

► The Economic Aspects

How is the Economic Performance of the JR East Group?

The JR East Group aims for sustained growth as a corporate group by continually developing and expanding businesses that answer the needs and expectations of customers and a wide range of other stakeholders, while actively contributing to society.

For any company to remain in business, it is essential that it continue to earn a reasonable profit.

The sole purpose of a corporation, however, is not just to seek profit.

Corporations also have an enormous impact on society and have a wide range of stakeholders to serve.

Thus, the JR East Group continually strives to recognize its economic relationships with all stakeholders who have an interest in our business.

The financial information in this *JR East Group Sustainability Report* is presented from a different perspective from the data presented in our financial Annual Report, as the former emphasizes our economic relationships with a diverse group of stakeholders.

Financial Results for FY 2004

Transportation, including railway operations, is the core business of the JR East Group. It accounted for about 70% of consolidated operating revenue in fiscal 2004. The remaining 30% was earned primarily from lifestyle-related businesses such as shopping centers, hotels, and retail shops in station buildings.

The consolidated results for fiscal 2004 were a decline in both consolidated operating revenue and net income for the period, with net income down 6.9% to 111.5 billion yen. Although income increased from "station space utilization," and "shopping centers and office buildings," the impact of losses from the Niigata-Chuetsu Earthquake, etc., led to this lower result on the bottom line.

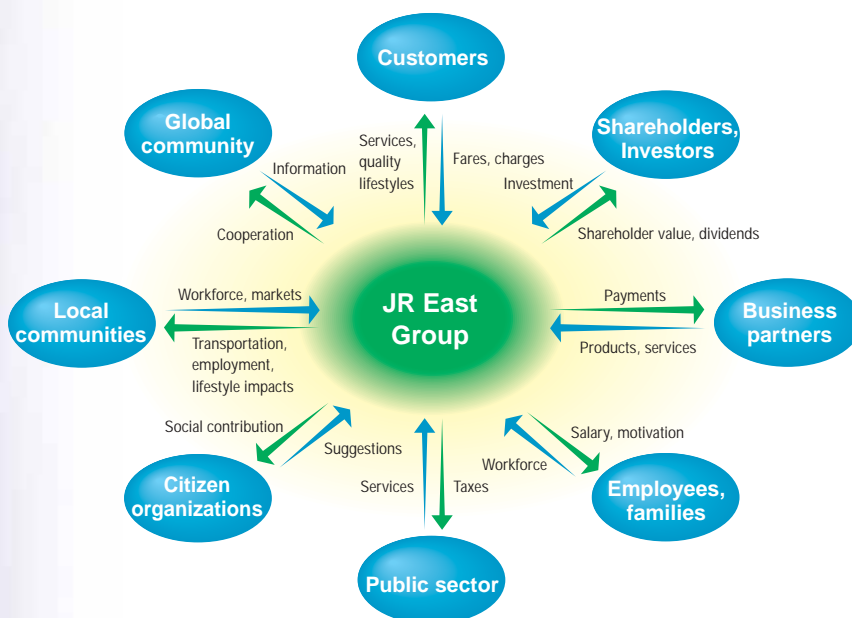
Economic Relationships with Stakeholders

The business activities of the JR East Group generate economic relationships with a variety of stakeholders. On these pages, expenses and other figures are classified according to stakeholder, in order to show, in a way which is easy to understand, the economic relationships between the JR East Group's business activities and stakeholders.

To maintain objectivity in the figures calculated, we use our consolidated financial statements as the source for these calculations.

Stakeholders covered here include shareholders, business partners, employees, creditors, and the public sector (government).

► Relationships with stakeholders



► Consolidated Financial Statements and Breakdown of Expenses by Stakeholder

Consolidated Statement of Income and Loss		100 million yen	
Operating revenues		25,374	
Transportation, other services and cost of sales		16,779	(1)
Selling, general, and administrative expenses	Personnel expenses	2,693	(2)
	Taxes	206	(3)
	Other	2,110	(4)
	Subtotal	5,010	
Operating income		3,585	
Other expenses	Interest expense	1,484	(5)
	Other expenses	99	(6)
	Subtotal	1,583	
Income (before tax)		2,002	
Income taxes-current		1,374	(7)
Income taxes-deferred		-510	(8)
Minority interests in net income of consolidated subsidiaries		22	(9)
Net income		1,115	(10)

* Figures may not add up to totals due to rounding.
 * For those figures that require modifications, rounded figures from marketable security reports were used.

Breakdown of expenses, by stakeholder	100 million yen	
Business partners	14,471	(1) - ★ + (4) + (6)
Employees	7,211	(2) + ★
Creditors	1,484	(5)
Shareholders	1,138	(9) + (10)
Public sector	1,069	(3) + (7) + (8)

★... Non-consolidated Statement of Income and Loss – Transportation
 Operating Expenses: Personnel Expenses 4,517

Method of Calculating Expenses and Others by Stakeholder

When calculating personnel expenses, the consolidated statement of income and loss includes "transportation, other services and cost of sales," and accordingly, "transport operating expenses: personnel expenses" from the nonconsolidated statement of income and loss were calculated to provide data that is closer to actual conditions.

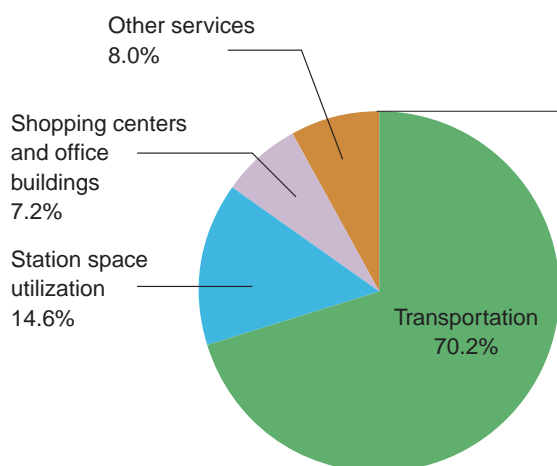
Business partners:
 The amount determined by offsetting the value derived from subtracting "personnel expenses" within transportation operating expenses in the nonconsolidated statement of income and loss from "transportation, other services and cost of sales" with "nonoperating revenue and extraordinary profit" and "nonoperating revenue and extraordinary profit excluding interest expense."

Employees:
 The amount determined by adding "personnel expenses" within selling, general, and administrative expenses and "personnel expenses" within transportation operating expenses in the nonconsolidated statement of income and loss.

Creditors: "Interest expense" within non-operating expenses.
Shareholders: The total of "net income" and "minority interests in net income of consolidated subsidiaries."

Public sector:
 The total of "taxes" within selling, general, and administrative expenses, "income taxes-current," and "income taxes-deferred."

► Breakdown of JR East Group revenues



► Breakdown of expenses, etc., by stakeholder

