

Investors Meeting for FY 2005 Interim Financial Results

The Chugoku Electric Power Co., Inc.

November 12, 2004

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

.The Direction Chugoku Electric Power Group Aiming For

The Direction to enhance corporate value

- Development of total solution business
- Efficient use of group management resources



Efforts in progress

~ For the achievement of group management goals ~

Numeric Goals	FY2004 ~ 2006 Average
Ordinary Profit	Over 72 billion yen
ROA (Return on assets after taxes)	Approx. 3%
Equity Ratio	Approx. 26% (End of the FY2006)
Free Cash Flow	Over 95 billion yen

<Development of Group Management Foundation>

- Reconstruction of group governance network
- Introduction of group midterm planning system

Improvement of management control for each business segment



Optimal allocation of management resources

<Business Accounting Response to Globalization>

- Introduction of consolidated tax payments
- Early application of asset-impairment accounting
- Disclosure of segment information

System Use

Improvement of Disclosure

Management Policy/Management Control

- With the introduction of the Business Headquarters System in Oct. 2001, budget control for each business division was also introduced, and improvement of the Management Control System was promoted.
- In Oct. 2002, “The Basic Concept of Chugoku Electric Power Group Management ” was established, in Chugoku Electric Group’s aim for steady development.
- On May 2003, “Group Management Goals” for consolidated bases were established.
- On Sept. 2003, operations were begun for the Management Control System.

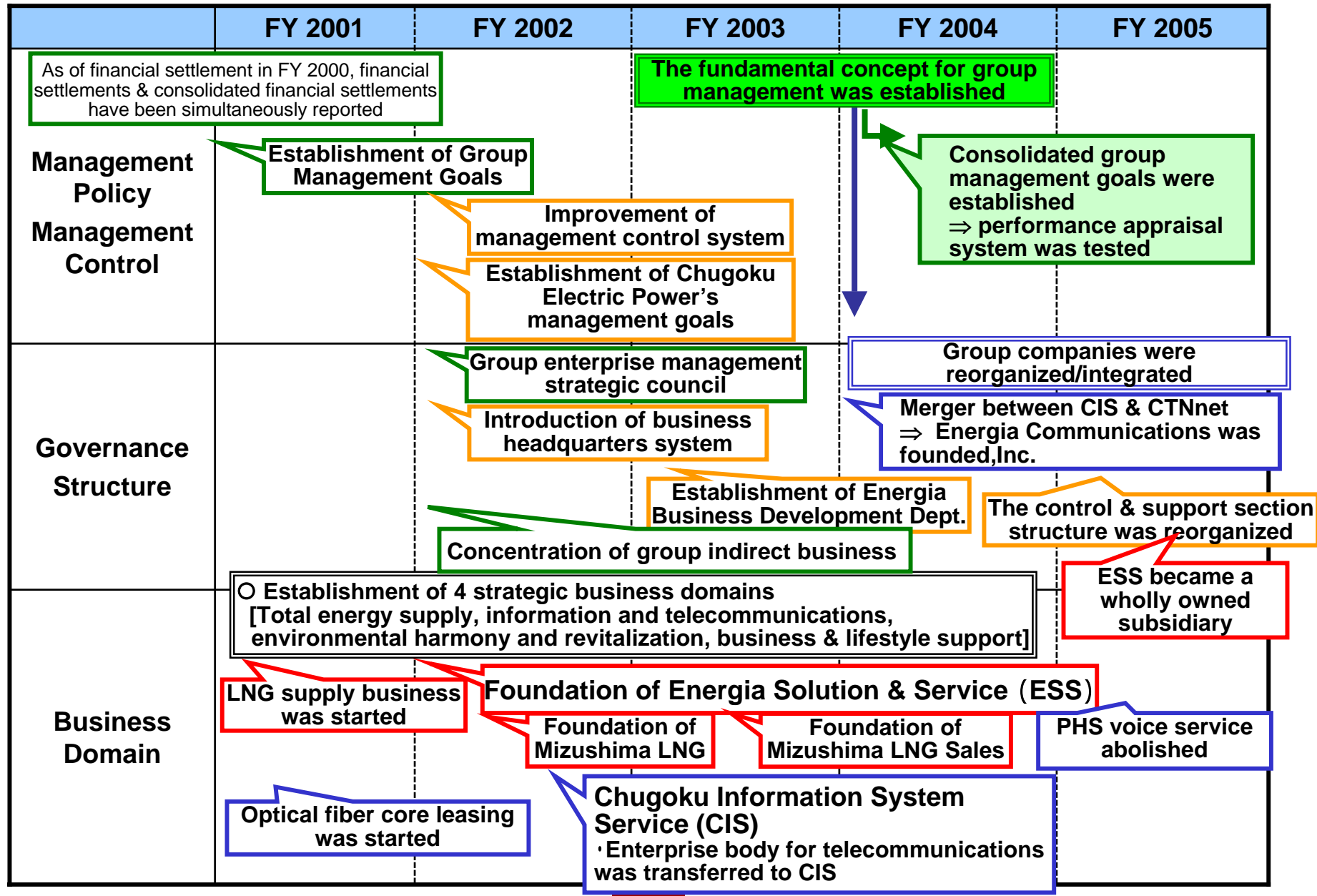
Governance/Structure

- On Oct. 2001, the 3 business divisions “Energy Making and Services Div.,” “Power Generation Div.” and “Power System Div.” were established.
- The content for each group company was revised from the viewpoint of the entire group, and by promoting “selection & concentration,” strategic reorganization/integration were gradually executed.

Business Domain

- Since liberalization of electric power was begun in March 2000, the 4 business domains of “Total energy supply businesses,” “information and telecommunications,” “environmental harmony and revitalization” and “business and lifestyle support” were ranked as strategic business domains, and start-up businesses were developed.

2. Past Efforts for Strengthening of Group Management ②



Purpose

- Optimal allocation of group management resources based on business profitability assessments, etc.
- Strong and systematic promotion of group-wide cost reductions and attainment of profit



Reconstruction of Group Governance Network

From the standpoint of group optimization, authority and responsibility for all parties are being organized, with Chugoku Electric Power role in strategy, and group companies' roles in execution, having been clarified

Promotion of Group Midterm Planning

In order to achieve group management goals, the PDCA cycle will be properly put to practice and controlled. (to be introduced as of FY 2006, to be initiated on a full-scale as of FY 2007)

Reconstruction of Group Governance Network

Strengthening of Consolidated Management through Group-Wide Strategic Decision-Making

- 0 Clarification of our mission in aiming for achievement of group management goals
- 0 The penetration of management strategy and the rationalization of resource allocation, in aiming for group optimization

Formulation of Responsible Organization Aiming for Strengthening of Competitiveness in each Enterprise

- o Promotion of group internal efficiency through the strengthening of relationships between companies
- 0 Enhancing of market response ability, through an external sales shift for management resources

Strengthening of the Group-Wide Monitoring System

- 0 Establishment of an effective & efficient group internal auditing system/process

Promotion of the Group Midterm Planning System

- Setting up segments by function in total energy business domains
- Evaluating the profitability of each segment & each company's business section
- Promoting policies for inter-business relationships for each segment (supply chain management activities, group external sales expansion policies, etc.)

A diagram : management / disclosure segments

【 Management segments 】

Total energy	Energy marketing & services
	Power generation
	Power system
	Information and telecommunications
	Business / lifestyle support

Disclosure Segments				
Electricity	Total energy supply	Information and tele-communications	Others	
			(Environment) (Electricity business support ,etc.)	(Business / lifestyle support)

4.Introduction of Consolidated Tax Payments

[The Aims of Introduction]

- Expanded flexibility through group management strategy
- Alleviation of the risk of worsening profitability which accompanies expansion of the scope of businesses
- Optimization of capital efficiency

[Results of Introduction]

- In terms of midterm net income, a positive effect of 1.8 billion yen came into being.

Influences on midterm net income

[Unit : hundred million yen]

[Ignored less than hundred million yen]

	FY2005 Interim Result	In case of Non- Consolidated Tax Payments	Influences
Net Interim Income before taxes	447	447	-
Income taxes – Current	158	163	5
Income taxes – Deferred	11	24	13
Net Interim Income	277	259	18

5. Disclosure of Segment Information

Purpose of Disclosure

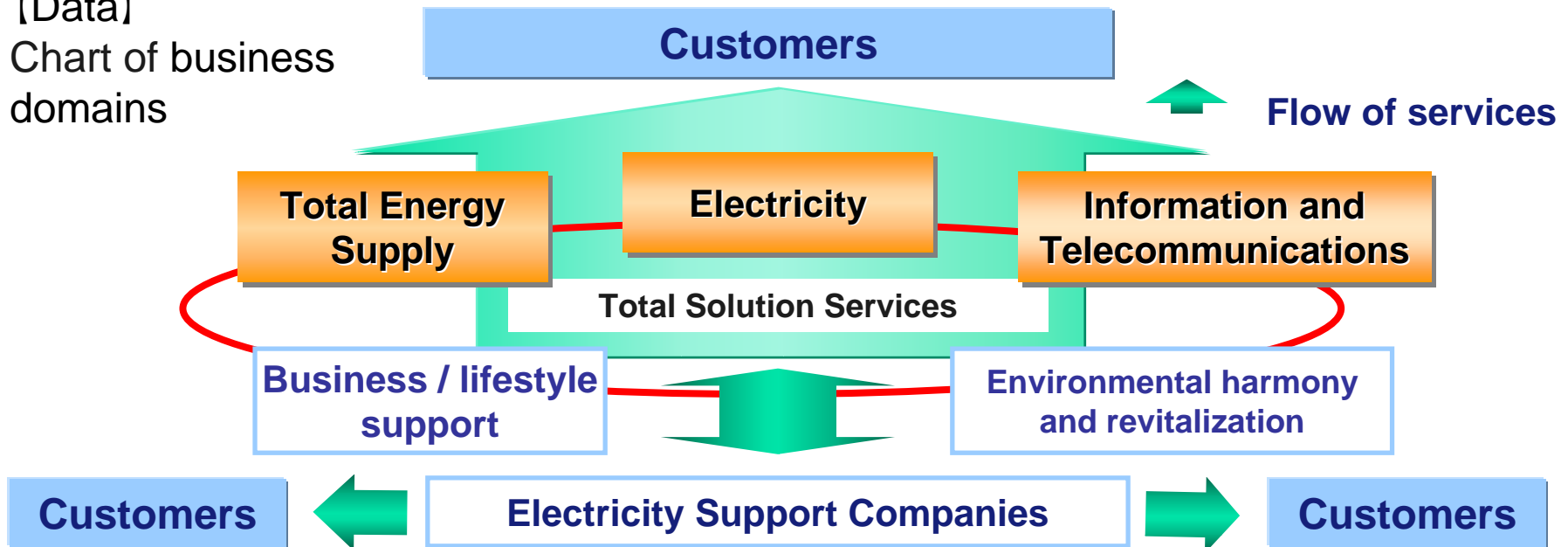
- Enhancing management transparency
- Enhancing the morals of managers and company employees

The Situation in Business Expansion

In order to respond to the diversifying customer needs , 4 strategic business domains were established, and total solution enterprises aiming for a synergistic effect with electric utilities were developed

[Data]

Chart of business domains



5. Disclosure of Segment Information

Disclosure Segments

2 extremely important business domains were newly disclosed, which had high ratio of external sales

[Electricity] [Information and telecommunications] [Total energy supply]

[DATA] FY2005 Interim Segment Information of business domains

(Unit: Hundred million yen)

	Electricity	Information and Tele-communications	Total Energy Supply	Others	Total	Elimination 'corporate	Consolidated
Sales to outside customers	4,690	83	40	164	4,979	-	4,979
Inter-segment sales / transfers	15	95	3	329	444	(444)	-
Total Sales	4,705	178	44	494	5,423	(444)	4,979
Operating Expenditure	4,030	175	40	496	4,744	(450)	4,293
Operating Profit Loss ()	675	2	3	2	679	6	685

6. Early Application of Asset-Impairment Accounting

Purpose

- By applying the introduction of an accounting system
 - Management improvement is conducted, which includes studies of continuation of businesses
(including cases where net sales value is greater than the use value)
 - Financial standing is restored through removal of potential loss

Asset Groups	Use/Classifications	Amount of Impairment Loss
Construction works in progress	Planned construction sites for power station	2.3 billion yen
Other enterprises	Ozuki Steel Industries Co., Ltd. (cast steel section) , etc.	0.3 billion yen
Idle assets	Idle land, etc. (195 points)	1.7 billion yen
Appropriation amount of “extraordinary loss” (consolidated)		4.3 billion yen

6. Early Application of Asset-Impairment Accounting

Segments, etc.	Unit of Judgment	Recognition of Asset-Impairment	Measurement of Asset-Impairment Amounts (Recoverable Amounts)	Appropriation Amounts
Electricity	1 Business (Chugoku Electric Power)	None	<p>Concepts of discount rate used in measurement of impairment loss</p> <ul style="list-style-type: none"> Established in each segment classification Capital cost Electricity returns, etc. market performance Risk free rate past results of long-term government bonds Risk premium stock price index for TOPIX, etc. Liability costs average values for past liability at Chugoku Electric Power 	-
Information & Telecommunications	1 Business (1 company)	None		
Total Energy Supply	12 Businesses (3 companies, including Chugoku Electric Power)	None		
Other Enterprises	63 Businesses, 27 Points (20 companies)	6 Businesses 7 Points (6 companies)	<ul style="list-style-type: none"> 4 Businesses: use value (5.5% discount rate) Other: net sales value 	<ul style="list-style-type: none"> 5 Businesses 5 Points 0.3 billion yen
Idle Assets, etc.	1 Project 607 points (Chugoku Electric Power)	Construction works in progress (Electric Power): 1 Project Idle: 195 points	<ul style="list-style-type: none"> All net sales values 	<ul style="list-style-type: none"> Construction Works in Progress 2.3 billion yen Idle Assets 1.7 billion yen

. FY 2005 Interim Financial Results Summary

《Increased Revenue and Profit》

[Unit : hundred million yen]
[Ignored less than hundred million yen]

	FY2005 Interim (A)	FY2004 Interim (B)	Difference (A - B)	Comparison (A / B)
Revenue	4 , 7 2 8	4 , 5 3 5	1 9 3	1 0 4 . 3 %
Operating Profit	6 7 7	5 0 8	1 6 9	1 3 3 . 4 %
Ordinary Profit	5 2 6	3 0 8	2 1 8	1 7 0 . 8 %
Net Income	3 0 4	1 8 8	1 1 6	1 6 1 . 8 %

(Total sales that have not increased for 2 years increased to 106.2% compared with same term previous year.)

- Living-Related Demand(Lighting,etc.) is above last year's result due to increased demand for air-conditioning because of the hot summer.
- Large industrial demand increased steadily due to the high level production.

			FY2005 Interim (A)	FY2004 Interim (B)	Difference (A - B)
Other Than Specified-scale Electric Power	(Comparison with the previous year) Lighting	(%) 100 Million kWh	(1 0 6 . 8) 8 3 . 9	7 8 . 5	5 . 4
	(Comparison with the previous year) Industrial and Commercial	(%) 100 Million kWh	(1 0 5 . 9) 8 0 . 7	7 6 . 2	4 . 5
	(Comparison with the previous year) Subtotal	(%) 100 Million kWh	(1 0 6 . 3) 1 6 4 . 6	1 5 4 . 7	9 . 9
(Comparison with the previous year) Specified-scale Electric Power		(%) 100 Million kWh	(1 0 6 . 0) 1 2 8 . 2	1 2 0 . 9	7 . 3
(Comparison with the previous year) Total Electricity Sales		(%) 100 Million kWh	(1 0 6 . 2) 2 9 2 . 8	2 7 5 . 6	1 7 . 2
(Comparison with the previous year) [Details] Large-Scale		(%) 100 Million kWh	(1 0 6 . 0) 1 1 2 . 4	1 0 6 . 0	6 . 4

2.FY2005 Interim Financial Results • Major Factors [Power Generation]

- Own Facilities ... Hydroelectric decreased due to less water flow compared with last year.
Nuclear generation increased due to decrease in the days of the regular inspection, etc.
- Purchased Power ... Increase due to decrease in the days of the regular inspection of J-Power Takehara No.3 power station.
- Interchanged Power ... Decrease due to decrease in sales from Misumi power station.

				FY2005 Interim (A)	FY2004 Interim (B)	Difference (A - B)
Supply Capacity	Own Facilities	(Water Flow Rate) Hydroelectric	(%) 100 Million kWh	(104.4) 21.8	(128.8) 25.8	(24.4) 4.0
		Thermal	100 Million kWh	156.2	163.6	7.4
		(Capacity Factor) Nuclear	(%) 100 Million kWh	(85.2) 47.9	(58.9) 33.1	(26.3) 14.8
		Purchased Power	100 Million kWh	119.3	107.7	11.6
		Interchanged Power	100 Million kWh	18.1	20.7	2.6
		Pumping Use	100 Million kWh	6.0	5.5	0.5
		Total	100 Million kWh	321.1	304.0	17.1
Fuel	Exchange Rate(Inter bank)	¥ / \$	110	118	8	
	CIF Crude Oil Price	\$ / b	36.7	28.4	8.3	
	CIF Foreign Coal Price	\$ / t	52.9	34.2	18.7	

[Revenue]

[Unit : hundred million yen]
[Ignored less than hundred million yen]

		FY2005 Interim(A)	FY2004 Interim(B)	Difference (A - B)	Comparison (A / B ,%)	Breakdown		
Ordinary Revenue	Operating Revenue	Electricity sales	Lighting	1,756	1,649	107	106.5	· Decrease in Electricity Demand 263
		Industrial and Commercial	2,672	2,580	91	103.6	· Fuel cost adjustment (210) 21	
		Subtotal	4,428	4,229	199	104.7	· Different composition of lightning and electric power ,etc. 43	
		Sales to Other Companies etc.	300	306	6	97.9	· Decrease in sales from Misumi power station 53 · Increase in sales to Kansai ,etc. 32 ,etc.	
		Total	4,728	4,535	193	104.3		
		Other Revenues	54	60	5	90.6	· Increase in gains on sales of securities 4 ,etc.	
		Total	4,783	4,596	187	104.1		



3.FY2005 Interim Financial Result ~ Non Consolidated ~

[Comparison with same term previous year]

[Expense]

[Unit : hundred million yen]

[Ignored less than hundred million yen]

		FY2005 Interim (A)	FY2004 Interim (B)	Difference (A - B)	Comparison (A / B , %)	Breakdown		
Ordinary Expense	Operating Expense	Personnel	573	691	117	83.0	·Severance benefit 117 ,etc.	
		Material	Fuel	608	536	71	113.4	·High CIF coal price 112 ·High CIF crude oil price 108
			Purchased Power	787	674	113	116.8	·Increase in electricity sales demand 70 ·Decrease in water flow 24
			Subtotal	1,396	1,211	185	115.3	·Increase in nuclear use 79 ·Strong yen rate 52 ,etc.
		Maintenance	375	405	30	92.4	·Nuclear Power 75 ·Thermal Power 51 ,etc.	
		Depreciation	720	802	82	89.8	·Decrease due to progress in the fixed-rate depreciation	
		Other Expenses	985	916	69	107.5	·Increase in provision for decommission of nuclear power plant 32 ·Consignment 31 ,etc	
		Subtotal	4,051	4,027	23	100.6		
	Interests	169	189	20	89.4	·Decrease in loss on debt-assumption 13 · Lowering of interest rate 6		
	Other Expenses	36	71	34	51.9	·Losses on revaluation of the prior investment for Misumi No.2 28 ,etc.		
Total	4,257	4,288	30	99.3				



3.FY2005 Interim Financial Result ~ Non Consolidated ~ [Comparison with same term previous year]

[Profits etc.]

[Unit : hundred million yen]
[Ignored less than hundred million yen]

	FY2004 Interim(A)	FY2003 Interim(B)	Difference (A - B)	Comparison (A / B)	Breakdown
(Operating Profit)	(677)	(508)	(169)	(133.4)	
Ordinary Profit	526	308	218	170.8	
Reserves for Fluctuation in water level	3	18	15	18.5	
Extraordinary Loss	40	-	40	-	<ul style="list-style-type: none"> · Asset-impairment 40 ┌ Construction works in progress (Fukuyama Point) 23 └ Property out of business (Idol Assets) 17
Income taxes – Current	152	168	15	90.6	· Increase in income before taxes
Income taxes – Deferred	24	67	91	-	
Net Interim Income	304	188	116	161.8	

〈Increased Revenue and Profit〉

[Revenue (Operating Revenue) and Ordinary Revenue]

Increased in revenue and profit as well as the Chugoku Electric Power Company itself.

[Net Interim Income]

The increase in ordinary profit produced an increase in net interim income, despite the loss (7.5 billion yen) resulting from early application of asset-impairment accounting or the abolishment of PHS voice telephone service.

Net income increased 27.7 billion yen (Increased 10.8 billion yen compared with the same term previous year)

[Unit : hundred million yen]

[Ignored less than hundred million yen]

	FY2005 Interim (A)	FY2004 Interim (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	4,979	4,781	197	104.1%
Operating Profit	685	489	196	140.1%
Ordinary Profit	527	296	231	178.1%
Net Interim Income	277	169	108	163.7%

[Assets]

Decrease 40.7 billion yen due to decrease 43.3 billion yen in depreciation of existing utility Plant and Equipment

[Unit : hundred million yen]
[Ignored less than hundred million yen]

Assets																	
		End of FY2005 Interim(A)	End of FY2004 (B)	Difference (A - B)	Breakdown												
Property	Plant and Equipment	19,979	20,413	433	<table border="1"> <tr> <td colspan="2">Plant and Equipment Breakdown</td> </tr> <tr> <td>Investments</td> <td>342</td> </tr> <tr> <td>Depreciation</td> <td>721</td> </tr> <tr> <td>Disposal ,etc.</td> <td>54</td> </tr> <tr> <td>Difference</td> <td>433</td> </tr> <tr> <td>Accumulated Depreciation Ratio (End of previous year)</td> <td>65.0% (64.0%)</td> </tr> </table>	Plant and Equipment Breakdown		Investments	342	Depreciation	721	Disposal ,etc.	54	Difference	433	Accumulated Depreciation Ratio (End of previous year)	65.0% (64.0%)
	Plant and Equipment Breakdown																
	Investments	342															
	Depreciation	721															
	Disposal ,etc.	54															
	Difference	433															
	Accumulated Depreciation Ratio (End of previous year)	65.0% (64.0%)															
Plant of subsidiary business	28	28	0														
Plant out of business	50	67	16														
Construction in progress	1,204	1,297	92														
Nuclear Fuel	1,172	1,171	0														
Other assets	1,307	1,336	28														
Net Property	23,743	24,314	571														
Net Current Property	1,036	872	163														
Total Assets	24,780	25,187	407														



5.FY2005 Interim Balance Sheet ~ Non Consolidated ~ [Liabilities and Stockholders' Equity]

[Liabilities] Decrease 61.5 billion yen due to decrease in interest-bearing loan debt(53.4 billion yen) ,etc.

[Stockholders' Equity] Increase 20.7 billion yen due to appropriate net income

[Unit : hundred million yen]

[Ignored less than hundred million yen]

Liabilities and Stockholders' Equity											
		End of FY2005 Interim (A)	End of FY2004 (B)	Difference (A-B)	Breakdown						
Liabilities	Long-term Liabilities	15,610	16,033	422	· Decrease in Interest-bearing Loan Debt 534 (16,603 16,069) · Decrease in retiring allowance reserves 214 ,etc.						
	Current Liabilities	3,567	3,763	196							
	Reserves for Fluctuation in water level	10	7	3							
	Total Liabilities	19,188	19,803	615							
Stockholders' Equity	Common Stock	1,855	1,855	-	<table border="1"> <tr> <th colspan="2">Stockholders' Equity Ratio</th> </tr> <tr> <td>End of FY2005 Interim</td> <td>End of FY2004</td> </tr> <tr> <td>22.6%</td> <td>21.4%</td> </tr> </table>	Stockholders' Equity Ratio		End of FY2005 Interim	End of FY2004	22.6%	21.4%
	Stockholders' Equity Ratio										
	End of FY2005 Interim	End of FY2004									
	22.6%	21.4%									
	Capital Surplus	166	166	0							
	Retained Earnings	3,594	3,382	212							
Net unrealized holding gains on securities	86	90	4								
Treasury Stock	111	111	0	<table border="1"> <tr> <th colspan="2">Bonds/Borrowing Ratio</th> </tr> <tr> <td>End of FY2005 Interim</td> <td>End of FY2004</td> </tr> <tr> <td>64.8%</td> <td>65.9%</td> </tr> </table>	Bonds/Borrowing Ratio		End of FY2005 Interim	End of FY2004	64.8%	65.9%	
Bonds/Borrowing Ratio											
End of FY2005 Interim	End of FY2004										
64.8%	65.9%										
Total Stockholders' Equity	5,591	5,383	207								
Total		24,780	25,187	407							

[Sales Amount(Operating Revenue)]

Increase due to increased electricity sales resulting from increased demand for air-conditioning because of the hot summer and increased large industrial demand.

[Operating Profit]

Despite a rise in material cost resulting from high CIF crude oil price, operating profit increased in the sales amount resulted in increases in the ordinary profit .

[Ordinary Profit]

Increase due to increase in the operating profit.

[Net Interim Income]

Increase due to increase in the ordinary profit, despite asset-impairment (4 billion yen).

[Unit : hundred million yen]
[Ignored less than hundred million yen]

	FY2005 Interim Result (A)	Previous Plan (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	4,728	4,600	128	102.8%
Operating Profit	677	580	97	116.7%
Ordinary Profit	526	420	106	125.2%
Net Interim Income	304	270	34	112.6%



[Sales Amount(Operating Revenue)]

Increase due to increase in the Chugoku Electric Power Company itself.

[Operating Profit]

Increase due to recovered business performance of Energia Communications Co., Inc. in addition to the increase in the Chugoku Electric Power Company itself.

[Ordinary Profit]

Increase due to increase in the operating profit.

[Net Interim Income]

Increase due to increase in the ordinary profit, despite asset-impairment (4 billion yen)

[Unit : hundred million yen]
 [Ignored less than hundred million yen]

	FY2005 Interim Result (A)	Previous Plan (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	4,979	4,800	179	103.7%
Operating Profit	685	560	125	122.3%
Ordinary Profit	527	390	137	135.1%
Net Interim Income	277	230	47	120.4%

. FY2005 Financial Results Estimate

[Electricity Sales]

		FY2005 Estimate	FY2004 Result
(Compared with the previous year)	(%)	(103.1)	(99.3)
Electricity Sales	100 Million kWh	571.4	554.3

[Major Factors]

		FY2005 Estimate	FY2004 Result
Exchange Rate	¥ / \$	110	113
CIF Crude Oil Price	\$ / b	37	29.4
CIF Coal Price	\$ / t	54	36.3
Water Flow Ratio	%	102.4	105.9
Nuclear Capacity Factor	%	73.3	68.5

[Sales Amount(Operating Revenue)]

Increase due to increase in electricity sales ,etc.

[Operating Profit]

Despite an increase in fuel expenses due to a sharp rise in the price of crude oil and overseas coal , operating profit shall increase thanks to overall management efficiency improvement coupled with a reduction in personnel costs achieved through disposal of past service liabilities via a restructuring of the severance benefit and pension system.

[Ordinary Profit]

Increase due to decrease in interests ,etc. in addition to increase in operating profit

[Net Income]

Increase due to increase in ordinary profit ,etc. ,despite asset-impairment (4 billion yen)

[Unit : hundred million yen]

[Ignored less than hundred million yen]

	FY2005 Estimate(A)	FY2004 Result(B)	Difference (A - B)	Comparison (A / B)
Sales Amount	9 , 4 0 0	9 , 1 2 8	2 7 2	1 0 3 . 0 %
Operating Profit	1 , 1 0 0	9 9 4	1 0 6	1 1 0 . 7 %
Ordinary Profit	7 8 0	6 1 1	1 6 9	1 2 7 . 7 %
Net Income	4 6 0	3 9 5	6 5	1 1 6 . 5 %



[Sales Amount(Operating Revenue)]

A revenue increase shall be achieved by Chugoku Electric Power Company itself, and there shall be a revenue increase due to increased sales by consolidated subsidiaries to customers outside the Group.

[Operating Profit]

A increase shall be achieved mainly by Chugoku Electric Power Company itself.

[Ordinary Profit]

A increase shall be achieved mainly by Chugoku Electric Power Company itself.

[Net Income]

The increase in ordinary profit shall produce an increase in the net income, despite the loss resulting from asset-impairment (4.3 billion yen) and the abolishment of the Energia Communications PHS voice telephone service (3.7 billion yen) .

[Unit : hundred million yen]

[Ignored less than hundred million yen]

	FY2005 Estimate (A)	FY2004 (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	10,000	9,670	330	103.4%
Operating Profit	1,140	995	145	114.6%
Ordinary Profit	820	638	182	128.5%
Net Income	450	428	22	105.1%

[Unit : hundred million yen]
[Ignored less than hundred million yen]

		FY2005 Estimate(A)	FY2005 Previous Plan(B)	Difference (A - B)	Comparison (A / B)
S a l e s A m o u n t	Non Consolidated	9,400	9,200	200	102.2%
	Consolidated	10,000	9,800	200	102.0%
O p e r a t i n g P r o f i t	Non Consolidated	1,100	1,060	40	103.8%
	Consolidated	1,140	1,070	70	106.5%
O r d i n a r y P r o f i t	Non Consolidated	780	740	40	105.4%
	Consolidated	820	750	70	109.3%
N e t I n c o m e	Non Consolidated	460	480	20	95.8%
	Consolidated	450	460	10	97.8%

○Variation in demand

- Raising of the long-term contract ratios of the liberalized sections via strengthening of the sales system based on competition trends, etc., and expansion of sales via total solution proposal activities

○Variation in fuel prices

- Stable and economical procurement that responds to variation in demand and supply

○Variation in interest rates

- Reduction in procurement interest through utilization of short-term interest rates together with a high proportion of long-term fixed-interest financing

○Other

(Decreased sales due to cool summers or warm winters, further sharp rises in fuel prices ,etc.)

- Promotion of enhanced efficiency in the implementation phase, so as to accommodate future changes in circumstances

6.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 Result	FY 2005 Estimate
Equity Ratio	Approx. 23% (End of the FY2005)	19.7%	21.4%	23.1%
ROE (Return On Equity)	Approx. 8%	9.0%	7.5%	8.5%
ROA (Return On Assets After Taxes)	Approx. 3%	3.0%	2.5%	2.8%
Ordinary Profit	Over 70 Billion Yen	66.7 Billion Yen	61.1 Billion Yen	78.0 Billion Yen
Free Cash Flow	Over 110 Billion Yen	150.2 Billion Yen	140.7 Billion Yen	100.0 Billion Yen

.Segment Information

(Unit : Hundred Million Yen)

		Electricity	Information & Telecommunication	Total Energy Supply	Others	Total
Sales Amount	FY2005 Interim	4,705	178	44	494	5,423
	FY2004 Interim	4,517	171	35	473	5,198
	Difference	188	6	9	21	225
Operating Expense	FY2005 Interim	4,030	175	40	496	4,744
	FY2004 Interim	4,011	185	33	485	4,714
	Difference	19	9	7	11	29
Operating Profit (Loss)	FY2005 Interim	675	2	3	2	679
	FY2004 Interim	506	13	2	12	483
	Comparison	33.4%	-	63.4%	-	40.6%
	Difference	168	16	1	9	196

2.FY2005 Financial Results Estimate ~ Segment Information ~

(Unit : Hundred Million Yen)

		Electricity	Information & Telecommunication	Total Energy Supply	Others	Total
Sales Amount	FY2005 Estimate	9,360	370	97	1,173	11,000
	FY2004 Result	9,091	375	75	1,076	10,619
	Difference	269	5	22	97	381
Operating Expense	FY2005 Estimate	8,260	366	95	1,149	9,870
	FY2004 Result	8,097	392	74	1,070	9,634
	Difference	163	26	21	79	236
Operating Profit (Loss)	FY2005 Estimate	1,100	4	2	24	1,130
	FY2004 Result	993	16	1	6	984
	Comparison	10.8%	-	100.0%	300.0%	14.8%
	Difference	107	20	1	18	146

Efforts to improve the business results

Selection and Concentration of Business Domains

- PHS voice service abolished

Strengthening of Sales Strategy

- Reinforcing of sales organization & shortening of the initial FTTH period

Further efficiency

- Refinement of personnel & complete reductions in expenses, etc.

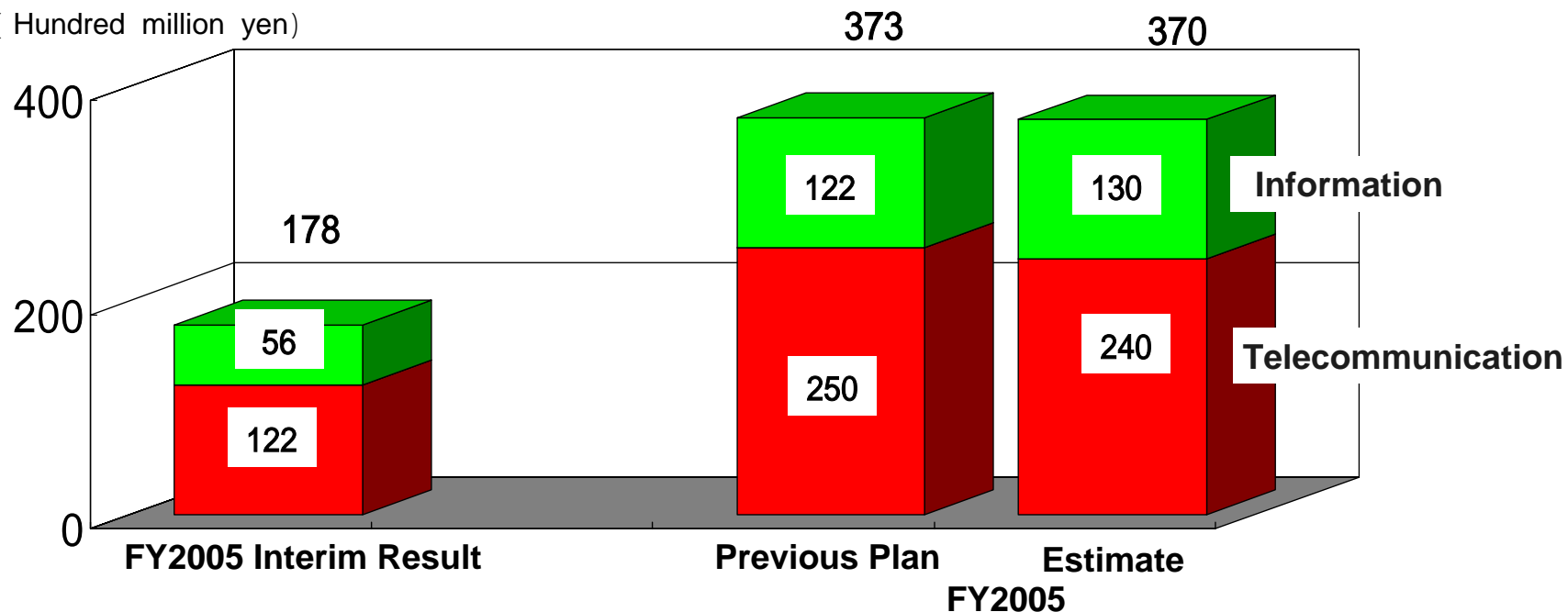


Goal: Achievement of Zero Ordinary Losses in FY 2005

Financial results

Sales Amount

(Hundred million yen)



Ordinary Profit · Net Income

(Hundred million yen)

	FY2005 Interim Result	FY2005	
		Previous Plan	Estimate
Ordinary Profit	0	41	1
Net Income		71	48

() Ignored less than 100 million yen.

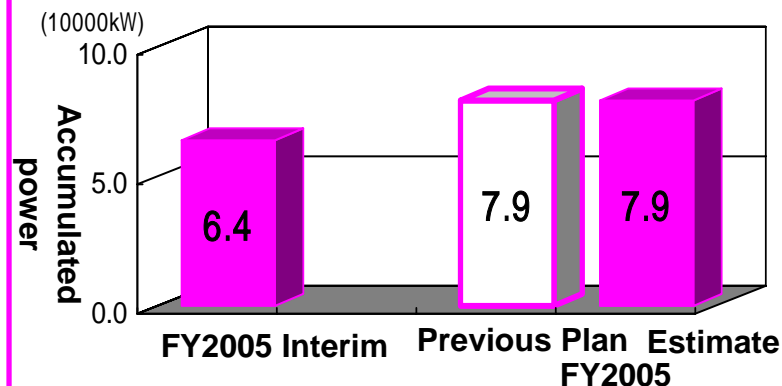
Capital Stock Issues/Becoming a wholly owned Subsidiary

- | | |
|---------------|---|
| 1. Purpose | <p>Strengthening of competitiveness in the comprehensive energy market</p> <ul style="list-style-type: none"> • Concentration of on-site enterprises for ESS & reinforcement of financial foundation • Flexible response to management issues |
| 2. Measures | <p>Allocation of new shares to a third party, with Chugoku Electric Power as guarantor = In-kind contribution such as entrusted facilities for heat supply and heat reserve, which are conducted as incidental business</p> <p>Purchasing of all stocks possessed by ESS stockholders other than Chugoku Electric Power</p> |
| < Reference > | <p>Outline of ESS</p> <p>Foundation: October 2001, Capital Stock: 4.6 billion yen (1 billion yen prior to capital stock issues)</p> |

Conditions of business plan

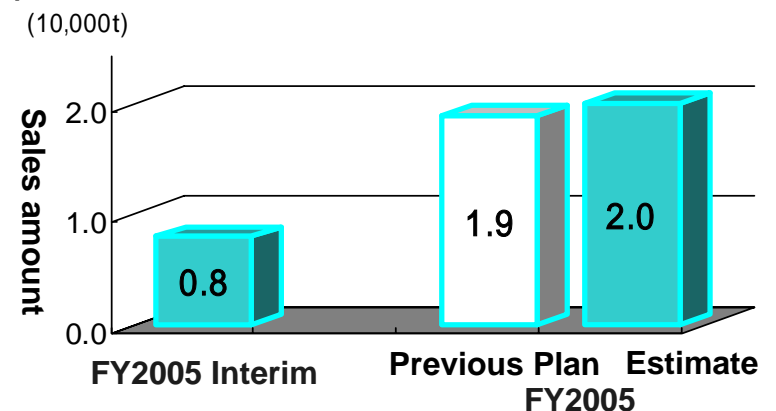
Co-generation business plan

- Strengthen competitiveness by rounding out utility services into packages that include heat storage equipment and boilers as well as co-generation



LNG sales business plan

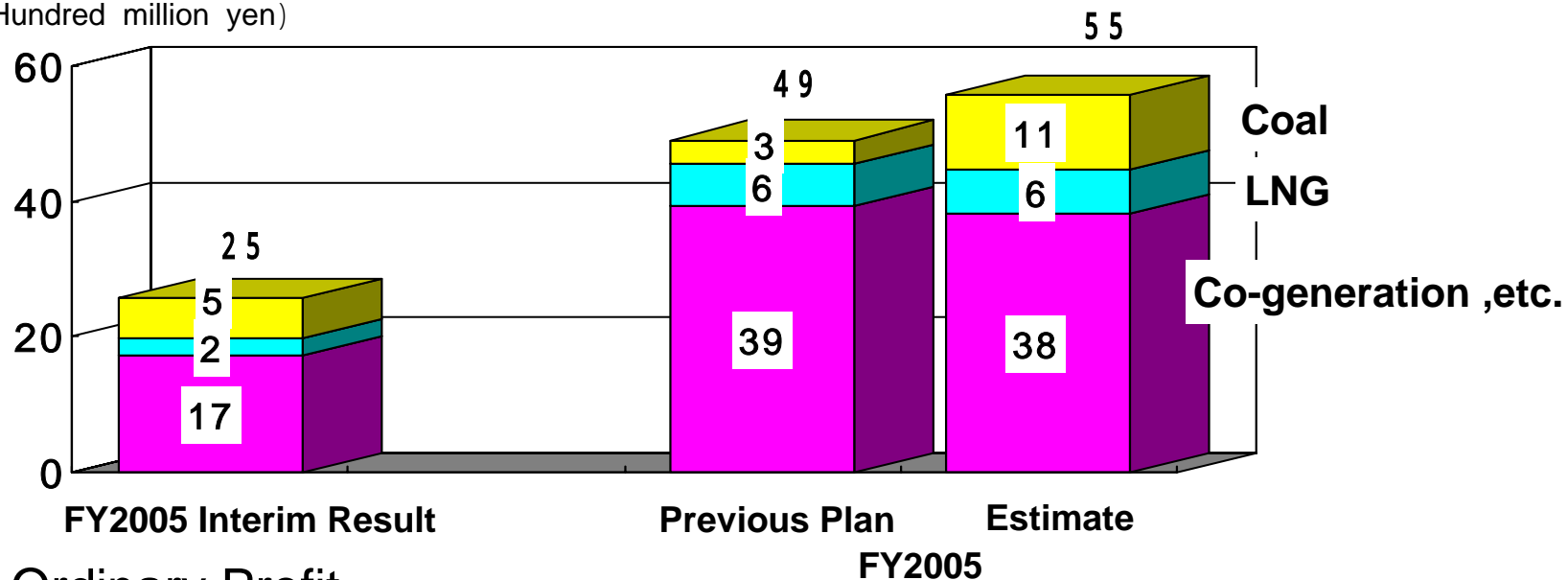
- Expand sales through alliances with city gas companies
- Develop sales by targeting industrial customers for conversion to LNG
- Raise added value through effective use of LNG cryogenic power



Financial results

Sales Amount

(Hundred million yen)



Ordinary Profit

(Hundred million yen)

	FY2005 Interim Result	FY2005	
		Previous Plan	Estimate
Ordinary Profit	1.6	0.1	1.2

() Ignored less than 100 million yen.

【DATA】

1 . Electricity Sales

1 . Electricity Sales [Unit: million kWh] [] : Comparison with the previous year
 [FY2005 interim electricity sales result]

Demand Type		Interim Result		Comparison with Previous plan (%)	
Other than Specified-scale Electric Power	Lighting	[1 0 6 . 8]	8,388	100.8	
	Industrial and Commercial	Commercial	[1 0 7 . 2]	3,905	102.5
		Low Voltage	[1 0 8 . 7]	1,345	103.2
		High Voltage A	[1 0 4 . 6]	2,386	104.0
		High Voltage B	[9 4 . 3]	430	96.2
		Others	[1 0 5 . 9]	8,066	102.7
		Subtotal	[1 0 6 . 3]	16,454	101.7
Specified-scale Electric Power		[1 0 6 . 0]	12,822	107.1	
Total Electricity Sales		[1 0 6 . 2]	29,276	104.0	

[FY2005 electricity sales estimate]

Demand Type		FY2005 Estimate	FY2005 Previous Plan	FY2004 Result
Other than Specified-scale Electric Power	Lighting	[1 0 4 . 7] 17,458	17,394	16,667
	Industrial and Commercial	[1 0 3 . 2] 15,553	15,341	15,065
	Total Lighting · Industrial and Commercial	[1 0 4 . 0] 33,011	32,735	31,732
Specified-scale Electric Power		[1 0 1 . 8] 24,129	23,284	23,702
Total Electricity Sales		[1 0 3 . 1] 57,140	56,019	55,434

2 . Revenue and Expense

[Unit : hundred million yen]

	FY2005		FY2004
	Estimate	Previous Plan	Result
Sales Amount (Electric utility operating revenue)	9 , 4 0 0	9 , 2 0 0	9 , 1 2 8
(Details) Electricity sales	8 , 8 7 0	8 , 7 4 0	8 , 5 3 8
(Details) Sales to other companies etc.	5 3 0	4 6 0	5 8 9
Other Revenues	1 2 0	8 0	9 0
Total Revenue	9 , 5 2 0	9 , 2 8 0	9 , 2 1 8
Personnel	1 , 1 1 0	1 , 0 9 0	1 , 3 2 0
Fuel	1 , 3 1 0	1 , 2 4 0	1 , 0 0 0
Purchased Power	1 , 4 7 0	1 , 3 9 0	1 , 3 4 4
Maintenance	9 1 0	9 1 0	8 6 2
Depreciation	1 , 4 5 0	1 , 4 6 0	1 , 5 6 4
Interests	3 3 0	3 3 0	3 6 7
Other Expenses	2 , 1 6 0	2 , 1 2 0	2 , 1 4 5
Total Expense	8 , 7 4 0	8 , 5 4 0	8 , 6 0 6
Ordinary Profit	7 8 0	7 4 0	6 1 1
Operating Profit	1 , 1 0 0	1 , 0 6 0	9 9 4

3 . Variables

[Unit : hundred million yen]

		FY2005 Estimate	FY2004 Result
Exchange Rate	1¥/\$	15	10
CIF Crude Oil Price	1\$/b	26	22
Water Flow Ratio	1%	2	2
Nuclear Capacity Factor	1%	7	6
Interest Rate	1%	27	28

4 . Interest-bearing Loan

[Unit : hundred million yen]

	FY2005 Estimate	FY2005 Interim Result
Non-Consolidated	15,800	16,069
Consolidated	16,400	16,746

5 . Interest Rate

		FY2005 Interim Result
Average	%	2.00
End-of-FY	%	2.05

6.Capital Expenditure

[Unit : hundred million yen]

		FY2005 Interim Result	FY2005		FY2004 Result
			Estimate	Previous Plan	
Equipments	Hydroelectric	25	56	57	22
	Thermal	1	12	13	1
	Nuclear	34	199	193	91
	Transmission	46	85	86	69
	Transformation	8	18	19	30
	Distribution	26	71	70	71
	Dispatching・Others	2	11	11	72
	Subtotal	142	452	449	356
Improvements		137	498	500	336
Nuclear Fuel		36	146	160	111
Subtotal		315	1,096	1,109	803
Subsidiary Business and Others		2	2	3	14
Total		317	1,098	1,112	817

7. Completely Electrical Housing · Electric water heater

	Unit	FY2005		FY2004 Result
		Interim Result	Plan	
Completely Electrical Housing	Number of Housing	14,531	29,700	27,973
(Details) Newly constructed	Number of Housing	6,669	15,100	14,438
Remodeled	Number of Housing	7,862	14,600	13,535
Market share of newly constructed completely electrical housing	%	21.9	29.4	26.8
Electric water heater	Number of Heater	18,558	39,100	36,997
(Details) Ecocute	Number of Heater	4,330	-	7,200
Market share of electric water heater	%	12.2	12.4	11.8

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