

# Financial Summary

## 2nd quarter of FY2012

October 31, 2012

 Tohoku Electric Power Co., Inc.

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**2nd quarter of FY2012  
Financial Results**



(billions of yen)

		2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison		Consolidated/Non-consolidated of 2nd quarter of FY2012	
				(A) - (B)	(A) / (B)	Comparison	Ratio
Consolidated	Operating Revenues	844.3	753.8	90.5	112.0 %	88.0	1.12 times
	Operating Loss	( 12.6 )	( 54.9 )	42.2	-	( 7.2 )	-
	Ordinary Loss	( 33.3 )	( 72.8 )	39.5	-	( 28.7 )	-
	Net Loss	( 36.8 )	( 108.2 )	71.4	-	( 28.4 )	-
Non-Consolidated	Operating Revenues	756.2	671.9	84.3	112.5 %		
	Operating Loss	( 5.3 )	( 63.5 )	58.1	-		
	Ordinary Loss	( 4.6 )	( 79.0 )	74.4	-		
	Net Loss	( 8.4 )	( 108.4 )	100.0	-		

## Factors for Change in Non-consolidated Ordinary Loss

(billions of yen)

FY2011-2Q

+ 74.4

FY2012-2Q

(79.0)

Hydro decrease  
by drought etc.

(10.0)

Demand  
increase

+ 3.0

Thermal  
restoration

+ 18.0

Refraining/  
deferring  
spending

+ 23.0

Dividends  
income  
(affiliate)

+ 18.6

+ 21.8

Others

(4.6)

**Electricity Sold  
Year-on-year Compared**

**37,226 million kWh  
up 2,340 million kWh (+ 6.7 %)**

(millions of kWh)

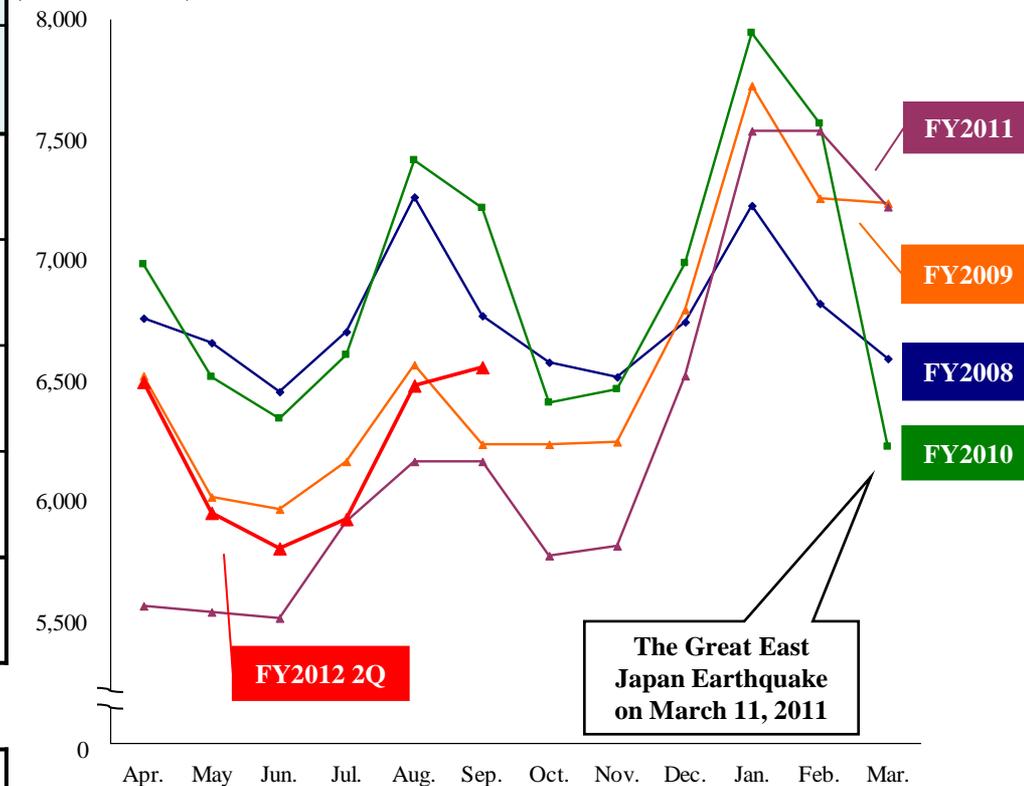
Segment	2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison		
			(A) - (B)	(A) / (B)	
Regulated	Residential	10,976	10,785	191	101.8 %
	Commercial	1,858	1,818	40	102.2 %
	Sub-total	12,834	12,603	231	101.8 %
Deregulated	24,392	22,283	2,109	109.5 %	
<b>Total</b>	<b>37,226</b>	<b>34,886</b>	<b>2,340</b>	<b>106.7 %</b>	

【 Sub Segment 】

Large Industry	12,694	11,562	1,132	109.8 %
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**Changes in Demand**

(millions of kWh)



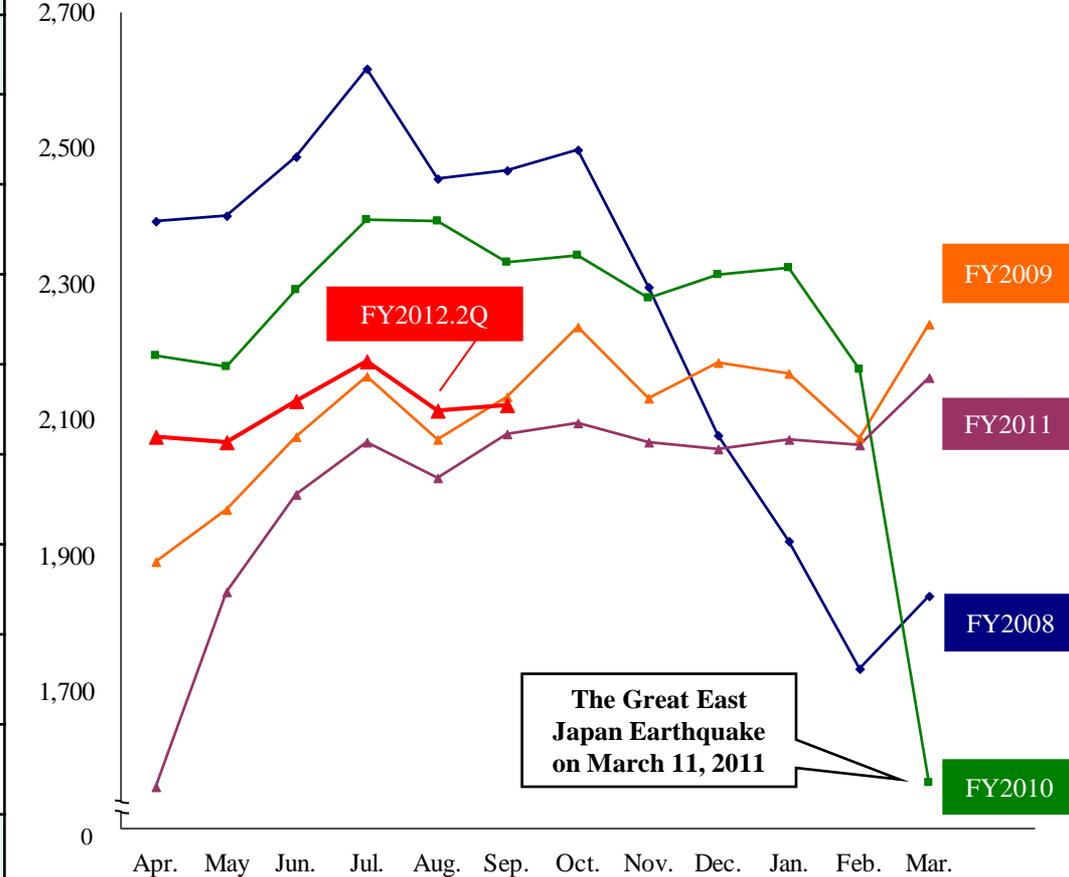
## Large Industrial Demand Year-on-year Compared

**12,694 million kWh**  
up **1,132 million kWh (+ 9.8 %)**

(millions of kWh)

	2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison	
			(A) - (B)	(A) / (B)
Food Products	785	726	59	108.2 %
Paper/Pulp	415	384	31	108.0 %
Chemicals	956	978	(22)	97.8 %
Ceramics	406	304	102	133.4 %
Steel	1,471	934	537	157.6 %
Nonferrous Metals	1,888	1,635	253	115.4 %
Machinery and Equipment Manufacturing	3,728	3,773	(45)	98.8 %
Others	3,045	2,828	217	107.7 %
<b>Total</b>	<b>12,694</b>	<b>11,562</b>	<b>1,132</b>	<b>109.8 %</b>

(millions of kWh)



# Electricity Generated and Purchased

(millions of kWh)

		2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison	
				(A) - (B)	(A) / (B)
Electricity Generated and Purchased	Own Generated power	27,241	26,540	701	102.6 %
	Hydro	3,522	4,239	( 717 )	83.1 %
	Thermal	23,222	21,828	1,394	106.4 %
	Nuclear	—	—	—	—
	Renewable	497	473	24	104.8 %
	Purchased Power	13,056	8,449	4,607	154.5 %
	Power Interchanges (Transmitted)	( 3,792 )	( 2,777 )	( 1,015 )	136.6 %
	Power Interchanges (Received)	3,871	5,730	( 1,859 )	67.6 %
	Used at Pumped Storage	( 53 )	( 185 )	132	28.1 %
	Total, Generated and Purchased	40,323	37,757	2,566	106.8 %

# Comparison Statements of Revenue & Expense (Non-consolidated)

(billions of yen)

		2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison		Increase/Decrease
				(A) - (B)	(A) / (B)	
Revenues	Residential	249.3	234.4	14.8	106.4%	Increase in electric sales volume: 39.9 Rise in electricity rate: 19.7
	Commercial	408.3	363.4	44.8	112.3%	
	Sub Total	657.6	597.9	59.6	110.0%	
	Sales of Power to Other Utilities	76.0	60.9	15.0	124.7%	
	Other Revenues	47.8	18.4	29.3	259.1%	Dividends income: 18.8
	[Operating Revenues]	[ 756.2 ]	[ 671.9 ]	[ 84.3 ]	[ 112.5% ]	
Total Revenues		781.4	677.3	104.1	115.4%	
Expenses	Personnel	73.4	83.9	( 10.4 )	87.5%	Retirement allowance: (3.7) Miscellaneous allowance: (2.6)
	Fuel	252.8	210.3	42.5	120.2%	Increase in electricity generated: 22.9, Rise in CIF: 22.2 Exchange losses: (2.6)
	Maintenance	47.8	60.3	( 12.4 )	79.3%	Nuclear Power: (7.1), Thermal Power: (3.2)
	Depreciation	103.7	106.3	( 2.5 )	97.6%	
	Power Purchased from Other utilities	53.9	68.7	( 14.7 )	78.6%	Power Interchanges: (22.5)
	Power Purchased from Other companies	128.6	97.8	30.8	131.6%	Soma Kyodo Power: 17.9, Joban Joint Power: 10.4, Private power generation: 4.8
	Interest	19.9	19.0	0.9	105.1%	
	Taxes, etc.	39.7	36.7	2.9	108.1%	
	Nuclear Power Back-end Cost	2.7	3.8	( 1.0 )	73.0%	
	Other Expenses	63.0	69.4	( 6.3 )	90.8%	
	Total Expenses	786.1	756.4	29.7	103.9%	
[Operating Loss]		[ ( 5.3 ) ]	[ ( 63.5 ) ]	[ 58.1 ]	[ — ]	
Ordinary Loss		( 4.6 )	( 79.0 )	74.4	—	
Extraordinary Loss		13.5	89.7	( 76.1 )	15.1%	The Great East Japan Earthquake: (58.4) Heavy rainfall in Niigata and Fukushima: (17.6)
Net Loss		( 8.4 )	( 108.4 )	100.0	—	

# Extraordinary Loss Breakdown, Major Factors, Sensitivity to Major Factors (Non-consolidated)

(billions of yen)

<b>Extraordinary Loss Breakdown</b>	2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison (A) – (B)
The Great East Japan Earthquake	13.5	72.0	(58.4)
Heavy rainfall in Niigata and Fukushima	—	17.6	(17.6)
<b>Total</b>	<b>13.5</b>	<b>89.7</b>	<b>(76.1)</b>

- Extraordinary loss was posted in FY2012-2Q due to detailed check on reconstruction cost accompanied by resumption of operation ahead of schedule at Haramachi Thermal Power Station.

<b>Major Factors</b>	2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison (A) – (B)
Crude Oil CIF Price (\$/bbl.)	114.0	113.9	0.1
Exchange Rate (¥/\$)	79	80	(1)
Hydro Power Flow Rate (%)	91.9	106.0	(14.1)
Nuclear Power Capacity Factor (%)	0.0	0.0	—

(billions of yen)

<b>Sensitivity to Major Factors</b>	2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison (A) – (B)
Crude Oil CIF Price (per \$1/bbl.)	1.7	1.3	0.4
Exchange Rate (per ¥1/\$)	2.8	2.4	0.4
Hydro Power Flow Rate (per 1%)	0.6	0.6	—
Nuclear Power Capacity Factor (per 1%)	1.4	1.3	0.1

# Balance Sheets (Non-consolidated)

(billions of yen)

	Sep. 30, 2012 (A)	Mar. 31, 2012 (B)	Comparison (A) - (B)	Increase/Decrease
Total Assets	3,757.3	3,875.0	( 117.7 )	
Fixed Assets	3,463.3	3,478.3	( 14.9 )	Construction work in progress: (29.4) Nuclear power plant: (15.2) Thermal power plant: (12.8) Internal combustion power plant: 64.9
Current Assets	293.9	396.7	( 102.7 )	Short-term investments: (77.0) Cash and deposits: (33.0)
Liabilities	3,290.6	3,398.1	( 107.5 )	
Net Assets	466.6	476.9	( 10.2 )	
Interest-Bearing Liabilities	2,390.5	2,396.8	( 6.2 )	Loans: (27.2), CP: (9.0), Bonds: 30.0

(billions of yen)

Statements of Income		2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison (A) - (B)	Increase/Decrease
Operating Revenues		844.3	753.8	90.5	Electric power: 83.8, Others: 6.7
Operating Expenses		857.0	808.7	48.2	Electric power: 32.8, Others: 15.3
Operating Loss		( 12.6 )	( 54.9 )	42.2	
Ordinary Loss		( 33.3 )	( 72.8 )	39.5	
Extraordinary Loss		13.5	90.4	( 76.9 )	The Great East Japan Earthquake: (59.2) Heavy rainfall in Niigata and Fukushima: (17.6)
Net Loss		( 36.8 )	( 108.2 )	71.4	

(billions of yen)

Balance Sheets		Sep. 30, 2012 (A)	Mar. 31, 2012 (B)	Comparison (A) - (B)	Increase/Decrease
Total Assets		4,064.0	4,196.8	( 132.7 )	
Fixed Assets		3,591.2	3,608.0	( 16.8 )	Construction and retirement in progress: (22.7)
Current Assets		472.8	588.7	( 115.9 )	Short-term investments: (60.8) Cash and deposits: (36.8)
Liabilities		3,478.4	3,566.9	( 88.5 )	Trade notes and accounts payable: (43.8) Short-term borrowings: (41.6)
Net Assets		585.6	629.8	( 44.2 )	
Interest-Bearing Liabilities		2,461.0	2,446.9	14.1	Bonds: 30.0, CP: (9.0), Loans: (6.9)

(billions of yen)

	2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison (A) - (B)	Increase/Decrease
Cash Flow from Operating Activities	( 0.7 )	( 26.0 )	25.2	Loss before income taxes and minority interests: 116.0 Reversal of reserve for loss on disaster: (67.1)
Cash Flow from Investing Activities	( 108.4 )	( 126.8 )	18.3	
Cash Flow from Financing Activities	11.9	89.5	( 77.5 )	Loans: (148.8) [Repayment: (94.1), Proceeds: (54.7)] CP: (27.0) [Redemption: (124.0), Proceeds: 97.0] Bonds : 88.6 [Proceeds: 99.6, Redemption: (11.0)]
Net Cash Flow	( 97.3 )	( 63.4 )	( 33.8 )	
Free Cash Flow	( 91.5 )	( 135.9 )	44.4	

Note; Our definition of the free cash flow =(Cash flow from operating activities) + (Cash flow from investing activities) – (Interest and dividend income) – (Interest expense)

(billions of yen)

	2nd quarter of FY2012 (A)	2nd quarter of FY2011 (B)	Comparison (A) - (B)
<b>Sales *</b>	844.3	753.8	90.5
Electric Power	751.1	667.2	83.9
	749.7	665.9	83.8
Construction	93.8	109.9	( 16.1 )
	50.0	48.4	1.6
Gas	18.3	18.1	0.1
	15.0	13.9	1.1
IT	18.0	22.1	( 4.0 )
	9.5	8.6	0.9
Others	51.4	55.2	( 3.7 )
	19.9	16.9	2.9

<b>Operating (loss) income</b>	( 12.6 )	( 54.9 )	42.2
Electric Power	( 4.2 )	( 60.7 )	56.5
	( 7.7 )	0.9	( 8.6 )
Construction	0.7	0.7	0.0
Gas	0.5	2.9	( 2.3 )
IT	( 3.3 )	1.0	( 4.3 )
Others			

\* Lower is net sales to outside customers.

**【 Major Consolidated Subsidiaries 】\*\***

(billions of yen)

	2nd quarter of FY2012		Year-on-year	
	Sales	Operating income (loss)	Sales	Operating income (loss)
<b>[ Electric Power ]</b>				
Tousei Kougyo Co., Inc.	1.4	0.0	(0.0)	(0.2)
Sakata Kyodo Power Co., Ltd.	19.4	1.0	(0.8)	(0.4)
<b>[ Construction ]</b>				
Yurtec Corp.	66.7	(3.7)	(14.8)	(5.9)
Tohoku Electric Engineering & Construction Co., Inc.	21.7	(3.6)	0.6	(2.3)
<b>[ Gas ]</b>				
Nihonkai LNG Co., Ltd.	6.1	0.2	(0.4)	(0.1)
<b>[ IT ]</b>				
Tohoku Intelligent Telecommunication Co., Inc.	10.6	1.4	(0.6)	(0.7)
Tohoku Information Systems Co., Inc.	7.1	(0.8)	(3.9)	(1.5)
<b>[ Others ]</b>				
Kitanihon Electric cable Co., Ltd.	11.5	(1.1)	(2.3)	(1.3)

\*\* Before elimination of inter-companies transaction

# Earnings Estimates for FY2012 and year-end Dividend

## Consolidated earnings estimates for FY2012

- Due to increase in electricity sales that accompany reconstruction from the Great East Japan Earthquake, revenues are expected to reach approximately 1,790 billion yen.
- Since balance sheet is rapidly deteriorating after the quake, we reduce further personnel expenses, repair cost and overhead costs by urgently refraining or deferring spending, but due to increase in thermal power fuel costs and purchase electricity costs, ordinary loss are expected to be approximately 115 billion yen.

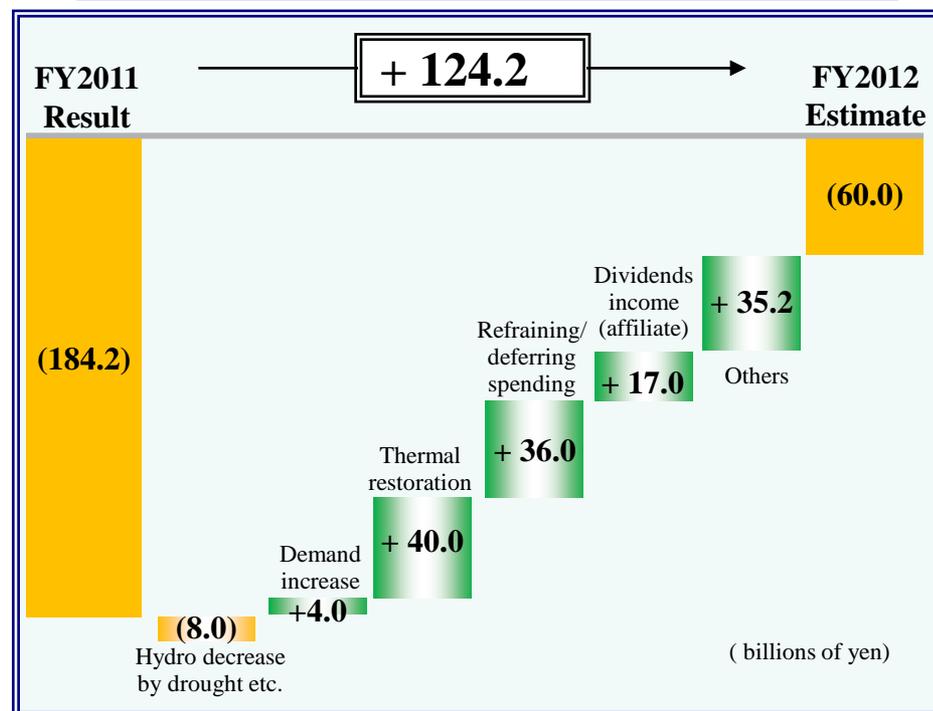
## Estimates for FY2012 year-end dividend

- In addition to net losses in the 2nd quarter of FY2012, severe business conditions are expected to continue through the year, so we will forgo year-end dividend like interim dividend.

(billions of yen)

		Estimates for FY2012 (A)	Results of FY2011 (B)	Comparison (A) – (B)
Consolidated	Operating Revenues	1,790.0	1,684.9	105.0
	Operating Loss	(72.0)	(142.0)	70.0
	Ordinary Loss	(115.0)	(176.4)	61.4
	Net Loss	(100.0)	(231.9)	131.9
Non-consolidated	Operating Revenues	1,590.0	1,472.2	117.7
	Operating Loss	(50.0)	(160.1)	110.1
	Ordinary Loss	(60.0)	(184.2)	124.2
	Net Loss	(48.0)	(210.2)	162.2

## Factors for Change in Non-consolidated Ordinary Loss



Major Factors	Estimates for FY2012 (A)	Results of FY2011 (B)	Comparison (A) – (B)
<b>Electricity Sales (billions of kWh)</b>	Approx. 77.7	75.3	Approx. 2.4
<b>Residential</b>	Approx. 24.8	24.8	Approx. 0.0
<b>Commercial</b>	Approx. 52.9	50.5	Approx. 2.4
<b>Crude Oil CIF Price (\$/bbl.)</b>	Approx. 115	114.2	Approx. 1
<b>Exchange Rate (¥/\$)</b>	Approx. 80	79	Approx. 1
<b>Hydro Power Flow Rate (%)</b>	Approx. 95	96.6	Approx. (1)
<b>Nuclear Power Capacity Factor (%)</b>	0.0	0.0	—

(billions of yen)

Sensitivity to Major Factors	Estimates for FY2012 (A)	Results of FY2011 (B)	Comparison (A) – (B)
<b>Crude Oil CIF Price (per 1\$/bbl.)</b>	Approx. 3.6	3.3	Approx. 0.3
<b>Exchange Rate (per ¥1/\$)</b>	Approx. 6.1	5.9	Approx. 0.2
<b>Hydro Power Flow Rate (per 1%)</b>	Approx. 0.9	1.0	Approx. (0.1)

# Reference

# Recovery Plan of Haramachi Thermal Power Station

**Haramachi Thermal Power Station (2 units, total 2,000MW, coal fire)  
is to restart power generation within this year**

- Change of our initial recovery plan (by the summer of 2013) can enable us to restart power generation by trial operation in early November (Unit 2), and late December (Unit 1).
- Commercial operation will start at the end of March 2013 as to Unit 2, at the end of April 2013 as to Unit 1.
- With restoration of Haramachi Thermal Power Station, recovery of all the thermal power stations, which were damaged by the earthquake and tsunami, will be completed.

## Haramachi Thermal Power Station Restoration Schedule (goal)

	FY2011	FY2012	FY2013
<b>Unit 1</b>		<b>Resumption of power generation by trial operation</b> <i>Late December</i> ▼	▼ <i>End of April</i> <b>Resumption of commercial operation</b>
	<div style="background-color: #e0ffff; padding: 5px; display: inline-block;">Shop fabrication and on-site construction</div>	<div style="background-color: #000080; color: white; padding: 5px; display: inline-block;">Trial operation</div>	
<b>Unit 2</b>		<b>Resumption of power generation by trial operation</b> <i>Early November</i> ▼	▼ <i>End of March</i> <b>Resumption of commercial operation</b>
	<div style="background-color: #e0ffff; padding: 5px; display: inline-block;">Shop fabrication and on-site construction</div>	<div style="background-color: #000080; color: white; padding: 5px; display: inline-block;">Trial operation</div>	

# Recovery Conditions of Haramachi Thermal Power Station (photo)



Test for the interlock system of Unit 2 turbine  
(Oct. 2012)



Set up a new coal unloader (Oct. 2012)



Electric precipitator (Oct. 2012)



Trial run of house boiler (Oct. 2012)

# Current Conditions at Onagawa Nuclear Power Station

- In addition to emergency security measures and severe accident measures, we have been making efforts to enhance further safety measures.
- While we have been inspecting and restoring damaged facilities, we have been estimating and analyzing earthquake and tsunami in detail which occurred in the Tohoku region near the Pacific.
- In order to enhance seismic safety, based on our experience of seismic safety evaluation and construction work to improve the seismic safety margins, we are now voluntarily implementing further measures, such as adding supports to piping and conduit tube.

## Visit by the IAEA (International Atomic Energy Agency) Mission Team

**Period of investigation:** July 30 – August 9, 2012

**Mission leader:** Sujit Samaddar, Head of the IAEA's ISSC (International Seismic Safety Center)

**Mission member:** 20 experts from IAEA, NRC (U.S. Nuclear Regulatory Commission), and private sectors.

**Mission:** To provide knowledge for IAEA Member States by conducting a field survey on Onagawa Nuclear Power Station that was not damaged seriously despite the strong earthquake.

### Comments by mission leader:

- In the event of the Earthquake, the equipment important to safety and other facilities had functioned properly at all units.
- The structural elements of the NPS (Nuclear Power Station) were remarkably undamaged given the magnitude of the ground motion experienced and the duration and size of this great earthquake. Onagawa NPS is designed with high margin for safety.
- Impact of tsunami is limited but seems to be bigger than that of the earthquake.
- Sharing the results of the survey will help safety improvement at all NPS in the world.



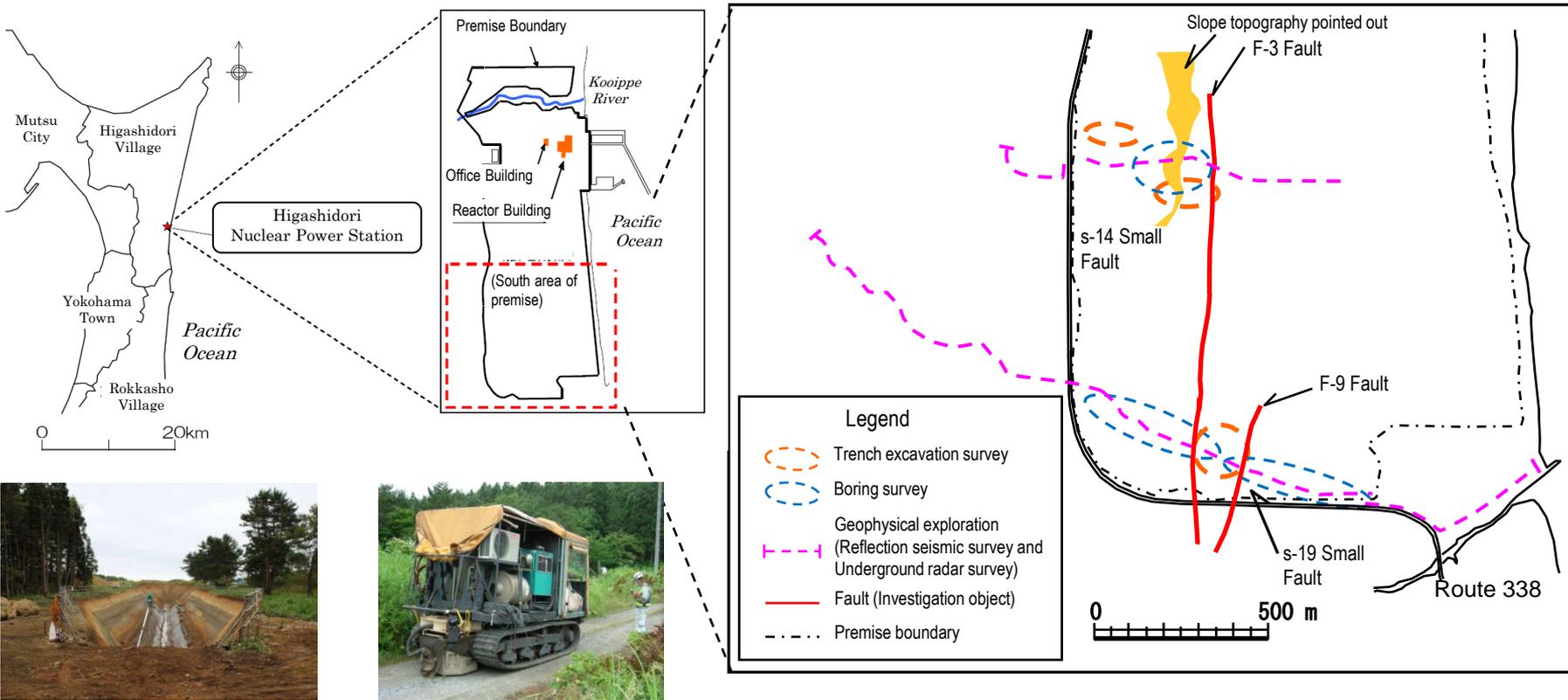
General manager of Onagawa NPS gives explanation

The results of the survey were reported at the IAEA International Experts' Meeting in September 2012.

# Current Conditions at Higashidori Nuclear Power Station

- In addition to emergency security measures and severe accident measures, we have been making efforts to enhance further safety measures.
- In relation to fault activity within the ground of the facility, to strength accountability, taking into consideration government’s deliberation, we have been implementing additional geological survey on premises and surroundings since July 2012.

## Planning Map of Additional Geological Survey



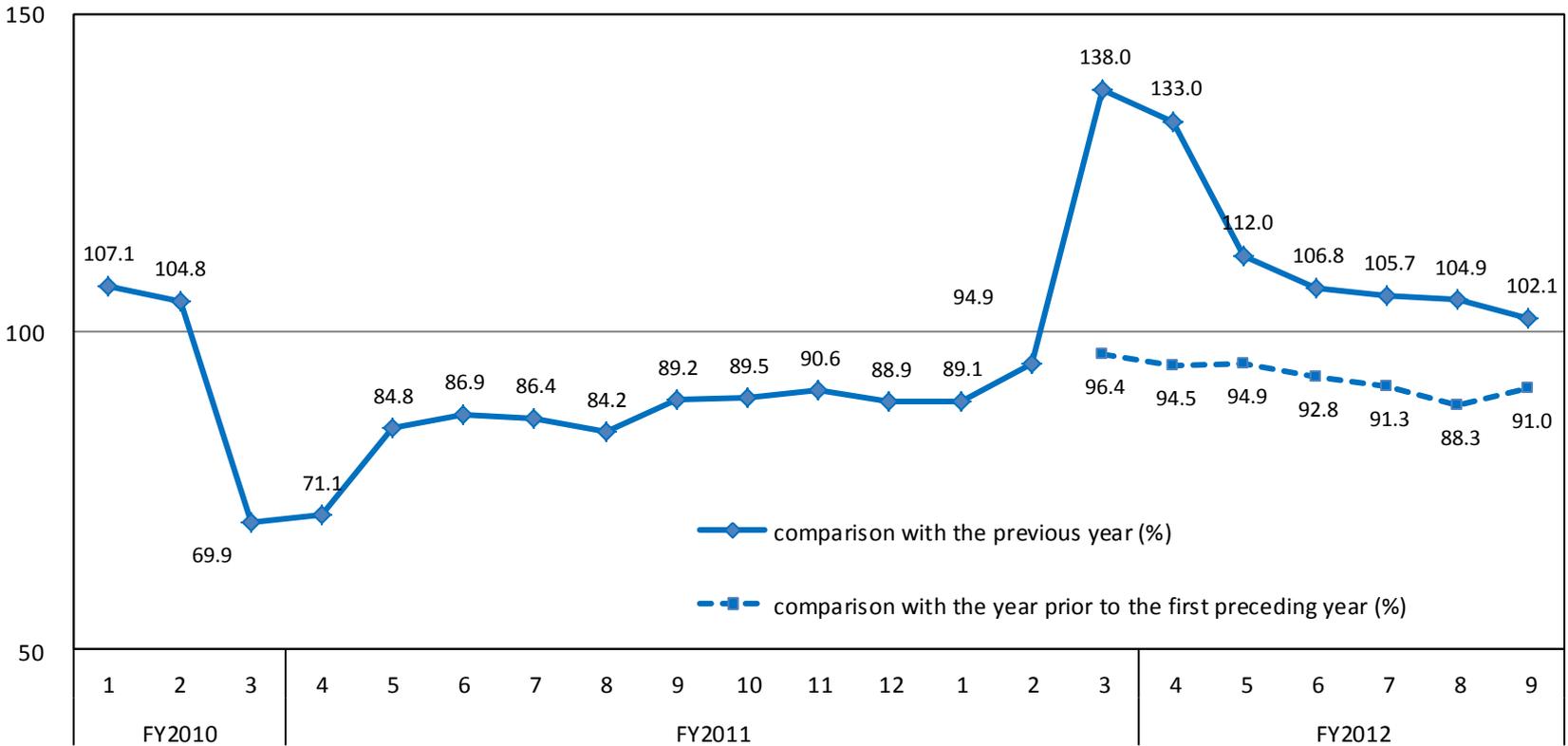
Trench excavation survey

Reflection seismic survey

# Large Industrial Power

- Due to rebound from sharp decrease triggered by the Earthquake last year, electricity sales of large industrial power achieved year-on-year positive growth for the seventh month running.
- Although electricity sales of large industrial power have not yet reached the pre-quake levels, positive trend toward recovery in production is seen in damaged factories located in the Pacific coastal region, so we expect that energy demands will continue.

Movement of year-on-year comparison



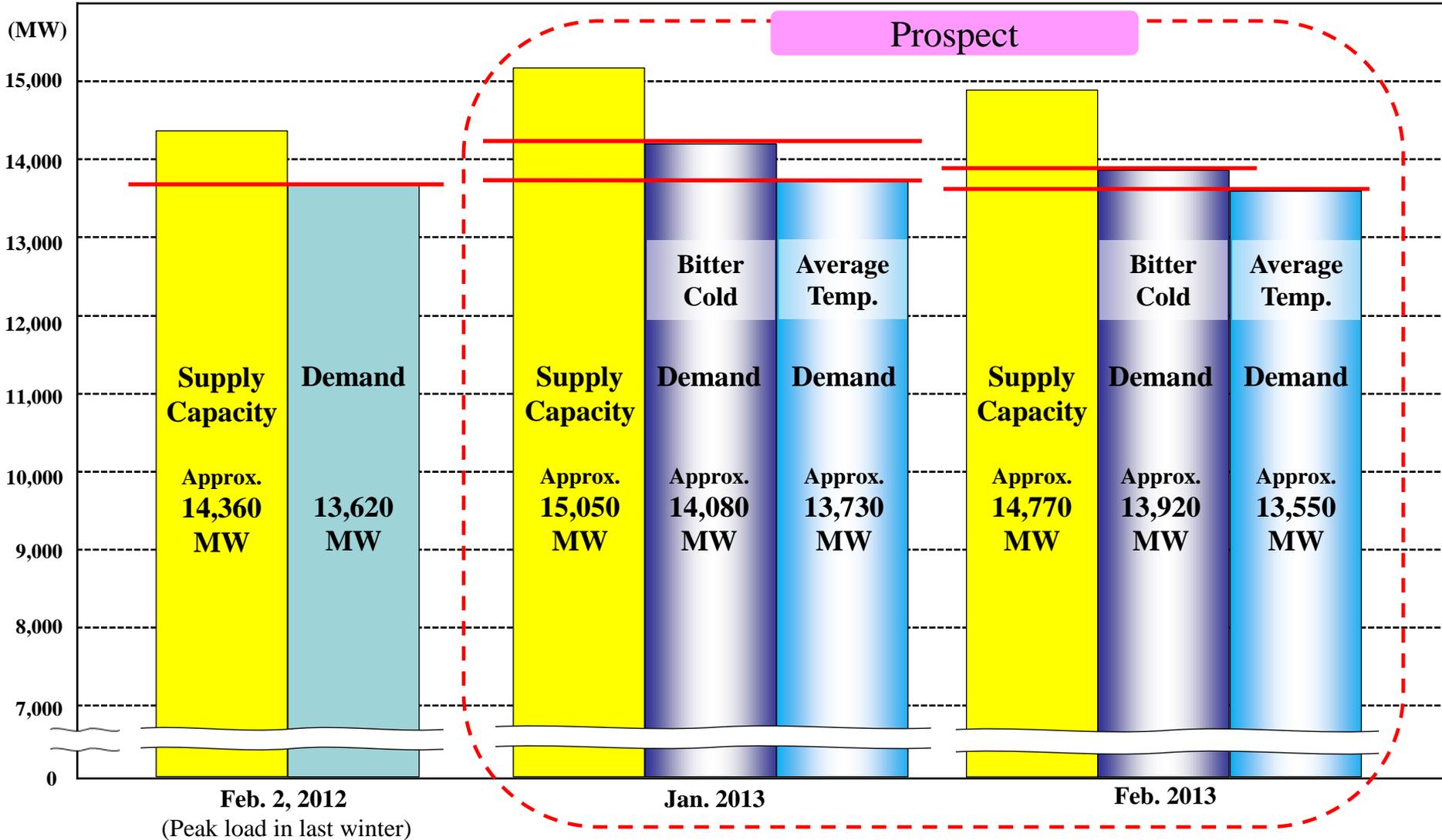
- In the field of “ceramic/soil and stone” and “steel”, in addition to recovery in production in damaged factories located near the Pacific coast, thanks to increase in order of cement and steel accompanied by social infrastructure reconstruction, such as harbors and rivers, positive trend toward operation increase is seen.
- Since, following infrastructure restoration, post-quake reconstruction work, including home and factory building, is likely to gain momentum, we expect power demand growth.

## Electricity sales of large volume electric power customers (Apr.-Sep.) in FY2012

	vs FY2011 (%)	vs FY2010 (%)	
Food	108.2	91.7	In damaged factories located in the Pacific coastal region, positive trend toward recovery in production is seen.
Paper/Pulp	108.0	81.7	Due to a curb on electricity purchase by operating in-house power generation, electricity sales have not yet reached the pre-quake levels, but positive trend toward recovery in production is seen in damaged factories located in the Pacific coastal region.
Chemical	97.8	89.2	Due to a curb on electricity purchase by operating in-house power generation, electricity sales have not yet reached the pre-quake levels.
Ceramic/ Soil/Stone	133.4	111.2	In addition to recovery in production in damaged factories located in the Pacific coastal region, increase in operation is seen because of order increase caused by social infrastructure restoration. Electricity sales exceeded the pre-quake levels.
Steel	157.6	98.5	In addition to recovery in production in damaged factories located in the Pacific coastal region, increase in operation is seen because of order increase caused by social infrastructure restoration. Electricity sales recovered to the pre-quake levels.
Nonferrous	115.4	95.9	Due to decrease in operation in semiconductor-related factories caused by strong yen and sluggish demand, electricity sales have not yet reached the pre-quake levels.
Machinery	98.8	88.3	While in “electric machine” field, decrease in operation continues mainly in electronic parts and device due to strong yen and worldwide economic slowdown, in “transport machine” field, demand increases thanks to start-up of new factories and automobile production increase.

## Reserve Capacity (Margin)

Temperature	Jan. 2013		Feb. 2013	
Bitter cold	970 MW	(6.9%)	850 MW	(6.1%)
Average	1,320 MW	(9.6%)	1,220 MW	(9.0%)



(Note)

This presentation solely constitutes reference material for the purpose of providing the readers with relevant information to evaluate our company.

The information contains forward-looking statements based on assumptions and projections about the future with regard to our company. As such, the readers are kindly asked to refrain from making judgment by depending solely on this information.

The forward-looking statements inherently involve a degree of risks and uncertainties. Consequently, these risks and uncertainties could cause the actual results and performance to differ from the assumed or projected status of the company.

Tohoku Electric Power Co., Inc. hereby disclaim any responsibility or liability in relation to consequences resulting from decisions made by investors.