

July 27, 2017

Financial Results for the First Quarter of Fiscal 2017

Tohoku Electric Power Co., Inc. (the “Company”) filed a summary of its financial statements for the first quarter (from April 1, 2017 to June 30, 2017) with the Tokyo Stock Exchange and disclosed the report today.

【Consolidated Financial Results】

With respect to revenue, even though electricity sales were declined, an increase in the grant under Act on Purchase of Renewable Energy Sourced Electricity based on “feed-in-tariff scheme for renewable energy” attributed to an increase in purchased volume from solar and an increase in sales of power to other utilities and other companies pushed up the revenue. Our consolidated operating revenue was ¥470.6 billion (a year-on-year increase of ¥14.7 billion, or a 3.2% increase) and consolidated ordinary revenue was ¥471.9 billion (a year-on-year increase of ¥14.1 billion, or 3.1% increase).

As for expenses, consolidated ordinary expenses increased to ¥442.2 billion (a year-on-year increase of ¥34.7 billion, or a 8.5% increase) due to an increase in purchased power resulting from an increase in solar power received, an increase in maintenance expenses due to periodical maintenances of thermal power plants, and an increase in fuel cost caused by rise in fuel prices.

Consequently, consolidated ordinary income was ¥29.7 billion, a decrease of ¥20.5 billion (or a 40.8 % decrease) year-on-year.

Net income attributable to owners of parent was ¥19.8 billion, a decrease of ¥14.6 billion (or a 42.5 % decrease) year-on-year.

* The grant is based on “Feed-In-Tariff scheme for renewable energy”. It is offset by purchase costs of renewable energy; therefore its effect on our income is immaterial.

【Electricity Sales Volume】

There was an increase in heating demand resulting from lower temperature in this early spring compared to the previous year; nevertheless, a decline in contract demand decreased electricity sales to 16.9TWh, down 2.2% year-on-year.

【Financial Forecast for FY2017】

The financial forecast remains unchanged from the previous announcement on April 27, 2017.

【Dividend Forecast for FY2017】

The dividend forecast remains unchanged from the previous announcement on April 27, 2017.

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2017 - June 30, 2017)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for three months ended June 30, 2017, 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 FY2017 (Three months ended June 30, 2017)

(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, 2017 | 470,605 | 3.2 | 34,834 | (39.6) | 29,734 | (40.8) | 19,805 | (42.5) |
| 3 months ended Jun. 30, 2016 | 455,839 | (10.6) | 57,698 | (26.4) | 50,247 | (29.5) | 34,432 | (29.0) |

(Note) Comprehensive income (3 months ended June 30, 2017: 24,754 million yen -29.2%, 3 months ended June 30, 2016: 34,959 million yen -29.9%)
 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, 2017 | 39.69 | 37.63 |
| 3 months ended Jun. 30, 2016 | 68.98 | 65.48 |

(2) Changes in Financial Positions

| | Total assets | Net assets | Equity-to-asset ratio |
|---------------|-----------------|-----------------|-----------------------|
| | Millions of yen | Millions of yen | % |
| Jun. 30, 2017 | 4,063,764 | 769,678 | 17.4 |
| Mar. 31, 2017 | 4,145,928 | 755,624 | 16.8 |

(Reference) Shareholders' Equity (June 30, 2017: 708,733 million yen, March 31, 2017: 694,680 million yen)

2. Dividends

| | Cash dividends per share | | | | |
|---|--------------------------|-------|-----|----------|--------------|
| | 1Q | 2Q | 3Q | Year-end | Annual total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended Mar. 31, 2017 | - | 15.00 | - | 20.00 | 35.00 |
| Year ending Mar. 31, 2018 | - | | | | |
| Year ending Mar. 31, 2018 (forecast) | | 20.00 | - | 20.00 | 40.00 |

(Note) Forecast revision of dividends from the latest forecast: None

3. Business Results Forecast for Consolidated FY2017 (Year ending March 31, 2018)

| | 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 |
| FY2017 | 2,070,000 | 6.2 | 112,000 | (14.1) | 90,000 | (14.0) | 60,000 | (14.2) | 120.25 |

(Note) Forecast revision of consolidated results from the latest forecast: None
 Percentage figures represent changes as compared to the same period of the previous year.

(Reference) Business Results Forecast for Non-consolidated FY2017 (Year ending March 31, 2018)

| | 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 |
| FY2017 | 1,880,000 | 8.1 | 89,000 | (11.1) | 70,000 | (13.0) | 50,000 | (16.5) | 100.21 |

(Note) Forecast revision of non-consolidated results from latest forecast: None

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

QUARTERLY CONSOLIDATED BALANCE SHEETS (Unaudited)

First Quarter FY2017 (as of June 30, 2017) and FY2016 (as of March 31, 2017)

| Assets | (Millions of yen) | |
|--|-------------------|------------------|
| Item | June 30, 2017 | March 31, 2017 |
| Non-current assets: | 3,467,304 | 3,475,412 |
| Electric utility plant and equipment: | 2,459,676 | 2,480,118 |
| Hydroelectric power production facilities | 173,114 | 174,905 |
| Thermal power production facilities | 373,849 | 379,748 |
| Nuclear power production facilities | 241,285 | 245,014 |
| Transmission facilities | 620,807 | 626,091 |
| Transformation facilities | 243,823 | 245,381 |
| Distribution facilities | 648,126 | 645,856 |
| General facilities | 109,059 | 111,966 |
| Other electric utility plant and equipment | 49,608 | 51,154 |
| Other non-current assets | 211,096 | 211,651 |
| Construction in progress: | 306,409 | 291,234 |
| Construction and retirement in progress | 306,409 | 291,234 |
| Nuclear fuel: | 149,218 | 149,201 |
| Loaded nuclear fuel | 34,729 | 34,729 |
| Nuclear fuel in processing | 114,488 | 114,471 |
| Investments and other assets: | 340,904 | 343,207 |
| Long-term investments | 113,841 | 113,134 |
| Net defined benefit asset | 2,713 | 2,723 |
| Deferred tax assets | 119,928 | 123,889 |
| Other | 104,802 | 105,165 |
| Allowance for doubtful accounts | (381) | (1,706) |
| Current assets: | 596,460 | 670,515 |
| Cash and deposits | 113,979 | 224,112 |
| Notes and accounts receivable - trade | 203,433 | 197,259 |
| Inventories | 79,259 | 62,911 |
| Deferred tax assets | 56,446 | 59,105 |
| Other | 143,738 | 127,575 |
| Allowance for doubtful accounts | (395) | (450) |
| Assets | 4,063,764 | 4,145,928 |

Liabilities and net assets

(Millions of yen)

| Item | June 30, 2017 | March 31, 2017 |
|---|---------------|----------------|
| Non-current liabilities: | 2,472,110 | 2,547,870 |
| Bonds payable | 790,484 | 800,240 |
| Long-term loans payable | 1,305,587 | 1,368,116 |
| Reserve for restoration costs of natural disaster | 5,034 | 5,034 |
| Net defined benefit liability | 183,070 | 185,287 |
| Asset retirement obligations | 120,086 | 119,410 |
| Deferred tax liabilities for land revaluation | 1,425 | 1,426 |
| Other | 66,422 | 68,353 |
| Current liabilities: | 821,976 | 842,433 |
| Current portion of non-current liabilities | 305,467 | 262,665 |
| Notes and accounts payable - trade | 112,003 | 131,688 |
| Accrued taxes | 17,102 | 24,235 |
| Other advances | 232,590 | 239,789 |
| Reserve for restoration costs of natural disaster | 308 | 376 |
| Other | 154,503 | 183,677 |
| Liabilities | 3,294,086 | 3,390,303 |
| Shareholders' equity: | 726,023 | 716,226 |
| Capital stock | 251,441 | 251,441 |
| Capital surplus | 26,535 | 26,558 |
| Retained earnings | 455,374 | 445,547 |
| Treasury shares | (7,327) | (7,320) |
| Accumulated other comprehensive income: | (17,290) | (21,546) |
| Valuation difference on available-for-sale securities | 7,601 | 6,462 |
| Deferred losses on hedges | (1,859) | (1,883) |
| Revaluation reserve for land | (941) | (940) |
| Foreign currency translation adjustments | 573 | 186 |
| Remeasurements of defined benefit plans | (22,665) | (25,371) |
| Subscription rights to shares | 879 | 879 |
| Non-controlling interests | 60,065 | 60,064 |
| Net assets | 769,678 | 755,624 |
| Liabilities and net assets | 4,063,764 | 4,145,928 |

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

First Quarter FY2017 (Three months ended June 30, 2017) and First Quarter FY2016 (Three months ended June 30, 2016)

(Millions of yen)

| Item | Three months ended June 30, | |
|---|-----------------------------|---------|
| | 2017 | 2016 |
| Operating revenue: | 470,605 | 455,839 |
| Electric utility operating revenue | 426,876 | 409,127 |
| Other business operating revenue | 43,729 | 46,711 |
| Operating expenses: | 435,771 | 398,141 |
| Electric utility operating expenses | 394,394 | 354,375 |
| Other business operating expenses | 41,376 | 43,765 |
| Operating income | 34,834 | 57,698 |
| Non-operating income: | 1,386 | 1,955 |
| Dividend income | 349 | 338 |
| Interest income | 64 | 320 |
| Share of profit of entities accounted for using equity method | - | 884 |
| Other | 973 | 412 |
| Non-operating expenses: | 6,487 | 9,406 |
| Interest expenses | 5,607 | 6,426 |
| Share of loss of entities accounted for using equity method | 239 | - |
| Other | 640 | 2,979 |
| Ordinary revenue | 471,992 | 457,794 |
| Ordinary expenses | 442,258 | 407,547 |
| Ordinary income | 29,734 | 50,247 |
| Income before income taxes | 29,734 | 50,247 |
| Income taxes - current | 4,151 | 6,152 |
| Income taxes - deferred | 5,163 | 8,888 |
| Income taxes | 9,315 | 15,041 |
| Net income | 20,418 | 35,206 |
| Net income attributable to non-controlling interests | 613 | 774 |
| Net income attributable to owners of parent | 19,805 | 34,432 |

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

First Quarter FY2017 (Three months ended June 30, 2017) and First Quarter FY2016 (Three months ended June 30, 2016)

| Item | (Millions of yen) | |
|---|-----------------------------|---------|
| | Three months ended June 30, | |
| | 2017 | 2016 |
| Net income | 20,418 | 35,206 |
| Other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 1,165 | (1,608) |
| Deferred gains or losses on hedges | 23 | (230) |
| Foreign currency translation adjustments | 386 | (632) |
| Remeasurements of defined benefit plans | 2,759 | 2,225 |
| Share of other comprehensive income of entities accounted for using equity method | 0 | (1) |
| Other comprehensive income | 4,335 | (247) |
| Comprehensive income | 24,754 | 34,959 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 24,061 | 34,176 |
| Comprehensive income attributable to non-controlling interests | 693 | 782 |

(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.