Chubu Electric Power Co., Inc.

Annual Report 2005

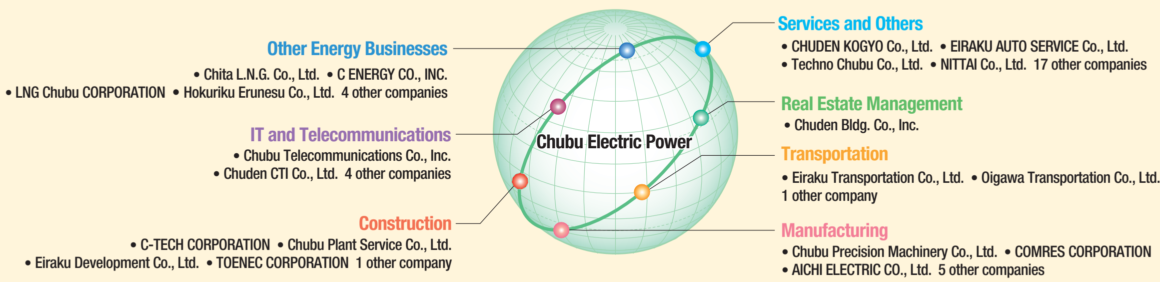
Year ended March 31, 2005

Profile

Chubu Electric Power Group—Achieving Growth with Energy as Its Core Business in Harmony with Regional Development

Chubu Electric Power Co., Inc. is Japan's third-largest electric power company in terms of power generation capacity, electric energy sold, operating revenues and total assets. The company operates seven centers within Japan (as of July 1, 2005), and maintains offices in Washington D.C., U.S.A. and London, U.K.

The core business of our group (comprising Chubu Electric Power Company and its affiliates) is supplying electric power. To achieve this, and to develop our operations, we are committed to using our assets effectively. The Group is also involved in other energy businesses that utilize electric power supply facilities, stored fuels and technologies. In addition, it offers high-value-added IT and telecommunication services over its existing network facilities. Other businesses in which the Group is involved include construction for development and maintenance of various facilities related to the electricity business, manufacturing of materials and machinery, as well as the development of various businesses.

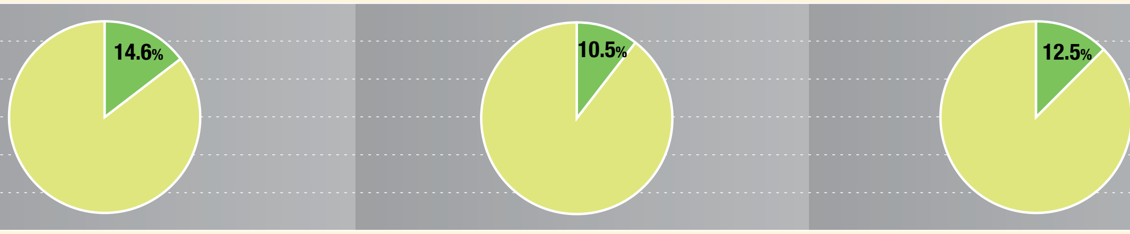


Chubu Electric Power Company serves a total area of approximately 39,000 square kilometres across five prefectures in central Japan, an area with a population of around 16 million people. This is known as one of Japan's leading manufacturing regions, in which many leading Japanese industries, such as automobiles, machine tools, electric components, and new materials, are centered.

At present, other factors, such as the 2005 World Exposition in Aichi, Japan (March-September 2005), and the opening of the new Chubu International Airport (February 2005), are also contributing to the economic vitality of the region.

Chubu Electric Power Company's Position within Japan (FY2004)

Electric energy sold — Area served — Population served



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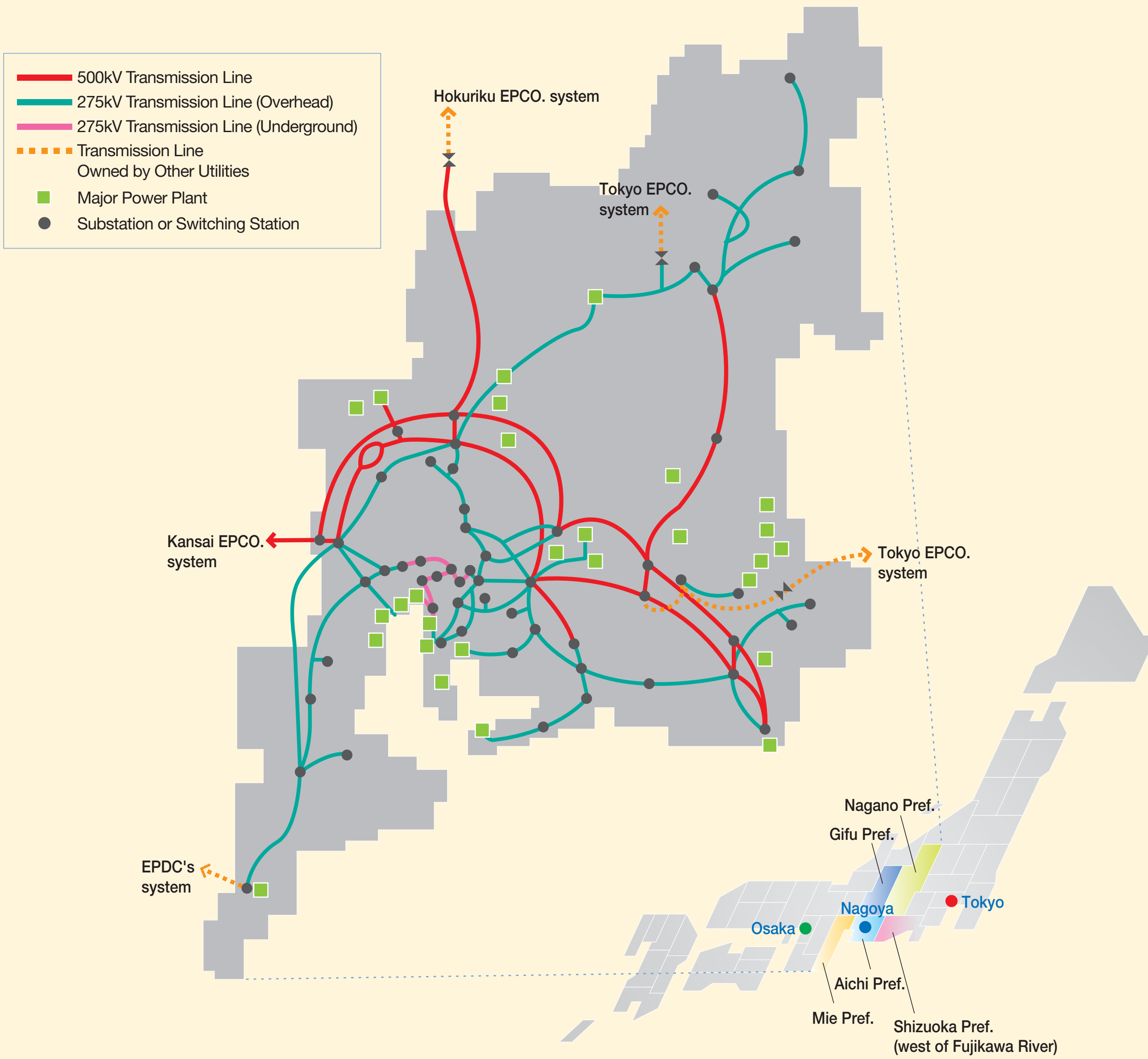
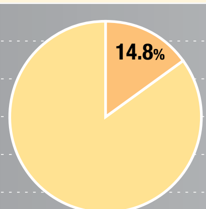
Notes: 1) The Company's 2005 fiscal year dates from April 1, 2004, to March 31, 2005.
2) Most figures in this report have been rounded off.

POWER SYSTEM MAP (as of March 31, 2005)



Economic Foundation in the Chubu Region

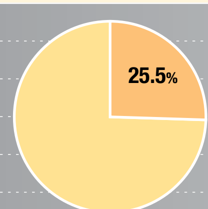
Composition of GDP (Real) in Japan (FY2003)



Chubu Region

Notes: 1) Source: Cabinet Office / Annual Report on National Accounts
2) Chubu Region: Aichi Pref., Gifu Pref., Mie Pref., Shizuoka Pref. and Nagano Pref.

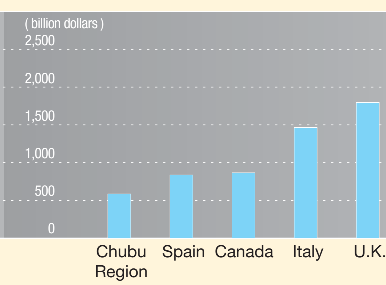
Composition of Products Shipment in Japan (CY2003)



Chubu Region

Notes: 1) Source: Ministry of Economy, Trade and Industry/ Census of Manufactures
2) Chubu Region: Aichi Pref., Gifu Pref., Mie Pref., Shizuoka Pref. and Nagano Pref.

Comparison of GDP (Nominal)

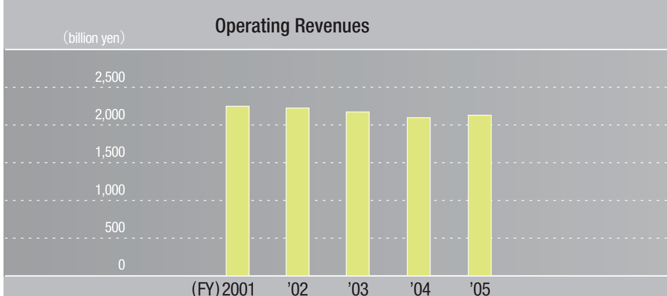


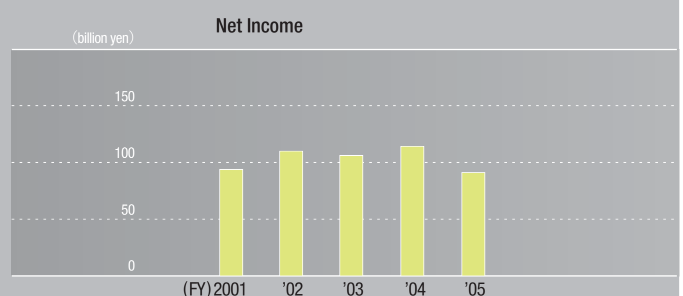
Notes: 1) Source: Chubu Bureau of Economy, Trade and Industry
2) Chubu Region: Aichi Pref., Gifu Pref., Mie Pref., Shizuoka Pref. and Nagano Pref.

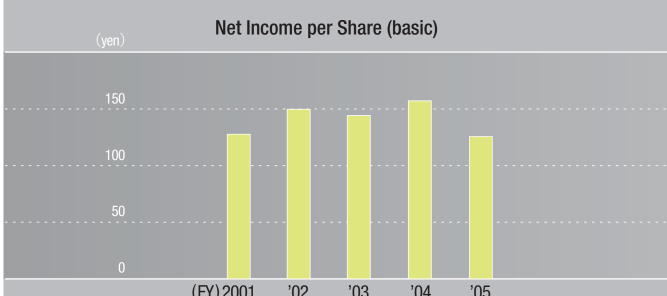
Consolidated Financial Highlights

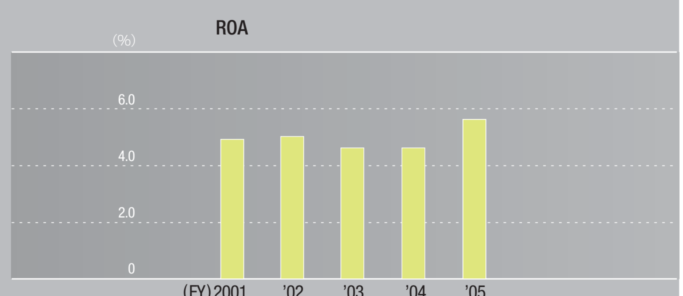
For the years ended March 31, 2005 and 2004	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars 2005
For the year			
Operating Revenues	¥ 2,133,224	¥ 2,101,072	$ 19,864,270
Operating Income	342,160	334,412	3,186,143
Net Income	91,271	114,718	849,900
At year-end			
Total Assets	5,703,558	6,060,178	53,110,702
Shareholders' Equity	1,413,233	1,377,180	13,159,820
Per share data			
Net Income (yen and U.S. dollars)	¥ 125.68	¥ 157.21	$ 1.17
Cash Dividends (yen and U.S. dollars)	60	60	0.56
Financial ratios			
ROA (%)	5.6	4.6	
ROE (%)	6.5	8.5	
Electric Energy Sold (millions of kWh)	126,663	122,216	

Notes: 1) U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39=US$1
2) Chubu Electric Power Company's fiscal year is from April 1 to March 31 of the following year.
3) These numbers are based on consolidated data.









To Our Shareholders and Investors

Fumio Kawaguchi
President & Director

Results for the Year Ended March 31, 2005

Overview of Consolidated Financial Results

The Japanese economy continued its steady recovery during FY2005. Improved results in the corporate sector, made possible by an increase in exports and manufacturing, led to an increase in capital investment in plant and equipment, while improved consumer earnings and a lower national unemployment rate led to greater personal consumption.

Under these economic conditions, consolidated sales (operating revenues) in our core electricity business rose due to an increase in the amount of electric energy sold, despite electricity rate reductions introduced in January 2005. This led to consolidated operating revenues increasing by 1.5% over the previous year to ¥2,133.2 billion. As for expenses, despite a decrease mainly in personnel expenses in the electricity business, increases mainly in fuel and depreciation expenses, led to a 1.4% increase in consolidated operating expenses to ¥1,791.1 billion. As a result, consolidated operating income increased by 2.3% to ¥342.2 billion.

Furthermore, due to the implementation in FY2005 of the "Accounting Standard for Impairment of Fixed Asset," impairment loss on fixed assets of ¥45.6 billion were recorded as other expenses. Due to this, consolidated net income decreased by 20.4% to ¥91.3 billion.

Business Strategy and Management Policies

Basic Management Policies

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 (JEPX), a wholesale market for trading electric power, and the Electric Power Council of Japan (ESCJ), an independent council for reviewing utilization of the transmission network. The transmission network utilization rate system has also been reviewed.

Against this background, the Group must face the following issues in order to advance its market position despite growing competition, and achieve sustainable growth as a multi-energy corporate group at the heart of the Chubu region:

Customer Satisfaction-oriented Sales Activities

Our aim is to provide services that satisfy our customers. To achieve this, we are actively making proposals, such as all-electric homes and best-matching contract options, in order to meet the diverse needs of our customers and to continue attracting as many users as possible. Furthermore, we wish to maximize our use of the Group's management resources by offering as many energy-oriented services as possible.

In addition, we endeavor to achieve a balance between a stable supply of electricity and environmental protection so that our customers can use electric power with confidence. To this end, we have established a good

Four Pillars of Management Policy

The Company, as a multi-energy company in the central region of Japan, aims to provide new services and values with energy as its core business, in order to achieve a sustainable growth in unity with the Group. To fulfill this, four pillars of management policy were set up below:

Customer Satisfaction-oriented Sales Activities

In order to satisfy our customers and to continue to attract as many customers as possible, the Company improves contract options and services, and actively makes proposals to properly meet the diverse needs of individual customers. The Company makes maximum use of the Group's management resources in order to provide a variety of new services in the areas of energy involving gas supply and on-site generation sources.

Strengthening Our Cost Competitiveness in the New Market Environment

In order to deliver premium services at lower prices as the market undergoes drastic changes, such as the review of the electric utilities industry structure and the intensifying competition involving different kinds of energy, the Company aims to raise efficiency in each stage of business and securely achieve the goal, "20% reduction in costs from pre-liberalization figures by FY2006."

Using Management Resources and Fruits of Labor Strategically to Further Improve Corporate Foundations and Achieve Sustainable Growth

In order to strengthen profitability, improve financial conditions, and increase the collective strengths of the Group, the Company will endeavor to securely reach its managerial targets. And in pursuits of sustainable growth as a multi-energy company, the Company will strategically allocate its human resources and fruits of labor intensively to the energy business areas.

Management Reforms and Commitment to Good Citizenship

The Company will reinforce its cooperative and integrated management system involving the main company and its group companies in order to flexibly cope with difficult management environments and to make the corporate group more competitive.

We will never forget that we have a social responsibility as corporate citizens to comply with all laws, take care of the environment and deepen our ties with the local community.

balance between the different power sources and are making progress in the construction, maintenance and management of safe power production facilities.

With this in mind, we have started developing Shin-Nagoya Group No.8, a state-of-the-art, high-efficiency LNG thermal plant, which is scheduled to start operation in FY2009. We are taking various timely and adequate actions on Hamaoka Nuclear Power Station, including work to further improve earthquake-proofness, with the top priority on ensure safety and to gain the trust of local residents, so that the plant may be a stable source of power for many years to come.

Strengthening Our Cost Competitiveness in the New Market Environment

In order to provide superior services at lower cost, we are implementing all possible methods and innovations to strengthen our cost competitiveness. As a result of this management policy, in January 2005 we were able to reduce the price of electricity by 5.94% on average. We intend to further improve the efficiency of our facility construction by aggressively introducing new technologies, promoting additional cost reductions in our procurement of materials and fuels, and enhancing the operational efficiency of our power plants. We also intend to downsize our labor force and reallocate employees in order to improve operational efficiency.

Using Management Resources and Fruits of Labor Strategically to Further Improve Corporate Foundations and Achieve Sustainable Growth

To strengthen our corporate foundations and ensure sustainable growth, both consolidated and non-consolidated managerial goals are being successfully realized. These goals include securing the profitability of the Group as a whole, improving financial conditions and enhancing the collective strengths of the Group. In addition to this, we are integratively managing and making efficient use of the Group's management resources in

Management Objectives

Sales Target

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 billion kWh by the end of FY2008.

Financial Targets

Item	Consolidated Target	Non-consolidated Target	Target Year
ROA (Return on Assets)	4.5% or more	4.5% or more	Average for three years from FY2005 to FY2007
Ordinary Income	¥165 billion or more	¥160 billion or more	
Capital Investment	¥200 billion or less	¥170 billion or less	
Free Cash Flow	¥360 billion or more	¥350 billion or more	
Outstanding Interest-bearing Debt	¥3,100 billion or less	¥3,000 billion or less	By the end of FY2007

Notes :1) ROA (Return on Assets) = (Ordinay income + Interest expenses) / Average total assets at beginning and end of the period.
2) Ordinary Income
Consolidated:
Income before provision of reserve for fluctuation in water levels, income taxes and minority interests + (Impairment loss on fixed assets - Gain on sales of investment securities)
Non-consolidated:
Income before provision of reserve for fluctuation in water levels and income taxes + (Impairment loss on fixed assets - Gain on sales of investment securities)
3) Free Cash Flow = Operating cash flow – Investing cash flow

Operating Efficiency Target

The Company will achieve a workforce level of about 16,600 employees at the end of FY2006 (non-consolidated).

order to strengthen the Group’s foundation.

The fruits of these corporate activities will be strategically allocated to the improvement of corporate financial conditions and the energy business, which is the key to future growth and profitability. This will in turn ensure appropriate dividends to the shareholders.

Management Reforms and Commitment to Good Corporate Citizenship

To gain the trust of the community and to manage the Company more efficiently, a number of management reforms are taking place. These include a reduction of the number of board members, the introduction of an executive officer system, a shortening of the term of office of board members and the introduction of a mandatory retirement age. In addition, an advisory board is being established to ensure that suggestions from outside the company are reflected in management decisions.

We will never forget that we have a social responsibility as corporate citizens to comply with all laws, take care of the environment and deepen our ties with the local community.

Building on the unified efforts of the Chubu Electric Power Group, we remain a robust enterprise that can respond flexibly and appropriately to structural changes in the energy market while striving to gain the trust of our shareholders, investors and customers. We are also determined to contribute to the development of local communities.

Fumio Kawaguchi
President & Director

Demand for Electric Power

Because of advances in the field of energy conservation, traditional growth in demand for electric power cannot be expected in the Chubu region. However, stable growth is forecast thanks to healthy industrial activity made possible by steady economic recovery, and the growth in the number of all-electric homes.

Sales Plan

- Electricity Sales (Average annual growth from FY2004 to FY2015): ·················· 1.1%
  (* Growth rate is value-corrected for temperature and leap month)
- Peak Load (Average annual growth from FY2004 to FY2015): ···················· 1.0%
  (** Growth rate is value-corrected for temperature)

Development of New Facilities

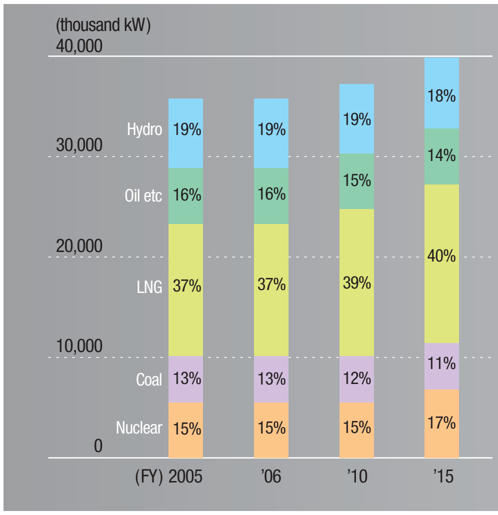
We are committed to developing over 4 million kW of new sources of electric power over the next ten years (FY2006 to FY2015). This includes nuclear power and power to be purchased from wholesale power producers and independent power producers (IPPs).

By developing new power sources, we will ensure a stable supply of electric power, taking into account economic efficiency, reduced environmental load and technical considerations. The aim is a well-balanced variety of electric power sources.

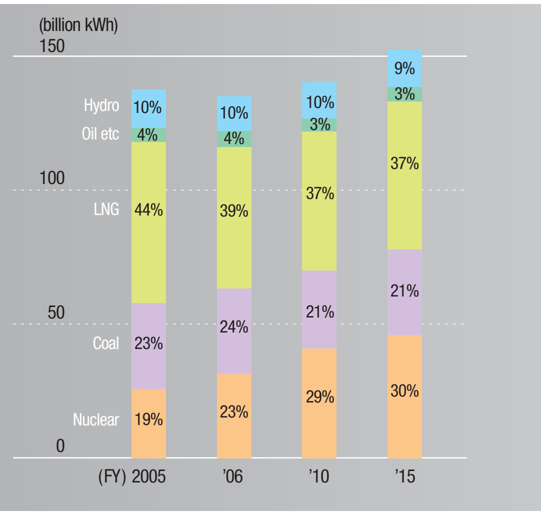
When designing our transmission facilities, we focus on the stability of supply as well as economic and environmental factors. We are working to reduce costs through the introduction of new technologies and rationalized designs, and are committed to constructing these facilities in a planned and efficient manner.

Power Supply Composition

Composition of Facilities at End of Each Fiscal Year



Composition of Generated Electricity



Power Generation and Transmission Facilities Plan

[Power Generation Facilities] Start of Operation

<Own-developed>

- Shin-Nagoya Thermal Power Station Group No.8 (1,458 MW) .... FY 2009
- Joetsu Thermal Power Station Group No.1 (1,180 MW) .... FY 2013

<Power Purchased>

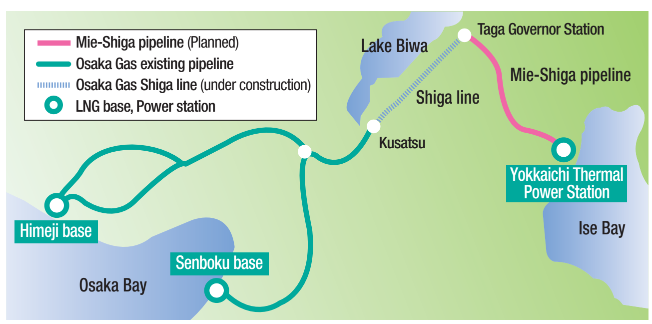
- Tsuruga Nuclear Power Station Plants No. 3 and 4 (1,230 MW) .... FY2014~2015

[Power Transmission Facilities]

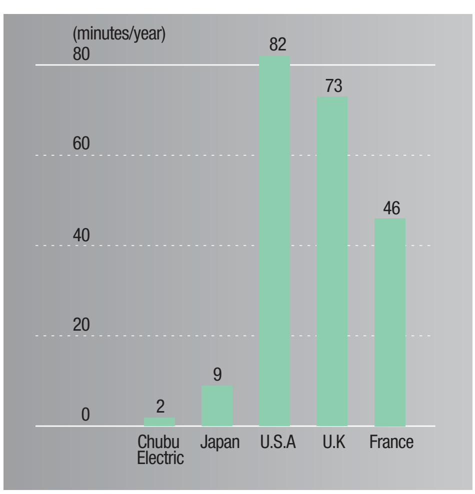
- 275 kV Higashi Shimizu Substation FY2008
- 275 kV Suruga - Higashi Shimizu line FY2008
- Higashi Shimizu Substation FC .... FY2008 (partial operation will start in FY2006)
- 275 kV Joetsu Thermal Power line FY2012

Furthermore, a steady supply of fuel is essential to ensure a stable supply of electricity. Therefore, in September 2004 we reached an agreement with Osaka Gas Co., Ltd. to construct a natural gas pipeline (the Mie-Shiga Pipeline) between our Yokkaichi Thermal Power Station and the Osaka Gas Taga Governor Station, to establish a stable and efficient natural gas supply system for both companies. The pipeline, which is set to become operational in FY2011, will ensure a steady supply of natural gas from Osaka Gas to the Shiga area, and enable Chubu Electric Power to obtain a backup supply of fuel. As a result, Chubu Electric Power will be able to operate its power production facilities more flexibly and increase the reliability of the power supply line.

Outline of Mie-Shiga Pipeline



Service Interruptions due to Supply Incidents



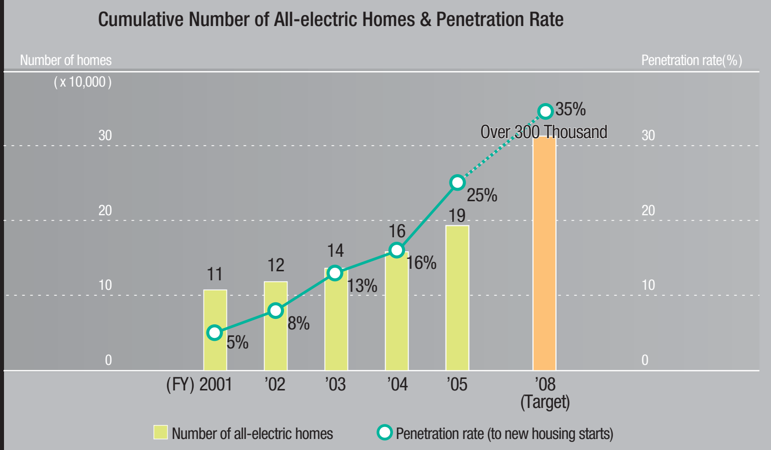
Notes : 1) Figures for Chubu Electric and Japan are for FY2004; other figures are for CY2000.
2) With the exception of figures for Chubu Electric, figures are provided by the Federation of Electric Power Companies of Japan.

The Best Quality Electricity in the World

High quality electricity is essential for a rich and varied lifestyle, for high-level manufacturing and for supporting the ever-developing information society we live in.

We have always striven to supply electricity stably and economically, with no fluctuations in voltage or frequency, through a single comprehensive system covering all the steps from power generation to distribution. We have also set up safeguard systems to minimize power cuts caused by lightning and other natural phenomena. As a result, based on an international comparison of black-out times and overall supply stability, the quality of our electricity is the best in the world.

Marketing Strategy



In April 2005, the liberalization of the electricity market was expanded to include every customer drawing high-voltage electricity. This means that in our catchment area there are about 110 thousand accounts, or in other words, approximately 67% of our electric energy sold falls within the scope of this liberalization plan. In addition, new mechanisms, such as a revision of the transmission network utilization rate system and establishment of the wholesale market for trading electric power (JEPX) have been implemented. These developments have exposed the company to an increasingly competitive market.

Against this background, we are actively marketing ourselves in order to encourage customers to choose our services. In addition to attracting customers, we are actively working to meet our new target of creating an additional demand of 2.4 billion kWh through the promotion of the “all-electric” concept for air-conditioning, cooking and industrial processes, which is to be achieved by the end of FY2008.

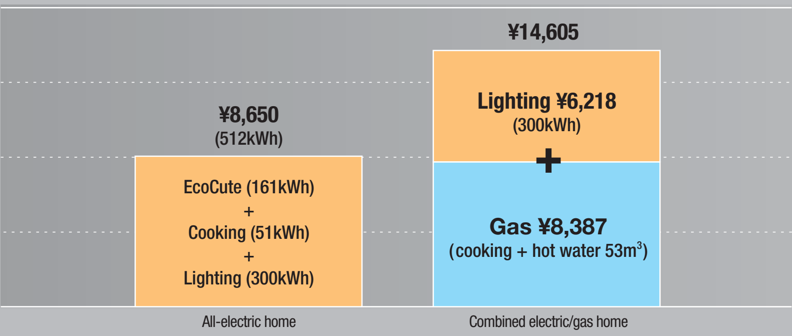
Sales and Service

Business Applications

We recently established a “Business Customer Service Center” in January 2005, in addition to introducing specialist sales staff (“account managers”) for customers using more than 500 kW of high-voltage electricity, and technical specialists (“solution staff”) providing technical support. The center, which became operational in April 2005, supplies information to customers who come under the liberalization plan from April 2005, and gives answers to any questions customers may have. Under this system, we are now able to give customized service best-matching for the energy needs of the customer, offer a wide range of contracts, and help with cost cutting and facility management.

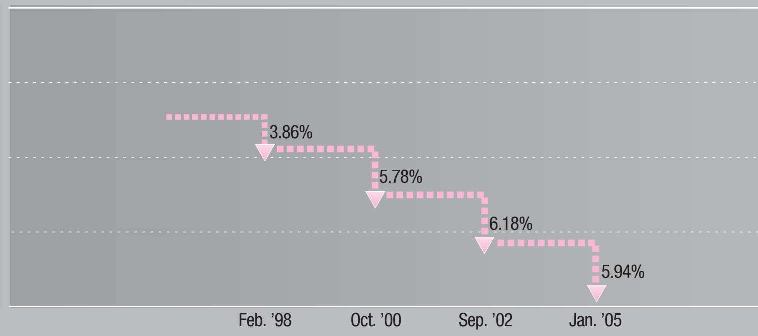
Furthermore, in conjunction with group companies such as on-site energy system company, C ENERGY CO., Inc., we provide a “comprehensive energy service” which devises the most efficient combination of energy sources (gas, on-site energy, etc. in addition to electricity) for the customer.

Comparison of Monthly Average Utility Charges for an All-electric Home and a Combined Electric/gas Home



Note : Calculation of price correct as of April 2005 (including Consumption Tax) based on the average consumption of a family of 4.

Reductions in Electricity Rates



Note : Rates since October 2000 are averages for relevant supply agreements.

By actively supporting our customers as a business partner, we hope to ensure that customers will continue to choose us for their energy needs. Our target is to increase demand by 1.5 million kW over the next three years to FY2008.

Domestic Applications

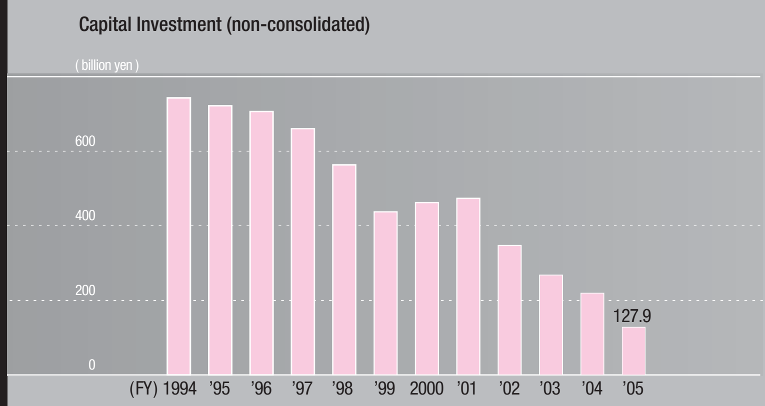
The advantages of all-electric homes, such as hygiene, safety, convenience and economy, are well known. Over the last few years, thanks to the particular popularity of IH cooking and EcoCute (a highly efficient and eco-friendly water heating system that incorporates a heat pump and CO_2 refrigerant), the number of all-electric homes has rapidly increased. We strengthened our sales system in December 2004 with the establishment of the “E-Life Consulting Center,” which has dedicated staff who answer customers’ questions regarding all-electric homes and other uses of electricity. The E-Life staff in our sales offices gives consistent service from start to finish: initial home visits, estimates of prices for all-electrified appliances and laying of lines, and arrangements for all work that needs to be carried out.

All-electric homes count for approximately 25% of all new housing starts in our catchment area in FY2005. In addition, the cumulative number of all-electric homes reached 200,000 in April 2005. We intend to do everything necessary to make the lives of our customers as comfortable as possible, with the aim of increasing the number of all-electric homes to over 300,000 (35% of all new housing starts) by FY2008.

Rate Reductions and Diversification of Contracts

In January 2005, we reduced electricity rates by an average of 5.94% (average rate for relevant supply agreements). We intend to further increase our cost-competitiveness through increased efficiency, and to offer customers a greater variety of contract options.

Strengthening Our Cost Competitiveness



Facility-related Cost Containment

Under the increased competition in all aspects of the energy market, we reduced the price of electricity in January 2005 thanks to our increased efficiency.

We reduced capital investment in facilities from the FY1994 peak of ¥742.4 billion to ¥127.9 billion in FY2005 (non-consolidated). This is an example to show how successful we have been in achieving our target of a 20% reduction in costs by FY2006, compared to the level prior to March 2000, when deregulation went into effect. This was decided on as part of the 2001 management reform roadmap for greater competitiveness in the deregulated retail electricity market. Our new target for the average level of capital investment during the FY2005–FY2007 period is ¥200 billion or less on a consolidated basis, and ¥170 billion or less on a non-consolidated basis.

Targets in Capital Investment

Consolidated	¥200 billion or less
Non-consolidated	¥170 billion or less

(Average for three years from FY2005 to FY2007)

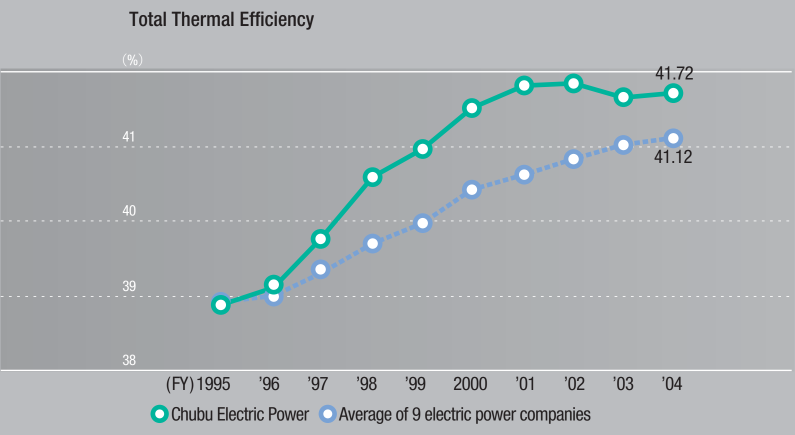
Optimization of Facilities

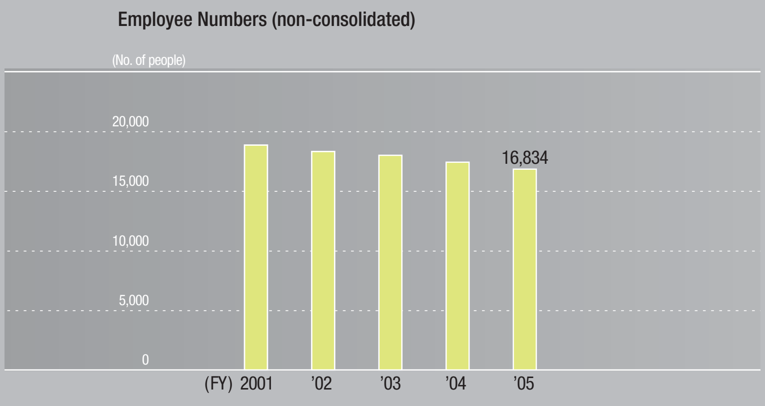
After a thorough investigation of the operation rates and features of each facility, we are implementing a policy of decommissioning high-cost, low-efficiency plants. Meanwhile, new high-performance plants are being built. Plant No. 5 of the Hamaoka Nuclear Power Station began operation in January 2005, and Group No.8 of the Shin-Nagoya high-efficiency LNG Thermal Power Plant, a combined-cycle generating system using a 1500℃ inlet temperature gas turbine with a power generation efficiency rate of 51%, is scheduled to begin operation in

Units Recently Decommissioned

Fiscal Year of decommissioning	Power Station	Output (in thousand kW)
2002	Shin-Nagoya No.5,6	440
	Taketoyo No.1	220
	Yokkaichi Reinetsu No.1	7
2003	Nishi-Nagoya No.6	500
2004	Nishi-Nagoya No.5	500
	Atsumi No.2	500
2005	Owase No.2	375
	Shin-Shimizu No.1	156

Shin-Nagoya Thermal Power Station Group No.8
(a conceptional drawing)





FY2009. With this we aim to increase the efficiency of all our power sources, improve our competitiveness, and reduce our CO_2 emissions.

Increasing Overall Operational Efficiency of Power Plants

Chubu Electric Power Company has been working on several measures to optimize the operations of its facilities. These include extensive use of LNG thermal power plants, including high-efficiency combined cycle plants, and the installation of supplemental boilers allowing for a complete shutdown of oil-powered generation during periods of low demand. As a result of these measures, our total thermal efficiency rate in FY2004 was yet again at the top level in Japan, at 41.72%.

Increasing the Efficiency of Business Operations

Chubu Electric Power Company is one of the first power companies in Japan to rationalize its workforce. As a result, the workforce numbered 16,834 people (non-consolidated) at the end of FY2005, giving us the highest electric energy sold per employee rating in the country. Our target is to further reduce the workforce to around 16,600 employees (non-consolidated) by the end of FY2006, in a move to streamline the company and boost competitiveness even more.

We actively endeavor to boost the efficiency of our internal business activities through measures such as the gradual introduction of regional call centers, implementation of a consolidated electronic mapping system for designing power distribution systems and routing maps, and maximum use of IT technology.

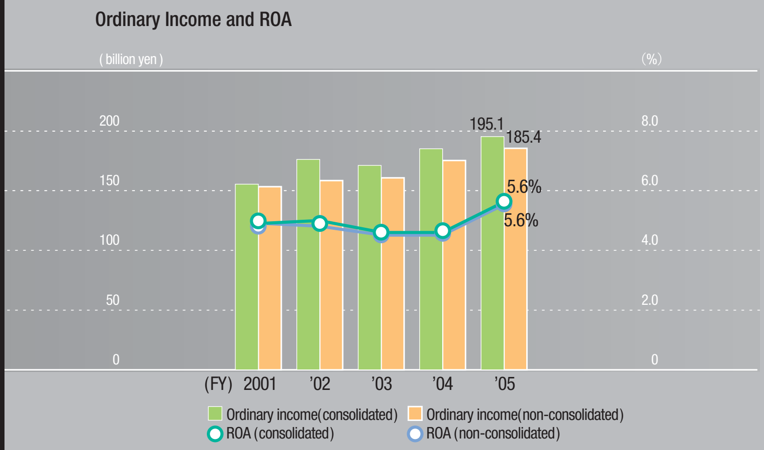
Workforce Management Target

To reduce the workforce to around 16,600 employees (non-consolidated)

(By the end of FY2006)


Call Center

Strengthening Our Financial Foundations and Strategically Utilizing Management Resources



Profitability and Growth

In order to raise profitability and growth, the following average-basis targets have been set for the period between FY2005–FY2007: consolidated and non-consolidated return on assets (ROA) of 4.5% or more each, consolidated ordinary income of ¥165 billion or more (non-consolidated ¥160 billion or more), and a consolidated free cash flow of ¥360 billion or more (non-consolidated ¥350 billion or more).

In FY2005, ROA, ordinary income and free cash flow figures all exceeded our three-year average targets thanks to strong marketing, significant cost reductions and a streamlining of our business activities.

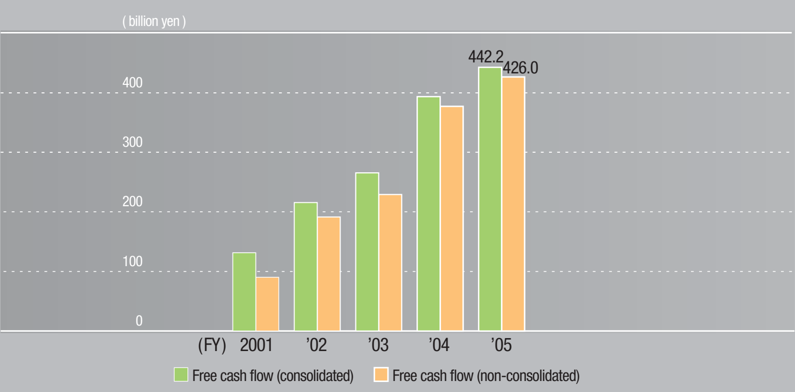
As competition in the energy market is set to become even fiercer, it is essential that we reach all our business targets.

Profitability and Growth Target

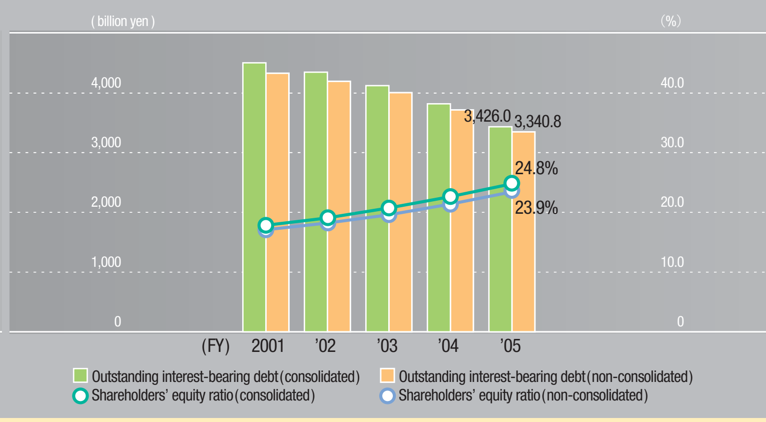
Item	Consolidated Target	Non-consolidated Target	Target Year
ROA (Return on Assets)	4.5% or more	4.5% or more	Average for three years from FY2005 to FY2007
Ordinary Income	¥165 billion or more	¥160 billion or more	
Free Cash Flow	¥360 billion or more	¥350 billion or more	

Notes : 1) ROA (Return on Assets) = (Ordinary Income + Interest expenses) / Average total assets at beginning and end of the period.
2) Ordinary Income
Consolidated:
Income before provision of reserve for fluctuation in water levels, income taxes and minority interests + (Impairment loss on fixed assets - Gain on sales of investment securities)
Non-consolidated:
Income before provision of reserve for fluctuation in water levels and income taxes + (Impairment loss on fixed assets - Gain on sales of investment securities)
3) Free Cash Flow = Operating Cash Flow – Investment Cash Flow

Free Cash Flow



Outstanding Interest-bearing Debt and Shareholders' Equity Ratio



Improving our Financial Footing

As part of our plan to strengthen the Group's financial footing, we intend to reduce consolidated interest-bearing debt to ¥3.1 trillion or less (non-consolidated ¥3.0 trillion or less) by the end of FY2007.

At the end of FY2005, interest-bearing debt, which at its peak exceeded ¥4 trillion, stood at ¥3.43 trillion (consolidated). The shareholders' equity ratio is increasing annually, and has already exceeded the former target of 20% (non-consolidated) set for the end of FY2003. At the end of FY2005, the ratios were 24.8% (consolidated) and 23.9% (non-consolidated), respectively.

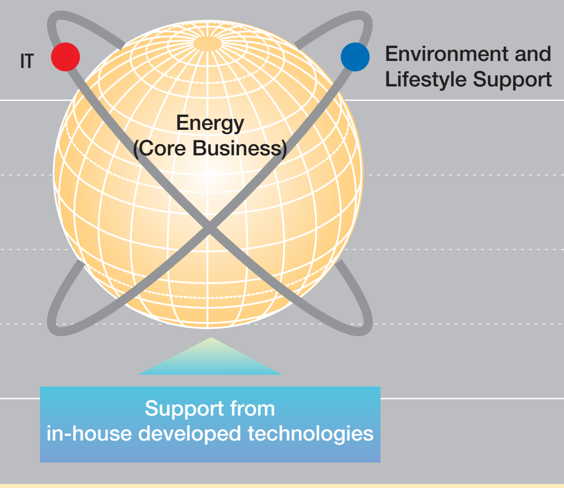
Debt Reduction Target

Item	Consolidated Target	Non-consolidated Target	Target Year
Outstanding Interest-bearing Debt	¥3,100 billion or less	¥3,000 billion or less	By the end of FY2007

Growth through Strategic Utilization of Management Resources and Fruits of Labor

We plan to achieve sustainable growth by strategically allocating the free cash flow created by our successful management policy to the following areas: payment of dividends to shareholders, the reduction of interest-bearing debt to improve our financial footing and the investment in the energy business with potential profitability.

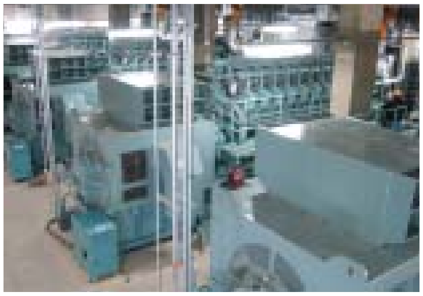
New Business Areas and Strengthening Existing Operations



Business Development Policy

Today's energy market is characterized by fusions and intensifying competition. To achieve steady corporate growth, we have made it our policy to focus on energy as the core of our business, use all the management resources available to the Chubu Electric Power Group, and to develop into a multi-energy company offering not only electricity but also gas and on-site energy options.

We also intend to enhance our corporate value in terms of competitiveness and profitability in business areas such as Environment and Lifestyle Support, and Information Technology, by fully exploiting our management resources, for instance in-house developed technologies.



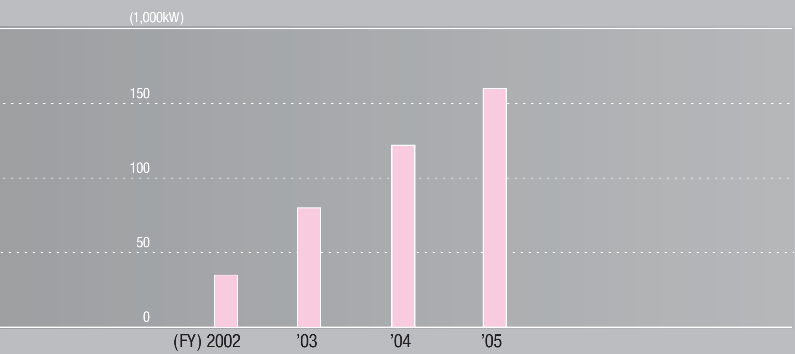
On-site energy facility

Promotion of Group Management

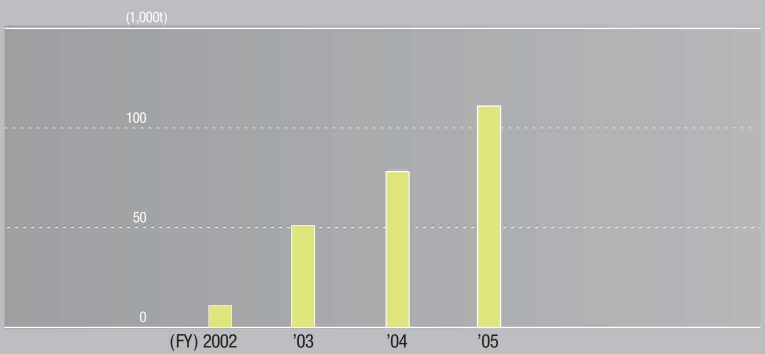
To continue growing as a competitive group capable of responding quickly and accurately to the demands of a tough business environment, we are currently setting up a more consolidated group management system that will facilitate better cooperation between the mother company and its subsidiaries.

In practical terms, this means financial aid and restructuring aimed at consolidating management resources and strengthening financial health, as well as group support programs that will consolidate shared business activities. In addition to traditional management systems which evaluate the progress of the medium-term plans drawn up by each company, a "group results evaluation system" was put into place in April 2005 in order to ensure the realization of consolidated management targets. Under this system, plans will be evaluated both objectively and quantitatively by Chubu Electric Power Company in order to set clear parameters of managerial responsibility.

Cumulative Volume obtained by C ENERGY (contract basis)



Gas Sales Volume of the Group



New Businesses in Operation

Energy Businesses (in Japan)

Business	Business Entity	Outline
Integrated energy service provider	C ENERGY CO., Inc. (Capital ¥400 million: 58% owned by Chubu Electric Power Co., and 6 other companies)	C ENERGY CO., Inc. was established in April 2001. It is an integrated energy service company that works to provide the most suitable mix of fuel and consumers' own power generation system, and provides installation of on-site facilities such as cogeneration systems.
Gas supply through pipeline	Chubu Electric Power Co., Inc./ ancillary businesses	Supplies Gas company pipelines. As at the end of March 2005, sales are made to 5 companies in the locale of our LNG gas production facilities.
Sales of LNG by tanker trucks	LNG Chubu Corp. (Capital ¥200 million: 51% owned by Chubu Electric Power Co., and 2 other companies)	Established in June 2000, LNG Chubu Corp. is expanding its sales of LNG to large corporate customers.
	Hokuriku Erunesu Co., Ltd. (Capital ¥200 million: 34% owned by Chubu Electric Power Co., and 3 other companies)	In August 2001 three companies including Hokuriku Electric Power Co., Inc. established Hokuriku Erunesu Co., Ltd. to promote the sales of LNG in the Hokuriku region.

Energy Businesses (Overseas)

Business	Business Entity	Outline
Overseas consultancies	Chubu Electric Power CO., Inc. / ancillary businesses	Power generation infrastructure consultancies, mainly operating in Asian countries.
Overseas investment businesses	Chubu Electric Power Company International B.V. (Administration of international businesses) Chubu Electric Power Company U.S.A. Inc.	Overseas investment businesses including IPP businesses.
Environmental businesses	Chubu Electric Power Company International B.V. (Administration of international businesses)	Investment businesses, including CO_2 emission rights acquisitions.

Environmental and Life-support Businesses

Business	Business Entity	Outline
Manufacture and sales of artificial zeolite	Chubu Electric Power Co., Inc. / ancillary businesses	The company has developed technology for manufacturing high-quality artificial zeolite from waste coal ash produced at coal thermal power plants (product name: "Circulash"), which is capable of effectively removing heavy metals and odorous gases such as ammonia. Sales commenced in October 2004.
Real estate-related businesses	Chubu Electric Power Co., Inc. / ancillary businesses	Makes use of the company's real estate, through land rental to convenience stores and family restaurants, residential leases and sales of residential lots.

IT-related Businesses

Business	Business Entity	Outline
FTTH	Chubu Electric Power Co., Inc. / ancillary businesses* (In-house companies)	Uses the company's fiber-optic cable network to offer a "Fiber to the Home" (FTTH) high-speed internet connection service with a maximum speed of 100 Mbps. The service was first introduced in Nagoya City in November 2002.
Fiber-optic cable line leasing business	Chubu Electric Power Co., Inc. / ancillary businesses*	Leases fiber-optic cable lines to telecommunications carriers, CATV businesses and similar operations. This business commenced in May 2000.

Note : Scheduled to transfer to Chubu Telecommunications Co., Ltd., a Company subsidiary, in January 2006.

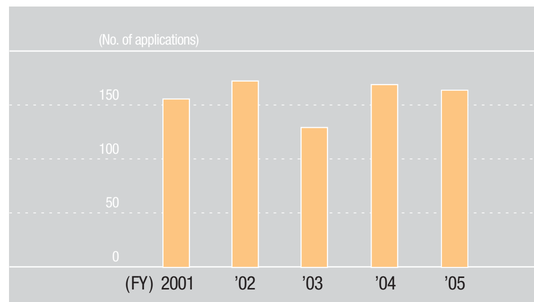
Research and Development

At the initiative of our Research & Development Division, which comprises our Research & Development Planning Section, Electric Power Research & Development Center and Energy Applications Research & Development Center, we are promoting technological development in the three major areas shown below. Embracing a flexible and strategic approach in response to business conditions, we are working to reduce costs company-wide and undertake research and development with a greater emphasis than ever on cost-effectiveness. Focusing on research with profitability potential, we are incorporating the fruits of labor from these efforts in all aspects of our business including sales activities.

Fields of Technical Development

- Technical development for a sound business foundation
- Technical development to create new energy supply systems and ensure a stable supply of electric power
- Technical research related to environmental conservation

No. of Patent / Utility Design / Industrial Design Applications Pending



Major Research Achievements

(1) Development of Backup Systems for Momentary Voltage Drops

Semiconductors, precision tools and other equipment used in production lines and plant manufacturing require electricity of extremely high quality. Momentary voltage drops caused by lightning can lead to malfunctions and shutdowns of electric power equipment, severely impacting on our customers' production activities. In order to prevent such incidents we are developing a comprehensive variety of backup systems.

[SMES: Superconducting Magnetic Energy Storage System]

A backup system designed to provide auxiliary power during momentary voltage drops at large manufacturing plants, this system employs superconductor technology, which allows for massive amounts of electric power to be charged or discharged rapidly. Since July 2003, we have been carrying out verification tests at a major electrical appliance manufacturer.

Verification test of SMES (5000 kW/1 second)

[Uninterruptible Power Supply Systems Utilizing Double-Layer Capacitors]

We have developed an uninterruptible power supply system, incorporating a double-layer capacitor capable of storing a large volume of electricity in a small device, to compensate for small and medium-scale loads. This reduces maintenance and makes long-term compensation possible. Furthermore, in 2004 we successfully developed a line-up of high-voltage, high-capacity devices and have already put them on the market.

Uninterruptible power supply system incorporating a high-voltage, high-capacity double layer capacitor

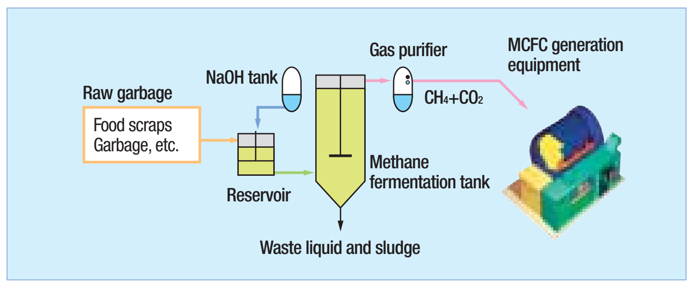
(2) Fuel Cell Development

Fuel cells offer an entirely new method of directly generating power using an electro-chemical reaction between a fuel (such as hydrogen) and air (oxygen). Fuel cells can be divided into a number of categories depending on the materials and temperatures used. We are committed to research and development of high-temperature fuel cells, which are expected to improve power generating efficiency and serve as medium-sized on-site power sources and power sources for electric utilities in the future.

[Molten Carbonate Fuel Cell]

Molten carbonate fuel cells (MCFC) have higher capacity and are expected to serve as co-generation power sources for business and industrial use. Chubu Electric Power Company is at the center of development of these fuel cells in Japan, and is committed to researching fuel diversification and extending the service life of fuel cells.

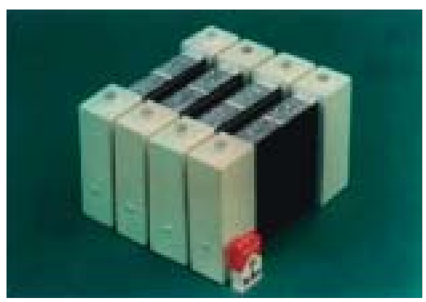
At the 2005 World Exposition in Aichi, Japan we are conducting a verification test of an MCFC combined with a biogasification unit using raw garbage and other wastes. We are also carrying out a verification test of an MCFC combined with a waste gasification furnace at our Shin-Nagoya Thermal Power Station.



Verification test of fuel-cell power generation at Expo 2005

[Solid Oxide Fuel Cell]

Solid oxide fuel cells (SOFC) are expected to serve as a high-efficiency cogeneration power source. Chubu Electric Power Company is currently developing a co-generator together with Mitsubishi Heavy Industries, Ltd. At the 2005 World Exposition in Aichi, we are conducting a verification test at the "Wonder Circus Electric Power Pavillion" belonging to the Federation of Electric Power Companies of Japan.



MOLB -type SOFC block (1 kW-level blocks x 4)

(3) Development and Marketing of Artificial Zeolite (Circulash)

Artificial zeolite is a fine, gray, powdery substance created by chemically processing coal ash. Since its crystalline porous structure has absorbant, cation exchange and catalytic capabilities, artificial zeolite can be used for various purposes, such as removing malodorous gases and improving the environment through water purification and soil improvement. Chubu Electric Power Company has developed technology to manufacture high quality artificial zeolite from ash produced by coal-powered thermal power plants, and sales began in October 2004 under the name "Circulash".

Artificial Zeolite (Circulash)

Reforming the Management Structure

We are implementing a major reform of our management structure to strengthen our corporate governance, having received approval at the general shareholders' meeting in June 2005. This reform aims to set up a management system that has the full confidence of all stakeholders (shareholders, customers, employees and local residents) with "fairness" and "transparency" as its central pillars, and also to make the Chubu Electric Power Group into a robust group of corporations by increasing management efficiency.

This will strengthen the Group as a whole and ensure its sustainable long-term growth in this age of fierce competition in the energy market.

The following are the core strategies for our management reform project set up in March 2005:

Outline

Reduction in the number of board members

The number of board members will be reduced to a maximum of 20 to ensure effective debates, rapid management decisions and a reinforcement of the supervisory role of the board.

Introduction of an Executive Officer System and delegation of authority to the general managers

Executive Officer System to be introduced and authority to be delegated to general managers in order to ensure the separation of management decisions from supervision and execution, and to ensure rapid implementation of business decisions.

Enforcement of a fixed term of office (1 year) and a mandatory retirement age for board members

The term of office for members of both boards (directors and executive officers) will be 1 year, and a mandatory retirement age will be introduced. This is to clearly separate the responsibility for management, held by the board of directors, from the responsibility for execution, held by the executive officers. It will also create a system that allows instant reaction to changes in the management environment.

Clear procedures to allocate responsibilities and rewards to board members, auditors and executive officers.

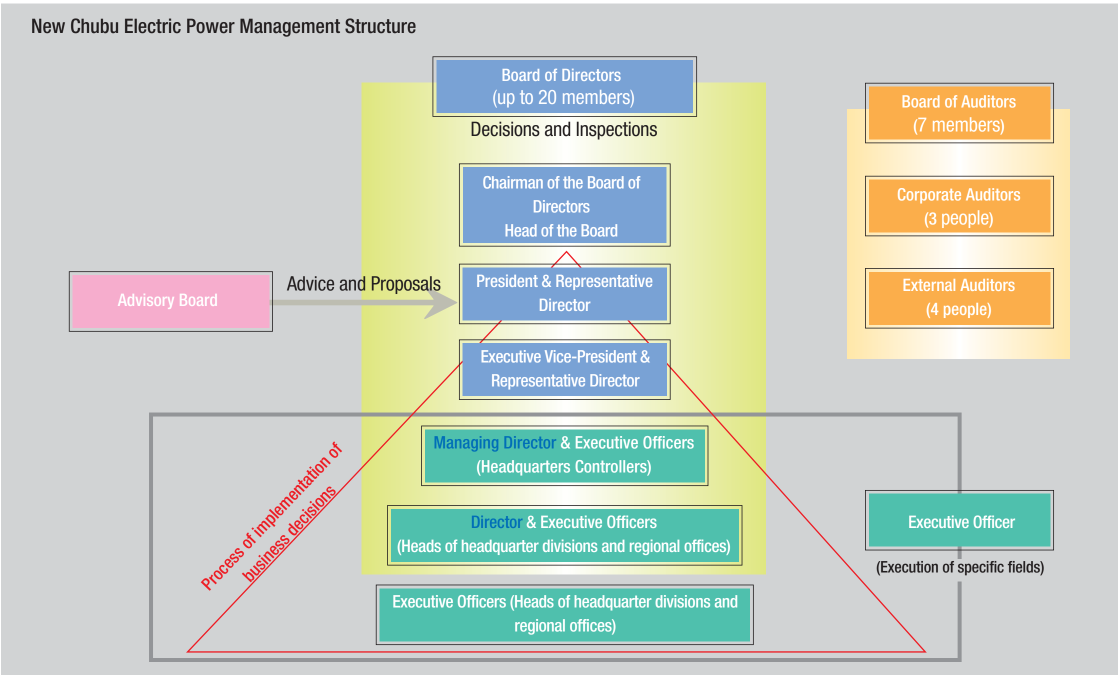
To ensure fairness and transparency of the appointment of board members, nominations of candidates to the board will be discussed all board members in their representative positions and approved by the President. To ensure the neutrality of auditors, senior corporate auditors will be present at meetings when candidates for the auditor positions are being discussed.
Similar procedures will be in place with regard to rewards for directors and executive officers.

Creation of an advisory board

An advisory board will be created as a consultative body for the company President. Members will be experts in various fields, and the role of the board will be to ensure that the opinions and suggestions of outside people are reflected in management decisions.

Review of personnel policies of affiliated companies

To strengthen governance of affiliated companies and revitalize management, a mandatory retirement age for executives of affiliated companies will be put in place. Also, a system of mutual personnel exchange between companies will be put in place, whereby promising young CEPCO executives will be appointed as directors in affiliated companies, and affiliated company directors will be appointed as directors at CEPCO.



Promotion of Compliance Management

Following the setup of the Compliance Committee in December 2002, which forms a basic framework for our complicance promotion, Chubu Electric Power Company drew up the “Chubu Electric Power Company Declaration of Compliance” as a principal policy, as well as “The Eight Action Guidelines” to be obeyed by the company, aiming to promote active compliance management.

The Chubu Electric Group Compliance Council, set up in April 2003, is to promote compliance throughout the Group, and these issues are being dealt with by all group members.

The Eight Action Guidelines of Chubu Electric Power Co., Inc.

Aiming at becoming a “good corporate citizen” that is highly trusted and supported by society

Thorough Compliance	We shall comply with the law, CEPCO's rules and corporate ethics.
Fair and Sincere Corporate Activities	We shall deal with our customers and business partners fairly.
Proper Information Management and Disclosure	We deal with information fairly, confidentially and accurately, and we disclose information required of CEPCO on time.
Establishing a Sound Corporate Culture	We respect human rights and provide for a sound business culture.
Maintaining a Good Relationship with the Government and Authorities	We will not partake in any action that will make people doubt our fairness in undertaking our business activities.
Proper Management and Utilization of Assets	We administer and use CEPCO's assets in a proper fashion.
Environmental Conservation	We make efforts to minimize the environmental impact of CEPCO's operations.
Assuring Safety, Hygiene and Security	We make efforts to maintain a safe and healthy work environment and retain the security of CEPCO's plants and infrastructure.

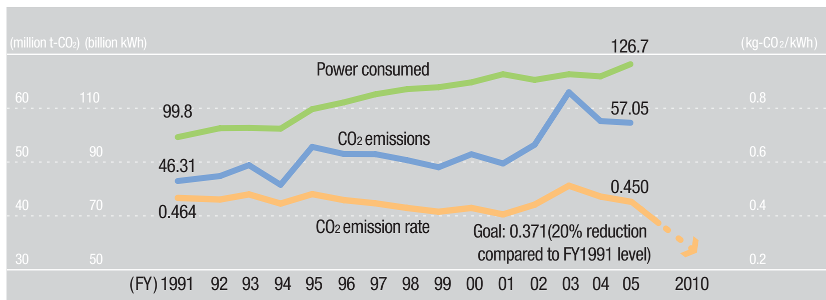
Environmental Conservation

Recognizing environmental activities as a primary management task throughout our Group, Chubu Electric Power Company set up the Chubu Electric Power Group Environmental Declaration in April 2004, which defines the Group's philosophy and vision with respect to the environment. Under this declaration, we have evolved into a corporate group capable of sharing environmental values with society, and that wishes to contribute to the creation of a sustainable local society.

Controlling CO_2 Emissions

We are making efforts to reduce the quantity of CO_2 emitted per kWh of electric energy generated (CO_2 emission rate). We are endeavoring to achieve our target of reducing our CO_2 emission rates to 20% below the FY1991 levels by 2010, through several measures including improving the efficiency of our thermal power plants by developing high-efficiency LNG furnaces, and using the Kyoto mechanism in addition to improving operation rates at our nuclear power plants without sacrificing safety. In FY2005, our CO_2 emission rate was 0.45 kg per kWh, which is 3% less than it was in FY1991.

Changes in CO_2 Emissions



Controlling Sulphur Oxide and Nitrogen Oxide Emissions

We are working to reduce emissions of sulphur oxides (SOx) and nitrogen oxides (NOx) from our thermal power plants by expanding the use of LNG, which contains no sulphur, and by utilizing sulphur- and nitrate-removing devices. As a result of these measures, SOx and NOx emissions from our thermal power plants are not only lower than those in most developed countries, but are also extremely low when compared to other electric power companies in Japan.

Please see the "Annual Environmental Report" for details of environmental conservation activities.

	U.K. CY1999	France CY1998	U.S.A. CY1999	Japan CY2003	Chubu EPCO FY2005
SOx	3.2	7.1	4.8	0.2	0.04
NOx	1.4	3.0	2.1	0.3	0.08

The Chubu Electric Power Group Environmental Declaration

Environmental Philosophy

We will conduct ourselves responsibly and in good faith as members of the energy industry, and strive to protect the global environment through local, regional and global cooperation.

Environmental Vision

We will promote global environmental conservation and contribute to the development of local communities capable of sustainable growth.
-- Transforming into a corporate group that enables each member to share the environmental culture --

Guideline 1. We will use resources effectively.	• We will work towards the development and practical application of renewable energy sources. • We will promote efficient use of energy.
Guideline 2. We will reduce our environmental load.	• We will proactively reduce emissions of CO_2 and other greenhouse gases. • We will aim for zero emissions and realization of a society dedicated to recycling.
Guideline 3. We will improve our level of environmental management.	• We will clearly recognize the environmental impact of our operations and undertake thorough environmentally conscious management. • We will foster personnel capable of taking action on environmental concerns on their own.
Guideline 4. We will promote environment-related communication and enhance cooperation with the community on a local and global level.	• We will improve interactive communication related to the environment and energy. • We will cooperate with people in a wide range of fields outside the conventional framework.

Existing in Harmony with the Region

The trust of the region and society as a whole is essential to all business activities undertaken by the Chubu Electric Power Company. To strengthen the trust between our company and society, we fulfill our responsibilities as a good corporate citizen living in harmony with local society by fully utilizing our own technology, know-how and human resources.

Main Projects

- We have contributed to making the region greener every year since 1985 by planting trees in schools, parks, welfare facilities and other public spaces. By the end of FY2004, we had planted 250,000 trees.
- In order to give children a healthy and aesthetically rich upbringing, we established the Chuden Educational Advancement Foundation in June 2001. This foundation funds educational activities and also gives rewards for outstanding educational achievements.
- We established Chuden Wing Co., Ltd. in April 2001, with the aim of widening the employment possibilities available to the handicapped and enabling them to be independent and contribute to society. Its main business activities are printing and horticulture among others.

Furthermore, it is hoped that the opening of the new Chubu International Airport ("Centrair") and the start of the 2005 World Exposition in Aichi will act as a springboard for the development of the Chubu region. Our company, which is headquartered in the region, is doing all it can to assist in these two projects.

Chubu International Airport ("Centrair")

"Centrair," the Chubu region's new gateway, opened on February 17, 2005. This 24-hour, functional and easily accessible airport will make a great contribution to cultural exchanges as well as cargo movements in the region, which is one of the great manufacturing centers in Japan.

Chubu International Airport ("Centrair")

Expo 2005 Aichi

The 2005 World Exposition in Aichi, Japan, which opened on March 25, 2005, has "Nature's Wisdom" as its theme. Through exchange between people from all over the world, the event will seek to discover ways in which mankind may solve the problems it faces in the 21st century, and show how humanity and the world may look in the future. As a company existing in harmony with the region and society, this is an extremely significant opportunity for us, and as a member of the Federation of Electric Power Companies of Japan, Chubu Electric Power Company is among the companies participating in the "Wonder Circus Electric Power Pavilion."

Wonder Circus Electric Power Pavilion

DIRECTORS AND AUDITORS (As of June 28, 2005)

President & Director
Fumio Kawaguchi

Executive Vice President & Director
Takuo Yamauchi

Executive Vice President & Director
Takahiko Ito

Executive Vice President & Director
Hiroshi Ochi

Executive Vice President & Director
Shirou Mizutani

Managing Director
Yoshio Kawazu

Managing Director
Haruhiko Asano

Managing Director
Koichi Ikeda

Managing Director
Masahiro Kakumu

Managing Director
Hiroshi Suzuki

Managing Director
Toshiyuki Nosaka

Managing Director
Toshio Mita

Managing Director
Yoshihito Miyaike

President & Director
- Fumio Kawaguchi

Executive Vice President & Director
- Takuo Yamauchi
- Takahiko Ito
- Hiroshi Ochi
- Shirou Mizutani

Managing Director
- Yoshio Kawazu
- Haruhiko Asano
- Koichi Ikeda
- Masahiro Kakumu
- Hiroshi Suzuki
- Toshiyuki Nosaka
- Toshio Mita
- Yoshihito Miyaike

Director
- Yuji Kume
- Takaaki Tanaka
- Akira Fujioka
- Hiroshi Takei
- Takashi Niizawa
- Ryousuke Mizutani

Director, with Managing Director status
- Norihisa Ito

Senior Corporate Auditor
- Ryuichi Hamada

Corporate Auditor
- Hitoshi Yoshida
- Kouta Asada
- Kenjiro Hata
- Hiroshi Suda
- Masaaki Iritani
- Minoru Matsuo

Note: Auditors Kenjiro Hata, Hiroshi Suda, Masaaki Iritani and Minoru Matsuo are externally appointed auditors(as defined according to the Law Concerning the Special Cases in the Commercial Law Concerning Audit of Incorporated Companies

Operating / Financial Data Section

FIVE-YEAR OPERATING AND FINANCIAL STATISTICS

OPERATING STATISTICS

Chubu Electric Power Company, Incorporated
For the Years Ended March 31, 2001, 2002, 2003, 2004 and 2005

	2001	2002	2003	2004	**2005**
Electric Energy Sold (millions of kWh)					
Customers Other Than Those Under Liberalization					
Electric Lighting	31,711	31,811	32,843	32,530	**34,079**
Electric Power	36,008	35,479	35,895	35,506	**36,336**
Total	67,719	67,290	68,738	68,036	**70,415**
Customers Under Liberalization*	55,318	53,568	54,312	54,180	**56,248**
Total Electric Energy Sold	123,037	120,858	123,050	122,216	**126,663**

Notes: 1) Customers Under Liberalization are customers whose contracted electricity is 500kW or above from extra-high-voltage electricity or high-voltage systems.
2) Customers Under Liberalization in and before FY2004 are re-categorized in the same definition as is in FY2005.

Breakdown of Industrial Large-lot Electric Energy Sold (millions of kWh)

			2001	2002	2003	2004	**2005**
Mining and Industry	Mining		58	64	68	51	**41**
	Manufacturing Industry						
		Foodstuffs	2,195	2,225	2,219	2,210	**2,261**
		Textiles	965	885	800	743	**705**
		Pulps and Papers	1,773	1,722	1,737	1,674	**1,571**
		Chemicals	3,140	2,805	2,979	3,047	**3,088**
		Oil and Coal Products	150	141	152	37	**56**
		Rubber	877	889	928	941	**949**
		Clay and Stone	2,433	2,266	2,286	2,268	**2,304**
		Iron and Steel	5,932	5,672	5,967	6,095	**6,270**
		Non-ferrous Metals	1,849	1,635	1,524	1,448	**1,445**
		Machinery	18,511	17,770	18,075	18,212	**19,151**
		Others	4,823	4,731	4,878	4,849	**4,994**
		Total	42,648	40,741	41,545	41,524	**42,794**
	Total		42,706	40,805	41,613	41,575	**42,835**
Others	Railways		2,713	2,669	2,633	2,618	**2,728**
	Others		2,836	3,034	3,170	3,216	**3,218**
	Total		5,549	5,703	5,803	5,834	**5,946**
Total			48,255	46,508	47,416	47,409	**48,781**

Electric Energy Supplied (millions of kWh)

	2001	2002	2003	2004	**2005**
Kilowatt-Hours Generated	119,706	115,593	118,384	117,741	**122,926**
Hydroelectric	9,184	8,623	7,940	10,420	**10,450**
Thermal	82,966	84,949	99,760	90,432	**90,285**
Nuclear	27,556	22,021	10,684	16,889	**22,191**
Purchased Power	10,204	11,085	11,503	13,616	**14,075**
Interchanged Power (net)	5,738	6,607	5,621	3,345	**2,935**
Power Used for Pumped Storage	(1,941)	(1,906)	(1,151)	(1,547)	**(1,941)**
Total Electric Energy Supplied	133,707	131,379	134,357	133,155	**137,995**

Note: Parentheses denote negative figures.

	2001	2002	2003	2004	**2005**
Generating Capacity (thousands of kW)					
Hydroelectric	5,213	5,213	5,215	5,217	**5,218**
Thermal	22,941	23,401	23,901	22,901	**22,370**
Nuclear	3,617	3,617	3,617	3,617	**4,997**
Total Generating Capacity	31,771	32,231	32,733	31,735	**32,585**
Annual Peak Load (three-day average of sending end; thousands of kW)	25,414	26,246	26,313	24,895	**25,446**
Transmission Lines (route length in km)	12,122	12,232	12,183	12,212	**12,186**
Substation Capacity (MVA)	119,039	120,301	120,202	120,206	**119,670**
BTB Station Capacity (thousands of kW)	300	300	300	300	**300**
Distribution Lines (line length in km)	523,983	527,321	530,139	532,820	**535,399**
Number of Employees (people)	18,851	18,312	17,994	17,416	**16,834**

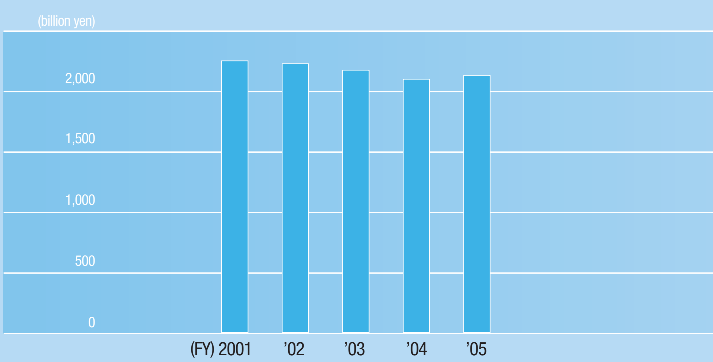
FINANCIAL STATISTICS (CONSOLIDATED)

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2001, 2002, 2003, 2004 and 2005

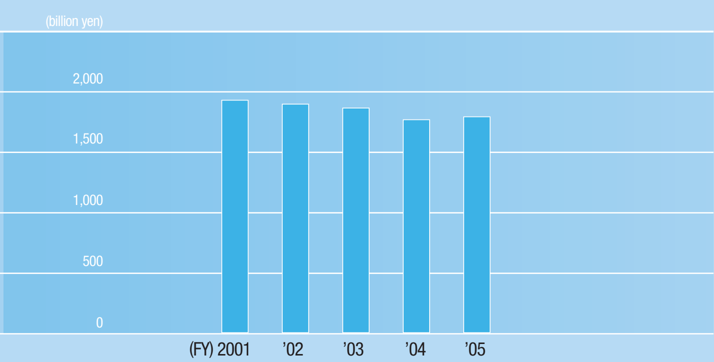
	Millions of Yen					Thousands of U.S. Dollars
	2001	2002	2003	2004	**2005**	**2005**
Operating Revenues	¥2,252,779	¥2,228,925	¥2,176,072	¥2,101,072	**¥2,133,224**	**$19,864,270**
Operating Income	324,308	332,878	312,472	334,412	**342,160**	**3,186,143**
Net Income	94,093	110,358	106,494	114,718	**91,271**	**849,900**
Per Share (yen and U.S. dollars)						
Net Income (Basic)	¥127.70	¥149.78	¥144.24	¥157.21	**¥125.68**	**$1.17**
Shareholders' Equity	1,596.46	1,667.10	1,775.44	1,897.81	**1,952.45**	**18.18**
Total Assets	¥6,573,727	¥6,435,215	¥6,282,500	¥6,060,178	**¥5,703,558**	**$53,110,702**
Total Shareholders' Equity	1,176,346	1,228,231	1,307,180	1,377,180	**1,413,233**	**13,159,820**

Note: U.S.dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39=US$1.

Operating Revenues



Operating Expenses



Overview

Total electric energy sold increased by 3.6% to 126.7 billion kWh due to growing demand for air conditioning, a steady growth in the industrial sector and as a response to active marketing activities.

Electric energy sold for lighting increased by 4.8% to 34.1 billion kWh, mainly due to increasing demand for air conditioning during the hot summer period. In addition, steady industrial activity increased the electric energy sold for power by 2.3% to 36.3 billion kWh. Electric energy sold to customers under liberalization increased by 3.8% to 56.3 billion kWh due to weather conditions and strong exports to Asia and the U.S.A.

Looking to electric energy supply, the amount of hydroelectric power generated was almost the same as in the previous fiscal year (water supply rate this year was 114.2% compared to 113.9% last year).

Mainly due to the commissioning of Unit 5 of the Hamaoka Nuclear Power Plant, electric energy generated by nuclear power increased by 31.4% to 22.2 billion kWh.

Consequently, thermally generated electric power decreased by 0.2% to 90.3 billion kWh.

Consolidated Operating Revenues, Expenses and Income

In FY2005, despite the reduction in electricity rates which came into effect in January 2005, consolidated operating revenues in the electricity business increased by 1.3% to ¥2,041,353 million, mainly due to increased sales.

Despite a reduction in personnel expenses caused by a drop in employee retirement benefit liabilities, consolidated operating expenses for FY2005 increased by 1.2% to ¥1,704,179 million. This was mainly due to an increase in fuel expenses for thermal power generation caused by rising CIF prices, and to increases in depreciation expenses surrounding the completion and trial run of Unit 5 of the Hamaoka Nuclear Power Plant.

Total revenues from other business segments increased by 6.5% to ¥91,871 million, due to an increase in sales to companies outside the group in the fields of construction and other energies. This is despite the fact that sales in the IT/telecommunication sector dropped due to intensified competition.

On the other hand, operating expenses for other business segments increased from last year by 6.0% to ¥86,885 due to a rise in production costs led by increased sales to companies outside the Group in the fields of construction and other energies.

As a result, consolidated operating income for FY2005 increased by 2.3% to ¥342,160 million.

Total other expenses, calculated by deducting consolidated non-operating expenses from consolidated non-operating revenues, increased by 19% to ¥177,817 million. This was due to the following: gain on sale of investment securities totaling ¥14,861 million, higher interest expenses due to an increase in advance repayments and impairment losses of ¥45,625 million due to the application of the “Accounting Standard for the Impairment of Fixed Assets.” Consequently, consolidated income before provision of reserve for fluctuation in water levels, income taxes and minority interests for fiscal 2005 totaled ¥164,343 million, a decrease of 11.1% compared with the result for the preceding fiscal year.

Because of the ample water supply available for hydroelectric power generation during FY2005 (a water supply rate of 114.2%), provision of reserve for fluctuation in water levels was ¥7,330 million, based on Clause 36 of the Electricity Enterprises Law. Consequently, income before income taxes and minority interests was ¥157,013 million, and after deducting income tax and other items, consolidated net income was ¥91,271 million, a decrease of 20.4% compared with the previous fiscal year.

Operating income figures for FY2005 were the highest since FY1995 (the first year of consolidated accounting).

Consolidated Financial Standing

Consolidated assets totaled ¥4,761,302 million, representing a decline of 7.3% measured against the preceding fiscal year. This was due to a reduction in capital investment in property, plant and equipment, annual depreciation and impairment loss due to the application of impairment accounting standard.

Impairment loss due to the application of impairment accounting standard totaled ¥45,625 million. The major part of this consisted of idle assets for which there were no concrete usage plans, with total value of ¥34,968 million.

The total nuclear fuel assets increased by 1.8% to ¥250,699 million.

Investments and other miscellaneous assets decreased by 2.1% to ¥416,175 million.

Current assets increased by 9.2% to ¥275,382 million mainly due to an increase in trade notes and accounts receivable.

Consequently, total assets decreased by 5.9% to ¥5,703,558 million.

Total liabilities reported on the consolidated balance sheet decreased by 8.4% to ¥4,269,291 million due to a reduction in interest-bearing debt brought about by advance repayment of borrowings and bonds.

Increases in fuel expenses and depreciation, as well as a reduction in electricity rates, influenced the total shareholders' equity recorded on the consolidated balance sheet, but an increase in electricity sales ensured that net income was ¥91,271 million. Total shareholders' equity was ¥1,413,233 million, which is an increase of 2.6% over the previous fiscal year.

As a result, the shareholders' equity ratio increased by 2.1% over the previous fiscal year to 24.8%.

Moreover, as a result of the company share buyback, at the end of FY2005, the Group held ¥29,129 million in treasury stock.

Outline of Consolidated Cash Flows

The Chubu Electric Power Group allocates cash and cash equivalents accrued from its business activities to the acquisition of new fixed assets, acquisition of treasury stock, improvement of the Group's financial footing and payment of dividends to shareholders.

Despite the increased demand in electricity for air conditioning due to the hot summer, fuel expenses and interest payments increased, and in total, cash flows from operating activities decreased by 5.9% from last year to ¥557,563 million.

Net cash outflows from investing activities decreased by 42.1% to ¥115,398 million. This is due to a curtailment of capital investment as part of our cost reduction program.

Net cash outflows from financing activities increased by 10.9% compared with the result for the preceding fiscal year to ¥438,149 million. This is attributable to early repayment of interest-bearing debts and dividend payouts.

The aforementioned factors resulted in an increase in cash and cash equivalents to ¥63,861 million, representing a year-on-year increase of 6.7%.

Furthermore, total outstanding interest-bearing debts as of the end of FY2005 have decreased to ¥3,425,998 million, which represents a decline of 10.1% compared with the result in the previous fiscal year.

Business Risks

The following significant variables, which could affect the operating results and financial condition of the Chubu Electric Power Group, are likely to have an influence on the judgements of the investors (as of June 2005).

(1) Risks Relating to the Economic Environment

- Economic situation and weather conditions

  In the electricity business, which is the core activity of the Chubu Electric Power Group, the amount of electric energy sold varies with economic trends and air temperature. Therefore, the Group's performance can be affected by economic shifts as well as weather conditions.

  Furthermore, the amount of electric energy generated by hydroelectric power is affected by annual amounts of rain and snowfall, and this affects overall power generation costs. However, the effect of such factors on operating results may be stabilized to an extent by the reserve for fluctuation in water levels.

- Fluctuations in fuel prices

  Because the Group depends on imports of liquid natural gas (LNG), 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, any such changes in fuel price can be reflected in electricity rates under the Fuel Adjustment System, so fuel price fluctuations have only a limited effect on performance.

- Fluctuations in interest rates

The Group's interest expenses are likely to be influenced by future changes in market interest rates because interest payments constitute a major expense for the Group. As of the end of March 2005, interest-bearing debts stood at ¥3,425.9 billion, which accounts to 60.1% of the Group's total assets.

However, 83.2% of the then-outstanding interest-bearing debts comprised long-term liabilities, such as bonds, convertible bonds and long-term debt. In addition, most of these liabilities bear fixed-rate interest. Additionally, the Group made strenuous efforts to reduce interest-bearing debts to further strengthen its financial position. The Group believes the effect of fluctuating interest rates on operating results will be limited.

(2) Risks Surrounding the Business Activities of the Chubu Electric Power Group

- Changes in the electricity business environment

In order to ensure greater competition, in April 2005, liberalization of the electricity market was expanded, the Japan Electric Power Exchange (JEPX), a wholesale market for trading electric power, and the Electric Power System Council of Japan (ESCJ), an independent council for reviewing utilization of the transmissions network, were established. A review also began of the transmission network utilization rate system.

In this environment, the Group is undertaking active sales activities to meet all the needs of its customers, and is also moving towards optimum management efficiency. It is very possible that the fierce competition created by these reforms will have an effect on results.

Because back-end operations of the nuclear power business are extremely long-term and full of uncertainties, a law stipulating the establishment of a fund for reprocessing and disposal of spent nuclear fuel from the electric power industry was promulgated on May 20, 2005. The law will come into effect on October 1, 2005.

The costs of interim storage, as well as the costs of disposal of stored spent nuclear fuel have yet to be analyzed. Therefore, company results may be affected depending on the way in which it is decided to deal with this issue.

- Other business

Our Group (comprising Chubu Electric Power Company and its affiliates) is committed to the effective deployment of its business assets in the 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 IT 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

- Natural disasters

In order to ensure a stable and economical supply of electricity through a consolidated system from generation to delivery, 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 typhoons may affect company results.

- Leaks of personal details

In order to ensure adequate protection of the vast bank 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 both morally and materially if personal details should ever be leaked.

- Regular inspections of Units 1 and 2 of the Hamaoka Nuclear Power Plant have been extended until March 2008 for repairs of machines within the reactor and for earthquake-proofing work. Costing and scheduling of these projects have yet to be finalized, but they may have an effect on company performance.

Report of Independent Auditors

To the Board of Directors and Shareholders of
Chubu Electric Power Company, Incorporated

We have audited the accompanying consolidated balance sheets of Chubu Electric Power Company, Incorporated and its subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. This report, including the opinion, has been prepared for and only for the Company's shareholders as a body in accordance with the Securities and Exchange Law of Japan and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chubu Electric Power Company, Incorporated and its subsidiaries as of March 31, 2005 and 2004 and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 3, effective from the year ended March 31, 2005, Chubu Electric Power Company, Incorporated and its domestic subsidiaries have adopted a new accounting standard for impairment of fixed assets.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Nagoya, Japan
June 28, 2005

CONSOLIDATED BALANCE SHEETS

Chubu Electric Power Company, Incorporated and Subsidiaries
As of March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2005**	2004	**2005**
Property, Plant and Equipment:			
Property, plant and equipment	**¥ 12,828,449**	¥ 12,532,746	**$119,456,642**
Construction in progress	**186,576**	545,077	**1,737,367**
	13,015,025	13,077,823	**121,194,009**
Less:			
Contributions in aid of construction	**(143,577)**	(139,232)	**(1,336,967)**
Accumulated depreciation	**(8,110,146)**	(7,801,867)	**(75,520,497)**
	(8,253,723)	(7,941,099)	**(76,857,464)**
Property, Plant and Equipment, Net (Notes 5 and 7)	**4,761,302**	5,136,724	**44,336,545**
Nuclear Fuel:			
Loaded nuclear fuel	**48,120**	54,294	**448,085**
Nuclear fuel in processing	**202,579**	191,972	**1,886,392**
Total Nuclear Fuel	**250,699**	246,266	**2,334,477**
Investments and Other:			
Long-term investments (Notes 6 and 7)	**242,499**	264,283	**2,258,112**
Deferred tax assets (Note 12)	**163,233**	147,124	**1,519,998**
Other	**11,348**	14,654	**105,677**
Less, allowance for doubtful accounts	**(905)**	(1,115)	**(8,423)**
Total Investments and Other	**416,175**	424,946	**3,875,364**
Current Assets:			
Cash	**49,482**	45,667	**460,767**
Trade notes and accounts receivable	**110,306**	102,509	**1,027,154**
Inventories	**56,547**	55,391	**526,557**
Deferred tax assets (Note 12)	**22,049**	17,661	**205,317**
Other (Note 6)	**37,639**	31,618	**350,493**
Less, allowance for doubtful accounts	**(641)**	(604)	**(5,972)**
Total Current Assets	**275,382**	252,242	**2,564,316**
Total Assets	**¥ 5,703,558**	¥ 6,060,178	**$ 53,110,702**

The accompanying notes to consolidated financial statements are an integral part of these statements.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars (Note 1) 2005
Long-term Liabilities and Reserves:			
Long-term debt (Note 7)	**¥ 2,582,010**	¥ 3,222,547	**$ 24,043,297**
Employee retirement benefit liability (Note 8)	**207,135**	200,945	**1,928,814**
Reserve for reprocessing of irradiated nuclear fuel	**253,374**	231,219	**2,359,378**
Reserve for decommissioning nuclear power plant	**82,639**	80,000	**769,521**
Deferred tax liabilities (Note 12)	**38**	20	**350**
Other long-term liabilities	**37,251**	37,440	**346,879**
Total Long-term Liabilities and Reserves	**3,162,447**	3,772,171	**29,448,239**
Current Liabilities:			
Current portion of long-term debt and other (Note 7)	**271,616**	175,677	**2,529,253**
Short-term borrowings (Note 7)	**271,746**	308,235	**2,530,459**
Commercial paper (Note 7)	**304,000**	105,000	**2,830,804**
Trade notes and accounts payable	**62,347**	59,599	**580,563**
Income taxes payable and other	**63,753**	91,636	**593,661**
Other	**117,405**	138,100	**1,093,258**
Total Current Liabilities	**1,090,867**	878,247	**10,157,998**
Reserve for Fluctuation in Water Levels	**15,977**	8,647	**148,777**
Total Liabilities	**4,269,291**	4,659,065	**39,755,014**
Minority Interests in Subsidiaries	**21,034**	23,933	**195,868**
Shareholders' Equity (Notes 11 and 14):			
Common stock, no par value:			
Authorized—1,190,000,000 shares;			
Issued—736,857,187 shares in 2005 and 2004	**374,520**	374,520	**3,487,473**
Capital surplus	**14,261**	14,248	**132,799**
Retained earnings	**1,025,901**	978,360	**9,553,039**
Net unrealized gains on available-for-sale securities	**27,972**	35,000	**260,474**
Foreign currency translation adjustment	**(292)**	(68)	**(2,716)**
Less, treasury stock, at cost—13,168,297 shares in			
2005 and 11,321,487 shares in 2004	**(29,129)**	(24,880)	**(271,249)**
Total Shareholders' Equity	**1,413,233**	1,377,180	**13,159,820**
Commitments and Contingent Liabilities (Notes 9 and 10)			
Total Liabilities, Minority Interests andShareholders' Equity	**¥ 5,703,558**	¥ 6,060,178	**$ 53,110,702**

CONSOLIDATED STATEMENTS OF INCOME

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	**2005**
Operating Revenues:			
Electricity	**¥ 2,041,353**	¥ 2,014,818	**$ 19,008,785**
Other	**91,871**	86,254	**855,485**
Total Operating Revenues (Note 13)	**2,133,224**	2,101,072	**19,864,270**
Operating Expenses:			
Electricity	**1,704,179**	1,684,671	**15,869,062**
Other	**86,885**	81,989	**809,065**
Total Operating Expenses (Note 13)	**1,791,064**	1,766,660	**16,678,127**
Operating Income	**342,160**	334,412	**3,186,143**
Other (Income) Expenses:			
Interest expense	**131,441**	96,428	**1,223,960**
Impairment loss on fixed assets (Note 3)	**45,625**	—	**424,856**
Gain on sales of investment securities	**(14,861)**	—	**(138,387)**
Other, net	**15,612**	53,058	**145,372**
Total Other Expenses	**177,817**	149,486	**1,655,801**
Income before Provision of Reserve for Fluctuation in Water Levels, Income Taxes and Minority Interests	**164,343**	184,926	**1,530,342**
Provision of Reserve for Fluctuation in Water Levels	**7,330**	8,647	**68,257**
Income before Income Taxes and Minority Interests	**157,013**	176,279	**1,462,085**
Income Taxes:			
Current	**84,905**	96,815	**790,624**
Deferred	**(16,460)**	(35,609)	**(153,269)**
Total Income Taxes	**68,445**	61,206	**637,355**
Minority Interests in (Losses) Earnings of Subsidiaries	**(2,703)**	355	**(25,170)**
Net Income	**¥ 91,271**	¥ 114,718	**$ 849,900**

	Yen		U.S. Dollars (Note 1)
	2005	2004	**2005**
Per Share of Common Stock:			
Net income:			
Basic	**¥ 125.68**	¥ 157.21	**$ 1.17**
Diluted	**¥ 117.37**	¥ 146.64	**$ 1.09**
Cash dividends	**¥ 60.00**	¥ 60.00	**$ 0.56**

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2005 and 2004

		Millions of Yen					
	Number of common shares issued	Common stock	Capital surplus	Retained earnings	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2003	736,857,187	¥ 374,520	¥ 14,248	¥ 907,815	¥ 12,024	¥ 5	¥ (1,432)
Net income	—	—	—	114,718	—	—	—
Cash dividends	—	—	—	(43,905)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(268)	—	—	—
Net change in net unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	22,976	—	—
Translation adjustment	—	—	—	—	—	(73)	—
Purchase of treasury stock and fractional shares, net	—	—	—	—	—	—	(23,448)
Balance at March 31, 2004	736,857,187	374,520	14,248	978,360	35,000	(68)	(24,880)
Net income	—	—	—	91,271	—	—	—
Cash dividends	—	—	—	(43,490)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(240)	—	—	—
Net change in net unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	(7,028)	—	—
Translation adjustment	—	—	—	—	—	(224)	—
Purchase of treasury stock and fractional shares, net of disposition	—	—	7	—	—	—	(4,249)
Stock exchange transaction	—	—	6	—	—	—	—
Balance at March 31, 2005	736,857,187	¥ 374,520	¥ 14,261	¥1,025,901	¥ 27,972	¥ (292)	(29,129)

	Thousands of U. S. Dollars (Note1)					
	Common stock	Capital surplus	Retained earnings	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2004	$3,487,473	$ 132,677	$9,110,348	$ 325,912	$ (632)	$ (231,678)
Net income	—	—	849,900	—	—	—
Cash dividends	—	—	(404,973)	—	—	—
Bonuses to directors and corporate auditors	—	—	(2,236)	—	—	—
Net change in net unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	(65,438)	—	—
Translation adjustment	—	—	—	—	(2,084)	—
Purchase of treasury stock and fractional shares, net of disposition	—	66	—	—	—	(39,571)
Stock exchange transaction	—	56	—	—	—	—
Balance at March 31, 2005	$3,487,473	$ 132,799	$9,553,039	$ 260,474	$ (2,716)	$ (271,249)

The accompanying notes to 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, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	**2005**
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	**¥ 157,013**	¥ 176,279	**$ 1,462,085**
Adjustments for:			
Depreciation and amortization	**419,093**	391,179	**3,902,536**
Impairment loss on fixed assets	**45,625**	—	**424,856**
Loss of loaded nuclear fuel	**11,858**	9,882	**110,423**
Loss on disposal of property, plant and equipment	**10,041**	16,130	**93,497**
Increase in employee retirement benefit liability	**6,191**	32,560	**57,645**
Increase in reserve for reprocessing of irradiated nuclear fuel	**22,155**	10,585	**206,300**
Increase in reserve for decommissioning nuclear power plant	**2,639**	248	**24,569**
Increase in reserve for fluctuation in water levels	**7,330**	8,647	**68,258**
Interest and dividends income	**(2,451)**	(2,556)	**(22,827)**
Interest expense	**131,441**	96,428	**1,223,960**
(Increase) decrease in trade notes and accounts receivable	**(7,797)**	11,977	**(72,603)**
(Increase) decrease in inventories	**(1,156)**	3,631	**(10,766)**
Decrease (increase) in trade notes and accounts payable	**2,747**	(23,922)	**25,583**
Other	**(10,422)**	45,149	**(97,044)**
Subtotal	**794,307**	776,217	**7,396,472**
Interest and dividends received	**2,517**	2,583	**23,440**
Interest paid	**(136,160)**	(99,485)	**(1,267,902)**
Income taxes paid	**(103,101)**	(86,953)	**(960,066)**
Net cash provided by operating activities	**557,563**	592,362	**5,191,944**
Cash Flows from Investing Activities:			
Purchases of property, plant and equipment	**(145,364)**	(248,275)	**(1,353,604)**
Increase in investments and other	**(14,735)**	(27,115)	**(137,208)**
Proceeds for recoveries from investments and other	**34,238**	63,947	**318,817**
Acquisition	**—**	1,710	**—**
Other	**10,463**	10,408	**97,429**
Net cash used in investing activities	**(115,398)**	(199,325)	**(1,074,566)**
Cash Flows from Financing Activities:			
Proceeds from issuance of bonds	**67,742**	93,964	**630,799**
Redemption of bonds	**(525,129)**	(229,244)	**(4,889,926)**
Proceeds from long-term loans	**67,417**	46,978	**627,777**
Repayment of long-term loans	**(162,470)**	(199,616)	**(1,512,896)**
Proceeds from short-term borrowings	**401,186**	314,707	**3,735,785**
Repayment of short-term borrowings	**(438,025)**	(348,651)	**(4,078,825)**
Proceeds from issuance of commercial paper	**1,225,000**	1,058,000	**11,407,021**
Redemption of commercial paper	**(1,026,000)**	(1,064,000)	**(9,553,962)**
Dividends paid	**(43,476)**	(43,890)	**(404,839)**
Other	**(4,394)**	(23,458)	**(40,916)**
Net cash used in financing activities	**(438,149)**	(395,210)	**(4,079,982)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(9)**	(34)	**(88)**
Net Increase (decrease) in Cash and Cash Equivalents	**4,007**	(2,207)	**37,308**
Cash and Cash Equivalents at Beginning of Year	**59,854**	62,061	**557,356**
Cash and Cash Equivalents at End of Year (Note 4)	**¥ 63,861**	¥ 59,854	**$ 594,664**

The accompanying notes to 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 accompanying 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 in accordance with the provisions set forth in the Commercial Code of Japan, the Securities and Exchange Law of Japan, and the Japanese Electric Utility Law and on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. These consolidated financial statements are compiled from the original consolidated financial statements in Japanese prepared by the Company as required by the Securities and Exchange Law of Japan and submitted to the Director of Kanto Finance Bureau in Japan.

(b) U.S. dollar amounts

The Chubu Electric Group maintains its accounting records in Japanese yen. The dollar amounts included in the accompanying consolidated financial statements and notes thereto present the arithmetic results of translating yen into U.S. dollars on a basis of ¥107.39 to $1, the rate of exchange prevailing on March 31, 2005. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that the assets and liabilities originating in yen have been or could readily be converted, realized or settled in dollars at ¥ 107.39 to $1 or at any other rates.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investment in all affiliates is accounted for by the equity method. The differences between acquisition costs of investments in subsidiaries and the underlying equity in their net assets adjusted based on the fair value at the time of acquisition are principally deferred and amortized over certain periods within twenty years on a straight-line basis. All significant intercompany transactions and accounts are eliminated on consolidation.

The number of subsidiaries and affiliates for the years ended March 31, 2005 and 2004 was as follows:

	2005	2004
Subsidiaries:		
Domestic	**29**	29
Overseas	**3**	2
Affiliates, accounted for by the equity method	**20**	18

The Company's overseas consolidated subsidiaries close their books at December 31 every year, three months earlier than the Company and other domestic subsidiaries. The Company consolidated such subsidiaries' financial statements as of their year-end. Significant transactions for the period between subsidiaries' year-end and the Company's year-end are adjusted on consolidation. Overseas subsidiaries have adopted accounting principles generally accepted in their respective countries, and no adjustments to conform to accounting principles generally accepted in Japan have been made to their financial statements on consolidation as allowed under accounting principles and practices generally accepted in Japan.

(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 lives of related assets.
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. Amortization of loaded nuclear fuel is computed based on the quantity of energy produced for 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 “held-to-maturity”, “trading” or “available-for-sale”, whose classification determines the respective accounting methods as stipulated by the accounting standard for financial instruments. Held-to-maturity securities are stated at amortized cost. Marketable securities with market quotations for available-for-sale securities are stated at fair value and net unrealized gains or losses on these securities are reported as a separate component of shareholders’ equity, net of applicable income taxes. Gains and losses on disposition of securities are computed by the moving average method. Nonmarketable securities without available market quotations for available-for-sale securities are carried at cost determined by the moving average method. Adjustments in carrying values of individual securities are charged to income through write-downs, when a decline in value is deemed other than temporary.

(e) Hedge accounting

Derivatives used for hedge purposes are accounted for under the deferral hedge accounting, special treatments as permitted for interest rate swaps and designated treatments for foreign currency translation. The Company’s derivative transactions are applied only to the assets and liabilities generated through the Company’s operations to hedge exposures to fluctuations in exchange rates, interest rates or fuel prices.

(f) Inventories

Inventories consisted of fuel, materials, supplies and construction work in process. Fuel is stated at cost, being determined by the periodic average method.

(g) Allowance for doubtful accounts

Allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit loss for doubtful or troubled receivables based on the individual financial review approach and a general reserve for other receivables calculated based on the historical loss experience for a certain past period.

(h) Employee retirement benefit liability

Employees who terminate their employment with the Chubu Electric Group, either voluntarily or upon reaching mandatory retirement age, are entitled under most circumstances to a severance payment based on the rate of payment at the time of termination of employment, years of service and certain other factors.

In accordance with the accounting standard for employee retirement benefits, the Chubu Electric Group has principally recognized the retirement benefits including pension cost and related liability based on actuarial present value of projected benefit obligation using actuarial appraisal approach and the pension plan assets available for benefits at the respective fiscal year-ends. Unrecognized prior service cost is amortized using the straight-line basis over certain periods within remaining service lives of employees such as three to five years from the year in which they occur. Unrecognized actuarial differences as changes in the projected benefit obligation or pension plan assets resulting from the experience different from that assumed and from changes in assumptions are amortized principally on a straight-line basis over certain periods within remaining service lives of employees such as three to five years from the respective year following the fiscal year they arise.

(i) Reserve for reprocessing of irradiated nuclear fuel

The Company provides for the costs for reprocessing of irradiated nuclear fuel based on the 60% of amount required to pay for it at fiscal year-end in accordance with the provisions prescribed by the regulatory authorities.

(j) Reserve for decommissioning nuclear power plants

The Company provides for the costs for decommissioning nuclear power plants based on the electricity supplied by nuclear power generation in accordance with the provisions prescribed by the regulatory authorities.

(k) Reserve for fluctuation in water levels

The Company provides reserves at the amount required under the Japanese Electric Utility Law to stabilize its income position for fluctuation in water levels.

(l) Lease transactions

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases, except that the leases do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, as permitted by the accounting principles generally accepted in Japan.

(m) Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(n) Research and development costs

Research and development costs included in operating expenses for the years ended March 31, 2005 and 2004 amounted to ¥16,021 million ($149,183 thousand) and ¥17,596 million, respectively.

(o) Bond issue expenses and bond discounts

Bond issue expenses are charged to income as incurred. Bond discounts are amortized over the life of related bonds.

(p) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to 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 apply 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 enactment date.

(q) 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 exchange rates at the fiscal year-end. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates. Resulting translation gains or losses are included in the current earnings.

(r) Appropriation of retained earnings

Cash dividends and bonuses to directors and corporate auditors are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Board of Directors and/or Shareholders. Bonuses paid to directors and corporate auditors are recorded as a part of the appropriation of retained earnings, instead of charging to income, as permitted by the Japanese accounting standards.

(s) Per share data

Basic net income per share is computed by dividing income available to common shareholders by the weighted-average number of shares outstanding during the respective years. Diluted net income per share is computed assuming that all convertible bonds converted were converted at the time of issue unless having anti-dilutive effects. Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective years.

3. Accounting Change – Adoption of New Accounting Standard for Impairment of Fixed Assets

On August 9, 2002, the Business Accounting Council of Japan issued "Accounting Standard for Impairment of Fixed Assets", which is effective for the fiscal years beginning April 1, 2005, with earlier adoption permitted. The Accounting Standards Board of Japan issued related practical guidance on October 31, 2003. The Company and its domestic subsidiaries have adopted this new accounting standard and related practical guidance from the year ended March 31, 2005. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of the asset's net selling price and value in use. Fixed assets include land, plants, buildings and other forms of property, plant and equipment as well as intangible assets and are to be grouped at the lowest level for which there are identifiable cash flows from other groups of assets.

For the purpose of recognition and measurement of an impairment loss, fixed assets of the Chubu Electric Group are principally grouped into two cash-generating units, such as the electric utility business unit and other business, other than idle or unused property. The Chubu Electric Group determines if assets are impaired by comparing their undiscounted expected cash flows to the carrying amounts in the accounting records. An impairment loss is recognized if undiscounted expected cash flows are less than the carrying amount of the asset. The management of the Chubu Electric Group assessed the impairment test that there was no indication for impairment for the electric utility business. Recoverable amounts of the assets were measured based on their net selling prices primarily for appraisal valuations less costs of disposal or municipal property tax bases.

For the year ended March 31, 2005, the Company and its domestic consolidated subsidiaries recognized ¥45,625 million ($424,856 thousand) impairment loss on fixed assets, which were principally classified as discontinued, idle or unused status, as follows:

	Millions of Yen	Thousands of U.S. Dollars
Electricity-related property, plant and equipment	¥ 237	$ 2,210
Other property, plant and equipment:		
Discontinued property	7,202	67,068
Property held for rents	3,217	29,956
Idle property	34,969	325,622
Total	45,625	424,856

As a result of adoption of this new accounting standard, income before income taxes and minority interests for the year ended March 31, 2005 decreased by ¥45,625 million ($424,856 thousand), as compared with the previous accounting method.

4. Cash and Cash Equivalents

For the purpose of 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
	2005	2004	**2005**
Cash	**¥ 49,482**	¥ 45,667	**$ 460,767**
Time deposits with an original maturity more than three months included in cash account	**(1,318)**	(877)	**(12,269)**
Short term investments with an original maturity of three months or less included in other current assets account	**15,697**	15,064	**146,166**
Cash and cash equivalents	**¥ 63,861**	¥ 59,854	**$ 594,664**

5. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Hydroelectric power production facilities	**¥ 354,344**	¥ 374,308	**$ 3,299,604**
Thermal power production facilities	**804,498**	901,844	**7,491,370**
Nuclear power production facilities	**452,450**	190,336	**4,213,144**
Transmission facilities	**1,217,560**	1,281,878	**11,337,743**
Transformation facilities	**483,410**	516,937	**4,501,440**
Distribution facilities	**852,634**	858,337	**7,939,606**
General facilities	**158,380**	172,685	**1,474,813**
Other electricity-related property, plant and equipment	**1,557**	1,589	**14,495**
Other property, plant and equipment	**249,893**	293,733	**2,326,963**
Construction on progress	**186,576**	545,077	**1,737,367**
	¥ 4,761,302	¥ 5,136,724	**$ 44,336,545**

As permitted by the accounting principles and practices generally accepted in Japan, accumulated deferred gains in relation to the receipt of contribution in aid of real property construction deducted from the original acquisition costs amounted to ¥143,577 million ($1,336,967 thousand) and ¥139,232 million at March 31, 2005 and 2004, respectively.

6. Investments and Marketable Securities

At March 31, 2005 and 2004, investments consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Long-term investments:			
Marketable securities:			
Equity securities	**¥ 56,103**	¥ 70,417	**$ 522,423**
Bonds	**13,809**	10,856	**128,582**
Other	**1,430**	1,851	**13,316**
	71,342	83,124	**664,321**
Other nonmarketable securities	**75,014**	82,558	**698,523**
Investments in affiliates	**33,686**	32,189	**313,674**
Other	**62,457**	66,412	**581,594**
	¥ 242,499	¥ 264,283	**$ 2,258,112**
Short-term investments included in other current assets:			
Marketable securities:			
Bonds	**¥ 484**	¥ —	**$ 4,500**
Other	**857**	857	**7,983**
	1,341	857	**12,483**
Other nonmarketable securities	**15,723**	17,864	**146,411**
	¥ 17,064	¥ 18,721	**$ 158,894**

Investments in securities are classified as held-to-maturity or available-for-sale under the investment policy of the Chubu Electric Group. Held-to-maturity debt securities are stated at amortized cost. Available-for-sale securities with market quotations are stated at fair value with unrealized gains and losses excluded from the current earnings and reported as a net amount within the shareholders' equity account until realized. At March 31, 2005 and 2004, gross unrealized gains and losses for such marketable securities are summarized as follows:

	Carrying value		Gross unrealized gains		Gross unrealized losses		Fair value	
	Millions of Yen							
Held-to-maturity debt securities with fair value:								
As of March 31, 2005:								
National and local government bonds	¥	3,923	¥	98	¥	—	¥	4,021
Corporate bonds and debentures		2,390		69		2		2,457
Others		1,219		35		9		1,245
	¥	7,532	¥	202	¥	11	¥	7,723
As of March 31, 2004:								
National and local government bonds	¥	2,820	¥	71	¥	11	¥	2,880
Corporate bonds and debentures		2,238		63		8		2,293
Others		1,419		25		8		1,436
	¥	6,477	¥	159	¥	27	¥	6,609
	Thousands of U.S. Dollars							
As of March 31, 2005:								
National and local government bonds	$	36,524	$	914	$	—	$	37,438
Corporate bonds and debentures		22,258		647		26		22,879
Others		11,356		321		80		11,597
	$	70,138	$	1,882	$	106	$	71,914

	Cost		Gross unrealized gains		Gross unrealized losses		Fair and carrying value	
	Millions of Yen							
Available-for-sale securities with fair value:								
As of March 31, 2005:								
Equity securities	¥	13,582	¥	42,526	¥	5	¥	56,103
Bonds:								
Bonds and debentures		2,623		36		1		2,658
Other bonds		4,435		46		379		4,102
Others		2,292		3		8		2,287
	¥	22,932	¥	42,611	¥	393	¥	65,150
As of March 31, 2004:								
Equity securities	¥	16,536	¥	53,914	¥	32	¥	70,418
Bonds:								
Bonds and debentures		907		17		2		922
Other bonds		3,787		23		353		3,457
Others		2,709		10		12		2,707
	¥	23,939	¥	53,964	¥	399	¥	77,504
	Thousands of U.S. Dollars							
As of March 31, 2005:								
Equity securities	$	126,468	$	395,995	$	40	$	522,423
Bonds:								
Bonds and debentures		24,425		338		16		24,747
Other bonds		41,299		431		3,533		38,197
Others		21,346		23		70		21,299
	$	213,538	$	396,787	$	3,659	$	606,666

During the years ended March 31, 2005 and 2004, the Chubu Electric Group sold available-for-sale securities and recorded gains of ¥14,861 million ($138,387 thousand) and ¥106 million and losses of ¥51 million ($477 thousand) and ¥83 million on the accompanying consolidated statements of income, respectively.

Expected maturities of debt securities held-to-maturity and available-for-sale at March 31, 2005 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 6,429	$ 59,867
Due after one year through five years	5,152	47,976
Due after five years through ten years	4,867	45,320
Due after ten years	2,917	27,164
	¥ 19,365	$ 180,327

7. Long-term Debt and Short-term Borrowings

As of March 31, 2005 and 2004, long-term debt consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Bonds and notes payable:			
Domestic issue:			
0.4% to 4.0%, maturing serially through 2028	**¥ 1,276,636**	¥ 1,674,574	**$ 11,887,848**
Floating rate, maturing serially through 2013	**259,000**	259,000	**2,411,770**
1.0% convertible bonds, due 2006	**146,276**	146,344	**1,362,101**
Overseas issue:			
0.085% to 0.76%, maturing serially through 2013 (payable in Euro yen)	**29,000**	59,500	**270,044**
Floating rate, maturing serially through 2005 (payable in Euro yen)	**—**	22,000	**—**
Loans from the Development Bank of Japan, other banks and insurance companies, due through 2023	**1,139,535**	1,234,725	**10,611,185**
Less, intercompany elimination	**(892)**	(892)	**(8,308)**
Total	**2,849,555**	3,395,251	**26,534,640**
Less, current portion	**(267,545)**	(172,704)	**(2,491,343)**
	¥ 2,582,010	¥ 3,222,547	**$ 24,043,297**

At March 31, 2005, the current conversion price of 1.0% convertible bonds due 2006 is ¥2,484, which is subject to adjustment in certain circumstances including in the event of a stock split. Such bonds may be converted, at the option of the holders, for the period through March 30, 2006. At March 31, 2005, approximately 59 million common shares of the Company will be issuable in relation to the conversion of convertible bonds.

At March 31, 2005 and 2004 the Company's entire property was subject to certain statutory preferential rights as collateral for loans from the Development Bank of Japan of ¥390,696 million ($3,638,104 thousand) and ¥442,812 million, respectively, and for bonds (including those assigned under debt assumption agreements) of ¥2,202,283 million ($20,507,336 thousand) and ¥2,409,819 million, respectively. At March 31, 2005 and 2004, property, plant and equipment, and long term investments of certain subsidiaries pledged as collateral for long-term debt amounted to ¥36,040 million ($335,602 thousand) and ¥37,083 million, respectively.

The aggregate annual maturities of long-term debt as of March 31, 2005 are summarized as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2006	¥ 267,545	$ 2,491,343
2007	127,615	1,188,336
2008	140,608	1,309,319
2009	234,251	2,181,305
2010	187,800	1,748,769
2011 and thereafter	1,891,736	17,615,568

Short-term borrowings were principally represented by bank loans with an average interest rate of 0.352% per annum at March 31, 2005. At March 31, 2005, commercial paper bears at the average rate of 0.015% per annum.

8. Employee Retirement Benefits

The Chubu Electric Group has several defined benefit retirement plans, principally consisted of non-contributory pension plans, welfare pension fund and lump-sum retirement benefit plans.

The following table reconciles the benefit liability and net periodic retirement benefit expense as at or for the years ended March 31, 2005 and 2004:

	Millions of Yen		Thousands of U.S. Dollars
As of March 31,	**2005**	2004	**2005**
Projected benefit obligation (*1)	**¥ 525,403**	¥ 577,930	**$ 4,892,482**
Less, fair value of pension plan assets at end of year	**(369,832)**	(347,319)	**(3,443,824)**
	155,571	230,611	**1,448,658**
Unrecognized pension plan assets	**2,824**	—	**26,301**
Unrecognized actuarial differences (loss)	**18,085**	(30,151)	**168,405**
Unrecognized prior service cost	**30,655**	485	**285,450**
Balance of employee retirement benefit liability recorded on the consolidated balance sheets	**¥ 207,135**	¥ 200,945	**$ 1,928,814**

Note: 1:Projected benefit obligation of certain subsidiaries was calculated using the simplified calculation method as permitted by the accounting standard for employee retirement benefits.

	Millions of Yen		Thousands of U.S. Dollars
Years ended March 31,	**2005**	2004	**2005**
Components of net periodic retirement benefit expense:			
Service cost	**¥ 16,770**	¥ 17,961	**$ 156,158**
Interest cost	**10,433**	13,085	**97,150**
Expected return on pension plan assets	**(397)**	(319)	**(3,700)**
Amortization of actuarial differences	**24,196**	51,197	**225,309**
Amortization of prior service cost	**(13,987)**	(281)	**(130,239)**
Other	**—**	(56)	**—**
Net periodic retirement benefit expense	**¥ 37,015**	¥ 81,587	**$ 344,678**

Major assumptions used in the calculation of the above information for the years ended March 31, 2005 and 2004 were as follows:

		2005	2004
Method attributing the projected benefits to periods of services		**Straight-line method**	Straight-line method
Discount rate	(Company)	**2.0%**	2.0%
	(Subsidiaries)	**2.0, 2.5%**	2.5%
Expected rate of return on pension plan assets	(Company)	**0.1%**	0.1%
	(Subsidiaries)	**0.5 to 1.0%**	0.5 to 1.0%
Amortization of prior service cost	(Company)	**3 years**	—
	(Subsidiaries)	**5 years**	5 years
Amortization of actuarial differences	(Company)	**3 years**	3 years
	(Subsidiaries)	**3, 5 years**	3, 5 years

9. Lease transactions

(a) Lessee

Total lease expenses under finance leases other than those which transfer ownership of the assets at the end of the lease term amounted to ¥3,494 million ($32,533 thousand) and ¥3,079 million for the years ended March 31, 2005 and 2004, respectively.

Pro forma information of the leased property such as acquisition cost, accumulated depreciation and future minimum lease payments, all of which included imputed interest expense under these finance leases, on "as if capitalized " basis at March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Acquisition cost	**¥ 18,833**	¥ 18,161	**$ 175,372**
Accumulated depreciation	**6,128**	3,987	**57,062**
Net leased property	**¥ 12,705**	¥ 14,174	**$ 118,310**
Future minimum lease payments:			
Due within one year	**¥ 3,287**	¥ 3,285	**$ 30,612**
Due after one year	**9,457**	10,934	**88,063**
Total	**¥ 12,744**	¥ 14,219	**$ 118,675**

(b) Lessor

Revenue under finance leases other than those which transfer ownership of the assets at the end of the lease term amounted to ¥1,991 million ($18,542 thousand) and ¥2,072 million for the years ended March 31, 2005 and 2004, respectively, while depreciation expenses of ¥1,401 million ($13,049 thousand) and ¥1,442 million were recorded on the accompanying consolidated statements of income for the years ended March 31, 2005 and 2004, respectively.

Information of the leased property such as acquisition cost, accumulated depreciation and future lease commitments to be received under these finance leases at March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Acquisition cost	**¥ 10,101**	¥ 9,856	**$ 94,055**
Accumulated depreciation	**4,643**	4,655	**43,235**
Net leased property	**¥ 5,458**	¥ 5,201	**$ 50,820**
Future lease commitments to be received:			
Due within one year	**¥ 1,831**	¥ 1,817	**$ 17,048**
Due after one year	**5,307**	5,089	**49,416**
Total	**¥ 7,138**	¥ 6,906	**$ 66,464**

Information of the future lease commitments to be received under non-cancelable operating leases at March 31, 2005 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Due within one year	**¥ 124**	¥ —	**$ 1,161**
Due after one year	**820**	—	**7,633**
Total	**¥ 944**	¥ —	**$ 8,794**

10. Contingent Liabilities

As of March 31, 2005 and 2004, contingent liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Co-guarantees of loans for others:			
Japan Nuclear Fuel Limited	**¥ 156,068**	¥ 159,955	**$ 1,453,280**
Nuclear Fuel Transport Co., Ltd. and other companies	**3,145**	3,469	**29,283**
Guarantees of housing and other loans for the employees	**100,892**	98,974	**939,495**
Guarantee relating to electricity purchase agreement for affiliates	**1,929**	—	**17,961**
Recourses under debt assumption agreements	**492,263**	249,294	**4,583,881**
Trade notes endorsed to others	**—**	2	**—**

11. Shareholders' Equity

The authorized number of shares of common stock without par value is 1,190 million at March 31, 2005, unless there may be a reduction due to a cancellation of treasury stock acquired.

Pursuant to the Commercial Code of Japan and the Company's amended article of incorporation approved by shareholders at the annual general meeting on June 25, 2004, the Company can purchase the treasury stock subject to the resolution of the Board of Directors from that date.

At March 31, 2005 and 2004, respectively, capital surplus principally consisted of additional paid-in capital. Retained earnings included legal reserve of the Company in the amounts of ¥93,629 million ($871,854 thousand) at March 31, 2005 and 2004, respectively. The Commercial Code of Japan requires all companies to appropriate as a legal reserve an amount equivalent to at least 10% of cash payments for appropriation of retained earnings until the total amount of such legal reserve and additional paid-in capital equals 25% of stated capital. Legal reserve is not available for the distribution as dividends, but may be used to reduce a deficit or may be transferred to common stock by proper actions of the Board of Directors and/or shareholders.

12. Income Taxes

The tax effects on temporary differences that give to a significant portion of deferred tax assets and liabilities at March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Deferred tax assets:			
Employee retirement benefit liability	**¥ 70,404**	¥ 63,801	**$ 655,589**
Depreciation	**29,966**	28,677	**279,042**
Amortization of deferred charges	**25,351**	24,208	**236,059**
Impairment loss on fixed assets	**14,988**	—	**139,568**
Intercompany profits	**13,357**	13,906	**124,375**
Provision for reserve for reprocessing of irradiated nuclear fuel	**11,980**	11,980	**111,561**
Accrued bonus to employees	**9,707**	9,970	**90,390**
Provision for reserve for decommissioning nuclear power plant	**7,353**	7,353	**68,471**
Others	**36,181**	28,410	**336,911**
Total gross deferred tax assets	**219,287**	188,305	**2,041,966**
Less, valuation allowance	**(18,746)**	(4,064)	**(174,559)**
Total deferred tax assets	**200,541**	184,241	**1,867,407**
Deferred tax liabilities:			
Unrealized gains on securities	**15,113**	19,289	**140,733**
Others	**184**	187	**1,709**
Total deferred tax liabilities	**15,297**	19,476	**142,442**
Net deferred tax assets	**¥ 185,244**	¥ 164,765	**$ 1,724,965**

At March 31, 2005 and 2004, deferred tax assets and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Deferred tax assets:			
Non-Current	**¥ 163,233**	¥ 147,124	**$ 1,519,998**
Current	**22,049**	17,661	**205,317**
Deferred tax liabilities:			
Non-Current	**38**	20	**350**

In assessing the realizability of deferred tax assets, management of the Chubu Electric Group considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of the future taxable income during the periods in which those temporary differences become deductible. At March 31, 2005 and 2004, a valuation allowance was established to reduce the deferred tax assets to the extent that the management of the Chubu Electric Group believes that the amount of the deferred tax assets is expected to be realizable.

A reconciliation of the differences between the statutory tax rate and the effective income tax rate for the year ended March 31, 2005 was as follows:

	2005
Statutory tax rate	**35.7%**
Increase due to:	
Valuation allowance	**9.4**
Tax credit	**(2.2)**
Equity in earning of affiliates	**(0.4)**
Permanently non-deductible expenses	**0.3**
Others	**0.8**
Effective income tax rate	**43.6%**

Such reconciliation for the year ended March 31, 2004 was not disclosed, as differences between the statutory tax rate and effective income tax rate were not material.

13. Segment information

The Group's operations are classified into two segments, electric utility business and other business. Electric utility segment is composed of electric power supply business. Other segment is composed of energy, other than electricity, related businesses that utilize electricity supplying facilities, fuels and technologies, as well as information technology businesses based on company's information networks that supply information with added intellectual value. The Group is also developing electric power-related areas including construction for the upgrade and maintenance of facilities and manufacture for supply of materials and equipments and other variety of businesses. Information by industry segment for the years ended March 31, 2005 and 2004 was as follows:

	Electric utility	Other	Total	Elimination	Consolidated
			Millions of Yen		
For the year ended March 31, 2005:					
Operating revenues:					
Outside customers	¥ 2,041,353	¥ 91,871	¥ 2,133,224	¥ —	¥ 2,133,224
Inter-segment	3,287	189,163	192,450	(192,450)	—
Total operating revenues	2,044,640	281,034	2,325,674	(192,450)	2,133,224
Operating expenses	1,711,803	272,338	1,984,141	(193,077)	1,791,064
Operating income	¥ 332,837	¥ 8,696	¥ 341,533	¥ 627	¥ 342,160
Identifiable assets	¥ 5,418,513	¥ 403,373	¥ 5,821,886	¥ (118,328)	¥ 5,703,558
Depreciation and amortization	384,977	37,103	422,080	(2,987)	419,093
Impairment loss on fixed assets	34,932	10,693	45,625	—	45,625
Capital expenditures	128,091	26,664	154,755	(3,373)	151,382
For the year ended March 31, 2004:					
Operating revenues:					
Outside customers	¥ 2,014,818	¥ 86,254	¥ 2,101,072	¥ —	¥ 2,101,072
Inter-segment	3,169	199,206	202,375	(202,375)	—
Total operating revenues	2,017,987	285,460	2,303,447	(202,375)	2,101,072
Operating expenses	1,693,213	275,519	1,968,732	(202,072)	1,766,660
Operating income	¥ 324,774	¥ 9,941	¥ 334,715	¥ (303)	¥ 334,412
Identifiable assets	¥ 5,760,680	¥ 426,182	¥ 6,186,862	¥ (126,684)	¥ 6,060,178
Depreciation and amortization	351,726	42,613	394,339	(3,160)	391,179
Capital expenditures	205,337	29,188	234,525	(2,848)	231,677
			Thousands of U.S. Dollars		
For the year ended March 31, 2005:					
Operating revenues:					
Outside customers	$ 19,008,785	$ 855,485	$ 19,864,270	$ —	$ 19,864,270
Inter-segment	30,607	1,761,463	1,792,070	(1,792,070)	—
Total operating revenues	19,039,392	2,616,948	21,656,340	(1,792,070)	19,864,270
Operating expenses	15,940,061	2,535,971	18,476,032	(1,797,905)	16,678,127
Operating income	$ 3,099,331	$ 80,977	$ 3,180,308	$ 5,835	$ 3,186,143
Identifiable assets	$ 50,456,401	$ 3,756,149	$ 54,212,550	$ (1,101,848)	$ 53,110,702
Depreciation and amortization	3,584,846	345,499	3,930,345	(27,809)	3,902,536
Impairment loss on fixed assets	325,286	99,570	424,856	—	424,856
Capital expenditures	1,192,770	248,291	1,441,061	(31,409)	1,409,652

Geographic segment information is not shown, as operating revenues of overseas subsidiaries were not material. Information for overseas sales is not disclosed as such sales were not material.

14. Subsequent Event

On June 28, 2005, shareholders of the Company approved the appropriation of retained earnings at the annual general meeting as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends (¥30 per share)	¥ 21,714	$ 202,200
Bonuses to directors and corporate auditors	131	1,220

15. Financial Information of Chubu Electric Power Company, Incorporated (Parent)

Presented below are the non-consolidated balance sheets, and non-consolidated statements of income and retained earnings of Chubu Electric Power Company, Incorporated (Parent)

NON-CONSOLIDATED BALANCE SHEETS

Chubu Electric Power Company, Incorporated (Parent)
As of March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
ASSETS	**2005**	2004	**2005**
Property, Plant and Equipment:			
Property, plant and equipment	**¥ 12,273,589**	¥ 11,955,802	**$114,289,870**
Construction in progress	**180,304**	538,859	**1,678,966**
	12,453,893	12,494,661	**115,968,836**
Less:			
Contributions in aid of construction	**(141,153)**	(137,672)	**(1,314,403)**
Accumulated depreciation	**(7,725,948)**	(7,418,125)	**(71,942,901)**
	(7,867,101)	(7,555,797)	**(73,257,304)**
Property, Plant and Equipment, Net	**4,586,792**	4,938,864	**42,711,532**
Nuclear Fuel:			
Loaded nuclear fuel	**48,120**	54,294	**448,085**
Nuclear fuel in processing	**202,579**	191,972	**1,886,392**
Total Nuclear Fuel	**250,699**	246,266	**2,334,477**
Investments and Other:			
Long-term investments	**267,341**	293,749	**2,489,441**
Deferred tax assets	**138,862**	121,914	**1,293,060**
Other	**7,519**	11,474	**70,019**
Less, allowance for doubtful accounts	**(481)**	(684)	**(4,480)**
Total Investments and Other	**413,241**	426,453	**3,848,040**
Current Assets:			
Cash	**18,225**	13,535	**169,708**
Trade accounts receivable	**88,523**	84,623	**824,317**
Inventories	**43,756**	39,787	**407,446**
Deferred tax assets	**18,803**	14,817	**175,093**
Other	**15,484**	12,552	**144,183**
Less, allowance for doubtful accounts	**(523)**	(457)	**(4,871)**
Total Current Assets	**184,268**	164,857	**1,715,876**
Total Assets	**¥ 5,435,000**	¥ 5,776,440	**$ 50,609,925**

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2005	2004	Thousands of U.S. Dollars 2005
Long-term Liabilities and Reserves:			
Long-term debt	**¥ 2,521,494**	¥ 3,148,186	**$ 23,479,782**
Employee retirement benefit liability	**186,192**	181,116	**1,733,794**
Reserve for reprocessing of irradiated nuclear fuel	**253,374**	231,219	**2,359,378**
Reserve for decommissioning nuclear power plant	**82,639**	80,000	**769,521**
Other long-term liabilities	**32,611**	33,167	**303,674**
Total Long-term Liabilities and Reserves	**3,076,310**	3,673,688	**28,646,149**
Current Liabilities:			
Current portion of long-term debt and other	**254,148**	156,956	**2,366,588**
Short-term borrowings	**265,204**	300,288	**2,469,541**
Commercial paper	**304,000**	105,000	**2,830,804**
Trade accounts payable	**41,248**	40,967	**384,099**
Income taxes payable	**33,763**	51,508	**314,394**
Other	**143,580**	173,870	**1,336,993**
Total Current Liabilities	**1,041,943**	828,589	**9,702,419**
Reserve for Fluctuation in Water Levels	**15,977**	8,647	**148,777**
Total Liabilities	**4,134,230**	4,510,924	**38,497,345**
Shareholders' Equity :			
Common stock	**374,520**	374,520	**3,487,473**
Capital surplus	**14,261**	14,248	**132,799**
Retained earnings	**914,225**	867,049	**8,513,125**
Net unrealized gains on available-for-sale securities	**26,818**	34,504	**249,727**
Less, treasury stock, at cost	**(29,054)**	(24,805)	**(270,544)**
Total Shareholders' Equity	**1,300,770**	1,265,516	**12,112,580**
Total Liabilities and Shareholders' Equity	**¥ 5,435,000**	¥ 5,776,440	**$ 50,609,925**

NON-CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

Chubu Electric Power Company, Incorporated (Parent)
For the Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Operating Revenues	**¥ 2,051,821**	¥ 2,023,210	**$ 19,106,261**
Operating Expenses:			
Fuel	**382,317**	343,181	**3,560,075**
Personnel	**218,817**	268,923	**2,037,593**
Purchased Power	**150,435**	141,199	**1,400,832**
Maintenance	**161,635**	184,639	**1,505,126**
Depreciation	**384,841**	351,578	**3,583,586**
Taxes other than income taxes	**138,750**	137,662	**1,292,015**
Other	**284,480**	273,493	**2,649,036**
Total Operating Expenses	**1,721,275**	1,700,675	**16,028,263**
Operating Income	**330,546**	322,535	**3,077,998**
Other (Income) Expenses:			
Interest expense	**129,266**	93,770	**1,203,708**
Impairment loss on fixed assets	**38,016**	—	**354,000**
Gain on sales of investment securities	**(14,752)**	—	**(137,374)**
Other, net	**15,892**	53,600	**147,986**
Total Other Expenses	**168,422**	147,370	**1,568,320**
Income before Provision of Reserve for Fluctuation in Water Levels and Income Taxes	**162,124**	175,165	**1,509,678**
Provision of Reserve for Fluctuation in Water Levels	**7,330**	8,647	**68,257**
Income before Income Taxes	**154,794**	166,518	**1,441,421**
Income Taxes:			
Current	**80,664**	90,924	**751,138**
Deferred	**(16,667)**	(35,016)	**(155,202)**
Total Income Taxes	**63,997**	55,908	**595,936**
Net Income	**90,797**	110,610	**845,485**
Retained Earnings:			
Balance at Beginning of Year	**867,049**	800,484	**8,073,833**
Appropriations:			
Cash dividends	**(43,490)**	(43,905)	**(404,973)**
Bonuses to directors and corporate auditors	**(131)**	(140)	**(1,220)**
Balance at End of Year	**¥ 914,225**	¥ 867,049	**$ 8,513,125**

	Yen		U.S. Dollars
	2005	2004	**2005**
Per Share of Common Stock:			
Net income:			
Basic	**¥ 125.19**	¥ 151.72	**$ 1.17**
Diluted	**¥ 116.98**	¥ 141.56	**$ 1.09**
Cash dividends	**¥ 60.00**	¥ 60.00	**$ 0.56**

Corporate Data

As of March 31, 2005

CHUBU ELECTRIC POWER CO., INC.

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fax: 202-331-9256

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fax: 020-7408-0801

DATE OF ESTABLISHMENT

May 1st, 1951

CAPITAL

¥374,519,757,924

AUTHORIZED NUMBER OF SHARES

1,190,000,000

NUMBER OF ISSUED SHARES

736,857,187

NUMBER OF SHAREHOLDERS

352,163

SECURITIES TRADED

Tokyo Stock Exchange
Osaka Securities Exchange
Nagoya Stock Exchange

TRANSFER AGENT AND REGISTRAR

UFJ Trust Bank Limited
4-3, Marunouchi 1-chome, Chiyoda-ku
Tokyo 100-0005, Japan

GENERAL MEETING OF SHAREHOLDERS

June

AUDITOR

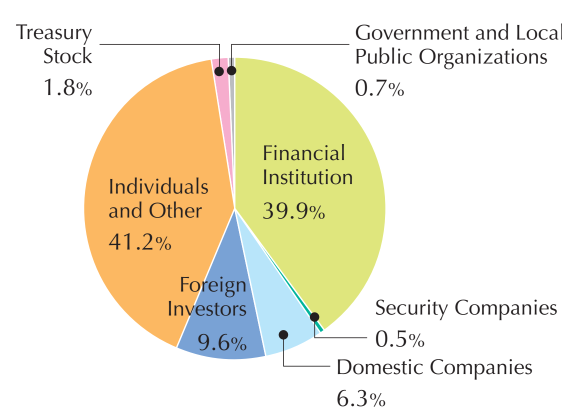
ChuoAoyama Audit Corporation

PRINCIPAL SHAREHOLDERS

Name	Number of Shares (thousands)	Percentage of Total Shares in Issue
Meiji Yasuda Life Insurance Company	42,662	5.79
The Master Trust Bank of Japan, Ltd.	42,320	5.74
Nippon Life Insurance Company	34,440	4.67
Japan Trustee Services Bank, Ltd.	24,207	3.29
UFJ Bank Limited.	15,197	2.06
Sumitomo Mitsui Banking Corporation	14,888	2.02
Mizuho Corporate Bank, Ltd.	14,000	1.90
Kondo Cotton Spinning Co., Ltd.	13,442	1.82
Trust & Custody Services Bank, Ltd.	11,973	1.62
Chubu Electric Employees' Shareholders Association	11,405	1.55

This table does not include the Company's treasury stock of 13,048 thousand shares.

COMPOSITION OF SHAREHOLDERS



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