, 2015, we have introduced approximately 830,000 smart meters. We aim to increase this number to around 8 million by fiscal 2023.

Construction of the 500,000-Volt Himuka Trunk Line



Length	About 124 km
Number of steel towers	291
Start of construction	November 2014
Start of operation	June 2019

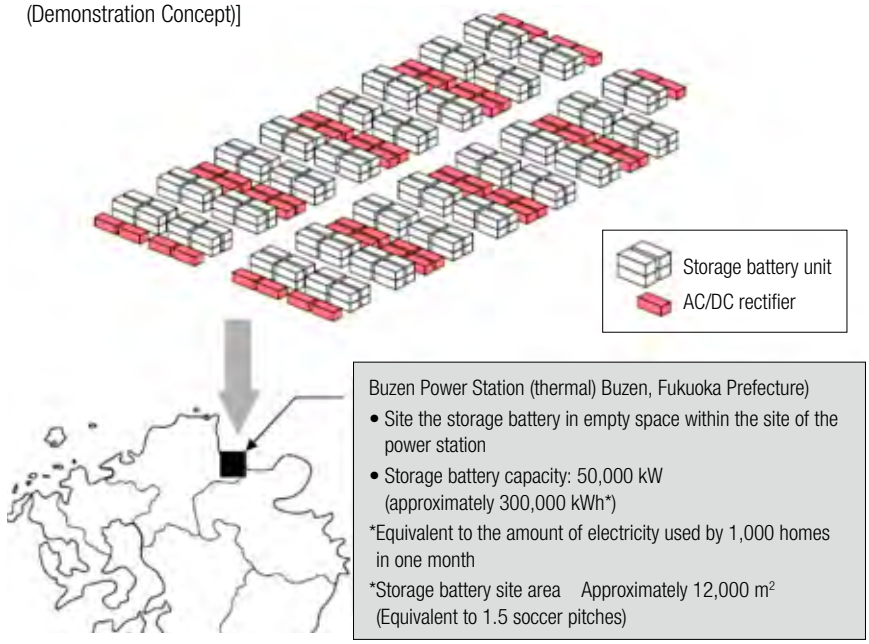
[Legend]
: 500,000-volt transmission line
: 220,000-volt transmission line
: 500,000-volt Himuka trunk line being built in this project

Large-Scale Storage Battery Demonstration Business

In the future, in order to ensure stable power supply, we will continue to take measures to connect renewable energy sources smoothly. As part of these initiatives, we will carry out a government-subsidized test project to improve the supply–demand balance for large-capacity electricity storage systems.

- Demonstration content
  —We will conduct a demonstration to improve the supply–demand balance by connecting a large-scale storage battery to the grid, utilizing its electrical storage capacity in the same manner as pumped storage.
  —We will conduct a demonstration of measures to effectively utilize the large-scale storage battery through appropriate grid voltage control.
- Storage battery capacity
  —Output: 50,000 kW
  (storage: approximately 300,000 kWh)
  Note: One of the largest in the world
- Storage battery location
  —Within the site of the Buzen Power Station (Buzen, Fukuoka Prefecture)
- Demonstration period
  —FY2015–2016

[Demonstration Business of Improving the Supply–Demand Balance Using a Storage Battery (Demonstration Concept)]



Buzen Power Station (thermal) Buzen, Fukuoka Prefecture)
- Site the storage battery in empty space within the site of the power station
- Storage battery capacity: 50,000 kW (approximately 300,000 kWh*)

*Equivalent to the amount of electricity used by 1,000 homes in one month
*Storage battery site area Approximately 12,000 m^2 (Equivalent to 1.5 soccer pitches)

Strategy Pillar II

Developing in growth markets to make the most of Kyuden Group strengths

(1) Strengthening the overseas electricity business [2030 goal for equity ownership in electricity output: 5 million kW (3.5 million kW more than the current level)]

- We will expand the IPP business mainly in Asia whose market has high growth potential
  - Construction is currently underway at the Sarulla geothermal IPP project in Indonesia (generating power: 320,000 kW [three systems]). The generators will start operation in 2016 or thereafter as soon as they are online.
- We will strive to contribute to the international community by developing human resources and overcoming issues such as low-cost, stable power supply through IPP business and overseas consulting

Location of the Sarulla geothermal IPP project in Indonesia

View from a production test site

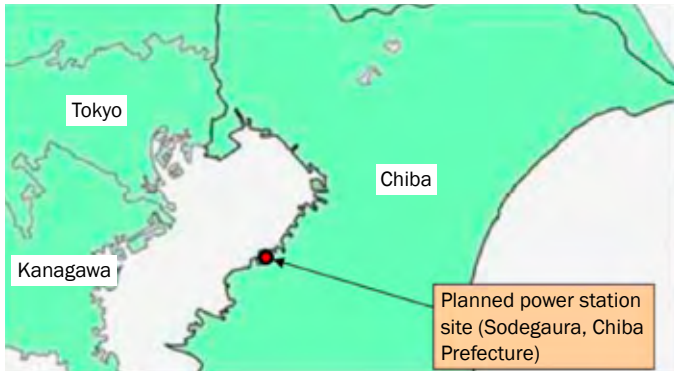
(2) Develop the electrical power business outside Kyushu [2030 goal for power sources developed outside Kyushu: 2 million kW (2 million kW more than the current level)]

- We will develop power sources outside Kyushu for our own use mainly through alliances with other companies
  - » We established Chiba-Sodegaura Energy Co., Ltd. (May 2015)
- We will consider ways to secure electrical power supply capabilities for our retail sales until power sources are developed by using material exchanges and other means of procurement effectively in addition to power transmission from within Kyushu region

Outline of the power station plan

We recently agreed with Idemitsu Kosan Co., Ltd. and Tokyo Gas Co., Ltd. to form an alliance to consider developing coal-burning thermal power stations jointly. To that end, the three companies established the Chiba-Sodegaura Energy Co., Ltd. on May 1, 2015.

Taking into consideration the impending full liberalization of the electricity retail market, the three partner companies will make the best use of the strength of their respective value chains and other assets to achieve safer, lower-priced, and more stable power supply, thus meeting the demands and expectations of society as energy companies. They will also aim at making the utmost effort to take appropriate environmental measures and contribute to local economies.



Planned site	3-1, Nakasode, Sodegaura-shi, Chiba Prefecture (The site is owned by Idemitsu Kosan.)
Power generation method	Ultra-super critical (USC) power generation
Scale of power generation	Maximum: 2 million kW (1 million kW x two units)
Fuel	Coal (Burning a mixture of biomass and coal is also under consideration.)
Start of operation	Scheduled for the mid-2020s

(3) Expanding renewable energy business [2030 development goal: 4 million kW (2.5 million kW more than the current level*)]

* Breakdown: +800,000 kW for geothermal power; +200,000 kW for hydroelectric power; +1.1 million kW for wind power, and +400,000 kW for other in Japan and abroad

- In July 2014, we established Kyuden Mirai Energy Co., Inc., a general developer of renewable energy sources. By liaising with Kyushu Electric, Kyuden Mirai Energy will meet the local community's broad-ranging needs through a single channel.
- We will aim at risk diversification and portfolio development with future policy trends and technological innovation in mind
  - » Developing Renewable Energy in Collaboration with Group Companies
    Through development of the Sugawara Binary Cycle Power Station and by participating in demonstration tests for next-generation floating wind generation (offshore).
- Leveraging the expertise we have cultivated in the Kyushu region to expand our business in other parts of Japan, as well as overseas.

Geothermal: Sugawara Binary Cycle Power Station (Kokonoe, Kyushu Prefecture)

The Sugawara Binary Cycle Power Station* (5,000 kW), which makes effective use of geothermal wells owned by the town of Kokonoe in Oita Prefecture, commenced operations in Jun 2015. This is Japan's first geothermal power development project that involves collaboration between a local government and a private enterprise (Kyuden Mirai Energy).

* Binary power generation utilizes comparatively low-temperature steam and heated water that cannot be used by conventional geothermal power generation systems. This method is expected to find application on islands that have abundant geothermal sources and for generation at hot springs.


Sugawara Binary Cycle Power Station

Strategy Pillar III

Establishing a robust business foundation

(1) Developing innovative human resources who take on new challenges

- Through a groupwide, cross-functional team project, we will cultivate an organizational culture that embraces challenges.

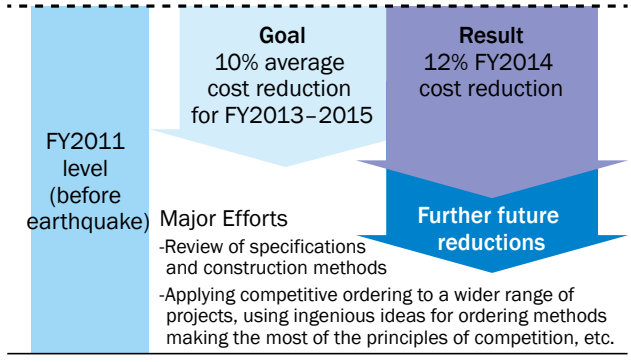
(2) Creating organizations that respond swiftly to changes

- We will respond to full liberalization and the licensing system.
  - » To win out over the competition, we will concentrate on sales and establish systems to enhance competitiveness
  - » We will guild an organizational management and business administration system to further enhance our neutrality in the transmission sector

(3) Bolstering the financial foundation of the Kyuden Group as a whole and enhancing its competitive power

- We will make effective use of external knowledge of the Procurement Reform Promotion Committee, established in February 2014, to promote material/equipment procurement reforms, create a greater cost awareness of the need for continuous cost reductions, and step up cost management.
- From the perspective of reducing fuel consumption, we are striving to improve thermal efficiency at thermal power stations by replacing existing equipment with high-efficiency equipment.

[Goal for Reduction in Material/ Equipment Procurement Costs and Results]



(4) Pursue safety and security

- Establishing internal systems in preparation for compound disasters
  We have established internal systems so that if a multiple disaster that involves both a natural one such as an earthquake and tsunami and a nuclear one occurs, a natural disaster response headquarters and a nuclear one will be combined to form a comprehensive center for integrated action.
- Reinforcing management of nuclear power risks
- We are enhancing communication with local communities about nuclear power → For details, see the Special Feature on pages 25-31.

(5) Ensuring thorough CSR management

- Reinforce the CSR management cycle.
- Conduct environmental preservation activities in the aim of being an eco-friendly corporate group.
  - Prioritize such programs as the burning of fields in the Kuju Bogatsuru wetlands in Oita Prefecture.
  - Offer environmental education targeting the next generation.
- Promote compliance management.
- Conduct volunteer activities in collaboration with the local community to resolve local issues.
  - We will participate in such initiatives as Korabora Q-den, a volunteer activity aimed at solving local problems in cooperation with NPOs and other groups.

A scene from the burning of a field

Kuju Bogatsuru wetlands and Mt. Hiiji (Oita)

Project to build terraces at the courtyard of the Aya junior high school (Miyazaki)

Environmental protection activities at Niji-no-Matsubara (Saga)

Message from the Chairperson and the President

Chairperson

President

To our shareholders and investors,

First, I would like to express my gratitude to all of you for your loyal patronage and support of Kyushu Electric Power.

In response to the serious accidents at the Fukushima Daiichi Nuclear Power Station, Kyushu Electric also suspended operations at all its nuclear power Stations. Given the ongoing difficulties since that time in our revenue/expense balance, financial condition and supply and demand situation, we have done our utmost to enhance management efficiency, introduced measures to cope with supply–demand circumstances, raised electricity rates and issued preferred shares.

However, the suspension of operations at nuclear power Stations has continued for longer than we had expected, resulting in ballooning thermal fuel costs. As a result, in fiscal 2014 the Company posted an ordinary loss of ¥73.6 billion and a net loss of ¥114.6 billion.

Faced with these results, it is with regret that we decided to forego dividends in fiscal 2014. We apologize to our shareholders for this situation.

Concerning the resumption of operations at our nuclear power operations, our topmost management priority, after working throughout the Group to comply with national government reviews and testing to ensure safety, Unit 1 of the Sendai Nuclear Power Station recommenced commercial operations in September 2015. We are doing everything in our power to facilitate an early resumption of operations at Unit 2 of the plant, following pre-operation tests, as well as at Units 3 and 4 of the Genkai Nuclear Power Station. Furthermore, in response to the difficult management conditions we currently face, we are introducing a variety of measures as we concentrate on maximizing efforts to improve our revenue and expense situation.

At the same time, we are moving into a period of real competition, led by the full-scale liberalization of the retail power sector forecast in line with the 2016 electricity system reforms.

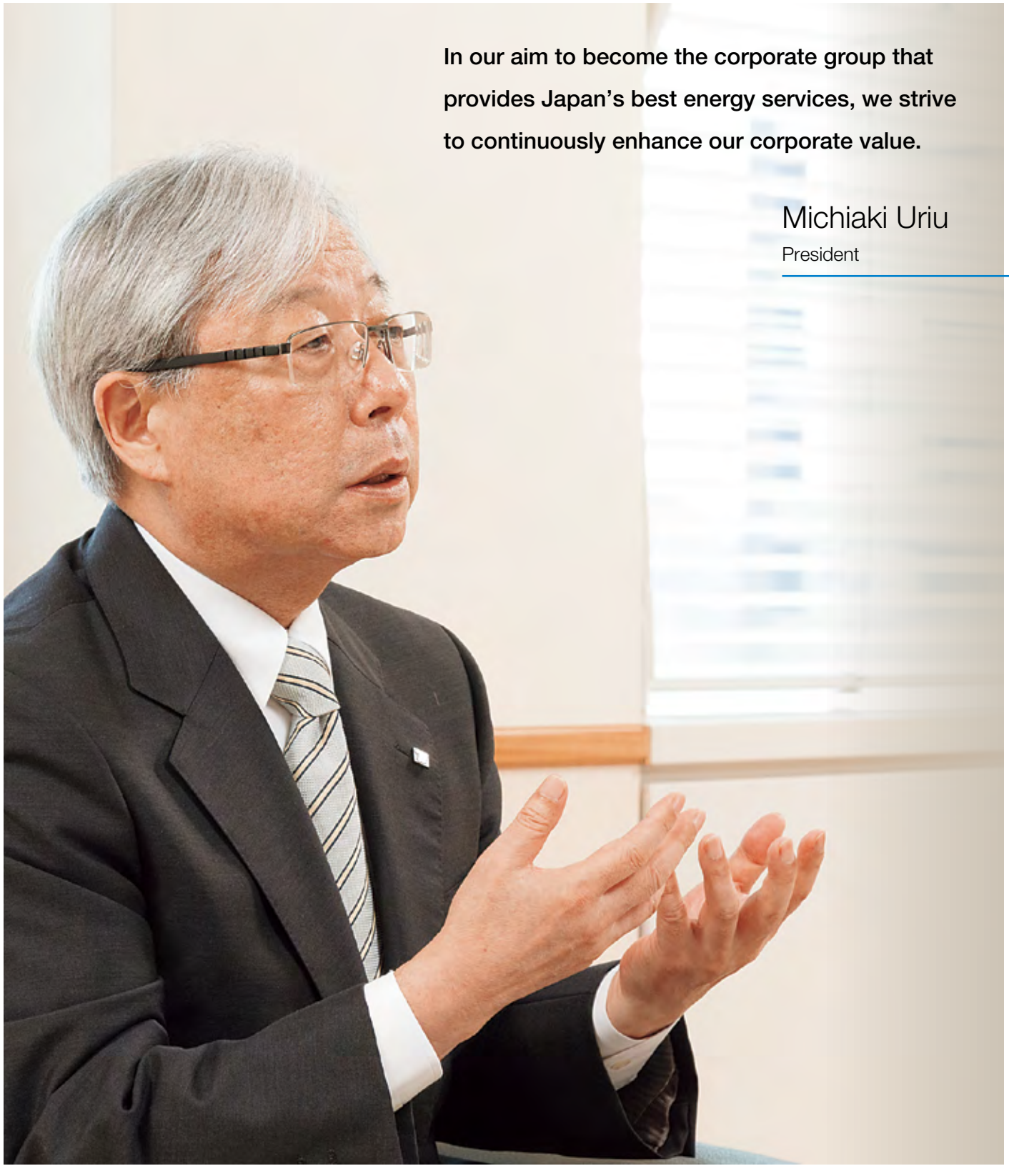
Against this backdrop, we recognize the need to accelerate groupwide reforms in order to ensure the trust of our shareholders and remain their energy supplier of choice. As part of this effort, in April 2015 we formulated our “Vision for 2030” and the “Kyushu Electric Power Group Medium-Term Management Policy” to outline our management directions for the next five years.

Under this new management policy, we will push forward as a group on a number of initiatives with a view to ensuring sustainable growth and providing value to our stakeholders.

I would like to request your generous understanding and continuous support for our business.

September 2015

Interview with the President



In our aim to become the corporate group that provides Japan's best energy services, we strive to continuously enhance our corporate value.

Michiaki Uriu
President

Q Could you provide an overall review of fiscal 2014?

A We put forth a groupwide effort amid difficult supply–demand and revenue–expense conditions. Working one step at a time, we also made steady progress toward the resumption of operations at our nuclear power stations.

As the suspension of operations at our nuclear power stations lengthened, in fiscal 2014 our supply–demand, revenue–expense and financial conditions remained problematic.

Regarding supply–demand, since the Great East Japan Earthquake in the winter of 2011, we have continued to ask for our customers' cooperation in efforts to save electricity. In fiscal 2014, as well, we continued to call for efforts to conserve electricity wherever not essential to protect life and health, as well as industrial and economic activity, seriously inconveniencing our customers. Through their cooperation in conserving electricity, purchases from other electric utilities, market procurement and a host of other supply efforts, we succeeded in riding out the circumstances.

We responded to the difficult revenue–expense and financial conditions by stabilizing management through an increase in equity capital. To this end, in August 2014 we issued ¥100 billion in Class A preferred shares to the Development Bank of Japan through a third-party allotment. To improve the revenue–expense situation, we temporarily deferred short-term repairs, introduced efforts to enhance overall management efficiency and sought to thoroughly reduce costs. Despite these efforts, the ballooning cost of fuel for thermal power generation in the face of a complete suspension of nuclear power operations led us to post a net loss for the fourth consecutive fiscal year, and we forewent dividends for the third straight year. I would like to offer my heartfelt apologies to our shareholders for this situation.

The only way to resolve the tight supply and demand situation and fix our financial condition is to restart the nuclear power stations. We applied in July 2013 for an inspection of Sendai Units 1 and 2 and Genkai Units 3 and 4 for compliance with the new regulatory standards, and have been handling conferences and hearings with the Nuclear Regulation Authority, as well as on-site inspections, with the utmost seriousness.

In September 2015, we resumed commercial operations at Sendai Unit 1. We are pouring all our energies into recommencing operations at Sendai Unit 2 and Genkai Units 3 and 4 to alleviate the tight supply and demand situation and stabilize our financial conditions.

Q Please share with us your feelings about recommencing commercial operations at Unit 1 of the Sendai Nuclear Power Plant.

A This is the first time in four years for the plant to be operational. All the people involved are moving forward earnestly and with a strong sense of urgency to get the station back on a commercially operational footing.

In August 2015, Sendai Unit 1 began the first plant in Japan since the Great East Japan Earthquake to comply with the new regulatory standards, resuming commercial operations in September.

The power system moves in parallel with the stations, so it was with a profound sense of happiness that I witnessed the numerical results of the power from the unit coming back on line.

It is still too early to relax, however. We were only able to overcome the tight supply and demand situation by repeatedly imploring our customers to save electricity, and the situation will only begin to normalize once we have four units operational: Sendai Units 1 and 2 and Genkai Units 3 and 4.

The Basic Energy Plan set by the Cabinet Office in April 2014 sets the Nuclear Regulation Authority the task of confirming that nuclear power stations meet some of the world's most stringent regulatory standards in order to recommence operations. Given resource-poor Japan's low energy self-sufficiency rate and global environmental conditions, I believe that nuclear power generation will remain necessary.

We have resolved never to allow an accident such as that which occurred at the Fukushima Daiichi plant. Accordingly, we are working on an ongoing basis to improve safety and reliability and complying earnestly and meticulously with national government inspections as we move toward the restart of operations at other plants where operations have been suspended.

→ Please see the Special Feature (pages 25–31) for details.

Q The Group announced its new Medium-Term Management Policy in April 2015. Please describe some of your long-term management directions under this Medium-Term Management Policy.

A We will aim to become a corporate group that provides Japan's best energy services and achieve sustainable increases in corporate value.

Fiscal 2015 will be an extremely important year, as it will be the stage of preparing for the full-scale liberalization of electricity retailing in fiscal 2016. At this important juncture, we decided it was necessary to define our new management direction, so we formulated the Kyushu Electric Group Medium-Term Management Policy.

This policy outlines our objectives for working together as a Group on business initiatives and achieving sustainable increases in corporate value. It defines our "Vision for 2030" and our three strategic pillars for realizing this vision.

Specifically, by 2030 we are aiming to become a corporate group that provides Japan's best energy services with the theme that "everyone eventually asks the Kyuden Group for energy."

Our first strategic pillar is to evolve as a "corporate group that provides energy services" for Kyushu, including gas as well as electricity. Taking customers' energy needs into account, we will develop in tandem with the region and society. As one aspect of these activities, we are considering specific measures for a full-fledged entry into the gas business.

Second, we will develop in growth fields. We will push forward with electric power development in the Tokyo metropolitan area and step up our overseas business, centering on Asia. In the renewable energy business, taking supply stability and environmental impact into consideration, we will proactively develop our operations in Japan and overseas in the areas of geothermal and hydro power.

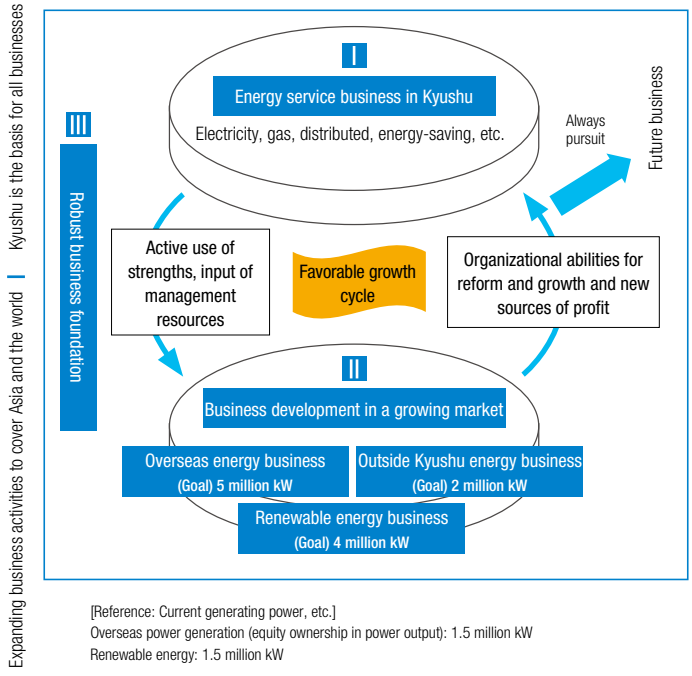
Third, we will enhance the organizational strength required to implement strategies for establishing a robust business foundation.

With regard to the electric utility operating environment, we understand that we will not be able to turn back the clock to the days before the March 11 disaster even if our nuclear power plants restart. Reforms to the electric power system are underway, and we recognize that further changes and competition are certain to occur.

Rather than fear change and competition, the Kyushu Electric Power Group views them as positive opportunities. We will set our sights on further growth and development as we work to remain a reliable company of choice for our stakeholders.

→ For details, please refer to the Medium-Term Management Policy section (pages 7–14).

Direction of Future Strategy



[Reference: Current generating power, etc.]
Overseas power generation (equity ownership in power output): 1.5 million kW
Renewable energy: 1.5 million kW

Q An Electricity Business Act reform measure has been passed, calling for the separation of the distribution sector as part of the electricity system reforms. How should this be interpreted?

A We will do everything we can to ensure that this reform is to the benefit of our customers.

The passing of the Electricity Business Act reform bill in June 2015 determined the legal unbundling of the transmission/distribution sector from April 2020.

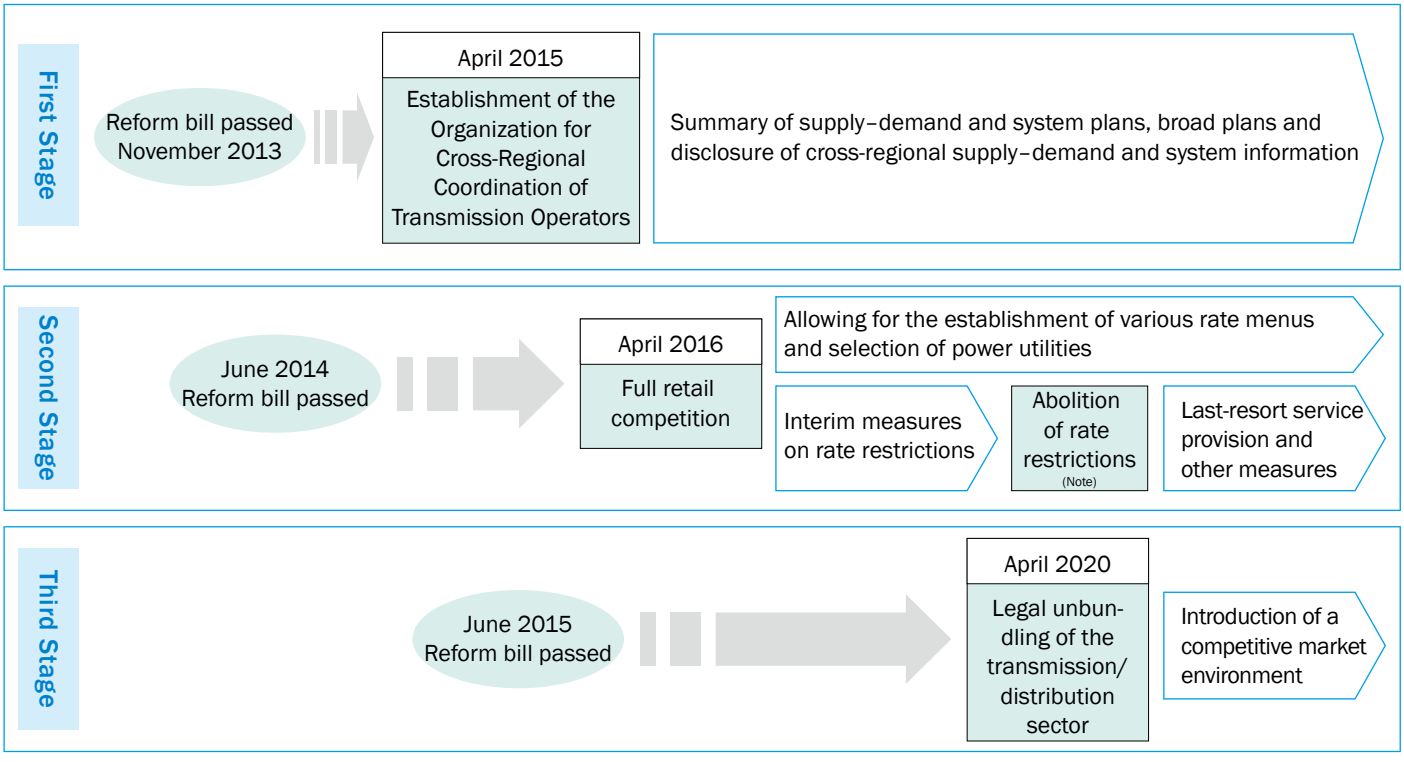
An inexpensive and stable supply of electricity is fundamental to the life of Japan's citizens and industrial activity. Accordingly, as in the past we will do everything we can to maximize our cooperation with electricity system reforms to benefit our customers.

We will respond appropriately to the changes in our operating environment resulting from future electricity system reforms as we develop our business and strive to remain the reliable energy supplier of our choice to our customers, as well as a "strong and supple company."

Overview of the Electric Power System

The reforms are divided into three stages: (1) the establishment of the Organization for Cross-Regional Coordination of Transmission Operators, (2) full retail competition and (3) legal unbundling of the transmission/distribution sector. Due consideration is being given and the necessary measures implemented at each stage.

Submission of Reform Bills at Each Stage and the Periods of Reform Implementation



(Note) The timing for the abolition of rate restrictions is to be determined based on the electricity market, operating environment, competitive conditions and other factors.

Q Please describe the results of efforts to improve management efficiency in fiscal 2014 and your forecast for fiscal 2015.

A In fiscal 2014, in addition to planned cuts of ¥135.0 billion through efficiency improvements, we achieved cuts of ¥179.0 billion mainly on a short-term basis, for a total reduction of ¥314.0 billion. We plan to continue our efficiency improvement efforts in fiscal 2015.

During fiscal 2014, we undertook constant and steady streamlining efforts, including making deep cuts in material procurement costs, to alleviate the difficult financial circumstances stemming from the closure of all our nuclear power stations. While ensuring safety and legal compliance and preventing supply stability from being affected, we did everything we could to reduce short-term costs by temporarily delaying inspections and construction activities.

As a result, in addition to planned cuts of ¥135.0 billion we had announced our intention of making by improving management efficiency, we also achieved reductions of ¥179.0 billion centered on short-term initiatives. In all, we succeeded in slashing costs by ¥314.0 billion.

We also sought to address the problematic revenue–expense and financial condition by selling off assets where possible. These efforts led to cumulative sales of ¥84.3 billion for fiscal 2013 and fiscal 2014.

In April 2013, we announced a management efficiency enhancement plan to achieve a "three-year average of ¥140 billion in cuts." Our plans for fiscal 2015 incorporate cost reductions of ¥153.0 billion through efficiency improvements. Although spending will need to increase to conduct the repairs temporarily delayed from fiscal 2013 and 2014, we expect to achieve this objective.

With regard to asset sales, we will continue working to sell off as many assets as possible that are not directly related to the operation of our electricity business, such as company housing sites.

Status of Operational Streamlining Initiatives

(Billions of yen)

Item	Planned Efficiency Improvements for Fiscal 2015	Fiscal 2014 streamlining initiative results [A] + [B]	Cost of streamlining factored into electricity rate costs (2014 only) [A]	Streamlining efforts (2014 only) [B]	Cost of streamlining factored into electricity rate costs (2013–2015 average)
Maintenance costs	-28.0	-98.0	-23.0	-75.0	-32.0
Miscellaneous costs, etc.	-22.0	-71.0	-21.0	-50.0	-22.0
Personnel costs	-51.0	-37.0	-44.0	7.0	-48.0
Fuel costs, cost of electricity purchases	-22.0*1	-74.0*2	-25.0	-49.0	-18.0
Depreciation expenses (capital expenditure)	-30.0	-34.0	-22.0	-12.0	-23.0
Total [Excluding fuel costs and the cost of purchased power]	-153.0 [-131.0]	-314.0 [-240.0]	-135.0 [-110.0]	-179.0 [-130.0]	Reduction of around ¥14.0 billion

*1 Reference values incorporate rate costs and assume a nuclear power utilization rate of 66%.
*2 Nuclear power was not operational in fiscal 2014, so the supply–demand balance is a preliminary calculation that differs substantially from rate costs.

Results of Asset Sales

(Billions of yen)

Item	Sales results (2014)	Sales results*3 (total for 2013 and 2014) A+B	Sales plan upon receipt of acceptance to raise the rate cost (2013–2015) A	Streamlining effect B
Property	10.2 (9.8)	41.9 (36.9)	10.0	31.9
Available-for-sale securities	0.3 (0.1)	42.4 (30.3)	4.0	38.4
Total	10.5 (9.9)	84.3 (67.2)	14.0	70.3

*3 Figures in parentheses indicate gains on sales.

Q The rapid proliferation of renewable energy was a hot topic in fiscal 2014. Could you describe your stance on the future development and introduction of renewable energy?

A As a Group, we will develop and introduce renewable energy to the best of our capabilities.

Solar, wind, biomass, hydro, geothermal and other forms of renewable energy are examples of domestically produced energy. They are also excellent sources of power for countering global warming. Accordingly, we remain unchanged in our dedication to working together as a group to develop and introduce renewable energy to the best of our capabilities.

However, since the introduction of the feed-in tariff power purchase and sale system the environment surrounding renewable energy has changed due to the rapid proliferation of solar generation. In line with this sharp expansion, we recognized that ensuring a stable supply of electricity could potentially become difficult. Accordingly, in September 2015 we held off on responding to applications to connect renewable energy suppliers to the grid, needing to consider our connection capacity in the aim of maximizing the introduction of renewable energy. After considering our connection capacity, we were named a designated electric utility. In line with the promulgation and enactment of revised legislation, we are currently responding successively on applications on which considerations have been completed, and we are responding to grid connections in accordance with nationwide rules.

Based on the condition of ensuring a stable supply of electricity, in keeping with the intent of the legislative reform concerning the revised operation of the feed-in tariff power purchase and sale system and taking into account the characteristics of different renewable energy sources we will work to maximize the balanced development of renewable energy.

In the renewable energy business, which is a growing global market, we will leverage the technologies and expertise we have accumulated to date to proactively develop this business both within and outside Japan, concentrating on geothermal and hydro power.

Status of Renewable Energy Applications on the Kyushu Mainland (Excluding Isolated Islands, Including for Kyushu Electric) (As of March 31, 2015)

(Thousands of kW)

	Solar	Wind	Biomass, etc.	Hydro (excluding from pumped hydroelectric storage)	Geothermal	Total
Applications under ongoing consideration	4,790	160	90	50	30	5,130
Applications under ongoing agreements	4,910	200	10	60	3	5,180
Related approvals received	3,570	120	40	10	10	3,770
Connected	4,660	460	270	1,830	210	7,440
Total	17,930	950	410	1,950	260	21,500

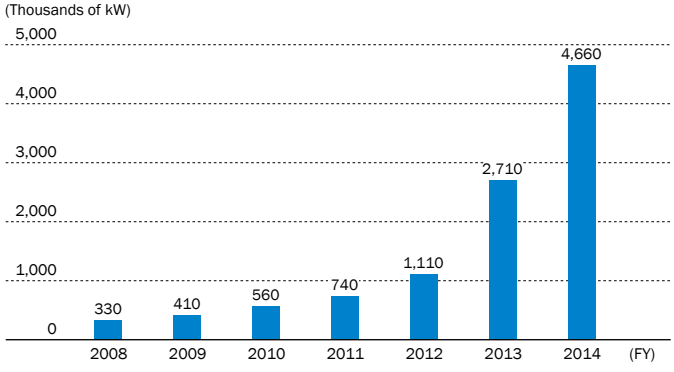
Notes: Totals may not match exactly because figures have been rounded.
Cold energy is included in biomass.
Connectable volume: Solar 8,170,000 kW, wind 1,000,000 kW

Kyushu Electric's (Excluding Isolated Islands, Including Group Companies) Renewable Energy Connection Status (As of March 31, 2015)

(Thousands of kW)

	Solar	Wind	Biomass, etc.	Hydro (excluding from pumped hydroelectric storage)	Geothermal	Total
Connected	40	70	40	1,280	210	1,640

Solar Power Connection Volumes on the Kyushu Mainland (Excluding Isolated Islands)



- As of March 31, 2015, the renewable energy application status for Kyushu (excluding isolated islands) amounted to 21,500,000 kW (of which solar was 17,930,000 kW). Of this figure, the already-connected portion totaled 7,440,000 kW (of which solar was 4,660,000 kW).
- As the connection application volume exceeded the connectable volume (8,170,000 kW) on December 22, 2014, the Company was named a designated electric utility* for solar power.
- As of December 31, 2014, the total output of connected plants and plants for which connections have been approved had reached the connectable volume.

* By being named a designated electric utility by the national government, Kyushu Electric is able to request suspension of power output without compensation for up to 30 days per year for applications received after the date on which the total of connected plants and plants for which connections have been approved exceed the connectable volume.

Q The Corporate Governance Code, outlining basic principles on corporate governance, went into effect on June 1, 2015. What has been your response?

A We are making proactive efforts to reinforce corporate governance to achieve sustainable growth and medium- to long-term increases in corporate value.

We are working to reinforce corporate governance, which we recognize as an important management issue. In the past, we have appointed highly independent external directors to enhance the management supervisory function and undertaken efforts to ensure the effectiveness of audits by corporate auditors by enhancing coordination with the internal auditing body.

We understand the principal thrust of the recently enacted Corporate Governance Code to hinge on enhancing the speed and effectiveness of decision-making with the aim of ensuring sustainable growth and medium- to long-term increases in corporate value, and we are undertaking proactive initiatives in this regard. In June 2015, we appointed two external directors, one more than previously.

We have set up an internal team to consider our response to the code, and their efforts are focused on initiatives targeting all 73 items of the code, including its general principles, principles and supplementary principles.

We plan to issue a corporate governance report in December 2015 outlining our initiatives in response to the code. However, this is an ongoing medium- to long-term initiative that we will continue to consider even after submitting this report.

→ Please see Corporate Governance (pages 33–34) and the Interview with External Directors (pages 35–36) for details.

Q Please outline your stance on dividends.

A In order to resume dividends as soon as possible, we are undertaking thorough management streamlining and striving to recommence operations at our nuclear power stations as quickly as possible.

We make dividend decisions by taking into overall account our medium- to long-term forecasts of revenues/expenses and financial condition, as well as the balance among all of our stakeholders.

Given that operations at our nuclear power stations were suspended in fiscal 2014, thermal generation and other fuel costs ballooned, resulting in a net loss for the year of ¥119.0 billion for Kyushu Electric on a non-consolidated basis. As a result, we made the decision to forego dividends.

Because we expect severe financial conditions to persist in fiscal 2015, we expect to pay no interim dividends on common stock or Class A preferred shares. I offer my deepest apologies to our shareholders for this situation.

We aim to resume dividend payments as soon as possible. To allow this, we are stepping up thorough management streamlining efforts and doing our utmost to restart operations at our nuclear power stations as the earliest possible date.

Special Feature

Initiatives for Ensuring the Safety and Security of Nuclear Power

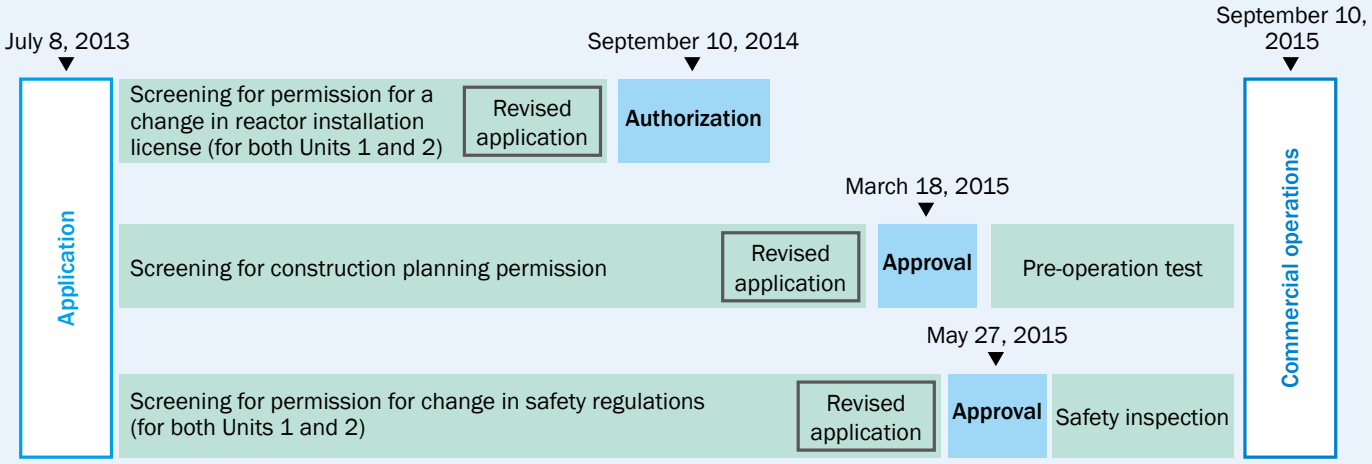
Kyushu Electric recognizes improving the safety of nuclear power as a topmost management priority. Accordingly, we are complying with the Japanese government's new regulatory requirements. At the same time, we are working on both the tangible (facilities) and intangible (operational) fronts, monitoring external opinions and undertaking voluntary and ongoing initiatives to augment safety.

Restarting Commercial Operations at Unit 1 of the Sendai Nuclear Power Station

Kyushu Electric applied in July 2013 to confirm that safety measures in place at the Sendai Nuclear Power Station Units 1 and 2 and the Genkai Nuclear Power Station Units 3 and 4 are in compliance with the national government's new regulatory standards by submitting to the Nuclear Regulation Authority applications for permission for a change in reactor installation license (basic design), construction planning permission (detailed design), permission for change in safety regulations (operational management). Applications for Sendai were filed on June 8, 2013, and for Genkai on July 12, 2013.

Unit 1 of the Sendai Nuclear Power Station underwent a pre-operation test on March 30, 2015 to confirm that actual safety measures were in accordance with construction planning permission. Thereafter, fuel loading took place on July 7, the reactor started up on August 11, operations recommenced on August 14, and commercial operations began again on September 10.

Process of Recommencing Operations at Unit 1 of the Sendai Nuclear Power Plant



*We have obtained the understanding from the heads of local municipal bodies, the governor of Kagoshima Prefecture and the mayor of Satsumasendai, regarding safety enhancement initiatives and the restarting of the Sendai Nuclear Power Station.

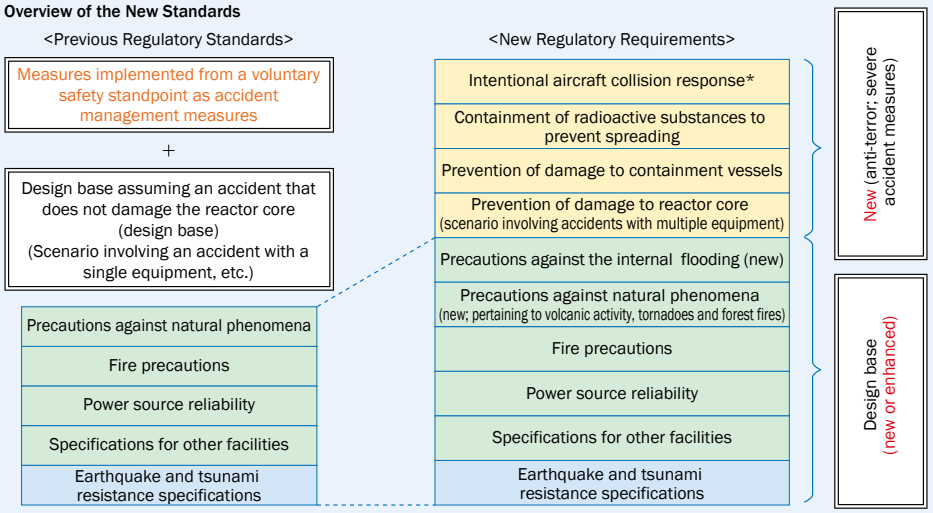
Unit 2 of the Sendai Nuclear Power Station underwent a pre-operation test in June 2015, two months following the test for Unit 1, enabling us to continue incorporating our experiences with Unit 1 testing.

We will continue implementing voluntary initiatives to further enhance safety and reliability, ensuring the full safety of our nuclear power stations. At the same time, we will respond meticulously and sincerely on government reviews toward the early recommencement of operations at Unit 2 of the Sendai Nuclear Power Station and Units 3 and 4 of the Genkai Nuclear Power Station.

Content of the Application for Permission for a Change in Reactor Installation License for Units 1 and 2 of the Sendai Nuclear Power Station

To further ensure the safety of nuclear power stations against damage stemming from earthquakes and tsunamis, the new regulatory requirements specify enhanced design base for anti-seismic and anti-tsunami functionality, as well as power source reliability and cooling facility performance. The requirements also call for large-scale disaster countermeasures for responding to situations that exceed design requirements.

Overview of the Nuclear Regulation Authority's New Regulatory Requirements



[Prepared from materials announced on July 3, 2013, by the Nuclear Regulation Authority]

*As an interim measure, a five-year grace period is set as an interim measure for facilities in responding to specific large-scale disasters (restricting the abnormal emission of radioactive materials due to large-scale aircraft collisions or acts of terrorism)

1. Strengthened and Newly Introduced Design Bases

(1) Earthquakes

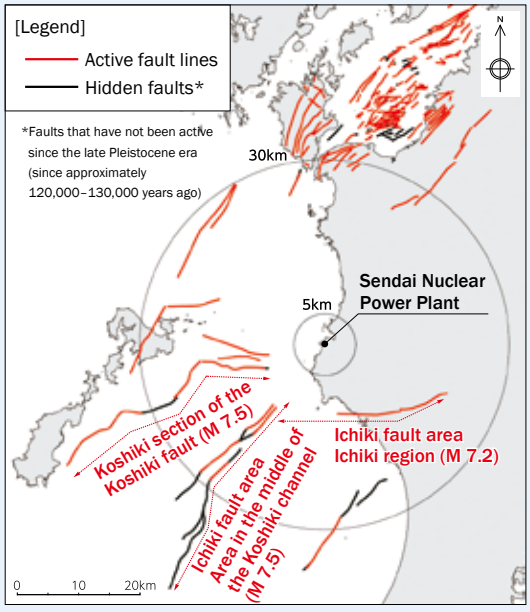
Principal content of new regulatory requirements	• Power stations situated on sites with no active fault lines • Formulation of standard seismic motion, based on the most recent scientific and technological knowledge
Principal content of applications for permission for a change in reactor installation license	• Confirmation there are no active fault lines within the power station grounds • Formulation of standard seismic motion (1) Evaluation of active fault lines in power station vicinity: 540 gal (2) Based on results of examination of the Hokkaido Rumoi–Nanbu earthquake: 620 gal

Standard seismic motion includes both

(1) Seismic movement that could conceivably occur along active fault lines in the power station's vicinity (seismic movement plotted out from a defined epicenter at each site) and

(2) Past seismic movement that is difficult to attribute to the epicenter and active fault lines (seismic movement not plotted out from a defined epicenter).

▼Distribution of Active Fault Lines in the Vicinity of the Sendai Nuclear Power Plant

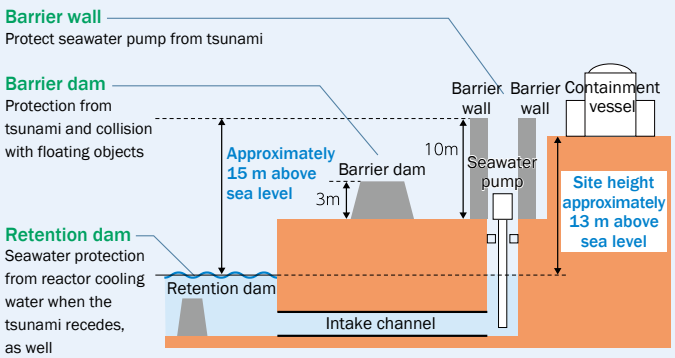


(2) Tsunamis

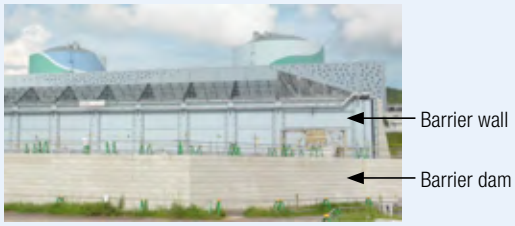
Principal content of new regulatory requirements	• Definition of a “standard tsunami” based on the most recent scientific and technological knowledge • Buildings housing equipment crucial to safety to be located at a height that a tsunami cannot reach • Establishment of protective facilities if breached by tsunami
Principal content of application for permission for a change in reactor installation license	• Definition of a standard tsunami • A tsunami stemming from an interplate earthquake in the Ryukyu Trench to a generator at a maximum high-water market of around 6m* above sea level • Principal generator facilities to be situated approximately 13m above sea level, ensuring ample protection against run-up waves • Erection of a protective wall around the seawater pump area

*Taking into consideration changes due to land subsidence from earthquake and full tide mark

▼Conceptual Image of the Reactor Site



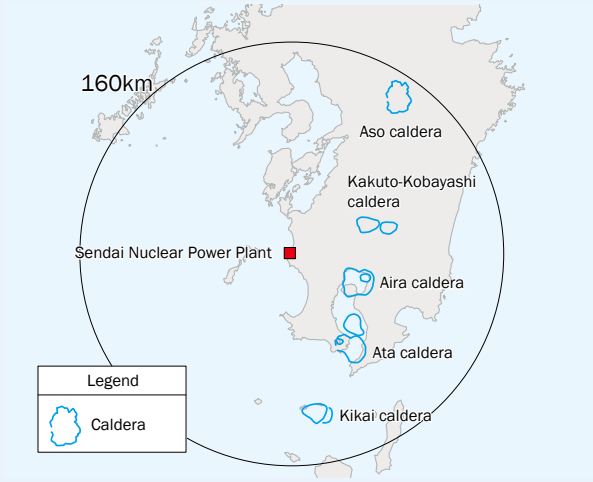
▼Barrier wall in seawater pump area



(3) Natural Phenomena, Volcanoes, Tornadoes, etc.

Principal content of new regulatory requirements	• Survey volcanic activity in the power station’s vicinity and evaluate the impact of volcanic phenomena • Design to ensure against the impact of volcanic activity during reactor operation and confirmation that the potential impact of volcanic activity is sufficiently small • Ensure the soundness of equipment crucial to safety against tornadoes and flying objects
Principal content of application for permission for a change in reactor installation license	• Evaluate that buildings and equipment necessary to safety will not be affected in the event of falling volcanic ash (depth of 15cm) • Evaluations that the potential impact of catastrophic eruptions from calderas is sufficiently small while reactor is operating (Monitoring for volcanic activity monitoring) • Erect a protective net outside equipment necessary for safety to protect against collision with flying objects in the event of a tornado with winds of 100m/s (Referencing the fact that the most severe tornado recorded to date in Japan had winds of 92m/s)

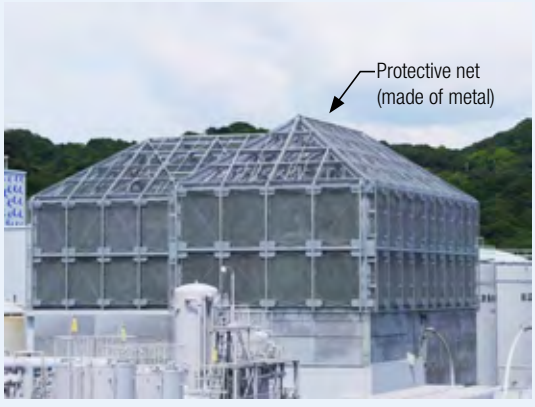
▼Locations of Calderas in Kyushu



(4) Fires, Flooding

Principal content of new regulatory requirements	• Strengthen and thoroughly enact fire protection measures • Implement measures to protect equipment crucial to safety from flooding
Principal content of application for permission for a change in reactor installation license	• Erect additional equipment, including automated fire-fighting equipment and fireproof walls • Provide reinforced piping and watertight doors to prevent water from flowing out in the event of burst tank or piping

▼Condensate tank tornado protection measure



2. Large-Scale Disaster Countermeasures

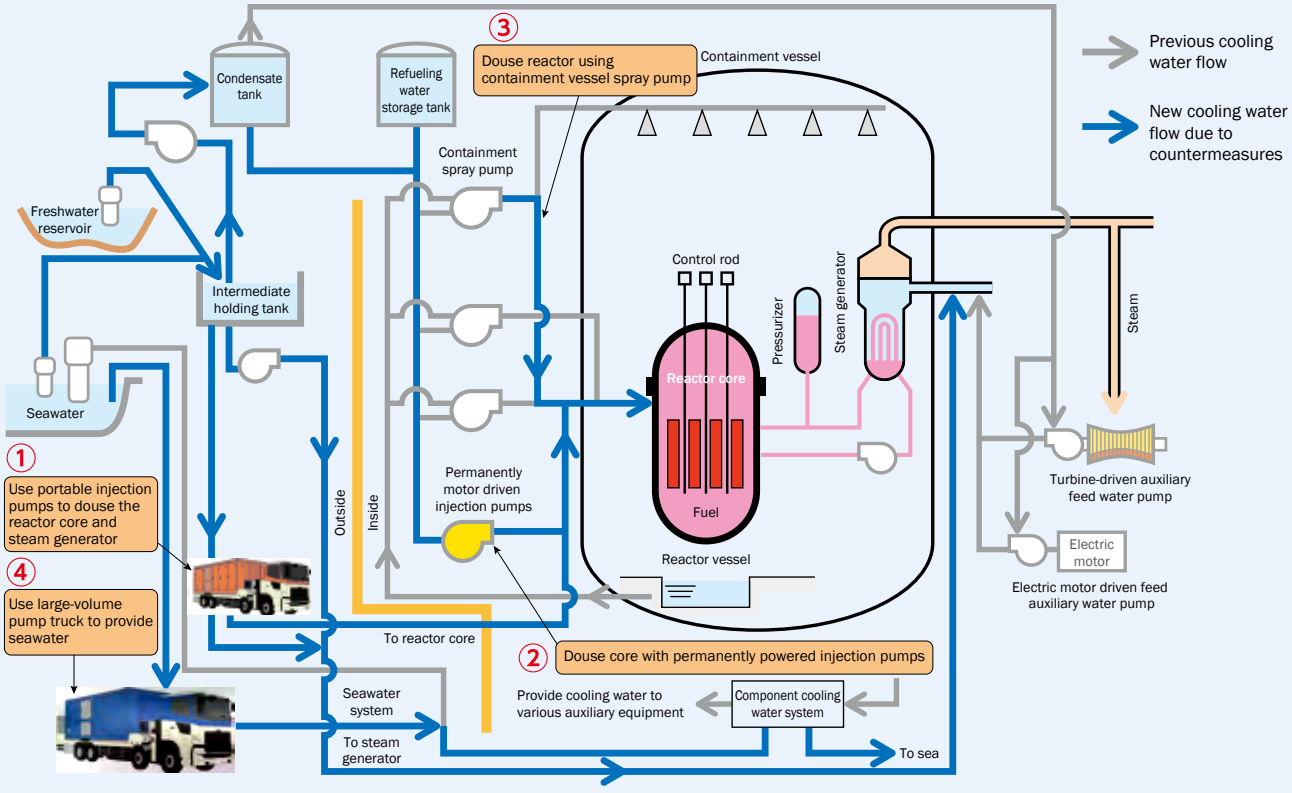
(1) Prevention of damage to reactor core

Principal content of new regulatory requirements	• Introduce measures to ensure against damage to reactor core even if safety measures fail
Principal content of application for permission for a change in reactor installation license	• Diversify power supply methods • Installation of large-scale air-cooled generator to provide for the event of damage to external power supplies and permanent emergency power supplies • Diversify reactor cooling methods • In addition to permanent pumps, add mobile pumps and other equipment (1) Use portable injection pumps (new) to douse reactor and steam generator (2) Douse reactor with permanently powered injection pumps (new) (3) Use the containment vessel spray pump (functional addition) to douse the reactor (4) Use large-volume pump truck (new) to supply seawater to component cooling water system

▼Mobile high-capacity generator

▼Large-volume pump truck

Prevention of Damage to Reactor Core



(2) Prevention of damage to containment vessels

Principal content of new regulatory requirements	• Introduce measures to ensure containment vessel is not damaged, even in the event of damage to the reactor core
Principal content of application for permission for a change in reactor installation license	• Diversification of containment vessel cooling methods (1) Containment spray vessel using permanently powered injection pumps (new) (2) Containment spray vessel using portable injection pumps (new) (3) Use large-volume pump truck (new) to supply seawater to containment vessel recirculation unit*1 • Measures to reduce hydrogen concentration • To prevent hydrogen explosions, enable reduction of hydrogen concentration if hydrogen escapes from the containment vessel (4) Static catalyst hydrogen recoupling device*2 (5) Install electrical hydrogen igniter*3

*1 Device to cool air inside the containment vessel through heat exchange with cooling water

*2 Device using a catalyst (platinum, palladium) to prompt the reaction of hydrogen and oxygen into water

*3 Device using an electrical heater to force combustion of hydrogen into water

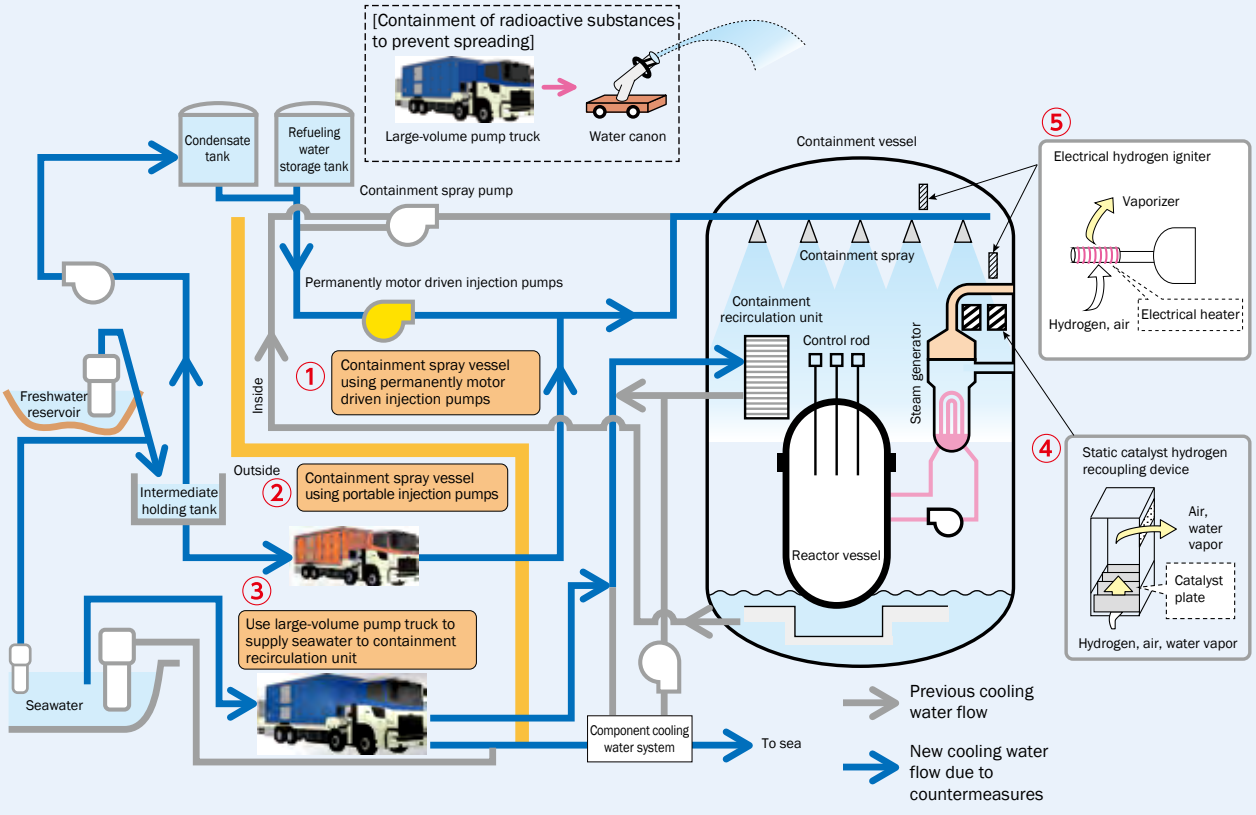
(3) Containment of radioactive substances to prevent spreading

Principal content of new regulatory requirements	• Introduce measures to control the spreading of radioactive substances outside the site even in the event of damage to the containment vessel
Principal content of application for permission for a change in reactor installation license	• Use water canon to spray damaged areas of the containment vessel, and erect a silt fence (in-sea curtain) to prevent spreading into the ocean

(4) Base equipment to handle severe accidents

Principal content of new regulatory requirements	• Establish emergency response posts as on-site command centers in the event of severe accidents
Principal content of application for permission for a change in reactor installation license	• Establish alternative emergency operations facility • Establish alternative emergency operations facility that satisfy new regulatory requirements for seismic resistance, communication equipment, etc.

Prevention of damage to containment vessels and containment of radioactive substances to prevent spreading



Securing Necessary Personnel for Large-Scale Disaster Countermeasures and Conducting Various Drills

At the Sendai Nuclear Power Plant, we have adopted a night-watch system to ensure a rapid response in the event of a severe accident, even if it should occur outside normal working hours, on a holiday or at night, by continuously maintaining an on-alert squad of 52 people. These 52 people take part in drills on a daily basis and manage their resources to form a rapid-response team in the event of a severe accident.

Severe Accident Drills at Nuclear Power Stations

Power supply drills (transporting power cables, etc.), cooling water provision drills (portable diesel, etc.), radioactive substance dispersion control drills, firefighting drills with dedicated fire-fighting groups


Transporting power cables


Setting up a portable diesel injection pump


Erecting a water canon


Drill assuming a forest fire near the site

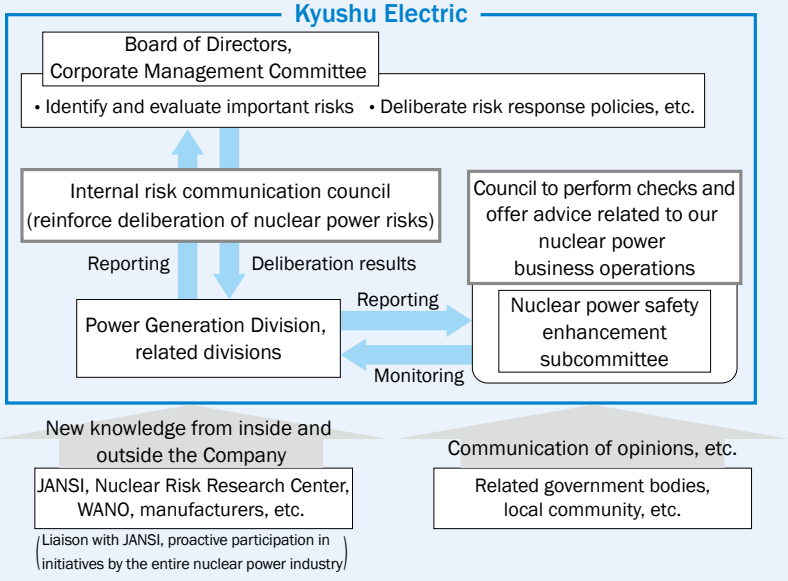
Reinforcing the Management of Nuclear Power Risks

Top management is taking a leadership role in addressing the risks of nuclear power. While promoting an understanding of these risks both within and outside the Company, we are working to identify the broad range of risk. We have established an internal risk communication council comprising all layers of management to deliberate risk from diverse perspectives and reinforce our risk management initiatives.

Making use of a council composed of outside experts to perform checks and offer advice related to our nuclear power business operations, we are undertaking efforts to enhance safety with respect to nuclear power's risks and conducting monitoring from a third-party perspective.

We have also established a caldera volcano response committee, chaired by the president. This committee, which receives third-party advice, oversees the management of risk with respect to caldera volcanos.

Organizations Reinforcing Nuclear Power Risk Management




Meeting of the council to perform checks and offer advice related to our nuclear power business operations

Japan Nuclear Safety Institute (JANSI)
To ensure ongoing efforts to address measures for enhancing the safety of nuclear power stations, this organization leads and supports operators and makes its judgments from an independent perspective unaffected by nuclear power facilities operators.

World Association of Nuclear Operators (WANO)
Fostering communication and friendly competition among nuclear power facilities operators, this organization strives to enhance the safety and reliability of nuclear power station operations.

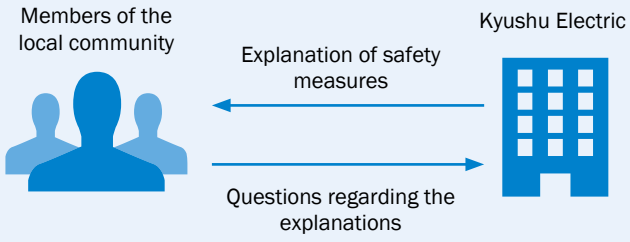
Enhancing Communications with Local Communities about Nuclear Power

We listen carefully to the opinions of local community members and encourage "risk communication," in which we share information about the risks related to nuclear power.

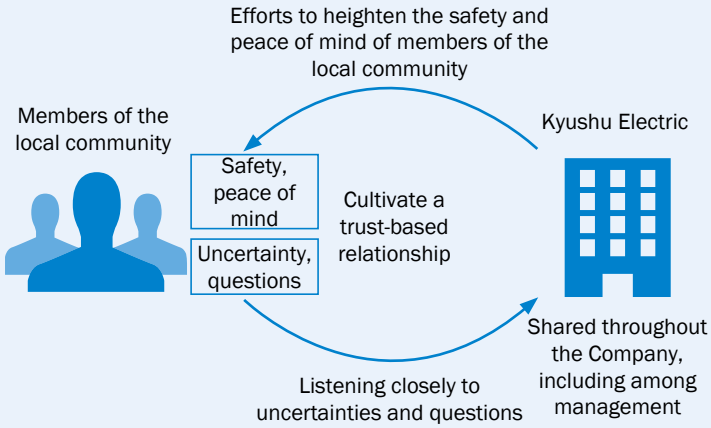
We reflect uncertainties and questions from the local community in our risk management and work to enhance community members' safety and peace of mind, cultivating a trust-based relationship.

(1) Recognizing the importance of communications, given that risks exist, we communicate thoroughly with employees and maintain ongoing communications with the members of the communities that house our nuclear power sites, thereby strengthening local organizations.
(2) Throughout our communication activities, we listen carefully to the concerns and questions raised by members of the local community.
(3) By sharing input from the local community throughout the Company, including with management, we endeavor to foster an awareness that our operations are safe and provide peace of mind.

In the Past: Efforts to Understand



From Here on out: Risk Communication



In July 2015, we established the Genkai Office as an ongoing organization to serve as a forum for communication activities with members of the local community.

Management Base

Contents

Corporate Governance

Basic Stance on Corporate Governance

Based on a corporate governance structure centered on the Board of Directors and the Board of Corporate Auditors, we work to strengthen management oversight functions by appointing highly independent external directors, while heightening the effectiveness of audits by fostering close cooperation between the corporate auditors and internal auditing bodies. Furthermore, we have clearly defined the oversight and executive roles of directors and executive officers, while striving to rigorously enforce compliance management. At the same time, we have developed a basic policy on the formation of a system to ensure proper business operations (basic internal control policy), as we strive to continuously improve the internal control system.

In addition, after giving due consideration to the tenor of the Corporate Governance Code that went into force on June 1, 2015, we will further reinforce our corporate governance in the aim of ensuring sustainable growth and medium- to long-term increases in corporate value.

Board of Directors

In principle, the Board of Directors meets monthly or as otherwise necessary to decide on important corporate management matters and monitor implementation. In the fiscal year ended March 31, 2015, the Board of Directors met 18 times. In order to heighten the effectiveness of its oversight functions, the Board of Directors receives advice from standpoints independent of the Company, such as by appointing external directors.

Moreover, the Corporate Management Committee, which is made up of the president, executive vice president, the senior managing executive officers, the managing executive officers and other members, considers matters requiring further discussion before the Board of Directors makes decisions and decides on important executive issues. In the fiscal year ended March 31, 2015, the committee met 41 times.

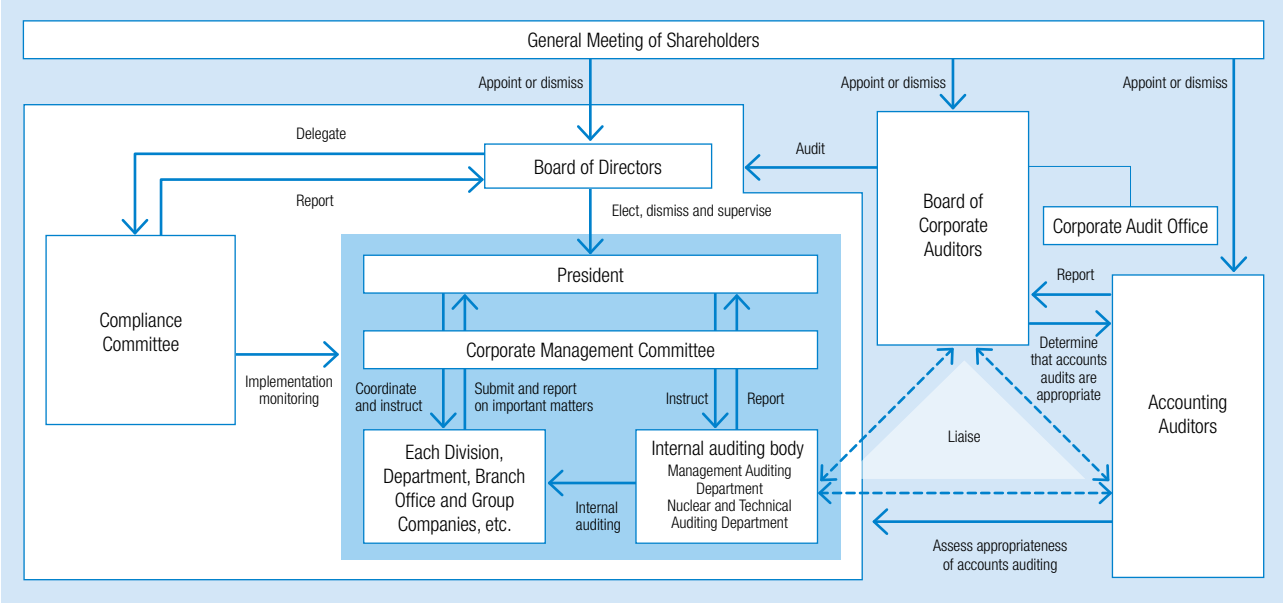
Furthermore, each division and branch office has an executive officer to accelerate decision-making and streamline operations.

Board of Corporate Auditors

In principle, the Board of Corporate Auditors meets monthly or as otherwise necessary to debate on and make resolutions about reports on important matters relating to audits stipulated in laws and ordinances and the articles of incorporation. In the fiscal year ended March 31, 2015, the Board of Corporate Auditors met 15 times. Corporate auditors attend important gatherings, including those of the Board of Directors. They conduct hearings for all divisions, consolidated subsidiaries, and other business units, and otherwise conduct overall audits of the work of directors and executive officers.

Furthermore, the Corporate Audit Office, which has 12 members, assists the corporate auditors as a specialist organizational body.

Corporate Governance Structure



External Directors and External Corporate Auditors

When appointing external directors or external corporate auditors, the Company refers to the Tokyo Stock Exchange's evaluation standards regarding the independence of directors and corporate auditors. Moreover, the Company has designated its two external director and three external corporate auditors as an independent director and independent corporate auditors, respectively, judging that these individuals will offer objective and neutral opinions about the Company's business based on their experience and insight.

The external director attends meetings of the Board of Directors and expresses an opinion as necessary on agenda items based on the individual's experience and insight. This external director also expresses opinions regarding management issues at meetings other than the Board of Directors such as the Corporate Management Committee.

The external corporate auditors attend meetings of the Board of Directors, where they offer opinions as necessary on agenda items based on their experience and insight. They also attend meetings of the Board of Corporate Auditors to help formulate audit plans, as well as receive reports from the accounting auditors and the internal auditing body regarding audit results.

Internal Auditing

We have set up an internal auditing body (Management Auditing Department, 22 staff members) that functions objectively, ensuring that operations are proper and helping to improve management efficiency. The division audits compliance and business operations at all divisions and branch offices.

Moreover, staff from a separate specialist internal auditing body (Nuclear and Technical Auditing Department, 11 staff members) audit the quality assurance systems in place to monitor safety initiatives at nuclear and thermal power stations and other important facilities, and the status of operations based on these.

Accounting Auditors

The certified public accountants that audited the Company's accounts belong to Deloitte Touche Tohmatsu LLC.

The internal auditing body, corporate auditors and accounting auditors work to improve and enhance audit functions through close cooperation on formulating audit plans and reporting audit results.

Financial Reporting

The Company properly operates internal controls governing financial reporting and establishes systems to make corrections as necessary. At the same time, the Company's Financial Reporting Disclosure Committee, which is chaired by the president and consists of management executives, works to ensure the appropriateness of financial reporting.

Information Management

The Company properly stores and manages documents stipulated by laws and regulations such as minutes of Board of Directors meetings, as well as other documents concerning important decision-making matters. To this end, the Company assigns responsibility for document management to appropriate departments based on internal rules. At the same time, the Company works to ensure the security of information concerning the execution of duties as necessary, based on basic policies and rules concerning information security.

Risk Management

Based on our risk management rules, we identify, categorize and assess risks, clarifying material Company-wide and business threats. Each division and business office produces contingency plans to manage clear general and specific risks.

Furthermore, we have established rules for a response structure and procedures to quickly and properly address situations where the materialization of a risk may lead to an emergency, loss of public trust, or other situations that could have a significant impact on Company operations and society. This includes enhancing and strengthening our crisis management system to minimize the impact on the Company and society. We also regularly conduct drills.

With regard to risks that relate to multiple departments and risks for which concerns of materializing are high, we share information among related departments, clarify response structures and address these risks appropriately.

For nuclear power in particular, we take external knowledge and opinions into consideration as we work to identify a broad range of risks and address them thoroughly and on an ongoing basis.

In addition, we hold a Risk and Crisis Management Countermeasures Meeting that prepares all possible responses to a crisis, comprising both prevention countermeasures to be implemented in advance and also responses for when a crisis actually occurs. If a crisis does occur, the meeting also mobilizes company-wide functions and capabilities to implement an appropriate response.

Interviews with External Directors

The Corporate Governance Code went into effect for listed companies in June 2015. After taking into due consideration the gist of this code, the Company is working to further enhance its corporate governance in the aim of ensuring sustainable growth and enhancing corporate value over the medium to long term.

As one such measure, in June 2015 we increased our number of external directors from one to two to strengthen the management supervisory function.

In the following interviews with Akiyoshi Watanabe and Ritsuko Kikukawa, we ask the two external directors about their impressions of Kyushu Electric and the roles they themselves wish to play.

Akiyoshi Watanabe
External Director

My Impressions of Kyushu Electric

I have served as external director for six years. My impressions are that Kyushu Electric is deeply devoted to its mission of providing stable and high-quality electricity to its customers. As a leading company in the Kyushu region, Kyushu Electric also contributes proactively to economic and outreach organizations, invests its money and the time of its employees in volunteer activities, and is a major contributor to the local community.

At the same time, because the Company is managed from a long-term perspective under the so-called fully distributed cost method, whereby selling prices (electricity rates) are determined so as to generate a certain amount of profit over costs, it seems to me that the awareness of management efficiency, productivity enhancement and cost improvement initiatives are less pervasive than they would be in a private-sector company. Also, the Company is relatively impervious to economic, social and other changes in the external environment.

The Role I Wish to Play

Since the Great East Japan Earthquake occurred on March 11, 2011, Kyushu Electric's operating environment has changed dramatically. Due the suspension of operations at nuclear power stations, the supply and demand situation has been problematic, and the Company has been in crisis, generating consecutive losses for the past four years. In these few years, the Company's employees all have clinched their teeth and undergone structural reforms to overcome the crisis. During this time, I have seen the Company transform itself into a stronger entity with a will to survive into the future, even formulating the Kyushu Electric Power Group Medium-Term Management Policy, which states the goal of "aiming to become a corporate group that provides Japan's best energy services." As an external director, I aim to make use of my experience at an automaker to realize this policy. In addition to the Board of Directors, I participate in meetings of the Corporate Management Committee and management workshops, where I aim to be proactive and forthright in expressing my opinions. With competition growing more heated, the question will arise of how to put in place measures that truly adopt the customer's perspective. I hope to offer diverse advice from this important viewpoint, and intend to do my best to help the Company survive and continue to grow.

Ritsuko Kikukawa
External Director

My Impressions of Kyushu Electric

As soon as I was appointed external director, I toured the Genkai Nuclear Power Station and the Matsuura Power Station, which struck me as being clean and refreshing places. With the Japanese electric power industry getting ready to recommence operations of its nuclear power stations and next year's full-scale liberalization of the retail power sector, I think we are the cusp of some major changes. In this environment, I have the sense that morale is high across the Company, from young employees all the way to the general managers of power stations. At a management workshop the other day, we were exchanging opinions about management strategy going forward. I was struck by shared recognition among everyone from site workers to top management that the Company is in a state of reform.

The Role I Wish to Play

After working in government positions with Fukuoka Prefecture and then later at the national level, I was involved in university management at Kyushu University and the Open University of Japan. During that period, I gave birth and raised children while being employed full time. I have to thank the woman who was working as an engineer at Kyushu Electric for letting me read an in-house document called "A career plan for female employees in electric power distribution." I thought the report did a good job of summarizing the situation of balancing work and home life and seeing from a woman's viewpoint how to improve working efficiency, without exaggerations or omissions. It recognized the fundamental capabilities of female employees. Female employees are still in a minority, and I believe that cultivating human resource diversity while taking life events into consideration contributes both to an employee's motivation and a company's performance. As an external director at Kyushu Electric, I also attend Corporate Management Committee meetings. From the perspective of a woman and a consumer, I intend to be frank in opinion exchanges, and I hope to help the Company realize its mission, to "enlighten our future."

CSR Management

We are building a CSR management cycle that reflects feedback from all of our stakeholders, including customers, shareholders and investors, in our management and operations.

CSR Promotion Committee

Our CSR promotion efforts include bolstering our CSR initiatives through the appointment of a director to oversee our CSR management structure and the establishment of the CSR Promotion Committee, which is chaired by the president and formulates our CSR Action Plan.

Overview of the CSR Promotion Committee (as of June 2015)

[Role] Deliberation of direction and planning of CSR efforts
[Structure] Committee Chairman: President
Vice Chairman: Executive Vice President in charge of CSR or Executive Officer
Committee members: Primarily Executive Vice President, Directors,
Senior Managing Executive Officer,
Managing Executive Officers (appointed by the chairman)
In attendance: Senior Corporate Auditor
[Convened] Twice annually in principle

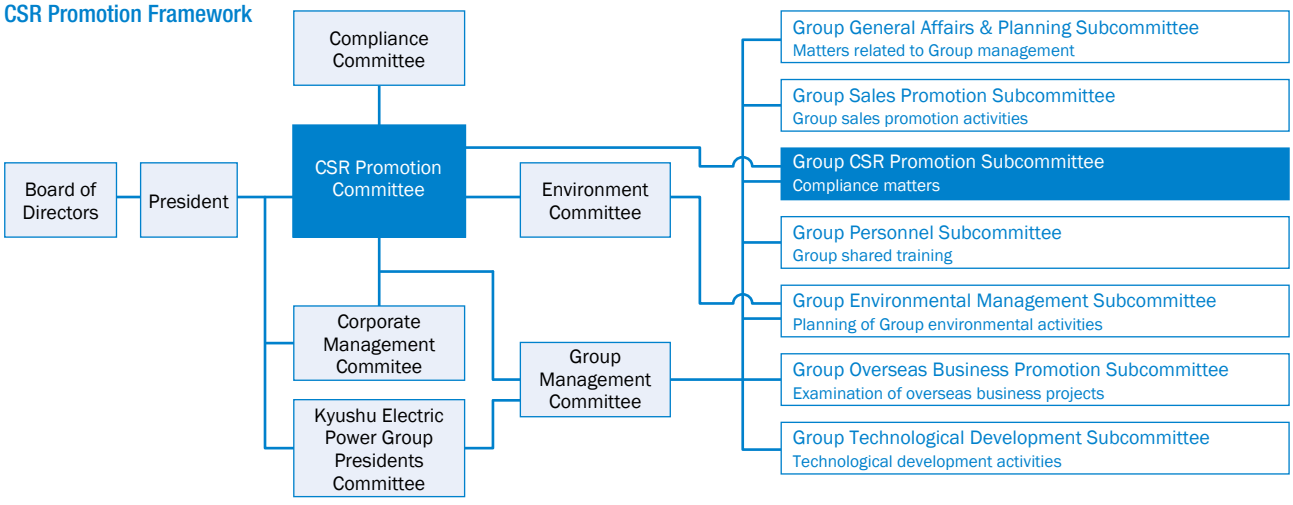
Group CSR Promotion Subcommittee

We established this body to foster groupwide CSR efforts and implement plan-do-check-act (PDCA) initiatives for our CSR action plans.

Overview of the Group CSR Promotion Subcommittee (as of June 2015)

[Roles]
• Establish a groupwide CSR management cycle
• Ensure penetration of compliance measures at Group companies
[Structure] Sub-committee chairman: General Manager of District Symbiosis Division (in charge of General Affairs), Kyushu Electric Power
Vice Subcommittee Chairman: General Manager of District Symbiosis Division (in charge of Legal Affairs), Kyushu Electric Power
Constituent companies: 52
[Convened] Twice annually in principle

CSR Promotion Framework



Compliance Management Promotion

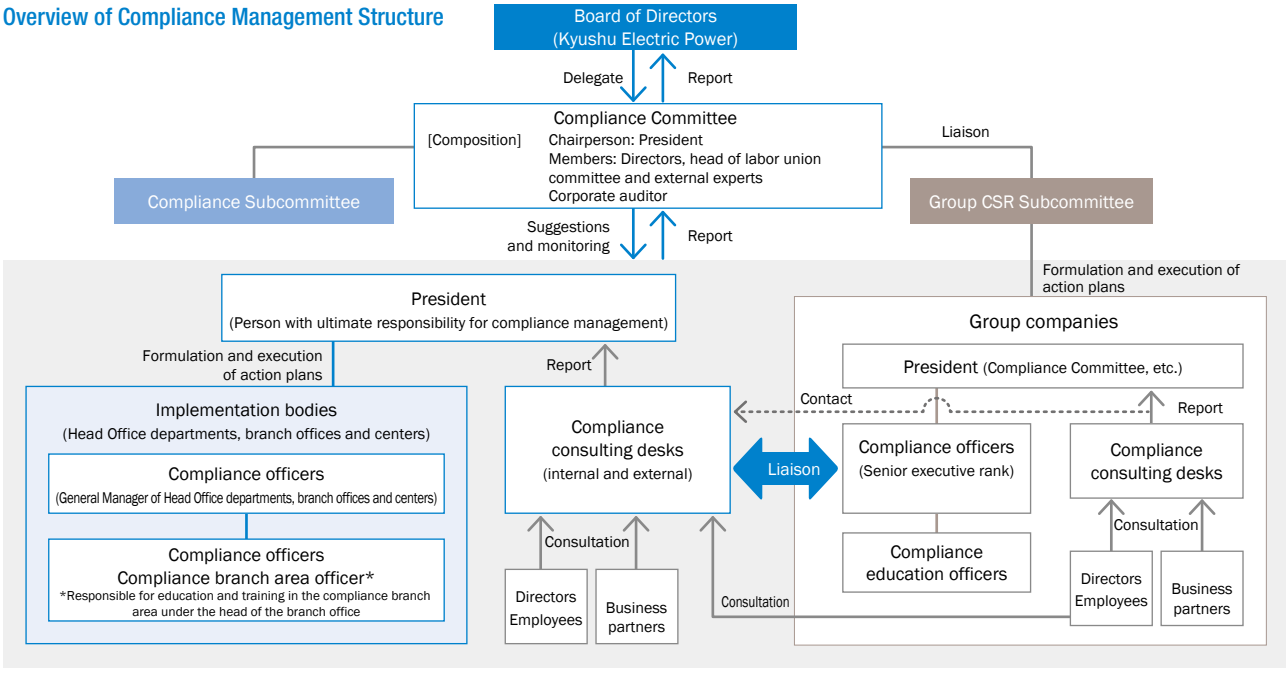
We are strengthening our compliance promotion structure and seeking to enhance employee consciousness so that everyone in the Group is of one mind concerning compliance.

The Compliance Management Promotion Framework

Kyushu Electric Power has established a Compliance Committee chaired by the president. Under the Compliance Committee, there are implementation bodies led by compliance officers. The Compliance Committee formulates and executes policies, and has established structures including internal and external consultation desks, and promotes compliance management.

We also engage in unified Group compliance promotion efforts centered on the Group CSR Compliance Subcommittee.

Overview of Compliance Management Structure



Compliance Committee

Kyushu Electric Power established a Compliance Committee under the supervision of the Board of Directors. The committee regularly offers advice and monitoring of compliance, and in the event of the occurrence of improprieties of major social impact seeks the opinions of experts from outside the Company.

Compliance Consulting Desks

Kyushu Electric Power established Compliance Consulting Desks for the prevention and early detection of legal infractions and breaches of corporate ethics. We have additionally improved our consultation structure by maintaining a consulting desk at a law firm outside the Company.

Major Deliberations and Reporting in Fiscal 2014

- Issues concerning compliance promotion and future efforts
- Operational status of the Compliance Consulting Desks
- Results of consciousness survey based on questionnaire of Kyushu Electric Power Group employees

Promotion of Environmental Management

The Kyushu Electric Power Group is unified in its efforts to promote environmental management that encompasses both business and environmental efforts to contribute to the building of a sustainable society.

Kyushu Electric Power Group Environmental Charter

We have established the Kyushu Electric Power Group Environmental Charter to clearly establish the Group's unified approach to environmental management.

Kyushu Electric Power Group Environmental Charter

Aiming for Environmentally Friendly Business

The Kyushu Electric Power Group seeks to create a sustainable society, and is engaging in efforts to preserve the global environment and exist in harmony with local communities.

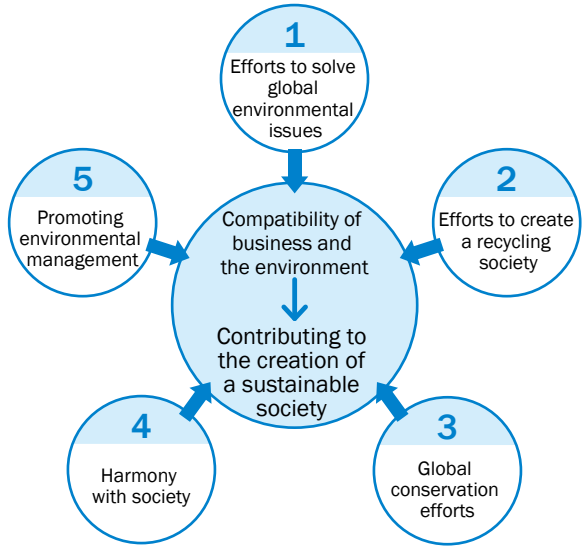
1. We will strive to take appropriate measures concerning local environmental issues and use resources effectively as we conduct business that looks toward the future.
2. We will exist in harmony with society and conduct environmental efforts aimed at maintaining a healthy environment in our communities.
3. We will seek to maintain a sound consciousness concerning environmental conservation, with the aim of maintaining the trust of our customers in our Group.
4. We will actively disclose environmental information, and promote communications with the public.

Established in April 2008

The Kyushu Electric Power Group Environmental Action Plan

The Kyushu Electric Power Group Environmental Action Plan sets a course for environmental action based on five core initiatives involving efforts to solve global environmental issues, efforts to create a recycling society, global conservation efforts, harmony with society, and promoting environmental management. It presents a concrete plan for environmental action and sets environmental targets.

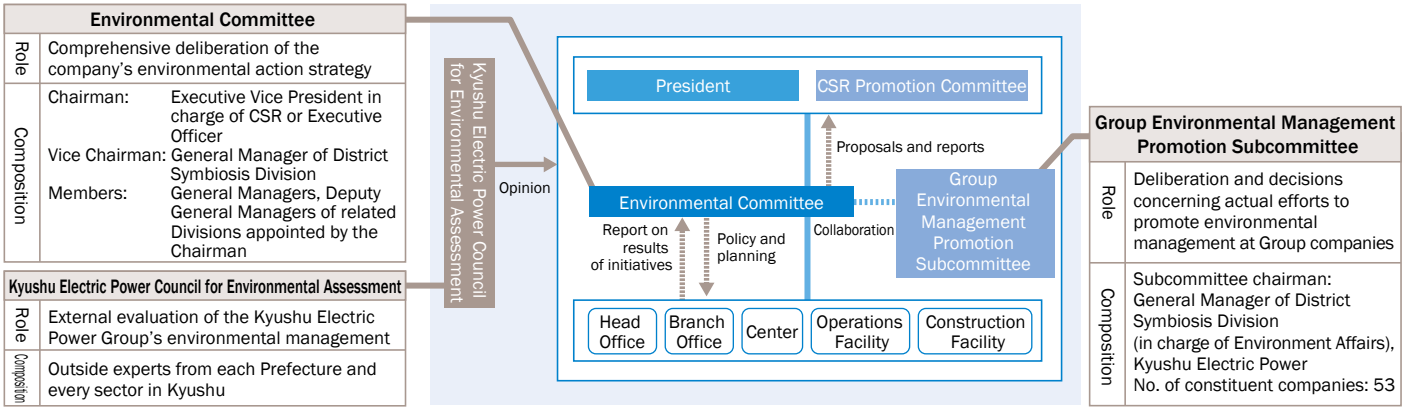
Environmental Action Plan



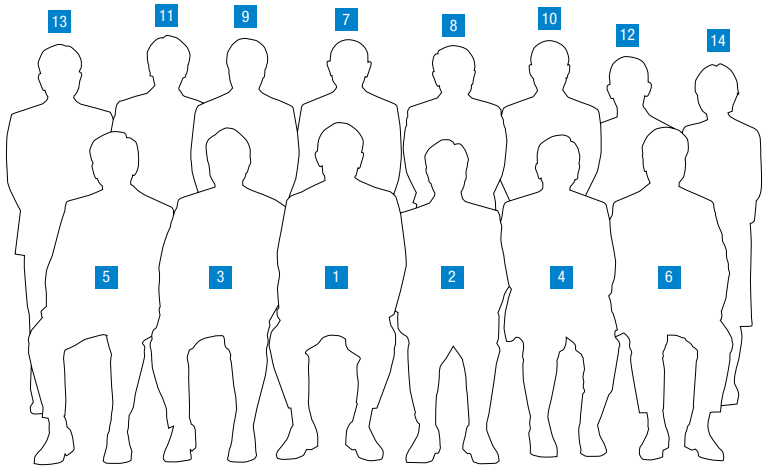
Promotion Structure

We are building a promotion structure that is both directly connected to management and evaluated by outside experts.

Environmental Management Promotion Structure (As of March 2014)



Board of Directors and Auditors (As of July 1, 2015)



1 Masayoshi Nuki 2 Michiaki Uriu 3 Toru Yoshizako 4 Naofumi Satou 5 Tomoyuki Aramaki 6 Kazuhiro Izaki

7 Haruyoshi Yamamoto 8 Hideomi Yakushinji 9 Yuuzou Sasaki 10 Akira Nakamura

11 Yoshiro Watanabe 12 Narumi Nagao 13 Akiyoshi Watanabe 14 Ritsuko Kikukawa

Directors

Masayoshi Nuki
Chairperson

1968 Joined Kyushu Electric
2012 Chairperson (current position)

Michiaki Uriu
President

1975 Joined Kyushu Electric
2012 President (current position)

Toru Yoshizako
Executive Vice President

1975 Joined Kyushu Electric
2013 Executive Vice President (current position)

Naofumi Satou
Executive Vice President

1976 Joined Kyushu Electric
2014 Executive Vice President (current position)

Tomoyuki Aramaki
Executive Vice President
Secretary Office, CSR, Crisis Management

1975 Joined Kyushu Electric
2015 Executive Vice President (current position)

Kazuhiro Izaki
Executive Vice President
General Manager of Power Generation Division

1978 Joined Kyushu Electric
2015 Executive Vice President

Haruyoshi Yamamoto
Director

1972 Joined Kyushu Electric
2015 Director (current position)

Hideomi Yakushinji
Director, Senior Managing Executive Officer
General Manager of District Symbiosis Division

1976 Joined Kyushu Electric
2013 Director, Senior Managing Executive Officer

Yuuzou Sasaki
Director, Senior Managing Executive Officer
General Manager of Engineering Division

1978 Joined Kyushu Electric
2014 Director, Senior Managing Executive Officer

Akira Nakamura
Director, Senior Managing Executive Officer
Deputy General Manager of Power Generation Division

1977 Joined Kyushu Electric
2015 Director, Senior Managing Executive Officer

Yoshiro Watanabe
Director, Senior Managing Executive Officer
General Manager of Marketing Division

1977 Joined Kyushu Electric
2015 Director, Senior Managing Executive Officer

Narumi Nagao
Director, Senior Managing Executive Officer
General Manager of Corporate Planning Division

1977 Joined Kyushu Electric
2015 Director, Senior Managing Executive Officer

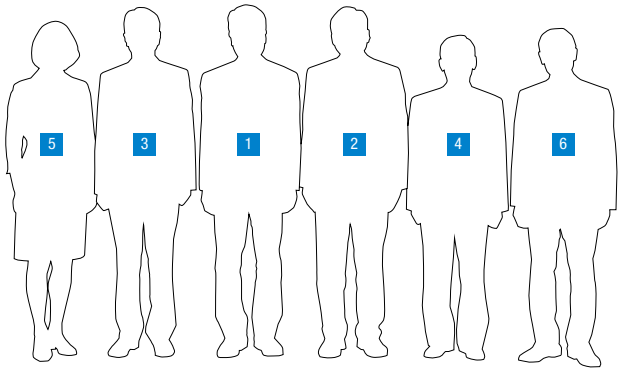
External Directors

Akiyoshi Watanabe
External Director

1966 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation)
1996 Director
1998 Director (part-time), Toyota Motor Kyushu, Inc.
2001 Managing Director, Toyota Motor Corporation
2002 Retired from Toyota Motor Corporation
2002 President, Toyota Motor Kyushu, Inc.
2007 Vice-Chairman, Kyushu Economic Federation
2008 Chairman, Toyota Motor Kyushu, Inc.
2009 Director, Kyushu Electric (current position)
2011 Advisor, Toyota Motor Kyushu, Inc.
2011 Director, Kyudenko Corporation (current position)
2015 Retired as Vice-Chairman of Kyushu Economic Federation
2015 Retired from Toyota Motor Kyushu, Inc.

Ritsuko Kikukawa
External Director

1974 Joined Fukuoka Prefectural Government
2005 Director, Fukuoka Prefectural General Social Education Center
2007 Director, Fukuoka Prefectural Library
2008 Retired from Fukuoka Prefectural Government
2008 Senior Officer, National Institution for Youth Education
2011 Retired from the National Institution for Youth Education
2012 Executive Vice President, Kyushu University
2014 Retired from Kyushu University
2014 Director of Fukuoka Study Center, Open University of Japan (current position)
2015 Director, Kyushu Electric (current position)



1 Tsuyoshi Ono 2 Toshiaki Hirano 3 Nobuya Osa 4 Yoshio Utsumi 5 Fumiko Furusho 6 Tatsuo Otagaki

Senior Corporate Auditor

Tsuyoshi Ono
Senior Corporate Auditor

1976 Joined Kyushu Electric
2015 Senior Corporate Auditor (current position)

Toshiaki Hirano
Senior Corporate Auditor

2005 Joined Kyushu Electric
2014 Corporate Auditor (current position)

Nobuya Osa
Senior Corporate Auditor

1977 Joined Kyushu Electric
2015 Corporate Auditor (current position)

External Corporate Auditors

Yoshio Utsumi
External Corporate Auditor

1966 Joined the Ministry of Posts and Telecommunications (now the Ministry of International Affairs and Communications)
1996 Director of the Postal Office
1997 Retired as Director of the Postal Office
1999 Retired from the Ministry of Posts and Telecommunications
1999 Secretary General, International Telecommunication Union
2006 Retired from the International Telecommunication Union
2007 Senior Advisor, Toyota Infotechnology Center Co., Ltd.
2008 President, Japan Telecommunications Engineering and Consulting Service (current position)
2012 Corporate Auditor, Kyushu Electric (current position)
2013 Retired as Senior Advisor, Toyota Infotechnology Center Co., Ltd.

Fumiko Furusho
External Corporate Auditor

1982 Joined Furusho Tochi, Ltd.
1982 Director
1998 President, Special Olympics Japan (now Special Olympics Japan Foundation)
2000 Bureau Chief
2004 Retired from position as Bureau Chief
2006 Member, Kumamoto Prefectural Board of Education (current position)
2008 Retired from Special Olympics Japan (now Special Olympics Japan Foundation)
2009 Committee Chairman, Kumamoto Prefectural Board of Education
2011 President, Furusho Tochi, Ltd. (current position)
2012 Retired as Committee Chairman, Kumamoto Prefectural Board of Education
2013 Corporate Auditor, Kyushu Electric (current position)

Tatsuo Otagaki
External Corporate Auditor

1973 Joined Mitsukoshi, Ltd.
2007 Managing Executive Officer, Deputy General Manager, Department Store Business Headquarters, General Manager, Product Headquarters
2007 Director, Managing Executive Officer, Deputy General Manager, Department Store Business Headquarters, General Manager, Product Headquarters
2008 Director, Senior Managing Executive Officer, Deputy General Manager, Department Store Business Headquarters
2009 Director, Senior Managing Executive Officer, General Manager, Department Store Business Headquarters
2010 President and Representative Director, Fukuoka Mitsukoshi Ltd.
2010 Advisor, Iwataya Co., Ltd.
2010 President and Executive Officer
2010 President, Representative Director, Executive Officer, Iwataya Mitsukoshi Ltd.
2011 Senior Managing Executive Officer, Isetan Mitsukoshi Holdings Ltd.
2011 Director, Senior Managing Executive Officer
2012 President, Representative Director, Executive Officer Division Manager, Sales Division, Iwataya Mitsukoshi Ltd.
2012 Senior Executive Officer, Isetan Mitsukoshi Holdings Ltd.
2014 Chairman, Iwataya Mitsukoshi Ltd.
2015 Resigned as Senior Executive Officer, Isetan Mitsukoshi Holdings Ltd.
2015 Resigned as Chairman, Iwataya Mitsukoshi Ltd.
2015 Corporate Auditor, Kyushu Electric (current position)

Financial Information

Contents

Consolidated Eleven-year Financial Summary

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Years Ended March 31

	Millions of Yen					
For the Year:	2005	2006	2007	2008	2009	2010
Operating revenues	¥1,408,728	¥1,401,751	¥1,408,327	¥1,482,351	¥1,524,193	¥1,444,941
Electric	1,320,581	1,311,995	1,307,737	1,363,423	1,398,577	1,310,085
Other	88,146	89,755	100,590	118,927	125,616	134,856
Operating expenses	1,194,993	1,230,466	1,253,154	1,376,811	1,439,470	1,345,214
Electric	1,107,744	1,140,797	1,155,413	1,260,615	1,317,216	1,220,536
Other	87,249	89,669	97,741	116,195	122,254	124,677
Interest charges	49,522	41,129	38,354	36,937	35,770	35,292
Income (loss) before income taxes and minority interests	146,796	120,790	112,887	72,463	55,859	67,610
Income taxes	57,857	43,038	46,075	29,853	21,481	25,404
Net income (loss)	89,288	76,849	65,967	41,726	33,991	41,812

	Yen					
Per Share of Common Stock:						
Basic net income (loss)	¥187.91	¥161.67	¥139.37	¥88.19	¥71.84	¥88.38
Cash dividends applicable to the year	60.00	60.00	60.00	60.00	60.00	60.00

	Millions of Yen					
At Year-End:						
Total assets	¥4,049,713	¥4,102,319	¥4,038,838	¥4,059,775	¥4,110,877	¥4,054,192
Net property	3,300,739	3,217,981	3,140,200	3,109,292	3,080,446	3,037,054
Long-term debt, less current portion	1,739,660	1,724,178	1,689,106	1,712,949	1,811,744	1,724,972
Total equity	979,251	1,052,785	1,092,600	1,084,212	1,072,374	1,089,066

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.27 = U.S.$1, the approximate rate of exchange at March 31, 2015.)
Note: Figures less than a million yen are rounded down.

Summary of the Year Ended March 31, 2015

Ordinary loss and net loss for the fourth consecutive fiscal year

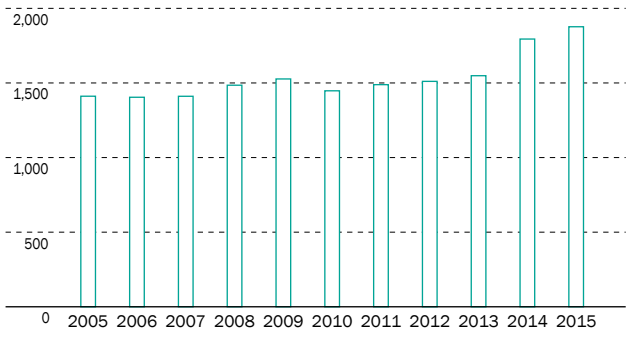
In the electricity business, the cost of power purchases from renewable energy increased, and facility checks and repairs at thermal power stations caused maintenance costs to increase. However, the extent of losses was less than in the preceding fiscal year, as lighting and power revenue rose due to an increase in electric power rates during the previous year and the impact of fuel cost adjustments, as well as to a grant based on the act on purchase of renewable energy.

For the Year:	Millions of Yen					Thousands of U.S. Dollars
	2011	2012	2013	2014	2015	2015
Operating revenues	¥1,486,083	¥1,508,084	¥1,545,919	¥1,791,152	¥1,873,467	$15,577,184
Electric	1,354,204	1,367,610	1,406,218	1,633,023	1,719,570	14,297,586
Other	131,878	140,474	139,700	158,129	153,897	1,279,597
Operating expenses	1,387,174	1,692,939	1,845,347	1,886,974	1,916,782	15,937,328
Electric	1,261,425	1,562,055	1,715,262	1,746,890	1,779,711	14,797,636
Other	125,748	130,883	130,085	140,083	137,070	1,139,691
Interest charges	34,025	34,025	37,407	39,429	40,148	333,821
Income (loss) before income taxes and minority interests	48,318	(214,750)	(334,298)	(73,732)	(72,901)	(606,145)
Income taxes	19,245	(48,760)	(2,195)	20,786	40,324	335,284
Net income (loss)	28,729	(166,390)	(332,470)	(96,096)	(114,695)	(953,653)

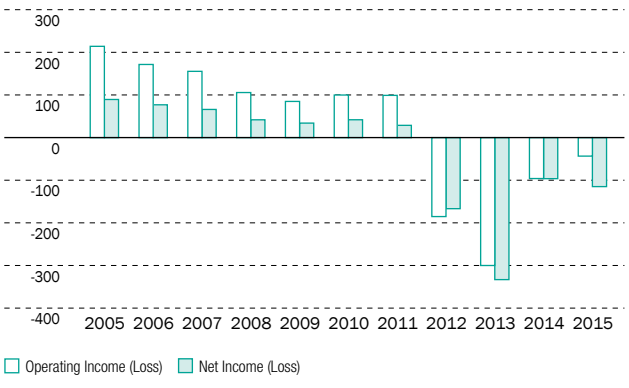
Per Share of Common Stock:	Yen					U.S. Dollars
Basic net income (loss)	¥60.73	¥(351.80)	¥(702.98)	¥(203.19)	¥(242.38)	$(2.01)
Cash dividends applicable to the year	60.00	50.00				

At Year-End:	Millions of Yen					Thousands of U.S. Dollars
Total assets	¥4,185,460	¥4,428,093	¥4,526,513	¥4,549,852	¥4,784,735	$39,783,282
Net property	3,033,125	2,997,232	2,941,114	2,941,142	2,985,935	24,826,938
Long-term debt, less current portion	1,714,429	2,188,601	2,526,729	2,804,896	2,844,538	23,651,269
Total equity	1,079,679	888,131	557,799	494,232	450,990	3,749,819

Operating Revenues



Operating Income (Loss)/Net Income (Loss)



Management Discussion and Analysis

Kyushu Electric Power Company, Incorporated, and Consolidated Subsidiaries
Year Ended March 31, 2015

Operating Results

In the year ended March 31, 2015, Kyushu Electric Power recorded a 4.6% year-on-year increase in operating revenues, to ¥1,873.4 billion. In the electricity business, although the volume of sales declined, an increase in electricity rates implemented in the previous fiscal year plus the impact of an adjustment in fuel costs caused unit charges to increase, boosting lighting and power revenue. Also, subsidies related to renewable energy increased.

With regard to expenditures, operating expenses rose 1.6%, to ¥1,916.7 billion. Although Kyushu Electric Power mounted a groupwide effort to cut costs, and lower fuel prices reduced fuel costs in the electricity business, the cost of purchased power from renewable energy sources increased. Also, maintenance costs grew due to inspections and repairs on thermal power stations.

As a result of these factors, performance at the operating level improved by ¥52.5 billion, resulting in an operating loss of ¥43.3 billion.

Other revenues expanded 6.7%, to ¥16.5 billion, due to higher foreign exchange gains. Other expenses declined 8.2%, to ¥46.9 billion, due to lower impairment losses on fixed assets, among other factors.

The ordinary loss improved ¥57.7 billion from the preceding fiscal year, to a loss of ¥73.6 billion. This result stemmed from a 4.6% increase in ordinary revenues, to ¥1,890.0 billion, while ordinary expenses inched up 1.3%, to ¥1,963.7 billion.

The water flow rate rose to 0.7% above average (100%) during the year under review. For this reason, Kyushu Electric Power posted a reserve for fluctuations in water level of ¥1.6 billion in preparation for increased expenses associated with future water shortages.

As one aspect of its management streamlining efforts, the Company sold off fixed assets whose divesture would not have a negative impact on the electric power business. These sales resulted in an extraordinary gain of ¥2.4 billion.

Income taxes increased ¥19.5 billion, to ¥40.3 billion. This rise was due in part to the impact of a change in the tax code that drew down deferred tax assets, causing deferred income taxes to rise.

Due to these factors, the net loss expanded by ¥18.5 billion compared with the preceding fiscal year, to ¥114.6 billion. The net loss per share worsened by ¥39.19, to ¥242.38.

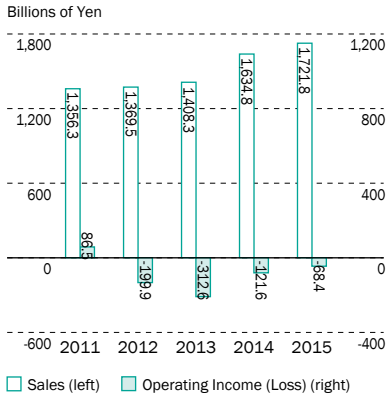
Segment Information (Before Elimination of Internal Transactions)

(1) Electric Power

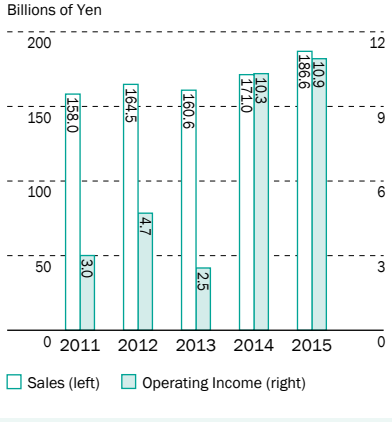
The total volume of electrical sales decreased 3.8%, to 81.27 billion kWh. Contributing to this result was a 4.9% decrease in general demand, which includes both domestic lighting and commercial, as cooler temperatures between May and October reduced air conditioning demand. Power demand from large-scale industrial customers was down by 0.9%, as a fall in demand due to reduced steel production offset increases in non-ferrous metal production.

On the supply side, the shutdown of nuclear power plants persisted, but reduced demand and an increase in power from new energy and other sources helped to offset this shortfall, and the Company responded to the remaining difference by adjusting its thermal power generation. Analysis of the energy mix, including power generated by Kyushu Electric Power and power purchased from other companies, shows that nuclear power accounted for 0%, thermal power

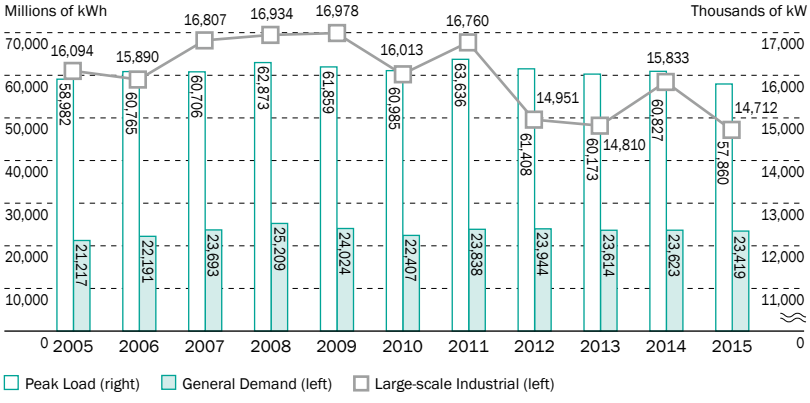
Electric Power



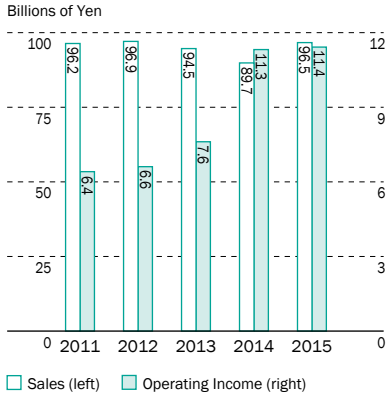
Energy-related Business



Electricity Sales Volume and Peak Load



IT and Telecommunications



for 86%, hydroelectric for 7% and new energy sources for 7% of total power.

Electric power segment sales rose 5.3%, to ¥1,721.8 billion. Although the volume of sales declined, an increase in electricity rates implemented in the previous fiscal year plus the impact of an adjustment in fuel costs caused unit charges to increase, boosting lighting and power revenue. Also, subsidies related to renewable energy increased. However, operating expenses grew 1.9%, to ¥1,790.3 billion. Although lower fuel prices reduced fuel costs, the cost of purchased power from renewable energy sources increased. Also, maintenance costs grew due to inspections and repairs on thermal power stations. The operating loss consequently decreased by ¥53.1 billion, to ¥68.4 billion.

(2) Energy-Related Business

Sales increased 9.2% year on year, to ¥186.6 billion, due to increases in power plant maintenance work and outsourced facility maintenance work. Operating income grew 5.9%, to ¥10.9 billion, owing to higher cost of sales related to plant construction.

(3) IT and Telecommunications

Sales rose 7.6%, to ¥96.5 billion, due to increased data systems development and higher revenues from the sale of telecommunication devices. Higher costs affiliated with broadband services caused operating income to remain essentially flat, at ¥11.4 billion.

(4) Other Business

Sales were ¥25.7 billion, down 5.2% year on year, due to lower revenue stemming from the sale of real estate. Operating income rose 12.6%, to ¥3.6 billion, because of lower depreciation expenses on rental assets.

Financial Position

(1) Cash Flows

Net cash provided by operating activities came to ¥88.7 billion, a ¥94.6 billion change from the net cash used in these activities in the preceding fiscal year. Although maintenance and other costs related to electric power caused outflows to increase, cash inflows benefited from a decrease in thermal fuel costs and an increase in lighting and power revenue.

Net cash used in investing activities grew 45.1%, to ¥268.4 billion, mainly affected by an increase in investment in plant and equipment and a decrease in sales of fixed assets..

Net cash provided by financing activities rose 58.3%, to ¥310.8 billion, mainly due to an increase in proceeds from the issuance of Class A preferred shares.

As a result, cash and cash equivalents on March 31, 2015, stood at ¥516.4 billion, up ¥131.7 billion from a year earlier.

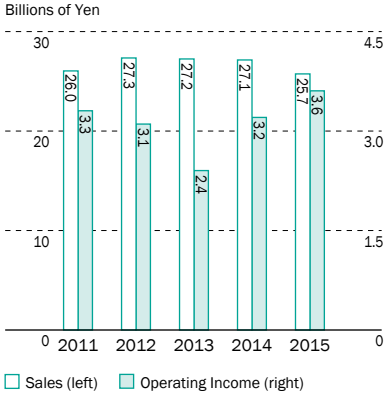
(2) Assets, Liabilities and Net Assets

Total assets increased 5.2% year on year, to ¥4,784.7 billion. Utility plant, property and equipment decreased due to ongoing depreciation, but safety enhancement work at nuclear power plants caused construction in progress to rise. Also, in current assets the Company saw an increase in cash and cash and cash equivalents.

Total liabilities grew 6.9%, to ¥4,333.7 billion, due to a rise in interest-bearing debt, with outstanding interest-bearing debt expanding 7.1%, to ¥3,337.9 billion.

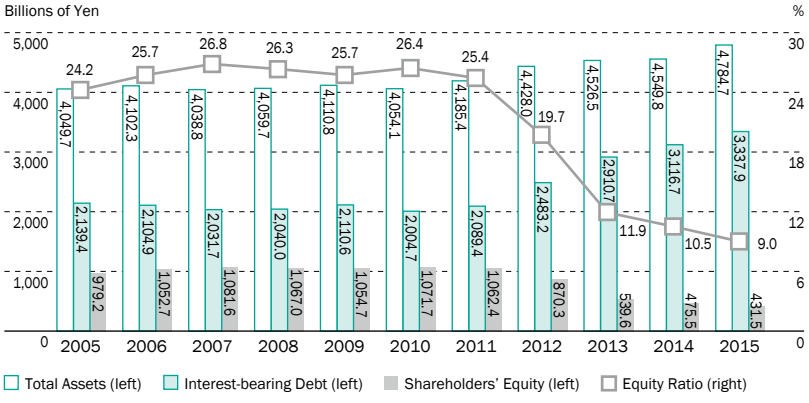
Net assets benefited from a third-party allocation (the issuance of ¥100.0 billion in Class A preferred shares to the Development Bank of Japan Inc.). However, the Company posted a net loss during the year, and defined retirement benefit plan assets decreased. As a result, net assets fell by 8.7%, to ¥450.9 billion. The equity ratio was 9.0%.

Other

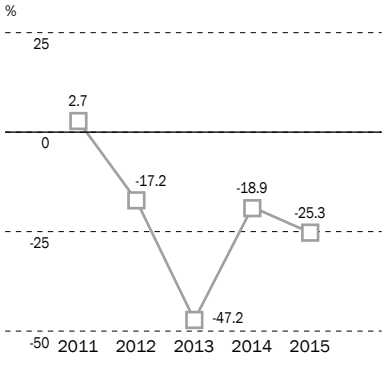


ROA

Consolidated Interest-bearing Debt and Equity Ratio



ROE



Business risks factors

The following is a list of some significant risk factors that may have an effect on the operating results, financial position, and other aspects of the Group (consolidated).

Forward-looking statements in this report reflect the judgment of the company as of the end of current consolidated fiscal year.

1. Changes in systems affecting the electricity business

With regard to the matter of electricity system reforms, the new Organization for Cross-regional Coordination of Transmission Operators was established in April 2015, and the full liberalization of the electricity retail market will begin in 2016. In addition, at the national government level, discussions are underway on measures to ensure further neutrality of power transmission and distribution, to be taken starting in 2020. We will steadily put in place the new internal systems required by these system changes and work to achieve greater operational efficiency.

The government has also approved the Basic Energy Plan, which established the nation's basic orientation in relation to energy supply and demand in cabinet and progressing with deliberations such as the best mix of energy in the future.

Changes such as these to the systems affecting the electricity business could have an impact on the Group's performance.

2. Status of environment surrounding nuclear power

We still believe that nuclear power generation is important in terms of energy security and global warming concerns. We will comply with the New Nuclear Regulatory Requirements enforced by the government based on the lessons learned from the accident at the Fukushima Daiichi Nuclear Power Station and continue our voluntary efforts in order to improve the safety and reliability. At the same time, we will work to ease the concerns of local residents regarding nuclear power generation.

However, depending on the status of operation of our nuclear power stations as it will be affected by the future trends in regulations (the progress of governmental studies towards restart, etc.) and other factors, it is possible that the results of the Kyushu Electric Group will be affected by factors including increases in costs such as fuel costs and the cost of procuring funds resulting from the continuation of these cost burdens.

3. Fluctuations in electricity sales volume

Electricity sales volume in the electricity business fluctuates according to factors such as economic trends, temperature changes, the spread of residential solar power systems, the develop of energy conservation, and the states of competition in electricity power market. As a result, changes in these factors could have an impact on the Group's performance.

4. Fuel Price Fluctuations

Fuel expenses in electricity business fluctuate as a result of trends in CIF prices and in the foreign exchange markets because we procure sources of fuel for thermal power generation including liquefied natural gas (LNG) and coal from overseas.

However, fluctuations in fuel prices are reflected in electric rates through the fuel cost adjustment system, which helps to ease the impact of fuel price volatility on the Group's performance.

5. Costs for the back end of nuclear operations

The decommissioning of nuclear facilities and the back end of nuclear operations such as the storage, reprocessing, and disposal of spent nuclear fuel require super long-term projects that involve uncertainties.

However, risks to operator have been reduced to a certain extent due to the government's institutional measures and other factors. Since the costs for the back end of nuclear operations and so forth vary in accordance with factors such as future reviews of systems, changes to estimated future expenses, and the storage conditions of spent nuclear fuel, however, they may affect the business performance of the Kyuden Group.

6. Cost of Measures to Combat Global Warming

In response to global warming, the Group aims for more efficient power generation that uses less carbon, and to this end the Group conducts a variety of measures, such as safe and stable nuclear power station operations, active development and introduction of renewable energy, and maintenance and improvement of total thermal efficiency for thermal power stations. Future changes in policies related to global warming could have an impact on the Group's performance.

7. Businesses Other than Electricity

The Group is enhancing its revenue basis by utilizing the group's management resources and steadily developing new business area beyond electricity business. In the business operation, we put emphasis on the profitability and work to improve efficiency while pursuing the growth. In case securing the planned profits cannot be achieved due to the worsening business conditions, the Group's performance may be affected.

8. Deferred Tax Assets

The recoverability of deferred tax assets reported in the consolidated balance sheet is determined based on estimated future taxable income. Therefore, if estimated future taxable income falls due to factors such as changes in the business environment, we will have to break into deferred tax assets, and this may affect the business performance of the Kyuden Group.

9. Interest Rate Fluctuations

The Group's balance of interest-bearing debt as of the end of March 2015 is ¥3,337.9 billion, which accounts for 70% of total assets of the group. Future changes in interest rates have potential to affect the Group's financial condition.

However, 96% of outstanding interest-bearing debt comprises long-term debt, and most of these bear interest at fixed rates. The impact of fluctuating interest rates on the Group's performance is therefore viewed as limited.

10. Leakage of Information

The Group has established strict internal frameworks to manage in-house information and personal information, which Group companies hold, to ensure information security. Additionally, we have implemented thorough information management by establishing internal policies and guidelines on handling information as well as familiarizing employees with the handling procedures.

However, in case of the leaking of in-house information and personal information caused by such as the infection with a virus and the cyber attacks, the Group's performance may be affected.

11. Natural Disasters

To ensure a stable supply of electricity to our customers, the Group implements inspection and maintenance of the facilities systematically to prevent any trouble from occurring. However, large-scaled natural disasters such as typhoons, torrential rains and earthquakes or tsunami as well as unexpected accidents and illicit acts have the potential to affect the Group's performance.

We are also developing a risk management system and are preparing for numerous risks that may have a material impact on business operations. Proper actions not taken in response to a risk may adversely affect the Group's performance.

12. Compliance

To be worthy of the trust of all its stakeholders, the Group conducts its business activities from the perspective of its customers and local people in the regions it operate in by working together to fully instill an awareness of compliance and complying with laws and regulations. However, if problems such as compliance violations were to cause the Group's social credibility to decline, this could have an impact on the Group's performance.

The Group will continue to work to build trust-based relationships with all its stakeholders.

Consolidated Balance Sheet

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
ASSETS			
PROPERTY (Note 3):			
Plant and equipment	¥9,692,661	¥9,668,646	$80,590,845
Construction in progress	410,049	329,749	3,409,407
Total	10,102,710	9,998,396	84,000,252
Less-			
Contributions in aid of construction	173,124	163,824	1,439,469
Accumulated depreciation	6,943,649	6,893,429	57,733,844
Total	7,116,774	7,057,253	59,173,313
Net property	2,985,935	2,941,142	24,826,938
NUCLEAR FUEL	280,616	281,522	2,333,217
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 15)	85,178	85,275	708,224
Investments in and advances to nonconsolidated subsidiaries and affiliated companies (Note 15)	102,960	102,311	856,080
Reserve funds for reprocessing of irradiated nuclear fuel (Notes 8 and 15)	282,071	261,058	2,345,316
Assets for retirement benefits (Note 7)	14,925	239	124,102
Deferred tax assets (Note 11)	127,072	146,426	1,056,562
Special account related to nuclear power decommissioning (Note. 2.g)	21,692		180,365
Other	25,266	29,229	210,083
Total investments and other assets	659,168	624,541	5,480,736
CURRENT ASSETS:			
Cash and cash equivalents (Note 15)	516,480	384,769	4,294,338
Receivables (Note 15)	199,707	183,568	1,660,494
Allowance for doubtful accounts	(822)	(855)	(6,841)
Inventories, principally fuel	81,433	82,559	677,091
Deferred tax assets (Note 11)	34,068	33,137	283,266
Prepaid expenses and other	28,147	19,466	234,039
Total current assets	859,015	702,644	7,142,389
TOTAL	¥4,784,735	¥4,549,852	$39,783,282

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
LIABILITIES AND EQUITY			
LONG-TERM LIABILITIES:			
Long-term debt, less current portion (Notes 6 and 15)	¥2,844,538	¥2,804,896	$23,651,269
Liability for retirement benefits (Note 7)	90,547	51,237	752,870
Reserve for reprocessing of irradiated nuclear fuel (Note 8)	322,666	332,882	2,682,853
Asset retirement obligations (Note 9)	207,437	202,989	1,724,763
Other	34,706	37,831	288,569
Total long-term liabilities	3,499,896	3,429,837	29,100,326
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 6 and 15)	382,425	204,144	3,179,723
Short-term borrowings (Notes 10 and 15)	119,901	118,521	996,933
Notes and accounts payable (Notes 14 and 15)	160,392	167,725	1,333,601
Accrued income taxes (Note 15)	4,453	3,448	37,028
Accrued expenses	98,461	83,719	818,666
Deferred tax liabilities (Note 11)	66	74	549
Other	66,456	48,148	552,562
Total current liabilities	832,156	625,782	6,919,065
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	1,692		14,070
COMMITMENTS AND CONTINGENCIES (Note 17)			
EQUITY (Note 12):			
Common stock, authorized, 1,000,000,000 shares; issued, 474,183,951 shares in 2015 and 2014	237,304	237,304	1,973,101
Preferred stock, authorized, 1,000 shares; issued, 1,000 shares in 2015			
Capital surplus	130,344	31,130	1,083,764
Retained earnings	60,175	174,871	500,336
Treasury stock-at cost, 509,481 shares in 2015 and 1,214,196 shares in 2014	(666)	(2,340)	(5,545)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	4,097	2,352	34,070
Deferred gain on derivatives under hedge accounting	596	4,235	4,961
Foreign currency translation adjustments	(18)	(450)	(152)
Defined retirement benefit plans	(305)	28,429	(2,537)
Total	431,528	475,533	3,587,998
Minority interests	19,462	18,699	161,821
Total equity	450,990	494,232	3,749,819
TOTAL	¥4,784,735	¥4,549,852	$39,783,282

See notes to consolidated financial statements.

Consolidated Statement of Operations

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
OPERATING REVENUES:			
Electric	¥1,719,570	¥1,633,023	$14,297,586
Other	153,897	158,129	1,279,597
Total operating revenues	1,873,467	1,791,152	15,577,184
OPERATING EXPENSES (Note 13):			
Electric	1,779,711	1,746,890	14,797,636
Other	137,070	140,083	1,139,691
Total operating expenses	1,916,782	1,886,974	15,937,328
OPERATING LOSS	(43,314)	(95,821)	(360,144)
OTHER EXPENSES (INCOME):			
Interest charges	40,148	39,429	333,821
Foreign exchange gain	(2,227)	(1,398)	(18,524)
Gain on sales of fixed assets	(2,484)	(26,173)	(20,659)
Gain on sales of investment securities (Note 4)		(5,524)	
Gain on contribution of securities to retirement benefit trust (Note 4)		(21,711)	
Other-net	(7,541)	(2,402)	(62,706)
Total other expenses (income)-net	27,894	(17,780)	231,930
LOSS BEFORE INCOME TAXES AND PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND MINORITY INTERESTS	(71,208)	(78,040)	(592,074)
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	1,692	(4,308)	14,070
LOSS BEFORE INCOME TAXES AND MINORITY INTERESTS	(72,901)	(73,732)	(606,145)
INCOME TAXES (Note 11):			
Current	7,114	5,131	59,153
Deferred	33,210	15,655	276,131
Total income taxes	40,324	20,786	335,284
NET LOSS BEFORE MINORITY INTERESTS	(113,225)	(94,519)	(941,429)
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	(1,470)	(1,576)	(12,223)
NET LOSS	¥ (114,695)	¥ (96,096)	$ (953,653)

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.s):			
Basic net loss	¥(242.38)	¥(203.19)	$(2.01)
Cash dividends applicable to the year			

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET LOSS BEFORE MINORITY INTERESTS	¥(113,225)	¥ (94,519)	$ (941,429)
OTHER COMPREHENSIVE LOSS (Note 18):			
Unrealized gain (loss) on available-for-sale securities	1,188	(16,670)	9,878
Deferred (loss) gain on derivatives under hedge accounting	(1,759)	464	(14,626)
Foreign currency translation adjustments	(25)	(1,429)	(209)
Defined retirement benefit plans	(28,192)	(683)	(234,411)
Share of other comprehensive (loss) income in nonconsolidated subsidiaries and affiliated companies	(1,171)	2,816	(9,741)
Total other comprehensive loss	(29,960)	(15,503)	(249,109)
COMPREHENSIVE LOSS	¥(143,186)	¥(110,023)	$(1,190,539)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the parent	¥(144,891)	¥(111,780)	$(1,204,719)
Minority interests	1,705	1,757	14,180

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2015

Thousands of Shares/Millions of Yen

	Common Stock		Preferred Stock				Treasury Stock		Accumulated Other Comprehensive Income						
	Shares	Amount	Shares	Amount	Capital Surplus	Retained Earnings	Shares	Amount	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE AT APRIL 1, 2013	474,183	¥237,304			¥ 31,130	¥ 252,145	1,246	¥(2,373)	¥ 19,212	¥ 3,747	¥(1,481)		¥ 539,684	¥18,114	¥ 557,799
Cumulative effects of changes in accounting policies						18,822						¥ 28,773	47,596	(291)	47,304
Restated Balance	474,183	¥237,304			¥ 31,130	¥270,967	1,246	¥(2,373)	¥ 19,212	¥ 3,747	¥(1,481)	¥ 28,773	¥ 587,280	¥17,822	¥ 605,103
Net loss						(96,096)							(96,096)		(96,096)
Purchase of treasury stock							14	(18)					(18)		(18)
Disposal of treasury stock							(47)	51					51		51
Net change in the year									(16,859)	488	1,031	(344)	(15,684)	876	(14,807)
BALANCE AT MARCH 31, 2014	474,183	¥237,304			¥ 31,130	¥ 174,871	1,214	¥(2,340)	¥ 2,352	¥ 4,235	¥ (450)	¥28,429	¥ 475,533	¥18,699	¥ 494,232
Issuance of preferred stock (Note 12)			1	¥ 50,000	50,000								100,000		100,000
Transfer from preferred stock to capital surplus (Note 12)				(50,000)	50,000										
Net loss						(114,695)							(114,695)		(114,695)
Purchase of treasury stock							13	(14)					(14)		(14)
Disposal of treasury stock					(303)		(254)	580					277		277
Changes by share exchange (Note 20.a)					(482)		(463)	1,107					624		624
Net change in the year									1,745	(3,639)	432	(28,734)	(30,195)	762	(29,433)
BALANCE AT MARCH 31, 2015	474,183	¥237,304	1	¥	¥130,344	¥ 60,175	509	¥ (666)	¥ 4,097	¥ 596	¥ (18)	¥ (305)	¥ 431,528	¥19,462	¥ 450,990

Thousands of U.S. Dollars (Note 1)

	Common Stock	Preferred Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income: Unrealized Gain on Available-for-Sale Securities	Accumulated Other Comprehensive Income: Deferred Gain on Derivatives under Hedge Accounting	Accumulated Other Comprehensive Income: Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Income: Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE AT MARCH 31, 2014	$1,973,101		$ 258,838	$1,453,990	$(19,458)	$19,559	$ 35,219	$(3,748)	$ 236,377	$3,953,880	$155,480	$4,109,361
Issuance of preferred stock (Note 12)		$ 415,731	415,731							831,462		831,462
Transfer from preferred stock to capital surplus (Note 12)		(415,731)	415,731									
Net loss				(953,653)						(953,653)		(953,653)
Purchase of treasury stock					(122)					(122)		(122)
Disposal of treasury stock			(2,521)		4,828					2,307		2,307
Changes by share exchange (Note 20.a)			(4,015)		9,206					5,190		5,190
Net change in the year						14,511	(30,257)	3,595	(238,915)	(251,066)	6,340	(244,726)
BALANCE AT MARCH 31, 2015	$1,973,101	$	$1,083,764	$ 500,336	$ (5,545)	$34,070	$ 4,961	$ (152)	$ (2,537)	$3,587,998	$161,821	$3,749,819

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss before income taxes and minority interests	¥ (72,901)	¥ (73,732)	$ (606,145)
Adjustments for:			
Income taxes paid	(5,812)	(3,965)	(48,331)
Depreciation and amortization	193,972	202,856	1,612,811
Decommissioning costs of nuclear power units	4,293	1,978	35,700
Reversal of reserve for reprocessing of irradiated nuclear fuel	(12,770)	(14,031)	(106,181)
Loss on disposal of plant and equipment	6,643	6,438	55,236
Provision for (reversal of) reserve for fluctuation in water level	1,692	(4,308)	14,070
Gain on sales of fixed assets	(2,484)	(26,173)	(20,659)
Gain on sales of investment securities		(5,524)	
Gain on contributions of securities to retirement benefit trust		(21,711)	
Changes in assets and liabilities:			
Increase in reserve funds for reprocessing of irradiated nuclear fuel	(21,012)	(20,902)	(174,712)
Increase in trade receivables	(15,489)	(40,493)	(128,793)
Decrease (increase) in inventories, principally fuel	1,125	(9,481)	9,356
Increase (decrease) in trade payables	1,697	(5,534)	14,115
Decrease in liability for retirement benefits	(5,823)	(10,577)	(48,419)
Other-net	15,606	19,239	129,762
Total adjustments	161,637	67,809	1,343,957
Net cash provided by (used in) operating activities	88,736	(5,922)	737,811
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures including nuclear fuel	(293,944)	(236,378)	(2,444,040)
Proceeds from contribution in aid of construction	23,259	12,858	193,395
Proceeds from sales of fixed assets	3,137	27,591	26,086
Payments for investments and advances	(679)	(2,966)	(5,649)
Proceeds from sales of investment securities and collections of advances	3,181	14,845	26,453
Other-net	(3,367)	(914)	(28,002)
Net cash used in investing activities	(268,413)	(184,963)	(2,231,755)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	139,570	194,488	1,160,480
Repayments of bonds	(99,800)	(163,842)	(829,799)
Proceeds from long-term loans	275,475	280,344	2,290,476
Repayments of long-term loans	(102,184)	(76,447)	(849,628)
Net increase (decrease) in short-term borrowings	1,379	(1,011)	11,471
Net decrease in commercial paper		(33,000)	
Proceeds from issuance of preferred stock	99,597		828,116
Other-net	(3,231)	(4,134)	(26,867)
Net cash provided by financing activities	310,807	196,397	2,584,250
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	579	51	4,816
NET INCREASE IN CASH AND CASH EQUIVALENTS	131,710	5,561	1,095,123
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	384,769	379,207	3,199,215
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥ 516,480	¥ 384,769	$ 4,294,338

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2015

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Kyushu Electric Power Company, Incorporated (the "Company") has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Electricity Business Act and their related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, especially accounting related to the nuclear power generation is regulated by the above accounting regulations, which are dependent on a governmental long-term nuclear energy policy.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2014, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2015.

The U.S. dollar amounts included herein are provided solely for the convenience of readers outside Japan and are stated at the rate of ¥120.27 = U.S. $1, the approximate exchange rate prevailing on March 31, 2015. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation and Application of the Equity Method— The consolidated financial statements as of March 31, 2015, include the accounts of the Company and its 40 subsidiaries (together, the "Companies"). All significant intercompany transactions and balances have been eliminated in consolidation. Investments in 15 (17 for 2014) nonconsolidated subsidiaries and 14 affiliated companies are accounted for by the equity method.

The Company adopts the control and influence concepts. Under these concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are treated as subsidiaries and those companies over which the Companies have the ability to exercise significant influence are treated as affiliated companies.

Consolidation of the remaining subsidiaries and the application of the equity method to the remaining affiliated companies would not have a material effect on the accompanying consolidated financial statements.

The fiscal year-end of four consolidated subsidiaries and several nonconsolidated subsidiaries and affiliated companies is December 31. The Company consolidates such consolidated subsidiaries' financial statements and accounts for investments in such nonconsolidated subsidiaries and affiliated companies by the equity method using their financial results for the year ended December 31. The effects of any significant transactions during the period between the subsidiaries' and affiliated companies' fiscal year-end and the Company's fiscal year-end are reflected in the consolidated financial statements.

b. Business Combination— Major requirements under Accounting Standards Board of Japan (the "ASBJ") Statement No. 21, "Accounting Standard for Business Combinations" are as follows: (a) The standard requires accounting for business combinations only by the purchase method. (b) Under the standard, in-process research and development acquired in the business combination are capitalized as an intangible asset. (c) Under the standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation.

c. Property and Depreciation— Property is stated at cost. Contributions in aid of construction including those made by customers are deducted from the cost of the related assets.

Depreciation is principally computed using the declining-balance method based on the estimated useful lives of the assets. Depreciation of easements related to transmission lines is computed using the straight-line method based on the estimated useful lives of the transmission lines.

Under the accounting regulations, applicable to electric utillity providers properties, which are required for decommissioning of nuclear power units or which need maintenance and management even after nuclear power units have been in the process of decommissioning, are to be included in "Plant and equipment."

d. Impairment of Fixed Assets— The Companies review their fixed assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An

impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

e. Amortization of Nuclear Fuel— Amortization of nuclear fuel is computed based on the proportion of current heat produced to the estimated total potential heat production over the estimated useful life of the nuclear fuel.

f. Investment Securities— Investment securities are classified and accounted for, depending on management's intent, as follows:
(a) Held-to-maturity debt securities are stated at cost with discounts or premiums amortized throughout the holding periods; (b) Available-for-sale securities, which are not classified as the aforementioned securities and investment securities in nonconsolidated subsidiaries and affiliated companies, are stated at market value; and nonmarketable securities are stated at cost.

The Companies record unrealized gains or losses on available-for-sale securities, net of deferred taxes, in equity presented as "Unrealized gain on available-for-sale securities."

For other-than-temporary declines in fair value, investment securities are written down to net realizable value by a charge to income.

g. Special account related to nuclear power decommissioning
On March 13, 2015, the Japanese government, i.e., the Ministry of Economy, Trade and Industry ("METI"), revised the accounting regulation applicable to electric utility providers. Relating to accounting treatments in case the Company decides to decommission nuclear power units due to factors such as a change of the government's energy policy, prior to March 13, 2015, the Company recorded losses on the write-off of carrying amounts of nuclear power units (excluding for properties required for decommissioning of nuclear power unit or need maintenance and management even after nuclear power units have been in process of decommissioning and assets retirement costs), construction in progress and nuclear fuel ("carrying amounts related to nuclear power units"), and reprocessing costs of irradiated nuclear fuel and costs of separating the components of nuclear fuel ("costs related to nuclear power decommissioning") at one time when the Company decided to decommission. Under the revised accounting regulation, on and after March 13, 2015, the Company is permitted to transfer the carrying amounts related to nuclear power units and costs related to nuclear power decommissioning to "special account related to nuclear power decommissioning" when the Company decides to decommission nuclear power units and applies to the Minister of METI for adopting the above special account, because they are expected to be collected through regulated electricity fees. The special account is amortized in proportion to the amounts of future regulated electricity fees collected, after approval of the Minister of METI.

On March 18, 2015, the Company decided to decommission No. 1 unit of its Genkai nuclear power station. According to the revised accounting regulation, with respect to the No. 1 unit of its Genkai nuclear power station, the Company transferred the carrying amounts related to nuclear power units of ¥15,317 million ($127,358 thousand) and costs related to nuclear power decommissioning of ¥6,375 million ($53,006 thousand), totaling ¥21,692 million ($180,365 thousand), to "special account related to nuclear power decommissioning"presented in investments and other assets. On April 21, 2015 the Minister of METI approved the application for adopting the special accounting treatment which the Company submitted.

As a result, loss before income taxes and minority interests decreased by ¥21,692 million ($180,365 thousand), and basic net loss per share decreased by ¥32.68 ($0.27) for the year ended March 31, 2015.

h. Cash Equivalents— Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and mutual fund investments in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

i. Inventories— Inventories are stated at the lower of cost, principally determined by the average method, or net selling value.

j. Foreign Currency Transactions— Receivables and payables denominated in foreign currencies are translated into Japanese yen at the rates in effect as of each balance sheet date.

k. Foreign Currency Financial Statements— The balance sheet accounts of the consolidated foreign subsidiaries, and nonconsolidated foreign subsidiaries and foreign affiliated companies which are accounted for by the equity method, are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

l. Derivatives and Hedging Activities— Derivative financial instruments are classified and accounted for as follows: (a) All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of operations and (b) for such derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Liabilities denominated in foreign currencies for which foreign exchange forward contracts and currency swaps are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts and currency swaps qualify for hedge accounting. Forward contracts and currency swaps applied for committed transactions are measured at fair value and the unrealized gains/losses are deferred until the underlying transactions are completed.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements are recognized and included in interest charges.

m. Severance Payments and Pension Plans— The Companies have unfunded retirement plans for most of their employees and the Company and most of the consolidated subsidiaries also have contributory funded defined benefit pension plans covering substantially all of their employees.

Effective April 1, 2000, the Companies adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over mainly 5 years within the average remaining service period. Past service costs are amortized on a straight-line basis over mainly 5 years within the average remaining service period.

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Companies early applied the revised accounting standard and guidance for retirement benefits for (a), (b) and (c) above effective April 1, 2013, and changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis. The Companies recorded the effect of (a) and (b) above as of April 1, 2013, in accumulated other comprehensive income, and the effect of (c) above as of April 1, 2013, in retained earnings.

n. Reserve for Reprocessing of Irradiated Nuclear Fuel— This reserve is provided for reprocessing costs of irradiated nuclear fuel. The annual provision is calculated in accordance with the accounting regulations set by the Japanese Government applicable to electric utility providers in Japan.

o. Asset Retirement Obligations— Under ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations," an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement. The

Company recognizes the asset retirement obligation as the sum of the future decommissioning costs of nuclear power unit imposed by the "Law on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors," discounted at 2.3%.

On October 1, 2013, the METI revised the accounting regulations and related regulations concerning allocation of asset retirement costs of nuclear power units. Prior to October 1, 2013, asset retirement costs of nuclear power units were allocated to expense through depreciation based on a proportion of the current generation of electric power to the estimated total life-time generation of electric power of each unit. Effective October 1, 2013, the asset retirement costs are allocated to expense through depreciation based on the straight-line method over a period totaling the remaining useful life and expected safe storage period.

p. Income Taxes— The provision for income taxes is computed based on the pretax income included in the consolidated statement of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

q. Reserve for Fluctuations in Water Level— This reserve is provided to stabilize the Company's income level based on the Electricity Business Act and related accounting regulations. This reserve is recorded when the volume of water for generating hydroelectric power is abundant and available for future power generation, and reversed in years when there is an insufficient volume of water. Also, this reserve must be shown as a liability under the act and regulations.

r. Treasury Stock— The accounting standard for treasury stock requires that where an affiliated company holds a parent company's stock, a portion which is equivalent to the parent company's interest in such stock should be presented as treasury stock as a separate component of equity and the carrying value of the investment in the affiliated company should be reduced by the same amount.

s. Net Income and Cash Dividends per Share— Basic earnings per share ("EPS") are computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the year, and diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock.

Diluted EPS is not disclosed for the years ended March 31, 2015 and 2014, because potentially dilutive securities were not outstanding.

Cash dividends per share represent actual amounts applicable to earnings of the respective years.

t. Research and Development Costs— Research and development costs are charged to income as incurred.

u. New Accounting Pronouncements

Accounting Standards for Business Combinations and Consolidated Financial Statements— On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

Major accounting changes are as follows:

(a) Transactions with noncontrolling interest
A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of operation. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the consolidated balance sheet
In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

(c) Presentation of the consolidated statement of operations
In the consolidated statement of operations, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

(d) Provisional accounting treatments for a business combination
If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under

the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for transactions with noncontrolling interest, presentation of the consolidated balance sheet, presentation of the consolidated statement of operations, and acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for presentation of the consolidated balance sheet and presentation of the consolidated statement of operations. In the case of earlier application, all accounting standards and guidance above, except for presentation of the consolidated balance sheet and presentation of the consolidated statement of operations, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for transactions with noncontrolling interest and acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all transactions with noncontrolling interest and acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for presentation of the consolidated balance sheet and presentation of the consolidated statement of operations shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Companies expect to apply the revised accounting standards and guidance for transactions with noncontrolling interest, presentation of the consolidated balance sheet, presentation of the consolidated statement of operations and acquisition-related above from April 1, 2015, and for provisional accounting treatments for a business combination above for a business combination which will occur on or after April 1, 2015, and are in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. PROPERTY

The breakdown of property at March 31, 2015 and 2014, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Costs:			
Electric power production facilities:			
Hydroelectric power	¥ 798,893	¥ 805,336	$ 6,642,503
Thermal power	1,473,210	1,469,915	12,249,195
Nuclear power	1,611,295	1,630,816	13,397,316
Internal-combustion engine power	130,217	129,138	1,082,709
Renewable power	111,190	108,990	924,510
Total	4,124,808	4,144,197	34,296,236
Transmission facilities	1,779,845	1,759,126	14,798,748
Transformation facilities	994,549	978,919	8,269,305
Distribution facilities	1,409,711	1,389,531	11,721,220
General facilities	393,145	384,405	3,268,853
Other electricity-related facilities	5,782	5,782	48,075
Other plant and equipment	984,819	1,006,683	8,188,404
Construction in progress	410,049	329,749	3,409,407
Total	10,102,710	9,998,396	84,000,252
Less-			
Contributions in aid of construction	173,124	163,824	1,439,469
Accumulated depreciation	6,943,649	6,893,429	57,733,844
Carrying amount	¥ 2,985,935	¥2,941,142	$24,826,938

4. INVESTMENT SECURITIES

The costs and aggregate fair values of investment securities at March 31, 2015 and 2014, were as follows:

	Millions of Yen			
March 31, 2015	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥2,734	¥3,924	¥50	¥6,608
Debt securities	914	387		1,301
Other securities	364	71		436
Held-to-maturity	755	7	13	749

	Millions of Yen			
March 31, 2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥3,230	¥3,217	¥348	¥6,099
Debt securities	1,350	285	1	1,634
Other securities	363	34	0	398
Held-to-maturity	1,505	4	151	1,359

March 31, 2015	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$22,732	$32,634	$422	$54,944
Debt securities	7,602	3,221		10,824
Other securities	3,033	595		3,629
Held-to-maturity	6,285	63	115	6,233

The information for available-for-sale securities which were sold during the year ended March 31, 2015, is not disclosed because realized gains and losses on sales of available-for-sale securities for the fiscal year are immaterial.

Such information for the year ended March 31, 2014, was as follows:

March 31, 2014	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥5,763	¥5,386	¥ 5
Debt securities	560	138	78
Total	¥6,323	¥5,524	¥83

The Company contributed certain securities with a fair value of ¥32,021 million to the retirement benefit trust for the Company's retirement benefit plans and recognized a noncash gain of ¥21,711 million for the year ended March 31, 2014.

5. PLEDGED ASSETS

All of the Company's assets amounting to ¥4,390,912 million ($36,508,791 thousand) are subject to certain statutory preferential rights established to secure bonds and loans borrowed from the Development Bank of Japan Inc. and bonds transferred to banks under debt assumption agreements (see Note 17).

Certain assets of the consolidated subsidiaries, amounting to ¥46,982 million ($390,642 thousand), are pledged as collateral for a portion of their long-term debt at March 31, 2015.

Investments in affiliated companies held by a consolidated subsidiary, amounting to ¥26,216 million ($217,983 thousand), are pledged as collateral for bank loans of the affiliated companies and the subsidiary of the affiliated company at March 31, 2015.

6. LONG-TERM DEBT

Long-term debt at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Yen bonds, 0.281% to 3.65%, due serially to 2031	¥1,283,630	¥1,243,414	$10,672,907
Loans from the Development Bank of Japan Inc., 0.52% to 3.4%, due serially to 2030	322,006	291,843	2,677,366
Loans, principally from banks and insurance companies, 0.25% to 2.475%, due serially to 2031			
Collateralized	32,070	33,097	266,650
Unsecured	1,580,344	1,429,795	13,139,974
Obligations under finance leases	8,911	10,890	74,094
Total	3,226,963	3,009,040	26,830,993
Less current portion	382,425	204,144	3,179,723
Long-term debt, less current portion	¥2,844,538	¥2,804,896	$23,651,269

The annual maturities of long-term debt outstanding at March 31, 2015, were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 382,425	$ 3,179,723
2017	368,763	3,066,131
2018	401,159	3,335,488
2019	405,798	3,374,063
2020	337,454	2,805,805
Thereafter	1,331,362	11,069,780
Total	¥3,226,963	$26,830,993

7. SEVERANCE PAYMENTS AND PENSION PLANS

Employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled, under most circumstances, to severance payments based on credits earned in each year of service, length of service and certain other factors. As for the Company, if the termination is made voluntarily at one of a number of specified ages, the employee is entitled to certain additional payments.

Additionally, the Company and most of the consolidated subsidiaries have contributory funded defined benefit pension plans covering substantially all of their employees. In general, eligible employees retiring at the mandatory retirement age receive pension payments for the several fixed terms selected by them. As for the Company, eligible employees retiring after at least 20 years of service but before the mandatory retirement age, receive a lump-sum payment upon retirement and annuities. The Company has established retirement benefit trusts for the Company's defined retirement benefit plan.

Certain consolidated subsidiaries calculate liability for retirement benefits and periodic benefit costs related to defined retirement benefit plans by the simplified method. Under the simplified method, projected benefit obligations are principally stated at the necessary payment amounts for voluntary retirement as of the end of the fiscal year. The simplified method for accounting for defined retirement benefit plans is allowed for a specified small-sized entity under accounting principles generally accepted in Japan.

Defined retirement benefit plans (excluding plans applying the simplified method)

(1) The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥435,831	¥468,221	$3,623,775
Cumulative effects of changes in accounting policies		(26,869)	
Restated balance	435,831	441,352	3,623,775
Current service cost	13,861	14,260	115,254
Interest cost	8,292	8,300	68,945
Actuarial losses	49,346	1,136	410,300
Benefits paid	(20,629)	(29,452)	(171,526)
Prior service cost	2,998	1,291	24,932
Others		(1,056)	
Balance at end of year	¥489,701	¥435,831	$4,071,681

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥387,930	¥350,077	$3,225,492
Expected return on plan assets	9,767	9,194	81,213
Actuarial gains	28,402	4,597	236,153
Contributions from the employer	8,003	9,395	66,545
Benefits paid	(17,261)	(17,355)	(143,524)
Contribution of securities to retirement benefit trust		32,021	
Balance at end of year	¥416,841	¥387,930	$3,465,881

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded defined benefit obligation	¥ 484,291	¥ 430,742	$ 4,026,705
Plan assets	(416,841)	(387,930)	(3,465,881)
	67,450	42,812	560,823
Unfunded defined benefit obligation	5,409	5,088	44,976
Net liability for defined benefit obligation	¥ 72,859	¥ 47,901	$ 605,800

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for retirement benefits	¥ 87,204	¥47,901	$ 725,073
Assets for retirement benefits	(14,345)		(119,273)
Net liability for defined benefit obligation	¥ 72,859	¥47,901	$ 605,800

(4) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current service cost	¥ 13,861	¥14,260	$ 115,254
Interest cost	8,292	8,300	68,945
Expected return on plan assets	(9,767)	(9,194)	(81,213)
Recognized actuarial gains	(12,796)	(934)	(106,396)
Amortization of prior service cost	(3,828)	(2,861)	(31,829)
Others	293	144	2,441
Net periodic benefit costs	¥ (3,944)	¥ 9,715	$ (32,798)

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prior service cost	¥ (6,826)	¥(4,152)	$ (56,762)
Actuarial (losses) gains	(33,740)	2,526	(280,542)
Total	¥(40,567)	¥(1,625)	$(337,304)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥ 8,273	¥15,099	$ 68,787
Unrecognized actuarial (losses) gains	(7,296)	26,444	(60,666)
Total	¥ 976	¥41,544	$ 8,121

(7) Plan assets as of March 31, 2015 and 2014

a. Components of plan assets

Plan assets consisted of the followings:

	2015	2014
Debt investments	45%	45%
Equity investments	28	26
General account of life insurance companies	17	18
Others	10	11
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering distribution of plan assets currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2015 and 2014, were set forth as follows:

	2015	2014
Discount rate	Mainly 1.0%	Mainly 2.0%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%

Defined retirement benefit plans applying the simplified method

(1) The changes in the net carrying amount of liabilities and assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥3,096	¥3,445	$25,747
Periodic benefit costs	243	173	2,023
Benefits paid	(255)	(199)	(2,128)
Contributions from the employer	(321)	(323)	(2,674)
Balance at end of year	¥2,762	¥3,096	$22,967

(2) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded defined benefit obligation	¥ 5,401	¥ 4,680	$ 44,913
Plan assets	(4,860)	(4,414)	(40,410)
	541	266	4,503
Unfunded defined benefit obligation	2,220	2,830	18,464
Net carrying amount of liabilities and assets	2,762	3,096	22,967
Liabilities for retirement benefits	3,343	3,336	27,796
Assets for retirement benefits	(580)	(239)	(4,829)
Net carrying amount of liabilities and assets	¥ 2,762	¥ 3,096	$ 22,967

(3) Periodic benefit costs

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Periodic benefit costs calculated under the simplified method	¥243	¥173	$2,023

Defined contribution plans

The required contribution to defined contribution plans by the Company and its certain consolidated subsidiaries for the years ended March 31, 2015 and 2014 was ¥1,767 million ($14,692 thousand) and ¥1,377 million, respectively.

8. RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL

The reserve is provided for reprocessing costs of irradiated nuclear fuel resulting from operation of nuclear power production facilities. The annual provision is calculated in accordance with the accounting regulations set by the Japanese Government applicable to electric utility providers in Japan.

The reserve consists of three portions and each of them is calculated in different ways.

(a) The costs reprocessed in Japan Nuclear Fuel Limited ("JNFL") are calculated based on the expected future cash flows discounted at 1.5% at March 31, 2015 and 2014,

(b) The costs reprocessed in the other reprocessing companies are calculated based on the quantities to be reprocessed as of each balance sheet date and contracted reprocessing rate,

(c) The costs of irradiated nuclear fuels which have no authorized definite reprocessing plan are calculated based on the expected future cash flows discounted at 4.0%.

As of April 1, 2005, unrecognized prior costs of ¥130,495 million, which had not been recognized in the past as liability, were incurred because new accounting regulations to estimate the reprocessing costs for irradiated nuclear fuel were applicable on or after April 1, 2005. These costs were amortized on a straight-line basis over 15 years. The Company recalculated an estimate in accordance with a specific law. As a result, the unrecognized prior costs as of April 1, 2008 were changed from ¥104,397 million to ¥90,977 million, and these costs are amortized over 12 years, beginning on April 1, 2008. The balance of unrecognized past costs as of March 31, 2015 was ¥37,907 million ($315,184 thousand). The Company is permitted to recover these reprocessing costs by including them in the admitted cost elements for electric rate.

In addition, if any changes are made in the assumptions for the calculations of the reserve, such as expected future cash flows and the discount rate, unrecognized difference might be incurred. The balance of unrecognized difference as of March 31, 2015 is ¥86,974 million ($723,158 thousand). In accordance with the accounting regulations, the difference will be amortized on a straight-line basis beginning the following year the change was made, over the period in which the irradiated nuclear fuel was produced. The annual amortization is treated as operating expenses.

An independent fund managing body was set up based on a specific law, and the Company is obliged to contribute the same amounts as the balance of reserve for reprocessing of irradiated nuclear fuel to reserve funds in 15 years from 2005. The reserve funds are provided to ensure the appropriate reprocessing of irradiated nuclear fuel and presented as "Reserve funds for reprocessing of irradiated nuclear fuel."

9. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥203,010	¥221,025	$1,687,956
Net change in the year	4,449	(18,015)	36,991
Balance at end of the year	207,459	203,010	1,724,948
Less current portion	22	21	185
Asset retirement obligations, less current portion	¥207,437	¥202,989	$1,724,763

10. SHORT-TERM BORROWINGS

Short-term borrowings were generally represented by bank loans, bearing interest at rates ranging from 0.23% to 1.88% and from 0.26% to 1.88% for the years ended March 31, 2015 and 2014, respectively.

11. INCOME TAXES

The Companies are subject to national and local income taxes. The aggregate normal statutory tax rates for the Company approximated 30.7% and 33.2% for the years ended March 31, 2015 and 2014 respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred Tax Assets:			
Tax loss carryforwards	¥ 201,720	¥ 189,067	$ 1,677,234
Liability for retirement benefits	34,914	39,320	290,298
Depreciation	32,856	33,109	273,193
Asset retirement obligations	19,637	20,782	163,280
Reserve for reprocessing of irradiated nuclear fuel	21,373	22,243	177,710
Other	68,921	51,689	573,056
Less valuation allowance	(199,682)	(163,834)	(1,660,286)
Deferred tax assets	¥ 179,741	¥ 192,378	$ 1,494,486
Deferred Tax Liabilities:			
Gain on contributions of securities to retirement benefit trust	5,529	5,914	45,973
Assets for retirement benefits	3,000	87	24,950
Amortization in foreign subsidiary	1,606	1,007	13,358
Unrealized gain on available-for-sale securities	1,487	1,108	12,370
Capitalized assets retirement costs	1,346	1,330	11,193
Deferred gain on derivatives under hedge accounting	1,032	1,915	8,582
Other	5,191	1,772	43,162
Deferred tax liabilities	¥ 19,194	¥ 13,137	$ 159,592
Net deferred tax assets	¥ 160,547	¥ 179,240	$ 1,334,893

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the years ended March 31, 2015 and 2014, was as follows:

	2015	2014
Normal effective statutory tax rate	30.7%	33.2%
Valuation allowance	(68.6)	(48.6)
Effect of reduction of income tax rate on deferred tax assets	(14.7)	(4.1)
Elimination of unrealized gains	(3.2)	(0.8)
Difference of tax rates on special income tax for reconstruction funding		(4.7)
Other - net	0.5	(3.2)
Actual effective tax rate	(55.3)%	(28.2)%

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, from approximately 30.7% to 28.7%. The effect of these changes was to decrease deferred tax assets, net of deferred tax liabilities, in the consolidated balance sheet as of March 31, 2015, by ¥10,431 million ($86,732 thousand), increase income taxes—deferred in the consolidated statement of operations for the year then ended by ¥10,687 million ($88,862 thousand), and increase other comprehensive income in the consolidated statement of comprehensive income by ¥263 million ($2,188 thousand). Decrease of deferred tax liabilities in the consolidated balance sheet was immaterial.

At March 31, 2015, the Company and certain subsidiaries have tax loss carryforwards aggregating ¥701,739 million ($5,834,698 thousand), most of which are available to be offset against taxable income of the Company and these subsidiaries and will expire in 9 years. At March 31, 2015, the tax loss carryforwards for the Company amounting to ¥87,858 million ($730,513 thousand), ¥114,354 million ($950,814 thousand), ¥310,635 million ($2,582,963 thousand), and ¥175,583 million ($1,459,907 thousand) will expire in the years ending March 31, 2024, 2023, 2022, and 2021, respectively.

12. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Issuance of Preferred Stock

The Company issued 1,000 shares of Class A Preferred Stock for ¥100,000 million ($831,462 thousand) by way of third-party allotment to the Development Bank of Japan Inc.

(1) Way of offering
Third-party allotment to the Development Bank of Japan Inc.
(2) Class and number of new shares to be issued
1,000 shares of Class A Preferred Stock
(3) Issue price
¥100 million ($831 thousand) per share
(4) Total amount of the issue price
¥100,000 million ($831,462 thousand)
(5) Amount of preferred stock and additional paid-in capital to be increased
Amount of preferred stock to be increased: ¥50,000 million ($415,731 thousand) (¥50 million per share ($415 thousand))
Amount of additional paid-in capital to be increased: ¥50,000 million ($415,731 thousand) (¥50 million per share ($415 thousand))
(6) Issue date
August 1, 2014
(7) Uses of proceeds
The proceeds from issuance of the Preferred Stock are planned to be used entirely for construction to enhance the safety of the Company's nuclear power plants to meet new regulations for safety of nuclear power plants.
(8) Characteristics of the Preferred Stock
The Preferred Stock provides no provision for acquisition or right to request acquisition using the common stock as consideration that will not dilute common stock. These stocks also do not provide any voting rights at the general shareholders meeting.

The Preferred Stock has a provision for acquisition allowing the Company to acquire this Preferred Stock in exchange for cash the day after the payment date or thereafter. Furthermore, the Preferred Stock will provide the Preferred Shareholders with the right to request acquisition of this Preferred Stock in exchange for cash of the Company the day after the payment date or thereafter if the Preferred Shareholders follow the prescribed procedures, but the exercise of this right by the Preferred Shareholders is limited by the agreement to underwriting of the Preferred Stock.

Annual preferred dividend for the Preferred Stock is ¥3,500 thousand ($29 thousand) per share.

Reduction of Preferred Stock and Additional Paid-in Capital

In preparation for future flexible capital management strategies, the Company reduced capital stock and additional paid-in capital and transferred them to other capital surplus, which constitutes the amount available for distribution to the shareholders, upon issuance of Class A preferred stock mentioned in "Issuance of Preferred Stock" above on condition that the issue came into effect on August 1, 2014.

(1) Reduced capital stock
¥50,000 million ($415,731 thousand)
As the issuance of Preferred Stock increased the Company's preferred stock by ¥50,000 million ($415,731 thousand), the total amounts of common stock and preferred stock after the effective date of the reduction didn't fall below the amounts before the effective date.
(2) Reduced additional paid-in capital
¥50,000 million ($415,731 thousand)
As the issuance of Preferred Stock increased the Company's additional paid-in capital by ¥50,000 million ($415,731 thousand), the additional paid-in capital after the effective date of the reduction didn't fall below the amounts before the effective date.
(3) Method of reducing capital stock and additional paid-in capital
In accordance with the Companies Act, the Company reduced capital stock and additional paid-in capital and transferred them to other capital surplus.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥7,343 million ($61,061 thousand) and ¥6,423 million for the years ended March 31, 2015 and 2014, respectively.

14. RELATED PARTY DISCLOSURES

Significant transactions of the Company with an affiliated company for the years ended March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
KYUDENKO CORPORATION			
Transactions:			
Purchase of construction works on distribution facilities and other	¥36,073	¥32,593	$299,938
Balances at year end:			
Payables for construction works	4,618	3,807	38,404

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Items Pertaining to Financial Instruments

(a) The Companies' policy for financial instruments

The Companies use mainly long-term debt, including bonds and loans, to raise funds required for investments in electric utility plant and equipment and repayments of bonds and loans. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used not for speculative purposes, but to avoid financial risks as described in (b) below.

(b) Nature and extent of risks arising from financial instruments and risk control system

Investment securities, mainly held-to-maturity debt securities and equity securities issued by companies related through business, and investments in and advances to nonconsolidated subsidiaries and affiliated companies which have a quoted market price in an active market are exposed to the risk of market price fluctuations. Such market risk is managed by monitoring market values and financial position of issuers on a regular basis. Investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies which do not have a quoted market price in an active market are managed by monitoring financial position of issuers on a regular basis. In addition, the Company requires its nonconsolidated subsidiaries and affiliated companies to submit business plans and performance reports, and to consult in advance on any items that could have a significant impact on the Companies' business activities.

Reserve funds for reprocessing of irradiated nuclear fuel are provided in accordance with a specific law to ensure the appropriate reprocessing of irradiated nuclear fuel resulting from operation of nuclear power production facilities.

Receivables are exposed to customer credit risk. Payment term is set forth in electric power supply agreements and so on. The Companies manage their credit risk from receivables by monitoring of payment term and balances of each customer and identifying and reducing the default risk of customers in early stage.

Bonds and loans are mainly used to raise funds for investments in electric utility plant and equipment. Although a part of loans is exposed to market risk from changes in variable interest rates, a consolidated subsidiary of the Company mitigates such risk from long-term loans by using interest rate swaps.

Payments terms of notes and accounts payable are less than one year. Although a part of accounts payable to purchase fuel in foreign currencies is exposed to the market risk of fluctuations in foreign exchange, such risk is mitigated by using foreign exchange forward contracts and currency swaps.

The Companies use foreign exchange forward contracts, currency swaps, interest rate swaps and energy swap agreements to manage their exposures to fluctuations in foreign exchange, interest rates and fuel price. Please see Note 16 for more details about derivatives.

Liquidity risk comprises the risk that the Companies cannot meet their contractual obligations in full on maturity dates. The Companies manage their liquidity risk by holding adequate volumes of liquid assets based on monthly financial planning and diversifying sources of their financing.

Fair values of financial instruments

The carrying amounts and aggregate fair values of financial instruments at March 31, 2015 and 2014 were as follows:

	Millions of Yen		
March 31, 2015	Carrying Amount	Fair Value	Unrecognized Loss
Investment securities:			
Held-to-maturity debt securities	¥ 755	¥ 749	¥ (6)
Available-for-sale securities	8,346	8,346	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	17,295	21,123	3,828
Reserve funds for reprocessing of irradiated nuclear fuel	282,071	282,071	
Cash and cash equivalents	516,480	516,480	
Receivables	199,707	199,707	
Total	¥1,024,657	¥1,028,479	¥ 3,821
Long-term debt:			
Bonds	¥1,283,630	¥1,323,644	¥40,014
Loans	1,934,421	1,984,555	50,133
Short-term borrowings	119,901	119,901	
Notes and accounts payable	160,392	160,392	
Accrued income taxes	4,453	4,453	
Total	¥3,502,799	¥3,592,947	¥90,148
Derivatives	¥ 3,596	¥ 3,596	

	Millions of Yen		
March 31, 2014	Carrying Amount	Fair Value	Unrecognized Loss
Investment securities:			
Held-to-maturity debt securities	¥ 1,505	¥ 1,359	¥ 146
Available-for-sale securities	8,132	8,132	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	15,382	13,298	2,083
Reserve funds for reprocessing of irradiated nuclear fuel	261,058	261,058	
Cash and cash equivalents	384,769	384,769	
Receivables	183,568	183,568	
Total	¥ 854,417	¥ 852,187	¥2,230
Long-term debt:			
Bonds	¥1,243,414	¥1,283,048	¥39,634
Loans	1,754,736	1,799,739	45,003
Short-term borrowings	118,521	118,521	
Notes and accounts payable	167,725	167,725	
Accrued income taxes	3,448	3,448	
Total	¥3,287,845	¥3,372,483	¥84,637
Derivatives	¥ 6,239	¥ 6,239	

March 31, 2015	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrecognized Loss
Investment securities:			
Held-to-maturity debt securities	$ 6,285	$ 6,233	$ (51)
Available-for-sale securities	69,398	69,398	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	143,807	175,636	31,828
Reserve funds for reprocessing of irradiated nuclear fuel	2,345,316	2,345,316	
Cash and cash equivalents	4,294,338	4,294,338	
Receivables	1,660,494	1,660,494	
Total	$ 8,519,641	$ 8,551,418	$ 31,776
Long-term debt:			
Bonds	$10,672,907	$11,005,611	$332,703
Loans	16,083,991	16,500,834	416,843
Short-term borrowings	996,933	996,933	
Notes and accounts payable	1,333,601	1,333,601	
Accrued income taxes	37,028	37,028	
Total	$29,124,462	$29,874,009	$749,547
Derivatives	$ 29,905	$ 29,905	

The securities whose fair value cannot be reliably determined are excluded from investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies (see (b) below).

Advances are excluded from investments in and advances to nonconsolidated subsidiaries and affiliated companies because they are immaterial.

Long-term debt contains its current portion, and obligations under finance leases are excluded because they are immaterial.

Derivatives are stated at the net amount.

(a) Methods used to calculate fair values of financial instruments

Investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies

The fair values of investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies are measured at the quoted market price of the exchanges for the equity securities and some of debt securities, principally at the quoted price obtained from the financial institution for other debt securities. Fair value information for investment securities by classification is included in Note 4.

Reserve funds for reprocessing of irradiated nuclear fuel

Reserve funds for reprocessing of irradiated nuclear fuel are provided in accordance with a specific law to ensure the appropriate reprocessing of irradiated nuclear fuel resulting from operation of nuclear power production facilities.

The funds must be used in accordance with a plan approved by the Japanese Government. The fair value is based on the carrying amount determined by discounting the cash flows related to the using plan.

Cash and cash equivalent, and receivables

The carrying amounts of cash and cash equivalents, and receivables approximate fair values because of their short maturities.

Bonds

The fair values of bonds are based on market price.

Long-term loans

The fair values of long-term loans at fixed interest rates are determined by discounting the cash flows related to the loans at the Company's assumed corporate borrowing rate. Because loans at variable interest rates reflect short-term movements in market interest rates and there has been no substantial change in the Company's credit position since the loans were implemented, the carrying amounts approximate fair values. A part of loans is subjected to interest rate swaps, which qualify for hedge accounting and meet specific matching criteria (see Note 16), and the fair values are determined by discounting the cash flows related to the loans with the interest rate swaps at the Company's assumed corporate borrowing rate.

Short-term borrowings, notes and accounts payable, and accrued income taxes

The carrying amounts of short-term borrowings, notes and accounts payable and accrued income taxes approximate fair values because of their short maturities.

Derivatives

Fair value information for derivatives is included in Note 16.

(b) Financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Investment securities:			
Available-for-sale:			
Equity securities	¥ 73,739	¥ 73,260	$ 613,115
Other securities	2,336	2,375	19,425
Investments in and advances to nonconsolidated subsidiaries and affiliated companies:			
Equity securities	71,186	72,372	591,888
Other securities	10,868	9,424	90,368
Total	¥158,130	¥157,433	$1,314,797

Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2015	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Investment securities:				
Held-to-maturity debt securities		¥300	¥20	¥ 436
Available-for-sale securities with contractual maturities	¥ 39		6	1,301
Reserve funds for reprocessing of irradiated nuclear fuel	28,501			
Cash and cash equivalents	516,480			
Receivables	199,707			
Total	¥744,729	¥300	¥26	¥1,737

	Thousands of U.S. Dollars			
March 31, 2015	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Investment securities:				
Held-to-maturity debt securities		$2,494	$166	$ 3,625
Available-for-sale securities with contractual maturities	$ 332		50	10,824
Reserve funds for reprocessing of irradiated nuclear fuel	236,978			
Cash and cash equivalents	4,294,338			
Receivables	1,660,494			
Total	$6,192,144	$2,494	$216	$14,449

Reserve funds for reprocessing of irradiated nuclear fuel are provided for reprocessing costs of irradiated nuclear fuel charged by JNFL. The using plan for the reserve funds is disclosed only for amounts due in one year or less, to comply with agreements with JNFL and to avoid any disadvantages, possibly caused by disclosure, to the interested parties.

Please see Note 6 for annual maturities of long-term debt.

16. DERIVATIVES

The Company enters into foreign exchange forward contracts, interest rate swaps and energy swap agreements to manage its exposures to fluctuations in foreign exchanges, interest rates and fuel price, respectively.

A consolidated subsidiary of the Company enters into interest rate swaps to manage exposure to fluctuations in interest rates.

The Companies do not enter into derivatives for trading or speculative purposes.

Foreign exchange forward contracts, currency swaps, interest rate swaps and energy swap agreements are not subject to any market risk except for abandoning potential income by market fluctuations in hedged items.

The Companies do not anticipate any losses arising from credit risk, which is the possibility that a loss may result from counterparties' failure to perform according to the terms and conditions of the contract, because the counterparties to those derivatives have high credit ratings.

The derivative transactions are executed by the specific sections, and the administrative section monitors them based on internal policies.

Derivative transactions to which hedge accounting is applied

		Millions of Yen		
March 31, 2015	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Currency swaps:				
Buying USD (Note a)	Accounts payable	¥6,197	¥1,317	¥3,596
Interest rate swaps: (fixed-rate payment; floating-rate receipt) (Note b)	Long-term loans	¥3,092	¥2,198	
Total				¥3,596

		Millions of Yen		
March 31, 2014	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Currency swaps:				
Buying USD (Note a)	Accounts payable	¥67,869	¥6,197	¥5,800
Energy swap agreements: (fixed-price payment; floating-price receipt) (Note a)	Accounts payable	¥ 1,430		¥438
Interest rate swaps: (fixed-rate payment; floating-rate receipt) (Note b)	Long-term loans	¥ 3,970	¥2,698	
Total				¥6,239

		Thousands of U.S. Dollars		
March 31, 2015	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Currency swaps:				
Buying USD (Note a)	Accounts payable	$51,526	$10,950	$29,905
Interest rate swaps: (fixed-rate payment; floating-rate receipt) (Note b)	Long-term loans	$25,708	$18,275	
Total				$29,905

Notes:

a) The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

b) The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest charges. As a result, the fair values of interest rate swaps are included in those of hedged items (i.e., long-term loans) in Note 15.

c) The contract or notional amounts of derivatives, which are shown in the above table, do not represent the amounts exchanged by the parties and do not measure the Companies' exposure to market risk.

17. COMMITMENTS AND CONTINGENCIES

At March 31, 2015, the Companies had a number of fuel purchase commitments, most of which specify quantities and dates for fuel deliveries. However, most of purchase prices are contingent upon fluctuations in market prices.

Contingent liabilities at March 31, 2015 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans, mainly in connection with procurement of fuel	¥103,111	$857,332
Guarantees of employees' loans	72,549	603,223
Guarantees under debt assumption agreements	70,000	582,023
Other	7,602	63,215

Under the debt assumption agreements, the Company was contingently liable for the redemption of the domestic bonds transferred to banks.

18. COMPREHENSIVE INCOME

The components of other comprehensive loss for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Other comprehensive income (loss):			
Unrealized gain on available-for-sale securities			
Gains arising during the year	¥ 1,579	¥ 2,758	$ 13,136
Reclassification adjustments to profit or loss	197	(26,843)	1,640
Amount before income tax effect	1,777	(24,084)	14,777
Income tax effect	(589)	7,414	(4,898)
Total	¥ 1,188	¥(16,670)	$ 9,878
Deferred (losses) gain on derivatives under hedge accounting:			
(Losses) gains arising during the year	¥ (2,142)	¥ 1,233	$ (17,811)
Adjustments for amounts transferred to the initial carrying amounts of hedged items	(500)	(720)	(4,157)
Amount before income tax effect	(2,642)	512	(21,969)
Income tax effect	883	(48)	7,342
Total	¥ (1,759)	¥ 464	$ (14,626)
Foreign currency translation adjustments:			
Gains (losses) arising during the year	¥ 1,235	¥ (1,429)	$ 10,272
Amount before income tax effect	1,235	(1,429)	10,272
Income tax effect	(1,260)		(10,482)
Total	¥ (25)	¥ (1,429)	$ (209)
Adjustments related to defined retirement benefit plans:			
(Losses) gains arising during the year	¥(23,793)	¥ 3,461	$(197,832)
Reclassification adjustments to profit or loss	(16,774)	(5,086)	(139,472)
Amount before income tax effect	(40,567)	(1,625)	(337,304)
Income tax effect	12,375	941	102,893
Total	¥(28,192)	¥ (683)	$(234,411)
Share of other comprehensive (loss) income in nonconsolidated subsidiaries and affiliated companies:			
(Losses) gains arising during the year	¥ (1,349)	¥ 2,699	$ (11,223)
Reclassification adjustments to profit or loss	178	116	1,482
Total	¥ (1,171)	¥ 2,816	$(9,741)
Total other comprehensive loss	¥(29,960)	¥(15,503)	$(249,109)

19. SEGMENT INFORMATION

(1) Description of reportable segments

The Companies' reportable segments are those for which financial information is available separately and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Companies. Therefore, the Companies consist of the industry electric power, energy related business, information technology (IT) and telecommunications and other.

The energy related business consists of obtaining, storing, gasifying, supplying and selling LNG, renewable energy business and other businesses related to energy.

IT and telecommunications consists of provision of telecommunications.

Other consists of environment and recycling, lifestyle-oriented services and others.

(2) Methods of measurement for the amounts of sales, profit, assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

Accounting change in case the Company decides to decommission nuclear power units due to factors such as a change of the government's energy policy

As described in Note 2.g, the Company applied the revised accounting regulation applicable to electric utility providers relating to accounting treatments in case the Company decides to decommission nuclear power units due to factors such as a change of the government's energy policy, on and after March 13, 2015. Accordingly, the Company has applied the same accounting policy to the "Electric Power" segment.

The effect of this change on segment loss of Electric Power was immaterial.

(3) Information about sales, profit, assets and other items at March 31, 2015 and 2014, was as follows:

Millions of Yen

	2015						
	Reportable segment						
	Electric Power	Energy related Business	IT and Telecommunications	Other	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥1,719,570	¥ 71,793	¥ 69,217	¥ 12,886	¥1,873,467		¥1,873,467
Intersegment sales or transfers	2,298	114,878	27,333	12,846	157,356	¥(157,356)	
Total	¥1,721,869	¥186,672	¥ 96,550	¥ 25,732	¥2,030,824	¥(157,356)	¥1,873,467
Segment (loss) profit	¥ (68,481)	¥ 10,983	¥ 11,419	¥ 3,677	¥ (42,400)	¥ (914)	¥ (43,314)
Segment assets	4,235,616	375,418	176,152	141,491	4,928,679	(143,943)	4,784,735
Other:							
Depreciation	164,724	9,052	18,028	4,947	196,753	(2,780)	193,972
Increase in property and nuclear fuel	228,362	22,756	25,550	948	277,617	(4,737)	272,880

Millions of Yen

	2014						
	Reportable segment						
	Electric Power	Energy related Business	IT and Telecommunications	Other	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥1,633,023	¥ 78,150	¥ 65,841	¥ 14,137	¥1,791,152		¥1,791,152
Intersegment sales or transfers	1,805	92,856	23,907	13,004	131,573	¥(131,573)	
Total	¥1,634,829	¥171,007	¥ 89,748	¥ 27,142	¥1,922,726	¥(131,573)	¥1,791,152
Segment (loss) profit	¥ (121,615)	¥ 10,367	¥ 11,342	¥ 3,266	¥ (96,639)	¥ 818	¥ (95,821)
Segment assets	4,057,306	345,698	136,493	136,780	4,676,279	(126,427)	4,549,852
Other:							
Depreciation	172,341	9,210	18,432	5,550	205,534	(2,678)	202,856
Increase in property and nuclear fuel	216,181	23,927	19,808	1,438	261,355	(4,351)	257,004

	Thousands of U.S. Dollars						
	2015						
	Reportable segment						
	Electric Power	Energy related Business	IT and Telecommunications	Other	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	$14,297,586	$ 596,939	$ 575,515	$ 107,142	$15,577,184		$15,577,184
Intersegment sales or transfers	19,110	955,170	227,266	106,811	1,308,359	$(1,308,359)	
Total	$14,316,697	$1,552,109	$ 802,782	$ 213,954	$16,885,543	$(1,308,359)	$15,577,184
Segment (loss) profit	$ (569,397)	$ 91,326	$ 94,952	$ 30,575	$ (352,543)	$ (7,601)	$ (360,144)
Segment assets	35,217,563	3,121,462	1,464,642	1,176,451	40,980,120	(1,196,838)	39,783,282
Other:							
Depreciation	1,369,623	75,268	149,899	41,135	1,635,928	(23,117)	1,612,811
Increase in property and nuclear fuel	1,898,749	189,214	212,441	7,882	2,308,288	(39,389)	2,268,899

Notes:
(a) Reconciliations of segment (loss) profit and segment assets are intersegment transaction eliminations.
(b) Segment (loss) profit is adjusted to reflect operating loss in the consolidated statement of operations.

Geographic segment information is not disclosed because the Companies' overseas operations are immaterial.

Information for overseas sales is not disclosed due to overseas sales being immaterial compared with consolidated net sales.

20. BUSINESS COMBINATIONS

a. Conversion of Kyushu Telecommunication Network Co., Ltd. (consolidated subsidiary of the Company), to a wholly owned subsidiary through share exchange

1. Overview of the transaction

(1) Name and business of parties to the business combination

Combining company (wholly owning parent company in the share exchange)

Name: Kyushu Electric Power Company, Incorporated ("the Company")

Business: Electricity business and others

Combined company (wholly owned subsidiary company in the share exchange)

Name: Kyushu Telecommunication Network Co., Ltd. ("QTNet")

Business: telecommunications business and others

(2) Date of the business combination

November 14, 2014

(3) Legal form of the business combination

A share exchange (the "Share Exchange") in which the Company is the wholly owning parent company and QTNet is the wholly owned subsidiary company

(4) Company Name following the business combination

No change

(5) Other items related to the overview of the transaction

The Company reached the decision to convert QTNet into a wholly owned subsidiary of the Company through the Share Exchange, thereby creating a structure that would facilitate rapid and flexible Group management in the IT and telecommunications business.

2. Overview of accounting process conducted

The Share Exchange was conducted as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, as announced on December 26, 2008) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, as announced on December 26, 2008).

3. Acquisitions of additional shares in subsidiaries

(1) Acquisition cost and its breakdown

Consideration for acquisition (common shares of the Company)	¥663 million	$5,514 thousand
Direct cost for the acquisition	¥ 0 million	$ 2 thousand
Acquisition cost	¥663 million	$5,517 thousand

(2) Exchange ratio by class of shares, calculation method and number of shares delivered

i. Class of shares, exchange ratio and number of shares delivered

Class of shares	Common shares of the Company (wholly owning parent company in the Share Exchange)	Common shares of QTNet (wholly owned subsidiary company in the Share Exchange)
Share exchange ratio	1	53
Number of shares delivered in the Share Exchange	Common shares of the Company: 514,100	

Notes:
1. Share exchange ratio
53 common shares of the Company delivered for each 1 common share of QTNet
2. Number of shares delivered in the Share Exchange
Common shares of the Company delivered by the Company were provided from treasury stock, and no new shares were issued.

ii. Calculation method of share exchange ratio

To ensure fairness in calculating the share exchange ratio used in the Share Exchange, each of the two companies asked a separate third-party calculating institution to calculate a share exchange ratio. As its third-party calculating institution, the Company selected the Yakabe Certified Public Accounting Office, and QTNet selected the Megumi Tanaka Certified Public Accounting Office.

As the common shares of the Company are listed on the Tokyo Stock Exchange, the Yakabe Certified Public Accounting Office adopted the market stock price method for the Company's shares. For QTNet, which is unlisted, the office adopted the net asset value method, the similar company comparison method and the discounted cash flow method (the "DCF method") to calculate a share exchange ratio for the Share Exchange.

Meanwhile, the Megumi Tanaka Certified Public Accounting Office adopted the market stock price method for the Company, as its common shares are listed on the Tokyo Stock Exchange. For QTNet, as an unlisted company, the office employed the net asset value method and the DCF method to calculate the share exchange ratio for the Share Exchange.

Referring to the calculation results submitted by the third-party calculation institutions, the Company and QTNet decided on the above-mentioned share exchange ratio for the Share Exchange based on deliberative consultation between the two companies.

(3) Amount and cause of bargain purchase gain

i. Amount of bargain purchase gain : ¥66 million ($553 thousand)

ii. Cause

Because the consideration for acquisition of additional shares in the subsidiary was below the amount of reduction in the value of the Company's minority interests.

b. Transfer of the optical fiber core cable leasing business to Kyushu Telecommunication Network Co., Ltd.

1. Overview of the transaction

(1) Name and content of the target business

Name of business: The Company's optical fiber core cable leasing business and related optical fiber facilities

Business content: The laying of optical fiber cable and leasing of optical fiber core to telecommunications carriers, including QTNet.

Transferred asset and liability items and their amounts:

Among transferred plant and equipment of ¥49,143 million ($408,610 thousand), ¥32,618 million ($271,210 thousand) was transferred through a company split, and ¥16,525 million ($137,400 thousand) was transferred through the sale of assets. No current assets or liabilities were transferred.

(2) Date of the business combination

March 1, 2015

(3) Legal form of the business combination

The transfer was made to QTNet through a company split(*). However, the optical fiber facilities used by QTNet were sold to QTNet under a separate contract regarding the sale for assets by the book value.

(*) This was an absorption-type company split (the "Absorption-Type Company Split") in which the Company was the splitting company and QTNet was the succeeding company. In line with the Absorption-Type Company Split, as a consideration for the assets, QTNet issued 9,600 common shares, all of which were allocated to the Company. As the Absorption-Type Company Split was an absorption-type company split between the Company and QTNet, which is wholly owned, the content of the allocation was determined through discussion between the two companies.

(4) Company Name following the merger

No change.

(5) Other items related to an overview of the transaction

It is expected that transferring the Company's optical fiber core cable leasing service and related optical fiber facilities to QTNet on this basis will encourage more efficient operational management throughout the Group by concentrating management resources, while at the same time enhancing QTNet's self-directive operational structure.

2. Overview of accounting process conducted

The Absorption-Type Company Split was conducted as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, as announced on December 26, 2008) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, as announced on December 26, 2008).

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kyushu Electric Power Company, Incorporated:

We have audited the accompanying consolidated balance sheet of Kyushu Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kyushu Electric Power Company, Incorporated and its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Note 2.g, on March 13, 2015, the Japanese government, i.e., the Ministry of Economy, Trade and Industry, revised the accounting regulation applicable to electric utility providers. Accordingly, the Company has applied the revised accounting regulation relating to accounting treatments in case the Company decides to decommission nuclear power units due to factors such as a change of the government's energy policy, on and after March 13, 2015.
Our opinion is not modified in respect of this matter.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 25, 2015

Member of
Deloitte Touche Tohmatsu Limited

Nonconsolidated Five-year Financial Summary

Kyushu Electric Power Company, Incorporated
Years Ended March 31

For the Year:	Millions of Yen					Thousands of U.S. Dollars
	2011	2012	2013	2014	2015	2015
Operating revenues	¥1,387,517	¥1,406,770	¥1,448,876	¥1,682,994	¥1,761,275	$14,644,342
Electric	1,356,317	1,369,537	1,408,339	1,634,829	1,721,869	14,316,697
Other	31,199	37,232	40,536	48,165	39,405	327,644
Operating expenses	1,269,718	1,569,533	1,721,006	1,756,444	1,790,350	14,886,094
Personnel	162,650	167,965	151,844	113,781	113,103	940,414
Fuel	284,857	520,282	679,722	754,442	678,486	5,641,356
Purchased power	137,063	206,042	269,582	314,961	372,437	3,096,678
Depreciation	197,977	202,151	180,180	172,333	164,721	1,369,594
Maintenance	175,986	176,007	147,924	103,155	126,641	1,052,980
Reprocessing costs of irradiated nuclear fuel	30,795	21,631	17,352	16,502	17,111	142,276
Decommissioning costs of nuclear power units	7,524	3,106	2,627	1,978	4,293	35,700
Disposal cost of high-level radioactive waste	8,885	6,010	3,247	3,861		
Disposition of property	15,181	15,334	14,501	10,600	11,491	95,549
Taxes other than income taxes	87,680	83,142	82,265	84,339	84,397	701,732
Subcontract fee	67,728	65,948	64,485	62,182	74,332	618,050
Rent	32,789	31,276	29,298	26,920	25,741	214,028
Other	60,598	70,634	77,974	91,384	117,591	977,730
Interest charges	32,150	32,266	35,581	38,009	38,693	321,719
Income (loss) before income taxes	35,778	(229,754)	(343,051)	(75,619)	(84,905)	(705,956)
Net income (loss)	20,443	(174,983)	(338,050)	(90,939)	(119,010)	(989,528)

Per share of common stock:	Yen					U.S. Dollars
Basic net income (loss)	¥43.19	¥(369.74)	¥(714.33)	¥(192.17)	¥(251.32)	$(2.08)
Cash dividends applicable to the year	60.00	50.00				

At year-end:	Millions of Yen					Thousands of U.S. Dollars
Total assets	¥3,890,891	¥4,110,950	¥4,201,704	¥4,218,037	¥4,390,912	$36,508,791
Net property	2,811,194	2,757,023	2,704,014	2,687,936	2,664,541	22,154,668
Long-term debt, less current portion	1,627,260	2,090,311	2,425,739	2,692,319	2,712,193	22,550,870
Total equity	967,515	766,700	429,287	341,405	322,299	2,679,802

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.27 = U.S. $1, the approximate rate of exchange at March 31, 2015.)
* Figures less than a million yen are rounded down.

Nonconsolidated Balance Sheet

Kyushu Electric Power Company, Incorporated
March 31, 2015 (Unaudited)

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
ASSETS			
PROPERTY:			
Plant and equipment	¥8,927,999	¥8,975,468	$74,232,974
Construction in progress	370,033	310,704	3,076,687
Total	9,298,033	9,286,172	77,309,662
Less-			
Contributions in aid of construction	165,254	155,949	1,374,031
Accumulated depreciation	6,468,236	6,442,287	53,780,961
Total	6,633,491	6,598,236	55,154,993
Net property	2,664,541	2,687,936	22,154,668
NUCLEAR FUEL	280,616	281,522	2,333,217
INVESTMENTS AND OTHER ASSETS:			
Investment securities	77,315	76,994	642,853
Investments in and advances to subsidiaries and affiliated companies	184,605	149,634	1,534,925
Reserve funds for reprocessing of irradiated nuclear fuel	282,071	261,058	2,345,316
Deferred tax assets	107,187	141,299	891,225
Special account related to nuclear power decommissioning	21,692		180,365
Other	33,294	26,986	276,831
Total investments and other assets	706,167	655,973	5,871,516
CURRENT ASSETS:			
Cash and cash equivalents	466,141	334,476	3,875,789
Receivables	167,633	153,366	1,393,810
Allowance for doubtful accounts	(452)	(519)	(3,761)
Fuel and supplies	60,005	67,306	498,925
Deferred tax assets	30,371	29,225	252,529
Prepaid expenses and other	15,887	8,749	132,095
Total current assets	739,586	592,605	6,149,387
TOTAL	¥4,390,912	¥4,218,037	$36,508,791

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.27 = U.S. $1, the approximate rate of exchange at March 31, 2015.)

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
LIABILITIES AND EQUITY			
LONG-TERM LIABILITIES:			
Long-term debt, less current portion	¥2,712,193	¥2,692,319	$22,550,870
Liability for retirement benefits	69,686	74,526	579,420
Reserve for reprocessing of irradiated nuclear fuel	322,666	332,882	2,682,853
Asset retirement obligations	206,113	201,142	1,713,759
Other	17,159	13,581	142,676
Total long-term liabilities	3,327,820	3,314,453	27,669,581
CURRENT LIABILITIES:			
Current portion of long-term debt	344,632	181,395	2,865,490
Short-term borrowings	115,000	115,000	956,181
Accounts payable	131,926	145,495	1,096,915
Accrued expenses	104,490	85,061	868,799
Other	43,050	35,226	357,948
Total current liabilities	739,099	562,179	6,145,336
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	1,692		14,070
EQUITY:			
Common stock, authorized, 1,000,000,000 shares; issued, 474,183,951 shares in 2015 and 2014	237,304	237,304	1,973,101
Preferred stock, authorized, 1,000 shares; issued, 1,000 shares in 2015			
Capital surplus:			
Additional paid-in capital	31,087	31,087	258,482
Other capital surplus	99,309	19	825,719
Retained earnings:			
Legal reserve	59,326	59,326	493,275
Retained earnings - carryforward	(107,931)	11,078	(897,411)
Unrealized gain on available-for-sale securities	1,062	418	8,830
Deferred gain on derivatives under hedge accounting	2,564	4,323	21,322
Treasury stock-at cost, 192,661 shares in 2015 and 962,489 shares in 2014	(423)	(2,153)	(3,517)
Total equity	322,299	341,405	2,679,802
TOTAL	¥4,390,912	¥4,218,037	$36,508,791

Nonconsolidated Statement of Operations

Kyushu Electric Power Company, Incorporated
Year Ended March 31, 2015 (Unaudited)

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
OPERATING REVENUES:			
Electric	¥1,721,869	¥1,634,829	$14,316,697
Other	39,405	48,165	327,644
Total operating revenues	1,761,275	1,682,994	14,644,342
OPERATING EXPENSES:			
Electric:			
Personnel	113,103	113,781	940,414
Fuel	678,486	754,442	5,641,356
Purchased power	372,437	314,961	3,096,678
Depreciation	164,721	172,333	1,369,594
Maintenance	126,641	103,155	1,052,980
Reprocessing costs of irradiated nuclear fuel	17,111	16,502	142,276
Decommissioning costs of nuclear power units	4,293	1,978	35,700
Disposal cost of high-level radioactive waste		3,861	
Disposition of property	11,491	10,600	95,549
Taxes other than income taxes	84,397	84,339	701,732
Subcontract fee	74,332	62,182	618,050
Rent	25,741	26,920	214,028
Other	117,591	91,384	977,730
Total	1,790,350	1,756,444	14,886,094
Other	30,304	38,787	251,974
Total operating expenses	1,820,655	1,795,232	15,138,068
OPERATING LOSS	(59,380)	(112,237)	(493,726)
OTHER (INCOME) EXPENSES:			
Interest charges	38,693	38,009	321,719
Foreign exchange gains	(1,779)	(1,257)	(14,795)
Gain on sales of fixed assets	(9,867)	(27,141)	(82,045)
Gain on sales of investment securities		(6,006)	
Gain on sales of investments of an affiliated company		(2,481)	
Gain on contribution of securities to retirement benefit trust		(21,711)	
Other-net	(3,213)	(11,722)	(26,719)
Total other (income) expenses-net	23,832	(32,310)	198,159
LOSS BEFORE INCOME TAXES AND (REVERSAL OF) PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(83,213)	(79,927)	(691,885)
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	1,692	(4,308)	14,070
LOSS BEFORE INCOME TAXES	(84,905)	(75,619)	(705,956)
INCOME TAXES:			
Current	486	370	4,047
Deferred	33,618	14,949	279,523
Total income taxes	34,105	15,320	283,571
NET LOSS	¥ (119,010)	¥ (90,939)	$ (989,528)

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Basic net loss	¥(251.32)	¥(192.17)	$(2.08)
Cash dividends applicable to the year			

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.27= U.S. $1, the approximate rate of exchange at March 31, 2015.)

Overview of Power Generation Facilities

(As of March 31, 2015)

Nuclear Power (2 facilities/maximum output 5,258,000 kW)

Station name	Maximum output (kW)	Operation commencement date	System	Location
Genkai*1	3,478,000 (559,000×2 1,180,000×2)	Oct. 1975	Pressurized water reactor	Genkai-cho, Higashi Matsuura-gun, Saga Prefecture
Sendai	1,780,000 (890,000×2)	Jul. 1984	Pressurized water reactor	Satsumasendai-shi, Kagoshima Prefecture

Thermal Power (9 facilities/maximum output 10,680,000 kW) *excluding internal-combustion engines at the Buzen Power Station

Station name	Maximum output (kW)	Operation commencement date	System	Location
Shin Kokura	1,800,000 (600,000×3)	Sep. 1978	LNG	Kokura Kita-ku, Kitakyushu-shi, Fukuoka Prefecture
Karita	735,000 (360,000×1 375,000×1)	Apr. 1972	Coal/heavy oil/crude oil	Kanda-machi, Miyako-gun, Fukuoka Prefecture
Buzen	1,000,000 (500,000×2)	Dec 1977	Heavy oil/crude oil	Buzen-shi, Fukuoka Prefecture
Karatsu*2	875,000 (375,000×1 500,000×1)	Jul. 1971	Heavy oil/crude oil	Karatsu-shi, Saga Prefecture
Matsuura	700,000 (700,000×1)	Jun. 1989	Coal	Matsuura-shi, Nagasaki Prefecture
Ainoura	875,000 (375,000×1 500,000×1)	Apr. 1973	Heavy oil/crude oil	Sasebo-shi, Nagasaki Prefecture
Shin Oita	2,295,000 (115,000×6 217,500×4 245,000×3)	Jun. 1991	LNG	Oita-shi, Oita Prefecture
Reihoku	1,400,000 (700,000×2)	Dec. 1995	Coal	Reihoku-machi, Amakusa-gun, Kumamoto Prefecture
Sendai	1,000,000 (500,000×2)	Dec. 1995	Heavy oil/crude oil	Satsumasendai-shi, Kagoshima Prefecture

Hydroelectric Power (143 facilities/maximum output 3,583,681 kW)

Station name	Maximum output (kW)	Operation commencement date	System	Location
Tenzan	600,000	Dec. 1986	Dam and conduit system (pure pumped-storage)	Karatsu-shi, Saga Prefecture
Yanagimata	63,800	Jun. 1973	Dam and conduit system	Hita-shi, Oita Prefecture
Matsubara	50,600	Aug. 1971	Dam system	Hita-shi, Oita Prefecture
Ohira	500,000	Dec. 1975	Dam and conduit system (pure pumped-storage)	Yatsushiro-shi, Kumamoto Prefecture
Iwayado	52,000	Jan. 1942	Dam and conduit system	Shiiba-son, Higashi Usuki-gun, Miyazaki Prefecture
Kamishiiba	93,200	May 1955	Dam and conduit system	Shiiba-son, Higashi Usuki-gun, Miyazaki Prefecture
Tsukabaru	63,050	Oct. 1938	Dam and conduit system	Morotsuka-son, Higashi Usuki-gun, Miyazaki Prefecture
Morotsuka	50,000	Feb. 1961	Dam and conduit system	Morotsuka-son, Higashi Usuki-gun, Miyazaki Prefecture
Omarugawa	1,200,000	Jul. 2007	Dam and conduit system (pure pumped-storage)	Kijo-cho, Koyu-gun, Miyazaki Prefecture
Hitotsuse	180,000	Jun. 1963	Dam and conduit system	Saito-shi, Miyazaki Prefecture
Oyodogawa Daiichi	55,500	Jan. 1926	Dam system	Miyakonojo-shi, Miyazaki Prefecture Oyodogawa
Oyodogawa Daini	71,300	Mar. 1932	Dam and conduit system	Miyazaki-shi, Miyazaki Prefecture

*with outputs of 50,000 kW or higher

Geothermal Power (6 facilities/maximum output 207,960 kW)

Station name	Maximum output (kW)	Operation commencement date		Location
Takigami	27,500	Nov. 1996		Kokonoe-machi, Kusu-gun, Oita Prefecture
Otake	12,500	Aug. 1967		Kokonoe-machi, Kusu-gun, Oita Prefecture
Hatchoubaru	110,000 (55,000×2)	Jun. 1977		Kokonoe-machi, Kusu-gun, Oita Prefecture
Hatchoubaru Binary	2,000	Apr. 2006		Kokonoe-machi, Kusu-gun, Oita Prefecture
Ogiri	30,000	Mar. 1996		Kirishima-shi, Kagoshima Prefecture
Yamagawa	25,960	Mar. 1995		Ibusuki-shi, Kagoshima Prefecture

Internal Combustion Power (34 facilities/maximum output 398,950 kW) *including gas turbines on isolated islands and internal-combustion engines at the Buzen Power Station

Station name	Maximum output (kW)	Operation commencement date		Location
Shinarikawa	60,000 (10,000×6)	Jun. 1982		Shinkamigotou-chou, Minami matsuura-gun, Nagasaki Prefecture
Tatsugo	60,000 (10,000×6)	Jun. 1980		Tatsugo-chou, Ooshima-gun, Kagoshima Prefecture

*with outputs of 50,000 kW or higher

Wind Power (2 facilities/maximum output total 3,250 kW) *including gas turbines on isolated islands and internal-combustion engines at the Buzen Power Station

Station name	Maximum output (kW)	Operation commencement date		Location
Koshikijima wind power	250	Mar. 2003		Satsumasendai-shi, Kagoshima Prefecture
Noma-misaki wind park	3,000	Mar. 2003		Minamisatsuma-shi, Kagoshima Prefecture

Photovoltaic Power (1 facility/maximum output total 3,000 kW) *including gas turbines on isolated islands and internal-combustion engines at the Buzen Power Station

Station name	Maximum output (kW)	Operation commencement date		Location
Mega Solar Omuta	3,000	Nov. 2010		Omuta-shi, Fukuoka Prefecture

*1 Unit 1 of the Genkai Nuclear Power Plant (559,000 kW) was decommissioned in April 2015

*2 Karatsu Power Station Unit 2 (375,000 kW) and Unit 3 (500,000 kW) were decommissioned in June 2015.

Subsidiaries and Affiliated Companies

(As of March 31, 2015)

Consolidated Subsidiaries (40)

Company Name	Capital (Millions of yen)	Equity Ownership (%)	Business
Energy Business in Kyushu			
Oita Liquefied Natural Gas Co., Inc.	7,500	98.0	Receipt, storage, vaporization and delivery and sales of LNG
Kitakyushu Liquefied Natural Gas Co., Inc.	4,000	75.0	Receipt, storage, vaporization and delivery and sales of LNG
Pacific Hope Shipping Limited	4,071	60.0	Purchasing, operating, chartering and renting of LNG carriers
Nishinippon Environmental Energy Co., Inc.	1,010	100.0	Distributed power system business and consultation about energy efficiency
Kyuden Mirai Energy Company, Incorporated	645	100.0	Renewable energy business
Kyushu Rinsan Co.	490	100.0	Greening construction at power stations and other facilities
Nagashima Wind Hill Co., Ltd.	490	86.0	Sales of electricity generated by wind power
Fukuoka Energy Service Co., Inc.	490	80.0	Heat supply business
Kyuden Technosystems Corporation	327	85.2	Manufacture and sales of electric machinery; installation, maintenance and management of electrical measurement equipment
Kyuden High Tech Corporation	200	100.0	Maintenance and repair of electricity facilities
NISHI NIPPON AIRLINES CO., LTD.	360	54.7	Air cargo transportation
Nishinippon Plant Engineering and Construction Co., Ltd.	150	85.0	Construction, maintenance and repair of power generation facilities
Kyushu Kouatsu Concrete Industries Co., Ltd.	240	51.3	Manufacture and sales of concrete poles
Kyuden Sangyo Co., Inc.	117	100.0	Environmental preservation work at power stations
Miyazaki Biomass Recycle Co., Inc.	100	42.0	Power-generation activities using poultry dung fuel
West Japan Engineering Consultants, Inc.	40	100.0	Consultation and planning of civil engineering and construction
Kushima Wind Hill Corporation	50	51.0	Sales of electricity generated by wind power
Koyo Denki Kogyo Co., Ltd.	20	95.9	Manufacture and sales of HV and LV insulators and other items
Nishigi Kogyo, Co., Inc.	20	74.0	Conduit maintenance for hydroelectric power stations
Energy Business Overseas			
Kyuden International Corporation	23,150	100.0	Acquisition and holding of securities of overseas electric companies
Kyuden International Netherlands B.V.	6,545	100.0	Acquisition and holding of securities of overseas electric companies
Kyuden Hsin Tao Power Holdings	2,400 (Millions of Taiwan dollars)	100.0	Investment in Hsin Tao IPP busin ess company
Kyushu Electric Australia Pty Ltd	126 (Millions of U.S. dollars)	100.0	Share ownership and management (funding, tax, accounting, etc.) of Kyushu Electric Wheatstone Pty Ltd
Kyushu Electric Wheatstone Pty Ltd	119 (Millions of U.S. dollars)	100.0	Ownership of mining interests and assets, trading and sales of output in Wheatstone LNG project
IT and Telecommunications			
Kyushu Telecommunication Network Co., Inc.	22,020	100.0	Fiber-optic cable and broadband services
Kyuden Infocom Company, Inc.	480	100.0	IT-related planning and consultation, and data center business
Nishimu Electronics Industries, Co., Ltd.	300	100.0	Manufacture, sales, installation and maintenance of telecommunication devices
Kyuden Business Solutions Co., Inc.	100	100.0	Development, operation and maintenance of information systems
RKK Computer Service Co., Inc.	100	61.3	Development and sales of computer software
Lifestyle-oriented Services			
DENKI BLDG. CO., Ltd.	3,395	91.9	Leasing and management of real estate
Kyuden Good Life Company, Inc.	300	100.0	Paid elderly nursing home management and nursing services
Capital Kyuden Corporation	285	100.0	Acquiring and owning of securities, loans to group companies
Kyuden Good Life Kumamoto Company, Inc.	200	100.0	Paid elderly nursing home management and nursing services
Kyuden Business Front Inc.	100	100.0	Temporary staffing and job-placement services
Kyuden Good Life Fukuoka Josui Company, Inc.	100	100.0	Paid elderly nursing home management and nursing services
Kyuden Good Life Kagoshima Company, Inc.	100	90.0	Paid elderly nursing home management and nursing services
Kyuden Good Life Higashifukuoka Company, Inc.	100	70.0	Paid elderly nursing home management and nursing services
Kyuden Fudousan Co., Ltd.	32	98.1	Leasing of real estate and site management
Kyuden Office Partner Co., Inc.	30	100.0	Clerical work acceptance on trust and consulting business
Kyushu Maintenance Co., Ltd.	10	82.0	Cleaning and maintenance of real estate

Non-consolidated Subsidiaries and Affiliated Companies Accounted for under Equity Method (29)

Company Name	Capital (Millions of yen)	Equity Ownership (%)	Business
Energy Business in Kyushu			
Tobata Co-operative Thermal Power Co., Inc.	9,000	50.0	Wholesale electricity supply
Fukuoka Clean Energy Co., Ltd.	5,000	49.0	Waste incineration and power generation business
Oita Co-operative Thermal Power Co., Inc.	4,000	50.0	Wholesale electricity supply
Kyudenko Corporation	7,901	24.6	Electric work
KYUSYU CRYOGENICS CO., LTD.	450	50.0	Manufacture and sales of liquid oxygen, liquid nitrogen and liquid argon
Kyuhen Co., Ltd.	225	35.9	Manufacture and sales of electrical equipment
Seishin Corporation	200	26.5	Sale of electrical equipment
Plazwire Co., Ltd.	50	100.0	Flame spray coating (painting) business
Nishikyushu Kyodo Kowan Co., Ltd.	50	50.0	Operation and maintenance of coal handling equipment
Kyuken Corporation	100	15.2	Construction and repair of transmission lines
Nishi Nihon Denki Tekkou Co., Ltd.	30	33.5	Design, production and sales of steel towers and steel conduits
Washiodake Wind Power Co., Ltd.	10	100.0	Sales of generated electric power
NISHIGI SURVEYING AND DESIGN CO., LTD.	10	100.0	Investigation, measurement, design, drafting and care of civil engineering/construction projects
Munakataasty Solar Power Co., Ltd.	10	100.0	Sales of electricity generated by solar power
Amami Oshima Wind Power Co., Ltd.	10	75.0	Sales of electric power from wind generation
Energy Business Overseas			
KYUDEN ILIJAN HOLDING CORPORATION	3 (Millions of U.S. dollars)	100.0	Investment in Ilijan IPP business company
Kyushu Tohoku Enrichment Investing SAS	103 (Millions of Euro)	50.0	Investment in uranium enrichment business
KYUDEN SARULLA PTE. LTD.	21 (Millions of Singapore dollars)	100.0	Geothermal power generation
Electricidad Aguila de Tuxpan, S.deR.L.deC.V.	641 (Millions of Mexico Pesos)	50.0	Power-generation activities using natural gas fuel
Electricidad Sol de Tuxpan, S.deR.L.deC.V.	493 (Millions of Mexico Pesos)	50.0	Power-generation activities using natural gas fuel
IT and Telecommunications			
RKKCS Software	10	100.0	Developments and sales of computer software
Environment and Recycling Business			
J-Re-Lights Co., Ltd.	275	100.0	Recycling of used fluorescent bulbs
Kyushu Environmental Management Corporation	80	98.1	Recycling of confidential documents
Lifestyle-oriented Services			
Kyushu Highlands Development Co., Ltd.	300	100.0	Management of golf courses
Kyushu Housing Guarantee Corporation	272	33.3	Housing and building assessments, security services affairs
Kyuden Shared Business Co., Ltd.	80	100.0	Accounting and personnel services
Kyushu Captioning Co-Production Center Inc.	60	78.3	Subtitle production for broadcasting
Kyuden Home Security Co., Inc.	30	97.5	Home security and monitoring business
Oak Partners Co., Ltd.	3	100.0	Real estate management

Outline of Kyushu Electric Power's History

Fiscal Year	Noteworthy events
1951	• Kyushu Electric Power is established.
1955	• The Kamishiiba Power Station, the first in Japan with an arch dam, becomes operational.
1956	• Unit 1 at the Karita Power Station (coal, 75,000 kW) becomes operational.
1957	• Kyushu Electric Power's Central Line (220,000 V), its first super-high-voltage transmission line, becomes operational. Thermal generation capacity exceeds hydroelectric capacity. • Unit 1 at the Omura Power Station (coal, 66,000 kW) becomes operational
1960	• Frequency unification is completed. Unit 1 at the Minato Power Station (coal, 156,000 kW) becomes operational.
1961	• Unit 1 at the Shin Kokura Power Station (coal, 156,000 kW) becomes operational.
1967	• The Otake Power Station (geothermal, 11,000 kW), Japan's first commercial geothermal generation facility, becomes operational. • Unit 1 at the Karatsu Power Station (coal, 156,000 kW) becomes operational, becoming Kyushu Electric Power's first generation facility with a control computer.
1969	• Unit 1 at the Oita Power Station (oil, 250,000 kW), Kyushu Electric Power's first facility designed to run exclusively on heavy fuel oil, becomes operational.
1970	• The provision of electric lighting to all homes is completed.
1973	• Unit 1 at the Ainoura Power Plant (coal, 375,000 kW) becomes operational.
1974	• Unit 1 at the Sendai Power Plant (coal, 500,000 kW) becomes operational.
1975	• Unit 1 at the Genkai Nuclear Power Plant (559,000 kW) becomes operational. • The Ohira Power Station, then Kyushu Electric Power's first pumped storagefacility (500,000 kW), becomes operational.
1977	• Unit 1 at the Hatchoubaru Power Station (geothermal, 23,000 kW) becomes operational. • Unit 1 at the Buzen Power Station (coal, 500,000 kW) becomes operational.
1980	• Kyushu Electric Power builds the Central and West Kyushu Substations (500,000 V) and raises the voltage on its Saga Line to 500,000 V. • The Electric Power Development Co., Ltd., begins operating the Trans-Kanmon Line (500,000 V).
1981	• Unit 1 at the Genkai Nuclear Power Plant (559,000 kW) becomes operational
1982	• The Kyushu Energy Center is opened.
1984	• Unit 1 at the Sendai Nuclear Power Station (890,000 kW) becomes operational.
1985	• Unit 2 at the Sendai Nuclear Power Station (890,000 kW) becomes operational.
1986	• Unit 1 at the Tenzan Power Station (300,000 kW), a large-capacity pumped-storage facility, becomes operational. • Kyushu Electric Power begins to use automatic control systems on its distribution lines.
1989	• Unit 1 at the Matsuura Power Station (coal, 700,000 kW) becomes operational.
1990	• Kyushu Electric Power achieves a zero outage record for work on high-and low-voltage facilities for the first time in Japan.
1991	• The No. 1 system at the Shin Oita Power Station (LNG, 690,000) becomes operational as Kyushu Electric Power's first combined-cycle power station.
1994	• Unit 3 at the Genkai Nuclear Power Plant (1,180,000 kW) becomes operational.
1995	• The Yamagawa Power Station (geothermal, 30,000 kW) becomes operational. • Unit 1 at the Reihoku Power Station (coal, 700,000 kW) becomes operational.
1996	• The Ogiri Power Station (geothermal, 30,000 kW) becomes operational. • The Takigami Power Station (geothermal, 27,500 kW) becomes operational.
1997	• Unit 4 at the Genkai Nuclear Power Plant (1,180,000 kW) becomes operational.
1998	• Kyushu Electric Power begins to operate a superconducting storage system as an electric power facility. It is the first of its type in Japan and one of the largest in the world.
2000	• The Genkai Energy Park is opened.
2001	• A loan agreement is signed for the Tuxpan II IPP project in Mexico. • The Kyushu Homeland Forestation Program is launched. • Unit 1 at the Karita Power Station (coal, 360,000 kW) becomes operational, Kyushu Electric Power's first pressurized fluidized bed combustion (PFBC) station.
2002	• Dedicated account managers are assigned to corporate customers.
2003	• The Koshikijima Wind Power Station (250 kW) becomes operational. • The Noma-Misaki Wind Park Station (3,000 kW) becomes operational.
2004	• The Omura Power Station is decommissioned. • The Minato Power Station is decommissioned.
2005	• The Goto Archipelago Link, Japan's longest sea-bed cable (53 km), becomes operational.
2006	• The Hatchoubaru Binary Power Station (2,000 kW), Japan's first commercial geothermal binary power station, becomes operational.
2007	• "Kyushu Electric Power's Mission" and brand message "Enlighten Our Future" are adopted.
2009	• Unit 3 at the Genkai Nuclear Power Plant, Japan's first pluthermal facility, becomes operational.
2010	• The Mega Solar Omuta, our first large-scale solar power generation station (3,000 kW), becomes operational.
2011	• Kyushu Electric Power closes its head office division and branches and established branch offices, a customer center, an electric power center and an internal combustion center.
2013	• The Kyushu Energy Center is closed. • The Oita Power Station is decommissioned.
2015	• Operations are halted at Unit 1 of the Genkai Nuclear Power Plant • The Karatsu Power Station is decommissioned.

Corporate Data

(As of March 31, 2015)

Company Overview

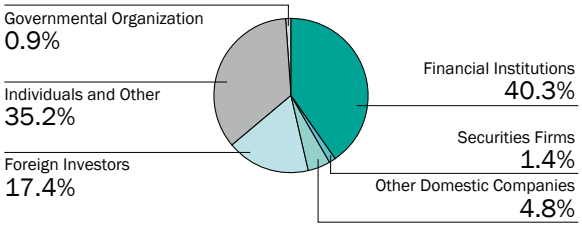
Trade Name	Kyushu Electric Power Company, Incorporated
Head Office	1-82, Watanabe-dori 2-chome, Chuo-ku, Fukuoka 810-8720, Japan Phone +81-92-761-3031
Tokyo Branch Office	7-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan Phone +81-3-3281-4931
Date of Establishment	May 1, 1951
Paid-in Capital	¥237,304,863,699
Number of Employees	13,148

Stock Information

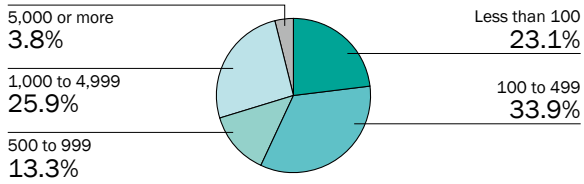
Total Number of Shares Authorized	1,000,000,000 Common stock 1,000,000,000 Class A preferred shares 1,000
Number of Shares Issued and Outstanding	Common stock 474,183,951 Class A preferred shares 1,000
Number of Shareholders	Common stock 163,189 Class A preferred shares 1
Shareholders' Meeting	June
Fiscal Year	From April 1 to March 31
Stock Listings	Tokyo Stock Exchange, Fukuoka Stock Exchange (Code: 9508)
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Accounting Auditor	Deloitte Touche Tohmatsu LLC

• Common stock

Composition of Shareholders (By Type of Shareholder)



Composition of Shareholders (By Number of Shares Held)



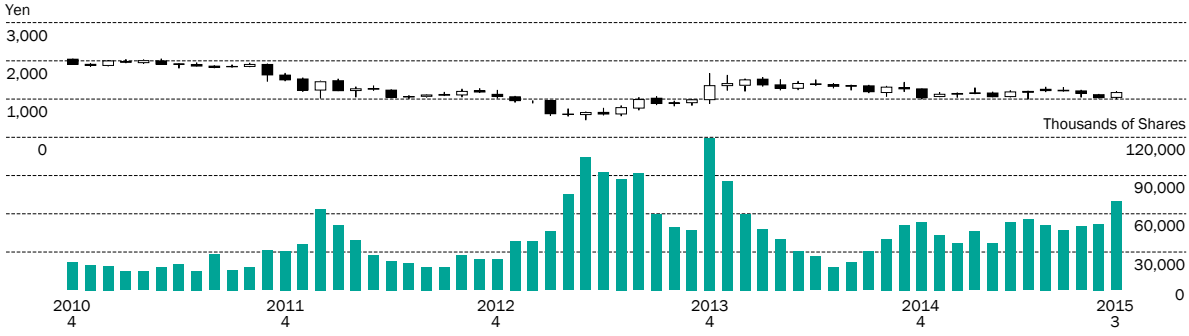
Major Shareholders

Name	Number of Shares Held (Thousands of Shares)	Shareholding Ratio (%)
Meiji Yasuda Life Insurance	22,882	4.8
The Master Trust Bank of Japan, Ltd. (trust unit)	21,577	4.6
Kochi Shinkin Bank	14,765	3.1
Nippon Life Insurance Company	14,763	3.1
Japan Trustee Services Bank, Ltd. (trust unit)	12,089	2.6
Kyushu Electric Power Co., Inc. Employees' Shareholding Association	10,116	2.1
Mizuho Bank, Ltd.	9,669	2.0
The Bank of Fukuoka, Ltd.	8,669	1.8
Sumitomo Mitsui Banking Corporation	8,480	1.8
THE BANK OF NEW YORK MELLON SA/NY 10 (Standing proxy: Settlement Business Department, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	5,930	1.3

• Class A preferred shares

Name	Number of Shares Held (Thousands of Shares)	Shareholding Ratio (%)
The Development Bank of Japan	1	100.0

Trends of Stock Price and Trading Volume



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