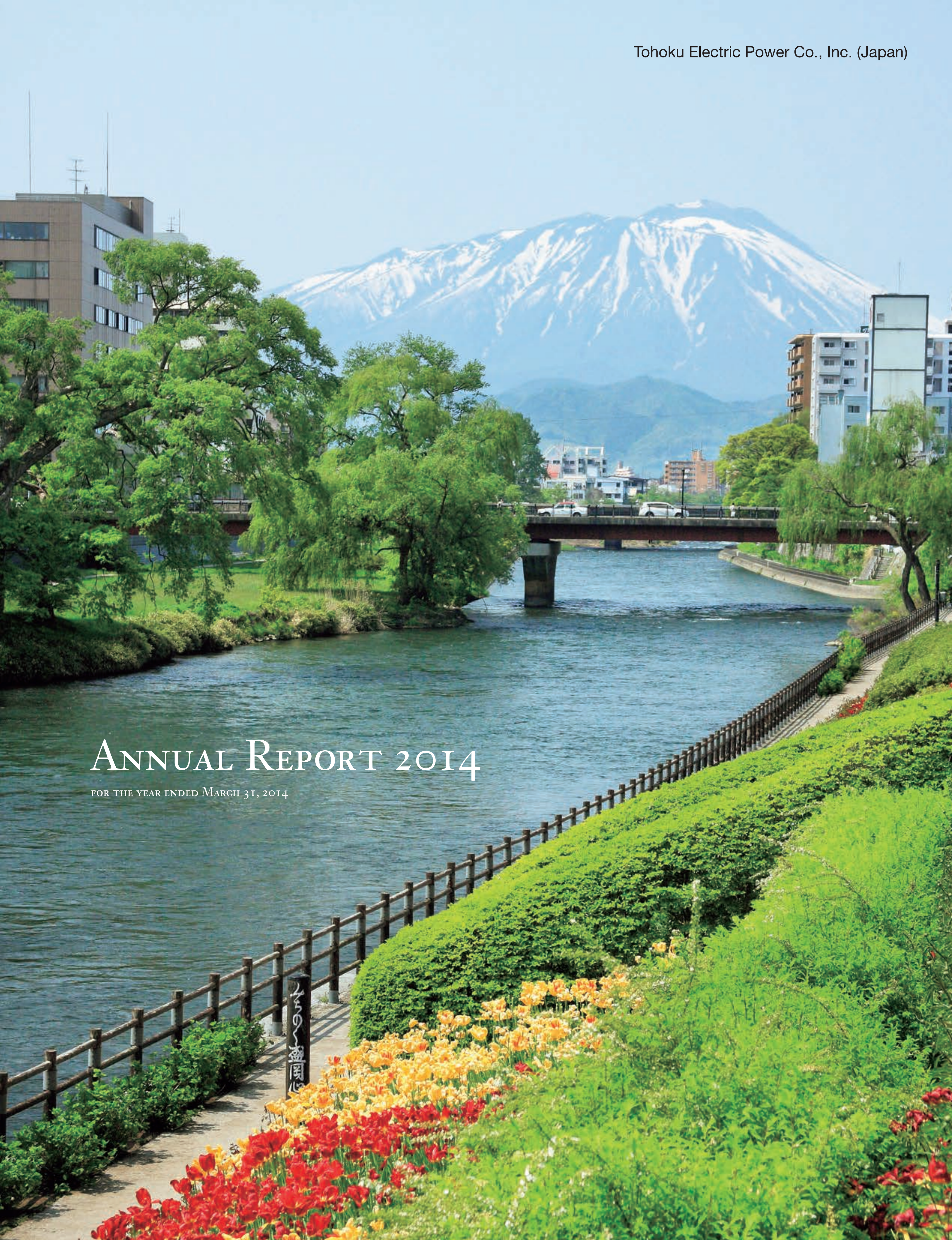
Tohoku Electric Power Co., Inc. (Japan)



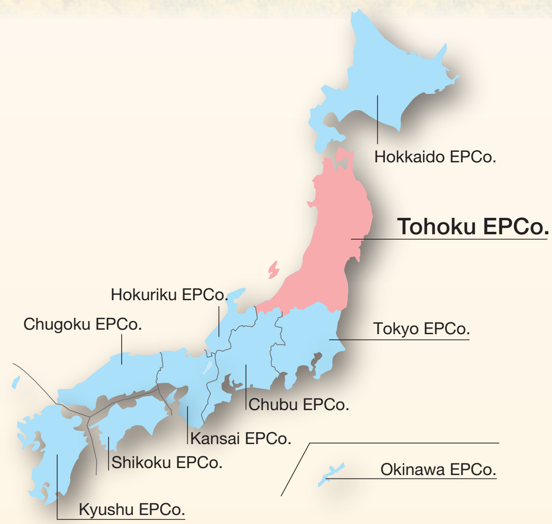
Annual Report 2014

for the year ended March 31, 2014

"Move Forward"

Fiscal 2014 is expected to reveal the specific direction of electricity business in the future, so we have positioned 2014 as the year for achieving our recovery target and moving forward. To begin with, we intend to secure stable income and to create mutual benefits to both local communities and the corporate group with a focus on electricity business mainly in the Tohoku region. We are determined to promptly restore our business infrastructure damaged from the disaster to secure financial strength, and to focus on implementing measures with an eye to our future growth, enhancing our competitiveness.

Note: Regarding Forward-Looking Statements
This Annual Report contains plans, strategies, estimates, and other forward-looking statements made by the Tohoku Electric Power Co., Inc. These statements, except for the historical facts, are based on assumptions derived from the information available to the Company at the time of writing (June 26, 2014). 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.



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Financial and Operating Highlights

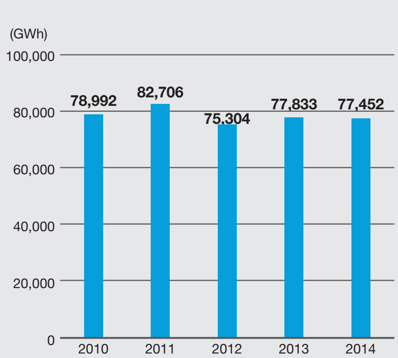
Tohoku Electric Power Co.,Inc. and Consolidated Subsidiaries
Years ended March 31

	Billions of yen					Millions of U.S. dollars
	2014	2013	2012	2011	2010	**2014**
For the year						
Operating revenues	**¥ 2,038.8**	¥ 1,792.6	¥ 1,684.9	¥ 1,708.7	¥ 1,663.3	**$ 19,810**
Operating income (loss)	**85.6**	(55.9)	(142.0)	114.6	89.2	**832**
Net income (loss)	**34.3**	(103.6)	(231.9)	(33.7)	25.8	**333**
At year-end						
Total assets	**4,243.0**	4,284.3	4,196.8	4,028.8	3,918.5	**41,226**
Total net assets	**574.5**	522.7	629.8	876.4	943.9	**5,582**
Interest-bearing liabilities	**2,763.9**	2,714.5	2,446.9	2,051.8	2,048.8	**26,855**
Per share of the common stock			Yen			U.S. dollars
Net income (loss)	**¥ 68.78**	¥ (207.97)	¥ (465.16)	¥ (67.61)	¥ 51.76	**$ 0.668**
Total net assets	**1,073.45**	969.97	1,173.21	1,659.54	1,790.38	**10.429**
Cash dividends	**5.00**	—	—	50.00	60.00	**0.048**
Electric power sales (GWh)	**77,452**	77,833	75,304	82,706	78,992	
			%			
Financial ratios						
ROA*1	**2.0**	(1.3)	(3.5)	2.9	2.2	
ROE*2	**6.7**	(19.4)	(32.8)	(3.9)	2.9	
Equity ratio	**12.6**	11.3	13.9	20.5	22.8	

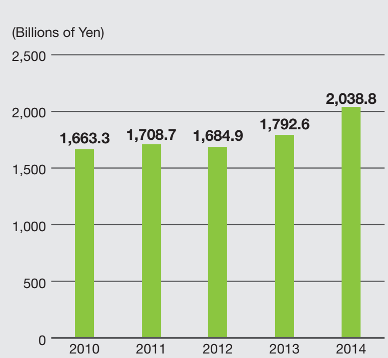
*1 ROA=Operating income (loss) ／Average Total assets at beginning and ending of the fiscal year
*2 ROE=Net income (loss) ／Average Equity at beginning and ending of the fiscal year

Note: All dollar amounts in this annual report represent U.S. dollars translated from yen, for convenience only, at the rate of ¥102.92=US$1.00, the approximate rate of exchange on March 31, 2014. Billion is used in the American sense of one thousand million.

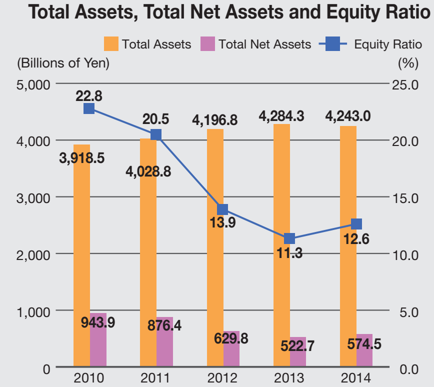
Electric Power Sales



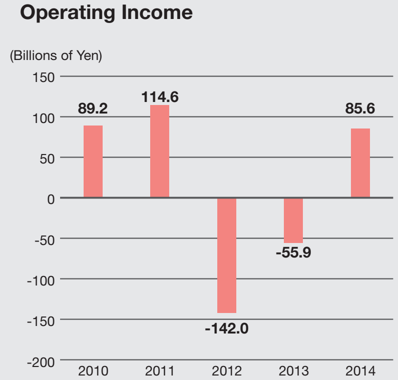
Operating Revenues



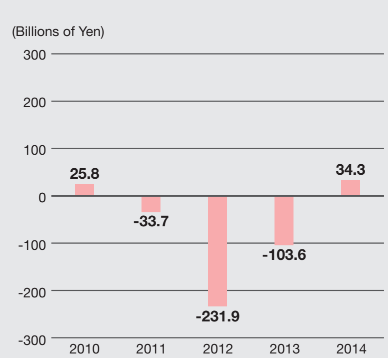
Total Assets, Total Net Assets and Equity Ratio



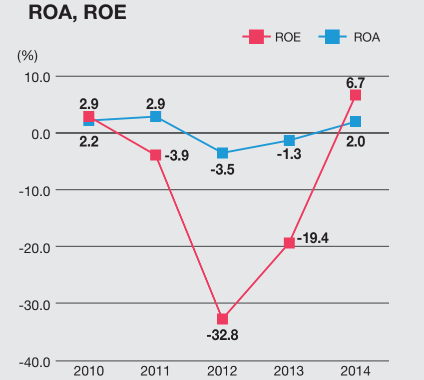
Operating Income



Net Income



ROA, ROE



To Our Shareholders and Investors

Tohoku Electric Power Group Midterm Business Plan newly established

In January 2014, we formulated and released our new "Tohoku Electric Power Group Midterm Business Plan" targeting fiscal years 2014 to 2018.

Since it suffered extensive damage to its facilities caused by the Great East Japan Earthquake in March 2011, and the torrential rainstorms that struck Niigata and Fukushima in July the same year, Tohoku Electric Power Group has made all-out efforts to restore power supply facilities, positioning the period up to now as the time for restoration.

We are pleased to report that we have now achieved almost complete restoration of our damaged facilities.

In addition, as a result of efforts to eliminate the deficits that had continued since the Great Earthquake and facilitate the early recovery of our financial standing by restraining spending and deferring repair expenses, as well as by introducing a rise in electricity rates, our business returned to profit in fiscal 2013.

There are, however, still factors weakening our management foundation, such as the substantial deterioration in our financial structure and the aging of facilities.

In view of the increased intensity of competition expected due to complete retail liberalization under electricity system reforms, and the need to ensure the capability to respond to natural disasters and other risks, we believe that it is crucial to rebuild our management foundations and normalize operations as quickly as possible.

Under this business environment, the new Midterm Business Plan positions the next five years as the period for rebuilding our management foundations, and upholding the financial target of an equity ratio of 15% or more (by the end of fiscal 2018). We will place the top priority on improving our financial condition through rigorous Group-wide cost structure reforms and the provision of new value to expand profits, while simultaneously making preparations for future growth.

Advancing into a new era of dynamic transformation

In the upcoming era of full-fledged competition, we will dynamically transform ourselves while contributing to the recovery and development of the local community through stable power supply, with the aim of becoming a corporate group that is chosen by customers and grows together in harmony with the local community.

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

Chairman of the Board: Hiroaki Takahashi
President: Makoto Kaiwa

Hiroaki Takahashi
Chairman of the Board : Hiroaki Takahashi

Makoto Kaiwa
President : Makoto Kaiwa

An Interview with the President

Moving Beyond the Restoration Period and Going Forward

We are determined to strengthen our financial footing, to secure a good position to survive various risks, such as natural disasters and business environment changes, as well as to move forward to prepare and turn changes into opportunities for growth.

Makoto Kaiwa

President: Makoto Kaiwa

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

Three years have passed since the Great East Japan Earthquake. However, seeing the delay in the recovery of the affected coastal area and the reality that many people are still living as evacuees reminds us that revitalization of the area is still in progress. As the local electric power company, we have renewed our determination to firmly support the community and contribute to the revival of the area.

Meanwhile, looking back over the situation of the Company, I think we have moved a step forward—from restoration to revitalization. This progress was supported by three factors that are significant to our business management.

First is the progress in the restoration of our facilities. Many hydroelectric power stations on the Tadami and Agano rivers that had been damaged by the torrential rains in Niigata and Fukushima have resumed operations, which, along with the resumption of commercial operation of the Haramachi Thermal Power Station, marked a milestone in the restoration of our power supply facilities. Our important base power sources have returned as key players, though the supply system is still weak, with nuclear power stations having suspended operations over a prolonged period.

Second is the rise in electricity rates. I felt terribly sorry about placing this added burden on local residents, but to compensate for the serious impact of the cost increases arising from the damage to facilities and the suspension of nuclear power generation in the aftermath of the Great Earthquake—as well as to ensure a stable supply of electricity in the future—it was imperative that we increased our rates. We patiently explained our severe situation to our customers and negotiated with them sincerely and faithfully, and as a result, we were able to achieve a smooth transition to the new rates.

Third is the progress being made in safety enhancement measures for nuclear power generation. At both the Onagawa and Higashidori nuclear power stations, in response to the new regulatory standards that took effect in July 2013, we have enhanced safety measures for both facilities and operations. We will continue to improve our safety measures to the highest level beyond just satisfying the regulatory requirements, introducing state-of-the-art expertise while taking into consideration specific local conditions, and will faithfully explain our efforts to local residents so as to gain their understanding.

Thus, I truly believe that the past year was a turning point for us as we move beyond the period of restoration after the earthquake, and we have the settlement of major management issues in sight.

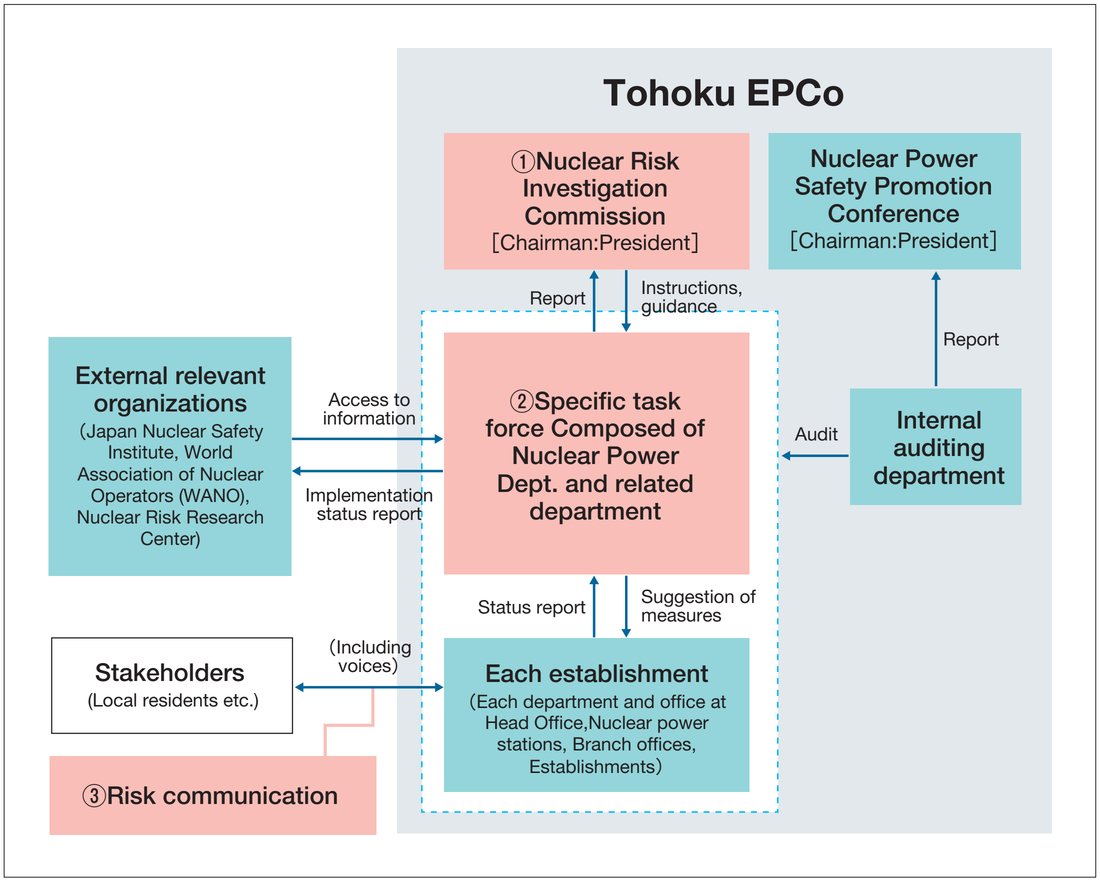
Q.2 How is the Company committed to enhancing the safety of nuclear power stations?

Learning lessons from the accident at Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Station, we are committed to further enhancing the safety of nuclear power plants by implementing combined measures to reinforce, diversify and create new backup facilities, such as by increasing resistance to earthquakes and tsunami and installing alternative cooling functions. We are also working to enhance and improve operational safety through continuously holding practical training programs, including simulation drills, for securing power resources under winter, nighttime and a variety of other conditions.

With regard to this commitment to enhancing the safety of nuclear power stations, it is crucial, in further assuring safety, to undergo assessments on conformity to the new regulatory standards as early as possible. In light of this, in December 2013 we submitted an application for conformity assessment for Onagawa Nuclear Power Station Unit 2 to the Nuclear Regulation Authority, and in June 2014 for Higashidori Nuclear Power Station Unit 1.

In continuing to make use of nuclear power, we must ceaselessly aim at ever

Outline of safety control system



higher levels of safety through continuous efforts that go beyond merely satisfying regulatory requirements.

In addition to the measures we have already implemented against possible risks, in view of the importance of risk management, we will further enhance and promote nuclear risk management with the strong and committed involvement of our senior management, throughout all processes—from recognizing/assessing risks to designing/implementing measures based on them—in a company-wide framework beyond the boundaries of individual departments.

By steadily implementing and establishing these efforts, we are determined to further enhance the safety of nuclear power stations and disseminate a culture of safety that places the highest priority on safety and security. At the same time, we will establish interactive communications with local residents to deepen their understanding of our commitment.

Q.3 Would you explain to us the future management direction?

As announced in our newly established Tohoku Electric Power Group Midterm Business Plan, we see the next five years as a period for rebuilding our management foundations. Placing the top priority on improving the financial condition of the Group through rigorous Group-wide cost structure reforms and the provision of new values to expand profits, we will implement major measures under three keywords: competition, transformation and local community.

In particular, as it is necessary to be prepared for the complete retail liberalization of electric power scheduled for 2016, we will accelerate implementation of the actions necessary to outpace competition and become a company chosen by customers.

Specifically, from the viewpoint of sales, we will establish a win-win relationship with our customers, in which we offer unique solutions and flexible rates to increase their benefits and satisfaction, with a consequent expansion of our profits.

In terms of supply, based on our commitments to further enhance safety and the understanding of the local community, we will take steady steps toward restarting our nuclear power stations. At the same time, in view of the need to stay competitive and cope with changes in the business environment in the future, we will aim at achieving a competitive and optimal composition of power sources.

From the aspect of costs, through reducing fuel expenses and decreasing the prices of materials and services through the Procurement Reform Committee established in July 2013, we will promote Group-wide cost structure reforms to establish a robust corporate structure.

Moreover, seeing changes in the business environment as chances for further growth, we will actively seek business opportunities and increase profitability by offering new services and added value.

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

Financial target

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

Vision of business development

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

Main measures

To outpace our competitors and become a company chosen by customers

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

To work on corporate reform

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

To contribute to reconstruction/development of local communities

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

Q.4 What are your thoughts on dividend distribution?

Our basic policy for dividend distribution is “distribute stable dividends determined by taking into full consideration our business performance of the relevant fiscal year and our medium to long-term financial prospects.” After having suspended dividend distribution for over two years since the fiscal year ended March 2012 (FY2011) when a huge net loss was recorded due to the extensive damage to our facilities from the Great East Japan Earthquake and other disasters and caused serious inconvenience to shareholders, we were able to return our business to profit in fiscal 2013 and resume dividend distribution.

As for the specific amount of dividends, considering overall factors—including the rise in electricity rates in September 2013, the situation surrounding the restart of nuclear power stations which makes it difficult to foresee the medium to long-term financial balance, and the need to improve our financial condition that was badly affected by the earthquake and other disasters—we set an amount of 5 yen per share.

Although this may not represent a fully satisfactory amount for shareholders, I think we were able to fulfill our corporate obligations by distributing dividends. We will work ceaselessly to increase management efficiency and decide on future dividends by comprehensively considering the improvement of financial conditions and other related factors.

Q.5 Finally, please give a message to our shareholders and investors.

As I mentioned, we are positioning fiscal 2014 as the year for moving beyond the restoration period and toward normalization of our management framework. The business environment surrounding us, involving electric power system reforms and national energy policies including nuclear power, is expected to reveal the specific direction for the electricity industry in the near future. Under these circumstances, by bringing an end to the stage of restoration from the Great Earthquake and quickly recovering our management foundations to a healthy state, we will take actions to promote our future growth, responding to the demands and expectations of our shareholders and investors. We appreciate your understanding of our current situation and ask for your continued support and cooperation.

Topics

1 Electric Power Development Plan

We, Tohoku Electric Power Company, taking into consideration energy security, environmental conservation and economic efficiency, will continue to promote a well-balanced combination of thermal, hydro, renewable and safety-assured nuclear power to secure a stable and continuous supply of electricity at low rates.

Since the Great East Japan Earthquake, we have been securing our supply capability by installing emergency power sources, as well as restarting operations at suspended thermal power plants. Due to postponing or adjusting our periodic maintenance schedules, we have been obliged to operate the aging plants at high load. To improve facility reliability and economic efficiency, we need to develop new power sources to replace these aging thermal power plants in a systematic manner. In addition, it is important for us to further enhance our cost competitiveness to prepare for the full liberalization of the electricity retail market scheduled for April 2016.

Under these circumstances, we have decided to bring forward the commercial operation of Shin-Sendai Unit 3 series, whose construction is on schedule, and to accelerate development of Noshiro Unit 3 and Joetsu Unit 1 to replace our aging thermal power stations. While the latter two units are subject to the independent power producer (IPP) bidding system, we will make every effort to be successful in our bid for them.

We will strive to continue providing stable power supplies in the Tohoku region by devoting all our efforts to restarting the nuclear power plants and achieving an optimal power supply mix.

Plan for Development of Power Sources

Facility type	Location / Name	Output (MW)	Start of construction	Start of operation
Hydroelectric	Tsugaru	8.5	Aug. 2010	May 2016
	Iino	0.23	Apr. 2013	Jun. 2014 Change from Feb.2014
	Dai-ni Yabukami	4.5	Jul. 2013	Mar. 2016
Thermal	Shin-Sendai No.3 series	980	Nov. 2011	Dec. 2015(Half) Change from Jul.2016 Jul. 2016(Half) Change from Jul.2017
	Hachinohe No.5	274⇒394 Upgrade to combined cycle	Apr. 2012	Aug. 2014
		394⇒416 Fuel shift (Light oil⇒LNG)	Oct. 2013	Jul. 2015
	Noshiro No.3 (Thermal power supply station for a bid in FY2014)	600	FY 2016 Change from FY 2028 or after	FY 2020 Change from FY 2028 or after
	Joetsu No.1 (Thermal power supply station for a bid in FY2014)	Approx.600 Change from 1,440	FY 2019	FY 2023
	Awashima No.7-10 New	Total 0.9	FY 2014 or after	FY 2017-FY2019
Nuclear	Higashidori No.2	1,385	Not yet determined	Not yet determined
Renewable (Solar)	Haramachi Solar	1	Mar. 2014 Change from Oct.2013	Jan. 2015
	Ishinomaki-Hebita Solar Change from Ishinomaki Solar (tentative name)	0.3	Apr. 2015	Mar.2016

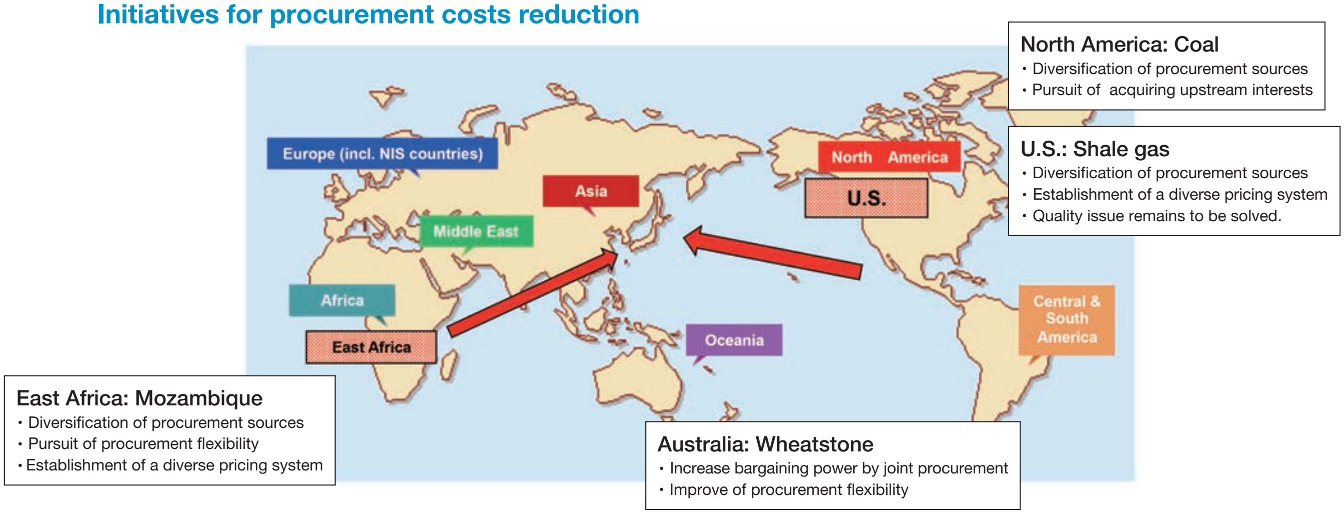
2 Stable Procurement of Fuel

Tohoku Electric Power Company makes strenuous efforts to operate its power stations continuously and stably, and to ensure the safety and security of nuclear power stations for energy security while giving due consideration to reduction of CO2 emissions and other global environmental issues.

We procure fuel, a fundamental role in a stable electricity supply, mostly from overseas. The situation surrounding fuel procurement has drastically changed in recent years because of the following four reasons: (i) a rapid increase in energy demand, especially in Asia, (ii) soaring fuel prices, (iii) an increase in demand for fuel oil and LNG resulting from the shutdown of domestic nuclear power stations, and (iv) the expansion of non-conventional gas (shale gas).

Under these circumstances, to promptly and accurately keep track of trends in electricity demand and the constantly changing energy situation, we have implemented various measures to secure stable procurement of fuel that is economical and flexible. We have been diversifying fuel supply sources and receiving fuel by large specialized carriers and regular-route carriers on a medium- to long-term basis.

Initiatives for procurement costs reduction



Fuel Oil

We use domestic heavy oil, and procure it from Malaysia and others. In addition, we procure crude oil from diverse supply sources such as Indonesia and Vietnam, which are sources relatively close to Japan, as well as from Australia and Africa.

Coal

To reduce our dependence on Australian coal, which accounts for the largest part of our coal procurement, we continue to procure coal from sources close to Japan, such as Indonesia and Russia. We have also procured increasing amounts of coal from North America in recent years. Thus, we have been conducting diversification of procurement sources so that we can alleviate the supply stoppage risk and secure economical procurement.

Meanwhile, we are meeting the challenge of reducing the total cost, including ash treatment-related expenses, by procuring increasing amounts of sub-bituminous coal (low-ash coal) from Indonesia.

LNG

We used to annually procure LNG from LNG projects in five countries — Malaysia, Qatar, Australia, Russia and Indonesia— on long-term contracts. Since the Great East Japan Earthquake on March 11, 2011, which resulted in the suspension of nuclear power station operations, gas-fired thermal power stations have been accounting for an increased percentage of our overall power plant operations as a substitute power source.

This has led to additional procurement through increases in the amounts agreed to in the current long-term contracts and short-term and spot purchase contracts in accordance with the master sales agreement.

Furthermore, in October 2013, the seller and Tohoku Electric Power Company concluded a long-term sales agreement for the Wheatstone LNG Project in Australia in order to procure LNG more economically and flexibly on a medium- to long-term basis. This was followed by the conclusion of an agreement with the seller and Tokyo Electric Power Company on joint procurement of LNG.

Meanwhile to cover the risk of soaring LNG prices in the future, we decided to purchase LNG from the Cameron LNG Project in the United States at a contract price linked to the natural gas price of the US gas market. In April and May 2014, we concluded basic agreements on long-term sales with the sellers involved.

These measures are expected to diversify the indexes of our LNG purchase prices and enable us to procure LNG in a more flexible manner according to the market environment.

Currently, we are giving positive consideration to procuring LNG from the Mozambique LNG Project in East Africa to improve economic efficiency and flexibility in our LNG procurement.

Topics

3 Expansion of the Use of Renewable Energy

Tohoku Electric Power Company proactively utilizes renewable energy sources since renewables emit no carbon dioxide during the power generation process. Examples of such efforts include an increased use of solar and wind power, as well as an expansion of hydroelectric and geothermal power generation for which Tohoku region is eminently suited.

Renewable energy accounts for approximately 12% of our generated electricity (for FY 2013), which ranks high among other electric power companies.

In 2014, we established the new Midterm Business Plan, which outlines key measures, such as the expansion of renewables including wind and solar power, and reinforcing bonds with local communities by supporting or taking part in smart community promotion projects. We are determined to support regional recovery and development efforts in the energy service area.

Hydroelectric Power Generation

Hydroelectric power is a completely domestic renewable energy which uses the water of rivers to generate electricity emitting no carbon dioxide.

We own the largest number of hydroelectric power stations (211 sites) in Japan, as of the end of June 2014, which generate approximately 2,440 MW in total. Together with hydroelectric power stations run by our group companies, which generate approximately 120 MW, we operate hydroelectric power stations that generate a total of approximately 2,560 MW.

Agano River system which flows from Fukushima Prefecture to Niigata Prefecture includes the Aga, the Agano and the Tadami. These rivers have 11 dams and 16 hydroelectric power stations, whose total maximum output reaches approximately 870 MW (1,330 MW with pumped-storage power generation stations included), constituting Tohoku Electric Power's largest hydropower zone. Among them, aging Toyomi power station was renewed, after almost 80 years in operation, so that it could continuously utilize water resources. It resumed commercial operations in September 2013. Similar renewal work is underway at Kanose power station, which is scheduled to restart commercial operations in March 2017.

Toyomi Hydroelectric Power Station(Aga, Niigata)

Solar Power Generation

We plan to build and operate solar power stations exceeding a total of 10 MW for the entire corporate group by around 2020 in an effort to step towards a low-carbon society. In addition to Hachinohe (1.5 MW) and Sendai (2 MW) currently in operation, we are involved in the construction of solar power stations at two sites—Haramachi (1 MW) and Ishinomaki Hebita (0.3 MW)—which are scheduled to commence operation in January 2015 and March 2016, respectively. Together with our corporate group's stations, which generate approximately 5.65 MW (approx. 4.55 MW in operation and approx. 1.1 MW planned), the total output is expected to be approximately 10.45 MW.

Meanwhile, we purchase power from our customers' solar panels in accordance with the feed-in tariff (FIT) scheme for renewable energy started in July 2012. By the end of 2013, the capacity of grid connection utilizing photovoltaic facilities had reached approximately 810 MW.

Sendai Solar Power Station(Shichigahama, Miyagi)

Wind Power Generation

Noshiro Wind Power Station
(Tohoku Natural Energy Development, Noshiro, Akita)

Since Tohoku region is blessed with good wind resources, we have strived to increase our wind power generation since fiscal 1991, when we conducted a demonstration wind power generation test at the Tappi Wind Park.

We connected approximately 620 MW of wind power to the grid in fiscal 2013, which was the largest of any power company in Japan (accounting for approximately 23% of total domestic wind power generation).

Furthermore, Tohoku Natural Energy Development Co., Ltd., a member company of our group company, operates 24 wind turbines of 0.6MW (totaling 14.4MW) at Noshiro Wind Power Station.

Geothermal Power Generation

Yanaizu-Nishiyama Geothermal Power Station
(Yanaizu, Fukushima)

We have also proactively promoted geothermal power generation since Kakkonda Geothermal Power Station commenced commercial operation in 1978.

Our corporate group has the largest capacity in Japan with 247.3MW comprising six units at five sites which accounts for approximately 48% of the total domestic capacity.

Woodchip Biomass Power Generation

We strive to reduce CO2 emissions by utilizing woodchip biomass fuel (woodchips) at our coal-fired power stations.

Since May 2011, jointly with Sakata Kyodo Power Company, Ltd., a member company of our corporate group, and other organizations, we have been using woodchips together with coal at the Sakata Kyodo Power Station. These woodchips are cut-down trees generated during the maintenance work of transmission lines. We process them at the plant of Green Recycle Co., Ltd., a member company of our group.

In addition, since April 2012, our Noshiro Thermal Power Station has been utilizing untapped local timber as woodchips. Furthermore, Haramachi Thermal Power Station will commence a test run in April 2015.

Topics

4 Tohoku EPCo Group Environmental Policy

Our corporate group considers environmental preservation to be an important management challenge and collaborates with regional communities to steadily promote environmental protection in accordance with the 'Tohoku EPCO Group Environmental Policy'.

Tohoku EPCo Group Environmental Policy

Basic stance

We, in close cooperation with local communities and customers, are determined to provide environmentally friendly energy services so as to build a sustainable society for future generations to live worry-free.

We, as a corporate group trusted by local communities, have strived to secure a stable energy supply on an ecologically- and economically-sound basis, following a "safety first" principle. We will continue to be totally committed to this mission in the future.
We appreciate the earth that provides us with so much; we respect local traditional values of living harmoniously with nature; we aim at sustainable growth in close cooperation with local communities and customers, and we take thoughtful environmental measures through sincere communication with our stakeholders.

Four environmental action principles

1. Thank the earth for its bounty and conserve limited natural resources.
2. Reduce human influences on the natural environment.
3. Preserve the rich natural environment and live in harmony with it.
4. Think and act in cooperation with local communities and customers.

Topics

5

Offer of New Value-added Solutions

We identify our customers' various demands and needs in relation to their energy use, and offer optimal services (values) to satisfy them, thereby building and reinforcing relationships of trust with them, with the consequent aim of enhancing the profitability of the Company.

For customers in the deregulated segment (corporate customers), to satisfy their energy-saving and cost-reduction needs, we offer appropriate contract options according to the status of electricity use of each customer while proposing various solutions and electrification ideas, including the introduction of heat pump devices.

For customers in the regulated segment (household customers), to help them improve energy efficiency and enable a comfortable and safe lifestyle, we promote the widespread use of highly efficient, environment-friendly and energy-saving devices for electrification, such as EcoCute and the heat pump heater/cooler.

Pursuing new electrification potentials

We raised our electricity rates in September 2013. This rate revision was our top priority, for which company-wide efforts were employed. We negotiated with our customers under a framework established to ensure a sincere, faithful, careful and honest attitude toward them. As a result, we obtained agreement from all customers in the deregulated segment.

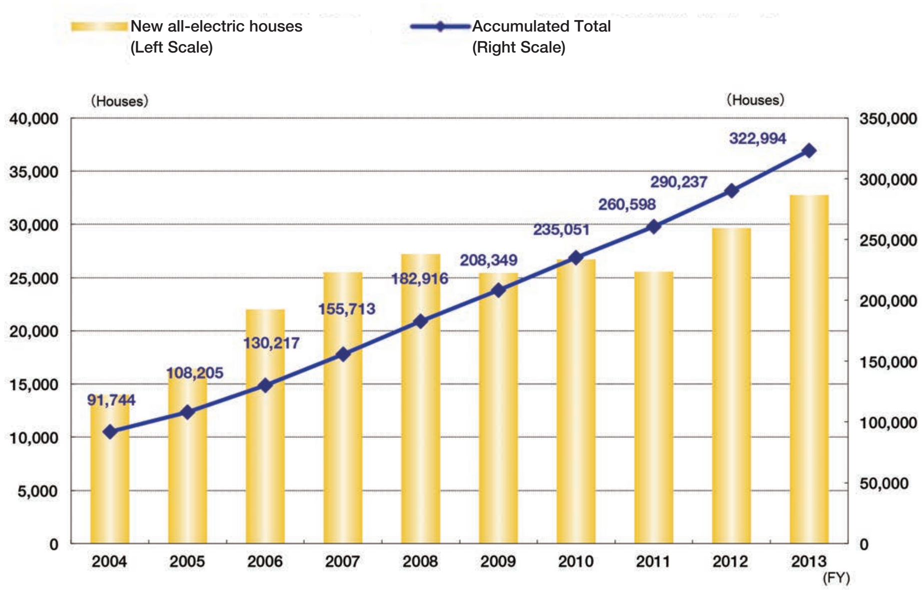
Incidentally, through contacting customers regarding the rate revision, we found several seeds for new opportunities. With a view to easing the dissatisfaction and burden of customers as much as possible, the entire Tohoku Electric Power group offered various solutions to satisfy energy- and cost-saving needs, including energy-saving seminars and energy-saving diagnosis, while presenting appropriate contract options according to the customer's status of electricity use.

Moreover, finding that customers are concerned not only

Energy saving diagnosis

An activity to propose electrification conducted as part of our efforts to help customers reduce their total energy costs

Number of all-electric houses



about the rise in electricity rates but also about the rise in the total cost of energy, including oil and gas, led us to propose electrification ideas, such as conversion from other heat sources by using heat-pump devices, which can achieve both a reduction in total energy costs for the customers and an expansion of our profits.

The “relationship with customers” obtained through the rate revision negotiations has become a precious asset to assist with our future proposal activities.

As we enter an era of full-fledged competition along with retail liberalization, based on the experience, knowledge and the relation with customers (trusting relationship) obtained through rate negotiations as our assets, we will aim at providing "new value-added solutions" for customers through such approaches as proposing services utilizing highly energy-saving heat pump devices and offering diverse electricity rate options that meet customers’ needs, so as to enable "the electricity produced by Tohoku Electric Power Company" to continue to be chosen by customers.

A heat-pump air-conditioner installation in a large department store

A heat-pump installation in a greenhouse

Support for freezing and refrigeration business operators in the earthquake-hit area

Customers involved in freezing and refrigeration, who had felt the burden of basic electricity rates to be particularly heavy because their electricity use is concentrated in a specific period of the year, faced a severe situation due to the devastating damage caused by the Great East Japan Earthquake and the subsequent loss of sales channels, and thus presented particular requests regarding the planned electricity rate increase.

In response to such requests, as a means to help lighten the impact of the electricity rate rise on customers involved in freezing and refrigeration in the quake-affected area, we co-hosted reconstruction assistance seminars with the Tohoku Bureau of Economy, Trade and Industry in four quake-affected prefectures.

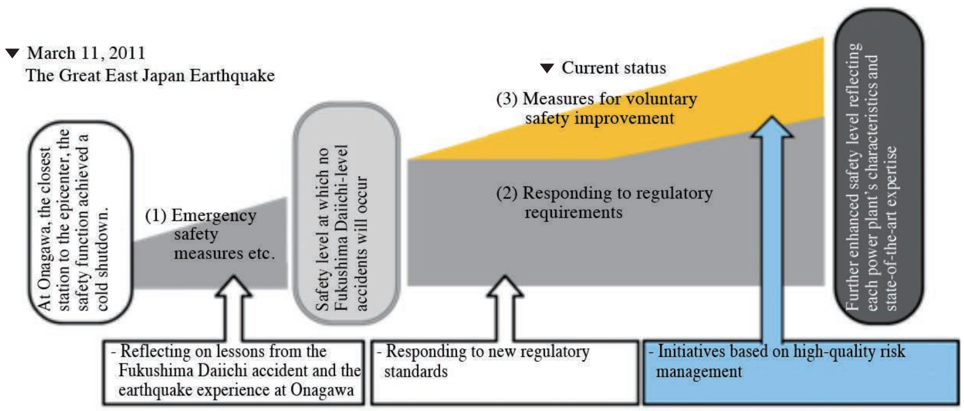
While consulting and negotiating with the Agency for Natural Resources and Energy and the Ministry of the Environment, we provided a wide range of assistance for customers, including financing and technology. We also proposed the introduction of BEMS (Building Energy Management System) and energy-saving demonstration programs utilizing government grants for 115 companies that we had judged capable of taking advantage of the BEMS introduction.

These activities resulted in the decision of 10 companies to introduce BEMS, and the establishment of new relationships of trust with many customers involved in freezing and refrigeration.

6 Safety Measures for Nuclear Power Stations

Voluntary Efforts toward Enhancement of Nuclear Safety

In operating nuclear power plants, with the aim of voluntarily and continuously enhancing nuclear safety beyond the requirements of the regulatory framework, we will develop and strengthen internal systems to strongly promote nuclear risk management with the commitment of top management. Our efforts will focus on the following three initiatives:



Continuous efforts to improve safety

Setting up the Nuclear Risk Investigation Commission

In view of the importance of nuclear risk management and to strengthen the commitment of top management, we will set up the Nuclear Risk Investigation Commission headed by the President as the commission's chairperson. The commission will supervise and control all aspects of the nuclear risk management of our company, through deliberations on analysis/evaluation of nuclear risks, measures necessary for risk reduction and relations with local residents.

Launching the Investigation Team for Specific Issues

In the implementation of nuclear risk management, to improve our plant monitoring capacity and promote effective measures, we will launch the cross-departmental Investigation Team for Specific Issues.

The team will, in accordance with the policies of the Nuclear Risk Investigation Commission and in collaboration with the relevant internal sections and external organs, lead and implement practical activities for nuclear risk management, including analysis/evaluation of nuclear risks and examination of specific measures necessary for risk reduction.

Enhancing risk communication

Based on the activities we have continuously carried out to promote communication with local residents, such as visiting them in person for discussions and issuing public relations leaflets, we will also communicate information on nuclear risks and our efforts to reduce such risks, with the aim of establishing interactive communication with local communities.

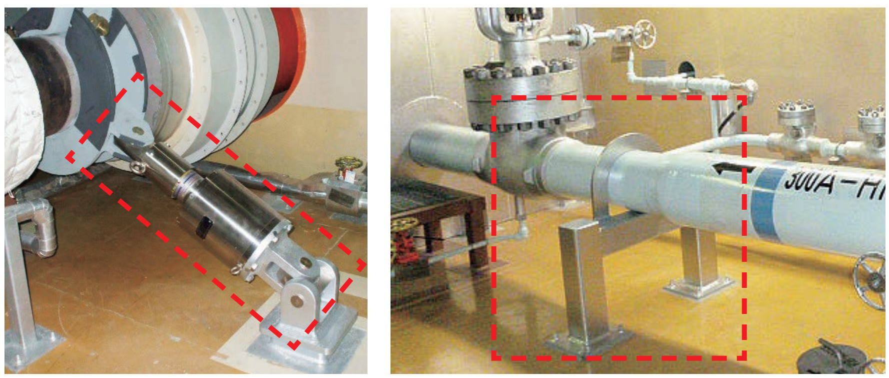
We will also accelerate efforts to develop a mechanism to reflect the opinions of external specialists in our nuclear risk management, so as to further enhance risk communication.

Visiting local residents

Measures to Improve Safety at Nuclear Power Stations

We submitted an application for assessment on conformity to new regulatory standards for Onagawa Nuclear Power Station Unit 2 in December 2013 and for Higashidori Nuclear Power Station Unit 1 in June 2014.

We have revised the maximum intensity of vibration (design earthquake ground motion Ss) estimated for the areas around our power plants, taking into account past earthquakes and other factors, from 580 gal to approximately. 1,000 gal for the Onagawa Nuclear Power Station and from 450 gal to 600 gal for the Higashidori Nuclear Power Station, and have completed the seismic reinforcement work necessary to ensure sufficient earthquake-resistance for both existing and newly established facilities according to new design earthquake ground motion Ss.



Seismic reinforcement (adding/reinforcing pipes and electric lines)

As for expected tsunami height, we estimate it to be 23.1m for the Onagawa Nuclear Power Station and have been carrying out work to raise the height of the seawall to approximately 29m above sea level. For the Higashidori Nuclear Power Station, we have revised our tsunami estimate from 10.1m to 11.7m, confirming that it would still not exceed the ground level of the site, and have built a seawall as high as 16m.

Work to raise the seawall height (Onagawa)

Moreover, safety improvement measures, including securing emergency power sources and cooling functions and ensuring confinement of radioactive substances, are being implemented, with a view to completing the construction work and resuming operations in March 2016 at the Higashidori Nuclear Power Station and in April 2016 at the Onagawa Nuclear Power Station.

To ensure that safety measures based on the lessons learned from the accidents at the Fukushima Daiichi Nuclear Power Station will work effectively, we hold training sessions in both daytime and nighttime that simulate various situations, so as to improve our capability to react to a disaster.

We will continue to make efforts from the aspects of both “software” and “hardware” to further improve the safety level of the Onagawa and Higashidori nuclear power stations.

Basic Attitude Concerning Corporate Governance

Having established the "Tohoku Electric Power Group Management Vision 2020 — Together with Local Communities," with strong determination to continue to be a company that grows together with the local community and plays an essential role therein, we will proactively adapt ourselves to the various changes in the business environment in the future and engage in continuous dialogue with our stakeholders (local community, customers, shareholders, financial/capital markets, etc.), aiming to create our own unique values in business management in collaboration with the local community.

Corporate Governance Structure

Board of Directors and Council of Managing Directors

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

The Council of Managing Directors meets every week in principle to decide on policies and plans for general business operations and discusses the execution of important business matters in accordance with the Board of Directors' resolutions.

Audit & Supervisory Board

We have an Audit & Supervisory Board consisting of five members, including three external members appointed to ensure objectivity and neutrality in monitoring the management. Audit & Supervisory Board members attend the meetings of the Board of Directors and the Council of Managing Directors and other important meetings, and examine important documents and inspect the operations and assets of our offices, serving to enhance the auditing of the Directors' performance of their duties and the status of development/operation of internal control systems. The members of the Audit & Supervisory Board also exchange information with the internal auditing departments and the accounting auditors while strengthening ties with the Audit & Supervisory Board members of our affiliates, with a view to bolstering the effectiveness of their audits.

Internal Audits

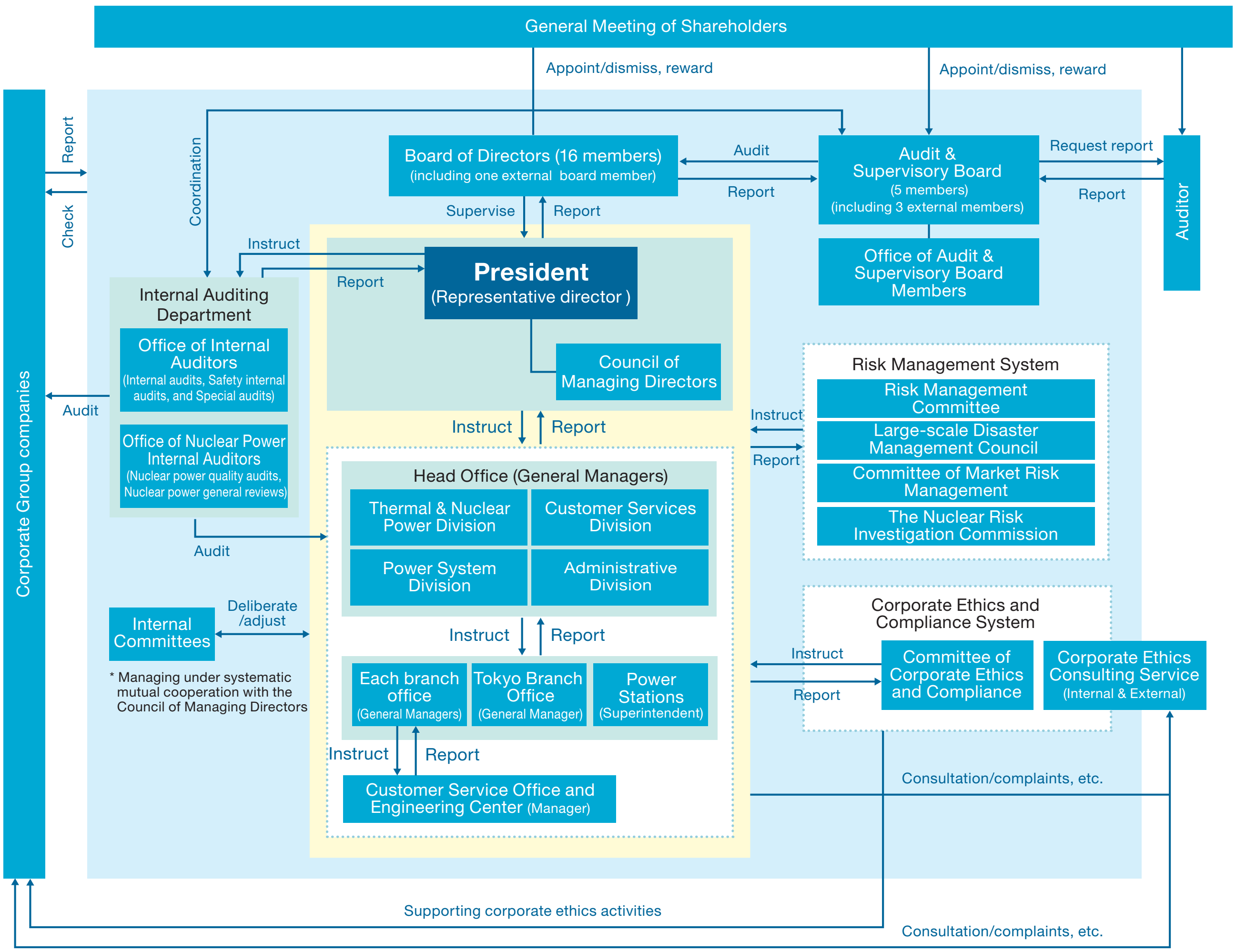
The Office of Internal Auditors is responsible for internal audits of the overall operations of the Company and examines the effectiveness and validity of organizational and management systems, the economy and efficiency of business operations, and the effectiveness and efficiency of facility security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

The results of internal audits are reported to the Council of Managing Directors and the President, while any problems found are reported to relevant departments so that they can take corrective action. Moreover, the plans and results of internal audits are explained to the Audit & Supervisory Board members, with whom information is exchanged on a regular basis, with the aim of reinforcing collaborative relationships with them.

The Office of Internal Auditors and the Office of Nuclear Power Internal Auditors are independent of any executive organs and are under the direct control of the President.

Status of Our Internal Control System

With regard to our internal control system, the Board of Directors resolved to establish the "Basic Policy Underlying the System to Ensure Proper Business Operations" pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act. Under this basic policy, as a member of society, we have been developing a system to promote fair, transparent and efficient business activities in compliance with laws/regulations and our articles of incorporation while verifying the status of maintenance and operation of the system stipulated by the basic policy as part of our internal auditing. As to the "Internal Control Report System for Financial Reporting" under the Financial Instruments and Exchange Act, we have established the "Basic Policy Underlying the System to Provide Internal Control over Financial Reporting as the Tohoku Electric Power Group," under which we properly operate and evaluate the system to ensure the reliability of our financial reporting. Information on the results of verification and evaluation of the internal control system is provided to the



Audit & Supervisory Board as appropriate.

Status of Our System to Promote Corporate Ethics and Compliance with the Law

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

Status of Our Risk Management System

Business risks are addressed by the relevant departments or committees according to their nature.

Specifically, the Risk Management Committee has been established for the purpose of dealing with contingencies both inside and outside of Japan that might effect our operations and minimize any damage if it occurs.

The Large-Scale Disaster Management Council has also been established to ensure preparedness for the future, taking into account the possibilty of a large-scale disruption of power supplies throughout our service area occurring simultaneously with a severe accident at a nuclear power plant, as well as an accident due to abnormal weather.

Furthermore, in response to the increasing importance of revenue management due to changes in the business environment, the Committee of Market Risk Management has been established to manage market risks associated with electricity wholesaling and other factors.

Positioning safety assurance of nuclear power plants as the top priority in management, we have enhanced safety measures at facilities and improved operational quality. To further enhance nuclear safety, we must establish and reinforce a well-organized, systematic, high quality risk management system. To this end, with the commitment of top management, we set up the Nuclear Risk Investigation Commission in July 2014. The Nuclear Risk Investigation Commission will supervise and control all aspects of the nuclear risk management of the Company, through deliberations on analysis/evaluation of nuclear risks, measures necessary for risk reduction and relations with local residents.

Board of Directors

Chairman
Hiroaki Takahashi

President
Makoto Kaiwa

Representative Director &
Executive Vice President
Nobuaki Abe

Representative Director &
Executive Vice President
Yasuo Yahagi

Representative Director &
Executive Vice President
Shigeru Inoue

Representative Director &
Executive Vice President
Hiroya Harada

Managing Director
Naokatsu Sakuma

Managing Director
Masahiko Miura

Managing Director
Yoshihiro Mukoda

Managing Director
Takao Watanabe

Managing Director
Noboru Hasegawa

Managing Director
Shunji Yamamoto

Managing Director
Shinichi Okanobu

Managing Director
Ryoichi Ishimori

Managing Director
Toshiro Sasagawa

Director

Satoshi Seino

Standing Audit & Supervisory Board Members

Toshihito Suzuki
Koki Kato

Audit & Supervisory Board Members

Sakuya Fujiwara
Ikuo Uno
Hiroshige Wagatsuma

FINANCIAL SECTION

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Financial Review (Consolidated basis)

Operating Results

Operating revenues for the year ended March 31, 2014 (fiscal 2013) increased ¥246.2 billion (US$2,392 million) or 13.7% from the previous fiscal year to ¥2,038.8 billion (US$19,810 million), and ordinary revenues increased ¥243.6 billion (US$2,367 million) or 13.5% from the previous fiscal year to ¥2,046.6 billion (US$19,885 million), mainly due to an increase in revenues from residential, commercial and industrial segments because of rate revisions and fuel cost adjustment system, and from sales of power to other utilities, despite a decrease in electricity sales. Ordinary expenses increased ¥111.3 billion (US$1,081 million) or 5.9% from the previous fiscal year to ¥2,007.5 billion (US$19,506 million), due to increase in fuel costs and depreciation costs, despite our continuous efforts to reduce our net costs by implementing all possible streamlining measures. As a result, ordinary income increased ¥132.2 billion (US$1,285 million) from the previous fiscal year to ¥39.0 billion (US$379 million).

Tohoku EPCO posted extraordinary gain of ¥16.2 billion (US$157 million) due to gain on revision of retirement benefit plan, and ¥8.7 billion (US$85 million) due to insurance income for loss of facilities attributable to the Great East Japan Earthquake and the Torrential Rain in Niigata and Fukushima. As a result, net income increased ¥138.0 billion (US$1,340 million) from the previous fiscal year to ¥34.3 billion (US$333 million).

Current net income per share in fiscal 2013 increased from -¥207.97 in fiscal 2012 to ¥68.78.

Fiscal 2013 results by business segment are as follows:

【Electric power business】

Operating revenues increased ¥240.1 billion (US$2,333 million) or 15.2% from the previous fiscal year to ¥1,818.4 billion (US$17,668 million), mainly due to an increase in revenues from residential, commercial and industrial segments because of rate revisions and the fuel cost adjustment system, and from sales of power to other utilities, despite a decrease in electricity sales. Meanwhile, operating expenses increased ¥109.2 billion (US$1,061 million) or 6.7% from the previous fiscal year to ¥1,733.0 billion (US$16,838 million). This was primarily attributable to an increase in fuel costs and depreciation costs, in spite of our continuous efforts to reduce our net costs by implementing all possible streamlining measures.

As a result, operating income was ¥85.4 billion (US$830 million), an increase of ¥130.8 billion (US$1,271 million) from the previous fiscal year.

【Construction business】

Operating revenues increased ¥8.2 billion (US$80 million) or 3.5% from the previous fiscal year to ¥242.2 billion (US$2,353 million), mainly due to the increase in construction orders. Operating expenses increased ¥5.4 billion (US$53 million) or 2.3% from the previous fiscal year to ¥247.7 billion (US$2,407 million), due to the increase in the costs of construction as a result of the increase in construction orders.

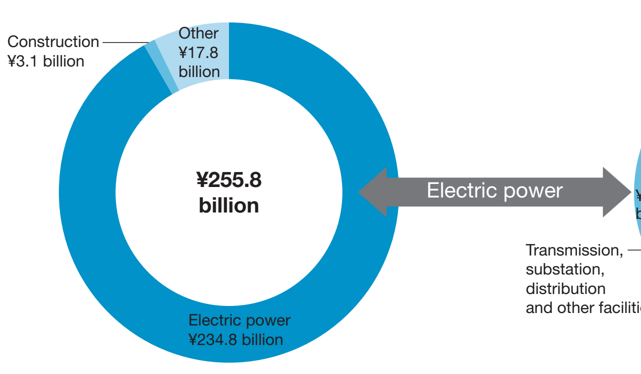
As a result, operating loss for the fiscal year totaled ¥5.5 billion (US$53 million), a decrease of ¥2.8 billion (US$27 million) from the previous fiscal year.

【Other businesses】

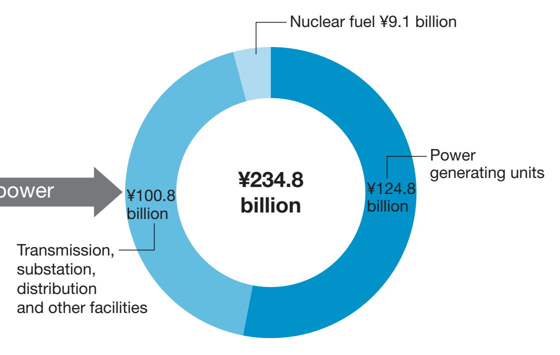
Operating revenues increased ¥4.4 billion (US$43 million) or 2.3% from the previous fiscal year to ¥195.2 billion (US$1,897 million), mainly due to the increased sales in the gas business. Operating expenses decreased ¥1.3 billion (US$13 million) or 0.7% from the previous fiscal year to ¥192.5 billion (US$1,870 million), due to the decrease in the costs of the telecommunications business.

As a result, operating income for the fiscal year totaled ¥2.7 billion (US$26 million), an increase of ¥5.8 billion (US$56 million) from the previous fiscal year.

Capital Expenditures
(Consolidated basis)



Capital Expenditures in Electric Power Segment
(Consolidated basis)



Capital Expenditure

The Group's capital expenditure in fiscal 2013 (not subject to adjustment) was ¥255.8 billion (US$2,485 million). By segment, the electric power business accounted for ¥234.8 billion (US$2,281 million), the construction business for ¥3.1 billion (US$30 million) and other businesses for ¥17.8 billion (US$173 million).

In the electric power business, we invested in the plants and equipment necessary to respond efficiently to long-term supply and implemented capital investment in the reconstruction of affected power stations. Of the capital outlay in the electric power business, ¥124.8 billion (US$1,213 million) or 53.2% was spent on new construction and recovery of power generating units from the Great East Japan Earthquake, and ¥100.8 billion (US$979 million) or 42.9% was spent on new construction of transmission, transformation, distribution and other facilities. Another ¥9.1 billion (US$88 million) or 3.9% was invested in nuclear fuel.

Assets, Liabilities and Net Assets

Total assets at the end of fiscal 2013 were valued at ¥4,243.0 billion (US$41,226 million), a decrease of ¥41.3 billion (US$401 million) or 1.0% from fiscal 2012, mainly due to increasing accumulated depreciation.

Total liabilities at the end of fiscal 2013 were ¥3,668.4 billion (US$35,643 million), a decrease of 93.2 billion (US$905 million) or 2.5% from fiscal 2012, mainly due to redemption of bonds and reversal of reserve for loss on disasters.

Net assets at the end of fiscal 2013 came to ¥574.5 billion (US$5,582 million), an increase of ¥51.8 billion (US$504 million) or 9.9% from fiscal 2012, mainly due to an increase in retained earnings as a result of the recording of a net income.

As a result, the equity ratio rose to 12.6% from 11.3% in the previous year.

Cash Flows

Cash and cash equivalents at the end of fiscal 2013 were ¥329.3 billion (US$3,200 million), an increase of ¥34.4 billion (US$334 million) or 11.7% from the end of fiscal 2012.

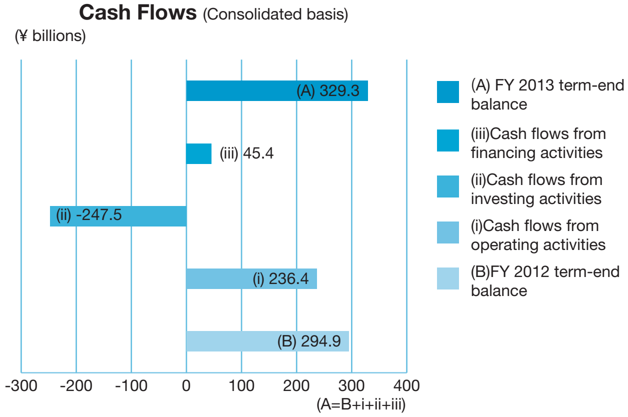
Cash flows by activity and factors contributing to year-on-year changes are as follows:

【Cash flows from operating activities】
Cash flows from operating activities resulted in a net inflow of ¥236.4 billion (US$2,297 million), which is mainly attributable to an income before income taxes and minority interests.

【Cash flows from investing activities】
Cash flows from investing activities resulted in a net outflow of ¥247.5 billion (US$2,405 million), a year-on-year increase of ¥10.8 billion (US$105 million) or 4.6%, which is mainly attributable to an increase in acquisitions of property, plant and equipment.

【Cash flows from financing activities】
Cash flows from financing activities resulted in a net inflow of ¥45.4 billion (US$441 million), a year-on-year decrease of ¥217.2 billion (US$2,110 million) or 82.7%, which is mainly attributable to a decrease in proceeds from borrowings.

Cash Flows (Consolidated basis)



Business and Other Risks

The following are major risks that could affect the corporate group's performance and financial position. Our efforts will be focused on minimizing the occurrence of these risks, and if any of them should occur, we will take prompt action. Future risks shown below were those identified by our company on June 26, 2014, and these risks may be affected by changes in energy policy and/or power supply system reforms in the future.

1. Impact of the Great East Japan Earthquake

The Great East Japan Earthquake on March 11, 2011, seriously affected the Tohoku region, mainly the areas along the Pacific coast, causing tremendous damage to our electricity supply facilities, which led to enormous influence on both power supply and demand. Moreover, torrential rains in Niigata and Fukushima in July 2011 inflicted damage on a lot of hydroelectric power stations that served as valuable supply capacity.

Our corporate group has been making great efforts to establish a stable supply system including measures to balance the supply and demand for electricity and to restore damaged facilities. We have almost completed the recovery. However, increase in utilization of thermal power generation associated with prolonged shutdown of nuclear power stations has increased fuel costs, which may make an impact on the earnings and financial condition of the corporate group.

2. Changes in Nuclear Energy Policy

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

3. Electricity Business Reforms

The government is addressing the electricity system reform, focusing on steps including: establishment of an organization to promote nationwide coordinated networks, full deregulation of retail sales of electricity, and neutralization of transmission/distribution sectors. These reforms, the revisions to the Electricity Business Act, and the subsequent intensified competition with other businesses may have an effect on our performance.

4. Fluctuation in Nuclear Power Back-End Costs

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

5. Changes in Electric Power Sales Affected by Economic and Climatic Conditions

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

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

6. Fluctuations in Fuel Prices

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

While 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, if fuel and other prices change significantly, our corporate group companies' business performance and financial condition could be affected.

7. Natural Disasters and Operational Problems

Our corporate 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 tsunami, typhoons, accidents, or illegal activities, including terrorism, our group companies' business and financial performances could be affected adversely.

8. Interest Rate Fluctuations

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

9. Information Leakage

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

10. Businesses other than Electricity Services

In the energy service area, our corporate group companies, while placing emphasis on providing electricity services, have been reinforcing ESCO projects, which provide integrated services to save energy, and partnership with gas supply business. In the information and communications 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 corporate group companies' entire results and financial condition.

11. Compliance

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

Five-Year Summary (Consolidated basis)

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries

Years ended March 31

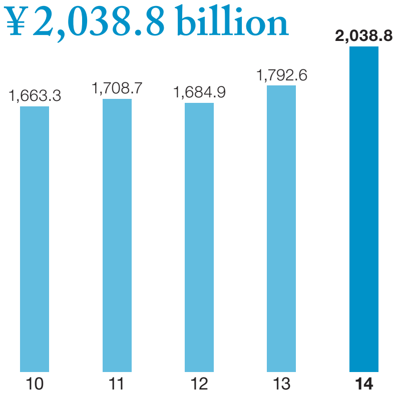
	Millions of yen				
	2014	2013	2012	2011	2010
Operating results					
Operating revenues	**¥2,038,882**	¥1,792,666	¥1,684,943	¥1,708,732	¥1,663,387
Operating expenses	**1,953,239**	1,848,589	1,826,976	1,594,087	1,574,130
Operating income (loss)	**85,642**	(55,922)	(142,032)	114,644	89,256
Interest expense	**46,314**	40,848	38,710	39,509	46,244
Other (income) expenses, net	**(24,720)**	35,154	101,043	117,949	(286)
Income (loss) before special item, income taxes and minority interests	**64,049**	(131,925)	(281,786)	(42,814)	43,298
Special item	**—**	—	(304)	(1,165)	(6,360)
Income (loss) before income taxes and minority interests	**64,049**	(131,925)	(281,481)	(41,649)	49,659
Income taxes	**28,265**	(24,262)	(45,777)	(6,214)	23,275
Minority interests in income (loss) of consolidated subsidiaries	**1,479**	(3,964)	(3,797)	(1,726)	578
Net income (loss)	**34,303**	(103,698)	(231,906)	(33,707)	25,805

Sources and application of funds					
Sources:					
Internal funds	**¥ 206,836**	¥ 19,091	¥ (96,959)	¥ 238,473	¥ 349,519
External funds:					
Bonds	**109,603**	119,638	59,855	109,667	119,621
Borrowings	**550,396**	1,163,673	1,386,605	755,215	784,303
	659,999	1,283,311	1,446,460	864,882	903,925
Total	**866,835**	1,302,402	1,349,500	1,103,356	1,253,444
Applications:					
Capital expenditures	**255,827**	286,340	298,019	241,088	274,749
Debt redemption	**611,008**	1,016,061	1,051,481	862,267	978,695
Total	**866,835**	1,302,402	1,349,500	1,103,356	1,253,444

Assets and capital					
Total assets	**¥4,243,037**	¥4,284,371	¥4,196,826	¥4,028,861	¥3,918,574
Property, plant and equipment, net	**2,926,383**	2,980,898	2,979,243	2,967,246	2,980,519
Common stock	**251,441**	251,441	251,441	251,441	251,441
Total net assets	**574,595**	522,714	629,832	876,488	943,973

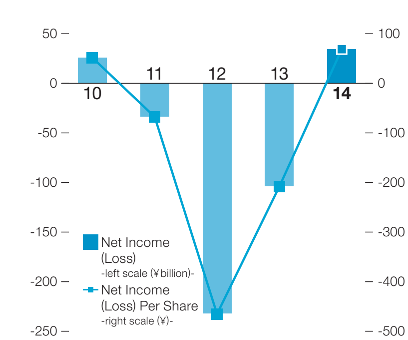
Operating Revenues

¥2,038.8 billion



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

¥34.3 billion



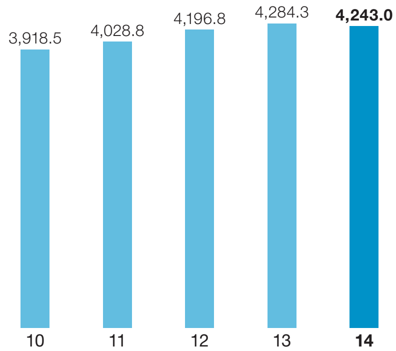
	2014	2013	Millions of yen 2012	2011	2010
Cash Flows					
Operating activities:					
Net cash provided by (used in) operating activities	**¥236,413**	¥ 46,665	¥ (61,330)	¥332,578	¥327,924
Investing activities:					
Net cash used in investing activities	**(247,545)**	(236,726)	(278,498)	(246,542)	(227,744)
Financing activities:					
Net cash provided by (used in) financing activities	**45,439**	262,674	382,249	(29,571)	(106,719)
Effect of exchange rate changes on cash and cash equivalents	**130**	197	(38)	(28)	(21)
Decrease in cash and cash equivalents resulting from exclusion of subsidiary from consolidation	**—**	—	—	—	(22)
Cash and cash equivalents at end of the year	**329,389**	294,951	222,140	179,757	123,321

	2014	2013	2012	2011	2010
Plant data					
Generating capacity (MW)					
(Number of plants):					
Hydroelectric	**2,549**	2,543	2,543	2,532	2,531
	(227)	(227)	(227)	(226)	(227)
Thermal	**11,415**	11,415	11,415	11,906	11,250
	(9)	(9)	(9)	(9)	(9)
Nuclear	**3,274**	3,274	3,274	3,274	3,274
	(2)	(2)	(2)	(2)	(2)
Internal combustion power	**1,116**	1,116	170	80	80
	(8)	(8)	(6)	(5)	(5)
Renewable	**269**	265	263	262	262
	(12)	(8)	(7)	(6)	(6)
Total	**18,623**	18,613	17,665	18,053	17,397
	(258)	(254)	(251)	(248)	(249)
Substation capacity (MVA)	**73,966**	73,516	72,751	71,421	68,423
Transmission lines (km)	**15,104**	15,094	15,127	14,881	14,809
Distribution lines (km)	**145,369**	144,816	144,190	144,612	143,923

	2014	2013	2012	2011	2010
Other data					
Number of employees	**24,667**	24,726	24,567	22,692	22,479

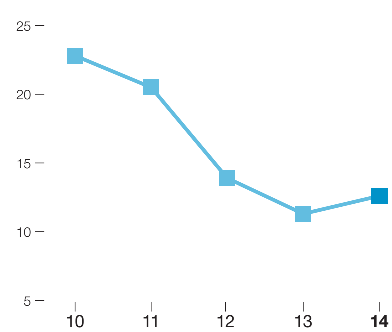
Total Assets

¥4,243.0 billion



Equity Ratio

12.6%



Five-Year Summary (Non-Consolidated basis)

Tohoku Electric Power Co., Inc.

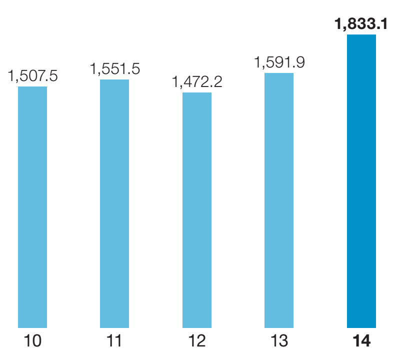
Years ended March 31

	Millions of yen				
	2014	2013	2012	2011	2010
Operating results					
Operating revenues	**¥1,833,196**	¥1,591,938	¥1,472,284	¥1,551,547	¥1,507,573
Operating expenses	**1,749,109**	1,637,287	1,632,402	1,454,626	1,434,071
Operating income (loss)	**84,087**	(45,349)	(160,118)	96,920	73,501
Interest expense	**45,749**	40,152	38,050	38,797	45,401
Other (income) expenses, net	**(25,315)**	2,138	88,270	105,882	389
Income (loss) before special item and income taxes	**63,653**	(87,640)	(286,439)	(47,759)	27,711
Special item	**—**	—	(304)	(1,165)	(6,341)
Income (loss) before income taxes	**63,653**	(87,640)	(286,134)	(46,593)	34,053
Income taxes	**27,614**	(28,488)	(75,889)	(13,456)	13,917
Net income (loss)	**36,039**	(59,151)	(210,244)	(33,136)	20,135
Sources and application of funds					
Sources:					
Internal funds	**¥ 144,103**	¥ 27,774	¥ (117,145)	¥ 210,155	¥ 310,425
External funds:					
Bonds	**109,603**	119,638	59,855	109,667	119,621
Borrowings	**371,800**	853,080	1,355,040	736,180	753,840
	481,403	972,718	1,414,895	845,847	873,461
Total	**625,507**	1,000,492	1,297,750	1,056,002	1,183,886
Applications:					
Capital expenditures	**231,868**	261,991	269,306	216,540	245,617
Debt redemption	**393,639**	738,501	1,028,443	839,462	938,270
Total	**625,507**	1,000,492	1,297,750	1,056,002	1,183,886
Assets and capital					
Total assets	**¥3,982,750**	¥3,996,559	¥3,875,038	¥3,700,844	¥3,589,252
Property, plant and equipment, net	**2,759,493**	2,811,799	2,800,623	2,776,896	2,779,011
Common stock	**251,441**	251,441	251,441	251,441	251,441
Total net assets	**456,268**	419,392	476,908	697,066	761,240
Common stock data:					
Number of shareholders	**212,687**	226,071	233,882	241,672	240,578
Number of shares issued (thousands)	**502,883**	502,883	502,883	502,883	502,883
Price range★ (yen):					
High	**¥ 1,454**	¥ 974	¥ 1,433	¥ 1,989	¥ 2,200
Low	**715**	451	693	1,126	1,737

★Tokyo Stock Exchange

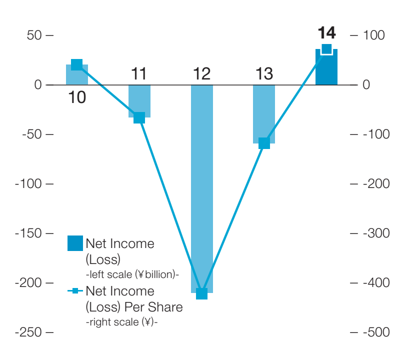
Operating Revenues

¥1,833.1 billion



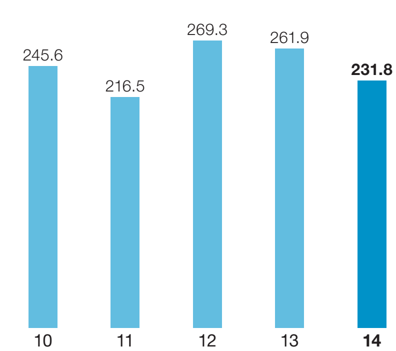
Net Income (Loss) &
Net Income (Loss) Per Share

¥36.0 billion



Capital Expenditures

¥231.8 billion



	2014	2013	2012	2011	2010
Electric power sales (GWh)					
Excluding deregulated segment					
Residential	**24,815**	25,153	24,791	26,324	25,036
Commercial and industrial	**3,784**	4,017	3,996	4,284	4,067
Total	**28,599**	29,170	28,787	30,608	29,103
Deregulated segment	**48,853**	48,663	46,517	52,098	49,889
Total electric power sales	**77,452**	77,833	75,304	82,706	78,992
[Sub sugment] Large industrial	**24,988**	24,871	24,079	26,787	25,345
Peak load (MW)	**13,953**	13,716	13,623	15,572	14,516

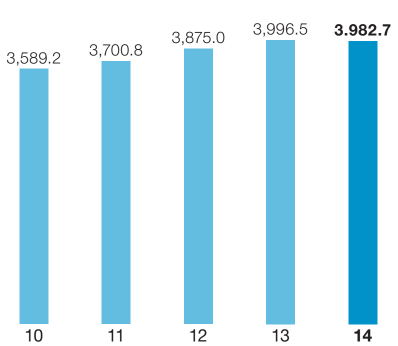
	2014	2013	2012	2011	2010
Plant data					
Generating capacity (MW)					
(Number of plants):					
Hydroelectric	**2,440**	2,434	2,434	2,423	2,422
	(210)	(210)	(210)	(209)	(210)
Thermal	**10,715**	10,715	10,715	11,206	10,550
	(8)	(8)	(8)	(8)	(8)
Nuclear	**3,274**	3,274	3,274	3,274	3,274
	(2)	(2)	(2)	(2)	(2)
Internal combustion power	**1,116**	1,116	170	80	80
	(8)	(8)	(6)	(5)	(5)
Renewable	**227**	227	225	224	224
	(6)	(6)	(5)	(4)	(4)
Total	**17,772**	17,766	16,818	17,206	16,549
	(230)	(230)	(229)	(228)	(229)
Substation capacity (MVA)	**73,966**	73,516	72,751	71,421	68,423
Transmission lines (km)	**15,104**	15,094	15,127	14,881	14,809
Distribution lines (km)	**145,369**	144,816	144,190	144,612	143,923

	2014	2013	2012	2011	2010
Other data					
Number of customers					
(Excluding the deregulated segment):					
Residential	**6,888,240**	6,829,508	6,767,459	6,548,109	6,782,929
Commercial and industrial	**826,794**	838,671	850,097	856,930	904,649
Total	**7,715,034**	7,668,179	7,617,556	7,405,039	7,687,578
Number of employees★	**12,436**	12,423	12,342	11,980	11,831

★Not including on loan or leave.

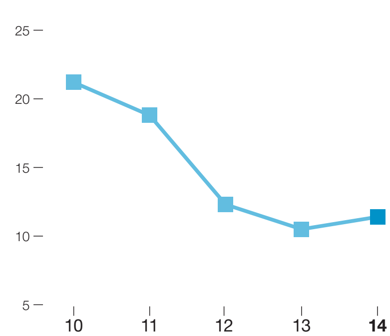
Total Assets

¥3,982.7 billion



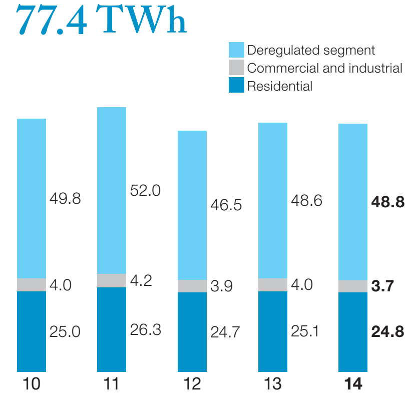
Equity Ratio

11.4 %



Electric Power Sales

77.4 TWh



Consolidated Balance Sheet

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2014	2013	2014
Assets			
Property, plant and equipment (Note 5)	¥9,099,168	¥8,966,302	$88,410,104
Less accumulated depreciation	(6,172,784)	(5,985,403)	(59,976,525)
Property, plant and equipment, net	2,926,383	2,980,898	28,433,569
Nuclear fuel:			
Loaded nuclear fuel	34,729	34,729	337,436
Nuclear fuel under processing	118,817	112,682	1,154,459
Total nuclear fuel	153,546	147,412	1,491,896
Long-term investments (Notes 6 and 7)	96,447	100,204	937,106
Fund for reprocessing costs of irradiated nuclear fuel (Note 6)	85,132	92,334	827,166
Deferred tax assets (Note 18)	170,504	209,096	1,656,665
Asset for retirement benefits (Note 15)	1,249	—	12,135
Other assets	103,313	115,217	1,003,818
Current assets:			
Cash on hand and in banks (Notes 6 and 9)	147,052	144,186	1,428,799
Trade notes receivable and accounts receivable, less allowance for doubtful accounts (Notes 6, 11 and 12)	186,037	159,949	1,807,588
Deferred tax assets (Note 18)	68,613	62,346	666,663
Inventories (Note 10)	85,747	77,461	833,142
Other current assets (Notes 6 and 9)	219,077	195,264	2,127,934
Total current assets	706,458	639,207	6,864,146
Total assets	¥4,243,037	¥4,284,371	$41,226,554

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2014	2013	2014
Liabilities and net assets			
Long-term debt (Notes 6 and 14)	¥2,526,713	¥2,427,364	$24,550,262
Accrued retirement benefits (Note 15)	—	223,582	—
Reserve for reprocessing costs of irradiated nuclear fuel	89,032	96,283	865,060
Pre-reserve for reprocessing costs of irradiated nuclear fuel	14,066	13,525	136,669
Reserve for loss on disaster	7,031	22,915	68,315
Liability for retirement benefits (Note 15)	160,449	—	1,558,968
Asset retirement obligations (Note 16)	106,476	133,031	1,034,551
Deferred tax liabilities on revaluation adjustments for land (Note 13)	1,698	1,710	16,498
Current liabilities:			
Short-term borrowings (Notes 6 and 14)	44,475	102,515	432,131
Current portion of long-term debt (Notes 6 and 14)	245,231	270,472	2,382,734
Trade notes and accounts payable (Notes 6 and 12)	160,581	161,342	1,560,250
Accrued income taxes	2,730	747	26,525
Reserve for loss on disaster	2,462	34,400	23,921
Other current liabilities	307,493	273,764	2,987,689
Total current liabilities	762,974	843,243	7,413,272
Contingent liabilities (Note 28)			
Net assets (Note 29):			
Shareholders' equity (Note 19):			
Common stock, without par value:			
Authorized — 1,000,000,000 shares			
Issued — 502,882,585 shares	251,441	251,441	2,443,072
Capital surplus	26,678	26,678	259,211
Retained earnings	248,093	213,922	2,410,542
Treasury stock, at cost; 4,157,765 shares in 2014 and 4,242,209 shares in 2013	(7,950)	(8,129)	(77,244)
Total shareholders' equity	518,262	483,913	5,035,581
Accumulated other comprehensive income:			
Net unrealized holding gain on securities (Note 7)	3,235	2,931	31,432
Deferred loss on hedges (Note 8)	(1,635)	(1,999)	(15,886)
Revaluation adjustments for land (Note 13)	(1,226)	(1,246)	(11,912)
Foreign currency translation adjustments	1,180	68	11,465
Retirement benefits liability adjustment (Note 15)	15,539	—	150,981
Total accumulated other comprehensive income	17,093	(246)	166,080
Subscription rights to shares (Note 17)	670	488	6,509
Minority interests in consolidated subsidiaries	38,569	38,558	374,747
Total net assets	574,595	522,714	5,582,928
Total liabilities and net assets	¥4,243,037	¥4,284,371	$41,226,554

See notes to consolidated financial statements.

Consolidated Statement of Operations

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries

Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2014	2013	2014
Operating revenues:			
Electric power	¥1,815,462	¥1,575,725	$17,639,545
Other	223,419	216,941	2,170,802
	2,038,882	1,792,666	19,810,357
Operating expenses (Note 21):			
Electric power (Note 20)	1,732,486	1,626,424	16,833,326
Other	220,753	222,165	2,144,898
	1,953,239	1,848,589	18,978,225
Operating Income (Loss)	85,642	(55,922)	832,122
Other expenses (income):			
Interest and dividend income	(3,116)	(2,881)	(30,275)
Interest expense	46,314	40,848	450,000
Gain on revision of retirement benefit plan (Notes 15 and 25)	(16,220)	—	(157,598)
Insurance income (Note 26)	(8,771)	—	(85,221)
Loss on discontinuance of power plant construction (Note 24)	—	17,937	—
Loss on disaster (Note 23)	—	16,392	—
Impairment loss on fixed assets (Note 27)	—	4,360	—
Other, net	3,388	(654)	32,918
	21,593	76,002	209,803
Income (Loss) before income taxes and minority interests	64,049	(131,925)	622,318
Income taxes (Note 18):			
Current	3,568	1,752	34,667
Deferred	24,696	(26,015)	239,953
	28,265	(24,262)	274,630
Income (Loss) before minority interests	35,783	(107,663)	347,677
Minority interests in income (loss) of consolidated subsidiaries	1,479	(3,964)	14,370
Net Income (loss) (Note 29)	¥ 34,303	¥ (103,698)	$ 333,297

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries

Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2014	2013	2014
Income (Loss) before minority interests	¥35,783	¥(107,663)	$347,677
Other comprehensive income (Note 30):			
Net unrealized holding gain on securities	313	3,696	3,041
Deferred income (loss) on hedges	363	(1,999)	3,527
Foreign currency translation adjustments	1,112	723	10,804
Share of other comprehensive income of affiliates accounted for under equity method	0	3	2
Total other comprehensive income	1,789	2,424	17,382
Comprehensive income	¥37,572	¥(105,238)	$365,060
Total comprehensive income attributable to:			
Shareholders	¥36,083	¥(101,338)	$350,592
Minority interests	1,488	(3,900)	14,457

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries

Years ended March 31, 2014 and 2013

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

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on securities	Deferred loss on hedges	Revaluation adjustments for land	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2012	¥251,441	¥26,685	¥317,751	¥(8,308)	¥587,570	¥ (704)	¥ –	¥(1,300)	¥(655)	¥(2,660)	¥448	¥44,474	¥629,832
Net loss			(103,698)		(103,698)								(103,698)
Purchases of treasury stock				(7)	(7)								(7)
Disposal of treasury stock		(6)	(75)	186	103								103
Reversal of revaluation adjustments for land			(54)		(54)								(54)
Net changes in items other than shareholders' equity						3,635	(1,999)	54	723	2,413	39	(5,915)	(3,461)
Balance at March 31, 2013	¥251,441	¥26,678	¥213,922	¥(8,129)	¥483,913	¥2,931	¥(1,999)	¥(1,246)	¥ 68	¥ (246)	¥488	¥38,558	¥522,714

	Thousands of U.S. dollars (Note 4)													
	Shareholders' equity					Accumulated other comprehensive income								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred loss on hedges	Revaluation adjustments for land	Foreign currency translation adjustments	Retirement benefits liability adjustment	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2013	$2,443,072	$259,211	$2,078,527	$(78,983)	$4,701,836	$28,478	$(19,422)	$(12,106)	$ 660	$ –	$ (2,390)	$4,741	$374,640	$5,078,837
Net income			333,297		333,297									333,297
Purchases of treasury stock				(213)	(213)									(213)
Disposal of treasury stock			(1,107)	1,952	835									835
Reversal of revaluation adjustments for land			(184)		(184)									(184)
Net changes in items other than shareholders' equity						2,953	3,527	184	10,804	150,981	168,470	1,768	106	170,345
Balance at March 31, 2014	**$2,443,072**	**$259,211**	**$2,410,542**	**$(77,244)**	**$5,035,581**	**$31,432**	**$(15,886)**	**$(11,912)**	**$11,465**	**$150,981**	**$166,080**	**$6,509**	**$374,747**	**$5,582,928**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries

Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2014	2013	**2014**
Operating activities			
Income (loss) before income taxes and minority interests	**¥ 64,049**	¥ (131,925)	**$ 622,318**
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**248,496**	233,085	**2,414,457**
Impairment loss on fixed assets	**2,208**	4,360	**21,453**
Decommissioning costs of nuclear power units	**2,194**	845	**21,317**
Loss on sales and disposal of property, plant and equipment	**9,138**	7,175	**88,787**
Loss on discontinuance of power plant construction (Note 24)	**—**	17,937	**—**
Reversal of accrued retirement benefits	**—**	(5,152)	**—**
Reversal of liability for retirement benefits	**(41,913)**	—	**(407,238)**
Reversal of reserve for reprocessing costs of irradiated nuclear fuel	**(7,250)**	(7,252)	**(70,443)**
Provision for pre-reserve for reprocessing costs of irradiated nuclear fuel	**541**	520	**5,256**
Reversal of reserve for loss on disaster	**(47,822)**	(33,348)	**(464,652)**
Interest and dividend income	**(3,116)**	(2,881)	**(30,275)**
Interest expense	**46,314**	40,848	**450,000**
Decrease in fund for reprocessing costs of irradiated nuclear fuel	**7,201**	7,275	**69,966**
Changes in operating assets and liabilities:			
Accounts receivable	**(40,850)**	(13,637)	**(396,910)**
Inventories	**(8,285)**	(163)	**(80,499)**
Accounts payable	**(759)**	(8,365)	**(7,374)**
Accrued expenses	**10,513**	(12,796)	**102,147**
Advances received	**(11,726)**	(7,972)	**(113,933)**
Other operating assets and liabilities	**52,083**	2,861	**506,053**
Subtotal	**281,014**	91,413	**2,730,411**
Interest and dividends received	**3,145**	2,907	**30,557**
Interest paid	**(46,160)**	(40,069)	**(448,503)**
Income taxes paid	**(1,586)**	(7,585)	**(15,410)**
Net cash provided by operating activities	**236,413**	46,665	**2,297,055**
Investing activities			
Acquisitions of property, plant and equipment	**(261,942)**	(253,132)	**(2,545,102)**
Investments and advances made	**(2,994)**	(6,327)	**(29,090)**
Collection of investments and advances	**4,744**	10,715	**46,094**
Other	**12,646**	12,017	**122,871**
Net cash used in investing activities	**(247,545)**	(236,726)	**(2,405,217)**
Financing activities			
Proceeds from long-term loans and issuance of bonds	**377,857**	534,443	**3,671,366**
Repayment or redemption of long-term loans or bonds	**(299,818)**	(233,721)	**(2,913,116)**
Decrease in short-term borrowings and commercial paper	**(29,040)**	(33,465)	**(282,160)**
Repayments of lease obligations	**(2,738)**	(2,438)	**(26,603)**
Cash dividends	**(114)**	(118)	**(1,107)**
Cash dividends to minority shareholders	**(690)**	(2,015)	**(6,704)**
Other	**(15)**	(9)	**(145)**
Net cash provided by financing activities	**45,439**	262,674	**441,498**
Effect of exchange rate changes on cash and cash equivalents	**130**	197	**1,263**
Net increase in cash and cash equivalents	**34,437**	72,811	**334,599**
Cash and cash equivalents at beginning of the year	**294,951**	222,140	**2,865,827**
Cash and cash equivalents at end of the year (Note 9)	**¥329,389**	¥294,951	**$3,200,437**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries

March 31, 2014

1. Summary of Significant Accounting Policies

(a) Basis of preparation

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

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

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

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

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (forty-nine as of March 31, 2014, and forty-three as of March 31, 2013) controlled directly or indirectly by the Company. The newly established Yur Solar Tomiya, Solar Power Ajigasawa, Solar Power Shiroishi, Aqua Power Tohoku, E Life Partners, and Yur Solar Hobara have been included in the scope of consolidated subsidiaries. Elc was broken up at March 31, 2014, and is in liquidation. Certain subsidiaries have been excluded from the scope of the consolidation, because the aggregate impact of those subsidiaries on the consolidated financial statements was insignificant in terms of total assets, net sales, net income and retained earnings. Affiliates (three as of March 31, 2014 and 2013) over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements by equity method. All significant intercompany balances and transactions have been eliminated in consolidation.

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

(c) Property, plant and equipment

Property, plant and equipment are generally stated at cost.

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

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

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

(d) Nuclear fuel

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

(e) Marketable and investment securities

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

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

(f) Inventories

Inventories are stated at cost determined by the average method (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.

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 incurred 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 ($401,243 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 ¥16,146 million ($156,879 thousand) and ¥18,837 million at March 31, 2014 and 2013, respectively.

Additionally, under the accounting regulations applicable to electric utility companies No. 81, the unrecognized actuarial gain of ¥2,549 million ($24,766 thousand) and ¥2,516 million at March 31, 2014 and 2013, respectively, have been amortized starting from the next fiscal year over the period for which the definite reprocessing plan for irradiated nuclear fuel is executed.

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

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

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

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

(l) Reserve for loss on disaster

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

(m) Income taxes

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

(n) Foreign currency translation

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

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

(o) Derivatives and hedging transactions

The Company has entered into various derivatives transactions in order to manage certain risk arising from adverse fluctuation in foreign currency exchange rates 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 Note 19.

2. Accounting Change

(a) Retirement benefits

In accordance with the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, issued May 17, 2012) (excluding text of paragraph 35) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, issued May 17, 2012) (excluding text of paragraph 67) adopted from the end of fiscal year ended March 31, 2014, retirement benefit obligations after deducting plan assets have been recognized as asset for retirement benefits and liability for retirement benefits, and unrecognized actuarial gain or loss and unrecognized prior service cost are stated in asset for retirement benefits and liability for retirement benefits as of March 31, 2014.

In accordance with transient measures in paragraph 37 in the standard, the amount of the effect of the change has been recorded in retirement benefits liability adjustment in accumulated other comprehensive income for the year ended March 31, 2014.

Due to the effect of the change, asset for retirement benefits and liability for retirement benefits were recognized in the amount of ¥1,249 million ($12,135 thousand) and ¥160,449 million ($1,558,968 thousand), respectively, and accumulated other comprehensive income increased by ¥15,539 million ($150,981 thousand) as of March 31, 2014.

The effect of the change on per share amounts is noted in Note 29.

(b) Changes in allocation method for capitalized asset retirement cost

Based on Item 8 of the “Guidance on Accounting Standard for Asset Retirement Obligations” and the rules of the “Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units” (a ministerial ordinance by the Ministry of Economy, Trade and Industry No. 30 issued on May 25, 1989), capitalized asset retirement costs related to decommissioning of specified nuclear power units had been allocated to expense over the estimated operation period in proportion to the ratio of electric power generated by nuclear power. However, as “Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units” was revised after enforcement of “Ordinance for Partial Revision on Accounting Rules Applicable to Electric Utility Companies in Japan” (a ministerial ordinance by the Ministry of Economy, Trade and Industry No. 52 issued in

2013) on October 1, 2013, the allocation method has been changed to the straight-line method over the expected period of power supply facilities' operation and storage for safety.

Due to the effect of the change, operating income and income before income taxes and minority interests decreased by ¥3,510 million ($34,104 thousand), and nuclear power plants and asset retirement obligations decreased by ¥27,129 million ($263,593 thousand) for the year ended and as of March 31, 2014, respectively.

3. Standards Issued but Not Yet Effective

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued May 17, 2012)

(a) Overview

The revised accounting standards provides guidance for accounting for unrecognized actual gains and losses and prior service costs, the calculation methods for the retirement benefit obligations and current service costs, and enhancement of disclosures taking into consideration improvements to financial reporting and international trends.

(b) Date of adoption

The Company and its subsidiaries will adopt the changing calculation of retirement benefit obligations and current service costs from the beginning of the fiscal year ending March 31, 2015.

(c) Effects of the adoption of the accounting standards

Due to the effect of the change, retained earnings will decrease by ¥15,672 million ($152,273 thousand) at the beginning of the next fiscal year. In addition, operating income and income before income taxes and minority interests for the year ended March 31, 2015 will increase by ¥138 million ($1,340 thousand), respectively.

4. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥102.92 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014 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.

5. Property, Plant and Equipment

Property, plant and equipment at March 31, 2014 and 2013 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Hydro power plant	¥ 574,762	¥ 555,584	$ 5,584,551
Thermal power plant	1,717,982	1,663,057	16,692,401
Nuclear power plant	1,379,621	1,402,597	13,404,790
Internal combustion power plant	114,660	114,525	1,114,069
Transmission plant	1,649,767	1,635,139	16,029,605
Transformation plant	817,824	810,246	7,946,210
Distribution plant	1,423,805	1,401,974	13,834,094
General plant	315,606	317,266	3,066,517
Other	881,401	874,499	8,563,942
	8,875,431	8,774,890	86,236,212
Construction work in progress	223,737	191,411	2,173,892
Total	¥9,099,168	¥8,966,302	$88,410,104
Contributions in aid of construction	¥ 235,103	¥ 233,988	$ 2,284,327

6. Financial Instruments

(a) Positions of Financial Instruments

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

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

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

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

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

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

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

Fair values of financial instruments include value amounts based on market prices and those based on rational calculation in the case where a market price does not exist. In calculating such value amounts, certain assumptions are adopted, and if based on different assumptions, those calculated value amounts may change. Derivative contract amounts noted below in Note 8 do not denote the market risk from the derivatives themselves. In addition, fair value and valuation gains or losses are reasonably quoted values based on market indicators for valuations and other measures. They are not amounts that would be received or paid in the future.

(b) Fair values of Financial Instruments

Carrying values, fair values and unrealized gains or losses as of March 31, 2014 and 2013 were as follows:

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

	Millions of yen		
At March 31, 2013	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
Long-term investments *1	¥ 29,183	¥ 29,035	¥ (148)
Fund for reprocessing costs of irradiated nuclear fuel	92,334	92,334	—
Cash and cash equivalents	144,186	144,186	—
Trade notes receivable and accounts receivable	160,733	160,733	—
Other current assets *2	152,220	152,220	—
Liabilities:			
Bonds *3	1,243,736	1,291,539	47,803
Long-term loans *3	1,367,300	1,383,013	15,713
Short-term borrowings	102,515	102,515	—
Trade notes and accounts payable	161,342	161,342	—
Derivative transactions	(2,905)	(2,905)	—

	Thousands of U.S. dollars		
At March 31, 2014	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
Long-term investments *1	$ 250,136	$ 249,611	$ (514)
Fund for reprocessing costs of irradiated nuclear fuel	827,166	827,166	—
Cash and cash equivalents	1,428,799	1,428,799	—
Trade notes receivable and accounts receivable	1,816,265	1,816,265	—
Other current assets *2	1,776,622	1,776,622	—
Liabilities:			
Bonds *3	11,170,307	11,493,033	322,716
Long-term loans *3	14,961,406	15,257,986	296,579
Short-term borrowings	432,131	432,131	—
Trade notes and accounts payable	1,560,250	1,560,250	—
Derivative transactions *4	(22,901)	(22,901)	—

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

(Note 1) The method of calculating fair values of financial instruments, and other matters related to marketable securities and derivative transactions are as follows:

Assets:

Long-term investments

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

Fund for reprocessing costs of irradiated nuclear fuel

Fund for reprocessing costs of irradiated nuclear fuel is the funds provided based on the “Spent Nuclear Fuel Reprocessing Fund Act” to properly implement the reprocessing of spent nuclear fuels produced by operating specified commercial nuclear reactors for power generation. For a fund reversal, it is required to follow the schedule for reversal of reserve for reprocessing irradiated nuclear fuels approved by the Minister of Economy, Trade and Industry, and the carrying values are based on the present-value equivalent of the expected amount of any future reversal of the schedule as of March 31, 2014. Hence, the carrying values are used as fair values.

Cash and cash equivalents, Trade notes receivable and accounts receivable, and Other current assets

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

Liabilities:

Bonds

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

Long-term loans

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

Short-term borrowings, and Trade notes and accounts payable

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

Derivative transactions

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

(Note 2) Financial instruments for which it is extremely difficult to determine the fair value at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Unlisted stocks	¥150,350	¥148,651	$1,460,843
Subscription certificate	1,180	1,180	11,465
Other	454	420	4,411
Total	¥151,985	¥150,252	$1,476,729

(Note 3) Redemption schedule of financial bonds and marketable securities with maturity at March 31, 2014 and 2013 were as follows:

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

	Millions of yen			
At March 31, 2013	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Long-term investments:				
Held-to-maturity debt securities:				
Municipal bonds	¥ 67	¥260	¥ 195	¥ —
Bonds	—	—	500	—
Other	—	—	961	4,389
Fund for reprocessing costs of irradiated nuclear fuel *	11,276	—	—	—
Cash and cash equivalents	144,186	—	—	—
Trade notes receivable and accounts receivable	160,733	—	—	—
Other current assets	152,220	—	—	—
Total	¥468,483	¥260	¥1,657	¥4,389

	Thousands of U.S. dollars			
At March 31, 2014	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	$ 650	$2,477	$1,292	$ —
Bonds	—	—	4,858	—
Other	—	—	—	18,713
Other securities with maturity dates:				
Bonds	—	417	—	—
Fund for reprocessing costs of irradiated nuclear fuel *	109,706	—	—	—
Cash and cash equivalents	1,428,799	—	—	—
Trade notes receivable and accounts receivable	1,816,265	—	—	—
Other current assets	1,776,622	—	—	—
Total	$5,132,063	$2,895	$6,150	$18,713

* 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.

7. Marketable Securities and Investment Securities

Held-to-maturity debt securities at March 31, 2014 and 2013 were as follows:

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

At March 31, 2013	Millions of yen Carrying value	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Corporate bonds	¥ 500	¥ 507	¥ 7
Other	1,500	1,520	20
Securities whose carrying value exceeds their fair value:			
Public bonds	522	517	(5)
Other	156,071	155,898	(172)
Total	¥158,594	¥158,445	¥ (148)

At March 31, 2014	Thousands of U.S. dollars Carrying value	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Corporate bonds	**$ 4,858**	**$ 4,877**	**$ 19**
Other	—	—	—
Securities whose carrying value exceeds their fair value:			
Public bonds	**4,420**	**4,382**	**(38)**
Other	**289,312**	**288,806**	**(505)**
Total	**$298,600**	**$298,076**	**$ (514)**

Other securities at March 31, 2014 and 2013 were as follows:

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

At March 31, 2013	Millions of yen Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥12,656	¥18,993	¥6,337
Securities whose acquisition cost exceeds their carrying value:			
Stock	4,842	3,816	(1,026)
Total	¥17,499	¥22,809	¥5,310

At March 31, 2014	Thousands of U.S. dollars Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	**$ 89,457**	**$ 152,419**	**$62,961**
Securities whose acquisition cost exceeds their carrying value:			
Stock	**80,499**	**69,694**	**(10,794)**
Other	**1,506,024**	**1,506,024**	—
Total	**$1,675,991**	**$1,728,148**	**$52,157**

Other securities sold in the fiscal year ended at March 31, 2014 and 2013 were as follows:

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

At March 31, 2013	Millions of yen Sales proceeds	Aggregate gain	Aggregate loss
Stock	¥181	¥177	¥ 0

At March 31, 2014	Thousands of U.S. dollars Sales proceeds	Aggregate gain	Aggregate loss
Stock	**$3,109**	**$1,632**	**$ 87**

Impairment loss on securities for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Stocks of affiliates	**¥ —**	¥1,582	**$ —**
Stocks of other securities	**0**	551	**0**
Total	**¥ 0**	¥2,133	**$ 0**

8. Derivatives

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

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

(b) Derivative transactions to which hedge accounting is applied at March 31, 2014 and 2013 were as follows:

Interest-rate swaps:

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

At March 31, 2013	Hedged item	Millions of yen		
		Contract amount		
		total	due after one year	Fair value
Basic treatment:				
Pay fixed / Receive floating	Long-term loans	¥143,000	¥143,000	¥(2,905)*1
Special treatment:				
Receive fixed / Pay floating	Bonds	70,000	70,000	*2
Total		¥213,000	¥213,000	¥(2,905)

At March 31, 2014	Hedged item	Thousands of U.S. dollars		
		Contract amount		
		total	due after one year	Fair value
Basic treatment:				
Pay fixed / Receive floating	Long-term loans	**$1,389,428**	**$1,389,428**	**$(22,901)***1
Special treatment:				
Receive fixed / Pay floating	Bonds	**680,139**	**291,488**	*2
Pay fixed / Receive floating	Long-term loans	**728,721**	**728,721**	
Total		**$2,798,289**	**$2,409,638**	**$(22,901)**

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

9. Cash Flow Information

For the consolidated statement of cash flows, reconciliation between cash and cash equivalents and cash balances on the consolidated balance sheet as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Cash on hand and in banks	**¥147,052**	¥144,186	**$1,428,799**
Time deposits with maturities of more than three months	**(1,277)**	(2,039)	**(12,407)**
Short-term investments with an original maturity within three months included in other current assets	**183,613**	152,805	**1,784,036**
Cash and cash equivalents	**¥329,389**	¥294,951	**$3,200,437**

Important non-fund transactions are as follows:

As loss for the disaster caused by the Great East Japan Earthquake and the torrential rain in Niigata and Fukushima, ¥11,099 million of provision for reserve for loss on disaster was recognized for the year ended March 31, 2013.

10. Inventories

Details of inventories are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Commercial products and finished goods	**¥ 5,205**	¥ 5,137	**$ 50,573**
Work in process	**6,390**	7,094	**62,087**
Raw materials and supplies	**74,150**	65,228	**720,462**
Total	**¥85,747**	¥77,461	**$833,142**

The year-end amount of inventories shows the amount after write-down of carrying values due to less profitability, and a loss on revaluation of inventories of ¥218 million ($2,118 thousand) and ¥693 million were included in operating expenses for the year ended March 31, 2014 and 2013, respectively.

11. Trade Notes Receivable and Accounts Receivable

Trade notes receivable and accounts receivable at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Trade notes receivable and accounts receivable	**¥186,930**	¥160,733	**$1,816,265**
Less allowance for doubtful accounts	**(892)**	(784)	**(8,666)**
Total	**¥186,038**	¥159,949	**$1,807,598**

12. Notes Receivable and Payable whose Maturity Dates were at Fiscal Year-End

The settlements of the notes receivable and payable were to be recorded not on maturity dates but on physical settlement dates thereof. As the fiscal year-end happened to be a bank holiday, the following of notes receivable and payable whose maturity dates were at fiscal year-end were still carried in the balance sheet.

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Notes receivable, trade	—	¥ 449	—
Notes payable, trade	—	1,417	—

13. Revaluation Adjustments for Land

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

(a) The method of revaluation was as follows:
Under Article 2.4, "Order for Enforcement of the Act on Revaluation of Land," the land price for the valuation was determined based on the official notice prices assessed

and published by the Commissioner of National Tax Agency of Japan as basis for calculation of Landholding Tax as stipulated in article 16 of the Landholding Tax Law. Appropriate adjustments for the shape of land and the timing of the assessment have been made.

(b) Revaluation Date: March 31, 2002
The difference between the total book value after revaluation and the total fair values as of March 31, 2014 and 2013 were ¥5,449 million ($52,944 thousand) and ¥5,341 million, respectively.

14. 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, 2014 and 2013 were approximately 0.314% and 0.497%, respectively.

At March 31, 2014 and 2013, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Bonds in yen due through 2024	**¥1,149,648**	¥1,243,736	**$11,170,307**
Loans from banks and other financial institutions due through 2033	**1,539,828**	1,367,300	**14,961,406**
Other	**10,786**	10,181	**104,799**
Subtotal	**2,700,263**	2,621,218	**26,236,523**
Less current portion	**(232,562)**	(256,612)	**(2,259,638)**
Total	**¥2,467,700**	¥2,364,605	**$23,976,875**

Long-term debt payments that fell due subsequent to March 31, 2014 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	**¥ 232,562**	**$ 2,259,638**
2016	**318,003**	**3,089,807**
2017	**346,941**	**3,370,977**
2018	**371,569**	**3,610,270**
2019	**351,055**	**3,410,950**
2020 and thereafter	**1,080,130**	**10,494,850**
Total	**¥2,700,263**	**$26,236,523**

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, 2014 was as follows:

	Millions of yen	Thousands of U.S. dollars
Bonds	**¥ 1,149,671**	**$11,170,530**
Long-term loans	**413,821**	**4,020,802**

The assets of certain consolidated subsidiaries pledged as collateral for the above long-term debt at March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
Land	**¥12,544**	**$121,881**
Structures	**30,072**	**292,188**
Machinery and equipment	**10,923**	**106,130**
Other	**8,802**	**85,522**
Total	**¥62,343**	**$605,742**

15. Retirement Benefit Plans

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

Year ended March 31, 2013

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet at March 31, 2013 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen
	2013
Retirement benefit obligation	¥ (483,684)
Plan assets at fair value	275,176
Unfunded retirement benefit obligation	(208,508)
Unrecognized actuarial loss	(14,955)
Unrecognized prior service cost	289
Prepaid pension cost	(407)
Accrued retirement benefits	¥ (223,582)

The components of retirement benefit expenses for the years ended March 31, 2013 were outlined as follows:

	Millions of yen
	2013
Service cost	¥16,546
Interest cost	10,093
Expected return on plan assets	(4,730)
Amortization of unrecognized actuarial (gain) or loss	(3,834)
Amortization of unrecognized prior service cost	10
Contributions paid for defined contribution plans	1,010
Total	¥19,095

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:

	2013
Discount rates	1.1% ~ 2.2%
Expected rates of return on plan assets	0.0% ~ 2.5%
Period for amortization of unrecognized prior service cost	1 year ~ 15 years
Period for amortization of unrecognized actuarial gain or loss	1 year ~ 15 years
Method of allocation of estimated retirement benefits	Equally over the period

Year ended March 31, 2014

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

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

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Retirement benefit obligation as of April 1, 2013	¥476,541	$4,630,207
Service cost	13,350	129,712
Interest cost	9,250	89,875
Actuarial loss	3,135	30,460
Retirement benefit paid	(24,208)	(235,211)
Prior service cost	(13,763)	(133,725)
Decrease due to partial termination of retirement benefit plans	(15,009)	(145,831)
Other	296	2,876
Retirement benefit obligation as of March 31, 2014	¥449,593	$4,368,373

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

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Plan assets as of April 1, 2013	¥273,707	$2,659,415
Expected rates of return on plan assets	7,489	72,765
Actuarial gain	11,905	115,672
Contribution by the companies	17,207	167,188
Retirement benefit paid	(14,949)	(145,248)
Other	276	2,681
Plan assets as of March 31, 2014	¥295,636	$2,872,483

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

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Retirement benefit obligation under funded plans	¥310,621	$3,018,082
Plan asset at fair value	(295,636)	(2,872,483)
	14,984	145,588
Retirement benefit obligation under unfunded plans	138,972	1,350,291
Net amount of liabilities and assets for retirement benefits on consolidated balance sheet	153,957	1,495,890
Liability for retirement benefits	155,206	1,508,025
Asset for retirement benefits	(1,249)	(12,135)
Net amount of liabilities and assets for retirement benefits on consolidated balance sheet	¥153,957	$1,495,890

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

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Service cost	¥13,350	$129,712
Interest cost	9,250	89,875
Expected return on plan assets	(7,489)	(72,765)
Amortization of unrecognized actuarial gain	(1,776)	(17,256)
Amortization of unrecognized prior service cost	(13,753)	(133,628)
Decrease due to partial termination of retirement benefit plans	(2,457)	(23,872)
Other	956	9,288
Retirement benefit expenses for defined benefit plans	¥(1,918)	$(18,635)

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

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Unrecognized prior service cost	¥ 279	$ 2,710
Unrecognized actuarial (gain) or loss	(22,296)	(216,634)
Other	(18)	(174)
Total	¥ (22,035)	$ (214,098)

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

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

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

The principal assumptions used in actuarial calculation are as follows:

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

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

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

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Retirement benefit obligation as of April 1, 2013	¥5,582	$54,236
Retirement benefit expenses	937	9,104
Retirement benefit paid	(1,179)	(11,455)
Contribution to the plans	(98)	(952)
Retirement benefit obligation as of March 31, 2014	¥5,242	$50,932

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

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Retirement benefit obligation under funded plans	¥1,683	$16,352
Plan asset at fair value	(1,636)	(15,895)
	47	456
Retirement benefit obligation under unfunded plans	5,194	50,466
Net amount of liabilities and assets for retirement benefits on consolidated balance sheet	5,242	50,932
Liability for retirement benefits	5,242	50,932
Net amount of liabilities and assets for retirement benefits on consolidated balance sheet	¥5,242	$50,932

Retirement benefit expenses calculated in simple and easy ways for the year ended March 31, 2014 are as follows:

Millions of yen	Thousands of U.S. dollars
2014	2014
¥ 937	$9,104

(c) Defined contribution plans

Required contribution by the company and its consolidated subsidiaries for the year ended March 31, 2014 is as follows:

Millions of yen	Thousands of U.S. dollars
2014	2014
¥ 1,667	$16,197

16. Asset Retirement Obligations

(a) Overview of asset retirement obligations

With regards to decommissioning of specified nuclear power units provided mainly in Article 43. 3. 2, Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors, related asset retirement obligations are recognized. Based on Item 8 of "Accounting Standard for Asset Retirement Obligations" and the rules of the Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units (a ministerial ordinance by the Ministry of Economy, Trade and Industry No. 30 issued on May 25, 1989), the total estimated decommission cost had been allocated in proportion to the ratio of electric power generated by the nuclear power over the expected operation period.

As the Ministerial Ordinance for Revise of Accounting Rules Applicable to Electric Utility Companies in Japan (a ministerial ordinance by the Ministry of Economy, Trade and Industry No. 52 issued in 2013) was enforced on October 1, 2013, and the Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units was revised, the allocation method has been changed to the straight-line method over the expected periods of power supply facilities' operation and storage for safety.

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

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

(c) Increase/decrease in the total amount of asset retirement obligations for the fiscal years ended March 31, 2014 and 2013.

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Beginning balance	¥133,031	¥128,419	$1,292,567
Increase due to purchase of property, plant and equipment	50	—	485
Other increase/decrease	(26,605)	4,612	(258,501)
Ending balance	¥106,476	¥133,031	$1,034,551

17. Stock Options

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

Expenses related to stock options in the amount of ¥268 million ($2,603 thousand) and ¥142 million are recorded under Share-based compensation expenses of electric power operating expenses for the years ended March 31, 2014 and 2013, respectively.

The stock options outstanding as of March 31, 2014 are as follows:

	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option
Individuals covered by the plan	17 directors of the Company and 24 executive officers of the Company	17 directors of the Company and 23 executive officers of the Company	16 directors of the Company and 24 executive officers of the Company	15 directors of the Company (excluding an external director) and 24 executive officers of the Company
Type and number of shares to be issued upon the exercise of the share subscription rights*	165,400 shares of common stock of the Company	286,900 shares of common stock of the Company	297,500 shares of common stock of the Company	218,300 shares of common stock of the Company
Date of grant	August 2, 2010	August 1, 2011	August 1, 2012	August 1, 2013
Vesting conditions	Not defined	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined	Not defined
Exercise period	From August 3, 2010 to August 2, 2035	From August 2, 2011 to August 1, 2036	From August 2, 2012 to August 1, 2037	From August 2, 2013 to August 1, 2038

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

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

	Shares			
	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option
Non-vested				
as of March 31, 2013 - Outstanding	100,600	223,800	297,500	—
Granted	—	—	—	218,300
Forfeited	—	—	—	—
Vested	20,100	40,800	42,500	—
as of March 31, 2014 - Outstanding	80,500	183,000	255,000	218,300
Vested				
as of March 31, 2013 - Outstanding	—	—	—	—
Vested	20,100	40,800	42,500	—
Exercised	20,100	40,800	42,500	—
Forfeited	—	—	—	—
as of March 31, 2014 - Outstanding	—	—	—	—

Unit price information is as follows:

	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars
	2011 Stock Option		2012 Stock Option		2013 Stock Option		2014 Stock Option	
Exercise price	¥1	$0.009	¥1	$0.009	¥1	$0.009	¥1	$0.009
Weighted average exercise price	1,219	11.844	1,219	11.844	1,219	11.844	—	—
Weighted average fair value per stock at the granted date	1,608	15.623	821	7.977	480	4.663	1,229	11.941

The estimation method of the fair value of 2013 Stock Option granted in the year ended March 31, 2014 is as follows:

I. The valuation technique used is the Black-Scholes Option pricing model.
II. Assumption used:
  Stock price volatility*1 47.845%
  Expected period*2 3.664 years
  Expected cash dividend*3 ¥0 ($0) per share
  Risk-free interest rate*4 0.204%
  *1.Stock price volatility is computed based on the past stock prices during the period (from December 2009 to August 2013) corresponding to the expected remaining period (3.664 years).
  *2.Estimation is made based on weighted-averaging of the expected remaining service period of each individual to whom subscription rights to shares were granted by the number of subscription rights to shares granted, after calculating the average age of leaving office for each position over the past ten years.
  *3.Actual cash dividend for the fiscal year ended March 31, 2013.
  *4.Risk-free interest rate refers to yields of Japanese government bonds corresponding to the expected remaining period.

Estimation method of the number of vested stock options.

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

18. Income Taxes

The Company and consolidated subsidiaries operating electric power business are subject to several taxes based on earnings, which, in the aggregate, resulted in a statutory tax rate of approximately 33% for 2014 and 2013. Other major consolidated subsidiaries are subject to several taxes based on earnings, which, in the aggregate, resulted in a statutory tax rate of approximately 38% for 2014 and 2013.

The significant components of deferred tax assets and liabilities at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Deferred tax assets:			
Tax loss carryforwards	¥ 90,352	¥ 89,091	$ 877,885
Accrued retirement benefits	—	71,228	—
Liability for retirement benefits	50,577	—	491,420
Deferred revenues	35,607	38,996	345,967
Intercompany profits	26,319	28,233	255,722
Asset retirement obligations	16,425	24,553	159,589
Other	85,695	91,799	832,636
	304,378	343,902	2,963,253
Valuation allowance	(53,043)	(51,115)	(515,380)
Total deferred tax assets	251,934	292,787	2,447,862
Deferred tax liabilities:			
Assets corresponding to asset retirement obligations	(10,191)	(19,000)	(99,018)
Unrealized holding gain on other securities	(2,009)	(1,949)	(19,520)
Other	(621)	(399)	(6,033)
Total deferred tax liabilities	(12,822)	(21,349)	(124,582)
Net deferred tax assets	¥239,112	¥271,437	$2,323,280

The effective tax rates reflected in the accompanying consolidated statement of operations differed from the statutory tax rate for the years ended March 31, 2014 and 2013 for the following reasons:

	2014	2013
Statutory tax rate	33.15%	33.15%
Effect of:		
Tax rate difference from special reconstruction corporation tax	6.57	(3.43)
Unrecognized deferred tax assets or liabilities of intercompany profits	2.30	(1.80)
Valuation allowance	1.90	(9.61)
Other, net	0.21	0.08
Effective tax rates	44.13%	18.39%

19. 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 ($610,765 thousand) was included in retained earnings in the accompanying consolidated financial statements for the year ended March 31, 2014.

20. Operating Expenses

Operating expenses in the electric power business for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Personnel	¥ 138,146	¥ 134,201	$ 1,342,265
Fuel	621,369	578,497	6,037,397
Maintenance	126,005	128,992	1,224,300
Subcontracting fees	41,862	42,729	406,743
Depreciation	226,083	208,758	2,196,686
Purchased power	359,912	336,755	3,497,007
Taxes other than income taxes	86,019	84,062	835,785
Other	133,086	112,426	1,293,101
Total	¥1,732,486	¥1,626,424	$16,833,326

21. Research and Development Costs

Research and development costs for the years ended March 31, 2014 and 2013 were ¥5,303 million ($51,525 thousand) and ¥6,395 million, respectively.

22. Leases

Finance lease agreements that do not involve the transfer of ownership 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)," disclosure of information of leased assets and lease obligations "as if capitalized" basis are omitted because of less importance.

Lessees' accounting

Future minimum lease payments subsequent to March 31, 2014 and 2013 for non-cancelable operating leases were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Due within one year	—	¥13	—
Due after one year	—	—	—
Total	—	¥13	—

23. Loss on Disaster

Loss attributable to the Great East Japan Earthquake and the Torrential Rain in Niigata and Fukushima for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
the Great East Japan Earthquake	—	¥15,245	—
the Torrential Rain in Niigata and Fukushima	—	1,147	—
Total	—	¥16,392	—

24. Loss on Discontinuance of Power Plant Construction

Namie-Odaka Nuclear Power Station recorded an extraordinary loss of ¥17,937 million.

Loss on Discontinuance of Power Plant Construction for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Loss Discontinuance of Power Plant Construction	—	¥17,937	—
Total	—	¥17,937	—

Impairment loss included in "Loss on discontinuance of power plant construction" for the years ended March 31, 2014 and 2013 was as follows:
(Specific impairment loss on fixed assets)

(a) Grouping

I. With regard to fixed assets in relation to electric power operations, all assets ranging from power generation to power sales work together to generate cash flow, therefore whole fixed assets are regarded as one asset group.

II. With regard to incidental business, these assets are grouped by each business and location.

III. With regard to the fixed assets other than those above, in principle, the grouping is based on each asset.

(b) Specific impairment loss on fixed assets

Assets	Location	Type of assets	Millions of yen		Thousands of U.S. dollars
			2014	2013	2014
Construction site, etc.	Namie, Fukushima, etc.	Land, Intangible fixed assets, Construction work in progress, etc.	—	¥7,368	—

Details of assets by type:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Land	—	¥5,034	—
Intangible fixed assets	—	393	—
Construction work in progress	—	1,931	—
Other	—	8	—
Total	—	¥7,368	—

25. Gain on Revision of Retirement Benefit Plans

The Company revised the retirement benefit plans, such as a reduction in annuity rate at April 1, 2013 and a partial transfer of lump-sum retirement benefit plans to defined contribution plans. Due to these revisions, extraordinary gain of ¥16,220 million ($157,598 thousand) were recognized as gain on revision of retirement benefit plans.

26. Insurance Income

Since the amount of compensation for loss of facilities attributable to the Great East Japan Earthquake in March 2011 and the Torrential Rain in Niigata and Fukushima in July 2011 was determined, the Company received insurance proceeds of ¥8,771 million ($85,221 thousand), which was recognized as insurance income for the year ended March 31, 2014.

27. Impairment Loss on Fixed Assets

(a) Grouping

I. With regard to fixed assets in relation to electric power operations, all assets ranging from power generation to power sales work together to generate cash flow, therefore whole fixed assets are regarded as one asset group. Because this group showed no sign of impairment, the impairment loss on fixed assets was not recognized.

II. With regard to construction business and other businesses, the grouping in relation to fixed assets is described below.

- With regard to construction business, each office, by which cash flow can be measured independently is regarded as one asset group.
- With regard to other businesses, these assets are grouped by each business and location.

III. With regard to the fixed assets other than those above, in principle, the grouping is based on each asset.

(b) Specific impairment loss on fixed assets

The impairment loss on fixed assets based on the grouping above for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Other fixed assets	—	¥4,360	—
Total	—	¥4,360	—

28. Contingent Liabilities

Contingent liabilities at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Guarantees of bonds and loans of other companies :			
Japan Nuclear Fuel Limited	¥ 73,043	¥ 72,407	$709,706
The Japan Atomic Power Company and other companies	12,355	11,712	120,044
Guarantees of housing loans for employees	231	318	2,244
Guarantees relating to electricity purchase agreements for affiliates and other companies	2,079	1,677	20,200
Recourse under debt assumption agreements	64,100	40,000	622,813

29. 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 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, 2014 and 2013 were as follows:

	yen		U.S. dollars
Years ended March 31,	2014	2013	2014
Net income (loss) :			
Basic	¥ 68.78	¥(207.97)	$0.668
Diluted	¥ 68.69	—	$0.667

	yen		U.S. dollars
At March 31,	2014	2013	2014
Net assets	¥1,073.45	¥969.97	$10.429

Since net loss per share was posted for the year ended March 31, 2013, the diluted net income per share was not disclosed. Due to the effect of accounting change (see Note 2), transient measures in paragraph 37 in Accounting Standard for Retirement Benefits are adopted and net assets per share increased by ¥31.16 for the year ended March 31, 2014.

30. Consolidated Statement of Comprehensive Income

The components of other comprehensive income for the year ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Net unrealized holding gain on securities:			
Amount recorded during the fiscal year	¥ 467	¥ 4,842	$4,537
Reclassification adjustments	3	462	29
Before income tax effect	470	5,304	4,566
Income tax effect	(157)	(1,607)	(1,525)
Net unrealized holding gain on securities	313	3,696	3,041
Deferred income (loss) on hedges:			
Amount recorded during the fiscal year	(257)	(2,905)	(2,497)
Reclassification adjustments	804	—	7,811
Before income tax effect	547	(2,905)	5,314
Income tax effect	(184)	905	(1,787)
Deferred income (loss) on hedges	363	(1,999)	3,527
Foreign currency translation adjustments:			
Amount recorded during the fiscal year	1,112	723	10,804
Share of other comprehensive income of affiliates accounted for using equity method:			
Amount recorded during the fiscal year	0	3	2
Total other comprehensive income	¥ 1,789	¥ 2,424	$17,382

31. Segment Information

(a) Overview of reportable segments

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

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

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

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

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

As described in Note 2, the Ministerial Ordinance for Revise of Accounting Rules Applicable to Electric Utility Companies in Japan (a ministerial ordinance by the Ministry of Economy, Trade and Industry No. 52 issued in 2013) was enforced on October 1, 2013, and the Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units was revised. The Company changed the allocation method of capitalized asset retirement costs concerning decommissioning of specified nuclear power units among fixed assets in reportable segments after October 1, 2013.

Due to the effect of this accounting change, electric power business segment profit decreased by ¥3,510 million ($34,104 thousand) for the year ended March 31, 2014.

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

The segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2014 and 2013 were summarized as follows:

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

	Millions of yen						
	Reportable segment						
Year ended March 31, 2013	Electric power business	Construction business	Subtotal	Other	Total	Eliminations of intersegment transactions or corporate	Consolidated total
Net sales:							
(1)Net sales to outside customers	¥ 1,575,725	¥ 122,123	¥ 1,697,848	¥ 94,818	¥ 1,792,666	¥ —	¥ 1,792,666
(2)Net intersegment sales	2,596	111,828	114,424	96,016	210,441	(210,441)	—
Total	1,578,321	233,951	1,812,273	190,835	2,003,108	(210,441)	1,792,666
Segment loss	¥ (45,413)	¥ (8,344)	¥ (53,757)	¥ (3,100)	¥ (56,857)	¥ 935	¥ (55,922)
Segment assets	¥ 3,971,673	¥ 215,070	¥ 4,186,743	¥ 358,030	¥ 4,544,774	¥ (260,403)	¥ 4,284,371
Other items:							
Depreciation	¥ 217,225	¥ 4,313	¥ 221,538	¥ 19,945	¥ 241,484	¥ (8,398)	¥ 233,085
Increase in property, plant, equipment and intangible assets	¥ 265,336	¥ 5,080	¥ 270,417	¥ 15,923	¥ 286,340	¥ (7,512)	¥ 278,828

Year ended March 31, 2014	Thousands of U.S. dollars						
	Reportable segment						
	Electric power business	Construction business	Subtotal	Other	Total	Eliminations of intersegment transactions or corporate	Consolidated total
Net sales:							
(1)Net sales to outside customers	$17,639,545	$ 1,260,571	$18,900,126	$ 910,221	$19,810,357	$ —	$19,810,357
(2)Net intersegment sales	29,284	1,092,839	1,122,133	987,174	2,109,308	(2,109,308)	—
Total	17,668,839	2,353,410	20,022,260	1,897,405	21,919,675	(2,109,308)	19,810,357
Segment profit or loss	$ 830,353	$ (53,808)	$ 776,544	$ 26,399	$ 802,953	$ 29,168	$ 832,122
Segment assets	$38,488,933	$ 2,107,627	$40,596,560	$ 3,405,684	$44,002,254	$ (2,775,689)	$41,226,554
Other items:							
Depreciation	$ 2,276,214	$ 36,193	$ 2,312,417	$ 182,044	$ 2,494,461	$ (80,003)	$ 2,414,457
Increase in property, plant, equipment and intangible assets	$ 2,281,840	$ 30,382	$ 2,312,223	$ 173,192	$ 2,485,425	$ (44,267)	$ 2,441,148

(Related information)

(a) Information by product and service:

Since similar information is described above, this information is omitted.

(b) Information by area:

I. Net sales

Since sales to external customers in Japan exceed 90% of net sales on the consolidated statement of income, this information is omitted.

II. Property, plant and equipment

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

(c) Information by major customer:

Since there are no customers to whom sales exceed 10% of net sales on the consolidated statement of operations, disclosure is omitted.

(d) Information on impairment loss on fixed assets by reportable segment:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31,	2014	2013	2014
Electric power business	—	¥ 1,818	—
Construction business	—	883	—
Other business*	—	1,658	—
Total	—	¥ 4,360	—

* All amounts of "Other business" were manufacturing business, etc., for the year ended March 31, 2013.

(e) Information on amortization of goodwill and amortized balance by reportable segment:

Since this information is of less importance, this information is omitted.

(f) Information on gain on negative goodwill by reportable segment:

Since this information is of less importance, this information is omitted.

32. Related Party Transactions

Significant transactions of the Company with directors, auditor & supervisory board members for the years ended March 31, 2014 and 2013 were as follows:

Hiroaki Takahashi (Chairman of the Company)

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Transactions:			
Payment of membership dues	¥ 15	¥ 15	$145
Balances	—	—	—

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

Koki Kato (Standing auditor & supervisory board member of the Company)

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Transactions:			
Exercise of stock options	**—**	¥ 19	**—**
Balances	**—**	—	**—**

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

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

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Transactions:			
Exercise of stock options	**¥ 40**	—	**$388**
Balances	**—**	—	**—**

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

33. 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 26, 2014:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥5 = U.S.$0.048 per share)	**¥ 2,493**	**$24,222**

Building a better working world

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Independent Auditor's Report

The Board of Directors
Tohoku Electric Power Company, Incorporated

We have audited the accompanying consolidated financial statements of Tohoku Electric Power Company, Incorporated and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tohoku Electric Power Company, Incorporated and consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 4.

June 26, 2014
Tokyo, Japan

Ernst & Young ShinNihon LLC

Non-Consolidated Balance Sheets (Unaudited)

Tohoku Electric Power Co., Inc.

March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Assets			
Property, plant and equipment	¥8,357,251	¥8,231,682	$81,201,428
Less accumulated depreciation	(5,597,757)	(5,419,882)	(54,389,399)
Property, plant and equipment, net	2,759,493	2,811,799	26,812,019
Nuclear fuel:			
Loaded nuclear fuel	34,729	34,729	337,436
Nuclear fuel under processing	118,817	112,682	1,154,459
Total nuclear fuel	153,546	147,412	1,491,896
Investments in and advances to:			
Subsidiaries and affiliates	194,249	195,330	1,887,378
Other	83,802	83,954	814,244
Total investments and advances	278,051	279,284	2,701,622
Fund for reprocessing costs of irradiated nuclear fuel	85,132	92,334	827,166
Deferred tax assets	148,934	179,260	1,447,085
Other assets	8,430	19,497	81,908
Current assets:			
Cash and cash equivalents	84,333	79,794	819,403
Short-term investments	155,000	134,000	1,506,024
Accounts receivable, less allowance for doubtful accounts	125,982	103,582	1,224,076
Fuel and supplies	66,759	57,504	648,649
Deferred tax assets	64,390	61,745	625,631
Other current assets	52,694	30,343	511,989
Total current assets	549,159	466,970	5,335,785
Total assets	¥3,982,750	¥3,996,559	$38,697,532

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥102.92 = U.S. $1.00, the approximate rate of exchange at March 31, 2014.)

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Liabilities and net assets			
Long-term debt	¥2,489,449	¥2,392,312	$24,188,194
Accrued retirement benefits	142,521	183,001	1,384,774
Reserve for reprocessing costs of irradiated nuclear fuel	89,032	96,283	865,060
Pre-reserve for reprocessing costs of irradiated nuclear fuel	14,066	13,525	136,669
Reserve for loss on disaster	6,884	22,873	66,886
Asset retirement obligations	106,255	132,864	1,032,403
Current liabilities:			
Short-term borrowings	33,500	54,940	325,495
Current portion of long-term debt	238,323	258,910	2,315,614
Commercial paper	30,000	1,000	291,488
Accounts payable	132,309	155,771	1,285,551
Accrued income taxes	24	—	233
Accrued expenses	52,930	42,811	514,282
Reserve for loss on disaster	2,280	34,010	22,153
Other current liabilities	188,903	188,861	1,835,435
Total current liabilities	678,272	736,305	6,590,283
Net assets :			
Shareholders' equity :			
Common stock, without par value:			
Authorized — 1,000,000,000 shares			
Issued — 502,882,585 shares	251,441	251,441	2,443,072
Capital surplus	26,657	26,657	259,006
Retained earnings	184,543	148,617	1,793,072
Treasury stock, at cost; 4,157,765 shares in 2014 and 4,242,209 shares in 2013	(8,032)	(8,211)	(78,041)
Total shareholders' equity	454,609	418,505	4,417,110
Valuation, translation adjustments and other:			
Net unrealized holding gain on securities	2,623	2,398	25,485
Net deferred hedge loss	(1,635)	(1,999)	(15,886)
Total valuation, translation adjustments and other	988	398	9,599
Subscription rights to shares	670	488	6,509
Total net assets	456,268	419,392	4,433,229
Total liabilities and net assets	¥3,982,750	¥3,996,559	$38,697,532

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥102.92 = U.S. $1.00, the approximate rate of exchange at March 31, 2014.)

Non-Consolidated Statements of Operations (Unaudited)

Tohoku Electric Power Co., Inc.

Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Operating revenues	**¥1,833,196**	¥1,591,938	**$17,811,853**
Operating expenses:			
Personnel expenses	**136,016**	131,987	**1,321,570**
Fuel	**611,046**	567,206	**5,937,096**
Purchased power	**403,439**	379,381	**3,919,928**
Maintenance	**118,222**	119,199	**1,148,678**
Depreciation	**230,141**	212,978	**2,236,115**
Taxes other than income taxes	**80,606**	78,662	**783,190**
Subcontracting fees	**40,499**	40,823	**393,499**
Other	**129,136**	107,048	**1,254,722**
	1,749,109	1,637,287	**16,994,840**
Operating income (loss)	**84,087**	(45,349)	**817,013**
Other expenses (income):			
Interest and dividend income	**(4,639)**	(33,031)	**(45,073)**
Interest expense	**45,749**	40,152	**444,510**
Gain on revision of retirement benefit plan	**(16,220)**	—	**(157,598)**
Insurance income	**(8,771)**	—	**(85,221)**
Loss on discontinuance of power plant construction	—	18,229	—
Loss on disaster	—	16,221	—
Other, net	**4,317**	719	**41,945**
	20,433	42,290	**198,532**
Income (loss) before income taxes	**63,653**	(87,640)	**618,470**
Income taxes:			
Current	**217**	36	**2,108**
Deferred	**27,396**	(28,525)	**266,187**
	27,614	(28,488)	**268,305**
Net income (loss)	**¥ 36,039**	¥ (59,151)	**$ 350,165**

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.92= U.S. $1.00, the approximate rate of exchange at March 31, 2014.)

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

Tohoku Electric Power Co., Inc.

Years ended March 31, 2014 and 2013

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

	Millions of yen									
	Shareholders' equity					Valuation, translation adjustments and other				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on securities	Deferred loss on hedges	Total valuation, translation adjustments and other	Subscription rights to shares	Total net assets
Balance at April 1, 2012	¥251,441	¥26,664	¥207,845	¥(8,390)	¥477,561	¥(1,100)	¥ —	¥(1,100)	¥448	¥476,908
Net loss			(59,151)		(59,151)					(59,151)
Purchases of treasury stock				(7)	(7)					(7)
Disposal of treasury stock		(6)	(75)	186	103					103
Net changes in items other than shareholders' equity						3,499	(1,999)	1,499	39	1,539
Balance at March 31, 2013	¥251,441	¥26,657	¥148,617	¥(8,211)	¥418,505	¥2,398	¥(1,999)	¥ 398	¥488	¥419,392

	Thousands of U.S. dollars									
	Shareholders' equity					Valuation, translation adjustments and other				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on securities	Deferred loss on hedges	Total valuation, translation adjustments and other	Subscription rights to shares	Total net assets
Balance at April 1, 2013	$2,443,072	$259,006	$1,444,005	$(79,780)	$4,066,313	$23,299	$(19,422)	$3,867	$4,741	$4,074,931
Net income			350,165		350,165					350,165
Purchases of treasury stock				(213)	(213)					(213)
Disposal of treasury stock			(1,107)	1,952	835					835
Net changes in items other than shareholders' equity						2,186	3,527	5,722	1,768	7,491
Balance at March 31, 2014	**$2,443,072**	**$259,006**	**$1,793,072**	**$(78,041)**	**$4,417,110**	**$25,485**	**$(15,886)**	**$9,599**	**$6,509**	**$4,433,229**

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥102.92= U.S. $1.00, the approximate rate of exchange at March 31, 2014.)

Major Generation Plants

Nuclear Power Stations

(as of March 31, 2014)

Name of Power Station	Unit	Rated Generating Capacity (MW)	Commencement of Commercial Operation	Reactor Type	Location
Onagawa	No.1	524	Jun. 1984	BWR	Onagawa, Oshika, Miyagi and 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 Stations

Name of Power Station	Unit	Authorized Maximum Capacity (MW)	Commencement of Commercial Operation	Major Fuel	Location
Hachinohe	No.3	250	Aug. 1968	Heavy Oil, Crude Oil	Hachinohe, Aomori
	No.5	274	Jul. 2012	Gas Oil	
Noshiro	No.1	600	May 1993	Coal	Noshiro, Akita
	No.2	600	Dec. 1994		
Akita	No.2	350	Feb. 1972	Heavy Oil, Crude Oil	Akita, Akita
	No.3	350	Nov. 1974		
	No.4	600	Jul. 1980		
	No.5	333	Jun. 2012	Gas Oil	
Sendai	No.4	446	Jul. 2010	Gas	Shichigahama, Miyagi, Miyagi
Shin-Sendai	No.1	350	Aug. 1971	Heavy Oil	Sendai, Miyagi
Haramachi	No.1	1,000	Jul. 1997	Coal	Minamisoma, Fukushima
	No.2	1,000	Jul. 1998		
Higashi-Niigata	No.1	600	Apr. 1977	Gas	Seiro, Kitakanbara, Niigata
	No.2	600	Jun. 1983		
	No.3 Series	1,210	Dec. 1984 (Half) Oct. 1985 (Half)		
	No.4 Series	1,700	Jul. 1999 (Half) Dec. 2006 (Half)		
	No.5	339	Jun. 2012		
	Minato No.1	350	Nov. 1972		
	Minato No.2	350	Nov. 1975		
	Minato No.3 Series	53.8	Aug. 2011	Gas Oil	
Niigata	No.4	250	Aug. 1969	Gas	Niigata, Niigata
	No.5 Series	109	Jul. 2011		
	No.6	34	Jan. 2012		

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

Name of Power Station	Authorized Maximum Capacity (MW)	Commencement of Commercial Operation	Type	Location
Yakuwa	60.3	Mar. 1958	Dam and conduit	Tsuruoka, Yamagata
Hondoji	75	Jun. 1990	Dam and conduit	Nishikawa, 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 Stations (Geothermal, Solar)

Name of Power Station	Unit	Authorized Maximum Capacity (MW)	Commencement of Commercial Operation	Location
(Geothermal)				
Kakkonda	No.1	50	May 1978	Shizukuishi, Iwate, 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
(Solar)				
Hachinohe		1.5	Dec. 2011	Hachinohe, Aomori
Sendai		2.0	May 2012	Shichigahama, Miyagi, Miyagi

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

(as of March 31, 2014)

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 2013		FY 2012	
	High	Low	High	Low
First quarter	¥1,454	¥ 715	¥974	¥671
Second quarter	¥1,314	¥1,051	¥809	¥451
Third quarter	¥1,288	¥1,074	¥889	¥546
Fourth quarter	¥1,252	¥ 984	¥865	¥651
Cash Dividends	FY 2013		FY 2012	
Interim	¥0.00		¥0.00	
Year-end	¥5.00		¥0.00	
Total	¥5.00		¥0.00	
Number of Shareholders	212,687			
Number of Employees	12,436 (Not including on loan or leave.)			
Number of Customers (Excluding the deregulated segment)	7,715,034			
Service Area	79,534 square kilometers			
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan			

Facts and Figures about Main Subsidiaries

(as of March 31, 2014)

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	48.1	7,803
Tohoku Electric Power Engineering & Construction Co., Inc.	Feb. 1, 1959	100.0	1,000
3. Gas Business: Supply of LNG to generate power			
Nihonkai LNG Co., Ltd.	Aug. 26, 1978	42.3	12,000
4. Information Processing, Telecommunications Business: Telecommunications business through the use of communications equipment and technologies			
Tohoku Intelligent Telecommunication Co., Inc.	Oct. 27, 1992	100.0	10,000
Tohoku Information Systems Co., Inc.	Jul. 1, 2001	100.0	96
5. Other Business			
Kitanihon Electric Cable Co., Ltd.	Jul. 11, 1946	60.7	135

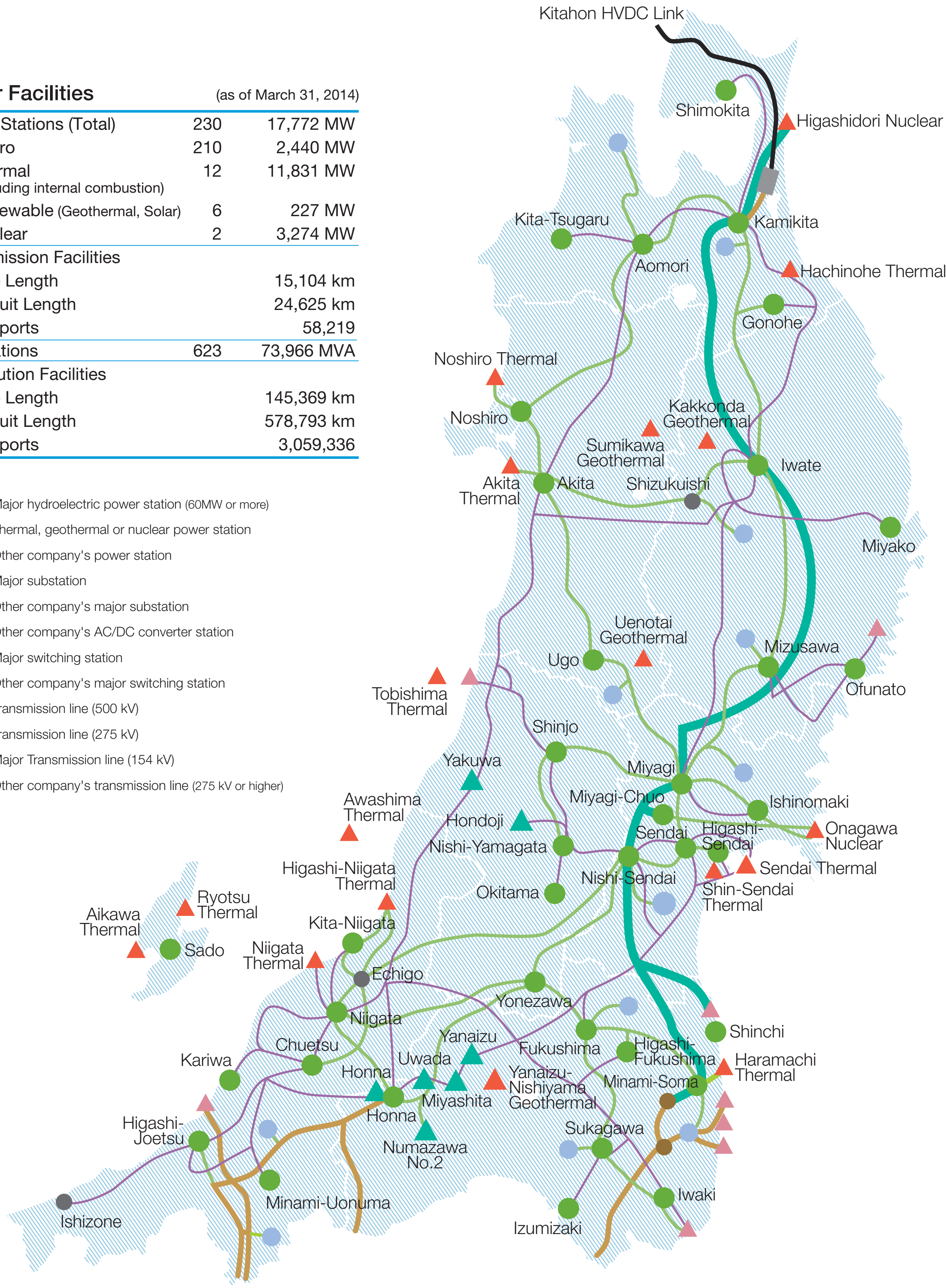
※Equity Method Applied Affiliates

Power Supply Network

Major Facilities (as of March 31, 2014)

Power Stations (Total)	230	17,772 MW
Hydro	210	2,440 MW
Thermal (including internal combustion)	12	11,831 MW
Renewable (Geothermal, Solar)	6	227 MW
Nuclear	2	3,274 MW
Transmission Facilities		
Line Length		15,104 km
Circuit Length		24,625 km
Supports		58,219
Substations	623	73,966 MVA
Distribution Facilities		
Line Length		145,369 km
Circuit Length		578,793 km
Supports		3,059,336

- Major hydroelectric power station (60MW 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)



Mt. Iwate

Mt. Iwate (2,038m) is one of Japan's 100 most beautiful mountains and is the highest mountain in Iwate prefecture. As the snows begin to melt in early spring, the shape of the mountain looks like a flying eagle. Its gentle slope of the side resembles Mt. Fuji, so it is often described as Nambu Katafuji, or "unilateral Mt. Fuji in the Nambu area".

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