

FY2006 Mid-Year Financial Highlights

November 2, 2006



Tohoku Electric Power Co., Ltd.

Table of Contents

. FY2006 Mid-Year Financial Overview

-1. Electricity Sales	1
-2. Sales Increase vs Targets	2
-3. Mid-Year Operating Revenues/Expenses	3
-4. Mid-Year Income Results	4

. Stronger Integrity and Safety Culture

-1. Nuclear Fleets Status	5
-2. Nuclear Integrity Substantiation Initiative	6
-3. Committed to Strengthening Integrity and Safety Culture	7

. Full-Year Guidance

-1. FY2006 Full-Year Guidance	8
-2. Dividend Policy	9

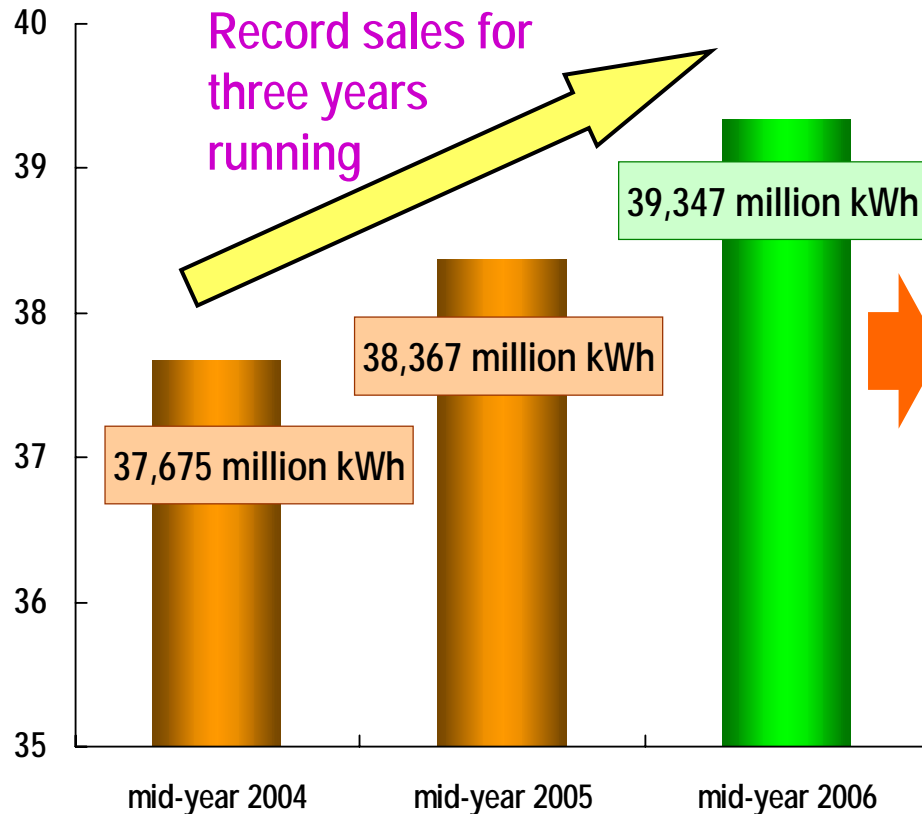
- 1. Electricity Sales

Electricity Sold
Year-on-Year Compared

39,347 million kWh

Up 1,000 million kWh(+ 2.6%)

(billions of kWh)



(Millions of kWh)

Segment		Mid-year FY2006 (A)	Mid-year FY2005 (B)	Year-on- -Year (A/B)
Regulated	Residential	11,208	11,112	100.9%
	Commercial	2,200	2,268	97.0%
	Sub-total	13,408	13,380	100.2%
Deregulated		25,939	24,987	103.8%
Total		39,347	38,367	102.6%

[Sub-segment]

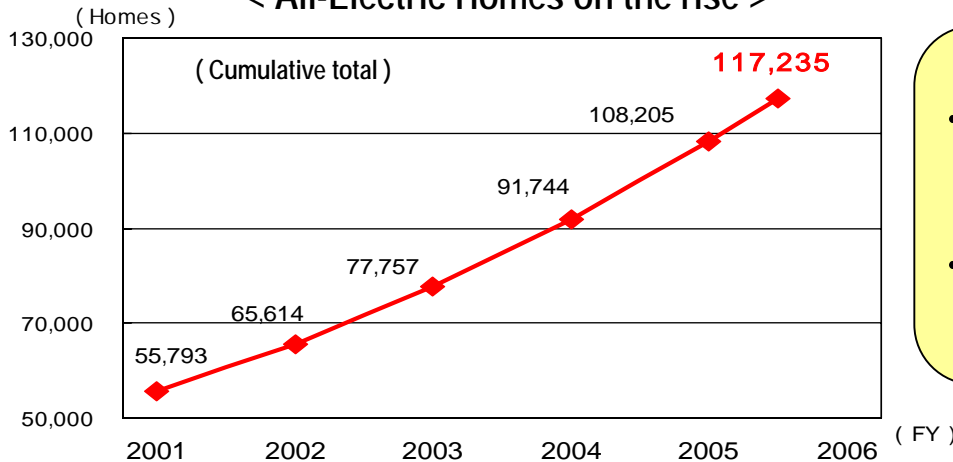
High-voltage large industrial	13,308	12,542	106.1%
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-2. Sales Increase vs Target

	Mid-year FY2006 increase	FY2006 Medium-term Business Plan
Electric sales	Approx. 140 million kWh*	1 billion kWh increase by FY2008
All-Electric Home	9,030 homes	50,000 increase during FY06-08
IH cooking range (in addition to All-Electric Homes)	16,450 units	100,000 increase during FY06-08
Commercial IH cooking system	12,742 kW	80,000 kW increase during FY06-08
Load-leveling HVAC system	10,452 kW	30,000 kW increase during FY06-08

*NB : a full-year projection based on a calculation model

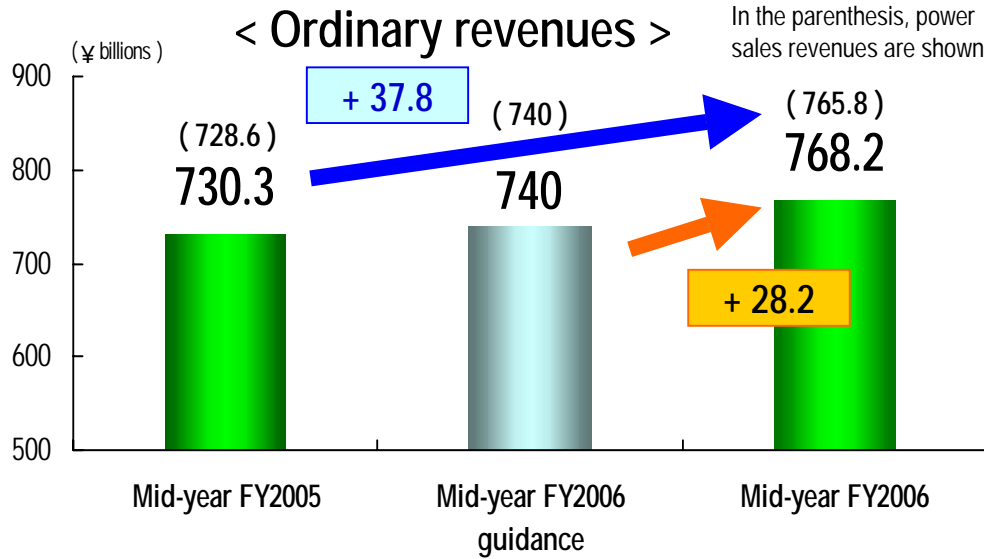
< All-Electric Homes on the rise >



- A cumulative total passes the **110,000** mark
10,000 Homes were added within a shortest period ever (five months to the end of Apr. 2006)
- “Window of Opportunity” All-Electric Startup Campaign, spring 2006

- 3. Mid-Year Ordinary Revenues/Expenses 3

< Ordinary revenues >



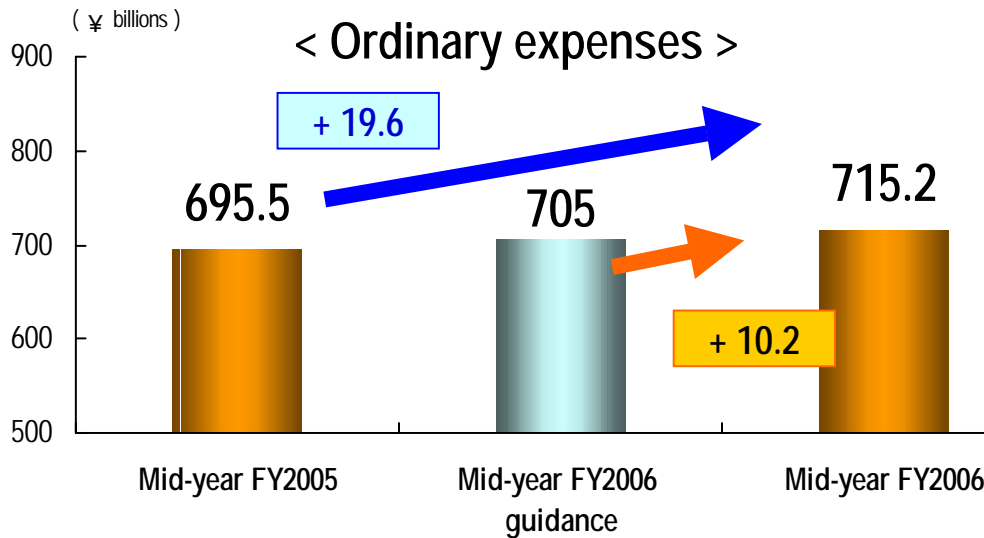
Ordinary revenues **¥768.2 billion**

Y-o-Y compared **+ ¥37.8 billion**
(+ 5.2%)

(Major factors)

- Residential power revenues + ¥8.5 billion
- Commercial power revenues + ¥28.0 billion

< Ordinary expenses >



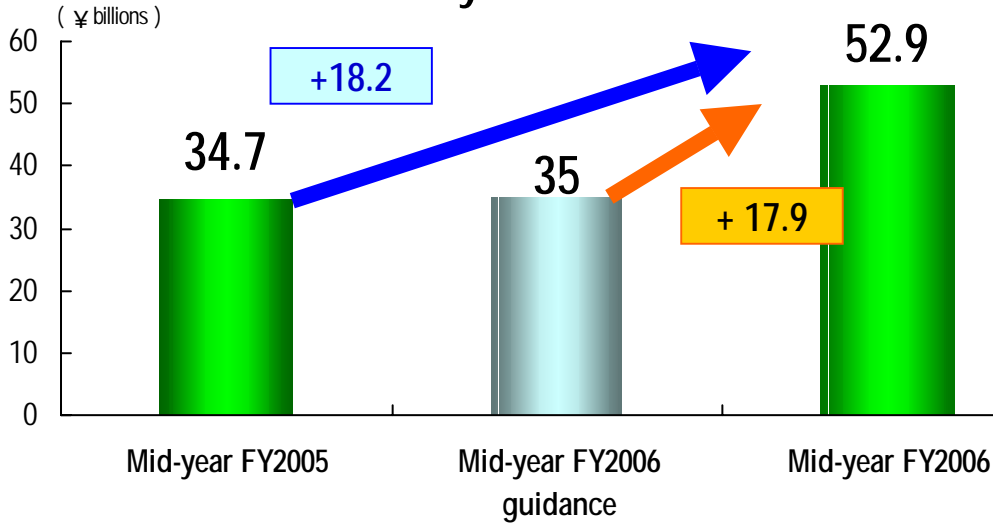
Ordinary expenses **¥715.2 billion**

Y-o-Y compared **+ ¥19.6 billion**
(+ 2.8%)

(Major factors)

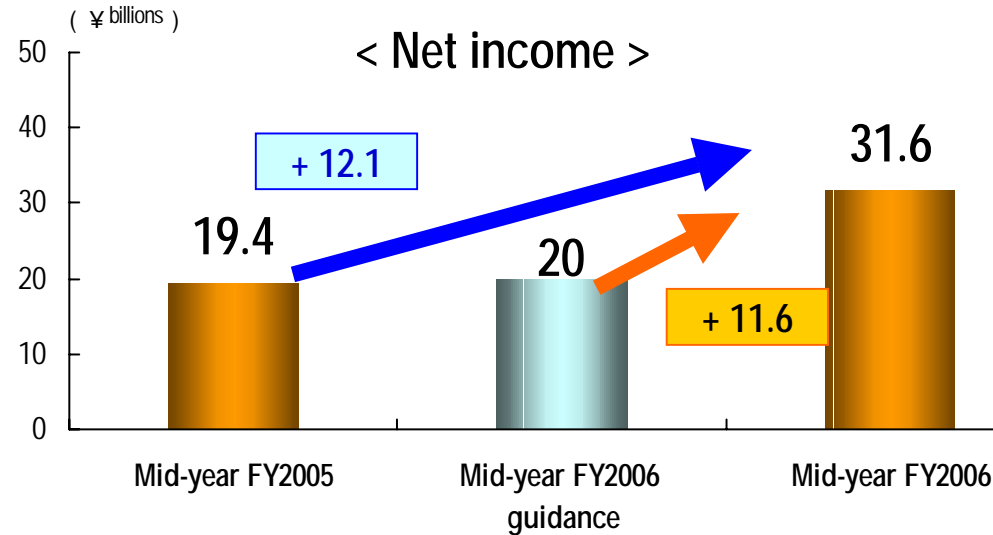
- Fuel expenses + ¥11.0 billion
- Purchased power + ¥10.8 billion

< Ordinary income >



Ordinary income ¥52.9 billion
Y-o-Y compared + ¥18.2 billion
 (+ 52.4%)

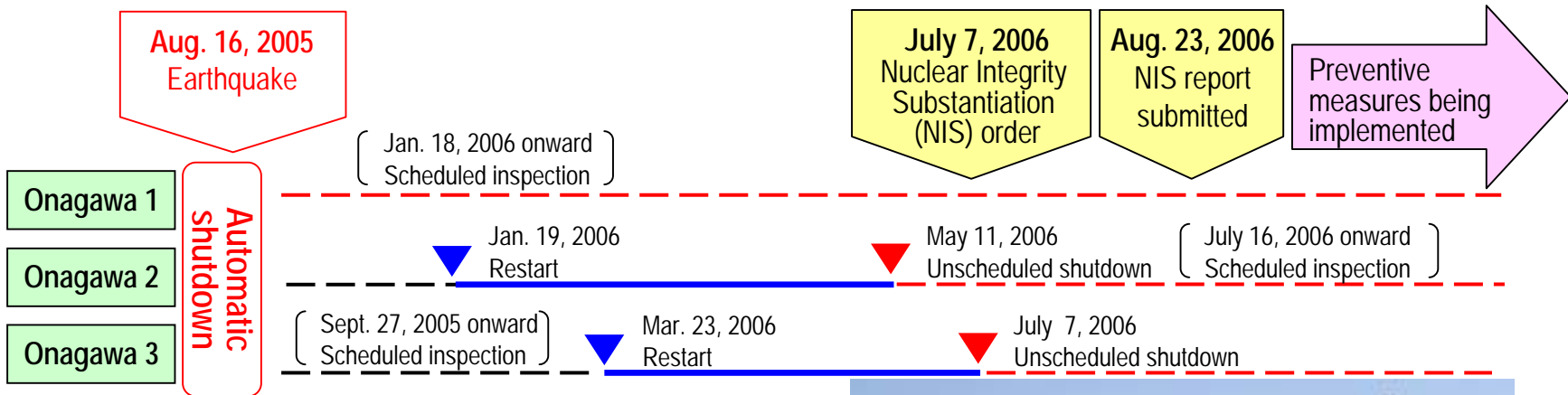
< Year-on-Year >
Income taxes + ¥7.7 billion
 Reserve for fluctuation
 in water levels - ¥1.6 billion



Net income ¥31.6 billion
Y-o-Y compared + ¥12.1 billion
 (+ 62.3%)

1. Onagawa nuclear power station
 [All three units shut down automatically due to Aug. 16-2006 earthquake]
Unit 1 : Cleared of government's seismic safety standard. Currently undergoing a scheduled inspection.
Unit 2 : Cleared of government's seismic safety standard and resumed operation before unscheduled shutdown due to higher-than-normal flow readings in the waste gas treatment system. Currently undergoing a scheduled inspection.
Unit 3 : Cleared of government's seismic safety standard and resumed operation before unscheduled shutdown to examine steam/water pipes for possible inside corrosion.

2. Higashidori nuclear power station
Unit 1 : Commercial startup on Dec. 8, 2005. Currently operating at a designed full capacity.



Onagawa Nuclear Power Station

-2. Nuclear Integrity Substantiation (NIS) Initiative 6

Responding to Nuclear and Industrial Safety Agency's NIS order, as well as propositions made by stakeholders, i.e. local governments

- Each "event" was examined, analyzed, and traced back to its root cause to identify underlying issues as shown below.
- Countermeasures for each issue have been formulated, implemented, and verified for their effectiveness.

Issues related to corporate culture, organizational dynamics Preventative measures

Top management's commitment to the operational integrity should've been given more significance.

Each event should've been dealt as significant with more sense of urgency.

More efforts should've been made to strictly manage and verify procured products/services.

The organization should've been structured to speedily respond to evolving business/operational environment. More resources should've been given to do so.

Customary practices may have been followed too rigidly

[Improve the way safety culture takes root and prevails]

[Reinforce the internal audit function]

[Step up preventive measures against problems/failures]

[Boost motivation and capabilities aimed at better management of procured products/services]

[Ensure adequate human resources for each function, being verified by executive management]

[Improve various procedures to go beyond a rigid customary way]

[Incorporate independent views from outside]

We will go beyond NIS efforts specifically made in our nuclear plant operations as we believe NIS principles apply universally to any operations. As embodied in the following Declaration, we are committed to building stronger integrity and safety culture throughout our entire corporate activities.

Declaration of Integrity and Safety Culture

We hereby declare our commitment to building strong integrity and safety culture with an imperative of ensuring safe and stable energy supply while rising above the competition, as governed by the following principles.

- We will always hold fast to the principle that we must give utmost priority to safety.
- We will built up public trust and assure them of our integrity by complying with all applicable laws, rules and regulations.
- We will deliver on our commitment to operational integrity in order to fully meet customer needs.

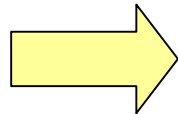
< Electricity sales >

Projected at **81 billion kWh**

< Earnings >

(¥ billions)

	FY2006 Projection (A)	FY2005 Actual (B)	Up/Down (A)-(B)	Y-o-Y (A)/(B)
Operating revenues	1,540	1,498.7	<u>up 41.2</u>	102.8%
Operating income	110	77.9	up 32.0	141.1%
Ordinary income	70	38.0	<u>up 31.9</u>	183.7%
Net income	40	53.5	down 13.5	74.7%



Strong earnings expected

Dividend decision is made from a balanced and comprehensive viewpoint, based on medium- and long-term revenue forecasts and various performance metrics vis-à-vis business targets, as well as in line with a basic policy sustainable and stable dividend payment.

FY2006 mid-year earnings rose on the back of strong electricity demand, partially offset by an electricity rate reduction in July, surging oil costs, as well as charges related to Onagawa nuclear fleet shutdown.

FY2006 interim dividend is set at ¥30 per share, up ¥5 from the year-ago mark. This is in line with FY2005 year-end dividend, and based on future growth we expect to see, driven by on-going efforts to increase efficiency and revenue-enhancing capabilities.

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.

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