

ANNUAL REPORT 2012

Kyushu Electric Power Company

Rebuilding Bonds of Trust



KYUSHU ELECTRIC
POWER CO., INC.

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, the development of high speed information systems 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.

Presence of Kyushu

Snapshot of Kyushu

Area: **42,193** km²
(11.2% of Japan's total area)

Population: **13.23** million
(10.5% of Japan's total population)

Number of business sites: **612** thousand
(10.4% of all Japan's business sites)

GDP: **42.6** trillion yen
(8.8% of Japan's total GDP)

IC production value: **691.2** billion yen
(30.9% of Japan's total IC production value)

Automobile production: **1.32** million
(14.2% of Japan's total automobile production)

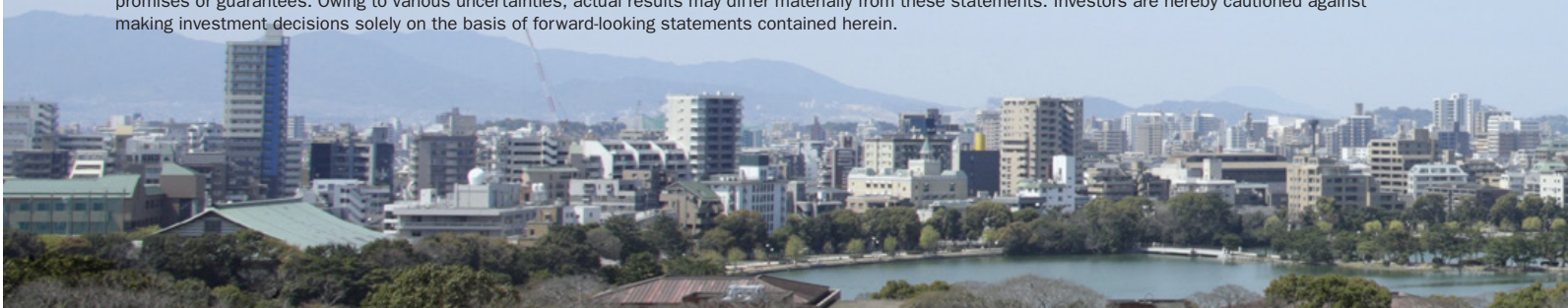


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Disclaimer Regarding Forward-looking Statements:

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.



Kyushu Electric Power's Mission “Enlighten Our Future”

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:



1 Steady and reliable, Earth-friendly energy.

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.



2 Services that truly satisfy.

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.



3 In company with Kyushu. And to Asia and the world.

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.



4 Discovering solutions, and putting them into practice.

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.



Kyushu Electric Power's Summary

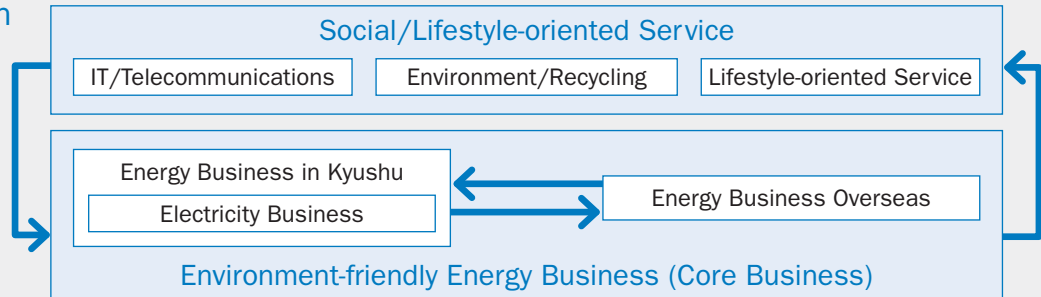
Our Business

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 Co., Ltd. is engaged in general electric power business activities.

The business domains of the Kyushu Electric Power Group comprise the core business domains of Environment-friendly Energy Business, and Social/Lifestyle-oriented Service, which includes the areas of IT and Telecommunications, Environment and Recycling, and Lifestyle-oriented Service.

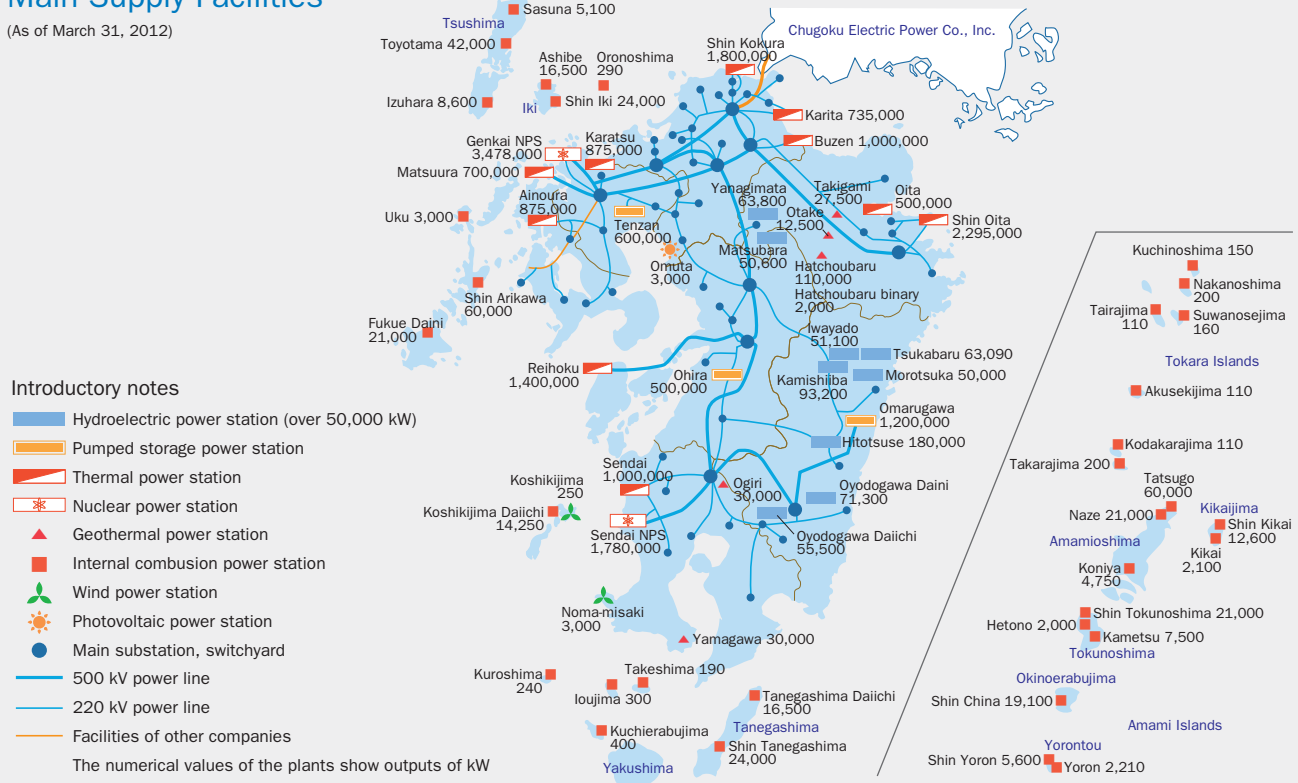
*As of March 31, 2012

Business Domain



Main Supply Facilities

(As of March 31, 2012)



Genkai Nuclear Power Station (Saga)



Reihoku Power Station (Kumamoto)



Omarugawa Power Station (Miyazaki)

Financial Highlights

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

For the Year:	Billions of Yen					Millions of U.S. Dollars
	2012	2011	2010	2009	2008	2012
Operating revenues	¥1,508.0	¥1,486.0	¥1,444.9	¥1,524.1	¥1,482.3	\$18,359
Operating income (loss)	(184.8)	98.9	99.7	84.7	105.5	(2,250)
Net income (loss)	(166.3)	28.7	41.8	33.9	41.7	(2,025)

	Millions of kWh				
Electricity sales volume	85,352	87,474	83,392	85,883	88,082
General demand	61,408	63,636	60,985	61,859	62,873
Large-scale industrial customers	23,944	23,838	22,407	24,024	25,209

At year-end:	Billions of Yen					Millions of U.S. Dollars
Total assets	¥4,428.0	¥4,185.4	¥4,054.1	¥4,110.8	¥4,059.7	\$53,909
Shareholders' equity*1	870.3	1,062.4	1,071.7	1,054.7	1,067.0	10,596
Interest-bearing debt	2,483.2	2,089.4	2,004.7	2,110.6	2,040.0	30,232

Per share of common stock:	Yen					U.S. Dollars
Basic net income (loss)	¥(351.80)	¥60.73	¥88.38	¥71.84	¥88.19	\$(4.28)
Cash dividends applicable to the year	50.00	60.00	60.00	60.00	60.00	0.60

Financial ratios	%				
ROA*2	(2.7)	1.5	1.6	1.3	1.7
ROE*3	(17.2)	2.7	3.9	3.2	3.9
Equity ratio	19.7	25.4	26.4	25.7	26.3

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥82.14 = U.S.\$1, the approximate rate of exchange at March 31, 2012.)

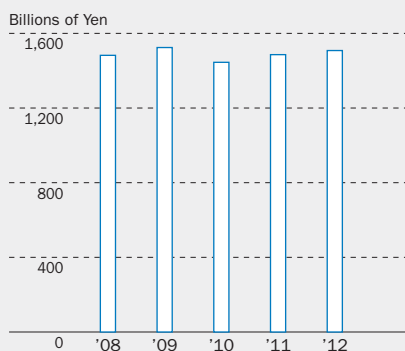
*1 Shareholders' equity = Equity - Minority interests

*2 ROA = After-tax operating income / Average total assets at beginning and ending of the fiscal year

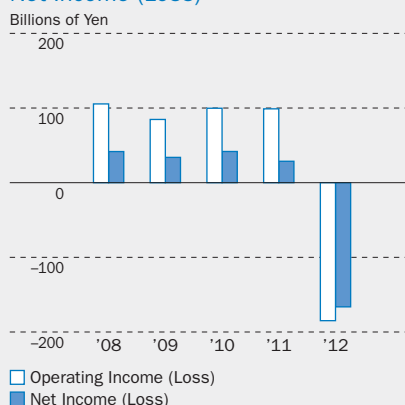
*3 ROE = Net income / Average equity at beginning and ending of the fiscal year

*4 The figures under one billion are rounded down.

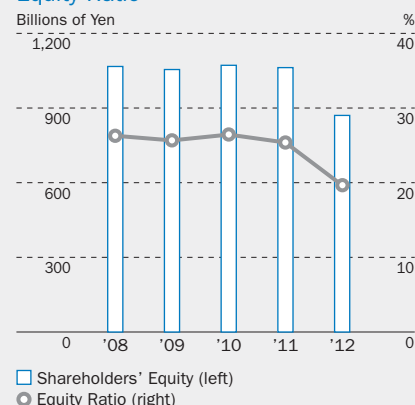
Operating Revenues



Operating Income (Loss)/ Net Income (Loss)

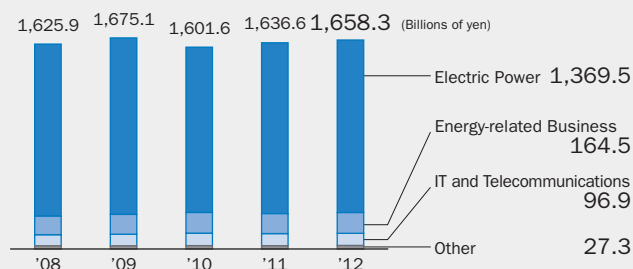


Shareholders' Equity/ Equity Ratio

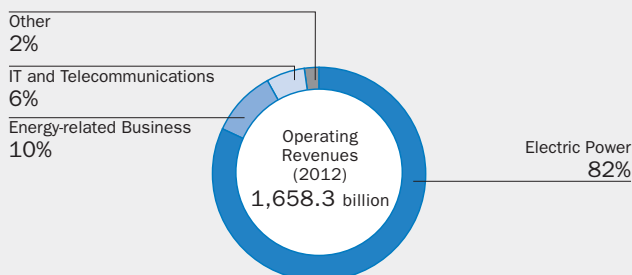


Segment Information (before eliminating internal transactions)

Operating Revenues



Revenue Share by Segment





From left
Masayoshi Nuki
Chairperson
Michiaki Uriu
President

Rebuilding Bonds of Trust

Even in the current difficult business environment, the Kyushu Electric Power Group will continue to be steadfast in fulfilling its social mission as an energy provider. In the future also, the Group will steadily make continued improvements in its corporate value in order to be worthy of the trust and confidence of all its stakeholders.

Kyushu Electric Power's brand message, "Enlighten Our Future," expresses our social mission as a responsible energy provider: to remain consistent in stably supplying electric power and energy to our customers.

We have been pursuing business activities that enable us to fulfill this mission in a sustained manner in line with our Mid-term Management Policy covering the period from fiscal 2009 to fiscal 2011, which is in turn based on our Long-term Management Vision.

Within this framework, the Great East Japan Earthquake occurred last year and caused extensive damage to the Japanese economy and society. Moreover, in the aftermath of the serious accident at Fukushima Daiichi Nuclear Power Station, a debate on the overall energy policy, including the direction to be taken regarding the use of nuclear power and the supply of energy, has been proceeding on a national level.

At this time, customer trust in Kyushu Electric Power was then seriously damaged by such incidents as our attempts to recruit positive opinions for a television program viewed by prefectural residents and sponsored by the Ministry of Economy, Trade, and Industry. We once again deeply apologize for the considerable worry and inconvenience we have caused our shareholders and investors.

In addition, the suspension of all nuclear power stations continues to cause a tight power supply, and as a result balancing revenues and expenses has become even more difficult for the Group.

Currently, in response to this extremely difficult business environment, the Group formulated the fiscal 2012 Management Policy in March 2012 for the purpose of clarifying pressing management issues and to promote Group-wide initiatives focused on resolving these issues. The Group is focusing on urgently resolving the following issues.

a) Efforts to Restore Trust

As the top priority, the entire Group is working together to regain the trust of our customers, shareholders, and all other stakeholders.

b) Ensuring Stability of Supply

In light of the tight power supply situation, we are striving to provide a stable supply of electric power through a variety of initiatives aimed at both power supply and demand.

c) Advancing Our Energy Management Response

Out of consideration to the extremely difficult business environment, the Kyushu Electric Power Group is united in making rigorous efficiency improvements in management, and in reducing costs.

As a result of the accident at Fukushima Daiichi Nuclear Power Station, the public has lost much of its trust in the safety of nuclear power stations. As a business involved in the generation of electricity by nuclear power, the Group takes this matter very seriously. From the perspective of ensuring energy security and preventing global warming, and with safety as a major precondition, the Group does not believe that the importance of nuclear power has changed.

As soon as it becomes clear what direction the national energy policy will take as regards the use of nuclear power and the supply of energy, the Group will respond in a proper manner.

At the same time, the Group is ensuring public confidence in nuclear power stations by moving forward with voluntary and ongoing measures aimed at further improving the safety and security of those stations.

To be worthy of the trust of all its stakeholders in the future, the Group will make continued improvements in its corporate value by developing business activities based on the perspective of CSR (corporate social responsibility), including by promoting compliance management and information disclosure, and by thoroughly instilling a spirit of safety-first.

Going forward, we ask for the understanding and support of all our shareholders and investors as we move toward our goals.

September 2012



Chairperson
Masayoshi Nuki



President
Michiaki Uriu

Profile

Chairperson Masayoshi Nuki

April 1968 Joined Kyushu Electric Power

June 2007 Director & Senior Managing Executive Officer
General Manager of Business Development Division and
Information & Communications Division

June 2009 Executive Vice President
General Manager of Customer Services Division

June 2010 Executive Vice President

April 2012 Chairperson (Current)

President Michiaki Uriu

April 1975 Joined Kyushu Electric Power

June 2009 Director & Senior Managing Executive Officer
General Manager of Thermal Power Generation Division

June 2011 Executive Vice President
General Manager of Thermal Power Generation Division

April 2012 President (Current)

Key Issues and Policies of Response

In March 2012, Kyushu Electric Power drafted two documents—Fiscal 2012 Management Policy and Fiscal 2012 Emergency Management Response—in an effort to cope with the exceptionally challenging operating environment. In this feature, we explain Kyushu Electric Power’s key issues and policies of response as outlined in Fiscal 2012 Management Policy, while answering questions and concerns posed by stakeholders.

1. Efforts to Restore Trust

On June 26, 2011, a television discussion program was held, open to the prefectural residents and sponsored by Japan’s Ministry of Economy, Trade and Industry, concerning the resumption of operations at nuclear power stations, Kyushu Electric Power made decisions in connection with this program that regrettably caused tremendous damage to the public trust. In this section, we answer your questions and concerns about the events and choices that led up to this scandal.

Comment from Stakeholders | “I want the management and every other employee to reform their mindset and take positive action to regain my trust.”

Supplemental Information

An external committee of experts was set up to investigate claims that Kyushu Electric Power employees, posing as members of the public, made prepared statements and opinions in the television discussion program for the general public sponsored by the Ministry of Economy, Trade and Industry (METI) on June 26, 2011, as well as claims of similar behavior at past symposiums on nuclear power. Following the investigation and an analysis of the underlying factors, the committee submitted a final report to Kyushu Electric Power on September 30, 2011. Recognizing the serious nature of this report, on October 14, 2011, Kyushu Electric Power submitted a report of its own to METI on the facts surrounding the claims and its response going forward (measures to prevent a recurrence).

Results and Facts Revealed by In-house and External Committee Investigations

■ Prepared statements of support for nuclear power at a television discussion program for the public held by METI

At a meeting with the governor of Saga Prefecture attended by several individuals, including the Executive Vice President in charge of nuclear power, the governor made statements related to the television discussion program for the public and prepared a memo. When the program was held, certain employees asked other employees and partner companies to post statements online in support of resuming nuclear power plant operations, which 151 employees eventually did.

■ Loaded questions during a public debate on pluthermal power sponsored by Saga Prefecture

Ahead of a public debate on safety and other issues concerning pluthermal power sponsored by Saga Prefecture on December 25, 2005, Kyushu Electric Power secured positions for its employees to ask questions at the forum, and provided them with questions to ask. As a result, seven of the eight questioners discussing nuclear power at the debate were Kyushu Electric Power employees.

■ Participation in and voluntary statements given at symposiums and other events concerning nuclear power

Kyushu Electric Power employees, partner companies and Company-related organizations were asked to participate and state some opinions at symposiums, public hearings and other events concerning the adoption of pluthermal power and expansion of Unit 3 at the Sendai Nuclear Power Station. However, although these participants independently expressed statements at the events at which they were present, the content of these statements or opinions was not decided at the request of Kyushu Electric Power.

Re:

How We Are Answering | We are promoting three initiatives to prevent a recurrence and rebuild bonds of trust.

We recognize that Kyushu Electric Power is confronting today the most challenging conditions it has ever faced. As stated in the Management Policy for the current fiscal year, we have clarified restoring trust, supply stability, and management rationalization as three priority issues. Kyushu Electric Power executives and the entire workforce are pooling their collective strength in an effort to address these issues and overcome the adversity we face.

As expressed in the brand message “Enlighten Our Future” contained within “Kyushu Electric Power’s Mission,” we are committed to remaining a company that supports the sustainable socioeconomic development of the Kyushu region through the stable supply of electric power. This requires first and foremost that we make every effort to rebuild the trust of our customers in Kyushu.

In light of the scandal involving prepared statements at the METI-sponsored televised public forum in June 2011 and other concerns, we established an external committee of outside experts that reinvestigated the facts, exposed the essence of the problems and the factors underlying them, and delved deeply into measures to prevent these problems from recurring. As a result of these actions, we learnt and recognized that the fundamental factor connecting this series of incidents was that Kyushu Electric Power failed to ensure highly transparent business operations from the standpoint of its customers amid rapid change in the environment surrounding nuclear power.

Consequently, we believe that in addition to timely and accurate information disclosure, including negative information

involving accidents, ethical violations and other issues that occur at the Company, it is important to ensure the transparency of our corporate activities by taking every available opportunity to deepen the public’s understanding of Kyushu Electric Power’s business activities through dialogue with customers.

We recognize that trust is something that is built gradually over time through communication with customers, all the while working diligently to make corporate activities more transparent and to improve the corporate culture.

The concept behind our initiatives going forward is not to recover the trust that was built in the past but to move ahead in rebuilding new bonds of trust that reflect the current interests and needs of our customers and the region, in light of the many changes in our environment today.

Rather than a 180° turnaround for the Company, our goal is to completely rebuild Kyushu Electric Power from the ground up, retaining only our sense of mission around supply stability and other positive elements. At the same time, we will hone our awareness of and sensitivity to customers to create a corporate culture in which it is common sense to be a company that is responsive to changes in its social environment. We will spend the time necessary for face-to-face conversations and a diligent commitment to proper business execution in order to rebuild trust in Kyushu Electric Power.

To prevent these kinds of incidents from reoccurring and to regain trust, we have recently established a team managed by the President that is focused on promoting our trust-rebuilding efforts. This team’s actions will fall under three



main rubrics—make corporate activities more transparent, improve our organizational climate, and redevelop our compliance and risk management structures.

Make Corporate Activities More Transparent

We will now introduce two initiatives that are designed to enhance the transparency of Kyushu Electric Power's corporate activities.

In the first initiative, we held dialogues with customers throughout the Kyushu region with two important purposes in mind. The primary purpose was to convey to the public our policy of extensive transparency in corporate activities, based on serious reflection over the series of incidents that occurred at Kyushu Electric Power. The secondary purpose of these dialogues was to explain the overall conditions at the Company, including our safety measures concerning nuclear power, with the opinions and requests expressed by the public to be reflected in the Company's future business activities. Most customers who attended seemed to find the meetings worthwhile, and were very proactive in sharing their opinions and requests. The frankness with which participants made their voices heard was evident in the comments offered, which ranged from very harsh to supportive of Kyushu Electric Power. The opportunity to get direct input from customers was extremely valuable. These opinions have been shared throughout the Company, and will be utilized in future business activities.

As a second initiative, we conducted a review of the organizational structure of our nuclear power operations, with the aim of improving the level of our operational transparency. One outcome was the establishment of a Power Generation Division through the amalgamation of the Nuclear Power Generation Division and the Thermal Power Generation Division. The



Discussion meetings with customers
(in Kagoshima)

decision to integrate with thermal power operations ensures a diversity of human resources and perspectives within the division, making it possible to further enhance operational transparency in nuclear power operations. At the same time, this move is expected to develop high-quality human resources with diverse perspectives thanks to personnel exchanges across both areas, and to deliver operational improvement and other benefits derived from the horizontal development of quality and safety assurance.

A second outcome of this initiative was the establishment of a division focused on conducting communication regarding nuclear power. Functions once vested in the Nuclear Power Generation Division, namely regional responses related to nuclear power and publicizing of information, have been transferred to the new division to ensure accurate responses to regional government and communities, as well as accurate information disclosure, take place in line with informational needs with respect to nuclear power. Our meticulous level of responsiveness will include immediately contacting nearby regional governments should any trouble arise at our power plants, along with meetings to explain about nuclear power to local residents.

The Power Generation Division will thus specialize in the operation and technological responses related to our nuclear power plants. The Nuclear Power Communications Division, meanwhile, will work to develop regional responses related to nuclear power plants and to disclose information more vigorously and accurately than ever before. Together, these efforts



will culminate in improved transparency around our nuclear power operations.

Improve Our Organizational Climate

To improve the corporate culture at Kyushu Electric Power, all parts of the organization have established workshops as opportunities to discuss issues pertaining to the organizational climate and the directions to be taken with improvements. We are also upgrading and enhancing the content of our job-based training programs in order to revitalize communication between supervisors and subordinates and sharpen the managerial skills of our managers.

It is critically important to have a well-developed chain of command in place when an incident happens. With that said, a company cannot grow if its employees are virtual automatons that do whatever they are told and are unable to decide right from wrong for themselves. We want to create an organizational climate where people think carefully what they can do and steadfastly act on it, and can independently take action and work with the other members of the organization in the workplace.

Redevelop Our Compliance and Risk Management Structures

We are reviewing and developing our compliance structure, and are already taking two steps to revise it. First, we are strengthening the functioning of the Compliance Committee, including the ability to promptly report to outside committee members and to receive appropriate advice from an outside perspective, when a scandal or other event arises with a potentially large social impact. Second, we are appointing personnel responsible for compliance at all Company branches to continuously foster a compliance consciousness among employees.

At the same time, to ensure a prompt and accurate response when a crisis occurs, we have enhanced our risk management structure by newly establishing both a risk management officer (an Executive Vice President) and also making a general manager position responsible for risk management. In addition to ensuring that initial judgments and detailed responses made after a crisis are both faster and stronger, we have strengthened our support structure by obtaining the cooperation of outside specialists. In parallel, we established a division headed by the President that oversees risk management-related countermeasures when unforeseen events materialize. Under this arrangement, the President, as the executive responsible for all risk management responses, can monitor from a clear overall vantage point how situations are unfolding, make efforts to respond to them, and provide guidance as needed.

Furthermore, we have newly established the Risk and Crisis Management Countermeasures Meeting, and are strengthening both our functionality for promoting the management cycle of risk and crisis management, and also our information-sharing and response capabilities that we will draw upon if a crisis actually occurs. In this context, the request to cut electric power consumption this summer was surely a cause of significant discomfort for our customers. In fact, the recognition that this was the most serious crisis that Kyushu Electric Power has ever faced is what prompted the launch of the aforementioned Risk Management Countermeasures Division. We are convinced that the key to risk management is to be aware of probable risks before they emerge. Therefore, this division will not only identify any incidents that may require a response in the future, it will also work first and foremost to consider ways to prevent such incidents from materializing, as well as formulate response options in the unlikely event that such incidents actually occur.

Details of Main Revisions to the Compliance Promotion System

Revision	Details	Implementation
Revised the Compliance Action Guidelines	<ul style="list-style-type: none"> ■ Added guidelines prohibiting the mobilization of personnel and the calling for making of statements in opposition to the purport of symposiums, explanation meetings, etc. ■ Added guidelines regarding initiatives for building sound relationships with local government. ■ Added response (cooperation with investigations, etc.) a new section about the necessity of the prompt reporting of facts and of cooperation with relevant parties when misconduct occurs. 	April 2012
Strengthened the functions of the Compliance Committee	Strengthened the committee's functions, including the ability to receive advice from outside members, in the case of misconduct or another act that has a large social impact.	May 2012
Designated a single department with jurisdiction for compliance	In order to clarify responsibility and proactively promote company-wide compliance management, we have designated a single department with jurisdiction for compliance. (Previously, responsibility for compliance promotion was divided among the District Symbiosis Division, the Human Resource Vitalization Division and the Management Administration Division. The Regional Cooperation Department now has full responsibility for compliance promotion.)	July 2012
Established compliance organizations in all branch offices	We established the position of compliance branch area officer, with the aims of fostering continued compliance awareness among employees (through education and training) and bolstering the ability to spot signs of misconduct (by establishing a point of contact for inquiries).	July 2012

2. Ensuring Stability of Supply

(1) Further increase trust in and ensure safety and peace of mind with respect to nuclear power stations.

The serious accident that occurred at the Fukushima Daiichi Nuclear Power Station owned by Tokyo Electric Power Company, Incorporated has raised concerns about the use of nuclear power and questions about how to supply energy. In this feature, we respond to your comments regarding the management of Kyushu Electric Power's nuclear power plants.

Comment from Stakeholders | “Now that trust in the safety of nuclear power has been so badly shaken, I want Kyushu Electric Power to show that it puts safety first.”

Supplemental Information

The ability to safely shut down a nuclear reactor, cool the fuel with water, and seal off radioactive material is essential to ensuring nuclear power plant safety.

At the Fukushima Daiichi Nuclear Power Station, the nuclear reactor successfully shut down when the earthquake struck. However, the tsunami that hit soon after, which was far larger than anyone had imagined, flooded the emergency diesel generators, seawater pumps and other equipment, causing all electric power to be lost. This subsequently caused the supply of water for cooling to fail.

With the fuel unable to be cooled, the radioactive material ultimately could not be properly sealed off, resulting in an accident.

Safely **SHUT DOWN**
nuclear reactor

Use water to **COOL**
fuel

SEAL OFF
radioactive material

This could not be done due to the power loss caused by tsunami

Learning from the accident at the Fukushima Daiichi Nuclear Power Station, Kyushu Electric Power enacted emergency safety measures that will allow the nuclear reactor and the storage pool for spent fuel to be continuously cooled even in the event of a complete loss of electricity due to a tsunami. Power plants will also maintain the ability to cool using seawater, and the ability to cool the storage pool for spent fuel.

[Emergency Safety Measures]

1. Safeguard power sources

- Deploy high-voltage generator trucks
- Implement measures to restore external power sources



2. Safeguard pumps, etc. for transporting coolant water

- Deploy temporary pumps and hoses
- Measures to prevent flooding of vital equipment areas



3. Safeguard coolant water

- Safeguard water resources



[Conduct emergency safety practice drills]



Practice drill on supplying power with high-voltage generator trucks



Practice drill on supplying coolant water with temporary pumps

[Conduct practice drills on restoring external power sources]



Practice drill on supplying power using mobile equipment



Practice drill on temporary restoration of pylons, etc.

Re:

How We Are Answering | We are taking voluntary, ongoing steps to ensure trust in nuclear power, with our sights set on achieving even greater safety and enhanced reliability.

Kyushu Electric Power has enacted appropriate emergency safety measures, with the Japanese government verifying that we can ensure the level of safety necessary to prevent damage to the reactor core.

Furthermore, a stress test (primary evaluation) performed confirmed that emergency safety measures have improved the safety of our nuclear power plants, which are now being inspected by the government.

The voluntary and ongoing promotion of initiatives aimed at enhancing safety and reliability even further are indispensable to ensuring public trust in nuclear power. Today, in light of technological insights emphasized by the Japanese government and other lessons gained from the accident at the Fukushima Daiichi Nuclear Power Station, we are moving forward with measures for attaining greater safety and reliability.

Stress Test (Primary Evaluation) Results

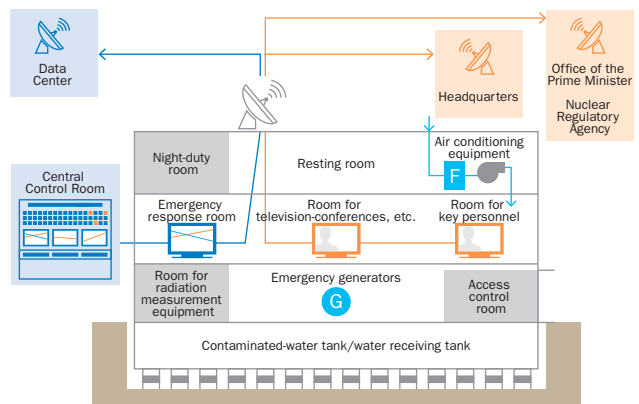
A stress test is a type of evaluation that tests the extent to which a nuclear power plant can withstand earthquakes and tsunamis that surpass its original design parameters.

For stresses that exceed the original estimates (earthquakes and tsunamis), we have confirmed that our facilities can withstand earthquakes that are 1.61 to 1.89 times stronger than the standard for a seismic event, and tsunamis between 13.0 to 15.0 meters high, without losing the ability to cool fuel.

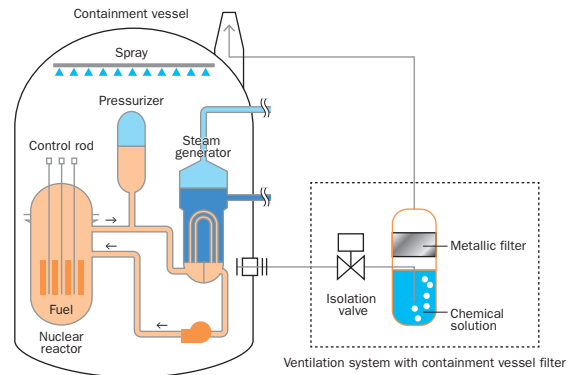
Similarly, we have confirmed that fuel at our facilities can be continuously cooled for between approximately 65 to 104 days without any outside assistance. This means that there is ample time for outside assistance to arrive should it be needed.

Initiatives for Achieving Greater Safety and Reliability

■ Constructing new buildings with a seismic isolation structure (tentatively by fiscal 2015)



■ Installation of ventilation systems with containment vessel filters (tentatively by fiscal 2016)



Scenario Evaluating Loss of All AC Current

	Reactor No.	Fuel Location	Time That Fuel Can Be Continuously Cooled Without Outside Assistance	
			Before emergency safety measures	After emergency safety measures
Genkai Nuclear Power Station	No. 1	Reactor	Approx. 5 hours	Approx. 65 days
		Spent fuel storage pool	Approx. 2.6 days	
	No. 2	Reactor	Approx. 5 hours	
		Spent fuel storage pool	Approx. 2.7 days	
No. 3	Reactor	Approx. 5 hours		
	Spent fuel storage pool	Approx. 2.2 days		
No. 4	Reactor	Approx. 5 hours		
	Spent fuel storage pool	Approx. 2.3 days		
Sendai Nuclear Power Station	No. 1	Reactor	Approx. 5 hours	Approx. 104 days
	No. 2	Spent fuel storage pool	Approx. 1.8 days	

2. Ensuring Stability of Supply

(2) Supply-demand measures for summer 2012

The suspension of nuclear power station operations prompted concerns about power supply stability among a growing number of customers. In this section, we present an overview of measures implemented by Kyushu Electric Power to cope with supply and demand in summer 2012.

Comment from Stakeholders | “I want Kyushu Electric Power to be able to unwaveringly supply power that we can depend on in daily life.”

Supplemental Information

In summer 2012, all of Kyushu Electric Power’s nuclear power stations remained shut down. Under these trying circumstances, we made every imaginable effort to ensure we could maintain our ability to supply power, from procuring additional fuel and readjusting maintenance schedules for thermal power stations that were replacing lost nuclear power, to restarting long-suspended operations at thermal power stations and purchasing power from other utilities.

[Supply Capacity Measures Enacted from the Planning Stages]

■ Readjustment of Scheduled Maintenance Shutdown for Thermal Power Stations

- Periodic inspections for five oil-fired thermal power stations postponed until fall 2012 or later (500,000 kW x four, 375,000 kW x one)
- Postponement of construction to upgrade Gas Turbine 1 (100,000 kW) at Shin-Oita Power Station Unit 1

■ Restarting of Long-suspended Operations at Thermal Power Stations

- Restarted Karita Power Station Shin-Unit 2 (375,000 kW, 40-year history), scheduled for permanent shutdown at the end of fiscal 2011



■ Installation of Emergency Power Facilities

- Installed a diesel generator (4,000 kW) at the Buzen Power Station



- Utilized mobile power-generating equipment for a remote island (3,000 kW)

■ Procurement of Additional Thermal Power Fuel

■ Receiving Power from Other Companies

- Received power through planned arrangements with other utilities
- Received power from entities generating surplus electricity

Re:

How We Are Answering | Kyushu Electric Power and its employees are united in an all-out effort to ensure future power supply stability.

For summer 2012, we devised a scenario that envisaged similar cooperation in conserving electric power from customers as in 2011 (7% reduction over 2010), and assumed temperatures comparable to the intense summer heat of 2010. Even so, our projections predicted supply shortfalls and a very challenging power supply-demand picture.

The situation was projected to be tightest from July 2 to September 7, 2012. For this reason, we asked for customer cooperation in targeting a reduction of 10% or more in their weekday power consumption for this period (excluding a traditional weeklong summer holiday) over their maximum usage in 2010. As a final option should any unlikely events arise, we also prepared for scheduled power outages. These measures, though necessary, undoubtedly caused a great deal of worry and concern for our customers.

Under these conditions, maximum power demand for the summer, excluding the effects of temperatures during the period, fell by around 10% from two years earlier, thanks in large part to the conservation efforts of our customers. In terms of supply, no major obstacles emerged thanks to power received through the support from other utilities and our efforts to procure power on the open market, together with other actions taken to secure additional supply capacity.

At this point, we would like to express our gratitude to all our stakeholders for their cooperation in conserving electricity. Looking ahead, the employees of Kyushu Electric Power are committed to doing their very best to ensure the stable supply of power in the future.

[Measures for Additional Supply Capacity Based on Power Supply-Demand Conditions]

- Receipt of additional power allotment from other utilities
- Procurement of power on the open market

[Measures to Reduce Demand During Periods When Conservation is Requested]

- Request for cooperation in conserving electricity
- Expansion of contracts for summer planned adjustments
- Adoption of menu of additional steps to reduce demand



2. Ensuring Stability of Supply


(3) Proactive development and introduction of renewable energy sources

As national-level debate around general energy policy rages on, more attention is being given to the development of renewable energy sources. The following is a brief introduction to how Kyushu Electric Power is answering the call with regard to renewable energy development.

Comment from Stakeholders | “I would like to see Kyushu Electric Power take assertive steps to develop renewable energy sources.”

Supplemental Information

Kyushu Electric Power is relatively far along in the adoption of solar, wind and geothermal power compared to other utilities in Japan. We proactively develop and introduce renewable energy sources, including biomass and hydropower.

	Total Output of Facilities (10,000 kW)	Explanation
 Nagashima Wind Hill Co., Ltd.	41 (6.7)	Along with vigorously promoting the development of wind power generation with Group companies, we purchase power from wind farm operators to obtain a total capacity of 410,000 kW (approx. 15% of Japan's total wind power output).
 Mega Solar Omuta Power Station	74 (0.5)	Together with the installation of solar power equipment at former plant sites and business sites, we began purchasing power mainly for residential use with the launch of a system in Japan for the purchase and sale of surplus power in November 2009. Our total capacity is 740,000 kW (approx. 20% of Japan's solar power output).
 Hitotsuse Power Station	183 (128)	We are aggressively developing hydroelectric power together with a careful consideration for the surrounding environment, and now have 1.83 million kW of hydroelectric capacity (excluding pumped hydroelectric storage power generation).
 Hatchoubaru Geothermal Power Station	21 (21)	Kyushu is rich in geothermal resources. Accordingly, our total geothermal power output is 210,000 kW (approx. 40% of Japan's total geothermal power output). Geothermal power generation is centered on the Hatchoubaru Geothermal Power Station (110,000 kW), the largest power plant of its kind in the country.
 Miyazaki Biomass Recycle Co., Inc.	25 (4)	In addition to our own power generation using materials such as poultry manure, woodchips and garbage as fuel, we purchase surplus power from producers of power from biomass and waste products, obtaining a total capacity of 250,000 kW.

*Figures in parentheses are the total output of Kyushu Electric Power and Group company facilities Results at end of fiscal 2011

Re:

How We Are Answering | We are firmly committed to moving ahead with the development and adoption of a variety of renewable energy sources, and have steadily made much progress.

Kyushu Electric Power has moved ahead in the development and adoption of renewable energy sources from the standpoint of utilizing domestic energy sources more effectively, and taking advantage of sources manifesting a superior performance in the fight against global warming.

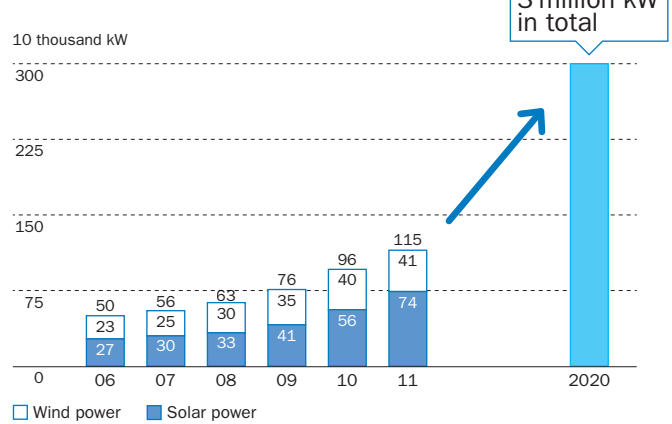
For two such energy sources, wind and solar, we aimed in the previous fiscal year to achieve combined capacity for all our facilities of 2.5 million kW by fiscal 2020. However, in light of the increase in residential solar power and the adoption of a feed-in tariff power purchase and sales system in Japan, we have upwardly revised this aim to 3 million kW.

For wind power generation, in a bid to expand the volume of electricity available, from May 2012 we began accepting applications to feed in to the power grid on an as-needed basis. Previously, the number of applications was set, and they were accepted once annually, with participants chosen from the pool of applicants at random.

For solar power generation, Group company Kyuden Ecosol Co., Ltd. is developing a mega-solar power station (13,500 kW) on the former site of the Omura Power Station in Omura City, Nagasaki Prefecture. The new power station is slated to begin operating in spring 2013.

In hydroelectric power generation, while the development of our large-scale hydroelectric sites is nearly complete, we remain committed to studying the feasibility and development of future hydroelectric capacity, taking economic potential, site location and other factors into account. We are also installing

Our capacity outlook for wind and solar power



Figures include our own development efforts and purchases from other companies.

a hydropower plant and providing technical support for it using river maintenance flow discharge resources.

Geothermal power generation is the most stable renewable energy source that is able to supply electricity over the course of a year. We are conducting studies and gathering information for the development of new sites, including examining local conditions at promising locations, after considering factors such as technological challenges, economic potential, and the site environment.

In biomass power generation, we are processing sewage sludge and converting it to fuel. From fiscal 2013, we plan to begin co-combusting this material with coal at our Matsuura Power Station.



3. Advancing Our Emergency Management Response

In response to the extremely difficult business environment, the Kyushu Electric Power Group will unite in making rigorous efficiency improvements in management, and in reducing costs. In this section, we respond to comments from stakeholders who want improved profitability from Kyushu Electric Power.

Comment from Stakeholders | “The mission of every power utility is to stably supply safe and affordable power, so I would like to see Kyushu Electric Power work to cut costs further.”

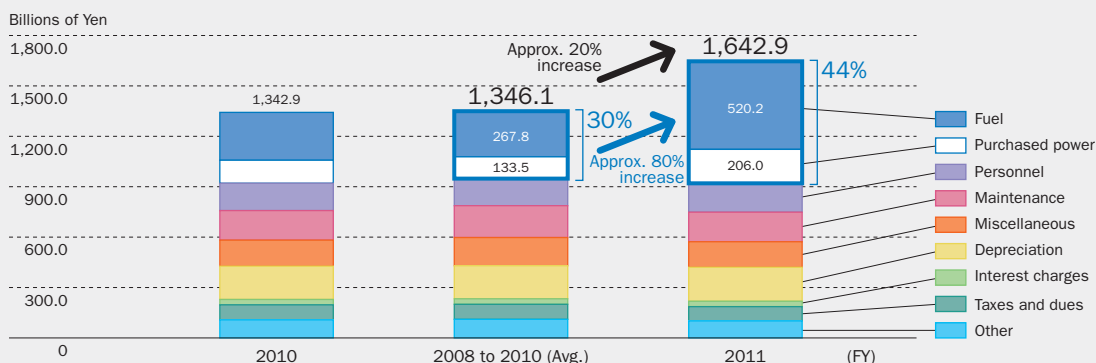
Supplemental Information

A number of factors, including delays in the resumption of nuclear power plant operations, triggered a jump in thermal power fuel costs in the year ended March 31, 2012 (fiscal 2011). This caused ordinary expenses (non-consolidated) to climb by roughly 20%, or around ¥300.0 billion, compared to the average for the years from fiscal 2008 to fiscal 2010. The increase was especially evident in costs for fuel and purchased power, which rose by approximately 80%, lifting the percentage of ordinary expenses accounted for by these items from 30% to 44%.

Maintenance costs in fiscal 2011 were largely unchanged from the previous fiscal year at ¥176.0 billion. Along with a review of the facility inspection and a maintenance checklist to enhance efficiency, we responded to rising fuel costs and other items by minimizing the suspension, deferral and scale of maintenance work performed. These and other efforts overcame the impact of measures needed for aging facilities and other factors that have been driving higher costs.

Miscellaneous costs declined ¥3.1 billion year on year to ¥152.0 billion. Greater overall operational efficiency was gained largely by means of reviewing systems development and the scope of subcontracting. Additionally, costs were lowered through assertive efforts to minimize the suspension, deferral and scale of costs, particularly for advertising promoting the spread and development of all-electric homes, subcontract fees, and research and development activities.

Ordinary Expenses (Non-consolidated)



Re

How We Are Answering

As an emergency management measure for fiscal 2012, the Group is working to achieve a ¥120 billion reduction in costs from last year's business plan.

Today, operations remain suspended at all of Kyushu Electric Power's nuclear power stations. Furthermore, the timetable for when operations will resume remains unclear. In this situation, several costs are nevertheless set to rise even further. In addition to greater thermal power fuel costs, these include an increase in the general dues payable to the Nuclear Damage Facilitation Fund and costs for nuclear safety measures, as well as higher interest charges accompanying an increase in bank loans. Consequently, the conditions for profitability are likely to become even more difficult going forward.

In consideration of increasing costs, the Group will work together to conduct sufficient risk analysis on expenses and investments; ensure safety, compliance with laws and regulations, and a stable power supply; and make thorough efficiency improvements and cost reductions, including carrying out short-term measures such as deferring expenses.

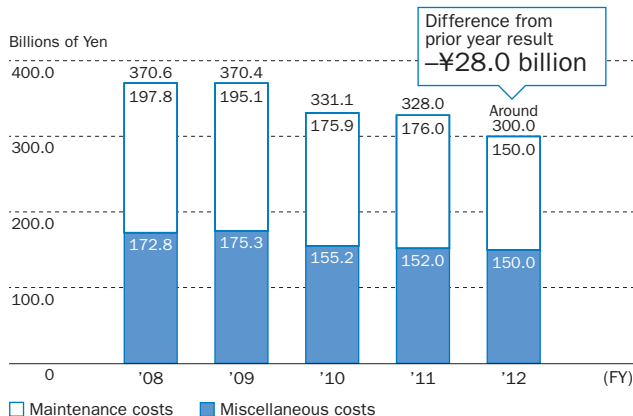
As an emergency management measure for fiscal 2012, the Group has been working to effect a ¥120 billion reduction from last year's business plan. We are both working steadily to achieve this reduction and we are also examining emergency management measures in more detail.

Overview of Fiscal 2012 Emergency Management Response

*Reduction represents the difference from the previous year's plan

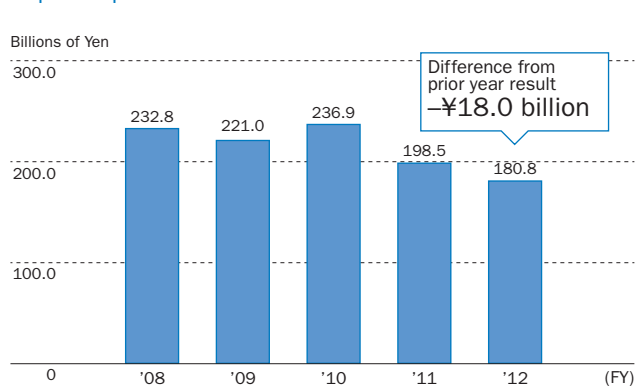
Category	Key Items and Reductions
Expenses	
Maintenance costs	•Cut or defer after evaluation of risk all items not related to safety or legal compliance, or that do not immediately impact supply stability (-¥35.0 billion)
Miscellaneous costs, others	•Cut miscellaneous costs, including subcontract fees, research and development costs, electricity sales-related expenses, advertising costs, training costs, donations, and industry-group membership fees •Cut executive compensation, review benefit packages, and reduce overtime work and other personnel costs •Cut transportation costs, reduce fuel costs by expanding purchase of heavy oil from overseas and adopting use of low-grade coal, and cut cost for power purchased from other companies (-¥20.0 billion)
Total costs	-¥55.0 billion
Investment	
Capital expenditures, others	•Cut or defer after evaluation of risk all items not related to safety or legal compliance, or that do not immediately impact supply stability •For other investments, defer all items not related to investment in upstream fuel interests, and make other efforts to safeguard supply capabilities
Total investment	-¥65.0 billion
Total reductions	-¥120.0 billion

Maintenance and Miscellaneous Costs



*Results for 2008 to 2011, plan for 2012

Capital expenditures



*Results for 2008 to 2011, plan for 2012

Operational Management

Corporate Governance

Basic Stance on Corporate Governance

We aim to generate sustainable value for all stakeholders in keeping with “Kyushu Electric Power’s mission,” engaging in operations that are socially meaningful from a long-term perspective. It is a top management priority to strengthen corporate governance to ensure that we do business properly. The Board of Directors and the Board of Corporate Auditors oversee corporate governance. Directors handle monitoring while executive officers focus on implementation. We undertake ongoing efforts to strengthen our oversight and compliance management systems, and have formulated our basic internal control policy to maintain healthy management.

Board of Directors

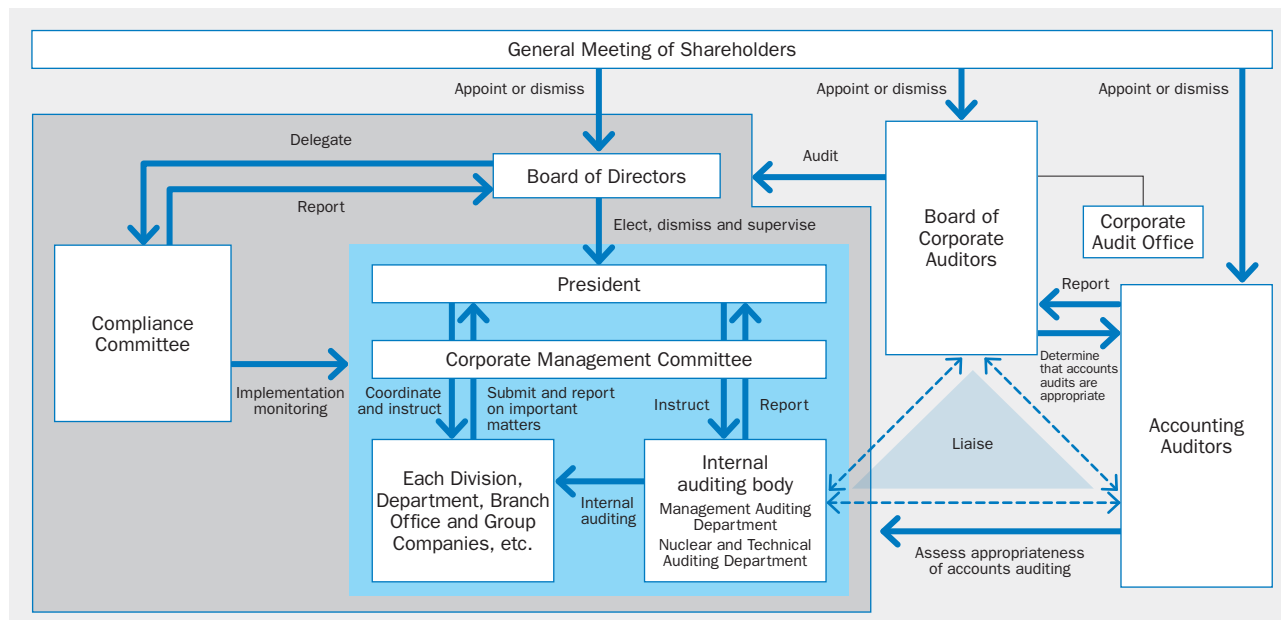
In principle, the Board of Directors meets monthly or as otherwise necessary to decide on important corporate management matters and monitor implementation. In the fiscal year ended March 31, 2012, the Board of Directors met 17 times. In order to heighten the effectiveness of its oversight functions, 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. 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, 2012, the Board of Corporate Auditors met 16 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 one 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 Controls (Financial Reporting)

In order to ensure the reliability of financial reporting, the Company properly operates internal controls governing financial reporting and establishes systems to make corrections as required. 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.

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 leads 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.

In addition, we have established 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.

Internal Auditing

We have set up an internal auditing body (Management Auditing Department) 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) 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.

Board of Directors and Auditors



Masayoshi Nuki
Chairperson



Michiaki Uriu
President



Yoshinori Fukahori
Executive Vice President



Haruyoshi Yamamoto
Executive Vice President



Masanao Chinzei
Executive Vice President



Kenji Tsugami
Executive Vice President

Chairperson

Masayoshi Nuki

President

Michiaki Uriu

Executive Vice Presidents

Yoshinori Fukahori
Haruyoshi Yamamoto
Masanao Chinzei
Kenji Tsugami

Directors

Tomoyuki Aramaki
Soujuu Hirata
Hiroshi Oshima
Masayuki Yamasaki
Tomio Naito
Seiichi Sakaguchi
Naofumi Satou
Kazuhiro Izaki
Toru Yoshizako
Hideomi Yakushinji
Akiyoshi Watanabe
(External Director)

Senior Corporate Auditor

Shinji Yasumoto

Corporate Auditors

Shigeru Matsui
Tsuyoshi Ono
Keiko Hieda
(External Corporate Auditor)
Toshifumi Yada
(External Corporate Auditor)
Yoshio Utsumi
(External Corporate Auditor)

CSR Management

Promoting Compliance Management

Promotion System

Kyushu Electric Power has a Compliance Committee, which is chaired by the president. This committee appoints the heads of implementation bodies as compliance officers to ensure Company-wide compliance management. We have also set up internal and external (attorney's office) compliance consulting desks that work collectively as an internal reporting (whistle-blower) system.

Regarding the compliance promotion system for the Group, we have set up the Group CSR Subcommittee. In addition, each Group company has a compliance committee, consultation desks and other compliance structures.

Compliance Committee

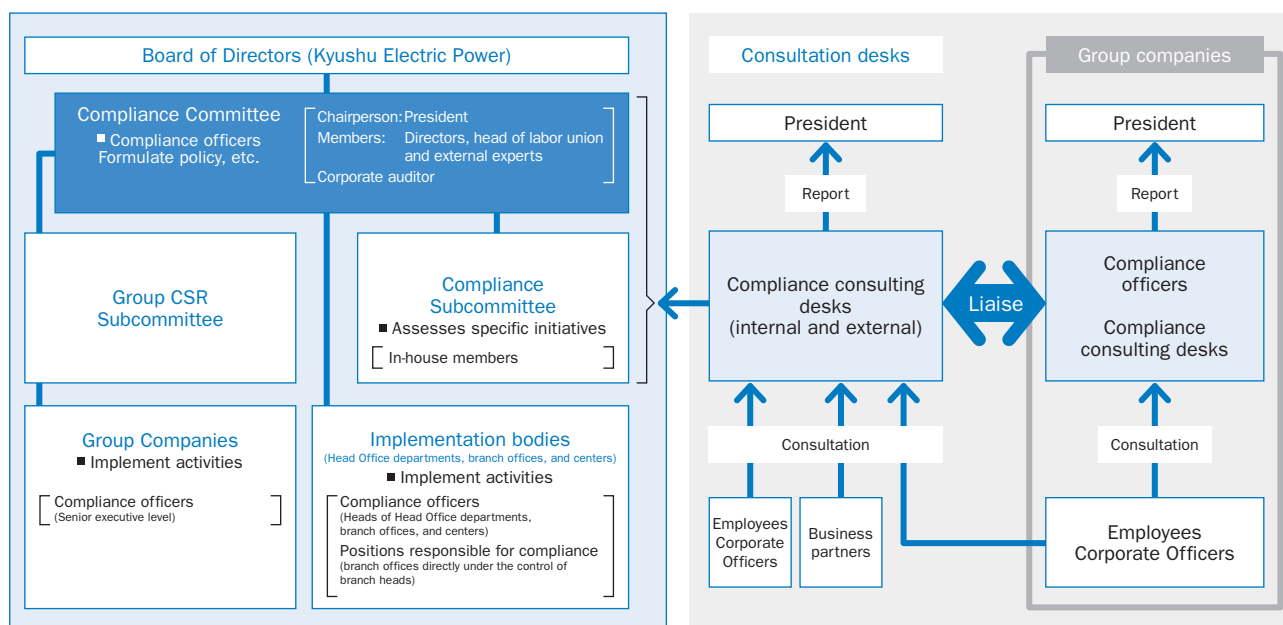
The Compliance Committee offers advice on basic policy and responses regarding compliance management, including legal compliance and improving corporate ethics, and also discusses and monitors implementation.

The president chairs this body, whose members include directors, the chairperson of the Company's labor union and external experts. This committee works to ensure neutrality, transparency and objectivity.

Compliance Action Guidelines

The Compliance Action Guidelines serve as a touchstone for all corporate officers and employees to enable them to choose to act in a way that is in step with social norms. It contains points to remember in maintaining relationships with customers, shareholders, investors and other stakeholders, as well as specific examples of problematic acts.

Compliance Management Promotion System



Promoting Environmental Management

Kyushu Electric Power Group Environment Charter

We created the Kyushu Electric Power Group Environmental Charter to clarify our commitment to environmental management.

Kyushu Electric Power Group Environment Charter Pursuing environmentally friendly corporate activities

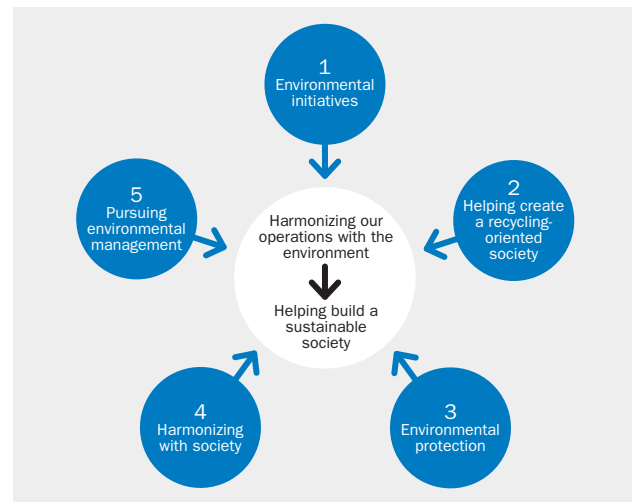
The Kyushu Electric Power Group undertakes initiatives to preserve and harmonize with the global environment to contribute to the development of sustainable society.

1. We strive to properly address environmental issues and use resources effectively while pursuing business activities that lead toward the future.
2. We work with society to engage in initiatives that enhance the environment.
3. We foster interest in conservation in keeping with our desire to earn customer trust for the Group.
4. We proactively disclose environmental information when communicating with society.

Kyushu Electric Power Group Environmental Action Plan

The Kyushu Electric Power Group Environmental Action Plan includes five environmental conduct policies—environmental initiatives, helping create a recycling-oriented society, environmental protection, harmonizing with society, and pursuing environmental management—environmental goals, and specific environmental conduct plans.

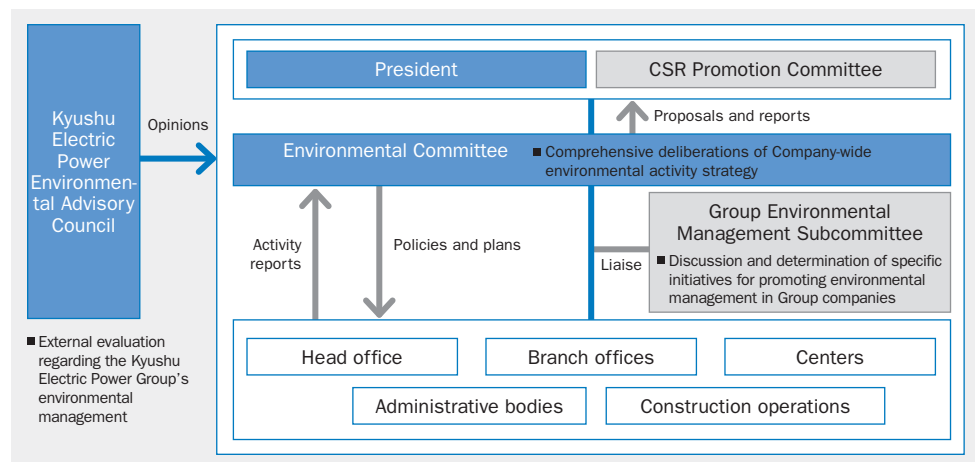
Environmental Conduct Policies



Promotion System

We have established a framework that ties directly to management and created an evaluation body of external experts.

Environmental Management Promotion System (As of July 31, 2012)



Initiatives to Curtail CO₂ Emissions

CO₂ emissions per kWh of electricity sold for fiscal 2011 were 0.503 kg-CO₂*. This represented a 16% increase compared with fiscal 1990, the benchmark year for the Kyoto Protocol. CO₂ emissions totaled 43 million metric tons, up 12.5 million metric tons from fiscal 2010.

These increases were due to a large increase in thermal power generation, mainly as a result of delays restarting operations at nuclear power plants.

While it will be extremely difficult to achieve our CO₂ reduction goal, we will continue to do our best.

* Provisional figure; the government will officially announce the actual figure based on the Act on Promotion of Global Warming Countermeasures.

Kyushu Homeland Forestation Program

The Kyushu Homeland Forestation Program was launched in fiscal 2001 to commemorate our 50th anniversary, with a target of planting 1 million trees over 10 years. This target was achieved in fiscal 2010, the 10th year of the program.

We are continuing to run the Kyushu Homeland Forestation Program from fiscal 2011 onwards, with the aims of contributing to the realization of a low-carbon society and preserving biodiversity. In fiscal 2011, with the cooperation of around 7,000 people, we planted approximately 48,000 trees under the program in 34 locations, as well as cut underbrush.

That means in the 11 years the program has been running approximately 1.14 million trees have been planted in total, by some 136,000 people.

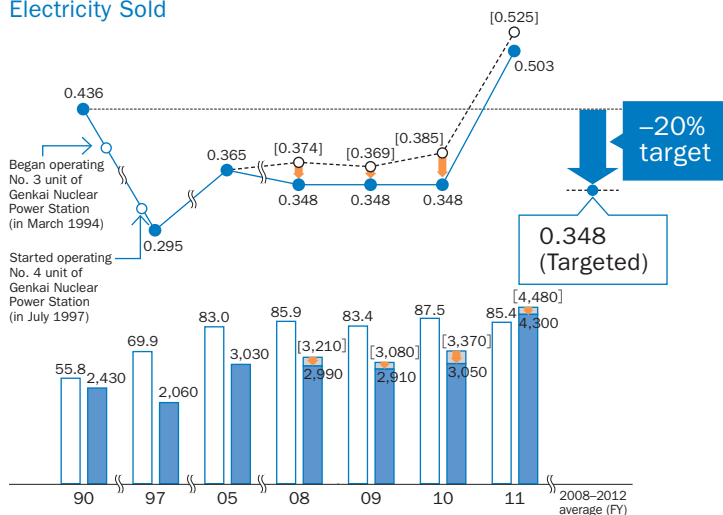
Goal

Cut average CO₂ emissions per kWh of electricity sold for fiscal 2008 through fiscal 2012 by around **20%** from fiscal 1990 levels (reduce to around 0.348 kg-CO₂/kWh)

11 Years of Activities

No. of locations **576** in total
 No. of trees planted **1,144,000** in total
 No. of participants **135,750** in total

Company CO₂ Emissions and CO₂ Emissions per kWh of Electricity Sold



● CO₂ emissions per kWh of electricity sold (kg-CO₂/kWh)
 □ Electricity sales (billion kWh) ■ CO₂ emissions (ten thousand t-CO₂)
 [] Numbers before reflecting carbon credits

Calculated based on Japanese government's formula for CO₂ emissions by business.



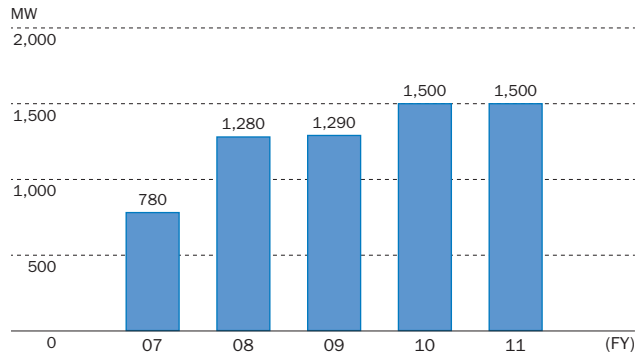
Energy Business Overseas

The Kyushu Electric Power Group is developing power and consulting businesses overseas centered on Asia, utilizing experience, know-how and highly skilled personnel accumulated through its electric power business in Japan. The consulting business includes consultation and planning for electric power production, transmission, transformation and distribution facilities, consultation for energy-saving diagnosis for buildings and factories, and environmental consultation.

We opened our first overseas representative office in Singapore in July 2009 for gathering information and supporting our overseas projects in order to develop our business activities mainly in Asia. This move seeks to take advantage of Kyushu's geographical proximity to the Asian region.

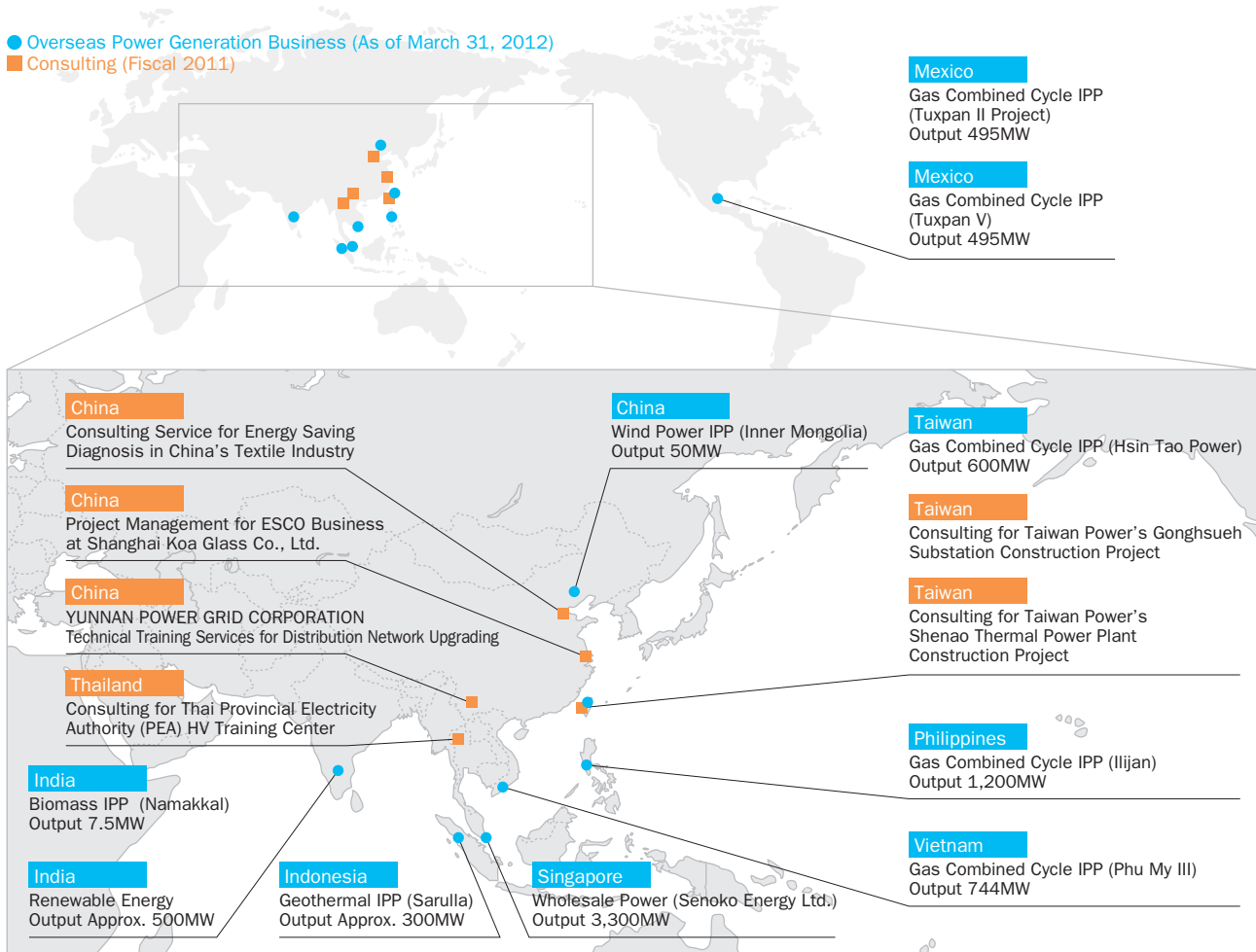
Through our various overseas operations, we will work to stably supply electricity to Asian countries where there is fast-growing demand for electricity and contribute to the formulation of environmental measures and development of human capital.

Output in the Overseas Power Generation Business



Business Development Overseas

- Overseas Power Generation Business (As of March 31, 2012)
- Consulting (Fiscal 2011)



Financial Section

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Consolidated Eleven-Year Financial Summary

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

For the Year:	2002	2003	2004	2005	2006
Operating revenues	¥1,458,066	¥1,421,310	¥1,391,684	¥1,408,728	¥1,401,752
Electric	1,381,440	1,350,675	1,308,843	1,320,581	1,311,996
Other	76,626	70,635	82,841	88,147	89,756
Operating expenses	1,260,308	1,241,296	1,192,718	1,194,993	1,230,467
Electric	1,184,382	1,170,655	1,108,104	1,107,744	1,140,797
Other	75,926	70,641	84,614	87,249	89,670
Interest charges	85,653	77,897	77,121	49,522	41,130
Income (loss) before income taxes and minority interests	99,464	102,363	112,451	146,797	120,790
Income taxes	39,808	38,417	39,086	57,858	43,038
Net income (loss)	61,120	64,319	72,792	89,288	76,850

Per share of common stock:					
Basic net income (loss)	¥128.90	¥135.13	¥153.05	¥187.91	¥161.67
Cash dividends applicable to the year . .	60.00	50.00	50.00	60.00	60.00

At year-end:					
Total assets	¥4,290,132	¥4,204,566	¥4,114,378	¥4,049,713	¥4,102,319
Net property	3,595,794	3,523,273	3,394,855	3,300,740	3,217,982
Long-term debt, less current portion . .	2,130,149	1,984,702	1,858,512	1,739,660	1,724,179
Total equity	824,928	840,245	910,838	979,252	1,052,785

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥82.14 = U.S.\$1, the approximate rate of exchange at March 31, 2012.)

Summary of the year ended March 31, 2012

Two straight years of earnings growth and profit decline

In the electricity business:

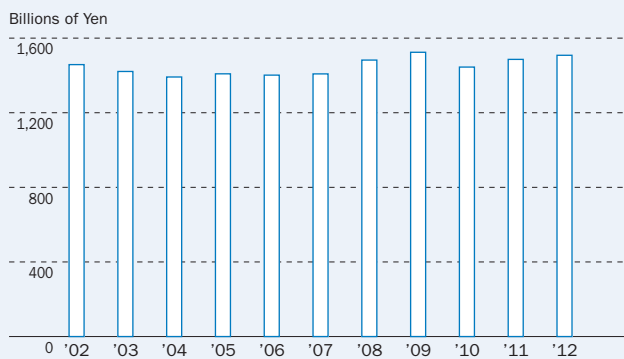
- Electricity sales increased due to an increase in charge unit prices due to the effect of fuel cost adjustments and other factors while electricity sales volume decreased.
- Thermal fuel expenses and power purchase expenses increased due to the influence of the deferred resumption of the operations of reactors of our nuclear power stations and the rise of fuel prices.

Millions of Yen	2007	2008	2009	2010	2011	2012	Thousands of U.S. Dollars 2012
	¥1,408,328	¥1,482,352	¥1,524,193	¥1,444,941	¥1,486,083	¥1,508,084	\$18,359,922
	1,307,737	1,363,424	1,398,577	1,310,085	1,354,204	1,367,610	16,649,744
	100,591	118,928	125,616	134,856	131,879	140,474	1,710,178
	1,253,155	1,376,811	1,439,470	1,345,214	1,387,174	1,692,939	20,610,409
	1,155,414	1,260,616	1,317,216	1,220,537	1,261,426	1,562,056	19,016,995
	97,741	116,195	122,254	124,677	125,748	130,883	1,593,414
	38,354	36,938	35,771	35,292	34,026	34,025	414,232
	112,887	72,463	55,859	67,610	48,319	(214,751)	(2,614,451)
	46,075	29,853	21,481	25,405	19,246	(48,760)	(593,621)
	65,968	41,727	33,992	41,813	28,730	(166,391)	(2,025,700)

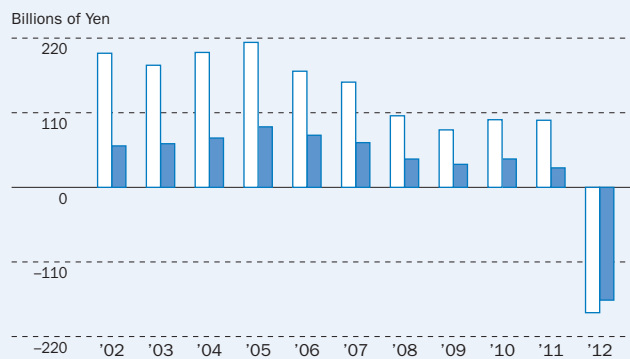
Yen	¥139.37	¥88.19	¥71.84	¥88.38	¥60.73	¥(351.80)	U.S. Dollars \$(4.28)
	60.00	60.00	60.00	60.00	60.00	50.00	0.61

Millions of Yen	¥4,038,839	¥4,059,775	¥4,110,878	¥4,054,192	¥4,185,461	¥4,428,094	Thousands of U.S. Dollars \$53,909,106
	3,140,200	3,109,293	3,080,447	3,037,055	3,033,125	2,997,233	36,489,323
	1,689,107	1,712,949	1,811,744	1,724,973	1,714,430	2,188,601	26,644,765
	1,092,601	1,084,213	1,072,375	1,089,066	1,079,679	888,132	10,812,417

Operating Revenues



Operating Income (Loss)/Net Income (Loss)



□ Operating Income (Loss) ■ Net Income (Loss)

Management Discussion and Analysis

Operating Results

In the year ended March 31, 2012 (fiscal 2011), Kyushu Electric Power recorded a 1.5% year-on-year increase in consolidated operating revenues to ¥1,508.0 billion, marking a second consecutive year of growth. While electricity sales volume in the electricity business was lower for the year, revenues were lifted mainly by the charge unit prices that were increased due to the fuel cost adjustment system and other factors.

With regard to expenditures, operating expenses increased by 22.0% to ¥1,692.9 billion due to increases in thermal fuel costs and costs for power purchases in the electric business caused mainly by delays in the restart of nuclear power stations and higher fuel prices. As a result, operating income fell by ¥283.7 billion to end in a loss of ¥184.8 billion.

Other revenues rose by 13.8% year on year to ¥13.9 billion, primarily as gains on negative goodwill outweighed declines in investment returns from equity method affiliates and other factors. Other expenses declined by 4.0% to ¥42.5 billion.

As a result, ordinary revenues rose by 1.6% from the previous year to ¥1,521.9 billion, and ordinary expenses rose by 21.2% to ¥1,735.5 billion. Consequently, ordinary income fell ¥280.2 billion to end in a loss of ¥213.5 billion.

Furthermore, the water flow rate rose 5.9% above average (100%) during the year under review. For this reason, Kyushu Electric Power posted a reserve for fluctuations in water level of ¥1.2 billion in preparation for increased expenses associated with future water shortages.

As a result, net income fell by ¥195.1 billion from the previous year to end in a loss of ¥166.3 billion. The net loss per share was ¥351.80, reflecting a decline of ¥412.53 from the previous year's net earnings per share.

Segment Information

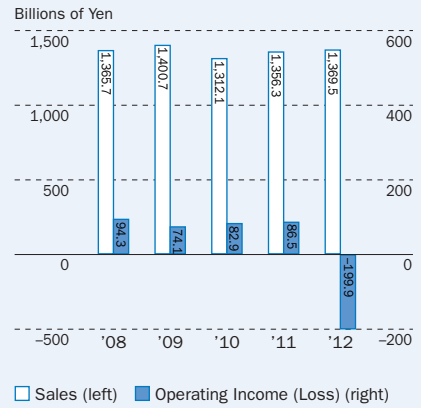
(Before Elimination of Internal Transactions)

(1) Electric Power

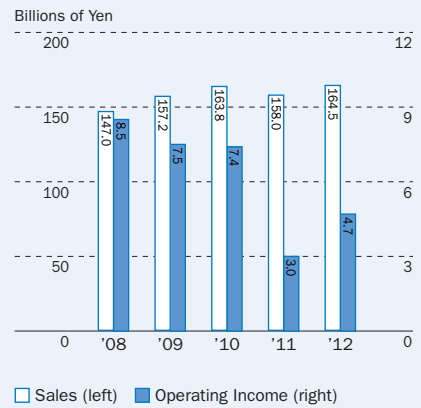
Electricity sales volume fell by 3.5% from the previous fiscal year due to a decrease in general demand, including domestic lighting and commercial demand, as a result of factors such as lower air conditioning demand caused by customers power saving and lower temperatures than in the previous fiscal year from August to September. Power demand from large-scale industrial customers rose 0.4% year on year, due to an increase in production of steel and iron, chemicals in the first half of the fiscal year, despite a decrease in production of electric machinery and the impact of customers' power saving. As a result, total electricity sales volume fell by 2.4% year on year to 85.35 billion kWh.

On the supply side, we were impacted by the deferred restarting of operations at our nuclear power stations and other factors, but we responded mainly by increasing both our own thermal power generation and electricity purchased from other companies. Analysis of the energy mix, including power generated by Kyushu Electric Power and power purchased from other companies, shows nuclear power accounted for 16%, thermal power for 74%, hydroelectric for 7% and new energy sources for 3% of total power.

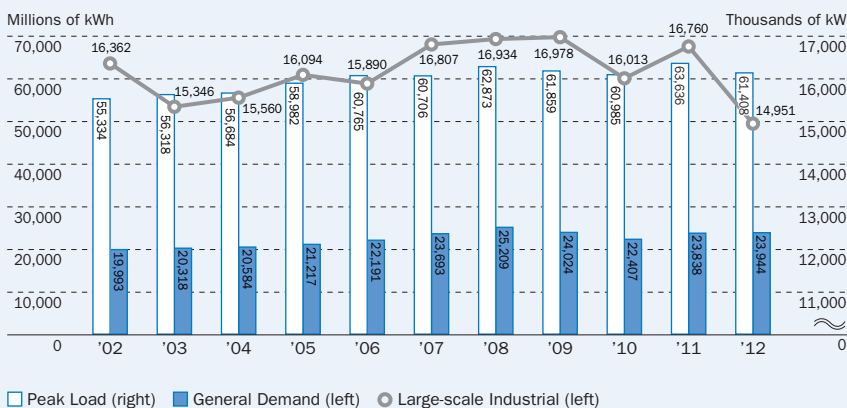
Electric Power



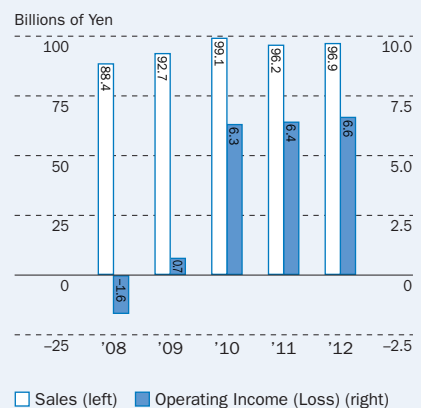
Energy-related Business



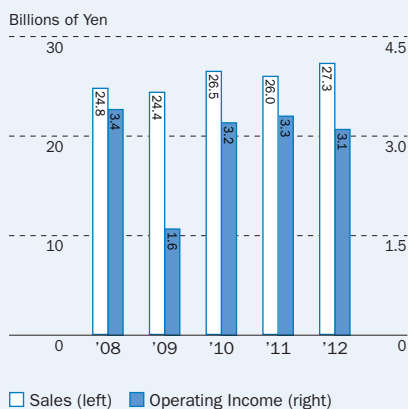
Electricity Sales Volume and Peak Load



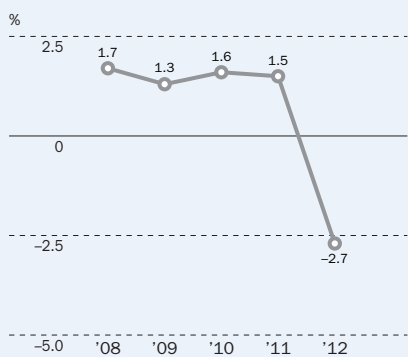
IT and Telecommunications



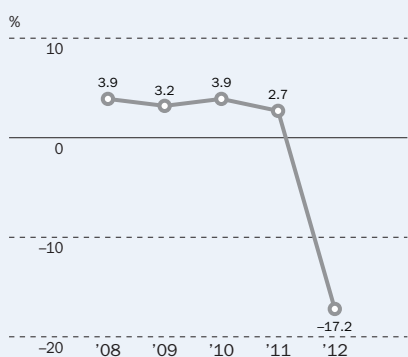
Other



ROA



ROE



For the electric power segment, operating revenues rose by 1.0% from the previous fiscal year to ¥1,369.5 billion, due to higher charge unit prices resulting from the impact of the fuel cost adjustment system and other factors, despite a decrease in electricity sales volume. The segment posted an operating loss of ¥199.9 billion, a decrease by ¥286.5 billion from the segment profit in the previous fiscal year, mainly due to increases in thermal fuel costs and costs for power purchases.

(2) Energy-related Business

The operating revenues increased by 4.1% year on year to ¥164.5 billion, mainly due to increased income resulting from a rise in the gas selling price. Operating income increased by 58.1% to ¥4.7 billion, mainly due to decreased depreciation.

(3) IT and Telecommunications

The operating revenues increased by 0.8% year on year to ¥96.9 billion, mainly due to an increase in sales of data transmission services for mobile phone operators. Operating income increased by 2.2% to ¥6.6 billion.

(4) Other

The operating revenues increased by 4.6% year on year to ¥27.3 billion, mainly due to the impact of newly consolidated subsidiaries. Operating income decreased by 7.0% to ¥3.1 billion as a result of various factors including an increase in the repair costs of rental buildings.

Financial Position

(1) Cash Flows

Cash flows from operating activities decreased by 94.4% from the previous fiscal year to ¥16.9 billion, mainly due to increases in thermal power fuel costs and in costs for power purchases, despite an increase in electricity sales revenue in the electric power business.

Cash flows from investing activities decreased by 22.9% from the previous fiscal year to ¥228.2 billion, mainly due to decreased payments for the acquisition of investment securities.

Cash flows from financing activities increased by 586.3% to ¥363.3 billion.

As a result, cash and cash equivalents on March 31, 2012 stood at ¥277.9 billion, an increase of ¥151.9 billion from the end of the previous fiscal year.

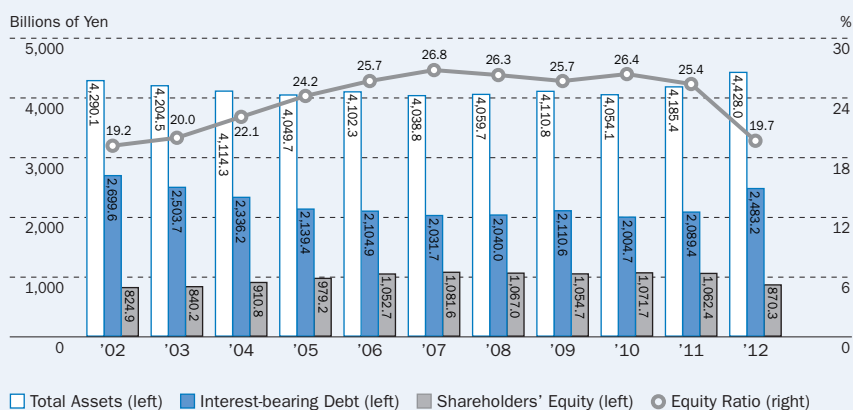
(2) Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year under review were ¥4,428.0 billion, an increase of 5.8% from the end of the previous fiscal year. This increase was mainly due to a rise in current assets such as short-term investments and cash and cash equivalents, and also an increase in fixed assets such as deferred tax assets.

Total liabilities at the end of the fiscal year under review were ¥3,539.9 billion, an increase of 14.0% from the end of the previous fiscal year. The increase was mainly attributable to higher interest-bearing debt. Outstanding interest-bearing debt increased ¥393.8 billion to ¥2,483.2 billion.

Net assets fell by 17.7% from the end of the previous fiscal year to ¥888.1 billion, mainly because of the net loss and the payment of cash dividends. The equity ratio was 19.7%.

Consolidated Interest-bearing Debt and Equity Ratio



Business Risk Factors

The following is a list of some significant risk factors that may impact 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 June 28, 2012 and may be affected by factors including the Japanese government's review of energy policy.

1.	Changes in Systems Affecting the Electricity Business	Currently, a debate is being held on a national level regarding the ideal energy mix and revisions in the nuclear power policy, as well as revisions in the electricity business system, including power system reform. Changes such as these to the systems affecting the electricity business could have an impact on the Group's performance.
2.	Fluctuations in Electricity Sales Volume	Electricity sales volume in the electricity business fluctuates according to factors such as economic trends, temperature changes, increases in captive consumption volume stemming from the spread of residential solar power systems, and trends in regulations and institutional reforms relating to energy conservation. As a result, changes in these factors could have an impact on the Group's performance.
3.	Operational Status of Nuclear Power Stations	<p>Items such as fuel costs and financing costs could rise further depending on the operational status of nuclear power stations as determined by factors such as Comprehensive Assessments for the Safety of Existing Power Reactor Facilities (stress tests) and revisions to the national energy policy. Such increases could have an impact on the Group's performance.</p> <p>The Company has enacted safety initiatives in response to the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station. Should new information present itself in the future, the Group will respond in a prompt and appropriate manner.</p>
4.	Fuel Price Fluctuations	<p>Fuel expenses in the electricity business fluctuate as a result of trends in CIF prices and in foreign exchange rates because we procure fuel for thermal power generation, including liquefied natural gas (LNG) and coal from overseas.</p> <p>However, fluctuations in fuel prices are reflected in electricity rates through the fuel cost adjustment system, which helps to ease the impact of fuel price volatility on the Group's performance.</p>
5.	Nuclear Fuel Cycle Costs	Uncertainties in the long-term prospects of nuclear fuel cycle operations pose a risk, but operator risk is being reduced through measures proposed by the Japanese government. However, the Group's performance could be affected by the direction of discussions related to nuclear fuel cycle policy and increased costs based on revised estimates for future expenses.
6.	Cost of Measures to Combat Global Warming	In response to global warming, the Group aims for more efficient, lower-carbon power generation, 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 enhancement of total thermal efficiency for thermal power stations. However, future changes in government 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 base by utilizing the Group's management resources to steadily develop new business areas beyond the electricity business. In business operations, we put emphasis on profitability and work to improve efficiency while pursuing growth. However, if profits cannot be generated according to plan due to worsening business conditions and other factors, the Group's performance may be affected.

8. Interest Rate Fluctuations

The Kyushu Electric Power Group's balance of interest-bearing debt as of the end of March 2012 was ¥2,483.2 billion, representing the equivalent of 56% of the Group's total assets. Future changes in interest rates have the potential to affect the Kyushu Electric Power Group's financial condition.

However, 95% of the outstanding interest-bearing debt comprises corporate bonds and long-term debt with the majority procured at fixed interest rates. Therefore, the impact of fluctuating interest rates on the Kyushu Electric Power Group is viewed as limited.

9. Leakage of Information

The Kyushu Electric Power Group has strict internal frameworks to manage in-house information and personal information, which Group companies hold, to ensure information security. Additionally, we implement thorough information management by establishing internal policies and guidelines on handling information as well as familiarizing employees with handling procedures. However, in the event in-house information or personal information is leaked, the Kyushu Electric Power Group's performance may be affected.

10. Natural Disasters

To ensure a stable supply of electricity to its customers, the Kyushu Electric Power Group systematically inspects and maintains facilities to prevent any trouble from occurring. However, large-scale natural disasters such as typhoons, torrential rain, earthquakes or tsunamis, or unexpected accidents or illicit acts could affect the Kyushu Electric Power Group's performance by damaging facilities, causing the extended suspension of operations at power plants and other impacts.

We are also developing a risk management system and preparing for numerous risks that may have a material impact on business operations. However, the inability to take proper actions in an emergency situation may adversely affect the Group's performance.

11. 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 operates in by working as Group to fully instill an awareness of compliance and by complying with laws and regulations. However, if a compliance violation undermines the Group's social credibility, the Group's performance may be affected.

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, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
ASSETS			
PROPERTY (Note 3):			
Plant and equipment	¥9,562,225	¥9,367,143	\$116,413,745
Construction in progress	184,857	247,837	2,250,511
Total	9,747,082	9,614,980	118,664,256
Less-			
Contributions in aid of construction	160,083	157,208	1,948,904
Accumulated depreciation	6,589,766	6,424,647	80,226,029
Total	6,749,849	6,581,855	82,174,933
Net property	2,997,233	3,033,125	36,489,323
NUCLEAR FUEL	267,124	263,381	3,252,057
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 15)	114,699	113,188	1,396,384
Investments in and advances to non-consolidated subsidiaries and affiliated companies (Note 15)	101,212	98,106	1,232,189
Reserve funds for reprocessing of irradiated nuclear fuel (Notes 8 and 15)	220,294	197,273	2,681,934
Deferred tax assets (Note 11)	178,753	136,028	2,176,199
Other assets	15,351	14,523	186,888
Total investments and other assets	630,309	559,118	7,673,594
CURRENT ASSETS:			
Cash and cash equivalents (Note 15)	277,945	125,989	3,383,796
Receivables (Note 15)	135,396	113,883	1,648,356
Allowance for doubtful accounts	(828)	(975)	(10,080)
Inventories, principally fuel	77,909	58,621	948,490
Deferred tax assets (Note 11)	28,203	17,996	343,353
Prepaid expenses and other	14,803	14,323	180,217
Total current assets	533,428	329,837	6,494,132
TOTAL	¥4,428,094	¥4,185,461	\$ 53,909,106

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
LIABILITIES AND EQUITY			
LONG-TERM LIABILITIES:			
Long-term debt, less current portion (Notes 6 and 15)	¥2,188,601	¥1,714,430	\$26,644,765
Liability for employees' retirement benefits (Note 7)	153,851	144,687	1,873,034
Reserve for reprocessing of irradiated nuclear fuel (Note 8)	358,652	368,931	4,366,350
Asset retirement obligations (Note 9)	211,990	207,855	2,580,838
Other	44,455	39,486	541,210
Total long-term liabilities	2,957,549	2,475,389	36,006,197
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 6 and 15)	186,295	232,082	2,268,018
Short-term borrowings (Notes 10 and 15)	118,001	120,771	1,436,584
Commercial paper (Note 15)		30,000	
Notes and accounts payable (Notes 14 and 15)	151,331	117,302	1,842,355
Accrued income taxes (Note 15)	2,586	18,737	31,483
Accrued expenses	83,785	72,870	1,020,027
Deferred tax liability	100		1,217
Other	39,099	38,631	476,004
Total current liabilities	581,197	630,393	7,075,688
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	1,216		14,804
COMMITMENTS AND CONTINGENCIES (Note 17)			
EQUITY (Note 12):			
Common stock, authorized, 1,000,000,000 shares; issued, 474,183,951 shares in 2012 and 2011	237,305	237,305	2,889,031
Capital surplus	31,133	31,138	379,023
Retained earnings	594,080	788,867	7,232,530
Treasury stock—at cost 1,236,366 shares in 2012 and 1,202,882 shares in 2011	(2,367)	(2,334)	(28,817)
Accumulated other comprehensive income			
Unrealized gain (loss) on available-for-sale securities	12,332	11,356	150,134
Deferred gain (loss) on derivatives under hedge accounting	(179)	(1,871)	(2,179)
Foreign currency translation adjustments	(1,907)	(2,003)	(23,217)
Total	870,397	1,062,458	10,596,505
Minority interests	17,735	17,221	215,912
Total equity	888,132	1,079,679	10,812,417
TOTAL	¥4,428,094	¥4,185,461	\$53,909,106

Consolidated Statement of Operations

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
OPERATING REVENUES:			
Electric	¥1,367,610	¥1,354,204	\$16,649,744
Other	140,474	131,879	1,710,178
Total operating revenues	1,508,084	1,486,083	18,359,922
OPERATING EXPENSES (Note 13):			
Electric	1,562,056	1,261,426	19,016,995
Other	130,883	125,748	1,593,414
Total operating expenses	1,692,939	1,387,174	20,610,409
OPERATING (LOSS) INCOME	(184,855)	98,909	(2,250,487)
OTHER EXPENSES (INCOME):			
Interest charges	34,025	34,026	414,232
Gain on sales of investment securities (Note 4)		(2,276)	
Gain on negative goodwill	(2,592)	(173)	(31,556)
Loss on adjustment for changes of accounting standard for asset retirement obligations (Note 9)		18,429	
Other-net	(2,753)	584	(33,516)
Total other expenses-net	28,680	50,590	349,160
(LOSS) INCOME BEFORE INCOME TAXES AND PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND MINORITY INTERESTS	(213,535)	48,319	(2,599,647)
PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	1,216		14,804
(LOSS) INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	(214,751)	48,319	(2,614,451)
INCOME TAXES (Note 11):			
Current	3,585	32,107	43,645
Prior years	495		6,026
Deferred	(52,840)	(12,861)	(643,292)
Total income taxes	(48,760)	19,246	(593,621)
NET (LOSS) INCOME BEFORE MINORITY INTERESTS	(165,991)	29,073	(2,020,830)
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	(400)	(343)	(4,870)
NET (LOSS) INCOME	¥ (166,391)	¥ 28,730	\$ (2,025,700)
PER SHARE OF COMMON STOCK (Note 2.r.):			
Basic net (loss) income	¥(351.80)	¥60.73	\$(4.28)
Cash dividends applicable to the year	50.00	60.00	0.61

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
NET (LOSS) INCOME BEFORE MINORITY INTERESTS	¥(165,991)	¥29,073	\$(2,020,830)
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18):			
Unrealized gain (loss) on available-for-sale securities	921	(4,891)	11,213
Deferred gain (loss) on derivatives under hedge accounting	1,696	(3,752)	20,648
Foreign currency translation adjustments	731	(336)	8,899
Share of other comprehensive income in non-consolidated subsidiaries and affiliated companies	(594)	(523)	(7,232)
Total other comprehensive income (loss)	2,754	(9,502)	33,528
COMPREHENSIVE (LOSS) INCOME	¥(163,237)	¥19,571	\$(1,987,302)
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥(163,627)	¥19,238	\$(1,992,050)
Minority interests	390	333	4,748

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2012

	Thousands of Shares/Millions of Yen											
	Common Stock				Treasury Stock		Accumulated Other Comprehensive Income			Total	Minority Interests	Total Equity
	Shares	Amount	Capital Surplus	Retained Earnings	Shares	Amount	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments			
BALANCE AT APRIL 1, 2010	474,184	¥237,305	¥31,141	¥ 788,538	1,111	¥(2,165)	¥16,383	¥ 1,880	¥(1,290)	¥1,071,792	¥17,274	¥1,089,066
Net income				28,730						28,730		28,730
Cash dividends, ¥60 per share				(28,401)						(28,401)		(28,401)
Purchase of treasury stock					98	(184)				(184)		(184)
Disposal of treasury stock			(3)		(6)	15				12		12
Net change in the year							(5,027)	(3,751)	(713)	(9,491)	(53)	(9,544)
BALANCE AT MARCH 31, 2011	474,184	237,305	31,138	788,867	1,203	(2,334)	11,356	(1,871)	(2,003)	1,062,458	17,221	1,079,679
Net loss				(166,391)						(166,391)		(166,391)
Cash dividends, ¥60 per share				(28,396)						(28,396)		(28,396)
Purchase of treasury stock					38	(43)				(43)		(43)
Disposal of treasury stock			(5)		(5)	10				5		5
Net change in the year							976	1,692	96	2,764	514	3,278
BALANCE AT MARCH 31, 2012	474,184	¥237,305	¥31,133	¥ 594,080	1,236	¥(2,367)	¥12,332	¥ (179)	¥(1,907)	¥ 870,397	¥17,735	¥ 888,132

	Thousands of U.S. Dollars (Note 1)											
	Common Stock				Treasury Stock		Accumulated Other Comprehensive Income			Total	Minority Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments					
BALANCE AT MARCH 31, 2011	\$2,889,031	\$379,084	\$ 9,603,932	\$(28,415)	\$138,252	\$(22,778)	\$(24,385)	\$12,934,721	\$209,654	\$13,144,375		
Net loss			(2,025,700)					(2,025,700)		(2,025,700)		
Cash dividends, \$0.73 per share			(345,702)					(345,702)		(345,702)		
Purchase of treasury stock				(524)				(524)		(524)		
Disposal of treasury stock		(61)		122				61		61		
Net change in the year					11,882	20,599	1,168	33,649	6,258	39,907		
BALANCE AT MARCH 31, 2012	\$2,889,031	\$379,023	\$ 7,232,530	\$(28,817)	\$150,134	\$ (2,179)	\$(23,217)	\$10,596,505	\$215,912	\$10,812,417		

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss) income before income taxes and minority interests	¥(214,751)	¥ 48,319	\$(2,614,451)
Adjustments for:			
Income taxes—paid	(20,524)	(34,741)	(249,866)
Depreciation and amortization	244,470	259,078	2,976,260
Decommissioning costs of nuclear power units	3,106	7,524	37,813
Provision for liability for employees' retirement benefits	9,129	2,986	111,140
Reversal of reserve for reprocessing of irradiated nuclear fuel	(10,279)	(289)	(125,140)
Loss on disposal of plant and equipment	9,785	8,436	119,126
Loss on adjustment for changes of accounting standard for asset retirement obligations		18,429	
Provision for reserve for fluctuation in water level	1,216		14,804
Gain on sales of investment securities		(2,276)	
Gain on negative goodwill	(2,592)	(173)	(31,556)
Changes in assets and liabilities, net of effects from merger of a non-consolidated subsidiary with a consolidated subsidiary:			
Increase in reserve funds for reprocessing of irradiated nuclear fuel . . .	(23,021)	(29,503)	(280,265)
Increase in trade receivables	(13,961)	(4,825)	(169,966)
(Increase) decrease in inventories	(19,288)	5,225	(234,819)
Increase in trade payables	40,553	9,148	493,706
Other—net	13,066	14,009	159,070
Total adjustments	231,660	253,028	2,820,307
Net cash provided by operating activities	16,909	301,347	205,856
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures including nuclear fuel	(229,352)	(243,750)	(2,792,208)
Payments for investments and advances	(6,729)	(64,210)	(81,921)
Proceeds from sales of investment securities and collections of advances . . .	4,205	8,547	51,193
Other—net	3,597	3,398	43,791
Net cash used in investing activities	(228,279)	(296,015)	(2,779,145)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of bonds		129,574	
Repayments of bonds	(150,000)	(69,950)	(1,826,151)
Proceeds from long-term loans	657,635	88,830	8,006,270
Repayments of long-term loans	(80,553)	(103,871)	(980,679)
Net (decrease) increase in short-term borrowings	(2,771)	8,884	(33,735)
Net (decrease) increase in commercial paper	(30,000)	30,000	(365,230)
Cash dividends paid	(28,409)	(28,413)	(345,861)
Other—net	(2,583)	(2,111)	(31,446)
Net cash provided by financing activities	363,319	52,943	4,423,168
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON			
CASH AND CASH EQUIVALENTS	7	(485)	85
NET INCREASE IN CASH AND CASH EQUIVALENTS	151,956	57,790	1,849,964
CASH AND CASH EQUIVALENTS OF A NON-CONSOLIDATED SUBSIDIARY			
MERGED WITH A CONSOLIDATED SUBSIDIARY		21	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	125,989	68,178	1,533,832
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥ 277,945	¥ 125,989	\$ 3,383,796

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2012

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 conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), 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, 2011 to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2012.

The United States dollar amounts included herein are provided solely for the convenience of readers and are stated at the rate of ¥82.14 = U.S.\$1, the approximate exchange rate prevailing on March 31, 2012. The translations should not be construed as representations that the Japanese yen amounts could be converted into United States dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation and Application of the Equity Method — The consolidated financial statements as of March 31, 2012 include the accounts of the Company and its thirty-nine (thirty-six for 2011) subsidiaries (together, the “Companies”). All significant intercompany transactions and balances have been eliminated in consolidation. Investments in sixteen non-consolidated subsidiaries and fourteen affiliated companies are accounted for by the equity method.

The Company adopts the control or influence concept. Under the concept, 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.

The excess of the cost of an acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period of five years.

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 non-consolidated subsidiaries and affiliated companies is December 31. The Company consolidates such consolidated subsidiaries’ financial statements and accounts for investments in such non-consolidated 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 — “Accounting Standard for Business Combinations” are as follows: (1) The standard requires accounting for business combinations only by the purchase method. (2) Under

the standard, in-process research and development (IPR&D) acquired in the business combination is capitalized as an intangible asset. (3) 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 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 is computed using the straight-line method based on the estimated useful lives of the transmission lines.

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:

i) Held-to-maturity debt securities are stated at cost with discounts or premiums amortized throughout the holding periods; ii) Available-for-sale securities, which are not classified as the aforementioned securities and investment securities in non-consolidated subsidiaries and affiliated companies, are stated at market value; and non-marketable 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 (loss) 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. 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 funds investments in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

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

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

j. Foreign Currency Financial Statements — The balance sheet accounts of the consolidated foreign subsidiary, and non-consolidated 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 subsidiary are translated into yen at the average exchange rate.

k. Derivatives and Hedging Activities — Derivative financial instruments and foreign currency transactions 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.

l. 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.

The Companies account for the liability for employees' retirement benefits based on the projected benefit obligations and plan assets of the pension fund at the end of the fiscal year.

m. 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.

n. Asset Retirement Obligations — Under "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 imposed by the "Law on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors," discounted at 2.3%.

Asset retirement obligations as of April 1, 2010 include the amount transferred from "Reserve for decommissioning of nuclear power units" in the consolidated balance sheet as of March 31, 2010.

Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense based on a proportion of the current generation of electric power to the estimated total life-time generation of electric power of each unit.

o. 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.

p. 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.

q. 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.

r. Net Income and Cash Dividends per Share — Basic earnings per share ("EPS") is 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, 2012 and 2011, because potentially dilutive securities were not outstanding.

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

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

t. Accounting Changes and Error Corrections — In December 2009, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. PROPERTY

The breakdown of property at March 31, 2012 and 2011 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Costs:			
Electric power production facilities:			
Hydroelectric power	¥ 798,663	¥ 771,572	\$ 9,723,192
Thermal power	1,466,669	1,461,980	17,855,722
Nuclear power	1,611,232	1,603,145	19,615,681
Internal-combustion engine power	127,454	127,026	1,551,668
Renewable power	105,974	104,978	1,290,163
Total	4,109,992	4,068,701	50,036,426
Transmission facilities	1,733,940	1,648,706	21,109,569
Transformation facilities	976,102	964,429	11,883,394
Distribution facilities	1,360,361	1,345,637	16,561,493
General facilities	392,341	391,761	4,776,491
Other electricity-related facilities	40,915	41,460	498,113
Other plant and equipment	948,574	906,449	11,548,259
Construction in progress	184,857	247,837	2,250,511
Total	9,747,082	9,614,980	118,664,256
Less—			
Contributions in aid of construction	160,083	157,208	1,948,904
Accumulated depreciation	6,589,766	6,424,647	80,226,029
Carrying amount	¥2,997,233	¥3,033,125	\$ 36,489,323

4. INVESTMENT SECURITIES

The costs and aggregate fair values of investment securities at March 31, 2012 and 2011 were as follows:

March 31, 2012	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥13,262	¥19,366	¥602	¥32,026
Debt securities	1,551	86	3	1,634
Other securities	420	5	26	399
Held-to-maturity	4,977	12	764	4,225

March 31, 2011	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥13,034	¥19,298	¥524	¥31,808
Debt securities	230	29	4	255
Other securities	420	7	28	399
Held-to-maturity	6,370	29	808	5,591

March 31, 2012	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$161,456	\$235,768	\$7,329	\$389,895
Debt securities	18,883	1,047	37	19,893
Other securities	5,113	61	317	4,857
Held-to-maturity	60,592	146	9,301	51,437

The information of the available-for-sale securities which were sold during the year ended March 31, 2012 was not disclosed because that was immaterial. Such information for the year ended March 31, 2011 was as follows:

March 31, 2011	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥2,930	¥2,225	
Debt securities	653		¥61
Other securities	6		4
Total	¥3,589	¥2,225	¥65

5. PLEDGED ASSETS

All of the Company's assets amounting to ¥4,110,951 million (\$50,048,101 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 ¥58,518 million (\$712,418 thousand), are pledged as collateral for a portion of their long-term debt at March 31, 2012. Investments in affiliated companies held by a consolidated subsidiary, amounting to ¥40,400 million (\$491,843 thousand), are pledged as collateral for bank loans of the affiliated companies and the subsidiary of the affiliated company at March 31, 2012.

6. LONG-TERM DEBT

Long-term debt at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Yen bonds, 0.35% to 3.65%, due serially to 2031	¥1,173,368	¥1,323,342	\$14,284,977
Swiss franc bonds, 2.625%, due 2014	18,887	18,913	229,937
Loans from The Development Bank of Japan Inc., 0.577% to 4.85%, due serially to 2028	224,717	149,472	2,735,780
Loans, principally from banks and insurance companies, 0.25% to 2.50%, due serially to 2033			
Collateralized	34,344	38,541	418,115
Unsecured	913,897	408,332	11,126,090
Obligations under finance leases	9,683	7,912	117,884
Total	2,374,896	1,946,512	28,912,783
Less current portion	186,295	232,082	2,268,018
Long-term debt, less current portion	¥2,188,601	¥1,714,430	\$26,644,765

The annual maturities of long-term debt outstanding at March 31, 2012 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 186,295	\$ 2,268,018
2014	238,859	2,907,950
2015	186,441	2,269,795
2016	255,035	3,104,882
2017	236,911	2,884,234
Thereafter	1,271,355	15,477,904
Total	¥2,374,896	\$28,912,783

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 liability for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Projected benefit obligation	¥ 493,587	¥ 493,205	\$ 6,009,094
Fair value of plan assets	(335,221)	(330,737)	(4,081,093)
Unrecognized actuarial loss	(6,817)	(17,921)	(82,992)
Unrecognized prior service cost (deduction of liability)	2,260	140	27,514
Prepaid pension cost	42		511
Net liability	¥ 153,851	¥ 144,687	\$ 1,873,034

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Service cost	¥15,457	¥15,204	\$188,179
Interest cost	9,651	9,678	117,494
Expected return on plan assets	(6,708)	(6,730)	(81,665)
Recognized actuarial loss	9,328	4,143	113,562
Amortization of prior service cost	(367)	(943)	(4,468)
Net periodic benefit costs	¥27,361	¥21,352	\$333,102

Assumptions for actuarial computations for the years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	mainly 2.0%	mainly 2.0%
Recognition period of actuarial gain/loss	mainly 5 years	mainly 5 years
Amortization period of prior service cost	mainly 5 years	mainly 5 years

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 is consisted of three portions and each of them is calculated in different ways.

- The costs reprocessed in Japan Nuclear Fuel Limited ("JNFL") are calculated based on the expected future cash flows discounted at 1.6% and 1.5% at March 31, 2012 and 2011, respectively,
- 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,
- 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, 2012 was ¥60,652 million (\$738,398 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, 2012 is a gain of ¥7,595 million (\$92,464 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. The reserve funds is 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, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Balance at beginning of year	¥207,855	¥203,325	\$2,530,497
Net change in the year	4,154	4,530	50,572
Balance at end of year	212,009	207,855	2,581,069
Less current portion	19		231
Asset retirement obligations, less current portion	¥211,990	¥207,855	\$2,580,838

10. SHORT-TERM BORROWINGS

Short-term borrowings were generally represented by bank loans, bearing interest at rates ranging from 0.24% to 1.88% for the years ended March 31, 2012 and 2011, respectively.

11. INCOME TAXES

The Companies are subject to national and local income taxes. The aggregate normal statutory tax rates for the Company approximated 36.1% for the years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred Tax Assets:			
Tax loss carryforwards	¥ 60,249	¥ 3,766	\$ 733,492
Pension and severance costs	49,021	52,950	596,798
Depreciation	32,741	35,632	398,600
Asset retirement obligations	24,300	28,083	295,836
Reserve for reprocessing of irradiated nuclear fuel	20,959	23,443	255,162
Unrealized profits arising from the elimination of intercompany transactions in consolidation	9,053	9,774	110,214
Repair costs	8,240	2,649	100,316
Other	45,496	40,803	553,884
Less valuation allowance	(30,076)	(28,546)	(366,155)
Deferred tax assets	¥219,983	¥168,554	\$2,678,147
Deferred Tax Liabilities:			
Unrealized gain on available-for-sale securities	¥ 5,567	¥ 6,551	\$ 67,774
Capitalized asset retirement costs	5,523	6,122	67,239
Other	2,048	1,875	24,933
Deferred tax liabilities	¥ 13,138	¥ 14,548	\$ 159,946
Net deferred tax assets	¥206,845	¥154,006	\$2,518,201

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, 2012 and 2011 were as follows:

	2012	2011
Normal effective statutory tax rate	36.1%	36.1%
Adjustment of deferred tax assets at year-end resulting from tax-rate changes	(12.5)	
Valuation allowance	(2.3)	4.0
Other-net	1.4	(0.3)
Actual effective tax rate	22.7%	39.8%

At March 31, 2012, the Company and certain subsidiaries have tax loss carryforwards aggregating ¥191,321 million (\$2,329,206 thousand), which are available to be offset against taxable income of the company and these subsidiaries and will expire in nine years. At March 31, 2012, the tax loss carryforwards for the Company amounting to ¥175,799 million (\$2,140,236 thousand) will expire in the year ending March 31, 2021.

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from

approximately 36.1% to 33.2% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 30.7% afterwards. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012 by ¥25,858 million (\$314,804 thousand), to increase income taxes-deferred in the consolidated statement of operations for the year then ended by ¥26,813 million (\$326,430 thousand), and to increase other comprehensive income in the consolidated statement of comprehensive income by ¥952 million (\$11,590 thousand).

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 (non-cash 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.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥8,601 million (\$104,711 thousand) and ¥10,692 million for the years ended March 31, 2012 and 2011, respectively.

14. RELATED PARTY DISCLOSURES

Significant transactions of the Company with an affiliated company for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
KYUDENKO CORPORATION			
Transactions:			
Purchase of construction works on distribution facilities and other	¥39,623	¥45,362	\$482,384
Balances at year end:			
Payables for construction works	4,953	4,504	60,299

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Items Pertaining to Financial Instruments

(a) The Companies' policy for financial instruments

The Companies use financial instruments, 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 non-consolidated 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 non-consolidated 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 non-consolidated 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 is 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 reduction of 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. Bonds in a foreign currency are exposed to the market risk of fluctuation in foreign currency exchange rates, which is mitigated by using currency swaps. Although a part of loans are 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 are exposed to the market risk of fluctuations in foreign exchange and fuel price, such risk is mitigated by using foreign exchange forward contracts, currency swaps and energy swap agreements.

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, respectively.

Please see Note 16 for more detail 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, 2012 and 2011 were as follows:

March 31, 2012	Millions of yen		
	Carrying Amount	Fair Value	Unrecognized Loss
Investment securities:			
Held-to-maturity debt securities	¥ 4,977	¥ 4,225	¥ 752
Available-for-sale securities	34,059	34,059	
Investments in and advances to non-consolidated subsidiaries and affiliated companies	18,788	10,893	7,895
Reserve funds for reprocessing of irradiated nuclear fuel	220,294	220,294	
Cash and cash equivalents	277,945	277,945	
Receivables	135,396	135,396	
Total	¥ 691,459	¥ 682,812	¥ 8,647
Long-term debt:			
Bonds	¥1,192,255	¥1,229,695	¥37,440
Loans	1,172,958	1,189,831	16,873
Short-term borrowings	118,001	118,001	
Notes and accounts payable	151,331	151,331	
Accrued income taxes	2,586	2,586	
Total	¥2,637,131	¥2,691,444	¥54,313
Derivatives	¥ (99)	¥ (99)	
March 31, 2011	Millions of yen		
	Carrying Amount	Fair Value	Unrecognized Loss
Investment securities:			
Held-to-maturity debt securities	¥ 6,370	¥ 5,591	¥ 779
Available-for-sale securities	32,462	32,462	
Investments in and advances to non-consolidated subsidiaries and affiliated companies	18,235	11,879	6,356
Reserve funds for reprocessing of irradiated nuclear fuel	197,273	197,273	
Cash and cash equivalents	125,989	125,989	
Receivables	113,883	113,883	
Total	¥ 494,212	¥ 487,077	¥ 7,135
Long-term debt:			
Bonds	¥1,342,255	¥1,384,020	¥41,765
Loans	596,345	615,122	18,777
Short-term borrowings	120,771	120,771	
Commercial paper	30,000	30,000	
Notes and accounts payable	117,302	117,302	
Accrued income taxes	18,737	18,737	
Total	¥2,225,410	¥2,285,952	¥60,542
Derivatives	¥ (2,746)	¥ (2,746)	

March 31, 2012

Thousands of U.S. Dollars

	Carrying Amount	Fair Value	Unrecognized Loss
Investment securities:			
Held-to-maturity debt securities	\$ 60,592	\$ 51,437	\$ 9,155
Available-for-sale securities	414,645	414,645	
Investments in and advances to non-consolidated subsidiaries and affiliated companies	228,732	132,615	96,117
Reserve funds for reprocessing of irradiated nuclear fuel	2,681,934	2,681,934	
Cash and cash equivalents	3,383,796	3,383,796	
Receivables	1,648,356	1,648,356	
Total	\$ 8,418,055	\$ 8,312,783	\$105,272
Long-term debt:			
Bonds	\$14,514,914	\$14,970,720	\$455,806
Loans	14,279,985	14,485,403	205,418
Short-term borrowings	1,436,584	1,436,584	
Notes and accounts payable	1,842,355	1,842,355	
Accrued income taxes	31,483	31,483	
Total	\$32,105,321	\$32,766,545	\$661,224
Derivatives	\$ (1,205)	\$ (1,205)	

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

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

Long-term debt contains current portion of them, 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 non-consolidated subsidiaries and affiliated companies

The fair values of investment securities and investments in and advances to non-consolidated subsidiaries and affiliated companies are measured at the quoted market price of the exchanges for the equity securities and some of debt securities, and principally at the quoted price obtained from the financial institution for other debt securities. The information of the fair values for the 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 is 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. Bonds denominated in a foreign currency for which currency swaps are used to hedge the foreign currency fluctuations (see Note 16) are treated as yen-denominated bonds. The fair values are determined by discounting the cash flows related to the bonds at the Company's assumed corporate borrowing rate.

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 are subjected to interest rate swaps which qualify for hedge accounting and meet specific matching criteria (see Note 16), 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, commercial paper, notes and accounts payable, and accrued income taxes

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

Derivatives

The information of the fair value 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
	2012	2011	2012
Investment securities:			
Available-for-sale:			
Equity securities	¥ 73,117	¥ 72,446	\$ 890,151
Other securities	2,546	1,910	30,996
Investments in and advances to non-consolidated subsidiaries and affiliated companies:			
Equity securities	70,321	70,747	856,111
Other securities	6,996	6,986	85,172
Total	¥152,980	¥152,089	\$1,862,430

Maturity analysis for financial assets and securities with contractual maturities

March 31, 2012	Millions of Yen			
	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	¥ 690	¥675	¥155	¥3,457
Available-for-sale securities with contractual maturities		238	34	1,382
Reserve funds for reprocessing of irradiated nuclear fuel	28,365			
Cash and cash equivalents	277,945			
Receivables	135,396			
Total	¥442,396	¥913	¥189	¥4,839

March 31, 2012	Thousands of U.S. Dollars			
	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	\$ 8,400	\$ 8,218	\$1,887	\$42,087
Available-for-sale securities with contractual maturities		2,897	414	16,825
Reserve funds for reprocessing of irradiated nuclear fuel	345,325			
Cash and cash equivalents	3,383,796			
Receivables	1,648,356			
Total	\$5,385,877	\$11,115	\$2,301	\$58,912

Reserve funds for reprocessing of irradiated nuclear fuel is provided for reprocessing costs of irradiated nuclear fuel charged by JNFL. Using plan of the reserve funds is disclosed only about due in one

year or less, to comply with agreements with JNFL and to avoid disadvantage, 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, currency swaps, 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 administrative section monitors them based on internal policies.

Derivative transactions to which hedge accounting is applied

At March 31, 2012	Millions of Yen			Fair Value
	Hedged Item	Contract Amount	Contract Amount due after One Year	
Currency swaps:				
Buying CHF (Note b)	Bonds	¥19,523	¥19,184	
Buying USD (Note a)	Accounts payable	¥48,091	¥31,600	¥(667)
Energy swap agreements:				
(fixed price payment, floating price receipt) (Note a)	Accounts payable	¥ 6,660	¥ 4,045	¥ 568
Interest rate swaps:				
(fixed rate payment, floating rate receipt) (Note b)	Long-term loans	¥ 3,299	¥ 2,592	
Total				¥ (99)

At March 31, 2011	Millions of Yen			Fair Value
	Hedged Item	Contract Amount	Contract Amount due after One Year	
Currency swaps:				
Buying CHF (Note b)	Bonds	¥19,863	¥19,523	
Buying USD (Note a)	Accounts payable	¥52,147	¥36,819	¥(3,129)
Energy swap agreements:				
(fixed price payment, floating price receipt) (Note a)	Accounts payable	¥ 9,275	¥ 6,660	¥ 383
Interest rate swaps:				
(fixed rate payment, floating rate receipt) (Note b)	Long-term loans	¥ 3,991	¥ 3,299	
Total				¥(2,746)

At March 31, 2012	Thousands of U.S. Dollars			Fair Value
	Hedged Item	Contract Amount	Contract Amount due after One Year	
Currency swaps:				
Buying CHF (Note b)	Bonds	\$237,680	\$233,552	
Buying USD (Note a)	Accounts payable	\$585,476	\$384,709	\$(8,120)
Energy swap agreements:				
(fixed price payment, floating price receipt) (Note a)	Accounts payable	\$ 81,081	\$ 49,245	\$ 6,915
Interest rate swaps:				
(fixed rate payment, floating rate receipt) (Note b)	Long-term loans	\$ 40,163	\$ 31,556	
Total				\$(1,205)

Notes:

- (a) The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.
- (b) Bonds denominated in foreign currencies for which currency swaps are used to hedge the foreign currency fluctuations are translated at the contracted rate if the currency swaps qualify for hedge accounting.
- 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 such currency swaps and interest rate swaps are included in those of hedged items (i.e. bonds and long-term loans, respectively) 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, 2012, 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, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans, mainly in connection with procurement of fuel	¥95,964	\$1,168,298
Guarantees of employees' loans	81,615	993,608
Guarantees under debt assumption agreements	70,000	852,204
Other	19,033	231,714

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 income for the year ended March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Other comprehensive income:		
Unrealized gain (loss) on available-for-sale securities		
Gains arising during the year	¥ (114)	\$ (1,388)
Reclassification adjustments to profit or loss	27	329
Amount before income tax effect	(87)	(1,059)
Income tax effect	1,008	12,272
Total	¥ 921	\$ 11,213
Deferred gain (loss) on derivatives under hedge accounting		
Gains arising during the year	¥ 841	\$ 10,239
Adjustments for amounts transferred to the initial carrying amounts of hedged items	1,807	21,999
Amount before income tax effect	2,648	32,238
Income tax effect	(952)	(11,590)
Total	¥1,696	\$ 20,648
Foreign currency translation adjustments		
Adjustments arising during the year	¥ 731	\$ 8,899
Share of other comprehensive income in non-consolidated subsidiaries and affiliated companies		
Gains arising during the year	¥ (626)	\$ (7,621)
Reclassification adjustments to profit or loss	32	389
Total	¥ (594)	\$ (7,232)
Total other comprehensive income	¥2,754	\$ 33,528

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

19. SEGMENT INFORMATION

(1) Description of reportable segments

The Companies' reportable segments are those for which separately financial information is available 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.

Energy related business consists of obtaining, storing, gasifying, supplying and selling LNG 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."

(3) Information about sales, profit, assets and other items at March 31, 2012 and 2011 were as follows:

	Millions of Yen						
	2012						
	Reportable segment					Total	Reconciliations
Electric Power	Energy related Business	IT and Telecommunications	Other				
Sales:							
Sales to external customers	¥1,367,610	¥ 67,039	¥ 61,151	¥ 12,284	¥1,508,084		¥1,508,084
Intersegment sales or transfers	1,927	97,518	35,812	15,027	150,284	¥(150,284)	
Total	¥1,369,537	¥164,557	¥ 96,963	¥ 27,311	¥1,658,368	¥(150,284)	¥1,508,084
Segment (loss) profit	¥ (199,996)	¥ 4,780	¥ 6,628	¥ 3,145	¥ (185,443)	¥ 588	¥ (184,855)
Segment assets	3,962,356	312,340	146,244	155,275	4,576,215	(148,121)	4,428,094
Other:							
Depreciation	211,075	12,060	19,066	5,266	247,467	(2,997)	244,470
Increase in property and nuclear fuel	193,857	20,231	21,432	11,680	247,200	(3,238)	243,962

	Millions of Yen						
	2011						
	Reportable segment					Total	Reconciliations
Electric Power	Energy related Business	IT and Telecommunications	Other				
Sales:							
Sales to external customers	¥1,354,204	¥ 59,768	¥ 60,913	¥ 11,198	¥1,486,083		¥1,486,083
Intersegment sales or transfers	2,114	98,247	35,315	14,899	150,575	¥(150,575)	
Total	¥1,356,318	¥158,015	¥ 96,228	¥ 26,097	¥1,636,658	¥(150,575)	¥1,486,083
Segment profit	¥ 86,599	¥ 3,023	¥ 6,484	¥ 3,381	¥ 99,487	¥ (578)	¥ 98,909
Segment assets	3,741,007	300,947	147,890	154,974	4,344,818	(159,357)	4,185,461
Other:							
Depreciation	222,956	14,130	19,625	5,325	262,036	(2,958)	259,078
Increase in property and nuclear fuel	228,812	6,465	23,669	7,601	266,547	(4,731)	261,816

Thousands of U.S. Dollars

	2012							
	Reportable segment					Total	Reconciliations	Consolidated
	Electric Power	Energy related Business	IT and Telecommunications	Other				
Sales:								
Sales to external customers	\$16,649,744	\$ 816,155	\$ 744,473	\$ 149,550	\$18,359,922			\$18,359,922
Intersegment sales or transfers	23,460	1,187,217	435,987	182,944	1,829,608	\$(1,829,608)		
Total	\$16,673,204	\$2,003,372	\$1,180,460	\$ 332,494	\$20,189,530	\$(1,829,608)		\$18,359,922
Segment (loss) profit	\$ (2,434,819)	\$ 58,193	\$ 80,692	\$ 38,289	\$ (2,257,645)	\$ 7,158		\$ (2,250,487)
Segment assets	48,239,055	3,802,532	1,780,424	1,890,370	55,712,381	(1,803,275)		53,909,106
Other:								
Depreciation	2,569,698	146,822	232,116	64,110	3,012,746	(36,486)		2,976,260
Increase in property and nuclear fuel	2,360,080	246,299	260,921	142,196	3,009,496	(39,421)		2,970,075

Notes:

- (a) Reconciliations of the segment profit and the segment assets are intersegment transaction eliminations.
(b) Segment profit is adjusted to reflect operating income on the consolidated statement of operations.
(c) Significant negative goodwill was incurred in the other business segment for the year ended March 31, 2012, and the gain on negative goodwill was ¥2,470 million (\$30,071 thousand)

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. SUBSEQUENT EVENT

At the general shareholders meeting held on June 27, 2012, the Company's shareholders approved the following appropriation of retained earnings as of March 31, 2012:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥20.00 (\$0.24) per share	¥9,465	\$115,230



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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 and consolidated subsidiaries as of March 31, 2012, 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 conformity 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 misstatements, 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 conformity 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 misstatements.

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 those 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 consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

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 conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2012

Member of
Deloitte Touche Tohmatsu Limited

Non-consolidated Five-Year Financial Summary

Kyushu Electric Power Company, Incorporated
Years Ended March 31

For the Year:	Millions of Yen					Thousands of U.S. Dollars
	2012	2011	2010	2009	2008	2012
Operating revenues	¥1,406,770	¥1,387,518	¥1,339,808	¥1,430,162	¥1,392,060	\$17,126,491
Electric	1,369,537	1,356,318	1,312,104	1,400,792	1,365,701	16,673,204
Other	37,233	31,200	27,704	29,370	26,359	453,287
Operating expenses	1,569,533	1,269,719	1,229,155	1,326,654	1,271,380	19,108,023
Personnel	167,966	162,651	172,720	136,794	138,313	2,044,875
Fuel	520,282	284,858	213,008	305,600	279,930	6,334,088
Purchased power	206,042	137,063	113,668	149,940	123,276	2,508,425
Depreciation	202,151	197,978	196,742	195,232	197,343	2,461,054
Maintenance	176,007	175,986	195,118	197,807	184,938	2,142,768
Reprocessing costs of irradiated nuclear fuel	21,632	30,796	33,787	34,167	41,579	263,355
Decommissioning costs of nuclear power units	3,106	7,524	9,093	8,309	21,357	37,814
Disposal cost of high-level radioactive waste	6,010	8,885	10,373	8,669	9,125	73,168
Disposition of property	15,334	15,181	16,478	22,877	16,329	186,681
Taxes other than income taxes	83,143	87,680	87,474	88,453	87,107	1,012,211
Subcontract fee	65,949	67,729	79,226	74,835	70,721	802,885
Rent	31,277	32,789	34,334	35,760	36,547	380,777
Other	70,634	60,599	67,134	68,211	64,815	859,922
Interest charges	32,267	32,151	33,145	33,444	34,426	392,829
Income (loss) before income taxes	(229,755)	35,778	50,356	44,165	60,162	(2,797,115)
Net income (loss)	(174,984)	20,444	28,308	26,917	35,683	(2,130,314)

Per share of common stock:	Yen					U.S. Dollars
Basic net income (loss)	¥(369.74)	¥43.19	¥59.80	¥56.85	¥75.37	\$(4.50)
Cash dividends applicable to the year	50.00	60.00	60.00	60.00	60.00	0.61

At year-end:	Millions of Yen					Thousands of U.S. Dollars
Total assets	¥4,110,951	¥3,890,891	¥3,776,569	¥3,834,125	¥3,784,701	\$50,048,101
Net property	2,757,024	2,811,194	2,811,064	2,847,639	2,878,537	33,564,938
Long-term debt, less current portion	2,090,311	1,627,260	1,641,073	1,715,780	1,620,563	25,448,150
Total equity	766,701	967,516	984,109	981,540	999,679	9,334,076

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥82.14 = U.S.\$1, the approximate rate of exchange at March 31, 2012.)

Non-consolidated Balance Sheet

Kyushu Electric Power Company, Incorporated
March 31, 2012 (Unaudited)

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
ASSETS			
PROPERTY:			
Plant and equipment	¥8,888,533	¥8,732,411	\$108,211,992
Construction in progress	186,648	245,260	2,272,315
Total	9,075,181	8,977,671	110,484,307
Less-			
Contributions in aid of construction	152,162	149,323	1,852,471
Accumulated depreciation	6,165,995	6,017,154	75,066,898
Total	6,318,157	6,166,477	76,919,369
Net property	2,757,024	2,811,194	33,564,938
NUCLEAR FUEL	267,124	263,381	3,252,057
INVESTMENTS AND OTHER ASSETS:			
Investment securities	105,002	104,139	1,278,330
Investments in and advances to subsidiaries and affiliated companies	151,627	150,753	1,845,958
Reserve funds for reprocessing of irradiated nuclear fuel	220,294	197,273	2,681,934
Deferred tax assets	161,467	117,874	1,965,753
Other assets	12,607	11,145	153,482
Total investments and other assets	650,997	581,184	7,925,457
CURRENT ASSETS:			
Cash and cash equivalents	231,960	85,105	2,823,959
Receivables	109,315	90,882	1,330,838
Allowance for doubtful accounts	(511)	(596)	(6,221)
Fuel and supplies	63,161	39,232	768,943
Deferred tax assets	24,784	13,164	301,729
Prepaid expenses and other	7,097	7,345	86,401
Total current assets	435,806	235,132	5,305,649
TOTAL	¥4,110,951	¥3,890,891	\$ 50,048,101

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥82.14 = U.S.\$1, the approximate rate of exchange at March 31, 2012.)

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
LIABILITIES AND EQUITY			
LONG-TERM LIABILITIES:			
Long-term debt, less current portion	¥2,090,311	¥1,627,260	\$25,448,150
Liability for employees' retirement benefits	136,875	127,722	1,666,362
Reserve for reprocessing of irradiated nuclear fuel	358,652	368,931	4,366,350
Asset retirement obligations	211,841	207,690	2,579,024
Other	19,585	23,742	238,434
Total long-term liabilities	2,817,264	2,355,345	34,298,320
CURRENT LIABILITIES:			
Current portion of long-term debt	164,403	200,512	2,001,498
Short-term borrowings	111,000	116,000	1,351,351
Commercial paper		30,000	
Accounts payable	130,004	95,707	1,582,712
Accrued income taxes		16,856	
Accrued expenses	92,420	80,756	1,125,152
Other	27,943	28,199	340,188
Total current liabilities	525,770	568,030	6,400,901
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	1,216		14,804
EQUITY:			
Common stock, authorized, 1,000,000,000 shares; issued, 474,183,951 shares in 2012 and 2011	237,305	237,305	2,889,031
Capital surplus:			
Additional paid-in capital	31,087	31,087	378,464
Other capital surplus	23	28	280
Retained earnings:			
Legal reserve	59,326	59,326	722,254
Retained earnings—carryforward	429,513	632,893	5,229,036
Unrealized gain (loss) on available-for-sale securities	11,635	10,728	141,648
Deferred gain (loss) on derivatives under hedge accounting	(59)	(1,755)	(718)
Treasury stock—at cost 938,904 shares in 2012 and 905,742 shares in 2011	(2,129)	(2,096)	(25,919)
Total equity	766,701	967,516	9,334,076
TOTAL	¥4,110,951	¥3,890,891	\$50,048,101

Non-consolidated Statement of Operations

Kyushu Electric Power Company, Incorporated
Year Ended March 31, 2012 (Unaudited)

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
OPERATING REVENUES:			
Electric	¥1,369,537	¥1,356,318	\$16,673,204
Other	37,233	31,200	453,287
Total operating revenues	1,406,770	1,387,518	17,126,491
OPERATING EXPENSES:			
Electric:			
Personnel	167,966	162,651	2,044,875
Fuel	520,282	284,858	6,334,088
Purchased power	206,042	137,063	2,508,425
Depreciation	202,151	197,978	2,461,054
Maintenance	176,007	175,986	2,142,768
Reprocessing costs of irradiated nuclear fuel	21,632	30,796	263,355
Decommissioning costs of nuclear power units	3,106	7,524	37,814
Disposal cost of high-level radioactive waste	6,010	8,885	73,168
Disposition of property	15,334	15,181	186,681
Taxes other than income taxes	83,143	87,680	1,012,211
Subcontract fee	65,949	67,729	802,885
Rent	31,277	32,789	380,777
Other	70,634	60,599	859,922
Total	1,569,533	1,269,719	19,108,023
Other	32,959	32,726	401,254
Total operating expenses	1,602,492	1,302,445	19,509,277
OPERATING (LOSS) INCOME	(195,722)	85,073	(2,382,786)
OTHER EXPENSES (INCOME):			
Interest charges	32,267	32,151	392,829
Gain on sales of investment securities		(2,225)	
Loss on adjustment for changes of accounting standard for asset retirement obligations		18,326	
Other-net	550	1,043	6,696
Total other expenses-net	32,817	49,295	399,525
(LOSS) INCOME BEFORE INCOME TAXES AND PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(228,539)	35,778	(2,782,311)
PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	1,216		14,804
(LOSS) INCOME BEFORE INCOME TAXES	(229,755)	35,778	(2,797,115)
INCOME TAXES:			
Current		28,334	
Prior years	487		5,929
Deferred	(55,258)	(13,000)	(672,730)
Total income taxes	(54,771)	15,334	(666,801)
NET (LOSS) INCOME	¥ (174,984)	¥ 20,444	\$ (2,130,314)
PER SHARE OF COMMON STOCK:			
Basic net (loss) income	¥(369.74)	¥43.19	\$(4.50)
Cash dividends applicable to the year	50.00	60.00	0.61

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥82.14 = U.S.\$1, the approximate rate of exchange at March 31, 2012.)

Overview of Power Generation Facilities

(As of March 31, 2012)

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

Station name	Maximum output (kW)	Operation commencement date	System	Location
Genkai	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 Stations (10 facilities/maximum output 11,180,000 kW)

Station name	Maximum output (kW)	Operation commencement date	Main fuel	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	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
Oita	500,000 (250,000×2)	Jul. 1969	Heavy oil	Oita-shi, Oita 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)	Jul. 1974	Heavy oil/crude oil	Satsumasendai-shi, Kagoshima Prefecture

Hydroelectric Power Stations (141 facilities/maximum output 3,581,846 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	51,100	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	63,090	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 Daini	71,300	Mar. 1932	Dam and conduit system	Miyazaki-shi, Miyazaki Prefecture

*with outputs of 50,000 kW or higher

Geothermal Power Stations (6 facilities/maximum output 212,000 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	30,000	Mar. 1995	Ibusuki-shi, Kagoshima Prefecture

Internal Combustion Power Stations (34 facilities/maximum output 395,270 kW) *including gas turbines

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 Stations (two facilities/maximum output total 3,250 kW)

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 Station (one facility/maximum output total 3,000 kW)

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

Subsidiaries and Affiliated Companies

(As of March 31, 2012)

Consolidated Subsidiaries

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 Ecosol Co., Ltd.	495	100.0	On-site solar power generation 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
NISHI NIPPON AIRLINES CO., LTD.	360	54.7	Air cargo transportation
Kyuden High Tech Corporation	200	100.0	Maintenance and repair of electricity facilities
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
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

*Kyuden Technosystems Corporation was formed from the merger on January 1, 2012 of KYUKI CORPORATION and Kyushu Meter & Relay Engineering Corporation.

Energy Business Overseas

Kyuden International Corporation	23,150	100.0	Acquisition and holding of securities of overseas electric companies
Kyuden International Netherlands B.V.	6,497	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 business company
Kyushu Electric Australia Pty Ltd	39,240 (Thousands 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	36,780 (Thousands 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	97.5	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
Capital Kyuden Corporation	600	100.0	Acquiring and owning of securities, loans to group companies
Kyuden Good Life Company, Inc.	300	100.0	Paid elderly nursing home management and nursing services
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

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
Kyuden Corporation	7,901	30.9	Electric work
Oita Co-operative Thermal Power Co., Inc.	4,000	50.0	Wholesale electricity supply
KYUSYU CRYOGENICS CO., LTD.	450	50.0	Manufacture and sales of liquid oxygen, liquid nitrogen and liquid argon
Kyuhon Co., Ltd.	225	35.9	Manufacture and sales of electrical equipment
Seishin Corporation	200	26.5	Sale of electrical equipment
Kyuden Corporation	100	15.2	Construction and repair of transmission lines
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
Nihon FRP Co., Inc.	30	65.0	Design fabrication, repair and installation of reinforced plastic
Nishi Nihon Denki Tekkou Co., Ltd.	30	33.5	Design, production and sales of steel towers and steel conduits
NISHIDA TECHNO SERVICE Co., Inc.	20	65.0	Inspection, maintenance, design, production and construction of sluice and weir equipment
Washiodake Wind Power Co., Ltd.	10	100.0	Development of wind power generation facilities and 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
Amami Oshima Wind Power Co., Ltd.	10	75.0	Sales of electric power from wind generation
Energy Business Overseas			
KYUDEN ILIJAN HOLDING CORPORATION	3,050 (Thousands of U.S. dollars)	100.0	Investment in Ilijan IPP business company
Kyushu Tohoku Enrichment Investing SAS	103,960 (Thousands of Euro)	50.0	Investment in uranium enrichment business
KYUDEN SARULLA PTE. LTD.	7,996 (Thousands of Singapore dollars)	100.0	Geothermal power generation
Electricidad Aguila de Tuxpan, S.deR.L.deC.V.	641,743 (Thousands of Mexico Pesos)	50.0	Power-generation activities using natural gas fuel
Electricidad Sol de Tuxpan, S.deR.L.deC.V.	493,407 (Thousands 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 Housing Guarantee Corporation	272	33.3	Housing and building assessments, security services affairs
Kyushu Highlands Development Co., Ltd.	300	100.0	Management of golf courses
Kyuden Home Security Co., Inc.	250	97.5	Home security and monitoring business
Kyuden Shared Business Co., Ltd.	80	100.0	Accounting and personnel services
Kyushu Captioning Co-Production Center Inc.	60	76.7	Subtitle production for broadcasting
Oak Co., Ltd.	3	100.0	Real estate management

Outline of Kyushu Electric Power's History

(As of March 31, 2012)

(Fiscal Year)	Noteworthy Events
1951	Kyushu Electric Power is established.
1953	Kyushu Electric Power receives its first post-war loan (approximately ¥3.8 billion) in Japan from the International Bank for Reconstruction and Development (the World Bank).
1955	The Kamishiiba Power Station, the first in Japan with an arch dam, becomes operational. Unit 1 at the Karita Thermal Power Station, an advanced, high-capacity system (75,000 kW), becomes operational.
1957	Kyushu Electric Power completes its Central Line (220,000 V), its first super-high-voltage transmission line. Thermal generation capacity exceeds hydroelectric capacity.
1960	Frequency unification is completed.
1967	The Otake Power Station, Japan's first commercial geothermal generation facility, becomes operational with a capacity of 11,000 kW. Unit 1 at the Karatsu Power Station (156,000 kW) becomes operational as Kyushu Electric Power's first generation facility with a control computer.
1969	Unit 1 at the Oita Power Station (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.
1975	Unit 1 at the Genkai Power Station (559,000 kW), Kyushu Electric Power's first nuclear facility, becomes operational. The Ohira Power Station, then Japan's biggest pumped-storage facility (500,000 kW), becomes operational.
1977	Unit 1 at the Hatchoubaru Geothermal Power Station, one of the biggest in Japan, becomes operational, initially with a capacity of 23,000 kW.
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 500,000 V Trans-Kanmon Line becomes operational.
1982	The Kyushu Energy Center is opened.
1984	Unit 1 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	Kyushu Electric Power achieves a zero outage record for work on high-and low-voltage facilities for the first time in Japan.
1990	The No. 1 System at the Shin Oita Power Station (690,000 kW) becomes operational. Designed to use LNG, this combined-cycle unit provides excellent thermal efficiency.
1992	Kyushu Electric Power begins to purchase surplus electric power from distributed generation facilities, including solar and wind power systems.
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.
2002	Dedicated sales representatives are assigned to corporate customers.
2004	The Call Center is extended to the entire corporate organization.
2005	The Goto Archipelago Link, Japan's longest sea-bed cable, becomes operational.
2007	"Kyushu Electric Power's Mission" and brand message "Enlighten Our Future" are adopted.
2009	Implementation of Japan's first pluthermal operation.
2010	The Mega Solar Omuta, our first large-scale solar power generation station, becomes operational.
2011	An accident occurred at the nuclear power station in Fukushima following the Great Eastern Japan Earthquake.

Corporate Data

(As of March 31, 2012)

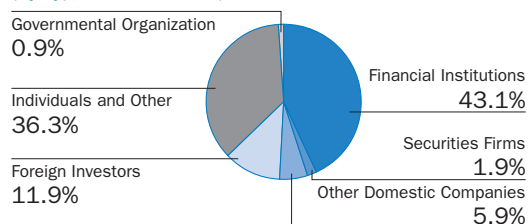
Company Overview

Trade Name	Kyushu Electric Power Company, Incorporated	Date of Establishment	May 1, 1951
Head Office	1-82, Watanabe-dori 2-chome, Chuo-ku, Fukuoka 810-8720, Japan Phone +81-92-761-3031	Paid-in Capital	¥237,304,863,699
Tokyo Branch Office	7-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan Phone +81-3-3281-4931	Number of Employees	12,831

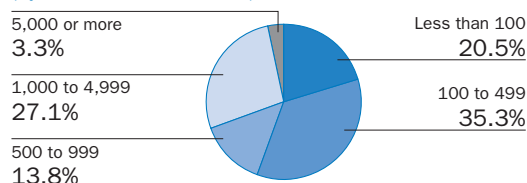
Stock Information

Total Number of Shares Authorized	1,000,000,000	Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan <small>* On April 1, 2012, The Chuo Mitsui Trust and Banking Co., Ltd., which was the Company's transfer agent and registrar, was renamed due to a merger.</small>
Number of Shares Issued and Outstanding	474,183,951	Accounting Auditor	Deloitte Touche Tohmatsu LLC
Number of Shareholders	181,022		
Shareholders' Meeting	June		
Fiscal Year	From April 1 to March 31		
Stock Listings	Tokyo Stock Exchange, Osaka Securities Exchange, Fukuoka Stock Exchange (Code: 9508)		

Composition of Shareholders (By Type of Shareholder)



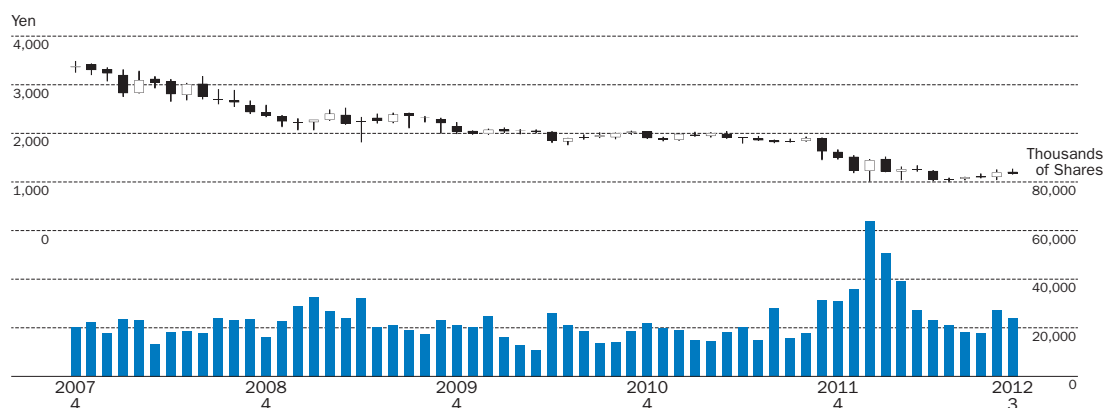
Composition of Shareholders (By Number of Shares Held)



Major Shareholders

Name	Number of Shares Held (Thousands of Shares)	Shareholding Ratio (%)
Meiji Yasuda Life Insurance	22,882	4.83
The Master Trust Bank of Japan, Ltd. (trust unit)	21,299	4.49
Nippon Life Insurance Company	18,454	3.89
Japan Trustee Services Bank, Ltd. (trust unit)	17,385	3.67
Mizuho Corporate Bank, Ltd.	9,669	2.04
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	8,920	1.88
Kochi Sinkin Bank	8,704	1.84
Kyushu Electric Power Co., Inc. Employees' Shareholding Association	8,674	1.83
Mizuho Trust and Banking, Retirement Benefit Trust Fukuoka Bank unit	8,637	1.82
Sumitomo Mitsui Banking Corporation	8,474	1.79

Trends of Stock Price and Trading Volume





KYUSHU ELECTRIC
POWER CO., INC.

