

Consolidated Balance Sheets

Chubu Electric Power Company, Incorporated and Subsidiaries
As of March 31, 2019 and 2018

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Property, Plant and Equipment:			
Property, plant and equipment, at cost	¥13,865,992	¥13,874,672	\$124,918,851
Construction in progress	451,643	344,469	4,068,859
	14,317,636	14,219,141	128,987,711
Less:			
Contributions in aid of construction	(199,356)	(194,138)	(1,796,007)
Accumulated depreciation	(10,282,893)	(10,266,984)	(92,638,678)
	(10,482,250)	(10,461,122)	(94,434,685)
Total Property, Plant and Equipment, Net (Notes 5 and 10)	3,835,385	3,758,019	34,553,025
Nuclear Fuel:			
Loaded nuclear fuel	40,040	40,040	360,721
Nuclear fuel in processing	144,573	139,715	1,302,460
Total Nuclear Fuel	184,613	179,755	1,663,182
Investments and Other Assets:			
Long-term investments (Notes 6, 7 and 10)	648,240	623,585	5,840,007
Net defined benefit asset (Note 11)	15,265	18,656	137,530
Deferred tax assets (Notes 10 and 17)	197,035	198,842	1,775,094
Other (Note 10)	14,009	14,175	126,209
Allowance for doubtful accounts	(778)	(849)	(7,012)
Total Investments and Other Assets	873,773	854,410	7,871,829
Current Assets:			
Cash and deposits (Notes 4, 6 and 10)	546,082	181,631	4,919,665
Trade notes and accounts receivable (Note 6 and 10)	343,850	291,341	3,097,749
Allowance for doubtful accounts	(1,888)	(1,663)	(17,015)
Inventories (Notes 9 and 10)	91,056	75,056	820,328
Other (Note 10)	114,653	190,857	1,032,915
Total Current Assets	1,093,754	737,222	9,853,642
Total Assets (Notes 10 and 23)	¥ 5,987,526	¥ 5,529,408	\$ 53,941,680

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)
	March 31, 2019	March 31, 2018	March 31, 2019
Noncurrent Liabilities:			
Long-term loans payable (Notes 6 and 10)	¥1,781,011	¥1,981,026	\$16,045,144
Provision for loss in conjunction with discontinued operations of nuclear power plants	8,174	9,211	73,640
Net defined benefit liability (Note 11)	170,818	182,130	1,538,909
Asset retirement obligations (Note 13)	249,067	209,178	2,243,847
Other (Notes 10 and 17)	177,853	168,448	1,602,280
Total Noncurrent Liabilities	2,386,924	2,549,995	21,503,824
Current Liabilities:			
Current portion of noncurrent liabilities (Notes 6 and 10)	285,130	257,315	2,568,742
Short-term loans payable (Notes 6 and 10)	925,612	370,945	8,338,854
Notes and accounts payable - trade (Note 6)	133,584	133,057	1,203,461
Accrued taxes	67,297	82,179	606,287
Other (Notes 6 and 13)	322,167	321,526	2,902,408
Total Current Liabilities	1,733,792	1,165,023	15,619,754
Reserve for Fluctuation in Water Levels	22,446	22,446	202,221
Total Liabilities	4,143,163	3,737,465	37,325,800
Commitments and Contingent Liabilities (Note 15)			
Net Assets (Note 16)			
Capital stock	430,777	430,777	3,880,877
Capital surplus	70,798	70,805	637,828
Retained earnings	1,237,605	1,188,453	11,149,595
Treasury shares, at cost	(2,008)	(1,891)	(18,098)
Total Shareholders' Equity	1,737,172	1,688,145	15,650,202
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	35,232	38,649	317,409
Deferred gains and losses on hedges (Note 14)	(2,273)	(6,182)	(20,485)
Foreign currency translation adjustments	16,428	19,964	148,004
Remeasurements of defined benefit plans	(8,064)	(10,833)	(72,650)
Total Accumulated Other Comprehensive Income	41,322	41,597	372,278
Noncontrolling interests	65,867	62,199	593,398
Total Net Assets	1,844,362	1,791,942	16,615,879
Total Liabilities and Net Assets	¥5,987,526	¥5,529,408	\$53,941,680

Consolidated Statements of Income

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Operating Revenues:			
Electricity	¥2,651,685	¥2,538,239	\$23,889,059
Other	383,397	315,070	3,454,027
Total Operating Revenues (Note 23)	3,035,082	2,853,309	27,343,086
Operating Expenses:			
Electricity (Note 18)	2,539,625	2,415,115	22,879,505
Other	369,532	301,689	3,329,125
Total Operating Expenses	2,909,158	2,716,804	26,208,631
Operating Income (Note 23)	125,924	136,505	1,134,455
Other (Income) Expenses:			
Interest expense	24,024	26,464	216,437
Impairment loss (Note 19)	3,739	23,356	33,691
Other, net	(14,768)	(18,491)	(133,053)
Total Other Expenses, Net	12,995	31,328	117,074
Income Before Provision of Reserve for Fluctuation in Water Levels and Income Taxes	112,929	105,176	1,017,380
Reversal of Reserve for Fluctuation in Water Levels	—	(19)	—
Income Before Income Taxes	112,929	105,195	1,017,380
Income Taxes:			
Current	29,350	33,255	264,422
Deferred	651	(4,813)	5,868
Total Income Taxes	30,002	28,441	270,291
Net Income	82,926	76,753	747,089
Net income attributable to noncontrolling interests	3,504	2,380	31,574
Net income attributable to owners of parent	¥ 79,422	¥ 74,372	\$ 715,515

	Yen		U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Per Share of Capital Stock:			
Net income - basic	¥104.96	¥98.24	\$0.95
Cash dividends	45.00	35.00	0.41

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, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Net Income	¥82,926	¥76,753	\$747,089
Other Comprehensive Income:			
Valuation difference on available-for-sale securities	(3,315)	(682)	(29,869)
Deferred gains and losses on hedges	1,679	481	15,132
Foreign currency translation adjustments	(168)	1,456	(1,522)
Remeasurements of defined benefit plans, net of tax	4,909	(2,229)	44,227
Share of other comprehensive income of entities accounted for using equity method	(1,522)	(4,256)	(13,711)
Other Comprehensive Income (Note 20)	1,582	(5,229)	14,256
Comprehensive Income	¥84,509	¥71,523	\$761,345
Comprehensive income attributable to:			
Owners of parent	¥79,147	¥67,868	\$713,042
Noncontrolling interests	5,361	3,654	48,303

Consolidated Statements of Changes in Net Assets

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2019 and 2018

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets	
	Number of shares of capital stock issued	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans			Total accumulated other comprehensive income
Millions of yen													
Balance at April 1, 2017	758,000,000	¥430,777	¥70,794	¥1,136,801	¥(1,206)	¥1,637,166	¥39,485	¥(7,817)	¥24,682	¥(8,248)	¥48,101	¥39,445	¥1,724,713
Dividends of surplus	-	-	-	(22,717)	-	(22,717)	-	-	-	-	-	-	(22,717)
Net income attributable to owners of parent	-	-	-	74,372	-	74,372	-	-	-	-	-	-	74,372
Purchase of treasury shares	-	-	-	-	(707)	(707)	-	-	-	-	-	-	(707)
Disposal of treasury shares	-	-	-	(2)	23	21	-	-	-	-	-	-	21
Change in equity of parent on transactions with noncontrolling interests	-	-	10	-	-	10	-	-	-	-	-	-	10
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(836)	1,634	(4,718)	(2,584)	(6,503)	22,754	16,250
Balance at March 31, 2018	758,000,000	¥430,777	¥70,805	¥1,188,453	¥(1,891)	¥1,688,145	¥38,649	¥(6,182)	¥19,964	¥(10,833)	¥41,597	¥62,199	¥1,791,942

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets	
	Number of shares of capital stock issued	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans			Total accumulated other comprehensive income
Millions of yen													
Balance at April 1, 2018	758,000,000	¥430,777	¥70,805	¥1,188,453	¥(1,891)	¥1,688,145	¥38,649	¥(6,182)	¥19,964	¥(10,833)	¥41,597	¥62,199	¥1,791,942
Dividends of surplus	-	-	-	(30,270)	-	(30,270)	-	-	-	-	-	-	(30,270)
Net income attributable to owners of parent	-	-	-	79,422	-	79,422	-	-	-	-	-	-	79,422
Purchase of treasury shares	-	-	-	-	(121)	(121)	-	-	-	-	-	-	(121)
Disposal of treasury shares	-	-	0	-	3	3	-	-	-	-	-	-	3
Change in equity of parent on transactions with noncontrolling interests	-	-	(6)	-	-	(6)	-	-	-	-	-	-	(6)
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(3,416)	3,909	(3,535)	2,768	(274)	3,667	3,393
Balance at March 31, 2019	758,000,000	¥430,777	¥70,798	¥1,237,605	¥(2,008)	¥1,737,172	¥35,232	¥(2,273)	¥16,428	¥(8,064)	¥41,322	¥65,867	¥1,844,362

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets	
	Number of shares of capital stock issued	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans			Total accumulated other comprehensive income
Thousands of U.S. dollars (Note 1)													
Balance at April 1, 2018		\$3,880,877	\$637,887	\$10,706,790	\$(17,037)	\$15,208,517	\$348,191	\$(55,701)	\$179,857	\$(97,595)	\$374,751	\$560,356	\$16,143,626
Dividends of surplus		-	-	(272,710)	-	(272,710)	-	-	-	-	-	-	(272,710)
Net income attributable to owners of parent		-	-	715,515	-	715,515	-	-	-	-	-	-	715,515
Purchase of treasury shares		-	-	-	(1,093)	(1,093)	-	-	-	-	-	-	(1,093)
Disposal of treasury shares		-	2	-	32	34	-	-	-	-	-	-	34
Change in equity of parent on transactions with noncontrolling interests		-	(61)	-	-	(61)	-	-	-	-	-	-	(61)
Net changes in items other than shareholders' equity		-	-	-	-	-	(30,782)	35,216	(31,852)	24,944	(2,473)	33,041	30,568
Balance at March 31, 2019		\$3,880,877	\$637,828	\$11,149,595	\$(18,098)	\$15,650,202	\$317,409	\$(20,485)	\$148,004	\$(72,650)	\$372,278	\$593,398	\$16,615,879

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, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2019	March 31, 2018	March 31, 2019
Cash Flows from Operating Activities:			
Income before income taxes	¥112,929	¥105,195	\$1,017,380
Adjustments for:			
Depreciation	256,465	267,828	2,310,501
Impairment loss	3,739	23,356	33,691
Decommissioning costs of nuclear power units	8,371	4,600	75,422
Loss on retirement of noncurrent assets	10,447	16,181	94,120
Decrease in provision for net defined benefit liability and asset	(878)	(7,804)	(7,911)
Decrease in provision for loss in conjunction with discontinued operations of nuclear power plants	(1,036)	(364)	(9,341)
Decrease in reserve for fluctuation in water levels	–	(19)	–
Interest and dividend income	(3,171)	(2,602)	(28,568)
Interest expense	24,024	26,464	216,437
Increase in notes and accounts receivable - trade	(50,312)	(51,199)	(453,264)
Increase in inventories	(16,002)	(6,055)	(144,166)
Increase in notes and accounts payable - trade	615	23,685	5,546
Other, net	7,945	58,828	71,580
Subtotal	353,138	458,095	3,181,427
Interest and dividend income received	10,502	5,722	94,614
Interest expense paid	(24,551)	(26,909)	(221,185)
Income taxes paid	(42,682)	(12,749)	(384,530)
Cash flows from operating activities	296,406	424,159	2,670,326
Cash Flows from Investing Activities:			
Purchase of noncurrent assets	(350,624)	(324,582)	(3,158,783)
Payments on investments and loans receivable	(39,434)	(48,723)	(355,265)
Collection on investments and loans receivable	9,699	12,201	87,383
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,653)	–	(23,907)
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation	185	50	1,671
Other, net	14,466	16,586	130,325
Cash flows from investing activities	(368,361)	(344,467)	(3,318,575)
Cash Flows from Financing Activities:			
Proceeds from issuance of bonds	33,940	79,718	305,770
Redemption of bonds	(60,000)	(40,000)	(540,540)
Proceeds from long-term loans payable	59,625	83,700	537,162
Repayments of long-term loans payable	(212,402)	(218,217)	(1,913,539)
Proceeds of short-term loans payable	946,160	400,149	8,523,963
Repayments of short-term loans payable	(391,555)	(384,769)	(3,527,522)
Proceeds from issuance of commercial paper	434,000	–	3,909,909
Redemption of commercial paper	(434,000)	–	(3,909,909)
Purchase of treasury shares	(122)	(696)	(1,103)
Cash dividends paid	(30,193)	(22,681)	(272,011)
Dividends paid to noncontrolling interests	(3,936)	(848)	(35,466)
Other, net	(4,254)	14,975	(38,328)
Cash flows from financing activities	337,260	(88,670)	3,038,384
Effect of exchange rate change on cash and cash equivalents	(133)	(87)	(1,202)
Net increase (decrease) in cash and cash equivalents	265,171	(9,065)	2,388,932
Cash and cash equivalents at beginning of this period	284,888	293,953	2,566,564
Cash and cash equivalents at end of this period (Note 4)	¥550,060	¥284,888	\$4,955,497

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.

Monetary amounts less than one million yen or one thousand dollars are rounded down. As a result, total

amounts shown in the accompanying consolidated financial statements (in both yen and U.S. dollars) do not necessarily agree with the sum of individual amounts.

(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 these accompanying notes present the arithmetic results of translating yen amounts into U.S. dollar amounts on a basis of ¥111.00 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 difference 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 that are within twenty years on a straight-line basis. All significant intercompany transactions and accounts are eliminated on consolidation.

The number of subsidiaries and affiliates at March 31, 2019 and 2018 was as follows:

	March 31, 2019	March 31, 2018
Subsidiaries:		
Domestic	32	27
Overseas	5	5
Affiliates	37	27

Certain domestic and overseas subsidiaries and affiliates close their books at December 31, three months earlier than the Company. The Company uses the financial statements of these subsidiaries and affiliates as of their fiscal year-end for its consolidation or application of the equity method. Significant transactions for the period between the December 31 year-end of the subsidiaries and affiliates and the March 31 year-end of the Company are adjusted for on consolidation or with the application of the equity method.

The financial statements of significant overseas subsidiaries and affiliates that are prepared in accordance with either IFRS or U.S. generally accepted accounting principles are adjusted 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").

(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 when 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 by which unrealized gains and losses on the hedging instruments are carried as accumulated other comprehensive income on the balance sheet and the net changes 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. The Chubu Electric Group enters into derivative transactions with respect to assets and liabilities generated through the Chubu Electric Group's operations and to hedge exposure to fluctuations in exchange rates or interest rates.

(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.

(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) Provision for loss in conjunction with discontinued operations of nuclear power plants

In the years ended March 31, 2019 and 2018, a provision was made based on a reasonable estimate of 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.

(i) Reserve for fluctuation in water levels

In order to prepare for losses due to drought, the Company has recognized the maximum amount of allowance specified in Article 36 of the Electricity Business Act (No. 170, 1964) before revision, to which Article 1 of the Act for Amending Part of the Electricity Business Act (No. 72, 2014) is applied, as effective by replacing the terms of Paragraph 3, Article 16 of the Supplementary Provisions of the Act.

(j) Employee retirement benefits

To cover the payment of retirement benefits to employees, the difference between the amount of retirement benefit obligations and the value of plan assets is recognized as a liability for retirement benefits if the amount of obligations exceed the value of the plan assets and as an asset for retirement benefits if the value of plan assets exceeds the amount of retirement benefit obligations.

(1) Method of allocation of estimated retirement benefits

To calculate retirement benefit obligations, the benefit formula basis is used to allocate estimated retirement benefits to periods of service.

(2) Actuarial gains and losses and prior service cost amortized in expenses

Prior service cost is amortized using the straight-line method over certain periods (10 to 15 years for subsidiaries), which are within the average of the estimated remaining service years of the employees, as of the year in which such cost arises. Actuarial gains and losses are amortized using the straight-line method (some subsidiaries use the declining balance method) over certain periods (3 years for the Company and 3 to 15 years for subsidiaries) which are within the average of the estimated remaining service years of the employees as of the year after such gains and losses arise (the year in which such gains and losses arise for some subsidiaries).

(k) Cash and cash equivalents

The Company considers all highly liquid short-term investments purchased with an original maturity of three months or less to be cash equivalents.

(l) Research and development costs

Research and development costs included in operating expenses for the years ended March 31, 2019 and 2018 amounted to ¥9,925 million (\$89,415 thousand) and ¥10,110 million, respectively.

(m) 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.

(n) 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 income.

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 noncontrolling interests, and the net change is recognized as other comprehensive income on the consolidated statement of comprehensive income.

(o) 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 income represent dividends declared as applicable to the respective year.

3. Standards and Guidance Not Yet Adopted

The following standard and guidance were issued but not yet adopted.

- “Accounting Standard for Revenue Recognition” (ASBJ statement No. 29, issued on March 30, 2018)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, issued on March 30, 2018)

(a) Overview

The accounting standards defined accounting policies and addressed disclosures of profit from contracts with customers.

(b) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(c) Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are in the process of determining the effects of these new standards on the consolidated financial statements.

4. 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, 2019	March 31, 2018	March 31, 2019
Cash and deposits	¥546,082	¥181,631	\$4,919,665
Time deposits with an original maturity of more than three months included in cash and deposits	(1,022)	(1,742)	(9,212)
Short-term investments	6,637	106,234	59,798
Short-term investments with an original maturity of over three months	(1,637)	(1,234)	(14,753)
Cash and cash equivalents	¥550,060	¥284,888	\$4,955,497

5. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Hydroelectric power production facilities	¥ 303,909	¥ 311,907	\$ 2,737,920
Thermal power production facilities	655,081	684,665	5,901,632
Nuclear power production facilities	174,894	142,248	1,575,624
Transmission facilities	646,341	680,244	5,822,893
Transformation facilities	414,419	414,949	3,733,505
Distribution facilities	776,905	780,857	6,999,146
General facilities	105,797	108,150	953,126
Other electricity related to property, plant and equipment	13,860	14,057	124,866
Other property, plant and equipment	292,534	276,469	2,635,448
Construction in progress	451,643	344,469	4,068,859
Total	¥3,835,385	¥3,758,019	\$34,553,025

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 ¥199,356 million (\$1,796,007 thousand) and ¥194,138 million at March 31, 2019 and 2018, respectively.

6. Financial Instruments

(a) Items related 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 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.

(2) Breakdown of financial instruments and associated risks

Marketable securities include certificates of deposit and shares of domestic companies contributing to business operations or regional development, bond holdings of subsidiaries and other instruments estimated to raise the Chubu Electric Group's corporate value from a mid- and long-term viewpoint. These securities, bonds, etc., are exposed to risks arising from changes in market prices.

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 funds holdings from long-term borrowings. However, operational results may be minimally affected 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 currency swaps, interest rate swaps, etc., for financial liabilities connected to raising funds 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.

(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, 2019 and 2018

As of March 31, 2019	Millions of yen		
	Carrying value	Fair value	Difference
Assets:			
(1) Marketable securities	¥ 113,585	¥ 100,093	¥(13,491)
(2) Cash and deposits	546,082	546,082	–
(3) Trade notes and accounts receivable	343,850	343,850	–
Liabilities:			
(4) Bonds *1	¥ 653,259	¥ 665,775	¥ 12,515
(5) Long-term borrowings *1	1,393,758	1,459,596	65,837
(6) Short-term borrowings	925,612	925,612	–
(7) Trade notes and accounts payable	133,584	133,584	–
(8) Derivative transactions *2	(1,671)	(1,671)	–

(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 the terms and conditions for the supply of electricity. 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.

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, managing and reporting. A trade management department independently handles transactions and approves contract amounts (notional and other value) for each transaction by classification.

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 is based on market prices or 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 necessarily amounts that would be received or paid in the future.

are shown below. Items with fair values that were extremely difficult to determine were not included (See Note 2).

As of March 31, 2018		Millions of yen		
	Carrying value	Fair value	Difference	
Assets:				
(1) Marketable securities	¥ 192,819	¥ 190,621	¥ (2,197)	
(2) Cash and deposits	181,631	181,631	-	
(3) Trade notes and accounts receivable	291,341	291,341	-	
Liabilities:				
(4) Bonds *1	¥ 679,259	¥ 691,616	¥12,356	
(5) Long-term borrowings *1	1,537,330	1,606,141	68,811	
(6) Short-term borrowings	370,945	370,945	-	
(7) Trade notes and accounts payable	133,057	133,057	-	
(8) Derivative transactions *2	(3,268)	(3,268)	-	

As of March 31, 2019		Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	
Assets:				
(1) Marketable securities	\$ 1,023,290	\$ 901,744	\$(121,546)	
(2) Cash and deposits	4,919,665	4,919,665	-	
(3) Trade notes and accounts receivable	3,097,749	3,097,749	-	
Liabilities:				
(4) Bonds *1	\$ 5,885,224	\$ 5,997,978	\$ 112,754	
(5) Long-term borrowings *1	12,556,386	13,149,520	593,133	
(6) Short-term borrowings	8,338,854	8,338,854	-	
(7) Trade notes and accounts payable	1,203,461	1,203,461	-	
(8) Derivative transactions *2	(15,056)	(15,056)	-	

*1 (4) Bonds and (5) Long-term borrowings include scheduled redemptions within one year.

*2 Assets and liabilities derived from derivative transaction are stated on a net basis, and a net liability position is shown in parentheses.

(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 value of marketable securities settled in the short-term, such as certificates of deposit, are presented by their book values because their market prices are almost equal to them. See Note 7, Marketable Securities and Investments Securities, for the purposes for which securities are held.

(2) Cash and deposits and (3) Trade notes and accounts receivable

For cash and deposits, trade notes and accounts receivable, the book 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 book value.

(4) 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 foreign exchange forward contracts in the allocation process. These are valued based on the same terms and conditions applied to derivative transactions.

(5) Long-term borrowings

The value of long-term borrowings is calculated using terms as if the borrowings were new loans. Some borrowings are subject to interest rate swaps in the allocation process. These are valued based on the same terms and conditions applied to derivative transactions.

(6) Short-term borrowings

For short-term borrowings, the book value is used for the fair value because the accounts will be settled in the near future, meaning the fair value is largely equivalent to the book value.

(7) Trade notes and accounts payable

For trade notes and accounts payable, the book value is used for the fair value because the accounts will be settled in the near future, meaning the fair value is largely equivalent to the book value. In addition, some accounts payable are subject to allocation treatment as with forward exchange contracts.

(8) Derivative transactions

Refer to Note 14, Derivatives.

(Note 2) Financial instruments for which assessing fair value is extremely difficult to determine.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Unlisted stocks, etc.	¥508,586	¥498,506	\$4,581,862

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, 2019:	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.	¥ -	¥ -	¥ -	¥ -
Corporate bonds	1,099	-	-	-
Other	-	-	601	-
Available-for-sale securities with maturity dates:				
Debt securities:				
National and local government bonds, etc.	-	-	-	-
Corporate bonds	200	102	-	248
Other	-	-	-	-
Other	5,000	-	-	-
Cash and deposits	546,082	-	-	-
Trade notes and accounts receivable	343,845	4	-	-
Total	¥896,229	¥107	¥601	¥248

As of March 31, 2018:	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.	¥ 200	¥ -	¥ -	¥ -
Corporate bonds	599	1,099	-	-
Other	200	200	200	-
Available-for-sale securities with maturity dates:				
Debt securities:				
National and local government bonds, etc.	-	-	-	-
Corporate bonds	-	309	-	248
Other	-	-	-	-
Other	105,000	-	-	-
Cash and deposits	181,631	-	-	-
Trade notes and accounts receivable	291,324	17	-	-
Total	¥578,955	¥1,626	¥200	¥248

As of March 31, 2019:	Thousands of U.S. dollars			
	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.	\$ –	\$ –	\$ –	\$ –
Corporate bonds	9,909	–	–	–
Other	–	–	5,420	–
Available-for-sale securities with maturity dates:				
Debt securities:				
National and local government bonds, etc.	–	–	–	–
Corporate bonds	1,809	924	–	2,241
Other	–	–	–	–
Other	45,045	–	–	–
Cash and deposits	4,919,665	–	–	–
Trade notes and accounts receivable	3,097,707	42	–	–
Total	\$8,074,136	\$966	\$5,420	\$2,241

(Note 4) Anticipated redemption schedule for bonds, long-term borrowings and other interest-bearing debt subsequent to the fiscal year-end.

As of March 31, 2019:	Millions of yen					
	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	¥100,000	¥ 60,000	¥ –	¥ 80,000	¥ 70,000	¥343,260
Long-term borrowings	166,007	224,147	182,932	74,001	96,575	650,094
Short-term borrowings*	326,412	–	–	–	–	–
Total	¥592,420	¥284,147	¥182,932	¥154,001	¥166,575	¥993,354

As of March 31, 2018:	Millions of yen					
	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	¥ 60,000	¥100,000	¥ 60,000	¥ –	¥ 80,000	¥ 379,260
Long-term borrowings	175,562	179,211	235,778	187,426	71,430	687,920
Short-term borrowings	370,945	–	–	–	–	–
Total	¥606,507	¥279,211	¥295,778	¥187,426	¥151,430	¥1,067,180

As of March 31, 2019:	Thousands of U.S. dollars					
	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	\$ 900,900	\$ 540,540	\$ –	\$720,720	\$ 630,630	\$3,092,432
Long-term borrowings	1,495,565	2,019,343	1,648,039	666,681	870,049	5,856,706
Short-term borrowings	2,940,656	–	–	–	–	–
Total	\$5,337,122	\$2,559,883	\$1,648,039	\$1,387,402	\$1,500,679	\$8,949,139

*Short-term borrowings of ¥599,200 million (\$5,398,198 thousand) succeeded to JERA on April 1, 2019 were not included in anticipated redemption.

7. Marketable Securities and Investments Securities

(a) Held-to-maturity debt securities at March 31, 2019 and 2018 were as follows:

As of March 31, 2019	Millions of yen		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥ –	¥ –	¥ –
Corporate bonds	1,099	1,110	10
Other	601	638	36
Subtotal	1,701	1,748	46
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	–	–	–
Total	¥1,701	¥1,748	¥46

As of March 31, 2018	Millions of yen		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥ 200	¥ 202	¥ 2
Corporate bonds	1,699	1,733	33
Other	400	429	29
Subtotal	2,299	2,365	65
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	200	196	(3)
Subtotal	200	196	(3)
Total	¥2,499	¥2,561	¥61

As of March 31, 2019	Thousands of U.S. dollars		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	\$ –	\$ –	\$ –
Corporate bonds	9,909	10,001	91
Other	5,420	5,751	330
Subtotal	15,330	15,752	422
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	–	–	–
Total	\$15,330	\$15,752	\$422

(b) Available-for-sale securities at March 31, 2019 and 2018 were as follows:

As of March 31, 2019	Millions of yen		
	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:			
Stocks	¥69,053	¥16,965	¥52,087
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	552	499	52
Other	–	–	–
Other	–	–	–
Subtotal	69,605	17,465	52,140
Securities whose acquisition cost exceeds carrying value:			
Stocks	519	594	(75)
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	5,000	5,000	–
Subtotal	5,519	5,594	(75)
Total	¥75,125	¥23,060	¥52,064

As of March 31, 2018	Millions of yen		
	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:			
Stocks	¥74,272	¥17,554	¥56,718
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	557	499	58
Other	–	–	–
Other	–	–	–
Subtotal	74,830	18,054	56,776
Securities whose acquisition cost exceeds carrying value:			
Stocks	261	275	(14)
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	10,000	10,000	–
Subtotal	10,261	10,275	(14)
Total	¥85,091	¥28,329	¥56,761

As of March 31, 2019	Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:			
Stocks	\$622,104	\$152,845	\$469,259
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	4,974	4,503	471
Other	–	–	–
Other	–	–	–
Subtotal	627,079	157,348	469,730
Securities whose acquisition cost exceeds carrying value:			
Stocks	4,677	5,360	(682)
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	45,045	45,045	–
Subtotal	49,722	50,405	(682)
Total	\$676,802	\$207,754	\$469,048

(c) Available-for sale securities that were sold during the year ended March 31, 2019 and 2018 were as follows.

As of March 31, 2019	Millions of yen		
	Sales value	Total profit on sales	Total loss on sales
Stocks	¥496	¥196	¥1
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	¥496	¥196	¥1

As of March 31, 2018	Millions of yen		
	Sales value	Total profit on sales	Total loss on sales
Stocks	¥9	¥0	¥9
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	¥9	¥0	¥9

As of March 31, 2019	Thousands of U.S. dollars		
	Sales value	Total profit on sales	Total loss on sales
Stocks	\$4,470	\$1,769	\$15
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	\$4,470	\$1,769	\$15

(d) Loss on valuation of securities

Loss on valuation of securities of ¥122 million (\$1,105 thousand) and ¥4,005 million was recorded in the years ended March 31, 2019 and 2018, respectively.

8. Investment in Capital of Associated Companies (Especially Amount of Investment to Jointly Controlled Entities)

At March 31, 2019 and 2018, investment in the capital of associated companies (especially the amount of investment to jointly controlled entities) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Investment in capital of associated companies	¥447,090	¥412,573	\$4,027,845
<amount of investment to jointly controlled entities>	<328,485>	<320,507>	<2,959,329>

9. Inventories

Inventories at March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Merchandise and finished products	¥ 779	¥ 746	\$ 7,018
Work-in-process	5,729	4,818	51,619
Raw materials and supplies	84,547	69,492	761,690
Total	¥91,056	¥75,056	\$820,328

The ending balance of inventories reflects reductions in the value of inventories as a result of decreases in profitability. This valuation loss on inventories, which amounted to ¥6 million (\$58 thousand) and ¥7,639 million in the years

ended March 31, 2019 and 2018 respectively, is included in operating expenses.

10. Long-term Debt and Short-term Debt

At March 31, 2019 and 2018, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Bonds:			
Domestic issue:			
0.100% to 4.000%, maturing serially through 2037	¥ 653,259	¥ 679,259	\$ 5,885,224
Loans from the Development Bank of Japan, other banks and insurance companies, maturing serially through 2040	1,393,758	1,537,330	12,556,386
Lease obligations	42,568	42,038	383,499
Subtotal	2,089,587	2,258,628	18,825,109
Less current portion of long-term debt	(272,140)	(241,116)	(2,451,716)
Total	¥1,817,446	¥2,017,512	\$16,373,393

At March 31, 2019 and 2018, 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 ¥448,241 million (\$4,038,207 thousand) and ¥343,534 million, respectively, and for bonds (including those assigned under debt assumption agreements) of

¥639,260 million (\$5,759,099 thousand) and ¥770,310 million, respectively.

At March 31, 2019 and 2018, property, plant and equipment of a certain subsidiary pledged as collateral for long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Other property, plant and equipment	¥9,758	¥492	\$87,910
Deferred tax assets	216	–	1,946
Other investments	296	–	2,675
Cash and deposits	1,584	–	14,278
Trade notes and accounts receivable	80	–	725
Other current assets	151	–	1,368

At March 31, 2019 and 2018, assets which were pledged as collateral for long-term loans from financial institutions to investees of certain subsidiaries consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Long-term investments	¥ 108	¥ 73	\$ 979
Long-term investments in subsidiaries and associates	2,370	1,296	21,357

At March 31, 2019 and 2018, short-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Short-term borrowings	¥925,612	¥370,945	\$8,338,854

Short-term borrowings consisted mainly of bank loans bearing an average interest rate of 0.17% per annum at March 31, 2019.

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 also may

pay premium severance benefits to its retiring employees. Employee retirement benefits at March 31, 2019 and 2018 were as follows:

Defined benefit plans

(a) Movement in retirement benefit obligations except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Balance at the beginning of current period	¥556,291	¥566,932	\$5,011,636
Service cost	17,128	17,360	154,307
Interest cost	4,479	4,571	40,355
Actuarial loss	2,539	1,020	22,877
Benefits paid	(35,252)	(33,564)	(317,590)
Past service costs incurred	(6,652)	–	(59,934)
Other	(4)	(28)	(36)
Balance at the end of current period	¥538,529	¥556,291	\$4,851,613

(b) Movement in plan assets except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Balance at the beginning of current period	¥397,799	¥403,635	\$3,583,776
Expected return on plan assets	6,964	7,014	62,740
Actuarial loss	(2,938)	(387)	(26,474)
Contributions paid by the employer	9,281	9,310	83,615
Benefits paid	(22,988)	(21,772)	(207,102)
Other	(2)	(1)	(20)
Balance at the end of current period	¥388,115	¥397,799	\$3,496,534

(c) Movement in liability for retirement benefits of defined benefit plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Balance at the beginning of current period	¥4,981	¥4,941	\$44,878
Retirement benefit costs	904	793	8,152
Benefits paid	(697)	(728)	(6,284)
Contributions paid by the employer	(51)	(51)	(460)
Other	1	26	12
Balance at the end of current period	¥5,139	¥4,981	\$46,300

(d) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits, including plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Funded retirement benefit obligations	¥ 390,476	¥ 405,375	\$ 3,517,808
Plan assets	(389,399)	(399,113)	(3,508,102)
	1,077	6,262	9,706
Unfunded retirement benefit obligations	154,475	157,211	1,391,672
Total net liability for retirement benefits	155,553	163,474	1,401,379
Liability for retirement benefits	170,818	182,130	1,538,909
Asset for retirement benefits	(15,265)	(18,656)	(137,530)
Total net liability for retirement benefits	¥ 155,553	¥ 163,474	\$ 1,401,379

(e) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Service cost	¥17,128	¥17,360	\$154,307
Interest cost	4,479	4,571	40,355
Expected return on plan assets	(6,964)	(7,014)	(62,740)
Net actuarial gain and loss amortization	5,940	(1,597)	53,515
Prior service costs amortization	(72)	(35)	(655)
Retirement benefit costs based on the simplified method	904	793	8,152
Other	174	4,012	1,568
Total retirement benefit costs	¥21,589	¥18,090	\$194,502

(f) Adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Prior service costs amortization	¥6,581	¥ (35)	\$59,292
Net actuarial gain and loss amortization	460	(3,004)	4,149
Total balance	¥7,042	¥(3,039)	\$63,442

(g) Accumulated adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Past service costs that are yet to be recognized	¥ (6,651)	¥ (70)	\$ (59,924)
Actuarial gains and losses that are yet to be recognized	19,769	20,230	178,107
Total balance	¥13,118	¥20,160	\$118,183

(h) Plan assets

(1) Plan assets comprise:

	March 31, 2019	March 31, 2018
Bonds	44%	46%
General accounts of life insurance companies	32%	30%
Stock	14%	13%
Other	10%	11%
Total	100%	100%

(2) Long-term expected rate of return

Asset allocation, historical returns, operating policy, marketing trends and other have been considered in determining the long-term expected rate of return.

(i) Actuarial assumptions

The principle actuarial assumptions at March 31, 2019 and 2018 were as follows:

	March 31, 2019	March 31, 2018
Discount rate		
(Company)	0.9%	0.9%
(Subsidiaries)	0.1–0.8%	0.1–0.8%
Long-term expected rate of return		
(Company)	1.7%	1.7%
(Subsidiaries)	2.0%–2.3%	1.8–2.0%

Defined contribution plans

Contributions to defined contribution plans required by the Company and its subsidiaries amounted to ¥2,592 million (\$23,351 thousand) and ¥2,614 million at March 31, 2019 and 2018, respectively.

12. Lease Transactions**(a) Lessee**

Future lease payments under noncancelable operating leases at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Within 1 year	¥ 41	¥ 43	\$375
Over 1 year	57	98	515
Total	¥ 98	¥142	\$890

(b) Lessor

Future lease commitments to be received under noncancelable operating leases at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Within 1 year	¥196	¥193	\$1,773
Over 1 year	227	402	2,053
Total	¥424	¥595	\$3,827

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 the decommissioning of specified nuclear power plants is recorded in tangible fixed assets based on the estimated total cost of decommissioning the nuclear power plants and is expensed based on the straight-line method over the period (the operational period plus the safe storage period) in accordance with "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).

(Additional information)

On April 1, 2018, "Ordinance for Partial Revision of the Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants" (Ordinance of the Ministry of Economy, Trade and Industry No. 17 of March 30, 2018) came into effect, and "Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants" (Ordinance of the of the Ministry of International Trade and Industry No. 30 of May 25, 1989) was revised. As a result, from the date of enforcement, the cost shall be expensed based on the straight-line method over the operational period.

(b) Method for calculating monetary amounts of asset retirement obligations

With regard to the decommissioning of specified nuclear power plants, the monetary amount of asset retirement obligations is calculated based on a discount rate of 2.3% and the relevant period (the operational period) 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). If the monetary amount of

asset retirement obligations calculated in accordance with the "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) exceeds the monetary amount calculated by the previous method, the monetary amount calculated according to the Ministerial Ordinance as obligations will be recorded.

(c) Net increase (decrease) in asset retirement obligations for the fiscal year

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Balance at beginning of year	¥209,178	¥206,812	\$1,884,494
Reductions due to execution of asset retirement obligations	(1,341)	(418)	(12,082)
Impact from change in expected use period*	32,979	–	297,113
Other	8,595	2,784	77,437
Balance at end of year	¥249,412	¥209,178	\$2,246,962

* The expected use period used to calculate the asset retirement obligation for the decommissioning of a specified nuclear power generation facility was the operation period plus the safe storage period. However since April 1, 2018, the date of enactment of the Ministerial Ordinance which revised a part of the Ministerial Ordinance, etc., (Ordinance of the Ministry of Economy, Trade and Industry No. 17 of March 30, 2018), the expected use period has been changed to the operation period. As a result, the amount corresponding to the relevant impact of this change is stated.

14. Derivatives

The Chubu Electric Group enters into derivative financial instruments, including interest rate swaps, foreign exchange forward contracts, currency swaps. The Chubu

Electric Group's derivative financial instruments outstanding at March 31, 2019 and 2018 were as follows:

(a) Derivatives for which hedge accounting is not applied

(1) Currency related

Not applicable

(2) Interest rate related

Not applicable

(3) Commodity related

Not applicable

(b) Derivatives for which hedge accounting is applied

As of March 31, 2019		Millions of yen		
		Contract amount		Fair value
Hedged items		Total	More than 1 year	
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	¥ 20,050	¥ 19,521	¥ 1,001
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings and short-term borrowings	212,216	153,197	(2,672)
Receive fixed, pay floating	Long-term borrowings and short-term borrowings	–	–	–
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps:	Bonds	20,000	–	*
Foreign exchange forward contracts:				
Long position	Accounts payable	196	–	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	14,720	13,080	*
Total		¥ –	¥ –	¥(1,671)

As of March 31, 2018		Millions of yen		
		Contract amount		Fair value
Hedged items		Total	More than 1 year	
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	¥ 12,827	¥ 12,827	¥ (631)
Interest rate swaps:				
Receive floating, pay fixed	Bonds and long-term borrowings	288,500	202,500	(3,768)
Receive fixed, pay floating	Bonds and long-term borrowings	50,000	–	1,130
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps:	Bonds	20,000	20,000	*
Foreign exchange forward contracts:				
Long position	Accounts payable	2,028	–	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	16,414	14,720	*
Total		¥ –	¥ –	¥(3,268)

As of March 31, 2019		Thousands of U.S. dollars		
		Contract amount		Fair value
Hedged items		Total	More than 1 year	
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	\$ 180,639	\$ 175,868	\$ 9,019
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings and short-term borrowings	1,911,862	1,380,153	(24,075)
Receive floating, pay floating	Long-term borrowings and short-term borrowings	–	–	–
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps:	Bonds	180,180	–	*
Foreign exchange forward contracts:				
Long position	Accounts payable	1,773	–	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	132,612	117,837	*
Total		\$ –	\$ –	\$(15,056)

*For the allocation method of currency swaps etc., and the special treatment of interest rate swaps, the fair value was included in fair value of the respective hedged items.
 (Note) The fair values of derivative transactions are the quoted prices obtained from the financial institutions.

15. Contingent Liabilities

As of March 31, 2019 and 2018, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Guarantees of bonds and loans of companies and others:			
Japan Nuclear Fuel Limited	¥102,079	¥108,731	\$919,637
Guarantees of housing and other loans for employees	50,155	56,061	451,854
The Japan Atomic Power Company	38,095	38,095	343,200
Cricket Valley Energy Partners LLC*	31,473	21,701	283,541
Ichthys LNG Pty Ltd.*	11,788	12,612	106,200
MT Falcon Holdings Company, S.A.P.I. de C.V.*	7,697	8,693	69,343
PT.Cirebon Energi Prasarana*	4,620	3,271	41,629
Phoenix Power Company SAOG*	2,069	1,811	18,648
Compania de Generacion Valladolid, S. de R.L. de C.V.*	1,564	1,749	14,093
Rakuten Trust Co., Ltd	1,247	1,405	11,234
Mesaieed Power Company Limited*	975	929	8,784
Ras Girtas Power Company*	873	836	7,870
Tahara Solar Co., Ltd.	300	339	2,702
Suzukawa Energy Center Ltd.	259	259	2,338
Guarantees related to other contracts:			
JERA Energy America LLC*	32,963	17,307	296,970
MT Falcon Holdings Company, S.A.P.I. de C.V.*	3,837	3,987	34,575
Compania de Generacion Valladolid, S. de R.L. de C.V.*	1,120	1,072	10,090
Yonago Biomass Power Generation LLC	1,008	0	9,081
Diamond Power Corporation	810	810	7,298
Phoenix Operation and Maintenance Company LLC*	504	482	4,540
PT.Cirebon Energi Prasarana*	256	246	2,313
Phoenix Power Company SAOG*	188	198	1,702
Goreway Power Station Holdings Inc.*	126	629	1,138
JERA Americas Inc.*	0	4	8
Recourse under debt assumption agreements	0	91,050	0

* With regard to ¥95,409 million (\$859,548) of the contingent liabilities in the table above as of March 31, 2019 and ¥70,074 million as of March 31, 2018, the Company has concluded an agreement with JERA Co., to compensate the Company for any loss arising from a debt guarantee.

16. Net Assets

The authorized number of shares of common stock without par value is 1,190 million. At both March 31, 2019 and 2018, the number of shares of common stock issued was 758,000,000. At March 31, 2019 and 2018, the number of shares of treasury stock held by the Chubu Electric Group was 1,360,581 and 1,289,738, 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 in which 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.

At the annual shareholders' meeting held on June 26, 2019, the shareholders approved cash dividends amounting to ¥18,918 million (\$170,433 thousand) or ¥25 per share. The dividend of surplus was not recorded in the consolidated financial statements as of March 31, 2019. Such dividends of surplus are recognized in the period in which they are approved by the shareholders.

17. Income Taxes

(a) The tax effects of temporary differences that give rise to deferred tax assets and liabilities at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Deferred tax assets:			
Liability for retirement benefits	¥ 48,555	¥ 51,854	\$ 437,437
Asset retirement obligations	42,627	33,352	384,028
Depreciation of easement rights	32,821	30,646	295,688
Depreciation	30,866	34,252	278,072
Intercompany unrealized profits	19,575	19,175	176,357
Impairment loss	17,868	19,366	160,981
Reprocessing of irradiated nuclear fuel	13,845	13,899	124,737
Other	80,034	79,532	721,030
Total gross deferred tax assets	286,195	282,080	2,578,333
Less valuation allowance	(50,660)	(50,715)	(456,401)
Total deferred tax assets	235,534	231,365	2,121,931
Deferred tax liabilities:			
Asset retirement costs corresponding to asset retirement obligations	16,157	7,130	145,560
Net unrealized gains on available-for-sale securities	13,060	14,322	117,662
Other	10,832	12,478	97,591
Total deferred tax liabilities	40,050	33,931	360,815
Net deferred tax assets	¥195,483	¥197,433	\$1,761,116

(b) A reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2019 and 2018

The reconciliations for 2019 and 2018 have been omitted because the difference between the statutory income tax rate and the effective income tax rate for each of the years

ended March 31, 2019 and 2018 was 5% or less of the statutory income tax rate.

18. Operating Expenses

Operating expenses in the electricity business for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Salaries	¥ 132,037	¥ 130,933	\$ 1,189,523
Retirement benefits	22,349	14,834	201,349
Fuel	814,314	713,618	7,336,168
Subcontracting fees	83,257	99,794	750,069
Power purchased from other suppliers	458,354	393,946	4,129,320
Levy under act on purchase of renewable energy sourced electricity	295,711	276,729	2,664,069
Other	758,197	799,979	6,830,612
Subtotal	2,564,223	2,429,835	23,101,113
Adjustment	(24,598)	(14,719)	(221,607)
Total	¥2,539,625	¥2,415,115	\$22,879,505

19. Impairment Loss

Impairment loss for the year ended March 31, 2018 was as follows:

(a) Asset grouping methods

In principle, the Chubu Electric Power Group groups assets according to units in which their cash flow is examined regularly. However, idle assets and important assets that

are earmarked for disposal and have no alternative investment scheduled form their own standalone asset groups. The main grouping methods are as shown below:

(1) Fixed assets used in the electricity business

Type of assets	Units of grouping
Hydroelectric power generation business Thermal power generation business Nuclear power generation business Renewable energy power generation business	Mainly by business unit
Other business	Mainly by in-house company

(2) Fixed assets used in other business operations

Grouped by business and location, in principle.

(Additional information)

• Review of asset grouping

The grouping method for (1) Fixed assets used in the electricity business had categorized all applicable assets into one asset group as the assets for electricity operations from power generation to electricity sales form a single network with the cash-flow accounted for the entire business. However, the grouping has been changed from this fiscal year due to changes in the units identifying cash flow

following the compilation of a business plan that reflects organizational restructuring aimed at building a self-regulating business structure capable of responding flexibly and swiftly to changes in the environment surrounding the energy business. This change has resulted in the reduction of income before taxes by ¥20,834 million (\$196,093 thousand) compared to the income level calculated using the previous method. There has been no change to the grouping of (2) Fixed assets used in other business operations.

(b) Assets and asset grouping recognizing impairment loss

Use	Location	Type	Impairment loss	
			Millions of yen	U.S. dollars
Power generation facilities such as those scheduled to be discontinued (fixed assets used in the electricity business)	Owase-Mita thermal power plant (Owase, Mie) and 4 other assets or asset groups	Buildings, structures, machinery and equipment	21,504	202,399
Idle assets, etc., whose future use is undecided (other fixed assets)	Shimizu power plant building site (Shizuoka, Shizuoka) and 20 other assets or asset groups	Land, buildings, structures, machinery and equipment	1,851	17,425
Total			23,356	219,824

Breakdown by fixed asset type

Buildings	¥1,567 million	(\$14,754 thousand)
Structures	¥3,088 million	(\$29,070 thousand)
Machinery and equipment	¥17,577 million	(\$165,434 thousand)
Others	¥1,122 million	(\$10,565 thousand)

(c) Background to the recognition of impairment loss

The assets earmarked for disposal show a significant drop in market value or have been idle with no specific construction plan or outlook for future use. The assets or asset groups that were deemed to have difficulty in

recovering have had their book values reduced to recoverable amounts. The amount of reduction (¥23,356 million) has been recorded as impairment loss.

(d) Calculating the recoverable amounts

The recoverable amounts have been determined based on net realizable value and value in use. Value in use was calculated by applying discount rates based on the Company's capital cost to future cash flows. Net realizable value

was calculated by rationally estimating the asset's expected sale value. If alternative use or sale was considered unlikely, the asset's net realizable value was set at zero.

20. 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
	March 31, 2019	March 31, 2018	March 31, 2019
Net unrealized loss on available-for-sale securities:			
Decrease during the year	¥(4,388)	¥ (793)	\$(39,540)
Reclassification adjustments	(188)	(139)	(1,698)
Subtotal, before tax	(4,577)	(932)	(41,238)
Tax benefit	1,261	250	11,368
Subtotal, net of tax	(3,315)	(682)	(29,869)
Net deferred gain on hedging instruments:			
Increase (decrease) during the year	1,304	(564)	11,755
Reclassification adjustments	1,018	1,224	9,174
Subtotal, before tax	2,323	660	20,930
Tax expense	(643)	(179)	(5,798)
Subtotal, net of tax	1,679	481	15,132
Foreign currency translation adjustments:			
(Decrease) increase during the year	(168)	1,456	(1,522)
Subtotal, net of tax	(168)	1,456	(1,522)
Adjustments for retirement benefits:			
Increase (decrease) during the year	782	(1,394)	7,050
Reclassification adjustments	6,259	(1,644)	56,392
Subtotal, before tax	7,042	(3,039)	63,442
Tax (expense) benefit	(2,132)	810	(19,214)
Subtotal, net of tax	4,909	(2,229)	44,227
Share of other comprehensive income of affiliates accounted for using equity method:			
Decrease during the year	(2,503)	(6,438)	(22,552)
Reclassification adjustments	576	1,699	5,195
Acquisition cost adjustment for assets	404	483	3,645
Subtotal, net of tax	(1,522)	(4,256)	(13,711)
Total other comprehensive income	¥ 1,582	¥(5,229)	\$ 14,256

21. Related Party Transactions

(a) Significant transactions of the Company and its subsidiaries with unconsolidated subsidiaries and affiliates for the years ended March 31, 2019 and 2018 were as follows:

JERA Co., Inc. (an affiliate)

JERA Co., Inc. operates in the fuel business and power generation infrastructure businesses both in Japan and abroad. The Company has a 50% share of the voting

rights in JERA Co., Inc. Its involvement with JERA Co., Inc. includes fuel purchases and interlocking directors. The terms of fuel purchases are determined after due consideration of market conditions and negotiations.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
The Company's transactions during the year:			
Transaction amounts	¥713,589	¥613,396	\$6,428,730
Balances at the fiscal year-end:			
Other current liabilities	39,442	22,140	355,333

(b) Notes concerning the parent company and important affiliates

Important affiliates' financial summary

In this consolidated accounting year, JERA is an important affiliate. The company's consolidated financial summary is as shown below:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Total current assets	¥ 610,565	¥ 596,094	\$ 5,500,585
Total noncurrent assets	646,928	493,099	5,828,180
Total current liabilities	264,269	266,877	2,380,808
Total noncurrent liabilities	380,050	242,121	3,423,875
Total net assets	613,173	580,194	5,524,083
Operating revenues	2,780,725	2,235,189	25,051,584
Income before income taxes	34,145	52,658	307,614
Net income attributable to owners of parent	22,598	38,918	203,589

22. Business Combinations

(a) Business combinations of entities under common control

The June 2015 amendment of the Electricity Business Act stipulates that electric utilities be legally split into the power generation and retail business, and the transmission and distribution business by April 2020 in order to secure greater neutrality of the power transmission and distribution sector. Retail electricity operators will accelerate collaboration with a broader range of businesses to achieve autonomous business expansion and improvement in their standards of service.

To this end, at the Board of Directors' meeting held on April 26, 2019, the Company resolved that it would enter into an absorption-type company split agreement with Chubu Electric Power Transmission and Distribution

Business Split Preparation Company and Chubu Electric Power Retail Electricity Business Split Preparation Company (the Absorption-Type Split) to the effect that each successor company would succeed the Company's general transmission and distribution business and electricity retail businesses by way of company split. The Absorption-Type Split involving the general transmission and distribution business was approved by resolution at the ordinary session of the General Shareholders' Meeting convened on June 26, 2019.

The Absorption-Type Split requires obtaining the approval of the relevant government authorities.

(1) Outline of transactions

1) Name of the target business and details of the relevant business

Successor company	Business to be divided
Chubu Electric Power Transmission and Distribution Business Split Preparation Company	General transmission and distribution business, telecommunications business and any associated businesses
Chubu Electric Power Retail Electricity Business Split Preparation Company	Electricity retail business, gas business and any associated businesses

2) Date of business combination

April 1, 2020 (scheduled)

3) Legal form of business combination

In this absorption-type split, the Company is to be the splitting company, and the Company's wholly-owned subsidiary, Chubu Electric Power Transmission and Distribution Business Split Preparation Company and Chubu Electric Power Retail Electricity Business Split Preparation Company, is to be the successor company.

4) Company name after business combination

Chubu Electric Power Transmission and Distribution Business Split Preparation Company
Chubu Electric Power Retail Electricity Business Split Preparation Company

(Note) The tradenames of the successor companies are due to be changed as of April 1, 2020.

5) Other matters concerning the outline of transactions

a. Operating results of sectors to be divided for the fiscal year ended March 31, 2019

Business to be divided	Sales of business subject to division (a)	Sales of the Company on its own (b)	Ratio (a/b)
General transmission and distribution business, telecommunications business and any associated businesses	¥127,820 million (\$1,151,538 thousand)	¥2,743,024 million (\$24,711,929 thousand)	4.66%
Electricity retail business, gas business and any associated businesses	¥2,555,482 million (\$23,022,363 thousand)	¥2,743,024 million (\$24,711,929 thousand)	93.16%

(Note) External sales figures are listed.

b. Assets and liabilities' items and amount to be divided (as of the end of March 31, 2019)

(i) Assets and liabilities' items and amount to be divided into Chubu Electric Power Transmission and Distribution Business Split Preparation Company

Assets		Liabilities	
Item	Book value	Item	Book value
Noncurrent Assets	¥2,107,505 million (\$18,986,533 thousand)	Noncurrent Liabilities	¥106,161 million (\$956,411 thousand)
Current Assets	¥27,936 million (\$251,680 thousand)	Current Liabilities	¥115,202 million (\$1,037,860 thousand)
Total	¥2,135,441 million (\$19,238,214 thousand)	Total	¥221,364 million (\$1,994,271 thousand)

(ii) Assets and liabilities' items and amount to be divided into Chubu Electric Power Retail Electricity Business Split Preparation Company

Assets		Liabilities	
Item	Book value	Item	Book value
Noncurrent Assets	¥39,622 million (\$356,963 thousand)	Noncurrent Liabilities	¥9,717 million (\$87,543 thousand)
Current Assets	¥248,456 million (\$2,238,348 thousand)	Current Liabilities	¥112,867 million (\$1,016,821 thousand)
		Reserves under the special laws	¥22,446 million (\$202,221 thousand)
Total	¥288,079 million (\$2,595,311 thousand)	Total	¥145,031 million (\$1,306,587 thousand)

(Note) The assets and liabilities to be actually divided shall be the amounts that have any increase or decrease to be incurred up to the day before the effectuation date reflected to the above figures.

c. The Company's status after the absorption-type split (April 1, 2020 (scheduled))

	Split company
Corporate name	Chubu Electric Power Co., Inc.
Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
Representative	Satoru Katsuno, President and Director
Business	Management of associated companies, nuclear power and renewable energy businesses, etc.
Capital	¥430,777 million (\$3,880,877 thousand)
Fiscal year end	March 31

d. Successor company's status after the absorption-type split (April 1, 2020 (scheduled))

	Successor company
Corporate name	Chubu Electric Power Transmission and Distribution Business Split Preparation Company
Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
Representative	Yaoji Ichikawa, President and Director
Business	General transmission and distribution business, telecommunication business, etc.
Capital	¥40,000 million (\$360,360 thousand)
Fiscal year end	March 31

	Successor company
Corporate name	Chubu Electric Power Retail Electricity Business Split Preparation Company
Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
Representative	Kingo Hayashi, President and Director
Business	Electricity retail business, gas business, etc.
Capital	¥4,000 million (\$36,036 thousand)
Fiscal year end	March 31

(Note) The tradenames of the successor companies are due to be changed as of April 1, 2020.

(2) Outline of accounting treatment applied

Following the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and business separations" (ASBJ Guidance No. 10, issued on January 16, 2019), this business combination will be accounted for as a business combinations of entities under common control.

(b) Formation of a jointly controlled entity

At the Board of Directors' meeting held on May 9, 2018, the Company resolved that it would enter into an absorption-type company split agreement with JERA Co., Inc. (hereinafter, "JERA") to the effect that JERA would integrate the Company's fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses (hereinafter "the Business") by way of a company split. The General Shareholders' Meeting convened on June 27, 2018 approved the agreement for the Absorption-Type Split. Accordingly, the Company had JERA succeed this business as of April 1, 2019.

Concurrently, JERA concluded a separate absorption-type company split agreement with TEPCO Fuel & Power, Inc. (hereinafter, "TEPCO FP") so that JERA succeeded the TEPCO FP's fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses on April 1, 2019.

(1) Outline of transactions

1) Name of the target business and details of the relevant business

Gas/LNG sales business, LNG acceptance/storage/gas transmission business, the existing thermal power generation business, replacement and new establishment of the existing thermal power generation plants and related businesses.

2) Date of business combination

April 1, 2019

3) Legal form of business combination

Absorption-type company split to be implemented by the Company as a split company and JERA as a successor company.

4) Company name after business combination

JERA Co., Inc.

5) Other matters concerning the outline of transactions

On June 8, 2017, the Company concluded a Joint-Venture Agreement with TEPCO FP with the aim of integrating their fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses, etc., into JERA (hereinafter "the integration"). In addition, on February 27, 2018, the Company reached a related agreement with TEPCO (hereinafter, "Related Agreement") which determined terms and conditions and procedural matters concerning the integration. Based on the agreement, it was decided that JERA would integrate the businesses.

6) Reason for judging it a jointly controlled entity

In establishing this jointly controlled entity, the Company and TEPCO concluded a joint venture agreement under which both companies would jointly control JERA and other related agreements and have decided to pay for the business combination entirely with shares with voting rights. There exists no other circumstances indicating controlling relationships. Accordingly, in our opinion, this business combination was formed as a jointly controlled entity.

(2) Outline of Accounting Treatment Applied

Following the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and business separations" (ASBJ Guidance No. 10, issued on January 16, 2019), this business combination will be accounted for as a formation of a jointly controlled entity.

23. Segment Information

The reporting segments are constituent business units of the Chubu Electric Power Group for which separate financial information is obtained and 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. Additionally, amid drastic changes in the business environment, the company system was introduced and three companies—"Power Generation," "Power Network," and "Customer Service & Sales"—were

formed in April 2016 for the purpose of building an autonomous business structure that enables swift and flexible response in the power generation, power transmission/distribution and retail business fields.

Under the above system, "Power Generation," "Power Network," and "Customer Service & Sales" were arranged as report segments.

["Power Generation"]

Provision of electric power from thermal and renewable energies

["Power Network"]

Provision of electric power network services

["Customer Service & Sales"]

Operation of comprehensive energy services focused on gas and power

Information by segment for the years ended March 31, 2019 and 2018 was as follows.

Year ended March 31, 2019	Millions of yen							
	Power Generation	Power Network	Customer Service & Sales	Subtotal	Other	Total	Adjustment	Consolidated
Operating revenues:								
External customers	¥ 51,038	¥ 123,078	¥2,646,016	¥2,820,132	¥ 214,950	¥3,035,082	¥ -	¥3,035,082
Intersegment	1,101,938	623,343	103,534	1,828,815	485,515	2,314,331	(2,314,331)	-
Total	1,152,976	746,421	2,749,550	4,648,948	700,465	5,349,414	(2,314,331)	3,035,082
Operating income	¥ 7,480	¥ 53,038	¥ 65,020	¥ 125,539	¥ 5,899	¥ 131,438	¥ (5,514)	¥ 125,924
Total assets	¥1,187,408	¥2,118,020	¥ 359,164	¥3,664,593	¥2,589,136	¥6,253,730	¥ (266,203)	¥5,987,526
Depreciation and amortization	93,363	124,630	6,235	224,229	36,554	260,783	(4,317)	256,465
Increase in tangible and intangible fixed assets	116,925	114,686	17,257	248,870	84,673	333,543	(6,422)	327,120

Year ended March 31, 2018	Millions of yen							
	Power Generation	Power Network	Customer Service & Sales	Subtotal	Other	Total	Adjustment	Consolidated
Operating revenues:								
External customers	¥ 47,509	¥ 85,785	¥2,527,909	¥2,661,204	¥ 192,105	¥2,853,309	¥ -	¥2,853,309
Intersegment	1,050,138	658,893	105,983	1,815,016	514,021	2,329,037	(2,329,037)	-
Total	1,097,648	744,678	2,633,893	4,476,220	706,126	5,182,347	(2,329,037)	2,853,309
Operating income (loss)	¥ 38,274	¥ 55,268	¥ 38,145	¥ 131,687	¥ 7,134	¥ 138,822	¥ (2,317)	¥ 136,505
Total assets	¥1,146,610	¥2,153,319	¥ 251,114	¥3,551,044	¥2,265,668	¥5,816,713	¥ (287,304)	¥5,529,408
Depreciation and amortization	99,159	127,624	6,069	232,854	39,066	271,920	(4,092)	267,828
Impairment loss	20,836	745	-	21,581	1,775	23,356	-	23,356
Increase in tangible and intangible fixed assets	134,939	118,540	11,460	264,940	84,973	349,913	(6,170)	343,743

Year ended March 31, 2019	Thousands of U.S. dollars							
	Power Generation	Power Network	Customer Service & Sales	Subtotal	Other	Total	Adjustment	Consolidated
Operating revenues:								
External customers	\$ 459,802	\$ 1,108,811	\$ 23,837,983	\$ 25,406,598	\$ 1,936,488	\$ 27,343,086	\$ –	\$ 27,343,086
Intersegment	9,927,369	5,615,706	932,741	16,475,817	4,374,015	20,849,833	(20,849,833)	–
Total	10,387,172	6,724,518	24,770,725	41,882,416	6,310,503	48,192,919	(20,849,833)	27,343,086
Operating income	\$ 67,391	\$ 477,820	\$ 585,773	\$ 1,130,985	\$ 53,148	\$ 1,184,133	\$ (49,678)	\$ 1,134,455
Total assets	\$10,697,371	\$19,081,270	\$ 3,235,713	\$33,014,355	\$23,325,555	\$56,339,910	\$ (2,398,230)	\$53,941,680
Depreciation and amortization	841,111	1,122,793	56,176	2,020,081	329,317	2,349,399	(38,897)	2,310,501
Increase in tangible and intangible fixed assets	1,053,385	1,033,211	155,475	2,242,072	762,822	3,004,895	(57,861)	2,947,034

(a) Method for calculating operating revenues, income, assets and other amounts for each reporting segment

The accounting treatment and methods used for the reporting segments are consistent with the accounting treatment and methods described in Note 2, Summary of Significant Accounting Policies. Segment income for each reporting segment is presented on an operating income

basis. Intersegment internal sales and transfers are, in principle, calculated in accordance with internal transaction prices that are based on costs.

(b) Information about products and services

The Company has omitted a disclosure of information for sales of a single product/service category to external

customers which accounted for more than 90% of all sales in the consolidated statements of income.

(c) Information by geographic regions

(1) Operating revenues

The Company has omitted a disclosure of information for operating revenues because operating revenues to external customers in Japan accounted for more than 90% of the

operating revenues reported in the consolidated statements of income.

(2) Property, plant and equipment

The Company has omitted a disclosure of information for property, plant and equipment because property, plant and equipment in Japan accounted for more than 90% of the

property, plant and equipment reported in the consolidated balance sheets.

(d) Information about major customers

The Company has not disclosed information about major customers because no customer contributed 10% or more to operating revenues in the consolidated statements of income.

(e) Impairment loss

The Company has omitted information by segment on impairment loss due to the negligible importance of this information for the year ended March 31, 2019.

Year ended March 31, 2018	Millions of yen / Thousands of U.S. dollars						
	Power Generation	Power Network	Customer Service & Sales	Subtotal	Other	Elimination or Corporate	Total
Impairment loss	¥20,836	¥745	¥–	¥21,581	¥1,775	¥–	¥23,356
Impairment loss	\$196,104	\$7,013	\$–	\$203,118	\$16,706	\$–	\$219,824

(f) Amortization of goodwill and the unamortized balance

The Company has omitted information by segment on amortization of goodwill and the unamortized balance due to the negligible importance of this information.

(g) Gain arising from negative goodwill

Not applicable

Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Chubu Electric Power Company, Incorporated:

We have audited the accompanying consolidated financial statements of Chubu Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statements of income, statements of comprehensive income, statement of changes in net assets and statement of cash flows for the year 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 audit. We conducted our audit 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 consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 22 to the consolidated financial statements. The Company entered into absorption-type company split agreement with Chubu Electric Power Transmission and Distribution Business Split Preparation Company and Chubu Electric Power Retail Electricity Business Split Preparation Company on April 26, 2019.

We draw attention to Note 22 to the consolidated financial statements. The company had the Company's fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses succeeded by JERA on April 1, 2019.

Our opinion is not modified in respect of these matters.



Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2019 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 to the consolidated financial statements.

KPMG AZSA LLC

June 26, 2019
Nagoya, Japan

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Nonconsolidated Balance Sheets

Chubu Electric Power Company, Incorporated
As of March 31, 2019 and 2018

ASSETS	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Property, Plant and Equipment:			
Property, plant and equipment, at cost	¥13,386,568	¥13,420,091	\$120,599,719
Construction in progress	409,861	317,907	3,692,449
	13,796,430	13,737,998	124,292,169
Less:			
Contributions in aid of construction	(185,985)	(180,675)	(1,675,549)
Accumulated depreciation	(10,022,860)	(10,016,180)	(90,296,043)
	(10,208,846)	(10,196,855)	(91,971,592)
Total Property, Plant and Equipment, Net	3,587,583	3,541,143	32,320,576
Nuclear Fuel:			
Loaded nuclear fuel	40,040	40,040	360,721
Nuclear fuel in processing	144,573	139,715	1,302,460
Total Nuclear Fuel	184,613	179,755	1,663,182
Investments and Other Assets:			
Long-term investments	566,938	538,208	5,107,556
Deferred tax assets	157,930	159,683	1,422,799
Other	34,231	38,093	308,393
Allowance for doubtful accounts	(351)	(366)	(3,166)
Total Investments and Other Assets	758,749	735,619	6,835,582
Current Assets:			
Cash and deposits	486,867	127,538	4,386,193
Trade notes and accounts receivable	260,161	218,149	2,343,794
Allowance for doubtful accounts	(1,758)	(1,590)	(15,842)
Supplies	80,894	66,035	728,782
Other	45,744	134,565	412,111
Total Current Assets	871,909	544,698	7,855,039
Total Assets	¥ 5,402,856	¥ 5,001,216	\$ 48,674,380

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Noncurrent Liabilities:			
Long-term loans payable	¥1,679,041	¥1,925,313	\$15,126,495
Net defined benefit liability	121,279	124,608	1,092,604
Provision for loss in conjunction with discontinued operations of nuclear power plants	8,174	9,211	73,640
Asset retirement obligations	244,497	205,121	2,202,680
Other	154,142	148,252	1,388,671
Total Noncurrent Liabilities	2,207,134	2,412,507	19,884,093
Current Liabilities:			
Current portion of noncurrent liabilities	271,736	244,199	2,448,080
Short-term loans payable	911,190	337,750	8,208,918
Notes and accounts payable - trade	67,232	69,687	605,697
Other	443,109	469,577	3,991,974
Total Current Liabilities	1,693,268	1,121,215	15,254,671
Reserve for Fluctuation in Water Levels	22,446	22,446	202,221
Total Liabilities	3,922,849	3,556,169	35,340,986
Net Assets:			
Capital stock	430,777	430,777	3,880,877
Capital surplus	70,689	70,689	636,846
Retained earnings	947,793	912,040	8,538,684
Treasury shares, at cost	(1,951)	(1,834)	(17,584)
Total Shareholders' Equity	1,447,309	1,411,673	13,038,823
Valuation and translation adjustments	32,697	33,373	294,569
Total Net Assets	1,480,006	1,445,047	13,333,393
Total Liabilities and Net Assets	¥5,402,856	¥5,001,216	\$48,674,380

Nonconsolidated Statements of Income

Chubu Electric Power Company, Incorporated
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Operating Revenues	¥2,743,024	¥2,597,164	\$24,711,929
Operating Expenses:			
Fuel	814,314	713,618	7,336,168
Salaries and employee benefits	189,169	181,094	1,704,226
Purchased Power	469,567	405,386	4,230,335
Maintenance	163,208	184,974	1,470,347
Depreciation	236,082	247,412	2,126,866
Taxes other than income taxes	121,412	120,314	1,093,809
Other	643,712	629,656	5,799,213
Total Operating Expenses	2,637,467	2,482,456	23,760,967
Operating Income	105,556	114,708	950,962
Other (Income) Expenses:			
Interest expense	22,449	25,109	202,243
Impairment loss	—	22,310	—
Other, net	(5,925)	(2,300)	(53,381)
Total Other Expenses, Net	16,523	45,119	148,862
Income Before Provision of Reserve for Fluctuation in Water Levels and Income Taxes	89,033	69,588	802,099
Reversal of Reserve for Fluctuation in Water Levels	—	(19)	—
Income Before Income Taxes	89,033	69,607	802,099
Income Taxes:			
Current	21,054	25,551	189,678
Deferred	1,954	(4,479)	17,608
Total Income Taxes	23,008	21,072	207,286
Net Income	¥ 66,024	¥ 48,535	\$ 594,812

	Yen		U.S. dollars
	March 31, 2019	March 31, 2018	March 31, 2019
Per Share of Capital Stock:			
Net income - basic	¥87.25	¥64.10	\$0.78
Cash dividends	45.00	35.00	0.40

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