

October 29, 2010

### **Financial Results up to the Second Quarter of Fiscal 2010**

Tohoku Electric Power Co., Inc. (hereinafter, Tohoku EPCO), today registered a summary of its financial statements for the first through the second quarters (from April 1, 2010 to September 30, 2010) on the Tokyo Stock Exchange's TDnet (Timely Disclosure Network).

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

Due to the increase in electricity sold by Tohoku EPCO, consolidated operating revenues was ¥836.5 billion (a year-on-year increase of ¥32.3 billion, or a 4.0 % increase), and ordinary revenue was ¥841.2 billion (a year-on-year increase of ¥33.4 billion, or a 4.1% increase.)

With respect to expenses, despite the increase in electricity sold by the Company, ordinary expenses stood at ¥772.8 billion yen (an increase of ¥6.4 billion over the same period of the previous fiscal year, or a 0.8 % increase) since fuel expenses rose only slightly because of higher operating rates of nuclear power station.

As a result, consolidated ordinary income was ¥68.4 billion (a year-on-year increase of ¥26.9 billion, or a 65.2 % increase) and consolidated net income was ¥34.9 billion.

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

The electricity sales of the Company were 41.1 billion kWh (a 9.6% increase year-on-year). This was primarily because of record heat wave in this summer, resulting higher demand for air-conditioning, and the increase of all-electric housings. In addition, there was a recovery movement of production in industrial demand and significant rebound from the decrease in output in the same period of previous year, specifically for non-ferrous metal, steel, machinery and chemical.

# Tohoku Electric Power Co., Inc.

## Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2010 - September 30, 2010)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for six months ended September 30, 2010, 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 Second Quarter Period in FY 2010 (Six months ended September 30, 2010)

#### (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 | %    |
| 6 months ended Sep. 30, 2010 | 836,594            | 4.0   | 86,002           | 35.5 | 68,412          | 65.2 | 34,993          | 26.8 |
| 6 months ended Sep. 30, 2009 | 804,225            | (8.9) | 63,486           | -    | 41,416          | -    | 27,602          | -    |

  

|                              | Net income per share | Diluted net income per share |
|------------------------------|----------------------|------------------------------|
|                              | Yen                  | Yen                          |
| 6 months ended Sep. 30, 2010 | 70.19                | 70.18                        |
| 6 months ended Sep. 30, 2009 | 55.36                | -                            |

(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                  |
| Sep. 30, 2010 | 3,961,976       | 960,829         | 23.0                         | 1,825.32             |
| Mar. 31, 2010 | 3,918,574       | 943,973         | 22.8                         | 1,790.38             |

### 2. Dividends

|   | Cash dividends per share |               |               |          |              |
|---|--------------------------|---------------|---------------|----------|--------------|
|   | Jun. 30, 2010            | Sep. 30, 2010 | Dec. 31, 2010 | Year-end | Annual total |
|   | Yen                      | Yen           | Yen           | Yen      | Yen          |
| Year ended Mar. 31, 2010                | -                        | 30.00         | -             | 30.00    | 60.00        |
| Year ending Mar. 31, 2011               | -                        | 30.00         |               |          |              |
| Year ending Mar. 31, 2011<br>(forecast) |                          |               | -             | 30.00    | 60.00        |

### 3. Business Results Forecast for Consolidated FY 2010 (Year ending March 31, 2011)

|         | 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 2010 | 1,710,000          | 2.8 | 112,000          | 25.5 | 76,000          | 75.5 | 36,000          | 39.5 | 72.21                |

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

(Reference)

**Business Results Forecast for Non-Consolidated FY 2010 (Year ending March 31, 2011)**

|         | 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 2010 | 1,550,000          | 2.8 | 95,000           | 29.2 | 60,000          | 116.5 | 30,000          | 49.0 | 60.18                |

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

# CONSOLIDATED BALANCE SHEETS (Unaudited)

Second Quarter FY 2010 (As of September 30, 2010) and FY 2009 (As of March 31, 2010)

| Assets   | (Millions of yen)  |                |
|--|--------------------|----------------|
| Item   | September 30, 2010 | March 31, 2010 |
| Fixed assets (property, plant and equipment):          | 3,578,938          | 3,558,344      |
| Electric utility fixed assets:                         | 2,461,289          | 2,429,981      |
| Hydro power plant                                      | 165,010            | 169,709        |
| Thermal power plant                                    | 313,508            | 295,685        |
| Nuclear power plant                                    | 402,423            | 360,676        |
| Transmission plant                                     | 595,588            | 610,626        |
| Transformation plant                                   | 245,404            | 245,746        |
| Distribution plant                                     | 609,489            | 611,457        |
| General plant  | 101,634            | 106,416        |
| Other  | 28,229             | 29,662         |
| Other fixed assets                                     | 237,609            | 245,496        |
| Construction work in progress                          | 283,367            | 305,041        |
| Nuclear fuel:  | 147,606            | 145,230        |
| Loaded nuclear fuel                                    | 27,929             | 28,811         |
| Nuclear fuel under processing                          | 119,676            | 116,418        |
| Investments in and advances to:                        | 449,066            | 432,594        |
| Long-term investments                                  | 90,346             | 75,245         |
| Fund for reprocessing costs of irradiated nuclear fuel | 103,427            | 106,425        |
| Deferred tax assets                                    | 160,594            | 157,201        |
| Other  | 95,610             | 94,863         |
| Allowance for doubtful accounts                        | (913)              | (1,142)        |
| Current assets:  | 383,037            | 360,229        |
| Cash and deposits                                      | 114,064            | 106,652        |
| Trade notes receivable and accounts receivable         | 120,250            | 123,523        |
| Inventories  | 66,550             | 57,543         |
| Deferred tax assets                                    | 19,942             | 20,892         |
| Other  | 62,990             | 52,615         |
| Allowance for doubtful accounts                        | (759)              | (997)          |
| Total assets   | 3,961,976          | 3,918,574      |

**Liabilities and net assets**

(Millions of yen)

| Item  | September 30, 2010 | March 31, 2010   |
|---|--------------------|------------------|
| Fixed liabilities:  | 2,258,712          | 2,232,668        |
| Bonds   | 1,173,590          | 1,192,578        |
| Long-term debt  | 512,478            | 525,416          |
| Accrued retirement benefits                                   | 218,269            | 215,662          |
| Reserve for reprocessing costs of irradiated nuclear fuel     | 110,510            | 110,478          |
| Pre-reserve for reprocessing costs of irradiated nuclear fuel | 11,495             | 9,939            |
| Reserve for decommissioning costs of nuclear power units      | -                  | 58,171           |
| Asset retirement obligations                                  | 123,605            | -                |
| Deferred tax liabilities                                      | 10                 | -                |
| Deferred tax liabilities on revaluation adjustments for land  | 2,319              | 2,528            |
| Other   | 106,433            | 117,892          |
| Current liabilities:  | 740,736            | 740,437          |
| Current portion of long-term debt                             | 279,354            | 257,628          |
| Short-term borrowings   | 56,360             | 54,710           |
| Trade notes and accounts payable                              | 85,630             | 98,386           |
| Accrued income taxes  | 43,487             | 26,131           |
| Other   | 275,903            | 303,581          |
| Reserve:  | 1,698              | 1,495            |
| Reserve for fluctuation in water levels                       | 1,698              | 1,495            |
| <b>Total liabilities</b>                                      | <b>3,001,147</b>   | <b>2,974,601</b> |
| Shareholders' equity:   | 913,061            | 892,924          |
| Common stock  | 251,441            | 251,441          |
| Capital surplus   | 26,702             | 26,702           |
| Retained earnings   | 643,265            | 623,116          |
| Treasury stock, at cost                                       | (8,347)            | (8,335)          |
| Valuation and translation adjustments and other:              | (3,060)            | (334)            |
| Net unrealized holding gain on securities                     | (1,341)            | 953              |
| Revaluation adjustments for land                              | (1,404)            | (1,292)          |
| Foreign currency translation adjustments                      | (314)              | 4                |
| Subscription rights to shares                                 | 265                | -                |
| Minority interests in consolidated subsidiaries               | 50,562             | 51,382           |
| <b>Total net assets</b>                                       | <b>960,829</b>     | <b>943,973</b>   |
| <b>Total liabilities and net assets</b>                       | <b>3,961,976</b>   | <b>3,918,574</b> |

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

Second Quarter FY 2010 (Six months ended September 30, 2010) and Second Quarter FY 2009 (Six months ended September 30, 2009)

| Item  | (Millions of yen)              |         |
|---|--------------------------------|---------|
|   | Six Months Ended September 30, |         |
|   | 2010                           | 2009    |
| Operating revenues:   | 836,594                        | 804,225 |
| Electric power  | 761,956                        | 729,855 |
| Other   | 74,637                         | 74,370  |
| Operating expenses:   | 750,592                        | 740,738 |
| Electric power  | 678,549                        | 669,493 |
| Other   | 72,043                         | 71,245  |
| Operating income  | 86,002                         | 63,486  |
| Other income:   | 4,621                          | 3,519   |
| Dividends income  | 570                            | 607     |
| Interest income   | 1,029                          | 1,005   |
| Gain from sales of fixed assets   | 26                             | 44      |
| Equity in earnings of affiliates  | 1,004                          | -       |
| Other   | 1,990                          | 1,862   |
| Other expenses:   | 22,210                         | 25,590  |
| Interest expense  | 20,117                         | 21,756  |
| Other   | 2,093                          | 3,833   |
| Total amount of revenues  | 841,215                        | 807,745 |
| Total amount of expenses  | 772,802                        | 766,329 |
| Ordinary income   | 68,412                         | 41,416  |
| Special item:   | 227                            | (5,540) |
| Provision for (Reversal of) reserve for fluctuation in water levels                       | 227                            | (5,540) |
| Extraordinary loss:   | 9,854                          | -       |
| Loss on adjustment for changes<br>of accounting standard for asset retirement obligations | 6,554                          | -       |
| Loss on valuation of securities   | 3,300                          | -       |
| Income before income taxes and minority interests   | 58,330                         | 46,956  |
| Current income taxes  | 23,577                         | 2,630   |
| Deferred income taxes   | 15                             | 16,518  |
| Total amount of income taxes  | 23,592                         | 19,149  |
| Income before minority interests  | 34,737                         | -       |
| Minority interests in (losses) earnings of consolidated subsidiaries                      | (256)                          | 204     |
| Net income  | 34,993                         | 27,602  |

# CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Second Quarter FY 2010 (Six months ended September 30, 2010) and Second Quarter FY 2009 (Six months ended September 30, 2009)

| Item   | (Millions of yen)              |                  |
|--|--------------------------------|------------------|
|  | Six Months Ended September 30, |                  |
|  | 2010                           | 2009             |
| <b>Operating activities:</b>   |                                |                  |
| Income before income taxes and minority interests  | 58,330                         | 46,956           |
| Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities: |                                |                  |
| Depreciation   | 118,016                        | 120,462          |
| Decommissioning costs of nuclear power units   | 2,909                          | -                |
| Amortization of nuclear fuel   | 6,032                          | 4,093            |
| Loss on sales and disposal of property, plant and equipment  | 2,696                          | 4,015            |
| Loss on adjustment for changes of accounting standard for asset retirement obligations                                   | 6,554                          | -                |
| Provision for accrued retirement benefits  | 2,606                          | 13,602           |
| Provision for reserve for reprocessing costs of irradiated nuclear fuel  | 31                             | 518              |
| Provision for pre-reserve for reprocessing costs of irradiated nuclear fuel  | 1,556                          | 845              |
| Provision for reserve for decommissioning costs of nuclear power units   | -                              | 1,770            |
| Provision for (Reversal of) reserve for fluctuation in water levels  | 203                            | (5,540)          |
| Interest and dividend income   | (1,600)                        | (1,613)          |
| Interest expense   | 20,117                         | 21,756           |
| Changes in operating assets and liabilities:   |                                |                  |
| Accounts receivable  | (10,121)                       | 18,775           |
| Accounts payable   | (12,552)                       | (51,091)         |
| Other operating assets and liabilities   | (11,418)                       | 19,040           |
| <b>Subtotal</b>  | <b>183,362</b>                 | <b>193,593</b>   |
| Interest and dividends received  | 1,600                          | 1,619            |
| Interest paid  | (19,427)                       | (20,545)         |
| Income taxes paid  | (5,275)                        | (6,901)          |
| <b>Net cash provided by operating activities</b>   | <b>160,259</b>                 | <b>167,766</b>   |
| <b>Investing activities:</b>   |                                |                  |
| Acquisition of property, plant and equipment   | (103,929)                      | (128,357)        |
| Payments for investments and advances  | (28,887)                       | (11,508)         |
| Proceeds from sales or collections of investments and advances   | 4,479                          | 8,395            |
| Changes in other assets and liabilities  | 1,952                          | (613)            |
| <b>Net cash used in investing activities</b>   | <b>(126,385)</b>               | <b>(132,082)</b> |
| <b>Financing activities:</b>   |                                |                  |
| Proceeds from issuance of bonds  | 39,874                         | 59,808           |
| Redemption of bonds  | (10,000)                       | (60,000)         |
| Proceeds from long-term loans  | 26,700                         | 14,880           |
| Repayment of long-term loans   | (65,302)                       | (38,433)         |
| Proceeds from short-term borrowings  | 169,860                        | 175,780          |
| Repayment of short-term borrowings   | (168,210)                      | (175,480)        |
| Proceeds from issuance of commercial paper   | 172,000                        | 282,000          |
| Redemption of commercial paper   | (170,000)                      | (279,000)        |
| Cash dividends paid  | (14,924)                       | (14,929)         |
| Cash dividends to minority shareholders  | (503)                          | (503)            |
| Other  | (772)                          | (549)            |
| <b>Net cash used in financing activities</b>   | <b>(21,277)</b>                | <b>(36,427)</b>  |
| Effect of exchange rate changes on cash and cash equivalents   | (45)                           | 5                |
| Net increase (decrease) in cash and cash equivalents   | 12,550                         | (738)            |
| Cash and cash equivalents at beginning of the period   | 123,321                        | 129,905          |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiary from consolidation                          | -                              | (22)             |
| <b>Cash and cash equivalents at end of the period</b>  | <b>135,871</b>                 | <b>129,144</b>   |

**(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.