

October 31, 2012

Financial Results for the Second Quarter of Fiscal 2012 and Business Results Forecast for Fiscal 2012

Tohoku Electric Power Co., Inc. (hereinafter, Tohoku EPCO), today submitted a summary of its financial statements for the second quarter (from April 1, 2012 to September 30, 2012) on Tokyo Stock Exchange and Osaka Securities Exchange.

【Consolidated financial results】

Consolidated operating revenues were ¥844.3 billion (a year-on-year increase of ¥90.5 billion, or a 12.0 % increase), and ordinary revenues were ¥849.6 billion (a year-on-year increase of ¥91.8 billion, or a 12.1 % increase) mainly due to an increase of electricity sales.

With respect to expenses, while effort of all our companies of our group to maximally drive down costs decreased repair, labor and overhead costs, boost in expense for fuel and purchased power increased by ¥52.3 billion or 6.3% from a year earlier to ¥883.0 billion.

As a result, consolidated ordinary loss was ¥33.3 billion (a year-on-year decrease of ¥39.5 billion).

Tohoku EPCO posted extraordinary loss of ¥13.5 billion, mainly due to additional expense for restoration of Haramachi Thermal Power Plant damaged by the Great East Japan Earthquake.

As a result, consolidated net loss was ¥36.8 billion (a year-on-year decrease of ¥71.4 billion)

【Electric power sold by Tohoku EPCO】

Electric power sold totaled 37.2 billion kWh (a year-on-year increase of 6.7%) because of a reaction from a significant drop caused by the Great East Japan Earthquake last year.

【Business Results Forecast for FY2012】

Forecast for business results of FY2012 has been “undetermined” because a prospect for demand in this winter and restart of nuclear power plants were unclear. Even though these unclear situations still continue, we estimated the results for FY2012 on the basis that our nuclear plants would not restart throughout FY2012.

Due to increase in electricity sales that accompany reconstruction from the Great East Japan Earthquake, revenues are expected to reach approximately ¥1,790 billion (a year-on-year increase of 6.2%).

Since balance sheet is rapidly deteriorating after the quake, we reduce further personnel expenses, repair cost and overhead costs by urgently refraining or deferring spending, but due to increase in thermal power fuel costs and purchased electricity costs, ordinary loss is expected to be ¥115 billion. As a result, net loss is expected to be ¥100 billion.

< Business Results Forecast for FY2012 (Apr. 1, 2012 – Mar. 31, 2013) >

Consolidated		(Billions of yen)		
	Operating revenues	Operating loss	Ordinary loss	Net loss
The Previous Forecast (A)	-	-	-	-
The Revised Forecast (B)	1,790.0	(72.0)	(115.0)	(100.0)
Ref. Actual performance in FY2011	1,684.9	(142.0)	(176.4)	(231.9)

Non-consolidated		(Billions of yen)		
	Operating revenues	Operating loss	Ordinary loss	Net loss
The Previous Forecast (A)	-	-	-	-
The Revised Forecast (B)	1,590.0	(50.0)	(60.0)	(48.0)
Ref. Actual performance in FY2011	1,472.2	(160.1)	(184.2)	(210.2)

< Major factors >

Items	
Electricity sales (billions of kWh)	Approx. 77.7
Crude oil CIF price (\$/bbl.)	Approx. 115
Exchange rate (¥/\$)	Approx. 80
Nuclear power capacity factor (%)	0

【Interim dividend】

In the second quarter of FY2012, Tohoku EPCO recorded both ordinary loss and net loss. According to the estimates for the result of full fiscal year, earnings are expected to be negative similarly.

In view of these circumstances, Tohoku EPCO decided to forgo interim dividend. Year-end dividend is also likely to be forgone.

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2012 - September 30, 2012)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for six months ended September 30, 2012, 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 2012 (Six months ended September 30, 2012)

(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, 2012	844,372	12.0	(12,644)	-	(33,369)	-	(36,865)	-
6 months ended Sep. 30, 2011	753,848	(9.9)	(54,904)	-	(72,870)	-	(108,289)	-

	Net income per share	Diluted net income per share
	Yen	Yen
6 months ended Sep. 30, 2012	(73.94)	-
6 months ended Sep. 30, 2011	(217.21)	-

(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, 2012	4,064,052	585,616	13.4
Mar. 31, 2012	4,196,826	629,832	13.9

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2012	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2013	-	0.00			
Year ending Mar. 31, 2013 (forecast)			-	0.00	0.00

3. Business Results Forecast for Consolidated FY 2012 (Year ending March 31, 2013)

	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 2012	1,790,000	6.2	(72,000)	-	(115,000)	-	(100,000)	-	(200.54)

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

(Reference)

Business Results Forecast for Non-Consolidated FY 2012 (Year ending March 31, 2013)

	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 2012	1,590,000	8.0	(50,000)	-	(60,000)	-	(48,000)	-	(96.26)

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

CONSOLIDATED BALANCE SHEETS (Unaudited)

Second Quarter FY 2012 (As of September 30, 2012) and FY 2011 (As of March 31, 2012)

Assets	(Millions of yen)	
Item	September 30, 2012	March 31, 2012
Fixed assets (property, plant and equipment):	3,591,230	3,608,063
Electric utility fixed assets:	2,540,130	2,529,553
Hydro power plant	164,601	167,993
Thermal power plant	259,111	272,768
Nuclear power plant	345,221	360,350
Transmission plant	699,992	711,758
Transformation plant	243,376	247,717
Distribution plant	620,834	624,200
General plant	98,321	101,247
Other	108,671	43,516
Other fixed assets	226,007	232,582
Construction work in progress	194,330	217,107
Nuclear fuel:	147,270	153,167
Loaded nuclear fuel	34,729	34,729
Nuclear fuel under processing	112,540	118,437
Investments in and advances to:	483,490	475,652
Long-term investments	90,503	94,581
Fund for reprocessing costs of irradiated nuclear fuel	94,907	99,609
Deferred tax assets	186,277	174,748
Other	112,735	107,827
Allowance for doubtful accounts	(932)	(1,114)
Current assets:	472,822	588,762
Cash and deposits	104,825	141,669
Trade notes receivable and accounts receivable	136,342	152,283
Inventories	79,904	77,298
Deferred tax assets	69,552	71,525
Other	82,827	146,725
Allowance for doubtful accounts	(630)	(740)
Total assets	4,064,052	4,196,826

Liabilities and net assets

(Millions of yen)

Item	September 30, 2012	March 31, 2012
Fixed liabilities:	2,730,322	2,676,778
Bonds	1,153,729	1,123,721
Long-term debt	979,616	952,622
Accrued retirement benefits	225,222	228,734
Reserve for reprocessing costs of irradiated nuclear fuel	99,890	103,535
Pre-reserve for reprocessing costs of irradiated nuclear fuel	13,265	13,005
Reserve for loss on disaster	53,550	45,948
Asset retirement obligations	129,895	128,419
Deferred tax liabilities on revaluation adjustments for land	1,732	1,852
Other	73,418	78,939
Current liabilities:	748,113	890,214
Current portion of long-term debt	259,207	253,606
Short-term borrowings	70,375	111,980
Trade notes and accounts payable	125,962	169,836
Accrued income taxes	18,539	26,145
Reserve for loss on disaster	40,976	44,717
Other	233,051	283,927
Total liabilities	3,478,435	3,566,993
Shareholders' equity:	550,761	587,570
Common stock	251,441	251,441
Capital surplus	26,678	26,685
Retained earnings	280,766	317,751
Treasury stock, at cost	(8,125)	(8,308)
Accumulated other comprehensive income:	(5,299)	(2,660)
Net unrealized holding loss on securities	(1,176)	(704)
Net deferred hedge loss	(1,562)	-
Revaluation adjustments for land	(1,256)	(1,300)
Foreign currency translation adjustments	(1,304)	(655)
Subscription rights to shares	488	448
Minority interests in consolidated subsidiaries	39,666	44,474
Total net assets	585,616	629,832
Total liabilities and net assets	4,064,052	4,196,826

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Second Quarter FY 2012 (Six months ended September 30, 2012) and Second Quarter FY 2011 (Six months ended September 30, 2011)

Item	(Millions of yen)	
	Six Months Ended September 30,	
	2012	2011
Operating revenues:	844,372	753,848
Electric power	749,760	665,941
Other	94,612	87,907
Operating expenses:	857,016	808,753
Electric power	757,935	725,071
Other	99,080	83,681
Operating loss	(12,644)	(54,904)
Other income:	5,288	3,937
Dividends income	549	428
Interest income	962	1,032
Gain from sales of fixed assets	159	24
Equity in earnings of affiliates	786	-
Other	2,831	2,450
Other expenses:	26,013	21,902
Interest expense	20,387	19,358
Other	5,626	2,543
Total amount of revenues	849,660	757,785
Total amount of expenses	883,030	830,655
Ordinary loss	(33,369)	(72,870)
Special item:	-	(304)
Reversal of reserve for fluctuation in water levels	-	(304)
Extraordinary loss:	13,589	90,492
Contingent loss	-	749
Loss of disaster	13,589	89,742
Loss before income taxes and minority interests	(46,958)	(163,057)
Current income taxes	1,610	3,534
Deferred income taxes	(8,727)	(59,524)
Total amount of income taxes	(7,117)	(55,989)
Loss before minority interests	(39,840)	(107,068)
Minority interests in (loss) earnings of consolidated subsidiaries	(2,974)	1,221
Net loss	(36,865)	(108,289)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

Second Quarter FY 2012 (Six months ended September 30, 2012) and Second Quarter FY 2011 (Six months ended September 30, 2011)

Item	(Millions of yen)	
	Six Months Ended September 30,	
	2012	2011
Loss before minority interests	(39,840)	(107,068)
Other comprehensive income:		
Valuation difference on available-for-sale securities	(496)	(1,428)
Net deferred hedge loss	(1,562)	-
Foreign currency translation adjustment	(648)	(969)
Share of other comprehensive income of associates accounted for using equity method	(0)	(1)
Total other comprehensive income	(2,707)	(2,399)
Comprehensive income:	(42,547)	(109,467)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(39,548)	(110,669)
Comprehensive income attributable to minority interests	(2,998)	1,201

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

Second Quarter FY 2012 (Six months ended September 30, 2012) and Second Quarter FY 2011 (Six months ended September 30, 2011)

Item	(Millions of yen)	
	Six Months Ended September 30,	
	2012	2011
Operating activities:		
Loss before income taxes and minority interests	(46,958)	(163,057)
Adjustments to reconcile income/loss before income taxes and minority interests to net cash provided by operating activities:		
Depreciation	113,617	117,359
Amortization of nuclear fuel	-	437
Loss on sales and disposal of property, plant and equipment	1,284	2,598
(Reversal of) provision for accrued retirement benefits	(3,512)	3,399
Reversal of reserve for reprocessing costs of irradiated nuclear fuel	(3,644)	(3,438)
Provision for pre-reserve for reprocessing costs of irradiated nuclear fuel	260	250
Provision for reserve for loss on disaster	3,860	70,993
Reversal of reserve for fluctuation in water levels	-	(304)
Interest and dividend income	(1,511)	(1,461)
Interest expense	20,387	19,358
Changes in operating assets and liabilities:		
Accounts receivable	19,451	(20,668)
Accounts payable	(43,814)	(21,139)
Other operating assets and liabilities	(35,946)	(10,096)
Subtotal	23,474	(5,768)
Interest and dividends received	1,529	1,459
Interest paid	(19,255)	(18,419)
Income taxes paid	(6,536)	(3,326)
Net cash used in operating activities	(787)	(26,055)
Investing activities:		
Acquisition of property, plant and equipment	(118,451)	(121,795)
Payments for investments and advances	(3,775)	(7,273)
Proceeds from sales or collections of investments and advances	4,237	2,541
Changes in other assets and liabilities	9,533	(322)
Net cash used in investing activities	(108,455)	(126,850)

(Millions of yen)

Item	Six Months Ended September 30,	
	2012	2011
Financing activities:		
Proceeds from issuance of bonds	99,696	-
Redemption of bonds	(70,000)	(59,000)
Proceeds from long-term loans	71,250	180,900
Repayment of long-term loans	(36,544)	(39,691)
Proceeds from short-term borrowings	278,890	223,950
Repayment of short-term borrowings	(320,495)	(223,170)
Proceeds from issuance of commercial paper	177,000	80,000
Redemption of commercial paper	(186,000)	(62,000)
Cash dividends	(54)	(9,963)
Cash dividends to minority shareholders	(576)	(494)
Other	(1,178)	(966)
Net cash provided by financing activities	11,986	89,563
Effect of exchange rate changes on cash and cash equivalents	(43)	(64)
Net decrease in cash and cash equivalents	(97,300)	(63,405)
Cash and cash equivalents at beginning of the period	222,140	179,757
Cash and cash equivalents at end of the period	124,839	116,351

(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.