

January 29, 2009

### **Financial Results up to the 3<sup>rd</sup> Quarter of Fiscal Year 2008**

Tohoku Electric Power Co., Inc. (“Company”) has submitted the summary of business results for the first through third quarters of fiscal 2008 (April 1, 2008 to December 31, 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 1,321.2 billion yen (an increase of 38.9 billion yen (+3.0%) y/y) and 1,328.0 billion yen (an increase of 40.3 billion yen (+3.1%) y/y), respectively, due to the decrease in electricity sales volume being offset by increased electric power rates for both residential and industrial consumers, reflecting the fuel cost adjustment.

On the other hand, ordinary expenses in the electricity business stood at 1,376.5 billion yen (an increase of 128.7 billion yen (+10.3%) y/y) as a result of increased fuel costs from surging fuel prices and the increase in purchased power despite the decrease in depreciation and amortization expenses compared with the previous year.

Accordingly, ordinary loss and net loss up to the third quarter were 48.4 billion yen and 30.2 billion yen, respectively.

#### *Electricity Sales Volume*

The electricity sales volume of the Company was 60.5 billion kWh, a 0.7% decrease on a year-on-year basis. A warmer-than-usual early spring and cooler summer had a negative impact on heating and cooling demands, and a sudden downturn of the global economy and appreciation of the yen caused a decrease in production and therefore demand in large-scale industries such steel and machinery.

# Tohoku Electric Power Co., Inc.

## Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2008 - December 31, 2008)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for nine months ended December 31, 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 Third Quarter Period in FY 2008 (Nine months ended December 31, 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	%
9 months ended Dec. 31, 2008	1,321,203	-	(18,817)	-	(48,439)	-	(30,292)	-
9 months ended Dec. 31, 2007	1,282,247	3.2	71,496	(23.6)	39,974	(34.5)	23,230	(28.0)
	Net income per share		Diluted net income per share					
	Yen		Yen					
9 months ended Dec. 31, 2008	(60.75)		—					
9 months ended Dec. 31, 2007	46.57		—					

(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
Dec. 31, 2008	4,029,516	950,040	22.3	1,803.87
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	-	30.00	-	-	-
Year ending Mar. 31, 2009 (forecast)	-	-	-	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
FY 2008	1,880,000	4.3	7,000	(91.3)	(35,000)	-	(24,000)	-	(48.14)

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

(Reference)

**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
FY 2008	1,690,000	5.9	(20,000)	-	(60,000)	-	(36,000)	-	(72.20)

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

# CONSOLIDATED BALANCE SHEETS (Unaudited)

Third Quarter FY 2008 (As of December 31, 2008) and FY 2007 (As of March 31, 2008)

Assets		(Millions of yen)	
	Item	December 31, 2008	March 31, 2008
Fixed assets (property, plant and equipment):		3,617,349	3,634,639
Electric utility fixed assets:		2,531,191	2,612,144
	Hydro power plant	174,018	180,852
	Thermal power plant	346,734	359,072
	Nuclear power plant	397,360	435,347
	Transmission plant	629,375	639,936
	Transformation plant	254,970	262,023
	Distribution plant	605,618	612,788
	General plant	117,142	115,819
	Other	5,970	6,304
Other fixed assets		252,104	262,134
Construction work in progress		239,036	182,207
Nuclear fuel:		144,396	140,775
	Loaded nuclear fuel	28,861	32,043
	Nuclear fuel under processing	115,535	108,732
Investments in and advances to:		450,620	437,378
	Long-term investments	74,608	79,582
	Fund for reprocessing costs of irradiated nuclear fuel	102,590	106,016
	Deferred income taxes	176,901	154,252
	Other	98,002	98,719
	Allowance for uncollectibles	(1,481)	(1,192)
Current assets:		412,166	399,195
	Cash and deposits	103,547	121,081
	Trade notes receivable and amounts due from customers	127,744	140,655
	Inventories	97,031	69,378
	Deferred income taxes	13,435	16,664
	Other	71,507	53,348
	Allowance for uncollectibles	(1,100)	(1,933)
Total assets		4,029,516	4,033,835

**Liabilities and net assets**

(Millions of yen)

Item	December 31, 2008	March 31, 2008
Fixed liabilities:	2,291,752	2,274,354
Bonds	1,190,543	1,160,524
Long-term debt	590,272	588,530
Accrued retirement benefits	188,451	188,484
Reserve for reprocessing costs of irradiated nuclear fuel	109,555	109,470
Pre-reserve for reprocessing costs of irradiated nuclear fuel	7,167	5,591
Reserve for decommissioning costs of nuclear power units	52,291	49,007
Deferred income taxes	107	110
Deferred income taxes on revaluation adjustments	2,726	2,748
Other	150,636	169,885
Current liabilities:	781,822	731,079
Current portion of long-term debt	205,096	218,669
Short-term borrowings	57,260	56,148
Trade notes and accounts payable	151,811	164,650
Accrued taxes	14,865	25,362
Other	352,788	266,248
Reserve:	5,901	13,049
Reserve for fluctuation in water levels	5,901	13,049
<b>Total liabilities</b>	<b>3,079,476</b>	<b>3,018,483</b>
Shareholders' equity:	898,505	958,990
Common stock	251,441	251,441
Capital surplus	26,700	26,678
Retained earnings	628,598	688,795
Treasury stock, at cost	(8,234)	(7,925)
Valuation and translation adjustments:	895	5,241
Net unrealized holding gain on securities	2,006	5,477
Revaluation adjustments	(1,211)	(1,196)
Foreign currency translation adjustments	101	961
Minority interests in consolidated subsidiaries	50,638	51,120
<b>Total net assets</b>	<b>950,040</b>	<b>1,015,352</b>
<b>Total liabilities and net assets</b>	<b>4,029,516</b>	<b>4,033,835</b>

# **CONSOLIDATED STATEMENT OF INCOME (Unaudited)**

Third Quarter FY 2008 (Nine months ended December 31, 2008)

	(Millions of yen)
Item	Nine Months Ended December 31, 2008
Operating revenues:	1,321,203
Electric power	1,192,152
Other	129,051
Operating expenses:	1,340,020
Electric power	1,216,895
Other	123,124
Operating loss	(18,817)
Other income:	6,864
Dividends income	790
Interest income	1,665
Gain from sales of fixed assets	323
Other	4,084
Other expenses:	36,486
Interest expense	33,609
Other	2,877
Total amount of revenues	1,328,067
Total amount of expenses	1,376,507
Ordinary loss	(48,439)
Special item:	(7,148)
Reversal of reserve for fluctuation in water levels	(7,148)
Loss before income taxes and minority interests	(41,291)
Current income taxes	5,098
Deferred income taxes	(17,397)
Minority interests in earnings of consolidated subsidiaries	1,298
Net loss	(30,292)

# **CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**

Third Quarter FY 2008 (Nine months ended December 31, 2008)

	(Millions of yen)
Item	Nine Months Ended December 31, 2008
<b>Operating activities:</b>	
Loss before income taxes and minority interests	(41,291)
Adjustments to reconcile loss before income taxes and minority interests to net cash provided by operating activities:	
Depreciation	190,864
Amortization of nuclear fuel	7,669
Loss on sales and disposal of property, plant and equipment	7,927
Reversal of accrued retirement benefits	(32)
Provision for reserve for reprocessing costs of irradiated nuclear fuel	84
Provision for pre-reserve for reprocessing costs of irradiated nuclear fuel	1,575
Provision for reserve for decommissioning costs of nuclear power units	3,283
Reversal of reserve for fluctuation in water levels	(7,148)
Interest and dividend income	(2,456)
Interest expense	33,609
Changes in operating assets and liabilities:	
Amounts due from customers	(14,328)
Accounts payable	(13,226)
Other operating assets and liabilities	(50,660)
<b>Subtotal</b>	<b>115,869</b>
Interest and dividends received	2,439
Interest paid	(35,104)
Income taxes paid	(9,967)
<b>Net cash provided by operating activities</b>	<b>73,237</b>
<b>Investing activities:</b>	
Acquisition of property, plant and equipment	(169,993)
Payments for investments and advances	(5,268)
Proceeds from sales or collections of investments and advances	3,623
Changes in other assets and liabilities	45,949
<b>Net cash used in investing activities</b>	<b>(125,688)</b>
<b>Financing activities:</b>	
Proceeds from issuance of bonds	119,676
Redemption of bonds	(100,000)
Proceeds from long-term loans	69,277
Repayment of long-term loans	(69,575)
Proceeds from short-term borrowings	244,387
Repayment of short-term borrowings	(243,276)
Proceeds from issuance of commercial paper	517,000
Redemption of commercial paper	(464,000)
Cash dividends	(28,560)
Cash dividends to minority shareholders	(714)
Other	(769)
<b>Net cash provided by financing activities</b>	<b>43,445</b>
Effect of exchange rate changes on cash and cash equivalents	(84)
Net decrease in cash and cash equivalents	(9,090)
Cash and cash equivalents at beginning of the period	124,359
Cash and cash equivalents at end of the period	115,269

**(Reference) CONSOLIDATED STATEMENT OF INCOME (Unaudited)**

Third Quarter FY 2007 (Nine months ended December 31, 2007)

	(Millions of yen)
Item	Nine Months Ended December 31, 2007
Operating revenues:	1,282,247
Electric power	1,144,852
Other	137,394
Operating expenses:	1,210,751
Electric power	1,079,719
Other	131,031
Operating income	71,496
Other income:	5,445
Dividends income	707
Interest income	1,580
Gain from sales of fixed assets	482
Other	2,675
Other expenses:	36,967
Interest expense	34,718
Other	2,248
Total amount of revenues	1,287,693
Total amount of expenses	1,247,718
Ordinary income	39,974
Special item:	(5,155)
Reversal of reserve for fluctuation in water levels	(5,155)
Income before income taxes and minority interests	45,129
Current income taxes	19,484
Deferred income taxes	790
Minority interests in earnings of consolidated subsidiaries	1,624
Net income	23,230



**(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.

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