

July 28, 2016

Financial Results for the First Quarter of Fiscal 2016

Tohoku Electric Power Co., Inc. (the “Company”) filed a summary of its financial statements for the first quarter (from April 1, 2016 to June 30, 2016) with the Tokyo Stock Exchange and disclosed the report today.

【Consolidated Financial Results】

With respect to revenue, despite an increase in the grant under Act on Purchase of Renewable Energy Sourced Electricity based on “feed-in-tariff scheme for renewable energy”, consolidated operating revenue was ¥455.8 billion (a year-on-year decrease of ¥53.9 billion, or a 10.6% decrease) due to a decline in revenue from electricity sales caused by decrease in the volume of electricity sales and fuel cost adjustment charges, and ordinary revenue was ¥457.7 billion (a year-on-year decrease of ¥54.2 billion, or a 10.6% decrease).

With respect to expenses, although there was a lower-than-normal water flow rate, consolidated ordinary expenses decreased to ¥407.5 billion (a year-on-year decrease of ¥33.2 billion, or a 7.5% decrease) thanks to a significant drop in fuel costs because of a fall in fuel prices and appreciation of the yen, as well as our thorough streamlining efforts.

Consequently, consolidated ordinary income was ¥50.2 billion, a decrease of ¥20.9 billion (or a 29.5 % decrease) year-on-year.

Net income attributable to owners of parent was ¥34.4 billion, a decrease of ¥14.0 billion (or a 29.0 % decrease) year-on-year.

【Electricity Sales Volume】

Our electricity sales were 17.3TWh, down 1.7% year-on-year. There was a longer period of meter reading compared to the same period of last year, but this was offset by declines in production among some customers and contract demand.

【Financial Forecast for FY2016】

The operating revenue forecast remains unchanged from the previous announcement on April 26, 2016 (consolidated: 1,950 billion yen, non-consolidated: 1,760 billion yen).

The earnings estimates have yet to be determined at this time, in view of the current difficulty of rationally estimating the incomes since our supply capacity has yet to be definitively determined. These estimates will be promptly disclosed as soon as we can reasonably assess the estimates of incomes.

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2016 - June 30, 2016)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for three months ended June 30, 2016, 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 FY2016 (Three months ended June 30, 2016)

(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	%
3 months ended Jun. 30, 2016	455,839	(10.6)	57,698	(26.4)	50,247	(29.5)	34,432	(29.0)
3 months ended Jun. 30, 2015	509,837	2.2	78,376	18.2	71,230	25.3	48,518	28.6

(Note) Comprehensive income (3 months ended June 30, 2016: 34,959 million yen -29.9%, 3 months ended June 30, 2015: 49,848 million yen 35.5%)
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
3 months ended Jun. 30, 2016	68.98	65.48
3 months ended Jun. 30, 2015	97.26	97.10

(2) Changes in Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Jun. 30, 2016	4,061,181	711,255	16.2
Mar. 31, 2016	4,152,436	684,393	15.2

(Reference) Shareholders' Equity (June 30, 2016: 656,325 million yen, March 31, 2016: 629,637 million yen)

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2016	-	10.00	-	15.00	25.00
Year ending Mar. 31, 2017	-				
Year ending Mar. 31, 2017 (forecast)		-	-	-	-

(Note) Dividend forecasts for the year ending March 31, 2017 have yet to be determined at this time.

3. Business Results Forecast for Consolidated FY2016 (Year ending March 31, 2017)

	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
FY2016	1,950,000	(6.9)	-	-	-	-	-	-	-

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

The operating revenue forecast has not been revised and updated since the previous announcement on April 26, 2016.

Consolidated earnings estimates for the year ending March 31, 2017 have yet to be determined at this time, in view of the current difficulty of rationally estimating the incomes since our supply capacity has yet to be definitively determined. These estimates will be promptly disclosed as soon as we can reasonably assess the estimates of income.

(Reference) Business Results Forecast for Non-Consolidated FY2016 (Year ending March 31, 2017)

	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
FY2016	1,760,000	(5.8)	-	-	-	-	-	-	-

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

The operating revenue forecast has not been revised and updated since the previous announcement on April 26, 2016.

Non-consolidated earnings estimates for the year ending March 31, 2017 have yet to be determined at this time, in view of the current difficulty of rationally estimating the incomes since our supply capacity has yet to be definitively determined. These estimates will be promptly disclosed as soon as we can reasonably assess the estimates of income.

QUARTERLY CONSOLIDATED BALANCE SHEETS (Unaudited)

First Quarter FY2016 (as of June 30, 2016) and FY2015 (as of March 31, 2016)

Assets		(Millions of yen)	
	Item	June 30, 2016	March 31, 2016
Non-current assets:		3,490,185	3,502,722
Electric utility plant and equipment:		2,469,942	2,489,604
	Hydroelectric power production facilities	175,913	171,468
	Thermal power production facilities	369,009	375,576
	Nuclear power production facilities	258,710	266,109
	Transmission facilities	632,491	639,074
	Transformation facilities	241,530	242,528
	Distribution facilities	633,954	635,332
	General facilities	103,525	103,151
	Other electric utility plant and equipment	54,806	56,364
Other non-current assets		211,272	212,888
Construction in progress:		259,907	247,138
	Construction and retirement in progress	259,907	247,138
Nuclear fuel:		146,696	144,621
	Loaded nuclear fuel	34,729	34,729
	Nuclear fuel in processing	111,966	109,891
Investments and other assets:		402,366	408,470
	Long-term investments	94,036	93,556
	Reserve fund for reprocessing of irradiated nuclear fuel	66,310	69,340
	Net defined benefit asset	2,081	2,179
	Deferred tax assets	136,625	139,396
	Other	105,239	104,582
	Allowance for doubtful accounts	(1,926)	(585)
Current assets:		570,996	649,713
	Cash and deposits	168,270	218,114
	Notes and accounts receivable - trade	191,742	204,042
	Inventories	62,042	68,747
	Deferred tax assets	55,195	61,501
	Other	94,234	99,312
	Allowance for doubtful accounts	(489)	(2,004)
Assets		4,061,181	4,152,436

Liabilities and net assets

(Millions of yen)

Item	June 30, 2016	March 31, 2016
Non-current liabilities:	2,584,666	2,599,296
Bonds payable	740,412	760,469
Long-term loans payable	1,369,036	1,356,192
Provision for reprocessing of irradiated nuclear fuel	71,022	73,362
Provision for prepration of reprocessing of irradiated nuclear fuel	15,366	15,214
Reserve for restoration costs of natural disaster	5,245	5,245
Net defined benefit liability	189,019	191,027
Asset retirement obligations	118,666	118,233
Deferred tax liabilities for land revaluation	1,436	1,436
Other	74,459	78,114
Current liabilities:	765,260	868,746
Current portion of non-current liabilities	349,101	328,231
Short-term loans payable	2,295	34,274
Notes and accounts payable - trade	118,783	155,775
Accrued taxes	22,453	39,455
Reserve for restoration costs of natural disaster	206	440
Other	272,420	310,569
Liabilities	3,349,926	3,468,042
Shareholders' equity:	688,676	661,733
Capital stock	251,441	251,441
Capital surplus	26,538	26,536
Retained earnings	417,787	390,843
Treasury shares	(7,091)	(7,087)
Accumulated other comprehensive income:	(32,351)	(32,096)
Valuation difference on available-for-sale securities	2,411	3,979
Deferred losses on hedges	(2,985)	(2,754)
Revaluation reserve for land	(1,128)	(1,128)
Foreign currency translation adjustments	(64)	561
Remeasurements of defined benefit plans	(30,583)	(32,753)
Subscription rights to shares	736	736
Non-controlling interests	54,193	54,019
Net assets	711,255	684,393
Liabilities and net assets	4,061,181	4,152,436

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

First Quarter FY2016 (Three months ended June 30, 2016) and First Quarter FY2015 (Three months ended June 30, 2015)

Item	(Millions of yen)	
	Three months ended June 30,	
	2016	2015
Operating revenue:	455,839	509,837
Electric utility operating revenue	409,127	455,385
Other business operating revenue	46,711	54,451
Operating expenses:	398,141	431,461
Electric utility operating expenses	354,375	381,063
Other business operating expenses	43,765	50,398
Operating income	57,698	78,376
Non-operating income:	1,955	2,200
Dividend income	338	354
Interest income	320	492
Share of profit of entities accounted for using equity method	884	93
Other	412	1,259
Non-operating expenses:	9,406	9,346
Interest expenses	6,426	7,986
Other	2,979	1,359
Ordinary revenue	457,794	512,038
Ordinary expenses	407,547	440,807
Ordinary income	50,247	71,230
Income before income taxes	50,247	71,230
Income taxes - current	6,152	7,145
Income taxes - deferred	8,888	14,374
Income taxes	15,041	21,519
Net income	35,206	49,711
Net income attributable to non-controlling interests	774	1,192
Net income attributable to owners of parent	34,432	48,518

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

First Quarter FY2016 (Three months ended June 30, 2016) and First Quarter FY2015 (Three months ended June 30, 2015)

Item	(Millions of yen)	
	Three months ended June 30,	
	2016	2015
Net income	35,206	49,711
Other comprehensive income:		
Valuation difference on available-for-sale securities	(1,608)	2,664
Deferred gains or losses on hedges	(230)	77
Foreign currency translation adjustments	(632)	322
Remeasurements of defined benefit plans	2,225	(2,930)
Share of other comprehensive income of entities accounted for using equity method	(1)	2
Other comprehensive income	(247)	137
Comprehensive income	34,959	49,848
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	34,176	48,586
Comprehensive income attributable to non-controlling interests	782	1,262

(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.