

# Tohoku Electric Power Co., Inc.

## Unaudited Quarterly Financial Report (First Quarter FY 2005)

August 2, 2005

Information below is an English translation from the "Unaudited Quarterly Financial Report" for the three months ended June 30, 2005, which has been filed with the Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. for public inspection.

### 1. Business Results for First Quarter Period in FY 2005 (Three months ended June 30, 2005)

#### (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	%
First Quarter FY 2005	376,972	1.6	33,213	(44.8)	20,545	(57.4)	12,654	(59.2)
First Quarter FY 2004	371,058	2.3	60,189	-	48,174	-	31,054	-
(Reference) FY 2004	1,611,461		163,950		104,345		56,960	

	Net income per share	Diluted net income per share
	Yen	Yen
First Quarter FY 2005	25.35	-
First Quarter FY 2004	62.18	-
(Reference) FY 2004	113.36	-

(Notes) Percentage figures represent changes as compared to the same period in FY 2004.

#### Electric Power Sales

(Millions of kWh, %)

	First Quarter FY 2005 (A)	First Quarter FY 2004 (B)	(A) / (B)
Residential	5,620	5,428	103.5
Commercial and Industrial	12,997	12,742	102.0
Total	18,617	18,170	102.5

(Note) Commercial and Industrial included with deregulated segment.

#### (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
First Quarter FY 2005 (As of June 30, 2005)	4,071,861	929,070	22.8	1,861.43
First Quarter FY 2004 (As of June 30, 2004)	4,162,053	918,502	22.1	1,839.19
(Reference) FY 2004 (As of March 31, 2005)	4,122,476	929,771	22.6	1,861.97

## **2. Business Results Forecast for Consolidated FY 2005 (Year ended March 31, 2006)**

	<b>Operating revenues</b>	<b>Ordinary income</b>	<b>Net income</b>
	Millions of yen	Millions of yen	Millions of yen
Interim FY 2005	780,000	52,000	31,000
FY 2005	1,620,000	115,000	72,000

(Reference) Business Results Forecast for Non-Consolidated FY 2005 (Year ended March 31, 2006)

	<b>Operating revenues</b>	<b>Ordinary income</b>	<b>Net income</b>
	Millions of yen	Millions of yen	Millions of yen
Interim FY 2005	710,000	50,000	30,000
FY 2005	1,460,000	110,000	70,000

## QUARTERLY CONSOLIDATED BALANCE SHEETS (Unaudited)

*First Quarter FY 2005 (As of June 30, 2005) and FY 2004 (As of March 31, 2005)*

### Assets

(Millions of yen)

Item	First Quarter FY 2005 (As of June 30, 2005)	(Reference) FY 2004 (As of March 31, 2005)	Increase (decrease)
<b>Fixed assets(property, plant and equipment):</b>	<b>3,777,302</b>	<b>3,820,078</b>	<b>(42,776)</b>
<b>Electric utility fixed assets:</b>	<b>2,533,493</b>	<b>2,567,389</b>	<b>(33,895)</b>
Hydro power plant	195,232	195,243	(11)
Thermal power plant	399,810	409,396	(9,586)
Nuclear power plant	271,864	280,675	(8,810)
Transmission plant	658,580	665,552	(6,971)
Transformation plant	278,606	281,064	(2,458)
Distribution plant	582,797	586,017	(3,219)
General plant	140,838	143,529	(2,690)
Other	5,763	5,910	(146)
<b>Other fixed assets</b>	<b>272,972</b>	<b>279,279</b>	<b>(6,307)</b>
<b>Construction in progress</b>	<b>492,687</b>	<b>494,946</b>	<b>(2,259)</b>
<b>Nuclear fuel:</b>	<b>141,880</b>	<b>137,925</b>	<b>3,954</b>
Loaded nuclear fuel	42,812	41,433	1,378
Nuclear fuel under processing	99,068	96,492	2,575
<b>Investments in and advances to:</b>	<b>336,268</b>	<b>340,537</b>	<b>(4,269)</b>
Long-term investments	72,341	74,432	(2,090)
Deferred income taxes	167,507	167,921	(413)
Deferred income taxes on revaluation adjustments	1,459	1,459	-
Other	96,252	97,957	(1,704)
Allowance for uncollectibles	(1,293)	(1,233)	(60)
<b>Current assets:</b>	<b>294,443</b>	<b>302,288</b>	<b>(7,845)</b>
Cash and deposits	86,294	106,246	(19,951)
Trade notes receivable and amounts due from customers	100,135	114,711	(14,576)
Deferred income taxes	20,050	19,339	710
Other	88,815	63,217	25,597
Allowance for uncollectibles	(852)	(1,227)	375
<b>Deferred assets:</b>	<b>115</b>	<b>109</b>	<b>6</b>
Bond discount	115	109	6
<b>Total assets</b>	<b>4,071,861</b>	<b>4,122,476</b>	<b>(50,614)</b>

## Liabilities, minority interests and shareholders' equity

(Millions of yen)

Item	First Quarter FY 2005 (As of June 30, 2005)	(Reference) FY 2004 (As of March 31, 2005)	Increase (decrease)
<b>Fixed liabilities:</b>	<b>2,454,758</b>	<b>2,449,874</b>	<b>4,883</b>
Bonds	1,168,221	1,128,221	40,000
Long-term loans	630,309	657,300	(26,991)
Accrued retirement benefits	262,745	259,551	3,193
Reserve for reprocessing cost of irradiated nuclear fuel	103,758	101,291	2,467
Reserve for decommissioning cost of nuclear power units	33,532	32,744	787
Deferred income taxes	539	897	(358)
Other	255,651	269,867	(14,215)
<b>Current liabilities:</b>	<b>629,084</b>	<b>684,608</b>	<b>(55,524)</b>
Current portion of long-term debt	270,349	286,609	(16,260)
Short-term borrowings	57,862	46,039	11,823
Trade notes and accounts payable	82,310	98,915	(16,605)
Accrued taxes	21,406	39,433	(18,026)
Other	197,156	213,611	(16,455)
<b>Reserves:</b>	<b>14,043</b>	<b>12,653</b>	<b>1,390</b>
Reserve for fluctuation in water levels	14,043	12,653	1,390
<b>Total liabilities</b>	<b>3,097,886</b>	<b>3,147,136</b>	<b>(49,250)</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>44,904</b>	<b>45,567</b>	<b>(663)</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>649,156</b>	<b>649,329</b>	<b>(173)</b>
<b>Revaluation adjustments</b>	<b>(1,005)</b>	<b>(1,005)</b>	<b>-</b>
<b>Net unrealized holding gain on securities</b>	<b>9,565</b>	<b>9,844</b>	<b>(278)</b>
<b>Foreign currency translation adjustments</b>	<b>79</b>	<b>79</b>	<b>0</b>
<b>Treasury stock, at cost</b>	<b>(6,822)</b>	<b>(6,572)</b>	<b>(249)</b>
<b>Total shareholders' equity</b>	<b>929,070</b>	<b>929,771</b>	<b>(701)</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>4,071,861</b>	<b>4,122,476</b>	<b>(50,614)</b>

## QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

*First Quarter FY 2005 (Three months ended June 30, 2005) and First Quarter FY 2004 (Year ended June 30, 2004)*

### Expenses

### Revenues

Item	First Quarter FY 2005 (Three months ended June 30, 2005)	First Quarter FY 2004 (Three months ended June 30, 2004)	Increase (decrease)	Item	First Quarter FY 2005 (Three months ended June 30, 2005)	First Quarter FY 2004 (Three months ended June 30, 2004)	Increase (decrease)
<b>Operating expenses:</b>	<b>343,758</b>	<b>310,868</b>	<b>32,889</b>	<b>Operating revenues:</b>	<b>376,972</b>	<b>371,058</b>	<b>5,914</b>
Electric power	319,731	286,489	33,241	Electric power	352,742	347,174	5,568
Other	24,027	24,379	(352)	Other	24,229	23,883	345
<b>Operating income</b>	<b>33,213</b>	<b>60,189</b>	<b>(26,975)</b>				
<b>Other expenses:</b>	<b>13,983</b>	<b>13,648</b>	<b>334</b>	<b>Other revenues:</b>	<b>1,315</b>	<b>1,633</b>	<b>(318)</b>
Interest expense	11,677	12,860	(1,183)	Dividends received	440	440	0
Equity in losses of consolidated subsidiaries	1,521	-	1,521	Interest received	6	8	(1)
Other	784	788	(3)	Gain from sales of fixed assets	136	114	22
				Amortization of consolidation adjustment accounts	-	461	(461)
				Other	731	608	122
<b>Total amount of expenses</b>	<b>357,741</b>	<b>324,517</b>	<b>33,224</b>	<b>Total amount of revenues</b>	<b>378,287</b>	<b>372,691</b>	<b>5,595</b>
Income before special item, income taxes and minority interests	20,545	48,174	(27,628)				
<b>Special item:</b>							
<b>Provision for (reversal of) reserve for fluctuation in water levels:</b>	<b>1,390</b>	<b>924</b>	<b>466</b>				
Provision for reserve for fluctuation in water levels	1,390	924	466				
<b>Income before income taxes and minority interests</b>	<b>19,155</b>	<b>47,249</b>	<b>(28,094)</b>				
<b>Current income taxes</b>	<b>6,071</b>	<b>15,454</b>	<b>(9,382)</b>				
<b>Deferred income taxes</b>	<b>468</b>	<b>1,044</b>	<b>(576)</b>				
<b>Minority interests in losses of consolidated subsidiaries</b>	<b>39</b>	<b>303</b>	<b>(264)</b>				
<b>Net income</b>	<b>12,654</b>	<b>31,054</b>	<b>(18,399)</b>				

## QUARTERLY NON-CONSOLIDATED BALANCE SHEETS (Unaudited)

*First Quarter FY 2005 (As of June 30, 2005) and FY 2004 (As of March 31, 2005)*

### Assets

(Millions of yen)

Item	First Quarter FY 2005 (As of June 30, 2005)	(Reference) FY 2004 (As of March 31, 2005)	Increase (decrease)
<b>Fixed assets(property, plant and equipment):</b>	<b>3,540,792</b>	<b>3,594,738</b>	<b>(53,945)</b>
<b>Electric utility fixed assets:</b>	<b>2,555,566</b>	<b>2,592,015</b>	<b>(36,449)</b>
Hydro power plant	166,132	168,730	(2,597)
Thermal power plant	366,572	375,188	(8,615)
Nuclear power plant	272,740	281,581	(8,841)
Internal combustion power plant	5,339	5,488	(149)
Transmission plant	676,081	683,327	(7,245)
Transformation plant	289,617	292,312	(2,695)
Distribution plant	632,043	635,484	(3,441)
General plant	146,537	149,400	(2,863)
Property leased to others	501	501	-
<b>Incidental business fixed assets</b>	<b>504</b>	<b>510</b>	<b>(5)</b>
<b>Other fixed assets</b>	<b>8,469</b>	<b>8,233</b>	<b>236</b>
<b>Construction in progress</b>	<b>486,924</b>	<b>490,973</b>	<b>(4,048)</b>
<b>Nuclear fuel:</b>	<b>141,880</b>	<b>137,925</b>	<b>3,954</b>
Loaded nuclear fuel	42,812	41,433	1,378
Nuclear fuel under processing	99,068	96,492	2,575
<b>Investments in and advances to:</b>	<b>347,446</b>	<b>365,079</b>	<b>(17,632)</b>
Long-term investments	63,652	64,348	(696)
Long-term investments in subsidiaries and affiliates	167,433	183,951	(16,517)
Long-term prepaid expenses	2,374	2,544	(169)
Deferred income taxes	114,087	114,326	(238)
Allowance for uncollectibles	(102)	(90)	(11)
<b>Current assets:</b>	<b>161,939</b>	<b>163,134</b>	<b>(1,195)</b>
Cash and deposits	29,302	37,006	(7,704)
Amounts due from customers	76,028	78,277	(2,249)
Trade receivables - accounts	1,192	3,562	(2,370)
Fuel and supplies	27,201	21,812	5,389
Prepaid expenses	1,191	45	1,146
Short-term credits to subsidiaries and affiliates	1,951	1,742	209
Deferred income taxes	13,937	9,747	4,189
Other current assets	11,517	11,344	173
Allowance for uncollectibles	(382)	(404)	22
<b>Deferred assets:</b>	<b>115</b>	<b>109</b>	<b>6</b>
Bond discount	115	109	6
<b>Total assets</b>	<b>3,702,848</b>	<b>3,757,983</b>	<b>(55,134)</b>

## Liabilities and shareholders' equity

(Millions of yen)

Item	First Quarter FY 2005 (As of June 30, 2005)	(Reference) FY 2004 (As of March 31, 2005)	Increase (decrease)
<b>Fixed liabilities:</b>	<b>2,305,036</b>	<b>2,294,529</b>	<b>10,507</b>
Bonds	1,168,521	1,128,921	39,600
Long-term loans	540,338	561,130	(20,791)
Long-term accrued liabilities	3,905	4,691	(785)
Accrued retirement benefits	216,893	214,095	2,798
Reserve for reprocessing cost of irradiated nuclear fuel	103,758	101,291	2,467
Reserve for decommissioning cost of nuclear power units	33,532	32,744	787
Other fixed liabilities	238,087	251,655	(13,568)
<b>Current liabilities:</b>	<b>553,425</b>	<b>611,435</b>	<b>(58,010)</b>
Current portion of long-term debt	239,463	254,217	(14,753)
Short-term borrowings	54,440	43,720	10,720
Commercial paper	96,000	92,000	4,000
Trade payables - accounts	45,389	52,699	(7,310)
Accounts payable	38,099	48,700	(10,600)
Accrued expenses	27,643	39,944	(12,300)
Accrued taxes	18,950	32,130	(13,180)
Deposits received	5,446	978	4,467
Short-term debt to subsidiaries and affiliates	24,820	44,251	(19,430)
Advances received	3,010	2,642	368
Reserve for exhibiting at EXPO 2005 AICHI	159	147	12
Other current liabilities	2	3	(1)
<b>Reserves:</b>	<b>13,959</b>	<b>12,566</b>	<b>1,392</b>
Reserve for fluctuation in water levels	13,959	12,566	1,392
<b>Total liabilities</b>	<b>2,872,421</b>	<b>2,918,530</b>	<b>(46,109)</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>487,584</b>	<b>491,208</b>	<b>(3,623)</b>
Reserve for loss on overseas investments	8	26	(17)
Retained earnings appropriated for reserve for cost fluctuation adjustments	103,000	103,000	-
Retained earnings appropriated for general purpose	306,400	286,400	20,000
Unappropriated retained earnings for the period	78,176	101,781	(23,605)
<b>Net unrealized holding gain on securities</b>	<b>8,751</b>	<b>8,325</b>	<b>425</b>
<b>Treasury stock, at cost</b>	<b>(6,868)</b>	<b>(1,041)</b>	<b>(5,827)</b>
<b>Total shareholders' equity</b>	<b>830,426</b>	<b>839,452</b>	<b>(9,025)</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,702,848</b>	<b>3,757,983</b>	<b>(55,134)</b>

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

First Quarter FY 2005 (Three months ended June 30, 2005) and First Quarter FY 2004 (Year ended June 30, 2004)

<b>Expenses</b>				<b>Revenues</b>			
(Millions of yen)							
Item	First Quarter FY 2005 (Three months ended June 30, 2005)	First Quarter FY 2004 (Three months ended June 30, 2004)	Increase (decrease)	Item	First Quarter FY 2005 (Three months ended June 30, 2005)	First Quarter FY 2004 (Three months ended June 30, 2004)	Increase (decrease)
<b>Operating expenses:</b>	<b>323,771</b>	<b>291,035</b>	<b>32,736</b>	<b>Operating revenues:</b>	<b>354,108</b>	<b>349,319</b>	<b>4,788</b>
<b>Operating expenses for electric utility business:</b>	<b>322,951</b>	<b>289,130</b>	<b>33,821</b>	<b>Electric power operating revenues:</b>	<b>353,127</b>	<b>347,352</b>	<b>5,774</b>
Expense for hydro power generation	6,518	6,742	(223)	Revenue from residential customers	118,296	118,247	48
Expense for thermal power generation	85,447	76,072	9,375	Revenue from commercial and industrial customers	172,458	171,840	618
Expense for nuclear power generation	38,983	22,238	16,744	Revenue from power sold to other utilities	59,827	54,364	5,463
Expense for internal combustion power generation	1,329	1,121	207	Revenue from power sold to other companies	46	0	46
Expense for power purchased from other utilities	23,223	21,155	2,067	Revenue from wheeling	151	952	(800)
Expense for power purchased from other companies	39,005	37,740	1,265	Revenue from wheeling adjustment among utilities	458	-	458
Transmission expense	17,267	16,036	1,231	Miscellaneous revenues from electric utility business	1,866	1,927	(61)
Transformation expense	14,074	13,777	296	Revenue from property leased to others	21	21	-
Distribution expense	39,930	37,997	1,933				
Selling expense	12,649	12,527	122				
Expense for property leased to others	0	0	(0)				
General administration expense	33,227	32,207	1,020				
Electric power development promotion tax	7,457	7,732	(275)				
Enterprise tax	3,860	3,822	38				
Transfer to electric expenses	(24)	(42)	18				
<b>Incidental business expenses:</b>	<b>820</b>	<b>1,905</b>	<b>(1,084)</b>	<b>Incidental business revenues:</b>	<b>981</b>	<b>1,966</b>	<b>(985)</b>
Gas supply business expense	637	1,705	(1,068)	Gas supply business revenue	641	1,725	(1,083)
Heat supply business expense	124	145	(20)	Heat supply business revenue	97	102	(4)
Other business expenses	58	54	4	Other business revenue	242	138	103
<b>Operating income</b>	<b>30,336</b>	<b>58,284</b>	<b>(27,947)</b>				
<b>Other expenses:</b>	<b>15,699</b>	<b>12,305</b>	<b>3,394</b>	<b>Other revenues:</b>	<b>1,294</b>	<b>1,237</b>	<b>57</b>
<b>Financing expenses:</b>	<b>11,266</b>	<b>12,168</b>	<b>(901)</b>	<b>Financing revenues:</b>	<b>865</b>	<b>852</b>	<b>13</b>
Interest expense	11,090	12,070	(980)	Dividends received	865	851	13
Amortization of bond issuance costs	171	93	78	Interest received	0	0	(0)
Amortization of bond discount	4	4	0				
<b>Other expenses:</b>	<b>4,433</b>	<b>137</b>	<b>4,296</b>	<b>Other revenues:</b>	<b>428</b>	<b>384</b>	<b>43</b>
Loss on disposal of fixed assets	384	60	324	Gain from sales of fixed assets	81	113	(31)
Miscellaneous losses	4,048	76	3,971	Miscellaneous revenues	347	271	75
<b>Total amount of expenses</b>	<b>339,471</b>	<b>303,340</b>	<b>36,130</b>	<b>Total amount of revenues</b>	<b>355,402</b>	<b>350,556</b>	<b>4,846</b>
<b>Income before special item and income taxes</b>	<b>15,931</b>	<b>47,215</b>	<b>(31,284)</b>				
<b>Provision for (reversal of) reserve for fluctuation in water levels:</b>	<b>1,392</b>	<b>923</b>	<b>469</b>				
Provision for reserve for fluctuation in water levels	1,392	923	469				
<b>Income before income taxes</b>	<b>14,538</b>	<b>46,292</b>	<b>(31,753)</b>				
<b>Current income taxes</b>	<b>5,562</b>	<b>15,735</b>	<b>(10,172)</b>				
<b>Net income</b>	<b>8,976</b>	<b>30,557</b>	<b>(21,581)</b>				
<b>Retained earnings brought forward from the preceding fiscal year</b>	<b>69,200</b>	<b>68,622</b>	<b>577</b>				
<b>Unappropriated retained earnings for the period</b>	<b>78,176</b>	<b>99,180</b>	<b>(21,003)</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.