

October 28, 2011

Financial Results for the Second Quarter of Fiscal 2011

Tohoku Electric Power Co., Inc. (hereinafter, Tohoku EPCO), today registered a summary of its financial statements for the second quarter (from April 1, 2011 to September 30, 2011) on the Tokyo Stock Exchange's TDnet (Timely Disclosure Network).

【Consolidated operating revenues】

Consolidated operating revenues were ¥753.8 billion (a year-on-year decrease of ¥82.7 billion, or a 9.9 % decrease), and ordinary revenue were ¥757.7 billion (a year-on-year decrease of ¥83.4 billion, or a 9.9 % decrease) due to the decrease in electricity sales by Tohoku EPCO.

With respect to expenses, despite the decrease in maintenance cost, ordinary expenses stood at ¥830.6 billion (a year-on-year increase of ¥57.8 billion, or a 7.5 % increase) due to the great increase in fuel expenses for thermal power caused by the shutdown of nuclear power stations.

As a result, consolidated ordinary loss was ¥72.8 billion.(a year-on-year decrease of ¥141.2 billion)

And we also posted extraordinary loss of ¥90.4 billion, which consisted of contingent loss and restoration costs of facilities, due to the Great East Japan Earthquake and the heavy rainfall in Niigata and Fukushima in July. As a result, consolidated net loss was ¥108.2 billion.(a year-on-year decrease of ¥143.2 billion)

【Electric power sold by Tohoku EPCO】

Electric power sold totaled 34.9 billion kWh(a year-on-year a 15.1% decrease) because of the Great East Japan Earthquake, customers' cooperation for saving electricity and reaction from heat wave in last summer.

【Fiscal 2011 earning estimates】

As our some plants were damaged by the earthquake and the heavy rainfall, we are making every effort to secure power supply for this winter. Now that it is difficult to reasonably assess some factors (such as the recovery of electricity demand from the earthquake and the schedule for resumption of nuclear plant), earnings estimates for full fiscal year have not been determined yet at this time. These estimates will be promptly disclosed as soon as they are determined.

【Dividend】

The level of 2nd quarter of FY2011 showed the largest loss since Tohoku EPCO was established. And, now that it is difficult to reasonably assess some factors, earnings estimates for full fiscal year have not been determined yet at this time.

In view of these circumstances, we have decided to cut an interim dividend.

【Effort for cost reduction】

Today, we are making every effort to reduce cost by stopping or changing scheduled constructions and measures. The expected amounts of reduction compared to the level before the earthquake is as below.

- Maintenance; approx. ¥55 billion*
- Overhead costs; approx. ¥15 billion*
- Capital expenditure; ¥60 billion*

*Except the expenses for recovery from the earthquake

Also, we will make efforts to recover damaged facilities as soon as possible and reduce costs with our group companies. And we strive for early stabilization of the current account balance.

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2011 - September 30, 2011)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for six months ended September 30, 2011, 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 2011(Six months ended September 30, 2011)

(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, 2011	753,848	(9.9)	(54,904)	-	(72,870)	-	(108,289)	-
6 months ended Sep. 30, 2010	836,594	4.0	86,002	35.5	68,412	65.2	34,993	26.8

	Net income per share	Diluted net income per share
	Yen	Yen
6 months ended Sep. 30, 2011	(217.21)	-
6 months ended Sep. 30, 2010	70.19	70.18

(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
	Millions of yen	Millions of yen	%
Sep. 30, 2011	4,027,891	756,736	17.5
Mar. 31, 2011	4,028,861	876,488	20.5

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2011	-	30.00	-	20.00	50.00
Year ending Mar. 31, 2012	-	0.00			
Year ending Mar. 31, 2012 (forecast)			-	-	-

3. Business Results Forecast for Consolidated FY 2011(Year ending March 31, 2012)

Now that it is difficult to reasonably assess some factors (such as the recovery of electricity demand from the earthquake and the schedule for resumption of nuclear plant), earnings estimates for full fiscal year have not been determined yet at this time. These estimates will be promptly disclosed as soon as they are determined.

CONSOLIDATED BALANCE SHEETS (Unaudited)

Second Quarter FY 2011 (As of September 30, 2011) and FY 2010 (As of March 31, 2011)

Assets		(Millions of yen)	
	Item	September 30, 2011	March 31, 2011
Fixed assets (property, plant and equipment):		3,623,664	3,591,804
Electric utility fixed assets:		2,552,133	2,424,229
	Hydro power plant	162,585	166,553
	Thermal power plant	295,116	289,240
	Nuclear power plant	368,043	384,096
	Transmission plant	723,680	597,955
	Transformation plant	252,502	243,377
	Distribution plant	616,673	612,482
	General plant	104,382	103,268
	Other	29,149	27,254
Other fixed assets		229,930	234,374
Construction work in progress		179,390	308,642
Nuclear fuel:		151,974	152,325
	Loaded nuclear fuel	34,729	27,746
	Nuclear fuel under processing	117,244	124,579
Investments in and advances to:		510,235	472,232
	Long-term investments	92,882	96,644
	Fund for reprocessing costs of irradiated nuclear fuel	101,312	106,506
	Deferred tax assets	213,721	166,209
	Other	103,202	103,836
	Allowance for doubtful accounts	(883)	(965)
Current assets:		404,227	437,056
	Cash and deposits	106,527	168,632
	Trade notes receivable and accounts receivable	127,254	118,681
	Inventories	78,083	72,719
	Deferred tax assets	39,660	25,991
	Other	53,521	51,924
	Allowance for doubtful accounts	(820)	(892)
Total assets		4,027,891	4,028,861

Liabilities and net assets

(Millions of yen)

Item	September 30, 2011	March 31, 2011
Fixed liabilities:	2,441,321	2,317,977
Bonds	1,113,712	1,183,701
Long-term debt	696,246	551,834
Accrued retirement benefits	224,473	221,074
Reserve for reprocessing costs of irradiated nuclear fuel	107,003	110,441
Pre-reserve for reprocessing costs of irradiated nuclear fuel	12,755	12,505
Reserve for loss on disaster	69,763	13,427
Asset retirement obligations	126,847	125,411
Deferred tax liabilities on revaluation adjustments for land	2,227	2,283
Other	88,290	97,298
Current liabilities:	829,834	834,090
Current portion of long-term debt	233,865	228,098
Short-term borrowings	55,870	55,090
Trade notes and accounts payable	110,768	131,788
Accrued income taxes	15,320	19,988
Reserve for loss on disaster	103,203	88,546
Other	310,806	310,578
Reserve:	-	304
Reserve for fluctuation in water levels	-	304
Total liabilities	3,271,155	3,152,372
Shareholders' equity:	711,236	829,407
Common stock	251,441	251,441
Capital surplus	26,687	26,701
Retained earnings	441,413	559,633
Treasury stock, at cost	(8,305)	(8,369)
Accumulated other comprehensive income:	(4,498)	(2,078)
Net unrealized holding loss on securities	(1,926)	(516)
Revaluation adjustments for land	(1,470)	(1,430)
Foreign currency translation adjustments	(1,101)	(131)
Subscription rights to shares	448	265
Minority interests in consolidated subsidiaries	49,549	48,893
Total net assets	756,736	876,488
Total liabilities and net assets	4,027,891	4,028,861

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Second Quarter FY 2011 (Six months ended September 30, 2011) and Second Quarter FY 2010 (Six months ended September 30, 2010)

Item	(Millions of yen)	
	Six Months Ended September 30,	
	2011	2010
Operating revenues:	753,848	836,594
Electric power	665,941	761,956
Other	87,907	74,637
Operating expenses:	808,753	750,592
Electric power	725,071	678,549
Other	83,681	72,043
Operating (loss) income	(54,904)	86,002
Other income:	3,937	4,621
Dividends income	428	570
Interest income	1,032	1,029
Gain from sales of fixed assets	24	26
Equity in earnings of affiliates	-	1,004
Other	2,450	1,990
Other expenses:	21,902	22,210
Interest expense	19,358	20,117
Other	2,543	2,093
Total amount of revenues	757,785	841,215
Total amount of expenses	830,655	772,802
Ordinary (loss) income	(72,870)	68,412
Special item:	(304)	227
(Reversal of) Provision for reserve for fluctuation in water levels	(304)	227
Extraordinary loss:	90,492	9,854
Contingent loss	749	-
Loss of disaster	89,742	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	6,554
Loss on valuation of securities	-	3,300
(Loss) income before income taxes and minority interests	(163,057)	58,330
Current income taxes	3,534	23,577
Deferred income taxes	(59,524)	15
Total amount of income taxes	(55,989)	23,592
(Loss) income before minority interests	(107,068)	34,737
Minority interests in earnings of consolidated subsidiaries	1,221	(256)
Net (loss) income	(108,289)	34,993

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

Second Quarter FY 2011 (Six months ended September 30, 2011) and Second Quarter FY 2010 (Six months ended September 30, 2010)

Item	(Millions of yen)	
	Six Months Ended September 30,	
	2011	2010
(Loss) income before minority interests	(107,068)	34,737
Other comprehensive income:		
Valuation difference on available-for-sale securities	(1,428)	(2,341)
Foreign currency translation adjustment	(969)	(318)
Share of other comprehensive income of associates accounted for using equity method	(1)	(2)
Total other comprehensive income	(2,399)	(2,662)
Comprehensive income:	(109,467)	32,074
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(110,669)	32,379
Comprehensive income attributable to minority interests	1,201	(304)

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

Second Quarter FY 2011 (Six months ended September 30, 2011) and Second Quarter FY 2010 (Six months ended September 30, 2010)

(Millions of yen)

Item	Six Months Ended September 30,	
	2011	2010
Operating activities:		
(Loss) income before income taxes and minority interests		
Adjustments to reconcile income/loss before income taxes and minority interests to net cash provided by operating activities:	(163,057)	58,330
Depreciation	117,359	118,016
Decommissioning costs of nuclear power units	-	2,909
Amortization of nuclear fuel	437	6,032
Loss on sales and disposal of property, plant and equipment	2,598	2,696
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	6,554
Provision for accrued retirement benefits	3,399	2,606
(Reversal of) provision for reserve for reprocessing costs of irradiated nuclear fuel	(3,438)	31
Provision for pre-reserve for reprocessing costs of irradiated nuclear fuel	250	1,556
Reserve for loss on disaster	70,993	-
(Reversal of) provision for reserve for fluctuation in water levels	(304)	203
Interest and dividend income	(1,461)	(1,600)
Interest expense	19,358	20,117
Changes in operating assets and liabilities:		
Accounts receivable	(20,668)	(10,121)
Accounts payable	(21,139)	(12,552)
Other operating assets and liabilities	(10,096)	(11,418)
Subtotal	(5,768)	183,362
Interest and dividends received	1,459	1,600
Interest paid	(18,419)	(19,427)
Income taxes paid	(3,326)	(5,275)
Net cash provided by operating activities	(26,055)	160,259
Investing activities:		
Acquisition of property, plant and equipment	(121,795)	(103,929)
Payments for investments and advances	(7,273)	(28,887)
Proceeds from sales or collections of investments and advances	2,541	4,479
Changes in other assets and liabilities	(322)	1,952
Net cash used in investing activities	(126,850)	(126,385)

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

Second Quarter FY 2011 (Six months ended September 30, 2011) and Second Quarter FY 2010 (Six months ended September 30, 2010)

(Millions of yen)

Item	Six Months Ended September 30,	
	2011	2010
Financing activities:		
Proceeds from issuance of bonds	-	39,874
Redemption of bonds	(59,000)	(10,000)
Proceeds from long-term loans	180,900	26,700
Repayment of long-term loans	(39,691)	(65,302)
Proceeds from short-term borrowings	223,950	169,860
Repayment of short-term borrowings	(223,170)	(168,210)
Proceeds from issuance of commercial paper	80,000	172,000
Redemption of commercial paper	(62,000)	(170,000)
Cash dividends	(9,963)	(14,924)
Cash dividends to minority shareholders	(494)	(503)
Other	(966)	(772)
Net cash used in financing activities	89,563	(21,277)
Effect of exchange rate changes on cash and cash equivalents	(64)	(45)
Net increase (decrease) in cash and cash equivalents	(63,405)	12,550
Cash and cash equivalents at beginning of the period	179,757	123,321
Cash and cash equivalents at end of the period	116,351	135,871

(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.