

# Consolidated Financial Report

The information shown below is an English translation of extracts from the Kessan Tanshin (Renketsu) (Consolidated Financial Report). Fiscal year 2006 dates from 1st April 2005 to 31st March 2006.

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CHUBU ELECTRIC POWER COMPANY, INCORPORATED (May 10, 2006)

Code: 9502

Financial Report for the 12-months Period ended March 31, 2006

(Consolidated)

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Adaptation of U.S. accounting standard : None

. Performance Over the Year Ended March 31, 2006

(Figures are rounded down to the nearest million yen)

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## 1. Consolidated Operating Results

	3/06	Change	3/05	Change
Operating Revenues (million yen)	2,150,507	0.8%	2,133,223	1.5%
Operating Income (million yen)	322,104	-5.9%	342,159	2.3%
Ordinary Income (million yen)	219,692	12.6%	195,107	5.5%
Net Income (million yen)	119,458	30.9%	91,270	-20.4%
Net Income per Share (Primary ; yen)	162.07		125.68	
Net Income per Share (Fully diluted ; yen)	152.72		117.37	

Notes: 1. Equity in earnings of affiliates

(3/06: 1,083 million yen, 3/05: 1,715 million yen)

2. Average number of shares outstanding (consolidated)

(3/06: 735,005,101 3/05: 724,107,768 )

3. Changes in accounting methods: Yes

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## 2.Consolidated Financial Standing

	3/06	3/05
Total Assets (million yen)	5,741,876	5,703,558
Shareholders' Equity (million yen)	1,659,313	1,413,233
Shareholders' Equity Ratio	28.9	24.8%
Shareholders' Equity per Share (yen)	2,121.40	1,952.45

Note : Number of shares outstanding at the end of the period. (consolidated)  
(3/06, 782,020,030 3/05: 723,688,890 )

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## 3.Outline of Consolidated Cash Flows

	3/06	3/05
Cash Flows from Operating Activities (million yen)	307,157	557,562
Cash Flows from Investing Activities (million yen)	-140,676	-115,397
Cash Flows from Financing Activities (million yen)	-165,221	-438,149
Cash or Cash Equivalent at the End of the Period (million yen)	65,149	63,860

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## 4.Number of Subsidiaries and Affiliates

Consolidated subsidiaries: 32

Unconsolidated subsidiaries accounted for under the equity method: None

Affiliates accounted for under the equity method: 20

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## 5.Changes in Range of Consolidation and Application of Equity Method

Inclusion of subsidiaries to consolidation: 1

Exclusion of subsidiaries from consolidation: 1

Inclusion of subsidiaries or affiliates accounted for under the equity method: 1

Exclusion of subsidiaries or affiliates accounted for under the equity method: 1

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.Forecasts of Consolidated Results for the 6-months period Ending September 30, 2006, and the Year Ending March 31, 2007(approximate estimates)

	9/06	3/07
Operating Revenues (billion yen)	1,050.0	2,120.0
Ordinary Income (billion yen)	115.0	195.0
Net Income (billion yen)	73.0	120.0

(Reference) Estimation of Net Income per Share for the year ending March 31, 2007: 153.45 yen

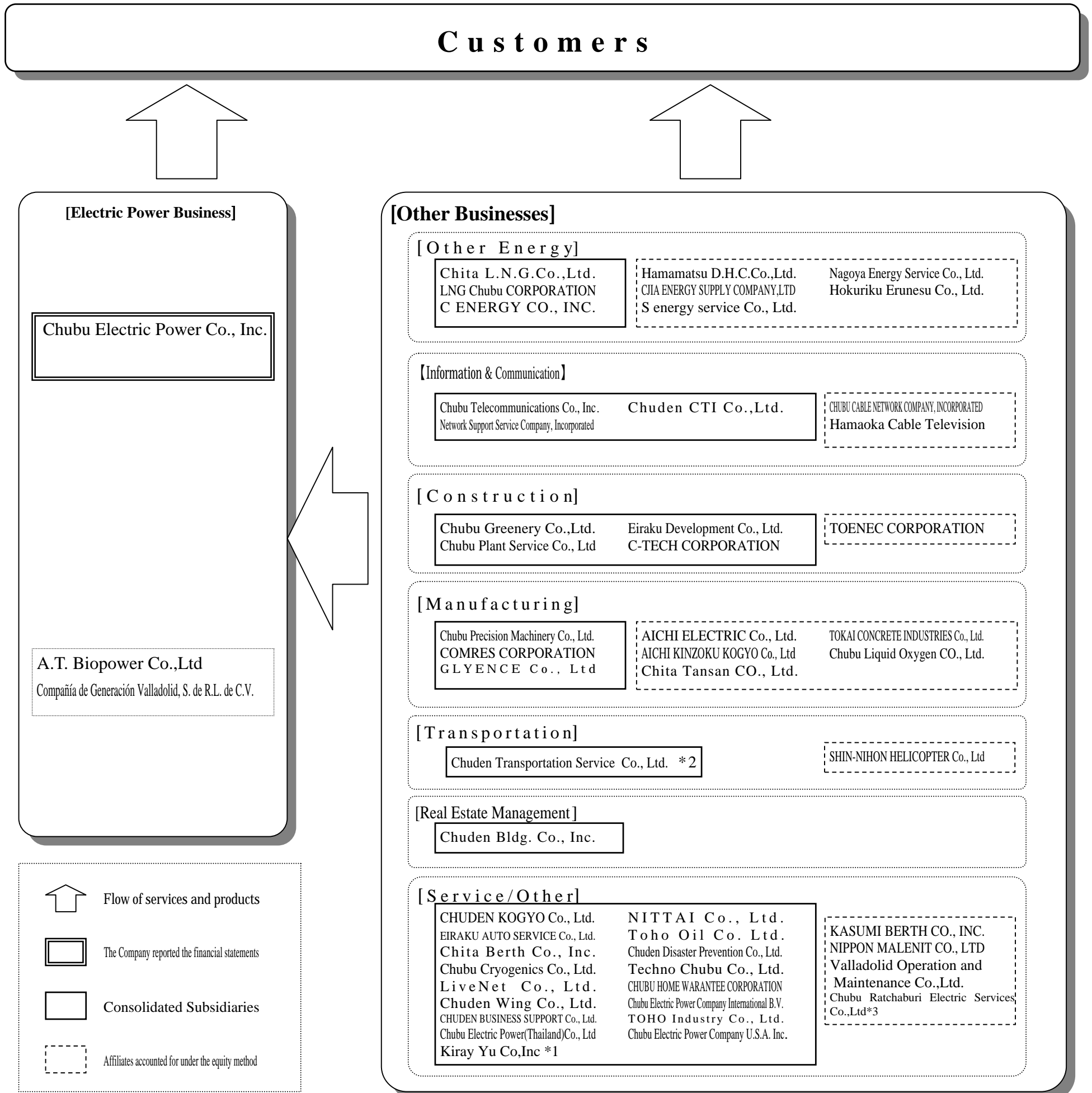
There are the premise or matters related to these forecasts on page 10

## Corporate Group Position

With its electric power business conducted by the Company, Chubu Electric Power Company, Incorporated as its core entity, the Chubu Electric Group (the Company and its subsidiaries and affiliates) is making efficient use of its business resources, such as electricity supplying facilities, fuels and in-house technologies, to develop a variety of new energy businesses unrelated to electricity. In addition, the Group engages in a wide range of businesses, which include construction for the upgrading and maintenance of facilities related to the electricity business, and the manufacture of necessary materials and equipment.

The Group is also developing new businesses, such as a telecommunications business, with the aim of making more efficient use of customers' business resources.

In January 2006, the Company transferred its telecommunications business, including the FTTH business, to its subsidiary Chubu Telecommunications Co., Inc., and in March the Company acquired a 100% equity stake in the said subsidiary.



(Notes) \*1 Kiray Yu Co,Inc is newly included as our consolidated subsidiary by investment.

\*2 Eiraku Transportation Co., Ltd. absorbed Oigawa Transportation Co., Ltd. to create Chuden Transportation Service Co., Ltd.

\*3 Chubu Ratchaburi Services Co.,Ltd is newly included as our affiliates accounted for under the equity method by investment.

4 Since Taketoyo New TV has amalgamated with the other company and the rate of voting rights that the Chubu Electric Group has gone down, it was excluded from subsidiaries or affiliates accounted for under the equity method.

## Management Policies

### 1. Basic Management Policy

In the electricity business, the liberalization of the retail electricity market was extended in April 2005 to all consumers of high-voltage electricity, and a number of mechanisms for ensuring greater competition came into effect. These include the Japan Electric Power Exchange, a wholesale market for trading electric power, and the Electric Power Council of Japan, an independent council for reviewing utilization of the transmission network. The transmission network utilization rate system has also been reviewed.

In the gas business, too, the portion of the market subject to deregulation was expanded, and a new system was introduced which enabled service providers to provide gas on a consignment basis. In this way, competition was further intensified across the board of the energy markets.

In these conditions, the Group is preparing to face and survive even more intense competition, and achieve sustainable growth as a multi-energy corporate group at the heart of the Chubu region.

To that end, the Company has set forth the management objectives described below and, by accelerating the implementation of business initiatives grounded in concretely defined management policies, aims to meet the expectations of customers, shareholders, investors, and other stakeholders.

#### [Management Objectives]

##### • Sales Target of the Electricity Business

By championing the "all electric" concept and promoting the electrification of air conditioning, cooking, and industrial processes, the Company aims to increase demand for electric power by 2.4 TWh by the end of March 2008.

##### • Sales Target of Other Energy Businesses (gas supply, LNG sales and on-site energy services)

The Company has set a combined annual sales target of approximately ¥45 billion for the three businesses of gas supply, LNG sales and on-site energy services by the end of March 2011.

#### [Business Targets]

Item	Consolidated Target	Non-consolidated Target	Target Year
ROA (Return on Assets)*1	4.5% or more	4.5% or more	Average for three years from FY2005 to FY2007
Ordinary Income	¥165,000 million or more	¥160,000 million or more	
Capital expenditure	¥200,000 million or less	¥170,000 million or less	
Free cash flow *2	¥360,000 million or more	¥350,000 million or more	
Outstanding interest-bearing debts	¥3,100,000 million or less	¥3,000,000 million or less	By the end of FY2007

\*1 ROA (Return on Assets) = (Income before special item and income taxes + Interest expenses) / Average total assets at beginning and end of the period.

\*2 Free cash flow = Operating cash flow – Investing cash flow

#### [Operational Policies]

##### (1) Develop sales activities to satisfy customers

To further satisfy our customers, ensuring that they will continue to choose Chubu Electric Power as their power supplier, the Company is improving contract options and services to more effectively meet the diverse needs of individual customers. The Company makes maximum use of the Group's business resources in order to provide a variety of new values in the areas of energy involving gas supply and on-site energy services.

##### (2) Provide customers with reliable, low-price, high-quality energy services

The Company will provide its customers with reliable, low-price and high-quality services by means of rigorous cost-cutting and other measures for improving management efficiency, and well-balanced power generation facilities from a medium-to-long-term perspective, while fully taking into account issues of energy security and environmental preservation.

##### (3) Reinforce corporate strength and strategically allocate management resources with the aim of achieving sustainable growth

Make sure of achieving management goals by raising the potential of the Group as a whole, and concentrate human resources and free cash flows on our core energy businesses in a strategic manner. In this way, we will become a highly cost-competitive multi-energy services provider, realizing sustainable growth.

##### (4) Vigorously act to fulfill Corporate Social Responsibility (CSR)

Reinforce a robust integrated group corporate foundation and act as a good corporate citizen through thorough-going compliance with laws and regulations and

accelerated countermeasures for global environmental problems. In addition, from a stronger trustful relationship with local communities, bearing in mind the necessity of maintaining a harmonious relationship with the communities in which we operate.

To secure a stable supply of energy for the future, the Company plans to begin power generation at the Hamaoka Nuclear Power Plant, utilizing plutonium-based fuel (this method of generation is known as “pluthermal” in Japan), by the end of March 2011. The Company places the highest priority on ensuring safe operation of the plant to gain the full understanding and support of local communities. In this way, we intend to steadily move toward the realization of the plan.

## 2. Basic Policy on Profit Distribution

The Company will make the utmost efforts to ensure an appropriate level of distribution of the profit generated by its business activities to its shareholders, while taking into due consideration the need to effectively allocate a certain amount of retained earnings to strengthen the Company’s financial position and expand its business base, with the aim of raising enterprise value.

The Company’s basic policy on dividends is to maintain the dividend payment level at an acceptable level based on the outcome of business performance. The Company determines dividends taking into consideration factors such as business performance and the funds needed to strengthen the Company’s financial position.

The Company uses retained earnings for capital investment in the electric power businesses, investment in new energy businesses, and improvement of its financial position.

In accordance with the stipulations in the new Corporation Law, the Company will maintain its interim dividend payment system in addition to the term-end dividend payment system.

## 3. Fluctuation Factors Concerning Operating Results

The following variables regarding the business performance and financial condition of the Group could significantly affect investor judgment.

### (1) Risks concerning economic climate

#### (a) Economic situation and weather conditions

In the electricity business, which is the Company’s core business, the amount of electric energy sold depends on economic trends and changes in ambient air temperature. Therefore, the Group’s performance could be affected by both economic and weather conditions.

The annual amounts of rainfall and snowfall affect the amount of hydroelectric energy output, consequently affecting the overall cost of power generation. However, owing to a system that provides a reserve for drought, the effect of changes in weather on business performance can be assumed to be limited.

#### (b) Changes in fuel prices

Because the Group depends on imports of liquid natural gas, coal and crude oil, fuel expenses, one of the principal expense items, in the electric utility segment can be affected by fluctuations in CIF prices, foreign exchange rates and so on.

However, as any such changes in fuel price can be reflected in electricity rates under the Fuel Adjustment System, fuel price fluctuations have only a limited effect on performance.

#### (c) Changes in interest rates

The Group’s interest-bearing debt outstanding was ¥3,175.0 billion as of March 31, 2006, the equivalent of 55.3% of total assets. Interest expenses, which are a major expense item, could be affected by future changes in market interest rates.

However, 82.1% of the outstanding interest-bearing debt consists of long-term instruments comprising corporate bonds, and long-term borrowings, and most of these funds were raised at fixed interest rates. The Company is making every effort to reduce the outstanding interest-bearing debt in order to strengthen its financial structure. Therefore, the effect of changes in interest rates on business performance can be assumed to be limited.

### (2) Risks surrounding the business activities of the Chubu Electric Power Group

#### (a) Changes in the electricity business environment

With regard to the electric power business, in April 2005 the scope of deregulation of electric power retailing was expanded, and new mechanisms aimed at promoting further competition went into effect, including the start of operations of the Japan Electric Power Exchange (JEPX) and the Electric Power Council of Japan and a review of the power system utilization charge system.

Amid this change in the business environment, the Group will do its utmost to increase operating efficiency and engage in aggressive sales activities that reliably satisfy customer needs. Nevertheless, business performance could be affected by future revisions to the power system or attendant intensification of competition.

#### (b) Nuclear power Backend Costs, Etc.

With regard to the nuclear power backend business (spent fuel reprocessing or disposal), as this is an ultra-long-term business that involves uncertainties, the Law on the Creation and Management of Reserve Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations went into effect on October 1, 2005 to ensure the smooth advancement of nuclear power generation and the backend business. The Electric Utility Industry Accounting Regulations were also revised.

Attendant on this change, in accordance with the law and the revised Electric Utility Industry Accounting Regulations, the Company will make a provision to prepare for future nuclear power backend costs and provide a reserve for reprocessing spent fuel and other items.

However, as nuclear power backend costs and other costs related to the nuclear fuel cycle vary according to regulatory system reviews, increases or decreases in estimated amounts of future costs within and without the system, the state of operation of reprocessing facilities, changes in the Company's nuclear power generation plan and other factors, business performance could be affected. No provisions are made for reprocessing nuclear spent fuel outside of the scope of established reprocessing plans and nuclear spent fuel storage.

(c) Other business

The Group (comprising Chubu Electric Power Company, and its subsidiaries and affiliates) is committed to the effective deployment of its business assets in its core business of supplying electric power. The Group is also involved in other energy businesses that utilize electric power supply facilities, stored fuels and technologies. In addition, it establishes networks for its information technology and telecommunications business that supply information with added value. If changes in the competitive environment in these businesses do not lead to the results expected by the Group, then performance may be affected.

(3) Other risks

(a) Natural disasters, etc

In order to ensure a reliable and economical supply of electricity through a consolidated system from generation to distribution to the end-user, the Chubu Electric Power Group has invested in the construction and maintenance of facilities designed to reduce power cuts caused by lightning and other natural phenomena. However, large-scale natural disasters such as earthquakes and typhoons, as well as man-made disasters caused by accidents or terrorist attacks, may affect Company results.

(b) Leakage of personal information

In order to ensure adequate protection of the vast databank of personal details held by the Chubu Electric Power Group, systems and rules have been put in place in accordance with the Personal Information Protection Act, and staff are trained in the strict management of personal information.

However, direct costs may be incurred, and trust in the Company may be damaged -- with attendant costs both moral and material -- if personal details should ever be leaked.

(c) Regular inspections of Units No.1 and No.2 of the Hamaoka Nuclear Power Plant

Regular inspections of Units 1 and 2 of the Hamaoka Nuclear Power Plant have been extended until March 2011 for repairs of machines within the reactor and for works to improve earthquake-proofness. Costing and scheduling of these projects have yet to be finalized, but they may have an effect on Company performance.

4. Parent Company, Etc.

Not applicable

## Operating Results and Financial Standing

### 1. Results for the Period Under Review

#### (1) Summary of Consolidated Income and Expenditures

The Japanese economy continued its gradual improvement in the reporting period, the business year ended March 31, 2006. With the background of improved corporate earnings, leading to a continued increase in capital investment and improvements in employment and personal income, consumer spending showed a firm trend. These tendencies were particularly marked in the Chubu Region.

Amid this business environment, the Company's earnings from its mainline electric power supply business were negatively affected by the reduction in electricity rates implemented in January 2005, but this was more than offset by an increased volume of power sold, resulting in a year-on-year rise in operating revenue. Sales of the Company's other businesses also increased. As a result, total operating revenue was up by ¥17.2 billion over the previous term, at ¥2,150.5 billion, and total ordinary revenue rose ¥16.4 billion to ¥2,157.1 billion.

Turning to expenditures, in the electric power business, depreciation expenses and personnel expenses declined from the previous term, but as a result of higher fuel costs, operating expenses posted a year-on-year increase of ¥37.3 billion to ¥1,828.4 billion. Non-operating expenses were lower than the previous term, thanks to a decline in interest expenses and other expenses, and consequently total ordinary expenses recorded a year-on-year decrease of ¥8.1 billion to ¥1,937.4 billion.

As a result of the above developments, ordinary income\* rose ¥24.5 billion year-on-year, to ¥219.6 billion.

Despite the recognition of extraordinary losses resulting from the discontinuation of construction of the Kaore hydroelectric power station, net income registered an increase of ¥28.1 billion over the previous term, to ¥119.4 billion.

\* Ordinary income = income before provision of reserve for fluctuation in water levels; extraordinary gains or extraordinary losses; and income taxes and minority interests

#### (a) Operating Revenues and Expenditures

##### Electric Power Business

The volume of electricity sold increased by 3.1% year-on-year to 130.6 TWh due to higher heating demand owing to the colder-than-normal winter, as well as firm industrial demand stemming from the recovery of the national economy.

##### Demand from customers under regulation

Demand for electric lighting increased by 3.6% year-on-year to 35.3 TWh owing to an increase in the number of contracts and higher demand for power for heating as a result of the lower temperatures than in the previous year. Meanwhile, demand for low-voltage electric power declined by 1.8% to ¥7.9 billion kWh, owing to a lower number of contracts.

##### Demand from customers under liberalization

Demand for commercial power increased by 4.4% to 22.5 TWh owing to firm demand from commercial facilities, and demand for industrial power increased by 3.0% to 64.9 TWh owing to strong demand from the machinery and steel sectors.

With regard to electric power supply, hydroelectric power output decreased by 27.6% from previous year to 7.6 TWh owing to less rainfall (water supply rates of 82.6% in the reporting period and 114.2% in the previous term). Thanks to the start of operation of Unit No. 5 at the Hamaoka Nuclear Power Plant in January 2005 (and the subsequent smooth operation thereof), nuclear power output increased by 24.5% to 27.6 TWh. Consequently, the aggregate amount of electric energy generated by thermal power plants increased by 0.8% year-on-year to 91.0 TWh.

In spite of the reduction in electricity rates implemented in January 2005, thanks to the increase of the volume of electric power sold in the reporting period over the previous business term, revenues from electricity sales increased. However as a result of a decrease in sales of power to other electric utility companies, total operating revenues of the electric power business came to ¥2,041.3 million, approximately the same as for the previous term.

Operating expenses increased by ¥22.9 billion over the previous year to ¥1,727.1 billion as increased fuel costs due to higher fuel prices more than offset a decrease in depreciation and lower employment costs due to factors including a decrease in provisions for retirement benefits. As a result of these developments, operating income decreased by ¥22.9 billion to ¥314.2 billion.

##### Other Businesses

Revenues from other businesses (operating revenues—others) increased by ¥17.3 billion year-on-year to ¥109.1 billion as a result of increased sales volume of gas,

as well as a rise in revenues from the real estate management business. Operating expenses increased by ¥14.3 billion to ¥101.2 billion due to higher cost of sales in line with the increase in sales of gas and revenues from the real estate management business. As a result of these developments, operating income rose ¥2.9 billion year-on-year to ¥7.9 billion.

#### (b) Ordinary Income

Non-operating revenues decreased by ¥0.8 billion from the previous year to ¥6.6 billion as a result of a decrease in equity in earnings from equity-method affiliates. Consequently, ordinary revenues (the total of operating and non-operating revenues) increased by ¥16.4 billion to ¥2,157.1 billion. Despite the posting of a loss on the discontinuation of construction of Unit No. 5 of the Taketoyo Thermal Power Plant, a decline in interest expenses as a result of a decrease of the volume of early-repayment of interest-bearing debt, and a year-on-year decrease in expenses associated with the corporate bond buy-back, non-operating expenses decrease by ¥45.4 billion year-on-year, to ¥109.0 billion. Consequently, ordinary expenses (the total of operating and non-operating expenses) decreased by ¥8.1 billion to ¥1,937.4 billion.

As a result, ordinary income decreased by ¥24.5 billion year-on-year, to ¥219.6 billion.

#### (c) Net Income

Compared with the high water flow that we experienced in the previous term (water supply rate of 114.2%), the reporting period was characterized by a water shortage (82.6%), and accordingly, the Company recorded a reversal of the provision of reserve for fluctuation in water levels of ¥9.3 billion.

An extraordinary loss of ¥33.5 billion was recorded for the reporting period as a result of the discontinuation of construction of the Kaore hydroelectric power plant, but as impairment losses on property, plant and equipment in the amount of ¥45.6 billion were recorded in the previous term, the extraordinary loss for the reporting period decreased year-on-year, to ¥12.1 billion.

As a result, income before income taxes and minority interests increased by ¥38.4 billion year-on-year, to ¥195.4 billion. Net income after income taxes under tax-effect accounting and minority interests increased by ¥28.1 billion to ¥119.4 billion.

### (2) Summary of the Consolidated Financial Position

#### (a) Summary of Assets, Liabilities and Shareholders' Equity

##### Assets

At the end of the term under review, total assets amounted to ¥4,031.5 billion, a decrease of ¥293.3 billion from the end of the previous term. Property, plant and equipment for the electric power business totaled ¥286.9 billion, a decrease of ¥37.0 billion from the end of the previous term. The decrease is principally attributable to the absence of large-scale facilities construction, and progress of depreciation. In addition, a portion of the Company's telecommunication cable network was transferred in January 2006 to Chubu Telecommunications Co., Inc., a subsidiary created through a corporate spin-off process.

Property, plant and equipment for other businesses totaled ¥286.9 billion, an increase of ¥37.0 billion year-on-year, as a result of the above-stated transfer of operations to the subsidiary. The construction in progress account for property, plant and equipment declined ¥40.5 billion from the previous term-end, to stand at ¥146.0 billion, as a result of the recognition of the abovementioned losses on the discontinuation of construction of a power plant.

As a result of provisions to the reserve for the processing of used fuel for reuse, investments and other assets increased by ¥301.4 billion over the previous term-end, to stand at ¥717.5 billion at the reporting term-end.

As a result of the above, total assets stood at ¥5,741.8 billion at the reporting term-end, an increase of ¥38.3 billion over the previous term-end.

##### Liabilities

Due to a decline in the value of outstanding convertible bonds and of straight bonds, interest-bearing debt declined, leading to a decrease in the value of total liabilities from the previous term-end by ¥197.6 billion, to ¥4,071.6 billion at the reporting term-end.

##### Shareholders' Equity

Shareholders' equity increased by ¥246.0 billion from the end of the previous term to ¥1,659.3 billion. This was the result of increased revenues and decreased depreciation expenses and personnel expenses of the electric power business for the reporting period, which, in turn, led to net income of ¥119.4 billion. In addition, there were increases in capital and in the capital surplus as a result of the conversion of convertible bonds. Consequently, the shareholders' equity ratio increased by 4.1 percentage points to compared with the previous term-end, to 28.9 %.

Upon conversion of the convertible bonds, ¥28.6 billion worth of shares in treasury were appropriated for shares to be handed over in addition to the issue of new shares.



(b) Cash Flows

1. Changes in Cash Flows

The Group mainly uses cash and cash equivalents obtained from operating activities to acquire new property, plant and equipment, to improve its financial position to payout for shareholders in the form of share buy-back, dividend payment, etc.

Net cash provided by operating activities was ¥307.1 billion, a year-on-year decrease of 44.9%. This is mainly attributable to higher prices of fuels and the lump-sum provision to the reserve for the processing of used fuel for prior terms, which more than offset the amounts of income tax and consumption tax paid as well as lower interest expenses.

Net cash used in investing activities increased by 21.9% year-on-year, to ¥140.6 billion, as a result of a decline in the gains on the sale of investment securities, among other factors.

Net cash used in financing activities declined by 62.3% year-on-year, to ¥165.2 billion. Cash outflows consisted mainly of funds employed for the reduction of interest-bearing debt, and for dividend payments.

As a result of the foregoing, the amount of cash and cash equivalents at the reporting term-end was ¥65.1 billion, up 2.0% from the previous term-end.

Interest-bearing debt as of the reporting term-end stood at ¥3,175.0 billion, a decline of 7.3%, from the previous term-end.

The shown below is the Group's cash flows indexes.

	FY2002	FY2003	FY2004	FY2005	FY2006
Shareholders' equity ratio	19.1%	20.8%	22.7%	24.8%	28.9%
Shareholders' equity ratio at market value	23.7%	24.7%	27.5%	32.7%	40.2%
Debt repayment term	6.5years	6.9years	6.4years	6.1years	10.3years
Interest coverage ratio	4.4	4.9	6.0	4.1	3.2

(Notes)

1. Shareholder's equity ratio: Shareholders' equity/Total assets

• It is calculated with figures on consolidated basis. (So are the other notes below)

2. Shareholders' equity ratio at market value: Total shares at market value/Total assets

• Total shares at market value is calculated as follows: [ Last price of shares at the end of the period × Number of shares outstanding at the end of the period]

3. Debt repayment term: Interest-bearing debts/Operating cash flows

• Interest-bearing debts means interest-payable debts, which is a part of the liabilities on the consolidated balance sheets.

• Operating cash flows on the consolidated cash flows statements apply to cash flows from operating activities used on this calculation. (So is a note below)

4. Interest coverage ratio: Operating cash flows/Interest payments

• Interest payments on the consolidated cash flows apply to interest payments used on this calculation.

(3) Term-End Dividend

The Company has decided to pay a term-end dividend of equivalent value to the interim dividend, i.e. of ¥30 per share. This will bring the payout ratio for the reporting term to 39.6%.

## 2. Outlook for Business Performance

The Company expects the volume of electricity sales in the electricity business for the period ending March 31, 2007 to be approximately 127.0 TWh, for a year-on-year decrease of 2.7%

As the Company expects a decrease in the sales volume of electricity for the fiscal year ending March 31, 2007, revenues on both a consolidated and non-consolidated basis are projected to post a year-on-year decline.

Despite decreases in depreciation expenses and interest expenses for the electric power business, anticipated higher fuel prices will mean lower earnings on both a consolidated and non-consolidated basis.

(Outlook for consolidated performance in the next period)

Consolidated	9/06	3/07
Operating revenues	(1.1% increase) approximately ¥1,050.0 billion	(1.4% decrease) approximately ¥2,120.0 billion
Operating income	(10% decrease) approximately ¥155.0 billion	(16% decrease) approximately ¥270.0 billion
Ordinary Income	( 10% decrease) approximately ¥115.0 billion	(11% decrease) approximately ¥195.0 billion
Net income	( 11% decrease) approximately ¥73.0 billion	(1% increase) approximately ¥120.0 billion

(Principal figures on which outlook are based)

Item	FY2007(assumed)	FY 2006	FY 2005
CIF crude oil prices (\$/b)	approx.65	55.8	38.8
Exchange rate (Inter-bank) (¥/\$)	approx.120	113	107

\* The reader is advised that this report contains forward-looking statements. As opposed to statements of historical fact, these constitute estimates or projections based on facts known to the Company's management as of the time of writing, and actual results may therefore differ substantially from such statements.

## Situation of Generation and Sales

### [ Electric Power Business ]

#### 1. Electric energy sold (100 GWh, %)

	3/06 (A)	3/05 (B)*	Change	
			(A-B)	(A-B)/B
Demand from customers under regulation				
Electric lighting	353	341	12	3.6
Electric power	79	80	-1	-1.8
Sub total	432	421	11	2.5
Demand from customers under liberalization				
Commercial power	225	216	9	4.4
Industrial power	649	630	19	3.0
Sub total	874	846	28	3.4
Total	1,306	1,267	39	3.1

Note: Demand under Liberalization in FY 2005 is re-categorized in the same definition as is in FY 2006, ie. customers whose demand is 50 kW or above to calculate the ratios.

#### 2. Output and purchase of electric power (100 GWh, %)

	3/06 (A)	3/05 (B)	Change		
			(A-B)	(A-B)/B	
Chubu Electric	Hydroelectric power (water supply rate)	76 (82.6)	104 (114.2)	-28 (-31.6)	-27.6
	Thermal power	910	903	7	0.8
	Nuclear power (utilization rate)	276 (63.1)	222 (51.9)	54 (11.2)	24.5
Interchanged power	38	29	9	29.2	
Purchased power	134	141	-7	-5.2	
Power used for pumped storage	-13	-19	6	-34.3	
Total	1,421	1,380	41	3.0	

## Consolidated Balance Sheets

(million yen)

Assets	2006.3	2005.3	Change
Property, Plant and Equipment	5,432,282	5,428,120	4,162
Electric utility property, plant and equipment	4,031,514	4,324,833	-293,318
Hydroelectric power production facilities	336,854	354,344	-17,490
Thermal power production facilities	724,122	804,498	-80,375
Nuclear power production facilities	398,972	452,449	-53,477
Transmission facilities	1,147,185	1,217,560	-70,374
Transformation facilities	475,975	483,409	-7,434
Distribution facilities	799,602	852,634	-53,031
General facilities	148,801	159,936	-11,135
Other property, plant and equipment	286,945	249,892	37,053
Construction in progress	146,050	186,575	-40,525
Nuclear fuel	250,199	250,699	-500
Loaded nuclear fuel	40,033	48,119	-8,086
Nuclear fuel in processing	210,165	202,579	7,585
Investments and other	717,572	416,119	301,453
Long-term investments	252,217	203,231	48,985
Reserve fund for reprocessing of irradiated nuclear fuel	263,382	-	263,382
Deferred tax assets	149,188	163,232	-14,044
Other	52,784	49,655	3,129
Current Assets	309,532	275,381	34,150
Cash	51,440	49,481	1,958
Trade notes and accounts receivable	124,145	110,306	13,839
Inventories	75,133	56,546	18,586
Deferred tax assets	17,922	22,049	-4,126
Other	40,890	36,998	3,892
Deferred Assets	60	56	4
Total Assets	5,741,876	5,703,558	38,317
Liabilities, Minority interests and Shareholders' Equity			
Long-Term Liabilities and Reserves	3,089,371	3,162,446	-73,074
Bonds	1,445,726	1,547,836	-102,110
Long-term loans	1,033,421	1,034,173	-752
Employee retirement benefit liability	191,613	207,135	-15,522
Reserve for reprocessing of irradiated nuclear fuel	261,018	253,373	7,645
Reserve for decommissioning nuclear power plant	89,093	82,638	6,454
Deferred tax liabilities	1	37	-36
Other	68,497	37,251	31,246
Current Liabilities	975,632	1,090,867	-115,234
Current portion of long-term debt and other	129,680	271,616	-141,936
Short-term borrowings	299,459	271,746	27,713
Commercial paper	270,000	304,000	-34,000
Accrued income taxes and other	56,141	63,753	-7,611
Other	220,351	179,751	40,599
Reserve for Drought	6,665	15,977	-9,311
Total Liabilities	4,071,670	4,269,290	-197,620
Minority Interests in Consolidated Subsidiaries	10,892	21,034	-10,141
Shareholders' Equity			
Common stock	430,777	374,519	56,257
Capital surplus	73,956	14,261	59,695
Retained earnings	1,101,340	1,025,900	75,439
Net unrealized gains on available-for-sale securities	53,040	27,972	25,068
Foreign Currency Translation Adjustment	303	-291	594
Less: Treasury stock	-104	-29,129	29,024
Total Shareholder's Equity	1,659,313	1,413,233	246,080
Total Liabilities, Minority interests and Shareholders' Equity	5,741,876	5,703,558	38,317

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

## Consolidated Statements of Income

(million yen)

Revenues	2006.3	2005.3	Change
Operating Revenues	2,150,507	2,133,223	17,283
Electricity	2,041,325	2,041,353	-27
Other	109,182	91,870	17,311
Other Revenues	6,601	7,404	-803
Proceed from dividends	1,285	1,534	-249
Proceed from interests	1,163	916	246
Equity in net earnings of affiliate	1,083	1,715	-632
Other	3,069	3,237	-168
Total Ordinary Revenues	2,157,109	2,140,628	16,480
Expenses			
Operating Expenses	1,828,403	1,791,064	37,339
Electric	1,727,123	1,704,178	22,944
Other	101,279	86,885	14,394
(Operating Income)	322,104	342,159	-20,055
Other Expenses	109,014	154,457	-45,443
Interest expenses	95,200	131,441	-36,240
Other	13,814	23,016	-9,202
Total Ordinary Expenses	1,937,417	1,945,521	-8,104
Ordinary Income*	219,692	195,107	24,584
Special Item			
Provision for (reversal of) reserve for drought	-9,311	7,330	-16,641
Extraordinary Gains	-	14,861	-14,861
Gain on sales of investment securities	-	14,861	-14,861
Extraordinary Losses	33,506	45,625	-12,119
Loss on impairment of fixed assets	-	45,625	-45,625
Loss on discontinuing construction of hydroelectric power plant	33,506	-	33,506
Income before income taxes	195,497	157,013	38,483
Income Taxes-Current	67,771	84,905	-17,133
Income Taxes-Deferred	7,709	-16,459	24,169
Minority Interests in Earnings of Consolidated Subsidiaries	558	-2,703	3,261
Net Income	119,458	91,270	28,187

\*: Income before provision of reserve for fluctuation in water levels, income taxes and minority interests

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

## Consolidated Statements of Cash Flows

(million yen)

Cash Flows from Operating Activities:	2006.3	2005.3
Income before income taxes and minority interests	195,497	157,013
Depreciation and amortization	365,295	419,093
Loss on impairment of fixed assets	-	45,625
Loss of loaded nuclear fuel	12,965	11,858
Loss on disposal of property, plant and equipment	10,177	10,040
	33,506	-
Increase(Decrease) in employee retirement benefit liability	-15,522	6,190
Increase(Decrease) in reserve for reprocessing of irradiated nuclear fuel	7,645	22,154
Increase(Decrease) in reserve for decommissioning nuclear power plant	6,454	2,638
Reversal of reserve for drought	-9,311	7,330
Interest and dividends income	-2,448	-2,451
Interest expenses	95,200	131,441
Increase(Decrease) in reserve fund for reprocessing of irradiated nuclear fuel	-263,382	-
Increase(Decrease) in trade notes and accounts receivable	-13,839	-7,796
Increase(Decrease) in inventories	-18,586	-1,156
Increase(Decrease) in trade notes and accounts payable	29,974	2,747
Other	48,511	-10,421
Sub total	482,138	794,307
Interest and dividends received	2,295	2,517
Interest paid	-96,725	-136,159
Income taxes paid	-80,550	-103,101
Net cash provided by operating activities	307,157	557,562
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment	-150,571	-145,363
Increase in investments and other	-8,237	-14,734
Proceeds for recoveries from investments and other	8,629	34,237
Other	9,503	10,462
Net cash used in investing activities	-140,676	-115,397
Cash Flows from Financing Activities:		
Proceeds from issuance of bonds	142,382	67,741
Redemption of bonds	-226,456	-525,129
Proceeds from long-term loans	109,664	67,417
Repayment of long-term loans	-129,997	-162,469
Proceeds from short-term borrowings	369,909	401,186
Repayment of short-term borrowings	-342,246	-438,025
Proceeds from issuance of commercial paper	1,155,000	1,225,000
Redemption of commercial paper	-1,189,000	-1,026,000
Dividends paid	-43,731	-43,475
Other	-10,746	-4,393
Net cash used in financing activities	-165,221	-438,149
Effect of Exchange Rate Changes on Cash and Cash Equivalents	29	-9
Net Increase (Decrease) in Cash and Cash Equivalents	1,288	4,006
Cash and Cash Equivalents at Beginning of the Period	63,860	59,854
Cash and Cash Equivalents at End of the Period	65,149	63,860

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

## Segment Information

### 1. Segment Information By Business Sector

For the period ended March 31, 2006

(million yen)

	Electric	Other	Total	Eliminations	Consolidated Results
1. Operating Revenues, Operating Income					
Operating Revenues					
(1) Operating Revenues to outside the Group	2,041,325	109,182	2,150,507	-	2,150,507
(2) Inter-segment Operating Revenues and transfers	3,719	181,238	184,957	-184,957	-
Total	2,045,044	290,420	2,335,465	-184,957	2,150,507
Operating Expenses	1,739,572	275,062	2,014,634	-186,231	1,828,403
Operating Income	305,472	15,358	320,830	1,273	322,104
2. Assets, Depreciation,					
Assets	5,471,616	451,560	5,923,176	-181,300	5,741,876
Depreciation	333,034	35,153	368,188	-2,892	365,295
Capital expenditures	111,538	41,649	153,188	-2,062	151,126

For the period ended March 31, 2005

(million yen)

	Electric	Other	Total	Eliminations	Consolidated Results
1. Operating Revenues, Operating Income					
Operating Revenues					
(1) Operating Revenues to outside the Group	2,041,353	91,870	2,133,223	-	2,133,223
(2) Inter-segment Operating Revenues and transfers	3,286	189,163	192,450	-192,450	-
Total	2,044,640	281,033	2,325,674	-192,450	2,133,223
Operating Expenses	1,711,803	272,337	1,984,141	-193,077	1,791,064
Operating Income	332,837	8,696	341,533	626	342,159
2. Assets, Depreciation,					
Assets	5,418,512	403,372	5,821,885	-118,327	5,703,558
Depreciation	384,976	37,103	422,079	-2,986	419,093
Impairment of fixed assets	34,932	10,692	45,625	-	45,625
Capital expenditures	128,091	26,663	154,755	-3,373	151,382

## Non-consolidated Financial Report

The information shown below is an English translation of extracts from the Kobetsu Zaimushohyo no Gaiyo (Non-consolidated Financial Report). Fiscal year 2006 dates from 1st April 2005 to 31st March 2006.

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CHUBU ELECTRIC POWER COMPANY, INCORPORATED (May 10, 2006)

Code: 9502

Financial Report for the 12-months Period ended March 31, 2006

(Non-consolidated)

Representative: Fumio Kawaguchi, President

Contact: Toshihiko Suzuki, Manager, IR Section

Toshio Saito, Manager, Accounting Section

Unit Stock: 100 shares per unit

Tel: 81-52-951-8211

URL: <http://www.chuden.co.jp/english/>

. Performance Over the Year Ended March 31, 20045

(Figures are rounded down to the nearest million yen)

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### 1. Operating Results

	3/06	Change	3/05	Change
Operating Revenues (million yen)	2,069,358	0.9%	2,051,821	1.4%
Operating Income (million yen)	308,484	-6.7%	330,546	2.5%
Ordinary Income (million yen)	205,973	11.1	185,387	5.8%
Net Income (million yen)	111,646	23.0	90,796	-17.9%
Net Income per Share (Primary ; yen)	151.70		125.19	
Net Income per Share (Fully diluted ; yen)	142.99		116.98	

Notes: 1. Average number of shares outstanding  
(3/06: 735,125,781 3/05: 724,227,928 )

2.Changes in accounting methods: Yes



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## 2.Dividends

	3/06	3/05
Annual Dividends per Share (Yen)	60.00	60.00
Interim (Yen)	30.00	30.00
End of the period	30.00	30.00
Total Dividends paid (full-year)(million yen)	45,523	43,434
Payout Ratio	39.6	47.9
Dividends on equity	3.0	3.3

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## 3.Financial Standing

	3/06	3/04
Total Assets (million yen)	5,488,007	5,434,999
Shareholders' Equity (million yen)	1,538,034	1,300,770
Shareholders' Equity Ratio	28.0%	23.9%
Shareholders' Equity per Share (yen)	1,966.27	1,796.94

Note: Number of shares outstanding at the end of period

(3/06: 782,140,842 3/05: 723,809,558 )

Number of treasury shares outstanding at the end of the period

(3/06: 12,323 3/05: 13,047,629)

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.Forecasts of Non-consolidated Results for the 6-months period Ending September 30, 2006, and the Year Ending March 31, 2007 (approximate estimates)

	9/06	3/07
Operating Revenues (billion yen)	1010.0	2,035.0
Ordinary Income (billion yen)	110.0	185.0
Net Income (billion yen)	70.0	115.0

(Reference) Estimation of Net Income per Share for the year ending March 31, 2007: 147.03 yen

There are the premise or matters related to these forecasts on page 10

## Non-consolidated Balance Sheets

(million yen)

	2006.3	2005.3	Change
<b>Assets</b>			
<b>Property, Plant and Equipment</b>	5,272,441	5,250,675	21,736
Electric utility property, plant and equipment	4,078,308	4,375,417	-297,109
Hydroelectric power production facilities	340,245	357,741	-17,496
Thermal power production facilities	728,976	809,963	-80,986
Nuclear power production facilities	401,239	454,860	-53,621
Internal combustion engine power production facilities	181	182	-1
Transmission facilities	1,159,846	1,230,814	-70,968
Transformation facilities	480,169	487,772	-7,602
Distribution facilities	816,895	872,006	-55,111
General facilities	150,754	162,075	-11,320
Subsidiary enterprise property, plant and equipment	14,546	15,478	-931
Other property, plant and equipment	14,151	15,591	-1,440
Construction in progress	133,573	180,304	-46,730
Nuclear fuel	250,199	250,699	-500
Loaded nuclear fuel	40,033	48,119	-8,086
Nuclear fuel in processing	210,165	202,579	7,585
Investments and other	781,632	413,184	368,447
Long-term investments	228,241	180,123	48,117
Investments in subsidiaries and affiliates	155,022	87,217	67,804
Reserve fund for reprocessing of irradiated nuclear fuel	263,382	-	263,382
Deferred tax assets	125,605	138,861	-13,256
Other	9,381	6,982	2,399
<b>Current Assets</b>	215,534	184,267	31,266
Cash	17,389	18,224	-835
Accounts receivable-customers	103,421	88,523	14,898
Inventories	58,867	43,755	15,111
Deferred tax assets	15,053	18,803	-3,749
Other	20,803	14,960	5,842
<b>Deferred Assets</b>	60	56	4
<b>Total Assets</b>	5,488,007	5,434,999	53,007
<b>Liabilities and Shareholders' Equity</b>			
<b>Long-Term Liabilities and Reserves</b>	3,012,363	3,076,309	-63,946
Bonds	1,446,626	1,548,636	-102,010
Long-term loans	980,126	972,857	7,268
Employee retirement benefit liability	170,690	186,192	-15,501
Reserve for reprocessing of irradiated nuclear fuel	261,018	253,373	7,645
Reserve for decommissioning nuclear power plant	89,093	82,638	6,454
Other	64,808	32,611	32,196
<b>Current Liabilities</b>	930,943	1,041,942	-110,999
Current portion of long-term debt and other	113,953	254,147	-140,194
Short-term borrowings	294,400	265,204	29,196
Commercial paper	270,000	304,000	-34,000
Accrued income taxes and other	51,781	58,772	-6,991
Other-mainly accounts payable	200,808	159,818	40,990
<b>Reserve for Drought</b>	6,665	15,977	-9,311
<b>Total Liabilities</b>	3,949,973	4,134,229	-184,256
<b>Shareholders' Equity</b>			
Common stock	430,777	374,519	56,257
Capital surplus	73,956	14,261	59,695
Retained earnings	981,967	914,224	67,742
Net unrealized gains on available-for-sale securities	51,361	26,818	24,543
Less: Treasury stock	-28	-29,053	29,025
<b>Total Shareholder's Equity</b>	1,538,034	1,300,770	237,264
<b>Total Liabilities and Shareholders' Equity</b>	5,488,007	5,434,999	53,007

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

## Non-consolidated Statements of Income

(million yen)

	2006.3	2005.3	Change
<b>Revenues</b>			
Operating Revenues	2,069,358	2,051,821	17,536
Electric utility revenues	2,045,044	2,044,640	404
Residential	725,242	719,587	5,655
Commercial and Industrial	1,285,633	1,287,335	-1,702
Sold power to other electric utilities and other companies	10,966	17,658	-6,692
Other	23,202	20,058	3,143
Subsidiary enterprise revenues	24,313	7,180	17,132
Other Revenues	4,342	4,547	-205
Financing revenues	2,578	2,706	-127
Non-operating revenues	1,763	1,841	-77
Profit from sale of fixed asset	411	394	17
Other	1,351	1,446	-95
<b>Total Ordinary Revenues</b>	<b>2,073,700</b>	<b>2,056,368</b>	<b>17,331</b>
<b>Expenses</b>			
Operating Expenses	1,760,873	1,721,275	39,598
Electric utility expenses	1,739,572	1,711,803	27,769
Hydro electric power production expenses	48,343	49,410	-1,066
Thermal power production expenses	688,509	598,906	89,602
Nuclear power production expenses	167,062	217,230	-50,167
Internal combustion engine power production expenses	86	90	4
Purchased power from other electric utilities and other companies	159,979	150,435	9,544
Transmission expenses	130,724	126,049	4,675
Transformation expenses	73,469	76,459	-2,990
Distribution expenses	187,240	175,785	11,455
Selling expenses	68,849	68,195	653
General and administrative expenses	137,552	170,126	-32,573
Electric power development promotion tax	52,473	54,015	-1,541
Enterprise tax	25,265	25,268	-3
Other operating expenses	15	-170	185
Subsidiary enterprise expenses	21,301	9,472	11,829
(Operating Income)	308,484	330,546	-22,062
Other Expenses	106,852	149,705	-42,853
Financing expenses	94,504	129,563	-35,059
Interest expenses	93,430	129,266	-35,835
Other	1,074	297	776
Non-operating expenses	12,348	20,142	-7,794
Loss from sale of fixed asset	87	675	-587
Other	12,260	19,466	-7,206
<b>Total Ordinary Expenses</b>	<b>1,867,726</b>	<b>1,870,980</b>	<b>-3,254</b>
<b>Ordinary Income*</b>	<b>205,973</b>	<b>185,387</b>	<b>20,585</b>
<b>Special Item</b>			
Provision for (reversal of) reserve for drought	-9,311	7,330	-16,641
<b>Extraordinary Gains</b>	<b>-</b>	<b>14,752</b>	<b>-14,752</b>
Gain on sales of investment securities	-	14,752	-14,752
<b>Extraordinary Losses</b>	<b>33,506</b>	<b>38,016</b>	<b>-4,509</b>
Loss on impairment of fixed assets	-	38,016	-38,016
Loss on discontinuing construction of hydroelectric power plant	33,506	-	33,506
<b>Income before Income Taxes</b>	<b>181,778</b>	<b>154,794</b>	<b>26,984</b>
<b>Income Taxes-Current</b>	<b>63,648</b>	<b>80,664</b>	<b>-17,016</b>
<b>Income Taxes-Deferred</b>	<b>6,483</b>	<b>-16,667</b>	<b>23,150</b>
<b>Net Income</b>	<b>111,646</b>	<b>90,796</b>	<b>20,850</b>

\*: Income before provision of reserve for fluctuation in water levels and income taxes

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

## Proposed Appropriation of Retained Earnings

	(million yen)	
Item	3/06	3/05
Unappropriated retained earnings at the end of the period	177,338	159,596
Appropriations		
Dividends	23,464	21,714
	(¥30 per share)	(¥30 per share)
Bonuses to directors and corporate auditors	131	131
(to corporate auditors)	(22)	(22)
Provision of special voluntary reserve	60,000	50,000
Balance to be carried forward	93,743	87,750

(Notes)

Interim dividends for the period ended March 31, 2005 were ¥21,720million. (¥30 per share)

Interim dividends for the period ended March 31, 2006 were ¥22,058 million. (¥30 per share)