

# Tohoku Electric Power Co., Inc.

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

February 7, 2006

Information below is an English translation from the "Unaudited Quarterly Financial Report" for the nine months ended December 31, 2005, which has been filed with the Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. for public inspection.

(Notes) All monetary values are rounded down to the nearest units as indicated in each table.

Original value for percentages and kWh are rounded off to the indicated numbers.

### 1. Business Results for Third Quarter Period in FY 2005 (Nine months ended December 31, 2005)

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

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third Quarter FY 2005	1,174,786	2.2	61,318	(57.8)	21,200	(77.8)
Third Quarter FY 2004	1,149,772	3.4	145,239	35.8	95,459	54.3
(Reference) FY 2004	1,611,461		163,950		104,345	

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Third Quarter FY 2005	7,233	(85.7)	14.49	-
Third Quarter FY 2004	50,557	37.6	101.24	-
(Reference) FY 2004	56,960		113.36	-

(Notes) Each result herein represents the total for the third quarter period.

Percentage figures represent changes as compared to the same period.

#### Electric Power Sales

(Millions of kWh, %)

	Third Quarter FY 2005 (A)	Third Quarter FY 2004 (B)	(A) / (B)
Residential	16,801	16,341	102.8
Commercial and Industrial	40,835	39,671	102.9
Total	57,636	56,012	102.9

(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
Third Quarter FY 2005 (As of December 31, 2005)	4,144,722	920,243	22.2	1,844.00
Third Quarter FY 2004 (As of December 31, 2004)	4,138,014	925,793	22.4	1,854.22
(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)

	Operating revenues	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
FY 2005	1,640,000	60,000	27,000

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

	Operating revenues	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
FY 2005	1,480,000	55,000	30,000

## QUARTERLY CONSOLIDATED BALANCE SHEETS (Unaudited)

*Third Quarter FY 2005 (As of December 31, 2005) and FY 2004 (As of March 31, 2005)*

### Assets

(Millions of yen)

Item	Third Quarter FY 2005 (As of December 31, 2005)	(Reference) FY 2004 (As of March 31, 2005)	Increase (decrease)
<b>Fixed assets (property, plant and equipment):</b>	<b>3,793,550</b>	<b>3,820,078</b>	<b>(26,528)</b>
<b>Electric utility fixed assets:</b>	<b>2,792,587</b>	<b>2,567,389</b>	225,197
Hydro power plant	190,969	195,243	(4,273)
Thermal power plant	383,068	409,396	(26,328)
Nuclear power plant	585,910	280,675	305,234
Transmission plant	650,727	665,552	(14,824)
Transformation plant	272,520	281,064	(8,543)
Distribution plant	582,281	586,017	(3,736)
General plant	121,506	143,529	(22,022)
Other	5,602	5,910	(307)
<b>Other fixed assets</b>	<b>281,735</b>	<b>279,279</b>	2,456
<b>Construction work in progress</b>	<b>183,025</b>	<b>494,946</b>	(311,920)
<b>Nuclear fuel:</b>	<b>145,326</b>	<b>137,925</b>	7,401
Loaded nuclear fuel	40,066	41,433	(1,366)
Nuclear fuel under processing	105,260	96,492	8,768
<b>Investments in and advances to:</b>	<b>390,874</b>	<b>340,537</b>	50,336
Long-term investments	103,452	74,432	29,019
Reserve funds for reprocessing costs of irradiated nuclear fuel	30,789	-	30,789
Deferred income taxes	162,752	167,921	(5,168)
Deferred income taxes on revaluation adjustments	1,388	1,459	(71)
Other	93,692	97,957	(4,265)
Allowance for uncollectibles	(1,200)	(1,233)	33
<b>Current assets:</b>	<b>351,031</b>	<b>302,288</b>	<b>48,742</b>
Cash and deposits	104,238	106,246	(2,007)
Trade notes receivable and amounts due from customers	105,881	114,711	(8,830)
Deferred income taxes	20,179	19,339	840
Other	121,782	63,217	58,564
Allowance for uncollectibles	(1,052)	(1,227)	175
<b>Deferred assets:</b>	<b>140</b>	<b>109</b>	<b>31</b>
Bond discount	140	109	31
<b>Total assets</b>	<b>4,144,722</b>	<b>4,122,476</b>	<b>22,246</b>

## Liabilities, minority interests and shareholders' equity

(Millions of yen)

Item	Third Quarter FY 2005 (As of December 31, 2005)	(Reference) FY 2004 (As of March 31, 2005)	Increase (decrease)
<b>Fixed liabilities:</b>	<b>2,485,393</b>	<b>2,449,874</b>	<b>35,518</b>
Bonds	1,200,221	1,128,221	72,000
Long-term debt	620,816	657,300	(36,484)
Accrued retirement benefits	268,292	259,551	8,740
Reserve for reprocessing costs of irradiated nuclear fuel	110,318	101,291	9,027
Reserve for decommissioning costs of nuclear power units	34,396	32,744	1,652
Deferred income taxes	446	897	(450)
Other	250,902	269,867	(18,965)
<b>Current liabilities:</b>	<b>678,693</b>	<b>684,608</b>	<b>(5,915)</b>
Short-term borrowings	58,419	46,039	12,379
Current portion of Long-term debt	322,896	286,609	36,286
Trade notes and accounts payable	113,976	98,915	15,060
Accrued taxes	15,379	39,433	(24,053)
Other	168,022	213,611	(45,588)
<b>Reserve:</b>	<b>14,721</b>	<b>12,653</b>	<b>2,068</b>
Reserve for fluctuation in water levels	14,721	12,653	2,068
<b>Total liabilities</b>	<b>3,178,808</b>	<b>3,147,136</b>	<b>31,671</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>45,670</b>	<b>45,567</b>	<b>102</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>631,208</b>	<b>649,329</b>	<b>(18,120)</b>
<b>Revaluation adjustments</b>	<b>(955)</b>	<b>(1,005)</b>	<b>50</b>
<b>Net unrealized holding gain on securities</b>	<b>18,801</b>	<b>9,844</b>	<b>8,957</b>
<b>Foreign currency translation adjustments</b>	<b>80</b>	<b>79</b>	<b>0</b>
<b>Treasury stock, at cost</b>	<b>(6,988)</b>	<b>(6,572)</b>	<b>(415)</b>
<b>Total shareholders' equity</b>	<b>920,243</b>	<b>929,771</b>	<b>(9,527)</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>4,144,722</b>	<b>4,122,476</b>	<b>22,246</b>

## QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

*Third Quarter FY 2005 (Nine months ended December 31, 2005) and Third Quarter FY 2004 (Nine months ended December 31, 2004)*

<b>Expenses</b>				<b>Revenues</b>			
(Millions of yen)							
Item	Third Quarter FY 2005 (Nine months ended December 31, 2005)	(Reference) Third Quarter FY 2004 (Nine months ended December 31, 2004)	Increase (decrease)	Item	Third Quarter FY 2005 (Nine months ended December 31, 2005)	(Reference) Third Quarter FY 2004 (Nine months ended December 31, 2004)	Increase (decrease)
<b>Operating expenses:</b>	<b>1,113,468</b>	<b>1,004,533</b>	<b>108,934</b>	<b>Operating revenues:</b>	<b>1,174,786</b>	<b>1,149,772</b>	<b>25,013</b>
Electric power	1,022,996	912,241	110,755	Electric power	1,080,014	1,052,996	27,017
Other	90,472	92,292	(1,820)	Other	94,772	96,776	(2,004)
<b>Operating income</b>	<b>61,318</b>	<b>145,239</b>	<b>(83,921)</b>				
<b>Other expenses:</b>	<b>43,177</b>	<b>55,379</b>	<b>(12,201)</b>	<b>Other income:</b>	<b>3,059</b>	<b>5,599</b>	<b>(2,539)</b>
Interest expense	35,122	38,784	(3,661)	Dividends income	569	595	(25)
Equity in losses of affiliates	4,549	-	4,549	Interest income	59	16	43
Other	3,505	16,594	(13,089)	Gain from sales of fixed assets	403	255	147
				Amortization of consolidation adjustment accounts	-	1,393	(1,393)
				Other	2,027	3,338	(1,311)
<b>Total amount of expenses</b>	<b>1,156,645</b>	<b>1,059,912</b>	<b>96,733</b>	<b>Total amount of revenues</b>	<b>1,177,846</b>	<b>1,155,372</b>	<b>22,474</b>
<b>Income before special item, income taxes and minority interests</b>	<b>21,200</b>	<b>95,459</b>	<b>(74,259)</b>				
<b>Special item: Provision for reserve for fluctuation in water levels</b>	<b>2,068</b>	<b>2,202</b>	<b>(133)</b>				
<b>Extraordinary losses:</b>	<b>2,503</b>	<b>10,539</b>	<b>(8,035)</b>				
Loss on discontinued operation of subsidiary	2,503	-	2,503				
Impairment loss on fixed 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>16,628</b>	<b>82,718</b>	<b>(66,089)</b>				
<b>Current income taxes</b>	<b>8,440</b>	<b>30,009</b>	<b>(21,568)</b>				
<b>Deferred income taxes</b>	<b>158</b>	<b>1,725</b>	<b>(1,566)</b>				
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>795</b>	<b>426</b>	<b>368</b>				
<b>Net income</b>	<b>7,233</b>	<b>50,557</b>	<b>(43,323)</b>				

## QUARTERLY NON-CONSOLIDATED BALANCE SHEETS (Unaudited)

Third Quarter FY 2005 (As of December 31, 2005) and FY 2004 (As of March 31, 2005)

### Assets

(Millions of yen)

Item	Third Quarter FY 2005 (As of December 31, 2005)	(Reference) FY 2004 (As of March 31, 2005)	Increase (decrease)
<b>Fixed assets (property, plant and equipment):</b>	<b>3,564,542</b>	<b>3,594,738</b>	<b>(30,196)</b>
<b>Electric utility fixed assets:</b>	<b>2,816,257</b>	<b>2,592,015</b>	<b>224,241</b>
Hydro power plant	162,625	168,730	(6,104)
Thermal power plant	351,276	375,188	(23,912)
Nuclear power plant	586,736	281,581	305,154
Internal combustion power plant	5,174	5,488	(314)
Transmission plant	667,738	683,327	(15,588)
Transformation plant	283,365	292,312	(8,947)
Distribution plant	631,791	635,484	(3,692)
General plant	127,047	149,400	(22,352)
Property leased to others	501	501	-
<b>Incidental business fixed assets</b>	<b>582</b>	<b>510</b>	<b>72</b>
<b>Other fixed assets</b>	<b>8,622</b>	<b>8,233</b>	<b>388</b>
<b>Construction work in progress :</b>	<b>175,653</b>	<b>490,973</b>	<b>(315,319)</b>
Construction work in progress	170,175	485,999	(315,824)
Suspense account for disposal	5,478	4,974	504
<b>Nuclear fuel:</b>	<b>145,326</b>	<b>137,925</b>	<b>7,401</b>
Loaded nuclear fuel	40,066	41,433	(1,366)
Nuclear fuel under processing	105,260	96,492	8,768
<b>Investments in and advances to:</b>	<b>418,098</b>	<b>365,079</b>	<b>53,019</b>
Long-term investments	92,308	64,348	27,959
Long-term investments in subsidiaries and affiliates	183,218	183,951	(732)
Reserve funds for reprocessing costs of irradiated nuclear fuel	30,789	-	30,789
Long-term prepaid expenses	2,889	2,544	344
Deferred income taxes	108,986	114,326	(5,340)
Allowance for uncollectibles	(92)	(90)	(1)
<b>Current assets:</b>	<b>204,435</b>	<b>163,134</b>	<b>41,300</b>
Cash and deposits	41,558	37,006	4,551
Amounts due from customers	75,682	78,277	(2,595)
Trade notes receivables	8,522	3,562	4,960
Fuel and supplies	25,174	21,812	3,361
Prepaid expenses	5,558	45	5,512
Short-term credits to subsidiaries and affiliates	2,145	1,742	403
Deferred income taxes	13,937	9,747	4,189
Other current assets	32,232	11,344	20,887
Allowance for uncollectibles	(376)	(404)	28
<b>Deferred assets:</b>	<b>140</b>	<b>109</b>	<b>31</b>
Bond discount	140	109	31
<b>Total assets</b>	<b>3,769,118</b>	<b>3,757,983</b>	<b>11,135</b>

## Liabilities and shareholders' equity

(Millions of yen)

Item	Third Quarter FY 2005 (As of December 31, 2005)	(Reference) FY 2004 (As of March 31, 2005)	Increase (decrease)
<b>Fixed liabilities:</b>	<b>2,346,770</b>	<b>2,294,529</b>	<b>52,241</b>
Bonds	1,200,521	1,128,921	71,600
Long-term debt	541,592	561,130	(19,538)
Long-term accrued liabilities	3,888	4,691	(802)
Accrued retirement benefits	221,745	214,095	7,650
Reserve for reprocessing costs of irradiated nuclear fuel	110,318	101,291	9,027
Reserve for decommissioning costs of nuclear power units	34,396	32,744	1,652
Other fixed liabilities	234,308	251,655	(17,347)
<b>Current liabilities:</b>	<b>585,999</b>	<b>611,435</b>	<b>(25,435)</b>
Short-term borrowings	54,440	43,720	10,720
Current portion of long-term debt	293,835	254,217	39,618
Commercial paper	21,000	92,000	(71,000)
Trade notes	68,843	52,699	16,143
Accounts payable	65,643	48,700	16,943
Accrued expenses	26,932	39,944	(13,011)
Accrued taxes	11,176	32,130	(20,953)
Deposits received	13,662	978	12,683
Short-term debt to subsidiaries and affiliates	26,048	44,251	(18,202)
Advances received	4,378	2,642	1,736
Reserve for exhibition at EXPO 2005 in Aichi	-	147	(147)
Other current liabilities	37	3	34
<b>Reserve:</b>	<b>14,637</b>	<b>12,566</b>	<b>2,070</b>
Reserve for fluctuation in water levels	14,637	12,566	2,070
<b>Total liabilities</b>	<b>2,947,407</b>	<b>2,918,530</b>	<b>28,876</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>470,098</b>	<b>491,208</b>	<b>(21,109)</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	60,690	101,781	(41,091)
<b>Net unrealized holding gain on securities</b>	<b>17,688</b>	<b>8,325</b>	<b>9,362</b>
<b>Treasury stock, at cost</b>	<b>(7,034)</b>	<b>(1,041)</b>	<b>(5,993)</b>
<b>Total shareholders' equity</b>	<b>821,711</b>	<b>839,452</b>	<b>(17,740)</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,769,118</b>	<b>3,757,983</b>	<b>11,135</b>

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

Third Quarter FY 2005 (Nine months ended December 31, 2005) and Third Quarter FY 2004 (Nine months ended December 31, 2004)

Expenses				Revenues			
(Millions of yen)							
Item	Third Quarter FY 2005 (Nine months ended December 31, 2005)	(Reference) Third Quarter FY 2004 (Nine months ended December 31, 2004)	Increase (decrease)	Item	Third Quarter FY 2005 (Nine months ended December 31, 2005)	(Reference) Third Quarter FY 2004 (Nine months ended December 31, 2004)	Increase (decrease)
<b>Operating expenses:</b>	<b>1,036,490</b>	<b>929,945</b>	<b>106,545</b>	<b>Operating revenues:</b>	<b>1,084,584</b>	<b>1,061,871</b>	<b>22,712</b>
<b>Operating expenses for electric utility business:</b>	<b>1,033,642</b>	<b>923,114</b>	<b>110,527</b>	<b>Electric power operating revenues:</b>	<b>1,081,465</b>	<b>1,054,642</b>	<b>26,823</b>
Expense for hydro power generation	23,009	24,515	(1,505)	Revenue from residential customers	357,043	358,333	(1,289)
Expense for thermal power generation	300,880	262,481	38,399	Revenue from commercial and industrial customers	553,218	549,103	4,114
Expense for nuclear power generation	104,956	68,052	36,904	Revenue from power sold to other utilities	161,899	138,174	23,725
Expense for internal combustion power generation	4,193	3,745	448	Revenue from power sold to other companies	93	1	91
Expense for power purchased from other utilities	77,268	54,209	23,058	Revenue from wheeling	468	2,513	(2,045)
Expense for power purchased from other companies	129,612	117,447	12,165	Revenue from wheeling adjustment among utilities	2,055	-	2,055
Transmission expense	57,635	53,598	4,036	Miscellaneous revenues from electric utility business	6,621	6,450	171
Transformation expense	41,616	41,582	34	Revenue from property leased to others	64	64	-
Distribution expense	123,968	118,875	5,093				
Selling expense	39,366	39,242	124				
Expense for property leased to others	6	6	-				
General administration expense	96,573	103,951	(7,377)				
Electric power development promotion tax	23,087	23,839	(752)				
Enterprise tax	11,563	11,675	(111)				
Transfer to electric expenses	(96)	(106)	10				
<b>Incidental business expenses:</b>	<b>2,848</b>	<b>6,830</b>	<b>(3,982)</b>	<b>Incidental business revenues:</b>	<b>3,118</b>	<b>7,229</b>	<b>(4,110)</b>
Gas supply business expense	2,306	6,278	(3,971)	Gas supply business revenue	2,263	6,406	(4,142)
Heat supply business expense	410	372	38	Heat supply business revenue	350	345	4
Other business expenses	131	179	(48)	Other business revenue	504	476	27
<b>Operating income</b>	<b>48,093</b>	<b>131,925</b>	<b>(83,832)</b>				
<b>Other expenses:</b>	<b>35,210</b>	<b>51,850</b>	<b>(16,639)</b>	<b>Other income:</b>	<b>2,407</b>	<b>4,030</b>	<b>(1,623)</b>
<b>Financing expenses:</b>	<b>33,927</b>	<b>36,736</b>	<b>(2,808)</b>	<b>Financing income:</b>	<b>1,174</b>	<b>1,268</b>	<b>(93)</b>
Interest expense	33,459	36,583	(3,124)	Dividends income	1,162	1,264	(101)
Amortization of bond issuance costs	451	140	311	Interest income	11	4	7
Amortization of bond discount	16	12	3				
<b>Other expenses:</b>	<b>1,283</b>	<b>15,113</b>	<b>(13,830)</b>	<b>Other income:</b>	<b>1,232</b>	<b>2,762</b>	<b>(1,529)</b>
Loss on disposal of fixed assets	791	417	374	Gain from sales of fixed assets	329	244	84
Miscellaneous losses	491	14,696	(14,204)	Miscellaneous income	902	2,517	(1,614)
<b>Total amount of expenses</b>	<b>1,071,701</b>	<b>981,795</b>	<b>89,906</b>	<b>Total amount of revenues</b>	<b>1,086,991</b>	<b>1,065,902</b>	<b>21,088</b>
<b>Income before special item and income taxes</b>	<b>15,289</b>	<b>84,106</b>	<b>(68,817)</b>				
<b>Provision for reserve for reserve for fluctuation in water levels</b>	<b>2,070</b>	<b>2,194</b>	<b>(123)</b>				
<b>Extraordinary losses:</b>	<b>-</b>	<b>9,993</b>	<b>(9,993)</b>				
Impairment loss on fixed assets	-	6,007	(6,007)				
Loss on discontinuance of power plant construction	-	3,985	(3,985)				
<b>Income before income taxes</b>	<b>13,218</b>	<b>71,919</b>	<b>(58,700)</b>				
<b>Current income taxes</b>	<b>5,356</b>	<b>26,150</b>	<b>(20,793)</b>				
<b>Net income</b>	<b>7,861</b>	<b>45,768</b>	<b>(37,907)</b>				
<b>Retained earnings brought forward from the preceding fiscal year</b>	<b>69,200</b>	<b>68,622</b>	<b>577</b>				
<b>Interim cash dividends paid</b>	<b>12,477</b>	<b>12,562</b>	<b>(85)</b>				
<b>Accumulated deficit succeeded from the merged consolidated subsidiary</b>	<b>3,894</b>	<b>-</b>	<b>3,894</b>				
<b>Unappropriated retained earnings for the period</b>	<b>60,690</b>	<b>101,828</b>	<b>(41,138)</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.