

Investors Meeting for FY 2005 Financial Results

The Chugoku Electric Power Co., Inc.
May 13 , 2005

In this presentation, the term “Fiscal Year 2005” describes the period which ended March, 2005.



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. FY 2005 Financial Results

FY2005 Results Summary

Increase both in Revenue and Profit
(Consolidated and Non-consolidated)
5 years to the day since FY2000

【Consolidated】

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2005 (A)	FY2004 (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	10,117	9,670	447	104.6 %
Ordinary Profit	850	638	211	133.1 %
Net Income	470	428	41	109.7 %

【Non-consolidated】

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2005 (A)	FY2004 (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	9,566	9,128	438	104.8 %
Ordinary Profit	787	611	175	128.7 %
Net Income	464	395	69	117.6 %

[Consolidated] FY2005 Results Summary

[Operating Revenue]

- Increase of 44.7 billion due to increase in the electricity sales revenue resulting from increase in the electricity sales volume, etc.

[Operating Profit]

- Increase of 18.8 billion due to increase in material cost such as fuel cost, while decrease in personnel and depreciation expenses.

[Ordinary Profit]

- Increase of 21.1 billion due to 3.7 billion increase in other expenses because of prepayment of interest-bearing debt, etc.

[Net Income]

- Increase of 4.1 billion due to 8.6 billion special loss generated by application of asset-impairment accounting and abolishment of PHS voice service.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2005 (A)	FY2004 (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	10,117	9,670	447	104.6 %
Operating Profit	1,254	995	258	126.0 %
Ordinary Profit	850	638	211	133.1 %
Net Income	470	428	41	109.7 %

[Consolidated] Balance Sheet

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- **Assets** : Decrease of 76 billion due to decrease in plant and equipment because of progress of the fixed-rate depreciation.
- **Liabilities** : Decrease of 104.4 billion due to cut of interest-bearing debt.
- **Equity** : Increase of 28.6 billion due to record of net income.

This results 1.8% increase in Shareholders' equity ratio to 25.0%.

[Unit : hundred million yen]
[Unit : round down to the hundred million]

	FY2005 (A)	FY2004 (B)	Difference (A-B)
Assets	26,363	27,123	760
(utility plant and equipment)	(19,038)	(19,992)	(954)
Liabilities	19,733	20,777	1,044
(interest-bearing debt)	(16,139)	(17,282)	(1,143)
Stockholders' Equity	6,582	6,296	286
Stockholders' Equity Ratio	25.0 %	23.2 %	1.8 %

[Consolidated] Application of Free Cash Flow

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- Cash flow from operating activities remains unchanged from the previous year due to increase in operating revenue (electric), while increase in fuel cost, etc.
- Cash flow from investing activities increases due to expenditure for purchase of fixed assets, etc.
- Free cash flow remains unchanged from the previous year.
- Cash flow from financing activities remains unchanged from the previous year, as a result of allocating free cash flow for dividends and redemption of corporate bonds and borrowings.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2005 (A)	FY2004 (B)	Difference (A-B)
Cash Flow form Operating Activities	2,287	2,264	22
Cash Flow from Investing Activities	961	936	25
Free Cash Flow	1,326	1,328	2
Cash Flow from Financing Activities	1,329	1,333	3

Segment Information

[Unit : hundred million yen]

[Unit : round down to the hundred million]

		Electricity	Information & Telecommunication	Comprehensive Energy Supply
Operating Revenue	FY2005	9,518	382	100
	FY2004	9,091	375	75
	Difference	426	6	24
Operating Expense	FY2005	8,324	368	95
	FY2004	8,097	392	74
	Difference	226	23	21
Operating Profit (Loss)	FY2005	1,193	13	5
	FY2004	993	16	1
	(Comparison)	(20.1%)	(-)	(279.9%)
	Difference	199	30	3

[Non-consolidated] Financial Results Major Factors (1/2)

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(Electricity sales increased for the first time in 2 years, 104.9% year on year)

- Living-related demand such as lighting exceeded the previous year due to increase in demand of cooling because of hot summer, etc.
- Large industrial demand grew at a solid rate reflecting high-level production activities.

[Electricity Sales]

			FY2005 (A)	FY2004 (B)	Difference (A-B)
Other than Eligible Customers' Use	(over the previous year) Lighting	(%) Hundred Million kWh	(104.8) 174.7	166.6	8.1
	(over the previous year) Industrial & Commercial	(%) Hundred Million kWh	(103.3) 155.6	150.7	4.9
	(over the previous year) Subtotal	(%) Hundred Million kWh	(104.1) 330.3	317.3	13.0
(over the previous year) Eligible Customers' Use		(%) Hundred Million kWh	(105.9) 251.1	237.0	14.1
(over the previous year) Total		(%) Hundred Million kWh	(104.9) 581.4	554.3	27.1
(over the previous year) [Details] Large-Scale		(%) Hundred Million kWh	(105.8) 220.1	208.0	12.1

- **Own Facilities** : Hydroelectric power increased due to high-water flow.
Oil-fired thermal power increased.
Nuclear power decreased due to increase in maintenance and repair.
- **Purchased Power** : Increase due to start of IPP's commercial operation in full-scale.
- **Interchanged Power** : Decrease due to decrease in sales from Misumi power station

[Power Generation]

				FY2005 (A)	FY2004 (B)	Difference (A-B)
Supply Capacity	Own Facilities	(Water Flow Rate)	(%)	(114.3)	(105.9)	(8.4)
		Hydroelectric	Hundred Million kWh	41.7	40.1	1.6
		Thermal	Hundred Million kWh	331.7	319.8	11.9
		(Capacity Factor)	(%)	(65.4)	(68.5)	(3.1)
		Nuclear	Hundred Million kWh	73.3	77.0	3.7
		Purchased Power	Hundred Million kWh	236.6	222.9	13.7
		Interchanged Power	Hundred Million kWh	34.1	39.6	5.5
	Pumping Use	Hundred Million kWh	9.4	9.3	0.1	
	Total	Hundred Million kWh	639.8	610.9	28.9	
Fuel	Exchange Rate (Inter-Bank, ¥/\$)			108	113	5
	Crude Oil Prices (All Japan CIF, \$/b)			38.7	29.4	9.3
	Foreign Coal Prices (All Japan CIF, \$/t)			55.1	36.4	18.7

[Non-consolidated] Income Statement [1/3]

[Unit : hundred million yen]

[Revenue]

[Unit : round down to the hundred million]

		FY2005 (A)	FY2004 (B)	Difference (A-B)	Comparison (A / B)	Breakdown		
Ordinary Revenue	Operating Revenue	Electricity Sales	Lighting	3,672	3,488	183	105.3	Increase in electricity sales 416 Increase in sales to other companies 25
			Industrial & Commercial	5,274	5,050	223	104.4	
			Subtotal	8,946	8,538	407	104.8	
		Sales to Other Companies etc.	620	589	31	105.3		
		Total	9,566	9,128	438	104.8		
	Other Revenue	86	90	4	95.5			
	Total	9,653	9,218	434	104.7			

[Non-consolidated] Income Statement (2/3)

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[Expenses]

[Unit : hundred million yen]

[Unit : round down to the hundred million]

		FY2005 (A)	FY2004 (B)	Difference (A-B)	Comparison (A / B)	Breakdown		
Ordinary Expense	Operating Expense	Personnel	1,134	1,320	186	85.9	Retirement and severance 208 Amortization of prior service cost 100 Revision of expected return on plan assets 62	
		Material	Fuel	1,280	1,000	280	128.0	
			Purchased Power	1,549	1,344	204	115.2	High CIF coal Price 243 High CIF crude oil price 233
			Subtotal	2,829	2,345	484	120.7	Increase in electricity sales 112 Strong yen rate 80
		Maintenance	927	862	64	107.5	Thermal Power 51	
		Depreciation	1,446	1,564	118	92.4	Decrease due to progress in the fixed-rate depreciation	
		Other Expenses	2,031	2,040	8	99.6		
		Subtotal	8,369	8,133	235	102.9	Lowering of interest rate 37 Increase due to prepayment of interest-bearing debt 37	
	Interests	367	367	0	99.9			
	Other Expenses	129	105	23	122.6	Losses on revaluation of the prior investment 41 Depreciation of bonds by purchase 11		
Total		8,865	8,606	258	103.0			

[Non-consolidated] Income Statement (3/3)

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[Profits, etc.]

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2005 (A)	FY2004 (B)	Difference (A-B)	Comparison (A / B)	Breakdown
(Operating Profit) Ordinary Profit	(1,197) 787	(994) 611	(203) 175	(120.4) 128.7	
Reserve for Drought	17	7	10	245.5	
Extraordinary Loss	40	-	40	-	Asset-impairment 40 • Construction in progress 23 • Idol Assets 17
Income Taxes - Current	250	284	33	88.1	
Income Taxes - Deferred	13	75	88	-	
Net Income	464	395	69	117.6	

[Non-consolidated] Balance Sheet (1/2)

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[Assets] Decrease due to progress in the fixed-rate depreciation.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

Assets						
		FY2005 (A)	FY2004 (B)	Difference (A-B)	Breakdown	
Property	Plant and Equipment	19,442	20,413	971	Investments	615
	Plant of Subsidiary Business	9	28	19	Depreciation	1,448
	Plant out of Business	50	67	17	Disposal, etc.	138
	Construction in Progress	1,374	1,297	77	Difference	971
	Nuclear Fuel	1,210	1,171	38	Accumulated Depreciation Ratio	65.9%
	Other Assets	1,402	1,336	65	Shimane Nuclear Power Station Unit No. 3 148 Shin-Taishakugawa Hydroelectric Power Station 53 Hiroshima-Chuo Transmission Line 145	
	Net Property	23,488	24,314	826		
	Net Current Property	983	872	110		
Total Assets		24,472	25,187	715		

[Non-consolidated] Balance Sheet (2/2)

[Liabilities] Decrease due to decrease in interest-bearing debt, etc.

[Stockholders' Equity] Increase due to appropriate net income.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

Liabilities and Stockholders' Equity					
		FY2005 (A)	FY2004 (B)	Difference (A-B)	Breakdown
Liabilities	Long-term Liabilities	14,547	16,033	1,486	Decrease in retiring allowance reserves 228 etc. Decrease in interest-bearing debt 1,134
	Current Liabilities	4,224	3,763	461	
	Reserves for Drought	24	7	17	
	Total Liabilities	18,796	19,803	1,007	
Stockholders' Equity	Common Stock	1,855	1,855	-	
	Capital Surplus	166	166	0	
	Retained Earnings	3,664	3,382	281	
	Net Unrealized Holding Gains on Securities	104	90	13	
	Treasury Stock	114	111	3	
	Total Stockholders' Equity	5,675	5,383	291	
Total		24,472	25,187	715	

	FY2005	FY2004	Difference
Corporate Bond	8,450	9,400	950
Long-term Debt	5,429	5,944	514
Short-term Debt	879	659	220
CP	710	600	110
Total	15,469	16,603	1,134

Appropriations of retained earnings for FY 2004	92
Interim dividend for FY2005	91
Net income for FY2005	464

Stockholders' Equity Ratio	
FY2005	FY2004
23.2%	21.4%



Performance Outlook for FY2006

[Operating Revenue]

- Decrease mainly due to decrease in Chugoku Electric Power's sales amount, while increase in consolidated companies' operating revenue.

[Operating Profit]

- Decrease mainly due to decrease in Chugoku Electric Power's operating profit.

[Ordinary Profit]

- Decrease mainly due to decrease in Chugoku Electric Power's ordinary profit.

[Net Income]

- Decrease due to decrease in ordinary profit, etc.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2006 Estimate (A)	FY2005 Result (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	10,000	10,117	117	98.8
Operating Profit	950	1,254	304	75.8
Ordinary Profit	690	850	160	81.2
Net Income	440	470	30	93.6

Segment Information

[Unit : hundred million yen]
[Unit : round down to the hundred million]

		Electricity	Information & Telecommunication	Comprehensive Energy Supply
Operating Revenue	FY2006 Estimate	9,320	368	151
	FY2005 Result	9,518	382	100
	Difference	198	14	51
Operating Expense	FY2006 Estimate	8,410	357	148
	FY2005 Result	8,324	368	95
	Difference	86	11	53
Operating Profit (Loss)	FY2006 Estimate	910	11	3
	FY2005 Result	1,193	13	5
	(Comparison)	(23.7%)	(15.4%)	(40.0%)
	Difference	283	2	2

[Electricity Sales]

		FY 2006 Estimate (A)	FY 2005 Result (B)	Difference (A - B)
(Over the Previous Year)	(%)	(99.6)	(104.9)	2.5
Total Electricity Sales	Hundred Million kWh	578.9	581.4	

[Major Factors]

		FY 2006 Estimate (A)	FY 2005 Result (B)	Difference (A - B)
Exchange Rate	¥ / \$	105	108	3
Crude Oil Prices (All Japan CIF)	\$ / b	46	38.7	+ 7.3
Foreign Coal Prices (All Japan CIF)	\$ / t	67	55.1	+ 11.9
Water Flow Ratio	%	100	114.3	14.3
Nuclear Capacity Factor	%	83	65.4	+ 17.6

[Non-consolidated] Performance Outlook for FY2006

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[Operating Revenue]

- Decrease due to reduction in electricity rates, effective as of April 1.

[Operating Profit]

- Despite of efforts to increase business efficiency, decrease due to increase in fuel cost influenced by inflating crude oil and coal prices (All Japan, CIF).

[Ordinary Profit]

- Decrease due to decrease in operating profit, etc.

[Net Income]

- Decrease due to decrease in ordinary profit, etc.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2006 Estimate (A)	FY2005 Result (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	9,400	9,566	166	98.3
Operating Profit	910	1,197	287	76.0
Ordinary Profit	640	787	147	81.3
Net Income	410	464	54	88.4

Response to Variable Factors

■ Demand Fluctuation

- Review expenses such as maintenance cost in accordance with demand and operating conditions of plants and equipments.
- Work to reduce weather risks by introducing weather derivative contracts.

■ Fuel Price Fluctuation

- Maintain a procurement system of coal based on term-contracts and a shipping system with exclusive vessels.
- Maintain a high-sulfur Bunker C based procurement system.

■ Interest Rate Fluctuation

- Effect of interest–rate fluctuation is limited due to a high proportion of long-term fixed-interest financing

■ Others

- Reinforce the early restoration system to response to large–scale disasters such as typhoons and earthquakes, etc.

. Achievement of Management Goals

【Non-consolidated】 Achievement of Management Goals 21

- Given that we took progressive approaches such as prepayment of interest-bearing debt to reinforce the management base, we think that we largely succeeded in these goals during FY2003 ~ FY2005.

◆ Non – Consolidated Management Goals (set in November, 2001)

	Goals (FY2003 ~ 2005 Avg.)	Result	FY 2003 (Result)	FY 2004 (Result)	FY 2005 (Result)
Equity Ratio	Approx. 23% (End of FY2005)	23.2%	19.7%	21.4%	23.2%
ROE (Return on Equity, net income basis)	Approx. 8%	8.3%	9.0%	7.5%	8.4%
ROA (Return on Assets, operating profit after taxes)	Approx. 3%	2.8%	3.0%	2.5%	3.1%
Ordinary Profit	Over 70 Billion Yen per Year	68.8 Billion Yen	66.7 Billion Yen	61.1 Billion Yen	78.7 Billion Yen
Free Cash Flow	Over 110 Billion Yen per Year	141.4 Billion Yen	150.2 Billion Yen	140.7 Billion Yen	133.4 Billion Yen

■ We further promote and accelerate sales activities by the Group working in unison to achieve these goals.

◆ Consolidated Management Goals (set in May, 2003)

	Goals (FY2004 ~ 2006 Avg.)	FY 2004 (Result)	FY 2005 (Result)	FY 2006 (Estimate)
Equity Ratio	Approx. 26% (End of FY2006)	23.2%	25.0%	26.4%
ROA (Return on Assets, operating profit after taxes)	Approx. 3%	2.3%	3.0%	2.3%
Ordinary Profit	Over 72 Billion Yen per Year	63.8 Billion Yen	85.0 Billion Yen	69.0 Billion Yen
Free Cash Flow	Over 95 Billion Yen per Year	132.8 Billion Yen	132.6 Billion Yen	86.0 Billion Yen

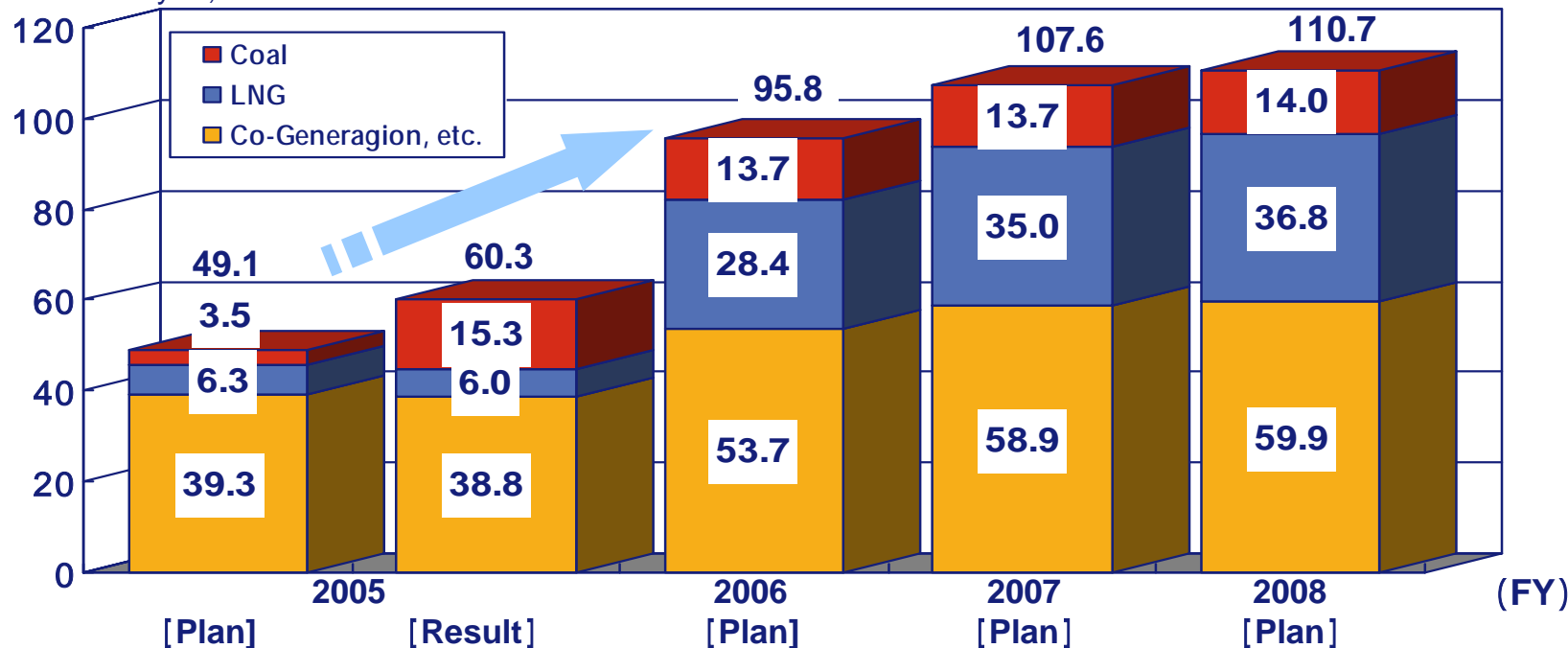
Since all of the current Group Business Goals are scheduled for achievement by the end of FY 2006, new business goals for FY 2007 onward aiming for further development of the Chugoku Electric Power Group will be formulated in the fall of 2005 after due examination of the state of achievement of the current goals.

. Condition of Other Businesses

Energia Solution & Service Co., Inc [ESS]

Operating Revenue

(Hundred million yen)



Operating Profit

(Hundred million yen)

FY	2005		2006 Plan	2007 Plan	2008 Plan
	plan	Result			
Operating Profit	0.6	1.5	1.4	3.2	3.5

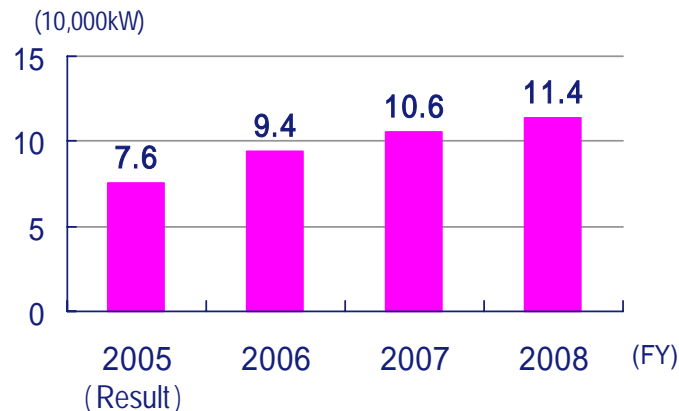
round down to the hundred million

Energia Solution & Service Co., Inc [ESS]

It is expected that the demand will be ahead of our projection against the background of rising environmental awareness and of rising LNG competitiveness because of inflating crude oil price.

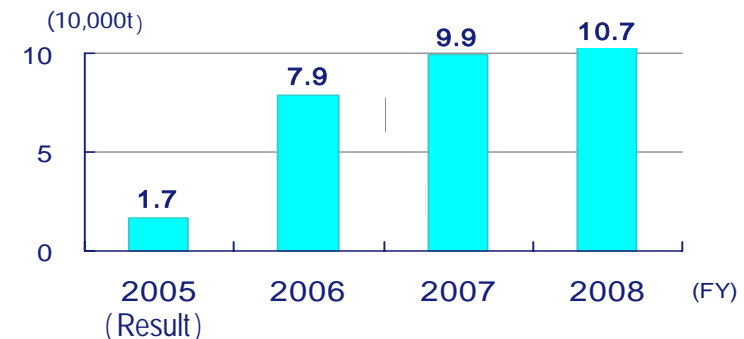
Co-generation Business Plan

- Strengthen competitiveness by package services that include heat storage equipments and boilers as well as co-generations.



LNG Business Plan

- Develop sales by targeting industrial customers for conversion to LNG.
- Expand sales through alliances with city gas companies.
- Raise added value through effective use of LNG cryogenic power.



Mizushima LNG Co., Ltd. And Mizushima LNG Sales Co., Ltd.

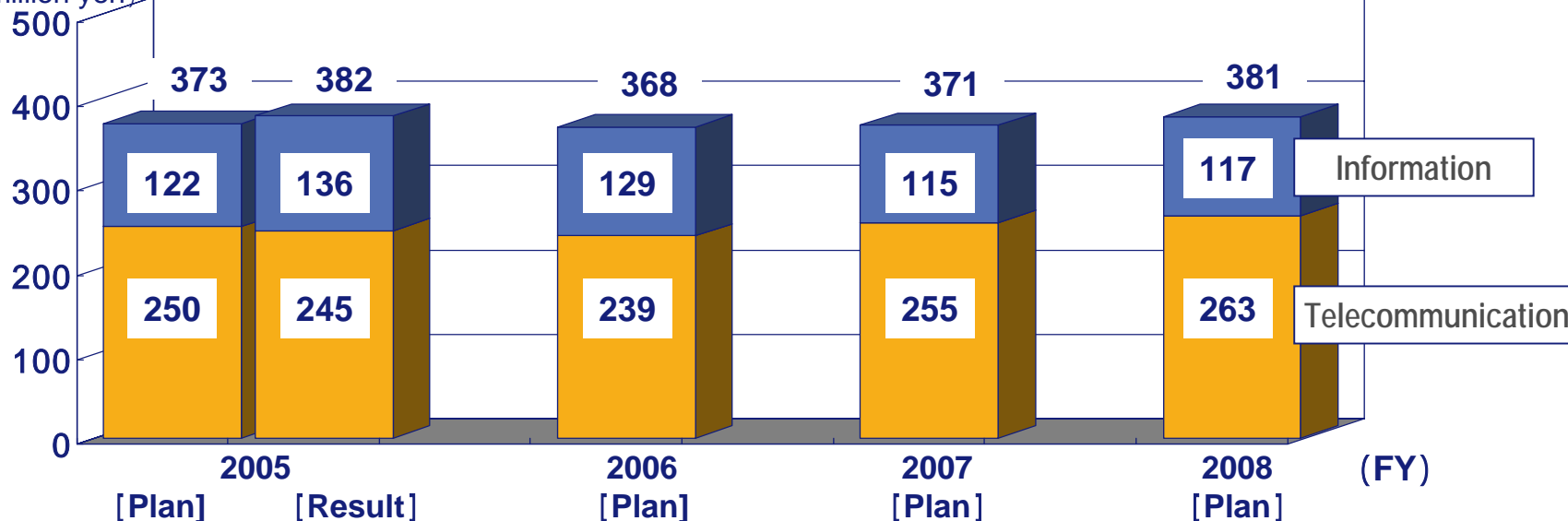
Scheduled to commence commercial operation in April 2006

Target of external sales : 0.2 MT per year

Energia Communications, Inc.

Operating Revenue

(Hundred million yen)



Operating Profit

(Hundred million yen)

FY	2005		2006 Plan	2007 Plan	2008 Plan
	Plan	Result			
Operating Profit	34	13	11	25	30
Ordinary Profit	41	6	5	19	24
Net Income	71	43	3	11	14

round down to the hundred million

Energia Communications, Inc.

Support safety, security, convenience and amenity of people in the community through information and communication technology.

- **Provide services by utilizing the strength of Energia Communications.**
 - **Utilize the Energia brand equity which includes reliability, credit worthiness, and regional-oriented characteristics.**
- **Prepare and develop new services embracing an arrival of ubiquitous society.**

Establish and stabilize financial ground.

- **Maintain a single-year profit.**
- **Get over cumulative loss as early as possible.**

【DATA】

1. Electricity Sales

[Unit : million kWh] () : Over the previous year

[FY2005 Electricity Sales Result]

		FY2005 Result		
Other than Eligible Customers' Use (A)	Lighting	(104.8)	17,470	
	Industrial & Commercial	Commercial	(104.9)	7,523
		Low Voltage	(104.4)	2,434
		High Voltage A	(102.3)	4,657
		Others	(94.1)	951
		Subtotal	(103.3)	15,565
	Subtotal	(104.1)	33,035	
Eligible Customers' Use (B)		(105.9)	25,105	
Total (A) + (B)		(104.9)	58,140	

[FY2006 Electricity Sales Estimate]

		FY2006 Estimate		
Other than Eligible Customers' Use (A)	Lighting	(101.1)	17,668	
	Industrial & Commercial	Low Voltage	(97.0)	2,360
		Others	(98.1)	840
		Subtotal	(97.2)	3,200
	Subtotal		(100.5)	20,868
	Eligible Customers' Use		(99.1)	37,025
Total (A) + (B)		(99.6)	57,893	

2. Revenue and Expense (Non-consolidated)

[Unit : hundred million yen]

	FY 2005 Result	FY 2006 Estimate
Sales Amount (Electric Utility Operating Revenue)	9,566	9,400
(Details) Electricity Sales	8,946	8,810
(Details) Sales to Other Companies, etc.	620	590
Other Revenues	86	50
Total Revenue	9,653	9,450
Personnel	1,134	1,200
Fuel	1,280	1,530
Purchased Power	1,549	1,500
Maintenance	927	820
Depreciation	1,446	1,350
Interests	367	280
Other Expenses	2,161	2,130
Total Expenses	8,865	8,810
Ordinary Profit	787	640
Operating Profit	1,197	910

3. Variables

[Unit : hundred million yen]

		FY 2006 Estimate (A)	FY 2005 Result (B)	Difference (A-B)
Exchange Rate	¥/\$	19	16	+ 3
Crude Oil Prices (All Japan CIF)	\$/b	25	25	0
Water Flow Ratio	%	3	2	+ 1
Nuclear Capacity Factor	%	8	6	+ 2
Interest Rate	%	31	25	+ 6

4. Interest – bearing Debt

[Unit : hundred million yen]

	FY 2005 Result	FY 2006 Estimate
Non – consolidated	15,469	14,800
Consolidated	16,139	15,500

5. Interest Rat (Non-consolidated)

		FY 2005 Result
Average	%	1.99
End of FY	%	1.84

6. Capital Expenditure (Non-Consolidated)

[Unit : hundred million yen]

			FY 2005		FY 2006
			Plan	Result	Plan
Expansion	Power Source	Hydroelectric	57	54	42
		Thermal	13	1	4
		Nuclear	193	168	199
		Subtotal	263	223	245
	Network and Others	186	161	168	
	Subtotal	449	384	413	
Improvements		500	404	544	
Nuclear Fuel		160	120	126	
Subtotal		1,109	908	1,083	
Subsidiary Businesses and Others		3	9	3	
Total		1,112	917	1,086	

7. Completely Electrical housing / Electric Water Heater

	Unit	FY 2005		FY 2006 Plan
		Plan	Result	
Completely Electrical Housing	Number of Housing	30,000	3,3000	34,000
Newly Constructed	Number of Housing	15,000	16,000	16,000
Remodeled	Number of Housing	15,000	17,000	18,000
Market Share of Newly Constructed Completely Electrical Housing	%	29.4	25.5	30.9
Electric Water Heater	Number of Heater	39,000	41,000	44,000
Ecocute	Number of Heater	-	11,000	15,000
Market Share of Electric Water Heater	%	12.4	12.5	13.3

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