

# FY2010 2<sup>nd</sup> Quarter Financial Results (April 1,2010-September 30,2010) Detailed Description

October 29, 2010



Hokuriku Electric Power Company

### ***Regarding Forward-Looking Statements (Performance Projections)***

*Certain statements in the following presentation regarding Hokuriku Electric Power Company's business operations may constitute "forward-looking statements". As such, these statements are not historical facts but rather predictions about the future, which inherently involve risks and uncertainties, and these risks and uncertainties could cause the Company's actual results to differ materially from the forward-looking statements (performance projections) herein.*

*(Note)*

*Please note that the following to be an accurate and complete translation of the original Japanese version prepared for the convenience of our English-speaking investors. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.*

# Total Sales of Electric Power

- 14.44 billion kWh  
(1.58 billion kWh increase compared with FY2009/2Q)
- Exceeding the previous year due to production rise by gradual economic recovery and the increment in electric consumption by air-conditioning equipment because of record-breaking heat (12.3% increase compared with the previous year)

(Billion kWh,%)

		FY10/2Q (A)	FY09/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Regulated	Lighting	3.93	3.50	0.43	112.3
	Low-voltage	0.73	0.65	0.08	112.2
	Subtotal	4.66	4.15	0.51	112.3
Liberarized	Commercial	2.77	2.61	0.16	106.2
	Industrial	7.01	6.10	0.91	114.9
	Subtotal	9.78	8.71	1.07	112.3
Total		14.44	12.87	1.58	112.3
Large Industrial		5.63	4.90	0.73	114.9
Residential		6.80	6.22	0.58	109.4
Otherthan residential		7.64	6.65	0.99	114.9

※ Residential=lighting, commercial power and night only service

## (Reference) Sales to Large-scale user by main Industry

(Billion kWh,%)

		FY10/2Q (A)	FY09/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Total of large-scale user		5.63	4.90	0.73	114.9
Main industry	Textile	0.55	0.48	0.06	113.2
	Chemical	0.65	0.56	0.09	115.4
	Steel	0.38	0.26	0.12	145.7
	Machinery	1.82	1.56	0.26	116.8
	(Electrical Machinery in Machinery sector)	(1.33)	(1.19)	(0.14)	(111.4)
	Fabricated metal	0.38	0.33	0.05	114.7

## (Reference) Average monthly temperature

[Average monthly temperature in Hokuriku 3 cities ] (°C)

	April	May	June	July	August	September
Actual data	10.9	16.7	22.2	26.7	29.3	24.3
Comparison with the previous year	Δ1.8	Δ1.1	0.2	1.8	3.8	2.3
Comparison with the average year	Δ1.3	Δ0.3	1.2	1.6	2.8	2.2

(Note) Hokuriku 3 cities : Toyama city, Kanazawa city, Fukui city

# Total Power Generated, Purchased and Sold

- Increase in thermal due to the increment in sales of electric power despite the rise of the volume of power generated by nuclear and hydroelectric because of stable operation of Unit2 of Shika Nuclear Power Plant and high-water flow

(Billion kWh,%)

	FY10/2Q (A)	FY09/2Q (B)	Comparison	
			(A)-(B)	(A)/(B)
[Flow ratio]	[101.1]	[88.8]	[12.3]	
Hydroelectric	3.78	3.17	0.62	119.6
Thermal	7.56	6.68	0.88	113.1
[Utilization ratio]	[86.4]	[65.5]	[ 20.9]	
Nuclear	6.63	5.02	1.60	131.9
Renewable	0.00	—	0.00	—
Subtotal	17.97	14.87	3.10	120.9
Purchased from other utilities	1.64	2.81	△ 1.17	58.3
Sold to other utilities	△ 3.79	△ 3.58	△ 0.22	106.1
Total	15.81	14.10	1.71	112.1

# Overview of FY 2010/2Q Financial Results

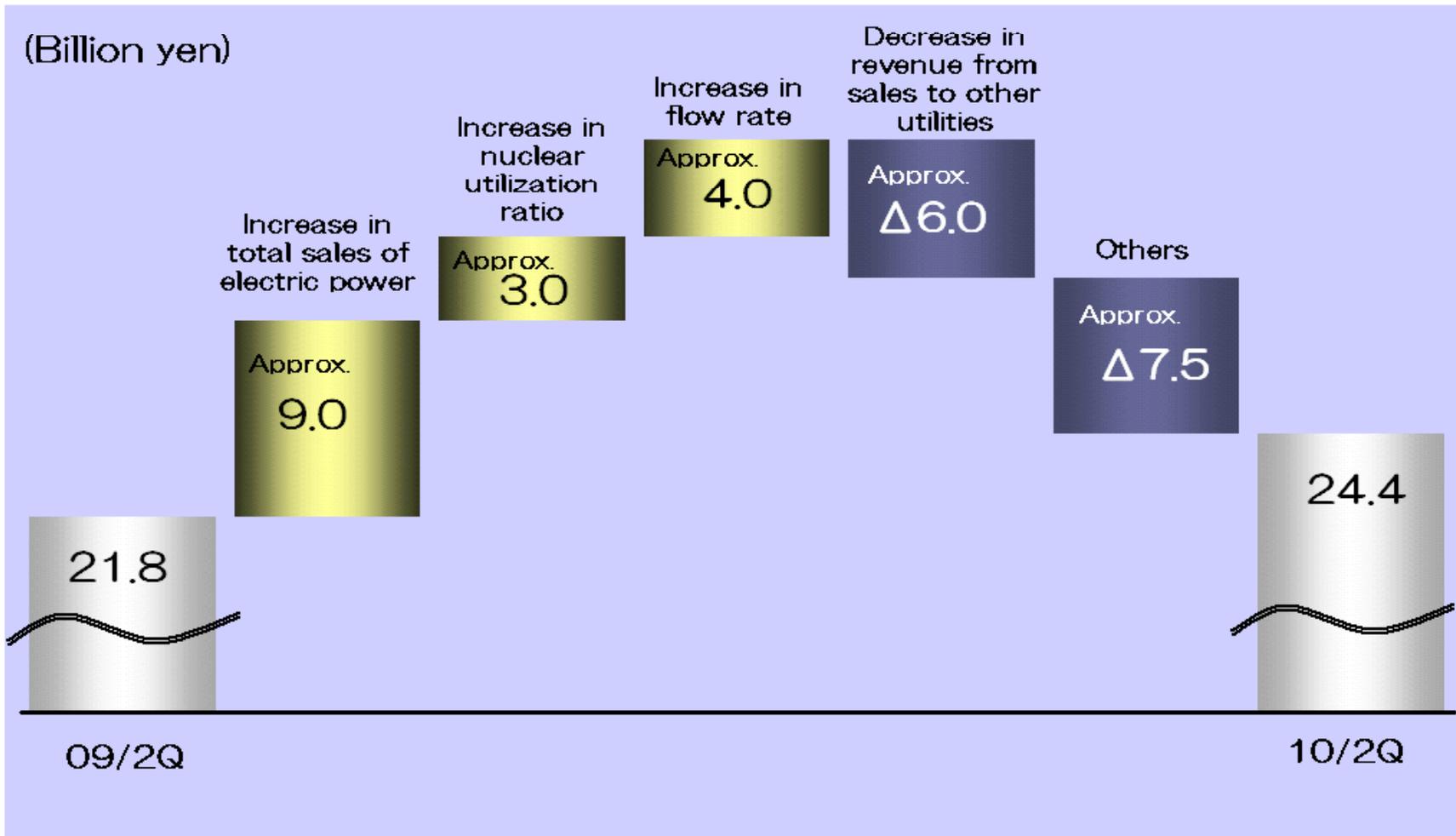
- Consolidated ordinary income 24.4 billion yen
  - 2.5 billion yen increase due to the increment in sales of electric power despite the rise of maintenance expenses and interest paid
  - Consolidated net income decreased 2.9 billion yen due to 2.3 billion yen extraordinary loss by applying “accounting rule related to asset retirement obligations”

		FY10/2Q (A)	FY09/2Q (B)	(Billion yen,%) Comparison		(Reference) Forecast as of 7/31
				(A)-(B)	(A)/(B)	
Consolidated	Operating revenue	246.2	237.8	8.3	103.5	225.0
	(Operating income)	32.9	27.7	5.2	119.0	24.0
	Ordinary income	24.4	21.8	2.5	111.8	18.0
	Extraordinary loss	2.3	—	2.3	—	2.3
	Net income	12.2	15.2	Δ 2.9	80.4	9.5
Non-consolidated	Operating revenue	240.3	232.5	7.7	103.4	220.0
	(Operating income)	31.3	26.4	4.8	118.5	23.0
	Ordinary income	22.1	20.6	1.4	107.1	17.0
	Extraordinary loss	2.3	—	2.3	—	2.3
	Net income	10.8	14.4	Δ 3.6	75.1	9.0

<The number of consolidated subsidiaries

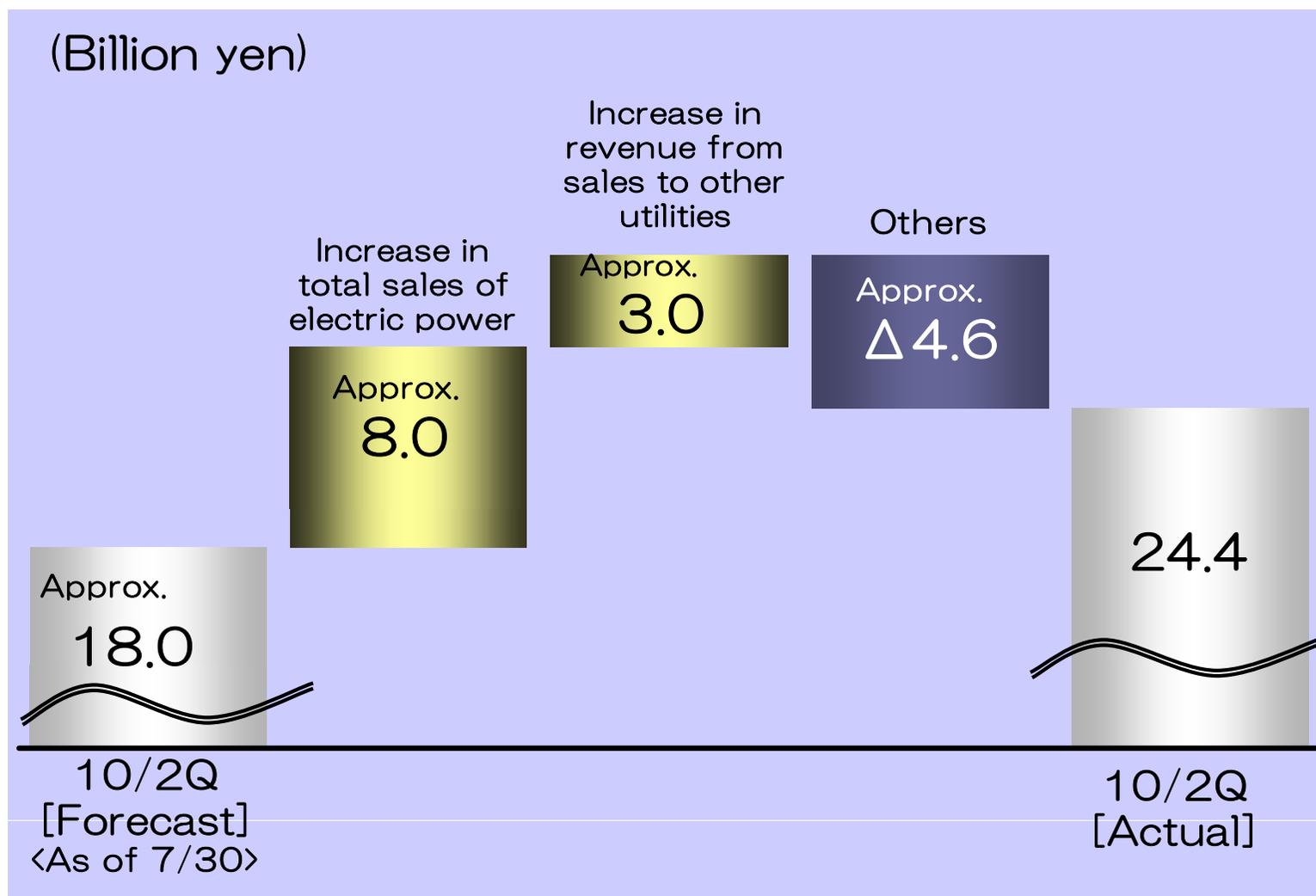
: 11 affiliates and 2 equity method affiliates>

# Changing Factor of Consolidated Ordinary Income(Comparison with FY 2009/2Q)



# Changing Factor of Consolidated Ordinary Income

(Comparison with earnings forecast announced on July 30,2010)



# FY 2010 Forecast (Key Factor)

## 【 Total sales of electric power 】

	FY2010 (Billion kWh)		Comparison	(Reference)
	As of 10/29(A)	As of 7/30(B)	(A)-(B)	FY2009 Actual Performance
Total sales of electric power	Approx. 28.7 (Approx. 105%)	Approx. 27.9 (Approx. 103%)	Approx. 0.8	27.18 (96.5%)

※ Figures in parentheses denote percentage from previous year

## 【 Key Factor 】

	FY2010 (yen/\$, \$/b,%)				(Reference)
	1-2Q Actual performance	3-4Q Forecast	Forecast as of 10/29	Forecast as of 7/30	FY2009 Actual performance
Currency Rate	89	Approx. 85	Approx. 87	Approx. 90	92.9
C I F oil prices (All Japan)	78	Approx. 80	Approx. 79	Approx. 80	69.4
Flow rate	101.1	Approx. 100	Approx. 101	Approx. 100	95.2
Nuclear utilization ratio	86.4	Approx. 88	Approx. 87	Approx. 85	63.2

## 【 Sensitivity 】

	FY2010 forecast (Billion yen)		Comparison	(Reference)
	As of 10/29(A)	As of 7/30(B)	(A)-(B)	FY2009 Actual performance
Currency Rate (1yen/\$)	Approx. 0.5	Approx. 0.5	—	Approx. 0.6
C I F oil prices (1\$/b)	Approx. 0.2	Approx. 0.2	—	Approx. 0.2
Flow rate (1%)	Approx. 0.4	Approx. 0.4	—	Approx. 0.4
Nuclear utilization ratio (1%)	Approx. 0.3	Approx. 0.3	—	Approx. 0.3

# FY 2010 Revenue and Income Forecast

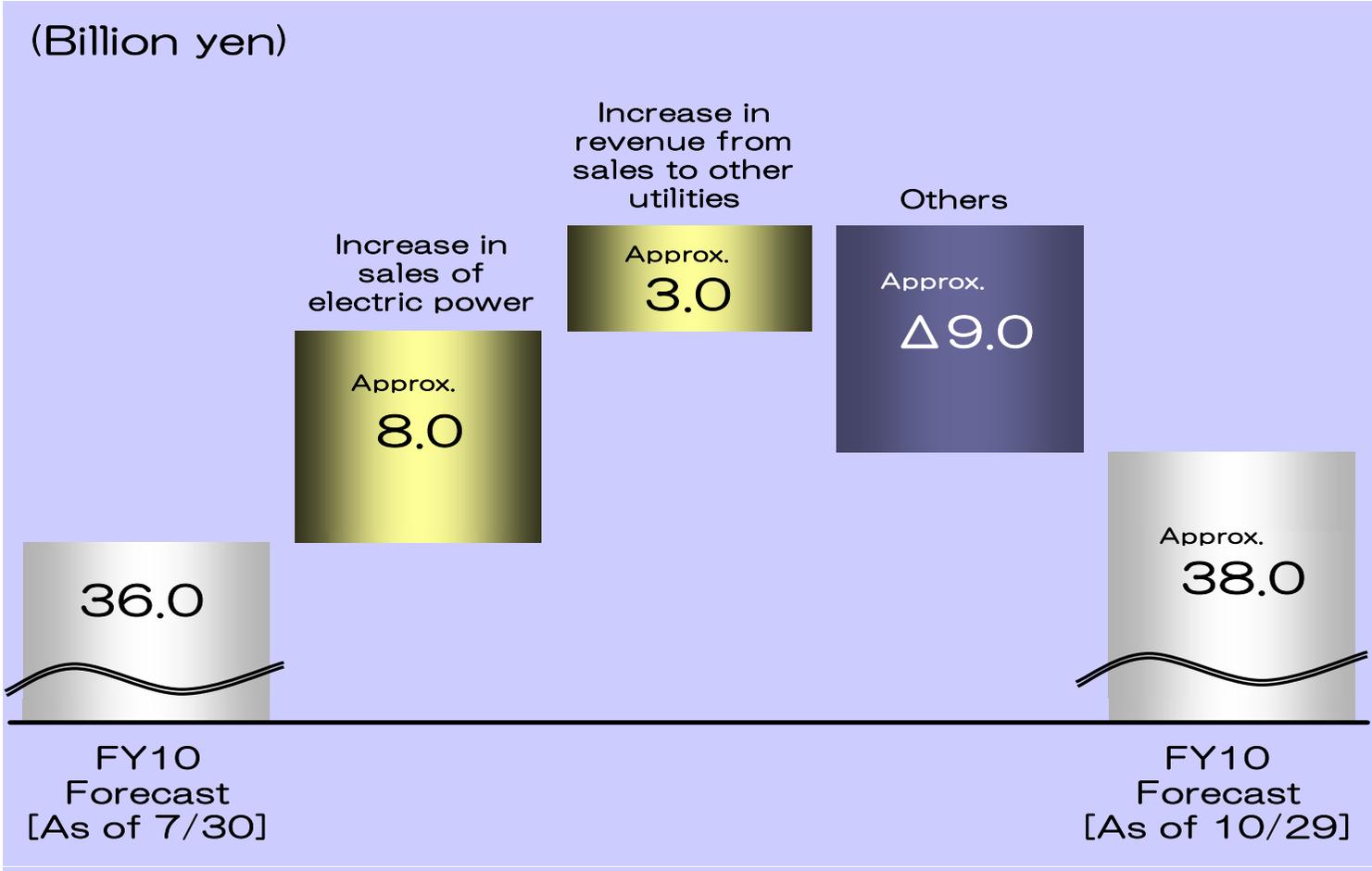
- 480 billion yen consolidated operating revenue and 470 billion yen non-consolidated operating revenue due to the increase in sales of electricity power
- 38 billion yen consolidated ordinary income and 35 billion yen non-consolidated ordinary income due to the increase in operating revenue

		(Billion yen)			(Reference)	
		FY2010[E] (A)	FY2009 (B)	Comparison (A)-(B)	FY09 Actual performance(C)	Comparison (A)-(C)
Consolidated	Operating revenue	Approx. 480.0 [ Approx.102% ]	Approx. 465.0 [ Approx. 99% ]	Approx. 15.0	471.4 (89.9%)	Approx. 8.6
	Operating income	Approx. 54.0 [ Approx.132% ]	Approx. 49.0 [ Approx. 120% ]	Approx. 5.0	40.9 (156.6%)	Approx. 13.1
	Ordinary income	Approx. 38.0 [ Approx.141% ]	Approx. 36.0 [ Approx. 134% ]	Approx. 2.0	26.9 (323.8%)	Approx. 11.1
	Net income	Approx. 21.0 Approx. 124%	Approx. 21.0 Approx. 124%	—	16.9 (226.2%)	Approx. 4.1
Non-Consolidated	Operating revenue	Approx. 470.0 [ Approx. 102% ]	Approx. 455.0 [ Approx. 99% ]	Approx. 15.0	460.2 (89.7%)	Approx. 9.8
	Operating income	Approx. 51.0 [ Approx. 135% ]	Approx. 47.0 [ Approx.125% ]	Approx. 4.0	37.7 (167.3%)	Approx. 13.3
	Ordinary income	Approx. 35.0 [ Approx. 146% ]	Approx. 34.0 [ Approx.142% ]	Approx. 1.0	23.9 (280.3%)	Approx. 11.1
	Net income	Approx. 20.0 [ Approx. 132% ]	Approx. 20.0 [ Approx.132% ]	—	15.1 (218.7%)	Approx. 4.9

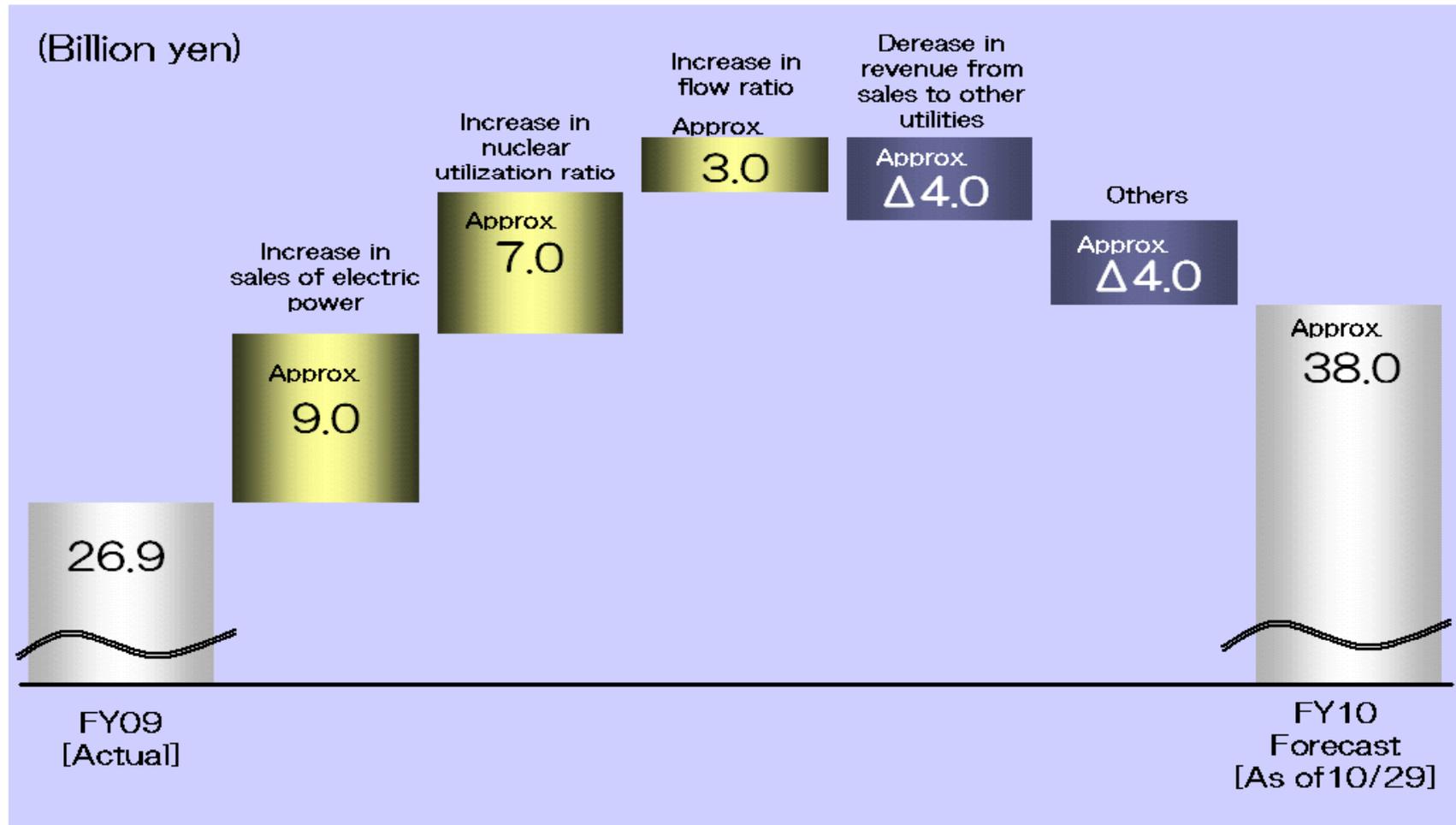
\*Figures in parentheses denote percentage from the previous year.

# Changing Factor of Consolidated Ordinary Income

(Comparison with earnings forecast announced on July 30,2010)



# Changing Factor of Consolidated Ordinary Income(Comparison with FY 2009)



# Consolidated Balance Sheet (Summary)

(Billion yen)

	End of FY10/2Q (A)	End of FY09 (B)	Cmparison (A)-(B)	(Note) Related to only Hokuriku Electric Power Company
Fixed assets	1,249.0	1,208.7	40.3	<ul style="list-style-type: none"> <li>• Completion of construction 31.1 (Buying public-owned electric facility,etc)</li> <li>• Facility related to asset retirement obligations 37.3 (Nuclear decommission)</li> <li>• Depreciation <math>\Delta</math>41.7</li> </ul>
Electricity business	976.7	952.9	23.7	
Others	272.3	255.8	16.5	
Current assets	133.6	203.0	$\Delta$ 69.4	Cash $\Delta$ 59.6
<b>Total assets</b>	<b>1,382.6</b>	<b>1,411.8</b>	<b><math>\Delta</math>29.1</b>	
Debt with interest	799.0	874.0	$\Delta$ 74.9	Straight bond $\Delta$ 60.0、Debt loan $\Delta$ 12.1
Other debt	213.6	175.0	38.6	<ul style="list-style-type: none"> <li>• Asset retirement obligations 63.0 (Revenue for nuclear decommission)</li> <li>• Revenue for nuclear decommission <math>\Delta</math>21.5 (Transferred to asset retirement obligations)</li> </ul>
Revenue for fluctuation in water level	6.6	4.5	2.0	
<b>Total liabilities</b>	<b>1,019.3</b>	<b>1,053.6</b>	<b><math>\Delta</math>34.2</b>	
<b>Total net assets</b>	<b>363.3</b>	<b>358.2</b>	<b>5.0</b>	
[Equity ratio]	[26.3%]	[25.4%]	[0.9%]	
<b>Total of liabilities and net assets</b>	<b>1,382.6</b>	<b>1,411.8</b>	<b><math>\Delta</math>29.1</b>	

# Consolidated Statement of Cash Flows

(Billion yen)

	FY10/2Q (A)	FY09/2Q (B)	Comparison (A)-(B)
<b>I. Operating activities<sup>①</sup></b>	<b>62.0</b>	<b>91.7</b>	<b>△ 29.6</b>
Income before income taxes and minority interests	20.0	23.9	△ 3.9
Depreciation and amortization	43.9	46.0	△ 2.1
Others	△ 1.8	21.7	△ 23.6
<b>II. Investing activities<sup>②</sup></b>	<b>△ 41.8</b>	<b>△ 31.1</b>	<b>△ 10.7</b>
Capital expenditure	△ 30.3	△ 31.3	0.9
Long-term investment and others	△ 11.5	0.1	△ 11.7
<b>III. Financing activities</b>	<b>△ 80.2</b>	<b>△ 57.8</b>	<b>△ 22.4</b>
Loan, bond, etc	△ 74.9	△ 52.4	△ 22.4
Purchases and sales of own stock	△ 0.0	△ 0.0	0.0
Cash dividends paid <sup>③</sup>	△ 5.3	△ 5.3	0.0
<b>IV. Net increase in cash and cash equivalents ( I + II + III)</b>	<b>△ 60.0</b>	<b>2.7</b>	<b>△ 62.8</b>
<b>○ Free cash flow(①+②+③)</b>	<b>14.8</b>	<b>55.2</b>	<b>△ 40.3</b>
(reference : non-consolidated free cash flow)	(12.5)	(50.8)	(△38.2)

# Non-Consolidated Statement of Income

(Billion yen,%)

		FY10/2Q (A)	FY09/2Q (B)	Comparison		(Note) Main reason of increase and decrease
				(A)-(B)	(A)/(B)	
Ordinary revenues	Lighting, commercial and industrial	207.0	193.4	13.6	107.1	Increase in sales of electric power
	Sales to other utilities	29.8	36.2	Δ 6.4	82.3	Decrease in revenue from sales to other utilities
	Others	(5.4)	(5.2)	(0.1)	(103.0)	
	(Operating revenues)	(240.3)	(232.5)	(7.7)	(103.4)	
	<b>Total</b>	<b>242.3</b>	<b>234.9</b>	<b>7.3</b>	<b>103.1</b>	
Ordinary expenses	Personnel expenses	26.4	27.0	Δ 0.5	97.9	Decrease in retirement benefit cost due to the increase in actual values of pension fund
	Fuel expenses	36.9	37.7	Δ 0.7	97.9	Increase in volume of power generated by nuclear and decrease in fossil fuel prices
	Maintenance expenses	29.9	24.1	5.7	123.8	Increase in periodic inspection cost for nuclear
	Depreciation expenses	41.7	43.7	Δ 2.0	95.3	Progress in depreciation
	Purchased power expenses	24.0	22.9	1.0	104.5	Increase in cost related to wholesale utilities' nuclear facilities
	Interest paid	10.6	7.7	2.9	137.5	In-substance defeasance of straight bond
	Taxes other than income taxes	16.5	15.9	0.6	103.9	Increase in promotion of power resources development tax due to the increment in volume of generated power
	Nuclear power back-end expenses	6.9	5.7	1.1	119.5	Increase in volume of power generated by nuclear
	Other expenses	26.9	29.0	Δ 2.1	92.7	Decrease in cost related to assessment of earthquake resistance safety
<b>Total</b>	<b>220.2</b>	<b>214.2</b>	<b>5.9</b>	<b>102.8</b>		
Operating income		31.3	26.4	4.8	118.5	
Ordinary income		22.1	20.6	1.4	107.1	
Extraordinary loss		2.3	-	2.3	-	Application of accounting rule related to asset retirement obligations
Net income		10.8	14.4	Δ 3.6	75.1	
[E P S]		[51 yen per share]	[68 yen per share]	[Δ 17 yen per share]	[-]	
ROA		1.5	1.2	0.3	-	
ROE		3.2	4.2	Δ 1.0	-	
Equity ratio		25.5	25.0	0.5	-	

# [Ordinary Revenues]

(Billion yen, %)

		FY10/2Q	FY09/2Q	Comparison	(Note) Main reason of increase and decrease
		(A)	(B)	(A)-(B)	
Ordinary revenue	Lighting	74.6	68.3	6.3	<ul style="list-style-type: none"> <li>• Increase in sales of electric power 17.3 (+1.58 billion kWh)</li> <li>• Decrease in income from cost adjustment Δ3.7</li> </ul>
	Commercial and industrial	132.3	125.0	7.3	
	( Subtotal )	(207.0)	(193.4)	(13.6)	
	Sales to other utilities	29.8	36.2	Δ 6.4	<ul style="list-style-type: none"> <li>• Decrease in revenue from sales to other electric utilities Δ8.8</li> <li>• Increase in revenue from sales to other utilities 2.4</li> </ul>
	(Operating revenues)	(240.3)	(232.5)	(7.7)	
	Total	242.3	234.9	7.3	

## [Maintenance Expenses]

(Billion yen)

	FY10/2Q (A)	FY09/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Maintenance Expenses	29.9	24.1	5.7	
Power source (Thermal )	19.0 (8.0)	15.2 (8.1)	3.7 (Δ0.0)	Increase in cost related to periodical inspection
(Nuclear )	(9.3)	(5.6)	(3.7)	
Distribution	10.5	8.6	1.9	
Others	0.3	0.3	0.0	

## [Depreciation Expenses]

(Billion yen)

	FY10/2Q (A)	FY09/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Depreciation expenses	41.7	43.7	Δ 2.0	Progress in depreciation
Power source ( Thermal )	26.4 ( 7.0 )	28.0 ( 7.3 )	Δ 1.5 (Δ 0.2)	
( Nuclear )	( 15.4 )	( 17.6 )	(Δ 2.2)	
Distribution	13.9	14.4	Δ 0.5	
Others	1.3	1.2	0.0	

## [Interest paid]

(Billion yen)

	FY10/2Q (A)	FY09/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Interest paid	10.6	7.7	2.9	Increase due to in-substance defeasance of straight bond

## (Reference) Debt with interest (Non-consolidated)

(Billion yen)

	End of FY10/2Q (A)	End of FY09 (B)	Comparison (A)-(B)
Straight bond	533.6	593.6	Δ60.0
Loan	263.4	275.6	Δ12.1
Long-term	238.7	248.7	Δ9.9
Short-term	24.7	26.9	Δ2.2
C      P	—	—	—
計	797.0	869.2	Δ72.1
Borrowing rate at the end of period (%)	1.64	1.68	Δ0.04

# Forecast by factors (compared with FY2009)

(Billion yen)

	Factors	FY09 Actual	Forecast of FY10 (Compared with FY09)	
Revenues	Revenue from lighting, commercial and industrial	397.5	Increase	Increase in sales of electric power
	Revenue from sales to other utilities	56.1	Decrease	Decrease in revenue from the sales to other electric utilities
Expenses	Personnel expenses	52.4	Decrease	Decrease in the amount of amortization of the shortage of retirement benefit due to increase of actual value of pension fund (FY09)
	Fuel expenses	81.9	Decrease	Decrease in fossil fuel expenses due to increase of the volume of power generated by nuclear
	Maintenance expenses	55.6	Increase	Maintenance of high operating ratio power plants and replacement of aged distribution facilities
	Depreciation expenses	86.2	Decrease	Progress in depreciation
	Purchased power expenses	43.7	Increase	Increase in cost related to wholesale utilities' nuclear facilities
	Interest expense	15.1	Increase	In-substance defeasance of straight bond
	Taxes other than income taxes	32.4	Same level	
	Nuclear power back-end	11.2	Increase	Increase in the volume of power generated by nuclear
	Others	60.8	Same level	

# (Reference) Business Management Strategy Targets

## <Sales targets [Non-consolidated]>

	FY05	FY06	FY07	FY08	FY09	FY10	Nid-term management strategy
Number of Eco Cute units in use (Thousand) (Single year)	7.5	18.2 (10.7)	32.5 (14.3)	52.5 (20.0)	74.3 (21.9)	More than 100.0 (Approx 26.0)	1.5 hundred thousand (Cumulative total in FY12)
Development of demand for heat pump type air conditioning system (Ten thousand kW)	4.8	11.3 (6.5)	18.5 (7.2)	25.9 (7.4)	32.6 (6.7)	Approx 40.0 (Approx 7.3)	5.5 hundred thousand kW (Cumulative total in FY12)

## <Environmental targets [Non-consolidated]>

	FY05	FY06	FY07	FY08	FY09	FY10	Nid-term management strategy
CO <sub>2</sub> emissions intensity (kg-CO <sub>2</sub> /kWh) (FY90 0.395kg-CO <sub>2</sub> /kWh)	0.407	0.457	0.632	0.483	0.309	Approx 0.39	20% reduction compared with FY90 results <Approx. 0.32kg-CO <sub>2</sub> /kWh> (Average in FY 08-12)

## <Supply and reliability targets [Non-consolidated]>

	FY05	FY06	FY07	FY08	FY09	FY10	Nid-term management strategy
Frequency and duration of outage per household (Number of times/year)	0.36	0.28	0.17	0.21	0.18	Approx. 0.26	Approx. 0.26 times/year (Average of last 5 years)

## <Income and Financial Targets>

	FY05	FY06	FY07	FY08	FY09	FY10
Consolidated ordinary income (Billion yen)	31.5	33.1	12.5	8.3	26.9	Approx. 38.0
Consolidated ROA (%)	2.2	2.3	1.2	1.1	1.8	Approx. 2.5
Consolidated equity ratio (%)	23.6	24.4	23.7	24.2	25.4	Approx 26.0
Amount of consolidated debt with interest (Billion yen)	987.1	946.8	979.5	942.7	874.0	Approx.800.0

## (Reference) Key Factor and Sensitivity

### <Key Factor>

	FY05	FY06	FY07	FY08	FY09	FY10
Electricity sales (Billion kWh)	27.97	28.20	29.30	28.15	27.18	Approx. 28.7
Currency rate (Yen/\$)	113.3	117.0	114.4	100.7	92.9	Approx 87
CIF oil prices [All Japan] (\$/b)	55.8	63.5	78.7	90.5	69.4	Approx 79
Flow rate (%)	95.9	102.9	90.5	88.5	95.2	Approx 101
Nuclear utilization ratio (%)	88.7	38.3	—	59.6	63.2	Approx 87

### <Sensitivity>

(Billion yen/year)

	FY05	FY06	FY07	FY08	FY09	FY10
Currency rate (1yen/\$)	Approx 4	Approx 5	Approx 9	Approx 11	Approx 6	Approx 5
CIF oil prices [All Japan] (1\$/b)	Approx 3	Approx 3	Approx 6	Approx 4	Approx 2	Approx 2
Flow rate (1%)	Approx 3	Approx 3	Approx 4	Approx 6	Approx 4	Approx 4
Nuclear utilization ratio (1%)	Approx 1	Approx 2	Approx 4	Approx 6	Approx 3	Approx 3

# (Reference) Data related to financial results

<Profit and loss>

(Billion yen)

		FY05	FY06	FY07	FY08	FY09	FY10
Operating revenue	[Consolidated]	480.8	485.6	477.9	524.6	471.4	Approx 480
	[Non-consolidated]	467.2	473.4	466.0	512.9	460.2	Approx 470
Operating income	[Consolidated]	55.1	55.3	27.6	26.1	40.9	Approx 54
	[Non-consolidated]	52.2	50.4	24.3	22.5	37.7	Approx 51
Ordinary income	[Consolidated]	31.5	33.1	12.5	8.3	26.9	Approx 38
	[Non-consolidated]	29.1	30.1	9.3	8.5	23.9	Approx 35
Net income	[Consolidated]	19.9	17.2	7.3	7.4	16.9	Approx 21
	[Non-consolidated]	18.5	15.7	5.1	6.9	15.1	Approx 20

<Balance sheet>

(Billion yen)

		FY05	FY06	FY07	FY08	FY09	FY10
Total assets	[Consolidated]	1,578.7	1,516.3	1,516.7	1,453.9	1,411.8	—
	[Non-consolidated]	1,535.3	1,478.8	1,481.1	1,421.4	1,382.6	—
Net assets	[Consolidated]	373.0	369.9	359.9	351.1	358.2	—
	[Non-consolidated]	362.9	358.2	346.2	336.9	342.1	—

<Capital investment>

(Billion yen)

		FY05	FY06	FY07	FY08	FY09	FY10
Capital Investment	[Consolidated]	77.2	39.4	45.2	61.7	50.2	Approx 92.7
	[Non-consolidated]	74.1	36.5	41.7	57.6	44.3	Approx 84.4