

How is the Economic Performance of the JR East Group?

In FY 2003, unconsolidated and consolidated operating income and net income hit historical highs. We have moved up our targets in the "New Frontier 21" medium-term business plan and will maintain our efforts to achieve continuous growth and strive to contribute even further to society.

Financial Results for FY 2003

Transportation centered on the railways is the core business of the JR East Group and accounted for about 70% of our consolidated operating income in FY 2003. The remaining 30% was earned primarily from lifestyle-related businesses such as shopping centers, hotels, and retail sales located in station buildings. Although consolidated operating income declined from the prior year, net income was up 22.3% to 119.8 billion yen, a historical high. The increase in net income resulted from higher revenues in the shopping centers and office buildings as well as lower interest payments achieved through a reduction in interest-bearing debt and lower personnel expenses resulting from natural attrition in employment.

Economic Relationship with Stakeholders

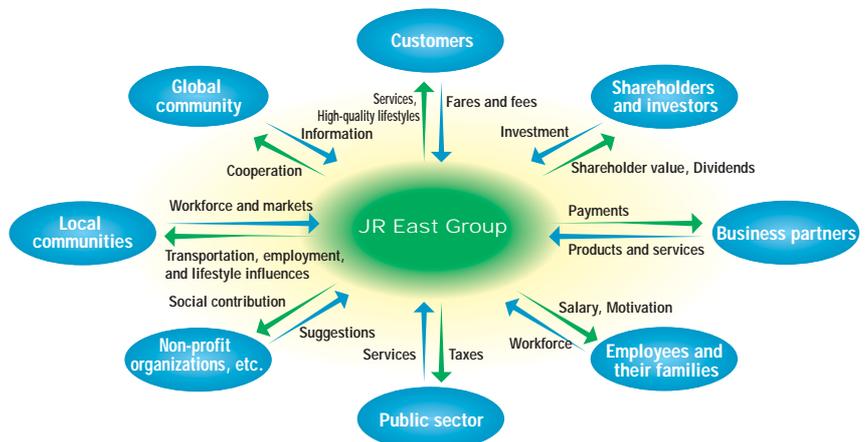
The business activities of the JR East Group give rise to economic relationships with a variety of stakeholders. With the intention of explaining the economic relationships between our business activities and stakeholders, a breakdown of expenses by stakeholder is shown here. To maintain the objectivity of the figures when performing the calculations, figures from our consolidated financial statements are used. The stakeholders included here are shareholders, business partners, employees, creditors, and the public sector (government). Our economic relationships with stakeholders also include the relationships with customers and others, thus we admit that the indication of expenses by stakeholders shown here is not exhaustive. In the future, we will work to improve the quality and clarity of this and other economical information disclosures.

For the company to remain in business, it is essential that we continue to earn a suitable profit.

Pursuing a profit, however, is not our sole purpose. JR East has a tremendous impact on society as a whole, and involves a wide range of stakeholders. As a result, the JR East Group continuously strives to understand the economic interests of all stakeholders who have a relationship with our business.

The financial information included in this report is presented from a perspective different from the data presented in our annual report. The fundamental distinction is the incorporation of the economic performance indicators of the GRI Sustainability Reporting Guidelines.

Relationships with Stakeholders



Consolidated Financial Statements and Breakdown of Expenses and Others by Stakeholder

Consolidated Statement of Income		100 Million yen	
Operating revenues		25,422	
Transportation, other services and cost of sales		16,950	(1)
Selling, general, and administrative expenses	Personnel expenses	2,798	(2)
	Taxes	132	(3)
	Other expenses	2,027	(4)
	Total	4,958	
Operating income		3,514	
Other income (Expenses)	Interest expense	1,609	(5)
	Other income	323	
	Total	1,285	
Income before income taxes		2,228	
Income taxes-Current		1,429	(6)
Income taxes-Differed		- 429	(7)
Minority interests in Net income of Consolidated Subsidiaries		30	(8)
Net income		1,198	(9)

Breakdown of expenses and others by stakeholder	100 Million yen	
Business partners	14,373	(1)-★ +(4)
Employees	7,402	(2)+★
Creditors	1,609	(5)
Shareholders	1,229	(8)+(9)
Public sector	1,132	(3)+(6)+(7)

★... Nonconsolidated Statement of Income and Loss – Transportation Operating Expenses: Personnel Expenses 4,604

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 subtracting “personnel expenses” within transportation operating expenses in the nonconsolidated statement of income and loss from “transportation, other services and cost of sales” and adding to that “other expenses” from selling, general, and administrative expenses.

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.”

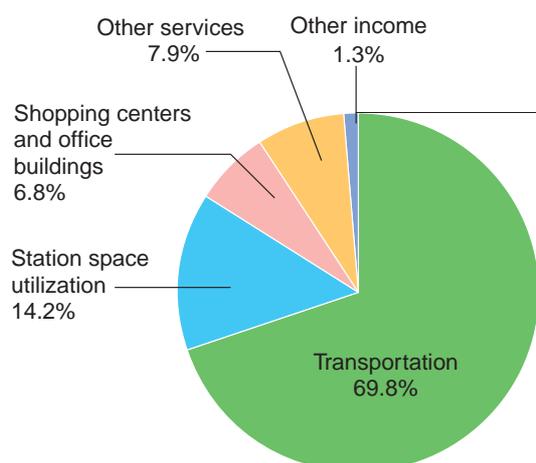
Public sector:

The total of “taxes” within selling, general, and administrative expenses, “income taxes-current,” and “income taxes-differed.”

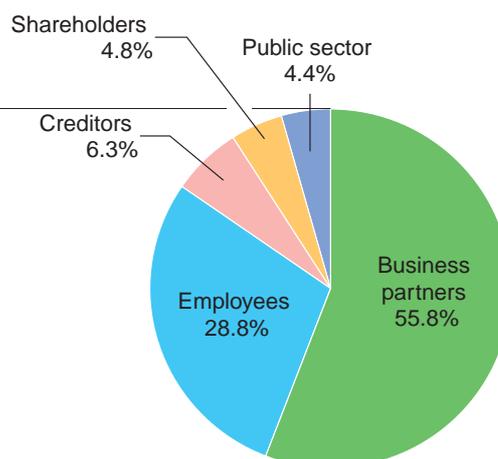
* Figures may not add up to totals due to rounding.

* For those figures that require modifications, rounded figures from marketable security reports were used.

Breakdown of the JR East Group Revenues



Breakdown of Expenses and Others by Stakeholder



* Other income refers to the amount determined by offsetting non-operating income, extraordinary income, non-operating expenses excluding interest expense and extraordinary losses.