



Investors Meeting for FY 2010 Management Plan

The Chugoku Electric Power Co., Inc.
April 7, 2009

In this presentation, the term "Fiscal Year 2010" describes the period which ended March, 2010.

Contents

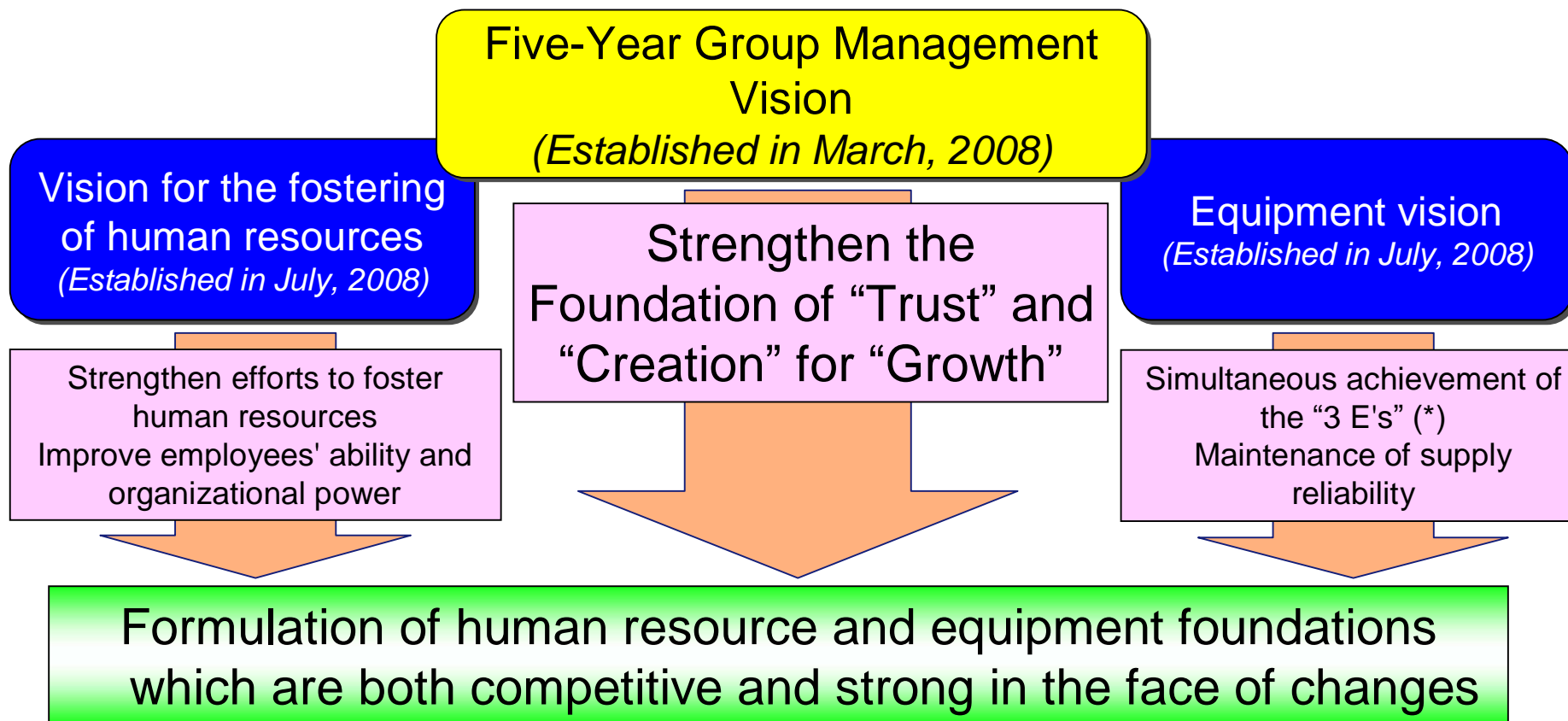
- I. Towards the Realization of a Five-Year Group Management Vision

- II. Efforts to Increase Electric Power Sales

- III. Efforts to Strengthen Equipment Foundation

I . Towards the Realization of a Five-Year Group Management Vision

- ◆ Areas in which serious efforts are being made to strengthen management foundations on both the equipment and personnel fronts, supporting the improvement of future supply stability, competitiveness and work quality while being careful not to damage competitiveness or financial structure.



(*)3E...Energy Security , Economy , Environmental Conservation

◆ In cooperation with Group business, we are now studying efforts to increase levels of technical expertise and specialized ability, as well as efforts aimed at passing along technology and skill.

Vision for the fostering of human resources

<Important implementation items>

Study and implementation of strategies aimed at maintaining and improving specialized ability

Development of management positions capable of displaying leadership

Fostering of employees who think for themselves and then act accordingly

Group-wide study

- Increase levels of technical expertise and specialized ability
- Passing along technology and skill

[Study Theme (Ex.)]

- Clarify which technologies and abilities the Group must retain
- Structure to promote the passing along of technology and skill
 - Support through the leveling of work order volume
 - Developmental support for Group business employees, etc.

◆ We are currently developing efforts for raising the overall ability of the Group, aiming towards maintaining supply reliability and simultaneously achieving the “3 E's” with our sights set ten years into the future.

<<Achievement Level>>

Item	Achievement Level -In 5 years-	Achievement Level -In 10 years-
Nuclear power equipment ratio	16%	24%
Fuel costs (EC)	No less than 10% reduction	No less than 20% reduction
C02 emission intensity	No less than 20% reduction	No less than 30% reduction
Nuclear power capacity factor	No less than 85%	No less than 85%
Large-scale coal-fired power unscheduled outage ratio	1% or less	1% or less
Network equipment accidental outage time	Approx. 6 min /location	Approx. 6 min /location

<<Major Efforts>>

- Shimane No. 3 construction
Kaminoseki point development
(Most important)
- Maintain & improve capacity factor for nuclear power and large-scale coal-fired power
- Make generating facilities more efficient, improve environmental characteristics
- Countermeasures against aging degradation of power facilities

Maintenance of supply reliability
Simultaneous achievement of the “3 E's”

Nuclear Power Development Conditions

[Shimane No.3]

◆ Work is proceeding smoothly

Output	Start of Construction	Start of Business	Recent conditions
1.373 Million kW	December, 2005	December, 2011	<ul style="list-style-type: none"> ➤ Work is proceeding according to plan (Overall progress rate by end of February,2009: 63.3%) ➤ Foundation work completed for each structure <ul style="list-style-type: none"> ~ Work on structures' walls and floors is underway, as well as the installation of devices/equipment ~

[Kaminoseki point]

- ◆ Making steady progress towards beginning preparatory work and applying for permission to install a nuclear reactor.
- ◆ Work commencement and operation commencement periods for Kaminoseki No. 2 have been postponed by 2 years from the plan of the previous year (in order to ensure smooth construction of No. 1 and to preserve operational safety).

	Output	Start of Construction	Start of Business	Recent conditions
No. 1	1.373 Million kW	FY2011	FY2016	[Recent Trends] <ul style="list-style-type: none"> • October, 2008: Received public water body reclamation licensing from Yamaguchi Prefecture • December, 2008: Received forest land development permission from Yamaguchi Prefecture • January, 2009: Completed detailed survey towards application for permission to install a nuclear reactor [Future Forecast] <ul style="list-style-type: none"> • Aiming for early commencement of preparatory work, and for early application for permission to install a nuclear reactor
No. 2	1.373 Million kW	FY2016 (FY2014)(*)	FY2021 (FY2019)(*)	

(*) (): FY2009 Plan

Numerical Goals Achievement Forecast

- ◆ FY2009 got off to a rough start due to a worsening of revenues and expenditures
- ◆ We continuously aim to strengthen equipment and human resource foundations, as well as to achieve numerical goals

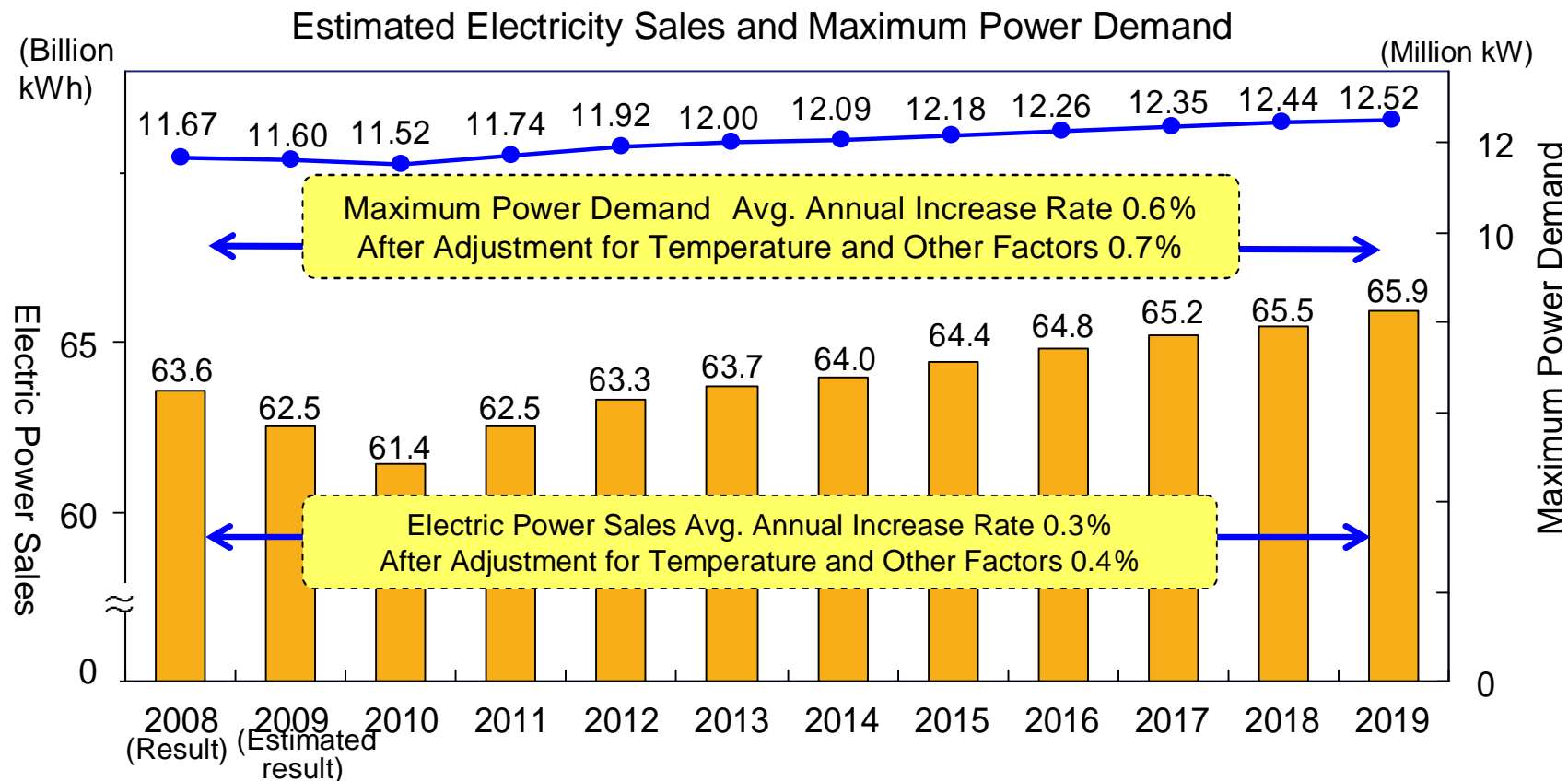
			[Reference]
	Target Items	Numerical Targets	Estimated Result (FY 2009)
Profitability	Ordinary Profit (Consolidated)	(Average for FY 2009 through 2013) No less than 60 billion yen	1.3 billion yen ^(*)
Soundness	Interest-Bearing Debt (Consolidated)	(End of FY 2013) About 1,600 billion yen	1,700 billion yen
Efficiency	<Capital> ROE (Non-Consolidated) [ratio of net income to stockholders' equity]	(FY 2013) No less than 5%	-
	<Plant and Equipment> Productivity (Non-Consolidated) [Electric power sales volume per billion yen of plant and equipment]	(FY 2013) About 36,000 MWh / billion yen	37,000 MWh / billion yen
Growth	<Electric Power Business> Demand Acquisition	(Total of FY 2009 through 2013) No less than 3.5 million MWh	0.7 million MWh
	<Other than Electric Power > Operating Sales Operating Income	(Total of FY 2009 through 2013) No less than 600 billion yen No less than 22 billion yen	103 billion yen 2.8 billion yen

(*) Published values as of January 28, 2009)

II . Efforts to Increase Electric Power Sales

Electric Power Sales Plan

◆ Focusing on living-related demand, mild but steady increases in the mid- to long-term



Electric Power Sales Average Annual Increase Rate FY2008-2019 (After Adjustment for Temperature and Other Factors)	Living - Related Demand (*1)	0.9%
	Industrial Demand (*2)	0.2%

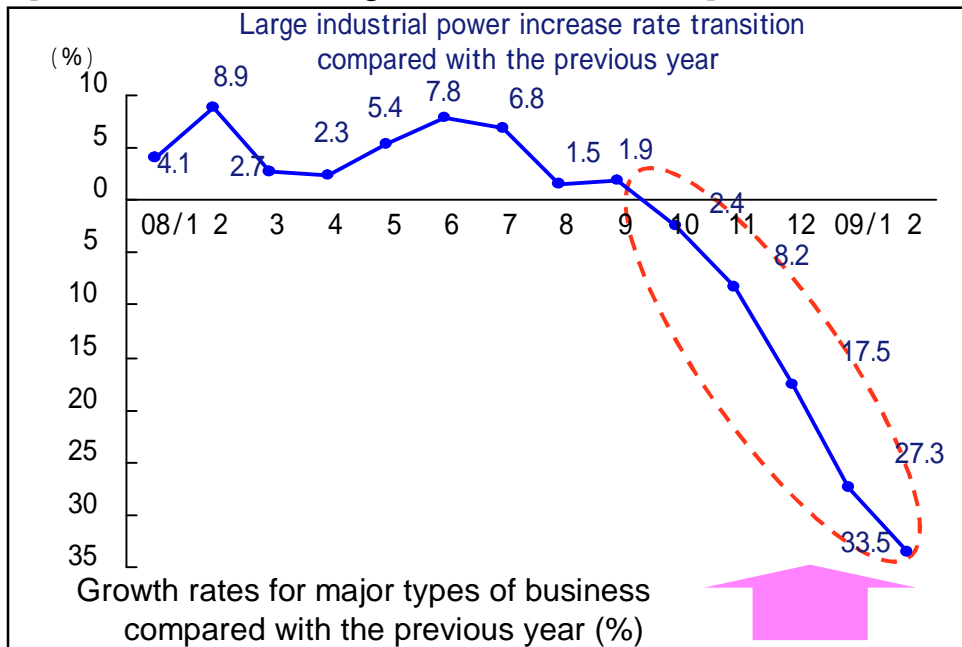
(*1) Living - Related Demand = "Lighting" + "Night-only" + "Commercial" + "Low Voltage"

(*2) Industrial Demand = "Large Industrial Power" + "High voltage A" + "Other Power"

FY2010 Forecast Electric Power Sales by Large-scale Industry 9

- ◆ There was a rapid expansion of the range of negative growth rate in the second half of FY2009 when compared with the previous year, due to such factors as the decreases in the production of iron, steel and chemicals caused by the economic slowdown; it is expected that figures will be less than in the previous year.
- ◆ Although a recovery is expected in the second half of FY2010, two consecutive years of negative figures are nevertheless forecast.

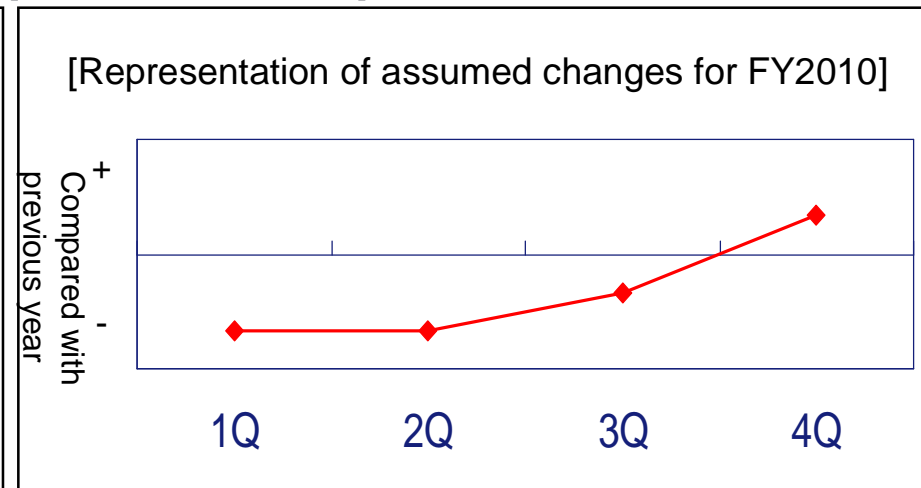
[Recent trends in large industrial demand]



Growth rates for major types of business compared with the previous year (%)

Type of business	Oct.	Sept.	Nov.	Jan.	Feb.
Iron and steel	1.8	7.1	20.9	44.9	48.9
Chemicals	17.3	16.1	27.0	34.0	32.6
Machinery	4.2	13.1	23.6	27.6	35.8

[Forecast for FY2010]



FY2010 Electric Power Sales Plan (Billion kWh, %)

FY 2009 (Estimated Result)	FY 2010 (Plan)
(4.9)	(4.5)
24.3	23.2

() Growth percent rate from previous year

◆ Although a decrease in demand was inevitable due to the economic downturn, we are aiming for demand development by strengthening efforts in the residential-use field and corporate field.

Demand development goals

For the 3-year period from
FY2010 through FY2012

**2 Billion
kWh**

Residential-
use field

1.5 Billion
kWh

Corporate field

0.5 Billion
kWh

[Reference]

FY 2007~2009

Estimated Result
1.25 Billion

kWh

0.43 Billion

kWh

Efforts towards achieving goals

	Details of major efforts
Residential-use field	<ul style="list-style-type: none"> ➤ Implementation of campaigns, events and PR activities which focus on converting the heat source for hot water supply and kitchen use in pre-existing residences to electricity. ➤ Thorough implementation of proposed activities aimed at increasing electrification use in housing complexes.
Corporate field	<ul style="list-style-type: none"> ➤ Recommend highly-efficient heat pumps for air conditioning and hot water supply fields. ➤ Recommend converting to all-electric for business-use facilities, starting from the kitchen area.

III. Efforts to Strengthen Equipment Foundation

Power Source Development Plan

12

◆ Power Source Development Plan

Start of Construction and Business of Kaminoseki No.2 Nuclear is postponed two years from last year's plan

Power Station		Start of Construction	Start of Business
Nuclear	Shimane No.3	December,2005	December,2011
	Kaminoseki No.1	FY2011	FY2016
	Kaminoseki No.2	FY2014 FY2016	FY2019 FY2021
Thermal	Mizushima No.1 (Coal LNG Combined)	February,2007	April,2009
	Misumi No.2	FY2015	FY2018

◆ Electric Power Transport Development Plan (Excerpt of nuclear power section)

Electric Power Transport Construction for Shimane Nuclear No.3 is **now under way**

Work of Construction		Start of Business
Transmission Line	Development of the line for Shimane Nuclear Power Station	December,2010
	Increasing the voltage of Kita-Matsue Line (Start of construction is in FY2010)	March,2010 May,2010
Substation	Increasing the voltage of Kita-Matsue Substation	December,2010

Specific Measures towards Implementing the Equipment Vision 13

- ◆ Implement specific strategies towards strengthening equipment foundation in 5 and 10 years' time
- ◆ Consider leveling work volume when implementing efforts

Major efforts	Specific strategies
Shimane No. 3 construction Kaminoseki point development	<ul style="list-style-type: none"> ➤ Increase and strengthen power source facilities and transport facilities related to Shimane No. 3 ➤ Various preparations for Kaminoseki point development
Maintain and improve capacity factor for nuclear power and large-scale thermal power	<ul style="list-style-type: none"> ➤ Nuclear power... Thoroughly implement preventive maintenance work such as countermeasures to improve margin of earthquake resistance and Induction Heating Stress Improvement ➤ Thermal power... Shortening of work periods, such as for inspection, and appropriate facilities conservation
Make generating facilities more efficient, improve environmental characteristics	<ul style="list-style-type: none"> ➤ Renew gas turbines ➤ Various preparations towards realizing Integrated Coal Gasification Combined Cycle (IGCC)
Countermeasures against aging degradation of power facilities	<ul style="list-style-type: none"> ➤ Rewiring work for cables and wiring in consideration of aging degradation ➤ Efficient facilities conservation through work to change to remotely-controlled electricity distribution, etc. ➤ Raising the level of conservation technology

Example of Efforts towards Strengthening Equipment Foundation (1) 14

◆ Thorough implementation of earthquake-resistance response and preventive maintenance at nuclear power stations

- Strengthen countermeasures to improve margin of earthquake resistance and countermeasures for preventive maintenance during periodic inspections at Shimane No. 1 and No. 2
 - The periodic inspection period for this fiscal year has been set to be longer than the standard inspection period

<Thorough implementation of work to improve margin of earthquake resistance>

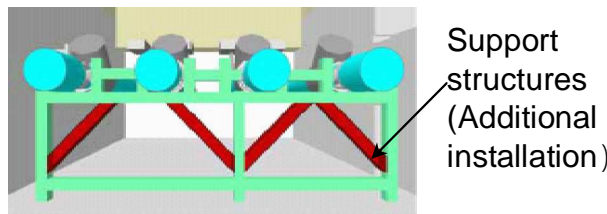
- In light of the main points of the revised earthquake resistance policy for 2006, facilities (*) are selected which have smaller margins of earthquake resistance.
- (*) Pipe support structures, conduit support structures, etc.

<Thorough implementation of preventive maintenance work>

- Reflect the results of inspections and tests performed during daily maintenance activities, as well as domestic and overseas power station operating tests and the most recent technological findings, etc.

Improvement work for pipe support structures

- Improvement of pre-existing support structures
- Additional installation of support structures

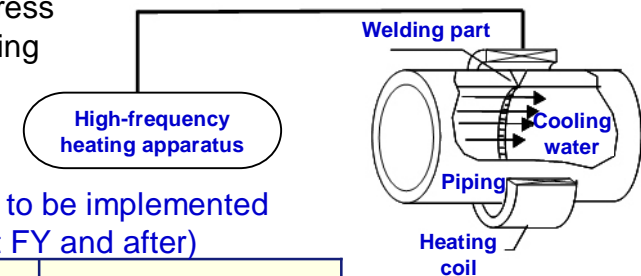


(Implement in coordination with this year's Shimane No. 1 periodic inspection)

Induction Heating Stress Improvement (IHSI)

Prevention of Stress Corrosion Cracking (SCC) on inner surface of pipe welding areas

(Planned to be implemented next FY and after)



FY2010 periodic inspection plan		Capacity factor
Shimane No. 1	May October	Approx. 50%
Shimane No. 2	March (~July, 2010)	Approx. 90%

(Total for No. 1 & 2)
Approx. 80%

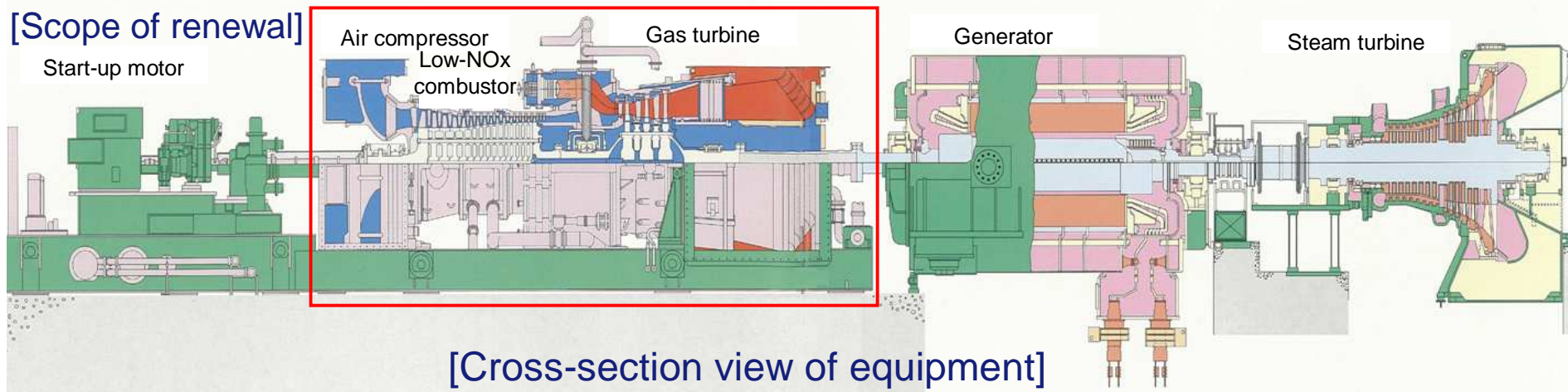
◆ Improve power generating efficiency in coordination with renewal of gas turbine equipment

- Use high-efficiency gas turbines with high gas turbine-inlet temperatures
- Improve power generating efficiency to reduce fuel costs and CO₂ emission amount

Improve power generating efficiency and operability by renewing gas turbines

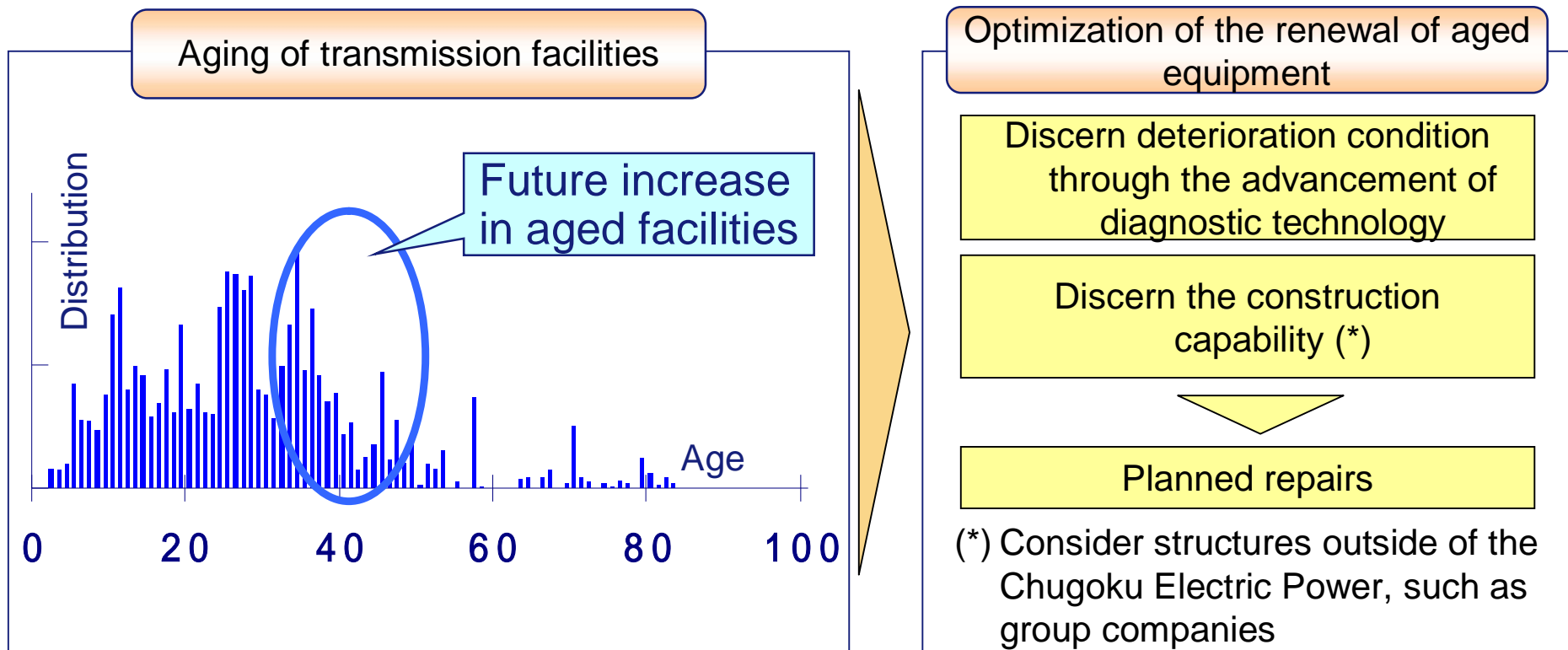
- Estimate the increases in repair expenses at aged LNG combined cycle power generation plants, such as replacing combustors in gas turbine parts which have reached the end of their service life

- ⇒ In coordination with equipment renewal, study using gas turbines which can be expected to improve efficiency, as well as minimizing the scope of replacement ~ reductions in fuel costs, repair expenses and CO₂ emission amount
- ⇒ Facilities also capable of handling light LNG ~ consider a variety of future fuel procurement



◆ Countermeasures against aging degradation of power facilities

- o In preparation for the future increase in aged facilities, plan to “discern deterioration condition through the advancement of diagnostic technology” and also to “discern the construction capability of Group companies, etc.”; study the optimization of the renewal of aged equipment, including leveling of work volume.
- o These steps will support the maintenance and improvement of construction capability, such as Group companies.



Efforts towards the Realization of a Low-carbon Society

◆ Proactively promoting long-term efforts towards the realization of a low-carbon society

Reduction of the environmental impact of coal-fired power

- Reduction in CO₂ emissions through the realization of high power generating efficiency

Expansion of diffusion of electric vehicles

- Total of 700 units introduced by FY2021
- Development of small-scale, low-cost boosting charge equipment



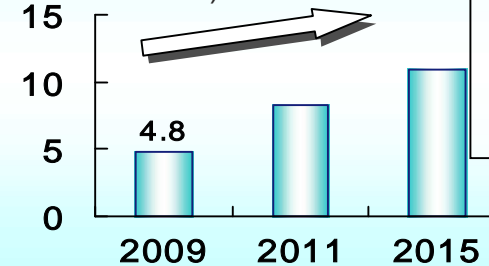
Mitsubishi Motors' i-Miev boosting charge equipment

Photovoltaic power generation

- Planned introduction of about 10 thousand kW of large-scale solar (mega-solar)

Achievement of new mandatory energy-usage volumes

(100 million kWh)

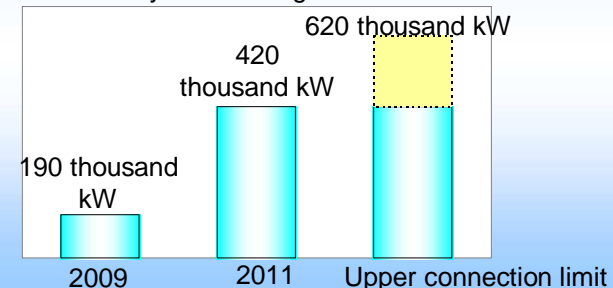


Focusing on wind power, steadily expand new energy-usage volume and aim to achieve goals

Wind power generation

- Recruitment of connections (expansion of connectable volume)

Wind power generation introduction volume within the territory of the Chugoku Electric Power



Waste materials power generation

- Coal and wood chip multi-fuel firing (Shin-Onoda Power Station)

Technological Research and Development

◆ Promotion of research and development focusing on 5 major development technology themes, based upon technological development strategy

Major development technology themes	Condition of efforts
Lithium-ion storage battery usage technology	<ul style="list-style-type: none"> ■ Efforts are now underway towards lowering the price of boosting charge equipment for use in electric vehicles, and also for making such equipment smaller ⇒ Reducing environmental impact and leveling electric power load on the demand side
Oxygen-blown coal Integrated Gasification Combined Cycle (IGCC) technology	<ul style="list-style-type: none"> ■ In cooperation with Electric Power Development Co., Ltd, planned implementation of a large-scale demonstration test at the Chugoku Electric Power's Osaki Power Station. ⇒ Reduction of CO₂ emissions amount through high power generating efficiency and CO₂ separation and capture
Measures and technology for expanding the diffusion of new energy (dispersed power sources)	<ul style="list-style-type: none"> ■ Now developing a transfer tripping system in order to prevent isolated operation, and undertaking field testing aimed at bringing the product to market ⇒ Power system stabilization strategy in preparation for large-scale introduction of new energy
Effective coal ash-usage technology	<ul style="list-style-type: none"> ■ Now making effective use of coal ash in the tetrapods used in sea-wall work and breakwater work at the Shimane nuclear power station, and also for improving riverbed quality. ⇒ Effective use of waste materials, reduction of waste treatment costs
Technology for CO ₂ capture from exhaust gases at coal-fired power stations	<ul style="list-style-type: none"> ■ Efforts now underway towards developing TSS (Thermal Swing Sublimation) method, and also towards developing an MCFC power generation system with CO₂ capture ⇒ Reduction in CO₂ emissions amount through the separation and capture of CO₂

◆ Aiming for the improvement of overall business efficiency and productivity by maintaining procurement stability and reducing procurement costs for the Group as a whole, through SCM activities carried out in tandem with Group companies and cooperating companies.

<<Details of major SCM activities efforts>>

(*) SCM... Supply Chain Management

Main themes	Details
Electric energy meter	■ Reduce costs by reducing stock and revising meter transportation methods
Utility wire work	■ Improve work efficiency by leveling work volume
Large-scale transformers	■ Cost reduction through revision of specifications and leveling of delivery times
Inspection and repair of thermal power stations	■ Shortening of periodic inspection periods for large-scale coal-fired power stations
Painting	■ Improve work efficiency by optimizing painting work schedule, leveling work volume
Information system maintenance	■ Improve work efficiency by revising maintenance procedures

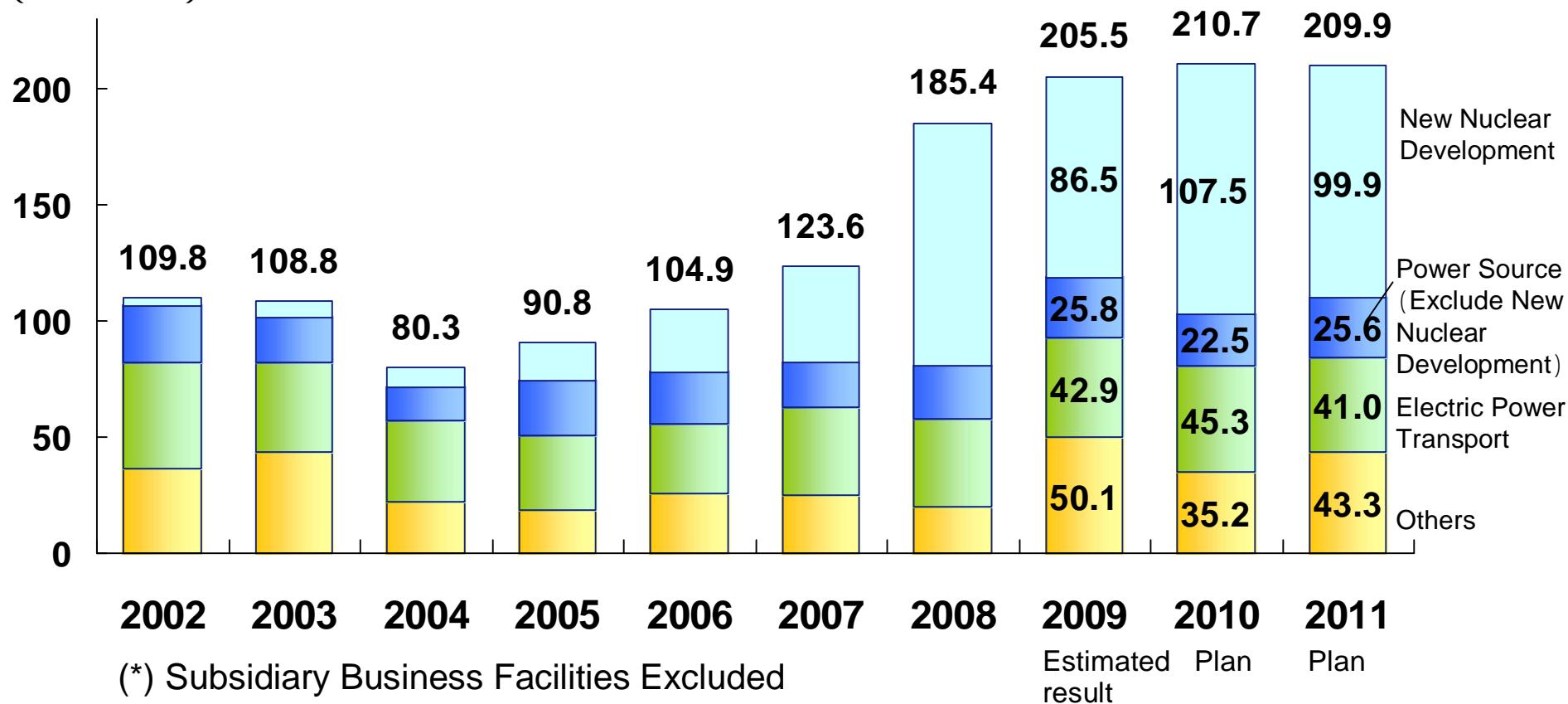
<<Details of major efforts during thermal power station inspections and repairs>>

Major themes	Details
Misumi power station	<ul style="list-style-type: none"> ■ Shorten crane work waiting time by increasing crane equipment for turbine dismantling and assembly ■ Shorten inspection periods by installing turbine inspection equipment at power stations, carrying out work simultaneously and in parallel with manufacturer

Capital Expenditures Plan

◆ Although Capital Expenditures remain at a high level due to the construction of Shimane Nuclear Power Station unit No.3 and new backbone transmission line, we try to build up equipment and facilities efficiently in medium- to long-term viewpoint

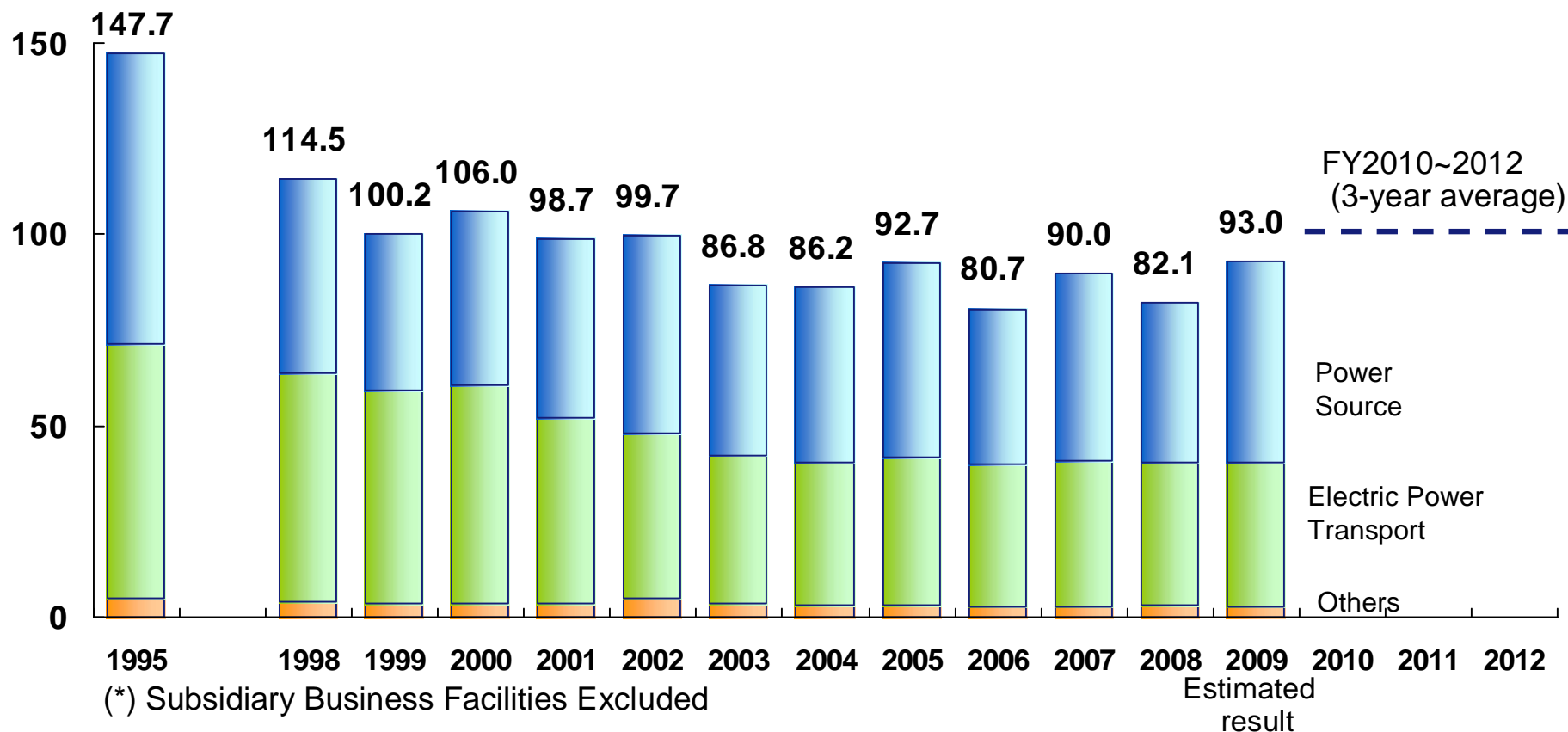
(Billion Yen)



Repair Expenses Plan

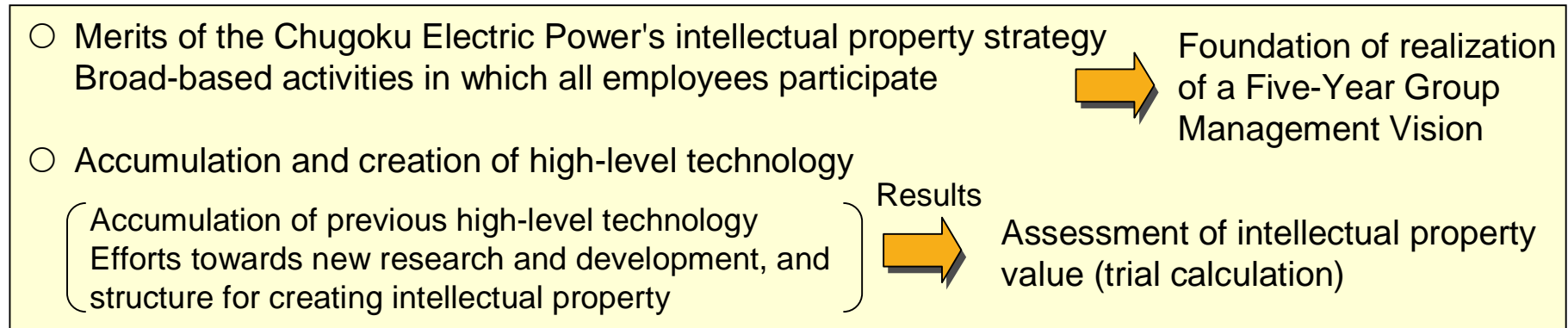
◆ Trying to reduce and level repair expenses, we repair aging power stations and electric power transport facilities steadily to maintain supply reliability and improve capacity factor for nuclear power and large-scale thermal power.

(Billion Yen)



[Reference] Intellectual Property Strategy Promotion 22

◆ From FY2004, we have been promoting the strengthening of intellectual property strategy efforts ahead of other electric power companies



(1) Business defense (Risk management for the stable continuation of pre-existing business)

(2) Profit increase (Responding to opportunities to obtain new value)

Avoiding business injunction risks
 (Value of avoiding latent risks=18 billion yen)

Creating intellectual property from technology which produces new value

- Construction method related to seawall work (Shimane No. 3)
- NOx removal catalyst recycling method
- Mock boiler piping actual-equipment destruction testing device
- Distribution line fault localization system
- ⋮

- Technology in response to the diffusion of new energy (dispersed power sources)
- CO₂ capture technology
- High-accuracy position and direction detection system using electricity poles, etc.
- Remaining life assessment technology for boiler piping
- Sensor for detecting attached organism larvae
- ⋮

Appendix

Electric Power Sales Plan

24

FY2010 Electric Power Sales Plan

[Unit: Billion kWh, Million kW]

	FY2008 Result	FY2009 Estimated Result	FY2010 Plan	FY2019 Plan	2019/2008 Avg. annual Increase rate
Non-Liberalized sector	(3.4) 1.3 21.8	(0.1) 1.0 21.8	(1.0) 1.7 22.0	22.4	0.8 0.6%
Lightning	(4.2) 2.2 18.9	(0.7) 1.8 19.0	(1.7) 2.4 19.3	19.8	1.2 1.0%
Liberalized sector	(4.0) 3.5 41.8	(2.5) 2.2 40.7	(3.2) 3.1 39.4	40.1	0.2 0.2%
Total Electric Power Sales	(3.8) 2.7 63.6	(1.7) 1.1 62.5	(1.7) 1.4 61.4	62.5	0.4 0.3%
Maximum Power Demand	(2.0) 2.8 116.7	(0.6) 0.8 116.0	(0.7) 1.9 115.2	117.4	0.7 0.6%

() (): Growth percent rate from previous year, () (): Growth percent rate from previous year (after adjustment for temperature, etc)

Changes in FY2018 from FY2009 Plan

	Unit	FY2010plan(A)	FY2009 plan(B)	Change (A-B)
Electric Power Sales	Billion kWh	65.5	65.5	-
Maximum Power Demand	Million kW	12.44	12.57	0.13

Diffusion rate of Completely Electrical Housing and Electric Water Heater 25

		Unit	FY2007 Result	FY2008 Result	FY2009 Estimated Result	FY2010 Plan	FY2011 Plan	FY2012 Plan
Completely Electrical Housing Introduced		Number of Housing (thousand)	55	61	61	68	73	83
	Newly- constructed		18	20	19	21	21	21
	(*1)Reformed		37	41	42	48	53	62
The ratio of newly constructed Electrical Housing		%	28.4	39.3	38.1	41.4	42.8	43.5
	Single homes		58.7	73.0	70.5	76.4	77.7	77.9
	Housing complexes		8.4	12.2	11.5	12.8	13.4	13.8
Household diffusion rate of completely electric homes		%	8.3	10.2	12.1	14.2	16.6	19.2
Electric Water Heater Sales		Number of Housing (thousand)	64.0	71.1	71.4	80.2	86.4	98.2
	"Ecocute"		34.4	41.6	44.5	51.0	57.3	68.3
The diffusion rate of Electric Water Heater		%	18.5	20.2	21.9	23.8	25.9	28.2
Electric Water Heater Contract Accounts (accumulated total)		Thousands of accounts	570.4	629.1	688.4	747.9	812.1	884.9



(*1) "Reformed" includes homes which were converted to all-electric by the replacement only of hot-water supply equipment and kitchen equipment.

(*2) Total amounts may not agree due to rounding off

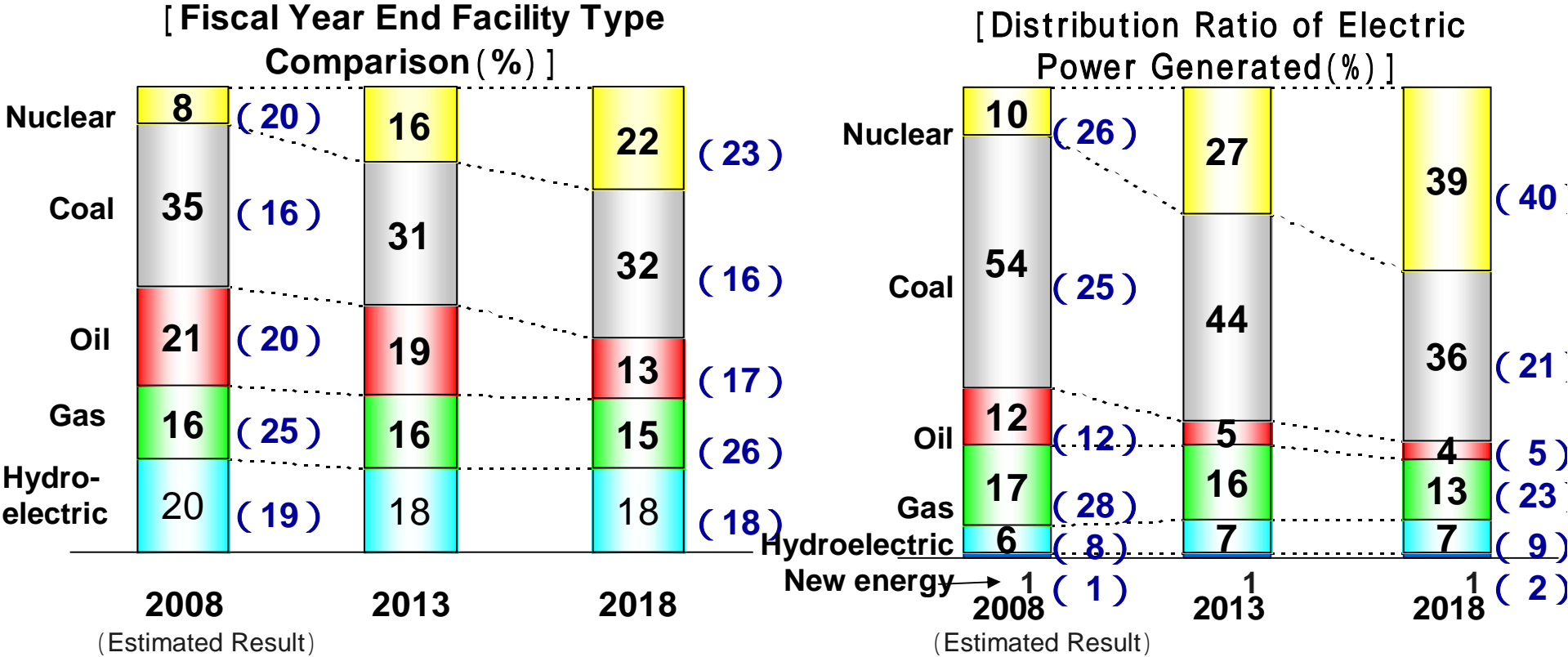
FY2010 Power Source Development Plan

( ,  Changes from FY2009 Plan)

[Unit: Million kW]

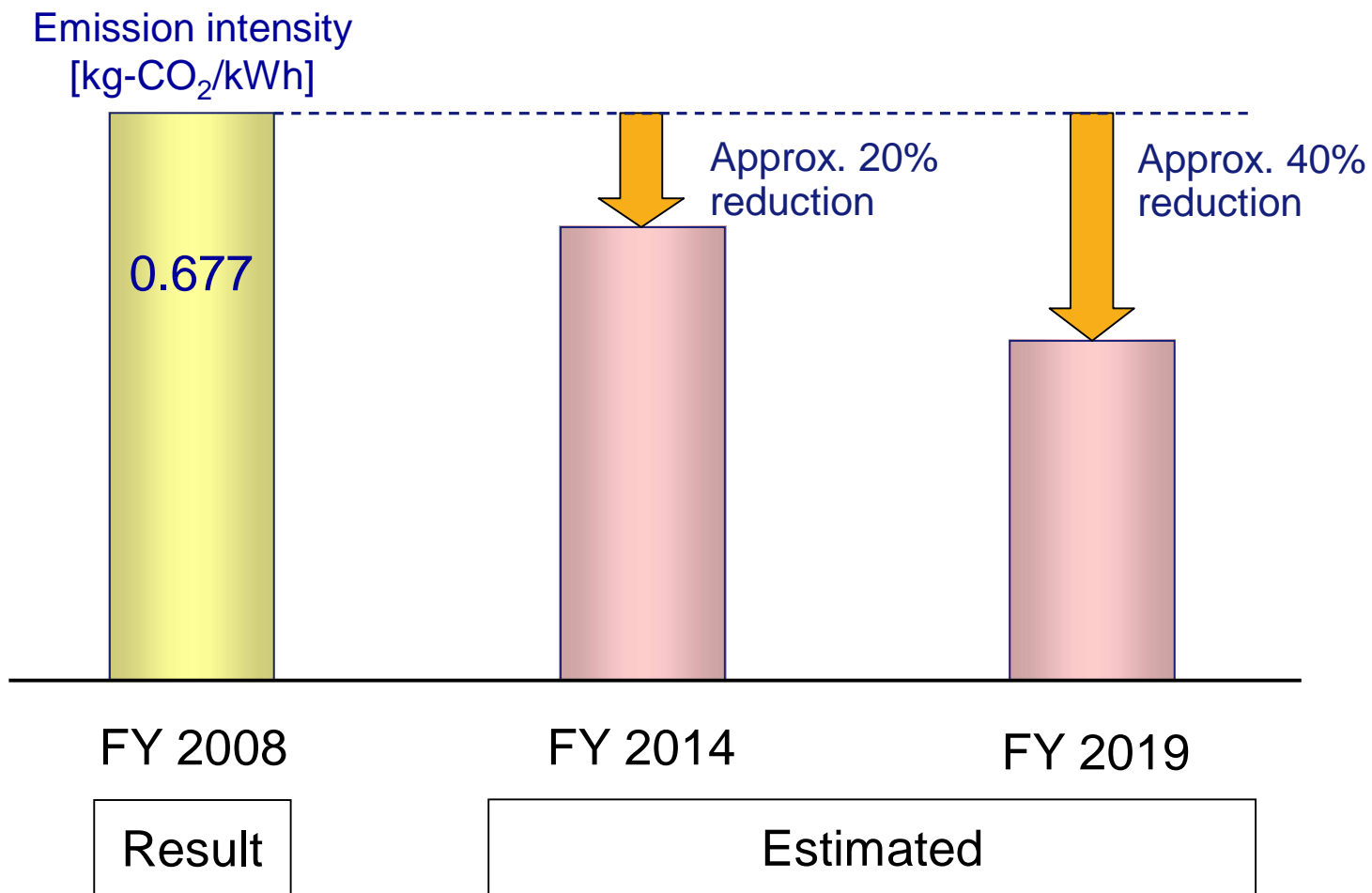
FY		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ~
		Power Source Development Plan	Hydro-electric Power										
Thermal Power			Mizushima1 0.125 0.285 [Coal LNG]								Misumi2 0.4 [Coal]		
Nuclear Power					Shimane3 1.373				Kaminoseki1 1.373			 Kaminoseki 2 1.373 FY2021	
Other Companies								Oma 0.093 /1.383 [Nuclear Power]					
Supply and Demand Balance	Supply Power	12.95	13.09	13.58	13.71	13.73	13.73	13.73	13.74	14.04	14.04	14.40	
	Maximum Power Demand	11.60	11.52	11.74	11.92	12.00	12.09	12.18	12.26	12.35	12.44	12.52	
	Supply Reserve	%	11.6	13.6	15.7	15.0	14.5	13.6	12.8	12.0	13.7	12.9	15.0

Power Source Comparison [Including Purchased Power from Other Companies]



() () ... National Average
 Source: The Central Electric Power Council "FY2010 Electric Power Supply Plan"

Estimated CO₂ Emission Intensity



Capital Expenditure Plan

29

(Unit: Billion Yen)

Fiscal Year		FY2009 (Estimated Result)	FY2010 (Plan)	FY2011 (Plan)
Classification				
Power Source	Hydroelectric	3.5	4.3	5.0
	Thermal	15.8	10.8	15.2
	Nuclear	93.0	114.8	105.3
	Subtotal	112.4	130.1	125.6
Electric Power Transport	Transmission	15.0	17.0	12.8
	Transformation	12.1	11.1	12.5
	Distribution	15.8	17.2	15.6
	Subtotal	42.9	45.3	41.0
Nuclear Fuel		29.9	10.8	18.7
Others		20.1	24.4	24.5
Total		205.5	210.7	209.9

() Subsidiary Business Facilities Excluded

Financing Plan

30

(Unit: Billion Yen)

Classification		Fiscal Year	FY2009 (Estimated Result)	FY2010 (Plan)	FY2011 (Plan)
Capital expenditure			205.5	210.7	209.9
Source Of Funds	Internal Funds		92.1	184.4	176.6
	External Funds		113.4	26.2	33.2
	Bonds	(Amount Issued)	(145.0)	(120.0)	(135.0)
		Net change in balance	104.5	49.6	64.5
	Loans		8.9	23.3	31.2
Total			205.5	210.7	209.9
Interest-Bearing Debt (End of FY)			1,665.7	1,692.4	1,726.1

() Subsidiary Business Facilities Excluded

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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