

Consolidated Financial Results for the First Quarter Ended June 30, 2003 (Unaudited)

Fiscal 2004 (Year ending March 31, 2004)

All financial information has been prepared in accordance with accounting principles generally accepted in Japan.

“JR East” refers to East Japan Railway Company on a consolidated basis, or if the context so requires, on a nonconsolidated basis.

English translation from the original Japanese-language document.

August 7, 2003

East Japan Railway Company

Stock exchange listings	: Tokyo, Osaka and Nagoya Stock Exchanges in Japan
Code number	: 9020
URL	: http://www.jreast.co.jp/e
Representative	: Mutsutake Otsuka, President and CEO
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1. RESULTS OF THE FIRST QUARTER ENDED JUNE 30, 2003

JR East began disclosing quarterly performance results from the first quarter of fiscal 2004. Therefore, corresponding figures for the previous fiscal year's first quarter are not shown.

(1) Consolidated financial results

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

	Operating revenues	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2004, 1st Quarter	610,893	87,220	49,702	21,964
Fiscal 2003, 1st Quarter	_____	_____	_____	_____
(Reference) Fiscal 2003	2,565,670	343,095	202,609	97,986

	Earnings per share –basic	Earnings per share –diluted
	yen	yen
Fiscal 2004, 1st Quarter	5,492.26	_____
Fiscal 2003, 1st Quarter	_____	_____
(Reference) Fiscal 2003	24,453.48	_____

[Qualitative information and others on the progress of consolidated financial results]

In the first quarter ended June 30, 2003, the Japanese economy remained stagnant amid continuing uncertainty about the future outlook. JR East worked to maximize its revenues in this environment through the “Northern-Tohoku Destination Campaign” and marketing measures linked to the “Zenkoji Gokaicho Festival” in Nagano. Revenue growth was also targeted through *Station Renaissance* program, the aim of which is to create new station environments suitable for the 21st century. At the same time, JR East continued its efforts to improve the efficiency of its business operations.

As a result, operating revenues for the first quarter ended June 30, 2003 were ¥610.8 billion, operating income was ¥87.2 billion, ordinary income was ¥49.7 billion, and net income was ¥21.9 billion.

(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 2004, 1st Quarter	6,728,072	992,017	14.7	248,051.81
Fiscal 2003, 1st Quarter	_____	_____	_____	_____
(Reference) Fiscal 2003	6,853,403	981,855	14.3	245,463.20

Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2004, 1st Quarter	26,282	(106,916)	49,173	95,107
Fiscal 2003, 1st Quarter	—	—	—	—
(Reference) Fiscal 2003	433,304	(196,421)	(310,658)	126,478

[Qualitative information and others on the change of consolidated financial position]

Net cash provided by operating activities for the first quarter ended June 30, 2003 amounted to ¥26.2 billion, due to the posting of ¥41.3 billion of net income before income taxes, the reduction of payables and payment of income taxes.

Net cash used in investing activities amounted to ¥106.9 billion. Contributing factors included the decrease in payable for fixed assets acquired in fiscal 2003.

Net cash provided by financing activities amounted to ¥49.1 billion, despite dividend payments, due to issues of commercial paper and increase in total long-term debt by ¥24.0 billion compared with the end of fiscal 2003.

As a result, the balance of cash and cash equivalents decreased by ¥31.3 billion to ¥95.1 billion. The balance of the total long-term debt at the end of the first quarter amounted to ¥4,141.6 billion.

2. FORECAST FOR FISCAL 2004

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

	Operating revenues	Ordinary income	Net income	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	yen
Six months ending September 30, 2003	1,268,000	117,000	58,000	14,502.77
Fiscal 2004	2,560,000	210,000	104,000	26,004.97

[Qualitative information and others on business result forecast]

At the present time there are no changes in the interim and yearly performance forecasts announced on May 13, 2003.

Forward Looking Statements

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

[REFERENCE]

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1. SCOPE OF CONSOLIDATION AND EQUITY METHOD

- Number of consolidated subsidiaries: 97
- Number of equity method affiliated companies: 2
- Changes in the scope of consolidation and equity method: As a result of mergers of 4 consolidated subsidiaries, the number of consolidated subsidiaries has been decreased by 4 to 97 compared with the end of fiscal 2003.

2. SUMMARY OF CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Billions of yen		%	Billions of yen
	Fiscal 2004 (Planned) A	Fiscal 2004 Three months ended June 30, 2003 B	Progress Ratio B/Ax100	Fiscal 2003 (Reference)
Operating Revenues	¥ 2,560.0	¥ 610.8	23.9%	¥ 2,565.6
Operating Expenses	2,215.0	523.6	23.6	2,222.5
Operating Income	345.0	87.2	25.3	343.0
Non-operating Income	—	4.9	—	37.5
Non-operating Expenses	—	42.5	—	178.0
Ordinary Income	210.0	49.7	23.7	202.6
Extraordinary Gains (Losses), Net	—	(8.3)	—	(9.2)
Income Before Income Taxes	—	41.3	—	193.4
Income Taxes:				
Current	—	12.0	—	150.1
Deferred	—	6.5	—	(57.6)
Minority Interests in Net Income of Consolidated Subsidiaries	—	0.7	—	2.9
Net Income	¥ 104.0	¥ 21.9	21.1%	¥ 97.9

Note: Amounts less than 100 million yen are omitted.

3. SEGMENT INFORMATION (Unaudited)

	Billions of yen		%	Billions of yen
	Fiscal 2004 (Planned)	Fiscal 2004 Three months ended June 30, 2003	Progress Ratio B/Ax100	Fiscal 2003 (Reference)
	A	B		
TRANSPORTATION				
Operating revenues				
Outside customers	¥ 1,804.0	¥ 434.0	24.1%	¥ 1,800.4
Inside group	—	13.0	—	51.1
Total	—	447.0	—	1,851.6
Costs and expenses	—	378.4	—	1,594.8
Operating income	261.0	68.6	26.3	256.7
Operating margin (Operating income/Operating revenues)	—	15.4%	—	13.9%
STATION SPACE UTILIZATION				
Operating revenues				
Outside customers	372.0	90.2	24.3	368.9
Inside group	—	2.2	—	10.1
Total	—	92.4	—	379.1
Costs and expenses	—	86.3	—	350.9
Operating income	29.0	6.0	20.8	28.1
Operating margin (Operating income/Operating revenues)	—	6.5%	—	7.4 %
SHOPPING CENTERS & OFFICE BUILDINGS				
Operating revenues				
Outside customers	173.0	42.6	24.7	170.3
Inside group	—	1.8	—	7.4
Total	—	44.4	—	177.7
Costs and expenses	—	32.7	—	134.2
Operating income	44.0	11.6	26.5	43.5
Operating margin (Operating income/Operating revenues)	—	26.2%	—	24.5%
OTHER SERVICES				
Operating revenues				
Outside customers	211.0	43.9	20.8	225.9
Inside group	—	62.2	—	292.8
Total	—	106.1	—	518.8
Costs and expenses	—	105.3	—	501.3
Operating income	13.0	0.8	6.6	17.4
Operating margin (Operating income/Operating revenues)	—	0.8%	—	3.4%
TOTAL				
Operating revenues				
Outside customers	2,560.0	610.8	23.9	2,565.6
Inside group	—	79.2	—	361.6
Total	—	690.1	—	2,927.3
Costs and expenses	—	602.9	—	2,581.4
Operating income	347.0	87.2	25.1	345.8
Operating margin (Operating income/Operating revenues)	—	12.6%	—	11.8%
ELIMINATION AND/OR CORPORATE				
Operating revenues				
Outside customers	—	—	—	—
Inside group	(—)	(79.2)	—	(361.6)
Total	(—)	(79.2)	—	(361.6)
Costs and expenses	(—)	(79.2)	—	(358.9)
Operating income	(2.0)	(—0.0)	—	(2.7)
CONSOLIDATED				
Operating revenues				
Outside customers	2,560.0	610.8	23.9	2,565.6
Inside group	—	—	—	—
Total	—	610.8	—	2,565.6
Costs and expenses	—	523.6	—	2,222.5
Operating income	345.0	87.2	25.3	343.0
Operating margin (Operating income/Operating revenues)	—	14.3%	—	13.4%

Note: Amounts less than 100 million yen are omitted.

4. SUMMARY OF CONSOLIDATED BALANCE SHEETS (Unaudited)

	Billions of yen			
	Fiscal 2003 A	Fiscal 2004 As of June 30, 2003 B	Change Amount B-A	% B/Ax100
ASSETS				
Current Assets	¥ 438.9	¥ 353.7	¥ (85.2)	80.6%
Fixed Assets	6,414.1	6,374.0	(40.0)	99.4
Property, plant and equipment, net of accumulated depreciation	6,014.0	5,964.1	(49.8)	99.2
Intangible assets	91.1	89.3	(1.8)	98.0
Investments and other assets	308.8	320.5	11.6	103.8
Deferred Assets	0.2	0.2	(0.0)	94.9
Total Assets	¥ 6,853.4	¥ 6,728.0	¥ (125.3)	98.2%
LIABILITIES				
Current Liabilities	¥ 1,295.8	¥ 1,133.9	¥ (161.9)	87.5%
Long-term Liabilities	4,542.6	4,568.6	26.0	100.6
Total Liabilities	5,838.5	5,702.6	(135.9)	97.7
MINORITY INTERESTS	32.9	33.4	0.4	101.3
SHAREHOLDERS' EQUITY				
Common Stock	200.0	200.0	—	100.0
Capital Surplus	96.6	96.6	—	100.0
Retained Earnings	679.1	685.1	5.9	100.9
Net Unrealized Holding Gains on Securities	6.5	10.7	4.2	164.8
Treasury Stock, at Cost	(0.4)	(0.4)	—	100.0
Total Shareholders' Equity	981.8	992.0	10.1	101.0
Total Liabilities, Minority Interests and Shareholders' Equity ...	¥ 6,853.4	¥ 6,728.0	¥ (125.3)	98.2%

Note: Amounts less than 100 million yen are omitted.

5. SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Billions of yen

	Fiscal 2004 Three months ended June 30, 2003	Fiscal 2003 (Reference)
Cash Flows from Operating Activities:		
Income before income taxes	¥ 41.3	¥ 193.4
Depreciation	78.4	322.5
Devaluation losses on investments in securities	0.0	17.0
Decrease in major receivables	(58.3)	(15.2)
Payments of income taxes	(97.5)	(116.7)
Other	62.4	32.3
Net cash provided by operating activities (I)	26.2	433.3
Cash Flows from Investing Activities:		
Payments for purchases of fixed assets and proceeds from sales of fixed assets	(125.0)	(271.6)
Proceeds from construction grants	14.6	60.8
Payments for purchases and proceeds from sales of investments in securities	3.3	6.9
Other	0.1	7.3
Net cash used in investing activities (II)	(106.9)	(196.4)
Free Cash Flows (I+II)	(80.6)	236.8
Cash Flows from Financing Activities:		
Proceeds from commercial paper	50.0	—
Proceeds from long-term loans and issuance of bonds (a)	39.9	239.6
Payments of long-term debt and long-term liabilities incurred for purchase of railway facilities (b)	(15.8)	(502.1)
Change in amount of total long-term debt (a+b)	24.0	(262.5)
Cash dividends paid	(16.0)	(26.0)
Other	(8.9)	(22.1)
Net cash provided by (used in) financing activities (III)	49.1	(310.6)
Net Decrease in Cash and Cash Equivalents (I+II+III)	(31.4)	(73.7)
Cash and Cash Equivalents at Beginning of the Period	126.4	200.0
Increase due to Addition of Consolidated Subsidiaries, and Other	0.0	0.2
Cash and Cash Equivalents at End of the Period	¥ 95.1	¥ 126.4

Note: Amounts less than 100 million yen are omitted.

6. CONSOLIDATED PRINCIPAL INDICATORS

	Fiscal 2004 1st Quarter	Fiscal 2003 (Reference)	Fiscal 2006 goals in medium- term business plan (<i>New Frontier 21</i>)
Free cash flows (FCF) [Billions of yen]*	(80.6)	236.8	200.0
Return on average equity (ROE) [%]	2.2	10.2	10.0
Ratio of operating income to average assets (ROA) [%]	1.3	4.9	5.5
Equity ratio [%]	14.7	14.3	
Earnings per share [yen]	5,492.26	24,453.48	
Shareholders' equity per share [yen]	248,051.81	245,463.20	
Total long-term debt [Billions of yen]**	4,141.6	4,117.5	
Average interest rates [%]	3.96	4.02	
Net interest expense [Billions of yen]	(39.0)	(171.5)	

Note: Amounts less than 100 million yen, except for per share amounts, are omitted.

* Consolidated free cash flows were negative by ¥80.6 billion for the following reasons.

- The amounts of income before income taxes and depreciation, the main components of operating cash flows, represent only one-quarter of the yearly totals.
- Payables recorded at the end of fiscal 2003 were paid in this first quarter, resulting in as substantial outflow of cash. This situation reflects characteristics of JR East's cost structure. Construction works funded by third parties, mainly governments and their agencies, tend to be completed in the second half of fiscal year, which causes large amounts of payables to appear in the accounts at the end of the fiscal year.
- Income taxes were paid at the end of May, and summer bonuses at the end of June.
- The factors noted above are peculiar to the first quarter. JR East is expected to achieve positive free cash flows in its first six months and the fiscal year, and to progress toward the ¥200.0 billion goal set down in the medium-term business plan *New Frontier 21*.

** The balance of total long-term debt increased compared with the position at the end of fiscal 2003 for the following reasons.

- There was a temporary increase in total long-term debt due to the procurement of funds through ¥40.0 billion bond issues in April to meet income tax payments.
- The increase in income tax payments had already been figured into consolidated business forecast for fiscal 2004, and it is anticipated that the planned ¥40.0 billion reduction in nonconsolidated total long-term debt will be achieved through fiscal 2004.

7. CONSOLIDATED BUSINESS FORECAST FOR THE SIX MONTHS ENDING SEPTEMBER 30, 2003

	Billions of yen		%	
	Actual Six months ended September 30, 2002 (April 1, 2002– September 30, 2002) A	Forecast Six months ending September 30, 2003 (April 1, 2003– September 30, 2003) B	Change 2004/2003	
			Amount B-A	B/A×100
Operating revenues	¥ 1,269.5	¥ 1,268.0	¥ (1.5)	99.9%
Operating income	201.4	193.0	(8.4)	95.8
Ordinary income	125.6	117.0	(8.6)	93.1
Net income	63.1	58.0	(5.1)	91.8

(Reference) Earnings per share for the six months ending September 30, 2003: ¥14,502.77

Note: Amounts less than 100 million yen are omitted.

8. CONSOLIDATED BUSINESS FORECAST FOR FISCAL 2004

	Billions of yen		%	
	Actual Fiscal 2003 (April 1, 2002– March 31, 2003) A	Forecast Fiscal 2004 (April 1, 2003– March 31, 2004) B	Change 2004/2003	
			Amount B-A	B/A×100
Operating revenues	¥ 2,565.6	¥ 2,560.0	¥ (5.6)	99.8%
Operating income	343.0	345.0	1.9	100.6
Ordinary income	202.6	210.0	7.3	103.6
Net income	97.9	104.0	6.0	106.1

(Reference) Earnings per share for Fiscal 2004: ¥26,004.97

Note: Amounts less than 100 million yen are omitted.

9. PASSENGER KILOMETERS/PASSENGER REVENUES OF PARENT COMPANY

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions		%	Millions	Billions of yen		%	Billions of yen
	Fiscal 2004 (Planned)	Fiscal 2004 Three months ended June 30, 2003	Progress Ratio B/Ax100	Fiscal 2003 (Reference)	Fiscal 2004 (Planned)	Fiscal 2004 Three months ended June 30, 2003	Progress Ratio D/Cx100	Fiscal 2003 (Reference)
A	B			C	D			
SHINKANSEN BULLET TRAIN NETWORK								
Commuter Passes	1,509	408	27.1%	1,543	¥ 20.8	¥ 5.5	26.6%	¥ 21.2
<i>(Comparison with fiscal 2003)</i>	97.7%				97.9%			
Other	16,911	3,980	23.5	16,732	447.2	103.9	23.2	436.1
<i>(Comparison with fiscal 2003)</i>	101.1%				102.5%			
Total	18,420	4,389	23.8	18,276	468.0	109.4	23.4	457.3
<i>(Comparison with fiscal 2003)</i>	100.8%				102.3%			
CONVENTIONAL LINES								
Commuter Passes	70,267	18,502	26.3	70,522	461.1	118.4	25.7	462.8
<i>(Comparison with fiscal 2003)</i>	99.6%				99.6%			
Other	36,353	8,802	24.2	36,376	741.8	177.8	24.0	744.3
<i>(Comparison with fiscal 2003)</i>	99.9%				99.7%			
Total	106,620	27,305	25.6	106,899	1,202.9	296.3	24.6	1,207.1
<i>(Comparison with fiscal 2003)</i>	99.7%				99.6%			
TOTAL								
Commuter Passes	71,776	18,911	26.3	72,066	481.9	124.0	25.7	484.1
<i>(Comparison with fiscal 2003)</i>	99.6%				99.5%			
Other	53,264	12,783	24.0	53,109	1,189.0	281.8	23.7	1,180.4
<i>(Comparison with fiscal 2003)</i>	100.3%				100.7%			
Total	125,040	31,695	25.3	125,176	1,670.9	405.8	24.3	1,664.5
<i>(Comparison with fiscal 2003)</i>	99.9%				100.4%			

Note: Amounts less than one million passenger kilometer and 100 million yen are omitted.

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