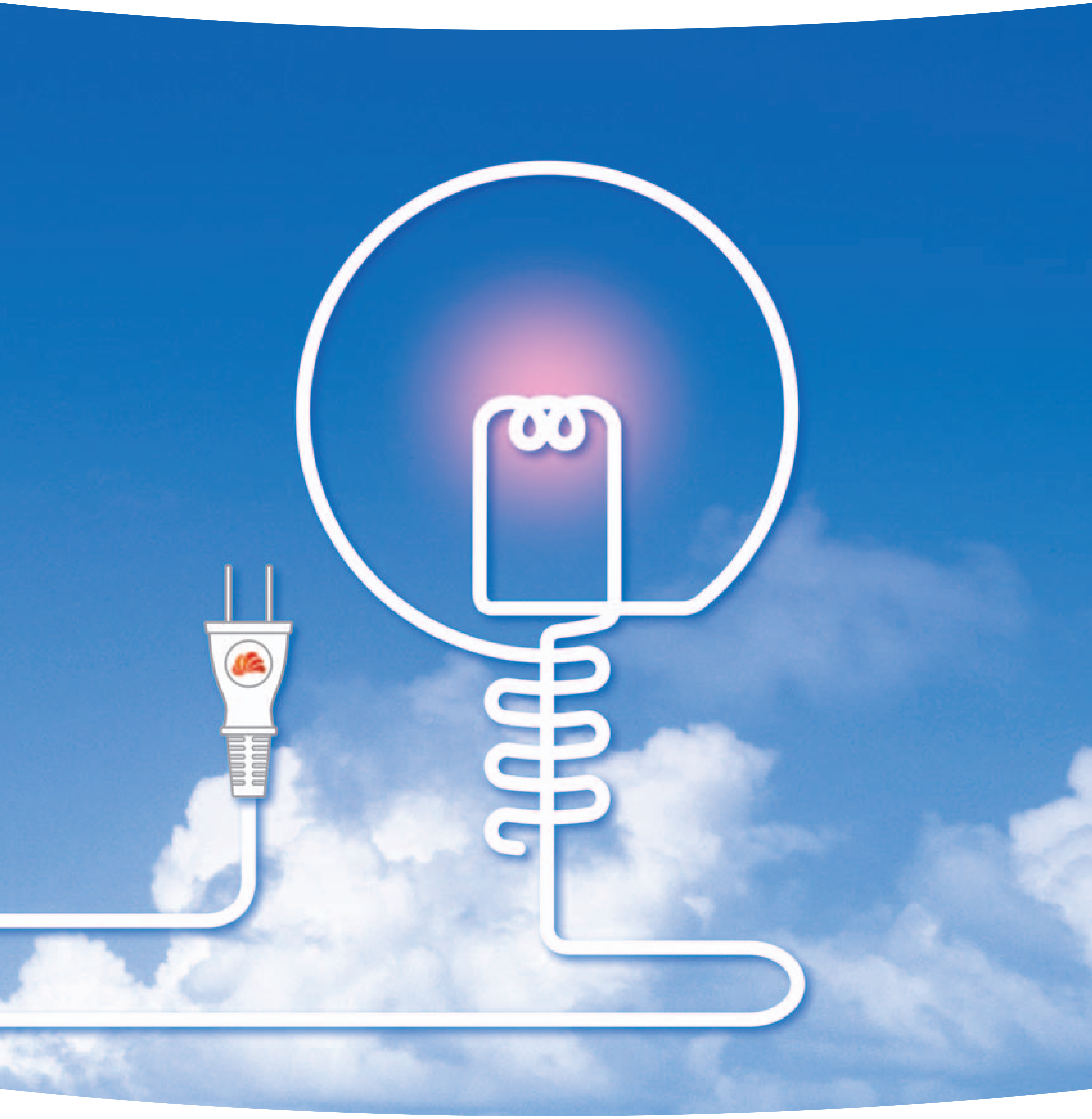
CHUBU
Electric Power

Annual Report 2008

Year ended March 31, 2008



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CONTENTS

About the Forecasts

The future plans and forecasts described in this document are based on information the company possesses at the present time and involve potential risk and uncertainty. Therefore, actual performance or business developments in the future may differ from those described.

Examples of potential risk or uncertainty include changes in the economic or competitive circumstances affecting a business sector, fluctuations in fuel prices, or modifications of laws or regulations.

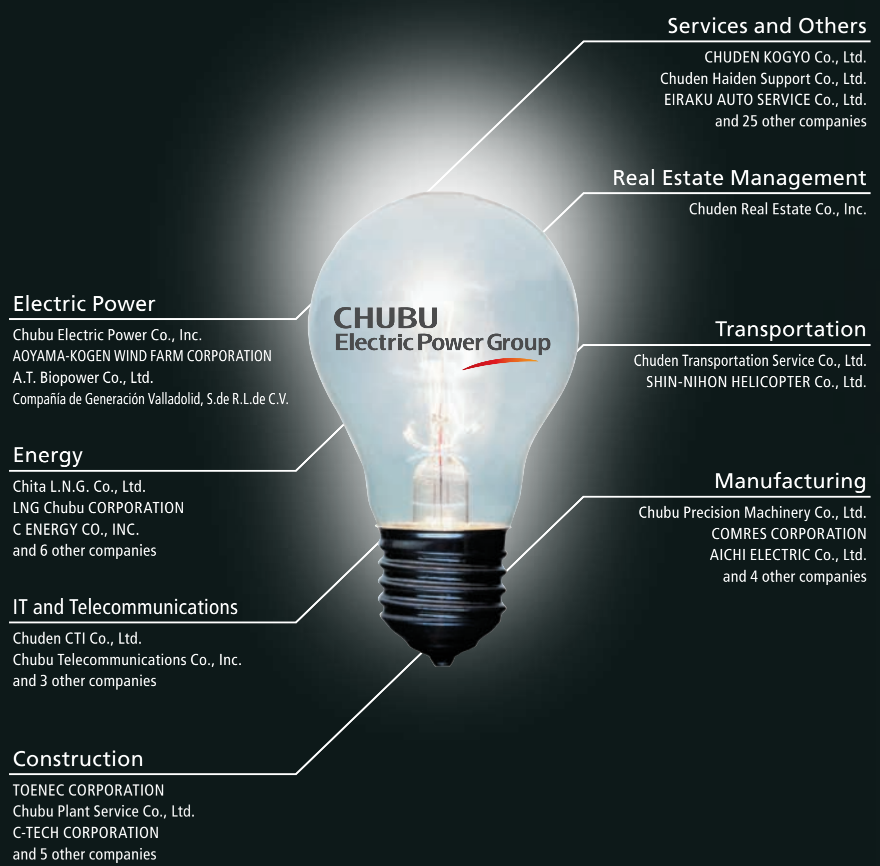
Chubu Electric Power Co., Inc.

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.

With its core business in electric utilities, Chubu Electric Power Group (hereafter the Group) has developed operations as a Multi-Energy Services Group. In addition to the electric utility business, we are active in a variety of other fields: energy businesses such as supplying gas and on-site energy, construction for development and maintenance of electric utilities-related facilities, and manufacturing of materials and machinery for these facilities.

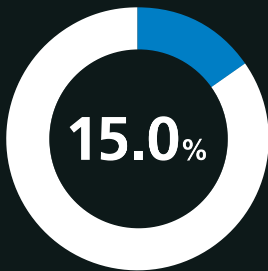
Chubu Electric Power Company serves an area of nearly 39,000 square kilometers in five prefectures of central Japan (Chubu, in Japanese), home to some 16 million people. The Chubu region is known as one of Japan's leading manufacturing regions, and many worldclass Japanese industries, including manufacturers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



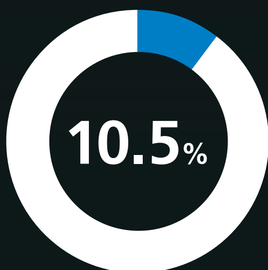
Market Activity of Chubu Electric Power and Chubu Region

Chubu Electric Power Company's Share within Japan (FY2007)

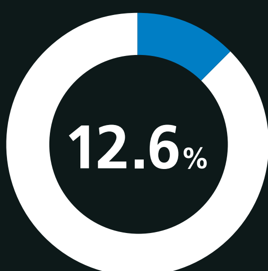
Electric energy sold



Area served



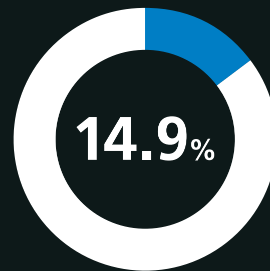
Population served



Economical Foundation of Chubu Region

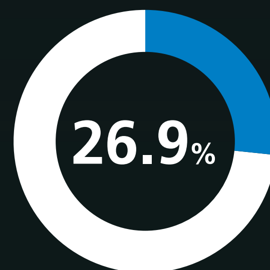
Share of (Real) GDP in Japan (FY2005)

Notes 1) Source: Economic and Social Research Institute, Cabinet Office
2) Chubu Region: Aichi Pref., Gifu Pref., Mie Pref., Shizuoka Pref. and Nagano Pref.



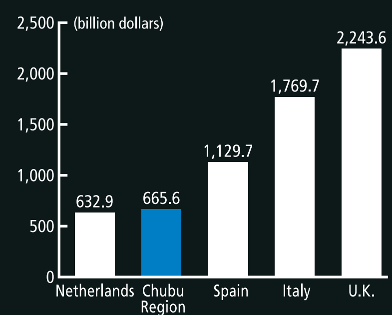
Shipment Share of Products in Japan (CY2006)

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 2005 to March 2006; all others are from January to December 2005
2) Source: Economic and Social Research Institute, Cabinet Office
3) Chubu Region: Aichi Pref., Gifu Pref., Mie Pref., Shizuoka Pref. and Nagano Pref.



Consolidated Financial Highlights

		Millions of yen	Millions of yen	Thousands of U.S. dollars
		FY2007	FY2006	FY2007
For the year	Operating Revenues	2,432,865	2,213,793	24,282,513
	Operating Income	167,863	246,712	1,675,447
	Ordinary Income*1	123,389	178,611	1,231,550
	Net Income	70,619	90,551	704,851
	Operating Cash Flow	471,958	441,515	4,710,630
At year-end	Total Assets	5,636,258	5,701,715	56,255,694
	Shareholders' Equity*2	1,712,665	1,729,950	17,094,171
	Outstanding Interest-bearing Debt	2,862,632	3,001,787	28,572,033

		Yen	Yen	U.S. dollars
		FY2007	FY2006	FY2007
Per share data	Net Income	90.58	115.80	0.90
	Cash Dividends	60	60	0.60

		%	%
		FY2007	FY2006
Financial ratios	ROA	3.1	4.4
	ROE	4.1	5.3

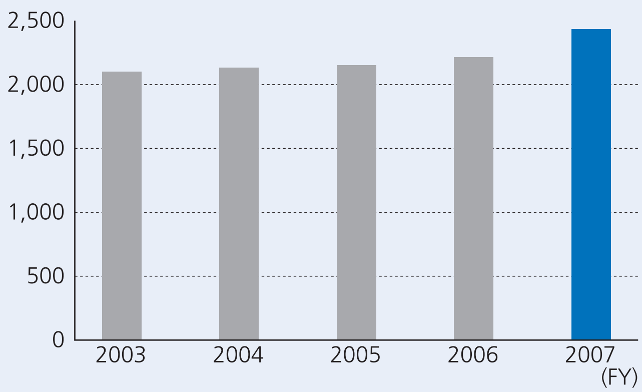
*1 Income before provision (reversal) of reserve for fluctuation in water levels, income taxes and minority interests + (Amortization of goodwill + Reserve for decommissioning costs of nuclear power plant for prior periods + Loss on discontinued construction of hydroelectric power plant)

*2 Total Net Assets – Minority interests

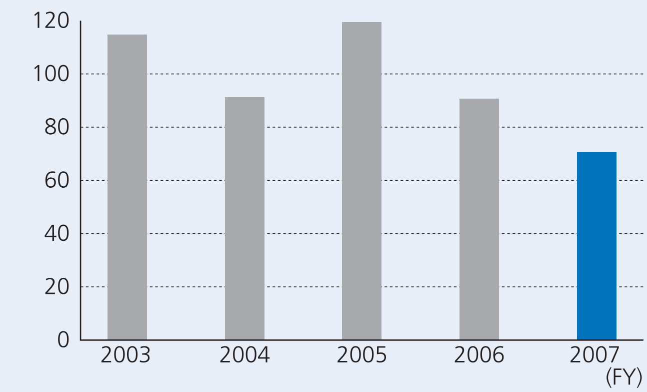
Notes: 1) U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥100.19 = US$1

2) Chubu Electric Power Company's fiscal year is from April 1 to March 31 of the following year.

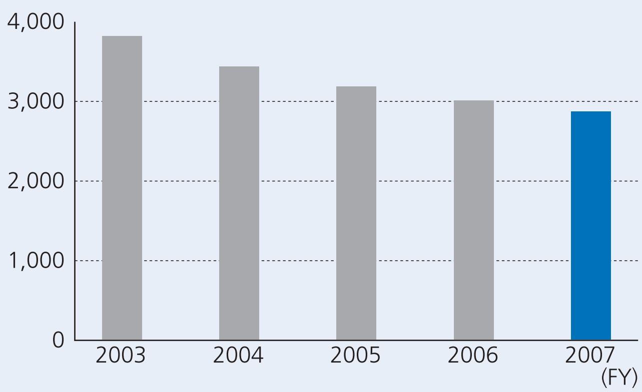
Operating Revenues (billion yen)



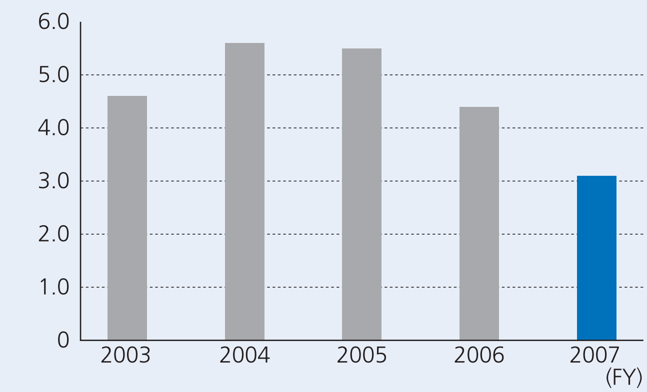
Net Income (billion yen)



Outstanding Interest-bearing Debt (billion yen)



ROA (%)



To Our Shareholders and Investors

Fumio Kawaguchi
Chairman of the Board of Directors

Toshio Mita
President & Director

Results for the Fiscal Year 2007

Overview of Consolidated Financial Results

Despite the surging cost of resources, concerns regarding the sluggish U.S. economy, and other factors that make forecasts difficult, the Japanese economy continued to see a gradual recovery in FY2007. Solid corporate performance, ongoing increases in capital investment and production, and greater personal consumption have contributed to the recovery. In particular, this upward trend is evident in our primary business area of central Japan.

Under these economic conditions, consolidated sales (operating revenues) rose by 9.9% over the previous year to ¥2,432.9 billion. Contributing factors included higher electricity revenues from a greater amount of electric energy sold in our core electricity business, as well as increased sales in other business, such as construction.

As for expenses, fuel expenses in our electricity business increases from higher fuel costs, which, combined with higher production costs in the construction industry, raised consolidated operating expenses 15.1% to ¥2,265.0 billion. As a result, consolidated operating income dropped by 32.0% to ¥167.9 billion.

Additionally, because we recorded a one-time extraordinary expense of ¥13.7 billion, based on the electricity supplied last fiscal year, to offset the amount of increase in estimated decommissioning costs following the amendment of an ordinance regarding a reserve for decommissioning nuclear power plants, consolidated net income decreased by 22.0% to ¥70.6 billion.

Challenges to Overcome

Since March 2000, liberalization of electric power retailing has gradually expanded in scope, and meetings of the Electricity Industry Committee (government subcommittee), has held since April 2007 to discuss system reform, have resulted in moving ahead with an investigation into an arrangement for further competition based on the current system. Greater reforms are also underway in the gas sector. These factors are causing more intense competition that transcends traditional boundaries between types of industry sector and categories of business.

At the same time, the international energy market is undergoing tremendous structural changes, caused by steep price increases in crude oil and other fossil fuels and a tighter balance of supply and demand. What's more, recognition is growing around the world of the urgent need to respond to global climate change, for which emissions of greenhouse gases such as CO_2 are a factor.

Against this background, while continuing to ensure a stable supply of electricity, the Group is taking on the following challenges to succeed in an increasingly competitive energy market and achieve sustainable growth as a Multi-Energy Services Group based in 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 stepping up efforts to promote an "all-electric" concept for homes and electrification of air-conditioning, cooking, and other tasks and redoubling our efforts in electricity usage consulting. By developing and providing Multi-Energy services combining electricity, gas, LNG, and on-site energy, we offer exactly the solution customers seek for a variety of needs, when they need it. Regarding electricity rates in particular, although the business environment is expected to remain difficult from surging crude oil prices and other challenges, benefits of greater business efficiency enabled us to revise rates in April 2008, which we have done with our customers in mind.

We will continue working to develop our services and take the initiative in business proposals.

Management Objectives (Target year: FY2010)

Sales target for electric power	Sales target for gas, LNG, and on-site energy businesses	Financial targets (consolidated)
By the end of FY2010 we intend to meet the following targets: In the residential sector, increase the number of all-electric homes to over 600,000 in total by FY2010-end; in the commercial and industrial sectors, create 800 MW of demand by promoting the use of electricity for kitchens, air conditioning and so on.	We have set a target of ¥45 billion in combined sales in FY2010 for our gas, LNG, and on-site energy businesses.	All group efforts are focused on meeting the following targets.

Item	Target (Consolidated)	Target Year
Ordinary Income*1	¥160 billion or more	4-year average from FY2007 to FY2010
ROA (Return on Assets)*2	4.1% or more	
Operating Cash Flow	¥470 billion or more	
Outstanding Interest-bearing Debt	¥2,600 billion or less	End of FY2010

*1 Income before provision (reversal) of reserve for fluctuation in water levels, income taxes and minority interests + (extra ordinary loss - extra ordinary gain).

*2 (Ordinary income + Interest expenses) / Average total assets at beginning and end of the period

Stable Generation and Reliable Supply of Affordable, High-Quality Energy

We generate affordable, superior energy and provide a reliable supply for our customers.

Toward this aim, we build power facilities for a balanced energy portfolio ensuring energy security and environmental protection. This and other work is aimed at systematically and efficiently organizing and operating facilities from a medium- to long-term perspective. In particular, since April 2008, we have been gradually phasing in operation of the advanced, high-efficiency LNG thermal plant at Shin-Nagoya Thermal Power Station Group No. 8 and steadily preparing another such facility at the Joetsu Thermal Power Station.

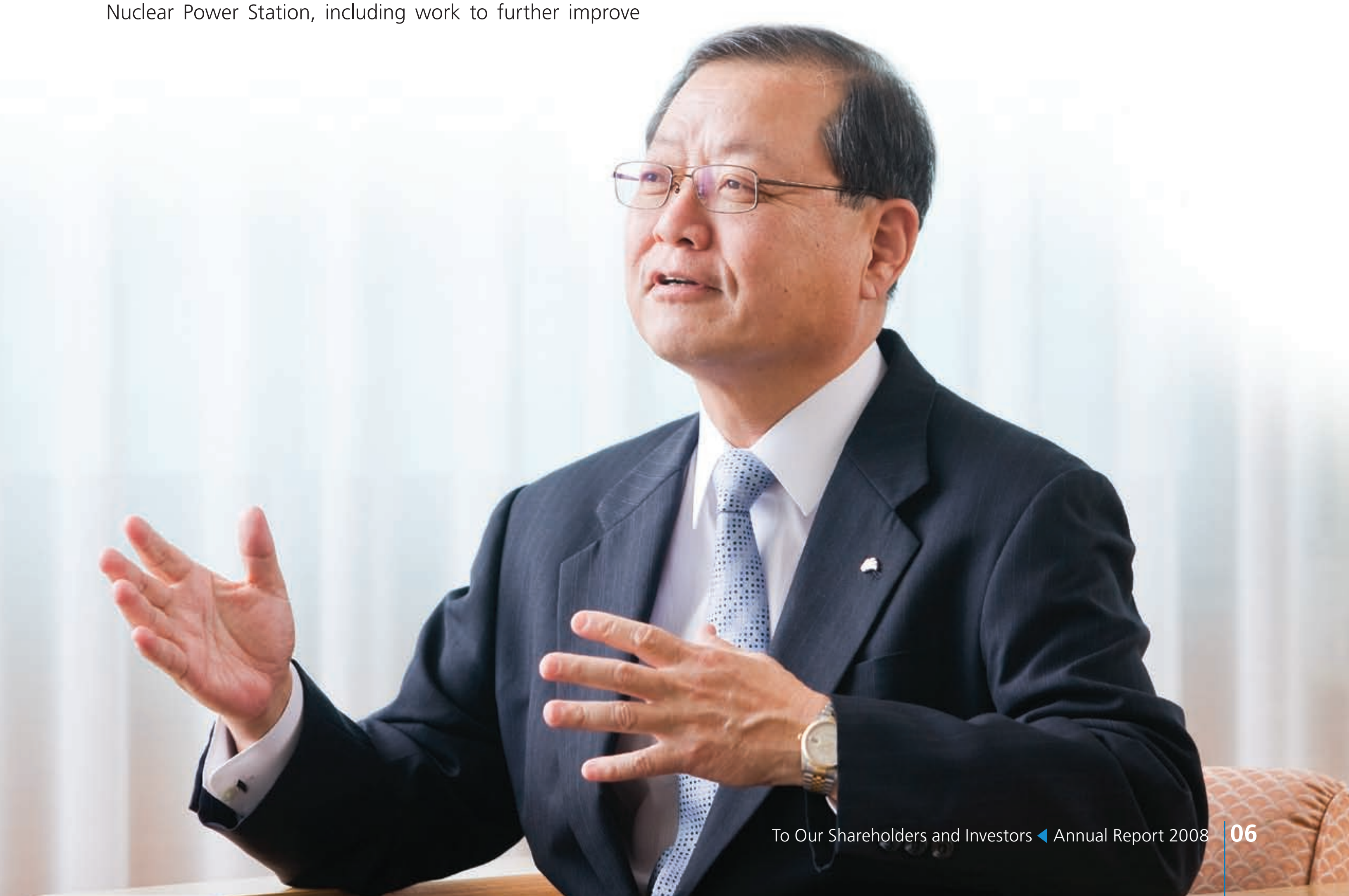
Meanwhile, even in the international energy market, with ongoing structural changes such as stringent conditions for LNG supply and demand, our efforts to continue procuring fuel in a stable and economical way have led us to diversify our sources while increasing our storage capacity, as with additional LNG tanks at the Kawagoe Thermal Power Plant.

We have taken appropriate measures at the Hamaoka Nuclear Power Station, including work to further improve 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 the MOX fuel program.

Enhancement of Corporate Value by Strengthening the Collective Group Strength

By strengthening the collective strength of the Group, we are working for greater corporate value as a Multi-Energy services group.

We therefore promote group restructuring, stronger management, and strategic use of management resources. As part of these efforts, we transferred an 80.5% share of Chubu Telecommunications Co., Inc. to KDDI CORPORATION in April 2008. The agreement builds a partnership between our two companies and enables us to provide very convenient telecommunications services in line with customer needs.



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. Curbing global warming in particular is a cause in which we are diligently involved—by promoting nuclear power generation, seeking better thermal efficiency of fire-powered generators, supporting the introduction of power from new, renewable energy sources, and reducing emissions of greenhouse gases. Measures to prevent recurrence of any inappropriate incidents at power plants are mandated by our action plan, and after reporting to the Nuclear and Industrial Safety Agency in May 2007, we have made steady gains in this regard. Promoting this action plan is one way we are establishing a keener awareness of regulatory compliance and changing the climate of our workplaces.

We at the Group 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.

Operating cash flow produced by these corporate activities will be allocated for capital investment in a carefully planned way to ensure a stable, efficient supply of electricity. We also aim to provide steady returns to our shareholders over the long term. Looking ahead, strategic allocations will also be made to gas and LNG sales, and on-site energy business for our sustainable growth, and to improve our financial position.

As we coordinate the strengths of the Group, we are committed to achieving sustainable growth as a robust enterprise that can respond flexibly and effectively to structural changes in the energy market, a corporate citizen diligent about CSR, with a record that inspires confidence, and as a reliable firm, sought out by customers, shareholders and investors alike, that contributes to the development of our local communities.

Allocation of Operating Cash Flow (Consolidated) from FY2007 to FY2010

(Approximate estimates)

Investment to maintain electricity business and improve stable and efficient electric power supply capability

¥1,100 billion

Basic Policy on Allocation of Operating Cash Flow

For optimal use of the results of management activities for all stakeholders, we have established the following guidelines regarding the allocation of operating cash flow in four areas during the four-year period from FY2007 to FY2010. We will continue to seek optimal utilization of our operating cash flow as circumstances allow.

Investment to maintain electricity business and improve stable and efficient electric power supply capability

We use operating cash flow to fulfill our duty to the public, and we feel that customers and all other stakeholders share our appreciation of the significance of this investment.
We are developing efficient facilities to ensure a stable, safe, affordable, and environmentally sound supply of electricity.

Stable dividends to shareholders

Cash allocation to compensate our shareholders and investors.
Taking into account cash dividends per share and dividend payout ratios to date, we intend to maintain the dividend payout ratio at approximately 40% of net income on a non-consolidated basis for each term.
Even if business performance worsens, we will strive to keep annual dividends on the level of 60 yen per share, unless business performance deteriorates significantly from unforeseeable changes in the business environment or similar factors.

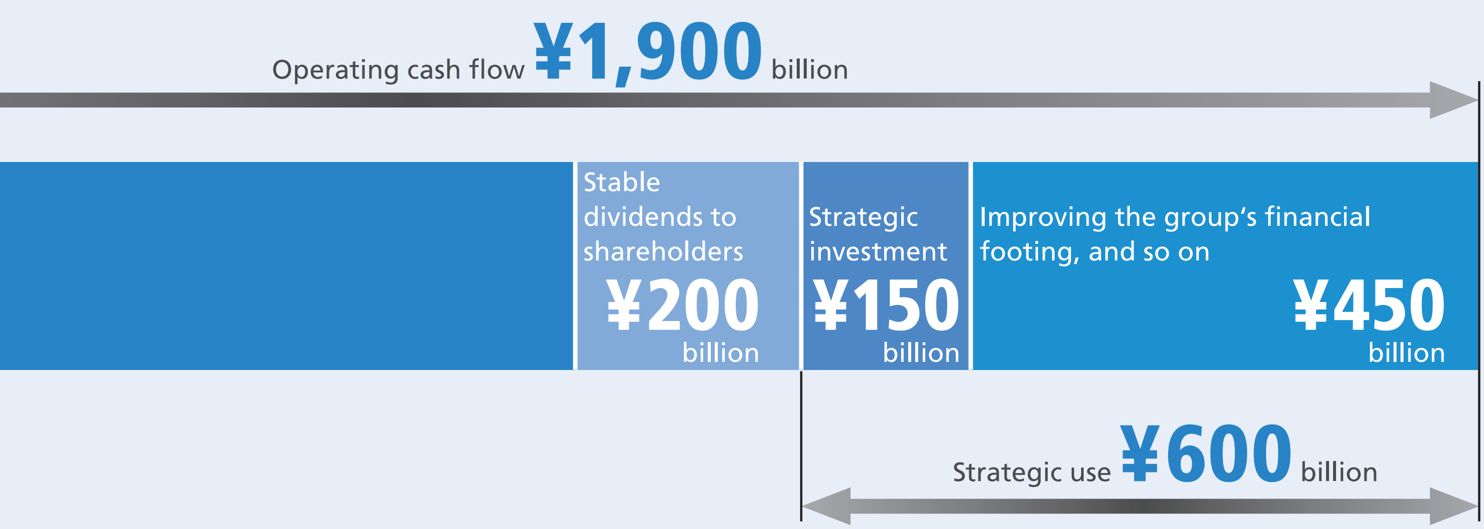
Strategic investment for corporate growth and development

Investment that obviously meets the expectations of our shareholders and investors but also our customers and local communities.
Seeking sustainable growth for the Group as a whole, we develop and nurture businesses that complement our electricity business well, and in which we anticipate a higher level of service and profitability.

Specific examples: Investment in gas, LNG, on-site energy, and overseas energy business, and also in other areas for sustainable growth

Improving the group's financial footing, and so on

Cash allocation that satisfies our creditors, financial institutions, and business partners. Also in the form of cost reductions, which are in the interest of all our stakeholders.



Electric Power Supply and Demand

Demand for Electric Power

Against the background of the steady industrial activity that is accompanying a gradual economic recovery in Japan, and due to the increased popularity of all-electric homes, stable growth in electric power demand is expected in the Chubu region.

Development of New Facilities

Providing our customers with a stable supply of high quality 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 protection of the environment.

For this reason, we are steadily advancing development of nearly 5.8 GW of new sources of electric power over the next 10 years (FY2008 to FY2017), including the purchase of power 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, Joetsu Thermal Power Station Group No. 1, and Joetsu Thermal Power Station Group No. 2, scheduled to commence operation in FY2008, FY2012, and FY2013/2017, respectively.

Sales Plan	
Electric Energy Sold Average annual growth, FY2006–FY2017	**0.9%** (Growth rate is value-corrected for temperature)
Peak Load Average annual growth, FY2006–FY2017	**0.8%** (Growth rate is value-corrected for temperature)

Power Generation Facilities Plan	
Own-developed	Start of Operation
Shin-Nagoya Thermal Power Station Group No. 8 (1,534.4 MW)	FY2008
Joetsu Thermal Power Station Group No. 1 (1,190 MW)	FY2012
Joetsu Thermal Power Station Group No. 2 2-1 (595 MW)	FY2013
Joetsu Thermal Power Station Group No. 2 2-2 (595 MW)	FY2017
Power Purchased	Start of Operation
Oma Nuclear Power Station (205 MW)	FY2011
Tsuruga Nuclear Power Station Units No. 3 and 4 (1,446 MW)	FY2015 – 2016

Power Transmission Facilities Plan	
	Start of Operation
275 kV Joetsu Thermal Power line	FY2011
275 kV Suruga - Higashi Shimizu line 275 kV Higashi Shimizu Substation	FY2013
Higashi Shimizu Substation FC	FY2014 (Partial operation from FY2006)
Construction of 500 kV Daini-Linkage Switching Station 500 kV Sangi Trunk Line: π connection with Daini-Linkage Switching Station Construction of 500 kV Chubu-Kansai Daini-Linkage	FY2016

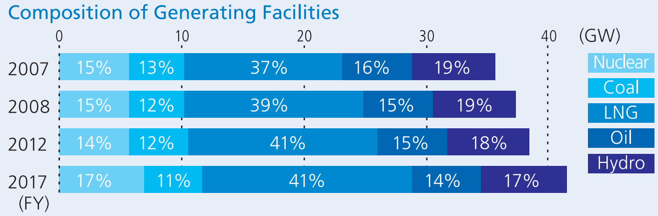
Nuclear power is an excellent source of energy from the standpoints of energy security and environmental protection, and the Nuclear Energy National Plan, established in August 2006, clearly indicates how development and the use of these plants will be promoted as a key national policy. Because we view peace of mind in our local communities as essential, we have voluntarily been advancing construction work at the Hamaoka Nuclear Power Station for additional fortification measures against earthquakes. We will continue to treat safety as our foremost priority, making appropriate inspections and repairs as needed, in anticipation of expanded use of nuclear power. As we work toward an optimal energy portfolio with a higher proportion of nuclear power, we are focusing all efforts to ensure efficient development of new nuclear power sources for the company, and intensive preparations are underway.

In transmission and distribution facilities as well, we are constructing facilities in a systematic manner, in an effort to ensure a stable supply of electricity, while promoting efficiency by introducing new technologies and more advanced security systems. Taking into account the aging of transmission and distribution facilities that had been built during the period of extensive growth in electricity demand, we are steadily and systematically repairing and improving facilities from a medium- to long-term perspective, in order to ensure reliability and better customer service. Additionally, as we streamline the group framework for construction work, we will continue to build and service facilities more efficiently.

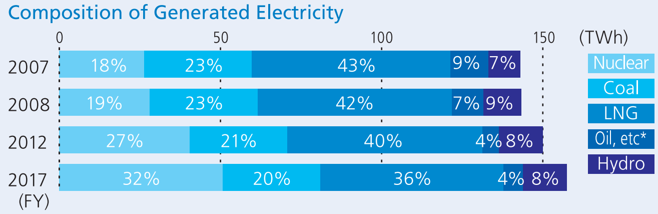
Power Supply Composition

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 Generating Facilities



Composition of Generated Electricity



*Oil, etc., includes new energy sources (wind, biomass, and other power generation) Additionally, use of a biomass mixture at Hekinan Thermal Power Station is scheduled to begin in FY2009.

Stable, Economical Fuel Procurement and Improvement of Fuel-Related Infrastructure

Regarding fuel procurement, we continue to seek more economical sources besides ensuring stability of supply, and have enacted several measures that help us remain responsive to fluctuations in demand. Especially Chubu Electric, for which nearly 40% of the total amount of power is generated from LNG thermal plants, strengthening procurement capacity is an ongoing mission. Diversifying sources, combining a variety of short-to long-term purchasing agreements, and using spot procurement are among our approaches. We also investigate the acquisition of upstream interests.

In coal procurement, Chubu Energy Trading, Inc. (specializing in fuel trading business*) was established in December 2007 for the purpose of improving procurement flexibility and hedging risks against price fluctuations. We will continue seeking new ways to strengthen our fuel procurement efforts in a stable and economical manner.

To ensure a supply that is both stable and economical, we view the process from fuel procurement to power generation as a series of steps that must function efficiently as a whole. Thus, for facilities supporting stable yet flexible LNG procurement, we are expanding construction of piers where LNG supertankers can dock, increasing our storage capacity through additional LNG tanks, and working with TOHO GAS Co., Ltd. to install gas pipelines across Ise Bay, linking Kawagoe Thermal Power Station to TOHO GAS' Yokkaichi Plant and to Chita Area LNG bases, as we steadily improve our fuel-related infrastructure.

The Highest Quality Electricity in the World

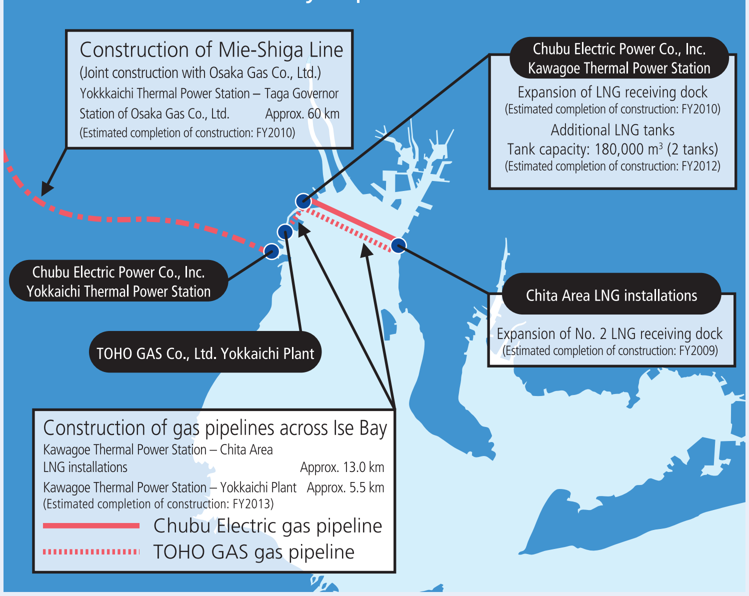
High-quality electricity is essential for advanced manufacturing technology, in order to support a comfortable and fulfilling lifestyle, and an ever-expanding IT-oriented society.

We have remained committed to providing a stable, uninterrupted supply of high-quality electricity, with minimal fluctuations in voltage or frequency, through an integrated system from power generation to delivery to our customers that enables us to manage occasional shifts in demand. We have prepared and maintained safeguard systems to minimize accidental power cuts from lightning and other natural phenomena.

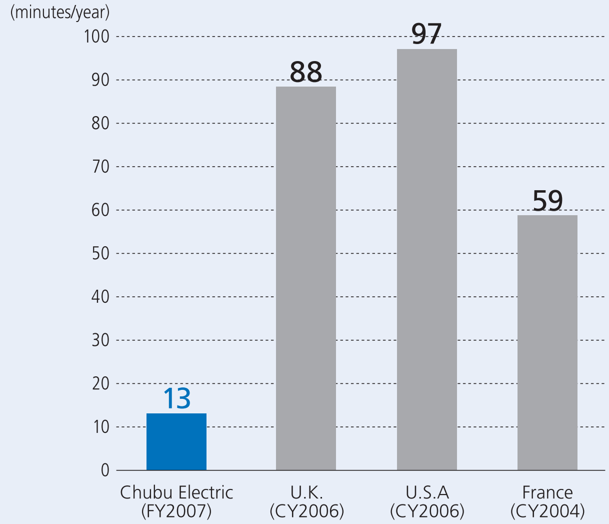
As a result of these constant efforts, the quality of our electricity meets the highest standards worldwide. Looking ahead, our objective is to continue to supply high-quality electricity to satisfy our customer requirements.

*Fuel trading business: Engaging in both the sale and purchase of fuel, as opposed to only the purchase of fuel from sellers as in the past. Through transactions between sellers, traders, and end-users, we expect to enhance our procurement flexibility.

Overview of LNG Facility Expansion



Service Interruptions Due to Supply Incidents per Customer



(Source) With the exception of figures for Chubu Electric, figures are provided by the Federation of Electric Power Companies of Japan and Japan Electric Power Information Center Inc.

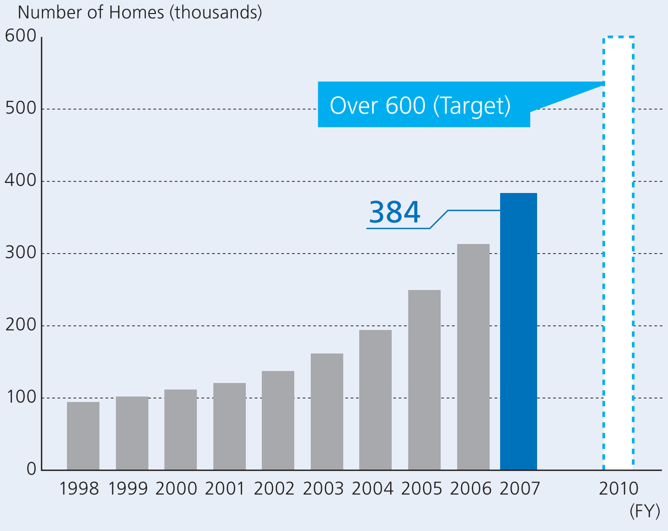
Sales Strategy

We provide a range of energy services in line with customer needs and conduct sales activities geared at greater customer satisfaction.

We are working toward meeting the following targets by the end of FY2010: In the residential sector, increase the number of all-electric homes to a total exceeding 600,000; in the commercial and industrial sectors, create 800 MW of demand by promoting the use of electricity for kitchens, temperature control, and other applications. We meet diverse customer needs accurately and promptly, and are committed to expanding and actively marketing services.

Rendering of planned "Design Room" E-lifestyle information center

Cumulative Number of All-electric Homes

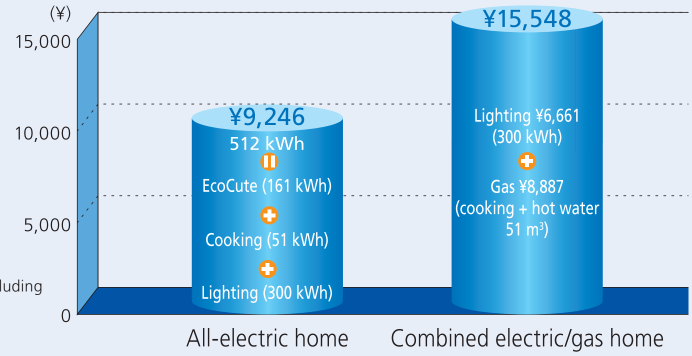


Electricity Rate Revise*1

February 1998	- 3.86%
October 2000*2	- 5.78%
September 2002	- 6.18%
January 2005	- 5.94%
April 2006	- 3.79%
April 2008	- 0.80%

*1 Rate Revise reported under the Electric Utility Law.
*2 Rates since October 2000 are averages for customers under relevant supply agreements.

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



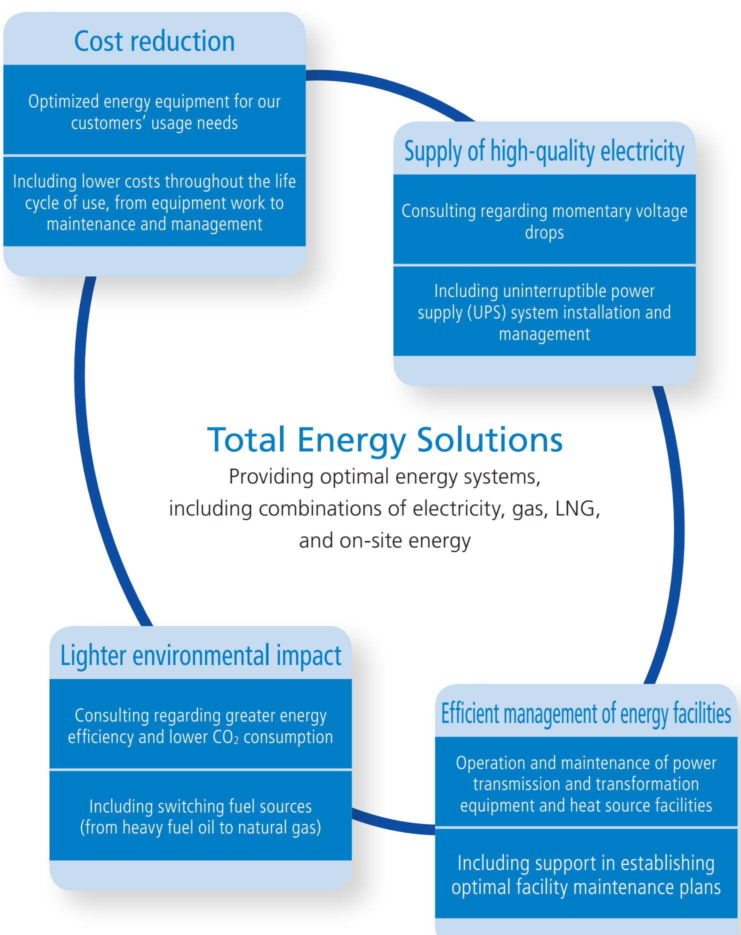
Calculation of utility charges based on the utility rates as of April 1, 2008 (including Consumption Tax) for an average family (of 4)'s consumption (Nagoya City).
All-electric home: customers of the E-Life Plan
Gas: contracted customers of TOHO GAS Co., Ltd.

Developing Proactive Sales Programs

Business Applications

Serving as our customers' business partner, we meet diverse needs (including cost reduction, supply of higher-quality electricity, ensuring a lighter environmental impact, and offering efficient management of energy facilities) with finely tuned solutions. In addition to electricity, we offer a combination of gas and on-site energy, reassuring our customers with optimal energy services they can rely on.

Some solutions offer reduced costs or a lower environmental impact. We take the initiative in recommending innovative electric air conditioners and cooking systems. Electric cooking units have been showcased in the kitchen of a shop and restaurant in Nagoya, since February 2008, in the promotional "Professional Kitchen Studio" program in collaboration with Juchheim Co., Ltd. Many visitors have the opportunity to experience the advantages of electric cooking equipment firsthand, through cooking demonstrations by chefs, seminars, and educational meetings.



Domestic Applications

All-electric homes offer many benefits in being clean, safe and reliable, and economical. Our promotional efforts include interactive showrooms, at which potential customers can see the equipment for themselves, and websites, where visitors can read about the new lifestyles they offer. In many ways, we support a more convenient and comfortable home environment for our customers through electricity.

The popularity of products such as IH cooking units and EcoCute (a highly efficient water heating and supply system incorporating a CO_2 refrigerant heat pump) has contributed to the rapid increase in all-electric homes, of which there were over 400,000 in our service area as of June 2008. 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.

In November this year, the E-Lifestyle Information Center, a new type of showroom, will open in Nagoya. The unprecedented hands-on format of this showroom affords an excellent opportunity to introduce potential customers to new lifestyle ideas and build customer relationships. In this design-oriented space, we will hold a variety of presentations, events, and consulting services on themes in consumer lifestyles, offered in partnership with local companies and NPOs serving consumers.

Meanwhile, we have also launched a website and seasonal magazine ("Heart Bridge" http://heart-bridge.jp/) on the concept of fostering enjoyable and comfortable lifestyles with our customers in the region.

These projects demonstrate how we take the initiative in proposing ideas to enrich consumers' everyday lives and providing forums for customers themselves, from which to share and exchange similar ideas.

Revision of Electricity Rates

Despite a business environment that is expected to remain difficult, in which the cost of crude oil continues to surge, it is with our customers in mind that we have revised electricity rates from April 2008 based on the results of our gains in business efficiency. We have also revised consignment fees that apply when specified-scale electricity suppliers use Chubu Electric networks.

As we continue promoting innovative business practices and greater management efficiency, we remain committed to providing superior energy services at affordable rates to our customers.

Efforts to Improve Management Efficiency

Greater Efficiency at Facilities

To date, we have sought greater efficiency from many standpoints when building and operating facilities and managing procurement as we cut costs. Capital investments have been decreasing since peaking in FY1993.

Looking ahead, we will work to lower costs overall from a medium- to long-term perspective by promoting cost-cutting measures while investing as needed for a stable supply of electricity and sustainable growth for years to come.

Optimization of Facilities

While evaluating the operating efficiency and characteristics of each facility and analyzing the timing for decommissioning costlier, less efficient power plants, we intend to also develop new sources of electric power to supply approximately 5.8 GW, including power to be purchased from other companies, over the next 10 years (FY2008 to FY2017).

Shin-Nagoya Thermal Power Station Group No. 8, operational since FY2008, cuts fuel costs and reduces CO_2 emissions through combined-cycle generation with a 1,500˚C-class gas turbine offering a power generating efficiency of approximately 58% (LHV basis).

Additionally, Joetsu Thermal Power Station Group No. 1 (scheduled for startup operation in FY2012) and Group No. 2 (scheduled for startup operation in FY2013 and FY2017) employ exceptionally efficient power-generation technology and will also help reduce CO_2 emissions.

Shin-Nagoya Thermal Power Station Group No.8

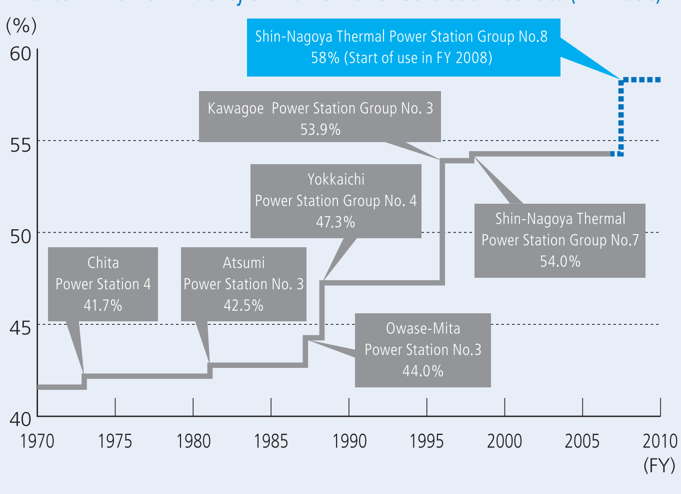
Increasing Overall Operational Efficiency of Power Plants

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 have continued to maintain among the best in total thermal efficiency rate nationwide in FY2007, at 44.94% (LHV basis).

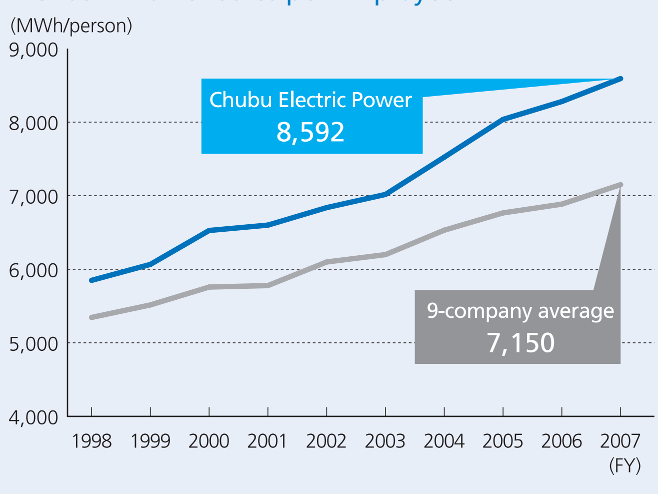
Increasing the Efficiency of Business Operations

Pushing for greater efficiency in business operations, we are among the most highly rated Japanese utility companies in terms of the ratio of electric energy sold per employee. Further streamlining in business management over the coming years is expected to support a high level of labor productivity.

Trends in Thermal Efficiency of Thermal Power Generation Facilities (LHV Basis)



Trends in Power Sales per Employee



Enhancement of Corporate Value by Strengthening the Group

Working together in business development, the Group has evolved as a Multi-Energy Services Group with a focus on electricity and energy business as our core domain. To enhance the efficiency of the business structure of the group as a whole, from the perspective of leveraging the group's overall strengths, we are moving ahead with a reorganization of companies within the Group and have introduced a group results evaluation system, among other efforts to strengthen group management.

Toward this end, and with a stronger group in mind, we strive for coordinated business management in which the main company and group members fulfill clearly delineated roles that support sustainable growth for the group as a whole.

Our objective is to continue to increase our corporate value as a competitive group by providing a full range of energy services and meeting the expectations of our shareholders and investors.

■ Gas, LNG, and On-site Energy Business

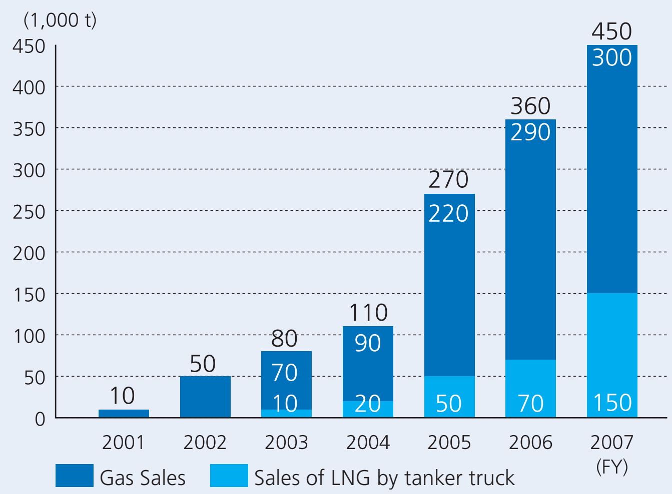
The Gas Sales & Service Department was established in July 2006 to provide an integrated management framework for three businesses–development of gas sales using Chubu-owned pipelines, LNG sales by tanker truck through the group company LNG Chubu CORPORATION, and on-site energy sales and service by C ENERGY CO., INC. By taking the initiative in these businesses, we meet diverse customer needs as a one-stop energy solution provider.

We will continue to do all in our power to meet our target of ¥45 billion in combined sales for the three facets of this division in FY2010.

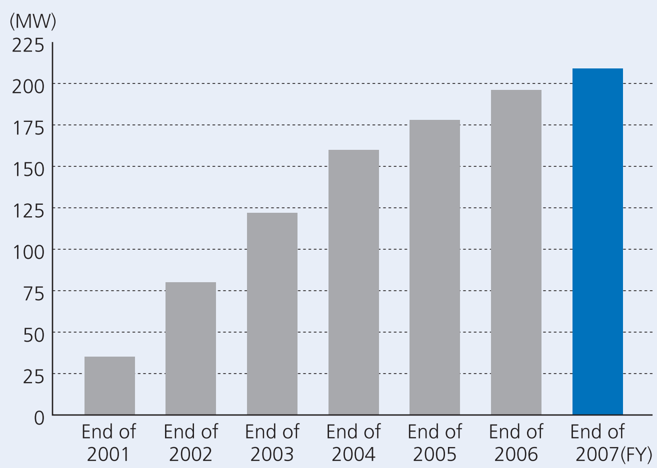
Domestic Energy Businesses in Operation

Business	Business Entity	Summary
On-site energy services	C ENERGY CO., INC. Capital: ¥3.4 billion 73.4% owned by Chubu Electric Power; 26.6% owned by six other companies	Established in April 2001, C ENERGY CO., INC., has developed into a Multi-Energy service. Cumulative total of kW (contracted basis) as of March FY2008: approx. 210 MW.
Gas supply (through Chubu-owned pipelines)	Chubu Electric Power ancillary businesses	Gas sales since 2001, leveraging Chubu Electric-owned fuel for power generation and gas pipelines in areas around power plants. FY2007 sales volume: approx. 300,000 metric tons
Sales of LNG by tanker truck	LNG Chubu CORPORATION Capital: ¥200 million 51% owned by Chubu Electric Power; 49% owned by two other companies	Established in June 2000, LNG Chubu CORPORATION sells LNG (liquefied natural gas) mainly to large corporate customers. FY2007 sales volume: approx. 130,000 metric tons
	Hokuriku Erunesu Co., Ltd. Capital: ¥200 million 34% owned by Chubu Electric Power; 66% owned by three other companies	Hokuriku Erunesu Co., Ltd., was established in August 2001 by Chubu Electric Power Co., Inc., Hokuriku Electric Power Co., Inc., and two other firms to handle LNG sales in the Hokuriku region. FY2007 sales volume: approx. 20,000 metric tons

Trends in Gas Sales Volume



Cumulative Volume Obtained by C ENEGY (Contract Basis)



Overseas Energy Businesses

We have developed overseas energy businesses harnessing our proven technical expertise, skilled personnel, and other management resources to gain new sources of revenue while considering our contribution to protecting the global environment and maintaining and transferring power technologies.

In planning investments for business development, we will focus on power generation businesses that can ensure stable long-term revenues. Building from countries where we have established a track record (namely Thailand, Mexico, and Qatar), we will be expanding in stages into neighboring countries. We will be developing environmental businesses, seeking to secure revenue and gain CO_2 credits, working in countries that have ratified the Kyoto Protocol and are actively seeking approval for clean development mechanism (CDM) and joint implementation (JI) businesses*.

*Projects that find, study, and launch clean development mechanism (CDM) and joint-implementation (JI) opportunities, with the goal of gaining CO_2 credits.

Overseas Energy Businesses in Operation

Project (Investment)		Output	Summary
Power generation projects	Thailand Gas Thermal IPP Project	1,400 MW	Participated in FY2001. Started construction in February 2006. Entered operation in March 2008.
	Mexico Gas Thermal IPP Project	525 MW	Participated in FY2003. Entered operation in June 2006.
	Qatar Power Generation/ Desalination Project	1,025 MW	Participated in FY2004. Entered operation from May 2006 in stages stage (900 MW). Entered full operation in June 2008.
Environmental projects (CDM/JI Projects)	Australia Adelaide Afforestation Project	———	Participated in FY2002. Purchase of project land and afforestation are in progress.
	Thailand Rice Hull Power Generation Project	20 MW	Participated in FY2003. Entered operation at Site 1 in December 2005.
	Malaysia Palm Oil Biomass Power Generation Project	10 MW x 2 sites	Participated in FY2006. Scheduled to enter operation at Site 2 in FY2008.

Strengthening of Group Business Structure

The Group has been proceeding with the reorganisation of our group companies in an effort to consolidate management resources and put companies on sounder footing in business. We are also stepping up measures to enhance the efficiency of the business structure of the group as a whole. To make our vision of what the corporate group must become a reality, we strive for efficient, coordinated business management guidelines, under which the main company and group members fulfill clearly delineated roles supporting sustainable growth for the Group as a whole.

Measures to Strengthen Group Management

Period	Summary	
October 2002	· Merger of Chuden Buildings Co., Inc., and Aspac Co., Ltd.	Reorganization of building leasing business
October 2003	· Merger of CCS and CTI	Reorganization of IT and telecommunications business
	· Reorganization of Chuden Engineering and Sales Service Shizuoka Co., Ltd., and Chuden Engineering and Sales Service Nagano Co., Ltd.	Dissolution of regional businesses
January 2006	· Merger of Eiraku Transportation Co., Ltd., and Oigawa Transportation Co., Ltd.	Reorganization of transportation business
	· Transfer of Chubu Electric Power's telecommunications network business (for electric power business) and FTTH business to CTC	Reorganization of telecommunications business
October 2006	· Merger of Eiraku Development Co., Ltd., Chuden Building Co., Inc., and Chubu Greenery Co., Ltd.	Reorganization of buildings business
	· Transfer of business related to power distribution sites of Eiraku Development Co., Ltd., to NITTAI Co., Ltd.	
March 2007	· TOB of TOENEC shares to make it a subsidiary of Chubu Electric Power	Strengthening capital ties
October 2007	· Split-up and business transferal of TOENEC and C-TECH	Reorganization of electrical engineering work business
April 2008	· Transfer of CTC shares (80.5%) to KDDI	Transfer of subsidiary shares
October 2008 (planned)	· Transfer of TOENEC Service Co., Ltd., vehicle leasing business to EIRAKU AUTO SERVICE Co., Ltd.	Reorganization of vehicle leasing business

Strengthening of Group Management System

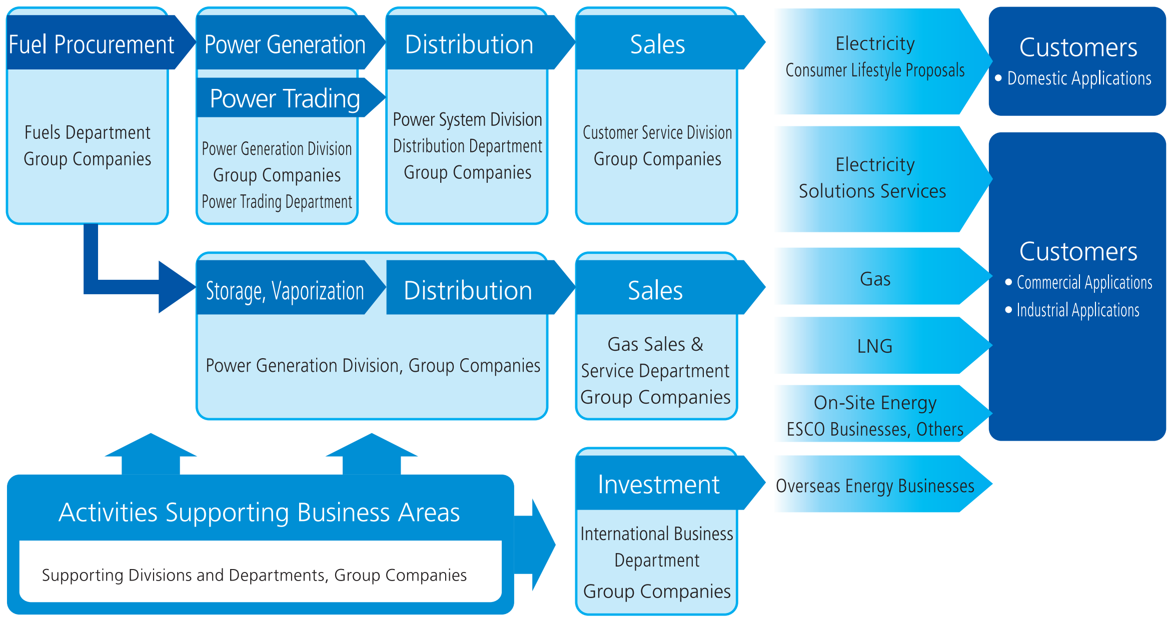
In FY2005 we introduced a group results evaluation system to evaluate progress in plans prepared by group companies. Under this system, plans are evaluated objectively and quantitatively by Chubu Electric Power Company and clear parameters of managerial responsibility are set. And to make this system even more effective, starting in FY2006, we are taking a different approach to director compensation by adopting a performance-based bonus system.

We also plan to increase the efficacy of management supervision by discussing target attainment measures during the strategic group conference that is to be attended by executives from Chubu Electric Power and group companies.

A Corporate Group Offering Comprehensive Energy Services

By leveraging the combined strengths of Chubu Electric and group companies, the Chubu Electric Group works to provide energy services of a greater level of value throughout the value chain in a series of business processes from fuel procurement to power generation, distribution, and sales.

Value Chain in Comprehensive Energy Services



Specific Efforts in Strengthening Group Operations

Capital Investment in TOENEC CORPORATION, Business Restructuring of TOENEC CORPORATION and C-TECH CORPORATION Focusing Electrical Engineering Work

Electrical engineering work business of TOENEC and C-TECH was reorganized in October 2007. This has strengthened ties between the customer service and distribution departments of the parent company and TOENEC, and between the parent company power system division and C-TECH, building the framework for even more streamlined and efficient business management.

Shares of Chubu Telecommunications Co., Inc., Transferred to KDDI CORPORATION and Cooperative Ties Established

A partnership with KDDI was established in April 2008, aimed at building a more solid foundation for the business of Chubu Telecommunications Co., Inc. (CTC). This relationship will leverage the high-quality fiber-optic network provided by CTC for an array of KDDI services, such as mobile phone and video content services, enabling more convenient and enjoyable services for consumers–useful telecommunications services in line with customer needs. Before the share transfer, operations related to the telecommunications network business for electric power business that CTC had conducted for Chubu Electric Power Co were spun off to the company.

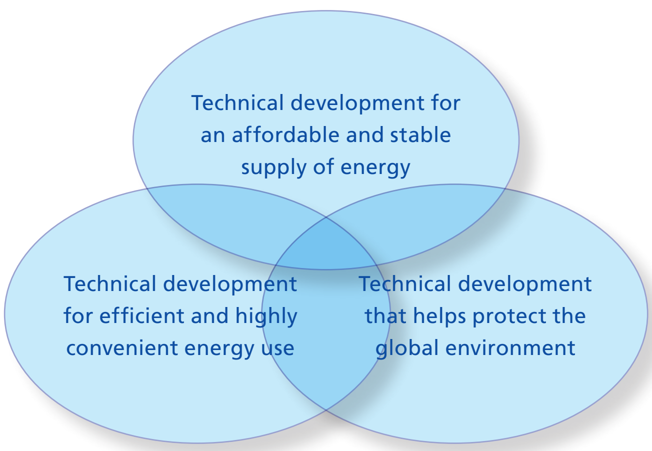
Research and Development

Development by our Research & Development Division is focused on the three areas described below. The division practices a flexible and strategic approach in response to business conditions.

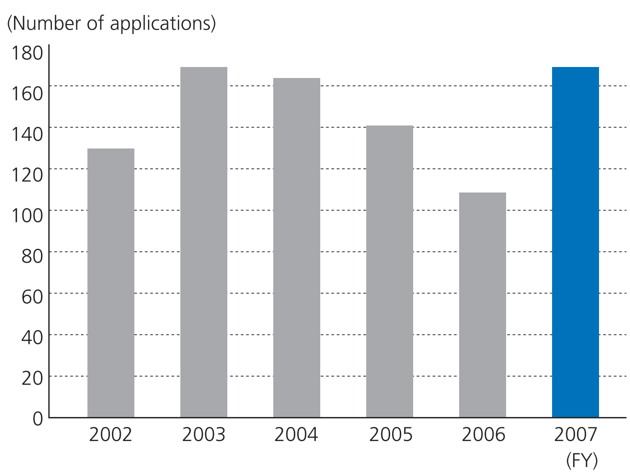
Research and development is more cost-effective than ever, in line with efficiency and cost-cutting measures that have been implemented throughout the company. We prioritize our efforts on research activities that have a solid potential for profitability, and apply the results in all aspects of business, including our sales activities.

Additionally, we acquire and exercise intellectual property rights for the results obtained through our technical development and innovative business activities.

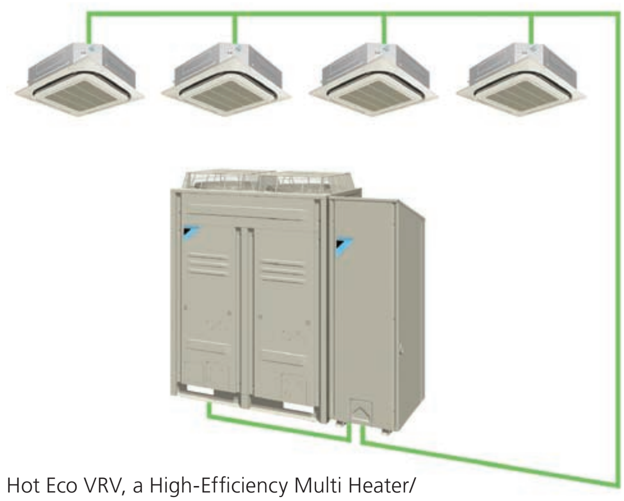
Fields of Technical Development



Number of Patent, Utility Design, and Industrial Design Applied



■ Major Research Achievements



Hot Eco VRV, a High-Efficiency Multi Heater/ Air Conditioner for Buildings in Cold Areas

Development of a High-Efficiency Multi Heater/ Air Conditioner for Buildings in Cold Climates

The Hot Eco VRV, a high-efficiency, variable refrigerant volume building multi heater/air conditioner for cold climates, was developed in collaboration with Hokkaido Electric Power Co., Inc., Tohoku Electric Power Co., Inc., Hokuriku Electric Power Co., Chugoku Electric Power Co., Inc., and Daikin Industries, Ltd.

The unit represents a significant success in heating efficiency for colder areas. Additionally, the unit offers enhanced comfort in use, thanks to a greatly improved heating capacity, the ability to produce warm air faster, and temperature control to counteract temperature drops that occur from defrosting.

The technical innovation and energy efficiency of this unit was recognized with the 18th Energy Conservation Grand Prize by the Ministry of Economy, Trade and Industry (specifically, the Director General Prize of Agency of Natural Resources and Energy).

Development of Backup Systems for Momentary Voltage Drops

Manufacturing plants for semiconductors and precision tools 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.

Verification test of SMES (10,000 kW/second compensation)

High Voltage Large Capacity Momentary Voltage Dip Compensator using EDLC (Electric Double-Layer Capacitors) (10,000 kVA/second compensation)

Superconducting Magnetic Energy Storage System

A backup system designed to provide auxiliary power during momentary voltage drops at large manufacturing plants and similar sites, this system employs superconductor coils, enabling massive amounts of electric power to be discharged instantly. Since July 2003, we have been carrying out verification tests at a major electrical appliance manufacturer.

Momentary Voltage Dip Compensator using EDLC (Electric Double-Layer Capacitors)

By incorporating a double-layer capacitor that is capable of storing a large amount of electricity in a small device, we have developed a momentary voltage dip compensator that is highly efficient and maintenance-free. Successful development of systems from low-voltage, low-capacity units (200 V and 50–200 kVA) to high-voltage, high-capacity units (6,600 V and 500–10,000 kVA) enables us to provide broad support for customers with a range of needs in preventing momentary voltage dips.

Development of Equipment for CFC Destruction

CFCs are known to deplete the ozone layer and contribute to global warming. We have developed equipment that destroys CFCs as a technological response to this global environmental issue and helps ensure regulatory compliance. The 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 those in conventional thermal decomposition systems.

The equipment is installed at Chukyo Fron Co., Ltd., a company involved in CFC destruction, and was granted official approval in March 2006 under 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. This equipment is useful in preventing ozone depletion and global warming, which responds to the growing social need for appropriate destruction of CFCs.

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 allows for considerable absorbent and cation-exchange properties, 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 Hekinan coal-fired power plants. We have been marketing 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

Fiscal and Managerial Activities

Strengthening Corporate Governance

Promotion of Compliance Management

Stronger Systems for Internal Control and Risk Management

Environmental Activities

MOX Fuel Program

Promotion of New Energy Sources

Reducing CO_2 Emissions

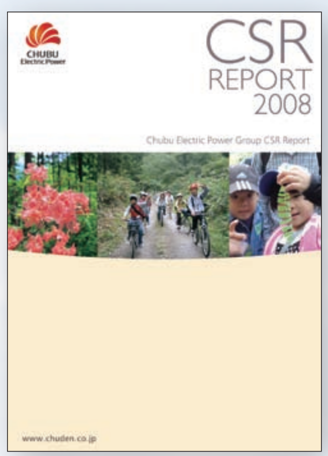
Reduction of Sulphur Oxide and Nitrogen Oxide Emissions

Community Activities

The Group has worked actively to fulfill our responsibilities as a good corporate citizen through our initiatives to establish a compliance system and to resolve global environmental issues. Looking ahead, we will continue to fulfill our corporate social responsibility (CSR) by working in good faith to meet the expectations of all our stakeholders-our customers, shareholders and investors, local communities, business partners, and employees; communicating our initiatives in a clear and easy-to-understand manner; and continually seeking to improve upon them with the help of feedback from our stakeholders.

As we take steps for ongoing improvement, we have established a CSR section in our Corporate Planning & Strategy Division and formed Compliance Committee, consisting of divisional and departmental managers, which chooses and prioritizes objectives in CSR issues, accounting for stakeholder opinions and objective third-party evaluations. Our progress is published in the form of an annual CSR report, and, with feedback from our stakeholders, we intend to take these efforts to the next level.

To summarize our approaches to promoting CSR and communicating our message more clearly and accurately to all stakeholders, we formulated a CSR Declaration in 2006. This document was updated as a declaration for the Group as a whole in March 2008, as a way to work together with greater unity and solidarity in fulfilling our corporate social responsibility. Under this philosophy, each member of the Group will apply their individual strengths as we promote our CSR activities.



Chubu Electric Power Group CSR Report

To keep our stakeholders informed, we publish the Chubu Electric Power Group CSR Report as a summary of our initiatives in the fields of management and economy, the environment, and society.

(A new edition will be published by September, 2008)

www.chuden.co.jp/english/corporate/index.html

Chubu Electric Power Group CSR Declaration

Fulfilling our responsibilities and meeting society's expectations

Chubu Electric Power Group, as a Multi-Energy Services Group, is committed to:

Contributing to the development of a sustainable society by giving top priority to safety and striving to both provide a stable supply of energy and protect the global environment. We aim to accomplish these goals through business activities that allow the individuality of group companies to be fully expressed while achieving group synergy in enterprises within our core competence in energy;

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

Giving priority to dialogue 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 affordable energy services, as well as other services of value that meet their needs.
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.
Business Partners	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.

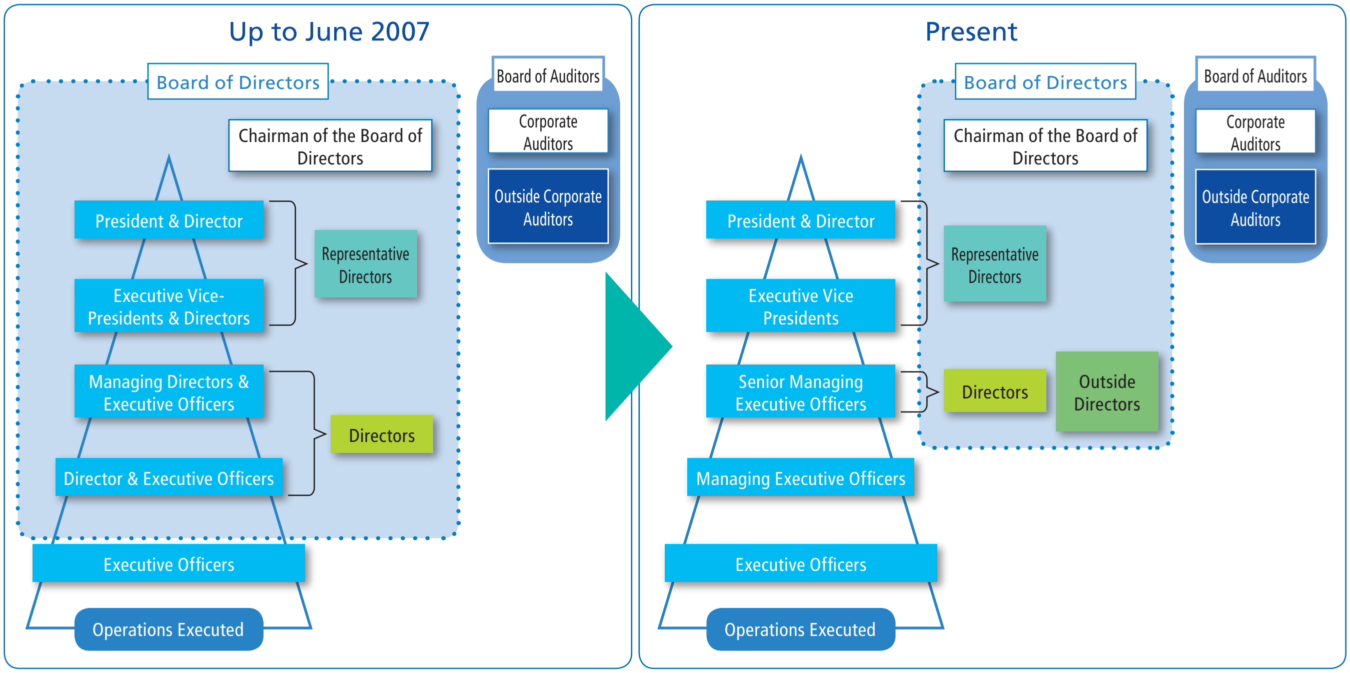
■ Fiscal and Managerial Activities

Strengthening Corporate Governance

Fairness and transparency are central to our management. In FY2005 we reduced the number of directors on our board and implemented other reforms that have affected our management structure as a whole. To promote these efforts and enhance the board's supervisory functions, in June 2007, we revised the management structure through measures focused on the introduction of external directors and reconstruction of the executive officer system.

We are committed to further strengthening our corporate governance with the goal of gaining an even greater level of trust from our stakeholders with regard to our management policies.

Management Structure



Promotion of Compliance Management

We have created a company-wide compliance regime and created policies including the Chubu Electric Power Declaration of Compliance and the Eight Action Guidelines of Chubu Electric Power Co., Inc., to ensure that each division and facility acts autonomously under the guidance of the Compliance Committee. What's more, we have established internal and external help lines regarding compliance, with the latter supported by legal professionals, and as we educate all employees on matters of compliance, we feel these efforts represent proactive compliance management.

Furthermore, we are working to establish our compliance system as a group by setting up the Chubu Electric Power Group Compliance Council and a dedicated joint-help line for inquiries from group companies. A joint declaration adopted by the council has provided the opportunity to confirm that each member company acts autonomously and in concert with others to promote stronger compliance.

Stronger Systems for Internal Control and Risk Management

In anticipation of the Japanese Corporate Law enacted in May 2006, board members meeting in April 2006 agreed upon a framework to ensure fair corporate governance, outlining our basic policy regarding internal control as mandated by the law. This was followed in March 2007 by our establishment of risk management rules, another demonstration of our commitment to a more robust system of internal control and risk management.

Additionally, in line with Internal Control Over Financial Reporting requirements of the Financial Instruments and Exchange Law (effective as of April 2008), we practice transparency in key business processes involved with financial reporting and are engaged in confirming and evaluating this work. In March 2008, the board of directors resolved to establish the framework for and implement a system to ensure the appropriateness of financial reports. Official internal regulations were also prepared. These commitments will serve as the cornerstone of broader efforts, not only for the regulatory compliance on the part of directors, employees, and all individuals affiliated with the company that these procedures will entail, but also for the improvement that is expected in the quality of our work itself.

Chubu Electric Power Declaration of Compliance

Without compliance, there cannot be trust. Without trust, there cannot be growth.

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

Becoming a "good corporate citizen" that is highly trusted and has the support of society.

(Thorough Compliance)
We comply with the law, the company's rules and corporate ethics.

(Fair and Sincere Corporate Activities)
We treat our customers, business partners and local communities in fair and good faith.

(Proper Information Management and Disclosure)
We deal with information fairly, confidentially and accurately, and we disclose information required of the company on time.

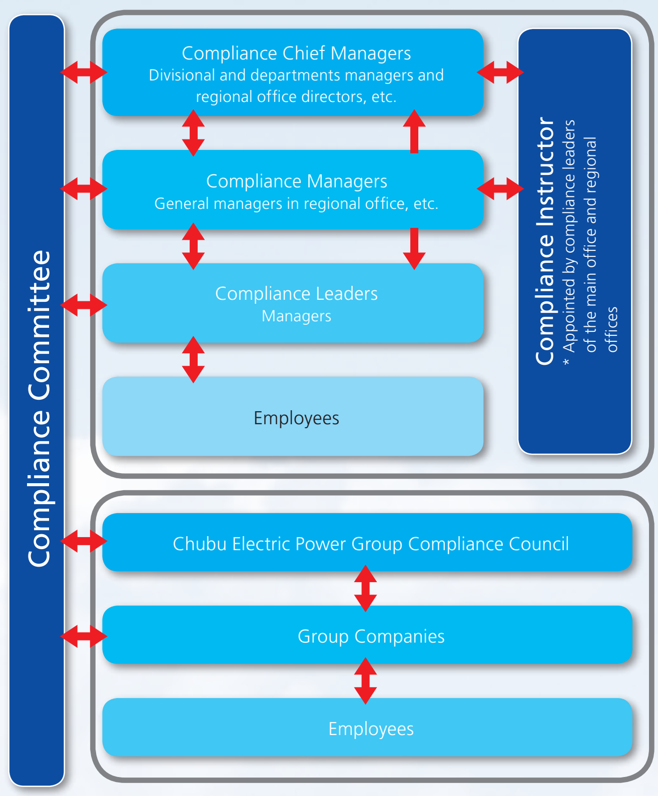
(Establishing a Sound Corporate Culture)
We respect human rights and provide for a sound business culture.

(Maintaining a Good Relationship with the Government and Authorities)
We will take no actions that make people doubt our fairness in undertaking our business activities.

(Proper Management and Utilization of Assets)
We administer and use the company's assets in a proper fashion.

(Environmental Conservation)
We make efforts to minimize the environmental impact of the company's operations.

(Assuring Safety, Hygiene and Security)
We strive to maintain a safe and healthy work environment and ensure the security of the company's plants and infrastructure.



Environmental Activities

Recognizing environmental activities as one of the foremost issues for the Group as a whole, the Group 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 continue to evolve into a corporate group that shares environmental values with society, and one that contributes to the sustainable development of our local communities.

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 impact.	
• 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 independently taking action on environmental concerns.	
Guideline 4. We will promote environment-related communication and improve 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.	

*The phrase "MOX fuel" (popularly called "pluthermal") refers to the concept of reprocessing spent plutonium from nuclear plants, through means of its recovery and mixture with uranium for use in thermal reactors (that is, ordinary light-water reactors) at nuclear power plants.

MOX Fuel* Program

Japan is an energy-poor country, and at the same time a major consumer of energy. In order for Japan to ensure a reliable source of energy in the future while curbing global warming, it is necessary to promote the use of nuclear power generation that does not produce carbon dioxide emissions, and also establish a nuclear fuel cycle by carrying out a MOX fuel (pluthermal) program.

MOX fuel, called pluthermal in Japan, is a system whereby a nuclear power station reuses plutonium that has been isolated by reprocessing the spent uranium fuel. The use of plutonium uranium mixed oxide fuel, or MOX fuel, is a key component of Japan's national policy for utilization of nuclear power because it allows for effective utilization of uranium resources. It is to be introduced in electric power companies all over Japan.

In support, we are gearing up for the FY2010 commencement of a MOX fuel program at the Hamaoka Nuclear Power Station, Unit No. 4. To inform the community at large, we have been providing local residents of details of the MOX fuel plan and safety matters through door-to-door visits, local briefings, and open forums. While conducting these activities, we applied to the government of Japan for permission to modify the reactor for MOX fuel use in March 2006 and were granted approval in July the following year. Subsequently, the city of Omaezaki and four other local municipalities, as well as the prefecture of Shizuoka, have formally accepted the MOX fuel plan. We applied to the government in March 2008 for inspection of imported fuel (as needed to start producing MOX fuel) and have subsequently started producing the fuel in May of this year.

Safety will remain our foremost priority as, with the support of the community, we have made steady progress in the MOX fuel program.


Hamaoka Nuclear Power Station

Promotion of New Energy Sources

Through the Chubu Green Power Fund*[1] and other programs, we take an aggressive stance in installing systems that derive energy from renewable sources (such as solar or wind) in the company's facilities, and purchasing their surplus energy as part of our commitment to popularizing and promoting new sources of energy. Additionally, after the RPS Law (Renewable Portfolio Standards Law*[2]) came into full effect in April 2003, target usage amounts of renewable energy sources to be incorporated by FY2014 were published in March 2007. As we look to achieve the targeted usage of new energy sources, we have conducted research aimed at the development and installation of commercial wind power generators. The group is united in these efforts, which we continue to pursue as diligently as possible.

Initiatives such as our development of commercial wind power generators (scheduled to start operation in FY2009 and later at three sites, generating 50 MW), adoption of a biomass mixture at Hekinan Thermal Power Station, and small-scale hydroelectric plants harnessing existing dams demonstrate the active role we will continue to take in introducing new sources of energy.

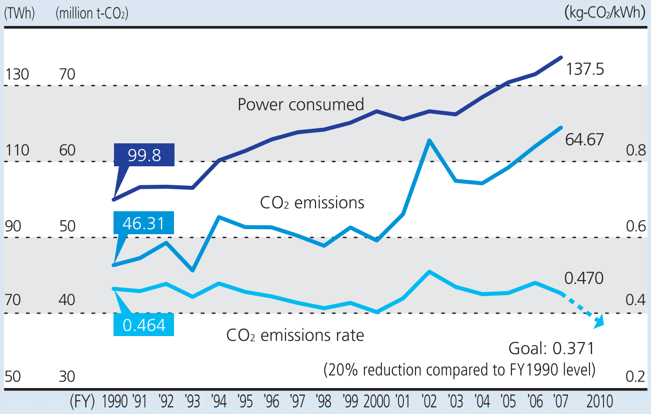
Meanwhile, group company C-Tech has operated "Wind Park Misato" since February 2006. Development is now underway to open "Wind Park Kasadori" for business around FY2009, another wind power station in the cities of Tsu and Iga in Mie Prefecture.

Reducing CO_2 Emissions

As we work to ensure a stable supply of electric power, we are making efforts to reduce the quantity of CO_2 emitted per kWh of electric power consumed (that is, the CO_2 emission base unit). Specifically, we are increasing the capacity utilization rate of nuclear power stations (while maintaining the highest levels of safety), steadily developing high-efficiency LNG thermal generators, introducing new energy sources (such as the wind, biomass, and small hydroelectric power plants developed in-house), and acquiring CO_2 emission credits using the Kyoto Mechanism. Through these and other efforts, we are striving to lower our average CO_2 emission base unit by 20% relative to FY1990 levels during the first commitment period of the Kyoto Protocol (FY2008-FY2012).

In FY2007, the CO_2 emission base unit was 0.470 kg-CO_2/kWh, an increase of 1.4% over FY1990 levels. This was due to a decline in interchange power from other utility companies' nuclear plants and greater sales of electric energy, among other factors.

Changes in CO_2 Emissions



Reduction of 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 per unit of electricity generated from our thermal power plants have been 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)

	SOx	NOx
U.K. (CY2002)	2.6	1.5
France (CY2002)	2.0	2.0
U.S.A. (CY2002)	3.7	1.7
Japan (FY2006)	0.2	0.2
Chubu Electric Power (FY2007)	0.06	0.09

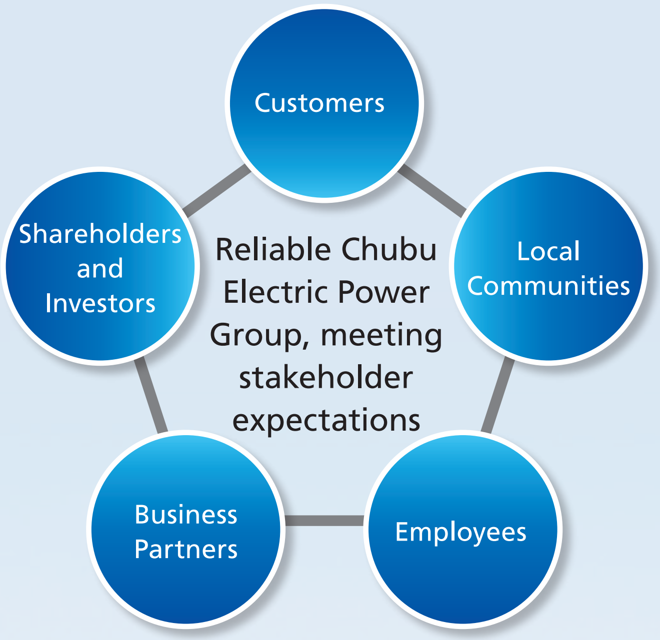
*1 Established in October 2000, the Green Power Fund is a program that accepts donations from customers supporting the generation of power from natural energy sources and uses the funds to promote widespread development of these facilities.

*2 The RPS (Renewables Portfolio Standard) Law requires power companies to use at least a certain amount of electric power from new energy sources as defined by the government, such as solar, wind, biomass, and small-scale hydropower (1 MW or less).

Community Activities

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

Especially as the company belongs to an industry involving facilities, public and employee safety is paramount. Our most fundamental concern is the safe and stable operation of all of our many facilities, and because we view this as the basis for trust, we will continue to work diligently in this regard.



Basic CSR Policies of the Chubu Electric Power Group

1. Basic Approach

As a corporate group based in central Japan that provides Multi-Energy services, Chubu Electric Power Group fulfills our responsibility as a good corporate citizen in accordance with the following policies to demonstrate our commitment to sustainable development of society and our local communities.

(1) Value dialog and partnership as we contribute to building better communities and society.

(2) Take the initiative in support, not only through CSR as a corporate group but also by respecting the voluntary efforts of employees.

(3) Make the details of our CSR activities widely known and work for ongoing improvements.

2. Key Areas

- Ensuring local safety and peace of mind
- Environmental conservation
- Education of the next generation
- Cultural and sports activities

Customers

As we strive to supply high-quality electric power promptly at affordable cost to a diverse customer base, 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. We are constantly working to enhance customer satisfaction.

Shareholders and Investors

By remaining a robust enterprise that can respond flexibly and effectively to changes in the market environment and showing sufficient performance while maintaining a high degree of transparency through appropriate managerial and financial disclosure, we consider the Group to be a reliable partner for our shareholders and investors.

Local communities

We value communication with residents where our facilities are located and work to be a trusted neighbor through our wide-ranging and active commitments to community development.

Establishing guidelines in March 2008 for the Group regarding community service (Basic CSR Policies of the Chubu Electric Power Group) has clarified the group's stance of commitment to our communities and society in general.

Business Partners

Based on a basic procurement policy accounting for CSR, we strive to foster solid bonds of trust through open communication and fair and sincere dealings with our business partners. In our collaborative procurement of materials, we seek to broaden applications for practicing CSR.

Employees

To let a corporation fulfill its social responsibility and contribute to the society where sustainable development is possible, employees who directly support business activities must be aware of the organization's corporate social responsibility code of conduct. It is crucial for us that employees behave as leaders in matters of regulatory compliance and other facets of CSR.

For this reason, we fairly evaluate the roles employees fulfill and offer commensurate compensation, enabling us to foster workplace environments in which employees feel professional pride in serving the public and work with enthusiasm. We encourage respect in the workplace and are committed to improving our employee training and health and safety programs and procedures, among other efforts.

Directors and Corporate Auditors

(As of June 26, 2008)

Chairman of the Board of Directors

Fumio Kawaguchi

President & Director

Toshio Mita

Director, Executive Vice President

Hiroshi Ochi

Shirou Mizutani

Haruhiko Asano

Masahiro Kakumu

Yoshihito Miyaike

Director, Senior Managing Executive Officer

Toshiyuki Nosaka

Yuji Kume

Takaaki Tanaka

Ryousuke Mizutani

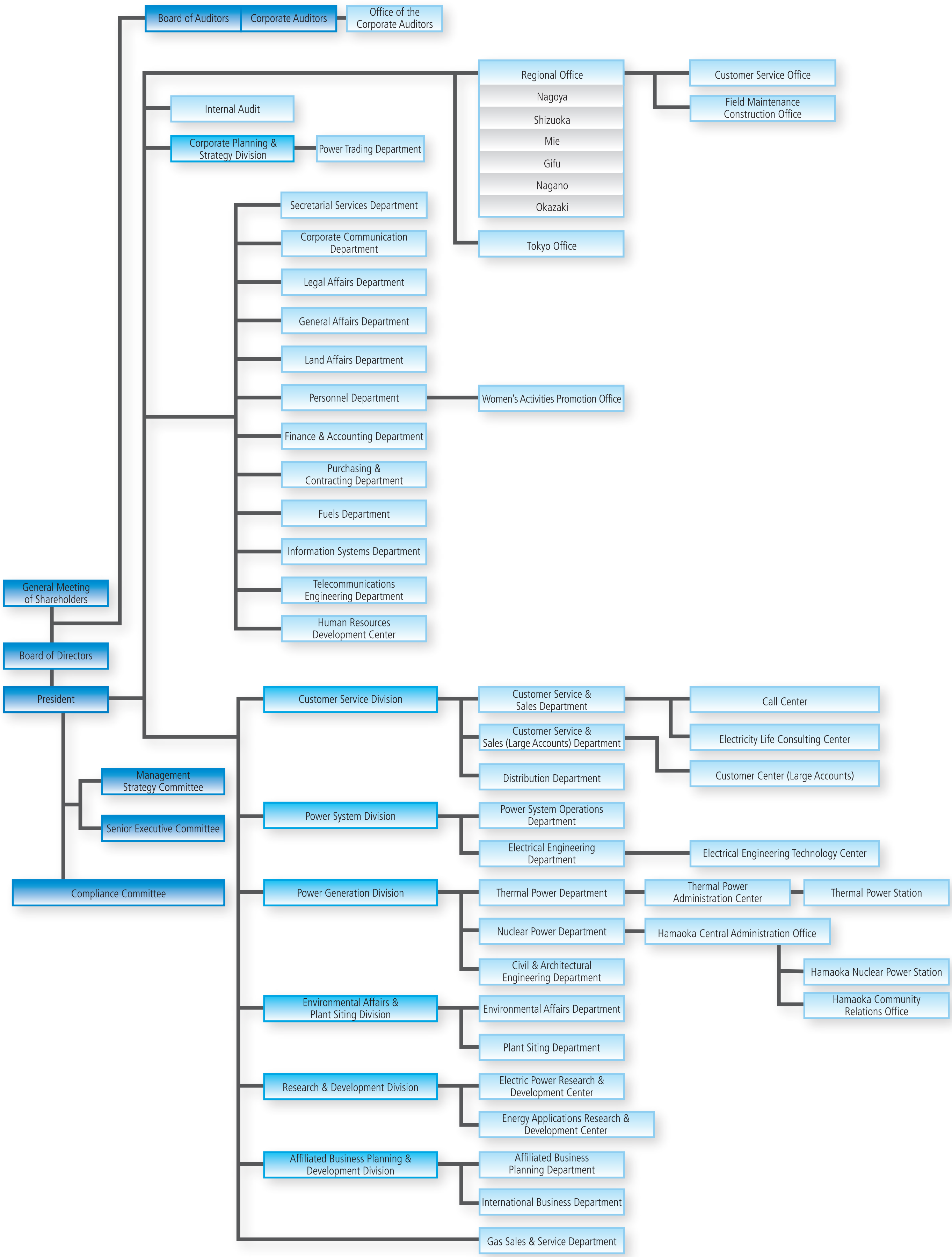
Akihisa Mizuno

Directors	Norihisa Ito Hideko Katsumata Shun Matsushita
Senior Corporate Auditors	Hitoshi Yoshida (full-time)
Corporate Auditors	Kouta Asada (full-time) Hidetaka Tomita (full-time) Minoru Matsuo Toshiko Aburada Kenji Matsuo Shigehisa Sao

Notes 1) Directors Hideko Katsumata and Shun Matsushita are outside directors as defined in Article 2, Clause 15 of the Japanese Corporate Law.
2) Corporate auditors Minoru Matsuo, Toshiko Aburada, Kenji Matsuo, and Shigehisa Sao are outside corporate auditors as defined in Article 2, Clause 16 of the Japanese Corporate Law.

Chubu Electric Power Co., Inc. Organization Chart

(As of July 1, 2008)



Chubu Electric Power Group
(As of June 30, 2008)

Electric Power Business

Chubu Electric Power Co., Inc.

AOYAMA-KOGEN WIND FARM CORPORATION
A. T. Biopower Co., Ltd.
Compañía de Generación Valladolid, S. de R.L. de C.V.

The Company reported the financial statements

Consolidated Subsidiaries

Affiliates accounted for under the equity method

Energy Businesses

Chita L.N.G.Co., Ltd.	Hamamatsu D.H.C.Co., Ltd.	Nagoya Energy Service Co., Ltd.
LNG Chubu CORPORATION	CJIA ENERGY SUPPLY COMPANY, LTD.	Hokuriku Erunesu Co., Ltd.
C ENERGY CO., INC.	S energy service Co., Ltd.	Nagoya City Energy Co., Ltd.

Construction

TOENEC CORPORATION	Chubu Plant Service Co., Ltd.	C-TECH CORPORATION
TOENEC Service Co., Ltd.	TOENEC (TAIWAN) Co., Ltd.	TOENEC PHILIPPINES INCORPORATED
TOENEC (THAILAND) CO., LTD.	TOENEC CONSTRUCTION (SHANGHAI) Co., Ltd.	

Other Businesses

IT and Telecommunications

Chuden CTI Co., Ltd.	Chubu Telecommunications Co., Inc.	Omaezaki Cable Television
GREEN CITY CABLE TV CORPORATION	CHUBU CABLE NETWORK COMPANY, INCORPORATED	

Manufacturing

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

Transportation

Chuden Transportation Service Co., Ltd.	SHIN-NIHON HELICOPTER Co., Ltd.

Real Estate Management

Chuden Real Estate Co., Inc.

Services and Others

CHUDEN KOGYO Co., Ltd.	Chuden Haiden Support Co., Ltd.	KASUMI BERTH CO., Inc.
EIRAKU AUTO SERVICE Co., Ltd.	Toho Oil Co., Ltd.	NIPPON MALENIT Co., LTD.
Chita Berth Co., Inc.	Chuden Disaster Prevention Co., Ltd.	Compañía de Operación y Mantenimiento Valladolid, S. de R.L. de C.V.
Chubu Cryogenics Co.,Ltd.	Techno Chubu Co., Ltd.	Chubu Ratchaburi Electric Services Co., Ltd.
LiveNet Co., Ltd.	CHUBU HOME WARRANTEE CORPORATION	Tyr Capital, LLC
Chuden Wing Co., LTD.	Chubu Electric Power Company International B.V.	Zeneral Heatpump Industry Co., Ltd.
CHUDEN BUSINESS SUPPORT Co., Ltd.	Toho Industry Co., Ltd.	PFI Toyokawa Hoisaijyo Co., LTD.
Chubu Electric Power (Thailand) Co., Ltd.	Chubu Electric Power Company U.S.A., Inc.	Medouse Holdings, S. de R.L. de C.V.
Kiray Yu Co., Inc.	FILLTECH CORPORATION	Ogaki School Lunch Support Co., Inc.
Chubu Energy Trading, Inc.		

Operating / Financial Data Section

FIVE-YEAR OPERATING AND FINANCIAL STATISTICS

OPERATING STATISTICS

Chubu Electric Power Company, Incorporated

	FY 2003	FY 2004	FY 2005	FY 2006	**FY 2007**
Electric Energy Sold (GWh)					
Customers Under Regulation					
Electric Lighting	32,530	34,079	35,291	34,753	**36,125**
Electric Power	7,878	8,013	7,864	7,366	**7,305**
Total	40,408	42,092	43,155	42,119	**43,430**
Customers Under Liberalization*	81,808	84,571	87,406	90,568	**94,054**
Total Electric Energy Sold	122,216	126,663	130,561	132,687	**137,484**

* Customers Under Liberalization in FY2005 and onward corresponds to demand from all customers of high-voltage electricity.
Customers Under Liberalization in and before FY2004 are re-categorized in the same definition as is in and after FY2005.

Breakdown of Industrial Large-lot Demand Electric Energy Sold (GWh)

			FY 2003	FY 2004	FY 2005	FY 2006	**FY 2007**
Mining and Industry	Mining		51	41	41	49	**60**
	Manufacturing Industry	Foods	2,210	2,261	2,330	2,459	**2,632**
		Textiles	743	705	820	818	**824**
		Pulps and Papers	1,674	1,571	1,712	1,733	**1,679**
		Chemicals	3,047	3,088	3,134	3,366	**3,442**
		Oil and Coal Products	37	56	54	79	**62**
		Rubber	941	949	939	872	**822**
		Glass and Ceramics	2,268	2,304	2,444	2,632	**2,826**
		Steel	6,095	6,270	6,426	6,574	**6,883**
		Nonferrous Metals	1,448	1,445	1,570	1,698	**1,841**
		Machinery	18,212	19,151	19,880	21,678	**23,350**
		Others	4,849	4,994	5,147	5,547	**5,875**
		Subtotal	41,524	42,794	44,456	47,456	**50,236**
	Total		41,575	42,835	44,497	47,505	**50,296**
Others	Railways		2,618	2,728	2,814	2,752	**2,767**
	Others		3,216	3,218	3,306	3,342	**3,327**
	Total		5,834	5,946	6,120	6,094	**6,094**
Grand Total			47,409	48,781	50,617	53,599	**56,390**

Electric Energy Supplied (GWh)

	FY 2003	FY 2004	FY 2005	FY 2006	**FY 2007**
Internally-generated Power	117,741	122,926	126,234	127,399	**137,121**
Hydroelectric	10,420	10,450	7,564	8,651	**8,158**
Thermal	90,432	90,285	91,045	100,603	**103,795**
Nuclear	16,889	22,191	27,625	18,145	**25,168**
Purchased Power	13,616	14,075	13,347	13,554	**12,571**
Interchanged Power (Net)	3,345	2,935	3,793	4,698	**1,576**
Power Used for Pumped Storage	(1,547)	(1,941)	(1,275)	(1,590)	**(2,148)**
Total Electric Energy Supplied	133,155	137,995	142,099	144,061	**149,120**

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Generating Capacity (MW)					
Hydroelectric	5,217	5,218	5,220	5,220	**5,218**
Thermal	22,901	22,370	22,369	22,369	**22,369**
Nuclear	3,617	4,997	4,997	4,884	**4,884**
Total Generating Capacity	31,735	32,585	32,586	32,473	**32,471**
Annual Peak Load (Three-day average of sending end; MW)	25,649	26,243	26,339	26,852	**27,849**
Transmission Lines (Route length in km)	12,212	12,186	12,149	12,218	**12,212**
Substation Capacity (MVA)	120,206	119,670	120,110	120,613	**121,329**
BTB Station Capacity (MW)	300	300	300	300	**300**
Distribution Lines (Line length in km)	532,820	535,399	537,731	540,069	**542,312**
Number of Employees (People)	17,416	16,834	16,245	16,025	**16,001**

FINANCIAL STATISTICS (CONSOLIDATED)

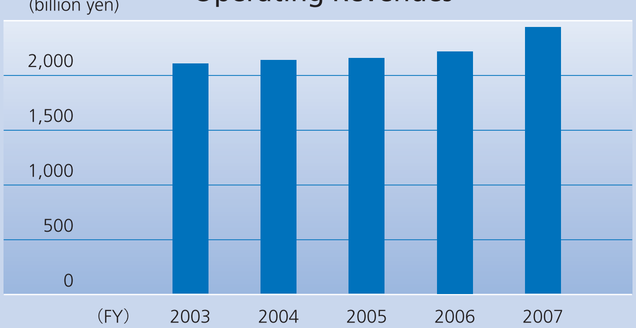
Chubu Electric Power Company, Incorporated

	Millions of yen					Thousands of U.S. dollars
	FY 2003	FY 2004	FY 2005	FY 2006	**FY 2007**	**FY 2007**
Operating Revenues	¥2,101,072	¥2,133,224	¥2,150,508	¥2,213,793	**¥2,432,865**	**$24,282,513**
Operating Income	334,412	342,160	322,105	246,712	**167,863**	**1,675,447**
Net Income	114,718	91,271	119,458	90,551	**70,619**	**704,851**
Per Share (yen and U.S. dollars)						
Net Income (Basic)	¥157.21	¥125.68	¥162.07	¥115.80	**¥90.58**	**$0.90**
Shareholders' Equity	1,897.81	1,952.45	2,121.40	2,212.67	**2,199.76**	**21.96**
Total Assets	¥6,060,178	¥5,703,558	¥5,741,876	¥5,701,715	**¥5,636,258**	**$56,255,694**
Total Shareholders' Equity	1,377,180	1,413,233	1,659,313	—	**—**	**—**
Total Net Assets	—	—	—	1,769,825	**1,752,459**	**17,491,356**

Notes: U.S.dollar amounts are translated from yen, for convenience only, at the rate of ¥100.19 = US$1.

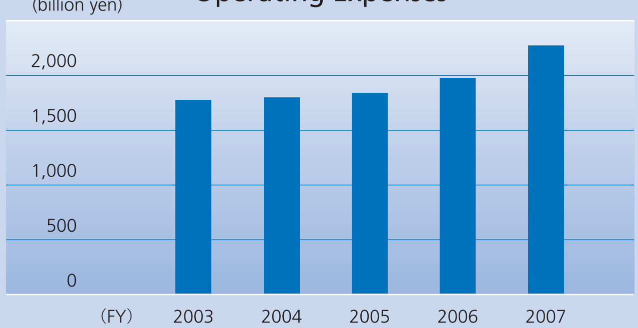
Operating Revenues

(billion yen)



Operating Expenses

(billion yen)



Operating / Financial Data Section

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS

<FY2007>

Overview

Total electric energy sold increased by 3.6% over that of FY2006 to 137.5 TWh as a result of steady demand in the industrial sector due to a general domestic economic recovery.

Considering demand from customers under regulation, in addition to an increase in contracts, demand for electric lighting was up 3.9% from the previous fiscal year, recording a figure of 36.1 TWh, mainly due to an increase in demand for air conditioners caused by warmer summer temperatures and colder winter temperatures. Meanwhile, with regard to demand for low-voltage, while there was an increase in air conditioner demand, a decline in contracts and other factors meant a drop in demand of 0.8% to 7.3 TWh.

Turning to demand from customers facing liberalization, commercial demand increased by 3.4% to 23.7 TWh with steady demand from commercial facilities, and strengthening demand from the machinery, and the steel sectors saw an increase of 4.0% in industrial demand to 70.4 TWh.

On the supply front, due to water flow decreasing to a figure of 88.6%, against 95.7% in FY2006, hydroelectric power generation declined by 0.5 TWh.

Meanwhile, nuclear power generation was up by 7.0 TWh, mainly due to fewer stoppage days at Hamaoka Nuclear Power Station Unit 5.

These changes, associated with a decrease in electric power received from other electric power companies, let to an increase in thermal power generation by 3.2 TWh over that of FY2006.

Consolidated Operating Revenues, Expenses, and Income

Consolidated operating revenues for our electricity business increased by 5.1% over the previous fiscal year to ¥2,187.4 billion, mainly due to increased electricity sales revenues generated by an increase in the amount of electric energy sold.

However, due to an increase in fuel expenses resulting from increasing fuel prices, consolidated operating expenses in electricity business increased by 9.7% to ¥2,024.8 billion.

Total operating revenues in other business segments increased by 84.1% to ¥245.5 billion, primarily due to increased revenues in construction businesses.

However, increased construction revenues have also generated increased costs, resulting in a 99.0% increase in operating expenses for other business segments to ¥240.2 billion.

As a result, consolidated operating income for our electricity business and other business segments recorded a 32.0% decline from that of FY2006, totaling ¥167.9 billion.

Total other expenses, calculated by deducting consolidated non-operating revenues from consolidated non-operating expenses, decreased to ¥58.2 billion, down 35.2% from FY2006. Of the increased value of decommissioning expense quotations related to the revision of statutory requirements dealing with reserve allowances made for the decommissioning of nuclear power plant infrastructure, in responding to power generation performance for prior periods, a one-off extraordinary charge of ¥13.7 billion was posted, but this was offset by reductions in interest expenses and in the one-time amortization of goodwill of Chubu Telecommunications.

Consequently, consolidated income before provision of a reserve for fluctuation in water levels, income taxes and minority interests totaled ¥109.7 billion, down 30.1% from the previous fiscal year.

The low water levels that characterized FY2006 continued in FY2007 with a water flow rate of 88.6%, resulting in the use of ¥4.0 billion from the reserve for fluctuation in water levels.

As a result, income before income taxes and minority interests decreased by 28.8% over the previous fiscal year to ¥113.7 billion. Net income following deduction of income taxes and other items was ¥70.6 billion, down 22.0% from FY2006.

Consolidated Financial Standing

Net consolidated property, plant and equipment totaled ¥4,186.2 billion, down 3.0% from the previous fiscal year end, due to reduced capital investment and ongoing depreciation. Total nuclear fuel assets rose by 2.2% to ¥260 billion with an increase in the amount of nuclear fuel in processing. Investments and other assets increased by 0.4% to ¥699.1 billion, mainly due to increases in reserve funds for the reprocessing of irradiated nuclear fuel and deferred tax assets.

Current assets rose by 12.5% to ¥490.9 billion, mainly due to increases in cash, savings and inventory assets.

As a result, total assets declined by 1.1% compared to the end of previous fiscal year to ¥5,636.3 billion.

Total liabilities declined 1.2% to ¥3,883.8 billion, mainly due to reduced interest-bearing debt.

On net assets, by being able to achieve a net income of ¥70.6 billion during the fiscal year, retained earnings increased, while valuations and transition adjustments decreased. This meant that net assets declined 1.0% compared to the end of FY2006, recording a figure of ¥1,752.5 billion.

As a result, our shareholders' equity ratio was 30.4%. Also note, during the fiscal year, the company retired ¥10.1 billion in treasury stock.

Outline of Consolidated Cash Flow

The Group mainly allocates cash and cash equivalents obtained from business activities ("funds" hereafter) for acquiring new fixed assets, improving the group's financial footing, and shareholders' returns, such as purchasing treasury stocks, and paying dividends to shareholders.

Increased fuel expenses in our electricity business were offset by a rise in electricity sales revenues due to the increased amount of electric energy sold, resulting in a 6.9% increase over the previous fiscal year in cash flow from operating activities to ¥472.0 billion.

Net cash used in investment activities rose 56.4% from that in FY2006 to ¥272.7 billion, mainly due to increased expenditure for purchases of property, plant and equipment in our electricity business.

As a result, free cash flow decreased by 25.4% to ¥199.2 billion.

Reduction of interest-bearing debt payments and other factors resulted in a decrease of 14.7% in net cash expenditures used in financial activities, to ¥199.9 billion.

These factors resulted in a balance of funds of ¥97.1 billion, a reduction of 0.8% from that of FY2006.

As of the end of FY2007, outstanding interest-bearing debt stood at ¥2,862.6 billion, representing a reduction of 4.6% from that of the previous fiscal year.

<Business Risks>

Among a variety of factors that could affect the group's operating results and financial standing, the following are considered to have the potential to exert a significant influence on the decisions of investors (Valid as of June 2008).

Risks Relating to the Economic Environment

Economic situation and weather conditions

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

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

Fluctuations in fuel prices, etc.

The group depends on imports of liquefied natural gas (LNG), coal, and crude oil. The cost of fuel, a major expense item in our electricity business, can therefore be affected by fluctuations in import prices and foreign exchange rates, among other factors.

However, the effect of such fluctuations on performance is alleviated because fuel price fluctuations are able to be reflected in electricity rates under the fuel adjustment system.

In addition, performance may be affected if we become unable to smoothly procure fuel due to changes in fuel demand trends, the occurrence of trouble in the facilities or operations of fuel suppliers, changes in the political situation of fuel supplying countries, or readjustments made to the values paid to purchase fuel in accordance with changes in the market environment.

Fluctuations in interest rates, etc.

Interest payments represent another major factor in the group's expenses, and these expenses are subject to change with fluctuations in market interest rates. As of the end of March 2008, outstanding interest-bearing debt stood at ¥2,862.6 billion, corresponding to 50.8% of the group's total assets.

However, 87.4% of the group's outstanding interest bearing debt comprises long-term liabilities such as bonds and long-term loans, and the interest rates of the majority of these are fixed. In addition, we have worked aggressively to reduce interest-bearing debt in order to further strengthen our financial position. We therefore consider interest rate fluctuations to have a limited effect on operating performance.

In addition, performance may be affected by fluctuations in the actual value of some corporate pension assets, etc., held by the Chubu Electric Power Group, caused by fluctuating share prices and interest rates, etc.

Risks Surrounding Chubu Electric Power Group Business Activities

Changes in the electricity business environment

The scope of retail market liberalization of the Japanese electric utilities industry has expanded in stages since its commencement in March 2000. The process of consideration with regard to further improvement of the competitive environment has continued, via discussions regarding systematic reform that were commenced by the Electric Industry Committee in April 2007 under the auspices of the current system.

In addition, in the gas business as well, a degree of systematic reform is occurring. This has meant that a level of intense competition transcending industry-sector and business-category divisions has continued to develop in the energy market.

In this changing environment, the group is expanding its marketing activities to respond to the needs of its customers while seeking to optimize its management efficiency. However, further regulatory reform and the more vigorous competition that it encourages may affect results.

Strenghthening of global environmental protection measures

With regard to the issue of global warming, which has as its cause emissions of carbon dioxide and other greenhouse gases, there is a heightened awareness of this issue being a common global problem which needs to be quickly addressed.

Based on this awareness, the Chubu Electric Power Group has enacted the "Chubu Electric Power Group Environmental Declaration," and we are systematically moving forward with measures to effectively use resources and lessen environmental burdens. In the future, however, developments with regard to the strengthening of environmental regulations may affect results.

Nuclear back-end costs, etc.

Because nuclear back-end operations are ultra-longterm 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, in order to enable efficient management of nuclear power generation and back-end operations. To prepare for future back-end costs associated with nuclear power, in accordance with the law and the revised accounting regulations, we have established reserve funds and set aside a reserve for the reprocessing of irradiated nuclear fuel.

In addition, with regard to being required to record expenses for the reprocessing of irradiated nuclear fuels at facilities other than the Rokkasho Reprocessing Plant, to provide a temporary measure for the period until specific reprocessing plans can be formulated, within the corporate accounts, so that such expenses could be accounted for as reserves for each fiscal year, the accounting regulations for electric utility companies were revised in March 2007. In accordance with the revised regulations, we have made appropriated a reserve in preparation for the reprocessing of irradiated nuclear fuels in order to meet this financial burden.

However, the costs associated with the nuclear fuel cycle, including back-end costs, will fluctuate with changes to the system, variations in estimates of future expenses both covered and not covered by the system, the operating status of reprocessing facilities, and changes in our nuclear generation plans, and these factors may affect results.

Businesses other than electric power business

The Chubu Electric Power Group is committed to the effective allocation of management resources, with our electricity business as our core undertaking. In order to achieve this goal, we are active in other energy businesses focusing on power plants, stored fuels, and expertise in the field of energy. Our multi-faceted business activities also include the provision of intelligent value-added IT and telecommunications services through our existing network facilities, construction related to the development and maintenance of electric utilities facilities, and the manufacture of materials and machinery for these facilities. As competition increases and other changes occur in the business environments surrounding these enterprises, results may differ from group projections, and this may affect group performance.

Other Risks

Natural disasters/Operational problems

In order to ensure a stable and economical supply of high-quality 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 strikes and other natural phenomena. However, large-scale natural disasters such as earthquakes and typhoons, accidents, or acts of terrorism may damage the company's supply facilities or the supply facilities of other companies from which the group purchases electricity or may cause the long-term shutdown of generation facilities, and this may affect group performance.

Leaks of information

To ensure appropriate management of important data, in particular personal information, we carefully observe the regulations stipulated by law, then have established internal frameworks and rules for the treatment of information. In addition, we have enhanced the security of our information systems, and we also conduct employee training in this area.

However, any leaks of information may result in direct costs for resolution, and other tangible and intangible losses may occur, such as loss of company credibility.

Hamaoka Nuclear Power Station

We have extended the schedule for regular inspections of Hamaoka Nuclear Power Station Units 1 and 2 until March 2011 for maintenance of reactor equipment and additional fortification against earthquakes. At present, the cost and specific schedule for this work is undecided, and may affect company results.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Chubu Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries as of March 31, 2008 and 2007 and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 consolidated subsidiaries as of March 31, 2008 and 2007 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.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included translations of yen amounts into U.S. dollar amounts and, in our opinion, the translations were made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Nagoya, Japan
June 26, 2008

CONSOLIDATED BALANCE SHEETS

Chubu Electric Power Company, Incorporated

As of March 31, 2008 and 2007

ASSETS	Millions of yen 2008	2007	Thousands of U.S. dollars (Note 1) 2008
Property, Plant and Equipment:			
Property, plant and equipment	¥13,048,207	¥12,986,261	$130,234,624
Construction in progress	230,679	152,429	2,302,415
	13,278,886	13,138,690	132,537,039
Less:			
Contributions in aid of construction	(155,244)	(152,541)	(1,549,496)
Accumulated depreciation	(8,937,398)	(8,671,565)	(89,204,491)
	(9,092,642)	(8,824,106)	(90,753,987)
Property, Plant and Equipment, Net (Notes 4 and 6)	4,186,244	4,314,584	41,783,052
Nuclear Fuel:			
Loaded nuclear fuel	43,880	41,486	437,968
Nuclear fuel in processing	216,110	212,859	2,157,002
Total Nuclear Fuel	259,990	254,345	2,594,970
Investments and Other Long-term Assets:			
Long-term investments (Notes 5 and 6)	232,524	291,026	2,320,831
Deferred tax assets (Note 11)	146,948	124,155	1,466,693
Fund for reprocessing of irradiated nuclear fuel	245,660	244,727	2,451,941
Other	75,925	38,272	757,810
Less allowance for doubtful accounts	(1,936)	(1,765)	(19,323)
Total Investments and Other Long-term Assets	699,121	696,415	6,977,952
Current Assets:			
Cash	86,956	64,209	867,911
Trade notes and accounts receivable	179,550	178,084	1,792,095
Less allowance for doubtful accounts	(1,126)	(1,143)	(11,239)
Inventories	109,985	103,080	1,097,764
Deferred tax assets (Note 11)	26,042	19,142	259,926
Other (Note 5)	89,496	72,999	893,263
Total Current Assets	490,903	436,371	4,899,720
Total Assets	¥5,636,258	¥5,701,715	$56,255,694

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

LIABILITIES AND NET ASSETS	Millions of yen 2008	2007	Thousands of U.S. dollars (Note 1) 2008
Long-term Liabilities:			
Long-term debt (Note 6)	¥2,265,254	¥2,378,638	$22,609,582
Employee retirement benefit liability (Note 7)	193,943	192,108	1,935,752
Reserve for reprocessing of irradiated nuclear fuel	264,880	270,488	2,643,777
Reserve for preparation for reprocessing of irradiated nuclear fuel	6,224	3,770	62,122
Reserve for decommissioning nuclear power plant	113,070	92,020	1,128,556
Deferred tax liabilities (Note 11)	–	11	–
Other long-term liabilities	41,208	36,475	411,298
Total Long-term Liabilities	2,884,579	2,973,510	28,791,087
Current Liabilities:			
Current portion of long-term debt and other (Note 6)	240,196	157,740	2,397,405
Short-term borrowings (Note 6)	349,910	323,190	3,492,464
Commercial papers (Note 6)	11,000	145,000	109,792
Trade notes and accounts payable	207,433	139,553	2,070,396
Income taxes payable and other	56,229	50,723	561,224
Other	134,452	138,169	1,341,970
Total Current Liabilities	999,220	954,375	9,973,251
Reserve for Fluctuation in Water Levels	–	4,005	–
Total Liabilities	3,883,799	3,931,890	38,764,338
Commitments and Contingent Liabilities (Notes 8 and 9)			
Net Assets (Note 10):			
Common stock	430,777	430,777	4,299,601
Capital surplus	70,777	74,055	706,428
Retained earnings	1,161,868	1,144,875	11,596,646
Less treasury stock, at cost	(1,156)	(855)	(11,538)
Total Shareholders' Equity	1,662,266	1,648,852	16,591,137
Valuation and translation adjustments	50,399	81,098	503,034
Minority interests	39,794	39,875	397,185
Total Net Assets	1,752,459	1,769,825	17,491,356
Total Liabilities and Net Assets	¥5,636,258	¥5,701,715	$56,255,694

CONSOLIDATED STATEMENTS OF INCOME

Chubu Electric Power Company, Incorporated
For the Years Ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Operating Revenues:			
Electricity	¥2,187,368	¥2,080,450	$21,832,199
Other	245,497	133,343	2,450,314
Total Operating Revenues (Note 12)	2,432,865	2,213,793	24,282,513
Operating Expenses:			
Electricity	2,024,822	1,846,369	20,209,821
Other	240,180	120,712	2,397,245
Total Operating Expenses (Note 12)	2,265,002	1,967,081	22,607,066
Operating Income	167,863	246,712	1,675,447
Other (Income) Expenses:			
Interest expense	54,349	71,572	542,460
Amortization of goodwill	–	16,346	–
Reserve for decommissioning costs of nuclear power plant for prior periods	13,695	–	136,690
Loss on discontinued construction of hydroelectric power plant (Note 4)	–	5,267	–
Other, net	(9,875)	(3,471)	(98,563)
Total Other Expenses, Net	58,169	89,714	580,587
Income Before Reversal of Reserve for Fluctuation in Water Levels, Income Taxes and Minority Interests	109,694	156,998	1,094,860
Reversal of Reserve for Fluctuation in Water Levels	(4,006)	(2,661)	(39,984)
Income Before Income Taxes and Minority Interests	113,700	159,659	1,134,844
Income Taxes:			
Current	53,506	47,005	534,045
Deferred	(12,137)	21,202	(121,140)
Total Income Taxes	41,369	68,207	412,905
Minority Interests in Earnings of Subsidiaries	1,712	901	17,088
Net Income	¥70,619	¥90,551	$704,851

	Yen		U.S. dollars (Note 1)
	2008	2007	2008
Per Share of Common Stock:			
Net income:			
Basic	¥90.58	¥115.80	$0.90
Diluted	–	115.79	–
Cash dividends	60	60	0.60

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Chubu Electric Power Company, Incorporated

For the Years Ended March 31, 2008 and 2007

		Shareholders' equity					Valuation and translation adjustments					
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedging instruments	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
		Millions of yen										
Shareholders' equity at March 31, 2006 as previously reported	782,153,165	¥430,777	¥73,956	¥1,101,340	¥(104)	¥1,605,969	¥53,041	–	¥303	¥53,344	–	¥1,659,313
Reclassification due to adoption of new accounting standard for presentation of net assets in the balance sheet at April 1, 2006	–	–	–	–	–	–	–	26,741	–	26,741	10,893	37,634
Net assets at April 1, 2006	782,153,165	¥430,777	¥73,956	¥1,101,340	¥(104)	¥1,605,969	¥53,041	¥26,741	¥303	¥80,085	¥10,893	¥1,696,947
Net income	–	–	–	90,551	–	90,551	–	–	–	–	–	90,551
Cash dividends	–	–	–	(46,926)	–	(46,926)	–	–	–	–	–	(46,926)
Bonuses to directors and corporate auditors	–	–	–	(319)	–	(319)	–	–	–	–	–	(319)
Increase in retained earnings through inclusion of additional subsidiaries in consolidation	–	–	–	229	–	229	–	–	–	–	–	229
Purchase of treasury stock and fractional shares, net of disposition	–	–	99	–	(751)	(652)	–	–	–	–	–	(652)
Net changes other than shareholders' equity	–	–	–	–	–	–	(3,117)	4,230	(100)	1,013	28,982	29,995
Balance at March 31, 2007	782,153,165	¥430,777	¥74,055	¥1,144,875	¥(855)	¥1,648,852	¥49,924	¥30,971	¥203	¥81,098	¥39,875	¥1,769,825

		Shareholders' equity					Valuation and translation adjustments					
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedging instruments	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
		Millions of yen										
Balance at March 31, 2007	782,153,165	¥430,777	¥74,055	¥1,144,875	¥(855)	¥1,648,852	¥49,924	¥30,971	¥203	¥81,098	¥39,875	¥1,769,825
Net income	–	–	–	70,619	–	70,619	–	–	–	–	–	70,619
Cash dividends	–	–	–	(46,818)	–	(46,818)	–	–	–	–	–	(46,818)
Retirement of treasury stock	(3,148,500)	–	(3,255)	(6,808)	10,063	–	–	–	–	–	–	–
Purchase of treasury stock and fractional shares, net of disposition	–	–	(23)	–	(10,364)	(10,387)	–	–	–	–	–	(10,387)
Net changes other than shareholders' equity	–	–	–	–	–	–	(22,911)	(7,964)	176	(30,699)	(81)	(30,780)
Balance at March 31, 2008	779,004,665	¥430,777	¥70,777	¥1,161,868	¥(1,156)	¥1,662,266	¥27,013	¥23,007	¥379	¥50,399	¥39,794	¥1,752,459
		Thousands of U.S. dollars (Note 1)										
Balance at March 31, 2007		$4,299,601	$739,146	$11,427,038	$(8,534)	$16,457,251	$498,293	$309,123	$2,026	$809,442	$397,994	$17,664,687
Net income		–	–	704,851	–	704,851	–	–	–	–	–	704,851
Cash dividends		–	–	(467,292)	–	(467,292)	–	–	–	–	–	(467,292)
Retirement of treasury stock		–	(32,488)	(67,951)	100,439	–	–	–	–	–	–	–
Purchase of treasury stock and fractional shares, net of disposition		–	(230)	–	(103,443)	(103,673)	–	–	–	–	–	(103,673)
Net changes other than shareholders' equity		–	–	–	–	–	(228,676)	(79,489)	1,757	(306,408)	(809)	(307,217)
Balance at March 31, 2008		$4,299,601	$706,428	$11,596,646	$(11,538)	$16,591,137	$269,617	$229,634	$3,783	$503,034	$397,185	$17,491,356

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, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥113,700	¥159,659	$1,134,844
Adjustments for:			
Depreciation and amortization	341,567	335,262	3,409,193
Loss on discontinued construction of hydroelectric power plant	–	5,267	–
Loss on loaded nuclear fuel	11,533	8,775	115,111
Loss on disposal of property, plant and equipment	9,846	8,347	98,273
Amortization of goodwill	–	16,346	–
Reserve for decommissioning costs of nuclear power plant for prior periods	13,695	–	136,690
Increase (decrease) in employee retirement benefit liability	1,751	(34,890)	17,477
Increase (decrease) in reserve for reprocessing of irradiated nuclear fuel	(5,608)	9,469	(55,974)
Increase in reserve for preparation for reprocessing of irradiated nuclear fuel	2,454	3,770	24,493
Increase in reserve for decommissioning nuclear power plant	7,355	2,926	73,411
Decrease in reserve for fluctuation in water levels	(4,005)	(2,661)	(39,974)
Interest and dividend income	(7,478)	(6,950)	(74,638)
Interest expense	54,349	71,572	542,459
Increase (decrease) in fund for reprocessing of irradiated nuclear fuel	(933)	18,656	(9,312)
Increase in trade notes and accounts receivable	(1,160)	(8,933)	(11,578)
Increase in inventories	(6,862)	(10,806)	(68,490)
Increase in trade notes and accounts payable	67,858	1,823	677,293
Other	(34,310)	(14,243)	(342,449)
Subtotal	563,752	563,389	5,626,829
Interest and dividends received	6,975	5,558	69,618
Interest paid	(54,505)	(72,253)	(544,016)
Income taxes paid	(44,264)	(55,179)	(441,801)
Net cash provided by operating activities	471,958	441,515	4,710,630
Cash Flows from Investing Activities:			
Purchases of property, plant and equipment	(247,720)	(183,085)	(2,472,502)
Increase in investments and other long-term assets	(47,385)	(17,836)	(472,952)
Proceeds from recovery of investments	18,540	13,987	185,048
Proceeds from purchases of subsidiaries' shares, net of cash acquired (Note 3)	(986)	6,106	(9,841)
Other	4,809	6,471	47,999
Net cash used in investing activities	(272,742)	(174,357)	(2,722,248)
Cash Flows from Financing Activities:			
Proceeds from issuance of bonds	103,599	124,609	1,034,025
Redemption of bonds	(69,825)	(141,356)	(696,926)
Proceeds from long-term loans	46,833	43,517	467,442
Repayment of long-term loans	(114,145)	(108,019)	(1,139,285)
Proceeds from short-term borrowings	445,467	424,781	4,446,222
Repayment of short-term borrowings	(419,197)	(404,550)	(4,184,020)
Proceeds from issuance of commercial papers	665,000	1,530,000	6,637,389
Redemption of commercial papers	(799,000)	(1,655,000)	(7,974,848)
Purchase of treasury stock	(10,619)	(872)	(105,989)
Dividends paid	(46,747)	(46,881)	(466,583)
Other	(1,297)	(681)	(12,945)
Net Cash Used in Financing Activities	(199,931)	(234,452)	(1,995,519)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(37)	5	(369)
Net Increase in Cash and Cash Equivalents	(752)	32,711	(7,506)
Cash and Cash Equivalents at Beginning of Year	97,861	65,150	976,754
Cash and Cash Equivalents at End of Year (Note 3)	¥97,109	¥97,861	$969,248

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 Japanese Corporate Law, the Financial Instruments 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 from 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 Financial Instruments 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 U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto present the arithmetic results of translating yen amounts into U.S. dollar amounts on a basis of ¥100.19 to U.S. $1.00, the rate of exchange prevailing on March 31, 2008. The inclusion of the dollar amounts is solely for convenience of the reader and is not intended to imply that the assets and liabilities originating in yen have been or could readily be converted, realized or settled in dollars at the above rate or at any other rate.

(c) Reclassification

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in all affiliates are accounted for by the equity method. The differences between the acquisition cost 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, 2008 and 2007 was as follows:

	2008	2007
Subsidiaries:		
Domestic	**32**	30
Overseas	**7**	7
Affiliates accounted for by the equity method	**24**	22

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 the subsidiaries' year-end and the Company's year-end are adjusted for 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 life of the asset. Contributions in aid of construction are deducted from the depreciable costs of the assets.

(Accounting Changes)

Following amendments to the corporate tax laws, starting from the year ended March 31, 2008, for depreciable assets acquired on or after April 1, 2007, depreciation is conducted in accordance with the depreciation methods defined by the post-amendment corporate tax laws.

Therefore, for the year ended March 31, 2008, the value of depreciation implemented was ¥1,461 million more and operating income and income before income taxes and minority interests were ¥1,461 million less than they would have been with the previous method.

(Additional Information)

For property, plant and equipment acquired on or before March 31, 2007, depreciation would generally not be conducted once an asset had been depreciated to its allowable limit. However, according to the amended corporate tax laws, from the year ended March 31, 2008, once an asset has reached the allowable depreciation limit, depreciation of the remaining value can be conducted from the following year over a period of 5 years using the straight-line method. Therefore, for the year ended March 31, 2008, the value of depreciation implemented was ¥18,403 million more and operating income and income before income taxes and minority interests ¥18,403 million less than they would have been with the previous method.

(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 the generation of electricity in accordance with the provisions prescribed by the regulatory authorities.

(d) Investments and Marketable Securities

The Chubu Electric Group classifies certain investments in debt and equity securities as "held-to-maturity," "trading" or "available-for-sale," the classification of which determines the respective accounting methods to be used to account for the investments, as stipulated by the accounting standard for financial instruments. The Chubu Electric Group had no trading securities in the fiscal years under review. Held-to-maturity securities are stated at amortized cost. Available-for-sale securities with market quotations are stated at fair value, and net unrealized gains or losses on these securities are reported as a component of net assets, 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 the 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 the derivatives are recognized in 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 net assets 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 contract rates as an interim measure if certain hedging criteria are met. According to the special treatment permitted by the accounting standard for financial instruments, interest rate swaps are accounted for on an accrual basis, and the net amount received or paid is added to or deducted from the interest expense on the hedged items, if certain conditions are met. The 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, determined by the periodic average method.

(g) Allowance for doubtful accounts

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

(h) 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, years of service and certain other factors.

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

(i) Reserve for reprocessing of irradiated nuclear fuel

Until March 31, 2005, a reserve for the reprocessing of irradiated nuclear fuel was recorded based on 60% of the amount which would be required to reprocess all the Company's irradiated nuclear fuel. However, the ministerial ordinance regulating reserves for the reprocessing of irradiated nuclear fuel has been repealed by the "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). Expenses relating to back-end business such as the disposal of equipment installed in reprocessing facilities, for which there had been no estimations available, have been provided based on reasonable valuation measures by the mid-term report titled "Economic Measures to Deal with Backend 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 adopted the new accounting regulations mentioned above to determine the reserve for the reprocessing of irradiated nuclear fuel. Pursuant to 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.

The difference that has arisen due to the accounting change, ¥127,932 million, specified by Article 2 of the supplementary provision in the Ordinance revising the accounting regulations for Japanese Electric utility companies (Ministry of Economy, Trade and Industry Ordinance No. 92, 2005) was allocated on a straight-line basis as operating expenses over 15 years from the year ended 31, 2006. The unrecognized difference for this estimate amounted to ¥102,345 million ($1,021,509 thousand) and ¥110,874 million at March 31, 2008 and 2007, respectively.

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 in which it is generated, following the accounting regulations applicable to the electricity business. The unrecorded balance amounted to minus ¥1,235 million (minus $12,327 thousand) and ¥19,662 million at March 31, 2008 and 2007, respectively.

(j) Reserve for preparation for reprocessing of irradiated nuclear fuel

A reserve for the reprocessing of irradiated nuclear fuel is provided as a portion of the estimated costs needed to reprocess the irradiated nuclear fuel without a definite plan of reprocessing. The amount of reserve recorded for a particular year, including the year ended March 31, 2008, is the amount recognized as attributable to that period.

(k) Reserve for decommissioning nuclear power plants

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

(Additional Information)

Implementation of the "Law to Amend the Law on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" (Law No. 44 of 2005), changed the preconditions for establishing large-scale quotations regarding reserves for the decommissioning of nuclear power plants. As a result, the "Sub-Committee on Organization of the Nuclear Power Investment Environment," established under the auspices of the Electric Industry Committee, a sub-committee of the Advisory Committee on Energy and Natural Resources, investigated as to whether a deficiency or surplus of allowance existed and issued a report in May 2007 noting the existence of a deficiency.

Based on this report, the "Ministerial Ordinance to Amend the Existing Ordinance for the Setting of Reserves for the Decommissioning of Nuclear Power Plants" (Ordinance No. 20 of the Ministry of Economy, Trade and Industry, March 25, 2008) was implemented, and through amendment of the "Ministerial Ordinance for the Setting of Reserves for the Decommissioning of Nuclear Power Plants" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989), from the year ended March 31, 2008, based on post-amendment ordinances, for the calculation of large-scale quotations, the total cost of decommissioning nuclear power plants is based on the amount of electricity supplied by nuclear power generation.

For the year ended March 31, 2008, an increase in allowances in the amount of ¥14,575 million ($145,474 thousand) made with regard to reserves for the decommissioning of nuclear power plants following ordinance amendments shall be calculated as a lump sum. Of this figure, a one-off extraordinary charge of ¥13,695 million ($136,690 thousand) shall be made for the period up until the year ended March 31, 2007 based on electricity supplied.

Therefore, for the year ended March 31, 2008, operating income decreased by ¥880 million ($8,783 thousand), and income before income taxes and minority interests decreased by ¥14,575 million ($145,474 thousand) from the previous year.

(l) Reversal of 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.

(m) Lease transactions

Leases that transfer substantially all the risks and benefits of ownership of the assets are accounted for as capital leases. Leases that do not substantially transfer the risks and benefits 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.

(n) 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.

(o) Research and development costs

Research and development costs included in operating expenses for the years ended 31, 2008 and 2007 amounted to ¥14,046 million ($140,194 thousand) and ¥14,261 million, respectively.

(p) Income taxes

Income taxes are accounted for by the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to 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 date. Resulting foreign exchange translation gains or losses are included in the consolidated statements of income.

For financial statement items of overseas subsidiaries, all asset and liability accounts are translated into Japanese yen by applying the exchange rate in effect at the respective fiscal year-end. All income and expense accounts are translated at the average rate of exchange prevailing during each year. Translation differences, after allocating the portion attributable to minority interests, are reported as foreign currency translation adjustment in a component of net assets in the consolidated balance sheets.

(r) Information Per Share

Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares outstanding during the year. 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 year.

3. Cash and Cash Equivalents

For the consolidated statements of cash flows, reconciliation between cash and cash equivalents and cash balances on the consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Cash	**¥ 86,956**	¥ 64,209	**$ 867,911**
Time deposits with an original maturity of more than three months included in cash account	**(10,004)**	(1,152)	**(99,850)**
Short-term investments with an original maturity of three months or less included in other current assets account	**20,157**	34,804	**201,187**
Cash and cash equivalents	**¥ 97,109**	¥ 97,861	**$ 969,248**

Certain subsidiaries were newly included in the scope of consolidation as a result of purchases of common stock for the year ended March 31, 2007. The following table represents assets and liabilities of the subsidiaries at the dates of the purchase and the relationship between the acquisition costs of the subsidiarie's shares and the net payments for the purchases.

	Millions of yen
Property, plant and equipment, net	¥ 74,306
Current assets	108,076
Goodwill	250
Long-term liabilities	(42,440)
Current liabilities	(74,835)
Minority interests	(31,930)
	33,427
The Companies' interests in subsidiaries prior to the inclusion in the scope of consolidation	(17,358)
Acquisition costs of subsidiaries' shares	16,069
Cash and cash equivalents held by subsidiaries	(22,175)
Proceeds from purchases of subsidiaries' shares, net of cash acquired	¥ (6,106)

4. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Hydroelectric power production facilities	¥ 306,194	¥ 322,130	$ 3,056,133
Thermal power production facilities	595,567	654,855	5,944,376
Nuclear power production facilities	325,734	361,260	3,251,163
Transmission facilities	1,038,336	1,098,780	10,363,669
Transformation facilities	436,985	457,486	4,361,563
Distribution facilities	784,133	792,134	7,826,460
General facilities	132,052	138,140	1,318,016
Other electricity related property, plant and equipment	957	960	9,552
Other property, plant and equipment	335,607	336,410	3,349,705
Construction in progress	230,679	152,429	2,302,415
	¥ 4,186,244	¥ 4,314,584	$ 41,783,052

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 ¥155,244 million ($1,549,496 thousand) and ¥152,541 million at March 31, 2008 and 2007, respectively.

5. Investments and Marketable Securities

At March 31, 2008 and 2007, investments consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Long-term investments:			
Marketable securities:			
Equity securities	¥ 64,316	¥ 98,347	$ 641,940
Bonds	21,914	16,495	218,725
Other	11,790	1,029	117,676
	98,020	115,871	978,341
Other non-marketable securities	105,827	100,339	1,056,263
Investments in affiliates	14,841	14,487	148,128
Other	13,836	60,329	138,098
	¥ 232,524	¥ 291,026	$ 2,320,830
Short-term investments included in other current assets:			
Marketable securities:			
Bonds	¥ 399	¥ 599	$ 3,982
Other	1,012	–	94,940
	1,411	599	98,922
Other non-marketable securities	28,657	23,304	201,188
	¥ 30,068	¥ 23,903	$ 300,110

At March 31, 2008 and 2007, 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, 2008				
National and local government bonds	¥ 6,030	¥ 145	¥ 0	¥ 6,175
Corporate bonds and debentures	4,645	81	2	4,724
Other	3,644	79	99	3,644
	¥ 14,339	¥ 305	¥ 101	¥ 14,543
As of March 31, 2007				
National and local government bonds	¥ 4,828	¥ 22	¥ 22	¥ 4,828
Corporate bonds and debentures	2,194	14	13	2,195
Other	1,699	13	70	1,642
	¥ 8,721	¥ 49	¥ 105	¥ 8,665

	Carrying value	Gross unrealized gains	Gross unrealized losses	Fair Value
	Thousands of U.S. dollars			
As of March 31, 2008				
National and local government bonds	$ 60,186	$ 1,447	$ 0	$ 61,633
Corporate bonds and debentures	46,362	808	20	47,150
Other	36,570	789	988	36,371
	$ 143,118	$ 3,044	$ 1,008	$ 145,154

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of yen			
Available-for sale securities				
As of March 31, 2008				
Equity securities	¥ 20,878	¥ 43,812	¥ 374	¥ 64,316
Bonds:				
Corporate bonds and debentures	3,135	22	12	3,145
Other	4,716	50	736	4,030
Other	2,316	1	38	2,279
	¥ 31,045	¥ 43,885	¥ 1,160	¥ 73,770
As of March 31, 2007				
Equity securities	¥ 18,259	¥ 80,108	¥ 21	¥ 98,346
Bonds:				
Corporate bonds and debentures	2,535	9	6	2,538
Other	4,758	193	314	4,637
Other	1,015	14	–	1,029
	¥ 26,567	¥ 80,324	¥ 341	¥ 106,550
	Thousands of U.S. dollars			
As of March 31, 2008				
Equity securities	$ 208,384	$ 437,289	$ 3,733	$ 641,940
Bonds:				
Corporate bonds and debentures	31,290	220	120	31,390
Other	47,071	499	7,346	40,224
Other	23,116	10	379	22,747
	$ 309,861	$ 438,018	$ 11,578	$ 736,301

During the years ended March 31, 2008 and 2007, the Chubu Electric Group sold available-for-sale securities and recorded gains in the consolidated statements of income in the amount of ¥757 million ($7,556 thousand) and ¥361 million and losses of ¥24 million ($240 thousand) and ¥86 million, respectively.

The aggregate annual maturities of long-term debt as of March 31, 2008 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Within 1 year	¥ 1,337	$ 13,345
Over 1 year but within 5 years	6,590	65,775
Over 5 year but within 10 years	9,269	92,514
Over 10 years	3,863	38,557
	¥ 21,059	$ 210,191

6. Long-term Debt and Short-term Borrowings

At March 31, 2008 and 2007, investments consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Bonds and notes payable:			
Domestic issue:			
0.4% to 4.0%, maturing serially through 2028	¥ **1,235,350**	¥ 1,190,685	$ **12,330,073**
Floating rate, maturing serially through 2013	**259,000**	259,000	**2,585,088**
Overseas issue:			
0.08% to 1.036%, maturing serially through 2013 (payable in Euros / yen)	**11,000**	21,000	**109,791**
Loans from the Development Bank of Japan, other banks and insurance companies, due through 2026	**996,117**	1,062,716	**9,942,280**
Less intercompany elimination	**(800)**	(800)	**(7,985)**
Total	**2,500,667**	2,532,601	**24,959,247**
Less current portion of long-term debt	**(235,413)**	(153,963)	**(2,349,665)**
	¥ **2,265,254**	¥ 2,378,638	$ **22,609,582**

At March 31, 2008 and 2007 all assets of the Company were subject to certain statutory preferential rights as collateral for loans from the Development Bank of Japan in the amount of ¥240,092 million ($2,396,367 thousand) and ¥295,529 million, respectively, and for bonds (including those assigned under debt assumption agreements) of ¥2,204,409 million ($22,002,286 thousand) and ¥2,169,709 million, respectively.

At March 31, 2008 and 2007, property, plant and equipment, and long-term investments of certain subsidiaries pledged as collateral for long-term debt amounted to ¥36,560 million ($364,907 thousand) and ¥37,117 million, respectively.

The aggregate annual maturities of long-term debt as of March 31, 2008 are summarized as follows:

Year ended March 31	Millions of yen	Thousands of U.S. dollars
2009	¥ 235,413	$ 2,349,665
2010	188,632	1,882,743
2011	325,771	3,251,532
2012	256,270	2,557,840
2013	240,089	2,396,337
2014 and thereafter	1,255,585	12,532,039

Short-term borrowings consisted mainly of bank loans bearing an average interest rate of 0.999% per annum at March 31, 2008. At March 31, 2008, commercial papers bore an average interest rate of 0.613% per annum.

7. Employee Retirement Benefits

The Chubu Electric Group has several defined benefit retirement plans, principally consisting of non-contributory pension plans, a 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, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2008**	2007	**2008**
Projected benefit obligation (Note 1)	**¥ 615,478**	¥ 618,635	**$ 6,143,108**
Less fair value of pension plan assets at end of year	**(441,729)**	(503,984)	**(4,408,913)**
	173,749	114,651	**1,734,195**
Unrecognized actuarial differences	**(45,079)**	50,306	**(449,935)**
Unrecognized prior service cost	**1,938**	2,662	**19,343**
Prepaid pension cost	**63,335**	24,489	**632,149**
Employee retirement benefit liability	**¥ 193,943**	¥ 192,108	**$ 1,935,752**

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

Year ended March 31	Millions of yen 2008	2007	Thousands of U.S. dollars 2008
Components of net periodic retirement benefit expense:			
Service cost	¥ 18,450	¥ 16,007	$ 184,150
Interest cost	12,301	10,527	122,777
Expected return on pension plan assets	(14,857)	(13,311)	(148,288)
Amortization of actuarial differences	(30,816)	(37,195)	(307,576)
Amortization of prior service cost	(723)	(14,320)	(7,216)
Net periodic retirement benefit expense	¥ (15,645)	¥ (38,292)	$ (156,153)

Major assumptions used in the calculation of the above amounts for the years ended March 31, 2008 and 2007 were as follows:

		2008	2007
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)	3.0%	3.0%
	(Subsidiaries)	0.5 ~ 4.0%	0.5 ~ 4.0%
Amortization period for prior service cost	(Company)	–	3 years
	(Subsidiaries)	5,15 years	5,15 years
Amortization period for actuarial differences	(Company)	3 years	3 years
	(Subsidiaries)	3, 5, 15 years	3, 5, 15 years

8. Lease transactions

(a) Lessee

Total lease expenses under finance leases other than those which substantially transfer the risks and benefits of ownership of the assets at the end of the lease term amounted to ¥4,703 million ($46,941 thousand) and ¥3,772 million for the years ended March 31, 2008 and 2007, respectively.

Pro forma information on the property leased under these finance leases, including acquisition cost, accumulated depreciation and future minimum lease payments, all of which included imputed interest expense, on an “as if capitalized” basis at March 31, 2008 and 2007 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Acquisition cost	¥ 36,725	¥ 30,472	$ 366,554
Accumulated depreciation	(14,093)	(10,551)	(140,663)
Accumulated impairment loss on fixed assets	(120)	(120)	(1,198)
Net leased property	¥ 22,512	¥ 19,801	$ 224,693
Future minimum lease payments:			
Within 1 year	¥ 4,480	¥ 4,134	$ 44,715
Over 1 years	18,200	15,816	181,655
Total	¥ 22,680	¥ 19,950	$ 226,370

Information on future lease payments under non-cancelable operating leases at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Within 1 year	¥ 75	¥ 8	$ 749
Over 1 years	400	61	3,992
Total	¥ 475	¥ 69	$ 4,741

(b) Lessor

Revenue under finance leases other than those which substantially transfer the risks and benefits of ownership of the assets at the end of the lease term amounted to ¥2,952 million ($29,464 thousand) and ¥2,502 million for the years ended March 31, 2008 and 2007, respectively. The related depreciation expense of ¥2,316 million ($23,116 thousand) and ¥2,051 million was recorded on the consolidated statements of income for the years ended March 31, 2008 and 2007, respectively.

Information on the leased property, including acquisition cost, accumulated depreciation and future lease commitments to be received under these finance leases, at March 31, 2008 and 2007 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Acquisition cost	¥ 15,177	¥ 14,801	$ 151,482
Accumulated depreciation	(6,469)	(5,183)	(64,567)
Net leased property	¥ 8,708	¥ 9,618	$ 86,915
Future lease commitments to be received:			
Within 1 year	¥ 2,648	¥ 2,660	$ 26,430
Over 1 years	7,868	8,791	78,531
Total	¥ 10,516	¥ 11,451	$ 104,961

Information on the future lease commitments to be received under non-cancelable operating leases at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Within 1 year	¥ 301	¥ 296	$ 3,004
Over 1 years	2,474	2,879	24,693
Total	¥ 2,775	¥ 3,175	$ 27,697

9. Derivatives

The Chubu Electric Group enters into derivative financial instruments, including interest rate swaps, interest rate options, foreign currency forward contracts, currency swaps, commodity swaps, commodity options, commodity forward contracts and weather derivatives. The fair value of the Chubu Electric Group's derivative financial instruments at March 31, 2008 was as follows:

	Contracted Amount	Fair Value	Unrealized gains or losses
		Millions of yen	
As of March 31, 2008			
Commodity swaps and options contracts			
Receive floating, pay fixed	¥ 2,556	¥ 394	¥ 394
Commodity swaps contracts			
Receive floating, pay fixed	3,569	(132)	(132)
Receive fixed, pay floating	14,836	49	49
Commodity forward contracts	17,711	673	673
Total	¥ 38,672	¥ 984	¥ 984
		Thousands of U.S. dollars	
As of March 31, 2008			
Commodity swaps and options contracts			
Receive floating, pay fixed	$ 25,512	$ 3,933	$ 3,933
Commodity swaps contracts			
Receive floating, pay fixed	35,622	(1,318)	(1,318)
Receive fixed, pay floating	148,079	489	489
Commodity forward contracts	176,774	6,717	6,717
Total	$ 385,987	$ 9,821	$ 9,821

The fair values above are based on prices provided by banking institutions. Derivative financial instruments that qualify for hedge accounting are excluded from the disclosure of the above fair value information.

10. Contingent Liabilities

As of March 31, 2008 and 2007, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Co-guarantees of loans for others:			
Japan Nuclear Fuel Limited	¥ **142,097**	¥ 143,125	$ **1,418,275**
Nuclear Fuel Transport Co., Ltd. and other companies	**1,318**	2,469	**13,155**
Guarantees of housing and other loans for employees	**103,317**	103,257	**1,031,210**
Guarantees relating to electricity purchase agreements for affiliates	**1,498**	1,757	**14,952**
Recourses under debt assumption agreements	**699,723**	699,723	**6,983,960**

11. Net Assets

The authorized number of shares of common stock without par value is 1,190 million. At March 31, 2008 and 2007, respectively, the number of shares of common stock issued was 779,004,665 and 782,153,165 shares. At March 31, 2008 and 2007, respectively, the number of treasury stock held by the Chubu Electric Group was 434,034 and 314,500 shares.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 26, 2008, the shareholders approved cash dividends amounting to 23,360 million ($233,157 thousand). The appropriation was not accrued in the consolidated financial statements as of March 31, 2008. Such appropriations are recognized in the period in which they are approved by the shareholders.

12. Income Taxes

The tax effects on temporary differences that give rise to deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Deferred tax assets:			
Employee retirement benefit liability	**¥ 71,298**	¥ 71,047	**$ 711,628**
Depreciation	**33,966**	31,149	**339,016**
Intercompany profits	**18,240**	17,776	**182,054**
Amortization of deferred charges	**16,632**	19,172	**166,005**
Impairment loss on fixed assets	**16,352**	16,289	**163,210**
Reserve for reprocessing of irradiated nuclear fuel	**13,196**	10,830	**131,710**
Reserve for decommissioning nuclear power plant	**12,556**	7,353	**125,322**
Accrued bonuses to employees	**11,310**	10,873	**112,885**
Other	**69,470**	46,452	**693,382**
Total gross deferred tax assets	**263,020**	230,941	**2,625,212**
Less valuation allowance	**(38,456)**	(32,101)	**(383,831)**
Total deferred tax assets	**224,564**	198,840	**2,241,381**
Deferred tax liabilities:			
Prepaid pension cost	**22,545**	–	**225,023**
Deferred gains on hedging instruments	**14,654**	19,286	**146,262**
Net unrealized gains on available-for-sale securities	**13,424**	26,922	**133,985**
Other	**954**	9,346	**9,522**
Total deferred tax liabilities	**51,577**	55,554	**514,792**
Net deferred tax assets	**¥ 172,987**	¥ 143,286	**$ 1,726,589**

At March 31, 2008 and 2007, deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Deferred tax assets:			
Noncurrent	**¥ 146,948**	¥ 124,155	**$ 1,466,693**
Current	**26,042**	19,142	**259,926**
Deferred tax liabilities:			
Noncurrent	**–**	11	**–**
Current	**3**	–	**30**

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, 2007, a valuation allowance was established to reduce the deferred tax assets to the extent that the management of the Chubu Electric Group believed the deferred tax assets were expected to be realizable.

A reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2007 is set forth below, as follows. Because the difference between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2008 was 5% or less of the statutory income tax rate, the information has been omitted.

	2007
Statutory tax rate	35.7%
Increase due to:	
Amortization of goodwill	3.9
Less, valuation allowance	3.0
Tax credit	(0.8)
Equity in earnings of affiliates	(0.3)
Permanent non-deductible expenses	0.3
Other	0.9
Effective income tax rate	42.7%

13. Segment Information

The Chubu Electric Group's operations are classified into five segments, electric power business, energy business, IT and telecommunications business, construction business and other business. The electric power segment involves the electric power supply business. The energy business segment involves gas supply. The IT and telecommunications segment involves telecommunications and information software and services. The construction business segment consists of elements related to the construction, maintenance and repair of power generation, transmission and transformation facilities, etc. The other business segment consists of elements related to the leasing and management of real estate, etc. Information by industry segment for years ended March 31, 2008 and 2007 was as follows:

	Electric Power	Energy	IT and Telecommunications	Construction	Others	Total	Elimination	Consolidated
	Millions of yen							
Year ended March 31, 2008								
Operating revenues:								
External customers	¥ 2,187,368	¥ 34,795	¥ 32,730	¥ 146,920	¥ 31,052	¥ 2,432,865	¥ –	¥ 2,432,865
Intersegment	6,059	5,851	45,689	164,397	68,979	290,975	(290,975)	–
Total	2,193,427	40,646	78,419	311,317	100,031	2,723,840	(290,975)	2,432,865
Operating Expenses	2,037,369	43,090	84,908	297,435	91,959	2,554,761	(289,759)	2,265,002
Operating Income	¥ 156,058	¥ (2,444)	¥ (6,489)	¥ 13,882	¥ 8,072	¥ 169,079	¥ (1,216)	¥ 167,863
Total Assets	¥ 5,068,059	¥ 64,541	¥ 175,105	¥ 285,200	¥ 154,686	¥ 5,747,591	¥ (111,333)	¥ 5,636,258
Depreciation and amortization	301,089	4,528	24,050	5,674	9,767	345,108	(3,541)	341,567
Capital expenditures	204,695	8,498	23,475	8,371	10,652	255,691	(5,066)	250,625
Year ended March 31, 2007								
Operating revenues:								
External customers	¥ 2,080,450	¥ 34,969	¥ 28,036	¥ 34,793	¥ 35,545	¥ 2,213,793	¥ –	¥ 2,213,793
Intersegment	5,891	6,178	50,510	79,038	62,939	204,556	(204,556)	–
Total	2,086,341	41,147	78,546	113,831	98,484	2,418,349	(204,556)	2,213,793
Operating Expenses	1,861,344	32,940	77,305	108,077	91,846	2,171,512	(204,431)	1,967,081
Operating Income	¥ 224,997	¥ 8,207	¥ 1,241	¥ 5,754	¥ 6,638	¥ 246,837	¥ (125)	¥ 246,712
Total Assets	¥ 5,268,017	¥ 50,423	¥ 169,065	¥ 286,264	¥ 134,234	¥ 5,908,003	¥ (206,288)	¥ 5,701,715
Depreciation and amortization	300,246	3,478	22,670	1,622	9,969	337,985	(2,723)	335,262
Capital expenditures	139,640	5,596	20,950	1,697	14,731	182,614	(2,492)	180,122

	Electric Power	Energy	IT and Telecommunications	Construction	Others	Total	Elimination	Consolidated
	Thousands of U.S. dollars							
Year ended March 31, 2008								
Operating revenues:								
External customers	$ 21,832,199	$ 347,290	$ 326,679	$ 1,466,414	$ 309,931	$ 24,282,513	$ –	$ 24,282,513
Intersegment	60,475	58,399	456,024	1,640,852	688,482	2,904,232	(2,904,232)	–
Total	21,892,674	405,689	782,703	3,107,266	998,413	27,186,745	(2,904,232)	24,282,513
Operating Expenses	20,335,053	430,083	847,470	2,968,709	917,846	25,499,161	(2,892,095)	22,607,066
Operating Income	$ 1,557,621	$ (24,394)	$ (64,767)	$ 138,557	$ 80,567	$ 1,687,584	$ (12,137)	$ 1,675,447
Total Assets	$ 50,584,479	$ 644,186	$ 1,747,729	$ 2,846,591	$ 1,543,928	$ 57,366,913	$ (1,111,219)	$ 56,255,694
Depreciation and amortization	3,005,180	45,194	240,044	56,632	97,485	3,444,535	(35,342)	3,409,193
Capital expenditures	2,043,068	84,819	234,305	83,551	106,318	2,552,061	(50,564)	2,501,497

From March 31, 2008, classification of the Company's business will be expanded from the current 4 categories: "Electric Power," "Energy," "IT and Telecommunications" and "Other," to 5 categories: "Electric Power," "Energy," "IT and Telecommunications", "Construction" and "Other." The reason for this is that, as a result of additional acquisitions of TOENEC CORPORATION stock, this company has become a consolidated subsidiary. As such, the valuations related to "Construction" have become more important. Segment information for the year ended March 31, 2007 disclosed above was reclassified to conform to year ended March 31, 2008 classifications for comparative purposes.

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

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

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

NON-CONSOLIDATED BALANCE SHEETS

Chubu Electric Power Company, Incorporated (Parent)

As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
ASSETS	**2008**	2007	**2008**
Property, Plant and Equipment:			
Property, plant and equipment	**¥12,342,016**	¥12,284,743	**$123,186,106**
Construction in progress	**222,525**	145,829	**2,221,030**
	12,564,541	12,430,572	**125,407,136**
Less:			
Contributions in aid of construction	**(147,824)**	(145,437)	**(1,475,436)**
Accumulated depreciation	**(8,494,961)**	(8,237,166)	**(84,788,512)**
	(8,642,785)	(8,382,603)	**(86,263,948)**
Property, Plant and Equipment, Net	**3,921,756**	4,047,969	**39,143,188**
Nuclear Fuel:			
Loaded nuclear fuel	**43,880**	41,486	**437,968**
Nuclear fuel in processing	**216,110**	212,859	**2,157,002**
Total Nuclear Fuel	**259,990**	254,345	**2,594,970**

Investments and Other Long-term Assets:			
Long-term investments	335,087	367,748	3,344,516
Deferred tax assets	111,164	92,078	1,109,532
Fund for reprocessing of irradiated nuclear fuel	245,660	244,727	2,451,941
Other	72,431	34,709	722,936
Less allowance for doubtful accounts	(445)	(338)	(4,442)
Total Investments and Other Long-term Assets	763,897	738,924	7,624,483
Current Assets:			
Cash	25,459	29,241	254,107
Trade notes and accounts receivable	116,677	105,724	1,164,557
Less allowance for doubtful accounts	(672)	(665)	(6,707)
Inventories	83,670	72,489	835,113
Deferred tax assets	22,158	14,602	221,160
Other	45,612	24,652	455,255
Total Current Assets	292,904	246,043	2,923,485
Total Assets	¥5,238,547	¥5,287,281	$52,286,126

	Millions of yen		Thousands of U.S. dollars
LIABILITIES, MINORITY INTERESTS AND NET ASSETS	2008	2007	2008
Long-term Liabilities:			
Long-term debt	¥2,222,069	¥2,329,263	$22,178,551
Employee retirement benefit liability	141,666	137,840	1,413,973
Reserve for reprocessing of irradiated nuclear fuel	264,880	270,488	2,643,777
Reserve for preparation for reprocessing of irradiated nuclear fuel	6,224	3,770	62,122
Reserve for decommissioning nuclear power plant	113,070	92,020	1,128,556
Other long-term liabilities	32,402	25,487	323,405
Total Long-term Liabilities	2,780,311	2,858,868	27,750,384
Current Liabilities:			
Current portion of long-term debt and other	222,030	139,980	2,216,089
Short-term borrowings	339,400	314,400	3,387,564
Commercial papers	11,000	145,000	109,791
Trade notes and accounts payable	146,622	74,101	1,463,440
Income taxes payable	19,273	11,016	192,365
Reserve for bonuses to directors and corporate auditors	–	106	–
Other	159,130	158,359	1,588,282
Total Current Liabilities	897,455	842,962	8,957,531
Reserve for Fluctuation in Water Levels	–	4,005	–
Total Liabilities	3,677,766	3,705,835	36,707,915
Net Assets			
Common stock	430,777	430,777	4,299,601
Capital surplus	70,690	73,967	705,560
Retained earnings	1,011,631	999,047	10,097,125
Less treasury stock, at cost	(1,100)	(799)	(10,979)
Total Shareholders' Equity	1,511,998	1,502,992	15,091,307
Valuation and translation adjustments	48,783	78,454	486,904
Total Net Assets	1,560,781	1,581,446	15,578,211
Total Liabilities and Net Assets	¥5,238,547	¥5,287,281	$52,286,126

NON-CONSOLIDATED STATEMENTS OF INCOME

Chubu Electric Power Company, Incorporated (Parent)

For the Years Ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Operating Revenues	¥2,222,182	¥2,117,034	$22,179,678
Operating Expenses:			
Fuel	828,229	662,191	8,266,583
Salaries and employee benefits	154,838	137,860	1,545,444
Purchased Power	164,671	176,004	1,643,587
Maintenance	189,116	184,099	1,887,574
Depreciation	300,774	299,825	3,002,036
Taxes other than income taxes	132,314	134,323	1,320,631
Other	297,545	290,337	2,969,807
Total Operating Expenses	2,067,487	1,884,639	20,635,662
Operating Income	154,695	232,395	1,544,016
Other (Income) Expenses:			
Interest expense	53,023	70,106	529,225
Loss on write-down of securities	–	35,598	–
Reserve for decommissioning costs of nuclear power plant for prior periods	13,695	–	136,690
Loss on discontinued construction of hydroelectric power plant	–	5,267	–
Other, net	(7,668)	(486)	(76,535)
Total Other Expenses, Net	59,050	110,485	589,380
Income before Reversal of Reserve for Fluctuation in Water Levels and Income Taxes	95,645	121,910	954,636
Reversal of Reserve for Fluctuation in Water Levels	(4,006)	(2,661)	(39,984)
Income before Income Taxes	99,651	124,571	994,620
Income Taxes:			
Current	43,608	41,497	435,253
Deferred	(10,168)	18,937	(101,487)
Total Income Taxes	33,440	60,434	333,766
Net Income	66,211	64,137	660,854

	Yen		U.S. dollars
	2008	2007	2008
Per Share of Common Stock:			
Net income:			
Basic	¥84.91	¥82.01	$0.85
Cash dividends	60	60	0.60

Corporate Data

(As of March 31, 2008)

Chubu Electric Power Co., Inc.

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tel: 02-654-0688 fax: 02-654-0689

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tel: 974-4836-830 fax: 974-4834-841

DATE OF ESTABLISHMENT

May 1st, 1951

CAPITAL

¥430,777,362,600

AUTHORIZED NUMBER OF SHARES

1,190,000,000

NUMBER OF ISSUED SHARES

779,004,665

NUMBER OF SHAREHOLDERS

357,359

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 100-8212, Japan

GENERAL MEETING OF SHAREHOLDERS

June

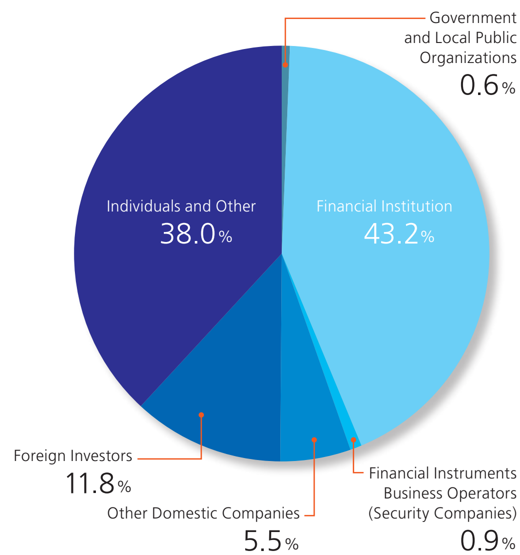
AUDITORS

KPMG AZSA & Co.

PRINCIPAL SHAREHOLDERS

Name	Number of Shares (thousands)	Percentage of Total Shares in Issue (%)
The Master Trust Bank of Japan, Ltd.	50,824	6.52
Meiji Yasuda Life Insurance Company	42,662	5.48
Japan Trustee Services Bank, Ltd.	36,772	4.72
Nippon Life Insurance Company	34,440	4.42
Trust & Custody Services Bank, Ltd.	20,065	2.58
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,104	2.45
Sumitomo Mitsui Banking Corporation	14,943	1.92
Mizuho Corporate Bank, Ltd.	14,064	1.81
Kondo Cotton Spinning Co., Ltd.	11,376	1.46
Chubu Electric Employees' Shareholders Association	10,622	1.36

COMPOSITION OF SHAREHOLDERS



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