

# Consolidated Financial Report

The information shown below is an English translation of extracts from the Kessan Tanshin (Renketsu) (Consolidated Financial Report). Fiscal year 2003 dates from 1st April 2003 to 31st March 2004.

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CHUBU ELECTRIC POWER COMPANY, INCORPORATED (May 12, 2004)

Code: 9502

Financial Report for the 12-months Period ended March 31, 2004

(Consolidated)

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Adaptation of U.S. accounting standard : None

. Performance Over the Year Ended March 31, 2004

(Figures are rounded down to the nearest million yen)

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## 1. Consolidated Operating Results

|  | 3/04      | Change | 3/03      | Change |
|--|-----------|--------|-----------|--------|
| Operating Revenues (million yen)                                 | 2,101,072 | -3.4%  | 2,176,071 | -2.4%  |
| Operating Income (million yen)                                   | 334,411   | 7.0%   | 312,471   | -6.1%  |
| Income before Income Taxes<br>& Minority Interests (million yen) | 184,925   | 8.1%   | 171,088   | -2.8%  |
| Net Income (million yen)   | 114,717   | 7.7%   | 106,494   | -3.5%  |
| Net Income per Share (Primary ; yen)                             | 157.21    |        | 144.24    |        |
| Net Income per Share (Fully diluted ; yen)                       | 146.64    |        | 134.75    |        |

Notes: 1. Equity in earnings of affiliates

(3/04: -1,157 million yen, 3/03: -432 million yen)

2. Average number of shares outstanding (consolidated)

(3/04: 728,073,170 3/03: 736,383,365 )

3. Changes in accounting methods: None

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## 2.Consolidated Financial Standing

|                                      | 3/04      | 3/03      |
|--------------------------------------|-----------|-----------|
| Total Assets (million yen)           | 6,060,177 | 6,282,500 |
| Shareholders' Equity (million yen)   | 1,377,180 | 1,307,179 |
| Shareholders' Equity Ratio           | 22.7%     | 20.8%     |
| Shareholders' Equity per Share (yen) | 1,897.81  | 1,775.44  |

Note : Number of shares outstanding at the end of the period. (consolidated)  
(3/04: 725,535,700 3/03: 736,099,577 )

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## 3.Outline of Consolidated Cash Flows

|  | 3/04     | 3/03     |
|--|----------|----------|
| Cash Flows from Operating Activities (million yen)             | 592,362  | 599,370  |
| Cash Flows from Investing Activities (million yen)             | -199,324 | -334,190 |
| Cash Flows from Financing Activities (million yen)             | -395,210 | -278,720 |
| Cash or Cash Equivalent at the End of the Period (million yen) | 59,854   | 62,061   |

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## 4.Number of Subsidiaries and Affiliates

Consolidated subsidiaries: 31

Unconsolidated subsidiaries accounted for under the equity method: None

Affiliates accounted for under the equity method: 18

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

Inclusion of subsidiaries to consolidation: 3

Exclusion of subsidiaries from consolidation: 3

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

Exclusion of subsidiaries or affiliates accounted for under the equity method: 3

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.Forecasts of Consolidated Results for the 6-months period Ending September 30, 2004, and the Year Ending March 31, 2005(approximate estimates)

|   | 9/04    | 3/05    |
|---|---------|---------|
| Operating Revenues (billion yen)                              | 1,040.0 | 2,080.0 |
| Income before Income Taxes & Minority Interests (billion yen) | 131.0   | 185.0   |
| Net Income (billion yen)                                      | 65.0    | 100.0   |

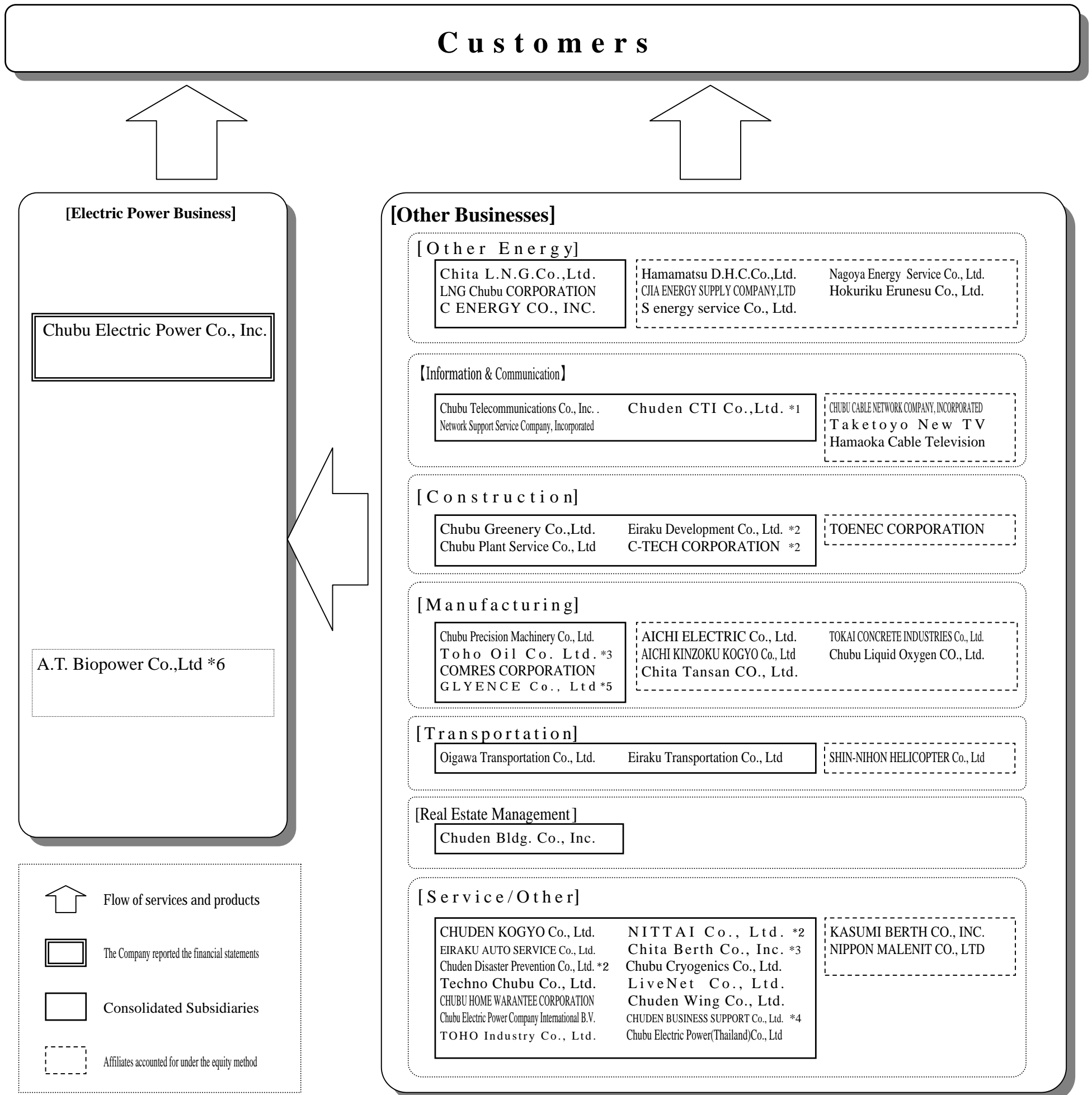
(Reference) Estimation of Net Income per Share for the year ending March 31, 2005: 137.48 yen

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

## Corporate Group Position

With Chubu Electric Power Company, Incorporated's electric power business at its core, the Chubu Electric Group (the Company and its subsidiaries and affiliates) is making efficient use of our own business resources, such as electricity supplying facilities, fuels and technologies, to develop a variety of businesses.

Specifically electric power-related areas include construction for the upgrade and maintenance of facilities, and manufacture for the supply of materials and equipments. The Company is also developing new businesses, such as an electronic communications business, with the aim of making efficient use of business resources.



- (Notes) \* 1 CTI Co., Ltd. absorbed Chuden Computer Service Co., Ltd. on October 1, 2003 and changed its trade name to Chuden CTI Co., Ltd.
- \* 2 C-TECH CORPORATION, NITTAI Co., Ltd. and Chuden Disaster Prevention Co., Ltd. took over part of the businesses of Chuden Engineering and Sales Service Shizuoka Co., Ltd. and Chuden Engineering and Sales Services Nagano Co., Ltd. on October 1, 2003. Eiraku Development Co., Ltd. took over the rest of the above businesses to absorb Chuden Engineering and Sales Service Shizuoka Co., Ltd. and Chuden Engineering and Sales Services Nagano Co., Ltd. on the same day.
- \* 3 Toho Oil Co., Ltd. and Chita Berth Co., Inc. individually changed from affiliated companies by the equity method to consolidated subsidiaries as a result of additional stock acquisition.
- \* 4 CHUDEN CAPITAL CO., LTD. changed its trade name to CHUDEN BUSINESS SUPPORT Co., Ltd. on January 1, 2004.
- \* 5 GLYENCE Co., Ltd has been included in the scope of consolidation as of this period.
- \* 6 A. T. Biopower Co., Ltd. has been included in the scope of the equity method as of this period.
- 7 Joetsu Co-operative Thermal Power Co., Inc. has been excluded from the scope of the equity method following the completion of liquidation procedures on January 16, 2004.

## Management Policies

### 1. Basic Management Policy

Competition continues to intensify in line with the liberalization of retailing of electric power: the revised Electricity Utilities Industry Law was enacted June 2003, and so the scope of liberalization was expanded in April 2004 to cover customers requiring a supply of over 500kW of high-voltage electricity. Starting from FY2005, every customer receiving high-voltage electricity will be included in the scope of the liberalization. It is anticipated that in order to further promote competition, a wholesale market for trading electric power and an independent council for reviewing transmission network utilization will be established and the network utilization rate system will be revised.

Under these conditions, our Company, as an integrated energy enterprise in the central region of Japan, aims to provide new services and values as well as energy in order to continue to grow in unity with the Group. The Company has therefore defined new business targets and concrete operational policies, as described below, in order to accelerate efforts toward meeting the expectations of customers, shareholders and investors.

#### [Business Targets]

| Item  | Consolidated Target        | Non-consolidated Target    | Target Year                                   |
|---|----------------------------|----------------------------|---|
| ROA (Return on Assets)*1                    | 4.5% or more               | 4.5% or more               | Average for three years from FY2004 to FY2006 |
| Income before special item and income taxes | ¥165,000 million or more   | ¥160,000 million or more   |   |
| Capital expenditure                         | ¥200,000 million or less   | ¥170,000 million or less   |   |
| Free cash flow *2                           | ¥360,000 million or more   | ¥350,000 million or more   |   |
| Outstanding interest-bearing debts          | ¥3,100,000 million or less | ¥3,000,000 million or less | By the end of FY2006                          |

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

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

#### [Operational Policies]

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

To continue to attract as many customers as possible, the Company is improving contract options and services 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 power generation sources.

##### (2) Strengthen 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 electricity utilities industry structure and the intensifying competition involving different kinds of energy, the Company aims to raise efficiency in each stage of business and to securely achieve the goal, "a 20% reduction in costs from pre-liberalization figures by 2005".

##### (3) Reinforce corporate strength and strategically utilize management resources for growth

The Company will set up and securely reach managerial goals of increasing profitability, further improving the financial strength and collective strengths of the Group. In pursuit of sustainable growth, the Company will effectively allocate its management resources to expand energy business areas and will invest in new businesses where the Company has an advantage.

##### (4) Reinforce the corporate foundation for the whole group and act as a good corporate citizen

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.

While striving toward harmonious coexistence with society, the Company will actively fulfill its social responsibilities as a corporate citizen. Specifically, the Company will promote compliance with laws, internal rules, and corporate ethics; tackle global environmental issues; and strengthen its relations of trust with local communities.

## 2. Basic Policy for Profit Sharing

In addition to redistributing to shareholders, operational results generated by the Company will be effectively used for activities and investments to improve the Company's financial structure and expand the revenue basis, thereby enhancing the corporate value. Internal reserves will be used as funds for capital expenditure in the electric businesses, investment in new businesses and improvement of the Company's financial structure.

## 3 Fluctuation Factors Concerning Operating Results

The following are major variables that could affect the operating results and financial conditions of the Group.

Descriptions about the future are based on the judgment as of the announcement date of this statement.

### (1) Economic Conditions and Weather Conditions

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

The annual amounts of rainfall and snowfall affect the amount of hydroelectric energy output, consequently affecting the overall cost of power generation. However, the Reserve-for-Drought System minimizes the effect on the Group's performance.

### (2) Natural Disasters

The Group's unified power supply system operates at every level from generation to distribution. In order to supply electric power of high quality in an economical and stable manner, the Group has constructed and is maintaining various facilities for minimizing service interruptions caused by lightning and other natural phenomena.

However, large-scale natural disasters, such as typhoons, and accidents are likely to affect the Group's performance.

### (3) Changes in Fuel Prices

Fuel expenses, which are a major expense item in the electricity business, are affected by changes in CIF costs, foreign exchange rates and so on because the Company depends on imports of liquid natural gas (LNG) and coal.

However, since changes in fuel price are reflected in electricity charges according to the price adjustment system reflecting fluctuations in fuel costs, have only a limited effect on the performance.

### (4) Changes in Interest Rates

The Group's interest-bearing debt outstanding was ¥3,809.3 billion as of March 2004, or 62.9% of the total assets. Interest expenses, which are a major expense item, are likely to be affected by future changes in market interest rates.

However, 89.1% of the outstanding interest-bearing debt is long-term funds including corporate bonds, convertible bonds and long-term borrowings, and most of those funds were raised at fixed interest rates. The Company is making every effort to reduce the outstanding interest-bearing debt in order to strengthen its financial structure. Therefore, changes in interest rates have only a limited effect on the performance.

### (5) Shutdown of 1st Unit at the Hamaoka Nuclear Power Plant

At the Hamaoka Nuclear Power Plant, investigation and evaluation of a crack found in the core shroud are required for the 1st Unit. The inside of the reactor core also needs to be inspected for a technical evaluation of aging, which will take a considerably long period in total. In consideration of the period necessary for replacing the recirculation system piping as well, the regular inspection period was extended to the end of FY2004. Since it is difficult to judge the definitive process at present, the current shutdown could have an effect on the performance.

#### (6) Trends of the Electricity Utilities Industry Structure

Regarding the electricity business, the scope of liberalization has been expanded in phases since April 2004. It is anticipated that in order to further promote competition, a wholesale market for trading electric power and an independent council for reviewing transmission network utilization will be established and the network utilization rate system will be revised.

Regarding the nuclear power back-end business, which is an ultralong-term and uncertain business, the system and measure review panel in the Electricity Industry Committee of the Advisory Committee for Natural Resources and Energy is discussing economic measures and concrete methods in order to smoothly promote nuclear power generation and the relevant back-end businesses.

To cope with these changing environments, the Group continues to make every possible effort to maximize the efficiency of management and develop aggressive sales activities that will appropriately meet the needs of customers. Nevertheless, future system revisions and the resulting stiffer competition could have an effect on the performance.

#### 4. Corporate Governance

##### (1) Principles of Corporate Governance

The company must enhance efficiency in management and ensure legitimacy so that shareholders and investors will see it as a reliable corporation. The company will redouble its efforts to ensure corporate governance.

##### (2) Measures Implemented for Corporate Governance

An overview of the management mechanism and the measures taken toward corporate governance is as follows:

In addition to the Board of Directors, auditors, and other aspects prescribed by the Commercial Code, the Company has a Board of Managing Directors and holds a Managerial Strategy Meeting. In principle, a meeting of the Board of Directors is held monthly. At those meetings, the board decides on resolutions stipulated by the Commercial Code and corporate key issues in management. As well, it oversees the duties of the directors with reports on the how those duties are being carried out. At the meetings of the Board of Managing Directors, matters referred to the Board of Directors are discussed in advance and other important issues in operations are deliberated. At the Managerial Strategy Meeting the direction of mid- and long-term management is discussed. The conference refers important matters on to the Board of Managing Directors and the Board of Directors.

According to the principles decided upon at the meeting of the Board of Auditors, the auditors individually and independently monitor how the duties of the directors are carried out. Currently, two out of six auditors are out-of-house auditors. (One of them is a chairman of Central Japan Railway Company, with which the company has contract of electricity supply and lease of lands. There are no specific interests with another non-executive auditor).

The Internal Audit which was expanded from the Internal Audit Department in July 2003 is in charge of internal auditing. It monitors the business executions of each division and provide advices to improve their management. The company is establishing internal-audit system focusing risk-management.

With regard to compliance, while deciding upon "Declaration to comply with the Code of Conduct", the Company is promoting compliance management under the Compliance Promotion Meeting by setting up "Code of Conduct" which the company should obey and "Activity Check Point" by which each employee checks their own activities.

To establish compliance management as CEPCo Group, the company set up "CEPCo group compliance promoting conference". Each group company is promoting compliance management.

(3)Directors' remuneration and an auditing fee

The directors' remuneration to the directors and auditors of our company in this term and the auditing fee to an auditing firm are as follows.

| Directors' remuneration            |               | Auditing fee                                 |              |
|------------------------------------|---------------|--|--------------|
| Remuneration paid to the directors | ¥ 498 million | Remuneration concerning an audit certificate | ¥ 45 million |
| Remuneration paid to the auditors  | ¥ 107 million | Remuneration other than the above            | ¥ 4 million  |
| Total                              | ¥ 606 million | Total  | ¥ 50 million |

## Operating Results and Financial Standing

### 1. Results for this period under review

#### (1) Summary of Income and Expenditure

With the improvement in companies' performance attributable to increases in exports and production and with the growth in capital investment, the Japanese economy in FY2003 was back on track to recovery, particularly in the private sector.

Under these economic conditions, consolidated operating revenues for this period were ¥2,101.0 billion, a decrease of ¥74.9 billion from the preceding period, mainly because revenues for electric power operations decreased due to a drop in electric energy sold and the reduction in electricity charges.

However, as a result of cost reductions in overall business, the consolidated income before income taxes and minority interests were ¥184.9 billion, an increase of ¥13.8 billion from the preceding period. Accordingly, the consolidated net income also increased by ¥8.2 billion, to ¥114.7 billion.

#### Performance per Business Sector (Before offset elimination)

##### (i) Electricity Business

Despite a solid basis in general, electric energy sold decreased by 0.7% from the preceding period to 122.2 billion kWh partly due to the unusually cold summer and warm winter. Specifically, demand for electric lighting decreased by 1.0% to 32.5 billion kWh and demand for electric power decreased by 0.9% to 55.6 billion kWh, mainly due to lower demand for air conditioning. Demand from customers under liberalization decreased by 0.1% to 34.1 billion kWh mainly due to the temporary stagnation of production during the cold summer while exports to Asian countries and the United States remained strong.

Regarding electric energy supply, hydroelectric power output increased by 31.2% compared with the previous period to 10.4 billion kWh due to ample water supply in this period (water supply rate: 113.9% for this period and 87.7% for the previous period). Nuclear power output increased by 58.1% to 16.9 billion kWh from the previous period following the resumption of operations of 3rd and 4th Unit at the Hamaoka Nuclear Power Plant.

Consequently, the amount of electric energy generated by thermal power plant decreased by 9.3% to 90.5 billion kWh from the previous period.

In real terms, revenues of electricity business amounted to ¥2,017.9 billion, a reduction of ¥63.2 billion from the preceding period. This was the result from a decrease in electric power revenues by ¥67.3 billion due to decrease of electric energy sold and rate reduction in September 2002. On the other hand, operating costs declined ¥90.0 billion from the previous period to ¥1,693.2 billion due to a reduction in fuel expenses as a result of the drop in thermal power output and due to efforts to suppress costs throughout the business such as facilities-related expenses.

Under these circumstances, our operating income increased ¥26.8 billion from the preceding period to ¥324.7 billion.

##### (ii) Other Businesses

Revenues from other businesses were ¥285.4 billion, a decrease of ¥21.5 billion from the previous period mainly due to decreased revenues for the IT-telecommunication business with the intensified competition in the industry. On the other hand, operating expenses were ¥275.5 billion, a reduction of ¥17.1 billion from the preceding period, as a result of cost reduction efforts in overall business segment.

Accordingly, operating income dropped to ¥9.9 billion, a decrease of ¥4.4 billion from the previous period.

#### (2) Cash Flows

The consolidated group mainly uses cash and cash equivalents (hereinafter referred to as "cash") obtained from operating activities to mainly purchase in new capital assets, to improve its financial structure, and to return the profits to the shareholders by means of buybacking share and paying dividends.

Cash flows from operating activities resulted in an increase in cash of ¥592.3 billion, although only a 1.2% decrease compared with the previous period due to cost reduction efforts in all areas of management, which included a reduction in fuel expenses, while electric power revenues decreased due to a drop in electric energy sold



and the reduction in electricity charges.

Cash flows from investing activities resulted in a decrease in cash of ¥199.3 billion, or a 40.4% decline compared with the previous period, as a result of cost reduction efforts such as the restraint of capital expenditures.

Cash flows from financial activities resulted in a decrease in cash of ¥395.2 billion, 41.8% higher than in the previous period, as a result of repayment of interest-bearing debts, share buybacks, and dividend payout.

Due to the aforementioned factors, cash balances decreased by 3.6%, to ¥59.8 billion, compared to those at the end of March 2003.

Interest-bearing debts outstanding were ¥3,809.3 billion at the end of March 2004 (7.4% decrease compared with the end of March 2003).

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

|  | FY1999    | FY2000   | FY2001   | FY2002   | FY2003   |
|--|-----------|----------|----------|----------|----------|
| Shareholders' equity ratio                 | 17.3%     | 17.9%    | 19.1%    | 20.8%    | 22.7%    |
| Shareholders' equity ratio at market value | 18.6%     | 22.0%    | 23.7%    | 24.7%    | 27.5%    |
| Debt repayment term                        | 8.2 years | 7.4years | 6.5years | 6.9years | 6.4years |
| Interest coverage ratio                    | 3.3       | 3.8      | 4.4      | 4.9      | 6.0      |

(Notes)

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

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

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

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

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

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

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

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

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

(3) Profit Sharing

Dividends at the end of this period will be ¥30 per share, same as those at the end of the 6-months period. As a result, the payout ratio will be 39.5%.

## 2. Outlook for the next period

Electric energy sales in the electricity business for the period ending March 31, 2005 will be approximately 122.5 billion kWh, a 0.2% increase from the previous period.

By promoting efficiency over the whole operating activities as well as cost reduction such as facilities- related expenses, the outlook for performance in the next period will be as follows.

(Outlook for consolidated performance in the next period)

| Consolidated                              | 9/04  | 3/05  |
|---|---|---|
| Operating revenues                        | (0.3% decrease)<br>approximately ¥1,040.0 billion | (1.0% decrease)<br>approximately ¥2,080.0 billion |
| Operating income                          | (3% increase)<br>approximately ¥188.0 billion     | (11% decrease)<br>approximately ¥298.0 billion    |
| Income before special item & income taxes | ( 8% increase)<br>approximately ¥131.0 billion    | (0% increase)<br>approximately ¥185.0 billion     |
| Net income                                | ( 12% decrease)<br>approximately ¥65.0 billion    | (13% decrease)<br>approximately ¥100.0 billion    |

(Principal figures on which outlook are based)

| Item                              | FY04(assumed) | FY 03 | FY 02 |
|-----------------------------------|---------------|-------|-------|
| CIF crude oil prices (\$/b)       | approx.29     | 29.4  | 27.4  |
| Exchange rate (Inter-bank) (¥/\$) | approx.110    | 113   | 122   |

\*The above forecasts and assumptions made in relation to uncertain factors that may influence performance in the future, was made based on the information available at the time of the release of this document. There is a possibility that the actual performance may greatly differ due to various unforeseen factors in the future.

## Situation of Generation and Sales

### [ Electric Power Business ]

#### 1. Electric energy sold (100 million kWh, %)

|   | 3/04<br>(A) | 3/03<br>(B) | Change |         |
|---|-------------|-------------|--------|---------|
|   |             |             | (A-B)  | (A-B)/B |
| Customers other than those under liberalization |             |             |        |         |
| Electric lighting                               | 325         | 328         | -3     | -1.0    |
| Electric power                                  | 556         | 561         | -5     | -0.9    |
| Sub total                                       | 881         | 889         | -8     | -0.9    |
| Customers under liberalization                  | 341         | 341         | 0      | -0.1    |
| Total   | 1,222       | 1,230       | -8     | -0.7    |

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

|                               |  | 3/04<br>(A)    | 3/03<br>(B)   | Change       |         |
|-------------------------------|--|----------------|---------------|--------------|---------|
|                               |  |                |               | (A-B)        | (A-B)/B |
| Chubu<br>Electric             | Hydroelectric power<br>(water supply rate) | 104<br>(113.9) | 79<br>(87.7)  | 25<br>(26.2) | 31.2    |
|                               | Thermal power                              | 905            | 998           | -93          | -9.3    |
|                               | Nuclear power<br>(utilization rate)        | 169<br>(53.2)  | 107<br>(33.7) | 62<br>(19.5) | 58.1    |
| Purchased power               |  | 136            | 115           | 21           | 18.4    |
| Interchanged power            |  | 33             | 56            | -23          | -40.5   |
| Power used for pumped storage |  | -15            | -11           | -4           | 34.4    |
| Total                         |  | 1,332          | 1,344         | -12          | -0.9    |

## Consolidated Balance Sheets

(million yen)

| Assets   | 2004.3    | 2003.3    | Change   |
|--|-----------|-----------|----------|
| Property, Plant and Equipment                                  | 5,807,837 | 6,012,255 | -204,417 |
| Electric utility property, plant and equipment                 | 4,297,914 | 4,525,201 | -227,287 |
| Hydroelectric power production facilities                      | 374,308   | 392,962   | -18,654  |
| Thermal power production facilities                            | 901,843   | 1,018,692 | -116,848 |
| Nuclear power production facilities                            | 190,335   | 211,748   | -21,412  |
| Transmission facilities  | 1,281,878 | 1,311,983 | -30,105  |
| Transformation facilities                                      | 516,937   | 533,339   | -16,402  |
| Distribution facilities  | 858,337   | 870,906   | -12,569  |
| General facilities   | 174,273   | 185,568   | -11,295  |
| Other property, plant and equipment                            | 293,733   | 313,217   | -19,483  |
| Construction in progress                                       | 545,076   | 522,699   | 22,376   |
| Nuclear fuel   | 246,266   | 234,731   | 11,534   |
| Loaded nuclear fuel  | 54,294    | 34,641    | 19,652   |
| Nuclear fuel in processing                                     | 191,972   | 200,090   | -8,118   |
| Investments and other  | 424,847   | 416,404   | 8,442    |
| Long-term investments  | 228,744   | 205,091   | 23,652   |
| Deferred tax assets  | 147,123   | 126,150   | 20,973   |
| Other  | 48,979    | 85,163    | -36,183  |
| Current Assets   | 252,241   | 270,125   | -17,884  |
| Cash   | 45,666    | 43,106    | 2,560    |
| Trade notes and accounts receivable                            | 102,509   | 113,227   | -10,717  |
| Inventories  | 55,390    | 53,462    | 1,927    |
| Deferred tax assets  | 17,660    | 15,159    | 2,501    |
| Other  | 31,013    | 45,169    | -14,155  |
| Deferred Assets  | 98        | 119       | -20      |
| Total Assets   | 6,060,177 | 6,282,500 | -222,322 |
| Liabilities, Minority interests and Shareholders' Equity       |           |           |          |
| Long-Term Liabilities and Reserves                             | 3,772,170 | 4,022,002 | -249,831 |
| Bonds  | 1,953,774 | 2,090,300 | -136,526 |
| Convertible bonds  | 146,251   | 146,254   | -3       |
| Long-term loans  | 1,122,521 | 1,272,362 | -149,840 |
| Employee retirement benefit liability                          | 200,944   | 168,379   | 32,565   |
| Reserve for reprocessing of irradiated nuclear fuel            | 231,219   | 220,634   | 10,584   |
| Reserve for decommissioning nuclear power plant                | 80,000    | 79,752    | 247      |
| Deferred tax liabilities                                       | 20        | 17        | 2        |
| Other  | 37,439    | 44,302    | -6,862   |
| Current Liabilities  | 878,247   | 929,482   | -51,235  |
| Current portion of long-term debt and other                    | 175,677   | 157,047   | 18,630   |
| Short-term borrowings  | 308,235   | 339,961   | -31,726  |
| Accrued income taxes and other                                 | 91,636    | 80,714    | 10,922   |
| Other  | 302,698   | 351,760   | -49,061  |
| Reserve for Drought  | 8,647     | -         | 8,647    |
| Total Liabilities  | 4,659,064 | 4,951,485 | -292,420 |
| Minority Interests in Consolidated Subsidiaries                | 23,932    | 23,834    | 97       |
| Shareholders' Equity   |           |           |          |
| Common stock   | 374,519   | 374,519   | -        |
| Capital surplus  | 14,248    | 14,247    | 0        |
| Retained earnings  | 978,360   | 907,815   | 70,545   |
| Net unrealized gains on available-for-sale securities          | 34,999    | 12,023    | 22,975   |
| Foreign Currency Translation Adjustment                        | -67       | 5         | -72      |
| Less: Treasury stock   | -24,879   | -1,431    | -23,448  |
| Total Shareholder's Equity                                     | 1,377,180 | 1,307,179 | 70,000   |
| Total Liabilities, Minority interests and Shareholders' Equity | 6,060,177 | 6,282,500 | -222,322 |

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

## Consolidated Statements of Income

(million yen)

| Revenues  | 2004.3    | 2003.3    | Change  |
|---|-----------|-----------|---------|
| Operating Revenues  | 2,101,072 | 2,176,071 | -74,999 |
| Electricity   | 2,014,818 | 2,078,170 | -63,351 |
| Other   | 86,253    | 97,901    | -11,647 |
| Other Revenues  | 5,995     | 5,735     | 259     |
| Proceed from dividends                                      | 1,355     | 1,179     | 176     |
| Proceed from interests                                      | 1,200     | 1,280     | -80     |
| Other   | 3,439     | 3,275     | 163     |
| Total Ordinary Revenues                                     | 2,107,067 | 2,181,807 | -74,740 |
| Expenses  |           |           |         |
| Operating Expenses  | 1,766,660 | 1,863,600 | -96,940 |
| Electric  | 1,684,670 | 1,773,859 | -89,189 |
| Other   | 81,989    | 89,740    | -7,750  |
| (Operating Income)  | 334,411   | 312,471   | 21,940  |
| Other Expenses  | 155,481   | 147,118   | 8,362   |
| Interest expenses   | 96,428    | 121,236   | -24,808 |
| Other   | 59,052    | 25,882    | 33,170  |
| Total Ordinary Expenses                                     | 1,922,141 | 2,010,718 | -88,577 |
| Income before Special Item and Income Taxes                 | 184,925   | 171,088   | 13,836  |
| Special Item  |           |           |         |
| Provision for (reversal of) reserve for drought             | 8,647     | -         | 8,647   |
| Income before income taxes                                  | 176,278   | 171,088   | 5,189   |
| Income Taxes-Current  | 96,814    | 85,355    | 11,458  |
| Income Taxes-Deferred                                       | -35,608   | -21,525   | -14,083 |
| Minority Interests in Earnings of Consolidated Subsidiaries | 354       | 764       | -409    |
| Net Income  | 114,717   | 106,494   | 8,223   |

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

## Consolidated Statements of Cash Flows

(million yen)

| Cash Flows from Operating Activities:  | 2004.3     | 2003.3     |
|--|------------|------------|
| Income before income taxes and minority interests  | 176,278    | 171,088    |
| Depreciation and amortization  | 391,179    | 432,813    |
| Loss of loaded nuclear fuel  | 9,882      | 6,051      |
| Loss on disposal of property, plant and equipment  | 16,130     | 11,998     |
| Increase(Decrease) in employee retirement benefit liability  | 32,559     | 20,286     |
| Increase(Decrease) in reserve for reprocessing of irradiated nuclear fuel                                  | 10,584     | 5,250      |
| Increase(Decrease) in reserve for decommissioning nuclear power plant                                      | 247        | 1,999      |
| Provision of reserve for drought   | 8,647      | -          |
| Interest and dividends income  | -2,555     | -2,460     |
| Interest expenses  | 96,428     | 121,236    |
| Increase(Decrease) in trade notes and accounts receivable  | 11,976     | 2,664      |
| Increase(Decrease) in inventories  | 3,631      | 1,532      |
| Increase(Decrease) in trade notes and accounts payable   | -23,921    | 9,771      |
| Other  | 45,148     | 27,479     |
| Sub total  | 776,217    | 809,712    |
| Interest and dividends received  | 2,582      | 2,385      |
| Interest paid  | -99,484    | -122,357   |
| Income taxes paid  | -86,953    | -90,370    |
| Net cash provided by operating activities  | 592,362    | 599,370    |
| Cash Flows from Investing Activities:  |            |            |
| Purchases of property, plant and equipment   | -248,275   | -322,463   |
| Increase in investments and other  | -27,115    | -31,067    |
| Proceeds for recoveries from investments and other   | 63,947     | 12,015     |
| Purchases of the subsidiary stocks upon inclusion of additional subsidiaries on consolidation              | 1,710      | -          |
| Other  | 10,407     | 7,324      |
| Net cash used in investing activities  | -199,324   | -334,190   |
| Cash Flows from Financing Activities:  |            |            |
| Proceeds from issuance of bonds  | 93,963     | 198,682    |
| Redemption of bonds  | -229,243   | -121,800   |
| Proceeds from long-term loans  | 46,977     | 43,252     |
| Repayment of long-term loans   | -199,616   | -210,280   |
| Proceeds from short-term borrowings  | 314,707    | 354,870    |
| Repayment of short-term borrowings   | -348,651   | -379,140   |
| Proceeds from issuance of commercial paper   | 1,058,000  | 1,036,000  |
| Redemption of commercial paper   | -1,064,000 | -1,155,000 |
| Dividends paid   | -43,890    | -44,189    |
| Other  | -23,457    | -1,114     |
| Net cash used in financing activities  | -395,210   | -278,720   |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents   | -33        | -16        |
| Net Increase (Decrease) in Cash and Cash Equivalents   | -2,206     | -13,557    |
| Cash and Cash Equivalents at Beginning of the Period   | 62,061     | 66,276     |
| Increase(Decrease) in Cash and Cash Equivalents upon inclusion of Additional Subsidiaries on Consolidation | -          | 9,342      |
| Cash and Cash Equivalents at End of the Period   | 59,854     | 62,061     |

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

## Segment Information

### 1. Segment Information By Business Sector

For the period ended March 31, 2004

(million yen)

|  | Electric  | Other   | Total     | Eliminations | Consolidated Results |
|--|-----------|---------|-----------|--------------|----------------------|
| 1. Operating Revenues,<br>Operating Income                           |           |         |           |              |                      |
| Operating Revenues<br>(1) Operating Revenues<br>to outside the Group | 2,014,818 | 86,253  | 2,101,072 | -            | 2,101,072            |
| (2) Inter-segment Operating<br>Revenues and transfers                | 3,168     | 199,206 | 202,374   | -202,374     | -                    |
| Total  | 2,017,986 | 285,459 | 2,303,446 | -202,374     | 2,101,072            |
| Operating Expenses   | 1,693,212 | 275,518 | 1,968,731 | -202,071     | 1,766,660            |
| Operating Income   | 324,774   | 9,941   | 334,715   | -303         | 334,411              |
| 2. Assets, Depreciation,<br>Assets                                   | 5,760,679 | 426,182 | 6,186,862 | -126,684     | 6,060,177            |
| Depreciation   | 351,726   | 42,612  | 394,339   | -3,159       | 391,179              |
| Capital expenditures   | 205,336   | 29,188  | 234,525   | -2,847       | 231,677              |

For the period ended March 31, 2003

(million yen)

|  | Electric  | Other   | Total     | Eliminations | Consolidated Results |
|--|-----------|---------|-----------|--------------|----------------------|
| 1. Operating Revenues,<br>Operating Income                           |           |         |           |              |                      |
| Operating Revenues<br>(1) Operating Revenues<br>to outside the Group | 2,078,170 | 97,901  | 2,176,071 | -            | 2,176,071            |
| (2) Inter-segment Operating<br>Revenues and transfers                | 3,025     | 209,143 | 212,169   | -212,169     | -                    |
| Total  | 2,081,195 | 307,045 | 2,388,240 | -212,169     | 2,176,071            |
| Operating Expenses   | 1,783,253 | 292,702 | 2,075,955 | -212,354     | 1,863,600            |
| Operating Income   | 297,942   | 14,343  | 312,285   | 185          | 312,471              |
| 2. Assets, Depreciations,<br>Assets                                  | 5,965,802 | 436,124 | 6,401,926 | -119,245     | 6,282,500            |
| Depreciation   | 389,187   | 46,971  | 436,159   | -3,345       | 432,813              |
| Capital expenditures   | 259,535   | 27,307  | 286,843   | -3,241       | 283,601              |

## Non-consolidated Financial Report

The information shown below is an English translation of extracts from the Kobetsu Zaimushohyo no Gaiyo (Non-consolidated Financial Report). Fiscal year 2003 dates from 1st April 2003 to 31st March 2004.

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CHUBU ELECTRIC POWER COMPANY, INCORPORATED (May 12, 2004)

Code: 9502

Financial Report for the 12-months Period ended March 31, 2004

(Non-consolidated)

Representative: Fumio Kawaguchi, President

Contact: Akinori Kataoka, Manager, IR Section

Takatoshi Fujitani, Manager, Accounting Section

Unit Stock: 100 shares per unit

Tel: 81-52-951-8211

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

. Performance Over the Year Ended March 31, 2004

(Figures are rounded down to the nearest million yen)

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### 1. Operating Results

|  | 3/04      | Change | 3/03      | Change |
|--|-----------|--------|-----------|--------|
| Operating Revenues (million yen)                           | 2,023,209 | -3.0%  | 2,085,086 | -2.9%  |
| Operating Income (million yen)                             | 322,534   | 8.5%   | 297,244   | -5.2%  |
| Income before Special Item<br>& Income Taxes (million yen) | 175,164   | 9.1%   | 160,613   | 1.4%   |
| Net Income (million yen)                                   | 110,609   | 7.5%   | 102,905   | 0.4%   |
| Net Income per Share (Primary ; yen)                       | 151.72    |        | 139.53    |        |
| Net Income per Share (Fully diluted ; yen)                 | 141.56    |        | 130.39    |        |

Notes: 1. Average number of shares outstanding  
(3/04: 728,193,036 3/03: 736,503,231)

2. Special Item means Provision for (Reversal of) Reserve for Drought.

3. Changes in accounting methods: None



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## 2.Dividends

|   | 3/04   | 3/03   |
|---|--------|--------|
| Annual Dividends per Share (Yen)              | 60.00  | 60.00  |
| Interim (Yen)                                 | 30.00  | 30.00  |
| End of the period                             | 30.00  | 30.00  |
| Total Dividends paid (full-year)(million yen) | 43,587 | 44,184 |
| Payout Ratio                                  | 39.5   | 43.0   |
| Dividends on equity                           | 3.4    | 3.7    |

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## 3.Financial Standing

|                                      | 3/04      | 3/03      |
|--------------------------------------|-----------|-----------|
| Total Assets (million yen)           | 5,776,440 | 5,977,514 |
| Shareholders' Equity (million yen)   | 1,265,516 | 1,200,397 |
| Shareholders' Equity Ratio           | 21.9%     | 20.1%     |
| Shareholders' Equity per Share (yen) | 1,743.78  | 1,630.30  |

Note: Number of shares outstanding at the end of period

(3/04: 725,655,566 3/03: 736,219,443)

Number of treasury shares outstanding at the end of the period

(3/04: 11,201,621 3/03: 637,744)

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.Forecasts of Non-consolidated Results for the 6-months period Ending September 30, 2004, and the Year Ending March 31, 2005 (approximate estimates)

|   | 9/04    | 3/05    |
|---|---------|---------|
| Operating Revenues (billion yen)                        | 1,005.0 | 2,005.0 |
| Income before Special Item & Income Taxes (billion yen) | 130.0   | 180.0   |
| Net Income (billion yen)                                | 65.0    | 100.0   |

(Reference) Estimation of Net Income per Share for the year ending March 31, 2005: 137.63 yen

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

## Non-consolidated Balance Sheets

(million yen)

|  | 2004.3    | 2003.3    | Change   |
|--|-----------|-----------|----------|
| <b>Assets</b>  |           |           |          |
| <b>Property, Plant and Equipment</b>                   | 5,611,485 | 5,801,502 | -190,017 |
| Electric utility property, plant and equipment         | 4,349,383 | 4,578,087 | -228,704 |
| Hydroelectric power production facilities              | 377,837   | 396,505   | -18,667  |
| Thermal power production facilities                    | 908,125   | 1,025,936 | -117,811 |
| Nuclear power production facilities                    | 191,772   | 213,138   | -21,366  |
| Internal combustion engine power production facilities | 208       | 197       | 11       |
| Transmission facilities                                | 1,295,794 | 1,325,889 | -30,095  |
| Transformation facilities                              | 521,550   | 538,148   | -16,598  |
| Distribution facilities                                | 877,664   | 890,426   | -12,761  |
| General facilities                                     | 176,430   | 187,845   | -11,415  |
| Subsidiary enterprise property, plant and equipment    | 14,778    | 11,135    | 3,643    |
| Other property, plant and equipment                    | 35,843    | 38,199    | -2,356   |
| Construction in progress                               | 538,858   | 516,039   | 22,819   |
| Nuclear fuel   | 246,266   | 234,731   | 11,534   |
| Loaded nuclear fuel                                    | 54,294    | 34,641    | 19,652   |
| Nuclear fuel in processing                             | 191,972   | 200,090   | -8,118   |
| Investments and other                                  | 426,354   | 423,308   | 3,045    |
| Long-term investments                                  | 209,217   | 188,086   | 21,131   |
| Investments in subsidiaries and affiliates             | 84,531    | 129,371   | -44,840  |
| Deferred tax assets                                    | 121,913   | 101,201   | 20,711   |
| Other  | 10,691    | 4,648     | 6,042    |
| <b>Current Assets</b>                                  | 164,856   | 175,893   | -11,036  |
| Cash   | 13,535    | 14,089    | -553     |
| Accounts receivable-customers                          | 84,623    | 94,926    | -10,303  |
| Inventories  | 39,786    | 37,562    | 2,224    |
| Deferred tax assets                                    | 14,816    | 12,728    | 2,088    |
| Other  | 12,094    | 16,586    | -4,491   |
| <b>Deferred Assets</b>                                 | 98        | 119       | -20      |
| <b>Total Assets</b>                                    | 5,776,440 | 5,977,514 | -201,074 |
| <b>Liabilities and Shareholders' Equity</b>            |           |           |          |
| <b>Long-Term Liabilities and Reserves</b>              | 3,673,687 | 3,908,391 | -234,703 |
| Bonds  | 1,954,574 | 2,091,400 | -136,826 |
| Convertible bonds                                      | 146,344   | 146,347   | -3       |
| Long-term loans  | 1,047,267 | 1,181,091 | -133,823 |
| Employee retirement benefit liability                  | 181,115   | 148,842   | 32,272   |
| Reserve for reprocessing of irradiated nuclear fuel    | 231,219   | 220,634   | 10,584   |
| Reserve for decommissioning nuclear power plant        | 80,000    | 79,752    | 247      |
| Other  | 33,166    | 40,323    | -7,156   |
| <b>Current Liabilities</b>                             | 828,589   | 868,725   | -40,136  |
| Current portion of long-term debt and other            | 156,956   | 134,474   | 22,481   |
| Short-term borrowings                                  | 300,288   | 335,372   | -35,084  |
| Commercial paper                                       | 105,000   | 111,000   | -6,000   |
| Accrued income taxes and other                         | 85,673    | 74,626    | 11,046   |
| Other-mainly accounts payable                          | 180,671   | 213,251   | -32,580  |
| <b>Reserve for Drought</b>                             | 8,647     | -         | 8,647    |
| <b>Total Liabilities</b>                               | 4,510,924 | 4,777,116 | -266,192 |
| <b>Shareholders' Equity</b>                            |           |           |          |
| Common stock   | 374,519   | 374,519   | -        |
| Capital surplus  | 14,248    | 14,247    | 0        |
| Retained earnings                                      | 867,048   | 800,484   | 66,564   |
| Net unrealized gains on available-for-sale securities  | 34,504    | 12,502    | 22,001   |
| Less:Tresury stock                                     | -24,804   | -1,356    | -23,448  |
| <b>Total Shareholder's Equity</b>                      | 1,265,516 | 1,200,397 | 65,118   |
| <b>Total Liabilities and Shareholders' Equity</b>      | 5,776,440 | 5,977,514 | -201,074 |

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

## Non-consolidated Statements of Income

(million yen)

|   | 2004.3    | 2003.3    | Change  |
|---|-----------|-----------|---------|
| <b>Revenues</b>   |           |           |         |
| Operating Revenues  | 2,023,209 | 2,085,086 | -61,876 |
| Electric utility revenues   | 2,017,986 | 2,081,195 | -63,208 |
| Residential   | 696,885   | 717,661   | -20,776 |
| Commercial and Industrial   | 1,286,090 | 1,332,660 | -46,570 |
| Sold power to other electric utilities and other companies        | 15,762    | 12,127    | 3,634   |
| Other   | 19,248    | 18,745    | 503     |
| Subsidiary enterprise revenues                                    | 5,223     | 3,890     | 1,332   |
| Other Revenues  | 4,994     | 5,273     | -278    |
| Financing revenues  | 2,764     | 3,318     | -554    |
| Non-operating revenues  | 2,230     | 1,954     | 276     |
| Profit from sale of fixed asset                                   | 396       | 358       | 38      |
| Other   | 1,834     | 1,596     | 238     |
| Total Ordinary Revenues   | 2,028,204 | 2,090,360 | -62,155 |
| <b>Expenses</b>   |           |           |         |
| Operating Expenses  | 1,700,675 | 1,787,842 | -87,166 |
| Electric utility expenses   | 1,693,212 | 1,783,253 | -90,040 |
| Hydro electric power production expenses                          | 53,166    | 57,929    | -4,762  |
| Thermal power production expenses                                 | 623,981   | 669,397   | -45,415 |
| Nuclear power production expenses                                 | 109,663   | 104,329   | 5,334   |
| Internal combustion engine power production expenses              | 93        | 113       | -19     |
| Purchased power from other electric utilities and other companies | 141,198   | 165,802   | -24,603 |
| Transmission expenses   | 135,191   | 150,667   | -15,475 |
| Transformation expenses   | 77,261    | 82,493    | -5,231  |
| Distribution expenses   | 179,412   | 182,772   | -3,359  |
| Selling expenses  | 64,936    | 64,545    | 390     |
| General and administrative expenses                               | 230,565   | 224,954   | 5,610   |
| Electric power development promotion tax                          | 53,345    | 54,919    | -1,574  |
| Enterprise tax  | 25,027    | 25,450    | -423    |
| Other operating expenses  | -631      | -120      | -510    |
| Subsidiary enterprise expenses                                    | 7,462     | 4,588     | 2,873   |
| (Operating Income)  | 322,534   | 297,244   | 25,290  |
| Other Expenses  | 152,365   | 141,905   | 10,460  |
| Financing expenses  | 94,121    | 117,848   | -23,727 |
| Interest expenses   | 93,769    | 117,250   | -23,480 |
| Other   | 351       | 597       | -246    |
| Non-operating expenses  | 58,244    | 24,056    | 34,187  |
| Loss from sale of fixed asset                                     | 1,664     | 1,044     | 620     |
| Other   | 56,579    | 23,012    | 33,567  |
| Total Ordinary Expenses   | 1,853,040 | 1,929,747 | -76,706 |
| Income before Special Item and Income Taxes                       | 175,164   | 160,613   | 14,551  |
| <b>Special Item</b>   |           |           |         |
| Provision for (reversal of) reserve for drought                   | 8,647     | -         | 8,647   |
| Income before Income Taxes  | 166,517   | 160,613   | 5,904   |
| Income Taxes-Current  | 90,923    | 78,505    | 12,418  |
| Income Taxes-Deferred   | -35,015   | -20,798   | -14,217 |
| Net Income  | 110,609   | 102,905   | 7,703   |

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

## Proposed Appropriation of Retained Earnings

|   | (million yen)   |                 |
|---|-----------------|-----------------|
| Item  | 3/04            | 3/03            |
| Unappropriated retained earnings at the end of the period | 182,420         | 175,855         |
| Transferred from reserve for overseas investment          | -               | -               |
| <i>Total</i>  | 182,420         | 175,855         |
| Appropriations  |                 |                 |
| Dividends   | 21,769          | 22,086          |
|   | (¥30 per share) | (¥30 per share) |
| Bonuses to directors and corporate auditors               | 131             | 140             |
| (to corporate auditors)                                   | (22)            | (26)            |
| Provision of special voluntary reserve                    | 70,000          | 60,000          |
| Balance to be carried forward                             | 90,519          | 93,629          |

(Notes)

Interim dividends for the period ended March 31, 2003 were ¥22,098 million. (¥30 per share)

Interim dividends for the period ended March 31, 2004 were ¥21,817 million. (¥30 per share)