

January 28, 2010

### **Financial Results up to the Third Quarter of Fiscal Year 2009**

Tohoku Electric Power Co., Inc. (hereinafter, Tohoku EPCO), today registered a summary of its financial statements for the first through third quarters (from April 1, 2009 to December 31, 2009) on the Tokyo Stock Exchange's TDnet (Timely Disclosure Network).

#### **【Consolidated operating revenues】**

Because of declines in sales of electricity business and orders in other businesses due to the recession, consolidated operating revenues were down by ¥126.8 billion (a 9.6 % decrease), to ¥1,194.3 billion, and ordinary revenue decreased by ¥128.5 billion (a 9.7% decrease), to ¥1,199.5 billion, compared to the same period of the previous fiscal year.

With respect to expenses, in the electric utility business, declines in fuel costs due to the drop in fuel prices and decreases in expenses of power purchased resulted in ordinary expenses of ¥1,161.8 billion (a year-on-year decrease of ¥214.6 billion, or a 15.6% decrease).

As a result, consolidated ordinary income was ¥37.6 billion and consolidated net income was ¥25.3 billion for the first through third quarters ended December 31, 2009.

#### **【Electric power sold by Tohoku EPCO】**

The electricity sales volume of the Company was 56.8 billion kWh, a 6.1% decrease year-on-year, falling below the previous year's result, in spite of the increase in all-electric housing. This was primarily because of reduction of output due to the recession. In addition, the demand for air-conditioning declined because the temperature of this summer was lower than that of the previous year.

# Tohoku Electric Power Co., Inc.

## Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2009 - December 31, 2009)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for nine months ended December 31, 2009, 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 2009 (Nine months ended December 31, 2009)

#### (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, 2009	1,194,392	(9.6)	69,090	-	37,687	-	25,356	-
9 months ended Dec. 31, 2008	1,321,203	-	(18,817)	-	(48,439)	-	(30,292)	-

  

	Net income per share	Diluted net income per share
	Yen	Yen
9 months ended Dec. 31, 2009	50.86	-
9 months ended Dec. 31, 2008	(60.75)	-

(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, 2009	3,945,461	942,504	22.6	1,788.35
Mar. 31, 2009	4,019,321	948,291	22.3	1,798.50

### 2. Dividends

	Cash dividends per share				
	Jun. 30, 2009	Sep. 30, 2009	Dec. 31, 2009	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2009	-	30.00	-	30.00	60.00
Year ending Mar. 31, 2010	-	30.00	-		
Year ending Mar. 31, 2010 (forecast)				30.00	60.00

### 3. Business Results Forecast for Consolidated FY 2009 (Year ending March 31, 2010)

	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 2009	1,670,000	(9.4)	89,000	-	46,000	-	26,000	-	52.15

(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 2009 (Year ending March 31, 2010)**

	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 2009	1,510,000	(9.3)	70,000	—	30,000	—	20,000	—	40.12

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

**CONSOLIDATED BALANCE SHEETS (Unaudited)**

Third Quarter FY 2009 (As of December 31, 2009) and FY 2008 (As of March 31, 2009)

<b>Assets</b>		(Millions of yen)	
	Item	December 31, 2009	March 31, 2009
Fixed assets (property, plant and equipment):		3,576,741	3,588,986
Electric utility fixed assets:		2,453,824	2,519,178
	Hydro power plant	169,353	175,027
	Thermal power plant	326,130	339,861
	Nuclear power plant	370,199	396,939
	Transmission plant	613,298	628,504
	Transformation plant	247,179	252,488
	Distribution plant	605,072	608,188
	General plant	115,907	111,166
	Other	6,682	7,003
Other fixed assets		243,164	252,321
Construction work in progress		303,670	248,002
Nuclear fuel:		149,208	142,309
	Loaded nuclear fuel	32,199	26,949
	Nuclear fuel under processing	117,009	115,360
Investments in and advances to:		426,873	427,174
	Long-term investments	72,938	72,684
	Fund for reprocessing costs of irradiated nuclear fuel	103,130	105,445
	Deferred income taxes	156,739	154,231
	Other	95,397	96,292
	Allowance for uncollectibles	(1,333)	(1,479)
Current assets:		368,719	430,335
	Cash and deposits	111,418	112,952
	Trade notes receivable and amounts due from customers	111,034	140,553
	Inventories	75,364	84,311
	Deferred income taxes	21,033	38,643
	Other	50,743	54,936
	Allowance for uncollectibles	(875)	(1,063)
Total assets		3,945,461	4,019,321

**Liabilities and net assets**

(Millions of yen)

Item	December 31, 2009	March 31, 2009
Fixed liabilities:	2,306,556	2,304,365
Bonds	1,270,569	1,210,550
Long-term debt	523,664	588,675
Accrued retirement benefits	209,394	187,612
Reserve for reprocessing costs of irradiated nuclear fuel	110,383	109,619
Pre-reserve for reprocessing costs of irradiated nuclear fuel	9,047	7,515
Reserve for decommissioning costs of nuclear power units	56,418	53,320
Deferred income taxes on revaluation adjustments	2,531	2,711
Other	124,546	144,360
Current liabilities:	696,376	758,808
Current portion of long-term debt	197,283	201,865
Short-term borrowings	56,960	55,660
Trade notes and accounts payable	90,676	141,716
Accrued taxes	21,187	20,799
Other	330,269	338,766
Reserve:	23	7,855
Reserve for fluctuation in water levels	23	7,855
<b>Total liabilities</b>	<b>3,002,956</b>	<b>3,071,029</b>
Shareholders' equity:	892,485	896,989
Common stock	251,441	251,441
Capital surplus	26,703	26,702
Retained earnings	622,664	627,120
Treasury stock, at cost	(8,323)	(8,275)
Valuation and translation adjustments:	(894)	(293)
Net unrealized holding gain on securities	184	780
Revaluation adjustments	(1,290)	(1,222)
Foreign currency translation adjustments	210	149
Minority interests in consolidated subsidiaries	50,913	51,595
<b>Total net assets</b>	<b>942,504</b>	<b>948,291</b>
<b>Total liabilities and net assets</b>	<b>3,945,461</b>	<b>4,019,321</b>

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

Third Quarter FY 2009 (Nine months ended December 31, 2009) and Third Quarter FY 2008 (Nine months ended December 31, 2008)

Item	(Millions of yen)	
	Nine Months Ended December 31,	
	2009	2008
Operating revenues:	1,194,392	1,321,203
Electric power	1,084,587	1,192,152
Other	109,804	129,051
Operating expenses:	1,125,302	1,340,020
Electric power	1,019,853	1,216,895
Other	105,448	123,124
Operating income (loss)	69,090	(18,817)
Other income:	5,144	6,864
Dividends income	888	790
Interest income	1,472	1,665
Gain from sales of fixed assets	87	323
Other	2,695	4,084
Other expenses:	36,546	36,486
Interest expense	32,322	33,609
Other	4,224	2,877
Total amount of revenues	1,199,536	1,328,067
Total amount of expenses	1,161,848	1,376,507
Ordinary income (loss)	37,687	(48,439)
Special item:	(7,832)	(7,148)
Reversal of reserve for fluctuation in water levels	(7,832)	(7,148)
Income (loss) before income taxes and minority interests	45,519	(41,291)
Current income taxes	3,921	5,098
Deferred income taxes	16,110	(17,397)
Total amount of income taxes	20,031	(12,298)
Minority interests in earnings of consolidated subsidiaries	131	1,298
Net income (loss)	25,356	(30,292)

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

Third Quarter FY 2009 (Nine months ended December 31, 2009) and Third Quarter FY 2008 (Nine months ended December 31, 2008)

(Millions of yen)

Item	Nine Months Ended December 31,	
	2009	2008
<b>Operating activities:</b>		
Income (loss) before income taxes and minority interests	45,519	(41,291)
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:		
Depreciation	180,713	190,864
Amortization of nuclear fuel	6,912	7,669
Loss on sales and disposal of property, plant and equipment	8,334	7,927
Provision for (Reversal of) accrued retirement benefits	21,782	(32)
Provision for reserve for reprocessing costs of irradiated nuclear fuel	764	84
Provision for pre-reserve for reprocessing costs of irradiated nuclear fuel	1,532	1,575
Provision for reserve for decommissioning costs of nuclear power units	3,097	3,283
Reversal of reserve for fluctuation in water levels	(7,832)	(7,148)
Interest and dividend income	(2,361)	(2,456)
Interest expense	32,322	33,609
Changes in operating assets and liabilities:		
Amounts due from customers	7,083	(14,328)
Accounts payable	(51,314)	(13,226)
Other operating assets and liabilities	(2,166)	(50,660)
<b>Subtotal</b>	<b>244,388</b>	<b>115,869</b>
Interest and dividends received	2,343	2,439
Interest paid	(34,280)	(35,104)
Income taxes paid	(8,481)	(9,967)
<b>Net cash provided by operating activities</b>	<b>203,969</b>	<b>73,237</b>
<b>Investing activities:</b>		
Acquisition of property, plant and equipment	(210,534)	(169,993)
Payments for investments and advances	(14,459)	(5,268)
Proceeds from sales or collections of investments and advances	10,806	3,623
Changes in other assets and liabilities	55,915	45,949
<b>Net cash used in investing activities</b>	<b>(158,271)</b>	<b>(125,688)</b>
<b>Financing activities:</b>		
Proceeds from issuance of bonds	119,632	119,676
Redemption of bonds	(90,000)	(100,000)
Proceeds from long-term loans	30,183	69,277
Repayment of long-term loans	(67,508)	(69,575)
Proceeds from short-term borrowings	226,430	244,387
Repayment of short-term borrowings	(225,130)	(243,276)
Proceeds from issuance of commercial paper	372,000	517,000
Redemption of commercial paper	(394,000)	(464,000)
Cash dividends paid	(28,438)	(28,560)
Cash dividends paid to minority shareholders	(793)	(714)
Other	(856)	(769)
<b>Net cash (used in) provided by financing activities</b>	<b>(58,480)</b>	<b>43,445</b>
Effect of exchange rate changes on cash and cash equivalents	6	(84)
Net decrease in cash and cash equivalents	(12,776)	(9,090)
Cash and cash equivalents at beginning of the period	129,905	124,359
Decrease in cash and cash equivalents resulting from exclusion of subsidiary from consolidation	(22)	-
Cash and cash equivalents at end of the period	117,106	115,269

**(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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