

Financial Results

for the Six-months Ended September 30, 2005

Hokkaido Electric Power Co., Inc.

November 15, 2005

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Note: In this presentation, "FY(fiscal year)" refers to the period April 1 through March 31 of each year.
e.g. FY 2006 means the period from April 1, 2005 to March 31, 2006.



Financial Results for the Six-months Ended September 30, 2005

Summary of Financial Results

■ Points of financial results; Decrease in revenues / increase in income

Non-consolidated / Consolidated	Revenues	[Increase factors] Increase in electricity sales, etc. [Decrease factors] Rate cut in April, 2005, etc.
	Expenditures	[Increase factors] Fuel price hike, etc. [Decrease factors] High utilization of Tomari nuclear power plant, decrease in depreciation cost and interest payment, etc.

(TWh, billion yen)

	Non-consolidated			Consolidated		
	April 1 – Sept. 30, 2005(A)	April 1 – Sept. 30, 2004 (B)	(A)/(B)%	April 1 – Sept. 30, 2005(A)	April 1 – Sept. 30, 2004 (B)	(A)/(B)%
Electricity Sales(TWh)	14.7	14.4	101.9	-	-	-
Operating Revenues	240.8	241.1	99.9	246.4	246.8	99.8
Operating Income	36.1	36.0	100.3	38.3	37.3	102.6
Ordinary Income	29.8	24.9	119.7	31.4	24.0	130.7
Net Income	19.3	15.9	121.7	20.5	15.3	133.3

Electricity Sales

Total electricity sales have increased by 1.9% compared to the previous term

- Non-eligible customers demand has increased by 1.5% due to the dissemination of the fully electrically-fitted housing system at the result of proactive sales activities in addition to the increase of heating system use resulting from the lower temperatures in spring and air conditioner use resulting from higher temperature in summer compared to the previous term.
- Eligible customers' demand has also increased by 2.2% due to the newly openings of large-scale retailers and the influence of steady production in steel industry.

		(GWh)			
		April 1 – Sept. 30, 2005(A)	April 1 – Sept. 30, 2004 (B)	Increase/decrease (A)-(B)	Comparison (A)/(B) %
Non-eligible Customers	Residential	5,352	5,263	89	101.7
	Commercial and Industrial	901	897	4	100.5
	Subtotal	6,253	6,160	93	101.5
Eligible Customers		8,435	8,249	186	102.2
Total		14,688	14,409	279	101.9

Note: In April 2005, because the scope of the eligible customers extended to customers using 50kW or more, which was a part of the deregulation of the electric power industry, the figure of "April 1 – Sept. 30, 2004" is an estimated amount based on the classification after the extension of the scope.

Power Supply

- Due to higher water flow rate in the current midterm which reached 111.4%, more than average per year and our appropriate operation of supply facilities by high utilization of Tomari nuclear power plant and so forth, we could maintain a stable power supply.

		(GWh)			
		April 1 – Sept. 30, 2005(A)	April 1 – Sept. 30, 2004 (B)	Increase/decrease (A)-(B)	Comparison (A)/(B)%
Hokkaido Electric Power Co., Inc.					
	[Water flow rate%]	(111.4)	(100.3)	(11.1)	
	Hydroelectric	2,330	2,110	220	110.4
	Fossil fuel	7,175	8,406	1,231	85.4
	[Nuclear capacity ratio %]	(88.0)	(68.6)	(19.4)	
	Nuclear	4,476	3,489	987	128.3
	Subtotal	13,981	14,005	24	99.8
	Purchased power	2,214	1,903	311	116.4
	Interchanged power	5	1	4	770.0
	Power used for pumped storage	52	15	37	341.2
	Total	16,138	15,892	246	101.5
Foreign exchange rate	yen/\$	109	110	1	—
CIF crude oil price	\$/bl	53.1	36.8	16.3	—
CIF overseas coal	\$/t	62.7	53.1	9.6	—

Statements of Income (Non-consolidated Revenues)

(Billion yen)

		April 1 – Sept. 30, 2005(A)	April 1 – Sept. 30, 2004 (B)	Increase/decrease (A)-(B)	Major factors for increase/decrease
Operating Revenues	Electricity Sales	239.2	239.3	0.1	<ul style="list-style-type: none"> · Effect on the rate reduction (5.2) · Increase in electricity sales, etc (5.1)
	Other Revenues	1.6	1.8	0.1	
	Total	240.8	241.1	0.2	
Non-operating Revenues		1.0	1.9	0.8	<ul style="list-style-type: none"> · Decrease in profit on sales of securities (1.1)
Ordinary Revenues		241.9	243.1	1.1	

Statements of Income (Non-consolidated Expenses)

(Billion yen)

		April 1 –Sept. 30, 2005(A)	April 1 –Sept. 30, 2004 (B)	Increase/decrease (A)-(B)	Major factors for increase/decrease
Operating Expenses	Personnel	39.0	39.6	0.6	・ Decrease in number of employees, etc.
	Fuel & Purchased Power	46.3	42.9	3.3	・ Increase in generation in nuclear power plant (9.1) ・ Increase in electricity sales (3.0) , fuel price hike (6.5)
	Maintenance	26.9	28.4	1.5	・ Decrease in regular inspection cost of power plant (2.3)
	Depreciation	33.3	37.4	4.0	・ Fixed percentage depreciation effect (4.3)
	Other Expenses	59.1	56.7	2.4	・ Increase in used fuel re-processing cost (1.0) and information processing cost(0.5)
	Total	204.7	205.1	0.3	
Non- operating Expenses	Interest	6.0	11.8	5.7	・ Effect of debt assumption in the previous term (4.7)
	Other Expenses	1.2	1.2	0.0	
Ordinary Expenses		212.1	218.1	6.0	
Reserve for Fluctuation in Water Level		0.1	-	0.1	・ Water flow rate100.3% 111.4% (deposition to the reserve-fund limit)

Comparison with Financial Outlook (Non-consolidated)

(TWh, Billion yen)

	Increase/decrease compared to April 1 – Sept. 30, 2004		Increase/ decrease (A)-(B)	Major factors for increase/decrease
	April 1 – Sept. 30, 2005(A)	Projection announced in May, 2005 (B)		
(Electricity Sales: TWh) Operating Revenues	(0.3) 0.2	(Approx. 0.0) Approx. 4.0	(Approx. 0.3) Approx. 4.0	• Increase in electricity sales
Operating Expenses	0.3	Approx. 3.0	Approx. 3.0	• Fuel price hike (3.0)
Operating Income	0.0	Approx. 1.0	Approx. 1.0	
Non-operating Income	4.8	Approx. 4.0	Approx. 1.0	
Ordinary Income	4.9	Approx. 3.0	Approx. 2.0	

Balance Sheets

(Billion yen)

		As of Sept. 30, 2005(A)	As of Sept. 30, 2004 (B)	Increase/ decrease (A)-(B)	Major factors for increase/decrease
Asset	Non-consolidated	1,380.3	1,379.3	1.0	<ul style="list-style-type: none"> • Depreciation (33.3) • Capital Expenditure (30.3) • Evaluation difference, such as stocks (5.8)
	Consolidated	1,458.2	1,443.8	14.4	
Liabilities	Non-consolidated	977.8	996.6	18.7	<ul style="list-style-type: none"> • Interest-bearing Debt (20.1)
	Consolidated	1,022.7	1,034.8	12.0	
Equity	Non-consolidated	402.5	382.6	19.8	<ul style="list-style-type: none"> • Dividend (5.2) • Net midterm Income (19.3) • Evaluation difference, such as stocks (5.8)
	Consolidated	425.9	405.0	20.9	

Note: Consolidated data excluding minority shareholders' interest

Performance Indicator (Non-consolidated)

Shareholders' Equity Ratio (%)	29.2	27.7	1.5	Target: 30% or more (in March, 2008)
Interest-bearing Debt Outstanding (Billion yen)	694.6	714.8	20.1	Target: 700 billion yen or less (in March, 2008)

Consolidated Cash Flow

(Billion yen)

	April 1 – Sept. 30, 2005(A)	April 1 – Sept. 30, 2004 (B)	Increase/ decrease (A)-(B)	Major factors for increase/decrease
Operating Activities	61.0	49.2	11.8	<ul style="list-style-type: none"> • Increase in midterm net income before taxes (7.2) • Decrease in payment of taxes (2.0)
Investing Activities	31.5	37.5	5.9	<ul style="list-style-type: none"> • Decrease in expenditure for purchase of fixed assets (5.2)
Financing Activities	29.4	15.2	14.1	<ul style="list-style-type: none"> • Increase in reduction of interest-bearing debt (14.2)
Increase/decrease in Cash & Cash Equivalents	0.0	3.5	3.6	

Outlook for the Full Year Ending in March, 2006

Outlook for the Full Year Ending in March, 2006

■ Non-consolidated

(TWh, Billion yen)

	Current projection (A)	Projection announced in May, 2005 (B)	April 1, 2004 – March 31, 2005 (C)	Increase/decrease		Comparison
				(A)-(B)	(A)-(C)	(A)/(C) %
Electricity Sales(TWh)	Approx. 30.6	Approx. 30.3	30.2	Approx. 0.3	Approx. 0.4	101.4
Operating Revenues	Approx. 510.0	Approx. 498.0	509.9	Approx. 12.0	Approx. 0.0	100.0
Operating Income	Approx. 58.0	Approx. 58.0	82.1	Approx. 0.0	Approx. 24.0	70.6
Ordinary Income	Approx. 45.0	Approx. 45.0	57.3	Approx. 0.0	Approx. 12.0	78.4
Net Income	Approx. 29.0	Approx. 29.0	35.1	Approx. 0.0	Approx. 6.0	82.4

■ Consolidated

(Billion yen)

Operating Revenues	Approx. 534.0	Approx. 510.0	522.4	Approx. 24.0	Approx. 12.0	102.2
Operating Income	Approx. 61.0	Approx. 60.0	86.0	Approx. 1.0	Approx. 25.0	70.9
Ordinary Income	Approx. 48.0	Approx. 47.0	59.1	Approx. 1.0	Approx. 11.0	81.2
Net Income	Approx. 30.0	Approx. 30.0	36.9	Approx. 0.0	Approx. 7.0	81.3

Factors for Increase/decrease Compared with the Previous Year (Non-consolidated)

(Billion yen)

	Increase/decrease compared with projection announced in May, 2005	Increase/decrease compared with April 1, 2004 – March 31, 2005	April 1, 2004 – March 31, 2005	Major factors for increase/decrease compared with April 1, 2004 – March 31, 2005
Operating Revenues	Approx. 12.0	Approx. 0.0	509.9	<ul style="list-style-type: none"> Rate reduction(17.0) Rate adjustment due to fuel cost (11.0), increase in electricity sales (6.0)
Non-operating Revenues	Approx. 0.0	Approx. 1.0	2.9	<ul style="list-style-type: none"> Decrease in gain from selling securities (1.1)
Personnel	Approx. 0.0	Approx. 1.0	77.5	<ul style="list-style-type: none"> Decrease in number of employees
Fuel & Purchased Power	Approx. 10.0	Approx. 22.0	98.1	<ul style="list-style-type: none"> Fuel price hike (20.0)
Maintenance	Approx. 0.0	Approx. 3.0	65.7	<ul style="list-style-type: none"> Increase in regular inspection cost of thermal power plants (2.0)
Depreciation	Approx. 0.0	Approx. 5.0	73.2	<ul style="list-style-type: none"> Fixed percentage depreciation effect (8.0)
Interest	Approx. 0.0	Approx. 13.0	25.7	<ul style="list-style-type: none"> Effect of debt assumption in the previous year (10.0)
Other Expenses	Approx. 2.0	Approx. 5.0	114.9	<ul style="list-style-type: none"> Increase in retirement cost of fixed asset (2.0) and used fuel re-processing cost (1.0)
Extraordinary Losses	-	3.2	3.2	<ul style="list-style-type: none"> Maintenance cost (Typhoon No.18 in 2004)

Cash Flow Outlook for the Full Year Ending in March, 2006

(Billion yen)

	Projection (A)	Projection in May, 2005 (B)	April 1, 2004 – March 31, 2005	Increase/decrease		Major factors for increase/decrease compared with April 1, 2004 – March 31, 2005
				(A)-(B)	(A)-(C)	
Operating Activities	110.0	110.0	119.7	0.0	10.0	· Decrease in income before taxes
Investing Activities	97.0	97.0	80.5	0.0	17.0	· Increase in capital expenditure
Financing Activities	15.0	15.0	43.7	0.0	29.0	· Decrease in reduction of interest-bearing debt · Decrease in treasury stock
Increase/decrease in Cash & Cash Equivalents	2.0	2.0	4.4	0.0	2.0	

Projection of Management Indexes

Index		Goals of the mid-term management plan	Projection for the FY 2006	FY 2005
Return on Asset	Consolidated	4.5% or more (Average of FY 2006-08)	Approx. 4.2%	6.0%
	Non-consolidated		Approx. 4.2%	6.0%
Shareholder's Equity Ratio	Consolidated	30% or more (End of FY 2008)	Approx. 29%	28.1%
	Non-consolidated		Approx. 29%	27.7%
Interest-bearing Debt	Consolidated	720.0 billion yen or less (End of 2008)	Approx. 741.0 billion yen	745.0 billion yen
	Non-consolidated	700.0 billion yen or less (End of 2008)	Approx. 714.0 billion yen	714.8 billion yen
Capital Expenditure	Non-consolidated	Approx. 90.0 billion yen (average of FY 2006-08)	Approx. 93.8 billion yen	86.8 billion yen
Number of Employee	Non-consolidated	The first half of 5,700 persons' level (End of 2008)	Approx. 5,830	5,913

Note: the term FY(Fiscal Year) describes the full year period ended March 31. e.g. FY 2006 dates from April 1, 2005 to March 31, 2006.

[Appendix I] Key Factors

■ Key Factors

	April 1 – Sept. 30, 2005	April 1 – Sept. 30, 2004	Current Projection	Projection in May 2005	April 1, 2004 – March 31, 2005
Foreign Exchange Rate (yen/\$)	109	110	Approx. 110	Approx. 105	107
CIF Crude Oil Price(\$/bl)	53.1	36.8	Approx. 56	Approx. 45	38.8
Water Flow Rate(%)	111.4	100.3	Approx. 107	Approx. 100	96.4
Nuclear Capacity Ratio(%)	88.0	68.6	Approx. 88	Approx. 85	80.4

■ Sensitivity Factors

	(Billion yen)		
	Current Projection	Projection in May 2005	April 1, 2004 – March 31, 2005
Foreign Exchange Rate(yen/\$)	Approx. 0.7	Approx. 0.6	Approx. 0.5
CIF Crude Oil Price(\$/bl)	Approx. 0.8	Approx. 0.8	Approx. 0.6
Water Flow Rate(%)	Approx. 0.5	Approx. 0.4	Approx. 0.4
Nuclear Capacity Ratio(%)	Approx. 1.0	Approx. 0.8	Approx. 0.7
Interest(1%)	Approx. 0.9	Approx. 0.9	Approx. 1.2

[Appendix II] Electricity Sales

(GWh,)

	April 1 – Sept. 30, 2005	Projection in May 2005	April 1 – Sept. 30, 2004	Comparison with Supply Plan		Comparison with the Previous Year's Results		Changes in Temperature		
				Increase/ decrease	Rate of change	Increase/ decrease	Rate of change	Average temperature	Previous year	Gap with the average
April	2,673	2,611	2,579	62	102.4	94	103.6	5.6	0.2	0.2
May	2,426	2,378	2,362	48	102.0	63	102.7	9.6	3.1	1.5
June	2,258	2,185	2,216	73	103.4	42	101.9	17.1	0.3	1.7
1Q	7,357	7,174	7,157	183	102.6	200	102.8	-	-	-
July	2,320	2,319	2,301	1	100.0	19	100.8	18.9	1.5	0.6
August	2,456	2,467	2,473	-11	99.6	-17	99.3	22.7	1.5	1.6
Sept.	2,555	2,430	2,478	125	105.1	77	103.1	18.0	0.3	1.0
2Q	7,331	7,216	7,252	115	101.6	79	101.1	-	-	-
First Half Year	14,688	14,390	14,409	298	102.1	279	101.9	-	-	-



Expansion of Electrification Market

Expansion of Electrification Market

Sales Target

Aiming at
increase of more than 900 GWh
in the three-year period of FY2006-2008

Home service: 500 GWh

Fully electrically-fitted housing system:
Approx. 25,000 households
Partially electrically-fitted housing system:
Approx. 6,000 households

Corporate service: 400 GWh

Air conditioning:	Approx. 140 MW
Electrified kitchen:	Approx. 40 MW
Industrial use:	Approx. 60 MW
Switching from private power generation:	Approx. 20 MW

Reinforcement of sales activities system

- Reinforcement of the organization for sales activities
- Sales activities by all the workers in the HEPCO group

Enhancement of price competitiveness

- 4.04% of rate cut in May 2005 (for regulated customers)
- Further price competitiveness resulting from over 15% improvement of operating efficiency

Development of strategic sales activities

- Home service
 - Enhanced variation on electrification
 - Further expansion of electrification market
- Corporate service
 - Active marketing efforts to sub-users and end users
 - Proactive approaches of business solutions marketing

House service

~ Characteristics of fully electrically-fitted housing system in Hokkaido ~

Diversified Choices of a Heating System, a Hot Water Supply, and a Cooking Heater

【Comparison of model annual electricity charges】

Common residence ¥75,000

*Using gas and kerosene for cooking and heating

*Electricity charge: for lightning and electrical appliances

Discrepancy ¥161,000

*Electricity charge: for lightning and electrical appliances, electric boiler for heating and hot water supply, and cooking heater

Fully electrically-fitted ¥236,000

A single house with 4 rooms, living room, and kitchen (129m²) in Sapporo area

Midterm Target (FY06-08) 25,000 residences

Annual target	April-Sept.	comparison with the previous term
7,600 residences	2,993 residences	123.6%

- Total (As of Sept. 2005) 71,854 residences
- Rate of new-building adoption 13.8%
- Diffusion rate (Hokkaido) 2.6%

- High increase-of-income contribution
- Good adoption of electric hot water central heating and oil panel heaters

Heating

- Market injection of heater/boiler all-in-one system
- July 2004 Electrical heater system
- Sept. 2005 Heat pump heater system

Hot Water Supply

- For collective housing
- Balcony installation type electrical boiler (Sept. 2005)

Cooking Heater

- IH cooking heater: Highly attractive and competitive

Corporate service

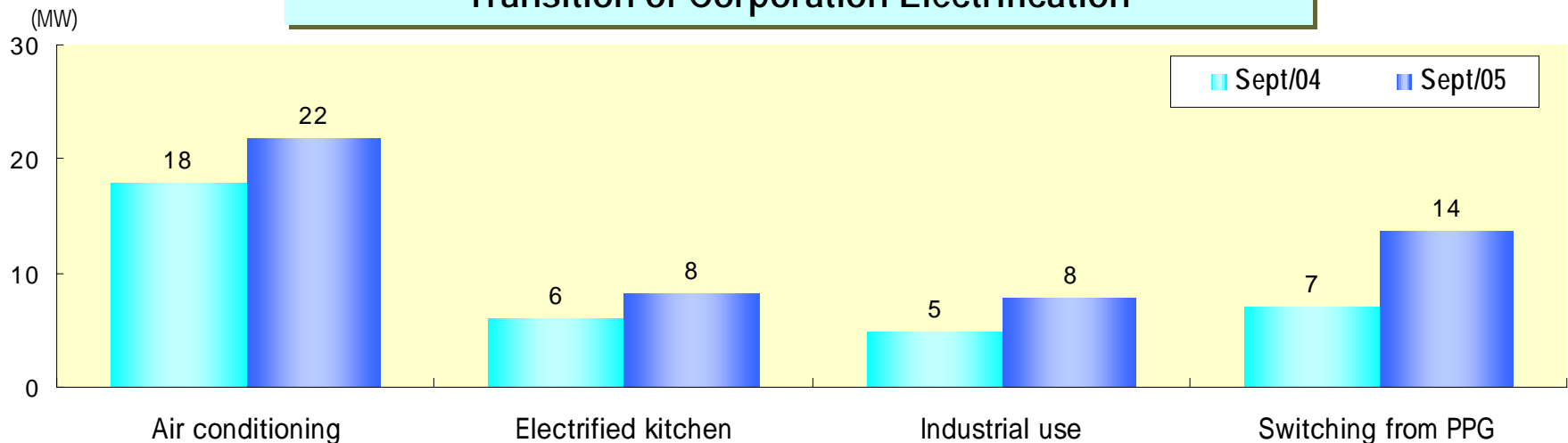
Sales target and achievement

	Annual target	6 months achievement	Comparison with the previous term
Air conditioning	41MW	22MW	118.9%
Electrified kitchen	13MW	8MW	130.8%
Industrial use	16MW	8MW	143.3%
Switching from PPG*	7MW	41MW	204.6%

*PPG: Private power generations

- Track records in all categories exceeds those of the previous year's with a gait steady to annual target achievement.
- In terms of confrontation with private power generations, the result of switches from self-generations to purchase electricity doubled at a corresponding-period-of-last-year ratio by the electricity rate reduction in April, this year as well as our proactive sales activities in the fair wind of crude-oil price hike.

Transition of Corporation Electrification



This material is compiled based on data available as of November 15, 2005. The company makes no guarantee as to the reliability and integrity of such information, as this is not intended to serve as disclosure material as stipulated by the Securities and Exchange Law of Japan. Projections concerning future performance in this material make no guarantee as to the future performance and contain risk and uncertainty. Please note that future performance can change according to the change of preconditions concerning the management environment. The information herein is for the purpose of disclosure of operating information. None of the information is intended to solicit or induce investors to invest in our securities. Those wishing to use this material should do so at their own judgment and be sure to verify the information obtained from other sources. Our company assumes no responsibility for any damages resulting from the use of this material.

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