

# Quarterly Financial Report

The information shown below is an English translation of extracts from "Quarterly Financial Report for the Six Months Period Ended September 30, 2014", which was filed with stock exchanges (Tokyo and Nagoya) on the date shown below pursuant to their regulations, for your convenience. Be advised that the Japanese version (the original) shall prevail if in any case a discrepancy arises between the original and the English translation.

## CHUBU ELECTRIC POWER COMPANY, INCORPORATED (October 31, 2014)

Stock Code: 9502

### Quarterly Financial Report for the Six Months Period Ended September 30, 2014

(In accordance with provisions of regulations in Japan, and accounting standards generally accepted in Japan)

Representative: Akihisa Mizuno, President

Contact: Masatoshi Watanabe, Manager, Investor Relations Section

TEL: +81-52-951-8211

URL: <http://www.chuden.co.jp/english/ir/index.html>

(Figures are rounded down to the nearest million yen)

(Figures in parentheses are negative numbers)

#### 1. Performance over the Six Months Period Ended September 30, 2014 (Consolidated)

(April 1, 2014 - September 30, 2014)

##### (1) Consolidated Operating Results

	1H FY14	YoY	1H FY13	YoY
Operating Revenues (million yen)	1,526,081	11.6%	1,367,435	2.3%
Operating Income (Loss) (million yen)	69,563	-	(11,965)	-
Ordinary Income (Loss) (million yen)	38,492	-	(27,026)	-
Net Income (Loss) (million yen)	46,149	-	(16,773)	-
Net Income (Loss) per Share (Primary; yen)	60.92		(22.14)	

(Note) Comprehensive income (2Q FY 2014: 45,417 million yen (YoY: 819.9 %), 2Q FY 2013: 4,937 million yen (YoY: - %))

##### (2) Consolidated Financial Standing

	30 Sep. 2014	31 Mar. 2014
Total Assets (million yen)	5,659,772	5,782,180
Net Assets (million yen)	1,477,825	1,437,171
Shareholders' Equity Ratio (%)	25.5	24.2

(Reference) Shareholders' Equity (September 2014: 1,441,795 million yen, March 2014: 1,401,066 million yen)

## 2. Dividends

	FY 2014	FY 2013	FY 2014 (Forecast)
End of 1st quarter per share (Yen)	-	-	n/a
End of 2nd quarter per share (Yen)	0.00	0.00	n/a
End of 3rd quarter per share (Yen)	n/a	-	-
End of the fiscal year per share (Yen)	n/a	0.00	-
Annual Dividends per Share (Yen)	n/a	0.00	-

(Note) Forecasts revision of dividends from the latest forecasts: None

\*The Company has not yet decided forecast year-end dividend

## 3. Forecasts of Consolidated Results for the Fiscal Year Ending March 31, 2015(approximate estimate)

	FY 2014	YoY
Operating Revenue (million yen)	3,120,000	9.8%
Operating Income (million yen)	75,000	-
Ordinary Income (million yen)	30,000	-
Net Income (million yen)	38,000	-
Net Income per Share (Primary; yen)	50.16	

(Note) Forecasts revision of consolidated results from the latest forecasts: Forecasts have been revised

## 4. Other Information

(1) Changes in important subsidiaries during the quarter under review

(accompanying changes in the extent of consolidated companies) : None

(2) Application of accounting methods unique to state quarterly financial report: None

(3) Changes in accounting policies, changes in accounting estimates, restatements:

i) Changes in accounting policies to comply with the revised accounting standards: Changes occurred

ii) Changes other than under i): None

iii) Changes in accounting estimates: None

iv) Restatements: None

(4) Number of shares issued (common stock)

i) Number of shares issued at the end of period (including treasury stocks)

2nd quarter, FY2014: 758,000,000      Year end, FY2013 758,000,000

ii) Number of treasury stocks at the end of period

2nd quarter, FY2014: 410,370      Year end, FY2013: 385,894

iii) Weighted average number of shares outstanding during the period (accumulation for the quarter)

2nd quarter, FY2014: 757,600,669      2nd quarter, FY2013: 757,658,788

### Explanations Regarding Appropriate Use of the Forecasts, and Other Special Remark

1. The forecasts for the year ending March 31, 2015 have been revised from the previous announcement made on July 31, 2014.

2. The forecasts are based on information available as of the date of this announcement is made, and also, assumptions as of the date of this announcement are made on uncertain factors that would affect future results.

Actual results may differ by various causes in the future.

(Reference) Forecasts of Non-Consolidated Results for the Fiscal Year Ending March 31, 2015  
(approximate estimate)

	FY 2013	YoY
Operating Revenue (million yen)	2,900,000	9.9%
Operating Income (million yen)	60,000	-
Ordinary Income (million yen)	20,000	-
Net Income (million yen)	33,000	-
Net Income per Share (Primary; yen)	43.55	

(Note) Forecasts revision of non-consolidated results from the latest forecasts: Forecasts have been revised

# The Attached Document

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## 1. Regarding summary information (notes)

### (1) Changes in accounting policies, changes in accounting estimates, restatements

#### (A change in an accounting policy)

Effective from the 1st quarter of the consolidated fiscal year under review, the Company and its subsidiaries have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 of May 17, 2012 (hereinafter, "Statement No. 26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 of May 17, 2012 (hereinafter, "Guidance No. 25")), in accordance with Article 35 of Statement No. 26 and Article 67 of Guidance No. 25, based on which the calculation method for retirement benefit obligation and past service costs have been reviewed, and the attribution method for projected retirement benefits has been changed from service period basis (some subsidiaries apply point basis) to projected benefit basis, as well as the calculation method of discount rate.

By applying a change in an accounting policy above, the effect of the change in the calculation method of retirement benefit obligation and past service costs is recognized in retained earnings at the beginning of the 2nd quarter of the consolidated fiscal year under review, according to the transitional process defined in Article 37 of Statement No. 26.

As a result of the application, a liability for retirement benefits, an asset for retirement benefits and retained earnings decreased ¥4,870 million, ¥11,670 million and ¥3,445 million, respectively, at the beginning of the same period. Furthermore, operating income, ordinary income and income before income taxes for the same period increased ¥220 million, respectively.

# I Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

	As of Sep 30 2013	As of Mar 31 2013
<b>Assets</b>		
Noncurrent assets	4,700,925	4,778,483
Electric utility plant and equipment	3,289,722	3,243,960
Hydroelectric power production facilities	308,963	244,992
Thermal power production facilities	684,508	665,629
Nuclear power production facilities	187,006	194,876
Transmission facilities	801,217	821,193
Transformation facilities	407,380	411,637
Distribution facilities	780,951	784,140
General facilities	112,895	114,338
Other electric utility plant and equipment	6,799	7,150
Other noncurrent assets	219,398	222,051
Construction in progress	211,874	291,894
Construction and retirement in progress	211,874	291,894
Nuclear fuel	243,364	245,097
Loaded nuclear fuel	40,040	40,040
Nuclear fuel in processing	203,324	205,057
Investments and other assets	736,565	775,480
Long-term investments	199,261	201,536
Reserve fund for reprocessing of irradiated nuclear fuel	195,999	204,946
Net defined benefit asset	4,013	14,721
Deferred tax assets	233,495	256,579
Other	105,113	99,059
Allowance for doubtful accounts	(1,317)	(1,363)
Current assets	958,846	1,003,696
Cash and deposits	150,617	140,573
Trade Notes and accounts receivable	252,315	230,209
Short-term investments	280,904	414,090
Inventories	156,338	120,335
Deferred tax assets	33,992	22,815
Other	86,102	76,965
Allowance for doubtful accounts	(1,424)	(1,294)
Total assets	5,659,772	5,782,180
<b>Liabilities and net assets</b>		
Noncurrent liabilities	3,177,927	3,352,094
Bonds payable	555,791	698,587
Long-term loans payable	1,864,300	1,922,809
Provision for retirement benefits	215,782	221,922
Provision for reprocessing of irradiated nuclear fuel	15,713	15,405
Provision for preparation of the reprocessing of irradiated nuclear fuel	22,768	22,768
Provision for loss in conjunction with discontinued operations of nuclear power plants	196,637	200,455
Asset retirement obligations	191,709	191,255
Other	115,224	78,890
Current liabilities	1,001,536	987,505
Current portion of noncurrent liabilities	315,508	298,840
Short-term loans payable	344,970	342,280
Trade Notes and accounts payable	140,142	146,278
Accrued taxes	45,849	34,898
Other	155,066	165,206
Reserves under the special laws	2,481	5,408
Reserve for fluctuation in water levels	2,481	5,408
Total liabilities	4,181,946	4,345,009
Shareholders' equity	1,398,546	1,355,886
Capital stock	430,777	430,777
Capital surplus	70,777	70,777
Retained earnings	897,612	854,923
Treasury stock	(619)	(591)
Accumulated other comprehensive income	43,249	45,179
Valuation difference on available-for-sale securities	30,163	27,011
Deferred gains or losses on hedges	(6,256)	(3,518)
Foreign currency translation adjustment	17,451	19,048
Remeasurements of defined benefit plans	1,890	2,638
Minority interests	36,029	36,104
Total net assets	1,477,825	1,437,171
Total liabilities and net assets	5,659,772	5,782,180

Note: Above figures are rounded down to the nearest million yen.

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****Consolidated Statements of Income**

(Millions of yen)

	Six-months ended Sep 30, 2014	Six-months ended Sep 30, 2013
Operating revenue	1,526,081	1,367,435
Electric utility operating revenue	1,387,758	1,246,955
Other business operating revenue	138,323	120,479
Operating expenses	1,456,517	1,379,400
Electric utility operating expenses	1,324,268	1,260,937
Other business operating expenses	132,248	118,463
Operating income (loss)	69,563	(11,965)
Non-operating income	6,565	9,167
Dividends income	1,074	913
Interest income	2,402	2,467
Equity in earnings of affiliates	574	233
Other	2,514	5,553
Non-operating expenses	37,637	24,228
Interest expenses	31,826	21,055
Other	5,811	3,173
Ordinary revenue	1,532,647	1,376,603
Ordinary expenses	1,494,155	1,403,629
Ordinary income (loss)	38,492	(27,026)
Provision or reversal of reserve for fluctuation in water levels	(2,926)	(7,930)
Reversal of reserve for fluctuation in water levels	(2,926)	(7,930)
Extraordinary income	28,427	-
Solution received	28,427	-
Income (loss) before income taxes and minority interests	69,846	(19,096)
Income taxes-current	8,490	2,619
Income taxes-deferred	14,515	(5,699)
Income taxes	23,005	(3,080)
Income (loss) before minority interests	46,841	(16,016)
Minority interests in income	691	757
Net income (loss)	46,149	(16,773)

Note: Above figures are rounded down to the nearest million yen.



## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six-months ended Sep 30, 2014	Six-months ended Sep 30, 2013
Income (loss) before minority interests	46,841	(16,016)
Other comprehensive income		
Valuation difference on available-for-sale securities	3,402	6,338
Deferred gains or losses on hedges	(1,279)	1,793
Foreign currency translation adjustment	366	4,551
Remeasurements of defined benefit plans	(502)	-
Share of other comprehensive income of associates accounted for using equity method	(3,411)	8,270
Total other comprehensive income	(1,423)	20,953
Comprehensive income	45,417	4,937
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	44,290	3,480
Comprehensive income attributable to minority interests	1,127	1,457

Note: Above figures are rounded down to the nearest million yen.

**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

	Six-months ended Sep 30, 2014	Six-months ended Sep 30, 2013
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	69,846	(19,096)
Depreciation	134,361	134,584
Decommissioning costs of nuclear power units	2,155	-
Loss on retirement of noncurrent assets	3,605	3,355
Decrease in provision for retirement benefits	—	(2,158)
Decrease in provision for net defined benefit liability and assets	(706)	-
Decrease in provision for reprocessing of irradiated nuclear fuel	(6,140)	(5,931)
Increase in provision for other reprocessing of irradiated nuclear fuel	308	296
Decrease in provision for loss in conjunction with discontinued operations of nuclear power plants	—	(970)
Decrease in reserve for fluctuation in water levels	(2,926)	(7,930)
Interest and dividends loss	(3,476)	(3,381)
Interest expenses	31,826	21,055
Solution received	(28,427)	-
Increase in reserve fund for reprocessing of irradiated nuclear fuel	8,946	8,770
Decrease in notes and accounts receivable-trade	(22,088)	(18,211)
Decrease (increase) in inventories	(36,025)	587
Decrease in notes and accounts payable-trade	(6,132)	(29,899)
Other	52,634	(9,418)
Subtotal	197,761	71,652
Interest and dividends income received	4,879	3,947
Interest expenses paid	(32,560)	(20,925)
Solution package received	28,427	-
Income taxes paid	(3,030)	(2,162)
Net cash provided by (used in) operating activities	195,477	52,511
Net cash provided by (used in) investing activities		
Purchase of noncurrent assets	(120,165)	(133,463)
Payments of investment and loans receivable	(103,228)	(148,366)
Collection of investment and loans receivable	94,545	150,725
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	25	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	29	-
Other	(378)	3,400
Net cash provided by (used in) investing activities	(129,172)	(127,703)
Net cash provided by (used in) financing activities		
Proceeds from issuance of bonds	39,868	19,933
Redemption of bonds	(222,800)	(146,000)
Proceeds from long-term loans payable	22,864	171,047
Repayment of long-term loans payable	(34,035)	(31,855)
Increase in short-term loans payable	186,734	188,643
Decrease in short-term loans payable	(184,194)	(185,019)
Purchase of treasury stock	(32)	(35)
Cash dividends paid	(93)	(18,918)
Cash dividends paid to minority shareholders	(262)	(255)
Other	(903)	(2,588)
Net cash provided by (used in) financing activities	(192,854)	(5,048)
Effect of exchange rate change on cash and cash equivalents	691	606
Net decrease in cash and cash equivalents	(125,857)	(79,635)
Cash and cash equivalents at beginning of this period	536,773	621,937
Cash and cash equivalents at end of this period	410,915	542,301

Note: Above figures are rounded down to the nearest million yen.

(4) Note regarding issue on going concern

Not applicable

(5) Note regarding in the case fluctuation in net assets occurs

Not applicable

3. Other Information (Supplementary Information)

(1) Business and other risks

Concerning “Business and other risks” stated on Financial Report for the Fiscal Year Ended March 31, 2014, the Company has made a significant change to the following items.

The forward-looking statements in this document are based on the Company’s judgment on the day for announcing operating results for the Six Months Period of the Fiscal Year Ending March 31, 2015 (on October 31, 2014).

(The item numbers attached to the following headings correspond to the item numbers for “Operating Results IV. Business and Other Risks” stated on Financial Report for the Fiscal Year Ended March 31, 2014.)

(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, the Company has currently been taking countermeasures, while receiving the Nuclear Regulation Authority’s review to verify compliance with the new regulatory standards for Reactor No. 4. The Company has been studying the Nuclear Regulation Authority’s review of countermeasures submitted by other electric power companies to reflect findings in its countermeasures based on the new regulatory standards accordingly. According to its study results, the Company has decided to review part of countermeasures for Reactor No. 4. Consequently, the completion of the countermeasure works is expected to be delayed by about another one year from the previous schedule. The countermeasure works for Reactor No. 4 and for Reactor No. 3 are estimated to be completed around September 2016 and around September 2017, respectively.

Although there is a possibility that the Company will be required to take a new look at

the countermeasure works or conduct additional works along with the progress of the Nuclear Regulation Authority's review for Reactor No. 4, the Company will aim for early completion of the countermeasure works by accurately grasping the progress of the Nuclear Regulation Authority's review and the latest knowledge to implement necessary measures in advance. Meanwhile, following the application for Reactor No.4, the Company has been preparing for the submission of an application for a review to verify compliance with the new regulatory standards for Reactor No.3 within FY2014. Furthermore, as for Reactor No.5, the Company has also continuously been examining all the necessary steps that need to be taken.

In addition, the Company has enhanced disaster prevention system, put in place disaster prevention equipment, and promoted cooperation with the central government and local governments in which these reactors are located, with the aim of improving the disaster prevention measures further.

The Company is putting all its efforts into ensuring the stable supply of electricity after suspension of operation of all reactors at the Hamaoka Nuclear Power Station. Specifically, we have taken various measures to meet demand, such as resuming operations of thermal power units under long-term planned shutdown, while requesting our customers to save electricity. 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, an obstacle to fuel procurement, and a correspondence to the new regulatory standards, our operational results may be affected.

## (2) Challenges to be addressed by the Company

On October 7, 2014, Chubu Electric Power Co., Inc. and Tokyo Electric Power Company, Incorporated entered into a memorandum of understanding on the formation of a comprehensive alliance covering the entire energy supply chain, from fuel-related upstream investments and fuel procurement through power generation (new construction and replacement). In addition, on October 31, 2014, the Company announced a partial reviewing of the content for the countermeasure works to increase the safety of the Hamaoka Nuclear Power Station.

Please note that the matters concerning forecasts for the future performance were judged as of the date of the announcement (October 31, 2014) of the operating results for the second quarter of the fiscal year ended March 31, 2014.

(Challenges to be addressed)

Business environment surrounding the electric power industry has changed significantly since the accident occurred at the Fukushima Daiichi Nuclear Power Plant of Tokyo Electric Power Company, turning into an extremely tough situation. Although the Nuclear Regulation Authority has been conducting a review to verify compliance with the new regulatory standards, all nuclear power stations in Japan have been shut down.

In addition, in response to the enactment of the Revised Electricity Business Act in June 2014, which contains full liberalization of entry to electricity retail business, the second phase of the electricity system reform, detailed examinations on the designing of the system are underway.

However, our mission as an electric power supplier to “provide customers with safe and inexpensive energy on a stable manner” has never changed under any business environment.

To continue to accomplish this mission toward future, it is critical to combine diverse energies such as nuclear power, thermal power and renewable energy in a balanced manner.

Particularly in a country like Japan where energy resources are scarce, the Company believes that it is indispensable to continue to use nuclear power as an important source of electric power based on all-out safety measures with the aim of addressing the challenges of rise in fossil fuel prices, global warming and securing energies on a stable basis toward the future.

At present, the Company has been experiencing extremely tough conditions in the overall business operations as the capacity of power supply is lowering due to the suspension of the Hamaoka Nuclear Power Station, and the revenue and expenditure is deteriorating due to the rise in fuel price.

In light of these circumstances, the Chubu Electric Power Company Group has set three priority measures in which it will exert continued efforts: "Measures to further enhance the safety of the Hamaoka Nuclear Power Station," "Measures for stable power supply," and "Efforts toward promotion of management efficiency."

First of all, regarding "Measures to further enhance the safety of the Hamaoka Nuclear Power Station", the Company has been studying the Nuclear Regulation Authority's review of countermeasures submitted by other electric power companies to reflect findings in its countermeasures based on the new regulatory standards accordingly. According to its study

results, the Company has decided to review part of countermeasures for Reactor No. 4. Consequently, the completion of the countermeasure works is expected to be delayed by about another one year from the previous schedule. The countermeasure works for Reactor No. 4 and for Reactor No. 3 are estimated to be completed around September 2016 and around September 2017, respectively.

Although there is a possibility that the Company will be required to take a new look at the countermeasure works or conduct additional works along with the progress of the Nuclear Regulation Authority's review for Reactor No. 4, the Company will aim for early completion of the countermeasure works by accurately grasping the progress of the Nuclear Regulation Authority's review and the latest knowledge to implement necessary measures in advance. Meanwhile, following the application for Reactor No.4, the Company has been preparing for the submission of an application for a review to verify compliance with the new regulatory standards for Reactor No.3 within FY 2014. Furthermore, as for Reactor No.5, the Company has also continuously been examining all the necessary steps that need to be taken. The Company is determined not only to take measures to comply with the new regulatory standards, but also to make efforts to further enhance the safety of the Hamaoka Nuclear Power Station voluntarily and continuously.

The Company will strengthen cooperation with local governments toward the formulation of an effective resident evacuation plan by local governments, while improving its disaster management system and conducting disaster drills to enhance its disaster preparedness.

The Company will fully explain these measures and efforts to local communities and society to gain their understanding.

Secondly, regarding "Measures for stable power supply", the Company will continue to change the timing of regular inspections of power generation facilities, shorten the process of such inspections, and procure additional fuel. Additionally, as measures to deal with aged power generation facilities, the Company will steadily promote the development of Nishi-Nagoya Thermal Power Station Group No. 7 and also focus on electricity procurement through bidding for thermal power capacity. Furthermore, the Company will strive to bring the reliability, economic efficiency, and flexibility of its fuel procurement to an even higher level by such a way as procuring LNG from the United States. In addition to these measures, the Company will upgrade large-scale earthquake countermeasures at its power generation facilities.

The Company is determined to fulfill a duty of stable power supply to the Chubu region, and cooperate to ensure proper demand and supply situations nationwide by supporting other power companies in which tough demand and supply status is anticipated.

Finally, regarding "Efforts toward promotion of management efficiency", the Company will exert its utmost efforts to reverse its declining profitability by implementing extensive management efficiency enhancement measures without sanctuaries.

Specifically, the Company will reduce fuel costs by improving the general thermal efficiency through the introduction of high efficiency combined cycle power generation and the efficient operation of thermal power plants that it has been implemented. In addition, the Company will promote efforts to reduce the procurement cost by expanding the use of competitive bidding and introducing the bidding system for thermal power capacity and to cut back capital investment and maintenance expenses by adopting new technologies.

Presently, the Japanese government is studying power system reforms including full-scale retail liberalization of electric power, which allows all customers including households to freely select an electric power company, as well as further neutralization of power transmission and distribution to promote competitions. In addition, the government has also started a study on the gas business system reform including full-scale liberalization of entry to gas retail business in the gas industry. The environment surrounding the energy market has been significantly changing.

Under such changing environment, to promote our growth strategy that has adopted, Chubu Electric Power Co., Inc. and Tokyo Electric Power Company, Incorporated ("TEPCO") entered into a memorandum of understanding on the formation of a comprehensive alliance covering the entire energy supply chain, from fuel-related upstream investments and fuel procurement through thermal power generation. The Company believes that the alliance with TEPCO will expand its growth opportunity significantly, including drastic improvement of fuel procurement capabilities based on the enlarged scale of fuel procurement; an entry into the Kanto region with larger market size and bigger growth opportunity; and a leap into a global enterprise using advantages of the alliance.

The Company will aim to establish a joint venture company with TEPCO as an equal partner and negotiate the details of the alliance with TEPCO, such as the scope of businesses and the time of business transfer, to conclude a final agreement within FY 2014.

The Chubu Electric Power Company Group will continue trying to ensure stable supply of electricity, develop the electricity business in areas other than the Chubu region, and further expand the gas business. Through these efforts, the Group will continue to respond flexibly and appropriately to changes in the energy market.

Keeping firmly in mind that trust from customers and society is the foundation of our business operation, the Company will execute the management with compliance as well as accomplish its corporate social responsibilities (CSR) as a good corporate citizen providing “security” to all customers, struggling to win confidence of, and to be selected by, customers, shareholders and investors, and contribute to the development of the local communities.