



Investors Meeting for FY 2007 Financial Results



The Chugoku Electric Power Co., Inc.

May 10, 2007

In this presentation, the term “Fiscal Year 2007” describes the period which ended March, 2007.



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I . Direction and Efforts of Chugoku Electric Power

Strengthen the management base and the competitiveness

Assignment to deal with

Promotion of inter-energy competition

Skyrocketing fossil Fuel prices

Global Environmental Concerns

Recovery of Trust

“Good Company”

~We meet every stake holders expectations due to boost corporate value~

Development of nuclear energy
~primary importance~

Sales increase

Promotion of management efficiency

Promotion of corporate restructuring program
~Build a solid foundation~

Efforts to increase sales

~Practice of CRM*and promote the comprehensive energy supply business~

* CRM (Customer Relationship management)

[Promoting of Electrification]

Demand Acquisition Target

Over FY 2008~2010 3-year period

2.26 billion kWh

Household-use
1.62 billion kWh

Incorporated organizations-use
0.64 billion kWh

(10 thousands of tons)

Promote the comprehensive energy supply business

Revision of LNG sales



	(Total) [Unit: 10 Thousands] FY 2007		(Total) [Unit: 10 Thousands] FY 2010
Electric Water Heater	57 number of heater	1.4times	82 number of heater
(Ecocute)	(8) number of heater	3.3times	(26) number of heater
Electrical Housing	26 number of housing	2.0times	52 number of housing

[Measure to be taken]

- Expansion of Mizushima Station tanks (FY 2012)
- Pipeline improvement support of local gas companies
- Enhancement of truck shipping equipment

Nuclear Power Development

~ Simultaneously solve the “3E” ※ s due to development of nuclear energy ~

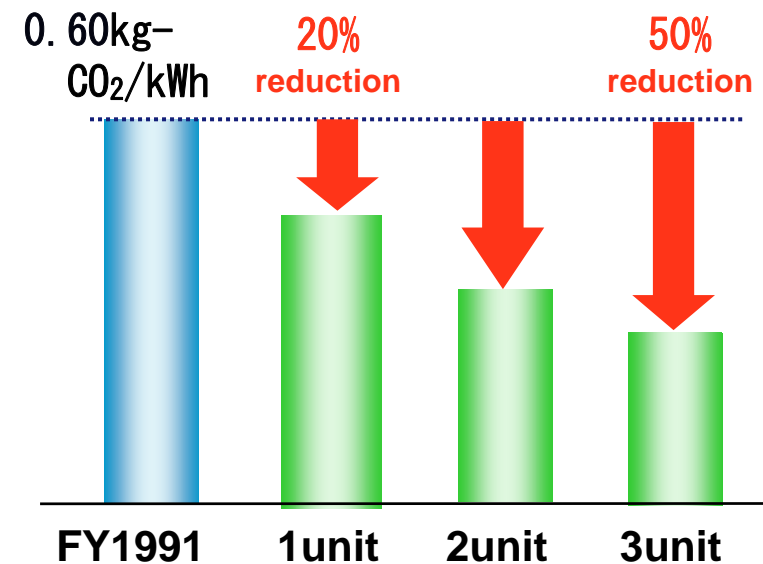
※ 「Improving energy security」, 「Solving environmental concerns」, 「Ensuring the long-term stability of power sources that are used as the source of continual generation of profit」

Development Schedule

	Output	Start of Construction	Start of Business
Shimane No.3	1.373 Million kW	December 2005	December 2011
Kaminoseki No.1	//	FY 2010	FY 2015
Kaminoseki No.2	//	FY 2013	FY 2018



The Reduction in the Basic Units of CO₂ Emissions due to the Development of Nuclear Energy



- Towards the Recovery of Steady Confidence -

Management Restructuring

[Portion implemented June of this year (on day of General Meeting of Shareholders)]

- ◆ Clarify of supervision and enforcement (Clarify of division of responsibilities between Chairperson and President)
- ◆ Functional enhancement of Board of Directors (Reduce number of members/Limit term to one year)
- ◆ Strengthen corporate affairs functions
(Introduce Operating Officers system and Executive Vice President position to handle business affairs that reach across the whole company/)

[Ongoing Consideration]

- ◆ Effective application of third-party opinions
- ◆ Reorganize system of responsibilities for business affairs that reach across the whole company
- ◆ Further strengthening of internal control functions

Restructure compliance promotion system

Although achievement of goals seems difficult, maximum efforts are being made for their realization

【Consolidated Management Goals】

Items		Goals [FY2007~2009 Avg.]	FY 2007 Result	FY 2008 Estimate
Profitability	Ordinary Profit	No less than 74 Billion Yen per Year	60.7 Billion Yen	72.0 Billion Yen
Efficiency	ROA※	No less than 2.5% per Year	2.1%	2.3%
Soundness	Stockholders' Equity Ratio	No less than 28% (End of FY2009)	26.5%	26.5%

※ Return on Assets, operating profit after taxes

II. FY2007 Financial Results

Increase in Revenue Decrease in Profit (Consolidated and Non-consolidated)

【 Consolidated 】

【Unit: hundred million yen, round down to the hundred million】

	FY2007 (A)	FY2006 (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	10,755	10,402	352	103.4%
Ordinary Profit	607	741	▲134	81.9%
Net Income	370	451	▲80	82.1%

【 Non-consolidated 】

【Unit: hundred million yen, round down to the hundred million】

	FY2007 (A)	FY2006 (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	9,960	9,768	191	102.0%
Ordinary Profit	529	655	▲125	80.9%
Net Income	334	302	31	110.4%

【Non-Consolidated】 Major Factors [1/2]

- Electricity sales experienced 3 consecutive years of increase, 103.0% year on year.
- Despite the increase of completely electrical houses and others factors, Lighting demand was relatively unchanged from the previous year due to the record warm temperatures in winter that caused the decrease in heating demand.
- Commercial demand exceeded the same period last year due to acquiring the demand from self-generation, etc.
- Large-scale industrial demand exceeded the same period last year due to the high demand from most industries and the acquisition of demand from self-generation, etc.

[Electricity Sales]

【Unit : hundred million kWh, %】

		FY2007 (A)	FY2006 (B)	Difference (A-B)	Comparison (A/B)
Other than eligible customers	Lighting	181.4	181.4	▲0.0	100.0
	Low Voltage	29.4	31.8	▲2.4	92.6
	Subtotal	210.8	213.2	▲2.4	98.9
Eligible customers	Commercial	110.5	109.2	1.3	101.2
	Industrial	291.3	272.6	18.7	106.9
	[Details] Large-scale	(242.0)	(222.8)	(19.2)	(108.6)
	Subtotal	401.8	381.8	20.0	105.2
Total		612.6	595.0	17.6	103.0

【Non-Consolidated】 Major Factors [2/2]

【Own Facilities】 Hydropower increased in reaction to water shortage of previous year;
Nuclear power decreased due to increase in supplemental amount.
【Purchased Power】 Decreased due to the decrease in electricity received from J-Power.
【Interchanged Power】 Decreased due to the decrease in electricity to other companies.

[Power Generation]			FY2007 (A)	FY2006 (B)	Difference (A-B)
Supply Capacity	Own Facilities	(Water Flow Rate) Hydroelectric Hundred Million kWh	(100.6) 37.2	(87.2) 32.2	(13.4) 5.0
		Thermal Hundred Million kWh	372.4	350.4	22.0
		(Capacity Factor) Nuclear Hundred Million kWh	(70.8) 79.4	(82.9) 93.0	(▲12.1) ▲13.6
	Purchased Power Hundred Million kWh	202.5	221.7	▲19.2	
	Interchanged Power Hundred Million kWh	▲13.3	▲35.8	22.5	
	Pumping Use Hundred Million kWh	▲7.1	▲7.1	▲0.0	
	Total Hundred Million kWh	671.1	654.4	16.7	
Fuel	Exchange Rate (Inter Bank, ¥/\$)		117	113	4
	Crude Oil Prices (All Japan CIF, \$/b)		63.5	55.8	7.7
	Foreign Coal Prices (All Japan CIF, \$/t)		62.6	63.3	▲0.7

【Non-Consolidated】 Income Statement [2/3]

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[Expense]

【Unit : hundred million yen, round down to the hundred million】

		FY2007 (A)	FY2006 (B)	Difference (A-B)	Comparison (A/B)	Breakdown		
Ordinary Expense	Operating Expense	Personnel	1,165	1,220	▲54	95.5	Retirement and severance ▲49	
		Material	Fuel	2,145	1,786	359	120.1	High CIF price (crude oil / LNG) 185
			Purchased Power	1,468	1,617	▲149	90.8	Increase in electricity sales 161
			Subtotal	3,614	3,404	209	106.2	Decrease in capacity factor of nuclear power plant 133
		Maintenance	900	807	92	111.5	Decrease due to the end of purchasing contract ▲139	
		Depreciation	1,284	1,365	▲80	94.1	Increase in water flow rate ▲54	
		Nuclear Power Back-end	310	205	105	151.3	Increase in coal utilization ▲53	
		Other Expenses	1,902	1,847	55	103.0	Increase in irradiated nuclear fuel reprocessing expenses 105	
		Subtotal	9,177	8,850	327	103.7	Increase in incidental business expenses 63	
		Interests	284	278	5	102.0	Decrease in average balance ▲3	
	Other Expenses	58	67	▲9	86.5	Increase in average interest rate 9		
	Total		9,520	9,196	323	103.5		



【Non-Consolidated】 Income Statement [3/3]

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[Profit, etc.]

【Unit: hundred million yen, round down to the hundred million】

	FY2007 (A)	FY2006 (B)	Difference (A-B)	Comparison (A/B)	Breakdown
(Operating Profit) Ordinary Profit	(782) 529	(918) 655	(▲135) ▲125	(85.2) 80.9	
Reserve for Drought	1	▲ 19	20	—	Increase in water flow rate (water flow rate : 100.6%←87.2%)
Amortization reserves for nuclear power generation construction	50	—	50	—	
Extraordinary Loss	—	125	▲125	—	[Rebound from Loss from appraisal of shares of Energia Communications, Inc 125
Income Taxes- Current	168	258	▲ 90	65.2	
Income Taxes-Deferred	▲ 24	▲ 12	▲ 11	188.7	
Net Income	334	302	31	110.4	



【Non-consolidated】 Balance Sheet [1/2]

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- Electric utility fixed assets decreased due to progress in the depreciation, etc.
- Construction in Progress increased due to fully in progress in construction of Shimane Nuclear Power Station Unit no. 3.
- Other assets increased due to funding the reserve for reprocessing of irradiated nuclear fuel, etc.

【Unit: hundred million yen, round down to the hundred million】

		FY2007 (A)	FY2006 (B)	Difference (A-B)	Breakdown								
Fixed Assets	Electric Utility Fixed Assets	17,874	18,520	▲ 646	<table border="1"> <tr> <td>Investments</td> <td>726</td> </tr> <tr> <td>Depreciation</td> <td>▲ 1,287</td> </tr> <tr> <td>Retirement, etc.</td> <td>▲ 85</td> </tr> <tr> <td>Difference</td> <td>▲ 646</td> </tr> </table>	Investments	726	Depreciation	▲ 1,287	Retirement, etc.	▲ 85	Difference	▲ 646
	Investments	726											
	Depreciation	▲ 1,287											
	Retirement, etc.	▲ 85											
	Difference	▲ 646											
	Incidental Business Fixed Assets	18	21	▲ 3									
	Non-business Fixed Assets	52	54	▲ 2									
Construction in Progress	1,971	1,710	260	<table border="1"> <tr> <td>Accumulated Depreciation Ratio</td> <td>68.6 %</td> </tr> <tr> <td>Shimane Nuclear Power Station Unit No. 3</td> <td>393</td> </tr> <tr> <td>Shintaishakugawa</td> <td>▲ 142 etc</td> </tr> </table>	Accumulated Depreciation Ratio	68.6 %	Shimane Nuclear Power Station Unit No. 3	393	Shintaishakugawa	▲ 142 etc			
Accumulated Depreciation Ratio	68.6 %												
Shimane Nuclear Power Station Unit No. 3	393												
Shintaishakugawa	▲ 142 etc												
Nuclear Fuel	1,337	1,220	117										
Other	2,375	1,934	441										
Subtotal	23,628	23,461	166	<table border="1"> <tr> <td>Reserve for reprocessing of irradiated nuclear fuel</td> <td></td> </tr> <tr> <td>Contribution</td> <td>582</td> </tr> <tr> <td>Recovery</td> <td>▲ 215</td> </tr> </table>	Reserve for reprocessing of irradiated nuclear fuel		Contribution	582	Recovery	▲ 215			
Reserve for reprocessing of irradiated nuclear fuel													
Contribution	582												
Recovery	▲ 215												
Current Assets	1,161	1,071	90										
Total	24,790	24,533	257										

【Non-consolidated】 Balance Sheet [2/2]

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[Liabilities] Reserve for reprocessing of irradiated nuclear fuel , Increased due to the Increase in interest-bearing debt, etc.

[Stockholders' Equity] Increased due to appropriate net income.

【Unit: hundred million yen, round down to the hundred million】

		FY2007 (A)	FY2006 (B)	Difference (A-B)	Breakdown
Liabilities	Long-term Liabilities	15,237	15,556	▲318	Reserve for reprocessing of irradiated nuclear fuel 116 (Breakdown of interest-bearing debt)
	Current Liabilities	3,516	3,117	399	
	Reserves for Drought	6	5	1	
	Amortization reserves for nuclear power generation construction	50	—	50	
	Total Liabilities	18,811	18,678	132	
Net Asset	Common Stock	1,855	1,855	—	Dividend paid in June FY2006 ▲ 91 Interim dividend paid in December FY2006 ▲ 91 Net income FY2007 334
	Capital Surplus	167	166	0	
	Retained Earnings	3,933	3,783	150	
	Treasury Stock	▲ 120	▲ 116	▲ 3	
	Net Unrealized Holding Gains on Securities	143	166	▲ 22	
	Total Net Asset	5,978	5,854	127	
Total		24,790	24,533	257	

	FY2007	FY2006	Difference
Corporate Bond	8,400	8,150	250
Long-term Debt	6,010	6,088	▲ 77
Short-term Debt	643	644	▲ 1
CP	170	320	▲150
Total	15,224	15,202	21

Stockholders' Equity Ratio	
FY2007	FY2006
24.1%	23.9%

Enrica

【Consolidated】 FY2007 Results Summary

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[Operating Revenue]

- Increased 35.2 billion due to the increase in sales of other business such as LNG sales, in addition to the increase in Chugoku Electric Power's operating revenue, also increase.

[Ordinary Profit]

- Operating expenses increased 46.9 billion due to the increase in material cost resulting from the rise in fuel prices ,the increase in Nuclear Power Back-end. As a result, Ordinary profit decreased by 13.4 billion .

[Net Income]

- Net income of 37 billion yen for the current period after deductions for amortization reserves for nuclear power generation construction, corporate taxes and similar expenses, resulting in 8 billion yen decrease compared to the previous year.

【Unit : hundred million yen, round down to the hundred million】

	FY2007 (A)	FY2006 (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	10,755	10,402	352	103.4
Operating Profit	884	1,000	▲116	88.3
Ordinary Profit	607	741	▲134	81.9
Net Income	370	451	▲ 80	82.1

gia

【Consolidated】 Balance Sheet

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[Assets] Increased 25.3 billion due to Construction in Progress increased associated with fully in progress in construction of Shimane Nuclear Power Station Unit no.3.

[Liabilities] Increased 94 billion due to the increase in funding the reserve for reprocessing of irradiated nuclear fuel,etc., In spite of the decrease in interest-bearing debt.

[Net Assets] Increased 715.9 billion due to the record of net income.

This resulted in 0.3% increase of stockholders' equity ratio to 26.5%.

【Unit : hundred million yen, round down to the hundred million】

	FY2007 (A)	FY2006 (B)	Difference (A-B)
Assets	26,807	26,554	253
(Construction in Progress)	(1,949)	(1,691)	(257)
Liabilities	19,648	19,553	94
(interest-bearing debt)	(15,729)	(15,750)	(▲20)
(reserve for reprocessing of irradiated nuclear fuel)	(1,182)	(1,066)	(116)
Net Assets	7,159	7,001	158
(stockholders' equity)	(7,108)	(6,954)	(154)
Stockholders' Equity Ratio	26.5 %	26.2 %	0.3 %

【Consolidated】 Application of Free Cash Flow

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- CF (revenue) from operating activities maintained at relatively same level as previous year.
- CF(expenditure) from investing activities increased 23.7 billion as investment for Shimane Nuclear Power Station Unit No. 3 increased.
- As a result, Free Cash Flow decreased by 24.4 billion.
- 3.8 billion in cash is deducted from the Free Cash Flow, and the remaining 20.7 billion is used to pay dividends and loan payments.

【Unit : hundred million yen, round down to the hundred million】

	FY2007 (A)	FY2006 (B)	Difference (A-B)
Cash Flow form Operating Activities	1,574	1,580	▲ 6
Cash Flow from Investing Activities	▲1,330	▲1,093	▲237
Free Cash Flow	243	487	▲244
Cash Flow from Financing Activities	▲ 207	▲ 551	344
Cash and Cash Equivalents	38	▲ 63	—

Segment Information

【Unit: hundred million yen, round down to the hundred million】

		Electricity	Information & Telecommunication	Comprehensive Energy Supply
Operating Revenue	FY2007	9,816	354	246
	FY2006	9,688	367	158
	Difference	127	▲ 13	87
Operating Expense	FY2007	9,033	331	239
	FY2006	8,769	343	156
	Difference	263	▲ 11	83
Operating Profit (▲Loss)	FY2007	782	23	6
	FY2006	918	24	2
	(Comparison) Difference	(▲ 14.8%) ▲ 136	(▲ 5.2%) ▲ 1	(153.3 %) 3

III. Performance Outlook for FY2008

Increase in Revenue Increase in Profit (Consolidated and Non-consolidated)

【Consolidated】

【Unit: hundred million yen, round down to the hundred million】

	FY2008 Estimate (A)	FY2007 Result (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	10,800	10,755	45	100.4%
Ordinary Profit	720	607	113	118.6%
Net Income	320	370	▲50	86.3%

【Non-consolidated】

【Unit: hundred million yen, round down to the hundred million】

	FY2008 Estimate (A)	FY2007 Result (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	10,000	9,960	40	100.4%
Ordinary Profit	700	529	171	132.1%
Net Income	310	334	▲24	92.8%

【Non-consolidated】 Major Factors

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【Electricity Sales】

		FY 2008 Estimate (A)	FY 2007 Result (B)	Difference (A-B)
(Over the Previous Year) Total Electricity Sales	(%) Hundred Million kWh	(100.1) 613.3	(103.0) 612.6	0.7

【Major Factors】

		FY 2008 Estimate (A)	FY 2007 Result (B)	Difference (A-B)
Exchange Rate	¥/\$	120	117	3
Crude Oil Prices (All Japan CIF)	\$/b	63	63.5	▲0.5
Foreign Coal Prices (All Japan CIF)	\$/t	68	62.6	5.4
Water Flow Ratio	%	100	100.6	▲0.6
Nuclear Capacity Factor	%	78.9	70.8	8.1

【Non-consolidated】 Performance Outlook for FY2008

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[Operating Revenue]

- Although revenue from electricity sales level out, operating revenue increase due to increase in LNG sales and other factors.

[Ordinary Profit]

- Although the review of the depreciation system is an influential factor, ordinary profit increase due to decrease in nuclear power backend, maintenance and other costs.

[Net Income]

- Net income decrease due to the effects of the increase in amortization reserves for nuclear power generation construction and other factors.

【Unit: hundred million yen, round down to the hundred million】

	FY2008 Estimate (A)	FY2007 Result (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	10,000	9,960	40	100.4%
Operating Profit	970	782	188	124.0%
Ordinary Profit	700	529	171	132.1%
Net Income	310	334	▲24	92.8%

【Consolidated】 Performance Outlook for FY2008

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[Operating Revenue]

- Operating revenue increase due to the increase in Comprehensive energy supply businesses in addition to the increase in Chugoku Electric Power business.

[Ordinary Profit]

- Although the decrease in profit of group business, ordinary profit increase due to the increase in profit of Chugoku Electric Power.

[Net Income]

- Net income decrease due to the decrease of Chugoku Electric Power caused by factors such as the increase in amortization reserves for nuclear power generation construction.

【Unit: hundred million yen, round down to the hundred million】

	FY2008 Estimate (A)	FY2007 Result (B)	Difference (A-B)	Comparison (A/B)
Operating Revenue	10,800	10,755	45	100.4%
Operating Profit	980	884	96	110.9%
Ordinary Profit	720	607	113	118.6%
Net Income	320	370	▲50	86.3%

Segment Information

【Unit: hundred million yen, round down to the hundred million】

		Electricity	Information & Telecommunication	Comprehensive Energy Supply
Operating Revenue	FY2008 Estimate	9,830	335	284
	FY2007 Result	9,816	354	246
	Difference	14	▲18	38
Operating Expense	FY2008 Estimate	8,860	328	291
	FY2007 Result	9,033	331	239
	Difference	▲173	▲3	51
Operating Profit (▲Loss)	FY2008 Estimate	970	7	▲7
	FY2007 Result	782	23	6
	(Comparison)	(24.0 %)	(▲66.7 %)	(—)
	Difference	188	▲15	▲13



Appendix

1. Electricity Sales

【Unit: hundred million kWh】 () : Over the previous year

		FY2007 Result	FY 2008 Estimate
Other than Eligible Customers' Use	Lighting	[▲0.0] 181.4	[2.1] 185
	Low Voltage	[▲7.4] 29.4	[▲2.2] 29
	Subtotal	[▲1.1] 210.8	[1.5] 214
Eligible Customers' Use	Commercial	[1.2] 110.5	[2.2] 113
	Industrial	[6.9] 291.3	[▲1.7] 286
	[Details] Large-scale	[8.6] (242.0)	[▲2.2] (236)
	Subtotal	[5.2] 401.8	[▲0.6] 399
Total		[3.0] 612.6	[0.1] 613

*Power consumption by liberalized sector: Demand for special high-tension or high-tension power reception with contracted power that is, in general, 50 kW or more.

2. Revenue and Expense (Non-consolidated)

【Unit: hundred million yen】

	FY2007 Result (A)	FY2008 Estimate (B)	Difference (B-A)
Sales Amount (Electric Utility Operating Revenue)	9,960	10,000	40
(Details) Electricity Sales	9,353	9,360	7
(Details) Sales to Other Companies, etc	606	640	34
Other Revenues	90	100	10
Total Revenue	10,050	10,100	50
Personnel	1,165	1,100	▲65
Material Cost	3,614	3,750	136
Maintenance	900	770	▲130
Capital Expense	1,569	1,600	31
Nuclear Power Back-end	310	150	▲160
Other Expenses	1,961	2,030	69
Total Expenses	9,520	9,400	▲120
Ordinary Profit	529	700	171
Operating Profit	782	970	188

3. Variables

【Unit: hundred million yen】

		FY2007 Result (A)	FY2008 Estimate (B)
Exchange Rate	¥/\$	22	22
Crude Oil Prices (All Japan CIF)	\$/b	24	24
Water Flow Rate	%	4	4
Nuclear Capacity Factor	%	11	12
Interest Rate	%	33	36

4. Interest-bearing Debt

【Unit: hundred million yen】

		FY2007 Result	FY2008 Estimate
Non-consolidated		15,224	15,570
Consolidated		15,729	16,070

5. Interest Rate (Non-consolidated)

		FY2007 Result
Average	%	1.81%
End of FY	%	1.88%

6. Capital Expenditure (Non-consolidated)

[Unit : hundred million yen]

		FY2007		FY2008	
		Plan	Result	Plan	
Expansion	Power Source	Hydroelectric	9	9	0
		Thermal	14	15	69
		Nuclear	526	411	1, 224
		Subtotal	549	435	1, 293
	Network and Others	197	163	231	
	Subtotal	746	598	1, 524	
Improvements		472	426	381	
Nuclear Fuel		211	212	69	
Subtotal		1, 429	1, 236	1, 974	
Incidental Businesses		2	4	1	
Total		1, 431	1, 240	1, 975	

Diffusion rate of Completely Electrical Housing and Electric Water Heater

	単位	2005 Result	2006 Result	2007 Result	2008 Plan	2009 Plan	2010 Plan
Completely Electrical Housing	Number of Housing (thousand)	33	44	55	72	85	98
	Newly constructed	15	16	18	18	19	20
	Remodeled	17	28	37	54	66	78
The ratio of newly constructed Electrical Housing	%	25.5	26.5	28.4	30.4	32.7	35.1
Single-family Houses	%	52.7	57.1	58.7	59.5	60.8	62.0
Apartment Houses	%	6.2	6.4	8.4	11.2	14.3	17.5
Electric Water Heater	Number of Heater (thousand)	41.4	53.0	64.0	79.5	91.5	103.0
	Ecocute	10.6	21.1	34.4	48.0	60.1	71.7
The diffusion rate of Electric Water Heater	%	15.5	16.8	18.7	21.0	23.7	26.8
Electric Water Heater Contract Accounts (Total)	Thousands of accounts	469.7	513.8	570.4	640.7	723.0	816.8

(Note) Total amounts may not agree due to rounding off

Remodeled contains Completely Electrical Housing due only to replacement Water Heaters or Kitchen instruments.



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For Questions or Comments, Please Contact the Investor
Relations Section at the Address Below:

730-8701

Hiroshima-Shi, Naka-ku, Komachi 4-33

The Chugoku Electric Power Co., Inc.

Corporate Planning Division

F A X : +81 82 523 6090

E-mail: ir@inet.energia.co.jp

