Annual Report 2010

for the year ended March 31, 2010

Tohoku Electric Power Co., Inc.

Tohoku Region has Infinite Possibilities and Suitable Conditions for Industrial Agglomeration

Tohoku Electric Power Co., Inc. was established in 1951 and supplies electricity to approximately 7.7 million customers throughout the seven prefectures of the Tohoku region, upholding its business philosophy of “co-prosperity with local communities” and “nourishment of creative business management” while efficiently operating facilities under an integrated structure of generation, transmission and distribution.

The Company’s electric power sales in fiscal 2009 amounted to 78,992 million kWh, equivalent to that of Belgium, ranking it fifth among the 10 Japanese electric power companies.

Tohoku Electric Power’s service area covers the Tohoku region, which is an area of approximately 80,000 square kilometers—roughly the size of Austria or South Carolina in the United States—and larger than any of the service areas of the other electric power companies. The region has a population of about 12 million, or 9.3% of the national total, and a regional GDP of around $370 billion, which is similar to that of Austria.

Tohoku Economic Federation is an economic group banding together companies operating in the Tohoku region. The federation has played a leading role in vitalizing the Tohoku region, mainly by attracting companies into the region.

A key member of the Tohoku Economic Federation, Tohoku Electric Power has engaged in activities of the federation. Thanks to such activities, newly built factory sites in the Tohoku region have accounted for about 15% of all factories newly constructed in Japan over the past 10 years (2000-2009). In the past several years, many companies in the auto, semiconductor and other sectors that have wide-ranging supporting industries and thus are deemed effective in vitalizing local industries have decided to start business in the Tohoku region.

In trade with North America, the Tohoku region has the shortest marine transportation route among Japan’s regions. The Tohoku region is also geographically close to Russia, a country with economic growth potential.

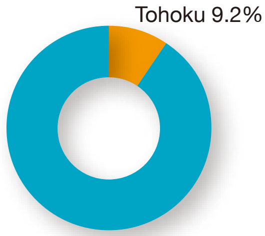
The geographical location of the Tohoku region allows it to serve as Japan’s production base and an advantageous trade point in overseas trade.

The Tohoku region embraces vast areas of land, which is an essential element for factory operations, and its highway, port and other infrastructure systems have been established well. In addition, the region is endowed with abundant human resources who are diligent and serious-minded. Such human resources have probably developed as a result of efforts for close collaboration between industry, academia and the public sector. As a result, business corporations, especially manufacturing companies, have been accelerating moves to start operations in the Tohoku region.

Note: Regarding Forward-Looking Statements

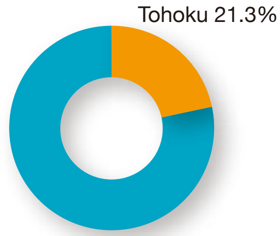
This Annual Report contains plans, strategies, estimates, and other forward-looking statements made by Tohoku Electric Power Co., Inc. These statements, except for the historical facts, are based on assumptions derived from the information available to the Company at the time of writing (June 29, 2010). 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.

Electric Power Sales



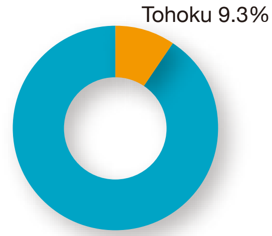
Source: Electricity Demand in FY2009 (Comfirmed Report)
(The Federation of Electric Power Companies of Japan)

Area served



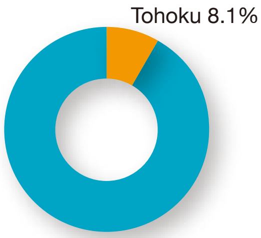
Source: Hand Book of Electric Power Industry
(2009 Edition)

Population served



Source: "Basic Resident Resister"as of March 31,2009
(Ministry of Internal Affairs and Communications)

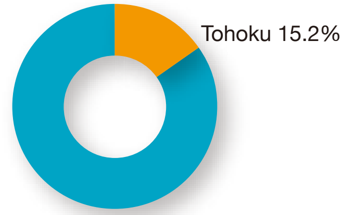
GDP



Source: "Annual Reports on Prefectural Accounts"(FY2007)
(Cabinet Office)

Regional proportions of the number of newly established businesses

(Total from 2000 to 2009)



Source: "Outline of Census of Manufacturers"
(Ministry of Economy, Trade and Industry)

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
	2010	2009	2008	2007	2006	**2010**
For the year						
Operating revenues	**¥ 1,663.3**	¥ 1,843.2	¥ 1,802.6	¥ 1,728.2	¥ 1,660.0	**$17,878**
Operating income (loss)	**89.2**	(1.5)	80.4	133.9	99.8	**959**
Net income (loss)	**25.8**	(31.7)	17.2	53.1	54.1	**277**
Electric power sales (Millioms of kWh)	**78,992**	81,101	84,072	80,950	79,664	
At year-end						
Total assets	**3,918.5**	4,019.3	4,033.8	4,069.3	4,113.9	**42,117**
Total net assets	**943.9**	948.2	1,015.3	1,032.6	1,009.2	**10,145**
Interest-bearing liabilities	**2,048.8**	2,123.2	2,081.9	2,163.3	2,204.7	**22,021**

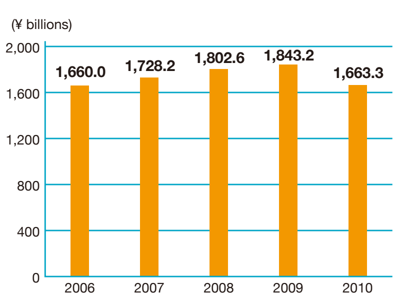
	Yen					U.S. dollars
	2010	2009	2008	2007	2006	**2010**
Per share of the common stock						
Net income (loss)	**¥ 51.76**	¥ (63.73)	¥ 34.67	¥ 106.57	¥ 107.90	**$ 0.556**
Total net assets	**1,790.38**	1,798.50	1,933.42	1,971.69	1,929.02	**19.243**
Cash dividends	**60.00**	60.00	60.00	60.00	55.00	**0.644**

	%				
	2010	2009	2008	2007	2006
Financial ratios					
ROA★1	**2.2**	(0.0)	2.0	3.3	2.4
ROE★2	**2.9**	(3.4)	1.8	5.5	5.7
Equity ratio	**22.8**	22.3	23.9	24.2	23.4

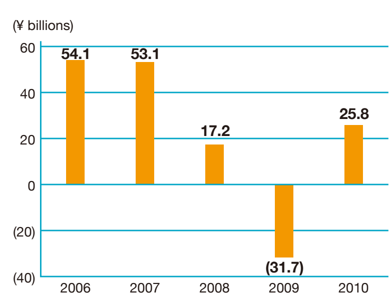
★1 ROA=Operating income (loss)／Average Total assets at beginning and ending of the fiscal year
★2 ROE=Net income (loss)／Average Equity at beginning and ending of the fiscal year

Note: All dollar amounts in this annual report represent U.S. dollars translated from yen, for convenience only, at the rate of ¥93.04=US$1.00, the approximate rate of exchange on March 31, 2010. Billion is used in the American sense of one thousand million.

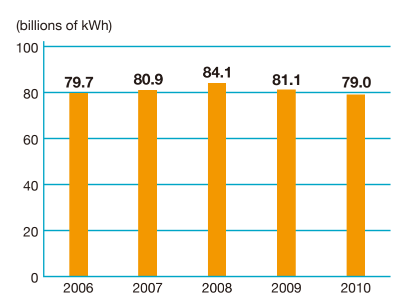
Operating Revenues



Net Income (Loss)



Electric Power Sales



Review of Operation

(a) Revenues

As electricity sales declined and orders received by subsidiaries decreased due to the economic slowdown, consolidated operating revenues stood at 1,663.3 billion yen, representing a decrease of 179.8 billion yen (9.8%) over fiscal 2008. Ordinary revenues stood at 1,670.6 billion yen, representing a decrease of 180.9 billion yen (9.8%) over fiscal 2008.

As regards expenses, fuel costs and purchased power rates decreased from the previous year due to falling fuel prices as well as streamlining efforts across business operations. As a result, ordinary expenses stood at 1,627.3 billion yen, down 267.3 billion yen (14.1%) from the previous fiscal year.

Accordingly, ordinary income was 43.2 billion yen, up 86.4 billion from the previous fiscal year, and consolidated net income was 25.8 billion yen, up 57.5 billion yen from fiscal 2008.

(b) Power supply and demand

The electricity sales volume which accounts for the larger part of the Company's operating revenues stood at 79.0 billion kWh, a decrease of 2.6% over fiscal 2008.

Demand other than specified-scale demand stood at 29.1 billion kWh, an increase of 1.2% from the previous accounting period, as the number of all-electric housings increased and heating demand rose due to a cooler winter than the previous year.

Specified-scale demand stood at 49.9 billion kWh, a decrease of 4.7% over fiscal 2008, which is attributable to output reductions by large-scale industrial customers in response to the sluggish economy.

On the supply side, although hydro power generation was influenced by the drought and its power output decreased, a stable supply was secured by operating generation facilities in an integrated manner.

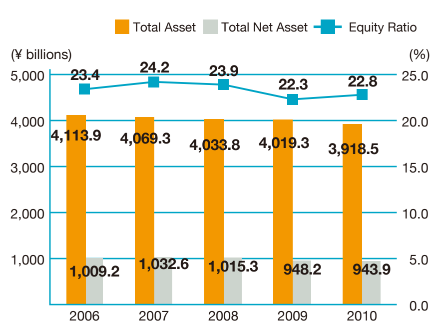
Performance Outlook

On the revenue side, in fiscal 2010, while demand from large-scale industrial customers is expected to pick up, bringing an anticipated increase in electric power sales, fuel cost adjustments will have a negative effect. Therefore, consolidated sales are expected to stand at about 800.0 billion yen for the interim period (a year-on-year decrease of 0.5%) and about 1,690.0 billion yen (a year-on-year increase of 1.6%) for the accounting period ending March 31, 2011.

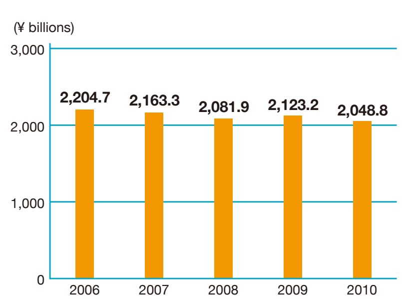
Consolidated operating expenses are expected to increase from fiscal 2009 due to the increase in fuel costs reflecting rising fuel prices.

Hence, ordinary income is forecast to be about 31.0 billion yen for the interim period (a year-on-year decrease of 25.2%) and about 46.0 billion yen (a year-on-year increase of 6.2%) for the accounting period ending March 31, 2011.

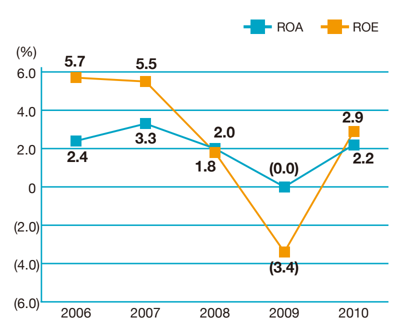
Total Assets, Total Net Assets and Equity Ratio



Interest-beariing Liabilities



ROA and ROE



In the current harsh business environment, we have been striving to ensure a safe and stable supply of electricity, including stable operation of our nuclear power plants, to work towards a low carbon society and ensure stable profitability with an appropriate balance between revenues and expenses.

"Tohoku Electric Power Group Management Vision 2020—Together with Local Communities—"

To address the challenges stated above, in June 2009 the Company established the "Tohoku Electric Power Group Management Vision 2020—Together with Local Communities—," which provides the long-term direction for its management. The Vision serves as a guideline for us to achieve sustainable growth and prosper together with the Tohoku region even in the current highly uncertain business environment, while we execute our mission to simultaneously attain "energy security," "environmental compatibility" and "economic efficiency."

The Vision declares "co-prosperity with local communities" and "nourishment of creative business management" as the Company's management principles. We aim to produce a management culture that creates our own distinctive character with the region and flourish with the communities, proactively adjusting our overall management according to changing circumstances.

The Vision also outlines five management policies to accomplish the ultimate image of the corporate group: "An energy service conglomerate that walks together with local communities—Ask Tohoku Electric Power Group for energy solutions—".

"Tohoku Electric Power Group Mid-term Managerial Policies (Fiscal 2010-2014)"

To help the entire group make a concerted efforts to implement the measures specified in Management Vision 2020, we formulated our "Tohoku Electric Power Group Mid-term Managerial Policies (Fiscal 2010-2014)", showing the direction for the first five years of the Vision. Emphasizing the eight measures presented in the Managerial Policies, the companies of our group are determined to realize Vision 2020 and resolve the current issues.

Approaches to Business Expansion

In expanding our business, we will take two approaches: "evolving" our business operation and "pioneering" the group's future. We aim to further reinforce the foundations of our business operations by adjusting the measures and services we have taken to satisfy the changing business environment, enhancing the measures that need to be continued, modifying those that need to be improved and abolishing those that are no longer needed. Our efforts will also be focused on proactively adapting our strategies to expected changes in the business environment, including stepping towards a low carbon society and possible demand fluctuations, and on launching and implementing new initiatives to ensure our future success. In this context, our motto for 2010 is "Refresh your mind every day; refill it with creative ideas every day."

Through these efforts, we are determined to expand together with local communities while maintaining a proper balance between energy security, environmental compatibility and economic efficiency even in the current highly uncertain business environment.

Hiroaki Takahashi

Chairman of the Board: Hiroaki Takahashi

Makoto Kaiwa

President: Makoto Kaiwa

(left) Hiroaki Takahashi, Chairman of the Board
(right) Makoto Kaiwa, President

Tohoku Electric Power Group Management Vision 2020
~Together with Local Communities~

Management philosophies

Co-prosperity with local communities

Nourishment of creative business management

Image of the corporate group

An energy service conglomerate that walks together with the local communities
— Ask Tohoku Electric Power Group for energy solutions —

The Group, with electricity and gas as its two pillars and safety its number one priority, provides quality energy services that contribute to increased efficiency of regional energy use.

The Group spares no effort to provide energy services to meet the needs of its customers

Pursuit of new business opportunities focused on energy and local communities

Electricity
Simultaneous achievement of energy security, environmental compatibility and economic efficiency centering on nuclear power
+
Proposal of highly efficient energy services
(Introduction of all-electric system)
(Solutions service)
(Environmental measures)

Overseas development of the electric power business

Package proposal

Contribution to increased efficiency of regional energy use such as promotion of electrification

Gas
(Large-scale customers/ wholesale, etc)

Information and telecommunications

Electricity | Gas | Domains other than electricity and gas

Existing business domains | New or strengthened business domains

Management policies

1. Promotion of nuclear power as the main source of supplied energy
— Simultaneous achievement of energy security, environmental compatibility and economic efficiency—

1) Achievement of the best mix of power sources through steady promotion of nuclear power
A 40% share of nuclear power in generated energy as one of the ultra-long-term goals
2) Implementation of business operation aimed at increasing capacity of nuclear power plants

2. Efforts toward increased efficiency of regional energy use

1) Contribution to the community through proposals to increase efficiency of energy use
2) Feasibility studies and development of technologies to cope with changes in energy use and supply means

3. Promotion of business operations to increase stability in revenues and expenses

1) Strengthening ability to adapt to uncertain factors influencing revenues and expenses
2) Promotion of group-wide management to exert comprehensive power
3) Establishment of a corporate culture wherein measures to secure safety and a stable supply are rigorously implemented as part of normal promotion of business

4. Development of human resources to support future growth

1) Securing and development of human resources capable of adapting to future environmental changes
2) Implementation of efforts wherein the creative powers of each and every employee is utilized under planned management

5. Stronger ties to grow together with local communities

1) Promotion of activities facilitating growth in step with the greater Tohoku region
2) Promotion of dialogue with local communities to ensure business operations

Future outlook of business environment

Basic economic and social trends

- Declining population
- Efforts toward achieving a low-carbon society
- Increased difficulty in securing natural resources
- Emergence of a new order in the global economy

Impact on our business management

- Changes in electric power demand due to changes in energy use and supply means
- Cost increases due to measures to combat global warming
- Need to adapt operations based on societal changes within the Tohoku region and need for liaison with the community

Tohoku EPCO Group Mid-term Managerial Policies
(FY 2010 to 2014)

Under the Mid-term Managerial Policies, our group companies will make a unified effort to achieve Vision 2020. Our concerted efforts as a group will be focused on developing our business while maintaining a proper balance between energy security, environmental compatibility and economic efficiency so that we can grow with local communities, adapt ourselves to the changing business environment, and continue to address current issues. Important measures to be implemented under the Policies are given below.

Key measures

1 Steadily boost nuclear power generation by stronger, unified operations of the whole Group

2 Operate facilities by simultaneously achieving energy security, environmental compatibility and economic efficiency

3 Create an electrification market by encouraging customers to be more energy efficient

4 Proactively work toward a low-carbon society

5 Increase profitability by streamlining and combining resources of the entire Group

6 Establish a corporate climate of greater safety and quality of operations

7 Secure and develop human resources as a growth engine and build a work environment that encourages creativity

8 Strengthen ties with the community through discussions and events

Actions on key measures

Evolving business operations

We must strengthen, or “evolve”, our core operations by adapting previous measures and operations to the changing environment, strengthening those which are to be continued, and reviewing those which need improvement.

Pioneering the future

We must “pioneer” the future through new actions to proactively adapt to the changing business environment, including the trend toward a low-carbon society and possible demand fluctuations.

Message from President Makoto Kaiwa

Ensuring steady levels of profits and returning appropriate portions of such profits to shareholders is one of the most fundamental corporate responsibilities.

It is also important for a company to fulfill its duty of accountability to shareholders and investors and form favorable relations with them by disclosing the business outlook and details of business operations in a timely and appropriate manner.

The Company has adopted a basic policy of maintaining stable dividend payments to shareholders and aims to strengthen information disclosure and communication activities.

Makoto Kaiwa, President

Q1 What are your goals as the new President?

A The electric power industry is undergoing structural changes that are more significant than ever before, including a decrease in the population, accelerated efforts to achieve a low-carbon society and severe competition for resources.

To address these issues, in June 2009 the Company established its "Tohoku Electric Power Group Management Vision 2020—Together with Local Communities," which provides the long-term direction for its business. Management Vision 2020 serves as a guideline for us to achieve sustainable growth and prosper together with the Tohoku region even in the current highly uncertain business environment, while fulfilling its mission of simultaneously achieving energy security, environmental compatibility, and economic efficiency.

To help the entire group make concerted efforts to achieve Management Vision 2020 in line with the management policies specified in the Vision, the Tohoku Electric Power Group Mid-term Managerial Policies (Fiscal 2010-2014) was presented in January this year. The Policies shows the direction for the first five years of Management Vision 2020 with the aim of expanding our business from two approaches: one is evolving our business operations and the other is pioneering the Group's future.

Under these circumstances, I took over as President from the present Chairman, Mr. Takahashi, and have come to assume the important responsibility of steering the business forward. Since electricity is essential and is a high quality product, which meets environment and the needs of an aging society, I firmly believe that our customers will continue to support us. I have high confidence and pride in supplying this product to local communities.

With this confidence and pride, I am determined to take the initiative in addressing the changing business environment of the electric power industry, which is considered to become more complex in future. Our efforts will be focused on meeting the expectations of our shareholders and investors by gathering our knowledge and other strengths to respond flexibly to various environmental changes so that we can further enhance our already solid business foundation and create our own unique values together with local communities.

Q2 What are the major business challenges for fiscal 2010 and how will the company address these challenges?

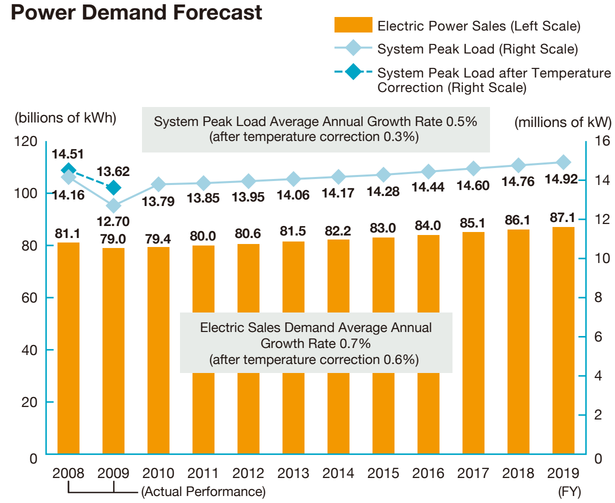
A The primary emphasis in our business for fiscal 2010 will be on all the group companies making concerted efforts to achieve the Tohoku Electric Power Group Management Vision 2020 established in June 2009. While taking action to achieve our goals in line with Vision 2020, we will seek to understand the rapidly-changing business environment so that we can address any immediate issues such as stable supplies of electric power, global environmental issues and balanced revenues and expenditure flexibly, accurately and efficiently. More specifically, one such group effort will be to promote nuclear power generation by, for example, improving the utilization rate at facilities with the priority on safety. Other efforts include farsighted actions to meet accelerating moves toward a low-carbon society, increasing corporate profits by improving our business efficiency and making use of the joint strength of the group companies, and enhancing cooperative relationships with local communities. Key measures to support these efforts are provided in the Tohoku Electric Power Group Mid-term Managerial Policies (Fiscal 2010-2014), which aims to expand our business by gathering individual creative ideas and expertise and using them "to evolve our business operations" and "to pioneer the future."

Q3 What is your view on electric power demand trends?

A The move toward building a low-carbon society could bring significant changes to the way we use and supply energy, leading to new business opportunities. In addition, there is plenty of room for the demand for electric power to increase, both for household and business use because of its safety, ease of use and controllability.

Most recently, the demand for electric power decreased for two consecutive years due to the economic slowdown. However, in the medium to long term I expect an improvement in production levels with economic recovery in the manufacturing industries, and the clustering of automotive-related industries accompanying the commencement of operation of a large-scale plant slated for 2011 will serve as the impetus for raising production levels and eventually increasing electricity demand.

Power Demand Forecast



Q4 What are important aspects of the supply plan for fiscal 2010?

A The emphasis of the plan is placed on the following three aspects based on the Mid-term Managerial Policies.

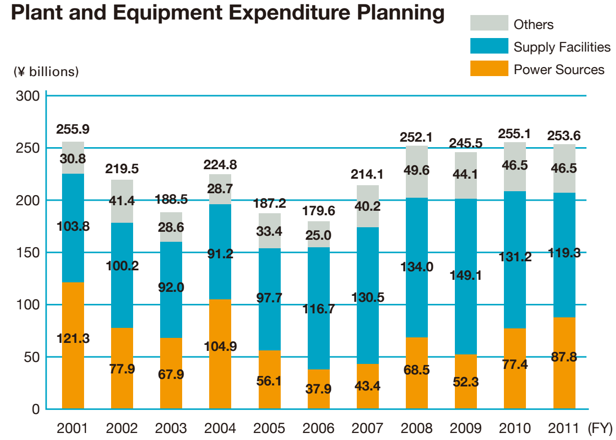
First, we will continuously improve the facilities necessary to ensure stable supplies of electric power, which is our company's primary mission.

Second, steady efforts on the supply side will be made to build a low-carbon society. Specific measures include continuous safe and stable operation of nuclear power plants to improve in utilization rate at nuclear power facilities, the most feasible option to reduce CO_2 emissions. In addition, more efforts will be focused on expanding the use of renewable energy resources such as solar and wind power.

Third, more emphasis will be given to improving our business efficiency in such a way as to flexibly address any changes to the business environment in the future.

All these efforts will be implemented in a balanced way to achieve the supply plan.

Plant and Equipment Expenditure Planning



Power Transmission Lines and Substations Plan

Name	Specification	Commencement of Construction	Commencement of Operation
(Transmission Lines)			
Towada Trunk Line	500 kV; 114 km double circuit	Aug. 2006	Sep. 2013
Kitakami Trunk Line	500 kV; 184 km double circuit	Aug. 2006	Oct. 2013
Aoba Trunk Line (Uprating)	500 kV (←275 kV); 57 km double circuit	Apr. 2009	Jun. 2010
Miyagi Chuo Line (Uprating)	500 kV (←275 kV); 0.5 km double circuit	Apr. 2009	Jun. 2010
(Substations)			
Kamikita Substation (Uprating)	500/275 kV 1,300,000 kVA × 2	Aug. 2005	Sep. 2013
Miyagi Chuo Substation	500/275 kV 1,500,000 kVA × 1	Feb. 2007	Jun. 2010
Miyagi Substation (Uprating)	500/275 kV 1,000,000 kVA × 1	Feb. 2007	Oct. 2013
Iwate Substation (Uprating)	500/275 kV 1,000,000 kVA × 1	Aug. 2007	Oct. 2013
Shinchi Substation(Uprating)	500/154 kV 300,000 kVA × 1	Aug. 2010	Jun. 2012

Q5 What is the progress of your ongoing large-scale construction projects?

A One of the large-scale construction projects is replacing the units at Sendai Thermal Power Station. In July 2010, Station No. 4 started operation. Station No. 4, an LNG combined-cycle power plant with a thermal efficiency of 58%, emits only half as much CO_2 as conventional coal plants, significantly contributing to a low-carbon society. As the plant is located in Matsushima, one of the three most scenic spots in Japan, the main parts of the building are designed in a Japanese style with white walls and clay tile roofing so that they match the surrounding natural landscape.

We have an ongoing power system construction project in the northern part of the Tohoku region, one of the largest of its kind in Japan. The construction includes 717 iron poles and transmission lines from Aomori to Miyagi, a length of about 300 km. When completed, this system will serve as the main artery for the Tohoku region. Since its commencement in September 2006, construction has been progressing on schedule. At present, erection of the iron poles has been completed and about 90% of the entire construction project has been completed.

Power Resource Development Plan

Name of Plant	Generating Capacity (thousand kW)	Commencement of Construction	Commencement of Operation
(Hydroelectric)			
Moriyoshi	11	Aug. 2007	May 2011
Tsugaru	8.5	Aug. 2010	May 2016
H1	0.23	Feb. 2013	Dec. 2013
H2	4.5	Apr. 2013	Jul. 2015
(Thermal)			
Sendai No.4	446	Sep. 2007	Jul. 2010
Niigata No.5 Series	109	Jul. 2009	Jul. 2011
Aikawa No.3	7.5	Mar. 2010	Jul. 2011
Shin-Sendai No.3 Series	980	Nov. 2011	Jul. 2016 (half), Jul. 2017 (full)
Joetsu No.1 Series	1,440	FY 2019	FY 2023
Noshiro No.3	600	After FY 2025	After FY 2025
(Nuclear)			
Namie/Odaka	825	FY 2016	FY 2021
Higashidori No.2	1,385	After FY 2016	After FY 2021
(Renewable (Solar))			
Hachinohe Solar	1.5	Feb. 2011	Jan. 2012
Sendai Solar	2	Feb. 2011	Jan. 2012
Haramachi Solar	Approx. 1	By around FY 2011	By around FY 2013

Long-term Suspension of Operations (A) and Closure of Thermal Power Plants (B)

Name of Plant	Generating Capacity (thousand kW)	
Shin-Sendai No.1	350	(B): FY2015
Shin-Sendai No.2	600	(B): Oct. 2011
Higashi-Niigata Minato No.1	350	(A): Apr. 2010

Q6 Measures to enhance the earthquake resistance of nuclear power plants have been mostly completed, and this has led to significantly improving safety, hasn't it?

A In addition to periodic inspections, reinforcement work to improve the earthquake resistance of about 8,500 parts of supporting structures, including piping and electrical circuits that are important to maintain safety, have been completed at all four of the units at Onagawa and Higashidori Nuclear Power Stations by September 2009. In addition, we are continuing reinforcement work of exhaust stacks, etc.

We will continue to discuss how to raise the reliability of nuclear power plants based on findings from the Niigata-Chuetsu-Oki Earthquake and other information. If any existing facility is found to need improvement in seismic safety as a result of a seismic margin assessment, reinforcement work will be carried out.

With radiation control, which is important to maintain the overall safety of nuclear power plants, the levels of radiation exposure to workers at Onagawa and Higashidori Nuclear Power Stations are extremely low thanks to the various measures we have taken so far. These are being maintained at the lowest levels in the world.

As I have mentioned, the safety of our company's nuclear power stations has been improving. However, there is no 100% safety in nuclear power stations. We will continue to introduce more safety measures to ensure safe and stable operation with lasting improvement.

Q7 As a low-carbon society has become an important issue, what actions will you take to create and expand demand?

A Our company is involved in promotional activities to create a new electrification market with the aim of contributing to a low-carbon society. For example, we propose a highly-efficient all-electric housing unit using heat-pumps, which meet customers' needs for high environmental and safety performance with comfort.

In the Tohoku region, about 70% of household energy is used for hot-water supply and heating. With this in mind, our promotional efforts have been focused on using "EcoCute" for the hot-water supply and heat-pumps for the heating system.

In future, we will be focusing on the heat-pump heating system as a main heating system for all-electric housing. We will use TV commercials and other advertising methods to increase customer recognition as well as to encourage housing manufacturers and building contractors to install heat-pump electrification systems.

We also promote the use of environmentally conscious electrification systems for business use. Our promotional efforts are focused particularly on high energy-saving heat-pump air-conditioning systems and EcoCute designed for business use that allow a significant reduction in CO_2 emissions. For professional kitchen use, highly efficient electric kitchen systems are being promoted.

These efforts of ours have successfully helped expand the use of electric systems by all-electric school lunch centers, welfare institutions, and catering establishments. We are continuing our promotional campaign aiming at wider use of these systems.

Q8 What will the dividend policy of the company be in future?

A Our basic dividend policy is to maintain a stable dividend payment. The final decision is made with all relevant factors comprehensively taken into account, including earnings for a given year, medium and long-term earnings prospects, and the achievement of earnings targets.

In view of our basic dividend policy mentioned earlier and the need to meet shareholders' expectations, the Company is maintaining a per-share dividend of ¥60.

Tougher conditions for our earnings are expected to continue in the future. But the Company will maintain a policy of ensuring stable dividend payments in line with its basic policy, which should not be affected by temporary earnings fluctuations.

Q9 Would you like to convey any message to the shareholders and investors?

A It has become difficult to forecast the business environment facing our company. However, our group companies are determined to make concerted efforts to achieve Management Vision 2020 while maintaining a proper balance between energy security, environmental compatibility and economic efficiency so that we can best serve our stakeholders and investors. In this context, your continued support and understanding would be much appreciated.

Issues to be Addressed

In June 2009, the company established its "Tohoku Electric Power Group Management Vision 2020 - Together with Local Communities," which provides the long-term direction for its business.

Management Vision 2020 declares "co-prosperity with local communities" and "nourishment of creative business management" as the management principles of the corporate group, with the aim of growing together with local communities and proactively adapting to the changing business environment. The ultimate goal of Management Vision 2020 is to serve as a total energy services company developing in step with local communities.

The Tohoku Electric Power Group has formulated a Mid-term Managerial Policies for fiscal 2010-2014 showing the direction of its business as set out in Management Vision 2020. Major goals outlined in the Policies include "continuous promotion of nuclear power generation through enhanced business management across the entire Group," "development of facilities management that allows the simultaneous achievement of energy security, environmental compatibility and economic efficiency," and "improvements in business profitability that come from promoting effective management with the concerted efforts of the entire Group."

In expanding our business in line with the Mid-term Managerial Policies, we will take the following two approaches: one to "evolve" our business operations and the other to "pioneer" the Group's future. Specific actions are described below.

Efforts to Achieve a Low-Carbon Society

We have made steady efforts to achieve a low-carbon society, mainly by promoting nuclear power generation, which emits no CO_2 in the power generation phase. Efforts also include improving the efficiency of thermal power generation, use of hydropower, and introduction of renewable energy technology. At present, the Japanese Government is increasingly encouraging in its energy and environmental policies to further reduce greenhouse gas emissions. In response, as an electric power supplier we need to strengthen our efforts even more.

To meet the Government's targets, we will place more emphasis than ever on reducing greenhouse gas emissions both on the demand side and the supply side of electric power.

Efforts from the Supply Side

Specific measures on the supply side are as follows: increase in the utilization rate of facilities at nuclear power plants and the introduction of highly-efficient combined-cycle power generation at Unit No. 4 of the Sendai Thermal Power Station and Shin-Sendai Thermal Power Station Series No. 3.

We will also promote the use of renewable energies such as hydro, geothermal and wind power by taking advantage of the geographical features of the Tohoku region. It is also planned to construct mega-solar power generation facilities. In addition, in cooperation with group companies and relevant organizations, the application of new technologies, including a next generation power transmission network (smart-grid technology), and research and development will also be promoted.

Replacement at Sendai Thermal Power Station

Sendai Thermal Power Station has played a part in ensuring a stable supply of electric power over more than 40 years since 1959. From the standpoint of reducing CO_2 emissions and enhancing of cost competitiveness, coal-fired power generation at aging Units No. 1 to 3 was discontinued and a new Unit No. 4, a highly-efficient combined-cycle power generation facility, was constructed.

At a gas combined-cycle power plant, a gas turbine is combined with a steam turbine to generate electric power. Compared with conventional power generation methods, its thermal efficiency is higher and so CO_2

emissions can be reduced.

Sendai Thermal Power Station Unit No. 4 is expected to achieve a thermal efficiency of about 58% (*lower heating value), the highest level in Japan, and to reduce about 900,000 tons of CO_2 emissions per year compared with the amount before the replacement.

The appearance of the power station is also designed to match the surrounding natural landscape, including the islands and pine trees in Matsushima, one of the three most scenic spots in Japan.

(*lower heating value is the amount of heat obtained by subtracting the condensation heat of the moisture in the fuel and the moisture produced by combustion.)

Overview of Replacement at Sendai Thermal Power Station

	New Unit	Old Units		
	No.4	No.1	No.2	No.3
Power Generation Type	Gas-Combined Cycle	Conventional		
Capacity	446MW	175MW×3		
Thermal Efficiency (LHV)	Approx. 58%	Approx. 40%		
Fuel Source	Natural Gas	Coal · Heavy oil		
CO_2 Emissions*	Approx. 1,000,000 tons	Approx. 1,900,000 tons		

* At 70% rate of utilization. Old units amount is No.1 and No.2 combined.

Sendai Thermal Power Station No.4

Construction Plan for Mega-Solar Power Generation Facilities at Hachinohe, Sendai and Haramachi to be Put into Action

We are planning to develop mega-solar power generation facilities for about 10,000 kW in total by fiscal 2020 at several sites under the administration of our company.

According to our plan, Hachinohe Solar Power Station (1,500 kW) and Sendai Solar Power Station (2,000 kW) will be constructed on the premises of Hachinohe and Sendai Thermal Power Stations, respectively. In order to develop these at the earliest possible time, we advanced the start of operation from the originally announced fiscal 2012 (approximately) to January 2012, which falls within fiscal 2011.

Haramachi Solar Power Station (approx. 1,000 kW) is planned to be constructed as the third facility on the premises of Haramachi Thermal Power Station in time for its scheduled start of operation within fiscal 2013 (approximately).

We will continue feasibility assessment of candidate sites for another mega-solar power generation plant, with sunshine duration and cost effectiveness taken into account.

Haramachi Solar Power Station(image)

Introduction of about 1,000 Plug-in Hybrid and Electric Vehicles by Fiscal 2020

Plug-in Hybrid Car which we introduced Jan. 2010

To contribute to reducing the amount of CO_2 emitted by the transportation sector, we are planning to introduce about 1,000 environmentally high performance plug-in hybrid and electric vehicles (the estimated amount of CO_2 to be reduced is about 1,000 tons per year) by fiscal 2020.

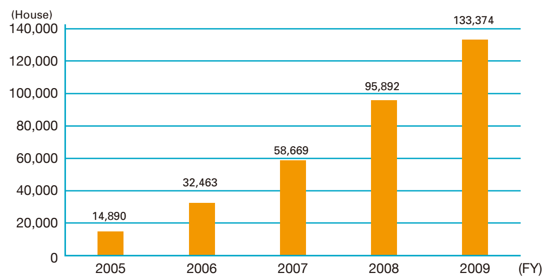
Efforts from the Demand Side

Efforts on the demand side are as follows: proposals for the effective use of energy and spread in the use of heat-pumps and other highly-efficient appliances. More specifically, in our sales efforts compliant with the needs of a low carbon society, highly environmentally friendly and energy saving "EcoCute," heat-pump heating systems, and other highly-efficient appliances will be promoted for household use. Electrification systems mainly based on heat-pumps will be proposed for business use. Through these efforts, we aim to create an electrification market that reflects the characteristics of the Tohoku region.

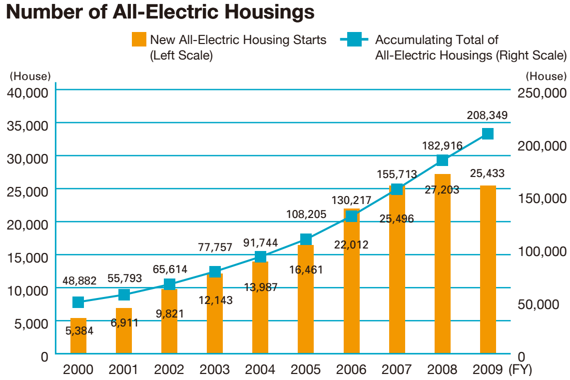
Proposal for Highly Environmentally Friendly and Energy Saving "Heat-Pump Electrification"

As part of our efforts from the demand side to achieve a low-carbon society, in response to increased needs from our customers for environmental friendliness and

Number of EcoCute Installations (Total number)



Number of All-Electric Housings



energy saving, we are promoting the use of an all-electric housing unit using heat-pumps (heat-pump electrification), which allows customers to enjoy safe and comfortable living.

More specifically, strong emphasis is placed on the use of “EcoCute” for the hot-water supply and “heat-pump heating” for heating so as to create an electrification market that reflects the characteristics of the Tohoku region.

Introduction of Industrial Electrification Systems based on Heat-Pumps

As part of our efforts to respond to expanding needs in a low-carbon society, more efforts will be placed on spreading industrial electrification systems based on heat-pumps.

For air conditioning and hot-water supply, we will propose the use of highly-efficient multi-air conditioners for buildings in cold regions and heat-pump hot-water supply systems for commercial use (EcoCute). These heat-pump systems are designed to be used also in cold regions. We also propose safe and clean electric kitchen systems, mainly for school meal providers and welfare institutions.

Measures to Ensure Security and a Stable Supply

Onagawa Nuclear Power Station where Pluthermal Power Generation is Planned

Maintenance of a Corporate Culture that Ensures Safety and Security and Improves Operational Quality, and Steady Promotion of Nuclear Power Generation

Nuclear power is an essential source of energy because it provides a stable supply, is environmentally compliant and economically efficient. With safety and security as our top priority and pursuing improvements to operational quality, we are always striving to ensure that nuclear power plants operate stably and to improve their utilization rate. Through these efforts, it is our aim to build relationships of trust with local residents and to promote the use of nuclear power steadily into the future.

Efforts to Ensure Safety and Security and Improve Operational Quality

In response to a series of non-compliance events that occurred last year, we organized the Experts Conference on Nuclear Power Safety under the Nuclear Power Safety Promotion Conference, which is chaired by the President, to formulate, disseminate widely and enforce measures to prevent any recurrence based on advice obtained from a wide variety of external experts and sources.

Our company-wide efforts, led mainly by the Safety and Security Promotion Conference and Nuclear Power Safety Promotion Conference, are also focused on increasing the security level and continuously improving our nuclear power quality management system. We use the PDCA cycle continuously to evaluate these activities and to improve them in order to incorporate safety and security into our corporate culture.

Efforts to Improve Seismic Safety

In order to enhance seismic safety at the Onagawa and Higashidori Nuclear Power Stations, construction work has been ongoing since 2008 to improve the seismic safety margins of each unit at these plants.

Seismic upgrading of about 8,500 component support structures that are important for safety, including piping and cable runs, have so far been completed at all four units. Currently, construction of exhaust stacks and other equipment is ongoing.

We will continue to actively work to improve the reliability of nuclear power plants.

Promoting Pluthermal (Plutonium Thermal) Power Generation

We are planning to introduce pluthermal power generation in Onagawa Nuclear Power Station Unit No. 3. In Japan where energy resources are scarce, pluthermal power generation plays an important role, as nuclear power generation does, in terms of the effective use of uranium resource and ensuring a stable supply of energy.

Our plan is to start pluthermal operation by fiscal 2015. We have already obtained the government permission for changes to the nuclear reactor installation (January 8, 2010) and gained the understanding of local communities on the safety aspects.

Focusing on deepening an understanding of pluthermal power generation among local residents, we will continue our efforts to ensure that Onagawa Nuclear Power Station continues to operate safely and stably.

Outline of the Pluthermal Project

- MOX fuel is being used at Onagawa Unit 3.
- The MOX fuel is identical in appearance and shape to conventional uranium fuel.
- Out of all 560 fuel assemblies, less than 228 MOX fuels are to be used.

Measures to Ensure a Stable Supply

To ensure a stable supply, use of the best mix of power sources consisting of nuclear power, thermal power and hydropower, with centering on nuclear power, is becoming more important than ever if we are to achieve a low-carbon society.

We also conduct systematic inspections and maintenance on facilities to ensure that power is supplied stably to our customers. Emphasis will also be placed on increasing our responsiveness to natural disasters, including offshore earthquakes in Miyagi Prefecture, something that is predicted to occur in the near future, and other large-scale natural disasters. In addition to strengthening facilities, something that is already underway, we will make full use of the experience and knowledge we have acquired through our involvement in renovation over the years, cooperate more intensively with municipal governments, and conduct disaster drills under more severe conditions, including the simultaneous occurrence of an earthquake and a tsunami.

Stable Power Supply with Fewer Outages

To ensure a stable supply of electric power to our customers, we conduct routine patrols, onsite inspections of facilities and regular maintenance, including repairs, on a daily basis. Our aim in this is to prevent power outages caused by facility failures and to achieve a rapid recovery from any outage.

We have also focused on constructing disaster-resistant facilities, and establishing and improving our disaster recovery preparedness systems.

Inspection of Cables

Cost-Effective and Reliable Measures to Address Aged Facilities

The number of old facilities is expected to increase. To ensure a stable supply of electricity to our customers, we take effective measures to address these old facilities with the emphasis on maintenance, including routine patrols, onsite inspections, and systematic replacement of electrical cables.

Efforts to Strengthen Our Business Foundation

The business environment facing our company is expected to become increasingly severe due to slow growth in mid- to long-term demand for electric power associated with the decreased population and energy saving concerns, fluctuating fuel prices, and increase in the costs required to be compliant with environmental requirements.

Our company, with the highest priority on safety and stable electricity supplies, seeks to create demand for electric power and constantly promotes business efficiency with the aim of increasing its business profitability.

To address management issues, including improvements in the balance of payments and reduction in costs, our efforts are focused on improving our business efficiency from various standpoints under the Business Efficiency Promotion Conference chaired by the President, and also improving the efficiency of facility maintenance and the thermal efficiency of thermal power stations. Through these company-wide efforts, we will establish a solid business foundation from a mid- and long-term standpoint.

Promotion of Business Efficiency

Efforts toward Improved Business Efficiency led by the Business Efficiency Promotion Conference

We have accelerated our efforts across the board mainly led by the Business Efficiency Promotion Conference in order to accurately address management issues, including improvements in the balance of payments and reduction in costs, and to promote efficiency under a powerful system.

Our down-to-earth efforts to achieve better efficiency that we have made supported by the knowledge and ingenuity of individual departments and frontline workers are listed below.

The business environment is expected to become more difficult in future due to possible fluctuations in demand and fuel prices and changes in the trend of environmental policy. Under these circumstances, we will continue our efforts to improve our business efficiency, while ensuring safety and stable electricity supplies, by seeking to improve our balance sheet in such a way as to lower long-term electric rates.

Business Efficiency Promotion Conference

Chairman: President
Members: All Executive Vice Presidents and Managing Directors
Missions : Preparation and promotion of company-wide measures to achieve efficiency
Promotion of measures to improve the balance of payments
Enhancement of measures to reduce costs

Major Actions to Improve Business Efficiency

☐ **To improve operational management**
Curtailment of personnel expenses for executives and employees; reduction in travel expenses by introducing a new TV conference system; curtailment of expenses for supplies, company PR and sales promotion; etc.

☐ **To improve facility maintenance**
Careful review of details of construction works to reduce repair costs effectively while improving the quality of facilities to ensure safety and stable supplies, etc.

☐ **Effective operation of highly-efficient thermal power stations**
Introduction of highly-efficient combined-cycle power generation facilities, elimination of aged thermal power stations and replacement, reduction in fuel costs by reviewing the operation of thermal power generation stations, etc.

☐ **Corporate group-wide efforts**
Improvement in operational efficiency by expanding the introduction of shared services for accounting, personnel affairs and labor management of group companies; establishment of a communications infrastructure for the entire corporate group; promotion of environmentally friendly business activities (the 3Rs — Reduce, Reuse, Recycle), etc.

Improvements in Corporate Profitability by the Total Power of the Group Companies

Development of the Gas Business

We sell gas to town gas companies and industrial large-volume customers located in six prefectures in the Tohoku region and Niigata Prefecture through gas pipelines and by tank trucks and railway containers via Nihonkai LNG Co., Ltd. and Tohoku Natural Gas Co., Inc., which are our group companies.

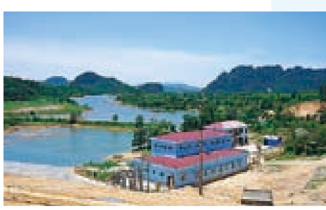
We will continue our efforts, in cooperation with local gas providers, to expand the use of natural gas, which has superior environmental characteristics, throughout the Tohoku region.

Overseas Development of the Electric Power Business

We have implemented a thermal power Independent Power Producer (IPP) project in Australia and other IPP projects in Vietnam and Hungary to obtain CO_2 credits, and provided consulting services for electric power generation overseas.

We will continue our business putting the highest importance on ensuring the optimal balance between profitability and risk through effective use of our know-how on electric power business operation and management resources so that we will contribute to global environmental issues and acquisition of resources.

A woodchip biomass power generation JI (Hungary)



Small-scale hydroelectric power generation CDM (Vietnam)

●Tohoku Electric Power's projects applying Kyoto Mechanism●

Biomass power generation CDM (Honduras)

Hydroelectric power generation CDM (China)

Conclusion

With all these issues under consideration, our corporate group makes concerted efforts to ensure stable energy supplies with the highest priority placed on safety in its all business activities. Emphasis is also placed on fulfilling our corporate social responsibility (CSR) by enhancing our corporate ethics, strictly complying with laws and regulations, and implementing business operations in coordination with local communities and in an environmentally conscious manner.

The Tohoku region is a promising region where social infrastructure, including high-speed transportation networks, is expected to be further improved, which will promote the formation of industrial clusters and energize the region. As a public utility company, we will continue to fulfill our mission of supplying energies essential to the region. While responding to the constantly changing business environment in an agile and flexible manner, our company will seek to develop its business along with local communities and promote sustainable growth in the region.

CSR Promoting Structure

Establishing the CSR Promotion Council Chaired by the President and Periodically Conducting Company-wide Policy Formulation as well as Monitoring

Activities to fulfill our corporate social responsibility (CSR) are centrally controlled by the CSR Promotion Council chaired by the President and consisting of all the Executive Vice Presidents and Managing Directors. One of the Executive Vice Presidents serves as the executive officer responsible for CSR activities. The Council, in corporation with other internal conferences, controls all CSR activities from a company-wide perspective. Council meetings are held regularly to plan CSR activities and assess their implementation, adjust individual CSR activities, monitor them and analyze the results, assess the efforts of the entire Tohoku Electric Power Group in promoting CSR, and discuss other relevant issues.

Relationship between the CSR Promotion Council and Internal Afiliated Conferences

The CSR Promotion Council

Role	Structure	Executive Officer	Executive Office
The CSR Promotion Council oversees all CSR activities and responds across the board from a company-wide perspective.	Chairman: President Members: All Executive Vice Presidents and Managing Directors	CSR Executive Officer: Executive Vice President of the Board of Directors	Corporate Planning Dept., Public Relations Dept.

Working in cooperration with:

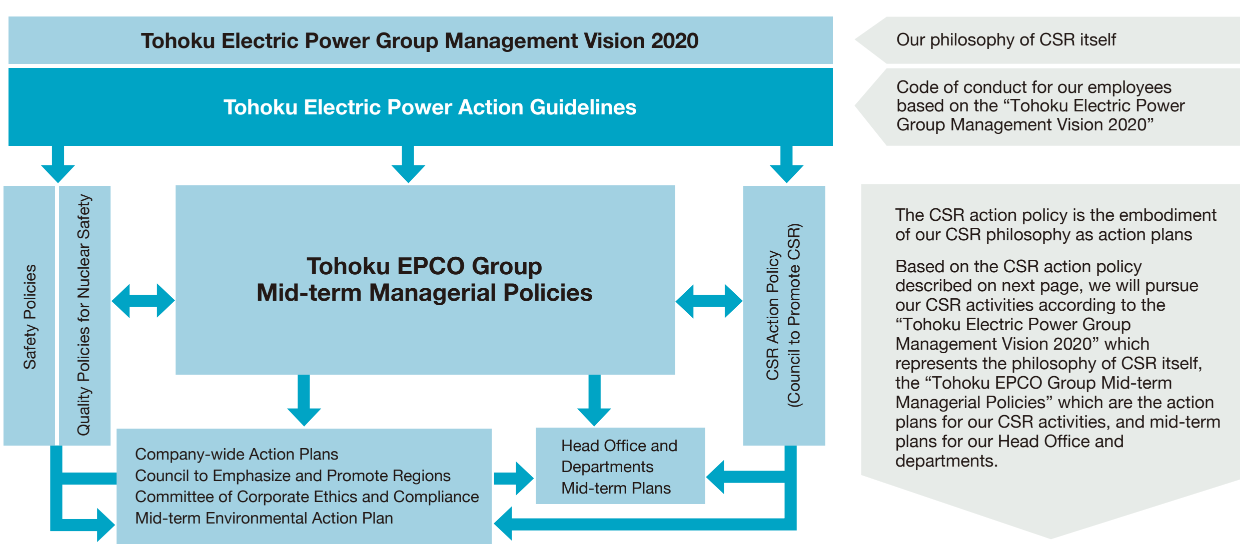
- **Council to Emphasize and Promote Regions**
- **Committee of Corporate Ethics and Compliance**
- **Conference to Promote Action Plans for Global Environmental Issues**
- **Committee to Promote Human-Rights Education**
- **Committee of Crisis Management**

Individual Business Activities are Planned to Incorporate CSR Activities according to "Tohoku Electric Power Group Management Vision 2020"

In Management Vision 2020, "co-prosperity with local communities" and "nourishment of creative business management" are set as our company's management philosophies with the aim of growing together with local communities, adapting to any changes, and thereby creating our own unique values in cooperation with local communities.

This concept, in combination with the slogan "Tohoku Electric Power — Greater deal of trust from local communities" and priority activities, serves as the basis of our CSR activities. We incorporate CSR activities in the medium-term business plans of individual divisions and departments as well as company-wide action plans with different themes.

Relationship between the " Tohoku Electric Power Group Management Vision 2020" and our CSR activities



Tohoku Electric Power's CSR Action Policies

Slogan for CSR activities

"Tohoku Electric Power— Greater deal of trust from local communities"

At Tohoku Electric Power, we are aiming to win greater trust and improve our brand by "continuing" and "stepping-up" based on our awareness that our CSR activities affect all of our business activities. To expand our CSR activities, we are putting our efforts into three key activities: (1) supporting local cooperation and revitalized activities, (2)strictly observing corporate ethics and compliance, and (3) environmental consideration. In specific terms, we entirely and synergistically commit to the key activities written below.

In addition, through publishing the status of our CSR activities in the CSR report, we are making full use of these activities by strengthening and enhancing our communications with everyone while intensifying our accountability and information disclose.

Basic Concepts of Corporate Governance

The Tohoku Electric Power Group aims to serve and grow with local communities. To help achieve this aim, we established "Tohoku Electric Power Group Management Vision 2020 – Together with Local Communities," which shows the company's determination to play an essential role in local communities by adapting itself proactively to any possible change in its business environment in future, continuing communication with its stakeholders (local communities, customers, shareholders, finance and capital markets, etc.), and thereby creating its own unique values together with local communities.

To conduct business operations properly in line with the direction presented in Management Vision 2020, we will continue to strengthen our corporate governance through various efforts such as enhancement of our corporate ethics, strict compliance with laws and regulations, promotion of honest, fair and transparent business activities, and improvement of internal control and risk management.

Status of Corporate Governance

Board of Directors and Council of General Executives

The Board of Directors consists of 17 internal directors. In principle, the Company convenes a Board of Directors meeting once each month, where it draws up plans on management policies and makes decisions on matters related to the Company's business execution. At these meetings, the directors also report on the execution of their own business duties and mutually supervise the execution of their business operations.

Also, the Company usually convenes a meeting of the Council of General Executives every week, where it defines general business policies and plans, and discusses the execution of important business matters in accordance with resolutions adopted at meetings of the Board of Directors.

To ensure proper and effective business operations, we have three specialized divisions: the Thermal & Nuclear Power Division, the Power System Division, and the Customer Services Division, each functioning autonomously.

Meeting of Statutory Auditors

The Company adopts a statutory auditing system, which consists of two internal and three outside auditors to ensure objective and fair monitoring of the company's management. Statutory Auditors attend important Company meetings, such as Board of Directors meetings and meetings of the Council of General Executives. To improve the auditing of Directors' performance of their assigned duties, Auditors are responsible for examining the Company's key documents, inspecting the execution of business operations assigned at each business office, and assessing the assets held at each office. Auditors exchange information with internal auditing departments and accountants on a regular basis. They have also strengthened cooperative relations with the auditors of the Company's partner firms. Through such efforts, the Company aims to further enhance the positive results of auditing procedures.

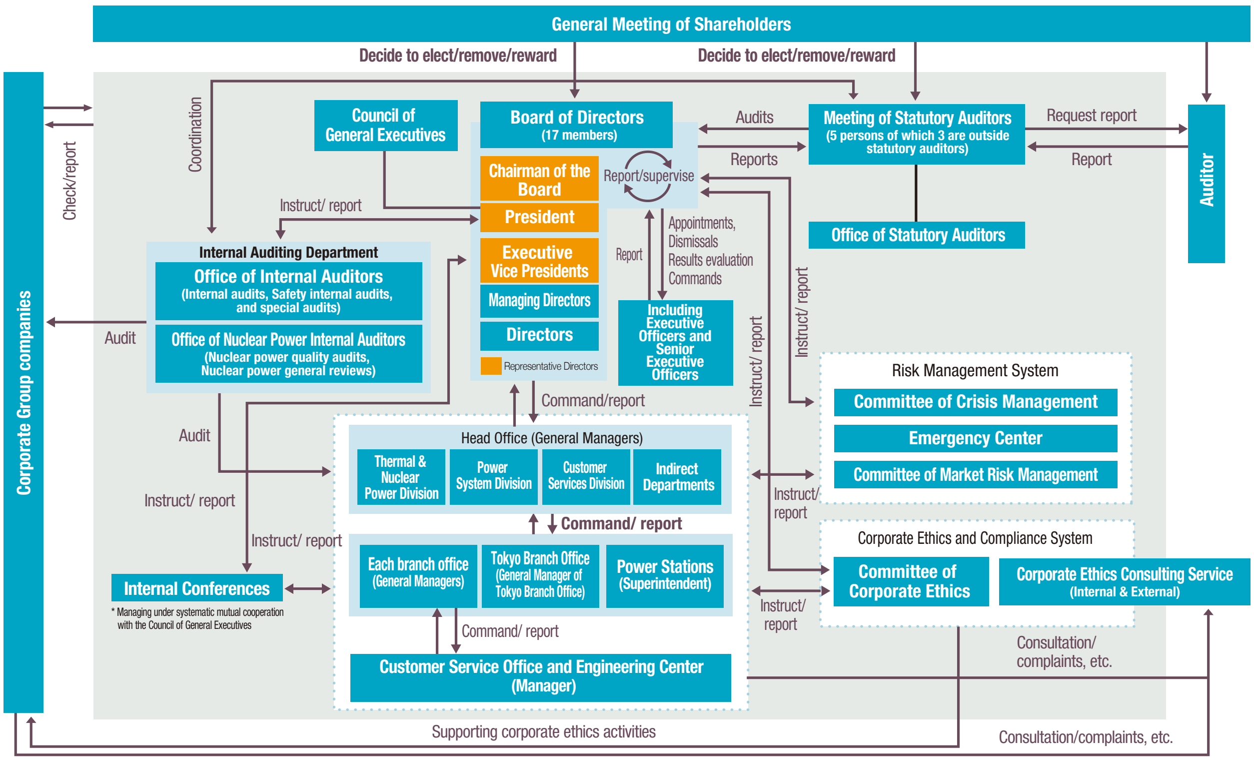
The Company has set up the Office of Statutory Auditors to support the duties of its Statutory Auditors.

Internal Audits

The Office of Internal Auditors implements audits concerning the Company's general affairs, such as the effectiveness and validity of its organizational and management systems, the company's economic performance and the efficiency of its business administration, environmental conservation, and self-imposed security at power facilities. The Office of Nuclear Power Internal Auditors checks the Company's quality management system concerning nuclear power generation, undertakes activities aimed at fostering a culture that supports nuclear power in Japan, and conducts general audits to promote compliance with the law.

The results of these internal audits are reported to the President and the Council of General Executives. If any problem areas that require improvement are detected, the Company presses for improvement measures to be taken in the relevant departments. In addition, the Company is working hard to reinforce cooperation with Statutory Auditors by providing explanations of its internal audit plans and audit results and conducting periodic information exchanges with them.

Furthermore, the Office of Internal Auditors and the Office of Nuclear Power Internal Auditors are independent from each executive body and are under the immediate jurisdiction of the President.



The Current State of the Internal Control System

The internal control system is designed in line with the “Basic Policy Underlying the System to Ensure Proper Business Operations,” which was determined by the Board of Directors in compliance with the Company Law and its enforcement regulations. It is our aim, under the internal control system, to promote fair, transparent and effective corporate activities in conformity to laws, regulations and bylaws as a member of society. We also inspect the maintenance and operation of the system to ensure compliance with the above Basic Policy as part of the internal auditing plan. With regard to the “Internal Control Report System for Financial Reporting” based on the Financial Instruments and Exchange Act, we have our “Basic Policy Underlying the System to Provide Internal Control over Financial Reporting as the Tohoku Electric Power Group” to implement and evaluate the system properly in order to ensure the reliability of our financial reports. Information on the results of inspection and evaluation of the internal control system is provided to auditors as appropriate.

Corporate Ethics and Compliance with the Law

The Company regards observance of corporate ethics and compliance with the law as issues that must be continuously addressed. Chaired by the President, the Committee of Corporate Ethics has outlined Tohoku Electric Power Action Guidelines, which define the Company’s code of conduct. By disseminating this code both inside and outside the Company, Tohoku Electric Power aims to conduct its business operations in a sincere and fair manner. There is the Corporate Ethics Hotline, which reports to the Committee of Corporate Ethics and Compliance, surveys and addresses ethical issues while protecting reporters.

The Current State of the Risk Management System

Business risks are addressed by different departments and/or committees according to their nature and urgency.

In particular, as revenue management is becoming more important along with the changing business environment, there is the Committee of Market Risk Management to manage market risk attributable to wholesale electric power sales and other factors.

In addition, price fluctuation risk and credit risk may occur in association with trading at the wholesale electric power exchange. To ensure risk management, the Corporate Planning Department is assigned to be responsible for risk management, separately from the Sales & Customer Service Department, which is engaged in trading, with the aim of serving as a deterrent. There is also a risk management policy that provides specific risk management methods.

Board of Directors

(as of June 29,2010)

Chairman of the Board

Hiroaki Takahashi

President

Makoto Kaiwa

Executive Vice Presidents

Nobuaki Abe

Takeo Umeda

Fumio Ube

Hiroshi Kato

Managing Directors

Toshiya Kishi

Eiji Hayasaka

Kazuo Morishita

Toshihito Suzuki

Tsutomu Satake

Shigeru Inoue

Masanori Tanaka

Directors	Yasuhiko Ono Ryuichi Oyama Tomonori Inagaki Hiroya Harada	Standing Statutory Auditors	Fumiaki Maekawa Toshio Suzuki	Statutory Auditors	Sakuya Fujiwara Ikuo Uno Ikuo Kaminishi

FINANCIAL SECTION

Contents

Financial Review (Consolidated basis)

Operating Results

The corporate group's operating revenues for fiscal 2009 came to ¥1,663.3 billion (US$17,878 million), a decrease of ¥179.8 billion (US$1,932 million) or 9.8% from fiscal 2008, mainly attributable to the decrease in electric power sales and the decrease in orders received by subsidiaries.

Operating expenses totaled ¥1,574.1 billion (US$16,918 million), a decrease of ¥270.6 billion (US$2,908 million) or 14.7% from fiscal 2008, attributable to the decrease in fuel expenses and purchased power rates due to declining fuel prices as well as streamlining efforts across business operations.

As a result, operating income was ¥89.2 billion (US$959 million), an increase of ¥90.7 billion (US$975 million) from the previous fiscal year. Income before income tax and minority interests was ¥49.6 billion (US$533 million), a year-on-year increase of ¥87.5 billion (US$941 million), thanks to an increase in operating income and ordinary income. As a result, the net income was ¥25.8 billion (US$277 million), a year-on-year increase of ¥57.5 billion (US$618 million). Net income per share rose to ¥51.76 (US$0.556) from -¥63.73 in fiscal 2008.

Fiscal 2009 results by business segment are as follows:

[Electric power business]

Operating revenues in the electric power business were ¥1,497.2 billion (US$16,092 million), a year-on-year decrease of ¥155.3 billion (US$1,669 million) or 9.4%, mainly as a result of the decline in the volume of electric power sales. Operating expenses declined by ¥251.9 billion (US$2,708 million) or 15.0% to ¥1,423.5 billion (US$15,300 million) from the previous fiscal year, reflecting the decrease in fuel expenses and purchased power rates. As a result, operating income was ¥73.6 billion (US$791 million), a year-on-year increase of ¥96.6 billion (US$1,038 million).

[Construction business]

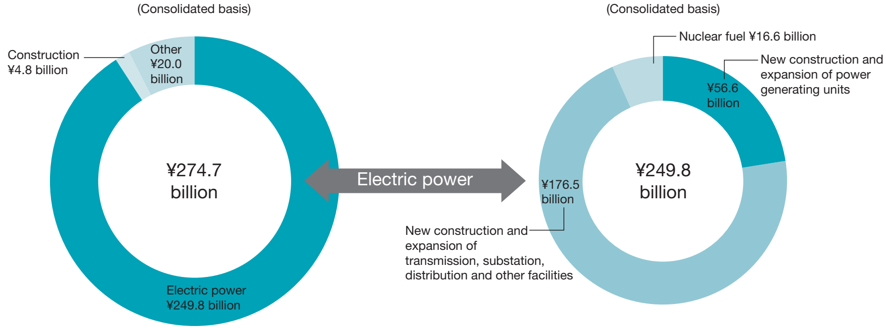
Operating revenues in the construction business totaled ¥234.8 billion (US$2,523 million), down ¥17.0 billion (US$182 million) or 6.8% compared with the previous fiscal year, reflecting the decline in construction orders. Operating expenses came to ¥230.1billion (US$2,473 million), down ¥11.2 billion (US$121 million) or 4.7% from the previous year, due to the decrease in the costs of construction as a result of declining construction orders. As a result, operating income was ¥4.6 billion (US$50 million), a year-on-year decrease of ¥5.7 billion (US$61 million) or 55.3%.

[Other businesses]

Operating revenues in other businesses was ¥205.2 billion (US$2,206 million), down ¥26.8 billion (US$288 million) or 11.6% from the previous year, mainly due to the decreased volume of product sales in the manufacturing business. Operating expenses came to ¥192.3 billion (US$2,067 million), a year-on-year decrease of ¥28.5 billion (US$306 million) or 12.9%, reflecting declining material prices in the manufacturing business. As a result, operating income was ¥12.9 billion (US$138 million), an increase of ¥1.6 billion (US$18 million) or 15.1% from the previous fiscal year.

Capital Expenditures
(Consolidated basis)

Capital Expenditures in Electric Power Segment
(Consolidated basis)



Capital Expenditure

The corporate group's capital expenditure in fiscal 2009 (not subject to adjustment) was ¥274.7 billion (US$2,953 million). By segment, the electric power business accounted for ¥249.8 billion (US$2,685 million), the construction business for ¥4.8 billion (US$51 million) and other businesses for ¥20.0 billion (US$215 million).

In the core electric power business, we invested in the plants and equipment necessary to respond efficiently to long-term supply-and-demand conditions. Out of the capital outlay in the electric power business, ¥56.6 billion (US$608 million) or 22.7% was spent on new construction and expansion of power generating units, and ¥176.5 billion (US$1,897 million) or 70.7% was spent on new construction and expansion of transmission, transformation, distribution and other facilities. Another ¥16.6 billion (US$178 million) or 6.6% was invested in nuclear fuel.

Financial Position

Total assets at the end of fiscal 2009 were valued at ¥3,918.5 billion (US$42,117 million), a decrease of ¥100.7 billion (US$1,082 million) or 2.5% from fiscal 2008, mainly due to increasing accumulated depreciation. Net assets at the end of fiscal 2009 came to ¥943.9 billion (US$10,145 million), a decrease of ¥4.3 billion (US$46 million) or 0.5% from fiscal 2008, mainly due to the decrease in retained earnings, reflecting dividend payments, offsetting the recording of a net loss. As a result, the equity ratio rose to 22.8% from 22.3% in the previous year.

Cash Flows

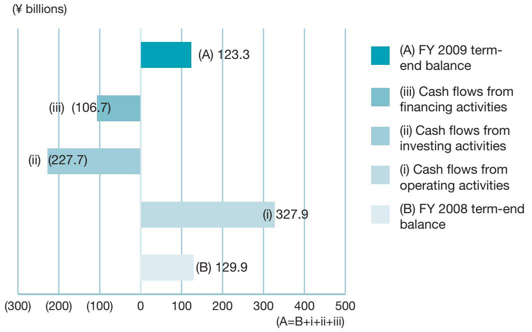
Cash and cash equivalents at the end of fiscal 2009 were ¥123.3 billion (US$1,325 million), a decrease of ¥6.5 billion (US$70 million) or 5.1 % from the end of fiscal 2008. Cash flows by activity and factors contributing to year-on-year changes are as follows:

[Cash flows from operating activities]
Cash flows from operating activities resulted in a net inflow of ¥327.9 billion (US$3,524 million), a year-on-year increase of ¥102.9 billion (US$1,106 million) or 45.8%, mainly attributable to the increase in income before income tax and minority interests due to declining fuel prices.

[Cash flows from investing activities]
Cash flows from investing activities resulted in a net outflow of ¥227.7 billion (US$2,447 million), a year-on-year decrease of ¥0.9 billion (US$9 million) or 0.4%, which is mainly attributable to the increase in contributions in aid for construction.

[Cash flows from financing activities]
Cash flows from financing activities resulted in a net outflow of ¥106.7 billion (US$1,147 million), compared with a net inflow of ¥9.2 billion for fiscal 2008. This was mainly due to the decrease in proceeds from long-term loans and commercial paper issues.

Cash Flows (Consolidated basis)
(¥ billions)



Risks related to Business Operations and Other Issues

The following are major risks that could affect the Group's business and financial performance. Our efforts will be focused on minimizing the occurrence of these risks, and if any occur, to take appropriate action to address the problem. Future risks shown below were those identified by our company on June 29, 2010.

1. Impact of Change in the Competitive Environment

(1) Regulatory Reform in the Electric Utility Industry

In Japan, deregulation has been introduced gradually in the electric power retail market. In July 2008, the Subcommittee on the Electric Utility Industry under the Advisory Committee on Energy and Natural Resources provided a report on relevant issues to encourage competition. This move indicates that competition on prices and services will become even more intense.

Environmental regulations to address global warming have also become more stringent, raising awareness of the necessity for more efforts to curtail greenhouse gas emissions.

With regard to the nuclear power's back-end business, since back-end projects are super long term and subject to uncertainties, the government has been implementing measures to reduce the risks associated with the cost of reprocessing used fuel and demolishing reprocessing plants. Despite these efforts by the government, costs may increase in future due to a revision of the current system, changes in estimated costs, the operating status of reprocessing plants, and other factors.

These changes in the business environment, such as system reform, enhanced environmental regulations, and the resulting intensified competition, as well as various concerns in the back-end business (reprocessing, concentration, etc.), may affect our group companies' business and financial performances from now on.

(2) Competitive Environment created by Factors other than Electric Power Market Liberalization

Our group companies' business and financial performance may also be affected by self-generation and price and service competition with other energy providers.

2. Impact of Economic and Climate Conditions

The amount of electricity sold by electric utilities increases or decreases according to changes in economic trends and the temperature. This suggests that our group companies' business and financial performances may be affected by economic and climatic conditions.

The annual precipitation and snowfall affect fuel costs: Fuel costs may decrease when water is abundant and increase in a drought. However, thanks to the reserve for fluctuation in water levels, which mitigates this impact to some extent, the influence of fluctuations in precipitation is considered to be limited.

3. Impact of Fluctuations in Fuel Prices

Fuel costs for thermal power generation by the electric utilities 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, efforts to maintain a well-balanced combination of power sources are made.

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

4. Impact of Natural Disasters and Operational Problems

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

5. Impact of Interest Rate Fluctuations

Our group companies' business and financial performance may be affected by future trends in market interest rates and changes in ratings.

However, we consider that the influence of fluctuations in market interest rates is limited because our interest bearing liabilities mainly consist of corporate bonds with fixed interest and long-term debts payable, and because efforts have been focused on reducing interest bearing liabilities to improve our balance sheet.

6. Impact of Unauthorized Information Disclosure

Our group companies possess a large amount of important information, including information on individuals and facilities. Our efforts to ensure appropriate handling of important information include the provision of standards, implementation of training and education for employees and contract companies, and enhancement of information security management. However, if any problems occur as a result of a leakage of important information, our group companies' business and financial performance could be affected adversely.

7. Impact from Businesses other than Electricity Services

In the energy service area, our group companies have been placing emphasis on providing electricity services in combination with ESCO projects, which provide value added services mainly including energy saving measures, and gas supply services. In the information and communication area and other business areas, profitability-focused highly self-sustaining business operations are promoted 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. For this reason, business performance in areas other than electricity services may affect our group companies' entire business and financial performance.

8. Impact of Noncompliance with Corporate Ethics

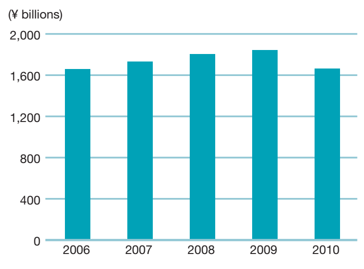
Believing that compliance with corporate ethics and laws and regulations must be a precondition of all business activities, our group companies have established systems to ensure compliance with corporate ethics and laws and regulations and are making efforts to spread the use of these systems. Despite these efforts, if any noncompliance occurs, society may lose confidence in us, and as a result, our group companies' business and financial performance could be affected adversely.

Five-Year Summary (Consolidated basis)

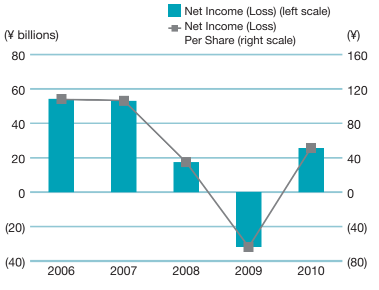
Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen				
	2010	2009	2008	2007	2006
Operating results					
Operating revenues	¥1,663,387	¥1,843,234	¥1,802,621	¥1,728,296	¥1,660,045
Operating expenses	1,574,130	1,844,774	1,722,203	1,594,361	1,560,197
Operating income (loss)	89,256	(1,540)	80,417	133,935	99,848
Interest expense	46,244	44,454	45,947	46,934	47,101
Other expenses (income), net	(286)	(2,874)	1,727	(12,121)	(43,108)
Income (loss) before special item, income taxes and minority interests	43,298	(43,120)	32,743	99,121	95,854
Special item	6,360	5,193	6,213	(4,276)	(2,332)
Income (loss) before income taxes and minority interests	49,659	(37,926)	38,956	94,845	93,521
Income taxes	23,275	(8,419)	18,537	38,303	36,567
Minority interests in earnings of consolidated subsidiaries	578	2,272	3,124	3,368	2,781
Net income (loss)	25,805	(31,780)	17,294	53,173	54,171
Sources and application of funds					
Sources:					
Internal funds	¥ 349,519	¥ 239,501	¥ 327,453	¥ 252,434	¥ 177,812
External funds:					
Bonds	119,621	139,591	89,695	119,583	139,517
Borrowings	784,303	999,870	878,540	887,088	879,940
	903,925	1,139,462	968,235	1,006,671	1,019,458
Total	1,253,444	1,378,963	1,295,689	1,259,105	1,197,270
Applications:					
Capital expenditures	274,749	280,373	245,817	210,559	213,226
Debt redemption	978,695	1,098,590	1,049,872	1,048,546	984,044
Total	1,253,444	1,378,963	1,295,689	1,259,105	1,197,270
Assets and capital					
Total assets	¥3,918,574	¥4,019,321	¥4,033,835	¥4,069,331	¥4,113,775
Property, plant and equipment, net	2,980,519	3,019,502	3,056,485	3,125,446	3,226,852
Common stock	251,441	251,441	251,441	251,441	251,441
Total net assets	943,973	948,291	1,015,352	1,032,681	1,009,206

Operating Revenues



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

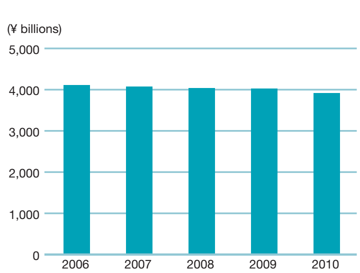


	Millions of yen				
	2010	2009	2008	2007	2006
Cash Flows					
Operating activities:					
Net cash provided by operating activities	**¥327,924**	¥224,976	¥277,100	¥276,182	¥226,869
Investing activities:					
Net cash used in investing activities	**(227,744)**	(228,655)	(159,133)	(197,591)	(229,754)
Financing activities:					
Net cash (used in) provided by financing activities	**(106,719)**	9,296	(112,675)	(73,004)	9,430
Effect of exchange rate changes on cash and cash equivalents	**(21)**	(71)	(4)	10	1
Increase in cash and cash equivalents upon inclusion of additional subsidiaries in consolidation	**–**	–	–	853	–
Decrease in cash and cash equivalents resulting from exclusion of subsidiary from consolidation	**(22)**	–	–	–	–
Cash and cash equivalents at end of the year	**123,321**	129,905	124,359	119,073	112,622

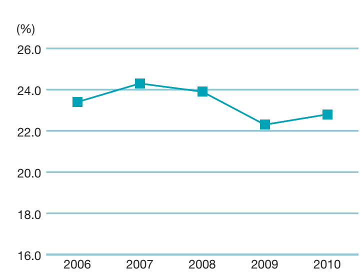
	2010	2009	2008	2007	2006
Plant data					
Generating capacity (MW) (Number of plants):					
Hydroelectric	**2,531**	2,531	2,526	2,523	2,524
	(227)	(227)	(228)	(227)	(227)
Thermal	**11,330**	11,580	11,583	11,930	11,396
	(14)	(14)	(14)	(14)	(14)
Nuclear	**3,274**	3,274	3,274	3,274	3,274
	(2)	(2)	(2)	(2)	(2)
Renewable	**262**	262	262	262	262
	(6)	(6)	(6)	(6)	(6)
Total	**17,397**	17,646	17,645	17,987	17,455
	(249)	(249)	(250)	(249)	(249)
Substation capacity (MVA)	**68,423**	65,086	64,510	63,684	61,835
Transmission lines (km)	**14,809**	14,794	14,817	14,736	14,682
Distribution lines (km)	**143,923**	143,282	142,603	141,834	140,981

Other data					
Number of employees	**22,479**	22,662	22,266	22,422	22,417

Total Assets



Equity Ratio



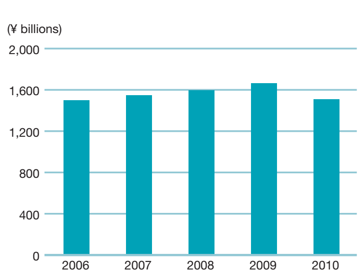
Five-Year Summary (Non-Consolidated basis)

Tohoku Electric Power Co., Inc
Years ended March 31

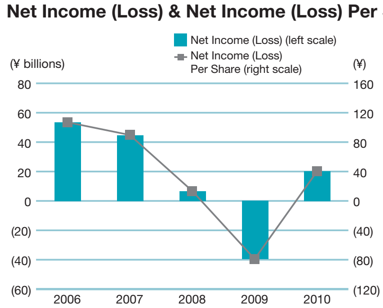
	Millions of yen				
	2010	2009	2008	2007	2006
Operating results					
Operating revenues	**¥1,507,573**	¥1,665,037	¥1,595,922	¥1,546,745	¥1,498,759
Operating expenses	**1,434,071**	1,689,233	1,542,268	1,438,434	1,420,819
Operating income (loss)	**73,501**	(24,196)	53,653	108,311	77,940
Interest expense	**45,401**	43,384	44,696	45,329	44,468
Other expenses (income), net	**389**	(4,971)	558	(13,781)	(52,409)
Income (loss) before special item and income taxes	**27,711**	(62,609)	8,399	76,762	85,881
Special item	**6,341**	5,169	6,194	(4,275)	(2,333)
Income (loss) before income taxes	**34,053**	(57,439)	14,593	72,487	83,547
Income taxes	**13,917**	(18,023)	7,818	27,706	30,005
Net income (loss)	**20,135**	(39,416)	6,774	44,780	53,542
Sources and application of funds					
Sources:					
Internal funds	**¥ 310,425**	¥ 200,188	¥ 284,268	¥ 212,325	¥ 122,912
External funds:					
Bonds	**119,621**	139,591	89,695	119,583	139,517
Borrowings	**753,840**	964,280	847,340	851,280	855,280
	873,461	1,103,871	937,035	970,863	994,797
Total	**1,183,886**	1,304,059	1,221,303	1,183,188	1,117,709
Applications:					
Capital expenditures	**245,617**	252,202	214,178	182,295	188,476
Debt redemption	**938,270**	1,051,857	1,007,125	1,000,892	929,233
Total	**1,183,886**	1,304,059	1,221,303	1,183,188	1,117,709
Assets and capital					
Total assets	**¥3,589,252**	¥3,681,171	¥3,675,908	¥3,709,377	¥3,759,037
Property, plant and equipment, net	**2,779,011**	2,809,841	2,834,933	2,893,715	2,982,319
Common stock	**251,441**	251,441	251,441	251,441	251,441
Total net assets	**761,240**	770,984	845,126	874,540	862,977
Common stock data:					
Number of shareholders	**240,578**	237,086	241,211	238,655	245,131
Number of shares issued (thousands)	**502,883**	502,883	502,883	502,883	502,883
Price range★ (yen):					
High	**¥ 2,200**	¥ 2,655	¥ 3,040	¥ 3,500	¥ 2,785
Low	**1,737**	1,864	2,245	2,300	1,942

★Tokyo Stock Exchange

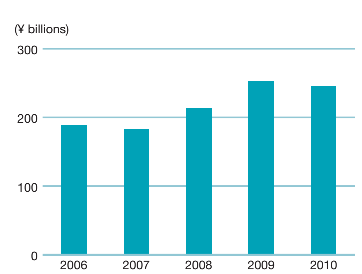
Operating Revenues



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



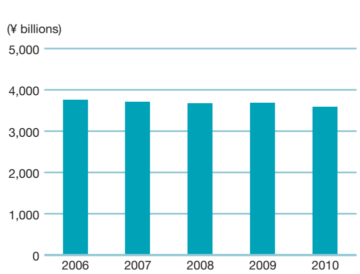
Capital Expenditures



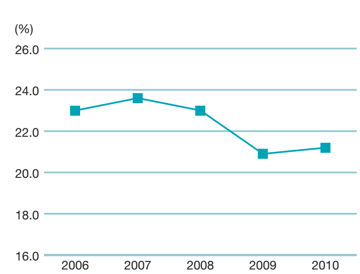
	2010	2009	2008	2007	2006
Electric power sales (millions of kWh)					
Excluding deregulated segment					
Residential	**25,036**	24,679	25,073	24,291	24,355
Commercial and industrial	**4,067**	4,078	4,346	4,302	4,724
Total	**29,103**	28,757	29,419	28,593	29,079
Deregulated segment	**49,889**	52,344	54,653	52,357	50,585
Total electric power sales	**78,992**	81,101	84,072	80,950	79,664
[Sub segment] Large industrial	**25,345**	27,187	28,809	27,256	25,556
Peak load (MW)	**14,516**	14,738	15,045	14,761	15,200
Plant data					
Generating capacity (MW)					
(Number of plants):					
Hydroelectric	**2,422**	2,422	2,417	2,414	2,415
	(210)	(210)	(211)	(210)	(210)
Thermal	**10,630**	10,880	10,883	11,230	10,695
	(13)	(12)	(13)	(13)	(13)
Nuclear	**3,274**	3,274	3,274	3,274	3,274
	(2)	(2)	(2)	(2)	(2)
Renewable	**224**	224	224	224	224
	(4)	(4)	(4)	(4)	(4)
Total	**16,549**	16,800	16,798	17,141	16,609
	(229)	(228)	(230)	(229)	(229)
Substation capacity (MVA)	**68,423**	65,086	64,510	63,684	61,835
Transmission lines (km)	**14,809**	14,794	14,817	14,736	14,682
Distribution lines (km)	**143,923**	143,282	142,603	141,834	140,981
Other data					
Number of customers (Excluding the deregulated segment):					
Residential	**6,782,929**	6,755,565	6,728,626	6,712,975	6,676,463
Commercial and industrial	**904,649**	919,598	936,682	952,118	965,552
Total	**7,687,578**	7,675,163	7,665,308	7,665,093	7,642,015
Number of employees★	**11,831**	11,634	11,376	11,344	11,423

★ Not including on loan or leave.

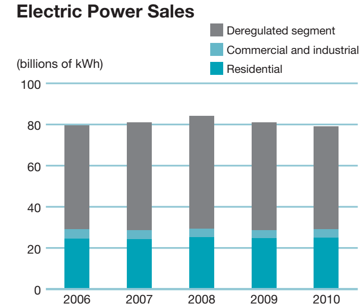
Total Assets



Equity Ratio



Electric Power Sales



Consolidated Balance Sheets

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	2010
Assets			
Property, plant and equipment (Note 4)	¥8,539,879	¥8,406,710	$91,787,177
Less accumulated depreciation	(5,559,359)	(5,387,207)	(59,752,353)
Property, plant and equipment, net (Note 11)	2,980,519	3,019,502	32,034,812
Nuclear fuel:			
Loaded nuclear fuel	28,811	26,949	309,662
Nuclear fuel under processing	116,418	115,360	1,251,268
Total nuclear fuel (Note 11)	145,230	142,309	1,560,941
Long-term investments (Notes 5,6 and 11)	75,245	72,684	808,738
Fund for reprocessing costs of irradiated nuclear fuel (Notes 5 and 11)	106,425	105,445	1,143,862
Deferred tax assets (Note 13)	157,201	154,231	1,689,606
Other assets (Note 11)	93,721	94,812	1,007,319
Current assets:			
Cash and cash equivalents (Notes 5,8 and 11)	123,321	129,905	1,325,462
Trade notes receivable and accounts receivable, less allowance for doubtful accounts (Notes 5,10 and 11)	122,526	139,490	1,316,917
Deferred tax assets (Note 13)	20,892	38,643	224,548
Inventories (Notes 9 and 11)	57,543	84,311	618,475
Other current assets (Notes 8,11 and 12)	35,945	37,983	386,339
Total current assets	360,229	430,335	3,871,764
Total assets	¥3,918,574	¥4,019,321	$42,117,089

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	2010
Liabilities and net assets			
Long-term debt (Notes 5 and 11)	¥1,835,887	¥1,943,585	$19,732,233
Accrued retirement benefits (Note 12)	215,662	187,612	2,317,949
Reserve for reprocessing costs of irradiated nuclear fuel	110,478	109,619	1,187,424
Pre-reserve for reprocessing costs of irradiated nuclear fuel	9,939	7,515	106,825
Reserve for decommissioning costs of nuclear power units	58,171	53,320	625,225
Deferred tax liabilities on revaluation adjustments for land	2,528	2,711	27,171
Current liabilities:			
Short-term borrowings (Notes 5 and 11)	54,710	55,660	588,026
Current portion of long-term debt (Notes 5 and 11)	257,778	201,865	2,770,614
Trade notes and accounts payable (Note 5)	98,386	141,716	1,057,459
Accrued income taxes	5,085	6,909	54,653
Other current liabilities	324,477	352,656	3,487,500
Total current liabilities	740,437	758,808	7,958,265
Reserve for fluctuation in water levels	1,495	7,855	16,068
Contingent liabilities (Note 18)			
Net assets (Note 19):			
Shareholders' equity (Note 14):			
Common stock, without par value:			
Authorized – 1,000,000,000 shares			
Issued – 502,882,585 shares	251,441	251,441	2,702,504
Capital surplus	26,702	26,702	286,994
Retained earnings (Note 21)	623,116	627,120	6,697,291
Treasury stock, at cost; 4,333,258 shares in 2010 and 4,303,107 shares in 2009	(8,335)	(8,275)	(89,585)
Valuation, translation adjustments and other:			
Net unrealized holding gain on securities (Note 6)	953	780	10,242
Revaluation adjustments for land	(1,292)	(1,222)	(13,886)
Foreign currency translation adjustments	4	149	42
Minority interests in consolidated subsidiaries	51,382	51,595	552,257
Total net assets	943,973	948,291	10,145,883
Total liabilities and net assets	¥3,918,574	¥4,019,321	$42,117,089

See notes to consolidated financial statements.

Consolidated Statements of Operations

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	2010
Operating revenues:			
Electric power	¥1,494,697	¥1,650,508	$16,065,101
Other	168,690	192,725	1,813,091
	1,663,387	1,843,234	17,878,192
Operating expenses (Note 16):			
Electric power (Note 15)	1,414,192	1,663,443	15,199,828
Other	159,938	181,331	1,719,024
	1,574,130	1,844,774	16,918,852
Operating income (loss)	89,256	(1,540)	959,329
Other expenses (income):			
Interest and dividend income	(2,930)	(3,153)	(31,491)
Interest expense	46,244	44,454	497,033
Other, net	2,643	278	28,407
	45,958	41,579	493,959
Income (loss) before special item, income taxes and minority interests	43,298	(43,120)	465,369
Special item:			
Reversal of reserve for fluctuation in water levels	(6,360)	(5,193)	(68,357)
Income (loss) before income taxes and minority interests	49,659	(37,926)	533,738
Income taxes (Note 13):			
Current	8,768	10,064	94,239
Prior period	-	944	-
Deferred	14,506	(19,428)	155,911
	23,275	(8,419)	250,161
Minority interests in earnings of consolidated subsidiaries	578	2,272	6,212
Net income (loss) (Note 19)	¥ 25,805	¥ (31,780)	$ 277,353

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen									
		Shareholders' equity				Valuation, translation adjustments and other				
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Revaluation adjustments for land	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2008	502,882,585	¥251,441	¥26,678	¥688,795	¥(7,925)	¥5,477	¥(1,196)	¥961	¥51,120	¥1,015,352
Cash dividends paid				(29,920)						(29,920)
Net loss				(31,780)						(31,780)
Purchases of treasury stock					(475)					(475)
Disposal of treasury stock			23		125					148
Reversal of revaluation adjustments for land				26			(26)			-
Net changes in items other than shareholders' equity						(4,697)		(811)	475	(5,033)
Balance at March 31, 2009	502,882,585	251,441	26,702	627,120	(8,275)	780	(1,222)	149	51,595	948,291
Cash dividends paid				(29,914)						(29,914)
Net income				25,805						25,805
Purchases of treasury stock					(85)					(85)
Disposal of treasury stock			0		26					26
Reversal of revaluation adjustments for land				70			(70)			-
Change of scope of consolidation				33						33
Net changes in items other than shareholders' equity						173		(144)	(213)	(184)
Balance at March 31, 2010	502,882,585	¥251,441	¥26,702	¥623,116	¥(8,335)	¥ 953	¥(1,292)	¥ 4	¥51,382	¥ 943,973

	Thousands of U.S. dollars (Note 3)								
	Shareholders' equity				Valuation, translation adjustments and other				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Revaluation adjustments for land	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2009	$2,702,504	$286,994	$6,740,326	$(88,940)	$ 8,383	$(13,134)	$1,601	$554,546	$10,192,293
Cash dividends paid			(321,517)						(321,517)
Net income			277,353						277,353
Purchases of treasury stock				(913)					(913)
Disposal of treasury stock		0		279					279
Reversal of revaluation adjustments for land			752			(752)			-
Change of scope of consolidation			354						354
Net changes in items other than shareholders' equity					1,859		(1,547)	(2,289)	(1,977)
Balance at March 31, 2010	$2,702,504	$286,994	$6,697,291	$(89,585)	$10,242	$(13,886)	$ 42	$552,257	$10,145,883

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	**2010**
Operating activities			
Income (loss) before income taxes and minority interests	**¥ 49,659**	¥ (37,926)	**$ 533,738**
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**250,825**	261,389	**2,695,883**
Provision for accrued retirement benefits	**28,050**	(871)	**301,483**
Loss on sales and disposal of property, plant and equipment	**8,805**	14,852	**94,636**
Provision for reserve for reprocessing costs of irradiated nuclear fuel	**858**	149	**9,221**
Provision for pre-reserve for reprocessing costs of irradiated nuclear fuel	**2,423**	1,923	**26,042**
Provision for reserve for decommissioning costs of nuclear power units	**4,851**	4,313	**52,138**
Reversal of reserve for fluctuation in water levels	**(6,360)**	(5,193)	**(68,357)**
Interest and dividend income	**(2,930)**	(3,153)	**(31,491)**
Interest expense	**46,244**	44,454	**497,033**
(Decrease) increase in fund for reprocessing costs of irradiated nuclear fuel	**(979)**	570	**(10,522)**
Changes in operating assets and liabilities:			
Accounts receivable	**(13,002)**	(34,807)	**(139,746)**
Inventories	**26,764**	(14,933)	**287,661**
Accounts payable	**(43,339)**	(22,955)	**(465,810)**
Other operating assets and liabilities	**28,399**	67,396	**305,234**
Subtotal	**380,270**	275,208	**4,087,166**
Interest and dividends received	**2,936**	3,159	**31,556**
Interest paid	**(44,679)**	(41,686)	**(480,212)**
Income taxes paid	**(10,604)**	(11,704)	**(113,972)**
Net cash provided by operating activities	**327,924**	224,976	**3,524,548**
Investing activities			
Acquisitions of property, plant and equipment	**(282,645)**	(274,380)	**(3,037,886)**
Contributions received in aid of construction	**56,933**	46,685	**611,919**
Increase in investments and advances	**(871)**	(1,283)	**(9,361)**
Changes in other assets and liabilities	**(1,160)**	323	**(12,467)**
Net cash used in investing activities	**(227,744)**	(228,655)	**(2,447,807)**
Financing activities			
Proceeds from long-term loans and issuance of bonds	**168,615**	221,273	**1,812,285**
Repayment or redemption of long-term loans or bonds	**(191,425)**	(185,873)	**(2,057,448)**
(Decrease) increase in short-term borrowings and commercial paper	**(51,950)**	5,511	**(558,361)**
Purchases of treasury stock	**(59)**	(349)	**(634)**
Cash dividends	**(29,858)**	(29,918)	**(320,915)**
Cash dividends to minority shareholders	**(792)**	(715)	**(8,512)**
Other	**(1,249)**	(630)	**(13,424)**
Net cash (used in) provided by financing activities	**(106,719)**	9,296	**(1,147,022)**
Effect of exchange rate changes on cash and cash equivalents	**(21)**	(71)	**(225)**
Net (decrease) increase in cash and cash equivalents	**(6,561)**	5,546	**(70,518)**
Cash and cash equivalents at beginning of the year	**129,905**	124,359	**1,396,227**
Decrease in cash and cash equivalents resulting from exclusion of subsidiary from consolidation	**(22)**	-	**(236)**
Cash and cash equivalents at end of the year (Note 8)	**¥123,321**	¥129,905	**$1,325,462**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
March 31, 2010

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 all subsidiaries (forty as of March 31, 2010 and forty-six as of March 31, 2009) controlled directly or indirectly by the Company. Affiliates (three as of March 31, 2010 and 2009) over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. 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, as a rule, 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.

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 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 (and with respect to value amounts on the balance sheet, the write-down of carrying value based on decreased profitability).

(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, as adjusted for the unrecognized actuarial gain or loss and unrecognized prior service cost.

The retirement benefit obligation is attributed to each period by the straight-line 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 recognized primarily by the straight-line method over periods (principally 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 in fiscal 2005, ¥41,296 million ($443,852 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 fiscal 2005. 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 over the twelve years starting from fiscal 2008 as an averaged amount for each period. Hence, the balance of the unrecognized costs is ¥26,911 million ($289,241 thousand).

The unrecognized estimation loss of ¥3,410 million ($36,650 thousand) at March 31, 2010 resulting from the difference in discount rate will be recognized over a period for which irradiated fuel actually planned to be reprocessed are generated.

(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) Reserve for decommissioning costs of nuclear power units

The Company, as required by a regulatory authority which is an advisory body to the Ministry of Economy, Trade and Industry, records a reserve for decommissioning costs of nuclear power units. Provision is made for the cost of future disposition of nuclear power units in proportion to the ratio of their current generation of electric power to the estimated total generation of electric power over the life of each unit.

In accordance with the “accounting standards for asset retirement obligations” and the “application guidelines of the accounting standards for asset retirement obligations” which will be applicable to Japanese electric utilities in the following fiscal year ended March 31, 2011, decommission costs shall be included in the account for asset retirement obligations from the following accounting period.

(l) Reserve for fluctuation in water levels

To offset fluctuation in income caused by varying water levels, the Company and its consolidated subsidiaries are required under the Electric Utility Law to record a reserve for fluctuation in water levels.

(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 and interest rates. 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 Notes 14 and 21.

2. Accounting Change

Accounting standards for retirement benefits for employees

Effective the fiscal year ended March 31, 2010, the partial amendment to the “accounting standards for retirement benefits for employees Part 3” has been applied.

Actuarial gains or losses are amortized in the following the year, which therefore has no impact on the ordinary income, income before income tax and minority interests in the current accounting period.

The unrecognized balance of the difference in retirement benefit obligations accrued in accordance with the application of the said accounting standards is ¥1,036 million ($11,134 thousand).

Inventories valuation standard and valuation method

Inventories were stated at cost determined by the average method, however, effective the fiscal year ended March 31, 2009, in association with the application of the “Accounting Standard regarding Valuation of Inventory”, inventories have been stated at cost determined by the average method (and with respect to value amounts of the balance sheet, the write-down of carrying value based on decreased profitability).

This increased in loss before income taxes and minority interests by ¥1,328 million for the year ended March 31, 2009.

Accounting Standard for Lease Transactions (Lessees' accounting)

Non-transfer ownership finance lease agreements which were conventionally accounted for according to accounting procedures conforming to the method for normal lease agreements have been accounted for according to accounting procedures conforming to the method for normal sales transactions effective the fiscal year ended March 31, 2009, due to the application of the "Accounting Standard for Lease Transactions" and the "Guidance on Accounting Standard for Lease Transactions".

With respect to the depreciation method of lease assets of non-transfer ownership finance leases, the straight-line method over the respective lease terms as useful life with no residual value has been applied. However, the non-transfer ownership finance lease agreements executed on or before March 31, 2008, have been accounted for as operating leases.

This did not have any impact on profit and loss for the fiscal year ended March 31, 2009.

(Lessors' accounting)

Non-transfer ownership finance lease agreements which were conventionally accounted for according to accounting procedures conforming to the method for normal lease agreements have been accounted for according to accounting procedures conforming to the method for normal sales transactions effective the fiscal year ended March 31, 2009, due to application of the "Accounting Standard for Lease Transactions" and the "Guidance on Accounting Standard for Lease Transactions". However, the non-transfer ownership finance lease agreements executed on or before March 31, 2008, have been accounted for as operating leases.

This did not have any impact on profit and loss for the fiscal year ended March 31, 2009.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥93.04 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2010 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, 2010 and 2009 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Hydro power plant	¥ 536,747	¥ 533,118	$ 5,768,991
Thermal power plant	1,661,364	1,664,806	17,856,448
Nuclear power plant	1,308,138	1,299,645	14,059,952
Transmission plant	1,455,135	1,439,114	15,639,886
Transformation plant	767,201	757,767	8,245,926
Distribution plant	1,315,931	1,284,634	14,143,712
General plant	324,943	322,667	3,492,508
Other	864,915	856,955	9,296,162
	8,234,379	8,158,708	88,503,643
Construction work in progress	305,499	248,002	3,283,523
Total	¥8,539,879	¥8,406,710	$91,787,177

Contributions in aid of construction, which were deducted from the cost of property, plant and equipment at March 31, 2010 and 2009 were as follows:

Millions of yen		Thousands of U.S. dollars
2010	2009	2010
¥ 214,378	¥ 202,213	$ 2,304,148

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, 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.

(b) Fair values of Financial Instruments

Carrying values, fair values and unrealized gains or losses as of March 31, 2010 were as follows:

	Millions of yen		
At March 31, 2010	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
Long-term investments (Note 1)	¥ 46,561	¥ 46,320	¥ (241)
Fund for reprocessing costs of irradiated nuclear fuel	106,425	106,425	–
Cash and cash equivalents	106,652	106,652	–
Trade notes receivable and accounts receivable	123,523	123,523	–
Liabilities:			
Bonds (Note 2)	1,310,575	1,391,624	81,049
Long-term loans (Note 2)	637,483	660,780	23,296
Short-term borrowings	54,710	54,710	–
Trade notes and accounts payable	98,386	98,386	–
Derivative transactions	–	–	–

	Thousands of U.S. dollars		
At March 31, 2010	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
Long-term investments (Note 1)	$ 500,440	$ 497,850	$ (2,590)
Fund for reprocessing costs of irradiated nuclear fuel	1,143,862	1,143,862	–
Cash and cash equivalents	1,146,302	1,146,302	–
Trade notes receivable and accounts receivable	1,327,633	1,327,633	–
Liabilities:			
Bonds (Note 2)	14,086,145	14,957,265	871,119
Long-term loans (Note 2)	6,851,708	7,102,106	250,386
Short-term borrowings	588,026	588,026	–
Trade notes and accounts payable	1,057,459	1,057,459	–
Derivative transactions	–	–	–

(Note 1) Long-term investments include bonds to be held to maturity (including those which mature within a year) and other securities.
(Note 2) Bonds and long-term loans include those which are scheduled to be redeemed or paid back within a year.

The method of calculating fair values of financial instruments, and marketable securities and derivative transactions are as follows:

Assets:
Long-term investments
Certificates of deposit are settled in the short term and their fair values are almost equal to the carrying values, thus the carrying values are presented. 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, 2010. Hence, the carrying values are used as fair values.
Cash and cash equivalents, and Trade notes receivable and accounts receivable
These assets are settled in the short term, and their fair values are almost equal to the carrying values; thus the carrying values are used as fair values.

Liabilities:
Bonds
The fair values of bonds are calculated based on reference prices announced by the Japan Securities Dealers Association. Interest-rate swaps subject to special treatment permitted by the accounting standards for financial instruments presented together with bonds subject to hedging and their fair values are 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, and are considered to be almost equal to the carrying values; hence, the carrying values are used as fair values.
Short-term borrowings, and Trade notes and accounts payable
These are settled in the short term and their fair values are almost equal to the carrying values; thus the carrying values are used as fair values.

Derivative transactions
Purchases and the revaluation 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 processed together with bonds subject to hedging; therefore, the fair values of interest-rate swaps are included in the fair values of those bonds.

Financial instruments for which fair values were extremely difficult to define at March 31, 2010 were follows:

	Millions of yen	Thousands of U.S. dollars
Unlisted stocks	¥37,177	$399,580
Subscription certificate	1,180	12,682
Other	1,483	15,939
Total	¥39,842	$428,224

The expected amounts of financial bonds and marketable securities with maturity dates after the consolidated account closing date at March 31, 2010 were as follows:

	Millions of yen			
At March 31, 2010	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	¥ 69	¥270	¥ 317	¥ 70
Bonds	–	–	500	–
Certificates of deposit	18,560	–	–	–
Other	–	–	1,381	6,500
Fund for reprocessing costs of irradiated nuclear fuel (Note 1)	12,101	–	–	–
Cash and cash equivalents	106,652	–	–	–
Trade notes receivable and accounts receivable	123,523	–	–	–
Total	¥260,906	¥270	¥2,199	¥6,570

	Thousands of U.S. dollars			
At March 31, 2010	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	$ 741	$2,901	$ 3,407	$ 752
Bonds	–	–	5,374	–
Certificates of deposit	199,484	–	–	–
Other	–	–	14,843	69,862
Fund for reprocessing costs of irradiated nuclear fuel (Note 1)	130,062	–	–	–
Cash and cash equivalents	1,146,302	–	–	–
Trade notes receivable and accounts receivable	1,327,633	–	–	–
Total	$2,804,234	$2,901	$23,634	$70,614

(Note 1) 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.

Effective the fiscal year ended March 31, 2010, the "accounting standards for financial instruments" and the "application guidelines for disclosure of the fair values of financial instruments" are being applied.

6. Marketable Securities and Investment Securities

Held-to-maturity debt securities at March 31, 2010 and 2009 were as follows:

	Millions of yen		
At March 31, 2010	Carrying value	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Other	¥ 3,000	¥ 3,063	¥ 63
Securities whose carrying value exceeds their fair value:			
Other	23,457	23,152	(305)
Total	¥26,457	¥26,215	¥ (241)

	Millions of yen		
At March 31, 2009	Carrying value	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Other	¥ –	¥ –	¥ –
Securities whose carrying value exceeds their fair value:			
Other	5,407	4,906	(500)
Total	¥5,407	¥4,906	¥ (500)

	Thousands of U.S. dollars		
At March 31, 2010	Carrying value	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Other	$ 32,244	$ 32,921	$ 677
Securities whose carrying value exceeds their fair value:			
Other	252,117	248,839	(3,278)
Total	$284,361	$281,760	$ (2,590)

Other securities at March 31, 2010 and 2009 were as follows:

	Millions of yen		
At March 31, 2010	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥ 6,584	¥11,515	¥ 4,930
Securities whose acquisition cost exceeds their carrying value:			
Stock	10,835	8,589	(2,236)
Total	¥17,419	¥20,104	¥ 2,694

At March 31, 2009	Millions of yen Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥ 4,501	¥ 9,582	¥ 5,081
Securities whose acquisition cost exceeds their carrying value:			
Stock	13,411	10,578	(2,833)
Total	¥17,912	¥20,161	¥ 2,248

At March 31, 2010	Thousands of U.S. dollars Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	$ 70,765	$123,763	$ 52,987
Securities whose acquisition cost exceeds their carrying value:			
Stock	116,455	92,315	(24,032)
Total	$187,220	$216,079	$ 28,955

Sales of securities classified as other securities amounted to ¥10 million ($107 thousand) with an aggregate gain of ¥0 million ($0 thousand) and loss of ¥0 million ($0 thousand) for the year ended March 31, 2010.

Sales of securities classified as other securities amounted to ¥3 million with an aggregate gain of ¥0 million and loss of ¥1 million for the year ended March 31, 2009.

Stocks included in other securities were impaired and an impairment loss of ¥522 million ($5,610 thousand) occurred in the fiscal year ended March 31, 2010.

Investment securities stated at cost at March 31, 2009 were as follows:

	Millions of yen
Held-to-maturity:	
Certificates of deposit	¥19,900
Municipal bonds	803
Other	10
Other securities:	
Unlisted stocks	37,295
Subscription certificate	1,180
Capital subscribed	935

The redemption schedule for other securities with maturity dates and held-to-maturity debt securities at March 31, 2009 was summarized as follows:

At March 31, 2009	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
Municipal bonds	¥ 73	¥273	¥322	¥ 133
Other	19,910	–	–	6,000
Total	¥19,983	¥273	¥322	¥6,133

7. Derivatives

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

Purchases and the revaluation gain or loss of compound financial instruments are included in “Marketable Securities and Investment Securities”.

(b) Derivative transactions to which hedge accounting is applied

The Company has entered into interest-rate swap agreements relating to corporate bonds to pay a floating rate and receive a fixed rate. These transactions are processed by special accounting treatment as they meet the criteria for special treatment permitted by the accounting standards for financial instruments.

The contract amount of such interest-rate swaps is ¥70,000 million ($752,364 thousand), of which the amount of those of over one year is ¥70,000 million ($752,364 thousand).

Interest-rate swaps subject to special treatment permitted by the accounting standards for financial instruments are processed together with bonds subject to hedging; therefore, the fair values of interest-rate swaps are included in the fair values of those bonds.

With respect to contract amounts concerning derivative transactions, the amounts themselves shall not indicate any market risk in derivative transactions.

8. Cash Flow Information

As important non-fund transactions, the asset amount of and liability amount of finance leases newly recorded as of March 31, 2009 were ¥3,136 million yen, respectively.

9. Inventory

Details of inventories are as follows:

	Millions of yen 2010	2009	Thousands of U.S. dollars 2010
Commercial products and finished goods	¥ 5,651	¥ 6,597	$ 60,737
Work in process	6,760	10,894	72,656
Raw materials and supplies	45,131	66,820	485,070
Total	¥57,543	¥84,311	$618,475

The year-end amount of inventory assets shows the amount after write-down of carrying values due to decreased profitability, and a loss on revaluation of inventory assets of ¥1,394 million was included in operating expenses for the fiscal year ended March 31, 2009.

10. Trade Notes Receivable and Accounts Receivable

Trade notes receivable and accounts receivable at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Trade notes receivable and accounts receivable	¥123,523	¥140,553	$1,327,633
Less allowance for doubtful accounts	(997)	(1,063)	(10,715)
Total	¥122,526	¥139,490	$1,316,917

11. 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, 2010 and 2009 were approximately 0.689% and 0.984%, respectively.

At March 31, 2010 and 2009, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Bonds in yen due through 2020	¥1,310,575	¥1,300,550	$14,086,145
Loans from banks and other financial institutions due through 2023	637,483	669,924	6,851,708
Other	7,211	4,285	77,504
Subtotal	1,955,271	1,974,760	21,015,380
Less current portion	(231,407)	(172,040)	(2,487,177)
Total	¥1,723,863	¥1,802,719	$18,528,192

Long-term debt payments fall due subsequent to March 31, 2010 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 231,407	$ 2,487,177
2012	204,860	2,201,848
2013	233,637	2,511,145
2014	229,200	2,463,456
2015	179,981	1,934,447
2016 and thereafter	876,183	9,417,272
Total	¥1,955,271	$21,015,380

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, 2010 was as follows:

	Millions of yen	Thousands of U.S. dollars
Bonds	¥1,310,671	$14,087,177
Long-term loans	198,270	2,131,018

The assets of certain consolidated subsidiaries pledged as collateral for the above long-term debt at March 31, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars
Land	¥12,535	$134,726
Buildings	33,689	362,091
Machinery and equipment	16,936	182,029
Other	9,443	101,493
Total	¥72,606	$780,374

12. Retirement Benefit Plans

The Company and certain of its subsidiaries have defined benefit plans, such as defined benefit pension plans, funded non-contributory tax-qualified retirement pension plans and a lump-sum retirement benefits plan, which together cover substantially all full-time employees who meet certain eligibility requirements. Certain subsidiaries have defined contribution plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2010 and 2009 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Retirement benefit obligation	¥(476,075)	¥(474,916)	$(5,116,885)
Plan assets at fair value	253,603	224,212	2,725,741
Unfunded retirement benefit obligation	(222,471)	(250,703)	(2,391,132)
Unrecognized actuarial loss (gain)	7,618	64,774	81,878
Unrecognized prior service cost	(301)	(150)	(3,235)
Prepaid pension cost	(508)	(1,531)	(5,460)
Accrued retirement benefits	¥(215,662)	¥(187,612)	$(2,317,949)

The components of retirement benefit expenses for the years ended March 31, 2010 and 2009 were outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Service cost	¥16,045	¥16,772	$172,452
Interest cost	10,146	9,494	109,049
Expected return on plan assets	(1,787)	(7,475)	(19,206)
Amortization of unrecognized actuarial gain (loss)	24,626	(632)	264,681
Amortization of unrecognized prior service cost	(59)	(25)	(634)
Contributions paid for defined contribution plans	846	823	9,092
Total	¥49,817	¥18,957	$535,436

The principal assumptions used in determining the retirement benefit obligation and other components of the Company's and the consolidated subsidiaries' plans were shown below:

	2010	2009
Discount rates	1.7% – 2.5%	2.0% – 2.5%
Expected rates of return on plan assets	0.0% – 2.5%	0.0% – 2.5%
Period for amortization of unrecognized prior service cost	1 year – 15 years	1 year – 15 years
Period for amortization of unrecognized actuarial gain or loss	1 year – 15 years	1 year – 15 years
Method of allocation of estimated retirement benefits	Equally over the period	Equally over the period

13. Income Taxes

The Company and consolidated subsidiaries are subject to several taxes based on earnings, which, in the aggregate, resulted in a statutory tax rate of approximately 36% for both 2010 and 2009. Other major consolidated subsidiaries are subject to several taxes based on earnings, which, in the aggregate, resulted in statutory tax rate of approximately 40% for both 2010 and 2009.

The significant components of deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Accrued retirement benefits	¥ 79,082	¥ 68,563	$ 849,978
Deferred charges	12,079	14,070	129,825
Intercompany profits	32,786	34,670	352,386
Other	72,662	91,081	780,975
	196,610	208,385	2,113,177
Valuation allowance	(15,790)	(13,026)	(169,711)
Total deferred tax assets	180,820	195,358	1,943,465
Deferred tax liabilities:			
Unrealized holding gain on other securities	(1,770)	(1,826)	(19,024)
Other	(955)	(656)	(10,264)
Total deferred tax liabilities	(2,725)	(2,483)	(29,288)
Net deferred tax assets	¥178,094	¥192,875	$1,914,165

The effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2009 differed from the statutory tax rate for the following reasons:

	2010	2009
Statutory tax rate	35.99%	35.99%
Effect of:		
Valuation allowance	5.57	(5.87)
Difference of tax rate in consolidated subsidiaries	1.53	(2.61)
Permanently non-deductible expenses for tax purposes such as entertainment expenses	1.52	(2.23)
Intercompany profits	5.14	(3.30)
Tax credit for research and development costs, IT investments and others	(2.03)	–
Other, net	(0.85)	0.22
Effective tax rates	46.87%	22.20%

14. 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 ($675,623 thousand) was included in retained earnings in the accompanying consolidated financial statements for the year ended March 31, 2010.

15. Operating Expenses

Operating expenses in the electric power business for the years ended March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Personnel	¥ 181,281	¥ 152,258	$ 1,948,420
Fuel	287,689	464,445	3,092,100
Purchased power	268,768	307,607	2,888,736
Maintenance	181,153	209,571	1,947,044
Depreciation	215,008	223,691	2,310,920
Taxes other than income taxes	87,049	90,348	935,608
Subcontracting fees	49,890	54,528	536,220
Other	143,351	160,991	1,540,745
Total	¥1,414,192	¥1,663,443	$15,199,828

16. Research and Development Costs

Research and development costs for the years ended March 31, 2010 and 2009 were ¥8,956 million ($96,259 thousand) and ¥9,519 million, respectively.

17. Leases

The non-transfer ownership finance lease agreements executed on or before March 31, 2008, are accounted for as operating leases.

However, under Article 10, paragraph 3 of the "Cabinet Office Ordinance on Partial Amendment to Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Cabinet Office Ordinance No. 65 of August 15, 2007)", acquisition costs, accumulated depreciation and year-end net book value of leases and year-end net book value of future minimum lease payments are omitted because of their lesser importance.

Lessees' accounting

Future minimum lease payments subsequent to March 31, 2010 for noncancelable operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥57	$ 612
2012 and thereafter	38	408
Total	¥96	$1,031

18. Contingent Liabilities

At March 31, 2010, the Company and its consolidated subsidiaries were contingently liable as co-guarantors of loans of other companies, primarily in connection with the procurement of fuel, in the amount of ¥80,981 million ($870,389 thousand), and as guarantors of employees' housing loans in the amount of ¥555 million ($5,965 thousand).

At March 31, 2010, the Company assigned to banks its obligation to make payments on its bonds amounting to ¥20,000 million ($214,961 thousand) in the aggregate plus interest on the principal of its bonds due through 2014 at a rate of 4.65% and its bonds amounting to ¥20,000 million ($214,961 thousand) in the aggregate plus interest on the principal of its bonds due in 2014 at a rate of 4.80%. The deposits and the bonds have thus been excluded from the accompanying consolidated balance sheet at March 31, 2010.

19. Amounts Per Share

Basic net income (loss) per share is computed based on the net income (loss) 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 (loss) 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, 2010 and 2009 were as follows:

	Yen		U.S. dollars
Year ended March 31,	2010	2009	2010
Net income (loss):			
Basic	¥51.76	¥(63.73)	$0.556
Diluted	–	–	–
Cash dividends applicable to the year	60.00	60.00	0.644

	Yen		U.S. dollars
At March 31,	2010	2009	2010
Net assets	¥1,790.38	¥1,798.50	$19.243

Since either the Company or its consolidated subsidiary did not have potentially dilutive securities at March 31, 2010 and 2009, diluted net income per share was not disclosed.

20. Segment Information

The segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2010 and 2009 were summarized as follows:

	Millions of yen					
Year ended March 31, 2010	Electric power business	Construction business	Other	Total	Eliminations of intersegment transactions or corporate	Consolidated total
Net sales:						
(1)Net sales to outside customers	¥1,494,697	¥ 95,847	¥ 72,842	¥1,663,387	¥ –	¥1,663,387
(2)Net intersegment sales	2,550	138,953	132,411	273,916	(273,916)	–
Total	1,497,247	234,801	205,254	1,937,303	(273,916)	1,663,387
Operating expenses	1,423,589	230,146	192,335	1,846,070	(271,940)	1,574,130
Operating income	¥ 73,658	¥ 4,655	¥ 12,919	¥ 91,233	¥ (1,976)	¥ 89,256
Total assets	¥3,574,028	¥241,145	¥361,741	¥4,176,915	¥(258,341)	¥3,918,574
Depreciation	¥ 233,160	¥ 3,986	¥ 21,551	¥ 258,698	¥ (7,872)	¥ 250,825
Capital expenditures	¥ 249,826	¥ 4,835	¥ 20,086	¥ 274,749	¥ (8,539)	¥ 266,209

Year ended March 31, 2009	Electric power business	Construction business	Other	Total	Eliminations of intersegment transactions or corporate	Consolidated total
	Millions of yen					
Net sales:						
(1)Net sales to outside customers	¥1,650,508	¥101,957	¥ 90,768	¥1,843,234	¥ –	¥1,843,234
(2)Net intersegment sales	2,061	149,864	141,297	293,223	(293,223)	–
Total	1,652,570	251,822	232,065	2,136,457	(293,223)	1,843,234
Operating expenses	1,675,553	241,405	220,836	2,137,795	(293,021)	1,844,774
Operating income (loss)	¥ (22,983)	¥ 10,416	¥ 11,229	¥ (1,338)	¥ (202)	¥ (1,540)
Total assets	¥3,664,912	¥250,187	¥371,448	¥4,286,548	¥(267,227)	¥4,019,321
Depreciation	¥ 240,909	¥ 3,708	¥ 24,368	¥ 268,986	¥ (7,597)	¥ 261,389
Capital expenditures	¥ 256,779	¥ 5,253	¥ 18,339	¥ 280,373	¥ (9,216)	¥ 271,156

Year ended March 31, 2010	Electric power business	Construction business	Other	Total	Eliminations of intersegment transactions or corporate	Consolidated total
	Thousands of U.S. dollars					
Net sales:						
(1)Net sales to outside customers	$16,065,101	$1,030,169	$ 782,910	$17,878,192	$ –	$17,878,192
(2)Net intersegment sales	27,407	1,493,475	1,423,162	2,944,067	(2,944,067)	–
Total	16,092,508	2,523,656	2,206,083	20,822,259	(2,944,067)	17,878,192
Operating expenses	15,300,827	2,473,624	2,067,229	19,841,680	(2,922,828)	16,918,852
Operating income	$ 791,680	$ 50,032	$ 138,854	$ 980,578	$ (21,238)	$ 959,329
Total assets	$38,413,886	$2,591,842	$3,888,015	$44,893,755	$(2,776,665)	$42,117,089
Depreciation	$ 2,506,018	$ 42,841	$ 231,631	$ 2,780,503	$ (84,608)	$ 2,695,883
Capital expenditures	$ 2,685,146	$ 51,966	$ 215,885	$ 2,953,020	$ (91,777)	$ 2,861,231

As described in note 2, the "Accounting Standard regarding Valuation of Inventory" has been applied to the inventory effective April 1, 2008.

This resulted in an increase in operating expenses for the fiscal year ended March 31, 2009 of ¥1,328 million in other businesses, and a corresponding decrease in operating income of the same amount.

21. 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 29, 2010:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥30 = U.S.$0.322 per share)	¥14,956	$160,748

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Report of Independent Auditors

The Board of Directors
Tohoku Electric Power Company, Incorporated

We have audited the accompanying consolidated balance sheets of Tohoku Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tohoku Electric Power Company, Incorporated and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young Shin Nihon LLC

June 29, 2010

Non-Consolidated Balance Sheets

Tohoku Electric Power Co., Inc.
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	2010
Assets			
Property, plant and equipment (Note 4)	¥7,788,970	¥7,656,324	$83,716,358
Less accumulated depreciation	(5,009,959)	(4,846,482)	(53,847,366)
Property, plant and equipment, net (Note 6)	2,779,011	2,809,841	29,868,991
Nuclear fuel:			
Loaded nuclear fuel	28,811	26,949	309,662
Nuclear fuel under processing	116,418	115,360	1,251,268
Total nuclear fuel (Note 6)	145,230	142,309	1,560,941
Investments in and advances to:			
Subsidiaries and affiliates (Notes 6 and 7)	184,073	184,100	1,978,428
Other (Note 6)	61,020	61,824	655,846
Total investments and advances	245,094	245,924	2,634,286
Fund for reprocessing costs of irradiated nuclear fuel (Note 6)	106,425	105,445	1,143,862
Deferred tax assets (Note 8)	106,281	101,258	1,142,315
Other assets (Note 6)	2,917	3,181	31,352
Current assets:			
Cash and cash equivalents (Note 6)	41,971	54,560	451,107
Accounts receivable, less allowance for doubtful accounts (Notes 5 and 6)	86,470	96,566	929,385
Fuel and supplies (Note 6)	38,422	58,192	412,962
Deferred tax assets (Note 8)	15,501	32,737	166,605
Other current assets (Note 6)	21,926	31,153	235,662
Total current assets	204,292	273,210	2,195,743
Total assets	¥3,589,252	¥3,681,171	$38,577,515

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	**2010**
Liabilities and net assets			
Long-term debt (Note 6)	**¥1,788,784**	¥1,892,503	**$19,225,967**
Accrued retirement benefits	**173,805**	145,369	**1,868,067**
Reserve for reprocessing costs of irradiated nuclear fuel	**110,478**	109,619	**1,187,424**
Pre-reserve for reprocessing costs of irradiated nuclear fuel	**9,939**	7,515	**106,825**
Reserve for decommissioning costs of nuclear power units	**58,171**	53,320	**625,225**
Current liabilities:			
Short-term borrowings	**54,440**	54,440	**585,124**
Current portion of long-term debt (Note 6)	**245,818**	184,292	**2,642,067**
Commercial paper	**46,000**	97,000	**494,411**
Accounts payable	**69,065**	129,683	**742,315**
Accrued income taxes	**1,565**	0	**16,820**
Accrued expenses	**39,269**	44,224	**422,065**
Other current liabilities	**229,202**	184,405	**2,463,478**
Total current liabilities	**685,361**	694,046	**7,366,304**
Reserve for fluctuation in water levels	**1,470**	7,812	**15,799**
Contingent liabilities (Note 12)			
Net assets (Note 13):			
Shareholders' equity (Note 9):			
Common stock, without par value:			
Authorized – 1,000,000,000 shares			
Issued – 502,882,585 shares	**251,441**	251,441	**2,702,504**
Capital surplus	**26,681**	26,681	**286,769**
Retained earnings (Note 14)	**491,110**	500,888	**5,278,482**
Treasury stock, at cost; 4,333,258 shares in 2010 and 4,303,107 shares in 2009	**(8,417)**	(8,357)	**(90,466)**
Valuation, translation adjustments and other:			
Net unrealized holding gain on securities	**424**	330	**4,557**
Total net assets	**761,240**	770,984	**8,181,857**
Total liabilities and net assets	**¥3,589,252**	¥3,681,171	**$38,577,515**

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Operations

Tohoku Electric Power Co., Inc.
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	2010
Operating revenues	¥1,507,573	¥1,665,037	$16,203,493
Operating expenses (Note 10):			
Personnel expenses	179,252	150,274	1,926,612
Fuel	279,883	453,036	3,008,200
Purchased power	303,979	350,057	3,267,186
Maintenance	178,888	208,717	1,922,699
Depreciation	217,195	225,820	2,334,426
Taxes other than income taxes	81,262	84,054	873,409
Subcontracting fees	51,596	56,881	554,557
Other	142,012	160,392	1,526,354
	1,434,071	1,689,233	15,413,488
Operating income (loss)	73,501	(24,196)	789,993
Other expenses (income):			
Interest and dividend income	(3,565)	(4,562)	(38,316)
Interest expense	45,401	43,384	487,972
Other, net	3,954	(409)	42,497
	45,790	38,413	492,153
Income (loss) before special item and income taxes	27,711	(62,609)	297,839
Special item:			
Reversal of reserve for fluctuation in water levels	(6,341)	(5,169)	(68,153)
Income (loss) before income taxes	34,053	(57,439)	366,003
Income taxes (Note 8):			
Current	1,756	1	18,873
Prior period	-	933	-
Deferred	12,160	(18,959)	130,696
	13,917	(18,023)	149,580
Net income (loss) (Note 13)	¥ 20,135	¥ (39,416)	$ 216,412

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Changes in Net Assets

Tohoku Electric Power Co., Inc.
Years ended March 31, 2010 and 2009

	Millions of yen						
		Shareholders' equity				Valuation, translation adjustments and other	
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Total net assets
Balance at March 31, 2008	502,882,585	¥251,441	¥26,657	¥570,226	¥(8,007)	¥4,809	¥845,126
Cash dividends paid				(29,920)			(29,920)
Net loss				(39,416)			(39,416)
Purchases of treasury stock					(475)		(475)
Disposal of treasury stock			23		125		148
Net changes in items other than shareholders' equity						(4,479)	(4,479)
Balance at March 31, 2009	502,882,585	251,441	26,681	500,888	(8,357)	330	770,984
Cash dividends paid				(29,914)			(29,914)
Net income				20,135			20,135
Purchases of treasury stock					(85)		(85)
Disposal of treasury stock			0		26		26
Net changes in items other than shareholders' equity						94	94
Balance at March 31, 2010	502,882,585	¥251,441	¥26,681	¥491,110	¥(8,417)	¥ 424	¥761,240

	Thousands of U.S. dollars (Note 3)					
	Shareholders' equity				Valuation, translation adjustments and other	
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Total net assets
Balance at March 31, 2009	$2,702,504	$286,769	$5,383,576	$(89,821)	$3,546	$8,286,586
Cash dividends paid			(321,517)			(321,517)
Net income			216,412			216,412
Purchases of treasury stock				(913)		(913)
Disposal of treasury stock		0		279		279
Net changes in items other than shareholders' equity					1,010	1,010
Balance at March 31, 2010	$2,702,504	$286,769	$5,278,482	$(90,466)	$4,557	$8,181,857

See notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

Tohoku Electric Power Co., Inc.
March 31, 2010

1. Summary of Significant Accounting Policies

The accompanying non-consolidated financial statements of Tohoku Electric Power Company, Incorporated (the "Company") have been compiled from the non-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 non-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.

The accompanying non-consolidated financial statements have been prepared on the same basis as the accounting policies discussed in Note 1 to the consolidated financial statements except that these financial statements relate to the Company only, with investments in subsidiaries and affiliates being stated substantially at cost.

2. Accounting Change

Accounting standards for retirement benefits for employees

Effective the fiscal year ended March 31, 2010, the partial amendment to the "accounting standards for retirement benefits for employees Part3" has been applied.

This does not have any impact on the ordinary income or income before income tax and minority interests in the current accounting period.

There is no difference in retirement benefit obligations accrued in accordance with application of the said accounting standards.

Fuel and supplies valuation standard and valuation method

Fuel and supplies were stated at cost determined by the average method, however, effective the fiscal year ended March 31, 2009, in association with the application of the "Accounting Standard regarding Valuation of Inventory", fuel and supplies have been stated at cost determined by the average method (and with respect to value amounts of the balance sheet, the write-down of carrying value based on decreased profitability).

This did not have any impact on profit and loss in this accounting period.

Accounting Standard for Lease Transactions

Non-transfer ownership finance lease agreements which were conventionally accounted for according to accounting procedures conforming to the method for normal lease agreements have been accounted for according to accounting procedures conforming to the method for normal sales transactions effective the fiscal year ended March 31, 2009, due to the application of the "Accounting Standard for Lease Transactions" and the "Guidance on Accounting Standard for Lease Transactions".

With respect to the depreciation method of lease assets of non-transfer ownership finance leases, the straight-line method over the respective lease terms as useful life with no residual value has been applied. However, the non-transfer ownership finance lease agreements executed on or before March 31, 2008, have been accounted for as operating leases.

This did not have significant impact on profit and loss for the fiscal year ended March 31, 2009.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥93.04= U.S.$1.00, the approximate rate of exchange in effect on March 31, 2010, 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, 2010 and 2009 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Hydro power plant	¥ 488,524	¥ 485,197	$ 5,250,687
Thermal power plant	1,508,552	1,512,504	16,214,015
Nuclear power plant	1,313,135	1,304,572	14,113,660
Internal combustion power plant	28,763	28,325	309,146
Renewable power plant	55,340	55,294	594,797
Transmission plant	1,493,221	1,476,226	16,049,236
Transformation plant	799,528	789,150	8,593,379
Distribution plant	1,425,291	1,390,568	15,319,120
General plant	354,414	351,110	3,809,264
Property leased to others	501	501	5,384
Other	19,457	19,763	209,125
	7,486,731	7,413,215	80,467,874
Construction work in progress	302,239	243,108	3,248,484
Total	¥7,788,970	¥7,656,324	$83,716,358

Contributions in aid of construction, which were deducted from the cost of property, plant and equipment at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
	¥202,041	¥189,929	$2,171,549

5. Accounts Receivable

Accounts receivable, less allowance for doubtful accounts at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Accounts receivable	¥86,927	¥97,166	$934,297
Less allowance for doubtful accounts	(457)	(600)	(4,911)
Total	¥86,470	¥96,566	$929,385

6. Assets Pledged as Collateral

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.

Secured long-term debt at March 31, 2010 was as follows:

	Millions of yen	Thousands of U.S. dollars
Bonds	¥1,310,971	$14,090,401
Long-term loans	183,413	1,971,334

7. Securities

The carrying and fair value of the common stock of Yurtec Corp., a subsidiary, included in investments in and advances to subsidiaries and affiliates at March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Carrying value	¥ 5,978	¥ 5,978	$ 64,251
Fair value	17,933	20,019	192,745
Unrealized gain	¥11,954	¥14,040	$128,482

The amounts recorded on the balance sheet of stocks in subsidiaries and those of affiliates of which the fair values are difficult to identify are ¥73,263 million ($787,435 thousand), and ¥88,337 million ($949,451 thousand) for the year ended March 31, 2010, respectively.

8. Income Taxes

The Company is subject to corporation and inhabitants' taxes based on earnings, which, in the aggregate, resulted in a statutory tax rate of approximately 36% for both 2010 and 2009.

The significant components of the Company's deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Accrued retirement benefits	¥ 62,552	¥ 52,318	$ 672,312
Deferred charges	11,987	13,974	128,837
Other	62,145	80,319	667,938
	136,685	146,613	1,469,099
Valuation allowance	(13,485)	(11,098)	(144,937)
Total deferred tax assets	123,200	135,515	1,324,161
Deferred tax liabilities:			
Unrealized holding gain on securities	(1,412)	(1,519)	(15,176)
Other	(5)	–	(53)
Total deferred tax liabilities	(1,418)	(1,519)	(15,240)
Net deferred tax assets	¥121,782	¥133,996	$1,308,920

The effective tax rates reflected in the accompanying statements of income for the year ended March 31, 2010 and 2009 differed from the statutory tax rate for the following reasons:

	2010	2009
Statutory tax rate	35.99%	35.99%
Effect of:		
Valuation allowance	7.01	(4.00)
Permanently non-deductible expenses for tax purposes such as entertainment expenses	1.01	(0.70)
Tax credit for research and development costs	(1.80)	–
Tax credit for IT investments	(1.38)	–
Other, net	0.04	0.09
Effective tax rates	40.87%	31.38%

9. Shareholders' Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distribution 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.

Retained earnings at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Legal reserve	¥ 62,860	¥ 62,860	$ 675,623
Appropriated retained earnings:			
Reserve for overseas investment loss	10	–	107
Reserve for cost fluctuation adjustments	–	103,000	–
Reserve for general purposes	332,400	332,400	3,572,656
Unappropriated retained earnings	95,839	2,628	1,030,083
Total	¥491,110	¥500,888	$5,278,482

10. Research and Development Costs

Research and development costs for the years ended March 31, 2010 and 2009 were ¥8,199 million ($88,123 thousand) and ¥8,745 million, respectively.

11. Leases

The non-transfer ownership finance lease agreements executed on or before March 31, 2008, are accounted for as operating leases.

However, under Article 10, paragraph 3 of the "Cabinet Office Ordinance on Partial Amendment to Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Cabinet Office Ordinance No. 65 of August 15, 2007)", acquisition costs, accumulated depreciation and year-end net book value of leases and year-end net book value of future minimum lease payments are omitted because of their lesser importance.

12. Contingent Liabilities

At March 31, 2010, the Company was contingently liable as a co-guarantor of loans of other companies, primarily in connection with the procurement of fuel, in the amount of ¥86,050 million ($924,871 thousand), and as guarantor of employees' housing loans in the amount of ¥531 million ($5,707 thousand).

At March 31, 2010, the Company assigned to banks its obligation to make payments on its bonds amounting to ¥20,000 million ($214,961 thousand) in the aggregate plus interest on the principal of its bonds due through 2014 at a rate of 4.65% and its bonds amounting to ¥20,000 million ($214,961 thousand) in the aggregate plus interest on the principal of its bonds due in 2014 at a rate of 4.80%. The deposits and the bonds have thus been excluded from the accompanying non-consolidated balance sheet at March 31, 2010.

13. Amounts Per Share

Basic net income (loss) per share is computed based on the net income (loss) 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 (loss) 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, 2010 and 2009 were as follows:

	Yen		U.S. dollars
Year ended March 31,	2010	2009	2010
Net income (loss):			
Basic	¥40.39	¥(79.05)	$0.434
Diluted	–	–	–
Cash dividends applicable to the year	60.00	60.00	0.644

	Yen		U.S. dollars
At March 31,	2010	2009	2010
Net assets	¥1,526.91	¥1,546.36	$16.411

Since the Company did not have potentially dilutive securities at March 31, 2010 and 2009, diluted net income per share was not disclosed.

14. Subsequent Event

The following appropriations of retained earnings, which have not been reflected in the accompanying non-consolidated financial statements, were approved at a meeting of the shareholders of the Company held on June 29, 2010:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends	¥14,956	$160,748
(¥30 = U.S.$0.322 per share)		

Ernst & Young ShinNihon LLC
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Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
Tohoku Electric Power Company, Incorporated

We have audited the accompanying non-consolidated balance sheets of Tohoku Electric Power Company, Incorporated as of March 31, 2010 and 2009, and the related non-consolidated statements of operations and changes in net assets for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of Tohoku Electric Power Company, Incorporated at March 31, 2010 and 2009, and the non-consolidated results of its operations for the years then ended in conformity with accounting principles generally accepted in Japan.

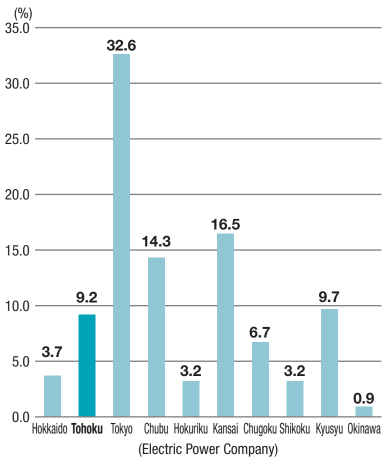
The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon LLC

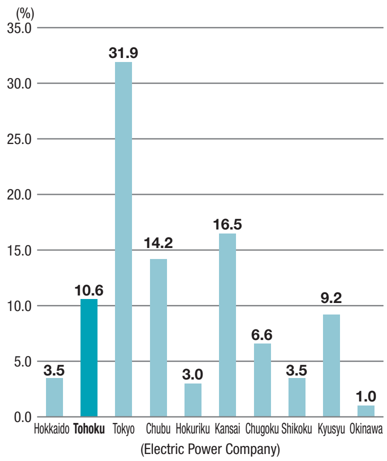
June 29, 2010

Tohoku Electric Power in Comparison with 10 Japanese Electric Power Companies

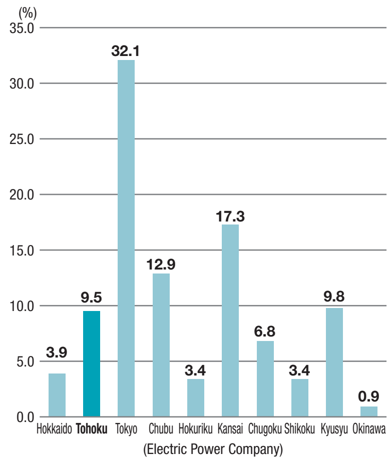
Percentage Shares of Electric Power Sales by EPCo (10 Japanese EPCos' total for FY 2009=100%)



Percentage Shares of Consolidated Operating Revenues by EPCo (10 Japanese EPCos' total for FY 2009=100%)



Percentage Shares of Consolidated Total Assets by EPCo (10 Japanese EPCos' total for FY 2009=100%)



Facts and Figures about Main Subsidiaries

(as of March 31, 2010)

Company	Date of Establishment	Equity Ownership (%)	Paid-in Capital (Millions of yen)
1. Electric Power Business : Generation and supply of electricity			
Tousei Kougyo Co., Inc.	Jan. 26, 1953	100.0	5,270
Sakata Kyodo Power Co., Ltd.	Apr. 2, 1973	100.0	25,500
Tohoku Hydropower & Geothermal Energy Co., Inc.	Oct. 12, 1984	75.0	2,000
Joban Joint Power Co., Ltd.*	Dec. 23, 1955	49.1	56,000
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	48.0	7,803
Tohoku Electric Power Engineering & Construction Co., Inc.	Feb. 1, 1959	100.0	1,000
Tohoku Ryokka Kankyohozen Co., Ltd.	Apr. 1, 1972	100.0	50
3. Gas Business : Supply of LNG to generate power			
Nihonkai LNG Co., Ltd.	Aug. 26, 1978	42.3	12,000
4. Information Processing, Telecommunication Business : Telecommunication business through the use of communication equipments 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	60.7	135
Tsuken Electric Ind Co., Ltd.	Nov. 19, 1946	91.9	100
Higashi Nihon Kougyou Co., Inc.	Nov. 2, 1953	100.0	1,000

*Equity Method Applied Affiliates

Major Generation Plants

Nuclear Power Station

(as of March 31, 2010)

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

Thermal Power Station

Name of Power Station	Unit	Authorized Maximum Capacity (thousands of kW)	Commencement of Commercial Operation	Major Fuel	Location
Hachinohe	No.3	250	Aug. 1968	Heavy Oil, Crude Oil	Hachinohe, Aomori
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		
Shin-Sendai	No.1	350	Aug. 1971	Heavy Oil	Sendai, Miyagi
	No.2	600	Jun. 1973	LNG	
Haramachi	No.1	1,000	Jul. 1997	Coal	Minamisoma, Fukushima
	No.2	1,000	Jul. 1998		
Higashi-Niigata	No.1	600	Apr. 1977	LNG	Seiro, Kitakanbara, Niigata
	No.2	600	Jun. 1983		
	No.3 Series	1,090	Dec. 1984 Oct. 1985		
	No.4 Series	1,610	Jul. 1999 Dec. 2006		
	Minato No.1	350	Nov. 1972		
	Minato No.2	350	Nov. 1975		
Niigata	No.4	250	Aug. 1969	Heavy Oil, LNG	Niigata, Niigata

Hydroelectric Power Station (with a capacity of more than 60,000kW)

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

Renewable Power Station (Geothermal)

Name of Power Station	Unit	Authorized Maximum Capacity (thousands of kW)	Commencement of Commercial Operation	Location
Kakkonda	No.1	50	May 1978	Shizukuishi, Iwate, 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, Kawanuma, Fukushima

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

(as of March 31, 2010)

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 2009		FY 2008	
	High	Low	High	Low
First quarter	¥2,200	¥1,905	¥2,600	¥2,085
Second quarter	¥2,055	¥1,937	¥2,655	¥2,160
Third quarter	¥1,998	¥1,737	¥2,515	¥1,864
Fourth quarter	¥1,978	¥1,795	¥2,460	¥1,913

Cash Dividends	FY 2009	FY 2008
Interim	¥30.00	¥30.00
Year-end	¥30.00	¥30.00
Total	¥60.00	¥60.00

Number of Shareholders	240,578
Number of Employees	11,831 (Not including on loan or leave.)
Number of Customers (Excluding the deregulated segment)	7,687,578
Service Area	79,534 square kilometers
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

Directory

Head Office	1-7-1 Honcho, Aoba-ku, Sendai, Miyagi 980-8550, Japan Telephone: +81-(0)22-225-2111 (or +81-(0)22-799-6086) Facsimile: +81-(0)22-225-2550
Aomori Branch	2-12-19 Minatomachi, Aomori, Aomori 030-8560, Japan Telephone: +81-(0)17-742-2191 Facsimile:+81-(0)17-744-2140
Iwate Branch	1-25 Konyacho, Morioka, Iwate 020-8521, Japan Telephone: +81-(0)19-653-2115 Facsimile:+81-(0)19-653-5980
Akita Branch	5-15-6 Sanno, Akita, Akita 010-0951, Japan Telephone: +81-(0)18-863-3151 Facsimile:+81-(0)18-823-4945
Miyagi Branch	5th Floor, Sumitomo Seimei Sendai-Chuo Bldg., 4-6-1 Chuo, Aoba-ku, Sendai, Miyagi 980-6005, Japan Telephone: +81-(0)22-225-2141 Facsimile:+81-(0)22-213-4211
Yamagata Branch	2-1-9 Honcho, Yamagata, Yamagata 990-0043, Japan Telephone: +81-(0)23-641-1321 Facsimile:+81-(0)23-641-5982
Fukushima Branch	7-21 Sakaemachi, Fukushima, Fukushima 960-8524, Japan Telephone: +81-(0)24-522-9151 Facsimile:+81-(0)24-521-2120
Niigata Branch	84 Gobancho, Kamiokawamae-dori, Chuo-ku, Niigata, Niigata 951-8633, Japan Telephone: +81-(0)25-223-3151 Facsimile:+81-(0)25-222-6447
Tokyo Branch	5th Floor, Daini-Tekko Bldg., 1-8-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan Telephone: +81-(0)3-3231-3501 Facsimile:+81-(0)3-3201-4832

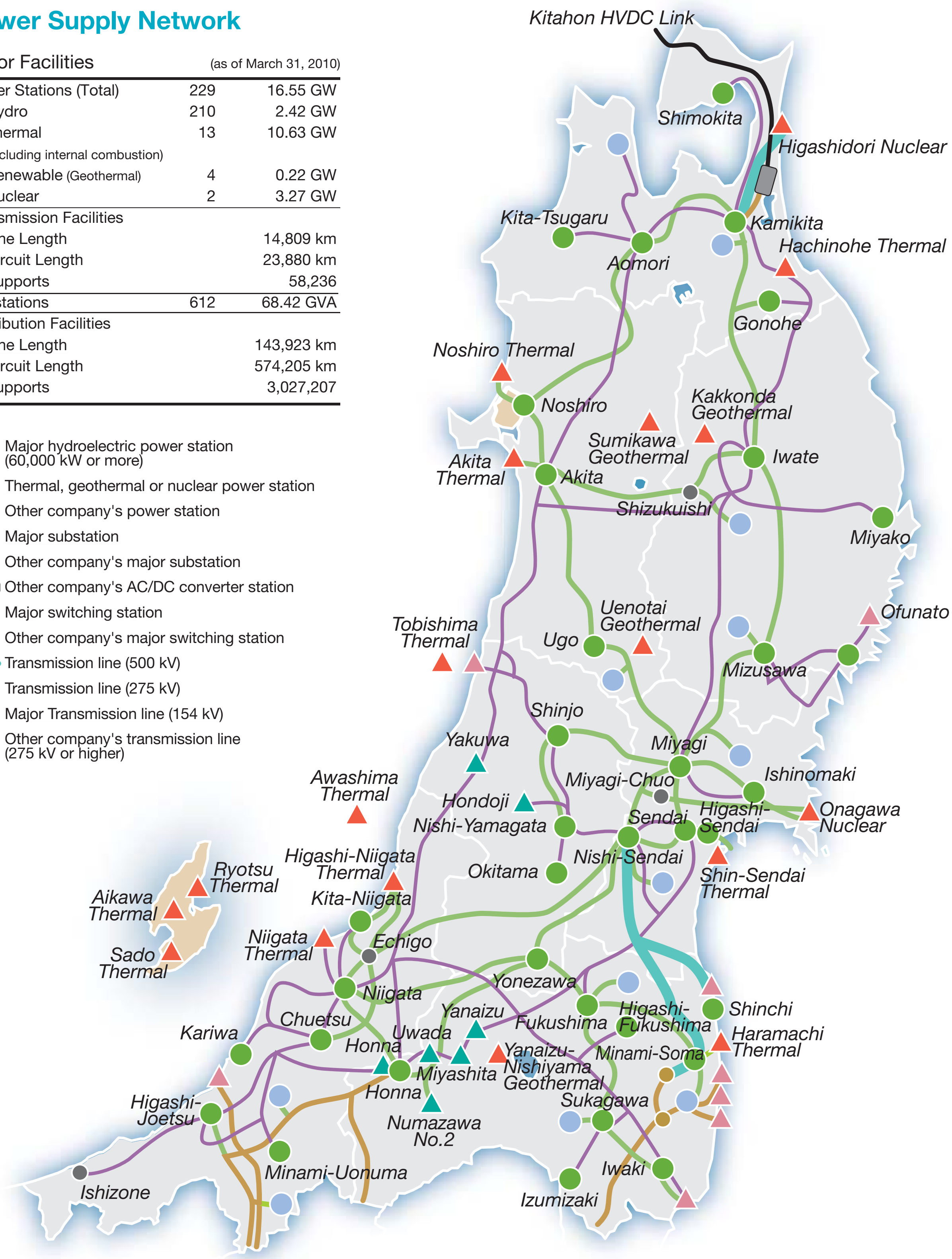
Power Supply Network

Major Facilities

(as of March 31, 2010)

Power Stations (Total)	229	16.55 GW
Hydro	210	2.42 GW
Thermal	13	10.63 GW
(including internal combustion)		
Renewable (Geothermal)	4	0.22 GW
Nuclear	2	3.27 GW
Transmission Facilities		
Line Length		14,809 km
Circuit Length		23,880 km
Supports		58,236
Substations	612	68.42 GVA
Distribution Facilities		
Line Length		143,923 km
Circuit Length		574,205 km
Supports		3,027,207

▲ Major hydroelectric power station (60,000 kW 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)



Kakunodate

Kakunodate, Senboku City, Akita Prefecture, is an old castle town, preserving the atmosphere of pre-modern days when a feudal lord governed the town and surrounding area. Situated in the northern section of the Senboku Plain, Kakunodate is home to dense groves of trees and a group of magnificent historic mansions, including some built over 200 years ago, formerly the residences of samurai. In spring, pale pink blossoms of weeping cherry trees hanging down against black board fences fascinate visitors to this tourist spot, which is often dubbed "little Kyoto" in the Tohoku region.

Tohoku Electric Power Co., Inc.

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