

January 28, 2016

Financial Results for the Third Quarter of Fiscal 2015 and Financial Forecast for Fiscal 2015

Tohoku Electric Power Co., Inc. (the “Company”) today submitted a summary of its financial statements for the third quarter (from April 1, 2015 to December 31, 2015) on the Tokyo Stock Exchange.

【Consolidated financial results】

In terms of revenue, while a grant under Act on Purchase of Renewable Energy Sourced Electricity based on “Feed-In-Tariff scheme for renewable energy” increased, a decline in electricity sales caused by a decrease in electric power sold and the effect of fuel cost adjustment charges lowered consolidated operating revenue to ¥1,522.2 billion (a year-on-year decrease of ¥42.1 billion, or a 2.7% decrease), and ordinary revenue to ¥1,530.3 billion (a year-on-year decrease of ¥39.1 billion, or a 2.5% decrease).

As for expenses, a significant drop in fuel costs due to a fall in fuel prices and our thorough streamlining efforts decreased consolidated ordinary expenses to ¥1,412.5 billion (a year-on-year decrease of ¥61.0 billion, or a 4.1% decrease) even with an increase in maintenance expenses which are necessary to maintain a stable power supply.

Consequently, consolidated ordinary income was ¥117.8 billion, an increase of ¥21.9 billion (or a 22.9% increase) year-on-year.

Net income attributable to owners of parent was ¥79.1 billion, an increase of ¥8.4 billion (or a 11.9% increase) year-on-year.

【Electric power sold by Tohoku EPCO】

Our electricity sales were 53.7 TWh, a 1.9% decrease year-on-year, despite the continued post-quake reconstruction demand. This was primarily because of a decrease in heating and cooling demand due to extended periods of warmer or cooler than normal temperatures in early spring, latter half of summer and this winter, and energy saving by our customers. In addition, some of our large-scale customers lowered the utilization of production facilities.

【Financial forecast for fiscal 2015】

Concerning the financial forecast for FY2015, the Company revised the forecast of operating revenue and each income from the previous forecast disclosed on October 28, 2015, taking into consideration the recent outlook of supply and demand.

Operating revenue of consolidated earnings estimate is expected to be approximately ¥2,080.0 billion, a 1.4% decrease compared to the previous forecast because of a decrease in electricity sales and other factors.

Consolidated ordinary income is expected to be approximately ¥140.0 billion, a 21.7% increase compared to the previous forecast mainly because of an increase in time lag effect between fuel cost and fuel cost adjustment charges due to a drop in crude oil CIF price.

Net income attributable to owners of parent is expected to be approximately ¥88.0 billion, a 17.3% increase compared to the previous forecast.

< Financial Forecast for FY2015 (April 1, 2015 – March 31, 2016) >

Consolidated				(Billions of yen)
	Operating revenue	Operating income	Ordinary income	Net income attributable to owners of parent
Previous Forecast	2,110.0	148.0	115.0	75.0
Revised Forecast	2,080.0	174.0	140.0	88.0
(Ref.)Actual performance in FY2014	2,182.0	169.7	116.6	76.4

Non-consolidated				(Billions of yen)
	Operating revenue	Operating income	Ordinary income	Net income
Previous Forecast	1,900.0	126.0	90.0	63.0
Revised Forecast	1,870.0	147.0	110.0	73.0
(Ref.)Actual performance in FY2014	1,951.6	140.5	89.2	62.4

< Major factors >

Items	Revised Forecast
Electricity sales (TWh)	Approx. 75.5
Crude oil CIF price (\$/bbl.)	Approx. 51
Exchange rate (¥/\$)	Approx. 121
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.

The Company has revised its financial forecast upward, primarily due to the upward revision of expected profit results compared to those of last year by a significant drop in fuel costs due to a fall in fuel prices and thorough streamlining efforts.

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 15 yen year-end dividend per share for FY2015.

Additionally, please note that the year-end dividend will be officially determined and implemented, subject to the approval of the 92st General Shareholders' Meeting scheduled to be held in June 2016.

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2015 - December 31, 2015)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for nine months ended December 31, 2015, 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 Third Quarter Period in FY2015 (Nine months ended December 31, 2015)

(1) Progresses of Financial Results

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
9 months ended Dec. 31, 2015	1,522,237	(2.7)	141,495	7.3	117,834	22.9	79,114	11.9
9 months ended Dec. 31, 2014	1,564,376	9.7	131,843	238.5	95,913	911.7	70,711	439.4

(Note) Comprehensive income (9 months ended Dec. 31, 2015: 75,504 million yen 4.7%, 9 months ended Dec. 31, 2014: 72,130 million yen 365.2%)
Percentage figures represent changes as compared to the same period of the previous year.

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
9 months ended Dec. 31, 2015	158.53	157.44
9 months ended Dec. 31, 2014	141.76	141.54

(2) Changes in Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Dec. 31, 2015	4,099,271	716,100	16.2
Mar. 31, 2015	4,131,217	651,216	14.6

(Reference) Shareholders' Equity (December 31, 2015: 663,014 million yen, March 31, 2015: 601,800 million yen)

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2015	-	5.00	-	10.00	15.00
Year ending Mar. 31, 2016	-	10.00	-		
Year ending Mar. 31, 2016 (forecast)				15.00	25.00

(Note) Forecasts revision of dividends from the latest forecasts: Forecasts have been revised.

3. Business Results Forecast for Consolidated FY2015 (Year ending March 31, 2016)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (basic)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2015	2,080,000	(4.7)	174,000	2.5	140,000	20.0	88,000	15.0	176.30

(Note) Forecasts revision of consolidated results from the latest forecasts: Forecasts have been revised.
Percentage figures represent changes as compared to the same period of the previous year.

(Reference) Business Results Forecast for Non-Consolidated FY2015 (Year ending March 31, 2016)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2015	1,870,000	(4.2)	147,000	4.6	110,000	23.3	73,000	16.9	146.25

(Note) Forecasts revision of non-consolidated results from latest forecasts: Forecasts have been revised.

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

QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

Third Quarter FY2015 (As of December 31, 2015) and FY2014 (As of March 31, 2015)

Assets

(Millions of yen)

Item	December 31, 2015	March 31, 2015
Non-current assets:	3,469,927	3,497,225
Electric utility plant and equipment:	2,471,516	2,451,990
Hydroelectric power production facilities	169,197	174,017
Thermal power production facilities	390,105	326,889
Nuclear power production facilities	251,417	270,149
Transmission facilities	641,303	648,714
Transformation facilities	240,267	247,394
Distribution facilities	626,584	625,693
General facilities	95,229	97,847
Other electric utility plant and equipment	57,410	61,283
Other non-current assets	209,155	212,402
Construction in progress	233,460	267,504
Construction and retirement in progress	233,460	267,504
Nuclear fuel:	141,570	139,336
Loaded nuclear fuel	34,729	34,729
Nuclear fuel in processing	106,841	104,607
Investments and other assets:	414,224	425,991
Long-term investments	99,897	97,496
Reserve fund for reprocessing of irradiated nuclear fuel	70,671	77,802
Net defined benefit asset	9,289	6,344
Deferred tax assets	128,794	140,794
Other	106,149	104,154
Allowance for doubtful accounts	(578)	(601)
Current assets:	629,343	633,991
Cash and deposits	125,618	115,170
Notes and accounts receivable - trade	188,577	193,817
Inventories	75,107	76,732
Deferred tax assets	60,232	64,547
Other	180,388	184,402
Allowance for doubtful accounts	(580)	(678)
Assets	4,099,271	4,131,217

Liabilities and net assets

(Millions of yen)

Item	December 31, 2015	March 31, 2015
Non-current liabilities:	2,585,578	2,611,028
Bonds payable	790,526	749,688
Long-term loans payable	1,367,912	1,433,444
Provision for reprocessing of irradiated nuclear fuel	75,474	81,823
Provision for preparation of reprocessing of irradiated nuclear fuel	15,068	14,629
Reserve for restoration costs of natural disaster	4,557	4,631
Net defined benefit liability	139,085	141,340
Asset retirement obligations	118,486	111,465
Deferred tax liabilities for land revaluation	1,512	1,530
Other	72,955	72,475
Current liabilities:	797,591	868,971
Current portion of non-current liabilities	302,671	336,175
Short-term loans payable	35,811	35,370
Notes and accounts payable - trade	137,849	149,435
Accrued taxes	31,481	47,099
Reserve for restoration costs of natural disaster	1,394	1,764
Other	288,383	299,127
Liabilities	3,383,170	3,480,000
Shareholders' equity:	643,387	574,235
Capital stock	251,441	251,441
Capital surplus	26,394	26,678
Retained earnings	372,631	303,803
Treasury shares	(7,079)	(7,687)
Accumulated other comprehensive income:	19,627	27,564
Valuation difference on available-for-sale securities	9,232	8,193
Deferred losses on hedges	(2,261)	(2,077)
Revaluation reserve for land	(1,164)	(1,150)
Foreign currency translation adjustment	753	690
Remeasurements of defined benefit plans	13,067	21,908
Subscription rights to shares	736	809
Non-controlling interests	52,349	48,606
Net assets	716,100	651,216
Liabilities and net assets	4,099,271	4,131,217

QUARTERLY CONSOLIDATED STATEMENT OF INCOME (Unaudited)

Third Quarter FY2015 (Nine months ended December 31, 2015) and Third Quarter FY2014 (Nine months ended December 31, 2014)

(Millions of yen)

Item	Nine months ended December 31,	
	2015	2014
Operating revenue:	1,522,237	1,564,376
Electric utility operating revenue	1,354,684	1,389,208
Other business operating revenue	167,553	175,167
Operating expenses:	1,380,741	1,432,532
Electric utility operating expenses	1,227,426	1,269,889
Other business operating expenses	153,314	162,643
Operating income	141,495	131,843
Non-operating income:	8,131	5,167
Dividend income	639	855
Interest income	1,434	1,548
Share of profit of entities accounted for using equity method	2,259	-
Other	3,797	2,762
Non-operating expenses:	31,792	41,096
Interest expenses	25,893	36,269
Other	5,899	4,827
Ordinary revenue	1,530,368	1,569,543
Ordinary expenses	1,412,534	1,473,629
Ordinary income	117,834	95,913
Extraordinary income:	-	14,268
Gain on revision of retirement benefit plan	-	14,268
Income before income taxes	117,834	110,182
Income taxes - current	15,065	9,742
Income taxes - deferred	19,406	26,234
Income taxes	34,472	35,977
Net income	83,362	74,205
Net income attributable to non-controlling interests	4,248	3,493
Net income attributable to owners of parent	79,114	70,711

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

Third Quarter FY2015 (Nine months ended December 31, 2015) and Third Quarter FY2014 (Nine months ended December 31, 2014)

Item	(Millions of yen)	
	Nine months ended December 31,	
	2015	2014
Net income	83,362	74,205
Other comprehensive income:		
Valuation difference on available-for-sale securities	1,054	3,567
Deferred losses on hedges	(184)	(794)
Foreign currency translation adjustment	59	270
Remeasurements of defined benefit plans, net of tax	(8,790)	(5,118)
Share of other comprehensive income of entities accounted for using equity method	1	(0)
Other comprehensive income	(7,858)	(2,074)
Comprehensive income	75,504	72,130
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	71,190	68,435
Comprehensive income attributable to non-controlling interests	4,313	3,695

(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.