

Interim Financial Statements

(Unaudited)

For the six months ended September 30, 2006 and 2005



Tohoku Electric Power Co., Inc.(Japan)

Interim Consolidated Balance Sheets (Unaudited)

Tohoku Electric Power Company, Incorporated and Consolidated Subsidiaries
September 30, 2006 and 2005

Assets	September 30,		
	2006 (Millions of yen)	2005	2006 (Thousands of U.S. dollars)
Property, plant and equipment	¥ 8,161,178	¥ 8,006,870	\$ 69,227,059
Less accumulated depreciation	(4,995,446)	(4,732,271)	(42,373,789)
Property, plant and equipment, net	3,165,731	3,274,599	26,853,261
Loaded nuclear fuel	37,240	41,000	315,887
Nuclear fuel under processing	104,251	102,522	884,307
Long-term investments	96,849	92,869	821,520
Fund for reprocessing costs of irradiated nuclear fuel	62,444		529,680
Deferred income taxes	148,736	164,846	1,261,650
Deferred income taxes on revaluation adjustments		1,446	
Other assets	94,936	91,639	805,293
Current assets:			
Cash and cash equivalents	118,797	109,769	1,007,693
Trade notes receivable and amounts due from customers, less allowance for uncollectible receivables	114,571	106,329	971,846
Deferred income taxes	16,420	15,994	139,282
Other current assets	105,305	83,541	893,247
Total current assets	355,095	315,634	3,012,087
Total assets	¥ 4,065,285	¥ 4,084,559	\$ 34,483,713

See notes to interim consolidated financial statements.

Liabilities and shareholders' equity

	September 30,		
	2006	2005	2006
	(Millions of yen)		(Thousands of U.S. dollars)
Long-term debt	¥ 2,095,713	¥ 2,061,805	\$ 17,776,851
Accrued retirement benefits	210,537	263,213	1,785,876
Reserve for reprocessing costs of irradiated nuclear fuel	106,831	107,174	906,192
Reserve for decommissioning costs of nuclear power units	37,486	34,142	317,974
Deferred income taxes		569	
Deferred income taxes on revaluation adjustments	2,937		24,913
Current liabilities:			
Short-term borrowings	58,029	57,165	492,230
Current portion of long-term debt	215,801	300,068	1,830,528
Trade notes and accounts payable	107,104	89,757	908,507
Accrued income taxes	19,705	13,775	167,147
Deferred income taxes	179		1,518
Other current liabilities	160,754	153,093	1,363,593
Total current liabilities	561,574	613,860	4,763,542
Reserve for fluctuation in water levels	16,963	16,313	143,888
Shareholders' equity:			
Common stock, without par value:			
Authorized-1,000,000,000 shares			
Issued - 502,882,585 shares	251,441	251,441	2,132,844
Capital surplus	26,655	26,655	226,100
Retained earnings	697,724	652,937	5,918,432
Treasury stock, at cost: 3,929,867 shares in 2006 and 3,805,459 shares in 2005	(7,229)	(6,917)	(61,319)
Net unrealized holding gain on securities	12,228	15,085	103,723
Net deferred hedge profit	6,899	3,371	58,520
Revaluation adjustments	(1,092)	(996)	(9,262)
Foreign currency translation adjustments	84	79	712
Minority interests in consolidated subsidiaries	46,530	45,823	394,689
Total shareholders' equity	1,033,242	987,481	8,764,458
Total liabilities and shareholders' equity	¥ 4,065,285	¥ 4,084,559	\$ 34,483,713

See notes to interim consolidated financial statements.

Interim Consolidated Statements of Income (Unaudited)

Tohoku Electric Power Company, Incorporated and Consolidated Subsidiaries
Six Months ended September 30, 2006 and 2005

	Six months ended September 30,		
	2006 (Millions of yen)	2005	2006 (Thousands of U.S. dollars)
Operating revenues:			
Electric power	¥ 762,575	¥ 725,421	\$ 6,468,529
Other	75,349	70,357	639,146
	<u>837,925</u>	<u>795,778</u>	<u>7,107,685</u>
Operating expenses:			
Electric power	683,839	662,626	5,800,653
Other	71,565	66,900	607,048
	<u>755,405</u>	<u>729,526</u>	<u>6,407,710</u>
Operating income	82,519	66,252	699,966
Other expenses (income):			
Interest and dividend income	(1,078)	(511)	(9,144)
Interest expense	23,523	23,398	199,533
Loss on discontinued operation of subsidiary		2,503	
Other, net	(1,482)	4,874	(12,571)
	<u>20,961</u>	<u>30,265</u>	<u>177,801</u>
Income before special item, income taxes and minority interests	61,557	35,987	522,156
Special item: Provision for reserve for fluctuation in water levels	1,977	3,660	16,769
Income before income taxes and minority interests	59,580	32,327	505,386
Income taxes:			
Current	19,832	13,885	168,224
Deferred	4,472	1,221	37,933
	<u>24,304</u>	<u>15,107</u>	<u>206,158</u>
Minority interests in earnings of consolidated subsidiaries	672	774	5,700
Net income	¥ 34,602	¥ 16,444	\$ 293,510

See notes to interim consolidated financial statements.

Interim Consolidated Statements of Shareholders' Equity (Unaudited)

Tohoku Electric Power Company, Incorporated and Consolidated Subsidiaries
Six Months ended September 30, 2006

	Millions of yen				
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at March 31, 2006	502,882,585	¥ 251,441	¥ 26,655	¥ 678,359	¥ (7,058)
Cash dividends paid				(14,969)	
Bonuses to directors and corporate auditors				(318)	
Net income for the six months ended September 30, 2006				34,602	
Purchases of treasury stock					(171)
Reversal of revaluation adjustments				49	
Net change during the period					
Balance at September 30, 2006	502,882,585	¥ 251,441	¥ 26,655	¥ 697,724	¥ (7,229)

	Millions of yen					
	Net unrealized holding gain on securities	Net deferred hedge profit	Revaluation adjustments	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total shareholders' equity
Balance at March 31, 2006	¥ 14,503	¥ 6,255	¥ (1,043)	¥ 80	¥ 46,266	¥ 1,015,461
Cash dividends paid						(14,969)
Bonuses to directors and corporate auditors						(318)
Net income for the six months ended September 30, 2006						34,602
Purchases of treasury stock						(171)
Reversal of revaluation adjustments			(49)			
Net change during the period	(2,274)	644		3	263	(1,362)
Balance at September 30, 2006	¥ 12,228	¥ 6,899	¥ (1,092)	¥ 84	¥ 46,530	¥ 1,033,242

See notes to interim consolidated financial statements.

Interim Consolidated Statements of Shareholders' Equity (Unaudited)

Tohoku Electric Power Company, Incorporated and Consolidated Subsidiaries
Six Months ended September 30, 2005

	Number of shares of common stock	Millions of yen			
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at March 31, 2005	502,882,585	¥ 251,441	¥ 26,655	¥ 649,329	¥ (6,572)
Cash dividends paid				(12,478)	
Bonuses to directors and corporate auditors				(349)	
Net income for the six months ended September 30, 2005				16,444	
Purchases of treasury stock					(344)
Reversal of revaluation adjustments				(9)	
Net change during the period					
Balance at September 30, 2005	502,882,585	¥ 251,441	¥ 26,655	¥ 652,937	¥ (6,917)

	Millions of yen					
	Net unrealized holding gain on securities	Net deferred hedge profit	Revaluation adjustments	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total shareholders' equity
Balance at March 31, 2005	¥ 9,844	¥ (2,956)	¥ (1,005)	¥ 79	¥ 45,567	¥ 972,382
Cash dividends paid						(12,478)
Bonuses to directors and corporate auditors						(349)
Net income for the six months ended September 30, 2005						16,444
Purchases of treasury stock						(344)
Reversal of revaluation adjustments			9			
Net change during the period	5,241	6,328		0	255	11,825
Balance at September 30, 2005	¥ 15,085	¥ 3,371	¥ (996)	¥ 79	¥ 45,823	¥ 987,481

See notes to interim consolidated financial statements.

Interim Consolidated Statements of Shareholders' Equity (Unaudited)

Tohoku Electric Power Company, Incorporated and Consolidated Subsidiaries
Six Months ended September 30, 2006

	Thousands of U.S. dollars				
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at March 31, 2006	502,882,585	\$2,132,844	\$226,100	\$5,754,169	\$(59,869)
Cash dividends paid				(126,974)	
Bonuses to directors and corporate auditors				(2,697)	
Net income for the six months ended September 30, 2006				293,510	
Purchases of treasury stock					(1,450)
Reversal of revaluation adjustments				415	
Net change during the period					
Balance at September 30, 2006	502,882,585	\$2,132,844	\$226,100	\$5,918,432	\$(61,319)

	Thousands of U.S. dollars					
	Net unrealized holding gain on securities	Net deferred hedge profit	Revaluation adjustments	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total shareholders' equity
Balance at March 31, 2006	\$ 123,021	\$ 53,057	\$ (8,847)	\$ 678	\$ 392,450	\$ 8,613,631
Cash dividends paid						(126,974)
Bonuses to directors and corporate auditors						(2,697)
Net income for the six months ended September 30, 2006						293,510
Purchases of treasury stock						(1,450)
Reversal of revaluation adjustments			(415)			
Net change during the period	(19,289)	5,462		25	2,230	(11,553)
Balance at September 30, 2006	\$ 103,723	\$ 58,520	\$ (9,262)	\$ 712	\$ 394,689	\$ 8,764,458

See notes to interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows (Unaudited)

Tohoku Electric Power Company, Incorporated and Consolidated Subsidiaries
Six Months ended September 30, 2006 and 2005

	Six months ended September 30,		
	2006 (Millions of yen)	2005	2006 (Thousands of U.S. dollars)
Operating activities			
Income before income taxes and minority interests	¥ 59,580	¥ 32,327	\$ 505,386
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	145,568	144,729	1,234,778
Provision for accrued retirement benefits	(7,046)	3,661	(59,767)
Loss on sales and disposal of property, plant and equipment	6,827	5,489	57,909
Provision for reserve for reprocessing costs of irradiated nuclear fuel	857	5,883	7,269
Provision for reserve for decommissioning costs of nuclear power units	1,335	1,397	11,324
Provision for reserve for fluctuation in water levels	1,977	3,660	16,769
Interest and dividend income	(1,078)	(511)	(9,144)
Interest expense	23,523	23,398	199,533
Fund for reprocessing costs of irradiated nuclear fuel	(978)		(8,295)
Changes in operating assets and liabilities:			
Amounts due from customers	(13,730)	(5,377)	(116,464)
Accounts payable	(6,698)	(9,079)	(56,815)
Other operating assets and liabilities	(9,903)	(22,420)	(84,002)
Subtotal	200,233	183,157	1,698,473
Interest and dividends received	1,079	511	9,152
Interest paid	(21,195)	(21,774)	(179,786)
Income taxes paid	(10,492)	(23,835)	(88,998)
Net cash provided by operating activities	169,624	138,059	1,438,832
Investing activities			
Acquisitions of property, plant and equipment	(92,446)	(88,708)	(784,171)
Contributions received in aid of construction	1,172	436	9,941
Increase in investments and advances	(1,413)	(7,523)	(11,985)
Change in other assets and liabilities	(450)	8,169	(3,817)
Net cash used in investing activities	(93,137)	(87,625)	(790,033)
Financing activities			
Proceeds from long-term loans and issuance of bonds	123,830	110,923	1,050,385
Repayment or redemption of long-term loans or bonds	(86,363)	(83,624)	(732,572)
Decrease in short-term borrowings and commercial paper	(92,903)	(60,873)	(788,048)
Purchases of treasury stock	(171)	(183)	(1,450)
Cash dividends	(14,966)	(12,453)	(126,948)
Other	(594)	(529)	(5,038)
Net cash used in financing activities	(71,168)	(46,740)	(603,681)
Effect of exchange rate changes on cash and cash equivalents	4	0	33
Net increase in cash and cash equivalents	5,322	3,693	45,143
Cash and cash equivalents at beginning of the period	112,622	106,075	955,314
Increase in cash and cash equivalents upon inclusion of additional subsidiaries in consolidation	853		7,235
Cash and cash equivalents at end of the period	¥ 118,797	¥ 109,769	\$ 1,007,693

See notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements (Unaudited)

Tohoku Electric Power Company, Incorporated and Consolidated Subsidiaries
September 30, 2006

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.

Certain amounts previously reported have been reclassified to conform to the current year's presentation.

2. Subsequent Event

On October 30, 2006, the Board of Directors of the Company declared an interim cash dividend of ¥ 30 (\$0.25) per share, or a total of ¥ 14,969 million (\$126,974 thousand), to shareholders of record as of September 30, 2006.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥ 117.89 = U.S.\$1.00, the approximate rate of exchange in effect on September 30, 2006, 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 Company, Incorporated
September 30, 2006 and 2005

Assets	September 30,		
	2006 (Millions of yen)	2005	2006 (Thousands of U.S. dollars)
Property, plant and equipment	¥ 7,391,563	¥ 7,306,444	\$62,698,812
Less accumulated depreciation	(4,465,321)	(4,275,410)	(37,877,012)
Property, plant and equipment, net	2,926,242	3,031,034	24,821,799
Nuclear fuel:			
Loaded nuclear fuel	37,240	41,000	315,887
Nuclear fuel under processing	104,251	102,522	884,307
Total nuclear fuel.....	141,492	143,522	1,200,203
Investments in and advances to:			
Subsidiaries and affiliates	183,218	167,703	1,554,143
Other	83,758	81,801	710,475
Total investments and advances.....	266,977	249,505	2,264,628
Fund for reprocessing costs of irradiated nuclear fuel	62,444		529,680
Deferred income taxes	96,008	112,129	814,386
Other assets	3,152	2,437	26,736
Current assets:			
Cash	54,950	45,490	466,112
Amounts due from customers, less allowance for uncollectible receivables	79,082	76,291	670,811
Fuel and supplies	38,935	31,432	330,265
Deferred income taxes	10,564	9,965	89,608
Other current assets	20,839	16,626	176,766
Total current assets	204,372	179,806	1,733,582
Total assets	¥ 3,700,688	¥ 3,718,436	\$ 31,391,025

See notes to interim non-consolidated financial statements.

Liabilities and shareholders' equity	September 30,		
	2006 (Millions of yen)	2005	2006 (Thousands of U.S. dollars)
Long-term debt	¥ 2,020,999	¥ 1,965,453	\$ 17,143,091
Accrued retirement benefits	166,372	217,135	1,411,247
Reserve for reprocessing costs of irradiated nuclear fuel	106,831	107,174	906,192
Reserve for decommissioning costs of nuclear power units	37,486	34,142	317,974
Current liabilities:			
Short-term borrowings	54,440	54,440	461,786
Current portion of long-term debt	191,473	267,362	1,624,166
Commercial paper	36,000	20,000	305,369
Accounts payable	77,538	93,794	657,714
Accrued income taxes	17,128	10,464	145,287
Accrued expenses	40,824	38,295	346,288
Other current liabilities	50,647	48,299	429,612
Total current liabilities	468,052	532,656	3,970,243
Reserve for fluctuation in water levels	16,882	16,221	143,201
Shareholders' equity:			
Common stock, without par value:			
Authorized-1,000,000,000 shares			
Issued - 502,882,585 shares	251,441	251,441	2,132,844
Capital surplus	26,657	26,657	226,117
Legal reserve	62,860	62,860	533,208
Retained earnings	532,356	494,212	4,515,701
Treasury stock, at cost: 3,900,275 shares in 2006 and 3,775,885 shares in 2005	(7,276)	(6,963)	(61,718)
Net unrealized holding gain on securities	11,123	14,072	94,350
Net deferred hedge profit	6,899	3,371	58,520
Total shareholders' equity	884,063	845,652	7,499,049
Total liabilities and shareholders' equity	¥ 3,700,688	¥ 3,718,436	\$ 31,391,025

See notes to interim non-consolidated financial statements.

Interim Non-Consolidated Statements of Income (Unaudited)

Tohoku Electric Power Company, Incorporated
Six Months ended September 30, 2006 and 2005

	Six months ended September 30,		
	2006 (Millions of yen)	2005	2006 (Thousands of U.S. dollars)
Operating revenues	¥ 765,896	¥ 728,634	\$ 6,496,700
Operating expenses:			
Personnel expenses	68,429	85,534	580,447
Fuel	143,031	131,623	1,213,258
Purchased power	143,748	132,874	1,219,340
Maintenance	82,528	77,670	700,042
Depreciation	126,068	125,262	1,069,369
Taxes other than income taxes	42,877	41,191	363,703
Subcontract fees	21,526	20,541	182,593
Other	63,784	57,568	541,046
	<u>691,994</u>	<u>672,266</u>	<u>5,869,827</u>
Operating income	73,901	56,368	626,864
Other expenses (income):			
Interest and dividend income	(1,346)	(885)	(11,417)
Interest expense	22,673	22,259	192,323
Other, net	(405)	232	(3,435)
	<u>20,921</u>	<u>21,606</u>	<u>177,462</u>
Income before special item and income taxes	52,980	34,761	449,401
Special item: Provision for reserve for fluctuation in water levels	1,981	3,654	16,803
Income before income taxes	<u>50,999</u>	<u>31,106</u>	<u>432,598</u>
Income taxes:			
Current	17,250	10,564	146,322
Deferred	2,101	1,044	17,821
Net income	<u>¥ 31,646</u>	<u>¥ 19,497</u>	<u>\$ 268,436</u>

See notes to interim non-consolidated financial statements.

Notes to Interim Non-Consolidated Financial Statements (Unaudited)

Tohoku Electric Power Company, Incorporated
September 30, 2006

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.

Certain amounts previously reported have been reclassified to conform to the current year's presentation.

2. Subsequent Event

On October 30, 2006, the Board of Directors of the Company declared an interim cash dividend of ¥ 30 (\$0.25) per share, or a total of ¥ 14,969 million (\$126,974 thousand), to shareholders of record as of September 30, 2006.

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.

Tohoku Electric Power Co., Inc.

1-7-1 Honcho, Aoba-ku, Sendai, Miyagi 980-8550, Japan

Telephone: +81-(0)22-225-2111

Facsimile: +81-(0)22-225-2550

URL: <http://www.tohoku-epco.co.jp>