Fiscal 2003 Consolidated Financial Result (Unaudited)

(Year ended March 31, 2003)
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)
English translation from the original Japanese-language document

May 13, 2003

East Japan Railway Company

Stock exchange listings	: Tokyo, Osaka and Nagoya Stock Exchanges in Japan
Code number	: 9020
Location of the head office	: Tokyo, Japan
URL	: http://www.jreast.co.jp
Representative	: Mutsutake Otsuka, President and CEO
Contact person	: Susumu Inoue, General Manager, Public Relations Department Tel. +81-3-5334-1300
Date of the meeting of the Board of Directors for Fiscal 2003 consolidated financial results	: May 13, 2003
U.S. GAAP	: Not used

1. Results of Fiscal 2003 (Year ended March 31, 2003)

(1) Consolidated financial results

(Amounts less than one million yen, except for per share amounts, are omitted.)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2003	**2,565,670**	**0.9**	**343,095**	**8.5**	**202,609**	**49.2**
Fiscal 2002	2,543,378	–0.1	316,339	–2.3	135,786	1.4

	Net income		Net income per share -basic	Net income per share -diluted	Return on average equity	Ratio of ordinary income to average assets	Ratio of ordinary income to operating revenues
	Millions of yen	%	Yen	Yen	%	%	%
Fiscal 2003	**97,986**	**106.1**	**24,453.48**	**—**	**10.2**	**2.9**	**7.9**
Fiscal 2002	47,551	–31.3	11,887.82	—	5.1	1.9	5.3

Note: 1) Equity in net income of affiliated companies: Fiscal 2003 323 million yen, Fiscal 2002 2,815 million yen
2) Average number of shares outstanding in each year (consolidated): Fiscal 2003 3,999,235 shares, Fiscal 2002 4,000,000 shares
3) Changes in accounting methods: No
4) Percentages for operating revenues, operating income, ordinary income and net income represent changes compared with the previous year.

(2) Consolidated financial position

(Amounts less than one million yen, except for per share amounts, are omitted.)

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2003	**6,853,403**	**981,855**	**14.3**	**245,463.20**
Fiscal 2002	7,022,271	930,746	13.3	232,686.50

Note: Number of shares outstanding at the end of each year (consolidated): Fiscal 2003 3,999,235 shares, Fiscal 2002 4,000,000 shares

(3) Consolidated cash flows

(Amounts less than one million yen are omitted.)

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2003	**433,304**	**(196,421)**	**(310,658)**	**126,478**
Fiscal 2002	455,045	(105,645)	(433,589)	200,021

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(4) Scope of consolidation and equity method

Number of consolidated subsidiaries	101 companies
Number of equity method non-consolidated subsidiaries	—
Number of equity method affiliated companies	2 companies

(5) Changes in scope of consolidation and equity method

Consolidated subsidiaries	
(Newly included)	2 companies
(Excluded)	2 companies
Equity method companies	
(Newly included)	—
(Excluded)	—

2. Forecast for Fiscal 2004 (Year ending March 31, 2004)

(Amounts less than one million yen are omitted.)

	Operating revenues	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ended September 30, 2003	1,268,000	117,000	58,000
Fiscal 2004	2,560,000	210,000	104,000

Note: Forecast of net income per share: 26,004.97 yen

Forward Looking Statements

Statements contained in this report with respect to JR East Group's plans, strategies and beliefs that are not historical facts are forward looking statements about the future performance of JR East Group which are based on management's assumptions and beliefs in light of the information currently available to it. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause JR East Group's actual results, performance or achievements to differ materially from the expectations expressed herein. These factors include, without limitation, (i) JR East Group's ability to successfully maintain or increase current passenger levels on its railway services, (ii) JR East Group's ability to improve the profitability of its railway and other operations, (iii) JR East Group's ability to expand its non-railway operations and (iv) general changes in economic conditions and laws, regulations and government policies in Japan.

Management Policies and Results of Operations

Management Policies

(1) Basic Policy

The East Japan Railway Company (JR East) Group provides high-quality and advanced services based on sound management, with railway operations as its core, to fulfill its obligations to shareholders. 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," JR East will go forward with customers to contribute to the achievement of better living standards, the cultural development of local communities and the protection of the global environment.

(2) Strategies and Management Issues

Medium-Term Business Plan

JR East has formulated the Group's medium-term business plan, "New Frontier 21" for the period from fiscal 2002 to fiscal 2006, which was announced on November 29, 2000. In this plan, JR East Group aims to be a corporate group that strives to create life-style services trusted by its customers via corporate activities open to the world, i.e. a "Trusted Life-Style Service Creating Group."

In more detail, management will be carried out with five visions: "creating customer value and pursuing customer satisfaction," "innovation of business through the creation of technologies," "harmony with society and coexistence with the environment," "creating motivation and vitality," and "raising shareholder values."

JR East has set five numerical goals.

Numerical Goals

	Reference Fiscal 2003 Actual	**Fiscal 2006 Target**
Consolidated free cash flows	236.8 billion yen	200.0 billion yen
Consolidated ROE (return on average equity)	10.2%	10.0%
Consolidated ROA (ratio of operating income to average assets)	4.9%	5.5%
Reduction of nonconsolidated total long-term debt	Reduction of 530.8 billion yen in 2 years	Reduction of 750.0 billion yen over 5 years (500.0 billion yen reduction in 3 years)
Reduction of employees of parent company	Reduction of 4,189 in 2 years	Reduction of 10,000 over 5 years

Realizing the Group Vision

The most fundamental goal of the Japanese National Railways (JNR) restructuring process was to create autonomous and independent companies capable of taking responsibility for their own management decisions. With this in mind, JR East is now working with all of its group companies to build quickly a "Trusted Life-Style Service Creating Group" by promoting speedy management based on full privatization achieved in June 2002. The entire JR East Group is working to enhance the safety and reliability of its railway operations, and to endeavor to create non-transportation businesses that offer synergies with the railway business, so that all who come into contact with the JR East Group will recognize its true value. Our ultimate aim is to improve management quality and maximize the value of the JR East Group.

Establishment of a Sound Management Base

JR East intends to enhance the transparency of its management by strengthening its disclosure activities and, through the measures discussed above, fulfill its obligations to shareholders by establishing a sound management base capable of maintaining stable dividends.

(3) The Way of Thinking and Policy Relating to Lowering the Investment Unit

JR East knows that lowering the investment unit to enable buying and selling of the shares by a wide range of investors' groups is one of the useful measures to establish an active equity market.

The share price of JR East exceeded the investment unit of 500,000 yen, which was regarded as the appropriate unit price by the Tokyo Stock Exchange, as of the end of fiscal 2003. However, JR East thinks that the shares are held by many shareholders and active trading has been made on the stock market. Accordingly, JR East is not thinking of lowering the investment unit at this time. In future, JR East will review this decision, where necessary, in consideration of the trend of the share price and the number of shareholders.

(4) Basic Thinking and Policy Action in Relation to Corporate Governance

JR East is determined to maintain its status as a corporate group trusted by all stakeholders, including shareholders. This commitment is reflected in the continuing emphasis placed on the improvement of corporate governance, which remains one of JR East's most important management key issues. Specific measures to ensure sound management and improve efficiency and transparency include the establishment of appropriate structures accompanied by the required measures in relation to management decision-making, operational action and supervision, group control, and information disclosure.

Corporate Governance System, Including Management Control Organization Relating to Management Decision-Making, Policy Implementation and Supervision

JR East has a board of 31 directors, including two outside corporate directors. They make decisions about important operational matters, including statutory requirements and supervise the performance of the Company's operations. Since its establishment, JR East has always appointed outside corporate directors to ensure transparent management and to strengthen supervision. Outside corporate directors also bring with them a wide range of knowledge and experience from outside of the Company. Under the Board there is an Executive Committee made up of the 12 directors with executive functions. Its task is to deliberate on important management issues, including matters to be decided by the full Board of Directors, in accordance with policies determined by the Board of Directors. There is also a Group Strategy Formulation Committee, the membership of which includes directors with executive functions. Its role is to discuss important aspects of group management, including management strategies for each area of business.

After the shareholders' annual meeting in June 2003, JR East plans to reduce the number of directors in order to further activate discussion and enhance flexible and speedy decision making, and the successors of the five directors in charge of branch offices, who are scheduled to retire on June 25, 2003 will have the title of Trustee (not director).
The Board of Corporate Auditors consists of two full-time corporate auditors and three corporate auditors. Four of them are

outside corporate auditors. In accordance with policies determined by the Board of Corporate Auditors, the auditors attend various meetings, including meetings of the Board of Directors and the Executive Committee, and audit the performance of directors' duties through surveys of operations and assets. They also hold regular meetings with the auditors of group companies in order to share audit-related information. Eight employees are assigned exclusively to assist and support the corporate auditors.

Given the special characteristics of railway operations, which are the core activity of JR East, management believes that the most appropriate course is to strengthen corporate governance under the present audit structure.

The accounts of JR East are audited under contract with an audit corporation, Asahi & Co. Audits are carried out during and at the end of each fiscal year.

The mission of the internal audit divisions, a combined staff of 99 at the Inquiry & Audit Department at the head office and Inquiry & Audit divisions at branch offices, is to supervise corporate operations to ensure that all activities are being performed efficiently and in accordance with the law. Since July 2000, the Inquiry & Audit Department has also audited group companies.

For compliance, in June 2002, the Legal Department became independent of the Administration Department. The Legal Department detects potential legal problems within the Company as early as possible and obtains advice from compliance experts, including attorneys at law, as necessary and endeavors to ensure corporate operations are carried out in a legal manner. The Legal Department also provides regular training programs for the legal staff of group companies as part of JR East's ongoing efforts to improve awareness of compliance and develop human resources with the necessary knowledge and skills.

JR East discloses information positively through its public relations and investor relation activities. It is using Internet pages and other resources to provide timely disclosure of an expanding range of important corporate data.

Overview of Relationships between the Company and Outside Corporate Directors and Auditors, Including Personnel, Capital and Other Business Relationships

One of JR East's outside corporate directors is Mr. Shoichiro Yoshida, Chairman of the board and CEO of Nikon Corporation. Nikon performs maintenance and inspection of the automatic gap measurement system for JR East. The transaction is based on a regular business transaction between JR East and Nikon Corporation, and Mr. Yoshida has no direct personal interest in this transaction.

The other outside corporate director and the outside corporate auditors have no business relationship with JR East.

Initiatives to Improve Corporate Governance over the Past Year

Initiatives in the past year include the appointment of two additional outside corporate auditors at the shareholders' annual meeting in June 2002. One of these auditors is an attorney at law, and the other is a CPA. Their involvement will help to strengthen JR East's supervisory structures.

Also in June 2002, the Legal Department became independent of the Administration Department. The aim of this move was to strengthen compliance.

Operating Results and Financial Position

(1) Summary

Overview

During fiscal 2003, the Japanese economy staged a temporary rally on the strength of production growth driven by buoyant exports. However, the recovery trend began to weaken toward the end of fiscal 2003. Personal consumption, which had previously remained firm, also weakened in response to continuing negative signs on the employment front, including the highest level of unemployment on record. After bottoming out and shifting to an upward trend, capital expenditure was subsequently affected by increasing uncertainty about future trends, including signs of instability in the international situation. As a result of these and other factors, economic performance remained generally sluggish throughout fiscal 2003.

JR East with its consolidated subsidiaries and equity method affiliated companies worked to maximize revenues in this business environment by making optimal use of their management resources, including the Shinkansen and other railway network and the stations. These efforts were paralleled by efficiency-related initiatives, including thorough overall expense reviews and asset streamlining measures.

As a result, operating revenues increased by 0.9% to 2,565.6 billion yen, while operating income increased by 8.5% to 343.0 billion yen. JR East took steps to reduce interest payments through the reduction of interest-bearing debt, which was caused by the expansion of the Cash Management System (CMS) introduced in fiscal 2002 to integrate cash management for all group companies. As a result, ordinary income increased by 49.2% to 202.6 billion yen. Net income increased by 106.1% to 97.9 billion yen, though the increase was in part a reaction to the devaluation losses on investment in securities recorded in fiscal 2002.

Cash Flows

Net cash provided by operating activities decreased by 21.7 billion yen to 433.3 billion yen, despite an increase in income before income taxes, due to a decrease in devaluation losses on investment in securities and a reduction in payables.

Net cash used in investment activities increased by 90.7 billion yen to 196.4 billion yen. Contributing factors include capital expenditures for measures to ensure safe and stable transportation, improvement of transportation capacity and development of shopping centers and hotels. Another factor was a reduction in proceeds from the sale of shares in Japan Telecom (now Japan Telecom Holdings).

Net cash used in financing activities decreased by 122.9 billion yen to 310.6 billion yen. Although interim cash dividend payments increased because of a commemorative dividend to mark the achievement of full privatization, the reduction of total long-term debt was 262.5 billion yen, which was less than the previous year.

As a result, the balance of cash and cash equivalents decreased by 73.5 billion yen to 126.4 billion yen.

The balance of the total long-term debt at the end of fiscal 2003 amounted to 4,117.5 billion yen.

Trends in Cash Flow Indicators

	Fiscal 2001	Fiscal 2002	Fiscal 2003
Equity ratio	12.7	13.3	14.3
Equity ratio by market value basis	37.1	31.3	30.2
Years to debt redemption	10.2	9.5	9.4
Interest coverage ratio	2.2	2.4	2.5

Notes
Equity ratio: Shareholders' equity/total assets
Equity ratio by market value basis: Aggregate market value of shares/total assets
Years to debt redemption: Interest-bearing debt/operating cash flows
Interest coverage ratio: Net cash provided by operating activities/interest payments

1. Each indicator is based on consolidated financial statistics.
2. The aggregate market value of shares was calculated by multiplying the closing price at the end of each fiscal year by the total number of shares outstanding at the end of each fiscal year.

Segment Information

Transportation

JR East made various improvements, including the expansion of the Shinkansen network with the opening of the Morioka–Hachinohe sector of the Tohoku Shinkansen, and the strengthening of through service operations in the Tokyo metropolitan area.

The traveling time between Tokyo and Hachinohe was significantly reduced with the commencement of the "Hayate" service on the newly completed Morioka–Hachinohe sector of the Tohoku Shinkansen. In response to passenger demand, JR East has made all seats reserved on "Hayate" and "Komachi" (Akita hybrid Shinkansen) trains. To promote increased use, the prices of the "Green Car" (first class) tickets of the Shinkansen and the limited express trains on conventional lines were reduced for a limited period. Improvements on transportation services in the Tokyo metropolitan area include the commencement of through services between JR East's Saikyo line and the Rinkai line operated by Tokyo Waterfront Area Rapid Transit Corporation. In addition, the number of trains on the Shonan–Shinjuku line was increased.

As regards measures to improve services utilizing IT, JR East extended the coverage of "Suica", a large-scale IC card automatic fare collecting system introduced by JR East in the Tokyo metropolitan area in fiscal 2002, to Tokyo Monorail line and the Rinkai line.

These improvements were reflected in buoyant passenger trends, both in the Tokyo metropolitan area and also on the newly completed sector of the Tohoku Shinkansen. These and other factors helped to increase passenger numbers above the previous year's level. Operating revenues increased by 0.6% to 1,851.6 billion yen, mainly due to including operating revenues of Tokyo Monorail Co., Ltd., for which JR East acquired management rights in fiscal 2002, to JR East's operating revenues for first time from fiscal 2003. Operating expenses decreased by 0.7% to 1,594.8 billion yen as a result of a reduction in the number of employees, and the completion of amortization of long-term prepaid expense related to payment for transfer to the Welfare Pension. As a result, operating income increased by 9.0% to 256.7 billion yen.

Station Space Utilization

JR East continued to develop its "Station Renaissance" program, the aim of which is to create new station environments for the 21st century. The program includes large-scale development projects under the "Cosmos Plan", which mainly targets terminal stations in the Tokyo metropolitan area. One such development is "Atre Ueno", which was opened in fiscal 2002 at Ueno station, and JR East opened new shops in the complex. "Dila Tsudanuma" in Chiba was also opened.

Another component of the "Station Renaissance" program is the "Sunflower Plan", which is designed to make optimal use of station space. Developments completed during the year under review include "Dila Osaki" in Tokyo, and complexes consisting of “View Plazas” (JR East’s travel agency), retail outlets and restaurants at Hachinohe station and Atami station. JR East also worked to enhance its earning potential by developing new types of retail outlets in partnership with non-group companies such as “Sanuki Udon NRE & Merikenya” at Ebisu station and other stations in Tokyo.

As a result of these initiatives, operating revenues increased by 0.1% to 379.1 billion yen. Efforts to improve efficiency and profit margins also helped to reduce operating expenses, which decreased by 0.3% to 350.9 billion yen. As a result, operating income increased by 4.9% to 28.1 billion yen.

Shopping Centers and Office Buildings

JR East opened a large-scale office building, “JR Tokyu Meguro Building”, and the “Atre Meguro” shopping center, in the same building. JR East also completed upgrades of the shopping centers including “Atre Oimachi” and “My City” in Tokyo. In both of these projects, priority was given to the establishment of food service outlets and shops selling food and general merchandise. At the same time, JR East actively introduced tenants with the potential to attract customers to other existing shopping centers.

Group company restructuring initiatives in this area of business included the merger of Chiba Station Building Co., Ltd. with Sobu Station Development Co., Ltd. The aim of this move was to strengthen the Group’s profitability by maintaining a highly competitive shopping center business, strengthening the financial structure, and establishing a low-cost operating structure.

As a result, operating revenues increased by 2.8% to 177.7 billion yen. Operating expenses decreased by 0.2% to 134.2 billion yen through the development of low-cost operations. Operating income increased by 13.1% to 43.5 billion yen.

Other Services

In hotel operations, JR East opened “Hotel Mets Hachinohe” in Aomori, and “Hotel Metropolitan Edmont East Wing” in Tokyo. JR East also further strengthened chain management.

In advertising, JR East expanded the sales of advertising spaces in its trains and at stations. Advertising on train car bodies was introduced on more lines, and in-train video advertising was also launched. In addition to increased marketing efforts for its advertising business, JR East also enhanced its station advertising media in step with the “Station Renaissance” program.

In the housing development and sales business, JR East commenced sales of several condominium properties, including “View Park Oimachi Hills” in Tokyo, and “View Park Kashiwa Chuo-cho” in Chiba.

In credit card business, JR East issued credit cards in partnership with group companies and launched a new card that gives holders special benefits when using JR East travel products. The convenience of the Internet shopping mall “eki-net Shopping” was further enhanced through the introduction of services based on tie-ups with other major sites.

In sport business, “Jexer Omiya”, the fifth fitness club in the chain, was opened in Saitama.

As a result, operating revenues increased by 4.0% to 518.8 billion yen, in part because of the inclusion of operating revenues of the Orangepage, Inc., for which JR East acquired management rights in fiscal 2002. Operating expenses increased by 3.8% to 501.3.billion yen due to higher subcontracting and personnel costs resulting from an increased volume of work in the areas of construction consulting and facility maintenance. Operating income increased by 8.5% to 17.4 billion yen.

Dividend Policy

JR East's basic policy regarding the appropriation of earnings is to maintain a stable dividend for shareholders while increasing retained earnings, as necessary, to ensure a sound operating base for the future development of business centered around railway services.

Based on this policy, JR East paid a cash dividend of 5,000 yen per share in fiscal 1991 (no interim cash dividend payment for that year), and has paid a year-end cash dividend of 2,500 yen per share since fiscal 1992. For fiscal 2003, JR East plans to pay a commemorative dividend of 1,500 yen per share in addition to the ordinary dividend of 2,500 yen per share to mark the full privatization achieved in June 2002. This will bring the year-end cash dividend to 4,000 yen per share for fiscal 2003. The total cash dividend, including the interim cash dividend of 4,000 yen, will be 8,000 yen per share.

Retained earnings of fiscal 2003 will be used to reduce total long-term debt and improve JR East's financial position.

JR East will make efforts to improve business performance and establish a strong operating base where a stable dividend payment can be maintained.

(2) Outlook for the Year Ending March 31, 2004

The JR East Group faces an extremely challenging business environment. Japan remains locked in a prolonged recession, while market competition continues to intensify. Fiscal 2004 will mark the mid-point of JR East's medium-term business plan, "New Frontier 21". It will be a time to look back on the achievements and lessons of the past two years, and to reinforce the Group's foundations in readiness for initiatives over the remaining three years. The entire JR East Group is united in its determination to justify the confidence and expectations of shareholders through increased efforts to promote speedy and flexible management.

JR East continues to improve the Group's competitiveness as a provider of transportation services in the Tokyo metropolitan area network. Priorities will include expansion and enhancement of the network, and the introduction of new railcars. The Shinkansen bullet train network will also be marketed aggressively. A key focus of those marketing efforts will be the Hachinohe extension of the Tohoku Shinkansen, which was opened in December 2002. In the Life-style service business (non-transportation business), the overall competitiveness of the JR East Group will be enhanced through business format updates and group restructuring. These measures will be linked with "Station Renaissance" program and powerful initiatives to market the Group's services and improve customer satisfaction.

Key aspects of the JR East Group's IT strategy include the issue of the "View Suica Card" in June 2003, and the expansion of "Suica" coverage to include the Sendai area and Shinkansen services in the autumn of 2003. The level of service will be further enhanced with the addition of electronic money capabilities in the spring of 2004.

Current forecasts for business performance for fiscal 2004 are as follows.

Annual Forecasts

Operating revenues	¥2,560.0 billion	(0.2% year-on-year decrease)
Ordinary income	¥ 210.0 billion	(3.6% year-on-year increase)
Net income	¥ 104.0 billion	(6.1% year-on-year increase)

First-Half Forecasts

Operating revenues	¥1,268.0 billion	(0.1% decrease relative to previous interim result)
Ordinary income	¥ 117.0 billion	(6.9% decrease relative to previous interim result)
Net income	¥ 58.0 billion	(8.2% decrease relative to previous interim result)

Based on recent performance trends and other factors, management has decided that it will be possible to combine an increase in the ordinary dividend with the continuing implementation of the "New Frontier 21". It is therefore planned to increase the ordinary cash dividend to 6,000 yen per share, including an interim cash dividend of 3,000 yen per share.

Forward Looking Statements

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This material is a translated version prepared for convenience only in respect to the most recent financial statements, disclosures of which is required in Japan.

CONSOLIDATED BALANCE SHEETS (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
March 31, 2002 and 2003

	Millions of Yen		
	Fiscal 2002 (As of March 31, 2002)	Fiscal 2003 (As of March 31, 2003)	Increase (Decrease)
ASSETS			
Current Assets	¥ 493,336	**¥ 438,996**	**¥ (54,339)**
Cash and time deposits	200,961	**127,315**	**(73,645)**
Notes and accounts receivable–trade	115,972	**132,147**	**16,174**
Fares receivable	40,209	**33,200**	**(7,009)**
Short-term loans receivable	22,232	**21,660**	**(571)**
Securities	701	**306**	**(394)**
Real estate for sale	18,577	**16,709**	**(1,868)**
Inventories	28,814	**27,372**	**(1,442)**
Deferred income taxes	38,213	**50,585**	**12,372**
Other	28,872	**31,221**	**2,349**
Allowance for doubtful accounts	(1,220)	**(1,523)**	**(302)**
Fixed Assets	6,528,547	**6,414,126**	**(114,421)**
Property, plant and equipment, net of accumulated depreciation	6,140,252	**6,014,066**	**(126,185)**
Buildings and fixtures	3,152,871	**3,070,152**	**(82,719)**
Machinery, rolling stock and vehicles	605,210	**624,640**	**19,430**
Land	2,203,232	**2,133,208**	**(70,023)**
Construction in progress	140,962	**144,665**	**3,703**
Other	37,975	**41,399**	**3,424**
Intangible assets	90,409	**91,173**	**764**
Intangibles	85,190	**87,095**	**1,904**
Consolidation difference	5,218	**4,078**	**(1,139)**
Investments and other assets	297,886	**308,886**	**11,000**
Investments in securities	161,195	**114,344**	**(46,850)**
Long-term loans receivable	4,883	**5,554**	**671**
Long-term deferred income taxes	83,507	**140,212**	**56,705**
Other	49,443	**50,110**	**666**
Allowance for doubtful accounts	(1,142)	**(1,335)**	**(192)**
Defferred Assets	387	**280**	**(107)**
Total Assets	¥7,022,271	**¥6,853,403**	**¥ (168,867)**

Note: Amounts less than one million yen are omitted.

	Millions of Yen		
	Fiscal 2002 (As of March 31, 2002)	Fiscal 2003 (As of March 31, 2003)	Increase (Decrease)
LIABILITIES			
Current Liabilities	¥1,297,043	**¥1,295,896**	**¥ (1,146)**
Notes and accounts payable–trade	72,543	**62,545**	**(9,998)**
Short-term loans and current portion of long-term loans	340,885	**303,108**	**(37,777)**
Current portion of long-term liabilities incurred for purchase of railway facilities	131,674	**134,948**	**3,273**
Payable	286,821	**292,110**	**5,289**
Accrued consumption tax	20,858	**15,604**	**(5,254)**
Accrued income taxes	64,069	**97,029**	**32,960**
Fare deposits received with regard to railway connecting services	23,598	**15,260**	**(8,338)**
Prepaid railway fares received	108,231	**114,682**	**6,450**
Allowance for bonuses to employees	76,701	**82,087**	**5,385**
Other	171,657	**178,521**	**6,863**
Long-term Liabilities	4,759,716	**4,542,668**	**(217,048)**
Bonds	777,860	**893,860**	**116,000**
Long-term loans	952,230	**751,882**	**(200,348)**
Long-term liabilities incurred for purchase of railway facilities	2,187,321	**2,039,632**	**(147,689)**
Long-term deferred tax liabilities	8,435	**5,198**	**(3,236)**
Accrued severance and retirement benefits	534,745	**578,175**	**43,430**
Other	299,123	**273,919**	**(25,204)**
Total Liabilities	6,056,759	**5,838,565**	**(218,194)**
MINORITY INTERESTS	34,765	**32,982**	**(1,783)**
SHAREHOLDERS' EQUITY			
Common Stock	200,000	**—**	**(200,000)**
Additional Paid-in Capital	96,600	**—**	**(96,600)**
Retained Earnings	607,375	**—**	**(607,375)**
Net Unrealized Holding Gains on Securities	26,770	**—**	**(26,770)**
Total Shareholders' Equity	930,746	**—**	**(930,746)**
Common Stock	—	**200,000**	**200,000**
Capital Surplus:			
Additional paid-in capital	—	**96,600**	**96,600**
Total capital surplus	—	**96,600**	**96,600**
Retained Earnings	—	**679,195**	**679,195**
Net Unrealized Holding Gains on Securities	—	**6,511**	**6,511**
Treasury Stock, at Cost	—	**(451)**	**(451)**
Total Shareholders' Equity	—	**981,855**	**981,855**
Total Liabilities, Minority Interests and Shareholders' Equity	¥7,022,271	**¥6,853,403**	**¥ (168,867)**

Notes: Amounts less than one million yen are omitted.
The new Accounting Standards for Treasury Stock and Reduction of Legal Reserves have been adopted from April 1, 2002.

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
Years ended March 31, 2002 and 2003

	Millions of Yen		
	Fiscal 2002 (Year ended March 31, 2002)	Fiscal 2003 (Year ended March 31, 2003)	Increase (Decrease)
Operating Revenues	¥2,543,378	**¥2,565,670**	**¥22,292**
Operating Expenses	2,227,038	**2,222,575**	**(4,463)**
Transportation, other services and cost of sales	1,712,324	**1,712,628**	**304**
Selling, general and administrative expenses	514,714	**509,946**	**(4,767)**
Operating Income	316,339	**343,095**	**26,755**
Non-operating Income	41,050	**37,533**	**(3,516)**
Interest and dividend income	1,518	**1,788**	**270**
Equity in net income of affiliated companies	2,815	**323**	**(2,492)**
Other	36,716	**35,420**	**(1,295)**
Non-operating Expenses	221,603	**178,018**	**(43,584)**
Interest expense	187,601	**173,297**	**(14,303)**
Other	34,002	**4,721**	**(29,280)**
Ordinary Income	135,786	**202,609**	**66,823**
Extraordinary Gains	168,662	**126,536**	**(42,126)**
Construction grants received	51,913	**65,382**	**13,468**
Gain on sales of fixed assets	11,087	**42,205**	**31,118**
Gain on sales of investment in securities	104,329	**17,134**	**(87,195)**
Other	1,332	**1,814**	**482**
Extraordinary Losses	188,004	**135,738**	**(52,266)**
Losses on reduction entry for construction grants	46,304	**54,151**	**7,846**
Loss on sales of fixed assets	33,365	**28,868**	**(4,496)**
Devaluation losses on investment in securities	89,217	**17,029**	**(72,188)**
Devaluation losses on fixed assets	—	**14,808**	**14,808**
Other	19,117	**20,880**	**1,763**
Income Before Income Taxes	116,444	**193,408**	**76,963**
Income Taxes:			
Current	108,402	**150,113**	**41,710**
Deferred	(41,988)	**(57,607)**	**(15,618)**
Minority Interests in Net Income of Consolidated Subsidiaries	2,479	**2,915**	**436**
Net Income	¥ 47,551	**¥ 97,986**	**¥50,434**

Note: Amounts less than one million yen are omitted.

CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND RETAINED EARNINGS (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
Years ended March 31, 2002 and 2003

	Millions of Yen		
	Fiscal 2002 (Year ended March 31, 2002)	Fiscal 2003 (Year ended March 31, 2003)	Increase (Decrease)
Retained Earnings at Beginning of Year	¥626,968	¥ —	¥ (626,968)
Increase in Retained Earnings	4,112	—	(4,112)
Increase due to addition of consolidated subsidiaries, and other	9	—	(9)
Increase due to addition of equity method affiliated companies	4,102	—	(4,102)
Decrease in Retained Earnings	71,256	—	(71,256)
Cash dividends	20,000	—	(20,000)
Bonuses to directors and corporate auditors	176	—	(176)
Of which bonuses for corporate auditors	[17]	—	[(17)]
Decrease due to removal of equity method affiliated companies	51,080	—	(51,080)
Net Income	47,551	—	(47,551)
Retained Earnings at End of Year	¥607,375	¥ —	¥ (607,375)
CAPITAL SURPLUS			
Capital Surplus at Beginning of Year	¥ —	¥ 96,600	¥ 96,600
Additional paid-in capital at beginning of year	—	96,600	96,600
Capital Surplus at End of Year	¥ —	¥ 96,600	¥ 96,600
RETAINED EARNINGS			
Retained Earnings at Beginning of Year	¥ —	¥607,375	¥ 607,375
Retained earnings at beginning of year	—	607,375	607,375
Increase in Retained Earnings	—	97,995	97,995
Net Income	—	97,986	97,986
Increase due to addition of consolidated subsidiaries, and other	—	9	9
Decrease in Retained Earnings	—	26,175	26,175
Cash dividends	—	26,000	26,000
Bonuses to directors and corporate auditors	—	175	175
Of which bonuses for corporate auditors	—	[16]	[16]
Retained Earnings at End of Year	¥ —	¥679,195	¥ 679,195

Notes: Amounts less than one million yen are omitted.
The new Accounting Standards for Treasury Stock and Reduction of Legal Reserves have been adopted from April 1, 2002.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
Years ended March 31, 2002 and 2003

	Millions of Yen	
	Fiscal 2002 (Year ended March 31, 2002)	Fiscal 2003 (Year ended March 31, 2003)
Cash Flows from Operating Activities:		
Income before income taxes	¥116,444	**¥193,408**
Depreciation	321,995	**322,563**
Amortization of long-term prepaid expense	19,941	**4,532**
Increase in accrued severance and retirement benefits	48,629	**43,426**
Interest and dividend income	(1,518)	**(1,788)**
Interest expense	187,601	**173,297**
Construction grants received	(51,913)	**(65,382)**
Devaluation losses on investments in securities	89,217	**17,029**
Gain on sales of investments in securities	(104,329)	**(17,134)**
Loss from disposition and provision for cost reduction of fixed assets	78,421	**86,233**
Increase in major receivables	(11,989)	**(2,887)**
Increase (Decrease) in major payables	10,426	**(15,233)**
Other	40,866	**(16,095)**
Sub-total	743,793	**721,969**
Proceeds from interest and dividends	1,956	**1,923**
Payments of interest	(189,574)	**(173,805)**
Payments of income taxes	(101,130)	**(116,783)**
Net cash provided by operating activities	455,045	**433,304**
Cash Flows from Investing Activities:		
Payments for purchases of fixed assets	(342,352)	**(352,962)**
Proceeds from sales of fixed assets	25,430	**81,343**
Proceeds from construction grants	61,073	**60,842**
Payments for purchases of investments in securities	(6,676)	**(12,408)**
Proceeds from sales of investments in securities	156,664	**19,398**
Other	215	**7,364**
Net cash used in investing activities	(105,645)	**(196,421)**
Cash Flows from Financing Activities:		
Proceeds from long-term loans	87,437	**123,670**
Proceeds from issuance of bonds	60,000	**115,982**
Payments of long-term debt and long-term liabilities incurred for purchase of railway facilities	(506,828)	**(502,158)**
Cash dividends paid	(20,000)	**(26,000)**
Other	(54,198)	**(22,152)**
Net cash used in financing activities	(433,589)	**(310,658)**
Net Decrease in Cash and Cash Equivalents	(84,189)	**(73,775)**
Cash and Cash Equivalents at Beginning of Year	283,817	**200,021**
Increase due to Addition of Consolidated Subsidiaries, and Other	393	**232**
Cash and Cash Equivalents at End of Year	¥200,021	**¥126,478**

Note: Amounts less than one million yen are omitted.

SEGMENT INFORMATION (Unaudited)

Segment Information by Business Activities

	Millions of Yen						
	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	Consolidated
Fiscal 2002 (Year ended March 31, 2002)**:**							
Operating revenues							
Outside customers	¥1,789,598	¥368,553	¥165,275	¥219,950	¥2,543,378	¥ —	¥2,543,378
Inside group	51,417	10,160	7,709	278,941	348,229	(348,229)	—
Total	1,841,016	378,713	172,985	498,891	2,891,607	(348,229)	2,543,378
Costs and expenses	1,605,431	351,904	134,490	482,808	2,574,634	(347,596)	2,227,038
Operating income	¥ 235,584	¥ 26,809	¥ 38,494	¥ 16,083	¥ 316,972	¥ (633)	¥ 316,339
Identifiable assets	¥5,713,944	¥142,814	¥750,135	¥547,150	¥7,154,044	¥(131,772)	¥7,022,271
Depreciation	256,116	7,042	25,192	33,643	321,995	—	321,995
Capital investments	267,177	11,889	24,176	49,641	352,885	—	352,885

	Millions of Yen						
	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	Consolidated
Fiscal 2003 (Year ended March 31, 2003)**:**							
Operating revenues							
Outside customers	¥1,800,433	¥368,960	¥170,321	¥225,955	¥2,565,670	¥ —	¥2,565,670
Inside group	51,183	10,148	7,463	292,866	361,661	(361,661)	—
Total	1,851,617	379,108	177,784	518,822	2,927,332	(361,661)	2,565,670
Costs and expenses	1,594,874	350,973	134,265	501,363	2,581,477	(358,901)	2,222,575
Operating income	¥ 256,743	¥ 28,134	¥ 43,518	¥ 17,458	¥ 345,854	¥ (2,759)	¥ 343,095
Identifiable assets	¥5,668,361	¥148,091	¥733,800	¥566,973	¥7,117,227	¥(263,823)	¥6,853,403
Depreciation	253,958	8,100	25,806	34,698	322,563	—	322,563
Capital investments	296,051	9,111	22,347	41,149	368,660	—	368,660

Note: 1) Amounts less than one million yen are omitted.

2) Classification of business
JR East's businesses were classified by the segmentation used for management purpose so that the actual situation of JR East's business diversification is clearly and appropriately disclosed.

3) The main activities of each business segment are as follows:

Transportation	: Passenger transportation mainly by passenger railway;
Station space utilization	: Retail sales, food and convenience stores, etc., which utilize space at the stations;
Shopping centers & office buildings	: Operation of shopping centers other than Station space utilization business, and leasing of office buildings, etc.; and
Other services	: Advertising and publicity, hotel operations, wholesales, truck delivery, cleaning, information processing, housing development and sales, credit card business and other services.

4) Major items of corporate assets
Identifiable assets in the corporate column mainly comprise non-current securities held by JR East.

Fiscal 2002	¥ 129,236 million
Fiscal 2003	¥ 88,537 million

5) Capital investments include a portion contributed mainly by national and local governments.

Geographic segment information is not shown since JR East has no overseas consolidated subsidiaries. Information for overseas sales is not shown due to there being no overseas sales.

SUBSEQUENT EVENTS

On April 21, 2003, JR East issued 0.79% coupon unsecured bond due March 19, 2013, with an aggregate nominal principal amount of ¥30,000 million, and 1.19% coupon unsecured bond due December 20, 2022, with an aggregate nominal principal amount of ¥10,000 million.