

Chubu Electric Power Company Group
Annual Report 2019
Integrated Report



Connecting, expanding, our potential is





Chubu Electric Power Group Corporate Philosophy

Chubu Electric Power Group delivers
the energy that is indispensable to people's lives
and so contributes to the development of society.

Sincere and Sustained Effort

We make a constant and sincere effort to fulfill our unwavering mission and retain the trust of our customers and society.

Creativity and Spirit of Challenge

We continually act with creativity and an enthusiasm for new challenges in order to pursue excellence in our services and meet the expectations of our customers and society.

Independence and Cooperation

We work together as individuals showing respect for one another to create a vibrant and dynamic corporate culture.

infinite



Editorial policy

This Annual Report is issued as an “Integrated Report” that provides a comprehensive coverage of both financial and non-financial information, which is prepared in reference to various guidelines and with the the group-wide cooperation of the divisions and departments concerned across the company. The purpose of this report is to (1) report the actual performance for the reporting period as results of our business activities and (2) provide the the understanding of the sustainable growth process of the the Chubu Electric Power Group and its feasibility.

The Annual Report 2019 reports specific activities and initiatives that we are undertaking to challenge ourselves to “fulfill our unwavering mission” of ensuring stable energy supply in any age and to “create new value” by responding to clocking at changes of the times, with particular focus based on “Fiscal 2019 Initiatives to Address Management Challenges” that we announced in March 2019.

We will make continuous effort to improve the report as one of the tools to enhance communication with our stakeholders.

Date of publication

September 2019

(Next report: scheduled for September 2020; previous report: September 2018)

Organizations covered by the scope of the report

Chubu Electric Power Co., Inc. and associated companies

Reporting period covered

Fiscal year 2018 (April 2018 through March 2019)

This report also includes information regarding some important events and activities that occurred outside the above period.

Inclusion in SRI indexes

As of July 2019, Chubu Electric Power has been included in the following three indexes among the indexes adopted by the Government Pension Investment Fund in Japan:

MSCI Japan ESG Select Leaders Index



MSCI Japan ESG
Select Leaders Index

MSCI Japan Empowering Woman Index (WIN)



MSCI Japan Empowering
Women Index (WIN)

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S&P/JPX Carbon Effect Index



Guidelines used as references:

GRI, GRI Standards

IIRC, International Integrated Reporting Framework

The Ministry of Economy, Trade and Industry, Integrated disclosure and interactions guidance for co-creation of values

Ministry of the Environment, Environmental Reporting Guidelines (2018 Version), etc.

Caution concerning forward-looking statements

The future plans and forecasts described in this report are based on information the company possesses at the present time and involve potential risks and uncertainty. Therefore, actual performance or business developments in the future may differ from those described.

Examples of potential risks or uncertainty include, but not limited to, changes in the economic or competitive circumstances affecting a business sector, fluctuations in fuel prices, or change in laws or regulations.

The sentiment behind this year's cover design

This year's front cover features the Japanese character for “create,” depicted in bold calligraphic strokes. “Let's create a new Chubu Electric Power Group that evolves with strength and agility in this new era” is the sentiment contained therein.

This design was created to express expectations for new services created through Community Support Infrastructure as well as ties with people and community and their expansion by using shining lines, and with a mental image of moving powerfully forward through new ages.



Calligrapher: Hiroshi Tsuzuki


Born in 1979 with congenital upper limb deficiency, Hiroshi Tsuzuki joined Chuden Wing Co., Ltd.—a Chubu Electric Power subsidiary in 2003. He is currently in charge of design at Chuden Wing. The special feature of his design work is the calligraphic characters that he paints using his feet and then uploads to his computer and touches up. He represented Japan at the International Abilympics 2016 in France, in the English language DTP* category.

*Desktop publishing, which is the computer-based editing, design and printing of publishing material.

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Connecting, expanding,
our potential is 

Top Commitment

- 13 Top Commitment
- We are building a new business foundation and creating new growth fields to lead the new era of energy.

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History of Chubu Electric Power

Overcoming numerous challenges since its foundation, Chubu Electric Power has grown together with the development of the Chubu region, which plays a central role in manufacturing in Japan.

1951

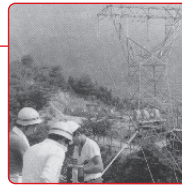
Steady growth since its foundation together with customers in the Chubu region

Meeting increasing demand for electricity

In this era after the postwar recovery, large-scale power source development, primarily from oil thermal power generation together with an expansion of transmission systems, was promoted to meet the increasing demand for electricity accompanying the high economic growth.



Transition from hydraulic power to thermal power generation
Mie Thermal Power Station Units 1 & 2 (1955)



Distributing large amounts of electricity to wider and farther areas
500 kV Seibu trunk line was constructed (completed in 1972).

Diversification of power sources (Best balance)

Due to electricity shortages caused by the oil crisis and severe pollution, a growing need to review dependence on oil thermal power and move towards diversified power sources arose. This resulted in the introduction of cleaner energies such as nuclear power and LNG (liquefied natural gas) thermal power.



Mixed power source with less reliance on oil
Hamaoka Nuclear Power Station Unit 1 (1976)



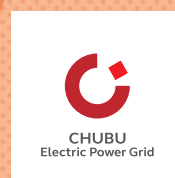
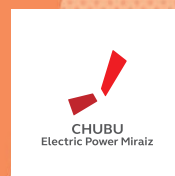
Utilize LNG producing less CO₂ emissions
Chita Thermal Power Station Units 5 and 6 (1978)



Second half of the 2020s

Chubu Electric Power Group Management Vision

Total energy service corporate group that is one step ahead



Aiming for sustainable growth under a new business structure

The power transmission/distribution and sales divisions will also be spun off to separate companies following the integration of existing thermal power generation business into JERA.

Under the new structure, individual companies will focus on their respective markets and autonomously execute their businesses to aim further growth to be more robust corporate group.

Integration of existing thermal power generation business into JERA

Completion of the integration of value chain from the upstream fuel/procurement business to power generation



Full integration into JERA

Formulation of management vision

—Second foundation period—

Upon its 65th anniversary, Chubu Electric Power formulated a management vision to live up to the trust of customers and society and to continue to be the electric company to be chosen by customers. In 2018, we revised the management vision to aim for "consolidated ordinary income of 250 billion yen or more in the second half of the 2020s" through such initiatives as the transition to a business model that separates power generation from sales and the provision of "a new type of community."



Enhancement of "Kate-Ene", a web service for households



Entry into gas sales business to households

Electricity business is going through changes

After the Great East Japan Earthquake, Hamaoka Nuclear Power Station stopped its operation. We improve safety in our nuclear power generation and to promote renewable energy development. Additionally, in even fiercer competition driven by the full liberalization of the electricity and gas retail markets, we sought reformation with the aim to become a total energy service corporate group.



Solar power generation with zero CO₂ emissions
Mega Solar Shimizu (2015)



Comprehensive alliance in fuel procurement and thermal power generation business with Tokyo Electric Power
LNG transportation vessel owned by JERA Co., Inc.

Value Creation Process

Using our on-site capabilities that have been developed since the foundation of the company and facility infrastructure as driving forces, we are creating value that meets the needs of society, while also aiming to become a “total energy service corporate group that is one step ahead” through our value chain from fuel procurement to sales. Through this process, we will bring value to all stakeholders to live up to their trust and expectations, while contributing to social development and the achievement of SDGs*. We will also fulfill our CSR and promote ESG initiatives that will enhance corporate value as to enhance our value creation process.

Business activities for Value Creation

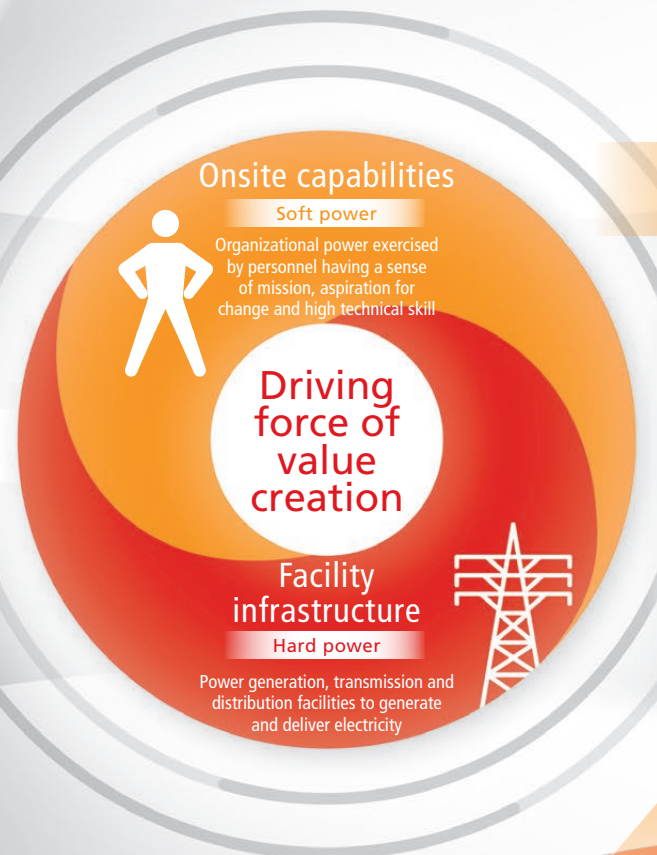


Chubu Electric Power Group
delivers energy that
is indispensable to
people’s lives and
so contributes to
the development of
society.

- Stable supply of indispensable energy
- Conservation of the global environment

Main social issues

- Safe, secure, and comfortable social life
- Development of regional communities



Environmental

* SDGs (Sustainable Development Goals):

The international goals for the period from 2016 to 2030 set forth in the “2030 Agenda for Sustainable Development” adopted by the United Nations summit in September 2015. They consist of 17 goals and 169 targets to realize a sustainable world and pledge that “no one will be left behind” in the world. SDGs are universal goals that apply not only to developing countries, but also to developed countries. The Chubu Electric Power Group will also contribute to the achievement of the SDGs.



Customers Shareholders and investors

Foundations for

Business activities See page 27 and after

Values to create

What we aim for Total energy service corporate group that is one step ahead

Value chain Creating value throughout the entire value chain, from fuel procurement to sales, with on-site capabilities and facility infrastructure as the driving forces

Fuel procurement Power generation Transmission/distribution Sales



Customers We are committed to providing our customers with safe, convenient, and affordable energy services, as well as other services of value that meet their needs.



Shareholders and Investors We are striving to maintain and increase profits for our shareholders and investors through efficient management and effective investment.



Local Communities We are determined to conserve the global environment and contribute to sustainable local development in partnership with local communities.



Business Partners We promise to deal fairly with our suppliers as equal business partners toward mutual growth and development.



Employees We respect individuals and are endeavoring to create a cheerful and motivating workplace.

ESG ^{*2}

ESG initiatives that enhance corporate value



Society



Governance

Fulfillment of CSR (Corporate Social Responsibility)

Communication with stakeholders

Local communities Business partners Employees

Value Creation See page 51 and after

ESG: Abbreviation for Environmental Social and Governance

Outcome of Value Creation (Financial and Non-financial Highlights)

Regarding the status of income and expenditures for FY2018, operating revenues amounted to 3,035 billion yen, an increase of 181.7 billion yen compared to the previous fiscal year. Ordinary income came to 112.9 billion yen, a year-on-year increase of 15.6 billion yen. However, ordinary income amounted approximately to 163.0 billion yen after excluding the time-lag impact of accrued income incurred by the fuel cost adjustment system*. With this result, the medium-term goal (of 150 billion yen or more in terms of ordinary income), which was set in March 2016, has been achieved.

As for the year-end dividend for FY2018, giving comprehensive consideration to the fact that we have met the medium-term goal, as well as the medium-to long-term income and expenditures, financial conditions, and other factors, we have decided to pay 25 yen per share.

We will continue to focus the Group's overall efforts on streamlining management and increasing revenues, so we can meet the trust and expectations of our customers, shareholders and society.

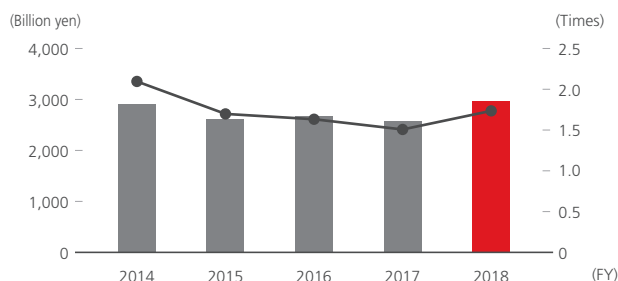
* Fuel cost adjustment system: A set of rules that require changes in fuel prices, such as LNG, coal, and crude oil, to be reflected in electricity rates.

Outstanding Interest-Bearing Debt/ Debt-to-Equity Ratio

See page 80 and after

■ Outstanding Interest-Bearing Debt (left) ● Debt-to-Equity Ratio (right)

2,981.1 billion yen **1.7 times**



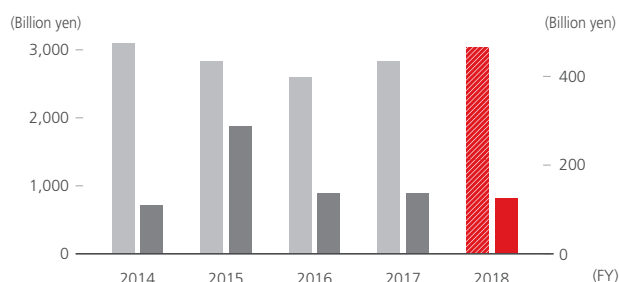
Financial

Operating Revenues/ Operating Income

See page 80 and after

■ Operating Revenues (left) ■ Operating Income (Loss) (right)

3,035.0 billion yen **125.9 billion yen**

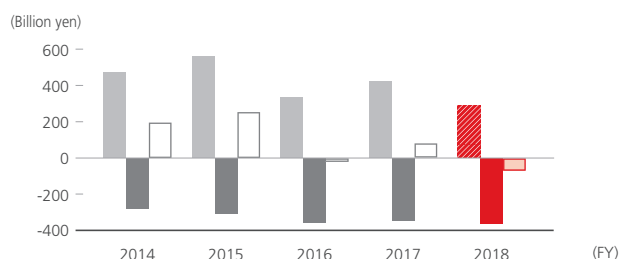


Cash Flows from Operating Activities/ Cash Flows from Investing Activities/Free Cash Flow

See page 80 and after

■ Cash Flows from Operating Activities ■ Cash Flows from Investing Activities ■ Free Cash Flow

296.4 billion yen **-368.3 billion yen** **-71.9 billion yen**



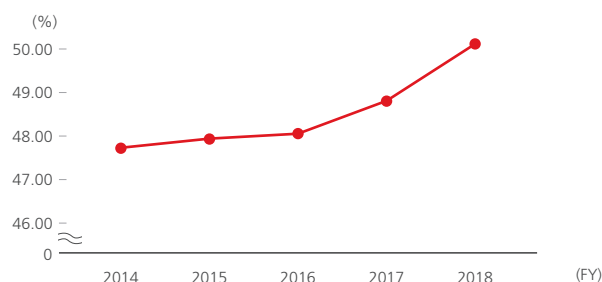
Non-financial Business activities

Power generation Gross thermal efficiency of thermal power facilities

See page 29

Striving to maintain and enhance the highest level in the world

50.11%



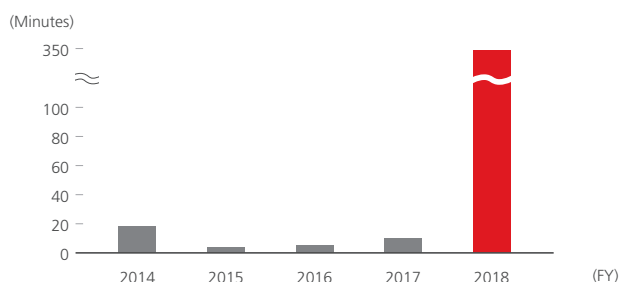
* Gross thermal efficiency of thermal power facilities of Chubu Electric Power until March 31, 2019. These thermal power facilities were transferred to JERA Co., Inc. in April 2019.

Transmission/distribution Annual average of failure/outage time per household

See page 35

Striving to maintain the lowest outage duration time in the world

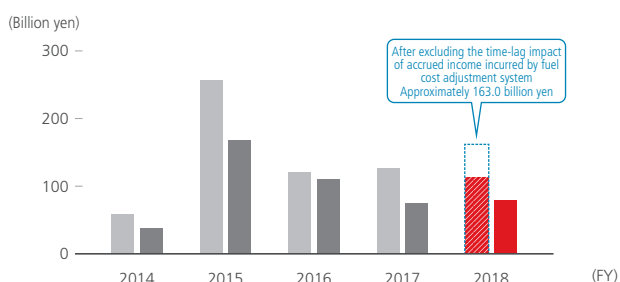
348 minutes*



* The figure worsened due to repeated typhoon damage in summer 2018.

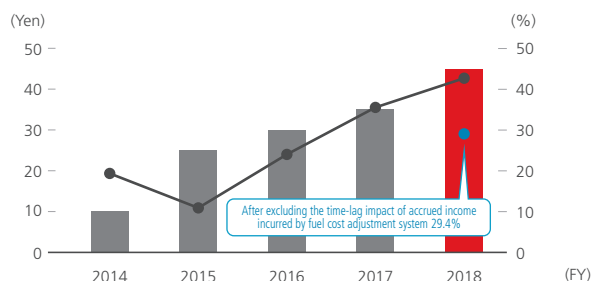
Ordinary Income/Net Income Attributable to Shareholders of the Parent Company See page 80 and after

Ordinary Income **112.9 billion yen** Net Income Attributable to Shareholders of the Parent Company **79.4 billion yen**



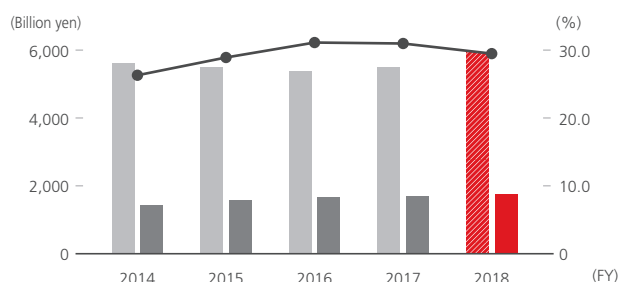
Dividends per Share/ Consolidated Payout Ratio See page 80 and after

Dividends per Share (left) **45 yen** Consolidated Payout Ratio (right) **42.9%**



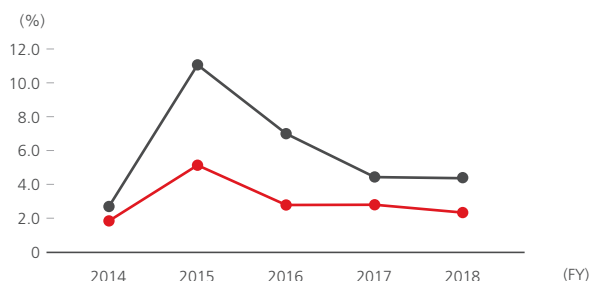
Total Assets/Shareholders' Equity/ Shareholders' Equity Ratio See page 80 and after

Total Assets (left) **5,987.5 billion yen** Shareholders' Equity (left) **1,778.4 billion yen** Shareholders' Equity Ratio (right) **29.7%**



Return on Assets (ROA)/ Return on Equity (ROE) See page 80 and after

ROA **2.4%** ROE **4.5%**

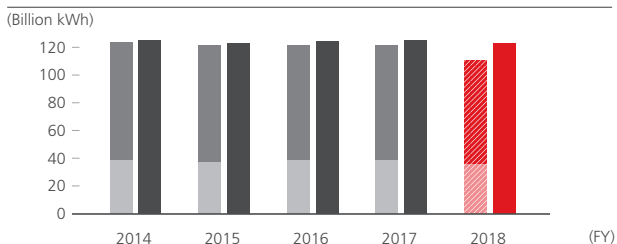


Sales Electrical energy sold See page 37

Maintaining the sales of 130 billion kWh throughout the late 2020s

Chubu Electric Power Low voltage (mainly for households) Chubu Electric Power High voltage/extra-high voltage (mainly for industries and businesses) Group total

Chubu Electric Power total **118.3 billion kWh** **123.6 billion kWh**

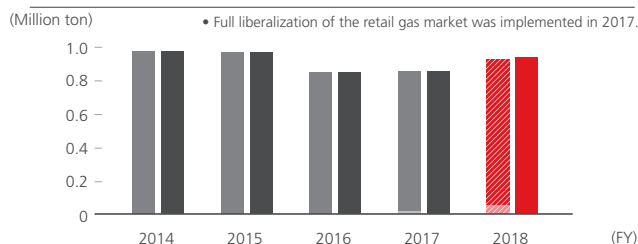


Sales Sales of gas and LNG See page 37

Aiming to expand to 3 million tons by the late 2020s

Chubu Electric Power Low voltage (mainly for households) Chubu Electric Power High voltage/extra-high voltage (mainly for industries and businesses) Group total

Chubu Electric Power total **0.93 million ton** **0.94 million ton**



Non-financial Environmental

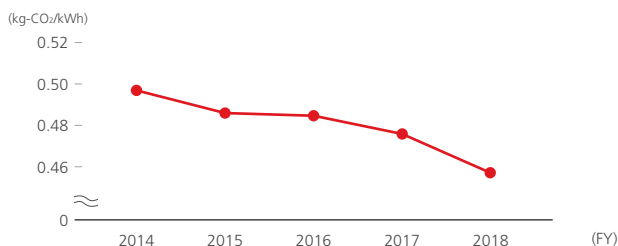
Building a low-carbon society

See page 70

CO₂ emission intensity

Aiming for 0.37 kg-CO₂/kWh in overall electric power business by FY2030

0.458 kg-CO₂/kWh



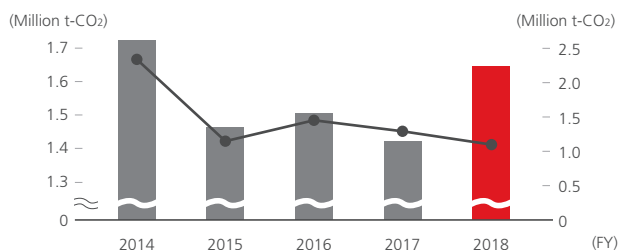
Recycling

See page 73

Industrial waste, waste by-products, and external landfill waste

We aim to achieve less than 1% of external landfill waste.

1.639 million t-CO₂ (Amount produced) **0.011** million t-CO₂ (Amount of external landfill waste)



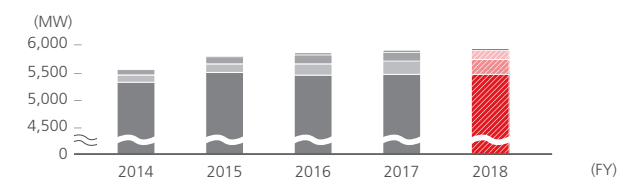
Building a low-carbon society

See page 71

Actually developed renewable energy

Actively promoting the development of renewable energy

About 5,460 MW (Hydraulic power) **About 290** MW (Solar) **About 170** MW (Wind power) **About 10** MW (Biomass)



• Amount at the end of each fiscal year in Chubu Electric Power Group (in case of joint development, only equity ownership output is included). Hydraulic power includes pumped storage power generation. Co-fired power with biomass fuel at Hekinan Thermal Power Station is not included.

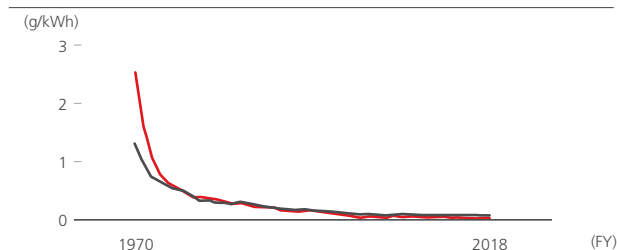
Coexisting with nature

See page 73

SO_x / NO_x emissions per kWh of electricity generated by thermal plants

We have reached the greatest level in the world and will continuously promote the initiatives of environmental preservation.

0.03 g/kWh (SO_x) **0.07** g/kWh (NO_x)



Non-financial Governance

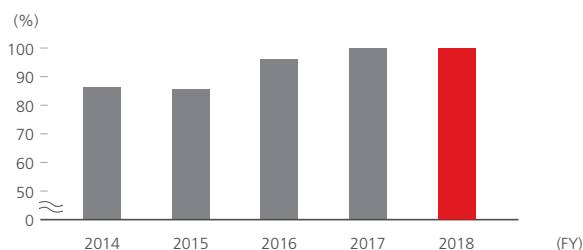
Corporate governance

See page 54

Average attendance rate of external directors in Board of Directors' meetings

Average attendance rate of external directors is high, contributing to the transparency of the Board of Directors and full deliberation

100%



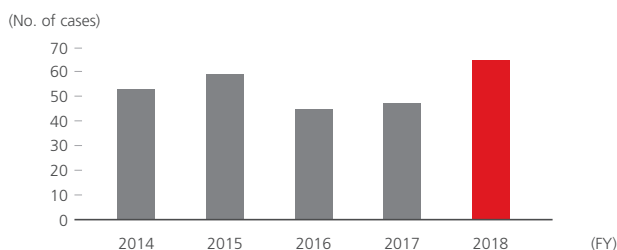
Compliance

See page 59

Number of consultation cases with the helpline

We ensure security of the persons who request consultation and handle each case respectfully.

65 cases



Non-financial Social

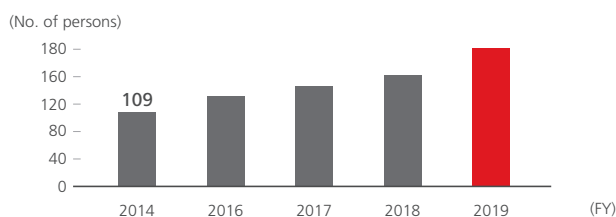
Diversity

Number of women in managerial positions

See page 65

We aim to double FY2014's number by FY2020.

181



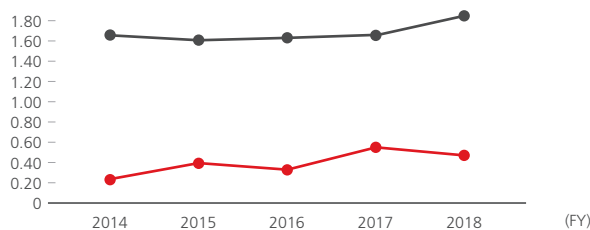
Occupational health

Industrial accident frequency*

See page 62

We aim to eliminate industrial accidents.

Chubu Electric Power 0.46 Entire industry 1.83



* Accident frequency: Number of persons killed or seriously injured (with at least one day of leave) by industrial accidents per million working hours.

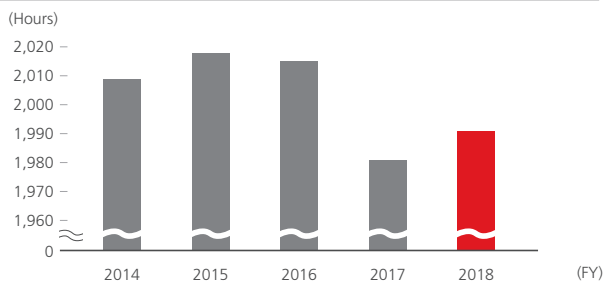
Work-style reform

Actual work hours in total per person

See page 63

We promote efficient work styles to enhance productivity.

1,991 hours

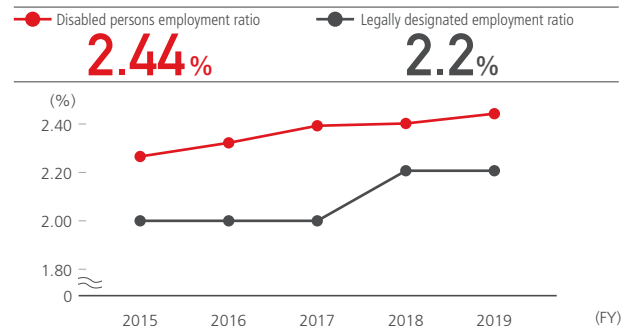


Diversity

Disabled persons employment ratio/Legally designated employment ratio

See page 66

We continue to exceed the legally designated employment ratio.



• As of June 1 in each FY

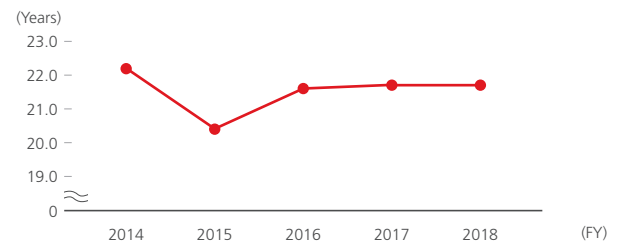
Work-style reform

Average service years

See page 65

We promote balanced life and work and aim to create comfortable workplaces.

21.7 years



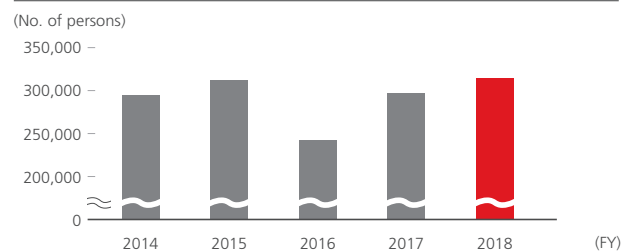
Next-generation education

Number of visitors to the Electricity Museum

See page 67

We actively contribute to energy education, which is one of our key focus areas of social contributions.

315,010 persons



We are building a new business foundation and creating new growth fields to lead the new era of energy.

President & Director *Satoru Katsuno*

The business environment for the energy sector is going through substantial changes. The Chubu Electric Power Group considers these changes to be an opportunity, and is establishing a new business structure.

We are in the process of transitioning to a new business model with power generation unbundled from sales. Existing thermal power generation businesses were merged into JERA Co., Inc. in April 2019, and the transmission/distribution and sales divisions will be split off into separate companies in April 2020.

In this section, I will explain the various measures we are pursuing as a corporate group to establish independent operations for these business divisions, and realize further growth as a total energy service corporate group that is one step ahead.

Personal Profile

Satoru Katsuno

b. 1954, Aichi Prefecture. Satoru Katsuno earned a bachelor's degree in electrical engineering from Keio University, and joined Chubu Electric Power in 1977. He has served as Manager of Hydro Power & Substations Section in the Electrical Engineering Department, General Manager of the Okazaki Regional Office, and General Manager of the Tokyo Office. Katsuno was appointed director in 2010, holding the position of Director, Senior Managing Executive Officer, and General Manager of the Corporate Planning & Strategy Division. He became Representative Director and Executive Vice President in 2013, while continuing to head the Corporate Planning & Strategy Division. He has been in his present position since June 2015. Katsuno values integrity as his guiding philosophy.

A crucial year of final preparations for unbundling

Putting the vision of a new business model into practice

Fiscal 2019 (FY3/20) is an important year for Chubu Electric Power. Following the integration of the thermal power generation business into JERA Co., Inc. in April 2019, we are now finalizing preparations for the separation of the transmission/distribution and sales businesses into independent companies, planned for April 2020. The Chubu Electric Power Group has finally reached the point of putting into practice the unbundling of power generation from sales, and these business divisions are preparing to face a competitive environment in a different market, steadily establishing the structures that will allow them to pursue business on their own.

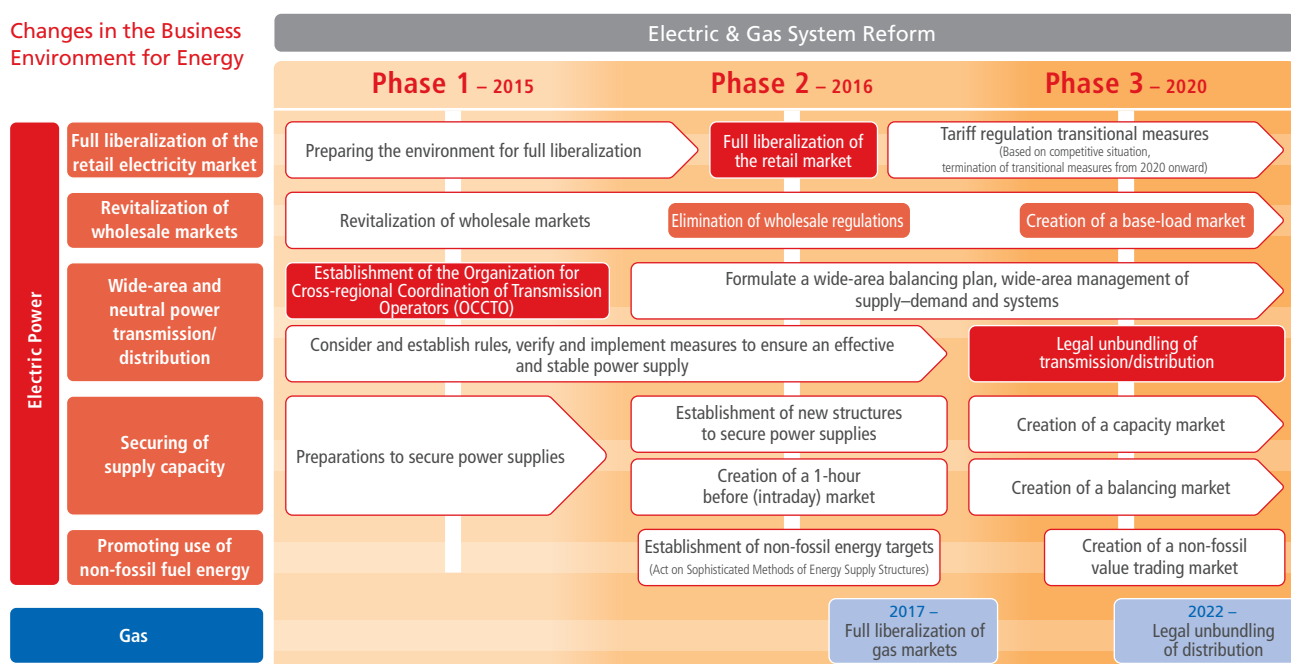
To achieve sustainable growth in this new business environment, we have compiled specific actions to realize our management vision into the Fiscal 2019 Initiatives to Address Management Challenges (hereinafter, "Fiscal 2019 Management Initiatives"). Through the execution of these initiatives, Chubu Electric Power is moving forward as a corporate group to implement this new business model.

Enhancing earnings with strategic investments

As reflected in the basic stance regarding investment and capital policy in the Fiscal 2019 Management Initiatives, the Chubu Electric Power Group plans to make more than 300 billion yen in strategic investments over the next five years, in such areas as renewable energy, overseas businesses, and new growth fields. Building on the idea of "earnings growth through investment," this is a new departure for Chubu Electric Power that will ensure sustainable growth under the new business structure.

We will consider the risk and return for a range of businesses, from those expected to generate earnings immediately to those with prospects for future growth, and compile the optimal portfolio for earnings over the short, medium, and long term.

Changes in the Business Environment for Energy



Creation of “Community Support Infrastructure”

Chubu Electric Power’s management vision revised in March 2018, along with the usual measures for the energy business, includes as a new growth field providing a “new type of community” as the starting point to address the various social issues arising from the weakening of communities¹. Currently, as a specific measure we are focusing on expanding and developing the existing energy infrastructure to create “Community Support Infrastructure,” centered on the concepts of “digital technology,” “customer focused,” and “low carbon approaches.”

We plan to develop and expand the conventional “single direction” infrastructure of supplying electricity, to create a “bidirectional” structure that serves as “Community Support Infrastructure” to addresses societal issues. We will utilize the latest in digital technology to turn the hardware-centric IoT (Internet of Things) into a people-centric loH² (Internet of Human), as well as link communities through social infrastructure, create new customer-centered services that are a step ahead and exceed expectations, and provide these in combination with conventional energy services. Further, through energy management tailored for each customer, and the promotion of greater energy sharing among customers to enhance energy efficiency, as well as the local production and consumption of electricity, we will contribute to the realization of a low-carbon society.

By providing an energy service that “expands value through connections,” from a comfortable indoor environment to nursing and child care, energy efficiency, and local disaster preparedness and security, and creating a new type of community, we aim to expand earnings while helping to provide solutions to social issues.

See P23–26 “Creation of Community Support Infrastructure”

Notes

1. “Community” in this sense encompasses not only societal groupings of people such as local governments or school districts but also connections between people in general, including families and personal relationships.
2. Internet of Human (loH) is the fusion of people and the internet.



Low carbon approaches

Local production and consumption of energy
Energy efficiency through energy management



Customer focused

Create services to support lifestyles, industry, and community



Digital technology

Utilize the latest digital technologies to connect the internet with people as well as things

Four priority measures

Chubu Electric Power has identified four priority measures for its Fiscal 2019 Management Initiatives. I would like to explain the main content of each.



1 - Further enhance the safety of the Hamaoka Nuclear Power Station Ensuring that people protect the facility, and gaining trust

The Hamaoka Nuclear Power Station is currently being inspected by Japan’s Nuclear Regulation Authority (NRA) to confirm compliance with the latest regulatory standards. The NRA is also successively checking for compliance at other operators, and the examination of Hamaoka Unit 4 has entered a crucial phase. Once standard seismic motion and design basis tsunami for the facility—the key points for enhanced safety—have been confirmed, we will be in a position to explain to the local community the necessity of nuclear power, and the improved safety of the facility.

Compliance with new regulations is of course essential, but should a disaster occur that exceeds these standards, ultimately it will be people who must protect this facility. The continual pursuit of safety is our mission, and in parallel with regulatory compliance we are further enhancing our disaster preparedness structures and training. We will work to gain the understanding and trust of the community, and society in general, regarding the safety of the Hamaoka Nuclear Power Station, in terms of both infrastructure and procedures.

Chubu Electric Power is making a concerted effort as a corporate group to address management issues.

2 - Ensure stable supply in the new era Further strengthening of resilience to cope with large-scale disasters

In September 2018, the Chubu region was struck by a series of typhoons that caused considerable damage that left nearly two million homes without power for almost a week. Fallen trees in mountainous areas caused widespread damage, requiring time to restore service. Our call center was inundated with anxious calls from customers, asking if Chubu Electric Power was aware that power was out in their area. The outage caused considerable difficulty and inconvenience for customers, as well as local governments.

Bearing in mind the significance of the expectation for the Chubu Electric Power Group to meet its first duty of providing a stable supply, as well as the importance of meeting that expectation, in response to this disaster we established a verification committee, chaired by myself, with the aim of further strengthening our resilience to cope with large-scale disasters. This committee considered three major issues: 1) Systems for recovery of facilities; 2) Disseminate information to customers; and 3) Collaborate with local government bodies, etc. We are steadily moving forward with the main action plan for reform measures, and have already developed and begun implementing certain plans.

Chubu Electric Power recognizes that even after the legal unbundling of transmission/distribution operations in April 2020, electric power will remain an important infrastructure that supports lifestyles and economic activity. We will continue as before, with the power generation, transmission/distribution, and sales businesses working in coordination to ensure stable supply in terms of both supply and demand, and the transmission/distribution network.



3 - Strengthen business foundations and achieve sustainable growth Expanding renewable energy to realize a low-carbon society

The transition to a low-carbon society is an urgent global issue. To achieve this goal as quickly as possible, we have set a target for new capacity development of more than 2,000 MW from zero-emission renewable energy sources, by around 2030, along with nuclear power.

Over the medium term we are developing new facilities for hydroelectric, solar, biomass, and onshore wind power, while over the long term we plan to proactively develop offshore wind and geothermal power. In April 2019, we established the Renewable Energy Company to accelerate these measures. At the same time, to expand the effort to realize a low-carbon society, and bring together a broad base of companies with a strong interest in renewable energy, in November 2018 Chubu Electric Power joined other companies in investing in a renewable energy fund. Through this dual approach of new capacity development on our part, along with investment in the fund, we aim to drive expansion in renewable energy.

4 - Accelerate business development in new growth fields Strengthening structures with the establishment of a Business Development Division

I mentioned previously how Chubu Electric Power is making strategic investments to create "Community Support Infrastructure." To achieve these growth strategies, in April 2019 we established the Business Development Division with the aim of strengthening new business measures. This division will combine resources in AI, IoT, and other advanced technologies from Chubu Electric Power and its group company ChudenCTI Co., Ltd., utilize personnel skilled in advanced technology and business development, and actively pursue cross-industry cooperation with various types of companies.

As part of this effort, to flexibly invest in venture companies with innovative technologies, and the venture investment funds that invest in such companies, the division established the corporate venture capital (CVC) fund "Chubu Electric Power Community Support Fund." Through this structure we will pursue open innovation with various corporations and universities, with the aim of creating new, customer-centered services.

“Community Support Infrastructure” is the essence of ESG activities

Deepening ESG activities among all employees, and contributing to achieving SDGs

The Chubu Electric Power Group has expressed its commitment to ESG (environmental, social, and corporate governance) management. The concepts of “digital technology,” “customer-centered,” and “low carbon” I mentioned in creating “Community Support Infrastructure” are the keywords that form the basis of ESG activities. We are utilizing the latest technologies to create new, customer-centered services, and provide these alongside conventional energy services. We are also promoting the adoption of distributed power generation and storage batteries, in order to establish an efficient and stable supply system.

These efforts will lead to the realization of a low-carbon society, contribute to the resolution of social issues, and enhance resilience in supply stability.

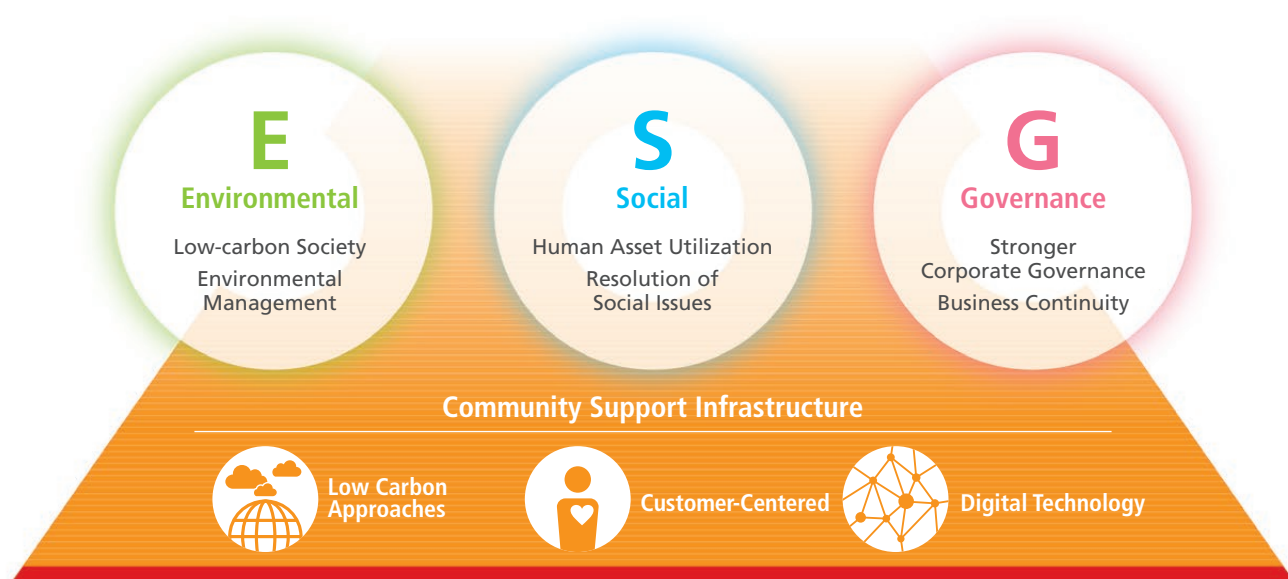
This “Community Support Infrastructure” created through the work of all employees is the essence of ESG, and I believe we should bear this in mind with everything we do. By sharing this thinking with employees, and deepening ESG activities, we can make a significant contribution to the achievement of the UN SDGs.

The health and safety of employees is the foundation of a stable power supply

Chubu Electric Power, which was previously certified in FY2018 as an Excellent Health Management Company (White 500) in 2018, has now become the first electric power company selected under the 2019 Health & Productivity Stock Selection Program in February 2019. We understand that this was in high recognition of our new endeavors, such as the introduction of comprehensive medical checkups for all employees for the purpose of prevention and early discovery of serious illness.

For safety measures, to ensure no labor accidents among employees of Chubu Electric Power or its contractors, we worked with outside experts to identify current issues. We held management-led discussions to find solutions, and are revising our safety education and management systems.

Ensuring health and safety is what allows Chubu Electric Power to successfully execute its central mission of providing a stable power supply, and going forward we will strengthen efforts that support the health and safety of employees.



An unchanging mission to fulfill with any business environment or corporate structure

Message to stakeholders

In April 2020, Chubu Electric Power will spin off its transmission/distribution and sales divisions into separate companies, and fully transition to an unbundled business model. However, even with the different business environment and corporate structure, the mission of the Chubu Electric Power Group to “deliver the energy that is indispensable to people’s lives and so contributes to the development of society ” remains unchanged.

Through the bonds of trust we have built with customers and society, our energy and IT infrastructure connections, and the creation of “Community Support Infrastructure” combining IoT and other advanced technologies, we will deliver new value that exceeds the existing boundaries of energy services to better meet customer needs, and pave the way for a rich future.

Thank you for your continued support of the Chubu Electric Power Group.



Aiming to become a total energy service corporate group that is one step ahead

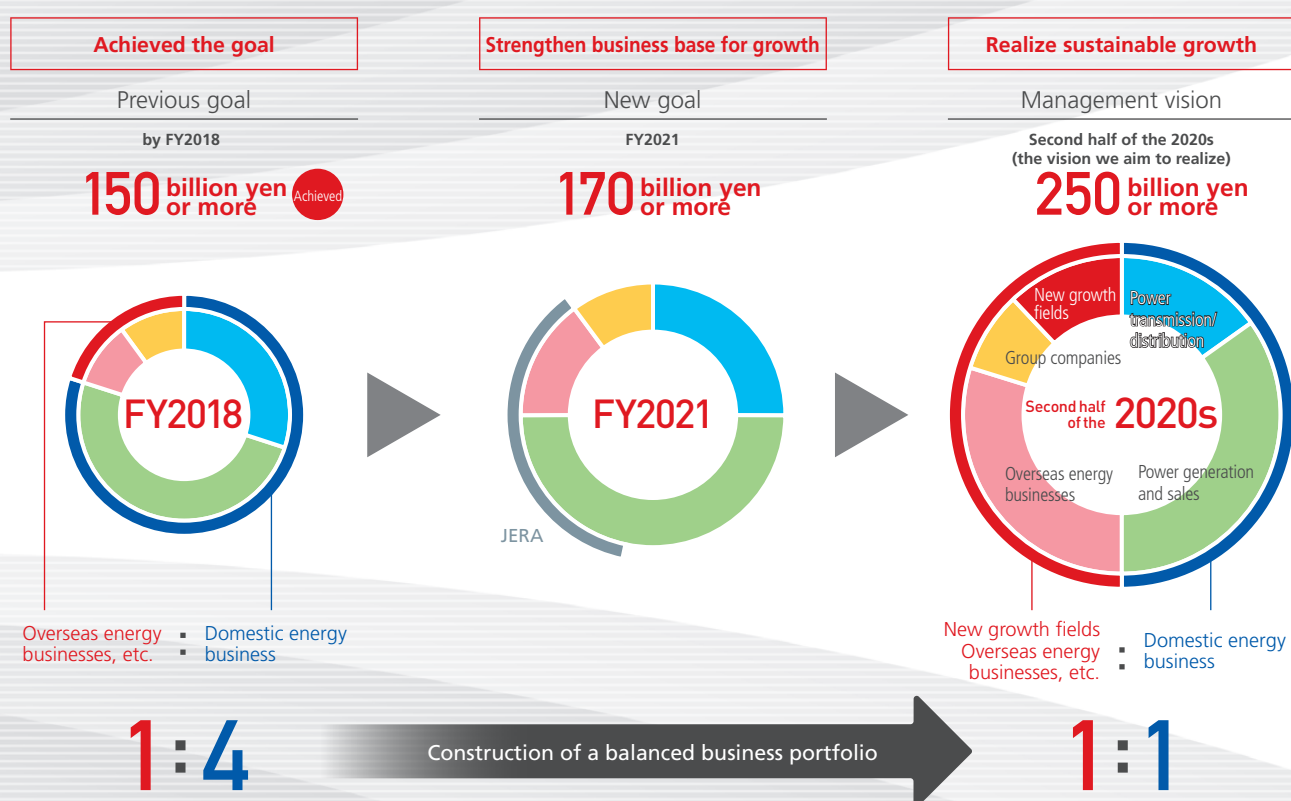
—Setting new business goals toward realization of our management vision—

Consolidated ordinary income was around 163 billion yen in fiscal 2018 (excluding the time-lag impact of accrued income incurred by the fuel cost adjustment system). With this result, we have achieved the business goal we have been working toward (150 billion yen or more by fiscal 2018).

In “the Fiscal 2019 Initiatives to Address Management Challenges,” we have set a new business goal (consolidated ordinary income of 170 billion yen or more by FY2021) as a milestone on the way to realization of the vision we aim to realize that is stated in our management vision (consolidated ordinary income of 250 billion yen or more in the second half of 2020s) and have also shown concrete actions to be taken to achieve these goals.

By acting without fail to implement these initiatives, we will advance toward “Putting the New Business Model into Actual Practice.”

Business goal (consolidated ordinary income)



Results (FY2016–FY2018)

- Expanded sales area and services
- Realized stable supply of electric power
- Developed organizational structure
- Thoroughgoing improvement in management efficiency
- Formation of global value chain by JERA

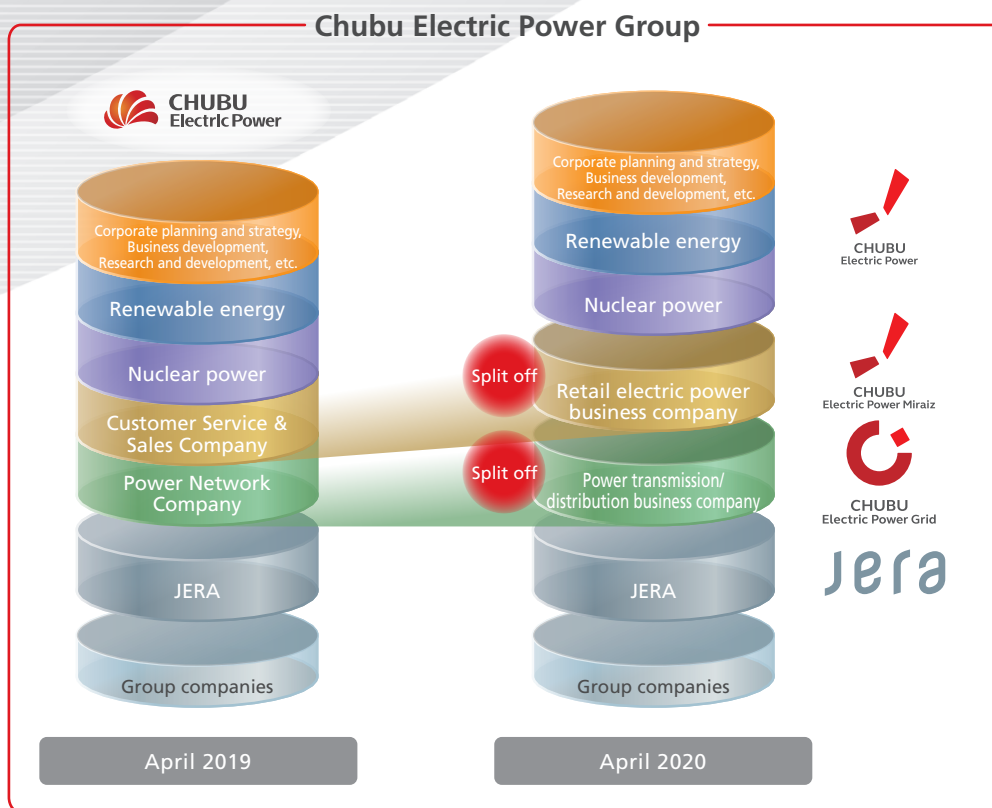
Sustainable growth toward realization of our management vision

- Business model that separates power generation from sales to maximize energy business income
- Further strengthen our resilience
- Commercialize new growth fields and increase income
- Address social responsibility (ESG management, SDGs)

New business structure

Following on from integration of the thermal power generation business into JERA in April 2019, we are slated to split off from the power transmission and distribution and sales divisions by April 2020.

By having each business operate independently, we will steadily implement the four priority measures and realize sustainable growth for the Group.



Four Priority Measures (Specific Actions)

1 Improving safety further at Hamaoka Nuclear Power Plant

Nuclear



Continue measures aiming for a safer, more reliable power plant See page 39

2 Stable power supply for a new age

Power Network



Assure quality of electric power and strengthen resilience See page 35

3 Strengthening our business base for growth and achieving sustainable growth

Sales



Provide services that continue to be chosen by customers See page 37

Renewable Energy



Improve energy self-sufficiency and realize a low-carbon society See page 33

JERA



Increase our corporate value through management of the entire value chain See page 29

Overseas Business



Overseas deployment of utility business and clean energy business See page 22

ESG



Deepen business management in light of ESG and realize sustainable growth while improving our corporate value See page 45

4 Accelerate commercialization in new growth fields

New Growth



Provide new forms of community through the creation of Community Support Infrastructure See page 23

Aiming to become a total energy service corporate group that is one step ahead

—Setting new business goals toward realization of our management vision—

Basic conceptual approach to investment and capital policy



We will quickly and steadily implement measures to further increase safety at our facilities, including the Hamaoka Nuclear Power Plant. We will also keep steadily investing in equipment needed for stable supply while continuing to streamline. When making investments, we will thoroughly ensure efficiency.



In order to make sustainable growth a certainty into the future, we will conduct appropriate risk management, and on that basis engage in strategic investment for business growth and development.

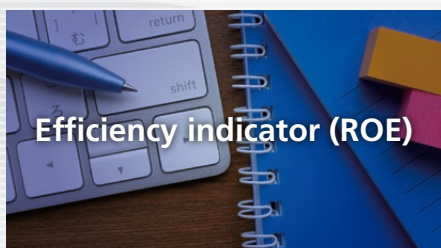
[5-year total up to fiscal 2023]

300 billion yen
or more

Renewable energy: **100** billion yen

Overseas business: **100** billion yen

New growth: **100** billion yen



Efficiency indicator (ROE)

We envision a 7% or higher ROE level when we achieve the fiscal 2021 business goal. For the medium- to long-term ROE level, we will aim for a level that exceeds the cost of capital while closely monitoring the necessary shareholders' equity ratio and other such factors.

Level when the fiscal 2021
business goal is achieved

ROE

7 % or higher



Shareholder return policy

Chubu Electric Power Group will continue to invest in plants and equipment for a safe and stable supply of electricity as well as in growth sectors to maintain sustainable growth and improve our corporate value.

Providing strong shareholder returns is an important mission for our Group. We will continue to pursue stable dividends, and consider our profit growth. Our target consolidated payout ratio is over 30%.

Consolidated
payout ratio

30 % or higher

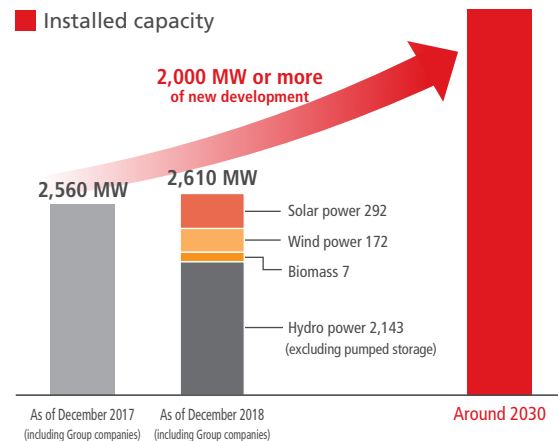
Growth fields

Renewable energy

- As to renewable energy, we have declared the goal of new development of 2,000 MW or more (up to around 2030). In order to accelerate this initiative, we established the Renewable Energy Company in April 2019.

See page 33 Renewable Energy Company

- We will collaborate with various corporations with a view to realizing a low-carbon society, working to develop and popularize domestic renewable energy power sources by participating in investment funds and related activities. We will additionally engage in implementation and support for the model of local production for local consumption and other such activities at the regional level.

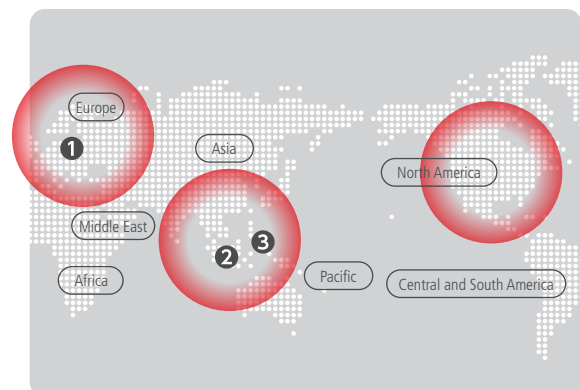


Overseas businesses

Using its own resources (electric power grid, sales and solutions, renewable energy generation), Chubu Electric Power will aim to provide new community services that contribute to the resolution of social issues in every country and region, as we do in Japan, with a focus on Utility business that supports local communities by providing stable, affordable public infrastructure services and Clean energy business that contributes to global realization of a low-carbon society

Country	Project (Business in operation)
① Germany	Submarine power transmission business for offshore wind power plants
② Singapore	Investment business, incubation, human asset development
③ Philippines	Power distribution/electricity retail business

Engage in business centered in Europe, North America, and Southeast Asia



New Growth

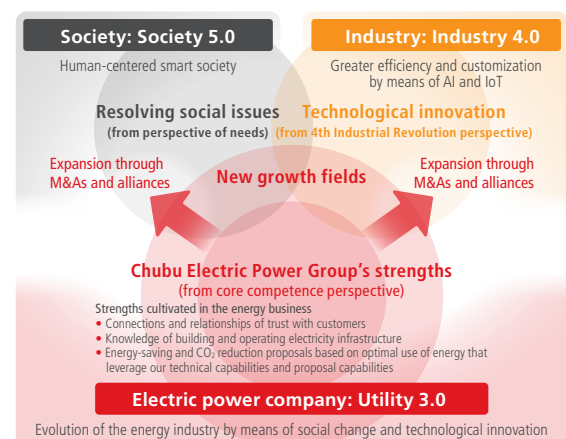
In order to support the vision for society as it changes toward a human-centered smart society (Society 5.0), Chubu Electric Power will provide new forms of community by taking the resolution of social issues as a point of departure and bringing about the precise inclusion of technological innovation (Industry 4.0) together with the evolution of conventional energy infrastructure into Community Support Infrastructure (Utility 3.0).

Services to raise the quality of life of individuals by using various data



Community services based on connecting and evolving several kinds of social infrastructure

Provide new forms of community by creating Community Support Infrastructure



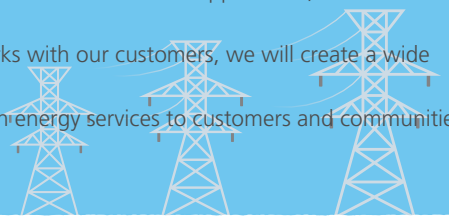
Creation of Community Support Infrastructure

Due to an increasingly aging population combined with a declining birthrate and increasingly uneven distribution of population, the ties between people in the community are getting weaker. We recognize this as a social issue of “weak relationships within the community” and try to solve it by providing a “new form of community.”

To realize this, we will create “Community Support Infrastructure” based on the key theses of low-carbon approaches, customer-centered, and digital technology.

Making use of the latest digital technology to connect power and communications networks with our customers, we will create a wide variety of services from the data collected and accumulated from there.

With these services, we will deliver “value that expands by being connected” together with energy services to customers and communities and will thereby provide a “new forms of community.”



Households



Low-carbon approaches

Local production and consumption of energy through a decentralization transmission/distribution network connected to solar power, storage batteries, etc.

Energy saving through energy management suite to individual customers



Customer-centered

Creation of services to support people's lives, industry, and the community



Digital technology

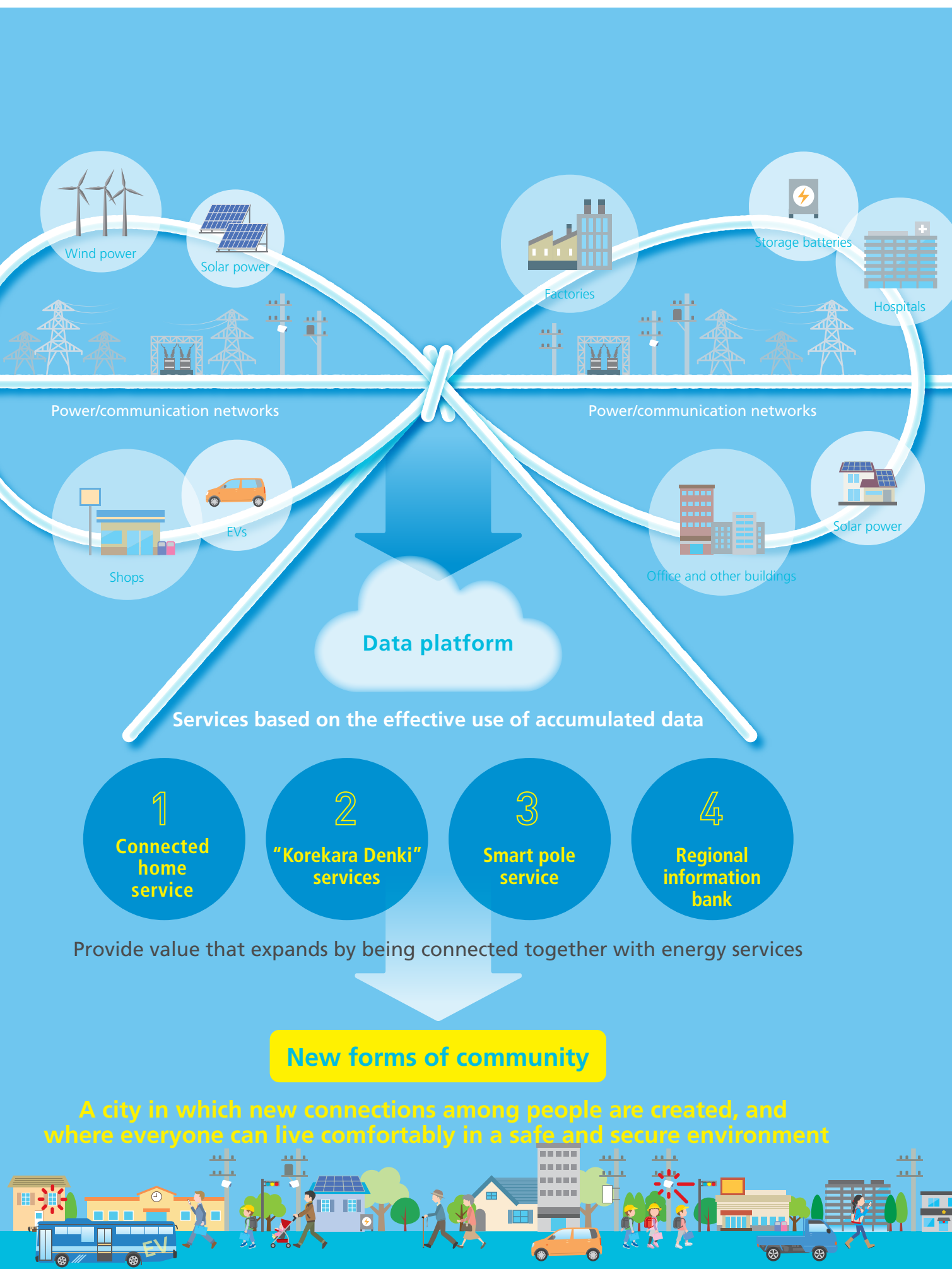
Capitalize on the latest digital technology to connect not only things, but also human beings to the Internet

A key item to usher the future “smart meter”

A smart meter is a meter that can measure electricity usage every 30 minutes (rather than every month with conventional meters) and automatically sends the usage data using communication lines.

It is an item that is expected to contribute to the solution of various social issues through the effective use of electricity usage data collected from individual households and regions.

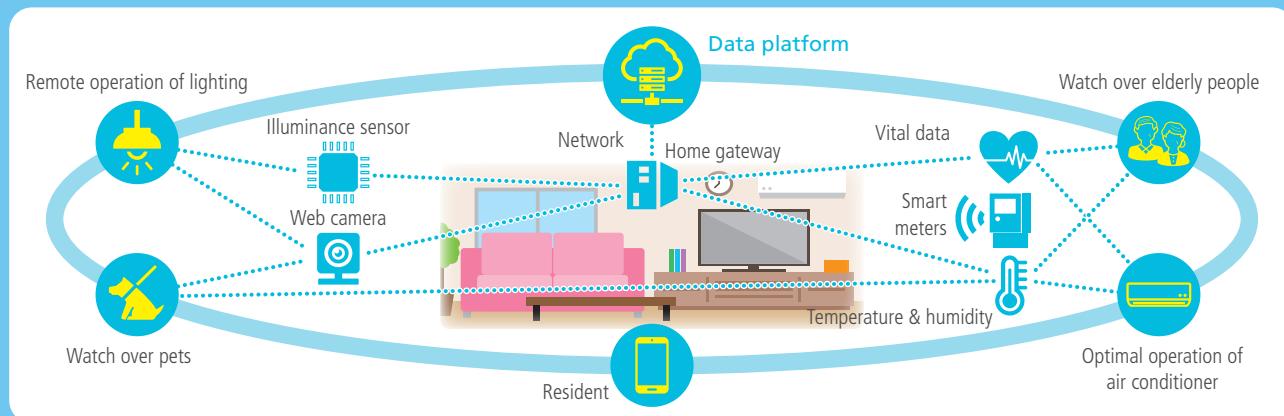




New forms of community

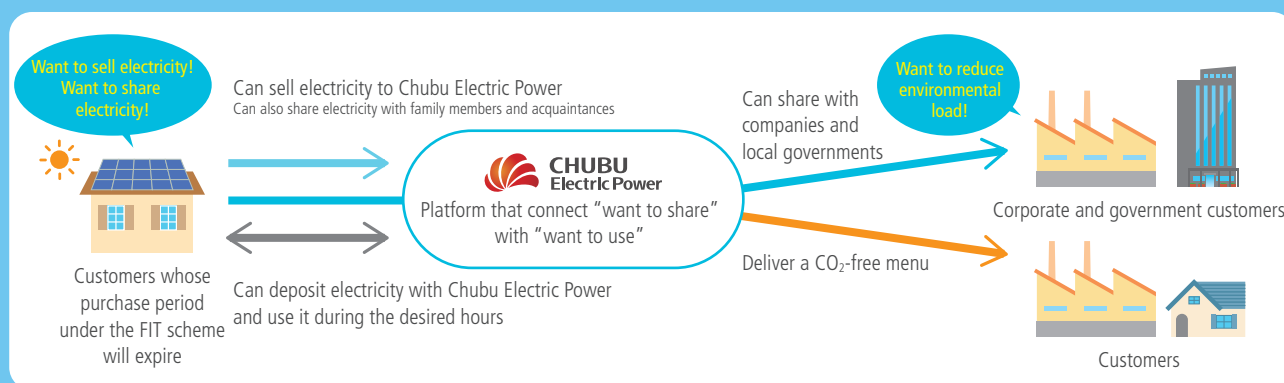
1 Secure and comfortable life Connected home service

Offer capabilities such as remote operation of lighting according to the brightness, optimal operation of the air conditioner, and indoor confirmation to provide a secure and comfortable life including watching over elderly people.



2 Connections with individuals and communities "Korekara Denki" services

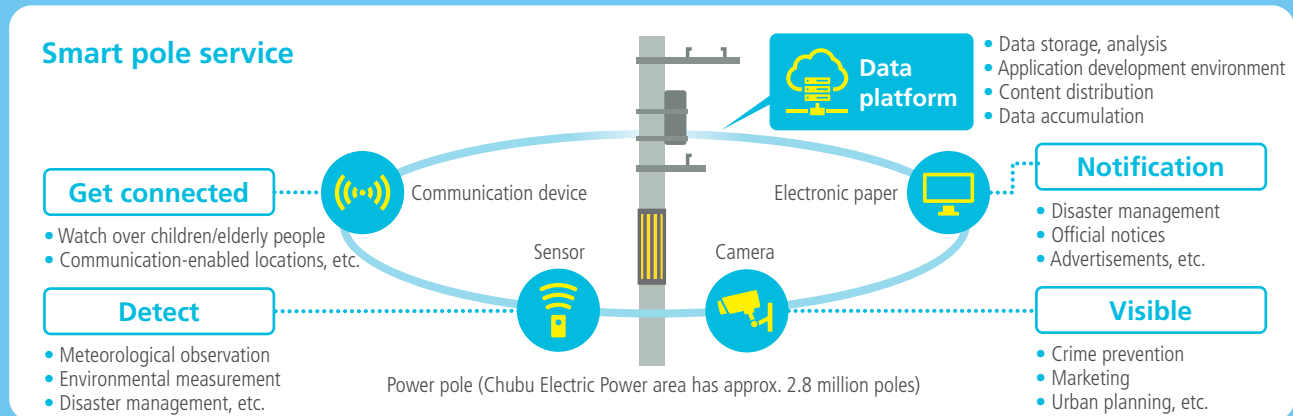
In addition to continuing to purchase surplus power, we will provide diverse "energy services based on customer participation" by creating a platform where customers who generate power from renewable energy are connected with companies that are interested in reducing environmental load.



3 Connections in the community

Smart pole service

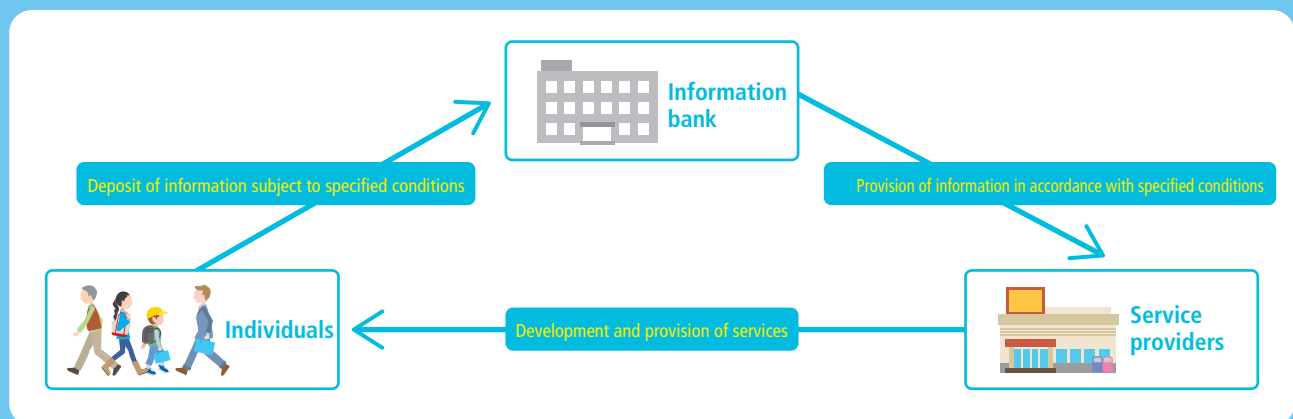
Using various street data obtained from power poles, we will provide new community services, such as watching over children, disaster and crime prevention, and advertising.



4 Connections with local governments and companies

Regional information bank

Through the information bank that collects, manages, and distributes personal data of individuals subject to their consent, we will provide services that will contribute to the efficiency improvement and advancement of community services that are useful to individuals and increased convenience such as for daily shopping.



Overview of Business Activities (Value Chain)

Fuel procurement

Power generation

Nuclear power

Jera

Renewable Energy Company

Initiatives toward the

Risks

- Stagnation of domestic electricity demand
- Move beyond coal
- Intensification of market competition
- Widening of fuel consumption fluctuation
- Increased instability in systems due to further adoption of renewable energy

Opportunities

- Increasing energy demand in Asia
- Gas shift
- Intensification of market competition
- Technological innovation in renewable energy
- Expansion of digital technology



Efforts

- Development of large-scale renewable energy
- Construction of high-efficiency gas thermal power stations
- Expansion of the scope of and opportunities in trading business
- Introduction of decentralized supply and storage batteries
- Mobility/agility and operation efficiency improvements based on the introduction of JERA-style operation and maintenance (O&M)



Targets

- In 2025
- Number of LNG vessels: Around 25
 - Replacement: 7 GW to 9 GW
 - Renewable energy output based on equity ownership: 5 GW
 - Operation and maintenance of power stations: 80 GW worldwide
 - Reduce O&M cost by 20%
 - Shorten the time needed for regular inspection by 50%

Risks

- Intensification of competition with other power producers
- Intensification of natural disasters

Opportunities

- Renewable energy as a main power source in 5th Strategic Energy Plan
- Rising social interest toward the realization of low-carbon society
- Expansion of business opportunities by establishing new exchange markets



Efforts

Active and early development of renewable energy

- Medium-term: New establishment of hydroelectric power, biomass, land-based wind power and solar power stations
- Long-term: Development of offshore wind power and geothermal technologies

Continued effective utilization and proper facility management of existing hydroelectric power

- Increase the power generation output of existing hydroelectric power
- Facility-related safety measures for hydroelectric power plants involving public disaster risk



Targets

Ensuring the development of new power sources

- 2020: Yokkaichi Biomass Power Station
- 2021: Kurokawadaira Hydroelectric Power Station, in addition to two other sites
- 2022: Seinaiji Hydroelectric Power Station
- 2024: Abekawa Hydroelectric Power Station

Expansion of renewable energy (New development)

- 2 GW or more of new development by around 2030

Number of employees **30,321**^{*1}
(Consolidated)

Associated companies
(36 consolidated subsidiaries, 34 affiliates accounted for under the equity method)

Total **70**^{*2}

• Fuel and Power Generation Business (1 in total)

*1 As of March 31, 2019 *2 As of July 1, 2019



Power Transmission/Distribution

Customer Service & Sales

Power Network Company

Customer Service & Sales Company

vision we aim to realize

Risks

- Intensification of natural disasters
- Sluggish electricity demand due to declining population, slowdown in economic growth, and other factors

Opportunities

- Increasing connection needs of renewable energy
- Advanced technology such as IoT and AI
- Diversifying needs in relation to energy as a result of digital technology
- Bidirectional flow of electricity as a result of mass connection of renewable energy
- Emergence of a new supply model where local production and consumption of electricity will occur with small-scale distributed power supplies



Efforts

- Ensuring stable supply and public safety at a higher level
- Preparation of the environment to accommodate the introduction of renewable energy
- Reasonable facility formation that is matched with changes in demand-supply structure
- Reduction of environmental load throughout business operation
- Reinforcement of business base toward the improvement of management efficiency



Targets

Reliability of supply

- Become a leading company both within Japan and worldwide with regard to providing stable electricity supply (Maintain the lowest level of frequency and duration of power outage per customer)

Wheeling fees

- Realizing Japan's best wheeling price in each voltage class

Risks

- Intensification of competition with new and other power supply companies
- Sluggish electricity demand due to declining population, slowdown in economic growth, and other factors

Opportunities

- Expansion of business domain as a result of the full liberalization of the retail markets for electric power and gas
- Rising customer needs for a wide variety of services
- Strong social demand for a low-carbon society



Efforts

- Acceleration of gas sales based on gas and power
- Enhancement of the service lineup
- Expansion of sales business in the Tokyo metropolitan area



Targets

Electrical energy sold (Entire Group)

FY2018
123.6 TWh

Latter half of the 2020s

Maintain **130.0** TWh per year

Gas and LNG sold (Entire Group)

FY2018
940 thousand tons

Latter half of the 2020s

Increase to **3,000** thousand tons per year

• Energy Business
(9 in total)

• IT/Telecommunications
(5 in total)

• Construction
(9 in total)

• Manufacturing
(6 in total)

• Transportation
(2 in total)

• Real Estate
(2 in total)

• Services and Others
(36 in total)

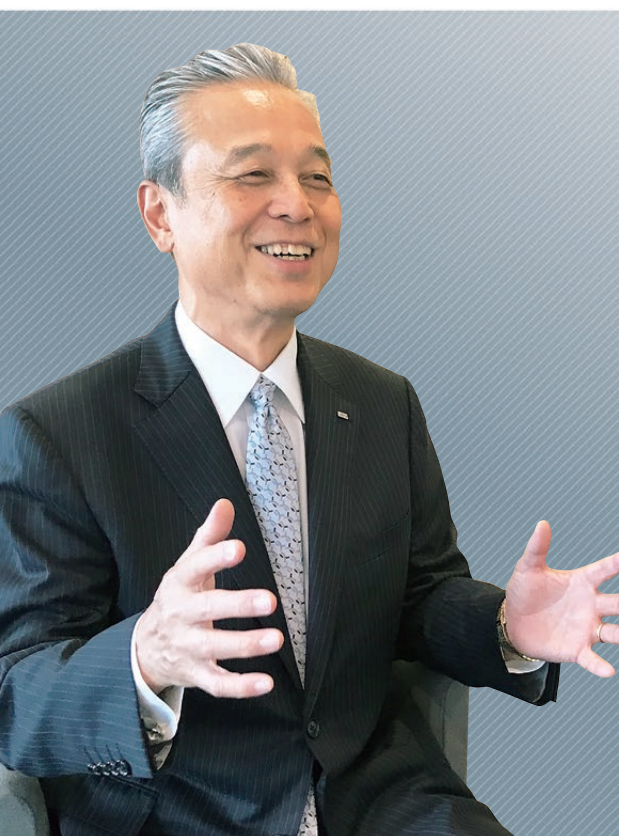
See page 126



Jera

From fuel upstream and procurement to power generation and wholesale of electricity and gas

Becoming a global leader in LNG and renewables, sparking the transition to a clean energy economy



Satoshi Onoda

President, Representative Director
JERA Co., Inc.



Kawagoe Thermal Power Station and an arriving LNG carrier

Our mission is to provide cutting-edge solutions to the world's energy issues. Specifically, while monitoring global trends such as the development of LNG infrastructure, growth of optimization and trading, expansion of renewable energy, and improvements in LNG thermal power generation, we will expand our business both in Japan and overseas.

While continuing to deliver a stable supply of safe, economical electricity and gas to support people's lives and the manufacturing industry, we aim to become a global leader in LNG and renewables, sparking the transition to a clean energy economy by 2025. Making the most of the thermal power generation technologies we have developed, we will build highly flexible power generation systems. These systems incorporate LNG thermal power generation that absorbs the fluctuations of renewable energy and the flexible fuel purchasing to support such operation. Moreover, these systems support the further introduction of offshore wind power, storage batteries, and other technologies.

In addition to the physical assets we have assembled, we have also drawn talented people. By sharpening the skills of this talent and ensuring compliance, we aim to become a global enterprise that can contribute to the society.

Business data

Fuel procurement

	Upstream investment projects	5
	LNG transaction volume (per year)	Approximately 35 million tons
	LNG fleet carriers	18
	LNG tank capacity in Japan	Approximately 7.74 million kl ^{*1}
	LNG receiving terminals in Japan	8 ^{*1}

Power generation

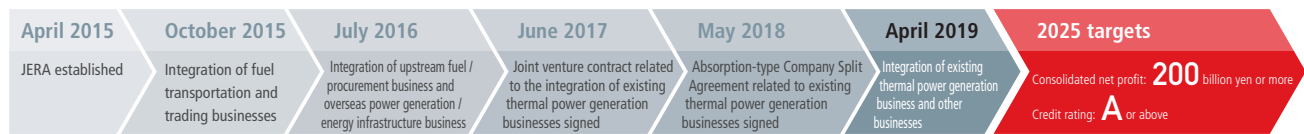
	Power generation capacity in Japan	Approximately 67 GW ^{*2}
	Power generation capacity overseas	Approximately 9 GW ^{*2}

^{*1} Includes jointly operated terminals

^{*2} Includes capacity under construction

(As of April 1, 2019)

Value chain integration has been completed



Chubu Electric Power and Tokyo Electric Power Co. (at that time) jointly established JERA in 2015 to create a global energy corporation that can compete in the global energy market and thereby to realize the stable supply of globally competitive energy and improve corporate value.

Since the establishment, JERA has been carrying out business integration in a phased manner and has established a value chain ranging from fuel upstream and procurement to power generation upon the integration of the existing thermal power generation businesses and other businesses on April 1, 2019. As a result, JERA has become an energy company with a power generation capacity that accounts for half of the thermal power generation capacity in Japan and one of the largest physical fuel transaction volumes in the world.

By making the most of this huge value chain, we aim for consolidated net profit of 200 billion yen or more by 2025.

	Before integration FY2018		After integration FY2019
Sales (FY forecast)	2.8 trillion yen	Approximately 1.3 times	3.6 trillion yen
Total assets	1.2 trillion yen	Approximately 3 times	3.8 trillion yen
Number of employees	800 persons	Approximately 6 times	4,500 persons
Domestic thermal power generation (including sites under construction)	1 site 0.65 GW	Approximately 100 times	26 sites, 67 GW

JERA's business model

We have reorganized the previous organization that were partitioned into fuel/power generation and domestic/overseas segments into a new organization that manages the entire business from fuel to power generation and electricity/gas sales based on the three profit centers of "Business Development," "Optimization," and "Operation and Maintenance (O&M)" in a borderless manner.

In this new organization, each profit center is able to pursue its own expertise and excellence, while maximizing the synergy effect among them.



Business Development	Optimization	O&M
Build an optimal asset portfolio by expanding the scale and domain of the value chain through the development of new businesses and the restructuring of existing assets, aiming to increase profit	Achieve the most economical efficient operation by controlling the entire energy flow from fuel procurement to transport, power generation, and sales of electricity and gas	Operate fuel receiving and storage terminals and thermal power stations safely, flexibly, and at low cost
<ul style="list-style-type: none"> Fuel upstream and transportation business Long-term LNG procurement business Domestic power generation business Overseas power generation and value chain business Renewable energy development business 	<ul style="list-style-type: none"> Short-term fuel procurement business Optimization and trading Electricity and gas sales 	<ul style="list-style-type: none"> O&M engineering Rendering O&M services to third parties

Our approach to environment

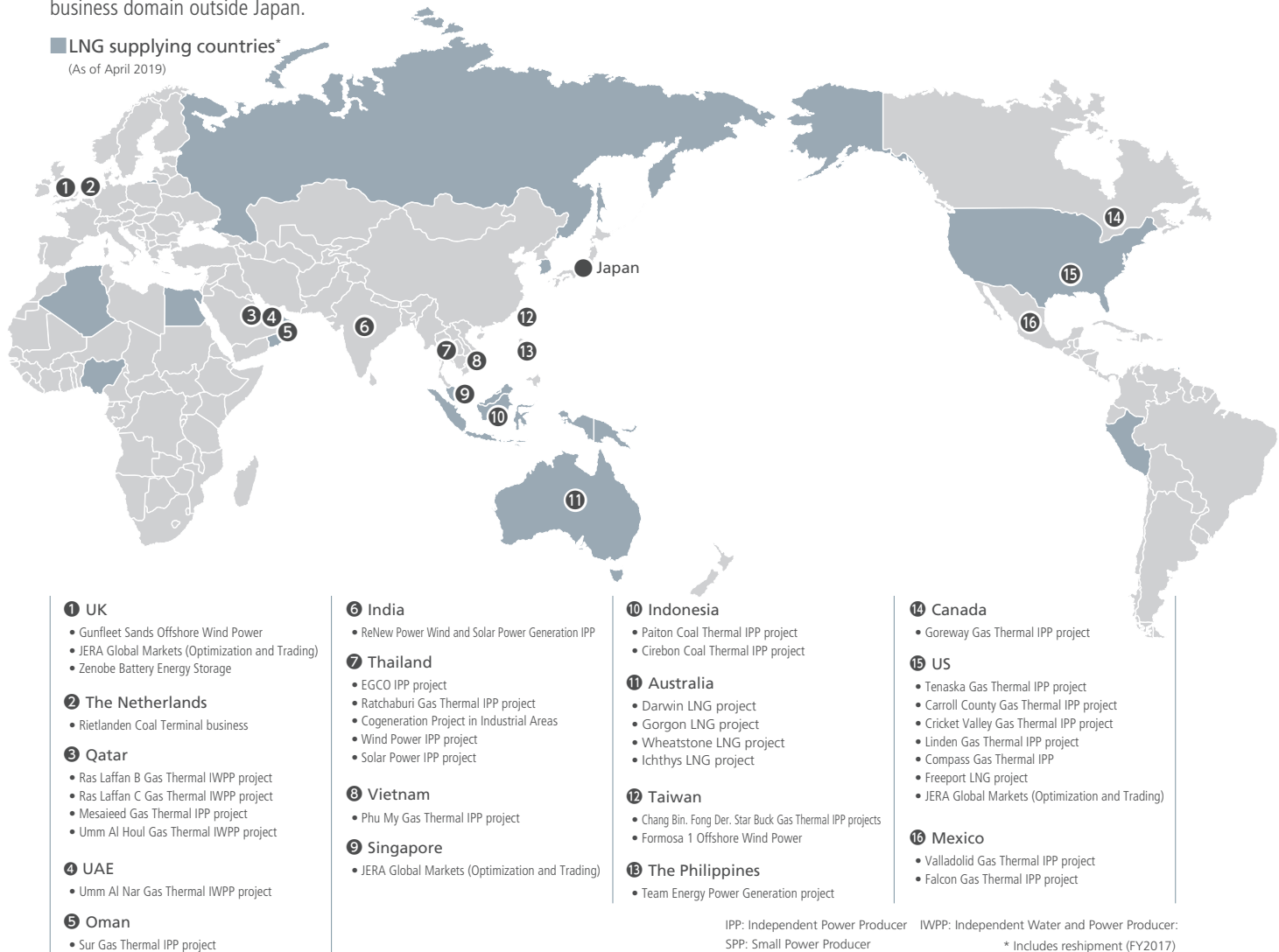
JERA, as a responsible leader of the Japanese power industry, will respect the Strategic Energy Plan and other energy and environmental policies of the government and take on the challenge of reducing CO₂ emissions in order to realize a sustainable environment, society, and economy, including through the proactive development of renewable energy.

JERA's business expansion

Overseas business expansion

Leveraging the management resources, expertise, and technologies so far accumulated, we continue to challenge ourselves to expand the business domain outside Japan.

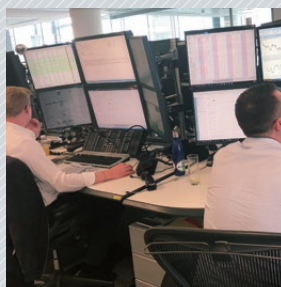
■ LNG supplying countries*
(As of April 2019)



Start of LNG optimization and trading businesses

In April 2019, JERA Global Markets Pte. Ltd., a Group company of JERA, started a business to carry out short-term LNG trading and LNG portfolio optimization in an integrated manner.

The company has become one of the world's largest players in the business of optimization in the global LNG, coal, and carrier markets and aims to realize the integrated optimization to connect U.S. and Europe natural gas markets with Asian LNG markets.



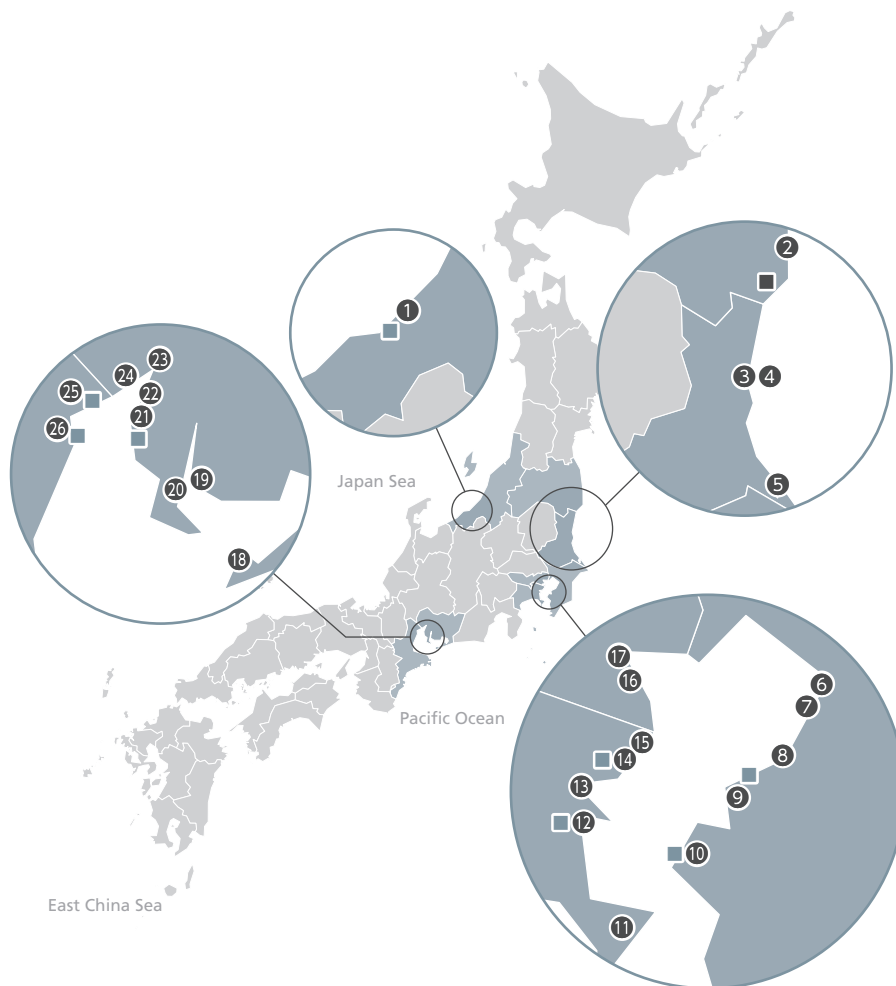
Entries into renewable energy business overseas

We entered into the offshore wind power generation business in the U.K. and Taiwan in December 2018 and the storage battery business in the U.K. in February 2019. Leveraging large project arrangement know-how as well as construction, operation, and maintenance technologies we have developed, we will work to develop the renewable energy business.



Thermal power plants in Japan

By succeeding to the assets of Chubu Electric Power and TEPCO Fuel & Power, Inc. (hereinafter "TEPCO FP") related to thermal power generation, JERA has become an energy company with a power generation capacity that accounts for a half of the thermal power generation capacity in Japan.



List of thermal power stations

(Total output, fuel type for each thermal power station)

① Joetsu	2.38 GW	◆
② Hirono	4.4 GW	◆◆◆
③ Hitachinaka	2 GW	◆
④ Hitachinaka Generation*	650 MW	◆
(* Scheduled to start operation in fiscal 2020)		
⑤ Kashima	5.66 GW	◆◆◆◆
⑥ Chiba	4.38 GW	◆
⑦ Goi	Replacement is being planned.	
⑧ Anegasaki*	3.6 GW	◆◆◆
(Replacement is being planned.)		
⑨ Sodegaura	3.6 GW	◆
⑩ Futtsu	5.16 GW	◆
⑪ Yokosuka	Replacement is being planned.	
⑫ Minami-Yokohama	1.15 GW	◆
⑬ Yokohama	3.541 GW	◆◆◆◆
⑭ Higashi-Ohgishima	2 GW	◆
⑮ Kawasaki	3.42 GW	◆
⑯ Oi	1.05 GW	◆
⑰ Shinagawa	1.14 GW	◆
⑱ Atsumi	1.4 GW	◆◆◆
⑲ Hekinan	4.1 GW	◆
⑳ Taketoyo*	1.07 GW	◆
(* Scheduled to start operation in fiscal 2021)		
㉑ Chita	3.966 GW	◆
㉒ Chita Daini	1.708 GW	◆
㉓ Shin-Nagoya	3.058 GW	◆
㉔ Nishi-Nagoya	2.376 GW	◆
㉕ Kawagoe	4.802 GW	◆
㉖ Yokkaichi	585 MW	◆

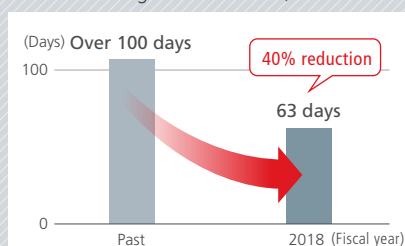
◆ LNG ◆ Coal ◆ Heavy Oil
 ◆ Crude Oil ◆ LPG ◆ Utility Gas
 ■ LNG Terminal* ■ Coal Terminal

*Sodegaura and Negishi (Jointly owned and operated with Tokyo Gas), Chita (Jointly owned and operated with Toho Gas)

Shortening inspection days through *kaizen* activities

For example, regular inspection of the Hekinan Thermal Power Station Unit 2 used to take more than 100 days. We have shortened the period by around 40% to 63 days.

Now that the thermal power generation businesses of Chubu Electric Power and TEPCO FP are integrated into JERA, we will also integrate the knowledge of both companies to further increase the efficiency of inspection, while continuing to deliver safe and stable supply.



Verification of integrated manufacturing of biojet fuel

Jointly with Mitsubishi Hitachi Power Systems, Ltd., Toyo Engineering Corporation, and the Japan Aerospace Exploration Agency (JAXA), JERA is working on a project to establish integrated manufacturing technologies of biojet fuel produced from woody biomass on behalf of the New Energy and Industrial Technology Development Organization (NEDO) on a contract basis. As part of this project, we are constructing a verification facility in the premises of the Shin-Nagoya Thermal Power Station. Test runs are scheduled to start in FY2019 toward the future expansion of our business domain and reduction in CO₂ emissions in the aerospace field.





Renewable Energy Company

Development and popularization of renewable energy and power generation business based on renewable energy sources

We will develop renewable energy in an accelerated manner to realize a low-carbon society in response to social demand and expectation.



Hideya Suzuki

President
Renewable Energy Company



Okumino Hydroelectric Power Station

Chubu Electric Power established the Renewable Energy Company in April 2019 by reinforcing the structure of the previous Renewable Energy Division. This organizational change was to establish autonomous business operations that can take flexible and speedy actions to ensure further expansion and stable operation of renewable energy.

In addition, in February 2019 we set a new target of “2,000 MW or more of new development by around 2030” to accelerate the development of renewable energy power sources toward the realization of a low-carbon society. To achieve this and other targets, we will steadily proceed with the development of new sites including Seinaiji Hydroelectric Power Station and Yokkaichi Biomass Power Station that are under construction, while making continued group-wide efforts to find new sites utilizing the excellent technological strength we have inside and outside the area. We will also actively carry forward joint development projects with other companies, seeking to develop economically independent renewable energy power sources.





Given the intensification of natural disasters including those arising from typhoons and torrential rain in recent years, it is necessary to maintain and manage power generation facilities appropriately to realize stable and affordable power generation even under a challenging environment.

In particular, our existing hydroelectric power stations will aim to increase power generation output more than the initial plan through ongoing efforts such as reduction in lost power*, while using water resources in an optimal manner by promoting productivity improvement by capitalizing on the advantages of centrally controlled hydroelectric power operation.

* Power not generated due to maintenance work, breakdown, etc.

Group assets

Power generation facilities (entire Group)

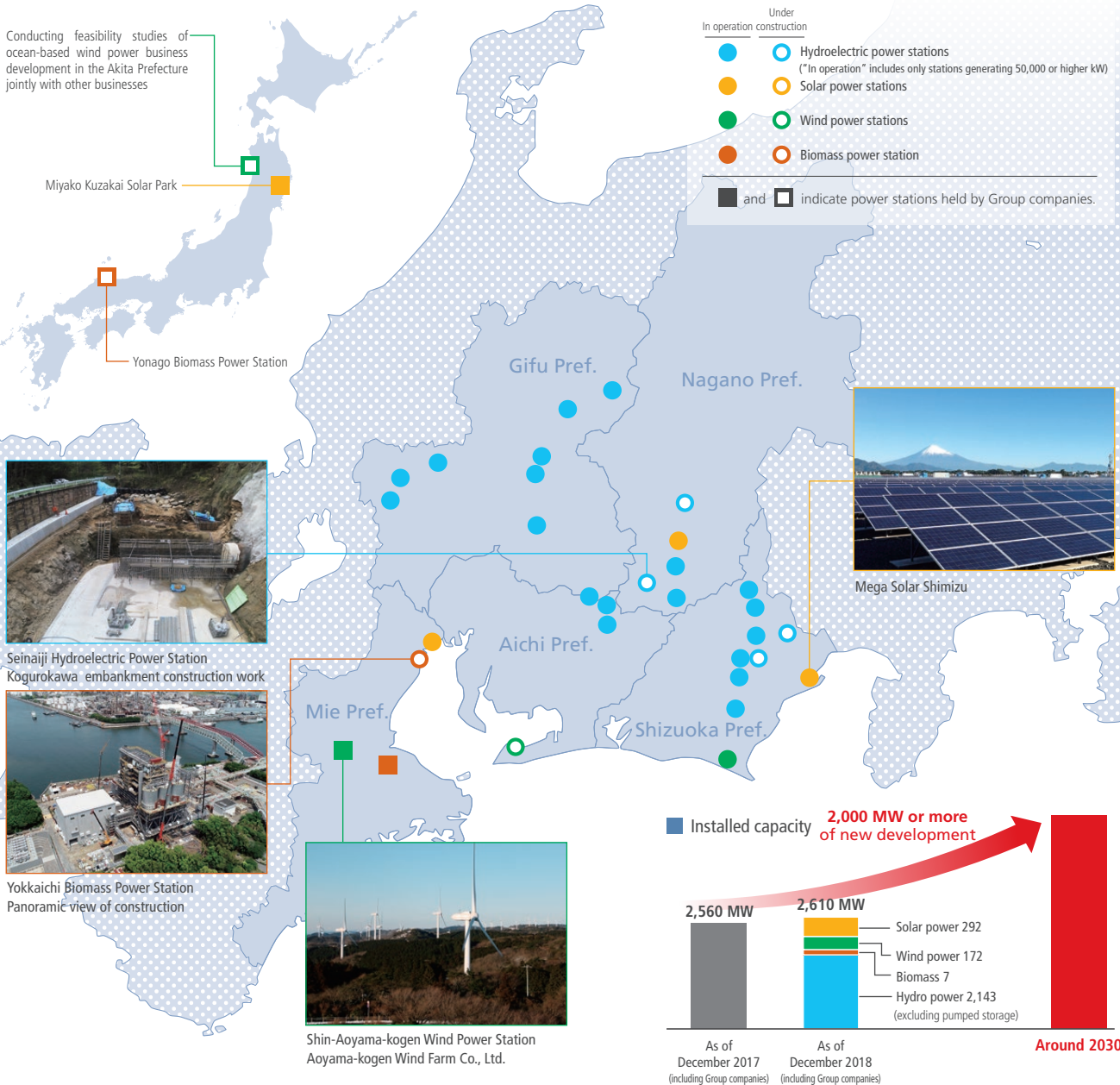
	Hydroelectric power	Conventional hydroelectric power	Approx. 2.14 GW
		Pumped storage	Approx. 3.32 GW
	Wind power		Approx. 0.17 GW
	Solar power		Approx. 0.29 GW
	Biomass		Approx. 0.01 GkW

* Including capacity for joint projects based on the equity ownership

(As of March 31, 2019)

Active enhancement and early development of renewable energy

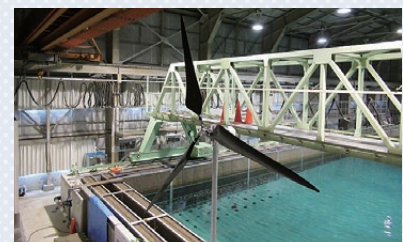
Chubu Electric Power has been steadily carrying forward the development of renewable energy, and now the Renewable Energy Company has set a new development target to accelerate such development. This is a very challenging target that aims to double the current capacity of power generation facilities. To achieve this target, we will aggressively carry forward the development of hydroelectric power, biomass, land-based wind power, and solar power generation capabilities in the medium term and offshore wind power and geothermal in the long term, aiming to increase the energy self-sufficiency rate and to realize a low-carbon society.



T O P I C S

Research in floating offshore wind power generation

In order to increase development capacity, floating offshore wind power generation is an important technology for Japan, which is surrounded by deep sea. Chubu Electric Power is conducting basic research of, among others, the effect of extreme waves on the safety of facilities and power generation performance, through hydroelectric model experiments using apparatus that can simulate vacillation due to waves and turbulent wind.





Power Network Company

Providing electric power network services

We will bring our services to provide high-quality electricity in a safe, affordable, and stable manner to even higher levels to support the development of the local communities and society.



Yaoji Ichikawa

President
Power Network Company



275kV Toshin Shin-Hokushin





In any era, our mission to deliver high-quality electricity in a safe, affordable, and stable manner remains the same. Although the flow of electricity is changing in a variety of ways due to, for example, the massive introduction of renewable energy, we strive to realize a stable power supply in the new era by seeking the advancement of facility formation and system operations and maintenance using advanced technologies such as IoT.

In response to a series of large-scale disasters in FY2018, we are also strengthening resilience, which is the basis of power transmission and distribution business. Based on the action plan we have developed, we will do our best to accomplish our unwavering mission of stable power supply and public safety protection, even during a large-scale disaster.

We recognize the need to continue to adopt new approaches without being confined by old approaches especially because we are in the middle of major changes in the business environment, including the legal unbundling of the power transmission/distribution sector in 2020. On one hand, we will continue to strive to reduce electricity rates by improving the efficiency in business operations. On the other hand, we will aim to construct the Community Support Infrastructure necessary for the provision of "new forms of community" by making the most of the resources located throughout the Chubu region.

Group assets

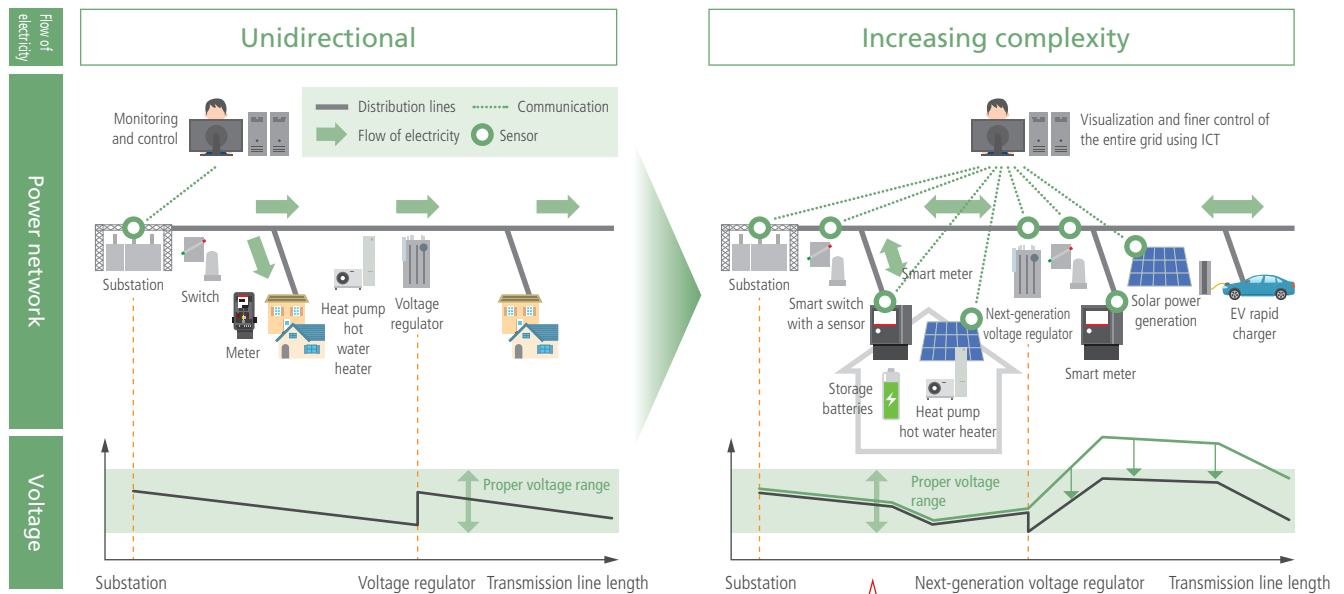
Power transmission/distribution facilities

	Transmission line length	12,099 km
	Number of supporting structures (iron tower, etc.)	35,604 units
	Number of substations	936 locations
	Capacity of substations	125.428 million kVA
	Transmission line length	134,693 km
	Number of supporting structures (utility poles, etc.)	2,834,318 units
	Communication lines	52,725 km
	Number of smart meter units installed	5.572 million units

(As of March 31, 2019)

Advancement of power network

With the increasing popularization of decentralized resources such as renewable energy and electric vehicles (EVs), the flow of electricity in the power network is becoming increasingly complex. We will develop a more advanced power network using advanced technologies such as IoT to achieve optimal operations.



We will deploy next-generation equipment, such as smart meters, switches with a sensor, and voltage regulators capable of high-speed remote control, and will introduce systems to monitor and control them at full scale in a phased manner starting from FY2021.

Initiatives to strengthen resilience

As part of our efforts to strengthen resilience, we will steadily implement the action plan we developed following a series of large-scale disasters that occurred in FY2018. We will also ensure the effective implementation of individual measures to strengthen resilience through training.

See page 58 for the action plan.

Case example 1

Development of a power outage information app

We provide the smartphone app "Power Outage Information Service" to quickly provide customers with power outage and recovery status information. We are also working to strengthen information dissemination to customers by, for example, accepting and answering inquiries about electrical facilities from customers via chat.

Power Outage Information Service

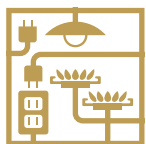


Case example 2

Use of drone patrols

In FY2018, we have deployed drones at all our operation sites to strengthen the patrol capability in the event of a large-scale disaster. In the future, we will accelerate the development of a more advanced drone patrol capability with which we can assess damage in its early stages at places where human approach is difficult due to fallen trees and landslides, aiming to expedite the early recovery of the damaged part.





Customer Service & Sales Company

Development of a total energy service centered on gas and power

Being close to customers, we offer new customer-centered services as well as all kinds of energy-related services.



Kingo Hayashi

President
Customer Service & Sales Company



Explaining to a customer at the consultation counter

The business environment of which we are a part is becoming increasingly harsher following the full liberalization of the electric power and gas retail markets. In order for us to continue being chosen by our customers, we believe that having intimate knowledge of and responding to increasingly diverse customer needs will be essential in addition to stable and economical energy supply.



We will strive to meet diversified customer needs based on the ties and relationships of trust with customers we have developed along the way and utilizing the latest digital technology. More specifically, we will deliver, together with energy sales of electricity and gas, customer-centered services, such as the realization of a comfortable indoor environment, disaster/crime prevention in the community, nursing and watch-over services, and energy saving, and services needed by the society, such as a lower carbon footprint.

In February 2019, we established Chuden Energy Services Incorporated as a company that is closer to customers and is able to have intimate knowledge of customer needs to realize a more convenient and comfortable life and business support.

In addition, we will work on the expansion of our geographic business areas, including sales expansion in the Tokyo metropolitan area mainly through CD Energy Direct Co., Ltd., as well as the expansion of our business domain through, for example, the expansion of gas and LNG sales to achieve further growth.

Business data

Actual sales

	Chubu Electric Power	Group total
 Electric power sold	118.3 TWh	123.6 TWh
 Gas/LNG sold	930 thousand tons	940 thousand tons

(FY2018 actual)

Number of web service subscribers

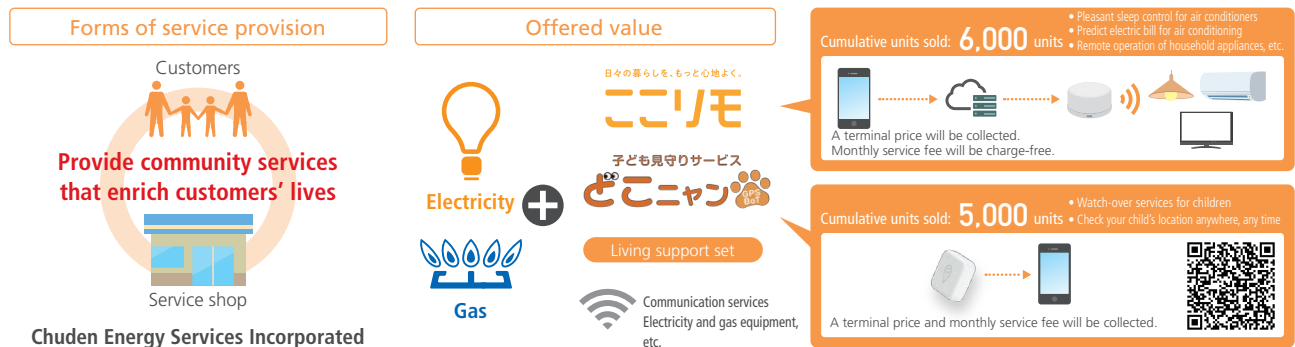
 for householders	 カテエネコ KatEneco, the mascot cat of KatEne	2.33 million customers
 for businesses	 ビジエネズミ BizEnezumi, the mascot mouse of BizEne	0.17 million customers

(As of March 31, 2019)

For families

Services that enrich customers' lives

Chuden Energy Services Incorporated was established to construct a contact platform that is closer to customers to deliver services that enrich their lives. The company will serve as the core of our endeavor to realize community services and to enhance our service lineup. We will also promote sales activities that provide services in a set with energy sales of electricity and gas to add value to our customer services.

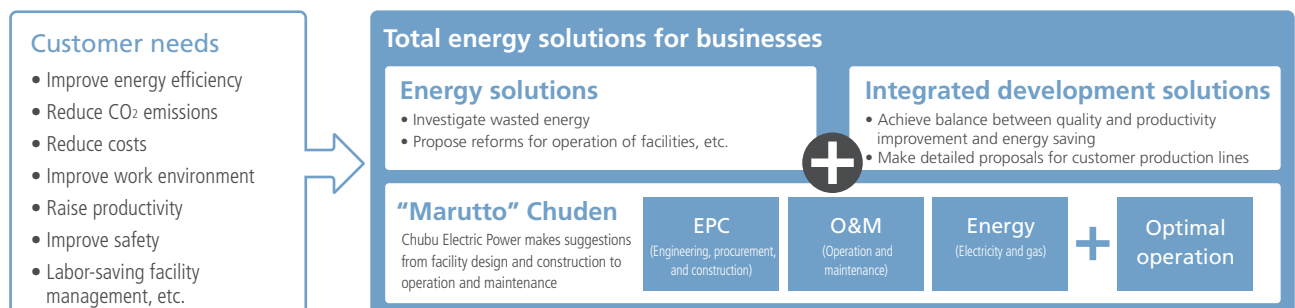


[New sales target] Secure 100,000 sales transactions that provide services in a set with electric power or gas in the Chubu region by the end of FY2020

For businesses

Total energy solution services

We offer total energy solution services that will contribute to the solution of problems in customers' business in general, including energy cost reduction. In April 2018, we started to offer "Marutto" Chuden services in which Chubu Electric Power provides one-stop services covering the whole range from the design and construction of facilities to their operation and maintenance to meet the increasingly diverse and sophisticated customer needs.



Further growth through the expansion of business domain

Sales in the Tokyo metropolitan area

CD Energy Direct Co., Ltd., a joint venture company with Osaka Gas Co., Ltd., plays a central role in providing one-stop electricity, gas, and value-added services that are best suited for customer needs in the Tokyo metropolitan area.



Promotion of gas and power

Established CS Energy Service Co., Ltd. (October 2018)

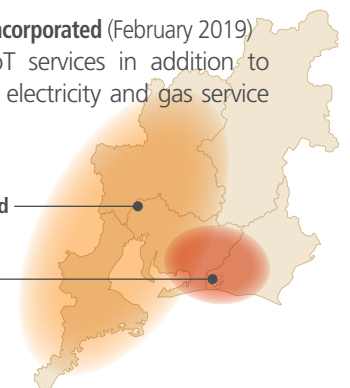
- A joint venture company with Chubu Gas Co., Ltd. to engage in the gas and electricity sales business for corporate customer.

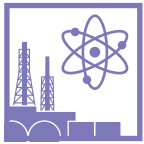
Established Chuden Energy Services Incorporated (February 2019)

- Offer new services such as IoT services in addition to electricity and gas and operate electricity and gas service shops

Chuden Energy Services Incorporated

CS Energy Services Co., Ltd.





Nuclear Power Division

Safety first utilization of nuclear power generation

While making preparations to use the Hamaoka Nuclear Power Station as an important power source, we will explain our safety initiatives in detail to all parties concerned.



Chiyoji Kurata

General Manager
Nuclear Power Division

With a strong determination never to repeat an accident similar to the one that occurred at the Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power Company Holdings, we are putting in place safety improvement measures based on the new regulatory standards formulated by the Nuclear Regulation Authority. Units 3 and 4 are currently undergoing examinations by the Authority to confirm conformance to the standards. Major works to upgrade facilities of Unit 4 have been largely completed. We will also implement, as soon as possible, any additional upgrades that may be required as a result of the examination.

On the one hand, we are strengthening the disaster prevention system and improving education and training programs internally. On the other hand, we are further strengthening the cooperation with national and local governments, relevant agencies, and nuclear power business operators in order to raise the effectiveness of our emergency responses including the evacuation of residents.

In addition, we are seeking opinions from external experts and nuclear energy specialists to strengthen governance and risk management.

We will not only ensure compliance with the new regulatory standards but also make ongoing efforts to further raise the safety level of the Hamaoka Nuclear Power Station as part of preparation to continue to utilize it as an important power source.

Chubu Electric Power will explain these initiatives in detail to local residents and all other parties concerned and make efforts to secure the understanding of as many people as possible by responding firmly to their concerns and questions.



Hamaoka Nuclear Power Station

Present status of reactors at the Hamaoka Nuclear Power Station

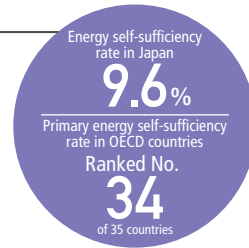
	Output Capacity (MW)	Present status
Unit 1	540	Decommissioning process underway Jan. 30, 2009 Operation ended
Unit 2	840	Nov. 18, 2009 Transition to decommissioning process
Unit 3	1,100	The Nuclear Regulation Authority is currently investigating and confirming compliance with new regulatory standards
Unit 4	1,137	
Unit 5	1,380	Investigating specific recovery methods for seawater infiltration events Preparing applications for investigation and confirmation of compliance with new regulatory standards

(As of July 1, 2019)

Need for nuclear power generation

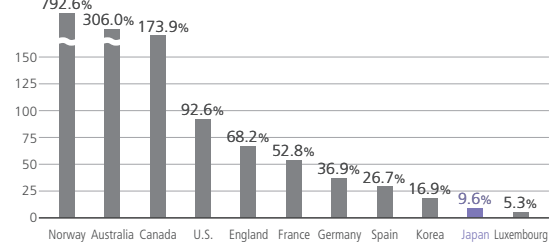
Promotion of an energy mix

A significant portion of energy sources in Japan rely on overseas procurement. Therefore, a well-balanced combination of various power sources (Energy mix) is necessary in order to ensure the stability of electricity we provide while also considering the environment.



Energy self-sufficiency rate in major countries

(Includes nuclear power; Actual values in 2017)



Source: Prepared based on the Agency for Natural Resources and Energy "Japan's ENERGY (2018 EDITION)"
Japanese figure was based on the Agency for Natural Resources and Energy "Energy in Japan 2017".

Characteristics of nuclear power generation

Nuclear power generation uses uranium, known for its stable supply, as a primary fuel. It is also an excellent power source in regard to environmental and economic factors.

	Coal	LNG	Oil	Nuclear power	Renewable energy
Dependency on the Middle East	0%	30%	85%	Semi-domestic energy 0%	Domestic energy 0%
Power generation cost	12.3 yen/kWh	13.7 yen/kWh	30.6 yen/kWh or more	10.1 yen/kWh or more	Solar power 24.2 to 29.4 yen/kWh Wind power 21.6 yen/kWh
CO ₂ emission factor	0.94 kg-CO ₂ /kWh	0.47 kg-CO ₂ /kWh	0.73 kg-CO ₂ /kWh	0.019 kg-CO ₂ /kWh	Solar power 0.038 to 0.059 kg-CO ₂ /kWh Wind power 0.026 kg-CO ₂ /kWh

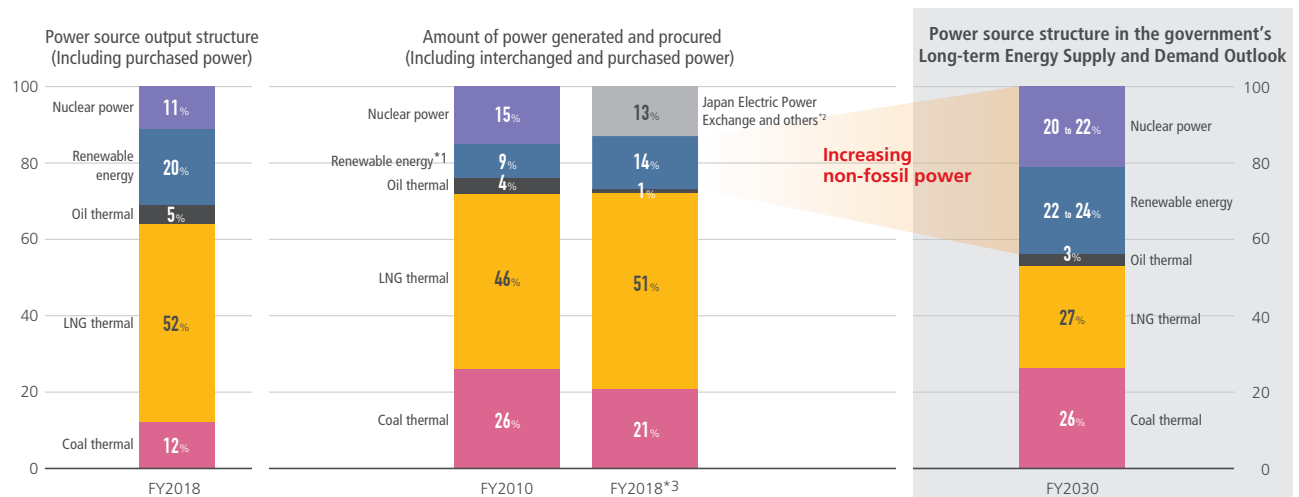
Source: Power Generation Cost Verification Working Group (May 2015) material (2014 Model Plant Trial Calculation Result Summary (Draft))

Seeking a well-balanced power source structure

Considering its benefits, Chubu Electric Power would like to utilize nuclear power generation as a base load power source* with the prerequisite that we ensure the safety of its operation.

* A power source that can be operated stably day and night at an economical power generation cost.

Power source structure at Chubu Electric Power



*1 Including hydraulic power of 30,000 kW or over and electricity based on the FIT

*2 Electricity procured from Japan Electric Power Exchange (JEPX) and other companies for which the corresponding power station cannot be identified.

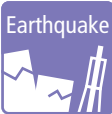




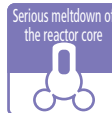
*3 Internally generated/procured power for FY2018 is based on the amount of power at the sending end.

Further pursue of safety

Responses to the new regulatory standards

The Hamaoka Nuclear Power Station has always worked to improve the safety level of its operation by applying the latest knowledge. Units 3 and 4 are currently undergoing examination by the NRA, and we are making necessary responses to secure the approval of nuclear reactor establishment/change, particularly in the area of earthquake and tsunami resistance, which is the prerequisite for any security measures at a power station. After obtaining the approval of the NRA, we will move to the examination of the equipment and facilities of the power station based on the examination results of, among others, earthquake and tsunami resistance.

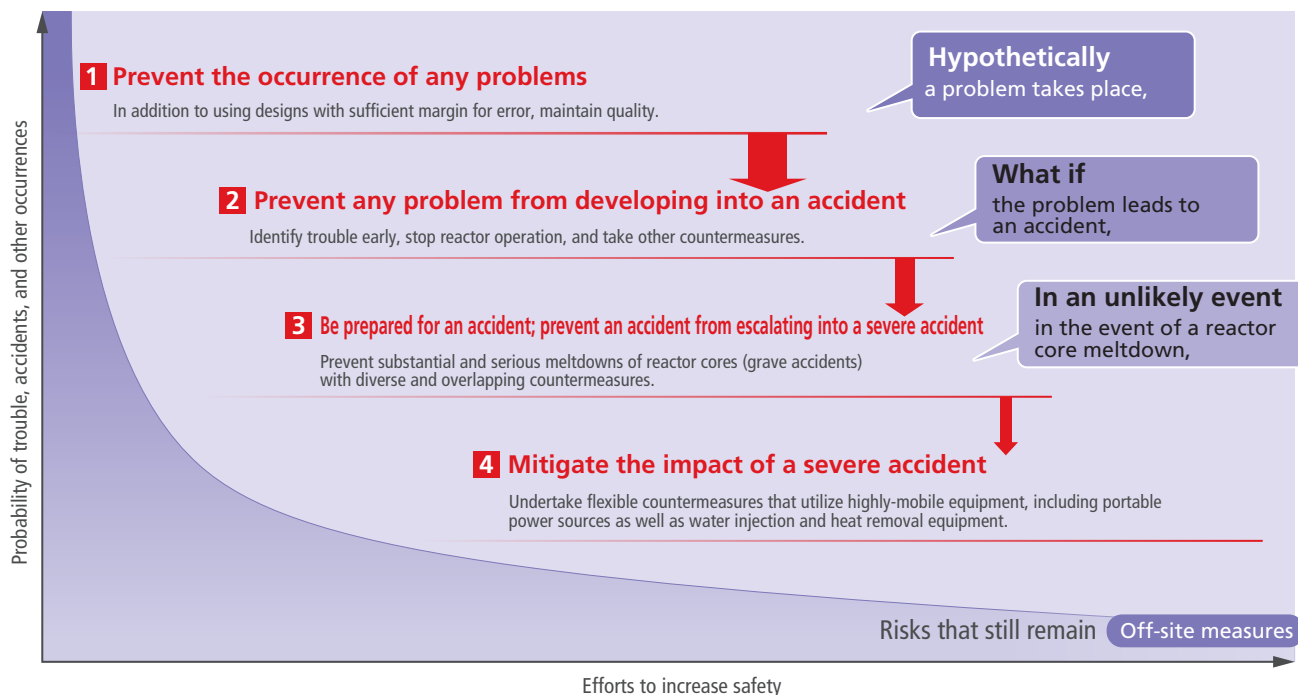
Examples of measures that Chubu Electric Power is considering in order to meet new regulatory standards (undergoing inspection)

 <p>Earthquake</p> <p>Establishing the standard seismic motion taking into account Nankai Trough Megaquakes, etc. Implementing earthquake-resistant construction</p> <ul style="list-style-type: none"> Standard seismic motion Ss1: 1,200 gal Standard seismic motion Ss2: 2,000 gal Soil improvement work, etc. 	 <p>Volcano</p> <p>Conducting research of volcanoes around Hamaoka Nuclear Power Station to ensure safety against pyroclastic flow and volcanic ash</p> <ul style="list-style-type: none"> Confirm that the power station is out of reach of pyroclastic flow Ensure safety against volcanic ash 10-cm high 	 <p>Tornado</p> <p>Identifying the kind of a tornado that is likely to have great impact on power station buildings, and implementing countermeasures through tornado-resistant construction</p> <ul style="list-style-type: none"> Maximum wind velocity: 100 m/second Measures related to the seawater intake pumps
 <p>Tsunami</p> <p>Establishing the tsunami standard taking into account Nankai Trough Megaquakes, etc. Implementing countermeasures through tsunami-resistant construction</p> <ul style="list-style-type: none"> Tsunami standard: 21.1 m above sea level at the front of the breakwater Installation of breakwater, etc. 	 <p>Fire</p> <p>Implementing countermeasures including fire prevention, detection, and extinguishing</p> <ul style="list-style-type: none"> Using flame-resistant cables Installing additional fire-detecting equipment, etc. 	 <p>Serious meltdown of the reactor core</p> <p>Implementing measures to prevent the reactor cooling functions from being lost if all AC power sources fail, which would lead to a serious meltdown of the nuclear fuel.</p> <ul style="list-style-type: none"> Ensuring the means of power supply, heat removal, and water injection, etc.

Activities to reduce risks

We are making our best efforts to minimize the risk of nuclear accident as much as possible with diverse and overlapping countermeasures to face any risk and ensure safety. To prevent and also to prepare for any accident, we will, on the one hand, continue to work on on-site measures, for example, to strengthen facility countermeasures mainly inside the power station and to strengthen on-site response capabilities. On the other hand, we will also strive to improve off-site measures to prepare for any nuclear disaster in the areas around the power station by strengthening cooperation with national and local governments, relevant agencies, and nuclear power business operators outside the power station.

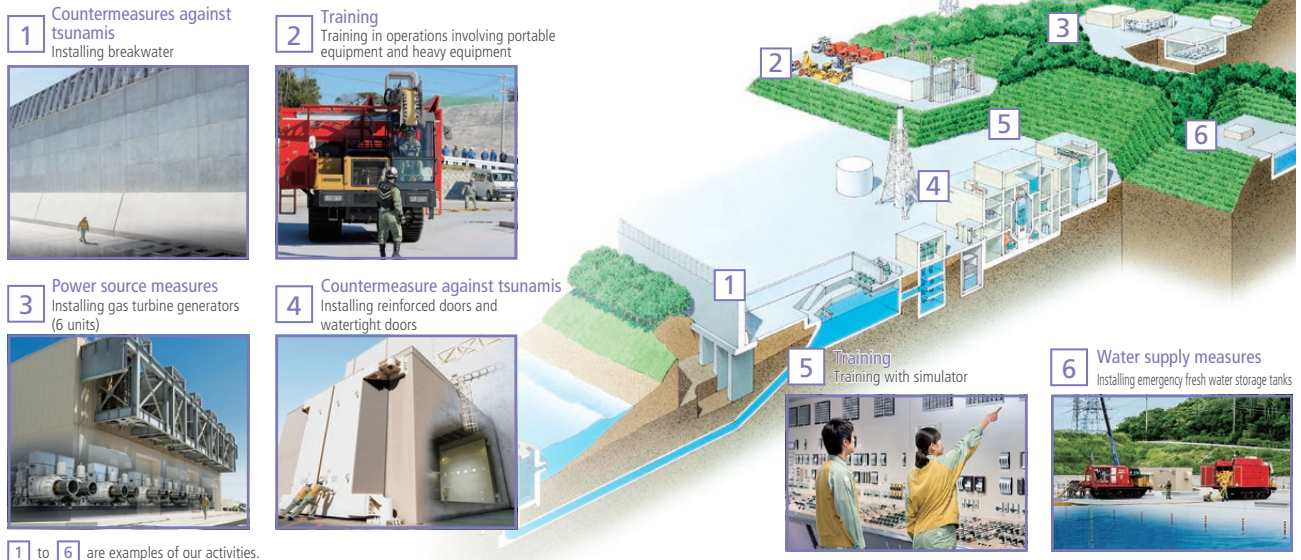
Activities for reducing risks (image)



Activities to reduce risks (On-site measures)

We are continuing our constant efforts to increase the safety of both hardware and software in order to minimize risks as much as possible.

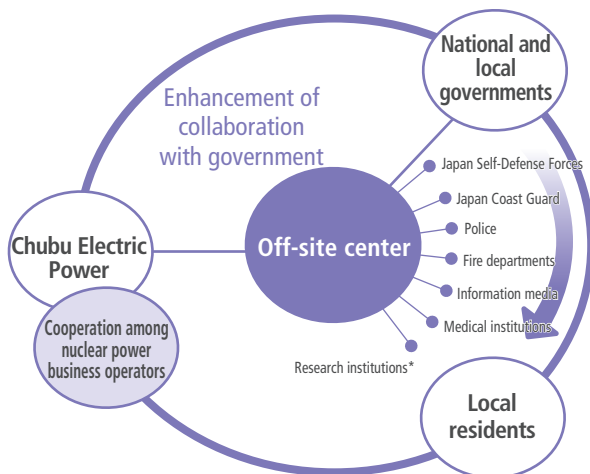
Strengthening facility-related measures (hardware) and on-site staff capability (software)



Responses outside the power station (Off-site measures)

We are prepared against serious nuclear accidents caused by a combination of “hypothetically,” “what if,” and “in an unlikely event” events, such as a leakage of radioactive substances.

Efforts around power plants (Off-site)



* Japan Atomic Energy Agency (JERA), etc.

T O P I C S

Agreements with Omaezaki City and Makinohara City

In March 2019, Chubu Electric Power entered into an agreement on ensuring safety of persons requiring assistance in evacuation behavior* with Omaezaki City and Makinohara City.

* Persons who need assistance to evacuate, such as the elderly

- Outline (1) Prior measures, such as evacuation means and system
(2) Information circulation and evacuation assistance in an emergency event
(3) Periodic drills and exchange of information

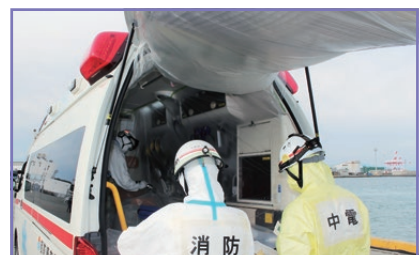
Omaezaki City — Makinohara City



Joint disaster drills with Tokyo Electric Power Company Holdings, Inc. and Hokuriku Electric Power Company



Disaster drills at the off-site center



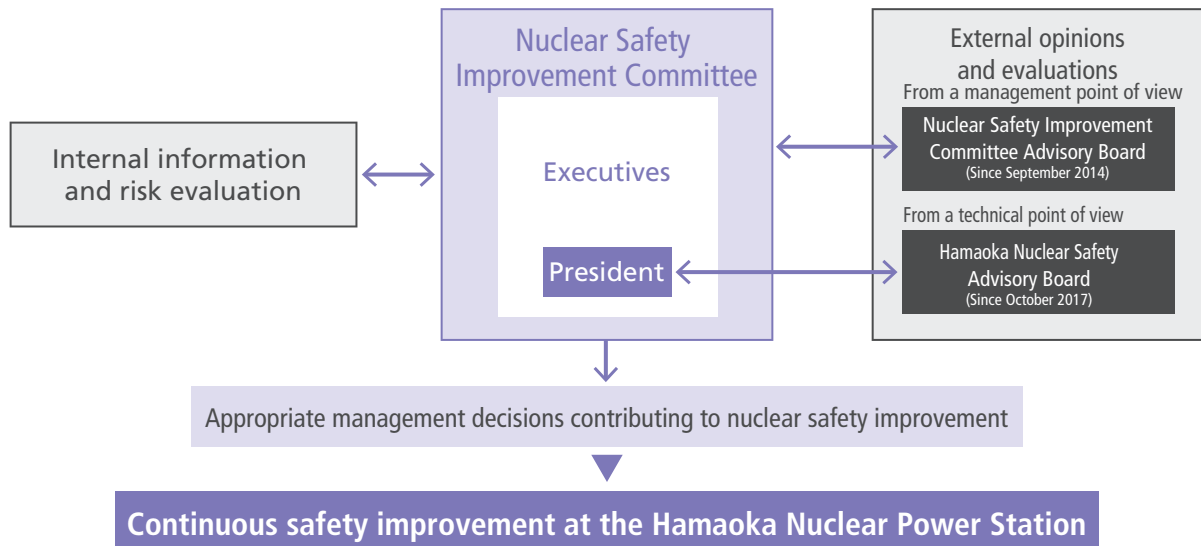
Disaster drills in cooperation with the Omaezaki City Fire Department and others

➔ Detailed information is also available on our corporate website, “The Hamaoka Nuclear Power Station, today and tomorrow”.

Aiming to become a power station that is safer and more reliable

Strengthening governance

We have established a system to ensure that top management understands internal and external opinions and evaluations about risks, and realizes continuous improvement of safety of the Hamaoka Nuclear Power Station.



T O P I C S

Case example of actions taken based on opinions of the Nuclear Safety Improvement Committee Advisory Board

Importance of non-technical skills

We received from an outside committee member an opinion that it is important to provide education not only on technical skills ^{*1}, but also on non-technical skills ^{*2} in a well-balanced manner and to deepen understanding of them steadily and painstakingly.

Based on this opinions, we formulated a medium-term plan and are conducting non-technical skills improvement training. Through information circulation and group discussion drills, participants can learn the basics of non-technical skills as a leader in an emergency situation to improve the organizational capability to implement emergency response measures reliably and effectively.

^{*1} Technical skills: Technical skills necessary for the execution of work

^{*2} Non-technical skills: Skills necessary for technical skills to be utilized effectively (such as communication, understanding of the situation, decision-making, leadership, and team work)



Information circulation drill

Strengthening risk management

In addition to equipment measures, we are strengthening on-site response capabilities to make equipment function effectively in times of emergency as well as strengthening collaboration with various organizations concerned for readiness against disaster. We are pressing ahead with independent safety improvements to support the new inspection system being introduced by the NRA in fiscal 2020 that stresses independent safety.



Drill by the Emergency Response Force (ERF)



Drill for emergency calls to local governments



Collaboration drill with organizations concerned

Strengthening risk communication

We visit local residents to explain our efforts made at the Hamaoka Nuclear Power Station, as well as to increase communication and exchange opinions. At the same time, we continue our activities to listen to the voice of local residents and respond earnestly to their concerns, questions, and opinions.



Visiting local residents to increase communication

Our employees working at the power station are visiting local residents door-to-door to let as many of them as possible know our initiatives and to hear their opinions.

Households visited
84,000
in the 4th round



Opinion-exchange meetings

We are also holding opinion-exchange meetings with local residents in the areas around the power station to talk about questions and concerns about nuclear power generation and other matters of interest in a group work format to deepen mutual understanding.

Number of meetings held
56
Number of participants
1,189
(Fiscal 2018 results)



Power plant "caravans"

We set up a booth in shopping centers and local events held in the areas around the power station for the purpose of providing explanations to local residents about the need for nuclear power generation and the measures of safety improvement at the power station and hearing opinions of them.

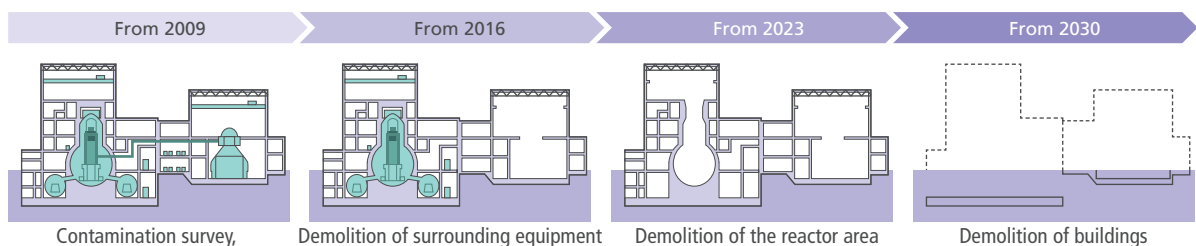
Number of times held
22
Number of people spoken to
2,242
(Fiscal 2018 results)

T O P I C S

Progress status of the decommissioning of Hamaoka Nuclear Power Station Units 1 and 2

Units 1 and 2 discontinued operation as of January 30, 2009 for decommissioning. The first stage of decommissioning, which included the removal of all fuel, contamination survey and decontamination work, and the demolition of outdoor facilities, has already been completed. The second stage, which includes reactor decontamination and the demolition and removal of indoor facilities and exhaust pipes, is currently underway in order.

We will continue to push forward with the decommissioning of Units 1 and 2 in a transparent and stable manner, while making safety our top priority.



Example of indoor decommissioning work

Generator accessory



Before decommissioning work



After decommissioning work

Example of outdoor decommissioning work

Transformers (Unit 1)



Before decommissioning work



After decommissioning work

Chubu Electric Power Group's ESG

The Chubu Electric Power Group will work to realize sustainable growth and improve corporate value by further advancing our business management in light of ESG perspectives.

We believe that "low-carbon approach," "customer-centered," and "digital technology," which are the keywords in our efforts to create Community Support Infrastructure as a new growth field, all fit in the essence of ESG.

Creation of Community Support Infrastructure

Relevance of the creation of Community Support Infrastructure to ESG

Community Support Infrastructure is depicted as a ribbon that expands to environment and society at both ends, which are properly tied together in a balanced manner with the tying power of governance

Realization of no/ low-carbon society

- Expand renewable energy
- Increase thermal efficiency of thermal power generation
- Use nuclear power generation
- Provide customers with energy-saving support

Practice environmental management

- Coexisting with nature
- Creating a recycling society





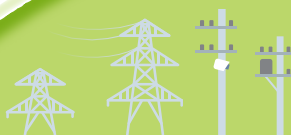
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Strengthen corporate governance

- Develop governance structure
- Strengthen the structure for promoting ESG management
- Strengthen risk management functions

Business continuity

- Strengthen measures for resilience



Contribution to the achievement of the SDGs

SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD



Utilization of human assets

- Promote work-style reform
- Health management and occupational health
- Promote diversity

Resolution of social issues

- Expand businesses into new growth fields
- Contribute to local communities



S

Realize sustainable growth and improve corporate value

Discussion on Governance

Chairman of the Board of Directors/
External Auditors

The governance that drives our new business structure

Chairman of the Board of Directors Akihisa Mizuno invited three external corporate auditors with strong ties to the Chubu area to discuss the optimal form of corporate governance in the Chubu Electric Power Group and their thinking on ESG management, including contributions to the SDGs, as it approaches the split of its businesses.

Impressions of the Chubu Electric Power Group and the role of external auditors

Mizuno: Dr. Hamaguchi, Mr. Kato, and Ms. Nagatomi audit the company's directors in the execution of their duties, and further they provide the executive team with guidance that helps it to be successful based on their wealth of experience in their respective fields, in their role as external board members. I would like to hear how your impressions of the Chubu Electric Power Group have changed from before and after your appointments and from what perspectives you are sharing your opinions at board meetings and other occasions.

Hamaguchi: When I was appointed four years ago, my impression of the Chubu Electric Power Group was that it was a prudent and careful organization. Since then, the company has adapted to such changes in the business environment as full liberalization of the retail electricity market and reform of the electric power system. I have seen firsthand that the company is evolving considerably, as highlighted by its decision to transition to a business model that separates power generation from sales. A declining birthrates an aging population, a skewed demographic structure toward the elderly, and a shrinking population are causing growth in demand for electric power in Japan to stagnate. Against this backdrop,

as an external auditor I intend to express my opinions on how to achieve continuous growth from the perspective of risk management.

Kato: Looking at board meetings as an external auditor, I find healthy and active discussions occurring, which is a contrast to my image of these meetings before being appointed. All companies have their own cultures and value systems, and decision-making and business execution are aligned with them. My role is to give advice to put matters back on the correct path if from my vantage point from the outside something does not look appropriate or sound.

Since being appointed as an external auditor, what impressed me most is the strong dedication to the company's main mission of providing a stable supply of energy displayed by employees who work at power plants and in other front-line roles. I think it is splendid to see each and every employee with the keen sense of purpose to continue delivering the energy indispensable to daily life.

Nagatomi: When I was appointed three years ago, the retail electricity market was already fully liberalized, but I did not expect an electric power company would change to the degree that Chubu Electric Power has. Today, I sense there is a strong determination to evolve and become a company fitting the new era by transitioning to a business model that separates power generation from sales and by developing new

businesses. I am a lawyer by profession, so I aim to use my experience to provide appropriate supervision as an external auditor regarding the various risks that can materialize when a company undergoes a substantial transition.

Governance needed as businesses are split off

Mizuno: In April 2019, our thermal power generation businesses were integrated into JERA. Starting in April 2020, the power transmission/distribution business will be legally split off and our sales division will be split into a separate company, marking the transition to a business model that separates power generation from sales. When organizations and functions are split off, achieving a balance between optimization of the parts and optimization of the whole is a major issue. The companies that have split off will coordinate with each other to continue to ensure the stable supply of power. In addition, we need governance to build a growth





Nobuaki Kato

Corporate Auditor (External)

Akihisa Mizuno

Chairman of the Board of Directors
Chubu Electric Power Co., Inc.

Michinari Hamaguchi

Corporate Auditor (External)

Fumiko Nagatomi

Corporate Auditor (External)

framework for the Group as a whole while each operating company creates incremental value on its own.

Kato: From my experience as a corporate executive, I believe there is no single correct answer as to the shape an organization's structure should take. I think a well-balanced management structure can be built after gaining a variety of experience over time.

Nagatomi: After splitting off of the businesses is completed, the Chubu Electric Power Group will comprise operating companies with widely different personalities: JERA, a company developing its business globally that was established through equal stakes provided by Chubu Electric Power and TEPCO Fuel & Power, Inc.; a power transmission/distribution company that has an element of operating as a public utility; and a sales company that will strive to be a winner in fully deregulated markets. When I think about the need to optimally tie these entities together while at the same time promoting their autonomy, I feel the aim should be to create a so-called "Chubu Electric Power-style Holdings" that is not bound by past precedent.

Kato: Developing new businesses with the aim of future growth will likely entail taking challenges in unknown and uncharted fields. In doing so, I would like the company not to be overly concerned with generating immediate results, but

instead thoroughly discuss, "why are we entering and seeking to develop this business?" and implement decision-making through a highly transparent process. By doing so, even if the anticipated results are not achieved, valuable experience is still acquired. I therefore would like to see the company being aggressive in taking up such challenges.

Hamaguchi: As keywords during times of great change, I frequently use the haiku master Matsuo Basho's adage *fueki-ryuko**, which literally translates into the unchanging and the ever changing. For the Chubu Electric Power Group, what is unchanging is the collective strength of the organization, with all employees doing their utmost to deliver a stable supply of energy. Meanwhile, the ever changing refers to for example initiatives to reduce CO₂ emissions. I believe a theme going forward will be the ability to generate ideas that lead to "disruptive innovation" and make a major contribution to reducing CO₂ emissions.

Nagatomi: I think the mindset of employees needs to gradually evolve if the Chubu Electric Power Group is to evolve by adapting to new changes while upholding its steadfast commitment to the stable supply of energy. For this to happen, I feel it is important for the company's executives to take the lead in adopting a new mindset and show the way forward in a manner that is

easy for employees to understand.

Mizuno: It is important for employees on the front lines to internalize the way forward and proceed in that direction with a sense of ownership. Each year, executives visit business locations to hold discussions with front-line employees in a program called the "executive caravan". I believe such grass-roots activities are important, as they ask employees at the front lines their opinions about management's thinking and thus deepen a mutual dialogue. In my view, to change employees' mindset it is important to continually reinforce close verbal communication rather than assuming everyone is on the same wavelength.

Kato: I think triggers, initiatives, and events are effective for changing employees' mindset. At DENSO Corporation just after the Lehman Brothers collapse, I worked on a company-wide *kaizen* (improvement) initiative we called, "A day to consider structural reforms." We stopped all regular work for an entire day and gave everyone the opportunity to think about "how we can change DENSO and my workplace." From then on, the employees' mindset changed to one in which they needed to think of something new and act on it. Furthermore, it is important when attempting to enter new businesses not to try to go it alone, but instead to look outside to partner with many talented professionals.

* Matsuo Basho advocated this adage. *Fueki* means valuing the unchanging intrinsic essence of something, while *ryuko* means adopting new changes.

Hamaguchi: At the Japan Science and Technology Agency, where I work, we have a program that seeks to create innovation through partnerships between academia and industry. This program establishes research themes that look out over social needs and lifestyles 10 years into the future. In this area as well, we have seen very meaningful results by having researchers from companies and universities work in tandem on themes from the early stages of research projects.

Mizuno: No “chemical reaction” will occur unless we meet and speak with people from different industries than ours. Implementing open innovation and expanding alliances are some ways that we can create opportunities for such interactions. Until now, the Chubu Electric Power Group has been a relatively rigid organization. Going forward, however, we intend to build a governance structure that makes us more flexible and able to absorb any changes and generate new ideas.

Placing more focus on ESG management and contributing to the achievement of the SDGs

Hamaguchi: In recent years, the world is facing a crisis brought on by such issues as global warming and the need to reduce CO₂ emissions, depletion of natural resources, and

food shortages. This has called into question the sustainability of mankind on this planet and has led to greater focus on the United Nations’ Sustainable Development Goals (SDGs). The SDGs target attainment of its goals by 2030 and are said to be creating new market opportunities worth some US\$12 trillion annually. So, activities to achieve the SDGs are in fact corporate activities aimed at generating continuous growth. I believe now is truly the time to foster innovation and create new business models that contribute to the attainment of the SDGs.

Mizuno: The SDGs are goals for society as a whole, and companies are always expected to manage their businesses with the focus on ESG aimed at achieving the SDGs. In my opinion, businesses that are not based on ESG are unlikely to grow. As pointed out by Mr. Hamaguchi, the Chubu Electric Power Group is working to create its own infrastructure, called the “Community Support Infrastructure,” as its approach to ESG management aimed at contributing to the resolution of a myriad of social issues. The company is gathering up a variety of social issues such as the dilution of communities and presenting solutions for them by leveraging its energy infrastructure that connects it to all its customers. Our objective is

to provide “new forms of community” that help all customers to improve their satisfaction with life and contributes to raising the level of the Chubu region as a whole in terms of disaster prevention, healthcare, and other areas.

Kato: There are many people both in households and companies who wish to consult with someone about their issues. I see the company’s thinking as reflecting a goal to support communities through energy infrastructure. Furthermore, if we look beyond Japan toward overseas markets, I visited Myanmar recently and witnessed a shortage of energy there. I wondered if the company could support countries like these that are in need of help. It will also contribute to the achievement of the SDGs if a company with strong technological capabilities like Chubu Electric Power applies its knowledge to cooperate in development and strengthening of the electric power infrastructure in overseas countries.

Nagatomi: In the past, this type of international aid was primarily the realm of overseas development assistance (ODA). However, I expect companies to enter overseas markets directly and for the Chubu Electric Power Group to contribute to economic development in emerging markets through energy-related projects.



Nobuaki Kato

Advisor, DENSO Corporation

Joined Nippondenso Co., Ltd. (now DENSO Corporation) in April 1971. Served as Director, Managing Officer, Senior Managing Officer, President & Director, Chairman of the Board of Directors. Has held his current position since June 2018. Appointed an external corporate auditor of Chubu Electric Power in June 2016.



Akihisa Mizuno

Chairman of the Board of Directors
Chubu Electric Power Co., Inc.

Joined Chubu Electric Power in April 1978. He was also temporarily assigned to the Washington, D.C. office of the World Bank. After working as the Director & Executive Vice President, and President & Director, he was promoted to his current position in June 2015.



Michinari Hamaguchi

President, Japan Science and
Technology Agency

Appointed Professor, Nagoya University School of Medicine in December 1993. Served as President of the same institution from April 2009 through March 2015. Has held his current position since October 2015. Appointed an external corporate auditor of Chubu Electric Power in June 2015.



Fumiko Nagatomi

Attorney at law

Registered as a lawyer in April 1981 and joined Hachisuka Law Firm. Established Nagatomi Law Firm in April 1989. Appointed an external corporate auditor of Chubu Electric Power in June 2016.

* The positions of individuals are as of the date of the round-table talk (May 8, 2019).



Mizuno: Over the near term, thermal power generation using fossil fuels will be necessary in Asian countries where demand for electric power is projected to grow. In this regard, I would like to see the company expressing its strengths in highly efficient plant operation gained from our experience with thermal power plants, as this will also contribute to lowering the carbon footprint.

Nagatomi: The Chubu Electric Group has raised strategic investment in overseas businesses in its Fiscal 2019 Initiatives to Address Management Challenges.

Mizuno: Since these investments are done to advance the business, the assumption is that the investments can be recouped. That said, using our human assets, technology, and funds as a Japanese energy company to contribute to the development of economies in Asia and a low-carbon society helps fulfill the true calling of our energy business. Furthermore, generating profits in such activities is truly consistent with ESG

management. We will strive for further growth by working to resolve a variety of social issues and manage our businesses with a focus on ESG from both a local and global perspectives.

What is expected from the Chubu Electric Power Group

Hamaguchi: The Chubu Electric Power Group plays a key role in supporting the lives of residents of the Chubu area. I would like to see the company continue to earn their trust. Please deepen the relationship of trust you have built with your customers by studying their needs and providing services that exceed their expectations. This is especially important in this era of dramatic change.

Kato: I would like to see Chubu Electric Power expand its fan base. If these fans say things like "Let's ask Chubu Electric Power...let's leave it to Chubu Electric Power...we can trust Chubu Electric Power...", I believe it will lead to new businesses and market growth.

Nagatomi: There is increasing focus on work-style reform and diversity, as it is considered important for companies to grow to have an environment where employees are highly motivated. In general, diversity has focused on creating opportunities for women to play a role in the

workplace. But I would like to see the Chubu Electric Power Group be a place where all employees can work with pride and a sense of job satisfaction, regardless of gender or age.

Mizuno: Thank you for your opinions and insights based on your varied experiences and positions. Its customers in the Chubu area have supported the Chubu Electric Power Group and the Group has grown together with them. We will continue to aim for continuous growth by working to resolve the various social issues faced by local communities while fulfilling our unwavering mission to provide a stable supply of energy. I hope that you will continue to share your frank opinions and ideas with us.



Corporate Governance

Corporate governance structure

In order to improve the viability of Chubu Electric Power's corporate governance and assure that business is conducted properly, the Board of Directors defined the internal control system as the system for ensuring proper conduct of business operations. Guided by this underlying principle, Chubu Electric Power strives to make this system work the way it was intended and, through that process, earn the trust of our stakeholders, including our shareholders and customers.

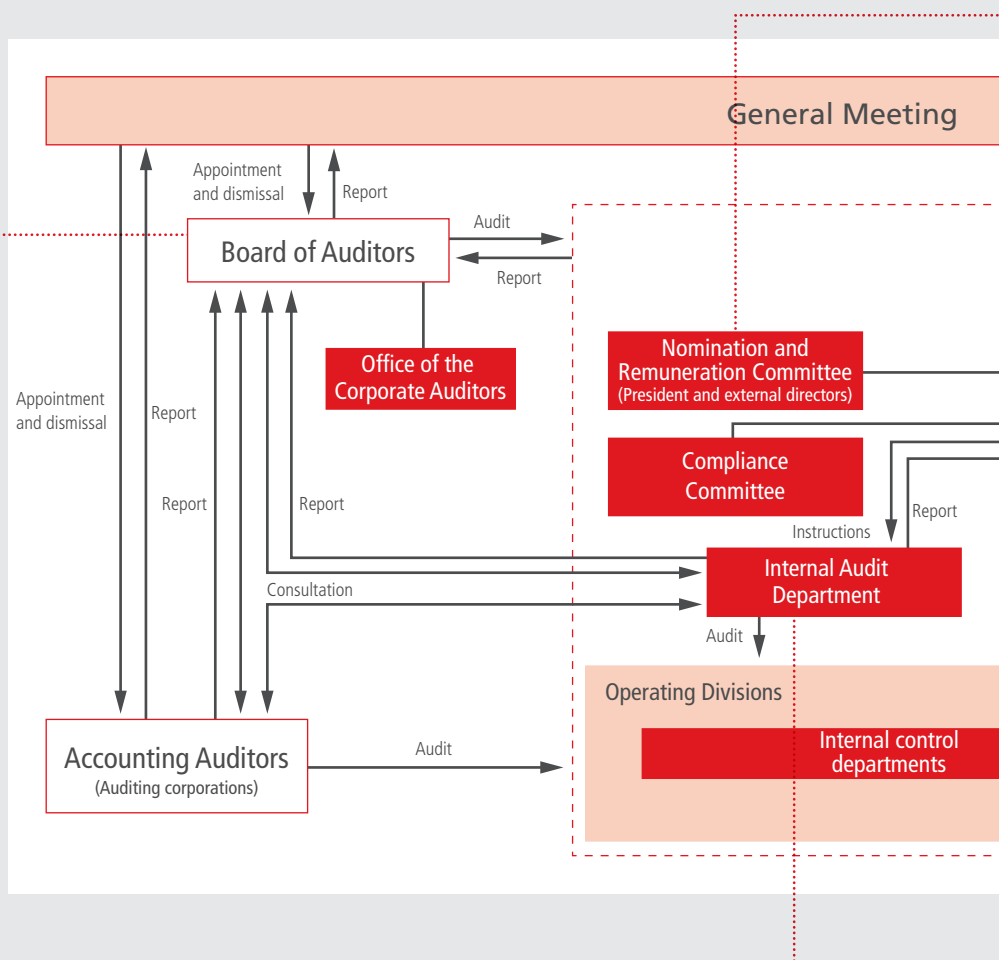
Board of Auditors and corporate auditors

The Board of Auditors works to allocate the roles of the Corporate Auditors and share information in order to conduct audits more systematically and efficiently. It also issues decisions and approvals regarding matters of law and the items prescribed by the articles of incorporation.

Corporate Auditors audit every aspect of the performance of duties by the Directors, for which purpose they deepen their understanding of the Directors, the internal audit divisions, and operating divisions, attend meetings of the Board of Directors and other important meetings, hear from the Directors regarding the performance of their duties, and examine the circumstances of the company's operations and finances. They also perform their duties for the purpose of thoroughly monitoring and verifying resolutions made by the Board of Directors regarding establishment of systems to ensure the quality of corporate administration and the operating status of the system (internal control) developed by such resolutions.

Five auditors
(including three external auditors) **Held 14 times/year**

With regard to Group companies, we maintain communication and share information with their directors and auditors, and keep ourselves informed of their business activities whenever necessary.



Internal audits

The Internal Audit Department, under direct control of the president, is responsible for internal audits. It performs audits on the activities of operating divisions such as quality control for safety at nuclear power plants, basing its perspective on internal control system effectiveness (including internal controls over financial reporting) and CSR. The

results of each of these initiatives are reported to the president and presented as advice and recommendations to the relevant divisions so that they can continuously make improvements.

The internal audit process was verified by an independent organization in fiscal 2015 as part of the company's efforts to improve and maintain the quality of audits.

The scope of internal audits by the department includes associated companies. To help improve internal control systems and practices across the group, the Internal Audit Department also shares information with internal audit divisions of associated companies and provides other support.

Nomination and Remuneration Committee

Comprised of the president and three independent external directors. Assures fair and transparent personnel proposals for directors, auditors, executive officers, et al, and decides the remuneration for directors, executive officers, et al after receiving advice from external directors.

President and three external directors

Held **5** times/year

Board of Directors

In principle, held once a month. Deliberates on and decides items concerning legislation and articles of incorporation, and important items related to management. Additionally, receives reports on the execution of duties from directors in order to supervise the execution of the duties of directors. In order to strengthen supervisory functions, external directors have been introduced.

Twelve directors including external directors (including external directors)

Held **13** times/year

Senior Executive Committee and Management Strategy Committee

The Senior Executive Committee, comprised of the President, Executive Vice Presidents, Company Presidents, General Managers and other executive officers, meets once a week in principle for preliminary deliberation of items on the agenda of the Board of Directors and to discuss other important business matters.

Meanwhile, the Management Strategy Committee, consisting of representative directors and other officers, discusses the direction of the company's business in the medium to long term.

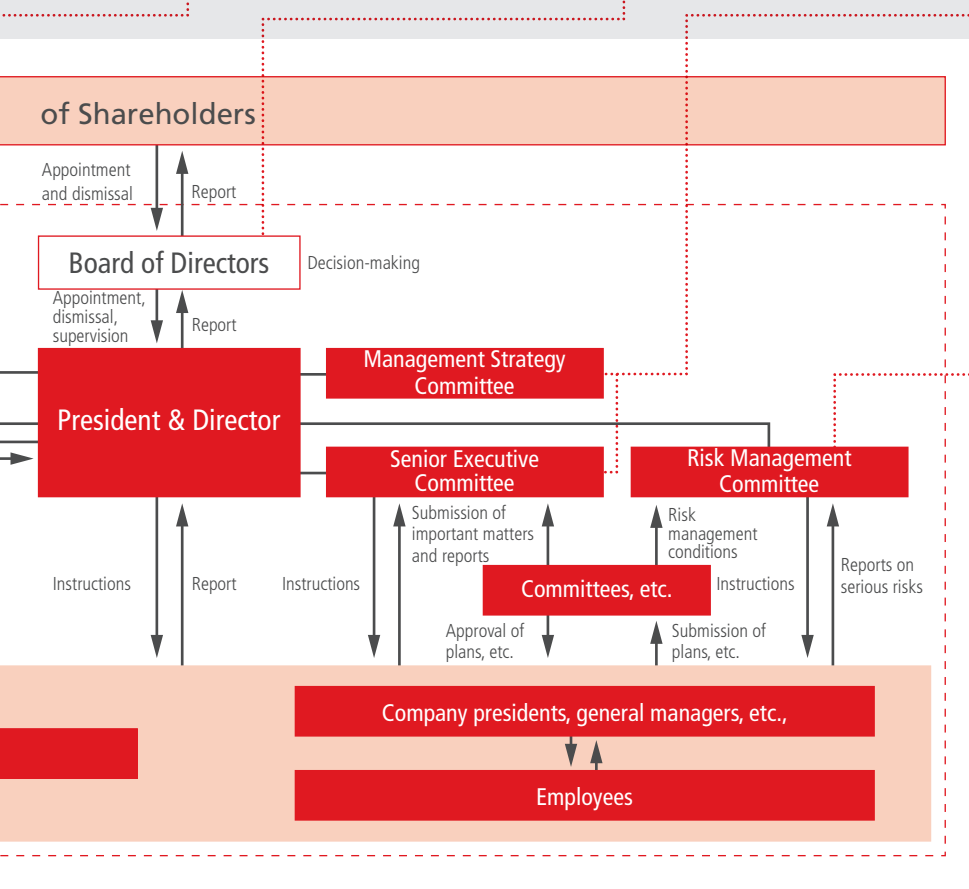
Risk Management Committee

The Risk Management Committee has been established so that management can make quick decisions regarding items concerning serious risks.

External directors and external corporate auditors

At Chubu Electric Power, three external directors and three external corporate auditors currently hold office. All of our external directors and external corporate auditors retain a sufficient level of independence that meets the company's standards, and make the best use of their experiences and insight acquired through their respective careers to fulfill their supervisory and audit functions independent of the company's senior management. They also receive updated information on the current development and operational status of the company's internal control system, and meet all representative directors and auditors regularly to exchange opinions.

All of our external directors and external corporate auditors are registered as independent directors / auditors in all financial instruments exchanges on which the company is listed.



* The number of times the Board of Directors, Board of Auditors, Nomination and Remuneration Committee met are the actual figures from fiscal 2018.

Selection of directors and auditors

In order to assure the fair and transparent selection of directors and auditors, each candidate shall be scrutinized by the Nomination and Remuneration Committee and all the representative directors before being presented to the Board of Directors and selected. Additionally, in order to

strengthen the independence of auditors, auditor candidates shall be scrutinized by all the representative directors plus the senior corporate auditors and be approved by the Board of Auditors.

Basic thinking regarding corporate governance

The Chubu Electric Power Group believes it is necessary to put its corporate philosophy into practice and “continue to grow as a group that serves the energy needs of all kinds” to maintain the trust of shareholders, investors, and other stakeholders, as well as continue to be

the customer’s definitive choice of energy supplier.

For this reason, bold steps have been taken to improve corporate governance, including positioning fairness and transparency at the core of business, ensuring proper oversight of

management and operations execution, and providing mechanisms for swift decision-making, as espoused in the Chubu Electric Power Group CSR Declaration.

Our efforts to improve corporate governance

Chubu Electric Power has been implementing a variety of measures aimed at strengthening its corporate governance, such as those improving its management mechanism to further increase its management efficiency and help it develop into a robust corporate group.

Major actions	
FY2005	1. Reduction of the maximum number of directors from 32 to 20 2. Adoption of an executive officer system and the delegation of authority to general managers
FY2006	In response to the enforcement of the Companies Act, the Board of Directors adopted the Systems for Ensuring Proper Conduct of Business Operations as the basic principles for developing the company’s internal control system.
FY2007	1. Introduction of external directors 2. Reconstruction of the executive officer system The number of position levels of directors was reduced, while position levels for executive officers were introduced according to their authorities and responsibilities.
FY2015	1. Establishment of the Chubu Electric Power Group Basic Corporate Governance Policy 2. Adoption of the Independence Standards for External Directors 3. Installation of the Nomination and Remuneration Committee 4. Establishment of the Policy for Constructive Dialogue with Shareholders
FY2016	Introduction of the internal company system The president of each company was appointed and executive authority over operations was delegated to each company. A Company Board was also established in each company as a consultative body for the company president.
FY2018	Revision of the director nomination criteria

Main activities in fiscal 2018

Risk management	<p>Deployment and functional verification of internal control system</p> <ul style="list-style-type: none"> Establish an internal control system, verify operation, and report results to the Board of Directors as per the Companies Act. Have departments periodically conduct self-examinations of their operations and have the corporate division perform internal audits as required for the internal control component of financial reports. Conduct internal audits of associated companies. <p>Management of risks that could seriously impact business</p> <ul style="list-style-type: none"> Identify, assess, and report to management meetings risks that could seriously impact business in the crafting stage of each management plan cycle. Periodically monitor adopted BCPs* using BCM** mechanisms. <p>Information management</p> <ul style="list-style-type: none"> Have departments in charge of information management visit operation sites and strategic associated companies to verify the state of their information management, conduct training, provide awareness tools, etc. <p>Emergency situations</p> <ul style="list-style-type: none"> Holding company-wide disaster drills, emergency response drills, and large-scale outage initial response drills.
Ensuring compliance management	<ul style="list-style-type: none"> Improved the compliance promotion structure at each company in preparation for the split off scheduled for April 2020. Set Compliance Promotion Month, conduct level-based training and awareness activities at associated companies in order to encourage self-directed compliance practices. Provided ongoing employee education, including e-learning for the prevention of insider trading to employees in departments that handle important management information.
CSR-conscious procurement	<ul style="list-style-type: none"> Held procurement overview briefing sessions to build a stronger partnership with business partners and requested that they practice CSR-conscious procurement. Provided new business partners with a briefing of the Chubu Electric Power Group Basic Procurement Policy before starting transactions and requested that their procurement practice be consistent with the policy.
Intellectual property	<ul style="list-style-type: none"> Intellectual property seminars were held at Chubu Electric Power’s head office and regional offices. Offer e-learning on the fundamentals of intellectual property to the entire workforce.

* BCP (Business Continuity Plan)

** BCM (Business Continuity Management)

Reasons for selecting external directors and auditors and their activities

	Name	Reasons for selecting	FY2018 attendance
External directors	Naoko Nemoto	Was involved in rating companies for many years, and has specialized knowledge and a wealth of experience in the financial and economic fields.	Attended all 13 Board of Directors' meetings
	Takayuki Hashimoto	Was involved in the management of IBM Japan for many years, and has a wealth of knowledge and experience as a management specialist.	Attended all 13 Board of Directors' meetings
	Tadashi Shimao	Was involved in the management of Daido Steel Co., Ltd. for many years, and has a wealth of knowledge and experience as a management specialist.	Assumed office in June 2019
External auditors	Michinari Hamaguchi	Was involved in academic management as the President of Nagoya University in the past and is currently involved in corporate management as the President of the Japan Science and Technology Agency, and can be expected to neutrally and objectively use his auditing abilities based on his viewpoints as an academic and corporate management specialist.	Attended 11 of 13 Board of Directors' meetings Attended 12 of 14 Board of Auditors' meetings
	Nobuaki Kato	Was involved in the management of DENSO Corporation for many years, and can be expected to neutrally and objectively use his auditing abilities based on his viewpoints as a management specialist.	Attended 11 of 13 Board of Directors' meetings Attended 13 of 14 Board of Auditors' meetings
	Fumiko Nagatomi	Has specialized knowledge and a wealth of experience as a lawyer, and can be expected to neutrally and objectively use her auditing abilities based on her viewpoints as a legal specialist.	Attended all 13 Board of Directors' meetings Attended all 14 Board of Auditors' meetings

Assessing the effectiveness of the Board of Directors

Once a year, Chubu Electric Power surveys all directors and auditors on the makeup, operations, governance, and other aspects of the Board of Directors, and has all representative directors, external directors, and auditors discuss and exchange opinions based on the survey results.

Based on these results, the Board of Directors analyzes and assesses their own effectiveness in order to confirm that it is effectively steering the company toward sustainable growth and greater corporate value in the medium to long term.

The makeup and size of the Board of Directors are determined after

considering the quality of the board's discussions, the swiftness of the board's management decision-making, the board's supervisory role over directors, business issues at hand, and the balance of knowledge, competence, field of specialty, experience and other attributes of each director.

Policy on director and auditor training

Chubu Electric Power provides training in management, accounting and finance, legal affairs, and other areas to newly appointed corporate directors and auditors, and periodically organizes events such as presentations given by attorneys,

CSR seminars spearheaded by experts, and other learning opportunities.

Newly appointed external directors and auditors receive briefings on management policies, business issues, and other aspects unique to Chubu

Electric Power. And, after assuming their new positions, they visit the company's more important facilities and receive briefings from departments on their operations in order to deepen their understanding of Chubu Electric Power's business and operations.

Director remuneration

With respect to director remunerations, the president who has been authorized by the Board of Directors will determine the amount after consulting with the Nomination and Remuneration Committee and all representative directors. With respect to auditor remunerations, the amount will be determined after deliberation by all of the auditors in the Board of Auditors within the remuneration amount range decided by a resolution by the General Meeting of Shareholders.

In addition to the existing performance-based bonus plan (short-term incentive remuneration) for directors, in order to further clarify the link between director remunerations, company's performance, and

stock value, Chubu Electric Power has introduced a performance-based stock remuneration plan (medium- to long-term incentive remuneration) in FY2019 to motivate directors to contribute to the improvement of financial performance and the enhancement of corporate value of the Chubu Electric Power Group.

The relative proportion of monthly remuneration, performance-based bonus, and performance-based stock remuneration in the total director remuneration would be around 60%, 30%, and 10%, respectively, if the business goals are met.

■ Total amount of remunerations, etc. by director category and the number of directors (FY2018)

Director category	Total remuneration (million yen)	Number of directors in the category
Directors (excluding external directors)	601	13
Auditors (excluding external auditors)	75	2
External board members	58	5

• Remuneration limit determined by a resolution by the General Meeting of Shareholders.
Directors: 900 million yen per year (including 84 million yen to external directors) Auditors: 20 million yen/month

Directors and Corporate Auditors

(As of June 26, 2019)



Chairman of the Board of Directors

1	Akihisa Mizuno	Reappointed
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Apr. 1978: Joined Chubu Electric Power
 June 2008: Director & Senior Managing Executive Officer, and General Manager of the Corporate Planning & Strategy Division
 June 2009: Director & Executive Vice President and General Manager of Corporate Planning & Strategy Division and Affiliated Business Planning & Development Dept.
 June 2010: President & Director
 June 2015: Chairman of the Board of Directors (incumbent)

President & Director

2	Satoru Katsuno	Reappointed
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Apr. 1977: Joined Chubu Electric Power
 July 2007: Managing Executive Officer and General Manager of the Tokyo Office
 June 2010: Director & Senior Managing Executive Officer, and General Manager of Corporate Planning & Strategy Division
 June 2013: Director & Executive Vice President and General Manager of Corporate Planning & Strategy Division
 June 2015: President & Director (incumbent)

Director & Executive Vice President

3	Akinori Kataoka	Reappointed
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General Manager of Legal Affairs Office, General Affairs Office, Finance & Accounting Office, Purchasing & Contracting Office, and Business Solutions & Corporate Communications Center, Finance & Accounting Center, and IT System Center
 Apr. 1981: Joined Chubu Electric Power
 July 2011: Executive Officer, General Manager of Finance & Accounting Dept.
 July 2013: Executive Officer, General Manager of Mie Regional Office, assigned to Environmental Affairs & Plant Siting Division
 Apr. 2016: Senior Managing Executive Officer, General Manager of Finance & Accounting Dept. and Purchasing & Contracting Dept.
 June 2016: Director & Senior Managing Executive Officer, General Manager of Finance & Accounting Dept. and Purchasing & Contracting Dept.
 Apr. 2017: Director & Executive Vice President, General Manager of Legal Affairs Dept., General Affairs Dept., Finance & Accounting Dept., and Purchasing & Contracting Dept.
 Apr. 2018: Director & Executive Vice President, General Manager of Legal Affairs Office, General Affairs Office, Finance & Accounting Office, Purchasing & Contracting Office, and Business Solutions & Corporate Communications Center, and Finance & Accounting Center
 Apr. 2019: Director & Executive Vice President, General Manager of Legal Affairs Office, General Affairs Office, Finance & Accounting Office, Purchasing & Contracting Office, and Business Solutions & Corporate Communications Center, Finance & Accounting Center, and IT System Center (incumbent)

Director & Executive Vice President

4	Chiyoji Kurata	Reappointed
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General Manager of Civil & Architectural Engineering Dept. and Environmental Affairs & Regional Relations Office, and General Manager of Nuclear Power Division
 Apr. 1980: Joined Chubu Electric Power
 June 2014: Director & Senior Managing Executive Officer, General Manager of Hamaoka Nuclear Power Executive Headquarters, and Environmental Affairs & Plant Siting Dept.
 Apr. 2016: Director & Senior Managing Executive Officer, General Manager of Hamaoka Nuclear Power Executive Headquarters
 Apr. 2017: Director & Executive Vice President, General Manager of Civil & Architectural Engineering Dept., Environmental Affairs & Plant Siting Dept., and General Manager of Nuclear Power Division
 Apr. 2018: Director & Executive Vice President, General Manager of Civil & Architectural Engineering Dept. and Environmental Affairs & Regional Relations Office, and General Manager of Nuclear Power Division (incumbent)

Director & Senior Managing Executive Officer

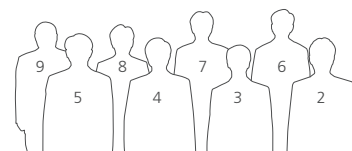
5	Hiromu Masuda	Reappointed
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General Manager of Hamaoka Nuclear Power Executive Headquarters
 Apr. 1982: Joined Chubu Electric Power
 July 2012: Executive Officer, General Manager of Nuclear Power Dept., Nuclear Power Division
 Apr. 2017: Senior Managing Executive Officer, General Manager of Hamaoka Nuclear Power Executive Headquarters
 June 2017: Director & Senior Managing Executive Officer, General Manager of Hamaoka Nuclear Power Executive Headquarters (incumbent)

Director & Senior Managing Executive Officer

6	Taisuke Misawa	Reappointed
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General Manager of the Secretarial Services Office, Corporate Communications Office, Human Resources Office, and Human Resources Center
 Apr. 1981: Joined Chubu Electric Power
 Apr. 2016: Senior Managing Executive Officer, General Manager of Legal Affairs Dept. and General Affairs Dept., assigned to Corporate Planning & Strategy Division
 Apr. 2017: Senior Managing Executive Officer, General Manager of Secretarial Services, Corporate Communications, and Personnel Divisions
 June 2017: Director & Senior Managing Executive Officer, General Manager of Secretarial Services, Corporate Communications, and Personnel Divisions
 Apr. 2018: Director & Senior Managing Executive Officer, General Manager of the Secretarial Services Office, Corporate Communications Office, Human Resources Office, and Human Resources Center (incumbent)



Director & Senior Managing Executive Officer

7	Yaoji Ichikawa	Reappointed
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President of Power Network Company

Apr. 1984: Joined Chubu Electric Power
 July 2014: Executive Officer, General Manager of Okazaki Regional Office
 Apr. 2017: Executive Officer, Vice President of Power Network Company
 Apr. 2018: Senior Managing Executive Officer, President of Power Network Company
 June 2018: Director & Senior Managing Executive Officer, President of Power Network Company (incumbent)

Director & Senior Managing Executive Officer

8	Kingo Hayashi	Reappointed
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President of Customer Service & Sales Company

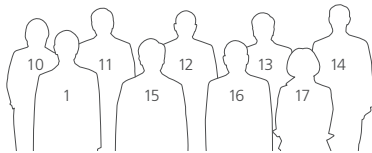
Apr. 1984: Joined Chubu Electric Power
 Apr. 2016: Executive Officer, General Manager of Tokyo Office
 Apr. 2018: Senior Managing Executive Officer, President of Customer Service & Sales Company
 June 2018: Director & Senior Managing Executive Officer, President of Customer Service & Sales Company (incumbent)

Director & Senior Managing Executive Officer

9	Yoshiro Hiraiwa	New
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General Manager of the Corporate Planning & Strategy Division, General Manager of the Group Promotion Management Office

Apr. 1984: Joined Chubu Electric Power
 Apr. 2016: Executive Officer, General Manager of Power System Operations Division, Power Network Company
 Apr. 2018: Senior Managing Executive Officer, Deputy General Manager of Corporate Planning & Strategy Division, and General Manager of ICT Strategy Office and IT System Center
 Apr. 2019: Senior Managing Executive Officer, General Manager of Corporate Planning & Strategy Division, and General Manager of Group Promotion Management Office
 June 2019: Director & Senior Managing Executive Officer, and General Manager of Corporate Planning & Strategy Division, and General Manager of Group Promotion Management Office (incumbent)



Director (External)

10	Naoko Nemoto	Reappointed
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Economist, Asian Development Bank Institute

Apr. 1983: Joined Bank of Japan
 Apr. 1991: Retired from Bank of Japan
 Sept. 1994: Joined Standard & Poor's Ratings Japan K.K.
 Apr. 2005: Managing Director at S&P Rating Japan
 Mar. 2016: Retired from Standard & Poor's Ratings Japan K.K.
 Apr. 2016: Joined Asian Development Bank Institute as economist (incumbent)
 June 2016: External Director of Chubu Electric Power (incumbent)
 Apr. 2019: Professor, Waseda University Graduate School of Business and Finance (incumbent)

Director (External)

11	Takayuki Hashimoto	Reappointed
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Honorary Executive Advisor, IBM Japan, Ltd.

Apr. 1978: Joined IBM Japan, Ltd.
 Apr. 2000: Director, IBM Japan, Ltd.
 Apr. 2003: Managing Executive Officer, IBM Japan, Ltd.
 Jan. 2007: Senior Managing Executive Officer, IBM Japan, Ltd.
 Apr. 2008: Director & Senior Managing Executive Officer, IBM Japan, Ltd.
 Jan. 2009: President & Director, IBM Japan, Ltd.
 May 2012: Chairman of the Board of Directors, IBM Japan, Ltd.
 Apr. 2014: Chairman, IBM Japan, Ltd.
 Jan. 2015: Vice Chairman, IBM Japan, Ltd.
 June 2016: External Director of Chubu Electric Power (incumbent)
 May 2017: Honorary Executive Advisor, IBM Japan, Ltd. (incumbent)

Director (External)

12	Tadashi Shima	New
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Chairperson of the Board of Directors, Representative Executive Director, Daido Steel Co., Ltd.

Apr. 1973: Joined Daido Steel Co., Ltd.
 June 2004: Director, Daido Steel Co., Ltd.
 June 2006: Managing Director, Daido Steel Co., Ltd.
 June 2009: Representative Executive Director, Executive Vice President, Daido Steel Co., Ltd.
 June 2010: President, Representative Executive Director, Daido Steel Co., Ltd.
 June 2015: President & CEO, Representative Executive Director, Daido Steel Co., Ltd.
 June 2016: Chairperson of the Board of Directors, Representative Executive Director, Daido Steel Co., Ltd. (incumbent)
 June 2019: External Director of Chubu Electric Power (incumbent)

Senior Corporate Auditor (Full-time)

13	Kazuhiro Matsubara	Incumbent
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Apr. 1976: Joined Chubu Electric Power
 July 2007: Managing Executive Officer, General Manager of Finance & Accounting Dept.
 June 2009: Director & Senior Managing Executive Officer, General Manager of Finance & Accounting Dept. and Purchasing & Contracting Dept.
 June 2010: Director & Executive Vice President, General Manager of Finance & Accounting Dept. and Purchasing & Contracting Dept.
 June 2011: Director & Executive Vice President, General Manager of Legal Affairs Dept., General Affairs Dept., Finance & Accounting Dept., and Purchasing & Contracting Dept.
 June 2013: Director & Executive Vice President, General Manager of Legal Affairs Dept., General Affairs Dept., Finance & Accounting Dept., Purchasing & Contracting Dept., and Information Systems Dept.
 Apr. 2016: Director
 June 2016: Senior Corporate Auditor (full-time) (incumbent)

Corporate Auditor (Full-time)

14	Shuichi Terada	New
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Apr. 1982: Joined Chubu Electric Power
 July 2012: Executive Officer, General Manager of Legal Affairs Dept.
 Apr. 2017: Director, Chubu Seiki Co., Ltd.
 June 2019: Corporate Auditor (full-time) (incumbent)

Corporate Auditor (External)

15	Michinari Hamaguchi	Reappointed
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President, Japan Science and Technology Agency

Dec. 1993: Professor, Nagoya University School of Medicine
 Apr. 2009: President, Nagoya University
 Apr. 2015: Professor, Nagoya University Graduate School of Medicine
 June 2015: External Auditor of Chubu Electric Power (incumbent)
 Sept. 2015: Left Nagoya University
 Oct. 2015: President, Japan Science and Technology Agency (incumbent)
 Apr. 2016: Professor Emeritus, Nagoya University (incumbent)

Corporate Auditor (External)

16	Nobuaki Kato	Incumbent
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Advisor, DENSO Corporation

Apr. 1971: Joined Nippondenso Co., Ltd. (now DENSO Corporation)
 June 2000: Director, DENSO Corporation
 June 2004: Managing Officer, DENSO Corporation
 June 2007: Senior Managing Officer, DENSO Corporation
 June 2008: President & Director, DENSO Corporation
 June 2015: Chairman of the Board of Directors, DENSO Corporation (incumbent)
 June 2016: External Auditor of Chubu Electric Power (incumbent)
 June 2018: Advisor, DENSO Corporation (incumbent)

Corporate Auditor (External)

17	Fumiko Nagatomi	Incumbent
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Attorney at law

Apr. 1981: Registered as lawyer joined Hachisuka Law Firm
 Mar. 1989: Retired from Hachisuka Law Firm
 Apr. 1989: Established Nagatomi Law Firm (incumbent)
 June 2016: External Auditor of Chubu Electric Power (incumbent)

Risk Management

Chubu Electric Power believes that risk management should be conducted in an integrated manner with business execution, rather than separately from business execution for its own purposes. For this reason, we conduct risk management also through the formulation cycle of corporate management plans as well as business plans of each business execution department. In this manner, we make sure that risk management is conducted properly to help the Group achieve continuous and stable business development.

Internal control system

Chubu Electric Power reviews its internal control system for improvements with regard to the matters prescribed in "Systems for Ensuring Proper Conduct of Business Operations," which prescribes the underlying principles of internal control system improvements, and implements necessary changes from time to time in view of, among others, changes in the business environment. The status of the design and the operation of

the internal control system is reported annually to the Board of Directors.

With regard to internal controls at the group level, Chubu Electric Power have established a department that oversees group companies, which is responsible for the formulation of management strategies and policies concerning group companies and the business administration of them. In addition, our internal audit department conducts

internal audits of group companies by providing support to help group companies design and operate their internal controls.

As part of our responses to the reporting system for internal controls over financial reporting under the Financial Instruments and Exchange Act, we have developed and operate mechanisms to visualize, verify and assess important processes related to financial reporting.

Management of risks that could have a serious impact on the company

At Chubu Electric Power, the president of each company and the general manager of each department in the headquarters are responsible for the management of business execution risks as risk owners. Among such risk, risks that could have serious effects on management are managed by the risk management department in an integrated manner from the company-wide perspective. Risk mitigation policies are deliberated by the Risk Management Committee and reflected in business plans and risk mitigation measures.

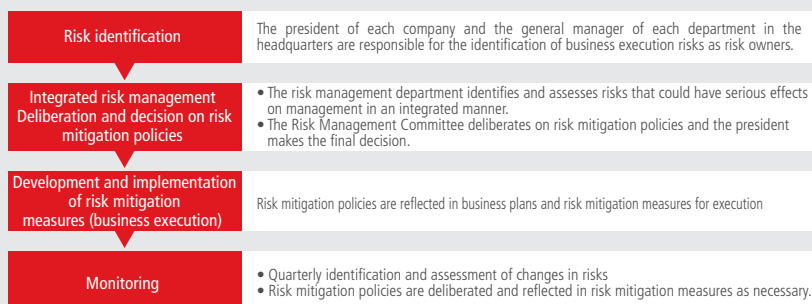
With respect to the risks involving Group companies, each company understands and assesses their risks, and those that are deemed to have a serious effect on management will be deliberated upon and reported regularly every year together with management measures to Chubu Electric Power.

Management of risks associated with individual projects, such as investments

These risks are properly managed through risk evaluation at the time of decision-making and regular monitoring by the risk management department.

See page 79 Financial and Corporate Statistics for the details of business and other risks.

Risk management flow



Risk management organization



Systematic information management and cyber-security

To ensure that manage personal information (including Specific Personal Information) and other types of information are managed properly, Chubu Electric Power has established a department dedicated to information management, established necessary internal regulations, and provides training and awareness-raising programs to employees,

among other initiatives, based on the requirements of applicable laws and regulations. With regards to information security for various IT systems, a company-wide management system has been built to safeguard corporate IT systems against risks of information leakage and cyber-attacks intended to obstruct the stable supply of power. In addition, various security

measures are implemented based on risk assessment and drills to cope with potential cyberattacks are conducted on a regular basis. We have also continuously carried out various initiatives for Group companies, including awareness-raising programs for them and the establishment of the Chubu Electric Power Group IT Promotion Council.

Basic ideas of business continuity at the Chubu Electric Power Group

1. The Group designs facilities to be highly disaster-resistant and carries out appropriate maintenance.
2. The Group develops a disaster management system to promote early restoration of service and ensure public security, while maintaining and improving response capabilities through drills.
3. The Group makes appropriate use of new findings in its constant improvement efforts for a safer and more stable energy supply.

Actions to continue operations during major disasters

Creating Business Continuity Plans (BCPs)

In order to secure its operations that must be continued during major disasters, the Chubu Electric Power Group maintains and improves its ability to deal with emergencies by making BCPs and continually improving its Business Continuity Management (BCM) framework.

Building facilities that can withstand disasters

In order to assure stable supply even during large-scale disasters, Chubu Electric Power is steadily pushing forward with facility upgrades, with due consideration to the estimate of damages

and changes made to the disaster prevention measures for the Nankai Trough earthquake made by the national and local governments. These countermeasures were based on points of view of restoring power as soon as possible and maintaining public safety in the case of large earthquakes. Additionally, maintaining public safety from direct damage (minimizing damage) is prioritized in the case of the most severe earthquakes. Major facility upgrades are due for completion by the end of FY2020.

Improving the disaster prevention system

When a disaster occurs or is predicted to

occur, an emergency condition order will be issued immediately and each workplace will establish an emergency task force. In order to reinforce our ability to cope with disasters, we have allocated various disaster-prevention materials and equipment to each workplace, including special vehicles such as power generation vehicles and portable substations for emergency power transmission and emergency communications methods, such as satellite communication networks.

In addition, in order to further maintain and improve our ability to cope with disasters, we have repeatedly carried out drills for major disasters.

Strengthen resilience

Given the series of natural disasters that occurred during FY2018, we are striving to construct an energy supply system to withstand such disaster by strengthening the resilience of our electricity infrastructure. As part of these efforts, we have formulated an action plan to address the three major issues described below and improve the ability to cope with major disasters. Through the implementation and testing of the plan, we are working on further improvement of our ability to cope with disasters.

Systems for recovery of facilities

To ensure quicker initial responses during emergency, we will secure adequate staff and assign them properly by, for example, improving the accuracy of the typhoon damage estimation system.

We will also work to improve the management of recovery processes by introducing a power distribution disaster recovery support system for the centralized management of a series of processes from the occurrence of a power outage to the

assessment of the damage status and recovery construction works.

Disseminate information to customers

To disseminate relevant information such as power outage status and recovery prospect in a more easy-to-understand manner, we will develop a new smartphone app and will also improve the presentation format on the power outage information website. The new app is also equipped with a chat function to cope with any customer trouble.

Collaborate with local government bodies, etc.

To strengthen the ability to collaborate with local governments and other external organizations in an emergency situation, we are updating emergency contact information and discussing information sharing methods and cooperation arrangements with them. If a lot of trees are blown down by the wind near distribution lines, recovery works would be slowed down. For this reason, we are also discussing planned trimming and culling of trees with local governments as part of distribution line protection measures.

Steadily implement measures to strengthen resilience



See page 35 Power Network Company for the details of the facility recovery system and the dissemination of information to customers.



Collaboration with the Ground Self-Defense Force

Ensuring compliance management

The biggest underlying factor that determines the survival and development of a company is the trust it garners from its customers, hosting communities, shareholders, and society at large.

Based on the Chubu Electric Power Group CSR Declaration, the Chubu Electric Power Group established the Chubu Electric Power Group Basic Compliance Policy on the belief that “without compliance, there is no trust, and without trust, there is no growth.” As we are strongly conscious of the fact that being totally compliant is the foundation of management, we foster a corporate culture of action in accordance with compliance requirements and aim to be a “good corporate citizen” that is highly trusted and supported.

Chubu Electric Power Group Basic Compliance Policy



Compliance promotion system

Chubu Electric Power established the Compliance Committee with the president acting as the committee chairman. Under the leadership of the committee, the company constructed its compliance promotion system and is conducting various enlightenment activities.

In April 2019, the company established separate Compliance Committees at the Power Network Company and the Customer Service & Sales Company to ensure that each business company can autonomously promote compliance following the split off scheduled for April 2020.

Under the oversight of the Chubu Electric Power Group Compliance Council, made up of top management of the Group companies, the Chubu Electric Power Group is promoting compliance within the entire Group by having each Group company introduce their own compliance promotion systems to conduct enlightenment activities.



The 12th meeting of the Chubu Electric Power Group Compliance Council

Chubu Electric Power Group Compliance Promotion System



Initiatives to raise compliance consciousness

The Chubu Electric Power Group is working to raise the levels of compliance consciousness and knowledge of employees at all levels by providing them with seminars and training on compliance with laws and regulations, internal rules, and corporate ethics. Individual employees are also asked to self-examine their behavior based on the four questions to the right to ensure compliant behavior.

Behavior check points: Four questions

- Are you acting in accordance with your conscience?
- Is your behavior consistent with public decency?
- Are you turning a blind eye to compliance violations around you?
- Can you speak about your behavior openly to anybody around you?

Helplines—Points of contact for compliance queries

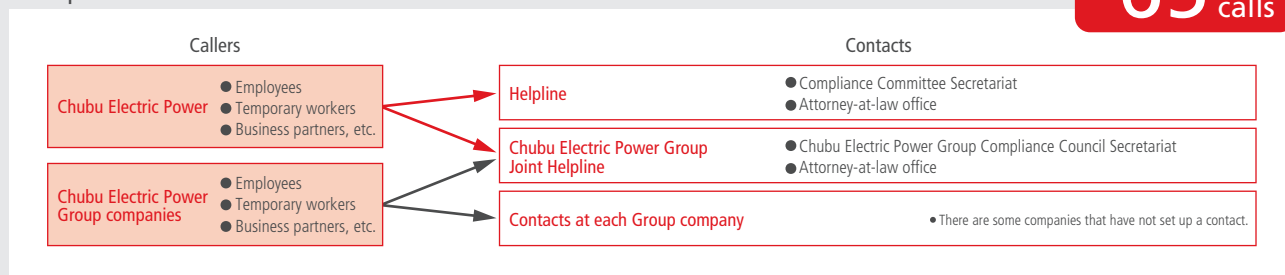
We operate a helpline to prevent illegal, unfair, and unethical acts, including corruption such as excessive entertainment, gift giving, etc., and ensure compliance. This serves as a point of contact for employees, temporary workers, and business partners with concerns about compliance issues.

To ensure the effective operation of the helpline, appropriate measures are taken to protect callers and respect their requests regarding the queries.

■ Helpline

FY2018 Inquiries

65 calls



Anti-bribery and anti-corruption initiatives

In accordance with the Chubu Electric Power Group Basic Compliance Policy, Chubu Electric Power provides new directors and persons newly assigned to departments concerned with training sessions and cases studies on entertainment and gifts, as part of its anti-bribery and anti-corruption initiatives. In particular, concerning the prevention of bribes to foreign public officials, the Committee for the Prevention of Bribes to Foreign Public Officials, established in April 2013, is playing a central role in constructing and operating the structure to prevent any such bribery within Chubu Electric Power and Group companies.

CSR-conscious procurement

The Chubu Electric Power Group has established the Chubu Electric Power Group Basic Procurement Policy consisting of six sections including "Ensuring full compliance" and "Ensuring safety" to ensure CSR-conscious procurement, in addition to ensuring quality and lower cost in procurement activities.

Chubu Electric Power holds procurement overview briefing sessions to explain the requirements of the policy to existing business partners at the start of each fiscal year and also to new business partners before starting transactions with them, and requests that they practice CSR-conscious procurement as our important partners with which we aim together for mutual development.

Chubu Electric Power Group Basic Procurement Policy (excerpt)

- Ensuring full compliance
- Ensuring safety
- Reduction of environmental load
- Open-door policy
- Fair and equitable procurement
- Partnership

Chubu Electric Power Group Basic Compliance Policy



Intellectual property

The results that Chubu Electric Power produces in technological research and development are important intellectual properties.

Because of the drastic changes and growing complexity of the surrounding business environment, it is imperative in the power industry to strategically create, use, and protect these important intellectual properties to grow sustainably as a total energy service corporate group.

For this reason, Chubu Electric Power has set forth the following policy on intellectual property and conducts intellectual property activities as outlined below.

Policy on intellectual property

- Create intellectual properties that improve corporate value
- Safely protect and effectively use intellectual properties
- Respect the intellectual property rights of others

	Conferences, etc.	Purpose	Participation
Chubu Electric Power	Intellectual property seminars	Enlightenment concerning the creation of intellectual property and improving the consciousness of preventing infringements on the intellectual property rights of others.	Held at eight locations including the Headquarters and regional offices. A total of 481 participants (including teleconferencing participants).
	e-Learning	Basic knowledge about intellectual property and a more practical course for engineers and sales representatives.	A total of 4,230 have participated throughout the company
Chubu Electric Power Group companies	Intellectual Property Information Exchange Committee	Various types of education concerning intellectual property and sharing information.	A total of 18 Group companies are participating



Released Patents Matching Fair 2018

Released patents

In order to have its patents used more effectively and to contribute to local communities, Chubu Electric Power has started a program to release its patents to small and medium-sized companies.

Case example

Navicular strainer:

A technology to prevent garbage from getting stuck in the waterway of a hydroelectric power station.

Social Human assets, Social contribution



Kazuhiro Yoshida

Executive Officer, General Manager of Human Resources Office and Human Resources Center

We will continue to make efforts to create a better environment so that employees can devote themselves to their work in a safe and healthy way and achieve self-fulfillment through their work.

Message

In order for Chubu Electric Power to be selected by customers and to continuously develop, we believe that a diversified group of human assets* must be able to improve their abilities and perform. To help all these human assets play an active role, we provide training and develop workplace environments so that women, the elderly, and the challenged can find it easy to work at Chubu Electric Power.

Based on the recognition that helping employees work actively requires not only improvements in the work environment but also the enrichment of their lives, Chubu Electric Power is also promoting life-work balance. Chubu Electric Power has recently become the first electric power company selected under the 2019 Health & Productivity Stock Selection Program in recognition of, among others, the introduction of comprehensive medical checkups for all employees for the purpose of prevention and early discovery of serious illness and fostering a consciousness of health.

We will maintain a safe and healthy corporate atmosphere where human rights are respected and will continue to develop "motivating" workplace environments where every single employee can perform to the best of his/her abilities.

* Because Chubu Electric Power believes that the people who work for it are its most important asset and that they are the source that creates value in its business activities, we refer to them as our human assets instead of human resources.

External assessment regarding human assets

We have received high ratings from both the national and local governments regarding our overall efforts for our human assets. These efforts include efforts for diversity including the utilization of our female employees, support for employees raising children, and health management support.

Management that utilizes diversity	<ul style="list-style-type: none"> Ministry of Economy, Trade and Industry: Best 100 Companies in Diversity Management (FY2014) 	First company in the electric power industry	
Promoting the utilization of women	<ul style="list-style-type: none"> Ministry of Health, Labour and Welfare: "Eruboshi" certification (from FY2016 to date) Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange: Nadeshiko Brand (FY2015) Aichi Prefecture: Aichi Josei Kagayaki Company (Aichi Women's Career Success Supporting Company) (from FY2016 to date) Nagoya: Received the Female-friendly Company Award (from FY2010 to date) 	First company in Aichi Prefecture to receive this certification First company in the electric power industry	
Support for working parents	<ul style="list-style-type: none"> Ministry of Health, Labour and Welfare: Kurumin certification (from FY2010 to date) Nagoya: Received the Award for Excellence of Childcare Support Company (from FY2009 to date) Nagoya City: Received the Award for Work-life Balance Promotion Company (FY2018) Shizuoka Prefecture: Received the Award for Childcare Support Company (FY2018) 	Certified three years in a row	
Health management	<ul style="list-style-type: none"> Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Committee): "Excellent Health Management Company 2019 (White 500)" (from FY2017 to date) Selected under the 2019 Health & Productivity Stock Selection Program (FY2018) 	Certified two years in a row First company in the electric power industry	

Health management and labor safety

Promotion of health management

Promoting “health management”* and making health investments in employees and others based on our corporate philosophy are expected to revitalize the organization, such as increased vitality of employees and rising productivity, which are expected eventually to lead to improvements in financial performance and stock price.

* A registered trademark of nonprofit organization Kenko-keiei

Became the first electric power company selected under the 2019 Health & Productivity Stock Selection Program.

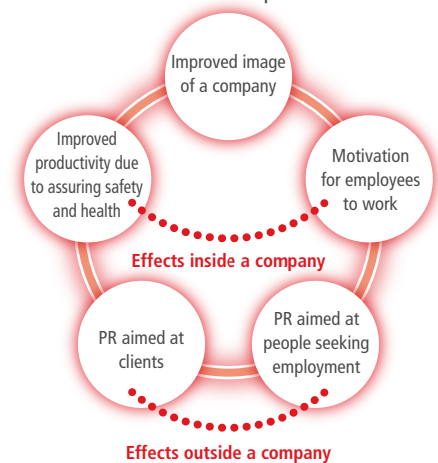


Award ceremony for the “Excellent Health Management Company 2019”

Recognized excellence in our health management

- | | |
|---|--|
| <ul style="list-style-type: none"> Comprehensive medical checkups for all employees for the purpose of prevention and early discovery of serious illness and fostering a consciousness of health | <ul style="list-style-type: none"> Measures to promote women’s health, such as women’s health action declaration |
| <ul style="list-style-type: none"> Support to voluntary and ongoing health promotion efforts by employees through health promotion events in which employees can freely participate | <ul style="list-style-type: none"> Measures to promote quitting smoking, such as the prevention of passive smoking |
| <ul style="list-style-type: none"> Careful health advice and consultation by industrial health staff | <ul style="list-style-type: none"> Analysis of the impact on corporate management of health management practices, such as measures to address (productivity declines at work due to a health problem) |
| <ul style="list-style-type: none"> Mental health measures including improvements in work environment based on the group analysis of stress check results | |

The effects of health management inside and outside companies



To eliminate all workplace accidents

Assuring the safety of our employees as well as any workers from our contractors working on our business is the top priority of management at Chubu Electric Power.

To eliminate all workplace accidents, we are proceeding with issue identification and resolution under the management leadership through internal efforts we have been making all along and also by seeking advice from external experts.

With respect to traffic safety, we are working with a specialized external

organization to hold safe driving education to foster a greater consciousness of safety and to improve driving skills.

As for workplace safety, we conduct risk assessments in order to mitigate accident risks and work to improve operation standards in consideration of safety improvements.

In addition, we are actively providing education targeting different levels of employees designed to promote active internal and external communication.



* Number of injuries and deaths (leading to an absence of one day or more) caused by workplace accidents per one million work hours. Represents the frequency of accidents.

Work-style reform

Flexible work styles

Based on the understanding that life (bodily and mental health, rewarding life) is the prerequisite for employees to work actively, we are working to realize life-work balance. To realize this, we aim to introduce a variety of methods to enhance diverse work styles so that our employees can achieve a rewarding life, while also fully demonstrating their abilities through their work.

Introduction of telecommuting

We are promoting ICT-assisted flexible work styles with which employees can use time and place effectively.

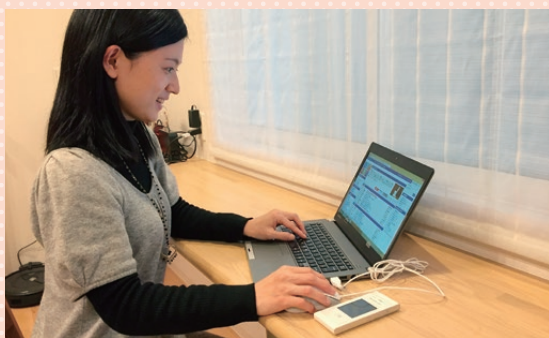
In October 2018, we introduced mobile work for the effective utilization of waiting time and transfer time during a business trip and working from home to reduce the commuting burden.

T O P I C S

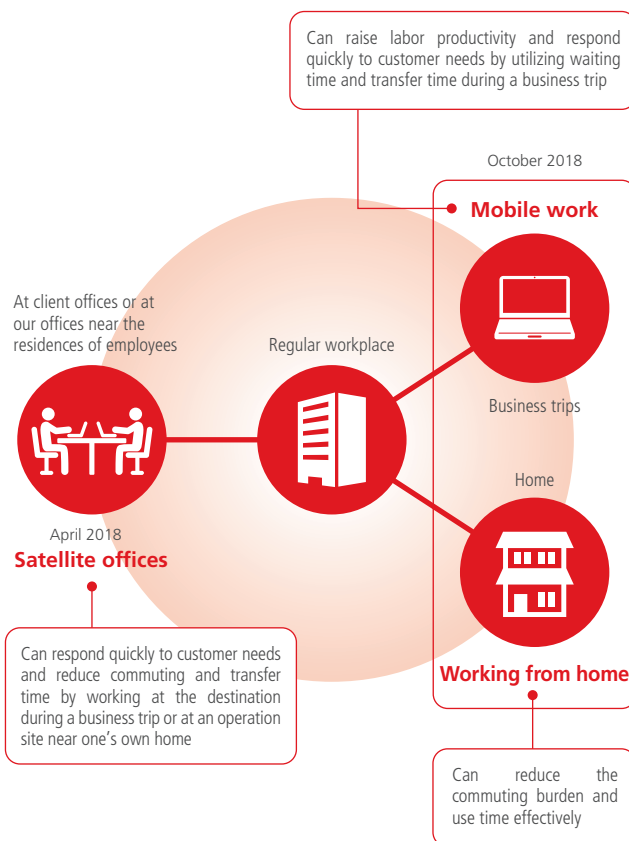
In total, about 860 employees are working from home

(As of the end of March 2019)

Working from home has reduced the commuting burden, increased communication with one's supervisor for advance arrangements, and raised operating efficiency. It has been instrumental in enriching both work and personal life and achieving a good life-work balance.



Working from home



Education delivery to managers (DEMAE Jinji)

DE for delivery, M for management, A for assistance, and E for evolution

As Chubu Electric Power faces a historic turning point, it is increasingly important for managers, who are in a position to play a key role in the workplace, to lead awareness raising and practice human asset management that leads to sustainable development of the organization and people, in order to challenge themselves to respond boldly to changes we are facing.

For this reason, since the second half of FY2017, we have been conducting

"DEMAE Jinji" on-site education sessions. In this program, managers of the Human Resources Center visit each operation site to provide basic education to managers to ensure their understanding of basic matters. As part of this program, we are also conducting exchanges of opinions on such themes as safety, work arrangements (flexible working hours, telecommuting), and the promotion of active participation by the elderly and women.

Cumulative number of sessions held since FY2017

260

Ikasu Boss: The key person in work-style reform

An *Ikasu* Boss is a leader who can revitalize the workplace through the effective use of human assets, time, and systems.

To promote life-work balance, each employee needs to work in a manner that is best for oneself and perform to the best of one's ability within the constraints of given manpower and time. An *Ikasu* Boss is the key person to realize that. As part of efforts to promote the concept of *Ikasu* Boss, top management and managers have made an *Ikasu* Boss declaration.

VOICE



* The positions of individuals are as of November 2018.

Naoki Nishii
Manager of
Substations Group,
Electrical Engineering
Division, Gifu Office,
Power Network
Company

My "*Ikasu* Boss" declaration

I believe that a fulfilling personal and family life directly leads to going all out at work.

I not only encourage my colleagues and subordinates to take vacation and use flexible working hours and telecommuting, also try not to ask them to do a new task or send an email to them after 4:30 P.M.

Satoshi Kamei (a Member of the Group)

My colleagues at the workplace are actively using flexible working hours and other arrangements and have come to behave more consciously of productivity improvements.

We are encouraged to take anniversary vacation on such occasions as the birthday of a family member, and I feel that this is leading not only to productive work but also to the enrichment of my personal life.

Company-wide adoption of flexible working hours

- Promotion of flexible working hours to manage seasonal fluctuations in work load and consider the individual needs of our employees' families

More workplace social events

- Promotion of workplace communication and teamwork improvement

Various helplines

- Provision of career counseling for individuals
- Helplines for LGBT, the challenged, and the elderly

Work modulation

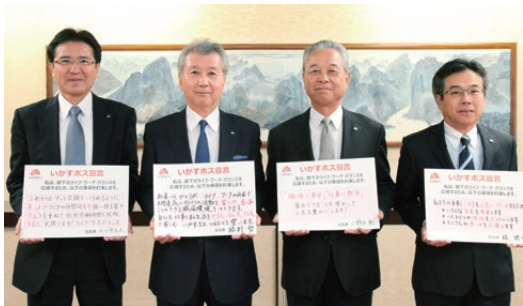
- We have set up "go home early days" and "overtime instruction cards."

Support for balancing work with child-raising and nursing elderly relatives

- Childcare leave system
- Nursing care leave system
- "Life-support leave" that can be used for social contribution activities as well as when family members are ill

Improvement of the work environment

- Introduction of a universal layout for workplace
- Consideration for LGBT and transgender persons



"*Ikasu* Boss" declarations of top management (Photo taken in November 2018)



CHUDEN RUNNING FESTA 2018



Seminars to help employees balance work with nursing care

Respect for human rights and promoting diversity

Chubu Electric Power has adopted the Human Rights Awareness and Education Policy to fulfill its corporate social responsibility toward the realization of a society in which all human rights are respected. Chubu Electric Power has positioned the promotion of diversity as an important issue, and in 2007 we established the Women's Activities Promotion Office. In 2013, we expanded this organization into the Diversity Promotion Office, and in 2018, organization was expanded into the Human Assets Promotion Group. We have adopted various measures that will maximize the abilities of our diverse human assets and improve our corporate value.

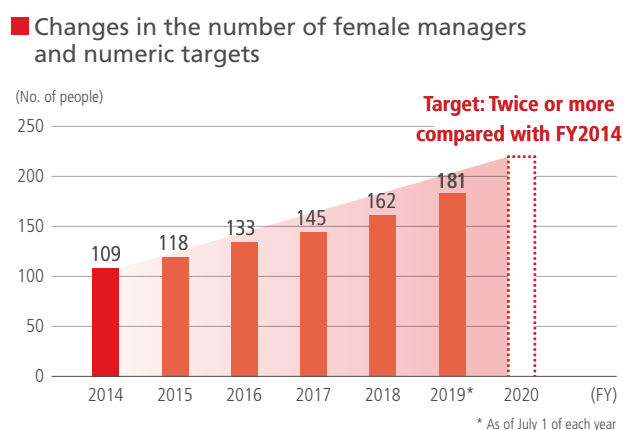
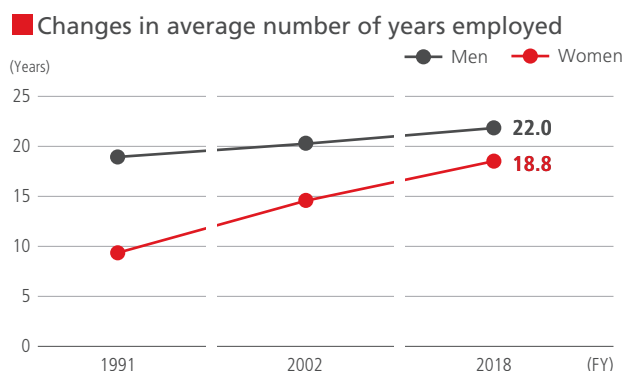
Human rights awareness and education policy

1. We carry out initiatives to deepen correct understanding and awareness among employees, etc., with regards to human rights issues (e.g., problems of social integration and discrimination based on disability, nationality, gender, etc.).
2. We carry out awareness-raising initiatives on problems of social integration, understanding this to be an important part of human rights issues.
3. Our awareness-raising initiatives are systematic and continuous.

We conduct education targeted to all levels of employees, from newly hired employees to the management regarding human rights and the prevention of harassment. We also conduct presentations for the officers and management of our Group companies.

Activities to promote female empowerment

- Various training for women grouped by age, rank, whether they are raising children, and other factors with an emphasis on forming their careers
- Assigning work and transfer in order to accelerate growth and holding consciousness enlightenment education for all managers
- Creation of plans and a culture to help both men and women balance work with family



VOICE



Tamiko Ishikawa
General Manager of
Customer Service &
Sales (Gifu Area)
Division, Customer
Service & Sales
Company

To take advantage of diverse perspectives

I believe an environment in which all employees can work at ease despite individual differences is a prerequisite for full utilization of one's potential and rewarding work.

To create such an environment, I try to communicate the importance of an environment in which employees can talk freely about anything and mutual respect in the workplace. I try to listen to the opinion of others carefully, keeping in mind frank and easy-to-understand communication. Given my position as a sales team leader, I also strive not to forget to take an approach that is reasonable not only from the internal perspective but also from the external perspective.

Promoting employment of the challenged

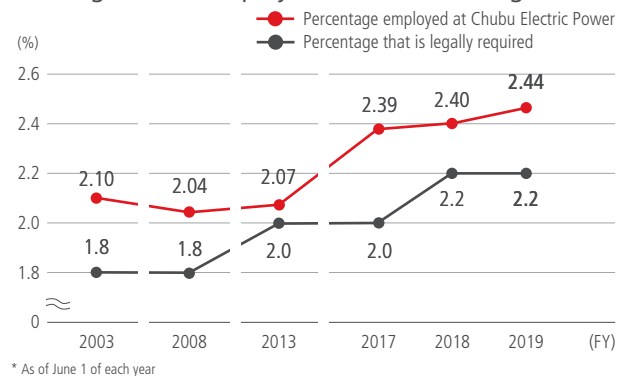
Including those working at our special subsidiary Chuden Wing Co., Ltd. (established in 2001), about 350 challenged employees are working in our Group in various fields (as of June 2019).

Since its establishment, Chuden Wing has been involved in printing services, sales of novelty products, gardening work, and the like. In order to create more employment opportunities for mentally and intellectually challenged people, Chuden Wing engages in new businesses, such as clerical assistance work, cleaning work, and training assistance work.

In February 2019, we established within Chubu Electric Power Gifu Building a base to support the clerical work of employees, which is performing such tasks as the sorting of postal items and inter-office mails, collection and delivery, and conversion of documents to a PDF format.



Changes in the employment of the challenged



Hiring seniors

In order to allow re-employed people (who had retired once) to work in a wider range of jobs, we have introduced a system in which working conditions such as working hours are close to those of our employees. As of the end of March 2019, 663 re-employed people are working for us.

We also conduct a "self-setup course" for employees who are 52 years old so that they can continue to actively work with vigor and maintain their ability once they reach their senior years.

Number of re-employed

663

Activities for developing human assets

With respect to our human assets, which are the fundamental core of our competitiveness, we are providing level-based training and taking other measures to educate them in a systematic way so as to maximize the qualities and abilities of each employee. We are developing human assets who understand the Chubu Electric Power Group's mission, reason for existence, management challenges, and attitude and values to be shared at work and can put them into action in the current business environment that is undergoing major changes.

Development of abilities in the workplace

In the workplace, in addition to receiving instruction from their superiors in their daily work, all employees are interviewed every six months to confirm their goals and issues for developing their abilities. In this way, we are developing human assets that will take on the responsibility of the next generation.



Development of human assets that will take on the responsibility of the next generation (New employee on-boarding training)

Activities for strategic development of human assets

In order to obtain the necessary skills to create new values in new business fields, we provide training in strategic planning, marketing, innovation, and finance. We also provide business planning training using the action learning method.



Strategic human asset training

Social contribution activities

For local communities

Based on the Chubu Electric Power Group Basic Corporate Citizenship Policies, Chubu Electric Power is involved in many different activities under the following four themes: securing the safety and security of communities; preserving the environment; educating the next generation; and culture and sports activities.

Ensuring local welfare and peace of mind



Provision of free safety inspections to communities

Other activities

- PR activities for promoting the safe use of electricity
- Operation of "Kizuna Net," a mobile phone communications service for parents of school-age children
- Installation of evacuation signs and other signage on power line poles
- Participation in disaster prevention drills of local communities

Environmental conservation



Providing memorial tree-planting (sapling) vouchers

Other activities

- Green Curtains (an energy-saving activity for the summer that uses morning glories and other vine plants)
- Participation in cleanup activities around business sites, etc.

Education for the next generation



Operation of "Traveling Classrooms"

Other activities

- Organizing workplace experience opportunities and study tours
- "Denki Kodomo" (Electricity and Children) newspaper series for posting on school walls
- Operation of PR facilities, such as the Electricity Museum "EleKids" (Science club for elementary school children)

TOPICS

Collaboration with Penchi No Kai (Pliers Association) to participate in street light maintenance activities

The Owase Customer Service Office participated in street light maintenance activities such as replacing them with LED equipment and cleaning them, together with Penchi No Kai, a volunteer organization consisting of, among others, electrical contractors in the Kihokucho Nagashima and Higashi Nagashima districts and ex-Chubu Electric Power employees.

These activities started when an ex-Chubu Electric Power employee, while he was an employee of the company, was informed by a local resident that some of the street light were out and, in response, appealed to electrical contractors that used to stop by frequently at our field office back then to undertake street lights maintenance such as bulb replacement and cleaning. Later, Penchi No Kai was formed in 1999 as a volunteer organization, which has continued to conduct these activities twice a year since then.



Participation in the efforts to improve a damaged bamboo grove



With local universities

Chubu Electric Power is contributing to the continuous development of the local society by collaborating with various local universities.

Cultural and sports activities



Coaching of high school students by the rugby club

Other activities

- Interactive events sponsored by business sites for communication with the local community
- Participation in events and volunteer activities originating in the local community
- Loaning some of our facilities to communities for painting exhibitions and other purposes

Research



Local revitalization project through the regeneration of seaweed bed undertaken jointly with Mie University Graduate School of Bioresources

Other activities

Nagoya University

Research departments have been funded by Chubu Electric Power at the EcoTopia Science Institute (currently the Institute of Materials and Systems for Sustainability) since 1996 and the Disaster Reduction Collaboration Research Center since 2012.

Mie University

Since 2005, we have been collaborating on a broad range of activities including energy and the environment, biological resources, developing local communities, etc.

Shizuoka University, University of Shizuoka, Hamamatsu University School of Medicine

Since 2014, we have been collaborating on research on numerous fields including engineering, science, and medicine.

Classes



Scene from the Global Human Resources Development Program at Nagoya University

Other activities

Aichi University of Education

Since 2006, we have collaborated on conducting a class related to energy and the environment.

Shizuoka Sangyo University

Since 2009, we have opened a lecture on energy presented by lecturers who are employees of Chubu Electric Power.

Nagoya University

From 2016, we have been participating in the Global Human Resources Development Program within the School of Economics to conduct lectures on the energy and electric power business.

As part of activities under the Local Woodland Millennium Plan formulated by Minokamo City, Kamo Customer Service Office, Seki Customer Service Office, Kamo Field Maintenance & Construction Office, and Gifu Hydro Administration Center participated in the improvement of a damaged bamboo grove.

In view of the strong need for continued improvement of bamboo groves and from the CSR perspective, Kamo Customer Service Office continues to participate in similar activities by registering with the Gifu Village-Business One-to-One Partnership Movement, which was created by Gifu Prefecture to revitalize the rural area.

Research in natural ayu's swimming upstream behavior and findings briefings under local community-academia-business collaboration

The Ouchiymagawa Fisheries Cooperative is conducting activities aimed to protect the wonderful natural environment in Ouchiymagawa of the Miyagawa water system where ayu are seen swimming upstream and rare aquatic life in habit and to enlighten local residents about it for its protection through the concerted efforts of the local community. As part of these activities, the Mie Hydro Administration Center has participated in research in natural ayu's swimming upstream behavior and findings briefings since its establishment in FY2015. Mie University joined us in FY2017, and these activities continue under the collaboration among the local community (fishery cooperatives), academia, and business.



Environmental Environmental conservation



We will grapple with social issues to realize a low-carbon society.

Message

As Japan submitted an INDC and adopted a long-term emission reduction strategy following the adoption of the Paris Agreement, efforts to reduce greenhouse gas emissions are making progress. Meanwhile, customer and social interest in the realization of a low-carbon society as well as the interest of investors and shareholders in ESG initiatives are growing, and environment-conscious management is becoming more important than ever. While fulfilling the accountability as a business operator, Chubu Electric Power has actively engaged in information disclosure and communication with local communities.

To accelerate our responses to changes in the energy business environment, we revised the Chubu Electric Power Group Basic Environmental Policy in July 2019.

As a member of the energy industry, we have positioned our efforts in environmental problems as an important issue for management, and we are developing the activities of our entire Group under the policy. In particular, with respect to countermeasures for global warming, we, as a member of the Electric Power Council for a Low Carbon Society, aim to achieve its CO₂ emissions reduction target across the entire electricity industry.

All the business activities of our Group are supported by the trust of our customers and other members of the local community. For this reason, we will continue to strive to further deepen the relationship of trust with the local community through communication on environmental issues, while fulfilling the accountability as a business operator and providing appropriate information disclosure.



Masaya Hashimoto

Executive Officer,
General Manager of Environmental Affairs &
Regional Relations Office

Revision of the Chubu Electric Power Group Basic Environmental Policy

The Basic Environmental Policy was revised to cover our efforts to create new values by providing “new forms of community” through the creation of a Community Support Infrastructure, as these efforts will also contribute to the realization of a low-carbon society. The new Basic Environmental Policy also declares that we will disclose information on our environmental initiatives in a timely and appropriate manner.

Chubu Electric Power Group Basic Environmental Policy



Building a
low-carbon
society

Coexisting
with
nature

Creating a
recycling
society

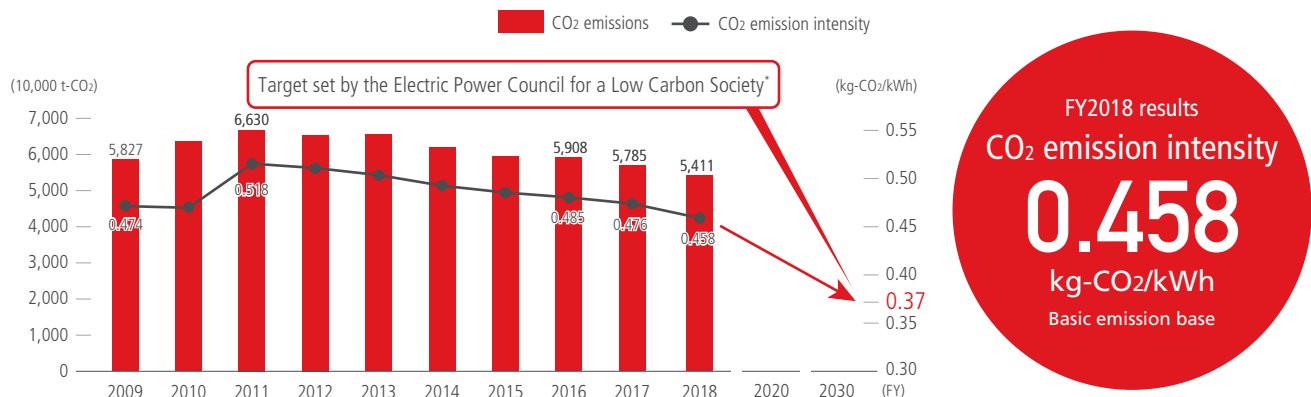
Raising
environmental
awareness

1 Building a low-carbon society

Since the shutdown of the Hamaoka Nuclear Power Station after the Great East Japan Earthquake in 2011, thermal power plants have been used as substitutes, which has led to a considerable increase in CO₂ emission intensity. By developing highly efficient thermal power generation facilities and increasing the introduction of renewable energy, we have achieved a gradual decrease of CO₂ emission intensity, recording 0.458 kg-CO₂/kWh in fiscal 2018. In addition to the measures on the power-supply side, we will be promoting measures from both the supply and demand sides of electric power, for example, by helping our customers conserve energy.

CO₂ emissions and emission intensity

Changes and outlook for Chubu Electric Power CO₂ emissions and CO₂ emission intensity (Basic emission base)

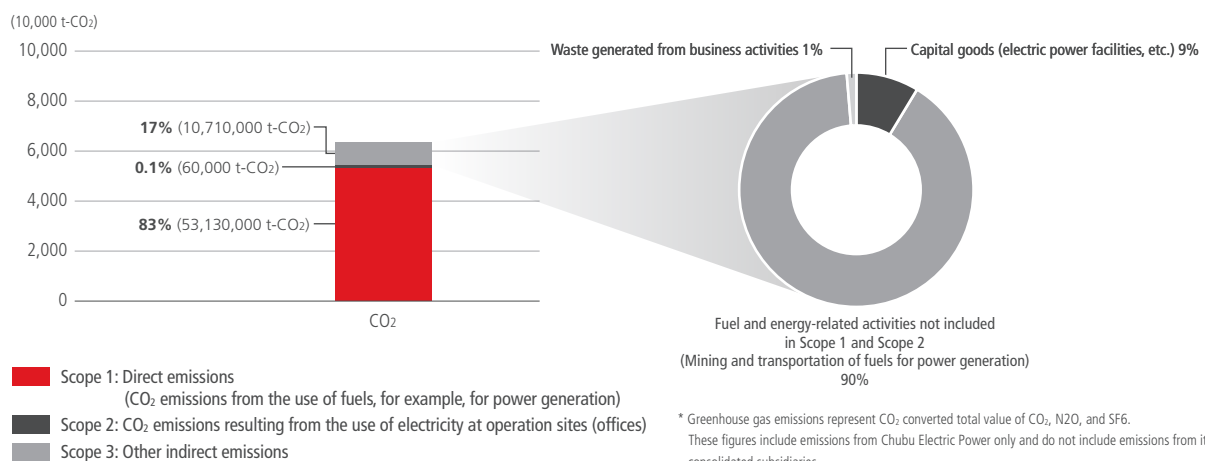


* Established in 2016 by the electric power industry for the purpose of promoting and supporting member companies' efforts to ensure the effectiveness of countermeasures for global warming. The industry as a whole aims to achieve an emission factor of around 0.37 kg-CO₂/kWh (usage end) by FY2030.

Total greenhouse gas emissions* from the entire supply chain

Scope 1, 2, and 3

Scope 3 emission breakdown by category



* Greenhouse gas emissions represent CO₂ converted total value of CO₂, N₂O, and SF₆. These figures include emissions from Chubu Electric Power only and do not include emissions from its consolidated subsidiaries.

T O P I C S Endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Chubu Electric Power endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019. This is because we agree with the purport of the recommendations that risks and opportunities that climate change will bring to the business should be analyzed and relevant information disclosure should be promoted.

TCFD stands for Task Force on Climate-related Financial Disclosures. It was established by the Financial Stability Board (FSB) in response to the request of the G20 Finance Ministers and Central Bank Governors Meeting.



General meeting for the inauguration of the TCFD Consortium (May 2019)

Building a low-carbon society ~Direction for 2030~

We will contribute to the realization of a low-carbon society by pursuing the optimum energy mix and through the creation of a Community Support Infrastructure.

We will promote the utilization of nuclear power generation by prioritizing safety improvements and winning the trust of the local community.

Planned replacement of very old thermal power plants with thermal plants adopting the most advanced technology which are highly efficient and place a low burden on the environment. We are promoting optimum operation of the whole thermal power generation chain, including fuel procurement.

In addition to hydroelectric power, land-based wind power, and biomass, we will proactively promote the renewable energy business, including new areas such as offshore wind power and geothermal power generation.

We are involved in taking measures to improve the safety of nuclear power generation and developing renewable energy and highly efficient thermal power generation.

FY2018
(Basic emission base) CO₂ emission intensity **0.458** kg-CO₂/kWh CO₂ emissions **54.11** million t-CO₂

Fuel procurement

Introduction of highly efficient LNG vessels

Improved fuel consumption
Approximately **21%**

Nuclear power

Promoting measures to improve safety at the Hamaoka Nuclear Power Station

CO₂ emission reduction effect of the Hamaoka Nuclear Power Station (when all reactors are operating)
Approx. **10** million t-CO₂

Renewable energy

Promoting the development of hydroelectric, solar, wind, and biomass power generation

CO₂ reduction as a result of operating the biomass power generation facility at the Yokkaichi Thermal Power Station (Scheduled to start operation in fiscal 2020)
Approx. **160,000** t-CO₂

Thermal

Promoting the introduction of the newest thermal equipment

- Nishi-Nagoya Thermal Power Station Unit 7-1
(General operation started in March 2018)

Uses the latest highly efficient combined cycle power generation method using LNG for fuel.

World's highest thermal efficiency
* As of March 2018
63.08%
CO₂ emission reduction effect
Approx. **1.4** million t-CO₂

- Taketoyo Thermal Power Station Unit 5 (Scheduled to start operation in fiscal 2021)

Uses coal, which is economical and can be procured stably. In order to reduce CO₂ emissions, wood biomass will be mixed during combustion and the latest highly efficient power generation equipment (46%) will be used.

CO₂ emission reduction effect
(Compared with coal-only combustion)
Approx. **900,000** t-CO₂

Overall thermal efficiency
FY2018

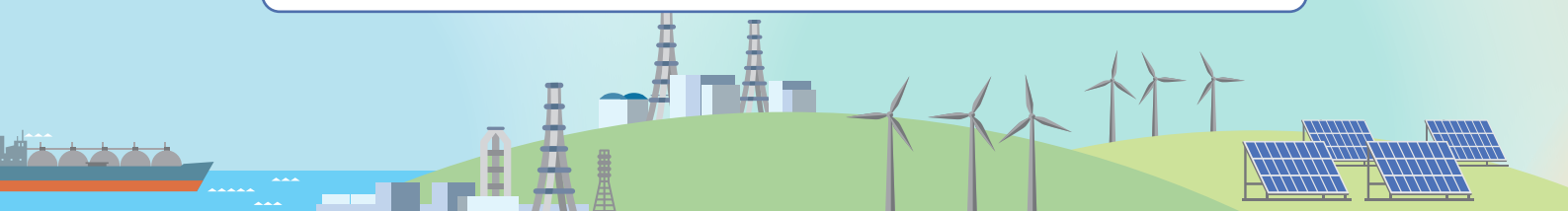
50.11%
Top level in Japan

* Gross thermal efficiency of thermal power facilities of Chubu Electric Power in FY2018.
These thermal power facilities were transferred to JERA Co., Inc. in April 2019.

FY2030 CO₂ emission reduction target for all electric power companies

Electric Power Council for a Low Carbon Society

0.37 kg-CO₂/kWh

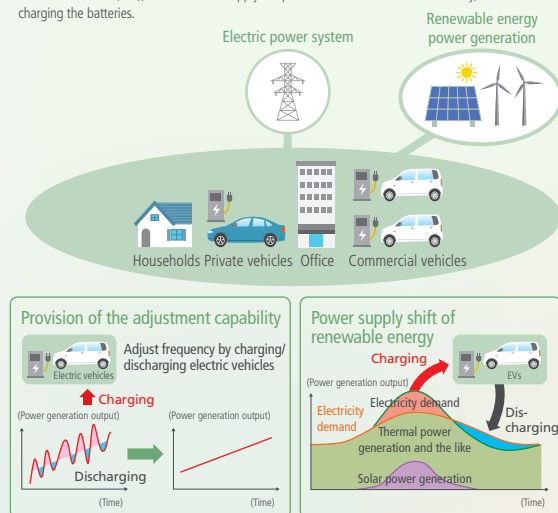


We will promote initiatives to assure the quality of electric power that enables the effective utilization of renewable energy power sources and storage batteries.

Continuation of the V2G* aggregator verification project (A joint project with Toyota Tsusho Corporation)

The increasing use of renewable energy is expected to lead to larger output fluctuations and the generation of surplus power. We will perform verification this year under conditions that more closely simulate the actual operating environment, aiming to create a mechanism that bundles storage batteries of electric vehicles to charge and discharge them, thereby providing the adjustment capability and the capability to shift the supply of renewable energy.

* V2G (Vehicle to Grid) is a technology that utilizes the batteries of plug-in hybrid vehicles (PHVs or PHEVs), electronic vehicles (EVs), and the like to supply the power network with stored electricity, in addition to charging the batteries.

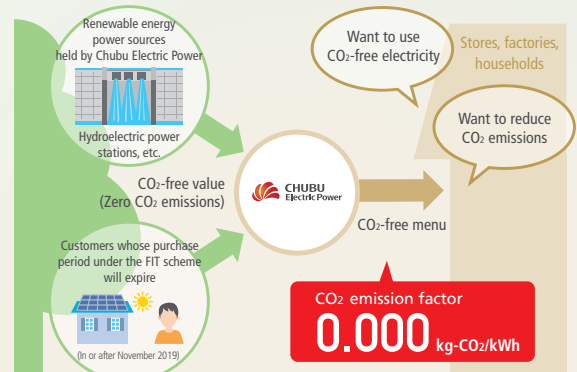


We will strive to construct and operate facilities in a rational manner through digital technology that will enable the optimal use of energy. We will also contribute to energy saving and CO₂ reduction activities by creating a customer-centered Community Support Infrastructure to meet the needs of the society.

Start of the provision of CO₂-free menu service

CO₂-free menu is a service that utilizes the CO₂-free value of renewable energy power sources (such as hydroelectric power generation) held by Chubu Electric Power. We plan to use also the CO₂-free value of renewable energy power sources whose purchase period under the feed-in tariff (FIT) scheme for renewable energy will expire in or after November 2019.

Deliver electricity with CO₂-free value (Zero CO₂ emissions) Generated from renewable energy power sources



* For the purpose of calculation, reporting, and disclosure of greenhouse gas emissions under the Act on Promotion of Global Warming Countermeasures, customers can calculate their CO₂ emissions by deeming the CO₂ emission factor to be zero.

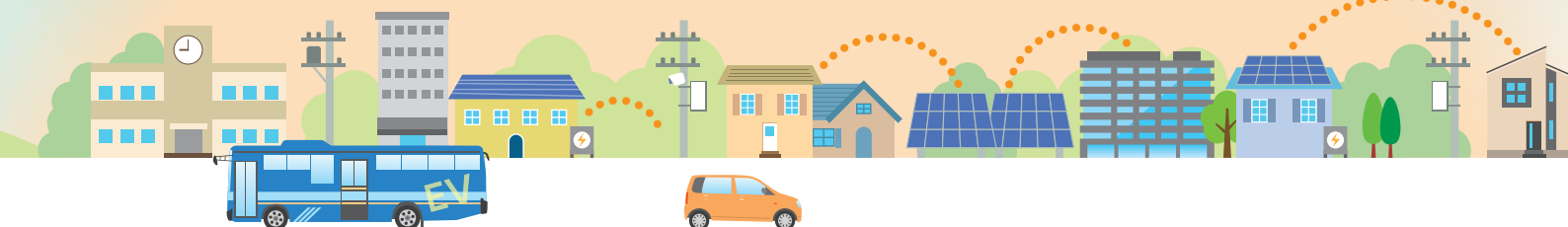
**We will contribute to the realization of a low-carbon society
by solving the various issues facing communities.**

Contributing to low-carbon
local transportation

Economical operation of
customer energy sources,
such as batteries and EVs

Local production and
consumption of
renewable energy

Transactions between
individuals of surplus
solar power



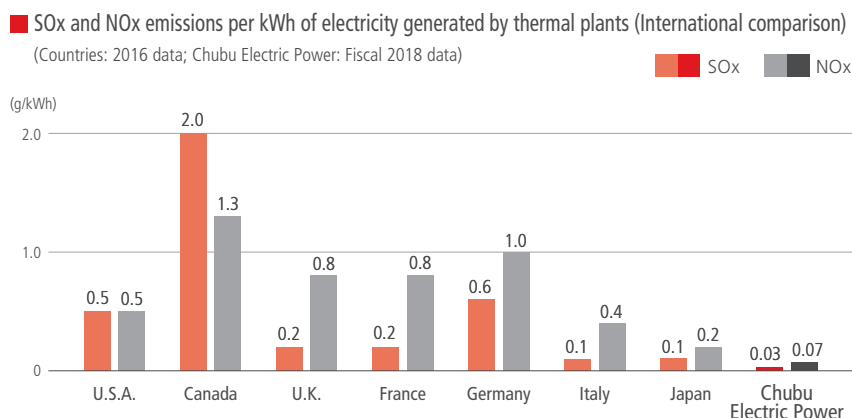
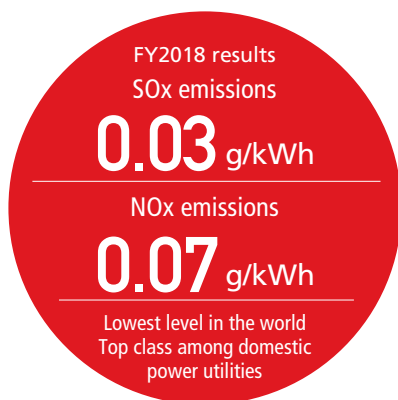
2 Coexisting with nature

There was no material violation of environmental laws and regulations in FY2018. We will continue to work on environmental preservation, while complying with applicable laws and regulations.

Chubu Electric Power is implementing various measures for environmental preservation based on environmental preservation agreements and anti-pollution agreements with local governments concerned. In addition, we have confirmed that our business activities have no detrimental impact on the environment by a monitoring survey on the surrounding environment.

Measures against air pollution

Use of flue gas desulfurizing / denitrification units have reduced emissions of SOx (sulfur oxide) and NOx (nitrogen oxide), enabling our emissions per kWh of electricity generated to reach the lowest levels in the world.



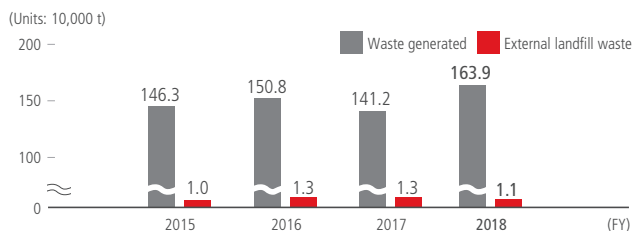
Source: Data for overseas: OECD Stat Extracts, IEA ENERGY BALANCES 2017; Data for Japan: Federation of Electric Power Companies of Japan

3 Creating a recycling society

Activities for zero emissions

We are taking measures to reduce waste materials in order to meet our goal of reducing the percentage of waste materials that go to landfills to under 1 percent. As the total amount of industrial waste produced by the Chubu Electric Power Group in fiscal 2018 was 1.639 million tons, we achieved our goal by limiting waste that went to landfills to 0.68 percent.

Industrial waste, waste by-products and external landfill waste



Example of the effective utilization of coal ash

The coal ash produced by the Hekinan Thermal Power Station accounts for about sixty percent of the industrial waste produced by the Chubu Electric Power Group.

We utilize 100% of this coal ash as raw material for cement, base course material, concrete material, land reclamation material, etc.

Case example

Fly ash cement is used at the Kawaura Dam of the Okumino Hydroelectric Power Station



Coal ash (fly ash)

4 Raising environmental awareness

Beach cleaning activities through the concerted efforts of the local community

In July 2018, we participated in beach cleaning activities on Shiratsuka Beach, Tsu City, which were part of prefecture-wide beach cleaning activities conducted on or around the *umi-no-kinenbi* (anniversary of the ocean) every year under the leadership of, among others, Mie Gyoren (Mie Prefecture federation of fisheries cooperatives) as part of the movement to make the sea and rivers more beautiful.

Approximately 400 people from fishery-related organizations, local residents' associations, local governments, and business corporations participated in these activities.

(Other beach cleaning activities in which we participated)

- Onizaki Beach, Tokoname City, Aichi Prefecture
- Miho Masaki Beach, Miho, Shimizu-ku, Shizuoka Prefecture, among other places

FY2018
Beach cleaning activities
in which we participated
20 places



Cleaning of Shiratsuka Beach, Tsu City



Participants hearing an explanation about the names and characteristics of the fish they have caught

River environmental protection activities targeting elementary school students

In August 2018, jointly with nonprofit organization Chubu Recycle Citizens' Organization, we held an event to call for the protection of the river environment at Mitakigawa (Yokkaichi City, Mie Prefecture) as an opportunity for environmental protection activities in which Chubu Electric Power Group employees and their family members can readily participate.

This is the fifth time for us to hold this event and roughly 30 people participated to catch many different fish, aquatic insects, and crustaceans and learned the significance of protecting the river environment based on the catch.

Activities as local environmental protection leaders

As part of its human resource development, Chubu Electric Power is developing Chuden Foresters, who have skills and knowledge of thinning work for planted forests, and Chuden Interpreters, who can act as leaders in achieving harmony between people and nature.

As members of nonprofit organization Mizu to Midori wo Aisuru Kai, these Chuden Foresters and Chuden Interpreters are acting as leaders in local volunteer thinning work and field learning in forests for elementary school students.



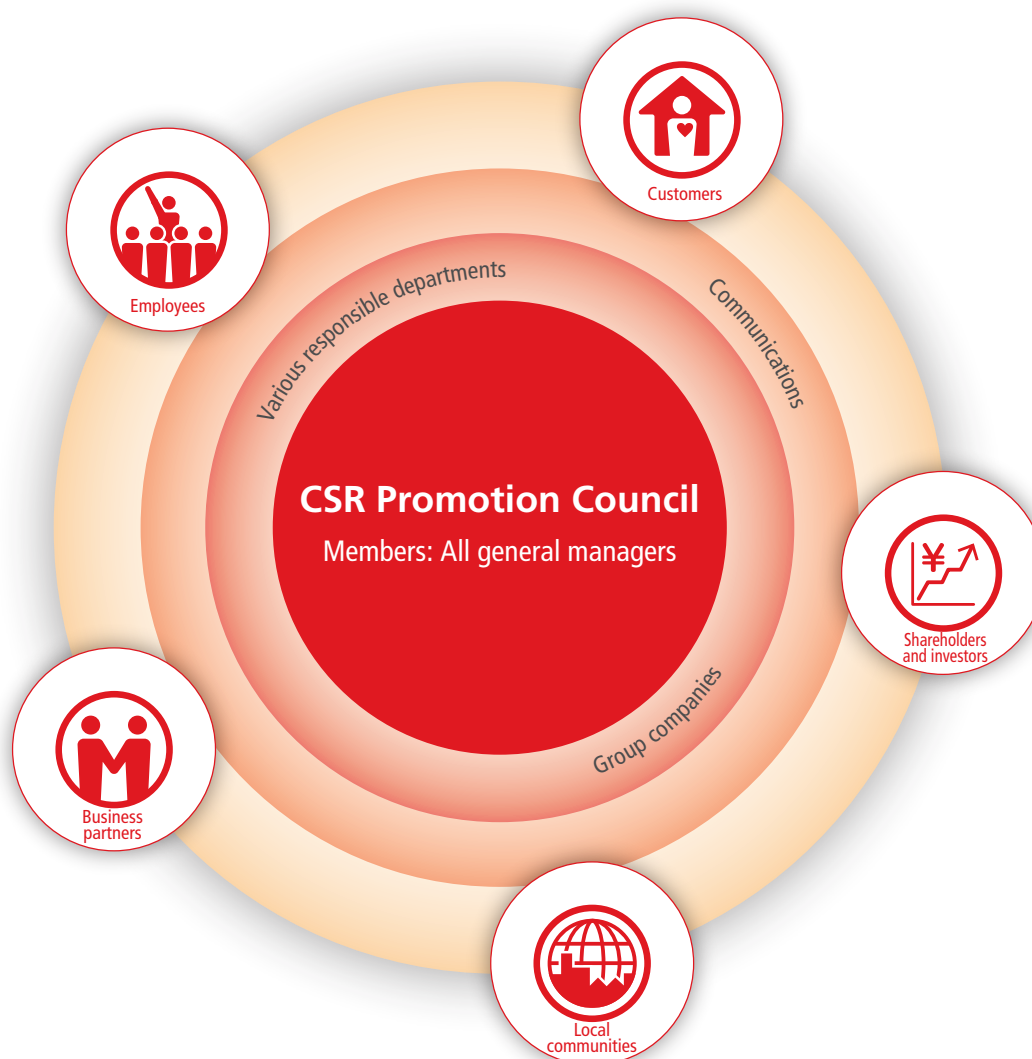
Thinning work by Chuden Foresters

Communication with Our Stakeholders

In order to obtain the understanding of our stakeholders regarding the business activities of the Chubu Electric Power Group and to hear their opinions, we have been conducting steady interactive activities.

Furthermore, in order to promote company-wide communications with stakeholders and CSR activities, we have established the Chubu Electric Power Group CSR Declaration and the dedicated CSR & Innovation Promotion Group within the Corporate Planning & Strategy Division.

In addition, while ESG initiatives are an integral part of our management plan and are led by the CSR Promotion Council, made up of all general managers and chaired by the general manager of the Corporate Planning and Strategy Division, we are making company-wide, cross-functional efforts to improve the disclosure of ESG information to our stakeholders.



| Chubu Electric Power Group CSR Declaration |

Fulfilling our responsibilities and meeting public expectations

Chubu Electric Power Group, as a corporate group of sustainably growing businesses meeting a wide range of energy needs, contributes to the development of a sustainable society by giving top priority to safety and striving to both provide a stable supply of energy and protect the global environment.

We aim to accomplish these goals by allowing the individuality of group companies to be fully expressed while achieving group synergy in enterprises within our core competence in energy.

We manage our businesses in a fair and sincere manner by observing national and international laws, following regulations and social rules, respecting corporate ethics, giving priority to dialogue with all our stakeholders, and maintaining high levels of transparency and openness in our business activities.



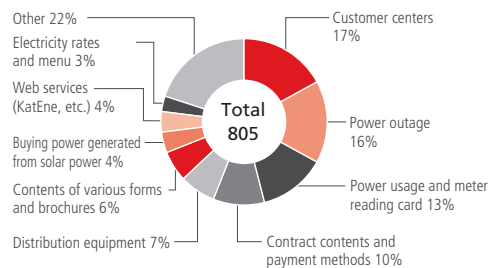
Customers

Individual and corporate customers

- Interactive activities with customers at sales office counters, customer centers, with sales representatives, etc.



Breakdown of customer feedback by type (fiscal 2018)



Total number of customer feedback **805**

Examples of improvements based on customer feedback

Start of a smartphone app "Power Outage Information Service"

Customer feedback	<ul style="list-style-type: none"> • Is there any way to disseminate power outage information to users in a wider geographic area in the case of, for example, a power outage due to a typhoon? • I have multiple electricity contracts and there is no way to know the occurrence of a power outage at a place other than the place where I actually live.
Improvement	<p>We have started a smartphone app "Power Outage Information Service" in January 2019. This app sends push notifications when a power outage occurs and power recovers from outage in a particular area or contracted location set up in the app in advance. It also displays a power outage map that highlights the outage area in color and provides detailed information. Multiple areas can be set up provided that they are within the supply area of Chubu Electric Power. The app also has a chat function and we respond to any inquiries about electrical facilities via chat.</p>

Visualization of electric power usage in the current month with KatEne

Customer feedback	<p>KatEne would be more informative if it can display daily electric power usage on its screen. For example, it would be great if KatEne can display information like "the power usage through yesterday is about so-and-so yen."</p>
Improvement	<p>We have upgraded the KatEne website to display the approximate amount of electricity rates through yesterday (daily and cumulative amounts). This service is available only for customers for whom a smart meter has been installed.</p>



Shareholders and investors

- Company briefings for individual investors
- Individual interviews with institutional investors and individual shareholders
- Facility tours for individual shareholders

Number of participants in the institutional investor and analyst briefing **230** participants
FY2018 results

An aggregate of



Local communities

- Facility tours and exchange of opinions for female consumer monitors
- Exchange of opinions with Mie University about the environmental report and our annual report.

Number of female consumer monitors **572**
As of the end of March 2019



Business partners

- Holding procurement overview briefings.
- Conducting surveys about compliance and other matters.
- Establishing helplines (by company).

Companies participating in briefings **305**
April 2019



Employees

- Executive "Caravan"
The Senior Management visits all business facilities and directly talk with the front-line employees. (Held every year since 2011.)
- Informal meetings held between branch managers and young employees.
- Promoting lively workplace social events.

Participants in the Executive "Caravan" opinion exchanges **645**
FY2019 results



ESG Performance Indicators

			Units	FY2014	FY2015	FY2016	FY2017	FY2018
Governance (G)	Corporate governance structure	Development and operation of internal control	—	Generally developed and operated properly	Generally developed and operated properly	Generally developed and operated properly	Generally developed and operated properly	Generally developed and operated properly
	Ensuring compliance management	Number of queries received via the Helpline	queries	53	59	45	47	65
	Fair and equitable transactions	Number of participants in procurement overview briefing	persons	550	552	539	566	520
		Number of inquiries received from suppliers	inquiries	97	57	61	74	53
	Intellectual property	Number of participants in intellectual property seminars	persons	750	742	602	524	481
		Number of patents owned	patents	658	574	571	565	542
Social (S)	Human assets	Hours worked per employee	hours	2,009	2,018	2,015	1,981	1,991
		Number of days taken as paid annual leave per person	days	14.3	15.1	15.0	15.5	15.9
		Number of persons taking childcare leave	Male	persons	9	9	10	9
			Female	persons	157	173	182	185
		Number of persons taking nursing care leave	Male	persons	0	3	2	1
			Female	persons	3	1	2	1
		Percentage of employees who are physically / mentally challenged ^{*1}	%	2.26	2.32	2.39	2.40	2.44
		Number of industrial accidents (Chubu Electric Power employees) ^{*2}	accidents	79	95	113	84	99
		Number of industrial accidents (Contractors)	accidents	66	77	58	72	60
	Social contribution activities	Traveling Classrooms (Number of times conducted)	times	499	437	428	368	321
		Workplace experience / facility tours (Number of times conducted)	times	546	552	458	479	417
		Number of visitors to the Electricity Museum	persons	293,669	313,455	243,722	294,832	315,010
Environmental (E)	Building a low-carbon society	CO ₂ emissions intensity (After reflecting CO ₂ credits, etc.) ^{*3}	kg-CO ₂ /kWh	0.497 (0.494)	0.486 (0.482)	0.485 (0.480)	0.476 (0.472)	0.458 (0.452)
		Total greenhouse gas (GHG) emissions (Scope 1)	10 thousand t-CO ₂	5,920	5,632	5,798	5,640	5,313
		Total greenhouse gas (GHG) emissions (Scope 2)	10 thousand t-CO ₂	8	7	7	7	6
		Total greenhouse gas (GHG) emissions (Scope 3)	10 thousand t-CO ₂	-	-	-	1,054	1,071
	Coexisting with nature	SO _x emissions (Thermal power generation)	g/kWh	0.03	0.03	0.03	0.03	0.03
		NO _x emissions (Thermal power generation)	g/kWh	0.08	0.08	0.07	0.07	0.07
	Creating a recycling society ^{*4}	Amount of waste generated	10 thousand tons	172.4	146.3	150.8	141.2	163.9
		Amount of waste sent to external landfills	10 thousand tons	2.1	1.0	1.3	1.3	1.1
Communication with Stakeholders	Customer	Annual average failure / outage time per household	minutes	18	4	5	10	348 ^{*5}
		Customer Center	Calls received	1 thousand calls	2,191	2,824	3,364	3,866
			Response rate	%	95.5	88.9	84.0	83.9
	Shareholders and investors	Institutional investors / analysts	Financial results / Management plan briefing	sessions	2	2	2	3
			Facility tour	tours	4	6	6	5
		Private investors	Company briefing	sessions	0	3	8	8
		Individual shareholders	Facility tour	tours	13	13	13	17

*1 The figures indicated are those as of June 1 in the next fiscal year.

*2 The definition of "accidents" at Chubu Electric Power was changed in fiscal 2012 from "when an employee receives continuous medical treatment" to "when an employee receives medical treatment."

*3 The CO₂ emission intensities that reflect credits obtained from the methods stipulated in the Act on Promotion of Global Warming Countermeasures and that are adjusted based on the FIT scheme for renewable energy are yet to be determined.

*4 The figures above indicate the total value for member companies of the Chubu Electric Power Group Environmental Measures Committee. Starting fiscal 2015, the figures reflect waste emitted from member companies.

*5 The figure worsened due to repeated typhoon damage in summer 2018.

Third-Party Opinion



Fumie Ando

Professor,
Faculty of Business Administration,
Nanzan University

Ph.D. (economics) from the Graduate School of the University of Tokyo. Specializes in organizational learning theory and organizational transformation theory.

Author of "Theories of Organizational Learning and Navigation Map in the Organization" (2001), "Leverage for Organizational Change" (2017), etc. She was awarded the Takamiya Prize (research papers) from the Academic Association for Organizational Science in 1998 and the METI Director General Prize at the 69th National Efficiency Conference held by the All Japan Federation of Management Organizations in 2018.

Advisor to the Nippon Omni-Management Association.

A report that has now shifted its focus to specific actions to achieve goals

The Chubu Electric Power Group's annual report is where it explains to its customers, shareholders, and all other stakeholders in a comprehensive and easy-to-understand way the current status and the fruit of its past business activities and initiatives and expresses its commitment and passion toward the realization of what it envisages in its management vision.

From this perspective, I noticed that the report last year mainly focused on the Group's attitude and motivation to challenge itself to realize the new business model proposed in the report, while cherishing and nurturing the relationships with a wide variety of stakeholders. In contrast, the report this year has taken a step further to shift its focus on more practical matters, such as what specific actions the Group started to take to realize its goals and what results these actions have started to produce. For example, this report shows that the Group's initiative to provide a "new forms of community," i.e., a new value, by connecting various stakeholders using data has already led to several specific services, and they are expected to be further increased and enhanced going forward.

Needless to say, new initiatives such as those mentioned above would not be sufficient for the Group to realize its management vision. Rather, a firm commitment to the unwavering mission of the Chubu Electric Power Group as a whole, such as safety and stable energy supply, which remains unchanged despite changes in the times and the environment, will be even more important as the foundation to support these new initiatives. In this respect, as is the case with the report last year, this report clearly communicates such a commitment to readers. In particular, this report explains safety and risk management topics in more detail.

Another notable point about this year's report is that it endeavors to clearly indicate that all these initiatives and commitments are strongly tied with ESG management and there is a strong linkage between individual initiatives and ESG management. Although ESG management has started to draw much attention in recent years, the Chubu Electric Power Group has effectively promoted ESG management since its foundation as a nature of its business. I expect the Group to continue to cherish this attitude and proceed to build, maintain, and fortify the relationship of trust with its diverse stakeholders.

In response to the third-party opinion

I would like to thank Ms. Ando for her invaluable insights.

She praised how our story progressed from challenges to actions toward the provision of "a new forms of community" by creating Community Support Infrastructure, as well as our efforts to communicate the linkage between ESG management and business activities.

On the other hand, she gave us an opinion that the unwavering mission of the Chubu Electric Power Group, such as safety and stable energy supply, serves as an important foundation to support our new initiatives toward the realization of our management vision.

We accept this opinion with sincerity and will endeavor to live up to the trust and expectations of our stakeholders and to contribute to social development by striving to "fulfilling our unwavering mission" and continuing to challenge ourselves to "create new value."



Yasutaka Kato

Executive Officer, General Manager of
Corporate Planning and Strategy Division
and Group Promotion Management Office
Chubu Electric Power Co., Inc.

Five-Year Operating Statistics The company's fiscal year (FY) is from April 1 to March 31 of the following year.

(GWh)

Electrical Energy Sold

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Low voltage	39,525	38,219	38,773	38,787	36,371
High voltage / Extra-high voltage	84,550	83,748	83,048	82,644	81,886
Total Electrical Energy Sold	124,075	121,967	121,821	121,431	118,257
Reference: Electrical Energy Sold including group companies *1	125,062	123,166	124,168	125,309	123,602
Reference: Electrical Energy Sold to other companies *2	6,459	4,065	6,234	7,872	11,060

*1 The sum of the company, consolidated subsidiaries, and affiliates accounted for under the equity method.

*2 Electrical Energy Sold to other companies represents volume in "Wholesale" of Externally generated.

Electric Power Supplied

(GWh)

Internally-generated Power*	126,175	120,730	118,582	116,386	112,302
Hydroelectric	8,718	9,446	8,573	8,549	8,526
Thermal	117,412	111,219	110,217	108,046	103,969
Nuclear	—	—	(251)	(255)	(260)
Renewable Energy	45	65	43	46	67
Externally generated Power					
Wholesale	(6,459)	(4,065)	(6,234)	(7,872)	(11,060)
Purchased Power	15,509	15,799	16,012	18,639	22,784
Power Used for Pumped Storage	(707)	(596)	(1,062)	(1,242)	(660)
Total Electric Power Supplied	134,518	131,868	127,298	125,911	123,366

*From FY2016, the figures in the "Internally-generated Power" indicate values at the sending end, which have been obtained by subtracting the electric power necessary for operating the power plants, etc. from the electric power generated by generators at the power plants (generation end).

Generating Capacity

(MW)

Hydroelectric	5,320	5,497	5,450	5,459	5,459
Thermal	25,082	24,015	24,034	25,470	24,376
Nuclear	3,617	3,617	3,617	3,617	3,617
Renewable Energy	39	39	37	39	39
Total Generating Capacity	34,058	33,168	33,138	34,585	33,491

Number of Employees

(number of persons)

Consolidated	30,848	30,659	30,635	30,554	30,321
Nonconsolidated	16,949	16,796	16,632	16,461	16,086

Five-Year Financial Statistics (Consolidated)

	(Millions of Yen)				
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
For the year ended March 31:					
Operating Revenues	3,103,603	2,854,044	2,603,537	2,853,309	3,035,082
Operating Income	107,168	284,991	136,443	136,505	125,924
Ordinary Income	60,206	255,610	121,483	128,532	112,929
Income before Income Taxes	83,414	254,204	152,156	105,195	112,929
Net Income attributable to owners of parent	38,795	169,745	114,665	74,372	79,422
Depreciation	271,849	257,063	255,692	267,828	256,465
Capital Investments	262,693	293,784	345,688	343,743	327,120
At the end of the year ended March 31:					
Total Assets	5,631,311* ¹	5,538,216* ¹	5,411,487* ¹	5,529,408* ¹	5,987,526
Net Assets	1,507,508	1,637,109	1,724,713	1,791,942	1,844,362
Shareholders' Equity* ²	1,468,917	1,599,934	1,685,267	1,729,742	1,778,495
Outstanding Interest-Bearing Debt	2,918,928	2,625,481	2,674,771	2,595,635	2,981,181
Stock Ratios:					
Net Income —Basic (Yen/Share)	51.21	224.15	151.43	98.24	104.96
Net Assets (Yen/Share)	1,939.59	2,112.80	2,225.66	2,285.87	2,350.52
Cash Dividends (Yen/Share)	10	25	30	35	45
Consolidated Payout ratio (%)	19.5	11.2	19.8	35.6	42.9
Financial Indicators and Cash Flow Data:					
Shareholders' Equity Ratio (%)	26.1	28.9	31.1	31.3	29.7
ROA (Return on Assets) (%)	1.9	5.3	2.7	2.8	2.4
ROE (Return on Equity) (%)	2.7	11.1	7.0	4.4	4.5
Cash Flows from Operating Activities	476,845	562,411	335,063	424,159	296,406
Cash Flows from Investing Activities	(282,781)	(307,995)	(360,232)	(344,467)	(368,361)
Cash Flows from Financing Activities	(344,088)	(312,120)	21,069	(88,670)	337,260
Cash and Cash Equivalents at End of Period	390,088	324,390	293,953	284,888	550,060

*1 The "Partial Amendments to Accounting Standard for Tax Effect Accounting" etc. has been applied since the start of this fiscal year. The amounts regarding from FY2014 to FY2017 are applied this accounting standard retroactively. For detail, please refer to the financial statement report.

*2 Shareholders' Equity = Total Net Assets - Non-controlling interests

Management Discussion and Analysis of Operating Results, Financial Standing, and Cash Flows

Analysis of Operating Results

Operating Balance

Chubu Electric Power's electrical energy sold decreased by 3.2 TWh to 118.3 TWh, compared with the previous fiscal year, mainly due to an effect of switches made to other operators with the intensified competition, in spite of a sales increase outside Chubu region.

Furthermore, electrical energy sold including group companies decreased by 1.7 TWh to 123.6 TWh compared with the previous fiscal year.

■ Electrical Energy Sold

	FY2018 (A)	FY2017 (B)	Change (A-B)	Rate of Change (A-B)/B
Low voltage	36.4	38.8	(2.4)	(6.2)
High voltage Extra-high voltage	81.9	82.6	(0.8)	(0.9)
Total	118.3	121.4	(3.2)	(2.6)
Reference (1):				
Electrical energy sold including group companies*	123.6	125.3	(1.7)	(1.4)

*The sum of the company, consolidated subsidiaries, and affiliates accounted for under the equity method.

Reference (2):				
Electrical Energy Sold to other companies*	11.1	7.9	3.2	40.5

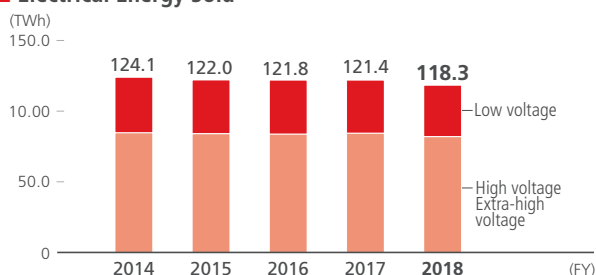
*Electrical Energy Sold to other companies represents volume in "Wholesale" of Externally generated.

As for electricity power supply, hydroelectric power output amounted to 8.5 TWh, almost the same as in the previous fiscal year, while the operation of all reactors at the Hamaoka Nuclear Power Station was suspended.

On the other hand, wholesale power increased by 3.2 TWh to 11.1 TWh over the previous fiscal year, mainly due to an increase in wholesale volume, and purchased power increased by 4.1 TWh to 22.8 TWh over the previous fiscal year, mainly due to an increase in purchase of power outside Chubu region and renewable energy.

As a result, thermal power output decreased by 4.1 TWh to 104.0 TWh, compared with the previous fiscal year.

■ Electrical Energy Sold



■ Electric Power Supplied

	FY2018	Rate of Change (TWh, %)
Internally generated		
Hydroelectric power	8.5	(0.3)
<flow rate>	<102.4>	
Thermal power	104.0	(3.8)
Nuclear power	(0.3)	2.1
<utilization rate>	<->	
Renewable energy	0.1	46.0
Externally generated		
Wholesale	(11.1)	40.5
Purchased power	22.8	22.2
Power used for pumped storage	(0.7)	(46.8)
Total	123.4	(2.0)

In terms of operating balance, operating revenues increased by 181.7 billion yen to 3,035.0 billion yen over the previous fiscal year, mainly due to an increase in fuel cost adjustment charge, in spite of a decrease in electrical energy sold.

Operating expenses increased by 192.3 billion yen to 2,909.1 billion yen over the previous fiscal year, mainly due to an increase in fuel expenses following a rise in fuel prices, in spite of improvement of management efficiency across the group.

As a result, operating income decreased by 10.5 billion yen to 125.9 billion yen compared with the previous fiscal year.

Below is the performance by segment (before elimination of inter-segment transactions) of this consolidated fiscal year.

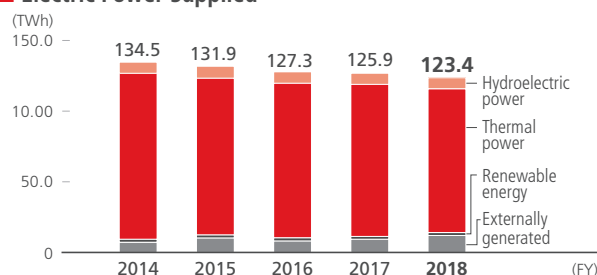
<Power Generation>

Operating revenue from power supply with thermal and renewable energy increased by 55.3 billion yen to 1,152.9 billion yen compared with the previous fiscal year, because of an increase in unit price of revenue due to an increase in fuel price.

On the other hand, operating expenses increased by 86.1 billion yen to 1,145.4 billion yen compared with the previous fiscal year, because of an increase in fuel cost due to an increase in fuel price.

As a result of the above, operating income decreased by 30.7 billion yen to 7.4 billion yen compared with the previous fiscal year.

■ Electric Power Supplied



*From FY2016, the amount of power at the sending end has been indicated as the amount of internally generated power

<Power Network>

Operating revenue from provision of power network services increased by 1.7 billion yen to 746.4 billion yen compared with the previous fiscal year, mainly due to an increase in grant based on Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities, in spite of a decrease in electricity demand in Chubu region.

On the other hand, operating expenses increased by 3.9 billion yen to 693.3 billion yen compared with the previous fiscal year, mainly due to an increase in the purchase costs based on Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities, in addition to the natural disaster recovery expenditure in equipment damage caused by Typhoon No.21 and No.24, in spite of improvement of the efficiency related to the basic costs.

As a result of the above, operating income decreased by 2.2 billion yen to 53.0 billion yen compared with the previous fiscal year.

<Customer Service & Sales>

Operating revenue from a total energy service centered on gas & electric power increased by 115.6 billion yen to 2,749.5 billion yen compared with the previous fiscal year, mainly due to an increase in fuel cost adjustment charge in spite of a decrease in electrical energy sold.

On the other hand, operating expenses increased by 88.7 billion yen to 2,684.5 billion yen compared with the previous fiscal year, mainly due to an increase in expenses of purchased power because of an increase in fuel price.

As a result of the above, operating income increased by 26.8 billion yen to 65.0 billion yen compared with the previous fiscal year.

Ordinary Income

Nonoperating revenue decreased by 5.6 billion yen to 22.2 billion yen over the previous fiscal year. Ordinary revenue, the total of operating revenues and nonoperating revenue, increased by 176.1 billion yen year on year to 3,057.3 billion yen.

Meanwhile, Nonoperating expenses decreased by 0.6 billion yen to 35.2 billion yen over the previous fiscal year. Ordinary expenses, the total of operating expenses and nonoperating expenses, increased by 191.7 billion yen year on year, to 2,944.4 billion yen.

As a result, ordinary income decreased by 15.6 billion yen to 112.9 billion yen, compared with the previous fiscal year.

Net Income attributable to owners of parent

Net income attributable to owners of parent increased by 5.0 billion yen to 79.4 billion yen, compared with the previous fiscal year.

Achievement status of management target

Consolidated ordinary income amounted approximately to 163.0 billion yen after excluding the time-lag impact by the fuel cost adjustment system, and the mid-term goal of 150 billion yen or more in terms of consolidated ordinary income by FY2018, which was set in March 2016, has been achieved.

Analysis of Financial Standing**Assets**

Noncurrent assets increased by 101.5 billion yen to 4,893.7 billion yen from the end of the previous consolidated fiscal year, mainly due to an increase in noncurrent assets because of capital investment, in spite of the progress of the depreciation.

Current assets increased by 356.5 billion yen to 1093.7 billion yen from the end of the previous consolidated fiscal year, mainly due to securing cash and deposits in order to integrate the company's existing thermal power generation businesses to JERA, etc.

As a result of the above, total assets increased by 458.1 billion yen to 5,987.5 billion yen compared with the end of the previous consolidated fiscal year.

Liabilities

Total liabilities increased by 405.6 billion yen to 4,143.1 billion yen from the end of the previous consolidated fiscal year, mainly due to an increase in interest-bearing liabilities.

Net Assets

Total net assets increased by 52.4 billion yen to 1,844.3 billion yen from the end of the previous consolidated fiscal year, mainly due to the recognition of net income attributable to owners of parent, in spite of paying cash dividends.

As a result, the shareholders' equity ratio was 29.7%.

Analysis of Cash Flows

Cash inflow from operating activities decreased by 127.7 billion yen to 296.4 billion yen from the previous consolidated fiscal year, because of an increase in fuel cost due to an increase in fuel price.

Cash outflow from investment activities increased by 23.8 billion yen to 368.3 billion yen from the previous consolidated fiscal year, mainly due to an increase in payments for acquiring noncurrent assets.

As a result, free cash flow decreased by 151.6 billion yen to -71.9 billion yen from the previous consolidated fiscal year.

Cash inflow from financing activities increased by 425.9 billion yen to 337.2 billion yen from the previous consolidated fiscal year mainly due to an increase in amount for funding.

Consequently, the amount of cash and cash equivalents at end of consolidated fiscal year increased by 265.1 billion yen from the end of previous consolidated fiscal year.

Furthermore, total outstanding interest-bearing debt at end of consolidated fiscal year increased by 385.5 billion yen to 2,981.1 billion yen from the end of previous consolidated fiscal year.

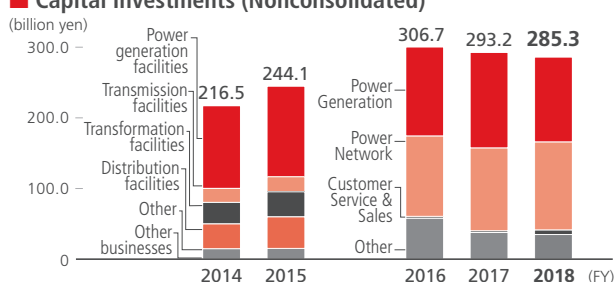
With regard to capital sources and fund fluidity, the group raises equipment funds required primarily to administrate the electricity business by way of issuing corporate bonds, obtaining bank loans, etc., and gains in short-term operation funds mainly by issuing short-term corporate bonds in principle.

Capital Investments

Capital investments amounted to 327.1 billion yen in the fiscal year ended March 31, 2019 as a result of our efforts to pursue a maximum level of management efficiency, including slimming down of equipment, while securing a stable supply of electric power and public security.

A breakdown of the capital investments by segment (before elimination of inter-segment transactions) is 116.9 billion yen for Power Generation, 114.6 billion yen for Power Network, 17.2 billion yen for Customer Service & Sales, and 84.6 billion yen for other segments.

■ Capital Investments (Nonconsolidated)



*From FY 2016, it has been changed to a breakdown by segment.

■ Reference: FY2018 Capital Investments (Nonconsolidated)

Item	(billion yen)
Power Generation	116.9
Power Network	
Transmission facilities	25.4
Transformation facilities	45.5
Distribution facilities	32.1
Other	11.5
Total	114.6
Customer Service & Sales	1.4
Other	52.2
Grand total	285.3

*The above figures do not include consumption tax.

Business and Other Risks

Of all the variables affecting the Chubu Electric Power Group's performance and financial standing, the primary factors most likely to have a major effect on investors' decisions are listed below.

Forward-looking statements in this report are based on facts and conditions as of the date of the financial statement report (on June 27, 2019). Actual results may differ, affected by the government's future energy policy and revision of electricity business system and others.

(1) Risks of the economic environment

<1> Economic and weather conditions

In the electric power business, which is the core business of the Group, the volume of electricity sales fluctuates due to economic trends and temperature changes, and consequently, the performance could potentially be affected.

In addition, the amount of yearly precipitation affects the amount of hydroelectric power output, which impacts our power-generating costs. Chubu Electric Power, however, has set aside a reserve for fluctuation in water levels, which allows the company to make a certain adjustment against such impact within balance of the reserve, thus limits the effect on performance.

<2> Changes in fuel prices, etc.

Regarding the group's fuel procurement costs, they may be affected by market price and fluctuations in the currency exchange market such as liquefied natural gas (LNG), coal and crude oil, however, the fluctuations of fuel prices within certain range could potentially be reflected in electricity rates under "Fuel-cost Adjustment System", the impact of these factors on performance should be mitigated.

Also, although fuel procurement by JERA etc., has been carried out to diversify the procurement sources and secure flexibility, the performance could potentially be affected by the fluctuation in fuel procurement costs in the cases where: fuel becomes difficult to procure because of fluctuating supply and demand, supplier facility and/or operational issues, or changes in the political situation and so on.

<3> Changes in interest rates

The balance of interest-bearing debts of the Group is 2,981.1 billion yen at the end of March 2019, an amount equivalent to 49.8% of the group's total assets. Interest payments on this debt are susceptible to market interest rates, and thus the performance could potentially be affected.

However, 599.2 billion yen of the debt have been succeeded to JERA on April 1, 2019, and 85.9% of the rest of the debt is long-term funds for bonds and long-term loans and most of these funding were procured at fixed interest rates, so the impact on business result is limited.

Part of the corporate pension plan assets held by the Chubu Electric Power Group could potentially affect the performance as their market value fluctuates with movements in stock prices and interest rates, among other factors.

(2) Risks associated with the Group business activities

<1> Suspension of electricity generating facilities

The company has suspended operation of all reactors at the Hamaoka Nuclear Power Station. Based on the new regulatory standards, the company has currently been implementing countermeasures steadily, while undergoing the Nuclear Regulation Authority's review to verify compliance with the new regulatory standards for Units 3 and 4. The company will strengthen internal systems to take action in response to reviews being conducted, and allow early confirmation that the power station conforms to the new regulations.

The major safety enhancement measures at Unit 4, related to the tsunami/earthquake countermeasures or severe accident countermeasures that have been planned after the accident at the Fukushima Daiichi Nuclear Power Station, was mostly completed. In the future as well, any additional equipment counterplan in response to the review etc. should be implemented at the earliest time possible. After Unit 4, efforts will be made to implement the countermeasures in Unit 3 based on the new regulatory standards. In parallel with specifying the method for recovery from the sea-water inflow in Unit 5, countermeasures based on the new regulatory standards will be examined, and preparations will be made for applying for the examination for verification of conformance.

Moreover, on site response focusing on the inside of the power station, such as strengthening the on-site response capabilities through education/training or by streamlining the emergency preparedness system, will be continues, and in addition, efforts will be made to enhance the offsite

response in preparation for nuclear disaster in the areas around the power station, by strengthening cooperation with the national and local governments, directed towards enhancing the effectiveness of emergency response including the evacuation of residents.

Since operation is suspended for all reactors at the Hamaoka Nuclear Power Station, the company is providing electricity using thermal power sources as an alternative; this will substantially increase power procurement costs which coupled with other factors, is likely to exert an influence on performance.

The Group strives to develop and maintain optimum facilities that ensure stable delivery of high quality electricity economically, while taking measures against large-scale earthquakes and cyber terrorism as a response to threats such as disasters.

However, if supply facilities of the company or other power companies from which we receive power supply are shut down because of a large-scale disaster, an accident or terrorism, an obstacle to fuel procurement and the correspondence to the new regulatory standards, the performance could potentially be affected.

<2> Nuclear power back-end costs, etc.

The back-end business of nuclear power takes an extremely long time period and has many uncertainties. Rules set by the government have reduced such uncertainties, but the costs of nuclear fuel cycles, including back-end costs, may vary depending on regulatory reform like changes in estimates of future expenses (mandated and voluntary) and the operating status of reprocessing facilities. As a result, the performance could potentially be affected.

<3> Changes in the competitive environment

Following the full liberalization of the electricity and gas retail markets and with the legal unbundling of the power transmission/distribution sector scheduled for 2020, the environment surrounding the energy business is changing rapidly. In addition, as markets and rules are being developed in stages to further encourage competition, the supply-demand structure may change significantly.

The company views these kinds of changes in business environment as major opportunities for growth. In order to take the lead in the new era of energy, the company makes the transition to "a business model that separates power generation from sales" such as integration the existing thermal power generation business into JERA in April 2019, and split off the sales business in April 2020. By having each of our business deal with a different markets and developing the business independently, the company aims to grow into a more robust corporate group.

In the sales business, the company will work to expand sales by providing electricity and gas with services and products that enrich customers' lives. JERA will grow to become a global energy company and work to supply international competitive energy stably by integrated and optimal management of entire value chain from fuel upstream, procurement, power generation and electricity and gas wholesale sales. Through these efforts, the company will work to increase the corporate value of the Group.

However, the performance could be affected by intensifying competition and so on.

<4> Regulatory amendments for global environment protection, etc.

While increasing requests for global warming countermeasures in both Japan and overseas reflecting an adoption of Paris Agreement, it is necessary to improve the percentage of non-fossil energy sources in accordance with the Sophisticated Methods of Energy Supply Structures as well as participating in "Electric Power Council for a Low Carbon Society (ELCS)" which is a voluntary framework for conducting activities to suppress the emission of greenhouse gas and aiming to achieve the goals set by ELCS.

Given this situation, the group has established "Action Plan" which is detailed protocol action plan based on the "Chubu Electric Power Group Basic Environmental Policy". In addition to reducing CO₂ emissions and pursuing the optimal energy mix through all measures including the expansion of the use of renewable energy, the group is promoting energy saving and aims to realize a low-carbon society on a global scale through thorough environmental management.

However, the group performance could potentially be affected by the future trend of tightening environmental regulations, among other factors.

<5> Businesses other than electric power

The group focuses on the energy business that supplies electricity, gas and on-site energy as its core areas and are developing various businesses, including overseas energy business taking advantage of our know-how in our domestic businesses, electricity-related facilities construction and maintenance, and manufacturing of materials and equipment for the core businesses of the group.

In addition to these businesses, the group develop "new growth fields" further, including Community Support Infrastructure which focuses on solving social issues, while promoting collaboration with various companies in order to actively utilize AI and IoT technologies and external resources.

However, these businesses are subject to changing business environments, including increasing competition with other enterprises, and could potentially affect performance if they fail to produce the results expected by the group.

(3) Other risks

<1> Compliance

The Group strives for strict compliance by establishing the "Chubu Electric Power Group Basic Compliance Policy", which relates to compliance with laws, regulations and social rules. If any event against compliance occurs within or in connection with the organization, the reputation of the group may be damaged and the performance could be adversely affected.

<2> Information leaks

The Group comply with the relevant laws, maintains internal systems and establishes rules on information handling to ensure proper management of personal information (including specific personal information) and other critical information. The group has also increased information system security as well as employee training for this purpose.

However, in case information leak occurs and the direct cost of responding to the situation and loss of public trust in the group arises, the performance could potentially be affected.

Consolidated Balance Sheets

Chubu Electric Power Company, Incorporated and Subsidiaries
As of March 31, 2019 and 2018

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Property, Plant and Equipment:			
Property, plant and equipment, at cost	¥13,865,992	¥13,874,672	\$124,918,851
Construction in progress	451,643	344,469	4,068,859
	14,317,636	14,219,141	128,987,711
Less:			
Contributions in aid of construction	(199,356)	(194,138)	(1,796,007)
Accumulated depreciation	(10,282,893)	(10,266,984)	(92,638,678)
	(10,482,250)	(10,461,122)	(94,434,685)
Total Property, Plant and Equipment, Net (Notes 5 and 10)	3,835,385	3,758,019	34,553,025
Nuclear Fuel:			
Loaded nuclear fuel	40,040	40,040	360,721
Nuclear fuel in processing	144,573	139,715	1,302,460
Total Nuclear Fuel	184,613	179,755	1,663,182
Investments and Other Assets:			
Long-term investments (Notes 6, 7 and 10)	648,240	623,585	5,840,007
Net defined benefit asset (Note 11)	15,265	18,656	137,530
Deferred tax assets (Notes 10 and 17)	197,035	198,842	1,775,094
Other (Note 10)	14,009	14,175	126,209
Allowance for doubtful accounts	(778)	(849)	(7,012)
Total Investments and Other Assets	873,773	854,410	7,871,829
Current Assets:			
Cash and deposits (Notes 4, 6 and 10)	546,082	181,631	4,919,665
Trade notes and accounts receivable (Note 6 and 10)	343,850	291,341	3,097,749
Allowance for doubtful accounts	(1,888)	(1,663)	(17,015)
Inventories (Notes 9 and 10)	91,056	75,056	820,328
Other (Note 10)	114,653	190,857	1,032,915
Total Current Assets	1,093,754	737,222	9,853,642
Total Assets (Notes 10 and 23)	¥ 5,987,526	¥ 5,529,408	\$ 53,941,680

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Noncurrent Liabilities:			
Long-term loans payable (Notes 6 and 10)	¥1,781,011	¥1,981,026	\$16,045,144
Provision for loss in conjunction with discontinued operations of nuclear power plants	8,174	9,211	73,640
Net defined benefit liability (Note 11)	170,818	182,130	1,538,909
Asset retirement obligations (Note 13)	249,067	209,178	2,243,847
Other (Notes 10 and 17)	177,853	168,448	1,602,280
Total Noncurrent Liabilities	2,386,924	2,549,995	21,503,824
Current Liabilities:			
Current portion of noncurrent liabilities (Notes 6 and 10)	285,130	257,315	2,568,742
Short-term loans payable (Notes 6 and 10)	925,612	370,945	8,338,854
Notes and accounts payable - trade (Note 6)	133,584	133,057	1,203,461
Accrued taxes	67,297	82,179	606,287
Other (Notes 6 and 13)	322,167	321,526	2,902,408
Total Current Liabilities	1,733,792	1,165,023	15,619,754
Reserve for Fluctuation in Water Levels	22,446	22,446	202,221
Total Liabilities	4,143,163	3,737,465	37,325,800
Commitments and Contingent Liabilities (Note 15)			
Net Assets (Note 16)			
Capital stock	430,777	430,777	3,880,877
Capital surplus	70,798	70,805	637,828
Retained earnings	1,237,605	1,188,453	11,149,595
Treasury shares, at cost	(2,008)	(1,891)	(18,098)
Total Shareholders' Equity	1,737,172	1,688,145	15,650,202
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	35,232	38,649	317,409
Deferred gains and losses on hedges (Note 14)	(2,273)	(6,182)	(20,485)
Foreign currency translation adjustments	16,428	19,964	148,004
Remeasurements of defined benefit plans	(8,064)	(10,833)	(72,650)
Total Accumulated Other Comprehensive Income	41,322	41,597	372,278
Noncontrolling interests	65,867	62,199	593,398
Total Net Assets	1,844,362	1,791,942	16,615,879
Total Liabilities and Net Assets	¥5,987,526	¥5,529,408	\$53,941,680

Consolidated Statements of Income

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Operating Revenues:			
Electricity	¥2,651,685	¥2,538,239	\$23,889,059
Other	383,397	315,070	3,454,027
Total Operating Revenues (Note 23)	3,035,082	2,853,309	27,343,086
Operating Expenses:			
Electricity (Note 18)	2,539,625	2,415,115	22,879,505
Other	369,532	301,689	3,329,125
Total Operating Expenses	2,909,158	2,716,804	26,208,631
Operating Income (Note 23)	125,924	136,505	1,134,455
Other (Income) Expenses:			
Interest expense	24,024	26,464	216,437
Impairment loss (Note 19)	3,739	23,356	33,691
Other, net	(14,768)	(18,491)	(133,053)
Total Other Expenses, Net	12,995	31,328	117,074
Income Before Provision of Reserve for Fluctuation in Water Levels and Income Taxes	112,929	105,176	1,017,380
Reversal of Reserve for Fluctuation in Water Levels	—	(19)	—
Income Before Income Taxes	112,929	105,195	1,017,380
Income Taxes:			
Current	29,350	33,255	264,422
Deferred	651	(4,813)	5,868
Total Income Taxes	30,002	28,441	270,291
Net Income	82,926	76,753	747,089
Net income attributable to noncontrolling interests	3,504	2,380	31,574
Net income attributable to owners of parent	¥ 79,422	¥ 74,372	\$ 715,515

	Yen		U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Per Share of Capital Stock:			
Net income - basic	¥104.96	¥98.24	\$0.95
Cash dividends	45.00	35.00	0.41

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Net Income	¥82,926	¥76,753	\$747,089
Other Comprehensive Income:			
Valuation difference on available-for-sale securities	(3,315)	(682)	(29,869)
Deferred gains and losses on hedges	1,679	481	15,132
Foreign currency translation adjustments	(168)	1,456	(1,522)
Remeasurements of defined benefit plans, net of tax	4,909	(2,229)	44,227
Share of other comprehensive income of entities accounted for using equity method	(1,522)	(4,256)	(13,711)
Other Comprehensive Income (Note 20)	1,582	(5,229)	14,256
Comprehensive Income	¥84,509	¥71,523	\$761,345
Comprehensive income attributable to:			
Owners of parent	¥79,147	¥67,868	\$713,042
Noncontrolling interests	5,361	3,654	48,303

Consolidated Statements of Changes in Net Assets

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2019 and 2018

	Shareholders' equity						Accumulated other comprehensive income						
	Number of shares of capital stock issued	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Millions of yen													
Balance at April 1, 2017	758,000,000	¥430,777	¥70,794	¥1,136,801	¥(1,206)	¥1,637,166	¥39,485	¥(7,817)	¥24,682	¥ (8,248)	¥48,101	¥39,445	¥1,724,713
Dividends of surplus	—	—	—	(22,717)	—	(22,717)	—	—	—	—	—	—	(22,717)
Net income attributable to owners of parent	—	—	—	74,372	—	74,372	—	—	—	—	—	—	74,372
Purchase of treasury shares	—	—	—	—	(707)	(707)	—	—	—	—	—	—	(707)
Disposal of treasury shares	—	—	—	(2)	23	21	—	—	—	—	—	—	21
Change in equity of parent on transactions with noncontrolling interests	—	—	10	—	—	10	—	—	—	—	—	—	10
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(836)	1,634	(4,718)	(2,584)	(6,503)	22,754	16,250
Balance at March 31, 2018	758,000,000	¥430,777	¥70,805	¥1,188,453	¥(1,891)	¥1,688,145	¥38,649	¥(6,182)	¥19,964	¥(10,833)	¥41,597	¥62,199	¥1,791,942

Millions of yen													
Balance at April 1, 2018	758,000,000	¥430,777	¥70,805	¥1,188,453	¥(1,891)	¥1,688,145	¥38,649	¥(6,182)	¥19,964	¥(10,833)	¥41,597	¥62,199	¥1,791,942
Dividends of surplus	—	—	—	(30,270)	—	(30,270)	—	—	—	—	—	—	(30,270)
Net income attributable to owners of parent	—	—	—	79,422	—	79,422	—	—	—	—	—	—	79,422
Purchase of treasury shares	—	—	—	—	(121)	(121)	—	—	—	—	—	—	(121)
Disposal of treasury shares	—	—	0	—	3	3	—	—	—	—	—	—	3
Change in equity of parent on transactions with noncontrolling interests	—	—	(6)	—	—	(6)	—	—	—	—	—	—	(6)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(3,416)	3,909	(3,535)	2,768	(274)	3,667	3,393
Balance at March 31, 2019	758,000,000	¥430,777	¥70,798	¥1,237,605	¥(2,008)	¥1,737,172	¥35,232	¥(2,273)	¥16,428	¥ (8,064)	¥41,322	¥65,867	¥1,844,362

Thousands of U.S. dollars (Note 1)													
Balance at April 1, 2018		\$3,880,877	\$637,887	\$10,706,790	\$ (17,037)	\$15,208,517	\$348,191	\$ (55,701)	\$179,857	\$ (97,595)	\$374,751	\$560,356	\$16,143,626
Dividends of surplus		—	—	(272,710)	—	(272,710)	—	—	—	—	—	—	(272,710)
Net income attributable to owners of parent		—	—	715,515	—	715,515	—	—	—	—	—	—	715,515
Purchase of treasury shares		—	—	—	(1,093)	(1,093)	—	—	—	—	—	—	(1,093)
Disposal of treasury shares		—	2	—	32	34	—	—	—	—	—	—	34
Change in equity of parent on transactions with noncontrolling interests		—	(61)	—	—	(61)	—	—	—	—	—	—	(61)
Net changes in items other than shareholders' equity		—	—	—	—	—	(30,782)	35,216	(31,852)	24,944	(2,473)	33,041	30,568
Balance at March 31, 2019		\$3,880,877	\$637,828	\$11,149,595	\$ (18,098)	\$15,650,202	\$317,409	\$ (20,485)	\$148,004	\$ (72,650)	\$372,278	\$593,398	\$16,615,879

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Cash Flows from Operating Activities:			
Income before income taxes	¥112,929	¥105,195	\$1,017,380
Adjustments for:			
Depreciation	256,465	267,828	2,310,501
Impairment loss	3,739	23,356	33,691
Decommissioning costs of nuclear power units	8,371	4,600	75,422
Loss on retirement of noncurrent assets	10,447	16,181	94,120
Decrease in provision for net defined benefit liability and asset	(878)	(7,804)	(7,911)
Decrease in provision for loss in conjunction with discontinued operations of nuclear power plants	(1,036)	(364)	(9,341)
Decrease in reserve for fluctuation in water levels	—	(19)	—
Interest and dividend income	(3,171)	(2,602)	(28,568)
Interest expense	24,024	26,464	216,437
Increase in notes and accounts receivable - trade	(50,312)	(51,199)	(453,264)
Increase in inventories	(16,002)	(6,055)	(144,166)
Increase in notes and accounts payable - trade	615	23,685	5,546
Other, net	7,945	58,828	71,580
Subtotal	353,138	458,095	3,181,427
Interest and dividend income received	10,502	5,722	94,614
Interest expense paid	(24,551)	(26,909)	(221,185)
Income taxes paid	(42,682)	(12,749)	(384,530)
Cash flows from operating activities	296,406	424,159	2,670,326
Cash Flows from Investing Activities:			
Purchase of noncurrent assets	(350,624)	(324,582)	(3,158,783)
Payments on investments and loans receivable	(39,434)	(48,723)	(355,265)
Collection on investments and loans receivable	9,699	12,201	87,383
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,653)	—	(23,907)
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation	185	50	1,671
Other, net	14,466	16,586	130,325
Cash flows from investing activities	(368,361)	(344,467)	(3,318,575)
Cash Flows from Financing Activities:			
Proceeds from issuance of bonds	33,940	79,718	305,770
Redemption of bonds	(60,000)	(40,000)	(540,540)
Proceeds from long-term loans payable	59,625	83,700	537,162
Repayments of long-term loans payable	(212,402)	(218,217)	(1,913,539)
Proceeds of short-term loans payable	946,160	400,149	8,523,963
Repayments of short-term loans payable	(391,555)	(384,769)	(3,527,522)
Proceeds from issuance of commercial paper	434,000	—	3,909,909
Redemption of commercial paper	(434,000)	—	(3,909,909)
Purchase of treasury shares	(122)	(696)	(1,103)
Cash dividends paid	(30,193)	(22,681)	(272,011)
Dividends paid to noncontrolling interests	(3,936)	(848)	(35,466)
Other, net	(4,254)	14,975	(38,328)
Cash flows from financing activities	337,260	(88,670)	3,038,384
Effect of exchange rate change on cash and cash equivalents	(133)	(87)	(1,202)
Net increase (decrease) in cash and cash equivalents	265,171	(9,065)	2,388,932
Cash and cash equivalents at beginning of this period	284,888	293,953	2,566,564
Cash and cash equivalents at end of this period (Note 4)	¥550,060	¥284,888	\$4,955,497

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

(a) Basis of presenting the consolidated financial statements

The consolidated financial statements of Chubu Electric Power Company, Incorporated (the "Company") and its subsidiaries (together with the Company, the "Chubu Electric Group") have been prepared as required by the provisions set forth in the Japanese Corporate Law, the Financial Instruments and Exchange Law of Japan, the accounting regulations applicable to the electric power industry and on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

These consolidated financial statements are compiled from the original consolidated financial statements in Japanese prepared by the Company as required by the Financial Instruments and Exchange Law of Japan and submitted to the Director of Kanto Finance Bureau in Japan.

Monetary amounts less than one million yen or one thousand dollars are rounded down. As a result, total

amounts shown in the accompanying consolidated financial statements (in both yen and U.S. dollars) do not necessarily agree with the sum of individual amounts.

(b) U.S. dollar amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and these accompanying notes present the arithmetic results of translating yen amounts into U.S. dollar amounts on a basis of ¥111.00 to U.S. \$1.00, the prevailing exchange rate at the fiscal year-end. The inclusion of the dollar amounts is solely for convenience of the reader and is not intended to imply that the assets and liabilities originating in Japanese yen have been or could readily be converted, realized or settled in U.S. dollars at the above rate or at any other rate.

(c) Reclassification

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in all affiliates are accounted for by the equity method. The difference between the acquisition cost of investments in subsidiaries and affiliates and the underlying equity in their

net assets adjusted based on the fair value at the time of acquisition are principally deferred and amortized over certain periods that are within twenty years on a straight-line basis. All significant intercompany transactions and accounts are eliminated on consolidation.

The number of subsidiaries and affiliates at March 31, 2019 and 2018 was as follows:

	March 31, 2019	March 31, 2018
Subsidiaries:		
Domestic	32	27
Overseas	5	5
Affiliates	37	27

Certain domestic and overseas subsidiaries and affiliates close their books at December 31, three months earlier than the Company. The Company uses the financial statements of these subsidiaries and affiliates as of their fiscal year-end for its consolidation or application of the equity method. Significant transactions for the period between the December 31 year-end of the subsidiaries and affiliates and the March 31 year-end of the Company are adjusted for on consolidation or with the application of the equity method.

The financial statements of significant overseas subsidiaries and affiliates that are prepared in accordance with either IFRS or U.S. generally accepted accounting principles are adjusted for the specified five items as required by "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" and "Practical Solution on Unification of Accounting Policies Applied to Affiliates Accounted for by the Equity Method" issued by the Accounting Standards Board of Japan ("ASBJ").

(b) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed by the declining balance method over the estimated useful life of the asset. Contributions in aid of construction are deducted from the depreciable costs of the assets.

(c) Nuclear fuel and amortization

Nuclear fuel is stated at cost, less amortization. The amortization of loaded nuclear fuel is computed based on the quantity of energy produced for the generation of electricity in accordance with the provisions prescribed by the regulatory authorities.

(d) Investments and marketable securities

The Chubu Electric Group classifies certain investments in debt and equity securities as "trading," "held-to-maturity" or "available-for-sale," the classification of which determines the respective accounting methods to be used to account for the investments as stipulated by the accounting standard for financial instruments. The Chubu Electric Group had no trading securities in the fiscal years under review. Held-to-maturity securities are stated at amortized cost. Available-for-sale securities with market quotations are stated at fair value, and net unrealized gains and losses on these securities are reported as accumulated other comprehensive income, net of applicable income taxes. Available-for-sale securities without available market quotations are carried at cost determined by the moving average method. Adjustments in the carrying values of individual securities are charged to loss through write-downs when a decline in fair value is deemed other than temporary. The cost of securities is computed by the moving average method.

(e) Derivatives and hedge accounting

Derivatives are valued at fair value if hedge accounting is not appropriate or when there is no hedging designation, and the gains and losses on the derivatives are recognized in current earnings. Certain transactions classified as hedging transactions are accounted for under a deferral method by which unrealized gains and losses on the hedging instruments are carried as accumulated other comprehensive income on the balance sheet and the net changes are recognized as other comprehensive income on the consolidated statements of comprehensive income until the losses and gains on the hedged items are realized. Foreign exchange forward contracts are accounted for by translating foreign currency denominated assets and liabilities at contract rates as an interim measure if certain hedging criteria are met. According to the special treatment permitted by the accounting standard for financial instruments in Japan, interest rate swaps are not valued at fair value. Rather, the net amount received or paid is added to or deducted from the interest expense on the hedged items if certain conditions are met. The Chubu Electric Group enters into derivative transactions with respect to assets and liabilities generated through the Chubu Electric Group's operations and to hedge exposure to fluctuations in exchange rates or interest rates.

(f) Inventories

Inventories consist of fuel, materials, supplies and construction work-in-process. Fuel is stated at the lower of cost, determined principally by the periodic average method.

(g) Allowance for doubtful accounts

An allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit loss for doubtful or troubled receivables based on a financial review of certain individual accounts and a general reserve for other receivables based on the historical loss experience for a certain past period.

(h) Provision for loss in conjunction with discontinued operations of nuclear power plants

In the years ended March 31, 2019 and 2018, a provision was made based on a reasonable estimate of possible future expenses and losses related to the decommissioning of electric generating facilities that followed the termination of operations at Hamaoka Reactors No. 1 and No. 2.

(i) Reserve for fluctuation in water levels

In order to prepare for losses due to drought, the Company has recognized the maximum amount of allowance specified in Article 36 of the Electricity Business Act (No. 170, 1964) before revision, to which Article 1 of the Act for Amending Part of the Electricity Business Act (No. 72, 2014) is applied, as effective by replacing the terms of Paragraph 3, Article 16 of the Supplementary Provisions of the Act.

(j) Employee retirement benefits

To cover the payment of retirement benefits to employees, the difference between the amount of retirement benefit obligations and the value of plan assets is recognized as a liability for retirement benefits if the amount of obligations exceed the value of the plan assets and as an asset for retirement benefits if the value of plan assets exceeds the amount of retirement benefit obligations.

(1) Method of allocation of estimated retirement benefits

To calculate retirement benefit obligations, the benefit formula basis is used to allocate estimated retirement benefits to periods of service.

(2) Actuarial gains and losses and prior service cost amortized in expenses

Prior service cost is amortized using the straight-line method over certain periods (10 to 15 years for subsidiaries), which are within the average of the estimated remaining service years of the employees, as of the year in which such cost arises. Actuarial gains and losses are amortized using the straight-line method (some subsidiaries use the declining balance method) over certain periods (3 years for the Company and 3 to 15 years for subsidiaries) which are within the average of the estimated remaining service years of the employees as of the year after such gains and losses arise (the year in which such gains and losses arise for some subsidiaries).

(k) Cash and cash equivalents

The Company considers all highly liquid short-term investments purchased with an original maturity of three months or less to be cash equivalents.

(l) Research and development costs

Research and development costs included in operating expenses for the years ended March 31, 2019 and 2018 amounted to ¥9,925 million (\$89,415 thousand) and ¥10,110 million, respectively.

(m) Income taxes

Income taxes are accounted for by the asset-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the promulgation date of the relevant law.

(n) Translation of foreign currency accounts

Receivables, payables and securities, other than stocks of subsidiaries and certain other securities, are translated into Japanese yen at the prevailing exchange rate at the fiscal year-end. Transactions in foreign currencies are translated based on the prevailing exchange rate on the transaction date. Resulting foreign exchange translation gains and losses are included in the consolidated statements of income.

For financial statement items of the overseas subsidiaries and affiliates, all asset and liability accounts are translated into Japanese yen by applying the exchange rate in effect at the respective fiscal year-end. All income and expense accounts are translated at the average rate of exchange prevailing during the year. Translation differences are reported in the consolidated balance sheets as foreign currency translation adjustments in accumulated other comprehensive income after allocating the portion attributable to noncontrolling interests, and the net change is recognized as other comprehensive income on the consolidated statement of comprehensive income.

(o) Per share information

Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares outstanding during the year.

Cash dividends per share shown for each fiscal year in the consolidated statements of income represent dividends declared as applicable to the respective year.

3. Standards and Guidance Not Yet Adopted

The following standard and guidance were issued but not yet adopted.

- “Accounting Standard for Revenue Recognition” (ASBJ statement No. 29, issued on March 30, 2018)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, issued on March 30, 2018)

(a) Overview

The accounting standards defined accounting policies and addressed disclosures of profit from contracts with customers.

(b) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(c) Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are in the process of determining the effects of these new standards on the consolidated financial statements.

4. Cash and Cash Equivalents

For the consolidated statements of cash flows, reconciliation between cash and cash equivalents and cash balances on the consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Cash and deposits	¥546,082	¥181,631	\$4,919,665
Time deposits with an original maturity of more than three months included in cash and deposits	(1,022)	(1,742)	(9,212)
Short-term investments	6,637	106,234	59,798
Short-term investments with an original maturity of over three months	(1,637)	(1,234)	(14,753)
Cash and cash equivalents	¥550,060	¥284,888	\$4,955,497

5. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Hydroelectric power production facilities	¥ 303,909	¥ 311,907	\$ 2,737,920
Thermal power production facilities	655,081	684,665	5,901,632
Nuclear power production facilities	174,894	142,248	1,575,624
Transmission facilities	646,341	680,244	5,822,893
Transformation facilities	414,419	414,949	3,733,505
Distribution facilities	776,905	780,857	6,999,146
General facilities	105,797	108,150	953,126
Other electricity related to property, plant and equipment	13,860	14,057	124,866
Other property, plant and equipment	292,534	276,469	2,635,448
Construction in progress	451,643	344,469	4,068,859
Total	¥3,835,385	¥3,758,019	\$34,553,025

Calculated according to the accounting principles and practices generally accepted in Japan, accumulated gains on the receipt of contributions in aid of real property construction deducted from the original acquisition costs

amounted to ¥199,356 million (\$1,796,007 thousand) and ¥194,138 million at March 31, 2019 and 2018, respectively.

6. Financial Instruments

(a) Items related to financial instruments

(1) Policy initiatives for financial instruments

The Chubu Electric Group raises funds for the equipment necessary to run its core electric power business through bond issues, bank loans and other means. Short-term working capital is secured principally through short-term borrowing and fund management is restricted to low-risk assets such as certificates of deposit. Derivative transactions are used to manage risk arising from the Chubu Electric Group's operations and are not used for speculative purposes.

(2) Breakdown of financial instruments and associated risks

Marketable securities include certificates of deposit and shares of domestic companies contributing to business operations or regional development, bond holdings of subsidiaries and other instruments estimated to raise the Chubu Electric Group's corporate value from a mid- and long-term viewpoint. These securities, bonds, etc., are exposed to risks arising from changes in market prices.

Trade notes and accounts receivable are exposed to customer credit risks.

Most of the Chubu Electric Group's interest-bearing debt balance consists of bonds and long-term funds holdings from long-term borrowings. However, operational results may be minimally affected because most funds are raised at fixed interest rates.

Trade notes and accounts payable for operating debts are almost all due within one year.

Derivative transactions consist of currency swaps, interest rate swaps, etc., for financial liabilities connected to raising funds in order to avoid losses from future volatility in currency markets and interest rates on financial liabilities. Hedging methods and hedging objectives in hedge accounting, hedging policies, effective valuation methods for hedges and other related items are described in Note 2(e), Summary of Significant Accounting Policies - Derivatives and hedge accounting.

(b) Fair value of financial instruments

Differences between the valuation amounts of financial instruments as they appear on the consolidated balance sheets and their fair values as of March 31, 2019 and 2018

As of March 31, 2019	Millions of yen		
	Carrying value	Fair value	Difference
Assets:			
(1) Marketable securities	¥ 113,585	¥ 100,093	¥(13,491)
(2) Cash and deposits	546,082	546,082	–
(3) Trade notes and accounts receivable	343,850	343,850	–
Liabilities:			
(4) Bonds ^{*1}	¥ 653,259	¥ 665,775	¥ 12,515
(5) Long-term borrowings ^{*1}	1,393,758	1,459,596	65,837
(6) Short-term borrowings	925,612	925,612	–
(7) Trade notes and accounts payable	133,584	133,584	–
(8) Derivative transactions ^{*2}	(1,671)	(1,671)	–

(3) Risk management system for financial instruments

1) Credit risk management

For trade accounts receivable arising from electricity bills, due dates and account balances are managed for each customer based on the terms and conditions for the supply of electricity. For derivative transactions, financial institutions and other enterprises with high credit ratings are selected and credit standing is assessed even after transaction contracts are completed.

2) Market risk management

For marketable securities, the fair value of the securities and the financial and operating conditions of the issuers are regularly assessed. Derivative transactions are enacted and managed based on the Company's internal rules established for authorizing trades, managing and reporting. A trade management department independently handles transactions and approves contract amounts (notional and other value) for each transaction by classification.

3) Volatility risk management in financing

Financing plans are formulated and daily receipts and payments are validated for managing risk.

(4) Supplementary explanation of fair value for financial instruments

The fair value of financial instruments is based on market prices or reasonable alternative assessments if there is no market price. Since some variable factors are used in assessing value, the amounts calculated can change based on different assumptions that are applied. Derivative contract amounts noted below in "(b) Fair value of financial instruments" do not denote the market risk from the derivatives themselves. In addition, fair value and valuation gains and losses are reasonably quoted amounts based on market indicators for valuations and other measures. They are not necessarily amounts that would be received or paid in the future.

are shown below. Items with fair values that were extremely difficult to determine were not included (See Note 2).

As of March 31, 2018		Millions of yen	
	Carrying value	Fair value	Difference
Assets:			
(1) Marketable securities	¥ 192,819	¥ 190,621	¥ (2,197)
(2) Cash and deposits	181,631	181,631	–
(3) Trade notes and accounts receivable	291,341	291,341	–
Liabilities:			
(4) Bonds * ¹	¥ 679,259	¥ 691,616	¥12,356
(5) Long-term borrowings * ¹	1,537,330	1,606,141	68,811
(6) Short-term borrowings	370,945	370,945	–
(7) Trade notes and accounts payable	133,057	133,057	–
(8) Derivative transactions * ²	(3,268)	(3,268)	–

As of March 31, 2019		Thousands of U.S. dollars	
	Carrying value	Fair value	Difference
Assets:			
(1) Marketable securities	\$ 1,023,290	\$ 901,744	\$(121,546)
(2) Cash and deposits	4,919,665	4,919,665	–
(3) Trade notes and accounts receivable	3,097,749	3,097,749	–
Liabilities:			
(4) Bonds * ¹	\$ 5,885,224	\$ 5,997,978	\$ 112,754
(5) Long-term borrowings * ¹	12,556,386	13,149,520	593,133
(6) Short-term borrowings	8,338,854	8,338,854	–
(7) Trade notes and accounts payable	1,203,461	1,203,461	–
(8) Derivative transactions * ²	(15,056)	(15,056)	–

*1 (4) Bonds and (5) Long-term borrowings include scheduled redemptions within one year.

*2 Assets and liabilities derived from derivative transaction are stated on a net basis, and a net liability position is shown in parentheses.

(Note 1) Methods for calculating the fair value of financial instruments, marketable securities and derivative transactions.

(1) Marketable securities

The value of equity securities is determined from stock market prices and bonds from their market prices or prices quoted by financial institutions. The fair value of marketable securities settled in the short-term, such as certificates of deposit, are presented by their book values because their market prices are almost equal to them. See Note 7, Marketable Securities and Investments Securities, for the purposes for which securities are held.

(2) Cash and deposits and (3) Trade notes and accounts receivable

For cash and deposits, trade notes and accounts receivable, the book value is used for fair value because the accounts will be settled in the near future, meaning the fair value is largely equivalent to the book value.

(4) Bonds

Bonds with market prices are valued by the market price, and bonds without market prices are valued based on terms projected as if they were being newly issued. Some bonds are subject to foreign exchange forward contracts in the allocation process. These are valued based on the same terms and conditions applied to derivative transactions.

(5) Long-term borrowings

The value of long-term borrowings is calculated using terms as if the borrowings were new loans. Some borrowings are subject to interest rate swaps in the allocation process. These are valued based on the same terms and conditions applied to derivative transactions.

(6) Short-term borrowings

For short-term borrowings, the book value is used for the fair value because the accounts will be settled in the near future, meaning the fair value is largely equivalent to the book value.

(7) Trade notes and accounts payable

For trade notes and accounts payable, the book value is used for the fair value because the accounts will be settled in the near future, meaning the fair value is largely equivalent to the book value. In addition, some accounts payable are subject to allocation treatment as with forward exchange contracts.

(8) Derivative transactions

Refer to Note 14, Derivatives.

(Note 2) Financial instruments for which assessing fair value is extremely difficult to determine.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Unlisted stocks, etc.	¥508,586	¥498,506	\$4,581,862

These financial instruments do not have market prices, and estimating their future cash flows would require

considerable costs. Consequently, these securities are not included in "(1) Marketable securities" above.

(Note 3) Anticipated redemption schedule for monetary instruments and securities with maturity dates subsequent to the fiscal year-end.

As of March 31, 2019:		Millions of yen			
		Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
Securities:					
Held-to-maturity debt securities:					
National and local government bonds, etc.		¥ —	¥ —	¥ —	¥ —
Corporate bonds		1,099	—	—	—
Other		—	—	601	—
Available-for-sale securities with maturity dates:					
Debt securities:					
National and local government bonds, etc.		—	—	—	—
Corporate bonds		200	102	—	248
Other		—	—	—	—
Other		5,000	—	—	—
Cash and deposits		546,082	—	—	—
Trade notes and accounts receivable		343,845	4	—	—
Total		¥896,229	¥107	¥601	¥248

As of March 31, 2018:		Millions of yen			
		Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
Securities:					
Held-to-maturity debt securities:					
National and local government bonds, etc.		¥ 200	¥ —	¥ —	¥ —
Corporate bonds		599	1,099	—	—
Other		200	200	200	—
Available-for-sale securities with maturity dates:					
Debt securities:					
National and local government bonds, etc.		—	—	—	—
Corporate bonds		—	309	—	248
Other		—	—	—	—
Other		105,000	—	—	—
Cash and deposits		181,631	—	—	—
Trade notes and accounts receivable		291,324	17	—	—
Total		¥578,955	¥1,626	¥200	¥248

As of March 31, 2019:	Thousands of U.S. dollars			
	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
Securities:				
Held-to-maturity debt securities:				
National and local government bonds, etc.	\$ –	\$ –	\$ –	\$ –
Corporate bonds	9,909	–	–	–
Other	–	–	5,420	–
Available-for-sale securities with maturity dates:				
Debt securities:				
National and local government bonds, etc.	–	–	–	–
Corporate bonds	1,809	924	–	2,241
Other	–	–	–	–
Other	45,045	–	–	–
Cash and deposits	4,919,665	–	–	–
Trade notes and accounts receivable	3,097,707	42	–	–
Total	\$8,074,136	\$966	\$5,420	\$2,241

(Note 4) Anticipated redemption schedule for bonds, long-term borrowings and other interest-bearing debt subsequent to the fiscal year-end.

As of March 31, 2019:	Millions of yen					
	Within 1 year	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Bonds	¥100,000	¥ 60,000	¥ –	¥ 80,000	¥ 70,000	¥343,260
Long-term borrowings	166,007	224,147	182,932	74,001	96,575	650,094
Short-term borrowings*	326,412	–	–	–	–	–
Total	¥592,420	¥284,147	¥182,932	¥154,001	¥166,575	¥993,354

As of March 31, 2018:	Millions of yen					
	Within 1 year	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Bonds	¥ 60,000	¥100,000	¥ 60,000	¥ –	¥ 80,000	¥ 379,260
Long-term borrowings	175,562	179,211	235,778	187,426	71,430	687,920
Short-term borrowings	370,945	–	–	–	–	–
Total	¥606,507	¥279,211	¥295,778	¥187,426	¥151,430	¥1,067,180

As of March 31, 2019:	Thousands of U.S. dollars					
	Within 1 year	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Bonds	\$ 900,900	\$ 540,540	\$ –	\$720,720	\$ 630,630	\$3,092,432
Long-term borrowings	1,495,565	2,019,343	1,648,039	666,681	870,049	5,856,706
Short-term borrowings	2,940,656	–	–	–	–	–
Total	\$5,337,122	\$2,559,883	\$1,648,039	\$1,387,402	\$1,500,679	\$8,949,139

*Short-term borrowings of ¥599,200 million (\$5,398,198 thousand) succeeded to JERA on April 1, 2019 were not included in anticipated redemption.

7. Marketable Securities and Investments Securities

(a) Held-to-maturity debt securities at March 31, 2019 and 2018 were as follows:

As of March 31, 2019	Millions of yen		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥ –	¥ –	¥ –
Corporate bonds	1,099	1,110	10
Other	601	638	36
Subtotal	1,701	1,748	46
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	–	–	–
Total	¥1,701	¥1,748	¥46

As of March 31, 2018	Millions of yen		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥ 200	¥ 202	¥ 2
Corporate bonds	1,699	1,733	33
Other	400	429	29
Subtotal	2,299	2,365	65
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	200	196	(3)
Subtotal	200	196	(3)
Total	¥2,499	¥2,561	¥61

As of March 31, 2019	Thousands of U.S. dollars		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	\$ –	\$ –	\$ –
Corporate bonds	9,909	10,001	91
Other	5,420	5,751	330
Subtotal	15,330	15,752	422
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	–	–	–
Total	\$15,330	\$15,752	\$422

(b) Available-for-sale securities at March 31, 2019 and 2018 were as follows:

As of March 31, 2019	Millions of yen		
	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:			
Stocks	¥69,053	¥16,965	¥52,087
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	552	499	52
Other	—	—	—
Other	—	—	—
Subtotal	69,605	17,465	52,140
Securities whose acquisition cost exceeds carrying value:			
Stocks	519	594	(75)
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	5,000	5,000	—
Subtotal	5,519	5,594	(75)
Total	¥75,125	¥23,060	¥52,064

As of March 31, 2018	Millions of yen		
	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:			
Stocks	¥74,272	¥17,554	¥56,718
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	557	499	58
Other	—	—	—
Other	—	—	—
Subtotal	74,830	18,054	56,776
Securities whose acquisition cost exceeds carrying value:			
Stocks	261	275	(14)
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	10,000	10,000	—
Subtotal	10,261	10,275	(14)
Total	¥85,091	¥28,329	¥56,761

As of March 31, 2019	Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:			
Stocks	\$622,104	\$152,845	\$469,259
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	4,974	4,503	471
Other	—	—	—
Other	—	—	—
Subtotal	627,079	157,348	469,730
Securities whose acquisition cost exceeds carrying value:			
Stocks	4,677	5,360	(682)
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	45,045	45,045	—
Subtotal	49,722	50,405	(682)
Total	\$676,802	\$207,754	\$469,048

(c) Available-for sale securities that were sold during the year ended March 31, 2019 and 2018 were as follows.

As of March 31, 2019	Millions of yen		
	Sales value	Total profit on sales	Total loss on sales
Stocks	¥496	¥196	¥1
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Total	¥496	¥196	¥1

As of March 31, 2018	Millions of yen		
	Sales value	Total profit on sales	Total loss on sales
Stocks	¥9	¥0	¥9
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Total	¥9	¥0	¥9

As of March 31, 2019	Thousands of U.S. dollars		
	Sales value	Total profit on sales	Total loss on sales
Stocks	\$4,470	\$1,769	\$15
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Total	\$4,470	\$1,769	\$15

(d) Loss on valuation of securities

Loss on valuation of securities of ¥122 million (\$1,105 thousand) and ¥4,005 million was recorded in the years ended March 31, 2019 and 2018, respectively.

8. Investment in Capital of Associated Companies (Especially Amount of Investment to Jointly Controlled Entities)

At March 31, 2019 and 2018, investment in the capital of associated companies (especially the amount of investment to jointly controlled entities) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Investment in capital of associated companies	¥447,090	¥412,573	\$4,027,845
<amount of investment to jointly controlled entities>	<328,485>	<320,507>	<2,959,329>

9. Inventories

Inventories at March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Merchandise and finished products	¥ 779	¥ 746	\$ 7,018
Work-in-process	5,729	4,818	51,619
Raw materials and supplies	84,547	69,492	761,690
Total	¥91,056	¥75,056	\$820,328

The ending balance of inventories reflects reductions in the value of inventories as a result of decreases in profitability. This valuation loss on inventories, which amounted to ¥6 million (\$58 thousand) and ¥7,639 million in the years

ended March 31, 2019 and 2018 respectively, is included in operating expenses.

10. Long-term Debt and Short-term Debt

At March 31, 2019 and 2018, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Bonds:			
Domestic issue:			
0.100% to 4.000%, maturing serially through 2037	¥ 653,259	¥ 679,259	\$ 5,885,224
Loans from the Development Bank of Japan, other banks and insurance companies, maturing serially through 2040	1,393,758	1,537,330	12,556,386
Lease obligations	42,568	42,038	383,499
Subtotal	2,089,587	2,258,628	18,825,109
Less current portion of long-term debt	(272,140)	(241,116)	(2,451,716)
Total	¥1,817,446	¥2,017,512	\$16,373,393

At March 31, 2019 and 2018, all assets of the Company were subject to certain statutory preferential rights as collateral for loans from the Development Bank of Japan in the amount of ¥448,241 million (\$4,038,207 thousand) and ¥343,534 million, respectively, and for bonds (including those assigned under debt assumption agreements) of

¥639,260 million (\$5,759,099 thousand) and ¥770,310 million, respectively.

At March 31, 2019 and 2018, property, plant and equipment of a certain subsidiary pledged as collateral for long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Other property, plant and equipment	¥9,758	¥492	\$87,910
Deferred tax assets	216	—	1,946
Other investments	296	—	2,675
Cash and deposits	1,584	—	14,278
Trade notes and accounts receivable	80	—	725
Other current assets	151	—	1,368

At March 31, 2019 and 2018, assets which were pledged as collateral for long-term loans from financial institutions to investees of certain subsidiaries consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Long-term investments	¥ 108	¥ 73	\$ 979
Long-term investments in subsidiaries and associates	2,370	1,296	21,357

At March 31, 2019 and 2018, short-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Short-term borrowings	¥925,612	¥370,945	\$8,338,854

Short-term borrowings consisted mainly of bank loans bearing an average interest rate of 0.17% per annum at March 31, 2019.

11. Employee Retirement Benefits

The Chubu Electric Group has defined benefit pension plans, lump-sum retirement benefit plans and defined contribution retirement plans. The Company also may

pay premium severance benefits to its retiring employees. Employee retirement benefits at March 31, 2019 and 2018 were as follows:

Defined benefit plans

(a) Movement in retirement benefit obligations except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Balance at the beginning of current period	¥556,291	¥566,932	\$5,011,636
Service cost	17,128	17,360	154,307
Interest cost	4,479	4,571	40,355
Actuarial loss	2,539	1,020	22,877
Benefits paid	(35,252)	(33,564)	(317,590)
Past service costs incurred	(6,652)	—	(59,934)
Other	(4)	(28)	(36)
Balance at the end of current period	¥538,529	¥556,291	\$4,851,613

(b) Movement in plan assets except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Balance at the beginning of current period	¥397,799	¥403,635	\$3,583,776
Expected return on plan assets	6,964	7,014	62,740
Actuarial loss	(2,938)	(387)	(26,474)
Contributions paid by the employer	9,281	9,310	83,615
Benefits paid	(22,988)	(21,772)	(207,102)
Other	(2)	(1)	(20)
Balance at the end of current period	¥388,115	¥397,799	\$3,496,534

(c) Movement in liability for retirement benefits of defined benefit plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Balance at the beginning of current period	¥4,981	¥4,941	\$44,878
Retirement benefit costs	904	793	8,152
Benefits paid	(697)	(728)	(6,284)
Contributions paid by the employer	(51)	(51)	(460)
Other	1	26	12
Balance at the end of current period	¥5,139	¥4,981	\$46,300

(d) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits, including plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Funded retirement benefit obligations	¥ 390,476	¥ 405,375	\$ 3,517,808
Plan assets	(389,399)	(399,113)	(3,508,102)
	1,077	6,262	9,706
Unfunded retirement benefit obligations	154,475	157,211	1,391,672
Total net liability for retirement benefits	155,553	163,474	1,401,379
Liability for retirement benefits	170,818	182,130	1,538,909
Asset for retirement benefits	(15,265)	(18,656)	(137,530)
Total net liability for retirement benefits	¥ 155,553	¥ 163,474	\$ 1,401,379

(e) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Service cost	¥17,128	¥17,360	\$154,307
Interest cost	4,479	4,571	40,355
Expected return on plan assets	(6,964)	(7,014)	(62,740)
Net actuarial gain and loss amortization	5,940	(1,597)	53,515
Prior service costs amortization	(72)	(35)	(655)
Retirement benefit costs based on the simplified method	904	793	8,152
Other	174	4,012	1,568
Total retirement benefit costs	¥21,589	¥18,090	\$194,502

(f) Adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Prior service costs amortization	¥6,581	¥ (35)	\$59,292
Net actuarial gain and loss amortization	460	(3,004)	4,149
Total balance	¥7,042	¥(3,039)	\$63,442

(g) Accumulated adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Past service costs that are yet to be recognized	¥ (6,651)	¥ (70)	\$ (59,924)
Actuarial gains and losses that are yet to be recognized	19,769	20,230	178,107
Total balance	¥13,118	¥20,160	\$118,183

(h) Plan assets

(1) Plan assets comprise:

	March 31, 2019	March 31, 2018
Bonds	44%	46%
General accounts of life insurance companies	32%	30%
Stock	14%	13%
Other	10%	11%
Total	100%	100%

(2) Long-term expected rate of return

Asset allocation, historical returns, operating policy, marketing trends and other have been considered in determining the long-term expected rate of return.

(i) Actuarial assumptions

The principle actuarial assumptions at March 31, 2019 and 2018 were as follows:

	March 31, 2019	March 31, 2018
Discount rate		
(Company)	0.9%	0.9%
(Subsidiaries)	0.1–0.8%	0.1–0.8%
Long-term expected rate of return		
(Company)	1.7%	1.7%
(Subsidiaries)	2.0%–2.3%	1.8–2.0%

Defined contribution plans

Contributions to defined contribution plans required by the Company and its subsidiaries amounted to ¥2,592 million (\$23,351 thousand) and ¥2,614 million at March 31, 2019 and 2018, respectively.

12. Lease Transactions**(a) Lessee**

Future lease payments under noncancelable operating leases at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Within 1 year	¥ 41	¥ 43	\$375
Over 1 year	57	98	515
Total	¥ 98	¥142	\$890

(b) Lessor

Future lease commitments to be received under noncancelable operating leases at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Within 1 year	¥196	¥193	\$1,773
Over 1 year	227	402	2,053
Total	¥424	¥595	\$3,827

13. Asset Retirement Obligations**(a) Overview of Asset Retirement Obligations**

Asset retirement obligations are recorded mainly in conjunction with measures to decommission specified nuclear power plants under the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" (Act No. 166 of June 10, 1957). The asset retirement cost corresponding to the asset retirement obligations in relation to the decommissioning of specified nuclear power plants is recorded in tangible fixed assets based on the estimated total cost of decommissioning the nuclear power plants and is expensed based on the straight-line method over the period (the operational period plus the safe storage period) in accordance with "Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989).

(Additional information)

On April 1, 2018, "Ordinance for Partial Revision of the Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants" (Ordinance of the Ministry of Economy, Trade and Industry No. 17 of March 30, 2018) came into effect, and "Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants" (Ordinance of the Ministry of International Trade and Industry No. 30 of May 25, 1989) was revised. As a result, from the date of enforcement, the cost shall be expensed based on the straight-line method over the operational period.

(b) Method for calculating monetary amounts of asset retirement obligations

With regard to the decommissioning of specified nuclear power plants, the monetary amount of asset retirement obligations is calculated based on a discount rate of 2.3% and the relevant period (the operational period) as prescribed by "Ministerial Ordinance for the Setting of Reserves for the Decommissioning of Nuclear Power Plants" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989). If the monetary amount of

asset retirement obligations calculated in accordance with the "Ministerial Ordinance for the Setting of Reserves for the Decommissioning of Nuclear Power Plants" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989) exceeds the monetary amount calculated by the previous method, the monetary amount calculated according to the Ministerial Ordinance as obligations will be recorded.

(c) Net increase (decrease) in asset retirement obligations for the fiscal year

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Balance at beginning of year	¥209,178	¥206,812	\$1,884,494
Reductions due to execution of asset retirement obligations	(1,341)	(418)	(12,082)
Impact from change in expected use period*	32,979	—	297,113
Other	8,595	2,784	77,437
Balance at end of year	¥249,412	¥209,178	\$2,246,962

* The expected use period used to calculate the asset retirement obligation for the decommissioning of a specified nuclear power generation facility was the operation period plus the safe storage period. However since April 1, 2018, the date of enactment of the Ministerial Ordinance which revised a part of the Ministerial Ordinance, etc., (Ordinance of the Ministry of Economy, Trade and Industry No. 17 of March 30, 2018), the expected use period has been changed to the operation period. As a result, the amount corresponding to the relevant impact of this change is stated.

14. Derivatives

The Chubu Electric Group enters into derivative financial instruments, including interest rate swaps, foreign exchange forward contracts, currency swaps. The Chubu

Electric Group's derivative financial instruments outstanding at March 31, 2019 and 2018 were as follows:

(a) Derivatives for which hedge accounting is not applied

(1) Currency related

Not applicable

(2) Interest rate related

Not applicable

(3) Commodity related

Not applicable

(b) Derivatives for which hedge accounting is applied

As of March 31, 2019		Millions of yen		
		Contract amount		Fair value
		Total	More than 1 year	
Hedged items				
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	¥ 20,050	¥ 19,521	¥ 1,001
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings and short-term borrowings	212,216	153,197	(2,672)
Receive fixed, pay floating	Long-term borrowings and short-term borrowings	—	—	—
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps:	Bonds	20,000	—	*
Foreign exchange forward contracts:				
Long position	Accounts payable	196	—	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	14,720	13,080	*
Total		¥ —	¥ —	¥(1,671)

As of March 31, 2018		Millions of yen		
		Contract amount		Fair value
		Total	More than 1 year	
Hedged items				
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	¥ 12,827	¥ 12,827	¥ (631)
Interest rate swaps:				
Receive floating, pay fixed	Bonds and long-term borrowings	288,500	202,500	(3,768)
Receive fixed, pay floating	Bonds and long-term borrowings	50,000	—	1,130
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps:	Bonds	20,000	20,000	*
Foreign exchange forward contracts:				
Long position	Accounts payable	2,028	—	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	16,414	14,720	*
Total		¥ —	¥ —	¥(3,268)

As of March 31, 2019		Thousands of U.S. dollars		
		Contract amount		Fair value
		Total	More than 1 year	
Hedged items				
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	\$ 180,639	\$ 175,868	\$ 9,019
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings and short-term borrowings	1,911,862	1,380,153	(24,075)
Receive floating, pay floating	Long-term borrowings and short-term borrowings	—	—	—
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps:	Bonds	180,180	—	*
Foreign exchange forward contracts:				
Long position	Accounts payable	1,773	—	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	132,612	117,837	*
Total		\$ —	\$ —	\$(15,056)

*For the allocation method of currency swaps etc., and the special treatment of interest rate swaps, the fair value was included in fair value of the respective hedged items.
 (Note) The fair values of derivative transactions are the quoted prices obtained from the financial institutions.

15. Contingent Liabilities

As of March 31, 2019 and 2018, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Guarantees of bonds and loans of companies and others:			
Japan Nuclear Fuel Limited	¥102,079	¥108,731	\$919,637
Guarantees of housing and other loans for employees	50,155	56,061	451,854
The Japan Atomic Power Company	38,095	38,095	343,200
Cricket Valley Energy Partners LLC*	31,473	21,701	283,541
Ichthys LNG Pty Ltd.*	11,788	12,612	106,200
MT Falcon Holdings Company, S.A.P.I. de C.V.*	7,697	8,693	69,343
PT.Cirebon Energi Prasarana*	4,620	3,271	41,629
Phoenix Power Company SAOG*	2,069	1,811	18,648
Compania de Generacion Valladolid, S. de R.L. de C.V.*	1,564	1,749	14,093
Rakuten Trust Co., Ltd	1,247	1,405	11,234
Mesaieed Power Company Limited*	975	929	8,784
Ras Girtas Power Company*	873	836	7,870
Tahara Solar Co., Ltd.	300	339	2,702
Suzukawa Energy Center Ltd.	259	259	2,338
Guarantees related to other contracts:			
JERA Energy America LLC*	32,963	17,307	296,970
MT Falcon Holdings Company, S.A.P.I. de C.V.*	3,837	3,987	34,575
Compania de Generacion Valladolid, S. de R.L. de C.V.*	1,120	1,072	10,090
Yonago Biomass Power Generation LLC	1,008	0	9,081
Diamond Power Corporation	810	810	7,298
Phoenix Operation and Maintenance Company LLC*	504	482	4,540
PT.Cirebon Energi Prasarana*	256	246	2,313
Phoenix Power Company SAOG*	188	198	1,702
Goreway Power Station Holdings Inc.*	126	629	1,138
JERA Americas Inc.*	0	4	8
Recourse under debt assumption agreements	0	91,050	0

* With regard to ¥95,409 million (\$859,548) of the contingent liabilities in the table above as of March 31, 2019 and ¥70,074 million as of March 31, 2018, the Company has concluded an agreement with JERA Co., to compensate the Company for any loss arising from a debt guarantee.

16. Net Assets

The authorized number of shares of common stock without par value is 1,190 million. At both March 31, 2019 and 2018, the number of shares of common stock issued was 758,000,000. At March 31, 2019 and 2018, the number of shares of treasury stock held by the Chubu Electric Group was 1,360,581 and 1,289,738, respectively.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 26, 2019, the shareholders approved cash dividends amounting to ¥18,918 million (\$170,433 thousand) or ¥25 per share. The dividend of surplus was not recorded in the consolidated financial statements as of March 31, 2019. Such dividends of surplus are recognized in the period in which they are approved by the shareholders.

17. Income Taxes

(a) The tax effects of temporary differences that give rise to deferred tax assets and liabilities at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Deferred tax assets:			
Liability for retirement benefits	¥ 48,555	¥ 51,854	\$ 437,437
Asset retirement obligations	42,627	33,352	384,028
Depreciation of easement rights	32,821	30,646	295,688
Depreciation	30,866	34,252	278,072
Intercompany unrealized profits	19,575	19,175	176,357
Impairment loss	17,868	19,366	160,981
Reprocessing of irradiated nuclear fuel	13,845	13,899	124,737
Other	80,034	79,532	721,030
Total gross deferred tax assets	286,195	282,080	2,578,333
Less valuation allowance	(50,660)	(50,715)	(456,401)
Total deferred tax assets	235,534	231,365	2,121,931
Deferred tax liabilities:			
Asset retirement costs corresponding to asset retirement obligations	16,157	7,130	145,560
Net unrealized gains on available-for-sale securities	13,060	14,322	117,662
Other	10,832	12,478	97,591
Total deferred tax liabilities	40,050	33,931	360,815
Net deferred tax assets	¥195,483	¥197,433	\$1,761,116

(b) A reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2019 and 2018

The reconciliations for 2019 and 2018 have been omitted because the difference between the statutory income tax rate and the effective income tax rate for each of the years

ended March 31, 2019 and 2018 was 5% or less of the statutory income tax rate.

18. Operating Expenses

Operating expenses in the electricity business for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Salaries	¥ 132,037	¥ 130,933	\$ 1,189,523
Retirement benefits	22,349	14,834	201,349
Fuel	814,314	713,618	7,336,168
Subcontracting fees	83,257	99,794	750,069
Power purchased from other suppliers	458,354	393,946	4,129,320
Levy under act on purchase of renewable energy sourced electricity	295,711	276,729	2,664,069
Other	758,197	799,979	6,830,612
Subtotal	2,564,223	2,429,835	23,101,113
Adjustment	(24,598)	(14,719)	(221,607)
Total	¥2,539,625	¥2,415,115	\$22,879,505

19. Impairment Loss

Impairment loss for the year ended March 31, 2018 was as follows:

(a) Asset grouping methods

In principle, the Chubu Electric Power Group groups assets according to units in which their cash flow is examined regularly. However, idle assets and important assets that

are earmarked for disposal and have no alternative investment scheduled form their own standalone asset groups. The main grouping methods are as shown below:

(1) Fixed assets used in the electricity business

Type of assets	Units of grouping
Hydroelectric power generation business Thermal power generation business Nuclear power generation business Renewable energy power generation business	Mainly by business unit
Other business	Mainly by in-house company

(2) Fixed assets used in other business operations

Grouped by business and location, in principle.

(Additional information)

• Review of asset grouping

The grouping method for (1) Fixed assets used in the electricity business had categorized all applicable assets into one asset group as the assets for electricity operations from power generation to electricity sales form a single network with the cash-flow accounted for the entire business. However, the grouping has been changed from this fiscal year due to changes in the units identifying cash flow

following the compilation of a business plan that reflects organizational restructuring aimed at building a self-regulating business structure capable of responding flexibly and swiftly to changes in the environment surrounding the energy business. This change has resulted in the reduction of income before taxes by ¥20,834 million (\$196,093 thousand) compared to the income level calculated using the previous method. There has been no change to the grouping of (2) Fixed assets used in other business operations.

(b) Assets and asset grouping recognizing impairment loss

Use	Location	Type	Impairment loss	
			Millions of yen	U.S. dollars
Power generation facilities such as those scheduled to be discontinued (fixed assets used in the electricity business)	Owase-Mita thermal power plant (Owase, Mie) and 4 other assets or asset groups	Buildings, structures, machinery and equipment	21,504	202,399
Idle assets, etc., whose future use is undecided (other fixed assets)	Shimizu power plant building site (Shizuoka, Shizuoka) and 20 other assets or asset groups	Land, buildings, structures, machinery and equipment	1,851	17,425
Total			23,356	219,824

Breakdown by fixed asset type

Buildings	¥1,567 million (\$14,754 thousand)
Structures	¥3,088 million (\$29,070 thousand)
Machinery and equipment	¥17,577 million (\$165,434 thousand)
Others	¥1,122 million (\$10,565 thousand)

(c) Background to the recognition of impairment loss

The assets earmarked for disposal show a significant drop in market value or have been idle with no specific construction plan or outlook for future use. The assets or asset groups that were deemed to have difficulty in

recovering have had their book values reduced to recoverable amounts. The amount of reduction (¥23,356 million) has been recorded as impairment loss.

(d) Calculating the recoverable amounts

The recoverable amounts have been determined based on net realizable value and value in use. Value in use was calculated by applying discount rates based on the Company's capital cost to future cash flows. Net realizable value

was calculated by rationally estimating the asset's expected sale value. If alternative use or sale was considered unlikely, the asset's net realizable value was set at zero.

20. Accounting Standards for Presentation of Comprehensive Income

Amounts reclassified as net loss is the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each

component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Net unrealized loss on available-for-sale securities:			
Decrease during the year	¥(4,388)	¥ (793)	\$(39,540)
Reclassification adjustments	(188)	(139)	(1,698)
Subtotal, before tax	(4,577)	(932)	(41,238)
Tax benefit	1,261	250	11,368
Subtotal, net of tax	(3,315)	(682)	(29,869)
Net deferred gain on hedging instruments:			
Increase (decrease) during the year	1,304	(564)	11,755
Reclassification adjustments	1,018	1,224	9,174
Subtotal, before tax	2,323	660	20,930
Tax expense	(643)	(179)	(5,798)
Subtotal, net of tax	1,679	481	15,132
Foreign currency translation adjustments:			
(Decrease) increase during the year	(168)	1,456	(1,522)
Subtotal, net of tax	(168)	1,456	(1,522)
Adjustments for retirement benefits:			
Increase (decrease) during the year	782	(1,394)	7,050
Reclassification adjustments	6,259	(1,644)	56,392
Subtotal, before tax	7,042	(3,039)	63,442
Tax (expense) benefit	(2,132)	810	(19,214)
Subtotal, net of tax	4,909	(2,229)	44,227
Share of other comprehensive income of affiliates accounted for using equity method:			
Decrease during the year	(2,503)	(6,438)	(22,552)
Reclassification adjustments	576	1,699	5,195
Acquisition cost adjustment for assets	404	483	3,645
Subtotal, net of tax	(1,522)	(4,256)	(13,711)
Total other comprehensive income	¥ 1,582	¥(5,229)	\$ 14,256

21. Related Party Transactions

(a) Significant transactions of the Company and its subsidiaries with unconsolidated subsidiaries and affiliates for the years ended March 31, 2019 and 2018 were as follows:

JERA Co., Inc. (an affiliate)

JERA Co., Inc. operates in the fuel business and power generation infrastructure businesses both in Japan and abroad. The Company has a 50% share of the voting

rights in JERA Co., Inc. Its involvement with JERA Co., Inc. includes fuel purchases and interlocking directors. The terms of fuel purchases are determined after due consideration of market conditions and negotiations.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
The Company's transactions during the year:			
Transaction amounts	¥713,589	¥613,396	\$6,428,730
Balances at the fiscal year-end:			
Other current liabilities	39,442	22,140	355,333

(b) Notes concerning the parent company and important affiliates

Important affiliates' financial summary

In this consolidated accounting year, JERA is an important affiliate. The company's consolidated financial summary is as shown below:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Total current assets	¥ 610,565	¥ 596,094	\$ 5,500,585
Total noncurrent assets	646,928	493,099	5,828,180
Total current liabilities	264,269	266,877	2,380,808
Total noncurrent liabilities	380,050	242,121	3,423,875
Total net assets	613,173	580,194	5,524,083
Operating revenues	2,780,725	2,235,189	25,051,584
Income before income taxes	34,145	52,658	307,614
Net income attributable to owners of parent	22,598	38,918	203,589

22. Business Combinations

(a) Business combinations of entities under common control

The June 2015 amendment of the Electricity Business Act stipulates that electric utilities be legally split into the power generation and retail business, and the transmission and distribution business by April 2020 in order to secure greater neutrality of the power transmission and distribution sector. Retail electricity operators will accelerate collaboration with a broader range of businesses to achieve autonomous business expansion and improvement in their standards of service.

To this end, at the Board of Directors' meeting held on April 26, 2019, the Company resolved that it would enter into an absorption-type company split agreement with Chubu Electric Power Transmission and Distribution

Business Split Preparation Company and Chubu Electric Power Retail Electricity Business Split Preparation Company (the Absorption-Type Split) to the effect that each successor company would succeed the Company's general transmission and distribution business and electricity retail businesses by way of company split. The Absorption-Type Split involving the general transmission and distribution business was approved by resolution at the ordinary session of the General Shareholders' Meeting convened on June 26, 2019.

The Absorption-Type Split requires obtaining the approval of the relevant government authorities.

(1) Outline of transactions

1) Name of the target business and details of the relevant business

Successor company	Business to be divided
Chubu Electric Power Transmission and Distribution Business Split Preparation Company	General transmission and distribution business, telecommunications business and any associated businesses
Chubu Electric Power Retail Electricity Business Split Preparation Company	Electricity retail business, gas business and any associated businesses

2) Date of business combination

April 1, 2020 (scheduled)

3) Legal form of business combination

In this absorption-type split, the Company is to be the splitting company, and the Company's wholly-owned subsidiary, Chubu Electric Power Transmission and Distribution Business Split Preparation Company and Chubu Electric Power Retail Electricity Business Split Preparation Company, is to be the successor company.

4) Company name after business combination

Chubu Electric Power Transmission and Distribution Business Split Preparation Company
Chubu Electric Power Retail Electricity Business Split Preparation Company

(Note) The tradenames of the successor companies are due to be changed as of April 1, 2020.

5) Other matters concerning the outline of transactions

a. Operating results of sectors to be divided for the fiscal year ended March 31, 2019

Business to be divided	Sales of business subject to division (a)	Sales of the Company on its own (b)	Ratio (a/b)
General transmission and distribution business, telecommunications business and any associated businesses	¥127,820 million (\$1,151,538 thousand)	¥2,743,024 million (\$24,711,929 thousand)	4.66%
Electricity retail business, gas business and any associated businesses	¥2,555,482 million (\$23,022,363 thousand)	¥2,743,024 million (\$24,711,929 thousand)	93.16%

(Note) External sales figures are listed.

b. Assets and liabilities' items and amount to be divided (as of the end of March 31, 2019)

(i) Assets and liabilities' items and amount to be divided into Chubu Electric Power Transmission and Distribution Business Split Preparation Company

Assets		Liabilities	
Item	Book value	Item	Book value
Noncurrent Assets	¥2,107,505 million (\$18,986,533 thousand)	Noncurrent Liabilities	¥106,161 million (\$956,411 thousand)
Current Assets	¥27,936 million (\$251,680 thousand)	Current Liabilities	¥115,202 million (\$1,037,860 thousand)
Total	¥2,135,441 million (\$19,238,214 thousand)	Total	¥221,364 million (\$1,994,271 thousand)

(ii) Assets and liabilities' items and amount to be divided into Chubu Electric Power Retail Electricity Business Split Preparation Company

Assets		Liabilities	
Item	Book value	Item	Book value
Noncurrent Assets	¥39,622 million (\$356,963 thousand)	Noncurrent Liabilities	¥9,717 million (\$87,543 thousand)
Current Assets	¥248,456 million (\$2,238,348 thousand)	Current Liabilities	¥112,867 million (\$1,016,821 thousand)
		Reserves under the special laws	¥22,446 million (\$202,221 thousand)
Total	¥288,079 million (\$2,595,311 thousand)	Total	¥145,031 million (\$1,306,587 thousand)

(Note) The assets and liabilities to be actually divided shall be the amounts that have any increase or decrease to be incurred up to the day before the effectuation date reflected to the above figures.

c. The Company's status after the absorption-type split (April 1, 2020 (scheduled))

	Split company
Corporate name	Chubu Electric Power Co., Inc.
Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
Representative	Satoru Katsuno, President and Director
Business	Management of associated companies, nuclear power and renewable energy businesses, etc.
Capital	¥430,777 million (\$3,880,877 thousand)
Fiscal year end	March 31

d. Successor company's status after the absorption-type split (April 1, 2020 (scheduled))

	Successor company
Corporate name	Chubu Electric Power Transmission and Distribution Business Split Preparation Company
Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
Representative	Yaoji Ichikawa, President and Director
Business	General transmission and distribution business, telecommunication business, etc.
Capital	¥40,000 million (\$360,360 thousand)
Fiscal year end	March 31

	Successor company
Corporate name	Chubu Electric Power Retail Electricity Business Split Preparation Company
Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
Representative	Kingo Hayashi, President and Director
Business	Electricity retail business, gas business, etc.
Capital	¥4,000 million (\$36,036 thousand)
Fiscal year end	March 31

(Note) The tradenames of the successor companies are due to be changed as of April 1, 2020.

(2) Outline of accounting treatment applied

Following the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and business separations" (ASBJ Guidance No. 10, issued on January 16, 2019), this business combination will be accounted for as a business combinations of entities under common control.

(b) Formation of a jointly controlled entity

At the Board of Directors' meeting held on May 9, 2018, the Company resolved that it would enter into an absorption-type company split agreement with JERA Co., Inc. (hereinafter, "JERA") to the effect that JERA would integrate the Company's fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses (hereinafter "the Business") by way of a company split. The General Shareholders' Meeting convened on June 27, 2018 approved the agreement for the Absorption-Type Split. Accordingly, the Company had JERA succeed this business as of April 1, 2019.

Concurrently, JERA concluded a separate absorption-type company split agreement with TEPCO Fuel & Power, Inc. (hereinafter, "TEPCO FP") so that JERA succeeded the TEPCO FP's fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses on April 1, 2019.

(1) Outline of transactions

1) Name of the target business and details of the relevant business

Gas/LNG sales business, LNG acceptance/storage/gas transmission business, the existing thermal power generation business, replacement and new establishment of the existing thermal power generation plants and related businesses.

2) Date of business combination

April 1, 2019

3) Legal form of business combination

Absorption-type company split to be implemented by the Company as a split company and JERA as a successor company.

4) Company name after business combination

JERA Co., Inc.

5) Other matters concerning the outline of transactions

On June 8, 2017, the Company concluded a Joint-Venture Agreement with TEPCO FP with the aim of integrating their fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses, etc., into JERA (hereinafter "the integration"). In addition, on February 27, 2018, the Company reached a related agreement with TEPCO (hereinafter, "Related Agreement") which determined terms and conditions and procedural matters concerning the integration. Based on the agreement, it was decided that JERA would integrate the businesses.

6) Reason for judging it a jointly controlled entity

In establishing this jointly controlled entity, the Company and TEPCO concluded a joint venture agreement under which both companies would jointly control JERA and other related agreements and have decided to pay for the business combination entirely with shares with voting rights. There exists no other circumstances indicating controlling relationships. Accordingly, in our opinion, this business combination was formed as a jointly controlled entity.

(2) Outline of Accounting Treatment Applied

Following the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and business separations" (ASBJ Guidance No. 10, issued on January 16, 2019), this business combination will be accounted for as a formation of a jointly controlled entity.

23. Segment Information

The reporting segments are constituent business units of the Chubu Electric Power Group for which separate financial information is obtained and examined regularly by the Board of Directors of the Company to evaluate business performance. The Group's core operations are based on the twin pillars of the Electric Power business and the Energy business, which mainly entails the supply of gas and on-site energy. Our business activities also include the application of our know-how (developed in the domestic sector) to energy projects overseas, construction for the development and maintenance of electric utilities related facilities, and the manufacturing of materials and machinery for these facilities. Additionally, amid drastic changes in the business environment, the company system was introduced and three companies—"Power Generation," "Power Network," and "Customer Service & Sales"—were

formed in April 2016 for the purpose of building an autonomous business structure that enables swift and flexible response in the power generation, power transmission/distribution and retail business fields.

Under the above system, "Power Generation," "Power Network," and "Customer Service & Sales" were arranged as report segments.

["Power Generation"]

Provision of electric power from thermal and renewable energies

["Power Network"]

Provision of electric power network services

["Customer Service & Sales"]

Operation of comprehensive energy services focused on gas and power

Information by segment for the years ended March 31, 2019 and 2018 was as follows.

Year ended March 31, 2019	Millions of yen							
	Power Generation	Power Network	Customer Service & Sales	Subtotal	Other	Total	Adjustment	Consolidated
Operating revenues:								
External customers	¥ 51,038	¥ 123,078	¥2,646,016	¥2,820,132	¥ 214,950	¥3,035,082	¥ –	¥3,035,082
Intersegment	1,101,938	623,343	103,534	1,828,815	485,515	2,314,331	(2,314,331)	–
Total	1,152,976	746,421	2,749,550	4,648,948	700,465	5,349,414	(2,314,331)	3,035,082
Operating income	¥ 7,480	¥ 53,038	¥ 65,020	¥ 125,539	¥ 5,899	¥ 131,438	¥ (5,514)	¥ 125,924
Total assets	¥1,187,408	¥2,118,020	¥ 359,164	¥3,664,593	¥2,589,136	¥6,253,730	¥ (266,203)	¥5,987,526
Depreciation and amortization	93,363	124,630	6,235	224,229	36,554	260,783	(4,317)	256,465
Increase in tangible and intangible fixed assets	116,925	114,686	17,257	248,870	84,673	333,543	(6,422)	327,120

Year ended March 31, 2018	Millions of yen							
	Power Generation	Power Network	Customer Service & Sales	Subtotal	Other	Total	Adjustment	Consolidated
Operating revenues:								
External customers	¥ 47,509	¥ 85,785	¥2,527,909	¥2,661,204	¥ 192,105	¥2,853,309	¥ –	¥2,853,309
Intersegment	1,050,138	658,893	105,983	1,815,016	514,021	2,329,037	(2,329,037)	–
Total	1,097,648	744,678	2,633,893	4,476,220	706,126	5,182,347	(2,329,037)	2,853,309
Operating income (loss)	¥ 38,274	¥ 55,268	¥ 38,145	¥ 131,687	¥ 7,134	¥ 138,822	¥ (2,317)	¥ 136,505
Total assets	¥1,146,610	¥2,153,319	¥ 251,114	¥3,551,044	¥2,265,668	¥5,816,713	¥ (287,304)	¥5,529,408
Depreciation and amortization	99,159	127,624	6,069	232,854	39,066	271,920	(4,092)	267,828
Impairment loss	20,836	745	–	21,581	1,775	23,356	–	23,356
Increase in tangible and intangible fixed assets	134,939	118,540	11,460	264,940	84,973	349,913	(6,170)	343,743

Year ended March 31, 2019	Thousands of U.S. dollars							
	Power Generation	Power Network	Customer Service & Sales	Subtotal	Other	Total	Adjustment	Consolidated
Operating revenues:								
External customers	\$ 459,802	\$ 1,108,811	\$23,837,983	\$25,406,598	\$ 1,936,488	\$27,343,086	\$ —	\$27,343,086
Intersegment	9,927,369	5,615,706	932,741	16,475,817	4,374,015	20,849,833	(20,849,833)	—
Total	10,387,172	6,724,518	24,770,725	41,882,416	6,310,503	48,192,919	(20,849,833)	27,343,086
Operating income	\$ 67,391	\$ 477,820	\$ 585,773	\$ 1,130,985	\$ 53,148	\$ 1,184,133	\$ (49,678)	\$ 1,134,455
Total assets	\$10,697,371	\$19,081,270	\$ 3,235,713	\$33,014,355	\$23,325,555	\$56,339,910	\$ (2,398,230)	\$53,941,680
Depreciation and amortization	841,111	1,122,793	56,176	2,020,081	329,317	2,349,399	(38,897)	2,310,501
Increase in tangible and intangible fixed assets	1,053,385	1,033,211	155,475	2,242,072	762,822	3,004,895	(57,861)	2,947,034

(a) Method for calculating operating revenues, income, assets and other amounts for each reporting segment

The accounting treatment and methods used for the reporting segments are consistent with the accounting treatment and methods described in Note 2, Summary of Significant Accounting Policies. Segment income for each reporting segment is presented on an operating income

basis. Intersegment internal sales and transfers are, in principle, calculated in accordance with internal transaction prices that are based on costs.

(b) Information about products and services

The Company has omitted a disclosure of information for sales of a single product/service category to external

customers which accounted for more than 90% of all sales in the consolidated statements of income.

(c) Information by geographic regions

(1) Operating revenues

The Company has omitted a disclosure of information for operating revenues because operating revenues to external customers in Japan accounted for more than 90% of the

operating revenues reported in the consolidated statements of income.

(2) Property, plant and equipment

The Company has omitted a disclosure of information for property, plant and equipment because property, plant and equipment in Japan accounted for more than 90% of the

property, plant and equipment reported in the consolidated balance sheets.

(d) Information about major customers

The Company has not disclosed information about major customers because no customer contributed 10% or more to operating revenues in the consolidated statements of income.

(e) Impairment loss

The Company has omitted information by segment on impairment loss due to the negligible importance of this information for the year ended March 31, 2019.

Year ended March 31, 2018	Millions of yen / Thousands of U.S. dollars						
	Power Generation	Power Network	Customer Service & Sales	Subtotal	Other	Elimination or Corporate	Total
Impairment loss	¥20,836	¥745	¥—	¥21,581	¥1,775	¥—	¥23,356
Impairment loss	\$196,104	\$7,013	\$—	\$203,118	\$16,706	\$—	\$219,824

(f) Amortization of goodwill and the unamortized balance

The Company has omitted information by segment on amortization of goodwill and the unamortized balance due to the negligible importance of this information.

(g) Gain arising from negative goodwill

Not applicable

Independent Auditor's Report



Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Chubu Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statements of income, statements of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material 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 accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, 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, we consider 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, while the objective of the financial statement audit is 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 present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 22 to the consolidated financial statements. The Company entered into absorption-type company split agreement with Chubu Electric Power Transmission and Distribution Business Split Preparation Company and Chubu Electric Power Retail Electricity Business Split Preparation Company on April 26, 2019.

We draw attention to Note 22 to the consolidated financial statements. The company had the Company's fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses succeeded by JERA on April 1, 2019.

Our opinion is not modified in respect of these matters.

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2019 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 26, 2019
Nagoya, Japan

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Nonconsolidated Balance Sheets

Chubu Electric Power Company, Incorporated
As of March 31, 2019 and 2018

ASSETS	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Property, Plant and Equipment:			
Property, plant and equipment, at cost	¥13,386,568	¥13,420,091	\$120,599,719
Construction in progress	409,861	317,907	3,692,449
	13,796,430	13,737,998	124,292,169
Less:			
Contributions in aid of construction	(185,985)	(180,675)	(1,675,549)
Accumulated depreciation	(10,022,860)	(10,016,180)	(90,296,043)
	(10,208,846)	(10,196,855)	(91,971,592)
Total Property, Plant and Equipment, Net	3,587,583	3,541,143	32,320,576
Nuclear Fuel:			
Loaded nuclear fuel	40,040	40,040	360,721
Nuclear fuel in processing	144,573	139,715	1,302,460
Total Nuclear Fuel	184,613	179,755	1,663,182
Investments and Other Assets:			
Long-term investments	566,938	538,208	5,107,556
Deferred tax assets	157,930	159,683	1,422,799
Other	34,231	38,093	308,393
Allowance for doubtful accounts	(351)	(366)	(3,166)
Total Investments and Other Assets	758,749	735,619	6,835,582
Current Assets:			
Cash and deposits	486,867	127,538	4,386,193
Trade notes and accounts receivable	260,161	218,149	2,343,794
Allowance for doubtful accounts	(1,758)	(1,590)	(15,842)
Supplies	80,894	66,035	728,782
Other	45,744	134,565	412,111
Total Current Assets	871,909	544,698	7,855,039
Total Assets	¥ 5,402,856	¥ 5,001,216	\$ 48,674,380

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Noncurrent Liabilities:			
Long-term loans payable	¥1,679,041	¥1,925,313	\$15,126,495
Net defined benefit liability	121,279	124,608	1,092,604
Provision for loss in conjunction with discontinued operations of nuclear power plants	8,174	9,211	73,640
Asset retirement obligations	244,497	205,121	2,202,680
Other	154,142	148,252	1,388,671
Total Noncurrent Liabilities	2,207,134	2,412,507	19,884,093
Current Liabilities:			
Current portion of noncurrent liabilities	271,736	244,199	2,448,080
Short-term loans payable	911,190	337,750	8,208,918
Notes and accounts payable - trade	67,232	69,687	605,697
Other	443,109	469,577	3,991,974
Total Current Liabilities	1,693,268	1,121,215	15,254,671
Reserve for Fluctuation in Water Levels	22,446	22,446	202,221
Total Liabilities	3,922,849	3,556,169	35,340,986
Net Assets:			
Capital stock	430,777	430,777	3,880,877
Capital surplus	70,689	70,689	636,846
Retained earnings	947,793	912,040	8,538,684
Treasury shares, at cost	(1,951)	(1,834)	(17,584)
Total Shareholders' Equity	1,447,309	1,411,673	13,038,823
Valuation and translation adjustments	32,697	33,373	294,569
Total Net Assets	1,480,006	1,445,047	13,333,393
Total Liabilities and Net Assets	¥5,402,856	¥5,001,216	\$48,674,380

Nonconsolidated Statements of Income

Chubu Electric Power Company, Incorporated
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Operating Revenues	¥2,743,024	¥2,597,164	\$24,711,929
Operating Expenses:			
Fuel	814,314	713,618	7,336,168
Salaries and employee benefits	189,169	181,094	1,704,226
Purchased Power	469,567	405,386	4,230,335
Maintenance	163,208	184,974	1,470,347
Depreciation	236,082	247,412	2,126,866
Taxes other than income taxes	121,412	120,314	1,093,809
Other	643,712	629,656	5,799,213
Total Operating Expenses	2,637,467	2,482,456	23,760,967
Operating Income	105,556	114,708	950,962
Other (Income) Expenses:			
Interest expense	22,449	25,109	202,243
Impairment loss	—	22,310	—
Other, net	(5,925)	(2,300)	(53,381)
Total Other Expenses, Net	16,523	45,119	148,862
Income Before Provision of Reserve for Fluctuation in Water Levels and Income Taxes	89,033	69,588	802,099
Reversal of Reserve for Fluctuation in Water Levels	—	(19)	—
Income Before Income Taxes	89,033	69,607	802,099
Income Taxes:			
Current	21,054	25,551	189,678
Deferred	1,954	(4,479)	17,608
Total Income Taxes	23,008	21,072	207,286
Net Income	¥ 66,024	¥ 48,535	\$ 594,812

	Yen		U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Per Share of Capital Stock:			
Net income - basic	¥87.25	¥64.10	\$0.78
Cash dividends	45.00	35.00	0.40

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Corporate Data (As of March 31, 2019)

Corporate Profile

Corporate name:	Chubu Electric Power Company, Incorporated
Headquarters:	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi 461-8680, Japan Tel: +81-52-951-8211 (Main)
Representative:	Satoru Katsuno, President & Director
Date of establishment:	May 1st, 1951
Capital:	¥430,777,362,600
Number of employees:	16,086
Number of shares issued:	758,000,000
Number of shareholders:	232,125
Independent auditor:	KPMG AZSA LLC
Stock markets traded:	Tokyo Stock Exchange, Inc. Nagoya Stock Exchange, Inc. (Securities ID code: 9502)
Administrator of shareholder registry:	Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

Main Business Locations

Headquarters:	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
Nagoya Regional Office:	2-12-14 Chiyoda, Naka-ku, Nagoya, Aichi
Shizuoka Regional Office:	2-4-1 Hontoori, Aoi-ku, Shizuoka
Mie Regional Office:	2-21 Marunouchi, Tsu, Mie
Gifu Regional Office:	2-5 Mieji-cho, Gifu
Nagano Regional Office:	18 Yanagimachi, Nagano
Okazaki Regional Office:	7 Daidou Higashi, Tosaki-cho, Okazaki, Aichi
Tokyo Office:	2-2-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo

Overseas Offices

Washington Office

900 17th Street N.W., Suite 1220,
Washington, D.C. 20006, U.S.A.
Tel: +1-202-775-1960

London Office

2nd Floor, 210 High Holborn,
London WC1V 7EP, U.K.
tel: +44-20-7409-0142

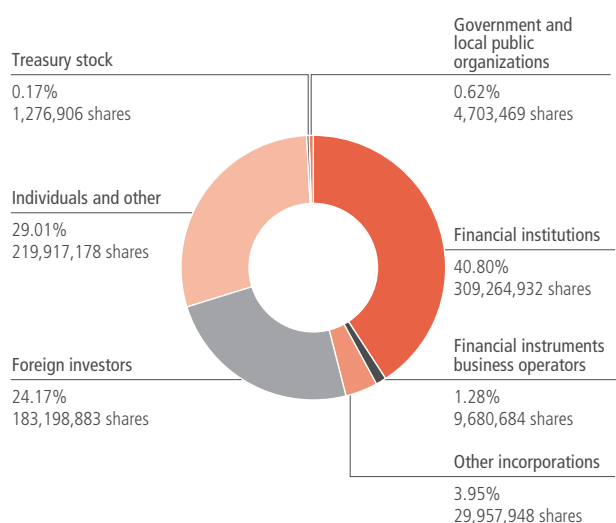
Doha Office

4th Floor, Salam Tower, Al Corniche
P.O. Box 22470, Doha-QATAR
Tel: +974-4483-6680

Number of Shares

Total number of authorized shares	1,190 million shares
Total number of shares issued	758 million shares

Composition of Shareholders



Principal Shareholders

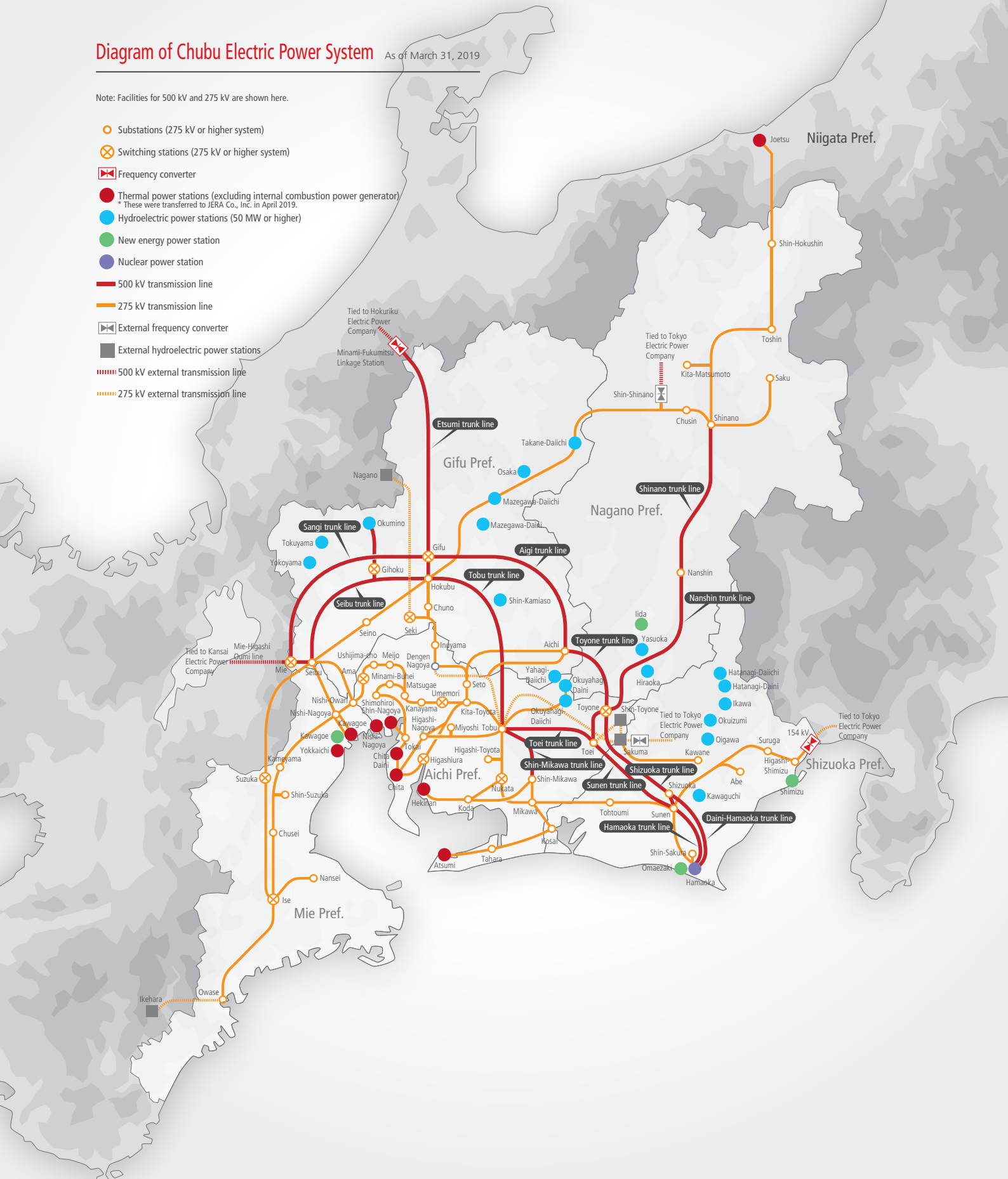
Name	Number of shares owned (thousands)	Ownership percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd.	91,906	12.12
The Master Trust Bank of Japan, Ltd.	56,134	7.41
Meiji Yasuda Life Insurance Company	39,462	5.21
Nippon Life Insurance Company	23,419	3.09
Chubu Electric Employees' Shareholders Association	18,763	2.48
MUFJ Bank, Ltd.	15,304	2.02
Sumitomo Mitsui Banking Corporation	14,943	1.97
JP MORGAN CHASE BANK 385151 (Standing proxy: Settlement & Clearing Services Dept., Mizuho Bank)	10,858	1.43
Mizuho Bank, Ltd.	10,564	1.39
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Dept., Mizuho Bank)	9,427	1.24
Total	290,783	38.36

Note: The number of shares held by Japan Trustee Services Bank, Ltd. and The Master Trust Bank of Japan, Ltd. (91,906,000 shares and 56,134,000 shares, respectively) is related to their trust services.

Diagram of Chubu Electric Power System As of March 31, 2019

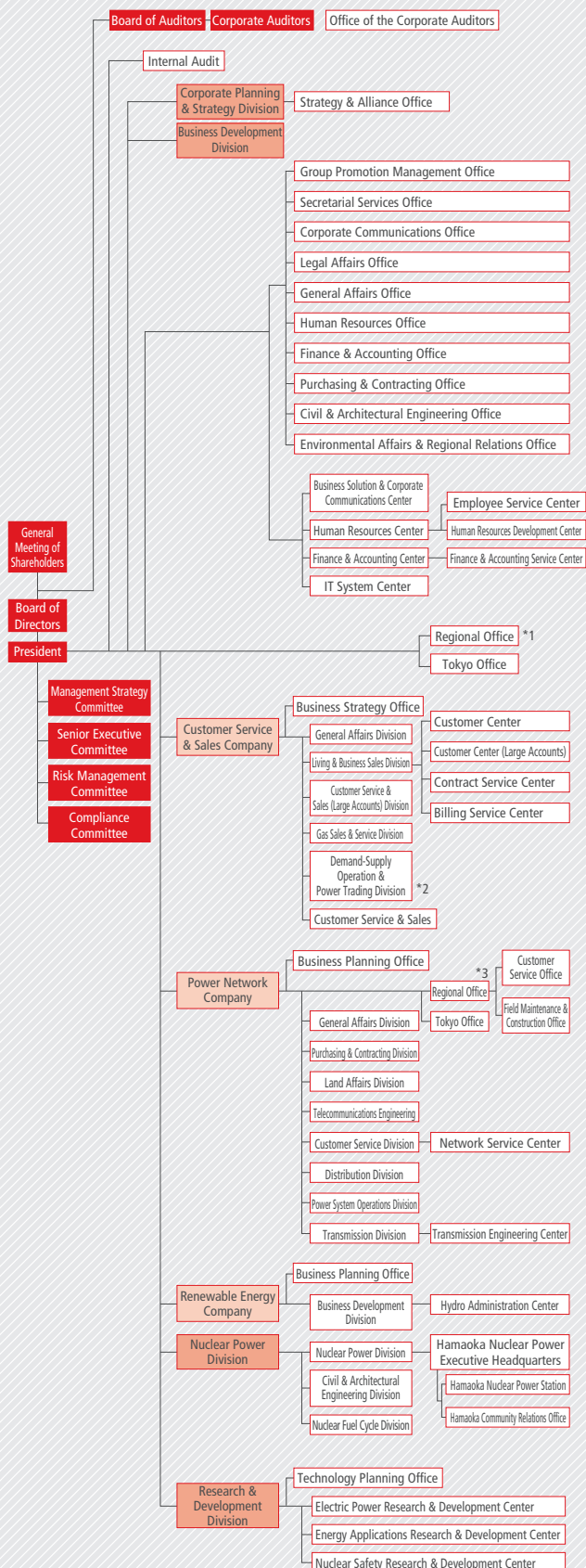
Note: Facilities for 500 kV and 275 kV are shown here.

- Substations (275 kV or higher system)
- ⊗ Switching stations (275 kV or higher system)
- ⚡ Frequency converter
- Thermal power stations (excluding internal combustion power generator)
* These were transferred to JERA Co., Inc. in April 2019.
- Hydroelectric power stations (50 MW or higher)
- New energy power station
- Nuclear power station
- 500 kV transmission line
- 275 kV transmission line
- ⚡ External frequency converter
- External hydroelectric power stations
- ⋯ 500 kV external transmission line
- ⋯ 275 kV external transmission line



Organization Chart

(Organization revised on July 1, 2019)



*1 Nagoya, Shizuoka, Mie, Gifu, Nagano, and Okazaki Regional Offices

*2 Tokyo, Nagoya, Shizuoka, Mie, Gifu, Nagano, and Okazaki Customer Service & Sales

*3 Nagoya, Shizuoka, Mie, Gifu, Nagano, and Okazaki Regional Offices

Chubu Electric Power actively publishes information through the following websites and magazine.

Chubu Electric Power's website:

<https://www.chuden.co.jp/english/>

Chubu Electric Power's official Twitter account

Account name: @Official_Chuden

* Please note that we do not follow or Tweet to particular account names.

E-magazine "Denki No Ashita"

<http://dna.chuden.jp/>

If you have any comments or inquiries, please contact:

<https://www.chuden.co.jp/english/contactus/>

Associated Companies

(As of July 1, 2019)

● 36 consolidated subsidiaries ◎ 34 affiliates accounted for under the equity method Total 70

Fuel and Power Generation Business (1 in total)

◎ JERA Co., Inc.

Energy Business (9 in total)

- C Energy Co., Inc.
- Chuden Energy Service Co., Ltd.
- CEPO Handa Biomass Power Generation Co., Inc.
- CS-Aqua CO., Ltd.
- ◎ CS Energy Service Co., Ltd.
- ◎ Minami Enshu Pipeline Co., Ltd.
- ◎ Hokuriku Ines Co., Ltd.
- ◎ Nakao Geothermal Power Company, Incorporated
- ◎ Aichi Clean Energy Co., Ltd.

IT/Telecommunications (5 in total)

- Chuden CTI Co., Ltd.
- ◎ Chubu Telecommunications Co., Inc.
- ◎ Community Network Center Inc.
- ◎ Omaezaki Cable Television
- ◎ CHUBU CABLE NETWORK COMPANY, INCORPORATED

Construction (9 in total)

- Chubu Plant Service Co., Ltd.
- C-TECH CORPORATION
- TOENEC CORPORATION
- TOENEC Service Co., Ltd.
- TOENEC CONSTRUCTION (SHANGHAI) CO., LTD.
- Asahi Synchrotech Co., Ltd.
- TOENEC (THAILAND) CO., LTD.
- TOENEC PHILIPPINES INCORPORATED
- PT. ASAHI SYNCHROTECH INDONESIA

Manufacturing (6 in total)

- CHUBU SEIKI Co., Ltd.
- ◎ TOKAI CONCRETE INDUSTRIES Co., Ltd.
- ◎ AICHI KINZOKU KOGYO Co., Ltd.
- ◎ AICHI ELECTRIC Co., Ltd.
- ◎ Chubu Liquid Oxygen Co., Ltd.
- ◎ Chita Tansan Co., Ltd.

Transportation (2 in total)

- Chuden Transportation Service Co., Ltd.
- ◎ SHIN-NIHON HELICOPTER Co., Ltd.

Real Estate (2 in total)

- Chuden Real Estate Co., Ltd.
- ◎ ES-CON JAPAN Ltd.

Services and Others (36 in total)

- Chuden Auto Lease Co., Ltd.
- Chubu Cryogenics Co., Ltd.
- Chuden Wing Co., Ltd.
- CHUDEN BUSINESS SUPPORT Co., Ltd.
- Chuden Haiden Support Co., Ltd.
- CEPKO-R LLC
- Chubu Electric Power Transmission and Distribution Business Split Preparation Company Incorporated
- Chubu Electric Power Retail Electricity Business Split Preparation Company Incorporated
- necolico LLC
- Techno Chubu Co., Ltd.
- Chuden Disaster Prevention Co., Ltd.
- CHUDENKOGYO Co., Ltd.
- Diamond Power Corporation
- Chubu Electric Power & MUL Germany Transmission GmbH
- GTS Japan Co., Ltd.
- Natural Environment System Co., Ltd.
- AOYAMA-KOGEN WIND FARM CO., LTD.
- Saku Ohisama Solar Power Limited Business Partnership
- Chubu Eco Solution LLC.
- ◎ Nagoya City Energy Co., Ltd.
- ◎ e-Kurashi Co. Ltd.
- ◎ C&M Renewable Energy LLC
- ◎ CD Energy Direct Co., Ltd.
- ◎ Marubeni in Mirai Denki Co., Ltd.
- ◎ Hamamatsu D.H.C. Co., Ltd.
- ◎ Greenway Grid Global Pte. Ltd
- ◎ Grid Data Bank Lab.LLP
- ◎ Nagoya Energy Service Co., Ltd.
- ◎ Centrair Energy Supply Co., Ltd.
- ◎ Miyako Kuzakai Solar Park LLC
- ◎ Diamond Germany 1. Transmission GmbH
- ◎ Diamond Germany 2. Transmission GmbH
- ◎ PFI Toyokawa Hoisaijyo Co., Ltd.
- ◎ Tahara Solar Co., Ltd.
- ◎ Ogaki School Lunch Support Co., Inc.
- ◎ Yonago Biomass Power Generation LLC

New Chubu Electric Power

April 2020

With the split-off of its transmission/distribution division and sales divisions, Chubu Electric Power will realize further growth under new company names, logos, and slogans.

Holding company

Chubu Electric Power Co., Inc.



Retail electric power business company

Chubu Electric Power Miraiz Co., Inc.



Power transmission/distribution business company

Chubu Electric Power Grid Co., Inc.



New corporate slogan

むすぶ。ひらく。
(Musubu. Hiraku. in Japanese)



Our new corporate slogan depicts
our desire to explore human potential
and future (ひらく。Hiraku) by connecting people to
people, people to society and technologies
to technologies (むすぶ。Musubu).

Fuel and thermal power generation company

Jera

* Established as a 50-50 joint venture company by Chubu Electric Power Co., Inc. and TEPCO (at the time) in 2015.

Chubu Electric Power Co., Inc.

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