

April 27, 2012

Fiscal 2011 Financial Results and Fiscal 2012 Earning Estimates

Tohoku Electric Power Co., Inc. (hereinafter, Tohoku EPCO), today registered a fiscal 2011 summary of its financial statements for the year ended March 31, 2012 on the Tokyo Stock Exchange's TDnet (Timely Disclosure Network).

Fiscal 2011 Financial Results

Consolidated operating revenues

Due to the decrease in the electricity sold by Tohoku EPCO, consolidated operating revenues was ¥1,684.9 billion (a year-on-year decrease of ¥23.7 billion, or a 1.4 % decrease), and ordinary revenue was ¥1,694.2 billion (a year-on-year decrease of ¥22.7 billion, or a 1.3% decrease.)

With respect to expenses, maintenance costs and overhead costs were decreased due to the maximum cost reduction by our whole group company. However, due to great increase in fuel expenses for thermal power caused by the shutdown of Onagawa and Higashidori Nuclear Power Stations and the suffering of coal fired power plants by the Great East Japan Earthquake and the suffering of hydro power plants by heavy rainfall in Niigata and Fukushima, ordinary expenses stood at ¥1,870.7 billion (a year-on-year increase of ¥234.0 billion, or a 14.3% increase).

As a result, consolidated ordinary loss was ¥176.4 billion (a year-on-year decrease of ¥256.7 billion)

Because of the Great East Japan Earthquake and the heavy rainfall in Niigata and Fukushima, the company posted extraordinary loss of ¥101.0 billion, including restoration costs of damaged facilities. As a result, consolidated net loss was ¥231.9 billion (a year-on-year decrease of ¥198.1 billion).

And, the consolidated ordinary loss and the consolidated net loss were the largest ever loss.

Electric power sold by Tohoku EPCO

The electricity sales of the company were 75.3 billion kWh (an 8.9% decrease year-on-year).

This was primarily because of the reduction of the electricity demand by the Great East Japan Earthquake, and gaining customer support for further energy saving measures.

Fiscal 2012 earning estimates

We have made every effort to rebuild the facilities which was damaged by the Great East Japan Earthquake and the heavy rainfall in Niigata and Fukushima.

However, at present, the prospect of electricity demand, an energy policy, the operation situation of a nuclear power plant, etc. are unclear, we make undecided the prospect of electricity demand and supply capability, etc. in the electric supply plan of fiscal 2012.

And then, consolidated earnings estimates for the year ending March 31, 2013(both second Quarter (total) and full fiscal year) have yet to be determined because it is difficult to assess the estimates reasonably. These estimates will be promptly disclosed as soon as they are determined.

Dividend

Mainly because the Great East Japan Earthquake and the heavy rainfall in Niigata and Fukushima have occurred continuously, consolidated ordinary loss and consolidated net loss of FY2011 were the largest loss ever before. In addition, restoration work of damaged facilities has continued, it is difficult to reasonably assess the business environment.

In view of these circumstances, we have reluctantly decided to cut the final dividend.

Approach toward Efficiency

In view of the pressure on revenue since the Great East Japan Earthquake, Tohoku EPCO has tried to enhance efficiency from a number of different angles.

Specifically, under the “Operational Efficiency Promotion Committee” chaired by President Makoto Kaiwa, the Company implemented urgent and significant cost reduction measures on all the operations concerned. As a result, we managed to reduce maintenance costs and overhead costs by approximately ¥ 65.0 billion and ¥31.0 billion, respectively (approximately ¥96.0 billion in total) from the initial projected budget for the year ended March 31, 2012 (fiscal 2011), excluding disaster recovery expenses directly due to the earthquake disaster, etc.

Although the shutdown of our nuclear power reactors is likely to boost thermal power generation unit costs and require urgent capital spending to secure power supply capacity in addition to the expected extra costs required for restoration of facilities damaged in the earthquake disaster, we are successively going to strictly evaluate all expenses and investment expenditures without exception in fiscal 2012 in order to promote thorough operational efficiency in all the business fields.

In addition, with possible fluctuations in electricity demand and fuel prices, and with an increasingly uncertain outlook for energy and environmental policy, our business environment could become even tougher. However, we will take a group-wide approach to work on both ensuring safety and realizing stable power supply while promoting cost reduction in a structural manner to achieve sustainable effects over the medium-to long-term and restructuring the revenue base.