

FY 2009

Presentation on Management Plan

April 2, 2009



Tohoku Electric Power Co., Inc.

Contents

Medium-term management policies of

Tohoku EPCO Group ... 1

I. Top priority on safety, improved quality of business

operations and securing a stable supply

1. Actions to secure safety ... 2
2. Development of power sources ... 3
3. Transmission and Transformation Plan ... 4

II. Streamlining to create a stronger business foundation

1. Capital investment plan ... 5
2. Increase in thermal efficiency rates realized by
the introduction of highly efficient combined cycle
thermal power generation ... 6

III. Efficient marketing in light of changes in the business environment and market developments

1. Demand outlook ... 7
2. Marketing activities ... 8

IV. Appropriate responses to the issue of global warming through the promotion of green management

1. Actions toward realization of a
low-carbon society ... 9
 2. Increased use of renewable energy ... 10
 3. To reduce CO2 emissions ... 11
- (Ref.)
1. Electric Power Sales ... 12
 2. Power Generated by Energy Sources ... 13
 3. Plant and Equipment Expenditures ... 14
 4. Capital Raised for Plant and Equipment ... 15

Group Management Principles: “Co-prosperity with local communities” and “Creation of new corporate values”

Goals

We aim to achieve the following:

1. “Tohoku EPCO Group—trusted” by society;
2. “Tohoku EPCO Group—chosen” by customers; and
3. To be the “energy service professional” pursuing quality operations

Management goals (consolidated)

Return on Assets (ROA):
around 4%

Capital Adequacy Ratio:
30% and higher
(at end of FY 2011)

Points of focus for FY 2009

In light of recent changes in our business environment such as the economic slowdown, uncertainty regarding social conditions, drastic fluctuations in fuel prices and global and national efforts to fight global warming, we have determined four “Points of focus.”

I. Top priority on safety, improved quality of business operations and securing a stable supply

II. Streamlining to create a stronger business foundation

III. Efficient marketing in light of changes in the business environment and market developments

IV. Appropriate responses to the issue of global warming through the promotion of green management

1. Actions to secure safety

In all business areas, actions to secure a stable supply will be implemented with safety given top priority.

Organization for securing safety



- Actions toward securing workplace safety, security of facilities and nuclear safety, and improving operational quality will be continued and expanded.
- Actions to increase the capacity factor of nuclear facilities will be promoted, with top priority given to safety.
- The nuclear quality management system will be continually improved.
- Based on the inspection results of generation facilities, measures to prevent recurrence of problems will steadily be implemented, and efforts to settle the structure of “detect, report and fix” will be carried out.
- Measures taking account of actual conditions of facilities and natural disaster-related risks will be steadily implemented.
- Actions toward the achievement of “zero occurrence of accidents and serious illness” and the eradication of “threats to public safety” will be enhanced.

2. Development of power sources

To secure stable supply, development of power sources will be steadily carried out, as the scrap-and-build plan for aging thermal power stations is implemented.

Plan for development of power sources

Facilities	Location/name	Output (MW)	Commencement of construction	Start of operation
Hydro	Moriyoshi	11	Aug 2007	May 2011
	Tsugaru	8.5	FY 2010	FY 2016
	H1	0.23	Feb 2013	Dec 2013
Thermal	Sendai Unit 4	446	Sep 2007	July 2010
	Niigata Unit 5 Series	109	July 2009	Mar 2011
	Aikawa Unit 3	7.5	Mar 2010	July 2011
	Shin-Sendai Unit 3 Series	Approx. 950	Nov 2011	July 2016 (half capacity) July 2017 (remaining half)
	Joetsu Unit 1 Series	1,440	FY 2019	FY 2023
	Noshiro Unit 3	600	FY 2024 or later	FY 2024 or later
Nuclear	Namie Odaka	825	FY 2015	FY 2020
	Higashidori Unit 2	1,385	FY 2015 or later	FY 2020 or later
Renewable (Solar)	S1 (Inside Hachinohe Thermal Power Station)	Approx. 1.5	By around FY 2010	By around FY 2012
	S2 (Inside Sendai Thermal Power Station)	Approx. 2	By around FY 2010	By around FY 2012

Plans for decommission and long-term scheduled shutdown of thermal power

Unit name	Output (MW)	Time of decommission or long-term scheduled shutdown
Shin-Sendai Unit 1	350	Scheduled to be decommissioned at the end of FY 2015
Shin-Sendai Unit 2	600	Scheduled to be decommissioned at the end of FY 2011
Niigata Unit 3	250	Under scheduled long-term shutdown from Apr. 2006 Scheduled to be decommissioned in July 2009

Note: Niigata Unit 4, and Higashi-Niigata Unit 1 and Unit 2 resumed operation in FY 2008.

Key: Red text indicates changes from the previous plan.

3. Transmission and Transformation Plan

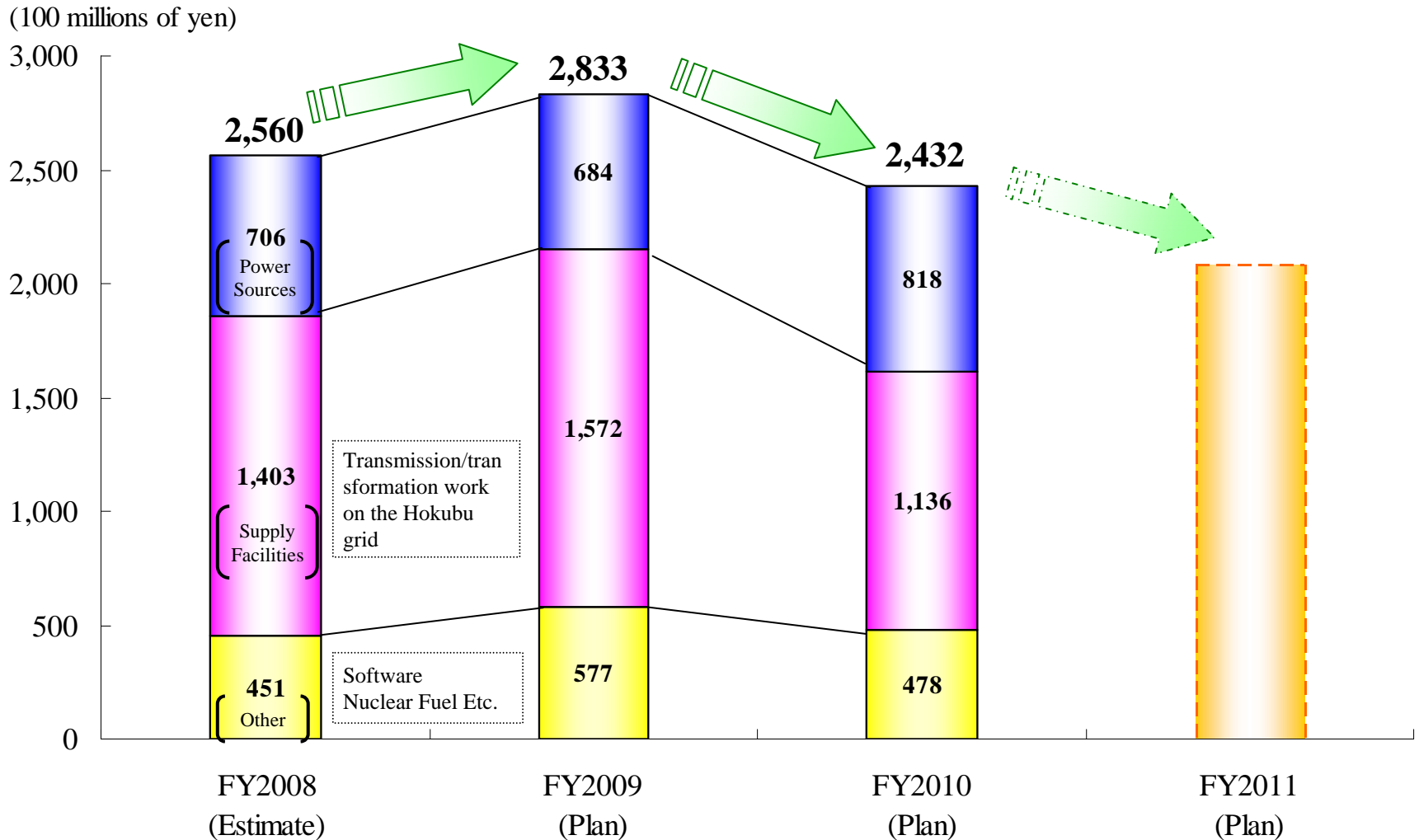
To develop nuclear power sources in northern Tohoku and to secure a stable supply of electricity in our service area, installations and upgrades of transmission lines as well as construction and upgrades/capacity expansion of substations will be implemented as part of our efforts to develop the 500 kV trunk line system.

Facilities	Name of construction	Work period		Outline of facilities
		Commence- ment	Start of operation	
Transmission	Installation of Towada Trunk Line	Aug. 2006	Sep. 2013	500 kV 114 km double circuit line
	Installation of Kitakami Trunk Line	Aug. 2006	Oct. 2013	500 kV 184 km double circuit line
	Upgrade of Aoba Trunk Line	Apr. 2009	June 2010	500 kV (←275 kV) 57 km double circuit line
	Upgrade of Miyagi Chuo Branch Line	Apr. 2009	June 2010	500 kV (←275 kV) 0.5 km double circuit line
	Upgrade of Mutsu Trunk Line	July 2009	Nov. 2009	500 kV (←275 kV) 51 km double circuit line
Transformation	Upgrade/capacity expansion of Kamikita Substation	Aug. 2005	Sep. 2013	500/275 kV 1,300,000 kVA 2 units
	Installation of Miyagi Chuo Substation	Feb. 2007	June 2010	500/275 kV 1,500,000 kVA 1 unit
	Upgrade/capacity expansion of Miyagi Substation	Feb. 2007	Oct. 2013	500/275 kV 1,000,000 kVA 1 unit
	Upgrade/capacity expansion of Iwate Substation	Aug. 2007	Oct. 2013	500/275 kV 1,000,000 kVA 1 unit

Key: Red text indicate changes from the previous plan.

1. Capital investment plan

Facilities will efficiently be developed with those required for stable supply factored in. The capital investment amount will peak in FY 2009 due to the increase caused by the transmission/transformation work on the Hokubu grid, and then decrease in the years following.



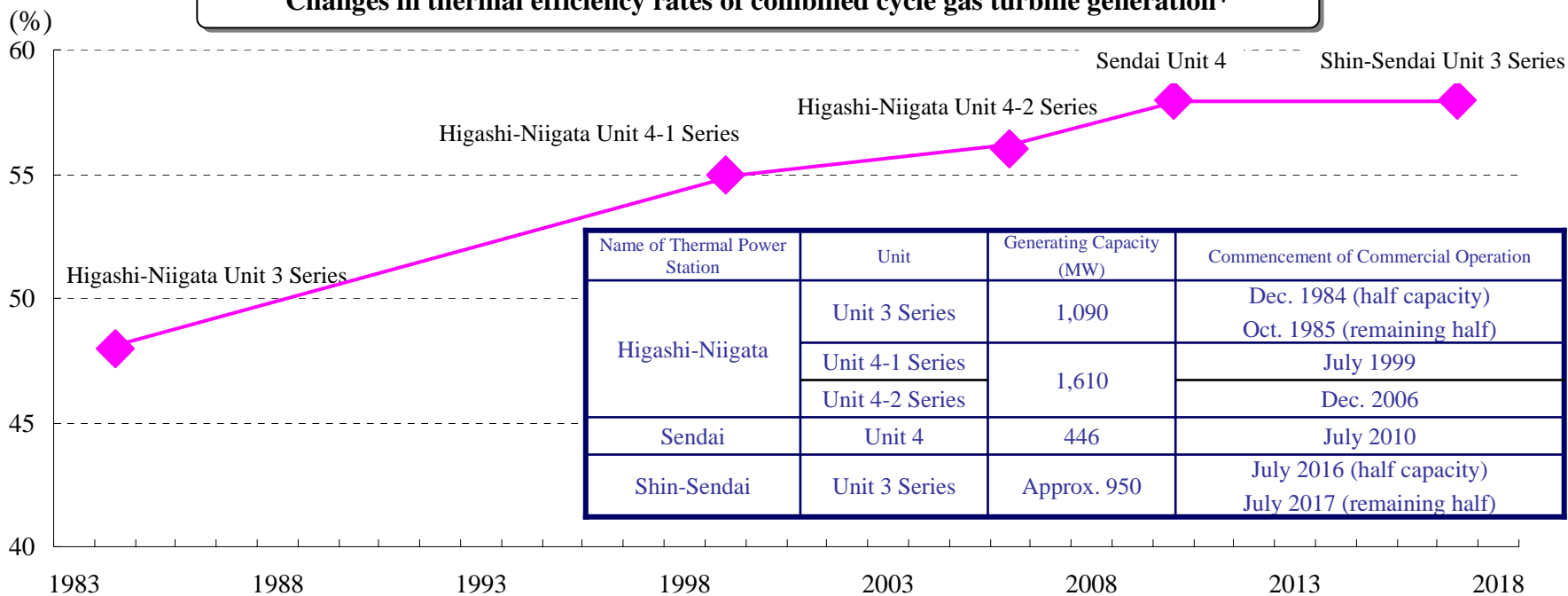
2. Increase in thermal efficiency rates realized by the introduction of highly efficient combined cycle thermal power generation

To strengthen our competitiveness by reducing generation costs and CO₂ emissions, highly efficient combined cycle thermal power generation facilities will be introduced at Sendai Thermal Power Station and Shin-Sendai Thermal Power Station.

Characteristics of highly efficient combined cycle thermal power generation facilities

- 1. Reduced fuel costs
- 2. Reduced CO₂ emissions
- 3. Natural gas, a clean fuel
- 4. Reduced NOx emissions
- 5. Reduced warm effluent

Changes in thermal efficiency rates of combined cycle gas turbine generation*

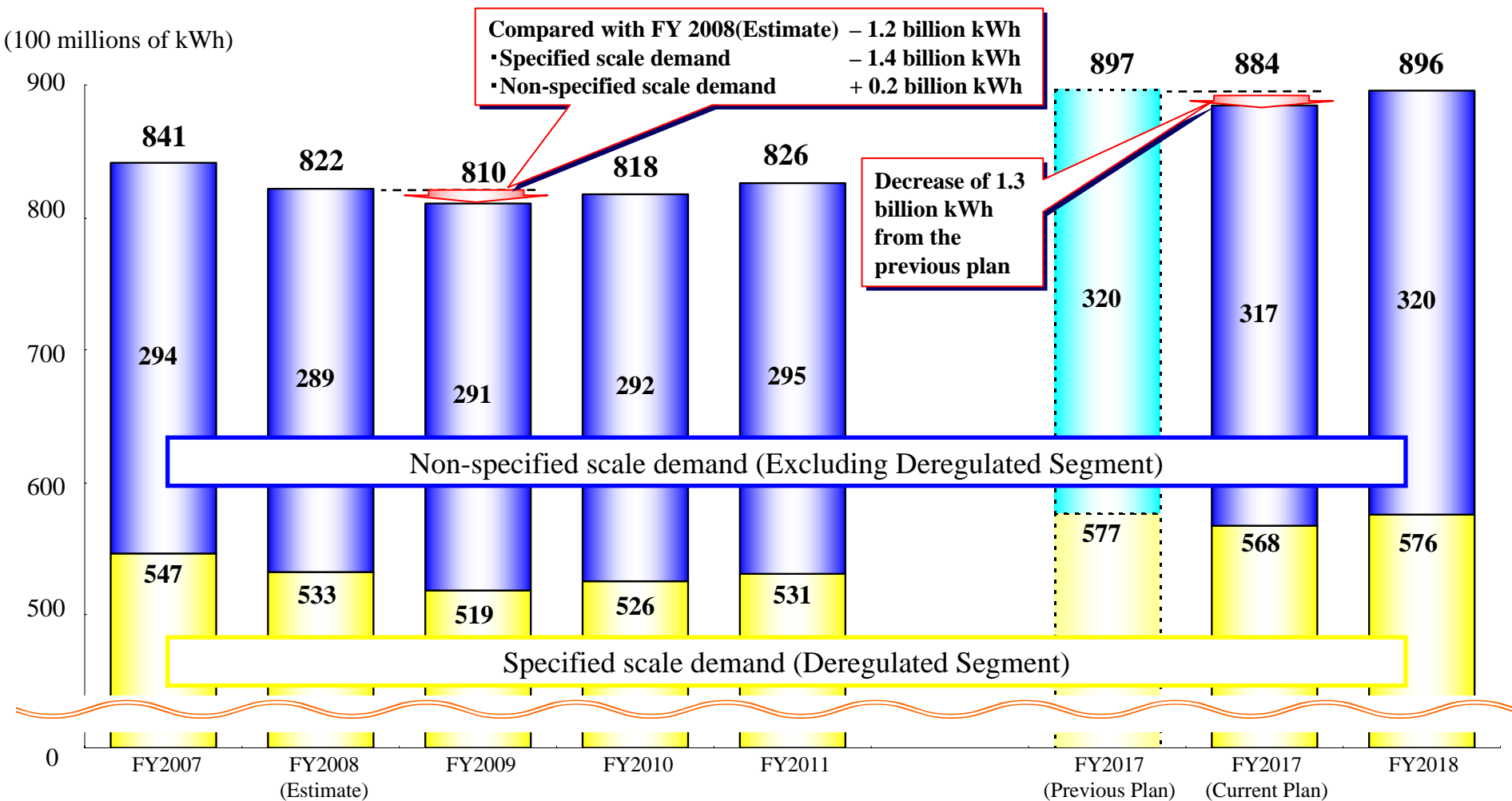


* Lower heating value standard: Calculated after subtracted the condensation heat of moisture in fuel and that produced by combustion

1. Demand outlook

Non-specified scale demand: Robust growth expected mainly due to diffusion of all-electric housing

Specified scale demand : Demand increase expected due to promotion of establishment of enterprises in the medium-to-long term, though negative impact of global recession will be felt in the short run



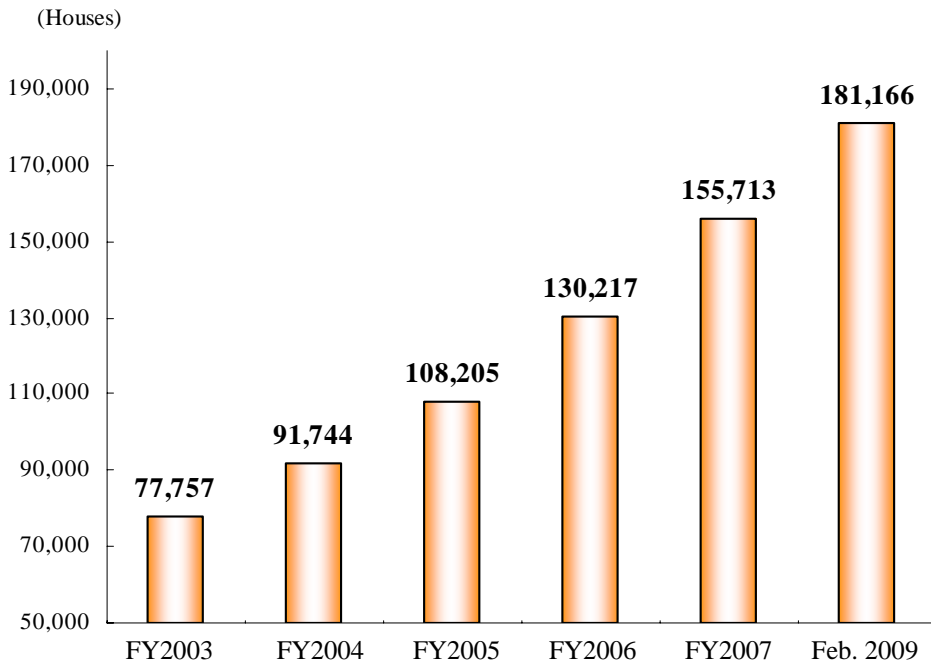
2. Marketing activities

We will work on the diffusion of highly efficient electric systems.

For households : Diffusion of “Eco Cute” and heat-pump-type heaters, both featuring excellent eco-friendliness and energy saving performance

For corporations: Diffusion of highly efficient devices such as industrial electric systems and industrial heat-pump type water heaters conducive to reducing CO₂ emissions

All-electric housing data (accumulated total)



Electric energy sold:

Around 2 billion kWh demand created (from FY 2007 to 2011)

Main actions

- Introduction of all-electric housing
Increase of 120,000 houses (from FY 2007 to 2011)
- Introduction of semi all-electric housing
Increase of 100,000 houses (from FY 2007 to 2011)
- Introduction of industrial electric kitchens
Increase of around 150 MW (from FY 2007 to 2011)
- Introduction of air-conditioning systems such as heat storage
Increase of around 240 MW (from FY 2007 to 2011)

1. Actions toward realization of a low-carbon society

Toward the realization of a low-carbon society, we will promote actions on both the supply and demand sides to 1) further increase efficiency and reduce carbon emissions regarding the supply side of power generation (increase in utilization rates of nuclear energy, improvement in thermal efficiency rates in thermal power generation and introduction of renewable energy); and 2) to save energy through dissemination of highly efficient devices and electrification on the demand side.

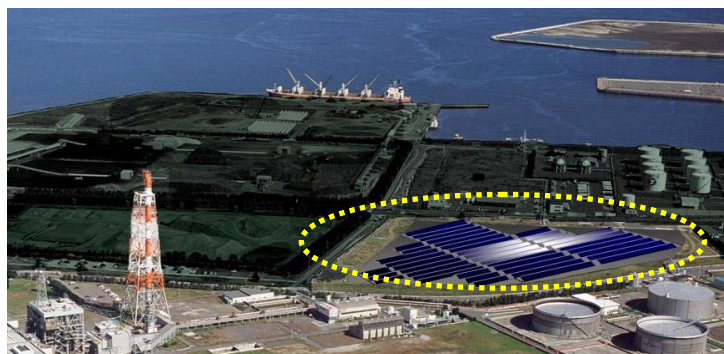
Examples of new actions

1. Construction of solar power generation facilities (mega solar)

- To build solar power generation facilities of 10 MW class by FY 2020
- Overview of planned construction sites

(1) Hachinohe Thermal Power Station Site

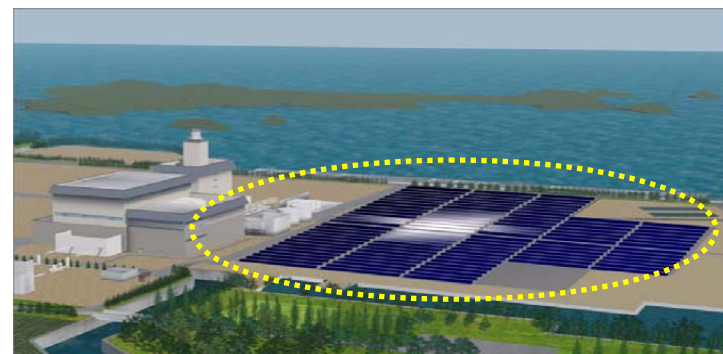
Output: Approx. 1.5MW Start of operation: Around FY 2012



Rendering

(2) Sendai Thermal Power Station Site

Output: Approx. 2 MW Start of operation: Around FY 2012



Rendering

2. Introduction of plug-in/hybrid cars and electric cars

- Around 1,000 units to be installed by FY 2020
- Aiming to contribute to reductions in CO₂ emissions in the transportation sector

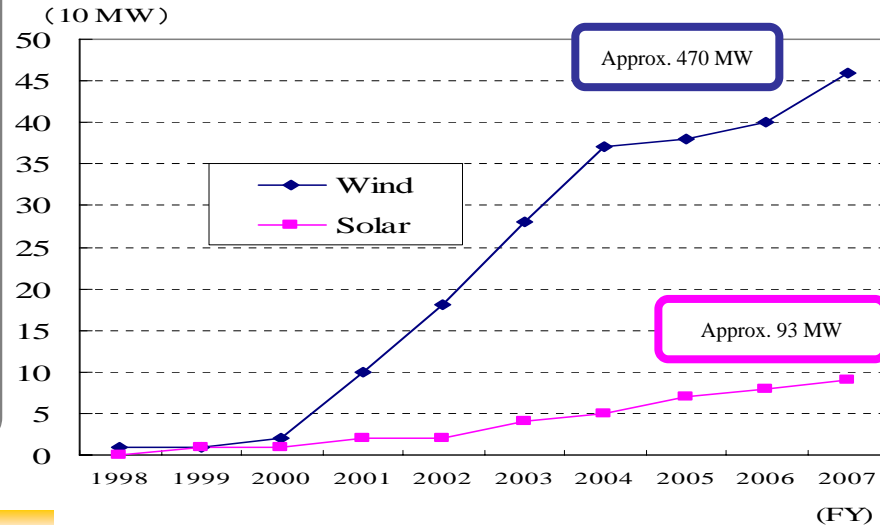
2. Increased use of renewable energy

By expanding use of renewable energy such as geothermal power and wind power, for which Tohoku has abundant suitable sites, we will contribute to the prevention of global warming.

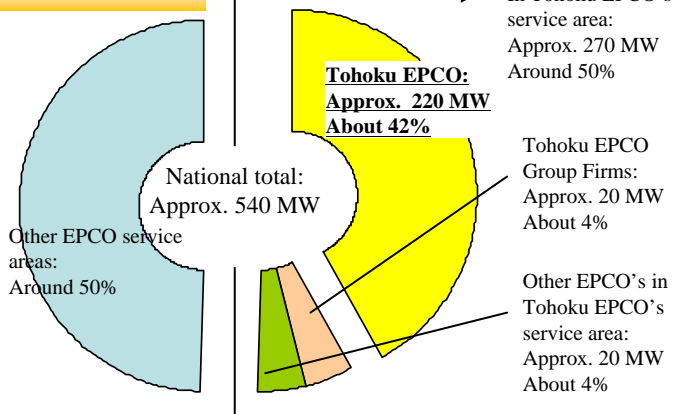
Status of renewable energy (as of the end of FY 2007)

- **Geothermal power: Largest national output (approx. 220 MW, around 42% share of Japan's total)**
 - **Wind power: Representing 28% of the wind power energy on the grid (approx. 470 MW)**
- In Nov. 2008, we announced an increase in the amount of energy derived from wind power that can be connected to the grid (**520 MW→850 MW**). With a further addition of 330 MW that will become available through the installation of storage cells, the amount of energy produced by wind power generation that can be added to the grid will increase to 1,180MW.
- **Solar power: Approx. 93 MW by the end of FY 2007**

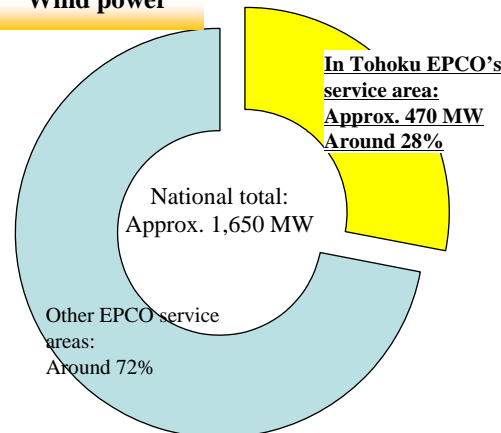
Trends in generation of wind power/solar power generation



Geothermal power



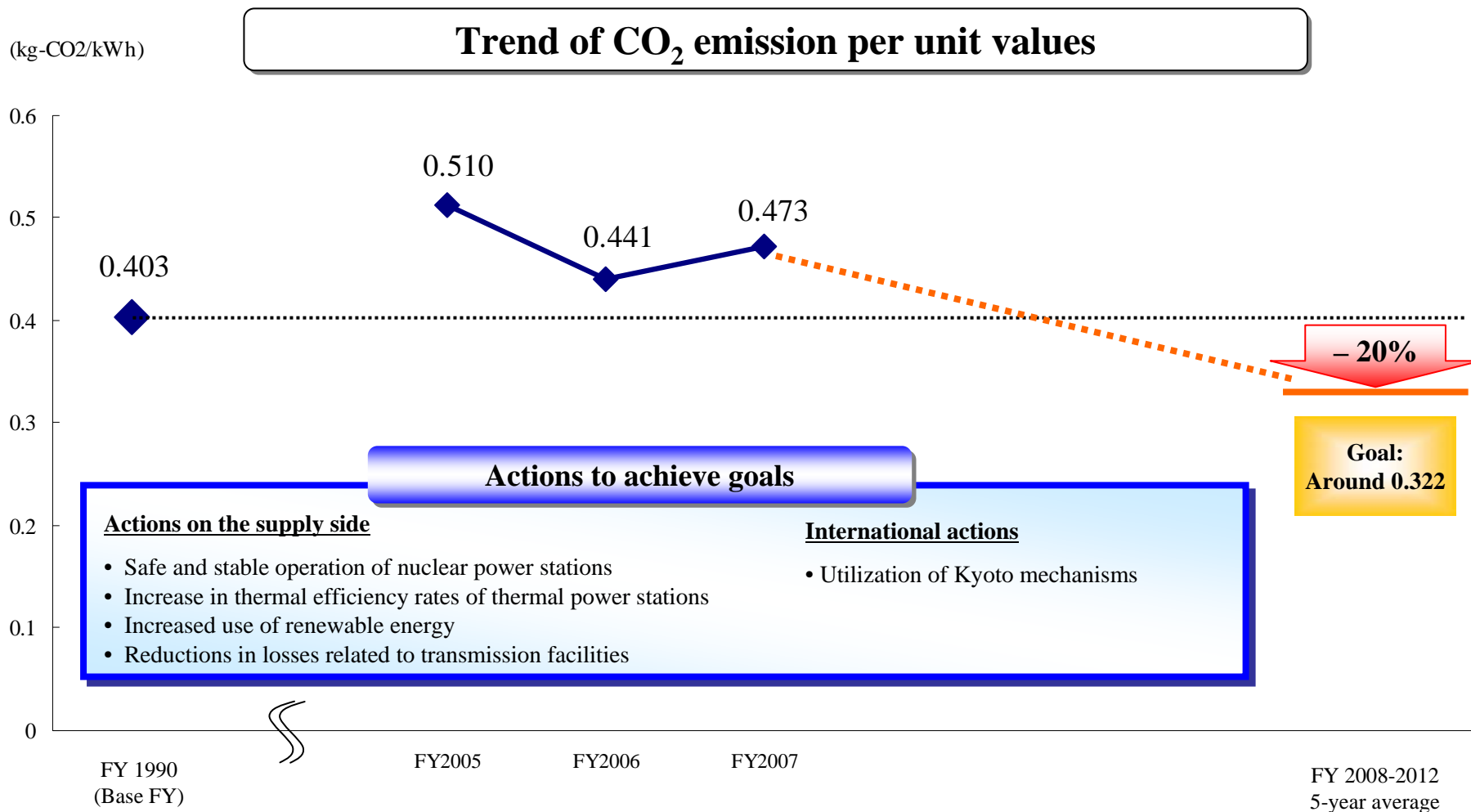
Wind power



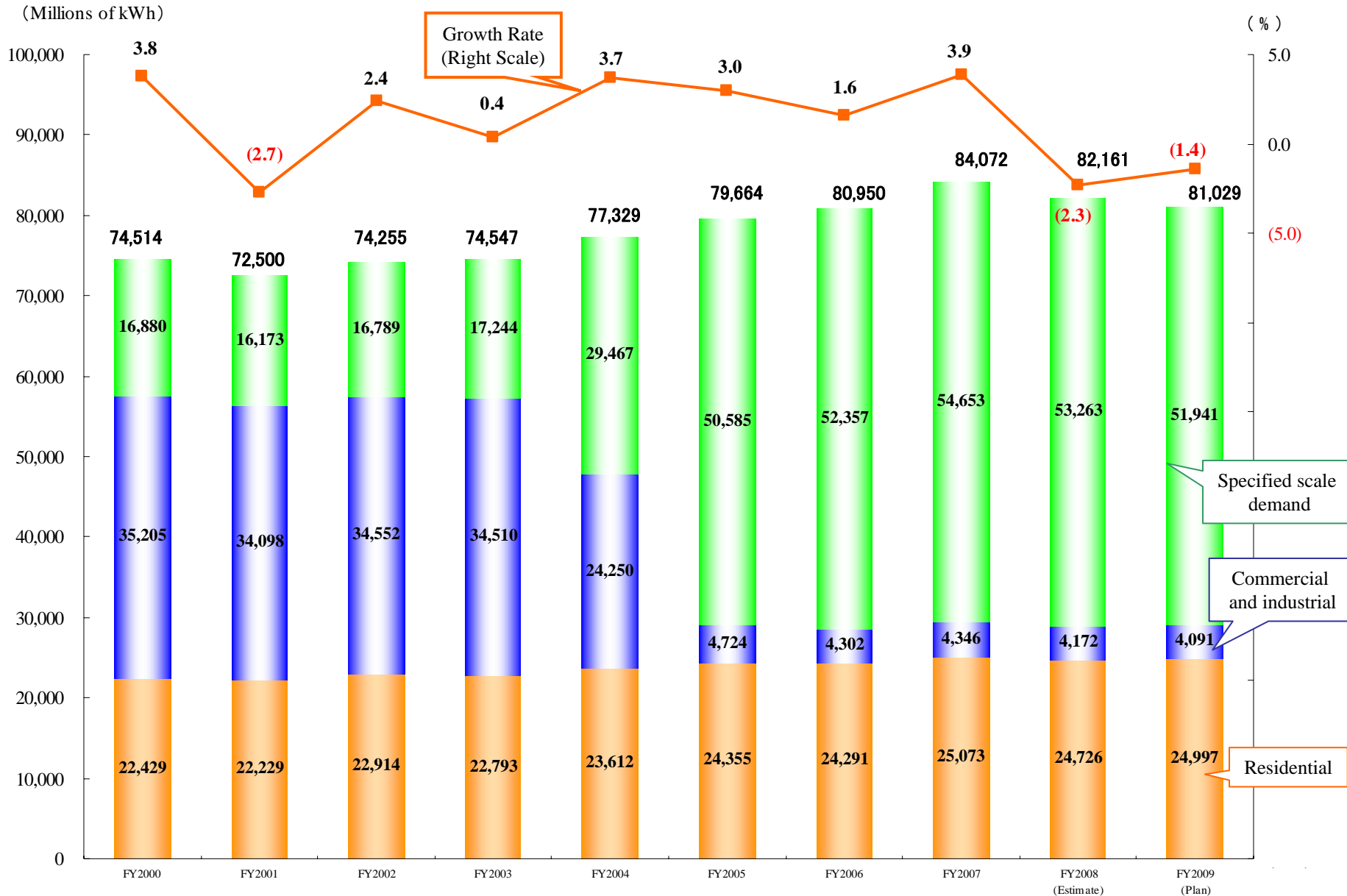
Noshiro Wind Park (14.4 MW)
 Tohokushizen-e.co.jp
 Tohoku EPCO Group

3. To reduce CO₂ emissions

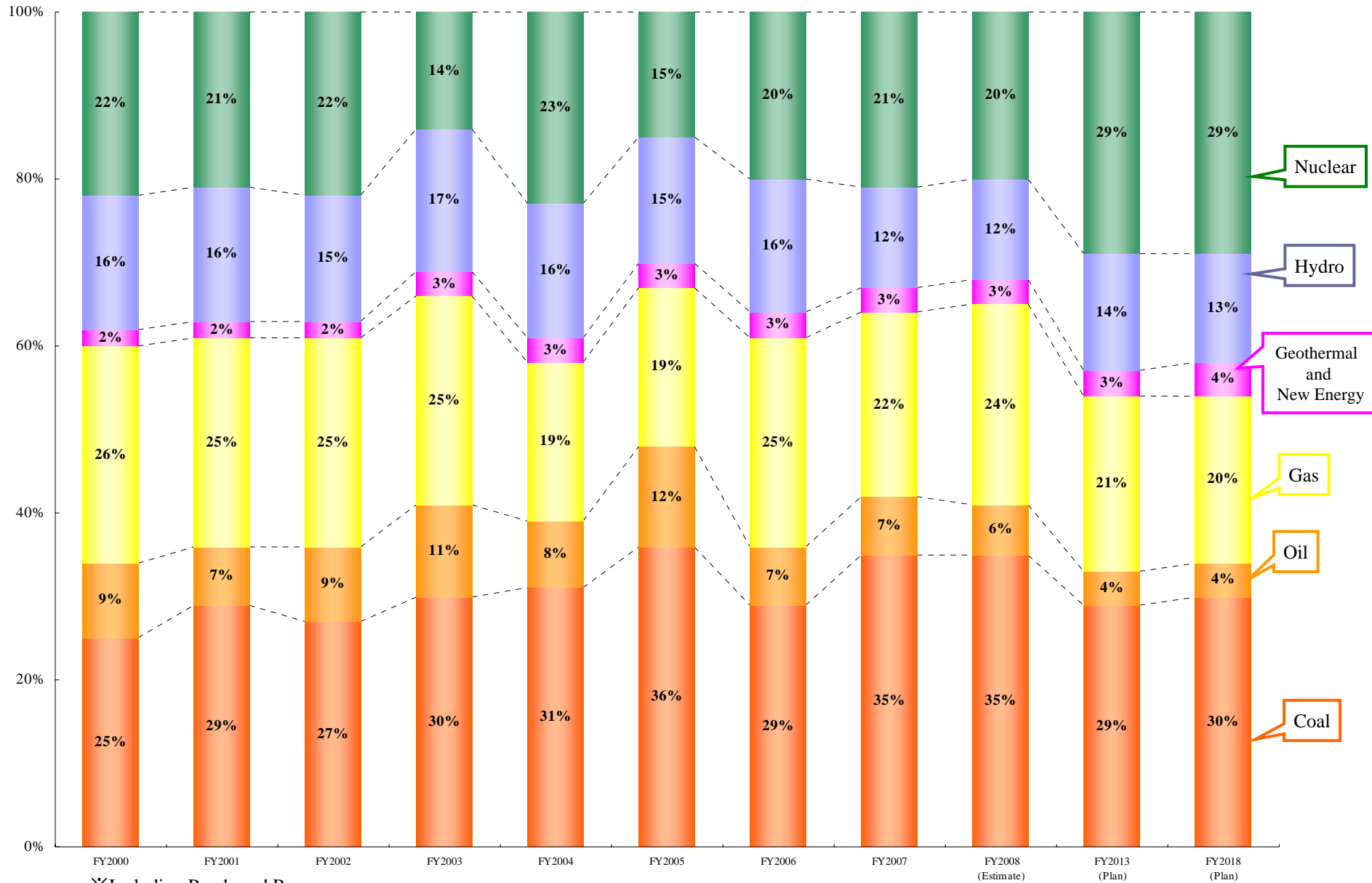
In addition to actions on the supply side, we will take actions toward realization of the goal of reduced CO₂ emissions by utilizing the mechanisms provided under the Kyoto protocol.



(Ref.) 1. Electric Power Sales



(Ref.) 2. Power Generated by Energy Sources



(Ref.) 3.Plant and Equipment Expenditures

14

(100 millions of yen)

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008 (Estimate)	FY2009 (Plan)
Power Sources Subtotal	966	1,213	779	679	1,049	561	379	434	706	684
Transmission	561	355	338	276	292	410	527	661	733	690
Transformation	193	239	225	208	255	174	209	184	215	471
Distribution	482	427	388	432	358	389	395	438	446	401
Dispatch	5	16	51	3	6	5	34	22	9	10
Supply Facilities Subtotal	1,243	1,038	1,002	920	912	977	1,167	1,305	1,403	1,572
Other	111	140	166	123	132	168	131	273	294	387
Nuclear Fuel	228	166	246	162	154	165	119	129	157	190
Other and Nuclear Fuel	341	308	414	286	287	334	250	402	451	577
Electric Business Total	2,550	2,559	2,195	1,885	2,248	1,872	1,796	2,141	2,560	2,833

(Ref.) 4.Capital Raised for Plant and Equipment

15

(100 millions of yen)

	FY2008 (Estimate)	FY2009 (Plan)
Plant and Equipment Expenditures	2,560	2,833
Internal Funds	2,010	2,591
Internal Reserve	1,871	2,891
Depreciation	2,254	2,172
Other	(384)	719
Customer Construction Etc.	140	(299)
External	550	242
Bonds [amount of issue]	1,400	1,400
Net Proceeds from Bonds	396	496
Borrowings	154	(254)

(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.