



Investors Meeting for
FY2021-2Q Financial Results

The Summary of Financial Results for FY2021-2Q

(April 1 through September 30, 2020)

The Chugoku Electric Power Co., Inc.

November 17, 2020

In this report, the term “Fiscal Year 2021” refers to the period between April 1, 2020 and March 31, 2021.

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I . FY2021 2nd Quarter Financial Results

- Operating revenues were 644.0 billion yen, a decrease of 38.3 billion yen in comparison with the same period in the previous year. This is mainly because of the decrease in electricity sales revenue due to the decrease in retail electricity sales for the reasons such as stagnation of production activities caused by Coronavirus Disease (COVID-19).
- Operating expenses were 596.9 billion yen, a decrease of 51.6 billion yen in comparison with the same period in the previous year. This is mainly because of our efforts for business efficiency enhancement, in addition to the decrease in material expenses due to the decrease in fuel prices and retail electricity sales .
- As a result, operating income was 47.0 billion yen, a increase of 13.3 billion yen in comparison with the same period in the previous year.
- Ordinary income including other expenses and other income, such as interest expense, was 44.6 billion yen, a increase of 13.7 billion yen in comparison with the same period in the previous year.
- Net income attributable to owners of the parent was 34.3 billion yen. This is the result of applying the provision for drought and deducting income taxes. A decrease of 51.1 billion yen in comparison with the same period in the previous year is mainly because of drawing down reversal of a provision for depreciation of nuclear power plants in the previous year.

1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2021-2Q (A)	FY2020-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	644.0	682.3	-38.3	-5.6 %
Operating income	47.0	33.7	13.3	39.6 %
Ordinary income	44.6	30.9	13.7	44.4 %
Net income attributable to owners of the parent	34.3	85.4	-51.1	-59.8 %

(Rounded down to the hundred million yen)

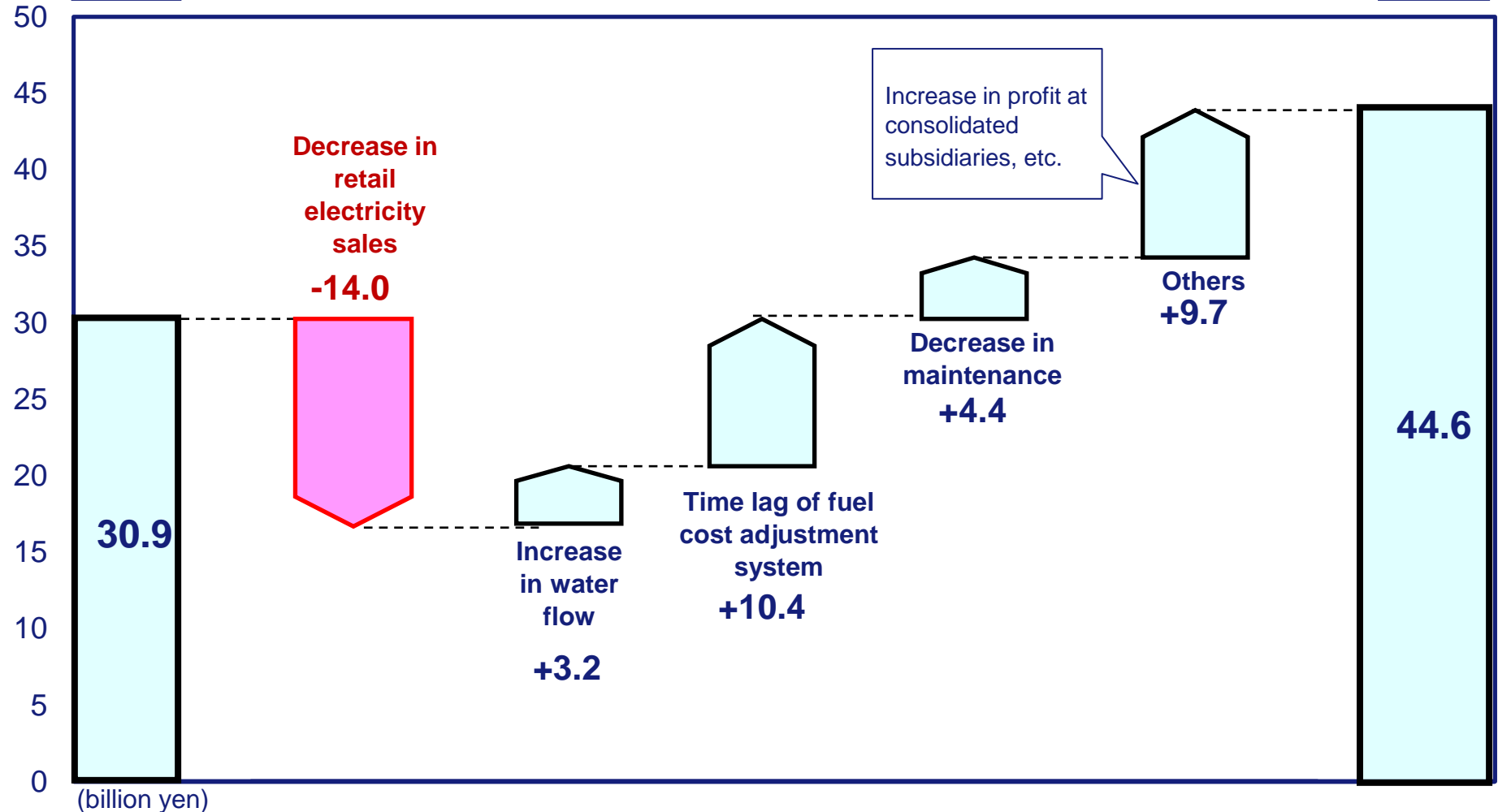
2. Income Statement <Consolidated>

(billion yen)

	FY2021-2Q (A)	FY2020-2Q (B)	Difference (A-B)
Ordinary revenues	650.2	688.5	-38.3
Operating revenues	644.0	682.3	-38.3
Other revenues	6.1	6.2	-0.0
Ordinary expenses	605.5	657.6	-52.1
Operating expenses	596.9	648.6	-51.6
Other expenses	8.5	9.0	-0.4
Operating income	47.0	33.7	13.3
Ordinary income	44.6	30.9	13.7
Provision for drought	0.1	-0.2	0.4
Provision for depreciation of nuclear power plant	-	-86.2	86.2
Income taxes, etc.	10.1	32.0	-21.8
Net income attributable to owners of the parent	34.3	85.4	-51.1

(Rounded down to the hundred million yen)

3. Factors for change in Ordinary income <Consolidated>



4. Total Electricity Sales

- Total electricity sales were down by 8.1% in comparison with the previous year due to reasons such as the intensified competition and the impact of COVID-19.
- Retail electricity sales were 22.42 billion kWh, down by 8.5% in comparison with the previous year.
- Electricity sales to other power companies were 3.21 billion kWh, down by 5.4% in comparison with the previous year.

		(billion kWh)			
		FY2021-2Q (A)	FY2020-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total sales		25.63	27.89	-2.26	-8.1 %
Retail sales	Subtotal	22.42	24.50	-2.08	-8.5 %
	Lighting	7.67	7.63	0.04	0.5 %
	Power	14.75	16.87	-2.11	-12.5 %
Sales to other power companies		3.21	3.39	-0.18	-5.4 %

Note: We transferred the power transmission and distribution business to Chugoku Electric Power Transmission & Distribution Co.,Inc. through a corporate split on April 1, 2020. The figures for the second quarter of FY2020 are based on the assumption that the company was split into two companies under certain assumptions to facilitate comparison with the figures for the second quarter of FY2021.

5. Generated and Received Electricity

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- Total of generated and received electricity was down by 8.2% in comparison with the same period in the previous year.
- Hydroelectric power of own facilities increased due to the increase in water flow.
- Thermal power of own facilities decreased due to reasons such as the decrease in retail electricity.

(billion kWh)

		FY2021-2Q (A)	FY2020-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		24.39	26.57	-2.18	-8.2 %
Own facilities	Subtotal	14.70	16.01	-1.32	-8.2%
	(Water Flow Rate)	(111.6 %)	(79.4 %)	(32.2%)	
	Hydroelectric	2.02	1.56	0.45	29.1 %
	Thermal	12.68	14.45	-1.77	-12.2 %
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.00	0.00	-0.00	-3.6 %
Interchanged and purchased	Subtotal	10.17	11.01	-0.84	-7.6 %
	Purchased	15.75	17.10	-1.35	-7.9 %
	Transmitted	-5.57	-6.09	0.51	-8.4 %
Pumping use		-0.48	-0.46	-0.02	5.4 %

Note: The figures for the second quarter of FY2020 are based on the assumption that the company was split into two companies under certain assumptions to facilitate comparison with the figures for the second quarter of FY2021.

6. Segment Information

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(billion yen)

		FY2021-2Q (A)	FY2020-2Q (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	590.4	651.5	-61.0
	Operating income	32.2	23.3	8.9
Power Transmission and Distribution Business	Operating revenues	178.4	167.8	10.6
	Operating income	13.8	9.4	4.3
Information and Telecommunications Business	Operating revenues	20.0	19.8	0.1
	Operating income	1.2	1.4	-0.1
Others	Operating revenues	42.7	43.4	-0.7
	Operating income	0.3	-0.1	0.4
Amount of Adjustment	Operating revenues	-187.6	-200.3	12.6
	Operating income	-0.5	-0.3	-0.2
Total	Operating revenues	644.0	682.3	-38.3
	Operating income	47.0	33.7	13.3

(Rounded down to the hundred million yen)

Note: We have changed the reporting segments from "Electric Power Business", "Comprehensive Energy Supply Business" and "Information & Telecommunication Business" to "Comprehensive Energy Business", "Power Transmission and Distribution Business" and "Information and Telecommunications Business". As a result, the figures for the second quarter of FY2020 have been reclassified to the new reporting segments.

II . Forecasts of Financial Results

Dividends for FY2021

1. Forecasts of Financial Results for FY2021

- We expect that operating revenues will decrease in comparison with previous forecasts as of July, for the reasons such as the decrease in total electricity sales due to the impact of COVID-19 and decrease of fuel cost adjustment amount due to the decrease in fuel prices.
- We expect that ordinary income will increase in comparison with the previous year, for the reasons such as our efforts for business efficiency enhancement and the decrease in material expenses due to decrease in fuel prices and increase in water flow, despite the decrease in operating revenues.
- The reasons why the full-year income forecast is lower than the second quarter income are as follows.
 - ✓ We expect expenses for maintenance and outsourcing to address ageing of equipment and regular inspections of power plants will increase in the third quarter and beyond.
 - ✓ the effect of the time lag of fuel cost adjustment system
 - ✓ the effect of total electricity sales due to the impact of COVID-19
- The forecast is subject to change depending on the future status of COVID-19 and other factors.

<Consolidated>

(billion yen)

	FY2021 (Forecasts) As of October (A)	FY2021 (Forecasts) As of July (B)	Difference (A-B)	【Reference】 FY2020
Operating revenues	1,262.0	1,264.0	-2.0	1,347.3
Operating income	34.0	31.0	3.0	48.1
Ordinary income	28.0	25.0	3.0	39.8
Net income attributable to owners of the parent	20.0	18.0	2.0	90.0
Shareholder's equity ratio	Approximately 19%	Approximately 19%	-	19.7%

3. Forecasts of Financial Results Major Factors (1/2)

		FY2021 (Forecasts) As of October (A)	FY2021 (Forecasts) As of July (B)	Difference (A-B)
Total electricity sales	(billion kWh)	52.8	53.3	-0.5
Exchange rate	(¥ / \$)	106	109	-3
Crude oil prices (All Japan CIF)	(\$ / b)	41	38	3
Nuclear capacity factor	(%)	-	-	-

【Reference】 FY2020
56.3
109
67.8
-

■ Financial impact (Sensitivity)

(billion yen)

		FY2021 (Forecasts) As of October
Exchange rate	(¥1 / \$)	1.4
Crude oil prices (All Japan CIF)	(\$1 / b)	1.4
Water flow rate	(1%)	0.2
Nuclear capacity factor	(1%)	0.4

【Reference】 FY2020
2.2
1.9
0.4
0.6

- The impact of COVID-19 on retail electricity sales is based on the following assumptions.

Lighting	<ul style="list-style-type: none"> ▪ Electricity sales increased as a result of an increase of staying home due to the stay-at-home request in the first and second quarter, but electricity usage will return to its normal state with the lifting of the request after the third quarter.
Power	<ul style="list-style-type: none"> ▪ Commercial power decreased due to staying home and business suspension request in the first quarter, but it will recover gradually with the lifting of the request after the second quarter. ▪ Industrial power will continue to be weak throughout the year due to the stagnation of production activities caused by COVID-19.

The impact of COVID-19 (estimation)

	FY2021-2Q	FY2021(full-year)
Impact on retail electricity sales (year on year change)	Approx.-0.7billion kWh (-2.8%)	Approx.-1.5billion kWh (-3%)
Impact on profits	Approx.-5billion yen	Approx.-11billion yen

- We have continued stable dividends of ¥50 per share, based on our dividend policy “constant nominal payment”, in consideration of medium-and-long term viewpoint.
- Regarding the payment of dividends, we are based on twice a year at interim and year-end.
- We have decided to distribute ¥25 per share as the interim dividends of FY2021.
- We are planning to pay out ¥25 as the year-end dividends of FY2021. We have not revised the forecasts of dividends announced in July 2020.

< Dividends > (yen per share)

	FY2021	FY2020
Interim	25	25
Year-end	25 (forecast)	25
Total	50 (forecast)	50

(Reference) Key points

1. Income Statement and Balance Sheet <Consolidated>

Income Statement

(billion yen)

	FY2021-2Q		FY2020-2Q	
Summary of financial results	2 years in a row		For the first time in 3 years	
	Decrease in revenues (-38.3) Increase in income (+13.7)		decrease in revenues (-5.1) Increase in income (+19.0)	
Operating revenues	644.0	(No.4)	682.3	(No.2)
Operating income	47.0	(No.9)	33.7	(No.12)
Ordinary income	44.6	(No.5)	30.9	(No.10)
Net income attributable to owners of the parent / Net income	34.3	(No.3)	85.4	(No.1)

Balance Sheet

(billion yen)

	FY2021-2Q		FY2020	
Total assets	3,376.7		3,265.3	
Net assets	673.0		646.6	
Shareholders' equity ratio	19.8 %		19.7%	
Interest-bearing debt	2,308.0		2,193.9	

Note: "Increase / decrease in income" in the summary of financial results is based on ordinary income.
The ranking is a simple comparison with the past amount at the time of each settlement since FY2001.

		FY2021-2Q	FY2020-2Q
Exchange rate	(¥ / \$)	107	109
Crude oil prices (All Japan CIF)	(\$ / b)	* { 36.5	68.9
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 78.0	108.9
Nuclear capacity factor	(%)	-	-

* Provisional figures

(Reference) Appendix

1. Summary of Cash Flows <Consolidated>

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(billion yen)

	FY2021-2Q (A)	FY2020-2Q (B)	Difference (A-B)
Cash Flow form Operating Activities	37.1	26.2	10.9
Cash Flow from Investing Activities	-106.5	-129.2	22.7
Free Cash Flow	-69.3	-103.0	33.6
Cash Flow from Financing Activities	102.3	126.5	-24.2
Cash and Cash Equivalents (increase and decrease)	32.5	23.3	

(Rounded down to the hundred million yen)

2. Operating expenses

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(billion yen)

	FY2021-2Q (A)		FY2020-2Q (B) (※2)
	Non-Consolidated	Chugoku Electric Power Transmission & Distribution Co.,Inc. (※1)	
Personnel	22.7	[26.5]	47.7
Retirement allowances	1.9	[1.8]	2.5
Material	261.9	[44.5]	317.0
Fuel	66.1	[0.7]	94.7
Purchased power	195.8	[43.8]	222.2
Maintenance	15.0 (14.3)	[22.3]	40.9 (19.1)
Depreciation	14.4 (12.6)	[20.3]	33.7 (12.9)

Note: Figures in parentheses reiterate costs related to power sources.

*1: For comparisons with the same period of the previous year, figures for Chugoku Electric Power Transmission & Distribution are provided as a reference.

*2: Actual figures for the former Chugoku Electric Power Company (non-consolidated) before the transmission and distribution business and the like were taken over by Chugoku Electric Power Transmission & Distribution.

3. Procurement and Consumption of Fuel (in-house)

(1) Procurement volume

	Unit	FY2021-2Q (A)	FY2020-2Q (B)	Difference (A-B)
Fuel oil	million liters	90	120	-30
Coal *	thousand tons	2,460	2,960	-490
LNG *	thousand tons	900	1,130	-220

* Sales included

(2) Consumption volume

	Unit	FY2021-2Q (A)	FY2020-2Q (B)	Difference (A-B)
Fuel oil	million liters	120	100	20
Coal	thousand tons	2,180	2,740	-560
LNG	thousand tons	830	920	-90

(billion yen)

	FY2021-2Q		FY2020-2Q (※2)
	Non-Consolidated	Chugoku Electric Power Transmission & Distribution Co.,Inc. (※1)	
Capital Expenditure	43.0 (41.5)	[24.7]	66.9 (42.2)

Note: Figures in parentheses reiterate costs related to power sources.

*1: For comparisons with the same period of the previous year, figures for Chugoku Electric Power Transmission & Distribution are provided as a reference.

*2: Actual figures for the former Chugoku Electric Power Company (non-consolidated) before the transmission and distribution business and the like were taken over by Chugoku Electric Power Transmission & Distribution.

5. Interest-bearing debt and Interest rate

(1) Breakdown of Interest-bearing debt <Consolidated> (billion yen)

	End of FY2021-2Q (A)	End of FY2020 (B)	Difference (A-B)
Interest-bearing debt	2,308.0	2,193.9	114.0
Corporate bond	981.4	921.5	59.9
Long-term debt	1,160.5	1,187.8	-27.2
Short-term debt	69.9	69.8	0.1
Commercial paper	80.0	-	80.0
Lease Obligations	15.9	14.7	1.2

(2) Interest rate <Non-Consolidated>

	FY2021-2Q	FY2020
Average	0.56 %	0.57 %

(3) Interest expense<Non-Consolidated> (billion yen)

	FY2021-2Q (A)	FY2020-2Q (B)
Interest expense	5.3	5.9

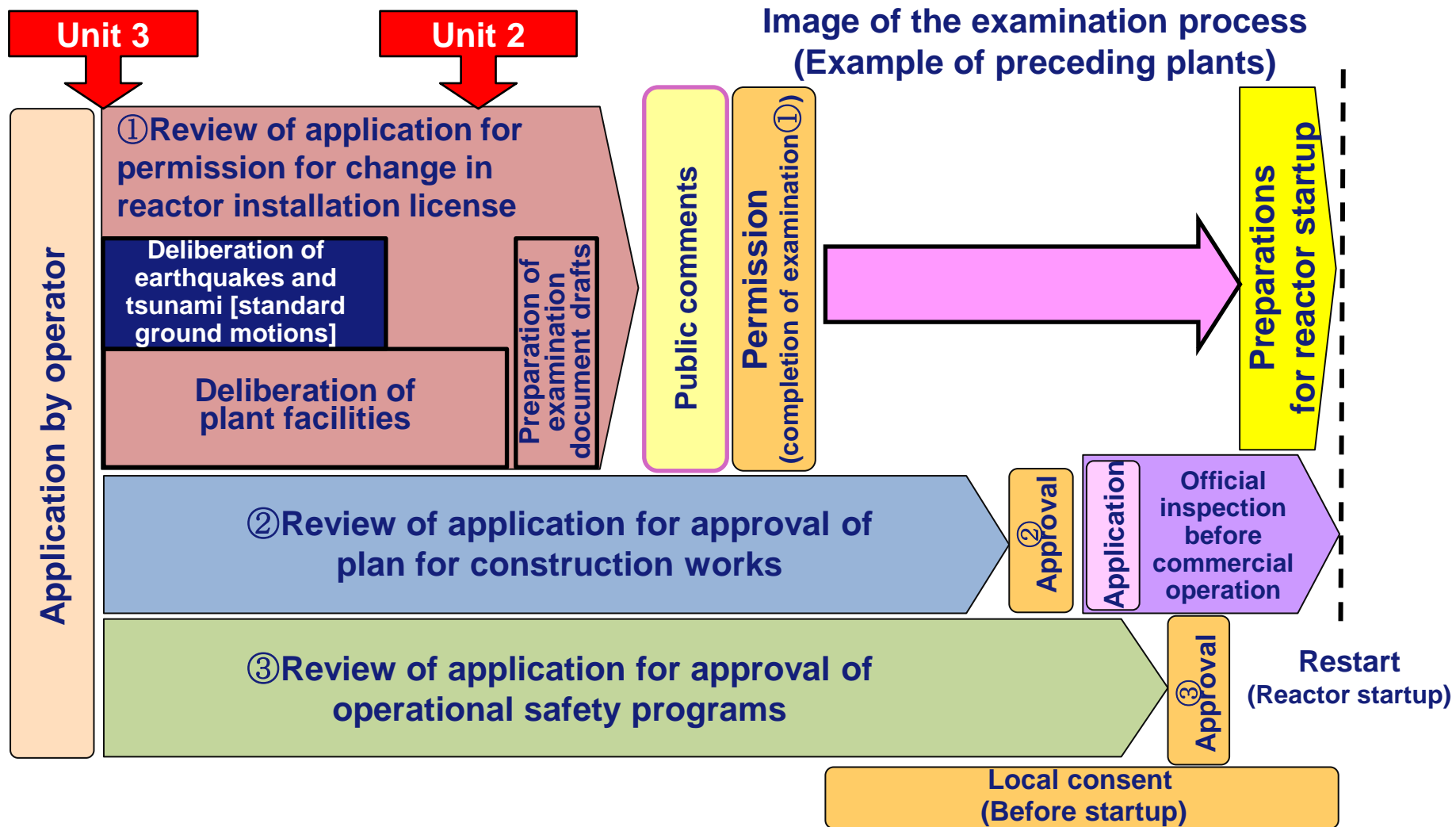
(Rounded down to the hundred million yen)

III. Recent Topics

1-1. State of Shimane Nuclear Power Station

[Process of Conformity Review Process]

- Regarding Unit 2, in December 2013, we applied for examination to verify its compliance with the new requirements. The examinations began in January 2014. As of the end of October this year, a total of 172 examinations have been conducted.



1-2. State of Shimane Nuclear Power Station

[Process of Conformity Review Process]

[Conformity Review Status]

Key review items		Review status	Key review items		Review status	
Review application overview, major points of discussion, how to proceed with the review meeting		Underway	Design standard accident measures	Volcanoes (impact evaluation and countermeasures)	Underway	
Earthquakes	Aseismic design policy	Underway		Fires	Implemented	
	Ground/slope stability	Underway		Tornadoes (impact evaluation and countermeasures)	Implemented	
	Earthquake ground motion formulated without specifying epicenter	Implemented		Interior overflowing	Implemented	
	Standard earthquake ground motion	Implemented		External phenomena	Implemented	
	Underground structures on and around the site	Implemented		Passive equipment single failure	Implemented	
	Ground quality and geological structure of the site	Implemented		Safety power supply equipment	Implemented	
	Earthquake ground motion formulated specifying epicenter	Implemented		Misoperation prevention, safety escape routes, and safety protection circuitry	Implemented	
Tsunamis	Tsunami resistance design policy	Underway		Reactor coolant pressure boundary	Implemented	
	Standard tsunami	Implemented		Telecommunication equipment	Implemented	
Major accident measures	Technical competence required for response to major accident	Underway		Surveillance measurement equipment	Implemented	
	Selection of accident sequences	Implemented		Common equipment	Implemented	
	Efficacy evaluation	Implemented		Trespassing prevention	Implemented	
	Analysis code	Implemented		Total AC power loss countermeasure equipment	Implemented	
	Reactor control room	Implemented		Fuel handling and storage facilities	Implemented	
	Emergency response facility	Implemented		Radioactive waste treatment facilities	Implemented	
	Filtered venting system	Implemented		Other	Countermeasure facilities for specified major accidents	Underway
	Measures for hydrogen explosion prevention	Implemented			In-station permanent DC power supply equipment (3rd system)	Underway
	Toxic gas protection	Implemented				
	Probabilistic risk evaluation	Implemented				
	Residual heat replacement removal system	Implemented				

* Items with a review status of "Implemented" may be reviewed again, depending on the progress of other reviews and the like.

1-3. State of Shimane Nuclear Power Station

[Process of Conformity Review Process]

[Status of Safety Measure Work]

- The scheduled completion period for the safety measure work has been revised to "as soon as possible in FY2022" for Shimane Unit 2, and to "the first half of FY2023" for Shimane Unit 3.
- The cost of safety measures has been reviewed from the previous figure of about 550 billion yen to about 600 billion yen.

[Main Additional Safety Measure Work]

Inundation Prevention Measures in Turbine Building

[Unit 2: Scheduled to be completed in FY2022]

- Bulkheads and the like are to be installed in the turbine building to prevent inundation of important equipment due to breakage of seawater piping in the condenser* installation area.

* Condenser: A device that uses seawater to cool the steam used for power generation and return it to water.

[Outline of Measures]

- Installation of bulkheads: 4 locations
- Installation of water-tight doors: 5 locations, etc.

<Legend>

- : Area where inundation is expected
- : Bulkhead
- : Water-tight door

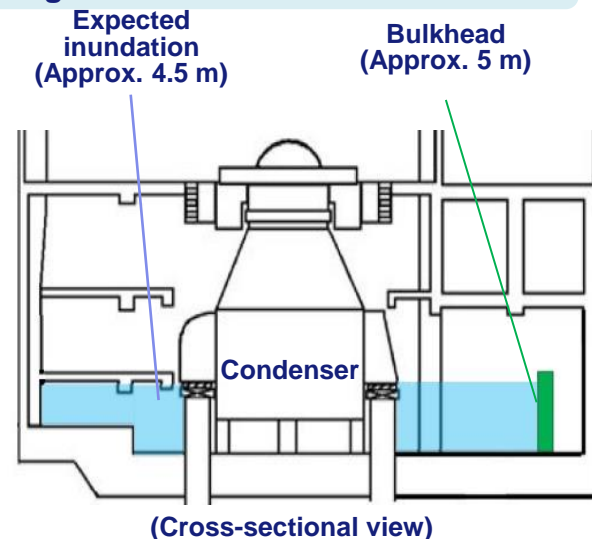
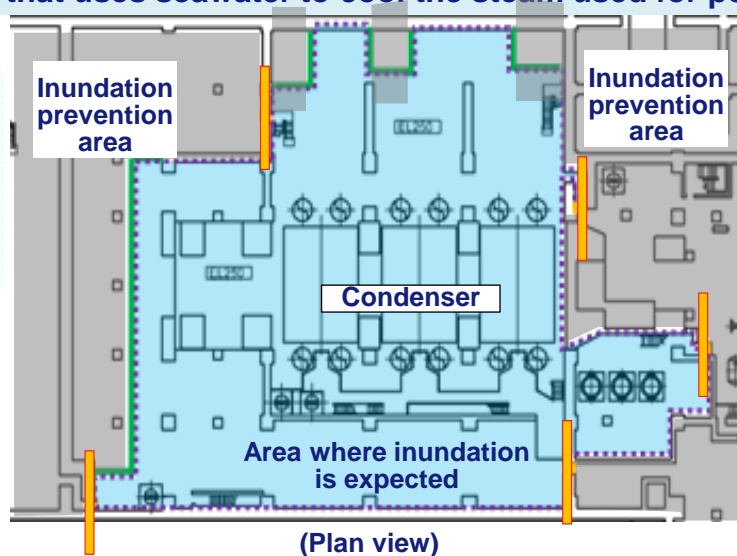


Illustration of measure work in the turbine building (condenser installation area)

1-3. State of Shimane Nuclear Power Station [Process of Conformity Review Process]

Seawall Reinforcement Work

■ The following seawall reinforcement work will be implemented to fully ensure the soundness of the seawalls.

[Common: Scheduled to be completed in FY2022]

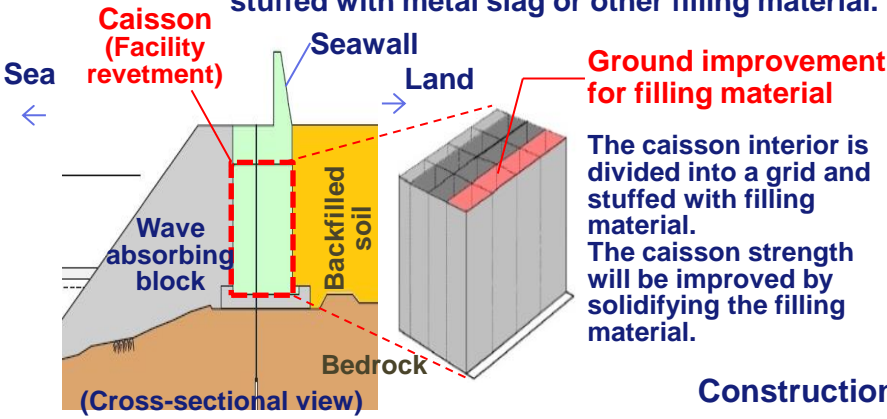
[Measure ①] Aseismic reinforcement work

Construction area	Unit 3, north and east areas
Contents	Aseismic reinforcement work will be done to the seawall foundations to improve the aseismic capability of the seawalls.

[①-1] Unit 3, north and east areas

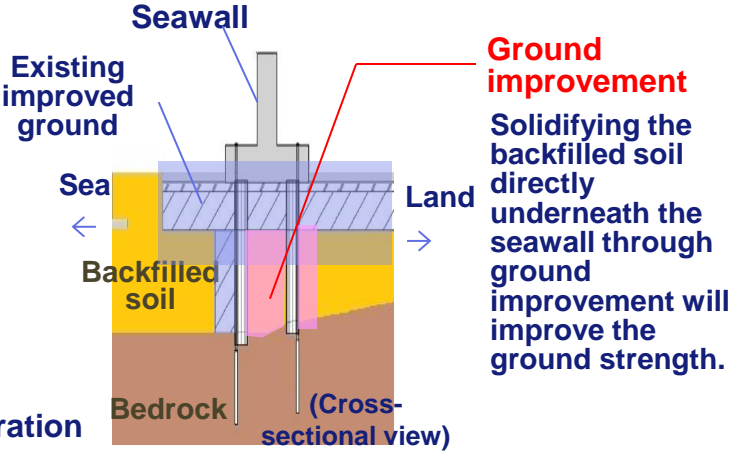
The filling material will be solidified to improve the strength of the caisson*.

*Caisson: A reinforced concrete box used for the revetment portion of a seawall. The interior is stuffed with metal slag or other filling material.



[①-2] Unit 3, east area

The ground directly under the seawall will be solidified to improve the ground strength.



Construction illustration

(Cross-sectional view)

1-3. State of Shimane Nuclear Power Station [Process of Conformity Review Process]

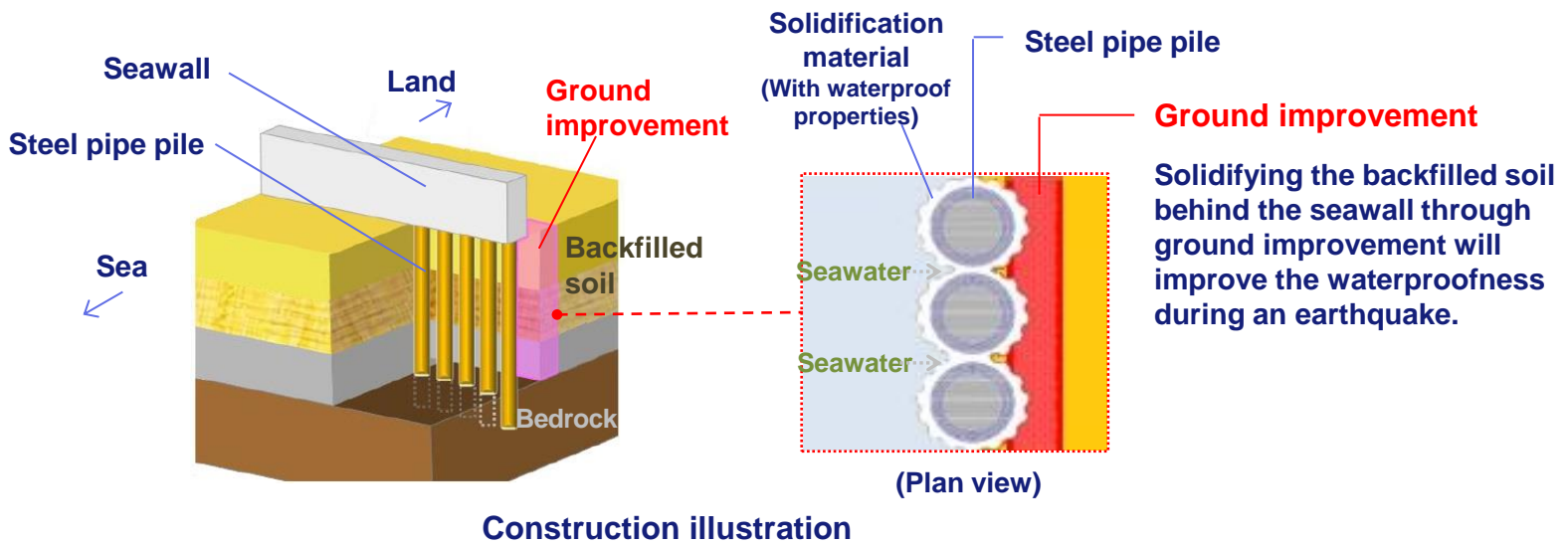
Seawall Reinforcement Work

■ The following seawall reinforcement work will be implemented to fully ensure the soundness of the seawalls.

[Common: Scheduled to be completed in FY2022]

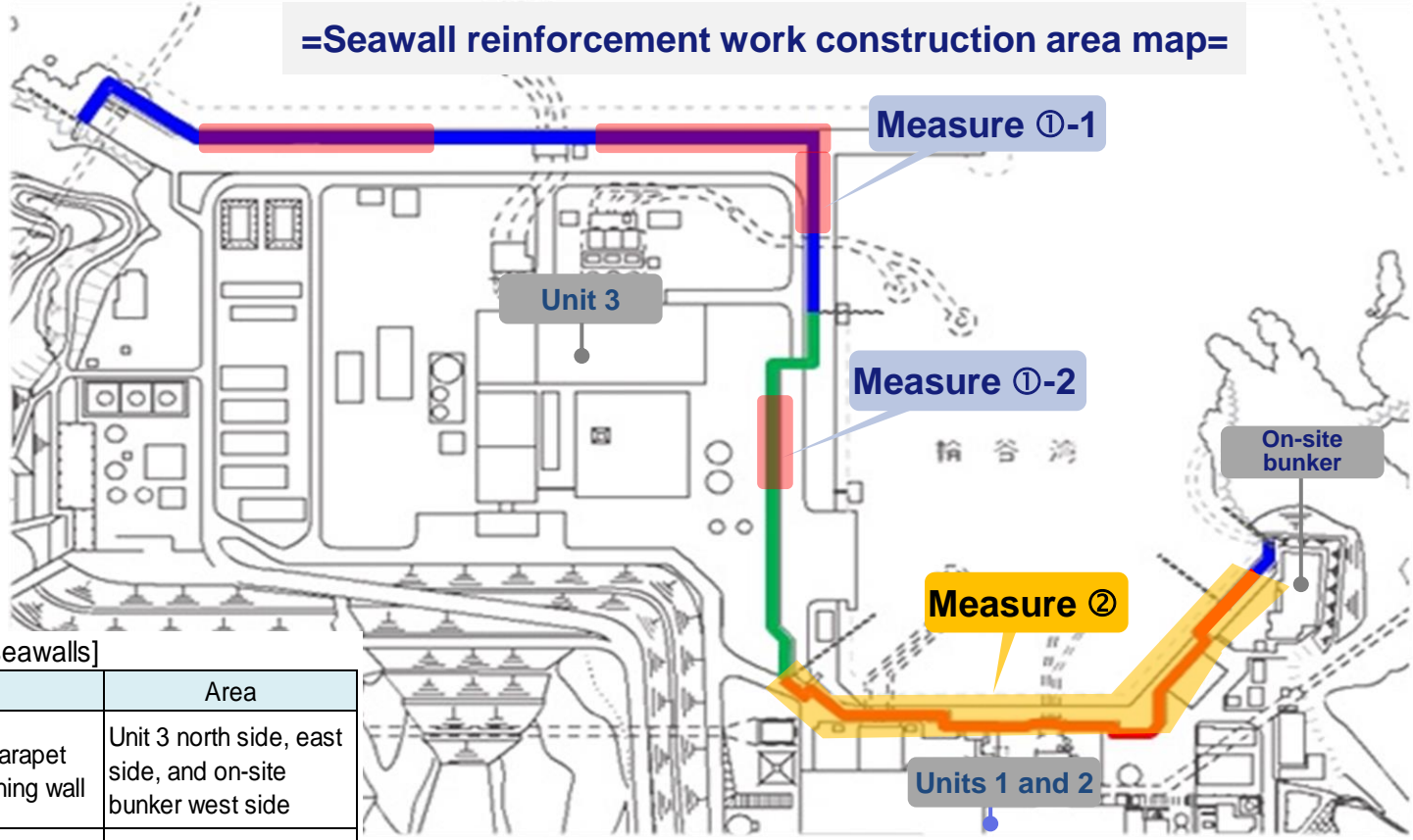
[Measure ②] Waterproofing improvement work

Construction area	Units 1 and 2, north area
Contents	Ground improvement work will be performed to improve the waterproofness of the seawall.



1-3. State of Shimane Nuclear Power Station [Process of Conformity Review Process]

=Seawall reinforcement work construction area map=



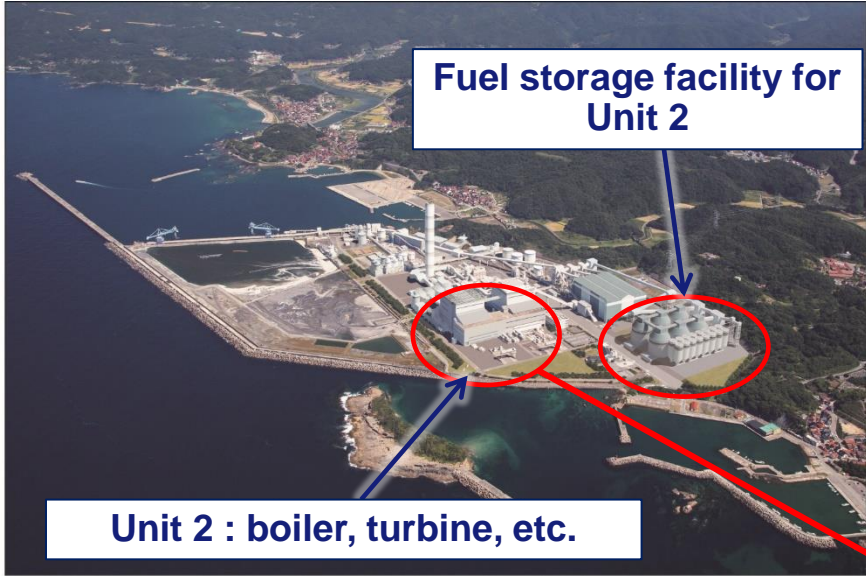
[Types and placements of the seawalls]

Legend	Retaining wall	Area
	 Recurved parapet gravity retaining wall	Unit 3 north side, east side, and on-site bunker west side
	 Steel pipe pile reverse-T retaining wall	Unit 3 east side wall
	 Multiple steel pipe pile retaining wall	Units 1 and 2 north side

2. Misumi Power Station Unit 2 (Coal-fired)

- We started construction in November 2018.
- We aim to start operation in November 2022. [Progress rate as of the end of October 2020 : 58.2%]

[Completed Projection Drawing]



[Project Overview]

Location	Hamada-city, Shimane Pref.
Installed Capacity	1 GW
Type of Generation	Ultra Super Critical (USC)
Fuel	Coal
Start of Operation	November 2022

[State of Construction] (As of October 2020)



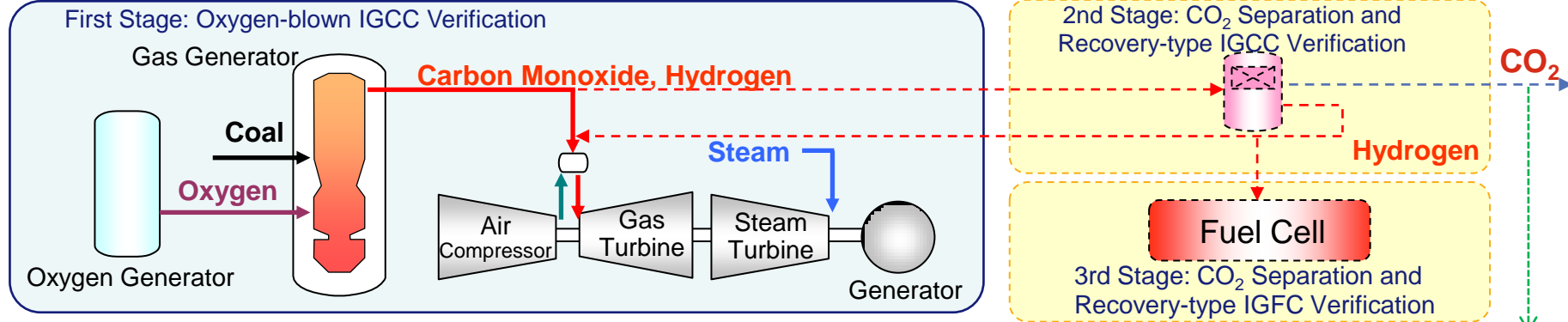
FY	2019	2020	2021	2022	2023
Schedule	▼Received notice of confirmation of environmental impact assessment (April)				
	Civil engineering and construction				
	Equipment installation				
	Test operation				

3. Initiatives to Reduce Environmental Impact [OCG]

- The Oxygen-blown IGCC* demonstration test was completed in February 2019.
- Aiming for a significant reduction in CO₂ emissions, we plan to implement a demonstration test of separate and recovery technology for CO₂ from December 2019. Based on the results, we will proceed with examinations for demonstration of carbon recycling that effectively uses CO₂ collected from coal-fired power generation as a fuel source for various applications.
- We aim to establish the IGFC**, the ultimate high-efficiency coal-fired thermal power generation technology.

*Oxygen-blown IGCC: Oxygen-blown Integrated Coal Gasification Combined Cycle
 Oxygen-blown IGCC is a technology that gasifies coal using oxygen, thereby manufacturing a product gas with hydrogen and carbon monoxide as its main constituents, and generates electricity in a combined cycle using a gas turbine and a steam turbine.

** IGFC: Integrated Coal Gasification Fuel Cell Combined Cycle
 IGFC is a technology that combines IGCC with fuel cells to further raise generation efficiency.



[CO₂ Separation and Recovery Facility]



ex. for carbon recycling



Promotes tomato photosynthesis
 *Joint development of J-POWER and KAGOME



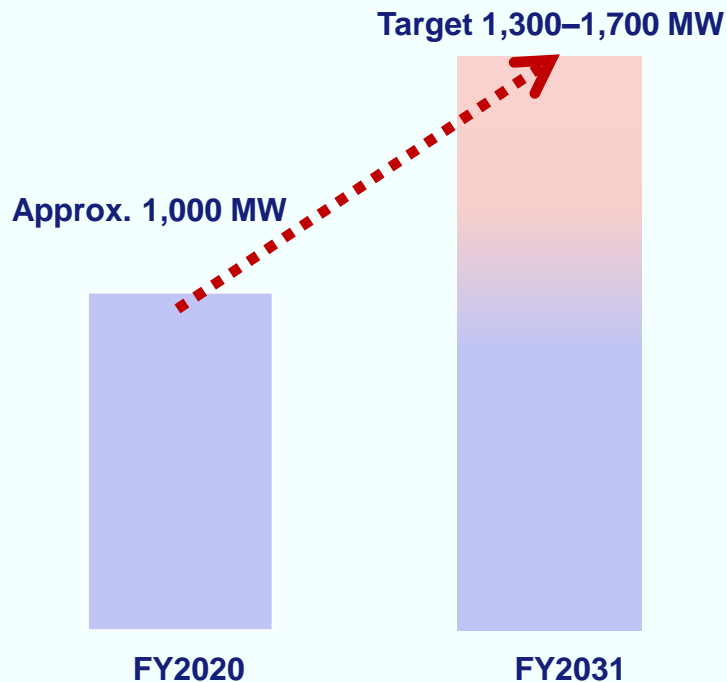
A concrete using special mild material (CO₂-SUICOM)

4. Broader Introduction of Renewable Energy

- We are positioning renewable energy not only as a response to global environmental problems, but also as a growth area. As part of this effort, we are introducing hydro, wind, and other renewables to achieve the target indicated in our corporate vision of “introducing 300–700 MW of renewable energy by FY2031.”

[Current capacity and target for the future]

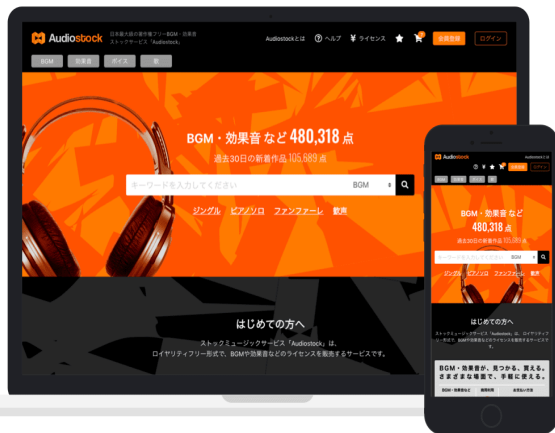
[Main current initiatives]



Domestic	Hydro	○ Increased output of existing hydro power [repowering] [Takiyamagawa: Scheduled for March 2021, and 6 other power stations]
	Biomass	○ Mixed fuel generation with woody biomass [Misumi Unit 2: Scheduled for November 2022] ○ Biomass power businesses with Air Water Inc. [Iwaki City, Fukushima Prefecture: Scheduled for FY2022] ○ Biomass power business with Hiroshima Gas Co., Ltd. [Kaita-cho, Aki-gun, Hiroshima Prefecture: Scheduled for FY2021]
Overseas	Wind	○ Taiwan offshore wind power generation project [Start of commercial operations: By December 2021]

5.Efforts at the Energia Creative Lab

- In April 2019, the Energia Creative Lab was established with the concepts of "creating the future of the region" and "creating the future of electricity." The Lab actively invests in start-up corporations with original technologies and services that have mid- to long-term growth potential in order to acquire new profits.
- In April 2020, as our first investment, we invested in Audiostock Inc., a music service provider. We then invested in XTIA Ltd., which develops, manufactures, and sells shape measuring instruments, in September, and in Unirobot Corporation, which is developing a communication technology business, in October.



▲ Music service provided by Audiostock Inc.



▲ Shape measuring instruments provided by XTIA Ltd.
(Left: Desk-top device equipped with sensors;
Right: Robot arm equipped with sensors)



▲ unibo, a communication robot provided by Unirobot Corporation

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