

Financial Results for the Year Ended March 31, 2016

Hokkaido Electric Power Co., Inc.
May 11, 2016

Contents



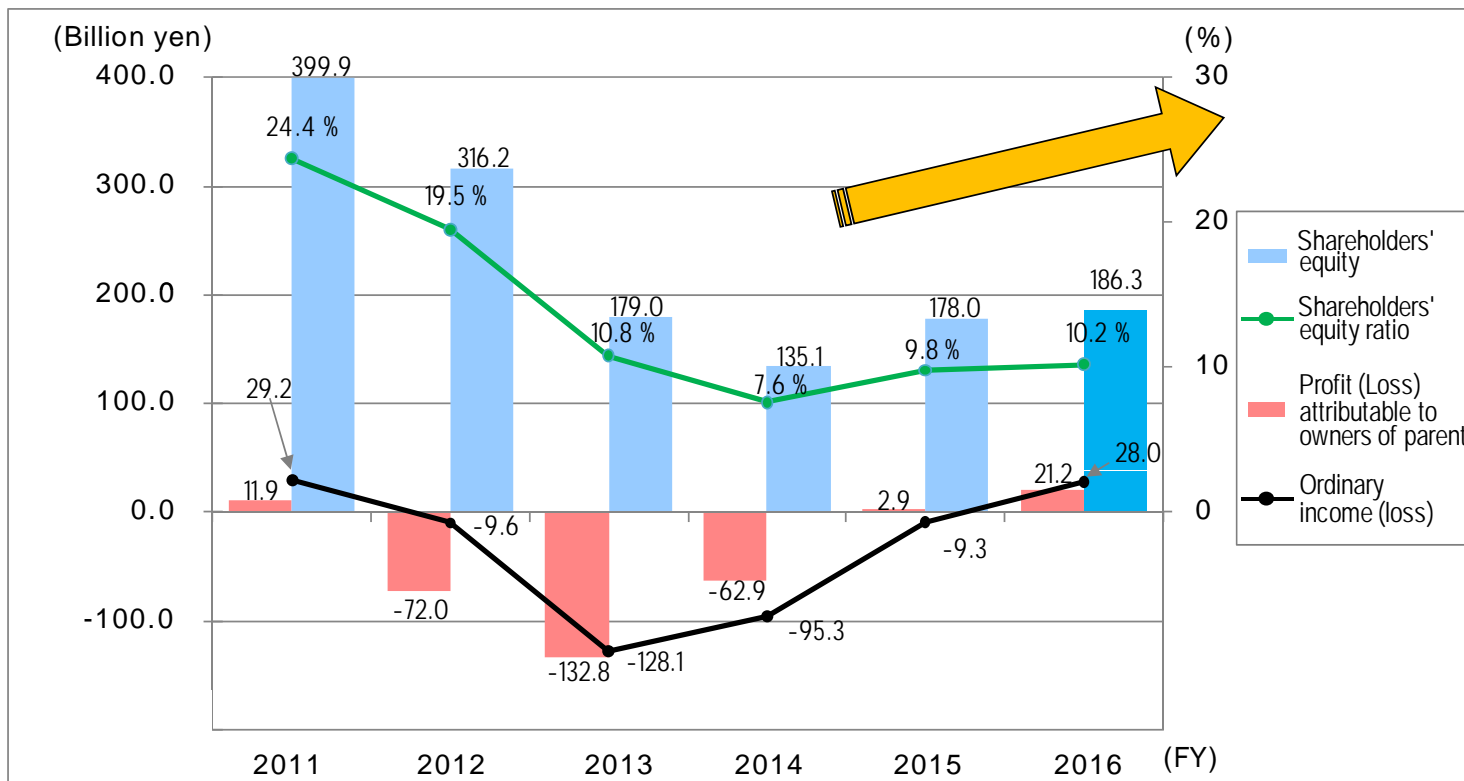
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*In this presentation, “FY(Fiscal Year)” refers to the period of April 1 through March 31 of each year.
e.g. FY2016 means the period from April 1, 2015 to March 31, 2016.

Management Situation

- In the fiscal year ending March 31, 2016, we have achieved a return to profitability of ordinary income for the first time in five years. This is due to the hike in electricity rates following the Great East Japan Earthquake and improvements in managerial efficiency. As regards year-end dividends, we plan to resume dividend payments on both common stock and preferred stock.
- We aim to secure ordinary income by efforts such as sales activities and management efficiency, and recover shareholders' equity.
- The basis seismic ground motion of the Tomari Nuclear Power Plant was near approval as of the end of 2015. We are making every effort to ensure that there are no issues with reviews based on the Nuclear Regulatory Requirements set out by the NRA and aim to finish the construction work promptly to ensure safety. We will exert every effort to restart Tomari as soon as possible.

Profit/Loss and Shareholders' equity (Consolidated)



Aims of the Hepco group

- Driven by the increasingly intense competition and other factors, the managerial environment surrounding us is changing significantly with the full liberalization of the electricity retail market as of this April.
- We are now defining the three years from FY2017 to FY2019 as a significant period for us if we are to maintain our status as supplier responsible for certain level of energy supply and achieve sustainable growth in this competitive environment, not to mention ensuring the basis for a stable supply of power in the future. We are aiming for further growth as a “total energy services corporate group.”
- The Hepco group will make efforts to achieve its aims.

Aims of the Hepco group Corporate Slogan: “Together, for a bright tomorrow. Light up your future”

- We will continue to support the sustainable development of the region by fulfilling our responsibility for energy supply.
- Adopting a fresh perspective, we will aggressively take on challenges to achieve further growth as a “total energy services corporate group.”
- We will manage business operations in a nimble and agile manner, strengthen our business platform, and respond to the expectations of stakeholders.

Measures between FY2017 and FY2019

- Measures for early stabilizing management
- Early resumption of Tomari and activities for enhancing safety.
 - Improvement of profits and strengthening the financial base

- Growth strategy contributing to revenue expansion
- Facilitating sales activities to beat the fierce competition
 - Business expansion for further growth

- Measures for strengthening our business platform
- Ensuring transmission and distribution facilities as well as power generation facilities to support the stability of future supply, etc.

Mid-term image of growth



Measures Taken to Restart the Tomari Nuclear Power Plant



- Regarding reviews based on the new regulatory requirements set out by the NRA, our expositions of earthquake, tsunami, and volcanic hazards are almost through the various approval processes, such as the basis seismic ground motions, as of the end of 2015. We are now making every effort to ensure that there are no issues with the reviews of the remaining items.
- For construction works to secure safety, the original plan is almost complete. We are now trying to finish the construction work promptly according to seismic evaluation based on the new basis seismic ground motions.

[Response to Reviews Based on the New Regulatory Requirements]

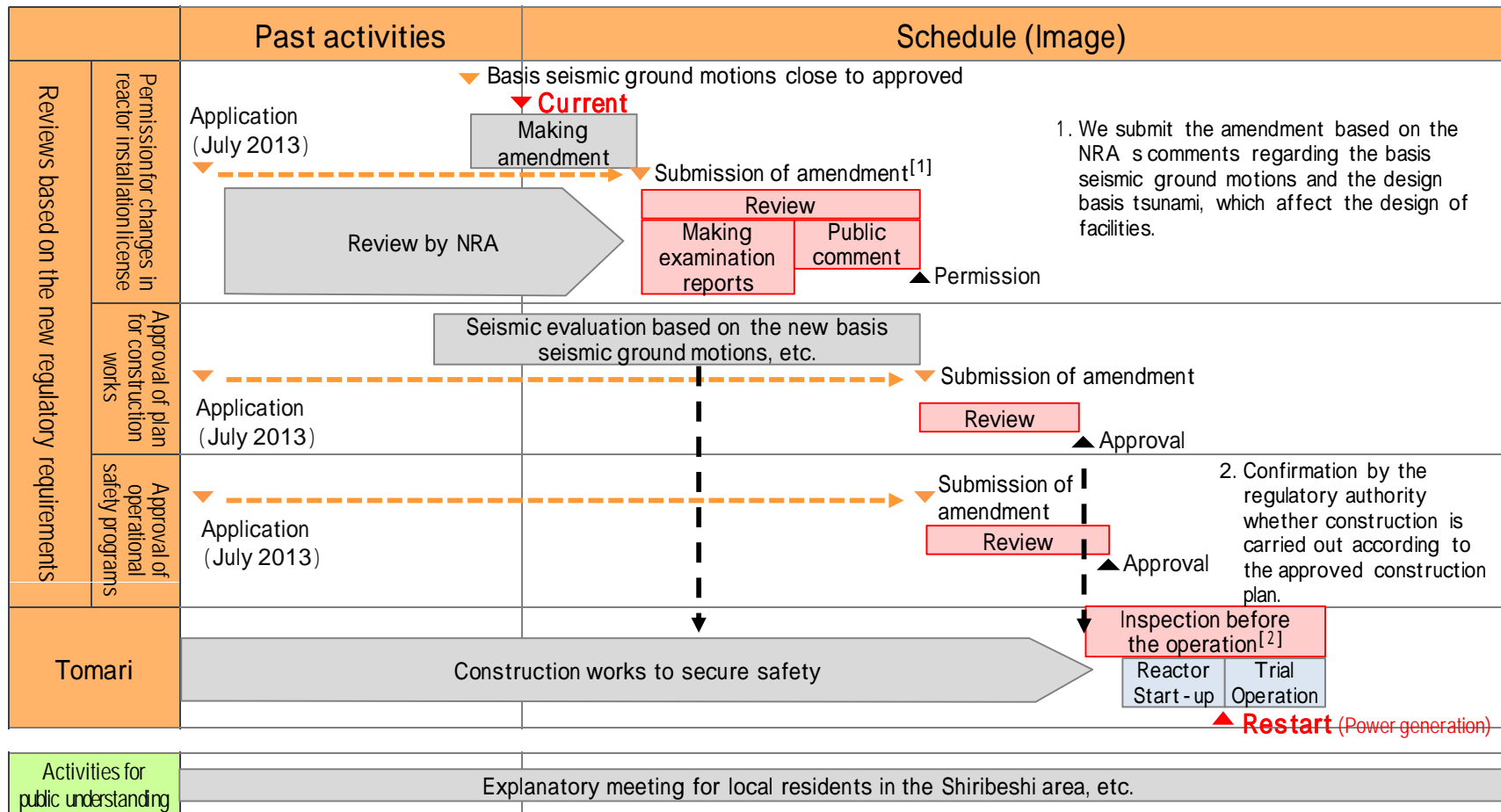
	Tomari Nuclear Power Plant Unit 3	Tomari Nuclear Power Plant Unit 1 & 2
Submission of Applications	Jul. 2013	Jul. 2013 Mar. 2014 (Correction Applied)
Review Status	77 times	44 times
	<ul style="list-style-type: none"> • The basis seismic ground motions were almost approved by the NRA at the review meeting on December 25, 2015. We added 8 basis seismic ground motions to the original submission (July 2013) for further safety improvement. • We are making every effort to ensure the remaining review items. 	The items, excluding plant facilities evaluation, are under review by the NRA, in conjunction with the review for Unit 3.

[Current Status of Major Construction Works to Secure Safety]

Measures	Facilities	Tomari Unit 3	Tomari Unit 1 & 2
Planned construction works to secure safety at the time of enforcement of New Regulatory Requirements	Facility for preventing core damage, facility for preventing damage to the containment vessel, coastal levee, emergency response center, etc.	Coastal levee is complete. Emergency response building is in use. Loading and equipment installation of other apparatus is almost complete.	
	Specialized safety facilities (water tanks, pumps for serious accidents, generators for serious accidents, filtered containment venting system, and emergency control room)	In process (Unit 3 will be completed in FY 2020)	
Added and revised major construction works based on the review by the NRA	Duplication of containment spray system	Additional installation of pipe work is almost complete.	-
	Protective facilities for tornados, construction countermeasures against internal fires and internal overflow water, etc.	We are making every effort to finish the construction work as soon as possible although there is the possibility of additions and revisions to the work.	

Process for the Restart of Tomari (Image)

- By making the best use of precedents involving other nuclear power plants, we make every effort to shorten the process of amending the application for the “Permission for changes in reactor installation license” for the sake of the early resumption of operations of Tomari.
- We have been holding meetings to explain reviews based on the new regulatory requirements set out by the NRA, safety measures at Tomari, etc. to local residents in the Shiribeshi area since April 13.



Ensuring Transmission and Distribution Facilities as well as Power Generation Facilities for Future Supply Stability



Ensuring the Foundation for a Stable Power Supply in the Future

- We will pursue a power source structure that ensures not only the foundation for the future but also rate competitiveness and environmental suitability.
- We are promoting the introduction of new power plants, such as the Ishikariwan Shinko Power Plant, our first LNG plant, and expanding the capacity of the Hokkaido Honshu HVDC Link, which is called the Kitahon HVDC Link.

Broader Introduction of Renewable Energy Sources

- In Hokkaido's small-scale power system, we are attempting to utilize additional wind and photovoltaic power and maintain the power quality by improving the accuracy of forecasts for the power output of wind and photovoltaic power, establishing control algorithms for fluctuation of power output, etc.
- For the sake of the further utilization of renewable energy sources, we are now promoting activities such as: verification tests for the broader introduction of wind power generation using the Kitahon HVDC Link in conjunction with Tokyo Electric Power Company (TEPCO); a Large-scale Storage Battery System Demonstration Project; utilization of untapped energy in hydroelectric power generation; biomass power generation; and a geothermal resources survey.

《Ensuring the Base for a Stable Power Supply in the Future》

Thermal power generation facilities

- Introduction of Ishikariwan Shinko Power Plant, LNG
Commencement of operation of Unit 1 scheduled for February 2019.

Transmission and distribution facilities

- Expanding the capacity of Kitahon HVDC Link, 300MW
Commencement of operation scheduled for March 2019

《Broader Introduction of Renewable Energy Sources》

Further utilization of wind and photovoltaic power

- Total volume of interconnected inverters as of end of March 2016;
Wind 315MW, Photovoltaic 973MW
- Verification tests using Kitahon HVDC Link with TEPCO
- Introduction of forecasting system of renewable generation

Large-scale Storage Battery System Demonstration Project

- Development of the control algorithms for Redox flow batteries

Hydroelectric power generation facilities

- Introduction of Kyogoku power plant, pure pumped-storage plant
Commencement of operation: Unit 1 Oct. 2014, Unit 2 Nov. 2015
- Utilization of untapped energy

Biomass power generation

- Research on output control for generation from livestock manure
- Demonstration of small-scale woody biomass power generation

Geothermal power generation

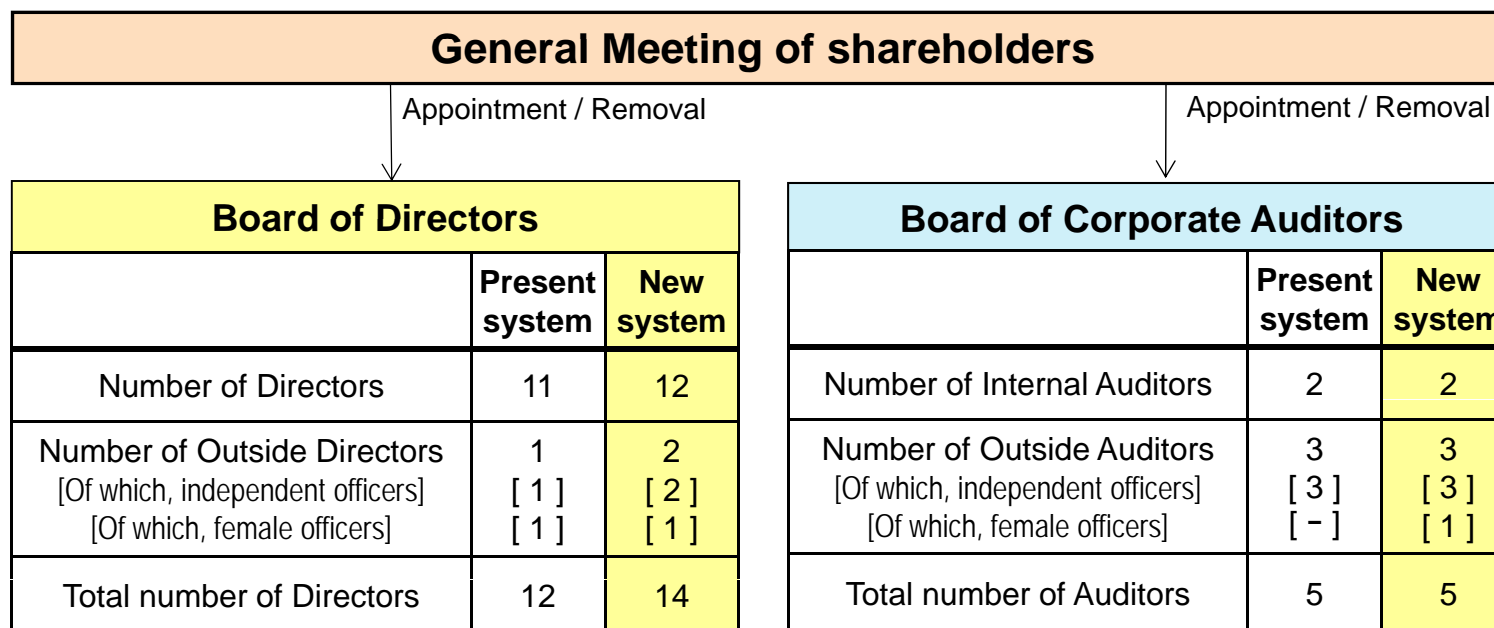
- Geothermal resources survey in Sobetsu, Hokkaido

- We pursue a suitable energy mix in terms of “S+3E”: Safety, Energy security, Economic growth, Environmental conservation.
- In addition to the measures mentioned above, we will contribute toward the realization of a low carbon society by operating Tomari in a safe and stable manner.

Further Reinforcement of Management System and Corporate Governance

- We plan to reinforce the management system by adding two directors to facilitate swift and appropriate responses to managerial issues, such as the changing managerial environment following the full liberalization of the electricity retail market this April, the resumption of operations at Tomari, and the legal unbundling in 2020 based on the premise of verification by the government.
- We also plan to enhance the governance system by simultaneously increasing the number of independent outside directors from one to two.
- We will add a female perspective by appointing two female officers as independent outside directors or independent outside auditors.

■ Corporate governance system



Dividends, etc.

■ Sharing corporate profits

We share profits first according to shareholders' equity, then through dividend payments and redemption of preferred stock in a balanced manner.

FY2016

Since we have secured a certain profit for the fiscal year ended March 31, 2016 due to efforts to enhance the efficiency of overall operating activities, etc., we resolved to first share the profit according to shareholders' equity, then to not only resume dividend payments on both common stock and preferred stock, but to also redeem, which means both acquiring and canceling, part of the Class-A preferred stock.

< Year-end dividends >

• Common stock

The year-end dividend for common stock is 5 yen per share as we need to recover shareholders' equity.
(Cash dividends paid total approximately 1.0 billion yen)

• Preferred stock

The year-end dividend for preferred stock contains the unpaid cumulative dividend on the previous fiscal year.
(Cash dividends paid total approximately 3.6 billion yen)

< Partial acquisition and cancellation of Class-A preferred stock >

- We will acquire 30 shares of Class-A preferred stock and cancel them for the sake of reduction in dividend payments for preferred stock.
(Total acquisition price is approximately 3.2 billion yen)

FY2017

< Interim and Year-end dividends >

- The forecasts of cash dividends for the first half and full year ending March 31, 2017, have yet to be determined at this point as regards common stock as well as preferred stock. This is because we cannot forecast the financial results for the fiscal year as we must monitor the situation regarding generating capacity from this point on.

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Financial Results and Forecasts

Financial Results for the Year
Ended March 31, 2016

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Summary of Financial Results



Points of Financial Results for the Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

Revenue	<p>[Increase factors]</p> <ul style="list-style-type: none"> · Hike in electricity rates since November of 2014 and influence of the feed-in-tariff scheme for renewable energy, etc. <p>[Decrease factors]</p> <ul style="list-style-type: none"> · Decrease in electricity sales and decrease in fuel cost adjustments by lower fuel prices, etc.
Expenses	<p>[Increase factors]</p> <ul style="list-style-type: none"> · Influence of the feed-in-tariff scheme for renewable energy and increase in repair costs for measures against aging facilities, etc. <p>[Decrease factors]</p> <ul style="list-style-type: none"> · Decrease in fuel cost by lower fuel prices and continuous efforts to enhance the efficiency of overall operating activities, etc.

(Billion yen)

	Consolidated				Non-consolidated			
	April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase/ Decrease (A) - (B)	Comparison (A) / (B) %	April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase/ Decrease (A) - (B)	Comparison (A) / (B) %
Operating Revenue	724.1	692.9	31.1	104.5	695.7	663.9	31.7	104.8
Operating Income	43.1	4.7	38.3	907.4	36.1	4.5	31.6	800.6
Ordinary Income (Loss)	28.0	(9.3)	37.4	-	21.2	(8.7)	29.9	-
Profit ^[1]	21.2	2.9	18.3	724.2	17.0	4.2	12.8	404.2

1. "Profit" on the Consolidated Financial Results mentioned above means "Profit attributable to owners of parent" resulting from adoption of the "Accounting Standard for Business Combinations, etc." from the current fiscal year.

Statement of Operations (Consolidated)



(Billion yen)

		April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase / Decrease (A) - (B)	Comparison (A) / (B) %
Ordinary Revenues	Operating Revenues	724.1	692.9	31.1	104.5
	Electricity	694.0	662.2	31.8	104.8
	Others	30.0	30.6	(0.6)	97.9
	Non-operating Revenue	3.0	4.4	(1.4)	67.6
	Subtotal	727.1	697.4	29.7	104.3
Ordinary Expenses	Operating Expenses	681.0	688.1	(7.1)	99.0
	Electricity	655.1	660.9	(5.8)	99.1
	Others	25.8	27.2	(1.3)	95.1
	Non-operating Expenses	18.0	18.5	(0.5)	97.3
	Subtotal	699.0	706.7	(7.6)	98.9
[Operating Income]		[43.1]	[4.7]	[38.3]	[907.4]
Ordinary Income (Loss)		28.0	(9.3)	37.4	-
Provision or reversal of reserve for fluctuation in water levels		1.0	(19.3)	20.4	-
Profit before income taxes		27.0	10.0	16.9	269.1
Income taxes		5.1	7.9	(2.8)	64.2
Profit		21.9	2.0	19.8	-
Profit (Loss) attributable to non-controlling interests		0.6	(0.8)	1.5	-
Profit attributable to owners of parent		21.2	2.9	18.3	724.2
(Appendix)	Comprehensive Income	8.9	(6.5)	15.5	-

Electricity Sales



Total electricity sales have decreased by 4.1% compared to the previous year

Non-eligible customers	Decreased 221GWh (decreased by 1.6% compared to the previous year) [Decrease factors] · Influence of cooperative efforts to save electricity, etc.
Eligible customers	Decreased 997 GWh (decreased by 6.2% compared to the previous year) [Decrease factors] · Decrease in contract electricity demand from commercial customers, and falling production in “pulp and paper” and “iron and steel” industries in industrial customers, etc.

(GWh)

		April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase / Decrease (A) - (B)	Comparison (A) / (B) %
Non-eligible customers	[Time-of-use(included in “Residential”)] Residential	[2,740] 11,071	[2,728] 11,236	[12] (165)	[100.4] 98.5
	Commercial and Industrial	2,373	2,429	(56)	97.7
	Subtotal	13,444	13,665	(221)	98.4
	Eligible customers	Commercial	7,628	8,130	(502)
	Industrial	7,520	8,015	(495)	93.8
	Subtotal	15,148	16,145	(997)	93.8
Total		28,592	29,810	(1,218)	95.9
Large commercial and industrial customers (included in “Eligible customers”)		[4,490]	[4,846]	[(356)]	[92.6]

()

		Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Average temperature in 2015 - 2016	actual	3.1	7.8	13.1	15.9	20.5	21.5	17.7	10.4	5.0	0.4	(3.9)	(2.9)	1.4
	year-on-year	3.4	1.5	0.2	(1.8)	(1.0)	(0.3)	0.3	(0.3)	(0.6)	2.2	(1.6)	(1.6)	(1.7)
	deviation	3.1	1.6	1.7	0.2	1.1	0.2	0.3	(0.9)	0.6	1.8	0.4	0.7	1.4

Power Supply



- Stable electric power supplies have been maintained due to an increase in supply through starting commercial operation of Kyogoku Hydroelectric Power Station No.2 in November, 2015 and appropriate operation of supply facilities, etc., despite the unplanned suspension and output power suppression of thermal power plants, etc., in addition to the shutdown of all units at the Tomari Power Station.

[Reasons for the increase/decrease from the previous year]

(Hokkaido Electric Power)

- Hydroelectric power; Higher water flow rate compared to the previous year, etc.
- Fossil Fuel; Decrease in electricity sales, etc. despite decrease in Purchased power.
- Nuclear; Shutdown of all units at the Tomari Power Station.

(Purchased power) Decrease in thermal power output, etc. despite increase in renewable energy.

(GWh)

		April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase / Decrease (A) - (B)	Comparison (A) / (B) %
Hokkaido Electric Power Co., Inc.	[Water flow rate %] Hydroelectric	[99.8%] 3,502	[97.9%] 3,394	[1.9%] 108	103.2
	Fossil Fuel	22,158	22,804	(646)	97.2
	[Nuclear capacity ratio %] Nuclear	[-] -	[-] -	[-] -	-
	Renewable	131	162	(31)	80.6
	Subtotal	25,791	26,360	(569)	97.8
Purchased power		6,220	6,809	(589)	91.4
Interchanged power		9	12	(3)	72.8
Power used for pumped storage		(120)	(47)	(73)	254.4
Total		31,900	33,134	(1,234)	96.3

Statement of Operations (Non-consolidated Revenue)

(Billion yen)

		April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase / Decrease (A) - (B)	Major factors for increase/decrease
Electricity Sales	Residential	291.6	286.9	4.6	[Factors for increase/decrease in Operating Revenue] • Decrease in electricity sales; (16.1) • Decrease in fuel cost adjustments by lower fuel prices; (57.4) • Increase in revenue due to hike in electricity rates since November of 2014; 69.1 • Increase in Surcharge for renewable energy ^[1] ; 19.9 • Increase in Grant under Act on Purchase of Renewable Energy Sourced Electricity ^[1] ; 14.9
	Commercial and Industrial	346.2	339.3	6.8	
	Subtotal	637.8	626.3	11.5	
Others		60.7	42.6	18.1	
[Operating Revenue] Ordinary Revenue		[695.7] 698.6	[663.9] 668.9	[31.7] 29.6	

1. See page 31, "Financial Results - Effect of the feed-in-tariff scheme for renewable energy."

Statement of Operations (Non-consolidated Expenses and Income)



(Billion yen)

	April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase / Decrease (A) - (B)	Major factors for increase/decrease
Personnel	50.7	45.1	5.5	• Increase in retirement allowance expenses, etc.
Fuel and Purchased Power	256.5	303.6	(47.1)	<ul style="list-style-type: none"> • Increase in amount of purchase of renewable energy^[1]; 14.9 • Decrease in utilization of overseas coal-fired thermal power plants; 7.3 • Decrease in electricity sales; (13.4) • Lower fuel prices; (57.0)
Fuel [included in “Fuel and Purchased Power”]	[148.0]	[192.9]	[(44.8)]	
Purchased Power [included in “Fuel and Purchased Power”]	[108.4]	[110.7]	[(2.2)]	
Maintenance	82.7	70.7	11.9	• Increase in measures against aging facilities; 7.0
Depreciation	85.0	87.7	(2.7)	
Interest Expenses	16.2	16.6	(0.4)	
Other Expenses	186.1	153.7	32.4	<ul style="list-style-type: none"> • Increase in levy under Act on Purchase of Renewable Energy Sourced Electricity^[1]; 19.9 • Increase in data processing costs; 4.3 • Increase in fixed asset tax; 1.6
Total	677.4	677.7	(0.3)	
[Operating Income] Ordinary Income (Loss)	[36.1] 21.2	[4.5] (8.7)	[31.6] 29.9	
Provision or reversal of reserve for fluctuation in water levels	1.0	(19.3)	20.4	• Adverse impact of reversal of the entire reserve in April of 2014; 19.3
Income taxes	3.1	6.4	(3.2)	<ul style="list-style-type: none"> • Posting income tax; 1.7 • Decrease in reversal of some deferred tax assets following amendments to the Corporation Tax Act, etc.; (5.0)
Profit	17.0	4.2	12.8	

1. See page 31, “Financial Results - Effect of the feed-in-tariff scheme for renewable energy.”

Key Factors Affecting Financial Results (Non-consolidated)



Ordinary Loss for the Year Ended March 31, 2015 : (8.7) billion yen

(Billion yen)

Factors for improved performance	Factors for weakened performance
<ul style="list-style-type: none"> • Increase in revenue due to hike in electricity rates since November of 2014 69.1 • Decrease in fuel costs caused by lower fuel prices 57.0 • Decrease in fuel costs caused by decrease in electricity sales 13.4 <hr style="border: 1px solid black;"/> <p style="text-align: right;">Total 139.5</p>	<ul style="list-style-type: none"> • Decrease in fuel cost adjustments by lower fuel prices 57.4 • Decrease in operating revenue due to decrease in electricity sales 16.1 • Increase in maintenance costs 11.9 (• Increase in measures against aging facilities, etc.) • Increase in fuel costs due to decrease in utilization of overseas coal-fired thermal power plants 7.3 • Others 16.9 (• Increase in employee retirement benefits: amortization of actuarial gains and losses • Increase in data processing costs • Increase in fixed asset tax, etc.) <hr style="border: 1px solid black;"/> <p style="text-align: right;">Total 109.6</p>
<p>Balance: 29.9 billion yen</p>	

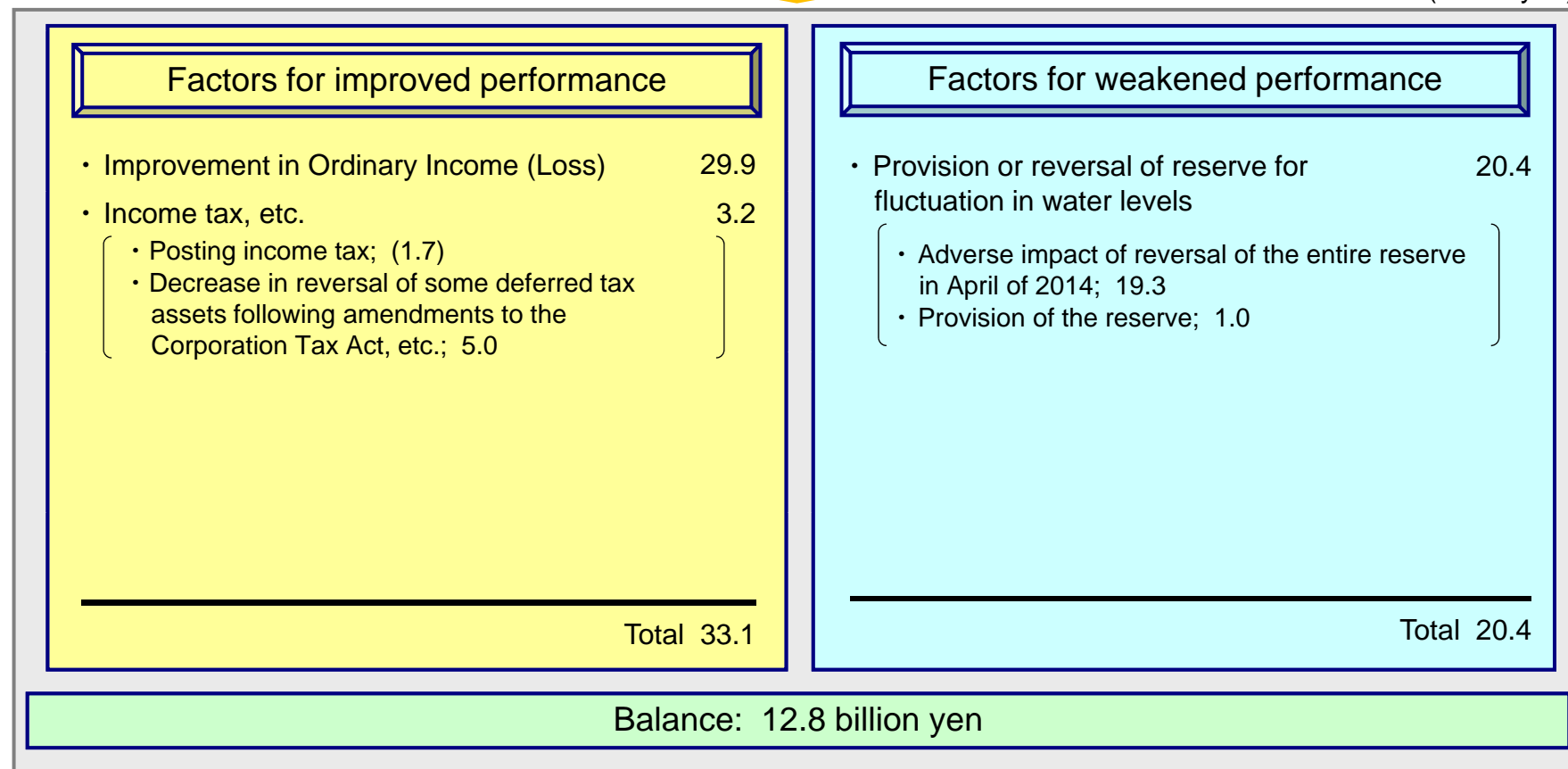
Ordinary Income for the Year Ended March 31, 2016 : 21.2 billion yen

Key Factors Affecting Financial Results (Non-consolidated)



Profit for the Year Ended March 31, 2015 : 4.2 billion yen

(Billion yen)



Profit for the Year Ended March 31, 2016 : 17.0 billion yen

Balance Sheets (Consolidated/Non-consolidated)



(Billion yen)

		As of March 31, 2016 (A)	As of March 31, 2015(B)	Increase / Decrease (A) - (B)	Major factors for increase/decrease (non-consolidated)
Assets	Consolidated	1,826.1	1,815.6	10.4	<ul style="list-style-type: none"> · Capital expenditure; 150.6 · Decrease in property of Electric utility plant caused by depreciation; (85.0) · Decrease in cash and deposits; (39.8)
	Non-consolidated	1,765.0	1,749.6	15.4	
Liabilities	Consolidated	1,628.9	1,627.2	1.6	
	Non-consolidated	1,604.2	1,602.1	2.1	
Net Assets	Consolidated ^[1]	186.3	178.0	8.3	<ul style="list-style-type: none"> · Posting a profit; 17.0
	Non-consolidated	160.8	147.5	13.3	

1. Consolidated data of Net Assets exclude non-controlling interests.

Shareholders' Equity Ratio (%)	Consolidated	10.2	9.8	0.4
	Non-consolidated	9.1	8.4	0.7
Interest- bearing Debt Outstanding (Billion yen)	Consolidated	1,289.0	1,298.1	(9.0)
	Non-consolidated	1,290.0	1,296.0	(5.9)

Consolidated Cash Flows

(Billion yen)

	April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase / Decrease (A) - (B)
Operating Activities	115.9	94.3	21.6
Profit before income taxes [included in “Operating Activities”]	[27.0]	[10.0]	[16.9]
Depreciation and amortization [included in “Operating Activities”]	[91.1]	[93.9]	[(2.8)]
Investing Activities	(149.0)	(114.1)	(34.8)
Purchase of property, plant and equipment [included in “Investing Activities”]	[(165.0)]	[(121.3)]	[(43.7)]
Collection of investment and loans receivable [included in “Investing Activities”]	[3.2]	[6.0]	[(2.8)]
Net CF	(33.0)	(19.8)	(13.2)
Financing Activities	(10.1)	50.7	(60.9)
Increase (decrease) in Interest-bearing Debts [included in “Financing Activities”]	[(9.0)]	[1.9]	[(10.9)]
Proceeds from issuance of new shares [included in “Financing Activities”]	[-]	[49.7]	[(49.7)]
Net increase (decrease) in Cash & Cash Equivalents	(43.2)	30.9	(74.1)

Forecasts of Financial Results for the Year Ending March 31, 2017

Forecasts of Financial Results for the Year Ending March 31, 2017

(Consolidated/Non-consolidated)



Electricity sales, Operating revenue

- Electricity sales will be decreased by approx. 1.1 TWh compared to the previous fiscal year.
- Operating revenue for Consolidated results and Non-consolidated results will be decreased by approx. 11,000 million yen compared to the previous fiscal year.

(Billion yen, TWh)

		April 1, 2016 – March 31, 2017 Forecast (A)	April 1, 2015 – March 31, 2016 (B)	Increase / Decrease (A) - (B)
Operating revenue	Consolidated	Approx. 713.0	724.1	Approx. (11.0)
	Non-consolidated	Approx. 685.0	695.7	Approx. (11.0)
[Comparison to last fiscal year] Electricity sales		[Approx. (3.8)%] Approx. 27.5	28.6	Approx. (1.1)

Key Factors

Foreign Exchange Rate (yen/\$)	Approx. 115	120	Approx. (5)
CIF Crude Oil Price (\$/barrel)	Approx. 40	48.7	Approx. (8.7)

Operating Income (Loss), Ordinary Income (Loss), Profit (Loss)

- The forecasts of Operating income (loss), Ordinary income (loss), and Profit (loss) are yet to be determined at this point. This is because expenses such as fuel costs cannot be assessed appropriately as we must monitor the situation regarding generating capacity from this point on.

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

Dividends

- The forecasts of cash dividends for the first half and full year ending March 31, 2017, have yet to be determined as regards common stock as well as preferred stock as we cannot forecast the financial results for the fiscal year at this point.

Appendix

[Financial Results]

Expense breakdown (non-consolidated)	
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Financial Results - Expense breakdown (Non-consolidated)



Personnel

(Billion yen)

	April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Personnel	50.7	45.1	5.5	• Increase in retirement allowance expenses, etc.

[Amortization of actual gains and losses]

*Actual gains and losses are being amortized in the following 5 years in which the gains or losses are recognized by the straight-line method.

(Billion yen)

FY of accrual of the income	Amount accrued	Amortization of the previous year	April 1, 2015 – March 31, 2016		
			Amortization	Unamortized Balance	Ending FY [remaining year]
2010	(6.7)	(1.3)	-	-	-
2011	(1.8)	(0.4)	(0.4)	-	-
2012	(2.1)	(0.4)	(0.4)	(0.4)	2017 [1 year]
2013	(8.9)	(1.8)	(1.8)	(3.5)	2018 [2 years]
2014	(12.8)	(2.6)	(2.6)	(7.7)	2019 [3 years]
2015	6.9	-	1.4	5.5	2020 [4 years]
2016	5.0	-	-	5.0	2021 [5 years]
Total		(6.4)	(3.7)	(1.1)	

Financial Results - Expense breakdown (Non-consolidated)

Fuel and Purchased Power

(Billion yen)

		April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Fuel and Purchased Power		256.5	303.6	(47.1)	<ul style="list-style-type: none"> • Increase in amount of purchase of renewable energy^[1]; 14.9 • Decrease in utilization of overseas coal-fired thermal power plants; 7.3 • Decrease in electricity sales; (13.4) • Lower fuel prices; (57.0)
Break down	Fuel	148.0	192.9	(44.8)	
	Purchased Power	108.4	110.7	(2.2)	

1. See page 31, "Financial Results - Effect of the feed-in-tariff scheme for renewable energy."

Key Factors

	April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase/ Decrease (A)-(B)
Foreign Exchange Rate (yen/\$)	120	110	10
CIF Crude Oil Price (\$/barrel)	48.7	90.4	(41.7)
CIF Coal Price (\$/t)	75.4	92.7	(17.3)

Financial Results - Expense breakdown (Non-consolidated)



Maintenance

(Billion yen)

		April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Maintenance		82.7	70.7	11.9	<ul style="list-style-type: none"> • Increase in measures against aging facilities; 7.0 • Increase in cost for installation of smart meters ; 2.0 • Increase in costs for periodic inspection of thermal power generation facilities; 2.6
Break down	Generation	42.6	37.6	4.9	
	Power- distribution	38.2	31.6	6.6	
	Others	1.8	1.4	0.3	

Depreciation

(Billion yen)

		April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Depreciation		85.0	87.7	(2.7)	<ul style="list-style-type: none"> • Fixed percentage effect; (9.7) • Tomari Nuclear Power Station Unit 3; (2.7) (included in "Fixed percentage effect") • New acquisition of property, etc.; 7.0 • Kyogoku Power Station; 2.2 (included in "New acquisition of property")
Break down	Generation	49.4	51.3	(1.9)	
	Power- distribution	30.4	31.1	(0.6)	
	Others	5.1	5.3	(0.1)	

Financial Results - Expense breakdown (Non-consolidated)



Interest Expenses

(Billion yen)

	April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
[Interest(on average)%] Interest Expenses	[1.24] 16.2	[1.28] 16.6	[(0.04)] (0.4)	

Other Expenses

(Billion yen)

	April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Other Expenses	186.1	153.7	32.4	<ul style="list-style-type: none"> • Increase in levy under Act on Purchase of Renewable Energy Sourced Electricity^[1]; 19.9 • Increase in data processing costs to respond to electric power system reform, etc. ; 4.3 • Increase in fixed asset tax; 1.6

1. See page 31, "Financial Results - Effect of the feed-in-tariff scheme for renewable energy."

Financial Results - Key Factors and Sensitivity Factors



Key Factors

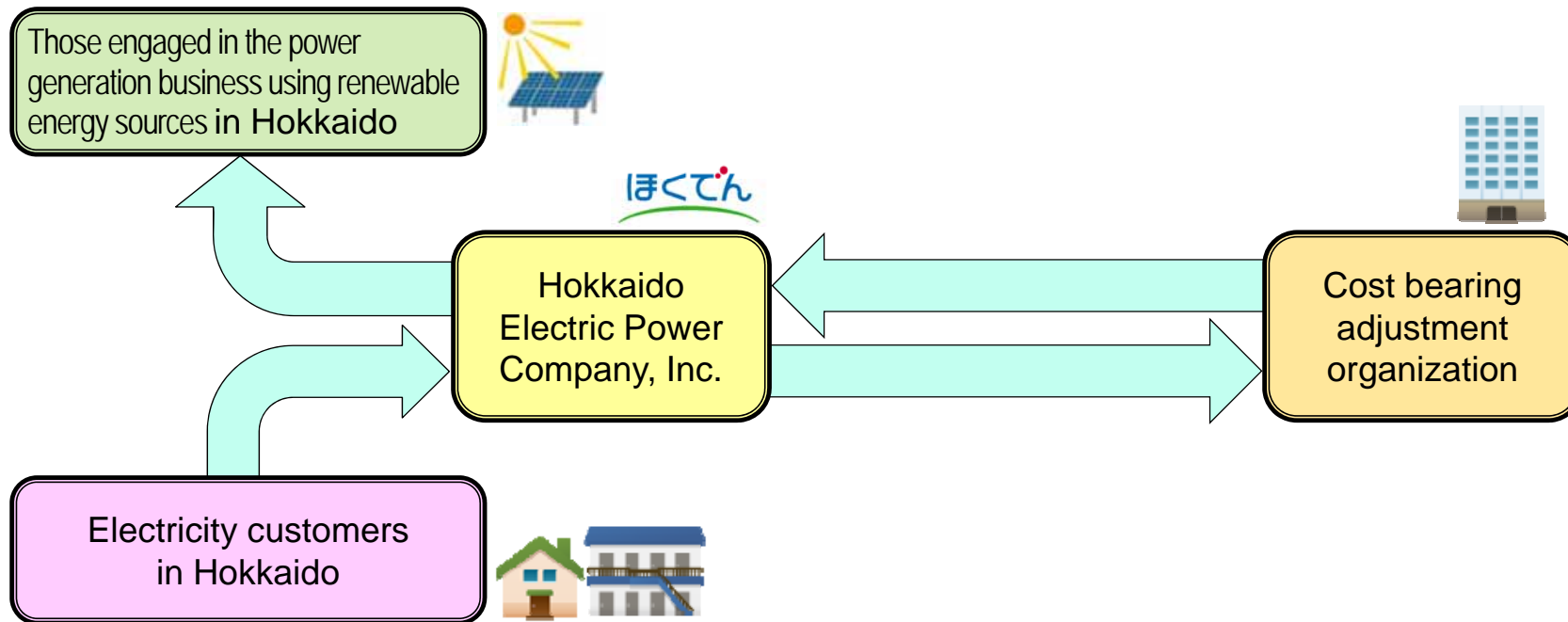
	April 1, 2014 – March 31, 2015 (A)	April 1, 2015 - March 31, 2016	
		Actual (B)	Increase / Decrease (B) - (A)
Foreign Exchange Rate [yen/\$]	110	120	10
CIF Crude Oil Price [\$/barrel]	90.4	48.7	(41.7)
Water Flow Rate [%]	97.9	99.8	1.9
Nuclear Capacity Ratio [%]	-	-	-
Interest(on average) [%]	1.28	1.24	(0.04)

Sensitivity Factors

(Billion yen)

	April 1, 2014 – March 31, 2015 (A)	April 1, 2015 - March 31, 2016	
		Actual (B)	Increase / Decrease (B) - (A)
Foreign Exchange Rate [1yen/\$]	1.6	1.0	(0.6)
CIF Crude Oil Price [1\$/barrel]	1.5	1.4	(0.1)
Water Flow Rate [1%]	0.5	0.4	(0.1)
Interest [1%]	3.2	3.5	0.3

Financial Results - Effect of the feed-in-tariff scheme for renewable energy



■ Effect of the feed-in-tariff scheme for renewable energy [Details of FY 2016]

(Billion yen)

Surcharge for renewable energy	39.2	Levy under Act on Purchase of Renewable Energy Sourced Electricity	39.2
Collection of surcharge together with the electricity charge		Submission of the collected surcharge	
Grant under Act on Purchase of Renewable Energy Sourced Electricity	41.7	Cost of Purchased power	55.5
Deliver of purchase cost excluding saved fuel cost, etc. made by purchasing electricity from renewable energy sources.		Purchase of electricity at a fixed price for a government guaranteed period	

Financial Results - Segment Information



(Billion yen)

		Reportable segment	Other	Total	Adjustments	Consolidated total
		Electric				
Operating Revenue	April 1, 2015 - March 31, 2016 (A)	695.1	127.8	822.9	(98.8)	724.1
	April 1, 2014 - March 31, 2015 (B)	663.3	115.9	779.3	(86.3)	692.9
	Increase / Decrease (A) - (B)	31.7	11.8	43.6	(12.5)	31.1
Operating Income (Loss)	April 1, 2015 - March 31, 2016 (A)	36.1	6.3	42.4	0.6	43.1
	April 1, 2014 - March 31, 2015 (B)	4.2	0.0	4.2	0.4	4.7
	Increase / Decrease (A) - (B)	31.8	6.2	38.1	0.2	38.3

Electric	Supply of electricity
Other	Electric/telecommunications works, overall management of buildings, civil engineering and construction, periodic inspection/maintenance/repair works at the power plant, etc.

Financial Results - Consolidated Statements of Comprehensive Income



Consolidated Statements of Comprehensive Income

(Billion yen)

	April 1, 2015 – March 31, 2016 (A)	April 1, 2014 – March 31, 2015 (B)	Increase/ Decrease (A)-(B)
Profit	21.9	2.0	19.8
Other Comprehensive Income	(12.9)	(8.6)	(4.2)
Net unrealized holding gain (loss) on available-for-sale securities [included in "Other Comprehensive Income"]	[(3.6)]	[1.2]	[(4.9)]
Remeasurements of defined benefit plans, net of tax [included in "Other Comprehensive Income"]	[(9.2)]	[(9.9)]	[0.6]
Comprehensive Income	8.9	(6.5)	15.5
Comprehensive income attributable to owners of parent [included in "Comprehensive Income"]	[8.3]	[(5.8)]	[14.1]
Comprehensive income attributable to non-controlling interests [included in "Comprehensive Income"]	[0.6]	[(0.7)]	[1.3]

This material is compiled based on data available as of May 11, 2016. 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 Financial Instruments 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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