

# 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, 2013", which was filed with stock exchanges (Tokyo, Osaka, 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 29, 2013)

Stock Code: 9502

Quarterly Financial Report for the Six Months Period Ended September 30, 2013

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

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(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, 2013 (Consolidated) (April 1, 2013 - September 30, 2013)

### (1) Consolidated Operating Results

	1H FY13	YoY	1H FY12	YoY
Operating Revenues (million yen)	1,367,435	2.3%	1,336,102	15.3%
Operating Income (million yen)	(11965)	-	16,945	107.0
Ordinary Loss (million yen)	(27,026)	-	(217)	-
Net Loss (million yen)	(16,773)	-	(738)	-
Net Loss per Share (Primary; yen)	(22.14)		(0.97)	

(Note) Comprehensive income (2Q FY 2013: 4,937 million yen (YoY: - %), 2Q FY 2012: -4,881 million yen (YoY: - %))

### (2) Consolidated Financial Standing

	Sep. 2013	Mar. 2013
Total Assets (million yen)	5,807,059	5,882,775
Net Assets (million yen)	1,475,696	1,491,105
Shareholders' Equity Ratio (%)	24.8	24.7

(Reference) Shareholders' Equity (September 2013: 1,438,285 million yen, March 2013: 1,453,782 million yen)

## 2. Dividends

	FY 2013	FY 2012	FY 2013 (Forecast)
End of 1st quarter per share (Yen)	-	-	n/a
End of 2nd quarter per share (Yen)	0.00	25.00	n/a
End of 3rd quarter per share (Yen)	n/a	-	-
End of the fiscal year per share (Yen)	n/a	25.00	0.00
Annual Dividends per Share (Yen)	n/a	50.00	0.00

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

## 3. Forecasts of Consolidated Results for the Fiscal Year Ending March 31, 2014(approximate estimate)

	FY 2013	YoY
Operating Revenue (million yen)	2,750,000	3.8%
Operating Income (million yen)	(65,000)	-
Ordinary Income (million yen)	(100,000)	-
Net Income (million yen)	(65,000)	-
Net Income per Share (Primary; yen)	(85.79)	

(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: None

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, FY2013: 758,000,000      Year end, FY2012: 758,000,000

ii) Number of treasury stocks at the end of period

2nd quarter, FY2013: 353,124      Year end, FY2012: 328,238

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

2nd quarter, FY2013: 757,658,788      2nd quarter, FY2012: 757,699,460

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

1. The forecasts for the year ending March 31, 2014 have been revised from the previous announcement made in September 17, 2013.
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, 2014  
(approximate estimates)

	FY 2013	YoY
Operating Revenue (million yen)	2,570,000	3.4%
Operating Loss (million yen)	(80,000)	-
Ordinary Loss (million yen)	(110,000)	-
Net Loss (million yen)	(70,000)	-
Net Loss per Share (Primary; yen)	(92.38)	

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

# The Attached Document

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# 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	4,804,281	4,820,230
Electric utility plant and equipment	3,336,085	3,320,195
Hydroelectric power production facilities	249,486	252,279
Thermal power production facilities	690,206	644,288
Nuclear power production facilities	236,150	240,699
Transmission facilities	834,681	854,292
Transformation facilities	413,326	411,921
Distribution facilities	785,258	787,850
General facilities	119,391	120,851
Other electric utility plant and equipment	7,582	8,012
Other noncurrent assets	189,807	190,977
Construction in progress	277,523	318,542
Construction and retirement in progress	277,523	318,542
Nuclear fuel	255,717	253,641
Loaded nuclear fuel	40,040	40,040
Nuclear fuel in processing	215,677	213,601
Investments and other assets	745,146	736,873
Long-term investments	201,516	193,587
Reserve fund for reprocessing of irradiated nuclear fuel	208,054	216,824
Deferred tax assets	235,265	235,899
Other	102,115	92,392
Allowance for doubtful accounts	(1,805)	(1,830)
Current assets	1,002,777	1,062,544
Cash and deposits	111,135	117,229
Trade Notes and accounts receivable	217,941	199,729
Short-term investments	439,272	515,042
Inventories	132,305	132,893
Deferred tax assets	28,231	25,422
Other	75,747	73,955
Allowance for doubtful accounts	(1,856)	(1,727)
<b>Total assets</b>	<b>5,807,059</b>	<b>5,882,775</b>
<b>Liabilities and net assets</b>		
Noncurrent liabilities	3,465,769	3,434,724
Bonds payable	758,582	848,571
Long-term loans payable	1,969,125	1,832,158
Provision for retirement benefits	190,325	192,481
Provision for reprocessing of irradiated nuclear fuel	229,290	235,222
Provision for preparation of the reprocessing of irradiated nuclear fuel	15,108	14,812
Provision for loss in conjunction with discontinued operations of nuclear power plants	30,155	31,125
Asset retirement obligations	221,811	221,288
Other	51,369	59,064
Current liabilities	862,875	946,296
Current portion of noncurrent liabilities	206,845	242,699
Short-term loans payable	343,593	340,213
Trade Notes and accounts payable	132,891	162,792
Accrued taxes	26,786	30,886
Other	152,758	169,705
Reserves under the special laws	2,718	10,648
Reserve for fluctuation in water levels	2,718	10,648
<b>Total liabilities</b>	<b>4,331,363</b>	<b>4,391,669</b>
Shareholders' equity	1,404,484	1,440,235
Capital stock	430,777	430,777
Capital surplus	70,777	70,777
Retained earnings	903,478	939,196
Treasury stock	(548)	(514)
Accumulated other comprehensive income	33,800	13,546
Valuation difference on available-for-sale securities	25,237	19,526
Deferred gains or losses on hedges	(4,196)	(8,818)
Foreign currency translation adjustment	12,760	2,839
Minority interests	37,410	37,322
<b>Total net assets</b>	<b>1,475,696</b>	<b>1,491,105</b>
<b>Total liabilities and net assets</b>	<b>5,807,059</b>	<b>5,882,775</b>

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, 2013	Six-months ended Sep 30, 2012
Operating revenue	1,367,435	1,336,102
Electric utility operating revenue	1,246,955	1,236,364
Other business operating revenue	120,479	99,738
Operating expenses	1,379,400	1,319,156
Electric utility operating expenses	1,260,937	1,221,670
Other business operating expenses	118,463	97,486
Operating income (loss)	(11,965)	16,945
Non-operating income	9,167	6,100
Dividends income	913	976
Interest income	2,467	2,298
Equity in earnings of affiliates	233	-
Other	5,553	2,825
Non-operating expenses	24,228	23,263
Interest expenses	21,055	19,798
Equity in losses of affiliates	-	162
Other	3,173	3,302
Ordinary revenue	1,376,603	1,342,203
Ordinary expenses	1,403,629	1,342,420
Ordinary loss	(27,026)	(217)
Provision or reversal of reserve for fluctuation in water levels	(7,930)	(2,945)
Reversal of reserve for fluctuation in water levels	(7,930)	(2,945)
Extraordinary income	-	7,133
Reversal of provision for loss in conjunction with discontinued operations of nucleae power plant:	-	7,133
Income (loss) before income taxes and minority interests	(19,096)	9,861
Income taxes-current	2,619	2,859
Income taxes-deferred	(5,699)	7,858
Income taxes	(3,080)	10,718
Income (loss) before minority interests	(16,016)	(856)
Minority interests in income (loss)	757	(118)
Net income (loss)	(16,773)	(738)

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

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six-months ended Sep 30, 2013	Six-months ended Sep 30, 2012
Loss before minority interests	(16,016)	(856)
Other comprehensive income		
Valuation difference on available-for-sale securities	6,338	(742)
Deferred gains or losses on hedges	1,793	(2,302)
Foreign currency translation adjustment	4,551	(58)
Share of other comprehensive income of associates accounted for using equity method	8,270	(920)
Total other comprehensive income	20,953	(4,024)
Comprehensive income	4,937	(4,881)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,480	(4,604)
Comprehensive income attributable to minority interests	1,457	(276)

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, 2013	Six-months ended Sep 30, 2012
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(19,096)	9,861
Depreciation	134,584	134,791
Loss on retirement of noncurrent assets	3,355	4,207
Decrease in provision for retirement benefits	(2,158)	(7,769)
Decrease in provision for reprocessing of irradiated nuclear fuel	(5,931)	(6,738)
Increase in provision for other reprocessing of irradiated nuclear fuel	296	284
Decrease in provision for loss in conjunction with discontinued operations of nuclear power plants	(970)	(7,696)
Decrease in reserve for fluctuation in water levels	(7,930)	(2,945)
Interest and dividends income	(3,381)	(3,275)
Interest expenses	21,055	19,798
Increase in reserve fund for reprocessing of irradiated nuclear fuel	8,770	9,215
Decrease in notes and accounts receivable-trade	(18,211)	(26,009)
Decrease (increase) in inventories	587	(32,895)
Decrease in notes and accounts payable-trade	(29,899)	(8,518)
Other	(9,418)	7,758
Subtotal	71,652	90,069
Interest and dividends income received	3,947	4,393
Interest expenses paid	(20,925)	(19,418)
Income taxes paid	(2,162)	(4,998)
Net cash provided by (used in) operating activities	52,511	70,046
Net cash provided by (used in) investing activities		
Purchase of noncurrent assets	(133,463)	(166,487)
Payments of investment and loans receivable	(148,366)	(45,436)
Collection of investment and loans receivable	150,725	38,086
Other	3,400	(502)
Net cash provided by (used in) investing activities	(127,703)	(174,339)
Net cash provided by (used in) financing activities		
Proceeds from issuance of bonds	19,933	19,950
Redemption of bonds	(146,000)	(50,000)
Proceeds from long-term loans payable	171,047	314,200
Repayment of long-term loans payable	(31,855)	(35,864)
Increase in short-term loans payable	188,643	185,450
Decrease in short-term loans payable	(185,019)	(182,928)
Purchase of treasury stock	(35)	(21)
Cash dividends paid	(18,918)	(22,683)
Cash dividends paid to minority shareholders	(255)	(267)
Other	(2,588)	(1,494)
Net cash provided by (used in) financing activities	(5,048)	226,340
Effect of exchange rate change on cash and cash equivalents	606	6
Net increase (decrease) in cash and cash equivalents	(79,635)	122,054
Cash and cash equivalents at beginning of this period	621,937	473,162
Cash and cash equivalents at end of this period	542,301	595,216

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

## II. 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, 2013, 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, 2014 (on October 29, 2013).

Following statement underwent a revision in the operating results for the 1st quarter of FY 2013, followed by an additional revision in the operating results for the six-month period ended September 30, 2013.

(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, 2013.)

(2) Risks associated with Chubu Electric Group business activities

<1> Suspension of electricity generating facilities

Since the suspension of operations of all reactors at the Hamaoka Nuclear Power Station, the Company has independently focused on countermeasures against possible tsunami and serious accidents. Furthermore, the Company exerts its utmost efforts to implement additional measures, etc. against tornadoes, fires and severe accidents, not to mention earthquakes, in accordance with the regulatory standards enforced in July 2013 (hereinafter, “New Regulatory Standards”), for Unit 4 and Unit 3 with the target completion date at the end of September 2015 and the end of September 2016, respectively. Necessary measures are also being considered for Unit 5. In addition, the Company is taking further steps to enhance disaster prevention measures by reinforcing disaster prevention systems, the improvement of disaster prevention materials and machinery, and cooperation with the Japanese government

and the municipalities of the location of the power station.

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

The Company has independently focused on the countermeasures against tsunami and severe accidents at the Hamaoka Nuclear Power Station. In accordance with the New Regulatory Standards which was introduced by the Nuclear Regulation Authority and went into effect in July 2013, the Company compiled “Additional Safety Measures in Accordance with New Regulatory Standards” for the Hamaoka Nuclear Power Station Unit 3 and Unit 4 on September 25, 2013, announcing that the completion of the work for each Unit was scheduled for the end of September 2016 and the end of September 2015, respectively, and that the Company will continue to consider possible measures for the Unit 5. On October 29, 2013, the Company filed a petition to the Minister of Economy, Trade and Industry for increase of electricity rates effective April 1, 2014.

Please note that the matters concerning forecasts for the future performance were judged as of the date of the announcement (October 29, 2013) of the operating results for the second quarter of the fiscal year ended March 31, 2013.

## (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 as seen in the prolonged suspension of

operation of nuclear power plants across the country. Further, the EPCOs are required to meet the New Regulatory Standards which were introduced by the Nuclear Regulation Authority and went into effect in July 2013, and implement reforms of the electric power systems.

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, with respect to “Measures to further enhance the safety of the Hamaoka Nuclear Power Station,” the Company has voluntarily continued to focus on the countermeasures against severe accidents such as possible disaster due to tsunamis, and the installation of filter vent equipment.

Furthermore, seeking to conform to the New Regulatory Standards, the Company has determined to implement additional measures such as reinforcement of functions of water injection and power supply, etc. as countermeasures against earthquakes, tornadoes, fires and other severe accidents for the Hamaoka Nuclear Power Station Unit 3 and Unit 4. Work to introduce these additional measures is scheduled to be completed at the end of September 2015 in the case of Unit 4 and at the end of September 2016 in the case of Unit 3. The Company will continue to study necessary measures for Unit 5.

In addition, the Company will further enhance disaster prevention measures.

Secondly, as to “Measures for stable power supply,” the Company will continue to extend the interval periods between regular inspections of power-generation facilities, shorten the process of such inspections, and additional fuel procurement. At the same time, the Company will

steadily start the commercial operations of all the Units at the Joetsu Thermal Power Station. Furthermore, with the aim of raising stability, economic efficiency and flexibility in terms of fuel procurement, the improvement of LNG-related facilities and diversification of procurement channels of LNG is pursued.

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, as to “Efforts toward promotion of management efficiency.” the Company has exerted its utmost efforts to keep the current electric tariffs for the longest period possible by implementing radical cost-cutting measures without exceptions through improvement of management efficiency. This reflects our forecast that tough revenue and expense balance will continue due to a significant increase in fuel cost for thermal power generation as an alternative for the nuclear power generation.

Specifically, fuel costs have been reduced by improving the general thermal efficiency through introduction of high efficiency combined cycle power generation and the efficient operation of thermal power plants. Also, the rationalization in the inspection and maintenance methods across all supply facilities, and higher efficiency in the operation and maintenance of facilities have been pursued. Additionally, the Company is working to trim the procurement cost and improve efficiency in the business operations.

However, our FY2013 earnings forecast suggests that, even after considering our cost-cutting efforts and twice revising our outlook upward, but it appears that significant ordinary loss will be inevitable.

Additionally, since we do not expect Hamaoka Nuclear Power Station to resume operation in FY2014, Chubu Electric Power will necessarily face a loss in that year as well, in spite of our utmost efforts, which include lowering wages.

Given these circumstances, we regret to say that in order to continue our most important mission of providing a safe and stable supply of electric power, we have applied to increase electricity rates for customers in the regulated sector by an average of 4.95% starting April, 2014. For customers in the deregulated sector, we are seeking electricity rate increases averaging 8.44% from the same date.

All of us at Chubu Electric Power will keep striving for further efficiency, with no areas exempt from these efforts. We regret the inconvenience to our customers and ask for their continued understanding.

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. The Chubu Electric Power Company Group will continue to act positively in order to implement a stable provision of power and diverse service to customers.

Through these efforts and measures, the Chubu Electric Power Company Group will fulfill its mission as electric power company by mobilizing all available resources, and 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.