Financial Summary
2nd Quarter of FY2014

(April 1, 2014 – September 30, 2014)

October 30, 2014

Tohoku Electric Power Co., Inc.

Tohoku Electric Power

Contents

2nd Quarter of FY2014 Financial Results

Topics

Tohoku Electric Power

2nd Quarter of FY2014
Financial Results

Tohoku Electric Power

Summary of the 2nd Quarter of FY2014 Results

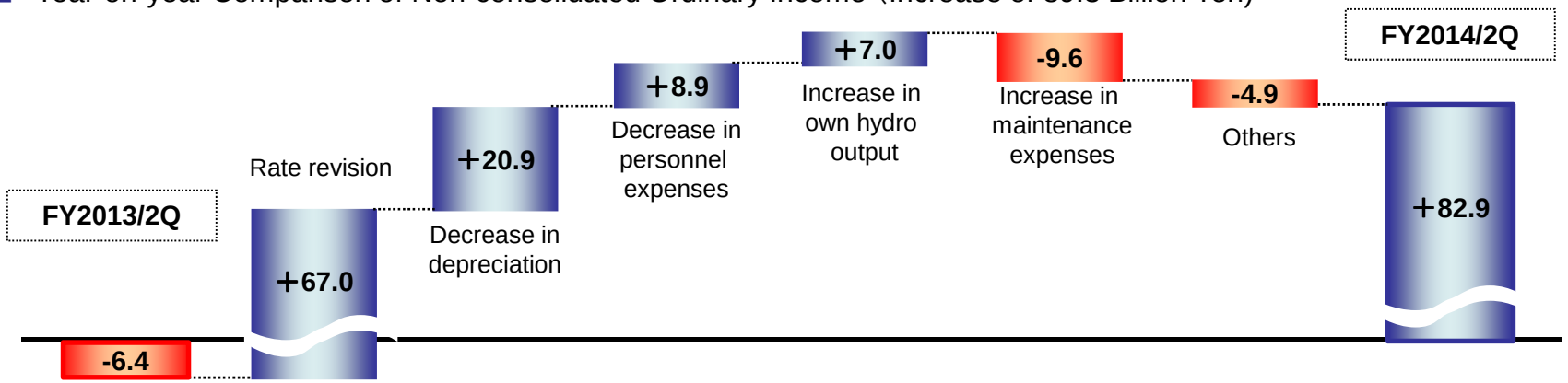
(billions of yen)

	Consolidated (A)			Non-consolidated (B)			(A) / (B) (times)	
	FY2014 2Q	FY2013 2Q	Change	FY2014 2Q	FY2013 2Q	Change	FY2014 2Q	FY2013 2Q
Operating Revenues	1,039.4	918.0	121.4	936.9	834.2	102.7	1.11	1.10
Operating Income	109.4	12.7	96.7	101.1	14.0	87.0	1.08	0.91
Ordinary Income	87.6	(8.1)	95.8	82.9	(6.4)	89.3	1.06	—
Net Income	67.3	1.8	65.4	66.8	5.4	61.3	1.01	0.35

	Sep. 30, 2014	Mar. 31, 2014	Change	Sep. 30, 2014	Mar. 31, 2014	Change
Equity Ratio	13.8%	12.6%	1.2%	12.7%	11.4%	1.3%

■ Year-on-year Comparison of Non-consolidated Ordinary Income（Increase of 89.3 Billion Yen)

(billions of yen)



Electricity Sales

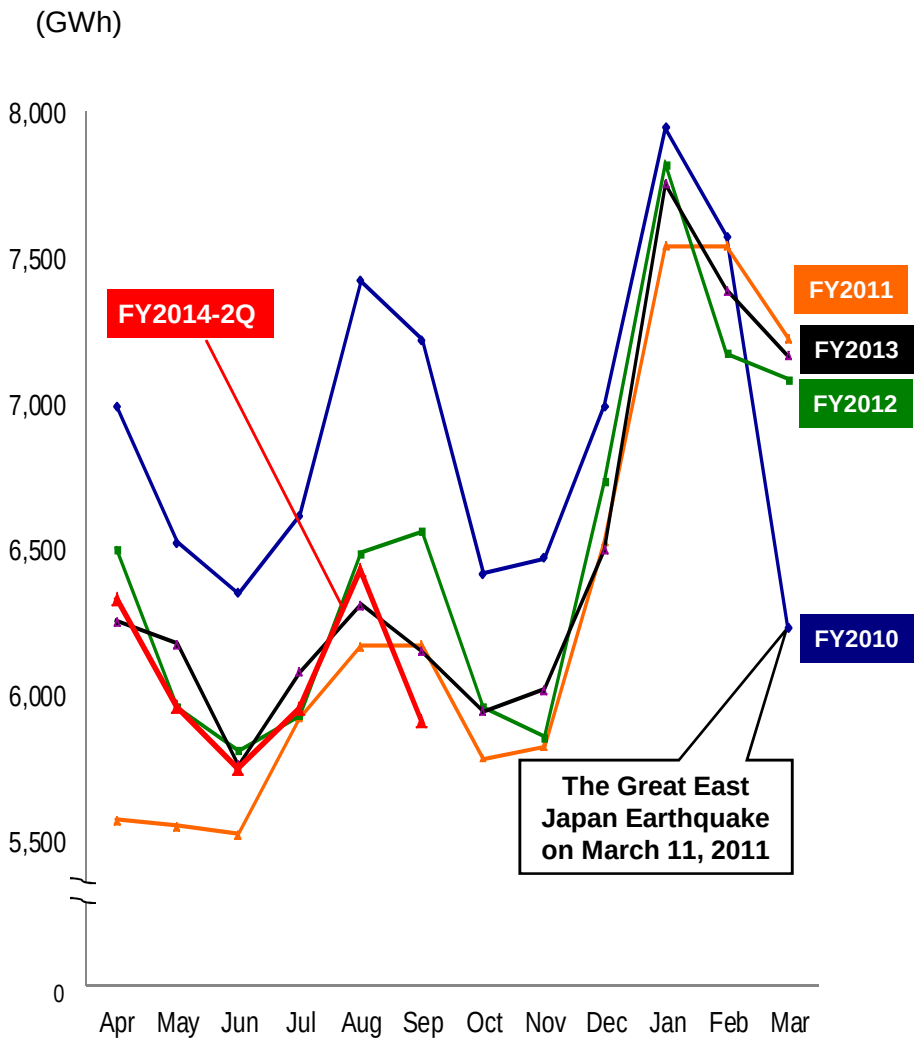
(GWh)

Segment		FY2014/2Q (A)	FY2013/2Q (B)	Comparison (A) – (B)	Comparison (A) / (B)
Regulated	Residential	10,463	10,819	(356)	96.7 %
	Commercial	1,712	1,743	(31)	98.2 %
	Sub-total	12,175	12,562	(387)	96.9 %
Deregulated		24,132	24,140	(8)	100.0%
Total		36,307	36,702	(395)	98.9 %

【 Sub Segment 】

Large Industry	12,473	12,442	31	100.2 %

Changes in Electricity Sales (monthly)



Large Industrial Power

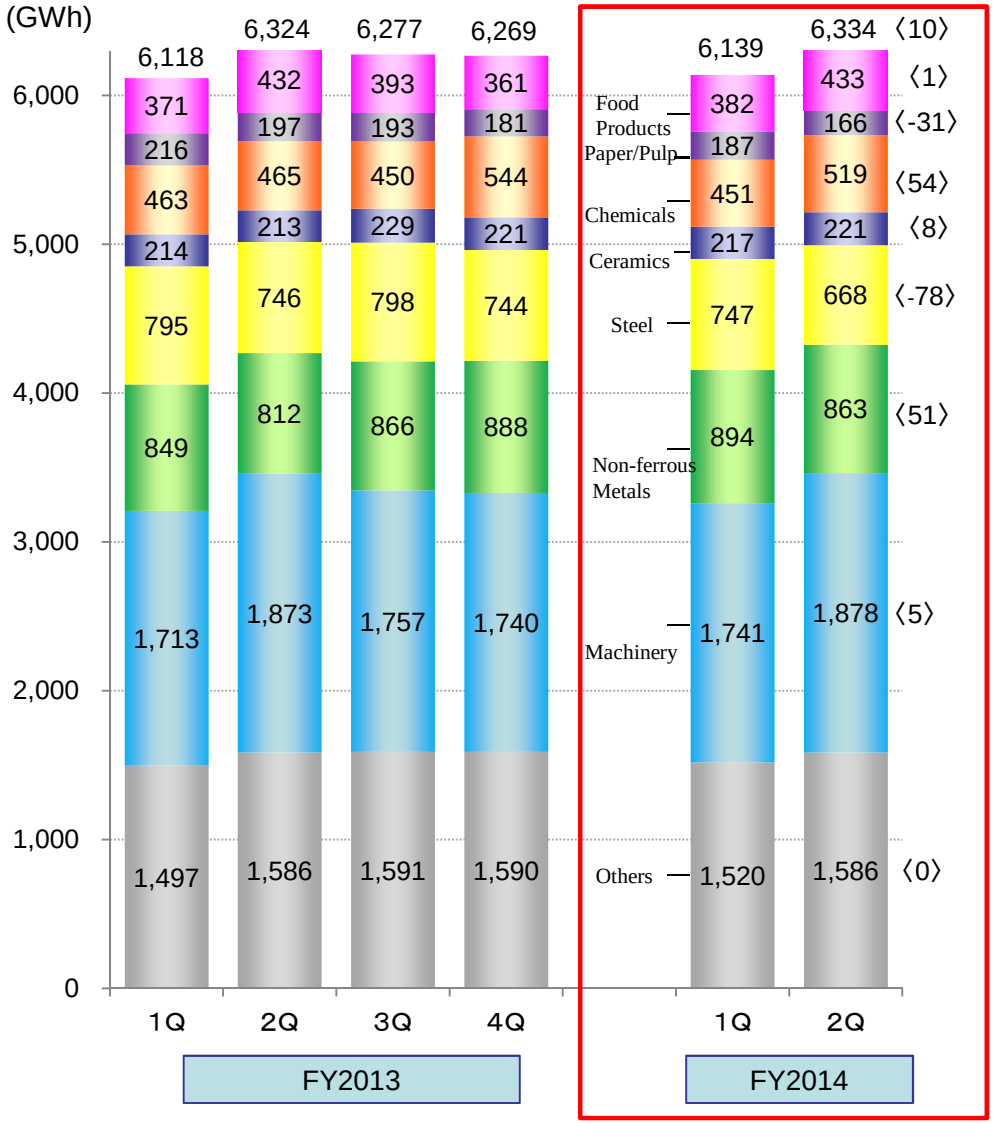
Year-on-year Changes in Large Industrial Sales

(%)

	FY2013			FY2014
	1H	2H	Total	1H
Food Products	2.3	3.4	2.8	1.4
Paper/Pulp	(0.4)	(3.5)	(1.9)	(14.5)
Chemicals	(2.9)	2.2	(0.3)	4.5
Ceramics	5.3	2.4	3.8	2.5
Steel	4.7	4.8	4.7	(8.1)
Nonferrous Metals	(12.0)	7.6	(3.0)	5.8
Machinery and Equipment Manufacturing	(3.8)	1.6	(1.2)	0.9
Others	1.2	2.5	1.9	0.7
Total	(2.0)	3.0	0.5	0.2

Changes in Large Industrial Sales

〈〉 Year-on-year amounts change



Electricity Generated and Purchased

(GWh)

		FY2014/2Q (A)	FY2013/2Q (B)	Comparison	
				(A) - (B)	(A) / (B)
Electricity Generated and Purchased	Own Generated power	31,673	31,473	200	100.6 %
	Hydro	4,625	4,135	490	111.9 %
	Thermal	26,609	26,902	(293)	98.9 %
	Nuclear	–	–	–	–
	Renewable	439	436	3	100.6 %
	Purchased Power	11,262	12,473	(1,211)	90.3 %
	Power Interchanges (Transmitted)	(7,374)	(7,781)	407	94.8 %
	Power Interchanges (Received)	3,676	3,665	11	100.3 %
	Used at Pumped Storage	(36)	(20)	(16)	171.4 %
	Total, Generated and Purchased	39,201	39,810	(609)	98.5 %

Major Factors, Sensitivity to Major Factors (Non-consolidated)

Major Factors	FY2014/2Q (A)	FY2013/2Q (B)	Comparison (A) – (B)
Crude Oil CIF Price ($/bbl.)	109.5	107.7	1.8
Exchange Rate (¥/$)	103	99	4
Hydro Power Flow Rate (%)	104.5	107.3	(2.8)
Nuclear Power Utilization Rate (%)	–	–	–

(billions of yen)

Sensitivity to Major Factors	FY2014/2Q (A)	FY2013/2Q (B)	Comparison (A) – (B)
Crude Oil CIF Price (per $1/bbl.)	1.7	1.5	0.2
Exchange Rate (per ¥1/$)	2.3	2.3	0.0
Hydro Power Flow Rate (per 1%)	0.6	0.5	0.1
Nuclear Power Utilization Rate (per 1%)	1.3	1.2	0.1

Tohoku Electric Power

Comparison Statements of Revenues & Expenses (Non-consolidated)

(billions of yen)

		FY2014/2Q (A)	FY2013/2Q (B)	Comparison (A) - (B)	Comparison (A) / (B)	Major factors for change
Revenues	Residential	276.3	252.8	23.4	109.3%	Rise in electricity rate, increase in revenue from fuel cost adjustments, etc.
	Commercial	504.0	424.1	79.8	118.8%	
	Sub total	780.3	677.0	103.3	115.3%	
	Sales of power to other utilities	101.4	107.1	(5.6)	94.7%	
	Sales of power to other companies	8.1	14.9	(6.8)	54.2%	
	Other revenues	52.6	39.0	13.6	135.0%	Increase in grants on the act of renewable energy, etc.
	[Operating revenues]	[936.9]	[834.2]	[102.7]	[112.3%]	
	Total revenues	942.6	838.1	104.4	112.5%	
Expenses	Personnel	63.3	72.3	(8.9)	87.6%	Decrease in salaries and retirement allowances, etc.
	Fuel	267.6	250.4	17.2	106.9%	FX rate difference, etc.
	Maintenance	65.3	55.6	9.6	117.4%	Increase in maintenance expenses for distribution facilities, etc.
	Depreciation	102.1	123.0	(20.9)	83.0%	Decrease in depreciation for thermal power
	Power purchased from other utilities	67.5	60.4	7.1	111.8%	
	Power purchased from other companies	131.7	137.0	(5.2)	96.2%	Decrease in purchase from Kyodo thermal power, etc.
	Interest	19.8	21.4	(1.5)	92.7%	
	Taxes, etc.	41.2	40.2	0.9	102.4%	
	Nuclear power back-end cost	4.5	2.6	1.8	167.4%	
	Other expenses	96.1	81.1	15.0	118.6%	Increase in payment on the act of renewable, etc.
	Total expenses	859.7	844.5	15.1	101.8%	
[Operating income]		[101.1]	[14.0]	[87.0]	[717.6%]	
Ordinary Income		82.9	(6.4)	89.3	—	
Extraordinary gain		14.2	16.2	(1.9)	88.0%	Decrease in gain on revision of retirement benefit plan
Net income		66.8	5.4	61.3	1,224.4%	

Balance Sheets (Non-consolidated)

(billions of yen)

	Sep. 30, 2014 (A)	Mar. 31, 2014 (B)	Comparison (A) - (B)	Major factors for change
Total Assets	3,980.3	3,982.7	(2.4)	
Fixed Assets	3,395.6	3,433.5	(37.9)	
Current Assets	584.6	549.1	35.4	
Liabilities	3,475.5	3,526.4	(50.9)	Accounts payable-trade: (26.0) Accounts payable-other: (20.1) Short-term loans to subsidiaries and affiliates: (11.6)
Net Assets	504.7	456.2	48.4	

Interest-Bearing Liabilities	2,728.7	2,719.5	9.1	Bonds: 23.7, CP: 4.0, Loans: (18.5)

Statements of Income, Balance Sheets (Consolidated)

(billions of yen)

Statements of Income	FY2014/2Q (A)	FY2013/2Q (B)	Comparison (A) - (B)	Major factors for change
Operating Revenues	1,039.4	918.0	121.4	Electric power: 101.8, Others: 19.6
Operating Expenses	929.9	905.2	24.7	Electric power: 12.5, Others: 12.1
Operating Income	109.4	12.7	96.7	
Ordinary Income	87.6	(8.1)	95.8	
Extraordinary Gain	14.2	16.2	(1.9)	Gain on revision of retirement benefit plan: (1.9)
Net Income	67.3	1.8	65.4	

(billions of yen)

Balance Sheets	Sep. 30, 2014 (A)	Mar. 31, 2014 (B)	Comparison (A) - (B)	Major factors for change
Total Assets	4,235.5	4,243.0	(7.5)	
Fixed Assets	3,503.2	3,536.5	(33.3)	
Current Assets	732.2	706.4	25.7	
Liabilities	3,609.9	3,668.4	(58.5)	Trade notes and accounts payable: (34.8)
Net Assets	625.5	574.5	50.9	
Interest-Bearing Liabilities	2,765.9	2,763.9	2.0	Bonds: 23.7, CP: 4.0, Loans:(25.6)

Statements of Cash Flows (Consolidated)

(billions of yen)

	FY2014/2Q (A)	FY2013/2Q (B)	Comparison (A) - (B)	Major factors for change
Cash Flow from Operating Activities	163.8	63.5	100.3	Income before income taxes and minority interests: 93.8
Cash Flow from Investing Activities	(115.3)	(129.4)	14.0	Decrease in acquisition of property, plant and equipment: 14.6
Cash Flow from Financing Activities	(2.6)	(38.0)	35.3	Loans: 50.1 [Proceeds: (89.5), Repayment: 139.7] Bonds : 3.8 [Proceeds: (19.8), Redemption: 23.7] CP: (16.0) [Proceeds:50.0, Redemption:(66.0)]
Net Cash Flow	45.8	(103.9)	149.7	
Free Cash Flow	66.9	(46.5)	113.4	

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

Segment Information (Consolidated)

(billions of yen)

		FY2014/2Q (A)	FY2013/2Q (B)	Comparison (A) - (B)
Sales [1]		1,039.4	918.0	121.4
	Electric Power	930.5	828.8	101.7
		929.0	827.2	101.8
	Construction	118.8	96.3	22.5
		65.2	50.4	14.7
	Gas	19.6	17.8	1.8
		16.2	14.2	1.9
	IT	18.4	15.9	2.5
		10.1	9.2	0.8
	Others	55.4	53.2	2.2
		18.9	16.8	2.0
Segment income (loss) [Operating income (loss)]		109.4	12.7	96.7
	Electric Power	101.3	16.9	84.3
	Construction	1.2	(6.1)	7.3
	Gas	0.3	0.2	0.1
	IT	2.8	0.9	1.8
	Others	1.8	(1.3)	3.1

1) Lower is net sales to outside customers.

【 Major Consolidated Subsidiaries】 [2]

(billions of yen)

	FY2014/2Q		Year-on-year	
	Sales	Operating income (loss)	Sales	Operating income (loss)
[Electric Power] Tousei Kougyo Co., Inc.	2.8	1.6	(0.0)	(0.1)
Sakata Kyodo Power Co., Ltd.	17.0	(1.6)	(2.6)	(2.5)
[Construction] Yurtec Corp.	86.6	0.8	16.4	3.8
Tohoku Electric Engineering & Construction Co., Inc.	26.7	0.5	5.9	2.7
[Gas] Nihonkai LNG Co., Ltd.	6.2	0.0	0.3	0.2
[IT] Tohoku Intelligent Telecommunication Co., Inc.	12.5	3.1	1.2	1.1
Tohoku Information Systems Co., Inc.	6.4	(0.0)	1.5	0.9
[Others] Kitanihon Electric cable Co., Ltd.	14.0	0.0	2.8	1.1

2) Before elimination of inter-company transaction

Financial Forecast and Premise of Forecast for FY2014

【Financial Forecast for FY2014】

(billions of yen)

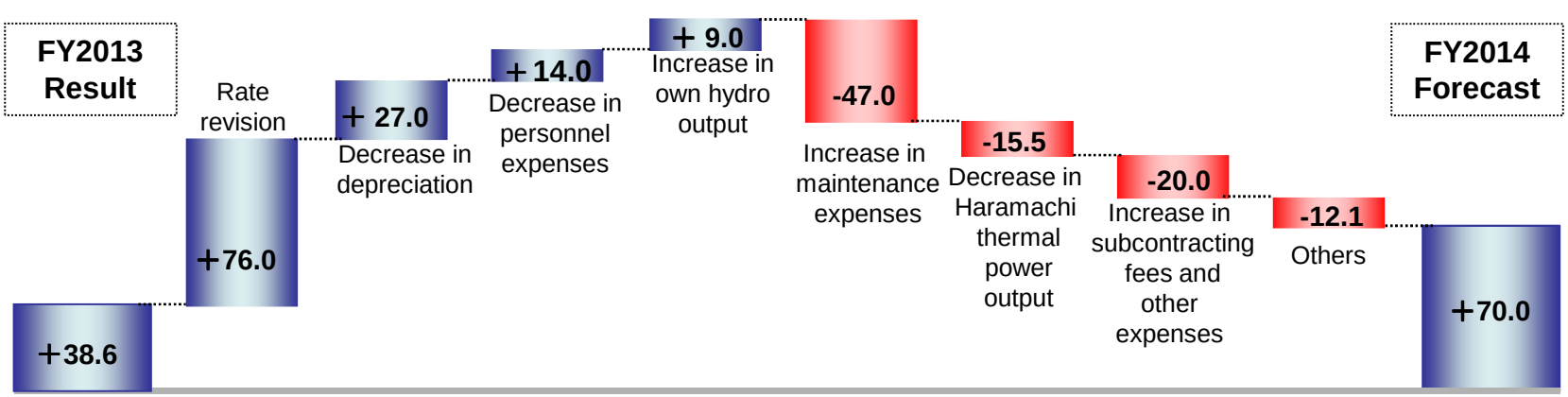
	Consolidated			Non-consolidated		
	FY2014 Forecast (previous forecast)	FY2013 Result	Changes	FY2014 Forecast (previous forecast)	FY2013 Result	Changes
Operating revenues	2,180.0 (2,200.0)	2,038.8	141.2	1,970.0 (2,010.0)	1,833.1	136.9
Operating income	132.0	85.6	46.4	110.0	84.0	26.0
Ordinary income	88.0	39.0	49.0	70.0	38.6	31.4
Net income	68.0	34.3	33.7	57.0	36.0	21.0

【Premise of Forecast】

	FY2014 Forecast (previous forecast)	FY2013 Result	Changes
Electricity Sales (TWh)	Approx. 77.5 (Approx.78.3)	77.5	Approx. 0
Residential	Approx. 24.7	24.8	Approx. (0.1)
Commercial	Approx. 52.8	52.6	Approx. 0.2
Crude Oil CIF ($/bbl)	Approx. 107 (Approx. 110)	110.0	Approx. (3)
FX Rate (¥/$)	Approx. 106 (Approx. 105)	100	Approx. 6
Flow Rate (%)	Approx. 102	105.5	Approx. (3)

■ Factors for Change in Non-consolidated Ordinary Income (Increase of 31.4 Billion Yen)

(billions of yen)



Interim Dividend and Forecast for the Year-end Dividend for FY2014

Dividend

- Comprehensively deliberating facts such as the financial results for the second quarter, the financial forecast for the FY2014 and the recovery of our financial condition which was badly affected by the Great East Japan Earthquake and subsequent incidents, the company has decided to pay a 5 yen interim dividend per share for FY2014.

- The company has not yet determined a forecast for the year-end dividend for FY2014. This is because the company deems it necessary to make thorough and careful assessment of key management environments including: full-year earnings considering future supply and demand trends; medium- to long-term prospects for revenues and expenditures in anticipation of the resumption timing of nuclear power plant operations; and the future status of company's financial standing.

Dividend Per Share

	Interim	Year-end	Annual
FY2014 (Forecast)	5 yen	To be determined	To be determined
FY2013 Result	0 yen	5 yen	5 yen

Topics

Tohoku Electric Power

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.

Super Seawall

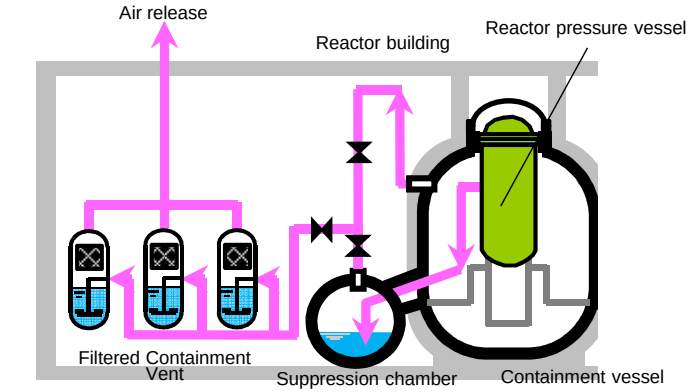
■Structural type: Steel pipe pile, vertical wall (approx. 680m) and wall of cement improved soil (approx. 120m)
■Height: Approx. 15m (O.P. approx. +29m)
■Length: Approx. 800m

Steel pipe pile being erected (Lower pile)
- •Diameter: 2.5m
- •Length: 17.5m
- •Weight: 35.7t

Working platform to erect steel pipe piles

Filtered Containment Vent

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



Current Status and Outlook
- Higashidori Nuclear Power Station -

■ Outlook for Resumption of Operation

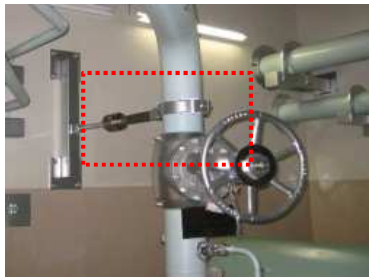
- We have been conducting construction work on safety measures towards the restart of the station in March 2016.
- As for Unit 1, we submitted an application for the examination of the new regulatory requirements of the Japanese Nuclear Regulation Authority (NRA) June 2014, and the unit is now under examination.

■ 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 piping and conduit tube and strengthening structural members.

Examples of Aseismic Reinforcement Work

Addition of supports to piping and conduit tube and strengthening structural members.



Training Intensification

An operation training in a high radiation dose scenario using remote control inspection robots.

Mid- to Long-term Efforts in Thermal Power Stations

Thermal Power Development Plan

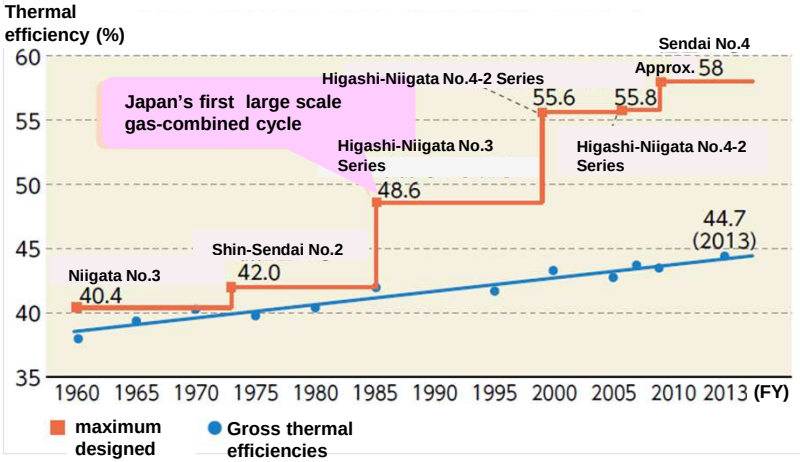
	Output(MW)		FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Shin-Sendai No3. series	980	490	Nov. 2011 start of construction				Dec. 2015 start of operation									
		490	Nov. 2011 start of construction					Jul. 2016 start of operation								
Hachinohe No.5	274 ⇒ 394 (Upgrade to combined cycle)		Apri. 2012 start of construction				Aug. 2014 start of operation									
	394 ⇒ 416 Fuel shift (Light oil ⇒ LNG)				Oct. 2013 start of construction		Jul. 2015 start of operation									
Noshiro No.3*	600						FY 2016 start of construction						FY2020 start of operation			
Joetsu No.1*	Approx. 600									FY2019 start of construction					FY2023 start of operation	
Awashima No.7 – 10	Total 0.9				FY2014 or after start of construction							FY2017-FY2019 start of operation				

※Thermal power supply for a bid in FY2014

Improving the Thermal Efficiency of Thermal Power Plants

	Replacement of Shin-Sendai No.3 series	Upgrade and Fuel shift of Hachinohe No.5	
Start of operation	Dec. 2015 (Half) Jul. 2016 (Half)	Aug. 2014	Jul. 2015
Generation system	Combined cycle	Combined cycle	
Fuel	LNG	Light Oil	LNG・Light Oil
Output	980MW	394MW	416MW
Thermal efficiency	Approx. 60% or more	49%	Approx. 55%

Thermal Efficiency (Lower Heating Value Standard)



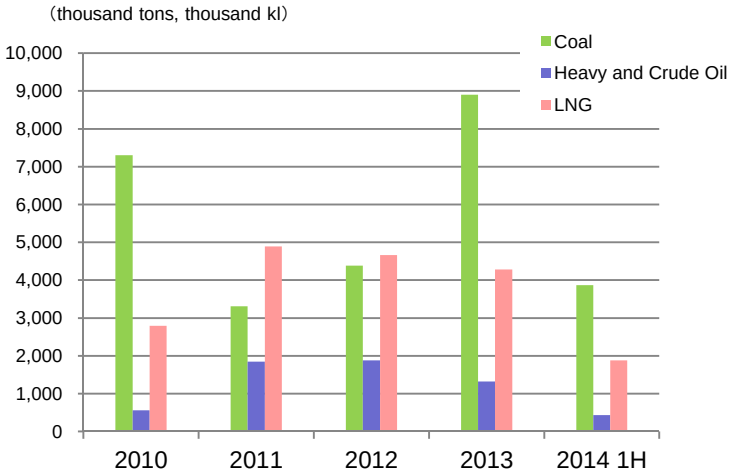
※lower heating value (LHV) is determined by subtracting the heat of vaporization of the water vapor from the higher heating value.

(Reference 1) Fuel Consumption

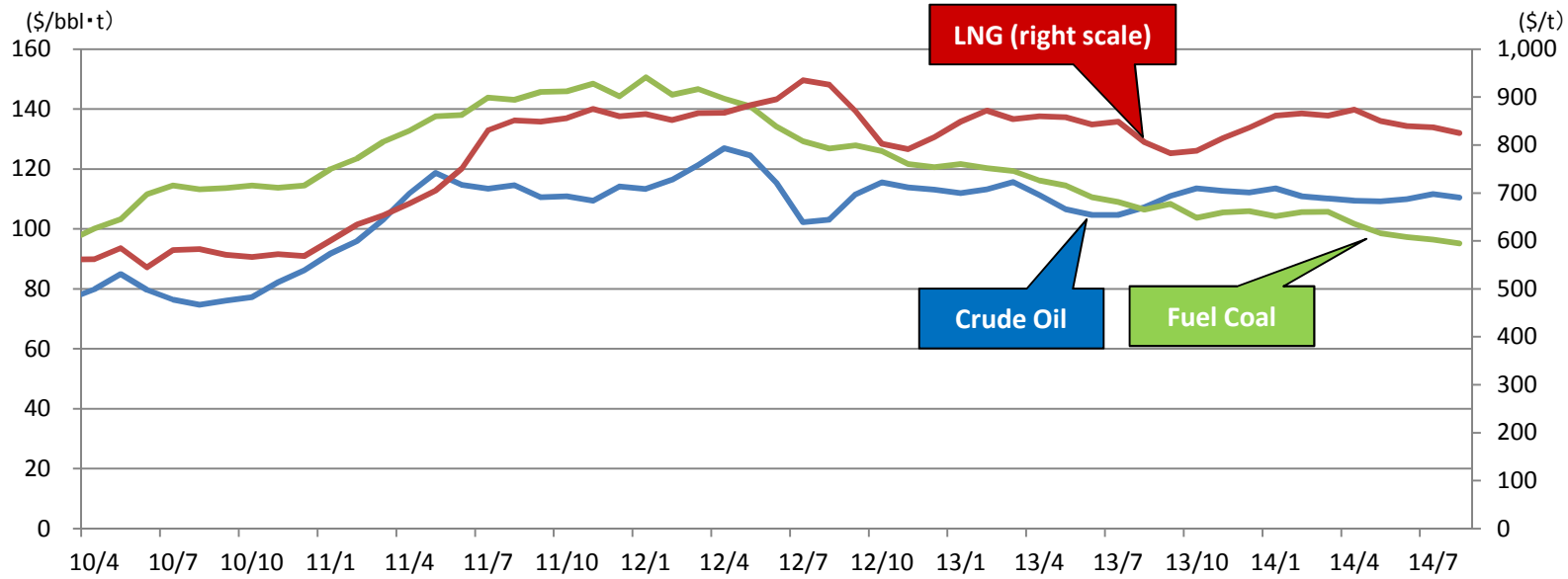
Fuel Consumption

(thousand tons, thousand kl)

	FY2010	FY2011	FY2012	FY2013	FY2014 (1st Half)
Coal	7,300	3,310	4,380	8,900	3,870
Heavy and Crude Oil	570	1,860	1,880	1,320	430
LNG	2,790	4,890	4,660	4,280	1,880



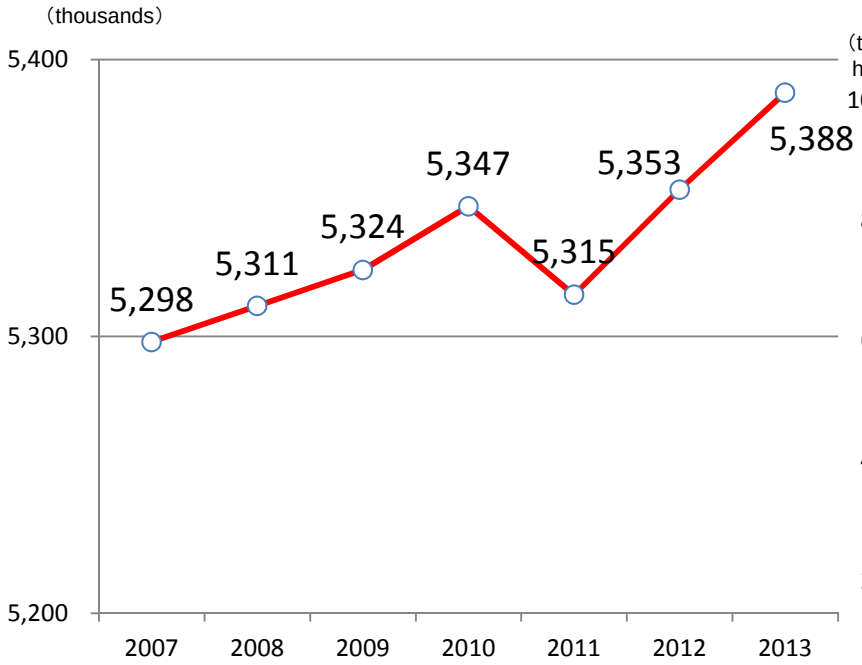
[Reference] Historical Prices of CIF Crude Oil, Fuel Coal and LNG



(Reference 2) Outlook of Post-Quake Recovery - Changes in Number of Lightning Customers -

- The Great East Japan Earthquake decreased the number of our lightning customers, however, the post quake recovery and other factors increase the customers at a higher rate. We expect further recovery through full-fledged constructions of public housing for disaster victims.
- New housing starts surpass 80,000 houses for the first time in seven years. Concerning new all-electric houses, despite a decrease in adoption rate, the number of houses have increased moderately.

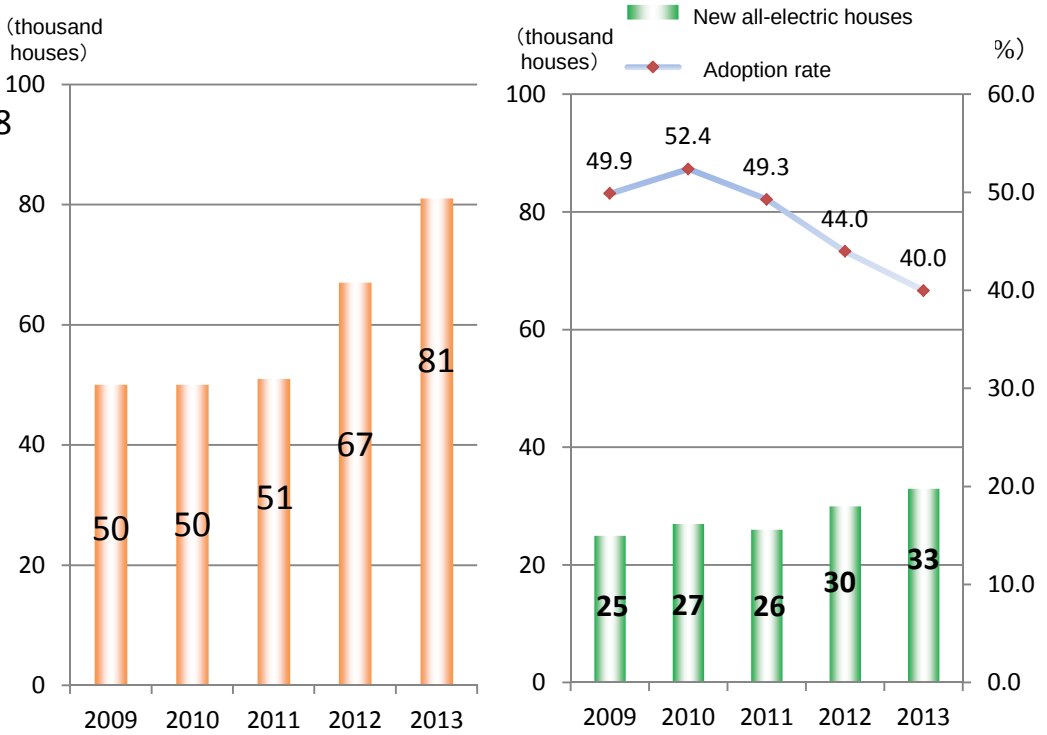
Number of Lightning Customers (End of Fiscal Year)



※total number of customers of lightning, time-specific lightning and peak-controlled -season-and-time-specific lighting

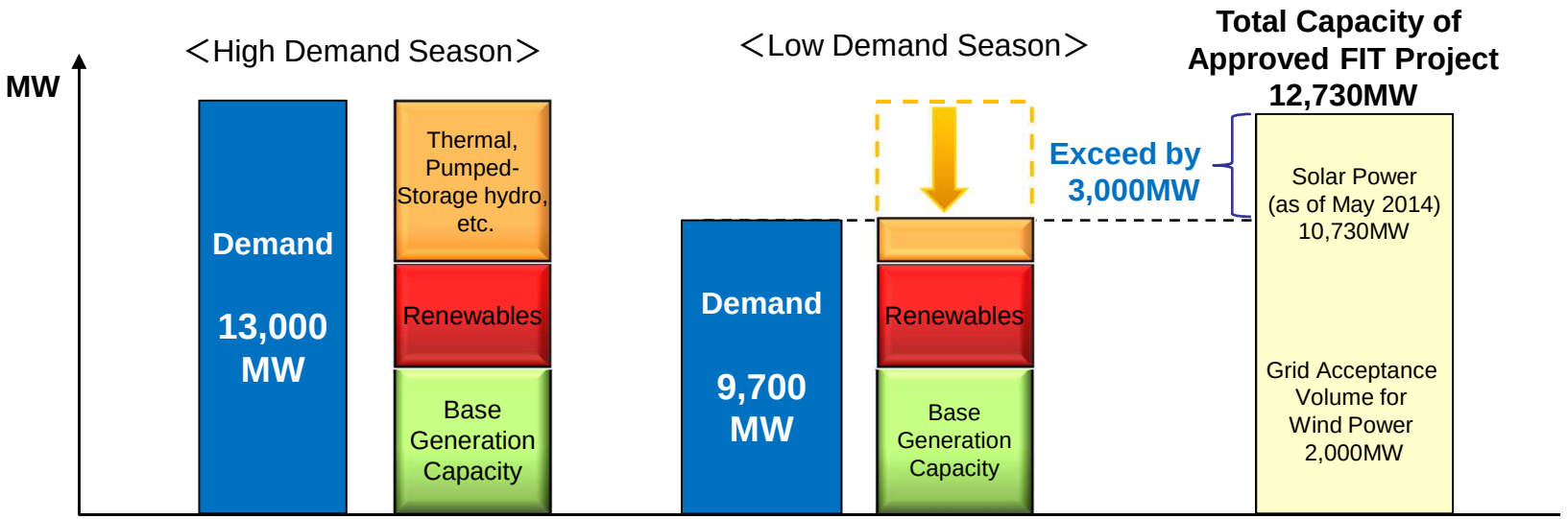
New Housing Starts and New All-Electric Houses

《New Housing Starts in Our Service Areas》

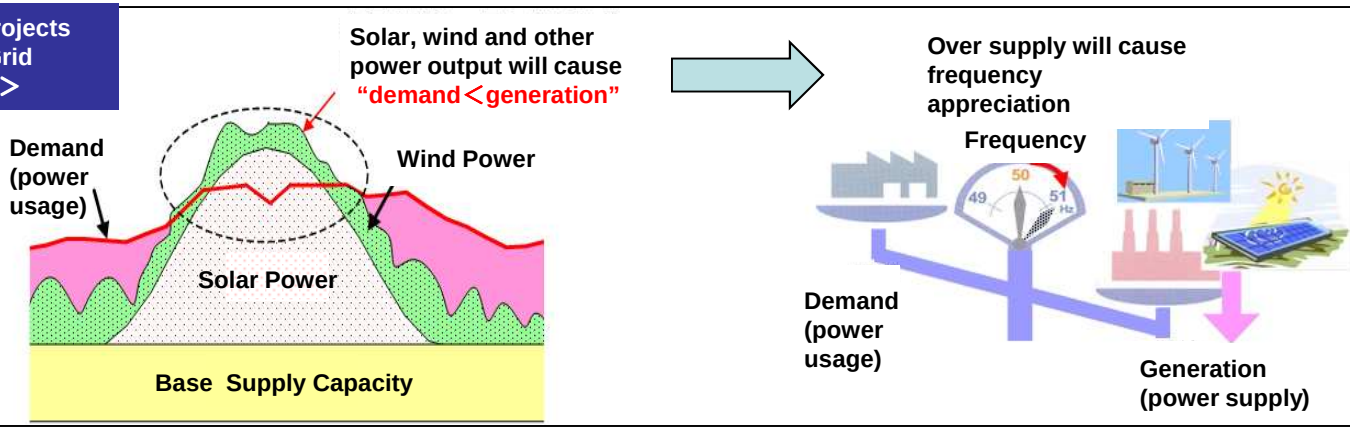


(Reference 3-1) Suspend Grid Access for New Renewable-Energy Producers

- We have been suspending responses regarding consent for transmission line connections for renewable energy (connect to extra-high / high voltage transmission line) from October 1.
- Following a barrage of applications for FIT-certification mainly led by solar power, volume levels in approved renewable energy projects would provide more electricity than low-season demand requires. There is a possibility to disrupt a stable power supply (frequency fluctuation), even if we minimize our thermal power output.

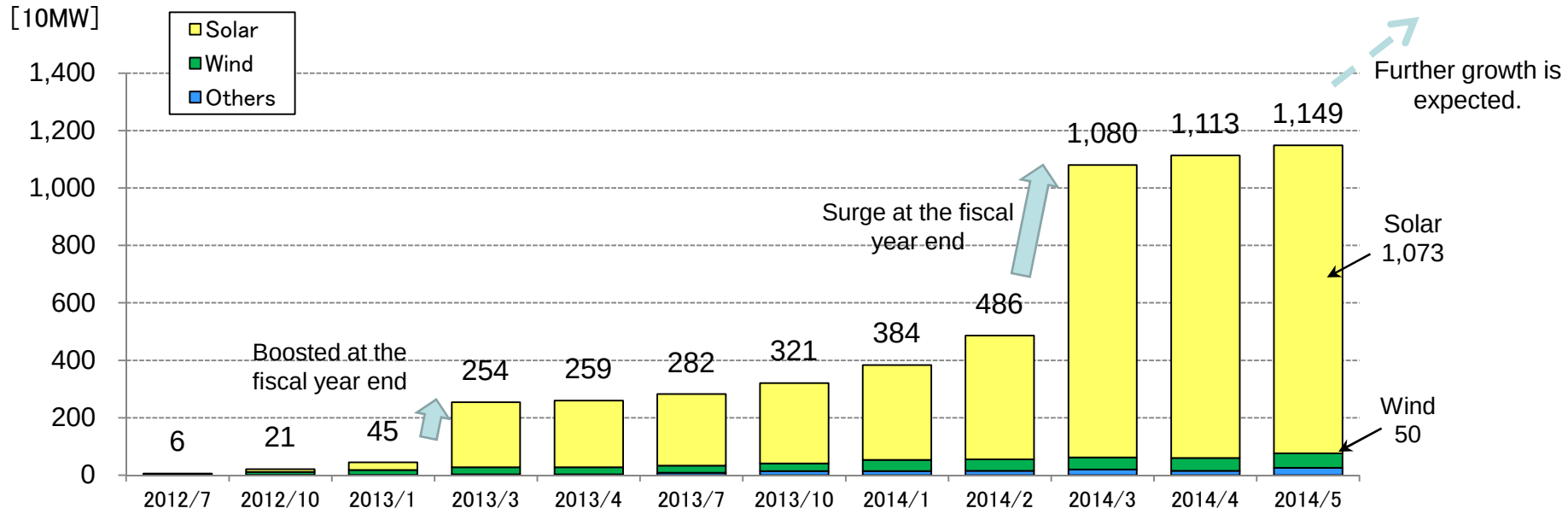


A Case All Approved Projects are Connected to Our Grid ＜Low Demand Season＞



(Reference 3-2) Suspend Grid Access for New Renewable-Energy Producers

Changes in Total Capacity of FIT-Certified Projects in Our Service Areas



Solar and Wind Power Generations Connected to Tohoku EPCO's Grid and Estimated Grid Access Volumes

(as of August 2014)

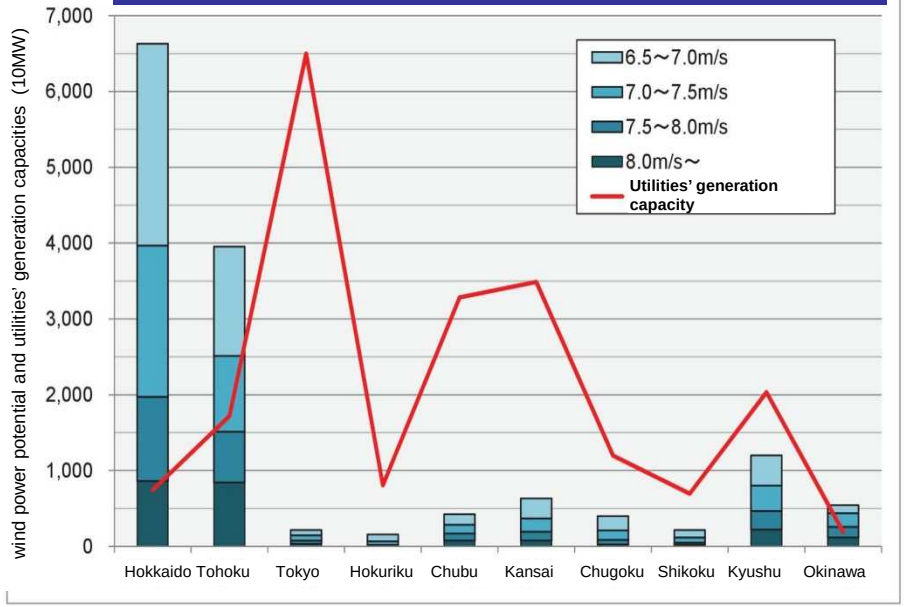
	Connected (A)		Will be connected (Approved access to grid) (B)		Will be and already connected (A)+(B)		Applications submitted (Under review)	
	Projects	MW	Projects	MW	Projects	MW	Projects	MW
Solar	126,806	1,055	1,574	3,585	128,380	4,640	607	1,150
Wind	108	636	60	963	168	1,600	13	70

※Totals may not equal the sum of individual figures due to rounding

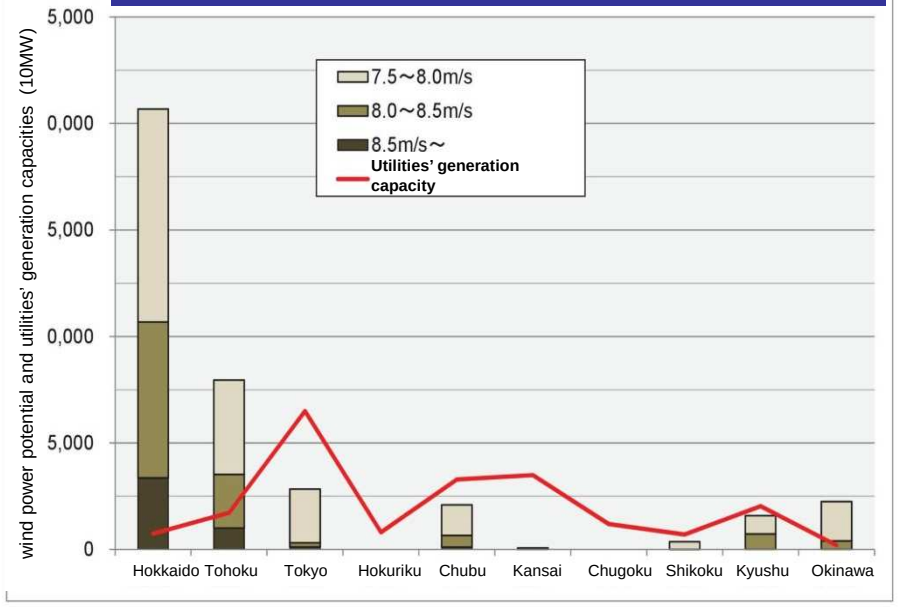
(Reference 3-3) Wind Power Installation Potential by Regions

- There are various calculations for wind power installation potential by regions. The graphs below are the results of Japan Wind Power Association's calculations.
- Both onshore and offshore wind power installation potentials are concentrated in Hokkaido and Tohoku region which overwhelm the regional utilities' generation capacities.

Onshore Wind Power Potential and Utilities' Generation Capacities



Offshore Wind Power Potential (Except Islands) and Utilities' Generation Capacities

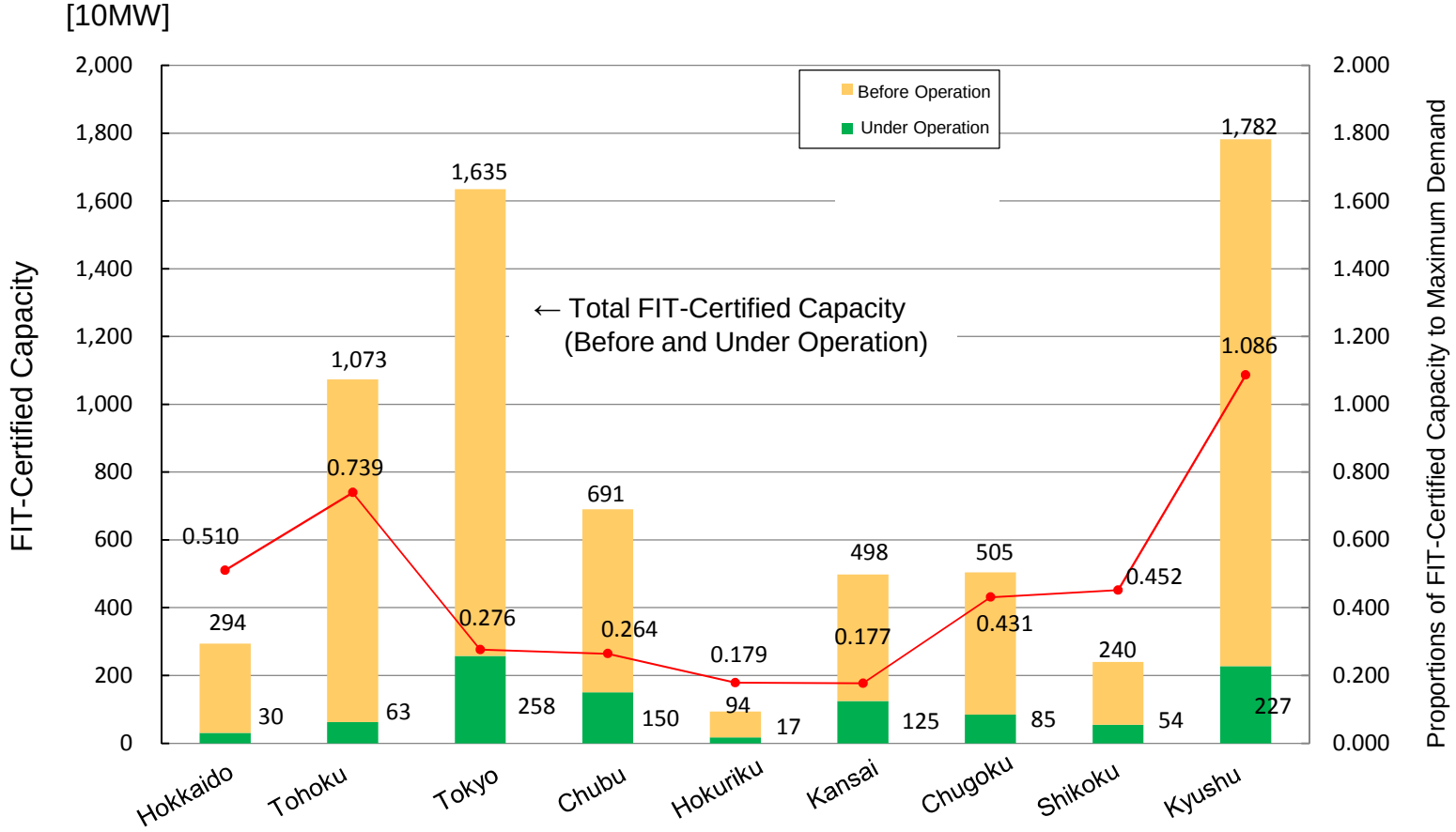


[source] 'White paper on renewable energy (wind power) 2013' , Japan Wind Power Association

(Reference 3-4) Solar Power Installation Potential by Regions

- Following graph is FIT-certified projects' capacities which considered to be near-term solar installation potentials.
- Kyushu region has the largest volume of FIT-certified solar power capacity. Tohoku also has considerable installation potential. (Kyushu, Tohoku and Hokkaido are the three regions which have considerable proportions of FIT-certified solar power to maximum demand.)

FIT-Certified Solar Power (as of May 2014)



[source] Agency for Natural Resources and Energy web site, FIT-certified capacities

(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.