



Masatake Matsuda
Chairman



Mutsutake Otsuka
President and CEO

During fiscal 2004, ended March 31, 2004, JR East worked to maximize revenues by making optimal use of its management resources, including the Shinkansen and other railway networks as well as stations. At the same time, JR East took steps to increase its operational efficiency, such as conducting thorough overall expense reviews and implementing asset streamlining measures. Operating revenues decreased 0.9%, to ¥2,542.3 billion (\$23,984 million), due to a decline in revenues from the station space utilization segment and to a restructuring of the other services segment. However, operating income rose 2.4%, to ¥351.4 billion (\$3,315 million), as a result of reduced personnel expenses and other factors. Net income increased 22.3%, to ¥119.9 billion (\$1,131 million), attributable to lower interest expense stemming from a reduction in interest-bearing debt and a decrease in loss on sales of fixed assets.

Fiscal 2005, ending March 31, 2005, is the fourth year of JR East's *New Frontier 21* medium-term business plan. To the greatest extent possible, JR East will strive to achieve the plan's goals ahead of schedule and will formulate a new medium-term business plan that will come into effect from fiscal 2006. JR East's operating environment continues to be difficult, with challenges including intensifying competition in the transportation market and declines in the working-age population. In this setting, JR East must thoroughly pursue

customer satisfaction and increase revenues. Specifically, in railway operations, JR East will enhance its Tokyo metropolitan area network and step up its Shinkansen sales efforts by boosting product attractiveness and promoting the strengthened Shinkansen network. In non-transportation businesses, JR East will actively develop its operations by drawing on its biggest resource, its stations, while moving ahead with new large-scale projects that contribute to urban revitalization, such as a Tokyo station district development plan. For *Suica*, JR East will take steps to enhance convenience and services.

JR East will endeavor to fulfill the entrustment of the shareholders and investors, adhering to its group policies. As in the past, we respectfully ask for your support and cooperation for the management team of JR East.

June 2004

A handwritten signature in black ink that reads "Masatake Matsuda". The signature is written in a cursive, flowing style.

Masatake Matsuda, Chairman

A handwritten signature in black ink that reads "Mutsutake Otsuka". The signature is written in a cursive, flowing style.

Mutsutake Otsuka, President and CEO

GROUP POLICIES

The JR East Group will aim to function as a corporate group providing high quality and advanced services with railway businesses at its core while achieving sound management.

For this purpose, every individual employee of the group will endeavor to support safe and punctual transportation and supply convenient and high-quality products. Every employee will take on the challenge of improving the standard of services and raising the level of technology in order to further gain the confidence and trust of customers.

As a “trusted life-style service creating group,” we will go forward with our customers to contribute to the achievement of a better living, the cultural development of local communities, and the protection of the global environment.