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Financial Results

for the Year Ended March 31, 2006

Hokkaido Electric Power Co., Inc.

May 16, 2006

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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. FY2006 means the period from April 1, 2005 to March 31, 2006.

Financial Results for FY2006

Summery of Financial Results

Non-consolidated / Consolidated	Revenues	[Increase factors] Increase in electricity sales and rate adjustment due to fuel cost , etc. [Decrease factors] Rate reduction in April, 2005, etc.
	Expenditures	[Increase factors] Fuel price hike, etc. [Decrease factors] Decrease in depreciation cost and interest payment, etc.

(Billion yen)

	Non-consolidated			Consolidated		
	FY2006(A)	FY2005 (B)	(A)/(B)%	FY2006(A)	FY2005 (B)	(A)/(B)%
Electricity Sales(TWh)	30.8	30.2	102.1	-	-	-
Operating Revenues	513.4	509.9	100.7	536.8	522.4	102.7
Operating Income	59.8	82.1	72.8	64.6	86.0	75.1
Ordinary Income	47.0	57.3	82.0	50.1	59.1	84.8
Net Income	30.1	35.1	85.7	32.2	36.9	87.3

Electricity Sales

Total electricity sales have increased by 2.1% compared to FY 2005

- Non-eligible customers' demand has increased by 1.3% due to the dissemination of the fully electrically-fitted housing system at the result of proactive sales activities as well as the increase of air conditioner use resulting from higher temperature in summer and heating system use resulting from lower temperature in winter compared to the previous year.
- In addition to newly opening of large-scale retailers and favorable production activities in steel industry and machine industry, eligible customers' demand has increased by 2.8% due to the dissemination of electric air conditioners for buildings by proactive sales activities and the greatest ever result of switching electric power purchase from private power generations.

(GWh)

		FY2006 (A)	FY2005 (B)	Increase/decrease (A)-(B)	Comparison (A)/(B)%
Non-eligible Customers	(Time of Use is shown separately)				
	Residential	(1,427)	(1,323)	(104)	(107.8)
	Commercial and Industrial	11,541	11,399	142	101.2
	Subtotal	2,218	2,177	41	101.9
Eligible Customers		13,759	13,576	183	101.3
Total		17,074	16,616	458	102.8
		30,833	30,192	641	102.1

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 "FY 2005" is an estimated amount based on the classification after the extension of the scope.

Power Supply

- Due to 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)			
		FY2006 (A)	FY2005 (B)	Increase/decrease (A)-(B)	Comparison (A)/(B)%
Hokkaido Electric Power Co., Inc.					
	[Water flow rate%]	(100.4)	(96.4)	(4.0)	
	Hydroelectric power	3,352	3,285	67	102.0
	Thermal power	17,646	18,422	776	95.8
	[Nuclear capacity ratio %]	(87.5)	(80.4)	(7.1)	
	Nuclear power	8,880	8,159	721	108.8
	Subtotal	29,878	29,866	12	100.0
	Purchased power	4,881	4,143	738	117.8
	Interchanged power	123	2	121	7,800.1
	Power used for pumped storage	60	18	42	340.3
	Total	34,576	33,989	587	101.7
Foreign exchange rate	yen/\$	113	107	6	—
CIF crude oil price	\$/bl	55.8	38.8	17.0	—
CIF overseas coal	\$/t	63.2	55.2	8.0	—

Statements of Income (Revenues / Non-consolidated)

(Billion yen)

		FY2006 (A)	FY2005 (B)	Increase/decrease (A)-(B)	Major factors for increase/decrease
Operating Revenues	Electricity Sales	507.0	505.1	1.9	<ul style="list-style-type: none"> • Effect on the rate reduction (16.7) • Increase in electricity sales (7.1) • Effect on the rate adjustment due to fuel cost (11.5)
	Other Revenues	6.4	4.8	1.6	<ul style="list-style-type: none"> • Increase in interchanged power (1.5)
	Total	513.4	509.9	3.5	
Non-operating Revenues		2.0	2.9	0.8	<ul style="list-style-type: none"> • Decrease in profit on sales of securities (1.1)
Ordinary Revenues		515.5	512.8	2.7	

Statements of Income (Expenses / Non-consolidated)

(Billion yen)

		FY2006 (A)	FY2005 (B)	Increase/decrease (A)-(B)	Major factors for increase/decrease
Operating Expenses	Personnel	77.2	77.5	0.3	・Decrease in number of employees, etc.
	Fuel & Purchased Power	124.9	98.1	26.7	・Increase in generation in the nuclear power plant (6.7) ・Increase in electricity sales (7.1) , fuel price hike (23.5)
	Maintenance	68.7	65.7	2.9	・Increase in regular inspection cost of thermal power plants (2.4)
	Depreciation	67.6	73.2	5.5	・Fixed percentage depreciation effect (8.3)
	Other Expenses	115.0	112.9	2.0	・Increase in irradiated nuclear fuel reprocessing cost (1.3)
	Total	453.6	427.7	25.9	
Non-operating Expenses	Interest	12.2	25.7	13.5	・Effect of debt assumption in the previous year (10.0)
	Other Expenses	2.6	1.9	0.6	
Ordinary Expenses		468.5	455.4	13.0	
Reserve for Fluctuation in Water Level		0.1	0.7	0.8	・Water flow rate 96.4% 100 . 4%(deposition to the reserve-fund limit)

Comparison with Financial Outlook (1)

(Non-consolidated)



(Billion yen)

	Increase/decrease compared to FY2005		Increase/decrease (A)-(B)	Major factors for increase/decrease
	FY2006 (A)	Projection announced in November, 2005 (B)		
(Electricity Sales: TWh) Operating Revenues	(0.6) 3.5	(Approx. 0.4) Approx.0.0	(Approx. 0.2) Approx. 4.0	<ul style="list-style-type: none"> · Increase in electricity sales (2.0) · Increase in interchanged power (1.0)
Operating Expenses	25.9	Approx. 24.0	Approx. 2.0	<ul style="list-style-type: none"> · Increase in fuel cost (5.0) · Decrease in other cost (3.0)
Operating Income	22.3	Approx. 24.0	Approx. 2.0	
Non-operating Income	12.0	Approx. 12.0	Approx. 0.0	
Ordinary Income	10.3	Approx. 12.0	Approx. 2.0	

Comparison with Financial Outlook (2)

(Non-consolidated)



(Billion yen)

		Increase/decrease compared to FY2005		Increase/decrease (A)-(B)	Major factors for increase/decrease
		FY2006 (A)	Projection announced in November, 2005 (B)		
Operating Revenues		3.5	Approx.0.0	Approx.4.0	<ul style="list-style-type: none"> • Increase in electricity sales (2.0) • Increase in interchanged power (1.0)
Non-operating Revenues		0.8	Approx. 1.0	Approx.0.0	
Operating Expenses	Personnel	0.3	Approx. 1.0	Approx.0.0	
	Fuel & Purchased Power	26.7	Approx.22.0	Approx.5.0	<ul style="list-style-type: none"> • Increase in electricity sales and interchanged power (3.0) • Fuel price hike (2.0)
	Maintenance	2.9	Approx.3.0	Approx.0.0	
	Depreciation	5.5	Approx. 5.0	Approx.0.0	
	Other Expenses	2.0	Approx.5.0	Approx. 3.0	<ul style="list-style-type: none"> • Decrease in information processing cost (2.0)
	Total	25.9	Approx.24.0	Approx.2.0	
Non-operating Expenses	Interest	13.5	Approx. 13.0	Approx.0.0	
	Other Expenses	0.6	Approx.0.0	Approx.0.0	
Ordinary Expenses		13.0	Approx.11.0	Approx.2.0	
Ordinary Income		10.3	Approx. 12.0	Approx.2.0	

Balance Sheets

(Billion yen)

		FY2006(A)	FY2005(B)	Increase/ decrease (A)-(B)	Major factors for increase/decrease (Non-consolidated)
Assets	Non-consolidated	1,415.8	1,379.3	36.5	<ul style="list-style-type: none"> · Depreciation (67.6) · Capital Expenditure (89.2) · Evaluation difference, such as stocks (11.5)
	Consolidated	1,490.1	1,443.8	46.2	
Liabilities	Non-consolidated	1,001.0	996.6	4.3	
	Consolidated	1,042.1	1,034.8	7.2	
Equity	Non-consolidated	414.8	382.6	32.1	<ul style="list-style-type: none"> · Dividend (10.5) · Net Income (30.1) · Evaluation difference, such as stocks (11.5)
	Consolidated	439.2	405.0	34.2	

Note: Consolidated data excluding minority shareholders' interest

Performance Indicator (Non-consolidated)

Shareholders' Equity Ratio (%)	29.3	27.7	1.6	Target: 30% or more (in March, 2008)
Interest-bearing Debt Outstanding (Billion yen)	714.2	714.8	0.6	Target: 700 billion yen or less (in March, 2008)

Consolidated Cash Flow

(Billion yen)

	FY2006(A)	FY2005 (B)	Increase/ decrease (A)-(B)	Major factors for increase/decrease
Operating Activities	111.2	119.7	8.4	<ul style="list-style-type: none"> • Decrease in net income before taxes (6.5) • Expenditure of reserves for reprocessing of irradiated nuclear fuel (13.2) • increase of the amount trade notes and accounts payable (7.7)
Investing Activities	94.6	80.5	14.1	<ul style="list-style-type: none"> • Increase in expenditure for purchase of fixed assets (11.6)
Financing Activities	16.8	43.7	26.8	<ul style="list-style-type: none"> • Decrease in reduction of interest-bearing debt (17.4)
Increase/decrease in Cash & Cash Equivalents	0.2	4.4	4.2	

Outlook for FY2007

Outlook for FY2007



■ Non-consolidated

(Billion yen)

	FY2007 Projection (A)	FY2006 (B)	Increase/ decrease	Comparison
			(A)-(B)	(A)/(B)%
Electricity Sales (TWh)	Approx. 30.7	30.8	Approx. 0.1	99.6
Operating Revenues	Approx. 523.0	513.4	Approx. 10.0	101.9
Operating Income	Approx. 68.0	59.8	Approx. 8.0	113.6
Ordinary Income	Approx. 54.0	47.0	Approx. 7.0	114.7
Net Income	Approx. 34.0	30.1	Approx. 4.0	112.8

■ Consolidated

(Billion yen)

Operating Revenues	Approx. 549.0	536.8	Approx. 12.0	102.3
Operating Income	Approx. 72.0	64.6	Approx. 8.0	111.4
Ordinary Income	Approx. 57.0	50.1	Approx. 7.0	113.6
Net Income	Approx. 36.0	32.2	Approx. 4.0	111.7

Outlook for FY2007 Interim

■ Non-consolidated

(Billion yen)

	FY2007 Interim Projection (A)	FY2006 Interim (B)	Increase/ decrease	Comparison
			(A)-(B)	(A)/(B)%
Electricity Sales (TWh)	Approx. 14.6	14.7	Approx. 0.1	99.4
Operating Revenues	Approx. 250.0	240.8	Approx. 9.0	103.8
Operating Income	Approx. 46.0	36.1	Approx. 10.0	127.3
Ordinary Income	Approx. 40.0	29.8	Approx. 10.0	134.1
Net Income	Approx. 25.0	19.3	Approx. 6.0	129.0

■ Consolidated

(Billion yen)

Operating Revenues	Approx. 257.0	246.4	Approx. 11.0	104.3
Operating Income	Approx. 48.0	38.3	Approx. 10.0	125.1
Ordinary Income	Approx. 41.0	31.4	Approx. 10.0	130.4
Net Income	Approx. 26.0	20.5	Approx. 6.0	126.7

Cash Flow Outlook for FY2007

(Billion yen)

	FY2007 Projection (A)	FY2006 (B)	Increase/decrease (A)-(B)	Major factors for increase/decrease
Operating Activities	Approx. 120.0	111.2	Approx. 9.0	・ Increase in income before taxes
Investing Activities	Approx. 93.0	94.6	Approx. 1.0	
Financing Activities	Approx. 27.0	16.8	Approx. 10.0	・ Increase in reduction of interest-bearing debt
Increase/decrease in Cash & Cash Equivalents	Approx. 0.0	0.2	Approx. 0.0	

Projection of Management Indexes

Index		Goals of the mid-term management plan	Projection for FY2007	FY2006
Return on Assets	Non-consolidated	4.5% or more (Average of FY2006-08)	Approx. 4.8%	4.3%
	Consolidated		Approx. 4.8%	4.4%
Shareholder's Equity Ratio	Non-consolidated	30% or more (End of FY2008)	Approx. 30%	29.3%
	Consolidated		Approx. 30%	29.5%
Interest-bearing Debt	Non-consolidated	700.0 billion yen or less (End of FY2008)	Approx. 700.0 billion yen	714.2 billion yen
	Consolidated	720.0 billion yen or less (End of FY2008)	Approx. 724.0 billion yen	740.2 billion yen
Capital Expenditure	Non-consolidated	90.0 billion yen or less (average of FY2006-08)	Approx. 88.4 billion yen	89.2 billion yen
Number of Employee	Non-consolidated	The first half of 5,700 persons' level (End of FY2008)	Approx. 5,800	5,826

【 Appendix 】

【Appendix I】 Key Factors

■ Key Factors

	FY2005	FY2006		Projection for FY2007
		Actual	Projection in November 2005	
Foreign Exchange Rate (yen/\$)	107	113	Approx. 110	Approx. 117
CIF Crude Oil Price(\$/bl)	38.8	55.8	Approx. 56	Approx. 60
Water Flow Rate(%)	96.4	100.4	Approx. 107	Approx. 100
Nuclear Capacity Ratio(%)	80.4	87.5	Approx. 88	Approx. 90

■ Sensitivity Factors

(Billion yen)

	FY2005	FY2006		Projection for FY2007
		Actual	Projection in November 2005	
Foreign Exchange Rate (1yen/\$)	5	7	7	8
CIF Crude Oil Price(1\$/bl)	6	9	8	11
Water Flow Rate(1%)	4	5	5	5
Nuclear Capacity Ratio(1%)	7	9	10	10
Interest(1%)	12	8	9	8

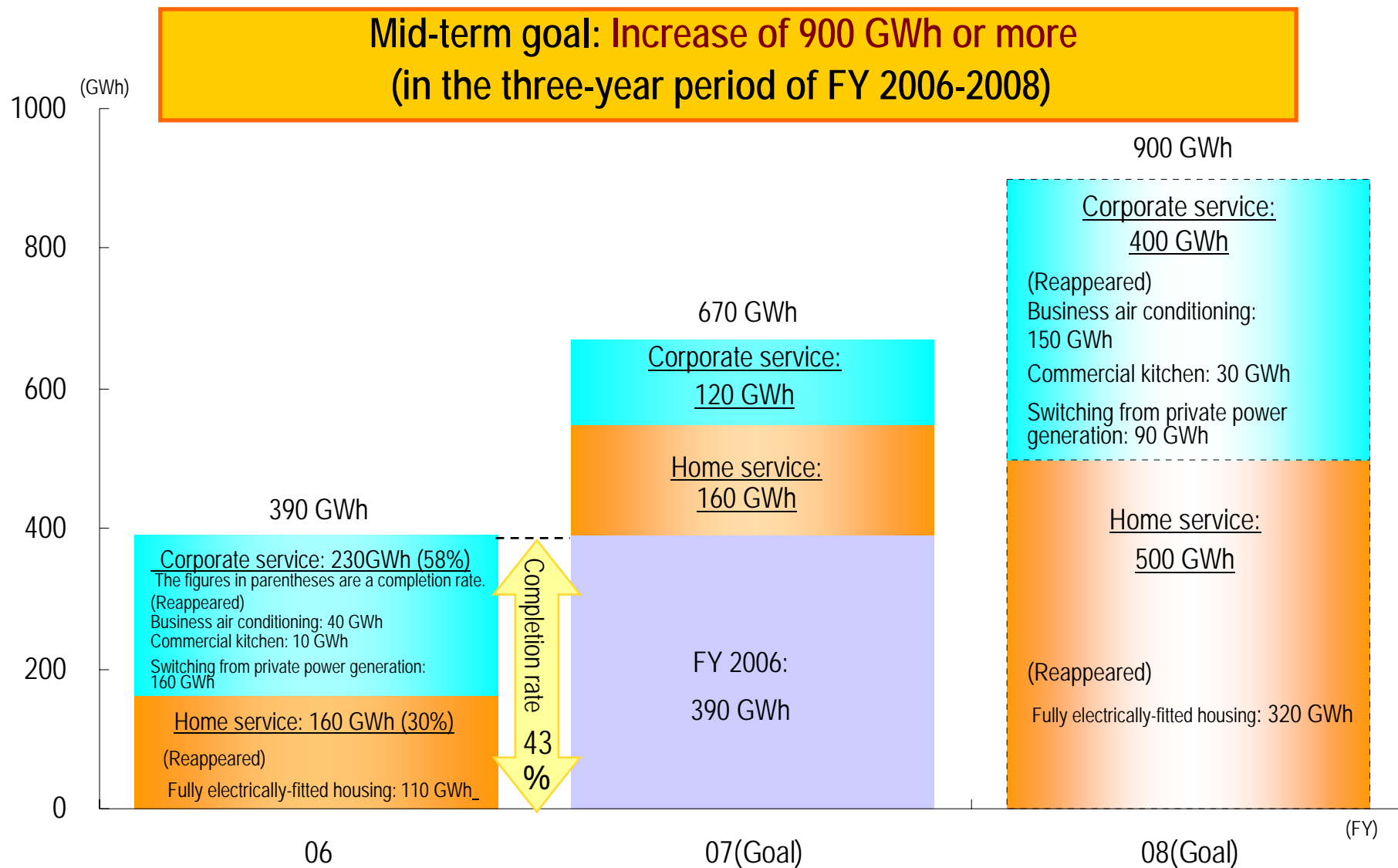
【Appendix II】 Segment Information



(Billion yen)

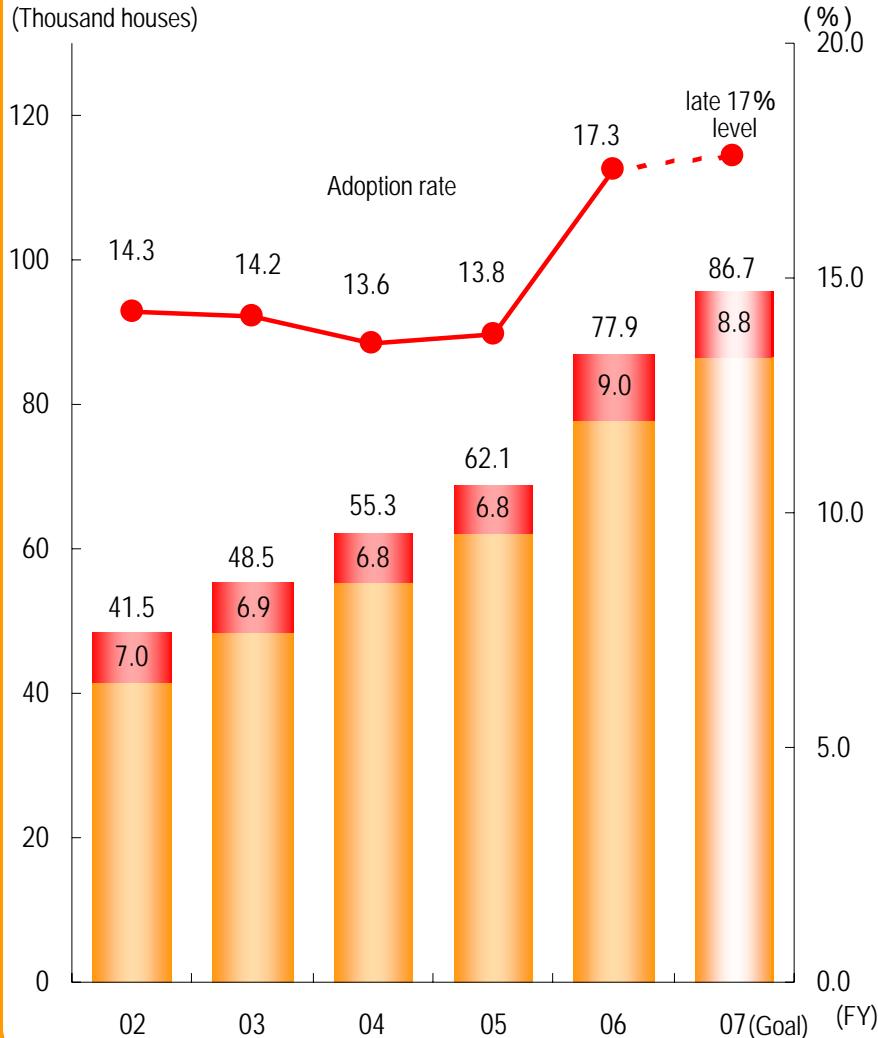
		Electric	Other	Total	Eliminations	Consolidated
Operating revenues	FY 2006	513.2	81.3	594.5	57.7	536.8
	FY 2005	509.7	48.4	558.1	35.6	522.4
	Increase/decrease	3.5	32.8	36.4	22.0	14.3
Operating expenses	FY 2006	453.2	76.3	529.6	57.4	472.1
	FY 2005	427.2	44.9	472.1	35.7	436.4
	Increase/decrease	26.0	31.4	57.4	21.7	35.7
Operating income	FY 2006	59.9	4.9	64.9	0.3	64.6
	FY 2005	82.4	3.5	85.9	0.0	86.0
	Increase/decrease	22.4	1.4	21.0	0.3	21.3

【Appendix III】 Sales Activities: Sales Goals & Results

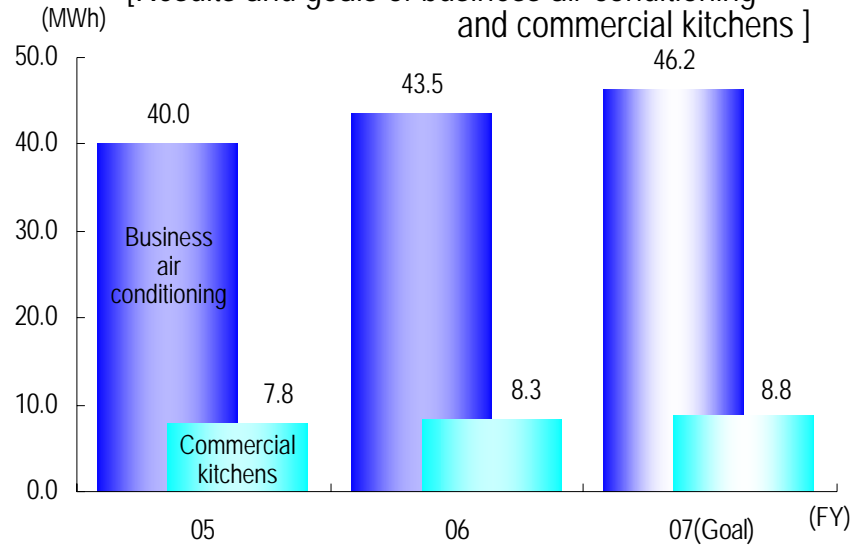


[Appendix IV] Sales Activities

[Results and goals of fully electrically-fitted housing]



[Results and goals of business air conditioning and commercial kitchens]



[Results and goals of electricity sales competing with private power generation]

	FY2005		FY2006		FY2007 (Goal)
	Number of cases	MW	Number of cases	MW	MW
Private power generation sold electric power	47	10	98	33	9
Sold electric power private power generation	36	28	15	10	-

【Appendix V】 Electricity Sales in FY2006

(GWh,)

	FY2006	Supply Plan of FY 2006	FY 2005	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	Gap with the 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
September	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	-	-	-
October	2,425	2,336	2,384	89	103.8	41	101.7	12.6	0.7	1.7
November	2,432	2,479	2,433	-47	98.1	-1	100.0	5.1	1.7	0.9
December	2,572	2,561	2,493	11	100.4	80	103.2	3.2	2.0	1.7
3Q	7,429	7,376	7,310	53	100.7	120	101.6	-	-	-
January	3,132	2,976	2,982	156	105.2	150	105.0	5.1	1.0	0.5
February	2,922	2,904	2,821	18	100.6	101	103.6	3.2	1.5	1.1
March	2,662	2,649	2,670	13	100.5	-9	99.7	0.7	1.1	1.2
4Q	8,716	8,529	8,473	187	102.2	242	102.9	-	-	-
Later Half Year	16,145	15,905	15,783	240	101.5	362	102.3	-	-	-
Total	30,833	30,295	30,192	538	101.8	641	102.1	-	-	-

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