

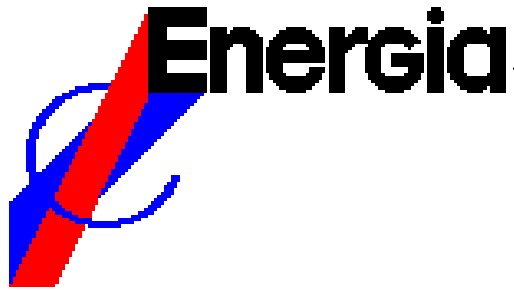


# Company-wide Briefing

The Chugoku Electric Power Co., Inc.

May 23rd, 2002

In this presentation, the term "Fiscal Year 2002" describes the period which ended March, 2002



# An Overview of Account Settlements for the Fiscal Year 2002

## An Overview of Account Settlements for the Fiscal Year 2002

### 1. Non-Consolidated

【Unit: Hundred Million Yen】

	2002 FY	2001 FY	Increase & Decrease	Year-On-Year
Sales Amount	9,725	9,981	256	97.4%
Operating Profit	1,170	1,349	179	86.7%
Ordinary Profit	590	691	100	85.4%
Current Net Profit	244	320	75	76.5%

### 2. Consolidated

【Unit: Hundred Million Yen】

	2002 FY	2001 FY	Increase & Decrease	Year-On-Year
Sales Amount	10,211	10,448	237	97.7%
Operating Profits	1,185	1,266	80	93.6%
Ordinary Profit	637	607	29	104.9 %
Current Net Profit	464	272	192	170.8%

## An Overview of Result Estimates for the Fiscal Year 2003

### 1. Non-Consolidated

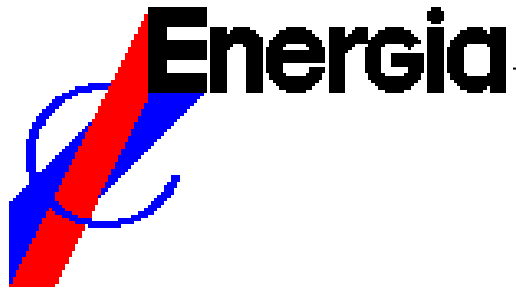
【Unit: Hundred Million Yen】

	2003 FY Estimate	2002 FY	Increase & Decrease	Year-On-Year
Sales Amount	9,600	9,725	125	98.7 %
Operating Profit	1,040	1,170	130	88.9 %
Ordinary Profit	580	590	10	98.3%
Current Net Profit	400	244	156	163.9 %

### 2. Consolidated

【Unit: Hundred Million Yen】

	2003 FY Estimate	2002 FY	Increase & Decrease	Year-On-Year
Sales Amount	10,100	10,211	111	98.9 %
Operating Profit	1,040	1,185	145	87.8 %
Ordinary Profit	590	637	47	92.6 %
Current Net Profit	390	464	74	84.1 %



# Management Goals

# State of Achievement of Management Goals ( Before Revision )

\	2001-2003 FY Average	2001 FY Results	2002 FY Results	2 Year Average
Shareholders` Equity Ratio	Approx. 20% (End of the 2003 FY)	<b>18.0%</b>	<b>18.6%</b>	<b>18.6%</b> (End of the 2002 FY)
Return On Assets	Over 2.0%	<b>2.4%</b>	<b>2.1%</b>	<b>2.3%</b>
Ordinary Profit	Over 60 Billion Yen	<b>69.1 Billion Yen</b>	<b>59 Billion Yen</b>	<b>64.1 Billion Yen</b>
Free Cash Flow (After Dividend Distribution)	Over 70 Billion Yen	<b>84.7 Billion Yen</b>	<b>85.5 Billion Yen</b>	<b>85.1 Billion Yen</b>

## Towards the Achievement of New Management Goals

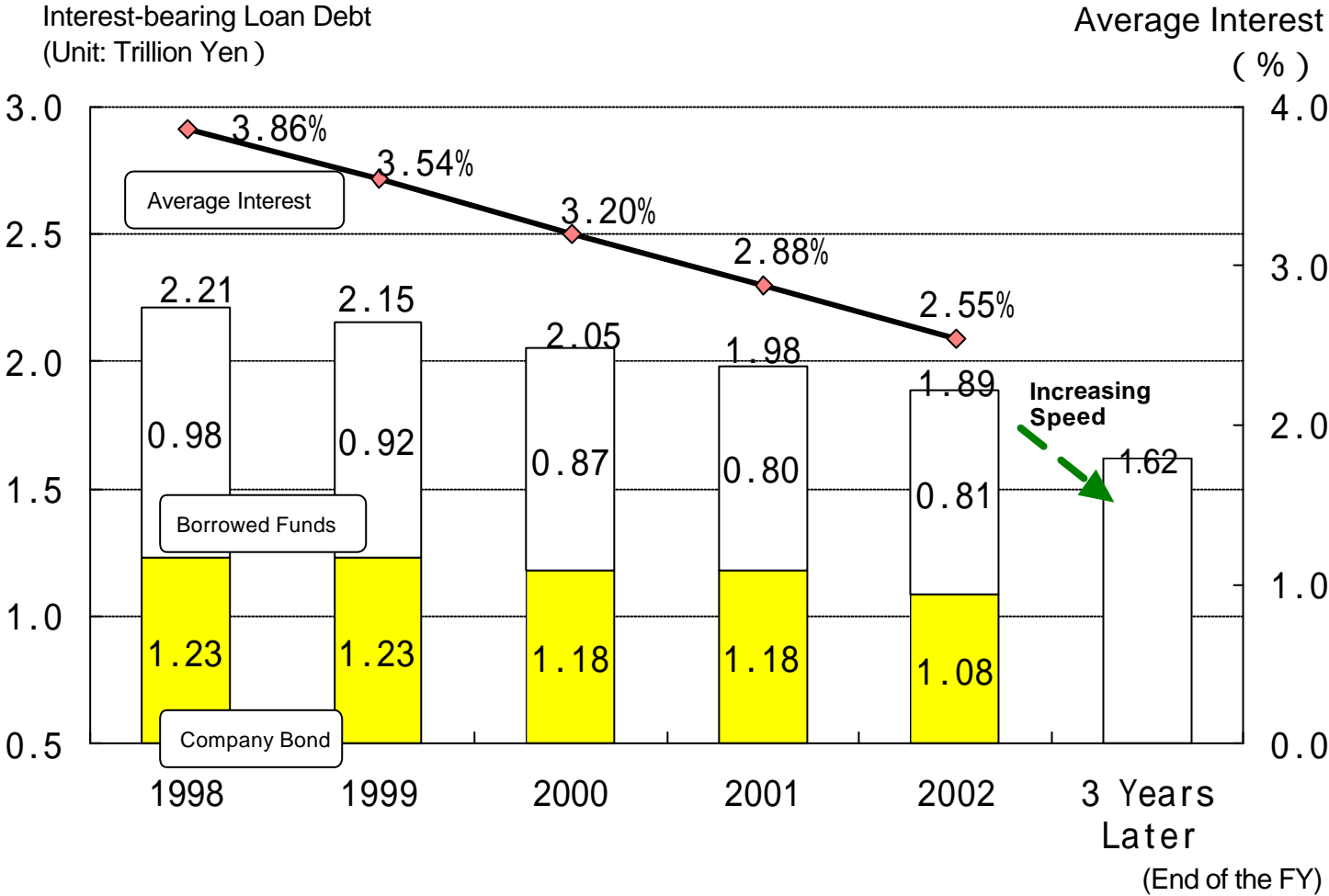
~ Management goals that aim for an improvement in business results and financial strength ~

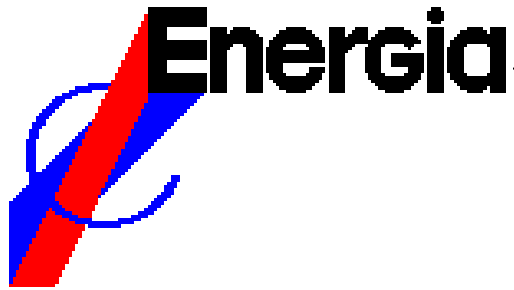
Numeric Goals	2003-2005 FY Average	2003 FY Estimate
Shareholders' Equity Ratio	Approximately 23% (End of the 2005 FY)	Approximately 19.5%
R O E (Return On Equity)	Approximately 8%	Approximately 7.5%
R O A (Return On Assets After Taxes)	Approximately 3%	Approximately 2.5%
Ordinary Profit	Over 70 Billion Yen	Approximately 58 Billion Yen
Free Cash Flow (Before Dividend Distribution)	Over 110 Billion Yen	Approximately 120 Billion Yen



**Goal Achievement**

# Trends in Interest-bearing Loan Debt





## General Business Conditions and Response to Self Generation

# Status of the Fiscal Year 2003 Contract

## Targets of Deregulation

Number of Customers : 364 (At the end of April, 2002)

Electricity Sales : 15.3 Billion kWh (2002 FY results)

## Status of 2003 FY Contract

### Continuation of Contract With 364 Customers

- Withdrawal Demand: 1 Customer
- Electric Power Purchase Bid : Successful bid made by our company

Long-term Contract : Approximately 60% of customers

## Self Generation Status and Our Company's Proposal Activities

### **Deregulated Customers >**

Large-scale Self Generation at Steel-chemical Complexes, etc.  
Production facilities which use steam, by-product gases, etc. effectively are numerous  
Facilities which are due to be replaced are numerous



Promotion of a transfer to purchase of electricity due to the proposal of demand acquisition-type menus

Fuel Sales by Energia Solution & Service Company, Inc. (ESS)

Facility Operation Support by Power Engineering and Training Services, Inc. (PET)

### **Regulated Customers >**

Monogene ( generation only ) facilities are numerous  
90% of all facilities are diesel generators which use crude petroleum as fuel



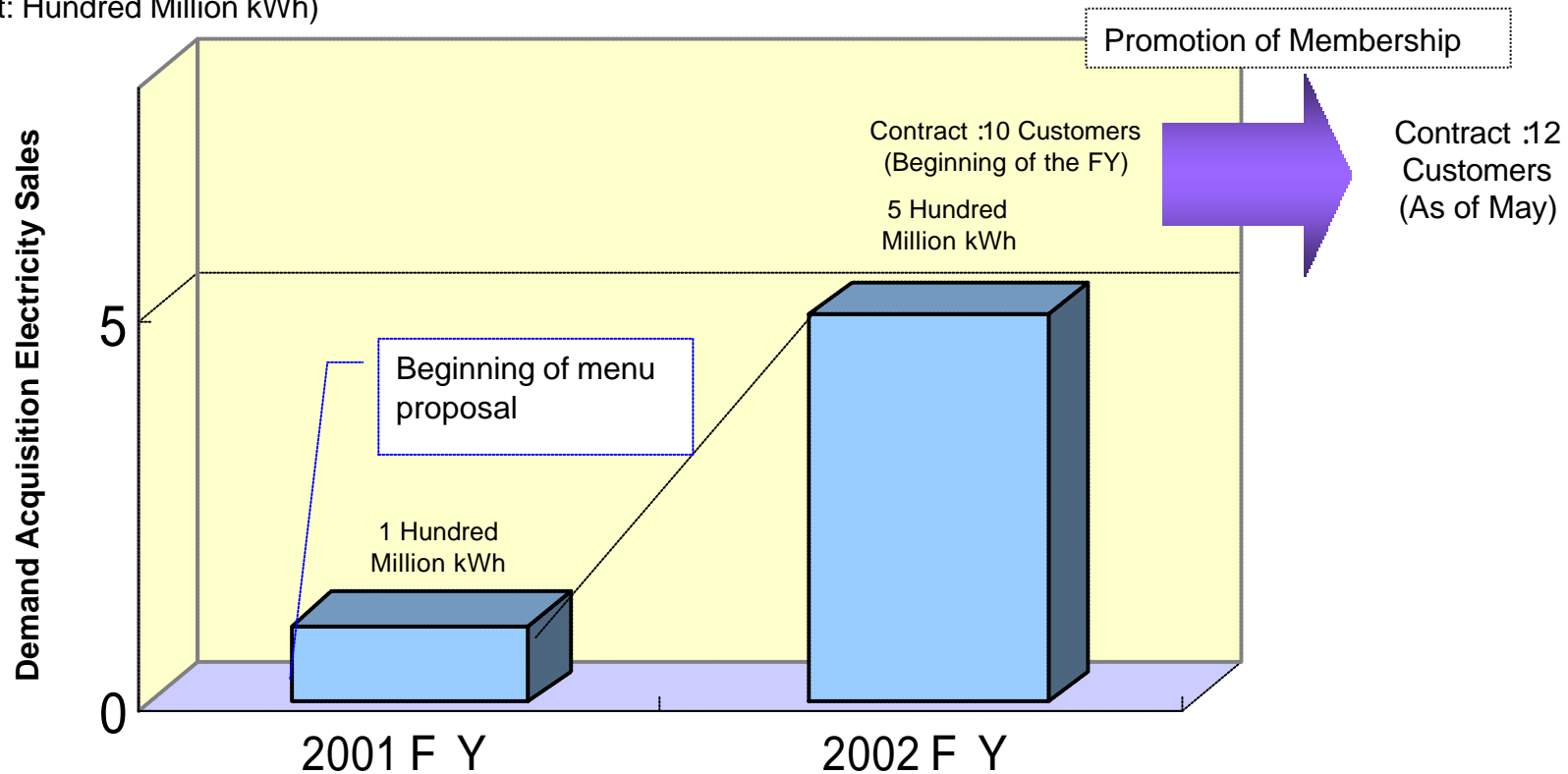
Personnel strengthening

Development of proposal-type business activities

## Acquisition of Demand Through Self Generation (Deregulated Customers )

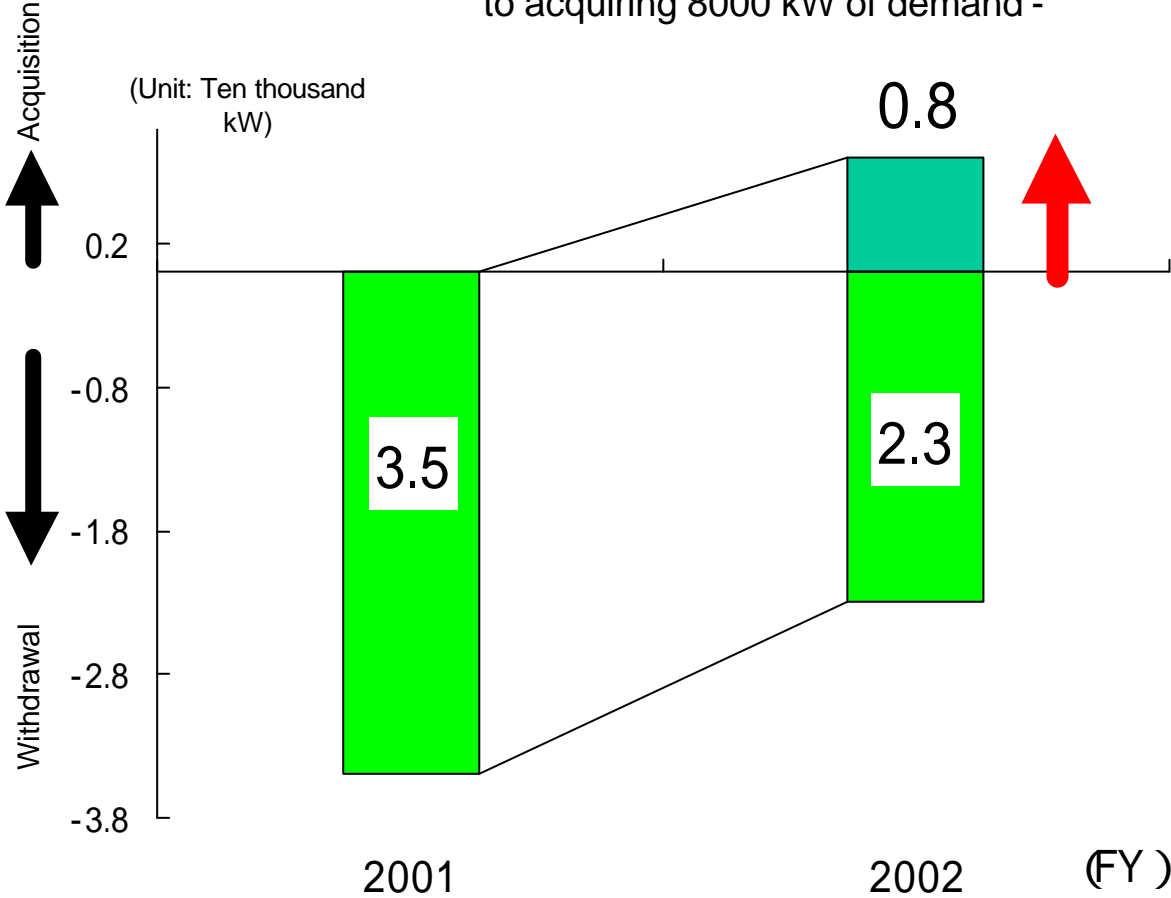
Increase in electricity sales due to promotion of membership in demand acquisition-type menus

(Unit: Hundred Million kWh)



# Demand Acquisition Due to Self Generation Acquisition (Regulated Customers + High-voltage Field)

- In regard to 2002 FY demand acquisition status from self generation, our company has reduced withdrawal demand from the 2001 FY level of 35,000 kW to 23,000 kW, in addition to acquiring 8000 kW of demand -



# Business Strategies for Self Generation Demand

## Strengthening Price Competitiveness

- The realization of electric power prices that can rival those offered by self generation/sales companies

## Enriching and Strengthening Individual Proposal-type Businesses (More Attractive Proposal Than Self Generation )

- Strengthening of specialized business employees
- Assertive development of technology businesses
- Improvement of business proposal strength

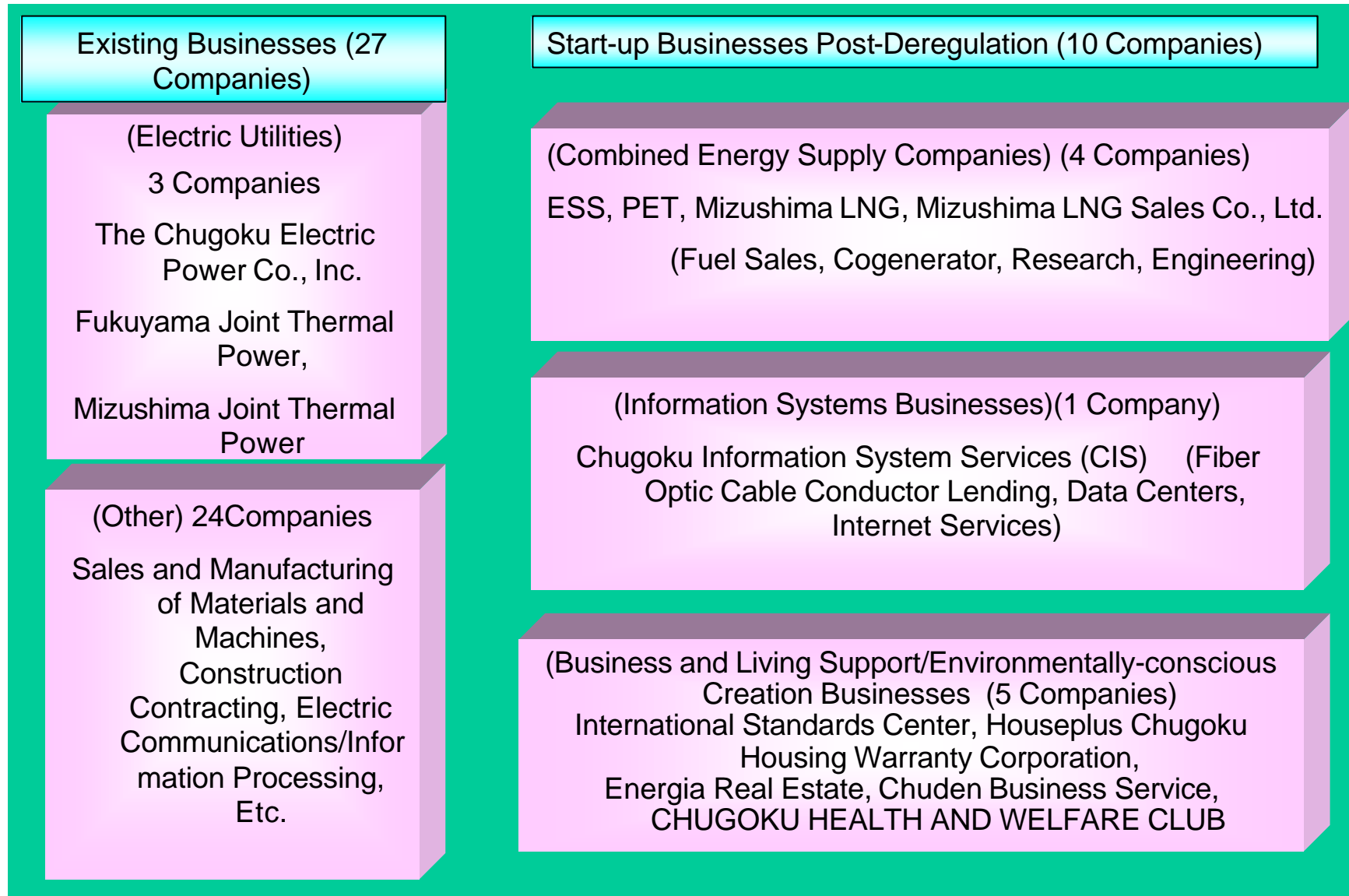
## Strengthening Product and Service Offerings

- Proposal of self generation demand-type fee menus
- Undertaking the operation of heat storage facilities, instantaneous voltage decrease prevention devices, etc.
- Fuel sales of LNG, coal, etc. (ESS)
- Self generation facility operational support (PET)
- Steam supply from our company`s thermal generators

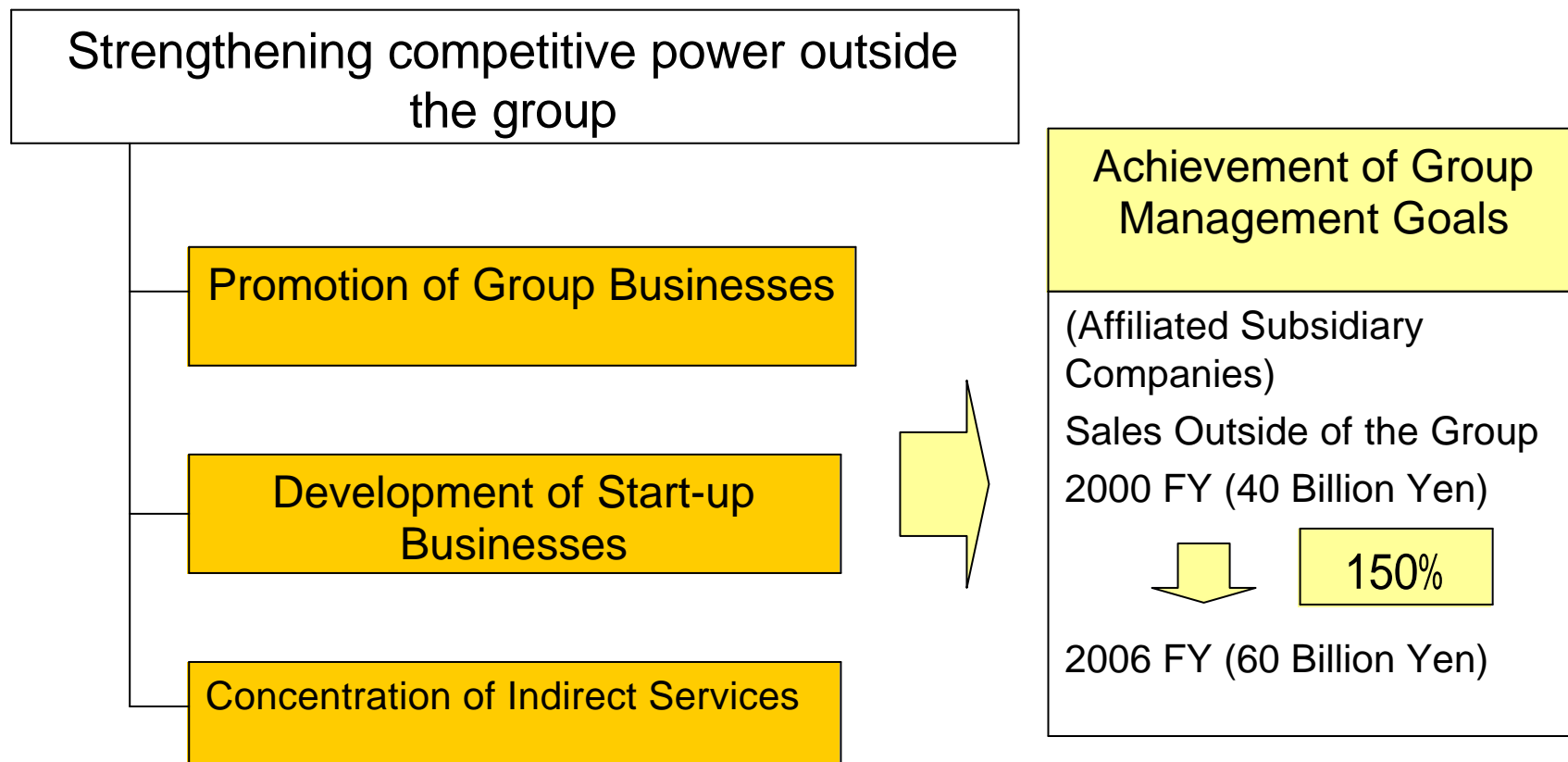


# Strengthening Group Profits

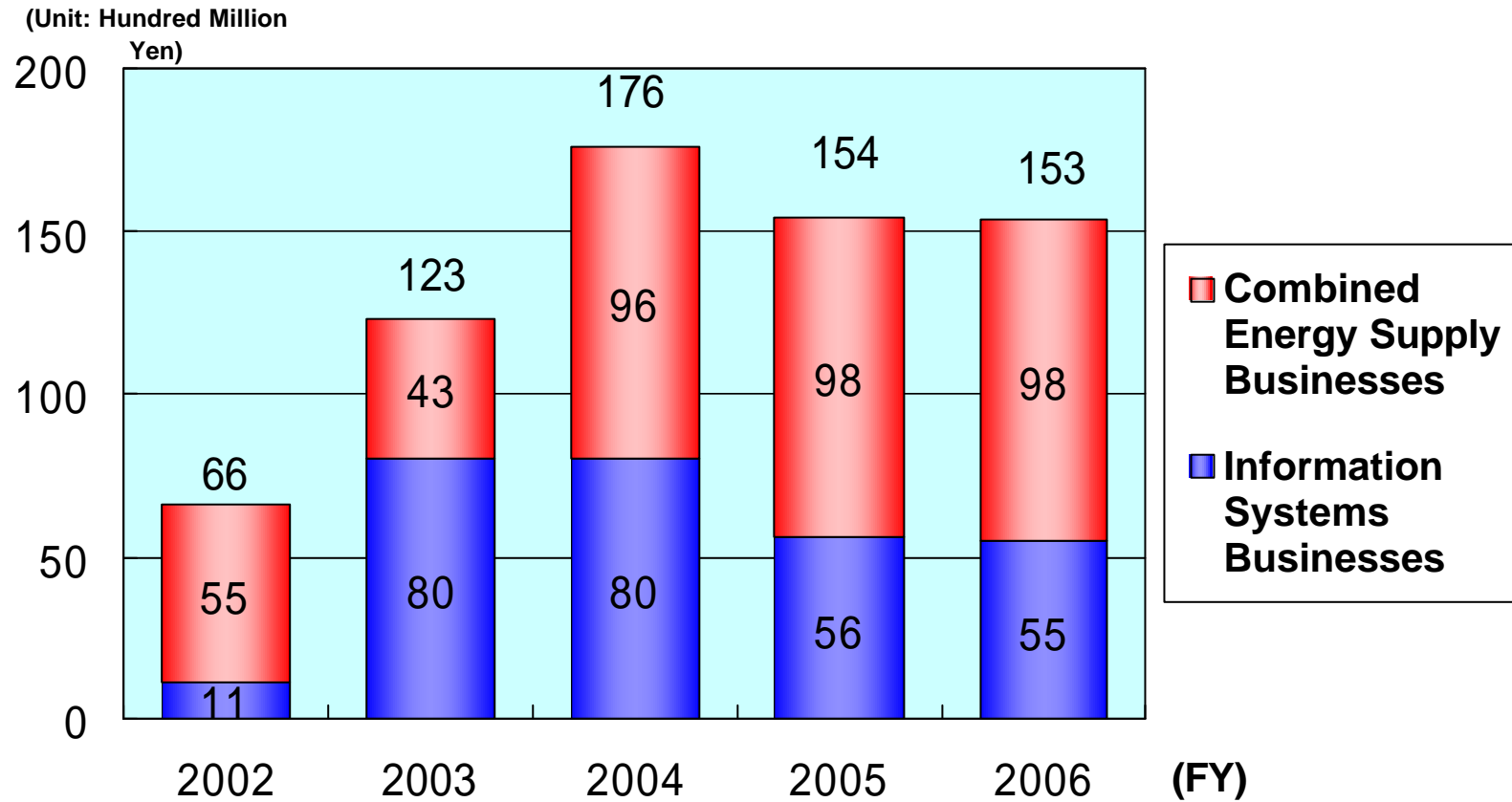
## Structure of the Chugoku Electric Power Group (37 Affiliated Companies)



# Efforts to Strengthen Competitive Power Outside the Group Market

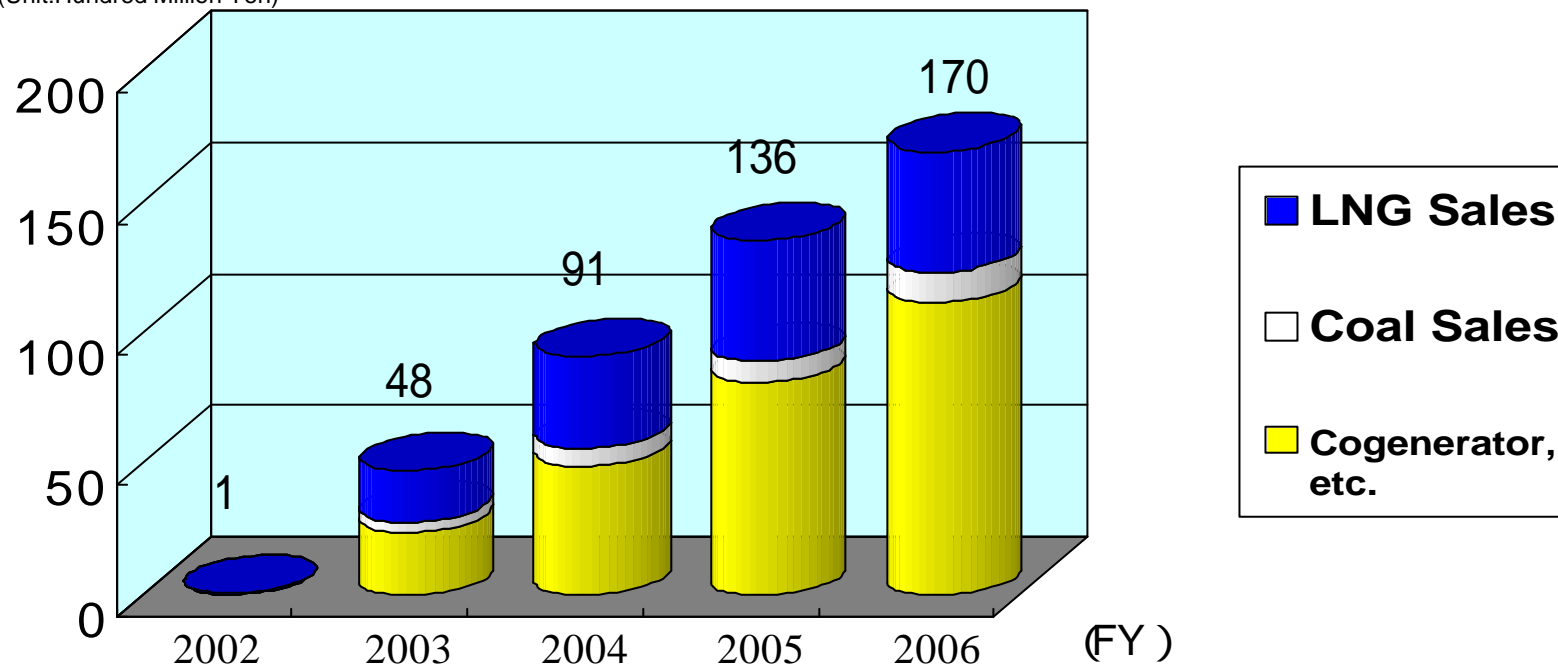


# Capital Investment in Start-up Businesses



# Fuel Supply and Energy Using Businesses (ESS) Revenue and Expenditure Outlook

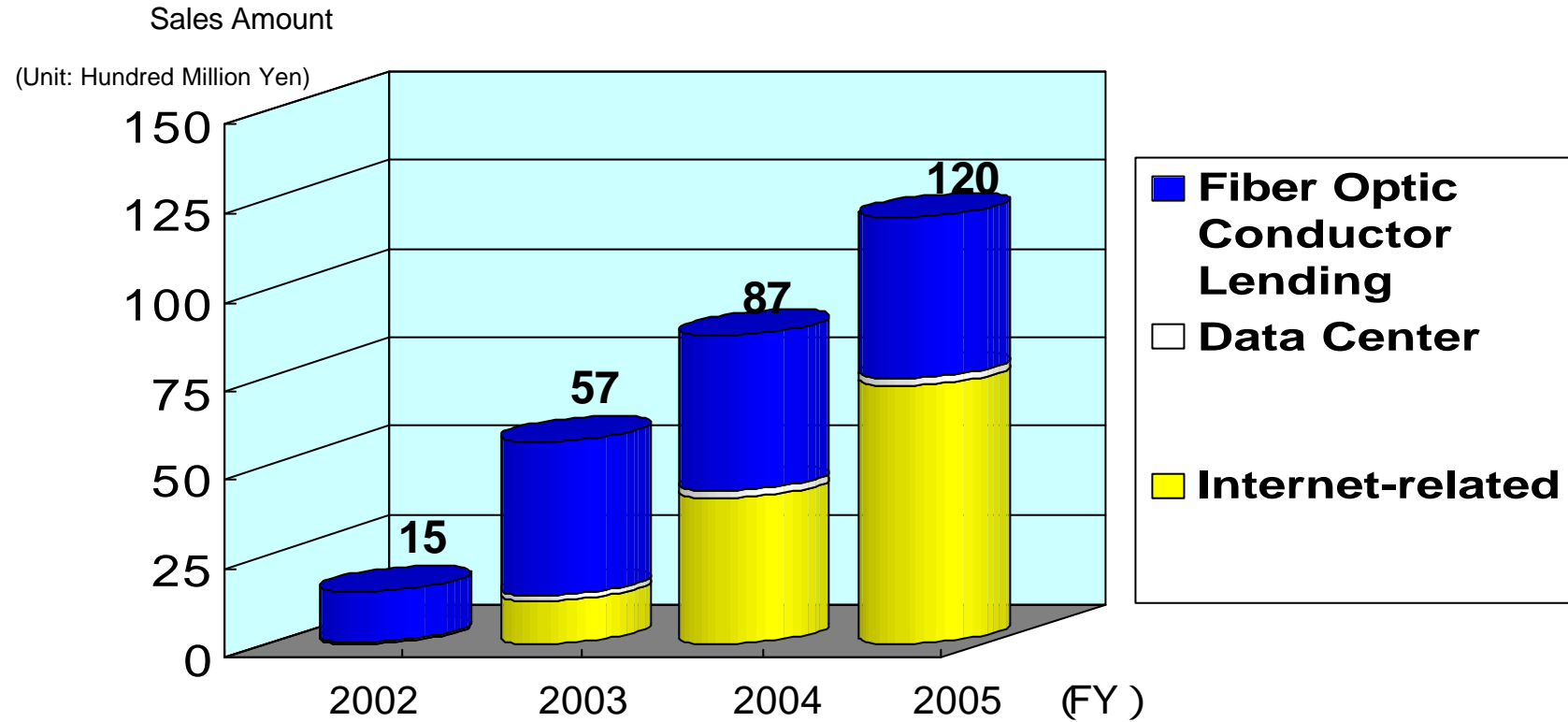
Sales Amount  
(Unit:Hundred Million Yen)



Ordinary Profit	1	3	1	1	1
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(Unit: Hundred Million Yen)

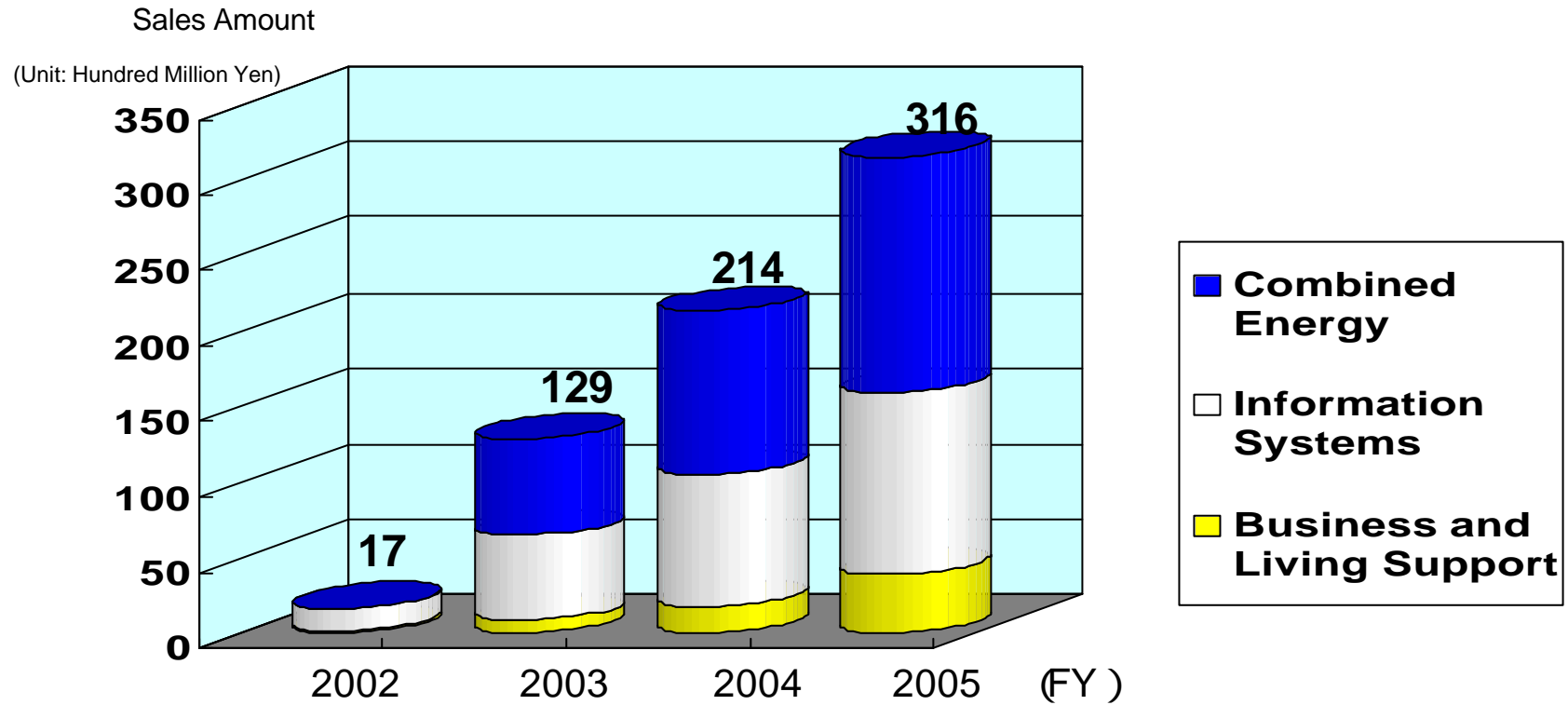
# Information Systems Businesses (CIS Start-up Businesses) Revenue and Expenditure Outlook



Ordinary Profit	0	1	10	23
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(Unit: Hundred Million Yen)

# A Survey of the Future of the Start-up Businesses as a Whole



Ordinary Profit	3	5	5	18
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(Unit: Hundred Million Yen)

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**For Questions or Comments, Please Contact the  
Corporate Planning Manager at the Address Below:**

**730-8701**

**Hiroshima-Shi, Naka-ku, Komachi 4-33**

**The Chugoku Electric Power Co., Inc.**

**Corporate Planning Department**

**TEL (070) 5827-3560**

**FAX (082) 523-6090**

**E-mail [ir@inet.energia.co.jp](mailto:ir@inet.energia.co.jp)**