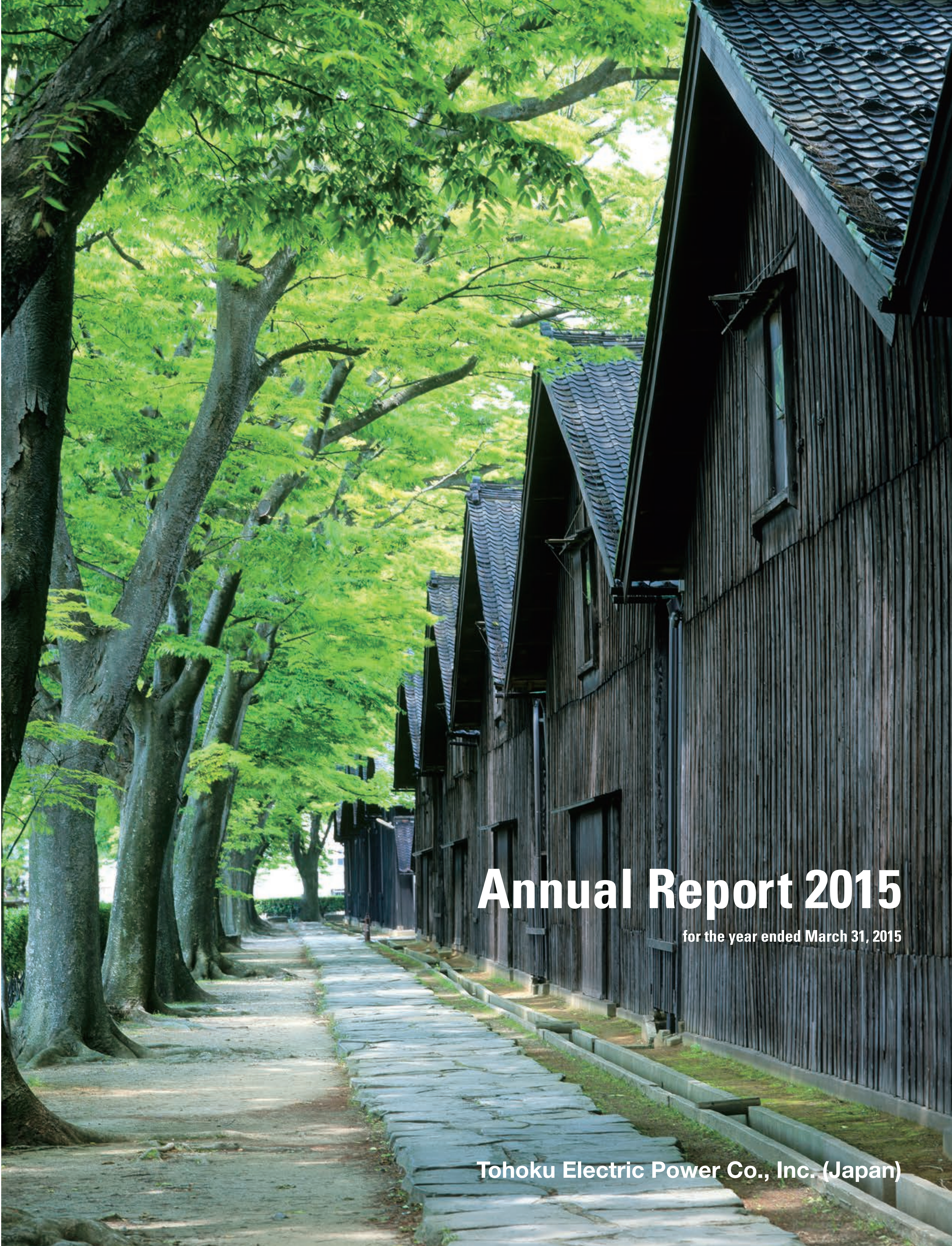
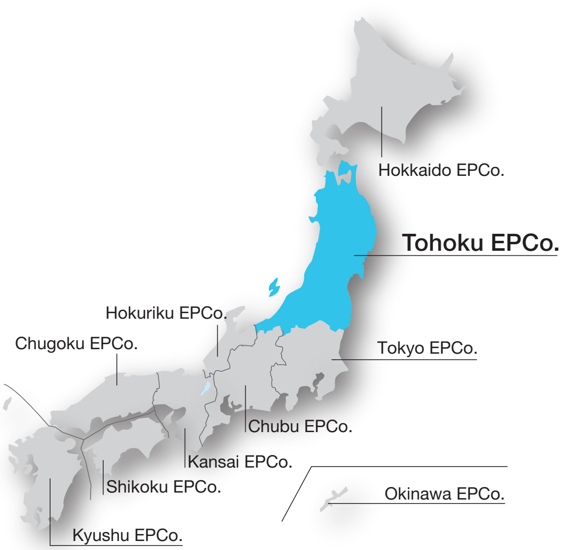


Annual Report 2015

for the year ended March 31, 2015

Tohoku Electric Power Co., Inc. (Japan)



Note: Regarding Forward-Looking Statements
This Annual Report contains plans, strategies, estimates, and other forward-looking statements made by the Tohoku Electric Power Co., Inc. These statements, except for the historical facts, are based on assumptions derived from the information available to the Company at the time of writing (June 25, 2015). Issuing statements forecasting matters, such as performance, involves an element of risk and uncertainty, and it is possible for the Company's expectations to differ from the future reality. The reader is thus requested to refrain from depending solely upon the reliability of the forward-looking statements herein.

Contents

Financial and Operating Highlights

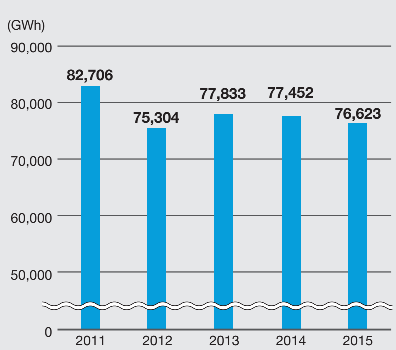
Tohoku Electric Power Co.,Inc. and Consolidated Subsidiaries
Years ended March 31

	Billions of yen					Millions of U.S. dollars
	2015	2014	2013	2012	2011	**2015**
For the year						
Operating revenues	**¥ 2,182.0**	¥ 2,038.8	¥ 1,792.6	¥ 1,684.9	¥ 1,708.7	**$ 18,158**
Operating income (loss)	**169.7**	85.6	(55.9)	(142.0)	114.6	**1,412**
Net income (loss)	**76.4**	34.3	(103.6)	(231.9)	(33.7)	**636**
At year-end						
Total assets	**4,131.2**	4,243.0	4,284.3	4,196.8	4,028.8	**34,378**
Total net assets	**651.2**	574.5	522.7	629.8	876.4	**5,419**
Interest-bearing liabilities	**2,561.9**	2,763.9	2,714.5	2,446.9	2,051.8	**21,319**
	Yen					U.S. dollars
Per share of the common stock						
Net income (loss)	**¥ 153.35**	¥ 68.78	¥ (207.97)	¥ (465.16)	¥ (67.61)	**$ 1.276**
Total net assets	**1,206.38**	1,073.45	969.97	1,173.21	1,659.54	**10.038**
Cash dividends	**15.00**	5.00	—	—	50.00	**0.124**
Electric power sales (GWh)	**76,623**	77,452	77,833	75,304	82,706	
	%					
Financial ratios						
ROA*1	**4.1**	2.0	(1.3)	(3.5)	2.9	
ROE*2	**13.6**	6.7	(19.4)	(32.8)	(3.9)	
Equity ratio	**14.6**	12.6	11.3	13.9	20.5	

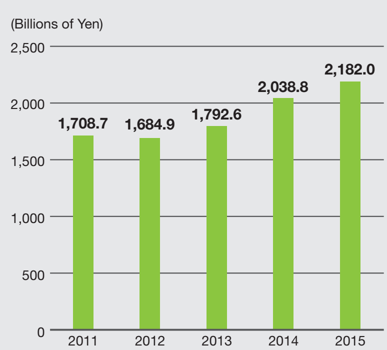
＊1 ROA＝Operating income (loss) ／Average Total assets at beginning and ending of the fiscal year
＊2 ROE＝Net income (loss) ／Average Equity at beginning and ending of the fiscal year

Note: All dollar amounts in this annual report represent U.S. dollars translated from yen, for convenience only, at the rate of ¥120.17=US$1.00, the approximate rate of exchange on March 31, 2015. Billion is used in the American sense of one thousand million.

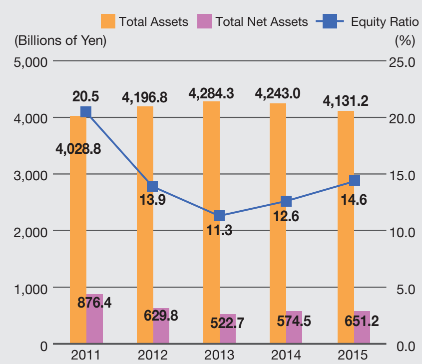
Electric Power Sales



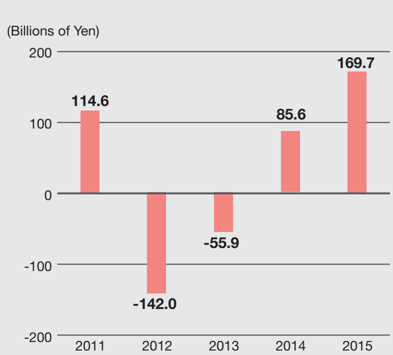
Operating Revenues



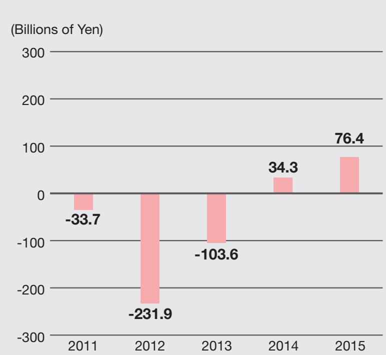
Total Assets, Total Net Assets and Equity Ratio



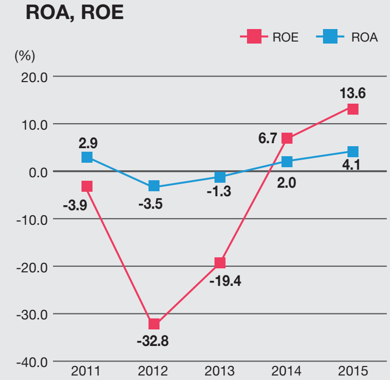
Operating Income



Net Income



ROA, ROE



To Our Shareholders and Investors

Adapting to the new business environment, we will dynamically transform ourselves, aiming at further growth and development.

Since the Great East Japan Earthquake and the torrential rainstorms in Niigata and Fukushima prefectures in 2011 caused extensive damage to our management foundations, we have made Group-wide efforts to restore the damaged facilities and facilitate recovery of our financial standing.

As a result, an increase in revenue brought about by the revision of electricity rates (implemented in September 2013), as well as an overall reduction of costs achieved through thorough efforts to improve management efficiency, enabled us to post a rise in both sales and profits for fiscal 2014, with a profit level substantially higher than that of the previous year.

As to the year-end dividend for fiscal 2014, considering the overall business environment, including the financial results described above and the recovery of our financial condition, which had been damaged by the Great East Japan Earthquake, we set an amount of 10 yen per share. This makes our annual dividend 15 yen per share, together with the interim dividend of 5 yen per share.

The entire Group will make a united effort in responding to changes in the business environment.

With complete retail liberalization under the electricity system reform scheduled for next year, we will enter an era of full-fledged competition. In this business environment, we will further pursue structural cost reduction efforts that will be effective in the medium to long term to improve our financial condition, and take steady steps toward restarting our nuclear power plants, with safety as our top priority. In addition to continuing construction work to address the aging of facilities and developing new power sources, we will implement measures to improve customer service.

As we adapt to the new business environment, we will dynamically transform ourselves, with the goal of further growth and development.

We aim to become a multiple-energy service company that grows together with the local community

We will continue to dynamically transform ourselves while contributing to the recovery and development of the local community through stable power supply, with the aim of becoming a multiple-energy service company that is chosen by customers and grows in harmony with the local community.

We sincerely ask you, our shareholders and investors, for your understanding of our current situation, as well as for your continued support and valued cooperation with this Company.

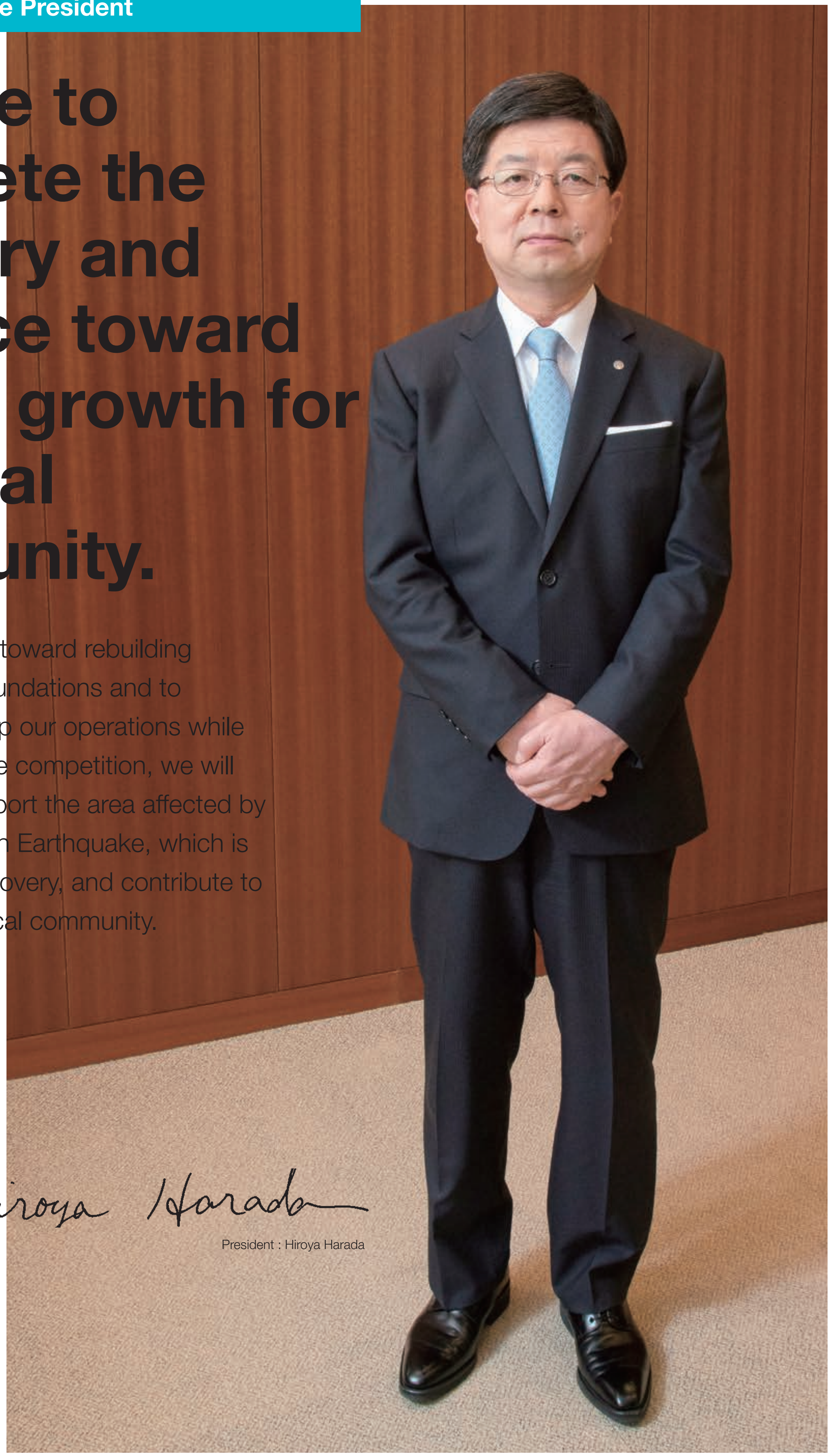
Makoto Kaiwa
Chairman of the Board : Makoto Kaiwa

Hiroya Harada
President : Hiroya Harada

Interview with the President

It's time to complete the recovery and advance toward further growth for the local community.

To solidify the steps toward rebuilding our management foundations and to maintain and develop our operations while prevailing against the competition, we will conscientiously support the area affected by the Great East Japan Earthquake, which is still on its way to recovery, and contribute to the growth of the local community.



Hiroya Harada

President : Hiroya Harada

Q.1 Would you give us your assessment of the year 2014?

Four years have passed since the Great East Japan Earthquake. Seeing the reality that many people are still living as evacuees in the affected area, mainly in Fukushima, we, as the local electric power company, have renewed our determination to extend our continued support for the affected area and accelerate our efforts for the revival and growth of the local community.

Meanwhile, looking back at the situation of the Company in 2014, I think we have moved a step forward toward rebuilding our management foundations. This was supported by three factors that are significant to our business management.

First are the efforts to rebuild our financial base. During fiscal 2014, the effect of the revision of electricity rates that lasted throughout the year and the thorough cost reductions that we applied to our overall management resulted in an improved financial balance, enabling us to take a step forward toward rebuilding our management foundations. However, our revenue base, though on a recovery track, is still unstable, as we partly continued our emergency restraint or deferment of spending mainly on maintenance, which started after the earthquake. We will therefore make further structural cost reduction efforts that will be effective in the medium to long term to improve our financial condition, and take steady steps toward restarting our nuclear power plants, with the top priority on safety.

Second is the development of power sources to secure competitiveness in the future. With a view to systematically replacing aging thermal power units and strengthening our competitiveness, we opened bids for the supply of thermal power in fiscal 2014, which we won ourselves for the coal-fired Noshiro Thermal Power Unit 3 and the high-efficiency combined-cycle Joetsu Thermal Power Unit 1. Also, with the fuel shift from light oil to LNG at Hachinohe Thermal Power Station Unit 5 and construction of the high-efficiency combined-cycle Shin-Sendai Thermal Power Station No. 3 series, fiscal 2014 saw substantial progress in the development of thermal power sources for securing our competitiveness in the future.

Third is the progress being made in the enhancement of safety for nuclear power generation. At both the Onagawa and Higashidori nuclear power stations, construction work on various safety measures, such as super seawalls and filtered containment vents, is steadily underway. At Onagawa in particular, with huge steel pipe piles erected along the coast, a 29m-high super seawall is beginning to emerge. We will continue to improve our safety measures to the highest level beyond just satisfying the regulatory requirements through the introduction of state-of-the-art expertise while taking into consideration specific local conditions, and will faithfully explain our efforts to local residents, and thereby, we hope, gain their understanding.

Thus, I think that the past year marked a certain progress toward rebuilding our management foundations, with the settlement of major management issues after the Great East Japan Earthquake in sight.

Tohoku Electric Power Group Midterm Business Plan (FY2014–2018)

Financial target

To achieve the equity ratio of 15% or more by the end of FY2018

Vision of business development

- We regard the next five years as "the period of rebuilding our management foundation". Specifically, we will normalize our management framework and make preparations for future growth.
- We will give top priority to improving the financial status of the Group through cost structure reform and profit increase by offering new value-added solutions so that we can enhance our operational resilience(e.g. adjust to the electric power system reform in Japan).
- In a full-scale competitive environment, we aim to be a corporate group which is chosen by customers and grows with local community.

Main measures

To outpace our competitors and become a company chosen by customers

- Offering new value-added solutions to cope with full liberalization of the retail market
- Restarting nuclear power plants and achieving an optimal power generation mix
- Improving financial strength through cost structure reform without sanctuary
- Actively developing business while pursuing growth opportunities

To work on corporate reform

- Securing/training diverse human resources and achieving a vibrant corporate culture
- Building an organization that appropriately deals with environmental changes

To contribute to reconstruction/development of local communities

- Securing safety and a stable supply of electricity
- Operating the business from the viewpoint of contributing to local communities
- Promoting environmental management and ensuring compliance with corporate ethics and law

Q.2 What is the future direction of your sales strategy, in response to the complete liberalization scheduled for April 2016?

With complete liberalization of the retail electricity market scheduled for April 2016, we will enter an era of full-fledged competition. In a severely competitive environment, in addition to pursuing competitive price levels, we will enhance our marketing efforts to become a company chosen by customers. Specifically, we are committed to developing and providing new services and price plans that fully reflect customer needs, as preparations are being made for the launch of various services to increase customer benefits, such as a consultation service to offer solutions that are helpful in reducing total energy costs, and various online customer procedures available through our website.

Meanwhile, at the time of liberalization, we believe that our continued respect for our home region of Tohoku will be the source of our competitiveness, leading also to the establishment of a firm foundation for our business management. We will increase our customer-oriented, community-oriented activities, to enhance the trust we receive from local communities.

Q.3 How are you working toward resuming operations at your nuclear power stations?

We have been implementing both tangible and intangible safety measures based on the latest findings and new regulatory requirements to enhance safety at the Onagawa and Higashidori nuclear power stations, including taking voluntary measures deemed important to improving safety and conducting reviews on conformity to the new regulatory requirements.

As for Onagawa Unit 2, since our application for a review of its conformity to the new regulatory requirements, it has been undergoing an extensive examination that covers a number of areas. These include, in the earthquake and tsunami category, the evaluation of active faults in the vicinity of the site and the design basis to counter future tsunami; and, in the plant equipment category, evaluation of the effectiveness of measures designed to counter fire and serious accidents within and outside the power station. In the meantime, as for the safety measures we have been addressing along with the examination, we have been involved in design and construction work based on the knowledge and assessments obtained from the ongoing examination process.

As for Higashidori Unit 1, we expect the NRA's review on conformity to the new regulatory requirements, including the assessment of faults under the premises, will fully be in progress soon. To further reinforce safety, we have been working on design and construction based on findings from other plants that are in a more advanced stage of examination.

In light of this situation, we re-examined the construction schedule for overall safety measures at Onagawa Unit 2 and Higashidori Unit 1, and concluded that we will complete the construction work in April 2017. After completion of the work in April 2017, we will make preparations for resuming operations with the understanding of the local communities. We resolve to make continuous efforts to improve safety at our nuclear power stations beyond just satisfying the new regulatory requirements.

Q.4 How are you working to enhance corporate governance?

In June this year, the Tokyo Stock Exchange released the Japan Corporate Governance Code (hereinafter, "the Code"). The Code is a collection of major principles that contribute to realizing effective corporate governance, a mechanism for ensuring transparent and fair, as well as speedy and resolute, decision-making in view of the standpoints of shareholders, customers, employees, local communities and other parties.

At Tohoku EPCO, the management team has taken the initiative in controlling important management plans and strategic issues by discussing and deciding relevant policies at the Board of Directors meetings regarding the monitoring and assessment of relevant activities, such as the use of management resources, etc. The Audit & Supervisory Board members attend the meetings of the Board of Directors, the Council of Managing Directors and other important meetings, examine relevant documents and inspect the Company's financial status, which enhances the auditing regarding the Directors' performance of their duties. Moreover, believing that it is crucial to obtain the understanding of local residents, we have been promoting voluntary information disclosure in accordance with the related guidelines.

We will continue to take appropriate action to achieve effective corporate governance while examining the contents of the Code.

Q.5 What do you hope to achieve as President?

Our management foundations, which were seriously damaged by the Great East Japan Earthquake, are now getting on a recovery track due to our utmost efforts to improve business efficiency. I think my obligation here is to solidify our steps toward recovery and help establish a structure to sustainably develop and maintain our operations while competing effectively.

In the upcoming era of liberalization, I believe it is more important than ever to identify what is best for each local resident or each customer in front of us, and fulfill our work sincerely and wholeheartedly. This is the basics for any company engaged in business, indeed the basics of any business, not just the electricity business. It serves as the most basic principle associated with our management philosophy of contributing to local communities through respect for each local resident or customer. By ensuring that this basic principle is shared among all our employees and paying close attention to the lives of local residents and economic trends, I will promote an integrated management structure. This way, we can become a corporate group that is chosen by our customers and grows along with the local communities we serve.

Reinforcing our competitive position on the eve of full liberalization

The retail electricity market will be fully liberalized as the second phase of electricity market reform comes into force in April 2016. To meet the challenges resulting from this change, we are striving to improve our cost competitiveness and marketing ability to ensure that we are our customers' choice.
We will continue our efforts to improve customer satisfaction by creating new services and price plans that meet the needs of our customers and enhancing energy consulting services such as advising more effective use of electricity which leads to reduce customers' total energy cost.

Agreement to Establish Electric Power Retail Sales Company

Tohoku Electric Power Co., Inc. (Representative Director and President Hiroya Harada) and Tokyo Gas Co., Ltd. (Representative Director and President Michiaki Hirose) have agreed to establish a new electric power retail sales company through joint investment to engage in electric power retailing in the Kanto area.
With the full-scale liberalization of electric power retailing, the two companies will make maximum use of their accumulated business experience and competitive power sources for the stable supply of electric power to high-voltage and extra-high-voltage customers in the Kanto area through the new company.
In this way, both companies will work to achieve optimal and comfortable energy usage and cost reductions for customers, provide part of the energy supply for the Kanto area, prosper together with local customers, and stimulate regional economies.

Outline of the New Company

Company name:	Synergia Power Co., Ltd.
Main office location:	Tokyo
Date of establishment:	October 1, 2015
President:	Norihiko Takeyama (on loan from Tohoku EPCO)
Capital at establishment:	990 million yen (capital of 495 million yen, capital reserves of 495 million yen)
Investment ratio:	50% by each company
Business:	Retail electric power sales to high-voltage and extra-high-voltage customers in the Kanto area centered on northern Kanto
Supply start date:	April 2016 (scheduled)

TOPICS

Topics
1

Efforts to Achieve Further Efficiency

Efficiency enhancements in all areas to achieve a stable power supply

The Tohoku Electric Power Group Midterm Business Plan (FY2014-FY2018) states that the company intends to increase its equity ratio to 15% or more by the end of fiscal 2018. We will swiftly improve our financial status, which has severely deteriorated since the 2011 Great East Japan Earthquake, through proper allocation of management resources to expand profits.

In fiscal 2014, to further ensure safety and stable supply, we accelerated our efforts to reduce structural costs for overall business activities. Consequently, we have achieved cost reductions of 124 billion yen, surpassing 113.9 billion yen – our cost reduction target and assessed amount by the authorities in applying for an electricity rate hike.
Among our efforts to improve management efficiency, one of the most critical issues is the reduction of fuel costs, because the ratio of thermal fuel costs to expenses has been increasing due to the suspension of nuclear power operations. We have instituted various measures with the aim of medium- to long-term reductions in fuel costs.

Boost in the Efficiency of Fuel Procurement

Liquefied Natural Gas(LNG)

To diversify the LNG pricing system, we have decided to procure LNG from the U.S. The Cameron Project, whose price indicator is the Henry Hub Gulf Coast Natural Gas Spot Price, was our first effort. As a result, we have concluded a Heads of Agreement concerning long-term sale and purchase with Diamond Gas International Pte., Ltd. in April 2014 (supply is scheduled to start in FY2022), and with GDF Suez S.A. in May 2014 (supply is scheduled to start in FY2018).

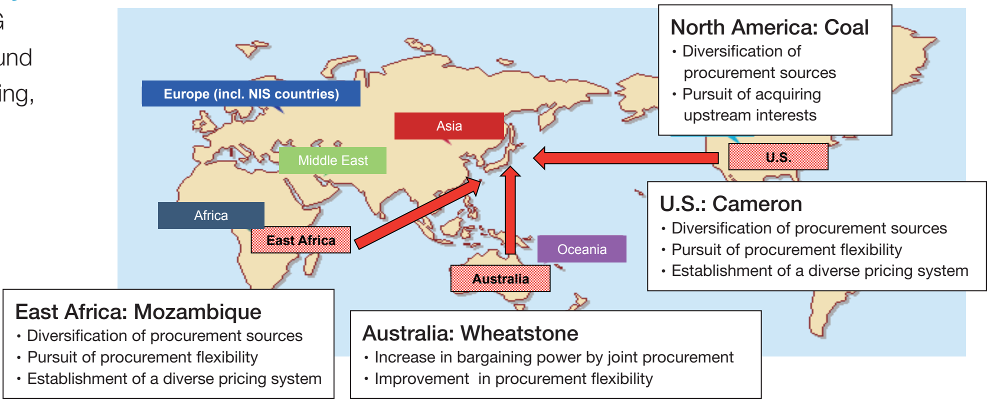
We are also considering procuring LNG from Mozambique as well.
With the aim of improving flexible and efficient LNG procurement, we have concluded an agreement with Tokyo Electric Power Co., Inc. and the seller to jointly purchase LNG from the Wheatstone Project in Australia (supply is scheduled to start in FY2017).

Higashi-Niigata Thermal Power Station and LNG tanker
The combined cycle of a highly efficient gas turbine and a steam turbine has been adopted to achieve high efficiency in generating electricity and reduce environmental impact. We are also directing our efforts toward rigorous optimization and cost reductions in terms of fuel procurement.

New LNG Procurement Projects

We are working to disperse LNG procurement from suppliers around the world and diversify LNG pricing, to further improve the stability and economic efficiency of fuel procurement.

Initiatives for procurement costs reduction



Coal

We have been conducting diversification of procurement sources and reducing prices through development of economical new suppliers in addition to Australia, our main supplier, North America, and sources closer to Japan, such as Indonesia and Russia.

We have purchased a coal carrier ship to transport coal for our coal-fired power stations. This ship has the most advanced features in terms of both safety and environment-friendliness and has a carrying capacity of approximately 90,000 tons. This ship is contributing to improving the efficiency of our fuel procurement.

The Haramachi Maru

This ship is a coal carrier, which we bought to transport coal from Newcastle Port in Australia to Haramachi Thermal Power Station. The vessel enables the transport of coal for thermal power generation, which has become increasingly important since the 2011 Great East Japan Earthquake, and contributes greatly to the efficiency of our operations.

■ Efforts to Reduce Procurement Costs of Materials and Services

To improve our balance of payments and financial condition and to reinforce our competitiveness, reducing procurement costs is essential. In this context, under the Committee to Promote Management Efficiency presided by the President, we have established the Procurement Reform Committee, chaired by the Managing Director in charge of the Corporate Planning Dept. to accelerate procurement costs reduction.

With opinions from external experts on the Procurement Reform Committee, which we set up in July 2013, we have been working toward the targets of “reduction in procurement costs by 10%” and “expansion of competitive bidding ratio to approximately 30% by the end of fiscal 2015,” from the perspectives of changing “How to buy,” “What to buy” and “How much to buy.”

Since January 2014, cross-departmental review teams of the Procurement Reform Committee have been discussing various measures to curtail procurement costs from these three perspectives.

Management Efficiency in FY2014

(billions of yen)

Items	Cost reduction in FY2014	[Reference]Cost reduction target included in our application for electricity rate hike	
		FY2014	Average of rate base for FY2013 to FY2015
Personnel	27.6	32.1	32.1
Fuel and Power Purchased	65.3	19.5	19.2
Capital Expenditure	2.1	2.3	2.4
Maintenance	14.4	11.8	11.8
Others	14.6	15.4	15.1
Total	124	81.1	80.6

Change “How to buy”
- ■Increasing competitive bidding
- ■Integrating/standardizing orders
- ■Joint-purchasing with outside entities
- ■Increasing overseas suppliers, etc.

Change “What to buy”
- ■Reviewing designs and specifications, etc. (Reviewing original or high specifications, construction specifications or schedules, etc.)

Change “How much to buy”
- ■Reviewing equipment and facility maintenance standards
- ■Reviewing business standards, etc.

* Procurement of materials and services includes materials purchases, contract work and outsourcing.

Continued Stable Operation of Power Stations and Establishment of Competitive Generation Facilities

Generating and supplying inexpensive electricity in a stable manner

We will continue to focus on supplying inexpensive electricity in a stable manner through a well-balanced mix of thermal power, hydropower, renewables and safety-assured nuclear power, in terms of energy security, environment-friendliness and economic efficiency. In the age of electricity deregulation, we need to be even more competitive; therefore, we will implement strategic investments in highly efficient and cost-competitive thermal power facilities that are superior in meeting supply-demand fluctuation. Moreover, in line with the national energy policies, we will continue to investigate how to develop comprehensive marketing strategies; address electricity system reform, including the licensing system; and secure flexible, competitive and strategic power sources that can survive the risks of tighter regulations.

■ Thermal power

Commencement of Operation of New and Advanced Thermal Power Stations

In fiscal 2015, No. 3-1 (output of 490 MW) of Shin-Sendai No. 3 Series, currently under construction, will start commercial operation in December, and Hachinohe Unit 5 will complete its fuel conversion and commence commercial operation in July. These are combined-cycle power generating facilities using natural gas as fuel, and are expected to reduce environmental impact and improve economic efficiency.

Shin-Sendai Thermal Power No. 3 Series

In the Shin-Sendai No. 3 Series project, the aging Unit 1 (heavy oil, 350 MW, planned to be shut down in September 2015) and the already shut-down Unit 2 (heavy oil and gas, 600 MW) will be replaced to cut generation costs and carbon dioxide emissions. Accordingly, we are installing the two new cutting-edge units, which have single-shaft gas turbines with output of 490 MW, as well as our first LNG storage tanks.

Combined-cycle power generating facilities use the combination of steam and gas turbines to generate electricity, and their thermal efficiency is higher than that of conventional power generation methods, allowing us to reduce fuel costs and CO_2 emissions. An advanced gas turbine with the latest aerodynamic and cooling technology will be introduced at Shin-Sendai No. 3 Series to achieve the world's highest level of thermal efficiency, with a rate of 60% or more. We estimate that fuel costs and CO_2 emissions can both be reduced by approximately 30% compared with conventional gas-fired plants; furthermore, we expect that the newly constructed facilities will be superior in environmental and economic performance.

With natural disaster risks taken into consideration, in addition to LNG storage tanks of a member company of our group company in Niigata, we are installing our first LNG storage tanks at Shin-Sendai, dispersing our fuel supply sources. This will enable a more stable fuel supply.

At the time of the Great East Japan Earthquake, Unit 1 was damaged by the tsunami. Based on this experience, we have installed important electrical facilities on the second floor and are constructing 5-meter-high earthen embankments and seawalls along the seaward side of the station to avoid damage from tsunami. These are the first tsunami countermeasures we have adopted at our thermal power stations.

Hachinohe Thermal Power Unit 5

Hachinohe Unit 5 was constructed as an emergency power source to make up the shortfall in our supply capability caused by the Great East Japan Earthquake. To reduce environmental impact, we added a waste heat recovery boiler, a steam turbine and a generator. In December 2014, the unit commenced commercial operation using combined cycle generation with 49% thermal efficiency, which increased output from 274 MW to 394 MW. Moreover, we shifted fuel from light oil to LNG, which upgraded the plant to 55% thermal efficiency and output of 416 MW starting in July 2015.

The adoption of combined cycle generation and fuel conversion helped us reduce emissions of CO_2, sulfur oxide (SOx), nitrogen oxide (NOx) and soot, as well as improving thermal efficiency, which helps boost our competitiveness and reduce the environmental load of our operations.

Upgrading Hachinohe No. 5

Generation Type	Simple Cycle	Combined Cycle	
Start of Operation	Jul. 2012	Aug. 2014	Jul. 2015
Turbine	Gas turbine	Gas and steam turbine	Gas and steam turbine
Fuel	Light oil	Light oil	LNG
Output	274MW	394MW	416MW
Thermal Efficiency (LHV standard)	34%	49%	Approx. 55%

Noshiro Thermal Power Unit 3 and Joetsu Thermal Power Unit 1

Aiming to systematically replace our aging thermal power units, we invited bids for thermal power generation facilities last year, intending to bid on them ourselves. Accordingly, we won the bids for Noshiro Thermal Power Unit 3 and Joetsu Thermal Power Unit 1.

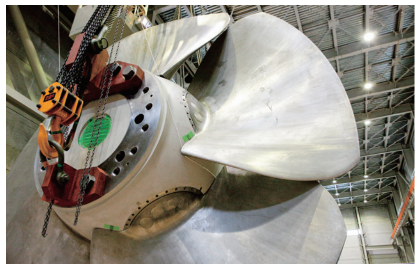
While there was only one bidder – our company – we believe that our price competitiveness in power sources and economic efficiency have significantly improved, thanks to our efforts to reduce costs in order to win the bids.

With environmental-impact assessments of these two sites, the legally required assessments are complete. However, we are planning to update our environmental protection measures for Noshiro Unit 3, and to independently conduct environmental assessments relating to Joetsu Unit 1 because we have changed the output. Furthermore, we will disclose the results of the assessments to local communities.

Noshiro Unit 3 is scheduled to start commercial operation in June 2020, and Joetsu Unit 1 in June 2023.

Hydropower/Renewable Energy

Our company, in cooperation with group companies, has been expanding the use of hydroelectric, geothermal, solar and wind power, which are abundant in the Tohoku region. These renewable energy sources accounted for approximately 19% of our total generated and purchased power in fiscal 2014, which is the highest among electric power companies in Japan.



Renewal of Hydro power stations

Location	Output (MW)	Start of operation
Toyomi	564MW ⇒ 618MW	Sep. 2013
Kanose	495MW ⇒ 542MW	Mar. 2017 (scheduled)

Hydropower

As of July 2015, we possess the largest number of hydroelectric power stations, at 211 sites in Japan, which generate approximately 2,440 MW in total. Combined with approximately 130 MW from hydropower stations owned by our group companies, the total output is approximately 2,570 MW. We generated approximately 8.2 TW from hydropower in 2014.

To continuously promote more effective use of hydropower resources, we have been refurbishing aging hydroelectric power stations and constructing new ones. Accordingly, Iino Power Station started commercial operation in June 2014, and two stations at Tsugaru and Daini-Yabukami are being built. Thanks to these three stations, we estimate that we have reduced CO2 emissions by 36,000 tons a year.

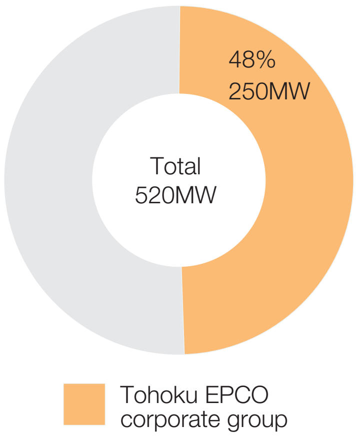
Hydro power stations under construction

Location	Output (MW)	Electricity Generated (Estimated)	Start of operation
Iino	0.23MW	Approximately 1.7GWh/year (equivalent to annual power usage for about 500 households)	Jun. 2014
Tsugaru	8.5MW	Approximately 41.1GWh/year (equivalent to annual power usage for about 12,000 households)	May 2016
Dai-ni Yabukami	4.5MW	Approximately 18.2GWh/year (equivalent to annual power usage for about 5,300 households)	Mar. 2016

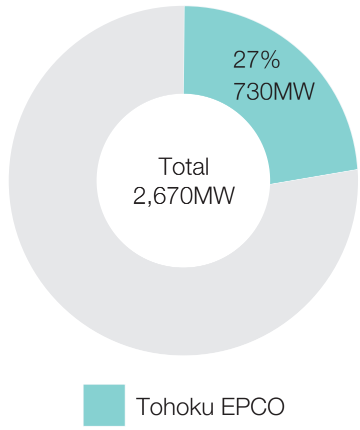
Renewable Energy

While renewable energy has the advantage of not emitting CO_2 during generation, the output of wind and solar power generation greatly varies depending on weather conditions. Considering these characteristics, we have been introducing these energy sources and controlling output fluctuation to maintain the quality and ensure the stable supply of electricity.

Japan's geothermal power output



Japan's interconnection capacity of wind power



Establishment of Tohoku Natural Energy Development Co., Ltd.

We integrated four of our subsidiaries into a new company, Tohoku Natural Energy Development Co., Ltd. in July 2015 to enhance our renewable energy power generation business. The major business of this new company is to stably supply electricity and geothermal steam to Tohoku EPCO. In addition, the company also intends to develop new businesses that make use of its characteristics as a company specializing in renewable energy sources.

The company will conduct integrated businesses, ranging from investigation of suitable sites for renewable power generation, to construction, operation and maintenance. We will focus in particular on the investigation and development of suitable sites for hydro and geothermal power generation, because these are relatively stable renewable energy sources.

We now estimate that the total potential energy production of renewable energy, mainly hydropower and geothermal, which are being investigated and built, is approximately 100 MW.

The new company intends to further develop and contribute to the expansion of the use of renewable energy.

Topics

3

Safety Measures for Nuclear Power Stations

Enhancement of Safety at Nuclear Power Stations

In addition to our promotion of voluntary and continuing efforts to improve safety, Tohoku EPCO has been implementing measures to enhance safety at nuclear power stations in both facilities and operations, in response to new regulatory requirements.

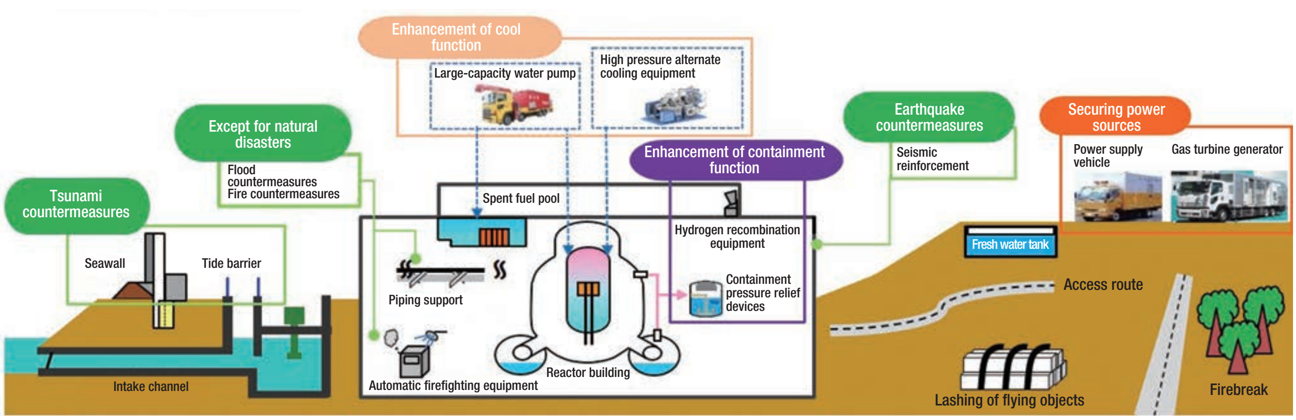
In association with these safety measures, we submitted an application for assessment on conformity to new regulatory requirements for Onagawa Nuclear Power Station Unit 2 in December 2013, and examination by the Nuclear Regulation Authority (NRA) is underway. We also submitted an application for Higashidori Nuclear Power Station Unit 1 in June 2014. The activity of faults under Higashidori Nuclear Power Station was examined at the Experts Meeting of the NRA and is to be examined under the NRA's examination of the new regulatory requirements. We are determined to assert our position based on accumulated data that is comprehensively and rationally judged.

Safety Seawall at Onagawa

In the meantime, we are conducting construction work to improve safety. Based on the findings and evaluations obtained from the ongoing examination process, we have decided to install new light-oil tanks underground to store fuel for emergency diesel generators, as well as enhance fire protection on the premises. This will result in an increase in the estimated amount of construction work.

In light of this situation, we re-examined the construction schedule and concluded that we will complete construction work in April 2017 for both Onagawa Unit 2 and Higashidori Unit 1. After it is complete, we will make preparations for resuming the stations' operations, with the understanding of local communities.

Image of Safety Measures (Examples of Onagawa)



Advancing Toward Greater Safety Seawall at Onagawa to be raised to O.P. 29m

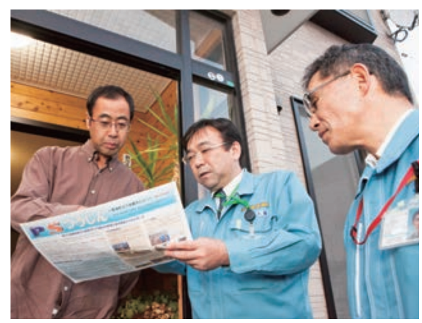
Nuclear power stations of Tohoku EPCO have adopted stricter criteria to determine the level of the maximum conceivable earthquake (basic earthquake ground motion Ss) around the power stations based on the latest findings from the Great East Japan Earthquake and new regulatory requirements. As a result, the basic earthquake ground motion was revised from 580Gal to 1,000Gal at the Onagawa Nuclear Power Station and from 450Gal to 600Gal at the Higashidori Nuclear Power Station, and thus construction work to improve earthquake resistance is now underway.

Similarly, we have set strict criteria for tsunami protection based on the latest findings to assess conceivable tsunami height, which has been determined to be O.P. 23.1m at the Onagawa station, where construction work is being conducted to upgrade the seawall to O.P. approximately 29m from the current height of approximately 17m. At the Higashidori station (located at O.P. 13.0m), where the conceivable tsunami height is determined to be O.P. 11.7m, it has been confirmed that flooding into the station premises will not occur (as a seawall of O.P. approximately 16m has already been installed).

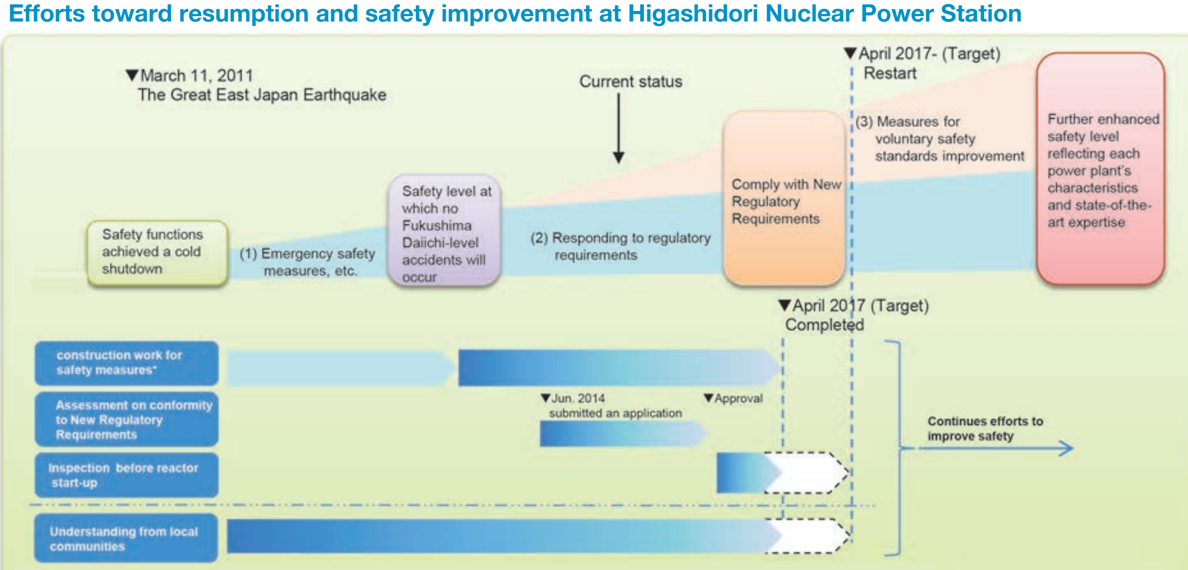
Dialogue with Local Residents

We believe it is vital to gain the understanding of local residents regarding our efforts at nuclear power stations to improve safety, and therefore we are striving to further strengthen our ties with the relevant municipalities by concluding partnerships with them and other measures for better communication, while promoting direct dialogue with local residents by visiting them in person and inviting them to the power stations.

Thus, we have been implementing steady efforts to enhance safety, respond to the government's requirements and gain understanding from local communities.



Efforts toward resumption and safety improvement at Higashidori Nuclear Power Station



Evaluation of Fracture Zones at the Higashidori Nuclear Power Station (Evaluation Statement)

After two years of discussions starting in November 2012, the Experts Meeting submitted to the Nuclear Regulation Authority (NRA) in March 2015 an evaluation statement regarding the activity of faults under the premises of the Higashidori Nuclear Power Station. This statement is contrary to the view of Tohoku EPCO.
Based on a huge amount of accumulated data, which shows no evidence of activity since at least the Quaternary Late Pleistocene (120,000 to 130,000 years ago), we have judged that Quaternary deformation is not attributed to fault activity.
Faults under the premises are to be examined under the NRA's review on conformity to the new regulatory requirements, and we are determined to assert our position based on accumulated data to facilitate comprehensive and rational evaluation.

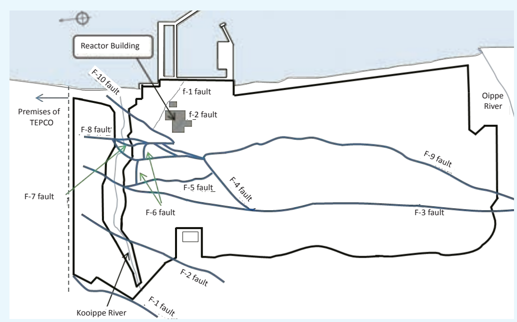
Origin of uplift in the southern part of the premises (F-9 fault)

Issue	Evaluation outline
I.Origin of deformation found in part of the Quaternary strata over faults	• The data presented is not sufficient to support the claim that Quaternary deformation is not attributed to fault activity. • For some faults, deformation is not attributable to fault activity, but possibly to the dilation of the deteriorated bedrock for some reason.
II.Origin of uplift in the southern part of the premises (F-9 fault) III.Strike-slip component in the fault in the premises (F-3 fault)	• The dilation of the deteriorated bedrock cannot explain uplift or displacement found in the premises. • At least F-3 fault and F-9 fault are "faults that will be active in the future."
IV.Fault activity near the reactor building (f-1 fault)*	• Based on the currently available data, whether it is a "fault that will be active in the future" cannot be determined (due to disagreement on the origin of a small fracture at the upper part of the fault).

*As for f-2 faults, the Statement says that they have disappeared inside the bedrock and no displacement/deformation is found in the Quaternary strata that covers the bedrock, and provides no evaluation.

Our response to the Evaluation Statement

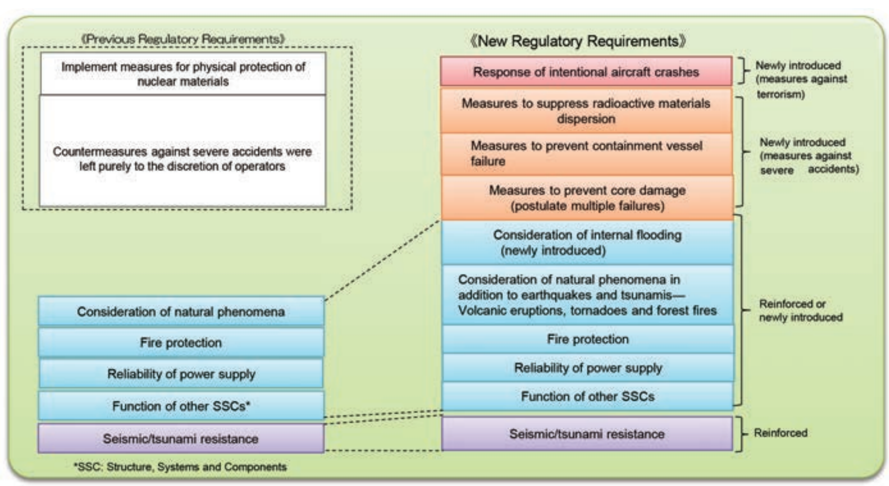
- The Statement has judged that F-3 and F-9 faults will be active in the future without presenting specific reasons, simply because the dilation of the deteriorated bedrock, which we claim to be the origin, cannot sufficiently explain the deformation. Therefore, this conclusion is not derived from comprehensive examination of geological structures.
- The Statement points out that the data presented is not sufficient. This is because we have had no chance to explain the data we submitted to the Experts Meeting, resulting in a lack of sufficient discussion.



Measures to Improve Safety at Nuclear Power Stations

At our nuclear power stations, we are implementing various safety measures, including securing emergency power sources and cooling functions and ensuring the confinement of radioactive substances. To ensure the effectiveness of these safety measures, we hold daily training sessions that simulate various situations that might befall not only facilities but also operations. These boost our ability to react to disasters.

Comparison between Previous and New Regulatory Requirements



Corporate Governance

Contents

Corporate Governance

We have established the “Tohoku Electric Power Group Management Vision 2020 — Together with Local Communities” program, determined to continue to be a corporate group that grows together with the local community and plays an essential role therein. We will proactively adapt ourselves to changes in the business environment in the future and engage in continuous dialogue with our stakeholders (local community, customers, shareholders, financial/capital markets, etc.), aiming to create our own unique values in business management in collaboration with the local community. To ensure proper business management under this principle, we are endeavoring to enhance our corporate governance by securing legal compliance and corporate ethics, as well as conducting sincere, fair and transparent business activities, and increasing the rigor of our internal control and risk management.

We recognize that enhancing corporate governance is one of our critical management tasks; consequently, we continue to accelerate the mobility, soundness and transparency of our management, thereby responding to the expectations of our stakeholders.

Corporate Governance Structure

Directors

The Board of Directors consists of 16 directors, including one external board member, and meets once every month in principle to draw up management plans and make decisions on key issues regarding the business execution of the Company. At the Board of Directors meetings, directors also report on the status of business execution and mutually supervise the performance of their duties.

The Council of Managing Directors meets every week in principle to decide on policies and plans for general business operations and discusses the execution of important business matters in accordance with the Board of Directors’ resolutions. Concerning the business operations, the three key divisions – Thermal and Nuclear Power Division, Power Network Division and Customer Services Division – have autonomy in business operations, thereby enhancing our ability to build business processes in a proper and efficient manner.

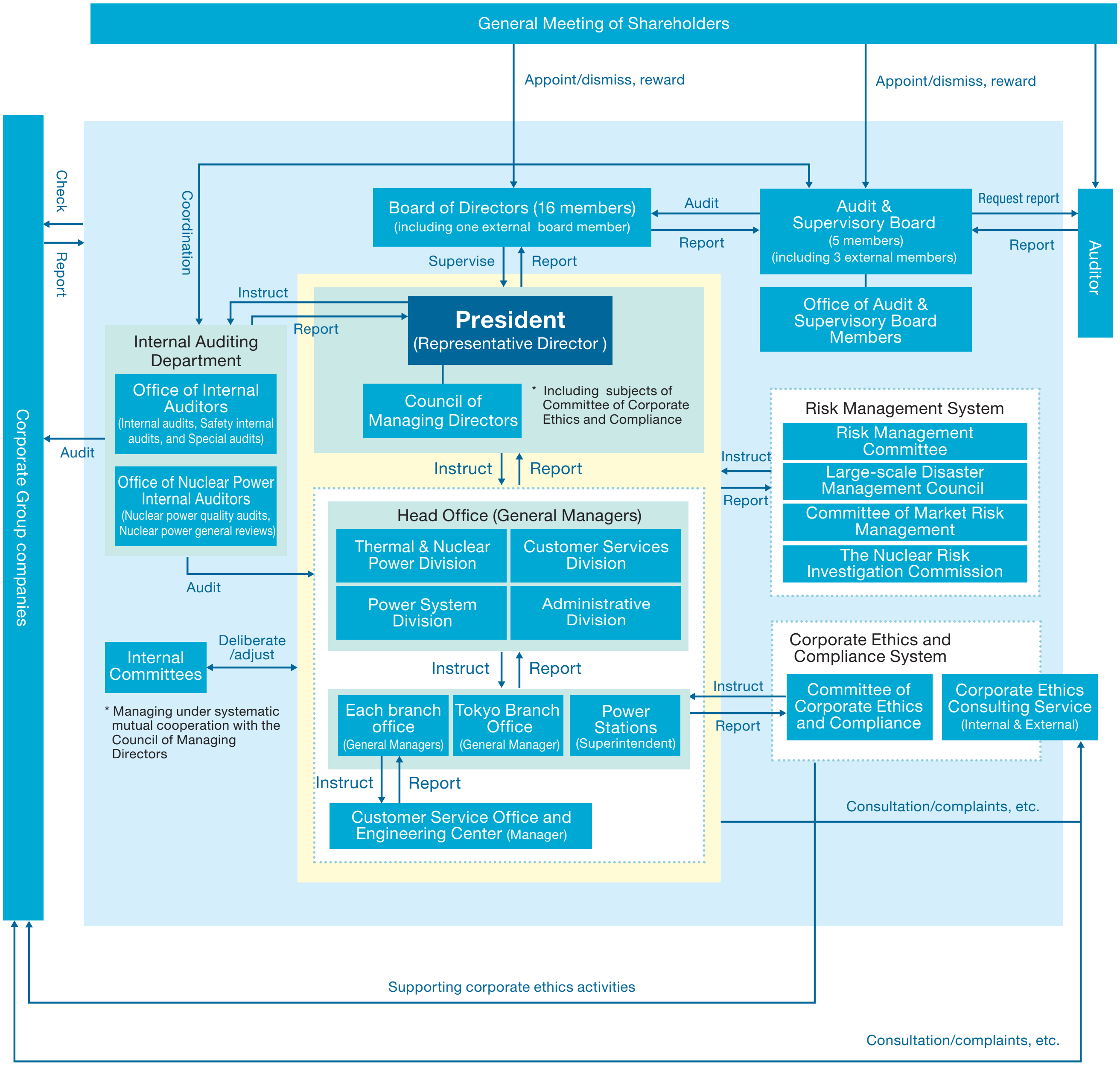
Audit & Supervisory Board Members

We have an Audit & Supervisory Board consisting of five members, of which three are external members appointed with a view to ensuring objectivity and neutrality in monitoring the management. The external members of our Audit & Supervisory Board maintain an independent status that is unlikely to create any conflict of interest with our general shareholders, and have abundant experience and outstanding knowledge of business.

Audit & Supervisory Board members attend the meetings of the Board of Directors and the Council of Managing Directors and other important meetings, examine documents, and inspect the operations and assets of our offices. This serves to enhance the auditing of the Directors’ performance of their duties and the development and operation of internal control systems. The members of the Audit & Supervisory Board also exchange information with the Office of Internal Auditors, which is our internal auditing department, and the accounting auditors, while strengthening ties with the Audit & Supervisory Board members of our affiliates, with a view to bolstering the effectiveness of their audits. The Office of Audit & Supervisory Board Members, consisting of 11 staff members, is a dedicated organization that assists the Audit & Supervisory Board members their work.

Internal Audits

The Office of Internal Auditors is responsible for internal audits of the overall operations and examines the effectiveness and validity of organizational and management systems, the economy and efficiency of business operations, facility security, and other related matters. The Office of Nuclear Power Internal Auditors carries out internal audits of the Company’s nuclear power quality management system and conducts general examinations regarding the cultivation of a culture of nuclear safety, compliance with laws, and other nuclear power-related



matters. The methods of internal audits include interviewing target operations (departments/divisions of the Head Office, power plants, offices, etc.), examining documents, and investigating the operation sites.

The results of internal audits are reported to the Council of Managing Directors and the President, and any problems are reported to the relevant departments so they can take corrective action. Moreover, the plans and results of internal audits are explained to the Audit & Supervisory Board members, with whom information is exchanged on a regular basis, with the aim of reinforcing collaborative relationships with them. The Office of Internal Auditors and the Office of Nuclear Power Internal Auditors are independent of any executive organs and are under the direct control of the President.

Board of Directors

Chairman
Makoto Kaiwa

President
Hiroya Harada

Representative Director &
Executive Vice President
Mitsuhiro Sakamoto

Representative Director &
Executive Vice President
Takao Watanabe

Representative Director &
Executive Vice President
Shinichi Okanobu

Representative Director &
Executive Vice President
Toshiro Sasagawa

Managing Director
Naokatsu Sakuma

Managing Director
Noboru Hasegawa

Managing Director
Shunji Yamamoto

Managing Director
Ryoichi Ishimori

Managing Director
Hiroshi Tanae

Managing Director
Naoto Miura

Managing Director
Haruyuki Nakano

Managing Director
Jiro Masuko

Managing Director
Takashi Sasaki

Standing Audit & Supervisory Board

Toshihito Suzuki

Koki Kato

External Members of the Board of Directors and the Audit & Supervisory Board

Reason for appointment as External Director

Satoshi Seino

Supplementary explanation

The Company has business relations such as power supply with East Japan Railway Company, which Mr. Seino serves as Chairman (Director).

Reason for appointment

Mr.Seino is the Chairman (Director) of East Japan Railway Company and has experience in the management of public utility businesses. Based on such experience and achievements, we expect him to employ his abundant knowledge for our business management.

Reason for appointment as external Audit & Supervisory Board members

Sakuya Fujiwara

Reason for appointment

Mr. Fujiwara has experience engaging in Japanese financial policies as the Deputy Governor of the Bank of Japan, and therefore has considerable knowledge of finance and accounting. This experience makes him well able to conduct audits that are both objective and neutral.

Ikuo Uno

Supplementary explanation

The Company has business relations such as borrowings with Nippon Life Insurance Company, where Mr. Uno was until recently Chairman (Director).

Reason for appointment

Mr. Uno has long experience in the management of Nippon Life Insurance Company. This experience and these achievements make him eminently qualified to conduct audits with an objective and neutral stance.

Chiharu Baba

Supplementary explanation

The Company has business relations such as borrowings with Mizuho Trust & Banking Co., Ltd., which Mr. Baba served as Deputy President. Eight years have passed since his resignation.

Reason for appointment

Having served as Deputy President of Mizuho Trust & Banking Co., Ltd. and other important positions, Mr. Baba has considerable knowledge of finance and accounting. In light of this experience and these achievements, we expect him to employ his abundant knowledge to conduct objective and neutral audits with an objective.

Remunerations for Directors

Remunerations for Directors are determined by resolution of the Board of Directors within the maximum amount of remuneration approved at the shareholders' meeting. The specific amount for each Director is calculated based on the Company's business performance, management environment and other relevant factors.

Internal Control

Maintenance and Operation of Our Internal Control System

With regard to our internal control system, the Board of Directors has resolved to establish the "Basic Policy Underlying the System to Ensure Proper Business Operations" pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act. Under this basic policy, mindful of our status as a member of society, we have been developing a system to promote fair, transparent and efficient business activities in compliance with laws/regulations and our articles of incorporation, while verifying the status of maintenance and operation of the system stipulated by the basic policy as part of our internal auditing.

Response to the "Internal Control Report System for Financial Reporting"

As to the "Internal Control Report System for Financial Reporting" under the Financial Instruments and Exchange Act, we have established the "Basic Policy Underlying the System to Provide Internal Control over Financial Reporting as the Tohoku Electric Power Group," under which we properly operate and evaluate the system to ensure the reliability of our financial reporting. Information on the results of verification and evaluation of the internal control system is provided to the Audit & Supervisory Board as appropriate.

Corporate Ethics and Compliance with the Law

To promote, maintain and improve corporate ethics and compliance with laws, we have set up the Committee of Corporate Ethics and Compliance, and assigned a Corporate Ethics Manager and Corporate Ethics Promotion Staffs at our head office, branches and offices. We have also established the Tohoku Electric Power Action Guidelines as a code of conduct, to ensure sincerity, fairness and transparency in the implementation of our business activities.

Risk Management

Various risks associated with our business operations are addressed appropriately by the relevant departments or internal committees, according to the nature of the risks and in compliance with the relevant internal regulations. Specifically, we periodically identify and assess the potential risks in our business activities and, for those likely to have a serious impact on our business management, each department incorporates its countermeasures in the annual business plans, so that risk management is implemented in the routine management cycle.

To prepare for natural or nuclear disasters, we specify the risks in the internal regulations and conduct drills on hypothetical disasters. To ensure voluntary and continuous safety improvement at nuclear power stations, an internal commission has been established to assess and analyze their safety and develop measures to reduce risks.

Other internal commissions have been established to address these risks, one to manage market risks stemming from power trading, etc., and another to implement preventive measures in preparation for unexpected crises both inside and outside Japan, as well as to minimize damage if the risks materialize.

The status of risk management is reported to the Council of Managing Directors, etc., as necessary.

FINANCIAL SECTION

Contents

Financial Review (Consolidated basis)

Operating Results

Operating revenues for the year ended March 31, 2015 (fiscal 2014) increased ¥143.1 billion (US$1,191 million) or 7.0% from the previous fiscal year to ¥2,182.0 billion (US$18,158 million), and ordinary revenues increased ¥143.5 billion (US$1,194 million) or 7.0% from the previous fiscal year to ¥2,190.1 billion (US$18,225 million), mainly due to an increase in revenues from residential, commercial and industrial segments because of rate revisions and the fuel cost adjustment system, and the Renewable Energy Power Promotion Surcharge, despite a decrease in electricity sales. A decrease in depreciation costs and personnel costs and our continuous efforts to reduce our net costs by implementing all possible streamlining measures limited the increase of ordinary expenses to ¥2,073.4 billion (US$17,254 million), an increase of ¥65.9 billion (US$548 million) or 3.3% from the previous fiscal year, despite an increase in expenses necessary to maintain a stable power supply, such as purchased power expenses and maintenance expenses. As a result, ordinary income increased ¥77.5 billion (US$645 million) or 198.7% from the previous fiscal year to ¥116.6 billion (US$970 million).

Tohoku EPCO posted an extraordinary gain of ¥14.2 billion (US$118 million) due to gain on revision of the retirement benefit plan, and ¥5.4 billion (US$45 million) as compensation income, mainly for its operating loss caused by the accident at TEPCO's Fukushima Daiichi nuclear power station.

As a result, net income increased ¥42.1 billion (US$351 million) or 123.0% from the previous fiscal year to ¥76.4 billion (US$636 million).

Current net income per share in fiscal 2014 increased from ¥68.78 in fiscal 2013 to ¥153.35.

Fiscal 2014 results by business segment are as follows.

【Electric power business】

Operating revenues increased ¥116.5 billion (US$970 million) or 6.4% from the previous fiscal year to ¥1,935.0 billion (US$16,102 million), mainly due to an increase in revenues from residential, commercial and industrial segments because of rate revisions and the fuel cost adjustment system, and the Renewable Energy Power Promotion Surcharge, despite a decrease in electricity sales. A decrease in depreciation costs and personnel costs and our continuous efforts to reduce our net costs by implementing all possible streamlining measures limited the increase of operating expenses to ¥1,793.2 billion (US$14,922 million), an increase of ¥60.2 billion (US$501 million) or 3.5% from the previous fiscal year, despite an increase in expenses necessary to maintain a stable power supply, such as purchased power expenses and maintenance expenses.

As a result, operating income was ¥141.8 billion (US$1,179 million), an increase of ¥56.3 billion (US$468 million) or 65.9% from the previous fiscal year.

【Construction business】

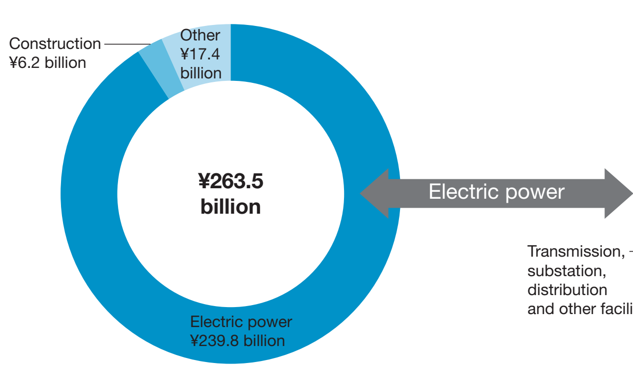
Operating revenues increased ¥44.6 billion (US$371 million) or 18.4% from the previous fiscal year to ¥286.8 billion (US$2,387 million), mainly due to the increase in construction orders. Operating expenses increased ¥25.4 billion (US$211million) or 10.3% from the previous fiscal year to ¥273.1 billion (US$2,273 million), due to the increase in the costs of construction as a result of the increase in construction orders.

As a result, operating income for the fiscal year totaled ¥13.6 billion (US$113 million), an increase of ¥19.2 billion (US$159 million) from the previous fiscal year.

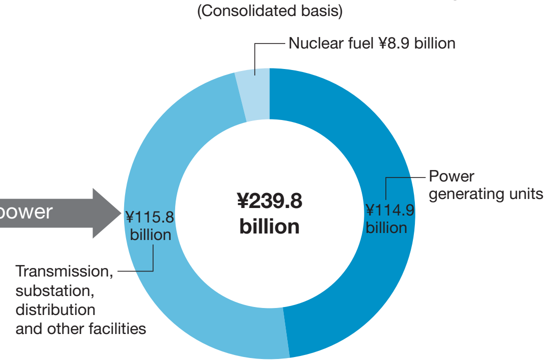
【Other businesses】

Operating revenues increased ¥21.4 billion (US$178 million) or 11.0% from the previous fiscal year to ¥216.7 billion (US$1,803 million), mainly due to the increased sales in

Capital Expenditures
(Consolidated basis)



Capital Expenditures in Electric Power Segment
(Consolidated basis)



industry business. Operating expenses increased ¥10.0 billion (US$83 million) or 5.2% from the previous fiscal year to ¥202.6 billion (US$1,685 million), due to an increase in industry business.

As a result, operating income for the fiscal year totaled ¥14.1 billion (US$117 million), an increase of ¥11.4billion (US$95 million) or 420.4% from the previous fiscal year.

Capital Expenditure

The Group's capital expenditure in fiscal 2014 (not subject to adjustment) was ¥263.5 billion (US$2,193 million). By segment, the electric power business accounted for ¥239.8 billion (US$1,995 million), the construction business for ¥6.2 billion (US$52 million) and other businesses for ¥17.4 billion (US$145 million).

In the electric power business, we invested in the plants and equipment necessary to respond efficiently to long-term demand. Of the capital outlay in the electric power business, ¥114.9 billion (US$956 million) or 47.9% was spent on new construction of power generating units, and ¥115.8 billion (US$964 million) or 48.3% was spent on new construction of transmission, transformation, distribution and other facilities. Another ¥8.9 billion (US$74 million) or 3.7% was invested in nuclear fuel.

Assets, Liabilities and Net Assets

Total assets at the end of fiscal 2014 were valued at ¥4,131.2 billion (US$34,378 million), a decrease of ¥111.8 billion (US$930 million) or 2.6% from fiscal 2013, due to a decrease in fixed assets because of accumulated depreciation, and decrease in current assets such as cash on hand and in banks.

Total liabilities at the end of fiscal 2014 were ¥3,480.0 billion (US$28,958 million), a decrease of ¥188.4 billion (US$1,568 million) or 5.1% from fiscal 2013, mainly due to a decrease in fixed liabilities such as bonds.

Net assets at the end of fiscal 2014 came to ¥651.2 billion (US$5,419 million), an increase of ¥76.6 billion (US$637 million) or 13.3% from fiscal 2013, mainly due to an increase in retained earnings as a result of the recording of a net income.

As a result, the equity ratio rose to 14.6% from 12.6% in the previous year.

Cash Flows

Cash and cash equivalents at the end of fiscal 2014 were ¥244.5 billion (US$2,035 million), a decrease of ¥84.8 billion (US$705 million) or 25.8% from the end of fiscal 2013.

Cash flows by activity and factors contributing to year-on-year changes are as follows.

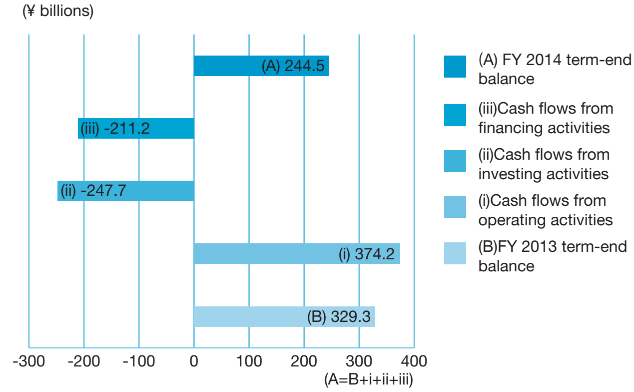
【Cash flows from operating activities】
Cash flows from operating activities resulted in a net inflow of ¥374.2 billion (US$3,114 million), an increase of ¥137.7 billion (US$1,146 million) or 58.3% from the end of fiscal 2013, which is mainly attributable to income before income taxes and minority interests.

【Cash flows from investing activities】
Cash flows from investing activities resulted in a net outflow of ¥247.7 billion (US$2,061 million), which is nearly equal to that of the previous fiscal year, despite a decrease in outflow from acquisitions of property, plant and equipment.

【Cash flows from financing activities】
Cash flows from financing activities, which were net inflow of ¥45.4 billion (US$378 million) at the end of fiscal 2014, resulted in a net outflow of ¥211.2billion (US$1,758 million) mainly due to an increase in outflow from redemption of bonds.

Cash Flows (Consolidated basis)

(¥ billions)



Business and Other Risks

The following are major risks that could affect the corporate group's performance and financial position. We will focus our efforts on minimizing these risks, and if any should occur, we will take prompt action. The risks shown below were those identified by our company on June 25, 2015, and they may be affected by changes in energy policy and/or power supply system reforms in the future.

1. Changes in Nuclear Energy Policy

Since the Great East Japan Earthquake and disaster at Tokyo Electric Power Co. (TEPCO)'s Fukushima Daiichi Nuclear Power Station, the circumstances surrounding nuclear power generation have become increasingly severe. If the policy based on the basic energy plan and/or examinations as to compliance with new regulation standards by the Nuclear Regulation Authority affects resumption of operations or stable operations of nuclear power stations, fuel and other costs may further increase, which may have an impact on the results and financial condition of our corporate group.

2. Electricity Business Reforms

The Organization for Cross-regional Coordination of Transmission Operators was established in April 2015. Furthermore, the schedule of electric power system reforms, such as the full liberalization of retail sales and legal separation of transmission/ distribution, has been disclosed and is now under discussion.

These reforms, the revisions to the Electricity Business Act, and the subsequent intensified competition with other businesses, may affect our performance.

3. Fluctuation in Nuclear Power Back-End Costs

The back-end business of nuclear power takes an extremely long time period and has many uncertainties. Despite the risk reduction efforts by the government, costs may vary depending on regulatory reform, changes in estimates of future expenses, the operating status of reprocessing plants and other factors.

4. Changes in Electric Power Sales Due to Economic and Climatic Conditions and the Great East Japan Earthquake

In the electric power business, the volume of electricity sales fluctuates due to economic conditions and temperature, as well as the progress of energy conservation. Consequently, the performance of our corporate group could potentially be affected.

The Great East Japan Earthquake on March 11, 2011, seriously affected the Tohoku region. Though four years have passed since the earthquake, reconstruction in the region is still underway. The recovery of electricity demand to the level before the earthquake will take some time.

In addition, fluctuation in yearly precipitation affects hydropower output, which may affect our fuel costs. However, we have set aside a reserve for fluctuation in water levels, which allows the company to make a certain adjustment against such impact within balance of reserve, thus limiting the effect on performance.

5. Fluctuations in Fuel Prices

Fuel costs for thermal power generation are affected by fluctuations in CIF prices of coal, LNG and heavy/crude oil, as well as exchange rates. To diversify the risk caused by fuel price fluctuations, we are making efforts to maintain a well-balanced combination of power sources.

The Fuel Price Adjustment System, which is designed to reflect the effect of fluctuations in fuel prices and exchange rates on electricity rates, applies to electric utilities. However, if fuel and other prices change significantly, our corporate group companies' business performance and financial condition could be affected.

6. Natural Disasters and Operational Problems

Our corporate group companies conduct regular inspections and repair of facilities in order to improve their reliability and provide a stable supply of high-quality electricity. Despite such efforts, large-scale power outages may occur, facilities may be damaged, and power sources could be cut off over a long period of time due to natural disasters, such as earthquakes, tsunami, typhoons, accidents or illegal activities, including terrorism. In such cases, our group companies' business and financial performances could be adversely affected.

7. Interest Rate Fluctuations

Our group companies' results and financial status may be affected by future trends in market interest rates and changes in ratings. However, because the balance of interest-bearing debts mainly consists of corporate bonds and long-term debts with fixed interest, we believe the influence of fluctuations in market interest rates is limited.

8. Information Leakage

Our corporate group companies possess a large amount of important information, such as information on individuals and facilities. Our efforts to secure proper handling of important information include the establishment of Standards of Personal Information Protection, education for our employees, and asking our outsourcing contractors for thorough management, to enhance information security. If any problems occur as a result of a leakage of important information, our corporate group companies' results and financial condition could be affected adversely.

9. Businesses other than Electricity Services

In the energy service area, our corporate group companies, while placing emphasis on providing electricity services, have also been supporting Tohoku ESCO projects, which provide integrated services to save energy, and partnering with gas supply businesses. In information and communications and other business areas, we are promoting profitability-focused, highly self-sustaining business operations through careful selection and greater concentration. The performance of these businesses is sometimes affected by changes in the business environment, such as increased competition with other companies and the progress of gas system reforms. For this reason, business performance in areas other than electricity services may affect our corporate group companies' entire results and financial condition.

10. Compliance

We believe that compliance with business ethics and applicable laws and regulations must be a precondition of all business activities. Therefore, our corporate group companies have established systems to ensure strict observation of corporate ethics, laws and regulations, and are making efforts to spread the use of these systems. Despite these efforts, if any violation of business ethics is committed, the reputation of our corporate group may be damaged, adversely affecting our results and financial condition.

Five-Year Summary (Consolidated basis)

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries

Years ended March 31

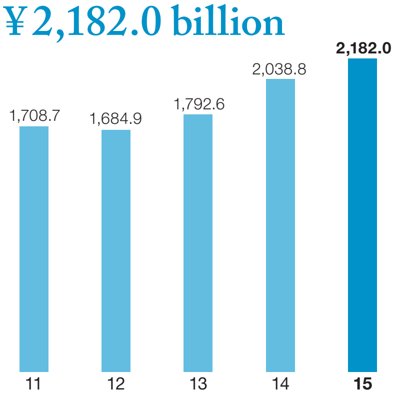
	Millions of yen				
	2015	2014	2013	2012	2011
Operating results					
Operating revenues	**¥2,182,075**	¥2,038,882	¥1,792,666	¥1,684,943	¥1,708,732
Operating expenses	**2,012,335**	1,953,239	1,848,589	1,826,976	1,594,087
Operating income (loss)	**169,739**	85,642	(55,922)	(142,032)	114,644
Interest expense	**53,908**	46,314	40,848	38,710	39,509
Other (income) expenses, net	**(20,512)**	(24,720)	35,154	101,043	117,949
Income (loss) before special item, income taxes and minority interests	**136,343**	64,049	(131,925)	(281,786)	(42,814)
Special item	**—**	—	—	(304)	(1,165)
Income (loss) before income taxes and minority interests	**136,343**	64,049	(131,925)	(281,481)	(41,649)
Income taxes	**51,915**	28,265	(24,262)	(45,777)	(6,214)
Minority interests in income (loss) of onsolidated subsidiaries	**7,935**	1,479	(3,964)	(3,797)	(1,726)
Net income (loss)	**76,493**	34,303	(103,698)	(231,906)	(33,707)

	2015	2014	2013	2012	2011
Sources and application of funds					
Sources:					
Internal funds	**¥ 466,026**	¥ 206,836	¥ 19,091	¥ (96,959)	¥ 238,473
External funds:					
Bonds	**119,610**	109,603	119,638	59,855	109,667
Borrowings	**363,643**	550,396	1,163,673	1,386,605	755,215
	483,253	659,999	1,283,311	1,446,460	864,882
Total	**949,280**	866,835	1,302,402	1,349,500	1,103,356
Applications:					
Capital expenditures	**263,582**	255,827	286,340	298,019	241,088
Debt redemption	**685,698**	611,008	1,016,061	1,051,481	862,267
Total	**949,280**	866,835	1,302,402	1,349,500	1,103,356

	2015	2014	2013	2012	2011
Assets and capital					
Total assets	**¥4,131,217**	¥4,243,037	¥4,284,371	¥4,196,826	¥4,028,861
Property, plant and equipment, net	**2,931,897**	2,926,383	2,980,898	2,979,243	2,967,246
Common stock	**251,441**	251,441	251,441	251,441	251,441
Total net assets	**651,216**	574,595	522,714	629,832	876,488

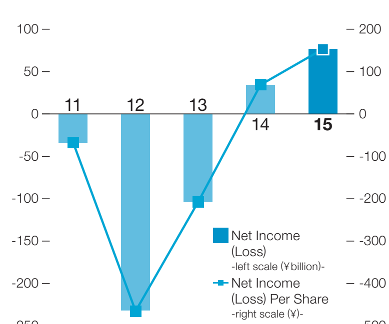
Operating Revenues

¥2,182.0 billion



Net Income (Loss) &
Net Income (Loss) Per Share

¥76.4 billion



	2015	2014	2013	2012	2011
			Millions of yen		
Cash Flows					
Operating activities:					
Net cash provided by (used in) operating activities	**¥374,212**	¥236,413	¥ 46,665	¥ (61,330)	¥332,578
Investing activities:					
Net cash used in investing activities	**(247,732)**	(247,545)	(236,726)	(278,498)	(246,542)
Financing activities:					
Net cash provided by (used in) financing activities	**(211,278)**	45,439	262,674	382,249	(29,571)
Effect of exchange rate changes on cash and cash equivalents	**(58)**	130	197	(38)	(28)
Increase in cash and cash equivalents from newly consolidated subsidiary	**39**	—	—	—	—
Cash and cash equivalents at end of the year	**244,570**	329,389	294,951	222,140	179,757

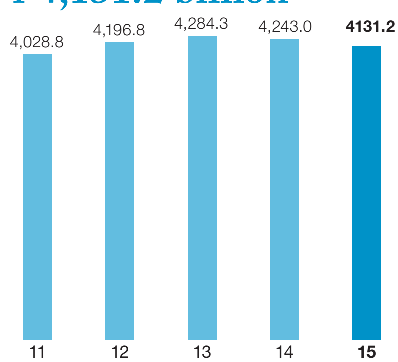
	2015	2014	2013	2012	2011
Plant data					
Generating capacity (MW)					
(Number of plants):					
Hydroelectric	**2,549**	2,549	2,543	2,543	2,532
	(229)	(227)	(227)	(227)	(226)
Thermal★	**12,563**	11,415	11,415	11,415	11,906
	(13)	(9)	(9)	(9)	(9)
Nuclear	**3,274**	3,274	3,274	3,274	3,274
	(2)	(2)	(2)	(2)	(2)
Internal combustion power★	—	1,116	1,116	170	80
	—	(8)	(8)	(6)	(5)
Renewable	**271**	269	265	263	262
	(14)	(12)	(8)	(7)	(6)
Total	**18,658**	18,623	18,613	17,665	18,053
	(258)	(258)	(254)	(251)	(248)
Substation capacity (MVA)	**74,305**	73,966	73,516	72,751	71,421
Transmission lines (km)	**15,181**	15,104	15,094	15,127	14,881
Distribution lines (km)	**145,943**	145,369	144,816	144,190	144,612

★Intenal combustion power is included in Thermal in the year ended March 31, 2015 and after.

	2015	2014	2013	2012	2011
Other data					
Number of employees	**24,536**	24,667	24,726	24,567	22,692

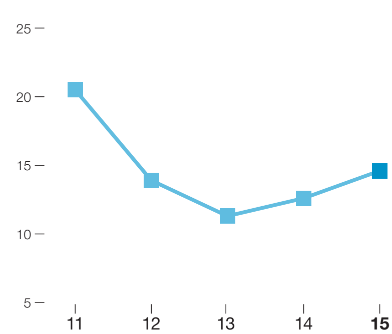
Total Assets

¥4,131.2 billion



Equity Ratio

14.6%



Five-Year Summary (Non-Consolidated basis)

Tohoku Electric Power Co., Inc.

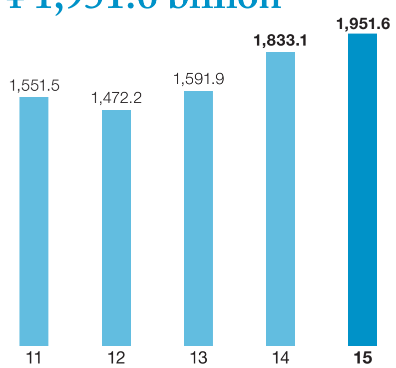
Years ended March 31

	Millions of yen				
	2015	2014	2013	2012	2011
Operating results					
Operating revenues	**¥1,951,651**	¥1,833,196	¥1,591,938	¥1,472,284	¥1,551,547
Operating expenses	**1,811,101**	1,749,109	1,637,287	1,632,402	1,454,626
Operating income (loss)	**140,549**	84,087	(45,349)	(160,118)	96,920
Interest expense	**53,339**	45,749	40,152	38,050	38,797
Other (income) expenses, net	**(21,666)**	(25,315)	2,138	88,270	105,882
Income (loss) before special item and income taxes	**108,876**	63,653	(87,640)	(286,439)	(47,759)
Special item	**—**	—	—	(304)	(1,165)
Income (loss) before income taxes	**108,876**	63,653	(87,640)	(286,134)	(46,593)
Income taxes	**46,413**	27,614	(28,488)	(75,889)	(13,456)
Net income (loss)	**62,462**	36,039	(59,151)	(210,244)	(33,136)
Sources and application of funds					
Sources:					
Internal funds	**¥ 426,590**	¥ 144,103	¥ 27,774	¥ (117,145)	¥ 210,155
External funds:					
Bonds	**119,610**	109,603	119,638	59,855	109,667
Borrowings	**298,000**	371,800	853,080	1,355,040	736,180
	417,610	481,403	972,718	1,414,895	845,847
Total	**844,201**	625,507	1,000,492	1,297,750	1,056,002
Applications:					
Capital expenditures	**236,036**	231,868	261,991	269,306	216,540
Debt redemption	**608,165**	393,639	738,501	1,028,443	839,462
Total	**844,201**	625,507	1,000,492	1,297,750	1,056,002
Assets and capital					
Total assets	**¥3,850,311**	¥3,982,750	¥3,996,559	¥3,875,038	¥3,700,844
Property, plant and equipment, net	**2,762,196**	2,759,493	2,811,799	2,800,623	2,776,896
Common stock	**251,441**	251,441	251,441	251,441	251,441
Total net assets	**500,398**	456,268	419,392	476,908	697,066
Common stock data:					
Number of shareholders	**203,116**	212,687	226,071	233,882	241,672
Number of shares issued (thousands)	**502,883**	502,883	502,883	502,883	502,883
Price range* (yen):					
High	**¥ 1,518**	¥ 1,454	¥ 974	¥ 1,433	¥ 1,989
Low	**912**	715	451	693	1,126

*Tokyo Stock Exchange

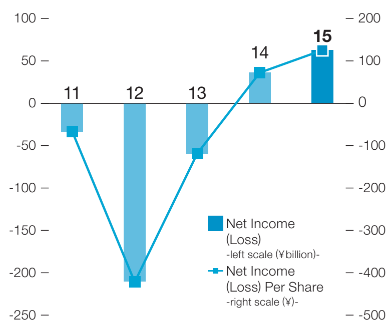
Operating Revenues

¥1,951.6 billion



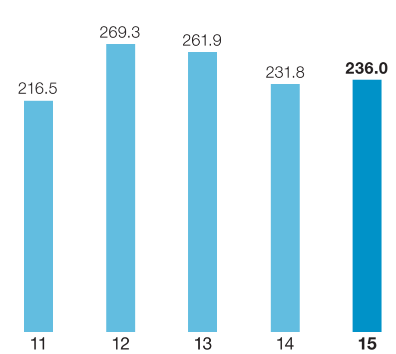
Net Income (Loss) & Net Income (Loss) Per Share

¥62.4 billion



Capital Expenditures

¥236.0 billion



	2015	2014	2013	2012	2011
Electric power sales (GWh)					
Excluding deregulated segment					
Residential	**24,266**	24,815	25,153	24,791	26,324
Commercial and industrial	**3,745**	3,784	4,017	3,996	4,284
Total	**28,011**	28,599	29,170	28,787	30,608
Deregulated segment	**48,612**	48,853	48,663	46,517	52,098
Total electric power sales	**76,623**	77,452	77,833	75,304	82,706
[Sub sugment] Large industrial	**24,922**	24,988	24,871	24,079	26,787
Peak load (MW)	**13,957**	13,953	13,716	13,623	15,572

	2015	2014	2013	2012	2011
Plant data					
Generating capacity (MW)					
(Number of plants):					
Hydroelectric	**2,440**	2,440	2,434	2,434	2,423
	(211)	(210)	(210)	(210)	(209)
Thermal★	**11,863**	10,715	10,715	10,715	11,206
	(12)	(8)	(8)	(8)	(8)
Nuclear	**3,274**	3,274	3,274	3,274	3,274
	(2)	(2)	(2)	(2)	(2)
Internal combustion power★	**-**	1,116	1,116	170	80
	-	(8)	(8)	(6)	(5)
Renewable	**228**	227	227	225	224
	(7)	(6)	(6)	(5)	(4)
Total	**17,805**	17,772	17,766	16,818	17,206
	(232)	(230)	(230)	(229)	(228)
Substation capacity (MVA)	**74,305**	73,966	73,516	72,751	71,421
Transmission lines (km)	**15,181**	15,104	15,094	15,127	14,881
Distribution lines (km)	**145,943**	145,369	144,816	144,190	144,612

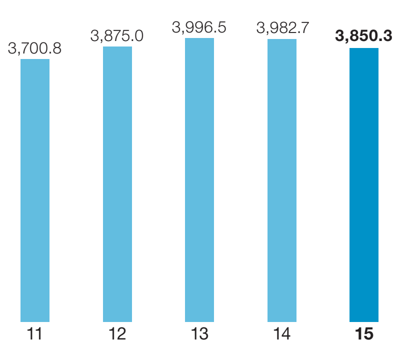
★Intenal combustion power is included in Thermal in the year ended March 31, 2015 and after.

	2015	2014	2013	2012	2011
Other data					
Number of customers					
(Excluding the deregulated segment):					
Residential	**6,938,658**	6,888,240	6,829,508	6,767,459	6,548,109
Commercial and industrial	**814,188**	826,794	838,671	850,097	856,930
Total	**7,752,846**	7,715,034	7,668,179	7,617,556	7,405,039
Number of employees★	**12,359**	12,436	12,423	12,342	11,980

★Not including on loan or leave.

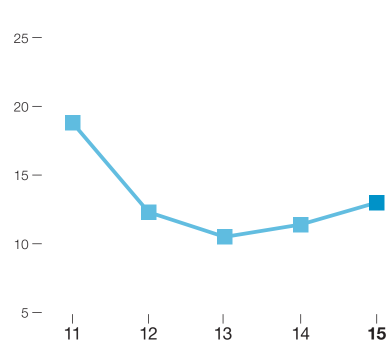
Total Assets

¥3,850.3 billion



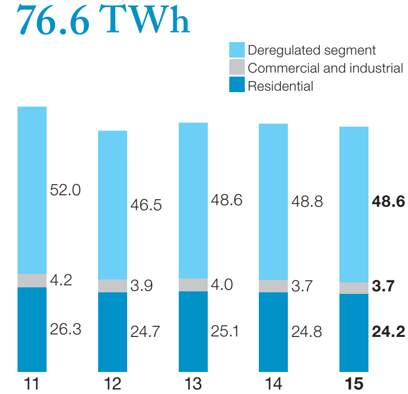
Equity Ratio

13.0 %



Electric Power Sales

76.6 TWh



Consolidated Balance Sheet

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries

March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Assets			
Property, plant and equipment (Note 4)	¥9,235,375	¥9,099,168	$76,852,583
Less accumulated depreciation	(6,303,477)	(6,172,784)	(52,454,664)
Property, plant and equipment, net	2,931,897	2,926,383	24,397,911
Nuclear fuel:			
Loaded nuclear fuel	34,729	34,729	288,998
Nuclear fuel under processing	104,607	118,817	870,491
Total nuclear fuel	139,336	153,546	1,159,490
Long-term investments (Notes 5 and 6)	97,496	96,447	811,317
Fund for reprocessing costs of irradiated nuclear fuel (Note 5)	77,802	85,132	647,432
Deferred tax assets (Note 16)	140,794	170,504	1,171,623
Asset for retirement benefits (Note 13)	6,344	1,249	52,791
Other assets	103,552	103,313	861,712
Current assets:			
Cash on hand and in banks (Notes 5 and 8)	115,170	147,052	958,392
Trade notes receivable and accounts receivable, less allowance for doubtful accounts (Notes 5 and 10)	193,139	186,037	1,607,214
Deferred tax assets (Note 16)	64,547	68,613	537,130
Inventories (Note 9)	76,732	85,747	638,528
Other current assets (Notes 5 and 8)	184,402	219,077	1,534,509
Total current assets	633,991	706,458	5,275,784
Total assets	¥4,131,217	¥4,243,037	$34,378,106

	Millions of yen 2015	2014	Thousands of U.S. dollars (Note 3) 2015
Liabilities and net assets			
Long-term debt (Notes 5 and 12)	¥2,255,608	¥2,526,713	$18,770,142
Reserve for reprocessing costs of irradiated nuclear fuel	81,823	89,032	680,893
Pre-reserve for reprocessing costs of irradiated nuclear fuel	14,629	14,066	121,735
Reserve for loss on disaster	4,631	7,031	38,537
Liability for retirement benefits (Note 13)	141,340	160,449	1,176,167
Asset retirement obligations (Note 14)	111,465	106,476	927,560
Deferred tax liabilities on revaluation adjustments for land (Note 11)	1,530	1,698	12,731
Current liabilities:			
Short-term borrowings (Notes 5 and 12)	35,370	44,475	294,333
Current portion of long-term debt (Notes 5 and 12)	336,175	245,231	2,797,495
Trade notes and accounts payable (Note 5)	149,435	160,581	1,243,529
Accrued income taxes	9,963	2,730	82,907
Reserve for loss on disaster	1,764	2,462	14,679
Other current liabilities	336,262	307,493	2,798,219
Total current liabilities	868,971	762,974	7,231,180
Contingent liabilities (Note 23)			
Net assets (Note 24):			
Shareholders' equity (Note 17):			
Common stock, without par value:			
Authorized — 1,000,000,000 shares			
Issued — 502,882,585 shares	251,441	251,441	2,092,377
Capital surplus	26,678	26,678	222,002
Retained earnings	303,803	248,093	2,528,110
Treasury stock, at cost; 4,032,979 shares in 2015 and 4,157,765 shares in 2014	(7,687)	(7,950)	(63,967)
Total shareholders' equity	574,235	518,262	4,778,522
Accumulated other comprehensive income:			
Net unrealized holding gain on securities (Note 6)	8,193	3,235	68,178
Deferred loss on hedges (Note 7)	(2,077)	(1,635)	(17,283)
Revaluation adjustments for land (Note 11)	(1,150)	(1,226)	(9,569)
Foreign currency translation adjustments	690	1,180	5,741
Retirement benefits liability adjustments (Note 13)	21,908	15,539	182,308
Total accumulated other comprehensive income	27,564	17,093	229,375
Subscription rights to shares (Note 15)	809	670	6,732
Minority interests in consolidated subsidiaries	48,606	38,569	404,476
Total net assets	651,216	574,595	5,419,122
Total liabilities and net assets	¥4,131,217	¥4,243,037	$34,378,106

See notes to consolidated financial statements.

Highlights
To Our Shareholders and Investors
Top Interview
Topics
Corporate Governance
Board of Directors
Financial Section
Addendum

Consolidated Statement of Operations

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Operating revenues:			
Electric power	¥1,932,276	¥1,815,462	$16,079,520
Other	249,798	223,419	2,078,705
	2,182,075	2,038,882	18,158,234
Operating expenses (Note 19):			
Electric power (Note 18)	1,782,097	1,732,486	14,829,799
Other	230,237	220,753	1,915,927
	2,012,335	1,953,239	16,745,735
Operating income	169,739	85,642	1,412,490
Other expenses (income):			
Interest and dividend income	(2,982)	(3,116)	(24,814)
Interest expense	53,908	46,314	448,597
Gain on revision of retirement benefit plan (Note 20)	(14,268)	(16,220)	(118,731)
Insurance income (Note 21)	—	(8,771)	—
Compensation income for damage (Note 22)	(5,429)	—	(45,177)
Other, net	2,167	3,388	18,032
	33,396	21,593	277,906
Income before income taxes and minority interests	136,343	64,049	1,134,584
Income taxes (Note 16):			
Current	12,480	3,568	103,852
Deferred	39,434	24,696	328,151
	51,915	28,265	432,012
Income before minority interests	84,428	35,783	702,571
Minority interests in income of consolidated subsidiaries	7,935	1,479	66,031
Net income (Note 24)	¥ 76,493	¥ 34,303	$ 636,539

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Income before minority interests	¥ 84,428	¥ 35,783	$702,571
Other comprehensive income (Note 25):			
Net unrealized holding gain on securities	5,084	313	42,306
Deferred (loss) income on hedges	(441)	363	(3,669)
Revaluation adjustments for land (Note 11)	162	–	1,348
Foreign currency translation adjustments	(484)	1,112	(4,027)
Retirement benefits liability adjustments	7,304	–	60,780
Share of other comprehensive income of affiliates accounted for under equity method	0	0	4
Total other comprehensive income	11,626	1,789	96,746
Comprehensive income	¥ 96,055	¥ 37,572	$799,325
Total comprehensive income attributable to:			
Shareholders	¥ 86,961	¥ 36,083	$723,649
Minority interests	9,093	1,488	75,667

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of yen													
	Shareholders' equity					Accumulated other comprehensive income								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred loss on hedges	Revaluation adjustments for land	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2014	¥251,441	¥26,678	¥248,093	¥(7,950)	¥518,262	¥3,235	¥(1,635)	¥(1,226)	¥1,180	¥15,539	¥17,093	¥670	¥38,569	¥574,595
Cumulative effects of changes in accounting policies			(15,666)		(15,666)								2,613	(13,052)
Restated balance at April 1, 2014	251,441	26,678	232,426	(7,950)	502,596	3,235	(1,635)	(1,226)	1,180	15,539	17,093	670	41,183	561,542
Cash dividends paid			(4,987)		(4,987)									(4,987)
Net income			76,493		76,493									76,493
Purchases of treasury stock				(43)	(43)									(43)
Disposal of treasury stock			(161)	306	145									145
Reversal of revaluation adjustments for land			1		1									1
Change in scope of consolidation			31		31									31
Net changes in items other than shareholders' equity						4,957	(441)	76	(489)	6,369	10,471	138	7,423	18,034
Balance at March 31, 2015	**¥251,441**	**¥26,678**	**¥303,803**	**¥(7,687)**	**¥574,235**	**¥8,193**	**¥(2,077)**	**¥(1,150)**	**¥ 690**	**¥21,908**	**¥27,564**	**¥809**	**¥48,606**	**¥651,216**

	Millions of yen													
	Shareholders' equity					Accumulated other comprehensive income								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred loss on hedges	Revaluation adjustments for land	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2013	¥251,441	¥26,678	¥213,922	¥(8,129)	¥483,913	¥2,931	¥(1,999)	¥(1,246)	¥ 68	¥ —	¥ (246)	¥488	¥38,558	¥522,714
Net income			34,303		34,303									34,303
Purchases of treasury stock				(22)	(22)									(22)
Disposal of treasury stock			(114)	201	86									86
Reversal of revaluation adjustments for land			(19)		(19)									(19)
Net changes in items other than shareholders' equity						304	363	19	1,112	15,539	17,339	182	11	17,532
Balance at March 31, 2014	¥251,441	¥26,678	¥248,093	¥(7,950)	¥518,262	¥3,235	¥(1,635)	¥(1,226)	¥1,180	¥15,539	¥17,093	¥670	¥38,569	¥574,595

	Thousands of U.S. dollars (Note 3)													
	Shareholders' equity					Accumulated other comprehensive income								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred loss on hedges	Revaluation adjustments for land	Foreign currency translation adjustments	Retirement benefits liability adjustment	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2014	$2,092,377	$222,002	$2,064,516	$(66,156)	$4,312,740	$26,920	$(13,605)	$(10,202)	$9,819	$129,308	$142,240	$5,575	$320,953	$4,781,517
Cumulative effects of changes in accounting policies			(130,365)		(130,365)								21,744	(108,612)
Restated balance at April 1, 2014	2,092,377	222,002	1,934,143	(66,156)	4,182,374	26,920	(13,605)	(10,202)	9,819	129,308	142,240	5,575	342,706	4,672,896
Cash dividends paid			(41,499)		(41,499)									(41,499)
Net income			636,539		636,539									636,539
Purchases of treasury stock				(357)	(357)									(357)
Disposal of treasury stock			(1,339)	2,546	1,206									1,206
Reversal of revaluation adjustments for land			8		8									8
Change in scope of consolidation			257		257									257
Net changes in items other than shareholders' equity						41,249	(3,669)	632	(4,069)	52,999	87,134	1,148	61,770	150,070
Balance at March 31, 2015	**$2,092,377**	**$222,002**	**$2,528,110**	**$(63,967)**	**$4,778,522**	**$68,178**	**$(17,283)**	**$ (9,569)**	**$5,741**	**$182,308**	**$229,375**	**$6,732**	**$404,476**	**$5,419,122**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Operating activities			
Income before income taxes and minority interests	**¥136,343**	¥ 64,049	**$1,134,584**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**221,294**	248,496	**1,841,507**
Decommissioning costs of nuclear power units	**4,553**	2,194	**37,887**
Loss on sales and disposal of property, plant and equipment	**16,666**	9,138	**138,686**
Decrease in liability for retirement benefits	**(27,251)**	(41,913)	**(226,770)**
Decrease in reserve for reprocessing costs of irradiated nuclear fuel	**(7,209)**	(7,250)	**(59,990)**
Increase in pre-reserve for reprocessing costs of irradiated nuclear fuel	**562**	541	**4,676**
Interest and dividend income	**(2,982)**	(3,116)	**(24,814)**
Interest expense	**53,908**	46,314	**448,597**
Decrease in fund for reprocessing costs of irradiated nuclear fuel	**7,330**	7,201	**60,996**
Changes in operating assets and liabilities:			
Accounts receivable	**(17,497)**	(40,850)	**(145,602)**
Inventories	**9,390**	(8,285)	**78,139**
Accounts payable	**(11,576)**	(759)	**(96,330)**
Other operating assets and liabilities	**48,687**	5,255	**405,151**
Subtotal	**432,220**	281,014	**3,596,737**
Interest and dividends received	**3,011**	3,145	**25,056**
Interest paid	**(55,762)**	(46,160)	**(464,025)**
Income taxes paid	**(5,256)**	(1,586)	**(43,738)**
Net cash provided by operating activities	**374,212**	236,413	**3,114,021**
Investing activities			
Acquisitions of property, plant and equipment	**(257,649)**	(261,942)	**(2,144,037)**
Investments and advances made	**(13,385)**	(2,994)	**(111,383)**
Collection of investments and advances	**14,362**	4,744	**119,514**
Other	**8,939**	12,646	**74,386**
Net cash used in investing activities	**(247,732)**	(247,545)	**(2,061,512)**
Financing activities			
Proceeds from long-term loans and issuance of bonds	**256,012**	377,857	**2,130,415**
Repayment or redemption of long-term loans or bonds	**(446,340)**	(299,818)	**(3,714,238)**
Decrease in short-term borrowings and commercial paper	**(12,105)**	(29,040)	**(100,732)**
Cash dividends	**(5,060)**	(114)	**(42,107)**
Cash dividends to minority shareholders	**(775)**	(690)	**(6,449)**
Other	**(3,009)**	(2,754)	**(25,039)**
Net cash (used in) provided by financing activities	**(211,278)**	45,439	**(1,758,159)**
Effect of exchange rate changes on cash and cash equivalents	**(58)**	130	**(482)**
Net (decrease) increase in cash and cash equivalents	**(84,857)**	34,437	**(706,141)**
Cash and cash equivalents at beginning of the year	**329,389**	294,951	**2,741,025**
Increase in cash and cash equivalents from newly consolidated subsidiary	**39**	—	**324**
Cash and cash equivalents at end of the year (Note 8)	**¥244,570**	¥329,389	**$2,035,200**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
March 31, 2015

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The accompanying consolidated financial statements of Tohoku Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan and are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

Certain amounts previously reported have been reclassified to conform to the current year's presentation.

(b) Principles of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (fifty-one as of March 31, 2015, and forty-nine as of March 31, 2014) controlled directly or indirectly by the Company. The newly established Solar Power Kujiedanarisawa, Solar Power Ishinomakiogatsu and Solar Power Miyagi have been included in the scope of consolidation.
Yurtec Vietnam Company, which was not included in the scope of consolidation for the year ended March 31, 2014, has been included in for the year ended March 31, 2015. Office Life Service, which was included in the scope of consolidation for the year ended March 31, 2014, has been excluded from the scope of the consolidation because of the merger with E Life Partners at April 1, 2014 which is a subsidiary of the Company.
Elc has been excluded from the scope of the consolidation because of its liquidation at July 30, 2014. Affiliates (three as of March 31, 2015 and 2014) over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements by equity method. All significant intercompany balances and transactions have been eliminated in consolidation.

The differences between the cost and the underlying net equity of investments in consolidated subsidiaries at the dates of acquisition are amortized over a period of five years.

(c) Property, plant and equipment

Property, plant and equipment are generally stated at cost.

Depreciation of property, plant and equipment is computed by the declining-balance method over the estimated useful lives of the respective assets. Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income when incurred.

The recognition and calculation method of the cost of the assets corresponding to asset retirement obligations concerning decommissioning of specified nuclear power units among fixed assets is described in (k).

Amortization of easements is computed by the straight-line method based on the estimated useful lives of the power transmission lines.

(d) Nuclear fuel

Nuclear fuel is stated at cost less accumulated amortization. The amortization of loaded nuclear fuel is computed based on the proportion of heat production for the current year to the total heat production estimated over the life of the nuclear fuel.

(e) Marketable and investment securities

Marketable and investment securities are classified into three categories depending on the holding purpose: i) trading securities, which are held for the purpose of earning capital gains in the short-term, ii) held-to-maturity debt securities, which a company has the positive intent to hold until maturity, and iii) other securities, which are not classified as either of the aforementioned categories.

Held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(f) Inventories

Inventories are stated at cost determined by the average method (inventories on the balance sheet are written down when profitability declines).

(g) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(h) Employees' retirement benefits

Accrued retirement benefits for employees have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the year end.

The retirement benefit obligation is attributed to each period by the benefit-formula method over the estimated remaining years of service of the eligible employees.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is incurred primarily by the straight-line method over periods (1 year through 15 years) which are shorter than the average remaining years of service of the employees participating in the plan.

Prior service cost is primarily charged or credited to income when incurred.

(i) Reserve for reprocessing costs of irradiated nuclear fuel

The reserve is stated at the present value of the amount that would be required to reprocess only the irradiated nuclear fuel actually planned to be reprocessed. Among the differences resulting from changes in the accounting rules for reserves made for the year ended March 31, 2006, ¥41,296 million ($343,646 thousand) as stipulated in Article 2, "Supplementary Provisions of the accounting rules applicable to electric utility companies in Japan" was accounted for as operating expenses over the fifteen years starting from the year ended March 31, 2006. However, as there was a change in the estimated costs required for reprocessing irradiated nuclear fuels that were actually planned to be reprocessed, the revised amount is being recorded as operating expenses equally over the twelve years starting from the year ended March 31, 2009. Hence, the balance of the unrecognized costs is ¥13,455 million ($111,966 thousand) and ¥16,146 million at March 31, 2015 and 2014, respectively.

Additionally, under the accounting regulations applicable to electric utility companies No.81, the unrecognized actuarial gain of ¥27,372 million ($227,777 thousand) and ¥2,549 million at March 31, 2015 and 2014, respectively, have been amortized starting from the next fiscal year over the period for which the definite reprocessing plan for irradiated nuclear fuel is executed.

(j) Pre-reserve for reprocessing costs of irradiated nuclear fuel

The pre-reserve is stated at the present value of the amount that would be required to reprocess the irradiated nuclear fuel without a definite plan for reprocessing.

(k) The method to recognize and calculate the cost of the assets corresponding to asset retirement obligations concerning decommissioning of specified nuclear power units

Item 8, the "Guidance on Accounting Standard for Asset Retirement Obligations," is applied to the assets corresponding to asset retirement obligations concerning decommissioning of specified nuclear power units based on the rules of the Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units (a ministerial ordinance by the Ministry of Economy, Trade and Industry No.30 issued in 1989), the total estimate of decommissioning costs of nuclear power units is recognized by the straight-line method over the expected running period and safety storage period of nuclear power units.

(l) Reserve for loss on disaster

The reserve for loss on disaster is stated at an estimated amount at the year end for the expenses required for recovery of damaged assets, and for contingent losses incurred due to the Great East Japan Earthquake and the torrential rain in Niigata and Fukushima.

(m) Income taxes

Deferred tax assets and liabilities have been recognized in the consolidated financial statements with respect to the differences between financial reporting and the tax bases of the assets and liabilities, and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(n) Foreign currency translation

All monetary assets and liabilities, both short-term and long-term, denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet dates, and the resulting gain or loss is included in income.

The revenue and expense accounts of foreign subsidiaries are translated into yen at the average rates of exchange prevailing during the year. The balance sheet accounts are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of shareholders' equity which are translated at their historical exchange rates. Adjustments resulting from this translation process are accumulated in a separate component of net assets.

(o) Derivatives and hedging transactions

The Company has entered into various derivatives transactions in order to manage certain risk arising from adverse fluctuation in foreign currency exchange rates, interest rates and oil price. Derivatives are carried at fair value with any changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting or special treatment as permitted by the accounting standard for financial instruments. Receivables and payables hedged by qualified derivatives are translated at the corresponding foreign exchange contract rates.

(p) Appropriation of retained earnings

Under the Corporation Law of Japan, the appropriation of retained earnings with respect to a given financial year is made by resolution of the shareholders at a general meeting to be held subsequent to the close of the financial year. The accounts for that year do not, therefore, reflect such appropriations.

See Note 17.

2. Accounting Change

Retirement benefits

In accordance with the paragraph 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued May 17, 2012) and the main clause of paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued March 26, 2015) adopted from the fiscal year ended March 31, 2015, the Company changed the method of calculating retirement benefit obligation and service cost as follows: The method for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed to use a single weighted-average discount rate reflecting the expected timing and amount of benefit payments from use an average period up to expected benefit payments as a duration of bond as a basis for determining the discount rate.

In accordance with transitional treatment provided in paragraph 37 in the standard, the effect of the change in the method of calculating the retirement benefit obligation and service cost has been recorded by adjusting retained earnings as of April 1, 2014.

Due to the effect of the change, asset for retirement benefits decreased by ¥135 million ($1,123 thousand), liability for retirement benefits increased by ¥20,764 million ($172,788 thousand) and retained earnings decreased by ¥15,666 million ($130,365 thousand), respectively, as of April 1, 2014.

The effect of the change on operating income and income before income taxes and minority interests for the year ended March 31, 2015 is immaterial.

The effect of the change on per share amounts is noted in Note 24.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥120.17 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2015 has been used in translation. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

4. Property, Plant and Equipment

Property, plant and equipment at March 31, 2015 and 2014 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Hydro power plant	¥ 579,371	¥ 574,762	$ 4,821,261
Thermal power plant	1,778,828	1,717,982	14,802,596
Nuclear power plant	1,379,769	1,379,621	11,481,809
Transmission plant	1,670,607	1,649,767	13,902,030
Transformation plant	831,138	817,824	6,916,351
Distribution plant	1,448,520	1,423,805	12,053,923
General plant	312,009	315,606	2,596,396
Other	967,624	996,062	8,052,126
	8,967,870	8,875,431	74,626,529
Construction work in progress	267,504	223,737	2,226,046
Total	¥9,235,375	¥9,099,168	$76,852,583
Contributions in aid of construction	¥ 237,108	¥ 235,103	$1,973,104

5. Financial Instruments

(a) Positions of Financial Instruments

The Company procures funds for plant and equipment development and for business operation mainly by bond issuance and bank loans. The Company uses interest-rate swaps to hedge its exposure to adverse fluctuation in interest rates on bonds and long-term loans, not for speculation purposes. A certain consolidated subsidiary utilizes a principal-guaranteed compound financial instrument to be held to maturity for the purpose of efficient management of the fund surplus.

The Company holds long-term investments which are mainly stocks in business partners and bonds to be held to maturity. Though such investments are exposed to the stock price volatility risk, fair values and financial positions of issuers relating to such investments are checked on a regular basis.

Fund for reprocessing costs of irradiated nuclear fuel is the funds provided based on the “Spent Nuclear Fuel Reprocessing Fund Act” to properly implement reprocessing of spent nuclear fuels produced by operating specified commercial nuclear reactors for power generation.

Trade notes receivable and accounts receivable are mainly operating receivables of residential power sales, and commercial and industrial sales, and are thus exposed to counterpart credit risk. Such risk is being managed by early comprehension and reduction of collection concerns as well as management of due dates and balances based on electric power supply agreements.

Bonds and long-term loans are to procure funds for plant and equipment development and funds for redemption. Short-term borrowings are mainly to procure running funds. With respect to bonds and long-term loans, funds are procured mostly with fixed interest rates; hence, the impact of interest rate changes on the financial performance is limited.

Due dates for most trade notes and accounts payable are within a year.

Derivative transactions are exposed to counterpart credit risk. However, the Company enters into derivatives transactions only with financial institutions that have high credit ratings in compliance with its internal policies stipulating the authority for transactions and the credit lines.

Fair values of financial instruments include value amounts based on market prices and those based on rational calculation in the case where a market price does not exist. In calculating such value amounts, certain assumptions are adopted, and if based on different assumptions, those calculated value amounts may change. Derivative contract amounts noted below in Note 7 do not denote the market risk from the derivatives themselves. In addition, fair value and valuation gains or losses are reasonably quoted values based on market indicators for valuations and other measures. They are not amounts that would be received or paid in the future.

(b) Fair Values of Financial Instruments

Carrying values, fair values and unrealized gains or losses as of March 31, 2015 and 2014 were as follows:

	Millions of yen		
At March 31, 2015	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
Long-term investments [*1]	¥ 38,981	¥ 38,961	¥ (20)
Fund for reprocessing costs of irradiated nuclear fuel	77,802	77,802	–
Cash on hand and in banks	115,170	115,170	–
Trade notes receivable and accounts receivable	193,817	193,817	–
Other current assets [*2]	129,920	129,920	–
Liabilities:			
Bonds[*3]	917,169	944,219	27,049
Long-term loans[*3]	1,582,368	1,624,480	42,112
Short-term borrowings	35,370	35,370	–
Trade notes and accounts payable	149,435	149,435	–
Derivative transactions [*4]	(2,912)	(2,912)	–

	Millions of yen		
At March 31, 2014	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
Long-term investments [*1]	¥ 25,744	¥ 25,690	¥ (53)
Fund for reprocessing costs of irradiated nuclear fuel	85,132	85,132	–
Cash on hand and in banks	147,052	147,052	–
Trade notes receivable and accounts receivable	186,930	186,930	–
Other current assets [*2]	182,850	182,850	–
Liabilities:			
Bonds [*3]	1,149,648	1,182,863	33,214
Long-term loans [*3]	1,539,828	1,570,352	30,524
Short-term borrowings	44,475	44,475	–
Trade notes and accounts payable	160,581	160,581	–
Derivative transactions [*4]	(2,357)	(2,357)	–

At March 31, 2015	Thousands of U.S. dollars Carrying value	Fair value	Unrealized gain (loss)
Assets:			
Long-term investments *1	$ 324,382	$ 324,215	$ (166)
Fund for reprocessing costs of irradiated nuclear fuel	647,432	647,432	—
Cash on hand and in banks	958,392	958,392	—
Trade notes receivable and accounts receivable	1,612,856	1,612,856	—
Other current assets *2	1,081,135	1,081,135	—
Liabilities:			
Bonds *3	7,632,262	7,857,360	225,089
Long-term loans *3	13,167,745	13,518,182	350,436
Short-term borrowings	294,333	294,333	—
Trade notes and accounts payable	1,243,529	1,243,529	—
Derivative transactions *4	(24,232)	(24,232)	—

*1.Long-term investments include other securities and bonds to be held to maturity (including those which mature within a year) except negotiable certificates of deposit.
*2.Other current assets include negotiable certificates of deposit of bonds to be held to maturity (including those which mature within a year).
*3.Bonds and long-term loans include those which are scheduled to be redeemed or paid back within a year.
*4.The amounts denote net liabilities and obligations resulting from derivative transactions.

(Note1) The method of calculating fair values of financial instruments, and other matters related to marketable securities and derivative transactions are as follows:

Assets:

Long-term investments

Present values of municipal bonds are calculated by discounting the redemption amount using the government bond yield as a discount rate. Fair values of other bonds are the prices indicated by the correspondent financial institutions. Fair values of stocks are based on the exchange share prices. With respect to securities with different holding purposes, please refer to the "Marketable Securities and Investment Securities."

Fund for reprocessing costs of irradiated nuclear fuel

Fund for reprocessing costs of irradiated nuclear fuel is the funds provided based on the "Spent Nuclear Fuel Reprocessing Fund Act" to properly implement the reprocessing of spent nuclear fuels produced by operating specified commercial nuclear reactors for power generation. For a fund reversal, it is required to follow the schedule for reversal of reserve for reprocessing irradiated nuclear fuels approved by the Minister of Economy, Trade and Industry, and the carrying values are based on the present-value equivalent of the expected amount of any future reversal of the schedule as of March 31, 2015. Hence, the carrying values are used as fair values.

Cash on hand and in banks, Trade notes receivable and accounts receivable, and Other current assets

These assets are settled in the short term, thus the carrying values approximate fair values.

Liabilities:

Bonds

The fair values of bonds are calculated based on market prices. Interest-rate swaps subject to special treatment permitted by the accounting standards for financial instruments are included in the hedged bonds and their fair values are determined based on the prices indicated by correspondent financial institutions.

Long-term loans

The fair values of loans at fixed interest-rates are calculated based on a method where the total amount of the principal and interest is discounted by the interest rate calculated based on the Company's bonds. The fair values of loans at floating interest-rates are for the short term, reflecting market interest rates; hence, the carrying values approximate fair values. Interest-rate swaps subject to special treatment permitted by the accounting standards for financial instruments are included in the hedged long-term loans and their fair values are determined based on the prices indicated by correspondent financial institutions.

Short-term borrowings, and Trade notes and accounts payable

These are settled in the short term; thus the carrying values approximate fair values.

Derivative transactions

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution. Purchase amount and the valuation gain or loss of compound financial instruments are included in "Long-term investments." Interest-rate swaps subject to special treatment permitted by the accounting standards for financial instruments are accounted for together with the hedged long-term loans and bonds; therefore, the fair values of interest-rate swaps are included in the fair values of those long-term loans and bonds.

(Note2) Financial instruments for which it is extremely difficult to determine the fair value at March 31, 2015 and 2014 were as follows:

	Millions of yen 2015	2014	Thousands of U.S. dollars 2015
Unlisted stocks	¥142,434	¥150,350	$1,185,270
Subscription certificate	1,180	1,180	9,819
Other	279	454	2,321
Total	¥143,894	¥151,985	$1,197,420

(Note3) Redemption schedule of financial bonds and marketable securities with maturity at March 31, 2015 and 2014 were as follows:

At March 31, 2015	Millions of yen Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Long-term investments:				
Held-to-maturity debt securities:				
Municipal bonds	¥ 67	¥250	¥70	¥ —
Bonds	—	—	—	1,000
Other	4,000	—	—	5,000
Other securities with maturity dates:				
Bonds	50	—	—	—
Fund for reprocessing costs of irradiated nuclear fuel *	11,620	—	—	—
Cash on hand and in banks	115,170	—	—	—
Trade notes receivable and accounts receivable	193,817	—	—	—
Other current assets	129,920	—	—	—
Total	¥454,646	¥250	¥70	¥6,000

At March 31, 2014	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Long-term investments:				
Held-to-maturity debt securities:				
Municipal bonds ···	¥ 67	¥255	¥133	¥ —
Bonds ··················	—	—	500	—
Other ··················	—	—	—	1,926
Other securities with maturity dates:			—	
Bonds ··················	—	43	—	—
Fund for reprocessing costs of irradiated nuclear fuel * ······	11,291	—	—	—
Cash on hand and in banks ···	147,052	—	—	—
Trade notes receivable and accounts receivable ···	186,930	—	—	—
Other current assets ···	182,850	—	—	—
Total ···········	¥528,192	¥298	¥633	¥1,926

At March 31, 2015	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Long-term investments:				
Held-to-maturity debt securities:				
Municipal bonds ···	$ 557	$2,080	$582	$ —
Bonds ··················	—	—	—	8,321
Other ··················	33,286	—	—	41,607
Other securities with maturity dates:				
Bonds ··················	416	—	—	—
Fund for reprocessing costs of irradiated nuclear fuel * ······	96,696	—	—	—
Cash on hand and in banks ···	958,392	—	—	—
Trade notes receivable and accounts receivable ···	1,612,856	—	—	—
Other current assets ···	1,081,135	—	—	—
Total ···········	$3,783,356	$2,080	$582	$49,929

* Only the expected amount maturing within a year is subject to disclosure; otherwise it may be against the related contracts and the interest of the Company.

6. Marketable Securities and Investment Securities

Held-to-maturity debt securities at March 31, 2015 and 2014 were as follows:

At March 31, 2015	Millions of yen		
	Carrying value	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Other ···························	¥ 2,000	¥ 2,085	¥ 85
Securities whose carrying value exceeds their fair value:			
Public bonds ·················	388	387	(1)
Corporate bonds ···········	1,000	997	(2)
Other ···························	32,420	32,318	(101)
Total ····················	¥35,808	¥35,788	¥(20)

At March 31, 2014	Millions of yen		
	Carrying value	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Corporate bonds ···········	¥ 500	¥ 502	¥ 2
Securities whose carrying value exceeds their fair value:			
Public bonds ·················	455	451	(4)
Other ···························	29,776	29,724	(52)
Total ····················	¥30,732	¥30,678	¥(53)

At March 31, 2015	Thousands of U.S. dollars		
	Carrying value	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Other ···························	$ 16,643	$ 17,350	$ 707
Securities whose carrying value exceeds their fair value:			
Public bonds ·················	3,228	3,220	(8)
Corporate bonds ···········	8,321	8,296	(16)
Other ···························	269,784	268,935	(840)
Total ····················	$297,977	$297,811	$(166)

Other securities at March 31, 2015 and 2014 were as follows:

At March 31, 2015	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock ···························	¥ 15,304	¥ 26,711	¥11,407
Securities whose acquisition cost exceeds their carrying value:			
Stock ···························	2,178	1,881	(297)
Other ···························	104,500	104,500	—
Total ····················	¥121,983	¥133,092	¥11,109

At March 31, 2014	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock ···························	¥ 9,207	¥ 15,687	¥6,480
Securities whose acquisition cost exceeds their carrying value:			
Stock ···························	8,285	7,173	(1,111)
Other ···························	155,000	155,000	—
Total ····················	¥172,493	¥177,861	¥5,368

At March 31, 2015	Thousands of U.S. dollars		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock ···························	$ 127,352	$ 222,276	$94,923
Securities whose acquisition cost exceeds their carrying value:			
Stock ···························	18,124	15,652	(2,471)
Other ···························	869,601	869,601	—
Total ····················	$1,015,086	$1,107,530	$92,444

Other securities sold in the fiscal year ended at March 31, 2015 and 2014 were as follows:

	Millions of yen		
At March 31, 2015	Sales proceeds	Aggregate gain	Aggregate loss
Stock	¥ —	¥ —	¥ —

	Millions of yen		
At March 31, 2014	Sales proceeds	Aggregate gain	Aggregate loss
Stock	¥320	¥168	¥9

	Thousands of U.S. dollars		
At March 31, 2015	Sales proceeds	Aggregate gain	Aggregate loss
Stock	$ —	$ —	$ —

Impairment loss on securities for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Stocks of other securities	¥2,969	¥0	$24,706
Total	¥2,969	¥0	$24,706

7. Derivatives

(a) Derivative transactions to which hedge accounting is not applied

Purchase amount and the valuation gain or loss of compound financial instruments are included in "Marketable Securities and Investment Securities."

(b) Derivative transactions to which hedge accounting is applied at March 31, 2015 and 2014 were as follows:

Interest-rate swaps:

		Millions of yen		
		Contract amount		
At March 31, 2015	Hedged item	total	due after one year	Fair value
Basic treatment:				
Pay fixed / Receive floating	Long-term loans	¥143,000	¥143,000	¥(2,912)*1
Special treatment:				
Receive fixed / Pay floating	Bonds	30,000	30,000	*2
Pay fixed / Receive floating	Long-term loans	75,000	75,000	
Total		¥248,000	¥248,000	¥(2,912)

		Millions of yen		
		Contract amount		
At March 31, 2014	Hedged item	total	due after one year	Fair value
Basic treatment:				
Pay fixed / Receive floating	Long-term loans	¥143,000	¥143,000	¥(2,357)*1
Special treatment:				
Receive fixed / Pay floating	Bonds	70,000	30,000	*2
Pay fixed / Receive floating	Long-term loans	75,000	75,000	
Total		¥288,000	¥248,000	¥(2,357)

		Thousands of U.S. dollars		
		Contract amount		
At March 31, 2015	Hedged item	total	due after one year	Fair value
Basic treatment:				
Pay fixed / Receive floating	Long-term loans	$1,189,980	$1,189,980	$(24,232)*1
Special treatment:				
Receive fixed / Pay floating	Bonds	249,646	249,646	*2
Pay fixed / Receive floating	Long-term loans	624,115	624,115	
Total		$2,063,743	$2,063,743	$(24,232)

*1.The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.
*2.Interest-rate swaps subject to special treatment permitted by the accounting standards for financial instruments are accounted for together with the hedged bonds and long-term loans; therefore, the fair values of interest-rate swaps are included in the fair values of those bonds and long-term loans.

8. Cash Flow Information

For the consolidated statement of cash flows, reconciliation between cash and cash equivalents and cash balances on the consolidated balance sheet as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash on hand and in banks	¥115,170	¥147,052	$ 958,392
Time deposits with maturities of more than three months	(1,367)	(1,277)	(11,375)
Short-term investments with an original maturity within three months included in other current assets	130,767	183,613	1,088,183
Cash and cash equivalents	¥244,570	¥329,389	$2,035,200

9. Inventories

Details of inventories are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Commercial products and finished goods	¥ 5,524	¥ 5,205	$ 45,968
Work in process	5,957	6,390	49,571
Raw materials and supplies	65,250	74,150	542,980
Total	¥76,732	¥85,747	$638,528

The year-end amount of inventories shows the amount after write-down of carrying values due to less profitability, and a loss on revaluation of inventories of ¥267 million ($2,221 thousand) and ¥218 million were included in operating expenses for the year ended March 31, 2015 and 2014, respectively.

10. Trade Notes Receivable and Accounts Receivable

Trade notes receivable and accounts receivable at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Trade notes receivable and accounts receivable	¥193,817	¥186,930	$1,612,856
Less allowance for doubtful accounts	(678)	(892)	(5,642)
Total	¥193,139	¥186,037	$1,607,214

11. Revaluation Adjustments for Land

In accordance with "Act on Revaluation of Land" (Act No.34 issued on March 31, 1998), the land used for business owned by consolidated subsidiaries was valued, and the unrealized gain on the revaluation of land, net of deferred tax, was recorded as "Revaluation adjustments for land" within net assets, and the relevant deferred tax was recorded as "Deferred tax liabilities on revaluation adjustments for land" in liabilities.

(a) The method of revaluation was as follows:

Under Article 2.4, "Order for Enforcement of the Act on Revaluation of Land," the land price for the valuation was determined based on the official notice prices assessed and published by the Commissioner of National Tax Agency of Japan as basis for calculation of Landholding Tax as stipulated in article 16 of the Landholding Tax Law. Appropriate adjustments for the shape of land and the timing of the assessment have been made.

(b) Revaluation Date: March 31, 2002

The difference between the total book value after revaluation and the total fair values as of March 31, 2015 and 2014 were ¥5,274 million ($43,887 thousand) and ¥5,449 million, respectively.

12. Short-Term Borrowings and Long-Term Debt

Short-term borrowings are principally secured. The related weighted-average interest rates for the years ended March 31, 2015 and 2014 were approximately 0.234% and 0.314%, respectively.

At March 31, 2015 and 2014, long-term debt with definite repayment schedule consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Bonds in yen due through 2030	¥ 917,169	¥1,149,648	$ 7,632,262
Loans from banks and other financial institutions due through 2033	1,582,368	1,539,828	13,167,745
Other	12,469	10,786	103,761
Subtotal	2,512,006	2,700,263	20,903,769
Less current portion	(319,372)	(232,562)	(2,657,668)
Total	¥2,192,634	¥2,467,700	$18,246,101

Long-term debt payments fall due subsequent to March 31, 2015 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥ 319,372	$ 2,657,668
2017	311,818	2,594,807
2018	247,449	2,059,157
2019	305,839	2,545,052
2020	299,550	2,492,718
2021 and thereafter	1,027,975	8,554,339
Total	¥2,512,006	$20,903,769

All assets of the Company are subject to certain statutory preferential rights established to secure the bonds and loans from the Development Bank of Japan Incorporated.

Certain of the agreements relating to long-term debt stipulate that the Company is required to submit proposals for the appropriation of retained earnings and to report other significant matters, if requested by the lenders, for their review and approval prior to presentation to the shareholders. No such requests have ever been made.

Secured long-term debt at March 31, 2015 was as follows:

	Millions of yen	Thousands of U.S. dollars
Bonds	¥917,181	$7,632,362
Long-term loans	417,525	3,474,425
Other	2,630	21,885

The assets of certain consolidated subsidiaries pledged as collateral for the above long-term debt at March 31, 2015 are as follows:

	Millions of yen	Thousands of U.S. dollars
Land	¥12,544	$104,385
Structures	28,916	240,625
Machinery and equipment	9,841	81,892
Other	8,556	71,199
Total	¥59,858	$498,111

13. Retirement Benefit Plans

The Company and certain of its subsidiaries have either funded or unfunded defined benefit plans and defined contribution plans, which together cover substantially all full-time employees who meet certain eligibility requirements.

(a) Defined benefit plans (excluding plans calculated in simple and easy ways)

The changes in the retirement benefit obligation during the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance as of beginning of the period	¥449,593	¥476,541	$3,741,308
Cumulative effects of changes in accounting policies	20,899	—	173,911
Restated balance as of beginning of the period	470,492	476,541	3,915,220
Service cost	13,961	13,350	116,177
Interest cost	5,972	9,250	49,696
Actuarial loss	125	3,135	1,040
Retirement benefit paid	(23,853)	(24,208)	(198,493)
Prior service cost	(14,080)	(13,763)	(117,167)
Decrease due to partial termination of retirement benefit plans	—	(15,009)	—
Other	226	296	1,880
Balance as of end of the period	¥452,844	¥449,593	$3,768,361

The change in plan assets during the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance as of beginning of the period	¥295,636	¥273,707	$2,460,148
Expected rates of return on plan assets	8,326	7,489	69,285
Actuarial gain	18,075	11,905	150,411
Contribution by the companies	15,757	17,207	131,122
Retirement benefit paid	(14,882)	(14,949)	(123,841)
Other	204	276	1,697
Balance as of end of the period	¥323,116	¥295,636	$2,688,824

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet at March 31, 2015 and 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligation under funded plans	¥317,886	¥310,621	$2,645,302
Plan asset at fair value	(323,116)	(295,636)	(2,688,824)
	(5,229)	14,984	(43,513)
Retirement benefit obligation under unfunded plans	134,957	138,972	1,123,050
Net amount of liabilities and assets for retirement benefits on consolidated balance sheet	129,727	153,957	1,079,529
Liability for retirement benefits	136,033	155,206	1,132,004
Asset for retirement benefits	(6,305)	(1,249)	(52,467)
Net amount of liabilities and assets for retirement benefits on consolidated balance sheet	¥129,727	¥153,957	$1,079,529

The components of retirement benefit expenses for the years ended March 31, 2015 and 2014 were outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥13,961	¥13,350	$116,177
Interest cost	5,972	9,250	49,696
Expected return on plan assets	(8,326)	(7,489)	(69,285)
Amortization of unrecognized actuarial gain	(9,749)	(1,776)	(81,126)
Amortization of unrecognized prior service cost	(14,075)	(13,753)	(117,125)
Decrease due to partial termination of retirement benefit plans	—	(2,457)	—
Other	955	956	7,947
Retirement benefit expenses for defined benefit plans	¥(11,261)	¥(1,918)	$(93,708)

The components of retirement benefits liability adjustment for the years ended March 31, 2015 and 2014 were outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Prior service cost	¥ 5	—	$ 41
Actuarial loss	8,200	—	68,236
Other	(18)	—	(149)
Total	¥8,187	—	$68,128

Unrecognized actuarial gain/loss and unrecognized prior service cost included in accumulated other comprehensive income as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized prior service cost	¥ 273	¥ 279	$ 2,271
Unrecognized actuarial gain	(30,496)	(22,296)	(253,773)
Other	—	(18)	—
Total	¥(30,223)	¥(22,035)	$(251,502)

The fair value of plan assets by major category, as a percentage of total plan assets as of March 31, 2015 and 2014 were as follows:

	2015	2014
Bonds	49%	51%
Stocks	26%	23%
Assets in general account	23%	24%
Other	2%	2%
Total	100%	100%

The expected return on plan assets has been estimated based on the current and anticipated allocation of plan assets, and expected long-term return on various assets in each category.

The principal assumptions used in actuarial calculation are as follows:

	2015	2014
Discount rates	0.2%～1.5%	1.1%～2.2%
Expected rates of long-term return on plan assets	0.0%～3.1%	0.0%～2.8

(b) Defined benefit plans (calculated in simple and easy ways)

The changes in the retirement benefit obligation by simple and easy method during the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance as of beginning of the period	¥5,242	¥5,582	$43,621
Retirement benefit expenses	691	937	5,750
Retirement benefit paid	(565)	(1,179)	(4,701)
Contribution to the plans	(100)	(98)	(832)
Balance as of end of the period	¥5,267	¥5,242	$43,829

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet at March 31, 2015 and 2014 for the Company's and the consolidated subsidiaries' defined benefit plans calculated in simple and easy ways:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligation under funded plans	¥1,716	¥1,683	$14,279
Plan asset at fair value	(1,723)	(1,636)	(14,338)
	(7)	47	(58)
Retirement benefit obligation under unfunded plans	5,275	5,194	43,896
Net amount of liabilities and assets for retirement benefits on consolidated balance sheet	5,267	5,242	43,829
Liability for retirement benefits	5,306	5,242	44,154
Asset for retirement benefits	(39)	—	(324)
Net amount of liabilities and assets for retirement benefits on consolidated balance sheet	¥5,267	¥5,242	$ 43,829

Retirement benefit expenses calculated in simple and easy ways for the years ended March 31, 2015 and 2014 were as follows:

Millions of yen		Thousands of U.S. dollars
2015	2014	2015
¥691	¥937	$ 5,750

(c) Defined contribution plans

Required contribution by the Company and its consolidated subsidiaries for the years ended March 31, 2015 and 2014 were as follows:

Millions of yen		Thousands of U.S. dollars
2015	2014	2015
¥1,644	¥1,667	$13,680

14. Asset Retirement Obligations

(a) Overview of asset retirement obligations

With regards to decommissioning of specified nuclear power units provided mainly in Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors, related asset retirement obligations are recognized. Based on Item 8 of "Accounting Standard for Asset Retirement Obligations" and the rules of the Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units (a ministerial ordinance by the Ministry of Economy, Trade and Industry No.30 issued on May 25, 1989), the total estimated decommission costs are allocated over the expected operational period plus expected safe storage period on a straight-line basis.

(b) The calculation method for the amounts of asset retirement obligations

Assuming the expected periods of operation and storage for safety of power supply facilities as provided mainly by the Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units (a ministerial ordinance by the Ministry of Economy, Trade and Industry) as estimated utility periods, the amount of asset retirement obligations is recognized by using the discount rate of 2.3%.

(c) Increase/decrease in the total amount of asset retirement obligations for the fiscal years ended March 31, 2015 and 2014.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Beginning balance	¥106,476	¥133,031	$886,044
Net changes	4,989	(26,555)	41,516
Ending balance	¥111,465	¥106,476	$927,560

15. Stock Options

At the Board of Directors meeting held on June 29, 2010, the Company resolved to grant share subscription rights to its directors as equity-settled share-based compensation type stock option plans pursuant to the Companies Act.

Expenses related to stock options in the amount of ¥279 million ($2,321 thousand) and ¥268 million are recorded under Share-based compensation expenses of electric power operating expenses for the years ended March 31, 2015 and 2014, respectively.

The stock options outstanding as of March 31, 2015 are as follows:

	2011 Stock Option	2012 Stock Option	2013 Stock Option
Individuals covered by the plan	17 directors of the Company and 24 executive officers of the Company	17 directors of the Company and 23 executive officers of the Company	16 directors of the Company and 24 executive officers of the Company
Type and number of shares to be issued upon the exercise of the share subscription rights*	165,400 shares of common stock of the Company	286,900 shares of common stock of the Company	297,500 shares of common stock of the Company
Date of grant	August 2, 2010	August 1, 2011	August 1, 2012
Vesting conditions	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined
Exercise period	From August 3, 2010 to August 2, 2035	From August 2, 2011 to August 1, 2036	From August 2, 2012 to August 1, 2037

	2014 Stock Option	**2015 Stock Option**
Individuals covered by the plan	15 directors of the Company (excluding an external director) and 24 executive officers of the Company	**15 directors of the Company (excluding an external director) and 25 executive officers of the Company**
Type and number of shares to be issued upon the exercise of the share subscription rights*	218,300 shares of common stock of the Company	**242,300 shares of common stock of the Company**
Date of grant	August 1, 2013	**August 1, 2014**
Vesting conditions	Not defined	**Not defined**
Eligible service period	Not defined	**Not defined**
Exercise period	From August 2, 2013 to August 1, 2038	**From August 2, 2014 to August 1, 2039**

* Number of stock options is converted into number of shares.

The change in the size of stock options is as follows:

	Shares				
	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	**2015 Stock Option**
Non-vested					
as of March 31, 2014 – Outstanding	80,500	183,000	255,000	218,300	—
Granted	—	—	—	—	**242,300**
Forfeited	—	—	—	—	—
Vested	18,900	39,600	55,800	41,700	—
as of March 31, 2015 – Outstanding	61,600	143,400	199,200	176,600	**242,300**
Vested					
as of March 31, 2014 – Outstanding	—	—	—	—	—
Vested	18,900	39,600	55,800	41,700	—
Exercised	18,900	39,600	55,800	41,700	—
Forfeited	—	—	—	—	—
as of March 31, 2015 – Outstanding	—	—	—	—	—

Unit price information is as follows:

	2011 Stock Option		2012 Stock Option		2013 Stock Option		2014 Stock Option		**2015 Stock Option**	
	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars
Exercise price	¥ 1	$ 0.008	¥ 1	$ 0.008	¥ 1	$ 0.008	¥ 1	$ 0.008	**¥ 1**	**$ 0.008**
Weighted average exercise price	1,193	9.927	1,193	9.927	1,193	9.927	1,193	9.927	—	—
Weighted average fair value per stock at the granted date	1,608	13.381	821	6.831	480	3.994	1,229	10.227	**1,155**	**9.611**

The estimation method of the fair value of 2014 Stock Option granted in the year ended March 31, 2015 is as follows:

I. The valuation technique used is the Black-Scholes Option pricing model.
II. Assumption used:

Stock price volatility*1	49.241%
Expected period*2	3.186 years
Expected cash dividend*3	¥5 ($ 0.041) per share
Risk-free interest rate*4	0.086%

*1. Stock price volatility is computed based on the past stock prices during the period (From May 2011 to August 2014) corresponding to the expected remaining period (3.186 years).
*2. Estimation is made based on weighted-averaging of the expected remaining service period of each individual to whom subscription rights to shares were granted by the number of subscription rights to shares granted, after calculating the average age of leaving office for each position over the past ten years.
*3. Actual cash dividend for the fiscal year ended March 31, 2014.
*4. Risk-free interest rate refers to yields of Japanese government bonds corresponding to the expected remaining period.

Estimation method of the number of vested stock options

Since it is difficult to estimate the number of stock options to be forfeited in the future on a reasonable basis, the number of the vested options reflects the number of options that have actually forfeited.

16. Income Taxes

The Company and consolidated subsidiaries operating electric power business are subject to several taxes based on earnings, which, in the aggregate, resulted in a statutory tax rate of approximately 31% for 2015 and 33% for 2014. Other major consolidated subsidiaries are subject to several taxes based on earnings, which, in the aggregate, resulted in a statutory tax rate of approximately 35% for 2015 and 38% for 2014.

The significant components of deferred tax assets and liabilities at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Tax loss carryforwards	¥ 60,183	¥ 90,352	$ 500,815
Liability for retirement benefits	41,625	50,577	346,384
Deferred revenues	30,887	35,607	257,027
Intercompany profits	25,915	26,319	215,652
Asset retirement obligations	15,641	16,425	130,157
Other	88,812	85,695	739,053
	263,065	304,978	2,189,107
Valuation allowance	(43,184)	(53,043)	(359,357)
Total deferred tax assets	219,880	251,934	1,829,741
Deferred tax liabilities:			
Assets corresponding to asset retirement obligations	(9,665)	(10,191)	(80,427)
Unrealized holding gain on other securities	(3,339)	(2,009)	(27,785)
Other	(1,536)	(621)	(12,781)
Total deferred tax liabilities:	(14,541)	(12,822)	(121,003)
Net deferred tax assets	¥205,338	¥239,112	$1,708,729

The effective tax rates reflected in the accompanying consolidated statement of operations differed from the statutory tax rates for the years ended March 31, 2015 and 2014 for the following reasons:

	2015	2014
Statutory tax rates	30.60%	33.15%
Effect of:		
Downward adjustments of deferred tax assets at the year end due to the change in corporate tax rates	9.50	—
Tax rate difference from special reconstruction corporation tax	—	6.57
Valuation allowance	(3.98)	1.90
Other, net	1.96	2.51
Effective tax rates	38.08%	44.13%

In accordance with the Bill for Partial Amendment of the Income Tax Act, etc (Act No. 9, 2015) and the Local Taxation Act, etc. (Act No. 2, 2015) issued on March 31, 2015, the Company has adopted the revised tax rate in calculating the statutory tax rate applicable to the calculation of deferred tax assets and deferred tax liabilities.

As a result, the net deferred tax assets decreased by ¥12,242 million ($101,872 thousand), the deferred loss on hedges decreased by ¥55 million ($457 thousand), the net unrealized holding gain on securities increased by ¥213 million ($1,772 thousand), retirement benefits liability adjustment increased by ¥547 million ($4,551 thousand), and the deferred income taxes increased by ¥12,947 million ($107,739 thousand). Besides, deferred tax liabilities on revaluation adjustments for land decreased by ¥162 million ($1,348 thousand), and revaluation adjustments for land increased by the same amount.

17. Shareholders' Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

The legal reserve of ¥62,860 million ($523,092 thousand) was included in retained earnings in the accompanying consolidated financial statements for the year ended March 31, 2015.

18. Operating Expenses

Operating expenses in the electric power business for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Personnel	¥ 124,481	¥ 138,146	$ 1,035,874
Fuel	594,854	621,369	4,950,104
Maintenance	161,104	126,005	1,340,634
Subcontracting fees	45,722	41,862	380,477
Depreciation	200,386	226,083	1,667,521
Purchased power	377,292	359,912	3,139,652
Taxes other than income taxes	87,532	86,019	728,401
Other	190,724	133,086	1,587,118
Total	¥1,782,097	¥1,732,486	$14,829,799

19. Research and Development Costs

Research and development costs for the years ended March 31, 2015 and 2014 were ¥5,978 million ($49,746 thousand) and ¥5,303 million, respectively.

20. Gain on Revision of Retirement Benefit Plans

The Company revised the retirement benefit plans, such as a reduction in annuity rate at April 1, 2013 and a partial transfer of lump-sum retirement benefit plans to defined contribution plans. Due to these revisions, gain on revision of retirement benefit plans of ¥16,220 million ($134,975 thousand) was recognized for the year ended March 31, 2014.

For the purpose of curbing the fluctuation of liability for retirement benefits and retirement benefit expenses caused by the change of interest rates, the Company revised the retirement benefit plan at July 1, 2014, such as adopting a floating rate which is connected with ten year government bonds rate (upper limit 5.0%, lower limit 1.5%) from fixed rate (2.0%) in calculating the interest point. Due to the revision, gain on revision of retirement benefit plans of ¥14,268 million ($118,731 thousand) was recognized for the year ended March 31, 2015.

21. Insurance Income

Since the amount of compensation for loss of facilities attributable to the Great East Japan Earthquake in March 2011 and the Torrential Rain in Niigata and Fukushima in July 2011 was determined, the Company received insurance proceeds of ¥8,771 million, which was recognized as insurance income for the year ended March 31, 2014.

22.Compensation for the damage

Compensation income for damage of ¥5,429 million ($45,177 thousand) were recognized for the year ended March 31, 2015 as a compensation for operational loss caused by the accident at the Tepco's Fukushima Daiichi nuclear power station.

23. Contingent Liabilities

Contingent liabilities at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Guarantees of bonds and loans of other companies :			
Japan Nuclear Fuel Limited ···	¥ 74,416	¥73,043	$ 619,256
The Japan Atomic Power Company and other companies···············	12,414	12,355	103,303
Guarantees of housing loans for employees ···	180	231	1,497
Guarantees relating to electricity purchase agreements for affiliates and other companies···············	2,383	2,079	19,830
Recourse under debt assumption agreements ···	260,300	64,100	2,166,098

24. Amounts Per Share

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average number of shares of common stock outstanding during the year assuming full conversion of the convertible bonds. Net assets per share are computed based on the net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

The amounts per share for the years ended March 31, 2015 and 2014 were as follows:

	yen		U.S. dollars
Years ended March 31,	2015	2014	2015
Net income :			
Basic ·····················	¥153.35	¥68.78	$1.276
Diluted ··················	153.11	68.69	1.274
Cash dividends applicable to the year ··················	¥ 15.00	¥ 5.00	$0.124

	yen		U.S. dollars
At March 31,	2015	2014	2015
Net assets ··················	¥1,206.38	¥1,073.45	$10.038

Due to the effect of accounting change (see Note 2), the transitional treatment provided in paragraph 37 in Accounting Standard for Retirement Benefits is adopted and net assets per share at March 31, 2015 decreased by ¥31.40 ($0.261).

The effect on net income per share and diluted net income per share is immaterial.

25. Consolidated Statement of Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net unrealized holding gain on securities:			
Amount recorded during the fiscal year ········	¥ 3,554	¥ 467	$29,574
Reclassification adjustments ········	2,956	3	24,598
Before income tax effect ···	6,510	470	54,173
Income tax effect ······	(1,426)	(157)	(11,866)
Net unrealized holding gain on securities ···············	5,084	313	42,306
Deferred income (loss) on hedges:			
Amount recorded during the fiscal year ········	(1,189)	(257)	(9,894)
Reclassification adjustments ········	850	804	7,073
Asset at cost adjustments ···	(216)	—	(1,797)
Before income tax effect ···	(555)	547	(4,618)
Income tax effect ······	114	(184)	948
Deferred income (loss) on hedges ···········	(441)	363	(3,669)
Revaluation adjustments for land:			
Income tax effect ······	162	—	1,348
Foreign currency translation adjustments:			
Amount recorded during the fiscal year······	(484)	1,112	(4,027)
Retirement benefits liability adjustment:			
Amount recorded during the fiscal year······	17,957	—	149,429
Reclassification adjustments ········	(9,770)	—	(81,301)
Before income tax effect	8,187	—	68,128
Income tax effect ······	(882)	—	(7,339)
Retirement benefits liability adjustment ···	7,304	—	60,780
Share of other comprehensive income of affiliates accounted for using equity method:			
Amount recorded during the fiscal year······	0	0	(4)
Total other comprehensive income ·····················	¥11,626	¥1,789	$96,746

26. Segment Information

(a) Overview of reportable segments

The reportable segments of the Company and its consolidated subsidiaries are those units for which separate financial statements can be obtained among the constituent units of the Company and its consolidated subsidiaries and which are regularly examined by the Council of General Executives for decisions on the allocation of management resources and for assessing business performance.

The Company and its consolidated subsidiaries have operations as an energy service conglomerate with a core of electric power business.

The Company and its consolidated subsidiaries consist of segments based upon energy services, and have decides to make the two units – Electric power business segment and Construction business segment. The electric power business segment involves the electric power supply business. The construction business segment consists of business related to the construction of electrical facilities, telecommunication facilities, civil engineering and building operations, business related to the design and manufacture of electricity supply facilities, and business related to the research, survey and analysis concerning about environment preservation.

(b) Basis for calculating sales, profits and loss, assets and other items by reportable segment

The method for accounting process of reportable segments are equivalent to the method described in Note 1 "Summary of Significant Accounting Policies." Segment performance is evaluated based on operating income or loss. Intersegment sales recorded are based on the third party transaction prices.

The Company changed the method of calculating the retirement benefit obligations and service cost in reportable segments, in accordance with the change of the method in calculating the retirement benefit obligations and service cost as described in Note 2.

The influence on segment profit for the year ended March 31, 2015 by this accounting change is slight.

(c) Information on amounts of sales, profit or loss, assets and other items by reportable segments

The segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2015 and 2014 were summarized as follows:

	Millions of yen						
	Reportable segment						
Year ended March 31, 2015	Electric power business	Construction business	Subtotal	Other	Total	Eliminations of intersegment transactions or corporate	Consolidated total
Net sales:							
(1)Net sales to outside customers	¥1,932,276	¥ 145,867	¥2,078,144	¥ 103,931	¥2,182,075	¥ —	¥2,182,075
(2)Net intersegment sales	2,765	140,996	143,762	112,813	256,576	(256,576)	—
Total	1,935,042	286,864	2,221,906	216,744	2,438,651	(256,576)	2,182,075
Segment profit	¥ 141,800	¥ 13,673	¥ 155,474	¥ 14,141	¥ 169,615	¥ 124	¥ 169,739
Segment assets	¥3,822,255	¥ 246,040	¥4,068,296	¥ 346,878	¥4,415,174	¥ (283,956)	¥4,131,217
Other items:							
Depreciation	¥ 207,570	¥ 3,711	¥ 211,282	¥ 17,733	¥ 229,015	¥ (7,720)	¥ 221,294
Increase in property, plant, equipment and intangible assets	¥ 239,809	¥ 6,284	¥ 246,093	¥ 17,489	¥ 263,582	¥ (6,477)	¥ 257,104

	Millions of yen						
	Reportable segment						
Year ended March 31, 2014	Electric power business	Construction business	Subtotal	Other	Total	Eliminations of intersegment transactions or corporate	Consolidated total
Net sales:							
(1)Net sales to outside customers	¥ 1,815,462	¥ 129,738	¥ 1,945,201	¥ 93,680	¥ 2,038,882	¥ —	¥ 2,038,882
(2)Net intersegment sales	3,014	112,475	115,490	101,600	217,090	(217,090)	—
Total	1,818,477	242,213	2,060,691	195,281	2,255,973	(217,090)	2,038,882
Segment profit or loss	¥ 85,460	¥ (5,538)	¥ 79,922	¥ 2,717	¥ 82,640	¥ 3,002	¥ 85,642
Segment assets	¥ 3,961,281	¥ 216,917	¥ 4,178,198	¥ 350,513	¥ 4,528,712	¥ (285,674)	¥ 4,243,037
Other items:							
Depreciation	¥ 234,268	¥ 3,725	¥ 237,994	¥ 18,736	¥ 256,730	¥ (8,234)	¥ 248,496
Increase in property, plant, equipment and intangible assets	¥ 234,847	¥ 3,127	¥ 237,974	¥ 17,825	¥ 255,800	¥ (4,556)	¥ 251,243

Year ended March 31, 2015	Thousands of U.S. dollars						
	Reportable segment						
	Electric power business	Construction business	Subtotal	Other	Total	Eliminations of intersegment transactions or corporate	Consolidated total
Net sales:							
(1)Net sales to outside customers	$16,079,520	$ 1,213,838	$17,293,367	$ 864,866	$18,158,234	$ —	$18,158,234
(2)Net intersegment sales	23,009	1,173,304	1,196,321	938,778	2,135,108	(2,135,108)	—
Total	16,102,538	2,387,151	18,489,689	1,803,644	20,293,342	(2,135,108)	18,158,234
Segment profit	$ 1,179,995	$ 113,780	$ 1,293,783	$ 117,674	$ 1,411,458	$ 1,031	$ 1,412,490
Segment assets	$31,807,064	$ 2,047,432	$33,854,506	$ 2,886,560	$36,741,066	$ (2,362,952)	$34,378,106
Other items:							
Depreciation	$ 1,727,302	$ 30,881	$ 1,758,192	$ 147,565	$ 1,905,758	$ (64,242)	$ 1,841,507
Increase in property, plant, equipment and intangible assets	$ 1,995,581	$ 52,292	$ 2,047,873	$ 145,535	$ 2,193,409	$ (53,898)	$ 2,139,502

(Related information)

(a) Information by product and service:
Since similar information is described above, this information is omitted.

(b) Information by area:
I. Net sales
Since sales to external customers in Japan exceed 90% of net sales on the consolidated statement of income, this information is omitted.

II. Property, plant and equipment
Since amount of property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated statement of balance sheet, this information is omitted.

(c) Information by major customer:
Since there are no customers to whom sales exceed 10% of net sales on the consolidated statement of operations, disclosure is omitted.

(d) Information on impairment loss on fixed assets by reportable segment:
Since this information is of less importance, this information is omitted.

(e) Information on amortization of goodwill and amortized balance by reportable segment:
Since this information is of less importance, this information is omitted.

(f) Information on gain on negative goodwill by reportable segment:
Since this information is of less importance, this information is omitted.

27. Related Party Transactions

Significant transactions of the Company with directors, auditor & supervisory board members for the years ended March 31, 2015 and 2014 were as follows:

Hiroaki Takahashi (Chairman of the Company)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Transactions:			
Payment of membership dues	¥15	¥15	$124
Balances	—	—	—

Hiroaki Takahashi, who is a Chairman of the Company, is also concurrently the Chairman of Tohoku Tourism Promotion Organization. The Company paid the membership due to the organization as the Company assents the activity purpose. Transaction amounts do not include consumption taxes.

Toshihito Suzuki (Standing auditor & supervisory board member of the Company)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Transactions:			
Exercise of stock options	—	¥ 40	—
Balances	—	—	—

Toshihito Suzuki, who is a Standing auditor & supervisory board member of the Company, exercised stock options granted. Transaction amounts do not include consumption taxes.

28. Subsequent Event

The following appropriations of retained earnings, which have not been reflected in the accompanying consolidated financial statements, were approved at a meeting of the shareholders of the Company held on June 25, 2015:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥10 = U.S.$0.083 per share)	**¥ 4,988**	**$41,507**

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

Independent Auditor's Report

The Board of Directors
Tohoku Electric Power Company, Incorporated

We have audited the accompanying consolidated financial statements of Tohoku Electric Power Company, Incorporated and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tohoku Electric Power Company, Incorporated and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 25, 2015
Tokyo, Japan

Non-Consolidated Balance Sheet (Unaudited)

Tohoku Electric Power Co., Inc.

March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Assets			
Property, plant and equipment	¥8,486,018	¥8,357,251	$70,616,776
Less accumulated depreciation	(5,723,822)	(5,597,757)	(47,631,039)
Property, plant and equipment, net	2,762,196	2,759,493	22,985,736
Nuclear fuel:			
Loaded nuclear fuel	34,729	34,729	288,998
Nuclear fuel under processing	104,607	118,817	870,491
Total nuclear fuel	139,336	153,546	1,159,490
Investments in and advances to:			
Subsidiaries and affiliates	195,123	194,249	1,623,724
Other	81,559	83,802	678,696
Total investments and advances	276,682	278,051	2,302,421
Fund for reprocessing costs of irradiated nuclear fuel	77,802	85,132	647,432
Deferred tax assets	117,546	148,934	978,164
Other assets	8,627	8,430	71,789
Current assets:			
Cash and cash equivalents	47,023	84,333	391,303
Short-term investments	104,500	155,000	869,601
Accounts receivable, less allowance for doubtful accounts	130,372	125,982	1,084,896
Fuel and supplies	57,930	66,759	482,067
Deferred tax assets	60,803	64,390	505,974
Other current assets	67,489	52,694	561,612
Total current assets	468,119	549,159	3,895,473
Total assets	¥3,850,311	¥3,982,750	$32,040,534

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.17 = U.S. $1.00, the approximate rate of exchange at March 31, 2015.)

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Liabilities and net assets			
Long-term debt	¥2,223,710	¥2,489,449	$18,504,701
Accrued retirement benefits	132,545	142,521	1,102,979
Reserve for reprocessing costs of irradiated nuclear fuel	81,823	89,032	680,893
Pre-reserve for reprocessing costs of irradiated nuclear fuel	14,629	14,066	121,735
Reserve for loss on disaster	4,557	6,884	37,921
Asset retirement obligations	111,236	106,255	925,655
Current liabilities:			
Short-term borrowings	33,500	33,500	278,771
Current portion of long-term debt	325,406	238,323	2,707,880
Commercial paper	27,000	30,000	224,681
Accounts payable	113,405	132,309	943,704
Accrued income taxes	3,861	24	32,129
Accrued expenses	60,036	52,930	499,592
Reserve for loss on disaster	1,644	2,280	13,680
Other current liabilities	216,556	188,903	1,802,080
Total current liabilities	781,410	678,272	6,502,538
Net assets :			
Shareholders' equity :			
Common stock, without par value:			
Authorized — 1,000,000,000 shares			
Issued — 502,882,585 shares	251,441	251,441	2,092,377
Capital surplus	26,657	26,657	221,827
Retained earnings	224,017	184,543	1,864,167
Treasury stock, at cost; 4,157,765 shares in 2014 and 4,242,209 shares in 2013	(7,769)	(8,032)	(64,650)
Total shareholders' equity	494,347	454,609	4,113,730
Valuation, translation adjustments and other:			
Net unrealized holding gain on securities	7,319	2,623	60,905
Net deferred hedge loss	(2,077)	(1,635)	(17,283)
Total valuation, translation adjustments and other	5,242	988	43,621
Subscription rights to shares	809	670	6,732
Total net assets	500,398	456,268	4,164,084
Total liabilities and net assets	¥3,850,311	¥3,982,750	$32,040,534

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.17 = U.S. $1.00, the approximate rate of exchange at March 31, 2015.)

Non-Consolidated Statement of Operations (Unaudited)

Tohoku Electric Power Co., Inc.

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Operating revenues	¥1,951,651	¥1,833,196	$16,240,750
Operating expenses :			
Personnel expenses	122,357	136,016	1,018,199
Fuel	588,965	611,046	4,901,098
Purchased power	420,650	403,439	3,500,457
Maintenance	158,681	118,222	1,320,470
Depreciation	203,733	230,141	1,695,373
Taxes other than income taxes	82,152	80,606	683,631
Subcontracting fees	46,416	40,499	386,252
Other	188,144	129,136	1,565,648
	1,811,101	1,749,109	15,071,157
Operating income	140,549	84,087	1,169,584
Other expenses (income):			
Interest and dividend income	(6,352)	(4,639)	(52,858)
Interest expense	53,339	45,749	443,862
Gain on revision of retirement benefit plan	(14,268)	(16,220)	(118,731)
Insurance income	—	(8,771)	—
Compensation income for damage	(5,400)	—	(44,936)
Other, net	4,354	4,317	36,232
	31,673	20,433	263,568
Income before income taxes	108,876	63,653	906,016
Income taxes :			
Current	4,810	217	40,026
Deferred	41,602	27,396	346,192
	46,413	27,614	386,227
Net income	¥ 62,462	¥ 36,039	$ 519,780

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.17= U.S. $1.00, the approximate rate of exchange at March 31, 2015.)

Non-Consolidated Statement of Changes in Net Assets (Unaudited)

Tohoku Electric Power Co., Inc.

Years ended March 31, 2015 and 2014

	Millions of yen									
	Shareholders' equity					Valuation, translation adjustments and other				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on securities	Deferred loss on hedges	Total valuation, translation adjustments and other	Subscription rights to shares	Total net assets
Balance at April 1, 2014	¥251,441	¥26,657	¥184,543	¥(8,032)	¥454,609	¥2,623	¥(1,635)	¥ 988	¥670	¥456,268
Cumulative effects of changes in accounting policies			(17,838)		(17,838)					(17,838)
Restated balance	251,441	26,657	166,705	(8,032)	436,771	2,623	(1,635)	988	670	438,429
Cash dividends paid			(4,987)		(4,987)					(4,987)
Net income			62,462		62,462					62,462
Purchases of treasury stock				(43)	(43)					(43)
Disposal of treasury stock			(161)	306	145					145
Net changes in items other than shareholders' equity						4,695	(441)	4,254	138	4,393
Balance at March 31, 2015	**¥251,441**	**¥26,657**	**¥224,017**	**¥(7,769)**	**¥494,347**	**¥7,319**	**¥(2,077)**	**¥5,242**	**¥809**	**¥500,398**

	Millions of yen									
	Shareholders' equity					Valuation, translation adjustments and other				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on securities	Deferred loss on hedges	Total valuation, translation adjustments and other	Subscription rights to shares	Total net assets
Balance at April 1, 2013	¥251,441	¥26,657	¥148,617	¥(8,211)	¥418,505	¥2,398	¥(1,999)	¥398	¥488	¥419,392
Net income			36,039		36,039					36,039
Purchases of treasury stock				(22)	(22)					(22)
Disposal of treasury stock			(114)	201	86					86
Net changes in items other than shareholders' equity						225	363	589	182	771
Balance at March 31, 2014	¥251,441	¥26,657	¥184,543	¥(8,032)	¥454,609	¥2,623	¥(1,635)	¥988	¥670	¥456,268

	Thousands of U.S. dollars									
	Shareholders' equity					Valuation, translation adjustments and other				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on securities	Deferred loss on hedges	Total valuation, translation adjustments and other	Subscription rights to shares	Total net assets
Balance at April 1, 2014	$2,092,377	$221,827	$1,535,682	$(66,838)	$3,783,049	$21,827	$(13,605)	$ 8,221	$5,575	$3,796,854
Cumulative effects of changes in accounting policies			(148,439)		(148,439)					(148,439)
Restated balance	2,092,377	221,827	1,387,243	(66,838)	3,634,609	21,827	(13,605)	8,221	5,575	3,648,406
Cash dividends paid			(41,499)		(41,499)					(41,499)
Net income			519,780		519,780					519,780
Purchases of treasury stock				(357)	(357)					(357)
Disposal of treasury stock			(1,339)	2,546	1,206					1,206
Net changes in items other than shareholders' equity						39,069	(3,669)	35,399	1,148	36,556
Balance at March 31, 2015	**$2,092,377**	**$221,827**	**$1,864,167**	**$(64,650)**	**$4,113,730**	**$60,905**	**$(17,283)**	**$43,621**	**$6,732**	**$4,164,084**

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.17= U.S. $1.00, the approximate rate of exchange at March 31, 2015.)

Major Generation Plants

Nuclear Power Stations

(as of March 31, 2015)

Name of Power Station	Unit	Rated Generating Capacity (MW)	Commencement of Commercial Operation	Reactor Type	Location
Onagawa	No.1	524	Jun. 1984	BWR	Onagawa, Miyagi and Ishinomaki, Miyagi
	No.2	825	Jul. 1995		
	No.3	825	Jan. 2002		
Higashidori	No.1	1,100	Dec. 2005	BWR	Higashidori, Aomori

Thermal Power Stations

Name of Power Station	Unit	Authorized Maximum Capacity (MW)	Commencement of Commercial Operation	Major Fuel	Location
Hachinohe	No.3	250	Aug. 1968	Heavy Oil, Crude Oil	Hachinohe, Aomori
	No.5	394 (⇒416)	Aug. 2014 (Jul. 2015)	Gas Oil (⇒Gas)	
Noshiro	No.1	600	May 1993	Coal	Noshiro, Akita
	No.2	600	Dec. 1994		
Akita	No.2	350	Feb. 1972	Heavy Oil, Crude Oil	Akita, Akita
	No.3	350	Nov. 1974		
	No.4	600	Jul. 1980		
	No.5	333	Jun. 2012	Gas Oil	
Sendai	No.4	446	Jul. 2010	Gas	Shichigahama, Miyagi
Shin-Sendai	No.1	350	Aug. 1971	Heavy Oil	Sendai, Miyagi
Haramachi	No.1	1,000	Jul. 1997	Coal	Minamisoma, Fukushima
	No.2	1,000	Jul. 1998		
Higashi-Niigata	No.1	600	Apr. 1977	Gas	Seiro, Niigata
	No.2	600	Jun. 1983		
	No.3 Series	1,210	Dec. 1984 (Half) Oct. 1985 (Half)		
	No.4 Series	1,700	Jul. 1999 (Half) Dec. 2006 (Half)		
	No.5	339	Jun. 2012		
	Minato No.1	350	Nov. 1972		
	Minato No.2	350	Nov. 1975		
Niigata	No.4	250	Aug. 1969	Gas	Niigata, Niigata
	No.5 Series	109	Jul. 2011		

Hydroelectric Power Stations (with a capacity of more than 60MW)

Name of Power Station	Authorized Maximum Capacity (MW)	Commencement of Commercial Operation	Type	Location
Yakuwa	60.3	Mar. 1958	Dam and conduit	Tsuruoka, Yamagata
Hondoji	75	Jun. 1990	Dam and conduit	Nishikawa, Yamagata
Honna	78	Aug. 1954	Dam	Kaneyama, Fukushima
Uwada	63.9	Mar. 1954	Dam	Kaneyama, Fukushima
Numazawa No.2	460	May 1982	Pumped storage	Kaneyama, Fukushima
Miyashita	94	Dec. 1946	Dam and conduit	Mishima, Fukushima
Yanaizu	75	Aug. 1953	Dam	Yanaizu, Fukushima
Toyomi	61.8	Dec. 1929	Dam	Aga, Niigata

Renewable Power Stations (Geothermal, Solar)

Name of Power Station	Unit	Authorized Maximum Capacity (MW)	Commencement of Commercial Operation	Location
(Geothermal)				
Kakkonda	No.1	50	May 1978	Shizukuishi, Iwate
	No.2	30	Mar. 1996	
Uenotai	No.1	28.8	Mar. 1994	Yuzawa, Akita
Sumikawa	No.1	50	Mar. 1995	Kazuno, Akita
Yanaizu-Nishiyama	No.1	65	May 1995	Yanaizu, Fukushima
(Solar)				
Hachinohe		1.5	Dec. 2011	Hachinohe, Aomori
Sendai		2.0	May 2012	Shichigahama, Miyagi
Haramachi		1.0	Jan. 2015	Minamisoma, Fukushima

Non-Consolidated Corporate Data
Tohoku Electric Power Co., Inc.

(as of March 31, 2015)

Registered Head Office	1-7-1 Honcho, Aoba-ku, Sendai, Miyagi 980-8550, Japan URL: http://www.tohoku-epco.co.jp			
Date Established	May 1, 1951			
Paid-in Capital	¥251,441 million			
Common Stock	Authorized: 1,000,000,000 shares Issued: 502,882,585 shares			
Common Stock Price Range				
(Tokyo Stock Exchange)	FY 2014		FY 2013	
	High	Low	High	Low
First quarter	¥1,189	¥ 912	¥1,454	¥ 715
Second quarter	¥1,268	¥1,114	¥1,314	¥1,051
Third quarter	¥1,515	¥1,093	¥1,288	¥1,074
Fourth quarter	¥1,518	¥1,304	¥1,252	¥ 984
Cash Dividends	FY 2014		FY 2013	
Interim	¥ 5.00		¥0.00	
Year-end	¥10.00		¥5.00	
Total	¥15.00		¥5.00	
Number of Shareholders	203,116			
Number of Employees	12,359 (Not including on loan or leave.)			
Number of Customers (Excluding the deregulated segment)	7,752,846			
Service Area	79,534 square kilometers			
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan			

Facts and Figures about Main Subsidiaries

(as of March 31, 2015)

Company	Date of Establishment	Equity Ownership (%)	Paid-in Capital (Millions of yen)
1. Electric Power Business: Generation and supply of electricity			
*1 Tousei Kougyo Co., Inc.	Jan. 26, 1953	100.0	5,270
Sakata Kyodo Power Co., Ltd.	Apr. 2, 1973	100.0	25,500
*1 Tohoku Hydropower & Geothermal Energy Co., Inc.	Oct. 12, 1984	90.0	2,000
*2 Joban Joint Power Co., Ltd.	Dec. 23, 1955	49.1	56,000
*2 Soma Kyodo Power Co., Ltd.	Jun. 1, 1981	50.0	112,800
2. Construction Business: Upgrading and expanding of facilities, construction for equipment maintenance			
Yurtec Corp.	Oct. 10, 1944	48.1	7,803
Tohoku Electric Power Engineering & Construction Co., Inc.	Feb. 1, 1959	100.0	1,000
3. Gas Business: Supply of LNG to generate power			
Nihonkai LNG Co., Ltd.	Aug. 26, 1978	42.3	12,000
4. Information Processing, Telecommunications Business: Telecommunications business through the use of communications equipment and technologies			
Tohoku Intelligent Telecommunication Co., Inc.	Oct. 27, 1992	100.0	10,000
Tohoku Information Systems Co., Inc.	Jul. 1, 2001	100.0	96
5. Other Business			
Kitanihon Electric Cable Co., Ltd.	Jul. 11, 1946	60.8	135

*1.On July 1, 2015, Tosei Kougyo Co., Inc. was merged with Tohoku Hydropower & Geothermal Energy Co, Inc. and changed the company name to Tohoku Sustinable & Renewable Energy Co., Inc. It was absorption-type merger, Tousei Kougyo as the surviving company and Tohoku Hydropower & Geothermal Energy as absorbed company.
*2.Equity method applied affiliates

〈MEMO〉

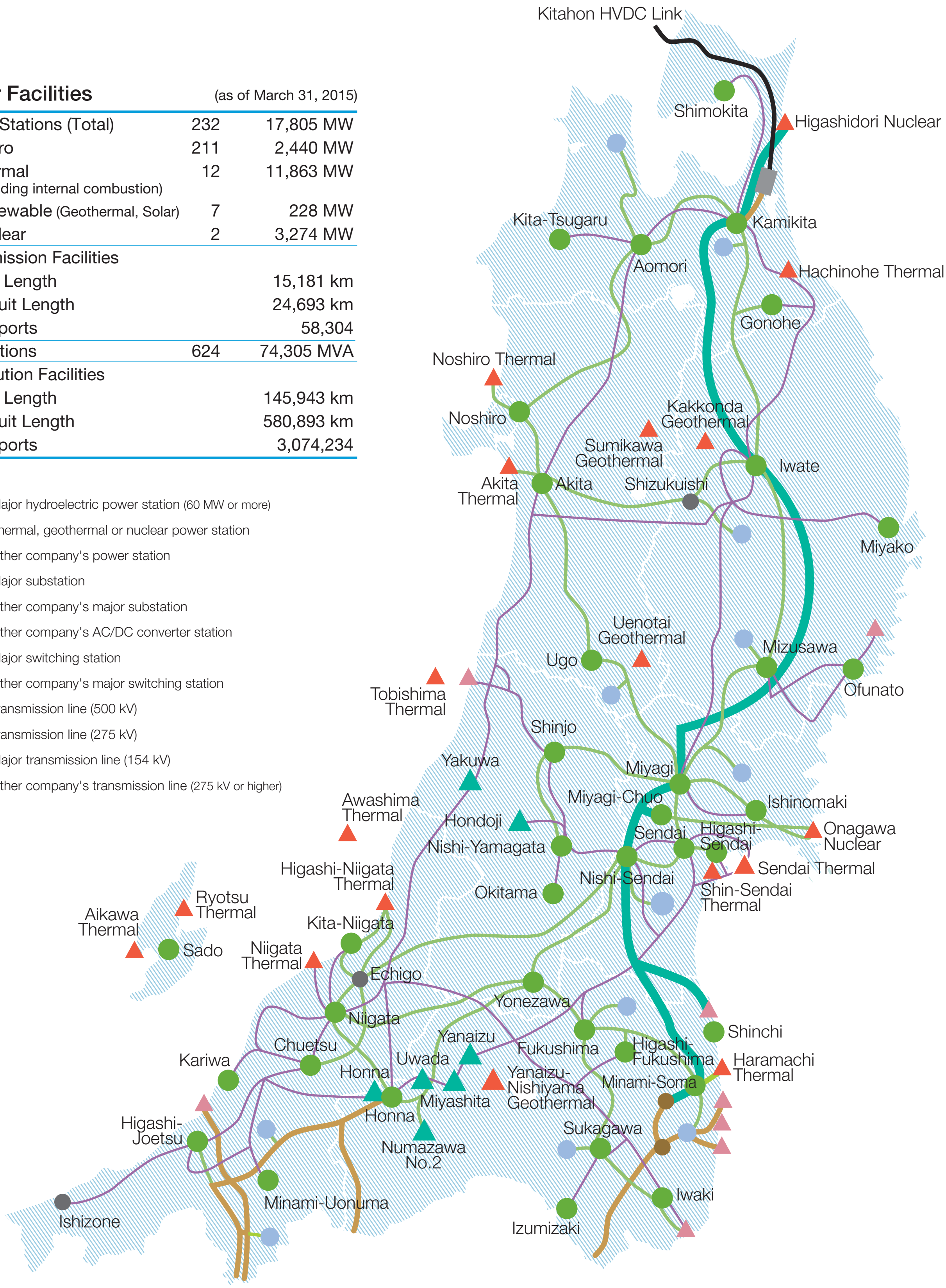
Power Supply Network

Major Facilities

(as of March 31, 2015)

Power Stations (Total)	232	17,805 MW
Hydro	211	2,440 MW
Thermal (including internal combustion)	12	11,863 MW
Renewable (Geothermal, Solar)	7	228 MW
Nuclear	2	3,274 MW
Transmission Facilities		
Line Length		15,181 km
Circuit Length		24,693 km
Supports		58,304
Substations	624	74,305 MVA
Distribution Facilities		
Line Length		145,943 km
Circuit Length		580,893 km
Supports		3,074,234

- Major hydroelectric power station (60 MW or more)
- Thermal, geothermal or nuclear power station
- Other company's power station
- Major substation
- Other company's major substation
- Other company's AC/DC converter station
- Major switching station
- Other company's major switching station
- Transmission line (500 kV)
- Transmission line (275 kV)
- Major transmission line (154 kV)
- Other company's transmission line (275 kV or higher)



Sankyo Rice Warehouses in Sakata, Yamagata Prefecture

These rice warehouses were built about 120 years ago, and remind us of Sakata's vibrant history as a rice shipping port. They are still being used to this day, thanks to the wisdom of our predecessors, who adopted a double roof structure and planted zelkova trees behind the warehouses to take full advantage of natural cooling and protect the rice from high temperatures and humidityin the summer.

Tohoku Electric Power Co., Inc.

1-7-1 Honcho, Aoba-ku, Sendai, Miyagi 980-8550, Japan
Telephone: +81-(0)22-225-2111
Facsimile: +81-(0)22-225-2550
URL: http://www.tohoku-epco.co.jp

This report was printed in an eco-friendly manner, employing waterless printing and using vegetable oil ink.