



Investors Meeting for FY2006 Interim Financial Results



The Chugoku Electric Power Co., Inc.
November 4, 2005

In this presentation, the term “Fiscal Year 2006” describes
the period ending March 31, 2006.



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FY2006 Interim Financial Results

FY2006 Interim Results Summary

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Consolidated [Increase in Operating Revenue · Decrease in Profit]

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2006 Interim (A)	FY2005 Interim (B)	Difference (A - B)	Comparison (A/B)
Operating Revenue	5,012	4,979	33	100.7%
Ordinary Profit	342	527	185	64.9%
Net Income	225	277	52	81.3%

Non-consolidated

[Slight decrease in Operating Revenue · Decrease in Profit]

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2006 Interim (A)	FY2005 Interim (B)	Difference (A - B)	Comparison (A/B)
Operating Revenue	4,724	4,728	4	99.9%
Ordinary Profit	311	526	214	59.2%
Net Income	208	304	96	68.4%

[Non-Consolidated] Interim Results Major Factors (1/2)

- Electricity sales increased by 0.7% for a record 2 years compared to the same period last year.
- Living-related demand such as lighting exceeded the same period last year due to increase in demand of heating because spring temperatures hovered rather low.
- Large industrial demand exceeded the same period last year due to increased demand in chemical and machine industries, though demand in steel industry decreased.

[Electricity Sales]			FY2006 Interim (A)	FY2005 Interim (B)	Difference (A - B)
Other than Eligible Customers' Use	(Over the same period last year) Lighting	(%) Hundred Million kWh	(101.0) 84.7	83.9	0.8
	(Over the same period last year) Low Voltage	(%) Hundred Million kWh	(94.3) 16.3	17.3	1.0
	(Over the same period last year) Subtotal	(%) Hundred Million kWh	(99.8) 101.0	101.2	0.2
Eligible Customers' Use	(Over the same period last year) Commercial	(%) Hundred Million kWh	(102.7) 55.6	54.1	1.5
	(Over the same period last year) Industrial	(%) Hundred Million kWh	(100.5) 138.1	137.5	0.6
	(Over the same period last year) Subtotal	(%) Hundred Million kWh	(101.1) 193.7	191.6	2.1
(Over the same period last year) Total Electricity Sales		(%) Hundred Million kWh	(100.7) 294.7	292.8	1.9

[Non-Consolidated] Interim Results Major Factors (2/2)

- **Own Facilities** : Hydroelectric decreased due to low-water flow and nuclear power decreased due to increase in days of maintenance and repair.
- **Purchased Power** : Decreased due to increase in days of maintenance of Takehara Thermal Power Plant Unit No3.
- **Interchanged Power** : Increased due to increase in sales from Misumi Thermal Power Plant.

[Power Generation]

			FY2006 Interim (A)	FY2005 Interim (B)	Difference (A - B)
Supply Capacity	Own Facilities	(Water Flow Rate) Hydroelectric	(%) Hundred Million kWh (78.2) 16.3	(104.4) 21.8	(26.2) 5.5
		Thermal	Hundred Million kWh 183.4	156.2	27.2
		(Capacity Factor) Nuclear	(%) Hundred Million kWh (76.2) 42.9	(85.2) 47.9	(9.0) 5.0
	Purchased Power		Hundred Million kWh 105.3	119.3	14.0
	Interchanged Power		Hundred Million kWh 20.3	18.1	2.2
	Pumping Use		Hundred Million kWh 4.3	6.0	1.7
	Total		Hundred Million kWh 323.3	321.1	2.2
Fuel	Exchange Rate (Inter Bank, ¥/\$)		110	110	-
	Crude Oil Prices (All Japan CIF, \$/b)		53.1	36.8	16.3
	Foreign Coal Prices (All Japan CIF, \$/t)		62.7	53.1	9.6

[Non-Consolidated] Income Statement (1/3)

[Revenue]

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

			FY2006 Interim (A)	FY2005 Interim (B)	Difference (A - B)	Comparison (A / B)	Breakdown	
Ordinary Revenue	Operating Revenue	Electricity Sales	Lighting	1,743	1,756	13	99.2	Increase in electricity sales Reduction electricity rate etc. Increase in sales to other companies etc.
			Commercial & Industrial	2,660	2,672	11	99.6	
			Subtotal	4,404	4,428	24	99.4	
		Sales to Other Companies etc.	320	300	20	106.9		
		Total	4,724	4,728	4	99.9		
		Other Revenue	44	54	10	81.0		
		Total	4,769	4,783	14	99.7		

【Non-Consolidated】 Income Statement (2/3)

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[Expense]

[Unit : hundred million yen]

[Unit : round down to the hundred million]

		FY2006 Interim (A)	FY2005 Interim (B)	Difference (A - B)	Comparison (A / B)	Breakdown		
Ordinary Expense	Operating Expense	Personnel	629	573	55	109.7	— Increase in retirement and severance	
		Material	Fuel	842	608	233		138.4
			Purchased Power	789	787	1	100.2	High CIF 262 Decrease in water flow 39 Decrease in nuclear use 36 Increase in coal power 53
			Subtotal	1,632	1,396	235	116.9	
		Maintenance	407	375	32	108.6	— Increase in nuclear power etc.	
		Depreciation	681	720	38	94.6		
		Other Expenses	939	985	45	95.3		
		Subtotal	4,290	4,051	238	105.9		
	Interests	140	169	29	82.8	— Increase due to lowering of interest rate		
	Other Expenses	27	36	9	74.2			
	Total	4,457	4,257	200	104.7			

【Non-Consolidated】 Income Statement (3/3)

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[Profit, etc.] [Unit: hundred million yen]
[Unit: round down to the hundred million]

	FY2006 Interim (A)	FY2005 Interim (B)	Difference (A - B)	Comparison (A / B)	Breakdown
(Operating Profit) Ordinary Profit	(434) 311	(677) 526	(242) 214	(64.2) 59.2	
Reserve for Drought	16	3	20	-	
Extraordinary Loss	-	40	40	-	Reaction to extraordinary loss (loss due to impairment) reported in the previous year 40
Income Taxes- Current	92	152	60	60.4	
Income Taxes-Deferred	27	24	3	114.0	
Net Income	208	304	96	68.4	

【Consolidated】 FY2006 Interim Results Summary

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[Operating Revenue]

- 3.3 billion Increase due to increase in LNG Sales and other businesses though non-consolidated operating revenue decreases slightly.

[Ordinary Profit]

- 18.5 billion decrease in spite of increase in operating revenue and the efforts to improve efficiency in each group business because non-consolidated ordinary profit decreases by 21.4 billion due to increase mainly in material cost because of high fuel prices.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2006 Interim (A)	FY2005 Interim (B)	Difference (A - B)	Comparison (A/B)
Operating Revenue	5,012	4,979	33	100.7%
Operating Profit	466	685	219	68.0%
Ordinary Profit	342	527	185	64.9%
Net Income	225	277	52	81.3%

【Consolidated】 Balance Sheet

- **Assets** :23.0 billion Decrease due to decrease in plant and equipment because of progress of the fixed-rate depreciation.
 - **Liabilities** :40.2 billion decrease due to cut of interest-bearing debt.
 - **Equity** :17.5 billion increase due to record of net income.
- This results 0.9% increase in stockholders' equity ratio to 25.9%.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2006 Interim (A)	FY2005 Interim (B)	Difference (A - B)
Assets	26,133	26,363	230
(Utility plant and equipment)	(18,576)	(19,038)	(462)
Liabilities	19,330	19,733	402
(Interest – bearing debt)	(15,938)	(16,139)	(200)
Stockholders' Equity	6,757	6,582	175
Stockholders' Equity Ratio	25.9 %	25.0 %	0.9 %

【Consolidated】 Application of Free Cash Flow

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- Cash flow from operating activities decrease by 34.2 billion, mainly due to deterioration in the interim net income as well as having made a lump-sum payment of annual property taxes.
- Cash flow from investing activities increase by 7.3 billion due investment in Shimane Nuclear Power Plant Unit 3.
- Free cash flow decrease by 41.6 billion.
- 27 billion yen (the cash flow + 8 billion yen from reduction in cash reserves) is reserved for dividend payouts, repayment of loans, etc.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2006 Interim (A)	FY2005 Interim (B)	Difference (A - B)
Cash Flow from Operating Activities	686	1,029	342
Cash Flow from Investing Activities	497	423	73
Free Cash Flow	189	606	416
Cash Flow from Financing Activities	270	628	357
Cash and Cash Equivalents	80	21	-

Segment Information

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

		Electricity	Information & Telecommunication	Comprehensive Energy Supply
Operating Revenue	FY2006 Interim	4,693	173	66
	FY2005 Interim	4,705	178	44
	Difference	12	5	21
Operating Expense	FY2006 Interim	4,258	161	63
	FY2005 Interim	4,030	175	40
	Difference	228	14	22
Operating Profit	FY2006 Interim	434	12	3
	FY2005 Interim	675	2	3
	(Comparison)	(35.7%)	(362.7%)	(11.3%)
	Difference	241	9	0

. Performance Outlook for F2006

FY2006 Performance Outlook Summary

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【 Consolidated 】

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

	FY2006		Difference (A - B)	Comparison (A/B)
	Updated Estimate (A)	Initial Estimate (B)		
Operating Revenue	10,100	10,000	100	101.0%
Ordinary Profit	640	690	50	92.8%
Net Income	420	440	20	95.5%

【 Non-consolidate 】

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

	FY2006		Difference (A - B)	Comparison (A/B)
	Updated Estimate (A)	Initial Estimate (B)		
Operating Revenue	9,500	9,400	100	101.1%
Ordinary Profit	580	640	60	90.6%
Net Income	380	410	30	92.7%

【Non-Consolidated】 Major Factors

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【Electricity Sales】

		FY2006		Difference (A - B)	FY2005 Result
		Updated Estimate (A)	Initial Estimate (B)		
(Over the Previous Year) Total Electricity Sales	(%) Hundred Million kWh	(100.4) 583	(99.6) 579	4	581

【Major Factors】

		FY2006		Difference (A - B)	FY2005 Result
		Updated Estimate (A)	Initial Estimate (B)		
Exchange Rate	¥/\$	110	105	5	108
Crude Oil Prices (All Japan CIF)	\$/b	56	46	10	38.8
Foreign Coal Prices (All Japan CIF)	\$/t	64	67	3	55.0
Water Flow Ratio	%	88.3	100	11.7	114.3
Nuclear Capacity Factor	%	82.1	83	0.9	65.4

【Non-Consolidated】 Performance Outlook for FY2006

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[Operating Revenue]

- Increase due to increase mainly of electricity sales and fuel cost adjustment of second half year reflecting the high crude oil price.

[Operating Profit]

- Decrease due to increase mainly of material cost because of high crude oil price while operating revenue increase.

[Ordinary Profit]

- Decrease due to decrease of operating profit.

[Net Income]

- Decrease due to decrease of ordinary profit in spite of reversal of reserve for drought.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2006		Difference (A - B)	Comparison (A / B)	FY2005 Result
	Updated Estimate (A)	Initial Estimate (B)			
Operating Revenue	9,500	9,400	100	101.1%	9,566
Operating Profit	850	910	60	93.4%	1,197
Ordinary Profit	580	640	60	90.6%	787
Net Income	380	410	30	92.7%	464

【Consolidated】 Performance Outlook for FY2006

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[Operating Revenue]

- Increase due to increase in Chugoku Electric Power's increase.

[Operating Profit]

- Decrease due to decrease in Chugoku Electric Power's decrease though increase in consolidated companies' operating profit through improving efficiency.

[Ordinary Profit]

- Decrease due to decrease in operating profit.

[Net Income]

- Decrease due to decrease in ordinary profit in spite of reversal of reserve for drought.

[Unit : hundred million yen]

[Unit : round down to the hundred million]

	FY2006		Difference (A - B)	Comparison (A / B)	FY2005 Result
	Updated Estimate (A)	Initial Estimate (B)			
Operating Revenue	10,100	10,000	100	101.0%	10,117
Operating Profit	900	950	50	94.7%	1,254
Ordinary Profit	640	690	50	92.8%	850
Net Income	420	440	20	95.5%	470

Segment Information

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

		Electricity	Information & Telecommunication	Comprehensive Energy Supply
Operating Revenue	FY2006 Estimate	9,420	368	162
	FY2005 Result	9,518	382	100
	Difference	98	14	62
Operating Expense	FY2006 Estimate	8,570	356	156
	FY2005 Result	8,324	368	95
	Difference	246	12	61
Operating Profit	FY2006 Estimate	850	11	6
	FY2005 Result	1,193	13	5
	(Comparison)	(28.8%)	(15.4%)	(20.0%)
	Difference	343	2	1

Achievement of Management Goals

- We would like to make all-out efforts to bring the pretax recurring profits closer to the numerical target, by further increasing sales and reducing cost at a consolidated level, although it seems difficult to achieve the numerical target in the ordinary profit at present.

◆ Consolidated Management Goals (set in May, 2003)

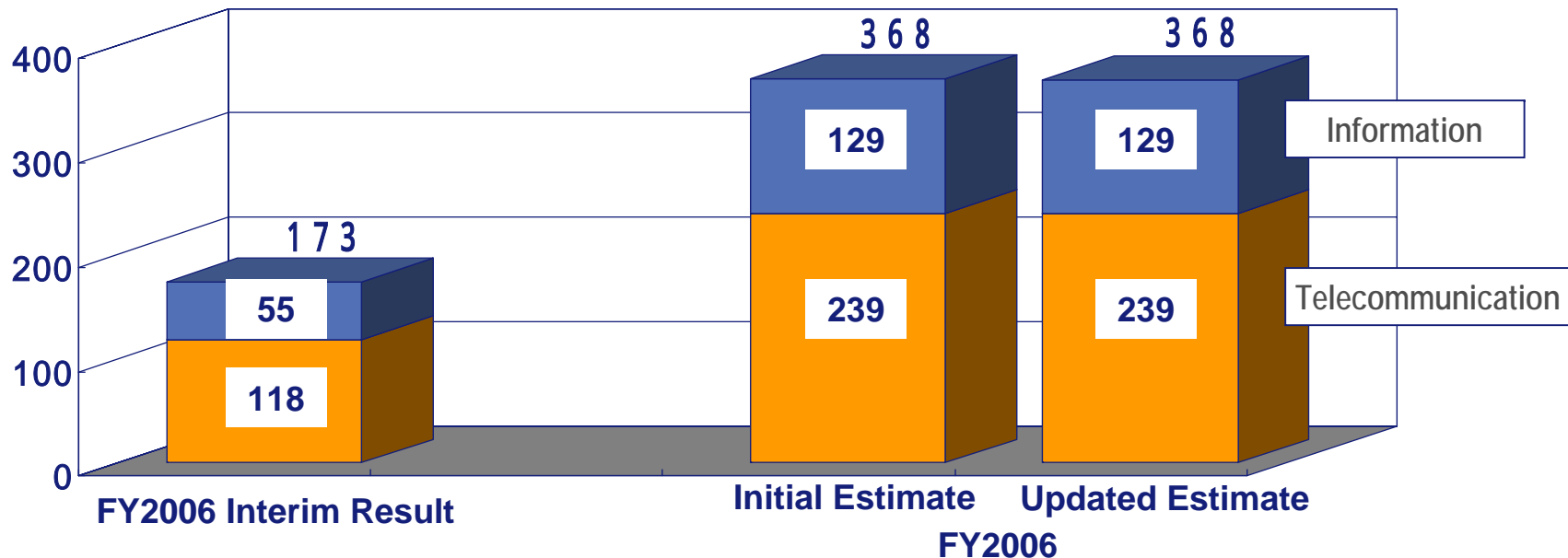
	Goals (FY2004 ~ 2006 Avg.)	FY 2004 (Result)	FY 2005 (Result)	FY 2006 (Estimate)	FY2004 ~ 2006 Average
Stockholders' Equity Ratio	Approx. 26% (End of FY2006)	23.2%	25.0%	26.0%	-
ROA (Return on Assets, operating profit after taxes)	Approx. 3%	2.3%	3.0%	2.2%	2.5%
Ordinary Profit	Over 72 Billion Yen per Year	63.8 Billion	85.0 Billion	64.0 Billion	70.9 Billion
Free Cash Flow	Over 95 Billion Yen per Year	132.8 Billion	132.6 Billion	48.0 Billion	104.4 Billion

. Efforts of Chugoku Electric Power Group

Energia Communications, Inc.

Operating Revenue

(Hundred million yen)



Operating Profit

(Hundred million yen)

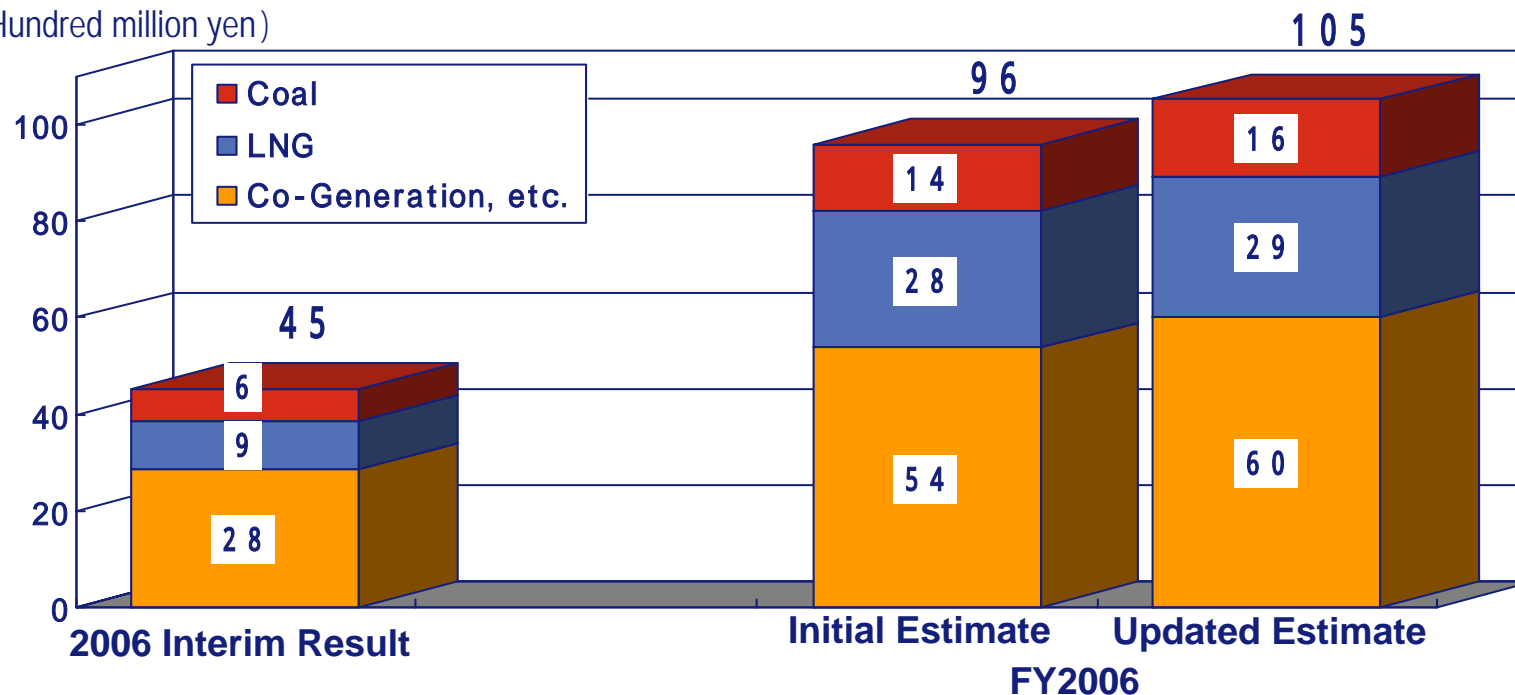
	FY2006 Interim (Result)	FY2006	
		Initial Estimate	Updated Estimate
Operating Profit	12	11	11

Comprehensive Energy Supply (1/3)

Energia Solution & Service Co., Inc [ESS] (1/2)

Operating Revenue

(Hundred million yen)



Operating Profit

(Hundred million yen)

	FY2006 Interim (Result)	FY2006		
		Initial Estimate (A)	Updated Estimate (B)	Difference (B-A)
Operating Profit	3.2	1.4	2.4	1.0



Energia Solution & Service Co., Inc [ESS] (2/2)

Steady growth in comprehensive energy supply due to growing awareness of environmental issues and increasing price competitiveness of LNG resulting from steep rise in oil prices.

Co-generation Business

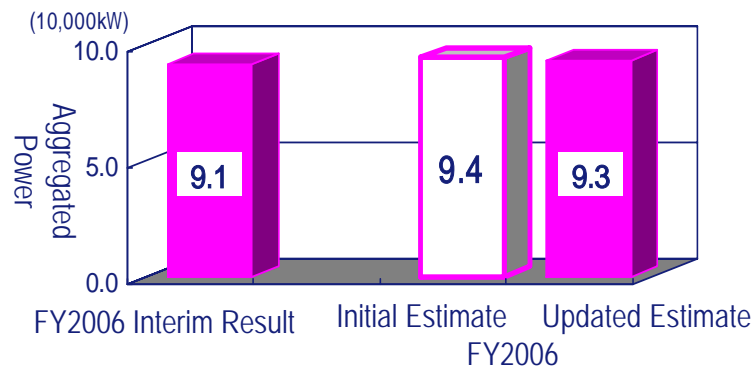
- Business prospects for exploitation of new business related to diesel co-generation systems are expected to remain unchanged due to steep rises in oil prices.
- Promoting sales of gas co-generation systems as well as improvement of various types of utility services for refrigerating machines, heat storage facilities, and electric power receiving and transforming facilities.

LNG Business

- Developing sales promotion targeting at the industrial customers currently considering shift to LNG.
- Expanding sales volume in business alliance with city gas company.

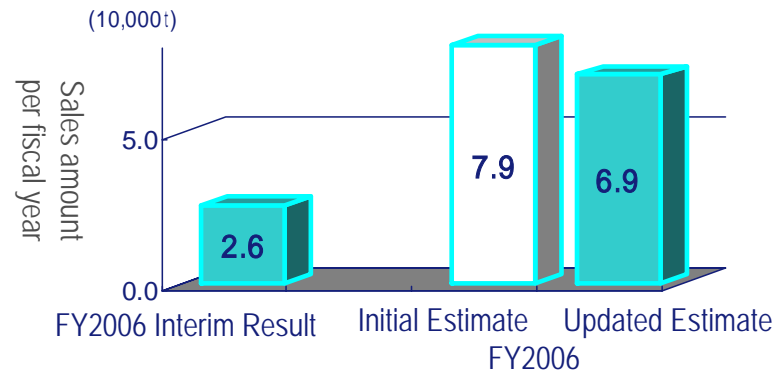
Co-Generation Business Plan

Business prospects are expected to remain unchanged due to steep rise in oil prices.



LNG Business Plan

Sales amount of 100,000 tons a year is expected in the next fiscal year and beyond.



MIZUSHIMA LNG CO., LTD. & MIZUSHIMA LNG SALES CO., LTD.

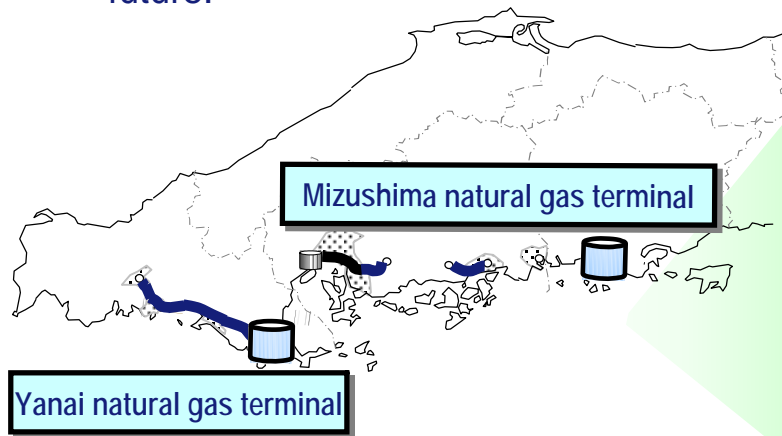
Mizushima natural gas terminal in Okayama Pref. is under construction as the base sales point of LNG for the eastern area of the Chugoku Region.

Mizushima natural gas terminal

- Start of business at the terminal is scheduled for April 2006 (LNG storage tank with a capacity of 160,000kl × 1 unit).
- The estimated amount of LNG to be handled is approximately 600,000 tons a year (400,000 tons for power generations, 200,000 tons for sales to third-party customers).

Sales to third-party customers

- The wholesales of LNG to gas companies and sales to industrial customers have started.
- Exploring the demand for LNG in collaboration with a local gas company.
- The planned sales volume of 200,000 tons is expected to be achieved within the foreseeable future.



- Construction of the facilities has been progressing without a hitch. (96% of the facilities have been completed)
- Trial operation is to be started in January 2006.



Electricity

- In the short term, steep rises in oil prices will become a factor behind the deterioration in the balance of current account in the fiscal year, However, in the long term, it will have no adverse effect on the balance by virtue of the system for controlling fuel expenses.
- On the other hand, steep rises in oil prices have become a major factor behind the decommission of private power generation facilities, providing us an opportunity to improve our profits in the future.
- In the long run, we aim at constructing an optimum energy mix in which nuclear power plays an important role.

Co-generation

- Most customers have procured LNG on their own.
- Since ESS procures LNG under the variable pricing system, the selling price to customers will also vary in conjunction with the procurement cost.
- In principle, heavy oil has been procured at the fixed price on a long-term basis, thus making it possible to sell it to the customers at the fixed price.
- ESS wants to be entrusted with operation and control of co-generation facilities, thus providing a total solution to customers.

LNG Sales

- The demand for LNG is expected to increase further due to growing awareness of global environmental issues as well as steep rises in oil prices.
- When business is started at the Mizushima LNG operations next spring as scheduled, ESS will have another base sales point to cover the east part of the Chugoku Region, making it possible to expand the business throughout the region This will be a great business opportunity to expand the business in LNG sales.

【DATA】



1. Electricity Sales

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

[FY2006 Interim Result]

		FY2006 Interim		Comparison with Estimate (%)
Other than Eligible Customers' Use	Lighting	[101.0]	8,469	100.9
	Low Voltage	[94.3]	1,631	99.4
	Subtotal	[99.8]	10,100	100.7
Eligible Customers' Use		[101.1]	19,370	101.8
Total		[100.7]	29,470	101.4

[FY2006 Estimate]

	FY2006 Estimate	FY2005 Result
Total	Approx. 583	Approx. 581

2. Revenue and Expense (Non-consolidated)

[Unit : hundred million yen]

	FY2006		FY2005 Result
	Updated Estimate	Initial Estimate	
Sales Amount (Electric Utility Operating Revenue)	9,500	9,400	9,566
(Details) Electricity Sales	8,910	8,810	8,946
(Details) Sales to Other Companies, etc.	590	590	620
Other Revenues	50	50	86
Total Revenue	9,550	9,450	9,653
Personnel	1,200	1,200	1,134
Fuel	1,680	1,530	1,280
Purchased Power	1,550	1,500	1,549
Maintenance	820	820	927
Depreciation	1,370	1,350	1,446
Interests	280	280	367
Other Expenses	2,070	2,130	2,161
Total Expenses	8,970	8,810	8,865
Ordinary Profit	580	640	787
Operating Profit	850	910	1,197

3. Variables

[Unit : hundred million yen]

		FY2006 Estimate (A)	FY2005 Result (B)	Difference (A-B)
Exchange Rate	¥/\$	21	16	5
Crude Oil Prices (All Japan CIF)	\$/b	26	25	1
Water Flow Ratio	%	4	2	2
Nuclear Capacity Factor	%	10	6	4
Interest Rate	%	33	25	8

4. Interest – bearing Debt

[Unit : hundred million yen]

	FY2006 Estimate (A)	FY2006 Interim Result
Non – consolidated	15,200	15,358
Consolidated	15,800	15,938

5. Interest Rate (Non-consolidated)

		FY 2006 Interim Result
Average	%	1.75
End of First Half	%	1.76

6. Capital Expenditure (Non-Consolidated)

[Unit : hundred million yen]

区分		FY2006 Interim Result	FY2006		FY2005 Result	
			Updated Estimate	Initial Estimate		
Expansion	Power Source	Hydroelectric	22	42	42	54
		Thermal	21	23	4	1
		Nuclear	103	199	199	168
		Subtotal	146	264	245	223
	Network and Others	55	163	168	161	
	Subtotal	201	427	413	384	
Improvements		170	515	544	404	
Nuclear Fuel		27	141	126	120	
Subtotal		398	1,083	1,083	908	
Subsidiary Businesses and Others		9	12	3	9	
Total		407	1,095	1,086	917	

7. Completely Electrical Housing / Electric Water Heater

	Unit	F2006 Interim Result *	FY2006 Estimate	FY2005 Result
Completely Electrical Housing	Number of Housing (thousand)	16	34	33
Newly Constructed	Number of Housing (thousand)	6	16	16
Remodeled	Number of Housing (thousand)	10	18	17
Market Share of Newly Constructed Completely Electrical Housing	%	25.2	30.9	25.5
Electric Water Heater	Number of Heater (thousand)	23	44	41
Ecocute	Number of Heater (thousand)	8	15	11
Market Share of Electric Water Heater	%	13.0	13.3	12.5

Values for result related to completely electrical housing are based on the result as of the end of August.

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