Economic Highlights

Strong points of JR East are its ability to create a strong cash flow generated by its safe and reliable railway operation coupled with its life-style services operations that make effective use of its resources. We allocate cash flows exceeding 600 billion yen from EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) to fund our business investments, pay principal/interest to creditors, and pay dividends to shareholders. JR East will continue to improve profit levels while exercising its responsibilities as a good corporate citizen by returning something to economic society.

IR (Investor Relations)

"IR" includes general activities whereby a company provides its investors accurate information on its business results and future outlook. JR East believes that it is the top management itself that must deal with "IR" activities.
To address this issue, in 1993, when the Company listed its stock, JR East set up a specialized "IR" division, and since then has been engaged in setting up a comprehensive disclosure system aimed at maintaining the confidence of investment markets. There has also been open disclosure of legal matters, meetings of various types are held regularly including explanatory seminars to disclose financial results at the close of the fiscal term, "IR" tools are prepared (including the Annual Report), and information is openly provided on the company website. Moreover, briefings for investors are held in Europe, the U.S.A. and other countries every year due to the large number of overseas shareholders.

Evaluation of JR East's social and environmental activities

JR East is highly regarded by research agencies and institutional investors for its social and environmental activities. For example, after the Dow-Jones Sustainability World Index (DJSI World)*1 was set up in 1999, JR East has been repeatedly identified as a stock that conforms with the DJSI world, and has been incorporated into the portfolios of various Eco-funds*2 and SRI funds*3.

*1 DJSI World: 300 companies (31 from Japan) in 25 countries have been chosen as global entities of excellence from three perspectives (economy, environment and society). (As of June 2002)

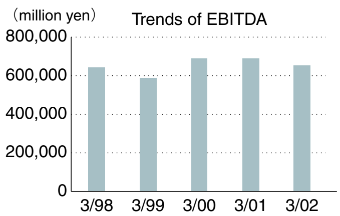
*2 Eco-funds: Investment trust that places considerable emphasis on the environmental soundness of an investment option, in addition to the standard investment criteria based on traditional financial analyses made when stocks are being selected for incorporation into the portfolio.
*3 SRI funds: Investment trust that carefully considers the social and ethical aspects of an investment, whereas environmental views are evaluated in Eco-funds.

Financial highlights JR East and its consolidated subsidiaries for years ended March 31, 2001 and 2002

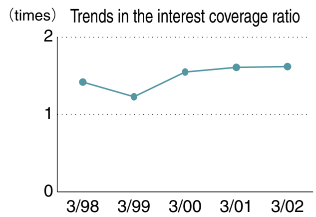
	Million yen		Percent change	Million U.S. dollars
	2001	2002	2002/2001	2002
For the year				
Operating revenue	¥2,546,041	¥2,543,378	▲0.1%	US$19,123
Operating income	323,751	316,339	▲2.3%	2,378
Current net income	69,173	47,551	▲31.3%	358
EBITDA	688,717	655,371	▲4.8%	4,928
At year-end				
Total assets	¥7,247,088	¥7,022,271	▲3.1%	US$52,799
Total long-term debt	4,699,723	4,379,834	▲6.8%	32,931
Total shareholders' equity	923,568	930,746	+0.8%	6,998
Ratio				
Net income as a percentage of revenues	2.7%	1.9%		
Return on average equity (ROE)	7.8%	5.1%		
Ratio of operating income to average assets (ROA)	4.4%	4.4%		
Interest coverage ratio	1.61	1.62		

Note 1): Yen figures have been converted into U.S. dollars at the rate of ¥133 to U.S. $1 (effective rate at the end of March 2002), solely as a convenience for readers.
Note 2): EBITDA= current net income + interest payable (after deducting interest receivable and dividends)+ corporate income taxes etc. + depreciation expenses
Note 3): Interest coverage ratio = (Current net income before adjustment for taxes etc + interest payable)/interest payable

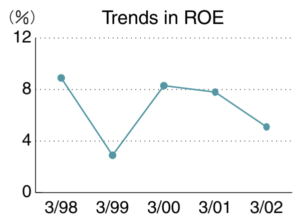
Large and stable cash flow



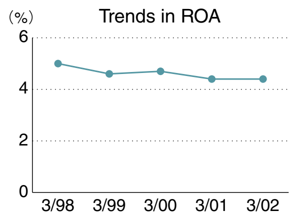
Improved interest coverage ratio



Target figures for consolidated ROE: "10%" (2006 fiscal year)

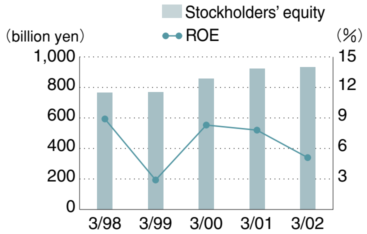


Target figures for consolidated ROA: "5.5%" (2006 fiscal year)

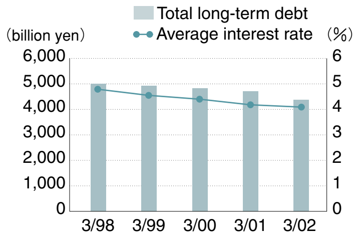


Note): The current net profit for the year ended March 1999 decreased because additional contributions for welfare annuity transfer were charged as a lump sum.

Stockholders' equity and ROE



Total long-term debt and average interest rate



Bond ratings (as of the end of July 2002)

Moody's: Aa2
Standard & Poor's: AA–
Bond Rating Investment Information Center: AA+

Target figures for the New Frontier 21 (group medium-term business plan)

Consolidated cash flow: 200 billion yen (March 2006)
Consolidated ROE: 10% (March 2006)
Consolidated ROA: 5.5% (March 2006)
Long-term debt of JR East only: 500 billion yen reduction (over three years until March 2004)
750 billion yen reduction (over five years until March 2006)
Number of employees (JR East only): 10,000 employees reduction (over five years until March 2006)

Financial Statements

Consolidated income statement (April 1, 2001 to March 31, 2002)

The fiscal year of the consolidated accounting

(unit: hundred million yen)

●Operating revenue	25,433
●Operating expenses	22,270
Operating income	3,163
●Non-operating income	410
●Non-operating expenses	2,216
Ordinary profit	1,357
●Extraordinary gain	1,686
●Extraordinary loss	1,880
Current net income; before-adjustment for taxes etc	1,164
Corporate taxes, residence taxes, and business taxes	1,084
Amount adjusted for corporation taxes etc.	△ 419
Earnings of minority shareholders	24
Current net income	475

Consolidated balance sheet (Year ended March 31, 2002)

The fiscal year of the consolidated accounting

(unit: hundred million yen)

●Current assets	4,933
●Fixed assets	65,285
●Deferred assets	3
Total assets	70,222
●Current liabilities	12,970
●Fixed liabilities	47,597
Total liabilities	60,567
●Minority equity	347
Total Shareholders' Equity	9,307
Liabilities, minority equity, and total shareholders' equity	70,222

Consolidated cash flow statement (April 1, 2001 to March 31, 2002)

(unit: hundred million yen)

Cash flow by operating activities	4,550
Cash flow by investment activities	△1,056
Cash flow by financial activities	△4,335
Increased amount of cash and cash equivalents	△841
Initial balance of cash and cash equivalents	2,838
Increased amount accrued due to additional cost for new consolidated subsidiaries, etc.	3
Balance at the term-end of cash and cash equivalents	2,000