

Tohoku Electric Power Co., Inc.

Unaudited Financial Report (Kessan Tanshin)

May 19, 2004

Information below is an English translation from the "Kessan Tanshin" (Unaudited financial release for the year ended Mar. 31, 2004), which has been filed with the Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. for public inspection.

1. Business Results for Consolidated FY 2003 (Year ended Mar. 31, 2004)

(1) Progresses of Financial Results (Consolidated basis)

	Operating revenues		Operating income		Ordinary income (Income before special item and income taxes)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2003	1,562,752	(2.0)	178,962	(10.5)	110,427	4.6
FY 2002	1,593,832	(6.1)	199,945	(4.2)	105,558	(7.9)

	Net income		Net income per share	Diluted net income per share	Net income / Shareholders' equity	Ordinary income / Total assets	Ordinary income / Operating revenues
	Millions of yen	%	Yen	Yen	%	%	%
FY 2003	51,079	(17.5)	101.44	-	6.0	2.7	7.1
FY 2002	61,901	(11.6)	122.70	-	7.5	2.5	6.6

(2) Changes in Financial Positions (Consolidated basis)

	Total assets	Shareholders' equity	Shareholders' equity ratio to total assets	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY 2003	4,095,444	870,852	21.3	1,743.22
FY 2002	4,209,171	842,440	20.0	1,675.76

(3) Situations of Cash Flows (Consolidated basis)

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2003	336,415	(151,034)	(169,783)	95,079
FY 2002	364,010	(223,765)	(161,583)	79,480

2. Business Results Forecast for Consolidated FY 2004 (Year ended Mar. 31, 2005)

	Operating revenues	Ordinary income (Income before special item and income taxes)	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim FY 2004	765,000	76,000	48,000
FY 2004	1,570,000	114,000	70,000

Business Policy

1. Basic Business Targets and Focal Policies

Japanese power market deregulation has been in progress phase by phase, opening up high-voltage customers with a contract supply over 500 kW for competition in April 2004 and high-voltage customers over 50 kW from April 2005. This is expected to demand more competitive pricing and sophistication of services, resulting in a harsher business climate for Tohoku Electric Power Company (Tohoku EPCO).

With this market evolution clearly in our scope, the Company has implemented a policy of “enhancing the price competitiveness and customer/public confidence” set out in the second Mid-Term Business Plan (FY 2001-FY 2003) according to its long-term strategic plan, Vision 2010. This policy has been driven mainly by cost-cutting efforts.

As we enter the third Mid-Term Business Planning's period (FY 2004-FY 2006), we drew up a new business policy, “Being the provider of energy services pleasing customers.” Under this policy, the Company will bring itself to its full potential for continually boosting price competitiveness by means of cost cutting, further building up customer/public confidence, and increasing profits.

We newly set quantitative targets for the entire Tohoku EPCO group on a consolidated basis in our efforts to increase its value. And those targets for Tohoku EPCO on a non-consolidated basis were raised to a higher level in order to strengthen its financial status. Sales targets were also formulated, aimed at a larger income by creating new electricity demand.

[Focal Policies]

Boosting the profits

Further building up public and customer confidence in the Company

Reinforce the system and structure of the Company group units operation to contribute to the above two policies

[Main Quantitative Targets]

Financial Targets

	Return on Assets (ROA) average per year from FY 2004 to FY 2008	Interest-Bearing Liabilities by the end of FY 2008	Shareholders' Equity Ratio by the end of FY 2008
Consolidated	4% or more	Less than ¥1.9 trillion	25% or more
Non-Consolidated	4% or more	Less than ¥1.8 trillion	25% or more

Efficiency Targets

Outlay on Facilities and Equipment average per year from FY 2004 to FY 2006	Number of Employees by the end of FY 2006	Outlay on Repairs and Improvements average per year from FY 2004 to FY 2006	Other Ordinary Expenditures
Less than ¥200 billion	Reduced to approx. 12,000	Less than ¥160 billion	To be flatlined or reduced as compared to the preceding fiscal year

Sales Targets (Increase Targets)

Electric Power Sales	Approx. 1,000 GWh (at the end of FY 2008)
“All-Electric” housing	Approx. 40,000 households (during FY 2004-FY 2006)
IH cooking range	Approx. 50,000 units (“)
“All-Electric” commercial kitchen system	Approx. 80MW (“)
Heat-storage air-conditioning/space-heating system	Approx. 30MW (“)

2. Appropriation of Retained Earnings

We will continually boost our corporate valuation and suppress debt reliance by accomplishing the quantitative targets even amid ever-harsher business environment. By doing so, we strongly believe that we can increase value for shareholders.

With this in mind, we will maintain stable dividend payment in this fiscal year. With regard to retained earnings, we plan to appropriate them for investment in facilities/equipment and reduction of interest-bearing liabilities. This will lead to the stronger financial structure.

3. Risks Associated with Business Operation

We list, as follows, possible risks that could be arising and affecting the operational and/or financial results. The listing is based on the information and data available for us as of May 19, 2004.

(1) Socio-Economic Shift

Hollowing-out (or offshoring) of industries could lead to moderate growth in electricity demand within our service area. Stiffer competition could set off customer switching, bringing pressure on revenues and financial performance.

(2) Shift in Competitive Climate

Changing competitive conditions could be affecting revenues and financial performance.

- New market entrants including IPPs, self-generation units operators, and on-site/distributed power units operators are intensifying the competition in terms of price and services.
- New purchase methods are emerging, including a competitive bidding process for delivery contracts with local governments, and package deal contracts with nation-wide chain-store operators across service areas.
- Customer needs are in the process of diversification: ranging from electricity price reduction and increased product choices to synergistic offerings combined with gas/oil; from energy-saving/cost-cutting consultancy services to outage information services.
- Technological advancement could lead to the advent of an alternative supply system, greatly impacting traditional electricity delivery (e.g. possible spread of on-site, fuel cell-based generation units among residential customers).

(3) Utility Market Reform

On-going reform of Japanese electric utility market could make a difference.

- Competition could be stepped up due to the expanded scope of retail deregulation, introduction of Power Exchange, and abolishment of cross-service-area transmission charge increments.
- Regulation could be tightened to secure the market integrity, in particular, fairness and transparency in transmission and distribution. Such regulation may include prohibiting the practice of cross-subsidizing.
- Japanese government has been examining whether systems and economic measures are necessary and what shape such systems and measures should take to fund back-end operation from a viewpoint of sustained nuclear power development even amid deregulation. The results may be emerging by the end of 2004.

4. Basic Stance on Corporate Governance and its Implementation

(1) Basic Stance on Corporate Governance

In line with one of the focal policies, namely “Reinforce the system and structure of group units operation” for enhanced profits and public/customer confidence in the Company, Tohoku EPCO will press ahead with the following agendas to solidify its corporate governance capability.

- Consolidate the business strategy capability to deal with a changing market environment flexibly and speedily while stepping up coordination and synergy among various operating units and functions
- Strengthen the system and structure for managing group units operation
- Enhance the crisis management capability to effectively address ever-increasing market risks and cope with any contingency both home and abroad

(2) Corporate Governance Policy Implementation

Aside from holding an official board meeting monthly, board members meet on an ad hoc basis in order to respond quickly to rapid changes of the business environment, effectively fulfill management responsibilities, and keep an eye on one another in their management performance. In addition, Executive Management Meeting is held weekly to set a general course/plan and consult among themselves on important operational matters. Moreover, operations of Thermal & Nuclear, Power System, and Customer Services are made an autonomous Division respectively. Back-offices comprising such departments as Management Administration, Accounting & Finance, and Office of Internal Auditors also function as coordinating force for check and balance to implement reforms, e.g. establishing more efficient operation systems.

The Company adopted an auditing system comprised of five auditors (three of them are independent external ones). They are committed to examining board members' performance by attending key gatherings such as board meetings and Executive Management Meetings; and conducting audits on a continual basis, which includes sifting through material documents and examining branch/regional offices in their business and financial situations.

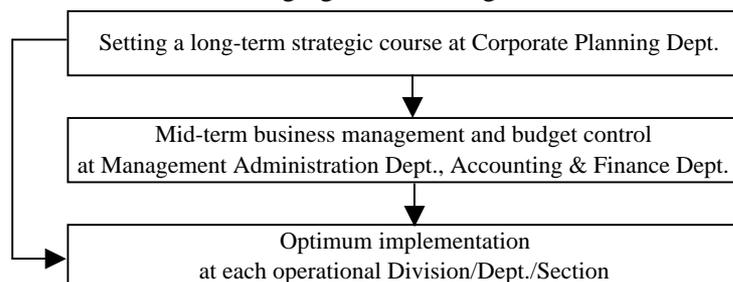
Incidentally, Mr. Josei Itoh, Executive Chairman of Nippon Life Insurance Co., serves as one of our external auditors. Although financial facilitation exists between Tohoku EPCO and Nippon Life Insurance, such financial facility is made within a set limit in terms of its frequency and amount. Therefore Mr. Itoh has no conflict of interest in serving as our external auditor. Another external auditor Mr. Sakuya Fujiwara serves also as president and board member of Hitachi Research Institute (HRI). Despite the fact that Tohoku EPCO engages the HRI to conduct some researches, such engagement poses no conflict of interest for Mr. Fujiwara. No financial dealing exists between the Company and Mr. Goro Higaki, other external auditor.

The Company engages Shin Nihon & Co. to conduct a statutory audit. We provide them with accurate information and cooperate with them in examining resultant statements to assure proper accounting. We continually take every step imaginable to make all our business practices conform to applicable laws and regulations. If and when we face decision-making uncertainty in terms of legal technicalities, we have a system in place for accessing timely advice from our legal counselor.

Tohoku EPCO established the Corporate Ethics Committee chaired by the president. Besides, the Company adopted the voluntary code of ethics for its conduct, "Guidelines for Corporate Behavior," as it unremittingly endeavors to elevate its corporate ethics and statutory compliance. In accordance with these developments, the Company has been conducting itself fairly and sincerely in all the business operations. In April 2003, we created an executive post in charge of corporate ethics, under which a managerial post was also set up. At the same time, we established the Corporate Ethics Communication Interface to look into concerns or misgivings raised by individuals about our corporate activities in relation to ethical and legal compliance, while paying due consideration to the protection of individual privacy. Results of such probe are to be regularly reported to the Corporate Ethics Committee. Continually seeking fuller compliance with established corporate ethics and applicable laws, we intend to intensify our efforts to educate and train our employees in proper conduct and verify how they have converted such education/training into behavior and action.

(3) Risk Management in Order

The following is a basic framework for managing mid and long-term business risks.



·Setting a long-term strategic course: A long-term strategy is designed to achieve the maximum financial performance and company valuation by working out optimum levels in terms of facilities deployment, asset formation, and electricity tariffs. This strategy enhances our capability to manage various risks, including facilities overcapacity and customers switching. Mid-term financial targets are also established upon this long-term strategy, and degrees of their achievement are constantly monitored in line with the overall Mid-Term Business Policy.

·Mid-term business management and budget control: A three-year mid-term plan is drawn up for each operational unit (Division/Department/Section) in accordance with the Mid-Term Business Policy. Beside, check and balance is implemented vis-à-vis each unit by using a three-year mid-term revenues and expenses forecast (budget), which is based on a long-term revenues and expenses projection, to conform to the Mid-Term Business Policy.

·Optimum implementation at each operational Division/Dept./Section: In accordance with the sectional mid-term plan and budget, each unit operates orderly and efficiently. Each operating unit also examines various ways to cope with concrete risks associated with its operations.

Recognizing the importance of managing and securing solid income amid electricity market deregulation, the Market Risk Management Committee was established to closely manage risks deriving from various operations, which could affect revenues and expenses, and come up with countermeasures. Furthermore, a task force has been in operation for organizing systems and initiating human resources development in order to deal with any risk scenarios that may emerge after the opening of Power Exchange in April 2005. In addition, the Crisis Management Committee was set up to preempt any contingency events and minimize damage once such event occurs either in or outside Japan.

Business Results

1.Consolidated results for FY 2003

Operating revenues saw a decrease of ¥31,080 million to ¥1,562,752 million, down 2.0% compared to FY 2002, largely due to an electricity rate reduction effected in July 2002.

On the other hand, operating expenses dropped by ¥ 34,310 million, or 2.3%, to ¥1,459,017 million. This was brought by shrinkage in depreciation expense and interests payment, as well as comprehensive efficiency improvement in all operational areas.

As a result, income before special item and income taxes was up ¥ 4,868 million (4.6%) to ¥110,427 million. Net income saw a slide of ¥10,822 million (17.5%), to ¥51,079 million mainly due to a extraordinary loss resulting from cancellation of the Maki nuclear power station project (¥23,073 million).

Retained earnings will be partly appropriated for dividend payment of ¥50 per share. They will be also used for, among others, tax code-mandated reversal of some provisions and ensuing establishment of provisions.

Electric power sales (our main revenue source) edged up 0.4% compared to FY 2002, amounting to 74,547 GWh. Residential power sales dipped 0.5% to 22,793 GWh due to depressed air-conditioning/space-heating demand during record-breaking cool summer and relatively warm winter. Commercial and industrial sales were 51,754 GWh, up 0.8% compared to the previous year owing to robust demand among energy-intense manufacturing sectors such as digital electronics component and export-oriented steel, more than compensating for the negative climatic effect on the air-conditioning/space-heating demand.

To respond these demands, we kept reliable and consistent supply by coordinating and combining the available power sources, including increased utilization of thermal generating units, and successfully filled the void created by scheduled shutdown of the Onagawa nuclear power station Unit 1 and 2 for an extended inspection process.

2. Projection for FY 2004

Operating revenues is expected to see an increase to ¥765,000 million for the interim FY 2004 (up 1.3% compared to FY 2003 figure) and ¥1,570,000 million for the entire year (up 0.5% compared to FY 2003) on account of consolidating all the existing subsidiaries, partly offset by a decline in electricity sales due to decreased power sold to other utilities.

On the expense side, further diminution is likely thanks to continued efforts in trimming interest-bearing liabilities and across-the-board cost cutting on the strength of efficiency achievement.

Overall, we expect income before special item and income taxes to reach ¥76,000 million for the interim FY 2004 (up 45.2% compared to FY 2003 figure) and ¥114,000 million for the entire year (up 3.2% compared to FY 2003).

CONSOLIDATED BALANCE SHEETS (Unaudited)

(Mar. 31, 2004 and 2003)

Assets

(Millions of yen)

Item	FY 2003 (Mar. 31, 2004)	FY 2002 (Mar. 31, 2003)	Increase (decrease)
Fixed assets (property, plant and equipment):	3,809,632	3,943,588	(133,956)
Electric utility fixed assets:	2,701,316	2,824,402	(123,085)
Hydro power plant	199,135	204,430	(5,294)
Thermal power plant	434,593	480,956	(46,362)
Nuclear power plant	318,887	360,425	(41,538)
Transmission plant	683,526	690,600	(7,073)
Transformation plant	290,078	297,216	(7,137)
Distribution plant	607,760	607,901	(140)
General plant	161,013	176,040	(15,027)
Other	6,320	6,830	(509)
Other fixed assets	200,290	208,876	(8,586)
Construction work in progress:	447,381	429,129	18,252
Construction work in progress	447,381	429,129	18,252
Nuclear fuel:	131,898	125,201	6,696
Loaded nuclear fuel and nuclear fuel under processing	131,898	125,201	6,696
Investments in and advances to:	328,744	355,978	(27,233)
Long-term investments	73,186	62,006	11,179
Deferred income taxes	136,962	131,071	5,891
Deferred income taxes on revaluation adjustments	1,543	1,550	(7)
Other	118,423	163,048	(44,624)
Allowance for uncollectibles	(1,371)	(1,698)	327
Current assets:	285,686	265,511	20,175
Cash and deposits	87,083	65,647	21,435
Notes receivable and amounts due from customers	105,667	104,789	877
Deferred income taxes	12,481	16,653	(4,172)
Other	81,696	79,647	2,048
Allowance for uncollectibles	(1,241)	(1,228)	(13)
Deferred assets:	125	72	53
Bond discount	125	72	53
Total assets	4,095,444	4,209,171	(113,727)

Liabilities and shareholders' equity

(Millions of yen)

Item	FY 2003 (Mar. 31, 2004)	FY 2002 (Mar. 31, 2003)	Increase (decrease)
Fixed liabilities:	2,615,868	2,613,682	2,185
Bonds	1,204,500	1,144,500	60,000
Long-term loans	759,468	844,159	(84,690)
Accrued retirement benefits	242,585	228,152	14,433
Reserve for reprocessing irradiated nuclear fuel	92,822	83,130	9,691
Reserve for decommissioning nuclear power units	30,316	28,898	1,417
Deferred income taxes	703	266	436
Other	285,472	284,575	896
Current liabilities:	561,023	703,683	(142,660)
Current portion of long-term debt	189,337	310,992	(121,654)
Short-term borrowings	66,156	127,609	(61,453)
Notes and accounts payable	70,371	79,181	(8,810)
Accrued taxes	38,384	49,617	(11,233)
Deferred income taxes	1,384	-	1,384
Other	195,389	136,282	59,106
Reserve:	10,441	6,806	3,634
Reserve for fluctuation in water levels	10,441	6,806	3,634
Total liabilities	3,187,332	3,324,173	(136,840)
Minority interests in consolidated subsidiaries	37,259	42,557	(5,298)
Common stock	251,441	251,441	-
Capital surplus	26,655	26,497	157
Retained earnings	589,903	564,168	25,734
Revaluation adjustments	(1,064)	(1,069)	5
Net unrealized holding gain on securities	9,986	1,877	8,108
Treasury stock, at cost	(6,070)	(475)	(5,594)
Total shareholders' equity	870,852	842,440	28,411
Total liabilities and shareholders' equity	4,095,444	4,209,171	(113,727)

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Years ended Mar. 31, 2004 and 2003)

Expenses				Revenues			
(Millions of yen)							
Item	FY 2003 (Year ended Mar. 31, 2004)	FY 2002 (Year ended Mar. 31, 2003)	Increase (decrease)	Item	FY 2003 (Year ended Mar. 31, 2004)	FY 2002 (Year ended Mar. 31, 2003)	Increase (decrease)
Operating expenses:	1,383,790	1,393,887	(10,097)	Operating revenues:	1,562,752	1,593,832	(31,080)
Electric power	1,265,658	1,277,092	(11,433)	Electric power	1,438,675	1,469,806	(31,131)
Other	118,131	116,795	1,336	Other	124,077	124,026	51
Operating income	178,962	199,945	(20,982)				
Other expenses:	75,227	99,440	(24,213)	Other revenues:	6,692	5,054	1,638
Interest expense	69,823	83,858	(14,035)	Dividends received	465	463	1
Other	5,404	15,582	(10,178)	Interest received	228	321	(93)
				Gain from sales of fixed assets	335	964	(628)
				Amortization of consolidation adjustment accounts	1,480	1,527	(47)
				Other	4,182	1,776	2,405
Total amount of expenses	1,459,017	1,493,328	(34,310)	Total amount of revenues	1,569,444	1,598,886	(29,442)
Income before special item and income taxes	110,427	105,558	4,868				
Provision for (reversal of) reserve for fluctuation in water levels:	3,634	(286)	3,920				
Provision for reserve for fluctuation in water levels	3,634	-	3,634				
Reversal of reserve for fluctuation in water levels	-	(286)	286				
Extraordinary losses:	23,073	7,946	15,127				
Additional expense for early retirement	-	7,946	(7,946)				
Loss on discontinuance of power plant construction	23,073	-	23,073				
Income before income taxes	83,719	97,898	(14,179)				
Current income taxes	35,833	44,201	(8,367)				
Deferred income taxes	(4,554)	(7,204)	2,649				
Minority interests in earnings of consolidated subsidiaries	1,361	-	1,361				
Minority interests in losses of consolidated subsidiaries	-	999	(999)				
Net income	51,079	61,901	(10,822)				

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

(Years ended Mar. 31, 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	Treasury stock, at cost
Balance at Mar. 31, 2002	502,882,585	251,441	26,497	527,801	(1,047)	6,318	(92)
Bonuses to directors and corporate auditors				(218)			
Cash dividends paid				(25,139)			
Decrease in retained earnings resulting from inclusion of consolidated subsidiaries				(175)			
Reversal of revaluation adjustments				(1)			
Net income for the year ended March 31, 2003				61,901			
Net change during the year					(22)	(4,441)	(383)
Balance at Mar. 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				(25,127)			
Reversal of revaluation adjustments				(5)			
Surplus from sale of treasury stock			157				
Net income for the year ended March 31, 2004				51,079			
Net change during the year					5	8,108	(5,594)
Balance at Mar. 31, 2004	502,882,585	251,441	26,655	589,903	(1,064)	9,986	(6,070)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Years ended Mar. 31, 2004 and 2003)

(Millions of yen)

Item	FY 2003 (Year ended Mar. 31, 2004)	FY 2002 (Year ended Mar. 31, 2003)	Increase (decrease)
Operating activities:			
Income before income taxes	83,719	97,898	(14,179)
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	252,145	272,763	(20,618)
Amortization of nuclear fuel	9,009	10,715	(1,706)
Loss on sales and disposal of property, plant and equipment	13,758	16,377	(2,619)
Loss on discontinuance of power plant construction	23,073	-	23,073
Provision for accrued retirement benefits	14,433	3,415	11,017
Provision for reserve for reprocessing of irradiated nuclear fuel	9,691	10,977	(1,286)
Provision for reserve for decommissioning of nuclear power units	1,417	3,318	(1,900)
Provision for (reversal of) reserve for fluctuation in water levels	3,634	(286)	3,920
Interest and dividend income	(693)	(785)	92
Interest expense	69,823	83,858	(14,035)
Changes in operating assets and liabilities:			
Amounts due from customers	(35,920)	(31,466)	(4,454)
Accounts payable	(7,317)	(10,505)	3,188
Other operating assets and liabilities	7,444	31,601	(24,157)
Subtotal	444,219	487,884	(43,664)
Interest and dividends received	686	696	(10)
Interest paid	(67,455)	(80,781)	13,325
Income taxes paid	(41,034)	(43,788)	2,754
Net cash provided by operating activities	336,415	364,010	(27,594)
Investing activities:			
Acquisition of property, plant and equipment	(202,800)	(239,491)	36,690
Contributions received in aid of construction	22,535	-	22,535
Payments for investments and advances	(27,793)	(41,898)	14,104
Proceeds from sales or collections of investments and advances	31,308	23,899	7,409
Change in other assets and liabilities	25,715	33,724	(8,008)
Net cash used in investing activities	(151,034)	(223,765)	72,731
Financing activities:			
Proceeds from issuance of bonds	139,503	159,417	(19,913)
Redemption of bonds	(179,700)	(268,320)	88,620
Proceeds from long-term loans	46,950	113,200	(66,250)
Repayment of long-term loans	(150,074)	(122,266)	(27,808)
Proceeds from short-term borrowings	429,668	144,323	285,344
Repayment of short-term borrowings	(491,121)	(150,703)	(340,417)
Proceeds from issuance of commercial paper	442,000	120,000	322,000
Redemption of commercial paper	(370,000)	(131,000)	(239,000)
Purchase of treasury stock	(10,780)	-	(10,780)
Cash dividends	(25,115)	(25,134)	19
Other	(1,111)	(1,099)	(11)
Net cash used in financing activities	(169,783)	(161,583)	(8,199)
Net increase (decrease) in cash and cash equivalents	15,598	(21,339)	36,937
Cash and cash equivalents at beginning of the year	79,480	97,361	(17,880)
Increase in cash and cash equivalents upon inclusion of additional subsidiaries in consolidation	-	3,458	(3,458)
Cash and cash equivalents at end of the year	95,079	79,480	15,598

Summary of Non-Consolidated Financial Data (Unaudited)

1. Business Results for Non-Consolidated FY 2003 (Year ended Mar. 31, 2004)

(1) Progresses of Financial Results (Non-Consolidated basis)

	Operating revenues		Operating income		Ordinary income (Income before special item and income taxes)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2003	1,447,607	(2.1)	167,068	(9.5)	97,818	4.6
FY 2002	1,479,052	(5.0)	184,696	(3.6)	93,495	(4.9)

	Net income		Net income per share	Diluted net income per share	Net income / Shareholders' equity	Ordinary income / Total assets	Ordinary income / Operating revenues
	Millions of yen	%	Yen	Yen	%	%	%
FY 2003	48,056	(19.5)	95.63	-	6.0	2.5	6.8
FY 2002	59,715	(4.2)	118.51	-	7.7	2.4	6.3

(2) Dividend Status (Non-Consolidated basis)

	Cash dividends per share (Annual)			Total dividend (Annual)	Dividend payout ratio	Total dividend / Shareholders' equity
	Yen	Interim	Year end			
FY 2003	50.00	25.00	25.00	25,128	52.3	3.1
FY 2002	50.00	25.00	25.00	25,134	42.2	3.2

(3) Changes in Financial Positions (Non-Consolidated basis)

	Total assets	Shareholders' equity	Shareholders' equity ratio to total assets	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY 2003	3,814,323	820,494	21.5	1,632.33
FY 2002	3,897,981	790,054	20.3	1,571.65

2. Business Results Forecast for Non-Consolidated FY 2004 (Year ended Mar. 31, 2005)

	Operating revenues	Ordinary income (Income before special item and income taxes)	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim FY 2004	705,000	70,000	45,000
FY 2004	1,430,000	100,000	65,000

NON-CONSOLIDATED BALANCE SHEETS (Unaudited)

(Mar. 31, 2004 and 2003)

Assets

(Millions of yen)

Item	FY 2003 (Mar. 31, 2004)	FY 2002 (Mar. 31, 2003)	Increase (decrease)
Fixed assets (property, plant and equipment):	3,650,648	3,755,041	(104,393)
Electric utility fixed assets:	2,702,302	2,826,739	(124,437)
Hydro power plant	175,276	183,233	(7,957)
Thermal power plant	409,852	454,819	(44,966)
Nuclear power plant	319,485	361,113	(41,628)
Internal combustion power plant	5,873	6,390	(517)
Transmission plant	697,658	704,819	(7,161)
Transformation plant	295,586	302,940	(7,354)
Distribution plant	634,739	634,702	36
General plant	163,327	178,217	(14,889)
Property leased to others	501	501	-
Incidental business fixed assets	1,377	1,333	44
Other fixed assets	13,312	9,192	4,120
Construction work in progress:	444,765	421,336	23,429
Construction work in progress	438,052	420,232	17,820
Suspense account for disposal	6,713	1,103	5,609
Nuclear fuel:	131,898	125,201	6,696
Loaded nuclear fuel	23,939	21,113	2,826
Nuclear fuel under processing	107,958	104,088	3,870
Investments in and advances to:	356,991	371,238	(14,246)
Long-term investments	67,639	55,834	11,805
Long-term investments in subsidiaries and affiliates	184,083	215,978	(31,895)
Long-term prepaid expenses	1,903	3,755	(1,852)
Deferred income taxes	103,492	95,848	7,643
Allowance for uncollectibles	(127)	(179)	52
Current assets:	163,548	142,866	20,682
Cash and deposits	36,497	20,041	16,455
Amounts due from customers	75,720	75,205	515
Trade receivables - accounts	5,228	5,998	(769)
Fuel and supplies	22,218	24,324	(2,105)
Prepaid expenses	16	95	(78)
Short-term credits to subsidiaries and affiliates	1,884	1,073	811
Deferred income taxes	9,235	11,410	(2,175)
Other current assets	13,142	5,090	8,051
Allowance for uncollectibles	(395)	(372)	(22)
Deferred assets:	126	73	53
Bond discount	126	73	53
Total assets	3,814,323	3,897,981	(83,657)

Liabilities and shareholders' equity

(Millions of yen)

Item	FY 2003 (Mar. 31, 2004)	FY 2002 (Mar. 31, 2003)	Increase (decrease)
Fixed liabilities:	2,479,814	2,459,209	20,604
Bonds	1,210,000	1,150,000	60,000
Long-term loans	670,402	733,462	(63,060)
Long-term accrued liabilities	67	557	(489)
Long-term debt to subsidiaries and affiliates	4	-	4
Accrued retirement benefits	205,391	189,225	16,166
Reserve for reprocessing irradiated nuclear fuel	92,822	83,130	9,691
Reserve for decommissioning nuclear power units	30,316	28,898	1,417
Reserve for exhibiting at EXPO 2005 AICHI	98	49	49
Other fixed liabilities	270,711	273,886	(3,174)
Current liabilities:	503,652	641,986	(138,334)
Current portion of long-term debt	166,471	290,385	(123,913)
Short-term borrowings	63,620	125,000	(61,380)
Commercial paper	98,000	26,000	72,000
Trade payables - accounts	35,758	41,839	(6,080)
Accounts payable	22,134	24,935	(2,800)
Accrued expenses	38,799	47,874	(9,075)
Accrued taxes	35,286	46,772	(11,485)
Deposits received	828	767	60
Short-term debt to subsidiaries and affiliates	39,785	36,879	2,906
Advances received	2,965	1,530	1,434
Other current liabilities	1	1	(0)
Reserve:	10,362	6,730	3,631
Reserve for fluctuation in water levels (Article 36, the Electric Utility Law)	10,362	6,730	3,631
Total liabilities	2,993,828	3,107,927	(114,098)
Common stock	251,441	251,441	-
Capital surplus	26,657	26,497	160
Legal reserve	62,860	62,860	-
Retained earnings:	470,733	447,935	22,797
Reserve for loss on overseas investments	27	29	(1)
Retained earnings appropriated for reserve for cost fluctuation adjustments	103,000	103,000	-
Retained earnings appropriated for general purpose	264,400	230,400	34,000
Unappropriated retained earnings for the period	103,305	114,506	(11,200)
Net unrealized holding gain on securities	9,340	1,790	7,550
Treasury stock, at cost	(538)	(470)	(67)
Total shareholders' equity	820,494	790,054	30,440
Total liabilities and shareholders' equity	3,814,323	3,897,981	(83,657)

NON-CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Years ended Mar. 31, 2004 and 2003)

Expenses				Revenues			
(Millions of yen)							
Item	FY 2003 (Year ended Mar. 31, 2004)	FY 2002 (Year ended Mar. 31, 2003)	Increase (decrease)	Item	FY 2003 (Year ended Mar. 31, 2004)	FY 2002 (Year ended Mar. 31, 2003)	Increase (decrease)
Operating expenses:	1,280,539	1,294,355	(13,816)	Operating revenues:	1,447,607	1,479,052	(31,444)
Operating expenses for electric utility business:	1,272,695	1,286,049	(13,353)	Electric power operating revenues:	1,439,698	1,470,708	(31,010)
Expense for hydro power generation	35,486	39,278	(3,792)	Revenue from residential customers	498,357	508,476	(10,118)
Expense for thermal power generation	372,580	353,680	18,900	Revenue from commercial and industrial customers	717,223	726,204	(8,981)
Expense for nuclear power generation	107,751	113,960	(6,208)	Revenue from power sold to other utilities	209,966	223,412	(13,445)
Expense for internal combustion power generation	4,962	5,027	(65)	Revenue from power sold to other companies	0	0	(0)
Expense for power purchased from other utilities	55,486	63,222	(7,735)	Revenue from wheeling	3,685	3,486	199
Expense for power purchased from other companies	156,159	158,969	(2,809)	Miscellaneous revenues from electric utility business	10,378	9,042	1,336
Transmission expense	73,920	75,240	(1,319)	Revenue from property leased to others	86	86	-
Transformation expense	56,976	57,127	(150)				
Distribution expense	157,656	166,202	(8,545)				
Selling expense	51,377	51,293	83				
Expense for property leased to others	8	8	-				
General administration expense	151,911	152,626	(715)				
Electric power development promotion tax	32,450	33,096	(646)				
Enterprise tax	16,198	16,544	(346)				
Transfer to electric expenses	(232)	(229)	(2)				
Incidental business expenses:	7,843	8,306	(463)	Incidental business revenues:	7,909	8,343	(434)
Gas supply business expense	6,994	7,568	(574)	Gas supply business revenue	7,175	7,880	(705)
Heat supply business expense	652	715	(63)	Heat supply business revenue	436	461	(24)
Other business expenses	197	22	174	Other business revenue	296	1	295
Operating income	167,068	184,696	(17,627)				
Other expenses:	71,286	93,665	(22,379)	Other revenues:	2,035	2,463	(428)
Financing expenses:	67,547	81,257	(13,709)	Financing revenues:	1,225	1,292	(66)
Interest expense	67,036	80,633	(13,596)	Dividends received	1,018	1,008	9
Amortization of bond issuance costs	494	614	(120)	Interest received	207	283	(76)
Amortization of bond discount	16	8	7				
Other expenses:	3,738	12,407	(8,669)	Other revenues:	809	1,171	(361)
Loss on disposal of fixed assets	226	942	(716)	Gain from sales of fixed assets	136	304	(167)
Miscellaneous losses	3,511	11,464	(7,953)	Miscellaneous revenues	673	867	(194)
Total amount of expenses	1,351,825	1,388,020	(36,195)	Total amount of revenues	1,449,643	1,481,516	(31,872)
Income before special item and income taxes	97,818	93,495	4,322				
Provision for (reversal of) reserve for fluctuation in water levels:	3,631	(293)	3,924				
Provision for reserve for fluctuation in water levels	3,631	-	3,631				
Reversal of reserve for fluctuation in water levels	-	(293)	293				
Extraordinary loss:	23,073	-	23,073				
Loss on discontinuance of power plant construction	23,073	-	23,073				
Income before income taxes	71,113	93,788	(22,675)				
Current income taxes	32,768	40,738	(7,969)				
Deferred income taxes	(9,712)	(6,664)	(3,047)				
Net income	48,056	59,715	(11,658)				
Retained earnings brought forward from the preceding fiscal year	67,812	67,360	452				
Interim cash dividends paid	12,564	12,569	(5)				
Unappropriated retained earnings for the period	103,305	114,506	(11,200)				

(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.