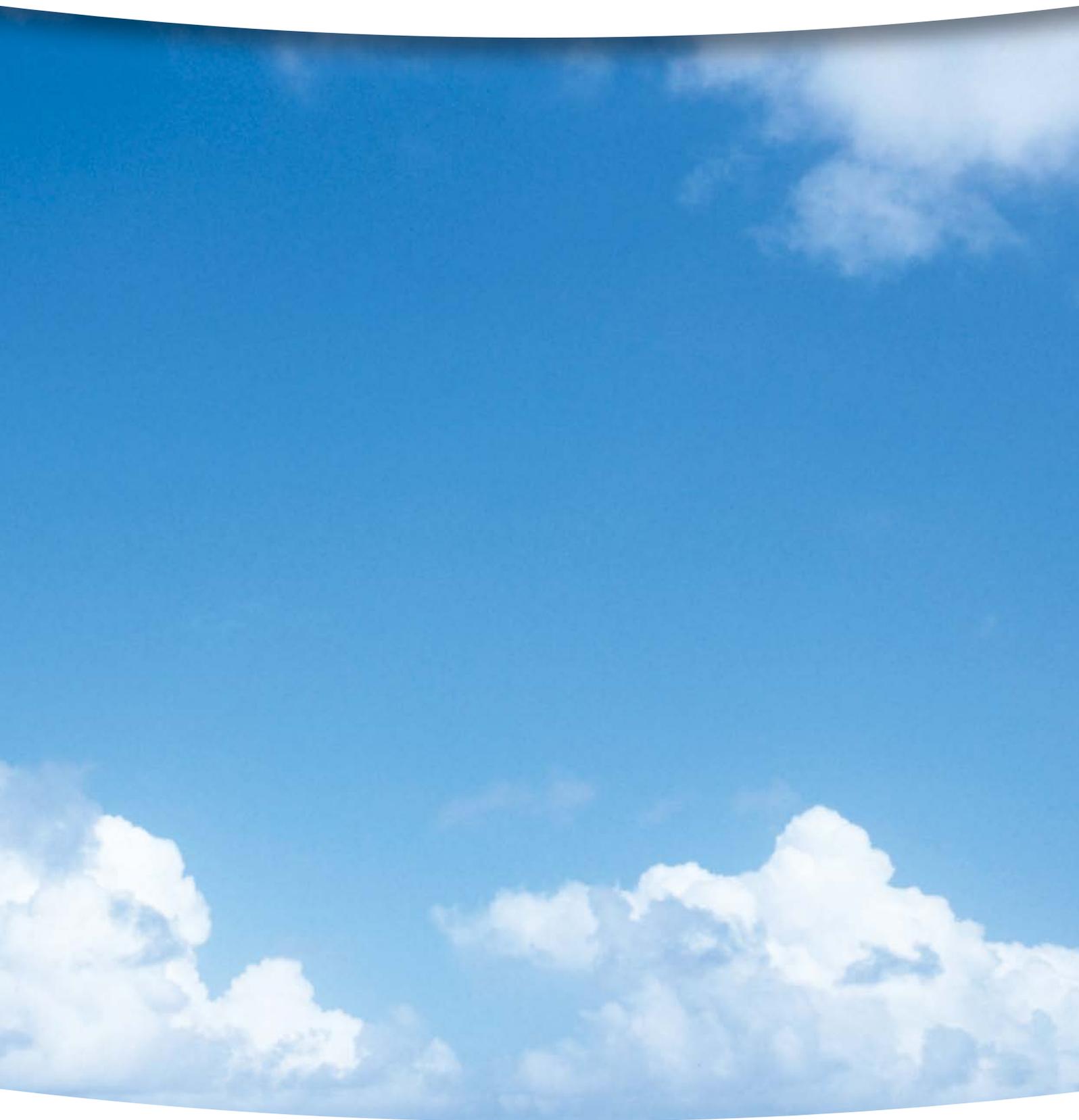




Chubu Electric Power Company Group
Annual Report 2013



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 unchanging 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.



Editorial Policy

In order to help all our stakeholders understand the entire scope of our business activities, the Chubu Electric Power Group has comprehensively integrated its financial report (outlines of annual results and evaluations of performance by the management team and so on) and its non-financial report (specific business initiatives and CSR activities and so on).

The Feature Article section of the report provides coverage of the three priority targets we are taking, and focuses on content that is not only vital from the perspective of the Company but also of great interest to stakeholders. The non-financial report section is arranged in line with the core issues stated in ISO 26000 (guidance on social responsibility) and presents the goals and performance of our CSR activities, the specific content of activities, useful indicators and much more.

Date of Publication

July 2013 (Next report: scheduled in July 2014; previous report: August 2012)

Non-financial Information

- Scope of this report
 - Organization
Chubu Electric Power Co., Inc. and Group Companies
 - Period
Fiscal year 2012 (April 2012 through March 2013)
(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 (3.1 Version)
 - Ministry of the Environment, Environmental Reporting Guidelines (2012 Version)
 - ISO 26000

Related Information

At the end of some reports, the number of pages that include details and related information are indicated.
(P. 00)

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.

CONTENTS

Chubu Electric Power Company Group Annual Report 2013

| | |
|---|---|
| Chubu Electric Power Group Corporate Philosophy | 1 |
| Contents, Editorial Policy | 2 |
| Chubu Electric Power Group's Business Foundation | 3 |
| Financial/Operating and Other Statistics Highlights | 4 |
| Message from the Chairman and President | 5 |

Feature Article

| | |
|---|----|
| Measures to Improve the Safety of the Hamaoka Nuclear Power Station | 7 |
| Measures to Ensure Business Continuity in the Event of a Large Disaster | 13 |
| Measures to Ensure a Stable Supply of Electricity | 17 |
| Measures to Improve Management Efficiency | 21 |

| | |
|----------------------------|----|
| Basic Ideas on Investments | 25 |
|----------------------------|----|

Specific Management Policies

| | |
|---|----|
| Chubu Electric Power Group Management Vision 2030—“What We Aim For” | 26 |
| More Reliable, Economical and Flexible Fuel Procurement | 27 |
| Becoming “the Top Corporate Group in Energy Services” | 29 |
| Overseas Energy Projects | 31 |
| Major Activities in Fiscal 2012 and Goals and Plans for 2013 | 33 |

CSR

| | |
|---|----|
| Corporate Governance | 35 |
| Respect for Human Rights and Work Environment | 43 |
| Commitment to Environmental Conservation | 47 |
| Ensuring Compliance Management | 57 |
| Aiming to Be Customer-friendly | 60 |
| Interacting with Local Communities | 64 |
| Third-Party Review | 69 |
| CSR Performance Indicators | 70 |

Financial Statistics

| | |
|--|-----|
| Summary of Financial Results FY 2012 | 72 |
| Five-Year Operating and Financial Statistics | 73 |
| Management Discussion and Analysis of Results | 75 |
| Consolidated Balance Sheets | 79 |
| Consolidated Statements of Operations | 81 |
| Consolidated Statements of Comprehensive Income | 82 |
| Consolidated Statements of Changes in Net Assets | 83 |
| Consolidated Statements of Cash Flows | 84 |
| Notes to Consolidated Financial Statements | 85 |
| Nonconsolidated Balance Sheets | 101 |
| Nonconsolidated Statements of Operations | 103 |
| Independent Auditor's Report | 104 |

| | |
|----------------|-----|
| Corporate Data | 105 |
|----------------|-----|

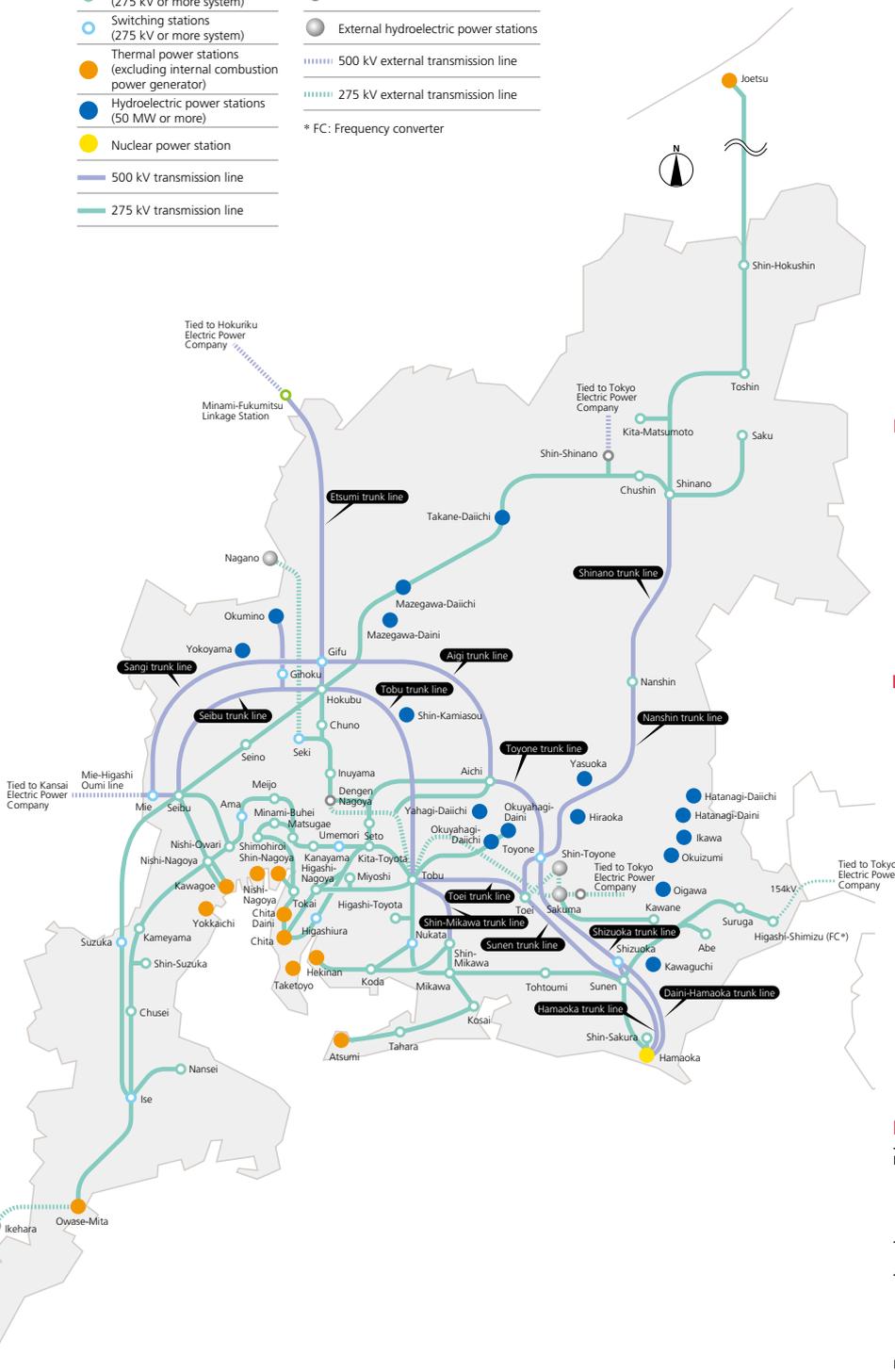
Chubu Electric Power Group's Business Foundation

Chubu Electric Power Co., Inc. is Japan's third-largest electric power company in power generation capacity, electric energy sold, operating revenues, and total assets.

Chubu Electric Power serves an area of nearly 39,000 square kilometers in five prefectures of central Japan (Chubu, in Japanese), home to some 16 million people. The Chubu region is known as one of Japan's leading manufacturing regions, and many world-class Japanese industries, including manufacturers of automobiles, machine tools, electric components, aircraft, and new materials, are centered here.

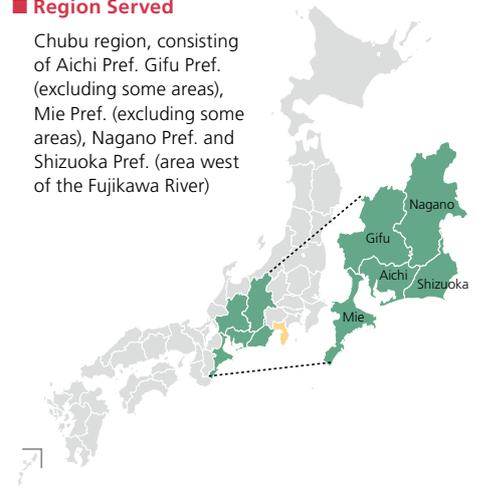
Schematic Diagram of Chubu Electric Power System

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



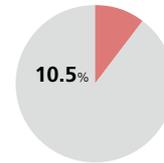
Region Served

Chubu region, consisting of Aichi Pref., Gifu Pref. (excluding some areas), Mie Pref. (excluding some areas), Nagano Pref. and Shizuoka Pref. (area west of the Fujikawa River)



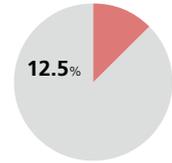
Area Served approx.

39,000 km²



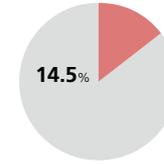
Population Served approx.

16 million people



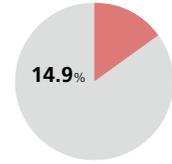
GDP (Real) (FY 2010) approx.

¥75 trillion



Electric Energy Sold (FY 2012)

126.6 TWh



* Source: Annual Reports on Prefectural Accounts/Japan, Cabinet Office
* Chubu Region: Aichi Pref., Gifu Pref., Mie Pref., Shizuoka Pref. and Nagano Pref.

* Share among 10 electric power companies

Summary of Facilities (as of March 31, 2013)

| Facility Type | Sub-type | Capacity / Quantity | Locations |
|-----------------------------|--------------------------|---------------------|---------------|
| Power generation facilities | Thermal | 25,159 MW | 12 locations |
| | Hydroelectric | 5,225 MW | 183 locations |
| | Nuclear | 3,617 MW | 1 location |
| | Renewable energy | 31 MW | 3 locations |
| | Total | 34,032 MW | 199 locations |
| Transmission facilities | Transmission line | 12,258 km | |
| | Route length | | |
| Transformation facilities | Number of substations | 940 locations | |
| | Capacity | 123.818 million kVA | |
| | Linkage station | 1 location | |
| | Capacity | 300 MW | |
| Distribution facilities | Distribution line length | 131,978 km | |
| | | | |

* Frequency conversion facilities listed separately

Financial/Operating and Other Statistics Highlights

(Consolidated, the company's fiscal year (FY) is from April 1 to March 31 of the following year in this report.)

Financial Statistics

| | Millions of yen | | | | |
|--|-----------------|-----------|-----------|-----------|-----------|
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
| For the Year | | | | | |
| Operating Revenues | 2,509,982 | 2,238,551 | 2,330,891 | 2,449,283 | 2,648,994 |
| Operating Income (Loss) | 182,234 | 200,032 | 174,237 | (37,667) | (14,483) |
| Ordinary Income (Loss) | 130,505 | 178,543 | 146,274 | (67,857) | (43,542) |
| Net Income (Loss) | (18,968) | 108,558 | 84,598 | (92,195) | (32,161) |
| Depreciation | 312,464 | 297,517 | 284,046 | 289,451 | 276,544 |
| Capital Investments | 277,707 | 272,106 | 276,713 | 280,581 | 332,506 |
| At Year-End | | | | | |
| Total Assets | 5,470,128 | 5,299,976 | 5,331,966 | 5,647,169 | 5,882,775 |
| Shareholders' Equity*1 | 1,616,654 | 1,637,601 | 1,660,130 | 1,511,259 | 1,453,782 |
| Outstanding Interest-Bearing Debt | 2,789,038 | 2,539,551 | 2,495,125 | 2,965,876 | 3,260,525 |
| Per Share of Common Stock (Yen) | | | | | |
| Net Income (Loss)—Basic | (24.37) | 140.47 | 110.97 | (121.67) | (42.45) |
| Net Assets | 2,076.93 | 2,146.82 | 2,190.89 | 1,994.51 | 1,918.75 |
| Cash Dividends | 60 | 60 | 60 | 60 | 50 |
| Financial Indicators | | | | | |
| ROA*2(%) | 3.7 | 4.0 | 3.4 | (0.6) | (0.0) |
| ROE (%) | (1.1) | 6.7 | 5.1 | (5.8) | (2.2) |
| Cash Flow Data | | | | | |
| Cash Flows from Operating Activities | 358,880 | 539,105 | 449,755 | 176,844 | 227,613 |
| Cash Flows from Investing Activities | (215,134) | (242,394) | (336,055) | (247,073) | (330,603) |
| Cash Flows from Financing Activities | (90,237) | (333,496) | (105,088) | 422,007 | 249,560 |

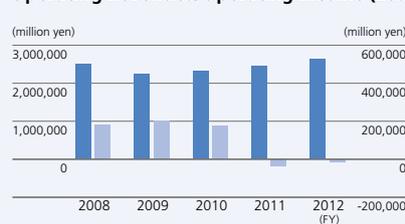
*1. Shareholders' Equity = Total Net Assets – Minority interests

*2. ROA (Return on Assets) = Operating income (Ordinary income + Interest) / Average of total assets at beginning and end of fiscal year

Operating and Other Statistics

| | GWh | | | | |
|--------------------------------|---------|---------|---------|---------|---------|
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
| Electric Energy Sold | | | | | |
| Customers Under Regulation | | | | | |
| Electric Lighting | 35,336 | 35,029 | 37,256 | 35,872 | 35,492 |
| Electric Power | 6,747 | 6,419 | 6,695 | 6,359 | 6,124 |
| Customers Under Liberalization | 87,651 | 81,401 | 86,960 | 85,666 | 84,936 |
| Total Electric Energy Sold | 129,734 | 122,849 | 130,911 | 127,897 | 126,552 |

Operating Revenues/Operating Income (Loss)



Shareholders' Equity/Shareholders' Equity Ratio



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



ROE/ROA



We will sincerely listen to our customers and local residents in order to continue to earn their trust and meet their expectations



Toshio Mita

Toshio Mita
Chairman of the Board of Directors

Akihisa Mizuno

Akihisa Mizuno
President & Director

Since the accident at Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Station, the environment surrounding the power industry has changed substantially. Under these circumstances, Chubu Electric Power is continuing to face severe difficulties in its business, including a decrease in power supply capability and worsened operating results due to an increase in fuel costs caused by the shutdown of the Hamaoka Nuclear Power Station.

Amidst these great hardships, however, we are implementing measures to achieve the following three priority targets: increase the safety of the Hamaoka Nuclear Power Station; secure a stable supply of energy; and improve management efficiency.

Increasing the safety of the Hamaoka Nuclear Power Station

In order to increase the safety of the Hamaoka Nuclear Power Station, Chubu Electric Power is taking a two-pronged approach. On the one hand, we have been conducting reinforcement work on the power station to increase its safety such as enhancing its resistance against tsunamis. On the other hand, we are also strengthening our disaster control and other related measures in cooperation with the national and local governments. We plan to complete the reinforcement work by the end of fiscal 2014.

We will steadily increase the safety of the power station to promptly comply with the new regulatory standards to be imposed on nuclear power stations this July. At the same time we will make an all-out effort to mitigate the concerns of local residents and society at large by giving detailed explanations about the safety measures we are implementing at the power station.

Securing a stable supply of energy

Despite the occurrence of the disaster in March 2011, we have been striving to supply electricity in a stable manner by implementing all possible measures, including postponing regular inspections to be carried out at our thermal power stations and shortening the duration of these inspections, while receiving support from customers to reduce the consumption of electricity in various ways.

In the summer of 2013 we expect to be able to secure the minimum required reserve margin for the stable supply of electricity, though this supply stability is not a cast-iron certainty in the face of the continued shutdown of the Hamaoka Nuclear Power Station.

By carrying out focused inspections at our power stations and transmission/transformation facilities, we will continue to fulfill our role of providing a stable supply of electricity to the Chubu region, while also delivering electricity to other power companies if they face very tight supply situations.

Improving management efficiency

We have been working to increase the efficiency of all our operations, including the installation and operation of equipment, procurement of materials and daily business operations. Nonetheless, due to a substantial increase in fuel costs caused by the shutdown of the Hamaoka Nuclear Power Station, it appears inevitable that we will record our third consecutive operating loss since fiscal 2011, and thus face a very severe business situation.

To respond to this, in April 2013 we established the "Office for Emergency Measures for Management Efficiency" to boost our management efficiency, and have since been pursuing cost reductions across the company by going beyond conventional steps.

Electricity system reform

In April 2013 the Japanese Cabinet decided to approve the Policy on Electricity System Reform, which will be implemented mainly with a focus on issues such as the full liberalization of the electricity retail business and the neutrality of the power transmission/distribution sector. Based on the policy, specific discussions will be conducted toward the revision of the Electricity Business Act.

Electricity system reform will expand the options available for customers and promote competition among power companies through market mechanisms, but will also pose problems regarding the stable supply of electricity. We therefore believe it is necessary to carry out substantial verifications regarding this reform.

We will continue to supply electricity in a stable manner and deliver a wide range of services through market competition, eventually bringing about a better electricity system for our customers.

CSR management in the Chubu Electric Power Group

In our Corporate Philosophy we state that the Chubu Electric Power Group delivers the energy that is indispensable for people's lives and so contributes to the development of society. We will continue to see this commitment as our core mission as an electricity supplier into the future, regardless of changes being made to the environment surrounding the power industry.

We regard the remarkable transformation of our business framework as an opportunity, and we will work to attain the aforementioned three priority targets and achieve our goals as described in the Chubu Electric Power Group Management Vision 2030.

In implementing these initiatives, it is of the utmost importance that we sincerely listen to our customers and local residents.

Since the occurrence of the disaster, we have invited many people to tour our reinforcement work at the Hamaoka Nuclear Power Station, and they have kindly shared their valuable opinions with us. Many of our departments have also been entering into dialogue with stakeholders. We will incorporate the collected opinions into our measures and business management, thereby making further improvements and firmly meeting the expectations of our customers and local residents.

We hope that this report will help foster communication with our stakeholders, and we welcome our readers' frank opinions and comments as the basis to further improve our CSR activities.

July 2013



Measures to Improve the Safety of the Hamaoka Nuclear Power Station

Chubu Electric Power is taking a two-pronged approach to increase the safety of the Hamaoka Nuclear Power Station. While we have been carrying out reinforcement work on the power station to increase its safety and enhance its resistance to tsunamis, we are also strengthening our disaster control and other related measures in cooperation with the national and local governments.

Chubu Electric Power will continue to make steady efforts to put in place even stronger safety measures at the Hamaoka Nuclear Power Station, while giving local residents and society at large a detailed explanation of these safety measures to mitigate their concerns about the power station.

1-1 Implementation of Countermeasures against Tsunamis

Flooding Prevention Measure 1: Prevention of Flooding on the Station Site

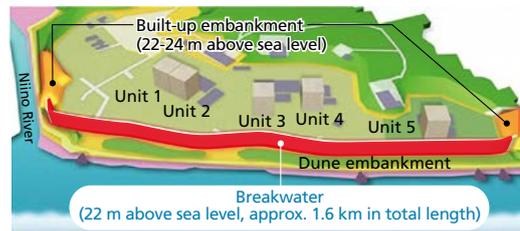
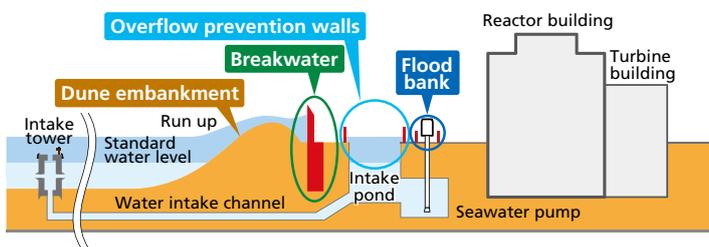


Image of the breakwater and built-up embankments

Breakwater construction and raising of the eastern and western embankments

A breakwater (22 m above sea level in height and about 1.6 km in total length), is under construction, and the embankments will be raised to 22-24 m above sea level at each end.

December 2012: Completed the construction of the breakwater (18 m) and the raising of the embankments at east and west ends (18 to 20 m).

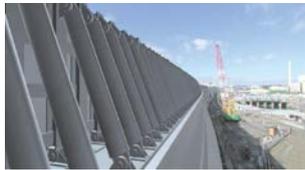
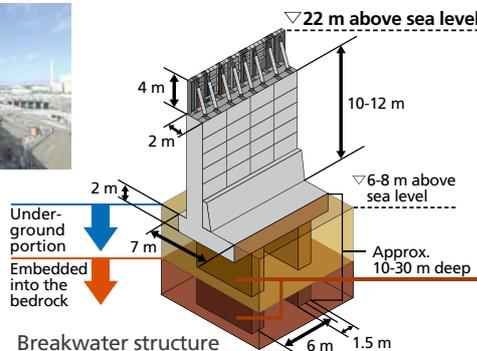


Image of breakwater



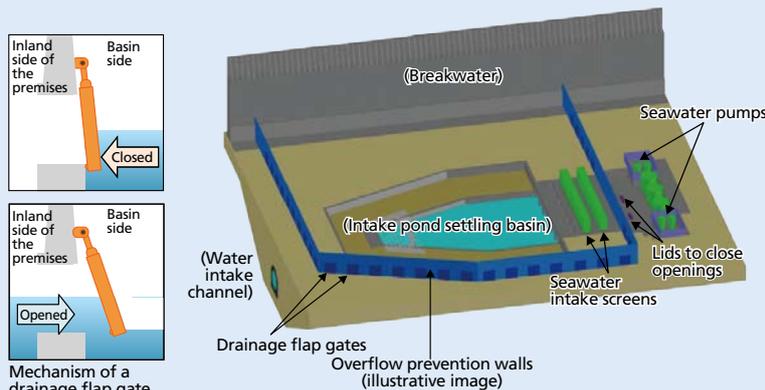
Underground wall

In contrast to conventional seawalls, this new breakwater combines reinforced concrete foundations embedded into the bedrock with an L-shaped wall consisting of structural steel and steel-framed reinforced concrete for high resistance to earthquakes and tsunamis.

TOPICS

Overflow prevention measures for the intake ponds and others

Chubu Electric Power has been studying the measures necessary to comply with the new regulatory standards on nuclear power stations. In April 2013, we announced that we would implement overflow prevention measures for the intake ponds and others, including the installation of overflow prevention walls around the intake ponds, by the end of fiscal 2014.



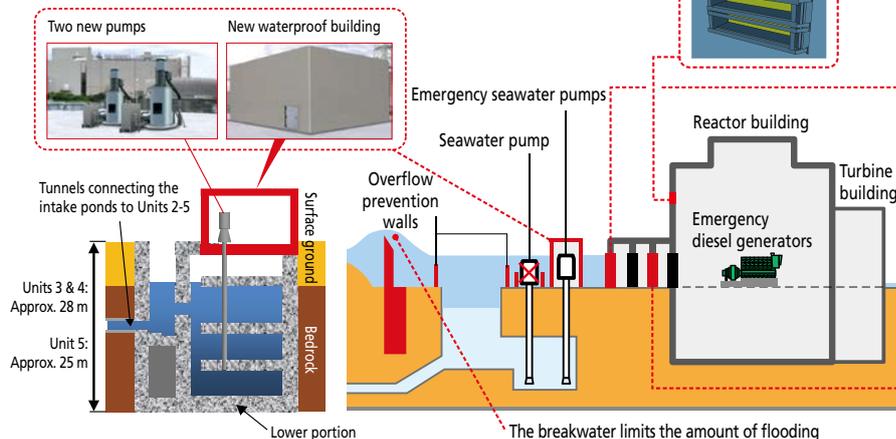
We will place overflow prevention walls around the intake ponds of Units 3 to 5 in order to prevent the overflow of water from the intake ponds in the event of a tsunami. We will also establish drainage flap gates to maintain the drainage function even if a tsunami floods the premises over the breakwater.

Flooding Prevention Measure 2: Prevention of Flooding in Buildings on the Station Site

Installation of emergency seawater intake systems (EWS)

Waterproof buildings equipped with underground water tanks will be constructed and fitted with seawater pumps in preparation for cases in which outdoor seawater pumps no longer function as expected.

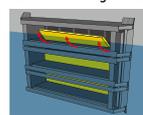
April 2013: Completed the pilot operation for Units 3 and 4



Structural alterations to reactor building exterior wall openings

Alterations will be made to the air intake and exhaust openings for the ventilation and air conditioning system and to the exhaust openings for the emergency diesel generators. Automatic closing device will be installed in Unit 5.

Automatic closing device

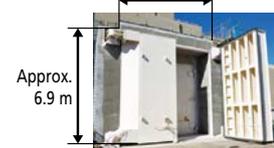


Reinforcement of water-tightness and pressure resistance of reactor building external walls

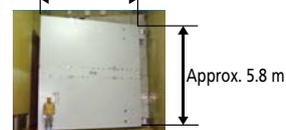
Pressure resistance and water-tightness of the buildings are being strengthened by the replacement of waterproof doors with watertight doors and new tsunami prevention doors.

December 2012: Completed the reinforcement work on the watertight doors

Unit 3 external reinforced doors (thickness approx. 1 m; weight approx. 40 t)
Approx. 7.1 m

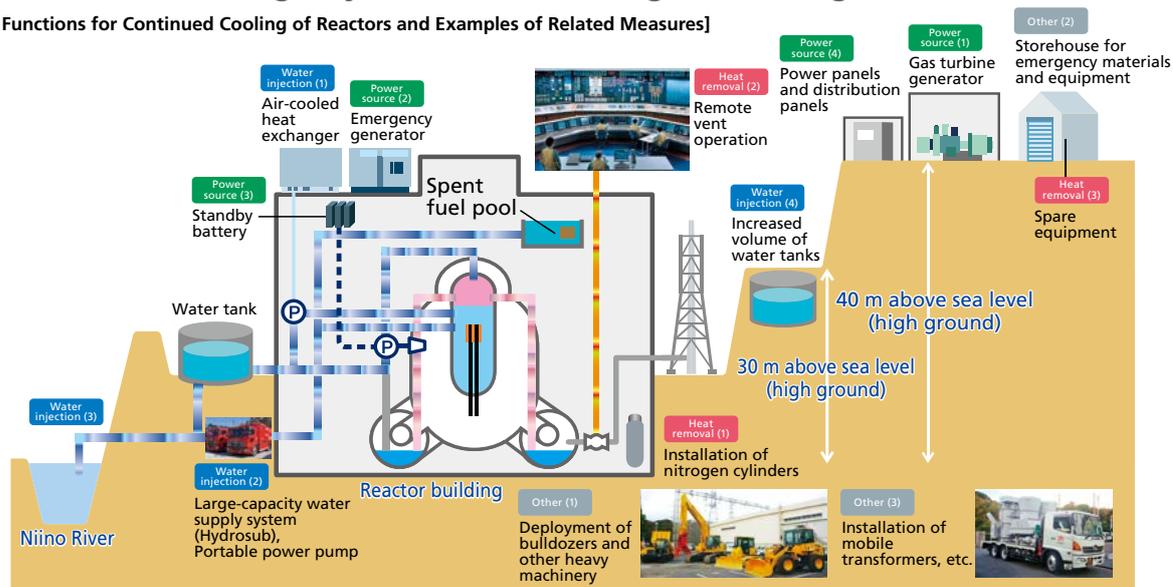


Unit 3 watertight internal door (thickness approx. 80 cm; weight approx. 23 t)
Approx. 5.6 m



Enhancement of Emergency Measures: Ensuring the Cooling Function

[Three Functions for Continued Cooling of Reactors and Examples of Related Measures]



Water injection

For direct water supply to reactors

- (1) Air-cooled heat exchangers will be installed in preparation for cases in which motors powering pumps that send water to reactors at high pressure cannot be cooled with seawater.
- (2) Portable power pumps not requiring a power source were installed to ensure continued water injection in emergencies. **Completed in April 2011**
- (3) Fresh water has been brought in from the Niino River adjacent to the plant using special hoses and other equipment. **In operation since March 2013**
- (4) Additional water tanks to ensure multiple water sources will be installed on high ground and in other locations.

Heat removal

For removal of heat generated from reactors

- (1) Nitrogen cylinders were installed to enable ventilation in the event of power loss. **Completed in April 2011**
- (2) Remote operation will be introduced to enable direct ventilation from the central control room.
- (3) Spare equipment necessary for cold shutdown was secured. **Completed in January 2013**

Other

- (1) Heavy machinery was deployed for removal of debris carried by a tsunami. **Completed in June 2011**
- (2) Storehouses for spare items will be established on high ground.

Power source

For securing alternative power sources

- (1) Gas turbine generators will be installed on high ground.
- (2) Emergency generators were installed on the roof of reactor buildings. **Completed in June 2011**
- (3) Standby batteries will be secured.
- (4) Power panels and power distribution panels will be installed on high ground.

- (3) External power supply will be reinforced by enhancing power receiving systems in Unit 5 and installing mobile transformers on high ground.

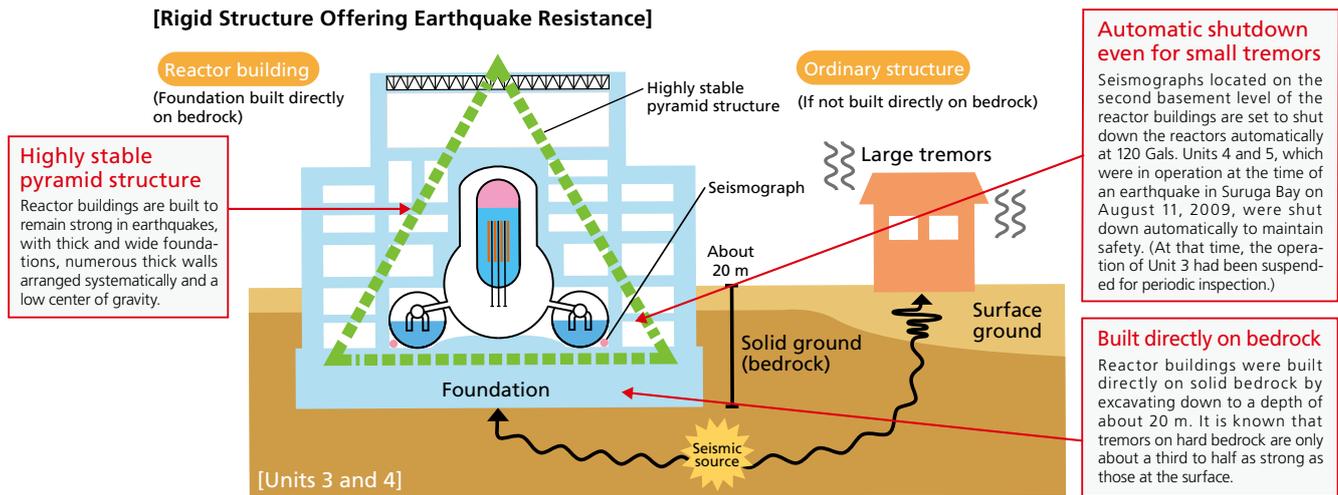
For ongoing countermeasures against tsunamis including the installation of breakwater, we changed the anticipated completion from December 2013 to the end of fiscal 2014 in consideration of necessary detailed studies on resistance to earthquakes (see the next page).

For detailed schedules on countermeasures against tsunamis, please refer to the following Chubu Electric Power web page (only in Japanese): http://www.chuden.co.jp/energy/hamaoka/hama_pickup/tsunami_taiou/index.html

1-2 Implementation of Measures against Earthquakes

The Hamaoka Nuclear Power Station's reactor buildings have a highly stable pyramid structure, which is earthquake-resistant and rigid with a foundation built directly on bedrock.

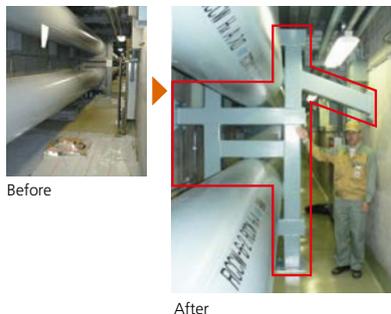
[Rigid Structure Offering Earthquake Resistance]



Earthquake safety at the Hamaoka Nuclear Power Station is ensured assuming a maximum bedrock tremor strength of 800 Gals in consideration of the triple-interrelated Tokai, Tonankai and Nankai Earthquakes.

Chubu Electric Power voluntarily set its own earthquake resistance criteria assuming a maximum tremor of approximately 1,000 Gals. In order to increase the seismic resistance of the power station, we have been working on alterations and additional installations of the supports at about 5,000 points in conduit pipes and tubes inside the reactor buildings. We also worked on surrounding the exhaust stacks with supporting towers to improve their earthquake resistance. For Units 3 to 5, we completed the work by the end March 2008.

● Pipe support work



● Improvement of exhaust stack



Examination of Earthquake Countermeasures Implemented at the Hamaoka Nuclear Power Station

In March 2013, the Cabinet Office released its Nankai Trough Megaquake Damage Scenario (Second Report). We have estimated the levels of seismic motion at the Hamaoka Nuclear Power Station based on the severe earthquake fault model used in the scenario set for the largest-class earthquake (hereinafter, "the Cabinet Office model"). The results indicate that seismic motion on bedrock would be about 1,000 Gals at the maximum. We also took account of a subterranean structure study that was conducted in light of the fact that tremors in Unit 5 were stronger than in other units during the Suruga Bay earthquake of August 2009 as well as observation record analysis results. We independently set very severe conditions to make the amplification in Unit 5 more pronounced, and as a result, we estimated that the maximum level of seismic motion could be about 1,900 Gals. Our analysis shows that even at these extreme levels of seismic motion, the earthquake safety in the reactor buildings and other facilities essential for ensuring safety in the reactor's current state of suspended operation has been secured for Units 2 to 5.*

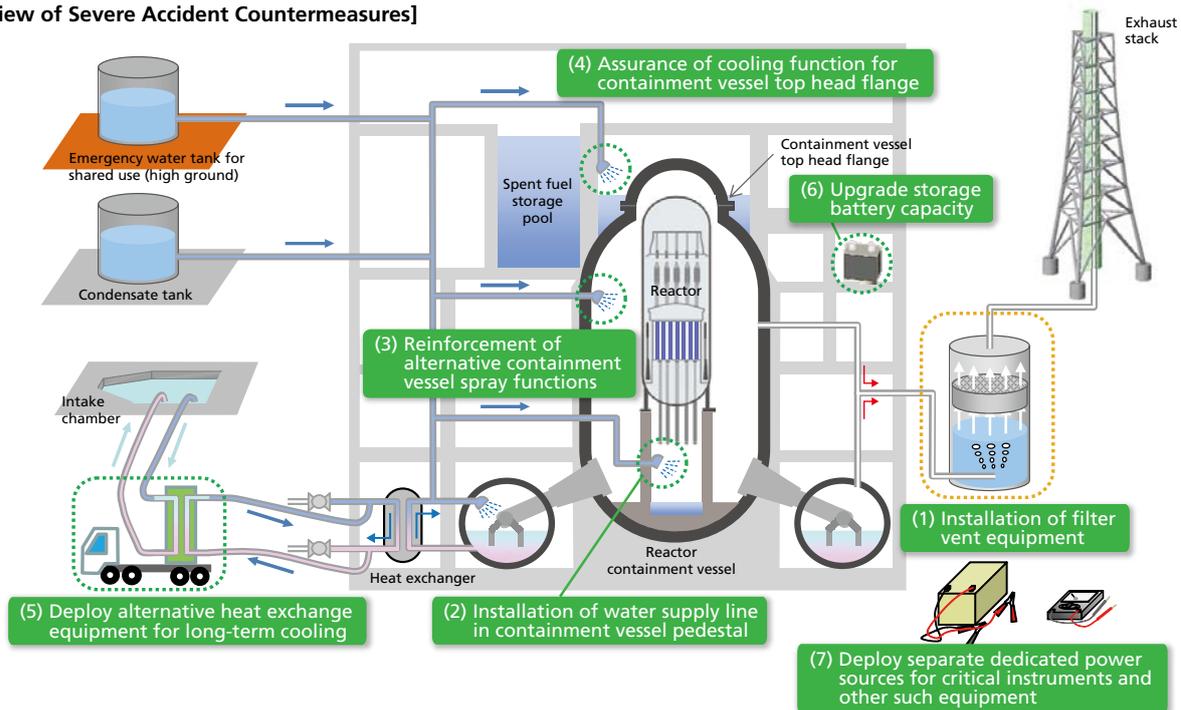
In light of the amplification observed in Unit 5 during the Suruga Bay earthquake, we expect it will be necessary to increase seismic durability, especially at Unit 5 and its surrounding facilities critical to safety. Therefore, we will go forward to take the necessary measures considering the state of the Cabinet Office's investigation and any new regulatory standards.

* Seismic motions assumed for the safety check: Units 2-4: about 1,000 Gals at the maximum; Unit 5: about 1,900 Gals at the maximum

1-3 Implementation of Severe Accident Countermeasures

A "severe accident" means an accident causing significant damage to the reactor core. Chubu Electric Power announced in December 2012 that it would implement severe accident countermeasures, including the installation of filter vent equipment. For Units 3 and 4, the installation work started in June 2013 and is planned to be completed by the end of fiscal 2014.

[Overview of Severe Accident Countermeasures]



1. Measures to prevent a large-scale discharge of radioactive materials

(1) Installation of filter vent equipment

Venting the containment vessel through a filter reduces the amount of radioactive material that is discharged in particle form (cesium, etc.) and prevents long-term soil contamination.

3. Measures for emergency direct-current power source

(6) Upgrade storage battery capacity

This is to extend the period during which critical instruments and other such equipment can be supplied with power.

(7) Deploy separate dedicated power sources for critical instruments and other such equipment

This is to enable measurement of water levels, pressure, and other such factors in the reactor using portable storage batteries and dedicated measuring instruments.

2. Measures to prevent damage to the containment vessel

• The following measures help prevent damage to the containment vessel.

(1) Installation of filter vent equipment (as described in (1))

Filter vent equipment helps reduce the pressure in the containment vessel.

(2) Installation of a water supply line in the containment vessel pedestal

This is to cool molten reactor core that has fallen into the containment vessel pedestal (under the containment vessel).

(3) Reinforcement of alternative containment vessel spray functions

This is to cool (condense) steam generated by molten reactor core and others.

(4) Assurance of cooling function for containment vessel top head flange

This is to cool the containment vessel top head flange (junction between the lid of the containment vessel and the vessel itself), thereby preventing the leakage of hydrogen and other materials from the flange area.

(5) Deploy alternative heat exchange equipment for long-term cooling

This is to provide long-term cooling circulation for the containment vessel without using the existing seawater heat exchanger.

[Conclusion]

Chubu Electric Power will steadily implement measures to increase the safety of the Hamaoka Nuclear Power Station while studying the measures to be taken to comply promptly with the new regulatory standards to be applied to nuclear power plants.

For detailed information about the Hamaoka Nuclear Power Station, including measures against earthquakes and tsunamis, please refer to the following page on Chubu Electric Power's website:

The Hamaoka Nuclear Power Station, today and tomorrow

<http://hamaoka.chuden.jp/english/index.html>

1-4 Enhancement of Countermeasures against Disaster

In addition to implementing safety measures for equipment, Chubu Electric Power is also enhancing disaster control measures across the Chubu Electric Power Group in order to respond promptly in the event of a nuclear disaster.

Enhancement of the Nuclear Disaster Management System

Based on the Act on Special Measures Concerning Nuclear Emergency Preparedness, which was revised in light of the lessons learned from the accident at the Fukushima Daiichi Nuclear Power Station, we revised our nuclear operator emergency action plan in March 2013 and have since been making the following efforts to enhance our disaster management system.

- Strengthen the emergency functions of the power station, including the establishment of an alternative command post and improvement of the TV conference system
- Establish backup support bases to assist the power station's disaster management measures

In addition, we are steadily implementing the systems and rules that we established following the Great East Japan Earthquake and continuing to conduct collective drills, including com-

pany-wide disaster drills as well as individual drills to verify the effectiveness of the implemented measures.

Fostering Collaboration with National and Local Governments

We are participating proactively in disaster management drills conducted by national and local governments and reinforcing the coordination with them so that we can implement measures jointly with local communities in the event of a nuclear disaster.

[Major Disaster Management Drills (Fiscal 2012)]

| | |
|-------------------|---|
| July 18, 2012 | Held a company-wide disaster management drill. |
| September 2, 2012 | Participated in a general disaster management drill held by Shizuoka Prefecture. |
| February 8, 2013 | Conducted an emergency response drill based on the nuclear operator emergency action plan and the nuclear reactor safety regulations. |
| February 15, 2013 | Participated in a nuclear disaster management drill held by Shizuoka Prefecture. |

TOPICS

Carrying out a disaster management drill

Company-wide disaster management drill (July 2012)



We established disaster response headquarters at all of our operation sites, including head office and regional offices, and collected and shared disaster-related information and confirmed the procedures to give commands. We have been conducting similar drills on a continuing basis to improve our ability to respond in the event of a disaster.

Nuclear disaster management drill held by Shizuoka Prefecture (February 2013)

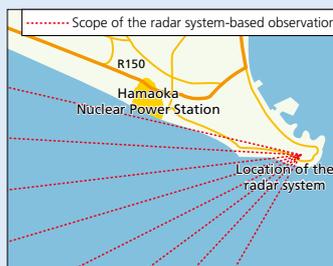


The first wide-area evacuation drill was carried out with the participation of local residents, including conducting a screening test to check for radioactive contamination. Chubu Electric Power dispatched 32 employees, including 13 women testers for the drill, who conducted the screening test on participating residents.

TOPICS

Research to verify the effect of a radar-based tsunami monitoring system

As a means to improve the quality of initial and recovery actions to be conducted by the power station, Chubu Electric Power's Nuclear Power Safety Technology Research Center is conducting research on tsunami monitoring technologies that detect tsunamis quickly and accurately, with support from the Central Research Institute of Electric Power Industry. In March 2013, we installed a radar system in a location near the Omaezaki lighthouse and began making observations of the sea area extending in front of the Hamaoka Nuclear Power Station. Through this observation, we are trying to verify the possibility of detecting changes made to the sea-surface velocity offshore by the generation of a tsunami, with a view to making practical use of the radar system to monitor tsunamis in a highly accurate manner.



Location of the radar system and the observation scope



Radar system antennas and observatory

For a Better Understanding of the Hamaoka Nuclear Power Station

All employees of Chubu Electric Power are making a concerted effort to help customers deepen their understanding of the safety of the Hamaoka Nuclear Power Station.

Specifically, we hold a tour of the premises of the power station for more people to experience the scope and details of the safety measures implemented on site, such as tsunami control measures. In fiscal 2012, more than 40,000 people participated from across the country, not only from the five prefectures in central Japan where Chubu Electric Power provides services. (Since the power station shut down, a total of about 60,000 people have taken the tour.)

In the Hamaoka Nuclear Power Station Exhibition Center located adjacent to the power station, we have installed a new mock-up of a breakwater and a touch panel that explains tsunami control measures so that the visitors to the center can understand the size of the breakwater and the whole picture of the reinforcement work without entering the power station. We received comments from some visitors saying, "I can get a good idea of the size of the breakwater." (The Hamaoka Nuclear Power Station Exhibition Center opened in 1972 to help people gain a deeper understanding of nuclear power generation, and in December 2012 the total number of visitors to the center reached 10 million. About 270,000 people visited the center in fiscal 2012.)

Furthermore, we are holding dialogue meetings between our employees and customers and are making use of all possible opportunities to deepen the public's understanding of nuclear power. We also hold seminars on energy and radiation to provide people with information.



Seminar on energy held for women (Fukuroi City, Shizuoka Prefecture)



Mock-up of a breakwater displayed in the Hamaoka Nuclear Power Station Exhibition Center

TOPICS

Management of radiation and radioactive substances

Although the operation of the Hamaoka Nuclear Power Station has been suspended, used fuel and other radioactive substances are stored inside the station and therefore we are disclosing the status of management on them.

Specifically at the power station, the impact that radioactive rays and other substances have on the surrounding environment is monitored 24 hours a day, and the amount of radiation measured at the monitoring posts established near the exhaust stacks and water outlets as well as around the premises are disclosed on our website.

Reference: Management of radioactive waste

Chubu Electric Power measures and monitors the radioactivity levels of gaseous and liquid wastes released from the Hamaoka Nuclear Power Station, and controls the impact on the surrounding environment to 0.05 mSv per year (less than approx. one-fiftieth of the natural radiation level).

As of the end of fiscal 2012, solid radioactive waste equivalent to 34,354 drum cans is stored in solid waste storage facilities located inside the power station. During the period from fiscal 1992 to fiscal 2012, we delivered 27,613 drum cans of solid radioactive waste to Low-Level Radioactive Waste Disposal Center (operated by Japan Nuclear Fuel Limited) located in Rokkasho Village, Kamikita-gun, Aomori Prefecture.



We are disclosing the exhaust stack radiation monitoring results on the website

Measures to Ensure Business Continuity in the Event of a Large Disaster

As a group of companies that provides the lifeline service of electricity, the Chubu Electric Power Group has been committed to improving its measures against large earthquakes and its risk management system. 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.

2-1 Formulation of Business Continuity Plan (BCP)

In fiscal 2012, Chubu Electric Power developed a business continuity plan (BCP) as a systematic initiative for ensuring the ongoing implementation of business even in the event of a large disaster.

Specifically, based on the Basic Ideas of Business Continuity at the Chubu Electric Power Group, we are working together with group companies to implement measures for facilities, including improving the disaster resistance of our facilities against large

earthquakes, such as a triple interrelated earthquake (combining Tokai, Tonankai and Nankai earthquakes), and creating a disaster management system to ensure early recovery from disaster damage. Additionally, having identified the priority tasks to be dealt with in the event of a disaster, we are maintaining and improving our disaster management abilities by securing the necessary staff, clarifying procedures and rules, and carrying out drills.

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.

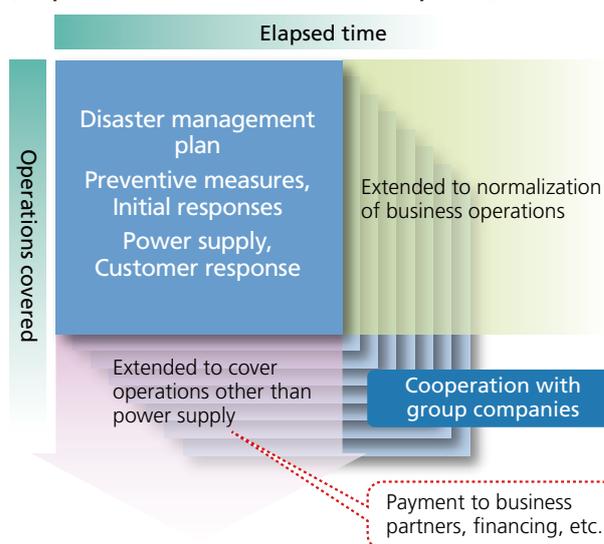
1. The Group designs facilities to be highly disaster-resistant and carries out appropriate maintenance.
2. The Group develops a disaster management system to promote restoration of service and ensure public security, while maintaining and improving response capabilities through drills.
3. The Group makes appropriate use of new findings in its constant improvement efforts for a safer and more stable energy supply.

The Company has previously formulated disaster management plans, preventive measures that include pre-disaster measures for the facilities aiming at a stable electricity supply and early recovery, and initial responses to a disaster immediately after its occurrence.

The scope of our new BCP, however, extends beyond the framework of conventional disaster management plans. Operations identified as priorities in the event of a disaster encompass not only electricity supply but also payment to business partners, financing, and responses needed to resume business as usual after emergency restoration.

In addition to the development of BCP, the Company will maintain and improve its emergency response capabilities by using the continuous improvement mechanism of BCM, so that every employee can take timely and appropriate actions in emergencies.

[Scope of the Chubu Electric Power Group's BCP]



BCP (Business Continuity Plan)

A plan to continue business as much as possible even in the event of an unexpected disaster, and to resume business early when business is suspended

BCM (Business Continuity Management)

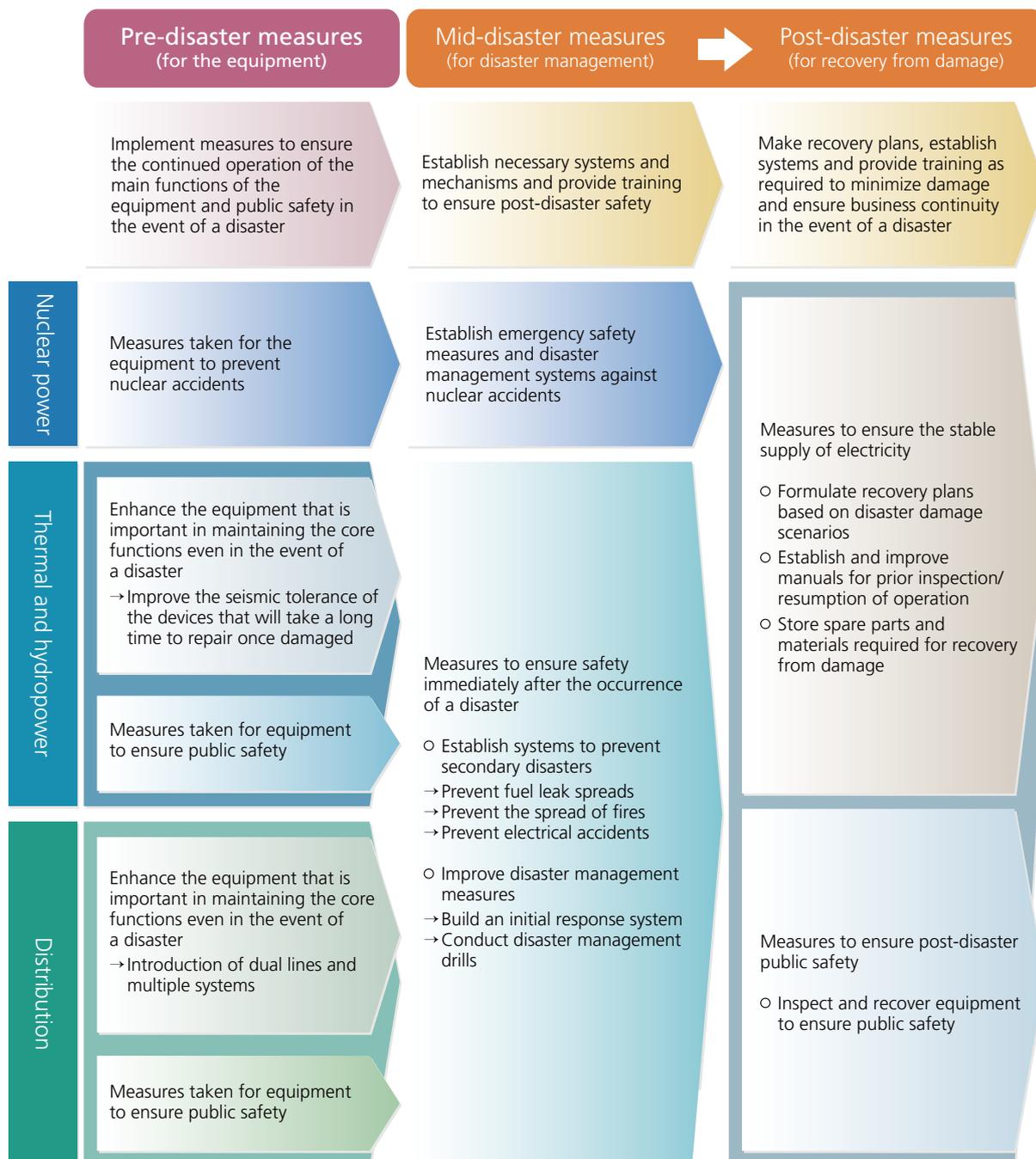
Continuous improvement of BCP with drills and other efforts, with the goal of improving individual employees' abilities to take prompt actions

2-2 Countermeasures against Large Earthquakes and Tsunamis

The Company believes that it is essential to prepare in advance mid-disaster and post-disaster measures against large earthquakes and tsunamis by simulating every possible event, beyond the scope of the design conditions for pre-disaster measures.

It is also our belief that the level of pre-, mid- and post-disaster measures must be determined in a comprehensive manner by taking into account the social impact of a possible event, functions of the overall power system, and economic rationale.

[Pre-disaster, Mid-disaster and Post-disaster Measures against Large Earthquakes]



Note: See Feature Article 1 for details on current measures for nuclear power stations.

Current Measures for Facilities

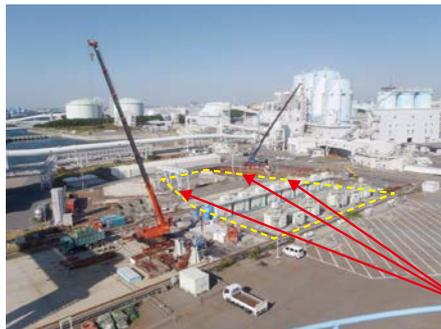
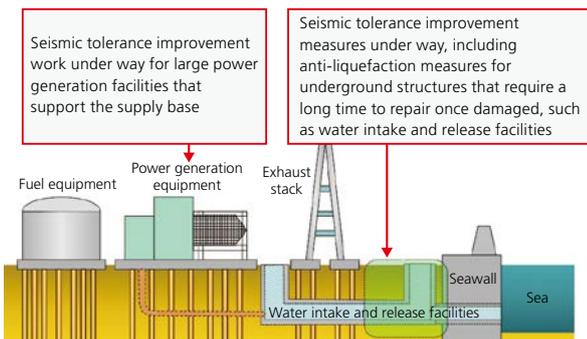
In compliance with the provisions on the safety of electric facilities set forth in the Electricity Business Act of Japan, we have designed our power supply systems to be safe enough to ensure public safety even in the event that damage is caused to the main faci-

ties due to large earthquakes.

Additionally, in order to secure our supply capacity after the occurrence of triple interrelated earthquakes, we are implementing the following measures.

| Thermal Power Plants | Hydropower Plants | Distribution Facilities |
|---|---|--|
| <ul style="list-style-type: none"> • Taking measures to improve the seismic tolerance (works to improve the resistance of existing facilities) of thermal power generation facilities and LNG bases that support the supply base | <ul style="list-style-type: none"> • Confirming that the dams themselves will be safe and will not be seriously affected by the potential triple interrelated earthquakes. • Assessing the seismic performance of dam-related structures (hydraulic iron pipes, dam floodgate columns) sequentially, and taking measures to improve the seismic tolerance as necessary. | <ul style="list-style-type: none"> • Verifying the resistance and improving anti-flooding measures • Improving the portable substation facilities and making arrangements to store enough materials for recovery |

Outline of Seismic Tolerance Improvement Work at Thermal Power Plants



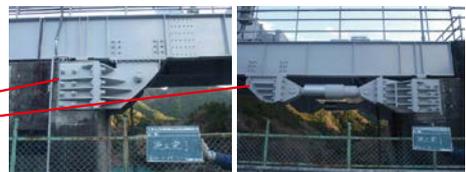
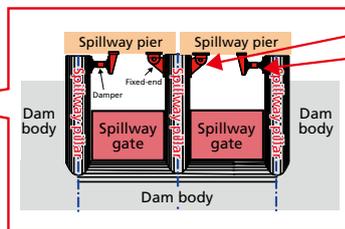
The Company conducted ground reinforcement work in the areas indicated by red arrows around the intake tank (located underground within the area surrounded by a yellow dotted line), using concrete and other materials.

Ground reinforcement work around the intake tank at Hekinan Thermal Power Station (Hekinan City, Aichi Prefecture)

Example of Seismic Upgrading Work at Hydropower Plants



Sasamagawa Dam (Shimada City, Shizuoka Prefecture)



The Company conducted seismic upgrading work by installing dampers and other structures on the dam's spillway piers.

In the event of a Nankai Trough Megaquake and Tsunami

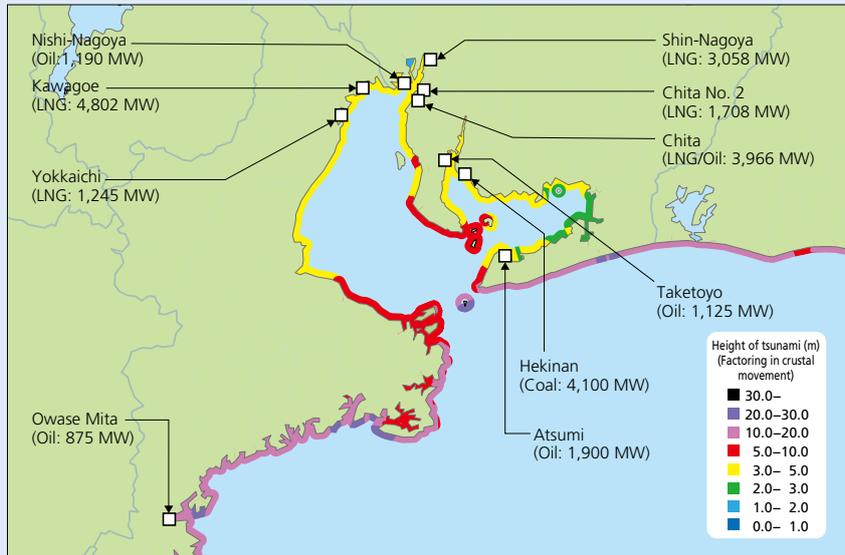
Massive earthquakes that might occur around the Nankai Trough are expected to exceed the level of the possible triple interrelated earthquakes. In preparation for such a disaster, we will further enhance our abilities to respond to earthquakes and tsunamis by taking necessary measures and actions, primarily mid-disaster and post-disaster measures, through cooperation with local govern-

ments from the following perspectives:

- (1) More effective measures for public security, in addition to conventional disaster management measures, to minimize damage that occurs from the perspective of disaster reduction.
- (2) In terms of post-disaster supply capacity, how to supply power in an emergency, such as during a shortage of supply capacity.

TOPICS

Tsunami Impacts of a Nankai Trough Megaquake on thermal power plants



Data from the first report concerning the distribution of seismic intensity and tsunami height in the event of a megaquake occurring along the Nankai Trough (March 2012).

Many of our thermal power generation facilities are located along the Ise Bay. Generally, tsunamis tend to increase in height upon entering a bay or other narrow place after passing through wide bodies of water. The Ise Bay, however, is relatively wide compared with the narrowness of its entrance, so tsunamis are unlikely to become higher once entering the bay.

According to a report on possible impacts of a tsunami caused by a massive earthquake around the Nankai Trough, published by the Cabinet Office of Japan in August 2012, partial flooding is expected, except at Owase Mita Thermal Power Station in Owase City, Mie Prefecture, but no major impact on the operation and security of thermal power generation facilities is likely.

Development of a Disaster Management System

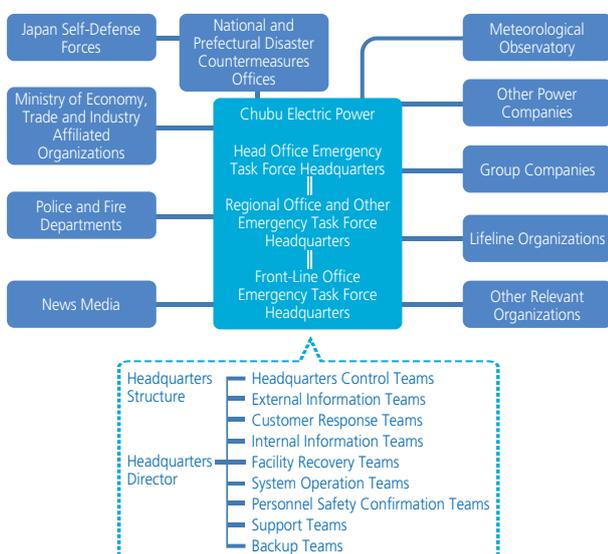
The Company has developed disaster management measures geared to promote the restoration of services in the event that a natural disaster occurs. If a disaster strikes or is anticipated to strike shortly, an emergency will be declared immediately and an emergency task force will be set up at each workplace.

We also seek close collaboration with national and regional public service groups, 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 and a means of information communication via satellite communication networks in the event of a disaster. To aid in the supply of emergency power to hospitals, shelters and other vital facilities, we also maintain special power-generation and mobile-transformer vehicles at main business locations.

[Disaster Management System]



Disaster recovery using a high-voltage power generation vehicle

[In conclusion]

We will make continued efforts to maintain and improve our emergency response capabilities by incorporating new findings in our measures as appropriate, and carrying out necessary discussion in light of local governments' study groups and so on concerning the development of disaster management plans.

Measures to Ensure a Stable Supply of Electricity

Electricity is essential for households, businesses and the social activities of the whole community. To ensure a safe and stable supply of electricity in the Chubu region, Chubu Electric Power is committed to priority inspection and maintenance of power plants and transmission and transformation facilities. We will also steadily implement measures for stable supply from a wide-area perspective.

3-1 Electric Power Supply and Demand Outlook for Summer 2013

Electric Power Supply and Demand Outlook This Summer

Peak load this summer (derived from the one-time peak load during the 2010 heat wave) is estimated to reach 25,850 MW. The calculation of the one-time peak load takes into account impacts of heat waves while estimating that the possible amount of energy saved this summer will be about 1,090 MW*¹ based on the results of a questionnaire survey conducted in March 2013 at the instruction of the national government, and assuming that the annual peak load (three-day average) will be up to 25,040 MW.

Meanwhile, our supply capacity to the Chubu Electric Power service area in August 2013 is estimated to reach 28,170 MW*². This estimate reflects interchanged power of 1,080 MW*³, which we will supply to other electric power companies facing supply shortages at their request while securing necessary supply capacity for a stable supply in the Chubu region with the launch of the commercial operation of Joetsu Thermal Power Station Unit No. 2-1 in July 2013 (Output: 595 MW), continued operation of older thermal power generators, and other measures.

It is therefore expected that we will be able to secure a reserve margin that is adequate for a stable supply throughout the year.

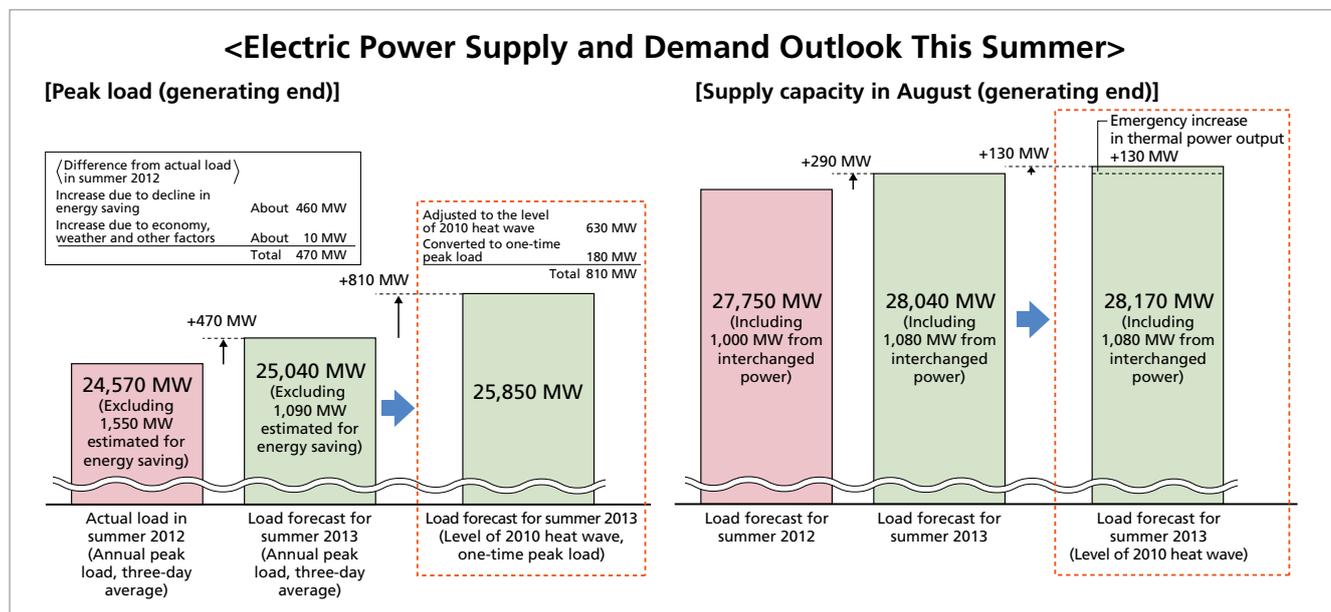
- *1. According to a national questionnaire survey conducted in March 2013, about 80% responded that they could continue energy saving efforts this summer at the same level as last year. Taking into account this finding and our plan of not increasing the capacity of off-grid electric generation systems for interchange as we did last summer, we estimate that we will definitely be able to make a 1,090 MW saving with energy saving efforts.
- *2. In cases where the operation of the nuclear power station will not be resumed. Includes emergency increase in thermal power output.
- *3. Interchanged power during weekday daytime hours in August 2013.



Joetsu Thermal Power Station (Joetsu City, Niigata Prefecture) started commercial operation of Unit No. 2-1 in July 2013

[Power Supply-Demand Balance in August 2013 (Generating End)]

| | Annual peak load (three-day average; temperatures of typical years) | One-time peak load during the 2010 heat wave |
|------------------------|---|--|
| Peak load (A) | 25,040 MW | 25,850 MW |
| Supply capacity (B) | 28,040 MW | 28,170 MW |
| Reserve capacity (B-A) | 3,000 MW | 2,320 MW |
| Reserve margin (%) | 12.0% | 9.0% |



3-2 Electric Power Supply and Demand Measures Following the Shutdown of the Hamaoka Nuclear Power Station

As the Hamaoka Nuclear Power Station was shut down in May 2011, it has been difficult for us to secure the yardstick reserve margin (8 to 10%) for stable supply in the high-demand seasons of summer and winter.

This has prompted us to secure our supply capacity by resuming the operation of older thermal power plants and deferring, or shortening the duration of, regular inspections of thermal power stations, while asking for our customers' cooperation in energy saving. We have also made our utmost effort to secure additional fuels we need.

In fiscal 2012, with the start-up operation of the Joetsu Thermal Power Station Unit No. 1-1 and other factors, we succeeded in securing the reserve margin for stable supply. Other electric power companies faced severe power shortages, however, due to delays in restarting nuclear power plants that have undergone regular inspections.

We have ensured a stable supply in the Chubu region and delivered supplemental electricity to other power companies facing severe supply shortages as part of our unstinting efforts to stabilize national supply and demand.

TOPICS

Responses at thermal power stations

With the ongoing severe supply and demand imbalance both in our service area and across Japan, a stable supply of electricity is supported by the operation of older thermal power stations, including resumed operations of oil-fired plants.

There is increased concern about securing a stable supply with older thermal power stations as these facilities are facing deterioration due to heavy operations, among other factors, and the scope of their repair work expands at the time of regular inspections, delaying the restart of their operation. Additionally, several thermal power stations have suspended their operations due to unexpected trouble or natural disasters.

The foundation for stable supply is not solid while Hamaoka Nuclear Power Station is shut down. Therefore, we are working on early detection of any abnormalities to prevent trouble and prompt repair work, day and night, at all of our power stations.



Yokkaichi Thermal Power Station, now in operation for 50 years

3-3 Wide-Area Measures for a Stable Supply

The Great East Japan Earthquake caused extensive damage in eastern Japan, affecting many power stations of Tokyo Electric Power Company, Inc and Tohoku Electric Power Co., Inc, and resulted in severe shortages of electricity supply.

In response, electric power companies in central and western Japan provided enhanced support, including supplying electricity, to eastern Japan. However, due to the limited capacity of frequency converters this was not enough. Moreover, the system for responsibly aggregating supply capacities across Japan and making inter-regional coordination in an emergency was imperfect.

Therefore, the Company will actively cooperate in establishing an organization for wide-area system operation, which is under consideration by the national government, and increase the capacity of frequency converters with the goal of using reserve supply capacity on a wide-area basis when there is a significant gap in supply and demand.

* To address issues in Japan's electricity system, including enhancing the function to coordinate supply and demand on a national basis and developing a wide-area power grid, discussion is under way as to establishing an organization for wide-area system operation by 2015.

TOPICS

Increasing capacity of frequency converters

Frequency converters (FCs) that interconnect the 50-Hz areas and 60-Hz areas are located at three sites: Shin-Shinano FC (Tokyo Electric Power Company, Inc.), Sakuma FC (Electric Power Development Co., Ltd.), and Higashi-Shimizu FC (Chubu Electric Power Co., Inc.). Due to the conversion capacity of the equipment, the amount of electricity that can be interchanged across the frequency border had been limited to 1,000 MW.

To enhance the capacity for supplementing electricity supplies to eastern Japan following the Great East Japan Earthquake, Chubu Electric Power promptly took measures for Higashi-Shimizu FC and accordingly launched commercial operation at 300 MW, up from 100 MW, in February 2013, almost two years ahead of schedule. This increased the total FC capacity in Japan to 1,200 MW. Additionally, with advice from the Electric Power System Council of Japan, nine electric power companies, including Chubu Electric Power, decided in January 2013 to further increase FC capacity by 900 MW, to achieve a total capacity of 2,100 MW. They are now working to start operations early, with the goal of providing a stable supply to customers even when large-scale power sources shut down across wide areas.



Higashi-Shimizu FC (Shimizu-ku, Shizuoka City), which started commercial operation in February 2013

3-4 Ensuring a Safe and Stable Supply of High-Quality Electricity

To fulfill our mission as an electric power company to provide a safe and stable supply of high-quality electricity to customers, every one of our employees is making the utmost efforts at each field operation site. Here we introduce efforts in the power system operations division, the power generation division, the transmission and transformation divisions, and the distribution division.

Efforts in the System Operation Division

The central load dispatching center adjusts electric power production 24 hours a day, 365 days a year, to deliver a constant supply of high-quality electricity and match changing electricity demand with little fluctuation in voltage and frequency. The center also monitors and controls electricity flow by working with the central load dispatching control center and 11 load dispatching control centers at regional offices in the Chubu Electric Power service area and by keeping an eye on weather conditions and disaster information. We also carry out interconnector operation on a daily basis, and power interchange in emergencies via wide-area networks with interconnected electric power companies.

To Secure a Supply of High-Quality Electricity with Little Fluctuation in Voltage and Frequency



Yoriyuki Hiraya
Assistant Manager
Load Dispatching Section I,
Central Load Dispatching
Center, Power System
Operations Department,
Power System Division

Unlike other types of energy, electricity cannot be stored. Electric power companies are required to balance demand and supply by constantly matching power consumption with power generation, which we call the “same time, same amount” principle.

I work at the central load dispatching center, which issues operational instructions to thermal and hydro power stations to constantly adjust power generation according to fluctuations in consumption due to the season, day of the week, weather and other factors, in order to maintain the instantaneous “same time, same amount” principle. If the principle cannot be maintained due to some sort of failure, it may result in dramatic fluctuations in voltage and frequency, consequently affecting electrically-powered equipment and electric appliances and causing other significant damage to customers. Therefore, the center promptly adjusts power generation for “same time, same amount” flow control. Meanwhile, we are always aware of the risk management involved in a stable supply, which includes carrying out regular recovery training to ensure timely and appropriate responses.



Central load dispatching center

Efforts in the Power Generation Division

The mission of power stations is to generate electricity for a safe and stable supply to customers. To that end, at thermal power stations, we monitor and control boilers, turbines, generators and other equipment around the clock. To prevent problems from occurring we unflinchingly carry out repair work on a daily basis, as well as regular overhaul inspections, of power generation facilities. At hydro power stations, we accurately grasp river conditions to ensure facilities management. Prior to sluicing, we pay close attention to the safety of local people by sounding sirens and conducting thoroughgoing patrols of rivers.

To Continue Stable Generation of Power



Ryuji Inoue
Manager
Engineering Section, Hekinan
Thermal Power Station, Thermal
Power Administration Center,
Power Generation Division

Since the shutdown of the Hamaoka Nuclear Power Station, the coal-fired Hekinan Thermal Power Station has become ever more vital as a source of baseload power. Recognizing that importance, all employees of the plant are making concerted efforts in daily operations.

I'm in charge of maintenance and inspection of boiler facilities. The major mission of regular inspections is to find problems at an early stage and complete repairs within a fixed work period. Therefore, I acquire an understanding of facilities' weak points in advance and develop an inspection plan with identified priorities, and coordinate the work schedule by working closely with those in charge of inspection. If more problems than expected are found, I ask for their cooperation to carry out repair work around the clock in line with the timescale of the work. When a regular inspection is completed as scheduled, I'm filled with a sense of accomplishment at having contributed to a stable supply, and realize the significant responsibility of my job.



Inspecting boiler facilities

Efforts in the Transmission and Transformation Divisions

The generated electricity is delivered to customers by distribution facilities, including power transmission lines and substations. The Company builds such distribution facilities in accordance with power plant construction and increasing demand, and is currently carrying out repair work on older facilities in accordance with a defined plan. In building facilities, power transmission lines are normally set up with duplex circuits, and multiple transformers are installed at each substation, to be prepared for failures or other events. To prevent facility failure, we conduct regular patrols and inspections using new technologies, such as deterioration diagnosis, and support stable supply.

To Ensure a Stable Power Supply for Customers

<Transmission>



Tadashi Yamamoto

Maintenance Manager
Transmission Lines Section, Kanie Local Maintenance Office, Nakamura Field Maintenance Construction Office, Nagoya Regional Office

I work at Kanie Local Maintenance Office, which manages transmission facilities in the suburbs of Nagoya City. The Kanie area has few forests where crows can build their nests, and they nest on more than half of our transmission line towers despite the various countermeasures we have taken. We therefore carry out careful patrols to prevent outages and failures attributable to nest building materials, such as tree branches and wire hangers. When a nest is likely to cause an outage, we climb the tower and remove the nest.

We are committed to our daily work for a stable supply of electricity. Our work includes patrols and inspection of transmission facilities, and public relations work aimed at preventing electrical accidents involving cranes used in repair work near high voltage facilities in high places, or in construction work near transmission lines. We provide the young employees who will carry out this work in the future with hands-on training, which allows them to always acquire first-hand experience with transmission facilities.



Inspection work on a tower

<Transformation>



Emi Kurozaki

Assistant Manager
Transformation Engineering Section
Okazaki Field Maintenance Construction Office, Okazaki Regional Office

The Okazaki Field Maintenance Construction Office where I work conducts the maintenance and management of transmission/transformation facilities in order to provide a stable supply of electricity to the Nishi Mikawa areas, where there is a heavy concentration of automobile-related industries. My own duties consist of inspecting the transformers and circuit breakers at transformation facilities.

If a fault occurs at a transformation facility it can lead to power outages or voltage drops across wide areas, causing great inconvenience to our customers. We therefore conduct daily maintenance work, analyzing, inspecting and fine-tuning the facilities in order to prevent any faults before they happen. Since the closure of the Hamaoka Nuclear Power Station we have been deeply aware of the fact that the Hekinan Substation and Koda Substation—both of which are connected to the Hekinan Thermal Power Station that acts as the Company's main power source—are facilities with a vital role in supporting our electric power system, and have been paying particularly careful attention to their maintenance. I feel a great sense of relief when the inspections are over and the electricity starts to safely flow, as well as a fresh sense of duty and achievement about supplying stable electricity to our customers.



Inspection of transformers

Efforts in the Distribution Division

While engaging in construction and maintenance of utility poles, power lines and transformers, the distribution division, as the technology division that is the closest to customers, responds to various customer requests related to the use of electricity such as on-site tasks required to start or discontinue the electricity supply service. The division is also enhancing a system for 24-hour personnel dispatch in the event of outages. It is also reinforcing measures for early recovery from an outage by introducing distribution automation control systems, which allow us to remotely start or stop transmission.

To Deliver Safety to Customers



Toru Odaira

Team Leader
Distribution Section,
Takayama Customer Service Office, Gifu Regional Office

Takayama Customer Service Office is the largest customer service office in terms of coverage area in the entire Chubu Electric Power service area. The office covers the Hida region, which includes Takayama, also known as "little Kyoto," Shirakawago and the Gero hot spring to where many tourists visit throughout the year. What we cannot avoid in ensuring power supply in the Hida region is heavy snow in the winter. Once snow starts to fall, every one of us foresees emergencies and is busy preparing repair materials and tools, including chain saws. Recovery work is extremely difficult as it may involve getting stranded due to constant snow, wading through knee-high snow to conduct inspections, enduring freezing weather at minus 10 degrees Celsius or lower, and encountering fallen trees.

We never forget, however, that, beyond the cut line, customers are waiting for the earliest possible recovery in cold darkness. In order to deliver peace of mind to customers by supplying electricity safely and quickly even under severe conditions, we, as employees of a company that provides the lifeline service of electricity, are making daily efforts to improve our technology responsibly and with pride.



Employees wading through heavy snowdrifts to operate a pole-mounted switch

Measures to Improve Management Efficiency

The Chubu Electric Power Group has been working on thorough management efficiency enhancement in all aspects of building and managing facilities, procurement and operations.

With the shutdown of the Hamaoka Nuclear Power Station leading to swelling fuel costs and continued hardship regarding income, expenditure and cash flow, we are making further improvements to management efficiency in order to enhance profitability.

4-1 Electricity Rates

Chubu Electric Power believes that the mission of an electric power company is to deliver safe and reasonably-priced supply of electricity to customers.

To that end, we have reduced electricity rates five times since the start of partial liberalization of electric power retailing in 2000, and shown customers the results of our improved management efficiency.

| | October 2000 | September 2002 | January 2005 | April 2006 | April 2008 |
|--------------------------------|--------------|----------------|--------------|------------|------------|
| Revision to electricity rates* | -5.78% | -6.18% | -5.94% | -3.79% | -0.80% |

* Average revision for customers under regulation

4-2 Past Measures to Improve Management Efficiency

Efficiency Improvement in Building and Managing Facilities and Procurement

Chubu Electric Power has effectively built and managed facilities while striving to effectively operate existing facilities, with the goal of reducing fixed assets by decreasing capital investments.

In recent years, the Company has replaced older facilities, introduced high-efficiency combined-cycle power generation systems*, and promoted mega solar power generation. In making investments, we select projects that are indispensable for a stable supply of electricity and make thorough cost reduction efforts to control the amount of capital investments.

As a result, our capital investments in fiscal 2012 declined to 300.1 billion yen, down about 36% from the fiscal 2000 level. Our fixed assets at the end of fiscal 2012 were down about 30% from fiscal 2000.

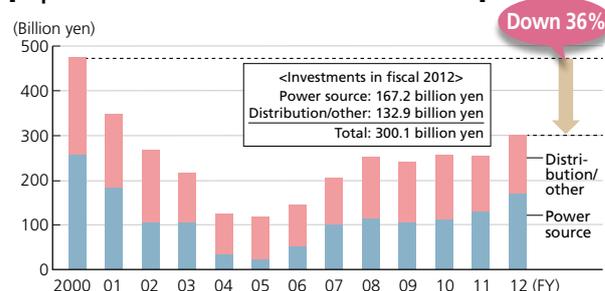
Although repair work is increasing due to age-related degradation of existing facilities, we are reducing maintenance expenses by reviewing the details of inspections and maintenance work and deferring the timing of facility construction.

Consequently, we reduced the maintenance expense per electric power sale in fiscal 2012 by about 12% from the fiscal 2000 level.

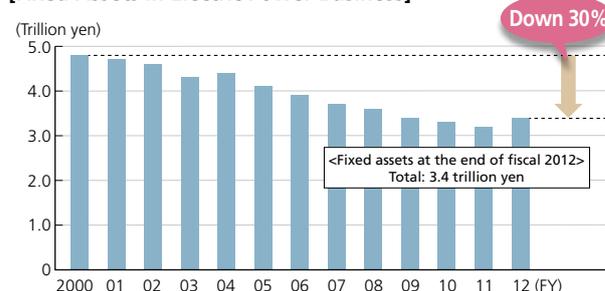
Meanwhile, in fuel procurement, we are improving economy, as well as stability and flexibility. (☞ pp. 27-28)

* Combined-cycle power generation systems: An electric power generation system using a combination of gas turbines and steam turbines

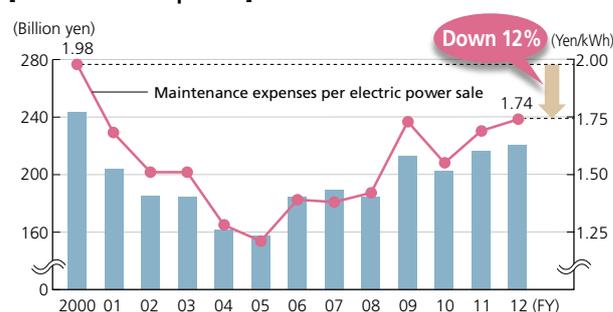
[Capital Investments in Electric Power Business]



[Fixed Assets in Electric Power Business]



[Maintenance Expenses]



Reducing losses in power transmission and distribution

We have been working to reduce losses during power transmission and distribution by increasing voltage in power transmission lines, adopting substations that generate low transmission losses, and by operating distribution networks designed to minimize power loss. As a result of these efforts, we have kept power transmission and distribution losses below 5% since 1993, making Chubu Electric Power one of the top performers in Japan in terms of losses in transmission and distribution.

Installation of high-efficiency combined-cycle power generation systems

The installation of high-efficiency combined-cycle power generation systems has been contributing to the improvement of thermal efficiency in thermal power generation, and to the reduction of fuel expenses and CO₂ emissions.

We will also launch the operation of Joetsu Thermal Power Station in fiscal 2014, while working on the development of Nishi-Nagoya Thermal Power Station Unit No. 7 as one of the world's most efficient power generation facilities, targeting to start its operation in fiscal 2017.

[Operation Schedule for High-Efficiency Combined-Cycle Power Generation Systems]

| | Joetsu Thermal Power Station | Nishi-Nagoya Thermal Power Station Unit No. 7*1 |
|---------------------------------------|---|--|
| Capacity | 2,380 MW | 2,316 MW |
| Planned start of operation | Unit 1-1: Jul. 2012 Unit 1-2: Jan. 2013 Unit 2-1: Jul. 2013 Unit 2-2: May 2014 (TBD) | Unit 7-1: Sep. 2017 (TBD) Unit 7-2: Mar. 2018 (TBD) |
| Thermal efficiency*2 | 58% or more (LHV basis)*3 | Approx. 62% (LHV basis) |
| Reduction in LNG consumption | 0.6 million ton/year | 0.5 million ton/year |
| Reduction in CO ₂ emission | 1.6 million ton/year | 1.4 million ton/year |

*1. The existing Unit Nos. 1 to 4 (total capacity: 1,190 MW) will be decommissioned and removed and Unit Nos. 5 and 6 (already decommissioned) will be removed before the launch of Unit No. 7.

*2. Thermal efficiency: Rate of energy generated as electricity for the thermal energy used as fuel

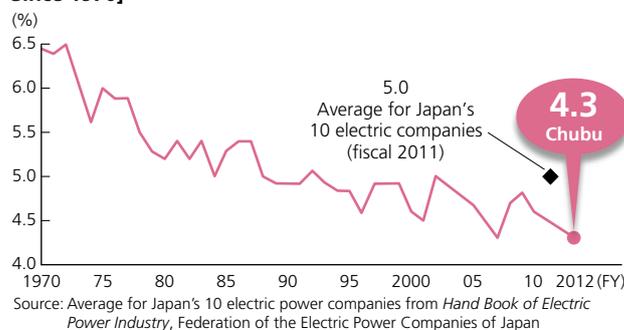
*3. LHV basis: Thermal efficiency calculated by deducting the condensation heat of the water contained in the fuel and the water generated by combustion

Improvement of composite thermal efficiency at thermal power plants

In order to improve composite thermal efficiency at thermal power stations, the Company installs high-efficiency combined-cycle power generation systems and boosts the operation rates of facilities, while accomplishing regular inspections in shorter times. As a result, in fiscal 2012, we were able to reach a composite thermal efficiency rate (LHV basis) of 46.78%, a level of efficiency that is among the best in the world.

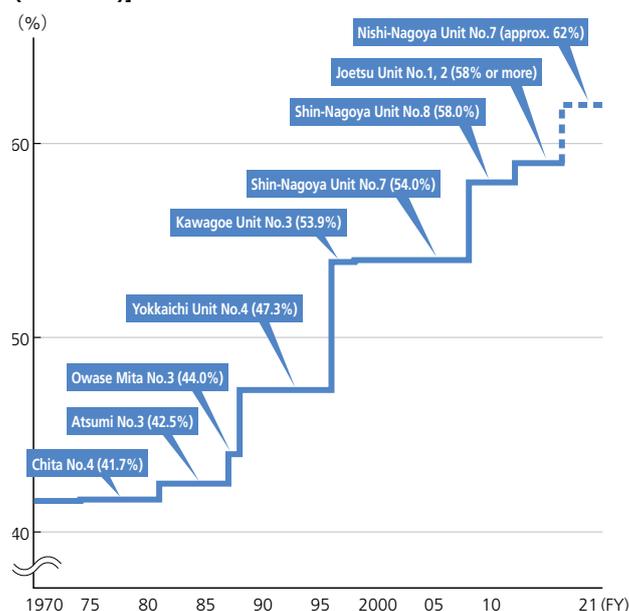
In fiscal 2012, we also replaced the gas turbine Unit No. 2 of Chita No. 2 Thermal Power Station (capacity: 154 MW) with the latest higher-efficiency model, and consequently reduced annual LNG consumption by 15,000 tons.

[Changes in Losses in Power Transmission and Distribution Since 1970]

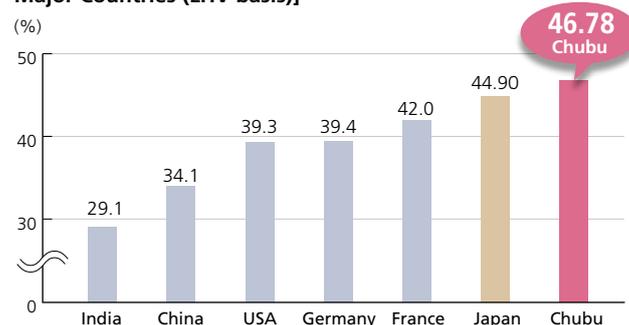


At Nishi-Nagoya Thermal Power Station Unit No. 7, we succeeded in significantly reducing costs by adopting a competitive bidding system that allowed us to make decisions based not only on development costs but also on comprehensive life cycle cost, including fuel and maintenance expenses after starting operation.

[Thermal Efficiency of Thermal Power Generation Facilities (LHV Basis)]



[Comparison of Thermal Efficiency of Thermal Power Generation Facilities between Chubu Electric Power and Major Countries (LHV basis)]



Source: Data from the Federation of Electric Power Companies of Japan, etc. (Chubu: data for fiscal 2012; Japan: data for fiscal 2011; Others: data for calendar 2009)

Operational and Other Efficiency Improvement

In response to electricity liberalization, Chubu Electric Power has continuously promoted measures to improve operational efficiency, with no single area being spared scrutiny. For example, we were one of the first in the electricity industry to work on staff downsizing.

Due to these efforts, the number of our employees decreased by approximately 8% from the fiscal 2000 level to 17,345 persons at the end of fiscal 2012. In terms of per-employee electric power sales, an indicator of productivity, we marked 7,300 MWh in fiscal 2012, and have been at the top level among electric power companies in Japan.

[Per-Employee Electric Power Sales]



Source: Average for Japan's 10 electric power companies from *Hand Book of Electric Power Industry*, Federation of Electric Power Companies of Japan

In order to ensure further efficiency in our business operations and to build a solid business foundation, we continue to make business restructuring plans and review our business on a "zero base" to promote simplification or elimination of unnecessary transactions and to reallocate these resources to the areas where functional enhancement is needed.

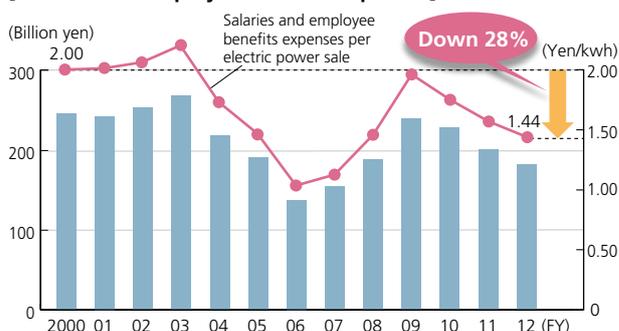
Establishment of efficiency business scheme for the whole group

The Chubu Electric Power Group has been restructuring the constitution of member companies as a strategy to concentrate its operational resources, build a stronger operational foundation, and thereby establish an even more efficient business scheme. (Details of the activities from fiscal 2007 are summarized below.)

| | |
|--------------|---|
| March 2007 | Chubu Electric Power made a tender offer for TOENEC CORPORATION to enhance its capital. |
| October 2007 | TOENEC CORPORATION and C-TEC CORPORATION split and some responsibilities were transferred between the two companies. |
| October 2008 | Toenec Service Co., Ltd. was split and its auto re-leasing business was transferred to Eiraku Automobile Co., Ltd. (Eiraku Automobile Co., Ltd. renamed Chuden Auto Lease Co., Ltd.) |
| July 2009 | Chubu Electric Power merged with Toho Oil Co., Ltd. Comlis Co., Ltd. was split and its artificial zeolite business and some other businesses were transferred to Techno Chubu Co., Ltd.; the rest of the businesses were taken over by Taiheiyo Cement Corporation, its co-parent company. |
| July 2011 | The businesses of Chubu Electric Power were split, and part of its real estate business was transferred to Chuden Real Estate Co., Inc. |
| April 2012 | LNG Chubu Corporation merged into C Energy Co., Inc. |

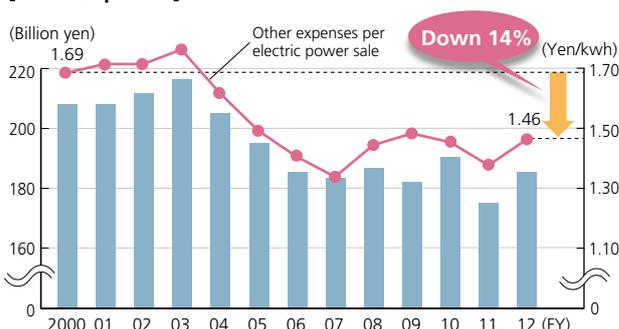
In fiscal 2012, these efforts resulted in a reduction of approximately 28% in salaries and employee benefits expenses per electric power sale from the fiscal 2000 level.

[Salaries and Employee Benefits Expenses]



Meanwhile, other expenses per electric power sale in fiscal 2012 were down approximately 14% from the fiscal 2000 level.

[Other Expenses]



Note: Other expenses include waste processing, supplies, rent, subcontracting fees, non-life insurance, promotion and development, training, research, and other expenses (excluding depreciation of CO₂ emissions credit).

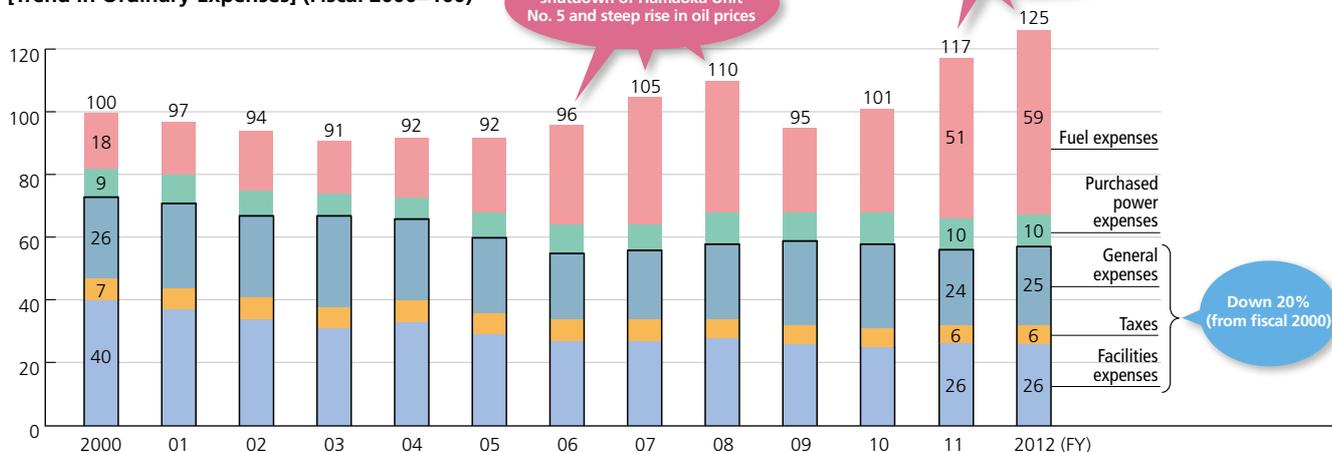
Additionally, as part of our efforts to further improve the effectiveness of management control, the senior management of Chubu Electric Power and other group companies discuss measures for achieving performance goals at the Group Management Strategy Committee.

4-3 Management Efficiency Improvement Following the Shutdown of the Hamaoka Nuclear Power Plant

With its efforts to improve management efficiency, Chubu Electric Power has reduced expenses, excluding fuel expenses and purchased power expenses, by about 20% since the partial liberalization of electric power retailing.

Recently, however, swelling fuel expenses have put pressure on management following the suspension of operations at the Hamaoka Nuclear Power Station in May 2011.

[Trend in Ordinary Expenses] (Fiscal 2000=100)



After the shutdown of the Hamaoka plant the Company has therefore made the utmost group-wide effort to improve management efficiency.

Specifically, we review the timing, scope and methods of facility construction so as to reduce the amount of capital investments and maintenance expenses, while at the same time securing a stable power supply and public security. We also are reducing fuel expenses through more economical procurement and operation, as well as other costs through reviewing the details and scale of public

relations, sales activities, R&D and system development.

With these steps, we urgently carried out cost reduction of approximately 100 billion yen in fiscal 2012.

| Total Amount Gained by Improved Management Efficiency (Fiscal 2012) | Approx. 100 billion yen |
|---|-------------------------|
| Reduction in investments | Approx. 60 billion yen |
| Reduction in expenses (maintenance, fuel, and other expenses) | Approx. 40 billion yen |

[Key Examples of Management Efficiency Improvement Measures]

| | |
|---|--|
| Capital investments, maintenance expenses | <ul style="list-style-type: none"> Postponed scheduled work for cables, wires and other facilities that must be replaced or improved in accordance with a defined plan. Changed from complete facility refurbishment to partial repair of deteriorating locations. |
| Overseas investments | <ul style="list-style-type: none"> Restrain new investments for the time being while selecting projects that require immediate investment to achieve the future growth strategy. |
| Fuel expenses | <ul style="list-style-type: none"> Carried out additional procurement of affordable LNG. Increased the operation of coal-fired plants by reviewing the process for their regular inspection. |
| Other expenses | <ul style="list-style-type: none"> Reduced public relations and promotion expenses by suspending or reducing the scale of newspaper advertisements, TV commercials and events and by gradually discontinuing corporate advertising. Suspended, reduced or deferred spending for future business management, such as system and R&D expenses, by re-evaluating the timing and necessity of the spending. Cut other expenses, including constant expenses, to the maximum extent. |
| Salaries and employee benefits expenses | <ul style="list-style-type: none"> Reduced compensation for officers by 7 to 15%. Reduced bonuses to employees. |

Further Measures to Improve Management Efficiency

Although we have improved management efficiency, we are likely to record a loss for the third consecutive year in fiscal 2013, significantly increasing fuel expenses due to ongoing suspension of operations at the Hamaoka Nuclear Power Station.

Therefore, we established the "Office for Emergency Measures for Management Efficiency" with the President as office director on April 26, 2013 to accelerate our company-wide efforts for management efficiency enhancement and to improve our financial situation.

Basic Ideas on Investments

The severe financial situation, including decreased cash flow, following the shutdown of the Hamaoka Nuclear Power Station is likely to continue.

In light of such circumstances, we set forth our basic ideas on investments during the suspension of operations at the Hamaoka plant.

Investments for Further Safety Improvement

In order to ensure the safety of local residents where we operate our facilities and of the wider public, and to ensure a safe and stable electricity supply even in the event of tsunamis, earthquakes or other large disasters, we promptly and steadily take measures for our facilities, which include measures to further improve the safety of the Hamaoka Nuclear Power Station.

Indispensable Investments for a Stable Electricity Supply

This type of investment is essential for us as a public utility company to fulfill our mission. We believe our customers and all stakeholders may appreciate their significance.

We will build facilities that are indispensable for supplying low-carbon, high-quality energy at reasonable prices in a stable manner.

In making investments, we will step up our efforts to improve efficiency, including selecting projects based on an evaluation of necessity and timing.

Stable Dividends to Shareholders

In light of the prospects that the challenging financial situation and cash flow limitations will continue for the time being, we set forth the Policy on Shareholder Return as follows, effective July 30, 2012.

The company will work to maintain stable dividends after taking account of financial conditions and other factors, while continuously investing in building and operating facilities that are essential for a safe and stable supply of electricity.

Strategic Investments for Business Growth and Development

We believe that the continued growth of the entire Chubu Electric Power Group is essential for us to continue to meet expectations of our shareholders, investors, customers and local communities.

Considering the tight financial situation and cash flow, however, we have decided that we will not in principle make any new investments until the situation becomes likely to improve; and that we will select only projects indispensable for business growth and development and therefore should not be deferred.

Chubu Electric Power Group Management Vision 2030—“What We Aim For”

In February 2011, the Chubu Electric Power Group set out to consider the factors important for meeting the trust of its customers and society, as well as the kinds of changes it should make to fulfill expectations for the Group. This process was prompted by a rapidly changing operating environment, as well as conditions at the time that continued to fuel deep uncertainty with respect to future outcomes. The result was the formulation by the Group of “What We Aim For,” and four missions toward the realization of this objective.

“What We Aim For”

“To be a corporate group that satisfies all energy-related needs and keeps growing”

- Under the basic principle of “satisfying all energy-related needs,” we aim to be “the top corporate group in energy services” that can be chosen by customers, by pursuing optimal energy use together with our customers.
- To ensure sustainable growth, we will create new corporate value by launching businesses overseas, making best use of managerial resources and know-how we have cultivated in our domestic electric power businesses.



4 Missions toward realization of “What We Aim For”

▶ Mission 1 Ensure stable supply of low-carbon, high quality energy at reasonable prices (※pp. 27–28)

In any era, we will contribute to the development of communities and society and work to realize a low-carbon society, by ensuring stable supply of high-quality energy, indispensable for our customers’ lives and industries, at reasonable prices.

▶ Mission 2 Become “the top corporate group in energy services” (※pp. 29–30)

We aim to be “the top corporate group in energy services” by pursuing optimal energy use together with our customers.

▶ Mission 3 Increase revenues through active overseas business deployment (※pp. 31–32)

To ensure sustainable growth in the future, we aim to increase revenues by accelerating deployment of overseas businesses, making the best use of our managerial resources. We will also strengthen our management foundation by improving technological capability and brand appeal through overseas businesses, and further enhance domestic energy services.

▶ Mission 4 Establish a business base that ensures growth (※pp. 33–34)

To respond to the trust and the expectations of our customers and society, we will make further efforts to fulfill our social responsibility and enhance “human resources*/organizations,” “comprehensive group ability” and “technology research & development,” which are basic elements of business activities.

* In Japanese, a Chinese character meaning “property” is used to represent human resources, since we consider employees to be a valuable asset of our company.

More Reliable, Economical and Flexible Fuel Procurement

In order to procure fuel in a manner that ensures reliability, is economical and also flexible, Chubu Electric Power aims to bolster its fuel supply chain, acquire upstream interests, enhance fuel trading and improve fuel-related infrastructure. We are also working on a wide range of initiatives to decentralize and diversify procurement.

Acquisition of Upstream Interests

As part of its strategies to acquire upstream interests for LNG and coal, Chubu Electric Power participated in the Gorgon Project (2009, Australia), Integra Project (2011, Australia), and Cordova Project (2011, Canada). This participation strengthens our fuel supply chain, ensuring stable and economical procurement of fuels.

In September 2012, we concluded a new contract for partici-

pation in the Ichthys LNG Project in Australia. The project lead by INPEX Corporation is the first large-scale LNG development project where Japanese firms have taken a central role. The project expects its first production in 2016. Chubu Electric Power, through its local corporation, will keep playing an active part in the project.

Procurement of LNG from the US

With the expected exhaustion of conventional-style gas wells in its territories, the US was once seen as becoming a net LNG importer by the middle of the 2010s. The "shale gas* revolution," however, enabled development of unconventional styles of gas wells, giving the US an opportunity to become an LNG exporter. The conversion of the LNG bases constructed for LNG import into export-ready facilities also began around 2011.

To respond to these movements, Chubu Electric Power has, together with Osaka Gas Co., Ltd., executed binding liquefaction tolling agreements with an affiliate of Freeport LNG Expansion, L.P. in July 2012 and started its participation in the Freeport LNG Project. On May 17, 2013 the US Department of Energy issued an export permit for non-Free Trade Agreement (FTA) countries, the first permit that has been issued to a project of exporting LNG to Japan. The authorization will allow Chubu Electric Power to liquefy natural gas procured in the US for import to Japan, a great leap

toward the operational start of natural gas liquefaction project planned for 2017.

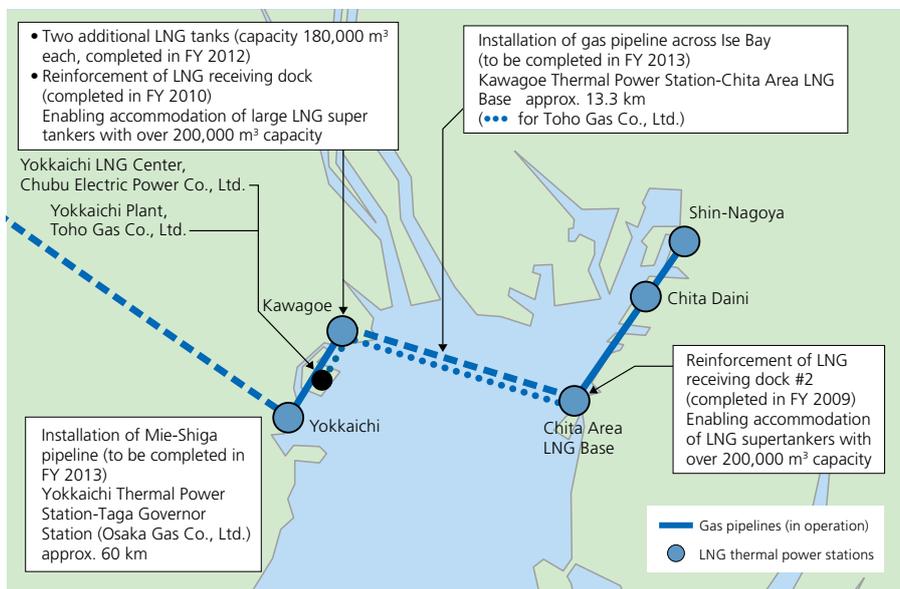
The expansion of shale gas production will add the US, potentially a major producer of LNG, to our list of supply sources and thus greatly improves the stability of our fuel procurement. The project also makes us a producer of LNG, which gives us right to choose the place of LNG delivery. This in turn facilitates making arrangements based on the supply-demand situation and improves flexibility of fuel procurement. Also, by ensuring a long-term supply of LNG interlocked with US gas prices, we can expect more diverse price structures and thus economically favorable fuel procurement.

*Shale gas: Natural gas contained in shale, a sedimentary rock composed of layers of mud. Shale is usually located 100 meters to 2,600 meters below the surface of the ground. Advancements in hydraulic fracturing and other drilling techniques in the 2000s made drilling of shale gas feasible for commercial production. Shale gas is now attracting world attention as a promising gas resource.

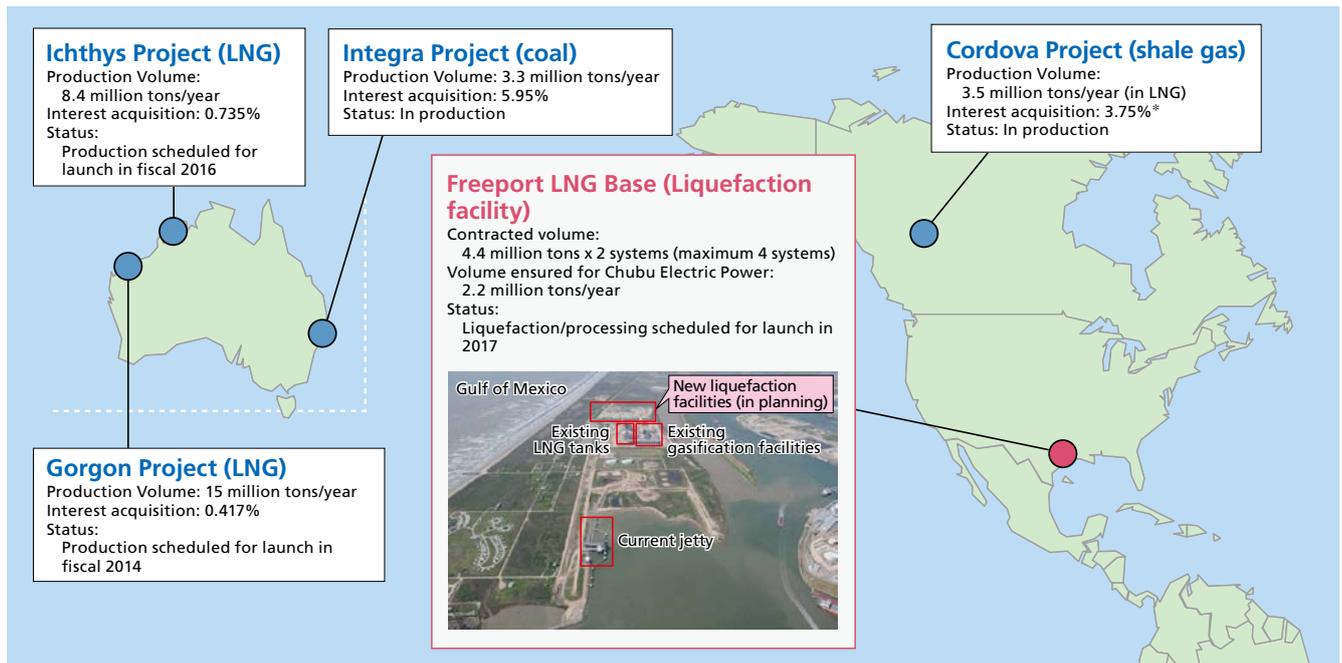
Enhancing and Making the Best Use of Fuel-Related Infrastructure

Chubu Electric Power is working to enhance its fuel-related infrastructure in support of its ability to procure LNG in a stable and flexible manner. We have already finished reinforcing LNG receiving docks to berth larger vessels and adding more LNG tanks to boost storage capacity. In addition, we are currently constructing a pipeline across Ise Bay, both of which are planned for completion in fiscal 2013.

Enhancement Projects at LNG-Related Facilities



Acquisition of Upstream Interests



* Made 7.5% investment in Cordova Gas Resources, a subsidiary of Mitsubishi Corporation, which holds a 50% interest in the Cordova Project.

Expansion of Coal Procurement through Trading

In April 2010, Chubu Electric Power concentrated all its coal procurement activities at Chubu Energy Trading, Inc. The market information collected by Chubu Energy Trading through its daily contacts and negotiations with sellers and traders facilitates an agile response, allowing efficient procurement that meets the demand-supply situation.

For further enhancement of coal procurement, we transferred the trading execution base in Asia to Chubu Energy Trading Singapore Pte. Ltd. in April 2012. Singapore is the hub for coal trading in Asia, and thus the center of market information. Through procurement in Singapore, we can improve our capabilities for collecting information and to secure competent human resources.

VOICE

Participation in shale gas project in Canada

As the first Japanese electric power company to participate in a shale gas project, Chubu Electric Power accumulates knowledge in shale gas development and uses it to deliberate on and examine the most suitable development methods from the economic and environmental perspectives. While fulfilling the responsibilities of an upstream business in safe operation, Chubu Electric Power is carrying out this project ultimately to contribute to a stable supply of energy in Japan.



Sae Matsui
 Member of Fuels Department, temporarily assigned to CEPCG (Alberta, Canada)

Message from the General Manager

We will respond to the needs of customers through reliable, economical and flexible procurement of fuels.

The halting of nuclear power plant operation forced Japan to increase its fossil fuel imports. The country, which was already depending on imports for most of its fuels, faces a very harsh fuel procurement environment, especially in the increasingly fierce competition for resource procurement.

To respond to these conditions, Chubu Electric Power has been working on enforcing procurement capabilities that meet the changes in the markets for different fuels. For example, we are building stronger trading functions for coal, for which market liquidity has been increasing. For LNG, for which middle- to long-term negotiation contracts are standard forms of transaction, we develop reliable, economical and flexible procurement through decentralization and diversification of contracts.

We also build a strong value chain for fuels from resource development to sales and order acceptance through acquisition of upstream interests and other measures in order to further improve our fuel procurement capabilities.

Currently, conditions in the fuel markets are changing very rapidly. We see this as an opportunity and take up challenges with innovative ideas beyond the conventional frameworks to provide services that meet the needs of our customers.



Toshimi Tsuchiya
 Executive officer
 General Manager of Fuels Department

Becoming “the Top Corporate Group in Energy Services”

To become “the top corporate group in energy services” that is trusted and chosen by all customers, the Chubu Electric Power Group assures optimal energy use with our group-wide efforts and in cooperation with our customers.

Suggesting Energy Solution Services

In accordance with the changing times, our customers are demanding more diverse and more advanced energy services. Household customers are looking for more savings in energy use, CO₂ emissions and operational costs. Industries seek higher productivity, while businesses (e.g., office buildings and hospitals) need energy supply systems that can withstand natural disasters. In response, Chubu Electric Power offers suggestions for optimal combination of energy sources and facilities (systems for production processes, air conditioning, hot water supplies, and kitchens, etc.), while developing new energy systems that can best fit the different types of facilities and operation for different types of customers. By offering solutions that employ the best advantages of electricity and gas, we support customers in solving their energy challenges.

For most efficient solutions services, the Chubu Electric Power Group provides a one-stop service site. On this site, a variety of questions from customers in all areas of energy facilities — from installation to operation and maintenance contract services— are answered.

BizEne

BizEne is an Internet site where useful information on energy use by businesses, including solutions and energy-saving examples, are provided.
<http://bizene.chuden.jp/>

Example 1

Heat Pumps Installed on a Ship Engine Parts Production Line to Reduce Energy and CO₂ Emissions

At a surface treatment process for engine parts, our energy-saving solutions for chemical tank heating achieved a reduction in energy consumption.

Specifically, we installed heat pumps and built a new system that uses steam boilers to heat the tanks and achieved reduction both in energy consumption and CO₂ emission.

This reduced the temperature required to heat the tanks compared with the older system, in which the tanks were heated only with steam. As a result, the amount of impurities accumulated on the heat exchange plates has been reduced, and this is expected to cut energy and costs needed for maintenance.



Chemical tank heating system at Yamaha Motor Co., Ltd.

Example 2

BCP-Ready Hospital Operation

To build a hospital building that meets the criteria for the business continuity plan (BCP) scheme, we suggested an electricity-driven air-conditioning system. This system saves energy and reduces CO₂ emissions (i.e., economical and environmental benefits) in daily operation. If a disaster occurs, the emergency generators and boilers can be powered by both emergency stock oil and gas, making the system highly reliable as “disaster base hospitals”* where functions need to be maintained.

Energy supply systems for hospitals have grown in sophistication. To provide total services we set up a specialty company, C Energy Co., Inc., to support customers in every aspect from financial arrangements to operation and maintenance of electricity and air-conditioning systems.

* Disaster base hospitals: Hospitals designated as local medical centers that provide initial emergency care at the time of a large-scale disaster.



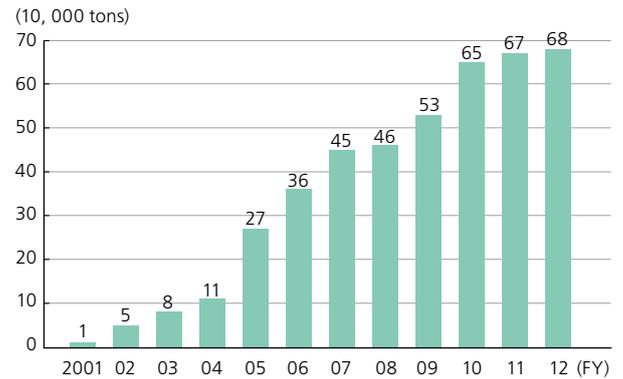
Rendering of Aichi Medical University Hospital new building (scheduled to open in May 2014)

Supplying Gas, LNG and On-Site Energy

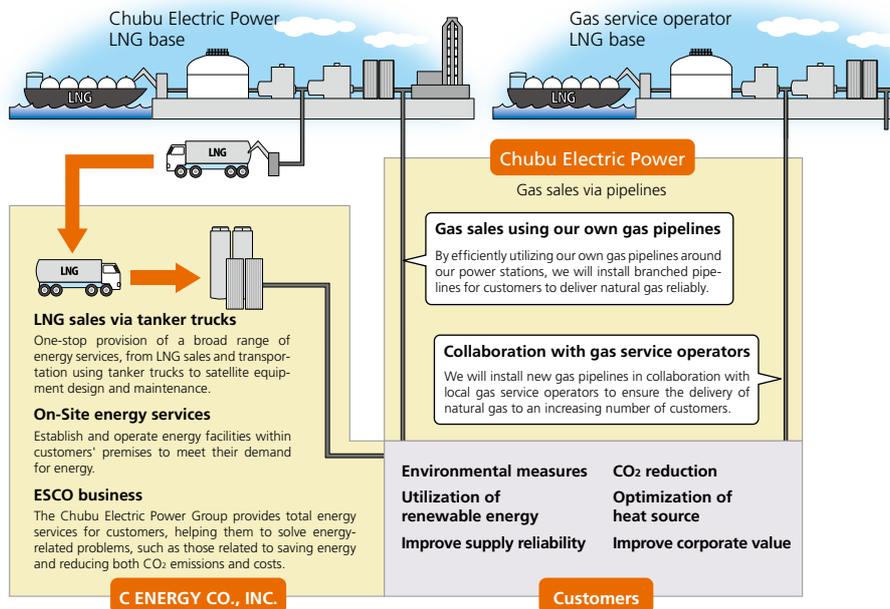
The increase in environmental awareness is accelerating the energy shift from heavy oil to natural gas. Also, the need for measures against the risk of natural disasters have been strengthening the interest shown in decentralized energy sources.

The Chubu Electric Power Group continues to offer energy services that combine gas, LNG and on-site energy to business customers. We support their goals to build a highly reliable energy supply system while cutting energy consumption, CO₂ emissions and running costs.

Trends in Sales of Gas and LNG



Gas and LNG Sales and On-Site Energy Services in Collaboration with Group Companies (Image)



LNG loading terminal at Joetsu Thermal Power Station



Gas co-generation system installed at Shinshu Beverage Co., Ltd.

Message from the General Managers

Become "the top corporate group in energy services" through improved and diversified services



Naoki Sako
General Manager of Customer Services & Sales (Large Accounts) Department
Customer Service Division

The Japanese government is examining the possibility of an "electricity system revolution" that includes full liberalization of the electricity retail market, where electricity users can choose the electric power company and services from which they receive their power. In the near future, competition among suppliers is likely to intensify and the borders between electricity, gas, oil and other types of energy services are expected to be removed.

Chubu Electric Power has been responding to these movements and taking measures to support customers in reducing their energy consumption, costs and CO₂ emissions. Specifically, we offer customers an optimal energy package combined with electricity and gas and support for installation of high efficiency equipment.

We are maintaining our group-wide efforts to improve and diversify services to become "the top corporate group in energy services" that is trusted and chosen by all customers.



Yuji Koyama
General Manager of Gas Sales & Service Department

Overseas Energy Projects

Using the knowhow, human assets and other management resources cultivated through business activities in Japan, the Chubu Electric Power Group is involved in power generation and environment-related businesses as well as consultation business in other countries.

In particular, we focus on our overseas businesses of thermal power generation using gas and other energy sources, as well as on power generation using renewable energies, such as wind and solar energies, to respond to the global expansion of business opportunities. In these overseas projects, we always pay keen attention to business efficiency and risk management, while pursuing stable profits.

Participation in Thermal Power Generation Business

The Chubu Electric Power Group will effectively leverage its knowhow to expand businesses, particularly the gas thermal power business which is rich in business opportunities, in an effort to secure long-term, stable earnings. We are also working to strengthen the earnings base through careful management of existing investments.



Chubu Electric Power invests in gas thermal power generation and provides operational and technical support. (Gas thermal power generation project at Valladolid, Mexico)

Participation in Renewable Energy Power Generation Projects

We participate in power generation projects using renewable energy sources such as wind, solar, hydro and biomass energies. In our participation in this globally spreading power generation project, we pay careful attention to the investment effects to ensure financial profits, while making the largest contribution to reducing CO₂ emissions on a global scale.

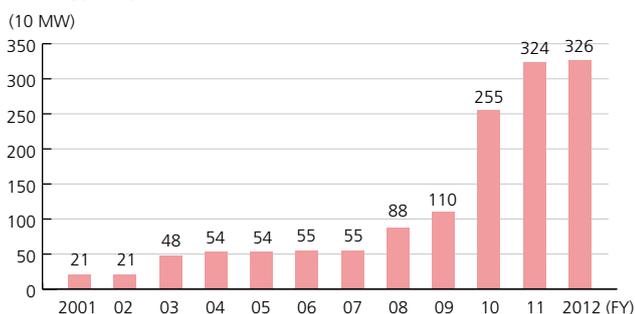
Overseas energy projects (at the end of fiscal 2012)

Total cumulative investment: Approx. 100 billion yen

Total output contribution*: Approx. 3,260 MW

* Output attributable to Chubu Electric Power in total output from all projects

Change in Total Output Contribution from Overseas Energy Projects



Development of Consulting Business

We are developing our consulting business while seeking synergy effects with other energy-related businesses both within and outside Japan, including maintenance and succession of technologies, international contributions and reinforcement of the relationship with fuel procurement source regions.

[Zambia] The Electrification Capacity Improvement Project in Rural Areas

In 2010, Chubu Electric Power was commissioned to participate in a rural electrification capacity-building project in Zambia aiming at building a social infrastructure and reducing poverty in this country. We have been supporting local organizations in improving their capabilities in rural electrification projects for over three years.



Working together with local staff in rural electrification projects

TOPICS

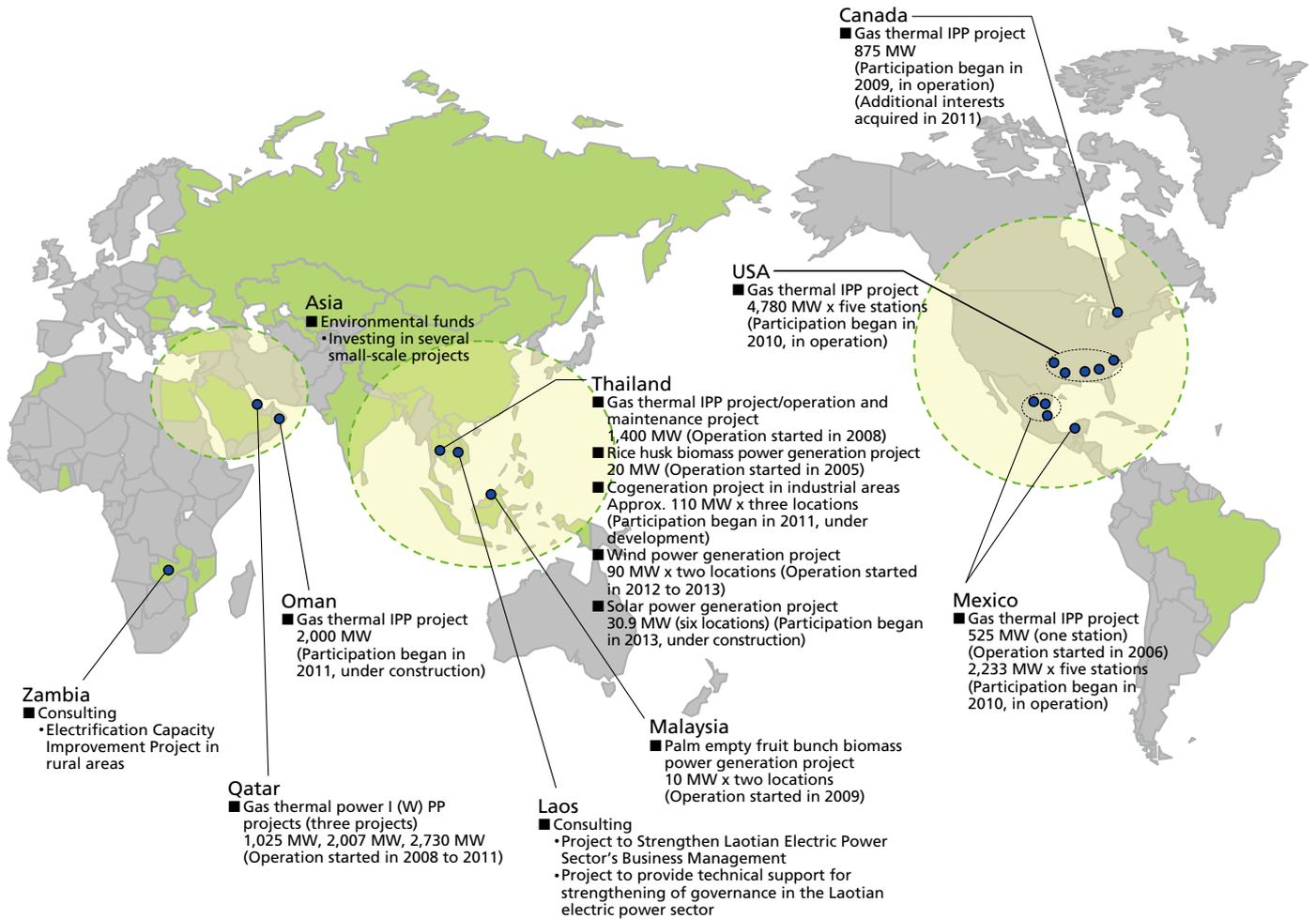
Thailand: Participation in solar power generation project

Chubu Electric Power acquired a 49% share of a company that develops and operates mega solar generation plants at a total of six locations in central and northern Thailand (total capacity 30.9 MW) from Gunkul Engineering Public Company Limited. In February 2013 we participated for the first time in a solar power generation project in another country.

In this program, we are engaged in the wholesale supply of electricity to government-affiliated distribution companies based on a full amount trading program for energy in Thailand.

Chubu Electric Power has been considering Thailand as its Asian base since our first overseas investment participation was made in 2001. This participation will further strengthen our power generation businesses in Thailand, while contributing to overseas efforts for conservation of the global environment.

■ Major Participation in Overseas Projects



I (W)PP: Independent (Water) Power Producer

Focus regions: Develop businesses mainly in North America, Asia and the Middle East based on the accumulation of knowhow, human assets and other management resources.

Countries where involved in consulting (147 projects in 36 countries (at the end of March 2013)): Providing consulting services for the planning of power development; design, construction and management of power facilities; and other aspects mainly for developing countries in Asia and Africa.

Message from the General Manager

We develop overseas businesses to achieve sustainable growth in the future.

Chubu Electric Power fully employs management resources in its development of overseas businesses to ensure the long-term sustainable growth. The technical improvements we can make through overseas business operations are used to enhance our management foundation and further improve energy services we provide in Japan.

In regional bases, we have designated Asia, North America and the Middle East as the focus regions. For the types of businesses, we place our focus on thermal power generation, which allow us to expect stable profits in the long term, and power generation with renewable energies, such as wind, solar, hydro, and biomass powers, for which political measures to encourage installation have been taken across the world. We carry out new and existing projects in these areas and fields in a good balance.

After the shutdown of Hamaoka Nuclear Power Station, we are facing a very tough financial situation. While ensuring a stable supply of electricity to our customers in Japan, we will seek sound business development for future corporate operation with a cautious selection of projects and careful investigation of project efficiency and risks.



Kozo Ban
 Executive officer
 General Manager of International Business Department

Major Activities in Fiscal 2012 and Goals and Plans for 2013

Chubu Electric Power has systems that allow the Company to continually step up the level of and improve its CSR activities through the plan-do-check-act (PDCA) cycle.

| Section | Subsection | Relevant Page | Goals and plans for FY 2012 |
|--|--|---------------|---|
| Corporate Governance | Corporate Governance | pp. 35–36 | <ul style="list-style-type: none"> ■ Preparation and operation of the internal control system based on the Companies Act. ■ Conduct proper internal controls over financial reporting. |
| | Risk Management | p. 37 | <ul style="list-style-type: none"> ■ Implement the risk management flow in the management plan development process. ■ Strengthen BCP measures and promote business continuity management (BCM). |
| | Information Management | p. 38 | <ul style="list-style-type: none"> ■ Conduct systematic information management. |
| | CSR Management | p. 40 | <ul style="list-style-type: none"> ■ Promote familiarization of the Corporate Philosophy through various training programs. |
| | Dialogues with Stakeholders/Communication | pp. 41–42 | <ul style="list-style-type: none"> ■ Further promote interactive communication with stakeholders. ■ Implement dialogues with a diverse array of stakeholders. |
| Respect for Human Rights and Work | Respect for Human Rights | p. 43 | <ul style="list-style-type: none"> ■ Hold seminars on human rights and promote education on human rights awareness and harassment prevention. |
| | Development of Human Resources | p. 43 | <ul style="list-style-type: none"> ■ Conduct both mandatory and optional training. ■ Support employees' voluntary efforts for self-development. |
| | Creating a Rewarding Workplace | pp. 44–45 | <ul style="list-style-type: none"> ■ Perform activities aimed at developing the corporate culture. ■ Perform activities to promote work-life balance. |
| | Ensuring the Safety and Health of Employees | p. 46 | <ul style="list-style-type: none"> ■ Prevent traffic and industrial accidents. ■ Promote mental health care and prevent health problems associated with overwork. |
| Commitment to Environmental Conservation | Promoting Environmental Management | pp. 47–50 | <ul style="list-style-type: none"> ■ Promote group-wide environmental management. ■ Develop environmental education trainers and implement an environmental education curriculum for all employees. |
| | Building a Low-Carbon Society | p. 51 | <ul style="list-style-type: none"> ■ Reduce CO₂ emission intensity by 20% relative to FY 1990 during the period from FY 2008 to FY 2012. |
| | Creating a Recycling Society | pp. 53–54 | <ul style="list-style-type: none"> ■ Achieve an external landfill waste ratio of less than 1%. ■ Treat at least 6,714 kl of insulation oil and 110,880 pole-mounted transformers containing low-level PCBs. |
| | Conserving the Local Environment | pp. 55–56 | <ul style="list-style-type: none"> ■ Implement an environmental assessment for the Nishi-Nagoya Thermal Power Station (Unit No. 7), for which construction is slated to start in fiscal 2014. |
| Ensuring Compliance Management | Compliance | pp. 57–58 | <ul style="list-style-type: none"> ■ Promote compliance across the Group for the next generation. ■ Educate employees to raise awareness and combat insider trading. |
| | Fair and Equitable Transactions | p. 59 | <ul style="list-style-type: none"> ■ Promote procurement activities according to the Chubu Electric Power Group Basic Procurement Policy. ■ Ensure sufficient interactive communication with business partners. |
| | Promotion of Intellectual Property Protection Activities | p. 59 | <ul style="list-style-type: none"> ■ Enhance knowledge and awareness of intellectual property. |
| Aiming to Be Customer-friendly | Working for Customer Satisfaction | pp. 60–62 | <ul style="list-style-type: none"> ■ Improve our business operations by reflecting customer feedback. ■ Continue customer service improvement measures. |
| Interacting with Local Communities | Contribution to Communities | pp. 64–67 | <ul style="list-style-type: none"> ■ Promote social contribution according to the Basic Corporate Citizenship Policies of the Chubu Electric Power Group. |

* Please refer to the Action Plan on our website for more details of the medium-term goals (FY 2020) of our environmental activities.
<http://www.chuden.co.jp/energy/kankyo/actionplan/index.html>

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.

| | Major activities for FY 2012 | Evaluation | Goals and plans for FY 2013 |
|--|--|------------|--|
| | <ul style="list-style-type: none"> Internal audits were conducted for 13 Group companies in and outside Japan to enhance internal control across the Group. Each department conducted self-inspections and internal audits for each financial report. | ○ | <ul style="list-style-type: none"> Continue preparation and operation of the internal control system based on the Companies Act. Conduct proper internal controls over financial reporting. |
| | <ul style="list-style-type: none"> Proper risk management was implemented at the Corporate Planning & Strategy Division and other divisions, and included measures such as the identification of important risks and the introduction of countermeasures against each risk. Group-wide BCPs were laid down and regular monitoring was conducted following the BCM scheme. | ○ | <ul style="list-style-type: none"> Continue implementing the risk management flow in the management plan development process. Strengthen BCP measures and promote BCM. |
| | <ul style="list-style-type: none"> To ensure strict information management, inspections were carried out at major operation sites and Group companies to check how information is managed. | ○ | <ul style="list-style-type: none"> Continue systematic information management. |
| | <ul style="list-style-type: none"> Workshops were carried out at various opportunities, such as when new members join the team as a result of transfer. Installation activities were conducted through training and internal publications. | ○ | <ul style="list-style-type: none"> Continue promoting the Corporate Philosophy through various training programs. |
| | <ul style="list-style-type: none"> Dialogue with stakeholders was implemented across the Company to discuss energy issues. Dialogue with a diverse array of stakeholders, such as opinion exchanges with Mie University and readers of the Annual Report, was implemented. | ○ | <ul style="list-style-type: none"> Further promote interactive communication with stakeholders. Continue implementing dialogue with a diverse array of stakeholders. |
| | <ul style="list-style-type: none"> Employee education to promote human rights awareness and prevent harassment at mandatory training sessions were conducted, and seminars on human rights were held. (Total participants: 1,200) | ○ | <ul style="list-style-type: none"> Continue employee education to promote human rights awareness and prevent harassment and continue seminars on human rights. |
| | <ul style="list-style-type: none"> Training was implemented for newcomers, employees newly appointed to managerial positions, and other levels of employees. 551 employees took part in external correspondence courses, and 162 employees were supported to acquire a new qualification. | ○ | <ul style="list-style-type: none"> Continue to conduct both mandatory and optional training. Support employees' voluntary efforts for self-development. |
| | <ul style="list-style-type: none"> Training sessions were provided for managers and female employees, and site visits were conducted for awareness raising. "No overtime day" was set up and seminars on efficient job planning were held to build a more stimulating work environment. | ○ | <ul style="list-style-type: none"> Continue activities aimed at developing the corporate culture where female employees and all staff members can fully utilize their individual capabilities. Continue efforts to promote work-life balance. |
| | <ul style="list-style-type: none"> Joint safety patrols were conducted among Group companies and safety instructions were provided to contracted companies based on the Corporate Labor Safety and Well-Being Campaign Policies. Mental health education classes and extra medical checkups were continued to protect employees from health problems associated with overwork. | ○ | <ul style="list-style-type: none"> Continue efforts to prevent traffic and industrial accidents. Continue measures to promote mental health care and prevent health problems associated with overwork. |
| | <ul style="list-style-type: none"> Group-wide measures, including CO₂ reduction, were promoted through the Chubu Electric Power Group Environmental Measures Committee, opinion exchange sessions were conducted taking examples from each company, and a study tour was carried out at the Hamaoka Nuclear Power Station. Environmental education was implemented at all operation sites by the 458 environmental education trainers designated for FY 2012. | ○ | <ul style="list-style-type: none"> Promote efficient environmental management that fits the business conditions of each group company. Create an environmental education curriculum for all employees through the environmental education trainers system. |
| | <ul style="list-style-type: none"> The average CO₂ emission intensity over the five-year period was 0.404 kg-CO₂/kWh, 12.9% less than the 1990 level, falling short of our target of 20%. In our estimation, however, the target would have been met if excluding the emissions increase caused by the shutdown of the Hamaoka Nuclear Power Station in the wake of the March 2011 earthquake. | △ | <ul style="list-style-type: none"> Continue activities to combat global warming through comprehensive measures on both supply and demand. Take appropriate action for the global warming measures taken in and after 2013. |
| | <ul style="list-style-type: none"> External landfill waste ratio: 0.9% 7,279 kl of insulation oil and 111,051 pole-mounted transformers containing low-level PCBs were treated. | ○ | <ul style="list-style-type: none"> Achieve an external landfill waste ratio of less than 1%. Treat at least 6,693 kl of insulation oil and 106,920 pole-mounted transformers containing low-level PCBs. |
| | <ul style="list-style-type: none"> Inspection, prediction and evaluation were conducted based on the evaluation results of the Refurbishment Plan for Environmental assessment, and a Preparation Plan was generated. The Preparation Plan was submitted to the national government, and measures were taken including meetings with residents and administrative inspection. | ○ | <ul style="list-style-type: none"> Implement an environmental assessment for the Nishi-Nagoya Thermal Power Station (Unit No. 7), for which construction is slated to start in December 2013. |
| | <ul style="list-style-type: none"> October was designated as Compliance Month. Various measures and surveys for group company employees were taken, including by the Chubu Electric Power Group Compliance Council. An e-learning program was implemented for employees in departments handling important management information. | △ (*1) | <ul style="list-style-type: none"> Support independent activities and take measures for new issues. Continue providing employees with education to raise awareness and combat insider trading. |
| | <ul style="list-style-type: none"> New business partners were provided with an explanation on the Chubu Electric Power Group Basic Procurement Policy, and requested to practice CSR. Increased the height of the fall prevention fence on the 2nd floor of Head Office in response to feedback from business partners. | ○ | <ul style="list-style-type: none"> Promote procurement activities according to the Chubu Electric Power Group Basic Procurement Policy. Ensure sufficient interactive communication with business partners. |
| | <ul style="list-style-type: none"> Intellectual property seminars were provided at Head Office, regional offices, and other sites to enhance employees' knowledge and awareness of intellectual property (Total participants including those using Intranet sessions: approx. 720). | ○ | <ul style="list-style-type: none"> Continue enhancing knowledge and awareness of intellectual property. |
| | <ul style="list-style-type: none"> Operational improvement was implemented after customer feedback was discussed and advice from third parties was taken into account. Various customer service improvement measures were implemented, such as the breakdown of expected electricity billing amount, indicated on the electricity consumption notice slips. | △ (*2) | <ul style="list-style-type: none"> Continue improving our business operations by reflecting customer feedback. Continue customer service improvement measures. |
| | <ul style="list-style-type: none"> 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." | ○ | <ul style="list-style-type: none"> Continue social contribution according to the Basic Corporate Citizenship Policies of the Chubu Electric Power Group. |

*1. The evaluation result was "△" due to the occurrence of inappropriate incidents at Chubu Electric Power and a Group company.
 *2. The evaluation result was "△" due to the occurrence of inappropriate incidents at certain customer service offices.

Corporate Governance

We are committed to keeping Chubu Electric Power a corporation that our stakeholders trust and choose above others. To that end, we are making every effort to raise corporate governance to a higher level of enhancement with fairness and transparency as central priorities.

Corporate Governance Structure

In addition to the corporate bodies prescribed by the Japanese Companies Act (such as a board of directors, board of auditors, and corporate auditors), Chubu Electric Power's governance structure includes the Management Strategy Committee and Senior Executive Committee.

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. Including its two outside directors, the Board of Directors consists of 12 people, 11 men and one woman.

The Senior Executive Committee, comprised of the President, Vice 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 composed of representative directors and other officers discusses the course of action in medium- to long-term management. Matters requiring special attention are submitted to the Senior Executive Committee and the Board of Directors.

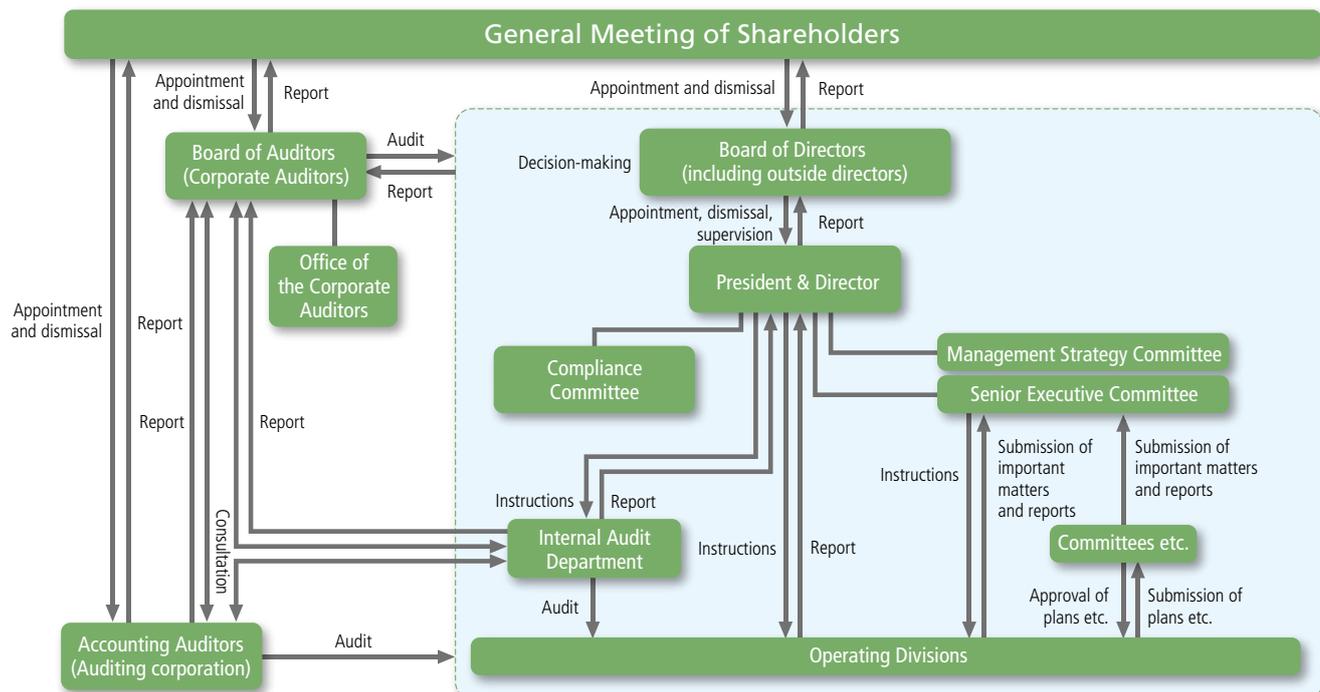
We have adopted an executive officer system to ensure that management's decision-making and supervision duties are separate from the execution side and to help accelerate execution. Substantial authority is delegated from the president to the managing executive officers with other responsibilities who serve as general managers, and the execution of duties in specified areas

is completed by persons at or below the rank of general manager. When necessary, reports regarding how their duties are being executed are provided to the Senior Executive Committee and the Board of Directors. Furthermore, to ensure that our management system is capable of responding quickly to changes in the business environment and that management responsibilities and executive responsibilities are clear, directors, managing executive officers and executive officers serve a one-year term.

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. Four of the six Corporate Auditors are Outside Corporate Auditors, and the Board consists of five men and one woman.

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 subsidiaries, we maintain commu-

Chubu Electric Power's Corporate Governance Framework



nication and share information with their directors and auditors, and keep ourselves informed of their business activities whenever necessary. Our Corporate Auditors include those who have been engaged in accounting work for many years and possess a high level of expertise in finance and accounting. There are also 11 staff members working under the Corporate Auditors.

The Internal Audit Department (37 staff members), 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 the 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 advice admonishments to relevant divisions to encourage continuous improvement.

Directors and Corporate Auditors (as of July 1, 2013)

■ Chairman of the Board of Directors



Toshio Mita

April 1969 Joined Chubu Electric Power
 June 2003 Director, General Manager of Tokyo Office
 June 2005 Director & Managing Executive Officer
 General Manager of Customer Service Division
 June 2006 President & Director
 June 2007 President & Director (Executive Officer)
 June 2010 Chairman of the Board of Directors (current)
 May 2011 Chairman of Chubu Economic Federation (current)

■ President & Director



Akihisa Mizuno

April 1978 Joined Chubu Electric Power
 June 2008 Director & Senior Managing Executive Officer
 General Manager of Corporate Planning & Strategy Division
 June 2009 Director & Executive Vice President
 General Manager of Corporate Planning & Strategy Division,
 and Affiliated Business Planning & Development Dept.
 June 2010 President & Director (current)

■ Director, Executive Vice President



Masatoshi Sakaguchi
 General Manager of Nuclear
 Power Division



Kazuhiro Matsubara
 General Manager of Legal
 Affairs Dept.,
 General Affairs Dept.,
 Finance & Accounting Dept.,
 Purchasing & Contracting Dept.,
 and Information Systems Dept.



Tomohiko Ohno
 General Manager of Secretarial
 Services Dept.,
 Corporate Communication Dept.,
 Personnel Dept., and
 Affiliated Business Management &
 Development Dept.



Satoru Katsuno
 General Manager of Corporate
 Planning & Strategy Division

■ Director, Senior Managing Executive Officer

Ryosuke Mizutani (General Manager of Hamaoka Central Administration
 Office and affiliated with Environmental Affairs &
 Plant Siting Division)

Yutaka Watanabe (General Manager of Customer Service Division)

Satoshi Onoda (General Manager of Power Generation Division)

Masanori Matsuura (General Manager of Land Affairs Dept.,
 Telecommunications Engineering Dept., and General
 Manager of Power System Division)

■ Outside Directors

Hideko Katsumata, Yoshifumi Iwata

■ Senior Corporate Auditor (full-time)

Hidetaka Tomita

■ Corporate Auditors (full-time)

Masato Harada

■ Outside Corporate Auditors

**Toshiko Aburada, Kenji Matsuo, Shigehisa Sao,
 Tokuichi Okaya**

In order to further clarify the management responsibilities and roles of its directors, promote improved deliberations by the Board of Directors, accelerate the decision making process, and be able to respond promptly to the changes in the operating environment

that encompasses the electricity business, the Company has conducted a review of its directorial system, a part of which includes reducing the number of its directors from 17 to 12 in June 2013.

Internal Controls

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.

The Chubu Electric Power Group has a department responsible for oversight of Group companies' internal controls. This department formulates business strategies and policies applicable to the entire Group, and manages Group companies.

In fiscal 2012, among other activities, the department con-

ducted internal audits for 13 Group companies including consolidated subsidiaries as a way to support them to establish and execute internal controls.

Internal Controls over Financial Reporting

Concerning internal controls required by the Financial Instruments and Exchange Act, Chubu Electric Power has prepared and is operating a system to visualize, confirm, and evaluate important business processes relating to financial reporting. We will continue in the future to appropriately manage the internal control system pertaining to financial reporting.

Risk Management

Chubu Electric Power seeks to prevent risks for the Company as a whole as well as its each division, and have the organizations, authority and internal regulations in place to transfer and mitigate risks following their occurrence.

Specifically, risks that can have a serious impact on management are subject to risk management protocol and other internal regulations. Based on these regulations, the Corporate Planning & Strategy Division and the various each division are to ascertain and evaluate such risks, which are to be reported at Management Meetings. They are also then to formulate and implement management plans and business operation plans incorporating risk countermeasures.

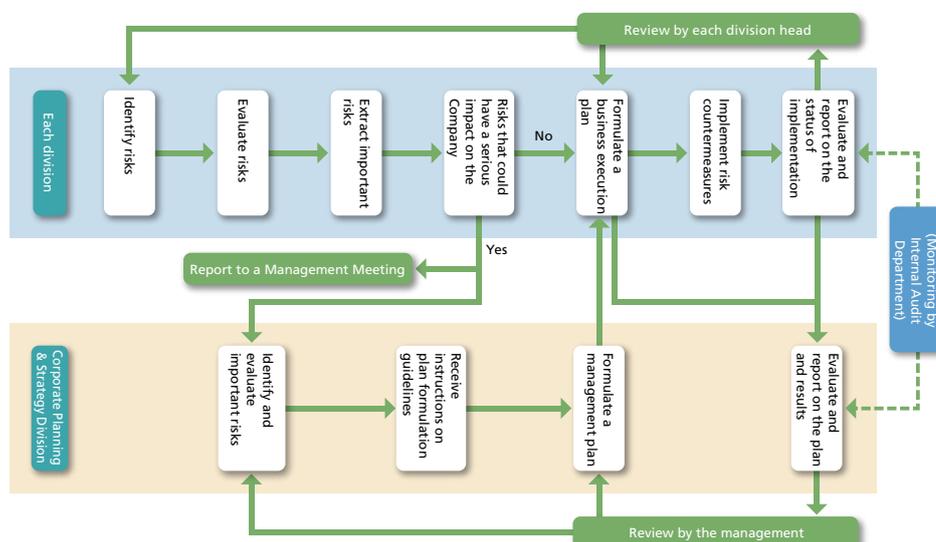
In the event of an emergency or other such event that could have a serious impact on the Company's assets or credibility

in society, actions are to be taken in accordance with disaster countermeasure procedures, crisis management regulations, and other regulations. Such actions include reporting to command posts, emergency response and restoration procedures for damage control.

Group-wide business continuity plans (BCP) were put in place in fiscal 2012 to ensure undisrupted operations even in the event of a catastrophic disaster, and in line with the business continuity management (BCM) framework we are checking the state of responses through regular monitoring, and seeking to maintain and improve our business continuity capabilities.

(Please refer to page 13 for the basic philosophy regarding business continuity.)

■ Risk Management Flow in the Management Plan Development Process



Information Management

Systematic Management

Based on the belief that proper management of information is an essential element for maintaining its social trust and ensuring quick and accurate business operations, Chubu Electric Power has developed relevant rules and established a department dedicated to information management. In addition to calling for employees to handle information carefully, the department undertakes various other activities to assure Group-wide systematic management of information, including inspections of major Group companies to check how they manage information.

In order to prevent unauthorized disclosure of important electronic information that is considered likely to cause serious damage to the Company if divulged, we have introduced technologies to protect information from leakage and falsification and taken other measures to ensure the security of the entire information system. We are also making utmost efforts to ensure that large volumes of personal information received from customers and others are handled properly, by creating a basic personal information privacy policy based on the Act on the Protection of Personal Information.

Establishment of the Chubu Electric Power Group IT Promotion Council

We have established the Chubu Electric Power Group IT Promotion Council to facilitate the utilization of the optimum information technology across the group, and declared a "Joint Statement on Information Security," as a base of our information security measures, in order to strengthen information management of the entire group.

Specific information management measures taken by Chubu Electric Power

• Systematic countermeasures

A department responsible for promoting proper information management has been established under the information management officer appointed by the president, and information management supervisors are allocated to each workplace to build a systematic company-wide information management framework.

• Human countermeasures

Efforts are being made to enhance employees' awareness of the importance of information management through e-learning programs and by requiring employees to carry an information management pocketbook that summarizes the Company's internal rules at all times while at work.

• Physical countermeasures

Areas where employees work are kept locked and separate from areas accessible to non-Company personnel.

• Technical countermeasures

Computer viruses and unauthorized access are deterred, while computer access is controlled by IC card, and recorded and analyzed.

A message from one of our outside directors

About the governance functions of Chubu Electric Power

Chubu Electric Power has two full-time corporate auditors and four outside corporate auditors. We do not merely attend board meetings and auditor meetings; by exchanging opinions with the directors, and by visiting the workplace and exchanging views with employees, we conduct our auditing work while putting to use our knowhow and experience in science and technology, accounting, law and management and as shareholders and investors, and I too carry out my auditing work from the perspective of one of the Company's users. I feel that it is this very system that attests to how governance is functioning.

Chubu Electric Power has been facing an extraordinarily tough situation since the Great East Japan Earthquake, but I have been conducting my auditing activities with an emphasis on the following points.

1. Delivering safe, reliable, high-quality electricity
2. Is CSR conducted in response to customers' views?
3. Is the global environment taken into account?
4. Is a diversity of human resources being utilized?
5. Is management efficiency being sought?

When I look at Chubu Electric Power's initiatives from these perspectives, I think that there are a great many areas where the Company deserves praise. These include the facts that they are seriously dealing with earthquake and tsunami countermeasures at the currently offline Hamaoka Nuclear Power Station; that they have set up a Customer Service Division and are developing systems to listen intently to their customers; that they are introducing high efficiency thermal power plants; that they are promoting the employment of challenged people; and that they are making an effort to create a good work-life balance environment and promote the activities of women.



Toshiko Aburada

Outside Corporate Auditor

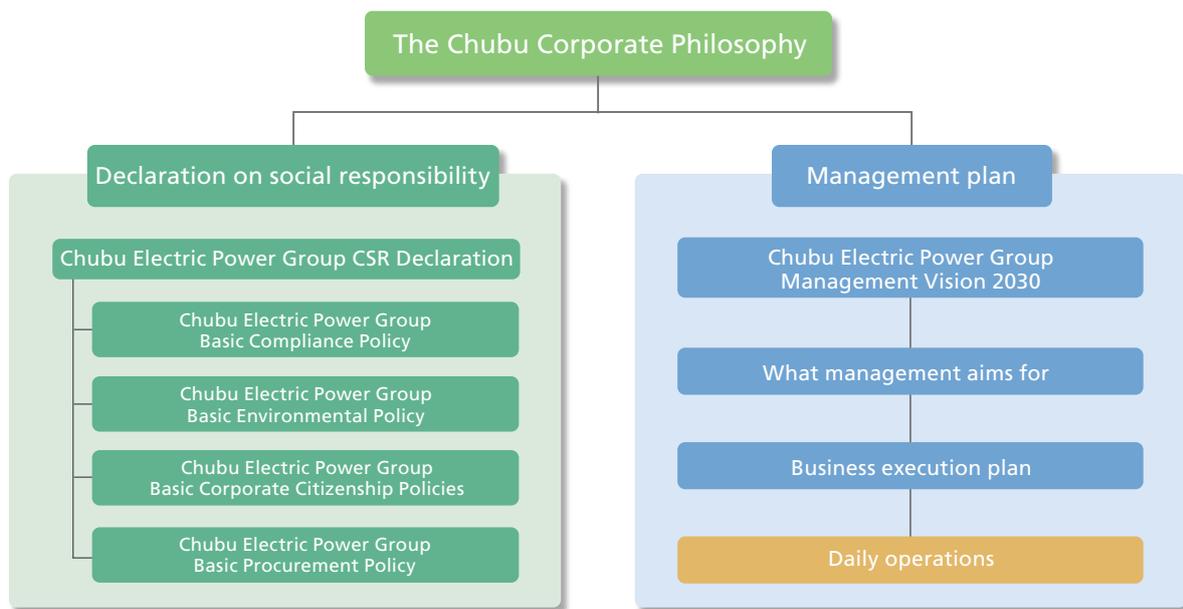
Supervisor of the Japan Association of Consumer Affairs Specialists (JACAS), and an outside corporate auditor of Chubu Electric Power since 2007

The Chubu Corporate Philosophy and CSR Declaration

We believe that the Chubu Electric Power Group can fulfill its social responsibility only when each employee understands the Chubu Corporate Philosophy established in February 2011 and puts it into practice in their everyday work.

In order to facilitate employees' understanding of the Philosophy, its relationship with daily operations, as well as its position in relation to the CSR Declaration and each basic policy, are clarified in a systematic manner as shown below.

[Relationship between the Corporate Philosophy and the CSR Declaration/management plan]



[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.

| | |
|----------------------------|---|
| Customers | 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. |
| Shareholders and Investors | We are striving to maintain and increase profits for our shareholders and investors through efficient management and effective investment. |
| Local Communities | We are determined to contribute to sustainable local development in partnership with local communities. |
| Business Partners | We promise to deal fairly with our suppliers as equal business partners. |
| Employees | We respect individuals and are endeavoring to create a cheerful and motivated workplace. |

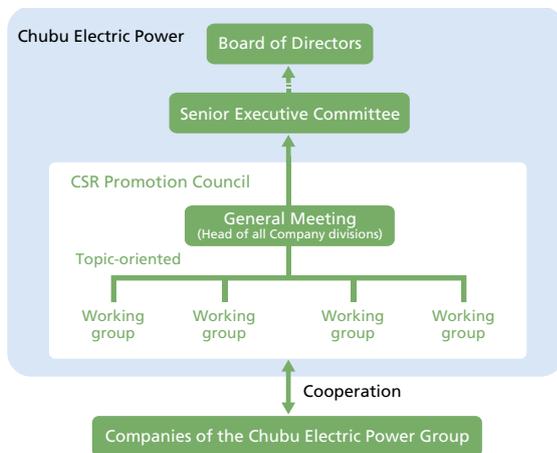
CSR Management

Framework for Promotion of CSR

At Chubu Electric Power, important CSR concerns are deliberated on by the CSR Promotion Council, which comprises 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.

■ CSR Promotion System



Putting the Corporate Philosophy into Practice

The Company is conducting familiarization activities in order to ensure that all employees understand and behave in line with the Chubu Corporate Philosophy established in February 2011.

Our ongoing familiarization activities include opportunities for changes in workplace members through periodic personnel reshuffling, implementation of workshops aimed at putting the

corporate philosophy into practice in each and every workplace, and attempts to develop the philosophy across the Company through training sessions, in-house magazines, and so on.

TOPICS

Towards the familiarization of our corporate philosophy

Case study from the Iida Customer Service Office of Nagano Regional Office

Since it is important to provide numerous opportunities to think in order to familiarize personnel with the corporate philosophy, in Customer Service Section I, sectional meetings are organized for staff to consider exactly what the significance of "Sincere and Sustained Effort," "Creativity and Spirit of Challenge," and "Independence and Cooperation" are within their own spheres of work. These opportunities included discussions between members what the corporate philosophy means and workshops where they could reflect upon how they felt about their own work and how it is being put into practice.

We will continue to encourage these activities in workplaces so that each member of our personnel can think in a way that connects the corporate philosophy with their own work.



Sectional meeting discussion to familiarize staff with the corporate philosophy

Stakeholder Dialogue (1)

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). At the meeting held in September 2012 opinions were exchanged about each other's reports, and Professor Park, who is one of the executive vice-presidents of Mie University, and many of the students and other university persons concerned gave us their views on the initiatives that Chubu Electric Power is pursuing.

■ Key opinions of participants

- The information about areas that readers of the report are likely to be interested in such as safety measures at the Hamaoka Nuclear Power Station and the continuation of business after the catastrophic disasters had been properly presented as special features.
- I hope that the Company will continue to positively disclose information such as that about inappropriate events and "comments regarding Chubu Electric Power."
- The image diagrams regarding reinforcement works were difficult to understand. As the details of the facilities are not readily comprehensible, I hope the Company will improve the explanations by annotating them more thoroughly.



Professor Park, executive vice-president of Mie University, speaks about the Company's activities.

Dialogues with Stakeholders/Communication

Chubu Electric Power works to continuously improve its CSR efforts through dialogues with customers, shareholders and investors, local communities, business partners, and employees.

Timely and Appropriate Information Disclosure

In order to fulfill 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.



"Denki No Ashita" is one of our web journals (<http://dna.chuden.jp>)

The journal introduces the initiatives of Chubu Electric Power as the provider of safe, affordable and stable electricity.



Our bi-monthly information magazine "Ba" (<http://ba.chuden.jp>)

The magazine is published in the hope that it will provide a forum for everyone to think about the future of electricity with us.

Communication with Shareholders and Investors

Chubu Electric Power holds briefing sessions about three times a year for institutional investors (securities and bonds) and analysts to meet management and trade views on performance and management plans directly; other activities include individual visits to shareholders and institutional investors in Japan and abroad as needed.

Partly due to the unclear energy policy of the government, we are often requested by institutional investors and analysts during these meetings to clarify our future management stance, and receive very candid comments from them. These opinions are reported to the senior management.

Also, in order to deepen individual shareholder's understanding of our business activities, we enthusiastically organize tours of our power stations and facilities, and host briefing sessions aimed specifically at private investors.

■ Fiscal 2012 IR Activity Results

| Who is covered | Description | No. of times |
|--|-------------------|--------------|
| Institutional investors (securities and bonds), analysts | Briefing sessions | 3 |
| | Facility tour | 6 |
| Individual shareholders | Facility tour | 15 |
| Private investors | Briefing sessions | 3 |

Stakeholder Dialogue (2)

Hosting of Stakeholder Meetings

A meeting to exchange opinions was held on February 22 and 23, 2013, to discuss Chubu Electric Power's annual report with some of its readers. The meeting was attended by 19 of our readers, who had responded to the questionnaire in the previous annual report, and expressed a wish to participate in the meeting. The meeting was attended by, among others, Mr. Oishi, the general manager of our Corporate Planning & Strategy Division, and witnessed a lively exchange of opinions regarding the content of the annual report and our business activities in general.

■ Key opinions of participants

- The Company is investing huge amounts of money in safety measures at the Hamaoka Nuclear Power Station, but I'm worried that this could all end up as a wasted investment if the government alters its policies.
- Since the decommissioning measures for Units 1 and 2 at the Hamaoka Nuclear Power Station are, domestically speaking, pioneering efforts, I would like the Company to ensure that the knowhow obtained is built up so as to ensure that this knowledge can be passed on to power companies in the future.
- Though it is the Hamaoka Nuclear Power Station that is constantly in the spotlight, I wonder if the measures against tsunamis and earthquakes at the thermal power stations are all right.
- With regard to renewable energies, I would like to see more coverage of their drawbacks, such as the need for backup energy sources and the instability of wind power, rather than just their apparent merits.
- There is a feeling among consumers that they have been deceived by the electric power companies over the "myth of nuclear energy." I think that in order to overcome this, the priority is to follow the step-by-step path of providing well-timed disclosure of even the minutest piece of information, and providing thorough responses.



Participants actively exchanging their views



President Mizuno speaks at the briefing on financial results for the March 2013 term

Direct Dialogues between the Management and Employees

From April to June 2013 Chubu Electric Power's management team visited all the Company's places of business as a part of the "Executive Caravan," and exchanged opinions with personnel about the initiatives for safety measures at the Hamaoka Nuclear

Power Station and the thinking behind the Electricity System Reform.

In the midst of the bleak environment surrounding the electric power business, frank exchanges of opinions between the management and personnel help to reduce the sense of distance between the boardroom and the workplace, enable a sharing of current issues, and lead to better motivation among employees.



Executive Caravan moderated by Vice President Sakaguchi (at Shizuoka Customer Service Office of the Shizuoka Regional Office)

■ Responses to the Opinions of Our Stakeholders

(The opinions of our customers are shown on page 63.)

| | Opinions and suggestions received | Our views and plans to respond | Relevant page |
|----------------------------|---|--|--|
| Shareholders/ investors | <ul style="list-style-type: none"> What are the prospects for the restart of operations at the Hamaoka Nuclear Power Station? I want the Company to make its management more efficient, and improve its income. | <p>We will steadily pursue our ongoing safety measures at the Hamaoka Nuclear Power Station, and do our absolute utmost to gain the understanding of local residents and all other stakeholders.</p> <p>Moreover, with a cost-cutting exercise in which no stone will be left unturned, we will strive towards improving income.</p> | <p>P. 7-12 P. 21-24 P. 41-42</p> |
| Local community | <ul style="list-style-type: none"> I think that in order to regain the trust of the local community the priority is to follow the step-by-step path of providing well-timed disclosure of even the minutest piece of information, and providing thorough responses. Why don't you try to publicize more widely initiatives you have taken such as those in the areas of forest preservation and employment of disabled people, all of which are of immediate interest to consumers. | <p>We will do our best to provide easily understood information about our initiatives to as many people as possible in the local community.</p> <p>This report introduces the initiative of Chuden Wing Co., Ltd., which was established to promote the employment of challenged people.</p> | <p>P. 41 P. 68</p> |
| Business partners | <ul style="list-style-type: none"> We would like to know what Chubu Electric Power thinks about encouraging competition in utility reform and procurement etc. | <p>The management team gives their views on the environment surrounding the business, including utility reform and procurement, at the procurement overview briefing session at the start of each fiscal year. We will continue to provide conscientious explanations in line with the needs of all our business partners.</p> | <p>P. 59</p> |
| Employees | <ul style="list-style-type: none"> I'd like to restore customers' confidence in us by carefully working without making a single mistake. I hope the Company will provide more information on our daily efforts to ensure a stable supply of electricity so that customers can have deeper understanding of our business. | <p>We will continue to make very effort to improve the level of our work and deliver services that satisfy customers, provide information at the right time and in the right manner, and deepen the understanding of our customers. We also have been reflecting the suggestions by our employees within the annual report.</p> | <p>P. 17-20 P. 42 P. 46</p> |

Respect for Human Rights and Work Environment

Chubu Electric Power employs diverse human resources, and works to create a work environment where the ability and aptitude of each employee are respected and employees can fully show their individuality. We also continually improve our support system for employees to ensure that they can work comfortably without any health or safety concerns.

Respect for Human Rights

In order to fulfill our 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 Head Office and regional offices.

We also make sure that all employees have an equal opportunity to work by eliminating any discrimination based on gender, age, education, nationality, or other factors and maintaining transparency in the treatment of employees when recruited and during employment.

In concrete terms, pursuant to the promotion plan approved by the Individual Rights Awareness Promotion Committees, we are implementing education in the spheres of human rights awareness and harassment prevention, and have held lecture meetings about human rights at our headquarters and regional offices, which were attended by around 1,200 people across the

Company in fiscal 2012. Harassment consultation desks have also been established within the Company and at a specialist organization outside the Company to deal with a range of problems.

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.

Development of Human Resources

Chubu Electric Power works to develop the next generation of human resources by encouraging supervisors to give instructions on a daily basis and holding interviews with individual employees semiannually to set targets and challenges.

In addition, mandatory training, optional training to acquire spe-

cialist knowledge and skills and other practical training are systematically conducted for new personnel and people in executive posts, and the Company is doing its utmost to foster human resources who can contribute to social development through our business.

To promote human resources development across the entire Group, we have established the Chubu Electric Power Group Education Promotion Council to consolidate collaboration among Group companies to make our education system even more effective.

We also provide support for voluntary efforts by employees towards self-development, and have set up a consultation desk where employees can seek advice regarding their career, in order to back up their progress.

Overview of Training & Education Support Program



* Training in subjects such as finance, management analysis and business English

Support for Self Development (fiscal 2012)

| | |
|---|-----|
| External correspondence courses | 551 |
| Support for acquisition of qualifications | 162 |

(in persons)

Creating a Rewarding Workplace

Achieving Work-Life Balance

Work System Designed to Harmonize Jobs and Family Life

Chubu Electric Power has established a planned holiday and designated workday system that gives employees, according to the type of work they do and their preferences, flexibility in choosing and designating when and for how long they work. The system is proving to be useful in achieving a balance between well-planned and effective work and an enriched home life.

Life-Support Leave

In addition to annual paid leave, Chubu Electric Power provides Life-Support Leave to support employees who are actively trying to fulfill their roles in their families and their local communities. Employees can use this paid leave for volunteer activities, to register as donors, and for other social commitments, as well to recover from illness or injury, to care for their family, or to take part in school events.

“Merihari Work” Campaign

“Merihari Work” refers to an efficient, focused way of working. Chubu Electric Power is putting into practice a way of working in which employees improve their productivity over a limited period

of time, thereby enabling them to enrich both their working hours and personal lives.

Specific examples of this campaign include cross-company no-overtime days and the hosting of seminars providing work planning skills, all of which contribute to our efforts to create an environment for what we call “Merihari Work.”

Support System for Childcare and Nursing Care

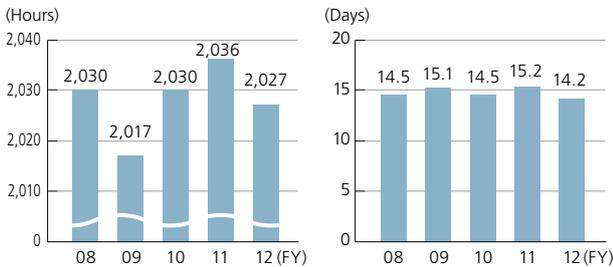
Support for Childcare

Under this program employees can take leave until the day their child turns two, and work shorter hours until the last day of the fiscal year in which their child is a first grader in elementary school. We also offer a system that lets employees apply Life-Support Leave for parental leave purposes for a certain period of time so that they can be even more involved with their children.

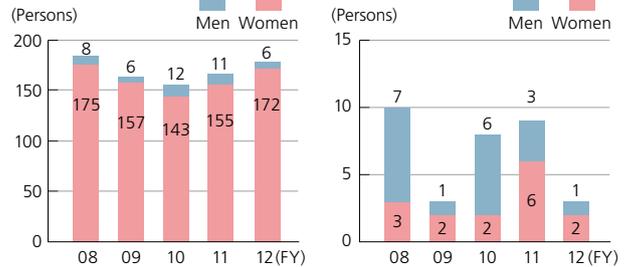
Support for Long-term Care/Nursing Care

Our Nursing Care Leave System lets employees take time off for two years or work shorter hours.

■ Hours Worked per Employee ■ Days of Paid Annual Leave Taken per Person



■ Number of Persons Taking Childcare Leave ■ Number of Persons Taking Nursing Care Leave



TOPICS Merihari Work Initiatives

Case study from the Kamo Customer Service Office of our Gifu Regional Office

The Customer Service Section II deals with new customer contracts and requests to alter the details of current contracts, for which they issue slips that are then passed on to other departments. As it is very often that not all of the slips can be processed within the working day, the office decided to hold end-of-day meetings at 16:30, prior to the closing time of 17:10, at which



End-of-day meeting in the office

the team checks how much work each person has and redistributes the slips accordingly. They thereby try to prevent large volumes of work becoming concentrated on certain people, and achieve efficient work across the entire office.

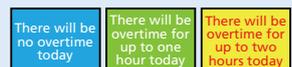
Case study from the Okazaki Field Maintenance Construction Office of our Okazaki Regional Office

The Okazaki Field Maintenance Construction Office is pursuing initiatives to raise awareness about Merihari Work, and reduce work outside of normal office hours. Positive use is made of the “overtime instruction cards*” and there is ample communication about time management between personnel and their superiors, while at the same time attempts are made to improve awareness about reducing work outside of normal office hours.



The overtime instruction cards in use

* When it is necessary for employees to work outside of normal office hours their superiors give them concrete details of the content of the work and the time required for its completion, and a card is issued according to the time required.



Promoting Female Activities

Chubu Electric Power considers it important to foster an atmosphere in the workplace in which a variety of human resources respect each other's individuality and are able to adequately exercise their abilities. Seeing female employees as a core issue from this perspective, the Company established in the year 2007 its Female Activities Promotion Office (known as the "Diverse Human Resource Activities Promotion Office" from July 2013).

In concrete terms, training is provided for people in managerial positions and female employees, and educational efforts to raise awareness are pursued by displaying information on the website and making visits to the workplace. Regular surveys of the employees' awareness are conducted, and their opinions and wishes are incorporated into these efforts.

Furthermore, in collaboration with other companies in the Chubu region, the Chubu Diversity Net was established with the goal of sharing information about diversity promotion and case examples among the member companies. As of March 2013, the Net consisted of 67 member companies and organizations, and its activities include the hosting of forums, joint cross-industry training sessions and lecture meetings aimed at senior management.

In March 2013 Chubu Electric Power signed the United Nations' Women's Empowerment Principles, and announced that it would strive to respect the seven principles stipulated therein, including the commitment to "Establish high-level corporate leadership for gender equality."



President Mizuno signs the document for submission to the United Nations

■ Employment Statistics

| | Men | Women |
|---------------------------------|--------------|-------------|
| Number of employees | 15,505 (89%) | 1,840 (11%) |
| Average age | 41 | 38 |
| Average years of service | 22 | 17 |
| Numbers in managerial positions | 5,702 (98%) | 97 (2%) |
| Persons newly hired | 445 (88%) | 60 (12%) |

As of March 31, 2013; "persons newly hired" is the number of employees entering in April 2013.

Hiring Challenged People

We established Chuden Wing Co., Ltd. in 2001 to create new work opportunities for challenged people. As of June 1, 2013, 52 challenged individuals are working in printing, marketing of gifts, gardening and so on in keeping with Chuden Wing's business philosophy of "coexistence" and "respect for people."

As of June 1, 2013, including Chuden Wing, the percentage of Chubu Electric Power employees with disabilities is 2.07%. (The legally required percentage is 2.0%.)

(Please refer to page 68 for more about the Chubu Wing initiative.)

Hiring Elderly People

In order to make wide and effective use of the excellent capabilities of people at retirement age, the Company has a "senior staff system" for rehiring employees who have reached mandatory retirement age. As of fiscal 2012 there were 168 rehired employees at the Company, all of whom are putting to good use their sophisticated knowledge and skills.

We also hold training (Self-help training) for elderly employees to review their careers and help them to re-acknowledge their own abilities and strengths so that they can maintain motivation and skills and work vigorously, even after they reach 60 years of age.

Creating an Open Workplace

Chubu Electric Power is trying to build a workplace that promotes good communication, an open atmosphere, and mutual respect, and where employees identify and solve issues on their own initiative. To accelerate this endeavor, we have introduced the C-Up initiative to effectively encourage employees to propose their ideas and ensure that commendations are given to those who deserve recognition.

Favorable Labor-Management Relations

A union shop system is adopted at Chubu Electric Power, and all employees except for the managers are members of the Chubu Electric Power Workers Union. 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.

TOPICS

Cross-industry training session hosted on the theme of female employees in civil engineering positions

In April 2012 the Company hosted a cross-industry training session aimed at female employees in the field of civil engineering, an area in which relatively few females work. The session was jointly hosted by female employees from Kajima Corporation and Taisei Corporation. The objectives of the meeting were to create in-house and external networks for the women, and to provide assistance in concretely mapping out their careers. The participants shared their day-to-day common anxieties and views through group discussions, and held a lively exchange of opinions about their various career visions.



Group discussion at the cross-industry training session

Ensuring the Safety and Health of Employees

Labor Safety and Well-Being Campaign Policies

In order to promote comprehensive health and safety management, each year the Company holds a Corporate Labor Safety and Well-Being Campaign Policies Meeting, where it decides on policies in this field.

Based on these company-wide policies, regional offices establish their own health and safety policies, while operation sites create their own health and safety activity plans and carry out various effective measures.

Safety and Well-Being Activities of the Chubu Electric Power Group

The Company has organized the Group Companies Safety and Well-Being Council, which is conducting a wide range of safety and well-being activities. The Council strives to maintain close contact among group companies, and convenes joint safety patrols and seminars on health and safety management in order to prevent accidents and illness.

Chubu Electric Power Group's Activities to Ensure Health and Safety at Contractors

To eradicate accidents among contractors, we hold ad-hoc conferences composed of the departments of Group companies in charge of safety and those that contract out work as needed under our Safety and Well-Being Campaign Policies. At these conferences, policies on how to advise contractors on preventing accidents are determined to ensure that our safety advice will be thorough and appropriate.

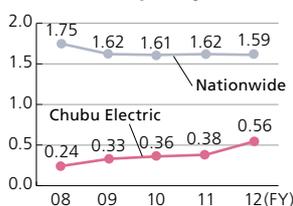
Number of Industrial Accidents (excluding commuting injuries)

| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|--------------------------------|---------|---------|---------|---------|---------|
| Chubu Electric Power employees | 9 | 13 | 21 | 26 | 85* |
| Contractors | 46 | 38 | 63 | 50 | 50 |

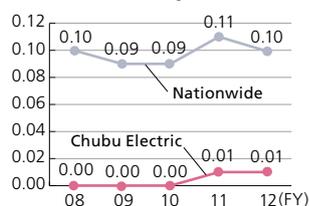
*From fiscal 2012 the accident criteria for employees of Chubu Electric Power were altered from "cases involving continuous medical treatment" to "cases involving medical treatment."

Industrial Accident Frequency and Accident Severity

Accident frequency*1



Accident severity*2



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

*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 Mental Health

Our industrial health care staff and outside counselors provide health care for our employees. We also give training to managers for the early detection and treatment of employees' mental and physical health problems.

To ensure a smooth return to work for employees who have been absent from work due to injury or illness, we have introduced a system to check that they have fully recovered and their ability to adapt to the work environment to support them before they go back to work. We also have a system to support reinstated employees, which involves increasing their workload slowly in accordance with a reinstatement support program created for each employee, and observing their work performance carefully.

Promoting Physical Health

We provide employees with health and nutrition advice and information to help them make lifestyle changes that will prevent metabolic syndrome and other lifestyle diseases, and maintain and improve their physical health.

We also make sure that every employee receives face-to-face advice from occupational physicians to prevent harm to their health from overwork, and we provide training and the necessary information to managers to encourage them to pay greater attention to their own and their staff's health.

Stakeholder Dialogue (3)

Exchanging Opinions with Employees

The CSR staff of the Company visited 13 operation sites including power plants, customer service offices and field maintenance construction offices in November and December 2012, conducting exchanges of opinions about CSR activities. Matters raised at these meetings included the degree to which compliance has taken root, views on how enthusiastically customer satisfaction is being promoted, and requests for the provision of information to customers.

Key opinions of participants

- We are trying to ensure compliance takes root by raising the case of inappropriate incidents as a topic for discussion at office meetings, and exchanging opinions.
- As the work of the customer service offices is very immediate to our customers, we want to earn their trust by making no mistakes and completing our work carefully.
- The report mentions the work on restoration carried out after typhoons, but there is no coverage of the day-to-day maintenance work carried out to ensure stable electricity supplies. Our customers know little about such work and it may be a good idea to let them know about it.



CSR and site staff exchange opinions at the Midori Field Maintenance Construction Office of the Nagoya Regional Office

Commitment to Environmental Conservation

The responsibility of Chubu Electric Power is to achieve S (Safety) + 3E's (Energy security, Economy, Environmental conservation) simultaneously during the process of delivering energy.

Promoting Environmental Management

Chubu Electric Power Group Basic Environmental Policy

Chubu Electric Power considers the fight against environmental degradation to be one of the Group's most important issues, and established the Chubu Electric Power Group Environmental Declaration in April 2004. This declaration was then reviewed in March 2011 when the Corporate Philosophy was established, and reissued

as the Chubu Electric Power Group Basic Environmental Policy.

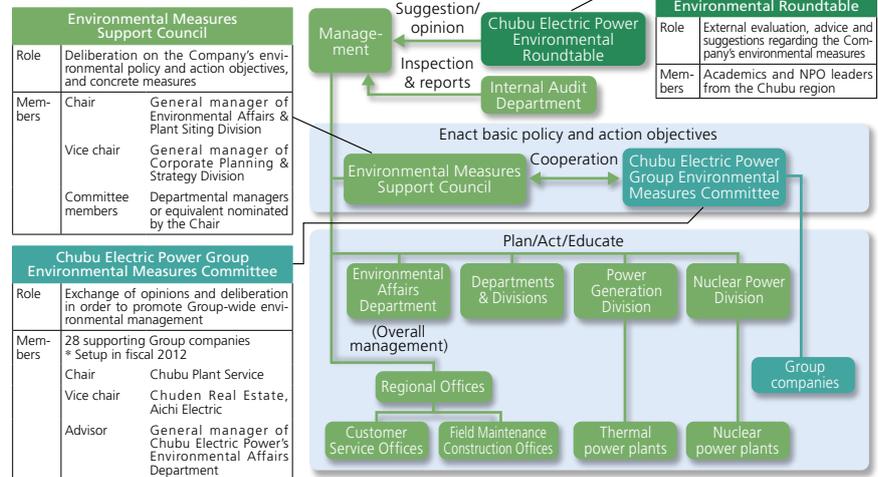
Based on this policy, we formulated an Action Plan of our specific activity goals, and are striving, among other things, to promote zero emission power sources, efficient use of resources and energy, concern for ecosystems in our business activities, the three R's (reduce, reuse, recycle), and the development of human resources who show concern for the environment in their actions.

Chubu Electric Power Group Basic Environmental Policy (excerpt)

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.
2. We endeavor to coexist with nature.
3. We aim to achieve a recycling society.
4. We strengthen our connections to local communities and the world.

Regime for Protecting the Global Environment



Stakeholder Dialogue (4)

Chubu Electric Power Environmental Roundtable

The Company has established the Chubu Electric Power Environmental Roundtable in order to receive advice and suggestions on environmental measures in general from experts in environmental issues.

11th Chubu Electric Power Environmental Roundtable

In December 2012, after visiting Nishi-Nagoya Thermal Power Station and the Transformer Recycling Center, committee members gave their views on the Nishi-Nagoya Thermal Power Station Refurbishment Plan and PCB treatment.



Members of the Chubu Electric Power Environmental Roundtable inspect the Nishi-Nagoya Thermal Power Station

Major comments from members

- The Nishi-Nagoya Thermal Power Station Refurbishment Plan is, like the tsunami countermeasures for the Hamaoka Nuclear Power Station, being carried out in a great hurry, and I get the sense that there is an urgent wish to start up an efficient power station with a small environmental impact as quickly as possible. The completion of the undersea shield work over a very short timescale deserves a particular recognition.
- PCB treatment is not something the Japanese public is very interested in, and though the efforts of companies in this field fail to win any applause, they are in fact of tremendous significance from an environmental perspective. We were able to confirm that thorough steps are being taken by the Company in this field, and hope that safety-first treatment will continue.

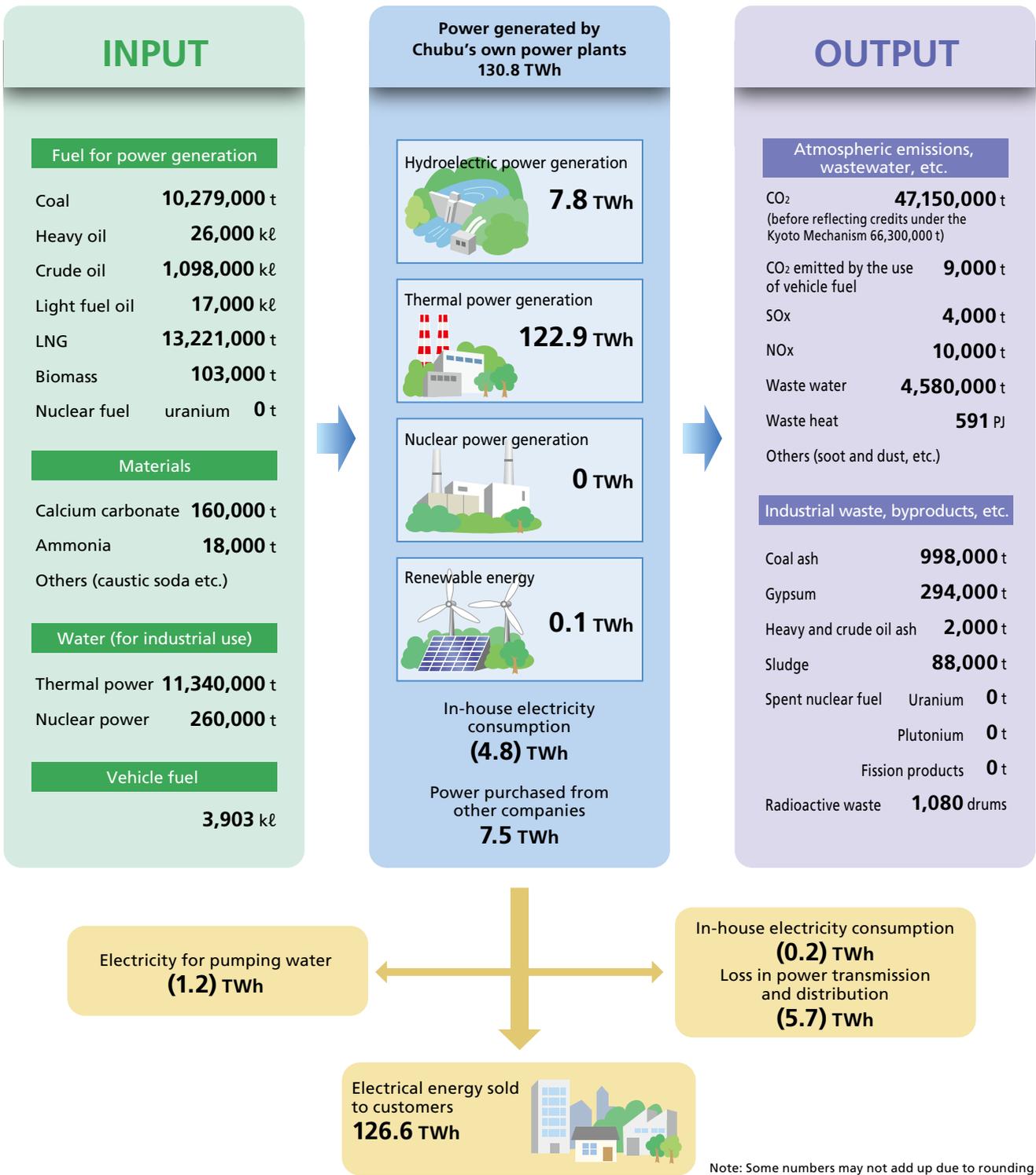
- The fact that PCB treatment takes a long time is unavoidable. Perhaps you ought to think about storage measures in the event of a tsunami occurring in Ise Bay.

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

| | |
|-------------------------|---|
| Ichiro Yamamoto (Chair) | Trustee and Vice-President, Nagoya University; Professor, Graduate School of Engineering, Nagoya University |
| Tadashi Aburaya | Chairman, Mie Prefecture Environmental Conservation Agency |
| Masayo Kishida | President, NPO Partnership Support Center |
| Toshihiro Kitada | Principal, Gifu National College of Technology |
| Keiko Kunimura | Director, Nagoya City Waterside Research Group |
| Noriyuki Kobayashi | Associate Professor, Graduate School of Engineering, Nagoya University |
| Atsuko Hayakawa | NPO Weather Caster Network |
| Susumu Hayashi | Professor Emeritus, Gifu University |

Environmental Inputs and Outputs Across Our Business

Chubu Electric Power maintains a grasp of the entire environmental impact accompanying our business including fuel and materials inputs, and the CO₂, effluents and waste generated as a result of our business activities, and always strives to establish targets and reduce this environmental impact.



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

Environmental Accounting

We are continually working to improve our environmental accounting as a way to achieve both efficient management and environmental conservation, while disclosing the accounting results within and outside the Company to communicate our efforts to protect the environment and the specific activities we have undertaken.

* Bases of environmental accounting
Please refer to the 2005 edition of the Environmental Accounting Guidelines (issued by the Ministry of the Environment)
Target period: Fiscal 2012
Scope of calculations: All operation sites of Chubu Electric Power

■ Environmental Conservation Costs

Environmental conservation investments amounted to 50.4 billion yen, while expenses totaled 189.6 billion yen. These amounts represented 16.8% and 7.7% respectively of our capital investment and total operating expenses.

| Category | Item | Investment (in 100 millions of yen) | | | Expenses (in 100 millions of yen) | | |
|--|---|--|---------|--------|--------------------------------------|---------|--------|
| | | FY 2011 | FY 2012 | Change | FY 2011 | FY 2012 | Change |
| Preserving the global environment | Preventing global warming and preserving the ozone layer | 131 | 196 | 65 | 346 | 492 | 146 |
| Preserving regional environments | Preventing air pollution, water pollution, etc. | 65 | 74 | 9 | 474 | 442 | (32) |
| Resource recycling | Resource conservation, measures for industrial waste and radioactive material | 16 | 17 | 1 | 358 | 349 | (8) |
| | Purchase of low environmental impact products, etc. (electric vehicles, low-pollution vehicles, etc.) | 2 | 1 | (0) | 5 | 3 | (1) |
| Management programs | Personnel costs related to environmental preservation, costs of obtaining and maintaining ISO 14001 certification, etc. | 3 | 2 | (1) | 19 | 16 | (3) |
| Research and development | Environment-related research and development | 1 | 1 | (0) | 49 | 45 | (4) |
|)Social programs | International cooperation, landscape protection, greening, preserving the natural environment, etc. | 188 | 213 | 24 | 545 | 541 | (4) |
| Countermeasures for environmental damage | Pollution impact levy under the pollution-related health damage compensation system | 0 | 0 | 0 | 7 | 7 | 0 |
| Total | | 406 | 504 | 98 | 1,803 | 1,896 | 93 |
| Percentage of total capital investment | | 16.1% | 16.8% | — | — | — | — |
| Percentage of total operating expenses | | — | — | — | 7.7% | 7.7% | — |

Note: The totals may not match because figures are rounded off to the nearest 100 million yen.

Basis for calculation

Investments and expenses related to preventing, reducing and/or avoiding environmental impact, removing the impact, putting right any damage, and other activities instrumental to these are measured.

- Investment amounts are expenditures allocated out of capital investment for environmental conservation.
- Expenses associated with investments such as depreciation, equipment leasing, and maintenance and operating costs are calculated taking into account factors such as the depreciation period for each type of facility or equipment.

■ Environmental Conservation Benefit

| Category | | Item | FY 2011 | FY 2012 |
|-----------------------------------|---------------------------|--|-------------------------------|-------------------------------|
| Preserving the global environment | Preventing global warming | CO ₂ emissions intensity* | 0.469 kg-CO ₂ /kWh | 0.373 kg-CO ₂ /kWh |
| | | SF ₆ recovery rate (at inspection time) | 99.5% | 99.6% |
| Preserving regional environments | Preventing air pollution | SO _x emissions (thermal power) | 0.05 g/kWh | 0.03 g/kWh |
| | | NO _x emissions (thermal power) | 0.08 g/kWh | 0.08 g/kWh |
| Resource recycling | Industrial waste measures | External landfill waste | 14,000 t | 14,000 t |
| | General waste measures | Waste paper recovery rate | 88.1% | 89.3% |
| Social programs | Landscape protection | Total length of underground power distribution cables laid | 10 km | 22 km |
| | Greening | Green areas at power plants | 2.353 million m ² | 2.398 million m ² |

* After reflecting Kyoto Mechanism credits, etc.

Note: These figures indicate the levels (numerical targets etc.) of the reduction/avoidance of environmental impact accomplished and the level of environmental improvement achieved for the items of the environmental conservation costs.

■ Economic Benefit Associated with Environmental Conservation Activities

| Category | | Item | Amount (in 100 millions of yen) | |
|-----------------------------------|---------------------------|--|---------------------------------|---------|
| | | | FY 2011 | FY 2012 |
| Preserving the global environment | Preventing global warming | Fuel cost reductions due to change in gross thermal efficiency of thermal power plants, etc. | 13 | 197 |
| Resource recycling | Industrial waste measures | Income from selling recycled gypsum, coal ash, etc., and reduced expenses from the reuse of transformers and other equipment | 107 | 83 |

Note: These figures represent changes in gains from the recycling of gypsum and other waste and expenses related to environmental conservation.

Environmental Management and Education

Environmental Management

In line with the Chubu Electric Power Group Basic Environmental Policy and the action plan* for its action objectives, the Company conducts environmental management activities to promote the PDCA cycle. The Hamaoka Nuclear Power Station has acquired the external accreditation of ISO 14001 certification, and at our other operating sites ISO 14001-based internal certification and self-declared environmental management activities adapted to each type of business are under way. At operating sites pursuing their own self-declared activities we conduct third party inspections to check that laws and regulations are being complied with and avoid any oversights regarding environmental legislation.

In addition, all the Group companies hold periodic exchanges of information and training through the Chubu Electric Power Group Environmental Measures Committee, and effective environmental management activities adapted to business type are promoted.

* Action plan:

<http://www.chuden.co.jp/energy/kankyo/actionplan/index.html>

Environmental Education

In order to ensure thoroughness in its environmental management and in pursuit of one of the objectives of the Chubu Electric Power Group Basic Environmental Policy—"fostering human resources capable of spontaneously acting in eco-friendly ways"—the Company provides environmental education for its employees each year.

This consists of the Environmental Education Trainer System that is for all employees, the Environmental E-Learning aimed at new employees, and Eco Test Examinee Assistance, which is for employees who are highly motivated to learn about the environment.

● Environmental Education Trainer System

Under this system, the environmental education trainers who are appointed each year by the head of each operation site educate the employees in their workplaces according to the content of lectures held by the Environmental Affairs Department and other separately provided environmental information. The unique feature of these educational efforts is that the learning consists of a constant dialogue between the Environmental Affairs Department and the trainers, and the trainers and the employees in the workplace. Since fiscal 1998 a total of 4,609 people have experienced being an environmental trainer.

● E-Learning

The Company provides new employees with environmental education through e-learning in an attempt to teach them the very least a Chubu Electric Power employee ought to know about the environment.

● Eco Test Examinee Assistance (for people taking the Certification Test for Environmental Specialists or "Eco Test")

Assistance has been given since 2009 to employees who, in addition to the in-house education provided during work, wish to deepen their environmental knowledge and individually take the Eco Test run by The Tokyo Chamber of Commerce and Industry. Thus far 323 employees have successfully passed the examination.

Chubu Electric Power Group ECO Points Program

We are implementing the ECO Points program to encourage independent, environmentally aware actions by the employees of Chubu Electric Power and Group companies as well as their families. This program gives points for everyday environmental activities performed by the employees and their families, and by the end of fiscal 2012, around 14,500 employees and their families had participated.

Points given to various initiatives by participants, such as using their own chopsticks at restaurants, electricity savings, and clean-up activities, are totaled every half year and commendations are offered to individuals and operation sites that have done particularly well. The points earned by the participants are then used—not for the benefit of the participants—but for financial support of nonprofit organizations (NPOs) and other groups working on social contribution activities in cooperation with Chubu Electric Power.

Many employees of the Chubu Electric Power Group and their families also participate as volunteers in the social contribution activities supported by the ECO Points program. In August and September 2012 a total of 160 people took part in activities to protect loggerhead sea turtles, organized in collaboration with the Sanctuary NPO, a group that is active in Shizuoka Prefecture's Hamamatsu City. The activities included a spawning survey, observing juvenile turtles, and tidying up the sea shore. In other districts we also participated in tidal flat preservation, forest experiences, the release of juvenile salmon, and a project to link children from the Philippines with the Great East Japan Earthquake disaster zones.



Releasing the freshly hatched turtles to the sea

■ Social Contribution Activities Supported in Fiscal 2012

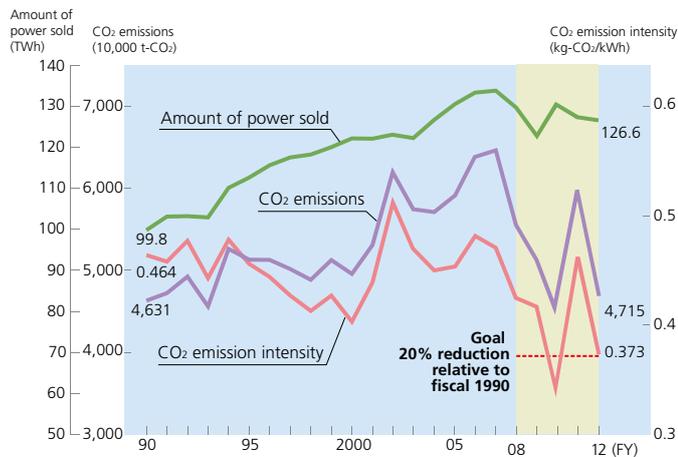
| | |
|--|--|
| Sanctuary NPO | Protecting loggerhead sea turtles and coastline conservation |
| Hoi Nam Du | Restoring mangrove forests in Vietnam |
| NENO, a group promoting forest experiences | Nature experiences school in Gifu's Nenoue Highlands |
| ICAN (Intercommunication Center for Asia and Nippon) | Support for the earthquake-stricken areas and children in the Philippines through environmental education activities |
| Chubu Recycle Citizens' Organization | Preservation of Fujimae tidal flats |
| Metasequoia-no Mori-no Nakama-tachi | Activities in the forest and various other plans to let urban dwellers experience the Gujo Hachiman area |
| OISCA | Organizing forest classes |
| Nagano Prefecture Riparian Environment Protection and Research Society | Release of juvenile salmon to restore stock in the Chikuma River |

Building a Low-Carbon Society

Reducing CO₂ Emissions

Our CO₂ emission intensity in fiscal 2012 (CO₂ emissions per kWh of electricity produced) was 0.373 kg-CO₂/kWh (actual emission intensity: 0.516 kg-CO₂/kWh), which represents a 20.5% reduction compared to fiscal 2011 and is 19.7% less than the figure in fiscal 1990. The Company set a target of reducing its CO₂ emissions to 20% below the 1990 level during the five-year first com-

CO₂ Emission Trends



mitment period of the Kyoto Protocol from fiscal 2008 to 2012, and has worked assiduously on both demand and supply in order to achieve that target.

However, as the Hamaoka Nuclear Power Station was shut down in March 2011 in the wake of the Great East Japan Earthquake, the amount of thermal power increased in both fiscal 2011 and fiscal 2012. The average CO₂ emission intensity over the five-year period was 0.404 kg-CO₂/kWh, 12.9% less than the 1990 figure, and we therefore failed to meet our target. The Company faces a bleak economic environment, but has continued to do its utmost to reduce CO₂ emissions. Specifically, in addition to improving the thermal efficiency of thermal power stations and promoting the use of renewable energies, we have procured around 53 million tons worth of CO₂ credits. Therefore, if the increased emissions due to the closure of nuclear power station (around 22 million t-CO₂) is removed from the equation, we believe that we would have met the target of 20% reduction relative to the 1990 figure.

Chubu Electric Power makes securing safety its absolute priority, and pursues the optimal energy mix from the perspective of energy security, economic efficiency and the environmental conservation ("S+3E"). The Company will continue to work hard to curb CO₂ emissions within this framework.

* The CO₂ emissions and CO₂ emission intensity reflect credits obtained from the methods stipulated in the Act on Promotion of Global Warming Countermeasures, but will be slightly adjusted in order to factor in the credits issued due to delays in the United Nations' screening.

Energy Saving Initiatives

Promoting More Efficient Energy Use by Customers

Chubu Electric Power offers a variety of energy services to promote efficient use of energy by customers.

Heat pumps, a renewable energy technology, use heat from the air, greatly reducing CO₂ emissions. The Company will continue to support prosperous lifestyles and industrial development by putting forward energy systems centering on highly efficient heat pumps, and aim for the realization of a low carbon society.

Energy Saving in Offices

Chubu Electric Power is working on the creation of a network-based Building and Energy Management System (BEMS)*, in order to efficiently control energy across multiple offices.

Using this system through the in-house intranet we will gather and analyze observational data on electrical power in each building, and seek to reduce the amount of energy usage and CO₂ emissions at our operation sites.

In fiscal 2012 we set the air conditioning at 28°C during mid-summer weekday peak periods, and the heating at 19°C during the winter. We switched off some of the lighting in areas close to office windows where there is plenty of natural light, and turned off the air conditioning in areas of the office not often used. These efforts led to a 17% reduction in summer consumption and a 13% reduction in winter consumption of electricity compared to fiscal 2010.

We will continue to be diligent in managing energy saving in its offices, and approach this task from a technical and operational angle by effective adjustments to the mechanical equipment in its buildings.

* BEMS: A system for reducing the amount of energy consumed in commercial buildings by ascertaining the indoor environment and state of energy usage, and managing the operation of machinery and equipment

Efforts to Reduce Emissions Other than CO₂

Chubu Electric Power is also striving to reduce emissions of hydrofluorocarbon (HFC) used as a coolant for air conditioners, sulfur hexafluoride (SF₆) used for insulation of power facilities, and other greenhouse gases.

Promoting Renewable Energies

Renewable energies are low-carbon, and represent precious domestic energy sources for a country like Japan that has a very low rate of energy self-sufficiency. On the other hand, since the amount of power they generate can be greatly influenced by the weather they need to be used in combination with adjustable energy sources such as thermal power. Because their energy density is low they require vast areas of land in order to produce sufficient power, and the inherent expenses are among the current issues raised by renewable energies. Chubu Electric Power is joining with all its Group companies in an effort to overcome these issues and promote the enthusiastic development of renewable energies.

Mega Solar Power Generation

In addition to Mega Solar Iida and Mega Solar Taketoyo, we are now working on Mega Solar Shimizu with a target of bringing the facility online during fiscal 2014. The Group companies are also pushing ahead with mega solar generation.



Mega Solar Taketoyo (Taketoyo-cho, Chita District, Aichi Prefecture)

Wind Power

Chubu Electric Power's Omaezaki Wind Power Station currently operates 11 units, providing a total of 22 MW. The Group companies are also preparing for further expansion and development of wind power.



Omaezaki Wind Power Station (Omaezaki City, Shizuoka Prefecture)

Hydroelectric Power

Among the various renewable energies hydroelectric power offers the prospect of stable amounts of electricity, and the Company is therefore continuing to develop conventional and regular water-flow release hydroelectric power stations*1.

Specifically, the Company is steadily pursuing the development of the Tokuyama Hydroelectric Power Station with the target of making it operational between fiscal 2014 and fiscal 2015, and is at the same time considering conventional hydroelectric power in two locations. In addition, the Company is looking to develop regular water-flow release hydroelectric power stations directly below the prefectural dams at Atagi and Nyukawa in Gifu Prefecture.

*1. Power stations that utilize specified amounts of water necessary to protect the downstream environment



Tokuyama Hydroelectric Power Station under construction (Ibigawa-cho, Ibi District, Gifu Prefecture)

Biomass Power Generation

The Hekinan Thermal Power Station since fiscal 2010 has been conducting the mixed combustion of carbon neutral woody biomass fuel*2. Furthermore, since April 2012 we have been carbonizing sewage sludge at the Kinuura East Purification Center in Aichi Prefecture and launched a sewage sludge carbonization project to make biomass fuels, which are then burnt with coal in the mixed combustion process at the adjacent Hekinan Thermal Power Station.

*2. The CO₂ emitted due to biomass combustion does not increase atmospheric carbon dioxide within the life cycle because it is identical to CO₂ absorbed from the atmosphere by growing plants in their photosynthetic process.



Hekinan Thermal Power Station (Hekinan City, Aichi Prefecture)

Creating a Recycling Society

Promoting the 3Rs

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

Waste generated by our facilities amounted to 1,551,000 tons in fiscal 2012, of which the amount of waste sent to external landfills was reduced to 14,000 tons. We will continue to study effective uses of external landfill waste, and make every effort to achieve our target of reducing waste.

Industrial Waste, Waste By-Products and Amount Recycled (Chubu Electric Power: fiscal 2012. Units: 10,000 t)

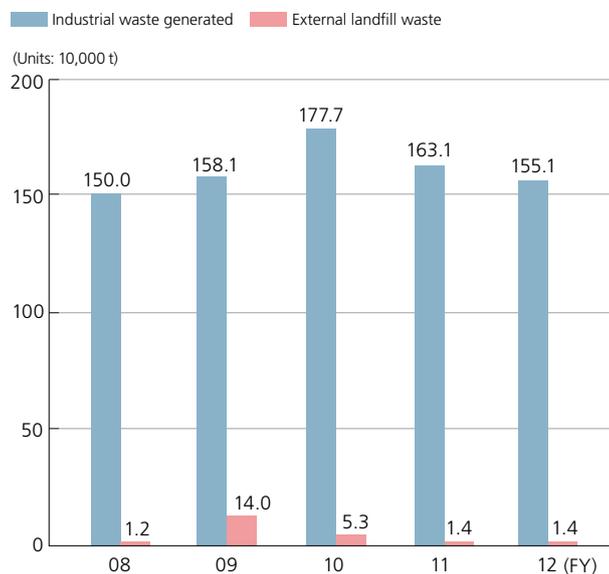
| | Amount generated | Amount recycled | External landfill waste |
|--|------------------|-----------------|-------------------------|
| Coal ash | 99.8 | 99.8 | 0.0 |
| Heavy and crude oil ash | 0.2 | 0.2 | 0.0 |
| Gypsum | 29.4 | 29.4 | 0.0 |
| Sludge (including solidified sludge)*1 | 8.8 | 2.8 | 0.2 |
| Waste plastic | 0.5 | 0.2 | 0.3 |
| Metal scrap | 2.9 | 2.8 | 0.1 |
| Glass and ceramic scrap | 0.3 | 0.1 | 0.2 |
| Construction debris | 10.8 | 10.1 | 0.6 |
| Other*2 | 2.6 | 2.4 | 0.1 |
| Total | 155.1 | 147.7 | 1.4 |

*1. In-house landfill waste (used as fill): 58,000 t

*2. Industrial waste specified as toxic, waste oil, etc.

Note: The totals may not match because the figures have been rounded off.

Industrial Waste and External Landfill Waste



Project to Convert Sewage Sludge into Fuel

Chubu Electric Power has formed a partnership with METAWATER Co., Ltd. to take part in a project for the production of fuel from sewage sludge. Aichi Prefecture completed the construction of the sewage-sludge-to-fuel conversion facility in the Kinuura East Purification Center in April 2012, and has already commenced conversion operations.

Sewage sludge produced by the Kinuura East Purification Center will be carbonized in the fuel creation facility and transformed into biomass fuel, which will then be used in the Hekinan Thermal Power Station. In addition to promoting the recycling of sewage sludge, the new project aims to contribute to the reduction of greenhouse gas emissions. Through this project, the combined reduction in fiscal 2012 achieved at the purification center and Hekinan Thermal Power Station amounted to 8,600 tons (in CO₂). The project was the recipient of a merit award at the 2013 Aichi Environmental Prizes.



Carbonized sewage sludge fuel



Sewage-sludge-to-fuel conversion facility in Kinuura East Purification Center

Facility Outline

| | |
|--|-------------------------------------|
| Sludge processing capability | 100 tons per day |
| Projected sludge processing volume | 33,000 tons per year |
| Volume of carbonized sewage sludge fuel produced | Approx. 2,700 tons per year |
| Project term | April 2012 to March 2032 (20 years) |

Promoting Green Procurement

Since fiscal 2003, when Chubu Electric Power's green procurement initiative started, the initiative has been expanded to include office supplies and electric power equipment and materials, and implemented across the Group companies to help build a society dedicated to recycling.

The green procurement ratio for office supplies in fiscal 2012 was 99.5%. We will continue our efforts to raise our employees' environmental awareness, and increase the green procurement ratio.

Chemical Substances Management

Control of Substances Designated in the Pollutant Release and Transfer Register (PRTR)*

Chubu Electric Power monitors the volume of specific chemical substances (PRTR-designated substances) released and transferred in accordance with the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof ("PRTR Law"), while ensuring that these substances are under proper control within the Company according to appropriate manuals and other documentation. We are also working hard to reduce the release of PRTR-designated substances by improving operating methods and introducing alternative substances and technologies.

* Pollutant Release and Transfer Register (PRTR): A system in which data on harmful chemical substances are monitored, compiled, and published. These data include the sources and amounts of harmful chemical substances released into the environment, as well as the amounts of these chemical substances transferred outside the enterprise in the form of waste.

Treatment of Polychlorinated Biphenyl (PCB)

At its Insulation Oil Recycling Center in Nagoya City and Transformer Recycling Center in Tobishima Village, Ama District, Aichi Prefecture, Chubu Electric Power is working hard on the detoxification of low-level PCBs mistakenly contained in pole-mounted transformers, as well as the disposal of used transformers.

We commission the Japan Environmental Safety Corporation (JESCO) to treat transformers and other devices that use insulation oil containing high-level PCBs. We are thus ensuring the proper management and disposal of PCB-containing equipment.



Inspection at Insulation Oil Recycling Center

Dismantling a transformer at Transformer Recycling Center

■ Treatment Results as of March 31, 2013

| | |
|---------------------------------|---|
| Insulation Oil Recycling Center | Approx. 42,000 tons (about 77% completed) |
| Transformer Recycling Center | Approx. 480,000 transformers (about 63% completed) |

Asbestos Usage

Chubu Electric Power is committed to investigating and determining the extent of asbestos usage, and publicizes the results in a timely manner.

Spray-on coatings containing asbestos used in some of our buildings as soundproofing, insulation, and fireproofing materials are removed systematically. Products containing asbestos used in some of our generator facilities' heat insulation, sealing, and other materials are also being replaced by asbestos-free products gradually during periodical inspections and repair, although asbestos used in such products does not disperse. We will continue to deal carefully with this issue, while observing the government's asbestos policy and relevant laws and regulations.

Preventing Soil Pollution

Chubu Electric Power is working on preventing soil pollution according to the Soil Pollution Prevention Guidelines established by the Company. In addition to making sure that our actions comply with relevant laws, regulations, and ordinances, we also deal with any problems that are not subject to legislation, when they are identified clearly as soil pollution, based on the appropriate legislation.

■ Investigation Results on the Use of PRTR-Designated Substances (Chubu Electric Power: fiscal 2012. Units: t)

| Substance | Major applications | Amount handled | Amount released | | Amount transferred |
|-------------------|---|----------------|-----------------|----------|--------------------|
| | | | To atmosphere | To water | |
| Asbestos | Insulation and soundproofing materials | 3.8 | 0 | 0 | 3.8 |
| Ethylbenzene | Fuel for power generation, coating | 494.0 | 24.1 | 0 | 0 |
| Ferric chloride | Flocculant | 133.0 | 0 | 0 | 0 |
| Xylene | Fuel for power generation, coating | 1,977.4 | 35.5 | 0 | 0 |
| Styrene | Coatings | 14.8 | 14.8 | 0 | 0 |
| Toluene | Fuel for power generation, coating | 1,105.9 | 10.8 | 0 | 0 |
| Hydrazine | Feed-water treatment | 4.8 | <0.1 | <0.1 | 0 |
| Halon 1301 | Refrigerant for cold energy power generators and transformers | 5.6 | 0 | 0 | 0 |
| Benzene | Fuel for power generation | 823.9 | 0.6 | 0 | <0.1 |
| Boron compounds | Nuclear reaction control material | 2.6 | 0 | 2.6 | 0 |
| Methylnaphthalene | Fuel for power generation and boilers | 106.9 | 0.5 | 0 | 0 |

VOICE

Working day and night to detoxify transformers and recycle resources

The Company uses many pole-mounted transformers in order to supply customers with electricity. After we discovered that 765,000 of these pole-mounted transformers contain minute quantities of PCBs, the Transformer Recycling Center has been working around the clock since fiscal 2008 to detoxify them, and by March 2013 we had completed the processing of 63% of the transformers. While our top priority is obviously safety, in order to dismantle and clean the transformers as quickly as possible we are steadily pursuing the recycling of their copper and steel content.



Yuji Nakamura
(center, back row)
Assistant Manager
Transformer Recycling Center

Conserving the Local Environment

Protecting Biodiversity

Chubu Electric Power is working to protect biodiversity in conducting its business activities, mainly by taking measures designed to conserve biodiversity in areas surrounding construction sites of power plant facilities and developing green spaces on the premises of its power stations.

Efforts Made at Tokuyama Hydroelectric Power Station

We take utmost care to protect birds of prey and rare plants in and around the construction site for the Tokuyama Hydroelectric Power Station in Ibigawa-cho, Ibi District, Gifu Prefecture, which is slated to commence operation in fiscal 2014. We study the home range and breeding status of the mountain hawk-eagle (*Nisaetus nipalensis*) to ensure that this raptor is protected. Following the instructions of specialists from the Japan Falconiforms Center, we carry out construction work so that it does not affect the birds' breeding. As a result, the raptors successfully bred in 2010. We additionally found rare plants such as Dooryard Dock (*Rumex longifolius*) and camellias in the construction zone, and following expert instructions, we transplanted these species outside the zone and later confirmed that they had become established.

Efforts Made at Joetsu Thermal Power Station

The operation of the Joetsu Thermal Power Station is scheduled to commence sequentially from July 2012 to May 2014. Currently, development work is underway to build green space and install environmental facilities on approximately 107,000 m², or a quarter of the entire Station area. Under the tree-planting plan, black pines that are tolerant of the salty ocean air will be planted along the periphery of the premises close to the sea coast. For the inner area, mixed tree groves consisting of tall evergreen varieties (e.g. *Neolitsea sericea*), tall deciduous species (*Acer mono*) and short evergreen varieties (*Rhaphiolepis umbellata*), are designed to provide a suitable habitat for birds and other creatures.

Development of Technologies for Creating Eelgrass Beds

Eelgrass (*Zostera marina*) is a monocotyledonous plant like rice (*Oryza sativa*), living in sand and mud areas under the sea in basins. Eelgrass beds are home to a variety of fish and shellfish, playing an important role in sustaining a marine ecosystem. However, the area of eelgrass beds is decreasing at an alarming rate due to landfill for urban development.

To help restore the marine environment in basins, Chubu Electric Power has developed technologies for creating eelgrass beds.

The Company established technologies to produce eelgrass seeds and saplings and to create beds, and worked to refine those technologies and to improve their efficiency. The technologies then underwent a verification test conducted by the Mie Prefectural Government, and consequently their performance was verified and recognized under the Environmental Technology Verification (ETV) Program, a program launched by the Ministry of the Environment to promote the spread of advanced environmental technologies. The technologies were awarded with the issue of the ETV Logo in June 2010.

Activities to Conserve and Propagate Rare Plants

In areas surrounding its electric power facilities in Nagano Prefecture, the Company identified an uncommon species of wild violet (*Viola thibaudieri*), which is designated as a rare plant species under the prefectural Ordinance on the Protection of Rare Wild

Plants. The local rule required the Company to take appropriate measures to protect (not to damage) in performing maintenance work for the related facilities. However, there were no effective artificial propagation methods, essential to an adequate protection plan, for this rare species that grows in only a few locations in Japan. To address this issue, in fiscal 2008 the Research & Development Division's Applied Energy Research Center began conducting research into the plant's habitat and experiments to develop propagation approaches, which succeeded in the elucidation of the plant's growing environment and a method for its seed-based proliferation.

We compiled these achievements into a protection plan for the violet, including a technical report, and submitted it to local governments and other relevant organizations at the end of fiscal 2011. One year later, we received approval for performing maintenance work at the facilities in Nagano based on the authorities' evaluation of our plan.

As this invaluable achievement represents the first time that this particular species of violet has been propagated in Japan, some of the seeds and seedlings were sent to the National Museum of Nature and Science's Tsukuba Botanical Garden, and Karuizawamachi Botanical Garden, to be used in additional research and protection activities.



Viola thibaudieri (perennial species of wild violet)

Morino Chonai-Kai—Thinning the Forest

Morino Chonai-Kai (Forest Neighborhood Association) is an environmental initiative that promotes forest thinning through the use of "Forest Thinning Support Paper." When Forest Thinning Support Paper, the price of which includes funds for thinning, is purchased and used for printing by supporting companies, the funds are used to cover the costs of thinning the forests.

The activities of the Morino Chonai-kai started in fiscal 2010 with Chubu Electric Power acting as the secretariat, and in December 2012 forest thinning was conducted across an area of around 14 hectares in Nagano Prefecture's Komagane City. Following this exercise, 177 tons of wood were yielded, the same weight of the wood used for printing by the supporting companies during fiscal 2011, and this wood will be used for making paper.

Chubu Electric Power will continue to serve as the secretariat, working on expanding the base of supporter companies, adjustments to thinning plans with forestry cooperatives, and various other operations. As a supporting company, we will also play our part in conserving our forests.



Morino Chonai-Kai's logo

Environmental Conservation Measures

In order to ensure conservation of the surrounding environment, Chubu Electric Power is working on a variety of measures to prevent air and water pollution, noise, and vibration based on environmental preservation agreements and pollution control agreements with local municipalities, and will be monitoring the effectiveness of those measures. We also implement monitoring surveys of the surrounding areas to verify that there are no problems with the environment.

Air Pollution

Our thermal power stations are implementing a number of measures to prevent air pollution, such as expanding the use of LNG (which generates no sulfur oxides (SOx)), use of fuel oils containing low levels of sulfur, installation of flue gas desulfurization and denitrification equipments, and adoption of burners capable of reducing NOx (nitrogen oxides) production from combustion. Through these efforts, SOx and NOx emissions from our thermal power stations are among the lowest in the world, based on quantity per unit power output. We are also minimizing soot and dust emissions as much as possible by installing high-performance scrubbers and so on.



Flue gas denitrification equipment at Joetsu Thermal Power Station

Water Pollution and Warm Wastewater

Wastewater generated during the operating process of plants is purified in a treatment facility, and the quality of the water is checked at all times by continuous water quality monitoring before discharge into the environment. In order to keep the temperature of seawater used to cool the condensers low, water is taken from deep in the ocean where the water temperature is low. It is discharged at a slow rate into the surface waters of the ocean, so as to minimize the impact on the surrounding environment.

Implementing Environmental Assessments

An environmental assessment is a process used to research, project, and evaluate the environmental effects of a project before it is carried out. In addition to the opinions of government agencies and local residents, the assessment results can form important feedback to further develop the project and make it more environmentally friendly.

In March 2011, Chubu Electric Power submitted an environmental scoping document for the Nishi-Nagoya Thermal Power Station Refurbishment Plan* to the government in accordance with the Environmental Impact Assessment Act and the Electricity Business Act. Subsequently, after the government had screened the Refurbishment Plan in September 2011, research, projections and evaluations were made and the results compiled in the prepa-

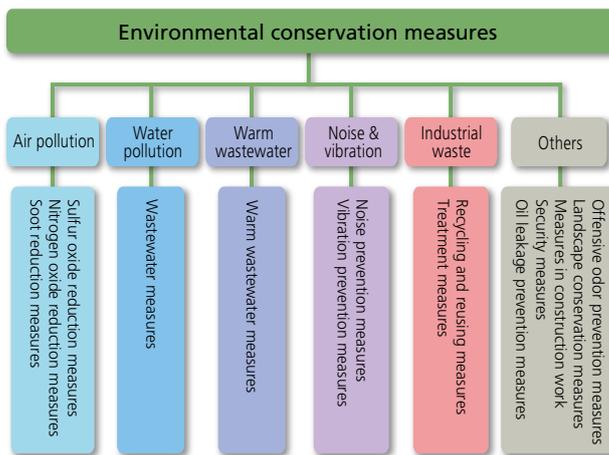
ratory document, which was submitted and examined in December 2012. As was the case with the Refurbishment Plan, the Company sought the opinions of local residents and governmental bodies in compiling the preparatory document, and the government screening is currently under way. Based on these results, it is planned that the environmental assessment document that summarizes the final environmental assessment will be submitted, examined, and the environmental assessment procedures completed.

* Nishi-Nagoya Thermal Power Station Refurbishment Plan: A plan to replace the existing petroleum-fired thermal power facility that has been in operation for over 40 years with a high-efficiency LNG-fired combined cycle facility (Unit No.7). The plan is expected to reduce CO₂ emissions and the amount of fuel used, contributing to conservation of the global environment.

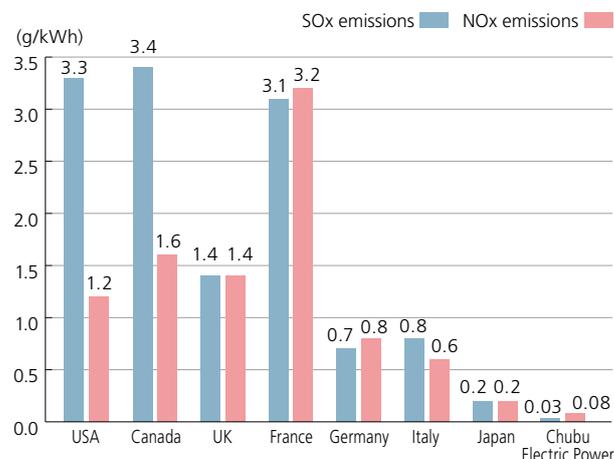
Compliance with Environmental Laws and Regulations

There were no violations of environmental laws and regulations in the Chubu Electric Power Group during fiscal 2012. We will continue to strictly observe laws and regulations to play our part in conserving the environment.

Classification of Environmental Conservation Measures



Comparison of SOx and NOx Emissions per Unit Thermal Power Output in Major Countries



Source: FEPC INFOBASE, the Federation of Electric Power Companies of Japan
 Chubu Electric Power: FY 2012; Japan: FY 2011; Others: calendar 2005
 Figures for Japan are based on FEPC statistics for the 10 electric companies and the Electric Power Development Co., Ltd.

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.

Compliance

Chubu Electric Power Group Basic Compliance Policy (excerpt)

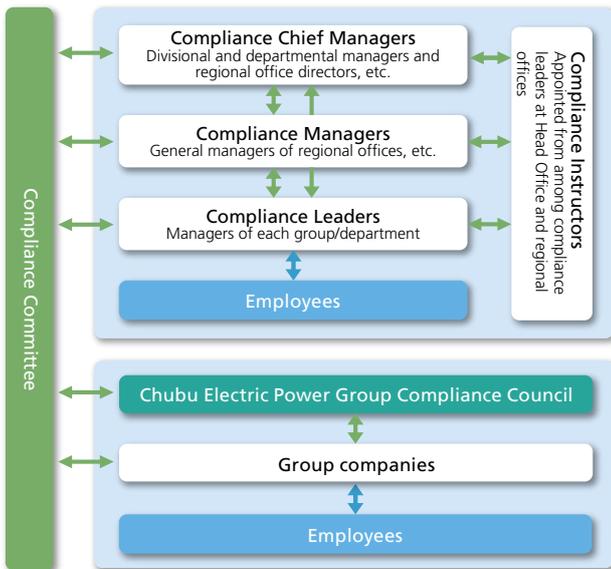
The continued existence and development of an enterprise depends most of all on winning the trust of society, including customers, shareholders and the community. Understanding that "without compliance there is no trust, and without trust there is no growth," the Chubu Electric Power Group fosters a 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.

■ Compliance Promotion System



These activities include developing various tools and materials to be shared among employees, including a Compliance Card that is distributed to all executives and employees to carry with them

at all times, and a booklet explaining sample situations where compliance is needed. We also conduct training for employees in different positions and for compliance leaders appointed in each workplace. Activities to raise our employees' awareness of compliance are carried out in each division as well, with a view to preventing insider trading and harassment and promoting proper information management.

In October of fiscal 2012, the 10th year of the establishment of the Compliance Committee, we implemented the Compliance Promotion Month campaign. During this month, we worked on promoting compliance intensively through various events, including lectures, arranging for employees at regional offices and other locations to listen to and exchange opinions with external members of the committee, and asking employees to come up with promotional slogans for compliance.

In order to eliminate the influence of anti-social groups, we have assigned a responsible section, established internal rules and developed a system to work in cooperation with external related agencies.

Ensuring Compliance in the Chubu Electric Power Group

The Chubu Electric Power Group Compliance Council, which was established in April 2003 and is made up of the presidents of Group companies, is spearheading efforts to promote compliance and heighten their employees' awareness of compliance throughout all the companies concerned.

Following the first employee survey in fiscal 2005 and the second survey in fiscal 2009, a third questionnaire was circulated in fiscal 2012 to check the level of awareness and practice of compliance among employees in Group companies. The issues identified by this survey were fed back to each Group company.

Chubu Electric Power and Group companies are thus working together to promote compliance across the Group.

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 to promote compliance. Both serve as points of contact for employees, temporary workers, and business partners with concerns about compliance issues.

In fiscal 2012, our helplines received 58 queries in total.

Commitment to Prevent Bribes Being Offered to Foreign Public Officials

As regulations against bribing foreign officials are becoming more strict in recent years in the United States, the UK, and other countries in the world, companies operating internationally are expected to make further efforts to prevent bribes being offered to foreign officials.

With this as a background, we established the Foreign Official Bribery Prevention Committee as an organization under the Compliance Committee in April 2013, and we introduced rules to prohibit bribery of foreign officials and others. This compliance system is designed and operated to prevent Chubu Electric Power and Group companies being involved in bribery before it occurs.

■ Milestones in Promoting Compliance

| | |
|------|--|
| 2002 | <ul style="list-style-type: none"> • Compliance Committee established. • Chubu Electric Power Helpline opened. |
| 2003 | <ul style="list-style-type: none"> • Compliance Promotion System developed. • Declaration of Compliance issued. • Chubu Electric Power Group Compliance Council established. • Eight Action Guidelines and Four Checkpoints adopted. • Compliance Card distributed to be carried by employees. • Payment of overtime wages and discipline management ensured following the government recommendation to correct management of working hours. |
| 2004 | <ul style="list-style-type: none"> • Chubu Electric Power Group Joint Helpline opened. • A booklet issued to explain examples of situations where compliance is needed. • Governance strengthened after the occurrence of the antique Chinese pottery case. |
| 2006 | <ul style="list-style-type: none"> • Joint Statement announced by the Chubu Electric Power Group Compliance Council. |
| 2007 | <ul style="list-style-type: none"> • Compliance Instructors assigned. • Inappropriate incidents at electric power generation facilities reported to the public and measures to prevent recurrence implemented. |
| 2010 | <ul style="list-style-type: none"> • Joint Statement announced by the Chubu Electric Power Group Compliance Council. |
| 2011 | <ul style="list-style-type: none"> • Chubu Electric Power Group Basic Compliance Policy adopted. • The results of investigating our compliance connected with government-organized symposiums announced. |
| 2013 | <ul style="list-style-type: none"> • Foreign Official Bribery Prevention Committee established. |

Message from a Compliance Committee Member

Fiscal 2012 marked the 10th year of the Compliance Committee. Mr. Yasunori Okumura, a lawyer and committee member, looks back at the efforts made by the committee over the past 10 years and calls for employees to make further efforts to promote compliance.

I was appointed as an external member of the Compliance Committee at its establishment in December 2002, and have been involved in various ways in Chubu Electric Power's compliance initiatives. Thanks to various measures planned and implemented by the committee and earnest efforts by its employees during the past 10 years, I am pleased to say that compliance awareness has been raised steadily across the Group.

However, as shown by some inappropriate incidents that took place during these years, it is not easy to achieve full compliance management. Public opinion concerning electric power companies is also becoming increasingly unforgiving.

As 10 years have elapsed since the committee was established, I would like to remind every employee of the declaration in the Chubu Electric Power Group Basic Compliance Policy: "without compliance there is no trust, without trust there is no growth," and would like every employee to be fully aware that one failure could destroy all the achievements of our many years of steady efforts. It is my hope that all the employees will be united under the initiative of the management to make further efforts to establish full compliance management.



Mr. Yasunori Okumura
Lawyer

Fair and Equitable Transactions

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.

Chubu Electric Power Group Basic Procurement Policy (excerpt)

- Total Compliance
- Safety Assurance
- Mitigate Environmental Burden
- Open Door Policy
- Fair and Honest Procurement
- Work in Partnership

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, business partner 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 and offer information on our procurement plans. The fiscal 2013 briefing was attended by 538 persons from 293 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.



Executive Vice President Matsubara giving explanations at the procurement overview briefing session

Intellectual Property

Measures to Safeguard Intellectual Property

With regard to intellectual property, Chubu Electric Power focuses on the priority actions enumerated below to protect the Company's competitiveness, avoid any restriction being imposed on the Company's business by rights exercised by other parties, and prevent us from infringing on other parties' intellectual property rights.

1. Always acquire the rights to the results of technological research and development and any operational innovations
2. Search for 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 2012, seminars were held at 11 locations including regional offices, and about 720 employees in total took part in the seminars and in our internal online seminars.

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.

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.

Working for Customer Satisfaction

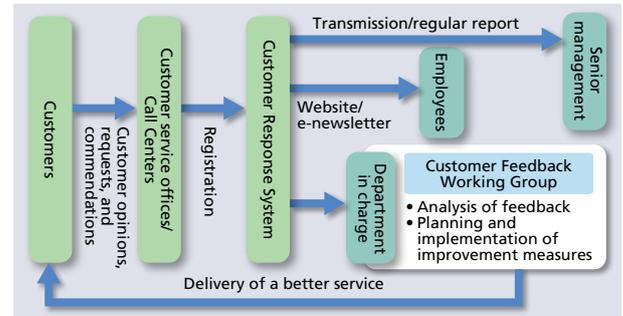
Utilization of Customer Feedback

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

Comments registered from customers are discussed at the Customer Feedback Working Group held regularly at each department of the Customer Service Division, so that the feedback will lead to improvements in operations and customer service under the direct guidance of the manager of each department in the division.

About 1,160 customer comments were registered in fiscal 2012.

Flow for Utilizing Customer Feedback



Example of Improvement Based on Customer Feedback

[Example 1] Meter reading card (notice of electricity consumption)

Customer feedback

- When checking whether the expected electricity billing amount is equal to the sum of the breakdown values indicated on the card, it is easy to mistakenly add the restated fuel adjustment charge in the breakdown column, and it is difficult to check.
 - I don't know how my electricity bill is calculated. Please tell me what the calculation formula is.
- * During the efforts for saving electricity our customers became more concerned over electricity costs and consumption, which led to a lot of feedback on electricity bills.

Improvement (1)

We now separately indicate the fuel adjustment charge that was previously shown as "restated" in the breakdown column, so customers can check the billing amount just by adding up the breakdown column.

Improvement (2)

The following calculation formula is indicated on the back of the meter reading card.

| | |
|---------------|-----------|
| ご請求予定額 (概算) | 7,730円 |
| 消費税等相当額 (再掲) | 368円 |
| (振替予定日 8月10日) | |
| 基本料金 | 819円00銭 |
| 電1段料金 | 2,046円00銭 |
| 力2段料金 | 3,796円20銭 |
| 電3段料金 | 450円40銭 |
| 燃料費調整額 | 566円40銭 |
| 内金 | |
| 口座振替引落し前引額 | -52円50銭 |
| 再エネ発電促進賦課金等 | 105円 |

* Meter reading card for customers who pay their electricity bill via bank transfer

| | | | | | |
|--|--------------------------------|---|--|--|---|
| Electricity bill calculation method | A Basic charge (including tax) | + B Energy charge (including tax) = Energy charge rate × Monthly energy consumption | ± C Fuel adjustment charge (including tax) = Fuel adjustment rate × Monthly energy consumption | + D Renewable energy power promotion surcharge (including tax) = Surcharge rate × Monthly energy consumption | + E Solar power surcharge (including tax) = Surcharge rate × Monthly energy consumption |
| Calculation example in the case of meter-rate lighting B (30A); energy consumption = 320 kWh; fuel adjustment rate incl. tax = 1.77 yen/kWh; renewable energy power promotion surcharge rate = 0.22 yen/kWh; and solar power surcharge rate = 0.11 yen/kWh | | | | | |
| = A) 819.00 yen + B) 5,292.60 yen + C) 566.40 yen + D) 70 yen + E) 35 yen = 7,783 yen | | | | | |

* For even clearer and fuller information we will examine using our website to give more details about meter reading cards.

[Example 2] Information on the website concerning the feed-in tariff scheme for renewable energy

Customer feedback

I'm considering installing power generation equipment, but I cannot find information on your website on how to apply and what procedures I should follow.

* Since the feed-in tariff scheme for renewable energy was introduced in Japan in July 2012, there has been a lot of feedback on the scheme.

Improvement

An outline of the feed-in tariff scheme for renewable energy, details of the procedures up to signing the contract, and FAQs are now available on our website.

○ Contract for Renewable Energy Generation (<http://www.chuden.co.jp/ryokin/shikumi/saiene/index.html>)

VOICE

My mission is to listen carefully to and respond to customer feedback

I have been working in the secretariat for the Customer Feedback Working Group since last year. Customer feedback is very important for us to offer services that are aligned with our customers' needs.

At the Working Group, we listen carefully to all customer feedback, and discuss and explore services that will satisfy our customers best. Chubu Electric Power will unite its efforts to respond to as much customer feedback as possible.



Mafumi Goto
Planning Group
Customer Service & Sales Department
Customer Service Division

For Household Customers

To accommodate a range of needs of individual household customers, we have established local customer service offices and centers, which mainly process applications for starting power supply, receive and respond to requests, among other services.

To facilitate more efficient and smoother operation, various functions, including the processes involved in moving house, have been consolidated into our Call Centers located in Nagoya and Gifu.

A wide range of services are also available on our website, such as bill and usage enquiries, request to start or end services, and information on outages.



Nagoya Call Center

Major Services Available Online

| Service | Description |
|--------------------------|---|
| Electricity bill inquiry | Customers have access to their electricity bill and consumption for the month. |
| Online application | Customers can apply to start or discontinue their electricity service. |
| Power outage information | Power outage information within the Chubu Electric Power service area is available. |

VOICE

Aiming to be a customer service office that grows together with the community



Hitoshi Mizuno
General Manager
Tsushima Customer Service Office
Nagoya Regional Office

I am the general manager of the Tsushima Customer Service Office, which is located at the center of Tsushima City, Aichi Prefecture, a city with a long history that has developed and flourished centered around the Tsushima Shrine. Chubu Electric Power is often shortened to "Chuden (or Chuhai)-san," particularly by older residents, and I feel our customer service office has always been close to the community.

The operations of the customer service office very often involve interfacing with customers, such as when starting or discontinuing electricity service, taking meter readings every month, and giving advice face-to-face in the office regarding paying electricity bills and various other matters involving the use of electricity. At the customer service office we work closely to try to put ourselves in our customers' place and meet their needs in all our operations. As a local citizen, we are also trying to take part in as many local events as possible. In addition to this, in order to fulfill our mission to ensure the safe and stable delivery of electricity to support local development, industrial promotion, and a comfortable life, we conduct onsite patrols and inspect and repair equipment on a daily basis. Since the community is spread across the vast "zero-meter" Nobi Plain, we also receive training in disaster response regularly so that we can be relied on by our customers in the event of an emergency.

Stakeholder Dialogue (5)

Exchanging Opinions with Consumer Affairs Specialists

To reflect customers' opinions on improving our services, Chubu Electric Power actively creates opportunities to listen to objective comments and advice from external parties to ensure that the Company can see its customers' viewpoint clearly. In June 2013, we exchanged opinions with members of the Central Japan Branch of the Japan Association of Consumer Affairs Specialists (JACAS).



Consumer affairs specialists provided their helpful comments at the dialogue.

<Major Opinions>

- Customers are not sure who they should tell when they have opinions or requests about Chubu Electric Power's services. I would like to see the consultation desks integrated.
- I would like the Company to communicate to the public in an easy way to understand when starting or changing service content, including explanation of the advantages and disadvantages.
- It appears that there is a high level of uneasiness at Chubu Electric Power as a result of the nuclear accident stemming from the 2011 earthquake. The Company should not hesitate to proactively disseminate reports on successful initiatives other than those related to nuclear issues.

<Example of Improvement Made after Last Year's Stakeholder Meeting>

Opinion received

The writing style used on the scheduled outage notice postcard sent by Chubu Electric Power is too formal, lengthy, and difficult to understand. The text should be simplified, important points should be emphasized by using a larger typeface, and the content should be classified more clearly so that it will be easier for readers to understand.

Improvement

The text and style of the scheduled outage notice postcard have been altered as explained below based on the opinion on the left.

- Cautions are indicated for each stage prior to, during, and after the outage.
- The text has been simplified, and important points are highlighted in a larger typeface and in color.

ご迷惑をおかけしますが工事停電にご協力をお願いします 中部電力株式会社
http://www.chubu.co.jp

① 停電前にお知らせください

- 電熱器具(ヒーター、アイロン、ヒーター等)
洗濯機やかみそ器を止めるため、コンセントからプラグを抜く。
- パソコン
データの消失や再起不能を防止するため、確実にデータ保存するとともに、電源を切る(可能な限りコンセントからプラグを抜く)。
- 精密機器(パソコン、ビデオデッキ、エアコン、洗濯機等)
モーター類(工場の工作機等)
機器の故障を防止するため、精密機器はコンセントからプラグを抜く。モーター類は電源スイッチを切る。
- 湯沸かし器(電気式)
お湯の温度が下がると、お湯が冷たくなる場合があります。お湯を温め直す必要が有ります。
- セキュリティ対策
停電時に警備会社に異常を知らせる機器や、作動しない機器があるため、警備会社へ連絡する。

② 停電中はご注意ください

- 冷房機
室内温度を保つため、可能な限り扇の回転を止める(停電前に冷暖房内に入れておくことも有効)。
- 電話機、FAX
機種により、使用できない場合があります。

③ 送電されたら実施ください

- タイマー装置(ヒアウォッチ、炊飯器、電気湯沸かし器)
タイマー装置がクリアされることあるため、確認の上再開します。
- モーター類(工場の工作機等)
機器の取扱説明書等参考に、モーターの回転方向を確認する。

工事施工にあたっては、多走行・過走行の保護、工事の安全な実施のためが重要となります。ご迷惑をおかけしますが、工事施工完了後に工事現場の整理にご協力をお願いいたします。

内容についてご不明の点等ございましたら、表記の部署までお問い合わせください。

For Corporate Customers

For customers with contracts for high-voltage electricity of 500 kW or more, specialist sales representatives (account managers) and technical specialists (solution staff) who provide support for efficient use of electricity are on call in each region to meet the varying energy needs of our customers.

Customer needs for energy systems are becoming increasingly diverse and complicated, including not just reductions in energy consumption, CO₂ emissions, and cost, but also increased productivity in the industrial field and the development of an energy

system with higher tolerance to disaster in the commercial field. In order to meet these needs, we offer solutions that combine each advantage of electricity and gas and work with our customers to solve their energy issues.

For customers using less than 500 kW of high-voltage electricity, the staff at customer service offices and the Customer Center (Large Accounts) respond to a variety of inquiries and provide useful information.

Promoting More Efficient Use of Energy

Spreading Smart House and Smart Community Concept

Customer needs for more efficient use of energy have been growing since the Great East Japan Earthquake.

The Company is actively involved in governmental verification

projects and working towards popularization of the Smart House and Smart Community concept that enables effective use of energy at home and in the community as well as in the event of emergency through information networks.

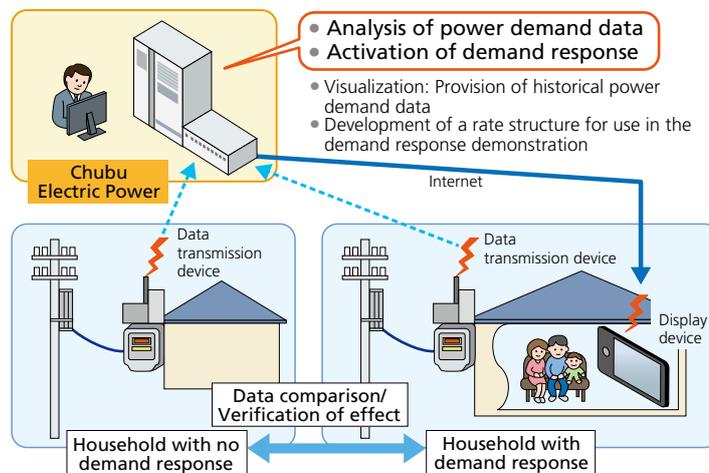
Participation in a Verification Project to Establish a Household and Community-Based Low-Carbon City in Toyota City, Aichi Prefecture

Japan's central government has selected Toyota City, Aichi Prefecture, as one of the Next-Generation Energy and Social Systems Demonstration Areas. Chubu Electric Power is involved in demonstrations to encourage households and communities to use energy more effectively.

In January 2013, we started a demonstration of demand response* to promote the efficient use of energy and achieve a stable supply of electricity. We will use the findings from this demonstration to develop a new rate structure for customers.

* A program that offers time-based rates and other incentives to encourage customers to reduce electricity usage in the peak-demand period

■ Demand Response Demonstration (Conceptual Chart)

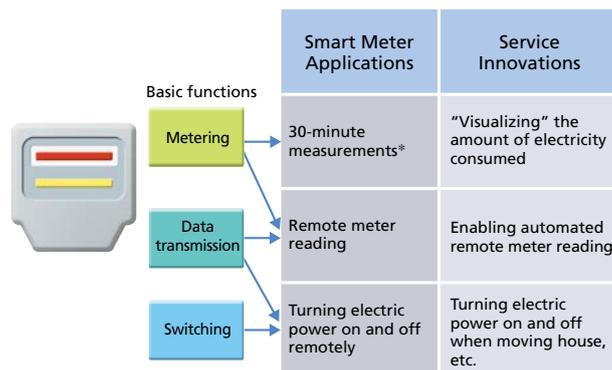


Making the Best Use of Smart Meters

With its sophisticated features, including "visualization" of the amount of electricity consumed by customers, remote meter reading and remote switching, the Smart Meter System is expected to be effective in improving our customer service and increasing the operating efficiency of our business activities. Other demand-related expectations of the Smart Meter are efficient use of electricity and a stable supply of electric power.

With this in mind, we will take a proactive role in popularizing the Smart Meter.

■ Outline of the Smart Meter System



* The amount of electricity consumed is measured at 30-minute intervals.

Customer Opinions of Chubu Electric Power

The Great East Japan Earthquake two years ago drastically changed the environment surrounding electric power companies. Chubu Electric Power is no exception and has received many opinions from customers, including harsh criticisms.

We take these precious opinions very seriously, and will continue our efforts to build a relationship of trust with customers by actively disclosing information and promoting interactive communication.

Opinion

It has been two years since operations were suspended at the Hamaoka Nuclear Power Station. There were no planned outages during this period or any other problems due to power shortage, and from this I suspect that there may be no need to restart operations.

Response

Nuclear power is an important source of energy in assuring energy security and price stability in Japan, where natural resources are scarce. The experience of the two oil crises convinced the Japanese government of the importance of energy security and drove the government to adopt its long-standing policy of promoting the use of nuclear power. We believe that it is crucial to continue utilizing nuclear power, while taking every possible measure to minimize the risk of an accident.

Opinion

It is said that there are no fixed methods for processing and disposing of spent fuel from nuclear power stations. How does Chubu Electric Power plan to deal with this problem?

Response

In Japan where natural resources are scarce, it is considered important to reuse uranium and plutonium extracted from spent nuclear fuel. With regard to the final disposal of high radioactive nuclear waste generated during the reprocessing of spent nuclear fuel, the Nuclear Waste Management Organization of Japan (NUMO) is openly soliciting municipalities in search of suitable locations for a final repository, and Chubu Electric Power is supporting these activities and seeking the understanding of local communities. We ensure that spent nuclear fuel is stored safely until it is reprocessed, and are currently constructing a spent fuel dry storage facility with a high level of safety.

Opinion

It is said that fuel procurement costs in Japan are higher than those in Europe and the United States. What efforts is Chubu Electric Power making to reduce these costs?

Response

We purchase fuel from various sources with various contract periods, use a range of pricing methods, buy coal through the trading market, and take various other measures to ensure that fuel can be procured as economically as possible. With LNG, we started to take part in the US Freeport project in July 2012 to source shale-gas LNG, the price of which is linked to US gas prices, as part of our efforts to eliminate higher prices imposed on Asia-bound LNG ("Asia Premium") than on LNG bound for Europe and the United States. We will continue to make efforts to procure inexpensive fuel to ensure a stable and economical supply of electricity for our customers.

* Please see "More Reliable, Economical and Flexible Fuel Procurement" on pages 27 and 28 for more details on these efforts.

Chubu Electric Power actively publicizes 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"
(published six times a year)

<http://ba.chuden.jp>

* Please visit the above website for inquiries about the magazine, application for subscription, etc.

If you have any comments or inquiries, please contact: <http://www.chuden.co.jp/english/contactus/>

Interacting with Local Communities

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

Contribution to Communities

Basic Corporate Citizenship Policies of the Chubu Electric Power Group

Based on the Basic Corporate Citizenship Policies of the Chubu Electric Power Group, we are striving to fulfill our responsibilities as a good corporate citizen by actively contributing to the sustainable development of local communities.

Basic Corporate Citizenship Policies of the Chubu Electric Power Group (excerpt)

- (1) Value dialog 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

The Chubu Electric Power Group is committed to promoting greater safety and security in local communities by fully utilizing its technologies, facilities, and other resources.

Campaign on the Safe Use of Electricity

During the "Safe Use of Electric Power Month" in August every year and the nationwide "Autumn Fire Prevention Campaign," Chubu Electric Power's customer service offices check electrical facilities at various cultural assets and electrical wiring at senior people's residences.



Electrical inspection conducted at the Kongo Temple in Owase City, Mie Prefecture

Activities at Operation Sites

Our customer service offices, field maintenance construction offices, power plants, and other operation sites help create local communities that are safer and more comfortable to live in through cooperation with local governments, police, fire stations, and other authorities.

One such effort is the agreement that the Toyokawa Customer Service Office of the Okazaki Regional Office signed with Toyokawa City, Aichi Prefecture, in which the customer service office agrees, among other things, to keep an eye on elderly residents during daily operations and notify the city if we notice anything abnormal. This is a part of our cooperation with the city in the development of a care system for elderly residents.



Agreement signed with Toyokawa City (Mayor Yamawaki on the left and General Manager Kubota of Toyokawa Customer Service Office on the right)

Environmental Conservation

The Chubu Electric Power Group is working hard for environmental conservation in cooperation with local residents.

Green Curtain

Chubu Electric Power is conducting a Green Curtain Campaign to reduce electricity consumption in each household during the summer. For this campaign, we give away seeds for morning glory, bitter gourds, and other climbing plants to our customers so that they can grow them to cover windows. More than 20 years after its launch, the campaign is spreading across the country to reduce CO₂ emissions, encourage environmental education among the next generation, and provide an opportunity to think about environmental problems.

Chuden Eco Partnership Initiative

The Chuden Eco Partnership Initiative was launched in 2006 when Chubu Electric Power called for nonprofit organizations (NPOs) and other civic organizations and corporations that had been engaging in their own separate environmental activities to work together to develop a large circle of environmental partners. In fiscal 2012, we collaborated with 15 organizations to work on organizing environmental workshops, creating green curtains, and other activities. Many people participated in these activities.

An Invitation to the Forest

Chubu Electric Power owns Uchigatani Forest, a forest covering roughly 1,100 ha, located around the source of a tributary of the Nagara River in Gujo City, Gifu Prefecture. The forest is managed by Chuden Real Estate, a Group company. "An Invitation to the Forest" is a project aimed at utilizing this rich natural asset effectively for the benefit of the local community. In 2012, about 50 college students were invited to the forest to take part in thinning activities and experience the natural environment. The "Chuden Foresters" training program is also available to employees and retirees of Chubu Electric Power Group companies to learn thinning skills. The Chuden Foresters use their days off and other free time to participate in thinning the forest and other volunteer activities such as forest classes.



"Chuden Foresters" training program

TOPICS

Promoting Electric Vehicles

As part of its efforts to benefit the local communities by reducing environmental impact, Chubu Electric Power is supporting the introduction of electric vehicles, which are expected to play an important role in energy conservation. In addition to deploying electric vehicles in our fleet, we are also working actively to develop an infrastructure of charging stations.

In December 2011, we established the Charging Network Development Organization, LLC to offer a membership-based quick charging service nationwide and thereby accelerate the expansion of a quick charging infrastructure.

We also installed and started to operate quick chargers in October 2012 in cooperation with Chuden Auto Lease, a Group company of Chubu Electric Power, and seven convenience store companies. Quick chargers have been installed at 21 convenience stores in Aichi Prefecture and used mainly by electric vehicle users in and around the prefecture.



A quick charger at a convenience store (Circle K Shin-Komaki Koki Store)

Memorial Tree-Planting Vouchers

Since 2001, Chubu Electric Power has been conducting a campaign in which the Company presents memorial tree-planting vouchers to the winning entrants of a lottery in the hope that it will give them an opportunity to think about the environment. Using the voucher, the winners can receive a sapling on their designated memorial day.

The winners can choose from (1) receiving a sapling for themselves, (2) giving a sapling to someone important, or (3) donating a sapling to a Japanese/overseas tree-planting organization. From 2013, donating a sapling to the Hamadori area in Fukushima Prefecture or Rikuzen Takata City in Iwate Prefecture, a city known for its "miracle lone pine tree" which survived the tsunami disaster, has been added to option (3) above as a means of supporting the reconstruction of the Tohoku region.

Partnerships with Other Enterprises (EPOC Initiatives)

The Environmental Partnership Organizing Club (EPOC) is an environmental advocacy organization founded by 14 local enterprises including Chubu Electric Power in 2000 with the aim of supporting the building of a sustainable economic system. As of March 31, 2013, 261 companies are participating. <http://www.epoc.gr.jp/>

Educating the Next Generation

Chubu Electric Power provides a wide range of education and support programs to inspire children's and students' interest in energy and environmental issues.

Traveling Classes and Study Tours

Chubu Electric Power employees are sent on assignment to elementary and junior high schools. There they organize electrical experiment laboratory sessions to introduce the mechanisms of power generation, hold classes that answer questions on radiation, and introduce the importance of energy and environmental preservation.

We also offer study tours to customer service offices, power plants, substations, and other facilities to introduce various activities and roles undertaken by the Company.



Traveling class at Wanouchi Town Fukuzuka Elementary School in Anpachi District, Gifu Prefecture

■ Results for Fiscal 2012

| | |
|-------------------|------------------------------------|
| Traveling Classes | 408 classes 15,755 participants |
| Study Tours | 306 tours 7,306 participants |

Ecoland—Environmental Information Website for Children

Ecoland is an environmental information site specifically for children opened on Chubu Electric Power's website.

As part of this Ecoland project, as in the last fiscal year, we again invited Mr. Rikao Yanagida, author of "Kuso Kagaku Dokuhon" (Dream Science Guide) to give science classes at elementary and junior high schools in fiscal 2012. About 670 children in total attended the class and learned about energy and electricity. As many of them noted, the class was a good opportunity for participants to "experience the way that energy changes" and "understand the importance of energy."



Class at Nagano City Kinasa Elementary School

Cultural and Sports Activities

The Chubu Electric Power Group is actively involved in activities to preserve and support local culture and art, as well as to promote sports, so as to help make local communities even more vibrant and attractive.

Offering Company Facilities for Public Use

We lend the Denki Bunka Kaikan Hall (Naka Ward, Nagoya City), Higashi Sakura Kaikan (Higashi Ward, Nagoya City), and other of our facilities for use to promote culture, art, and public health. The facilities of our customer service offices, field maintenance construction offices, power plants, and other operation sites are also made available for local residents for local cultural activities.



An annual cultural exhibition held in the Kanie Electric Power Office of the Nagoya Regional Office

Participation in Local Cultural Events

The Chubu Electric Power Group is actively interacting with local residents and taking part in festivals and other local cultural events as a way to contribute to the sustainable development of local communities.

The Toyota Oiden Festival is one such event, in which volunteers from the Toyota Customer Service Office and the Toyota Field Maintenance Construction Office of the Okazaki Regional Office take part to support the running of the festival.

VOICE

Volunteer activities for the Gifu Seiryu National Sports Festival

Satoshi Fujiwara

Manager, Distribution Operation & Maintenance Section
Gifu Customer Service Office, Gifu Regional Office

I volunteered to take part in the 2012 Gifu Seiryu National Sports Festival. My town became the venue for a competition, but because there was not enough accommodation available in the town, residents in the community united in arrangements such as accepting athletes for homestays during the sports festival and providing meals. As a member of the welcoming group, I used my days off to make and put up welcoming signs in the shape of the "Minamo" mascot character, decorate the community center, and plan and execute the welcome and farewell meetings.

I took three days of Life-Support Leave during the sports festival so that I could take part in these activities. I was very glad to join the activities because I could see that the athletes were delighted with our hospitality and this deepened their relationships with the local residents. I would like to thank my colleagues, who willingly allowed me to participate in the activities with them.



Making "Minamo" welcoming sign during days off

TOPICS

Chubu Electric Power's Curling Team

Thanks to enthusiastic encouragement from its supporters, Chubu Electric Power's Curling Team won the 30th Japan Curling Championships in February 2013, achieving a third consecutive victory at the championships. Although they couldn't yield satisfactory results in the World Women's Curling Championships 2013 in March, in which the team represented Japan, they were able to experience a world class event and learn valuable lessons for the future.

The team is also actively taking part in local events, such as holding curling classes, as part of their social contribution to the local community through sports and to help popularize curling.



Chubu Electric Power's Curling Team, who achieved a third consecutive victory at the 30th Japan Curling Championships

Partnerships with Universities

Chubu Electric Power is collaborating with universities in the Chubu region to conduct various projects that will assist local sustainable development.

An example of this collaboration is a donation to Nagoya University for installing the Energy Disaster Prevention (Chubu Electric Power) Endowed Research Division (installation period: April 2012 to March 2017) at the university's Disaster Mitigation Research Center. Two specialists needed for the research are also on loan to the division from the Company. We decided to cooperate with the project because, as a lifeline for the Chubu region, we find ourselves in complete agreement with the purpose of the division to increase the region's capability to prevent disasters through the safe and stable supply of power.

In addition, we concluded a comprehensive partnership

agreement with Mie University in fiscal 2005 as part of industry-academia collaboration to connect the university's education and research results and our business activities. Activities conducted under this agreement include workshops for earthquake preparedness in the southern part of Mie Prefecture, an area in which the percentage of senior residents is high and which is likely to be hit by a tsunami in the event of a severe earthquake. Rubber band exercises are also provided for senior residents in the area to increase their leg strength, which will be necessary in the event of an evacuation, as well as to prevent or delay the need for long-term nursing care.



Residents of Minami-Ise Town in Watarai District, Mie Prefecture, doing rubber band exercises

Initiatives by Group Companies

Chuden Disaster Prevention Co., Ltd.



In support of local safety activities, the company displays crime prevention and traffic safety slogans on utility poles around its head office as part of its efforts to help bring safety and peace of mind to the local community.

C-TECH CORPORATION



The company created a 2013 calendar that introduces the Chubu NGO Support Campaign in cooperation with Nagoya NGO Center, a nonprofit organization running the campaign. The calendar guides users to the fundraising banner on the company's website, and an amount of money equivalent to the number of users' clicks on the banner (10 yen/click, a total of 20,000 clicks maximum) is donated by the company to the NGO.

TOENEC CORPORATION



At the request of the Japan Vocational Ability Development Association (JAVADA), the company supported the operation of the 7th Youth Monozukuri (or art and manufacturing) Skills Competition, which is open for high school and vocational school students, especially during the preparation and screening processes. The company also provided technical guidance to the competitors.

Chubu Plant Service Co., Ltd.



The company has placed a vending machine with a fundraising function in the headquarters building in support of a fundraising system proposed by the Japan Cleft Palate Foundation. This allows our employees to donate money to the foundation through the everyday act of buying a beverage.

Chuden Wing—Celebrating the 10th Anniversary

Chuden Wing Co., Ltd. was established in April 2001 as a special subsidiary wholly owned by Chubu Electric Power to promote employment of challenged people, and started business in April 2003. On celebrating the 10th anniversary in April 2013, we reviewed how the company had grown and exchanged opinions with stakeholders for taking one more stride into the future.

Chuden Wing, which started with 38 employees (including 27 challenged people), has grown to having 72 employees (including 51 challenged people) in March 2013 as a result of the dedication of all the employees who help each other and create a vibrant work environment in keeping with the company's business philosophy of "coexistence" and "respect for people." During these years, employees have experienced the joy of working and have grown significantly by taking on new challenges, such as participation in the Abilympics and acquisition of qualifications improving each skill.

In addition, the company is also actively working on enhancing people's understanding of employment for challenged people by, among other efforts, offering a tour around the company. More than 20,000 people from Japan and abroad as well as from the local community have visited the company.



Challenged employees at a workplace



Employees of Chuden Wing—a photo taken to commemorate the 10th anniversary



Challenged employees engaged in horticultural work

Stakeholder Dialogue (6)

Exchanging Opinions on Chuden Wing's Initiatives

Chuden Wing held a meeting of stakeholders in May 2013 to exchange opinions on its past activities and future expectations of the company.

<Major Opinions>

Past activities

- Persons with various disabilities are working energetically at Chuden Wing. Chuden Wing provides a good model for many people and companies that are still hesitating to employ the challenged.
- Chuden Wing employs many mentally-challenged persons as well and brings out their strength and creativity skillfully.
- Mentally-challenged individuals who were working in hospitals or sheltered workshops are now working for a company. This is a significant step forward.
- By offering a company tour and organizing soccer matches with employees, the company also plays an important role in social welfare education for elementary and junior high school children.

Future expectations

- Further development and expansion of tasks that can be undertaken by mentally-challenged employees
- A more independent life for mentally-challenged employees in the community
- Building up knowledge of how people with a mental illness can continue to work

Participants (in random order)

| | |
|------------------|--|
| Tsukasa Ishiguro | Secretary-General, Nagoya City Minami Ward Council of Social Welfare (social welfare corporation) |
| Hiroko Kato | Psychiatric Social Worker, Fukuchikai Mental Health Support Center (medical corporation) |
| Hideo Sakai | Director, Employment and Life Support Center for People with Disabilities, Nagoya Kyosei Fukushikai Social Welfare Corp. (social welfare corporation) |
| Isamu Nagai | Academic and Chief Career Counselor, Aichi Prefectural Kasugai Senior High School for the Handicapped |
| Sachiyo Hirakawa | Sub-manager, Skills Competition and Abilympics Section, Employment Promotion Division, Labor Policy Office, Department of Industry and Labor, Aichi Prefectural Government |
| Toyokazu Hotta | Counselor and Supporter, Yutaka Workers Dormitory, Counseling and Support Office, Yutaka Fukushikai (social welfare corporation) |



A scene from the meeting

<Message from the Meeting>

Chuden Wing celebrated its 10th anniversary this year. I would like to express my deepest gratitude to local residents who have extended their warm encouragement and support and to all others who have assisted us during these 10 years. We will work even harder to address issues based on the valuable comments provided by stakeholders at this meeting. We appreciate your continued guidance and support for Chuden Wing.



Koichi Misawa
Senior Managing Director
Chuden Wing Co., Ltd.

* At Chuden Wing, persons with disabilities are referred to as "challenged persons" in the sense that they are given challenges by God.

Third-Party Review

On the coverage related to CSR in the Chubu Electric Power Company Group Annual Report 2013



Hitoshi Okada
Senior Researcher, Institute for Environmental Management Accounting
Professor, Hiroshima University of Economics

1. CSR management at Chubu Electric Power

This report introduces more examples of Chubu Electric Power's interactive communication with various stakeholders than last year's report, and describes not just the results of the dialogue but also what the Company did in response to the opinions of stakeholders. Identifying what society expects the Company to do through dialogue with stakeholders is an indispensable part of CSR management. I admire the Company's eagerness to meet stakeholders' expectations by implementing the PDCA management cycle, as well as the Company's willingness to disclose information on these details.

The report also introduces the dedication with which employees conduct their daily activities in each business area to fulfill Chubu Electric Power's mission to ensure a safe and stable supply of electricity, giving readers an idea of who is involved in each business. This shows that the Company places its employees as important stakeholders and considers them to be a valuable asset, where the Chinese character meaning "property" is used to represent human resources in Japanese.

In this report, Chubu Electric Power has also started to disclose its CSR performance indicators. Although there are still issues, particularly in terms of selecting indicators and setting goals, that need to be addressed to ensure the effective use of these indicators, I approve of the Company's efforts to establish and disclose performance indicators for its CSR activities. As these efforts show, CSR management at Chubu Electric Power is steadily evolving for the better.

On the other hand, it is disappointing that there is no report on the measures taken—nor the effects of those measures—to prevent the recurrence of the compliance problems disclosed in last year's report. Appropriate disclosure, not just of what happened, but also of what measures were taken and their progress is important in making the report more open to stakeholders. I would like to see improvements in this regard.

2. Efforts to improve safety at Hamaoka Nuclear Power Station and information disclosure

Chubu Electric Power has been making various efforts to build society's confidence in nuclear power and to disclose more information. This report also describes in an easy-to-understand manner what countermeasures are being taken for events and new problems discovered related to safety at the Hamaoka Nuclear Power Station.

In addition to this report, Chubu Electric Power is endeavoring to disseminate information on the Company's efforts to improve safety at the nuclear power station through a wide variety of means, such as information disclosure on the Company's website, tours at the nuclear power station and the Hamaoka Nuclear Exhibition Center, which attracted more than 40,000 and about 270,000 visitors respectively in fiscal 2012, coupled with other employee activities to communicate with customers.

I think that with its earnest attitude to meeting society's expectations, Chubu Electric Power fulfills its social responsibility to communicate information on nuclear safety and achieves the level of information disclosure and dissemination that every electric power company is expected to meet.

3. Various efforts to maintain a stable supply of electricity and environmental management

Ensuring a stable supply of electricity is the most important social responsibility of an electric power company. However, because operations at Hamaoka Nuclear Power Station have been suspended, Chubu Electric Power is relying increasingly on fossil fuels to maintain a stable supply of electricity. The importance of LNG thermal power generation, whose CO₂ emissions are relatively small, is rising, and this brings to light the issue of stable, economical and flexible LNG procurement that the Company needs to address in the mid- to long-term perspective.

This is not just an issue for Chubu Electric Power but for all the Japanese electric power companies. To solve the LNG procurement issue, Chubu Electric Power quickly embarked on a range of activities ahead of the other electric power companies to secure a stable and economical supply of electricity, such as opening the way for LNG procurement from the United States as well as acquiring upstream interests through involvement in projects in Australia.

These efforts have been reported and praised by many media companies, and it is my hope that the Company will continue to expand its activities globally to fulfill its social responsibility to ensure a stable and economical supply of electricity.

I look forward to further developments in CSR management at Chubu Electric Power.

In response to the third party opinions

As the environment surrounding the electricity business continues to dramatically change in the wake of the Great East Japan Earthquake, the Company is doing its utmost to provide everyone in our operating area with impartial and highly transparent information about the safety measures for the Hamaoka Nuclear Power Station and Chubu Electric Power's various initiatives. Furthermore, in order that the provision of information does not end up as a one-way exercise, we are enthusiastically conducting interactive communication activities.

Professor Okada has given us the benefit of his opinions on the points where we need to make improvements regarding the appropriate disclosure of information, and words of encouragement about the evolution of our CSR management.

I don't think that there is an end to CSR initiatives. We will sincerely accept what has been pointed out to us about improvements, and reflect this in next year's report. We will continuously disclose information in a timely and appropriate manner and involve ourselves in dialogue with local residents, listen to the opinions and suggestions we receive from them and put our steady initiatives into practice, thereby meeting the trust and expectations of all our customers.



Satoru Katsuno
Director, Executive Vice-President
General Manager of Corporate Planning & Strategy Division

CSR Performance Indicators

| | | | Units | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | |
|--|---|---|-------------------------|---|---|---|---|---|----|
| Corporate Governance | Corporate Governance | Development and operation of internal control | — | Generally developed and operated properly | |
| | Dialogues with Stakeholders | Institutional investors/analysts | Company briefing | sessions | 5 | 3 | 2 | 3 | 3 |
| | | | Facility tour | tours | 1 | 2 | 2 | 2 | 6 |
| | | Private investors | Company briefing | sessions | 2 | 2 | 2 | 0 | 3 |
| | | Individual shareholders | Facility tour | tours | 9 | 9 | 10 | 20 | 15 |
| Respect for Human Rights and Work | Creating a Rewarding Workplace | Hours worked per employee | hours | 2,030 | 2,017 | 2,030 | 2,036 | 2,027 | |
| | | Number of days taken as paid annual leave per person | days | 14.5 | 15.1 | 14.5 | 15.2 | 14.2 | |
| | | Number of persons taking childcare leave | persons | 183 | 163 | 155 | 166 | 178 | |
| | | Number of persons taking nursing care leave | persons | 10 | 3 | 8 | 9 | 3 | |
| | | Percentage of employees who are physically/mentally challenged*1 | % | 2.16 | 2.26 | 1.95 | 1.95 | 2.07 | |
| | Ensuring the Safety and Health of Employees | Number of industrial accidents (Chubu Electric Power employees)*2 | accidents | 9 | 13 | 21 | 26 | 85 | |
| | | Number of industrial accidents (Contractors) | accidents | 46 | 38 | 63 | 50 | 50 | |
| Commitment to Environmental Conservation | Building a Low-Carbon Society | CO ₂ emissions intensity (including Kyoto Mechanism credits, etc.) | kg-CO ₂ /kWh | 0.424 | 0.417 | 0.341 | 0.469 | 0.375 | |
| | Creating a Recycling Society | Amount of waste generated | 10 thousand tons | 150.0 | 158.1 | 177.7 | 163.1 | 155.1 | |
| | | Amount of waste recycled | 10 thousand tons | 143.1 | 139.0 | 165.9 | 155.6 | 147.7 | |
| | | Amount of external landfill waste | 10 thousand tons | 1.2 | 14.0 | 5.3 | 1.4 | 1.4 | |
| | Conserving the Local Environment | SO _x emissions (Thermal power generation) | g/kWh | 0.05 | 0.04 | 0.05 | 0.05 | 0.03 | |
| | | NO _x 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 | 37 | 39 | 50 | 49 | 58 | |
| | Fair and Equitable Transactions | Number of participants in procurement overview briefing | persons | 350 | 369 | 430 | Cancelled due to the disaster | 536 | |
| | | Number of inquiries received from suppliers | inquiries | 146 | 143 | 93 | 111 | 89 | |
| | Intellectual Property | Number of patent applications filed | applications | 161 | 101 | 85 | 52 | 65 | |
| | | Number of patents owned | patents | 725 | 741 | 775 | 776 | 807 | |
| Aiming to Be Customer-friendly | Working for Customer Satisfaction | Annual average of failure/outage time per household*3 | minutes | 4 | 40 | 3 | 35 | 46 | |
| | | Number of calls received at the Call Center | One thousand calls | 1,662 | 1,382 | 1,421 | 1,325 | 1,445 | |
| | | Number of calls answered at the Call Center | % | 88.8 | 92.1 | 88.1 | 97.9 | 97.2 | |
| Interacting with Local Communities | Contribution to Communities | Number of traveling classes held | classes | 599 | 435 | 458 | 418 | 408 | |
| | | Number of study tours offered | tours | 281 | 212 | 283 | 321 | 306 | |

*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 number of failure/outage minutes in fiscal 2009, 2011 and 2012 are high due to the large number of typhoons that affected the region severely.

Financial Statistics

Financial

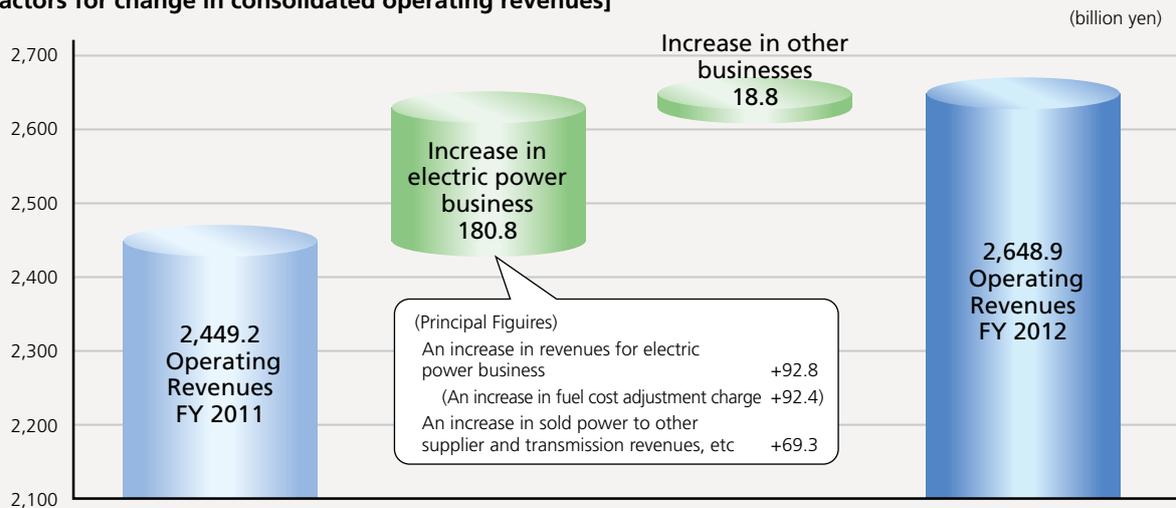
| | |
|--|-----|
| Summary of Financial Results FY 2012 | 72 |
| Five-Year Operating and Financial Statistics..... | 73 |
| Management Discussion and Analysis of Results | 75 |
| Consolidated Balance Sheets..... | 79 |
| Consolidated Statements of Operations | 81 |
| Consolidated Statements of Comprehensive Income..... | 82 |
| Consolidated Statements of Changes in Net Assets | 83 |
| Consolidated Statements of Cash Flows | 84 |
| Notes to Consolidated Financial Statements | 85 |
| Nonconsolidated Balance Sheets | 101 |
| Nonconsolidated Statement of Operations | 103 |

Summary of Financial Results FY 2012

Consolidated Operating Revenues

Operating revenues have grown by ¥199.7 billion from the previous year to ¥2,648.9 billion, due to an increase in electricity sales revenues resulting from a rise in fuel adjustment charges etc. in the electricity power business.

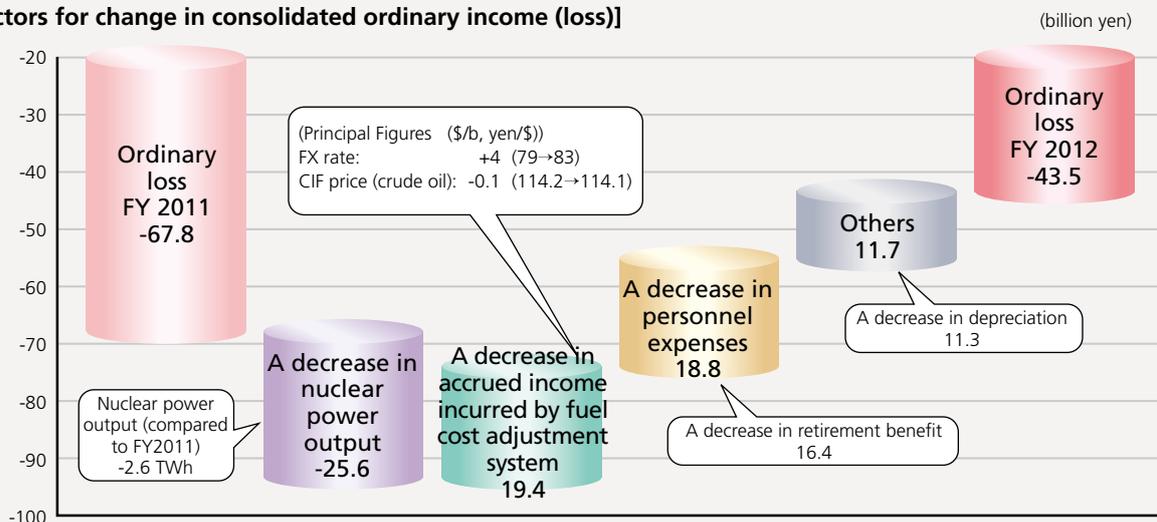
[Factors for change in consolidated operating revenues]



Consolidated Ordinary Income (loss)

We recorded an ordinary loss of ¥43.5 billion, an improvement of ¥24.3 billion from the previous year, due to positive factors such as a ¥19.4 billion decline in accrued income incurred by fuel cost adjustment system, an ¥18.8 billion decline in personnel expenses and an ¥11.3 billion fall in depreciation costs. This was achieved despite negative factors such as the decrease in nuclear power output (equivalent to ¥25.6 billion) in the electricity power business.

[Factors for change in consolidated ordinary income (loss)]



Five-Year Operating and Financial Statistics

The company's fiscal year (FY) is from April 1 to March 31 of the following year.

▶ OPERATING STATISTICS

| Electric Energy Sold | | (GWh) | | | | |
|-----------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|
| | | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
| Customers Under Regulation | Electric Lighting | 35,336 | 35,029 | 37,256 | 35,872 | 35,492 |
| | Electric Power | 6,747 | 6,419 | 6,695 | 6,359 | 6,124 |
| Total | | 42,083 | 41,448 | 43,951 | 42,231 | 41,616 |
| Customers Under Liberalization | | 87,651 | 81,401 | 86,960 | 85,666 | 84,936 |
| Total Electric Energy Sold | | 129,734 | 122,849 | 130,911 | 127,897 | 126,552 |

| Breakdown of Industrial Large-lot Demand Electric Energy Sold | | | (GWh) | | | | |
|---|-----------------------|--|---------------|---------------|---------------|---------------|---------------|
| Mining and Industry | | | | | | | |
| Mining | | | 58 | 50 | 47 | 47 | 41 |
| Manufacturing industry | Foods | | 2,609 | 2,546 | 2,657 | 2,664 | 2,679 |
| | Textiles | | 722 | 963 | 1,093 | 1,046 | 959 |
| | Pulps and Papers | | 1,577 | 1,522 | 1,602 | 1,631 | 1,537 |
| | Chemicals | | 3,190 | 2,666 | 2,758 | 2,898 | 2,865 |
| | Oil and Coal Products | | 76 | 76 | 109 | 127 | 148 |
| | Rubber | | 758 | 667 | 719 | 716 | 676 |
| | Glass and Ceramics | | 2,709 | 2,137 | 2,604 | 2,657 | 2,519 |
| | Steel | | 5,705 | 4,893 | 6,141 | 6,554 | 6,273 |
| | Nonferrous Metals | | 1,429 | 1,291 | 1,530 | 1,409 | 1,327 |
| | Machinery | | 21,081 | 18,701 | 20,178 | 20,250 | 20,501 |
| | Others | | 5,373 | 5,202 | 5,484 | 5,447 | 5,304 |
| | Subtotal | | 45,229 | 40,664 | 44,875 | 45,399 | 44,788 |
| Total | | | 45,287 | 40,714 | 44,922 | 45,446 | 44,829 |
| Others | Railways | | 2,737 | 2,703 | 2,673 | 2,633 | 2,569 |
| | Others | | 3,290 | 3,244 | 3,245 | 3,245 | 3,259 |
| | Total | | 6,027 | 5,947 | 5,918 | 5,878 | 5,828 |
| Grand total | | | 51,314 | 46,661 | 50,840 | 51,324 | 50,657 |

* Due to a change in the Japan Standard Industry Classification, industry classifications are different before and after April 2009

| Electric Energy Supplied | | (GWh) | | | | |
|---------------------------------------|--|----------------|----------------|----------------|----------------|----------------|
| Internally-generated Power | | 125,656 | 114,972 | 123,723 | 127,965 | 130,838 |
| Hydroelectric | | 7,877 | 8,609 | 8,776 | 9,297 | 7,846 |
| Thermal | | 94,921 | 92,232 | 99,601 | 115,995 | 122,936 |
| Nuclear | | 22,858 | 14,129 | 15,318 | 2,616 | – |
| Renewable Energy | | – | 2 | 28 | 57 | 56 |
| Interchanged, Purchased Power (Net) | | 17,037 | 20,053 | 19,594 | 12,336 | 7,465 |
| Power Used for Pumped Storage | | (1,471) | (1,246) | (978) | (1,336) | (1,163) |
| Total Electric Energy Supplied | | 141,222 | 133,779 | 142,339 | 138,965 | 137,140 |

| Generating Capacity | | (MW) | | | | |
|--|--|---------------|---------------|---------------|---------------|---------------|
| Hydroelectric | | 5,219 | 5,219 | 5,219 | 5,218 | 5,225 |
| Thermal | | 23,903 | 23,903 | 23,969 | 23,969 | 25,159 |
| Nuclear | | 3,504 | 3,504 | 3,617 | 3,617 | 3,617 |
| Renewable Energy | | – | 6 | 23 | 31 | 31 |
| Total Generating Capacity | | 32,626 | 32,632 | 32,828 | 32,835 | 34,032 |
| Annual Peak Load (Three-day Average of Generating End) | | 27,938 | 23,881 | 26,982 | 25,015 | 24,574 |

| Number of Employees | | (number of persons) | | | | |
|---------------------|--|---------------------|--------|--------|--------|--------|
| Consolidated | | 28,611 | 29,116 | 29,583 | 29,774 | 30,847 |
| Non-Consolidated | | 15,234 | 15,507 | 15,769 | 15,845 | 16,723 |

* The number of employee includes temporary employee (excluding limited term employees) from FY 2012.

► FINANCIAL STATISTICS (Consolidated)

| | Millions of yen | | | | | Thousands of U.S. dollars*1 | |
|--|-----------------|------------|------------|------------|------------|-----------------------------|--|
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2012 | |
| For the Year | | | | | | | |
| Operating Revenues | ¥2,509,982 | ¥2,238,552 | ¥2,330,892 | ¥2,449,283 | ¥2,648,994 | \$28,177,790 | |
| Operating Income (Loss) | 182,235 | 200,032 | 174,238 | (37,667) | (14,484) | (154,069) | |
| Ordinary Income (Loss)*2 | 130,505 | 178,543 | 146,275 | (67,857) | (43,542) | (463,163) | |
| Income (Loss) Before Income Taxes and Minority Interests | (23,193) | 174,842 | 135,139 | (84,487) | (32,299) | (343,570) | |
| Net Income (Loss) | (18,968) | 108,559 | 84,598 | (92,195) | (32,161) | (342,102) | |
| Depreciation | 312,464 | 297,517 | 284,047 | 289,451 | 276,544 | 2,941,645 | |
| Capital Investments | 277,708 | 272,107 | 276,714 | 280,582 | 332,506 | 3,536,922 | |
| At Year-End | | | | | | | |
| Total Assets | ¥5,470,129 | ¥5,299,976 | ¥5,331,967 | ¥5,647,169 | ¥5,882,775 | \$62,576,056 | |
| Net Assets | 1,654,759 | 1,675,866 | 1,698,382 | 1,548,347 | 1,491,105 | 15,861,132 | |
| Shareholder's Equity*3 | 1,616,655 | 1,637,602 | 1,660,130 | 1,511,260 | 1,453,783 | 15,464,131 | |
| Outstanding Interest-Bearing Debt | 2,789,038 | 2,539,552 | 2,495,126 | 2,965,876 | 3,260,525 | 34,682,747 | |
| Per Share of Common Stock (Yen, U.S.dollars) | | | | | | | |
| Net Income (Loss) - Basic | ¥ (24.37) | ¥ 140.47 | ¥ 110.97 | ¥ (121.67) | ¥ (42.45) | \$ (0.45) | |
| Net Assets | 2,076.93 | 2,146.82 | 2,190.89 | 1,994.51 | 1,918.75 | 20.41 | |
| Cash Dividends | 60 | 60 | 60 | 60 | 50 | 0.53 | |
| Financial Indicators and Cash Flow Data | | | | | | | |
| ROA*4 (%) | 3.7 | 4.0 | 3.4 | (0.6) | (0.0) | (0.0) | |
| ROE (%) | (1.1) | 6.7 | 5.1 | (5.8) | (2.2) | (2.2) | |
| Shareholder's Equity Ratio | 29.6 | 30.9 | 31.1 | 26.8 | 24.7 | 24.7 | |
| Cash Flows from Operating Activities | ¥ 358,880 | ¥ 539,106 | ¥ 449,755 | ¥ 176,845 | ¥ 227,613 | \$ 2,421,157 | |
| Cash Flows from Investing Activities | (215,135) | (242,394) | (336,056) | (247,073) | 330,603 | 3,516,679 | |
| Cash Flows from Financing Activities | (90,238) | (333,496) | (105,088) | 422,007 | 249,561 | 2,654,622 | |
| Cash and Cash Equivalents at End of Year | 149,696 | 113,140 | 121,296 | 473,163 | 621,937 | 6,615,647 | |

*1 U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥94.01=US\$1

*2 Ordinary income (Loss)=Income (loss) before provision (reversal) of reserve for fluctuation in water levels, income taxes and minority interests
 -(Reversal of reserve for loss in conjunction with discontinued operations of nuclear power plants (fiscal 2012))
 +Settlement received (fiscal 2011)) + (Loss on transition to a defined contribution pension plan (fiscal 2011),
 +Loss on adjustment for changes of accounting standard for asset retirement obligations (fiscal 2010),
 +Loss in conjunction with discontinued operations of Hamaoka Reactors No.1 and No.2 (fiscal 2008))

*3 Shareholder's Equity=Total Net Assets - Minority interests

*4 ROA (Return on Assets)=Operating income (Ordinary income + Interest)/Average of total assets at beginning and end of fiscal year

Management Discussion and Analysis of Results

Analysis of Operating Results

Electricity Sales Volume

Electricity sales decreased to 126.6TWh, down 1.1% over the previous year, because electricity conservation is here to stay and demand from industrial users declined due to a fall in production by steel manufacturers in the second half of the fiscal year.

Demand for electric lighting decreased by 1.1% to 35.5TWh because of power saving, although air conditioning demand increased by colder air temperature over the winter compared with previous year. Demand for electric power decreased by 3.7% to 6.2TWh, because of a decrease in number of contracts, although air conditioning demand increased affected by temperature.

Demand for commercial power increased by 0.3% to 22.3TWh due to an increase in air conditioning demand affected by temperature. Electricity sales for industrial users decreased to 62.6TWh, down 1.3% over the previous year, because of a fall in production by steel manufacturers in the second half of the fiscal year despite an increase in production by automobile-related companies in the first half of the fiscal year.

Electric Energy Sold

| | FY 2012 (A) | FY 2011 (B) | Change (A-B) | Change (A-B)/B |
|--|----------------|----------------|-----------------|-------------------|
| Demand from customers under regulation | | | | |
| Electric lighting | 35.5 | 35.9 | (0.4) | (1.1) |
| Electric power | 6.2 | 6.4 | (0.2) | (3.7) |
| Subtotal | 41.7 | 42.3 | (0.6) | (1.5) |
| Demand from customers under liberalization | | | | |
| Commercial power | 22.3 | 22.2 | 0.1 | 0.3 |
| Industrial power, etc. | 62.6 | 63.4 | (0.8) | (1.3) |
| Subtotal | 84.9 | 85.6 | (0.7) | (0.9) |
| Total | 126.6 | 127.9 | (1.3) | (1.1) |

As to electric power supply, hydroelectric power output decreased by 1.5TWh from the previous fiscal year due to lower water flow (flow rate for FY 2012: 94.8%, FY 2011: 112.0%).

Nuclear power output decreased by 2.6TWh over the previous fiscal year because of suspension of operation of all reactors at Hamaoka Nuclear Power Station.

Also, interchanged power and purchased power decreased.

As a result of the above, thermal power output increased by 6.9TWh over the previous period

Electric Energy Supplied

| | FY 2012 (A) | FY 2011 (B) | Change (A-B) | Change (A-B)/B |
|----------------------------------|----------------|----------------|-----------------|-------------------|
| Internally generated | | | | |
| Hydroelectric power | 7.8 | 9.3 | (1.5) | (15.6) |
| <flow rate> | <94.8> | <112.0> | <(17.2)> | |
| Thermal power | 122.9 | 116.0 | 6.9 | 6.0 |
| Nuclear power | - | 2.6 | (2.6) | - |
| <utilization rate> | <-> | <8.2> | <(8.2)> | |
| Renewable energy | 0.1 | 0.1 | (0.0) | (1.1) |
| Interchanged, Purchased power | 7.5 | 12.3 | (4.8) | (39.5) |
| Power used for pumped storage | (1.2) | (1.3) | 0.1 | (12.9) |
| Total | 137.1 | 139.0 | (1.9) | (1.3) |

Regarding operating revenues and expenses in the electric power business, although electricity sales volume decreased, operating revenue increased by ¥180.8 billion to ¥2,427.7 billion, due to such factors as an increase in electricity sales revenues resulting from an increase in fuel cost adjustment charge and sales of power to other electric utilities.

Operating expenses increased by ¥157.7 billion to ¥2,446.4 billion, because of such factors as an increase in thermal power output due to suspension of operation of all reactors at Hamaoka Nuclear Power Station and sales of power to other electric utilities, and a rise in fuel price.

As a result, we recorded operating loss of ¥18.7 billion, a ¥23.1 billion improve compared with the previous fiscal year.

Other Businesses

Sales increased by ¥18.9 billion to ¥221.3 billion owing to an increase in sales from energy business, along with construction related subsidiaries and other factors.

Operating expenses increased by ¥18.8 billion to ¥217.1 billion.

As a result, we recorded operating income of ¥4.2 billion almost at the level of the previous fiscal year.

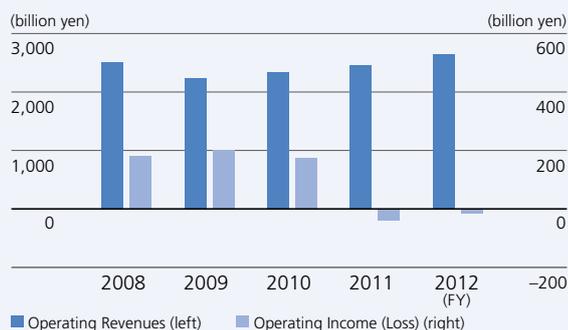
Ordinary Income (Loss)

Non-operating revenue decreased by ¥2.0 billion over the previous fiscal year to ¥18.9 billion. In combination with sales, the ordinary revenue in total increased by ¥197.7 billion over the previous fiscal year, to ¥2,667.9 billion.

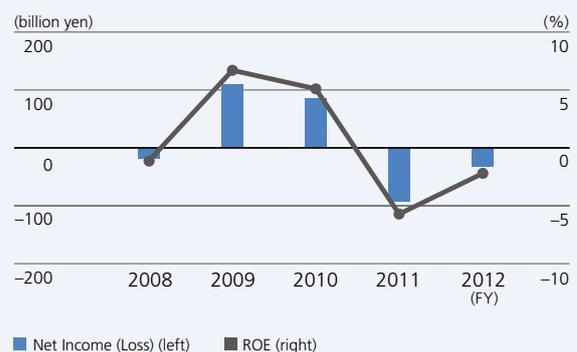
Meanwhile, non-operating expenses decreased by ¥3.1 billion to ¥48.0 billion. Combined with operating expenses, total ordinary expenses increased by ¥173.4 billion year on year, to ¥2,711.5 billion.

As a result, we recorded ordinary loss of ¥43.5 billion, a ¥24.3 billion improve compared with the previous fiscal year.

Operating Revenues/Operating Income (Loss)



Net Income (Loss)/ROE



Net Income (Loss)

In FY 2012, we recorded as extraordinary income ¥7.4 billion of "Reversal of reserve for loss in conjunction with discontinued operations of nuclear power plants" for Reactor Units 1 and 2 at the Hamaoka Nuclear Power Station, which ceased operation in FY 2008.

As a result, we recorded net loss of ¥32.2 billion, a ¥60.0 billion improve compared with the previous fiscal year.

Analysis of Financial Standing

(1) Assets

Noncurrent assets increased to ¥4,820.2 billion, up ¥34.0 billion over the previous year, because of an increase in capital expenditures, such as tsunami countermeasures at the Hamaoka Nuclear Power Station etc., despite the progress of depreciation.

Current assets increased by ¥201.6 billion to ¥1,062.5 billion because short-term investments increased due to such factors as an increase in certificate of deposits.

As a result of the above, total assets increased by ¥235.6 billion to ¥5,882.8 billion compared with the previous year end.

(2) Liabilities

Total liabilities increased by ¥292.8 billion from the end of the previous fiscal year to ¥4,391.7 billion, due to such factors as an increase in interest-bearing debt.

(3) Net assets

Total net assets decreased by ¥57.2 billion from the end of the previous fiscal year to ¥1,491.1 billion due to such factors as dividend payouts and net loss.

As a result, the shareholders' equity ratio was 24.7%.

Analysis of Cash Flows

Cash flow from operating activities increased to ¥227.6 billion, up ¥50.8 billion over the previous year, mainly because electricity utility operating revenue increased due to a rise in fuel cost adjustment charge while income tax payment decreased, though fuel expenses grew in the electric power business due to increased thermal power output and a rise in fuel prices.

Cash outflow from investment activities increased by ¥83.5 billion over the previous fiscal year to ¥330.6 billion. The change is mainly due to an increase in payments for the acquisition of noncurrent assets.

As a result, free cash flow decreased by ¥32.8 billion from the previous fiscal year to ¥-103.0 billion.

Cash flow from financing activities decreased by ¥172.4 billion over the previous fiscal year to ¥249.6 billion due to such factors as a decrease in proceeds from long-term loans payable.

Consequently, the amount of cash and cash equivalents at end of fiscal year under review increased by ¥148.8 billion from the end of previous fiscal year to ¥621.9 billion.

Furthermore, total outstanding interest-bearing debt at end of fiscal year under review increased by ¥294.6 billion from end of previous fiscal year to ¥3,260.5 billion.

Capital Investments

In the electric power business, capital investments amounted to ¥300.2 billion in the fiscal year ended March 31, 2013 as a result of our efforts to pursue a maximum level of management efficiency while securing a stable supply of electric power and public security.

Regarding other businesses, capital investments amounted to ¥32.3 billion, including ¥4.1 billion for the energy business and ¥28.2 billion for other businesses. The aggregate amount of capital investments of the Group as a whole totaled ¥332.5 billion.

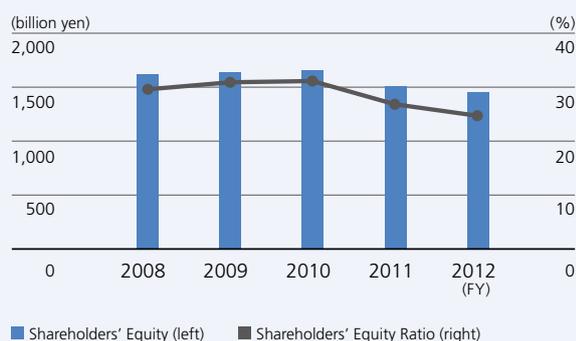
(Reference)

Fiscal 2012 Capital Investments (Nonconsolidated)

| Item | (billion yen) |
|-------------------------------|---------------|
| Electric Power Business | |
| Power Generation Facilities | 167.2 |
| Power Transmission Facilities | |
| Transmission Facilities | 21.8 |
| Transformation Facilities | 52.0 |
| Distribution Facilities | 34.6 |
| Total | 108.4 |
| Other | 24.6 |
| Total | 300.2 |
| Other Businesses | |
| Energy Business | 1.3 |
| Other | 0.0 |
| Total | 3,015 |

* The above figures do not include consumption tax.

Shareholders' Equity/Shareholders' Equity Ratio



Outstanding Interest-bearing Debt/Debt-to-Equity Ratio



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 (in July 2013). 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 hydro electric 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.

As Chubu Electric Group depends on imports of such fuels as liquefied natural gas (LNG), coal and crude oil from overseas, fuel expense in electricity business could be affected by fuel prices and fluctuations in the currency exchange market. However, since 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 ¥3,260.5 billion at the end of March 2013, an amount equivalent to 55.4% 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, 89.4% 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. It is currently implementing both tsunami countermeasures, including the building of tsunami protection walls and measures to cope with overflow stream at intake ponds etc., to meet the new regulatory standards that the Nuclear Regulation Authority decided ("new regulatory standards"), with the goal of completing implementation by the end of FY 2014. We plan to carry out necessary earthquake countermeasures by taking into consideration the new regulatory standards and the report by the "Committee for Modeling a Nankai Trough Megaquake" of the Cabinet Office. We carried out severe accident countermeasures, such as installing filter vent equipment that prevents large release of radioactive materials to the environment in the event of a nuclear accident. We also further upgraded disaster-preventive measures, including strengthening the disaster prevention system and preparing disaster preventive materials and equipment, while strengthening cooperation with the central and local governments around our power stations. The Company may have to review these safety measures and take additional measures, depending on the way in which the new regulatory standards are met.

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.

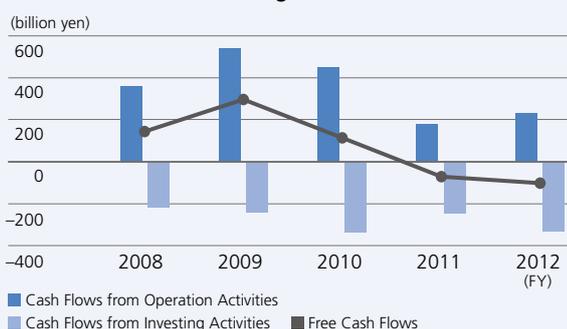
Providing the complete power supply system from power generation to distribution, the Chubu Electric Group strives to develop and maintain optimum facilities that ensure stable delivery of high quality electricity economically, while working to establish disaster-resistant systems by taking measures 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 and an obstacle to fuel procurement, our operational results may be affected.

2) Nuclear power back-end costs, etc.

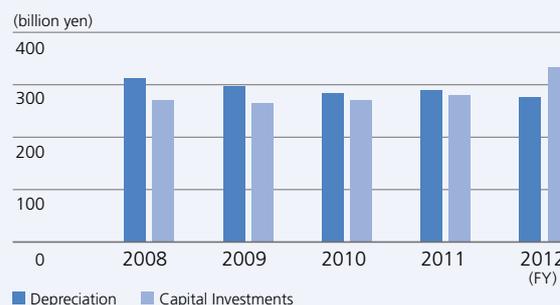
The back-end business of nuclear power takes an extremely long time period and has many uncertainties. To prepare for the future back-end costs, based on the rules set by the government, Chubu Electric has set aside provision for reprocessing of irradiated nuclear fuel and provision for preparation of the reprocessing of irradiated nuclear fuel.

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.

Cash Flows from Operation Activities/ Cash Flows from Investing Activities/Free Cash Flows



Depreciation/Capital Investments



3) Changes in the competitive environment

Since the start of partial liberalization of electric power retailing in March 2000, the scope of liberalization has gradually expanded. The establishment of a more competitive and open electricity market will continue to be studied in discussions about reviewing the framework of the electricity power industry. In the whole energy market, the supply-demand structure could substantially change toward the realization of a new energy mix, such as expanded use of renewable energy, further proliferation of natural gas, and dramatic promotion of energy savings.

Given this situation, the Chubu Electric Group is exerting its maximum effort to enhance business efficiency, and is conducting proactive sales initiatives to respond precisely to customer needs. Even so, future amendments in regulations and changes to supply-demand structure could potentially have an effect on our performance.

4) Regulatory amendments for global environment protection, etc.

Global warming issues have caught more attention from global society. The group has recognized growing importance to contribute to the achievement of "low carbon society" through taking measures actively toward reduction of CO₂ emission in electric power business.

Based on above recognition, the group has established the "Chubu Electric Power Group Basic Environmental Policy". Under its detailed protocol designated as "Action Plan", the group is working systematically to use resources efficiently and reduce the burden on the environment. 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 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, 2013 and 2012

| ASSETS | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|--------------------|--------------------|--|
| | FY 2012 | FY 2011 | FY 2012 |
| Property, Plant and Equipment: | | | |
| Property, plant and equipment, at cost | ¥13,387,437 | ¥13,040,885 | \$142,404,393 |
| Construction in progress | 318,543 | 442,097 | 3,388,395 |
| | 13,705,980 | 13,482,982 | 145,792,788 |
| Less: | | | |
| Contributions in aid of construction | (168,307) | (166,820) | (1,790,310) |
| Accumulated depreciation | (9,707,958) | (9,513,358) | (103,265,163) |
| | (9,876,265) | (9,680,178) | (105,055,473) |
| Total Property, Plant and Equipment, Net (Notes 6 and 10) | 3,829,715 | 3,802,804 | 40,737,315 |
| Nuclear Fuel: | | | |
| Loaded nuclear fuel | 40,040 | 40,040 | 425,912 |
| Nuclear fuel in processing | 213,602 | 212,018 | 2,272,120 |
| Total Nuclear Fuel | 253,642 | 252,058 | 2,698,032 |
| Investments and Other Long-term Assets: | | | |
| Long-term investments (Notes 7, 8 and 10) | 274,821 | 263,064 | 2,923,317 |
| Fund for reprocessing of irradiated nuclear fuel (Note 7) | 216,825 | 229,166 | 2,306,404 |
| Deferred tax assets (Note 17) | 235,900 | 231,812 | 2,509,308 |
| Other | 11,159 | 9,849 | 118,700 |
| Allowance for doubtful accounts | (1,831) | (2,483) | (19,477) |
| Total Investments and Other Long-term Assets | 736,874 | 731,408 | 7,838,252 |
| Current Assets: | | | |
| Cash and deposits (Notes 5 and 7) | 117,229 | 214,516 | 1,246,984 |
| Trade notes and accounts receivable (Note 7) | 199,730 | 181,307 | 2,124,561 |
| Allowance for doubtful accounts | (1,728) | (1,584) | (18,381) |
| Short-term investments (Notes 5 and 8) | 515,042 | 267,872 | 5,478,588 |
| Inventories (Note 9) | 132,893 | 100,660 | 1,413,605 |
| Deferred tax assets (Note 17) | 25,422 | 26,609 | 270,418 |
| Other | 73,956 | 71,519 | 786,682 |
| Total Current Assets | 1,062,544 | 860,899 | 11,302,457 |
| Total Assets (Notes 10 and 23) | ¥ 5,882,775 | ¥ 5,647,169 | \$ 62,576,056 |

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) |
|--|-------------------|-------------------|--|
| | FY 2012 | FY 2011 | FY 2012 |
| Long-term Liabilities: | | | |
| Long-term debt (Notes 7 and 10) | ¥2,680,730 | ¥2,379,583 | \$28,515,371 |
| Employee retirement benefit liability (Note 11) | 192,482 | 208,091 | 2,047,463 |
| Reserve for reprocessing of irradiated nuclear fuel | 235,222 | 247,742 | 2,502,095 |
| Reserve for preparation for reprocessing of irradiated nuclear fuel | 14,813 | 14,243 | 157,568 |
| Reserve for loss in conjunction with discontinued operations of nuclear power plants | 31,125 | 39,366 | 331,082 |
| Asset retirement obligations (Note 13) | 221,289 | 219,178 | 2,353,888 |
| Other (Note 10) | 59,064 | 54,642 | 628,274 |
| Total Long-term Liabilities | 3,434,725 | 3,162,845 | 36,535,741 |
| Current Liabilities: | | | |
| Current portion of long-term debt and other (Notes 7 and 10) | 242,699 | 249,520 | 2,581,630 |
| Short-term borrowings (Notes 7 and 10) | 340,213 | 340,877 | 3,618,902 |
| Trade notes and accounts payable (Note 7) | 162,793 | 138,604 | 1,731,656 |
| Income taxes payable and other | 30,886 | 36,748 | 328,540 |
| Other (Notes 7 and 10) | 169,705 | 155,738 | 1,805,180 |
| Total Current Liabilities | 946,296 | 921,487 | 10,065,908 |
| Reserve for Fluctuation in Water Levels | 10,649 | 14,490 | 113,275 |
| Total Liabilities | 4,391,670 | 4,098,822 | 46,714,924 |
| Commitments and Contingent Liabilities (Note 15) | | | |
| Net Assets (Note 16): | | | |
| Common stock | 430,777 | 430,777 | 4,582,246 |
| Capital surplus | 70,777 | 70,777 | 752,867 |
| Retained earnings | 939,197 | 1,013,041 | 9,990,395 |
| Treasury stock, at cost | (515) | (479) | (5,478) |
| Total Shareholders' Equity | 1,440,236 | 1,514,116 | 15,320,030 |
| Accumulated other comprehensive income: | | | |
| Net unrealized gains on available-for-sale securities | 19,526 | 11,276 | 207,701 |
| Net deferred losses on hedging instruments | (8,819) | (5,845) | (93,809) |
| Foreign currency translation adjustments | 2,840 | (8,288) | 30,210 |
| Total Accumulated Other Comprehensive Income | 13,547 | (2,857) | 144,102 |
| Minority interests | 37,322 | 37,088 | 397,000 |
| Total Net Assets | 1,491,105 | 1,548,347 | 15,861,132 |
| Total Liabilities and Net Assets | ¥5,882,775 | ¥5,647,169 | \$62,576,056 |

Consolidated Statements of Operations

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2013 and 2012

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|------------|---------------------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Operating Revenues: | | | |
| Electricity | ¥2,427,728 | ¥2,246,901 | \$25,824,146 |
| Other | 221,266 | 202,382 | 2,353,644 |
| Total Operating Revenues (Note 23) | 2,648,994 | 2,449,283 | 28,177,790 |
| Operating Expenses: | | | |
| Electricity (Note 18) | 2,446,423 | 2,288,680 | 26,023,008 |
| Other | 217,055 | 198,270 | 2,308,851 |
| Total Operating Expenses | 2,663,478 | 2,486,950 | 28,331,859 |
| Operating Loss (Note 22) | (14,484) | (37,667) | (154,069) |
| Other (Income) Expenses: | | | |
| Interest expense | 40,837 | 36,055 | 434,390 |
| Settlement received (Note 19) | – | (9,000) | – |
| Reversal of reserve for loss in conjunction with discontinued operations of nuclear power plants (Note 20) | (7,402) | – | (78,736) |
| Loss on transition to a defined contribution pension plan | – | 17,292 | – |
| Other, net | (11,779) | (5,865) | (125,296) |
| Total Other Expenses, Net | 21,656 | 38,482 | 230,358 |
| Loss Before Provision of Reserve for Fluctuation in Water Levels, Income Taxes and Minority Interests | (36,140) | (76,149) | (384,427) |
| (Reversal) Provision of Reserve for Fluctuation in Water Levels | (3,841) | 8,338 | (40,857) |
| Loss Before Income Taxes and Minority Interests | (32,299) | (84,487) | (343,570) |
| Income Taxes: | | | |
| Current | 5,194 | 7,231 | 55,249 |
| Deferred | (5,633) | 1,019 | (59,919) |
| Total Income Taxes | (439) | 8,250 | (4,670) |
| Loss Before Minority Interests | (31,860) | (92,737) | (338,900) |
| Minority Interests in Earnings (Losses) of Subsidiaries | 301 | (542) | 3,202 |
| Net Loss | ¥ (32,161) | ¥ (92,195) | \$ (342,102) |

| | Yen | | U.S. dollars (Note 1) |
|-----------------------------------|-----------|------------|--------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Per Share of Common Stock: | | | |
| Net loss-basic | ¥ (42.45) | ¥ (121.67) | \$ (0.45) |
| Cash dividends | 50.00 | 60.00 | 0.53 |

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
For the Years Ended March 31, 2013 and 2012

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|------------|--|
| | FY 2012 | FY 2011 | FY 2012 |
| Loss Before Minority Interests | ¥(31,860) | ¥ (92,737) | \$(338,900) |
| Other Comprehensive Income: | | | |
| Net changes in unrealized gains on available-for-sale securities | 8,569 | 934 | 91,150 |
| Net changes in deferred losses on hedging instruments | (709) | (1,424) | (7,542) |
| Net changes in foreign currency translation adjustments | 6,443 | (1,188) | 68,535 |
| Share of other comprehensive income of affiliates accounted for using equity method | 2,476 | (9,324) | 26,338 |
| Total Other Comprehensive Income (Note 21) | 16,779 | (11,002) | 178,481 |
| Comprehensive Income | ¥(15,081) | ¥(103,739) | \$(160,419) |
| Comprehensive income attributable to: | | | |
| Owners of the parent | ¥(15,758) | ¥(103,352) | \$(167,620) |
| Minority interests | 677 | (387) | 7,201 |

Consolidated Statements of Changes in Net Assets

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2013 and 2012

Millions of yen

| | Number of shares of common stock issued | Shareholders' equity | | | | Total shareholders' equity | Other Comprehensive Income | | | | Minority interests | Total net assets |
|---|---|----------------------|-----------------|-------------------|----------------|----------------------------|---|--|--|--|--------------------|------------------|
| | | Common stock | Capital surplus | Retained earnings | Treasury stock | | Net unrealized gains on available-for-sale securities | Net deferred gains (losses) on hedging instruments | Foreign currency translation adjustments | Total accumulated other comprehensive income | | |
| Balance at April 1, 2011 | 758,000,000 | ¥430,777 | ¥70,777 | ¥1,150,710 | ¥(433) | ¥1,651,831 | ¥10,448 | ¥ 2,406 | ¥(4,555) | ¥ 8,299 | ¥38,252 | ¥1,698,382 |
| Net loss | - | - | - | (92,195) | - | (92,195) | - | - | - | - | - | (92,195) |
| Cash dividends | - | - | - | (45,469) | - | (45,469) | - | - | - | - | - | (45,469) |
| Purchase of treasury stock | - | - | - | - | (62) | (62) | - | - | - | - | - | (62) |
| Disposal of treasury stock | - | - | - | (5) | 16 | 11 | - | - | - | - | - | 11 |
| Net changes other than shareholders' equity | - | - | - | - | - | - | 828 | (8,251) | (3,733) | (11,156) | (1,164) | (12,320) |
| Balance at March 31, 2012 | 758,000,000 | ¥430,777 | ¥70,777 | ¥1,013,041 | ¥(479) | ¥1,514,116 | ¥11,276 | ¥(5,845) | ¥(8,288) | ¥ (2,857) | ¥37,088 | ¥1,548,347 |

Millions of yen

| | Number of shares of common stock issued | Shareholders' equity | | | | Total shareholders' equity | Other Comprehensive Income | | | | Minority interests | Total net assets |
|---|---|----------------------|-----------------|-------------------|----------------|----------------------------|---|--|--|--|--------------------|------------------|
| | | Common stock | Capital surplus | Retained earnings | Treasury stock | | Net unrealized gains on available-for-sale securities | Net deferred gains (losses) on hedging instruments | Foreign currency translation adjustments | Total accumulated other comprehensive income | | |
| Balance at April 1, 2012 | 758,000,000 | ¥430,777 | ¥70,777 | ¥1,013,041 | ¥(479) | ¥1,514,116 | ¥11,276 | ¥(5,845) | ¥(8,288) | ¥ (2,857) | ¥37,088 | ¥1,548,347 |
| Net loss | - | - | - | (32,161) | - | (32,161) | - | - | - | - | - | (32,161) |
| Cash dividends | - | - | - | (41,678) | - | (41,678) | - | - | - | - | - | (41,678) |
| Purchase of treasury stock | - | - | - | - | (47) | (47) | - | - | - | - | - | (47) |
| Disposal of treasury stock | - | - | - | (5) | 11 | 6 | - | - | - | - | - | 6 |
| Net changes other than shareholders' equity | - | - | - | - | - | - | 8,250 | (2,974) | 11,128 | 16,404 | 234 | 16,638 |
| Balance at March 31, 2013 | 758,000,000 | ¥430,777 | ¥70,777 | ¥ 939,197 | ¥(515) | ¥1,440,236 | ¥19,526 | ¥(8,819) | ¥2,840 | ¥13,547 | ¥37,322 | ¥1,491,105 |

Thousands of U.S. dollars (Note 1)

| | | | | | | | | | | | |
|---|-------------|-----------|--------------|-----------|--------------|-----------|------------|------------|------------|-----------|--------------|
| Balance at April 1, 2012 | \$4,582,246 | \$752,867 | \$10,775,886 | \$(5,095) | \$16,105,904 | \$119,945 | \$(62,174) | \$(88,161) | \$(30,390) | \$394,511 | \$16,470,025 |
| Net loss | - | - | (342,102) | - | (342,102) | - | - | - | - | - | (342,102) |
| Cash dividends | - | - | (443,336) | - | (443,336) | - | - | - | - | - | (443,336) |
| Purchase of treasury stock | - | - | - | (500) | (500) | - | - | - | - | - | (500) |
| Disposal of treasury stock | - | - | (53) | 117 | 64 | - | - | - | - | - | 64 |
| Net changes other than shareholders' equity | - | - | - | - | - | 87,756 | (31,635) | 118,371 | 174,492 | 2,489 | 176,981 |
| Balance at March 31, 2013 | \$4,582,246 | \$752,867 | \$ 9,990,395 | \$(5,478) | \$15,320,030 | \$207,701 | \$(93,809) | \$ 30,210 | \$144,102 | \$397,000 | \$15,861,132 |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2013 and 2012

Thousands of
U.S. dollars
(Note 1)

| | Millions of yen | | |
|--|------------------|------------------|--------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Cash Flows from Operating Activities: | | | |
| Loss before income taxes and minority interests | ¥ (32,299) | ¥ (84,487) | \$ (343,570) |
| Adjustments for: | | | |
| Depreciation and amortization | 276,544 | 289,451 | 2,941,645 |
| Decommissioning costs of nuclear power units | 1,792 | 738 | 19,062 |
| Loss on loaded nuclear fuel | – | 1,181 | – |
| Loss on disposal of property, plant and equipment | 9,053 | 10,114 | 96,298 |
| Increase (decrease) in employee retirement benefit liability | (15,612) | 1,973 | (166,067) |
| Decrease in reserve for reprocessing of irradiated nuclear fuel | (12,520) | (10,802) | (133,177) |
| Increase in reserve for preparation for reprocessing of irradiated nuclear fuel | 570 | 583 | 6,063 |
| Decrease in reserve for loss in conjunction with discontinued operations of nuclear power plants | (8,241) | (5,561) | (87,661) |
| Increase (decrease) in reserve for fluctuation in water levels | (3,841) | 8,338 | (40,857) |
| Interest and dividend income | (6,544) | (6,425) | (69,610) |
| Interest expense | 40,837 | 36,055 | 434,390 |
| Settlement received | – | (9,000) | – |
| Decrease in fund for reprocessing of irradiated nuclear fuel | 12,342 | 10,836 | 131,284 |
| Increase in trade notes and accounts receivable | (18,307) | (32,503) | (194,735) |
| Increase in inventories | (32,233) | (5,827) | (342,868) |
| Increase in trade notes and accounts payable | 24,182 | 14,953 | 257,228 |
| Other | 31,887 | 13,238 | 339,187 |
| Subtotal | 267,610 | 232,855 | 2,846,612 |
| Interest and dividends received | 7,994 | 8,303 | 85,034 |
| Interest paid | (40,146) | (34,917) | (427,040) |
| Settlement package received | – | 9,000 | – |
| Income taxes paid | (7,845) | (38,396) | (83,449) |
| Net Cash Provided by Operating Activities | 227,613 | 176,845 | 2,421,157 |
| Cash Flows from Investing Activities: | | | |
| Purchases of property, plant and equipment | (329,166) | (266,939) | (3,501,393) |
| Payments for investments and other long-term assets | (44,359) | (8,608) | (471,854) |
| Proceeds from investments and other long-term assets | 40,244 | 13,638 | 428,082 |
| Other | 2,678 | 14,836 | 28,486 |
| Net Cash Used in Investing Activities | (330,603) | (247,073) | (3,516,679) |
| Cash Flows from Financing Activities: | | | |
| Proceeds from issuance of bonds | 19,950 | – | 212,211 |
| Redemption of bonds | (183,000) | (139,100) | (1,946,601) |
| Proceeds from long-term borrowings | 514,162 | 825,600 | 5,469,227 |
| Repayment of long-term borrowings | (56,799) | (112,406) | (604,180) |
| Proceeds from short-term borrowings | 363,207 | 379,188 | 3,863,493 |
| Repayment of short-term borrowings | (362,929) | (370,530) | (3,860,536) |
| Proceeds from issuance of commercial paper | – | 154,000 | – |
| Redemption of commercial paper | – | (266,000) | – |
| Purchase of treasury stock | (47) | (61) | (500) |
| Dividends paid | (41,608) | (45,369) | (442,591) |
| Dividends paid to minority shareholders | (494) | (500) | (5,255) |
| Other | (2,881) | (2,815) | (30,646) |
| Net Cash Provided by Financing Activities | 249,561 | 422,007 | 2,654,622 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 2,203 | 88 | 23,434 |
| Net Increase in Cash and Cash Equivalents | 148,774 | 351,867 | 1,582,534 |
| Cash and Cash Equivalents at Beginning of the Year | 473,163 | 121,296 | 5,033,113 |
| Cash and Cash Equivalents at End of the Year (Note 5) | ¥621,937 | ¥473,163 | \$6,615,647 |

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 ¥94.01 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.

(c) Reclassification

Certain comparative figures have been reclassified to conform to the current year's presentation.

▶ 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 Company's overseas subsidiaries close their books at December 31, three months earlier than the Company and its domestic subsidiaries. Chubu Energy Trading Singapore Pte. Ltd. closes its books at March 31 for consolidation reporting purposes

and the Company consolidates the financial statements at March 31. 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").

The number of subsidiaries and affiliates at March 31, 2013 and 2012 was as follows:

| | March 31, 2013 | March 31, 2012 |
|---------------|----------------|----------------|
| Subsidiaries: | | |
| Domestic | 24 | 24 |
| Overseas | 20 | 18 |
| Affiliates | 38 | 35 |

(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 where 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 in them 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 exposures 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, or net realizable value.

(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) Employee retirement benefit liability

Employees who terminate their employment with the Chubu Electric Group, either voluntarily or upon reaching the mandatory retirement age, are entitled under most circumstances to a severance payment based on accumulated points at the time of termination, years of service and certain other factors.

In accordance with the accounting standard for employee retirement benefits, the Chubu Electric Group recognizes employee retirement benefits liabilities, including pension cost and related liability, based on the actuarial present value of projected benefit obligation using an actuarial appraisal approach and the value of pension plan assets available for benefits at the fiscal year-end. Unrecognized prior service cost is amortized using the straight-line method over a certain period within the average remaining service years of employees, three to fifteen years, from the year in which they occur. Unrecognized actuarial differences, including changes in the projected benefit obligation or value of pension plan assets resulting from the actual outcome being different from that assumed and from changes in the assumptions themselves, are amortized on a straight-line basis over certain periods within the average remaining service years of employees, three to fifteen years, from the fiscal year following the fiscal year in which they occur.

(Additional Information)

As a result of revisions to the Company's retirement benefit system effective April 1, 2011, the Company changed certain defined benefit retirement plans to defined contribution retirement plans. In addition, the Company changed the calculation method for payments made under lump-sum retirement benefit plans and defined benefit pension plans to a point based method. Upon the revisions, the Company adopted the "Guidance on Accounting for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1, issued on January 31, 2002) and, as a result, recorded a loss on transfer to a defined contribution pension plan in the amount of ¥17,292 million in the year ended March 31, 2012. The prior service cost in the credit amount of ¥31,948 million resulting from the revisions has been amortized from the year ended March 31, 2012 using the straight-line method over a certain period within the average remaining service years of employees, 3 years.

(i) Reserve for reprocessing of irradiated nuclear fuel

Until March 31, 2005, reserve for the reprocessing of irradiated nuclear fuel was recorded at an amount equal to 60% of the cost that would be required to reprocess all the Company's irradiated nuclear fuel. However, the ministerial ordinance that had regulated reserve for the reprocessing of irradiated nuclear fuel was repealed by the "Ministerial Ordinance to Repeal the Existing Ordinance Set for Reserve for Reprocessing of Irradiated Nuclear Fuel" (Ordinance No. 83 of the Ministry of Economy, Trade and Industry, 2005) and the accounting regulations applicable to the electric power industry (Ordinance No. 57 of the Ministry of International Trade and Industry, 1965). Subsequently, expenses related to back-end businesses such as the disposal of equipment installed in reprocessing facilities for which there are no estimations available are provided based on reasonable valuation measures, according to the mid-term report titled "Economic Measures to Deal with Backend Business" (published by the Electric Industry Committee, a subcommittee of the Advisory Committee on Energy and Natural Resources, on August 30, 2004). Accordingly, effective April 1, 2005, the Company adopted the new accounting regulations to determine the reserve for the reprocessing of irradiated nuclear fuel. Pursuant to these regulations, the Company determines and provides the reserve as of the year-end based on the Company's estimates of the cost of reprocessing actually planned.

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 ¥57,739 million (\$614,183 thousand) and ¥65,988 million at March 31, 2013 and 2012, 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, following the accounting regulations applicable to the electric power industry. The unrecognized difference from this estimate amounted to debit balance of ¥4,301 million (\$45,750 thousand) and credit balance of ¥2,966 million at March 31, 2013 and 2012, respectively.

(j) Reserve for preparation for reprocessing of irradiated nuclear fuel

A reserve 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 of reprocessing. The amount of reserve recorded for a particular year, including the year ended March 31, 2013, is the amount recognized as attributable to that period.

(k) Reserve for loss in conjunction with discontinued operations of nuclear power plants

In the year ended March 31, 2013, 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 No. 2.

(l) Reserve for fluctuation in water levels

The Company recognizes reserve at the amount required under the Japanese Electric Utility Law to stabilize its income position for fluctuation in water levels.

(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 31, 2013 and 2012 amounted to ¥10,588 million (\$112,626 thousand) and ¥11,254 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 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. Accounting standards not effective in the year ended March 31, 2013

- Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, issued on May 17, 2012)
- Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on May 17, 2012)

(a) Summary

Under the amended rules, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss would be recognized within the net asset section, after adjusting for tax effects, and the deficit or surplus would be recognized as a liability or asset without any adjustments. For determining method of attributing expected benefit to periods, the new standard allows a choice of a benefit formula basis, or straight-line basis. The method for determining the discount rate has also been amended.

(b) Effective dates

Except for the amendments relating to determination of retirement benefit obligations and current service costs, all amendments are effective for the end of annual periods ending on or after March 31, 2014. Amendments relating to determination of retirement benefit obligations and current service costs are effective from the beginning of annual periods ending on or after March 31, 2015.

(c) Effect of application of the standard

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

▶ 4. Changes in accounting policies by amendment of respective law and/or regulations that are not distinguishable from change in accounting estimates

From the year ended March 31, 2013, in accordance with the amendment to the corporate tax law, the Company and its domestic subsidiaries have changed their depreciation method for property, plant and equipment. Assets acquired on or after April 1, 2012 are depreciated using the method prescribed in the

amended corporate tax law. Due to this change in depreciation method, depreciation, operating loss and loss before income taxes and minority interests were each ¥8,203 million (\$87,257 thousand) less than the amount that would have been reported without the change.

▶ 5. 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 was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Cash and deposits | ¥117,229 | ¥214,516 | \$1,246,984 |
| Time deposits with an original maturity of more than three months included in cash and deposits | (6,127) | (6,187) | (65,174) |
| Short-term investments with an original maturity of three months or less | 510,835 | 264,834 | 5,433,837 |
| Cash and cash equivalents | ¥621,937 | ¥473,163 | \$6,615,647 |

▶ 6. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2013 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Hydroelectric power production facilities | ¥ 252,279 | ¥ 260,065 | \$ 2,683,534 |
| Thermal power production facilities | 644,289 | 465,084 | 6,853,409 |
| Nuclear power production facilities | 240,699 | 244,878 | 2,560,355 |
| Transmission facilities | 854,293 | 882,117 | 9,087,257 |
| Transformation facilities | 411,921 | 392,672 | 4,381,672 |
| Distribution facilities | 787,850 | 792,369 | 8,380,491 |
| General facilities | 120,851 | 120,802 | 1,285,512 |
| Other electricity related to property, plant and equipment | 8,013 | 9,031 | 85,236 |
| Other property, plant and equipment | 190,977 | 193,689 | 2,031,454 |
| Construction in progress | 318,543 | 442,097 | 3,388,395 |
| Total | ¥3,829,715 | ¥3,802,804 | \$40,737,315 |

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 ¥168,307 million (\$1,790,310 thousand) and ¥166,820 million at March 31, 2013 and 2012, respectively.

▶ 7. Financial Instruments

(a) Items relating 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 its 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. A subsidiary engaged in fuel trading may enter into derivative transactions for the purpose of ensuring a stable fuel supply to the Chubu Electric Group.

(2) Breakdown of financial instruments and associated risks

Short-term and long-term investments include certificates of deposit and shares in domestic companies acquired for aiding business operations or regional development and shares in overseas companies, bond holdings of subsidiaries, and other instruments acquired for tapping into new earnings sources and other purposes. These securities, and bond etc. are exposed to risks from changes in market prices.

Reserve for reprocessing of 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 fund holdings from long-term borrowings principally for electric utility plant and equipment funding. However, related interest rate fluctuations have a minimal impact on earnings 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. A subsidiary engaged in fuel trading enters into commodity forward contracts, commodity future contracts and commodity swaps transactions. Some trading positions are exposed to risks from fuel price volatility.

(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. A subsidiary engaged in fuel trading manages credit risk by regularly assessing the credit information and fair value for the accounts of each counterparty.

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 and for managing and reporting them. 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. In addition, the subsidiary's transactions are strictly managed on a daily basis using Value at Risk (VaR) and other controls, and the subsidiary is in the process of building stronger frameworks for risk management.

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 reflects their value based on market prices or their value based on 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 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, 2013 and 2012 are shown below. Items with fair values that were extremely difficult to determine were not included (See Note 2).

| As of March 31, 2013 | Millions of yen | | |
|--|-----------------|------------|------------|
| | Carrying value | Fair value | Difference |
| Assets: | | | |
| (1) Marketable securities | ¥ 581,034 | ¥ 577,411 | ¥ (3,623) |
| (2) Fund for reprocessing of irradiated nuclear fuel | 216,825 | 216,825 | – |
| (3) Cash and deposits | 117,229 | 117,229 | – |
| (4) Trade notes and accounts receivable | 199,730 | 199,730 | – |
| Liabilities: | | | |
| (5) Bonds* ¹ | ¥1,014,572 | ¥1,059,551 | ¥44,979 |
| (6) Long-term borrowings* ¹ | 1,898,552 | 1,942,422 | 43,870 |
| (7) Short-term borrowings | 340,213 | 340,213 | – |
| (8) Trade notes and accounts payable | 162,793 | 162,793 | – |
| (9) Derivative transactions* ² | 58 | 58 | – |

| As of March 31, 2012 | Millions of yen | | |
|--|-----------------|------------|------------|
| | Carrying value | Fair value | Difference |
| Assets: | | | |
| (1) Marketable securities | ¥ 326,406 | ¥ 323,842 | ¥ (2,564) |
| (2) Fund for reprocessing of irradiated nuclear fuel | 229,166 | 229,166 | – |
| (3) Cash and deposits | 214,516 | 214,516 | – |
| (4) Trade notes and accounts receivable | 181,307 | 181,307 | – |
| Liabilities: | | | |
| (5) Bonds* ¹ | ¥1,177,558 | ¥1,220,692 | ¥43,134 |
| (6) Long-term borrowings* ¹ | 1,441,489 | 1,458,983 | 17,494 |
| (7) Short-term borrowings | 340,877 | 340,877 | – |
| (8) Trade notes and accounts payable | 138,604 | 138,604 | – |
| (9) Derivative transactions* ² | 2,089 | 2,089 | – |

| As of March 31, 2013 | Thousands of U.S. dollars | | |
|--|---------------------------|--------------|-------------|
| | Carrying value | Fair value | Difference |
| Assets: | | | |
| (1) Marketable securities | \$ 6,180,555 | \$ 6,142,017 | \$ (38,538) |
| (2) Fund for reprocessing of irradiated nuclear fuel | 2,306,404 | 2,306,404 | – |
| (3) Cash and deposits | 1,246,984 | 1,246,984 | – |
| (4) Trade notes and accounts receivable | 2,124,561 | 2,124,561 | – |
| Liabilities: | | | |
| (5) Bonds* ¹ | \$10,792,171 | \$11,270,620 | \$478,449 |
| (6) Long-term borrowings* ¹ | 20,195,213 | 20,661,866 | 466,653 |
| (7) Short-term borrowings | 3,618,902 | 3,618,902 | – |
| (8) Trade notes and accounts payable | 1,731,656 | 1,731,656 | – |
| (9) Derivative transactions* ² | 617 | 617 | – |

*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 values marketable securities settled in short-term such as certificates of deposit are presented by their book prices because their market prices almost equal to them. See Note 8, 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 fund 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 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 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.

(6) Long-term borrowings

The values of long-term borrowings are 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, 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 carrying value.

(9) Derivative transactions

Refer to Note 14, Derivatives.

(Note 2) Financial instruments for which assessing fair value are extremely difficult to determine.

| | Millions of yen | | Thousands of U.S. dollars |
|----------------------|-----------------|----------------|------------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Unlisted stocks, etc | ¥190,740 | ¥180,513 | \$2,028,933 |

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.

| As of March 31, 2013: | Millions of yen | | | |
|---|------------------|--------------------------------|----------------------------------|------------------|
| | Within 1 year | Over 1 year through 5 years | Over 5 years through 10 years | Over 10 years |
| Securities: Held-to-maturity debt securities: National and local government bonds, etc. | ¥ 399 | ¥3,499 | ¥ 200 | ¥ – |
| Corporate bonds | 200 | 2,300 | 1,700 | – |
| Other | – | 1,897 | 600 | 850 |
| Available-for-sale securities with maturity dates: | | | | |
| Debt securities: National and local government bonds, etc. | – | – | – | – |
| Corporate bonds | 403 | – | 327 | 237 |
| Other | 41 | 278 | 290 | 549 |
| Other | 510,000 | – | – | – |
| Fund for reprocessing of irradiated nuclear fuel* | 23,376 | – | – | – |
| Cash and deposits | 117,229 | – | – | – |
| Trade notes and accounts receivable | 199,587 | 143 | – | – |
| Total | ¥851,235 | ¥8,117 | ¥3,117 | ¥1,636 |
| As of March 31, 2012: | Millions of yen | | | |
| Securities: Held-to-maturity debt securities: National and local government bonds, etc. | ¥ 400 | ¥2,297 | ¥1,800 | ¥ – |
| Corporate bonds | 600 | 899 | 3,599 | – |
| Other | 267 | 799 | 1,698 | 1,050 |
| Available-for-sale securities with maturity dates: | | | | |
| Debt securities: National and local government bonds, etc. | – | – | – | – |
| Corporate bonds | 1,499 | 406 | 320 | 218 |
| Other | 40 | 281 | 181 | 594 |
| Other | 264,000 | 189 | – | – |
| Fund for reprocessing of irradiated nuclear fuel* | 24,259 | – | – | – |
| Cash and deposits | 214,515 | – | – | – |
| Trade notes and accounts receivable | 181,191 | 116 | – | – |
| Total | ¥686,771 | ¥4,987 | ¥7,598 | ¥1,862 |

| Thousands of U.S. dollars | | | | |
|---|------------------|--------------------------------|----------------------------------|------------------|
| As of March 31, 2013: | Within 1 year | Over 1 year through 5 years | Over 5 years through 10 years | Over 10 years |
| Securities: Held-to-maturity debt securities: National and local government bonds, etc. | \$ 4,244 | \$37,219 | \$ 2,128 | \$ – |
| Corporate bonds | 2,128 | 24,466 | 18,083 | – |
| Other | – | 20,179 | 6,382 | 9,041 |
| Available-for-sale securities with maturity dates: | | | | |
| Debt securities: National and local government bonds, etc. | – | – | – | – |
| Corporate bonds | 4,287 | – | 3,478 | 2,521 |
| Other | 436 | 2,957 | 3,085 | 5,840 |
| Other | 5,424,955 | – | – | – |
| Fund for reprocessing of irradiated nuclear fuel* | 248,654 | – | – | – |
| Cash and deposits | 1,246,984 | – | – | – |
| Trade notes and accounts receivable | 2,123,040 | 1,521 | – | – |
| Total | \$9,054,728 | \$86,342 | \$33,156 | \$17,402 |

* 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 consideration.

(Note 4) Anticipated redemption schedule for bonds, long-term borrowings and other interest-bearing debt subsequent to the fiscal year-end.

| Millions of yen | | | | | | |
|---------------------------|------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|-----------------|
| As of March 31, 2013: | 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 | ¥166,000 | ¥170,000 | ¥110,000 | ¥124,500 | ¥123,800 | ¥ 320,310 |
| Long-term borrowings | 66,394 | 117,012 | 204,400 | 264,104 | 178,823 | 1,067,819 |
| Short-term borrowings | 340,213 | – | – | – | – | – |
| Total | ¥572,607 | ¥287,012 | ¥314,400 | ¥388,604 | ¥302,623 | ¥1,388,129 |
| Millions of yen | | | | | | |
| As of March 31, 2012: | | | | | | |
| Bonds | ¥183,000 | ¥166,000 | ¥170,000 | ¥110,000 | ¥124,500 | ¥ 424,110 |
| Long-term borrowings | 56,465 | 65,411 | 116,222 | 178,142 | 212,345 | 812,904 |
| Short-term borrowings | 340,876 | – | – | – | – | – |
| Total | ¥580,341 | ¥231,411 | ¥286,222 | ¥288,142 | ¥336,845 | ¥1,237,014 |
| Thousands of U.S. dollars | | | | | | |
| As of March 31, 2013: | | | | | | |
| Bonds | \$1,765,770 | \$1,808,318 | \$1,170,088 | \$1,324,327 | \$1,316,881 | \$ 3,407,191 |
| Long-term borrowings | 706,244 | 1,244,676 | 2,174,237 | 2,809,318 | 1,902,170 | 11,358,568 |
| Short-term borrowings | 3,618,902 | – | – | – | – | – |
| Total | \$6,090,916 | \$3,052,994 | \$3,344,325 | \$4,133,645 | \$3,219,051 | \$14,765,759 |

► 8. Marketable Securities and Investments Securities

Held-to-maturity debt securities at March 31, 2013 and 2012 were as follows:

| Millions of yen | | | |
|---|----------------|------------|------------|
| As of March 31, 2013 | Carrying value | Fair value | Difference |
| Securities whose fair value exceeds their carrying value: | | | |
| National and local government bonds, etc. | ¥ 4,099 | ¥ 4,294 | ¥195 |
| Corporate bonds | 2,799 | 2,947 | 148 |
| Other | 2,497 | 2,647 | 150 |
| Subtotal | 9,395 | 9,888 | 493 |
| Securities whose carrying value exceeds their fair value: | | | |
| National and local government bonds, etc. | – | – | – |
| Corporate bonds | 1,400 | 1,331 | (69) |
| Other | 850 | 717 | (133) |
| Subtotal | 2,250 | 2,048 | (202) |
| Total | ¥11,645 | ¥11,936 | ¥291 |
| Millions of yen | | | |
| As of March 31, 2012 | | | |
| Securities whose fair value exceeds their carrying value: | | | |
| National and local government bonds, etc. | ¥ 4,497 | ¥ 4,713 | ¥216 |
| Corporate bonds | 3,299 | 3,442 | 143 |
| Other | 2,094 | 2,217 | 123 |
| Subtotal | 9,890 | 10,372 | 482 |
| Securities whose carrying value exceeds their fair value: | | | |
| National and local government bonds, etc. | – | – | – |
| Corporate bonds | 1,799 | 1,544 | (255) |
| Other | 1,720 | 1,520 | (200) |
| Subtotal | 3,519 | 3,064 | (455) |
| Total | ¥13,409 | ¥13,436 | ¥ 27 |
| Thousands of U.S. dollars | | | |
| As of March 31, 2013 | | | |
| Securities whose fair value exceeds their carrying value: | | | |
| National and local government bonds, etc. | \$ 43,602 | \$ 45,676 | \$2,074 |
| Corporate bonds | 29,773 | 31,347 | 1,574 |
| Other | 26,561 | 28,157 | 1,596 |
| Subtotal | 99,936 | 105,180 | 5,244 |
| Securities whose carrying value exceeds their fair value: | | | |
| National and local government bonds, etc. | – | – | – |
| Corporate bonds | 14,892 | 14,158 | (734) |
| Other | 9,042 | 7,627 | (1,415) |
| Subtotal | 23,934 | 21,785 | (2,149) |
| Total | \$123,870 | \$126,965 | \$3,095 |

Available-for-sale securities at March 31, 2013 and 2012 were as follows:

| | | Millions of yen | | |
|---|--|-----------------|------------------|------------|
| As of March 31, 2013 | | Carrying value | Acquisition cost | Difference |
| Securities whose carrying value exceeds their acquisition cost: | | | | |
| Stocks | | ¥ 46,289 | ¥ 17,658 | ¥28,631 |
| Bonds | | | | |
| National and local government bonds, etc | | – | – | – |
| Corporate bonds | | 966 | 899 | 67 |
| Other | | 221 | 193 | 28 |
| Other | | – | – | – |
| Subtotal | | 47,476 | 18,750 | 28,726 |
| Securities whose acquisition cost exceeds their carrying value: | | | | |
| Stocks | | 2,605 | 2,838 | (233) |
| Bonds | | | | |
| National and local government bonds, etc | | – | – | – |
| Corporate bonds | | – | – | – |
| Other | | 1,027 | 1,076 | (49) |
| Other | | 510,877 | 510,885 | (8) |
| Subtotal | | 514,509 | 514,799 | (290) |
| Total | | ¥561,985 | ¥533,549 | ¥28,436 |

| | | Millions of yen | | |
|---|--|-----------------|------------------|------------|
| As of March 31, 2012 | | Carrying value | Acquisition cost | Difference |
| Securities whose carrying value exceeds their acquisition cost: | | | | |
| Stocks | | ¥ 29,172 | ¥ 11,464 | ¥17,708 |
| Bonds | | | | |
| National and local government bonds, etc | | – | – | – |
| Corporate bonds | | 1,947 | 1,899 | 48 |
| Other | | 74 | 64 | 10 |
| Other | | 52 | 50 | 2 |
| Subtotal | | 31,244 | 13,478 | 17,766 |
| Securities whose acquisition cost exceeds their carrying value: | | | | |
| Stocks | | 8,196 | 9,013 | (816) |
| Bonds | | | | |
| National and local government bonds, etc | | – | – | – |
| Corporate bonds | | 496 | 498 | (2) |
| Other | | 1,101 | 1,320 | (219) |
| Other | | 265,006 | 265,032 | (26) |
| Subtotal | | 274,799 | 275,862 | (1,063) |
| Total | | ¥306,044 | ¥289,340 | ¥16,704 |

| | | Thousands of U.S. dollars | | |
|---|--|---------------------------|------------------|------------|
| As of March 31, 2013 | | Carrying value | Acquisition cost | Difference |
| Securities whose carrying value exceeds their acquisition cost: | | | | |
| Stocks | | \$ 492,384 | \$ 187,831 | \$304,553 |
| Bonds | | | | |
| National and local government bonds, etc | | – | – | – |
| Corporate bonds | | 10,275 | 9,562 | 713 |
| Other | | 2,351 | 2,053 | 298 |
| Other | | – | – | – |
| Subtotal | | 505,010 | 199,446 | 305,564 |
| Securities whose acquisition cost exceeds their carrying value: | | | | |
| Stocks | | 27,710 | 30,188 | (2,478) |
| Bonds | | | | |
| National and local government bonds, etc | | – | – | – |
| Corporate bonds | | – | – | – |
| Other | | 10,924 | 11,446 | (522) |
| Other | | 5,434,284 | 5,434,369 | (85) |
| Subtotal | | 5,472,918 | 5,476,003 | (3,085) |
| Total | | \$5,977,928 | \$5,675,449 | \$302,479 |

Available-for-sale securities sold in the fiscal years ended March 31, 2013 and 2012 were as follows:

| | | Millions of yen | | |
|--|--|----------------------------|----------------|----------------|
| As of March 31, 2013 | | Sales amount of securities | Aggregate gain | Aggregate loss |
| Stocks | | ¥ 189 | ¥ 118 | ¥ – |
| Bonds | | | | |
| National and local government bonds, etc | | – | – | – |
| Corporate bonds | | – | – | – |
| Other | | 26 | – | 3 |
| Other | | 243 | 31 | – |
| Total | | ¥ 458 | ¥ 149 | ¥ 3 |

| | | Millions of yen | | |
|--|--|----------------------------|----------------|----------------|
| As of March 31, 2012 | | Sales amount of securities | Aggregate gain | Aggregate loss |
| Stocks | | ¥2,960 | ¥1,302 | ¥ 1 |
| Bonds | | | | |
| National and local government bonds, etc | | – | – | – |
| Corporate bonds | | – | – | – |
| Other | | – | – | – |
| Other | | 544 | 27 | 163 |
| Total | | ¥3,504 | ¥1,329 | ¥164 |

| | | Thousands of U.S. dollars | | |
|--|--|----------------------------|----------------|----------------|
| As of March 31, 2013 | | Sales amount of securities | Aggregate gain | Aggregate loss |
| Stocks | | \$2,010 | \$1,255 | \$ – |
| Bonds | | | | |
| National and local government bonds, etc | | – | – | – |
| Corporate bonds | | – | – | – |
| Other | | 277 | – | 32 |
| Other | | 2,585 | 330 | – |
| Total | | \$4,872 | \$1,585 | \$32 |

Loss on write-down of securities of ¥92 million (\$979 thousand) and ¥966 million in the years ended March 31, 2013 and 2012, respectively, was recorded in the accompanying consolidated statements of operations.

► 9. Inventories

Inventories at March 31, 2013 and 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------------|-----------------|----------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Merchandise and finished products | ¥ 3,161 | ¥ 2,506 | \$ 33,624 |
| Work-in-process | 4,437 | 3,629 | 47,197 |
| Raw materials and supplies | 125,295 | 94,525 | 1,332,784 |
| Total | ¥132,893 | ¥100,660 | \$1,413,605 |

► 10. Long-term Debt and Short-term Debt

At March 31, 2013 and 2012, long-term debt consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Bonds: | | | |
| Domestic issue: | | | |
| 0.566% to 4.0%, maturing serially through 2028 | ¥ 928,572 | ¥1,048,558 | \$ 9,877,375 |
| Floating rate, maturing serially through 2013 | 81,000 | 124,000 | 861,610 |
| Overseas issue: | | | |
| 0.76%, maturing serially through 2013 (payable in euros/yen) | 5,000 | 5,000 | 53,186 |
| Loans from the Development Bank of Japan, other banks and insurance companies, due through 2033 | 1,899,352 | 1,441,489 | 20,203,723 |
| Lease obligations | 7,414 | 8,911 | 78,864 |
| Subtotal | 2,921,338 | 2,627,958 | 31,074,758 |
| Less current portion of long-term debt | (234,960) | (242,389) | (2,499,309) |
| Total | ¥2,686,378 | ¥2,385,569 | \$28,575,449 |

At March 31, 2013 and 2012, 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 ¥390,897 million (\$4,158,036 thousand) and ¥309,665 million, respectively, and for bonds (including those assigned under debt assumption agreements) of ¥1,566,430 million (\$16,662,376 thousand) and ¥1,729,430 million, respectively.

At March 31, 2013 and 2012, property, plant and equipment, and long-term investments of certain subsidiaries pledged as

collateral for some of long-term debt amounted to ¥790 million (\$8,403 thousand) and ¥891 million, respectively.

As of March 31, 2013 and 2012, long-term investments totaling ¥6,080 million (\$64,674 thousand) and ¥5,460 million respectively, and other investments totaling ¥42,614 million (\$453,292 thousand) and ¥39,943 million, respectively, were also pledged as collateral for long-term loans from financial institutions to investees of certain subsidiaries.

At March 31, 2013 and 2012, short-term debt consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|-----------------------|-----------------|----------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Short-term borrowings | ¥340,213 | ¥340,877 | \$3,618,902 |

Short-term borrowings consisted mainly of bank loans bearing an average interest rate of 0.365% per annum at March 31, 2013.

► 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 may pay premium severance benefits to its retiring employees.

| As of March 31 | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------|---------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Projected benefit obligation* | ¥587,727 | ¥560,077 | \$6,251,749 |
| Fair value of pension plan assets at end of year | (387,664) | (369,296) | (4,123,646) |
| | 200,063 | 190,781 | 2,128,103 |
| Unrecognized actuarial differences | (19,169) | (4,479) | (203,904) |
| Unrecognized prior service cost | 10,895 | 21,433 | 115,892 |
| Prepaid pension cost | (693) | (356) | (7,372) |
| Employee retirement benefit liability | ¥192,482 | ¥208,091 | \$2,047,463 |

* Projected benefit obligation of certain subsidiaries was calculated using the simplified calculation method permitted by the accounting standard for employee retirement benefits in Japan.

| Year ended March 31 | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Components of net periodic retirement benefit expense: | | | |
| Service cost*1 | ¥15,563 | ¥15,711 | \$165,546 |
| Interest cost | 11,063 | 11,097 | 117,679 |
| Expected return on pension plan assets | (7,397) | (5,546) | (78,683) |
| Amortization of actuarial differences | (4,743) | 11,121 | (50,452) |
| Amortization of prior service cost | (10,538) | (10,759) | (112,094) |
| Net periodic retirement benefit expense*2 | 3,948 | 21,624 | 41,996 |
| Loss on transaction to a defined contribution pension plan | – | 17,292 | – |
| Other*3 | 2,702 | 2,483 | 28,741 |
| Total | ¥ 6,650 | ¥41,399 | \$ 70,737 |

*1 Net periodic retirement benefit expense of subsidiaries which have adopted the simplified calculation is appropriated into service cost.

*2 Premium severance benefits etc, which amounted to ¥3,438 million (\$36,567 thousand) and ¥2,227 million for the years ended 31, 2013 and 2012 are not appropriated into net periodic retirement benefit expense.

*3 "Other" is the contributions paid to the defined contribution pension plan.

Major assumptions used in the calculation of the above amounts for the years ended March 31, 2013 and 2012 were as follows:

| | | FY 2012 | FY 2011 |
|---|----------------|---|---|
| | | | |
| Method of allocation of estimated retirement benefits | (Company) | Straight-line method | Straight-line method |
| | (Subsidiaries) | Straight-line method, Point based method | Straight-line method, Point based method |
| Discount rate | (Company) | 1.4% | 2.0% |
| | (Subsidiaries) | 1.2–1.8% | 1.8 and 2.0% |
| Expected rate of return on pension plan assets | (Company) | 2.0% | 1.5% |
| | (Subsidiaries) | 0.5–2.5% | 0.5–2.5% |
| Amortization period for prior service cost | (Company) | 3 years | 3 years |
| | (Subsidiaries) | 5 and 15 years | 5 and 15 years |
| Amortization period for actuarial differences | (Company) | 3 years | 3 years |
| | (Subsidiaries) | 3, 5 and 15 years | 3, 5 and 15 years |

▶ 12. Lease Transactions

(a) Lessee

Future lease payments under non-cancelable operating leases at March 31, 2013 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---------------|-----------------|----------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Within 1 year | ¥ 82 | ¥ 82 | \$ 872 |
| Over 1 year | 61 | 144 | 649 |
| Total | ¥143 | ¥226 | \$1,521 |

(b) Lessor

Future lease commitments to be received under non-cancelable operating leases at March 31, 2013 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---------------|-----------------|----------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Within 1 year | ¥ 286 | ¥ 262 | \$ 3,042 |
| Over 1 year | 1,694 | 1,551 | 18,020 |
| Total | ¥1,980 | ¥1,813 | \$21,062 |

▶ 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 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 amount of electricity supplied by nuclear power generation in accordance with the previous of "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 amount of asset retirement obligations

With regard to 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 useful life based on the operational period of the nuclear power generation facilities that provide the basis for determining the estimated total amount of electricity generated 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).

(c) Net increase (decrease) in asset retirement obligations for the fiscal year

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Balance at beginning of year | ¥219,188 | ¥218,692 | \$2,331,539 |
| Reductions due to execution of asset retirement obligations | (3,571) | (3,362) | (37,985) |
| Other | 5,722 | 3,858 | 60,866 |
| Balance at end of year | ¥221,339 | ¥219,188 | \$2,354,420 |

► 14. Derivatives

The Chubu Electric Group enters into derivative financial instruments, including interest rate swaps, foreign exchange forward contracts, currency swaps, commodity future swaps, commodity

swaps, commodity options and commodity forward contracts. The Chubu Electric Group's derivative financial instruments outstanding at March 31, 2013 and 2012 were as follows:

(a) Derivatives for which hedge accounting is not applied

| As of March 31, 2013 | Contract amount | | Fair value | Unrealized gains or losses |
|--|-----------------|------------------|------------|----------------------------|
| | Total | More than 1 year | | |
| Commodity future contracts: | | | | |
| Long position | ¥ – | ¥ – | ¥ – | ¥ – |
| Short position | 902 | – | 113 | 113 |
| Commodity swaps and options contracts: | | | | |
| Receive floating, pay fixed | 1,095 | 804 | 245 | 245 |
| Commodity swaps: | | | | |
| Receive floating, pay fixed | 31,227 | 11,592 | (4,998) | (4,998) |
| Receive fixed, pay floating | 29,978 | 8,760 | 4,670 | 4,670 |
| Commodity forward contracts: | | | | |
| Long position | 5,493 | – | (317) | (317) |
| Short position | 3,735 | – | 165 | 165 |
| Total | ¥ – | ¥ – | ¥ (122) | ¥ (122) |

| As of March 31, 2012 | Millions of yen | | | |
|--|-----------------|--------|-------|-------|
| Commodity future contracts: | | | | |
| Long position | ¥ 736 | ¥ – | ¥ 179 | ¥ 179 |
| Short position | 2,594 | 407 | (171) | (171) |
| Commodity swaps and options contracts: | | | | |
| Receive floating, pay fixed | 1,388 | 1,095 | 125 | 125 |
| Commodity swaps: | | | | |
| Receive floating, pay fixed | 27,497 | 12,746 | 233 | 233 |
| Receive fixed, pay floating | 30,513 | 12,164 | 369 | 369 |
| Commodity forward contracts: | | | | |
| Long position | 2,644 | – | (83) | (83) |
| Short position | 1,204 | – | 87 | 87 |
| Total | ¥ – | ¥ – | ¥ 739 | ¥ 739 |

| As of March 31, 2013 | Thousands of U.S. dollars | | | |
|--|---------------------------|---------|------------|------------|
| Commodity future contracts: | | | | |
| Long position | \$ – | \$ – | \$ – | \$ – |
| Short position | 9,595 | – | 1,202 | 1,202 |
| Commodity swaps and options contracts: | | | | |
| Receive floating, pay fixed | 11,648 | 8,552 | 2,606 | 2,606 |
| Commodity swaps: | | | | |
| Receive floating, pay fixed | 332,167 | 123,306 | (53,165) | (53,165) |
| Receive fixed, pay floating | 318,881 | 93,182 | 49,676 | 49,676 |
| Commodity forward contracts: | | | | |
| Long position | 58,430 | – | (3,372) | (3,372) |
| Short position | 39,730 | – | 1,755 | 1,755 |
| Total | \$ – | \$ – | \$ (1,298) | \$ (1,298) |

(b) Derivatives for which hedge accounting is applied

| | | Millions of yen | | |
|---|---|-----------------|------------------|-------------|
| | | Contract amount | | Fair value |
| As of March 31, 2013 | | Total | More than 1 year | |
| General treatment: | Hedged items | | | |
| Foreign exchange forward contracts: | | | | |
| Long position | Trade accounts payable (forecasted transaction) | ¥ 15,000 | ¥ – | ¥ (51) |
| Interest rate swaps: | | | | |
| Receive floating, pay fixed | Long-term debt | 806,000 | 806,000 | (8,617) |
| Receive fixed, pay floating | Long-term debt | 50,000 | 50,000 | 5,859 |
| Commodity swaps: | | | | |
| Receive floating, pay fixed | Other operating expenses | 11,276 | 8,391 | 2,872 |
| Allocation of gain/loss on foreign exchange forward contracts and others: | | | | |
| Currency swaps | Long-term debt | 20,485 | 20,225 | * |
| Special treatment of interest rate swaps: | | | | |
| Interest rate swaps: | | | | |
| Receive floating, pay fixed | Long-term debt | 84,240 | 2,852 | * |
| Total | | ¥ – | ¥ – | ¥ 63 |

| | | Millions of yen | | |
|---|---|-----------------|------------|---------------|
| General treatment: | Hedged items | | | |
| Foreign exchange forward contracts: | | | | |
| Long position | Trade accounts payable (forecasted transaction) | ¥ 23,862 | ¥ – | ¥ (240) |
| Interest rate swaps: | | | | |
| Receive floating, pay fixed | Long-term debt | 302,000 | 302,000 | (6,255) |
| Receive fixed, pay floating | Long-term debt | 50,000 | 50,000 | 5,697 |
| Commodity swaps: | | | | |
| Receive floating, pay fixed | Other operating expenses | 14,222 | 11,275 | 2,148 |
| Allocation of gain/loss on foreign exchange forward contracts and others: | | | | |
| Currency swaps | Long-term debt | 20,745 | 20,485 | * |
| Special treatment of interest rate swaps: | | | | |
| Interest rate swaps: | | | | |
| Receive floating, pay fixed | Long-term debt | 125,968 | 82,440 | * |
| Total | | ¥ – | ¥ – | ¥1,350 |

| | | Thousands of U.S. dollars | | |
|---|---|---------------------------|-------------|---------------|
| General treatment: | Hedged items | | | |
| Foreign exchange forward contracts: | | | | |
| Long position | Trade accounts payable (forecasted transaction) | \$ 159,557 | \$ – | \$ (542) |
| Interest rate swaps: | | | | |
| Receive floating, pay fixed | Long-term debt | 8,573,556 | 8,573,556 | (91,660) |
| Receive fixed, pay floating | Long-term debt | 531,858 | 531,858 | 62,323 |
| Commodity swaps: | | | | |
| Receive floating, pay fixed | Other operating expenses | 119,945 | 89,256 | 30,549 |
| Allocation of gain/loss on foreign exchange forward contracts and others: | | | | |
| Currency swaps | Long-term debt | 217,902 | 215,137 | * |
| Special treatment of interest rate swaps: | | | | |
| Interest rate swaps: | | | | |
| Receive floating, pay fixed | Long-term debt | 896,075 | 30,337 | * |
| Total | | \$ – | \$ – | \$ 670 |

* For the allocation method of currency swaps and special treatment of interest rate swaps, the fair value was included in fair value of respective hedged items.

► 15. Contingent Liabilities

As of March 31, 2013 and 2012, contingent liabilities were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------------|----------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Guarantees of bonds and loans of companies and others: | | | |
| Japan Nuclear Fuel Limited | ¥120,581 | ¥124,551 | \$1,282,640 |
| Guarantees of housing and other loans for employees | 89,595 | 95,520 | 953,037 |
| The Japan Atomic Power Company | 38,095 | – | 405,223 |
| Other companies | 31,035 | 24,738 | 309,286 |
| Guarantees relating to electricity purchase agreements for affiliates and other companies | 8,829 | 7,952 | 93,916 |
| Recourse under debt assumption agreements | 551,820 | 551,820 | 5,869,801 |

▶ 16. Net Assets

The authorized number of shares of common stock without par value is 1,190 million. At both March 31, 2013 and 2012, the number of shares of common stock issued was 758,000,000. At March 31, 2013 and 2012, the number of shares of treasury stock held by the Chubu Electric Group was 328,238 and 291,678, 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 where 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.

Based on the resolution of the Board of Directors meeting held on October 31, 2012, the Company paid interim cash dividends in the amount of ¥18,944 million (\$201,510 thousand, ¥25 per share).

At the annual shareholders' meeting held on June 26, 2013, the shareholders approved cash dividends amounting to ¥18,944 million (\$201,510 thousand, ¥25 per share). The appropriation was not recorded in the consolidated financial statements as of March 31, 2013. Such appropriations are recognized in the period in which they are approved by the shareholders.

▶ 17. Income Taxes

The tax effects of temporary differences that give rise to deferred tax assets and liabilities at March 31, 2013 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Deferred tax assets: | | | |
| Employee retirement benefit liability | ¥ 60,862 | ¥ 66,590 | \$ 647,399 |
| Asset retirement obligations | 43,187 | 42,181 | 459,387 |
| Depreciation | 35,170 | 36,515 | 374,109 |
| Tax loss carried forward | 51,226 | 29,557 | 544,899 |
| Intercompany unrealized profits | 18,768 | 19,194 | 199,638 |
| Impairment loss on fixed assets | 16,867 | 18,412 | 179,417 |
| Depreciation of easement rights | 20,786 | 18,095 | 221,104 |
| Reserve for loss in conjunction with discontinued operations of nuclear power plants | 9,431 | 11,942 | 100,319 |
| Accrued bonuses to employees | 9,488 | 10,279 | 100,925 |
| Amortization of deferred charges | 8,642 | 9,343 | 91,927 |
| Other | 59,426 | 60,333 | 632,125 |
| Total gross deferred tax assets | 333,853 | 322,441 | 3,551,249 |
| Less valuation allowance | (39,491) | (37,026) | (420,072) |
| Total deferred tax assets | 294,362 | 285,415 | 3,131,177 |
| Deferred tax liabilities: | | | |
| Asset retirement cost corresponding to asset retirement obligations | 16,905 | 16,220 | 179,821 |
| Market valuation difference on subsidiaries | 4,326 | 4,424 | 46,016 |
| Unrealized gains on available-for-sale securities | 6,770 | 3,514 | 72,014 |
| Other | 5,190 | 2,836 | 55,207 |
| Total deferred tax liabilities | 33,191 | 26,994 | 353,058 |
| Net deferred tax assets | ¥261,171 | ¥258,421 | \$2,778,119 |

At March 31, 2013 and 2012, deferred tax assets and liabilities were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------------|-----------------|----------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 |
| Deferred tax assets: | | | |
| Noncurrent | ¥235,900 | ¥231,812 | \$2,509,308 |
| Current | 25,422 | 26,609 | 270,418 |
| Deferred tax liability: | | | |
| Noncurrent | 151 | — | 1,607 |

In assessing the realizability of deferred tax assets, management of the Chubu Electric Group considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of the future taxable income during the

periods in which those temporary differences become deductible.

Details of the difference between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2013 are omitted because a loss before income taxes and minority interests was recorded.

▶ 18. Operating Expenses

Operating expenses in the electricity business for the years ended March 31, 2013 and 2012 were as follows:

| Year ended March 31 | Millions of yen | | Thousands of U.S. dollars |
|---------------------|-----------------|------------|---------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Salaries | ¥ 143,344 | ¥ 145,136 | \$ 1,524,774 |
| Retirement benefits | 2,992 | 19,414 | 31,826 |
| Fuel | 1,194,820 | 1,040,940 | 12,709,499 |
| Maintenance | 220,004 | 216,017 | 2,340,219 |
| Subcontracting fees | 104,162 | 89,354 | 1,107,989 |
| Depreciation | 260,298 | 271,622 | 2,768,833 |
| Other | 531,492 | 514,888 | 5,653,569 |
| Subtotal | 2,457,112 | 2,297,371 | 26,136,709 |
| Adjustment | (10,689) | (8,691) | (113,701) |
| Total | ¥2,446,423 | ¥2,288,680 | \$26,023,008 |

▶ 19. Settlement Received

On September 12, 2008, the Company filed suit against Hitachi, Ltd. to obtain compensation for damages arising from broken moving vanes in a low-pressure turbine at Hamaoka Nuclear Power Station, Reactor No. 5. However, both the Company and

Hitachi, Ltd. accepted draft terms of a settlement presented by the Tokyo District Court and the matter was thereby settled on October 6, 2011. The Company consequently recorded income of ¥9,000 million as a result of settlement received from Hitachi, Ltd.

▶ 20. 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,

2013, the difference between the estimate and actual amount was recognized as other income in connection with the conclusion of an agreement for processing some of the nuclear fuel.

▶ 21. 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 |
|--|-----------------|-----------|---------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Net unrealized gains on available-for-sale securities: | | | |
| Increase during the year | ¥11,701 | ¥ 715 | \$124,465 |
| Reclassification adjustments | 186 | (150) | 1,979 |
| Subtotal, before tax | 11,887 | 565 | 126,444 |
| Tax (expense) or benefit | (3,318) | 369 | (35,294) |
| Subtotal, net of tax | 8,569 | 934 | 91,150 |
| Net deferred losses on hedging instruments: | | | |
| Increase (decrease) during the year | 2,267 | (2,141) | 24,114 |
| Reclassification adjustments | (3,276) | (172) | (34,847) |
| Subtotal, before tax | (1,009) | (2,313) | (10,733) |
| Tax benefit | 300 | 889 | 3,191 |
| Subtotal, net of tax | (709) | (1,424) | (7,542) |
| Foreign currency translation adjustments: | | | |
| Increase (decrease) during the year | 6,612 | (1,188) | 70,333 |
| Reclassification adjustments | (169) | – | (1,798) |
| Subtotal, before tax | 6,443 | – | 68,535 |
| Tax (expense) or benefit | – | – | – |
| Subtotal, net of tax | 6,443 | – | 68,535 |
| Share of other comprehensive income of affiliates accounted for using equity method: | | | |
| Increase (decrease) during the year | 1,975 | (9,468) | 21,009 |
| Reclassification adjustments | 262 | (230) | 2,787 |
| Acquisition cost adjustment of assets | 239 | 374 | 2,542 |
| Subtotal, net of tax | 2,476 | (9,324) | 26,338 |
| Total other comprehensive income | ¥16,779 | ¥(11,002) | \$178,481 |

▶ 22. Related Party Transactions

Significant transactions of the Company and subsidiaries with corporate auditors for the years ended March 31, 2013 and 2012 were as follows:

Kenji Matsuo (Corporate Auditor of the Company)

Kenji Matsuo, who is a Corporate auditor of the Company, is concurrently the president of Meiji Yasuda Life Insurance Company. The Company borrowed from Meiji Yasuda Life Insurance Company, of which he is a representative, with an interest rate that was reasonably determined considering the market rate of interest.

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| The Company's transactions during the year: | | | |
| New borrowings | ¥ 55,000 | ¥ 55,000 | \$ 585,044 |
| Payment of interest | 3,722 | 2,905 | 39,592 |
| Balances at the fiscal year-end: | | | |
| Long-term debt | 233,290 | 188,778 | 2,481,545 |

▶ 23. Segment Information

The reporting segments are constituent business units of the Chubu Electric Power Group for which separate financial information is obtained and which are 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, 2013 and 2012 was as follows:

| Year ended March 31, 2013 | Millions of yen | | | | | | |
|--|-----------------|-----------|------------|----------|------------|------------|--------------|
| | Electric power | Energy | Subtotal | Other | Total | Adjustment | Consolidated |
| Operating revenues: | | | | | | | |
| External customers | ¥2,427,728 | ¥61,852 | ¥2,489,580 | ¥159,414 | ¥2,648,994 | ¥ 0 | ¥2,648,994 |
| Intersegment | 2,112 | 104 | 2,216 | 331,852 | 334,068 | (334,068) | 0 |
| Total | 2,429,840 | 61,956 | 2,491,796 | 491,266 | 2,983,062 | (334,068) | 2,648,994 |
| Operating (loss) income | ¥ (27,272) | ¥ (1,905) | ¥ (29,177) | ¥ 15,696 | ¥ (13,481) | ¥ (1,003) | ¥ (14,484) |
| Total assets | ¥5,390,176 | ¥50,381 | ¥5,440,557 | ¥710,381 | ¥6,150,938 | ¥(268,163) | ¥5,882,775 |
| Depreciation and amortization | 260,398 | 1,795 | 262,193 | 18,533 | 280,726 | (4,182) | 276,544 |
| Increase of tangible and intangible fixed assets | 300,187 | 4,146 | 304,333 | 28,173 | 332,506 | (5,330) | 327,176 |

| Year ended March 31, 2012 | Millions of yen | | | | | | |
|--|-----------------|-----------|------------|----------|------------|------------|--------------|
| | Electric power | Energy | Subtotal | Other | Total | Adjustment | Consolidated |
| Operating revenues: | | | | | | | |
| External customers | ¥2,246,901 | ¥54,992 | ¥2,301,893 | ¥147,390 | ¥2,449,283 | ¥ 0 | ¥2,449,283 |
| Intersegment | 1,650 | 74 | 1,724 | 325,364 | 327,088 | (327,088) | 0 |
| Total | 2,248,551 | 55,066 | 2,303,617 | 472,754 | 2,776,371 | (327,088) | 2,449,283 |
| Operating (loss) income | ¥ (48,820) | ¥ (1,173) | ¥ (49,993) | ¥ 13,504 | ¥ (36,488) | ¥ (1,179) | ¥ (37,667) |
| Total assets | ¥5,189,822 | ¥44,699 | ¥5,234,521 | ¥674,947 | ¥5,909,468 | ¥(262,299) | ¥5,647,169 |
| Depreciation and amortization | 271,923 | 1,371 | 273,294 | 20,301 | 293,595 | (4,144) | 289,451 |
| Increase of tangible and intangible fixed assets | 252,733 | 2,893 | 255,626 | 24,956 | 280,582 | (6,375) | 274,207 |

| Year ended March 31, 2013 | Thousands of U.S. dollars | | | | | | |
|--|---------------------------|-------------|--------------|-------------|--------------|---------------|--------------|
| | Electric power | Energy | Subtotal | Other | Total | Adjustment | Consolidated |
| Operating revenues: | | | | | | | |
| External customers | \$25,824,146 | \$657,930 | \$26,482,076 | \$1,695,714 | \$28,177,790 | \$ 0 | \$28,177,790 |
| Intersegment | 22,466 | 1,106 | 23,572 | 3,529,964 | 3,553,536 | (3,553,536) | 0 |
| Total | 25,846,612 | 659,036 | 26,505,648 | 5,225,678 | 31,731,326 | (3,553,536) | 28,177,790 |
| Operating (loss) income | \$ (290,097) | \$ (20,264) | \$ (310,361) | \$ 166,961 | \$ (143,400) | \$ (10,669) | \$ (154,069) |
| Total assets | \$57,336,198 | \$535,911 | \$57,872,109 | \$7,556,441 | \$65,428,550 | \$(2,852,494) | \$62,576,056 |
| Depreciation and amortization | 2,769,897 | 19,094 | 2,788,991 | 197,138 | 2,986,129 | (44,484) | 2,941,645 |
| Increase of tangible and intangible fixed assets | 3,193,139 | 44,102 | 3,237,241 | 299,681 | 3,536,922 | (56,696) | 3,480,226 |

(a) Method for calculating operating revenues, income and loss, assets and other amounts for each reporting segment

The accounting treatment methods for the reporting segments are consistent with the accounting treatment methods described in Note 2, Summary of Significant Accounting Policies. Segment income or loss for each reporting segment is presented on an operating income basis. All transactions between segments are on an arm's length basis.

(b) Change in reporting segments

As described in Note 4, in accordance with the amendment in corporate tax law, from the year ending March 31, 2013, the Company and its domestic subsidiaries have changed their depreciation method for property, plant and equipments acquired on or after April 1, 2012. Depreciation method for the reporting segment has been changed to reflect the amendment in corporate tax law. As a result loss for the Electric Power segment and the Energy segment was by ¥8,056 million and ¥18 million less, respectively, and income for the Other segment by ¥128 million more than the amounts that would have been reported without the change.

(c) Information about products and services

The Company has omitted disclosure of information for each product and service because similar information is disclosed in the segment information above.

(d) Information by geographic regions

(1) Operating revenues

The Company has omitted the disclosure of operating revenues because operating revenues to external customers in Japan account for more than 90% of the amount of operating revenues reported in the consolidated statements of operations.

(2) Property, plant and equipment

The Company has omitted the disclosure of property, plant and equipment because property, plant and equipment in Japan account for more than 90% of the amount of property, plant and equipment reported in the consolidated balance sheets.

(e) Information about major customers

The Company has not disclosed information about major customers because no customer had contributed 10% or more to operating revenues in the consolidated statements of operations.

(f) 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.

Nonconsolidated Balance Sheets

Chubu Electric Power Company, Incorporated
As of March 31, 2013 and 2012

| ASSETS | Millions of yen | | Thousands of U.S. dollars |
|---|--------------------|--------------------|---------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Property, Plant and Equipment: | | | |
| Property, plant and equipment, at cost | ¥13,027,692 | ¥12,681,831 | \$138,577,726 |
| Construction in progress | 301,862 | 434,637 | 3,210,956 |
| | 13,329,554 | 13,116,468 | 141,788,682 |
| Less: | | | |
| Contributions in aid of construction | (157,412) | (156,336) | (1,674,417) |
| Accumulated depreciation | (9,472,860) | (9,278,205) | (100,764,387) |
| | (9,630,272) | (9,434,541) | (102,438,804) |
| Total Property, Plant and Equipment, Net | 3,699,282 | 3,681,927 | 39,349,878 |
| Nuclear Fuel: | | | |
| Loaded nuclear fuel | 40,040 | 40,040 | 425,912 |
| Nuclear fuel in processing | 213,602 | 212,018 | 2,272,120 |
| Total Nuclear Fuel | 253,642 | 252,058 | 2,698,032 |
| Investments and Other Long-term Assets: | | | |
| Long-term investments | 325,040 | 306,924 | 3,457,504 |
| Fund for reprocessing of irradiated nuclear fuel | 216,825 | 229,166 | 2,306,404 |
| Deferred tax assets | 201,970 | 196,940 | 2,148,388 |
| Other | 11,240 | 9,915 | 119,562 |
| Allowance for doubtful accounts | (278) | (330) | (2,957) |
| Total Investments and Other Long-term Assets | 754,797 | 742,615 | 8,028,901 |
| Current Assets: | | | |
| Cash and deposits | 63,453 | 164,980 | 674,960 |
| Trade notes and accounts receivable | 142,739 | 129,983 | 1,518,339 |
| Allowance for doubtful accounts | (1,127) | (1,233) | (11,988) |
| Inventories | 121,727 | 91,083 | 1,294,830 |
| Deferred tax assets | 18,805 | 20,443 | 200,032 |
| Other | 539,489 | 293,405 | 5,738,634 |
| Total Current Assets | 885,086 | 698,661 | 9,414,807 |
| Total Assets | ¥ 5,592,807 | ¥ 5,375,261 | \$ 59,491,618 |

| LIABILITIES AND NET ASSETS | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|------------|---------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Long-term Liabilities: | | | |
| Long-term debt | ¥2,664,511 | ¥2,364,153 | \$28,342,846 |
| Employee retirement benefit liability | 147,075 | 161,852 | 1,564,462 |
| Reserve for reprocessing of irradiated nuclear fuel | 235,222 | 247,742 | 2,502,095 |
| Reserve for preparation for reprocessing of irradiated nuclear fuel | 14,813 | 14,243 | 157,568 |
| Reserve for loss in conjunction with discontinued operations of nuclear power plants | 31,125 | 39,366 | 331,082 |
| Asset retirement obligations | 220,768 | 218,711 | 2,348,346 |
| Other | 54,753 | 51,420 | 582,417 |
| Total Long-term Liabilities | 3,368,267 | 3,097,487 | 35,828,816 |
| Current Liabilities: | | | |
| Current portion of long-term debt and other | 233,241 | 239,707 | 2,481,023 |
| Short-term borrowings | 334,400 | 334,400 | 3,557,069 |
| Trade notes and accounts payable | 102,588 | 84,406 | 1,091,246 |
| Other | 268,853 | 259,996 | 2,859,834 |
| Total Current Liabilities | 939,082 | 918,509 | 9,989,172 |
| Reserve for Fluctuation in Water Levels | 10,649 | 14,490 | 113,275 |
| Total Liabilities | 4,317,998 | 4,030,486 | 45,931,263 |
| Net Assets: | | | |
| Common stock | 430,777 | 430,777 | 4,582,246 |
| Capital surplus | 70,690 | 70,690 | 751,942 |
| Retained earnings | 754,854 | 831,848 | 8,029,507 |
| Treasury stock, at cost | (459) | (423) | (4,882) |
| Total Shareholders' Equity | 1,255,862 | 1,332,892 | 13,358,813 |
| Valuation and translation adjustments | 18,947 | 11,883 | 201,542 |
| Total Net Assets | 1,274,809 | 1,344,775 | 13,560,355 |
| Total Liabilities and Net Assets | ¥5,592,807 | ¥5,375,261 | \$59,491,618 |

Nonconsolidated Statements of Operations

Chubu Electric Power Company, Incorporated
For the Years Ended March 31, 2013 and 2012

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|------------|---------------------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Operating Revenues | ¥2,485,676 | ¥2,295,153 | \$26,440,549 |
| Operating Expenses: | | | |
| Fuel | 1,194,820 | 1,040,940 | 12,709,499 |
| Salaries and employee benefits | 182,514 | 201,397 | 1,941,432 |
| Purchased Power | 207,320 | 208,455 | 2,205,297 |
| Maintenance | 220,004 | 216,017 | 2,340,219 |
| Depreciation | 260,298 | 271,622 | 2,768,833 |
| Taxes other than income taxes | 123,336 | 122,606 | 1,311,946 |
| Other | 326,291 | 284,593 | 3,470,812 |
| Total Operating Expenses | 2,514,583 | 2,345,630 | 26,748,038 |
| Operating Loss | (28,907) | (50,477) | (307,489) |
| Other (Income) Expenses: | | | |
| Interest expense | 40,853 | 36,033 | 434,560 |
| Settlement received | – | (9,000) | – |
| Reversal of reserve for loss in conjunction with discontinued operations of nuclear power plants | (7,402) | – | (78,736) |
| Loss on transition to a defined contribution pension plan | – | 17,292 | – |
| Other, net | (17,563) | (9,077) | (186,821) |
| Total Other Expenses, Net | 15,888 | 35,248 | 169,003 |
| Loss before Provision of Reserve for Fluctuation in Water Levels and Income Taxes | (44,795) | (85,725) | (476,492) |
| (Reversal) Provision of Reserve for Fluctuation in Water Levels | (3,841) | 8,338 | (40,857) |
| Loss Before Income Taxes | (40,954) | (94,063) | (435,635) |
| Income Taxes: | | | |
| Current | 337 | – | 3,584 |
| Deferred | (5,980) | 575 | (63,610) |
| Total Income Taxes | (5,643) | 575 | (60,026) |
| Net Loss | ¥ (35,311) | ¥ (94,638) | \$ (375,609) |

| | Yen | | U.S. dollars |
|-----------------------------------|-----------|------------|--------------|
| | FY 2012 | FY 2011 | FY 2012 |
| Per Share of Common Stock: | | | |
| Net loss-basic | ¥ (46.60) | ¥ (124.88) | \$ (0.50) |
| Cash dividends | 50 | 60 | 0.53 |



Independent Auditor's Report

To the Board of Chubu Electric Power Company, Incorporated:

We have audited the accompanying consolidated financial statements of Chubu Electric Power Company, Incorporated (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2013 and 2012 and the consolidated statements of operations, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years 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 misstatements whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 subsidiaries as at March 31, 2013 and 2012 and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 4 to the consolidated financial statements, from the year ended March 31, 2013, in accordance with the amendment to the corporate tax law, the Company and its domestic subsidiaries have changed their depreciation method for property, plant and equipment. Assets acquired on or after April 1, 2012 are depreciated using the method prescribed in the amended corporate tax law.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 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 of the Notes to Consolidated Financial Statements.

July 3, 2013
Nagoya, Japan

KPMG AZSA LLC

Corporate Data

(As of March 31, 2013)

Corporate Profile

| | |
|---|--|
| Corporate name: | Chubu Electric Power Co., Inc. |
| Headquarters: | 1 Higashi-shincho, Higashi-ku, Nagoya, Aichi 461-8680, Japan |
| Date of establishment: | May 1st, 1951 |
| Capital: | ¥430,777,362,600 |
| Number of employees: | 17,345 * Number of existing employees |
| Number of shares issued: | 758,000,000 |
| Number of shareholders: | 327,486 |
| Independent auditor: | KPMG AZSA LLC |
| Stock markets traded: | Tokyo Stock Exchange, Inc. Osaka Securities Exchange Co., Ltd. Nagoya Stock Exchange, Inc. (Securities ID code: 9502) |
| Administrator of shareholder registry: | Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan |

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

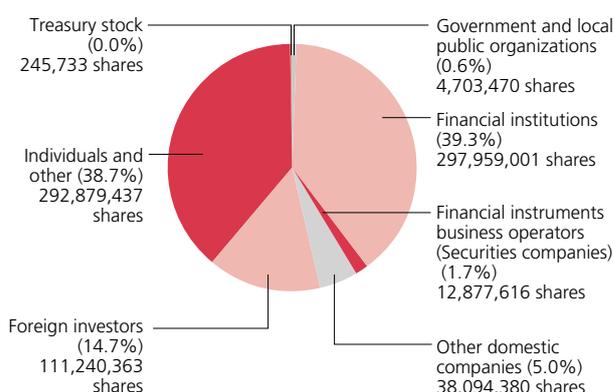
Doha Office

4th Floor, Salam Tower, Al Corniche
P.O. Box 22470, Doha-QATAR
Tel: +974-4483-6680

Main business locations

| | |
|----------------------------------|--|
| Headquarters: | 1 Higashi-shincho, Higashi-ku, Nagoya, Aichi |
| Nagoya Regional Office: | 2-12-14 Chiyoda, Naka-ku, Nagoya, Aichi |
| Shizuoka Regional Office: | 2-4-1 Hontoori, Aoi-ku, Shizuoka |
| Mie Regional Office: | 2-21 Marunouchi, Tsu, Mie |
| Gifu Regional Office: | 2-5 Mieji-cho, Gifu |
| Nagano Regional Office: | 18 Yanagimachi, Nagano |
| Okazaki Regional Office: | 7 Daidou Higashi, Tosaki-cho, Okazaki, Aichi |
| Tokyo Regional Office: | 2-2-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo |

Composition of Shareholders



Principal Shareholders

| Name | Number of shares owned (thousands) | Ownership percentage of total shares issued (%) |
|--|------------------------------------|---|
| Japan Trustee Services Bank, Ltd. | 63,440 | 8.37 |
| The Master Trust Bank of Japan, Ltd. | 48,235 | 6.36 |
| Meiji Yasuda Life Insurance Company | 42,662 | 5.63 |
| Nippon Life Insurance Company | 34,440 | 4.54 |
| Chubu Electric Employees' Shareholders Association | 18,050 | 2.38 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 15,304 | 2.02 |
| Sumitomo Mitsui Banking Corporation | 14,943 | 1.97 |
| SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch) | 13,845 | 1.83 |
| Kochi Shinkin Bank | 12,218 | 1.61 |
| Mizuho Corporate Bank, Ltd. | 10,564 | 1.39 |
| Total | 273,706 | 36.11 |

Note: The numbers of shares held by Japan Trustee Services Bank, Ltd. and The Master Trust Bank of Japan, Ltd. (63,440,000 and 48,235,000, respectively) are related to their trust services.

Energy Business

- C ENERGY CO., INC.
- Minami Enshu Pipeline Co., Ltd.
- Hokuriku Erunesu Co., Ltd.

Overseas Energy Businesses

- 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.
- Compañía de Generación Valladolid, S. de R.L. de C.V.
- Compañía de Operación 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 ULC
- 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 Powergen Company Limited

IT/Telecommunications

- Chuden CTI Co., Ltd.
- Chubu Telecommunications Co., Inc.
- Community Network Center Inc.
- Omaezaki Cable Television
- CHUBU CABLE NETWORK COMPANY, INCORPORATED

Construction

- 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

Manufacturing

- 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

- Chuden Transportation Service Co., Ltd.
- SHIN-NIHON HELICOPTER Co., Ltd.

Real Estate

- Chuden Real Estate Co., Ltd.

Services and Others

- Chuden Auto Lease Co., Ltd.
- Chubu Cryogenics Co., Ltd.
- Chuden Wing Co., Ltd.
- Toho Industry Co., Ltd.
- CHUDEN BUSINESS SUPPORT Co., Ltd.
- Chuden Haiden Support Co., Ltd.
- Chubu Energy Trading, Inc.
- Chita L.N.G. Co., Ltd.
- Techno Chubu Co., Ltd.
- Chuden Disaster Prevention Co., Ltd.
- CHUDEN KOGYO Co., Ltd.
- Chita Berth Co., Inc.
- AOYAMA-KOGEN WIND FARM CO., LTD.
- FILLTECH CORPORATION
- Saku Ohisama Solar Power Limited Business Partnership
- 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.
- Nagoya City Energy Co., Ltd.
- Aichi Kinuura Bio K.K.
- Hamamatsu D.H.C. Co., Ltd.
- Nagoya Energy Service Co., Ltd.
- Charging Network Development Organization, LLC.
- Centrair Energy Supply Co., Ltd.
- KASUMI BERTH CO., INC.
- Ogaki School Lunch Support Co., Inc.
- PFI Toyokawa Hoisaijiyo Co., Ltd.
- Tahara Solar Co., Ltd.
- Camberwell Coal Joint Venture
- RHA Pastoral Company Pty Ltd.

(As of March 31, 2013)

Chubu Electric Power Co., Inc.

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