

July 29, 2008

Financial Results for the 1st Quarter of Fiscal Year 2008

Tohoku Electric Power Co., Inc. (“Company”) has submitted the summary of business results for the first quarter of fiscal 2008 (April 1, 2008 to June 30, 2008) to the Tokyo Stock Exchange and the Osaka Securities Exchange today.

Outline of the Consolidated Operating Results

In the electricity business, operating revenues and ordinary revenues amounted to 418.3 billion yen (an increase of 27.5 billion yen (+ 7.0%) y/y) and 421.3 billion yen (an increase of 28.5 billion yen (+ 7.3%) y/y), respectively, due to the growth of electricity sales volume in addition to an increase in electricity sales revenues reflecting the fuel cost adjustment.

On the other hand, ordinary expenses in the electricity business increased by 50.4 billion yen (+ 13.7%) compared with the previous year to 417.7 billion yen, as a result of increased fuel costs from the surging oil price and an increase in purchased power despite a decrease in depreciation and amortization expenses.

Accordingly, ordinary income and net income for the first quarter were 3.5 billion yen (a decrease of 21.8 billion yen (-85.9%) y/y) and 3.4 billion yen (-77.2%) y/y), respectively.

Electricity Sales Volume

The electricity sales volume of the Company reached 19.9 billion kWh, a 0.4% increase on a year-on-year basis, establishing a new record high for the 6th straight year. This was mostly attributable to robust production by the “nonferrous metals industry” with a large-scale industrial demand, despite decreased heating demands due to relatively warm temperatures in early spring.

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2008 - June 30, 2008)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for three months ended June 30, 2008, which has been filed with the Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. for public inspection.

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(Note) All monetary values are rounded down to the nearest units as indicated in each table.

1. Business Results for Consolidated First Quarter Period in FY 2008 (Three months ended June 30, 2008)

(1) Progresses of Financial Results

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3 months ended Jun. 30, 2008	418,372	-	12,288	-	3,594	-	3,461	-
3 months ended Jun. 30, 2007	390,835	(2.8)	36,693	(19.0)	25,473	(25.7)	15,189	(20.3)
	Net income per share		Diluted net income per share					
	Yen		Yen					
3 months ended Jun. 30, 2008	6.94		—					
3 months ended Jun. 30, 2007	30.45		—					

(Note) Percentage figures represent changes as compared to the same period of the previous year.

(2) Changes in Financial Positions

	Total assets	Net assets	Equity ratio to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Jun. 30, 2008	3,993,711	1,005,481	23.9	1,915.82
Mar. 31, 2008	4,033,835	1,015,352	23.9	1,933.42

2. Dividends

	Cash dividends per share				
	Jun. 30, 2008	Sep. 30, 2008	Dec. 31, 2008	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2008	-	30.00	-	30.00	60.00
Year ending Mar. 31, 2009	-				
Year ending Mar. 31, 2009 (forecast)		30.00	-	30.00	60.00

3. Business Results Forecast for Consolidated FY 2008 (Year ending March 31, 2009)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter of FY 2008	900,000	-	3,000	-	(18,000)	-	(10,000)	-	(20.05)
FY 2008	1,930,000	7.1	(53,000)	-	(95,000)	-	(63,000)	-	(126.33)

(Note) Percentage figures represent changes as compared to the same period of the previous year.

(Reference) Summary of Non-Consolidated Financial Statements

Business Results Forecast for Non-Consolidated FY 2008 (Year ending March 31, 2009)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter of FY 2008	810,000	-	(10,000)	-	(30,000)	-	(15,000)	-	(30.08)
FY 2008	1,740,000	9.0	(80,000)	-	(120,000)	-	(75,000)	-	(150.40)

(Note) Percentage figures represent changes as compared to the same period of the previous year.

CONSOLIDATED BALANCE SHEETS (Unaudited)

First Quarter FY 2008 (As of June 30, 2008) and FY 2007 (As of March 31, 2008)

Assets		(Millions of yen)	
	Item	June 30, 2008	March 31, 2008
Fixed assets (property, plant and equipment):		3,620,525	3,634,639
Electric utility fixed assets:		2,575,932	2,612,144
	Hydro power plant	178,737	180,852
	Thermal power plant	353,025	359,072
	Nuclear power plant	420,432	435,347
	Transmission plant	635,708	639,936
	Transformation plant	260,313	262,023
	Distribution plant	608,752	612,788
	General plant	112,763	115,819
	Other	6,197	6,304
Other fixed assets		258,695	262,134
Construction work in progress		204,304	182,207
Nuclear fuel:		140,942	140,775
	Loaded nuclear fuel	33,148	32,043
	Nuclear fuel under processing	107,794	108,732
Investments in and advances to:		440,650	437,378
	Long-term investments	85,314	79,582
	Fund for reprocessing costs of irradiated nuclear fuel	102,988	106,016
	Deferred income taxes	154,725	154,252
	Other	98,800	98,719
	Allowance for uncollectibles	(1,179)	(1,192)
Current assets:		373,185	399,195
	Cash and deposits	94,161	121,081
	Trade notes receivable and amounts due from customers	121,711	140,655
	Inventories	85,800	69,378
	Deferred income taxes	12,651	16,664
	Other	60,231	53,348
	Allowance for uncollectibles	(1,368)	(1,933)
Total assets		3,993,711	4,033,835

Liabilities and net assets

(Millions of yen)

Item	June 30, 2008	March 31, 2008
Fixed liabilities:	2,234,726	2,274,354
Bonds	1,150,531	1,160,524
Long-term debt	564,523	588,530
Accrued retirement benefits	188,322	188,484
Reserve for reprocessing costs of irradiated nuclear fuel	109,018	109,470
Pre-reserve for reprocessing costs of irradiated nuclear fuel	5,902	5,591
Reserve for decommissioning costs of nuclear power units	49,891	49,007
Deferred income taxes	111	110
Deferred income taxes on revaluation adjustments	2,744	2,748
Other	163,680	169,885
Current liabilities:	744,137	731,079
Current portion of long-term debt	221,628	218,669
Short-term borrowings	58,402	56,148
Trade notes and accounts payable	133,603	164,650
Accrued taxes	13,755	25,362
Other	316,747	266,248
Reserve:	9,365	13,049
Reserve for fluctuation in water levels	9,365	13,049
Total liabilities	2,988,229	3,018,483
Shareholders' equity:	947,416	958,990
Common stock	251,441	251,441
Capital surplus	26,678	26,678
Retained earnings	677,297	688,795
Treasury stock, at cost	(8,001)	(7,925)
Valuation and translation adjustments:	7,973	5,241
Net unrealized holding gain on securities	7,926	5,477
Revaluation adjustments	(1,198)	(1,196)
Foreign currency translation adjustments	1,246	961
Minority interests in consolidated subsidiaries	50,090	51,120
Total net assets	1,005,481	1,015,352
Total liabilities and net assets	3,993,711	4,033,835

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

First Quarter FY 2008 (Three months ended June 30, 2008)

	(Millions of yen)
Item	Three Months Ended June 30, 2008
Operating revenues:	418,372
Electric power	383,261
Other	35,111
Operating expenses:	406,084
Electric power	371,192
Other	34,891
Operating income	12,288
Other income:	2,960
Dividends income	584
Interest income	483
Gain from sales of fixed assets	60
Other	1,831
Other expenses:	11,654
Interest expense	11,083
Other	571
Total amount of revenues	421,333
Total amount of expenses	417,738
Ordinary income	3,594
Special item:	(3,683)
Reversal of reserve for fluctuation in water levels	(3,683)
Income before income taxes and minority interests	7,278
Current income taxes	1,169
Deferred income taxes	2,343
Minority interests in earnings of consolidated subsidiaries	303
Net income	3,461

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

First Quarter FY 2008 (Three months ended June 30, 2008)

	(Millions of yen)
Item	Three Months Ended June 30, 2008
Operating activities:	
Income before income taxes and minority interests	7,278
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:	
Depreciation	64,128
Amortization of nuclear fuel	2,082
Loss on sales and disposal of property, plant and equipment	1,760
Reversal of accrued retirement benefits	(161)
Reversal of reserve for reprocessing costs of irradiated nuclear fuel	(451)
Provision for pre-reserve for reprocessing costs of irradiated nuclear fuel	311
Provision for reserve for decommissioning costs of nuclear power units	883
Reversal of reserve for fluctuation in water levels	(3,683)
Interest and dividend income	(1,068)
Interest expense	11,083
Changes in operating assets and liabilities:	
Amounts due from customers	10,175
Accounts payable	(31,327)
Other operating assets and liabilities	(23,187)
Subtotal	37,822
Interest and dividends received	1,055
Interest paid	(14,522)
Income taxes paid	(7,579)
Net cash provided by operating activities	16,776
Investing activities:	
Acquisition of property, plant and equipment	(51,289)
Payments for investments and advances	(2,187)
Proceeds from sales or collections of investments and advances	1,172
Changes in other assets and liabilities	(807)
Net cash used in investing activities	(53,111)
Financing activities:	
Proceeds from issuance of bonds	9,969
Redemption of bonds	(10,000)
Proceeds from long-term loans	400
Repayment of long-term loans	(31,633)
Proceeds from short-term borrowings	106,662
Repayment of short-term borrowings	(104,408)
Proceeds from issuance of commercial paper	219,000
Redemption of commercial paper	(152,000)
Cash dividends	(13,461)
Cash dividends to minority shareholders	(502)
Other	(195)
Net cash provided by financing activities	23,829
Effect of exchange rate changes on cash and cash equivalents	21
Net decrease in cash and cash equivalents	(12,483)
Cash and cash equivalents at beginning of the period	124,359
Cash and cash equivalents at end of the period	111,876

(Reference) CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

First Quarter FY 2007 (Three months ended June 30, 2007)

	(Millions of yen)
Item	Three Months Ended June 30, 2007
Operating revenues:	390,835
Electric power	362,695
Other	28,139
Operating expenses:	354,142
Electric power	325,738
Other	28,403
Operating income	36,693
Other income:	1,938
Dividends income	523
Interest income	451
Gain from sales of fixed assets	278
Other	684
Other expenses:	13,157
Interest expense	11,621
Other	1,536
Total amount of revenues	392,773
Total amount of expenses	367,300
Ordinary income	25,473
Special item:	(2,374)
Reversal of reserve for fluctuation in water levels	(2,374)
Income before income taxes and minority interests	27,848
Current income taxes	12,078
Deferred income taxes	813
Minority interests in loss of consolidated subsidiaries	233
Net income	15,189

(Note)

This report 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.