

Financial Summary
1st Quarter of FY2014
(April 1, 2014 – June 30, 2014)

July 31, 2014



Tohoku Electric Power Co., Inc.

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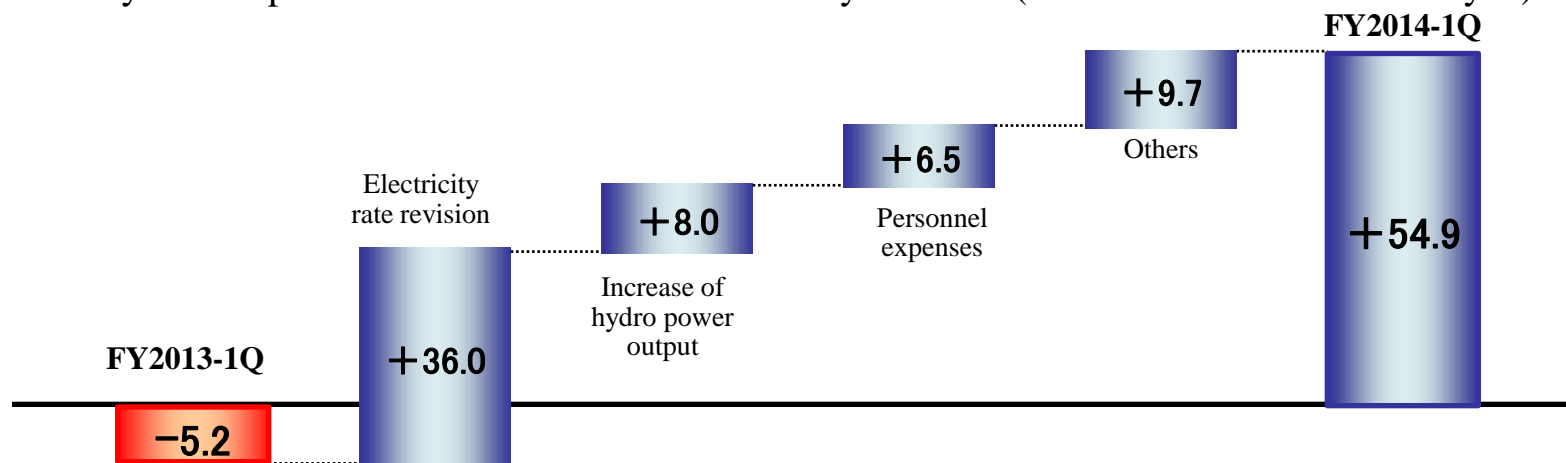
**1st quarter of FY2014
Financial Results**

(billions of yen)

	Consolidated (A)			Non-Consolidated (B)			(A) / (B)	
	1st quarter of FY2014	1st quarter of FY2013	Change	1st quarter of FY2014	1st quarter of FY2013	Change	1st quarter of FY2014	1st quarter of FY2013
Operating Revenues	498.6	432.6	65.9	456.9	395.5	61.4	1.09	1.09
Operating Income	66.2	4.5	61.6	62.1	3.6	58.4	1.07	1.25
Ordinary Income (Loss)	56.8	(5.8)	62.7	54.9	(5.2)	60.2	1.03	—
Net Income	37.7	4.2	33.4	37.7	6.6	31.1	1.00	0.65

	Jun. 30, 2014	Mar. 31, 2014	Change	Jun. 30, 2014	Mar. 31, 2014	Change
Equity Ratio	13.2%	12.6%	0.6%	12.0%	11.4%	0.6%

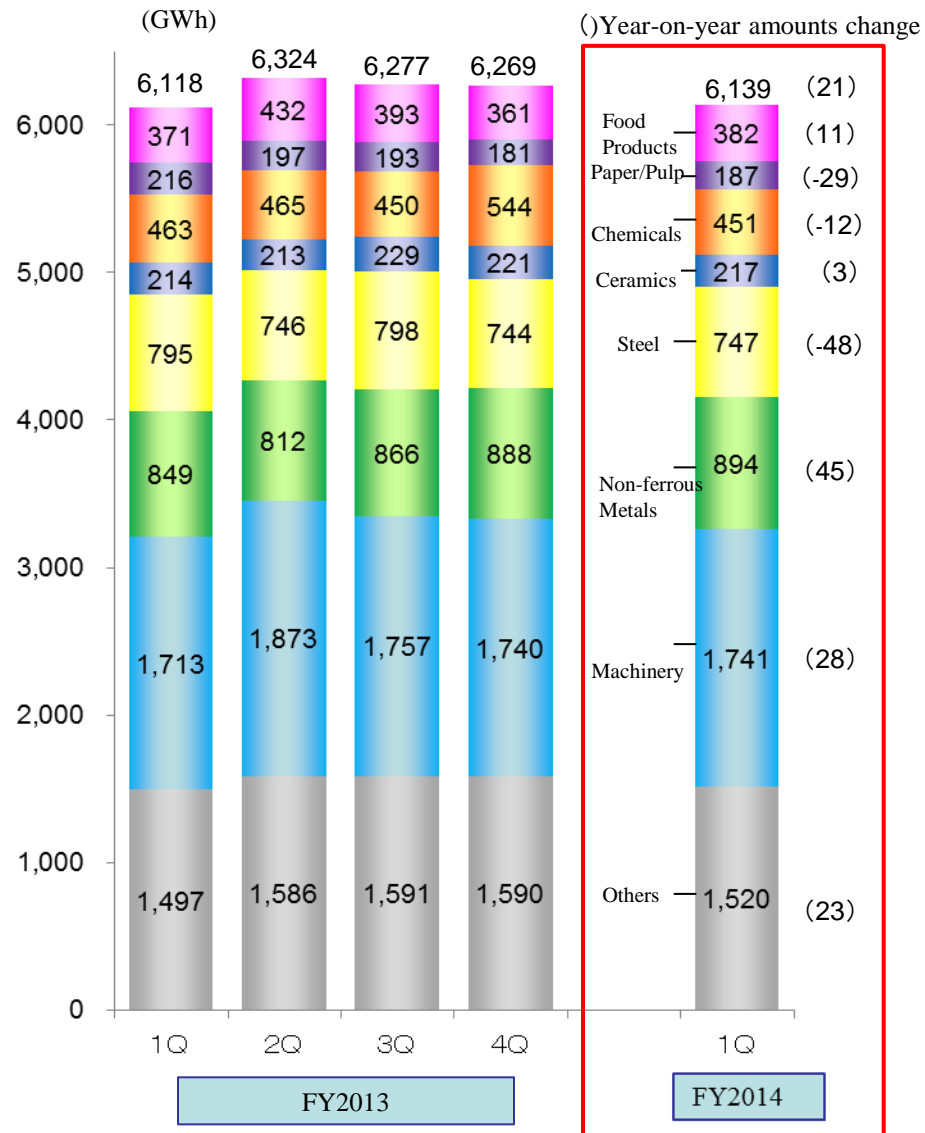
Year-on-year comparison of non-consolidated ordinary income (increase of 60.2 billions of yen)



Year-on-year Percentage Changes in Large Industrial Sales

	FY2013 (%)					FY2014 (%)
	1Q	2Q	3Q	4Q	Total	1Q
Food Products	3.4	1.4	3.7	3.1	2.8	2.8
Paper/Pulp	(1.3)	0.6	(2.3)	(4.8)	(1.9)	(13.6)
Chemicals	(0.3)	(5.4)	(3.5)	7.5	(0.3)	(2.7)
Ceramics	9.0	1.9	4.9	(0.1)	3.8	1.7
Steel	5.7	3.7	5.7	3.8	4.7	(6.0)
Nonferrous Metals	(16.0)	(7.4)	5.9	9.3	(3.0)	5.3
Machinery	(4.5)	(3.1)	1.2	2.0	(1.2)	1.7
Others	1.6	0.9	2.9	2.1	1.9	1.5
Total	(2.4)	(1.6)	2.6	3.4	0.5	0.3

Changes in Large Industrial Sales



Electricity Generated and Purchased, Major Factors

(GWh)

		1st quarter of FY2014 (A)	1st quarter of FY2013 (B)	Comparison	
				(A) - (B)	(A) / (B)
Electricity Generated and Purchased	Own Generated power	15,818	15,151	667	104.4%
	Hydro	2,734	2,260	474	121.0%
	Thermal	12,875	12,675	200	101.6%
	Nuclear	—	—	—	—
	Renewable	209	216	(7)	96.7%
	Purchased Power	5,141	6,255	(1,114)	82.2%
	Power Interchanges (Transmitted)	(3,437)	(3,620)	183	94.9%
	Power Interchanges (Received)	1,563	1,583	(20)	98.7%
	Used at Pumped Storage	(20)	(9)	(11)	214.8%
	Total, Generated and Purchased	19,065	19,360	(295)	98.5%
Major Factors	Crude Oil CIF Price (\$/bbl.)	109.5	107.7	1.8	
	Exchange Rate (¥/\$)	102	99	3	
	Hydro Power Flow Rate (%)	108.7	101.3	7.4	
	Nuclear Power Capacity Factor (%)	—	—	—	

Comparison Statements of Revenue & Expense (Non-consolidated)

(billions of yen)

		1st quarter of FY2014 (A)	1st quarter of FY2013 (B)	Comparison		Increase/Decrease	
				(A) - (B)	(A) / (B)		
Revenues	Residential	142.9	127.6	15.3	112.0%	Rise in electricity rate, Decrease in electric sales volume, Surcharge on renewable energy, etc.	
	Commercial	239.2	194.6	44.6	122.9%		
	Sub total	382.2	322.3	59.9	118.6%		
		Sales of power to other utilities	47.3	49.8	(2.4)	95.0%	
		Sales of power to other companies	2.9	4.6	(1.6)	63.7%	
		Other revenues	27.8	21.3	6.4	130.3%	Increase in grants on the act of renewable energy
		[Operating revenues]	[456.9]	[395.5]	[61.4]	[115.5%]	
		Total revenues	460.4	398.1	62.2	115.6%	
Expenses		Personnel	29.8	36.3	(6.5)	82.1%	Decrease in salaries and retirement allowances
		Fuel	130.9	123.4	7.4	106.1%	Exchange gain, Drop in CIF, Power generation output change, etc.
		Maintenance	23.8	25.0	(1.1)	95.3%	
		Depreciation	51.5	55.0	(3.4)	93.7%	
		Power purchased from other utilities	29.6	25.8	3.8	114.9%	
		Power purchased from other companies	62.5	67.6	(5.0)	92.5%	Decrease in purchase from Kyodo thermal power
		Interest	10.0	10.6	(0.6)	93.7%	
		Taxes, etc.	20.5	19.7	0.8	104.3%	
		Nuclear power back-end cost	2.2	1.3	0.8	162.7%	
		Other expenses	44.2	38.3	5.9	115.5%	Increase in payment on the act of renewable energy
		Total expenses	405.5	403.4	2.0	100.5%	
	[Operating income]	[62.1]	[3.6]	[58.4]	[1, 685.5%]		
	Ordinary income	54.9	(5.2)	60.2	—		
	Extraordinary gain	—	16.2	(16.2)	—	Decrease in Gain on revision of retirement benefit plan	
	Net income	37.7	6.6	31.1	569.8%		

Balance Sheets (Non-consolidated)

(billions of yen)

	Jun. 30, 2014 (A)	Mar. 31, 2014 (B)	Difference (A) - (B)	Increase/Decrease
Total Assets	3,948.0	3,982.7	(34.6)	
Fixed Assets	3,412.6	3,433.5	(20.9)	
Current Assets	535.4	549.1	(13.7)	
Liabilities	3,473.8	3,526.4	(52.6)	Accounts payable-trade: (20.6) Accounts payable-other: (17.6) Short-term loans to subsidiaries and affiliates: (15.6)
Net Assets	474.2	456.2	17.9	

Interest-Bearing Liabilities	2,721.5	2,719.5	1.9	CP: 8.0 Bonds: 3.7 Loans: (9.7)
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Statements of Income, Balance Sheets (Consolidated)

(billions of yen)

Statements of Income	1st quarter of FY2014 (A)	1st quarter of FY2013 (B)	Difference (A) - (B)	Increase/Decrease
Operating Revenues	498.6	432.6	65.9	Electric power: 60.9, Other: 5.0
Operating Expenses	432.3	428.0	4.2	Electric power: 0.5, Other: 3.7
Operating Income (Loss)	66.2	4.5	61.6	
Ordinary Income (Loss)	56.8	(5.8)	62.7	
Extraordinary Gain	—	16.2	(16.2)	Gain on revision of retirement benefit plan: (16.2)
Net Income (Loss)	37.7	4.2	33.4	

(billions of yen)

Balance Sheets	Jun. 30, 2014 (A)	Mar. 31, 2014 (B)	Difference (A) - (B)	Increase/Decrease
Total Assets	4,195.1	4,243.0	(47.9)	
Fixed Assets	3,518.4	3,536.5	(18.0)	
Current Assets	676.6	706.4	(29.8)	
Liabilities	3,600.2	3,668.4	(68.2)	Trade notes and accounts payable: (35.3) Short-term borrowings: (9.4)
Net Assets	594.9	574.5	20.3	
Interest-Bearing Liabilities	2,756.0	2,763.9	(7.8)	Loans: (19.6), Bonds: 3.7, CP: 8.0

Segment Information (Consolidated)

(billions of yen)

	1st quarter of FY2014 (A)	1st quarter of FY2013 (B)	Difference (A) - (B)
Operating Revenues	498.6	432.6	65.9
Electric Power Business	453.4 [452.8]	392.5 [391.8]	60.8 [60.9]
Construction Business	43.5 [23.4]	40.2 [20.7]	3.3 [2.7]
Gas Business	10.3 [8.5]	9.2 [7.5]	1.0 [1.0]
Information Processing, Tele-communication Business	9.4 [4.8]	7.8 [4.6]	1.5 [0.2]
Others	26.1 [8.9]	25.4 [7.9]	0.7 [1.0]

[] : Operating revenues from external customers

(billions of yen)

	1st quarter of FY2014 (A)	1st quarter of FY2013 (B)	Difference (A) - (B)
Segment Income (Loss) [Operating Income (Loss)]	66.2	4.5	61.6
Electric Power Business	64.2	5.5	58.6
Construction Business	(2.0)	(2.7)	0.6
Gas Business	0.3	0.2	0.1
Information Processing, Tele-communication Business	1.8	0.9	0.8
Others	0.7	(0.6)	1.4

Topics

Current Status and Outlook - Onagawa Nuclear Power Station -

■ Outlook for Resumption of Operation

- We have been conducting construction work on safety measures towards the restart of the station in April 2016 or later.
 - As for Unit 2, we submitted an application for the examination of the new regulatory requirements of the Japanese Nuclear Regulation Authority (NRA) in December 2013, and the unit is now under examination.
 - As for Unit 3, as soon as we ready for application, we will also submit an application for NRA's examination of the new regulatory requirements.

■ Current Situation

- To enhance safety at the station, construction works on safety measures are underway. Main construction works are as follows:
 - Upgrade of seawall (approx. 17m → approx. 29m above the sea level) ⇒ The construction is scheduled to be completed in March 2016.
 - Installation of filtered containment vent ⇒ The construction is scheduled to be completed during fiscal year 2015.
 - Aseismic reinforcement ⇒ With the aim of improving quake resistance further, we have been implementing measures in sequence, such as adding supports to piping and conduit tube and strengthening structural members.
 - Construction of seismic isolated building ⇒ The construction is scheduled to be completed in August 2016.

● Training Intensification

Operation training with simulator in relation to assumed station blackout



Super Seawall

- Structural type: Steel pipe pile, vertical wall (approx. 680m) and wall of cement improved soil (approx. 120m)
- Height: Approx. 15m (O.P. approx. +29m)
- Length: Approx. 800m



Steel pipe pile being erected
(Lower pile)

- Diameter: 2.5m
- Length: 17.5m
- Weight: 35.7t

Working platform to erect
steel pipe piles

■ Outlook for Resumption of Operation

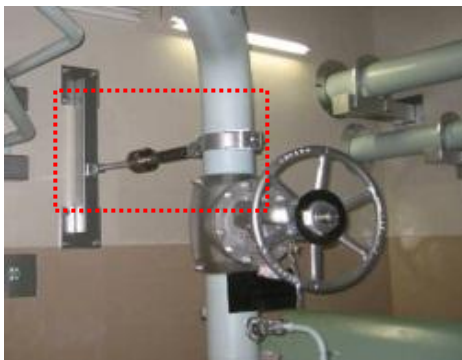
- As for Unit 1, we submitted an application for NRA's examination of the new regulatory requirements on June 10, 2014, and the unit is now under examination.
- After we reexamine the schedule for construction work to improve seismic safety margins to meet the new basic design earthquake ground motions (from 450 gals to 600 gals), we have changed the time of resumption from July 2015 to March 2016, and we have been implementing construction work on safety measures.

■ Current situation

- Taking into consideration the additional geological survey results, we submitted a report to the NRA in January 2014. The report shows that the faults within the premises are not active faults, that is they have no possibility to be active in the future.
- To enhance safety at the station, construction works on safety measures are underway. Main construction works are as follows:
 - Installation of filtered containment vent ⇒ The construction is scheduled to be completed by March 2016.
 - Construction of seismic isolated building ⇒ The construction is scheduled to be completed in March 2016.
 - Aseismic reinforcement work ⇒ According to the revised basic design earthquake ground motions, we have been adding supports to or strengthening piping and conduit tube that are vital to security.

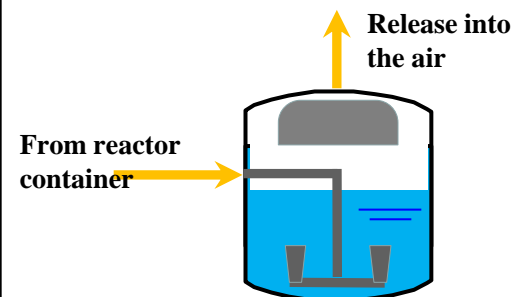
● Examples of Aseismic Reinforcement Work

Addition of supports to and strengthening piping and electric conduit etc.



● Filtered Containment Vent

Curbing particulate radiological release to one-thousandth or less, in case of severe accident

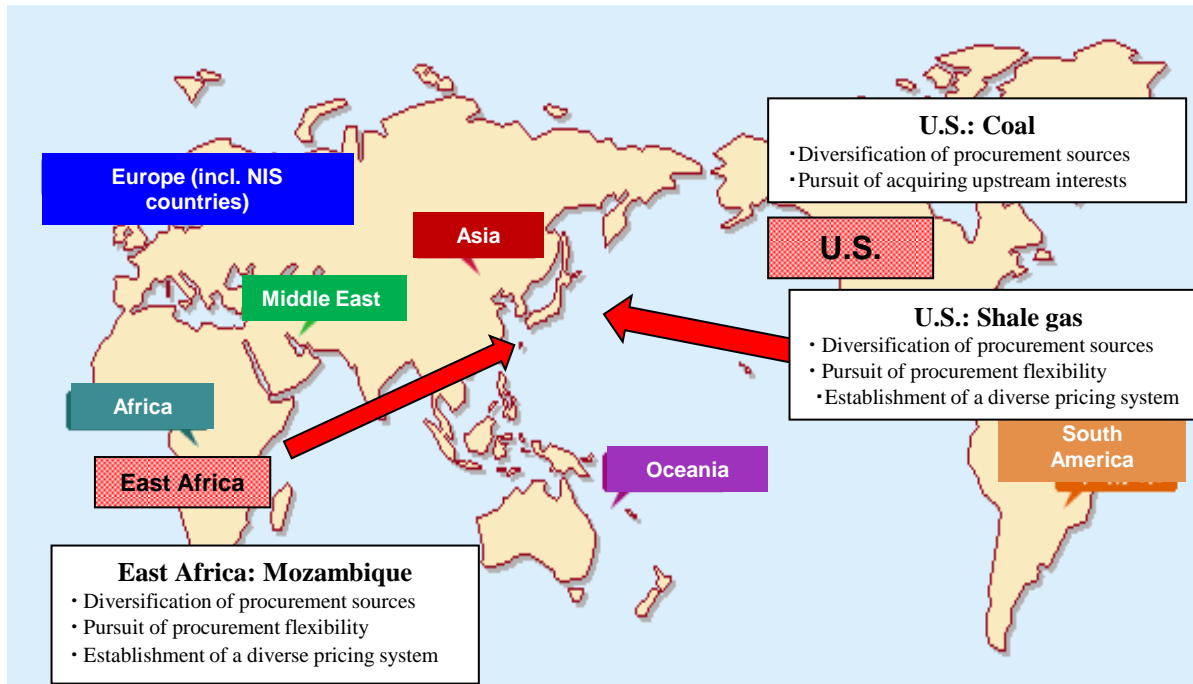


■ Initiatives for procurement costs reduction

- To establish a diverse LNG pricing system different from the conventional pricing system, we have been driving new projects, such as procurement of shale gas in the U.S. and the LNG project in Mozambique in East Africa.
- Consideration of a new project of U.S. coal and pursuit of potentiality to acquire upstream interests.
- Consideration and implementation of a joint procurement scheme of fuel oil with other power companies.

■ Initiatives for thermal efficiency improvement in thermal power stations

- Shin-Sendai Thermal Power Station replacement : Replacement will enable to achieve over 60% thermal efficiency, and cut both fuel costs and CO₂ emissions by approximately 30% (comparison to conventional gas fired power generation).
- Combined-cycle power generation at Hachinohe Thermal Power Station: Combined-cycle power generation and fuel conversion to gas will improve thermal efficiency.



■ Replacement at Shin-Sendai

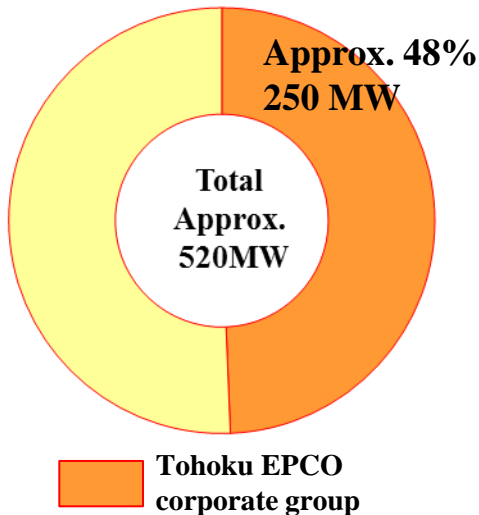
Start of operation	December 2015 (1/2), July 2016 (1/2)
Generation system	Combined-cycle power generation
Fuel	LNG
Output	980MW
Thermal efficiency	Approx. 60% (low calorific value)

■ Combined-cycle at Hachinohe

Start of operation	August 2014	July 2015
Generation system	Gas turbines / steam turbines	Gas turbines / steam turbines
Fuel	Light oil	LNG/ Light oil
Output	394MW	416MW
Thermal efficiency	Approx. 48%	Approx. 55%

- **Geothermal** : We have the largest capacity in Japan with approximately 250MW for the entire corporate group (48% of the total in Japan).
 - **Wind**: With a capacity of approximately 620MW, we have the largest interconnection capacity in Japan (23% of the total in Japan) .
 - **Hydro**: With 229 locations, we have the largest number of hydro-power facilities in Japan with a capacity of approximately 2,570MW.
 - **Solar**: We have approximately 8MW for the entire corporate group. (We intend to introduce more than 10MW by around 2020.)
 - **Storage battery system verification project**: In order to regulate frequency fluctuation in relation to expansion of renewable energy, we intend to install a large-scale storage battery (lithium-ion battery with a capacity of 20MWh) in a substation to develop and establish a technology for controlling frequency fluctuation. (We plan to implement verification test for three years from February 2015.)
- < Realignment and integration of renewable energy generation business in our corporate group>
 In July 2015, we are going to merge our two subsidiaries into a core renewable energy generation company.

Japan's geothermal power output



Japan's interconnection capacity of wind power

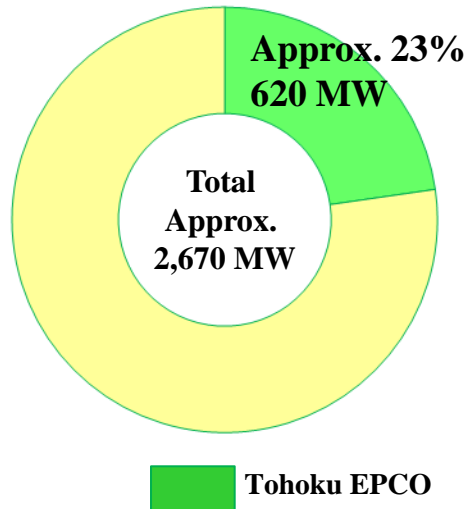
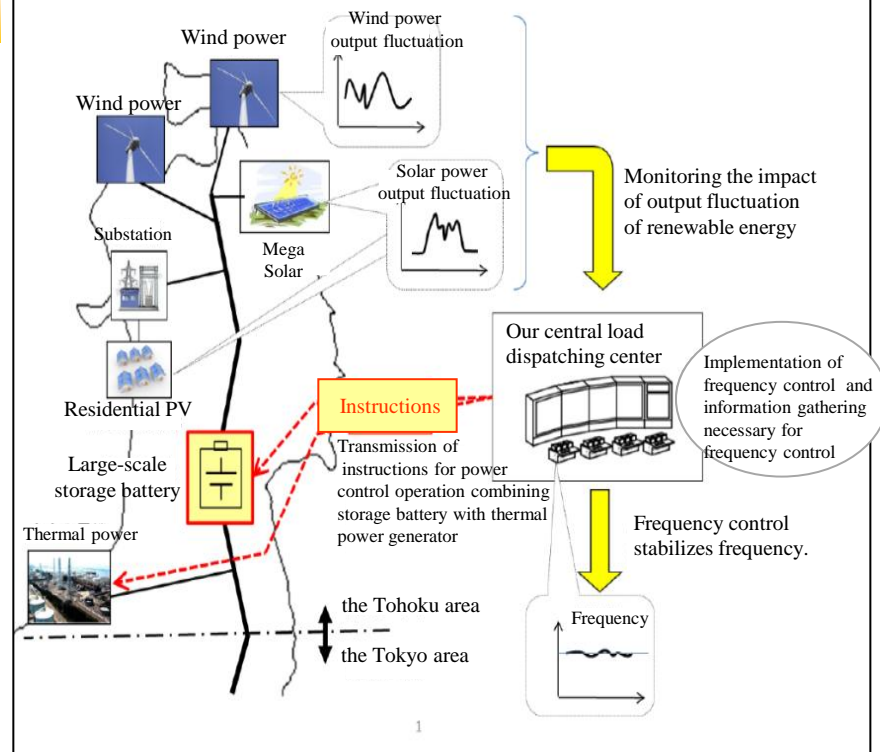


Image of storage battery system



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 condition of the Group through cost structure reform and profit increase by offering new value so that we can enhance our capability to cope with major changes in the business environment and business risks (e.g. reform of the electric power system).
- In a full-scale competitive environment, we aim to be a company group which is chosen by customers and grows with local community.

Main measures**To outpace the competition and become a company chosen by customers**

- Offering new value 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 with no sacred cows
- Actively developing business while seeking 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**

- Ensuring 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

■ Electricity Demand Outlook

- The outlook for electricity demand is envisaged based on the close examination of several factors, including current demand trends, prospect of the economy and the population in Tohoku area, and post-earthquake reconstruction.

	FY2012 (Actual)	FY2013 (Estimated)	FY2014	FY2015	FY2016	FY2023	FY2012~ 2023 Average annual rate of increase
Electricity Sales (TWh)	77.8 [76.6]	77.2 [76.9]	78.3	79.7	80.6	85.4	0.9% [1.0%]
Maximum Demand (GW)	13.23 [12.42]	12.50 [12.53]	12.92	13.17	13.39	14.22	0.7% [1.2%]

(Note 1) The values in parenthesis are after air temperature correction.

(Note 2) Maximum demand represents a three-day average of the maximum power demand at the transmitting end in August.

■ Electricity Supply Capacity Outlook

- The outlook for electricity supply capacity remains pending considering the circumstances of the resumption of operations of nuclear power plants.

■ Plan for Development of Power Sources

Facilities	Location / Name	Output (MW)	Start of construction	Start of operation
Hydro electric	Tsugaru	8.5	Aug. 2010	May 2016
	Iino	0.23	Apr. 2013	Jun. 2014 <i>Change from Feb.2014</i>
	Dai-ni Yabukami	4.5	Jul. 2013	Mar. 2016
Thermal	Shin-Sendai No.3 series	980	Nov. 2011	Dec. 2015 (Half) <i>Change from Jul.2016</i> Jul. 2016 (Half) <i>Change from Jul.2017</i>
	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 <small>(Thermal power supply station for a bid in FY2014)</small>	600	FY 2016 <i>Change from FY 2028 or after</i>	FY 2020 <i>Change from FY 2028 or after</i>
	Joetsu No.1 <small>(Thermal power supply station for a bid in FY2014)</small>	Approx.600 <i>Change from 1,440</i>	FY 2019	FY 2023
	Awashima No.7-10 <i>New</i>	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 <i>Change from Oct.2013</i>	Jan. 2015
	Ishinomaki-Hebita Solar <i>Change from Ishinomaki solar(tentative name)</i>	0.3	Apr. 2015	Mar.2016

<Plan for Thermal Power Supply by a Bid >

	Power Supply 1	Power Supply 2
Scale	600MW	600MW
Start of supplying	Jun. 2020-Jun.2022	Jun. 2023-Jun.2024

■ Facts to date concerning the faults under the Higashidori Nuclear Power Plant

- Since applying for permission to install a nuclear reactor (1970s to 1998), detailed geological research on the faults under the plant has been conducted and a huge amount of data has been accumulated.
- Following the safety review (1996 to 1998), the Government's assessment determined that the faults were "inactive."
- Also in the seismic back-check (2006 to 2012), nothing was pointed out to change the assessment result of "inactive."

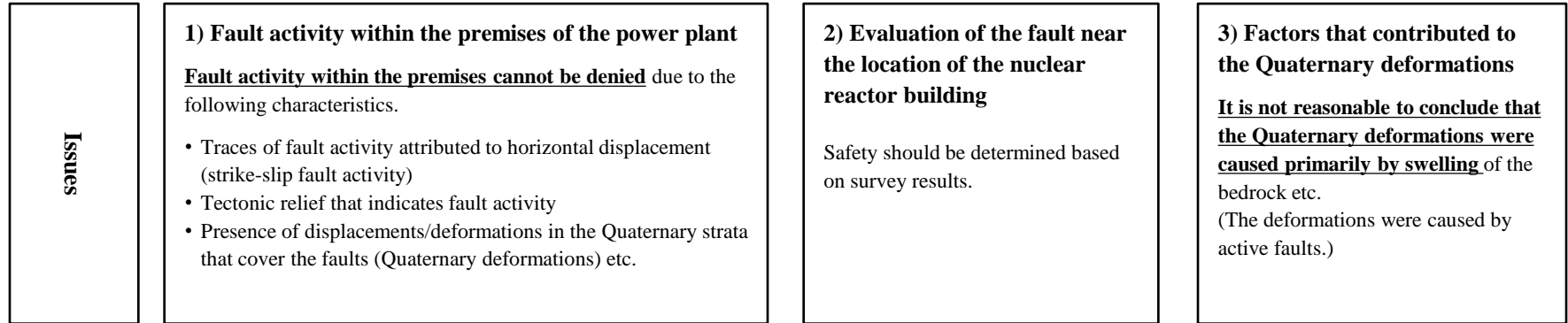
In the meeting of experts of the Nuclear Regulatory Authority, it was pointed out that "it cannot be denied that the faults under the plant might be active."

- In July 2012, we started additional geological research to assess whether the faults under the plant were active and submitted a new assessment report in January 2014, which determined that the faults would not become active in the future.
(See the following page for the research results.)
- We have also received reports supporting our assessment result from several external experts, including geological experts; these reports are attached to our own report.
- In the discussions on the activeness since the meeting of experts in February 2014, we received opinions from some of the experts partially supporting our views.

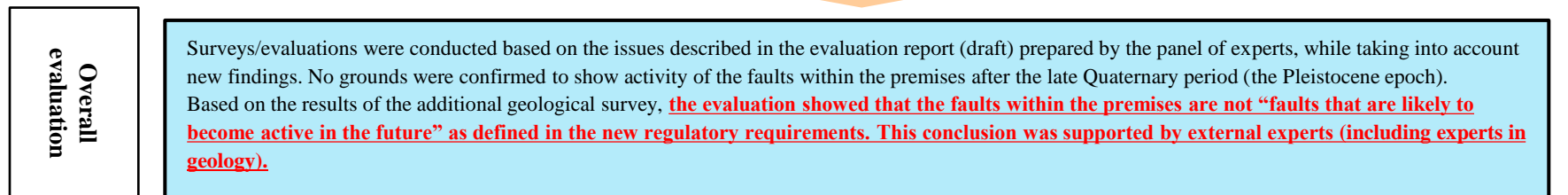
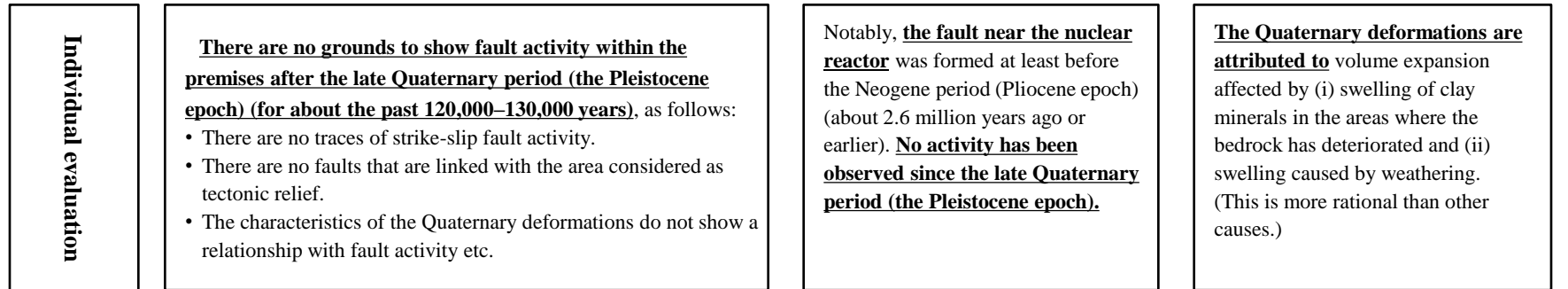
■ Future direction

- Since each point at issue concerning the assessment of the faults includes highly specialized matters, we hope that future meetings will hear and discuss the opinions of external experts who have submitted reports giving their views on our research report.

■ Overview of the evaluation report (draft) prepared by the panel of experts



■ In-house evaluation (including opinions from external experts)



(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.

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