

# Financial Release for the Three-months Ended June 30, 2008

July 29, 2008

## Hokkaido Electric Power Co., Inc.

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

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

### I. Consolidated Results for the Three Months (April 1, 2008 – June 30, 2008)

#### (1) Consolidated Business Results

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April 1, 2008 – June 30, 2008	136,184	—	-1,062	—	-3,720	—	-1,941	—
April 1, 2007 – June 30, 2007	130,692	-1.8	11,761	-48.7	9,488	-53.0	6,235	-49.2

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

	Net Income per Share (primary)		Net Income per Share (fully diluted)	
	Yen		Yen	
April 1, 2008 – June 30, 2008	-9.22		—	
April 1, 2007 – June 30, 2007	29.59		—	

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of June 30, 2008	1,551,680	454,821	28.7	2,115.10
As of March 31, 2008	1,530,106	461,796	29.6	2,147.66

Reference: Shareholders' Equity: As of June 30, 2008 445,598 million yen As of March 31, 2008 452,479 million yen

### II. Dividends

#### Cash dividend

	Cash dividends per share				
	June 30, 2008	September 30, 2008	December 31, 2008	Year-ended	Annual total
	Yen	Yen	Yen	Yen	Yen
April 1, 2007 – March 31, 2008	—	30.00	—	30.00	60.00
April 1, 2008 – March 31, 2009	—	—	—	—	—
April 1, 2008 – March 31, 2009 (Forecast)	—	30.00	—	30.00	60.00

Note: Changes of the forecast of the cash dividends per share in this period: No

### III. Forecasts of Consolidated Results for the Year Ending March 31, 2009 (April 1, 2008 – March 31, 2009)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income Per Share (primary)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
April 1, 2008 – Sept. 30, 2008	280,000	—	-23,000	—	-29,000	—	-18,000	—	-85.44
April 1, 2008 – March 31, 2009	615,000	8.3	-38,000	—	-53,000	—	-34,000	—	-161.39

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

Note: Changes of the forecasts of consolidated results in this period: No

\* 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.

**Results of Production and Sales [Electric Utility Business]**

1. Sales

**Electricity Sales**

(GWh)

	April 1, 2008 – June 30, 2008 (A)	April 1, 2007 – June 30, 2007 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2007 – March 31, 2008 (B)
Non-eligible customers					
Residential	2,731	2,816	-85	97.0	11,795
Commercial and industrial	425	459	-34	92.6	2,293
Subtotal	3,156	3,275	-119	96.4	14,088
Eligible customers	4,416	4,378	38	100.9	18,357
Total	7,572	7,653	-81	98.9	32,445

2. Production

**Power Supply**

(GWh)

	April 1, 2008 – June 30, 2008 (A)	April 1, 2007 – June 30, 2007 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2007 – March 31, 2008 (B)
Hokkaido Electric Power Co., Inc.					
(Water flow rate %)	(80.8)	(91.8)	-11.0		(90.4)
Hydroelectric	1,007	1,101	-94	91.4	3,063
Fossil fuel	4,885	4,131	754	118.3	18,955
(Nuclear capacity ratio %)	(51.2)	(69.2)	(-18.0)		(89.7)
Nuclear	1,296	1,750	-454	74.1	9,122
Subtotal	7,188	6,982	206	103.0	31,140
Purchased power	1,069	1,255	-186	85.2	5,245
Interchange power	4	3	1	130.0	-60
Power used for pumped storage	-42	-8	-34	540.8	-65
Total	8,219	8,232	-13	99.9	36,260

Note: Amount of power generated from consolidated subsidiaries, Hokkaido Power Engineering and Hokkai Hydro Generation is included in purchased power.

**Forecast of consolidated results for the full year ending March 31, 2009 (April 1, 2008 – March 31, 2009)**

There is no revision to the forecast of consolidated results released in July 14, 2008.

(Million yen)

	April 1, 2008 – March 31, 2009	April 1, 2008 – September 30, 2008
Operating Revenues	615,000	280,000
Operating Income	-38,000	-23,000
Ordinary Income	-53,000	-29,000
Net Income	-34,000	-18,000

**Key Factors**

	April 1, 2008 – March 31, 2009
Electricity sales	Approx. 32.8 TWh
Foreign Exchange Rate	Approx. 105 yen/\$
CIF Crude Oil Price	Approx. 125 \$/bl
Nuclear Capacity Ratio	Approx. 65 %
<b>Sensitivity Factors</b>	
Foreign Exchange Rate (1 yen/\$)	Approx. 2.2 billion yen
CIF Crude Oil Price (1 \$/bl)	Approx. 1.3 billion yen
Nuclear Capacity Ratio (1 %)	Approx. 2.0 billion yen
Interest (1 %)	Approx. 1.6 billion yen

**Consolidated Balance Sheets**

(Million yen)

Item	As of June 30, 2008 (A)	As of March 31, 2008 (B)
<b>Assets</b>		
Noncurrent assets	1,425,288	1,427,975
Electric utility plant and equipment	887,487	894,633
Hydroelectric power production facilities	127,385	128,965
Thermal power production facilities	123,114	127,042
Nuclear power production facilities	69,076	69,187
Transmission facilities	192,093	192,952
Transformation facilities	76,508	77,271
Distribution facilities	256,082	256,667
General facilities	41,478	40,749
Other electric utility plant and equipment	1,748	1,797
Other noncurrent assets	52,187	52,462
Construction in progress	285,109	280,775
Construction in progress	284,684	280,507
Retirement in progress	424	267
Nuclear fuel	69,560	67,921
Loaded nuclear fuel	5,607	6,246
Nuclear fuel in processing	63,953	61,675
Investments and other assets	130,942	132,181
Long-term investments	52,195	49,875
Deferred tax assets	52,994	54,532
Other	26,092	28,078
Allowance for doubtful accounts	-340	-304
Current Assets	126,392	102,131
Cash and deposits	41,294	17,634
Notes and accounts receivable-trade	27,452	33,422
Inventories	34,097	28,610
Deferred tax assets	6,129	5,018
Other	17,733	17,905
Allowance for doubtful accounts	-316	-460
<b>Total assets</b>	<b>1,551,680</b>	<b>1,530,106</b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Noncurrent liabilities	903,123	859,620
Bonds payable	473,786	423,785
Long-term loans payable	224,209	227,339
Provision for retirement benefits	85,490	87,986
Provision for reprocessing of irradiated nuclear fuel	71,389	72,062
Provision for preparation of the reprocessing of irradiated nuclear fuel	2,650	2,574
Provision for decommissioning of nuclear power units	39,685	39,362
Reserve for loss on liquidation of affiliates	3,089	3,121
Other	2,821	3,388
Current liabilities	187,963	201,144
Current portion of noncurrent liabilities	46,870	48,686
Short-term loans payable	50,320	48,640
Commercial papers	20,000	18,000
Notes and accounts payable-trade	25,777	33,519
Accrued taxes	13,233	13,379
Deferred tax liabilities	48	48
Other	31,713	38,870
Reserves under the special laws	5,772	7,545
Reserve for fluctuation in water levels	5,772	7,545
<b>Total liabilities</b>	<b>1,096,859</b>	<b>1,068,310</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>	437,550	445,833
Capital stock	114,291	114,291
Capital surplus	21,174	21,174
Retained earnings	310,800	319,062
Treasury stock	-8,716	-8,695
<b>Valuation and translation adjustment</b>	8,047	6,645
Valuation difference on available-for-sale securities	8,047	6,645
<b>Minority interests</b>	9,222	9,316
<b>Total net assets</b>	<b>454,821</b>	<b>461,796</b>
<b>Total liabilities and net assets</b>	<b>1,551,680</b>	<b>1,530,106</b>

**Consolidated Statements of Income**

(Million yen)

Item	April 1, 2008– June 30, 2008
<b>Operating revenue</b>	136,184
Electric utility operating revenue	131,690
Other business operating revenue	4,493
<b>Operating expenses</b>	137,246
Electric utility operating expenses	133,403
Other business operating expenses	3,842
(Operating loss)	-1,062
<b>Non-operating income</b>	1,001
Dividends income	346
Interest income	122
Equity in earnings of affiliates	188
Other	343
<b>Non-operating expenses</b>	3,660
Interest expenses	3,344
Other	316
Total ordinary revenue	137,185
Total ordinary expenses	140,906
<b>Ordinary loss</b>	-3,720
Provision or reversal of reserve for fluctuation in water levels	-1,773
Reversal of reserve for fluctuation in water levels	-1,773
Loss before income taxes and minority interests	-1,947
Income taxes-current	-801
Income taxes-deferred	754
Minority interests in income of consolidated subsidiaries	41
<b>Net loss</b>	-1,941

## Consolidated Statements of Cash Flows

(Million yen)

Account	April 1, 2008 – June 30, 2008
<b>Net cash provided by (used in) operating activities</b>	
Loss before income taxes and minority interests	-1,947
Depreciation and amortization	16,993
Amortization of nuclear fuel	639
Increase (decrease) in provision for retirement benefits	-2,495
Increase (decrease) in provision for reprocessing of irradiated nuclear fuel	-673
Increase (decrease) in provision for decommissioning of nuclear power units	322
Interest and dividends income	-469
Interest expenses	3,344
Decrease (increase) in reserve fund for reprocessing of irradiated nuclear fuel	2,002
Decrease (increase) in trade notes and accounts receivables	6,013
Decrease (increase) in inventories	-5,486
Increase (decrease) defined-contribution pension liability	-1,840
Increase (decrease) in trade notes and accounts payable	-7,867
Other, net	-946
Subtotal	7,589
Interest and dividends income received	461
Interest expenses paid	-3,788
Income taxes paid	-6,385
Net cash provided by (used in) operating activities	-2,123
<b>Net cash provided by (used in) investment activities</b>	
Purchase of noncurrent assets	-20,113
Payments of investment and loans receivable	-4,205
Collection of investment and loans receivable	4,328
Other, net	209
Net cash provided by (used in) investment activities	-19,781
<b>Net cash provided by (used in) financing activities</b>	
Proceeds from issuance of bonds	49,856
Repayment of long-term loans payable	-3,118
Increase in short-term loans payable	87,621
Decrease in short-term loans payable	-85,161
Proceeds from issuance of commercial papers	72,000
Redemption of commercial papers	-70,000
Cash dividends paid	-5,482
Other, net	-149
Net cash provided by (used in) financing activities	45,564
<b>Net increase (decrease) in cash and cash equivalents</b>	23,659
<b>Cash and cash equivalents at beginning of period</b>	17,634
<b>Cash and cash equivalents as end of period</b>	41,294

## Business Segment Information

Three Months Ended June 30, 2008 (April 1, 2008 – June 30, 2008)

(Million yen)

	Electric utility	Other business	Total	Eliminations	Consolidated
Operating revenues					
Sales to customers	131,690	4,493	136,184	—	136,184
Intersegment sales	342	12,243	12,585	- 12,585	—
Total operating revenues	132,032	16,736	148,769	-12,585	136,184
Operating income	-1,597	129	-1,468	405	- 1,062

**Consolidated Statements of Income**

(Million yen)

Item	April 1, 2007– June 30, 2007
<b>Operating revenue</b>	130,692
Electric utility operating revenue	126,632
Other business operating revenue	4,060
<b>Operating expenses</b>	118,930
Electric utility operating expenses	115,437
Other business operating expenses	3,492
(Operating income)	11,761
<b>Non-operating income</b>	1,071
Dividends income	285
Interest income	101
Gain on sales of fixed assets	212
Equity in earnings of affiliates	33
Other	438
<b>Non-operating expenses</b>	3,344
Interest expenses	3,131
Other	213
Total ordinary revenues	131,764
Total ordinary expenses	122,275
<b>Ordinary income</b>	9,488
Provision or reversal of reserve for fluctuation in water levels	-397
Reversal of reserve for fluctuation in water levels	-397
Income before income taxes and minority interests	9,886
Income taxes-current	3,623
Income taxes-deferred	29
Minority interests in loss of consolidated subsidiaries	1
<b>Net income</b>	6,235