



# TOHOKU ELECTRIC POWER CO., INC.

July 31, 2014

## **Financial Results for the First Quarter of Fiscal 2014**

Tohoku Electric Power Co., Inc. (hereinafter, Tohoku EPCO), today submitted a summary of its financial statements for the first quarter (from April 1, 2014 to June 30, 2014) on Tokyo Stock Exchange.

### **【Consolidated Financial Results】**

Despite the decrease in electricity sales, revenue from electricity sales increased due to the effect of rate revision and fuel cost adjustment charges, so consolidated operating revenues were ¥498.6 billion, an increase of ¥65.9 billion (15.3%) over the same period of the previous fiscal year, and consolidated ordinary revenues were ¥500.8 billion, an increase of ¥66.4 billion (15.3%) over the same period of the previous fiscal year.

With respect to expenses, despite the increase in fuel costs due to the decrease in power receiving from other company's thermal power stations accompanied by a periodic inspection, consolidated ordinary expenses were ¥443.9 billion, unchanged from the previous year, because hydro power output increase curbed the increase in fuel costs and we have been engaging in improving further management efficiency.

Consequently, consolidated ordinary income was ¥56.8 billion, an increase of ¥62.7 billion over the same period of the previous fiscal year.

Consolidated net income was ¥37.7 billion, an increase of ¥33.4 billion over the same period of the previous fiscal year.

### **【Electricity Sales】**

While reconstruction demand continues to increase, heating demand decreased because of this spring's higher temperature than the previous year, so our electricity sales were 18 billion kWh, a 0.8% decrease from the year-earlier levels.

### 【Financial Forecast for FY2014】

Consolidated operating revenue forecast remains unchanged from the estimate on April 30, 2014.

Consolidated income estimates have yet to be determined at this time, because it is difficult to reasonably assess the expenses due to uncertainty over our supply capability and the time of resumption of nuclear power stations, along with further streamlining of operations. When reasonable assessment can be made, estimates will be promptly disclosed.

### 【Dividend】

Tohoku EPCO has not yet determined a forecast for interim dividend and year-end dividend for fiscal 2014, because it is difficult to reasonably assess a financial forecast.

### 【Significant Subsequent Events】

Tohoku EPCO revised its retirement benefit systems from July 1, 2014.

To reduce fluctuations of retirement benefits system liabilities and expenses caused by interest rate changes, Tohoku EPCO has revised “interest equivalent point” which is used to calculate its defined-benefit retirement pension system and its lump-sum retirement benefit plan from fixed rate (2.0%) to floating rate which links to the 10 year Japanese Government Bond yield (upper limit 5.0%, lower limit 1.5%).

With this revision, Tohoku EPCO is expected to gain ¥14,268 million as extraordinary gain for the second quarter of fiscal 2014.

# Tohoku Electric Power Co., Inc.

## Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2014 - June 30, 2014)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for three months ended June 30, 2014, which has been filed with the Tokyo Stock Exchange, Inc. 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 First Quarter Period in FY 2014 (Three months ended June 30, 2014)

#### (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	%
3 months ended Jun. 30, 2014	498,649	15.3	66,288	-	56,834	-	37,713	779.6
3 months ended Jun. 30, 2013	432,663	6.1	4,592	-	(5,892)	-	4,287	-

  

	Net income per share	Diluted net income per share
	Yen	Yen
3 months ended Jun. 30, 2014	75.62	75.51
3 months ended Jun. 30, 2013	8.60	8.59

(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	%
Jun. 30, 2014	4,195,132	594,912	13.2
Mar. 31, 2014	4,243,037	574,595	12.6

### 2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2014	-	0.00	-	5.00	5.00
Year ending Mar. 31, 2015	-				
Year ending Mar. 31, 2015 (forecast)		-	-	-	-

(Note) Dividend forecasts for the year ending March 31, 2015 have yet to be determined at this time.

### 3. Business Results Forecast for Consolidated FY 2014 (Year ending March 31, 2015)

	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
FY2014	2,200,000	7.9	-	-	-	-	-	-	-

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

Consolidated earnings estimates for the year ending March 31, 2015 have yet to be determined at this time, because it is difficult to reasonably assess the estimates under a situation that it is hard to forecast our supply capacity and the time of resumption of nuclear power stations. These estimates will be promptly disclosed as soon as we can reasonably assess the estimates of income.

**(Reference) Business Results Forecast for Non-Consolidated FY 2014 (Year ending March 31, 2015)**

	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 2014	2,010,000	9.6	-	-	-	-	-	-	-

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

Consolidated earnings estimates for the year ending March 31, 2015 have yet to be determined at this time, because it is difficult to reasonably assess the estimates under a situation that it is hard to forecast our supply capacity and the time of resumption of nuclear power stations. These estimates will be promptly disclosed as soon as we can reasonably assess the estimates of income.

**CONSOLIDATED BALANCE SHEETS (Unaudited)**

First Quarter FY 2014 (As of June 30, 2014) and FY 2013 (As of March 31, 2014)

**Assets**

(Millions of yen)

Item	June 30, 2014	March 31, 2014
Fixed assets (property, plant and equipment):	3,518,483	3,536,579
Electric utility fixed assets:	2,462,284	2,490,103
Hydro power plant	175,705	177,991
Thermal power plant	294,030	302,117
Nuclear power plant	283,418	291,103
Internal combustion power plant	69,648	71,048
Transmission plant	660,802	663,930
Transformation plant	239,848	241,109
Distribution plant	620,020	621,967
General plant	97,127	98,637
Other	21,681	22,197
Other fixed assets	211,160	212,886
Construction work in progress	231,249	223,394
Construction and retirement in progress	231,249	223,394
Nuclear fuel:	159,465	153,546
Loaded nuclear fuel	34,729	34,729
Nuclear fuel under processing	124,735	118,817
Investments in and advances to:	454,323	456,648
Long-term investments	94,963	96,447
Fund for reprocessing costs of irradiated nuclear fuel	82,308	85,132
Asset for retirement benefits	1,022	1,249
Deferred tax assets	173,518	170,504
Other	103,017	103,805
Allowance for doubtful accounts	(507)	(491)
Current assets:	676,649	706,458
Cash and deposits	104,007	147,052
Trade notes receivable and accounts receivable	166,542	186,930
Inventories	91,153	85,747
Deferred tax assets	60,198	68,613
Other	255,434	219,007
Allowance for doubtful accounts	(686)	(892)
<b>Total assets</b>	<b>4,195,132</b>	<b>4,243,037</b>

**Liabilities and net assets**

(Millions of yen)

Item	June 30, 2014	March 31, 2014
<b>Fixed liabilities:</b>	<b>2,878,584</b>	<b>2,905,467</b>
Bonds	994,762	1,013,359
Long-term debt	1,422,473	1,446,137
Reserve for reprocessing costs of irradiated nuclear fuel	87,202	89,032
Pre-reserve for reprocessing costs of irradiated nuclear fuel	14,207	14,066
Reserve for loss on disaster	7,031	7,031
Liabilities for retirement benefits	180,132	160,449
Asset retirement obligations	107,088	106,476
Deferred tax liabilities on revaluation adjustments for land	1,698	1,698
Other	63,988	67,216
<b>Current liabilities:</b>	<b>721,151</b>	<b>762,974</b>
Current portion of long-term debt	280,662	245,231
Short-term borrowings	35,070	44,475
Trade notes and accounts payable	125,194	160,581
Accrued income taxes	20,605	29,512
Reserve for loss on disaster	2,302	2,462
Other	257,317	280,711
<b>Reserve:</b>	<b>484</b>	<b>-</b>
Reserve for fluctuation in water levels	484	-
<b>Total liabilities</b>	<b>3,600,220</b>	<b>3,668,441</b>
<b>Shareholders' equity:</b>	<b>537,835</b>	<b>518,262</b>
Common stock	251,441	251,441
Capital surplus	26,678	26,678
Retained earnings	267,669	248,093
Treasury stock, at cost	(7,954)	(7,950)
<b>Accumulated other comprehensive income:</b>	<b>16,295</b>	<b>17,093</b>
Net unrealized holding gain on securities	4,444	3,235
Deferred loss on hedges	(2,202)	(1,635)
Revaluation adjustments for land	(1,224)	(1,226)
Foreign currency translation adjustments	1,055	1,180
Retirement benefits liability adjustment	14,224	15,539
Subscription rights to shares	670	670
Minority interests in consolidated subsidiaries	40,110	38,569
<b>Total net assets</b>	<b>594,912</b>	<b>574,595</b>
<b>Total liabilities and net assets</b>	<b>4,195,132</b>	<b>4,243,037</b>

**CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

First Quarter FY 2014 (Three months ended June 30, 2014) and First Quarter FY 2013 (Three months ended June 30, 2013)

Item	(Millions of yen)	
	Three months ended June 30,	
	2014	2013
Operating revenues:	498,649	432,663
Electric power	452,812	391,898
Other	45,837	40,764
Operating expenses:	432,361	428,071
Electric power	388,020	387,432
Other	44,341	40,638
Operating income	66,288	4,592
Other revenues:	2,166	1,731
Dividends income	486	329
Interest income	518	566
Gain from sales of fixed assets	13	57
Other	1,148	777
Other expenses:	11,619	12,215
Interest expense	10,162	10,832
Other	1,456	1,382
Total amount of revenues	500,816	434,394
Total amount of expenses	443,981	440,286
Ordinary income (loss)	56,834	(5,892)
Special item:	484	-
Reserve for fluctuation in water levels	484	-
Extraordinary gain:	-	16,220
Gain on revision of retirement benefit plan	-	16,220
Income before income taxes and minority interests	56,350	10,328
Current income taxes	3,724	1,559
Deferred income taxes	14,703	4,923
Total amount of income taxes	18,428	6,482
Income before minority interests	37,922	3,845
Minority interests in income (loss) of consolidated subsidiaries	209	(441)
Net income	37,713	4,287

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

First Quarter FY 2014 (Three months ended June 30, 2014) and First Quarter FY 2013 (Three months ended June 30, 2013)

Item	(Millions of yen)	
	Three months ended June 30,	
	2014	2013
Income before minority interests	37,922	3,845
Other comprehensive income:		
Net unrealised holding gain (loss) on securities	1,242	(203)
Deferred income (loss) on hedges	(566)	2,015
Foreign currency translation adjustments	(120)	430
Retirement benefits liability adjustment	(1,702)	-
Share of other comprehensive income of affiliates accounted for using equity method	0	0
Total other comprehensive income	(1,146)	2,242
Comprehensive income	36,775	6,088
Total comprehensive income attributable to:		
Shareholders	36,496	6,537
Minority interests	279	(448)



**(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.