

For the six months ended September 30, 2004 and 2003

Interim Financial Statements (Unaudited)

Interim Consolidated Balance Sheets (Unaudited)

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
September 30, 2004 and 2003

Assets	September 30,		
	2004 (Millions of yen)	2003	2004 (Thousands of U.S. dollars)
Property, plant and equipment	¥ 7,916,425	¥ 7,700,307	\$ 71,287,032
Less accumulated depreciation	(4,552,071)	(4,305,109)	(40,991,184)
PROPERTY, PLANT AND EQUIPMENT, NET	3,364,353	3,395,197	30,295,839
Loaded nuclear fuel and nuclear fuel under processing	135,140	129,021	1,216,929
Long-term investments	70,139	65,336	631,598
Deferred income taxes	158,391	131,430	1,426,303
Deferred income taxes on revaluation adjustments	1,467	1,550	13,210
Other assets	96,604	171,193	869,914
Current assets:			
Cash and cash equivalents	115,603	92,949	1,040,999
Notes receivable and amounts due from customers, less allowance for uncollectible receivables ...	99,761	93,466	898,343
Deferred income taxes	14,640	15,789	131,832
Other current assets	79,613	79,524	716,911
TOTAL CURRENT ASSETS	309,619	281,729	2,788,104
TOTAL ASSETS	¥ 4,135,718	¥ 4,175,459	\$37,241,945

See notes to interim consolidated financial statements.

Liabilities and shareholders' equity

	September 30,		
	2004	2003	2004
	(Millions of yen)		(Thousands of U.S. dollars)
Long-term debt	¥ 2,228,576	¥ 2,306,036	\$20,068,221
Accrued retirement benefits	251,698	234,819	2,266,528
Reserve for reprocessing irradiated nuclear fuel	97,216	86,955	875,425
Reserve for decommissioning nuclear power units	31,720	29,625	285,637
Deferred income taxes	833	334	7,501
Current liabilities:			
Short-term borrowings	38,412	87,399	345,898
Current portion of long-term debt	224,202	263,875	2,018,928
Notes and accounts payable	76,153	58,430	685,754
Accrued income taxes	28,242	19,456	254,317
Deferred income taxes	1,384		12,462
Other current liabilities	172,882	172,350	1,556,794
TOTAL CURRENT LIABILITIES	541,277	601,512	4,874,173
Reserve for fluctuation in water levels	11,249	8,819	101,296
Minority interests in consolidated subsidiaries	43,540	42,161	392,075
Shareholders' equity:			
Common stock, without par value:			
Authorized-1,000,000,000 shares			
Issued - 502,882,585 shares	251,441	251,441	2,264,214
Capital surplus	26,655	26,497	240,027
Retained earnings	648,614	583,326	5,840,738
Revaluation adjustments	(1,011)	(1,069)	(9,104)
Net unrealized holding gain on securities	10,009	5,556	90,130
Foreign currency translation adjustments	79		711
Treasury stock, at cost: 3,515,383 shares in 2004 and 332,775 shares in 2003	(6,183)	(557)	(55,677)
TOTAL SHAREHOLDERS' EQUITY	929,604	865,195	8,371,040
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	¥ 4,135,718	¥ 4,175,459	\$37,241,945

See notes to interim consolidated financial statements.

Interim Consolidated Statements of Income (Unaudited)

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
Six Months ended September 30, 2004 and 2003

	Six months ended September 30,		
	2004 (Millions of yen)	2003	2004 (Thousands of U.S. dollars)
Operating revenues:			
Electric power	¥ 716,593	¥ 704,948	\$6,452,886
Other	65,858	50,151	593,048
	<u>782,452</u>	<u>755,099</u>	<u>7,045,943</u>
Operating expenses:			
Electric power	601,453	624,487	5,416,055
Other	63,046	48,031	567,726
	<u>664,500</u>	<u>672,519</u>	<u>5,983,791</u>
Operating income	117,952	82,580	1,062,152
Other expenses:			
Interest expense	25,585	30,608	230,391
Loss on impairment of fixed assets	6,553		59,009
Loss on discontinuance of power plant construction	3,985		35,884
Other, net	7,953	(368)	71,616
	<u>44,078</u>	<u>30,240</u>	<u>396,920</u>
Income before special item and income taxes	73,874	52,340	665,231
Special item: Provision for reserve for fluctuation in water levels	808	2,012	7,276
Income before income taxes	73,065	50,327	657,946
Income taxes:			
Current	28,304	19,558	254,876
Deferred	494	(1,555)	4,448
	<u>28,799</u>	<u>18,003</u>	<u>259,333</u>
Minority interests in earnings of consolidated subsidiaries	509	390	4,583
Net income	¥ 43,756	¥ 31,933	\$394,020

See notes to interim consolidated financial statements.

Interim Consolidated Statements of Shareholders' Equity (Unaudited)

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
Six Months ended September 30, 2004 and 2003

	Millions of yen							
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Revaluation adjustments	Net unrealized holding gain on securities	Foreign currency translation adjustments	Treasury stock, at cost
Balance at March 31, 2004	502,882,585	¥ 251,441	¥ 26,655	¥ 589,903	¥ (1,064)	¥ 9,986	¥	¥ (6,070)
Bonuses to directors and corporate auditors				(339)				
Cash dividends paid				(12,484)				
Increase in retained earnings resulting from inclusion of consolidated subsidiaries				27,832				
Reversal of revaluation adjustments				(53)				
Net income for the six months ended September 30, 2004				43,756				
Net change during the period					53	23	79	(113)
Balance at September 30, 2004	502,882,585	¥ 251,441	¥ 26,655	¥ 648,614	¥ (1,011)	¥ 10,009	¥ 79	¥ (6,183)
Balance at March 31, 2003	502,882,585	¥ 251,441	¥ 26,497	¥ 564,168	¥ (1,069)	¥ 1,877	¥	¥ (475)
Bonuses to directors and corporate auditors				(211)				
Cash dividends paid				(12,564)				
Reversal of revaluation adjustments				(0)				
Net income for the six months ended September 30, 2003				31,933				
Net change during the period					0	3,678		(81)
Balance at September 30, 2003	502,882,585	¥ 251,441	¥ 26,497	¥ 583,326	¥ (1,069)	¥ 5,556	¥	¥ (557)

	Thousands of U.S. dollars							
	Common stock	Capital surplus	Retained earnings	Revaluation adjustments	Net unrealized holding gain on securities	Foreign currency translation adjustments	Treasury stock, at cost	
Balance at March 31, 2004	\$2,264,214	\$240,027	\$5,312,048	\$(9,581)	\$89,923	\$	\$(54,660)	
Bonuses to directors and corporate auditors			(3,052)					
Cash dividends paid			(112,417)					
Increase in retained earnings resulting from inclusion of consolidated subsidiaries			250,625					
Reversal of revaluation adjustments			(477)					
Net income for the six months ended September 30, 2004			394,020					
Net change during the period				477	207	711	(1,017)	
Balance at September 30, 2004	\$2,264,214	\$240,027	\$5,840,738	\$(9,104)	\$90,130	\$711	\$(55,677)	

See notes to interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows (Unaudited)

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
Six Months ended September 30, 2004 and 2003

	Six months ended September 30,		
	2004 (Millions of yen)	2003	2004 (Thousands of U.S. dollars)
Operating activities			
Income before income taxes	¥ 73,065	¥ 50,327	\$ 657,946
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	129,057	132,422	1,162,152
Loss on impairment of fixed assets	6,553		59,009
Provision for accrued retirement benefits	22	6,667	198
Loss on sales and disposal of property, plant and equipment	3,806	4,429	34,272
Loss on discontinuance of power plant construction	3,985		35,884
Provision for reserve for reprocessing of irradiated nuclear fuel	4,394	3,824	39,567
Provision for reserve for decommissioning of nuclear power units	1,404	726	12,642
Provision for reserve for fluctuation in water levels	808	2,012	7,276
Interest and dividend income	(550)	(621)	(4,952)
Interest expense	25,585	30,608	230,391
Changes in operating assets and liabilities:			
Amounts due from customers	7,139	(6,656)	64,286
Accounts payable	(11,543)	(20,375)	(103,944)
Other operating assets and liabilities	(8,612)	(28,566)	(77,550)
Subtotal	235,117	174,799	2,117,217
Interest and dividends received	551	611	4,961
Interest paid	(24,144)	(28,691)	(217,415)
Income taxes paid	(18,496)	(22,479)	(166,555)
Net cash provided by operating activities	193,027	124,239	1,738,199
Investing activities			
Acquisitions of property, plant and equipment	(97,937)	(91,431)	(881,918)
Contributions received in aid of construction	555	589	4,997
Increase in investments and advances	(458)	(12,691)	(4,124)
Change in other assets and liabilities	8,309	16,214	74,822
Net cash used in investing activities	(89,531)	(87,319)	(806,222)
Financing activities			
Proceeds from long-term loans and issuance of bonds	48,811	107,722	439,540
Repayment or redemption of long-term loans or bonds	(85,969)	(117,703)	(774,146)
Decrease in short-term borrowings and commercial paper	(55,863)	(210)	(503,043)
Cash dividends	(12,464)	(12,553)	(112,237)
Other	(643)	(706)	(5,790)
Net cash used in financing activities	(106,130)	(23,451)	(955,695)
Effect of exchange rate changes on cash and cash equivalents	0		0
Net (decrease) increase in cash and cash equivalents	(2,632)	13,468	(23,701)
Cash and cash equivalents at beginning of the period	95,079	79,480	856,181
Increase in cash and cash equivalents upon inclusion of additional subsidiaries in consolidation ...	23,157		208,527
Cash and cash equivalents at end of the period	¥ 115,603	¥ 92,949	\$ 1,040,999

See notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements (Unaudited)

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
September 30, 2004

1. Basis of Interim Consolidated Financial Statements

Tohoku Electric Power Company, Incorporated (the "Company") and consolidated subsidiaries maintain their records and prepare their interim consolidated financial statements in accordance with accounting principles generally accepted in Japan.

The financial statements of the overseas consolidated subsidiary are prepared on the basis of the accounting and relevant legal requirements of the country of domicile.

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying interim consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. Subsequent Event

On November 10, 2004, the Board of Directors of the Company declared an interim cash dividend of ¥25 (\$0.22) per share, or a total of ¥12,484 million (\$112,417 thousand), to shareholders of record as of September 30, 2004

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥111.05 = U.S.\$1.00, the approximate rate of exchange in effect on September 30, 2004, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

Interim Non-Consolidated Balance Sheets (Unaudited)

Tohoku Electric Power Co., Inc.
September 30, 2004 and 2003

Assets	September 30,		
	2004 (Millions of yen)	2003	2004 (Thousands of U.S. dollars)
Property, plant and equipment	¥ 7,219,762	¥ 7,165,914	\$65,013,615
Less accumulated depreciation	(4,114,234)	(3,968,053)	(37,048,482)
PROPERTY, PLANT AND EQUIPMENT, NET	3,105,528	3,197,861	27,965,132
Nuclear fuel:			
Loaded nuclear fuel	23,927	23,684	215,461
Nuclear fuel under processing	111,213	105,337	1,001,467
TOTAL NUCLEAR FUEL	135,140	129,021	1,216,929
Investments in and advances to:			
Subsidiaries and affiliates	183,988	226,422	1,656,803
Other	62,442	58,566	562,287
TOTAL INVESTMENTS AND ADVANCES	246,431	284,989	2,219,099
Deferred income taxes	104,227	96,986	938,559
Other assets	2,121	3,718	19,009
Current assets:			
Cash	38,040	34,042	342,548
Amounts due from customers, less allowance for uncollectible receivables	73,933	75,051	665,763
Fuel and supplies	25,459	26,149	229,257
Deferred income taxes	9,786	10,455	88,122
Other current assets	20,403	17,077	183,728
TOTAL CURRENT ASSETS	167,624	162,776	1,509,446
TOTAL ASSETS	¥ 3,761,073	¥ 3,875,353	\$33,868,284

See notes to interim non-consolidated financial statements.

Liabilities and shareholders' equity	September 30,		
	2004 (Millions of yen)	2003	2004 (Thousands of U.S. dollars)
Long-term debt	¥ 2,108,802	¥ 2,200,068	\$18,989,662
Accrued retirement benefits	204,581	195,996	1,842,242
Reserve for reprocessing irradiated nuclear fuel	97,216	86,955	875,425
Reserve for decommissioning nuclear power units	31,720	29,625	285,637
Reserve for exhibiting at EXPO 2005 AICHI		73	
Current liabilities:			
Short-term borrowings	36,500	85,220	328,680
Current portion of long-term debt	186,180	240,784	1,676,542
Commercial paper	70,000	66,000	630,346
Accounts payable	53,492	46,714	481,692
Accrued income taxes	25,639	17,097	230,877
Accrued expenses	38,858	40,302	349,914
Reserve for exhibiting at EXPO 2005 AICHI	122		1,098
Other current liabilities	49,417	47,141	444,997
TOTAL CURRENT LIABILITIES	460,209	543,261	4,144,160
Reserve for fluctuation in water levels	11,166	8,742	100,549
Shareholders' equity:			
Common stock, without par value:			
Authorized-1,000,000,000 shares			
Issued - 502,882,585 shares	251,441	251,441	2,264,214
Capital surplus	26,657	26,497	240,045
Legal reserve	62,860	62,860	566,051
Retained earnings	498,339	465,191	4,487,519
Net unrealized holding gain on securities	8,728	5,192	78,595
Treasury stock, at cost: 366,788 shares in 2004 and 320,897 shares in 2003	(651)	(552)	(5,862)
TOTAL SHAREHOLDERS' EQUITY	847,375	810,630	7,630,571
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	¥ 3,761,073	¥ 3,875,353	\$33,868,284

See notes to interim non-consolidated financial statements.

Interim Non-Consolidated Statements of Income (Unaudited)

Tohoku Electric Power Co., Inc.
Six Months ended September 30, 2004 and 2003

	Six months ended September 30,		
	2004 (Millions of yen)	2003	2004 (Thousands of U.S. dollars)
Operating revenues	¥ 722,157	¥ 708,979	\$6,502,989
Operating expenses:			
Personnel expenses	85,875	90,497	773,300
Fuel	116,301	120,728	1,047,285
Purchased power	114,127	105,637	1,027,708
Maintenance	69,638	82,607	627,086
Depreciation	108,239	117,139	974,687
Taxes other than income taxes	41,581	42,483	374,434
Subcontract fees	20,132	19,538	181,287
Other	56,705	54,511	510,625
	<u>612,601</u>	<u>633,145</u>	<u>5,516,443</u>
Operating income	109,555	75,833	986,537
Other expenses:			
Interest expense	24,088	29,208	216,911
Loss on impairment of fixed assets	6,007		54,092
Loss on discontinuance of power plant construction	3,985		35,884
Other, net	9,560	(442)	86,087
	<u>43,641</u>	<u>28,765</u>	<u>392,985</u>
Income before special item and income taxes	65,914	47,067	593,552
Special item:Provision for reserve for fluctuation in water levels	804	2,011	7,239
Income before income taxes	65,109	45,056	586,303
Income taxes:			
Current	25,761	17,201	231,976
Deferred	(942)	(2,095)	(8,482)
Net income	<u>¥ 40,291</u>	<u>¥ 29,950</u>	<u>\$362,818</u>

See notes to interim non-consolidated financial statements.

Notes to Interim Non-Consolidated Financial Statements (Unaudited)

Tohoku Electric Power Co., Inc.
September 30, 2004

1. Basis of Interim Financial Statements

Tohoku Electric Power Company, Incorporated (the "Company"), a Japanese corporation, maintains its records and prepares its interim non-consolidated financial statements in accordance with accounting principles generally accepted in Japan. The accompanying interim non-consolidated financial statements relate to the accounts of the Company only.

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying interim non-consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. Subsequent Event

On November 10, 2004, the Board of Directors of the Company declared an interim cash dividend of ¥25 (\$0.22) per share, or a total of ¥12,484 million (\$112,417 thousand), to shareholders of record as of September 30, 2004.

3. U.S. Dollar Amounts

The method of translating yen amounts into U.S. dollar amounts is the same as that described in Note 3 to the interim consolidated financial statements.

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