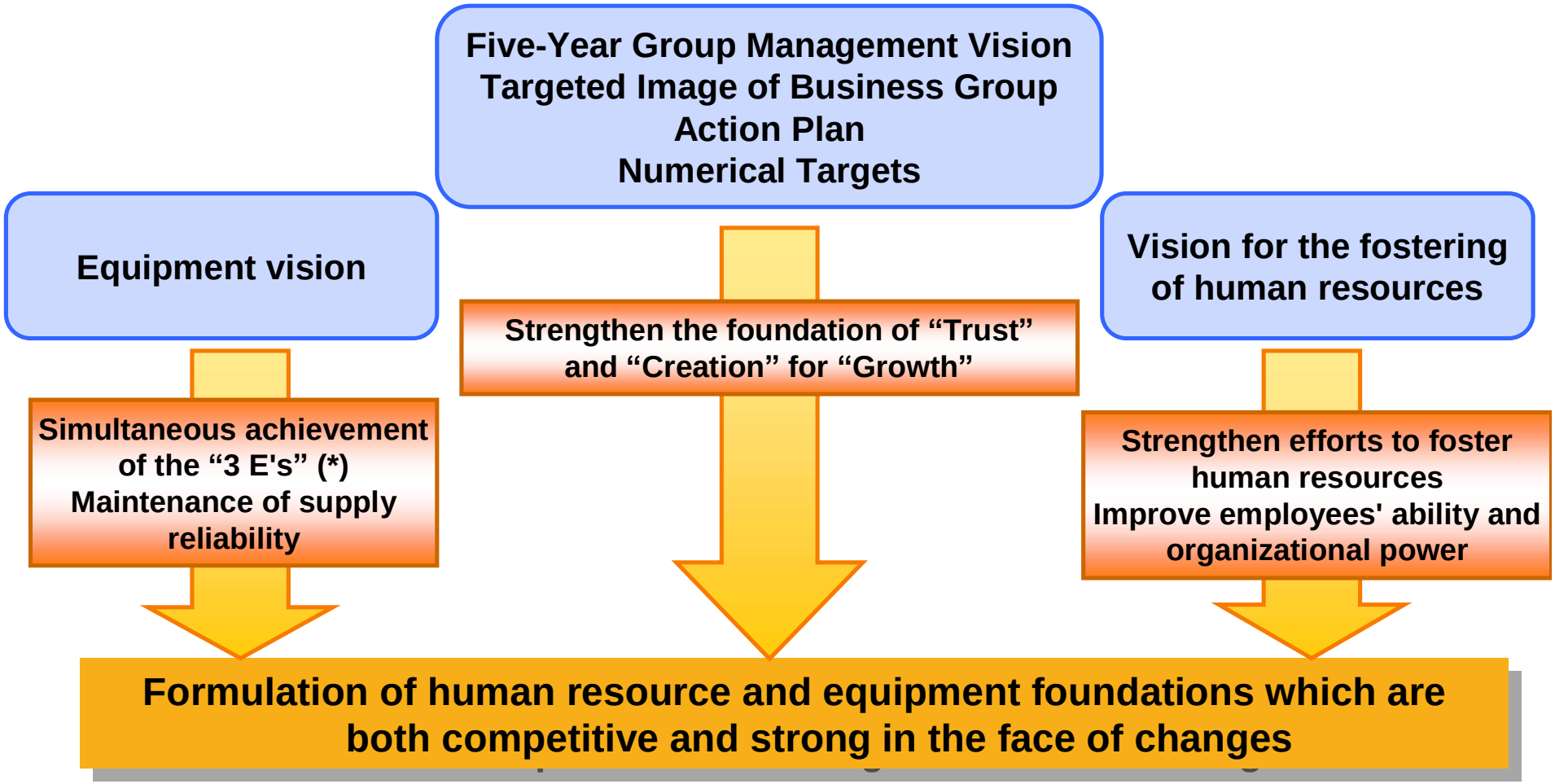
Investors Meeting for FY 2011
Management Plan

The Chugoku Electric Power Co., Inc.
April　2010

I. Business Environment Surrounding Chugoku Electric Power and the Status of Efforts for Strengthening the Business Foundation

I-1. Targeted Image of Our Group

◆ **Based on the five-year vision (FY 2009-2013) established in 2008, the group is currently focused on strengthening the business foundations of facilities and human resources that will support future stable supply, enhancement of competitiveness and improvements in business quality.**

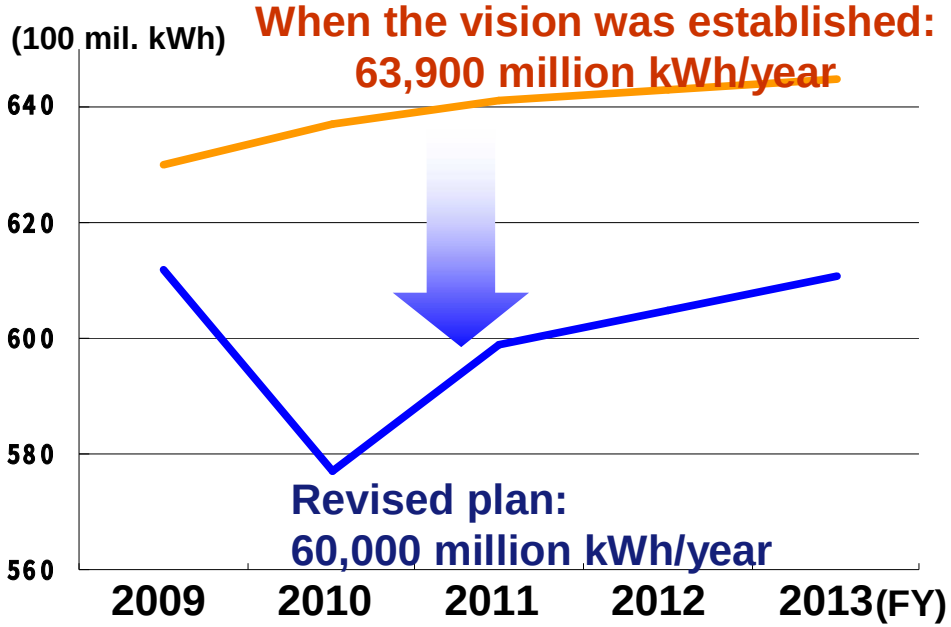


(*)3E ….. Energy Security, Economy, Environmental Conservation

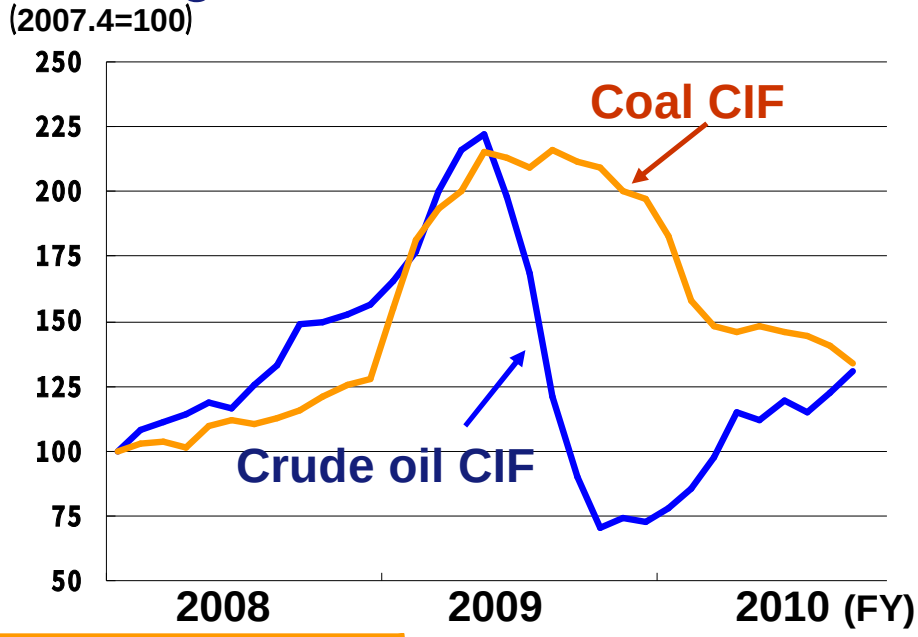
I-2.Responses to Environmental Changes Since the Establishment of the Five-year Vision

- Since the establishment of the Five-year Vision, the profit level has drastically decreased during the target period (FY 2009-2013) due to factors such as the sharp decline in electricity sales as a result of the economic downturn and erratic fluctuation the of fuel prices.
- It is necessary to further strengthen the business foundations in order to respond to social demands such as low-carbon operation as we deal with drastic changes in the business environment.

■ Changes in Electricity Sales



■ Changes in Fuel Price



Necessary to further strengthen the business foundation

I-3. Numerical Goals

- While maintaining the current financial structures, we must steadily continue to strengthen the business foundations, including nuclear power development, in order to realize the Five-year Vision and future growth.
- Outcomes of the five-year efforts will be presented with the goals revised as shown below.

	Target Items	Numerical Targets
Soundness	➢ Interest-Bearing Debt (Consolidated)	(End of FY 2013) About 1,600 billion yen
Growth	➢ Demand Acquisition	(Total of FY 2009 through 2013) No less than 3.5 million MWh
Reliability/ Environmental efficiency	➢ Increase the ratio of nuclear power	(FY 2013) Increase the ratio of nuclear power in the total electric energy generation by 25% or more.
	➢ Develop the first reactor in Kaminoseki Nuclear Power Station	(FY 2013) Start construction
	➢ Develop technologies that help realize a low-carbon society	(FY 2013) Oxygen-blown coal gasification technology :Start construction of large demonstration test plant Smart grid component technologies : Coordination and stabilization of renewable energies Practical application of the system
	➢ Maintain and improve power supply reliability	(FY 2013) Duration of accidental electricity interruption: Approx. 6 min/household
	➢ Establish a system to pass on technologies and skills to following generations	(FY 2011) Introduce advanced technology/technician certification system Introduce education staff system
	➢ Reduce CO_2 emissions	(Average of FY 2009-2013) Reduce approx. 20% from FY 1991.

I-4. Efforts towards Demand Development

◆ **Open up more markets through the increased diffusion of all-electric homes and the promotion of high-efficiency heat pumps in air-conditioning and water heating fields.**

■ Demand Development Goals

For the 3-year period from FY2011 through FY2013

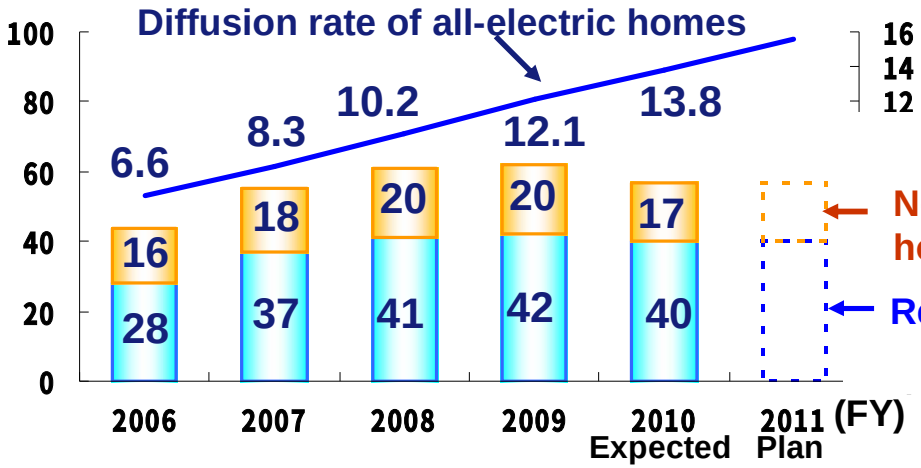
2.2 Billion kWh

Residential-use field	1.7 Billion kWh
Corporate field	0.5 Billion kWh

■ Number of Constructions and Diffusion Rate of All-electric Homes

All-electric home	Exceeded 400,000 houses in Oct. 2009
EcoCute	Exceeded 200,000 houses in Oct. 2009

(thousand homes)



Points of Efforts

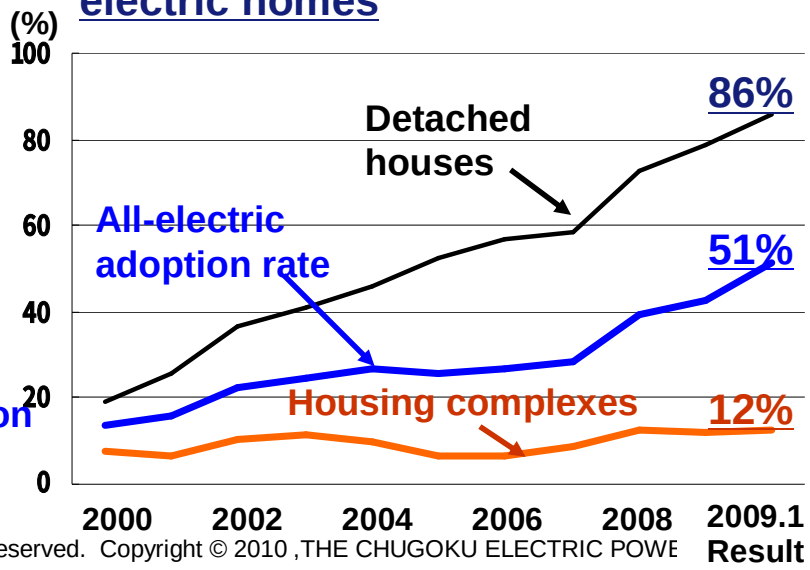
Domestic

- Strengthen proposal for existing houses with "Eco-electrification reform"
- Promote heating by use of air conditioners

Business

- Recommend high-efficiency heat pumps
- Recommend electrification of industrial kitchens

(Reference) Changes in new all-electric homes

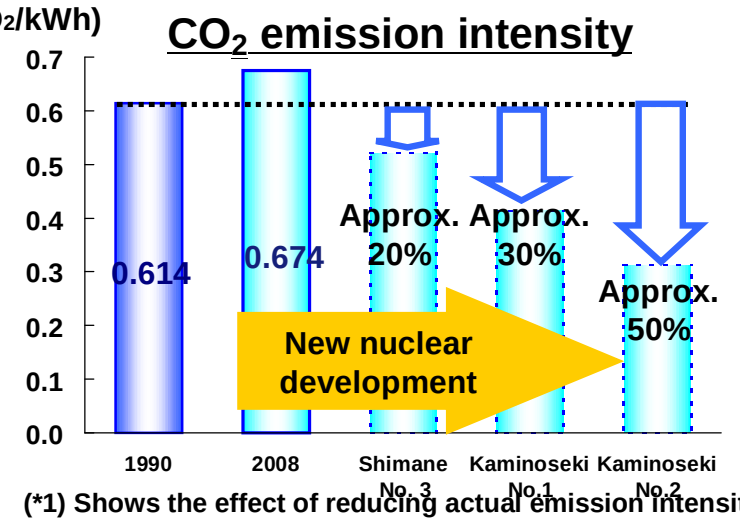


I-5. New Nuclear Power Development Conditions

- 80% progress in the construction of Shimane No.3 reactor (as of the end of February 2010).
- Preparation work (landfill) has been started in the marine area in October 2009 for the Kaminoseki site and permission to install nuclear reactor No. 1 was applied for in December 2009.

■ Shimane No.3

Output	Start of Construction	Start of Business	Recent Conditions
1.373 Million kW	December, 2005	December, 2011	➢ Installation of nuclear reactor pressure vessel in July 2009 ➢ Construction of buildings including reactor, electrical work, etc. (Progress rate in the end of Feb: 81.3%)



(*1) Shows the effect of reducing actual emission intensity before the incorporation of CO_2 emissions credits.
(*2) The effect of reducing emissions vary depending on factors such as demand trends and the rate of usage of nuclear facilities.

■ Kaminoseki site

	Output	Start of Construction	Start of Business	Recent Conditions
No. 1	1.373 Million kW	June, 2012	March, 2018	➢ April,2009 Started preparation work of land area ➢ October,2009 Started preparation work of marine area ➢ December,2009 Applied for the permission to install nuclear reactor No. 1
No. 2	1.373 Million kW	FY2018	FY2023	

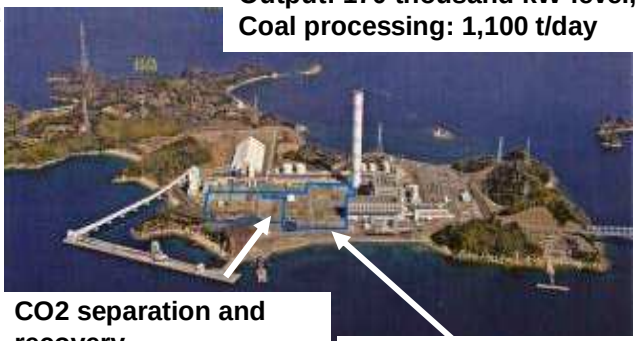
I-6. Development of Coal Gasification Technology (IGCC)

- Currently developing clean coal technologies that further contribute to low-carbon operations for future growth using coal with excellent supply stability and economic efficiency.
- In addition to air-blown IGCC, started preparations for oxygen-blown IGCC that results in IGFC (*1) as a final product and large demonstration testing associated with CO_2 separation and recovery technologies (*2).

(*1) Integrated Coal Gasification Fuel Cell Combined Cycle
(*2) Recognized by the Japan Innovative Zero-emission Coal Gasification Power Generation Project

Company name	Osaki CoolGen Corporation (Established on July 29, 2009)
Initial capital	980 million yen (Capital 490 million yen, Capital reserve 490 million yen) (Chugoku Electric Power and Electric Power Development both contributed 50% of the capital)

Output: 170 thousand kW-level,
Coal processing: 1,100 t/day



CO2 separation and recovery demonstration test plant area

IGCC demonstration test power station area

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Schedule		Environmental assessment		▼Start construction									
		Optimization study		Design and construction					Demonstration test				
						CO_2 separation and recovery test			Design and construction		Renovation of demonstration plant	Demonstration test	

I-7. Efforts to Foster of Human Resources

- Development and consolidation of human resources and organization that are essential in strengthening business foundation are steadily progressing.
- In preparation for future mass-retirement of skilled employees, the group will focus on early development of the skills of young employees by making sure that they inherit the technologies and skills of experienced employees.

Vision for the fostering of human resources

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

[Efforts in technological division]

- Clarify which technologies and abilities the Group must retain
- Visualize the levels of technology and skills
- Introduce systems to promote active passing on of technology and skills
  - Advanced technology/technician certification system (EnerGia master)
  - Education staff system (Chief of technology and skill improvement)

Development of management positions capable of displaying leadership

[Efforts of the entire group]

- Reevaluate systems to strengthen OJT
- Improve basic education
- Promote the use of specialized positions

Fostering of employees who think for themselves and then act accordingly

[Efforts in individual worksites]

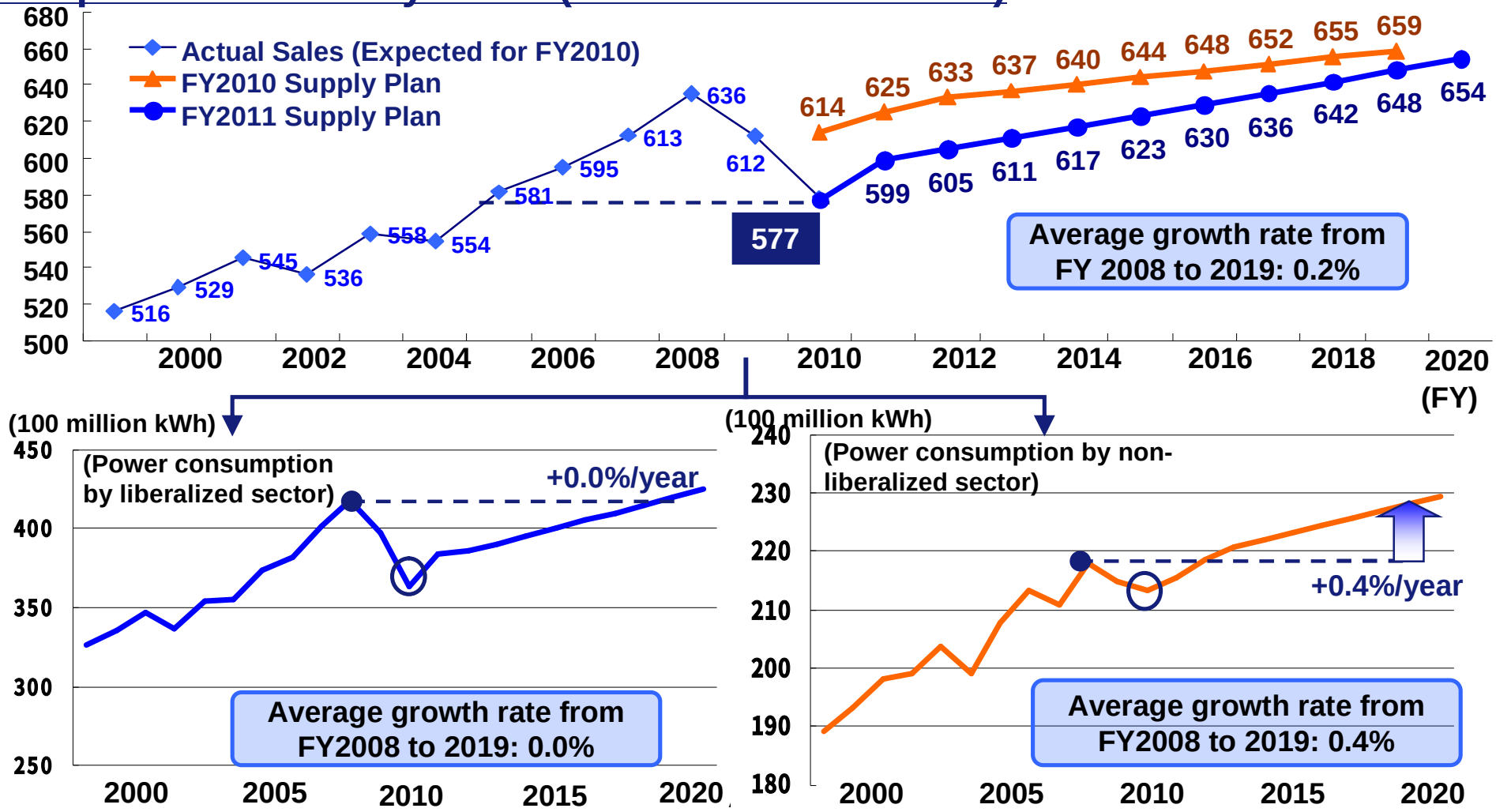
- Establish unique training menus at worksites
- Implement skill improvement training through the interaction of experienced and inexperienced staff
- Promote challenges to obtain certificates and licenses

II. Efforts towards Growth

II-1. Estimated Power Demand

- In FY 2010, industrial demands mostly remained at the level of five years ago due to the economic downturn.
- Lifestyle-related demands slowly but steadily increase for the most part in the mid- to long-term perspectives.

■ Expected Electricity Sales (unit: 100 million kWh)



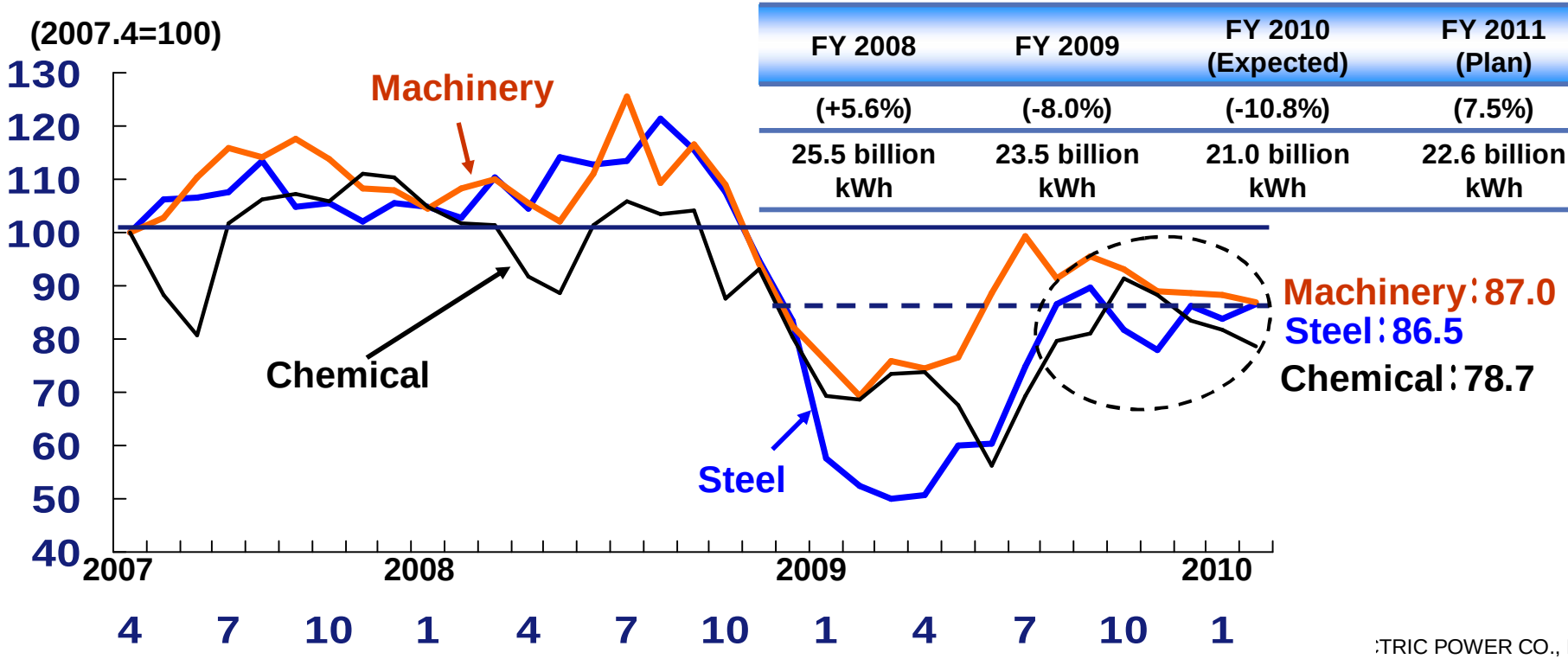
II-2. Estimated Industrial Demand

- Since the second half of FY 2010, demand has recovered to 80 to 90% of the level of FY 2008 due to the recovery in production.
- Despite the lingering unpredictability, demand in FY 2011 is expected to remain near the level of the second half of FY 2010 due to factors including recovery associated with increased exports in the materials-production industry.

■ Changes in Electricity Sales in Major Industries

[Changes in Electricity Sales for the total of Large Industrial Power
Growth rates from last year are shown in parentheses]

FY 2008	FY 2009	FY 2010 (Expected)	FY 2011 (Plan)
(+5.6%)	(-8.0%)	(-10.8%)	(7.5%)
25.5 billion kWh	23.5 billion kWh	21.0 billion kWh	22.6 billion kWh



II-3. Efforts in Telecommunication Business

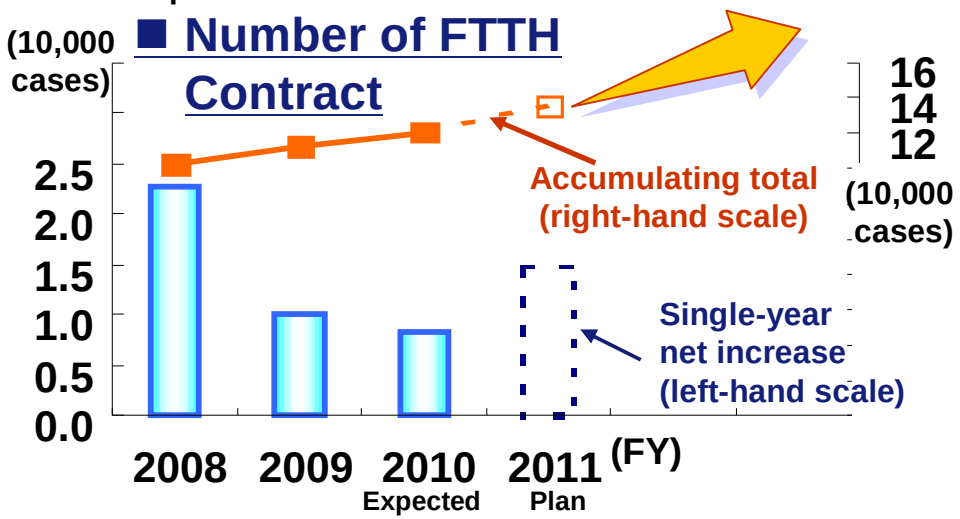
- Business revenues of internet businesses recorded a single-year surplus in FY 2009.
  Coupled with the businesses targeting corporate clients, telecommunication business as a whole continues to produce profits.
- Policies for further sales expansion will be implemented in the Internet business, including the recommendation for partnered purchases with Hikari TV.
- In businesses targeting corporate clients, the group will focus efforts on steadily increasing the number of contracts by improving service menus and the system for suggesting solutions.

■ Revenue from Telecommunication Business

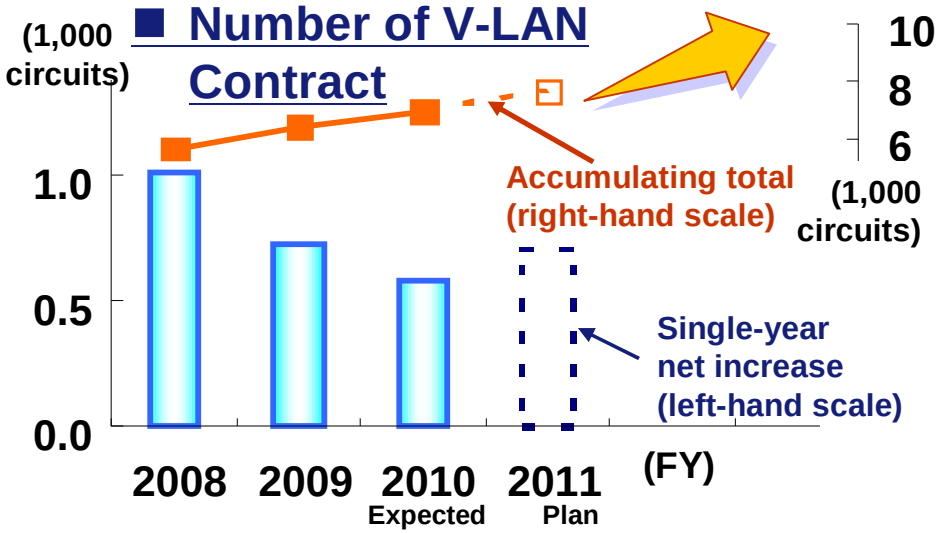
(*) Values announced in third quarter

(Unit: 100 million yen)	FY 2008	FY 2009	FY 2010 (*)
Sales	227	231	239
Business profit	13	31	34

■ Number of FTTH Contract



■ Number of V-LAN Contract



II-4. Efforts in Gas Business

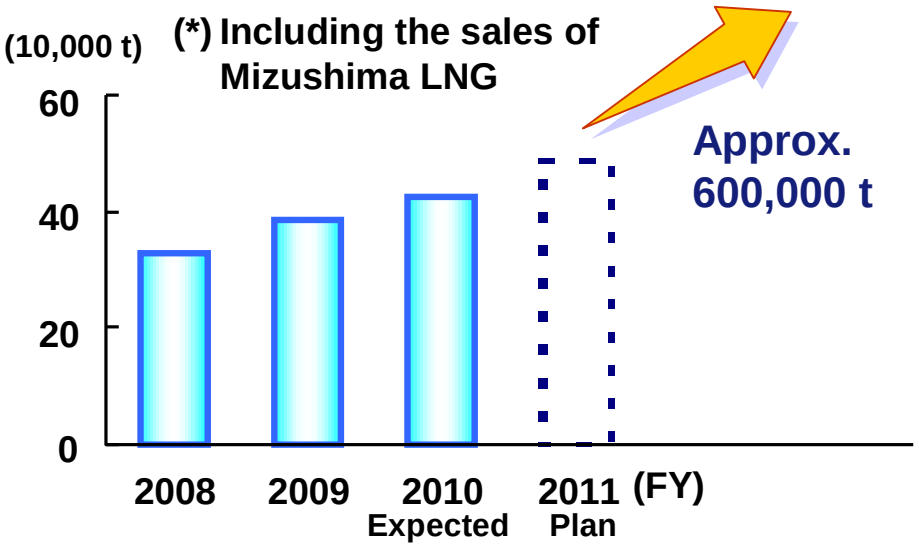
- Construct infrastructures for stable and efficient supply of natural gas.
- Additional construction of tanks in Mizushima Base and the installation of Okayama Pipeline will be completed in FY 2012, which will drastically increase the annual handling capacity.
- Expand sales by emphasizing the excellent environmental characteristics of natural gas.

■ Revenue in Gas Business

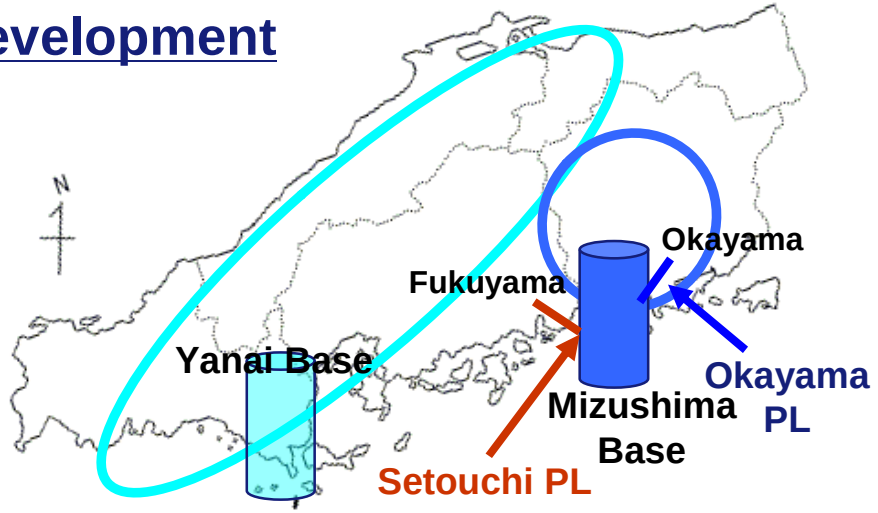
(*) Values announced in third quarter, not including the sales of Mizushima LNG, the affiliated company accounted for under the equity method.

(Unit: 100 million yen)	FY 2008	FY 2009	FY 2010 (*)
Sales	145	246	191
Business profit	-7	4	18

■ LNG Sales Plan



■ Status of Infrastructure Development



II-5. Efforts in Overseas Businesses

- Using the technical knowledge accumulated through business activities such as consulting in Asian countries, the group is providing business-based technological supports to improve the efficiency of coal-fired power generation in China and participating in methane gas utilization project aimed at obtaining emission rights in Poland.
- The group will continue to utilize coal-firing power generation technologies and other technologies that are our strengths as means to expand our business operations.

■ Key Efforts

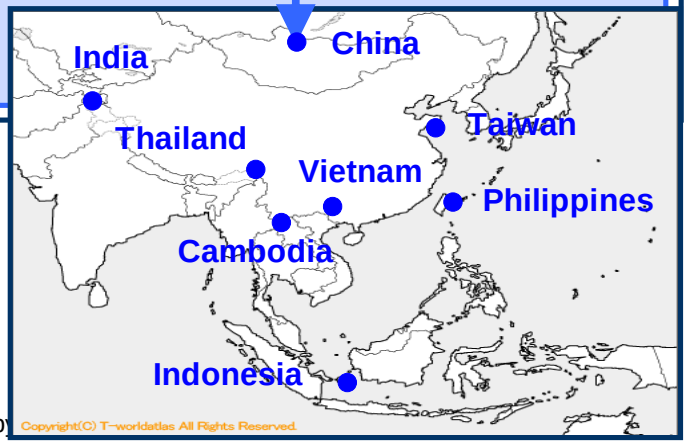
[China]

○ Investment in Gemeng International Energy Co., Ltd.

A contract to acquire interests of Gemeng International Energy was signed in August 2009.
We are also considering to improve the business plans of Gemeng International Energy using our technologies.

○ Technological support for China Huaneng Group

A contract for our first business-based technological support for ultra supercritical pressure (USC) coal-fired power generation was signed in October 2009.
We will continue to provide technological support for renovation plans of similar units.



[Poland]

○ Participation in the JI project for coal mine methane utilization

[Project overview]
1. New construction of gas engine generator
2. Renovation of coal-fired boiler
3. New installation of flare system

Acquisition of emission rights
300,000t of CO_2 or more
(2009-2012)

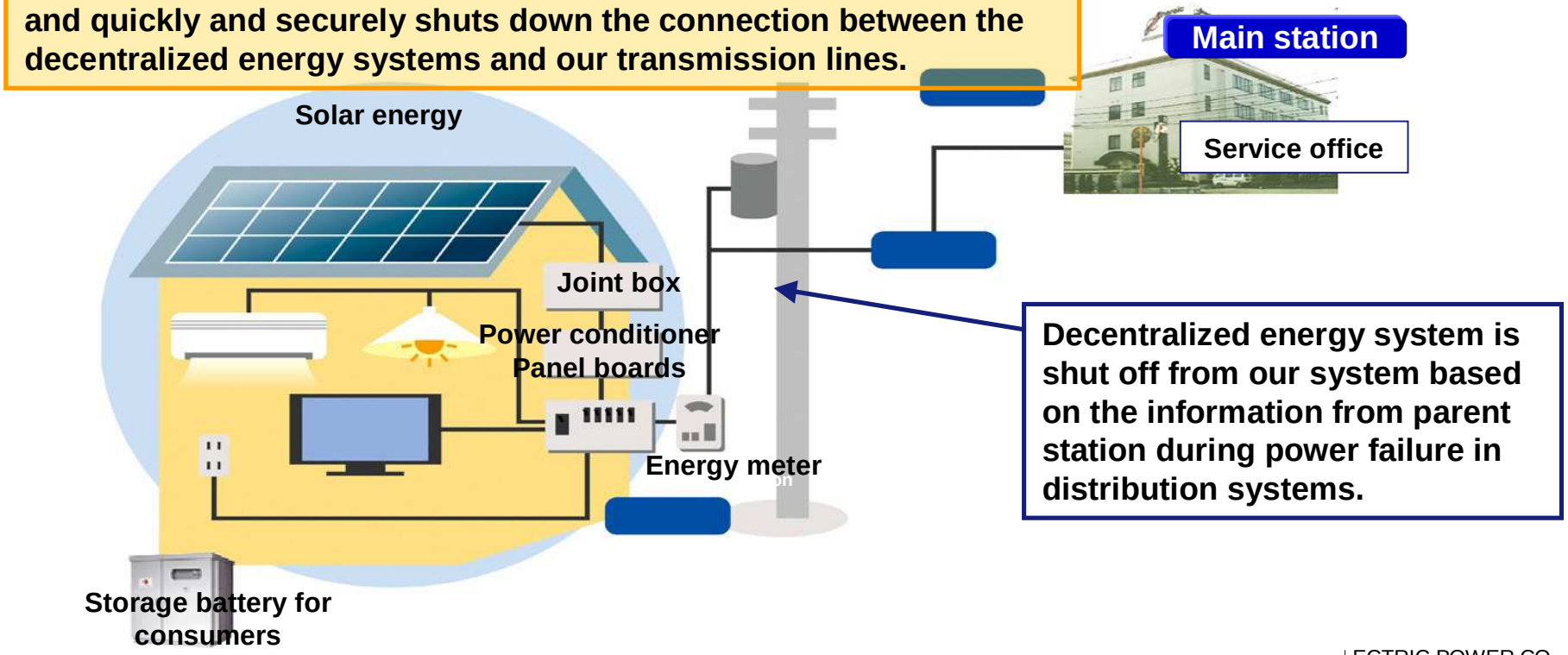
II-6. Technological R&D to Realize a Low-carbon Society

~Smart grid component technology~

- Currently developing technologies to detect and shutdown isolated operation of a decentralized energy system as one measure to stabilize systems when introducing a large amount of renewable energy.
- Realize the practical application of coordination and stabilization systems for renewable energies in FY 2013.

■ Coordination/Stabilization System for Renewable Energies (Proposed config.)

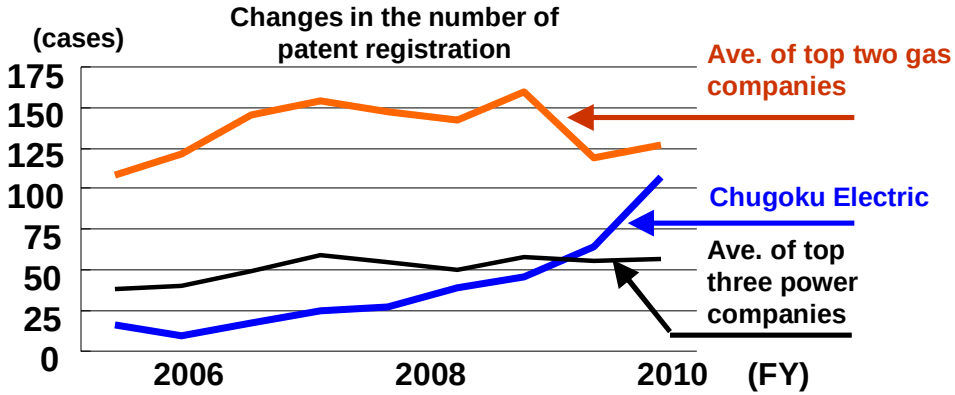
When a distribution system experiences a power failure, this system transmits the information to decentralized energy systems, and quickly and securely shuts down the connection between the decentralized energy systems and our transmission lines.



II-7. Intellectual Property Strategy Promotion

■ Position in the Energy Sector

The semiannual number of our patent registrations is much larger than the average of the top three power companies and closely competing with the average of the top two gas companies.



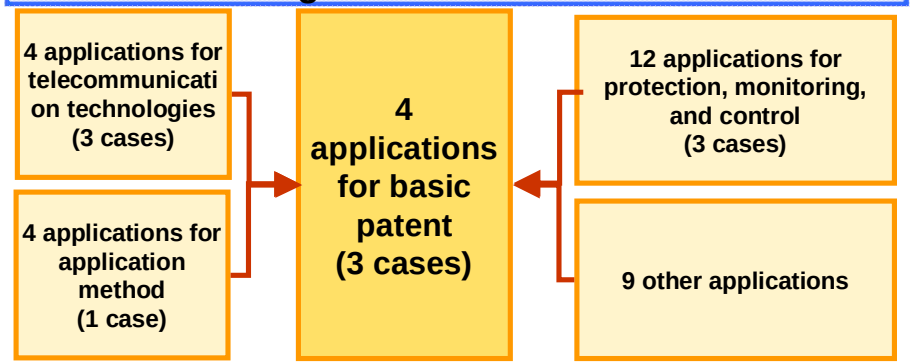
■ Quantitative Evaluation of Patent Values

Estimated that the suspension risk avoidance value in FY 2009 was 3.4 billion yen higher than FY 2008.

	Suspension risk avoidance value	Payment risk avoidance value, such as licensing fees (α)	Capital acquisition of introducing technologies of other companies (α x A)
FY 2009	21.3 billion yen	7.4 billion yen	(7.4 billion yen x A)
FY 2008	17.9 billion yen	6.9 billion yen	(6.9 billion yen x A)
(A-B)	3.4 billion yen	0.5 billion yen	–

■ Patent Map of Smart-grid Component Technologies

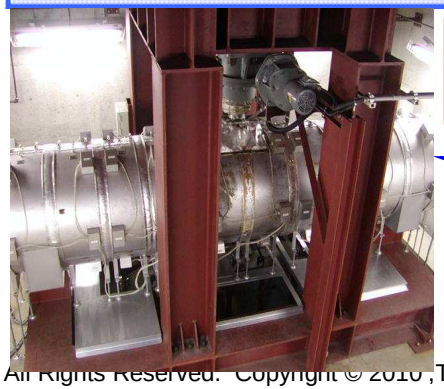
Steadily establish patent map for the coordination/stabilization systems for renewable energies



(*) The numbers of registered applications are shown in parentheses.

■ Cases in which Inventions Helped Increase Profits

Developed breakdown test equipment for remaining life assessment of steam pipes of the boilers in thermal power stations



14 applications for improved precision of remaining life assessment and cost reduction (7 of which were registered)

Delivered to Central Research Institute of Electric Power Industry

Contributed to sales expansion of group companies

III. Summary of Electric Power Supply Plan (*)

(*) The data does not include the effects of the suspension in reactor No. 1 of the Shimane Nuclear Power Station announced on March 30, 2010.

III-1. Electric Power Supply Plan

◆ **Power source development plan (company sites)**
Changed the start of construction and operation of Kaminoseki No. 1 and 2 as announced in December 2009.
New appropriation of the plan to install new hydropower and solar power stations

Power Station		Output	Start of Construction	Start of Business
Nuclear	Shimane No.3	1.373 Million kW	December, 2005	December, 2011
	Kaminoseki No.1	1.373 Million kW	FY2011 → June, 2012	FY2016 → March, 2018
	Kaminoseki No.2	1.373 Million kW	FY2016 → FY2018	FY2021 → FY 2023
Thermal	Misumi No.2	0.4Million kW	FY2015 (*1)	FY2018 (*1)
Hydro	H1 (*2)	190kW	July, 2013	July, 2014
New energy	Fukuyama photovoltaic	3,000kW	November, 2010	December, 2011

(*1) Currently requesting the local communities to postpone the described schedules.
(*2) Power station using river maintenance effluence.

III-1. Electric Power Supply Plan

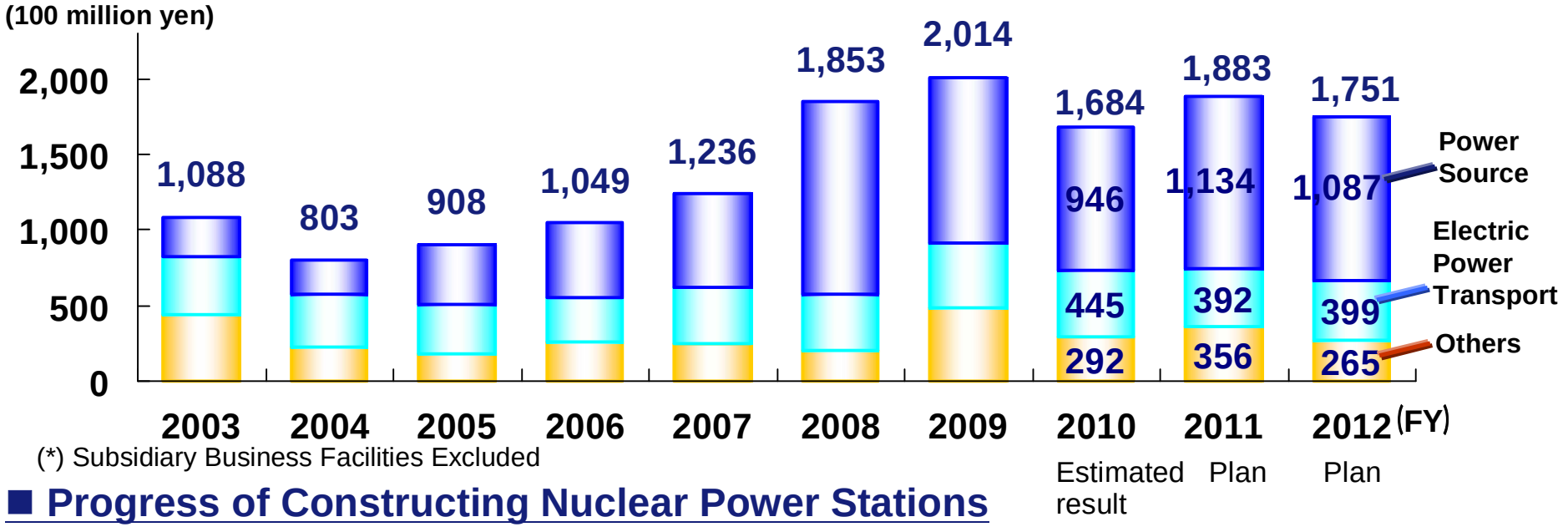
◆ **Electric Power Transport Development Plan (Excerpt of nuclear power section)**
Electric Power Transport Construction for Shimane Nuclear No.3 is now under way.

	Construction Project	Start of Business
Transmission Line	Development of line for Shimane Nuclear Power Station	December, 2010
	Increasing the voltage of Kita-Matsue Line	May, 2010
Substation	Increasing the voltage of Kita-Matsue Substation	December, 2010

III-2. Capital Expenditures Plan

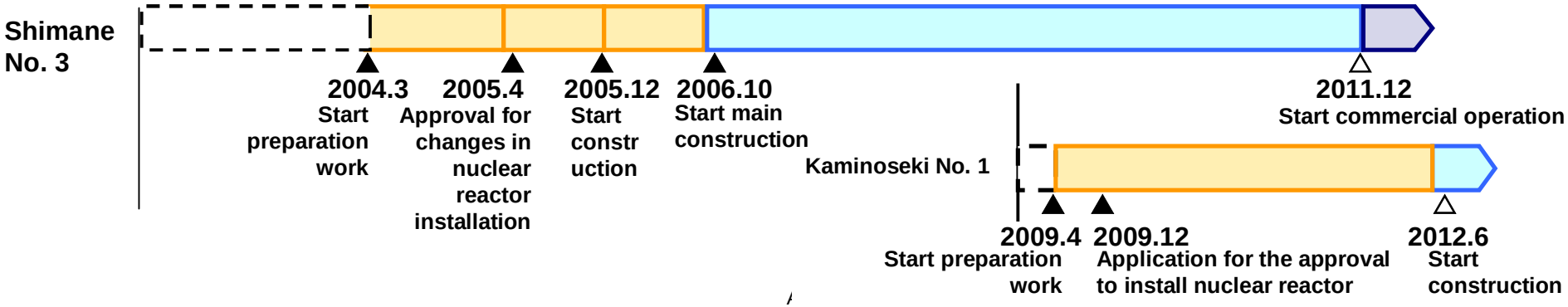
◆ **Implement steady and schedule-based efforts to strengthen facility foundations as based on mid- to long-term perspectives for facilities, including additional installation of Shimane No. 3, new installation of Kaminoseki No. 1, and trunk transmission system structure.**

■ Changes in Capital Investment



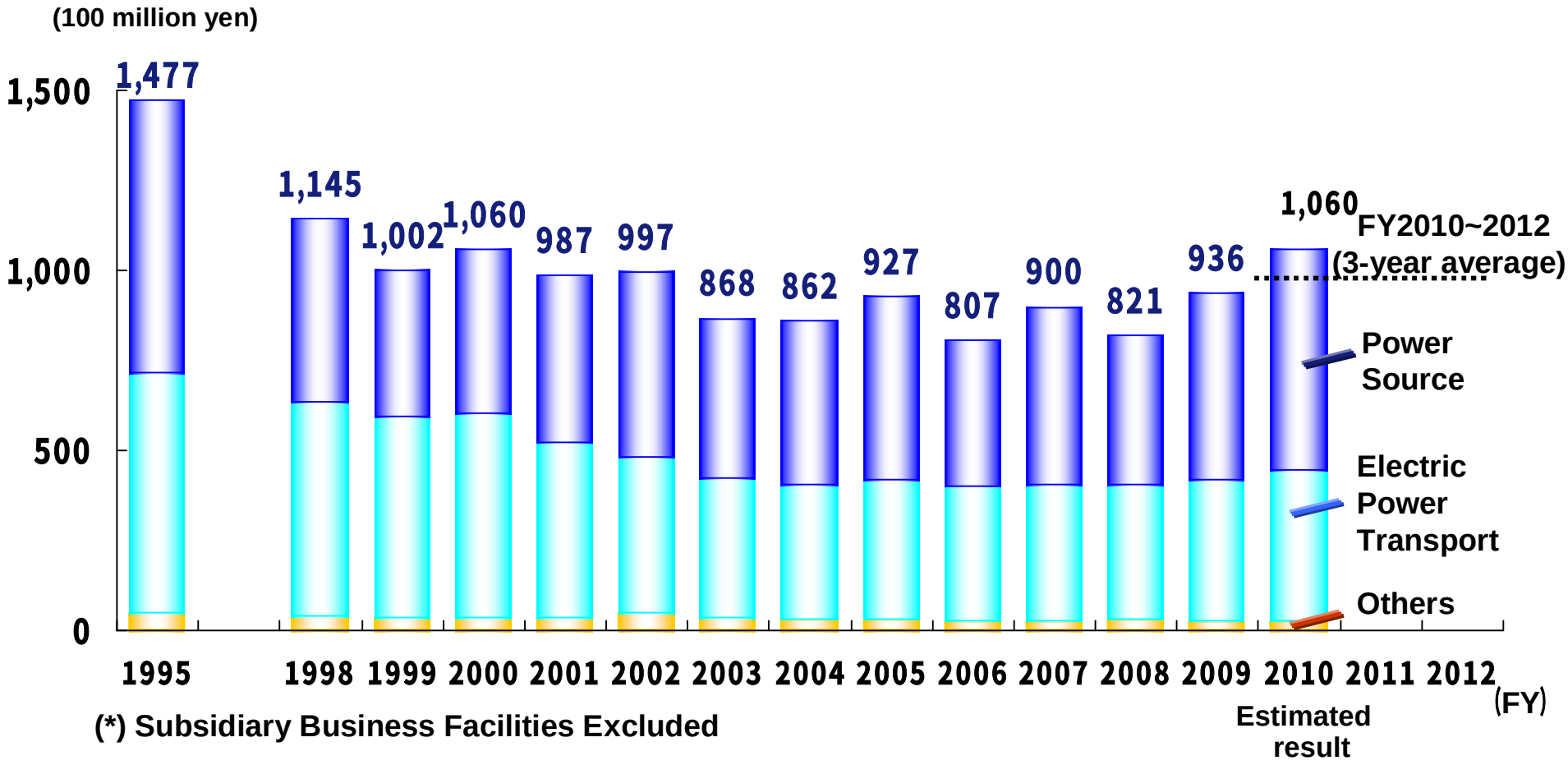
(*) Subsidiary Business Facilities Excluded

■ Progress of Constructing Nuclear Power Stations



III-3 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.**



(*) Subsidiary Business Facilities Excluded

- **None of the information on this document is intended to solicit of induce purchase or selling of the Company's stocks. Moreover Chugoku Electric makes no guarantees whatever regarding the contents of this website.**
- **Persons considering investment in the Company should without fail read in advance the stock and bond reports and other financial literature issued by the Company, and make decisions on their own judgment. Though great care is exercised in the preparation of such literature, Chugoku Electric and the other information providers shall not be liable in any manner for any loss whatever incurred as a result of erroneous information contained therein or in this document.**
- **Items in Chugoku Electric's current plans and strategies, etc., published on this document which are not yet historical fact are projections concerning future performance and as such involve factors of risk and uncertainty which means that actual performance in the future may differ to a large extent from projections published here. Therefore Chugoku Electric does not guarantee the reliability of such projections.**

For Questions or Comments,

Please Contact the Investor Relations Section

at the Address Below：

4-33 , Komachi, Naka-ku,

Hiroshima 730-8701

Japan

The Chugoku Electric Power Co., Inc.

Corporate Planning Division

ＦＡＸ：　+81 82 523 6090

E-mail：　ir@inet.energia.co.jp