

# Financial Release for the Six months Ended September 30, 2009

October 29, 2009

## Hokkaido Electric Power Co., Inc.

(URL <http://www.hepco.co.jp>)

Code no: 9509 Tokyo Stock Exchange (1st section)

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(Monetary figures are rounded down to the nearest million yen)

### I. Consolidated Results for the Six Months (April 1, 2009 – September 30, 2009)

#### (1) Consolidated Business Results

|                                  | Operating Revenue |       | Operating Income |   | Ordinary Income |   | Net Income  |   |
|----------------------------------|-------------------|-------|------------------|---|-----------------|---|-------------|---|
|                                  | Million yen       | %     | Million yen      | % | Million yen     | % | Million yen | % |
| April 1, 2009–September 30, 2009 | 257,541           | (6.4) | 17,834           | - | 10,547          | - | 3,560       | - |
| April 1, 2008–September 30, 2008 | 275,102           | -     | (23,310)         | - | (29,905)        | - | (17,991)    | - |

Note: Percentage figures represent changes as compared to the same period of the previous year.

|                                  | Net Income per Share<br>(primary) | Net Income per Share<br>(fully diluted) |
|----------------------------------|-----------------------------------|---|
|                                  | Yen                               | Yen                                     |
| April 1, 2009–September 30, 2009 | 16.91                             | -                                       |
| April 1, 2008–September 30, 2008 | (85.40)                           | -                                       |

#### (2) Consolidated Financial Position

|                          | Total Assets | Net Assets  | Shareholders' Equity<br>Ratio | Net Assets<br>per Share |
|--------------------------|--------------|-------------|-------------------------------|-------------------------|
|                          | Million yen  | Million yen | %                             | Yen                     |
| As of September 30, 2009 | 1,623,509    | 418,040     | 25.1                          | 1,937.62                |
| As of March 31, 2009     | 1,635,023    | 419,983     | 25.1                          | 1,947.01                |

Reference: Shareholders' Equity: As of September 30, 2009 408,062 million yen As of March 31, 2009 410,051 million yen

### II. Dividends

#### Cash dividend

|  | Cash dividends per share |                    |                   |            |              |
|--|--------------------------|--------------------|-------------------|------------|--------------|
|  | June 30, 2009            | September 30, 2009 | December 31, 2009 | Year-ended | Annual total |
|  | Yen                      | Yen                | Yen               | Yen        | Yen          |
| April 1, 2008 – March 31, 2009               | -                        | 30.00              | -                 | 30.00      | 60.00        |
| April 1, 2009 – March 31, 2010               | -                        | 25.00              |                   |            |              |
| April 1, 2009 – March 31, 2010<br>(Forecast) |                          |                    | -                 | 25.00      | 50.00        |

Note: Changes of the forecast of the cash dividends per share in this period: None

### III. Forecasts of Consolidated Results for the Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)

|                                | Operating Revenue |       | Operating Income |   | Ordinary Income |   | Net Income  |   | Net Income<br>Per Share<br>(primary) |
|--------------------------------|-------------------|-------|------------------|---|-----------------|---|-------------|---|--------------------------------------|
|                                | Million yen       | %     | Million yen      | % | Million yen     | % | Million yen | % | Yen                                  |
| April 1, 2009 – March 31, 2010 | 544,000           | (8.5) | 28,000           | - | 14,000          | - | 5,000       | - | 23.74                                |

Note 1: Percentage figures represent changes as compared to the same period of the previous year.

Note 2: Changes of the forecasts of consolidated results in this period: Yes

\* Given that the forecast above was made on the basis of information available at the time of the release of this document, the actual result may vary from the forecast data due to various factors.

(Reference)

Forecasts of Non-consolidated Results for the Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)

|                                | Operating Revenue |       | Operating Income |   | Ordinary Income |   | Net Income  |   | Net Income Per Share (primary) |
|--------------------------------|-------------------|-------|------------------|---|-----------------|---|-------------|---|--------------------------------|
| April 1, 2009 – March 31, 2010 | Million yen       | %     | Million yen      | % | Million yen     | % | Million yen | % | Yen                            |
|                                | 523,000           | (8.8) | 23,000           | - | 9,000           | - | 3,000       | - | 14.24                          |

Note 1: Percentage figures represent changes as compared to the same period of the previous year.

Note 2: Changes of the forecasts of non-consolidated results in this period: Yes

Results of Production and Sales [Electric Utility Business]

1. Sales

Electricity Sales

(GWh)

|                           | April 1, 2009–<br>September 30, 2009<br>(A) | April 1, 2008–<br>September 30, 2008<br>(B) | Increase/decrease<br>(A) - (B) | Comparison (%)<br>(A) / (B) | April 1, 2008 –<br>March 31, 2009 |
|---------------------------|---|---|--------------------------------|-----------------------------|-----------------------------------|
| Non-eligible customers    |   |   |                                |                             |                                   |
| Residential               | 5,330                                       | 5,244                                       | 86                             | 101.6                       | 11,639                            |
| Commercial and industrial | 835   | 820   | 15                             | 101.8                       | 2,258                             |
| Subtotal                  | 6,165                                       | 6,064                                       | 101                            | 101.7                       | 13,897                            |
| Eligible customers        | 8,482                                       | 9,135                                       | (653)                          | 92.9                        | 17,942                            |
| Total                     | 14,647                                      | 15,199                                      | (552)                          | 96.4                        | 31,839                            |

2. Production

Power Supply

(GWh)

|                                   | April 1, 2009 –<br>September 30, 2009<br>(A) | April 1, 2008 –<br>September 30, 2008<br>(B) | Increase/decrease<br>(A) - (B) | Comparison (%)<br>(A) / (B) | April 1, 2008 –<br>March 31, 2009 |
|-----------------------------------|--|--|--------------------------------|-----------------------------|-----------------------------------|
| Hokkaido Electric Power Co., Inc. |  |  |                                |                             |                                   |
| [Water flow rate %]               | [111.6]                                      | [79.9]                                       | [31.7]                         |                             | [80.5]                            |
| Hydroelectric                     | 2,436  | 1,750  | 686                            | 139.2                       | 2,811                             |
| Fossil fuel                       | 6,708  | 10,323                                       | (3,615)                        | 65.0                        | 21,176                            |
| [Nuclear capacity ratio %]        | [71.3]                                       | [51.9]                                       | [19.4]                         |                             | [66.2]                            |
| Nuclear                           | 5,139  | 2,639  | 2,500                          | 194.7                       | 6,777                             |
| Subtotal                          | 14,283                                       | 14,712                                       | (429)                          | 97.1                        | 30,764                            |
| Purchased power                   | 2,063  | 2,230  | (167)                          | 92.5                        | 5,100                             |
| Interchange power                 | (90)   | 2  | (92)                           | -                           | (3)                               |
| Power used for pumped storage     | (63)   | (61)   | (2)                            | 104.3                       | (71)                              |
| Total                             | 16,193                                       | 16,883                                       | (690)                          | 95.9                        | 35,790                            |

Note 1: Amount of power generated in trial operation is excluded from the calculation of nuclear capacity ratio.

Note 2: Amount of power generated from consolidated subsidiaries, Hokkaido Power Engineering and HOKUDEN ECO-ENERGY, is included in purchased power.

**Forecasts of Consolidated Results for the Full Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)**

The forecasts of consolidated results for the full year ending March 2010, which was released on July 30, 2009, have been revised as shown below.

(Million yen)

|                   | April 1, 2009 – March 31, 2010 |  |   |
|-------------------|--------------------------------|--|---|
|                   |                                | Increase/decrease compared with the previous forecasts released on July 30 | Increase/decrease compared with the previous term |
| Operating Revenue | 544,000                        | (3,000)  | (50,000)  |
| Operating Income  | 28,000                         | 2,000  | 45,000  |
| Ordinary Income   | 14,000                         | 2,000  | 45,000  |
| Net Income        | 5,000                          | (1,000)  | 29,000  |

**Key Factors**

|                        | April 1, 2009 – March 31, 2010 |  |
|------------------------|--------------------------------|--|
|                        |                                | Previous forecasts released on July 30 |
| Electricity sales      | Approx. 31.4 TWh               | Approx. 31.9 TWh                       |
| Foreign Exchange Rate  | Approx. 93 yen/\$              | Approx. 95 yen/\$                      |
| CIF Crude Oil Price    | Approx. 66 \$/bl               | Approx. 60 \$/bl                       |
| Nuclear Capacity Ratio | Approx. 80 %                   | Approx. 78 %                           |

**Sensitivity Factors**

| Foreign Exchange Rate (1 yen/\$) | Approx. 0.7 billion yen | Approx. 0.7 billion yen |
|----------------------------------|-------------------------|-------------------------|
| CIF Crude Oil Price (1 \$/bl)    | Approx. 0.5 billion yen | Approx. 0.6 billion yen |
| Nuclear Capacity Ratio (1 %)     | Approx. 1.3 billion yen | Approx. 1.2 billion yen |
| Interest (1 %)                   | Approx. 1.1 billion yen | Approx. 1.1 billion yen |

Note 1: The average Foreign Exchange Rate from October 1, 2009 through March 31, 2010 is assumed Approx. 90 yen/\$.

The average price of CIF Crude Oil from October 1, 2009 through March 31, 2010 is assumed Approx. 70 \$/bl.

Note 2: Amount of power generated in trial operation is excluded from the calculation of nuclear capacity ratio.

**(Reference)**

**Forecasts of Non-consolidated Results for the Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)**

(Million yen)

|                   | April 1, 2009 – March 31, 2010 |  |   |
|-------------------|--------------------------------|--|---|
|                   |                                | Increase/decrease compared with the previous forecasts released on July 30 | Increase/decrease compared with the previous term |
| Operating Revenue | 523,000                        | (3,000)  | (50,000)  |
| Operating Income  | 23,000                         | 2,000  | 45,000  |
| Ordinary Income   | 9,000                          | 2,000  | 45,000  |
| Net Income        | 3,000                          | (1,000)  | 29,000  |

**Consolidated Balance Sheets**

(Million yen)

| Item   | As of September 30, 2009<br>(A) | As of March 31, 2009<br>(B) |
|--|---------------------------------|-----------------------------|
| <b>Assets</b>  |                                 |                             |
| Noncurrent assets  | 1,486,475                       | 1,506,488                   |
| Electric utility plant and equipment                                     | 873,825                         | 890,215                     |
| Hydroelectric power production facilities                                | 120,025                         | 123,155                     |
| Thermal power production facilities                                      | 109,569                         | 115,456                     |
| Nuclear power production facilities                                      | 79,282                          | 79,655                      |
| Transmission facilities  | 183,887                         | 186,712                     |
| Transformation facilities  | 82,074                          | 83,528                      |
| Distribution facilities  | 258,750                         | 259,922                     |
| General facilities   | 38,689                          | 40,144                      |
| Other electric utility plant and equipment                               | 1,545                           | 1,639                       |
| Other noncurrent assets  | 48,704                          | 50,021                      |
| Construction in progress   | 346,068                         | 354,125                     |
| Construction in progress   | 345,794                         | 353,998                     |
| Retirement in progress   | 274                             | 127                         |
| Nuclear fuel   | 77,150                          | 76,204                      |
| Loaded nuclear fuel  | 20,202                          | 19,700                      |
| Nuclear fuel in processing   | 56,948                          | 56,504                      |
| Investments and other assets   | 140,725                         | 135,921                     |
| Long-term investments  | 37,638                          | 36,354                      |
| Deferred tax assets  | 66,448                          | 67,060                      |
| Other  | 36,812                          | 32,833                      |
| Allowance for doubtful accounts  | (173)                           | (326)                       |
| Current assets   | 137,034                         | 128,534                     |
| Cash and deposits  | 39,125                          | 40,421                      |
| Notes and accounts receivable-trade                                      | 27,008                          | 34,363                      |
| Inventories  | 32,598                          | 32,147                      |
| Deferred tax assets  | 6,118                           | 6,112                       |
| Other  | 32,543                          | 15,891                      |
| Allowance for doubtful accounts  | (359)                           | (401)                       |
| <b>Total</b>   | <b>1,623,509</b>                | <b>1,635,023</b>            |
| <b>Liabilities and Net Assets</b>  |                                 |                             |
| <b>Liabilities</b>   |                                 |                             |
| Noncurrent liabilities   | 957,841                         | 975,879                     |
| Bonds payable  | 543,790                         | 543,789                     |
| Long-term loans payable  | 215,322                         | 230,597                     |
| Provision for retirement benefits  | 74,138                          | 78,163                      |
| Provision for reprocessing of irradiated nuclear fuel                    | 69,286                          | 69,185                      |
| Provision for preparation of the reprocessing of irradiated nuclear fuel | 3,844                           | 3,202                       |
| Provision for decommissioning of nuclear power units                     | 42,463                          | 41,266                      |
| Reserve for loss on liquidation of affiliates                            | 3,132                           | 3,145                       |
| Other  | 5,862                           | 6,529                       |
| Current liabilities  | 241,774                         | 236,668                     |
| Current portion of noncurrent liabilities                                | 78,226                          | 47,859                      |
| Short-term loans payable   | 48,700                          | 52,772                      |
| Notes and accounts payable-trade   | 18,991                          | 25,465                      |
| Accrued taxes  | 16,339                          | 7,879                       |
| Other  | 79,516                          | 102,692                     |
| Reserves under the special laws  | 5,854                           | 2,492                       |
| Reserve for fluctuation in water levels                                  | 5,854                           | 2,492                       |
| <b>Total Liabilities</b>   | <b>1,205,469</b>                | <b>1,215,040</b>            |
| <b>Net assets</b>  |                                 |                             |
| <b>Shareholders' equity</b>  | 406,142                         | 408,910                     |
| Capital stock  | 114,291                         | 114,291                     |
| Capital surplus  | 21,174                          | 21,174                      |
| Retained earnings  | 279,557                         | 282,315                     |
| Treasury stock   | (8,881)                         | (8,872)                     |
| <b>Valuation and translation adjustments</b>                             | 1,919                           | 1,141                       |
| Valuation difference on available-for-sale securities                    | 1,917                           | 1,141                       |
| Deferred gains or losses on hedges                                       | 2                               | -                           |
| <b>Minority interests</b>  | 9,977                           | 9,931                       |
| <b>Total Net Assets</b>  | <b>418,040</b>                  | <b>419,983</b>              |
| <b>Total</b>   | <b>1,623,509</b>                | <b>1,635,023</b>            |

**Consolidated Statements of Income**

(Million yen)

| Item  | April 1, 2008– September 30, 2008 | April 1, 2009– September 30, 2009 |
|---|-----------------------------------|-----------------------------------|
| <b>Operating Revenue</b>  | 275,102                           | 257,541                           |
| Electric utility operating revenue  | 265,458                           | 247,604                           |
| Other business operating revenue  | 9,643                             | 9,937                             |
| <b>Operating Expenses</b>   | 298,412                           | 239,707                           |
| Electric utility operating expenses                                       | 290,185                           | 230,955                           |
| Other business operating expenses   | 8,226                             | 8,751                             |
| <b>Operating Income (Loss)</b>  | (23,310)                          | 17,834                            |
| <b>Non-operating Income</b>   | 1,454                             | 1,110                             |
| Dividends income  | 358                               | 214                               |
| Interest income   | 307                               | 271                               |
| Equity in earnings of affiliates  | 164                               | 134                               |
| Other   | 624                               | 490                               |
| <b>Non-operating Expenses</b>   | 8,049                             | 8,397                             |
| Interest expenses   | 6,933                             | 7,768                             |
| Other   | 1,116                             | 629                               |
| Total ordinary revenue  | 276,556                           | 258,652                           |
| Total ordinary expenses   | 306,462                           | 248,104                           |
| <b>Ordinary Income (Loss)</b>   | (29,905)                          | 10,547                            |
| Provision or reversal of reserve for fluctuation in water levels          | (3,299)                           | 3,362                             |
| Provision of reserve for fluctuation in water levels                      | -                                 | 3,362                             |
| Reversal of reserve for fluctuation in water levels                       | (3,299)                           | -                                 |
| Income (loss) before income taxes and minority interests in income (loss) | (26,605)                          | 7,185                             |
| Income taxes-current  | (9,669)                           | 3,311                             |
| Income taxes-deferred   | 785                               | 145                               |
| Total income taxes  | (8,883)                           | 3,456                             |
| Minority interests in income  | 269                               | 168                               |
| <b>Net Income (Loss)</b>  | (17,991)                          | 3,560                             |

## Consolidated Statements of Cash Flows

(Million yen)

| Account   | April 1, 2008 – September 30, 2008 | April 1, 2009 – September 30, 2009 |
|---|------------------------------------|------------------------------------|
| <b>Net Cash Provided by (Used in) Operating Activities</b>                      |                                    |                                    |
| Income (loss) before income taxes   | (26,605)                           | 7,185                              |
| Depreciation and amortization   | 34,340                             | 55,553                             |
| Amortization of nuclear fuel  | 1,274                              | 2,811                              |
| Increase (decrease) in provision for retirement benefits                        | (4,719)                            | (4,025)                            |
| Increase (decrease) in provision for reprocessing of irradiated nuclear fuel    | (1,178)                            | -                                  |
| Increase (decrease) in provision for decommissioning of nuclear power units     | 657                                | 1,197                              |
| Interest and dividends income   | (665)                              | (486)                              |
| Interest expenses   | 6,933                              | 7,768                              |
| Decrease (increase) in reserve fund for reprocessing of irradiated nuclear fuel | 744                                | (3,979)                            |
| Decrease (increase) in notes and accounts receivable-trade                      | 3,548                              | 7,404                              |
| Decrease (increase) in inventories  | (17,791)                           | -                                  |
| Increase (decrease) defined-contribution pension liability                      | (1,844)                            | -                                  |
| Increase (decrease) in notes and accounts payable-trade                         | 4,561                              | (6,505)                            |
| Other, net  | 351                                | 9,381                              |
| Subtotal  | (394)                              | 76,304                             |
| Interest and dividends income received  | 660                                | 506                                |
| Interest expenses paid  | (6,639)                            | (7,676)                            |
| Income taxes paid   | (6,391)                            | (1,383)                            |
| Net cash provided by (used in) operating activities                             | (12,764)                           | 67,751                             |
| <b>Net Cash Provided by (Used in) Investment Activities</b>                     |                                    |                                    |
| Purchase of noncurrent assets   | (45,936)                           | (63,105)                           |
| Payments of investment and loans receivable                                     | (8,922)                            | (12,199)                           |
| Collection of investment and loans receivable                                   | 8,868                              | 11,985                             |
| Other, net  | 206                                | 256                                |
| Net cash provided by (used in) investment activities                            | (45,783)                           | (63,062)                           |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                      |                                    |                                    |
| Proceeds from issuance of bonds   | 79,760                             | 19,933                             |
| Proceeds from long-term loans payable   | 5,000                              | 1,000                              |
| Repayment of long-term loans payable  | (10,958)                           | (5,905)                            |
| Increase in short-term loans payable  | 130,022                            | 107,575                            |
| Decrease in short-term loans payable  | (123,122)                          | (111,300)                          |
| Proceeds from issuance of commercial papers                                     | 87,000                             | 13,000                             |
| Redemption of commercial papers   | (99,000)                           | (13,000)                           |
| Cash dividends paid   | (6,320)                            | (6,309)                            |
| Other, net  | (220)                              | (178)                              |
| Net cash provided by (used in) financing activities                             | 62,160                             | 4,815                              |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                     | 3,611                              | 9,504                              |
| <b>Cash and Cash Equivalents at Beginning of Period</b>                         | 17,634                             | 40,421                             |
| <b>Cash and Cash Equivalents at End of Period</b>                               | 21,246                             | 49,925                             |

## Business Segment Information

Six Months Ended September 30, 2008 (April 1, 2008 – September 30, 2008)

(Million yen)

|                         | Electric utility | Other business | Total    | Eliminations | Consolidated |
|-------------------------|------------------|----------------|----------|--------------|--------------|
| Operating revenue       |                  |                |          |              |              |
| Sales to customers      | 265,458          | 9,643          | 275,102  | -            | 275,102      |
| Intersegment sales      | 509              | 32,335         | 32,845   | (32,845)     | -            |
| Total operating revenue | 265,968          | 41,979         | 307,947  | (32,845)     | 275,102      |
| Operating income (loss) | (25,902)         | 2,132          | (23,769) | 459          | (23,310)     |

Six Months Ended September 30, 2009 (April 1, 2009 – September 30, 2009)

(Million yen)

|                         | Electric utility | Other business | Total   | Eliminations | Consolidated |
|-------------------------|------------------|----------------|---------|--------------|--------------|
| Operating revenue       |                  |                |         |              |              |
| Sales to customers      | 247,604          | 9,937          | 257,541 | -            | 257,541      |
| Intersegment sales      | 510              | 31,085         | 31,596  | (31,596)     | -            |
| Total operating revenue | 248,114          | 41,023         | 289,137 | (31,596)     | 257,541      |
| Operating income        | 16,279           | 1,150          | 17,429  | 404          | 17,834       |

**Note:** The information shown above is an English translation of the " Financial Release for the Six months Ended September 30, 2009" which was filed with stock exchanges (Tokyo, Osaka, Sapporo) on the date shown above.