

# Tohoku Electric Power Co., Inc.

## Unaudited Quarterly Financial Report (Third Quarter FY 2004)

February 8, 2005

Information below is an English translation from the "Unaudited Quarterly Financial Report" for the nine months ended December 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 Third Quarter Period in FY 2004 (Nine months ended December 31, 2004)

#### (1) Progresses of Financial Results (Consolidated basis)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third Quarter FY 2004	1,149,772	3.4	145,239	35.8	95,459	54.3	50,557	37.6
Third Quarter FY 2003	1,111,803	-	106,953	-	61,864	-	36,752	-
(Reference) FY 2003	1,562,752		178,962		110,427		51,079	

	Net income per share	Diluted net income per share
	Yen	Yen
Third Quarter FY 2004	101.24	-
Third Quarter FY 2003	73.22	-
(Reference) FY 2003	101.44	-

(Notes) Each result herein represents the total for the third quarter period.  
Percentage figures represent changes as compared to the same period in FY 2003.

#### [Results and related factors at the end of the third quarter] (Consolidated basis)

The following are results for the three quarters in FY 2004 (1 April, 2004 - 31 December, 2004).

Electric power sales (our revenue mainstay) were up 3.5% year-to-date over last year, to 56,012 million kWh. Among them, residential power sales grew 3.2% to 16,341 million kWh, mainly boosted by brisk air-conditioning demand during the hot summer and an increasing number of the "All-Electric" homes.

Commercial and industrial sales were 39,671 million kWh, up 3.6% over the year-ago period largely due to the brisk demand by air-conditioning, a growing number of major retail outlets, as well as large-demand customers such as digital electronics and automobile parts manufacturers.

Operating revenues for the 9-month period grew by ¥ 37,968 million (3.4%) over the same period in FY 2003, reaching ¥ 1,149,772 million due to the sales increase and expanded scope of consolidation.

The year-to-date operating expenses increased ¥ 6,507 million (0.6%) over last year to ¥ 1,059,912 million due to the larger scope of consolidation, partly offset by efficiency improvement across the entire group operations, as well as trimming depreciation costs, repair expenses, and interest payments in electricity operation.

As a result, income before special item and income taxes was up ¥ 33,595 million (54.3%) over the corresponding period last year to ¥ 95,459 million for the 9-month period. Net income for nine months increased ¥ 13,805 million (37.6%), partly offset by a one-off loss including fixed asset impairments.

#### Electric Power Sales

(Millions of kWh, %)

	Third Quarter FY 2004 (A)	Third Quarter FY 2003 (B)	(A) / (B)
Residential	16,341	15,828	103.2
Commercial and Industrial	39,671	38,274	103.6
Total	56,012	54,102	103.5

(Note) Commercial and Industrial included with deregulated segment.

**(2) Changes in Financial Positions (Consolidated basis)**

	<b>Total assets</b>	<b>Shareholders' equity</b>	<b>Shareholders' equity ratio to total assets</b>	<b>Shareholders' equity per share</b>
	Millions of yen	Millions of yen	%	Yen
Third Quarter FY 2004 (As of December 31, 2004)	4,138,014	925,793	22.4	1,854.22
Third Quarter FY 2003 (As of December 31, 2003)	4,178,537	848,354	20.3	1,708.59
<i>(Reference) FY 2003</i> <i>(As of March 31, 2004)</i>	4,095,444	870,852	21.3	1,743.22

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

	<b>Operating revenues</b>	<b>Ordinary income</b>	<b>Net income</b>
	Millions of yen	Millions of yen	Millions of yen
FY 2004	1,570,000	99,000	50,000

(Reference) Business Results Forecast for Non-Consolidated FY 2004 (Year ended March 31, 2005)

	<b>Operating revenues</b>	<b>Ordinary income</b>	<b>Net income</b>
	Millions of yen	Millions of yen	Millions of yen
FY 2004	1,430,000	85,000	45,000

## QUARTERLY CONSOLIDATED BALANCE SHEETS (Unaudited)

*Third Quarter FY 2004 (As of December 31, 2004) and FY 2003 (As of March 31, 2004)*

### Assets

(Millions of yen)

Item	Third Quarter FY 2004 <small>(As of December 31, 2004)</small>	<i>(Reference) FY 2003</i> <small>(As of March 31, 2004)</small>	<i>Increase (decrease)</i>
<b>Fixed assets(property, plant and equipment):</b>	<b>3,815,989</b>	<b>3,809,632</b>	<b>6,357</b>
<b>Electric utility fixed assets:</b>	<b>2,580,404</b>	<b>2,701,316</b>	<b>(120,912)</b>
Hydro power plant	197,168	199,135	(1,967)
Thermal power plant	416,929	434,593	(17,663)
Nuclear power plant	289,477	318,887	(29,410)
Transmission plant	666,322	683,526	(17,203)
Transformation plant	278,064	290,078	(12,014)
Distribution plant	582,760	607,760	(24,999)
General plant	143,699	161,013	(17,314)
Other	5,981	6,320	(339)
<b>Other fixed assets</b>	<b>281,054</b>	<b>200,290</b>	<b>80,764</b>
<b>Construction work in progress:</b>	<b>483,935</b>	<b>447,381</b>	<b>36,553</b>
Construction work in progress	483,935	447,381	36,553
<b>Nuclear fuel:</b>	<b>138,955</b>	<b>131,898</b>	<b>7,056</b>
Loaded nuclear fuel and nuclear fuel under processing	138,955	131,898	7,056
<b>Investments in and advances to:</b>	<b>331,639</b>	<b>328,744</b>	<b>2,895</b>
Long-term investments	78,650	73,186	5,463
Deferred income taxes	156,290	136,962	19,328
Deferred income taxes on revaluation adjustments	1,467	1,543	(75)
Other	96,673	118,423	(21,750)
Allowance for uncollectibles	(1,442)	(1,371)	(71)
<b>Current assets:</b>	<b>321,911</b>	<b>285,686</b>	<b>36,224</b>
Cash and deposits	90,088	87,083	3,005
Notes receivable and amounts due from customers	99,659	105,667	(6,007)
Deferred income taxes	15,312	12,481	2,831
Other	117,938	81,696	36,241
Allowance for uncollectibles	(1,087)	(1,241)	154
<b>Deferred assets:</b>	<b>113</b>	<b>125</b>	<b>(12)</b>
Bond discount	113	125	(12)
<b>Total assets</b>	<b>4,138,014</b>	<b>4,095,444</b>	<b>42,569</b>

## Liabilities, minority interests and shareholders' equity

(Millions of yen)

Item	Third Quarter FY 2004 (As of December 31, 2004)	(Reference) FY 2003 (As of March 31, 2004)	Increase (decrease)
<b>Fixed liabilities:</b>	<b>2,580,081</b>	<b>2,615,868</b>	<b>(35,786)</b>
Bonds	1,197,371	1,204,500	(7,129)
Long-term loans	711,716	759,468	(47,752)
Accrued retirement benefits	258,172	242,585	15,587
Reserve for reprocessing irradiated nuclear fuel	99,373	92,822	6,551
Reserve for decommissioning nuclear power units	32,473	30,316	2,156
Deferred income taxes	767	703	64
Other	280,207	285,472	(5,264)
<b>Current liabilities:</b>	<b>576,294</b>	<b>561,023</b>	<b>15,271</b>
Current portion of fixed liabilities	226,891	189,337	37,554
Short-term borrowings	46,085	66,156	(20,070)
Notes and accounts payable	92,190	70,371	21,818
Accrued taxes	30,223	38,384	(8,161)
Deferred income taxes	1,384	1,384	-
Other	179,518	195,389	(15,870)
<b>Reserves:</b>	<b>12,643</b>	<b>10,441</b>	<b>2,202</b>
Reserve for fluctuation in water levels	12,643	10,441	2,202
<b>Total liabilities</b>	<b>3,169,019</b>	<b>3,187,332</b>	<b>(18,313)</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>43,201</b>	<b>37,259</b>	<b>5,941</b>
<b>Common stock</b>	<b>251,441</b>	<b>251,441</b>	<b>-</b>
<b>Capital surplus</b>	<b>26,655</b>	<b>26,655</b>	<b>-</b>
<b>Retained earnings</b>	<b>642,932</b>	<b>589,903</b>	<b>53,028</b>
<b>Revaluation adjustments</b>	<b>(1,011)</b>	<b>(1,064)</b>	<b>53</b>
<b>Net unrealized holding gain on securities</b>	<b>12,022</b>	<b>9,986</b>	<b>2,036</b>
<b>Foreign currency translation adjustments</b>	<b>79</b>	<b>-</b>	<b>79</b>
<b>Treasury stock, at cost</b>	<b>(6,325)</b>	<b>(6,070)</b>	<b>(255)</b>
<b>Total shareholders' equity</b>	<b>925,793</b>	<b>870,852</b>	<b>54,941</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>4,138,014</b>	<b>4,095,444</b>	<b>42,569</b>

## QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

*Third Quarter FY 2004 (Nine months ended December 31, 2004) and Third Quarter FY 2003 (Nine months ended December 31, 2003)*

### Expenses

### Revenues

Item	Third Quarter FY 2004 (Nine months ended December 31, 2004)	(Reference) Third Quarter FY 2003 (Nine months ended December 31, 2003)	Increase (decrease)	Item	Third Quarter FY 2004 (Nine months ended December 31, 2004)	(Reference) Third Quarter FY 2003 (Nine months ended December 31, 2003)	Increase (decrease)
<b>Operating expenses:</b>	<b>1,004,533</b>	<b>1,004,849</b>	<b>(316)</b>	<b>Operating revenues:</b>	<b>1,149,772</b>	<b>1,111,803</b>	<b>37,968</b>
Electric power	912,241	941,410	(29,169)	Electric power	1,052,996	1,046,619	6,377
Other	92,292	63,439	28,852	Other	96,776	65,184	31,591
<b>Operating income</b>	<b>145,239</b>	<b>106,953</b>	<b>38,285</b>				
<b>Other expenses:</b>	<b>55,379</b>	<b>48,555</b>	<b>6,823</b>	<b>Other revenues:</b>	<b>5,599</b>	<b>3,465</b>	<b>2,133</b>
Interest expense	38,784	45,275	(6,491)	Dividends received	595	458	136
Other	16,594	3,279	13,314	Interest received	16	224	(207)
				Gain from sales of fixed assets	255	279	(24)
				Amortization of consolidation adjustment accounts	1,393	1,176	216
				Other	3,338	1,326	2,012
<b>Total amount of expenses</b>	<b>1,059,912</b>	<b>1,053,405</b>	<b>6,507</b>	<b>Total amount of revenues</b>	<b>1,155,372</b>	<b>1,115,269</b>	<b>40,102</b>
Income before special item, income taxes and minority interests	95,459	61,864	33,595				
<b>Special item:</b>							
<b>Provision for (reversal of) reserve for fluctuation in water levels:</b>	<b>2,202</b>	<b>2,544</b>	<b>(341)</b>				
Provision for reserve for fluctuation in water levels	2,202	2,544	(341)				
<b>Extraordinary loss:</b>	<b>10,539</b>	<b>-</b>	<b>10,539</b>				
Loss on impairment of fix assets	6,553	-	6,553				
Loss on discontinuance of power plant construction	3,985	-	3,985				
<b>Income before income taxes and minority interests</b>	<b>82,718</b>	<b>59,320</b>	<b>23,397</b>				
<b>Current income taxes</b>	<b>30,009</b>	<b>21,259</b>	<b>8,749</b>				
<b>Deferred income taxes</b>	<b>1,725</b>	<b>1,339</b>	<b>386</b>				
Minority interests in earnings of consolidated subsidiaries	426	-	426				
Minority interests in losses of consolidated subsidiaries	-	30	(30)				
<b>Net income</b>	<b>50,557</b>	<b>36,752</b>	<b>13,805</b>				

## QUARTERLY NON-CONSOLIDATED BALANCE SHEETS (Unaudited)

*Third Quarter FY 2004 (As of December 31, 2004) and FY 2003 (As of March 31, 2004)*

### Assets

(Millions of yen)

Item	Third Quarter FY 2004 (As of December 31, 2004)	(Reference) FY 2003 (As of March 31, 2004)	Increase (decrease)
<b>Fixed assets(property, plant and equipment):</b>	<b>3,586,103</b>	<b>3,650,648</b>	<b>(64,544)</b>
<b>Electric utility fixed assets:</b>	<b>2,604,633</b>	<b>2,702,302</b>	<b>(97,668)</b>
Hydro power plant	170,204	175,276	(5,071)
Thermal power plant	383,886	409,852	(25,965)
Nuclear power plant	290,392	319,485	(29,092)
Internal combustion power plant	5,562	5,873	(310)
Transmission plant	683,863	697,658	(13,795)
Transformation plant	289,061	295,586	(6,524)
Distribution plant	631,830	634,739	(2,908)
General plant	149,328	163,327	(13,999)
Property leased to others	501	501	-
<b>Incidental business fixed assets</b>	<b>480</b>	<b>1,377</b>	<b>(896)</b>
<b>Other fixed assets</b>	<b>8,460</b>	<b>13,312</b>	<b>(4,852)</b>
<b>Construction work in progress</b>	<b>473,996</b>	<b>444,765</b>	<b>29,230</b>
Construction work in progress	467,839	438,052	29,786
Suspense account for disposal	6,157	6,713	(555)
<b>Nuclear fuel:</b>	<b>138,955</b>	<b>131,898</b>	<b>7,056</b>
Loaded nuclear fuel	21,521	23,939	(2,418)
Nuclear fuel under processing	117,433	107,958	9,474
<b>Investments in and advances to:</b>	<b>359,576</b>	<b>356,991</b>	<b>2,584</b>
Long-term investments	70,547	67,639	2,908
Long-term investments in subsidiaries and affiliates	183,965	184,083	(118)
Long-term prepaid expenses	2,374	1,903	470
Deferred income taxes	102,814	103,492	(677)
Allowance for uncollectibles	(125)	(127)	2
<b>Current assets:</b>	<b>171,392</b>	<b>163,548</b>	<b>7,844</b>
Cash and deposits	29,693	36,497	(6,804)
Amounts due from customers	72,475	75,720	(3,245)
Trade receivables - accounts	2,574	5,228	(2,653)
Fuel and supplies	26,914	22,218	4,696
Prepaid expenses	6,080	16	6,064
Short-term credits to subsidiaries and affiliates	2,519	1,884	635
Deferred income taxes	9,235	9,235	-
Other current assets	22,266	13,142	9,124
Allowance for uncollectibles	(367)	(395)	27
<b>Deferred assets:</b>	<b>114</b>	<b>126</b>	<b>(12)</b>
Bond discount	114	126	(12)
<b>Total assets</b>	<b>3,757,610</b>	<b>3,814,323</b>	<b>(56,712)</b>

## Liabilities and shareholders' equity

(Millions of yen)

Item	Third Quarter FY 2004 (As of Dec. 31, 2004)	(Reference) FY 2003 (As of March 31, 2004)	Increase (decrease)
<b>Fixed liabilities:</b>	<b>2,419,432</b>	<b>2,479,814</b>	<b>(60,382)</b>
Bonds	1,204,371	1,210,000	(5,629)
Long-term loans	610,050	670,402	(60,352)
Long-term accrued liabilities	4,752	67	4,684
Long-term debt to subsidiaries and affiliates	4	4	-
Accrued retirement benefits	210,599	205,391	5,207
Reserve for reprocessing irradiated nuclear fuel	99,373	92,822	6,551
Reserve for decommissioning nuclear power units	32,473	30,316	2,156
Reserve for exhibiting at EXPO 2005 AICHI	-	98	(98)
Other fixed liabilities	257,809	270,711	(12,902)
<b>Current liabilities:</b>	<b>483,654</b>	<b>503,652</b>	<b>(19,997)</b>
Current portion of fixed liabilities	189,797	166,471	23,325
Short-term borrowings	43,720	63,620	(19,900)
Commercial paper	87,000	98,000	(11,000)
Trade payables - accounts	50,923	35,758	15,164
Accounts payable	14,311	22,134	(7,823)
Accrued expenses	27,269	38,799	(11,529)
Accrued taxes	24,914	35,286	(10,371)
Deposits received	13,961	828	13,133
Short-term debt to subsidiaries and affiliates	26,666	39,785	(13,118)
Advances received	4,836	2,965	1,870
Reserve for exhibiting at EXPO 2005 AICHI	134	-	134
Other current liabilities	117	1	116
<b>Reserves:</b>	<b>12,556</b>	<b>10,362</b>	<b>2,194</b>
Reserve for fluctuation in water levels	12,556	10,362	2,194
<b>Total liabilities</b>	<b>2,915,643</b>	<b>2,993,828</b>	<b>(78,185)</b>
<b>Common stock</b>	<b>251,441</b>	<b>251,441</b>	<b>-</b>
<b>Capital surplus</b>	<b>26,657</b>	<b>26,657</b>	<b>-</b>
<b>Legal reserve</b>	<b>62,860</b>	<b>62,860</b>	<b>-</b>
<b>Retained earnings:</b>	<b>491,255</b>	<b>470,733</b>	<b>20,521</b>
Reserve for loss on overseas investments	26	27	(1)
Retained earnings appropriated for reserve for cost fluctuation adjustments	103,000	103,000	-
Retained earnings appropriated for general purpose	286,400	264,400	22,000
Unappropriated retained earnings for the period	101,828	103,305	(1,476)
<b>Net unrealized holding gain on securities</b>	<b>10,546</b>	<b>9,340</b>	<b>1,206</b>
<b>Treasury stock, at cost</b>	<b>(794)</b>	<b>(538)</b>	<b>(255)</b>
<b>Total shareholders' equity</b>	<b>841,967</b>	<b>820,494</b>	<b>21,472</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,757,610</b>	<b>3,814,323</b>	<b>(56,712)</b>

## QUARTERLY NON-CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Third Quarter FY 2004 (Nine months ended December 31, 2004) and Third Quarter FY 2003 (Nine months ended December 31, 2003)

<b>Expenses</b>				<b>Revenues</b>			
(Millions of yen)							
Item	Third Quarter FY 2004 (Nine months ended December 31, 2004)	(Reference) Third Quarter FY 2003 (Nine months ended December 31, 2003)	Increase (decrease)	Item	Third Quarter FY 2004 (Nine months ended December 31, 2004)	(Reference) Third Quarter FY 2003 (Nine months ended December 31, 2003)	Increase (decrease)
<b>Operating expenses:</b>	<b>929,945</b>	<b>951,240</b>	<b>(21,295)</b>	<b>Operating revenues:</b>	<b>1,061,871</b>	<b>1,052,589</b>	<b>9,281</b>
<b>Operating expenses for electric utility business:</b>	<b>923,114</b>	<b>945,811</b>	<b>(22,696)</b>	<b>Electric power operating revenues:</b>	<b>1,054,642</b>	<b>1,047,203</b>	<b>7,438</b>
Expense for hydro power generation	24,515	24,407	107	Revenue from residential customers	358,333	348,879	9,454
Expense for thermal power generation	262,481	277,178	(14,696)	Revenue from commercial and industrial customers	549,103	536,007	13,096
Expense for nuclear power generation	68,052	80,377	(12,325)	Revenue from power sold to other utilities	138,174	152,967	(14,793)
Expense for internal combustion power generation	3,745	3,697	47	Revenue from power sold to other companies	1	0	1
Expense for power purchased from other utilities	54,209	45,357	8,852	Revenue from wheeling	2,513	2,683	(169)
Expense for power purchased from other companies	117,447	117,201	246	Miscellaneous revenues from electric utility business	6,450	6,601	(150)
Transmission expense	53,598	53,913	(315)	Revenue from property leased to others	64	64	-
Transformation expense	41,582	42,107	(525)				
Distribution expense	118,875	117,737	1,138				
Selling expense	39,242	38,102	1,139				
Expense for property leased to others	6	6	0				
General administration expense	103,951	110,419	(6,468)				
Electric power development promotion tax	23,839	23,747	92				
Enterprise tax	11,675	11,731	(56)				
Transfer to electric expenses	(106)	(172)	66				
<b>Incidental business expenses:</b>	<b>6,830</b>	<b>5,429</b>	<b>1,400</b>	<b>Incidental business revenues:</b>	<b>7,229</b>	<b>5,385</b>	<b>1,843</b>
Gas supply business expense	6,278	4,804	1,473	Gas supply business revenue	6,406	4,881	1,524
Heat supply business expense	372	497	(125)	Heat supply business revenue	345	329	15
Other business expenses	179	126	52	Other business revenue	476	174	302
<b>Operating income</b>	<b>131,925</b>	<b>101,348</b>	<b>30,577</b>				
<b>Other expenses:</b>	<b>51,850</b>	<b>44,681</b>	<b>7,168</b>	<b>Other revenues:</b>	<b>4,030</b>	<b>1,783</b>	<b>2,247</b>
<b>Financing expenses:</b>	<b>36,736</b>	<b>43,577</b>	<b>(6,841)</b>	<b>Financing revenues:</b>	<b>1,268</b>	<b>1,217</b>	<b>51</b>
Interest expense	36,583	43,185	(6,602)	Dividends received	1,264	1,012	252
Amortization of bond issuance costs	140	381	(240)	Interest received	4	204	(200)
Amortization of bond discount	12	10	1				
<b>Other expenses:</b>	<b>15,113</b>	<b>1,104</b>	<b>14,009</b>	<b>Other revenues:</b>	<b>2,762</b>	<b>566</b>	<b>2,196</b>
Loss on disposal of fixed assets	417	141	275	Gain from sales of fixed assets	244	88	156
Miscellaneous losses	14,696	962	13,733	Miscellaneous revenues	2,517	478	2,039
<b>Total amount of expenses</b>	<b>981,795</b>	<b>995,922</b>	<b>(14,127)</b>	<b>Total amount of revenues</b>	<b>1,065,902</b>	<b>1,054,372</b>	<b>11,529</b>
<b>Income before special item and income taxes</b>	<b>84,106</b>	<b>58,450</b>	<b>25,656</b>				
<b>Provision for (reversal of) reserve for fluctuation in water levels:</b>	<b>2,194</b>	<b>2,543</b>	<b>(348)</b>				
Provision for reserve for fluctuation in water levels	2,194	2,543	(348)				
<b>Extraordinary loss:</b>	<b>9,993</b>	<b>-</b>	<b>9,993</b>				
Loss on impairment of fixed assets	6,007	-	6,007				
Loss on discontinuance of power plant construction	3,985	-	3,985				
<b>Income before income taxes</b>	<b>71,919</b>	<b>55,906</b>	<b>16,012</b>				
<b>Current income taxes</b>	<b>26,150</b>	<b>20,360</b>	<b>5,789</b>				
<b>Net income</b>	<b>45,768</b>	<b>35,546</b>	<b>10,222</b>				
<b>Retained earnings brought forward from the preceding fiscal year</b>	<b>68,622</b>	<b>67,812</b>	<b>809</b>				
<b>Interim cash dividends paid</b>	<b>12,562</b>	<b>12,564</b>	<b>(1)</b>				
<b>Unappropriated retained earnings for the period</b>	<b>101,828</b>	<b>90,795</b>	<b>11,033</b>				



**(Note)**

The 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.