Annual Report 2006

Annual Report 2006 Year ended March 31, 2006

Chubu Electric Power Co., Inc.

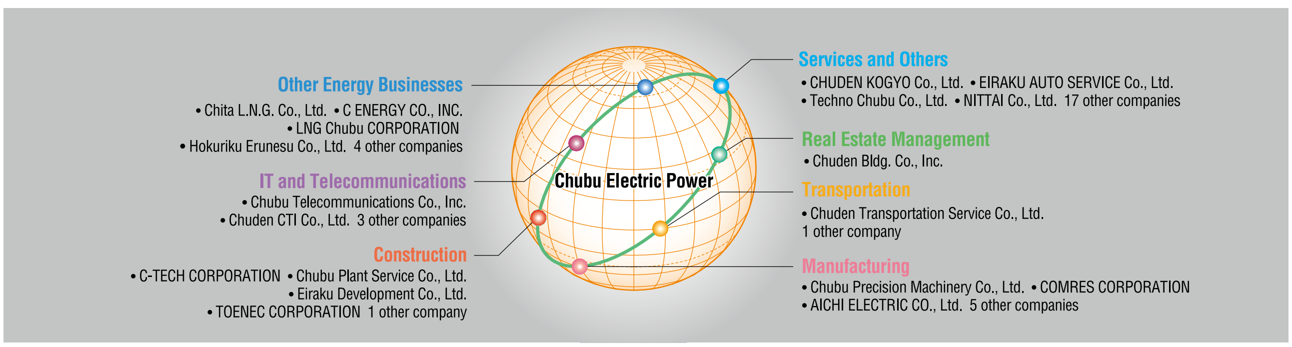
Profile

Chubu Electric Power Group: Focused on Energy, Meeting a Range of Customer Needs

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

The core business of our group (comprising Chubu Electric Power Company and its affiliates) is supplying electric power. To develop operations and leverage our assets, the group is also active in other energy businesses that rely on facilities related to the power,business, stored fuels, and expertise in the field of energy. Offering highly value-added IT and telecommunication services through our existing network facilities is another facet of our business expansion, as is construction for development and maintenance of electricity-related facilities and manufacturing of materials and machinery.

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



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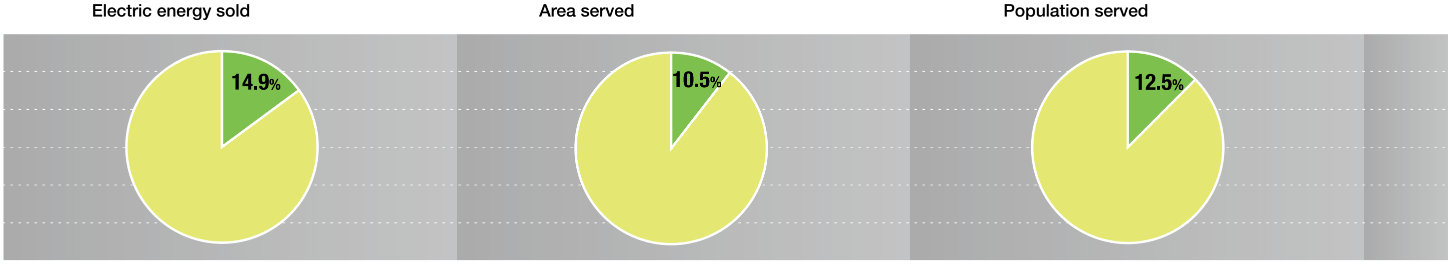
Chubu Electric Power Company's Position within Japan (FY2006)

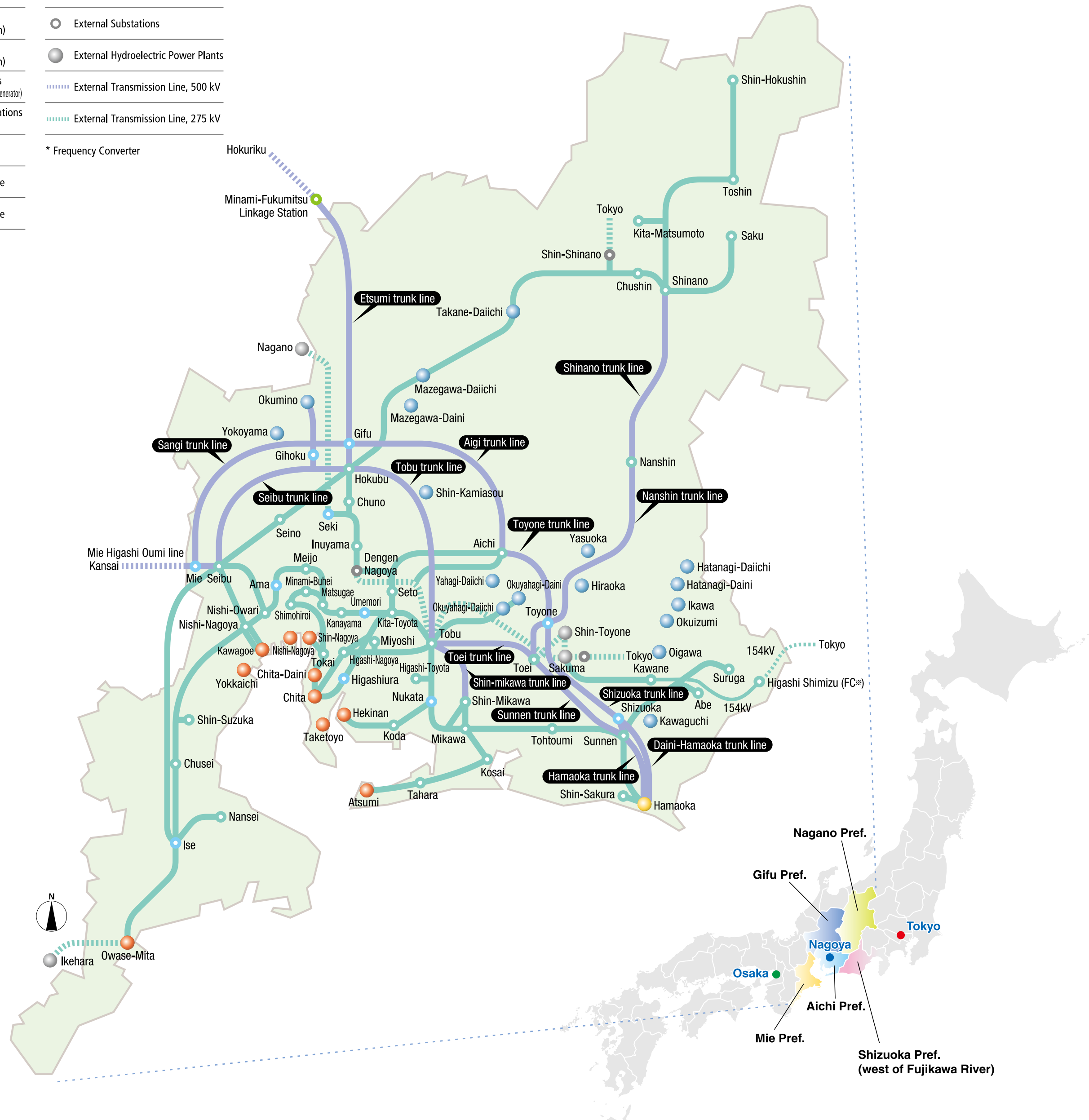
Electric energy sold　　Area served　　Population served



Notes: Most figures in this report have been rounded off.

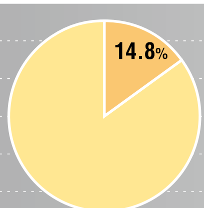
POWER SYSTEM MAP (as of March 31, 2006)

- Substations (275 kV or more system)
- Switching stations (275 kV or more system)
- Thermal power stations (excluding internal combustion power generator)
- Hydroelectric power stations (50,000 kW or more)
- Nuclear power station
- 500kV Transmission line
- 275kV Transmission line
- External Substations
- External Hydroelectric Power Plants
- External Transmission Line, 500 kV
- External Transmission Line, 275 kV
- * Frequency Converter



Economic Foundation in the Chubu Region

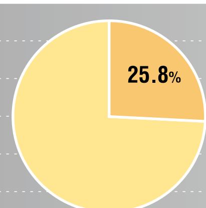
Composition of GDP (Real) in Japan (FY2004)



■ 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.

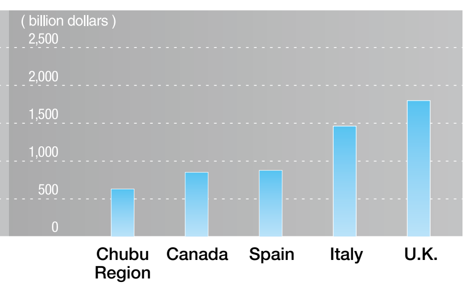
Composition of Products Shipment in Japan (CY2004)



■ 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)



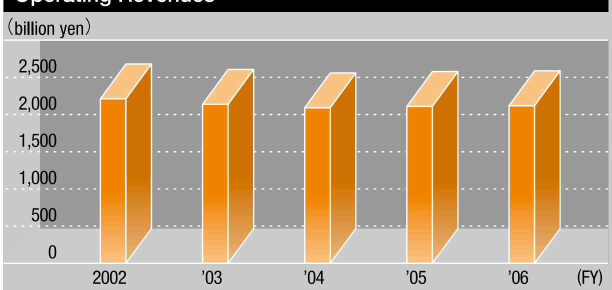
Notes 1) Statistics for the Chubu region are from April 2003 to March 2004; all others are from January to December 2003
2) Source: Economic and Social Research Institute, Cabinet Office
3) Chubu Region: Aichi Pref., Gifu Pref., Mie Pref., Shi-zuoka Pref. and Nagano Pref.

Consolidated Financial Highlights

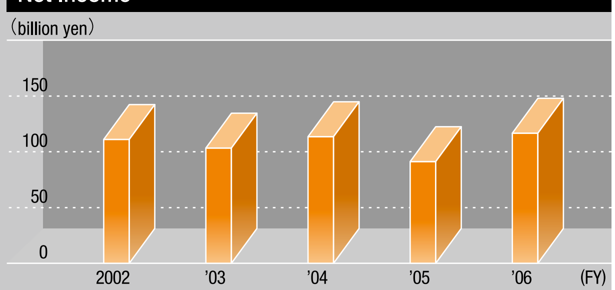
	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
	2006	2005	2006
For the year			
Operating Revenues	¥2,150,508	¥2,133,224	$18,306,869
Operating Income	322,105	342,160	2,742,017
Net Income	119,458	¥91,271	1,016,925
At year-end			
Total Assets	¥5,741,876	¥5,703,558	$48,879,511
Shareholders' Equity	1,659,313	1,413,233	14,125,422
Per share data			
Net Income (yen and U.S. dollars)	¥162.07	¥125.68	$1.38
Cash Dividends (yen and U.S.dollars)	60	60	0.51
Financial ratios			
ROA (%)	5.5	5.6	
ROE (%)	7.8	6.5	
Electric Energy Sold (GWh)	130,561	126,663	

Notes: 1) U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥117.47=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.

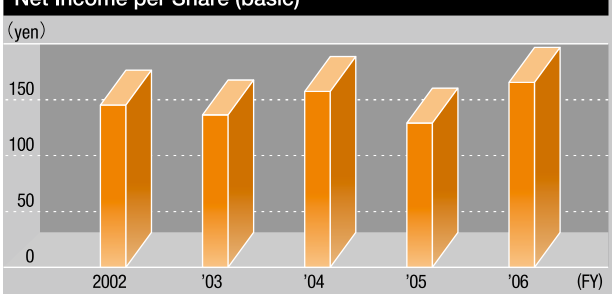
Operating Revenues



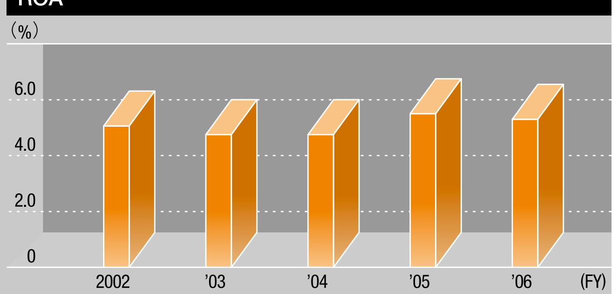
Net Income



Net Income per Share (basic)



ROA



To Our Shareholders and Investors

Toshio Mita President & Director

Fumio Kawaguchi Chairman of the Board of Directors

Results for the Fiscal Year 2006

Overview of Consolidated Financial Results

The Japanese economy continues to enjoy a gradual recovery in FY2006. Gains in the corporate sector have set the scene for increased capital investment, while higher employment and consumer earnings are fueling a steady rise in personal consumption. This upward trend is especially noticeable in central Japan, where our business is focused.

Under these economic conditions, sales in our electricity business rose due to an increase in the amount of electric energy sold, despite the impact of our reduction in electricity rates in January 2005. This, combined with stronger sales in our other businesses, led to a 0.8% gain in consolidated sales (operating revenues) over last year, to ¥2,150.5 billion. As for expenses, a drop in depreciation and salaries and employee benefits in the electricity business was offset by increased expenses, mainly in higher fuel costs. We marked a 2.1% increase in consolidated operating expenses over the previous term, corresponding to ¥1,828.4 billion. As a result, consolidated operating income decreased by 5.9% to ¥322.1 billion.

Although we recorded a loss on discontinued construction of the Kaore Hydroelectric Power Station, consolidated net income rose 30.9% to ¥119.4 billion.

Business Strategy and Management Policies

Basic Management Policies

Several developments are now underway in the Japanese electric utilities industry to promote further competition. In April 2005, liberalization of electric power retailing was expanded in scope to encompass all customers of high-voltage electricity. A wholesale market for electric power transactions (the Japan Electric Power Exchange) is now in operation, along with an independent council to review transmission network utilization (the Electric Power System Council of Japan), and the rate system for transmission network utilization has been implemented.

In gas operations, similarly, liberalization is spreading, and the transmission system and other systems are being reorganized.

The energy market is consequently experiencing even more intense competition–competition that crosses the boundaries between types of industry and categories of business.

The group must tackle the following challenges to advance its market position despite growing competition, and achieve sustainable growth as a multi-energy company group at the heart of the Chubu region.

Sales Efforts Geared Toward Customer Satisfaction

We are fully committed to providing services that satisfy our customers. Toward this end, we are promoting an "all-electric" concept for homes, as well as electrification of air-conditioning, cooking, and industrial processes, in addition to offering even more comprehensive consulting services on electricity use. We provide prompt, accurate solutions for a variety of customer needs. The group works in concert to offer a broad energy portfolio, including gas and on-site energy in addition to electricity, and serving as a convenient one-stop energy solution provider for our customers.

Providing a Stable, Continuous Supply of Affordable, High Quality Energy

We strive to provide superior, affordable sources of energy that our customers can rely on in the long run. Despite a difficult business environment and surging prices for crude oil, this commitment has led us to make maximum efficiency a part of our business practices, and we have lowered electricity rates by an average of 3.79% from April 2006. We intend to aggressively introduce new technologies and construction methods for more efficient facility construction; to improve capacity utilization for more productive power plants; and to cut costs across the board in procurement of fuel, materials, and the like.

So that our customers can rely on a stable supply of energy for years to come, we are also working toward an optimal energy portfolio that ensures energy security and environmental protection. We take a systematic approach to the organization of our facilities. Specifically, development is now underway on advanced, high-efficiency LNG thermal plants—Shin-Nagoya Thermal Power Station Group No. 8 and Joetsu Thermal Power Station Group No. 1, scheduled to start operation in FY2009 and FY2013, respectively. We have taken appropriate measures at the Hamaoka Nuclear Power Station, including work to further improve the earthquake fortifications. Ensuring safety and gaining the trust of local residents continue to be our foremost priorities, so that the plant can be a stable source of power for many years to come.

Meanwhile, we are taking steps to win the understanding of stakeholders and communities regarding Plutonium- Thermal* Project.

Building a Stronger Business and Strategically Allocating Management Resources for Sustainable Growth

For a stronger business that is well-positioned for sustainable growth, we are working to improve the profitability of the group as a whole, put the group on even firmer financial footing, and make the group more robust overall. Toward these goals, we are steadily meeting consolidated and non-consolidated management objectives alike. Furthermore, we are pressing ahead in programs to forge a more effective business framework through group restructuring and other measures as we use business resources efficiently, from an integrative approach, to reinforce our business infrastructure. As a part of this effort, our telecommunications network business (providing FTTH and other service) was transferred as of January 2006 to Chubu Telecommunications Co., Inc., which became a wholly owned subsidiary in March.

The fruits of these corporate activities will be strategically allocated for improvement of our corporate financial condition, and of our energy businesses, which are key to profitability for future growth. They will also be used for systematic capital investment. In addition, we aim to offer stable returns to our shareholders over the long term.

Working Proactively to Practice Corporate Social Responsibility

We are taking the initiative in matters of corporate social responsibility (CSR). Our commitment to nurture ties with the local community remains strong, and the group practices good corporate citizenship by promoting regulatory compliance and care for the environment, among other efforts. We are working earnestly to meet the expectations of our customers, shareholders and investors, local communities, and all other stakeholders by disclosing information on group programs transparently, and with feedback from our stakeholders, we will be able to improve even further on these efforts.

To maintain the stakeholders' trust in us, and to manage the company even more efficiently, we have enacted several management reforms, and these are now being supplemented by additional measures, including a new approach to rewards for directors and auditors such

* The phrase “plutonium-thermal” (popularly termed “pluthermal,” in the Japanese/English formulation) refers to the process of recovering plutonium through spent fuel reprocessing and mixing it with uranium for use in a thermal reactor (i.e., an ordinary light-water reactor) in a nuclear power plant.

as the phasing out of some retirement benefits.

We will continue to ensure fair corporate governance following a basic policy established in April 2006 in line with the Japanese Corporate Law: more specifically, with sections of the law prescribing an internal control system for appropriate business practices.

Building on the unified efforts of the Chubu Electric Power Group, we remain focused on attaining sustainable growth as a robust enterprise that can respond flexibly and effectively to structural changes in the energy market. We are committed to continuing to be a reliable firm, sought out by customers, shareholders and investors; a firm that contributes to the development of our local communities.

Toshio Mita

President & Director

Management Objectives

Sales target for electric power

By championing the "all-electric" concept and promoting the electrification of air conditioning, cooking, and industrial processes, the company aims to increase electric power demand by the equivalent of 2.4 TWh by the end of FY2008.

Sales target for gas, LNG, and on-site energy businesses

We have set a target of ¥45 billion in combined sales in FY2011 for our gas, LNG, and on-site energy businesses.

Financial targets

All group efforts are focused on meeting the following targets.

Item	Non-consolidated Target	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	¥160 billion or more	¥165 billion or more	
Capital Investment	¥170 billion or less	¥200 billion or less	
Free Cash Flow	¥350 billion or more	¥360 billion or more	
Outstanding Interest-bearing Debt	¥3,000 billion or less	¥3,100 billion or less	End of FY2007

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

Electric Power Supply and Demand

Demand for Electric Power

Stable growth in electric power demand is expected in the Chubu region, fueled by steady industrial activity and the increased popularity of all-electric homes, against the background of a gradual economic recovery in Japan.

Sales Plan

- **Electric Energy Sold** (Average annual growth, FY2005–FY2016). . . . . 0.9% (* Growth rate is value-corrected for temperature)
- **Peak Load** (Average annual growth, FY2005–FY2016) . . . . 0.8% (** Growth rate is value-corrected for temperature)

Development of New Facilities

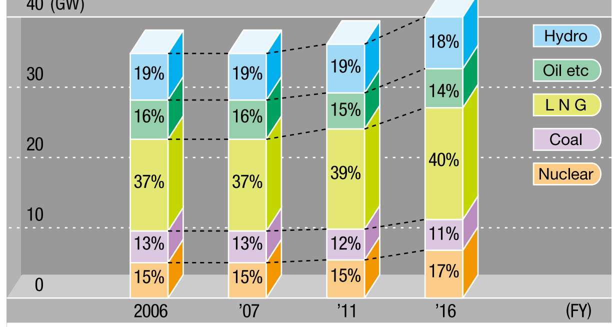
Providing our customers with premium, stable energy services for years to come will require a careful assessment of our procurement options from sources developed by other power companies and the wholesale power exchange market, in addition to the development of our own power generation facilities. It is essential that we work toward securing an optimal energy portfolio that will account for energy efficiency, energy security, and protecting the environment. For this reason, we are developing over 4 GW of new sources of electric power over the next 10 years (FY2007 to FY2016), including power purchased from other companies. As an effective way to cut CO_2 emissions, we are developing advanced, high-efficiency LNG thermal plants, Shin-Nagoya Thermal Power Station Group No. 8 and Joetsu Thermal Power Station Group No. 1, scheduled to commence operation in FY2009 and FY2013, respectively.

In our transmission and distribution facilities as well, we are striving for even better customer service through systematic measures for fewer service interruptions and momentary voltage drops. We are also working toward greater cost reduction through the deployment of new technology and consolidation of design work, and the assurance of supply stability, economic efficiency, and environmental protection.

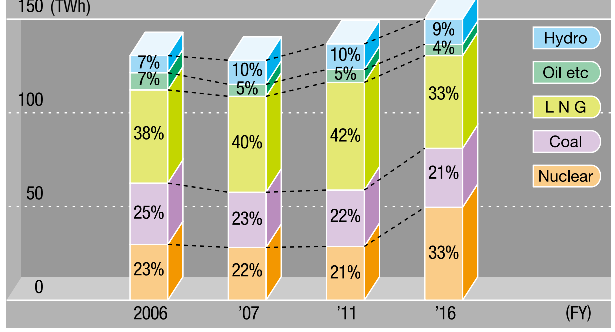
Power Supply Composition

Power sources of Chubu Electric Power Company are developed from a comprehensive perspective ensuring a stable, economical, eco-friendly, and technologically sound energy supply, with an optimal balance of energy sources.

Composition of Facilities



Composition of Generated Electricity



Power Generation Facilities Plan

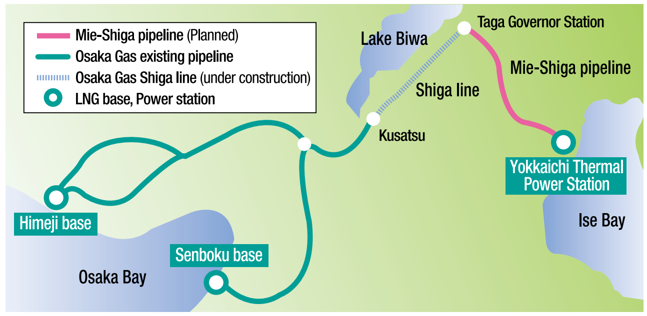
Own-developed	Start of Operation
Shin-Nagoya Thermal Power Station Group No.8 (1,458 MW)	FY 2009
Joetsu Thermal Power Station Group No.1 (1,180 MW)	FY 2013
Power Purchased	
Tsuruga Nuclear Power Station Units No. 3 and 4 (1,230 MW)	FY2014~2015

Power Transmission Facilities Plan

	Start of Operation
275 kV Joetsu Thermal Power line	FY2012
275 kV Suruga - Higashi Shimizu line	FY2012
275 kV Higashi Shimizu Substation	FY2012
Higashi Shimizu Substation FC	FY2012 (partial operation started in FY2006)

In September 2004, we reached an agreement with Osaka Gas Co., Ltd. on joint construction of the Mie-Shiga Pipeline. This pipeline will be used to move natural gas 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. It will go into service in FY2011. The pipeline will ensure a stable supply of natural gas to the Shiga area, which is served by Osaka Gas, and enable Chubu Electric Power to obtain a backup supply of fuel in emergencies, enabling us to be more flexible and responsive in the operation of our power generation facilities, as well as in the provision of a more reliable power supply.

Outline of Mie-Shiga Pipeline



Stable Fuel Procurement

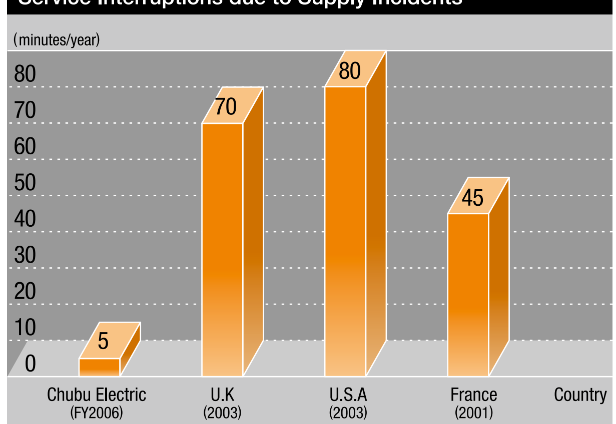
Regarding fuel procurement, which is indispensable in supplying electricity, we continue to seek more economical sources and have enacted several measures to remain responsive to fluctuations in demand. We pursue the optimal balance in our fuel procurement, which is both economical and stable. Especially for a firm such as Chubu Electric, for which nearly 40% of the total amount of power is generated from LNG thermal plants, ensuring stable procurement of LNG while seeking better prices and maintaining a flexible stance are critical to providing a stable and affordable source of electricity. Toward this end, we have concluded purchasing agreements with six companies for a project to expand our LNG resources in West Australia and with Malaysia LNG Sdn. Bhd. for a LNG project in Malaysia (in January 2004 and April 2006, respectively). We also concluded preliminary agreements with Sakhalin Energy Investment Company in July 2006 on the Sakhalin II Project.

The Highest Quality Electricity in the World

High-quality electricity is essential for a rich and varied lifestyle, for advanced manufacturing technology, and for supporting our ever-expanding IT-oriented society.

As always, we have continued to strive to supply electricity stably and economically, free of fluctuations in voltage or frequency, through an integrated system from power generation to distribution. We have prepared, and continue to maintain, safeguard systems to minimize power cuts from 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 meets the highest standards worldwide.

Service Interruptions due to Supply Incidents



Notes : With the exception of figures for Chubu Electric, figures are provided by the Federation of Electric Power Companies of Japan.

Marketing Strategy

As of April 2005, liberalization of the electricity market was expanded to include all customers drawing high-voltage electricity. In other recent changes, the Japan Electric Power Exchange (JEPX, a wholesale power exchange market) was established, and revision of the consignation system is currently being implemented. These developments have exposed the company to an increasingly competitive market.

In facing this challenge, we intend to remain a multi-energy services group focused on providing a stable supply of electricity and a range of needed energy services that attracts customers and enriches our local communities.

We are moving to meet a sales target set in early FY2006: to increase electric power demand by 2.4 TWh by the end of FY2008. To help achieve this goal, we have expanded services and are actively marketing them so that we can meet diverse customer needs accurately and promptly.

Expanded Services and Active Marketing to Meet Diverse Customer Needs

Business Applications

Account managers for business support and solutions staff for technical support are available at all offices. We are expanding business through aggressive and thorough proposals focused on large lot demand customers.

At Business Customer Service Centers, expert staff members respond to a range of inquiries, and in January 2006, we introduced the Chuden KIT Club for mobile phone users. (The name of this service derives from a play on the Japanese word kitto (surely), which conveys our confidence that the service will surely be useful to customers.)

We hope to be seen by our customers as a business partner, while we continue to provide energy services tailored to many needs.

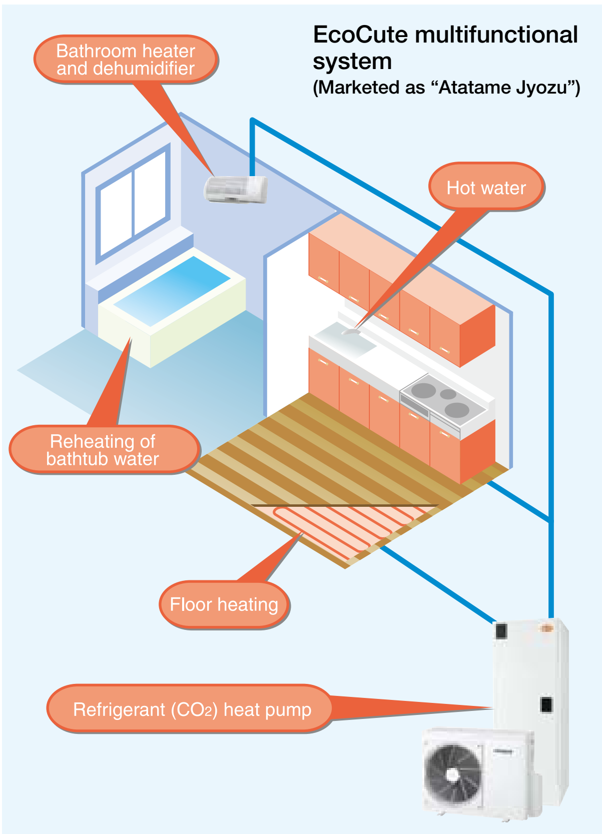
Domestic Applications

Greater customer satisfaction is the goal behind many of our activities, led by sales offices and by call centers which, since August 2005, have served our entire service area.

These efforts were supplemented by our ”E-Life Consulting Center” (accessible online or by calling a toll-free number), where dedicated staff answer questions on all-electric homes and other household uses of electricity. As of December 2005, this center serves customers throughout the five prefectures of our service area. The E-Life staff members at our sales offices offer a one-stop resource for all-electric solutions, from analyzing customer needs to introducing and arranging work by service and sales offices.

Meanwhile, IH cooking and EcoCute (a highly efficient water heating and supply system incorporating a CO_2 refrigerant heat pump) have proven quite popular, helping bring the number of all-electric homes to over 250,000 in our service area as of April 2006. Homes with these facilities, more popular than ever, offer the advantages of a wholly electricity-based home energy supply for kitchen appliances, water heating, and air conditioning.

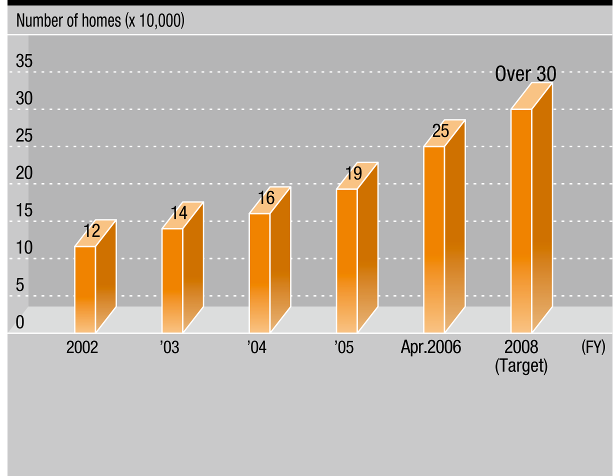
We aim to remain a trusted resource that customers can turn to for all matters concerning electricity as we strive for even better customer service. We are committed to supporting a comfortable lifestyle for our customers through the electricity we provide.



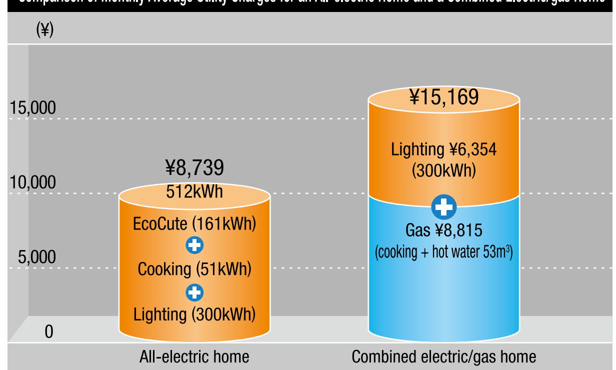
Rate Reductions and Diversification of Rate Plans

We have continued to reduce electricity rates, and in April 2006, we lowered rates by an average of 3.79% for the customers under regulation. As we continue to practice innovative cost-cutting measures and broaden the rate plans available, we will be able to offer our customers additional savings in superior energy services.

Cumulative Number of All-electric Homes



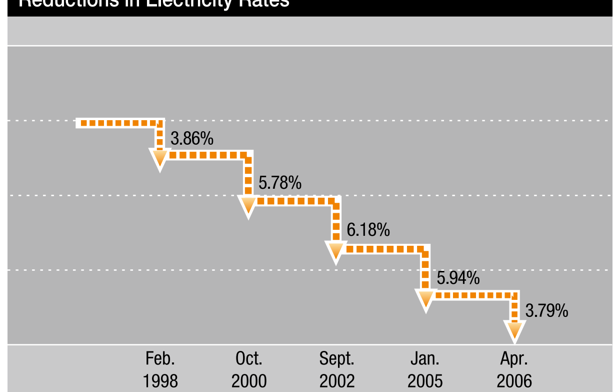
Comparison of Monthly Average Utility Charges for an All-electric Home and a Combined Electric/gas Home



Note 1: Calculation of price correct as of April 2006 (including Consumption Tax) based on the average consumption of a family of 4.

2: All-electric home: customers of the E-Life Plan
Gas: contracted customers of Toho Gas Co., Ltd.

Reductions in Electricity Rates



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

Strengthening Our Cost Competitiveness

Facility-Related Cost Containment

To meet the target we set in 2001 to reduce the cost of electric power generation by 20% by the end of FY2006 compared with levels immediately before liberalization, all group members collaborated in a no-holds-barred approach to reducing costs and improving management efficiency across the board. These included scrap-and-build methods for power generation facilities. As a result, we have met our target.

We have succeeded in lowering capital investment to ¥124.3 billion in FY2006, down significantly from the peak level of ¥742.4 billion in FY1994. (These figures are on a non-consolidated basis.) Our target for the average level of capital investment during the three-year period from FY2005 to FY2007 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

While evaluating the operating efficiency and characteristics of each facility, so that we can decommission costlier, less efficient power plants, we are also developing advanced, high-efficiency LNG thermal plants—Shin-Nagoya Thermal Power Station Group No. 8 and Joetsu Thermal Power Station Group No. 1, scheduled to start operation in FY2009 and FY2013, respectively. These programs help increase the overall efficiency of our power sources, improve competitiveness, and reduce CO_2 emissions.

Shin-Nagoya Thermal Power Station Group No.8
(a conceptional drawing)
Combined-cycle generation, with a 1500°C-class gas turbine offering a power generating efficiency of 51%

Units Recently Decommissioned

2002	2003	2004	2005	2006
• Shin-Nagoya No.5,6 (440 MW) • Taketoyo No.1 (220 MW) • Yokkaichi Reinetsu No.1 (7 MW)	• Nishi-Nagoya No.6 (500 MW)	• Nishi-Nagoya No.5 (500 MW) • Atsumi No.2 (500 MW)	• Owase No.2 (375 MW) • Shin-Shimizu No.1 (156 MW)	• Kamishima No. 1, 4 (0.32 MW)

Increasing Overall Operational Efficiency of Power Plants

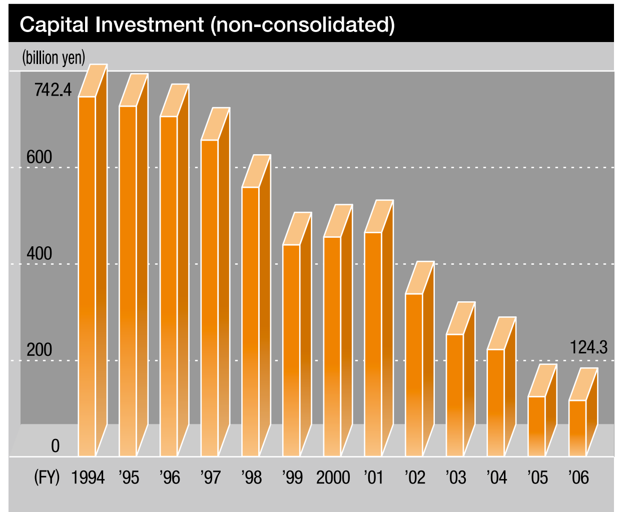
Chubu Electric Power Company has been working on several measures to optimize plant operations. We make extensive use of LNG thermal power plants, including high-efficiency combined cycle plants. Installing auxiliary boilers enables us to temporarily shut down oil-fired thermal power plants when demand is low. As a result of these measures, we continued to maintain a total thermal efficiency rate in the top level nationwide in FY2006, at 41.36%.

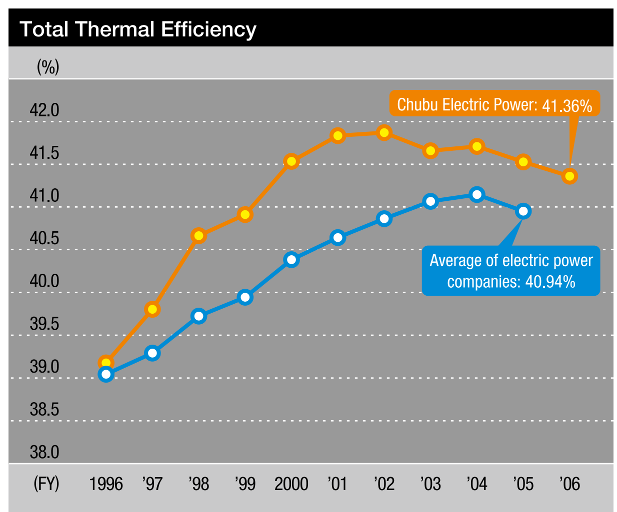
Central control room

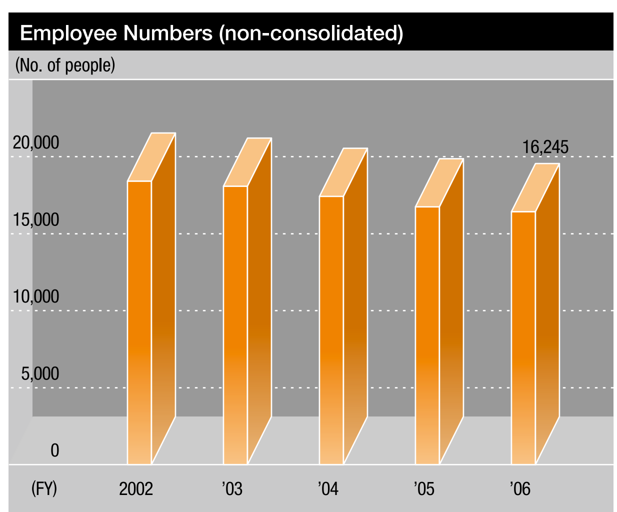
Increasing the Efficiency of Business Operations

Chubu Electric Power Company took the initiative among utilities companies in streamlining our workforce. As a result, our workforce numbered 16,245 (non-consolidated) at the end of FY2006. We have therefore met our target of reducing our workforce to the level of 16,600 employees by the end of FY2006. Among Japanese utility companies, we are the most highly rated in terms of the ratio of electric energy sold per employee. As we push for greater efficiency in business operations, we are maintaining high standards of labor productivity.

In January 2006, a portion of our telecommunications network facilities and ancillary business (cable line leasing business and FTTH service) was integrated and transferred to a subsidiary, Chubu Telecommunications Co., Ltd., enabling greater operating efficiency and more efficient use of business resources in the entire Chubu Electric Power Group. In addition, we are constantly seeking ways to streamline business processes, and measures in this regard include the implementation of a consolidated electronic mapping system for design of power distribution systems and routing maps.







Strengthening Our Financial Foundations and Strategically Utilizing Management Resources

Profitability and Growth

To increase profitability and growth potential, we have set the following average-basis targets for the three-year period FY2005–FY2007: consolidated and non-consolidated return on assets (ROA) of 4.5% or more, 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 FY2005–2006, ordinary income for the group has increased and ROA has continued to be stable thanks to solid marketing, thorough cost reductions, and a streamlining of business activities.

The enactment of the Law on the Creation and Management of Reserve Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations caused a temporary dip in free cash flow in FY2006 when Chubu made an external funding of approximately ¥260 billion.

With competition in the energy market expected to intensify, it is essential that we meet all business targets.

Profitability and Growth Target

ROA (Return on Assets)	Consolidated Target: 4.5% or more Non-consolidated Target: 4.5% or more
Ordinary Income	Consolidated Target: ¥165 billion or more Non-consolidated Target: ¥160 billion or more
Free Cash Flow	Consolidated Target: ¥360 billion or more Non-consolidated Target: ¥350 billion or more

(Average for three years from FY2005 to FY2007)

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

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 ¥3,100 billion or less (non-consolidated ¥3,000 billion or less) by the end of FY2007. At the end of FY2006, interest-bearing debt, which at its peak exceeded ¥4 trillion, stood at ¥3,175 billion (consolidated). Shareholders' equity ratio was 28.9% (consolidated) and 28.0% (non-consolidated) as of the end of FY2006, improved in part due to the steady conversion in our 2nd convertible bonds that matured on March 31, 2006 and that had taken a positive turn.

Debt Reduction Target

Outstanding Interest-bearing Debt
Consolidated Target: ¥3,100 billion or less
Non-consolidated Target: ¥3,000 billion or less

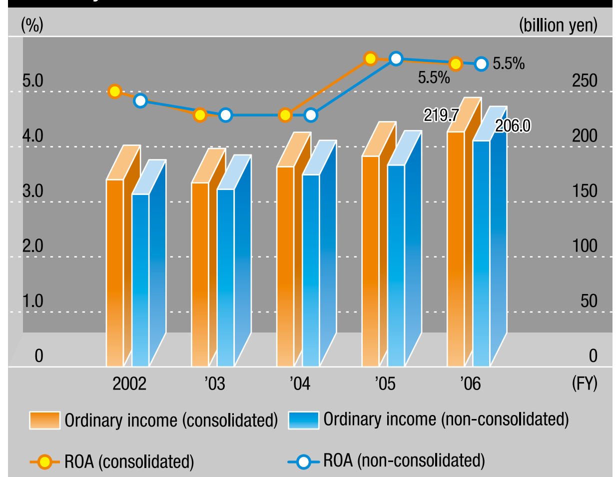
By the end of FY2007

Growth through Strategic Utilization of Management Resources and Fruits of Labor

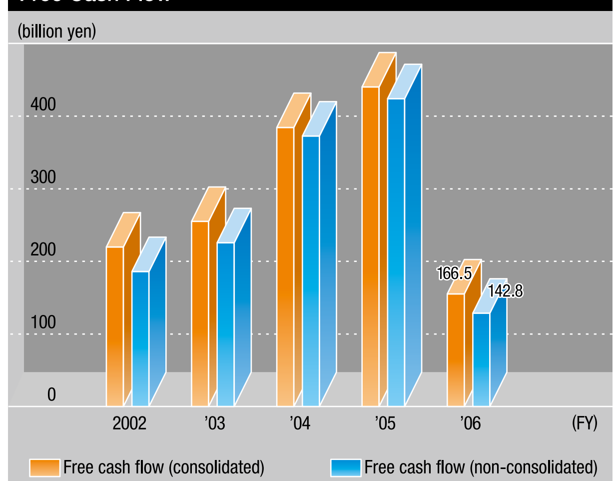
In addition to the payment of dividends to shareholders, we plan to strategically allocate the free cash flow created by our successful management policy to the following areas to achieve sustainable growth: investment, mainly in the energy business, which is our core business, and reduction of interest-bearing debt to improve our financial position.

Chubu Electric Power Co., Inc. (head office)

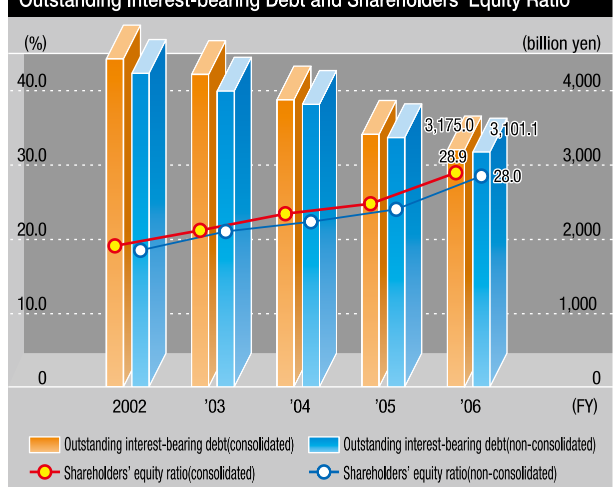
Ordinary Income and ROA



Free Cash Flow



Outstanding Interest-bearing Debt and Shareholders' Equity Ratio



New Business Areas and Strengthening of Existing Operations

Business Development Policy

Our policy is to focus on energy as the core of our business while developing into a multi-energy company offering not only electricity but also gas, LNG, and on-site energy options.

We also intend to enhance the corporate value of the group as a whole in business areas including environment and lifestyle support and information technology by fully applying our management resources

.

On-site energy facility

Establishment of Gas Sales and Service Department

In July 2006, we established a Gas Sales and Service Department as a core unit to develop three energy businesses—gas, LNG, and on-site energy.

Customer needs in the energy market have become increasingly diverse in recent years, with greater demand not only for electricity but also for gas, LNG, and on-site energy. Establishing an integrated department enables us to meet a variety of needs more efficiently as a one-stop energy solutions provider for our customers, offering an even greater level of service.

New Businesses in Operation

Energy Businesses (in Japan)

Business	Business Entity
On-site energy services	C Energy Co., Ltd. Capital: ¥3.4 billion 73.4% owned by Chubu Electric Power, 26.6% owned by six other companies
Gas supply (through Chubu-owned pipelines)	Chubu Electric Power ancillary businesses
Sales of LNG by tanker truck	LNG Chubu Corp. Capital: ¥200 million 51% owned by Chubu Electric Power, 49% owned by two other companies
	Hokuriku Erunesu Co., Ltd. Capital: ¥200 million 34% owned by Chubu Electric Power, 66% owned by three other companies

Energy Businesses (Overseas)

Business	Business Entity
Power generation	CEPCOI (Administration of international businesses) CEPCO USA (U.S. investment)
Environmental businesses	CEPCOI (Administration of international businesses)
Overseas consultancies	Chubu Electric Power ancillary businesses

Environmental and Lifestyles Support Businesses

Business	Business Entity
Manufacture and sales of synthetic zeolite	Chubu Electric Power ancillary businesses
Real estate businesses	Chubu Electric Power ancillary businesses
Super Sentou (Deluxe bath houses)	Eiraku Development Co., Ltd.

IT-Related Business

Business	Business Entity
FTTH	Chubu Telecommunications Co., Ltd. Capital: ¥38.8 billion Wholly owned by Chubu Electric Power

We will be gearing up to meet our objective of ¥45 billion in combined sales for the three facets of this department in FY2011.

Promotion of Group Management

To continue growing as a competitive group capable of responding quickly and accurately to the demands of a difficult business environment, we are forging a more consolidated framework for group management that will facilitate closer cooperation between the parent company and subsidiaries.

Specifically, this entails financial assistance and restructuring aimed at consolidating management

	Summary
	Established in April 2001, C Energy Co., Ltd. is a comprehensive energy service provider that serves as a one-stop solution for customers. Business activities include fuel procurement as well as installation, operation, and maintenance of on-site power generation systems.
	Gas sales since 2001, leveraging Chubu Electric-owned fuel for power generation and gas pipelines in areas around power plants. Sales volume has been steadily expanding, with sales to five companies as of March 31, 2006.
	Established in June 2000, LNG Chubu Corp. sells LNG (liquefied natural gas) to large corporate customers.
	Hokuriku Erunesu Co., Ltd. was established in Aug. 2001 by Hokuriku Electric Power Co., Inc. and two other firms to handle LNG sales in the Hokuriku region.

	Summary
	Overseas investment businesses, including IPP businesses.
	Investment businesses, including overseas CO_2 emission rights acquisition.
	Electric power infrastructure consultancies, mainly operating in Asian countries.

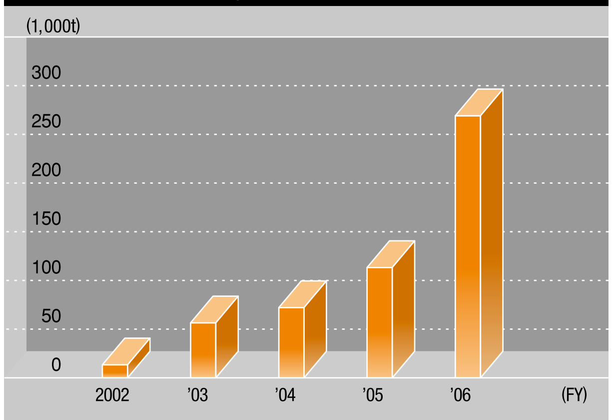
Main projects

	Summary
	The company has developed technology for producing synthetic zeolite from waste coal ash at coal-fired power plants. This product effectively absorbs heavy metals and odorous gases from ammonia, and it is also used to retain fertilizer. Marketed as "Circulash" since Oct. 2004.
	Makes use of the company's real estate, through land rental to convenience stores and family restaurants, residential leasing, and sales of residential lots.
	Kiray Yu Co., Inc. has been established as a new company under the management of Eiraku Development Co., Ltd., a group company. The first in their chain of therapeutic baths in urban settings was opened in April 2006 in front of our Okazaki Regional Office in Japan.

	Summary
	The fiber-optic cable network of group company Chubu Telecommunications Co., Ltd. is used to offer fiber to the home (FTTH), high-speed internet service at up to 100 Mbps. The service was introduced in the city of Nagoya in November 2002. Starting in January 2006, service is being expanded to cover major cities in the four prefectures of the Chubu region.

resources and strengthening financial health, as well as group support programs that will consolidate shared business activities. In addition to traditional management systems, in which progress is evaluated in medium-term plans prepared by group companies, we adopted a "group results evaluation system" in April 2005 to ensure that we meet consolidated management targets. Under this system, the progress of group companies toward their own targets is evaluated objectively and quantitatively by Chubu Electric Power Company, and clear parameters of managerial responsibility are set.

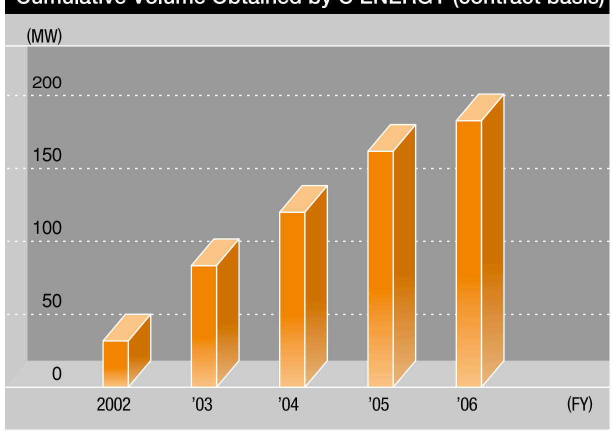
Combined sales volume from gas pipelines, LNG Chubu, and Hokuriku Erunesu



Overseas investment business

Project (Capacity)		Summary
Power generation projects	Thailand Gas-fired thermal IPP project (1,400 MW)	Involved since FY2001. Construction scheduled for February 2006.
	Mexico Gas-fired thermal IPP project (525 MW)	Involved since FY2004. Operation began in June 2006.
	Qatar Power generation and desalination of seawater (1,025 MW)	Involved since FY2005. Partial operation began in May 2006, full operation scheduled for 2008.
	U.S.A. Diversified investment in existing IPP projects	Involved since FY2005, with Itochu Corporation. Acquired interest in three sites for gas-fired thermal power generation.
Environmental projects (CDM/JI projects)	Australia Reforestation project in Adelaide	Involved since FY2003, with six other companies, including Mitsubishi Paper Mills Ltd. Ongoing reforestation and land acquisition.
	Thailand Rice husk power generation project (20 MW)	Involved since FY2004 in this, the first biomass power generation project in Thailand for the group. The Phichit site became operational in December 2005.
	Asia Eco-fund	The group started contributing in FY2004 to a fund for several small-scale projects targeted for investment, mainly involving ESCO businesses. Small hydroelectric projects in India and cogeneration projects in Thailand have been funded.
Power plant maintenance projects	Thailand IPP maintenance	Engaged in operation and maintenance work at Thai IPPs and the rice husk power generation project

Cumulative Volume Obtained by C ENERGY (contract basis)



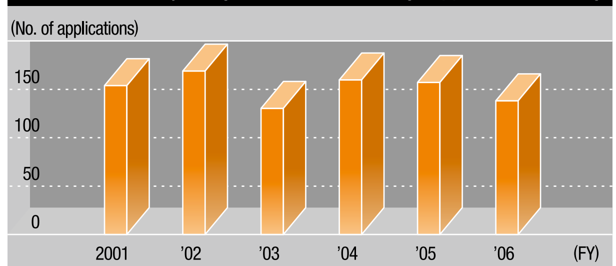
Research and Development

Development by our Research & Development Division (comprising the Research & Development Planning Section, Electric Power Research & Development Center, and Energy Applications Research & Development Center) is focused on the three areas described below. The division practices a flexible and strategic approach in response to business conditions. Research and development is more cost-effective than ever, in line with cost-cutting measures throughout the company. We prioritize research with a solid potential for profitability, and we apply the results in all aspects of 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, and Industeial Design Applications Pending



Major Research Achievements

(1) Technical development for a sound business foundation

Development of a High-Performance Heating Tower

With Tokyo Electric Power Company, Inc., The Kansai Electric Power Company, Inc., and Kuken Kogyo Co., Ltd., we have jointly developed a high-performance heating tower for use in air-conditioning equipment. This affordable and compact heating tower works in conjunction with a water chiller, traditionally used in air-conditioning systems for cooling, and enables both heating and cooling.

The model slashes initial costs, which are a just 40% of the cost for conventional equipment. Development of a compact built-in defroster also helped lower installation costs. Pairing the heating tower with a high-efficiency water chiller yields industry-leading operating efficiency as an air-conditioning system for use in office buildings, factories, and other facilities.

(2) Technical development to create new energy supply systems and ensure a stable supply of electric power

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 from lightning or other factors can lead to malfunctions and shutdowns of manufacturing equipment, with severe repercussions for our customers' production activities. To prevent such incidents, we have developed a variety of backup systems.

SMES: Superconducting Magnetic Energy Storage System

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 (10,000 kW/second compensation)

Uninterruptible Power Supply Systems Utilizing Double-Layer Capacitors

To provide backup power equivalent to small- and medium-scale loads, we have developed an uninterruptible power supply system incorporating a double-layer capacitor capable of storing a large amount of electricity in a small form factor. This reduces maintenance and makes long-term backup possible. Furthermore, in 2004 we successfully developed a line of high-voltage, high-capacity devices that have subsequently been marketed.

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

(3) Technical research related to environmental conservation

Development of Equipment for CFC Destruction

CFCs are known to deplete the ozone layer and contribute to global warming. We have developed equipment for destruction of CFCs as a technological response to this global environmental problem that also helps ensure regulatory compliance. This equipment breaks down CFCs in a dry process involving a chemical reaction between solid alkaline materials (which regulate the reaction) and CFCs, using our proprietary technology. Requiring no complicated wastewater treatment, the process can break down CFCs at a lower temperature than conventional thermal decomposition systems.

Official approval for the equipment was granted in March 2006 with regard to the Law concerning the Recovery and Destruction of Fluorocarbons, enacted by the Japanese Ministry of Economy, Trade and Industry and the Ministry of the Environment. We hope the equipment proves useful in destroying CFCs and helping prevent global warming to respond to social needs for appropriate destruction of CFCs, which are increasing. We have taken steps to popularize the unit and encourage demand.

Development of equipment for CFC destruction

Development and Marketing of Synthetic Zeolite, “Circulash”

Synthetic zeolite is a fine gray powder created from chemically treated coal ash. Its porous crystalline structure has absorbent, cation-exchange, and catalytic capabilities, making synthetic zeolite useful in many different applications, such as removing odorous gases and improving the environment through water purification and soil improvement. Chubu Electric Power Company has developed technology to produce high-quality synthetic zeolite from coal ash generated at coal-fired power plants. We have marketed this product since October 2004 under the name “Circulash.”

石炭灰から生まれた新環境商品
シーキュラス

Circulash synthetic zeolite

Corporate Social Responsibility

(1) Managerial Activities

Strengthening Corporate Governance
Promotion of Compliance Management

(2) Environmental Activities

[Controlling CO_2 Emissions]
[Controlling Sulphur Oxide and Nitrogen Oxide Emissions]
[Maintaining Environmental Management Systems]

(3) Community Activities

CSR

We are constantly pursuing a goal of sustainable growth as a corporate group attuned to the needs of society by making CSR a part of our cycles of corporate value creation.

As before, we continue to take the initiative in regulatory compliance and environmental stewardship as a good corporate citizen. Looking ahead, we will continue to work earnestly to fulfill our responsibilities and meet the expectations of all our stakeholders—our customers, shareholders and investors, local communities, suppliers, and employees. We disclose information on our programs clearly, and with feedback from our stakeholders, we will go farther in these efforts to fulfill our corporate social responsibility.

As for specific efforts, we have created a stronger framework for CSR by establishing the CSR Promotion Group in our Corporate Planning and Strategy Division in July 2005, followed in September by the CSR Promotion Council, composed of department heads. The council chooses and prioritizes business objectives from various themes in CSR that are topical and socially significant, in addition to checking and sharing each department's progress in implementation.

Our approach to CSR was originally reflected in the Basic Management Policies, established in 1996. To articulate this approach in the form of a CSR Declaration, "Fulfilling our responsibilities and meeting Society's Expectations" for our stakeholders, we have created guidelines on meeting social expectations.

Basic Management Policy

1. Remembering the origin of our business and creating a future in which we move ahead along with our customers

   …Creating the future with our customers

2. Creating the future with our customers

   …Forming a part of the global community

3. Creating new vitality through commitment to the principle of self-responsibility

   …Heading into the future with new energy

Chubu Electric Power CSR Report (reference)

Previously, our Annual Environmental Reports have focused on our environmental programs.Starting in 2006, the report has been expanded into a more comprehensive CSR report summarizing environmental activities as well as fiscal, managerial, and social activities to keep our stakeholders informed.

CSR Declaration

Fulfilling our responsibilities and meeting the expectations of society

Chubu Electric Power are committed to:

Contributing to the development of a sustainable society as a general energy service company by giving top priority to safety and striving to both provide a stable supply of energy and protect the global environment;

Managing our businesses in a fair and sincere manners by observing laws, regulations, and social rules, and respecting corporate ethics; and

Giving priority to dialog with all our stakeholders and maintaining high levels of transparency and openness in our business activities.

(Customers)
We are committed to providing our customers with safe, reliable, convenient, and inexpensive energy services.

(Shareholders and investors)
We are striving to maintain and increase profits for our shareholders and investors through efficient management and effective investment.

(Local communities)
We are determined to contribute to sustainable local development in partnership with local communities.

(Suppliers)
We promise to deal fairly with our suppliers as equal business partners.

(Employees)
We respect individuals, and are endeavoring to create a cheerful and motivating workplace.

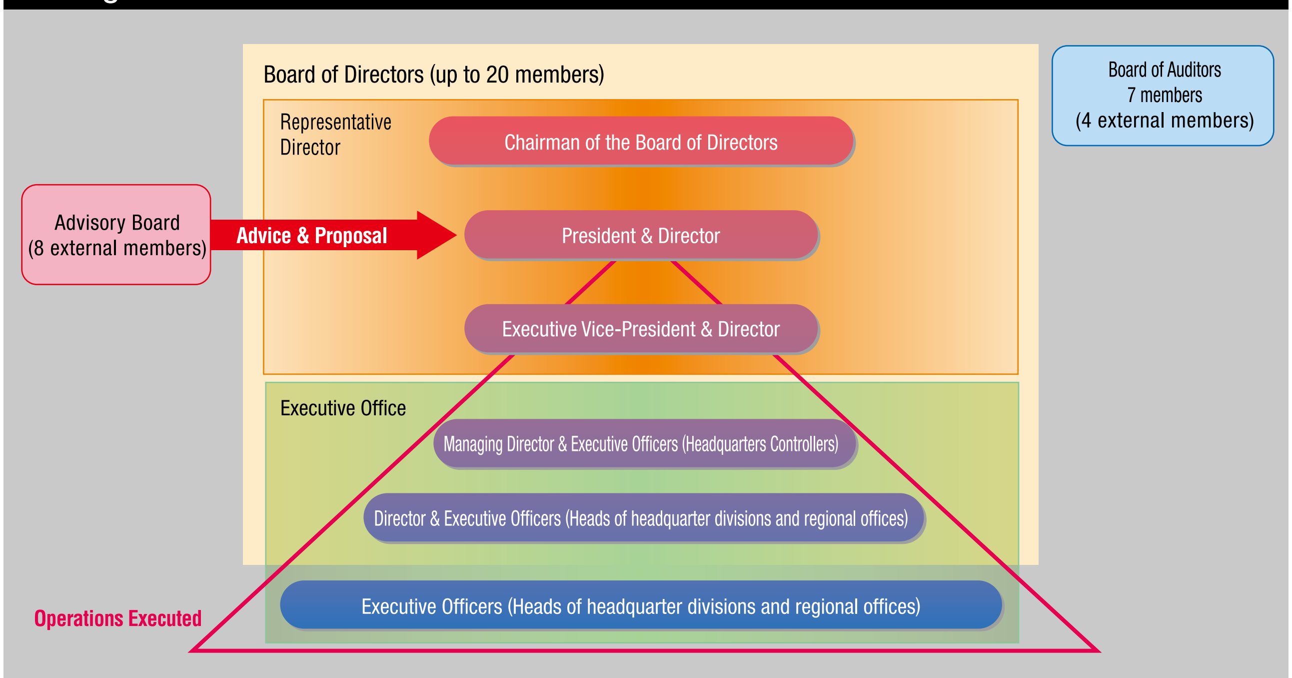
(1) Managerial Activities

Strengthening Corporate Governance

To increase management efficiency and make the group stronger as a whole, we have acted on reform measures approved at the general shareholders' meeting in June 2005 which included reducing of the number of board members. An advisory board was created as the president's consultative body, comprising eight experts specializing in finance, labor, consumer issues, the media, and other fields .The board helps ensure that external opinions and suggestions can be taken into account for management decisions.

We are working to strengthen our corporate governance more than ever, with fairness and transparency as central ideals, as we take steps to safeguard the trust of our stakeholders.

Management Structure



Management Reform Details

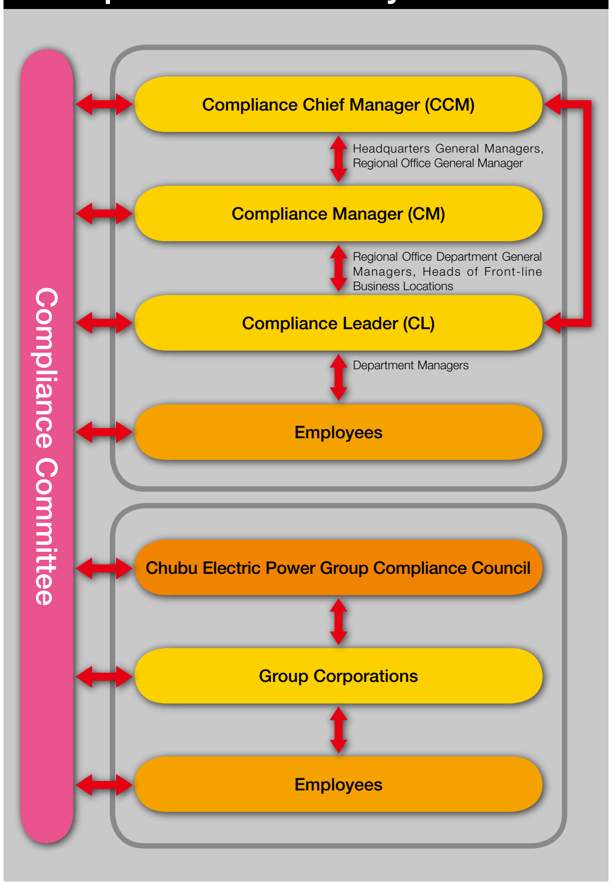
- Reduced the number of board members (from 32 to 20 or fewer)
- Introduced an executive officer system and delegated significant authority to general managers
- Implemented a one-year term of office for directors and executive officers, as well as a mandatory retirement age
- Clarified procedures for determining how to appoint and reward directors, auditors, and executive officers
- Formed an advisory board, which met three times between July 2005 and June 2006
- Reevaluated the mandatory retirement age for executives of affiliated companies; promoting personnel exchange among companies
- Holding regular meetings between representative directors and all auditors for exchange of opinions (implemented since November 2004)
- Strengthening of systems for delegation of authority as well as control and check systems
- Phased out the system of retirement benefits for directors and auditors, as of the June 2006 general meeting of shareholders.

Promotion of Compliance Management

Under the guidance of our compliance committee, we have formed a company-wide framework for promoting compliance. Tangible results include our Chubu Electric Power Company Declaration of Compliance and Eight Action Guidelines, and as we educate all employees on matters of compliance, we feel these efforts represent proactive compliance management. What's more, we have established internal and external help lines regarding compliance, with the latter supported by legal professionals, in our efforts to stem any potentially negative developments through early resolution.

Furthermore, compliance activities throughout the group are aided by the Chubu Electric Group Compliance Council and a dedicated helpline that has been set up to attend to inquiries from group companies.

Compliance Promotion System



Chubu Electric Group Compliance Statement

Without regulatory compliance, our company loses credibility; an unreliable company cannot grow.

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 fairly with our customers and business partners and with local communities.

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.

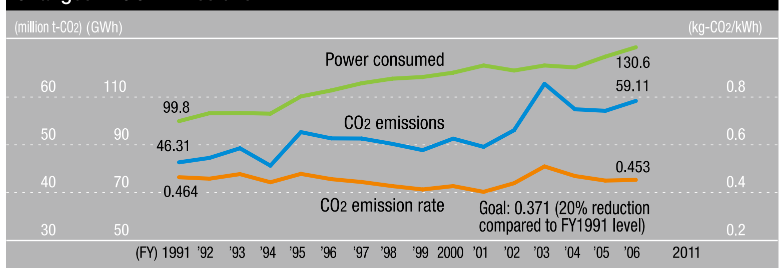
(2) Environmental Activities

Recognizing environmental activities as one of the foremost issues for the group as a whole, Chubu Electric Power Company established the Chubu Electric Power Group Environmental Declaration in April 2004, defining the group's philosophy and vision with respect to the environment. Under this declaration, we have evolved into a corporate group that shares environmental values with society, and one that contributes to the sustainable development of our local communities.

[Controlling CO_2 Emissions]

We are making efforts to reduce the quantity of CO_2 emitted per kWh of electric energy generated (that is, the CO_2 emission rate). Specifically, we are working to meet our target of reducing our CO_2 emission rates to 20% below FY1991 levels by FY2011 through several measures. Our total thermal efficiency rate has improved, thanks to the development of high-efficiency LNG furnaces. We continue to promote the introduction of new energy sources, such as the wind power plants we have developed. Additionally, we employ the Kyoto mechanism to advantage, help plan environmentally sound overseas energy projects, and actively participate in other programs.

Changes in CO_2 Emissions



[Controlling Sulphur Oxide and Nitrogen Oxide Emissions]

By expanding our use of LNG, which contains no sulphur, and utilizing sulphur- and nitrate-removing devices, SOx and NOx emissions from our thermal power plants are exceptionally low, at the level of all other leading plants worldwide.

Sulfur Oxide and Nitrogen Oxide Emissions from Thermal Power Plants in Various Countries (g/kWh)

	U.K. 2002	France 2002	U.S.A. 2002	Japan 2004	Chubu Electric Power FY2006
SO_x	2.6	2.0	3.7	0.2	0.06
NO_x	1.5	2.0	1.7	0.3	0.09

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 international cooperation.

Environmental Vision

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

Guideline 1. We will use resources effectively.	• We will work toward the development and practical application of renewable energy. • We will promote the 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 administration. • We will cultivate 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.

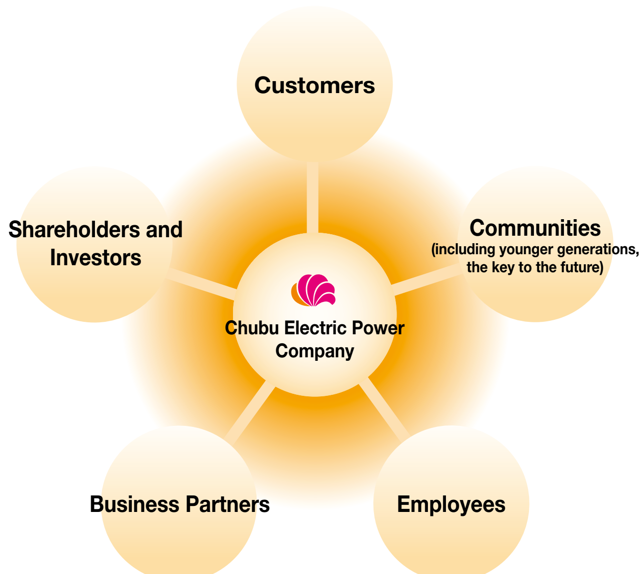
[Maintaining Environmental Management Systems]

In January 1998, we enacted environmental management rules and started urging plants and offices to establish environmental guidelines and behavioral objectives. As a result, approximately 90% of our sites had implemented environmental management systems as of the end of March 2005, and some have been certified under ISO 14001.

(3) Community Activities

We actively contribute to the sustainable development of our local communities through highly transparent business management, which we feel is an earnest commitment that answers the expectations of our stakeholders.

Volunteer Reforestation



Customers

Our efforts to improve services are guided by a regard for our customers' point of view, and we listen carefully to a range of feedback and suggestions from them. To protect personal information, we have established basic policies to promote appropriate practices and internal rules, along with employee education on those policies.

Shareholders and Investors

Through our investor relations programs, we provide accurate and appropriate information disclosure to shareholders and investors, ensuring significant transparency. We strive to encourage mutual communication as a commitment to maintaining the trust of our stakeholders.

Local Communities

Supporting the next generation, participating in volunteer activities, contributing to regional development projects of business groups, and enhancing the safety of local communities are some examples of our wide-ranging and active commitment to community development.

Business Partners

We strive to foster solid bonds of trust through open communication and fair and sincere dealings with our business partners. In collaborative procurement of materials, we seek to broaden applications for practicing CSR. To promote an even greater regard for CSR in procurement, we established new procurement policies in 2006.

Employees

Employees who directly support business activities must be aware of corporate social responsibility in order to practice it and help build communities where sustainable development is possible. It is critical to us that employees behave as leaders in matters of regulatory compliance and other facets of CSR. Our stance on human rights is wide-ranging, acknowledging the importance of creating workplace environments where employees feel professional pride and can work safely and enthusiastically. Our efforts in this regard include improving our hiring, training, and health and safety programs.

DIRECTORS AND CORPORATE AUDITORS

(As of June 28, 2006)

Chairman of the Board of Directors

Fumio Kawaguchi

President & Director

Toshio Mita

Executive Vice President & Director

Takuo Yamauchi
(Executive Officer, General Manager of Finance & Accounting Dept.)

Takahiko Ito

Hiroshi Ochi
(Executive Officer, General Manager of Secretarial Services Dept. and General Affairs Dept.)

Shirou Mizutani
(Executive Officer, General Manager of Fuels Dept., General Manager of Affiliated Business Planning & Development Division)

Managing Director

Haruhiko Asano
(Executive Officer, General Manager of Power Generation Division)

Masahiro Kakumu
(Executive Officer, General Manager of Corporate Planning & Strategy Division, General Manager of Corporate Communication Dept. and Gas Sales & Service Dept.)

Hiroshi Suzuki
(Executive Officer, General Manager of Legal Affairs Dept., Personnel Dept., Purchasing & Contracting Dept. and Human Resources Development Center)

Toshiyuki Nosaka
(Executive Officer, General Manager of Land Affairs Dept., and Telecommunications Engineering Dept., General Manager of Power System Division)

Yoshihito Miyaike
(Executive Officer, General Manager of Information Systems Dept., General Manager of Environmental Affairs & Plant Siting Division)

Yuji Kume
(Executive Officer, General Manager of Customer Service Division)

Takaaki Tanaka
(Executive Officer, General Manager of Research & Development Division)

Ryousuke Mizutani
(Executive Officer, General Manager of Hamaoka Central Administration Office)

Chairman of the Board of Directors
Fumio Kawaguchi

President & Director
Toshio Mita

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
Haruhiko Asano

Managing Director
Masahiro Kakumu

Managing Director
Hiroshi Suzuki

Managing Director
Toshiyuki Nosaka

Managing Director
Yoshihito Miyaike

Managing Director
Yuji Kume

Managing Director
Takaaki Tanaka

Managing Director
Ryousuke Mizutani

Director

Akira Fujioka
(Executive Officer, General Manager of Nagoya Regional Office)

Takashi Niizawa
(Executive Officer, General Manager of Mie Regional Office and affiliated with Environmental Affairs & Plant Siting Division)

Masatoshi Sakaguchi
(Executive Officer, General Manager of Nuclear Power Dept., Power Generation Division)

Hidetoshi Wada
(Executive Officer, General Manager of Customer Service & Sales Dept., Customer Service Division)

Norihisa Ito

Senior Corporate Auditor

Ryuichi Hamada (full-time)

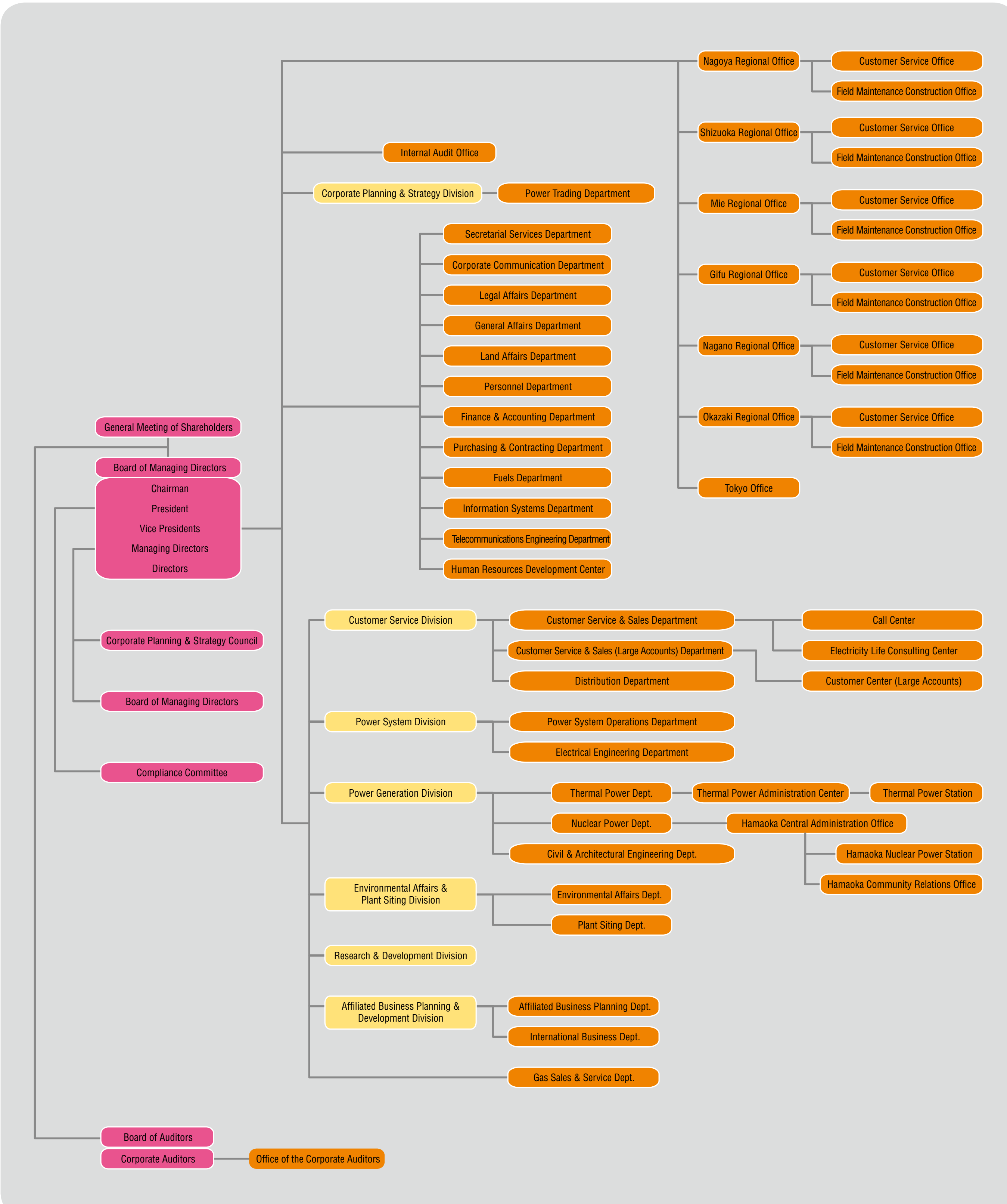
Corporate Auditor

Hitoshi Yoshida (full-time)
Kouta Asada (full-time)
Kenjiro Hata
Hiroshi Suda
Masaaki Iritani
Minoru Matsuo

Notes 1) Auditors Kenjiro Hata, Hiroshi Suda, Masaaki Iritani, and Minoru Matsuo are externally appointed corporate auditors as defined in Article 2, Clause 16 of the Japanese Corporate Law.

2) We have introduced an executive officer system.

Chubu Electric Power Co., Inc. Organization Chart (As of July 1, 2006)



Chubu Electric Power Group (As of July 1, 2006)

Electric Power Business

Chubu Electric Power Co., Inc.

A.T. Biopower Co.,Ltd
Compañía de Generación Valladolid, S. de R.L. de C.V.

Other Businesses

Other Energy

Chita L.N.G.Co., Ltd.
LNG Chubu CORPORATION
C ENERGY CO., INC.

Hamamatsu D.H.C.Co., Ltd.
CJIA ENERGY SUPPLY COMPANY, LTD.
S-energy service Co., Ltd.
Nagoya Energy Service Co., Ltd.
Hokuriku Erunesu Co., Ltd.

IT/ Telecommunications

Chubu Telecommunications Co., Inc.
Network Support Service Company, Incorporated
Chuden CTI Co.,Ltd.

CHUBU CABLE NETWORK COMPANY, INCORPORATED
Hamaoka Cable Television

Construction

Chubu Greenery Co., Ltd.
Chubu Plant Service Co., Ltd.
Eiraku Development Co., Ltd.
C-TECH CORPORATION

TOENEC CORPORATION

Manufacturing

CHUBUSEIKI Co., Ltd.
COMRES CORPORATION
GLYENCE Co., Ltd.

AICHI ELECTRIC Co., Ltd.
AICHI KINZOKU KOGYO Co., Ltd.
Chita Tansan Co., Ltd.
TOKAI CONCRETE INDUSTRIES Co., Ltd.
Chubu Liquid Oxygen Co., Ltd.

Transportation

Chuden Transportation Service Co., Ltd.

SHIN-NIHON HELICOPTER Co., Ltd.

Real Estate Management

Chuden Bldg. Co., Inc.

Service/Others

CHUDEN KOGYO Co., Ltd.
EIRAKU AUTO SERVICE Co., Ltd.
Chita Berth Co., Inc.
Chubu Cryogenics Co., Ltd.
LiveNet Co., Ltd.
Chuden Wing Co., Ltd.
CHUDEN BUSINESS SUPPORT Co., Ltd.
Chubu Electric Power(Thailand)Co., Ltd.
Kiray Yu Co., Inc.
NITTAI Co., Ltd.
Toho Oil Co., Ltd.
Chuden Disaster Prevention Co., Ltd.
Techno Chubu Co., Ltd.
CHUBU HOME WARANTEE CORPORATION
Chubu Electric Power Company International B.V.
TOHO Industry Co., Ltd.
Chubu Electric Power Company U.S.A. Inc.

KASUMI BERTH CO., INC.
NIPPON MALENIT CO., LTD
Compañía de Operación Valladolid, S. de R.L.de C.V de C.V.
CHUBU Ratchaburi Electric Services Co., Ltd.

Flow of services and products

The Company reported the financial statements

Consolidated Subsidiaries

Affiliates accounted for under the equity method

Operating / Financial Data Section

FIVE-YEAR OPERATING AND FINANCIAL STATISTICS

OPERATING STATISTICS

Chubu Electric Power Company, Incorporated

Electric Energy Sold (GWh)	2002	2003	2004	2005	2006
Customers Under Regulation					
Electric Lighting	31,811	32,844	32,530	34,079	35,291
Electric Power	8,762	8,573	7,878	8,013	7,864
Total	40,573	41,417	40,408	42,092	43,155
Customers Under Liberalization*	80,285	81,633	81,808	84,571	87,406
Total Electric Energy Sold	120,858	123,050	122,216	126,663	130,561

Notes: 1) Customers under liberalization in FY2006 corresponds to demand from all customers of high-voltage electricity.
2) Customers Under Liberalization in and before FY2005 are re-categorized in the same definition as is in FY2006.

Breakdown of Industrial Large-lot Electric Energy Sold (GWh)			2002	2003	2004	2005	2006
Mining and Industry	Mining		64	68	51	41	41
	Manufacturing Industry						
		Foodstuffs	2,225	2,219	2,210	2,261	2,330
		Textiles	885	800	743	705	820
		Pulps and Papers	1,722	1,737	1,674	1,571	1,712
		Chemicals	2,805	2,979	3,047	3,088	3,134
		Oil and Coal Products	141	152	37	56	54
		Rubber	889	928	941	949	939
		Clay and Stone	2,266	2,286	2,268	2,304	2,444
		Iron and Steel	5,672	5,967	6,095	6,270	6,426
		Non-ferrous Metals	1,635	1,524	1,448	1,445	1,570
		Machinery	17,770	18,075	18,212	19,151	19,880
		Others	4,731	4,878	4,849	4,994	5,147
		Total	40,741	41,545	41,524	42,794	44,456
	Total		40,805	41,613	41,575	42,835	44,497
Others	Railways		2,669	2,633	2,618	2,728	2,814
	Others		3,034	3,170	3,216	3,218	3,306
	Total		5,703	5,803	5,834	5,946	6,120
Total			46,508	47,416	47,409	48,781	50,617

Electric Energy Supplied (GWh)	2002	2003	2004	2005	2006
Kilowatt-Hours Generated	115,593	118,384	117,741	122,926	126,234
Hydroelectric	8,623	7,940	10,420	10,450	7,564
Thermal	84,949	99,760	90,432	90,285	91,045
Nuclear	22,021	10,684	16,889	22,191	27,625
Purchased Power	11,085	11,503	13,616	14,075	13,347
Interchanged Power (net)	6,607	5,621	3,345	2,935	3,793
Power Used for Pumped Storage	(1,906)	(1,151)	(1,547)	(1,941)	(1,275)
Total Electric Energy Supplied	131,379	134,357	133,155	137,995	142,099

	2002	2003	2004	2005	2006
Generating Capacity (MW)					
Hydroelectric	5,213	5,215	5,217	5,218	5,220
Thermal	23,401	23,901	22,901	22,370	22,369
Nuclear	3,617	3,617	3,617	4,997	4,997
Total Generating Capacity	32,231	32,733	31,735	32,585	32,586
Annual Peak Load (three-day average of sending end;MW)	26,246	26,313	24,895	25,446	25,558
Transmission Lines (route length in km)	12,232	12,183	12,212	12,186	12,149
Substation Capacity (MVA)	120,301	120,202	120,206	119,670	120,110
BTB Station Capacity (MW)	300	300	300	300	300
Distribution Lines (line length in km)	527,321	530,139	532,820	535,399	537,731
Number of Employees (people)	18,312	17,994	17,416	16,834	16,245

Note: Parentheses denote negative figures.

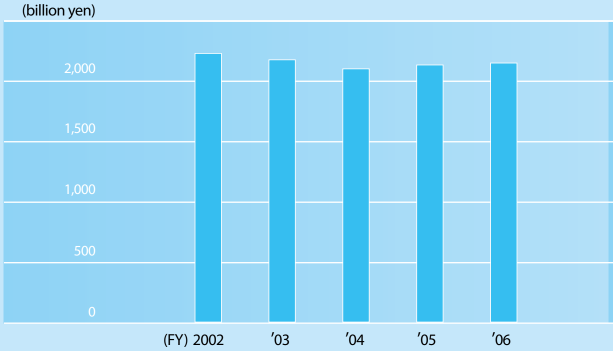
FINANCIAL STATISTICS (CONSOLIDATED)

Chubu Electric Power Company, Incorporated and Subsidiaries

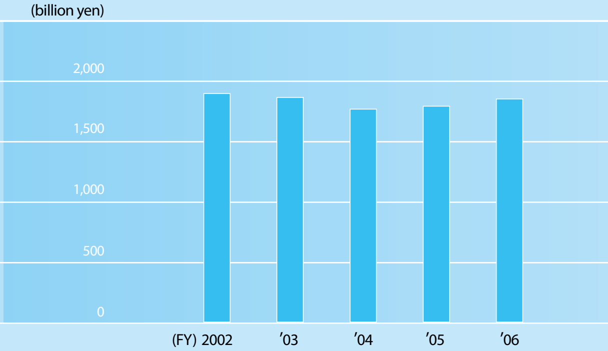
	Millions of Yen					Thousands of U.S. Dollars
	2002	2003	2004	2005	2006	2006
Operating Revenues	¥2,228,925	¥2,176,072	¥2,101,072	¥2,133,224	¥2,150,508	$18,306,869
Operating Income	332,878	312,472	334,412	342,160	322,105	2,742,017
Net Income	110,358	106,494	114,718	91,271	119,458	1,016,925
Per Share(yen and U.S. dollars)						
Net Income (Basic)	¥149.78	¥144.24	¥157.21	¥125.68	¥162,07	$1.38
Shareholders' Equity	1,667.10	1,775.44	1,897.81	1,952.45	2,121.40	18.06
Total Assets	¥6,435,215	¥6,282,500	¥6,060,178	¥5,703,558	¥5,741,876	$48,879,511
Total Shareholders' Equity	1,228,231	1,307,180	1,377,180	1,413,233	1,659,313	14,125,422

Notes: 1) U.S.dollar amounts are translated from yen, for convenience only, at the rate of ¥117.47=US$1.
2) The above figures are based on consolidated data.

Operating Revenues



Operating Expenses



< FY2006 >

Overview

Total electric energy sold increased by 3.1% over that of FY2005 to 130.6 TWh on growing demand for heaters and steady demand in the industrial sector due to a general domestic economic recovery.

Considering demand for customers under regulation, we marked an increase of 3.6% (up to 35.3 TWh) in electric lighting over the previous fiscal year, mainly from increase of contracts and greater demand for heater-air conditioners during the winter, which was colder this year. Demand for low-voltage, however, slipped 1.8% to 7.9 TWh, primarily because of decrease of contracts. When it comes to the demand for customers under liberalization, commercial demand grew by 4.4% to 22.5 TWh for commercial facilities, while industrial demand grew by 3.0% to 64.9 TWh, fueled by stronger production of machinery, as well as iron and steel.

In supplying electric energy, less hydroelectric power was generated, down 27.6% to 7.6 TWh. The water flow rate was 82.6% compared to 114.2% the previous fiscal year. However, 24.5% more electric energy than the previous fiscal year was generated by nuclear power (up to 27.6 TWh), mainly due to stable operations at Unit 5 of the Hamaoka Nuclear Power Station, which commenced commercial operation in January 2005. Thermally generated electric power also increased to 91.0 TWh, up 0.8% from last year's level.

Consolidated Operating Revenues, Expenses, and Income

In FY2006, consolidated operating revenues in the electricity business remained at last year's level of ¥2,041,326 million. An increase in the amount of electric energy sold led to higher electric lighting revenues, but these were offset by a reduction of electricity rates in January 2005 and lower revenues from sales to other utilities companies.

Despite lower depreciation expenses, as well as lower salaries and employee benefits due to reduced employee retirement benefit liabilities, consolidated operating expenses for FY2006 increased 1.3% to ¥1,727,123 million, primarily due to rising fuel costs.

Total revenues from other business segments increased 18.8% to ¥109,182 million, primarily on gains in gas and real estate management sales.

On the other hand, operating expenses for other business segments increased by 16.6% to ¥101,280 million on a rise in production costs for the stronger gas and real estate management sales, among other factors.

As a result, consolidated operating income totaled ¥322,105 million down 5.9% from the previous fiscal year.

Total other expenses (calculated by deducting consolidated non-operating expenses from consolidated non-operating revenues) decreased by 23.6% to ¥135,919 million. A loss of ¥33,506 million on discontinued construction of the Kaore Hydroelectric Power Station project was offset by lower interest expenses due to reduced early repayments, while impairment losses of fixed assets in the previous fiscal year were ¥45,625 million.

Consequently, consolidated income before provision of reserve for fluctuation in water levels, income taxes, and minority interests totaled ¥186,186 million for FY2006, up 13.3% from the previous fiscal year.

In contrast to last fiscal year's ample water for hydroelectric power generation (specifically, a water flow rate of 114.2%), low water levels in FY2006 (82.6%) forced us to use ¥9,311 million from the reserve for fluctuation in water levels.

Income before income taxes and minority interests therefore increased 24.5% over the total last fiscal year to ¥195,497 million and after deducting income tax and other items, consolidated net income was ¥119,458 million, an increase of 30.9% year-on-year.

Ultimately, net income for FY2006 was the highest on record since FY1995, the first year of consolidated accounting.

Consolidated Financial Standing

Consolidated fixed assets totaled ¥4,464,511 million down 6.2% from the previous fiscal year, as we continued to reduce capital investment, and due to ongoing depreciation.

Total nuclear fuel assets were consistent with those of last year, at ¥250,199 million.

Investments and other assets rose 72.4% to ¥717,633 million, mainly due to funding the reserve for reprocessing of irradiated nuclear fuel.

Consequently, total assets were almost the same as those in the previous fiscal year, at ¥5,741,876 million.

Total liabilities reported on the consolidated balance sheet declined 4.6% to ¥4,071,670 million, mainly on lower interest-bearing debt from a reduction in convertible bonds and bonds, among other factors.

In FY2006, greater sales and lower depreciation and salaries and employee benefits in electricity business helped us to secure a net income of ¥119,458 million while we increased capital and capital surplus by converting convertible bonds. Accordingly, the total shareholders' equity recorded on the consolidated balance sheet rose 17.4% year-on-year to ¥1,659,313 million.

As a result, the shareholders' equity ratio increased by 4.1% over the previous fiscal year to 28.9%.

Outline of Consolidated Cash Flow

The Chubu Electric Power Group allocates cash and cash equivalents from business activities to acquire new fixed assets and treasury stock, improve the group's financial footing, and pay dividends to shareholders.

Factors for growth, including reduced income and consumption tax and interest expenses, were offset by higher fuel expenses and the lump-sum funding this fiscal year of a reserve for reprocessing of irradiated nuclear fuel. Cash flow from operating activities thus declined to ¥307,157 million, down 44.9% from the previous fiscal year.

Net cash outflow from investment activities increased by 21.9% from FY2005 levels to ¥140,676 million due to lower revenues from sales of investments in securities. Accordingly, free cash flow dropped 62.3% from the previous fiscal year to ¥166,481 million.

Reducing outstanding interest-bearing debt and paying dividends to shareholders were main activities for this category.

These factors increased cash and cash equivalents to ¥65,150 million, representing a year-on-year increase of 2.0%.

Furthermore, we cut total outstanding interest-bearing debt, as of the end of FY2006, to ¥3,175,034 million, 7.3% lower than at the end of the previous fiscal year.

＜Fiscal 2007 Outlook＞

In electricity business, we anticipate a slight drop from FY2006 levels in electricity sales, which are projected down 1.8% for the term at approximately 128.2 TWh.

The forecast assumes that the Hamaoka Nuclear Power Station Unit No. 5 will remain offline through the term. This unit automatically shut down on June 15, 2006 from excessive turbine vibration, and results of inspection and investigation to date indicate that the unit will remain out of service for a considerable period.

Results for FY2007 are expected to reflect a decline in electricity sales and other factors, with sales down 0.7% from FY2006 to ¥2,135 billion.

As for expenses, lower depreciation and salaries and employee benefits in our electricity business will likely be offset by higher fuel costs from fuel price increases, due to the Hamaoka Nuclear Power Station Unit No. 5 shutdown, and other factors. Operating income is thus seen declining 47% year-on-year to ¥170.0 billion, with net income down 52% from FY2006 to ¥57.0 billion.

Note: This outlook is based on information available at the time of publication and current assumptions regarding uncertain factors affecting future business results. Actual results may be significantly different, depending on a variety of factors in the coming months.

＜Business Risks＞

Among variables that could affect the group's operating results and financial condition, the following may have a significant influence on the decisions of investors. (Valid as of June 2006)

Risks Relating to the Economic Environment

<1> Economic situation and weather conditions

In the electricity business, which is the group's core activity, the amount of electric energy sold varies with changes in economic trends and the air temperature. The group's performance may therefore be affected by economic shifts and weather conditions.

Furthermore, annual precipitation levels affect the amount of electric energy generated by hydroelectric power, which in turn affects overall power generation costs, although a reserve for fluctuation in water levels is intended to limit the effect of such factors on operating results.

<2> Fluctuations in fuel prices

The group depends on imports of liquefied natural gas (LNG), coal, and crude oil. The cost of fuel, a primary expense item in the electricity business, can therefore be affected by fluctuations in these prices and in foreign exchange rates, as well as related factors.

However, the effect of fuel price fluctuations on performance can be viewed as limited because such fluctuations can be reflected in electricity rates under the fuel adjustment system.

<3> Fluctuations in interest rates

Interest payments constitute another main expense for the group, and the group's interest expenses are subject to change with fluctuations in market interest rates. As of the end of March 2006, interest-bearing debt stood at ¥3,175,034 million, corresponding to 55.3% of the group's total assets.

However, 82.1% of outstanding interest-bearing debt comprises long-term liabilities such as bonds and long-term debt, and most of these bear interest at fixed rates. In addition, the group has worked aggressively to reduce interest-bearing debt to gain an even stronger financial position. The group therefore views the effect of fluctuating interest rates on operating results as limited.

Risks Surrounding Chubu Electric Power Group Business Activities

<1> Changes in the electricity business environment

In the Japanese electric utilities industry, liberalization of electric power retailing was expanded in scope in April 2005, and several mechanisms have come into effect to promote further competition. These include a wholesale market for electric power transactions (JEPX, the Japan Electric Power Exchange) and an independent council for reviewing transmission network utilization (ESCJ, the Electric Power System Council of Japan). Additionally, the rate system for transmission network utilization was revised.

In this changing environment, the group seeks optimal management efficiency while expanding marketing efforts to meet customer needs; further regulatory reform and the more vigorous competition it encourages, however, may affect results.

Furthermore, because back-end operations for nuclear power are extremely long-term and subject to uncertainties, the Law on the Creation and Management of Reserve Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations was enacted on October 1, 2005, and accounting regulations for Japanese utility companies have been revised. To prepare for future back-end costs associated with nuclear power in accordance with this law and the revised accounting regulations, we have established reserve funds and set aside a reserve for reprocessing of irradiated nuclear fuel.

The costs of nuclear fuel cycles, including back-end costs, may vary depending on regulatory reform, changes in estimates of future expenses (mandated and voluntary), the operating status of reprocessing facilities, and updates to our own nuclear power plan. As a result, company performance may be affected.

However, it should be noted that no allowance has been established for costs associated with the portion of spent fuel without a specific reprocessing plan, or for the costs of interim storage.

<2> Other businesses

We are committed to the effective allocation of group business assets in our core electric power business. To develop operations and leverage our assets, the group is also active in other energy businesses that focus on power plants, stored fuels, and expertise in the field of energy. Offering highly value-added IT and telecommunications services through our existing network facilities is another facet of our business expansion, as is construction for development and maintenance of energy facilities and manufacturing of materials and machinery. If changes in the competitive environment in these businesses do not lead to the results expected by the group, performance may be affected.

Other Risks

<1> Natural disasters

To ensure a stable and economical supply of electricity through an integrated system from generation to distribution, the group has invested in the construction and maintenance of facilities designed to minimize disruptions from lightning and other natural phenomena. However, large-scale natural disasters such as earthquakes and typhoons may affect company results, as may accidents and acts of terrorism.

<2> Leaks of personal information

We have established internal frameworks and rules on managing valuable data such as personal information to ensure appropriate management in accordance with laws and regulations. Additionally, we have implemented more robust information systems, and our policy in these matters includes employee training.

However, any leaks of personal information may incur direct costs for a resolution, and other tangible and intangible losses may arise, such as loss of company credibility.

<3> Regular inspections of Hamaoka Nuclear Power Station Units 1 and 2

We have extended the schedule for regular inspections of Hamaoka Nuclear Power Station Units 1 and 2 until March 2011 for maintenance of machinery in the reactor and for additional fortification against earthquakes. The cost and specific schedule for this work is currently undecided, but it may affect company performance.

Report of Independent Auditors

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3-28-12, Meieki, Nakamura-ku
Nogoya, 450-8565 Japan
Telephone 81-52-551-3001
Facsimile 81-52-551-3005

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, 2006 and 2005, 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, 2006 and 2005 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 disclosed in Note 3, effective for the year ended March 31, 2006, Chubu Electric Power Company, Incorporated changed the accounting policies relating to the amortization of easement for transmission lines, the amendment of accounting standard for retirement benefits, and accounting for reserve for reprocessing of irradiated nuclear fuel. As also described in Note 3, effective for the year ended March 31, 2005, Chubu Electric Power Company, Incorporated and its domestic subsidiaries 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
Nagaya, Japan
June 28, 2006

CONSOLIDATED BALANCE SHEETS

Chubu Electric Power Company, Incorporated
As of March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2006	2005	2006
Property, Plant and Equipment:			
Property, plant and equipment	¥12,809,172	¥12,828,449	$109,042,065
Construction in progress	146,050	186,576	1,243,300
	12,955,222	13,015,025	110,285,365
Less: Contributions in aid of construction	(145,323)	(143,577)	(1,237,104)
Accumulated depreciation	(8,345,388)	(8,110,146)	(71,042,721)
	(8,490,711)	(8,253,723)	(72,279,825)
Property, Plant and Equipment, Net (Notes 5 and 7)	4,464,511	4,761,302	38,005,540
Nuclear Fuel:			
Loaded nuclear fuel	40,034	48,120	340,799
Nuclear fuel in processing	210,165	202,579	1,789,100
Total Nuclear Fuel	250,199	250,699	2,129,899
Investments and Other Long-term Assets:			
Long-term investments (Notes 6 and 7)	292,518	242,499	2,490,154
Deferred tax assets (Note 12)	149,188	163,233	1,270,009
Fund for reprocessing of irradiated nuclear fuel	263,383	—	2,242,129
Other	13,346	11,348	113,612
Less, allowance for doubtful accounts	(802)	(905)	(6,827)
Total Investments and Other Long-Term Assets	717,633	416,175	6,109,077
Current Assets:			
Cash	51,440	49,482	437,902
Trade notes and accounts receivable	124,145	110,306	1,056,825
Less, allowance for doubtful accounts	(717)	(641)	(6,101)
Inventories	75,134	56,547	639,601
Deferred tax assets (Note 12)	17,923	22,049	152,572
Other (Note 6)	41,608	37,639	354,196
Total Current Assets	309,533	275,382	2,634,995
Total Assets	¥5,741,876	¥5,703,558	$48,879,511

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

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Long-term Liabilities and Reserves:			
Long-term debt (Note 7)	¥2,479,147	¥2,582,010	$21,104,514
Employee retirement benefit liability (Note 8)	191,613	207,135	1,631,168
Reserve for reprocessing of irradiated nuclear fuel	261,019	253,374	2,222,005
Reserve for decommissioning nuclear power plant	89,094	82,639	758,437
Deferred tax liabilities (Note 12)	1	38	9
Other long-term liabilities	68,498	37,251	583,109
Total Long-term Liabilities and Reserves	3,089,372	3,162,447	26,299,242
Current Liabilities:			
Current portion of long-term debt and other (Note 7)	129,680	271,616	1,103,942
Short-term borrowings (Note 7)	299,459	271,746	2,549,243
Commercial papers (Note 7)	270,000	304,000	2,298,459
Trade notes and accounts payable	92,321	62,347	785,912
Income taxes payable and other	56,142	63,753	477,925
Other	128,030	117,405	1,089,895
Total Current Liabilities	975,632	1,090,867	8,305,376
Reserve for Fluctuation in Water Levels	6,666	15,977	56,745
Total Liabilities	4,071,670	4,269,291	34,661,363
Minority Interests in Subsidiaries	10,893	21,034	92,726
Shareholders' Equity (Notes 11 and 14):			
Common stock, no par value:			
Authorized- 1,190,000,000 shares;			
Issued- 782,153,165 shares in 2006 and 736,857,187 shares in 2005	430,777	374,520	3,667,127
Capital surplus	73,956	14,261	629,577
Retained earnings	1,101,340	1,025,901	9,375,502
Net unrealized gains on available-for-sale securities	53,041	27,972	451,527
Foreign currency translation adjustment	303	(292)	2,580
Less, treasury stock, at cost – 133,135 shares in 2006 and 13,168,297 shares in 2005	(104)	(29,129)	(891)
Total Shareholders' Equity	1,659,313	1,413,233	14,125,422
Commitments and Contingent Liabilities (Notes 9 and 10)			
Total Liabilities, Minority Interests and Shareholders' Equity	¥5,741,876	¥5,703,558	$48,879,511

CONSOLIDATED STATEMENTS OF INCOME

Chubu Electric Power Company, Incorporated
For the Years Ended March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Operating Revenues:			
Electricity	¥2,041,326	¥2,041,353	$17,377,421
Other	109,182	91,871	929,448
Total Operating Revenues (Note 13)	2,150,508	2,133,224	18,306,869
Operating Expenses:			
Electricity	1,727,123	1,704,179	14,702,676
Other	101,280	86,885	862,176
Total Operating Expenses (Note 13)	1,828,403	1,791,064	15,564,852
Operating Income	322,105	342,160	2,742,017
Other (Income) Expenses:			
Interest expense	95,200	131,441	810,421
Impairment loss on fixed assets (Note 3)	—	45,625	—
Gain on disposition of investment securities	—	(14,861)	—
Loss on discontinued construction of hydroelectric power plant (Note 5)	33,506	—	285,233
Other, net	7,213	15,612	61,398
Total Other Expenses, net	135,919	177,817	1,157,052
Income before (Reversal) Provision of Reserve for Fluctuation in Water Levels, Income Taxes and Minority Interests	186,186	164,343	1,584,965
(Reversal) Provision of Reserve for Fluctuation in Water Levels	(9,311)	7,330	(79,266)
Income before Income Taxes and Minority Interests	195,497	157,013	1,664,231
Income Taxes:			
Current	67,771	84,905	576,923
Deferred	7,710	(16,460)	65,632
Total Income Taxes	75,481	68,445	642,555
Minority Interests in Earnings (Losses) of Subsidiaries	558	(2,703)	4,751
Net Income	¥119,458	¥91,271	$1,016,925

	Yen		U.S. Dollars (Note 1)
	2006	2005	2006
Per Share of Common Stock:			
Net income:			
Basic	¥162.07	¥125.68	$1.38
Diluted	¥152.72	¥117.37	$1.30
Cash dividends	¥60.00	¥60.00	$0.51

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Chubu Electric Power Company, Incorporated
For the Years Ended March 31, 2006 and 2005

	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
		Millions of Yen					
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
Net income	—	—	—	119,458	—	—	—
Cash dividends	—	—	—	(43,773)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(254)	—	—	—
Increase in retained earnings through change in scope of equity method	—	—	—	8	—	—	—
Net change in net unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	25,069	—	—
Translation adjustment	—	—	—	—	—	595	—
Purchase of treasury stock and fractional shares, net of disposition	—	—	3,260	—	—	—	29,025
Stock exchange transaction	—	—	178	—	—	—	—
Conversion of convertible bond	45,295,978	56,257	56,257	—	—	—	—
Balance at March 31, 2006	782,153,165	¥ 430,777	¥ 73,956	¥1,101,340	¥ 53,041	¥ 303	¥ (104)

	Common stock	Capital surplus	Retained earnings	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Treasury stock
	Thousands of U. S. Dollars (Note1)					
Balance at March 31, 2005	$3,188,216	$ 121,404	$8,733,301	$ 238,123	$ (2,483)	$ (247,974)
Net income	—	—	1,016,925	—	—	—
Cash dividends	—	—	(372,632)	—	—	—
Bonuses to directors and corporate auditors	—	—	(2,158)	—	—	—
Increase in retained earnings through change in scope of equity method	—	—	66	—	—	—
Net change in net unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	213,404	—	—
Translation adjustment	—	—	—	—	5,063	—
Purchase of treasury stock and fractional shares, net of disposition	—	27,746	—	—	—	247,083
Stock exchange transaction	—	1,516	—	—	—	—
Conversion of convertible bond	478,911	478,911	—	—	—	—
Balance at March 31, 2006	$3,667,127	$ 629,577	$9,375,502	$ 451,527	$ 2,580	$ (891)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Chubu Electric Power Company, Incorporated
For the Years Ended March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥195,497	¥157,013	$1,664,231
Adjustments for:			
Depreciation and amortization	365,296	419,093	3,109,695
Impairment loss on fixed assets	—	45,625	—
Loss on discontinued construction of hydroelectric power plant	33,506	—	285,233
Loss of loaded nuclear fuel	12,966	11,858	110,374
Loss on disposal of property, plant and equipment	10,178	10,041	86,643
Increase in employee retirement benefit liability	(15,522)	6,191	(132,136)
Increase in reserve for reprocessing of irradiated nuclear fuel	7,645	22,155	65,084
Increase in reserve for decommissioning nuclear power plant	6,455	2,639	54,948
Increase in reserve for fluctuation in water levels	(9,311)	7,330	(79,266)
Interest and dividend income	(2,449)	(2,451)	(20,845)
Interest expense	95,200	131,441	810,421
Increase in fund for reprocessing of irradiated nuclear fuel	(263,383)	—	(2,242,129)
Increase in trade notes and accounts receivable	(13,839)	(7,797)	(117,810)
Increase in inventories	(18,587)	(1,156)	(158,227)
Increase in trade notes and accounts payable	29,975	2,747	255,167
Other	48,511	(10,422)	412,967
Subtotal	482,138	794,307	4,104,350
Interest and dividend received	2,295	2,517	19,539
Interest paid	(96,725)	(136,160)	(823,405)
Income taxes paid	(80,551)	(103,101)	(685,714)
Net cash provided by operating activities	307,157	557,563	2,614,770
Cash Flows from Investing Activities:			
Purchases of property, plant and equipment	(150,571)	(145,364)	(1,281,785)
Increase in investments and other long-term assets	(8,238)	(14,735)	(70,126)
Proceeds for recoveries from investments	8,629	34,238	73,459
Other	9,504	10,463	80,903
Net cash used in investing activities	(140,676)	(115,398)	(1,197,549)
Cash Flows from Financing Activities:			
Proceeds from issuance of bonds	142,383	67,742	1,212,078
Redemption of bonds	(226,456)	(525,129)	(1,927,778)
Proceeds from long-term loans	109,664	67,417	933,549
Repayment of long-term loans	(129,997)	(162,470)	(1,106,644)
Proceeds from short-term borrowings	369,910	401,186	3,148,970
Repayment of short-term borrowings	(342,246)	(438,025)	(2,913,476)
Proceeds from issuance of commercial papers	1,155,000	1,225,000	9,832,298
Redemption of commercial papers	(1,189,000)	(1,026,000)	(10,121,733)
Dividends paid	(43,732)	(43,476)	(372,278)
Other	(10,747)	(4,394)	(91,485)
Net cash used in financing activities	(165,221)	(438,149)	(1,406,499)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	30	(9)	251
Net Increase in Cash and Cash Equivalents	1,289	4,007	10,973
Cash and Cash Equivalents at Beginning of Year	63,861	59,854	543,636
Cash and Cash Equivalents at End of Year (Note 4)	¥65,150	¥63,861	$554,609

The accompanying notes to consolidated financial statements are an integral part of these 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 ¥117.47 to $1, the rate of exchange prevailing on March 31, 2006. The inclusion of such dollar amounts is solely for convenience of the reader 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 ¥117.47 to $1 or at any other rates.

2. Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. 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, 2006 and 2005 was as follows:

	2006	2005
Subsidiaries:		
Domestic	29	29
Overseas	3	3
Affiliates, accounted for by the equity method	20	20

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 adopt 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. The Chubu Electric Group had no trading securities. Held-to-maturity securities are stated at amortized cost. Available-for-sale securities with market quotations are stated at fair value and net unrealized gains or losses on these securities are reported as a separate component of shareholders' equity, net of applicable income taxes. Available-for sale securities without available market quotations are carried at cost determined by the moving average method. Adjustments in carrying values of individual securities are charged to income through write-downs, when a decline in value is deemed other than temporary. Gains and losses on disposition of investment securities are computed by the moving average method.

(e) Hedge accounting

Derivatives are valued at fair value, if hedge accounting is not appropriate or where there is no hedging designation, and the gains or losses on derivatives are recognized in the current earnings. Certain transactions classified as hedging transactions are accounted for under a deferral method, whereby unrealized gains or losses on hedging instruments are carried as assets or liabilities on the balance sheet until the gains and losses on the hedged items are realized. Foreign exchange forward contracts are accounted for by translating foreign currency denominated assets and liabilities at such contract rates as an interim measure, if certain hedging criteria are met. According to the special treatment as permitted by the accounting standard for financial instruments, the hedging interest rate swap is accounted for on an accrual basis and recorded net of interest expenses generated from borrowings, hedged items, if certain conditions are met. 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 recognizes the retirement benefits including pension cost and related liability based on actuarial present value of projected benefit obligation using actuarial appraisal approach and based on 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 including changes in the projected benefit obligation or pension plan assets resulting from the actual outcome being different from that assumed and from changes in assumptions are amortized 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 in which they arise.

(i) Reserve for reprocessing of irradiated nuclear fuel

At March 31, 2005, the Company provide for the costs for reprocessing of irradiated nuclear fuel based on 60% of amount required to pay for it at fiscal year-end in accordance with the provisions prescribed by the regulatory authorities. Effective April 1, 2005, the Company changed to provide for the reserve for the costs deemed to be incurred as of the year end based on the Company's estimates for reprocessing of only the irradiated nuclear fuel actually planned to be reprocessed.

Of the difference that has arisen due to the accounting change for the provision for the reserve, an amount of ¥127,932 million ($1,089,058 thousand) specified by the Article 2 of the supplementary provision in Ordinance partially revising accounting regulations for Japanese Electric utility companies (Ministry of Economy, Trade and Industry Ordinance No. 92, 2005) is allocated on a straight-line basis as operating expenses over 15 years from the current year ended March 31, 2006. The unrecorded balance at March 31, 2006 amounted to ¥119,403 million ($1,016,454 thousand).

Regarding the difference in estimates for reprocessing costs, the Company provides for the cost estimated for reprocessing spent fuel with a specific reprocessing plan from the next fiscal year throughout the period it is generated, following the article in the accounting regulations applicable to electricity business. The unrecognized difference for this estimate at March 31, 2006 amounted to ¥13,202 million ($112,390 thousand). This estimate is based on the spent nuclear fuel generated by the end of the current fiscal year (approximately 82 metric tons), excluding the portion without a specific reprocessing plan (approximately 41 metric tons).

In addition, the Company has provided for the fund for reprocessing of irradiated nuclear fuel, which is included in investments and other long-term assets in the accompanying consolidated balance sheets, starting from the year ended March 31, 2006 as stipulated under the supplementary provision of Item 3 of Article 3 in the Law on the Creation and Management of Reserve Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations (Law 48, 2005).

(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 recognizes reserve 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. Leases that do not substantially transfer the risks and rewards of ownership of the assets at the end of the lease term are accounted for as operating leases, as permitted by the accounting principles and practices 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, 2006 and 2005 amounted to ¥16,638 million ($141,634 thousand) and ¥16,021 million, respectively.

(o) New share issue expenses, bond issue expenses and bond discounts

New share issue expenses and 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 prevailing exchange rates at the fiscal year end. Transactions in foreign currencies are translated based on the prevailing exchange rates on the transaction dates. Resulting foreign exchange translation gains or losses are included in the consolidated statements of income.

In respect of the financial statement items of overseas subsidiaries, all asset and liability accounts are translated into Japanese yen by applying the exchange rates in effect at the respective fiscal year-ends. All income and expense accounts are translated at the average rates of exchange prevailing during each year. Translation differences, after allocating to minority interests portions attributable to minority interests, are reported as foreign currency translation adjustment in a separate component of shareholders' equity in the consolidated balance sheets.

(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 being charged to income, as permitted by the accounting principles and practices generally accepted in Japan.

(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 were converted at the time of issue unless having anti-dilutive effects. Cash dividends per share shown for each fiscal year in the consolidated statements of income represent dividends declared as applicable to the respective years.

3. Accounting Changes

(Accounting 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 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 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 is no indication of impairment for the electric utility business. Recoverable amounts of the assets were measured based on their net selling prices, which are based on appraisal valuations less costs of disposal or municipal property tax bases.

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

	Millions of Yen	Thousands of U.S. Dollars
Discontinued 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 adopting this new accounting standard, income before income taxes and minority interests for the year ended March 31, 2005 decreased by ¥45,625 million, as compared with the previous accounting method.

(Amortization of easement for transmission lines)

Easement for transmission lines of the Company was previously accounted for as unamortized intangible assets. Effective April 1, 2005, the Company changed the accounting treatment to amortize the consideration received for easement for transmission lines over the estimated useful lives of equipment related to wheeling service in accordance with an amendment to the Electric Utilities Industry law (Denki Jigyo-Ho). As a result, each of operating income and income before income taxes and minority interests for the year ended 31 March, 2006 decreased by ¥8,550 million ($72,785 thousand), respectively, compared with the previous accounting method.

(Amendment of accounting standard for retirement benefits)

The Company adopted "Partial Amendment of Accounting Standard for Retirement Benefits (Accounting Standard No.3)" and "Practical Guidance for Partial Amendment of Accounting Standard for Retirement Benefits (Practical Guidance No.7)" issued by the Accounting Standards Board of Japan on March 16, 2005 applied for the period beginning on April 1, 2005. As a result of this adoption, each of operating income and income before income taxes and minority interests for the year ended 31 March, 2006 increased by ¥941 million ($8,015 thousand), respectively, compared with the previous accounting method.

(Accounting for reserve for reprocessing of irradiated nuclear fuel)

A reserve for reprocessing of irradiated nuclear fuel was previously recorded based on 60% of the amount which would be required to reprocess all the Company's nuclear fuel irradiated up to the current semi-annual period end. However, the ministerial ordinance regulating the rules of reserve for reprocessing of irradiated nuclear fuel has been repealed by "Ministerial Ordinance to Repeal the Existing Ordinance Set for Reserve for Reprocessing of Irradiated Nuclear Fuel" (Ordinance No. 83 of the Ministry of Economy, Trade and Industry, 2005) and the accounting regulations applicable to electricity business (Ordinance No.57 of the Ministry of International Trade and Industry, 1965) have been revised accordingly, due to the fact that the expenses relating to back-end business such as disposals of equipment installed in the reprocessing facilities, for which there had been no estimations available, have been provided based on the reasonable valuation measures by the mid-term report titled "Economic Measures to Deal with Back-end Business" (published by the Electric Industry Committee, a sub-committee of the Advisory Committee on Energy and Natural Resources on August 30, 2004). Therefore, effective April 1, 2005, the Company has adopted the new accounting regulations mentioned above to determine the reserve for reprocessing of irradiated nuclear fuel. Per these regulations, the Company determines and provides the reserve for the costs deemed to be incurred as of the year end based on the Company's estimates for reprocessing of only the irradiated nuclear fuel actually planned to be reprocessed. As a result of this change, the related expenses increased by ¥12,889 million ($109,725 thousand) and each of operating income and income before income taxes and minority interests for the year ended March 31, 2006 decreased by the same amount, respectively, 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
	2006	2005	2006
Cash	¥ 51,440	¥ 49,482	$ 437,902
Time deposits with an original maturity of more than three months included in cash account	(325)	(1,318)	(2,771)
Short-term investments with an original maturity of three months or less included in other current assets account	14,035	15,697	119,478
Cash and cash equivalents	¥ 65,150	¥ 63,861	$ 554,609

Significant non-cash flow transactions for the year ended March 31, 2006 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Conversion of convertible bonds:	2006	2006
Increase in common stock	¥ 56,257	$ 478,911
Increase in capital surplus	56,257	478,911
Record of gain relating to reissuance of treasury stock	3,239	27,569
Decrease in treasury stock	28,681	244,157
Decrease in convertible bonds	144,435	1,229,548

5. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Hydroelectric power production facilities	¥ 336,854	¥ 354,344	$ 2,867,577
Thermal power production facilities	724,123	804,498	6,164,321
Nuclear power production facilities	398,972	452,450	3,396,377
Transmission facilities	1,147,186	1,217,560	9,765,777
Transformation facilities	475,976	483,410	4,051,889
Distribution facilities	799,602	852,634	6,806,865
General facilities	148,146	158,380	1,261,136
Other electricity-related property, plant and equipment	656	1,557	5,583
Other property, plant and equipment	286,946	249,893	2,442,715
Construction in progress	146,050	186,576	1,243,300
	¥ 4,464,511	¥ 4,761,302	$ 38,005,540

As permitted by the accounting principles and practices generally accepted in Japan, accumulated gains in relation to the receipt of contributions in aid of real property construction deducted from the original acquisition costs amounted to ¥145,323 million ($1,237,104 thousand) and ¥143,577 million at March 31, 2006 and 2005, respectively.

Loss on discontinued construction of hydroelectric power plant included impairment loss of ¥7,209 million ($61,366 thousand) for the year ended March 31, 2006.

6. Investments and Marketable Securities

At March 31, 2006 and 2005, investments consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Long-term investments:			
Marketable securities:			
Equity securities	¥ 91,804	¥ 56,103	$ 781,508
Bonds	16,234	13,809	138,198
Other	3,430	1,430	29,203
	111,468	71,342	948,909
Other non-marketable securities	87,604	75,014	745,755
Investments in affiliates	35,062	33,686	298,481
Other	58,384	62,457	497,009
	¥ 292,518	¥ 242,499	$ 2,490,154
Short-term investments included in other current assets:			
Marketable securities:			
Bonds	¥ 1,003	¥ 484	$ 8,535
Other	857	857	7,299
	1,860	1,341	15,834
Other non-marketable securities	14,036	15,723	119,484
	¥ 15,896	¥ 17,064	$ 135,318

At March 31, 2006 and 2005, 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:				
As of March 31, 2006:				
National and local government bonds	¥ 4,825	¥ 27	¥ 68	¥ 4,784
Corporate bonds and debentures	2,192	20	27	2,185
Other	1,500	6	71	1,435
	¥ 8,517	¥ 53	¥ 166	¥ 8,404
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
Other	1,219	35	9	1,245
	¥ 7,532	¥ 202	¥ 11	¥ 7,723
	Thousands of U.S. Dollars			
As of March 31, 2006:				
National and local government bonds	$ 41,071	$ 225	$ 576	$ 40,720
Corporate bonds and debentures	18,662	172	234	18,600
Other	12,768	55	605	12,218
	$ 72,501	$ 452	$ 1,415	$ 71,538

	Cost		Gross unrealized gains		Gross unrealized losses		Fair and carrying value
	Millions of Yen						
Available-for-sale securities:							
As of March 31, 2006:							
Equity securities	¥	14,541	¥	77,265	¥	2	¥ 91,804
Bonds:							
Bonds and debentures		2,607		3		14	2,596
Other bonds		4,335		136		352	4,119
Other		2,573		1		1	2,573
	¥	24,056	¥	77,405	¥	369	¥ 101,092
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
Other		2,292		3		8	2,287
	¥	22,932	¥	42,611	¥	393	¥ 65,150
	Thousands of U.S. Dollars						
As of March 31, 2006:							
Equity securities	$	123,784	$	657,745	$	21	$ 781,508
Bonds:							
Bonds and debentures		22,196		23		122	22,097
Other bonds		36,906		1,156		2,997	35,065
Other		21,900		11		6	21,905
	$	204,786	$	658,935	$	3,146	$ 860,575

During the years ended March 31, 2006 and 2005, the Chubu Electric Group sold available-for-sale securities and recorded gains of ¥162 million ($1,375 thousand) and ¥14,861 million and losses of ¥23 million ($195 thousand) and ¥51 million in the consolidated statements of income, respectively.

Expected maturities of held-to-maturity and available-for-sale debt securities at March 31, 2006 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 4,102	$ 34,923
Due after one year through five years	4,704	40,047
Due after five years through ten years	5,575	47,459
Due after ten years	2,775	23,619
	¥ 17,156	$ 146,048

7. Long-term Debt and Short-term Borrowings

As of March 31, 2006 and 2005, long-term debt consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Bonds and notes payable:			
Domestic issue:			
0.4% to 4.0%, maturing serially through 2028	¥ 1,201,626	¥ 1,276,636	$ 10,229,216
Floating rate, maturing serially through 2013	259,000	259,000	2,204,818
1.0% convertible bonds, due in 2006	—	146,276	—
Overseas issue:			
0.08% to 0.76%, maturing serially through 2013 (payable in Euro yen)	26,000	29,000	221,333
Loans from the Development Bank of Japan, other banks and insurance companies, due through 2023	1,119,128	1,139,535	9,526,924
Less, intercompany elimination	(900)	(892)	(7,662)
Total	2,604,854	2,849,555	22,174,629
Less, current portion of long-term debt	(125,707)	(267,545)	(1,070,115)
	¥ 2,479,147	¥ 2,582,010	$ 21,104,514

At March 31, 2006 and 2005 all assets of the Company were subject to certain statutory preferential rights as collateral for loans from the Development Bank of Japan of ¥345,201 million ($2,938,631 thousand) and ¥390,696 million, respectively, and for bonds (including those assigned under debt assumption agreements) of ¥2,155,649 million ($18,350,634 thousand) and ¥2,202,283 million, respectively. At March 31, 2006 and 2005, property, plant and equipment, and long-term investments of certain subsidiaries pledged as collateral for long-term debt amounted to ¥33,573 million ($285,799 thousand) and ¥36,040 million, respectively.

The aggregate annual maturities of long-term debt as of March 31, 2006 are summarized as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2007	¥ 125,707	$ 1,070,115
2008	150,074	1,277,550
2009	235,259	2,002,719
2010	185,682	1,580,678
2011	329,077	2,801,371
2012 and thereafter	1,579,055	13,442,196

Short-term borrowings consisted mainly of bank loans bearing an average interest rate of 0.294% per annum at March 31, 2006. At March 31, 2006, commercial papers bear an average interest rate of 0.066% 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 retirement benefit liability and net periodic retirement benefit expense as at or for the years ended March 31, 2006 and 2005:

	Millions of Yen		Thousands of U.S Dollars
As of March 31,	**2006**	2005	**2006**
Projected benefit obligation *	**¥ 531,331**	¥ 525,403	**$ 4,523,120**
Less, fair value of pension plan assets at end of year	**(452,009)**	(369,832)	**(3,847,868)**
	79,322	155,571	**675,252**
Unrecognized pension plan assets	**—**	2,824	**—**
Unrecognized actuarial differences	**96,149**	18,085	**818,497**
Unrecognized prior service cost	**16,137**	30,655	**137,372**
Prepaid pension cost	**5**	—	**47**
Employee retirement benefit liability	**¥ 191,613**	¥ 207,135	**$ 1,631,168**

*Note: 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,	**2006**	2005	**2006**
Components of net periodic retirement benefit expense:			
Service cost	**¥ 16,227**	¥ 16,770	**$ 138,137**
Interest cost	**10,385**	10,433	**88,404**
Expected return on pension plan assets	**(482)**	(397)	**(4,101)**
Amortization of actuarial differences	**(205)**	24,196	**(1,745)**
Amortization of prior service cost	**(14,517)**	(13,987)	**(123,584)**
Net periodic retirement benefit expense	**¥ 11,408**	¥ 37,015	**$ 97,111**

Major assumptions used in the calculation of the above information for the years ended March 31, 2006 and 2005 were as follows:

		2006	2005
Amortization method for projected benefits over periods of services		Straight-line method	Straight-line method
Discount rate	(Company)	2.0%	2.0%
	(Subsidiaries)	2.0%, 2.5%	2.0%, 2.5%
Expected rate of return on pension plan assets	(Company)	0.1%	0.1%
	(Subsidiaries)	0.5 to 2.0%	0.5 to 1.0%
Amortization period for prior service cost	(Company)	3 years	3 years
	(Subsidiaries)	5 years	5 years
Amortization period for 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 substantially transfer the risks and rewards of ownership of the assets at the end of the lease term amounted to ¥3,509 million ($29,868 thousand) and ¥3,494 million for the years ended March 31, 2006 and 2005, respectively.

Pro forma information on 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, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Acquisition cost	¥ 20,924	¥ 18,833	$ 178,128
Accumulated depreciation	8,669	6,128	73,800
Net leased property	¥ 12,255	¥ 12,705	$ 104,328
Future minimum lease payments:			
Due within one year	¥ 3,369	¥ 3,287	$ 28,680
Due after one year	8,957	9,457	76,252
Total	¥ 12,326	¥ 12,744	$ 104,932

Information on the future lease payments under non-cancelable operating leases at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Due within one year	¥ 8	¥ —	$ 66
Due after one year	69	—	587
Total	¥ 77	¥ —	$ 653

(b) Lessor

Revenue under finance leases other than those which substantially transfer the risks and rewards of ownership of the assets at the end of the lease term amounted to ¥2,071 million ($17,628 thousand) and ¥1,991 million for the years ended March 31, 2006 and 2005, respectively. The related depreciation expense of ¥1,528 million ($13,009 thousand) and ¥1,401 million was recorded on the consolidated statements of income for the years ended March 31, 2006 and 2005, respectively.

Information on the leased property such as acquisition cost, accumulated depreciation and future lease commitments to be received under these finance leases at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Acquisition cost	¥ 10,800	¥ 10,101	$ 91,941
Accumulated depreciation	4,472	4,643	38,072
Net leased property	¥ 6,328	¥ 5,458	$ 53,869
Future lease commitments to be received:			
Due within one year	¥ 1,897	¥ 1,831	$ 16,145
Due after one year	5,995	5,307	51,038
Total	¥ 7,892	¥ 7,138	$ 67,183

Information on the future lease commitments to be received under non-cancelable operating leases at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Due within one year	¥ 563	¥ 124	$ 4,789
Due after one year	6,494	820	55,287
Total	¥ 7,057	¥ 944	$ 60,076

10. Contingent Liabilities

As of March 31, 2006 and 2005, contingent liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Co-guarantees of loans for others:			
Japan Nuclear Fuel Limited	¥ 154,546	¥ 156,068	$ 1,315,622
Nuclear Fuel Transport Co., Ltd. and other companies	2,298	3,145	19,566
Guarantees of housing and other loans for the employees	101,814	100,892	866,721
Guarantee relating to electricity purchase agreement for affiliates	1,980	1,929	16,856
Recourses under debt assumption agreements	669,923	492,263	5,702,928

11. Shareholders' Equity

At March 31, 2006 and 2005, respectively, capital surplus principally consisted of additional paid-in capital. Retained earnings included legal reserve of the Company in the amount of ¥93,629 million ($797,041 thousand) at March 31, 2006 and 2005, 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 dividend distributions, but may be used to reduce a deficit or may be transferred to common stock subject to the approval of the Board of Directors and/or shareholders.

12. Income Taxes

The tax effects on temporary differences that give to deferred tax assets and liabilities at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Deferred tax assets:			
Employee retirement benefit liability	¥ 69,231	¥ 70,404	$ 589,348
Depreciation	30,536	29,966	259,944
Amortization of deferred charges	22,031	25,351	187,547
Impairment loss on fixed assets	17,309	14,988	147,346
Intercompany profits	12,733	13,357	108,392
Reserve for reprocessing of irradiated nuclear fuel	7,640	11,980	65,043
Accrued bonus to employees	9,459	9,707	80,526
Reserve for decommissioning nuclear power plant	7,353	7,353	62,596
Others	42,176	36,181	359,034
Total gross deferred tax assets	218,468	219,287	1,859,776
Less, valuation allowance	(25,695)	(18,746)	(218,738)
Total deferred tax assets	192,773	200,541	1,641,038
Deferred tax liabilities:			
Unrealized gains on securities	25,505	15,113	217,122
Others	158	184	1,343
Total deferred tax liabilities	25,663	15,297	218,465
Net deferred tax assets	¥ 167,110	¥ 185,244	$ 1,422,573

At March 31, 2006 and 2005, deferred tax assets and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Deferred tax assets:			
Non-Current	¥ 149,188	¥ 163,233	$ 1,270,009
Current	17,923	22,049	152,572
Deferred tax liabilities:			
Non-Current	1	38	9

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, 2006 and 2005, 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 income tax rate and the effective income tax rate for the years ended March 31, 2006 and 2005 were as follows:

	2006	2005
Statutory tax rate	35.7%	35.7%
Increase due to:		
Valuation allowance	3.6	9.4
Tax credit	(1.2)	(2.2)
Equity in earnings of affiliates	(0.2)	(0.4)
Permanent non-deductible expenses	0.3	0.3
Other	0.4	0.8
Effective income tax rate	38.6%	43.6%

13. Segmented Information

The Chubu Electric Group's operations are classified into two segments, electric utility business and other business. The electric utility segment is composed of electric power supply business. The 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. Information by industry segment for the years ended March 31, 2006 and 2005 was as follows:

	Electric utility	Other	Total	Elimination	Consolidated
			Millions of Yen		
For the year ended March 31, 2006:					
Operating revenues:					
Outside customers	¥ 2,041,326	¥ 109,182	¥ 2,150,508	¥ —	¥ 2,150,508
Inter-segment	3,719	181,239	184,958	(184,958)	—
Total operating revenues	2,045,045	290,421	2,335,466	(184,958)	2,150,508
Operating expenses	1,739,573	275,062	2,014,635	(186,232)	1,828,403
Operating income	¥ 305,472	¥ 15,359	¥ 320,831	¥ 1,274	¥ 322,105
Identifiable assets	¥ 5,471,617	¥ 451,560	¥ 5,923,177	¥ (181,301)	¥ 5,741,876
Depreciation and amortization	333,035	35,154	368,188	(2,893)	365,296
Capital expenditures	111,539	41,649	153,188	(2,062)	151,126
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
			Thousands of U.S. Dollars		
For the year ended March 31, 2006:					
Operating revenues:					
Outside customers	$ 17,377,421	$ 929,448	$ 18,306,869	$ —	$ 18,306,869
Inter-segment	31,661	1,542,851	1,574,512	(1,574,512)	—
Total operating revenues	17,409,082	2,472,299	19,881,381	(1,574,512)	18,306,869
Operating expenses	14,808,655	2,341,553	17,150,208	(1,585,356)	15,564,852
Operating income	$ 2,600,427	$ 130,746	$ 2,731,173	$ 10,844	$ 2,742,017
Identifiable assets	$ 46,578,842	$ 3,844,047	$ 50,422,889	$ (1,543,378)	$ 48,879,511
Depreciation and amortization	2,835,062	299,257	3,134,319	(24,624)	3,109,695
Capital expenditures	949,510	354,554	1,304,064	(17,557)	1,286,507

Note: As disclosed in Note 3, the Company changed the accounting policies relating to the amortization of easement for transmission lines, the amendment of accounting standards for retirement benefits, and accounting for reserve for reprocessing of irradiated nuclear fuel from the year ended March 31, 2006. These accounting changes had effects in operating expenses and operating income principally in the electric utility segment for the year ended March 31, 2006.

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

14. Subsequent Event

On June 28, 2006, 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)	¥ 23,464	$ 199,747
Bonuses to directors and corporate auditors	131	1,115

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, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars
ASSETS	2006	2005	2006
Property, Plant and Equipment:			
Property, plant and equipment	¥12,228,475	¥12,273,589	$104,098,710
Construction in progress	133,574	180,304	1,137,089
	12,362,049	12,453,893	105,235,799
Less:			
Contributions in aid of construction	(142,688)	(141,153)	(1,214,678)
Accumulated depreciation	(7,978,781)	(7,725,948)	(67,921,864)
	(8,121,469)	(7,867,101)	(69,136,542)
Property, Plant and Equipment, Net	4,240,580	4,586,792	36,099,257
Nuclear Fuel:			
Loaded nuclear fuel	40,034	48,120	340,799
Nuclear fuel in processing	210,165	202,579	1,789,100
Total Nuclear Fuel	250,199	250,699	2,129,899
Investments and Other Long-Term Assets:			
Long-term investments	383,264	267,341	3,262,650
Deferred tax assets	125,605	138,862	1,069,254
Fund for reprocessing of irradiated nuclear fuel	263,383	—	2,242,129
Other	9,847	7,519	83,822
Less, allowance for doubtful accounts	(405)	(481)	(3,444)
Total Investments and Other Long-Term Assets:	781,694	413,241	6,654,411
Current Assets:			
Cash	17,389	18,225	148,031
Trade accounts receivable	103,422	88,523	880,409
Less, allowance for doubtful accounts	(644)	(523)	(5,487)
Inventories	58,867	43,756	501,124
Deferred tax assets	15,053	18,803	128,145
Other	21,448	15,484	182,584
Total Current Assets	215,535	184,268	1,834,808
Total Assets	¥5,488,008	¥5,435,000	$46,718,375

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Long-term Liabilities and Reserves:			
Long-term debt	¥2,426,753	¥2,521,494	$20,658,488
Employee retirement benefit liability	170,690	186,192	1,453,055
Reserve for reprocessing of irradiated nuclear fuel	261,019	253,374	2,222,005
Reserve for decommissioning nuclear power plant	89,094	82,639	758,437
Other long-term liabilities	64,808	32,611	551,701
Total Long-term Liabilities and Reserves	3,012,364	3,076,310	25,643,686
Current Liabilities:			
Current portion of long-term debt and other	113,954	254,148	970,064
Short-term borrowings	294,400	265,204	2,506,172
Commercial papers	270,000	304,000	2,298,459
Trade accounts payable	71,195	41,248	606,072
Income taxes payable	20,843	33,763	177,431
Other	160,552	143,580	1,366,749
Total Current Liabilities	930,944	1,041,943	7,924,947
Reserve for Fluctuation in Water Levels	6,666	15,977	56,745
Total Liabilities	3,949,974	4,134,230	33,625,378
Shareholders' Equity :			
Common stock	430,777	374,520	3,667,127
Capital surplus	73,956	14,261	629,577
Retained earnings	981,967	914,225	8,359,301
Net unrealized gains on available-for-sale securities	51,362	26,818	437,234
Less, treasury stock, at cost	(28)	(29,054)	(242)
Total Shareholders' Equity	1,538,034	1,300,770	13,092,997
Total Liabilities and Shareholders' Equity	¥5,488,008	¥5,435,000	$46,718,375

NON-CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

Chubu Electric Power Company, Incorporated (Parent)
For the Years Ended March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Operating Revenues	¥2,069,358	¥2,051,821	$17,616,056
Operating Expenses:			
Fuel	499,242	382,317	4,249,956
Salaries and employee benefits	191,442	218,817	1,629,712
Purchased Power	159,979	150,435	1,361,875
Maintenance	157,710	161,635	1,342,556
Depreciation	330,273	384,841	2,811,548
Taxes other than income taxes	132,791	138,750	1,130,422
Other	289,437	284,480	2,463,920
Total Operating Expenses	1,760,874	1,721,275	14,989,989
Operating Income	308,484	330,546	2,626,067
Other (Income) Expenses:			
Interest expense	93,430	129,266	795,354
Impairment loss on fixed assets	—	38,016	—
Gain on disposition of investment securities	—	(14,752)	—
Loss on discontinued construction of hydroelectric power plant	33,506	—	285,233
Other, net	9,080	15,892	77,299
Total Other Expenses, net	136,016	168,422	1,157,886
Income before (Reversal) Provision of Reserve for Fluctuation in Water Levels and Income Taxes	172,468	162,124	1,468,181
(Reversal) Provision of Reserve for Fluctuation in Water Levels	(9,311)	7,330	(79,266)
Income before Income Taxes	181,779	154,794	1,547,447
Income Taxes:			
Current	63,649	80,664	541,829
Deferred	6,483	(16,667)	55,190
Total Income Taxes	70,132	63,997	597,019
Net Income	111,647	90,797	950,428
Retained Earnings:			
Balance at Beginning of Year	914,225	867,049	7,782,620
Appropriations:			
Cash dividends	(43,774)	(43,490)	(372,632)
Bonuses to directors and corporate auditors	(131)	(131)	(1,115)
Balance at End of Year	¥981,967	¥914,225	$8,359,301

	Yen		U.S. Dollars
Per Share of Common Stock:	2006	2005	2006
Net income:			
Basic	¥ 151.70	¥ 125.19	$ 1.29
Diluted	¥ 142.99	¥ 116.98	$ 1.22
Cash dividends	¥ 60.00	¥ 60.00	$ 0.51

Corporate Data As of March 31, 2006

Chubu Electric Power Co., Inc.

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DATE OF ESTABLISHMENT

May 1st, 1951

CAPITAL

¥430,777,362,600

AUTHORIZED NUMBER OF SHARES

1,190,000,000

NUMBER OF ISSUED SHARES

782,153,165

NUMBER OF SHAREHOLDERS

347,931

SECURITIES TRADED

Tokyo Stock Exchange
Osaka Securities Exchange
Nagoya Stock Exchange

Manager of Shareholder List

Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku
Tokyo 100-0005, Japan

GENERAL MEETING OF SHAREHOLDERS

June

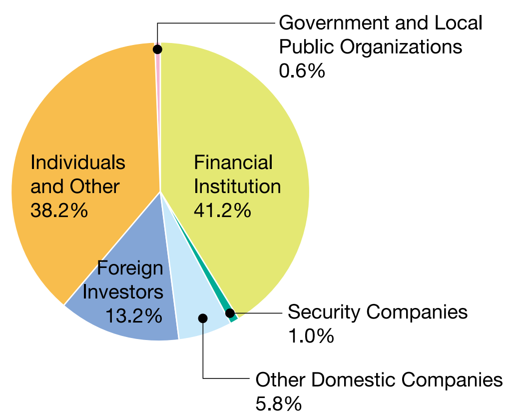
AUDITOR

ChuoAoyama Audit Corporation

PRINCIPAL SHAREHOLDERS

Name	Number of Shares (thousands)	Percentage of Total Shares in Issue
The Master Trust Bank of Japan, Ltd.	47,057	6.02
Meiji Yasuda Life Insurance Company	42,662	5.45
Nippon Life Insurance Company	34,440	4.40
Japan Trustee Services Bank, Ltd.	28,263	3.61
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,104	2.44
Goldman Sachs International (Standing proxy: Goldman Sachs, Tokyo Office)	15,587	1.99
Sumitomo Mitsui Banking Corporation	14,943	1.91
Mizuho Corporate Bank, Ltd.	14,064	1.80
Trust & Custody Services Bank, Ltd.	13,979	1.79
Kondo Cotton Spinning Co., Ltd.	13,232	1.69

COMPOSITION OF SHAREHOLDERS



Annual Report
2006

Chubu Electric Power Co., Inc.

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