

Financial Release for the Nine Months Ended December 31, 2011

[Japanese Standards] (Consolidated)

January 26, 2012

Hokkaido Electric Power Co., Inc.

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

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

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The prearranged date of quarterly financial statement report publication: February 10, 2012

Commencement of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: None

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

I. Consolidated Results for the Nine Months (April 1, 2011 – December 31, 2011)

(1) Consolidated Business Results

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April 1, 2011–December 31, 2011	457,406	12.6	4,618	(85.9)	(4,548)	-	(13,362)	-
April 1, 2010–December 31, 2010	406,192	3.6	32,817	86.0	23,363	235.1	8,228	406.7

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

Reference: Comprehensive income: April 1, 2011 – December 31, 2011 (15,389) million yen [-%]

April 1, 2010 – December 31, 2010 7,469 million yen [-%]

	Net Income per Share (primary)	Net Income per Share (fully diluted)
	Yen	Yen
April 1, 2011–December 31, 2011	(65.00)	-
April 1, 2010–December 31, 2010	39.86	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Million yen	Million yen	%
As of December 31, 2011	1,667,995	384,929	22.4
As of March 31, 2011	1,641,561	410,741	24.4

Reference: Shareholders' Equity: As of December 31, 2011 374,161 million yen As of March 31, 2011 399,969 million yen

II. Dividends

Cash dividend

	Cash dividends per share				
	June 30	September 30	December 31	Year-ended	Annual total
	Yen	Yen	Yen	Yen	Yen
April 1, 2010 – March 31, 2011	-	25.00	-	25.00	50.00
April 1, 2011 – March 31, 2012	-	25.00	-		
April 1, 2011 – March 31, 2012 (Forecast)				25.00	50.00

Note: Changes of the forecast of the cash dividends per share from the latest release: None

III. Forecasts of Consolidated Results for the Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Net Income Per Share (primary)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
April 1, 2011 – March 31, 2012	636,000	12.3	-	-	-	-	-	-	-

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

The forecasts of consolidated results of operating income, ordinary income and net income for the year ending March 31, 2012 have still yet to be determined at this point, since the costs of additional fossil fuel consumption are yet to be predicted appropriately, as the schedule of restart of the Tomari Nuclear Power Plant Unit 1 and 2 remains unpredictable. These forecasts will be promptly released as soon as they are determined. See page 4 for the reasons.

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

Results of Production and Sales [Electric Utility Business]

1. Sales

Electricity Sales

(GWh)

	April 1, 2011– December 31, 2011 (A)	April 1, 2010– December 31, 2010 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2010 – March 31, 2011
Non-eligible customers					
Residential	8,325	8,465	(140)	98.3	12,124
Commercial and industrial	1,420	1,417	3	100.3	2,507
Subtotal	9,745	9,882	(137)	98.6	14,631
Eligible customers	12,801	13,168	(367)	97.2	17,671
Total	22,546	23,050	(504)	97.8	32,302

2. Production

Power Supply

(GWh)

	April 1, 2011 – December 31, 2011 (A)	April 1, 2010 – December 31, 2010 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2010– March 31, 2011
Hokkaido Electric Power Co., Inc.					
[Water flow rate %]	[114.8]	[114.6]	[0.2]		[112.9]
Hydroelectric	3,235	3,247	(12)	99.6	3,858
Fossil fuel	13,380	7,493	5,887	178.6	12,681
[Nuclear capacity ratio %]	[62.9]	[95.8]	[(32.9)]		[89.7]
Nuclear	8,599	13,084	(4,485)	65.7	16,258
Renewable	58	76	(18)	76.6	101
Subtotal	25,272	23,900	1,372	105.7	32,898
Purchased power	3,708	2,409	1,299	153.9	3,797
Interchange power	(2,972)	(38)	(2,934)	7,765.6	(258)
Power used for pumped storage	(46)	(142)	96	32.0	(172)
Total	25,962	26,129	(167)	99.4	36,265

Note : 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 Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

The forecasts of consolidated and non-consolidated results of operating revenue, operating income, ordinary income and net income, for the year ending March 31, 2012, have been left “to be determined”, since it is difficult to predict the income of interchanged power to Honshu and the costs of additional fossil fuel consumption appropriately, as the schedule of restart of the Tomari Nuclear Power Plant Unit 1 and 2 remains unpredictable.

In December 2011, HEPCO submitted “The Report on Preliminary Assessment of Comprehensive Assessment for the Safety of Nuclear Power Reactor Facility” for Tomari Nuclear Power Plant Unit 1 and 2, which is under evaluation of the Nuclear and Industrial Safety Agency of Ministry of Economy, that makes the schedule of restart of the Tomari Nuclear Power Plant Unit 1 and 2 remain unpredictable. Therefore, the forecasts of consolidated and non-consolidated results of operating income, ordinary income and net income, for the year ending March 31, 2012, are still unable to be determined at this point.

These forecasts will be promptly released as soon as they are determined.

On the other hand, the amount of interchanged power to Honshu turns to be able to be predicted owing to the conclusion of the contract for the period up to March 31, 2012.

Consequently, the consolidated results of operating income for the year ending March 31, 2012 is estimated to increase 70.0 billion yen from the previous fiscal year to 636.0 billion yen, due to the effects of fuel cost adjustment based on the rise in fuel prices and power interchange to Honshu, while decrease in electricity sales due to the consciousness of energy conservation in commercial use triggered by the Great East Japan Earthquake is still expected.

HEPCO’s basic policy of dividend is to maintain a stable level. Although the forecasts of operating income, ordinary income and net income, for the year ending March 31, 2012, are still unable to be determined at this point, it is assumed that the major backgrounds are transient. Therefore, there is no revision to the forecast of the year-ended cash dividend of 25 yen per share, which is the same amount as the mid-term.

For the purpose of securing the stable supply of electricity, HEPCO will work on the safety measures of Tomari Nuclear Power Plant such as building a coastal levee, aiming for the earliest restart of the Tomari Nuclear Power Plant Unit 1 and 2.

* Schedule of periodic inspection of Tomari Nuclear Power Plant: Unit 1/Since April 22, 2011, Unit 2/Since August 26, 2011

Forecasts of Consolidated Results for the Full Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(Million yen)

	April 1, 2011 – March 31, 2012	
		Increase/decrease compared with the previous term
Operating Revenue	636,000	70,000
Electricity Sales	Approx. 32.1 TWh	[Approx.(0.7)%] Approx. (0.2) TWh

(Note 1) Forecasts of consolidated results of operating income, ordinary income and net income are yet to be determined.

(Note 2) Forecasts of electricity sales have not been revised from the previous forecast released in October, 2011.

*Key factors:

Foreign Exchange Rate: Approx.79 yen/\$ (Approx.77 yen/\$ for the period of January to March)

CIF Crude Oil Price: Approx. \$113/bl (Approx. \$112/bl for the period of January to March)

(Reference)

Forecasts of Non-consolidated Results for the Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(Million yen)

	April 1, 2011 – March 31, 2012	
		Increase/decrease compared with the previous term
Operating Revenue	616,000	70,000

(Note) Forecasts of non-consolidated results of operating income, ordinary income and net income are yet to be determined.

Consolidated Balance Sheets

(Million yen)

Item	As of March 31, 2011 (A)	As of December 31, 2011 (B)
Assets		
Noncurrent assets	1,532,382	1,526,827
Electric utility plant and equipment	1,098,443	1,067,105
Hydroelectric power production facilities	113,585	110,417
Thermal power production facilities	100,880	99,699
Nuclear power production facilities	315,314	288,149
Transmission facilities	181,039	180,458
Transformation facilities	80,728	81,556
Distribution facilities	265,455	265,975
General facilities	38,720	37,298
Other electric utility plant and equipment	2,719	3,549
Other noncurrent assets	47,036	46,485
Construction in progress	115,336	140,001
Construction in progress	115,197	139,422
Retirement in progress	139	579
Nuclear fuel	84,585	96,134
Loaded nuclear fuel	17,775	19,593
Nuclear fuel in processing	66,809	76,541
Investments and other assets	186,981	177,099
Long-term investments	53,617	49,749
Deferred tax assets	51,838	47,798
Other	81,635	79,665
Allowance for doubtful accounts	(111)	(113)
Current assets	109,178	141,167
Cash and deposits	20,956	43,187
Notes and accounts receivable-trade	36,865	36,924
Inventories	35,174	38,626
Deferred tax assets	9,849	12,901
Other	7,000	10,197
Allowance for doubtful accounts	(667)	(668)
Total	1,641,561	1,667,995
Liabilities and Net Assets		
Liabilities		
Noncurrent liabilities	986,859	1,041,938
Bonds payable	569,121	539,123
Long-term loans payable	194,100	287,203
Provision for retirement benefits	59,202	53,038
Provision for reprocessing of irradiated nuclear fuel	70,873	70,540
Provision for preparation of the reprocessing of irradiated nuclear fuel	7,179	7,766
Provision for loss on liquidation of subsidiaries and affiliates	3,204	-
Asset retirement obligations	77,636	78,975
Other	5,541	5,290
Current liabilities	233,498	225,972
Current portion of noncurrent liabilities	77,957	52,877
Short-term loans payable	48,000	50,050
Commercial papers	19,000	20,000
Notes and accounts payable-trade	29,074	32,855
Accrued taxes	14,495	9,586
Provision for loss on liquidation of subsidiaries and affiliates	-	3,211
Other	44,970	57,392
Reserves under the special laws	10,461	15,154
Reserve for fluctuation in water levels	10,461	15,154
Total Liabilities	1,230,820	1,283,066
Net assets		
Shareholders' equity	397,286	373,639
Capital stock	114,291	114,291
Capital surplus	21,174	21,174
Retained earnings	279,961	256,314
Treasury stock	(18,141)	(18,142)
Valuation and translation adjustments	2,683	521
Valuation difference on available-for-sale securities	2,683	521
Minority interests	10,771	10,768
Total Net Assets	410,741	384,929
Total	1,641,561	1,667,995

Consolidated Statements of Income

(Million yen)

Item	April 1, 2010– December 31, 2010	April 1, 2011– December 31, 2011
Operating Revenue	406,192	457,406
Electric utility operating revenue	391,274	442,647
Other business operating revenue	14,918	14,758
Operating Expenses	373,374	452,787
Electric utility operating expenses	360,028	440,055
Other business operating expenses	13,346	12,732
Operating Income	32,817	4,618
Non-operating Income	2,481	2,670
Dividends income	337	363
Interest income	631	799
Equity in earnings of affiliates	392	352
Other	1,120	1,154
Non-operating Expenses	11,935	11,838
Interest expenses	11,144	10,511
Other	791	1,326
Total ordinary revenue	408,674	460,077
Total ordinary expenses	385,310	464,626
Ordinary Income (loss)	23,363	(4,548)
Provision or reversal of reserve for fluctuation in water levels	3,681	4,693
Provision of reserve for fluctuation in water levels	3,681	4,693
Extraordinary loss	4,923	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	4,923	-
Income (loss) before income taxes and minority interests in income	14,758	(9,242)
Income taxes-current	6,252	4,104
Income taxes-deferred	(56)	(109)
Total income taxes	6,195	3,994
Income (loss) before minority interests	8,563	(13,236)
Minority interests in income	334	126
Net Income (loss)	8,228	(13,362)

Consolidated Statements of Comprehensive Income

(Million yen)

Item	April 1, 2010 – December 31, 2010	April 1, 2011 – December 31, 2011
Income (loss) before Minority Interests	8,563	(13,236)
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(1,114)	(2,152)
Deferred gains or losses on hedges	20	-
Share of other comprehensive income of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	(1,094)	(2,152)
Comprehensive Income	7,469	(15,389)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,107	(15,524)
Comprehensive income attributable to minority interests	361	135

Business Segment Information

Nine Months Ended December 31, 2010 (April 1, 2010 – December 31, 2010)

(Million yen)

	Reportable segment			Eliminations	Consolidated
	Electric utility	Other business	Total		
Sales to customers	391,274	14,918	406,192	-	406,192
Intersegment sales	923	57,089	58,012	(58,012)	-
Total operating revenue	392,197	72,007	464,205	(58,012)	406,192
Operating income	30,249	2,820	33,069	(251)	32,817

Nine Months Ended December 31, 2011 (April 1, 2011 – December 31, 2011)

(Million yen)

	Reportable segment			Eliminations	Consolidated
	Electric utility	Other business	Total		
Sales to customers	442,647	14,758	457,406	-	457,406
Intersegment sales	645	55,629	56,275	(56,275)	-
Total operating revenue	443,293	70,388	513,682	(56,275)	457,406
Operating income	1,595	2,658	4,253	365	4,618

Note: The information shown above is an English translation of the "Financial Release for the Nine Months Ended December 31, 2011" which was filed with stock exchanges (Tokyo, Osaka, Sapporo) on the date shown above. Be advised that the Japanese version (the original) shall prevail if in any case a discrepancy arises between the original and the English translation.