



Investors Meeting for FY 2003 Financial Results

The Chugoku Electric Power Co., Inc.

May 22, 2003

In this presentation, the term “Fiscal Year 2003” describes the period which ended March 2003.

An Overview of Account Settlements for FY 2003

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1. Non-Consolidated

[Unit: Billion Yen]

	FY 2003	FY 2002	Increase & Decrease	Year-On-Year
Sales Amount	965.4	972.5	7.0	99.3%
Operating Profit	126.2	117.0	9.2	107.9%
Ordinary Profit	66.7	59.0	7.6	112.9%
Current Net Profit	45.6	24.4	21.2	186.7%

2. Consolidated

[Unit: Billion Yen]

	FY 2003	FY 2002	Increase & Decrease	Year-On-Year
Sales Amount	1009.2	1021.1	11.8	98.8%
Operating Profit	126.9	118.5	8.4	107.1%
Ordinary Profit	68.3	63.7	4.6	107.3%
Current Net Profit	44.1	46.4	2.3	95.0%

An Overview of Results Estimates for FY 2004

1. Non-Consolidated

[Unit: Billion Yen]

	FY 2004 Estimate	FY 2003	Increase & Decrease	Year-On-Year
Sales Amount	920.0	965.4	45.4	95.3%
Operating Profit	98.0	126.2	28.2	77.7%
Ordinary Profit	60.0	6.7	6.7	90.0%
Current Net Profit	39.0	45.6	6.6	85.5%

2. Consolidated

[Unit: Billion Yen]

	FY 2004 Estimate	FY 2003	Increase & Decrease	Year-On-Year
Sales Amount	980.0	1009.2	29.2	97.1%
Operating Profit	98.0	126.9	28.9	77.2%
Ordinary Profit	61.0	68.3	7.3	89.3%
Current Net Profit	40.0	44.1	4.1	90.7%

State of Achievement of Management Goals [Non-Consolidated]

Achievement of Management Goals [Non-Consolidated]

~ Management Goals that Aim for Improvements in Business Results and Financial Strength ~

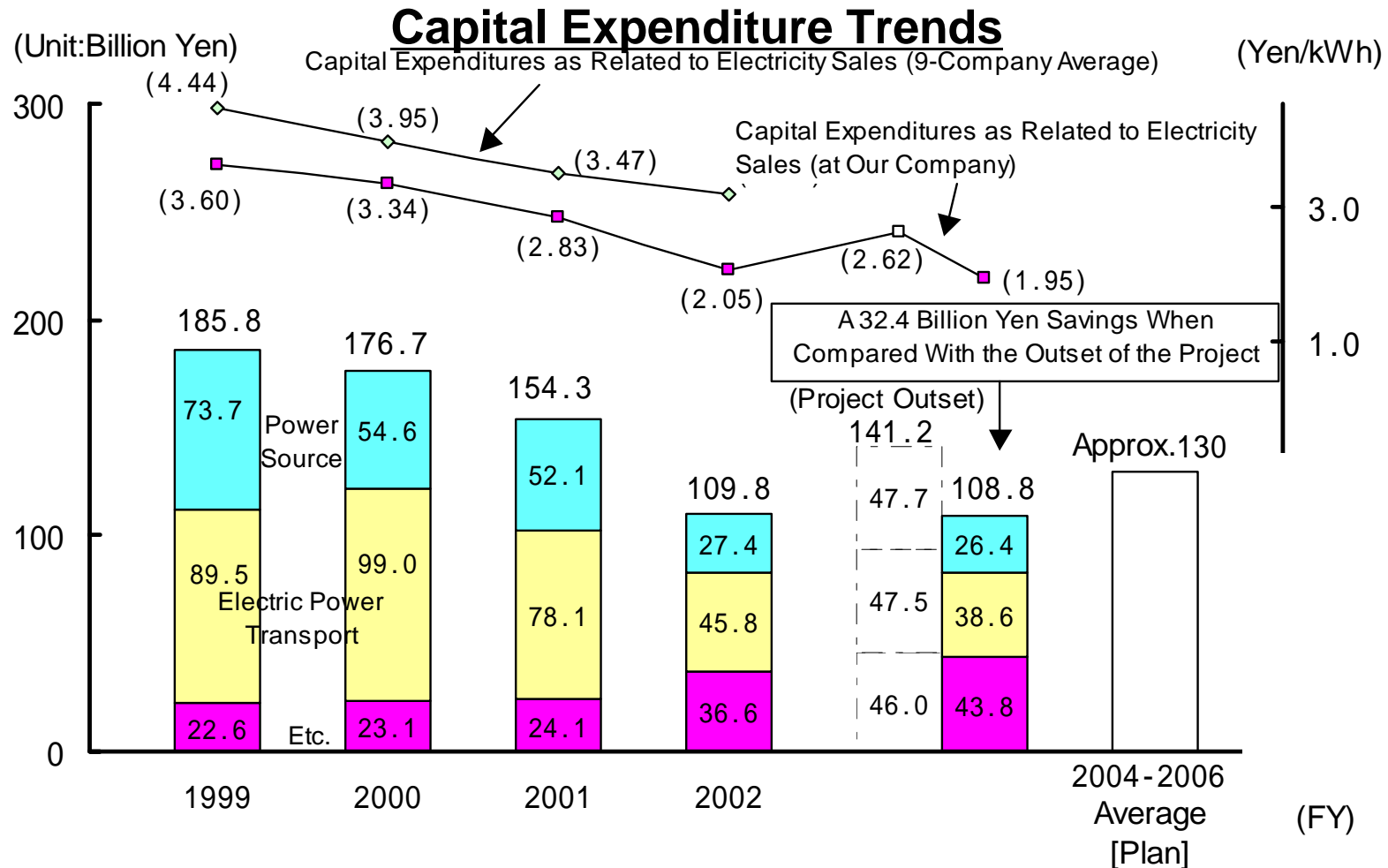
Numeric Goals	FY 2003-2005 Average	FY 2003 Result	FY 2004 Estimate
Equity Ratio	Approximately 23% (End of the 2005 FY)	[Approximately 19.5%] 19.7%	Approximately 21.5%
ROE (Return On Equity)	Approximately 8%	[Approximately 8.5%] 9.0%	Approximately 7.5%
ROA (Return On Assets After Taxes)	Approximately 3%	[Approximately 2.5%] 3.0%	Approximately 2.5%
Ordinary Profit	Over 70 Billion Yen	[Approximately 64 Billion Yen] 66.7 Billion Yen	Approximately 60 Billion Yen
Free Cash Flow	Over 110 Billion Yen	[Approximately 135 Billion Yen] 150.2 Billion Yen	Approximately 115 Billion Yen

Goal Achievement

※ [] : FY 2003 Interim Estimate

Efforts to Increase Management Efficiency [Controlling Capital Expenditures]

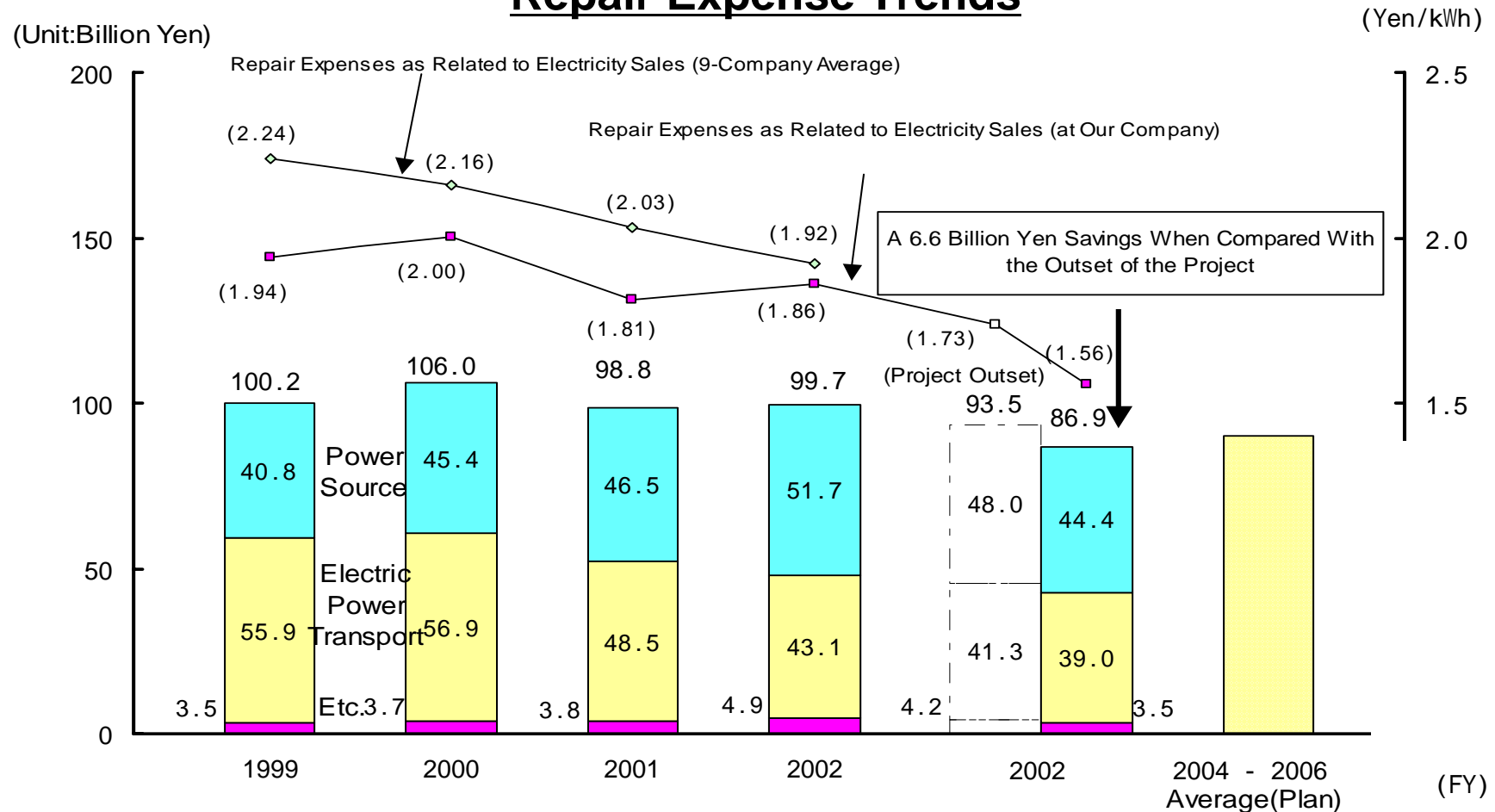
Controlling Capital Expenditures by Reduction of Construction and Products Cost etc.



Efforts to Increase Management Efficiency [Controlling Repair Expense]

Controlling Repair Expense by Replacement and Testing Cycle Optimization

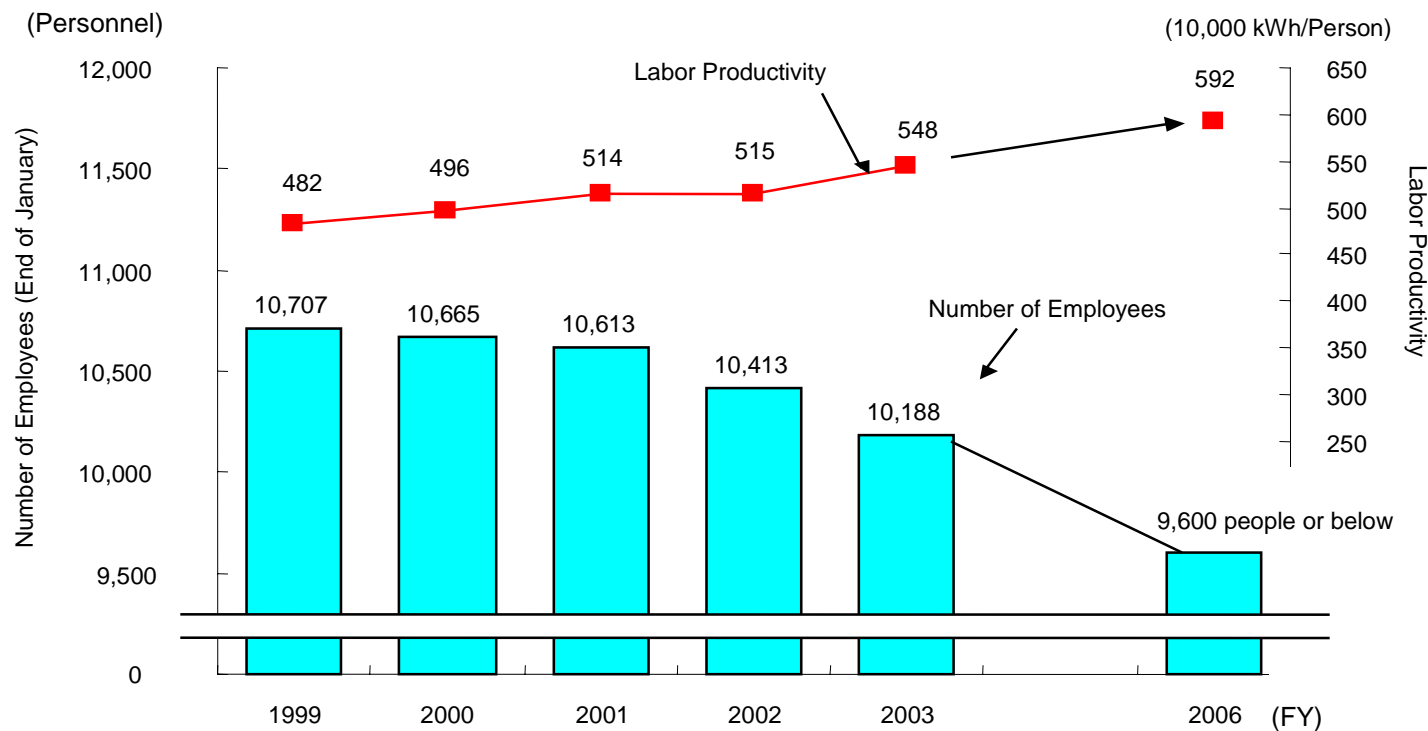
Repair Expense Trends



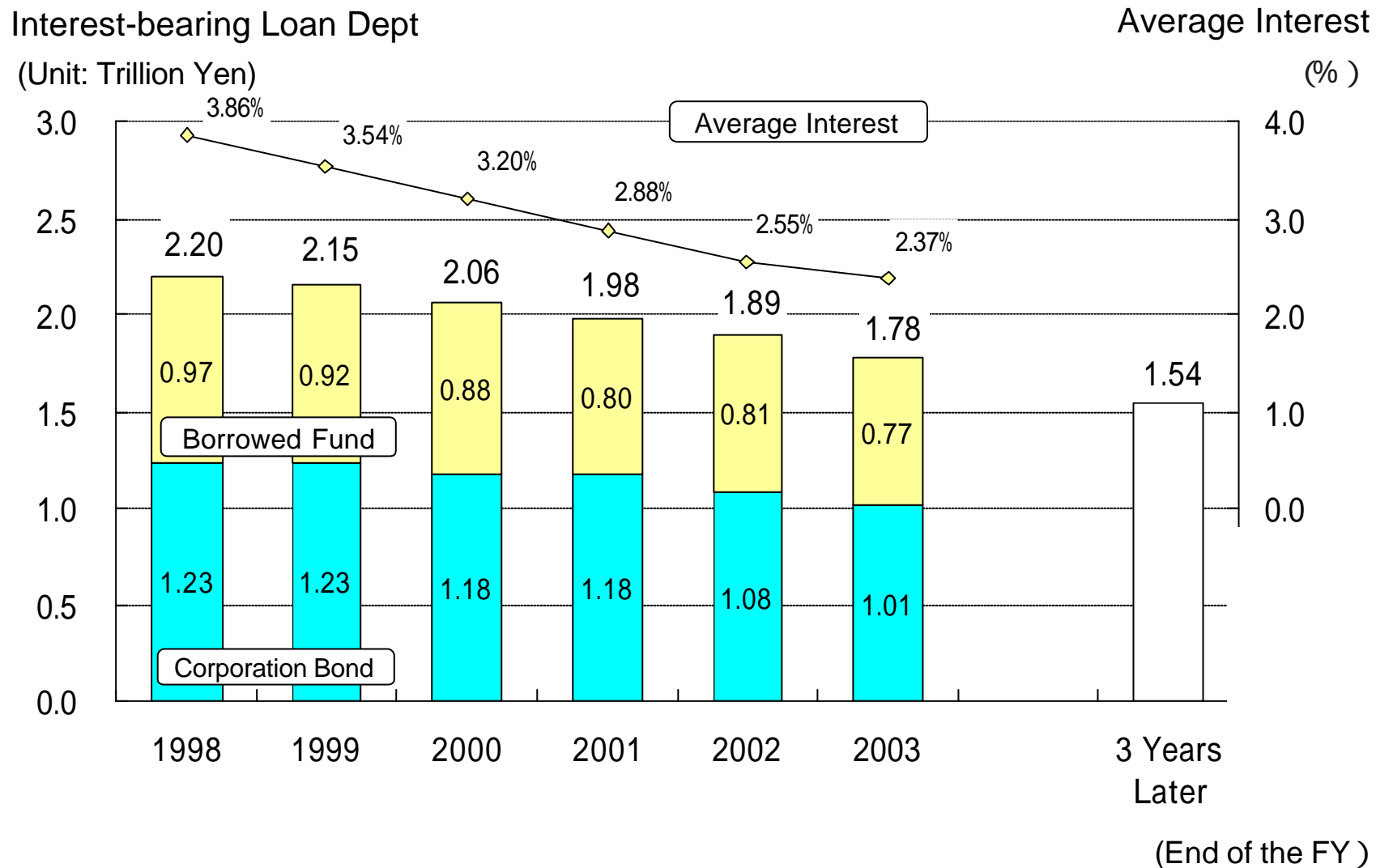
Management Efficiency Plan [Labor Productivity Enhancement]

Plans are in Place to Cut the Number of Personnel by 1,000 (10%) from the FY 2001 Level of Approx. 10,600 to 9,600 or Below by FY 2006.

- ◆ Strengthen Price Competitiveness
 - ◆ Utilize Personnel in Management Operations of New Business Development
- ➔
- Promote Business Operation Efficiency



Trends in Interest-bearing Loan Debt



Treasury Stock Acquisition Status

Treasury Stock Acquisition Status

	Comprehensive Share Quantity	Percentage Acquired	Total Amount of Acquired Funds	Percentage Acquired
Goal	10 million shares		17 billion yen	
Acquired	6.3 million shares	63%	10.8 billion yen	63%
Balance	3.7 million shares		6.2 billion yen	

[Status of Acquired Share Use]

○2.45 million shares used in lieu of issuing new shares on the occasion of stock swap with Chugoku Telecommunication Network Co., Inc.

New Acquisition Goal Establishment

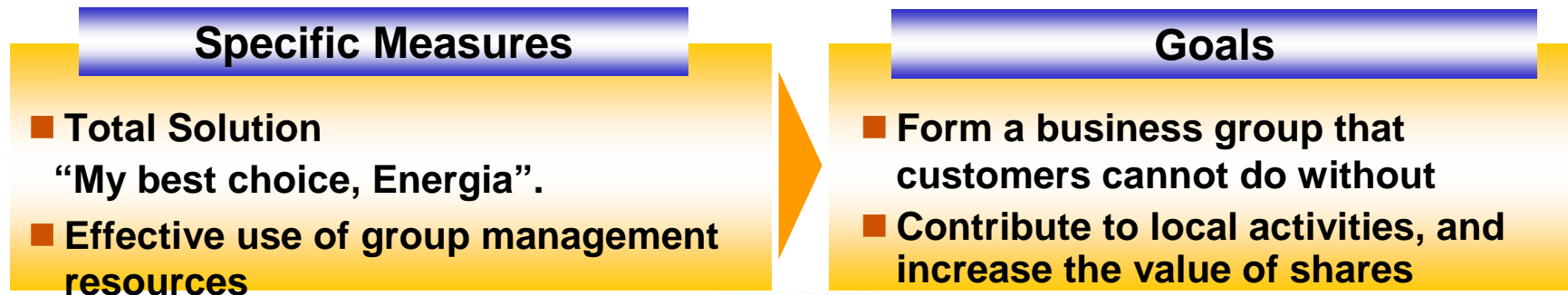
The establishment of the acquisition goals listed below will broach at the 79th Shareholder's Meeting pursuant to the expeditious prosecution of capital strategies in response to changes in the management environment.

Total Number of Shares	Not to exceed 5 million shares
Total Amount of Acquired Funds	Not to exceed 9.5 billion yen

Chugoku Electric Power Group's Management Goals [Consolidated]

Chugoku Electric Power Group's New Management Goals [Consolidated] (Established in May 2003)

Basic Concept of Chugoku Electric Power Group's Management (Established in October 2002)

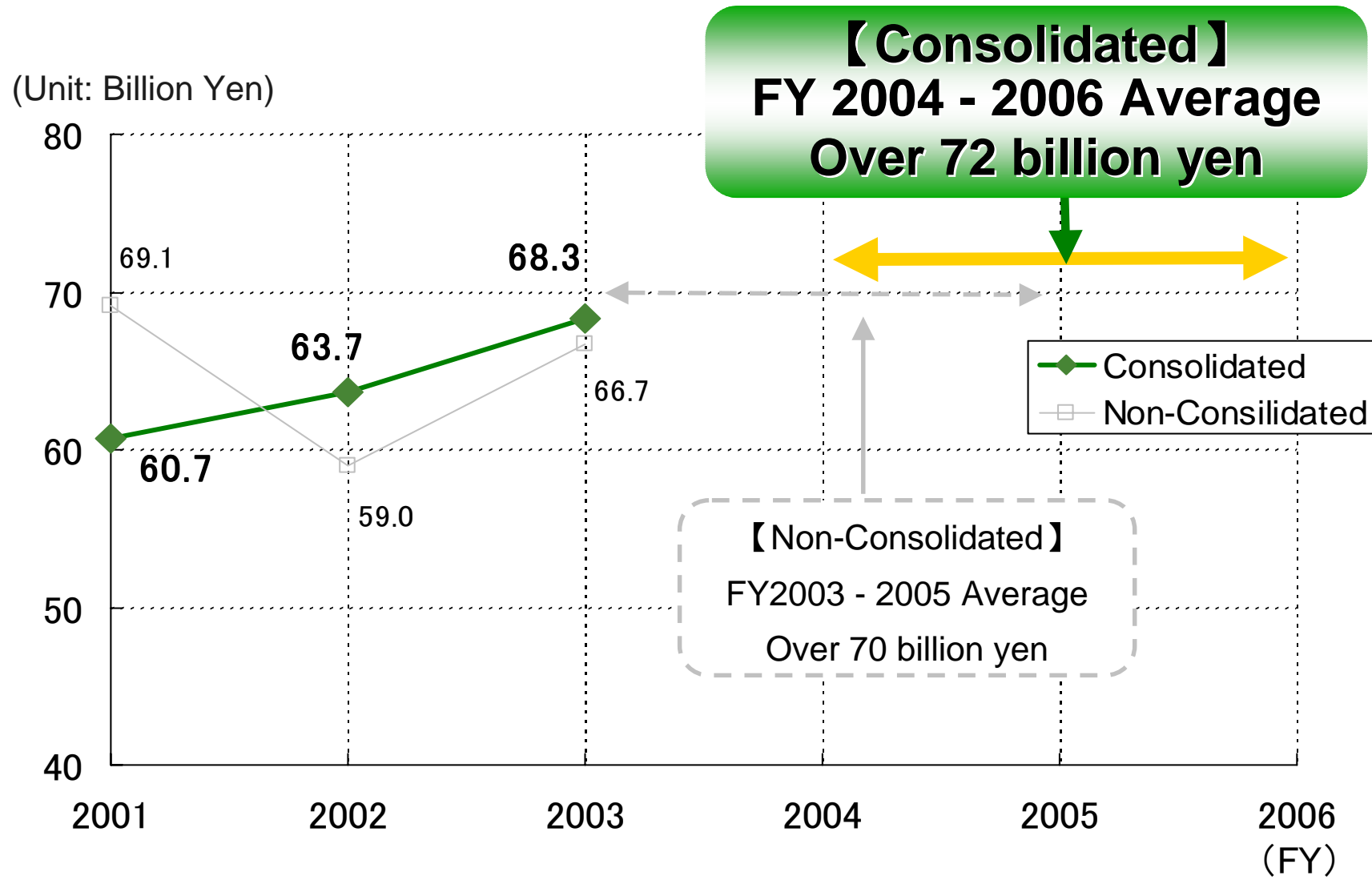


Establishment of New Group Management Goals

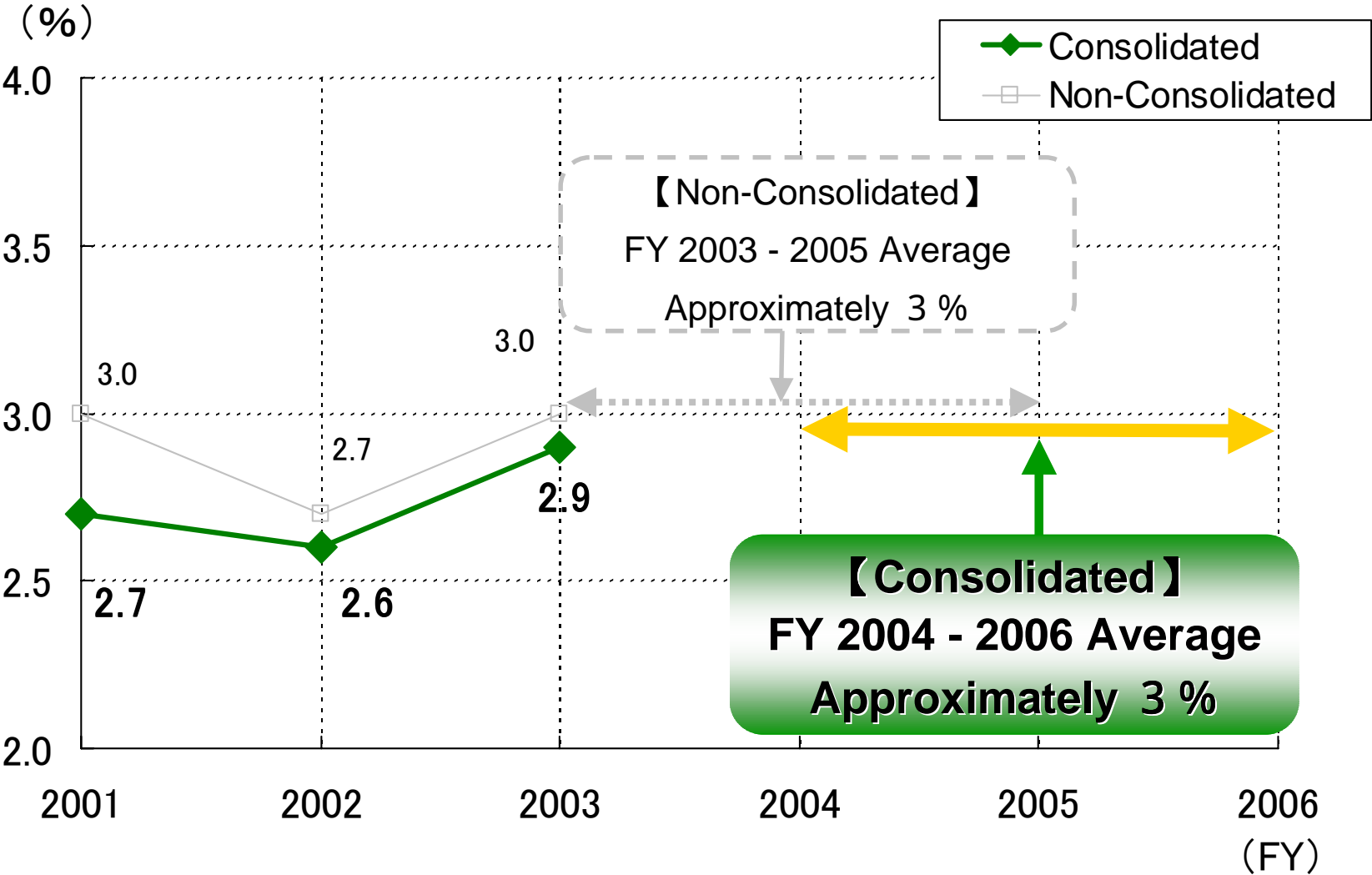
○ Establish Consolidated management goals from Chugoku Electric Power Group's comprehensive standpoint, which emphasizes increasing profitability, efficiency, and fiscal health.

	Numerical Goals	FY 2004-2006 Average
Profitability	Ordinary Profit	Over 72 billion yen
Efficiency	ROA (Return on Assets after tax)	Approximately 3%
Fiscal Health	Equity Ratio	Approximately 26% (End of FY 2006)
	Free Cash Flow	Over 95 billion yen

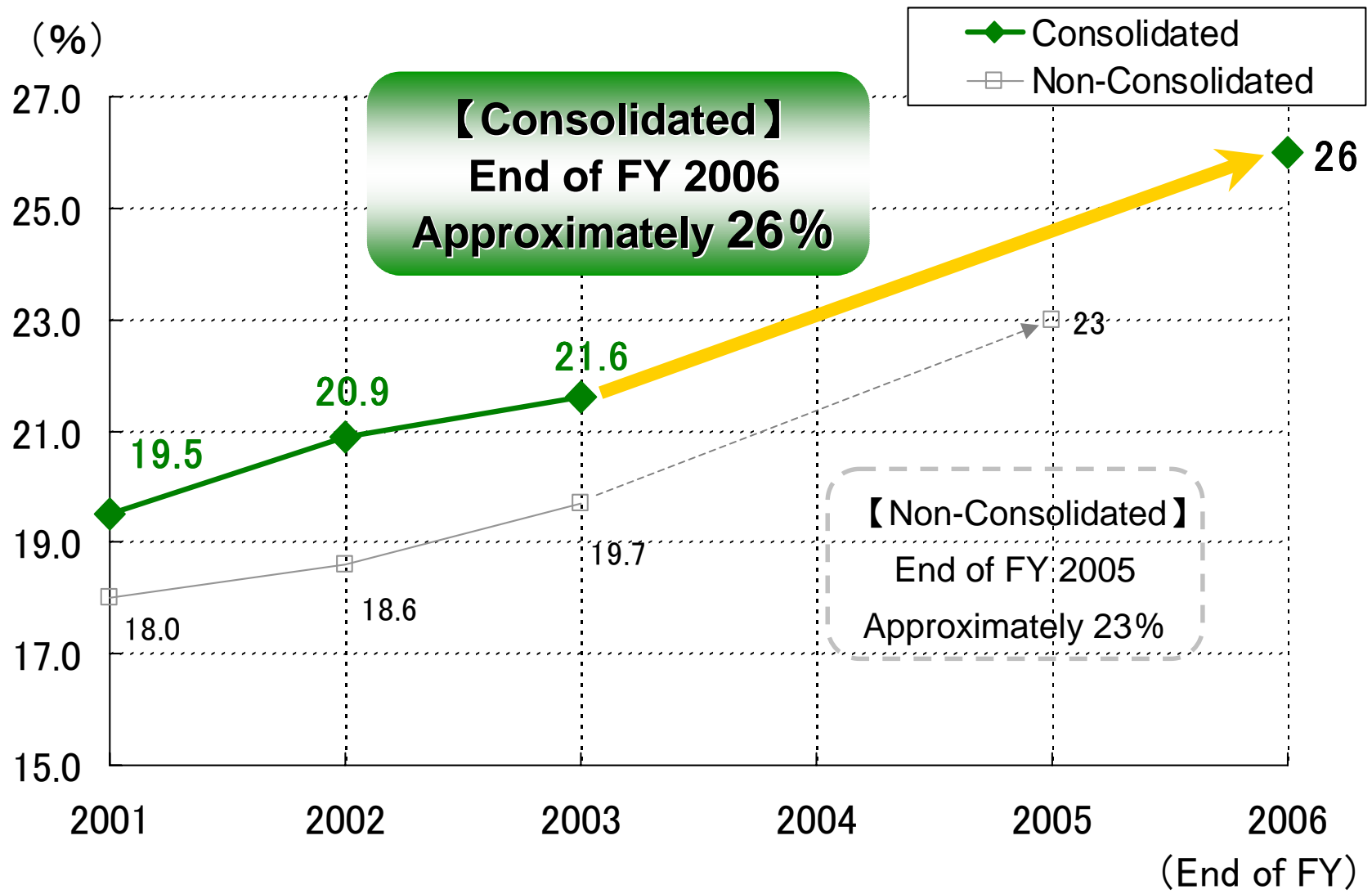
Ordinary Profit



ROA (Return on Assets after Tax)

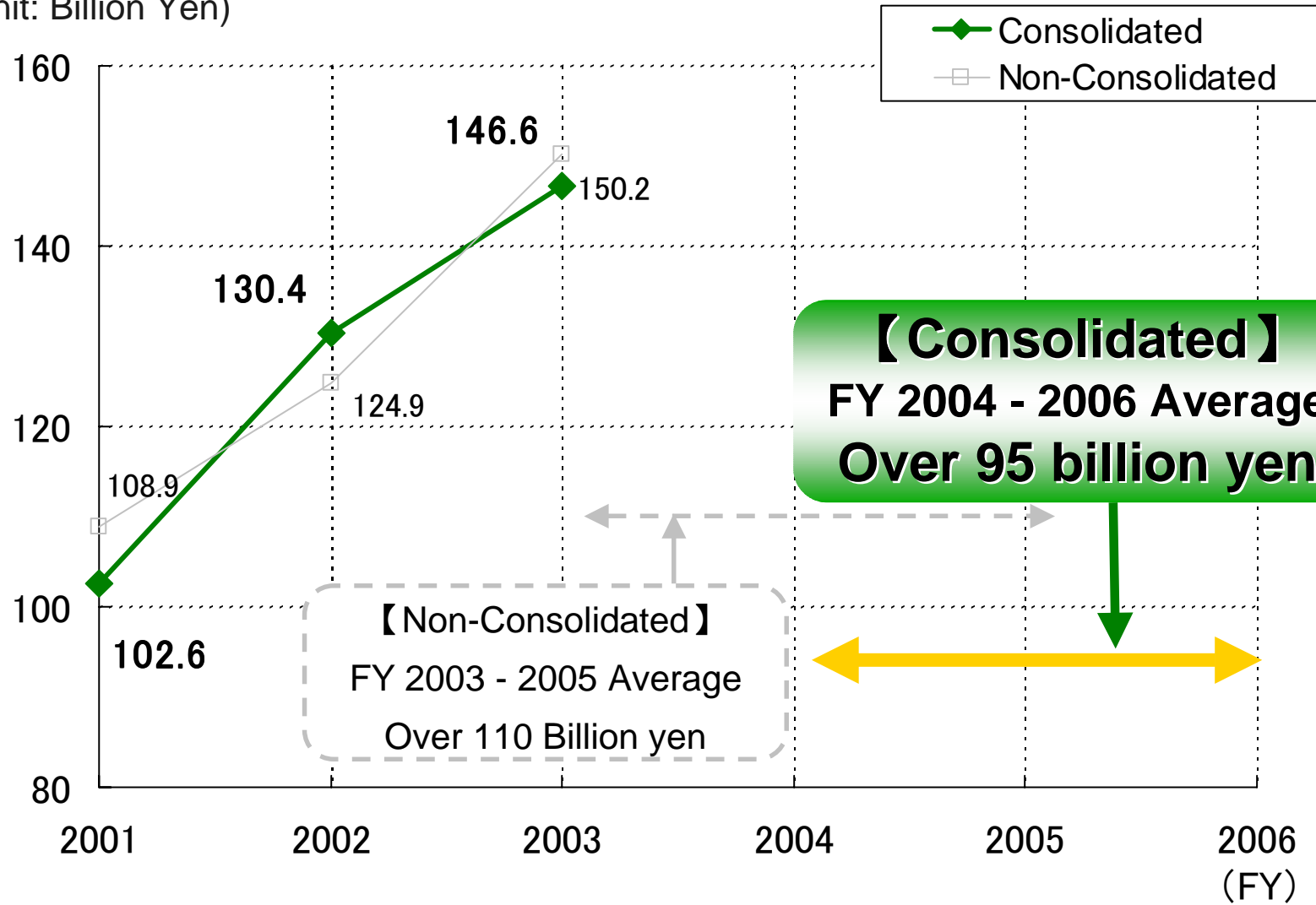


Equity Ratio



Free Cash Flow

(Unit: Billion Yen)



Strategies for Business Target Achievement

Improve/Expedite Group-wide Business Expansion

[Strategies in Detail]

Stratagem	Details
Group Company Reorganization/Integration	<ul style="list-style-type: none"> ■ Implementation based on reorganization/integration policies
Strengthen Group Sales Skill	<ul style="list-style-type: none"> ■ Tendering total solution services
Intellectual Property Strategy Promotion Technological Development/Improvement	<ul style="list-style-type: none"> ■ Group-wide promotion of intellectual property strategies ■ Group-wide promotion of technological research and development
Employee Education	<ul style="list-style-type: none"> ■ Group-wide employee education/effective use of personnel
Group-wide Efficiency Increase	<ul style="list-style-type: none"> ■ Increased efficiency in group-wide indirect business and logistics businesses



Group Management Goals Achievement

Group Reorganization Direction

Strategic Reorganization/Integration

- Increased efficiency throughout group
- Business-specific organization
- Strategic exit from non-competitive industries, product services
- Consolidation of redundant businesses

Benefits of Reorganization/Integration

- Formulation of a business management network that makes efficient use of expertise.
 - ➔ Enhanced competitiveness due to increases in technical expertise and employee education.
- Cost reductions through refinement in strategic exits and indirect management departments (in conjunction with the aforementioned changes, affected personnel are either reassigned in start-up businesses or absorbed in order to suppress new hiring.)

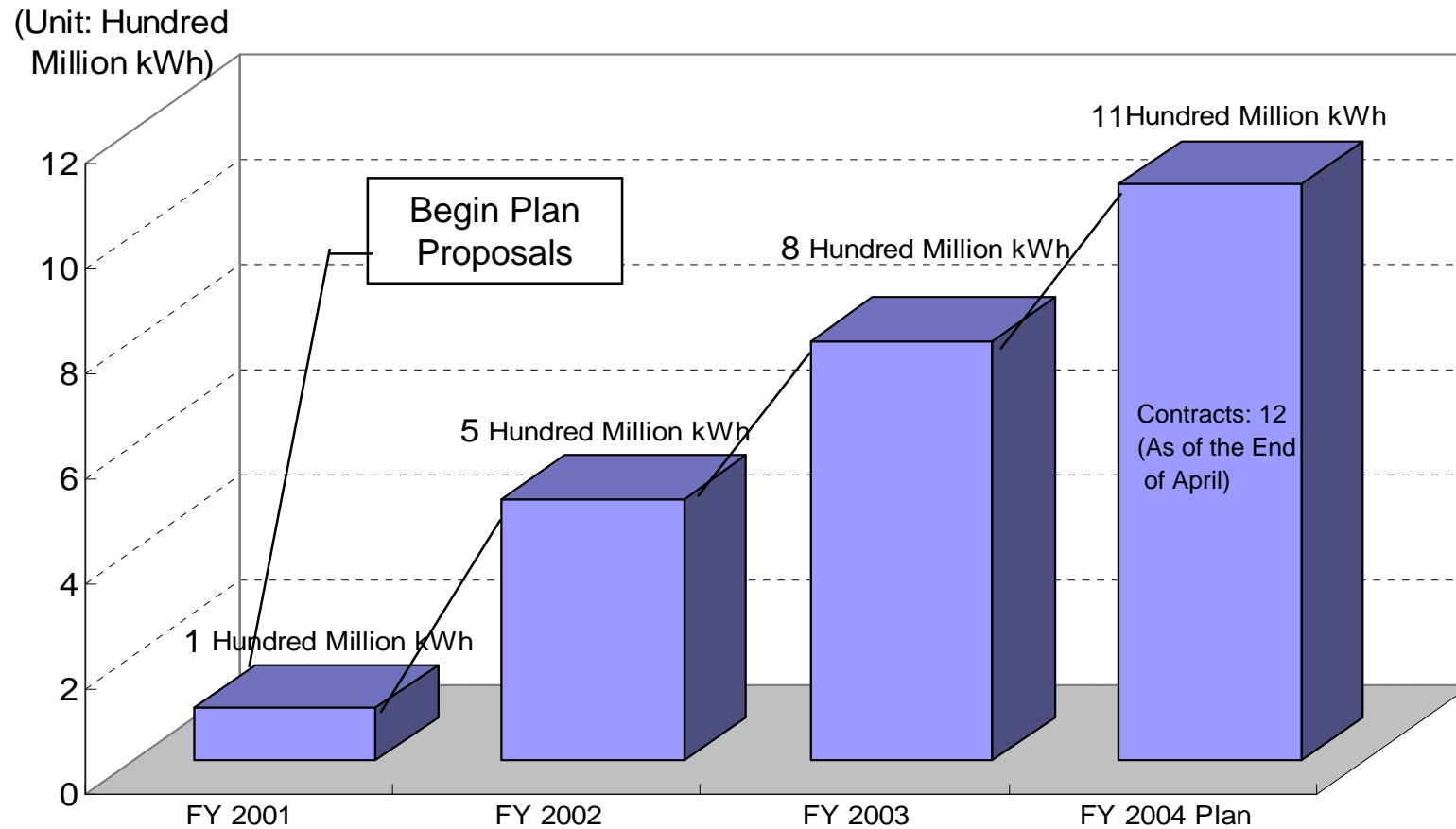


Enhanced Group-wide Profitability

Status of Business [Electric Power]

Status of Self Generation Demand Acquisition (Deregulated Sectors)

- ◆ Increased Electricity Sales Due to Accelerated Enrollment in Demand Acquisition Services

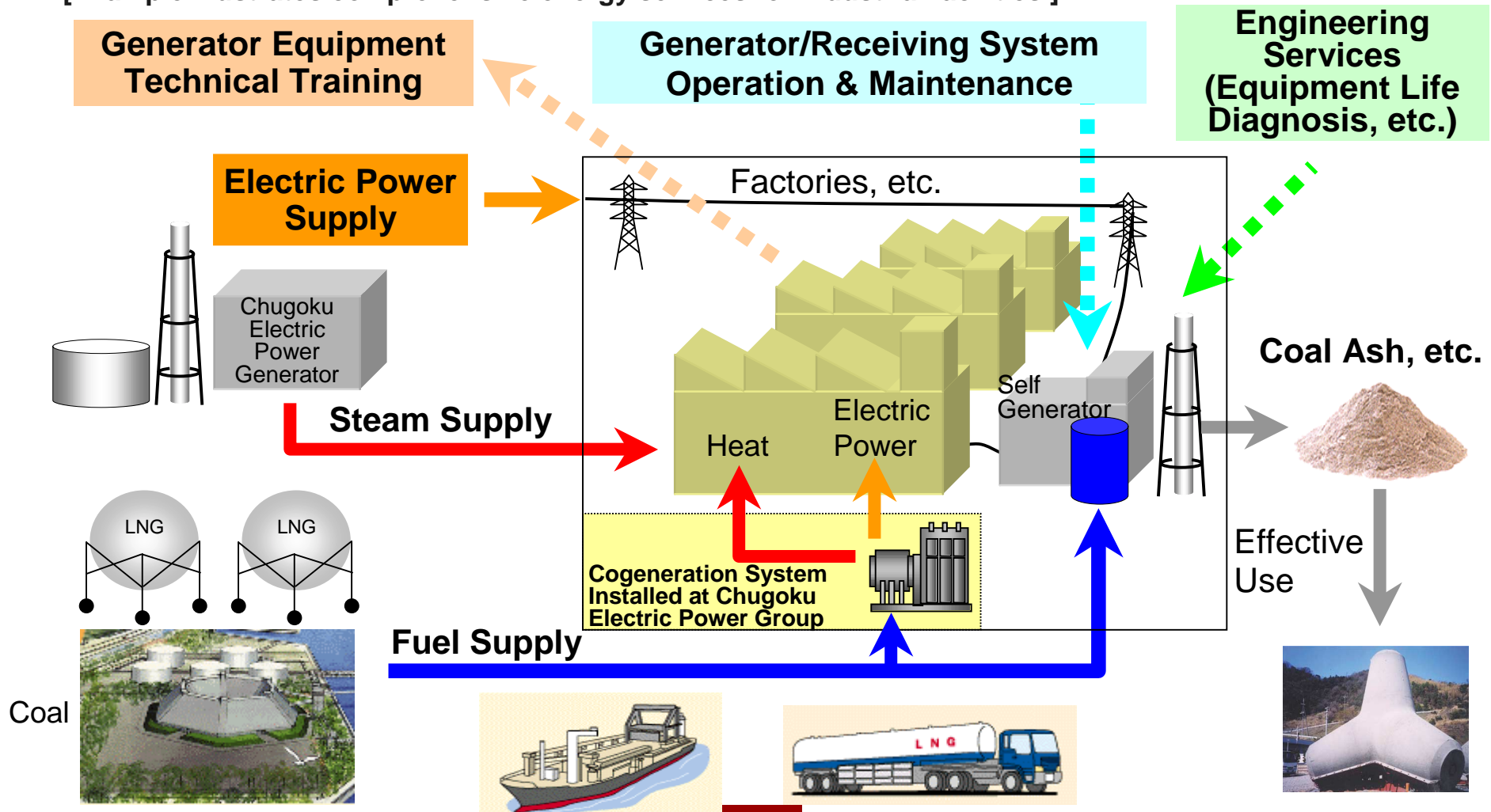


(Value With FY 2004 Supply Plan Factored In)

Total Solution Concept (Industrial Example)

Proposal for a total solution that fully utilizes Energia Group's management resources

[Example illustrates comprehensive energy services for industrial facilities.]

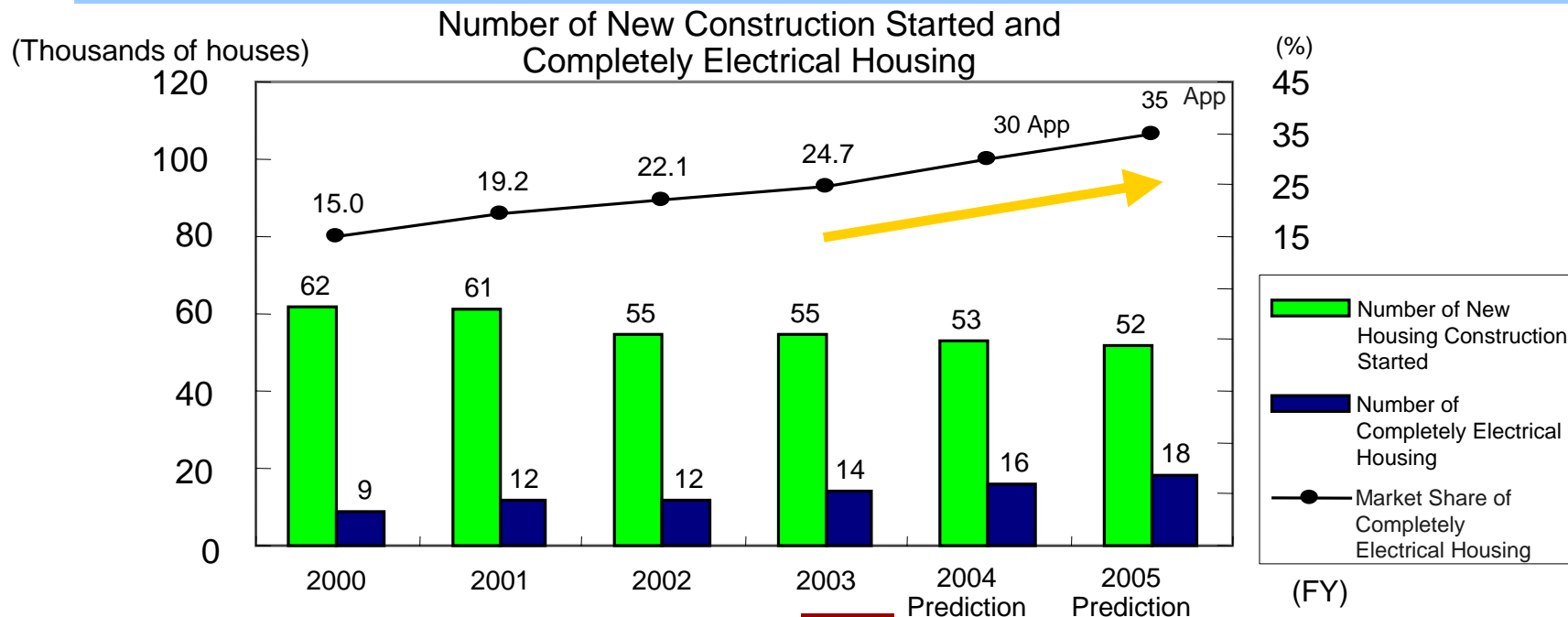


Increased Diffusion of Completely Electrical Housing

- ~ Completely electrical housing is showing a satisfactory increase. ~
- Completely electrical housing currently accounts for approx. 25% of number of newly constructed housing. (FY 2003 Estimate)

◇ Sales Strategy

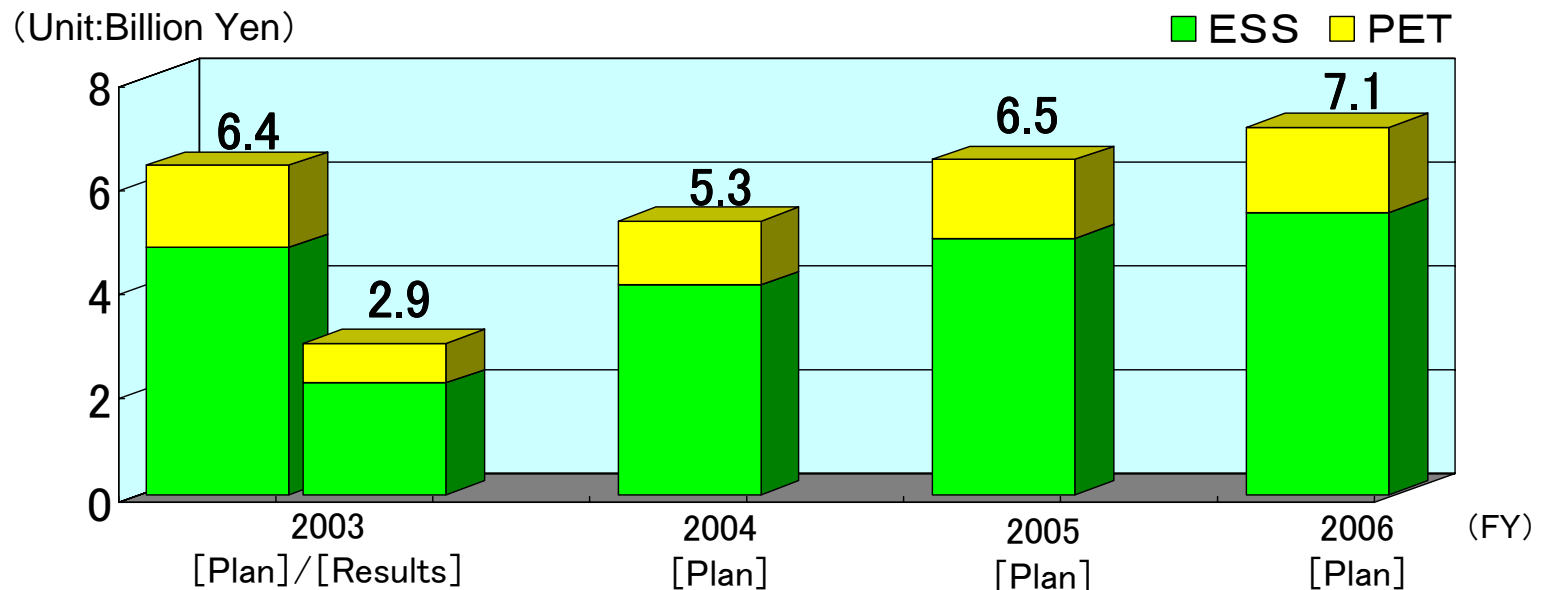
- Strengthen proposals to apartment complex developers
(Conversion of housing complexes to electric power)
- Strengthen relationships with home builders
(Conversion of existing housing to completely-electrical ones)
- Aggressive marketing of discounted electric power rate offers



Status of Business [Start-up Businesses]

Outline of Total Energy Supply Projects(ESS/PET※)

■ Sales Amount



■ Ordinary Profit

(Unit: Billion Yen)

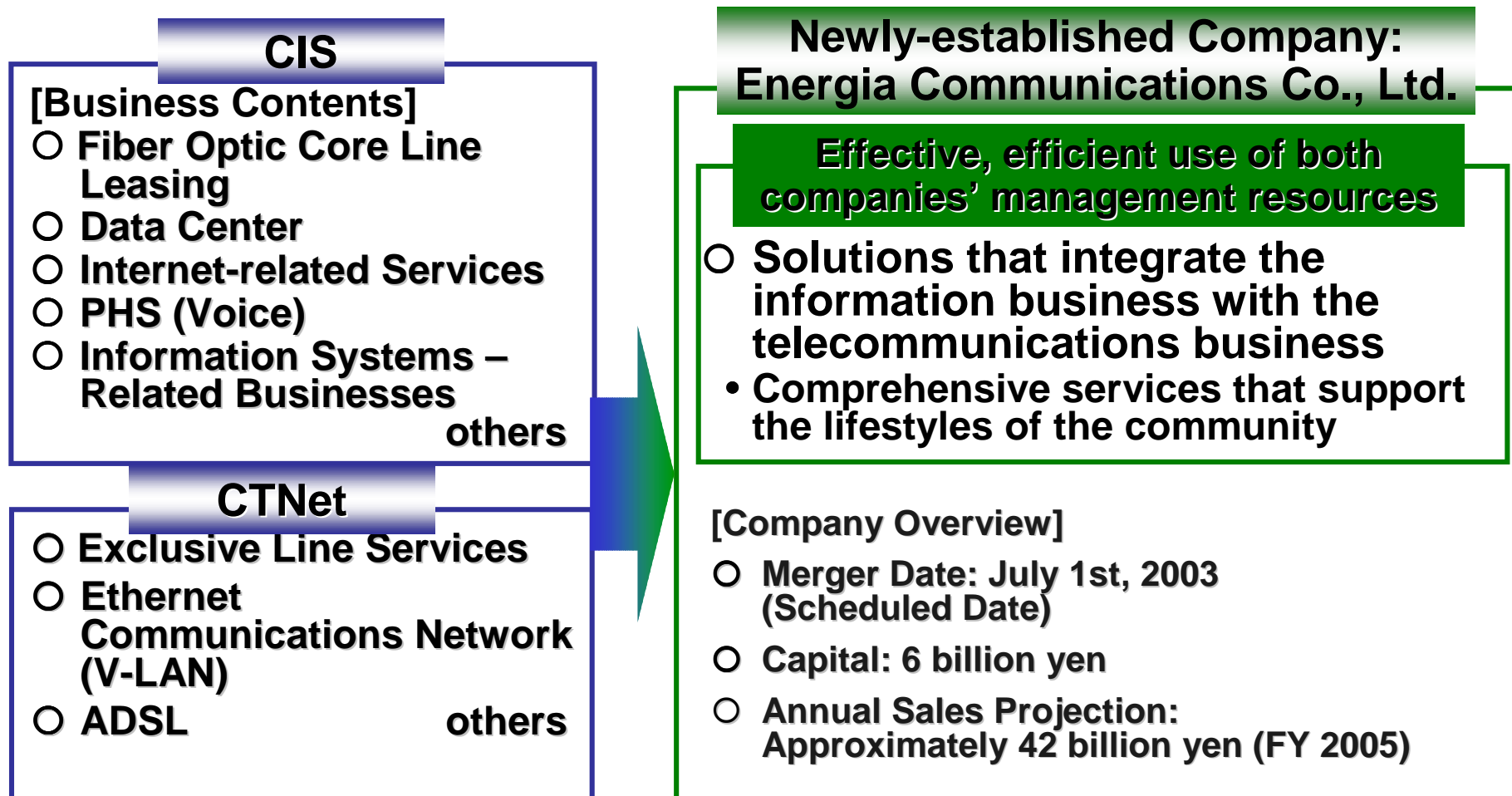
FY	2003		2004 [Plan]	2005 [Plan]	2006 [Plan]
	[Plan]	[Results]			
ESS	Δ0.3	Δ0.1	Δ0.0	0.1	0.2
PET	Δ0.1	Δ0.1	Δ0.0	0.1	0.1

※ESS;Energia Solution & Service Co.,Inc

PET;Power Engineering and Training Services .,Inc

Energia Communications Co.,Ltd Business Strategies

- In addition to the business ventures currently being pursued by Chugoku Information System Service Co., Inc. (CIS) and **Chugoku Telecommunication Network Co., Inc. (CTNet)**, the goal is to offer an integrated telecommunications service that makes effective and efficient use of the management resources of both companies.

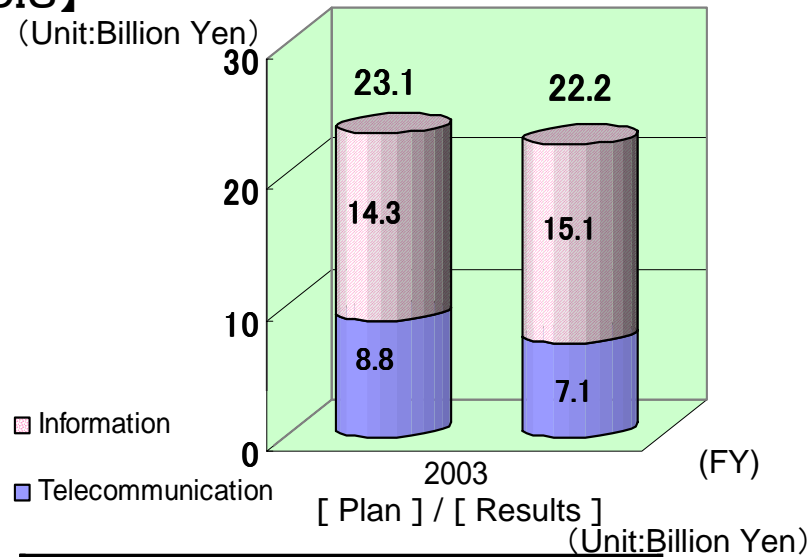


Outline of CIS ,CTNet and Energia Communications

【CIS】

(Unit:Billion Yen)

Sales Amount

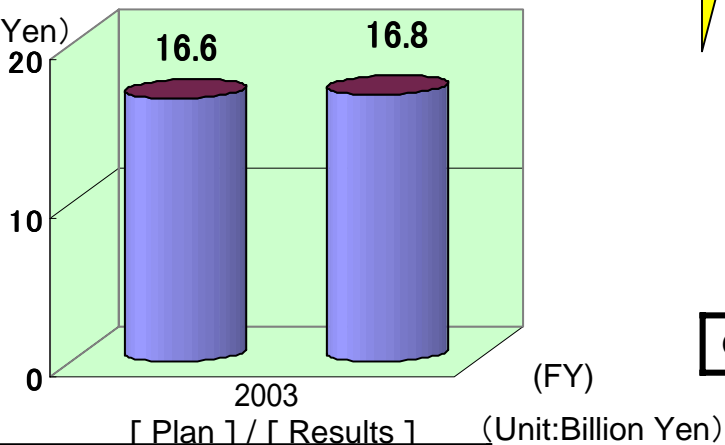


Ordinary Profit	Δ2.0	Δ1.4
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【CTNet】

(Unit:Billion Yen)

Sales Amount

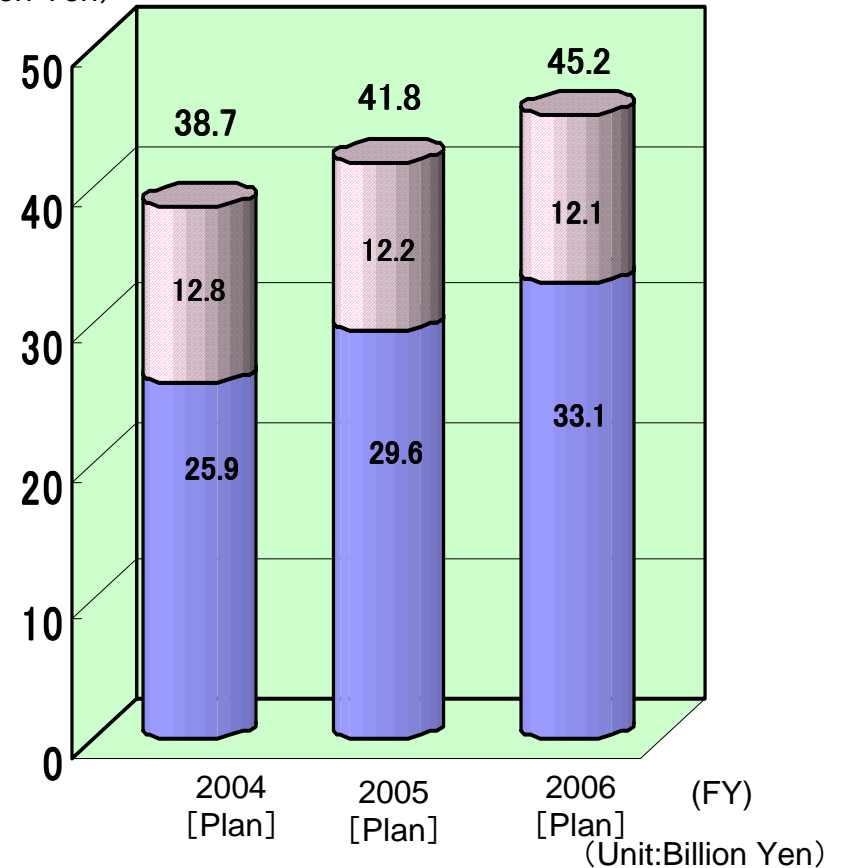


Ordinary Profit	0.4	0.4
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【An Overview of Results Estimates Energia Communications】

Sales Amount

(Unit:Billion Yen)



Ordinary Profit	Δ1.9	Δ0.6	1.6
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* FY 2004 plans are for the total of CIS and CTNet through the first quarter, and for Energia Communications thereafter.

Comprehensive Results for Start-up Businesses

■ Sales Amount

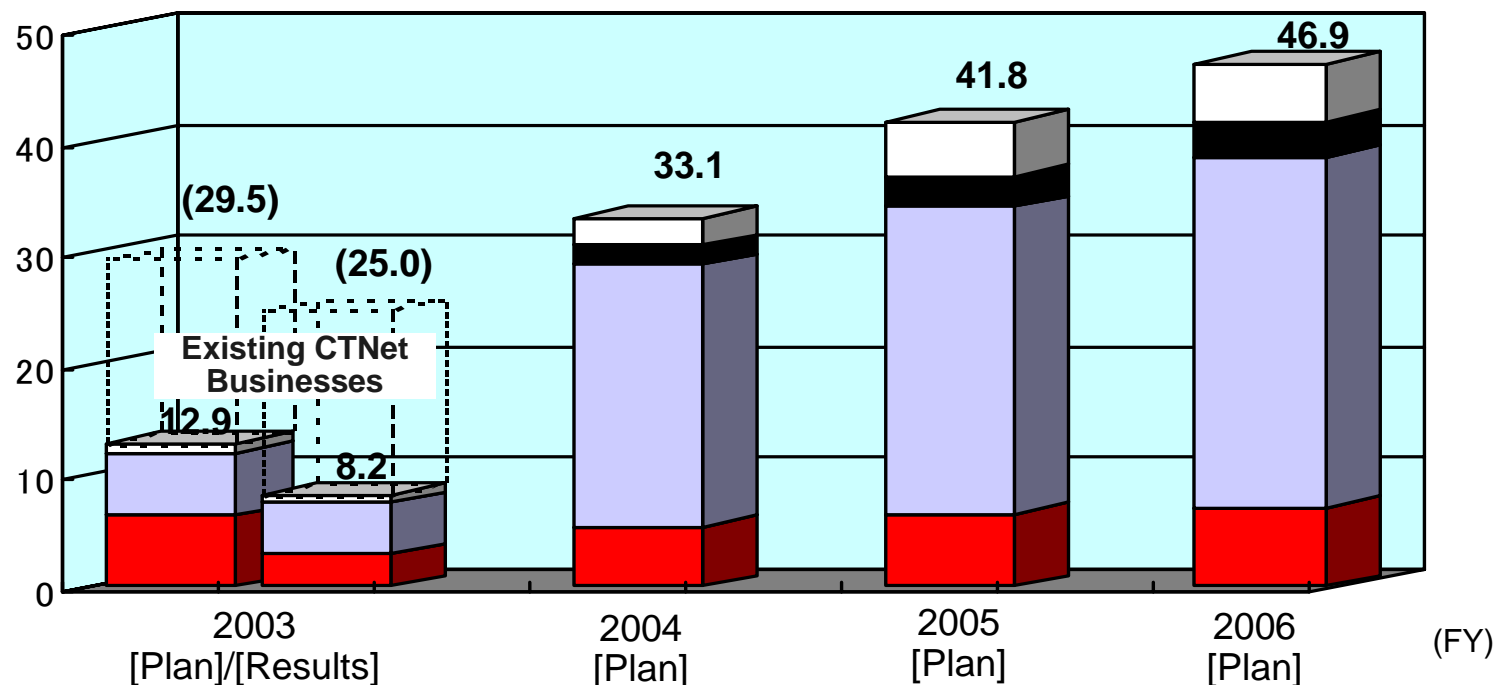
(Unit: Billion Yen)

■ Total Energy Supply

■ Environment

□ Telecommunications(※)

□ Business & Lifestyle Support



■ Ordinary Profit

(Unit: Billion Yen)

FY	2003		2004 [Plan]	2005 [Plan]	2006 [Plan]
	[Plan]	[Results]			
Ordinary Profit	△0.9	△0.9	△1.6	△0.1	1.5

* Telecommunications Business CIS involved the following operations in FY 2003: Fiber Optic Core Line Leasing, Data Center, Internet-related Businesses. Mid-term Estimate covers the following Energia Communications telecommunications services during or after FY 2004: Dedicated Line Services, Internet-related Services.

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