



**CHUBU**  
Electric Power

Chubu Electric Power Company Group

# Annual Report 2016

# Philosophy

## Chubu Electric Power Group Corporate Philosophy

**Chubu Electric Power Group delivers the energy that is indispensable for 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 changing mission and earn 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.

# Vision

What We Aim For

**As a leading company that provides services that exceed expectations to customers ahead of our competitors, we will aim to become a “total energy service corporate group that is one step ahead.”**

# Our Story

## Steadily Growing alongside Customers in the Chubu Region

Chubu Electric Power celebrates its 65th anniversary in 2016.

Since its foundation, Chubu Electric Power has exhibited steady growth. This is largely due to the people of Chubu, a region that has been a leader in global manufacturing and has thrived as a hub for the movement and exchange of people, information and cultures.

The energy business environment is undergoing rapid changes, including the full liberalization of the electricity retail market in April 2016.

Considering this historic turning point as a period in which to build a second foundation for further growth, we will make Group-wide efforts to fulfill our unwavering mission and create new value.



**1889**  
**Started**  
Nagoya Dento, one of Chubu Electric Power's predecessors, established

**1951**  
**Chubu Electric Power incorporated**



▲ Banner announcing the incorporation (Head Office)

	1889 Started	1951 Incorporated	
Power generation facilities	100 kW	approx. 1.03 million kW	32-fold
Distribution line	15 km	approx. 29,000 km	5-fold
Electrical energy sold	Electric light approx. 400 lights (241 households)	approx. 3.6 billion kWh	34-fold

# 2016

## Building second foundation

2020

Legal unbundling of power transmission/distribution sector

Full liberalization of the electricity retail market

## Creating new value

Building a new business model in response to the changing business environment

2011

Great East Japan Earthquake

### Strategic moves for future growth

2015 Formed a comprehensive alliance with Tokyo Electric Power in thermal power generation and fuel business (establishes JERA)  
2016 Introduces an internal company system

### Secured stable power supply after the suspension of operation of Hamaoka Nuclear Power Station

2011– Asked customers to conserve electricity  
2014 Increased electricity rates

### Grew as a total energy service corporate group

2000 Gas/LNG sales started  
2001 Launched overseas investment projects



▲ LNG tanker truck



▲ Ratchaburi gas thermal IPP project in Thailand



▲ JERA's own LNG carrier



▲ KatEne online membership service for general households

Providing environmentally friendly, high-quality electricity at reasonable prices in a safe and stable manner

## 65th anniversary

\* The 1st Conference of Parties to the United Nations Framework Convention on Climate Change

2016 Present\*1

approx.  
**33 million kW**

approx.  
**133,000 km**

approx.  
**122 billion kWh**

2030 What We Aim For

Power generation*2	In Japan	Construct and replace power plants generating <b>12 million kW</b> using existing infrastructure
	Outside Japan (output contribution from JERA)	6 million kW in 2016 → Aim at <b>20 million kW</b>
Transmission/distribution	Aim for <b>best-in-Japan</b>	in number and minutes of outage per contract
	Aim for <b>best-in-Japan</b>	basic charge for wheeling in each voltage class
Retail	Electricity sales	Approx. 1.4 billion kWh in 2016 outside Chubu region*3 → Electricity sales outside Chubu region, primarily Tokyo metropolitan area Increase to <b>20 billion kWh per year</b> for revenue growth
	Gas sales	Approx. 1 million tons per year → Gas/LNG sales in and outside Chubu region Increase to <b>3 million tons per year</b> for revenue growth

\*1 As of the end of March 2016, or the end of fiscal 2015

\*2 The business scale indicated for power generation is JERA's output, 50% of which is attributable to Chubu Electric Power.

\*3 Five prefectures in Chubu region: Aichi Pref., Gifu Pref. (excluding some areas), Mie Pref. (excluding some areas), Nagano Pref. and Shizuoka Pref. (area west of the Fujikawa River)

# Our Business

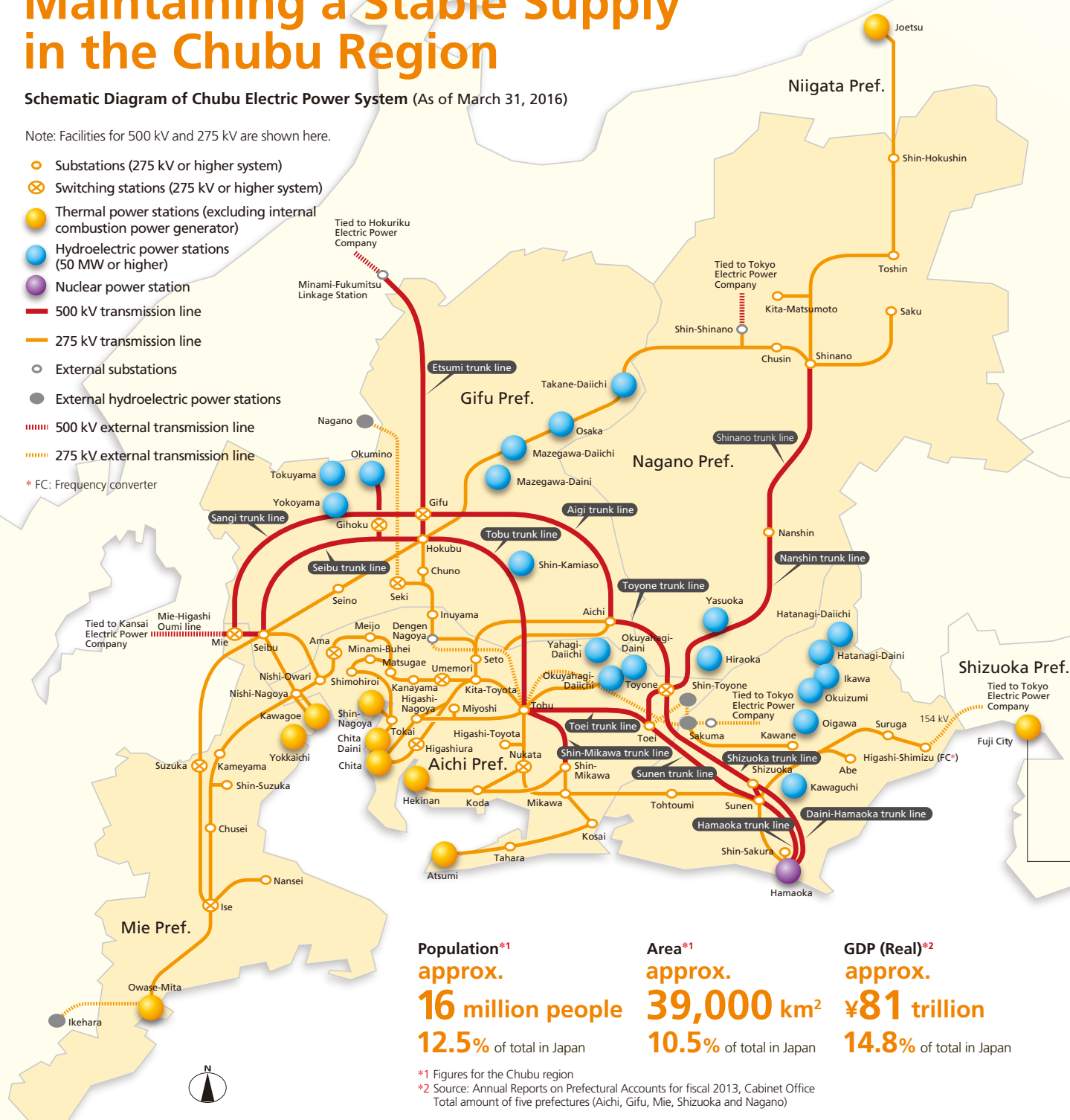
## Expanding Business in Japan and the World Starting with the Chubu Region

### Maintaining a Stable Supply in the Chubu Region

Schematic Diagram of Chubu Electric Power System (As of March 31, 2016)

Note: Facilities for 500 kV and 275 kV are shown here.

- Substations (275 kV or higher system)
- ⊗ Switching stations (275 kV or higher system)
- Thermal power stations (excluding internal combustion power generator)
- Hydroelectric power stations (50 MW or higher)
- Nuclear power station
- 500 kV transmission line
- 275 kV transmission line
- External substations
- External hydroelectric power stations
- 500 kV external transmission line
- 275 kV external transmission line
- \* FC: Frequency converter



Population\*1  
approx.  
**16 million people**  
12.5% of total in Japan

Area\*1  
approx.  
**39,000 km<sup>2</sup>**  
10.5% of total in Japan

GDP (Real)\*2  
approx.  
**¥81 trillion**  
14.8% of total in Japan

\*1 Figures for the Chubu region  
\*2 Source: Annual Reports on Prefectural Accounts for fiscal 2013, Cabinet Office  
Total amount of five prefectures (Aichi, Gifu, Mie, Shizuoka and Nagano)

### Canada

- Cordova shale gas project
- Goreway gas thermal IPP project

### USA

- Tenaska gas thermal IPP project
- Carroll County gas thermal IPP project
- Freeport LNG project

### Mexico

- Valladolid gas thermal IPP project
- Falcon gas thermal IPP project

### Oman

- Sur gas thermal IPP project

### Qatar

- Ras Laffan B gas thermal IWPP project
- Ras Laffan C gas thermal IWPP project
- Mesaieed gas thermal IPP project
- Facility D gas thermal IWPP project

### UAE

- Umm Al Nar gas thermal IWPP project

### Thailand

- EGCO power generation project
- Ratchaburi gas thermal IPP project
- Cogeneration project in industrial areas
- Rice husk biomass IPP project
- Wind power IPP project
- Solar power IPP project

### Vietnam

- Phu My gas thermal IPP project

### Taiwan

- Chang Bin/Fong Der/Star Buck gas thermal IPP projects

### Philippines

- Team Energy power generation project

### Indonesia

- Paiton coal thermal IPP project
- Cirebon coal thermal IPP project

### Australia

- Darwin LNG project
- Gorgon LNG project
- Wheatstone LNG project
- Ichthys LNG project

Output contribution from JERA

approx. 6,000 MW

Note: 50% attributable to Chubu Electric Power

## Participating in Overseas Energy Projects

Note:

- Projects in which the JERA Group participated (as of July 2016)
- I(W)PP: Independent (Water and) Power Producer

Ibaraki Pref.

Tokai Village

Tokyo

### Establishing Hitachinaka Generation Co., Inc.

A joint venture of Chubu Electric Power and Tokyo Electric Power

Coal thermal power generation with **650 MW** output

To start operation in fiscal **2020**

### Developing power source at JERA

JERA aims to secure a highly competitive power source in the Tokyo metropolitan area through its planned

**12,000 MW** power plant construction and replacement projects.

### Establishing Suzukawa Energy Center Ltd.

A joint venture established by Chubu Electric Power, Mitsubishi Corporation, and Nippon Paper Industries Co., Ltd. (Chubu Electric Power holds a 10% share in the company)

Coal thermal power generation with **100 MW** output

To start operation in September **2016**

The electricity produced will be sold to Diamond Power Corporation, which sells electricity in the Tokyo metropolitan area.

## Entering Areas outside the Chubu Region, including the Tokyo Metropolitan Area

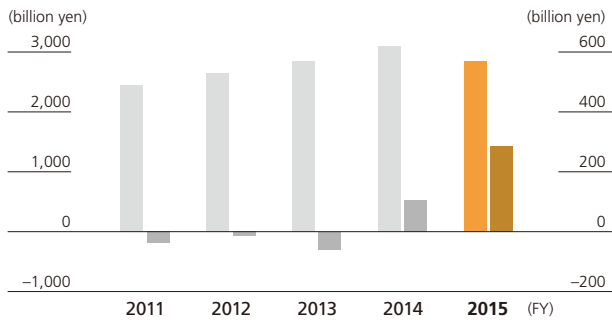
## Financial Indicators

### Operating Revenues/ Operating Income (Loss)

See page 82

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

**2,854.0 billion yen**      **284.9 billion yen**

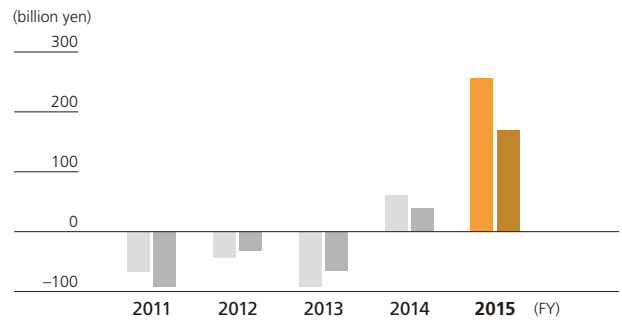


### Ordinary Income (Loss)/Net Income (Loss) Attributable to Shareholders of the Parent Company

See page 82

Ordinary Income (Loss)      Net Income (Loss) Attributable to Shareholders of the Parent Company

**255.6 billion yen**      **169.7 billion yen**

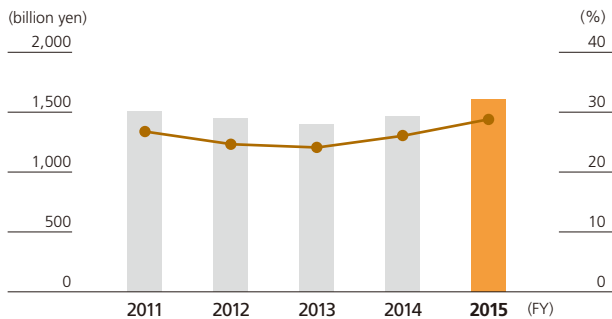


### Shareholders' Equity/ Shareholders' Equity Ratio

See page 82

Shareholders' Equity (left)      Shareholders' Equity Ratio (right)

**1,599.9 billion yen**      **28.9%**

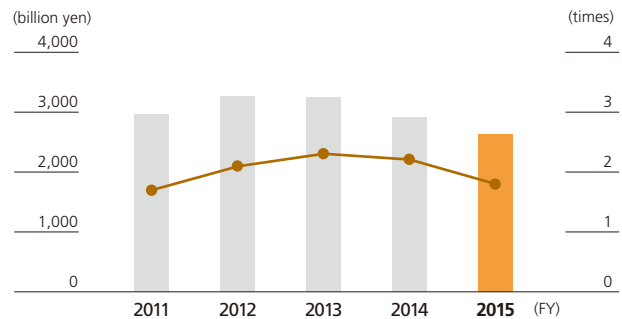


### Outstanding Interest-Bearing Debt/ Debt-to-Equity Ratio

See page 82

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

**2,625.4 billion yen**      **1.8-fold**

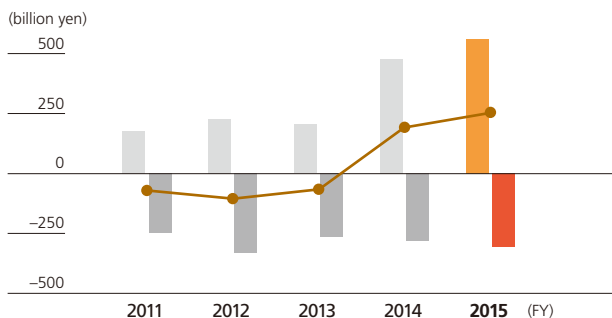


### Cash Flows from Operating Activities/ Cash Flows from Investing Activities/Free Cash Flow

See page 82

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

**562.4 billion yen**      **-307.9 billion yen**      **254.4 billion yen**

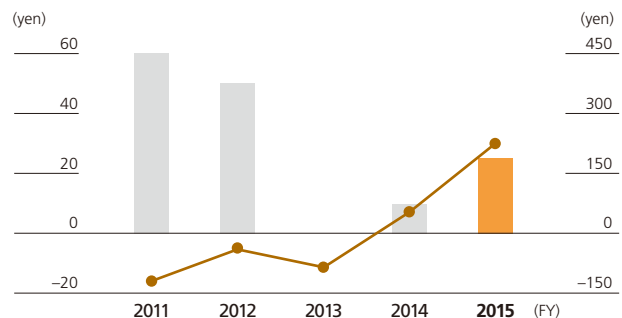


### Dividends per Share/ Net Income (Loss) per Share

See page 82

Dividends per Share (left)      Net Income (Loss) per Share (right)

**25 yen**      **224.15 yen**



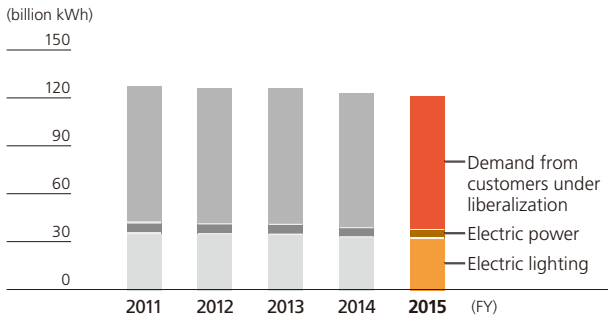


## Non-Financial Indicators

### Electrical Energy Sold

See page 81

**122.0 billion kWh**

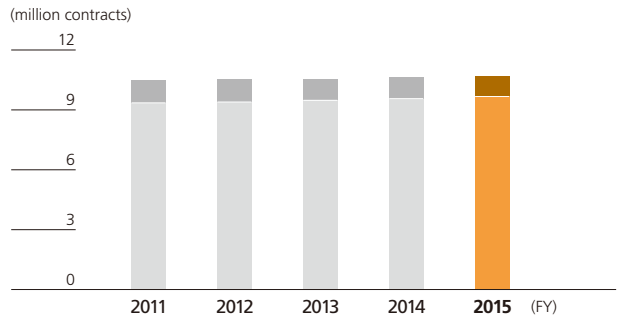


### Number of Contracts

Electric lighting

Electric power

**9.68 million contracts** **1.05 million contracts**



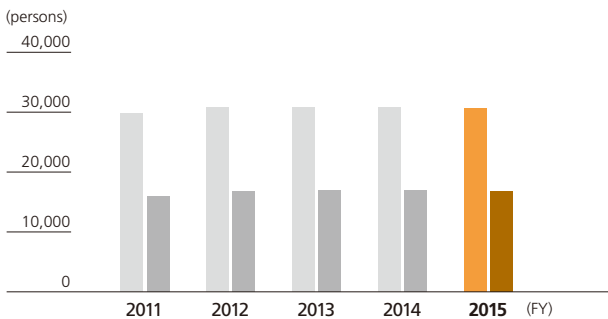
### Number of Employees

See page 81

Consolidated

Non-Consolidated

**30,659 persons** **16,796 persons**



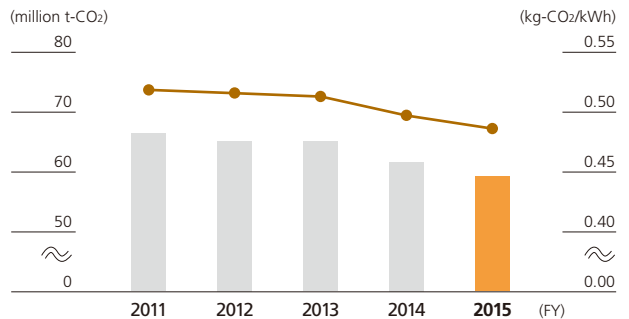
### CO<sub>2</sub> Emissions/Emission Intensity

See page 66

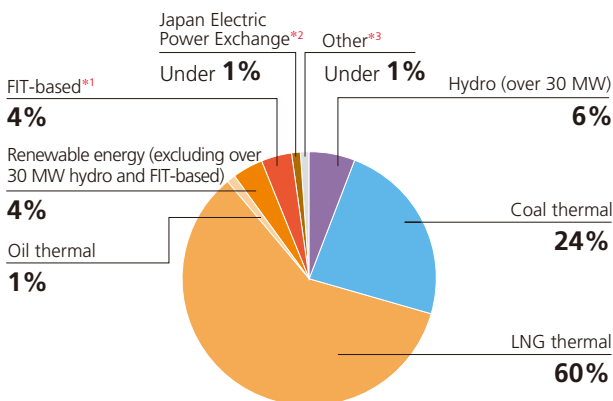
Emissions (left)

Emission Intensity (right)

**59.33 million t-CO<sub>2</sub>** **0.486 kg-CO<sub>2</sub>/kWh**



### Electricity Generated and Electricity Procured



Actual electricity generated and procured (kWh) between April 1, 2015 and March 31, 2016

\*1 Electricity based on the FIT (feed-in tariff) scheme: Electricity generated from renewable energy sources and purchased by electric power companies under the FIT scheme. The procurement cost for this type of electricity is partially funded by surcharges collected from all electricity users, including those who are not customers of Chubu Electric Power, and CO<sub>2</sub> emissions are calculated based on national average CO<sub>2</sub> emissions, including those from thermal power generation.

\*2 Includes hydro, thermal, nuclear, FIT-based, and renewable energy

\*3 Electricity generated at unidentified power stations and procured from other companies is classified into "Other."

\*4 Including internal combustion power station

### Summary of Facilities

Power generation facilities	Nuclear	3,617 MW (1 location)
	Thermal <sup>*4</sup>	24,015 MW (10 locations)
	Renewable energy	5,537 MW (200 locations)
	Hydroelectric	5,497 MW (196 locations)
	New energy	39 MW (4 locations)
	Total	33,170 MW (211 locations)
Transmission facilities	Transmission line length	12,261 km
Transformation facilities	Number of substations	939 locations
	Capacity of substations	124,770 million kVA
Distribution facilities	Distribution line length	133,382 km



## P.13 Top Commitment

We aim to be a total energy service corporate group that is one step ahead by creating a new Chubu Electric Power Group for a new age.



## P.19 Feature Article 1

Measures to Further Increase the Safety of the Hamaoka Nuclear Power Station



## P.31 Business Activities under a New System

## Introduction

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- 3 Development Since the Foundation
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## Messages from Senior Management

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- 25 **2 Aiming to Become a "Total Energy Service Corporate Group That Is One Step Ahead"**

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### Editorial policy

This Annual Report provides comprehensive coverage of both financial and non-financial information in order that we may obtain the understanding of all stakeholders with regard to the entire range of the Chubu Electric Power Group's business activities.

This 2016 edition has been edited to reflect the opinions that we have received from a great many of our stakeholders through reader questionnaire surveys, opinion exchange with experts and employees, and other opportunities.

- We have added an "Introduction" to communicate our approach to creating a new, dynamic Chubu Electric Power Group, considering the current historic turning point, which marks our 65th anniversary and the full liberalization of the electricity retail market, as the period in which we will build our second foundation.
- We illustrate our "Top commitment," our answer to how the Chubu

Electric Power Group can grow over the medium- to long-term in the midst of a greatly changing environment.

- We provide special feature articles on topics that are vital to the Chubu Electric Power Group and of great interest to all our readers, such as the initiatives regarding the Hamaoka Nuclear Power Station, the outline of the Management Vision announced in February 2016, and our growth strategy.
- With regard to our business activities, we explain the mission, business domain, and ongoing measures of each of the three companies established in April 2016 under the internal company system.
- We have made efforts to create pages that are easier to read and understand, including using the corporate color as the key color throughout the report, providing sufficient margins at the top and bottom of pages, and offering succinct explanations.



## p.49 Corporate Governance

### The sentiment contained in this year's cover

This year's 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.

Starting something new on one's own requires a great deal of hard work.

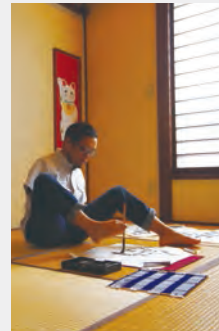
But the aggregate power generated when each and every person performs their role to their best level is a power that enables infinite creation.

We chose this design to reflect the solidarity of our people and our enthusiasm for creating new value.

Calligrapher: Hiroshi Tsuzuki

Born in 1979 with congenital upper limb deficiency, Hiroshi Tsuzuki joined the Chubu Electric Power subsidiary Chuden Wing Co., Ltd. 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 will represent 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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### Date of publication

August 2016  
(Next report: scheduled for August 2017;  
previous report: August 2015)

### Organizations covered by the scope of the report

Chubu Electric Power Co., Inc. and Group Companies

### Reporting period covered

Fiscal year 2015 (April 2015 through March 2016)

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

### <Guidelines used as references>

GRI, Sustainability Reporting Guidelines (4 Version)  
Ministry of the Environment, Environmental Reporting Guidelines (2012 Version)  
ISO 26000  
IIRC, International Integrated Reporting Framework

### About the Forecasts

The future plans and forecasts described in this document 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 changes in the economic or competitive circumstances affecting a business sector, fluctuations in fuel prices, or modifications of laws or regulations.



**Akihisa Mizuno**  
Chairman of  
the Board of Directors

**Satoru Katsuno**  
President & Director

Firstly, we would like to express our heartfelt gratitude for your kind support of our daily business operations. Thanks to the steadfastness of our customers and stakeholders, we were able to celebrate our 65th anniversary this May. We would like to take this opportunity to express our deepest appreciation for the understanding and support we have received for our operations.

With a view to responding to the trust and high expectations of our customers and society at large, we have recently formulated the Chubu Electric Power Group Management Vision to express our resolution and corporate vision. Having done so, we are confident that we will continue to be chosen by our customers amid changes in the business environment, including the reform of the electricity and gas industry.

The environment surrounding the energy business is changing rapidly. At this historic turning point, we intend to make a fresh start and will make a concerted effort across the Group to develop a new business model and enhance our business foundation to support that model.

Regardless of changes in the business environment, however, we will continue to fulfill our unwavering mission as a provider of energy that is indispensable for people's lives. Specifically, we will provide environmentally friendly and high-quality energy in a safe, reasonable and stable form. At the same time, we will take on the challenge of creating new value in view of the changes of the times to become a "total energy service corporate group that is one step ahead" and that can provide services that exceed the expectations of customers ahead of our competitors.

We would ask for your continued support and patronage.

July 2016



**Akihisa Mizuno**  
Chairman of the Board of Directors



**Satoru Katsuno**  
President & Director



**We aim to be a total energy service corporate group that is one step ahead by creating a new Chubu Electric Power Group for a new age.**

I am Satoru Katsuno. This June marked the beginning of my second year as president of the company.

In my first year as president, I led the implementation of measures to respond to the full liberalization of the electricity retail market, which will bring about an age of real competition. Specifically, we formulated our new Management Vision this February and introduced the internal company system this April so that we can quickly adapt to changes in the business environment based on newly developed strategies.

Regarding our business results for fiscal 2015 (ended March 31, 2016), we were able to increase our profits for the second consecutive year thanks to the support extended by our stakeholders, including our customers and shareholders.

## Satoru Katsuno

President & Director

### Personal profile

Satoru Katsuno

Born in Aichi Prefecture. Earned a bachelor's degree in electrical engineering from Keio University. Joined Chubu Electric Power in 1977 and served as manager of Hydro Power & Substations Section of the Electrical Engineering Department, general manager of the Okazaki Regional Office, and general manager of the Tokyo Office. Became director, senior managing executive officer, and general manager of the Corporate Planning & Strategy Division in 2010. Became representative director and executive vice president in 2013, while continuing to head the Corporate Planning & Strategy Division. Has been in the present position since June 2015. Appointed chairman of the Federation of Electric Power Companies of Japan in June 2016. Values integrity as his credo.

## Chubu Electric Power Group: What We Aim For

To achieve “What We Aim For,” we will carry out reforms with a mindset that views changes in the business environment, including the full liberalization of the electricity retail market, as opportunities.

### Chubu Electric Power Group: What We Aim For

**As a leading company that provides services that exceed expectations to customers ahead of our competitors, we will aim to become a “total energy service corporate group that is one step ahead.”**

The business environment surrounding our Group is changing dramatically due to a number of developments: the full liberalization of the electricity and gas retail markets, the legal unbundling of the transmission/distribution sector, the large-scale introduction of renewable energy, and the vitalization of the Japan Electric Power eXchange (JEPX).

In response to such changes, we are accelerating the fulfillment of the Chubu Electric Power Group Management Vision formulated in February 2016, aiming to implement our corporate philosophy.

Specifically, we aim to create a new business model by:

- Expanding our business domains (areas and services) through the establishment of JERA Co., Inc. and the utilization of other internal and external managerial resources; and

- Fostering the autonomous operation of the power generation, transmission/distribution, and retailing business under the internal company system.

We will also foster environmental management, including continuing nuclear power generation and promoting energy conservation, and will use and develop ICT and other advanced technologies to further enhance our business foundation. Through these measures, we will fulfill our “unwavering mission” to provide environmentally friendly and high-quality energy in a safe, reasonable and stable form, while also taking on the challenge of creating new value in view of the changes of the times by conducting business activities through JERA and selling electricity outside the Chubu region.

By making efforts to create new value, we aim to earn an extra 160 billion yen or more (in 2030), that is, in addition to revenues from the conventional electricity business.

See Feature Article 2 on p. 25

## Priority Measures to Be Taken

To achieve “What We Aim For,” we will implement four priority measures across the Group and attain the medium-term target, as described below.

### Four priority measures

- 1 Measures to increase the safety of the Hamaoka Nuclear Power Station
- 2 Measures to ensure a stable power supply for a new age
- 3 Measures to accelerate growth
- 4 Measures to establish a business mechanism to instantly respond to environmental changes

### Medium-term target

**We aim to become a corporate group that can, by fiscal 2018, gain 150 billion yen or more in terms of consolidated ordinary income.**



### 1 Measures to increase the safety of the Hamaoka Nuclear Power Station

In Japan, a country that is not rich in natural resources, we need to generate electricity using nuclear power to ensure price stability and a stable supply on a long-term basis, as well as to help solve global environmental problems.

We are fostering measures to further increase the safety of the Hamaoka Nuclear Power Station, being strongly committed to using the lessons learned from the nuclear accident in Fukushima to prevent the recurrence of similar accidents.

Reactors No. 3 and No. 4 are now being examined by the Nuclear Regulation Authority (NRA) to verify their compliance with the new regulatory standards. We will cooperate with the NRA and respond to its examination findings in good faith so as to ensure the reactors are confirmed as complying with the standards as soon as possible. We will then continue to implement equipment measures to meet the new regulatory standards, while also enhancing the ability of our on-site personnel ability to respond appropriately to any incidents.

Moreover, we will work constantly to incorporate the latest findings into our measures to increase the safety of the nuclear power station beyond the level required by the regulatory standards, thereby making it an even safer and more reliable plant. Also, all members of the management team, including myself, will work to enhance our corporate governance, risk management, and risk communication, with a strong commitment to increasing the safety of nuclear power generation.

See Feature Article 1 on p. 19

### 2 Measures to ensure a stable power supply for a new age

Regardless of changes to the wider business environment, each of our in-house companies will play their roles appropriately and collaborate with each other so that the Group may continue fulfilling its unwavering mission, which is to provide environmentally friendly and high-quality energy in a safe, reasonable and stable form.

Specifically, we are implementing initiatives to develop the Nishi-Nagoya Thermal Power Station Unit No. 7 as a highly efficient LNG-powered plant, to develop the coal based Taketoyo Thermal Power Station Unit No. 5 as a reasonably priced base power source, and to proactively develop renewable energy and increase the load capacity of the transmission and distribution network.

These initiatives will help us to combine a range of power sources in a well-balanced manner as well as reduce our CO<sub>2</sub> emissions, ensure a stable power supply, and reduce electricity rates.

### 3 Measures to accelerate growth

We regard changes in the business environment as tremendous opportunities to accelerate our growth.

Each of the in-house companies and JERA Co., Inc. will implement a range of measures to achieve their targets, including the following, in their respective business fields.

- Further promote sales in the electricity and gas markets
- Increase competitiveness by developing leading-edge power sources
- Procure fuels in a manner that helps us enhance competitiveness
- Achieve growth in the international energy market

See Feature Article 2 on p. 29

### 4 Measures to establish a business mechanism to instantly respond to environmental changes

#### [Introduction of the internal company system]

We established the Power Generation Company, Power Network Company, and Customer Service & Sales Company as our in-house companies in April 2016. With these in-house companies operating in an autonomous manner, we will be able to quickly adapt to changes in the business environment. The companies will also enhance measures to expand their business domains and survive the market competition in anticipation of future changes.

See specific initiatives implemented by the in-house companies on p. 33 and subsequent pages





**[Measures to improve management efficiency]**

The entire Chubu Electric Power Group is making efforts to achieve the efficiency target of 191.5 billion yen (average for three years from fiscal 2014 to fiscal 2016), which we incorporated into the calculation of the power supply cost to gain the government's approval for the electricity rates.

In fiscal 2015, we were able to improve management efficiency by 226.8 billion yen, up 35.3 billion yen from the initial target, by such measures as reducing the fuel cost. All of our in-house companies and administrative departments as well as all Group companies will make a concerted effort for the continuous improvement of

management efficiency.

In order to achieve "What We Aim For" through implementing the aforementioned four priority measures, the Group has set the medium-term target of becoming a corporate group that can, by fiscal 2018, gain 150 billion or more in terms of consolidated ordinary income. This target is challenging in light of the fact that the operation of the Hamaoka Nuclear Power Station is still suspended. However, we will make an all-out effort across the Group to attain the target, thereby returning our profit level to that before the March 11 disaster and ensuring the ongoing profitability of our business.

## Basic Ideas on Investments

**We will steadily make those investments that are indispensable for the safe and stable supply of electricity as well as strategic investments for business growth and development. We will also work to ensure the stable payment of dividends to shareholders.**

We will promptly and steadily implement safety improvement measures for our facilities, including the Hamaoka Nuclear Power Station. We will also continue to build facilities that are indispensable for the stable supply of electricity, and be thorough with regard to optimization when we make investments.

We will also make strategic investments for business growth and development as necessary, with a view to building a stronger foundation for sustainable growth in the

future, while managing the associated risks appropriately.

Regarding shareholder returns, we will work to ensure the stable payment of dividends while taking account of financial conditions and other factors and continuously investing in the construction and operation of the facilities that are essential for the safe and stable supply of electricity.

See Financial Results for FY 2015 on p. 17

## Conclusion

**We will create a new Chubu Electric Power Group for a new age, aiming to live up to the trust and expectations of our stakeholders.**

In fiscal 2016, my second year as president, the start of the full liberalization of the electricity retail market has triggered fierce market competition.

Amid the dramatic changes in the business environment, we will strive to provide customers with services that exceed their expectations ahead of our competitors, thereby remaining the first choice of our customers.

As president, I want to make the company a dynamic entity where individual employees think independently and boldly take on new challenges. To this end, I will

provide leadership aimed at winning the intense competition for market share on the back of our new ideas and strong will of our employees, with the results shared widely with our stakeholders.

We will continue to attribute importance to dialogues with stakeholders toward becoming a "total energy service corporate group that is one step ahead."

I ask for your kind support and understanding.

July 2016

## **Our Group has posted increases in operating income, ordinary income, and net income for two consecutive years since FY 2014.**

For our financial results for fiscal 2015, operating income, ordinary income and net income all increased year on year to reach 284.9 billion yen, 255.6 billion yen, and 169.7 billion yen, respectively. These increases are attributable to the expansion of accrued income incurred by the fuel cost adjustment system and the decrease in fuel cost, affected by the fall of fuel prices; to a decline in the thermal fuel cost in line with the expansion of hydroelectric power output; and, last but not least, to the efforts made by the entire Group to improve management efficiency. We thus increased profits as in fiscal 2014 and posted increases for the second straight year.

Even when excluding the impact of accrued income incurred by the fuel cost adjustment system, we were able to secure profit levels that exceeded the previous year. Consequently, we have decided to pay a year-end dividend of 15 yen per share, up five yen year on year, and to pay a dividend of 25 yen per share for the full year.

As shown in the Chubu Electric Group Management Vision, we regard changes in the business environment, such as the liberalization of the retail electricity market, as providing opportunities for our next stage of growth. In order not to miss these opportunities, we will expand the sales of electricity and gas to areas outside the Chubu region as well as expand our profit foundation through the operation of JERA Co., Inc. and other means. Moreover, under the internal company system that we introduced to the Group in April 2016, we will foster the rationalization of management through the independent business operation by the in-house companies and further reduce our costs by, for example, procuring fuels at cheaper prices.

We will strive to meet the expectations of shareholders and investors by further improving our profitability to return profit to our shareholders through the stable payment of dividends.

**Akinori Kataoka**

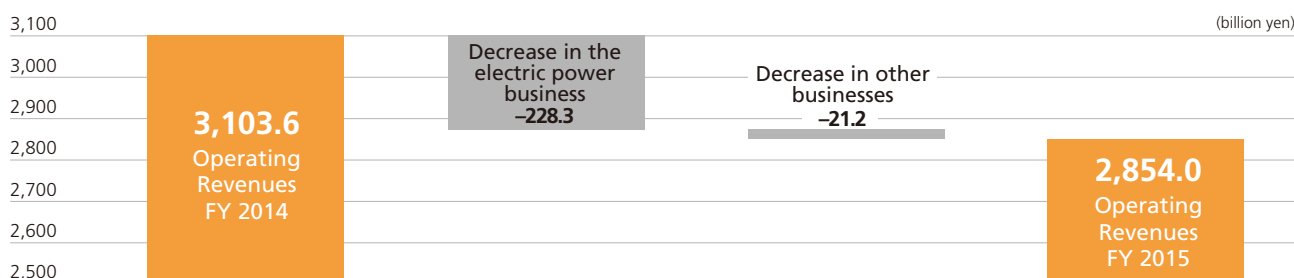
Director  
Senior Managing Executive Officer



## Consolidated Operating Revenues

Operating revenues decreased by 249.5 billion yen from the previous fiscal year to 2,854 billion yen year on year due to: a decrease in electricity sales revenues in light of the warm winter effect and fall in production by the automobile industry; a drop in sales from the meter-rate lighting service caused by a decrease in the fuel cost adjustment charges; and a decrease in sales from the energy business in other businesses.

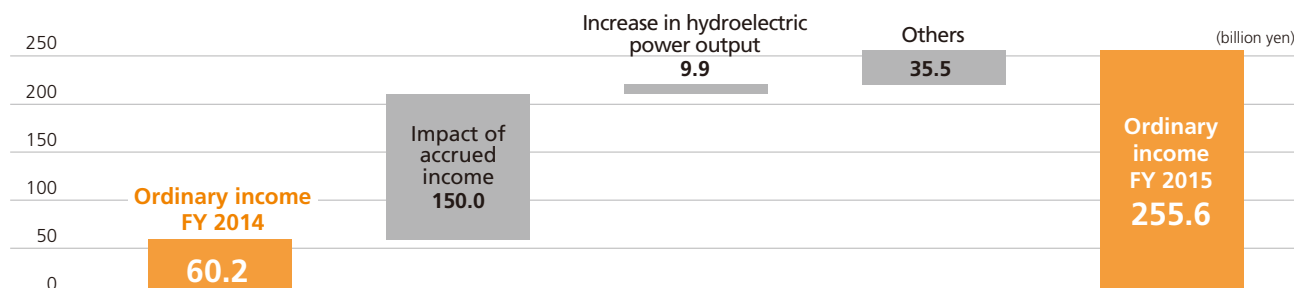
### ■ Factors contributing to change in consolidated operating revenues



## Consolidated Ordinary Income

Consolidated ordinary income increased by 195.4 billion yen from the previous fiscal year to 255.6 billion yen, which is attributable to the expansion of the profit margin due to: accrued income incurred by the fuel cost adjustment system and decrease in fuel cost; a decline in the thermal fuel cost in line with an increase in hydroelectric power output; and other factors.

### ■ Factors contributing to change in consolidated ordinary income



## Opinions and Questions from Shareholders and Investors

**Q1** How will you achieve the medium-term target of increasing consolidated ordinary income to 150 billion yen or more?

**A1** We have set this challenging target with an eye to returning our profit level to that before the Great East Japan Earthquake and ensuring our ongoing profitability, though it is uncertain when we can resume the operation of our nuclear power station.

Toward the achievement of this target, the entire Group will make a concerted effort to maximize its management efficiency. In addition, we will reduce the fuel procurement cost through the operation of JERA Co., Inc. and start implementing specific measures, such as operating the Nishi-Nagoya Thermal Power Station Unit No. 7, which has thermal efficiency at the world's highest level, from fiscal 2017.

**Q2** Could you share your outlook for the dividend level, which is a key aspect of shareholder returns?

**A2** We have not fully recovered from the damage caused to our balance sheet by the Great East Japan Earthquake. We are also facing dramatic changes in the business environment, including the full liberalization of the electricity and gas retail markets. In response, we need to further enhance our competitiveness and risk responsiveness.

Against this backdrop, we plan to pay an annual dividend of 30 yen per share annually for fiscal 2016 based on the precondition that we strive to maximize our management efficiency and in comprehensive consideration of the management environment and our medium- to long-term financial situation.

We will continue to work on the stable payment of dividends as our basic principle, and will decide on the specific amount of dividends by comprehensively examining the balance between the need to enhance our competitiveness for the future and the need to meet our shareholders' expectations.

# Why Nuclear Power Generation Is Necessary

## Japan is not rich in energy resources

The energy self-sufficiency rate of Japan is only 6%, and the nation depends greatly on imports for energy resources. Japan thus faces a range of risks regarding the stable supply of energy. Accordingly, it is essential for us to use a variety of power sources in combination from the viewpoint of the so-called S + 3E's (safety + energy security, economic efficiency and environment). In fact, the Japanese government regards this as a core concept for its energy policy as shown in the Long-Term Energy Supply and Demand Outlook.

Japanese electric power companies, including Chubu Electric Power, have thus fostered a well-balanced energy mix to avoid depending too much on any specific power source. However, the operation of their nuclear power plants has long been suspended since the occurrence of the Great East Japan Earthquake, leading to excessive dependence on thermal power generation across the country. Japan depends on the Middle East for most fossil fuels and has many concerns about energy security; it is now more exposed to the risk of large-scale blackouts due to the lack of fuels.

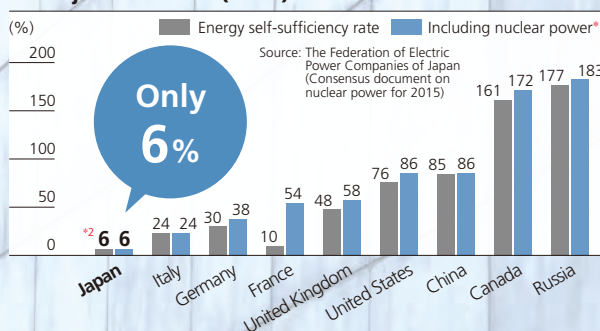
### ■ Annual consumption of electricity by major countries (2013)

Ranking	Country	Consumption (billions kWh)
1	China	5,106.6
2	United States	4,109.8
3	Japan	997.8
4	India	978.8
5	Russia	938.4

World's No. 3

Source: The Federation of Electric Power Companies of Japan (INFO BASE 2015)

### ■ Energy self-sufficiency rates of major countries (2013)



\*1 Because imported uranium can be used over the long term as fuel for nuclear power generation and be recycled by reprocessing, it is treated as a semi-domestic energy source.  
 \*2 Because nuclear power makes a minor contribution to increasing the rate, the self-sufficiency rate remains the same, being rounded off to 6%.

## For the simultaneous achievement of "S + 3E's," we use nuclear power while giving first priority to safety

Uranium, which is used as a fuel for nuclear power generation, is distributed widely across the world and mainly in countries with political stability. It is cheaper than fossil fuels, its price is more stable, and it can be steadily procured on a long-term basis. Further, nuclear power generation provides other good features. For example, it does not emit CO<sub>2</sub> and is thus effective in curbing global warming.

In the Chubu region, which is a manufacturing center, our industrial customers expect us to supply electricity in a stable and constant manner and at reasonable prices, in order to increase the feasibility of their medium- to long-term production plans.

In response, Chubu Electric Power deems it critical to make use of nuclear power as an important power source while giving first priority to ensuring safety and earning the trust of local communities.



Photo: Breakwater completed in December 2015 (22 m above sea level in height and about 1.6 km in total length), which protects the Hamaoka Nuclear Power Station from tsunamis

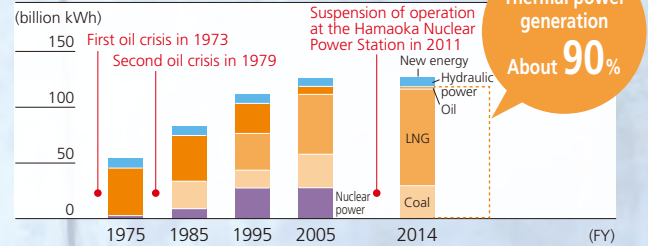
# The need to continue nuclear power generation (influence caused by the long-term suspension of the Hamaoka Nuclear Power Station)

## 1 Excessive dependence on thermal power generation and concerns about energy security

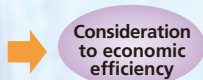


Since the operation of the Hamaoka Nuclear Power Station was suspended, Chubu Electric Power has depended greatly on thermal power generation, which now accounts for about 90% of the electric energy supplied by the company, and LNG-fired generation occupies most of that figure, or about 60% of the total supply. The fossil fuel used for thermal power generation poses a price fluctuation risk and includes imports from Qatar in the Middle East at the rate of about 60%. We therefore need to prepare against the unavailability of fuel caused by the blockade of the Strait of Hormuz.

### ■ Electric energy supplied by Chubu Electric Power (by power source)

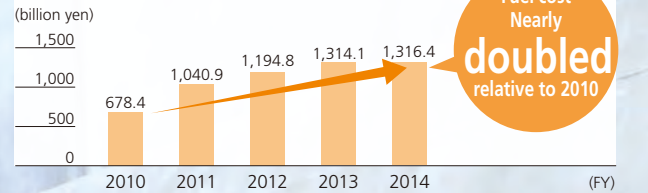


## 2 Rise in electricity rates due to a surge in the total fuel cost



The fuel cost of nuclear power generation is very small relative to thermal power generation, and as a result of replacing supply from the Hamaoka Nuclear Power Station with supplies from the thermal power plants following the suspension of the Station, our total fuel cost dramatically increased, which forced us to raise our electricity rates in April 2014, imposing extra burdens on our customers.

### ■ Fuel cost in the ordinary expenses of Chubu Electric Power

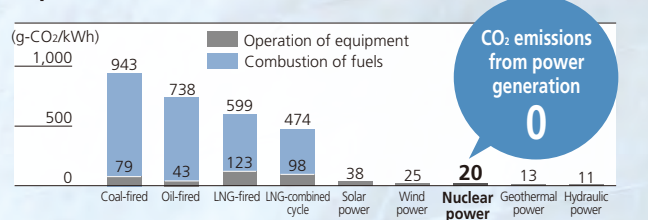


## 3 Increase in CO<sub>2</sub> emissions due to increased thermal power generation



Since the operation of the Hamaoka Nuclear Power Station was suspended, our CO<sub>2</sub> emissions have increased by about 11 million tons annually, reaching nearly 59 million tons in total for fiscal 2015. To curb this trend, we are upgrading our thermal power generation facilities with more energy-efficient ones and expanding the use of renewable energy, but the effectiveness of these measures is limited compared with the effect obtained by using nuclear energy for power generation.

### ■ CO<sub>2</sub> emission intensity of Japan's power sources



Source: Created based on the estimates of lifecycle CO<sub>2</sub> emissions made by the Central Research Institute of Electric Power Industry with a focus on Japan's power generation technologies (July 2010)

## Q Could renewable energy replace nuclear energy for power generation?

**A** We would need to establish very large facilities if we supplied the same amount of electricity as that supplied by nuclear power generation by using solar power and wind power, because they have low energy density. The output from renewable energy is also highly weather-dependent, requiring us to always have a standby backup power source. It is also necessary to implement special measures on the power grid if we expand the use of renewable energy for power generation.

The development of renewable energy sources is thus more costly than the use of other power sources.

### ■ Replacement of a nuclear reactor with facilities for new energy power generation

	Nuclear power plant	Solar panel (for residential use)	Wind turbine
Installed capacity per unit	1.38 million kW	3.5 kW	1,000 kW
Capacity factor	80%	12%	25%
No. of units required to supply the same amount as is supplied by a nuclear reactor	One unit	2.62 million units	4,429 units
Necessary land area (Presumption: 10 m <sup>2</sup> per 1 kW for solar power and 0.16 km <sup>2</sup> per unit for wind power)	— *1	Equivalent to the area occupied by 2.62 million households (nearly equivalent to the total number of households in Aichi Prefecture)	About 700 km <sup>2</sup> , which is nearly equivalent to the area of Lake Biwa

Source: Pocket book on nuclear power for fiscal 2015 published by The Denki Shimbun

\*1 (Reference) The total area of the Hamaoka Nuclear Power Station's premises (not the area occupied by a reactor) is about 1.6 km<sup>2</sup>.

## Q What measures are implemented to treat spent nuclear fuel and high-level radioactive waste?

**A** It is important to establish a cycle to treat spent nuclear fuel, specifically to reprocess the uranium used as fuel at nuclear power plants to recover plutonium and uranium and make effective use of the recovered substances. It is also necessary to tackle the issue of high-level radioactive waste generated from the reprocessing process of the spent fuel.

The Japanese government formulated an action plan on the disposal of spent nuclear fuel in October 2015 and announced its commitment to accelerating the measures to expand the capacity to store spent fuel. Chubu Electric Power is planning to build a dry cask storage facility within the premises of the Hamaoka Nuclear Power Station and the Nuclear Regulation Authority is now examining its safety. The government is also examining sites that are scientifically suitable for the geological disposal of high-level radioactive waste, and aims to announce the candidates for the final repository of the waste by the end of 2016. Chubu Electric Power will work to gain more public understanding about final disposal while continuing to support the activities of the Nuclear Waste Management Organization of Japan (NUMO).

In pursuit of greater safety

## Preventing Accidents, Preparing for Accidents

We have constantly been enhancing the safety of the Hamaoka Nuclear Power Station by incorporating the latest findings into the related measures. We are presently undergoing inspections by the Nuclear Regulation Authority to ensure that the power plant is safe and complies with the new regulatory standards. We will continue to strengthen our equipment measures and the responsiveness of the staff of the nuclear power plant to enhance its "onsite" abilities to deal with accidents, while fostering collaboration with related organizations to enhance our "offsite" abilities to prepare against nuclear accidents for the safety of the areas surrounding the nuclear power plant.



We will also prepare for an accident leading to the serious release of radioactive substances, which is, however, an extraordinarily rare event.

### Enhancement of the equipment measures

The nuclear power plant is equipped with multi-layered and diverse device-based measures to cool the reactors, including power sources and water injection and heat removal equipment to prepare for natural disasters such as large earthquakes and tsunamis, fires, and for equipment failures. In addition to the fixed equipment, the plant also has portable equipment to make flexible responses to any incidents.



Emergency seawater intake system

See the next page for examples

### Enhancement of onsite staff's abilities

We are also enhancing onsite staff's abilities through education and training, and we provide them with necessary equipment and materials to ensure that the plant has an appropriate system and organization to respond to an accident from initial responses through to bringing the accident under control.



Emergency response center training held to deal with an accident

## Equipped with the functions to cool the reactors in preparation for earthquakes and tsunamis

- : Anti-seismic measures
- ▲: Anti-tsunami measures
- : Anti-severe accident measures

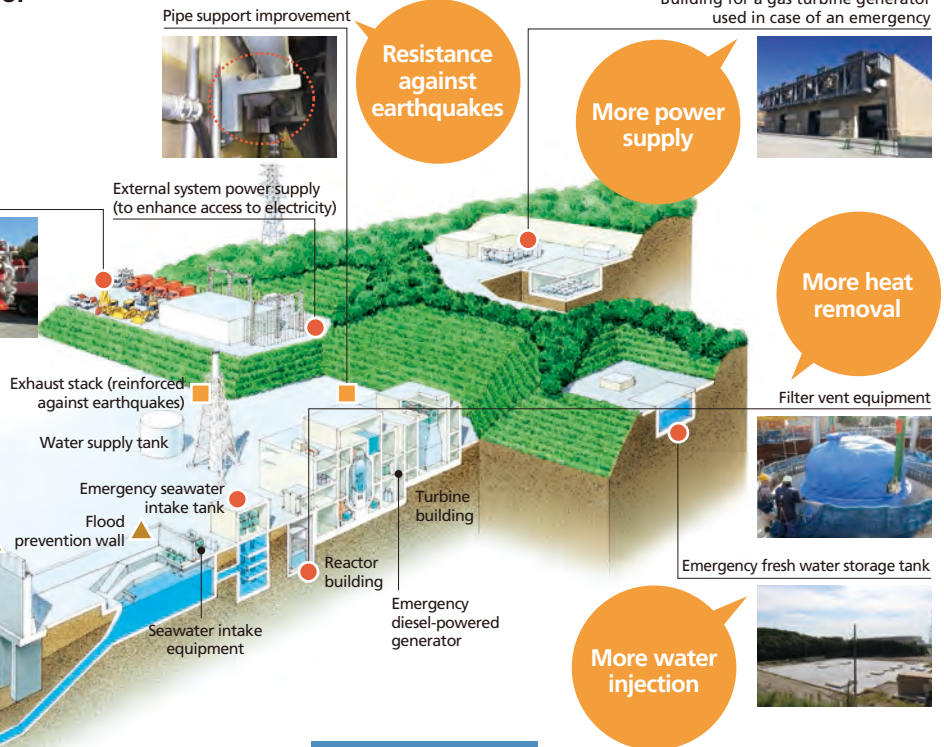
Training to use a power-supply vehicle (left) and a water pumper (right)



Breakwater (height: 22 m above sea level)



Resistance against tsunamis



National and local governments

Enhancement of collaboration with the governments

Reporting/communication



Training at the offsite center

Offsite center

Japan Self-Defense Forces, Japan Coast Guard, the police, fire department, medical facilities, JAEA\*, mass media, etc.

Dispatch of personnel

Chubu Electric Power

Local residents



Nuclear disaster training held by Shizuoka Prefecture (Employees checking the contamination level)

Offsite responses



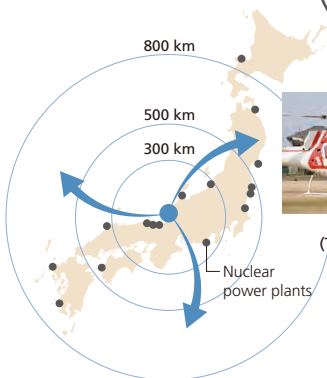
Training to establish a call center

Enhancement of the system for the evacuation of local people

\* Japan Atomic Energy Agency

Cooperation among operators

Nuclear operators



### Establishment of an emergency support organization

Nuclear operators located across Japan jointly established an emergency support organization in Fukui Prefecture, which has robots and radioactive decontamination equipment and will transport equipment and other materials in case of an emergency.

## Enhancing collaboration with related agencies

In the event of a nuclear disaster, we will immediately report it to the national and local governments. We will also send Chubu Electric Power's personnel to the offsite center\* to support the evacuation of local residents. We will thus collaborate with the governments and related agencies to deal with the disaster. To this end, we will enhance mutual cooperation with the related agencies through joint drills and strengthen our disaster control system.

\* An offsite center is established in the nuclear disaster-afflicted area for the national and local governments' emergency headquarters to share information and implement urgent measures in cooperation with each other.

In pursuit of greater safety

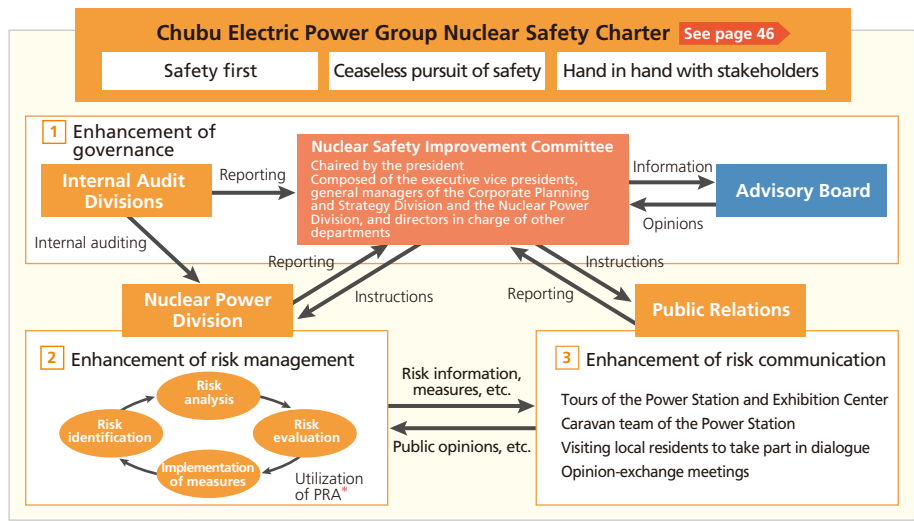
# Aiming to Further Increase the Safety and Reliability of the Nuclear Power Station

Beyond simply meeting the new regulatory standards, we are working to further increase the safety of the plant through equipment measures that incorporate the latest findings as well as by improving onsite staff's abilities to respond to incidents. Moreover, the management team is strongly committed to increasing nuclear safety by enhancing governance, risk management and risk communication.

### Lessons learned from the nuclear accident in Fukushima

- Because of the belief that the plant was safe enough, ensuring the safety of the plant was not deemed as a management priority.
- No proactive measures were taken to ensure safety beyond the level required by the regulatory standards.
- Explanations about the plant's risks were avoided because it was felt that society would not accept the risk concept.

Being strongly determined to prevent the reoccurrence of similar disasters, we aim to make our nuclear power plant the world's safest, thereby relieving the concerns of local communities and society at large.



\* PRA stands for probabilistic risk assessment and is a methodology used to analyze and evaluate the events that might take place in a nuclear reactor. In PRA, the likelihoods of accidents and failures are expressed in frequencies, and the magnitude of possible damage is quantified.

## 1 Enhancement of governance

In 2014, we formulated the Chubu Electric Power Group Safety Charter to show our commitment to and philosophy on nuclear safety and our aspiration to "make our nuclear power station the safest one in the world, which will give peace of mind to local residents and society at large." We will face risks straightforwardly, regard safety as our first management priority, appropriately analyze and evaluate nuclear power-related risks, decide on the implementation of necessary safety measures through the Nuclear Safety Improvement Committee, and have our safety efforts evaluated by external experts through the Advisory Board, thereby enhancing governance.

### Advisory Board

#### External members

(in an alphabetical order of their family names)

- Noriko Hattori:** General Manager, Shizuoka Center for Climate Change Actions
- Hiroyuki Kobayashi:** Expert in risk management and aviation critic
- Yushu Matsushita:** Trustee and Vice President, Nagoya University
- Sumi Yokoyama:** Associate Professor, Faculty of Radiological Technology, School of Health Sciences, Fujita Health University
- Naotoshi Yoshikawa:** President of JR Central Building Co., Ltd.

#### Opinions given by members

- Elimination of human error will remain to be the biggest challenge for safety measures, and it is critical to check and ensure adherence to the basics.
- As a nuclear operator, the company should prioritize listening to a range of people who have questions, concerns and interests about nuclear safety. This should be given priority over making the company's own explanations to the public.



▲ Advisory Board

## 2 Enhancement of risk management

At Hamaoka Nuclear Training Center, we raise the risk awareness of employees and conduct training to help them make steady responses to risks by learning lessons from past failures. We are thus further improving the safety of the Nuclear Power Station by incorporating onsite findings and knowledge gained inside and outside the company into the safety measures. We also make probabilistic risk analyses (PRA) to execute a cycle of identifying, analyzing, evaluating and addressing risks to further increase the safety through risk management.



▲ Passing down technologies in a roundtable meeting (Hamaoka Nuclear Training Center)



### 3 Enhancement of risk communication

We proactively share information and achieve mutual understanding with local residents and society at large by fostering interactive communication. We sincerely respond to their questions and concerns about nuclear risks to win their trust, mainly by promoting mutual dialogue through the tours of the Power Station and the Exhibition Center, the caravan team of the Power Station, visits to local residents, and opinion-exchange meetings.

#### Q What is an opinion-exchange meeting?

A Opinion-exchange meetings are held for local residents by Omaezaki City, where the Hamaoka Nuclear Power Station is located. At the meetings, the local government listens to local residents' questions, concerns and interests about nuclear power to incorporate their opinions into the administration of nuclear power. Chubu Electric Power also explains its safety improvement measures for the Power Station in the meetings and directly listens to the residents' opinions about the plant.



#### Caravan team of the Power Station

About once or twice each month the caravan team visits shopping centers and other facilities in the vicinity of the Hamaoka Nuclear Power Station to communicate the necessity of nuclear power generation and progress of the safety measures to locals and to directly ask for their opinions.



▲ Displaying a movable water pumper

#### Visiting local residents to take part in dialogue

We visit people living in the vicinity of the Hamaoka Nuclear Power Station to engage in face-to-face dialogue with them, thereby steadily increasing the opportunities to introduce our measures to as many people as possible and to solicit the opinions of local residents.



▲ Visiting local residents to take part in dialogue

#### Present status of reactors at the Hamaoka Nuclear Power Station

At the Power Station, we are implementing more safety measures based on the new regulatory standards set by the Nuclear Regulation Authority, and the current status of the reactors is as follows: Units 3 and 4 are now under examination by the Authority to check for their compliance with the standards. Units 1 and 2 are in the decommissioning process. We shifted to the second phase of the process in February 2016 and began disassembling and removing the peripheral equipment.

	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5
<b>Output: 10,000 kW</b>	54	84	110	113.7	138
<b>Start of operation</b>	Mar. 1976	Nov. 1978	Aug. 1987	Sept. 1993	Jan. 2005
<b>Present status</b>	In the decommissioning process End of operation on Jan. 30, 2009		Operation under suspension (maintenance and inspection continued)		
	Shift to the 2nd phase of the decommissioning process on Feb. 3, 2016 Started to disassemble and remove the peripheral equipment		Safety improvement measures (for earthquakes, tsunamis and severe accidents) Being implemented (with priority on Unit 4)		
			Under examination	Under examination	Preparations being made for application
			Dealing with the seawater infiltration event Reporting of the evaluation results on Dec. 15, 2015		

#### Monitoring the Unit 1 decommissioning process to use the results for research

The Nuclear Power Safety Technology Research Center, located within the power plant, is monitoring the Unit 1 decommissioning process to use the results in its research to further improve the safety and operation of the plant, thereby contributing to ensuring the long-term soundness of nuclear power plants operated in Japan and abroad.

# Taking on New Challenges to Fulfill Our Unwavering Mission

We formulated the Chubu Electric Power Group Management Vision in February 2016, in which we express our resolve and corporate vision with a view to responding to the trust and high expectations of customers and society. We will thereby continue to be chosen by our customers amid changes in our business environment, including the electricity and gas system reforms. As a provider of energy that is indispensable for people’s lives, we will continue to fulfill our unwavering mission, which is

to provide environmentally friendly and high-quality energy in a safe, reasonable, and stable form toward the future. Based on the precondition that we fulfill this mission, we will also keep taking on the challenge of creating new value in view of the changes of the times to become a “total energy service corporate group that is one step ahead” and that can provide services that exceed the expectations of customers ahead of our competitors.

## Summary view of the management vision set to implement the corporate philosophy

**Changes in the operational environment**

**Changes in the legal system**

- Full liberalization of the electricity retail market (2016)
- Full liberalization of the gas retail market (2017)
- Legal unbundling of the power transmission/distribution sector (2020)
- Legal unbundling of the gas pipeline service sector (2022)

**Changes in customers’ needs**

- With selection of electricity and gas supplier made easier, customers’ needs for safety, stability, lower prices, and environmentally friendly services have become increasingly sophisticated and diversified

**Changes in the energy market**

- Stagnation of domestic demand
- Increase in supply due to new construction of large-scale power plants
- Promotion of the use of renewable energy
- Entry of new operators (from other industries, etc.)

**Direction**

Achieve simultaneously

---

Develop a new business model

- Expand business domains  
Expand business areas and services, and utilize M&A
- Carry out autonomous business activities in each business area (launch of the internal company system, etc.)

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Strengthen our business foundation that supports the business model

- Strict enforcement of environmental management
- Utilize and develop advanced technology
- Fulfill social responsibilities and utilize human resources

**What we aim for**

**Leading the industry in providing customers with services that exceed expectations**  
**"Total energy service corporate group that is one step ahead"**

- Power generation field** See page 33

Pursue one of Japan's largest business scales and achieve globally top-class technological skills in order to survive in the global market
- Power transmission/distribution field** See page 37

Respond to the trust and high expectations of our customers and support the development of the region by providing top-class power network services
- Retail field** See page 41

Continue to be chosen by customers by providing total energy services centered on gas & electric power

**Shared sense of mission**

A strong sense of mission to ensure the stable supply of energy that is shared by all business units of the Chubu Electric Power Group

**Quantitative vision for Chubu Electric Power Group in 2030**

**We will aim to gain new profits of 160 billion yen or more (as of 2030).**

**Corporate Philosophy**

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



Realize our unwavering mission

## Onsite Measures Implemented to Help Ensure Stable Power Supply

As our unwavering mission, we are committed to supplying electricity stably to customers on a 24-hour, 365-day basis. All components of our electricity network play important roles for the fulfillment of this mission, and employees are supporting the stable supply of electricity at their respective workplaces. In this feature article, we introduce how our aging facilities (power transmission lines and towers that serve as support structures) are replaced with new ones to help ensure a stable power supply.

### Renewing the main artery for the stable supply of electricity to Nagoya

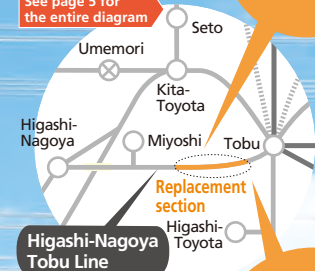
The 275,000 V Higashi-Nagoya Tobu Line, which passes through Miyoshi City and Toyota City to reach Nagoya City, Aichi Prefecture, is one of the core lines of Chubu Electric Power's bulk power system. In 2012 we began renovating the line's old facilities, which were constructed in 1967, in the belief that the renovation work would also help us meet local electricity demand, which had been increasing since their construction.

The facilities were constructed in hilly areas covered with agricultural fields and forests. However, the areas have been developed into residential areas, over which we have to replace the transmission lines in consideration to the local people's living environment and giving first priority to safety. To this end, onsite workers, the construction company, Chubu Electric Power's staff, and all other related parties have been working with a strong professional commitment.

In the photos on these pages, you can see how our onsite members, who are working in a team of six, carry out the final tests on the replaced transmission lines before transmitting electricity through the new lines. They climb up the transmission towers to stand on the overhead lines (35 to 50 meters above the ground) to examine the lines, including checking for any damage, with due care.

Part of the Chubu Bulk Power System

See page 5 for the entire diagram



Rebuilding 24 towers

Replacing lines over 11.3 km in route length

Climbing up the tower wearing a safety belt



Examining the line visually and manually

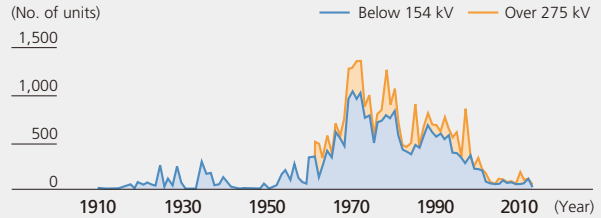


**Reference Measures for aging facilities in use**

The power transmission and transformation facilities that were constructed in vast quantities during Japan's high economic growth period have become aged after long years of use and need to be updated. Under such circumstances we are required to maintain the sound operation of our facilities from a long-term view.

We will foster the appropriate maintenance of the facilities to prevent any failures, while working to make the optimal plans and devise multiple measures to renovate the aged facilities efficiently, safely, and at the minimum cost.

**Number of existing transmission line towers**



Explaining the work method to elementary school children

**Steadily replacing the lines, gaining understanding from local residents**

We are replacing the transmission lines in residential areas, and cannot do the work without gaining understanding and support from local residents.

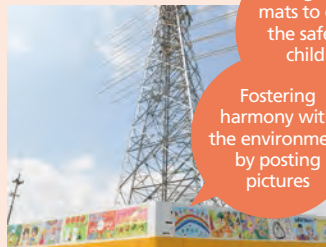
Based on this recognition, we have been visiting each of the households in the vicinity of the lines to be replaced to explain about the work, while suppressing the noise and vibrations caused by the work and ensuring the safety of road traffic when using vehicles.

For the work, we have been renting a part of the schoolyard of a local elementary school. On the noise-proof wall built for the work, we posted pictures painted by the school children with the support of the school, in the hope that the work would be more acceptable to them.



Using buffer mats to ensure the safety of children

Fostering harmony with the environment by posting pictures

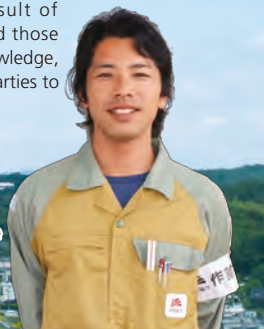


**Message from onsite staff**

**Overcoming the difficulty of building the facilities**

In the work for the Higashi-Nagoya Tobu Line, we are facing great difficulties in replacing extra-high voltage transmission lines because the work area and height are restricted as it is conducted in residential areas and near other existing transmission lines. However, I am encouraged to meet the next challenge in the work when seeing a new tower standing on the ground as a result of cooperating with the construction company and those related to the land, and bringing together the knowledge, creative ideas and technologies of all the related parties to overcome the difficulties.

**Yukitoshi Sugie**  
Construction Section  
Higashi-Nagoya Tobu Line Worksite



**Message from onsite staff**

**I am engaged in negotiations with landowners and local communities in the work**

My task is securing the land necessary for the work and gaining understanding and support for the work from all those related. In the negotiation process, I give first priority to building relations of trust with customers, which I think is the fastest shortcut to gain their understanding. The renovation work is nearing its climax and I feel great satisfaction when seeing new towers standing on the ground. I will continue to deal sincerely with customers toward the completion of the work.

**Hitoshi Kudo**  
Land Section  
Higashi-Nagoya Tobu Line Worksite



Create new value

## Measures to Accelerate Our Growth

The Chubu Electric Power Group regards changes in its business environment, including the full liberalization of the electricity retail market, as great opportunities to accelerate its growth. Based on this recognition, we will implement the measures to foster the growth of our Group companies as well as our in-house companies.

### Action 1 Further promote sales in the electricity and gas markets (combined sale of gas & power)

#### Sales of electricity

##### Enhancement of new services useful for customers

As a "life coordinator" delivering satisfaction to each and every customer, we will provide customers with a series of services that exceed their expectations, including offering new rates and expanding our online services.



Chubu Denryoku Hajimeru Bu was established as a special department to start new initiatives based on new ideas. (TVCN currently on the air)

More than 1 million members

##### Household customers

###### Enhancement of the "KatEne" service

###### Improvement of the KatEne point service

- The points can be used to pay the electricity charges.
- Partners for the point service have been increased.

###### Improvement of the service by the use of smart meters

- Upgraded KatEne reports
- Energy conservation support email
- Monitoring support email
- Visualization of power consumption on the TV screen

###### Enhancement of collaboration with local companies by the use of KatEne

- Local shopping information (KatEne x Shufoo! application)
- Opening of the "sampling" website to listen to the voices of local customers
- Distribution of information about special benefits to KatEne members
- New rates for customers in the Chubu region

See page 44

##### Business customers

###### Enhancement of the BizEne service

###### Service to help attract customers

###### Service to help accounting

###### Enhancement of the service by the use of smart meters

- Improvement of information about daily results
- Monthly use forecast email
- Maximum power demand notification email

###### Business consultation service (on legal and tax affairs)

###### Provision of other services

###### Comprehensive office support service

### Action 2 Increase competitiveness by developing leading-edge power sources

We will increase the efficiency of our thermal power plants and foster the use of renewable energy to increase our competitiveness while reducing our environmental impact. Further, we will advance the development of the Nishi-Nagoya Thermal Power Station No. 7 as a highly efficient LNG-powered plant and of the Taketoyo Thermal Power Station Unit No. 5 as a reasonably priced base power source, thereby optimizing our power supply portfolio in consideration of the aging of our power generation facilities.

**Nishi-Nagoya Thermal Power Station No. 7**  
**Output:** 2.376 million kW (at the generation end)  
**Fuel:** LNG  
**Start of the work:** Jan. 2014  
**Start of operation:** Sept. 2017 (for No. 7-1) (planned) / Mar. 2018 (for No. 7-2) (planned)

**Taketoyo Thermal Power Station Unit No. 5**  
**Output:** 1.07 million kW (at the generation end)  
**Fuel:** Coal  
**Start of the work:** May 2018 (planned)  
**Start of operation:** Mar. 2022 (planned)

Thermal efficiency About 62% (On a lower heating value basis)

World's highest standard See page 35 for thermal efficiency

Securing a highly competitive base power source



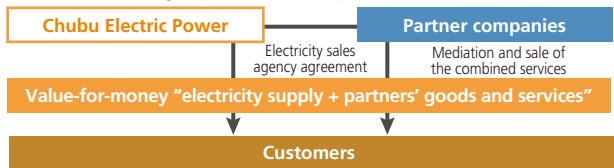
Nishi-Nagoya Thermal Power Station under construction

## Expansion of business in the Tokyo metropolitan area

To promote sales in the Tokyo metropolitan area, we are expanding our sales system by using various sales channels while developing power sources through JERA Co., Inc. for steadily securing power sources in areas outside the Chubu region.

- Securing power sources** Secure more power sources through Suzukawa Energy Center, Ltd. and also through the future development of power sources by JERA [See page 6](#)
- Building a sales system** Promote electricity sales through multiple sales channels, including direct sales and sales through partner companies [See page 44](#)

### ■ Sales through partner companies



## Sales of gas

### Expanding sales of gas and LNG to customers including households

The gas retail market will be fully liberalized in April 2017. In response, we will procure LNG through JERA Co., Inc. to become a highly competitive supplier of gas, LNG and onsite energy services jointly with Group companies (such as Cenergy Co. and Diamond Power Corporation), thereby expanding our sales of gas and LNG to customers including households in and outside the Chubu region.



## Action 3 Procure fuels in a manner that helps us enhance competitiveness and achieve growth in the international energy market

Through the global activities conducted by JERA Co., Inc., we will enhance our international competitiveness in stable power and gas supplies, thereby increasing our corporate value.

**JERA's vision** [See page 35](#)

JERA will use the assets, technologies and findings accumulated by Chubu Electric Power and Tokyo Electric Power as well as their business sizes, which are among the largest in both Japan and abroad, with a view to increasing its presence in the fuel and power generation markets and achieving further growth.

**Apr. 30, 2015**

The two power companies formed an alliance through JERA so that they have a common contact point for their new development projects.

**Oct. 1, 2015**

Integrated their fuel transportation and trading businesses into JERA.

**Jul. 1, 2016**

Also integrated their existing fuel businesses (upstream and procurement businesses), existing overseas power generation, and energy infrastructure businesses into JERA.

**Around spring of 2017**

Plan to make decisions on the integration of their existing thermal power generation businesses into JERA.

Refer to the "Introduction" section for the business size in 2030, which will be achieved through the aforementioned three initiatives.

[See page 4](#)

## Business Activities under a New System

—Summary View of Our Business Activities

# At Chubu Electric Power, our internal companies strive individually and collectively to ensure the indispensable energy supply and contribute to the advancement of society.

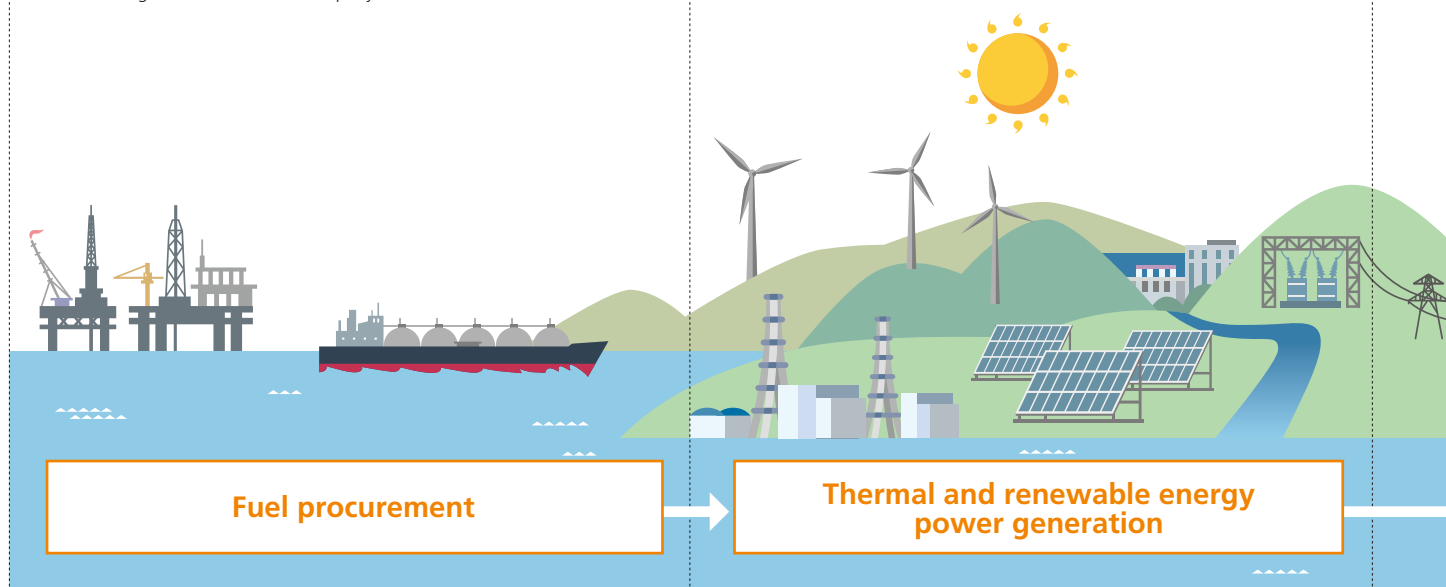
Jera\*

\* It is a joint venture established in April 2015 based on a comprehensive alliance with Tokyo Electric Power. The alliance covers the entire supply chain from upstream fuel business and fuel procurement to thermal power generation. Up until now, the two companies' contact channels for new project development have been consolidated into one under this alliance. The fuel transportation and trading businesses, as well as the exiting fuel business, and overseas power generation and energy infrastructure businesses have also been integrated into the new company.

## Power Generation Company

To compete and win in the global market, we aim to become one of the largest power generation companies in Japan with world-class technologies.

See page 33



### Fuel procurement

We will create an optimal portfolio of fuel procurement and upstream fuel business and thereby improve flexibility, economical efficiency, and stability in our fuel procurement

We aim to optimize all of our businesses through the full use of our own fleet of carriers and the expansion of our fuel trading projects involving overseas fuel markets.

### Overseas power generation

Based on expertise and human resources that we have developed through our power generation business in Japan, we operate thermal power generation projects and develop renewable energies in overseas markets.

### Domestic power generation (new establishment and replacement)

Through facility replacement with new power plants that employ cutting-edge technologies, we increase both our competitiveness and the environmental friendliness of our operations.

### Optimal electricity generation mix

Chubu Electric Power has 211 power generation facilities that can produce a total of 33,170 MW of electricity, including nuclear power, thermal power (LNG, coal, and oil), and renewable energy (hydroelectric, solar, and wind power) plants.

Each power generation source has its own pros and cons in terms of energy security, environmental impact, economical efficiency and other aspects. Fully considering the diverse features of different power sources, we strive to optimize our portfolio of power sources.

Among such different types, power generation using thermal power and renewable energies is the business our Power Generation Company operates.



## Power Network Company

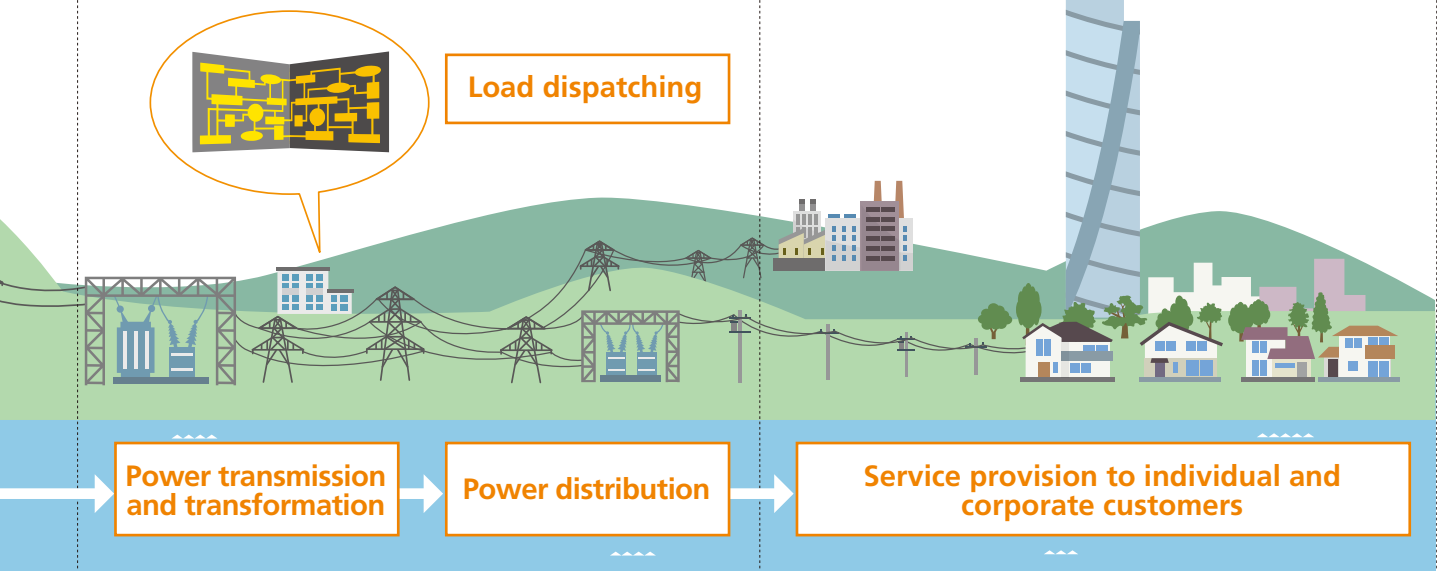
Through offering our excellent power network and related services, we contribute to the advancement of communities and society.

See page 37

## Customer Service & Sales Company

We aim to become a leading total energy service corporation with particular focus on electricity and gas.

See page 41



### Power transmission

We transmit electricity from power plants to substations via transmission lines. Electricity is delivered via distribution lines from substations to our customers such as residences and factories.

### Monitoring and controlling the electric power network

We control and monitor the entire power network that connects power plants to customers 24 hours a day, every day, to ensure the safe and stable delivery of high-quality electricity at reasonable prices.

We also adjust the power generation volume (i.e., supply) to meet the ever-changing power consumption volume (i.e., demand) and thereby maintain the appropriate frequency.

### For household customers

We aim to serve as a “daily-life coordinator” who supports customers in various aspects of their lives.

### For corporate customers

We help customers solve a wide range of energy and other business-related issues.

### For customers in the Tokyo metropolitan area

The Chubu Electric Power Company Group is expanding its sales network into the Tokyo metropolitan area. In this region, we started to sell low-voltage electricity to households and other customers in April 2016.



# Power Generation Company

• Thermal power generation • Renewable energy (hydroelectric, solar, wind, etc.) power generation

## Our Mission and Vision (“What We Aim For”)

To compete and win in the global market, we aim to become one of the largest power generation companies in Japan with world-class technologies.

Under the action principles, fulfilling our unwavering mission and creating new value, Power Generation Company and JERA aim to become one of the largest power generation companies in Japan with world-class technologies. With such competitive advantage, we aim to win in competition

in the global market and increase our corporate value.

In the renewable energy power generation business, we make the most of our business resources to expand use of renewable energies and help Japan improve its energy self-sufficiency and reduce greenhouse gas emissions.

### Realize our unwavering mission

Supply electricity, gas and other energy to customers in a stable and internationally competitive manner

### Create new value

Increase the size of our business by securing large-scale power sources and natural gas sources outside of the Chubu area

Expand overseas power generation and energy infrastructure projects and fuel procurement-related projects

Promote greater use of renewable energies

To compete and win in the global market, we aim to become one of the largest power generation companies in Japan with world-class technologies.

We will contribute to reducing greenhouse gas emissions.



(2)



(3)

## Kozo Ban

President  
Power Generation Company

### Profile

**Kozo Ban:**  
Joined Chubu Electric Power in 1981; became Executive Officer, General Manager of Thermal Power Department in 2010; Executive Officer, General Manager of International Business Department in 2012; Director, Senior Managing Executive Officer, General Manager of Power Generation Division in 2014; Director, Senior Managing Executive Officer, General Manager of Fuels Department and International Business Department, and General Manager of Power Generation Division in 2015; President of Power Generation Company, General Manager of International Business Department and Fuel Department in April 2016; and Director, Senior Managing Executive Officer, President of Power Generation Company in July 2016.



- (1) Hekinan Thermal Power Station
- (2) Omaezaki Wind Power Station
- (3) Mega Solar Shimizu

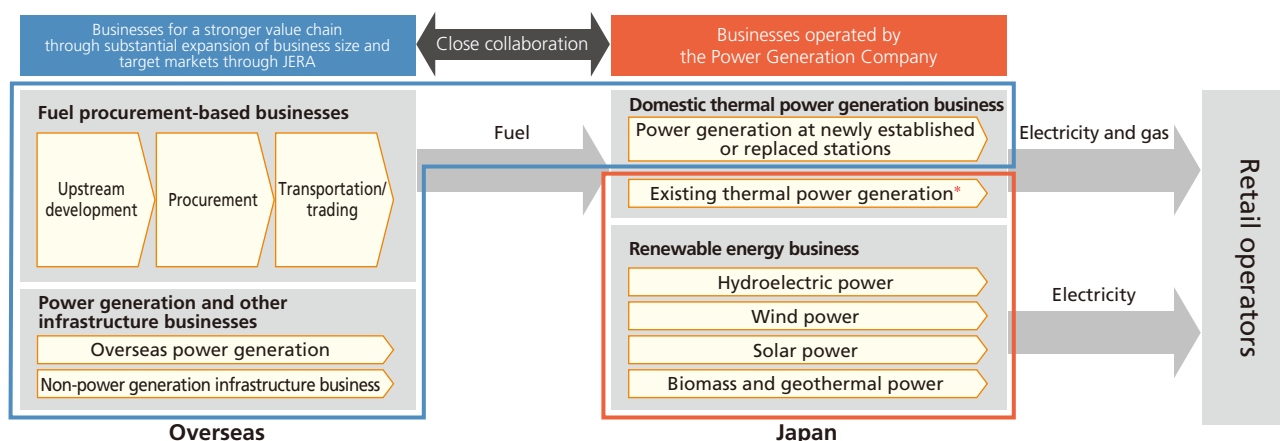
## Business Areas

With the combined strengths of the Power Generation Company and JERA, we will maximize the value that we have to deliver customers.

In the power generation sector, we will achieve an internationally competitive energy supply and greater corporate value by strengthening our value chain. To this end, our business size and the domestic and international markets where we operate will be expanded through

JERA, our joint venture with Tokyo Electric Power.

At the same time, we will refine our operations even further by our excellent technologies and expertise so as to ensure the safe and stable supply of high-quality and environmentally friendly energy at reasonable prices.



\* Judgment regarding future integration of existing thermal power generation assets into JERA will be made around the spring in 2017 (tentative), taking into consideration the business results of the new joint venture.

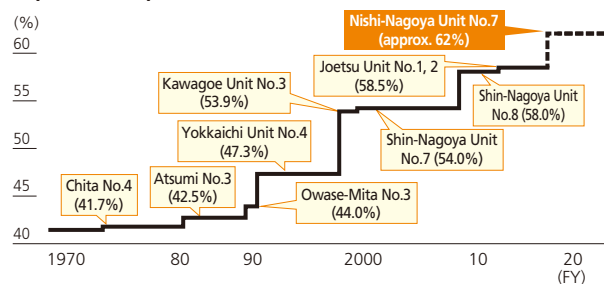
## Current Initiatives

### Efforts to Improve Thermal Efficiency

Chubu Electric Power is working to improve the thermal efficiency of its thermal power plants to increase the competitiveness of its power sources and reduce CO<sub>2</sub> emissions.

For instance, aiming to reduce LNG consumptions and carbon emissions, an LNG-fired combined cycle power generation with a compact cycle boasting the world's greatest thermal efficiency will be introduced to the Unit No. 7 of the Nishi-Nagoya Thermal Power Station, which is now under construction. We also work to prevent the increase of CO<sub>2</sub> emissions from our coal-fired power generation operations. For example, cutting-edge, highly efficient generation facilities are installed in the Unit No. 5 of the Taketoyo Thermal Power Station. [See page 29](#)

■ Thermal efficiency of thermal power generation facilities (LHV basis\*)



\* A lower heating value (LHV) basis is calculated by subtracting the latent heat of vaporization of the moisture contained in fuel and water generated by combustion from the higher heating value.

### Development of Renewable Energies

To promote widespread use of renewable energies, the Chubu Electric Power Group continues its efforts to reduce related costs and to develop these precious domestic energy sources with an eye toward possible joint development with other companies. At the same time, we purchase renewable energy power primarily based on the national feed-in tariff scheme.

■ Solar and wind-powered electricity supply capacity (as of the end of fiscal 2015)

	Group total development*	Purchased by the Company
<b>Solar power</b>	221 MW	5,048 MW
<b>Wind power</b>	136 MW	238 MW

\* Total including the entire capacity for joint projects

<b>Hydroelectric power</b>	<ul style="list-style-type: none"> <li>Efforts to increase the volume of power generation, such as the development of conventional and regular water-flow release* hydroelectric power plants and the improvement of existing facilities, have been made continuously.</li> <li>Regular water-flow release hydroelectric power plants are currently being developed by a Group company as well.</li> </ul>
<b>Solar power, wind power</b>	<ul style="list-style-type: none"> <li>Several plants are currently being developed by Group companies.</li> </ul>
<b>Biomass power</b>	<ul style="list-style-type: none"> <li>Wood biomass is co-fired with carbonized sludge in the Hekinan Thermal Power Station.</li> <li>A pilot project for power generation using only wood biomass as fuel is currently being implemented by a Group company.</li> </ul>
<b>Geothermal power</b>	<ul style="list-style-type: none"> <li>A feasibility study is currently being conducted by a Group company.</li> </ul>

\* A type of hydroelectric power generation that utilizes water discharged from a dam for maintenance of the riparian environment at the downstream toe of the dam

## Initiatives at JERA

### Fuel businesses

With the procurement volumes of Chubu Electric Power and Tokyo Electric Power combined, JERA can leverage the world's largest procurement volume. By doing so, the company will develop an optimal portfolio of fuel procurement and upstream fuel business and achieve flexible, economically efficient, and stable procurement of fuel.

We aim to optimize all of our businesses through the full use of our own fleet of carriers and the expansion of our fuel trading projects using overseas fuel markets.

### Overseas power generation businesses

For every element in the entire supply chain from upstream fuel business to thermal power generation, JERA will aim to take the initiative to develop projects by using the technologies and expertise that we have thus far built up. The new company will work hard to develop renewable energies.

### Domestic power generation businesses

While using existing power stations, LNG bases and other infrastructure facilities of Chubu Electric Power and Tokyo Electric Power, JERA will promote the necessary replacement with new facilities employing the latest technologies so as to increase competitiveness and reduce the environmental impact of its businesses.

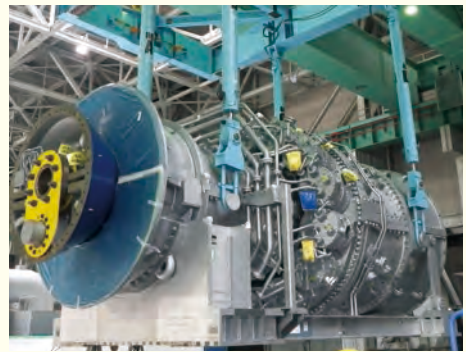
## TOPICS

### Measures to increase the competitiveness of LNG-fired combined cycle power generation facilities

Chubu Electric Power is working to make its LNG-fired combined cycle power generation facilities even more competitive.

On the facilities front, gas turbines of the Unit No. 3 of the Kawagoe Thermal Power Station are now being replaced with new models to further improve thermal efficiency and minimize output loss in summer. These new types of turbines will also be introduced to the Unit No. 7 of the Shin-Nagoya Thermal Power Station.

To operate our power stations more competitively, we are working to ensure power demand will be met even in the event of a sudden change, which may occur due to greater use of solar power generation with varying power generation output depending on weather conditions. Example measures include the efforts to shorten the time from suspending LNG-fired combined cycle power generation facilities to resuming them, reduce minimum output levels, and improve output variation rates.



▲ Replacing gas turbines in the Kawagoe Thermal Power Station Unit No.3

### Anti-tsunami measures at Owase-Mita Thermal Power Station

Anti-tsunami measures are in place at the Owase-Mita Thermal Power Station in preparation for a possible tsunami occurrence caused by an anticipated Nankai Trough Megaquake.

Example measures for facilities include the installation of evacuation places and stairs, and emergency shutoff valves equipped with oil pipes to prevent fuel from spilling from damaged parts. Likewise, an emergency undocking device and a quick release hook to evacuate a tanker unloading fuel to offshore are also available.

As operational measures, we have consolidated (and removed certain) fuel tanks and oil types. To prevent fuel tank spillages in the event of a tsunami, we also maintain a high level of fuel in tanks and keep dormant tanks filled with water.

For prompt evacuation of workers on the deck from which fuel is being unloaded from a tanker, a lifeboat compliant with governmental tsunami lifeboat guidelines has been installed at the deck since March 2016.



▲ Lifeboat installed at Owase-Mita Thermal Power Station

### Launch of operation of all units of the Tokuyama Hydroelectric Power Station

After its construction work for six and a half years, all the units of the Tokuyama Hydroelectric Power Station started operation in March 2016 when the Unit No.1 (139.0 MW) was put in operation, following the launch of the operation of the Unit No. 2 (24.3 MW) in May 2014.

This power station is the largest among our general hydroelectric power stations excluding those using pumped-storage hydroelectricity.

When the two units are in operation simultaneously, the total output of the power station will be 161.9 MW, which can supply electricity to about 83,000 households. The annual reduction amount of CO<sub>2</sub> emissions will be up to 150,000 t-CO<sub>2</sub>.



▲ Tokuyama Hydroelectric Power Station



(1)

# Power Network Company

- Power supply and demand control
- Power systems operations
- Telecommunications engineering
- Power transmission
- Power transformation
- Power distribution

## Our Mission and Vision (“What We Aim For”)

Through offering our excellent power network and related services, we contribute to the advancement of communities and society.

Under the action principles, fulfilling our unwavering mission and creating new value, the Power Network Company has established its own three goals. We will achieve them—even at a higher level than the competition—and become

the leading company in this sector. Through these efforts and achievements, we aim to make a positive contribution to communities and society.

### Realize our unwavering mission

Deliver high-quality electricity at reasonable prices in a safe and stable manner

Provide sophisticated power network services that can proactively meet the needs of customers and communities

### Create new value

Contribute to efficient energy use and operate new energy businesses

Achieve the missions at a higher level than the competition (i.e., to become the leading company)

Live up to the trust and expectations of customers and support the development of communities and society



## Masanori Matsuura

President  
Power Network Company

### Profile

**Masanori Matsuura:**  
Joined Chubu Electric Power in 1978; became Executive Officer and General Manager of Power System Operations Department, Power System Division in 2007; Executive Officer and General Manager of Electrical Engineering Department, Power System Division in 2010; Director, Senior Managing Executive Officer, General Manager of Land Affairs Dept., Telecommunications Engineering Dept., and General Manager of Power System Division in 2013, and Director, Executive Vice President, President of Power Network Company in April 2016.



(2)



(3)

(1) Toshin-Shin Hokushin Line (275 kV)

(2) Seibu Substation (500 kV)

(3) Power distribution training

## Business Areas

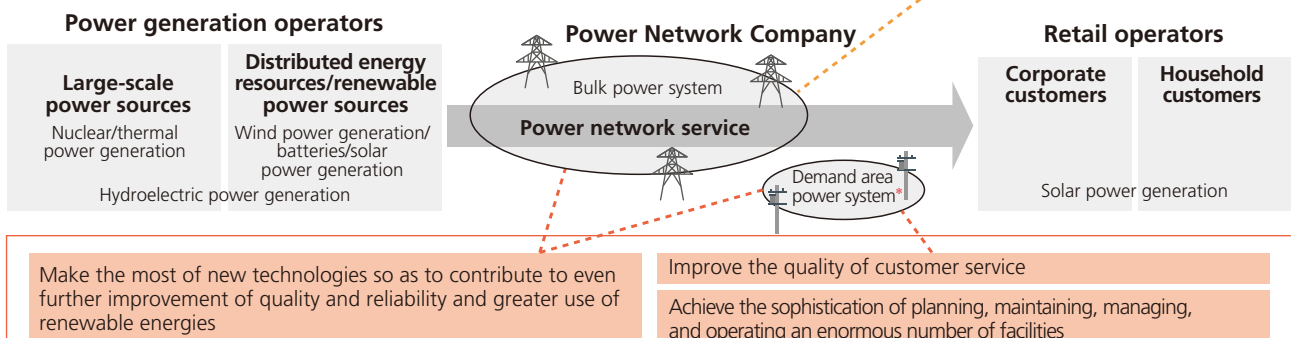
The Power Network Company will accomplish its unchanging mission and support the everyday lives and businesses of its customers.

We will accomplish our unchanging mission by delivering high-quality electricity at reasonable prices in a safe and stable manner and providing sophisticated power network

services that can meet the needs of customers and communities in a proactive manner.

**Deliver high-quality electricity at reasonable prices in a safe and stable manner**

Realize world-class quality and supply reliability, and reasonable wheeling fees while maintaining neutrality and impartiality



**Provide sophisticated power network services that can proactively meet the needs of customers and communities**

\* Power systems that include power distribution systems, power systems of 154 kV or lower, and power grids where locally generated power is consumed locally

## Current Initiatives

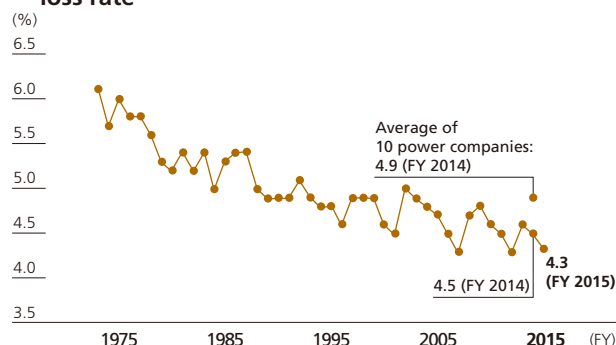
### Efforts to Minimize Loss in Power Transmission and Distribution

Preventing loss or waste of electricity generated in the course of delivery to customers is very important from the perspective of not only energy efficiency but also global environmental conservation.

To minimize loss in power transmission and distribution, Chubu Electric Power has started to use higher voltages in its power transmission processes. Low-loss power transformation facilities are also installed when power transformation facilities are replaced, newly installed, or added.

As a result of these efforts, our transmission/distribution loss rate has been maintained at 5% or lower since 1993, one of the best performances among power companies in Japan.

#### ■ Chubu Electric Power's transmission/distribution loss rate



Source (average of 10 power companies):  
The Federation of Electric Power Companies of Japan

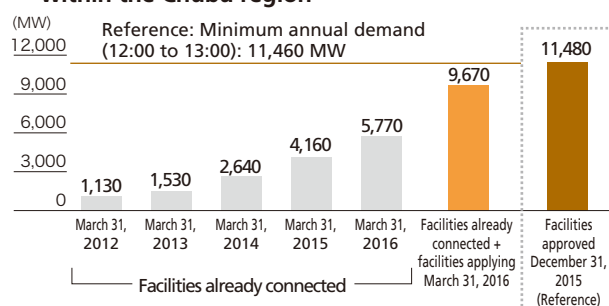
### Measures for the Large-scale Deployment of Renewable Energies

Presently, the majority of renewable energies deployed are either solar or wind power, which have varied output levels depending on weather conditions. Solar power in particular makes up about 90% of grid connection applications, and as the number of connections increases, their impact on power supply and demand control also rises.

The Central Load Dispatching Center has developed a solar power generation output forecasting system that is capable of both forecasting future daily output and monitoring current output, and uses this system for power supply and demand control.

We will continue implementing various measures to ensure necessary adjustment capabilities to deal with the large-scale deployment of renewable energies.

#### ■ Grid connection applications for renewable energies within the Chubu region



Note: The minimum annual demand (11,460 MW) is the actual figure recorded between 12:00 and 13:00 on Sunday, May 12, 2013, and does not represent the amount of renewable power that can be connected to the grid within Chubu Electric Power's service area. The figure for "Facilities approved" is that of Chubu Electric Power's service area extracted from the data published by the Agency for Natural Resources and Energy.

### Introduction of a More Competitive Environment into Construction Materials Procurement at Our Group Company (Toenec Corporation)

To help build a more competitive environment for the procurement process at its group company, Toenec Corporation, Chubu Electric Power publicly advertised for new suppliers of materials and devices, and reviewed the specifications of materials to be procured. At the same time, Toenec has also started to introduce competitive elements into their procurement system where possible. As a result, the procurement costs of power distribution lines construction materials, which would have been incurred at

¥11.6 billion otherwise, were reduced by ¥1.27 billion or 10.9% in FY 2015.

#### ■ Specific measures taken

- Introducing greater competition by finding new suppliers Polyester pipe fixing tools, etc.
- Standardization of specifications Stainless band L400, etc.

#### ■ Reduction of power distribution lines construction materials costs and percentage of competition-based contracts at Toenec in FY 2015

(Unit: billion yen, %)

Procurement volume (A)	Contract value (B)	Reduction value (C: B-A)	Reduction rate (C/A)	Out of (B), competitive contract value (D)	Ratio of competition-based contracts (D/B)
11.62	10.35	-1.27	-10.9	5.7	55



## TOPICS

### Recovery from power outage due to heavy snow (severed power lines, fallen trees, etc.)

From the afternoon of January 29 to the morning of January 30, 2016, heavy snow fell across wide parts of Nagano Prefecture. *Uhyou*\* sleety rain knocked down trees, which severed power lines, damaged electricity poles, and caused a blackout in the areas served by the Nagano Customer Service Office.

The power supply was successfully restored as a result of united efforts of our Group, including the Nagano and other Customer Service Offices and Toenec.

\* *Uhyou* refers to a phenomenon where rapidly cooled rain gets frozen and sticks to objects when it hits tree branches and other features.

<b>Blackout period</b>	Jan. 29 to Feb. 2, 2016
<b>Total households affected</b>	Approx. 6,270 households
<b>Broken/slanted poles</b>	Approx. 50 poles
<b>Severed/tangled power lines</b>	Approx. 350 lines
<b>Fallen trees removed</b>	Approx. 680 locations



▲ Removing fallen trees

### Construction for preventing the galloping of the Shinano-Toshin Lines (275 kV)

A power outage occurred on March 2, 2015 due to the suspended operation of Shinano-Toshin Lines (two circuits, 275 kV), affecting up to 380,000 households in the wide areas in the northern, eastern, and central part of Nagano Prefecture.

Our investigation identified that the blackout was caused because the transmission lines at the two circuits were simultaneously contacted many times as a result of the so-called galloping\* power lines. We accordingly performed the construction work to prevent the reoccurrence and completed it on November 18, 2015.

Specifically, we analyzed the facilities' installation status and climate conditions of all the Shinano-Toshin Lines and identified 18 sections that required improvement measures. Accordingly, we installed 714 loose spacers and 60 interphase spacers in those sections. The former device is for preventing the galloping phenomena and the latter is for preventing multiple galloping power lines from coming too close or contacting each other.

\* Galloping refers to a phenomenon where power lines with moist snow attached make violent vertical movements when they are blown continuously by the wind.



▲ Installing interphase spacers

### Support for recovery from massive blackout after serious earthquakes in Kumamoto

On April 16, 2016, devastating earthquakes struck Kumamoto Prefecture. The quakes triggered a massive mudslide, which took down transmission lines that serve Aso City, Takamori Town and Minami Aso Village, resulting in a wide power outage there. In response to the request from the local utility, Kyushu Electric Power, we dispatched our power generation vehicles and 511 employees to support the recovery efforts.

Under very difficult conditions, such as many aftershocks and heavy rain, our employees worked hard and contributed to the successful recovery of power.



▲ Supporting power recovery efforts with power-generation vehicles



# Customer Service & Sales Company

● Electricity ● Gas ● Total energy service

## Our Mission and Vision ("What We Aim For")

We aim to become a leading total energy service corporation with a particular focus on electricity and gas.

Under the action principles, fulfilling our unwavering mission and creating new value, the Customer Service & Sales Company will deliver environmentally friendly and high-quality energy services in a safe and stable manner, and

at reasonable prices. We will also continue our aggressive efforts to expand our business domains and will continue to serve our customers as their energy provider of choice.

### Create new value

Based on our delivery of environmentally friendly and high-quality energy service in a safe and stable manner at reasonable prices (i.e., the accomplishment of our unchanging mission), we will:

Offer the best services that can deliver even greater satisfaction to customers

Be the first to take on new challenges

Grow to become a leading total energy service corporation that centers on the gas and power businesses.



(2)

## Shigenobu Shimizu

President  
Customer Service & Sales Company

### Profile

Shigenobu Shimizu:  
Joined Chubu Electric Power in 1980; became Executive Officer and General Manager of Corporate Sales Department, Sales Division in 2009; Managing Executive Director, General Manager of the Nagoya Regional Office in 2012; Director, Senior Managing Executive Officer, General Manager of Energy Department and General Manager of Customer Service Division in 2015; and Director, Senior Managing Executive Officer, President of Customer Service & Sales Company in April 2016.



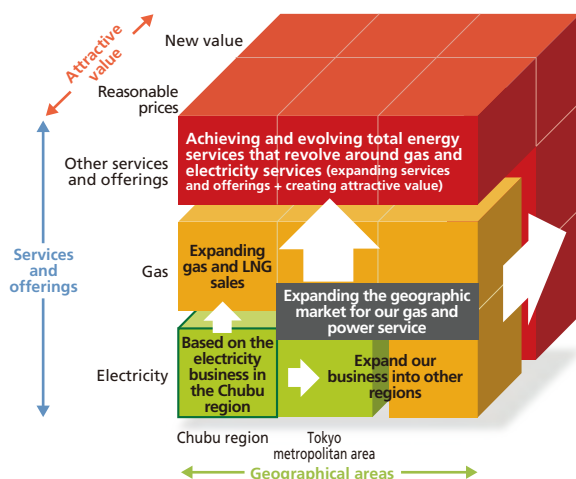
- (1) KATENECO, our mascot cat, interacting with event visitors
- (2) LNG shipment facilities at Chita LNG Base

## Business Areas

We strive to offer the best services and aims to be the first to take on new challenges.

Focusing our efforts on the provision of one-stop gas and power services, we will continue to strive to expand our business domains by expanding our services and offerings as well as the geographical areas we serve, and creating value that appeals to customers.

By continuing to make such efforts, we will also offer the best services, take on new challenges, and ultimately grow to become a leading total energy service corporation that centers on the gas and power businesses.



### Offer the best services that can deliver even greater satisfaction to customers

- Meet and exceed the expectations of various customers with various daily life/business needs
- Promote our total energy solution services even further

### Be the first to take on new challenges

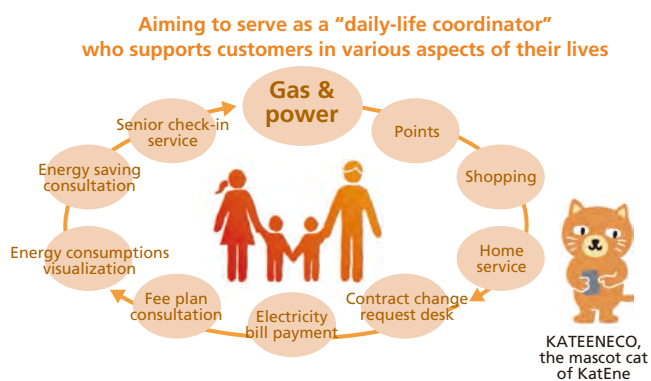
- Expand our electricity sales into the Tokyo metropolitan area and other regions
- Expand our gas and LNG sales within and outside the Chubu region

## Current Initiatives

### Development and Offering of New Services in the Light of Full Retail Liberalization

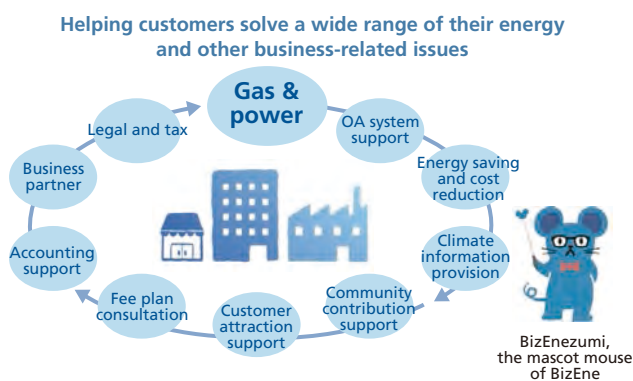
#### For households

Going beyond the existing electricity service, we will develop and offer various value-added services, including further enhancing our KatEne online membership service for general households, in order to help make our customers' lives convenient and comfortable.



#### For corporate customers

Through further improvement of our BizEne online membership service for corporate customers and the development and offering of various services, we will help solve customers' overall business-related issues, which are not only limited to energy cost reduction.



### Energy Solutions Services

We strive to meet the needs of corporate customers, which are increasingly diversified and sophisticated.

In the industrial field where we cannot solve problems by the application of existing technologies, the sales sector and the R&D sector are cooperating to address "integrated development solutions" for customers. In order to meet

the needs of customers who want to achieve both higher productivity and more energy conservation, we have recently been focusing on "washing," "heating," and "melting" as our priority themes in our pursuit of "integrated development solutions" in consideration of customers' production processes.

#### ■ Example: Reducing energy consumption and improving productivity by adopting a different heating method

The Yokohama Rubber Co., Ltd. has installed a new induction heater for rubber extrusion dies. Previously, those dies were heated with steam. Using induction heating, which allows heating to be applied only when needed, has allowed the customer to reduce its energy consumption. Likewise, the new method enables easier temperature control and thereby improves productivity (higher yield rates and shorter processing time).



Induction-heater for rubber extrusion dies

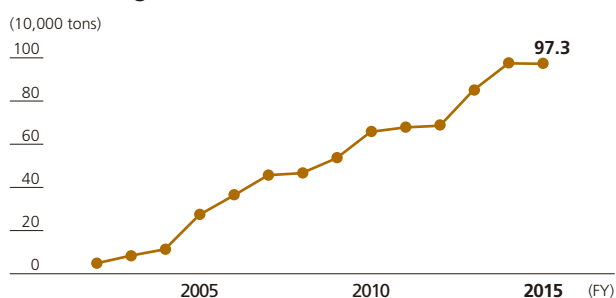
### Gas, Power, and On-site Energy Services

The entire Chubu Electric Power Group, including Diamond Power Corporation and Cenergy Co., offers energy services that include electricity, gas, LNG, and on-site energy to business customers. Through them, we support our customers in building a highly reliable energy supply system while cutting energy consumption, CO<sub>2</sub> emissions and operating costs.

Diamond Power Corporation operates wholesale and retail electricity businesses where the company purchases electricity with lower environmental impact and sells it to office buildings, factories and other corporate customers.

Our CO<sub>2</sub> emission intensity in fiscal 2014 was 0.323 kg-CO<sub>2</sub>/kWh.

#### ■ Sales of gas and LNG



## TOPICS

### Rolling out new price plans

Since April 2016, the retail electricity market in Japan has been fully liberalized. To provide greater numbers of customers under this new business environment, we have launched new fee plans for customers in the Chubu region who use electricity via low-voltage networks.

#### Discount fee plans with a 2-year minimum contract requirement

<b>Point Plan</b>	For customers with relatively small electricity consumption (10A, 15A, 20A and 30A)
<b>Otoku Plan</b>	For household and business customers (40A, 50A, and 60A; 6 kVA)
<b>Tokutoku Plan</b>	For large-volume household and corporate customers (7 kVA or more)
<b>Biz Toku Plan</b>	For corporate customers with electricity-powered facilities

#### Discount fee plans for packaged services (electricity + specific additional service)




<b>Kurashi Support Set</b>	A package that includes leaking faucet repair, etc.
<b>Shukyaku Otetsudai Set</b>	A package that includes service for easy and budget-friendly online ad placement
<b>Kaikei Otetsudai Set</b>	A package that include cloud-based accounting software for more efficient accounting process

#### Fee plan with customer-selectable discount hours

##### Smart Life Plan

### Building a sales network in the Tokyo metropolitan area

We are focusing our business expansion efforts on sales in the Tokyo metropolitan area, a very attractive market because of its market size and growth potential. In April 2016, we started to supply low-voltage electricity to households and other users in this area.

Customer	Procurement	Sales channel	Descriptions
Households	Chubu Electric Power		• Online sales of <b>KatEne plans</b>
			• Sales agent for <b>KatEne plans</b>
		• Joint development of service plans • A package of electricity and telecommunication services	
	Diamond Power	A total of eleven gas companies in the Kanto region	• Each gas company sells electricity under their own fees, plans tailored to their customers' needs
Corporate	Chubu Electric Power		<ul style="list-style-type: none"> <li>• Negotiation-based sales through the customer bases in the Chubu area (Chubu Electric Power) and the Tokyo metropolitan area (Diamond Power)</li> <li>• Increasing sales competitiveness through the launch of solution services in the Tokyo metropolitan area</li> <li>• Provision of total energy service including gas sales</li> </ul>
	Diamond Power, Cenergy		

# CSR

Our corporate social responsibility (CSR) efforts are based on the core subjects\* of ISO 26000, the international guidance on social responsibility.

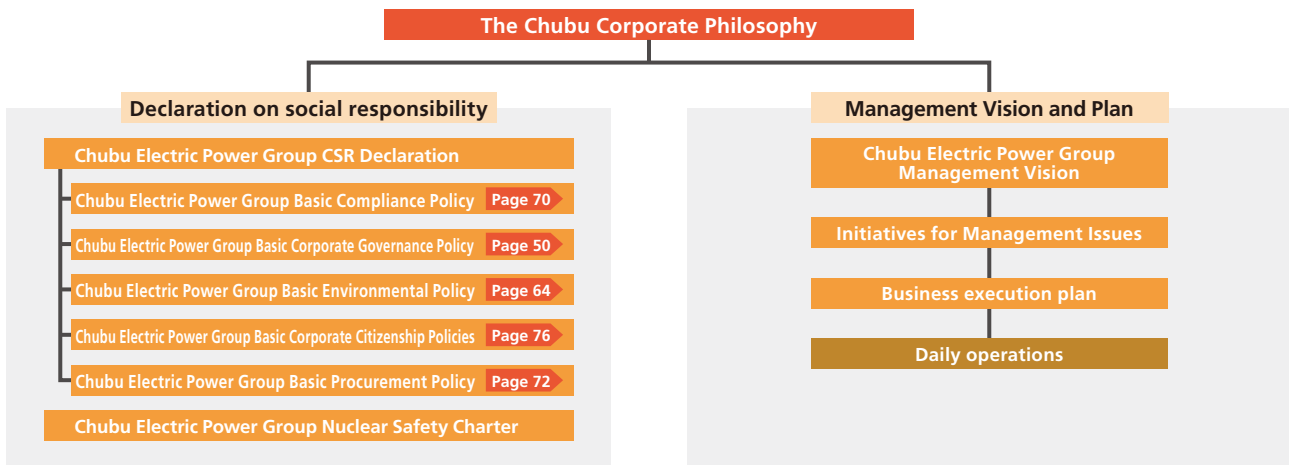
\*The core subjects of ISO 26000 are shown at the top of each right-hand page in the CSR section.

- 46 Framework for the Chubu Electric Power Company Group Corporate Philosophy
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- 49 Corporate Governance
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# Framework for the Chubu Electric Power Company Group Corporate Philosophy

To facilitate employees' understanding of the Chubu Corporate Philosophy, the Chubu Electric Power Group makes clear and shows in a systematic manner outlined

below how the Philosophy is related to their daily operations, and how it is positioned in relation to the CSR Declaration and each basic policy.



### Chubu Electric Power Group CSR Declaration

Fulfilling our responsibilities and meeting public expectations

Chubu Electric Power Group, as a 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, regulations and social rules and by respecting corporate ethics and giving priority to dialogue with all our stakeholders and maintaining high levels of transparency and openness in our business activities.

<b>Customers</b>	We are committed to providing our customers with safe, reliable, convenient and affordable energy services, as well as other services of value that meet their needs.
<b>Shareholders and Investors</b>	We are striving to maintain and increase profits for our shareholders and investors through efficient management and effective investment.
<b>Local Communities</b>	We are determined to contribute to sustainable local development in partnership with local communities.
<b>Business Partners</b>	We promise to deal fairly with our suppliers as equal business partners.
<b>Employees</b>	We respect individuals and are endeavoring to create a cheerful and motivating workplace.

### Chubu Electric Power Group Nuclear Safety Charter

Learning lessons from the unprecedented nuclear disaster that happened at the Fukushima Daiichi Nuclear Power Station, we are strongly committed to preventing any similar accidents from occurring, and will make a concerted effort across the Group to make our nuclear power station the safest one in the world, which will give peace of mind to local residents and society at large.

<b>Safety first</b>	We will straightforwardly deal with risks, deeming it our top management priority to ensure safety.
<b>Ceaseless pursuit of safety</b>	We will constantly incorporate both external and internal knowledge and findings at our workplaces for higher safety, and never be satisfied with whatever the present safety level is.
<b>Hand in hand with stakeholders</b>	We will share information widely with local residents and society at large by closely communicating with them.

# CSR Management

Through the development of an effective CSR system and active communication with stakeholders, including customers, shareholders and investors, local communities, business partners, and employees, Chubu Electric Power strives for continuous improvement of its CSR activities.



### ▲ Exchanging Opinions with Mie University

As a part of its industry-academia collaboration initiatives, and in order to promote pioneering work regarding the environment, Chubu Electric Power holds a meeting each year to exchange opinions with Mie University, a national institution enthusiastic about university social responsibility (USR).



### ▼ Facility tour by female monitors

Monitors standing in front of “D51” reinforcement steel used in the Hamaoka Nuclear Power Station exhibited at Hamaoka Nuclear Power Station Exhibition Center. We invite female monitors interested in energy and the environment, and who register as members of the *Enesapo Club* on a continuous basis, to various facilities to seek their comments and advice.

## ■ Major activities in fiscal 2015 and goals and plans for 2016

	Goals and plans for FY 2015	Major activities for FY 2015	Evaluation	Goals and plans for FY 2016
<b>Implementing CSR Activities</b> <small>See page 48</small>	<ul style="list-style-type: none"> <li>Continue the Executive Caravan program for direct dialogues between executives and employees.</li> <li>Continue promoting the Corporate Philosophy through various training programs.</li> </ul>	<ul style="list-style-type: none"> <li>The Executive Caravan was held and executives and employees shared their understanding of the Company's business environment and challenges.</li> <li>The CSR &amp; Business Reform Promotion Group visited business sites and implemented workshops and training to ensure deeper expansion of the Corporate Philosophy in each workplace.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue the Executive Caravan program for direct dialogues between executives and employees.</li> <li>Continue promoting the Corporate Philosophy through various training programs.</li> </ul>
<b>Communication with Stakeholders</b> <small>See page 48</small>	<ul style="list-style-type: none"> <li>Further promote interactive communication with stakeholders.</li> <li>Continue implementing dialogue with a diverse array of stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Interactive communication with stakeholders was implemented via the Internet and other means.</li> <li>Opinions were exchanged and facility tours were conducted with a diverse array of stakeholders.</li> </ul>	○	<ul style="list-style-type: none"> <li>Further promote interactive communication with stakeholders.</li> <li>Continue implementing dialogue with a diverse array of stakeholders.</li> </ul>

**Evaluation Criteria:** ○ : The measure was implemented as planned, achieving satisfactory results.  
 △ : The measure was implemented as planned, but the goal was not achieved or unresolved issues remain.  
 × : The measure was not implemented as planned.



# Implementing CSR Activities

## System for Implementing CSR Activities

At Chubu Electric Power, important CSR concerns are deliberated on by the CSR Promotion Council, which is comprised of the heads of all Company divisions, and the results are reported to the Senior Executive Committee. The CSR & Business Reform Promotion Group has also been

established in the Corporate Planning & Strategy Division to promote CSR activities.

The Company is also in close collaboration with its Group companies and shares information regularly for promoting CSR.

## Communication with Stakeholders

In order to maintain its accountability, Chubu Electric Power discloses information in a timely and appropriate manner through means such as regular press conferences with the president and press releases on the Chubu website.

Furthermore, in order to gain a deeper understanding

with regard to electric power systems and the Company's business activities, we publicize information about domestic and overseas energy topics and our initiatives on our website and in information magazines, and also use these tools to enrich communication with our stakeholders. [See page 95](#)

### Major communication activities with stakeholders

Customers	<ul style="list-style-type: none"> <li>Opinion exchanges with Consumer Affairs Specialists</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>Briefings on the Company's financial results and management plan for institutional investors and analysts</li> <li>Company briefings for private investors and facility tours for individual shareholders</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>Annual Chubu Electric Power Environmental Roundtable meeting to receive expert advice and suggestions on the Company's planned and implemented environmental measures <a href="#">Page 64</a></li> <li>Opinion exchanges with and tours of the Company's facilities for female customer monitors <a href="#">Page 47</a></li> <li>Opinion exchanges with Mie University and Nagoya University regarding their environmental reports and the Company's Annual Report <a href="#">Page 47</a></li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>Briefings to explain the Company's CSR policy <a href="#">Page 72</a></li> </ul>
Employees	<ul style="list-style-type: none"> <li>The Executive Caravan, in which the Company's management visits about 140 business sites from April to June to engage in direct dialogue with employees</li> </ul>

### Stakeholder Dialogue

#### Executive Caravan—Direct Dialogue between Management and Employees

Chubu Electric Power's management team conducts the Executive Caravan every year, visiting about 140 business sites during the period from April to June to exchange opinions directly with employees on the practice of the Chubu Corporate Philosophy, management issues, and other topics.

Topics discussed during the last Executive Caravan included the Company's initiatives for safety measures at the Hamaoka Nuclear Power Station, the Management Vision, the business situation after electricity retail was fully deregulated in April of this year, and introduction of the internal company system.

#### Opinions expressed by employees during the Executive Caravan

- Our mission to maintain stable power supply remains the same even after the deregulation was implemented. We will continue our efforts to gain customer trust and understanding of our business.
- Although the power transmission/distribution unit, which was reorganized under the name of the Power Network Company, is to be separated from Chubu Electric Power in the near future, we will continue working hard to maintain a stable power supply as a member of the Chubu Electric Power Group.
- We may need to change various operations and procedures as the government's electric system reforms are implemented, but we will pay attention to avoid causing problems for our customers.
- We are in a situation where it is very difficult to estimate how long the government's review on the Hamaoka Nuclear Power Station's conformity to the new regulatory requirements will take, but I want the Company to continue implementing all the necessary measures to "make our nuclear power station the safest one in the world."

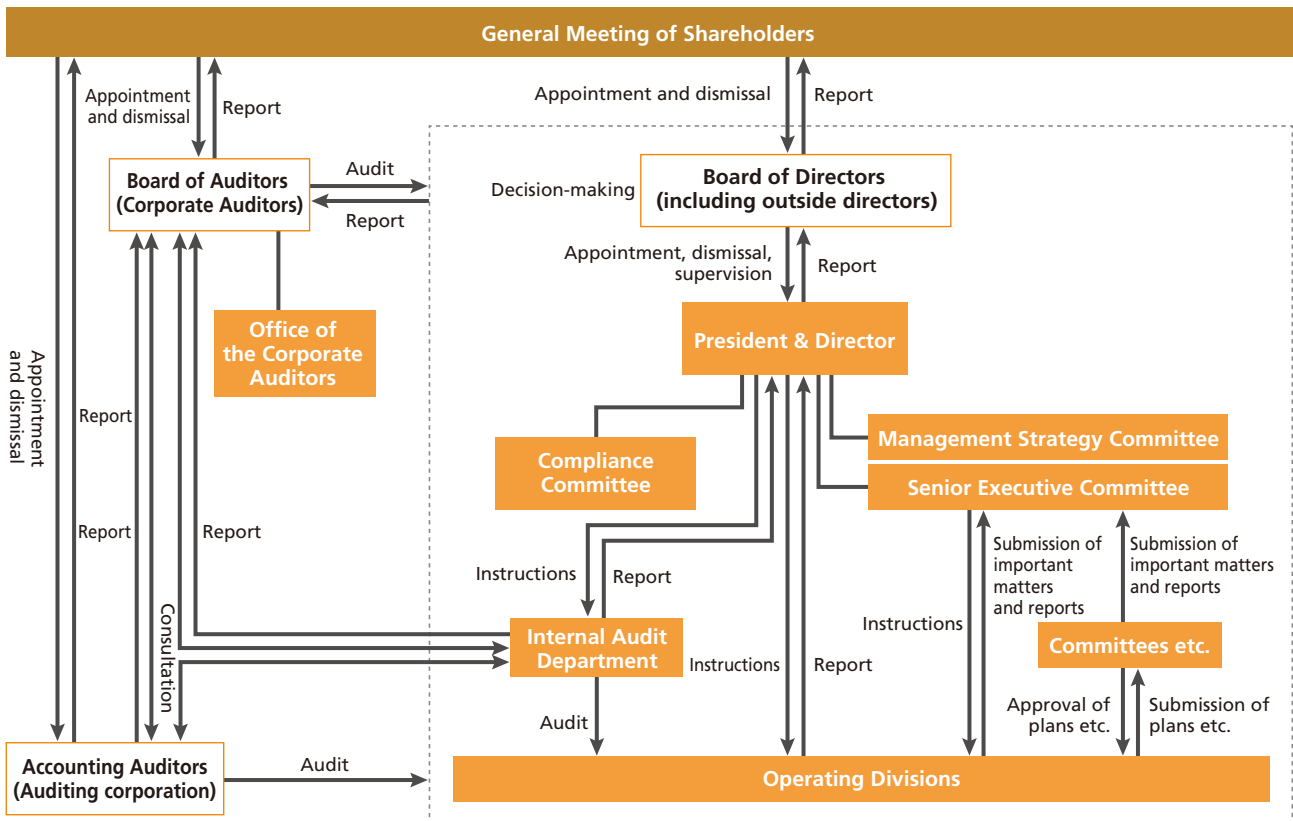


▲ Executive Caravan by Executive Officer Kunio Hattori (Nabari Satellite Service Office)

# Corporate Governance

Aspiring to earn the continued trust and confidence of shareholders, investors, and other stakeholders, Chubu Electric Power strives to take its corporate governance to an even higher level, espousing fairness and transparency as central to its business.

## ■ Chubu Electric Power’s corporate governance framework



## ■ Major activities in fiscal 2015 and goals and plans for 2016

	Goals and plans for FY 2015	Major activities for FY 2015	Evaluation	Goals and plans for FY 2016
<b>Improving Corporate Governance</b> <small>See page 54</small>	<ul style="list-style-type: none"> <li>Continue preparation and operation of the internal control system based on the Companies Act.</li> <li>Conduct proper internal controls over financial reporting.</li> </ul>	<ul style="list-style-type: none"> <li>It was confirmed that the internal control system was developed and operated in compliance with the Companies Act, and the status was reported to the Board of Directors.</li> <li>Each department conducted self-inspections and internal audits.</li> <li>Internal audits were conducted for Group companies.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue preparation and operation of the internal control system based on the Companies Act.</li> <li>Conduct proper internal controls over financial reporting.</li> </ul>
<b>Risk Management</b> <small>See page 55</small>	<ul style="list-style-type: none"> <li>Continue implementing the risk management flow in the management plan development process.</li> <li>Strengthen BCP measures and promote BCM.</li> </ul>	<ul style="list-style-type: none"> <li>Risks that may have a material impact on the Company’s business were identified, assessed, reported at Management Meetings, and reflected in management plans.</li> <li>The BCPs established were monitored regularly following the BCM scheme.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue implementing the risk management flow in the management plan development process.</li> <li>Strengthen BCP measures and promote BCM.</li> </ul>
<b>Information Management</b> <small>See page 55</small>	<ul style="list-style-type: none"> <li>Continue systematic information management.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure strict information management, inspections were carried out at operation sites and major Group companies to check how information is managed, and related training and awareness-raising tools were provided.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue systematic information management.</li> </ul>

**Evaluation Criteria:** ○ : The measure was implemented as planned, achieving satisfactory results.  
 △ : The measure was implemented as planned, but the goal was not achieved or unresolved issues remain.  
 × : The measure was not implemented as planned.

# Corporate Governance Policy

Chubu Electric Power has established the Chubu Electric Power Group Basic Corporate Governance Policy to make clear its basic stance and policy regarding corporate

governance. The way we maintain dialogue with shareholders is defined in greater depth in the Policy for Constructive Dialogue with Shareholders.

## Chubu Electric Power Group Basic Corporate Governance Policy

The Chubu Electric Power Group believes that continuous trust and selection by shareholders, investors, and other stakeholders are essential prerequisites in practicing its Corporate Philosophy of “delivering the energy that is indispensable for people’s lives and so contributing to the development of society” and in achieving What We Aim for—“a corporate group that satisfies all energy-related needs and keeps growing.”

Based on this belief, we endeavor to strengthen corporate governance continuously by holding fairness and transparency at the core of all our business activities, supervising the management and execution of business operations, developing a framework that will enable swift decision-making, and through other efforts based on the Chubu Electric Power Group CSR Declaration.

### (1) Securing shareholders’ rights and equality

We provide a suitable environment for shareholders to fully exercise their voting rights and other rights at general meetings of shareholders.

### (2) Proper cooperation with stakeholders

To ensure smooth operations of the Group, it is essential to gain understanding and cooperation from customers, local communities, shareholders, investors, and other stakeholders. For this reason, we attach importance to maintaining close communication with stakeholders and make sure that our business activities are open and transparent.

### (3) Ensuring transparency and proper information disclosure

We ensure that a broad range of information concerning both financial and non-financial performance and business activities of the Group is disclosed in a proper and timely manner.

### (4) Responsibilities of the Board of Directors and other supervisory functions

The Board of Directors makes decisions on important business matters, ensures effective management of the Company by letting independent outside directors be involved in the decision-making process, and supervises operational execution by executive officers.

Adopting an executive officer system also ensures that the decision-making and supervisory function and the business execution function are clearly divided, and that the speed of business execution is accelerated.

Corporate Auditors and the Board of Auditors provide independent and objective audits concerning the performance of directors’ duties.

### (5) Dialogue with shareholders

We explain the financial status and business activities of the Group in detail to shareholders in accordance with the Policy for Constructive Dialogue with Shareholders.

## The Policy for Constructive Dialogue with Shareholders

Our policy regarding the system we develop and maintain and the measures we implement to ensure constructive dialogue with shareholders is as described below:

1. The accounting officer takes overall responsibility for the promotion of dialogue with shareholders, with the department in charge of communication with shareholders actively cooperating with relevant departments by, among other means, preparing and checking documents to be disclosed and sharing necessary information to ensure timely disclosure of information to and constructive dialogue with shareholders.
2. In addition to individual meetings, briefings on financial results and management plans are held regularly and facility tours are arranged as appropriate. Reports and other documents for shareholders are also prepared and distributed, while utmost efforts are made to provide timely and appropriate disclosure of information on dedicated pages on the Company’s website.
3. The content of dialogue with shareholders is reported to meetings of the Board of Directors and other bodies as the case may be through the accounting officer to share and effectively utilize shareholder feedback.
4. Insider information is managed strictly in accordance with internal regulations, and training is provided to employees so that they will develop awareness of insider information security and handle insider information carefully during dialogue with shareholders.

# Corporate Governance Structure

## Directors and Corporate Auditors (as of July 1, 2016)

### Chairman of the Board of Directors



Akihisa Mizuno

### President & Director



Satoru Katsuno

### Director, Executive Vice President



Masatoshi Sakaguchi  
General Manager of Civil & Architectural Engineering Dept., Environmental Affairs & Plant Siting Dept., and Nuclear Power Division



Tomohiko Ohno  
General Manager of Secretarial Services Dept., Corporate Communication Dept., and Personnel Dept.



Yoshinori Masuda  
General Manager of Corporate Planning & Strategy Division



Masanori Matsuura  
President of Power Network Company

### Director, Senior Managing Executive Officer

Chiyoji Kurata	General Manager of Hamaoka Central Administration Office
Kozo Ban	President of Power Generation Company
Shigenobu Shimizu	President of Customer Service & Sales Company
Akinori Kataoka	General Manager of Finance & Accounting Dept. and Purchasing & Contracting Dept.

### Outside Directors



Naoko Nemoto  
Economist  
Asian Development Bank Institute



Takayuki Hashimoto  
Vice Chairman  
IBM Japan

### Senior Corporate Auditor (full-time)

Kazuhiro Matsubara

### Corporate Auditors (full-time)

Kenichi Suzuki

### Outside Corporate Auditors



Michinari Hamaguchi  
President  
Japan Science and Technology Agency



Nobuaki Katoh  
Chairman  
DENSO Corporation



Fumiko Nagatomi  
Attorney at Law

## Board of Directors

The Board of Directors meets monthly in principle to discuss and decide important matters of management and items governed by law or the articles of incorporation. The

Board also hears progress reports to monitor as they execute their duties. Additionally, outside directors have been appointed in order to enhance monitoring functions.

## 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.

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.

## Senior Executive Committee and Management Strategy Committee

The Senior Executive Committee, comprised of the President, 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.

## Internal Audits

The Internal Audit Department, which is under the direct control of the president and independent of the operating divisions, 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 (including internal controls over financial reporting) effectiveness and CSR. The results of each of these initiatives are reported to the president and presented as proposals for improvement

to relevant divisions. 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 group companies. To help improve internal control systems and practices across the Group, the Internal Audit Department also shares information with internal audit functions of group companies and provides other support.

## Appointment and Other Matters Related to Directors and Corporate Auditors

To ensure fair and transparent appointment of our directors and corporate auditors, candidates undergo screening by the Nomination and Remuneration Committee, which is mainly made up of independent outside directors and by all the representative directors previously recommended to and approved by the Board of Directors. To enhance the independence of corporate auditors, corporate auditor candidates must pass a screening, conducted by all representative directors and participated in by the senior corporate auditor, and must

also obtain consent from the Board of Auditors.

Compensation of directors is also discussed first at the Nomination and Remuneration Committee and by all representative directors before the president makes final decisions upon authorization from the Board of Directors. Compensation for corporate auditors is determined by the Board of Auditors after discussions held by all corporate auditors, but cannot exceed the maximum amount set at shareholders' meetings.

## Outside Directors and Outside Corporate Auditors

At Chubu Electric Power, two outside directors and three outside corporate auditors currently hold office. All of our outside directors and outside 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 independently of the Company's senior management. They are also updated

with 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 outside directors and outside corporate auditors are registered as independent directors/auditors in all financial instruments exchanges on which the Company is listed.

## Reason for Appointment and Activity Status of Outside Directors

Name	Reason for appointment	Activity status in fiscal 2015
<b>Hideko Katsumata</b>	Ms. Hideko Katsumata has the personality and insight suitable for the post of outside director, and is expected to fulfill her management supervision functions based on her wealth of experience and acumen regarding international political, economic and social issues, which she has acquired through her long career with the Japan Center for International Exchange (JCIE).	Attendance at the Board of Directors meetings 12 out of 14 meetings Retired June 2016
<b>Yoshifumi Iwata</b>	Mr. Yoshifumi Iwata has the personality and insight suitable for the post of outside director, and is expected, as a business management expert, to fulfill his management supervision functions based on his wealth of experience and acumen acquired through his long career in the management of IBIDEN Co., Ltd.	Attendance at the Board of Directors meetings 12 out of 14 meetings Retired June 2016
<b>Naoko Nemoto</b>	Ms. Naoko Nemoto has engaged in corporate ranking, among other duties, for many years, and possesses a wealth of knowledge and experience in the area of finance and economics, not to mention a personality and insight suitable for the post of outside director.	Appointed June 2016
<b>Takayuki Hashimoto</b>	Mr. Takayuki Hashimoto has been involved in the management of IBM Japan for many years and possesses a wealth of knowledge and experience in the area of corporate management, not to mention a personality and insight suitable for the post of outside director.	Appointed June 2016

## Reason for Appointment and Activity Status of Outside Corporate Auditors

Name	Reason for appointment	Activity status in fiscal 2015
<b>Shigehisa Sao</b>	Mr. Shigehisa Sao has the personality and insight suitable for the post of outside corporate auditor and, as a lawyer, possesses broad legal knowledge and experience. He is expected to fulfill his auditing function based on his wealth of professional experience and acumen acquired through his long career in the field of law.	Attendance at the Board of Directors meetings 12 out of 14 meetings Attendance at the Board of Auditors 13 out of 15 meetings Retired June 2016
<b>Tokuichi Okaya</b>	Mr. Tokuichi Okaya has the personality and insight suitable for the post of outside corporate auditor, and is expected, as a business management expert, to fulfill his auditing function based on his wealth of experience and acumen acquired through his long career in the management of Okaya & Co., Ltd.	Attendance at the Board of Directors meetings 12 out of 14 meetings Attendance at the Board of Auditors All 15 meetings Retired June 2016
<b>Michinari Hamaguchi</b>	Professor Michinari Hamaguchi has the personality and insight suitable for the post of outside corporate auditor, and is expected to fulfill his auditing function based on his wealth of management experience and acumen acquired during his presidency of Nagoya University.	Attendance at the Board of Directors meetings 8 out of 11 meetings* Attendance at the Board of Auditors 8 out of 10 meetings*
<b>Nobuaki Katoh</b>	In addition to possessing a personality and insight suitable for the post of outside corporate auditor, Mr. Nobuaki Katoh has also been involved in the management of DENSO Corporation for many years and is expected to fulfill his neutral and objective auditing function from the perspective of a corporate management expert.	Appointed June 2016
<b>Fumiko Nagatomi</b>	In addition to possessing a personality and insight suitable for the post of outside corporate auditor, Ms. Fumiko Nagatomi also retains a wealth of knowledge and experience as an attorney at law, and is expected to fulfill her neutral and objective auditing function from the perspective of a legal expert.	Appointed June 2016

\* The figures are the number of meetings held and attended by Mr. Hamaguchi after being appointed in June 2015.

## 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, in order to further increase its management efficiency and develop into a robust corporate group.

Fiscal 2015 saw, among other measures, the adoption of the Chubu Electric Power Group Basic Corporate

Governance Policy and the establishment of the Nomination and Remuneration Committee—two major steps toward corporate governance with greater transparency.

At the beginning of fiscal 2016, we also introduced an internal company system that allows each internal company to function independently to respond to changes more flexibly and swiftly.

Major actions	
FY 2005	<ol style="list-style-type: none"> <li>1. Reduction of the maximum number of directors from 32 to 20</li> <li>2. Adoption of an executive officer system and the delegation of authority to general managers An executive officer system was introduced and a substantial part of the president's authority was delegated to general managers (executive officers).</li> <li>3. Reduction of directors' term of office and the establishment of the retirement age of directors and other positions The term of office of directors and executive officers was reduced to one year. A mandatory retirement age was also established.</li> <li>4. Clarification of the procedures for the appointment of, and compensation decisions for, directors, corporate auditors, and executive officers Proposed candidates are determined by the president after discussion by all representative directors. Discussion on corporate auditor candidates is conducted by all representative directors and the senior corporate auditor. Compensation of directors and executive director is also determined by the president after discussion by all representative directors.</li> <li>5. Establishment of the Advisory Board*1 The Advisory Board was established as a consultative body to the president, consisting of a number of representatives from the academic, business, labor, and consumer communities.</li> <li>6. Revision of executive appointments of affiliated companies In addition to revising retirement ages of executives at affiliates, measures to promote personnel exchanges between Chubu Electric Power and its affiliates were taken.</li> <li>7. Regular opinion exchange meetings for representative directors and all corporate auditors*2 Representative directors and all corporate auditors, including outside auditors, began to meet regularly to exchange opinions.</li> <li>8. Delegation of authority and the strengthening of internal control and check systems After a review, a substantial part of the approval authority of the president was delegated to general managers (executive officers). The reporting system on matters approved was improved and other necessary measures were taken to establish a fair and efficient business execution system.</li> </ol>
FY 2006	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.
FY 2007	<ol style="list-style-type: none"> <li>1. Introduction of outside directors</li> <li>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.</li> </ol>
FY 2015	<ol style="list-style-type: none"> <li>1. Establishment of the Chubu Electric Power Group Basic Corporate Governance Policy</li> <li>2. Adoption of the Independence Standards for Outside Directors</li> <li>3. Installation of the Nomination and Remuneration Committee</li> <li>4. Establishment of the Policy for Constructive Dialogue with Shareholders</li> </ol>
FY 2016	<p>Introduction of the internal company system</p> <p>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.</p>

\*1 Discontinued in FY 2006 due to the adoption of outside directors

\*2 From FY 2007 and onward, outside directors also join the meeting.

# Risk Management

## Preparation and Operation of Internal Control System

Chubu Electric Power established the Systems for Ensuring Proper Conduct of Business Operations as its basic philosophy regarding the development of an internal control system. The Systems are reviewed whenever changes in our business environment dictate it necessary, while at the same time reports are made to the Board of Directors each year regarding how the systems are being maintained and operated.

To ensure appropriate internal controls across the Group, we have established a dedicated department to

support our Group companies in developing and operating their internal control systems. Specifically, the department formulates and manages business strategies and policies applicable to the entire Group, conducts internal audits, and takes other necessary measures. In compliance with internal control requirements under the Financial Instruments and Exchange Act, we have a system in place to visualize, confirm, and evaluate important business processes related to financial reporting.

## Management of Risks That Could Have a Serious Impact on the Company

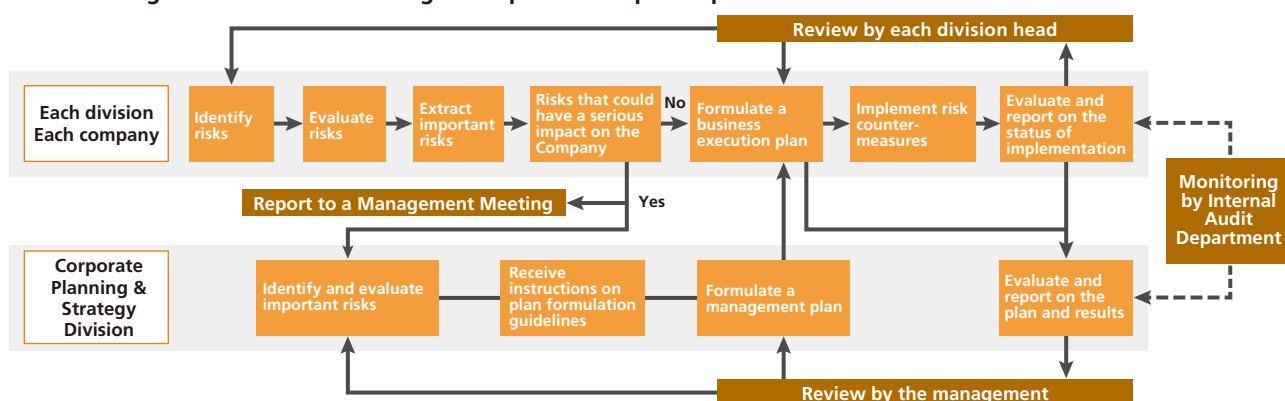
To ensure effective risk management at the Company as a whole, each internal company, and each of its divisions, Chubu Electric Power has organized a structure, clarified authorities, and established internal regulations as part of its efforts to prevent risks from occurring, implement risk transfer, and minimize the impact of risks after their occurrence.

Risks that may have a serious impact on the Company are subject to risk management protocol and other internal regulations. Based on these regulations, the Corporate Planning & Strategy Division, each internal company, and

each division identify and assess the impact of such risks, and report the results at Management Meetings. These reports are then reflected in management plans and business operation plans to incorporate risk countermeasures. [See page 85](#)

Risks associated with Group companies are identified and assessed by the relevant companies. Group companies will discuss risks with a potential serious impact on their business with Chubu Electric Power annually, together with their management policies.

### ■ Risk management flow in the management plan development process



## Systematic Information Management

To ensure secure management of personal information (including "My Number" for individuals) and other types of information, Chubu Electric Power has established a department dedicated to information management, formulated various regulations, and provided training and awareness-raising programs to employees, among many other initiatives. To reinforce the security of various information and communication systems, a companywide

management system has been developed, and technical measures and training are implemented on an on-going basis to safeguard the systems against risks of cyber-attacks intended to obstruct the stable supply of power, and of information divulgence. We have also continuously carried out various initiatives for Group companies, including awareness-raising activities and the establishment of the Chubu Electric Power Group IT Promotion Council.



## Ensure Business Continuity in the Event of a Large Disaster

### Basic Ideas of Business Continuity at the Chubu Electric Power Group

To achieve its public mission of ensuring a safe and stable supply of energy to its customers, the Chubu Electric Power Group ensures public security and maintains facilities. Even in the event of a large earthquake, the group will make the utmost efforts to minimize impacts of the disaster and recover as early as possible in order to continue business.

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 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.

As a group of companies that provides the lifeline service of electricity in the Chubu area, the Chubu Electric Power Group is committed to ensuring business continuity even in the event of a catastrophic disaster. To this end, we

have formulated a business continuity plan (BCP), and maintained and improved our emergency response capabilities by using the mechanism of business continuity management (BCM) for continuous improvement.

### Development of a Disaster Management System

In the event that a natural disaster occurs or is anticipated to occur shortly, an emergency will be declared immediately and an emergency task force will be set up at each workplace.

We also seek close collaboration with national and local governments, police and fire departments and other agencies on a regular basis in order to be prepared for any disaster, and have established mutual cooperative systems

with other power companies.

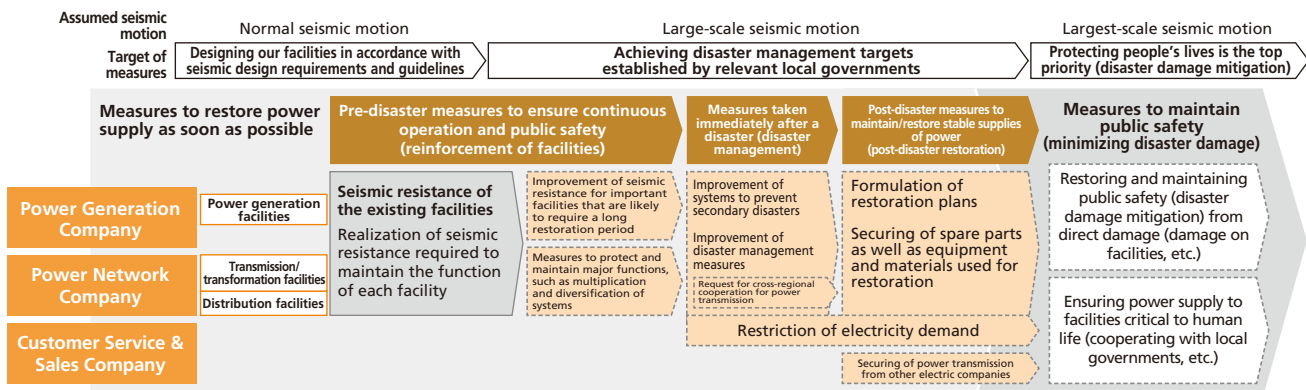
Furthermore, we have a helicopter that can be used to transport materials, equipment and personnel, as well as a means of information communication via satellite communication networks in the event of a disaster. To aid in the supply of emergency power, we also maintain special power-generation and mobile-transformer vehicles at main business locations.

### Disaster Management Measures for Facilities

To ensure a stable supply of power even after the occurrence of a major disaster, in the summer of 2015, Chubu Electric Power decided on necessary measures to be taken in the event that a large-scale or largest-scale (based on seismic motion) earthquake occurs, taking into consideration the national and local governments' revised and updated forecast of damage caused by and preparedness plans against a Nankai Trough megaquake. These measures are aimed at restoring power supplies as soon as possible and maintaining public safety in the case

of a large-scale earthquake, and maintaining public safety (minimizing damage) from direct damage in the case of a largest-scale earthquake. We are currently moving forward on these measures to reinforce our facilities.

Even under the internal company system in which each company is given a high level of independence, response to a major disaster will be strengthened further by ensuring that the companies will cooperate with each other during an emergency to maintain or restore stable supplies of power.



# Respecting Human Rights and Building a Great Place to Work

Chubu Electric Power works to create a culture and work environment where the ability and aptitude of each employee is respected and diverse employees can fully display their individuality. We also continue to improve systems for creating and maintaining a workplace that allows employees to work in a healthy, safe, and worry-free manner.



▲ A Chuden Wing employee won a silver medal in the ninth International Abilympics held in France in March 2016.



▲ President Katsuno delivering a video message during diversity education targeted for all managers

## Chubu Electric Power Is Granted Both the FY 2015 Nadeshiko Brand Designation and the "Eruboshi" Certification



Following its inclusion in the Diversity Management Selection 100 companies in fiscal 2014, Chubu Electric Power once again became the first in the industry to be selected as a Nadeshiko Brand\* company. In May 2016, we were also granted the "Eruboshi" certification, specifically the highest of three available ranks, by the Minister of Health, Labour and Welfare based on the Act of Promotion of Women's Participation and Advancement in the Workplace. All these honors reflect the government's recognition of our dedicated efforts to empower female employees, support their work-life balance, and other policies. We will continue to support diversity in the workforce with respect to gender, age, and disability in order to further strengthen our competitiveness.

\* The Nadeshiko Brand designation has been granted to enterprises selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange since fiscal 2016 as part of the government's efforts to provide women with opportunities for success in the workplace.

### Major activities in fiscal 2015 and goals and plans for 2016

	Goals and plans for FY 2015	Major activities for FY 2015	Evaluation	Goals and plans for FY 2016
<b>Respect for Human Rights</b> <a href="#">See page 58</a>	<ul style="list-style-type: none"> <li>Continue employee education to promote human rights awareness and seminars on human rights.</li> <li>Educate and train to prevent harassment and improve the quality of the harassment consultation desk's service.</li> </ul>	<ul style="list-style-type: none"> <li>Internal training and seminars on human rights were conducted to promote human rights awareness.</li> <li>Education to prevent harassment was provided through training designed for employees at each level. Training was provided to personnel at the harassment consultation desk as well.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue employee education to promote human rights awareness and seminars on human rights.</li> <li>Educate and train to prevent harassment and improve the quality of the harassment consultation desk's service.</li> </ul>
<b>Promotion of Workforce Diversity</b> <a href="#">See page 59</a>	<ul style="list-style-type: none"> <li>Develop a corporate culture where all employees regardless of gender, age, disabilities, etc. can fully utilize their individual capabilities (Greater efforts to educate managers).</li> <li>Support employees in balancing their professional, parental, and nursing care duties and promote a more efficient and productive work style.</li> </ul>	<ul style="list-style-type: none"> <li>Training specifically for women and diversity education targeted at all managers was conducted.</li> <li>A questionnaire was conducted with all employees concerning their need to provide nursing care to their family, and seminars on how to balance work and nursing care were held based on the results of the questionnaire.</li> </ul>	○	<ul style="list-style-type: none"> <li>Develop a corporate culture where all employees regardless of gender, age, disabilities, etc. can fully utilize their individual capabilities.</li> <li>Support employees in balancing their professional, parental, and nursing care duties and promote a more efficient and productive work style.</li> </ul>
<b>Development of Human Resources</b> <a href="#">See page 61</a>	<ul style="list-style-type: none"> <li>Provide systematic training for specific positions (e.g., new employees, managers) and strategic employees.</li> <li>Support employees' voluntary efforts for self-development.</li> </ul>	<ul style="list-style-type: none"> <li>Training was implemented for newcomers, new senior staff, prospective managerial employees, and other levels of employees.</li> <li>Support was provided to employees interested in taking part in external correspondence courses and acquiring new qualifications.</li> </ul>	○	<ul style="list-style-type: none"> <li>Provide systematic training for specific positions (e.g., new employees, managers) and strategic employees.</li> <li>Support employees' voluntary efforts for self-development.</li> </ul>
<b>Occupational Health and Safety</b> <a href="#">See page 62</a>	<ul style="list-style-type: none"> <li>Prevent traffic and industrial accidents through safety measures carefully tailored to different age groups.</li> <li>Continue measures to promote mental health care and address lifestyle diseases and other health problems.</li> </ul>	<ul style="list-style-type: none"> <li>Traffic safety education and training, various small group movement activities, and safety patrols were conducted based on Corporate Labor Safety and Well-Being Campaign Policies.</li> <li>Mental health education was conducted for employees at each level, and information on health problems that may result from overwork was provided.</li> </ul>	○	<ul style="list-style-type: none"> <li>Conduct safety activities to promote employees' compliance with basic rules and introduce measures to prevent young and senior employees from being involved in accidents.</li> <li>Implement measures that will help employees work in good health and spirit, and ensure their mental health.</li> </ul>

**Evaluation Criteria:** ○ : The measure was implemented as planned, achieving satisfactory results.  
 △ : The measure was implemented as planned, but the goal was not achieved or unresolved issues remain.  
 × : The measure was not implemented as planned.

## Respect for Human Rights

In order to fulfill its corporate social responsibility to build a society in which all human rights are respected, Chubu Electric Power has formulated a Human Rights Awareness and Education Policy, and set up Individual Rights Awareness Promotion Committees at the Head Office and regional offices.

Guided by the promotion plan approved by the Individual Rights Awareness Promotion Committees, we

provide employees—new employees and managers alike—with education in the spheres of human rights awareness and harassment prevention. We also organize lecture meetings for executives and managers throughout the Group. Harassment consultation desks accessible to all employees have also been established within the Company and at a specialist organization outside the Company, which carefully deal with the problems consulted.

### Human Rights Awareness and Education Policy

1. We conduct initiatives to deepen correct understanding and awareness among employees, etc., in regards to problems of human rights (e.g., problems of social integration and discrimination based on disability, nationality, gender, etc.).
2. We perform 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.

## Maintaining a Favorable Labor-Management Relations and Employment Statistics

A union shop system is adopted at Chubu Electric Power, and all employees except for managers are members of the Chubu Electric Power Workers Union. As equal partners whose relationships are built upon equality, trust, and mutual respect, the management and the union hold Joint Management Council Meetings as needed to discuss management plans and important policies, and exchange opinions regularly through other opportunities to maintain favorable relations.

### ■ Employment statistics

	Men	Women
Number of employees	15,627 (89%)	1,879 (11%)
Average age	42	39
Average years of service	22	18
Numbers in managerial positions	5,890 (98%)	117 (2%)
Persons newly hired	344 (85%)	62 (15%)

Note: The figures are as of March 31, 2016. "Persons newly hired" are those who joined the Company in April 2016.

The numbers of employees above represent the number of employees on our payroll. The figures in parentheses indicate the percentage of males and females in each workforce category.

### Message from General Manager of Personnel Department

Toshiharu Nakagawa

Executive Officer  
General Manager of Personnel Department

### Creating a positive and fulfilling workplace

We recognize that maintaining a sound corporate culture where human rights are fully respected and facilitating the realization of the full potential of our diverse employees, thereby increasing our corporate competitiveness, is a key driver of our continued growth and development.

We therefore vigorously promote workforce diversity as one of our top management priorities, and our efforts, particularly in the area of female empowerment, have recently begun to garner high praise by external observers.

We will also offer various types of training and support for employees' self-development to encourage them to take on bold challenges with an innovative approach, as well as promote lively events in workplaces aimed at creating a sense of unity in each workplace and vitalizing the Company. Through these and other efforts, we will continue to create a positive, fulfilling, and attractive workplace.



# Promotion of Workforce Diversity

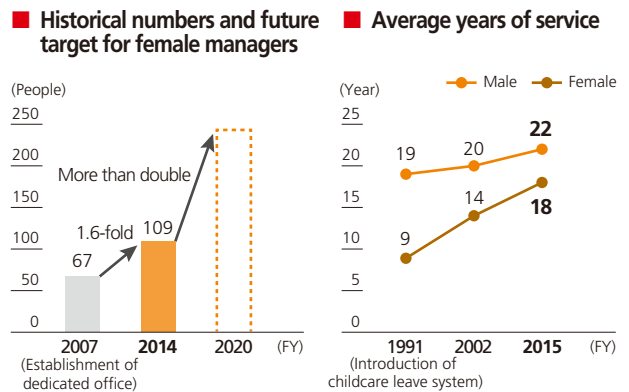
Chubu Electric Power recognizes that realizing the full potential of its diverse employees and thereby increasing its corporate competitiveness holds the key to stay competitive in a changing societal environment typified by Japan's aging and shrinking population and decreasing working-age population as well as diversifying customer needs, and in the new competitive landscape resulting from the governmental reforms of electric power system. This recognition has led us

to establish diversity promotion as one of our top priorities.

As the first step, we have focused on the empowerment of female employees as a key management priority. In 2007, we established the Female Activities Promotion Office to start a range of related initiatives in earnest, which evolved into the Diversity Promotion Office in 2013 to expand support for more diverse employees, including senior and challenged employees.

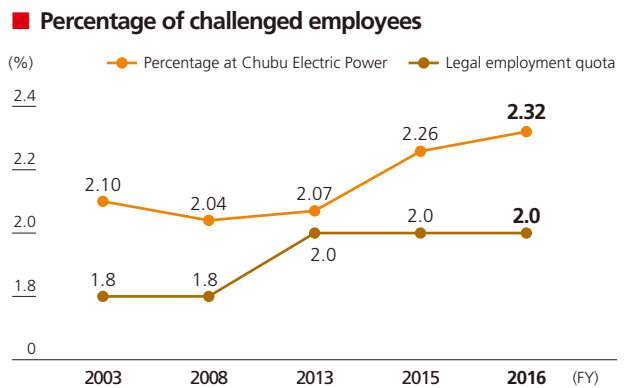
## Empowering Female Employees

With improving retention rates of female employees, Chubu Electric Power is currently focusing its efforts on the career development of women by offering various training programs according to trainees' ages, position, etc. as well as training for those with young children. In addition to improved training programs, we are also working to accelerate the professional growth of female employees through job assignment and appointments and to provide related training for all managers. Through these initiatives as well as further improvements in HR systems designed for more flexible work styles, a training program for male and female employees with young children to dispel the stereotypical view on gender roles, and many other efforts, we will aim to double the number of female managers by fiscal 2020 from the fiscal 2014 level.



## Hiring More Challenged People

Chubu Electric Power has been actively working to hire more physically or intellectually challenged individuals. As a part of such initiatives, we established Chuden Wing Co., Ltd. in 2001 to promote the employment of people with severe physical or intellectual disabilities, an underrepresented group in the Japanese workforce. As of June 2016, this fully-owned subsidiary of Chubu Electric Power, which operates under the business philosophy of "coexistence" and "respect for people," has 67 challenged employees. To promote the employment of mentally challenged individuals, we are also actively creating and expanding jobs for them, such as data entry and other clerical assistant jobs.



## Hiring Seniors

To make wide and effective use of the excellent capabilities and rich experiences of people of retirement age, a reemployment system with, in principle, fewer working days and shorter working hours was introduced to the Company in April 2002, under which 231 senior staff were working as of the end of March 2016. However, we decided to review available jobs, working hours, and other working conditions for senior staff to enable them to play a more active role in

each workplace; and in July 2016, we revised the system so that their working conditions were as similar as possible to those of regular employees to allow them to work, in principle, on a full-time basis.

We also hold "self-help training" geared specifically at 52-year-old employees to help employees in the upper age bracket maintain their motivation and skills and continue working vigorously.

## Measures for Promoting Work-Life Balance

Measures	Specific programs to implement the measures
<b>Achieving work-life balance</b>	<ul style="list-style-type: none"> <li>A flex-time system is in place enabling individual employees to select starting and leaving time according to their actual work-life status, and to work more efficiently.</li> <li>Life-support leave is provided for employees who participate in volunteer activities and social commitments, recover from illness or injury, care for their family, or take part in school events.</li> <li>To promote a more efficient, productive work style, a "No overtime day" has been introduced and awareness-raising seminars are offered.</li> </ul>
<b>Support system for childcare and nursing care</b>	<ul style="list-style-type: none"> <li>The childcare leave system allows employees to take leave until the day their child turns two and reduces their contract work hours until the last day of the fiscal year in which their child is a first grader in elementary school.</li> <li>The nursing care leave system lets employees take time off (continuous or intermittent) for two years in total or work shorter hours.</li> <li>The flex-time system allows employees to work flexibly according to their actual status regarding childcare/nursing care.</li> </ul>

### TOPICS Efficient Work Style Seminar

#### Exploring ways to balance work and nursing care

Chubu Electric Power actively promotes a work style that allows employees to work even more efficiently and intensively. As part of these efforts, we hold seminars at the Head Office and regional offices where employees can learn basic knowledge on how to develop an optimum work-life balance when they face a situation where nursing care for a family member becomes necessary. These seminars provide employees with an opportunity to review their way of working in their workplace and explore ways to maximize productivity to perform their duties within a limited period of time.



Land Management Group  
Land Affairs Department  
Power Network Company  
Head Office

### VOICE Keijiro Watanabe

#### Childcare experiences lead to work motivation

I took childcare leave for a few days when my daughter was born. During this time, I struggled to try to understand what my daughter, who has no means of communication other than crying, wanted each time she cried, but now her smile and my wife's support have become a great motivation for my work. I feel that childcare experiences are having a positive impact on the way I work, leading to increased work efficiency.



## Career Counseling Desk

To help individual employees develop and demonstrate their own capabilities and lead a fulfilling career, we have been offering counseling services at the Career Counseling Desk since fiscal 2006. Staff with appropriate qualifications such as career consultants have provided advice on about 3,400 cases to date.

## Collaboration with Local Communities

In collaboration with other companies in the Chubu region, the Chubu Diversity Net was established in 2007 to share diversity-related information and their own experiences and practices. Consisting of 94 member companies and organizations (as of March 31, 2016), this business coalition organizes lecture events and opinion-exchange meetings for senior management and diversity champions, training for female workers, and other programs. Through the activities of the Chubu Diversity Net, we also work together with governmental and economic organizations to contribute to the advancement of diversity across the region.

## Promoting Diversity across the Group

Chubu Electric Power actively promotes workforce diversity across the Group. In fiscal 2013, we began offering training for female employees and managers to help them create a more female-friendly workplace.

In fiscal 2015, a lecture was also organized for the president of each Group company to accelerate Group companies' efforts toward greater diversity.

## External Recognition

By whom	Fiscal year	Award name
Ministry of Health, Labour and Welfare	2013	Received the Aichi Labor Bureau Director Award for Excellence, the Corporation Awards for the Promotion of Gender Equality and Good Work-Life Balance (category of gender equality)
	2016	Received the "Eruboshi" certification Acquired the "Kurumin" certification (for the third phase of the action plan)
Ministry of Economy, Trade and Industry	2014	Selected from among the Diversity Management Selection 100 companies
	2015	Granted the Nadeshiko Brand* designation
Aichi Prefecture	2010	Registered as a Family-Friendly Company
	2015	Received the Aichi Josei Kagayaki Company (Aichi Women's Career Success Supporting Company) certification
Nagoya City	2009	Received the Award for Excellence of Childcare Support Company
	2010	Received the Female-Friendly Company Award

\* Selected jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange

# Development of Human Resources

## Training and Education Programs

Chubu Electric Power is committed to developing human resources who can contribute to the development of society by fulfilling the Company's operational mission of safe and stable supply of electricity.

Toward this end, our supervisors train their teams in the course of their day-to-day operations and hold interviews with individual employees semiannually to set

targets and identify room for improvement for the purpose of developing the next generation of human resources.

We also offer systematic training programs, ranging from practical training regarding specialized knowledge and skills to training by position level (e.g., new employees, managers), and to management and leadership training for personnel nominated by their superiors.

### Overview of HR development programs

	Off-the-job training				Support/ suggestions system
	Position-based training	Diversity training, etc.	Strategic HR training	Practical training	
Man- agerial employ- ees	Special training for managers Training for new workplace managers Training for new assistant managers	Training for female general and managerial employees	Career Counseling Desk Self-help training for 52-year-old employees	Cross-industry training Dispatch training	Support for taking recommended/required tests/ Self-development support/improvement proposal system
General employ- ees	Training for assistant managers-to-be Training for new senior staff	Training for employees with nursing duties Step-up training for female senior staff Individual interviews (for female employees nearing age 30) Role model forum (for female employees)	Training for strategic human resources	Training based on departmental training plans	
New employ- ees	New employee training	Training for employees returning from childcare leave			

## Support for Self Development

To encourage employees' active, voluntary efforts toward self-development, we offer support programs for those who take external correspondence courses or aim to acquire qualifications.

Many employees use those support programs to voluntarily acquire necessary knowledge and skills and further improve their capabilities to acquire qualifications.

## Collaboration among Group Companies

To promote human resources development across the entire Group, we have established the Chubu Electric Power Group Education Promotion Council. Through joint training programs, lecture events and other initiatives, the Council consolidates collaboration among Group companies to make our education system even more effective.

# Occupational Health and Safety

## Labor Safety and Well-Being Campaign Policies

The importance of the safety and health of employees can never be overemphasized. To ensure and comprehensively promote health and safety management across the organization, Chubu Electric Power holds the Corporate Labor Safety and Well-Being Campaign Policies Meeting.

In the annual meeting, our Corporate Labor Safety and Well-Being Campaign Policies are established after an

analysis of accident occurrence trends, a review of employees' health management, and an assessment of safety and health management activity performance.

Based on such company-wide policies, regional offices and operational sites develop their own health and safety policies and health and safety activity plans, and carry out various effective measures.

## Efforts to Achieve Zero Industrial Accidents

To prevent the occurrence of any industrial accidents, we focus on accident prevention measures for young and senior employees, who statistically tend to be more susceptible to accidents, as well as traditional safety activities to promote compliance with basic rules.

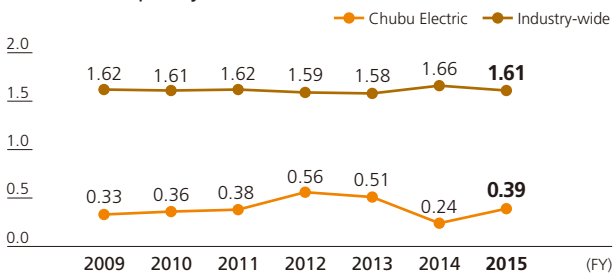
For road traffic safety, instructors and fleet operation managers in charge of ensuring safe driving in their respective workplaces work together with safety

management units to offer various training programs for safe driving.

To ensure operational safety, construction work units and safety management units work closely to make Chubu Electric Power free from accidents by, for instance, conducting risk assessments to minimize accident risks, performing regular safety patrols and sharing the resulting findings and the subsequent improvements made.

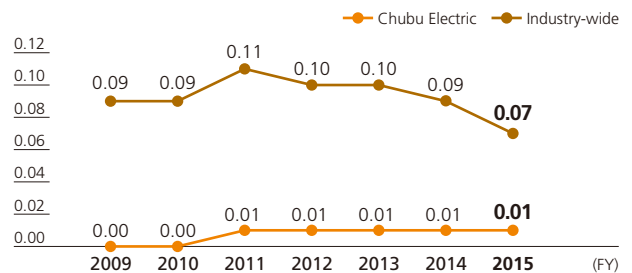
### Industrial accident frequency and accident severity

Accident frequency\*1



\*1 Accident frequency: Numbers of persons killed or seriously injured (with at least one day of leave) by industrial accidents per million working hours

Accident severity\*2



\*2 Accident severity: Numbers of days of work lost by industrial accidents per 1,000 working hours (figures less than 0.005 are recorded as 0.00.)

## Promoting Physical and Mental Health

To ensure the early detection and treatment of employees' mental and physical health problems, we offer systematic health care management mainly through our industrial health care staff. Health care support, such as education for maintaining mental health and preventing lifestyle diseases, is also provided to help individual employees continuously maintain their health by themselves.

### Major health promotion activities

Physical	Health and nutritional advice is provided to prevent or control lifestyle diseases.
	Face-to-face advice and information are provided to prevent health problems caused by overworking.
	A PC-based health management system allows employees to check and manage their health condition voluntarily.
Mental	Mental health care services are offered by industrial health care staff (industrial physicians, healthcare practitioners, public health nurses, etc.) for the early detection of mental disorder.
	Employees who have been absent from work due to illness or injury are monitored for their recovery and provided with support in their transition back to their work environment under a follow-up system. They are also assigned jobs in a phased manner and their performance is carefully monitored and supported under a reinstatement support program.
	Mental health self-care and line care training is provided.

# Commitment to Environmental Conservation

The responsibility of Chubu Electric Power is to achieve S (Safety) + 3E's (Energy Security, Economic Efficiency, Environment) simultaneously during the process of delivering energy.



▲ Chubu Electric Power Group ECO Points program  
An activity conducted in cooperation with a nonprofit organization in which participants searched for living organisms in Mitaki River in Yokkaichi City, offering an opportunity to think about biodiversity



▲ Conservation of rare plant habitats around power supply facilities (Kiyomi-tonkabuto (*Aconitum kiyomiense*), an endemic species requiring protection by the government)



▲ Inspection of the Research & Development Division by members of the Chubu Electric Power Environmental Roundtable (Inspection of a "sound camera" that can visualize sound)

## Major activities in fiscal 2015 and goals and plans for 2016

	Goals and plans for FY 2015	Major activities for FY 2015	Evaluation	Goals and plans for FY 2016
<b>Building a Low-Carbon Society</b> <small>See page 66</small>	<ul style="list-style-type: none"> <li>Continue to combat global warming with comprehensive measures.</li> </ul>	<ul style="list-style-type: none"> <li>Increase gross thermal efficiency of thermal power plants to 47.94% (LHV basis).</li> <li>The use of renewable energy was expanded.</li> <li>Measures to enhance safety at the Hamaoka Nuclear Power Station were strictly implemented.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to combat global warming with comprehensive measures.</li> </ul>
<b>Creating a Recycling Society</b> <small>See page 67</small>	<ul style="list-style-type: none"> <li>Reduce the external landfill disposal amount. (Reduce to less than 1% of the total waste.)</li> <li>Ensure that the use of equipment containing PCBs is thoroughly controlled and promote the proper treatment of such equipment.</li> </ul>	<ul style="list-style-type: none"> <li>External landfill waste ratio: 0.7%</li> <li>Amount of insulation oil containing low-level PCBs treated: 6,251 kℓ</li> <li>Number of pieces of electric equipment containing low-level PCBs treated: 167,170</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote the 3Rs in consideration of the economy to achieve an external landfill waste ratio of less than 1%.</li> <li>Ensure that the use of equipment containing PCBs is thoroughly controlled and promote the proper treatment of such equipment.</li> </ul>
<b>Interacting with Local Communities</b> <small>See pages 68 &amp; 77</small>	<ul style="list-style-type: none"> <li>Develop human resources capable of spontaneously acting in eco-friendly ways.</li> <li>Enhance education on energy and the environment in collaboration with local communities.</li> <li>Conduct environmental activities actively for local communities.</li> </ul>	<ul style="list-style-type: none"> <li>The Chubu Electric Power Group ECO Points program was implemented in cooperation with six NPOs and other organizations.</li> <li>Employees were encouraged to become Chuden Foresters. Total number as of this report: 230</li> <li>Employees were encouraged to become Chuden Interpreters. Total number as of this report: 127</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to implement the ECO Points program across the Chubu Electric Power Group.</li> <li>Encourage employees to become Chuden Foresters and Chuden Interpreters, and engage in activities.</li> </ul>
		<ul style="list-style-type: none"> <li>Classes and a course on energy and the environment were provided in collaboration with universities.</li> <li>80 companies participated in the Morino Chonai-Kai initiative and people were invited to visit a forest where tree thinning was underway.</li> </ul>	○	<ul style="list-style-type: none"> <li>Enhance education on energy and the environment in collaboration with local communities.</li> <li>Conduct environmental activities actively for local communities.</li> </ul>

**Evaluation Criteria:** ○ : The measure was implemented as planned, achieving satisfactory results.  
 △ : The measure was implemented as planned, but the goal was not achieved or unresolved issues remain.  
 × : The measure was not implemented as planned.



# Promoting Environmental Management

## Chubu Electric Power Group Basic Environmental Policy and Regime for Protecting the Global Environment

Chubu Electric Power considers environmental protection to be one of the Group's most important issues and has established the Chubu Electric Power Group Basic Environmental Policy.

Based on this policy, we formulated an Action Plan of our specific activity goals and are striving to promote activities for the protection of the global environment.

### Chubu Electric Power Group Basic Environmental Policy

As a member of the energy industry, the Chubu Electric Power Group practices responsible environmental management and contributes to the development of a sustainable society by working to protect the global environment with employees who act on their own initiative.

#### 1. We aim to achieve a low carbon society.

We promote nuclear power with the highest priority given to ensuring the safety of, and building trust with, local citizens, as well as renewable energy.

We promote the efficient use of resources and energy.

#### 2. We endeavor to coexist with nature.

In our business activities, we are conscientious regarding diverse ecosystems.

#### 3. We aim to achieve a recycling society.

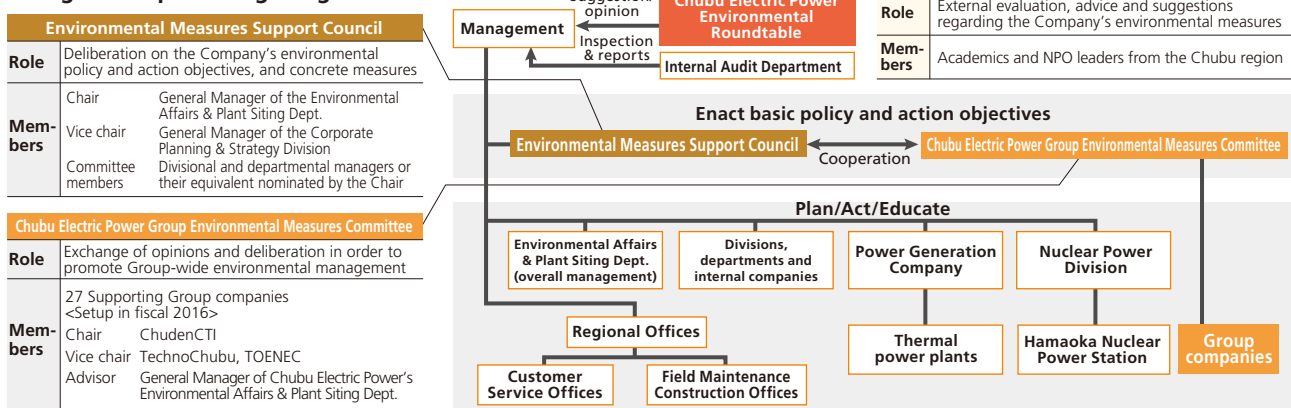
We practice the 3Rs (reduce, reuse, recycle) to minimize our burden on the environment.

#### 4. We strengthen our connections to local communities and the world.

We contribute to society by fostering human resources capable of spontaneously acting in eco-friendly ways.

We endeavor to deepen communication concerning the environment and energy and to raise environmental awareness.

### Regime for protecting the global environment



### Stakeholder Dialogue

#### Chubu Electric Power Environmental Roundtable

The Chubu Electric Power Environmental Roundtable is an advisory body made up of external experts who provide the Company with advice and recommendations regarding environmental policies. The 15th roundtable was held in the Research & Development Division in March 2016.

The members inspected our R&D activities for ways of increasing efficiency in the use of electricity, predicting power output of photovoltaic systems, which are rapidly being introduced to the region, and other technologies. The inspection was followed by a brisk exchange of opinions.

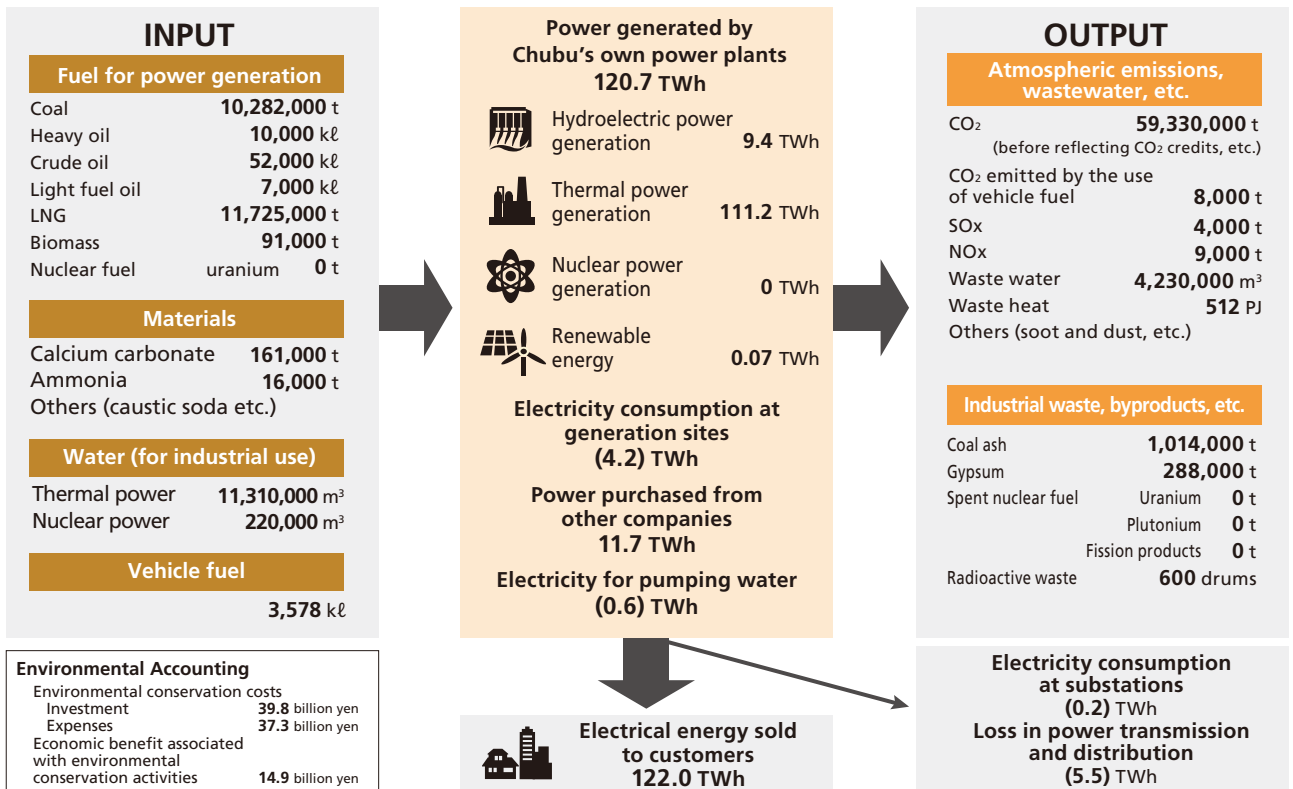
#### Members of the Chubu Electric Power Environmental Roundtable (honorifics omitted, in no particular order)

<b>Ichiro Yamamoto (Chair)</b>	Advisor of the President, Professor of School of Human Care Studies, Nagoya University of Arts and Sciences
<b>Tadashi Aburaya</b>	Former Chairman, Mie Prefecture Environmental Conservation Agency
<b>Masayo Kishida</b>	President, NPO Partnership Support Center
<b>Toshihiro Kitada</b>	Specially Appointed Professor and Professor Emeritus, Toyohashi University of Technology
<b>Keiko Kunimura</b>	Director, Nagoya City Waterside Research Group
<b>Noriyuki Kobayashi</b>	Associate Professor, Graduate School of Engineering, Nagoya University
<b>Atsuko Hayakawa</b>	NPO Weather Caster Network
<b>Susumu Hayashi</b>	Professor Emeritus, Gifu University

### Environmental Inputs and Outputs across Our Business/Environmental Accounting

Chubu Electric Power assesses fuel and materials inputs related to its business as well as the entire environmental impact stemming from business activities in a number of

forms including CO<sub>2</sub>, effluents and waste, and always strives to establish targets and reduce their environmental impact.



Note: Some numbers may not add up due to rounding.

### Environmental Management

Chubu Electric Power implements environmental management activities based on the ISO 14001 (2004) standards. Hamaoka Nuclear Power Station has been externally accredited to the international certification criteria and other operating sites pursue their own self-declared environmental management activities adapted to each type of business.

In addition, as a way to ensure thoroughness of its environmental management, the Company has established an environmental education system designed to provide training to all employees through the environmental education trainers appointed each year by the head of each operation site.

#### Message from General Manager of Environmental Affairs & Plant Siting Department

Masaya Hashimoto

General Manager of Environmental Affairs & Plant Siting Department

#### We will work on building a low-carbon society.

Following the suspension of operations of the Hamaoka Nuclear Power Station in 2011, the CO<sub>2</sub> emission intensity of Chubu Electric Power dramatically increased. To reduce CO<sub>2</sub> emissions, it is essential not only to introduce high-efficiency thermal power generation and make greater use of renewable energy but also to use nuclear power, with the highest priority placed on ensuring the safety and while earning the trust of local residents.

Chubu Electric Power will pursue an optimal energy mix, promote energy conservation, and thoroughly implement environmental management to build a low-carbon society on a global scale.



# Building a Low-Carbon Society

## Reduction of CO<sub>2</sub> Emissions

Chubu Electric Power is committed to combating global warming by taking a holistic approach, which includes the utilization of nuclear power with the highest priority placed on ensuring the safety of, and building trust with, local communities, the development of high-efficiency thermal power generators and renewable energy sources.

Our CO<sub>2</sub> emission intensity (CO<sub>2</sub> emissions per kWh of electricity produced) in fiscal 2015 was 0.486 kg-CO<sub>2</sub>/kWh (actual emission intensity\*).

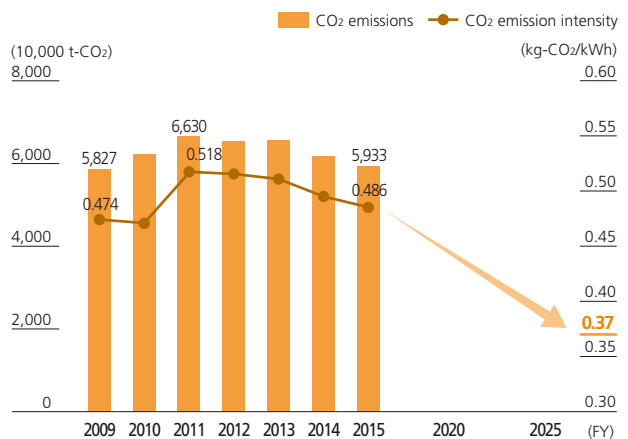
Since the suspension of operations at the Hamaoka Nuclear Power Station following the Great East Japan Earthquake in 2011, thermal power generation to replace nuclear power generation increased, resulting in a significant rise in CO<sub>2</sub> emission intensity. However, CO<sub>2</sub> emission intensity in fiscal 2015 decreased by 2% from fiscal 2014 due to greater use of renewable energies and other factors.

To further reduce the CO<sub>2</sub> emission intensity of the Company as a whole, we will continue to make efforts including continuing to use nuclear power, which generates electricity without emitting CO<sub>2</sub> and therefore is an effective measure for combating global warming; increasing the use of renewable energy; installing the world's highest efficiency LNG-fired generator at the Nishi-Nagoya Thermal Power Station Unit No. 7 (currently under construction); and installing leading-edge coal-thermal power generation facilities at the Taketoyo Thermal Power Station Unit No. 5 (currently in the planning stage).

Additionally, Chubu Electric Power has joined the Electric Power Council for a Low Carbon Society (ELCS), which was established by 36 electric power companies including the Company, to continue to promote comprehensive measures for reducing CO<sub>2</sub> emissions. ELCS aims to achieve the target of the entire electric power industry, i.e., CO<sub>2</sub> emission intensity of 0.37 kg-CO<sub>2</sub>/kWh by fiscal 2030.

\* The CO<sub>2</sub> 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 feed-in tariff scheme for renewable energy are yet to be determined. The data will be announced at the earliest possible opportunity after they have been established.

### Trends and outlook of CO<sub>2</sub> emissions and CO<sub>2</sub> emission intensity (actual emission basis)



## Calculation of Supply-Chain Emissions

Chubu Electric Power calculates CO<sub>2</sub> emissions throughout its supply chain\*.

Based on the Mandatory Greenhouse Gas Accounting and Reporting System, the Company has calculated CO<sub>2</sub> emissions and emission intensity associated with its electricity generation, and reported them to the national government.

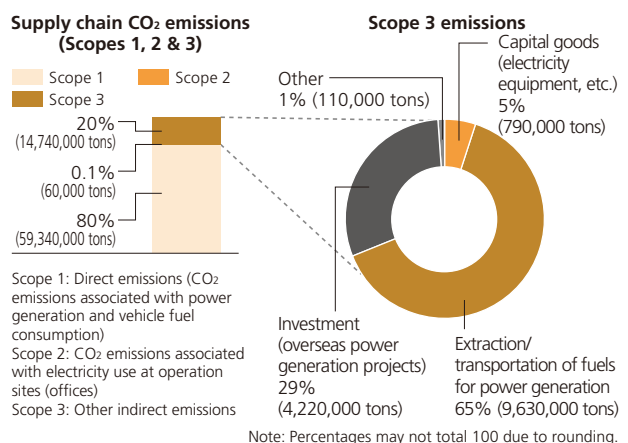
The Company has calculated indirect emissions arising from the supply chain of its electric power business (Scope 3: associated with purchase of capital goods, extraction and transportation of fuels for power generation, investment in overseas power generation projects, etc.), which are not included in the values reported to the national government, according to the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan. As a result, it was found that Scope 3 emissions account for 20% of all emissions.

To promote measures for combating global warming,

we will make continued efforts to ascertain emissions throughout our supply chain.

\* Emissions from Chubu Electric Power only, not including consolidated subsidiaries.

### Supply-chain CO<sub>2</sub> emissions (fiscal 2015)



# Creating a Recycling Society

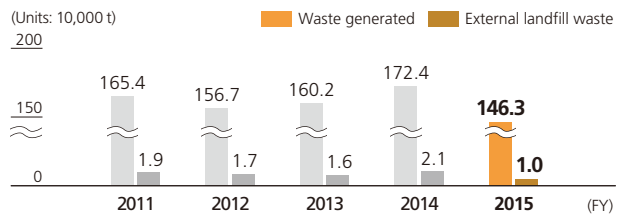
## Promoting the 3Rs (Reduce, Reuse, Recycle)

With a target of reducing the amount of our waste that has to be sent for landfill disposal outside of the company to less than 1 percent, we are working on 3R initiatives to reduce, reuse and recycle.

Waste generated\* by the Chubu Electric Power Group amounted to 1,463,000 tons in fiscal 2015, 10,000 tons of which was disposed of in external landfills.

\* Starting fiscal 2015, the figure includes waste generated by Chubu Electric Power and Group companies.

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



## Treatment of PCB

Since PCBs became a serious social issue, Chubu Electric Power has been advancing the treatment of equipment that uses insulation oil containing high-levels of PCBs through Japan Environmental Safety Corporation (JESCO).

As for equipment containing trace-level PCBs, we decontaminate pole-mounted transformers mainly at our Insulation Oil Recycling Center in Nagoya City and Transformer Recycling Center in Tobishima Village, Aichi Prefecture, while commissioning the treatment of other

devices to outside organizations accredited by the Company. One such organization is Chubu Eco Solution LLC, a company that was established by three Chubu Electric Power Group companies (C-TECH CORPORATION, AICHI ELECTRIC Co., Ltd., and Techno Chubu Co., Ltd.) in May 2014. Using the heated forced-circulation cleansing method approved by the Minister of the Environment in March 2015, the company detoxifies low-level PCBs contained in large equipment possessed by the Company.

# Conserving the Local Environment

## Local Environmental Conservation Measures

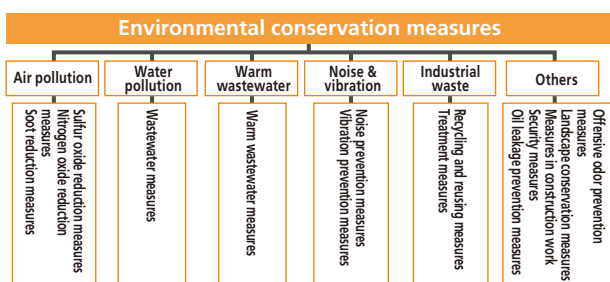
For conserving the environment of the surrounding areas, Chubu Electric Power implements a variety of measures based on agreements with local governments for environmental preservation and pollution control. We also conduct monitoring surveys of the surrounding areas, verifying that there is no ongoing impact on the local environment resulting from our operation.

For compliance with environmental laws and regulations, no violation was identified in the Chubu Electric Power Group during fiscal 2015.

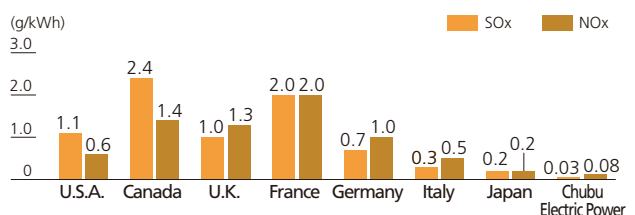
## Air Pollution Measures

Sulfur oxide (SOx) and nitrous oxide (NOx) emissions per kWh of electricity generated by Chubu Electric Power's thermal plants are now at the lowest levels in the world with the implementation of various measures to prevent air pollution, including the expanded use of LNG, which does not generate SOx upon combustion; use of low-sulfur fuels; installation of flue gas desulfurization and denitrification systems; and adoption of burners for low NOx emissions.

### Classification of environmental conservation measures



### SOx and NOx emissions per kWh of electricity generated by thermal plants (international comparison)



Source: Calculated based on OECD, Stat Extracts and Energy Balances of OECD Countries, 2014 Edition. Figures for Japan are based on research from the Federation of Electric Power Companies of Japan.

## Protecting Biodiversity

Chubu Electric Power endeavors to protect biodiversity by implementing a range of initiatives that include developing relevant technologies, taking measures to protect the ecosystem during facility construction, developing and

maintaining greenery that is in harmony with local vegetation at the sites of power plants, and supporting the protection of forests.

<b>Protection of endangered species</b>	For conserving endangered plant species, including <i>sarumenebine</i> ( <i>Calanthe tricarinata</i> , a variety of orchid), <i>kyomarushakunage</i> ( <i>Rhododendron japonheptamerum</i> , a rhododendron found only in Japan), and <i>tadesumire</i> ( <i>Viola thibaudieri</i> , a type of violet), that have been identified on the Company's land and areas surrounding our electric power facilities, we have clarified the physiology and ecology of these scarce plants and established technologies for their reproduction.
<b>Protection of birds of prey</b>	To protect birds of prey identified on and around the construction site of the Tokuyama Hydroelectric Power Station and transmission lines, we are conducting construction work in a manner that does not affect the life of the birds or their habitat, following instructions from experts mainly from the Japan Falconiformes Center.
<b>Eco Park of the Hekinan Thermal Power Station</b>	The Hekinan Thermal Power Station is located close to the estuary of the Yahagi River in Aichi Prefecture, to which sandpipers and plovers migrate. The Eco Park, created adjacent to the power plant, has a pond for wild birds and a circulating waterway that prevents the entry of predators to the park and contributes to the conservation of the habitats of wild birds in the area.

## Interacting with Local Communities ▶ See page 77

The Chubu Electric Power Group is fostering human resources capable of spontaneously acting in eco-friendly ways, and carrying out social and educational activities related to the environment and energy.

With regard to human resources development we train Group company employees to become Chuden Foresters with the skills and knowledge necessary to thin artificial forests, as well as Chuden Interpreters possessing communication skills to share the joy of nature with

visitors, by making use of Chubu Electric Power's own forests under the guidance of Chuden Real Estate Co., Inc., which manages the company forest.

As for social contribution and education, we work with NPOs and other organizations by using the ECO points given to Chubu Electric Power Group company employees, and promote environment and energy education, particularly among university students.



### Chuden Forester Program

Trained a total of 230 Foresters and 127 Interpreters by fiscal 2015.



### Chubu Electric Power Group ECO Points Program (Protecting loggerhead sea turtle through partnership with NPO)

Worked with six NPOs and organizations in fiscal 2015. The Company provided financial support, and employee volunteers participated in the activities.



### Energy and Environment Education in Partnership with Mie University

Offering education programs on the theme of energy and the environment in cooperation with Prof. Hye-Sook Park of the Faculty of Humanities, Law and Economics and Prof. Mamoru Matsuoka of the Faculty of Education, Mie University.



### Courses Open to the Community at Nagoya Open University of the Environment Energy and the Environment Education course

A total of 68 university students participated in the course, which included a visit to a power station.

# Ensuring Compliance Management

The Chubu Electric Power Group is committed to compliance with laws and regulations, internal rules, and corporate ethics to gain the trust and support of society.



▲ During new employee training at a Group company (Chuden Haiden Support Co., Ltd.), new employees learned the basics of compliance and held case study discussions.

## ■ Major activities in fiscal 2015 and goals and plans for 2016

	Goals and plans for FY 2015	Major activities for FY 2015	Evaluation	Goals and plans for FY 2016
<b>Compliance</b> <a href="#">See page 70</a>	<ul style="list-style-type: none"> <li>Take early and appropriate measures for potential problems that may become apparent.</li> <li>Continue providing employees with education to raise awareness and combat insider trading.</li> </ul>	<ul style="list-style-type: none"> <li>Group company employee survey was conducted, survey results were analyzed, and feedback was provided.</li> <li>Compliance seminars were provided.</li> <li>Position-based training programs were provided.</li> <li>Education was provided to Group company employees.</li> <li>Online training was provided to employees working in the departments that deal with critical management information.</li> </ul>	○	<ul style="list-style-type: none"> <li>Increase employees who voluntarily practice compliance.</li> <li>Continue providing employees with education to raise awareness and combat insider trading.</li> </ul>
<b>Intellectual Property</b> <a href="#">See page 71</a>	<ul style="list-style-type: none"> <li>Continue enhancing knowledge and awareness of intellectual property.</li> </ul>	<ul style="list-style-type: none"> <li>Intellectual property seminars were provided at 10 locations of Chubu Electric Power, including the Head Office and regional offices (total participants including those using a teleconference system, etc.: 742)</li> <li>Online training on the basics of intellectual property was provided to all employees.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue enhancing knowledge and awareness of intellectual property.</li> </ul>
<b>Fair and Equitable Transactions</b> <a href="#">See page 72</a>	<ul style="list-style-type: none"> <li>Promote procurement activities according to the Chubu Electric Power Group Basic Procurement Policy.</li> <li>Ensure sufficient interactive communication with business partners.</li> </ul>	<ul style="list-style-type: none"> <li>New business partners were provided with an explanation on the Chubu Electric Power Group Basic Procurement Policy, and requested to practice CSR.</li> <li>Procurement overview briefing sessions were held to build a stronger partnership with business partners (552 participants from 307 companies).</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote procurement activities according to the Chubu Electric Power Group Basic Procurement Policy.</li> <li>Ensure sufficient interactive communication with business partners.</li> </ul>

**Evaluation Criteria:** ○ : The measure was implemented as planned, achieving satisfactory results.  
 △ : The measure was implemented as planned, but the goal was not achieved or unresolved issues remain.  
 × : The measure was not implemented as planned.

# Compliance

## Chubu Electric Power Group Basic Compliance Policy

Based on the Chubu Electric Power Group CSR Declaration, the following Basic Compliance Policy was established.

The continued existence and development of an enterprise depends most of all on winning the trust of society, including customers, shareholders and the community. Understanding that “without compliance there is no trust, and without trust there is no growth,” the Chubu Electric Power Group fosters a corporate culture of action with compliance, and aims to be a “good corporate citizen” trusted and supported by society. To achieve this, we act in accordance with the following principles.

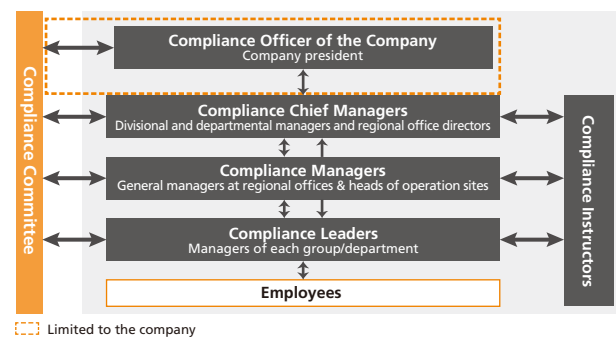
- **Thorough Compliance**  
We comply with the law, internal rules and corporate ethics.
- **Fair and Sincere Corporate Activities**  
We treat our customers, business partners and local communities fairly.
- **Proper Information Management and Disclosure**  
We handle information strictly and make timely information disclosures.
- **Establishing a Sound Corporate Culture**  
We respect human rights and provide for a sound business culture.
- **Maintaining a Healthy Relationship with the Government and Authorities**  
We are careful to refrain from activities that would cast doubt on the propriety of our business activities.
- **Proper Management and Utilization of Assets**  
We administer and use our assets in a proper fashion and as intended.
- **Environmental Conservation**  
We strive to protect the global environment.
- **Assuring Safety, Hygiene and Security**  
We strive to maintain a safe, healthy and secure work environment.

## Compliance Promotion System

In December 2002 Chubu Electric Power established a company-wide compliance promotion system under the direction of the Compliance Committee chaired by the Company’s President. Furthermore, we conduct a wide variety of activities to firmly establish the need for compliance in our employees’ minds.

In April 2016, each of internal company presidents was given a role of promoting compliance company-wide.

Part of these activities are carried out by each division to raise the employees’ awareness of compliance, with a view to preventing insider trading and workplace harassment and promoting proper information management.



## Helplines—Points of Contact for Compliance Queries

We operate a Helpline for Chubu Electric Power and a Joint Helpline for Group companies to prevent illegal, unfair, and unethical acts and ensure compliance. Both serve as points of contact for employees, temporary workers, and business partners with concerns about compliance issues. The Helpline for Chubu Electric Power is

established both in and outside the Company at the Compliance Promotion Office and at a law office, respectively. To ensure effective operation of the Helpline, appropriate measures are taken to protect inquirers and respect their requests regarding the queries.

In fiscal 2015, our helplines received 59 queries in total.

## Commitment to Prevent Bribes Being Offered to Foreign Public Officials

Chubu Electric Power and Group companies have developed systems to prevent involvement in bribery of foreign officials. Key functions include rules established in February 2013 by the Company to prohibit bribery of

foreign officials and others, as well as the Foreign Official Bribery Prevention Committee organized under the Compliance Committee in April 2013.

## Enhancement of Group Compliance

Under the Chubu Electric Power Group Compliance Council (organized in April 2003), which is a supervisory body comprised of the presidents of Group companies, the Chubu Electric Power Group established a compliance promotion system at each Group company and has been engaged in various activities to raise employees' awareness of the importance of compliance.

Despite these efforts, however, billing for falsely-claimed completion of construction work, falsification of documents, and other acts of misconduct were recently found to have been committed by Group companies. We

are therefore currently making even greater efforts to support Group companies to enhance their compliance management.

Specific support actions include holding discussions between Group companies and Chubu Electric Power employees and providing training to employees at major operation sites. In addition to these activities aimed at raising employees' compliance awareness, the Company is also supporting all other aspects of compliance promotion at each Group company.

**VOICE** Takashi Yamashita Legal Affairs Office, TOENEC CORPORATION

### Working under a slogan of "bringing greater comfort to the world"

TOENEC, as an integrated facility company in the Chubu Electric Power Group, has provided customers with safe, secure and comfortable environments.

TOENEC has adopted and operated the compliance declaration and the basic compliance policy. However, misconduct related to applications for qualification, false construction material orders, inappropriate billing for construction work, and other cases of misconduct were found to have been committed. While ensuring prevention of similar misconduct, we assessed the status of compliance under the guidance of compliance experts in fiscal 2015, with the goal of improving our corporate culture.

We first conducted a questionnaire survey with all employees. After analyzing the survey results, we conducted

individual interviews with five executives, followed by a total of 54 interviews at each operation site. Subsequently, we identified the current situation and issues concerning compliance at TOENEC, and held company-wide working group meetings to discuss measures for enhancing our strength and overcome our weakness. In fiscal 2016, we will finally enter the stage to launch the measures.



Under the slogan of bringing greater comfort to the world, all TOENEC employees will make a concerted effort to contribute to customers and society so that our customers continue to trust our company.

## Intellectual Property

With regard to intellectual property, Chubu Electric Power focuses on the priority actions (enumerated in the box below) to protect the Company's competitiveness, avoids

any restriction being imposed on the Company's business by rights exercised by other parties, and respects other parties' intellectual property rights.

1. Properly manage intellectual property rights created by technological research and development or improvement of business operations
2. Search for and monitor intellectual property rights owned by others

3. Improve knowledge and awareness of intellectual property
4. Increase the strength of the Group's collective intellectual property

### Intellectual Property Seminar

Intellectual property seminars are provided for employees as a means of enhancing their knowledge of intellectual property and their awareness of the importance of not infringing on others' rights. In fiscal 2015, seminars were held at 10 locations including the headquarters and regional offices. A total of 742 employees took part in the seminars including participants through our video conference system.

### Group-wide Efforts to Safeguard Intellectual Property

To strengthen the ability to deal with intellectual property issues across the Group, Chubu Electric Power and its Group companies regularly meet to study various aspects of, and share information on, intellectual property.

Chubu Electric Power also has a support system for Group companies to help them solve problems concerning intellectual property.



# Fair and Equitable Transactions

## Chubu Electric Power Group Basic Procurement Policy

Based on the Chubu Electric Power Group CSR Declaration, the following Basic Procurement Policy has been established.

### 1. Total Compliance

- (1) We perform our work duties in strict compliance with all laws, rules and corporate ethics.
- (2) We practice respect for human rights (prohibit child labor and forced and compulsory labor, avoid discrimination, etc.), carefully manage personal and confidential information, protect intellectual property rights, and so on.

### 2. Safety Assurance

Understanding that safety takes priority over all else, we endeavor to prevent occupational accidents and injuries and ensure public health and safety.

### 3. Mitigate Environmental Burden

Cooperating with our suppliers, we work to mitigate environmental burden by practicing green procurement, among other measures, and help to build and establish a recycling society.

### 4. Open Door Policy

We provide access to both Japanese and foreign companies, based on our open door policy, so that we may do business with suppliers with superior technical expertise who can provide quality products and satisfactory service.

### 5. Fair and Honest Procurement

We transact fair and honest business in the procurement of materials, equipment and so on, basing our decisions on economic rationality while assessing each supplier comprehensively for its prices, product quality, performance, safety, ability to meet delivery and construction deadlines, after-sale service, technical expertise, production capacity, business administration, safety management system and stance on corporate social responsibility (CSR), among others.

### 6. Work in Partnership

- (1) At Chubu Electric, we regard each of our suppliers as an important partner with whom we seek mutual growth.
- (2) Through open communication and fair and sincere transactions with our partner suppliers, we form stronger trust-based relationships and seek to cooperate with our suppliers to contribute to the sustainable development of society.

## Chubu Electric Power Group Basic Procurement Policy

The Chubu Electric Power Group has established a Basic Procurement Policy in order to promote CSR-conscious procurement and to ensure that the procured products and services are of high quality and at a reasonable cost.

When starting transactions with a new business partner, Chubu Electric Power explains its procurement policy and makes clear that our partners will be required to

fulfill their CSR obligations so that both parties can achieve continuous growth in partnership.

Our website also provides details in Japanese and English on our procurement procedures, supplier registration process, and other information in an easy-to-understand manner.

## Enhancing Communication with Business Partners

We actively share information and maintain good communications with our business partners so that both sides can develop and grow together.

At the start of each year, we hold a procurement overview briefing session to explain our management plans and CSR practices, including compliance promotion activities, and offer information on our procurement plans. The fiscal 2016 briefing was attended by 552 persons from 307 companies.

We also take careful note of the opinions of business partners through surveys conducted at the briefings and a permanent inquiry desk that offers support for procurement transactions, and work to resolve any issues raised to develop a stronger relationship of trust.



▲ Senior Managing Executive Officer Kataoka giving explanation at the procurement overview briefing session

# Aiming to Be Customer-friendly

Chubu Electric Power holds customers' opinions and requests in high regard, and strives to offer superior services that will meet the diverse needs of our customers.



▲ Customer Center

## ■ Example of improvement based on customer feedback

### Enhancement of the online member information service KatEne See page 29

**Customer feedback** KatEne doesn't display an electricity usage history. As slips indicating the amount of electricity consumed are no longer issued upon meter reading, it should be made available online.

**Improvement** With the redesigning of KatEne in April 2016, usage details covering the past 24 months became available online. Other items added in response to customer feedback include showing the total consumption for electric lighting by time of day.

### Disclosure of reason for outage on the website for customers

**Customer feedback** My house lost power the other day. I want to know why.

**Improvement** We carried out system modification of our website for customers, so that reasons for outage can be displayed in the outage information section starting April 2016.

## ■ Major activities in fiscal 2015 and goals and plans for 2016

	Goals and plans for FY 2015	Major activities for FY 2015	Evaluation	Goals and plans for FY 2016
<b>Aiming to Be Customer-friendly</b>	<ul style="list-style-type: none"> <li>Continue improving our business operations by reflecting customer feedback.</li> <li>Continue customer service improvement measures.</li> </ul>	<ul style="list-style-type: none"> <li>Operational improvements were implemented after related departments discussed customer feedback.</li> <li>Customer convenience was improved, including increasing the number of Customer Center telephone receptionists and providing a dedicated number to call for inquiries about liberalization of electricity retailing.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue improving our business operations by reflecting customer feedback.</li> <li>Continue customer service improvement measures.</li> </ul>

**Evaluation Criteria:** ○ : The measure was implemented as planned, achieving satisfactory results.  
 △ : The measure was implemented as planned, but the goal was not achieved or unresolved issues remain.  
 × : The measure was not implemented as planned.

# Working for Customer Satisfaction

## Utilization of Customer Feedback

To provide our customers with more satisfying service, customer comments and opinions received at customer service offices and Customer Centers are entered in our Customer Response System and the information is shared with all employees.

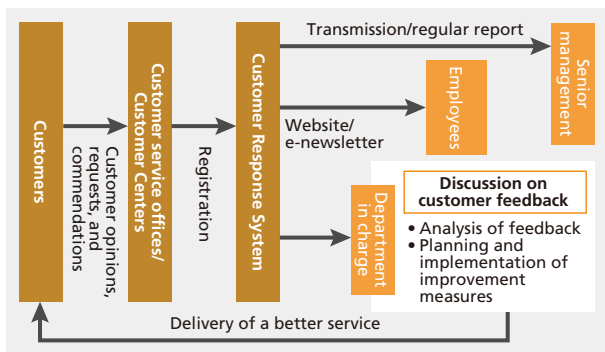
Comments received are discussed at meetings of related departments for review, so that the feedback will lead to improvements in operations and customer services.

A total of 746 customer comments were registered in

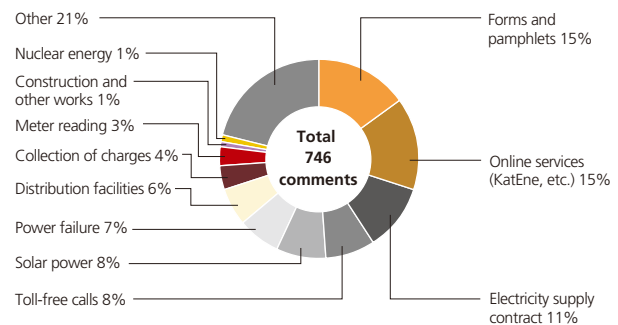
fiscal 2015. Feedback on forms and pamphlets made up a large part of them, and the number of registered comments on the online member information service “KatEne” increased compared to fiscal 2014. All these comments were examined carefully and reflected in our commitment to continuous improvement of our business operations and services.

We will continue to listen to customers’ voices and work toward enhancing our services.

### Flow for utilizing customer feedback



### Breakdown of customer feedback by type (FY 2015)



## Appreciative feedback from customers

Customer service offices and Customer Centers have received many comments from customers appreciating activities of the Chubu Electric Power Group, including the following:

- Restoration work following distribution line failure**  
 The other day a wide area of my neighborhood lost power. It was an extremely hot day, but the restoration personnel, sweating like horses, climbed the utility pole to restore power. I felt a renewed appreciation for these hard working people who make it possible for us to use electricity.
- Explanation given upon changing the contract type**  
 I am so grateful to a sales representative who visited my house to help me change the contract type and for giving me an in-depth and easy-to-understand explanation. As he spoke cheerfully and clearly, I was able to change my contract smoothly.

### VOICE Akira Kobayashi

## Responding to customers’ requests on the phone even at night and on holidays

The major role of Customer Centers is to receive and respond to various requests and inquiries from customers on the phone. The Centers are located in Nagoya and Gifu, handling calls from customers in the entire service area, including, for example, requests to start/stop electricity use at the time of house-moving and inquiries about electricity charges and service plans.



The total number of inbound calls received at the two Customer Centers (formerly Call Centers) in fiscal 2015 was about 2.5 million. In March alone, the peak month of house-moving and immediately before the start of full liberalization of electricity retailing, the number of inbound calls reached about 300,000. The operators are regularly working to improve service quality to be able to meet customers’ requests more accurately and promptly. We will enhance training to increase capabilities to effectively address an even wider range of inquiries, particularly those related to the liberalized electricity retailing.

# Fulfilling Our Role as a Member of Local Communities

The Chubu Electric Power Group values communication with local residents and strives to meet their expectations, and engages in a variety of activities as a member of society to contribute to the sustainable development of communities.



▲ Studying the mechanisms of power generation in a travelling class, given by Chubu Electric Power Shinonoi Customer Service Office, at Yashiro Elementary School



▲ Students learning basic procedures for electric construction work and how to use tools in the local manufacturing skills improvement program, which is a work experience program TOENEC Corp. has offered to industrial high school students since 2004.

### Feedback from participating elementary school students

- Through the experiments, I learned how to generate electricity from solar and wind power.
- Generating electricity from wind power was difficult. I fanned so hard but I was able to generate only a small amount of electricity.
- It made me appreciate electricity and realize that people generating electricity are working so hard every day.
- I realized that electricity is playing a vital role around us in our everyday life.
- I found the power generation experiment particularly interesting.

## Travelling Classes, Workplace Experience, and Study Tours

Chubu Electric Power offers “traveling classes” at elementary and junior high schools with its employees serving as instructors. These classes include those designed to study the mechanisms of power generation through electrical experiments, clarify questions concerning radiation, and learn the importance of energy and environmental conservation. The classes have earned a good reputation for being inspiring and easy to understand.

Chubu Electric Power and Group companies also offer workplace experience and study tours, in which participants

visit customer service offices, power plants, substations, and other facilities, to introduce corporate roles and activities.

### Traveling classes

**437** classes  
**18,148** participants

### Workplace experience/ study tours

**552** tours  
**14,738** participants

\* Total number of events conducted by Chubu Electric Power (actual results in fiscal 2015)

## Major activities in fiscal 2015 and goals and plans for 2016

	Goals and plans for FY 2015	Major activities for FY 2015	Evaluation	Goals and plans for FY 2016
<b>Fulfilling Our Role as a Member of Local Communities</b>	<ul style="list-style-type: none"> <li>• Continue social contribution according to the Basic Corporate Citizenship Policies of the Chubu Electric Power Group.</li> </ul>	<ul style="list-style-type: none"> <li>• Various activities were carried out centering around the key areas of “Ensuring Local Welfare and Peace of Mind,” “Environmental Conservation,” “Educating the Next Generation,” and “Cultural and Sports Activities.”</li> </ul>	○	<ul style="list-style-type: none"> <li>• Continue social contribution according to the Basic Corporate Citizenship Policies of the Chubu Electric Power Group.</li> </ul>

**Evaluation Criteria:** ○ : The measure was implemented as planned, achieving satisfactory results.  
 △ : The measure was implemented as planned, but the goal was not achieved or unresolved issues remain.  
 × : The measure was not implemented as planned.

## Basic Corporate Citizenship Policies of the Chubu Electric Power Group

Based on the Chubu Electric Power Group CSR Declaration, the following Basic Corporate Citizenship Policies have been established.

The Chubu Electric Power Group will fulfill its responsibilities as a good corporate citizen by actively contributing to the sustainable development of local communities.

1. Value dialogue and partnership as we contribute to building better communities and society.
2. Take the initiative in support, not only through social contribution as a corporate group but also by respecting the voluntary efforts of employees.
3. Make the details of our corporate citizenship activities widely known and work for ongoing improvements.

### <Key Areas>

- Ensuring local welfare and peace of mind
- Environmental conservation
- Education of the next generation
- Cultural and sports activities

## Ensuring Local Welfare and Peace of Mind

### Campaign on the Safe Use of Electricity

During the “Safe Use of Electric Power Month” in August and the nationwide “Autumn Fire Prevention Campaign,” Chubu Electric Power’s customer service offices and the Chubu Electrical Safety Services Foundation check electrical facilities at social welfare facilities and cultural assets, as well as electrical wiring at elderly people’s residences.

▶ Checking electrical facilities at a social welfare facility (by Chubu Electrical Safety Services Foundation)



### Measures Taken at Operation Sites

Each operation site contributes to safety and security in the local community through cooperation with local government, the police, the fire department, and other parties. Such efforts include participating in disaster drills held by local municipalities, signing an agreement on watching over elderly persons, and cooperating in the initiative of providing emergency shelter for kids.

▶ Emergency restoration of distribution line during a general disaster drill in Tsushima City, Aichi Prefecture



### Security and Safety Information Services

Chubu Electric Power offers services to deliver everyday safety information to local residents, including a mobile phone e-mail network for school parents and e-mail messages that deliver information for disaster and crime prevention.

#### ■ “Kizuna Net” services

Service	Service areas/Number of users
School parents' network	<ul style="list-style-type: none"> <li>● Area: Nationwide</li> <li>● Number of service user schools: approx. 1,500</li> <li>● Number of individual users: approx. 700,000</li> </ul>
Weather/earthquake information	<ul style="list-style-type: none"> <li>● Area: Nationwide</li> <li>● Number of individual users: approx. 40,000</li> </ul>
Disaster prevention	<ul style="list-style-type: none"> <li>● Area: Nagoya City</li> <li>● Number of individual users: approx. 40,000</li> </ul>
Suspicious persons	<ul style="list-style-type: none"> <li>● Area: 5 prefectures in the Chubu region</li> <li>● Number of individual users: approx. 10,000</li> </ul>



▲ Pamphlet of the school parents' network service “Kizuna Net”

### Installation of Signs Directing to Evacuation Sites, etc.

With the approval of local governments and businesses, CHUDENKOGYO Co., Ltd. has installed signs on utility poles that communicate messages on safety and security to local residents, such as signs directing people to nearby evacuation sites in the event of a disaster and signs calling for prevention of bullying.

#### Number of signs installed

# 5,909

#### ■ Message details

Direction to evacuation sites	3,131
Child abuse/bullying prevention	1,186
Crime prevention	916
Traffic safety	529
Other	147

\* As of the end of March 2016



▲ A utility pole with a sign directing to an evacuation site

## Environmental Conservation ▶ See page 68

Recognizing that the Company and local communities grow side-by-side, the Chubu Electric Power Group is carrying out activities to make the local environment more attractive, including cleaning-up around its operation sites and volunteer clean-up activities in local communities, as well as environmental conservation efforts.

Cleaning the precincts of a shrine before New Year's Day ▶  
Meter readers clean up the precincts of a shrine every year-end to express their gratitude to the local community.  
(Kasuga Shrine, Seki City, Gifu Prefecture)



### Green Curtain

Chubu Electric Power has been conducting a Green Curtain Campaign by giving away seeds for morning glory, bitter gourds, and other climbing plants to our customers at regional offices and PR exhibition facilities and encouraging customers to grow the plants to shade windows of their houses to keep the interior cool. These "green curtains" thus help reduce the use of energy in mid-summer.

Green curtain grown at Toyota Ecoful Town, a model low-carbon community in Toyota City ▶



### Memorial Tree-Planting Vouchers

Since 2001, Chubu Electric Power has presented memorial tree-planting (sapling) vouchers to the winning entrants of a lottery, in exchange for which they can receive a sapling on the designated memorial day. The objective of this activity is to encourage more and more people to develop a respect for nature through planting a tree and acting in consideration of the environment.



Tree-planting in Gozaisho ▶



### Morino Chonai-Kai—Thinning the Forest

Supporting the Morino Chonai-Kai forest conservation initiative, which promotes forest thinning through funds collected from the sale of paper, Chubu Electric Power acts as the secretariat for the Chubu region. Under this initiative, forest thinning has been conducted since fiscal 2011 in Komagane City, Nagano Prefecture, in cooperation with 80 companies. In November 2015, people were invited to observe the site where thinning was being conducted and discuss issues with a forestry cooperative.

Area of forest thinned since the start of the initiative

Equivalent to

**9** Nagoya Domes (about 44 ha)

Participants at the thinning site ▶



### Environmental Partnership Organizing Club (EPOC)

EPOC, an organization aimed at enhancing environmental awareness and promoting environmental actions, was established in 2000 at the initiative of industry in the Chubu region. The current number of member companies totals about 280. For the purpose of building a sustainable economic society, member companies plan and operate seminars, inspection tours, and other events, and energetically carry out various activities through collaboration between government, industry and academia. Chubu Electric Power is serving as a chairman company of the organization from fiscal 2016.

General Assembly of EPOC ▶



## Educating the Next Generation

The Chubu Electric Power Group has provided opportunities and tools that allow children to learn about energy and other science while having fun, as well as traveling classes and workplace experience [See page 75](#), with understanding and support from schools.

### Publication of a School Wall Newspaper, the *Denki Kodomo* (Electricity and Children) Series



#### Distributed to:

- 2,365 public elementary schools in the prefectures of Aichi, Gifu, Mie, Nagano and Shizuoka (western side of the Fujikawa River); and
- 550 local education boards, libraries and foster homes

▲ Students raising a beetle by referring to a wall newspaper featuring the beetle at Yamato Elementary School, Nakano City, Nagano Prefecture

Since its foundation in 1951, Chubu Electric Power has been publishing a science wall newspaper to introduce various topics about energy and other science, using familiar scientific observations and providing easy-to-understand descriptions combined with photos and illustrations.

### EleKids —Chubu Electric Power Science Club for Elementary School Children



▲ Family bus tour



▲ Quarterly newsletter *EleBook*

#### Member eligibility

Third to Sixth graders living in the prefectures of Aichi, Gifu, Mie, Nagano and Shizuoka (western side of the Fujikawa River)

We are operating a membership-based club called EleKids to raise interest in energy and science and foster creativity. The club issues newsletters for members, and organizes tours to power facilities and hands-on events, such as experiments and workshops.

## Cultural and Sports Activities

To value interaction with local communities and contribute to their development, the Chubu Electric Power Group participates in local events, such as festivals and sporting events, and supports the running of these events.

Events in which many employees participate include the Gomangoku Dance Festival in Okazaki City, the Senzu Festival held in the middle stream area of the Oi River in Haibara District, Shizuoka Prefecture, and the national tennis tournament dedicated to the Ise Shrine.

Meanwhile, operation sites of the Group host events to deepen exchange with local residents.



▲ Fureai Hiroba 2015 hosted by the Hekinan Thermal Power Station  
The event, which literally means “communication square,” was held for the first time in three years, offering a power station tour and programs on stage, and welcomed about 2,200 visitors from the local community.

## Partnerships with Universities

Chubu Electric Power is collaborating with universities to conduct research and various other projects that will assist local sustainable development.

University	Outline of partnership
Nagoya University	Installed the Funded Research Division of Energy Systems (1996 to March 2018) within the Institute of Materials and Systems for Sustainability (formerly EcoTopia Science Institute). Also installed the Disaster Prevention in the Energy Supply Area Endowed Research Division (April 2012 to March 2017) within the Disaster Mitigation Research Center, to which two specialists needed for the research are on loan from the Company.
Mie University	Signed a comprehensive partnership agreement in fiscal 2005 as part of industry-academia collaboration to connect the university's education and research results and our business activities.
Aichi University of Education	Signed a memorandum concerning the establishment of partnership courses in fiscal 2006 with a view to enhancing educational activities on energy and the environment and assisting local sustainable development, mainly in Aichi Prefecture.
Shizuoka Sangyo University	Established a course in 2009 to provide the students of future generations with education on the conservation of energy and the global environment.
Shizuoka University University of Shizuoka Hamamatsu University School of Medicine	Signed a research partnership agreement in fiscal 2014 as part of an industry-academia collaboration with a view to contributing to the development of local communities and technological advancement for future electric power business based on the expertise and knowledge of each university, which span engineering, science, medicine, and other fields. The research partnership is also aimed at providing new value to local communities and electric power business.

## Third-Party Review



### Chubu Electric Power Company Group's Customer Value and Stance and Commitment toward Social Responsibility as Seen from the Viewpoint of the "Readability" of its Annual Report 2016

**Hidekazu Kurimoto**

Professor, Nagoya University  
 Vice Director, Institute of Liberal Arts and Sciences (ILAS); Vice Director, Planning & Evaluation Office; Doctor of Engineering  
 Also holds an appointment as Professor at the Graduate School of Environmental Studies and the School of Informatics and Sciences  
 Chairman, Steering Committee, Chubu Quality Award Council

CSR reports are a public relations activity aimed at facilitating understanding of business descriptions and dialogue, not advertisements or publicity. CSR reports are an important medium for disclosing activities and efforts to meet the expectations of stakeholders in an easy-to-understand manner and seeking opinions from stakeholders. CSR reports are required to express, in particular, what actions have been taken in line with core subjects of ISO 26000 on social responsibility to meet social expectations, which financial information cannot fully describe.

This report states in its editorial policy that it has been edited to reflect opinions received from stakeholders. Specifically, Chubu Electric Power improved its report based on readers' comments, dialogue with local residents, direct dialogue between management and employees at about 140 operation sites (Executive Caravan), opinion exchange with external experts, including university professors, auditing corporations and analysts, and excellent CSR surveys conducted by other organizations, among others. Considering nuclear power generation, which is attracting a great deal of interest, as the highest priority issue in management, and in light of its social mission of providing a stable energy supply, Chubu Electric Power shows, in more depth than before, the multi-layered physical and technological measures to prevent and reduce remotely possible risks, as well as the best mix of diverse power sources based on the demand-supply balance, as feasible solutions for ensuring safety, economy, and conservation of the global environment. I appreciate this in-depth approach. I also note improvements in readability, with a focus on visibility

and distinctiveness, such as the spread-based page layout and the structure of articles that offers a closer look at people on the operation frontline.

Results that deserve recognition are consideration for diversity and continued efforts for embracing diversity. Following the selection as one of the winners of the "Diversity Management Selection 100" program in fiscal 2014, Chubu Electric Power became the first electric power company to be selected as a Nadeshiko Brand, and the first Aichi-based company to be granted "Eruboshi" company certification. These seem to prove that society and the general public recognizes the Company's efforts.

Facing the turning point in the market that will see the full liberalization of the retailing of electricity and the legal unbundling of power transmission and distribution sector, the Company needs to establish a sound financial basis, improve the corporate value of the Group without partial optimization, and build a learning organization that can grow by learning from a competitive market. Meanwhile, the Company as a total energy service company must have innovative ideas to take measures for the Internet of Things (IoT), which is becoming a global-scale movement, Industry 4.0, which is likely to drastically change manufacturing, and other trends. I hope for the start of the "Chubu Electric Power Starting Department" in both name and nature.

I expect that the Company will continue to create services and customer value that exceed expectations, encourage employees with ownership to create value, contribute to and gain the trust of society, and enhance what drives these efforts, i.e., a unique ability to cope with diverse social changes to improve the quality of global management.

### In response to the third party opinions

We are very grateful to have received the invaluable opinions of Professor Kurimoto. We are pleased with his high evaluation of our efforts to improve contents, structure and design in light of stakeholder expectations and demands and in consideration of understandability, as well as our initiatives on diversity.

At the same time, Professor Kurimoto pointed out the importance of improving corporate value as a group, building a learning organization that learns from the market, and having innovative ideas in taking measures for new technologies and advancing on a global scale with the dramatic changes in the business environment, including the full liberalization of the electricity retail market.

We will take these opinions seriously and continue to promote CSR activities while valuing two-way communication with stakeholders.



**Hitoshi Mizutani**  
 Executive Officer  
 General Manager of Group  
 Planning & Strategy  
 Chubu Electric Power Co., Inc.



# CSR Performance Indicators

				Units	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
CSR Management	Communication with Stakeholders	Institutional investors/analysts	Financial results/management plan briefing	sessions	3	3	2	2	2
			Facility tour	tours	2	6	4	4	6
		Private investors	Company briefing	sessions	0	3	2	0	3
		Individual shareholders	Facility tour	tours	20	15	14	13	13
Corporate Governance	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
Respecting Human Rights and Building a Great Place to Work	Promotion of Workforce Diversity	Hours worked per employee		hours	2,036	2,027	1,989	2,009	2,018
		Number of days taken as paid annual leave per person		days	15.2	14.2	14.4	14.3	15.1
		Number of persons taking childcare leave	Male	persons	11	6	6	9	9
			Female	persons	155	172	155	157	173
		Number of persons taking nursing care leave	Male	persons	3	1	1	0	3
	Female		persons	6	2	1	3	1	
	Percentage of employees who are physically/mentally challenged*1		%	1.95	2.07	2.10	2.26	2.32	
Occupational Health and Safety and Health Management	Number of industrial accidents (Chubu Electric Power employees)*2		accidents	26	85	92	79	95	
	Number of industrial accidents (Contractors)		accidents	50	50	41	66	77	
Commitment to Environmental Conservation	Building a Low-Carbon Society	CO <sub>2</sub> emissions intensity (before reflecting CO <sub>2</sub> credits, etc.) (after reflecting CO <sub>2</sub> credits, etc.)		kg-CO <sub>2</sub> /kWh	0.518 0.469	0.516 0.373	0.513 0.509	0.497 0.494	0.486 *3
	Creating a Recycling Society*4	Amount of waste generated		10 thousand tons	165.4	156.7	160.2	172.4	146.3
		Amount of external landfill waste		10 thousand tons	1.9	1.7	1.6	2.1	1.0
	Conserving the Local Environment	SOx emissions (Thermal power generation)		g/kWh	0.05	0.03	0.04	0.03	0.03
		NOx emissions (Thermal power generation)		g/kWh	0.08	0.08	0.08	0.08	0.08
Ensuring Compliance Management	Compliance	Number of queries received via the Helpline		queries	49	58	48	53	59
	Intellectual Property	Number of participants in intellectual property seminars		persons	466	229	667	750	742
		Number of patents owned		patents	776	807	712	658	574
	Fair and Equitable Transactions	Number of participants in procurement overview briefing		persons	Cancelled due to the disaster	536	546	550	552
Number of inquiries received from suppliers		inquiries	111	89	95	97	57		
Aiming to Be Customer-friendly	Working for Customer Satisfaction	Annual average of failure/outage time per household*5		minutes	35	46	13	18	4
		Number of calls received at the Customer Center		One thousand calls	1,325	1,445	1,914	2,191	2,824
		Percentage of calls answered at the Customer Center		%	97.9	97.2	96.8	95.5	88.9
Fulfilling Our Role as a Member of Local Communities	Educating the Next Generation	Number of traveling classes held		classes	418	408	381	499	437
		Number of workplace experience and study tours offered		tours	321	306	593	546	552

\*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 CO<sub>2</sub> 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 feed-in tariff scheme for renewable energy are yet to be determined. The data will be announced at the earliest possible opportunity after they have been established.

\*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 number of failure/outage minutes in fiscal 2011 and 2012 are high due to the large number of typhoons that severely affected the region.

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

		(GWh)				
<b>Electric Power Sold</b>		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Customers Under Regulation	Electric Lighting	35,872	35,492	35,265	33,858	32,802
	Electric Power	6,359	6,124	5,984	5,667	5,417
<b>Total</b>		<b>42,231</b>	<b>41,616</b>	<b>41,249</b>	<b>39,525</b>	<b>38,219</b>
Customers Under Liberalization		85,666	84,936	85,821	84,550	83,748
<b>Total Electric Power Sold</b>		<b>127,897</b>	<b>126,552</b>	<b>127,070</b>	<b>124,075</b>	<b>121,967</b>

<b>Breakdown of Industrial Large-lot Demand Electric Power Sold</b>		(GWh)				
Mining and Industry						
Mining		47	41	42	40	34
Manufacturing Industry	Foods	2,664	2,679	2,749	2,713	2,805
	Textiles	1,046	959	950	868	808
	Pulps and Papers	1,631	1,537	1,548	1,438	1,482
	Chemicals	2,898	2,865	2,694	2,688	2,704
	Oil and Coal Products	127	148	181	158	175
	Rubber	716	676	682	686	639
	Glass and Ceramics	2,657	2,519	2,461	2,392	2,353
	Steel	6,554	6,273	6,339	6,396	6,467
	Nonferrous Metals	1,409	1,327	1,334	1,347	1,324
	Machinery	20,250	20,501	21,273	21,509	21,318
	Others	5,447	5,304	5,411	5,360	5,272
	<b>Subtotal</b>	<b>45,399</b>	<b>44,788</b>	<b>45,622</b>	<b>45,555</b>	<b>45,347</b>
<b>Total</b>		<b>45,446</b>	<b>44,829</b>	<b>45,664</b>	<b>45,595</b>	<b>45,381</b>
Others	Railways	2,633	2,569	2,600	2,604	2,668
	Others	3,245	3,259	3,249	3,059	3,051
	<b>Total</b>	<b>5,878</b>	<b>5,828</b>	<b>5,849</b>	<b>5,663</b>	<b>5,719</b>
<b>Grand Total</b>		<b>51,324</b>	<b>50,657</b>	<b>51,513</b>	<b>51,258</b>	<b>51,100</b>

<b>Electric Power Supplied</b>		(GWh)				
Internally-generated Power		127,965	130,838	128,639	126,175	120,730
	Hydroelectric	9,297	7,846	7,828	8,718	9,446
	Thermal	115,995	122,936	120,759	117,412	111,219
	Nuclear	2,616	—	—	—	—
	Renewable Energy	57	56	52	45	65
Interchanged, Purchased Power (Net)		12,336	7,465	10,371	9,050	11,734
Power Used for Pumped Storage		(1,336)	(1,163)	(986)	(707)	(596)
<b>Total Electric Power Supplied</b>		<b>138,965</b>	<b>137,140</b>	<b>138,024</b>	<b>134,518</b>	<b>131,868</b>

<b>Generating Capacity</b>		(MW)				
Hydroelectric		5,218	5,225	5,232	5,320	5,497
Thermal		23,969	25,159	24,506	25,082	24,015
Nuclear		3,617	3,617	3,617	3,617	3,617
Renewable Energy		31	31	31	39	39
<b>Total Generating Capacity</b>		<b>32,835</b>	<b>34,032</b>	<b>33,386</b>	<b>34,058</b>	<b>33,168</b>
Annual Peak Load (Three-day Average of Generating End)		25,015	24,574	25,635	23,840	24,777

<b>Number of Employees</b>		(number of persons)				
Consolidated		29,774	30,847	30,888	30,848	30,659
Non-Consolidated		15,845	16,723	16,854	16,949	16,796

\* The number of employee includes senior staff (re-employed worker who reach the retirement age) and temporary employee who collect operating receivables, etc. after FY2012.

## Five-Year Financial Statistics (Consolidated)

	(Millions of Yen)				
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
For the year ended March 31:					
Operating Revenues	2,449,283	2,648,994	2,842,187	3,103,604	2,854,044
Operating Income (Loss)	(37,667)	(14,484)	(60,651)	107,169	284,992
Ordinary Income (Loss)	(67,857)	(43,542)	(92,627)	60,207	255,610
Net Income Before Taxes	(84,487)	(32,299)	(80,674)	83,414	254,204
Net Income (Loss) Attributable to Owners of Parent	(92,195)	(32,161)	(65,328)	38,796	169,745
Depreciation	289,451	276,544	278,705	271,850	257,063
Capital Investments	280,582	332,506	273,039	262,694	293,784
At the end of the year ended March 31:					
Total Assets	5,647,169	5,882,775	5,782,181	5,631,968	5,538,946
Net Assets	1,548,347	1,491,105	1,437,172	1,507,508	1,637,110
Shareholders' Equity*	1,511,260	1,453,783	1,401,067	1,468,917	1,599,935
Outstanding Interest-Bearing Debt	2,965,876	3,260,525	3,260,075	2,918,929	2,625,482
Per Share of Common Stock (Yen):					
Net Income (Loss)—Basic	(121.67)	(42.45)	(86.23)	51.21	224.15
Net Assets	1,994.51	1,918.75	1,849.31	1,939.59	2,112.80
Cash Dividends	60	50	0	10	25
Financial Indicators and Cash Flow Data:					
Shareholders' Equity Ratio	26.8	24.7	24.2	26.1	28.9
Cash Flows from Operating Activities	176,845	227,613	203,742	476,845	562,411
Cash Flows from Investing Activities	(247,073)	(330,603)	(266,620)	(282,781)	(307,995)
Cash Flows from Financing Activities	422,007	249,561	(23,905)	(344,088)	(312,120)
Cash and Cash Equivalents at End of Period	473,163	621,937	536,774	390,088	324,391

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

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

### Analysis of Operating Results

#### Electric Power Business

Electricity sales decreased to 122.0TWh, down 1.7% over the previous year, due to a decrease in air conditioning demand by warmer temperature in this winter and due to a decrease of production in the automobile industry.

On the demand from customers under regulation, demand for electric lighting decreased by 3.1% to 32.8TWh due to a decrease in air conditioning demand by warmer temperature in this winter and customers' power saving effect. Demand for electric power decreased by 4.4% to 5.4TWh, due to a decrease in air conditioning demand by warmer temperature and a decrease in contract demand.

On the demand from customers under liberalization, demand for commercial power decreased by 1.5% to 21.2TWh, due to a decrease in air conditioning demand affected by temperature. Demand for industrial users decreased by 0.8% to 62.6TWh, because of a fall in production by automobile industry.

#### Electric Power Sold

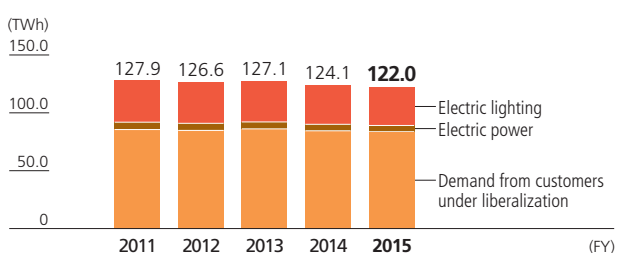
	(TWh, %)			
	FY2015 (A)	FY2014 (B)	Change (A-B)	Change (A-B)/B
Demand from customers under regulation				
Electric lighting	32.8	33.9	(1.1)	(3.1)
Electric power	5.4	5.6	(0.2)	(4.4)
Subtotal	38.2	39.5	(1.3)	(3.3)
Demand from customers under liberalization				
Commercial power	21.2	21.5	(0.3)	(1.5)
Industrial power, etc.	62.6	63.1	(0.5)	(0.8)
Subtotal	83.8	84.6	(0.8)	(0.9)
Total	122.0	124.1	(2.1)	(1.7)

As to electricity power supply, hydroelectric power output increased by 0.8TWh from the previous fiscal year thanks to higher water flow (flow rate: 114.4% in FY2015; 104.6% in FY2014), while the operation of all reactors at the Hamaoka Nuclear Power Station was suspended.

On the other hand, interchanged power and purchased power increased by 2.7TWh over the previous fiscal year due to an increase in purchase of renewable energy.

As a result, thermal power output decreased by 6.2TWh over the previous period.

#### Electric Power Sold



#### Electric Power Supplied

	(TWh, %)			
	FY2015 (A)	FY2014 (B)	Change (A-B)	Change (A-B)/B
Internally generated				
Hydroelectric power	9.5	8.7	0.8	8.3
<flow rate>	<114.4>	<104.6>	<9.8>	
Thermal power	111.2	117.4	(6.2)	(5.3)
Nuclear power	-	-	-	-
<utilization rate>	<->	<->	<->	
Renewable energy	0.1	0.1	0.0	44.6
Interchanged, Purchased power	11.7	9.0	2.7	29.7
Power used for pumped storage	(0.6)	(0.7)	0.1	(15.8)
Total	131.9	134.5	(2.6)	(2.0)

In terms of revenue, operating revenue decreased by 228.3 billion yen to 2,571.0 billion yen over the previous fiscal year, due mainly to a decrease in electricity sales revenues resulting from a decrease of electricity sales volume and fuel cost adjustment charge.

Operating expenses decreased by 395.1 billion yen to 2,308.3 billion yen over the previous fiscal year, due mainly to an decrease in fuel costs caused by a fall of fuel price.

As a result, we recorded operating income of 262.6 billion yen, a 166.8 billion yen change for the better compared with the previous fiscal year.

#### Other Businesses

Sales decreased by 21.2 billion yen to 283.1 billion yen due to a decrease in sales from energy business.

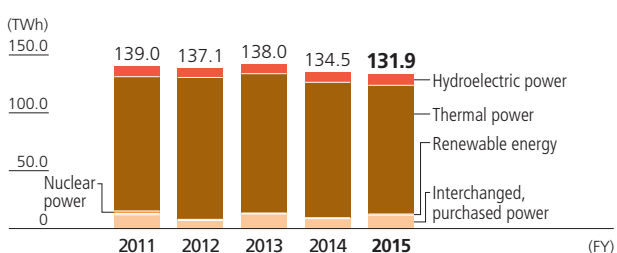
Operating expenses decreased by 32.3 billion yen to 260.7 billion yen.

As a result, we recorded operating income of 22.4 billion yen, an 11.1 billion yen improvement compared with the previous fiscal year.

#### Ordinary Income

Non-operating revenue increased by 3.4 billion yen over the previous fiscal year to 19.3 billion yen. In combination with sales, the ordinary revenue in total decreased by 246.2 billion yen over the previous fiscal year, to 2,873.4 billion yen.

#### Electric Power Supplied



Meanwhile, non-operating expenses decreased by 14.2 billion yen to 48.7 billion yen. Combined with operating expenses, total ordinary expenses decreased by 441.6 billion yen year on year, to 2,617.8 billion yen.

As a result, we recorded ordinary income of 255.6 billion yen, a 195.4 billion yen change for the better compared with the previous fiscal year.

### Net Income attributable to owners of parent

The difference between the quote and the provision for loss in conjunction with discontinued operations of nuclear power plants, posted due to conclusion of operations in Hamaoka Nuclear Power Station Units 1 and 2, was appropriated to the extraordinary income of 10.8 billion yen this fiscal year as progress was made in the decommissioning plan. As a result, the net income attributable to owners of parent, with income tax including adjustments subtracted, is 169.7 billion yen, a 130.9 billion yen change for the better compared with the previous year.

## Analysis of Financial Standing

### (1) Assets

Noncurrent assets increased to 4,794.5 billion yen, up 81.5 billion yen over the previous year, due to an increase in investments and other assets.

Current assets decreased by 174.5 billion yen to 744.4 billion yen, due to decrease in short-term investments.

As a result of the above, total assets decreased by 93.0 billion yen to 5,538.9 billion yen compared with the previous year end.

### (2) Liabilities

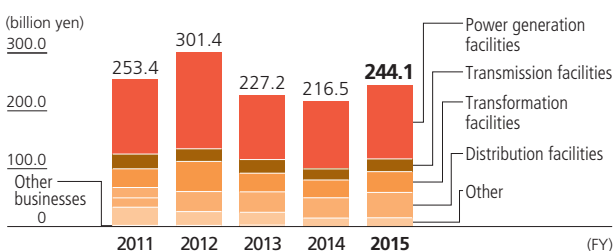
Total liabilities decreased by 222.6 billion yen from the end of the previous fiscal year to 3,901.8 billion yen, mainly due to decrease of interest-bearing debt.

### (3) Net Assets

Total net assets increased by 129.6 billion yen from the end of the previous fiscal year to 1,637.1 billion yen due to such factor as net income attributable to owners of parent of 169.7 billion yen.

As a result, the shareholders' equity ratio was 28.9%.

## Capital Investments



## Analysis of Cash Flows

Cash flow from operating activities increased to 562.4 billion yen, up 85.6 billion yen from the previous year, because of such factors as a decrease of fuel expenses following a fall of fuel prices, in spite of a decrease in electricity sales revenues due to a fall in electricity sales volume and fuel cost adjustment charge.

Cash outflow from investment activities increased by 25.2 billion yen over the previous fiscal year to 308.0 billion yen, mainly because purchase of noncurrent assets increased.

As a result, free cash flow improved by 60.4 billion yen from the previous fiscal year to 254.4 billion yen.

Cash flow from financing activities decreased by 32.0 billion yen over the previous fiscal year to 312.1 billion yen due to such factors as a decrease in expenses for debenture redemption.

Consequently, the amount of cash and cash equivalents at end of fiscal year under review decreased by 65.7 billion yen from the end of previous fiscal year.

Furthermore, total outstanding interest-bearing debt at end of fiscal year under review decreased by 293.4 billion yen from end of previous fiscal year to 2,625.5 billion yen.

## Capital Investments

In the electric power business, capital investments amounted to ¥244.0 billion in the fiscal year ended March 31, 2016 as a result of our efforts to pursue a maximum level of management efficiency, including procurement cost reduction by increasing competitive tendering when placing orders, while securing a stable supply of electric power and public security.

Regarding other businesses, capital investment amounted to ¥49.7 billion, including ¥8.0 billion for the energy business and ¥41.8 billion for other businesses. The aggregate amount of capital investments of the Group as a whole totaled ¥293.8 billion.

### (Reference)

#### Fiscal 2015 Capital Investments (Consolidated)

(billion yen)

Item	
Electric power business	
Power generation facilities	126.9
Power transmission facilities	
Transmission facilities	22.1
Transformation facilities	35.9
Distribution facilities	43.9
Total	101.9
Other	15.3
Total	244.1
Other businesses	
Energy business	0
Other	0
Total	0
Grand total	244.1

\* The above figures do not include consumption tax.

### Business and Other Risks

Of all the variables affecting the Chubu Electric 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 this report (on June 29, 2016). Actual results may differ, affected by the government's future energy policy and revision of electricity business system.

#### (1) Risks of the economic environment

##### <1> Economic and weather conditions

In the electric power business, which is at the core of the Chubu Electric Group's business, the volume of electricity sales fluctuates due to economic and temperature, and consequently, the performance of the Chubu Electric Group 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, 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.

Although fuel cost such as liquefied natural gas (LNG), and crude oil may be affected by market price and fluctuations in the currency exchange market, 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.

Meanwhile, performance of the Chubu Electric Group could also potentially be affected by the fluctuation in fuel expenses in the cases where: fuel becomes difficult to procure, for example, because of fluctuating supply and demand, supplier facility and/or operational issues, or changes in the political situation.

##### <3> Changes in interest rates

The balance of interest-bearing debts at the Chubu Electric Group stood at 2,625.4 billion yen at the end of March 2016, an amount equivalent to 47.4% of our total assets. Interest payments on this debt are susceptible to market interest rates, and thus, the group's performance could potentially be affected.

Of these interest-bearing debts, however, 86.4% comes from long-term funds (bonds and long-term loans), and most of these funding were procured at fixed interest rates. So the effect of interest rate changes is considered limited.

Part of the corporate pension plan assets, held by our group, could potentially affect the group's performance as their market value fluctuates in tandem with movements in stock prices and interest rates, among other factors.

#### (2) Risks associated with Chubu Electric 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, we have currently been implementing countermeasures steadily, while undergoing the Nuclear Regulation Authority's review to verify compliance with the new regulatory standards for Reactor No. 3 and No.4. We 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.

Implementing equipment measures of Reactor No.4 and No.3 are estimated to be completed around September 2016 and around September 2017, respectively. If additional equipment measures become necessary due to review results, action shall be taken as soon as possible. As for Reactor No.5, we have summarized the restoration plan in the event of seawater inflow, and we have also continuously been examining measures that conform to the new regulations.

In addition to enhancing disaster prevention system and training for emergency preparedness, coordination with the central government and local governments is being strengthened to improve the effectiveness of emergency response including the evacuation of local residents.

In order to secure the stable supply of electricity under circumstances where all reactors at the Hamaoka Nuclear Power Station have been suspended, we have asked for cooperation from our customers to save electricity, and have continuously operated aging thermal generators to meet demand. However, our performance is expected to be affected by a substantial increase in fuel costs due to replacement of nuclear power with thermal power.

Providing the complete power supply system from power generation to distribution, the Chubu Electric Group strives to develop and maintain optimum facilities that ensure stable delivery of high quality electricity economically, while working to establish disaster-resistant systems by taking measures against large-scale earthquakes.

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 and an obstacle to fuel procurement, our operational results may 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. To prepare for the future backend costs, based on the rules set by the government, Chubu Electric has set aside provision for reprocessing of irradiated nuclear fuel and provision for preparation of the reprocessing of irradiated nuclear fuel. In May 2016, the "Act for Partial Amendment to the Act for Deposit and Management of the Reserve Funds for Reprocessing of Spent Fuel from Nuclear Power

Generation” came into effect with the aim of steadily implementing the reprocessing of spent fuel, etc. came into effect.

Even so, the costs of nuclear fuel cycles, including back-end costs, may vary depending on regulatory reform, changes in estimates of future expenses (mandated and voluntary), and the operating status of reprocessing facilities. As a result, company performance may potentially be affected.

### <3> Changes in the competitive environment

The environment surrounding the energy business is changing rapidly with the full liberalization of the electricity retail to consumers including residential customers that commenced on April 2016, the full liberalization of the gas retail to consumers including residential customers to commence in 2017 and legal unbundling of power transmission/distribution sector to be in effect from 2020. Also, there may be a significant change in the structure of supply and demand in order to realize the “Energy Mix” proposed in the Ministry of Economy, Trade and Industry’s “Long-term Energy Supply and Demand Outlook” declared in July 2015. Changes may involve expanded use of renewable energy, promotion of natural gas and drastic strengthening of energy conservation.

Under such circumstances, the Chubu Electric Group will maximize management efficiency and also create new tariff menu and services that surpass the expectations of customers as well as promoting the sales of electricity and gas with focus on the Tokyo metropolitan area. However, the performance of our group could also potentially be affected by intensified competition and changes to supply-demand structure.

We will increase our competitiveness by improving stability, economic efficiency and flexibility in fuel procurement to a higher level through the “JERA” established jointly with the Tokyo Electric Power Company, Incorporated (TEPCO). By July 2016, the existing fuel business (upstream business/procurement) and the existing overseas power generation and energy infrastructure business of TEPCO and the Company is scheduled to be integrated to JERA. Capital, technology and knowledge accumulated by both companies will come together to accelerate growth in the international energy market. Integration of the existing thermal power generation business of both companies to JERA is to be put under consideration with the goal of coming to a decision in the spring of 2017.

Since we formed the alliance with the aim to accelerate our conventional growth strategy, we believe the alliance will increase our growth opportunities. However, our business performance may be affected by the specific development of the new company.

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

With the international framework after 2020 regarding climate change agreed upon and global warming

attracting international attention, contribution to the realization of a low carbon society has become an important mission among electric utilities. In February 2016, the voluntary framework for conducting activities to suppress the emission of greenhouse gas “The Electric Power Council for a Low Carbon Society” (ELCS) was established by 36 electric utilities including the Company. The Energy Saving Act and Sophisticated Methods of Energy Supply Structures were amended in April 2016, and standards regarding the efficiency of thermal power generation and ratio of non-fossil energy source were stipulated.

Given this situation, the group has established the “Chubu Electric Power Group Basic Environmental Policy”. Under its detailed protocol designated as “Action Plan”, the group aims to strive for the optimal energy mix and promote energy conservation, and through environmental management, contributes to the realization of a low carbon society on a global scale. However, the group’s performance could potentially be affected by the future trend of tightening environmental regulations, among other factors.

### <5> Businesses other than electric power

The Chubu Electric Group focuses on electricity, gas and on-site energy supply as its core business areas. We are engaged in a wide range of businesses, including overseas energy business, taking advantage of our accumulated know-how in domestic businesses, constructions for expanding and securing electricity-related facilities, and manufacturing of materials and equipment for our core businesses. 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 Chubu Electric Group.

## (3) Other risks

### <1> Compliance

The Chubu Electric Group strives for strict compliance by establishing the Chubu Electric Group Compliance Basic 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 Chubu Electric Group may be damaged and its operational results may be adversely affected.

### <2> Information leaks

The Chubu Electric 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. We have 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 group performance could potentially be affected.

## Consolidated Balance Sheets

Chubu Electric Power Company, Incorporated and Subsidiaries as of March 31, 2016 and 2015

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2016	March 31, 2015	March 31, 2016
<b>Property, Plant and Equipment:</b>			
Property, plant and equipment, at cost	¥13,642,164	¥13,608,876	\$121,134,470
Construction in progress	340,221	269,008	3,020,964
	13,982,385	13,877,884	124,155,434
Less:			
Contributions in aid of construction	(183,612)	(177,282)	(1,630,368)
Accumulated depreciation	(10,066,696)	(9,974,651)	(89,386,396)
	(10,250,308)	(10,151,933)	(91,016,764)
<b>Total Property, Plant and Equipment, Net (Notes 5 and 10)</b>	<b>3,732,077</b>	<b>3,725,951</b>	<b>33,138,670</b>
<b>Nuclear Fuel :</b>			
Loaded nuclear fuel	40,040	40,040	355,532
Nuclear fuel in processing	193,839	199,652	1,721,177
<b>Total Nuclear Fuel</b>	<b>233,879</b>	<b>239,692</b>	<b>2,076,709</b>
<b>Investments and Other Assets :</b>			
Long-term investments (Notes 6, 7 and 10)	430,028	324,297	3,818,398
Reserve fund for reprocessing of irradiated nuclear fuel (Note 6)	177,674	192,683	1,577,642
Net defined benefit asset (Note 11)	26,321	26,134	233,715
Deferred tax assets (Note 17)	176,418	191,556	1,566,489
Other (Note 10)	19,554	13,872	173,628
Allowance for doubtful accounts	(1,416)	(1,121)	(12,573)
<b>Total Investments and Other Assets</b>	<b>828,579</b>	<b>747,421</b>	<b>7,357,299</b>
<b>Current Assets :</b>			
Cash and deposits (Notes 4, 6 and 10)	143,946	160,592	1,278,157
Trade notes and accounts receivable (Note 6)	237,143	249,643	2,105,692
Allowance for doubtful accounts	(1,221)	(1,216)	(10,842)
Short-term investments (Notes 4 and 7)	190,542	250,081	1,691,902
Inventories (Notes 9 and 10)	74,652	124,648	662,866
Deferred tax assets (Note 17)	31,155	50,336	276,638
Other (Note 10)	68,194	84,820	605,523
<b>Total Current Assets</b>	<b>744,411</b>	<b>918,904</b>	<b>6,609,936</b>
<b>Total Assets (Notes 10 and 22)</b>	<b>¥5,538,946</b>	<b>¥5,631,968</b>	<b>\$49,182,614</b>

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, 2016	March 31, 2015	March 31, 2016
<b>Non-current Liabilities :</b>			
Long-term loans payable (Notes 6 and 10)	¥1,907,808	¥2,249,514	\$16,940,224
Provision for reprocessing of irradiated nuclear fuel	194,921	209,746	1,730,785
Provision for preparation for reprocessing of irradiated nuclear fuel	16,662	16,021	147,949
Provision for loss in conjunction with discontinued operations of nuclear power plants	10,852	21,663	96,359
Net defined benefit liability (Note 11)	204,413	194,585	1,815,069
Asset retirement obligations (Note 13)	198,908	194,087	1,766,187
Other (Notes 10 and 17)	168,897	125,286	1,499,707
<b>Total Non-current Liabilities</b>	<b>2,702,461</b>	<b>3,010,902</b>	<b>23,996,280</b>
<b>Current Liabilities:</b>			
Current portion of non-current liabilities (Notes 6 and 10)	387,397	343,565	3,439,859
Short-term loans payable (Notes 6 and 10)	349,637	343,135	3,104,573
Notes and accounts payable - trade (Note 6)	135,911	169,598	1,206,811
Accrued taxes	79,862	67,242	709,128
Other (Notes 6 and 13)	223,721	179,389	1,986,512
<b>Total Current Liabilities</b>	<b>1,176,528</b>	<b>1,102,929</b>	<b>10,446,883</b>
<b>Reserve for Fluctuation in Water Levels</b>	<b>22,847</b>	<b>10,629</b>	<b>202,868</b>
<b>Total Liabilities</b>	<b>3,901,836</b>	<b>4,124,460</b>	<b>34,646,031</b>
<b>Commitments and Contingent Liabilities (Note 15)</b>			
<b>Net Assets (Note 16)</b>			
Capital stock	430,777	430,777	3,825,049
Capital surplus	70,786	70,777	628,538
Retained earnings	1,044,855	890,258	9,277,704
Treasury shares, at cost	(1,121)	(986)	(9,954)
<b>Total Shareholders' Equity</b>	<b>1,545,297</b>	<b>1,390,826</b>	<b>13,721,337</b>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	38,313	40,170	340,197
Deferred gains or losses on hedges (Note 14)	(18,808)	(14,216)	(167,004)
Foreign currency translation adjustment	29,159	34,670	258,915
Remeasurements of defined benefit plans	5,974	17,467	53,046
<b>Total Accumulated Other Comprehensive Income</b>	<b>54,638</b>	<b>78,091</b>	<b>485,154</b>
Non-controlling interests	37,175	38,591	330,092
<b>Total Net Assets</b>	<b>1,637,110</b>	<b>1,507,508</b>	<b>14,536,583</b>
<b>Total Liabilities and Net Assets</b>	<b>¥5,538,946</b>	<b>¥5,631,968</b>	<b>\$49,182,614</b>

## Consolidated Statements of Income

Chubu Electric Power Company, Incorporated and Subsidiaries as of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2016	March 31, 2015	March 31, 2016
<b>Operating Revenues :</b>			
Electricity	¥2,570,960	¥2,799,272	\$22,828,627
Other	283,084	304,332	2,513,621
<b>Total Operating Revenues (Note 22)</b>	<b>2,854,044</b>	<b>3,103,604</b>	<b>25,342,248</b>
<b>Operating Expenses:</b>			
Electricity (Note 18)	2,308,321	2,703,401	20,496,546
Other	260,731	293,034	2,315,139
<b>Total Operating Expenses</b>	<b>2,569,052</b>	<b>2,996,435</b>	<b>22,811,685</b>
<b>Operating Income (Note 22)</b>	<b>284,992</b>	<b>107,169</b>	<b>2,530,563</b>
<b>Other (Income) Expenses :</b>			
Interest expense	37,752	50,231	335,216
Solution received	-	(28,428)	-
Reversal of provision for loss in conjunction with discontinued operations of nuclear power plants (Note 19)	(10,812)	-	(96,004)
Other, net	(8,370)	(3,268)	(74,321)
<b>Total Other Expenses, Net</b>	<b>18,570</b>	<b>18,535</b>	<b>164,891</b>
<b>Income Before Provision of Reserve for Fluctuation in Water Levels and Income Taxes</b>	<b>266,422</b>	<b>88,634</b>	<b>2,365,672</b>
<b>Provision of Reserve for Fluctuation in Water Levels</b>	<b>12,218</b>	<b>5,220</b>	<b>108,489</b>
<b>Income Before Income Taxes</b>	<b>254,204</b>	<b>83,414</b>	<b>2,257,183</b>
<b>Income Taxes:</b>			
Current	39,052	11,539	346,759
Deferred	43,121	31,302	382,889
<b>Total Income Taxes</b>	<b>82,173</b>	<b>42,841</b>	<b>729,648</b>
<b>Net Income</b>	<b>172,031</b>	<b>40,573</b>	<b>1,527,535</b>
<b>Net income attributable to non-controlling interests</b>	<b>2,286</b>	<b>1,777</b>	<b>20,298</b>
<b>Net income attributable to owners of parent</b>	<b>¥169,745</b>	<b>¥38,796</b>	<b>\$1,507,237</b>
	Yen		U.S. dollars (Note 1)
	March 31, 2016	March 31, 2015	March 31, 2016
<b>Per Share of Capital Stock:</b>			
Net income - basic	¥224.15	¥51.21	\$1.99
Cash dividends	25.00	10.00	0.22

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 as of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2016	March 31, 2015	March 31, 2016
<b>Net Income</b>	¥172,031	¥40,573	\$1,527,535
<b>Other Comprehensive Income :</b>			
Valuation difference on available-for-sale securities	(2,028)	14,025	(18,007)
Deferred gains or loss on hedges	(3,064)	(3,524)	(27,207)
Foreign currency translation adjustment	(8,997)	9,860	(79,888)
Remeasurements of defined benefit plans, net of tax	(14,818)	16,117	(131,575)
Share of other comprehensive income of entities accounted for using equity method	1,806	(1,358)	16,036
Other Comprehensive Income (Note 20)	(27,101)	35,120	(240,641)
<b>Comprehensive Income</b>	¥144,930	¥75,693	\$1,286,894
Comprehensive income attributable to:			
Owners of parent	¥146,291	¥71,779	\$1,298,979
Non-controlling interests	(1,361)	3,914	(12,085)

## Consolidated Statements of Changes in Net Assets

Chubu Electric Power Company, Incorporated and Subsidiaries as of March 31, 2016 and 2015

	Number of shares of capital stock issued	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
		Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or loss on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Millions of yen													
<b>Balance at April 1, 2014</b>		¥430,777	¥70,777	¥854,924	¥(591)	¥1,355,887	¥27,011	¥(3,518)	¥19,048	¥2,639	¥45,180	¥36,105	¥1,437,172
Cumulative effect of changes in accounting policies		-	-	¥(3,445)	-	¥(3,445)	-	-	-	-	-	¥(953)	¥(4,398)
<b>Balance at April 1, 2014 (Restated Balance)</b>	758,000,000	¥430,777	¥70,777	¥851,479	¥(591)	¥1,352,442	¥27,011	¥(3,518)	¥19,048	¥2,639	¥45,180	¥35,152	¥1,432,774
Net income attributable to owners of parent	-	-	-	38,796	-	38,796	-	-	-	-	-	-	38,796
Purchase of treasury shares	-	-	-	-	(403)	(403)	-	-	-	-	-	-	(403)
Disposal of treasury shares	-	-	-	(2)	8	6	-	-	-	-	-	-	6
Change of scope of consolidation	-	-	-	(15)	-	(15)	-	-	-	-	-	-	(15)
Net changes of items other than shareholders' equity	-	-	-	-	-	-	13,159	(10,698)	15,622	14,828	32,911	3,439	36,350
<b>Balance at March 31, 2015</b>	758,000,000	¥430,777	¥70,777	¥890,258	¥(986)	¥1,390,826	¥40,170	¥(14,216)	¥34,670	¥17,467	¥78,091	¥38,591	¥1,507,508

Millions of yen													
<b>Balance at April 1, 2015</b>	758,000,000	¥430,777	¥70,777	¥890,258	¥(986)	¥1,390,826	¥40,170	¥(14,216)	¥34,670	¥17,467	¥78,091	¥38,591	¥1,507,508
Dividends of surplus	-	-	-	(15,148)	-	(15,148)	-	-	-	-	-	-	(15,148)
Net income attributable to owners of parent	-	-	-	169,745	-	169,745	-	-	-	-	-	-	169,745
Purchase of treasury shares	-	-	-	-	(141)	(141)	-	-	-	-	-	-	(141)
Disposal of treasury shares	-	-	0	-	6	6	-	-	-	-	-	-	6
Change in equity of parent on transactions with non-controlling interests	-	-	7	-	-	7	-	-	-	-	-	-	7
Capital increase of consolidated subsidiaries	-	-	2	-	-	2	-	-	-	-	-	-	2
Net changes of items other than shareholders' equity	-	-	-	-	-	-	(1,857)	(4,592)	(5,511)	(11,493)	(23,453)	(1,416)	(24,869)
<b>Balance at March 31, 2016</b>	758,000,000	¥430,777	¥70,786	¥1,044,855	¥(1,121)	¥1,545,297	¥38,313	¥(18,808)	¥29,159	¥5,974	¥54,638	¥37,175	¥1,637,110

Thousands of U.S. dollars (Note 1)													
<b>Balance at April 1, 2015</b>		\$3,825,049	\$628,459	\$7,904,972	\$(8,755)	\$12,349,725	\$356,686	\$(126,230)	\$307,849	\$155,097	\$693,402	\$342,666	\$13,385,793
Dividends of surplus		-	-	(134,505)	-	(134,505)	-	-	-	-	-	-	(134,505)
Net income attributable to owners of parent		-	-	1,507,237	-	1,507,237	-	-	-	-	-	-	1,507,237
Purchase of treasury shares		-	-	-	(1,252)	(1,252)	-	-	-	-	-	-	(1,252)
Disposal of treasury shares		-	0	-	53	53	-	-	-	-	-	-	53
Change in equity of parent on transactions with non-controlling interests		-	62	-	-	62	-	-	-	-	-	-	62
Capital increase of consolidated subsidiaries		-	17	-	-	17	-	-	-	-	-	-	17
Net changes of items other than shareholders' equity		-	-	-	-	-	(16,489)	(40,774)	(48,934)	(102,051)	(208,248)	(12,574)	(220,822)
<b>Balance at March 31, 2016</b>		\$3,825,049	\$628,538	\$9,277,704	\$(9,954)	\$13,721,337	\$340,197	\$(167,004)	\$258,915	\$53,046	\$485,154	\$330,092	\$14,536,583

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

# Consolidated Statement Cash Flows

Chubu Electric Power Company, Incorporated and Subsidiaries as of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2016	March 31, 2015	March 31, 2016
<b>Cash Flows from Operating Activities :</b>			
Income before income taxes	¥254,204	¥83,414	\$2,257,183
Adjustments for:			
Depreciation	257,063	271,850	2,282,570
Decommissioning costs of nuclear power units	6,199	4,546	55,043
Loss on retirement of non-current assets	12,280	8,927	109,039
Decrease in provision for net defined benefit liability and assets	(11,850)	(1,381)	(105,221)
Decrease in provision for reprocessing of irradiated nuclear fuel	(14,825)	(12,176)	(131,637)
Increase in provision for preparation for reprocessing of irradiated nuclear fuel	641	616	5,692
Decrease in provision for loss in conjunction with discontinued operations of nuclear power plants	(10,812)	(1,106)	(96,004)
Increase in reserve for fluctuation in water levels	12,218	5,220	108,489
Interest and dividend income	(6,359)	(6,773)	(56,464)
Interest expenses	37,752	50,231	335,216
Solution received	-	(28,428)	-
Decrease in reserve fund for reprocessing of irradiated nuclear fuel	15,009	12,263	133,271
Decrease (increase) in notes and accounts receivable - trade	13,697	(19,413)	121,621
Decrease (increase) in inventories	50,529	(4,334)	448,668
(Decrease) increase in notes and accounts payable - trade	(36,840)	23,323	(327,118)
Other, net	27,390	107,700	243,207
Subtotal	606,296	494,479	5,383,555
Interest and dividend income received	10,572	9,366	93,874
Interest expenses paid	(39,153)	(51,466)	(347,656)
Solution package received	-	28,428	-
Income taxes paid	(15,304)	(3,962)	(135,891)
<b>Cash flows from operating activities</b>	<b>562,411</b>	<b>476,845</b>	<b>4,993,882</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of non-current assets	(283,648)	(260,347)	(2,518,629)
Payments of investment and loans receivable	(71,632)	(126,054)	(636,050)
Collection of investment and loans receivable	39,769	100,818	353,126
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,059)	-	(36,042)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	29	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	29	-
Other, net	11,575	2,744	102,779
<b>Cash flows from investing activities</b>	<b>(307,995)</b>	<b>(282,781)</b>	<b>(2,734,816)</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from issuance of bonds	59,795	79,737	530,945
Redemption of bonds	(172,050)	(282,800)	(1,527,704)
Proceeds from long-term loans payable	89,281	49,648	792,763
Repayments of long-term loans payable	(275,982)	(189,918)	(2,450,559)
Increase in short-term loans payable	375,470	365,756	3,333,955
Decrease in short-term loans payable	(370,167)	(363,833)	(3,286,867)
Purchase of treasury shares	(146)	(84)	(1,296)
Cash dividends paid	(15,147)	(118)	(134,497)
Dividends paid to non-controlling interests	(543)	(578)	(4,822)
Other, net	(2,631)	(1,898)	(23,362)
<b>Cash flows from financing activities</b>	<b>(312,120)</b>	<b>(344,088)</b>	<b>(2,771,444)</b>
Effect of exchange rate change on cash and cash equivalents	(917)	3,338	(8,142)
<b>Net decrease in cash and cash equivalents</b>	<b>(58,621)</b>	<b>(146,686)</b>	<b>(520,520)</b>
<b>Cash and cash equivalents at beginning of this period</b>	<b>390,088</b>	<b>536,774</b>	<b>3,463,754</b>
Decrease in cash and cash equivalents resulting from change of scope of consolidation	(7,076)	-	(62,831)
<b>Cash and cash equivalents at end of this period (Note 4)</b>	<b>¥324,391</b>	<b>¥390,088</b>	<b>\$2,880,403</b>

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.

#### (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 notes thereto present the arithmetic results of translating yen amounts into U.S. dollar amounts on a basis of ¥112.62 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.

### 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 differences 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 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, 2016 and 2015 was as follows:

	March 31, 2016	March 31, 2015
Subsidiaries:		
Domestic	26	26
Overseas	26	25
Affiliates	42	44

The Company's overseas subsidiaries close their books at December 31, three months earlier than the Company and its domestic subsidiaries. The Company consolidates the financial statements of the other overseas subsidiaries as of their fiscal year-end. Significant transactions for the period between the subsidiaries' year-end and the Company's year-end are adjusted for on consolidation. The financial statements of significant overseas subsidiaries are prepared in accordance with either IFRS or U.S. generally accepted accounting principles, with adjustments 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, whereby 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. With the exception of a subsidiary engaged in fuel trading, the Chubu Electric Group enters into derivative transactions only with respect to assets and liabilities generated through the Chubu Electric Group's operations and to hedge exposure to fluctuations in exchange rates, interest rates and fuel prices.

#### **(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 reprocessing of irradiated nuclear fuel**

Because of the difference that has arisen due to the accounting change specified by Article 2 of the supplementary provision in the Ordinance Revising the Accounting Regulations for Japanese Electric Utility Companies (Ministry of Economy, Trade and Industry Ordinance No. 92, 2005), ¥124,568 million is being allocated on a straight-line basis as operating expense over 15 years from the year ended March 31, 2006. The amount determined by Article 2 changed when the Spent Nuclear Fuel Reprocessing Fund Act (Ministry of Economy, Trade and Industry Ordinance No. 84, June 13, 2007) was put into effect in the year ended March 31, 2009. After this change, ¥98,982 million is being treated as operating expense allocated using the straight-line method over 12 years from the year ended March 31, 2009. The unrecognized difference from this estimate amounted to ¥32,994 million (\$292,968 thousand) and ¥41,242 million at March 31, 2016 and 2015, respectively.

The Company provides for the cost estimated for reprocessing spent fuel with a specific reprocessing plan from the fiscal year following the period in which it is generated, in accordance with the accounting regulations applicable to the electric power industry. The unrecognized difference from this estimate amounted to a debit balance of ¥106,293 million (\$943,820 thousand) and ¥71,458 million at March 31, 2016 and 2015, respectively.

#### **(i) Provision for preparation for reprocessing of irradiated nuclear fuel**

Provision for preparation for reprocessing of irradiated nuclear fuel is provided as a portion of the estimated costs needed to reprocess

the irradiated nuclear fuel without a definite plan for reprocessing. The amount of reserve recorded for a particular year, including the years ended March 31, 2016 and 2015, is the amount recognized as attributable to that period.

#### **(j) Provision for loss in conjunction with discontinued operations of nuclear power plants**

In the years ended March 31, 2016 and 2015, a reasonable estimate was made as provision for 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.

#### **(k) Reserve for fluctuation in water levels**

The Company recognizes reserve at the amount required under the Article 36 of Japanese Electric Utility Law to stabilize its income position for fluctuation in water levels.

#### **(l) 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 has been recognized as a liability for retirement benefits (an asset for retirement benefits if the value of plan assets exceeds the amount of retirement benefit obligations).

##### **(a) Method of allocation of estimated retirement benefits**

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

##### **(b) Actuarial gains and losses and prior service cost amortized in expenses**

Prior service cost is amortized using the straight-line method over certain periods (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).

#### **(m) Cash and cash equivalents**

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

#### **(n) Research and development costs**

Research and development costs included in operating expenses for the years ended March 31, 2016 and 2015 amounted to ¥9,460 million (\$83,999 thousand) and ¥9,342 million, respectively.

#### **(o) 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

## Financial Statistics

of a change in tax rates is recognized in the period that includes the promulgation date of the relevant law.

### (p) 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 operations.

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 minority interests, and the net change is recognized as other comprehensive income on the consolidated statement of comprehensive income.

### (q) 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 operations represent dividends declared as applicable to the respective year.

## 3. Changes in Accounting Policies

The Company and its domestic subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013 (hereinafter, "Statement No. 21")), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013 (hereinafter, "Statement No. 22")) and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013 (hereinafter, "Statement No. 7")) (together, the "Business Combination Accounting Standards") from the current fiscal year. As a result, the Company changed its accounting policies to recognize in capital surplus the differences arising from the changes in the Company's ownership interest of subsidiaries over which the Company continues to maintain control.

The Company also changed the presentation of net income, and the term "non-controlling interests" is used instead of "minority interests." Certain amounts in the prior year comparative information were reclassified to conform to such changes in the current year presentation.

With regard to the application of the Business Combination Accounting Standards, the Company followed the provisional treatments in Article 58-2 (4) of Statement No. 21, Article 44-5 (4) of Statement No. 22 and Article 57-4 (4) of Statement No. 7 with application from the beginning of the current fiscal year prospectively.

The effects of these changes have been minor.

## 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 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Cash and deposits	¥143,946	¥160,592	\$1,278,157
Time deposits with an original maturity of more than three months included in cash and deposits	(9,072)	(18,939)	(80,554)
Short-term investments	190,542	250,080	1,691,902
Short-term investments with an original maturity of over three months	(1,025)	(1,645)	(9,102)
Cash and cash equivalents	¥324,391	¥390,088	\$2,880,403

## 5. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Hydroelectric power production facilities	¥ 329,468	¥ 304,187	\$ 2,925,484
Thermal power production facilities	597,555	654,724	5,305,940
Nuclear power production facilities	170,495	182,475	1,513,896
Transmission facilities	740,571	780,435	6,575,839
Transformation facilities	403,352	404,491	3,581,531
Distribution facilities	779,900	779,491	6,925,058
General facilities	111,411	112,200	989,265
Other electricity related to property, plant and equipment	11,687	12,664	103,774
Other property, plant and equipment	247,417	226,276	2,196,919
Construction in progress	340,221	269,008	3,020,964
Total	¥3,732,077	¥3,725,951	\$33,138,670



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 ¥183,612 million (\$1,630,368 thousand) and ¥177,282 million at March 31, 2016 and 2015, 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 companies contributing to business operations or regional development, which are estimated to raise our Group's corporate value from a mid-and long-term viewpoint, and shares in overseas companies, bond holdings of subsidiaries and other instruments acquired for tapping into new earnings sources and other purposes. These securities, bonds, etc., are exposed to risks arising from changes in market prices.

Provision for reprocessing irradiated nuclear fuel comprises funds allocated under provisions of the Law on the Creation and Management of Reserve Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations (Article 48, May 20, 2005).

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 foreign exchange forward contracts for meeting fuel supply obligations, commodity swaps and commodity options for the purpose of avoiding losses from future volatility in currency markets and fuel prices for fuel supplies and currency swaps and interest rate swaps for financial liabilities accompanied by fund raising 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.

### (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 terms and conditions for electricity supply. 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. For a subsidiary engaged in fuel trading, a management committee of the Company monitors approved transactions to ensure they are enacted according to agreed upon parameters.

#### 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.

### (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, 2016 and 2015 are shown below. Items with fair values that were extremely difficult to determine were not included (See Note 2).

## Financial Statistics

As of March 31, 2016	Millions of yen		
	Carrying value	Fair value	Difference
<b>Assets:</b>			
(1) Marketable securities	¥ 290,918	¥ 290,826	¥ (92)
(2) Fund for reprocessing of irradiated nuclear fuel	177,674	177,674	–
(3) Cash and deposits	143,946	143,946	–
(4) Trade notes and accounts receivable	237,143	237,143	–
<b>Liabilities:</b>			
(5) Bonds *1	¥ 553,753	¥ 575,750	¥21,997
(6) Long-term borrowings *1	1,715,364	1,766,475	51,111
(7) Short-term borrowings	349,637	349,637	–
(8) Trade notes and accounts payable	135,911	135,911	–
(9) Derivative transactions *2	(6,822)	(6,822)	–
<b>As of March 31, 2015</b>			
<b>Assets:</b>			
(1) Marketable securities	¥ 345,067	¥ 342,251	¥ (2,816)
(2) Fund for reprocessing of irradiated nuclear fuel	192,683	192,683	–
(3) Cash and deposits	160,592	160,592	–
(4) Trade notes and accounts receivable	249,643	249,643	–
<b>Liabilities:</b>			
(5) Bonds *1	¥ 665,796	¥ 690,821	¥25,025
(6) Long-term borrowings *1	1,901,564	1,971,813	70,249
(7) Short-term borrowings	343,135	343,135	–
(8) Trade notes and accounts payable	169,599	169,599	–
(9) Derivative transactions *2	(3,677)	(3,677)	–
<b>As of March 31, 2016</b>			
<b>Thousands of U.S. dollars</b>			
<b>Assets:</b>			
(1) Marketable securities	\$ 2,583,182	\$ 2,582,365	\$ (817)
(2) Fund for reprocessing of irradiated nuclear fuel	1,577,642	1,577,642	–
(3) Cash and deposits	1,278,157	1,278,157	–
(4) Trade notes and accounts receivable	2,105,692	2,105,692	–
<b>Liabilities:</b>			
(5) Bonds *1	\$ 4,917,004	\$ 5,112,325	\$195,321
(6) Long-term borrowings *1	15,231,433	15,685,269	453,836
(7) Short-term borrowings	3,104,573	3,104,573	–
(8) Trade notes and accounts payable	1,206,811	1,206,811	–
(9) Derivative transactions *2	(60,575)	(60,575)	–

\*1 (5) Bonds and (6) Long-term borrowings include scheduled redemptions within one year.

\*2 The amounts denote net liabilities and obligations resulting from derivative transactions.

### (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 purposes of retaining holdings.

#### (2) Fund for reprocessing of irradiated nuclear fuel

Assets are allocated as stipulated under the Law on the Creation and Management of Reserve Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations (Article 48, May 20, 2005). Redemptions must meet requirements under the Ministry of Economy, Trade and Industry's plans for redeeming funds for reprocessing irradiated nuclear fuel. Since the carrying value is based on the current value of assets that are scheduled to be redeemed in the future according to plans at the end of the consolidated accounting period, the fair value is derived from the carrying value.

#### (3) Cash and deposits and (4) Trade notes and accounts receivable

For cash and deposits, trade notes and accounts receivable, the carrying 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 carrying value.

#### (5) 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.

#### (6) 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 special foreign exchange forward contracts or interest rate swaps in the allocation process. These are valued based on the same terms and conditions applied to derivative transactions.

**(7) Short-term borrowings and (8) Trade notes and accounts payable**

For short-term borrowings and trade notes and accounts payable, the carrying value is used for these amounts because the accounts

will be settled in the near future, meaning the fair value is largely equivalent to the carrying value.

**(9) 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, 2016	March 31, 2015	March 31, 2016
Unlisted stocks, etc.	¥307,290	¥218,687	\$2,728,556

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.**

	Millions of yen			
	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
<b>As of March 31, 2016:</b>				
Securities: Held-to-maturity debt securities: National and local government bonds, etc.	¥ 200	¥1,800	¥ –	¥ –
Corporate bonds	–	3,300	–	–
Other	400	1,799	200	–
Available-for-sale securities with maturity dates:				
Debt securities: National and local government bonds, etc.	–	–	–	–
Corporate bonds	–	320	–	257
Other	200	–	–	–
Other	189,000	–	–	–
Fund for reprocessing of irradiated nuclear fuel *	25,354	–	–	–
Cash and deposits	143,946	–	–	–
Trade notes and accounts receivable	236,966	177	–	–
<b>Total</b>	<b>¥596,066</b>	<b>¥7,396</b>	<b>¥200</b>	<b>¥257</b>
<b>As of March 31, 2015:</b>				
	Millions of yen			
Securities: Held-to-maturity debt securities: National and local government bonds, etc.	¥ 1,100	¥2,000	¥ –	¥ –
Corporate bonds	200	3,300	–	–
Other	–	1,999	400	–
Available-for-sale securities with maturity dates:				
Debt securities: National and local government bonds, etc.	–	–	–	–
Corporate bonds	–	215	107	245
Other	–	202	–	192
Other	247,900	–	–	–
Fund for reprocessing of irradiated nuclear fuel *	24,413	–	–	–
Cash and deposits	160,591	1	–	–
Trade notes and accounts receivable	249,613	30	–	–
<b>Total</b>	<b>¥683,817</b>	<b>¥7,747</b>	<b>¥507</b>	<b>¥437</b>
<b>As of March 31, 2016:</b>				
	Thousands of U.S. dollars			
Securities: Held-to-maturity debt securities: National and local government bonds, etc.	\$ 1,776	\$15,983	\$ –	\$ –
Corporate bonds	–	29,302	–	–
Other	3,552	15,974	1,776	–
Available-for-sale securities with maturity dates:				
Debt securities: National and local government bonds, etc.	–	–	–	–
Corporate bonds	–	2,841	–	2,282
Other	1,776	–	–	–
Other	1,678,209	–	–	–
Fund for reprocessing of irradiated nuclear fuel *	225,129	–	–	–
Cash and deposits	1,278,157	–	–	–
Trade notes and accounts receivable	2,104,120	1,572	–	–
<b>Total</b>	<b>\$5,292,719</b>	<b>\$65,672</b>	<b>\$1,776</b>	<b>\$2,282</b>

\* Anticipated redemption of the funds for reprocessing of irradiated nuclear fuel over more than one year is not disclosed due to contract requirements and other considerations.

## Financial Statistics

**(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, 2016:	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	¥124,500	¥ 40,000	¥ 60,000	¥100,000	¥ 60,000	¥ 169,260
Long-term borrowings	236,813	216,875	173,346	176,995	233,395	677,941
Short-term borrowings	349,637	—	—	—	—	—
Total	¥710,950	¥256,875	¥233,346	¥276,995	¥293,395	¥ 847,201

As of March 31, 2015:	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	¥110,000	¥124,500	¥ 40,000	¥122,050	¥100,000	¥ 169,260
Long-term borrowings	207,846	271,416	229,439	171,010	174,659	847,193
Short-term borrowings	343,135	—	—	—	—	—
Total	¥660,981	¥395,916	¥269,439	¥293,060	¥274,659	¥1,016,453

As of March 31, 2016	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	\$1,105,487	\$ 355,177	\$ 532,765	\$ 887,942	\$ 532,765	\$1,502,930
Long-term borrowings	2,102,762	1,925,723	1,539,212	1,571,612	2,072,412	6,019,721
Short-term borrowings	3,104,573	—	—	—	—	—
Total	\$6,312,822	\$2,280,900	\$2,071,977	\$2,459,554	\$2,605,177	\$7,522,651

## 7. Marketable Securities and Investments Securities

Held-to-maturity debt securities at March 31, 2016 and 2015 were as follows:

As of March 31, 2016	Millions of yen		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥2,000	¥2,051	¥ 51
Corporate bonds	3,300	3,419	119
Other	2,199	2,278	79
Subtotal	7,499	7,748	249
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	200	196	(4)
Subtotal	200	196	(4)
Total	¥7,699	¥7,944	¥245

As of March 31, 2015	Millions of yen		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥3,100	¥3,191	¥ 91
Corporate bonds	3,500	3,627	127
Other	2,198	2,320	122
Subtotal	8,798	9,138	340
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	200	196	(4)
Subtotal	200	196	(4)
Total	¥8,998	¥9,334	¥336

As of March 31, 2016	Thousands of U.S. dollars		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	\$17,759	\$18,212	\$ 453
Corporate bonds	29,302	30,359	1,057
Other	19,526	20,227	701
Subtotal	66,587	68,798	2,211
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	1,776	1,740	(36)
Subtotal	1,776	1,740	(36)
Total	\$68,363	\$70,538	\$2,175

Available-for-sale securities at March 31, 2016 and 2015 were as follows:

<b>As of March 31, 2016</b>	Millions of yen		
	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:			
Stocks	¥ 74,602	¥ 18,829	¥55,773
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	577	500	77
Other	201	200	1
Other	—	—	—
Subtotal	75,380	19,529	55,851
Securities whose acquisition cost exceeds carrying value:			
Stocks	1,327	1,793	(466)
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	189,517	189,517	—
Subtotal	190,844	191,310	(466)
Total	¥266,224	¥210,839	¥55,385
<b>As of March 31, 2015</b>	Millions of yen		
Securities whose carrying value exceeds acquisition cost:			
Stocks	¥ 77,239	¥ 19,223	¥58,016
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	568	500	68
Other	394	367	27
Other	99	72	27
Subtotal	78,300	20,162	58,138
Securities whose acquisition cost exceeds carrying value:			
Stocks	1,095	1,272	(177)
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	248,474	248,478	(4)
Subtotal	249,569	249,750	(181)
Total	¥327,869	¥269,912	¥57,957
<b>As of March 31, 2016</b>	Thousands of U.S. dollars		
Securities whose carrying value exceeds acquisition cost:			
Stocks	\$ 662,422	\$ 167,190	\$495,232
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	5,123	4,440	683
Other	1,785	1,776	9
Other	—	—	—
Subtotal	669,330	173,406	495,924
Securities whose acquisition cost exceeds carrying value:			
Stocks	11,783	15,920	(4,137)
Bonds			
National and local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	1,682,801	1,682,801	—
Subtotal	1,694,584	1,698,721	(4,137)
Total	\$2,363,914	\$1,872,127	\$491,787

Impairment loss on securities of ¥178 million (\$1,581 thousand) and ¥4,238 million was recorded in the years ended March 31, 2016 and 2015, respectively.

## 8. Investment in capital of associated companies (especially amount of investment to jointly controlled entities)

At March 31, 2016 and 2015, investment in capital of associated companies (especially amount of investment to jointly controlled entities) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Investment in capital of associated companies	¥212,864	¥116,331	\$1,890,108
<amount of investment to jointly controlled entities>	<68,106>	<28,777>	<604,742>

## 9. Inventories

Inventories at March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Merchandise and finished products	¥ 568	¥ 2,751	\$ 5,044
Work-in-process	4,515	4,642	40,090
Raw materials and supplies	69,569	117,255	617,732
Total	¥74,652	¥124,648	\$662,866

The ending balance of inventories is an amount after value depreciation due to a fall in profitability, and valuation loss on

inventories, which amounted to ¥32,968 million (\$292,737 thousand), and is included in operating expenses.

## 10. Long-term Debt and Short-term Debt

At March 31, 2016 and 2015, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Bonds:			
Domestic issue:			
0.566% to 4.0%, maturing serially through 2030	¥ 553,753	¥ 665,796	\$ 4,917,004
Loans from the Development Bank of Japan, other banks and insurance companies, maturing serially through 2034	1,715,365	1,901,564	15,231,442
Lease obligations	29,311	24,780	260,265
Subtotal	2,298,429	2,592,140	20,408,711
Less current portion of long-term debt	(364,885)	(320,305)	(3,239,967)
Total	¥1,933,544	¥2,271,835	\$17,168,744

At March 31, 2016 and 2015, 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 ¥386,257 million (\$3,429,737 thousand) and ¥410,561 million, respectively, and for bonds (including those assigned under debt assumption

agreements) of ¥973,710 million (\$8,645,978 thousand) and ¥1,245,970 million, respectively. At March 31, 2016 and 2015, property, plant and equipment of a certain subsidiary pledged as collateral for some long-term debt amounted to ¥546 million (\$4,848 thousand) and ¥622 million, respectively.

At March 31, 2016 and 2015, 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, 2016	March 31, 2015	March 31, 2016
Property, plant and equipment	¥ 4,378	¥ 4,332	\$ 38,874
Construction in progress	10,542	7,283	93,607
Long-term investments	12,142	10,839	107,814
Other investments	44,750	50,003	397,354
Cash and deposits	6,140	2,610	54,520
Inventories	121	54	1,074
Other current assets	181	42	1,607

At March 31, 2016 and 2015, short-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Short-term borrowings	¥349,637	¥343,135	\$3,104,573

Short-term borrowings consisted mainly of bank loans bearing an average interest rate of 0.230% per annum at March 31, 2016.

## 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, 2016 and 2015 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, 2016	March 31, 2015	March 31, 2016
Balance at the beginning of current period	¥581,492	¥577,375	\$5,163,310
Cumulative effect of changes in accounting policies	—	6,800	—
Balance at the beginning of current period (Restated Balance)	581,492	584,175	5,163,310
Service cost	18,350	18,098	162,937
Interest cost	5,400	5,465	47,949
Actuarial loss	13,619	1,063	120,929
Benefits paid	(35,151)	(27,429)	(312,121)
Other	3,097	120	27,500
Balance at the end of current period	¥586,807	¥581,492	\$5,210,504

(b) Movements in plan assets except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Balance at the beginning of current period	¥417,389	¥396,079	\$3,706,171
Expected return on plan assets	8,539	8,073	75,822
Actuarial (loss) gain	(218)	25,441	(1,936)
Contributions paid by the employer	9,530	9,807	84,621
Benefits paid	(21,672)	(22,012)	(192,435)
Other	(1)	1	(9)
Balance at the end of current period	¥413,567	¥417,389	\$3,672,234

(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, 2016	March 31, 2015	March 31, 2016
Balance at the beginning of current period	¥4,348	¥4,439	\$38,608
Retirement benefit costs	746	757	6,624
Benefits paid	(721)	(780)	(6,402)
Contributions paid by the employer	(49)	(70)	(435)
Other	528	2	4,688
Balance at the end of current period	¥4,852	¥4,348	\$43,083

(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, 2016	March 31, 2015	March 31, 2016
Funded retirement benefit obligations	¥ 418,412	¥ 413,800	\$ 3,715,255
Plan assets	(414,946)	(418,718)	(3,684,479)
	3,466	(4,918)	30,776
Unfunded retirement benefit obligations	174,625	173,369	1,550,568
Total net liability for retirement benefits	178,091	168,451	1,581,344
Liability for retirement benefits	204,413	194,585	1,815,068
Asset for retirement benefits	(26,322)	(26,134)	(233,724)
Total net liability for retirement benefits	¥ 178,091	¥ 168,451	\$ 1,581,344

(e) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Service cost	¥18,350	¥18,098	\$162,937
Interest cost	5,400	5,465	47,949
Expected return on plan assets	(8,540)	(8,073)	(75,830)
Net actuarial gain and loss amortization	(7,084)	(1,517)	(62,902)
Prior service costs amortization	(35)	(35)	(311)
Retirement benefit costs based on the simplified method	746	758	6,624
Other	8,145	804	72,323
Total retirement benefit costs	¥16,982	¥15,500	\$150,790

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### (f) Adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Prior service costs amortization	¥ (35)	¥ (35)	\$ (311)
Net actuarial gain and loss amortization	(20,920)	22,856	(185,757)
Total balance	¥(20,955)	¥22,821	\$(186,068)

### (g) Accumulated adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Past service costs that are yet to be recognized	¥ (140)	¥ (176)	\$ (1,243)
Actuarial gains and losses that are yet to be recognized	(1,813)	(22,733)	(16,099)
Total balance	¥(1,953)	¥(22,909)	\$(17,342)

### (h) Plan assets

#### (1) Plan assets comprises:

	March 31, 2016	March 31, 2015
Bond	56%	54%
General accounts of life insurance companies	28%	27%
Stock	13%	14%
Other	3%	5%
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, 2016 and 2015 were as follows:

		March 31, 2016	March 31, 2015
Discount rate	(Company)	0.9%	0.9%
	(Subsidiaries)	0.1–0.8%	0.7–1.3%
Long-term expected rate of return	(Company)	2.0%	2.0%
	(Subsidiaries)	1.9–2.5%	1.6–2.5%

### Defined contribution plans

Contributions to defined contribution plans required by the Company and its subsidiaries amounted to ¥3,038 million (\$26,976 thousand) and ¥3,274 million at March 31, 2016 and 2015, respectively.

## 12. Lease Transactions

### (a) Lessee

Future lease payments under non-cancelable operating leases at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Within 1 year	¥ 13	¥13	\$116
Over 1 year	88	22	781
Total	¥101	¥35	\$897

### (b) Lessor

Future lease commitments to be received under non-cancelable operating leases at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Within 1 year	¥ 285	¥ 285	\$2,530
Over 1 year	832	1,117	7,388
Total	¥1,117	¥1,402	\$9,918



## 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 decommission of specified nuclear power plants is recorded in tangible fixed assets based on the estimated total cost of decommissioning 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).

### (b) Method for calculating monetary amounts of asset retirement obligations

With regard to the decommission 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 plus the safe storage 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 aforementioned method, we will record the monetary amount calculated according to the Ministerial Ordinance as obligations.

### (c) Net increase (decrease) in asset retirement obligations for the fiscal year

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Balance at beginning of year	¥194,087	¥191,261	\$1,723,380
Reductions due to execution of asset retirement obligations	(2,201)	(2,423)	(19,544)
Other	7,022	5,249	62,351
Balance at end of year	¥198,908	¥194,087	\$1,766,187

## 14. Derivatives

The Chubu Electric Group enters into derivative financial instruments, including interest rate swaps, foreign exchange forward contracts, currency swaps, commodity future contracts, commodity swaps,

commodity options and commodity forward contracts. The Chubu Electric Group's derivative financial instruments outstanding at March 31, 2016 and 2015 were as follows:

### (a) Derivatives for which hedge accounting is not applied

As of March 31, 2016	Millions of yen			
	Contract amount		Fair value	Unrealized gains and losses
	Total	More than 1 year		
Commodity future contracts:				
Long position	¥ -	¥-	¥ -	¥ -
Commodity swaps and options contracts:				
Receive floating, pay fixed	219	-	(39)	(39)
Commodity swaps:				
Receive floating, pay fixed	-	-	-	-
Receive fixed, pay floating	-	-	-	-
Commodity forward contracts:				
Long position	203	-	(18)	(18)
Short position	203	-	18	18
Total	¥ -	¥-	¥(39)	¥(39)
As of March 31, 2015	Millions of yen			
Commodity future contracts:				
Long position	¥ -	¥ -	¥ -	¥ -
Commodity swaps and options contracts:				
Receive floating, pay fixed	511	219	59	59
Commodity swaps:				
Receive floating, pay fixed	13,196	912	(1,401)	(1,401)
Receive fixed, pay floating	6,152	72	606	606
Commodity forward contracts:				
Long position	30,275	29,352	(298)	(298)
Short position	3,478	-	685	685
Total	¥ -	¥ -	¥ (349)	¥ (349)
As of March 31, 2016	Thousands of U.S. dollars			
Commodity future contracts:				
Long position	\$ -	\$-	\$ -	\$ -
Commodity swaps and options contracts:				
Receive floating, pay fixed	1,945	-	(346)	(346)
Commodity swaps:				
Receive floating, pay fixed	-	-	-	-
Receive fixed, pay floating	-	-	-	-
Commodity forward contracts:				
Long position	1,803	-	(160)	(160)
Short position	1,803	-	160	160
Total	\$ -	\$-	\$(346)	\$(346)

**(b) Derivatives for which hedge accounting is applied**

		Millions of yen		Fair value
		Contract amount		
As of March 31, 2016		Total	More than 1 year	
General treatment:	Hedged items			
Foreign exchange forward contracts:				
Long position	Long-term investments in subsidiaries (forecasted transactions)	¥ -	¥ -	¥ -
	Construction in progress (forecasted transactions)	1,917	-	(0)
Interest rate swaps:				
Receive floating, pay fixed	Bonds and long-term borrowings	360,500	324,500	(9,452)
Receive fixed, pay floating	Bonds and long-term borrowings	50,000	50,000	3,662
Commodity swaps:				
Receive floating, pay fixed	Other operating expenses	2,742	-	(993)
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps	Bonds	20,000	20,000	*
Foreign exchange forward contracts:	Accounts payable - other	370	-	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	73,476	73,353	*
<b>Total</b>		<b>¥ -</b>	<b>¥ -</b>	<b>¥(6,783)</b>
As of March 31, 2015		Millions of yen		
General treatment:	Hedged items			
Foreign exchange forward contracts:				
Long position	Long-term investments in subsidiaries (forecasted transactions)	¥ 624	¥ -	¥ -
	Construction in progress (forecasted transactions)	-	-	-
Interest rate swaps:				
Receive floating, pay fixed	Bonds and long-term borrowings	378,500	360,500	(7,449)
Receive fixed, pay floating	Bonds and long-term borrowings	50,000	50,000	4,168
Commodity swaps:				
Receive floating, pay fixed	Other operating expenses	5,565	2,742	(47)
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps	Bonds	20,000	20,000	*
Foreign exchange forward contracts:	Accounts payable - other	-	-	-
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	66,364	60,276	*
<b>Total</b>		<b>¥ -</b>	<b>¥ -</b>	<b>¥(3,328)</b>
As of March 31, 2016		Thousands of U.S. dollars		
General treatment:	Hedged items			
Foreign exchange forward contracts:				
Long position	Long-term investments in subsidiaries (forecasted transactions)	\$ -	\$ -	\$ -
	Construction in progress (forecasted transactions)	17,022	-	(0)
Interest rate swaps:				
Receive floating, pay fixed	Bonds and long-term borrowings	3,201,030	2,881,371	(83,928)
Receive fixed, pay floating	Bonds and long-term borrowings	443,971	443,971	32,516
Commodity swaps:				
Receive floating, pay fixed	Other operating expenses	24,347	-	(8,817)
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps	Bonds	177,588	177,588	*
Foreign exchange forward contracts:	Accounts payable - other	3,285	-	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	652,424	651,332	*
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$(60,229)</b>

\*For the allocation method of currency swaps and special treatment of interest rate swaps, the fair value was included in fair value of the respective hedged items.  
(Note) The fair value of derivative transactions is measured at quoted prices obtained from the financial institutions.

## 15. Contingent Liabilities

As of March 31, 2016 and 2015, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Guarantees of bonds and loans of companies and others:			
Japan Nuclear Fuel Limited	¥121,386	¥125,827	\$1,077,837
Guarantees of housing and other loans for employees	70,619	76,240	627,056
The Japan Atomic Power Company	38,095	38,095	338,261
Other companies	35,182	36,113	312,396
Guarantees related to electricity purchase agreements for affiliates and other companies	11,322	9,501	100,533
The amount borne by other joint and several obligors out of joint and several obligations against the fulfillment of payment obligations associated with connection and supply contracts	1,546	1,665	13,728
Recourse under debt assumption agreements	419,950	580,160	3,728,911
Notes receivable discounted and notes receivable endorsed	127	–	1,128

## 16. Net Assets

The authorized number of shares of common stock without par value is 1,190 million. At both March 31, 2016 and 2015, the number of shares of common stock issued was 758,000,000. At March 31, 2016 and 2015, the number of shares of treasury stock held by the Chubu Electric Group was 743,530 and 667,268, 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 28, 2016, the shareholders approved cash dividends amounting to ¥11,360 million (\$100,870 thousand) or ¥15 per share. The appropriation was not recorded in the consolidated financial statements as of March 31, 2016. Such appropriations 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, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Deferred tax assets:			
Liability for retirement benefits	¥ 58,080	¥ 57,029	\$ 515,717
Depreciation	35,823	34,741	318,087
Asset retirement obligations	32,317	33,057	286,956
Depreciation of easement rights	25,891	24,260	229,897
Intercompany unrealized profits	18,386	18,162	163,257
Maintenance	16,551	17,461	146,963
Impairment loss on fixed assets	14,043	14,533	124,694
Tax loss carried forward	11,261	47,477	99,991
Other	87,916	83,501	780,643
Total gross deferred tax assets	300,268	330,221	2,666,205
Less valuation allowance	(46,948)	(42,056)	(416,871)
Total deferred tax assets	253,320	288,165	2,249,334
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	13,808	14,804	122,607
Asset retirement costs corresponding to asset retirement obligations	7,788	7,824	69,153
Asset for retirement benefits	7,183	7,350	63,781
Market valuation differences on subsidiaries	3,652	3,853	32,428
Reserve for special depreciation	3,533	4,236	31,371
Other	12,901	10,443	114,553
Total deferred tax liabilities	48,865	48,510	433,893
Net deferred tax assets	¥204,455	¥239,655	\$1,815,441

At March 31, 2016 and 2015, deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Deferred tax assets:			
Noncurrent	¥176,418	¥191,556	\$1,566,489
Current	31,155	50,336	276,638
Deferred tax liability:			
Noncurrent	3,119	2,238	27,695

(b) A reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2016 and 2015 is set forth below.

	March 31, 2016	March 31, 2015
Statutory income tax rate	28.4%	30.3%
Increase (decrease) due to:		
Reduction of deferred tax assets at the end of the period due to a change in tax rate	2.1%	19.4%
Less valuation allowance	1.4%	4.3%
Tax credit	(0.4%)	(1.9%)
Other	0.8%	(0.7%)
Effective income tax rate	32.3%	51.4%

(c) Revision of the amount of deferred tax assets and deferred tax liabilities due to a change in income tax rates. Following the enactment of the Act for Partial Amendment of the Income Tax Act (Act No. 15) and Act for Partial Amendment of the Local Tax Act (Act No. 13) on March 29, 2016, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities at

the end of the fiscal year was changed. As a result and compared with the amounts that would have been reported without the change, net deferred tax assets decreased by ¥5,011 million (\$44,495 thousand) while income taxes - deferred and other comprehensive income increased by ¥5,298 million (\$47,043 thousand) and ¥330 million (\$2,930 thousand), respectively.

## 18. Operating Expenses

Operating expenses in the electricity business for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Salaries	¥ 132,946	¥ 124,071	\$ 1,180,483
Retirement benefits	13,687	12,326	121,533
Fuel	805,625	1,316,403	7,153,481
Maintenance	200,962	239,695	1,784,426
Subcontracting fees	97,141	87,928	862,555
Depreciation	239,356	253,825	2,125,342
Purchased power from other suppliers	292,493	264,063	2,597,167
Other	535,167	411,425	4,751,971
Subtotal	2,317,377	2,709,736	20,576,958
Adjustment	(9,055)	(6,335)	(80,403)
Total	¥2,308,322	¥2,703,401	\$20,496,555

## 19. Reversal of Reserve for Loss in Conjunction with Discontinued Operations of Nuclear Power Plants

A reasonable estimate was made as a reserve for 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 2. In the year ended March 31, 2016,

the difference between the estimate and reserve for loss in conjunction with discontinued operations of nuclear power plants was appropriated to the extraordinary income of ¥10,812 million (\$96,004 thousand) as progress was made in decommissioning plan.

## 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, 2016	March 31, 2015	March 31, 2016
Net unrealized gains on available-for-sale securities:			
(Decrease) increase during the year	¥ (2,991)	¥18,350	\$ (26,558)
Reclassification adjustments	(34)	65	(302)
Subtotal, before tax	(3,025)	18,415	(26,860)
Tax benefit (expense)	997	(4,390)	8,853
Subtotal, net of tax	(2,028)	14,025	(18,007)
Net deferred losses on hedging instruments:			
Decrease during the year	(5,497)	(4,804)	(48,810)
Reclassification adjustments	1,293	(174)	11,481
Subtotal, before tax	(4,204)	(4,978)	(37,329)
Tax benefit	1,140	1,454	10,122
Subtotal, net of tax	(3,064)	(3,524)	(27,207)
Foreign currency translation adjustments:			
(Decrease) increase during the year	(3,302)	9,860	(29,320)
Reclassification adjustments	(5,695)	–	(50,568)
Subtotal, net of tax	(8,997)	9,860	(79,888)
Adjustments for retirement benefits			
(Decrease) increase during the year	(13,068)	24,560	(116,036)
Reclassification adjustments	(7,888)	(1,739)	(70,041)
Subtotal, before tax	(20,956)	22,821	(186,077)
Tax benefit (expense)	6,138	(6,704)	54,502
Subtotal, net of tax	(14,818)	16,117	(131,575)
Share of other comprehensive income of affiliates accounted for using equity method:			
Decrease during the year	(1,410)	(3,093)	(12,520)
Reclassification adjustments	2,991	558	26,558
Acquisition cost adjustment of assets	225	1,177	1,998
Subtotal, net of tax	1,806	(1,358)	16,036
Total other comprehensive income	¥(27,101)	¥35,120	\$(240,641)

## 21. Business Combinations

Significant subsequent events concerning business combinations (Formation of a jointly controlled entity)

At the Board of Directors' meeting held on May 23, 2016, the Company resolved that it will enter into an absorption-type company split agreement with JERA Co., Inc. (hereinafter, "JERA") to the effect that JERA will succeed the Company's existing fuel business (upstream investments and fuel procurement), the existing overseas power generation and energy infrastructure businesses, and the replacement and construction business of thermal power plants (hereinafter, "the Businesses") conducted by Hitachinaka Generation Co., Inc. by way of company split, and the Company concluded the agreement on the same day. Concurrently, JERA also concluded a separate absorption-type company split agreement with TEPCO Fuel & Power, Inc. (hereinafter, "TEPCO F&P") so that JERA will succeed the existing fuel business (upstream investments and fuel procurement) and the existing overseas IPP business (thermal power plants) of TEPCO F&P and the replacement and construction business of thermal power plants conducted by Hitachinaka Generation Co., Inc.

### (a) Outline of transactions

#### (1) Name of the target business and the detail of the relevant business

Existing fuel business (upstream investments and fuel procurement), the existing overseas power generation and energy infrastructure businesses and the replacement and construction business of thermal

power plants conducted by Hitachinaka Generation Co., Inc.

#### (2) Date of business combination

July 1, 2016

#### (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 February 9, 2015, the Company reached an agreement with Tokyo Electric Power Company, Incorporated (hereinafter, "TEPCO") concerning the implementation of comprehensive alliance, and entered into a joint venture agreement to establish a new company in which both companies' fuel procurement, other fuel-related businesses such as upstream investments and trading as well as new development and replacement businesses relating to domestic and overseas power plants will be integrated. In addition, on December 22, 2015, the Company reached a related agreement of the businesses with TEPCO (hereinafter, "Related Agreement") which determined terms and conditions and procedures matters concerning existing fuel business (upstream investments and fuel procurement), the existing overseas power generation and energy

infrastructure businesses and the replacement and construction business of thermal power plants conducted by Hitachinaka Generation Co., Inc. Based on the agreement, it was decided that JERA, which was established on April 30, 2015, will succeed the businesses.

#### (6) Reason for judging it a formation of 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 the consideration for the business combination was paid with shares with voting rights.

There exist no other certain circumstances indicating controlling relationships. Accordingly, in our opinion, this business combination was formed as a jointly controlled entity.

#### (b) Outline of Accounting Treatment to be Applied

Following the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued on September 13, 2013) and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, issued on September 13, 2013), this business combination will be accounted for as formation of a jointly controlled entity.

## 22. 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. The Group's reporting segments are classified into "Electric power" and "Energy" based on the areas of operation described above. The Electric power segment covers the supply of electric power. The Energy segment covers energy services such as the sale of gas and liquefied natural gas (LNG) and the provision of co-generation systems, among others. Information by segment for the years ended March 31, 2016 and 2015 was as follows:

Year ended March 31, 2016	Millions of yen						
	Electric power	Energy	Subtotal	Other	Total	Adjustment	Consolidated
Operating revenues:							
External customers	¥2,570,960	¥ 87,363	¥2,658,323	¥195,721	¥2,854,044	¥ -	¥2,854,044
Intersegment	1,494	2,866	4,360	313,343	317,703	(317,703)	-
Total	2,572,454	90,229	2,662,683	509,064	3,171,747	(317,703)	2,854,044
Operating income	¥ 255,077	¥ 12,937	¥ 268,014	¥ 17,825	¥ 285,839	¥ (847)	¥ 284,992
Total assets	¥4,795,122	¥ 86,089	¥4,881,211	¥940,146	¥5,821,357	¥(282,411)	¥5,538,946
Depreciation and amortization	239,449	5,422	244,871	16,166	261,037	(3,974)	257,063
Increase in tangible and intangible fixed assets	244,072	7,956	252,028	41,756	293,784	(5,412)	288,372
Year ended March 31, 2015	Millions of yen						
Operating revenues:							
External customers	¥2,799,271	¥107,325	¥2,906,596	¥197,008	¥3,103,604	¥ -	¥3,103,604
Intersegment	1,595	2,261	3,856	305,986	309,842	(309,842)	-
Total	2,800,866	109,586	2,910,452	502,994	3,413,446	(309,842)	3,103,604
Operating income	¥ 91,130	¥ 2,591	¥ 93,721	¥ 13,091	¥ 106,812	¥ 357	¥ 107,169
Total assets	¥5,007,243	¥ 88,863	¥5,096,106	¥831,070	¥5,927,176	¥(295,208)	¥5,631,968
Depreciation and amortization	253,944	5,480	259,424	16,425	275,849	(3,999)	271,850
Increase in tangible and intangible fixed assets	216,580	15,481	232,061	30,633	262,694	(4,372)	258,322
Year ended March 31, 2016	Thousands of U.S. dollars						
Operating revenues:							
External customers	\$22,828,627	\$775,733	\$23,604,360	\$1,737,888	\$25,342,248	\$ -	\$25,342,248
Intersegment	13,266	25,448	38,714	2,782,304	2,821,018	(2,821,018)	-
Total	22,841,893	801,181	23,643,074	4,520,192	28,163,266	(2,821,018)	25,342,248
Operating income	\$ 2,264,935	\$114,873	\$ 2,379,808	\$ 158,276	\$ 2,538,084	\$ (7,521)	\$ 2,530,563
Total assets	\$42,577,890	\$764,420	\$43,342,310	\$8,347,949	\$51,690,259	\$(2,507,645)	\$49,182,614
Depreciation and amortization	2,126,168	48,144	2,174,312	143,545	2,317,857	(35,287)	2,282,570
Increase in tangible and intangible fixed assets	2,167,217	70,645	2,237,862	370,769	2,608,631	(48,056)	2,560,575

### **(a) Method for calculating operating revenues, income, assets and other amounts for each reporting segment**

The accounting treatment and methods 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. All transactions between segments are on an arm's length basis.

### **(b) Information about products and services**

The Company has omitted a disclosure of information for each product and service because similar information is disclosed in the segment information above.

### **(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 operations.

#### **(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 operations.

#### **(e) Impairment losses on fixed assets, amortization of goodwill and the unamortized balance and gains arising from negative goodwill**

The Company has omitted information by segment on impairment loss on fixed assets, amortization of goodwill and the unamortized balance and gains arising from negative goodwill due to the negligible importance of this information.



# 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, 2016, and the consolidated statements of operations, 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 misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we 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, 2016, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 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 28, 2016  
Nagoya, Japan

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

## Nonconsolidated Balance Sheets

Chubu Electric Power Company, Incorporated as of March 31, 2016 and 2015

ASSETS	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
<b>Property, Plant and Equipment :</b>			
Property, plant and equipment, at cost	¥13,221,704	¥13,218,653	\$117,401,030
Construction in progress	285,904	219,463	2,538,661
	13,507,608	13,438,116	119,939,691
Less :			
Contributions in aid of construction	(170,414)	(165,871)	(1,513,177)
Accumulated depreciation	(9,821,806)	(9,734,452)	(87,211,916)
	(9,992,219)	(9,900,323)	(88,725,084)
<b>Total Property, Plant and Equipment, Net</b>	<b>3,515,389</b>	<b>3,537,793</b>	<b>31,214,607</b>
<b>Nuclear Fuel:</b>			
Loaded nuclear fuel	40,040	40,040	355,532
Nuclear fuel in processing	193,839	199,652	1,721,177
<b>Total Nuclear Fuel</b>	<b>233,879</b>	<b>239,692</b>	<b>2,076,709</b>
<b>Investments and Other Non-current Assets :</b>			
Long-term investments	436,707	387,465	3,877,704
Reserve fund for reprocessing of irradiated nuclear fuel	177,674	192,683	1,577,642
Deferred tax assets	144,352	165,814	1,281,762
Other	21,968	11,662	195,063
Allowance for doubtful accounts	(870)	(255)	(7,725)
<b>Total Investments and Other Non-current Assets</b>	<b>779,830</b>	<b>757,369</b>	<b>6,924,436</b>
<b>Current Assets :</b>			
Cash and deposits	70,210	80,753	623,424
Notes and accounts receivable - trade	173,490	188,680	1,540,490
Allowance for doubtful accounts	(900)	(1,050)	(7,991)
Inventories	65,656	113,100	582,987
Deferred tax assets	24,999	44,612	221,977
Other	203,028	277,205	1,802,770
<b>Total Current Assets</b>	<b>536,483</b>	<b>703,300</b>	<b>4,763,657</b>
<b>Total Assets</b>	<b>¥ 5,065,582</b>	<b>¥ 5,238,154</b>	<b>\$ 44,979,418</b>

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
<b>Non-current Liabilities:</b>			
Long-term loans payable	¥1,859,225	¥2,213,346	\$16,508,835
Net defined benefit liability	143,796	144,640	1,276,825
Provision for reprocessing of irradiated nuclear fuel	194,921	209,746	1,730,785
Provision for preparation for reprocessing of irradiated nuclear fuel	16,662	16,021	147,949
Provision for loss in conjunction with discontinued operations of nuclear power plants	10,852	21,664	96,359
Asset retirement obligations	196,645	192,476	1,746,093
Other	103,827	110,450	921,923
<b>Total Non-current Liabilities</b>	<b>2,525,928</b>	<b>2,908,343</b>	<b>22,428,769</b>
<b>Current Liabilities:</b>			
Current portion of non-current liabilities	377,653	334,261	3,353,339
Short-term loans payable	341,800	334,400	3,034,985
Notes and account payable - trade	71,337	98,395	633,431
Other	357,743	321,222	3,176,549
<b>Total Current Liabilities</b>	<b>1,148,533</b>	<b>1,088,278</b>	<b>10,198,304</b>
<b>Reserve for Fluctuation in Water Levels</b>	<b>22,847</b>	<b>10,629</b>	<b>202,868</b>
<b>Total Liabilities</b>	<b>3,697,309</b>	<b>4,007,250</b>	<b>32,829,950</b>
<b>Net Assets:</b>			
Capital stock	430,777	430,777	3,825,049
Capital surplus	70,690	70,690	627,686
Retained earnings	836,931	694,870	7,431,460
Treasury shares, at cost	(1,065)	(930)	(9,457)
<b>Total Shareholders' Equity</b>	<b>1,337,334</b>	<b>1,195,407</b>	<b>11,874,747</b>
Valuation and translation adjustments	30,939	35,497	274,720
<b>Total Net Assets</b>	<b>1,368,273</b>	<b>1,230,904</b>	<b>12,149,467</b>
<b>Total Liabilities and Net Assets</b>	<b>¥5,065,582</b>	<b>¥5,238,154</b>	<b>\$44,979,418</b>

## Financial Statistics

### Nonconsolidated Statements of Income

Chubu Electric Power Company, Incorporated as of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Operating Revenues	¥2,648,338	¥2,899,027	\$22,041,931
Operating Expenses:			
Fuel	805,625	1,316,403	6,705,160
Salaries and employee benefits	181,578	169,198	1,511,261
Purchased Power	315,501	288,417	2,625,893
Maintenance	200,962	239,695	1,672,593
Depreciation	239,356	253,825	1,992,143
Taxes other than income taxes	122,154	129,493	1,016,679
Other	517,922	411,152	4,310,628
Total Operating Expenses	2,383,099	2,808,183	19,834,365
Operating Income	265,239	90,844	2,207,566
Other (Income) Expenses :			
Interest expense	36,947	49,678	307,507
Solution received	-	(28,428)	-
Reversal of provision for loss in conjunction with discontinued operations of nuclear power plants	(10,812)	-	(89,988)
Other, net	(5,401)	(782)	(44,952)
Total Other Expenses, Net	20,735	20,469	172,576
Income before Provision of Reserve for Fluctuation in Water Levels and Income Taxes	244,504	70,375	2,034,990
Provision of Reserve for Fluctuation in Water Levels	12,218	5,220	101,690
Income Before Income Taxes	232,286	65,155	1,933,300
Income Taxes:			
Current	32,290	7,740	268,747
Deferred	42,788	30,040	356,122
Total Income Taxes	75,078	37,780	624,869
Net Income	¥157,209	¥27,375	\$1,308,439

	Yen		U.S. dollars
	March 31, 2016	March 31, 2015	March 31, 2016
Per Share of Capital Stock:			
Net income - basic	¥207.57	¥36.13	\$1.73
Cash dividends	25.00	10.00	0.21



## Corporate Profile

<b>Corporate name:</b>	Chubu Electric Power Co., Inc.
<b>Headquarters:</b>	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi 461-8680, Japan Tel: +81-52-951-8211 (Main)
<b>Representative:</b>	Satoru Katsuno, President & Director
<b>Date of establishment:</b>	May 1st, 1951
<b>Capital:</b>	¥430,777,362,600
<b>Number of employees:</b>	17,506
<b>Number of shares issued:</b>	758,000,000
<b>Number of shareholders:</b>	274,659
<b>Independent auditor:</b>	KPMG AZSA LLC
<b>Stock markets traded:</b>	Tokyo Stock Exchange, Inc. Nagoya Stock Exchange, Inc. (Securities ID code: 9502)
<b>Administrator of shareholder registry:</b>	Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

## Main Business Locations

<b>Headquarters:</b>	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
<b>Nagoya Regional Office:</b>	2-12-14 Chiyoda, Naka-ku, Nagoya, Aichi
<b>Shizuoka Regional Office:</b>	2-4-1 Hontoori, Aoi-ku, Shizuoka
<b>Mie Regional Office:</b>	2-21 Marunouchi, Tsu, Mie
<b>Gifu Regional Office:</b>	2-5 Mieji-cho, Gifu
<b>Nagano Regional Office:</b>	18 Yanagimachi, Nagano
<b>Okazaki Regional Office:</b>	7 Daidou Higashi, Tosaki-cho, Okazaki, Aichi
<b>Tokyo Office:</b>	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**  
Nightingale House, 65 Curzon Street,  
London W1J 8PE, U.K.  
Tel: +44-20-7409-0142

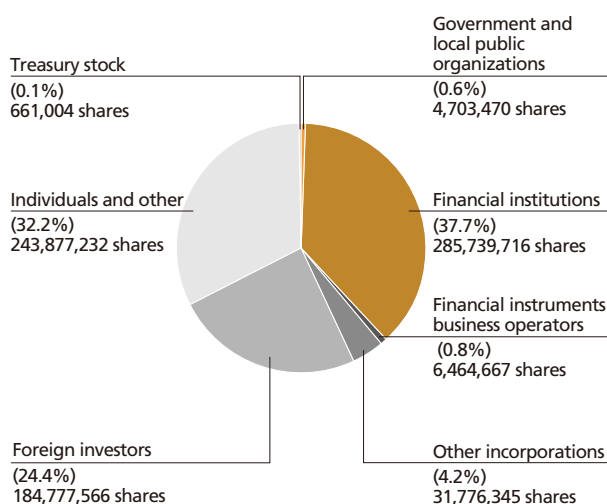
**Doha Office**  
4th Floor, Salam Tower, Al Corniche  
P.O. Box 22470, Doha-QATAR  
Tel: +974-4483-6680

## 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.	71,133	9.38
The Master Trust Bank of Japan, Ltd.	48,596	6.41
Meiji Yasuda Life Insurance Company	39,462	5.21
Nippon Life Insurance Company	27,552	3.63
Chubu Electric Employees' Shareholders Association	20,225	2.67
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,304	2.02
Sumitomo Mitsui Banking Corporation	14,943	1.97
Kochi Shinkin Bank	10,695	1.41
Mizuho Bank, Ltd.	10,564	1.39
CBNY-GOVERNMENT OF NORWAY (standing proxy: Citibank Japan Ltd.)	10,418	1.37
<b>Total</b>	<b>268,896</b>	<b>35.47</b>

Note: The number of shares held by Japan Trustee Services Bank, Ltd. and The Master Trust Bank of Japan, Ltd. (71,133,000 shares and 48,596,000 shares, respectively) is related to their trust services.

## Chubu Electric Power Group's Business

● 29 consolidated subsidiaries ◎ 25 affiliates accounted for under the equity method  
Total 54 (As of July 1, 2016)

### Fuel and Power Generation Business **1** in total

◎ JERA Co., Inc.

### Energy Business **4** in total

● C ENERGY CO., INC.  
◎ Minami Enshu Pipeline 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.  
● TOENEC (THAILAND) CO., LTD.  
● TOENEC PHILIPPINES INCORPORATED  
● Asahi Synchrotech Co., Ltd.  
● PT. ASAHI SYNCHROTEC 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 **1** in total

● Chuden Real Estate Co., Ltd.

### Services and Others **26** 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.  
● Chita L.N.G. Co., Ltd.  
● Techno Chubu Co., Ltd.  
● Chuden Disaster Prevention Co., Ltd.  
● CHUDENKOGYO Co., Ltd.  
● Chita Berth Co., Inc.  
● AOYAMA-KOGEN WIND FARM CO., LTD.  
● FILLTECH CORPORATION  
● Saku Ohisama Solar Power Limited Business Partnership  
● Diamond Power Corporation  
● Chubu Eco Solution LLC.  
◎ Nagoya City Energy Co., Ltd.  
◎ e-Kurashi Co. Ltd.  
◎ Aichi Kinuura Bio K.K.  
◎ Hamamatsu D.H.C. Co., Ltd.  
◎ Nagoya Energy Service Co., Ltd.  
◎ Centrair Energy Supply Co., Ltd.  
◎ KASUMI BERTH CO., INC.  
◎ Ogaki School Lunch Support Co., Inc.  
◎ PFI Toyokawa Hoisaijyo Co., Ltd.  
◎ Tahara Solar Co., Ltd.  
◎ Chubu Electric Power Ibri Sohar B.V. (To be wound up by the end of 2016)

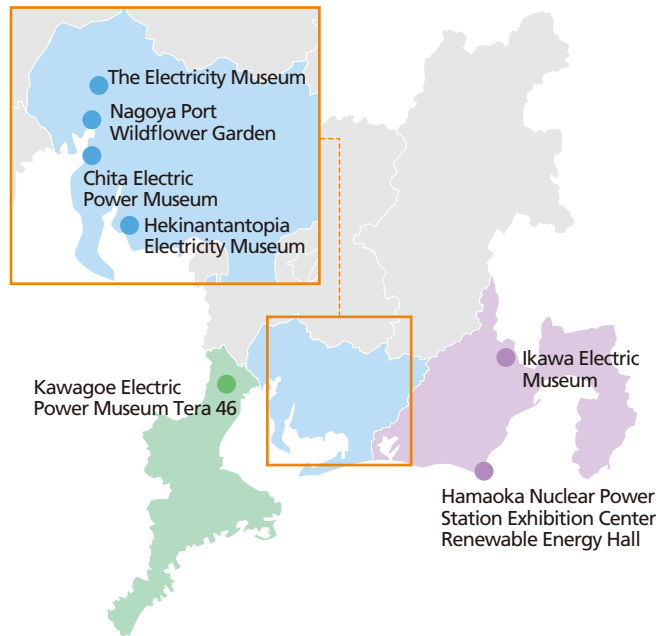
\* Companies below are excluded from consolidated subsidiaries and affiliates accounted for under the equity method due to the integration of the fuel transportation and procurement functions and overseas energy infrastructure business of Chubu Electric Power into JERA and other reasons.

● Chubu Electric Power Company International B.V.  
● Chubu Electric Power Company U.S.A. Inc.  
● Chubu Electric Power (Thailand) Co.,Ltd.  
● Chubu Electric Power Goreway B.V.  
● Chubu Electric Power Falcon B.V.  
● Chubu Electric Power Thailand SPP B.V.  
● Chubu Electric Power Sur B.V.  
● Chubu Electric Power Korat B.V.  
● Chubu Electric Power Gem B.V.  
● Chubu Electric Power Qatar Facility D B.V.  
● CEPT Engineering Co., Ltd.  
● Compañía de Generación Valladolid, S. de R.L. de C.V.  
● Compañía de Operación Y Mantenimiento Valladolid, S. de R.L. de C.V.  
● TC Generation, LLC  
● Chubu Ratchaburi Electric Services Co.,Ltd.

● A.T. Biopower Co.,Ltd.  
● Goreway Power Station Holdings Inc.  
● Chubu TT Energy Management Inc.  
● MT Falcon Holdings Company, S.A.P.I. de C.V.  
● First Korat Wind Co.,Ltd.  
● K.R. Two Co.,Ltd.  
● Phoenix Power Company SAOC  
● Phoenix Operation and Maintenance Company LLC  
● TAC Energy Co.,Ltd.  
● Gunkul Chubu Powergen Co., Ltd.  
● J Cricket Holdings, LLC  
● Carroll County Energy Holdings LLC  
● Chubu Energy Trading, Inc.  
● Hitachinaka Generation Co., Inc.  
● Chubu Energy Trading Singapore Pte. Ltd.  
● Chubu Electric Power Australia Pty Ltd.

● Chubu Electric Power Company Global Resources B.V.  
● Chubu Electric Power Gorgon Pty.Ltd.  
● Chubu Electric Power Integra Pty Ltd.  
● Chubu Electric Power Cordova Gas Ltd.  
● Chubu Electric Power Ichthys Pty Ltd.  
● Chubu Electric Power Exploration Pty Ltd.  
● Chubu US Energy Inc.  
● Chubu US Gas Trading LLC  
● Chubu Electric Power Company Freeport, Inc.  
● the Camberwell Coal Joint Venture  
● RHA Pastoral Company Pty Ltd.  
● Trans Pacific Shipping 1 Ltd.  
● Trans Pacific Shipping 2 Ltd.  
● FLIQ1 Holdings, LLC

## Museums of Chubu Electric Power



### Aichi Prefecture

#### Nagoya City



The Electricity Museum

The Electricity Museum is located on the site where the first power station in the Chubu region was situated. On the exterior of the building there is a plaque that reads "Birthplace of the electricity business in the Chubu region."

#### Hekinan City



Hekinantantopia Electricity Museum

#### Chita City



Chita Electric Power Museum

### Shizuoka Prefecture

#### Omaezaki City



Hamaoka Nuclear Power Station Exhibition Center



Renewable Energy Hall

#### Shizuoka City



Ikawa Electric Museum

### Mie Prefecture

#### Kawagoe-cho, Mie-gun



Kawagoe Electric Power Museum Tera 46

### Chubu Electric Power actively publishes information through the following websites and magazine.

■ Chubu Electric Power's website:

<http://www.chuden.co.jp/english/>

■ Special website:

"The Hamaoka Nuclear Power Station, today and tomorrow"  
<http://hamaoka.chuden.jp/english/>

■ E-magazine "Denki No Ashita"

<http://dna.chuden.jp/>

■ Chubu Electric Power's official Twitter account

Account name: @Official\_Chuden

\* Please note that we do not follow or Tweet to particular account names.

■ Information magazine "Ba"

<http://ba.chuden.jp/>

If you have any comments or inquiries, please contact: <http://www.chuden.co.jp/english/contactus/>





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