

Overview of the Operating Objectives for FY2010

- Chubu Electric Power Group: Focused on Energy, Meeting a Range of Customer Needs -

Reference 1

[Enterprise Group Image Goals]

As a multi-energy services group based in the Chubu region, we will deliver new value to our customers, with energy as the core, will endeavor to protect the global environment in all areas of our business activities and will achieve sustainable growth for the entire Group.

[Management Objectives]

1. Sales Target

○ Sales target for electric power:

Residential sector: Increase the number of **all-electric homes** to **over 600,000**

Commercial/industrial sector: **Create 800 MW of demand** by promoting the use of electricity for **kitchens, air conditioning** and so on

○ Sales target for gas, LNG, and on-site energy business: 45 billion yen in combined sales for the three businesses

2 Basic Policy on Allocation of Operating Cash Flow

<Cash Flow Allocation Policy>

We will prioritize the allocation of cash flow to **an investment essential to a stable supply of electric power and payment of steady dividends to our shareholders.**

We shall also endeavor to allocate cash flow to **strategic investment** (in projects that will improve and strengthen our businesses, facilities and other assets and ensure future growth), and to **enhance our financial soundness**, etc., always giving full consideration to the nature and balance of investments.

○ Strategic investment

In addition to increasing investments that will further strengthen our electric power business, we will also expand our investments in the areas of **overseas energy businesses and gas, LNG, and on-site energy services businesses.** We will also make investments to foster and develop services that are highly compatible with our electric power business and businesses that can be expected to increase profits.

[Four Pillars of Management and Specific Efforts]

1. Sales Efforts Geared Toward Customer Satisfaction

We aim to support comfortable lifestyles and the development of industry and to contribute to the protection of the global environment by providing all types of energy services as required by our customers. We will respond to the needs of society and our customers by promoting the more widespread use of **heat pumps**, in particular the **EcoCute**, a renewable energy technology.

○ Provision of new lifestyle choices to household customers

• We will continue to promote **all-electric homes** to achieve our sales target. (**More than 520,000** by the end of February 2010)

• **Suggestions for new lifestyles** featuring solar power, electric vehicles and other initiatives – A new era of electric living (the e-lifestyle information center **Design Room**, and the lifestyle ideas website and magazine **Heart Bridge**)

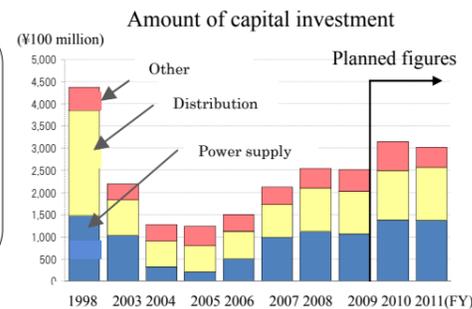
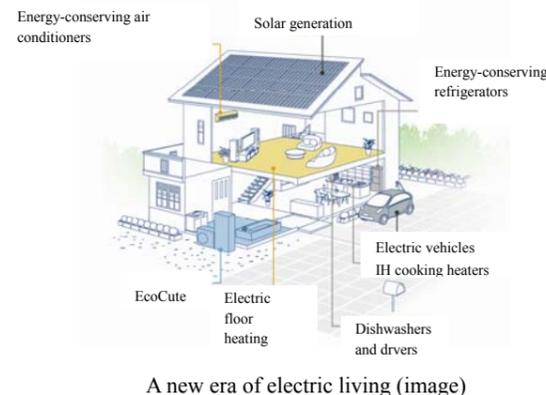
○ Provision of solutions for business customers

The Chubu Electric Group will work as one to provide total solutions for the diverse needs of its customers, with an optimal combination of gas and on-site energy businesses in addition to electric power supply.

• We will offer ideas such as **E-Air Conditioning** (electric A/C systems), **E-Kitchens** (electric kitchen systems), **E-Water Heaters** (electric hot water systems) and **E-Factory** (electrified production process systems) as ways to cut costs and reduce environmental burdens.

• We will push ahead with efforts to achieve sales targets (**620,000 kW to be sold by the end of February 2010**)

• We will engage in **gas sales** using Chubu-owned pipelines, **LNG sales** by tanker trucks through LNG Chubu Corporation and **on-site energy service sales** through C Energy Co., Inc., taking advantage of integrated management by our Gas Sales & Service Department so that we can work together to provide **one-stop service for diverse customer needs.**



(Note 1) Figures for FY2009 are estimated results; figures for FY2010 and FY2011 are planned figures

(Note 2) Capital investment in the graph includes figures for "investment essential to a stable supply of electric power" and "part of strategic investments"

2. Stable Generation and Reliable Supply of Affordable, High-Quality Energy

We are endeavoring to design and operate facilities systematically and efficiently, for example building a balance of electric power facilities while ensuring **supply stability, protecting the global environment** and taking account of **efficiency.** **With safety as the highest priority, we are steadily pursuing nuclear power,** which is especially positive in terms of supply stability and global environmental protection.

○ Efforts to ensure reliable energy supply into the future

• Actively working with nuclear power

Hamaoka Nuclear Power Station Replacement Plan

Initiative to establish nuclear fuel cycle by **implementing pluthermal energy**

(from FY2010 in Hamaoka reactor No. 4)

• Achievement of increased efficiency and stability and reduced environmental impact in using fossil fuels

Active implementation of **high-efficiency thermal power station** (development of Joetsu Thermal Power Station)

Enhancing efficiency in fuel procurement and operation (construction of gas pipeline across Ise Bay, increase in number of LNG tanks, etc.)

• Construction of excellent distribution facilities and initiatives to next-generation power transmission and distribution network (smart grid)

• Application of measures in facilities for increased earthquake safety margin

○ Increased efficiency in facility operation and maintenance and procurement

• More efficient facility operation and maintenance, more efficient material and funding procurement

Construction of Joetsu Thermal Power Station (As of December 2009)



3 Fulfilling our Corporate Social Responsibility (CSR) Through Protecting the Global Environment and Other

Means

In addition to managing our business in compliance with the law, we are further enhancing the protection of the global environment and relationships of trust with our customers in the community. In particular, our initiatives to protect the global environment include **increasing our percentage of non-fossil fuel energy** (including nuclear and renewable energy), responding to the environmental needs of our customers and society, and **contributing to the spread of renewable energies and energy-conserving technologies.**



Image of Mega Solar Iida

○ Promoting business activities that help protect the global environment

• Cutting of CO₂ emissions intensities

(Reduce five-year average CO₂ emissions intensity for FY2008-2012 by 20% over that of FY1990)

• Promoting renewable energy

Develop **mega-solar power stations** (Mega Solar Taketoyo, Mega Solar Iida)

Implement **biomass power generation** (Co-incineration of wood chips at Hekinan Thermal Power Station)

Develop **wind power stations** (Omaezaki Wind Power Station)

• Support for more widespread use of electric vehicles

Introduce approximately 1,500 vehicles for work fleet by the end of FY2020

Cooperate with local governments: "Aichi EV/PHV Network," etc.

○ CSR in the Chubu Electric Group

• Select CSR issues and conduct improvement initiatives under direction of CSR conference



Omaezaki Wind Power Station (Phase 1)

4 Strengthening our Business Foundation to Enhance Corporate Value

We will endeavor to strengthen our business foundation through the **strategic use of management resources,**

securing and fostering of superior human resources, promotion of technical R&D, etc., and we will meet stakeholder expectations **by enhancing our corporate value.**

○ Proactive development of overseas energy businesses

• **Target of investment of ¥100 billion** for business development by FY2015

○ Promoting Group business management

• Promotion of business management of the Group as a whole (reorganization of Group companies, enhancement of business management)

○ Securing and fostering superior human resources and building an organizational environment

• Fostering and deployment of human resources to increase our capacity everywhere we work, promotion of opportunities for female personnel

○ Promoting technical R&D

• R&D of new technologies—such as technology to supply energy stably and at a reasonable cost and technology related to highly efficient and convenient energy usage—to support our core business

• R&D of technology useful for protecting the global environment to achieve a low-carbon society



Goreway Power Plant Project (Canada)