

Financial Summary
1st Quarter of FY2016
(April 1, 2016 – June 30, 2016)

July 28, 2016

 **Tohoku Electric Power Co., Inc.**

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1st Quarter of FY2016 Financial Results

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1st Quarter of FY2016 Financial Results

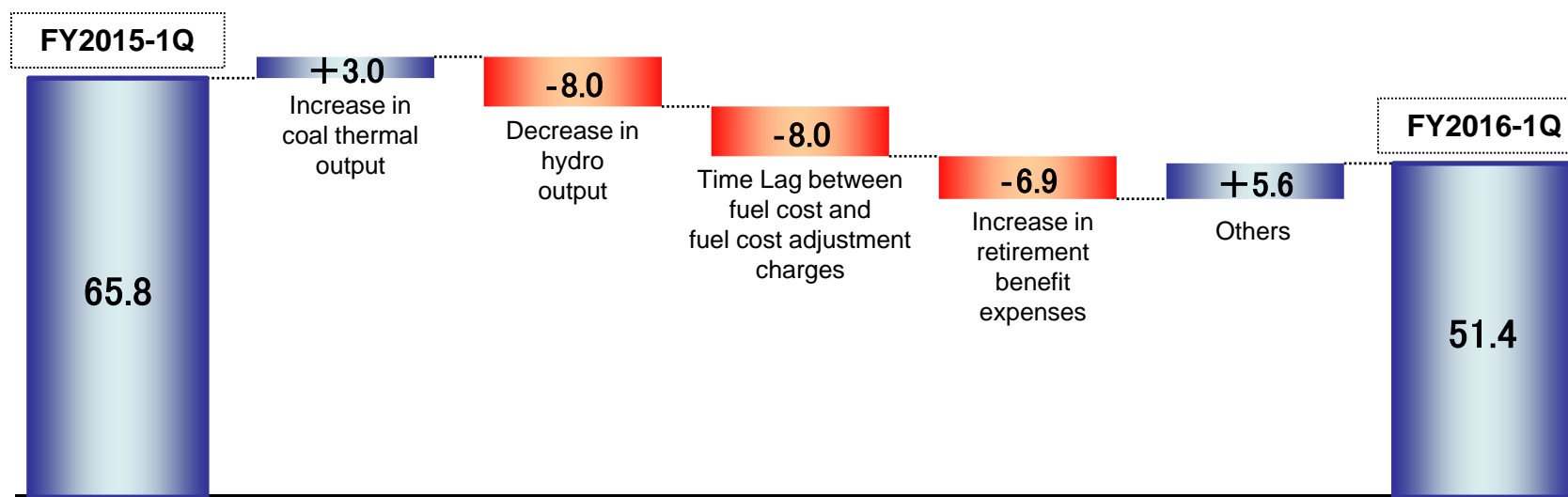
(billions of yen)

	Consolidated (A)			Non-consolidated (B)			(A) / (B) (times)	
	FY2016 1Q	FY2015 1Q	Change	FY2016 1Q	FY2015 1Q	Change	FY2016 1Q	FY2015 1Q
Operating Revenue	455.8	509.8	(53.9)	411.7	458.7	(46.9)	1.11	1.11
Operating Income	57.6	78.3	(20.6)	54.1	73.1	(18.9)	1.07	1.07
Ordinary Income	50.2	71.2	(20.9)	51.4	65.8	(14.3)	0.98	1.08
Net Income or Net Income Attributable to Owners of Parent	34.4	48.5	(14.0)	37.8	46.4	(8.6)	0.91	1.05

	Jun. 30, 2016	Mar. 31, 2016	Change	Jun. 30, 2016	Mar. 31, 2016	Change
Equity Ratio	16.2%	15.2%	1.0%	15.9%	14.7%	1.2%

Year-on-year Comparison of Non-consolidated Ordinary Income (Decrease of 14.3 Billion Yen)

(billions of yen)



Electricity Supply & Demand and Major Factors

(GWh)

		FY2016/1Q (A)	FY2015/1Q (B)	Comparison	
				(A) - (B)	(A) / (B)
Electricity Generated and Purchased	Own Generated power	15,456	13,956	1,500	110.7%
	Hydro	2,085	2,705	(620)	77.1%
	Thermal	13,148	11,027	2,121	119.2%
	Nuclear	—	—	—	—
	Renewable	223	224	(1)	99.7%
	Purchased Power	4,948	5,890	(942)	84.0%
	Power Interchanges (Transmitted)	(2,792)	(2,863)	71	97.5%
	Power Interchanges (Received)	842	1,757	(915)	47.9%
	Used at Pumped Storage	(26)	(37)	11	70.7%
	Total, Generated and Purchased	18,428	18,703	(275)	98.5%
Electricity Sales	Lightning (Residential)	5,348	5,274	74	101.4%
	Power	11,977	12,343	(366)	97.0%
	Total of electricity sales	17,325	17,616	(291)	98.3%
Major Factors	Crude Oil CIF Price (\$/bbl.)	41.1	59.6	(18.5)	
	Exchange Rate (¥/\$)	108	121	(13)	
	Hydro Power Flow Rate (%)	73.9	105.4	(31.5)	
	Nuclear Power Utilization Rate (%)	—	—	—	

Statements of Income & Balance Sheets (Consolidated)

(billions of yen)

Statements of Income	FY2016/1Q (A)	FY2015/1Q (B)	Comparison (A) - (B)	Major factors for change
Operating Revenue	455.8	509.8	(53.9)	Electric utility : (46.2), Other : (7.7)
Operating Expenses	398.1	431.4	(33.3)	Electric utility : (26.6), Other : (6.6)
Operating Income	57.6	78.3	(20.6)	
Ordinary Income	50.2	71.2	(20.9)	
Net Income Attributable to Owners of Parent	34.4	48.5	(14.0)	

(billions of yen)

Balance Sheets	Jun. 30, 2016 (A)	Mar. 31, 2016 (B)	Comparison (A) - (B)	Major factors for change
Total Assets	4,061.1	4,152.4	(91.2)	
Non-current Assets	3,490.1	3,502.7	(12.5)	
Current Assets	570.9	649.7	(78.7)	Cash and deposits : (49.8), Notes and accounts receivable – trade : (12.2)
Liabilities	3,349.9	3,468.0	(118.1)	Notes and accounts payable – trade : (36.9), Accrued income tax : (17.0)
Net Assets	711.2	684.3	26.8	Retained earnings : 26.9
Interest-Bearing Liabilities	2,443.7	2,471.3	(27.5)	Loans: (36.5) , CP : (11.0), Bonds : 20.0

(billions of yen)

		FY2016/1Q (A)	FY2015/1Q (B)	Comparison		Major factors for change
				(A) - (B)	(A) / (B)	
Revenue	Lighting (Residential)	126.8	137.4	(10.6)	92.2%	Decrease in volume of electricity sales and fuel cost adjustment charges
	Power	202.9	237.1	(34.1)	85.6%	
	Sub total	329.7	374.6	(44.8)	88.0%	
	Sales of power to other utilities and other companies	32.0	49.9	(17.8)	64.3%	Differences in sold power for system operation
	Grant under Act on Purchase of Renewable Energy Sourced Electricity	38.3	23.8	14.4	160.8%	Increase in purchased volume from solar
	Other revenue	18.0	12.1	5.8	148.1%	
	[Operating Revenue]	[411.7]	[458.7]	[(46.9)]	[89.8%]	
Total revenue	418.1	460.4	(42.3)	90.8%		
Expenses	Personnel	35.6	27.5	8.0	129.4%	Increase in retirement benefit expenses
	Fuel	61.5	88.8	(27.2)	69.3%	Decrease in thermal fuel expenses
	Maintenance	30.6	34.0	(3.4)	90.0%	
	Depreciation	51.4	54.3	(2.9)	94.6%	
	Power purchased from other utilities and other companies	91.1	106.7	(15.6)	85.4%	Differences in purchased power for system operation
	Interest	6.2	7.8	(1.5)	80.3%	
	Taxes, etc.	19.7	20.1	(0.3)	98.1%	
	Nuclear power back-end cost	2.0	2.0	(0.0)	97.5%	
	Levy under Act on Purchase of Renewable Energy Sourced Electricity	29.2	19.0	10.2	153.9%	Price revision of renewable energy surcharge
	Other expenses	38.8	33.9	4.8	114.3%	
	Total expenses	366.7	394.6	(27.9)	92.9%	
[Operating Income]	[54.1]	[73.1]	[(18.9)]	[74.1%]		
Ordinary Income	51.4	65.8	(14.3)	78.2%		
Net Income	37.8	46.4	(8.6)	81.5%		

Balance Sheets (Non-consolidated)

(billions of yen)

	Jun. 30, 2016 (A)	Mar. 31, 2016 (B)	Comparison (A) - (B)	Major factors for change
Total Assets	3,743.0	3,841.8	(98.8)	
Non-current Assets	3,348.1	3,364.4	(16.2)	
Current Assets	394.8	477.4	(82.6)	Cash and deposits : (52.4) Short-term receivables from subsidiaries and affiliates : (11.0) Inventories : (10.7)
Liabilities	3,148.6	3,276.1	(127.4)	Short-term debt to subsidiaries and affiliates : (30.9) Accounts payable – trade : (23.3) Accrued expenses : (18.1)
Net Assets	594.3	565.7	28.5	Retained earnings : 30.3
Interest-Bearing Liabilities	2,415.6	2,444.8	(29.1)	Loans : (38.1) CP : (11.0) Bonds : 20.0

Segment Information (Consolidated)

(billions of yen)

	FY2016/1Q (A)	FY2015/1Q (B)	Comparison (A) - (B)
Operating Revenue	515.6 [455.8]	559.8 [509.8]	(44.2) [(53.9)]
Electric Power Business	409.7 [409.1]	455.8 [455.3]	(46.1) [(46.2)]
Construction Business	53.3 [27.1]	54.8 [30.0]	(1.5) [(2.8)]
Gas Business	7.1 [5.4]	10.1 [8.4]	(3.0) [(3.0)]
Information Processing, Tele-communication Business	11.0 [4.6]	9.2 [5.3]	1.7 [(0.7)]
Others	34.4 [9.5]	29.6 [10.5]	4.7 [(1.0)]

[] : Operating revenue from external customers

(billions of yen)

	FY2016/1Q (A)	FY2015/1Q (B)	Comparison (A) - (B)
Segment Income [Operating Income]	57.6	78.3	(20.6)
Electric Power Business	53.9	72.3	(18.4)
Construction Business	(0.3)	1.2	(1.5)
Gas Business	0.7	0.7	0.0
Information Processing, Tele-communication Business	1.5	1.8	(0.2)
Others	1.5	1.3	0.1

References

■ Commencement of Full-Scale Commercial Operation of Shin-Sendai No. 3 Series

- Shin-Sendai No. 3 Series have just commenced full-scale commercial operations in July 2016. We shut down aging Units 1 and 2 and constructed this highly-efficient combined-cycle power generation facility as replacements.
- No. 3 Series has achieved a thermal efficiency of 60% or greater, the highest level in the world, thanks to our expertise gained from our experience, allowing us to reduce fuel consumption and CO₂ emissions by approximately 30% compared with conventional gas-fired thermal power plants.
- On the premises, we have built our company's first LNG fuel facilities. Together with the LNG station in Niigata operated by our group company Nihonkai LNG Co., Ltd, we intend to diversify risks associated with natural disasters.

Fuel	LNG
Generation System	Combined Cycle (Gas Turbine + Steam Turbine + Generator) × 2
Thermal Efficiency	60% or greater (lower heating value standard)
Output	980 MW No.3-1: Start of operation from Dec. 2015 (490 MW) No.3-2: Start of operation from Jul. 2016 (490 MW)

【Shin-Sendai Thermal Power Station】



■ Commencement of Commercial Operation of Hydroelectric Power Plants

- With the aim of fully utilizing a purely domestic renewable energy, hydroelectric power, we have started commercial operations of our hydroelectric power plants: Tsugaru in May 2016 and Daini Yabukami in June 2016.

	Tsugaru	Daini Yabukami
Location	Nishimeya, Aomori	Uonuma, Niigata
Generation System	Reservoir type	Reservoir type
Output	8.5 MW (Maximum)	4.5 MW (Maximum)

【Daini Yabukami Hydroelectric Power Station】



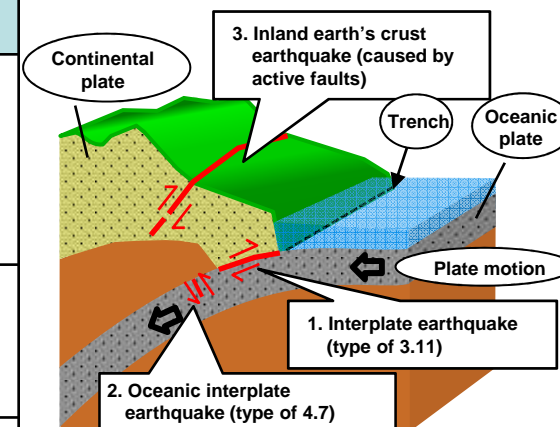
Current Status

Safety Measures	Aims	Scheduled Time of Completion	
		Onagawa	Higashidori
Filtered Containment Vent	To release the gas in the container through the filter to the air to prevent containment failure and to curb the discharge of radioactive material into the environment in case the pressure in the reactor container increases.	April 2017	April 2017
Super Seawall	To prevent flooding to the premises in case conceivable maximum tsunami hits. ■ Conceivable tsunami height...Onagawa: 23.1m (upgrading to O.P. approximately 29m), Higashidori: 10.1m (The seawall with the height of T.P. approximately 16m has been installed.)	April 2017	Completed May 2013
Emergency Response Center	To improve command function. The building is to use for on-site emergency headquarters in the event of large-scale nuclear disaster.	April 2017	April 2017
Reinforcement Work	To secure sufficient seismic safety margins against a conceivable maximum earthquake (design-basis earthquake ground motion Ss), construction work has been conducting, such as adding supports to or strengthening piping and conduit. ■ Upgraded design-basis earthquake ground motion...Onagawa: 580gals ⇒ 1,000gals, Higashidori: 450gals ⇒ 600gals	April 2017	April 2017

Evaluations of Ground Motion at Onagawa Unit 2

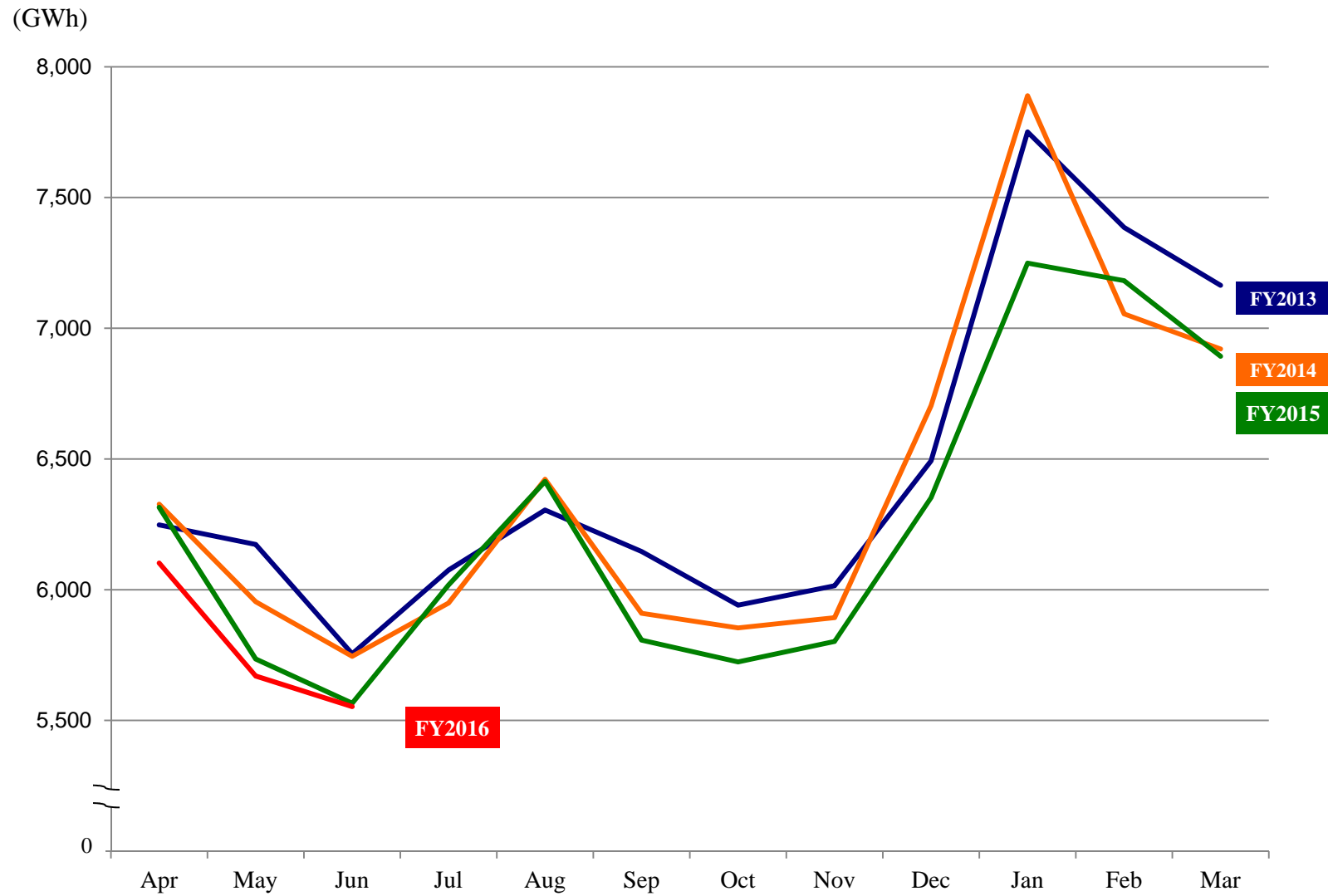
		Evaluations at the time of application for assessments on conformity to the new regulatory standards*2	Additional evaluations*2	Current status
Evaluations of ground motion based on specific hypocenters	1. Interplate earthquake	Reference to the Great East Japan Earthquake of March 11, 2011 (type of 3.11) Ground motion Ss-1 640gals	The evaluation of the left earthquake was completed with fault model. Ground motion Ss-1: 640gals New ground motion 717gals (announced on March 4, 2016)	Under deliberation
	2. Oceanic interplate earthquake	Reference to the Miyagi Offshore Earthquake of April 7, 2011 (type of 4.7) Ground motion Ss-2 1,000gals	Additional evaluation of the left earthquake with stricter conditions Ground motion Ss-2: 1,000gals Under evaluation of new ground motion	Under deliberation
	3. Inland earth's crust earthquake	Reference to earthquakes due to faults from F-6 to F-9 Ground motion Ss-2 1,000gals	Under consideration of the left earthquake and earthquakes due to fault complex in Sendai Bay Ground motion Ss-2: 1,000gals	Our evaluation has been judged to be generally plausible
Evaluation of ground motion with no specific hypocenters*1		Conventional Evaluation (450gals)	Reference to Rumoi-Nanbu Earthquake New ground motion 620gals (announced on April 21, 2016)	Under deliberation

[Image of Seismogenic Structure]



*1 Ground motions caused by past inland earth's crust earthquakes, whose hypocenters were difficult to be correlated with specific active faults.

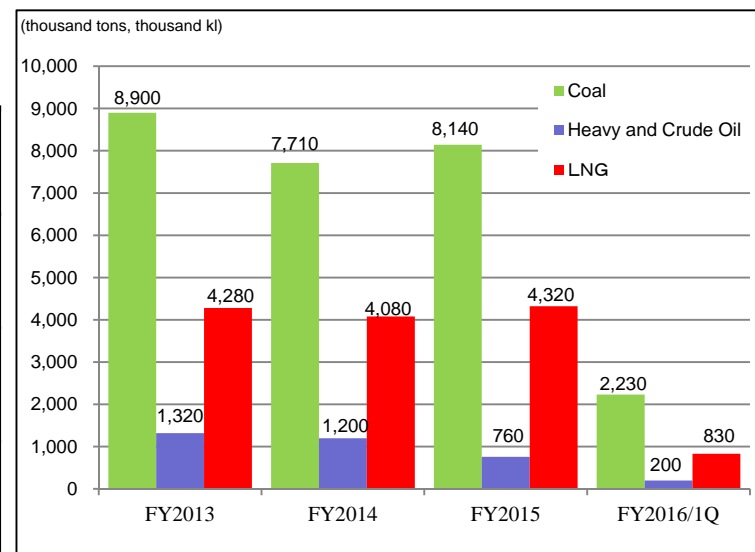
*2 Ground motions Ss-1 and Ss-2 are design-basis earthquake ground motions Ss-1 and Ss-2.



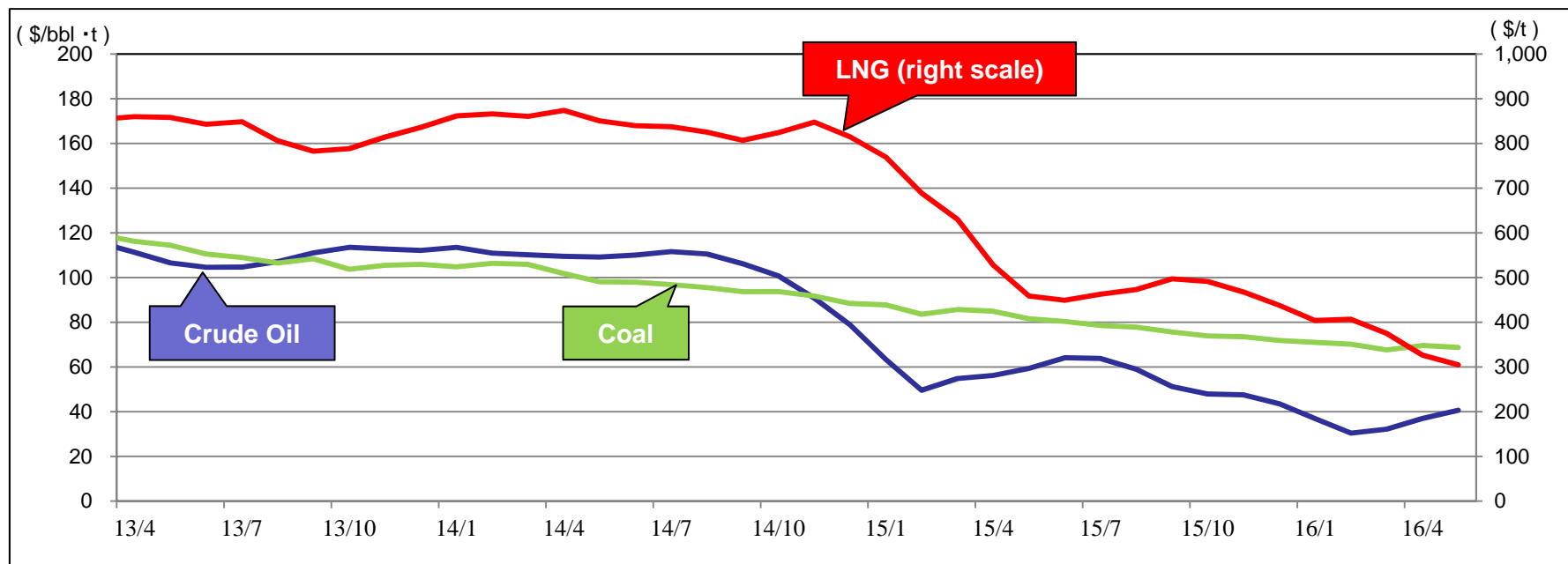
Fuel Consumption

(thousand tons, thousand kl)

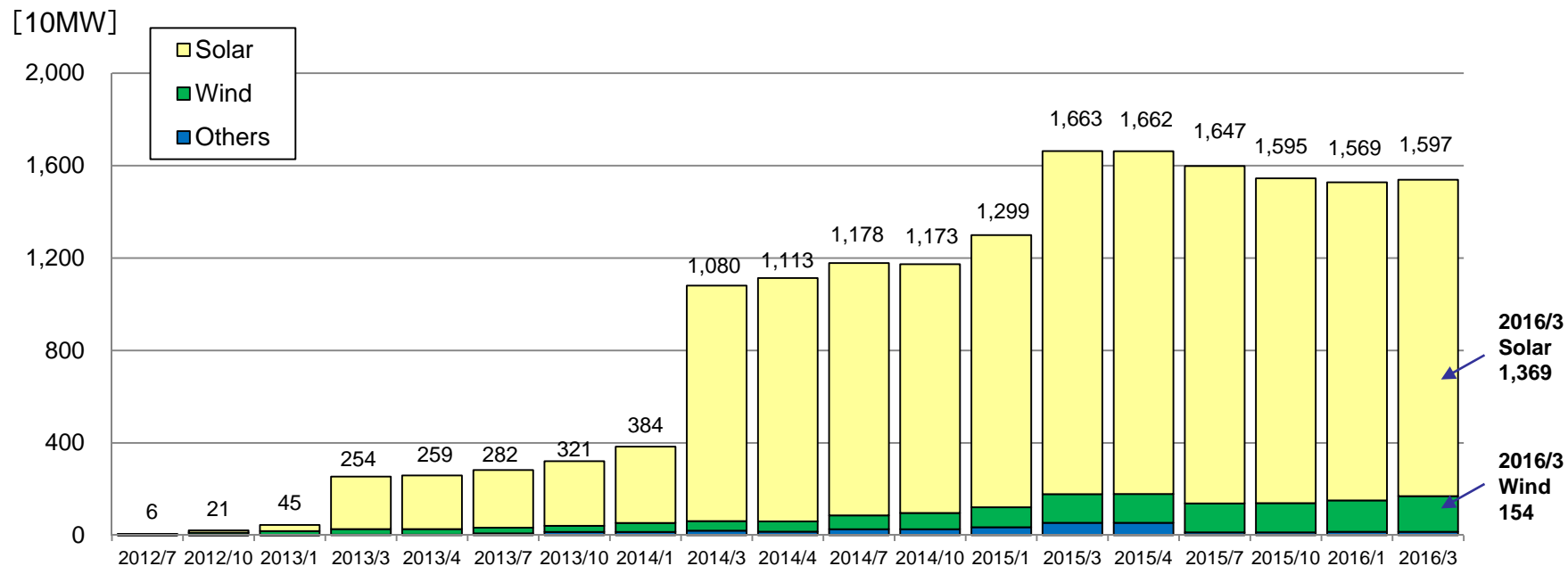
	FY2016/1Q (A)	FY2015/1Q (B)	Comparison (A) – (B)	(Reference) FY2015
Coal	2,230	1,440	790	8,140
Heavy and Crude Oil	200	190	10	760
LNG	830	870	▲ 40	4,320



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



Total Capacity of Approved FIT Projects in Tohoku Area



Solar and Wind Power Generations Connected to Tohoku EPCO's Grid and Estimated Grid Access Volume (as of June 30, 2016)

《Solar》 Connection Capacity : 5,520MW (excluding 50 MW for Fukushima)

	Connected (A)		Will be connected under old rule (B)		Will be connected under new rule (C)		(A)+(B)+(C)	
	Projects	MW	Projects	MW	Projects	MW	Projects	MW
Solar	168,856	2,643	1,088	3,857	617	1,956	170,561	8,457

《Wind》 Connection Capacity : 2,510MW

	Connected (A)		Will be connected (B)		(A)+(B)	
	Projects	MW	Projects	MW	Projects	MW
Wind	151	725	237	1,426	388	2,151

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

(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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