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To Whom It May Concern:

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JERA Co., Inc.'s Integration of Fuel Acceptance/Storage/Gas Transmission Businesses and
Existing Thermal Power Generation Businesses by Corporate Split

Pursuant to the Joint-Venture Agreement concluded on June 8, 2017, Chubu Electric Power Co., Inc. (hereinafter "Chubu Electric Power") and TEPCO Fuel & Power, Inc. (hereinafter "TEPCO FP"), Tokyo Electric Power Company Holdings, Inc. (hereinafter "Tokyo Electric Power")'s wholly-owned subsidiary, have been considering in detail and proceeding with necessary procedures to have JERA Co., Inc. (hereinafter "JERA") integrated the two companies' fuel acceptance/storage/gas transmission businesses and existing thermal power generation businesses alike (hereinafter "the integration"). Chubu Electric Power is proud to announce that today's Board of Directors will decide to agree with TEPCO FP on detailed schedules and the scope of assets and liabilities subjected to the integration. Based on the new agreement, Chubu Electric Power is planning to conclude with JERA an absorption-type split agreement (hereinafter "the absorption-type agreement") in May 2018 (this corporate split is hereinafter referred to as "the absorption-type split"), the aim of which is to have JERA integrated Chubu Electric Power's fuel acceptance/storage/gas transmission and existing thermal power generation businesses (hereinafter "the Businesses") under a corporate split method. Details are provided below.

To coincide with the signing of the absorption-type agreement, JERA is planning to conclude a separate absorption-type split agreement with TEPCO FP, thereby simultaneously integrating TEPCO FP's fuel acceptance/storage/gas transmission and existing thermal power generation businesses (hereinafter "TEPCO FP's Business") alike (this corporate split is hereinafter referred to as "the TEPCO FP absorption-type split," and collectively referred to as "the joint absorption-type split" with the aforementioned absorption-type split).

1. Objective of the absorption-type split

In relation to a comprehensive alliance with TEPCO FP in fuel and thermal power generation (hereinafter "the alliance"), Chubu Electric Power has gradually integrated businesses of the entire supply chain, spanning from fuel upstream/procurement to power generation, to JERA since JERA's

establishment in April 2015.

Leveraging economies of scale to develop business, integration effects have been realized in each business domain. The environment of Japan's domestic energy market is expected to change dramatically. To respond flexibly to such changes in business environment and to maximize effects of the alliance, Chubu Electric Power and TEPCO FP has signed on June 8, 2017(*) a joint-venture agreement pertaining to the integration of fuel acceptance/storage/gas transmission and existing thermal power generation businesses alike, thereby deciding to have JERA integrated the business under said agreement.

(*)See "Conclusion of Joint-Venture Agreement on Integration of Existing Thermal Power Generation Businesses," released on June 8, 2017.

2. Summary of the absorption-type split

(1) Schedule of the absorption-type split

Conclusion of basic agreement on the integration	March 28, 2017
Conclusion of joint-venture agreement on the integration	June 8, 2017
Agreement on assets and liabilities subject to the integration	February 27, 2018
Conclusion of absorption-type split agreement	May, 2018 (scheduled)
General meeting of shareholders for approval of absorption-type split agreement (Chubu Electric Power)	June, 2018 (scheduled)
General meeting of shareholders for approval of absorption-type split agreement (JERA)	June, 2018 (scheduled)
Scheduled absorption-type split date (Date in which it will take effect)	April 1, 2019 (scheduled)

(2) Method of the absorption-type split

In this absorption-type split, Chubu Electric Power is to be the splitting company and JERA the succeeding company.

(3) Details of allotment pertaining to the absorption-type split

JERA will newly issue 5,000,000 common stocks for the absorption-type split, all of which will be allotted to Chubu Electric Power. The same number (5,000,000) of common stocks allotted to Chubu Electric Power will be issued for the TEPCO FP absorption-type split anew, all of which will be allotted to TEPCO FP. JERA will, as a result, newly issue 10,000,000 common stocks for the joint absorption-type split. Common stocks issued and allotted to TEPCO FP and Chubu Electric Power in both the absorption-type split and the TEPCO FP absorption-type split will have a ratio of one to one. Chubu Electric Power and TEPCO FP's shareholding ratio will therefore remain unchanged.

- (4) Handling of share options and corporate bond with share options in conjunction with the absorption-type split

Chubu Electric Power has not issued any share options and corporate bonds with share options.

- (5) Capital to increase/decrease by the absorption-type split

Chubu Electric Power's capital will remain stationary.

- (6) Rights and obligations transferred to the succeeding company

With the absorption-type split, JERA will succeed rights and obligations (except which are determined not to succeed on the absorption-type agreement) associated with Chubu Electric Power's business on the day in which the absorption-type split takes effect.

The succession of liabilities to the succeeding company based on the absorption-type split is to employ a hold-harmless assumption method.

Interest-bearing liabilities the succeeding company should appropriately bear in conjunction with the absorption-type split will, as per the reference "Succession of Interest-bearing Liabilities in the Absorption-type Split," be transferred to the succeeding company. Meanwhile, liabilities pertaining to Chubu Electric Power's existing general mortgage bonds will not be transferred to the succeeding company.

- (7) Expectations for fulfillment of obligation

It has been judged that no issues exist in expectations for both Chubu Electric Power and JERA's fulfillment of obligation following the absorption-type split. This is because the amount of assets of both companies are expected to exceed liabilities after the absorption-type split and because no situation is anticipated to develop that would undermine the fulfillment of obligation shouldered after the absorption-type split.

3. Basis for calculation of allotment pertaining the joint absorption-type split

- (1) Basis of and background to calculation

Under the joint absorption-type split, to ensure the number of JERA's common stocks issued and allotted to TEPCO FP by TEPCO FP absorption-type split (upon setting JERA common stocks issued and allotted to Chubu Electric Power by the absorption-type split as one) is both fair and adequate (hereinafter "stock allocation ratio"), Chubu Electric Power chose Nomura Securities Co., Ltd. (hereinafter "Nomura Securities") as financial advisor and made a request to calculate the stock allocation ratio. Nomura Securities is a third-party calculation institution independent from Chubu Electric Power, JERA and TEPCO FP.

Nomura Securities has adopted a discounted cash flow method (hereinafter "DCF method") because it can reflect business situation in the future on the evaluation in calculating the stock allocation ratio for the businesses of Chubu Electric Power and TEPCO FP (hereinafter "business

subject to the joint absorption-type split”).

Provided below is the stock allocation ratio calculation results Nomura Securities achieved with the aforementioned method.

Calculation method	Chubu Electric Power	TEPCO FP
DCF method	1	0.73 ~ 1.26

In calculating the stock allocation ratio, Nomura Securities used information that had either been publicly disclosed or provided by Chubu Electric Power and TEPCO FP. The calculation is premised on full accuracy and completeness of said information and material. No independent verification has been made by Nomura Securities for accuracy and completeness of said information and material. Chubu Electric Power and TEPCO FP, and their affiliates' assets or liabilities (including financial derivatives, unlisted assets and liabilities, and other contingent liabilities) have not been subjected to independent evaluation, appraisal, or assessment including analysis and evaluation of individual assets and liabilities. No request for appraisal or assessment has been made to any third-party organization either. Nomura Securities' calculation of stock allocation ratio reflects information and economic conditions up to February 26 , 2018. Financial forecasting for business subject to the joint absorption-type split (this includes profit-planning and other information) is premised on reasonable preparation or consideration based on Chubu Electric Power management's best forecast and judgment that can be made at the moment.

Significant changes in profit are expected in certain business years in terms of future financial prospects of the business subject to the joint absorption-type split, the premise on which Nomura Securities' DCF method-based calculation is based. These are not changes caused by the joint absorption-type split.

Pursuant to requests from Chubu Electric Power's Board of Directors, as of February 26 , 2018 Nomura Securities has submitted a written opinion (i.e. fairness opinion) to Chubu Electric Power. In it, Nomura Securities stated that under the aforementioned and other certain preconditions, the agreed upon stock allocation ratio is financially appropriate for Chubu Electric Power. Using Nomura Securities' calculation results as reference, Chubu Electric Power considered finance of the business subject to the joint absorption-type split, assets, future outlook, and other factors in a comprehensive fashion to carefully hold consultations with TEPCO FP. As a result, the two companies agreed to set a one-to-one ratio of common stocks.

(2) Relationship with calculating institution

Nomura Securities, Chubu Electric Power's financial advisor, is not a party related to Chubu Electric Power, JERA, or TEPCO FP, and has no vital interest in the joint absorption-type split for which disclosure is required.

(3) Expectation and reason for delisting

Chubu Electric Power is not expected to be delisted under the absorption-type split.

4. Overview of companies concerned in the absorption-type split

	Company spinning off business (As of March 31, 2017)	Company succeeding business (As of March 31, 2017)
(1) Company name	Chubu Electric Power Co., Inc.	JERA Co., Inc.
(2) Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi	2-7-1 Nihonbashi, Chuo-ku, Tokyo
(3) President	Satoru Katsuno, President & Director	Yuji Kakimi, President & Director
(4) Business activities	Electricity businesses, etc.	Fuel and domestic/overseas power generation businesses, etc.
(5) Capital	430.777 billion yen	5 billion yen
(6) Established date	May 1, 1951	April 30, 2015
(7) Number of shares issued	758,000,000	10,000,000
(8) Fiscal year-end	March 31	March 31
(9) Number of employees	16,632	508
(10) Principal Shareholders and Shareholding Ratio	Japan Trustee Services Bank, Ltd. (Trust Account) 10.92% The Master Trust Bank of Japan, Ltd. (Trust Account) 6.78% Meiji Yasuda Life Insurance Company 5.21% Nippon Life Insurance Company 3.63% Chubu Electric Employees' Shareholders Association 2.47%	TEPCO Fuel & Power, Inc. 50% Chubu Electric Power Co., Inc. 50%
(11) Relationship between companies concerned		
Capital relationship	JERA is an affiliate to which the equity method is applicable and both Chubu Electric Power and TEPCO FP invest 50% each.	
Personal relationship	Officers hold their posts concurrently for both JERA and Chubu Electric Power.	
Business relationship	There are fuel sales to Chubu Electric Power and entrustments of Chubu Electric Power's fuel and power generation businesses.	

Corresponding to related party	JERA is Chubu Electric Power's affiliate and is a related party.					
(12) Financial conditions and operating results of the past three years						
Fiscal year-end	Chubu Electric Power (Consolidated)			JERA (Consolidated)		
	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2015	March 31, 2016	March 31, 2017
Total Net Assets	1,507,508	1,637,109	1,724,713	—	73,535	528,121
Assets	5,631,968	5,538,945	5,412,307	—	102,005	769,989
Net Asset Per Share (yen)	1,939.59	2,112.80	2,225.66	—	7,638.14	51,337.06
Operating Revenues	3,103,603	2,854,044	2,603,537	—	53,976	1,388,188
Operating Income	107,168	284,991	136,443	—	4,250	2,211
Ordinary Income	60,206	255,610	121,483	—	4,452	16,235
Net income attributable to owners of parent	38,795	169,745	114,665	—	3,346	14,795
Net income per Share (yen)	51.21	224.15	151.43	—	668.67	1,513.81
Dividends per Share (yen)	10	25	30	—	—	—

Note 1: In units of 1,000,000 those with special mentions are excluded.

Note 2: JERA was established on April 30, 2015; it therefore did not exist in the fiscal year ending March 31, 2015.

5. Outline of sectors to be divided

(1) Business to be divided

Gas/LNG sales business, LNG acceptance/storage/gas transportation business, existing thermal power generation business (except Owase-Mita thermal power generation business), replacement and new establishment of existing thermal power generation plant, and related businesses.

(2) Operating results of sectors to be divided (fiscal year ending March 31, 2017)

Sales of business subject to division (a)	Sales of Chubu Electric Power on its own (b)	Ratio (a/b)
29,858 million yen	2,389,719 million yen	1.25%

Note: (a) Sales of business subject to division is sales to external customer, not including 889,841 million yen for sales to in-house companies.

(3) Assets to be divided, liability items, and amount (expected of April 1, 2019)

Assets		Liabilities	
Item	Book value	Item	Book value
Non-current Assets	808,000 million yen	Interest-bearing liabilities (*)	599,200 million yen
Current Assets	381,000 million yen	Other financial liabilities	16,000 million yen
Total	1,189,032 million yen	Total	615,200 million yen

*Interest-bearing liabilities commensurable with succeeded assets (excluding general mortgage bonds) are to be succeeded to JERA.

Note: The amount described is that expected of April 1, 2019. There might be changes in the amount of each item actually succeeded.

6. Chubu Electric Power's status after the absorption-type split (April 1, 2019 (scheduled))

	Company spinning off business
(1) Corporate Name	Chubu Electric Power Co., Inc.
(2) Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
(3) Representative	Satoru Katsuno, President & Director
(4) Business	Electricity business (excluding the Business)
(5) Capital	430,777 million yen
(6) Fiscal year-end	March 31
(7) Net assets	Not finalized at the moment.
(8) Total assets	Not finalized at the moment.

7. Succeeding company's status after the absorption-type split (April 1, 2019 (scheduled))

	Company succeeding business
(1) Corporate Name	JERA Co., Inc.
(2) Headquarters	2-7-1 Nihonbashi, Chuo-ku, Tokyo
(3) Representative	Yuji Kakimi, President & Director
(4) Business	Fuel businesses, Domestic power generation businesses, and others
(5) Capital	5 billion yen
(6) Fiscal year-end	March 31
(7) Net assets	Not finalized at the moment.
(8) Total assets	Not finalized at the moment.

8. Overview of accounting method

As per “Accounting Standards Pertaining to Business Combination” and “Guideline for Application of Accounting Standards Pertaining to Business Combination and Accounting Standards Pertaining to Business Divestitures,” the absorption-type split will be processed as a formation of jointly controlled enterprises.

9. Future outlook

In conjunction with the absorption-type split, a roughly 30,000,000,000-yen gain is expected from change in equity (extraordinary gain) in the consolidated result of the fiscal year ending March 31, 2020, but that there could be changes resulting from various future factors.

(Reference) Expectation for consolidated results of the current year (to be announced January 31, 2018) and consolidated results from previous fiscal year

(million yen)

	Operating Revenues (consolidated)	Operating Income (consolidated)	Ordinary Income (consolidated)	Net income attributable to owners of parent
Expectation for consolidated results of the current year (Fiscal Year ended March 31, 2018)	2,780,000	120,000	110,000	75,000
consolidated results from previous fiscal year (Fiscal Year ended March 31, 2017)	2,603,537	136,443	121,483	114,665

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