



Investors Meeting for FY2008 Interim Financial Results



The Chugoku Electric Power Co., Inc.
November 2 , 2007

In this presentation, the term “Fiscal Year 2008” describes the period which ended March, 2008.



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. Summary of “FY2008 Interim Financial Results”
and “Performance Outlook for FY2008”

Summary of “FY2008 Interim Financial Results” and “Performance Outlook for FY2008”

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{ FY2008 Interim Financial Results (Consolidated) }

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

	FY2008 Interim (A)	FY2007 Interim (B)	Difference (A-B)	Comparison (A/B)
Operating revenue	532.3	532.0	0.3	100.1%
Interim Operating Income	45.0	72.6	27.6	61.9%
Interim Ordinary income	31.5	57.7	26.1	54.7%
Interim Net Income	10.0	37.0	27.0	27.1%

{ FY2008 Performance Outlook for FY2008 (Consolidated) }

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

	FY2008		Difference (A-B)	Comparison (A/B)
	Updated Estimate (A)	Initial Estimate (B)		
Operating revenue	1,110	1,080	30	102.8%
Operating Income	74	98	24	75.5%
Ordinary income	48	72	24	66.7%
Net Income	18	32	14	56.3%



Performance of FY2007 and FY2008

- Ordinary Income of FY2007 and FY2008 considerably decrease mainly caused by positive correspondence to risks and response to system revisions.
- Material cost rise (due to high fuel prices, and additional thermal power operating mainly caused by drought) also put pressure on income.

{ Ordinary Income(Consolidated)}

[Unit : billion yen]

	FY2007 Result	FY2008 Estimate
Ordinary Income(Consolidated)	60.7	48.0

{ Main Factors for Income decrease }

[Unit : billion yen]

Part of nuclear power back-end expense lump sum recognition	15	
The depreciation method change caused by tax system revision		8
Maintenance expense increase to keep securing a stable supply		9

Group Management Goals (Established in January, 2006)

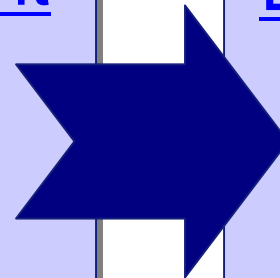
- o Ordinary Income(Consolidated) ...At least 74billion/year (Avg.in FY07-09)



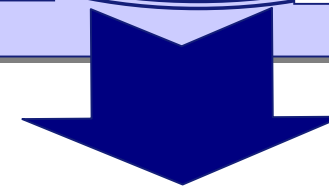
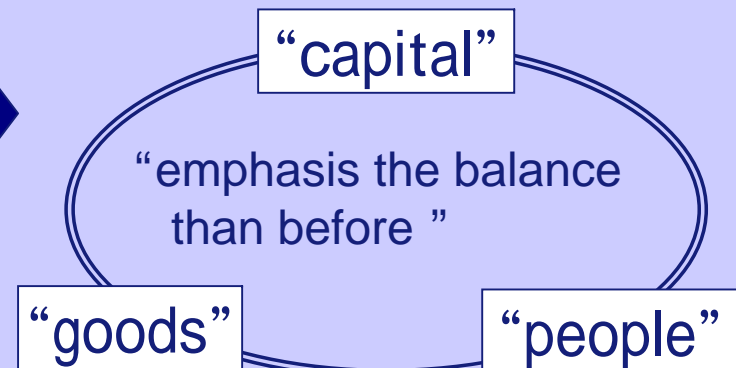
“Turning Point”

Changes in our business environment

Skyrocketing Fuel Prices
Global Environmental Problem to be Solved
Erosion of Trust
Major Emphasis Shift in National Energy Policy



Managerial Major Emphasis



Consideration of “new Management vision”

. FY2008 Interim Financial Results

【Non-consolidated】 Interim Results Major Factors (1/2)

- Electricity sales experienced 4 consecutive years of increase, +1.8% from the same period last year.
- Lighting demand fell below the level of the same period last year due to the high level heating demand in the beginning of spring last year caused by low temperatures, in addition to low temperatures in July this year.
- Commercial demand exceeded the same period last year mainly due to acquiring the demand from self-generation.
- Large-scale industrial demand exceeded the same period last year mainly because the demand of “iron and steel” and “Machinery industries exceeds the same period last year.

【Unit : Million MWh , %】

		FY2008 Interim (A)	FY2007 Interim (B)	Difference (A-B)	Comparison (A/B)
Other than Eligible Customers	Lighting	8.75	8.77	0.02	99.8
	Low Voltage	1.47	1.55	0.08	94.6
	Subtotal	10.22	10.32	0.10	99.0
Eligible Customers	Commercial	5.77	5.74	0.03	100.5
	Industrial	15.19	14.57	0.62	104.3
	[Details] Large-scale	(12.73)	(12.05)	(0.68)	(105.7)
	Subtotal	20.96	20.31	0.65	103.2
Total		31.18	30.63	0.55	101.8

【Own Facilities】 Hydroelectric decreased due to low water flow, while Nuclear power remained unchanged from the same period last year.
【Purchased Power】 Increased due to the increase in electricity received from J-Power.
【Interchanged Power】 Increased due to the Increase in electricity to other companies.

				FY2008 Interim (A)	FY2007 Interim (B)	Difference (A-B)
Supply Capacity	Own Facilities	(Water Flow Rate)	Hydroelectric (%) Million MWh	(78.1) 1.68	(129.6) 2.64	(51.5) 0.96
			Thermal Million MWh	19.36	17.87	1.49
		(Capacity Factor)	Nuclear (%) Million MWh	(73.8) 4.15	(73.6) 4.14	(0.2) 0.01
		Purchased Power Million MWh	10.50	10.00	0.50	
		Interchanged Power Million MWh	0.86	0.78	0.08	
		Pumping Use Million MWh	0.58	0.56	0.02	
		Total Million MWh	34.25	33.31	0.94	
	Fuel	Exchange Rate (Inter Bank, ¥/\$)			119	115
Crude Oil Prices (All Japan CIF, \$/b)			67.9	67.8	0.1	
Foreign Coal Prices (All Japan CIF, \$/t)			68.9	62.5	6.4	



[Revenue]

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

			FY2008 Interim (A)	FY2007 Interim (B)	Difference (A-B)	Comparison (A/B)	Breakdown	
Interim Ordinary Revenue	Interim Operating Revenue	Electricity Sales	Lighting	179.7	184.9	5.1	97.2	Increase in electricity sales 8.4 Fuel cost adjustment 16.3 Increase in incidental businesses 2.0 Increase in inter-company sales 1.6
			Commercial & Industrial	285.7	286.3	0.6	99.8	
			Subtotal	465.4	471.2	5.7	98.8	
		Sales to Other Companies etc.	34.3	28.6	5.7	120.0		
		Subtotal	499.8	499.8	0.0	100.0		
	Other Revenues		5.5	4.2	1.2	128.9		
	Total		505.3	504.1	1.1	100.2		



[Expense]

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

		FY2008 Interim (A)	FY2007 Interim (B)	Difference (A-B)	Comparison (A/B)	Breakdown		
Interim Ordinary Expense	Operating Expense	Personnel	54.1	58.7	4.6	92.1	Decrease in retirement allowances 3.5	
		Material	Fuel	119.6	97.3	22.2	122.9	Decrease in water flow rate 12.9
			Purchased Power	79.3	73.6	5.7	107.8	Increase in electricity sales 5.2
			Subtotal	199.0	171.0	27.9	116.4	Weak yen rate 5.2 High CIF price 4.9
		Maintenance	43.6	40.8	2.7	106.8	Increase in thermal 1.7 Increase in nuclear 1.0	
		Depreciation	65.2	63.3	1.9	103.0	Increase due to the depreciation method change caused by FY2008 tax system revision 3.7	
		Nuclear Power Back-end	7.1	7.2	0.1	97.9		
		Other Expenses	89.7	89.7	0.0	100.0		
		Subtotal	459.0	431.0	27.9	106.5		
		Interests	15.1	14.0	1.0	107.8	Increase in average interest rate 0.6 Increase in average balance of interest-bearing debt 0.4	
	Other Expenses	3.6	3.3	0.2	108.7			
	Total	477.8	448.4	29.3	106.5			

[Income, etc.]

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

	FY2008 Interim (A)	FY2007 Interim (B)	Difference (A-B)	Comparison (A/B)	Breakdown
(Interim Operating Income) Interim Ordinary Income	(40.8) 27.5	(68.8) 55.6	(27.9) 28.1	(59.3) 49.5	
Provision(Reversal) for Drought	0.6	2.2	2.9	-	Decrease in water flow rate (78.1% 129.6%)
Provision for depreciation of nuclear power plant	15.1	-	15.1	-	Provision for depreciation of Shimane Unit NO.3 15.1
Income Taxes-Current	4.3	13.2	8.9	32.7	
Income taxes-Deferred	0.8	3.3	2.5	24.0	
Interim Net Income	7.8	36.7	28.8	21.4	



【Non-consolidated】 Balance Sheet ~ Assets ~

- Electric Utility Fixed Assets decreased mainly due to progress in the depreciation.
- Construction in Progress increased mainly due to the progress in construction of Shimane Nuclear Power Station Unit no. 3.
- Current Assets increased due to lump-sum payment of fixed property tax and other factors.

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

		FY2008 Interim (A)	FY2007 End (B)	Difference (A-B)	Breakdown
Fixed Assets	Electric Utility Fixed Assets	1,754.0	1,787.4	33.3	Asset Capitalization 37.1
	Incidental Business Fixed Assets	1.6	1.8	0.1	Depreciation 65.2
	Non-business Fixed Assets	4.6	5.2	0.5	Retirement, etc. 5.2
	Construction in Progress	256.9	197.1	59.8	Difference 33.3
	Nuclear Fuel	133.0	133.7	0.6	Accumulated Depreciation Rate 69.4 %
	Other	246.7	237.5	9.1	Shimane Nuclear Power Station Unit No.3 68.2
	Subtotal	2,397.1	2,362.8	34.2	Pole Transformer Recycling Center 9.9
Current Assets	135.5	116.1	19.4	Increase in prepaid expenses due to lump-sum payment of fixed property tax 11.7	
Total	2,532.7	2,479.0	53.6		

【Non-consolidated】 Balance Sheet ~ Liabilities and Net Assets ~

【Liabilities】 Increased due to the increase in interest-bearing debt and other factors.

【Net Assets】 Decreased due to the payment of dividend and other factors.

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

		FY2008 Interim (A)	FY2007 End (B)	Difference (A-B)	Breakdown																												
Liabilities	Long-term Liabilities	1,555.2	1,523.7	31.4	<table border="1"> <thead> <tr> <th colspan="4">【Breakdown of Interest-bearing Debt】</th> </tr> <tr> <th></th> <th>FY2008 Interim</th> <th>FY2007 End</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>Corporate Bond</td> <td>899.9</td> <td>840.0</td> <td>59.9</td> </tr> <tr> <td>Long-term Debt</td> <td>611.7</td> <td>601.0</td> <td>10.6</td> </tr> <tr> <td>Short-term Debt</td> <td>64.3</td> <td>64.3</td> <td>-</td> </tr> <tr> <td>CP</td> <td>5.0</td> <td>17.0</td> <td>12.0</td> </tr> <tr> <td>Total</td> <td>1,581.1</td> <td>1,522.4</td> <td>58.6</td> </tr> </tbody> </table>	【Breakdown of Interest-bearing Debt】					FY2008 Interim	FY2007 End	Difference	Corporate Bond	899.9	840.0	59.9	Long-term Debt	611.7	601.0	10.6	Short-term Debt	64.3	64.3	-	CP	5.0	17.0	12.0	Total	1,581.1	1,522.4	58.6
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Total	1,581.1	1,522.4	58.6																														
Current Liabilities	363.4	351.6	11.7																														
Provision for Drought	-	0.6	0.6																														
Provision for depreciation of nuclear power plant	20.2	5.0	15.1																														
Total Liabilities	1,938.8	1,881.1	57.7																														
Net Assets	Common Stock	185.5	185.5	-	<table border="1"> <tbody> <tr> <td>Dividend paid in June, FY2008</td> <td>9.1</td> </tr> <tr> <td>Interim net income FY2008</td> <td>7.8</td> </tr> </tbody> </table>	Dividend paid in June, FY2008	9.1	Interim net income FY2008	7.8																								
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	Capital Surplus	16.7	16.7	0.0																													
	Retained Earnings	392.1	393.3	1.2																													
	Treasury Stock	12.1	12.0	0.1																													
Net Unrealized Holding Gains on Securities	11.6	14.3	2.6																														
Total Net Assets	593.8	597.8	4.0																														
Total Assets		2,532.7	2,479.0	53.6	<table border="1"> <thead> <tr> <th colspan="2">Stockholders' Equity Ratio</th> </tr> <tr> <th>FY2008 Interim</th> <th>FY2007 End</th> </tr> </thead> <tbody> <tr> <td>23.4%</td> <td>24.1%</td> </tr> </tbody> </table>	Stockholders' Equity Ratio		FY2008 Interim	FY2007 End	23.4%	24.1%																						
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[Operating Revenue]

- Increased by 0.3 billion to 532.3 billion due to the increase in LNG sales and other factors, despite the decrease in electric operating revenue mainly resulting from electricity rate reductions.

[Interim Ordinary Income]

- Operating expenses increased by 28 billion due to the increase in raw material cost caused by drought and fuel prices rise and other factors, despite the promotion of management efficiency.
- As a result, interim ordinary income decreased by 26.1 billion to 31.5 billion.

[Interim Net Income]

- Interim Net Income, after deducting corporation tax and others, decreased by 27 billion to 10 billion as a result of reversal the provision for drought, increasing the provision for depreciation of nuclear power plant.

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

	FY2008 Interim (A)	FY2007 Interim (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	532.3	532.0	0.3	100.1%
Interim Operating Income	45.0	72.6	27.6	61.9%
Interim Ordinary Income	31.5	57.7	26.1	54.7%
Interim Net Income	10.0	37.0	27.0	27.1%

【Consolidated】 Balance Sheet

【Assets】 Increased by 42.5 billion mainly due to Construction in Progress increased resulting from the progress in the construction of Shimane Nuclear Power Station Unit no. 3.

【Liabilities】 Increased by 46.3 billion mainly due to the increase of interest-bearing debt.

【Net Assets】 Decreased by 3.7 billion mainly due to the payment of dividend.

This resulted in 0.5% decrease of stockholders' equity ratio to 26.0%.

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

	FY2008 Interim (A)	FY2007 End (B)	Difference (A-B)
Assets (A)	2,723.3	2,680.7	42.5
(Construction in Progress)	(255.2)	(194.9)	(60.2)
Liabilities	2,011.1	1,964.8	46.3
(interest-bearing debt)	(1,622.6)	(1,572.9)	(49.6)
Total Net Assets	712.1	715.9	3.7
[Total stockholders' equity] (B)	(707.1)	(710.8)	(3.7)
Stockholders' Equity Ratio (B/A)	26.0 %	26.5 %	0.5 %

【Consolidated】 Application of Free Cash Flow

- Cash flow from Operating Activities decreased by 7.7 billion due to the increase in the payment for raw material caused by fuel prices increase and other factors.
- Cash flow from investing activities increase by 61.8 billion mainly due to the progress in the construction of Shimane Nuclear Power Plant Unit 3.
- As a result, Free Cash Flow is expenditure of 39.5 billion .
- Cash Flow from Financing Activities is income of 40.1 billion due to proceeds from issue of bonds and other factors.

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

	FY2008 Interim (A)	FY2007 Interim (B)	Difference (A-B)
Cash Flow form Operating Activities	76.0	83.7	7.7
Cash Flow from Investing Activities	115.5	53.7	61.8
Free Cash Flow	39.5	30.0	69.5
Cash Flow from Financing Activities	40.1	31.3	71.5
Cash and Cash Equivalentts	0.7	1.2	-

Segment Information

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

		Electricity	Information & Telecommunication	Comprehensive Energy Supply
Operating Revenue	FY2008 Interim	492.0	16.1	12.8
	FY2007 Interim	494.1	16.9	10.1
	Difference	2.1	0.8	2.6
Operating Expense	FY2008 Interim	451.0	15.4	12.8
	FY2007 Interim	425.3	15.7	9.8
	Difference	25.6	0.3	2.9
Operating Income	FY2008 Interim	41.0	0.7	0.0
	FY2007 Interim	68.8	1.2	0.2
	(Comparison)	(40.4%)	(38.3%)	(84.9%)
	Difference	27.7	0.4	0.2

. Performance Outlook for FY2008

【Electricity Sales】

		FY2008		Difference (A-B)	FY2007 Result
		Updated Estimate (A)	Initial Estimate (B)		
(Over the Previous Year) Total Electricity Sales	(%) Million MWh	(102.8) 62.99	(100.1) 61.33	1.66	61.26

【Major Factors】

		FY2008		Difference (A-B)	FY2007 Result
		Updated Estimate (A)	Initial Estimate (B)		
Exchange Rate	¥ / \$	118	120	2	117
Crude Oil Price (All Japan CIF)	\$ / b	69	63	6	63.5
Foreign Coal Price (All Japan CIF)	\$ / t	70	68	2	62.6
Water Flow Rate	%	85.4	100	14.6	100.6
Nuclear Capacity Factor	%	74.7	78.9	4.2	70.8

[Non-consolidated] Performance Outlook for FY2008
 (comparison with the initial estimate)

[Operating Revenue]

- Increase mainly due to the steady growth of Large-scale industry demand.

[Ordinary Income]

- Decrease due to the increase in material cost caused by fuel prices increase, decrease in water flow rate, and decrease in capacity factor of nuclear power plant, and the increase of maintenance cost, despite of the increase in operating revenue.

[Net Income]

- Decrease due to the decrease in Ordinary Income.

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

	FY2008		Difference (A-B)	Comparison (A/B)	FY2007 Result
	Updated Estimate (A)	Initial Estimate (B)			
Operating Revenue	1,030	1,000	30	103.0%	996.0
Operating Income	73	97	24	75.3%	78.2
Ordinary Income	46	70	24	65.7%	52.9
Net Income	17	31	14	54.8%	33.4

[Consolidated] Performance Outlook for FY2008
 (comparison with the initial estimate)

[Operating Revenue]

- Increase due to the increase in the operating revenue of Chugoku Electric Power caused by the electricity sales increase.

[Operating Income , Ordinary Income]

- Decrease due to the decrease in those of Chugoku Electric Power.

[Net Income]

- Decrease due to the decrease in Ordinary Income.

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

	FY2008		Difference (A-B)	Comparison (A/B)	FY2007 Result
	Updated Estimate (A)	Initial Estimate (B)			
Operating Revenue	1,110	1,080	30	102.8%	1,075.5
Operating Income	74	98	24	75.5%	88.4
Ordinary Income	48	72	24	66.7%	60.7
Net Income	18	32	14	56.3%	37.0

Segment Information (comparison with the initial estimate)

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

		Electricity	Information & Telecommunication	Comprehensive Energy Supply
Operating Revenue	Updated Estimate	1,008.0	33.9	30.3
	Initial Estimate	983.0	33.5	28.4
	Difference	25.0	0.3	1.9
Operating Expense	Updated Estimate	935.0	32.6	31.9
	Initial Estimate	886.0	32.8	29.1
	Difference	49.0	0.1	2.7
Operating Income	Updated Estimate	73.0	1.2	1.6
	Initial Estimate	97.0	0.7	0.7
	(Comparison)	(24.7%)	(56.7%)	(-)
	Difference	24.0	0.4	0.8

[DATA]

1. Electricity Sales

[FY2008 Interim Results]

[Unit: thousand MWh] () : Comparison with the previous year (%)

		FY2008 Interim		Difference from the Initial Estimate
Other than Eligible Customers	Lighting	(99.8)	8,749	71
	Low Voltage	(94.6)	1,472	5
	Subtotal	(99.0)	10,221	66
Eligible Customers		(103.2)	20,957	485
Total		(101.8)	31,178	551
[Details]	Large-scale	(105.7)	12,732	588

[FY2008 Estimate]

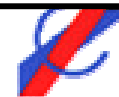
[Unit: thousand MWh] () : Comparison with the previous year (%)

		FY2008		Difference from the Initial Estimate
Other than Eligible Customers	Lighting	(103.6)	18,795	282
	Low Voltage	(98.3)	2,893	14
	Subtotal	(102.9)	21,688	296
Eligible Customers		(102.8)	41,306	1,373
Total		(102.8)	62,994	1,669
[Details]	Large-scale	(103.6)	25,071	1,417

2. Revenue and Expense (Non-consolidated)

[Unit : billion yen]

	FY2008			FY2007 Result
	Updated Estimate (A)	Initial Estimate (B)	Difference (A-B)	
Operating Revenue	1,030	1,000	30	996.0
(Details) Electricity Sales	957	936	21	935.3
(Details) Sales to Other Companies, etc	73	64	9	60.6
Other Revenues	10	10	0	9.0
Total Revenue	1,040	1,010	30	1,005.0
Personnel	105	110	5	116.5
Material Cost	417	375	42	361.4
Maintenance	86	77	9	90.0
Capital Expense	161	160	1	156.9
Nuclear Power Back-end	15	15	0	31.0
Other Expenses	210	203	7	196.1
Total Expenses	994	940	54	952.0
Ordinary Income	46	70	24	52.9
Operating Income	73	97	24	78.2



3. Variables

[Unit : billion yen]

		FY2008 Estimate	FY2007 Result
Exchange Rate	¥/\$	2.6	2.2
Crude Oil Prices (All Japan CIF)	\$/b	2.8	2.4
Water Flow Rate	%	0.5	0.4
Nuclear Capacity Factor	%	1.3	1.1
Interest Rate	%	3.6	3.3

4. Interest-bearing Debt

[Unit : billion yen]

	FY2008 Estimate	FY2008 Interim Result
Non-consolidated	1,557.0	1,581.1
Consolidated	1,603.0	1,622.6

5. Interest Rate (Non-consolidated)

	FY2008 Interim Result
Average	1.85%
End of FY2008 Interim	1.92%

6. Capital Expenditure (Non-consolidated)

[Unit : billion yen]

			FY2008 Interim Result	FY2008		FY2007 Result
				Updated Estimate	Initial Estimate	
Expansion	Power Source	Hydroelectric	0.0	0.0	0.0	0.9
		Thermal	3.1	7.2	6.9	1.5
		Nuclear	70.5	121.4	122.4	41.1
		Subtotal	73.6	128.6	129.3	43.5
	Network and Others	7.3	24.6	23.1	16.3	
	Subtotal	80.9	153.2	152.4	59.8	
Improvements			16.5	38.9	38.1	42.6
Nuclear Fuel			3.8	7.2	6.9	21.2
Subtotal			101.2	199.3	197.4	123.6
Incidental Businesses			0.0	0.1	0.1	0.4
Total			101.2	199.4	197.5	124.0

7. Diffusion rate of Completely Electrical Housing and Electric Water Heater

	単位	2007 Result	FY2008		2009 Plan	2010 Plan
			Interim Result	Yearly Estimate		
Completely Electrical Housing	Number of Housing (thousand)	55	29	72	85	98
Newly constructed	"	18	10	18	19	20
Remodeled ¹	"	37	20	54	66	78
The ratio of newly constructed Electrical Housing	%	28.4	² 37.9	30.4	32.7	35.1
Single-family Houses	%	58.7	² 74.3	59.5	60.8	62.0
Apartment Houses	%	8.4	² 10.2	11.2	14.3	17.5
Electric Water Heater	Number of Heater (thousand)	64.0	33.9	79.5	91.5	103.0
Ecocute	"	34.4	19.6	48.0	60.1	71.7
The diffusion rate of Electric Water Heater	%	18.7	19.4	21.0	23.7	26.8
Electric Water Heater Contract Accounts (Total)	Thousands of accounts	570.4	599.6	640.7	723.0	816.8

(Note) 1 Remodeled contains Completely Electrical Housing due only to replacement Water Heaters or Kitchen instruments.

2 Figures are as of the end of August because the figures as of the end of September are not available yet
Total amounts may not agree due to rounding off



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