



TOHOKU ELECTRIC POWER CO., INC.

October 30, 2014

Financial Results for the Second Quarter of Fiscal 2014 and Financial Forecast for Fiscal 2014

Tohoku Electric Power Co., Inc. (the “Company”) today submitted a summary of its financial statements for the second quarter (from April 1, 2014 to September 30, 2014) on the Tokyo Stock Exchange.

【Consolidated financial results】

Despite a decrease in electricity sales, revenue from electricity sales increased due to the effect of rate revision and fuel cost adjustment charges. As a result, operating revenues were ¥1,039.4 billion (a year-on-year increase of ¥121.4 billion, or a 13.2 % increase), and ordinary revenues were ¥1,043.0 billion (a year-on-year increase of ¥121.0 billion, or a 13.1 % increase).

With respect to expenses, even though fuel costs were increased by the weak yen, a resumption of hydropower stations damaged by the torrential rain curtailed fuel costs increase. Furthermore, decreases in depreciation and personnel expenses together with our thorough streamlining of operations hold down ordinary expenses to ¥955.3 billion (a year-on-year increase of ¥25.2 billion, or a 2.7% increase).

As a result, ordinary income was ¥87.6 billion (a year-on-year increase of ¥95.8 billion).

Since the Company booked an extraordinary gain of ¥14.2 billion in accordance with the revision of retirement benefit plan, net income was ¥67.3 billion, a year-on-year increase of ¥65.4 billion.

【Electric power sold by Tohoku EPCO】

While there were continuous post-quake reconstructions, decrease in air conditioning demand due to a warm spring and a cool summer and other factors lowered our electricity sales to 36.3 TWh, a 1.1% decrease from the year-earlier levels.

【Financial forecast for fiscal 2014】

The Company did not disclose the financial forecast for FY2014, because it was difficult to reasonably assess the expenses due to uncertainties over our supply capacity and time of resumption of nuclear power stations, along with further streamlining of operations. However, based on our recent outlook of supply and demand as well as the streamlining of operations, the Company has newly estimated the financial forecast for FY2014.

Operating revenues of consolidated earnings estimate are expected to be approximately ¥2,180.0 billion, a 6.9% increase year on year, thanks to a revenue increase from rate revisions in September last year and increase of fuel adjustment charges. The figure is down from the previous forecast mainly due to a decrease in electricity sales.

Concerning the ordinary income, despite an increase in maintenance expenses of facilities which is indispensable for providing stable supply of electric power, because of a full-year revenue increase by the rate revisions together with the continuous streamlining of operations, ordinary income is expected to be approximately ¥88.0 billion.

Net income is expected to be approximately ¥68.0 billion.

< Financial Forecast for FY2014 (Apr. 1, 2014 – Mar. 31, 2015) >

Consolidated		(Billions of yen)		
	Operating revenues	Operating income	Ordinary income	Net income
Previous Forecast	2,200.0	-	-	-
Revised Forecast	2,180.0	132.0	88.0	68.0
(Ref.)Actual performance in FY2013	2,038.8	85.6	39.0	34.3

Non-consolidated		(Billions of yen)		
	Operating revenues	Operating Income	Ordinary income	Net Income
Previous Forecast	2,010.0	-	-	-
Revised Forecast	1,970.0	110.0	70.0	57.0
(Ref.)Actual performance in FY2013	1,833.1	84.0	38.6	36.0

< Major factors >

Items	
Electricity sales (TWh)	Approx. 77.5
Crude oil CIF price (\$/bbl.)	Approx. 107
Exchange rate (¥/\$)	Approx. 106
Nuclear power utilization rate (%)	0.0

【Dividend】

The Company's basic dividend policy is to distribute stable dividends determined by taking into full consideration our business performance of the relevant fiscal year and our medium to long-term financial prospects.

Comprehensively deliberating facts such as above mentioned basic dividend policy and the recovery of the Company's financial condition which was badly affected by the Great East Japan Earthquake and subsequent incidents, the Company has decided to pay a 5 yen interim dividend per share for FY2014, the same level as the year-end dividend for FY2013.

The Company has not yet determined a forecast for the year-end dividend for FY2014. This is because the Company deems it necessary to make thorough and careful assessment of key management environments, including but not limited to: (i) full-year earnings considering future supply and demand trends; (ii) medium- to long-term prospects for revenues and expenditures in anticipation of the resumption timing of nuclear power plant operations; and (iii) the future status of Company's financial standing.

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2014 - September 30, 2014)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for six months ended September 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 Second Quarter Period in FY2014 (Six months ended September 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	%
6 months ended Sep. 30, 2014	1,039,483	13.2	109,486	756.7	87,623	-	67,369	-
6 months ended Sep. 30, 2013	918,023	8.7	12,780	-	(8,183)	-	1,897	-

	Net income per share	Diluted net income per share
	Yen	Yen
6 months ended Sep. 30, 2014	135.06	134.87
6 months ended Sep. 30, 2013	3.80	3.80

(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, 2014	4,235,500	625,562	13.8
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	-	5.00			
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 FY2014 (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	2,180,000	6.9	132,000	54.1	88,000	125.3	68,000	98.2	136.31

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

(Reference) Business Results Forecast for Non-Consolidated FY2014 (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	1,970,000	7.5	110,000	30.8	70,000	81.1	57,000	58.2	114.26

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

CONSOLIDATED BALANCE SHEETS (Unaudited)

Second Quarter FY2014 (As of September 30, 2014) and FY2013 (As of March 31, 2014)

Assets

(Millions of yen)

Item	September 30, 2014	March 31, 2014
Fixed assets (property, plant and equipment):	3,503,259	3,536,579
Electric utility fixed assets:	2,468,138	2,490,103
Hydro power plant	173,279	177,991
Thermal power plant	337,877	302,117
Nuclear power plant	278,919	291,103
Internal combustion power plant	49,325	71,048
Transmission plant	654,380	663,930
Transformation plant	237,249	241,109
Distribution plant	620,225	621,967
General plant	95,354	98,637
Other	21,526	22,197
Other fixed assets	208,788	212,886
Construction work in progress	226,578	223,394
Construction and retirement in progress	226,578	223,394
Nuclear fuel:	159,485	153,546
Loaded nuclear fuel	34,729	34,729
Nuclear fuel under processing	124,755	118,817
Investments in and advances to:	440,268	456,648
Long-term investments	93,738	96,447
Fund for reprocessing costs of irradiated nuclear fuel	80,477	85,132
Asset for retirement benefits	883	1,249
Deferred tax assets	163,392	170,504
Other	102,578	103,805
Allowance for doubtful accounts	(802)	(491)
Current assets:	732,240	706,458
Cash and deposits	97,873	147,052
Trade notes receivable and accounts receivable	179,385	186,930
Inventories	80,071	85,747
Deferred tax assets	59,356	68,613
Other	316,639	219,007
Allowance for doubtful accounts	(1,085)	(892)
Total assets	4,235,500	4,243,037

Liabilities and net assets

(Millions of yen)

Item	September 30, 2014	March 31, 2014
Fixed liabilities:	2,815,242	2,905,467
Bonds	984,766	1,013,359
Long-term loans	1,392,491	1,446,137
Reserve for reprocessing costs of irradiated nuclear fuel	85,364	89,032
Pre-reserve for reprocessing costs of irradiated nuclear fuel	14,347	14,066
Reserve for loss on disaster	7,018	7,031
Liability for retirement benefits	159,878	160,449
Asset retirement obligations	107,699	106,476
Deferred tax liabilities on revaluation adjustments for land	1,693	1,698
Other	61,981	67,216
Current liabilities:	794,696	762,974
Current portion of long-term debt	331,969	245,231
Short-term borrowings	38,770	44,475
Trade notes and accounts payable	125,695	160,581
Accrued income taxes	33,377	29,512
Reserve for loss on disaster	1,598	2,462
Other	263,285	280,711
Total liabilities	3,609,938	3,668,441
Shareholders' equity:	567,624	518,262
Common stock	251,441	251,441
Capital surplus	26,678	26,678
Retained earnings	297,169	248,093
Treasury stock, at cost	(7,665)	(7,950)
Accumulated other comprehensive income:	15,767	17,093
Net unrealized holding gain on securities	5,481	3,235
Deferred loss on hedges	(2,054)	(1,635)
Revaluation adjustments for land	(1,228)	(1,226)
Foreign currency translation adjustments	1,084	1,180
Retirement benefits liability adjustment	12,484	15,539
Subscription rights to shares	809	670
Minority interests in consolidated subsidiaries	41,361	38,569
Total net assets	625,562	574,595
Total liabilities and net assets	4,235,500	4,243,037

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

Second Quarter FY2014 (Six months ended September 30, 2014) and Second Quarter FY2013 (Six months ended September 30, 2013)

Item	(Millions of yen)	
	Six months ended September 30,	
	2014	2013
Operating revenues:	1,039,483	918,023
Electric power	929,016	827,204
Other	110,467	90,818
Operating expenses:	929,997	905,242
Electric power	825,560	812,972
Other	104,437	92,270
Operating income	109,486	12,780
Other revenues:	3,530	3,950
Dividends income	615	501
Interest income	1,047	1,136
Gain from sales of fixed assets	33	106
Equity in earnings of affiliates	-	703
Other	1,833	1,503
Other expenses:	25,393	24,914
Interest expense	20,181	21,748
Other	5,211	3,165
Total amount of revenues	1,043,014	921,973
Total amount of expenses	955,390	930,157
Ordinary gain(loss)	87,623	(8,183)
Extraordinary gain:	14,268	16,220
Gain on revision of retirement benefit plan	14,268	16,220
Income before income taxes and minority interests	101,891	8,037
Current income taxes	7,569	2,334
Deferred income taxes	25,547	5,270
Total amount of income taxes	33,116	7,604
Income before minority interests	68,775	433
Minority interests in income(loss) of consolidated subsidiaries	1,405	(1,463)
Net income	67,369	1,897

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

Second Quarter FY2014 (Six months ended September 30, 2014) and Second Quarter FY2013 (Six months ended September 30, 2013)

Item	(Millions of yen)	
	Six months ended September 30,	
	2014	2013
Income before minority interests	68,775	433
Other comprehensive income:		
Net unrealised holding gain on securities	2,312	650
Deferred gain (loss) on hedges	(418)	905
Foreign currency translation adjustments	(98)	571
Retirement benefits liability adjustment	(3,410)	-
Share of other comprehensive income of affiliates accounted for using equity method	(0)	0
Total other comprehensive income	(1,614)	2,127
Comprehensive income	67,160	2,560
Total comprehensive income attributable to:		
Shareholders	65,622	4,014
Minority interests	1,538	(1,453)

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

Second Quarter FY2014 (Six months ended September 30, 2014) and Second Quarter FY2013 (Six months ended September 30, 2013)

(Millions of yen)

Item	Six months ended September 30,	
	2014	2013
Operating activities:		
Income before income taxes and minority interests	101,891	8,037
Adjustments to reconcile loss before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation	110,895	132,053
Decommissioning costs of nuclear power units	2,194	-
Loss on sales and disposal of property, plant and equipment	1,974	2,506
Reversal of accrued retirement benefits	-	(35,217)
Reversal of liability for retirement benefits	(25,994)	-
Reversal of reserve for reprocessing costs of irradiated nuclear fuel	(3,668)	(3,621)
Provision for pre-reserve for reprocessing costs of irradiated nuclear fuel	281	270
Reversal of provision for reserve for loss on disaster	(877)	(23,588)
Interest and dividend income	(1,662)	(1,638)
Interest expense	20,181	21,748
Changes in operating assets and liabilities:		
Accounts receivable	2,845	(2,872)
Accounts payable	(34,909)	(52,233)
Other operating assets and liabilities	12,608	38,087
Subtotal	185,760	83,534
Interest and dividends received	1,677	1,649
Interest paid	(20,092)	(20,981)
Income taxes paid	(3,479)	(693)
Net cash provided by operating activities	163,866	63,509
Investing activities:		
Acquisition of property, plant and equipment	(119,194)	(133,799)
Payments for investments and advances	(3,403)	(1,963)
Proceeds from sales or collections of investments and advances	6,702	1,919
Changes in other assets and liabilities	521	4,429
Net cash used in investing activities	(115,374)	(129,413)

(Millions of yen)

Item	Six months ended September 30,	
	2014	2013
Financing activities:		
Proceeds from issuance of bonds	69,791	89,677
Redemption of bonds	(46,290)	(70,000)
Proceeds from long-term loans	12,590	25,732
Repayment of long-term loans	(32,570)	(45,772)
Proceeds from short-term borrowings	72,301	148,675
Repayment of short-term borrowings	(78,006)	(204,515)
Proceeds from issuance of commercial paper	72,000	22,000
Redemption of commercial paper	(68,000)	(2,000)
Cash dividends	(2,526)	(54)
Cash dividends to minority shareholders	(487)	(483)
Other	(1,483)	(1,334)
Net cash used in financing activities	(2,681)	(38,075)
Effect of exchange rate changes on cash and cash equivalents	13	48
Net increase in cash and cash equivalents	45,823	(103,932)
Cash and cash equivalents at beginning of the period	329,389	294,951
Increase in cash and cash equivalents upon inclusion of additional subsidiaries in consolidation	39	-
Cash and cash equivalents at end of the period	375,252	191,019

(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.