

For the six months ended September 30, 2005 and 2004

Interim Financial Statements ***(Unaudited)***



Tohoku Electric Power Co., Inc.(Japan)

Interim Consolidated Balance Sheets (Unaudited)

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
September 30, 2005 and 2004

Assets	September 30,		
	2005 (Millions of yen)	2004	2005 (Thousands of U.S. dollars)
Property, plant and equipment	¥ 8,006,870	¥ 7,916,425	\$ 70,725,819
Less accumulated depreciation	(4,732,271)	(4,552,071)	(41,800,821)
PROPERTY, PLANT AND EQUIPMENT, NET	3,274,599	3,364,353	28,924,997
Loaded nuclear fuel	41,000	23,927	362,158
Nuclear fuel under processing	102,522	111,213	905,591
Long-term investments	92,869	70,139	820,325
Deferred income taxes	166,741	158,391	1,472,846
Deferred income taxes on revaluation adjustments	1,446	1,467	12,772
Other assets	91,773	96,604	810,643
Current assets:			
Cash and cash equivalents	109,769	115,603	969,605
Trade notes receivable and amounts due from customers, less allowance for uncollectible receivables	106,329	99,761	939,219
Deferred income taxes	15,994	14,640	141,277
Other current assets	83,541	79,613	737,929
TOTAL CURRENT ASSETS	315,634	309,619	2,788,039
TOTAL ASSETS	¥ 4,086,588	¥ 4,135,718	\$36,097,411

See notes to interim consolidated financial statements.

Liabilities, minority interests and shareholders' equity

	September 30,		
	2005 (Millions of yen)	2004	2005 (Thousands of U.S. dollars)
Long-term debt	¥ 2,067,206	¥ 2,228,576	\$18,259,924
Accrued retirement benefits	263,213	251,698	2,324,997
Reserve for reprocessing costs of irradiated nuclear fuel	107,174	97,216	946,683
Reserve for decommissioning costs of nuclear power units	34,142	31,720	301,581
Deferred income taxes	569	833	5,026
Current liabilities:			
Short-term borrowings	57,165	38,412	504,946
Current portion of long-term debt	297,868	224,202	2,631,110
Trade notes and accounts payable	89,757	76,153	792,836
Accrued income taxes	13,775	28,242	121,676
Deferred income taxes		1,384	
Other current liabilities	155,293	172,882	1,371,725
TOTAL CURRENT LIABILITIES	613,860	541,277	5,422,312
Reserve for fluctuation in water levels	16,313	11,249	144,095
Minority interests in consolidated subsidiaries	45,823	43,540	404,761
Shareholders' equity:			
Common stock, without par value:			
Authorized-1,000,000,000 shares			
Issued - 502,882,585 shares	251,441	251,441	2,221,014
Capital surplus	26,655	26,655	235,447
Retained earnings	652,937	648,614	5,767,485
Revaluation adjustments	(996)	(1,011)	(8,797)
Net unrealized holding gain on securities	15,085	10,009	133,247
Foreign currency translation adjustments	79	79	697
Treasury stock, at cost: 3,805,459 shares in 2005 and 3,515,383 shares in 2004	(6,917)	(6,183)	(61,098)
TOTAL SHAREHOLDERS' EQUITY	938,286	929,604	8,288,013
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	¥ 4,086,588	¥ 4,135,718	\$36,097,411

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, 2005 and 2004

	Six months ended September 30,		
	2005 (Millions of yen)	2004	2005 (Thousands of U.S. dollars)
Operating revenues:			
Electric power	¥ 725,421	¥ 716,593	\$6,407,746
Other	70,357	65,858	621,473
	<u>795,778</u>	<u>782,452</u>	<u>7,029,220</u>
Operating expenses:			
Electric power	662,626	601,453	5,853,069
Other	66,900	63,046	590,937
	<u>729,526</u>	<u>664,500</u>	<u>6,444,006</u>
Operating income	66,252	117,952	585,213
Other expenses (income):			
Interest and dividend income	(511)	(550)	(4,513)
Interest expense	23,398	25,585	206,677
Impairment loss on fixed assets		6,553	
Loss on discontinuance of power plant construction		3,985	
Loss on discontinued operation of subsidiary	2,503		22,109
Other, net	4,874	7,953	43,052
	<u>30,265</u>	<u>44,078</u>	<u>267,335</u>
Income before special item, income taxes and minority interests	35,987	73,874	317,878
Special item: Provision for reserve for fluctuation in water levels	3,660	808	32,329
Income before income taxes and minority interests	32,327	73,065	285,548
Income taxes:			
Current	13,885	28,304	122,648
Deferred	1,221	494	10,785
	<u>15,107</u>	<u>28,799</u>	<u>133,442</u>
Minority interests in earnings of consolidated subsidiaries	774	509	6,836
Net income	<u>¥ 16,444</u>	<u>¥ 43,756</u>	<u>\$145,252</u>

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, 2005 and 2004

	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, 2005	502,882,585	¥ 251,441	¥ 26,655	¥ 649,329	¥ (1,005)	¥ 9,844	¥ 79	¥ (6,572)
Bonuses to directors and corporate auditors ...				(349)				
Cash dividends paid				(12,478)				
Reversal of revaluation adjustments				(9)	9			
Net income for the six months ended								
September 30, 2005				16,444				
Net change during the period						5,241	0	(344)
Balance at September 30, 2005	502,882,585	¥ 251,441	¥ 26,655	¥ 652,937	¥ (996)	¥ 15,085	¥ 79	¥ (6,917)
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 certain subsidiaries								
in consolidation				(27,832)				
Reversal of revaluation adjustments				(53)	53			
Net income for the six months ended								
September 30, 2004				43,756				
Net change during the period						23	79	(113)
Balance at September 30, 2004	502,882,585	¥ 251,441	¥ 26,655	¥ 648,614	¥ (1,011)	¥ 10,009	¥ 79	¥ (6,183)

	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, 2005	\$2,221,014	\$235,447	\$5,735,615	\$(8,877)	\$86,953	\$697	\$(58,051)	
Bonuses to directors and corporate auditors			(3,082)					
Cash dividends paid			(110,219)					
Reversal of revaluation adjustments			(79)	79				
Net income for the six months ended								
September 30, 2005			145,252					
Net change during the period					46,294	0	(3,038)	
Balance at September 30, 2005	\$2,221,014	\$235,447	\$5,767,485	\$(8,797)	\$133,247	\$697	\$(61,098)	

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, 2005 and 2004

	Six months ended September 30,		
	2005 (Millions of yen)	2004	2005 (Thousands of U.S. dollars)
Operating activities			
Income before income taxes and minority interests	¥ 32,327	¥ 73,065	\$ 285,548
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	144,729	129,057	1,278,411
Impairment loss on fixed assets		6,553	
Provision for accrued retirement benefits	3,661	22	32,338
Loss on sales and disposal of property, plant and equipment	5,489	3,806	48,485
Loss on discontinuance of power plant construction		3,985	
Provision for reserve for reprocessing costs of irradiated nuclear fuel	5,883	4,394	51,965
Provision for reserve for decommissioning costs of nuclear power units	1,397	1,404	12,339
Provision for reserve for fluctuation in water levels	3,660	808	32,329
Interest and dividend income	(511)	(550)	(4,513)
Interest expense	23,398	25,585	206,677
Changes in operating assets and liabilities:			
Amounts due from customers	(5,377)	7,139	(47,495)
Accounts payable	(9,079)	(11,543)	(80,196)
Other operating assets and liabilities	(22,420)	(8,612)	(198,039)
Subtotal	183,157	235,117	1,617,851
Interest and dividends received	511	551	4,513
Interest paid	(21,774)	(24,144)	(192,332)
Income taxes paid	(23,835)	(18,496)	(210,537)
Net cash provided by operating activities	138,059	193,027	1,219,494
Investing activities			
Acquisitions of property, plant and equipment	(88,708)	(97,937)	(783,570)
Contributions received in aid of construction	436	555	3,851
Increase in investments and advances	(7,523)	(458)	(66,451)
Change in other assets and liabilities	8,169	8,309	72,157
Net cash used in investing activities	(87,625)	(89,531)	(774,004)
Financing activities			
Proceeds from long-term loans and issuance of bonds	110,923	48,811	979,798
Repayment or redemption of long-term loans or bonds	(83,624)	(85,969)	(738,662)
Decrease in short-term borrowings and commercial paper	(60,873)	(55,863)	(537,699)
Cash dividends	(12,453)	(12,464)	(109,999)
Other	(712)	(643)	(6,289)
Net cash used in financing activities	(46,740)	(106,130)	(412,861)
Effect of exchange rate changes on cash and cash equivalents	0	0	0
Net increase (decrease) in cash and cash equivalents	3,693	(2,632)	32,620
Cash and cash equivalents at beginning of the period	106,075	95,079	936,975
Increase in cash and cash equivalents upon inclusion of additional subsidiaries in consolidation ...		23,157	
Cash and cash equivalents at end of the period	¥ 109,769	¥ 115,603	\$ 969,605

See notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements (Unaudited)

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
September 30, 2005

1. Basis for Preparation of Interim Consolidated Financial Statements

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

The interim 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 8, 2005, the Board of Directors of the Company declared an interim cash dividend of ¥25 (\$0.22) per share, or a total of ¥12,477 million (\$110,211 thousand), to shareholders of record as of September 30, 2005

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥113.21 = U.S.\$1.00, the approximate rate of exchange in effect on September 30, 2005, has been used in translation. 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, 2005 and 2004

Assets	September 30,		
	2005 (Millions of yen)	2004	2005 (Thousands of U.S. dollars)
Property, plant and equipment	¥ 7,306,444	¥ 7,219,762	\$64,538,856
Less accumulated depreciation	(4,275,410)	(4,114,234)	(37,765,303)
PROPERTY, PLANT AND EQUIPMENT, NET	3,031,034	3,105,528	26,773,553
Nuclear fuel:			
Loaded nuclear fuel	41,000	23,927	362,158
Nuclear fuel under processing	102,522	111,213	905,591
TOTAL NUCLEAR FUEL	143,522	135,140	1,267,750
Investments in and advances to:			
Subsidiaries and affiliates	167,703	183,988	1,481,344
Other	81,801	62,442	722,559
TOTAL INVESTMENTS AND ADVANCES	249,505	246,431	2,203,913
Deferred income taxes	114,024	104,227	1,007,190
Other assets	2,572	2,121	22,718
Current assets:			
Cash	45,490	38,040	401,819
Amounts due from customers, less allowance for uncollectible receivables	76,291	73,933	673,889
Fuel and supplies	31,432	25,459	277,643
Deferred income taxes	9,965	9,786	88,022
Other current assets	16,626	20,403	146,859
TOTAL CURRENT ASSETS	179,806	167,624	1,588,251
TOTAL ASSETS	¥ 3,720,465	¥ 3,761,073	\$32,863,395

See notes to interim non-consolidated financial statements.

Liabilities and shareholders' equity

	September 30,		
	2005	2004	2005
	(Millions of yen)		(Thousands of U.S. dollars)
Long-term debt	¥ 1,970,854	¥ 2,108,802	\$17,408,833
Accrued retirement benefits	217,135	204,581	1,917,984
Reserve for reprocessing costs of irradiated nuclear fuel	107,174	97,216	946,683
Reserve for decommissioning costs of nuclear power units	34,142	31,720	301,581
Current liabilities:			
Short-term borrowings	54,440	36,500	480,876
Current portion of long-term debt	267,362	186,180	2,361,646
Commercial paper	20,000	70,000	176,662
Accounts payable	93,794	53,492	828,495
Accrued income taxes	10,464	25,639	92,429
Accrued expenses	38,295	38,858	338,265
Reserve for exhibition at EXPO 2005 in Aichi	–	122	–
Other current liabilities	48,299	49,417	426,631
TOTAL CURRENT LIABILITIES	532,656	460,209	4,705,026
Reserve for fluctuation in water levels	16,221	11,166	143,282
Shareholders' equity:			
Common stock, without par value:			
Authorized-1,000,000,000 shares			
Issued - 502,882,585 shares	251,441	251,441	2,221,014
Capital surplus	26,657	26,657	235,465
Legal reserve	62,860	62,860	555,251
Retained earnings	494,212	498,339	4,365,444
Net unrealized holding gain on securities	14,072	8,728	124,299
Treasury stock, at cost: 3,775,885 shares in 2005 and 366,788 shares in 2004	(6,963)	(651)	(61,505)
TOTAL SHAREHOLDERS' EQUITY	842,280	847,375	7,439,978
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	¥ 3,720,465	¥ 3,761,073	\$32,863,395

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, 2005 and 2004

	Six months ended September 30,		
	2005 (Millions of yen)	2004	2005 (Thousands of U.S. dollars)
Operating revenues	¥ 728,634	¥ 722,157	\$6,436,127
Operating expenses:			
Personnel expenses	85,534	85,875	755,533
Fuel	131,623	116,301	1,162,644
Purchased power	132,874	114,127	1,173,694
Maintenance	77,670	69,638	686,070
Depreciation	125,262	108,239	1,106,457
Taxes other than income taxes	41,191	41,581	363,845
Subcontract fees	20,541	20,132	181,441
Other	57,568	56,705	508,506
	<u>672,266</u>	<u>612,601</u>	<u>5,938,221</u>
Operating income	56,368	109,555	497,906
Other expenses (income) :			
Interest and dividend income	(885)	(956)	(7,817)
Interest expense	22,259	24,088	196,616
Impairment loss on fixed assets	–	6,007	–
Loss on discontinuance of power plant construction	–	3,985	–
Other, net	232	10,516	2,049
	<u>21,606</u>	<u>43,641</u>	<u>190,848</u>
Income before special item and income taxes	34,761	65,914	307,048
Special item:Provision for reserve for fluctuation in water levels	3,654	804	32,276
Income before income taxes	31,106	65,109	274,763
Income taxes:			
Current	10,564	25,761	93,313
Deferred	1,044	(942)	9,221
Net income	<u>¥ 19,497</u>	<u>¥ 40,291</u>	<u>\$172,219</u>

See notes to interim non-consolidated financial statements.

Notes to Interim Non-Consolidated Financial Statements (Unaudited)

Tohoku Electric Power Co., Inc.
September 30, 2005

1. Basis for Preparation 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 8, 2005, the Board of Directors of the Company declared an interim cash dividend of ¥25 (\$0.22) per share, or a total of ¥12,477 million (\$110,211 thousand), to shareholders of record as of September 30, 2005.

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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