



Company-wide Briefing On The Supply Plan

The Chugoku Electric Power Co., Inc.

April 4th, 2002

In this presentation, the term "Fiscal Year 2002" describes the period which ended March, 2002

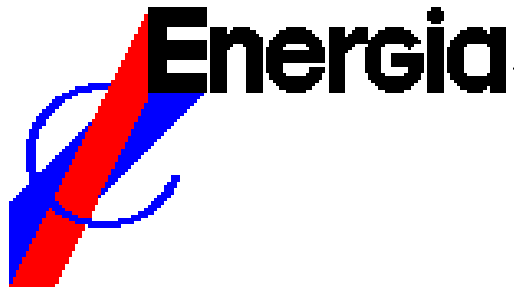
Characteristics of the Supply Plan

More Competitive Pricing and Increased Response to Customer Needs

- Thorough Cost-Reduction
- Strengthening Business Operations to Be More Attractive to Consumers

Stable Formation and Operation of Power Resources/Transmission Equipment

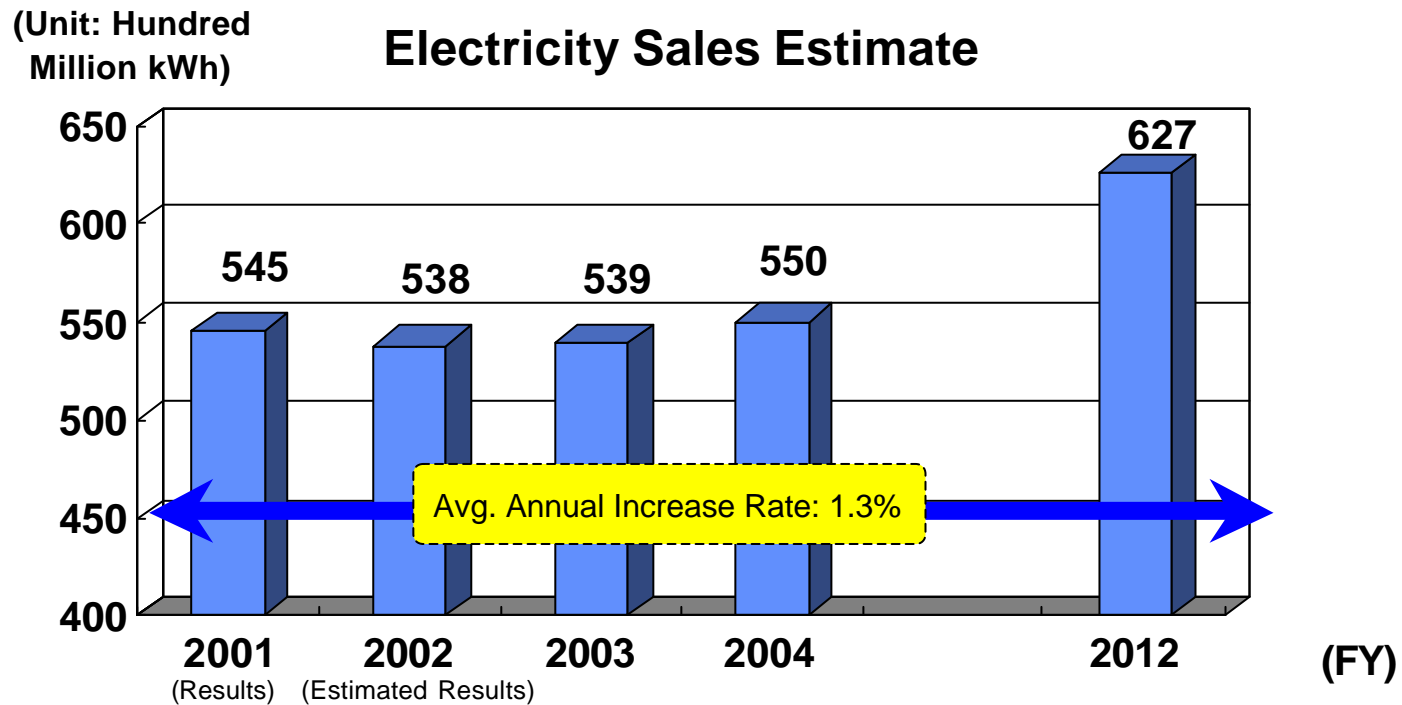
Environmental/Energy Conservation Measures and Promotion of Nuclear Power Plant Development



Power Demand Estimate

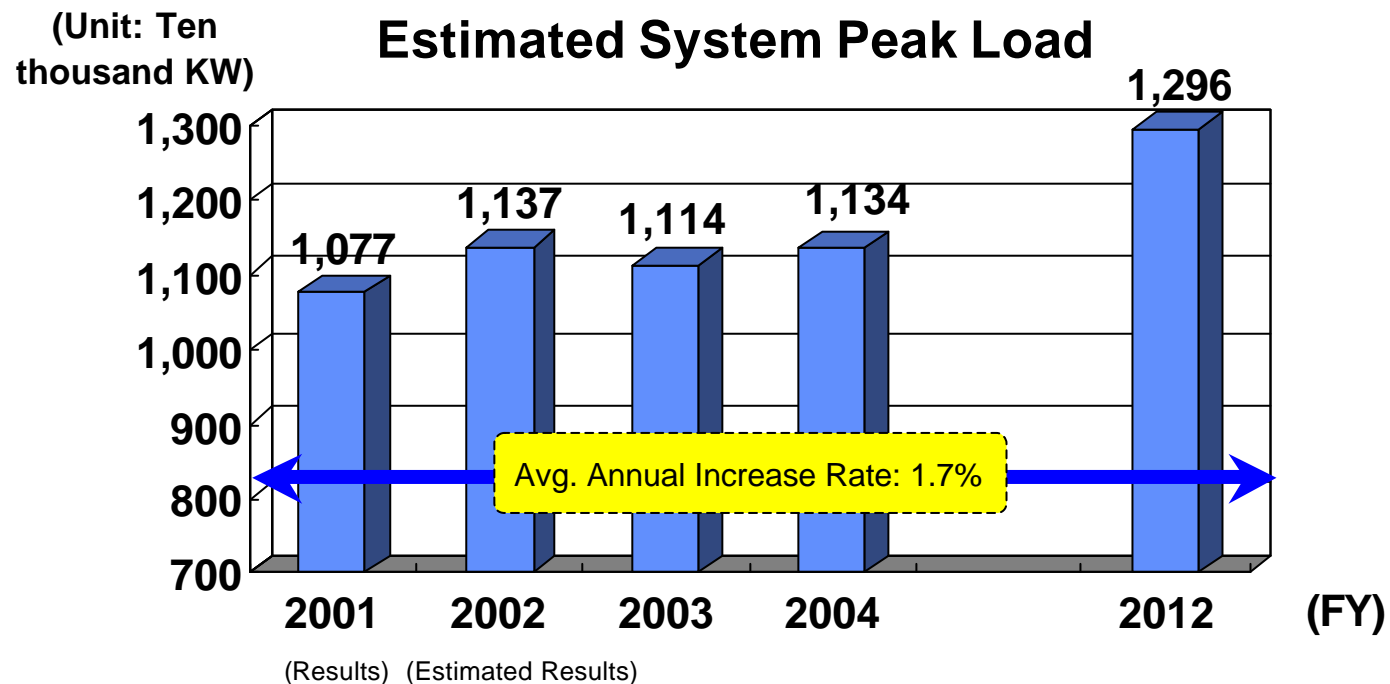
Electricity Sales

A Slight Increase in the Short Term Due to the Influence of the Sluggish Economy, With a Slow But Steady Increase in the Long-to-Mid Term



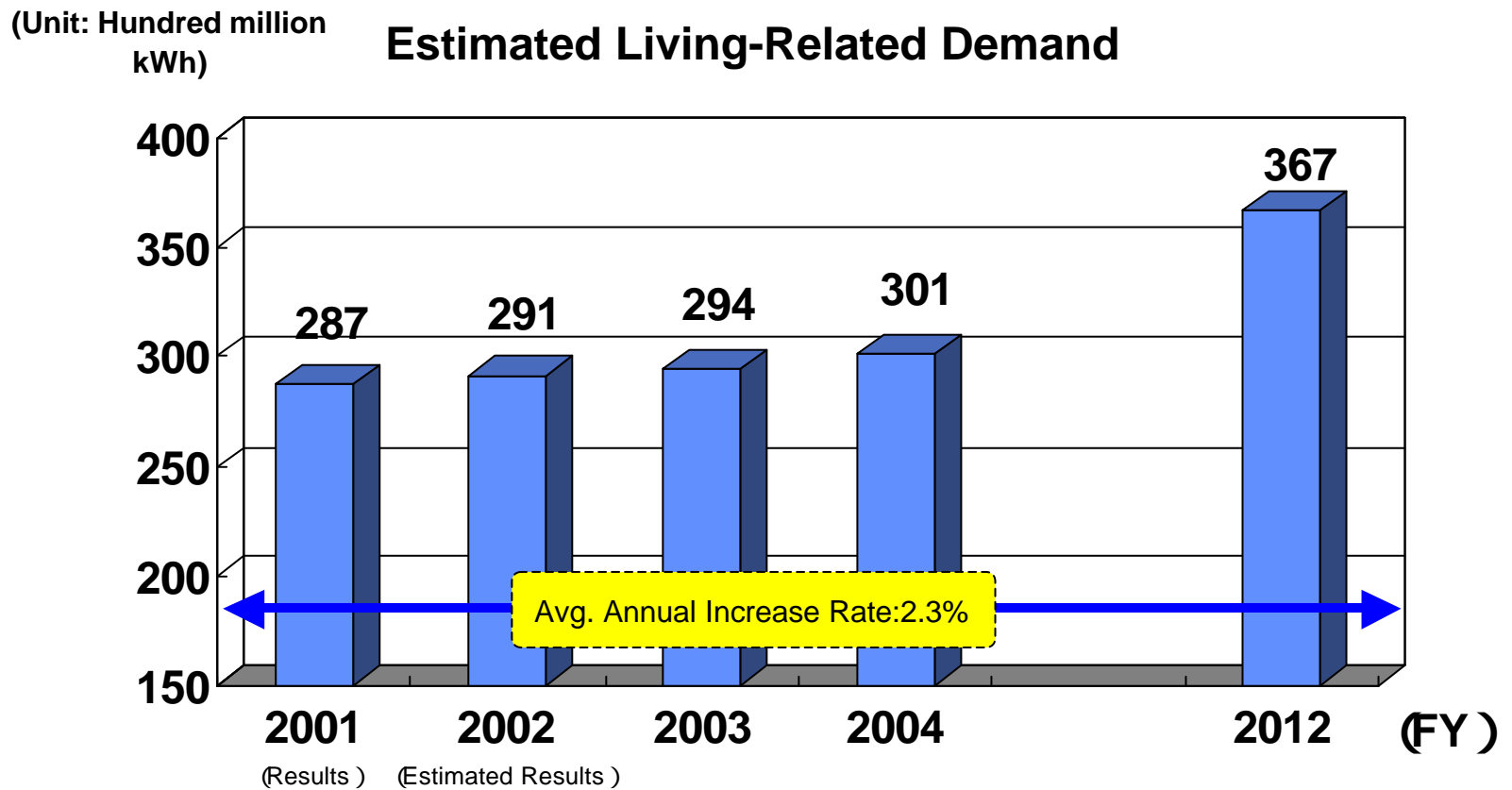
System Peak Load

A Slight Increase in the Short Term Due to the Influence of the Sluggish Economy, With a Slow But Steady Increase in the Long-to-Mid Term



Living-Related Demand

~Sure to Increase in the Future Due Not Only to the Pursuit of Amenity, But Also Because of the Development of an Aging and Information-Dependent Society~

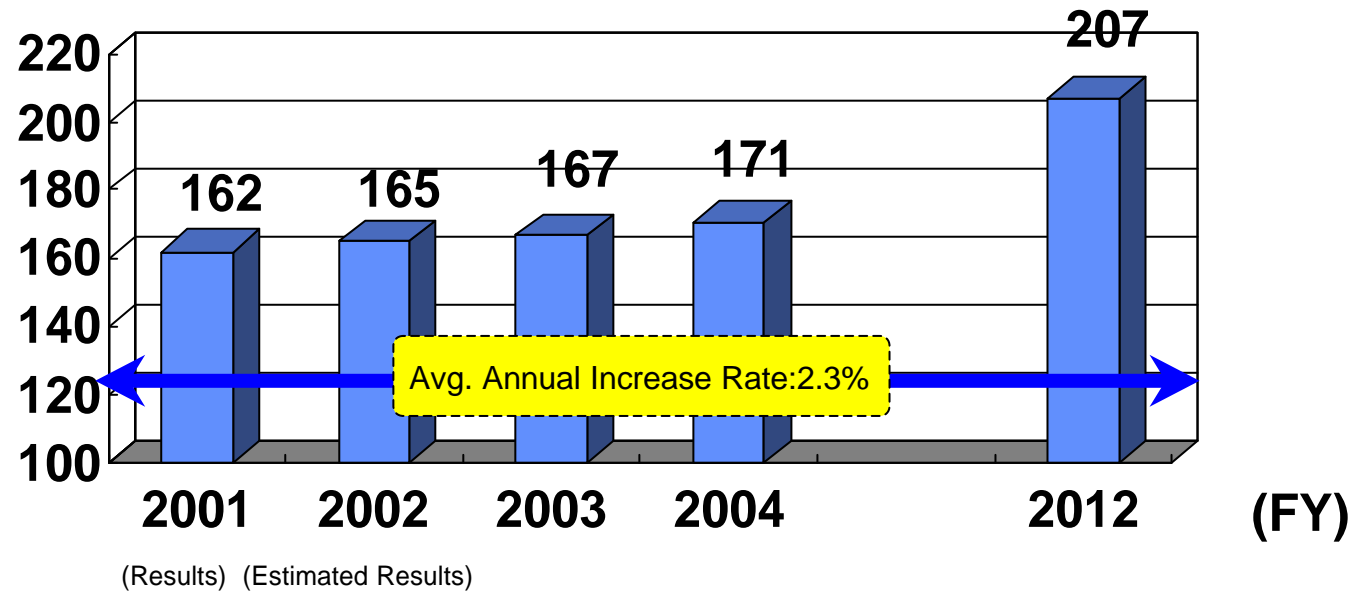


Trends for Electrical Lighting

~Stable Growth Due to Pursuit of Amenity and Increased Diffusion of Electrical Devices~

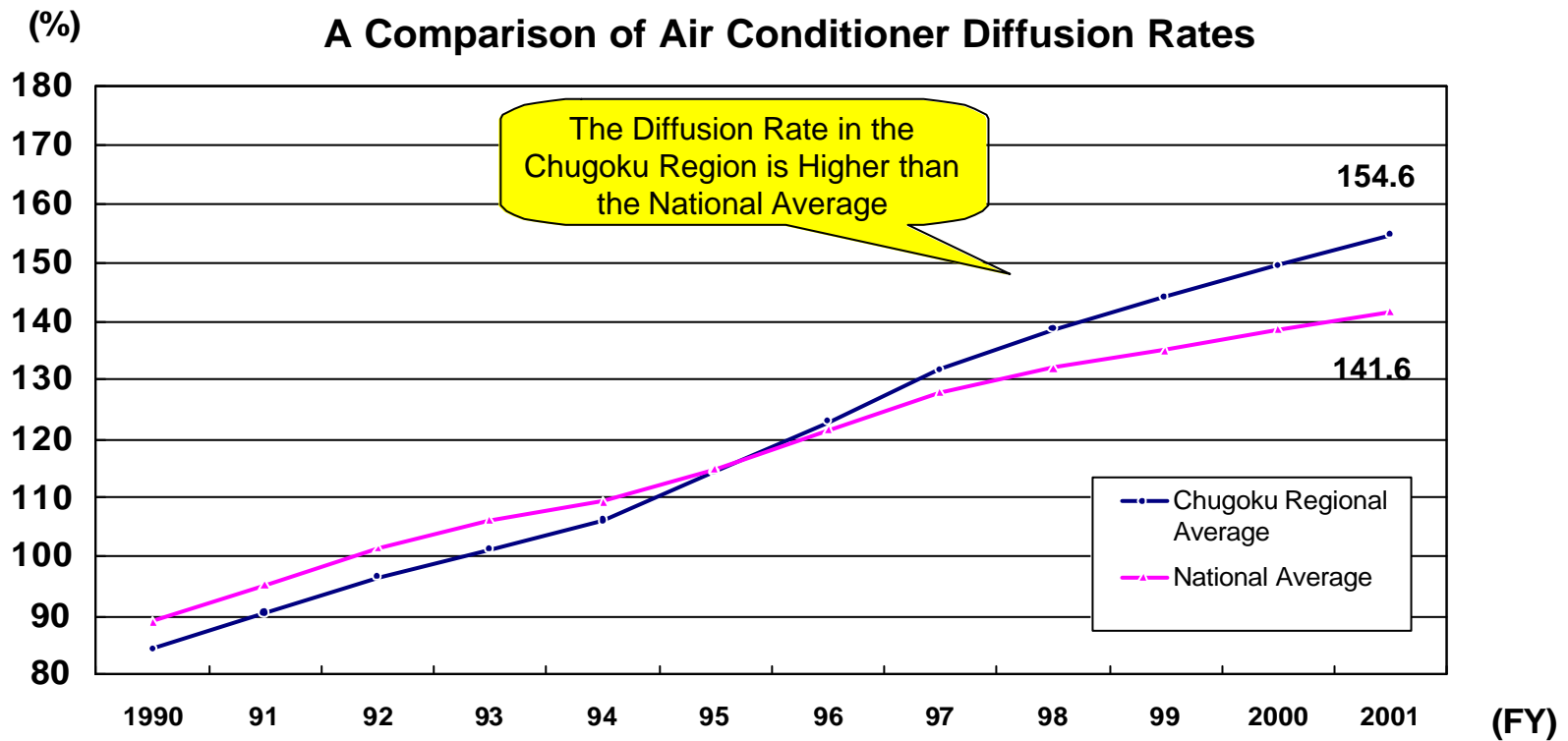
Estimate for Electric Lighting Demand

(Unit: Hundred million kWh)



Increased Diffusion of Electrical Devices

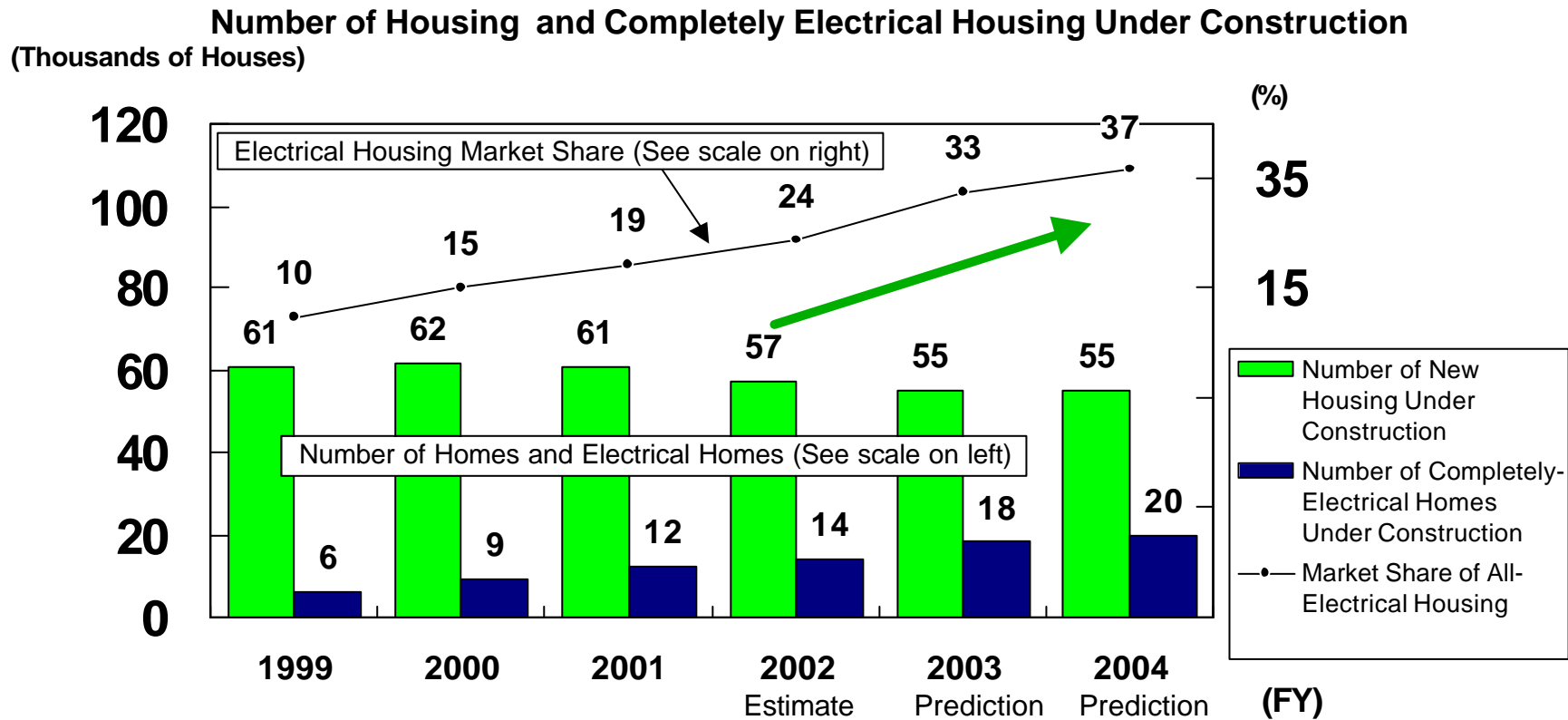
~Will Show a Stable Increase in the Future Due to Pursuit of Amenity, Etc.~
The Diffusion Rate of Air Conditioners is Higher than the National Average



Source: The results were taken from "An Overview of Electrical Power Supply and Demand"

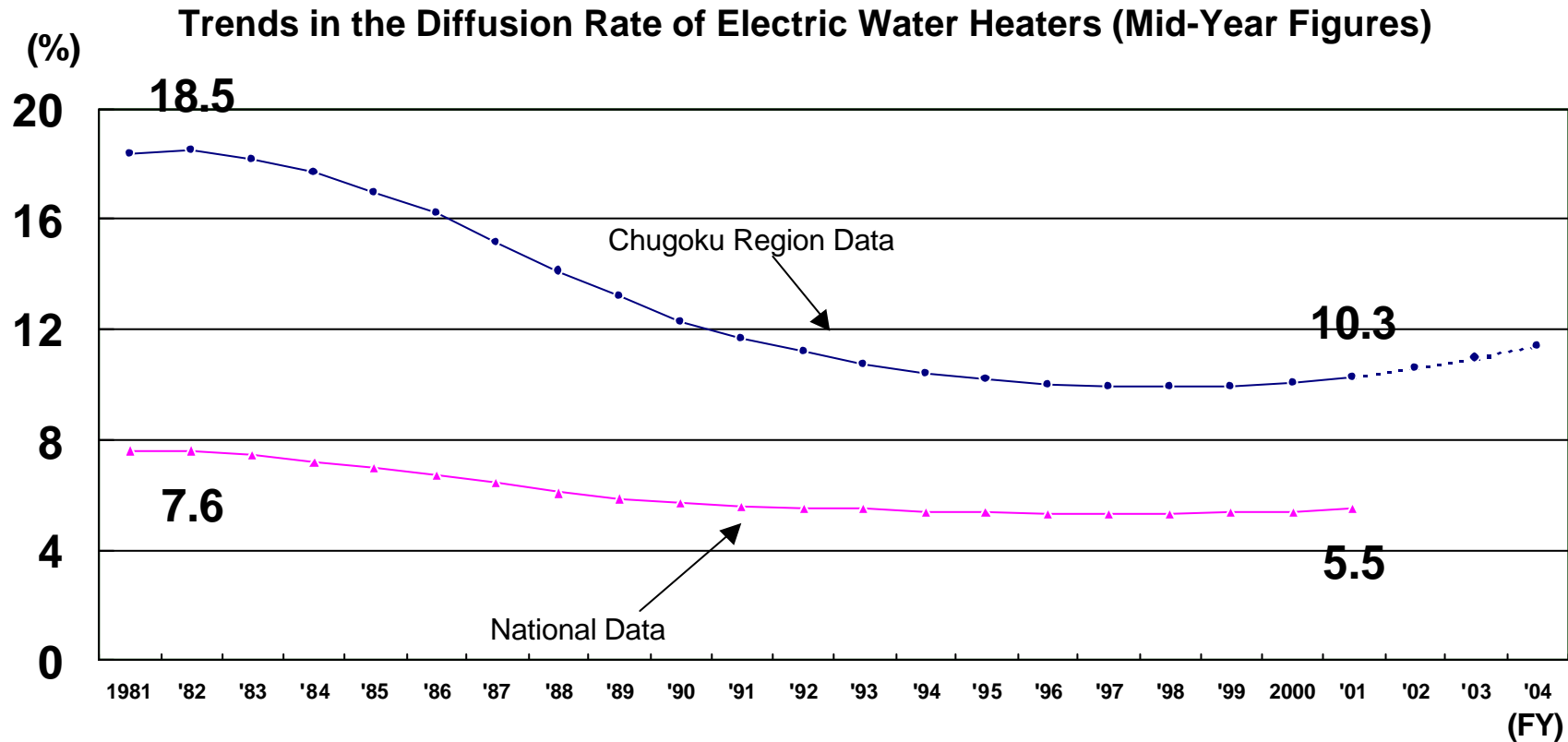
Increased Diffusion of Completely Electrical Housing

~Completely Electrical Housing is Showing a Satisfactory Increase. Completely Electrical Housing Currently Account for Over 20% of New Housing Under Construction~



Diffusion of Electric Water Heaters

~The Diffusion Rate of Electric Water Heaters in the Chugoku Region is the Highest in the Country~
 Due to the Increase in Completely Electrical Housing, the Diffusion Rate Should Climb Even Higher

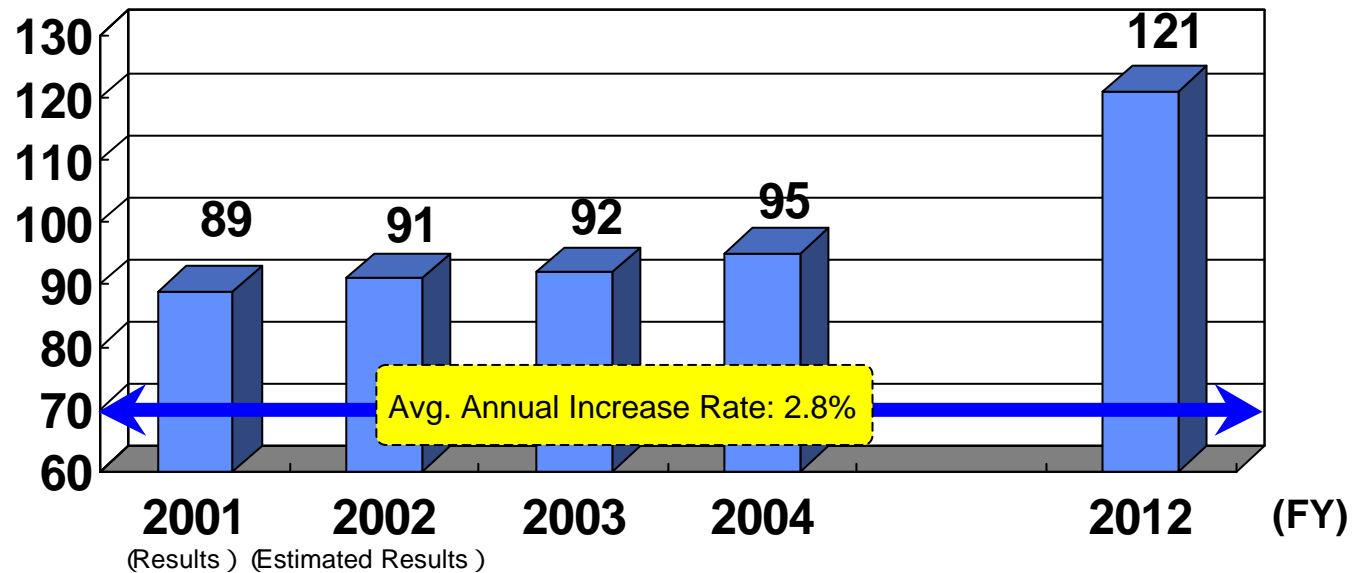


Trends in Commercial Power Use

~A Strong Increase is Estimated for the Future Due to an Increase in the Service Economy and Development Into an Information-dependent Society~

Estimated Commercial Power Use

(Unit: Hundred million kWh)

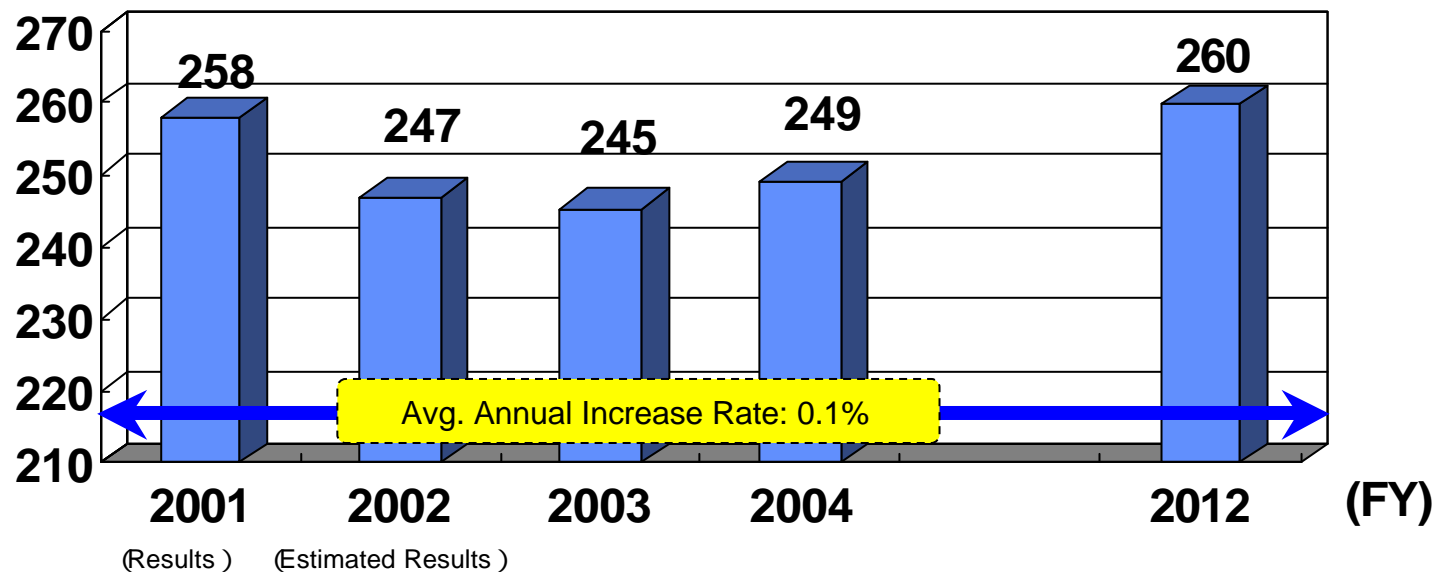


Industrial Demand

~Industrial Demand is Expected to Level Off Due to Sluggish Growth in Material-Producing Industry~

Estimated Industrial Demand

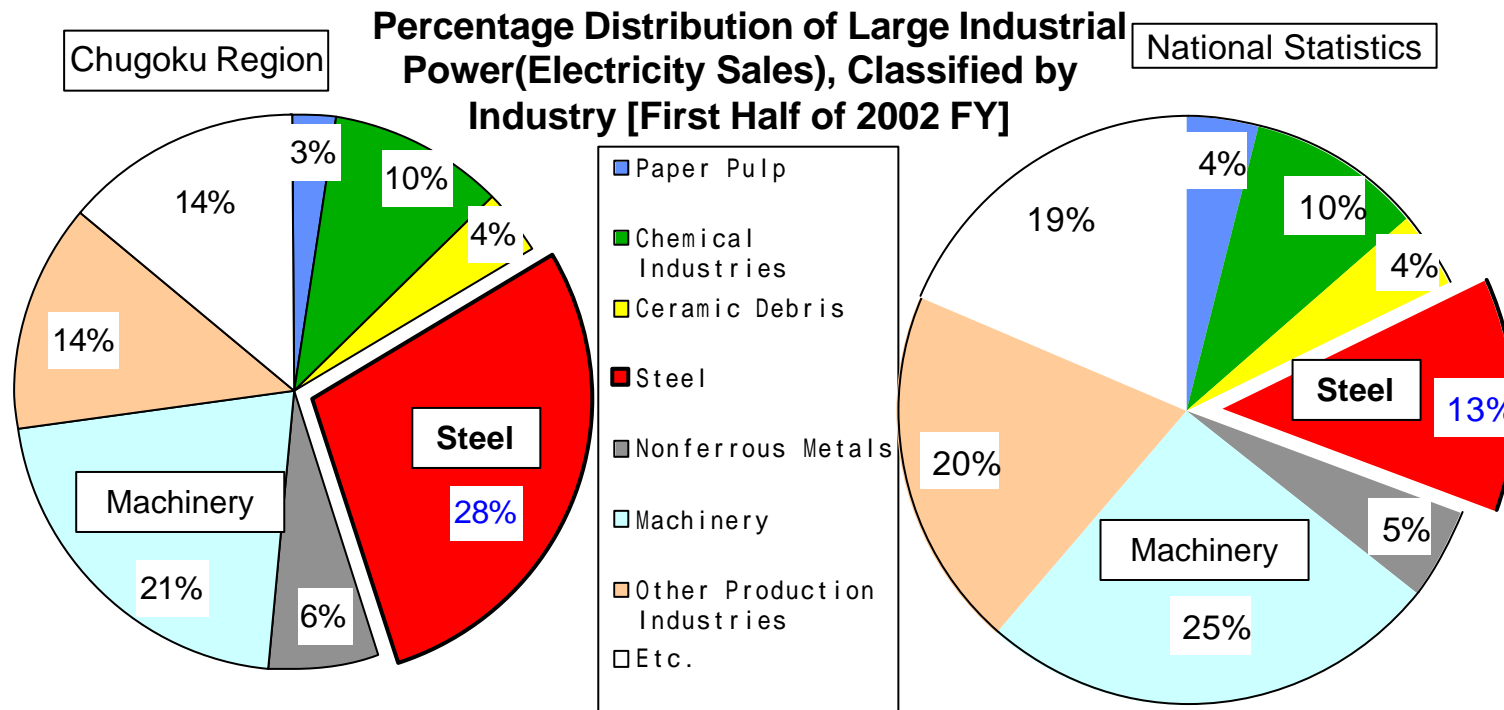
(Unit: Hundred million kWh)



Percentage Distribution of Large Industrial Power(Electricity Sales), Classified by Industry

~Examining the Industrially-Classified Percentage Distribution, the Steel Industry in the Chugoku Region Accounts for a Comparatively High Percentage of Large Industrial Power (Electricity Sales)~

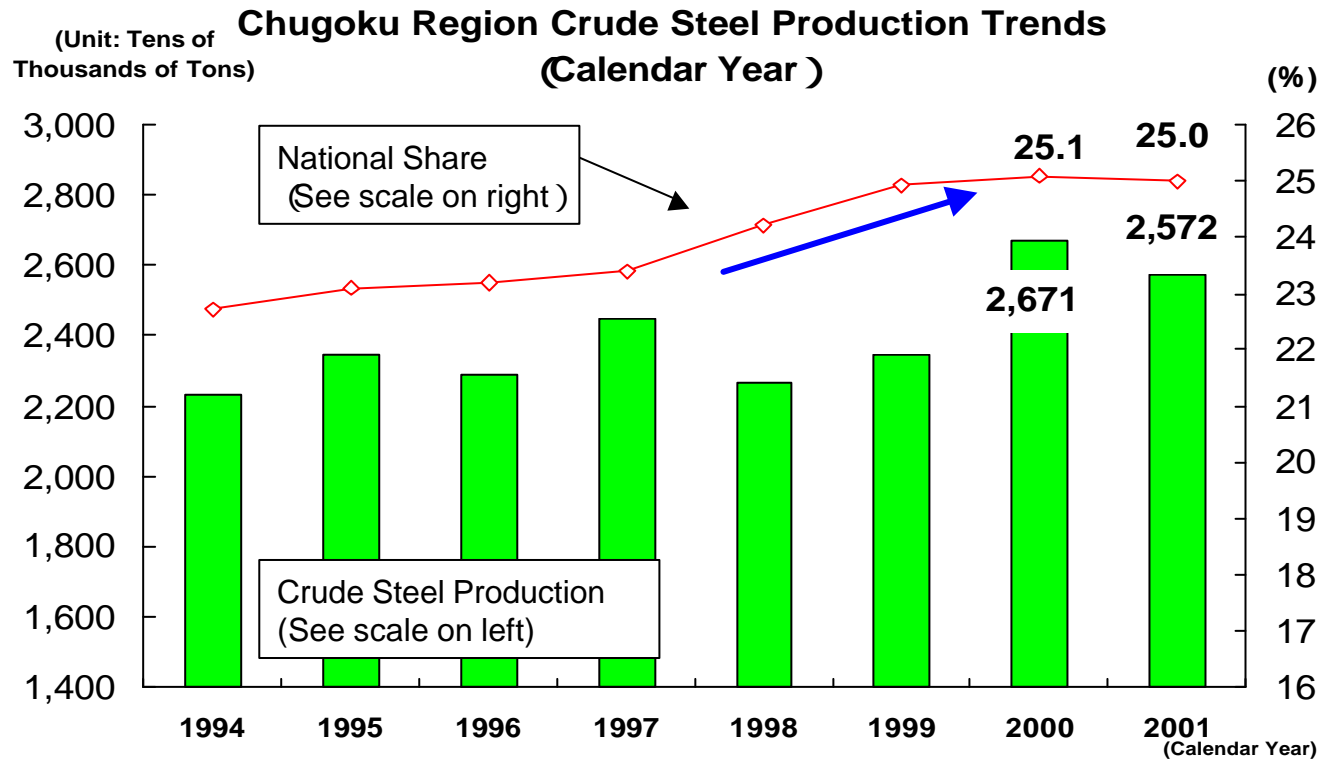
(Chugoku Region 28% , National Statistic13%)



Source :National statistics were taken from studies conducted by The Federation of Electric Power Companies of Japan

Chugoku Region Crude Steel Production Trends

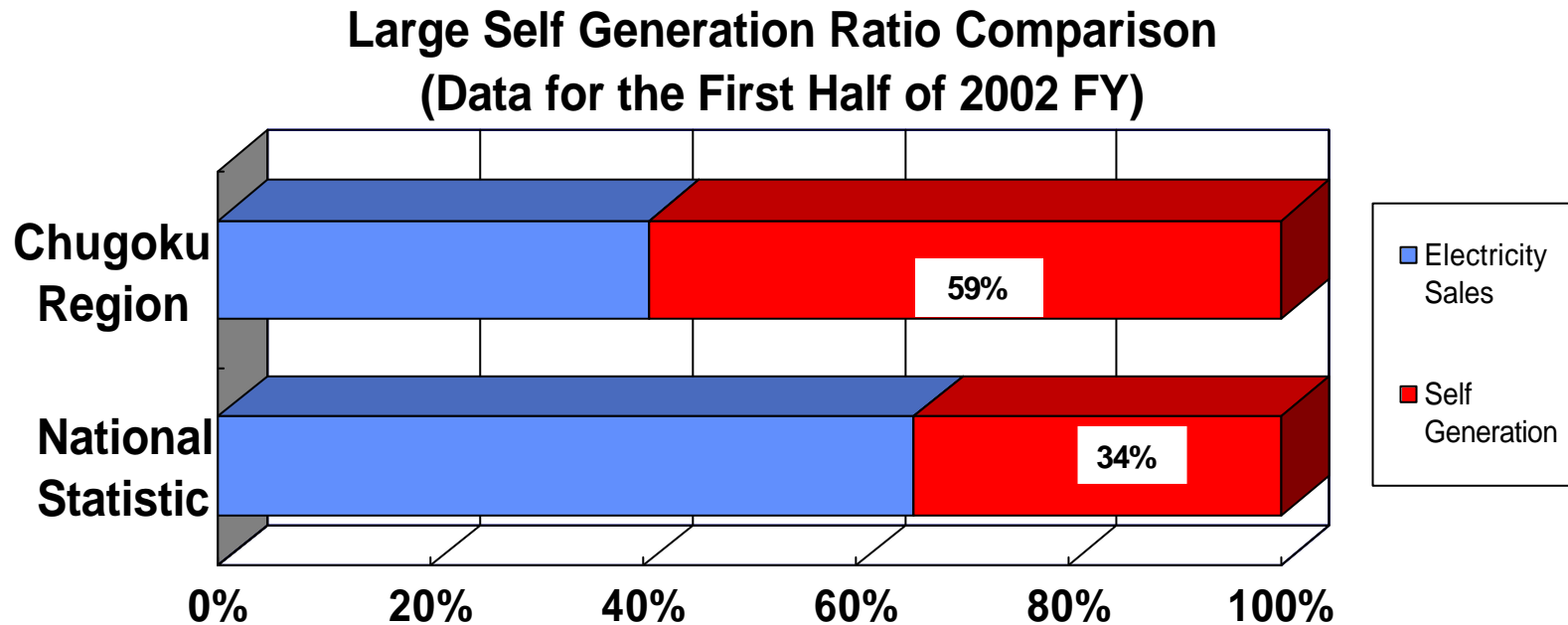
~25,720,000 Tons of Crude Steel Was Produced in the Chugoku Region in 2001(25.0% of the National Share)~



Source: Studies conducted by the Chugoku Bureau of Economy, Trade, and Industry

Comparison of Large Self Generation Ratios

Self Generation Accounts for 59% of Large Industrial Power Demand (Electricity Sales + Self Generation) In the Chugoku Region ,Comparatively High When Compared to the National Statistic of 34%



Chugoku Regional Data Source: Chugoku Bureau of Economy, Trade and Industry
National Data Source: Agency of Natural Resources and Energy

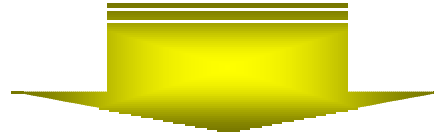
Business Strategy Developments

Changes in the Business Environment

Increased Sales Competition

Decentralized Energy, Etc. Leading to Fierce Competition in the Energy Sector

Deepening and Diversification of Customer Needs

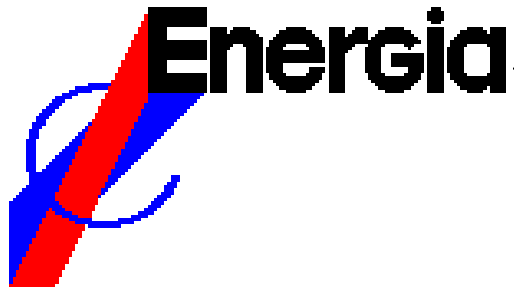


Total Energy Management

More Competitive Business Practices

More Competitive Pricing

Offering More Competitive Products and Services



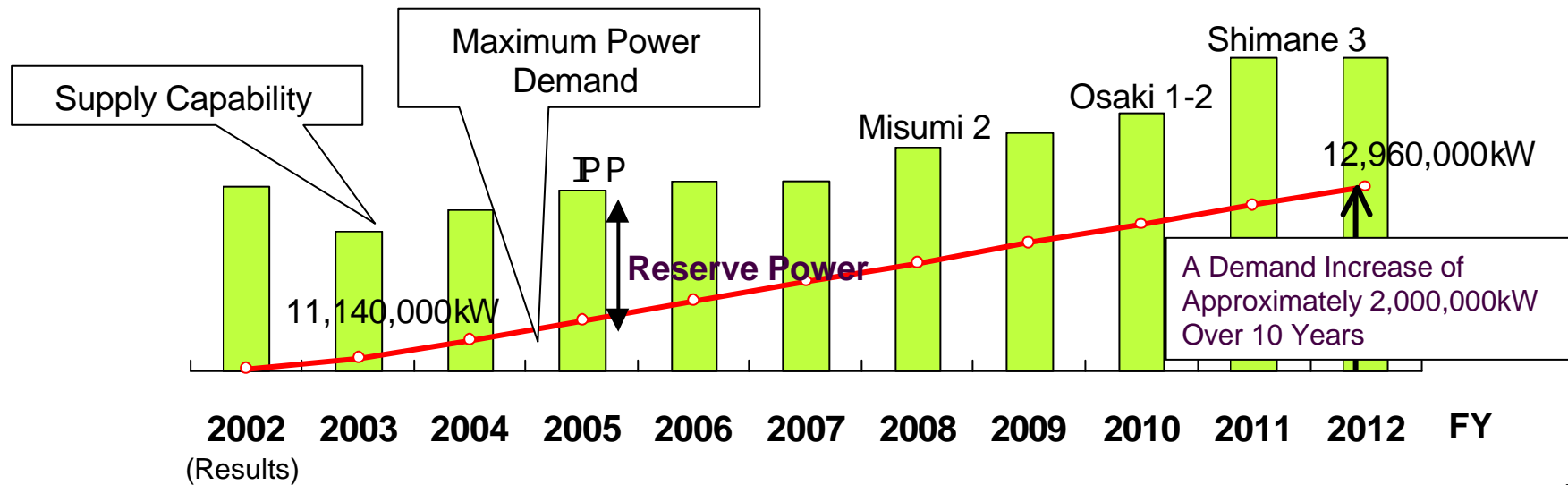
Power Source Development Plan

Power Source Development Plan Creation Perspective

Securing Supply Stability
Pursuing Economic Efficiency
The Construction of Ideal Power Source
Configurations (Promotion of Nuclear Power
Development)
Response to Environmental Issues

Securing Supply Stability

Rise in Maximum Power Demand : 1.5% Per Year [After Correcting for Temperature, etc.]
 Reserve Rate Needed for a Stable Supply : Over 8-10%



	2002 (Results)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (FY)
Reserve Rate(%)	13.9	11.9	12.0	11.8	10.6	8.8	10.0	9.5	9.3	12.2	10.5
Development of Power Sources	270,000kW						2,120,000kW				

Major Changes in the 2002 Fiscal Year Supply Plan

Changes in Operation Starting Time

	Output (Ten thousand kW)	2002 FY Supply Plan	2003 FY Supply Plan
Osaki 1-2	25/50	2005/12	2008/12

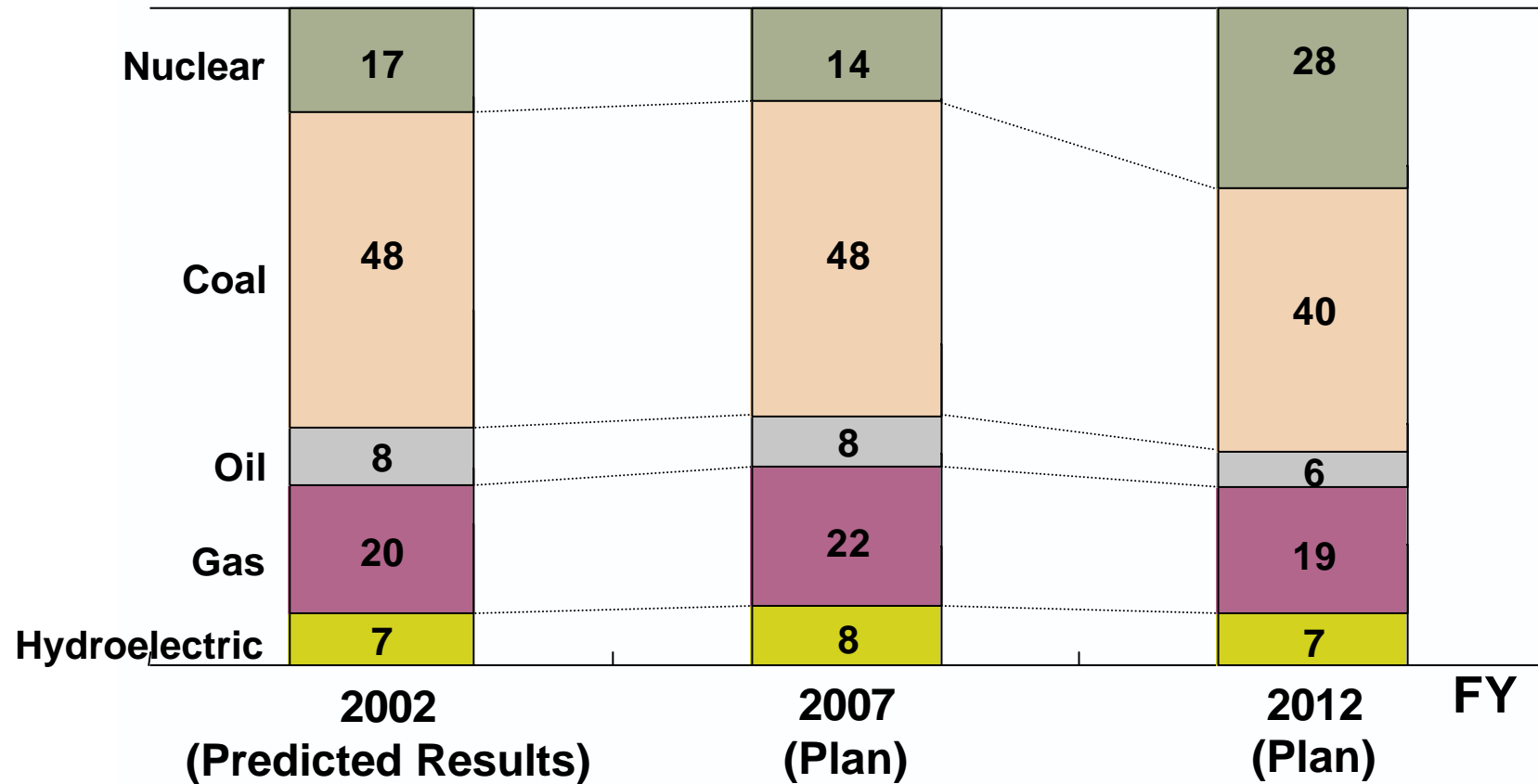
Long-term Planned Stoppage at Aged Thermal Power Plants

	Output (Ten thousand kW)	Period	Fuel Used
Kudamatsu 2	37.5	2002/ 2	Oil

Promotion of Nuclear Power Development

After the Start of Operations at Shimane Reactor #3, Nuclear Power Will Account for Approximately 30% of Electric Energy Generated

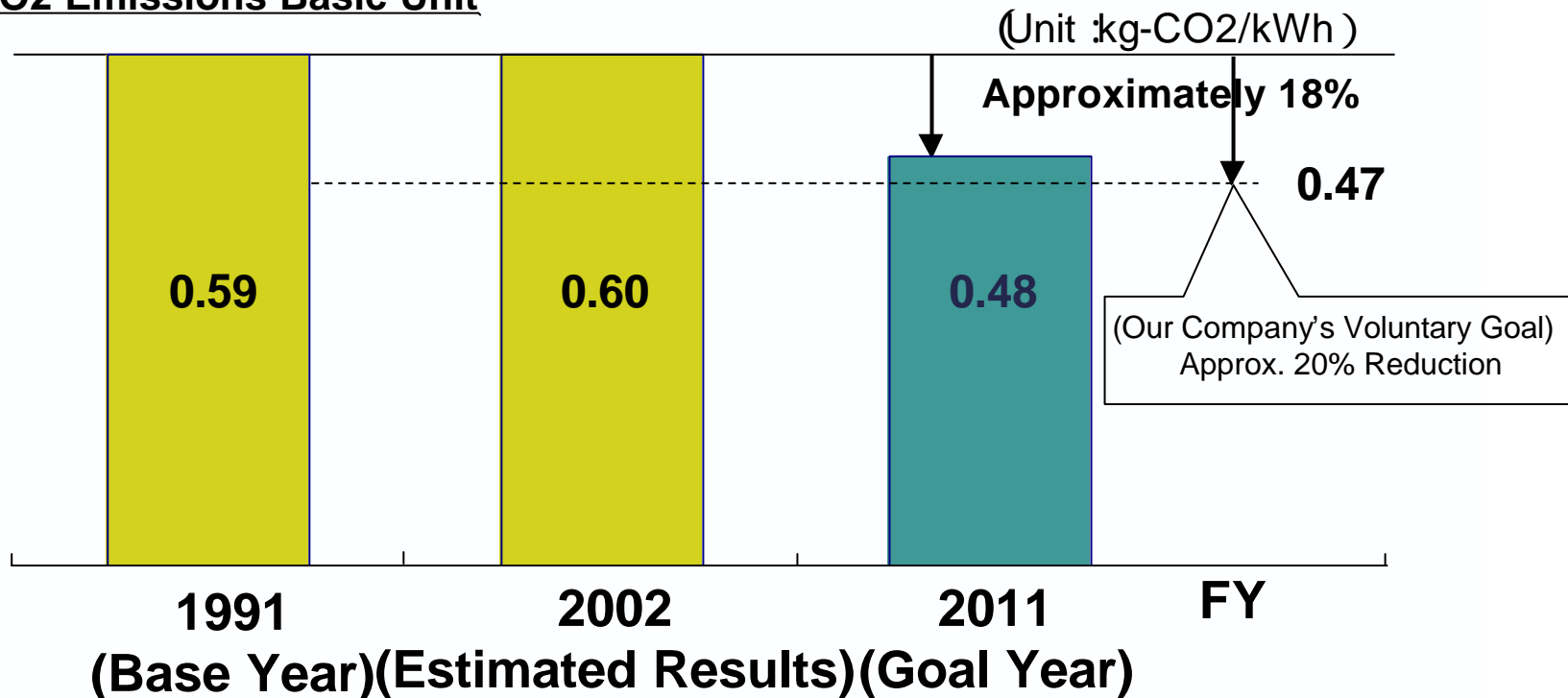
Distribution Ratio of Electric Energy Generated [%]

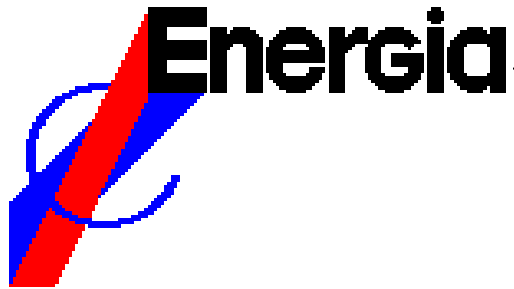


Response to Environmental Issues

Voluntary Goal : Our Company Aims to Reduce Our CO2 Emissions by Approximately 20% of the 1991 FY Level by 2011 FY

CO2 Emissions Basic Unit





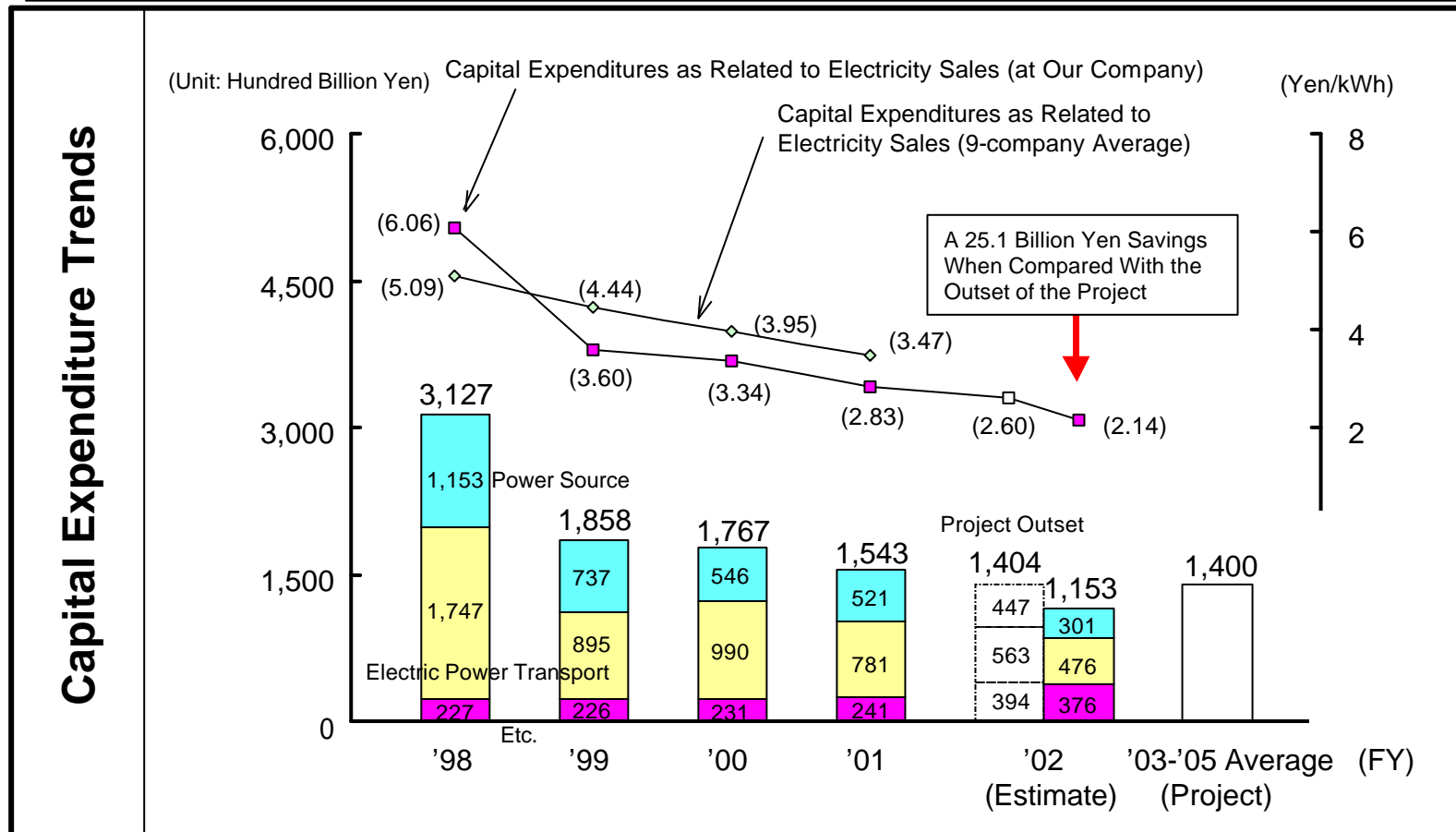
Efforts to Increase Management Efficiency

Controlling Capital Expenditures

- Review of Machinery Design and Construction Through Development and Introduction of New Technology
- Effective Use of Existing Facilities

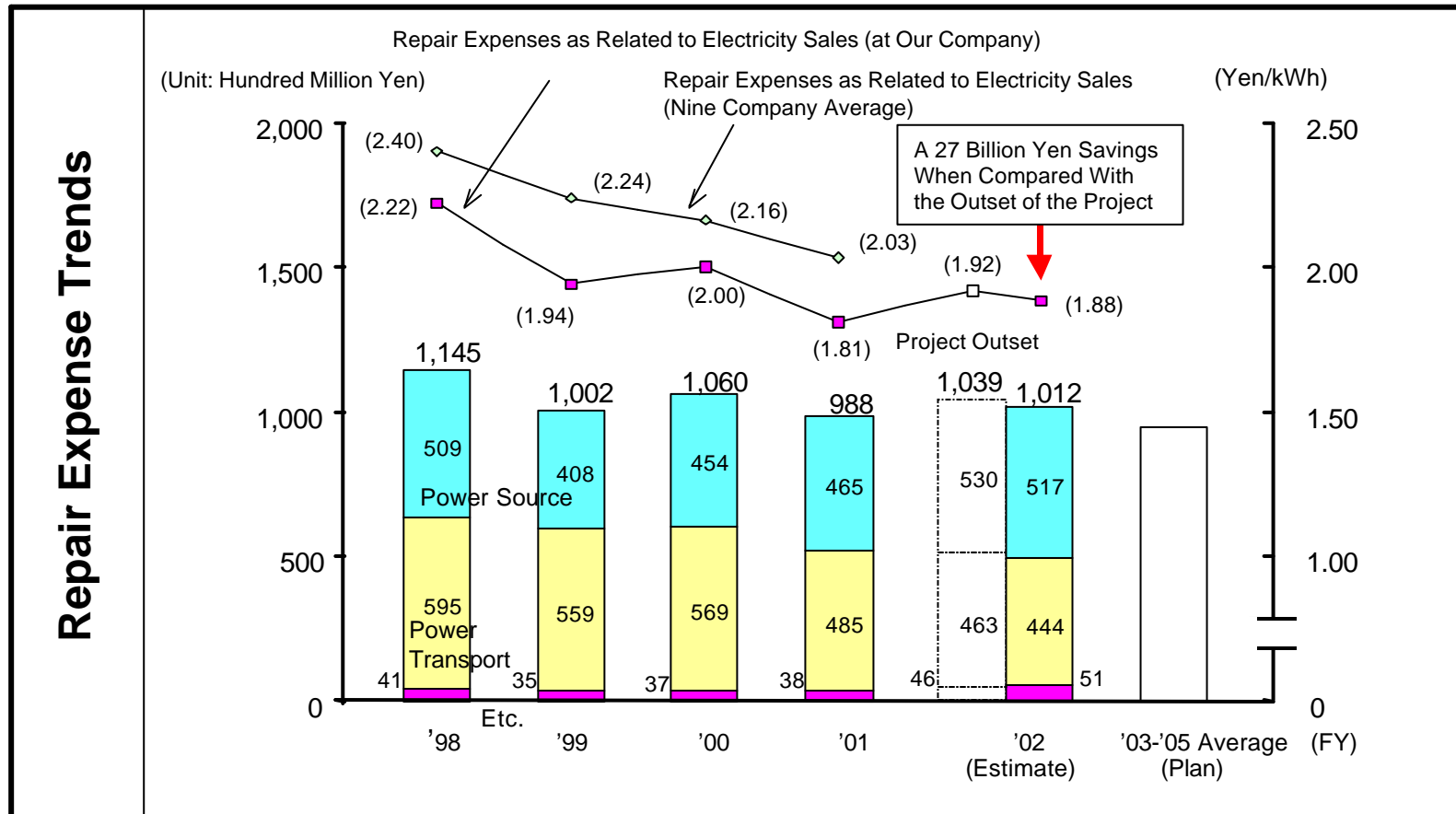
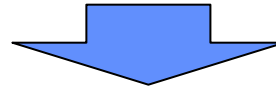


Capital Expenditures 2003-2005 FY : Under 140 billion yen (Three-year Average)



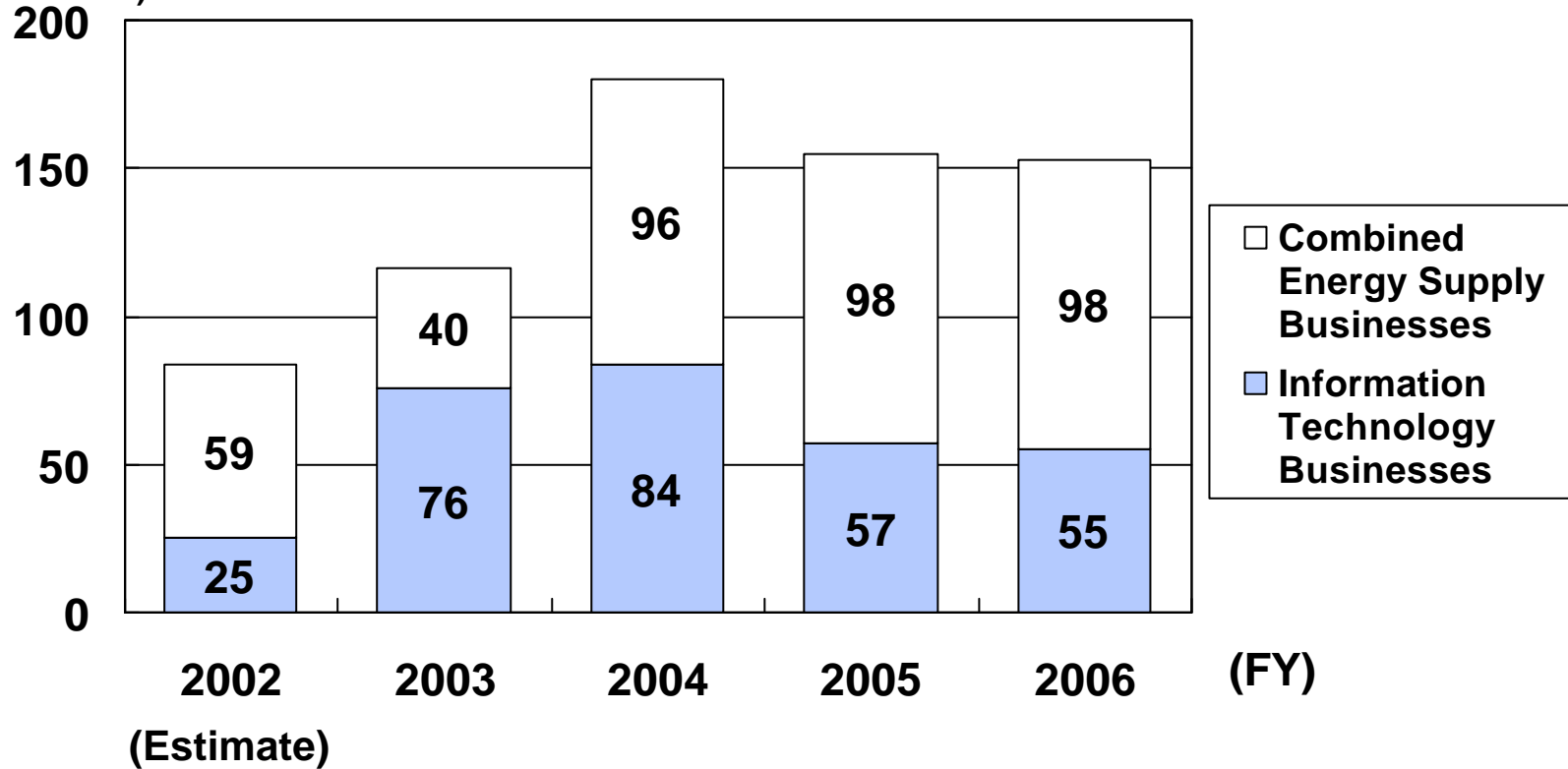
Controlling Repair Expenses

- Using Our Self-Developed Facility Diagnosis Technology for Replacement and Testing Cycle Optimization
- Operational Maintenance Cost Savings Through Long-term Planned Stoppage of Thermal Power Generators



Capital Expenditure to Start-up Businesses

(Unit: Hundred Million Yen)



Attitude Towards Financing

[Environmental Changes]

- Changes in the Electric Power Business Environment
- Changes in the Funding Environment of the Finance and Consumer Markets

Risk Increase



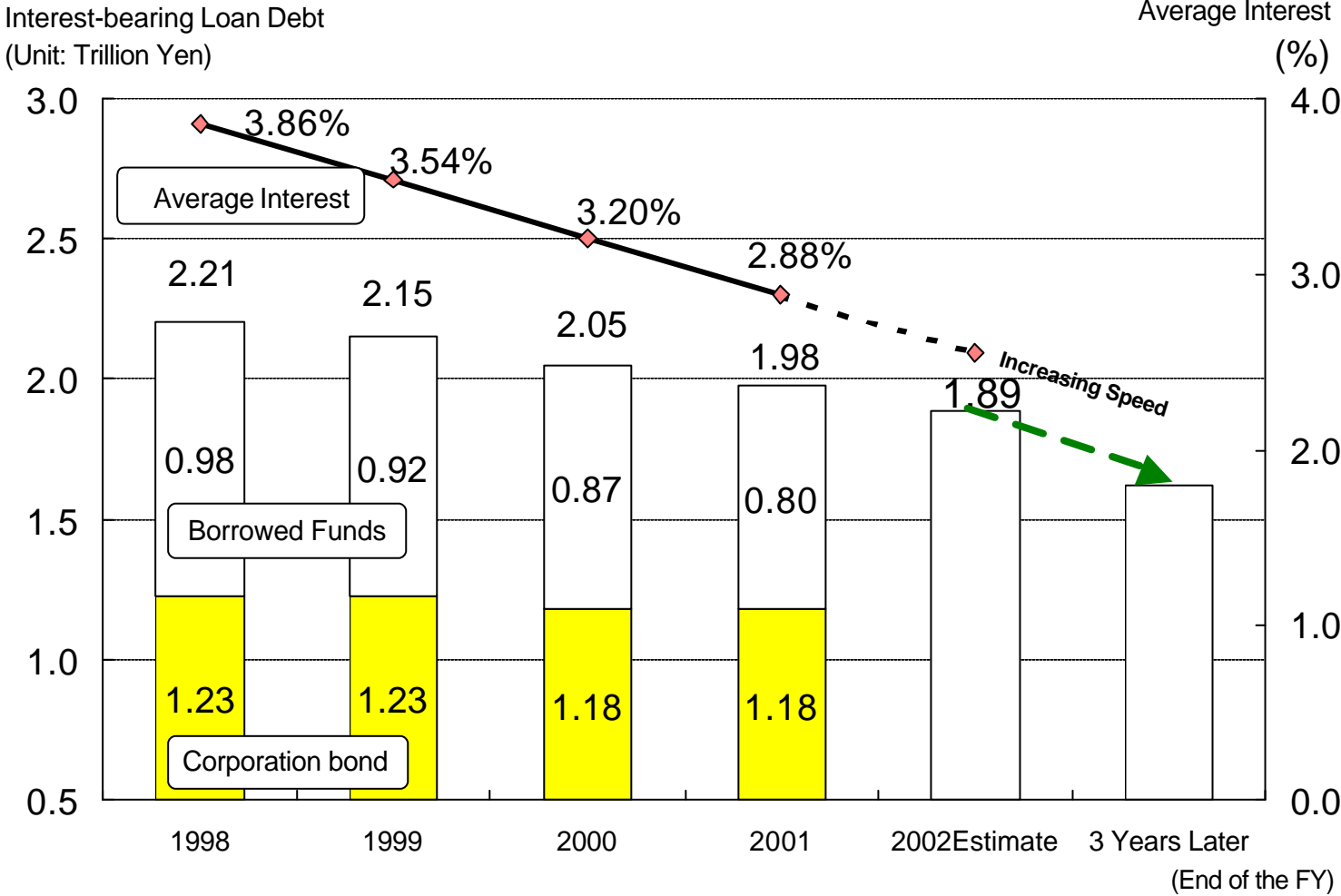
[Risks Associated With Financing]

- Credit Risk
- Refinancing Risk
- Market Interest Rate Change Risk

[Basic Attitude Towards Funding]

- ◇ Securing Stable Funding
- ◇ Significantly Lowering the Cost of Funding
- *Making Use of We Current High-Rated Investments to Obtain Long-term Fixed Financing*
- *Securing a Non-borrowed Commitment Line*
- *Choosing a Funding Time-frame for Debt Redemption of Construction Capital Considering Interest Rate Rises at the Time of Refinancing*

Trends in Interest-bearing Loan Debt



Response to Risks

○ Demand

○ Nuclear Power Development

○ Start-up Businesses



Strengthening Group-wide Risk Management

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**For Questions or Comments, Please Contact the
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