



Investors Meeting for FY 2004 Interim Financial Results

The Chugoku Electric Power Co., Inc.

November 21, 2003

In this presentation, the term “Fiscal Year 2004” describes the period which ended March 2004.

FY 2004 Interim financial Results Summary

FY2004 Interim Financial Result ~ Non Consolidated ~ [Compared with same term previous year]

[Sales Amount(Operating Revenue)]

Decrease due to the rate cut implemented October 2002 and the cool summer of this year.

[Operating Profit]

Decrease due to decrease in sales amount from the rate cut ,etc ,in spite of overall management efficiency including reduction of depreciation.

[Ordinary Profit]

Decrease due to decrease in sales amount from the rate cut ,etc ,in spite of overall management efficiency including reduction of depreciation and interest expenses.

[Net Interim Income]

Decrease due to decrease in Ordinary Profit and increase in water shortage reserve appropriate or drawn out ,etc.

[Hundred Million Yen]

	FY2004 Interim (A)	FY2003 Interim (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	4,535	4,892	356	92.7%
Operating Profit	508	742	234	68.4%
Ordinary Profit	308	467	159	65.9%
Net Interim Income	188	298	110	63.0%

FY2004 Interim Financial Result [Electricity Sales]

Total sales decreased to 99.3% compared with same term previous year.

- Living-Related Demand(Lighting,Commercial) is below last year's result.
- Large industrial demand increased a little due to the extended self generation ,etc. , in spite of the plus factor : the high level production of steel and the self generation demand acquisition in chemical industry.

			FY2004 Interim (A)	FY2003 Interim (B)	Difference (A - B)
Other Than Eligible Customers Use	(Changes from the previous term) Lighting	(%) Million kWh	(98.6) 7,853	(99.7) 7,962	109
	(Changes from the previous term) Industrial and Commercial	(%) Million kWh	(98.2) 11,134	(99.6) 11,340	206
	(Changes from the previous term) Subtotal	(%) Million kWh	(98.4) 18,987	(99.6) 19,302	315
(Changes from the previous term) Eligible Customers Use		(%) Million kWh	(101.3) 8,575	(108.0) 8,466	109
(Changes from the previous term) Total		(%) Million kWh	(99.3) 27,562	(102.0) 27,768	206
(Changes from the previous term) [Carried Again] Large-Scale		(%) Million kWh	(100.8) 10,599	(106.0) 10,520	79

[Compared with the Company's Plan]

			FY2004 Interim (A)	Plan (B)	Difference (A - B)
(Changes from the previous term) Electricity Sales	(%) Million kWh	(99.8)	27,562	27,612	50

FY2004 Interim Financial Result

[Power Generation·Major Factors]

- **Own Facilities** ... Hydroelectric increased due to the most water flow for 6 years since FY1998.
 Nuclear generation decreased due to increase in the days of the regular inspection.
- **Purchased Power** ...Decrease due to increase in the days of the regular inspection of J-Power Takehara No.3.
- **Sales to Other Companies** ...A little decrease due to decrease in sales from Misumi.

			FY2004 Interim (A)	FY2003 Interim (B)	Difference (A - B)	
Supply Capacity	Own Facilities	(Water Flow Rate) Hydroelectric	(%) Million kWh	(128.8) 25.8	(71.0) 15.8	(57.8) 10.0
		Thermal	Million kWh	163.6	151.7	11.9
		(Capacity Factor) Nuclear	(%) Million kWh	(No.1 92.3) (No.2 40.2) (total 58.9) 33.1	(No.1 76.5) (No.2 99.9) (total 91.5) 51.5	(No.1 15.8) (No.2 59.7) (total 32.6) 18.4
	Purchased Power		Million kWh	107.7	113.6	5.9
	Sales to other Companies		Million kWh	20.7	21.1	0.4
	Pumping Use		Million kWh	5.5	5.2	0.3
	Total		Million kWh	304.0	306.3	2.3
	Fuel	Exchange Rate(Inter bank)		¥ / \$	118	123
CIF Crude Oil Price		\$ / b	28.4	25.6	2.8	
CIF Foreign Coal Price		\$ / t	34.2	36.5	2.3	

FY2004 Interim Financial Result ~ Non Consolidated ~
 [Compared with same term previous year]

[Revenue]

[Hundred Million Yen]

			FY2004 Interim (A)	FY2003 Interim (B)	Difference (A - B)	Comparison (A / B)	Breakdown
Operating Revenue	Electricity sales	Lighting	1,649	1,765	116	93.4	· Decrease due to rate cut 240 · Decrease in Electricity Demand 33 ,etc.
		Industrial and Commercial	2,580	2,753	173	93.7	
		Subtotal	4,229	4,518	289	93.6	
	Sales to Other Companies etc.		306	373	66	82.1	· Decrease in sales from Misumi 76 ,etc.
	Total		4,535	4,892	356	92.7	
Other Revenues			60	41	19	147.5	· Increase in gains on sales of securities 19,etc
Total			4,596	4,933	336	93.2	

FY2004 Interim Financial Result ~ Non Consolidated ~
 [Compared with same term previous year]

[Expenditure]

[Hundred Million Yen]

		FY2004 Interim (A)	FY2003 Interim (B)	Difference (A - B)	Comparison (A / B)	Breakdown
Personnel		6 9 1	6 5 3	3 7	105.8	· Retirement allowances 2 7 ,etc.
Material	Fuel	5 3 6	5 2 7	9	101.8	· Increase in water flow 5 8
	Purchased Power	6 7 4	7 2 7	5 2	92.7	· Expanding coal use 3 1
	Subtotal	1 , 2 1 1	1 , 2 5 4	4 3	96.6	· Strong yen rate 2 5 · Decrease in purchased power DC 1 9 · Nuclear power generation 9 8 ,etc.
Maintenance		4 0 5	4 0 9	3	99.2	· Thermal Power 4 7 · Nuclear Power 4 8 ,etc.
Depreciation		8 0 2	8 5 4	5 2	93.9	· Decrease due to progress in the fixed-rate depreciation
Interests		1 8 9	2 7 4	8 5	69.0	· Decrease in loss on debt-assumption 4 1 · Decline of Interest rate 2 5 ,etc.
Other Expenses		9 8 7	1 , 0 1 8	3 1	96.9	· Decrease in reprocessing of spent nuclear fuel 3 1
Total		4 , 2 8 8	4 , 4 6 5	1 7 7	96.0	,etc.

FY2004 Interim Financial Result ~ Non Consolidated ~ [Compared with same term previous year]

[Profit etc.]

[Hundred Million Yen]

	FY2004 Interim(A)	FY2003 Interim(B)	Difference (A - B)	Comparison (A / B)	Breakdown
Ordinary Profit	3 0 8	4 6 7	1 5 9	65.9	
Water shortage reserve appropriate or drawn out	1 8	-	1 8	-	
Income taxes – Current	1 6 8	2 2 3	5 4	75.6	Decrease in income before taxes
Income taxes – Deferred	6 7	5 4	1 3	124.9	
Net Interim Income	1 8 8	2 9 8	1 1 0	63.0	
(Operating Expenses)	(4 , 0 2 7)	(4 , 1 4 9)	(1 2 1)	(97.1)	
(Operating Profit)	(5 0 8)	(7 4 2)	(2 3 4)	(68.4)	

FY2004 Interim Financial Result Summary

~ Consolidated ~ [Compared with same term previous year]

[Sales Amount(Operating Revenue)]

Decrease due to the decrease in electricity sales from the rate cut

[Operating Profit]

Decrease due to decrease in sales amount ,in spite of overall management efficiency such as reduction of depreciation.

[Ordinary Profit]

Decrease due to decrease in Operating Profit ,in spite of decrease in interest expenses

[Net Interim Income]

Decrease due to decrease in Ordinary Profit and increase in water shortage reserve appropriate or drawn out ,etc.

[Hundred Million Yen]

	FY2004 Interim (A)	FY2003 Interim (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	4 , 7 8 1	5 , 0 9 7	3 1 5	9 3 . 8 %
Operating Profit	4 8 9	7 4 0	2 5 1	6 6 . 1 %
Ordinary Profit	2 9 6	4 6 3	1 6 7	6 3 . 9 %
Net Interim Income	1 6 9	3 0 0	1 3 0	5 6 . 6 %

FY2004 Interim Balance Sheet ~ Non Consolidated ~ [Assets]

[Assets]

Decrease 52.8 billion yen due to decrease in depreciation of existing utility Plant and Equipment

[Hundred Million Yen]

Assets																	
		End of FY2004 Interim (A)	End of FY2003 (B)	Difference (A - B)	Breakdown												
Property	Plant and Equipment	20,882	21,457	574	<table border="1"> <tr> <td colspan="2">Plant and Equipment Breakdown</td> </tr> <tr> <td>Investments</td> <td>306</td> </tr> <tr> <td>Depreciation</td> <td>803</td> </tr> <tr> <td>Disposal ,etc.</td> <td>77</td> </tr> <tr> <td>Difference</td> <td>574</td> </tr> <tr> <td>Accumulated Depreciation Ratio (End of previous year)</td> <td>63.0% (61.8%)</td> </tr> </table>	Plant and Equipment Breakdown		Investments	306	Depreciation	803	Disposal ,etc.	77	Difference	574	Accumulated Depreciation Ratio (End of previous year)	63.0% (61.8%)
	Plant and Equipment Breakdown																
	Investments	306															
	Depreciation	803															
	Disposal ,etc.	77															
	Difference	574															
	Accumulated Depreciation Ratio (End of previous year)	63.0% (61.8%)															
Plant of subsidiary business	18	20	1														
Plant out of business	66	68	1														
Construction in progress	1,339	1,372	32														
Nuclear Fuel	1,162	1,178	16														
Other assets	1,317	1,257	60														
Net Property	24,787	25,353	566														
Net Current Property	982	944	38														
Total Assets	25,769	26,298	528														

FY2004 Balance Sheet ~ Non Consolidated ~ [Liabilities and Stockholders' Equity]

[Liabilities]

Decrease 62.7 billion yen due to decrease in interest-bearing loan debt(41.3 billion yen)

[Stockholders' Equity]

Increase 10.9 billion yen due to appropriate net interim income

[Hundred Million Yen]

Liabilities and Stockholders' Equity																	
		End of FY2003 Interim (A)	End of FY2003 (A)	Difference (A - B)	Breakdown												
Liabilities	Long-term Liabilities	16,404	16,384	19	<ul style="list-style-type: none"> · Decrease in Interest-bearing Loan Debt 413 (17,769 17,355 Billion yen) · Decrease in accrued income taxes 109 · Decrease in short-term debt of affiliated companies 53 · Decrease in accrued expenses 42 · Decrease in accounts payable 32 ,etc. 												
	Current Liabilities	4,057	4,733	676													
	water shortage reserve appropriate or drawn out	18	-	18													
	Total Liabilities	20,480	21,118	637													
Stockholders' Equity	Common Stock	1,855	1,855	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center;">Stockholders' Equity Ratio</th> </tr> <tr> <td style="text-align: center;">End of FY2004 Interim</td> <td style="text-align: center;">End of FY2003</td> </tr> <tr> <td style="text-align: center;">20.5%</td> <td style="text-align: center;">19.7%</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center;">Bonds · Borrowings Ratio</th> </tr> <tr> <td style="text-align: center;">End of FY2004 Interim</td> <td style="text-align: center;">End of FY2003</td> </tr> <tr> <td style="text-align: center;">67.3%</td> <td style="text-align: center;">67.6%</td> </tr> </table>	Stockholders' Equity Ratio		End of FY2004 Interim	End of FY2003	20.5%	19.7%	Bonds · Borrowings Ratio		End of FY2004 Interim	End of FY2003	67.3%	67.6%
	Stockholders' Equity Ratio																
	End of FY2004 Interim	End of FY2003															
	20.5%	19.7%															
	Bonds · Borrowings Ratio																
	End of FY2004 Interim	End of FY2003															
67.3%	67.6%																
Capital Surplus	166	166	-														
Retained Earnings	3,267	3,172	95														
Net unrealized holding gains on securities	71	57	14														
Treasury Stock	71	71	0														
Total Stockholders' Equity	5,289	5,180	109														
Total		25,769	26,298	528													

FY2004 Interim Financial Result Summary ~Non Consolidated · Consolidated ~ [Compared with Initial Estimates]

[Hundred Million Yen]

		FY2004 Interim (A)	Initial Estimates (B)	Difference (A - B)	Comparison (A / B)
S a l e s A m o u n t	Non Consolidated	4 , 5 3 5	4 , 6 0 0	6 5	9 8 . 6 %
	Consolidated	4 , 7 8 1	4 , 9 0 0	1 1 9	9 7 . 6 %
Operating P r o f i t	Non Consolidated	5 0 8	4 6 0	4 8	1 1 0 . 4 %
	Consolidated	4 8 9	4 5 0	3 9	1 0 8 . 7 %
Ordinary P r o f i t	Non Consolidated	3 0 8	2 7 0	3 8	1 1 4 . 1 %
	Consolidated	2 9 6	2 6 0	3 6	1 1 3 . 8 %
Net Interim I n c o m e	Non Consolidated	1 8 8	1 8 0	8	1 0 4 . 4 %
	Consolidated	1 6 9	1 7 0	1	9 9 . 4 %

FY 2004 financial Results Estimates Summary

FY 2004 financial Results Estimates ~ Non Consolidated ~
[Factors of Revenue and Expenditure]

[Electricity Sales]

		FY2004 Estimates	FY2004 Initial Estimates	FY2003 Result
(Changes from previous year)	(%)	(99.2)	(99.3)	(104.2)
Electricity Sales	Million kWh	55,421	55,437	55,847

[Major Factors]

		FY2004 Estimates	FY2004 Initial Estimates	FY2003 Result
Exchange Rate(Inter bank)	¥ / \$	114	120	122
CIF Crude Oil Price	\$ / b	28	26	27.4
Water Flow Ratio	%	115	100	79.0
Nuclear Capacity Factor	%	71	75	95.7

FY 2004 financial Results Estimates ~Non Consolidated~ [Compared with previous year]

[Sales Amount(Operating Revenue)]

Expected to decrease due to the rate cut implemented October FY2003 compared with FY2003.

[Operating Profit]

Expected to decrease due to decrease in Sales Amount(Operating Revenue) ,etc. ,in spite of proceeding overall management efficiency.

[Ordinary Profit]

Expected to decrease due to decrease in Operating Profit ,etc.

[Net Income]

Expected to decrease due to increase in water shortage reserve appropriate or drawn out compared with FY2003

[Hundred Million Yen]

	FY2004 Estimates (A)	FY2003 (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	9,200	9,654	454	95.3%
Operating Profit	1,040	1,262	222	82.4%
Ordinary Profit	640	667	27	96.0%
Net Income	410	456	46	89.9%

FY 2004 financial Results Estimates ~Consolidated~ [Compared with previous year]

[Sales Amount(Operating Revenue)]

Expected to decrease due to the rate cut implemented October FY2003 compared with FY2003 , although the number of affiliated companies increase.

[Operating Profit]

Expected to decrease due to decrease in Sales Amount(Operating Revenue) ,etc. ,in spite of proceeding overall management efficiency.

[Ordinary Profit]

Expected to decrease due to decrease in Operating Profit ,etc.

[Net Income]

Expected to decrease due to increase in water shortage reserve appropriate or drawn out compared with FY2003

[Hundred Million Yen]

	FY2004Estimates (A)	FY2003 (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	9,700	10,092	392	96.1%
Operating Profit	1,020	1,269	249	80.4%
Ordinary Profit	640	683	43	93.7%
Net Income	400	441	41	90.7%

FY 2004 financial Results Estimates~Non Consolidated · Consolidated ~ [Compared with previous estimate]

[Hundred Million Yen]

		FY2004 Estimates (A)	FY2004 Previous Estimates (B)	Difference (A - B)	Comparison (A / B)
S a l e s A m o u n t	Non Consolidated	9 , 2 0 0	9 , 2 0 0	0	1 0 0 . 0 %
	Consolidated	9 , 7 0 0	9 , 8 0 0	1 0 0	9 9 . 0 %
O p e r a t i n g P r o f i t	Non Consolidated	1 , 0 4 0	9 8 0	6 0	1 0 6 . 1 %
	Consolidated	1 , 0 2 0	9 8 0	4 0	1 0 4 . 1 %
O r d i n a r y P r o f i t	Non Consolidated	6 4 0	6 0 0	4 0	1 0 6 . 7 %
	Consolidated	6 4 0	6 1 0	3 0	1 0 4 . 9 %
N e t I n c o m e	Non Consolidated	4 1 0	3 9 0	2 0	1 0 6 . 7 %
	Consolidated	4 0 0	4 0 0	0	1 0 0 . 0 %

State of Achievement of Management Goals

Achievement of Management Goals ~Non-Consolidated~

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

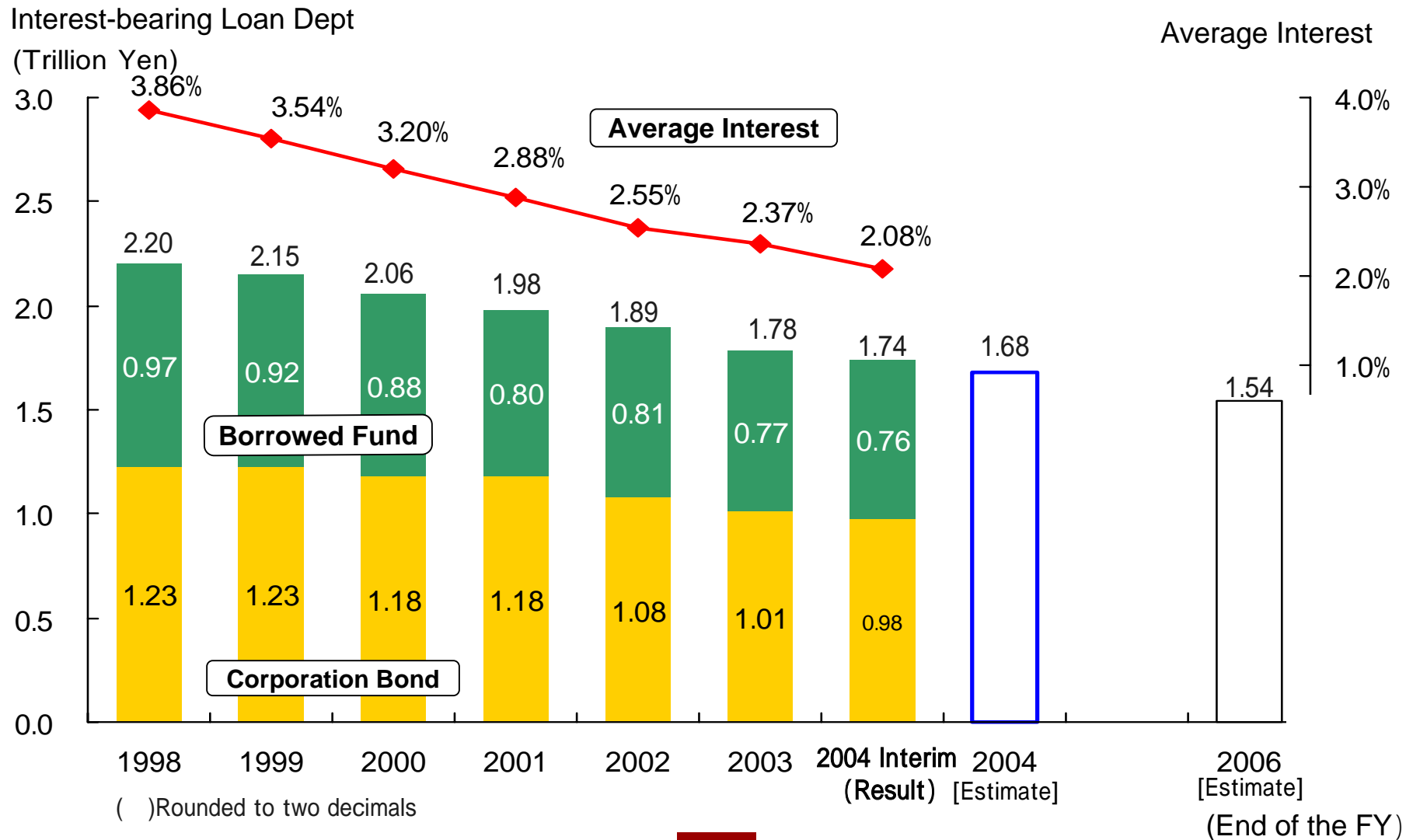
Numeric Goals	FY 2003-2005 Average	FY 2003 Result	FY 2004 Estimates
Equity Ratio	around 23% (End of the 2005 FY)	19.7%	[around 21.5%] around 21.0%
ROE (Return On Equity)	around 8%	9.0%	[around 7.5%] around 7.5%
ROA (Return On Assets After Taxes)	around 3%	3.0%	[around 2.5%] around 2.5%
Ordinary Profit	Over 70 Billion Yen	66.7Billion Yen	[around 60Billion Yen] around 64Billion Yen
Free Cash Flow	Over 110 Billion Yen	150.2Billion Yen	[around 115Billion Yen] around 120Billion Yen

Goal Achievement

[] : Initial Estimates

Reduction of Interest-bearing Loan Debt

Accelerated Reduction of Interest-bearing Loan Debt



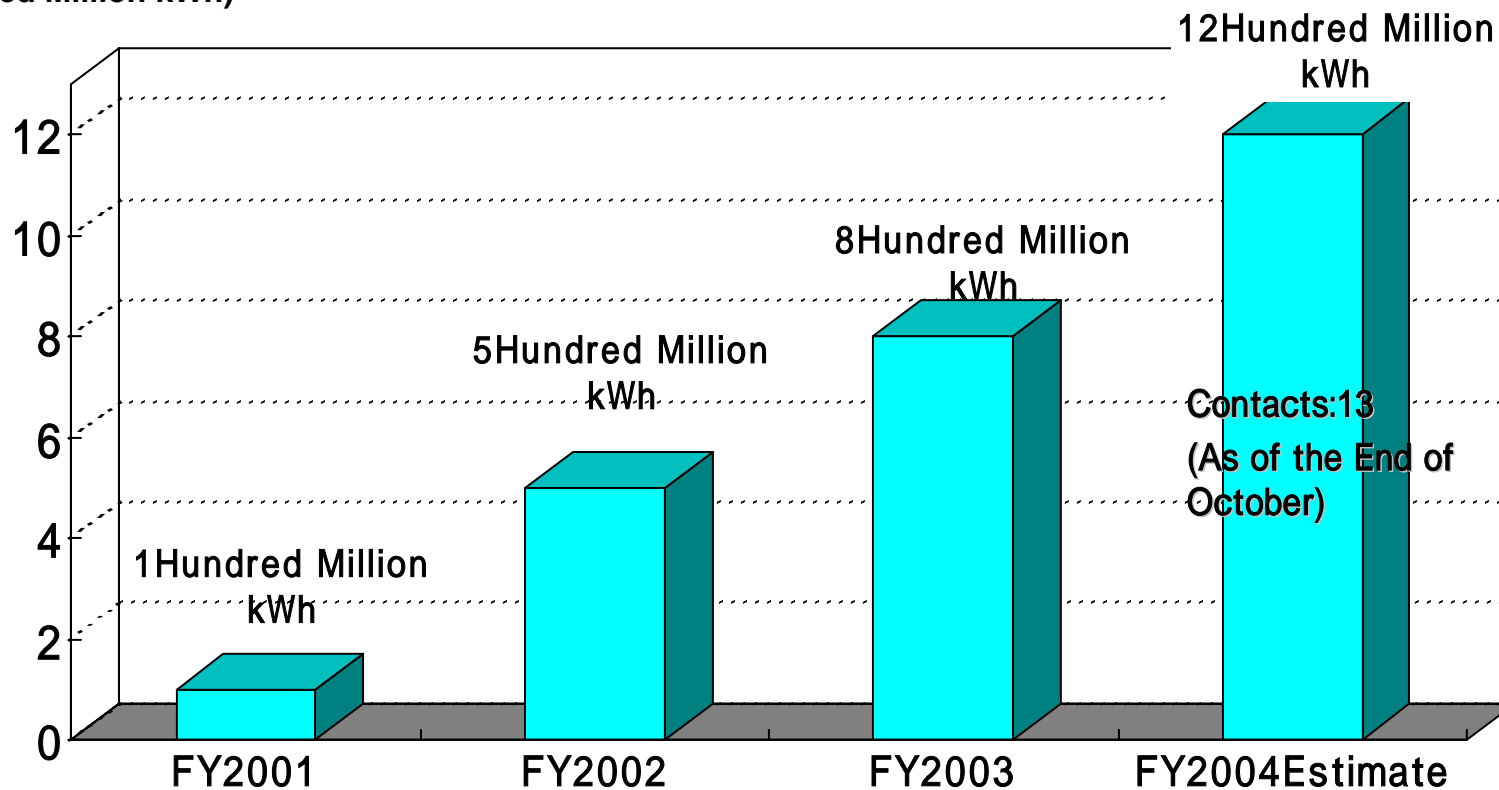
Conditions of Businesses

Deregulated sectors ~ Status of Self Generation Demand Acquisition ~

Increased Electricity Sales Due to Accelerated Enrollment in Demand Acquisition Service

Amount of Electricity Demand Acquisition

(Hundred Million kWh)



[Data] Status of contract in deregulated sectors (as of the end of October FY2004)
371 customers out of 375 eligible customers contracted with Chugoku Electric .

One Example of Total Solution Proposals

~ Steam-Supply Business at Mizushima No.2 ~

Supply steam from Mizushima power station to neighboring Mitsubishi Chemical Co.,Inc. Mizushima office

Business Outline

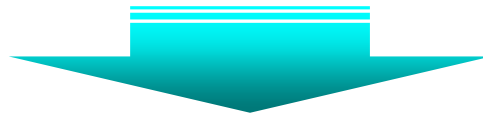
[Steam-Supply Amount] About 100t/h (40t/h ~ 260t/h : variable supply)

[Contract Term] Several years long-term contract

[Facilities] Convert boilers and turbines in Mizushima No.2 to the facilities that can supply steam

[Start of Construction] August FY2005 (plan)

[Start of Business] April FY2006 (plan)



Develop total supply service of electricity and heat ,etc. by using management resources , aiming for the efficiency of utility basis in industrial complex

Develop new business making use of management resources , and Secure profitable stability for a long time

Increased Diffusion of Completely Electrical Housing [Newly Constructed Housing]

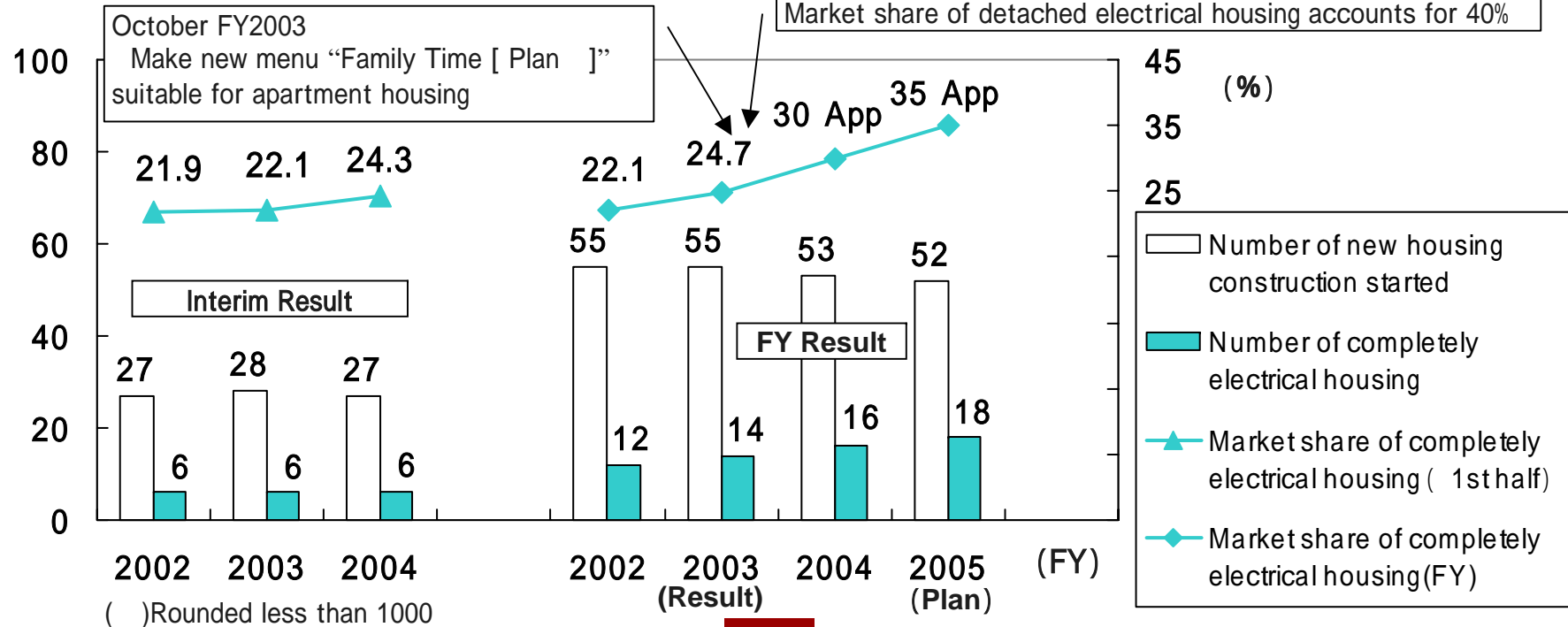
More increased market share of newly constructed completely electrical housing

Sales Strategy

- Aggressive proposal of the menu “Family Time” : suitable for electrical housing
- Put more sales-events into practice with home builders (for detached housing)
- Strengthen proposals to apartment complex developers (for apartment housing)

Market share of newly constructed completely electrical housing

(Thousands of housing)

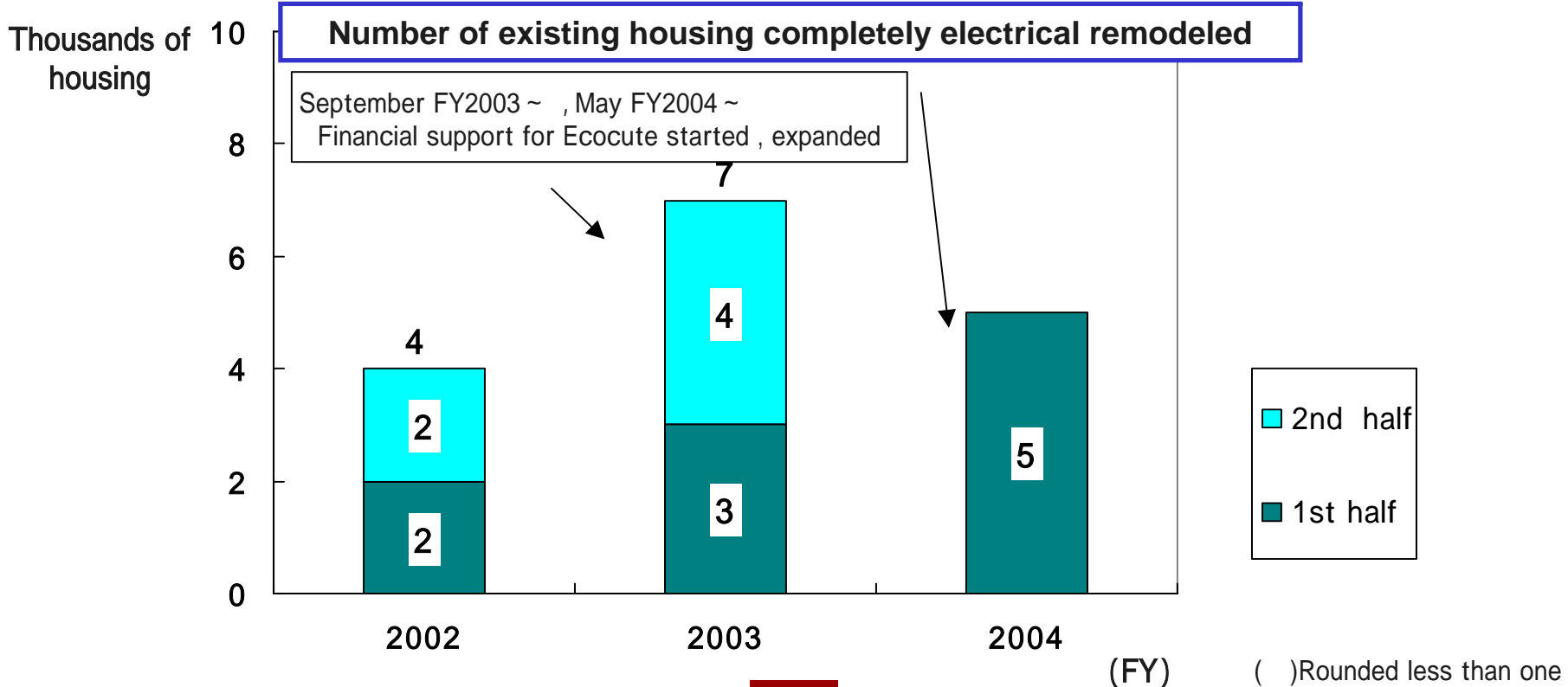


Increased Diffusion of Completely Electrical Housing [Remodeling of Existing Housing]

Sales demand acquisition by the promotion of electrical remodeling

Sales Strategy

- Aggressive proposal of the menu “Family Time” : suitable for electrical housing
 - Put sales-events into practice with home builders
 - Strengthen recommendation of the lease menu for existing detached housing
- [Started in July FY2004]



Conditions of Start-up Businesses

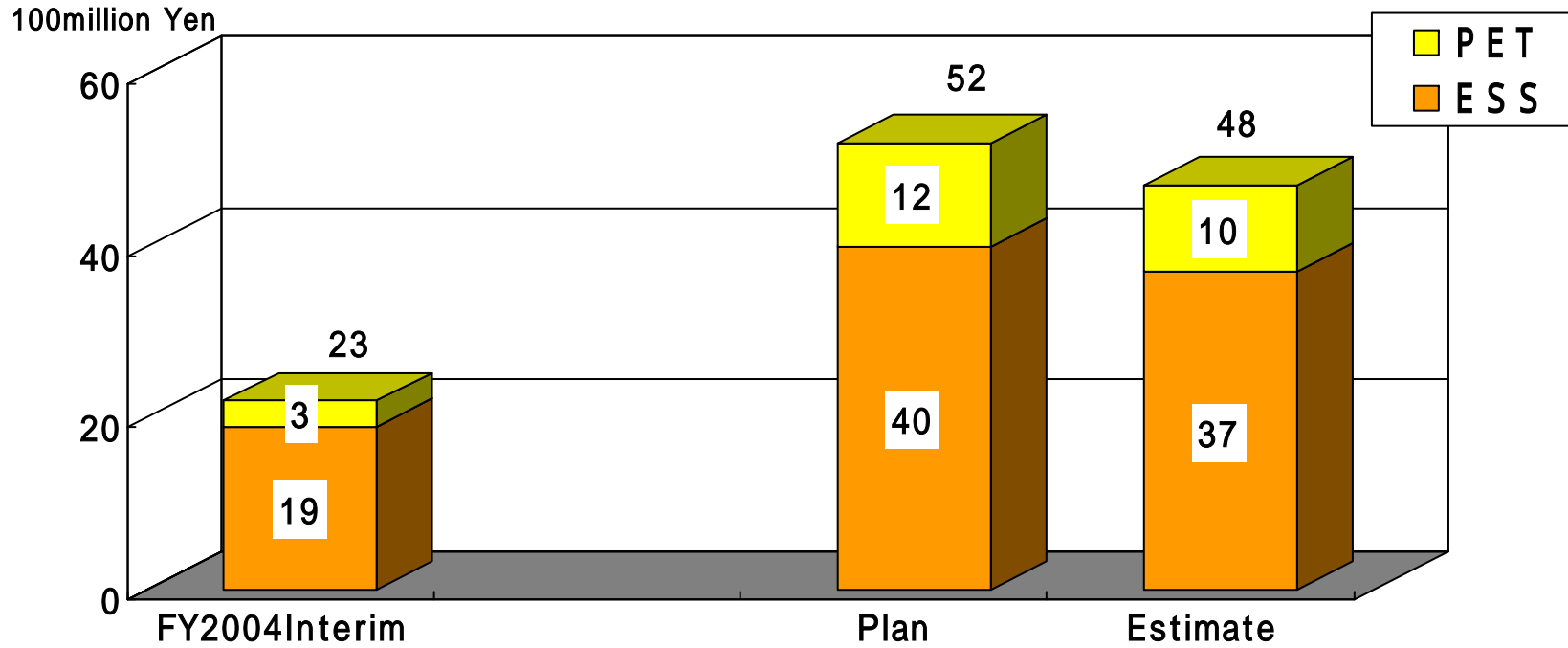
Outline of Start-up Businesses

~ 14 companies doing start-up businesses since FY2001 (start of deregulation) ~

Project Field	Project Company	
Total Energy Supply Project	Energia Solutions and Services (ESS) Mizushima LNG Mizushima LNG Sales Power Engineering and Training Services (PET)	(fuel sales, co-generation) (LNG base) (LNG sales) (research, engineering, etc.)
Information Transmission Project	<u>Energia Communications</u> Merger Between Chugoku Information System Service Co., Inc. and Chugoku Telecommunication Network Co., Inc. July 1st, 2003 (fiber optic core rentals, Internet-related services, etc.)	
Environmental Harmony/Business&Life style Support	International Standard Management Center CHUGOKU HEALTH AND WELFARE CLUB HousePlus Chugoku Housing Warranty Corporation Energia Business Service Energia Real Estate Bab-Hitachi & Energia Allied Techno-Research The Energia Logistics Energia Eco Materia Company Energia Care Service	(ISO inspection registration) (welfare agency services) (housing security) (indirect group business, financing) (real estate projects) (measurement of dioxins) (logistics) (Processing of products made of coal ash) (management of nursing house)

Outline of Total Energy Supply Projects [E S S · P E T]

■ Sales Amount



■ Ordinary Profit

FY2004 [100million Yen]

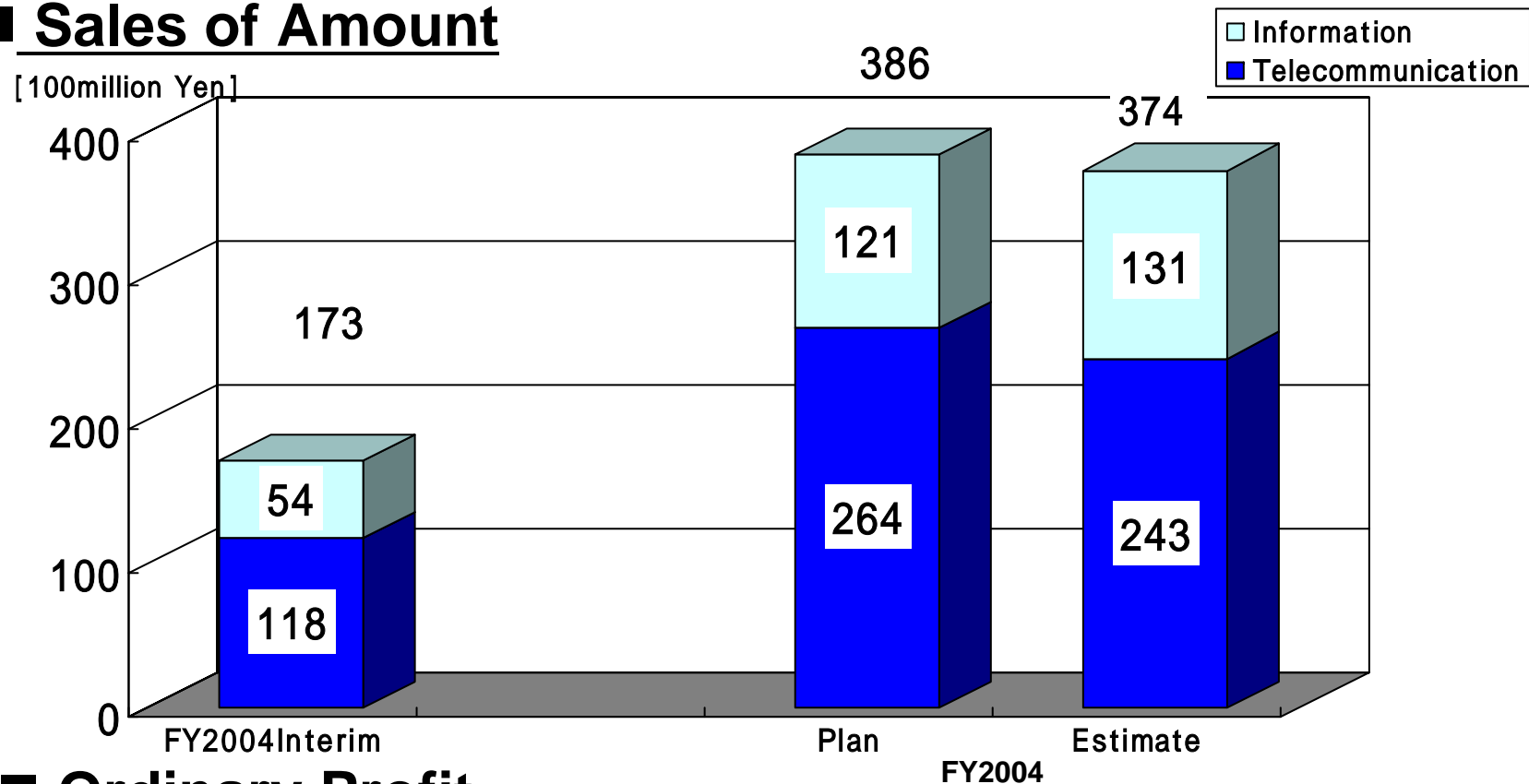
			FY2004 Interim (Result)	FY2004	
				Plan	Estimate
E	S	S	1	0	1
P	E	T	1	0	0

Ignored less than 100 million yen

E S S : Energia Solution and Service Co., Inc , P E T : Power Engineering and Training Service Co., Inc

Outline of Information and Telecommunication Projects [Energia Communications]

■ Sales of Amount



■ Ordinary Profit

[100million Yen]

	FY2004 Interim (Result)	FY2004	
		Plan	Estimate
Ordinary Profit	16	18	32

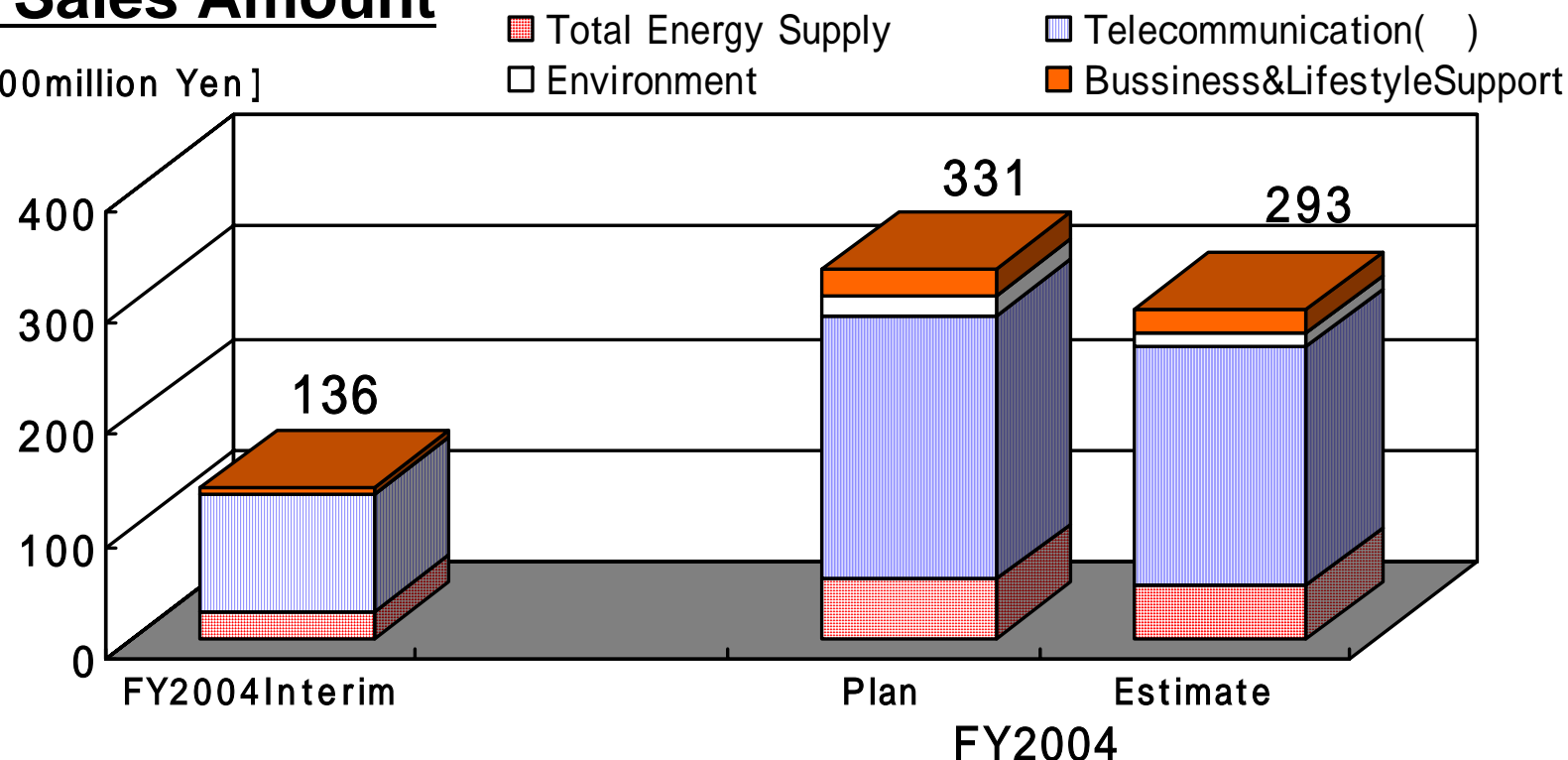
Ignored less than 100 million yen

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

[100million Yen]



Ordinary Profit

[100million Yen]

	FY2004 Interim (Result)	FY2004	
		Plan	Estimate
Ordinary Profit	12	15	25

Ignored less than 100 million yen

Telecommunications Business CIS involved the following operations in FY 2003: Fiber Optic Core Line Leasing, Data Center, Internet-related Businesses.

Efforts To Cope With Management Subjects

1 . Activities For The Deregulation

Sales Activities for the Expansion of the scope of Liberalization

Make much of Service as well as Price

Schedule of Liberalization	Characters of Customers	Basic Strategy
<p>[Now] Special high voltage Number of customers : 370 Sales amount : About 30%</p>	<p>Make much of Price</p> <p>Make much of Service</p>	<ul style="list-style-type: none"> • Top Sales • Daily visit by the full-time person in charge (Head Office : 22persons , Service Office : 15persons)
<p>[April FY2005] 500kW or Greater Number of customers : About 2,500 Sales amount : About 40%</p>		<ul style="list-style-type: none"> • Daily visit by the full-time person in charge (Especially to chain stores or customers having much heat demand) (Head Office : 16persons , Service Office : 100persons)
<p>[April FY2006] High Voltage Under 500kW Number of customers : About 48,000 Sales amount : About 60%</p>		<div style="border: 2px solid red; padding: 10px;"> <p style="text-align: center; background-color: red; color: white; margin: 0;">Sales Strategy for Customers under 500kW</p> <ul style="list-style-type: none"> • Making sales strategy including trends of competition at every segment of customers ,thinking about the number of them <p style="text-align: center; background-color: red; color: white; margin: 10px 0;">Reinforcement of services ,etc.</p> <ul style="list-style-type: none"> • Establishment of Customer Center ,and reinforcement of the roll in visiting customers at service offices </div>
<p>Low Voltage Number of customers : About 3.8 million</p>		

Number of customers : At the end of FY2003

Sales amount : FY2003

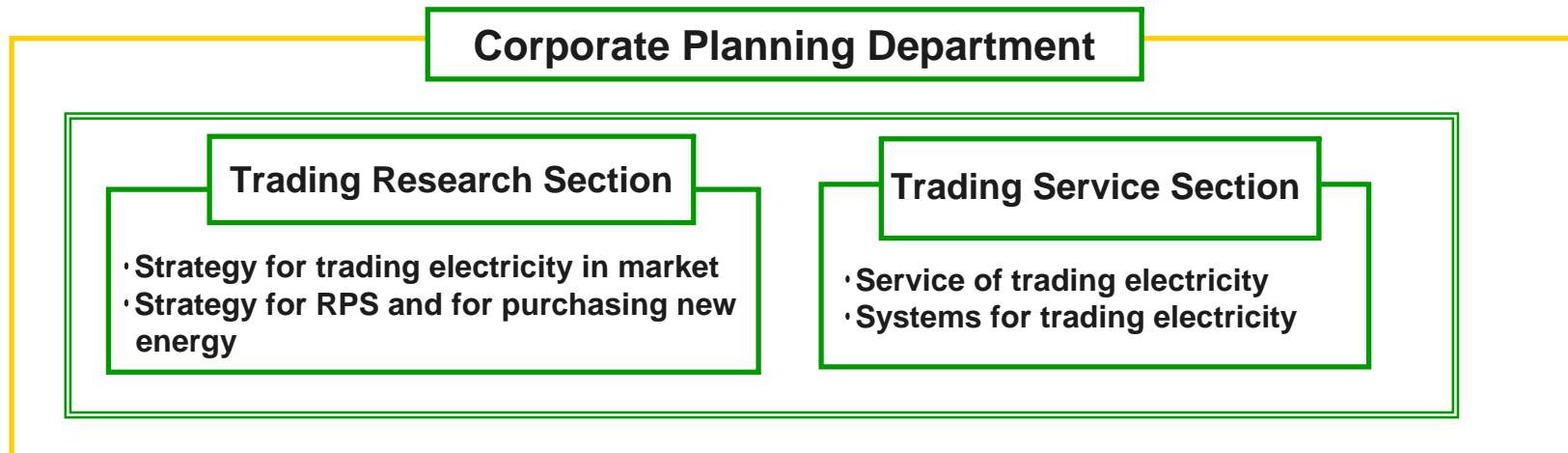
Establishment Of The Market To Trade Wholesale Electricity

Improvement of the corporate system for the market to trade wholesale electricity (July FY2004)

Improvement of the corporate system for trading electricity

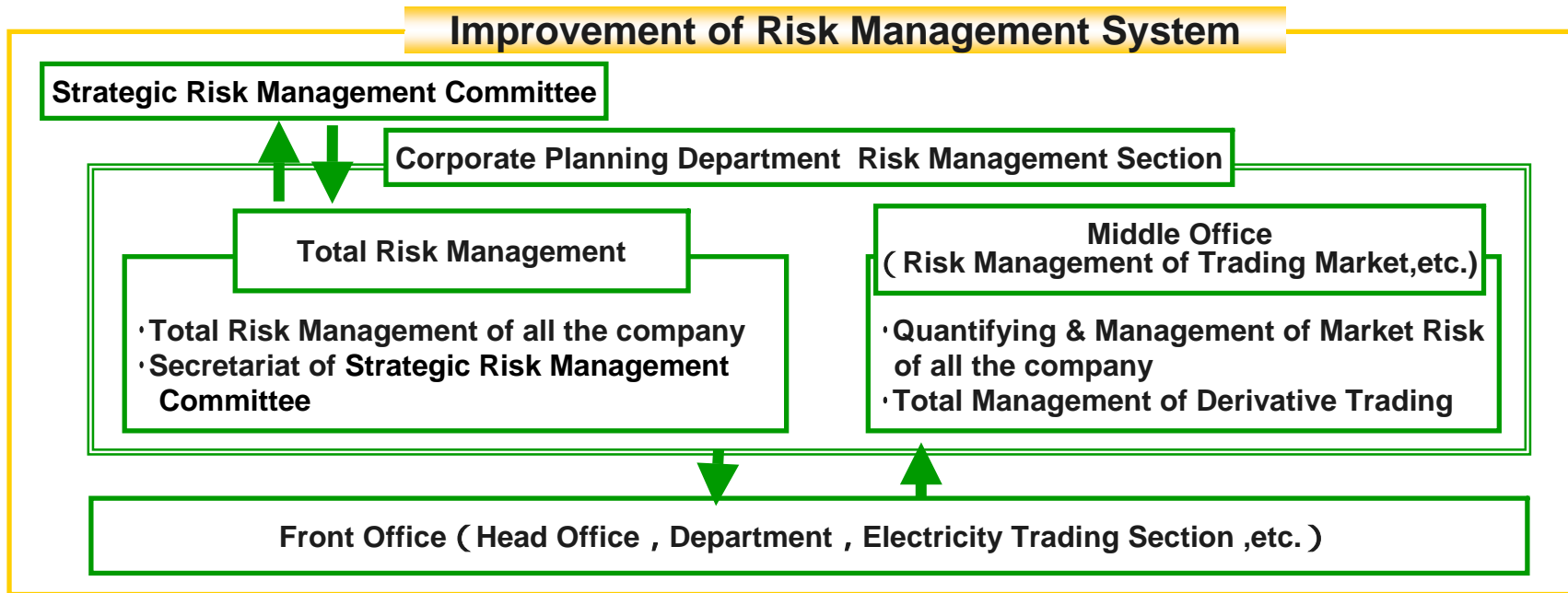
- Considering trends of revision of Electricity Utilities Industry Law and system design , Establish full-time section in corporate planning department to make corporate system of studying strategy for trading electricity , risk management and making tools of trading wholesale electricity in the market
Establish full-time section for total risk management of all the company

Corporate system for trading electricity



Risk Management Activities

Establishment of full-time section to reinforce risk management (July FY2004)



Examples of Measures of Risk Management under Investigation

- Total & quantitative risk management of all the company
- Utilization of derivative trading for the risk hedge against the floating rate or the change of the fuel price
- Measures against the weather risk (Exchanged temperature risk with Hiroshima Gas)

Strengthen Group Competitiveness

Promotion of overall group efficiency

Concentration of indirect management works

Establishment of Energia Business Service Co,Inc. [April FY2002]

- Effective use of group funds and concentration of indirect works such as accounting , procurement , personnel , labor , etc.

Efficiency of logistic system

Establishment of Energia Logistics Co,Inc. [February FY2003]

- Structure new logistic systems for Energia group(transportation of tools and materials and data , delivery service)
- Optimize overall group logistics by effective work such as management of stocks

Restructuring of coal logistic system

Centralization of coal transit base and Efficiency of loading and unloading by private coastal ship or oceangoing ship

- Centralization of transit base from 4points to 2 points (Fukuyama/Kudamatsu) , aiming for efficiency of rapid turn-over
- The merit of scale , efficiency of loading and unloading , and reduction in facilities of coal loading at power plant by using coastal ship or oceangoing ship with self-unloader

Efficiency by organizing recycle system

Establishment of Energia Eco Materia Co,Inc. [April FY2004]

- More reduction of thermal generation cost by the effective use of coal ash
- Get new profitability by the manufacture and sale of the commodities made of coal ash and gypsum
- Improve logistic systems to supply broad area at low cost

2 . Efforts to Cope With Environmental Problems of the Earth and Strengthen Competitiveness

Status of Nuclear Power Use · Development

Efficient use of existing nuclear power and developing new point

Start the operation at standard thermal output in Shimane No.1,2

[Introduction] [No.1] When restart in No.24 regular inspection (Plan:December FY2004)

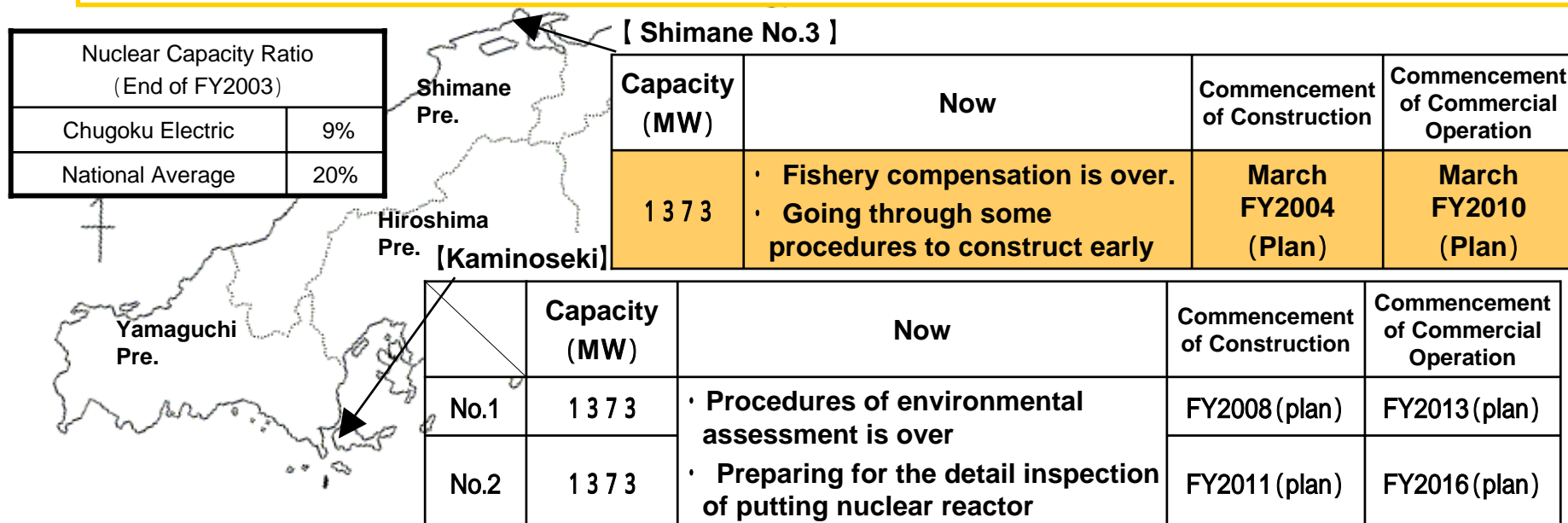
[No.2] 14 November FY2004

- [Effect]
- Efficient use of generating facilities , remaining safety at present
(Generated output increase about 120million kWh in a year)
 - Reduction of CO2 , and Contribution to controlling global warming

Developing new point

Necessary to proceed with development of balanced power including nuclear , considering long-term stable energy acquisition , economy , environmental problems of the earth.

Development of new nuclear power is the most important subject because of the low rate of nuclear generation capacity .



LNG Conversion of Mizushima Power Station No.1,3

Convert the fuel of Mizushima No.1 , 3 into LNG to cope with the environmental problems of the earth

Mizushima No.1

Convert coal thermal plant operating over 40 years , for the reduction of CO2 and economical point , at same time when large improvement is needed
 Accept the efficient combined cycle ways of generation

Mizushima No.3

Expected to operate for a long time by regular inspections and keeping , because operating term is comparatively short among oil thermal plant
 Economical plant able to convert into LNG in small construction, substituting for oil and reducing the effect for environment

[DATA] Conversion of Mizushima No1・3

		Now	After Conversion
No.1	Commencement of Commercial Operation	November FY1962	April FY2010
	Generation Capacity	1 2 5 MW	2 6 5 MW
	Thermal Efficiency	About 3 7 %	About 4 9 %
	Fuel	Coal	LNG
No.3	Commencement of Commercial Operation	February FY1973	April FY2007
	Generation Capacity	3 5 0 MW	3 4 0 MW
	Thermal Efficiency	About 3 7 %	About 3 7 %
	Fuel	Crude Oil	LNG

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