

## Fiscal 2004 Semi-Annual Consolidated Financial Results (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

November 14, 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/e>  
**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 2004 semi-annual consolidated financial results** : November 14, 2003

**U.S. GAAP** : Not used

## 1. RESULTS OF FISCAL 2004 SEMI-ANNUAL (April 1, 2003 through September 30, 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 | %           |
| <b>Fiscal 2004 semi-annual</b> | <b>1,256,249</b>   | <b>-1.0</b> | <b>195,363</b>   | <b>-3.0</b> | <b>120,215</b>  | <b>-4.3</b> |
| Fiscal 2003 semi-annual        | 1,269,575          | 0.6         | 201,481          | 12.9        | 125,651         | 31.2        |
| Fiscal 2003                    | 2,565,670          | —           | 343,095          | —           | 202,609         | —           |

  

|                                | Net income      |             | Earnings per share-basic | Earnings per share-diluted |
|--------------------------------|-----------------|-------------|--------------------------|----------------------------|
|                                | Millions of yen | %           | Yen                      | Yen                        |
| <b>Fiscal 2004 semi-annual</b> | <b>60,700</b>   | <b>-3.9</b> | <b>15,178.09</b>         | —                          |
| Fiscal 2003 semi-annual        | 63,168          | 114.8       | 15,795.21                | —                          |
| Fiscal 2003                    | 97,986          | —           | 24,453.48                | —                          |

Note: 1) Equity in net income (loss) of affiliated companies: Fiscal 2004 semi-annual (512) million yen, Fiscal 2003 semi-annual 150 million yen, Fiscal 2003 323 million yen

2) Average number of shares outstanding in each period (consolidated): Fiscal 2004 semi-annual 3,999,235 shares, Fiscal 2003 semi-annual 3,999,235 shares, Fiscal 2003 3,999,235 shares

3) Changes in accounting methods: No

4) Percentages for operating revenues, operating income, ordinary income and net income for Fiscal 2004 semi-annual represent changes compared with the interim period ended September 30, 2002. Percentages for operating revenues, operating income, ordinary income and net income for Fiscal 2003 semi-annual represent changes compared with the interim period ended September 30, 2001.

### (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                            |
| <b>Fiscal 2004 semi-annual</b> | <b>6,762,986</b> | <b>1,042,886</b>     | <b>15.4</b>  | <b>260,771.50</b>              |
| Fiscal 2003 semi-annual        | 6,896,330        | 978,944              | 14.2         | 244,783.01                     |
| Fiscal 2003                    | 6,853,403        | 981,855              | 14.3         | 245,463.20                     |

Note: Number of shares outstanding at the end of each period (consolidated): Fiscal 2004 semi-annual 3,999,235 shares, Fiscal 2003 semi-annual 3,999,235 shares, Fiscal 2003 3,999,235 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 the period |
|--------------------------------|---|---------------------------------------|---------------------------------------|--|
|                                | Millions of yen                           | Millions of yen                       | Millions of yen                       | Millions of yen                                |
| <b>Fiscal 2004 semi-annual</b> | <b>151,857</b>                            | <b>(123,538)</b>                      | <b>(62,475)</b>                       | <b>92,450</b>                                  |
| Fiscal 2003 semi-annual        | 185,801                                   | (133,620)                             | (106,341)                             | 146,092  |
| Fiscal 2003                    | 433,304                                   | (196,421)                             | (310,658)                             | 126,478  |

### (4) Scope of consolidation and equity method

|  |              |
|--|--------------|
| Number of consolidated subsidiaries                  | 98 companies |
| Number of equity method nonconsolidated subsidiaries | —            |
| Number of equity method affiliated companies         | 2 companies  |

### (5) Changes in scope of consolidation and equity method

|                           |             |
|---------------------------|-------------|
| Consolidated subsidiaries |             |
| (Newly included)          | 1 company   |
| (Excluded)                | 4 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 |
| Fiscal 2004 | 2,560,000          | 212,000         | 114,000         |

(Reference) Earnings per share: 28,505.45 yen

### 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.

# Management Policies and Results of Operations

## Management Policies

### (1) Basic Policy

JR East 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 JR East 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 its 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 aims to be a corporate group that strives to create life-style services trusted by its customers via corporate activities open to the global market, 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<br>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 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. JR East is working to enhance the safety and reliability of its railway operations, and to endeavor to create non-transportation business (Station space utilization segment, Shopping centers & office buildings segment, and Other services segment) that offer synergies with the railway business, so that all who come into contact with JR East will recognize its true value. Our ultimate aim is to improve management quality and maximize the value of JR East.

#### 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 a stable dividend.

We apologize sincerely for the serious inconvenience caused to the passenger when delays in overpass construction work caused a prolonged interruption to services on the Chuo line. In keeping with our "customer first" philosophy, we will make every possible effort to restore our reputation by working to improve the safety and reliability of transportation services.

### (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 September 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 27 directors, including two outside corporate directors. They make decisions about important operational matters, including statutory requirements and supervise the performance of JR East'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. Under the Board there is an Executive Committee made up of the 13 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.

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 98 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 laws. Since July 2000, the Inquiry & Audit Department has also audited group companies.

For compliance, the Legal Department became independent of the Administration Department in June 2002. 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. JR East 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**

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

#### **Initiatives to Improve Corporate Governance over the Past Year**

After the shareholders' annual meeting in June 2003, JR East reduced the number of directors from 31 to 27 in order to further activate discussion and enhance flexible and speedy decision making.

## **Operating Results and Financial Position**

Unless otherwise noted, the descriptions of operating results and financial position in the period ended September 30, 2003 are comparisons with the interim period ended September 30, 2002.

### **(1) Summary**

#### **Overview**

During the interim period ended September 30, 2003, the Japanese economy showed signs of moving toward a rally driven by export growth and its consequences, including a recovery trend in production activity, growth in capital investment, and an improvement in corporate revenues. However, conditions remained severe under an environment of high unemployment rate and other factors.

JR East 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.

Prevailing conditions were reflected in a decline in revenues from transportation operations in the interim period ended September 30, 2003. Revenues were also affected by the restructuring of "Other services" segment. As a result, operating revenues decreased by 1.0% to 1,256.2 billion yen. Operating income decreased by 3.0% to 195.3 billion yen. Ordinary income decreased by 4.3% to 120.2 billion yen, and net income decreased by 3.9% to 60.7 billion yen.

#### **Cash Flows**

Net cash provided by operating activities decreased by 33.9 billion yen to 151.8 billion yen, due to a decrease in income before income taxes and an increase in payment of current income taxes.

Net cash used in investment activities decreased by 10.0 billion yen to 123.5 billion yen, despite an increase in capital expenditures for measures to ensure safe and stable transportation, improvement of transportation capacity and development of shopping centers at stations, hotels and other facilities, mainly due to proceeds from the sale of investments in securities.

Net cash used in financing activities decreased by 43.8 billion yen to 62.4 billion yen. Although interim cash dividend payments increased because of a special dividend to mark the achievement of full privatization, the reduction of total long-term debt was 33.5 billion yen, which was less than the interim period ended September 30, 2002.

As a result, the balance of cash and cash equivalents decreased by 34.0 billion yen to 92.4 billion yen compared with the level of the end of fiscal 2003.

The balance of the total long-term debt as of September 30, 2003 was 4,084.0 billion yen.

## Trends in Cash Flow Indicators

|                                    | Fiscal 2001 | Fiscal 2002 | Fiscal 2003 | Fiscal 2004<br>semi-annual |
|------------------------------------|-------------|-------------|-------------|----------------------------|
| Equity ratio                       | 12.7        | 13.3        | 14.3        | 15.4                       |
| Equity ratio by market value basis | 37.1        | 31.3        | 30.2        | 32.0                       |
| Years to debt redemption           | 10.2        | 9.5         | 9.4         | —                          |
| Interest coverage ratio            | 2.2         | 2.4         | 2.5         | 1.9                        |

Note:

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 (The figure for the interim period ended September 30, 2003 is not shown.)

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 period by the total number of shares outstanding at the end of each period.

## Segment Information

### Transportation

JR East worked to encourage rail travel through the use of the Shinkansen network and the development of products targets toward clearly defined markets. Specific initiatives such as the “Northern Tohoku Destination Campaign” in conjunction with the opening of the Morioka–Hachinohe sector of the Tohoku Shinkansen line in December 2002. The aim of the campaign was to attract passengers to the northern Tohoku region. JR East also stepped up its efforts to develop tourism within its area, including the continuation of the sales promotion of “Otona no Kyujitsu Pass (holiday pass for grown-ups)” for senior citizens, and the operation of “Joyful Trains”.

These initiatives were reflected in passenger numbers on the railway network, which exceeded the total for the interim period ended September 30, 2002. This growth was aided by the increased Shinkansen travel following the opening of the Morioka–Hachinohe sector in December 2002. However, operating revenues declined by 0.5% to 924.3 billion yen because of a reduction in commuter pass revenues resulting from a continuing downward trend in commuter pass travel on conventional lines. Revenues from non-commuter pass travel also declined on conventional lines outside of the Tokyo Metropolitan Area. Operating income decreased by 4.1% to 154.8 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. This program includes large-scale development projects targeted mainly toward terminal stations in the Tokyo Metropolitan Area. One such development is the newly opened “Dila Asagaya” in Tokyo. JR East continued to develop retail facilities to make effective use of space at several other major stations, such as Sendai, Tamachi and Ikebukuro. At the same time, JR East 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 (Japanese noodle restaurant chain)” and renovate existing outlets.

However, the stagnation of the sales at station outlets resulted in the decrease of operating revenues by 1.5% to 186.7 billion yen and operating income by 4.8% to 13.2 billion yen.

### Shopping Centers and Office Buildings

JR East opened the “Miyahara Station Building,” a lifestyle-oriented station building in Saitama, and the “Kinshicho Termina West Wing,” a restaurant building in Tokyo. Also in Tokyo, it extended the “Arcade Akabane,” a building designed to utilize space under a rail overpass. Several shopping centers, including “Shapo Motoyawata” and “Perie Inage” in Chiba and “Kokubunji L” in Tokyo, were renovated with the emphasis on outlets for foodstuffs and general merchandise and eating and drinking establishments. At the same time, JR East worked to improve the ability of existing outlets to attract customers by bringing in major retailers as tenants.

Subsidiaries restructuring initiatives in this area of business included four mergers involving eight shopping center management companies. LUMINE Co., Ltd. merged with Lumine Ogikubo Co., Ltd., Sendai Terminal Building Co., Ltd. with Fukushima Station Development Co., Ltd., Mito Station Development Co., Ltd. with Tsuchiura Station Development Co., Ltd., and Nagano Station Building Co., Ltd. with Matsumoto Station Building Co., Ltd. These mergers were designed to strengthen marketing capacity and financial structures.

As a result, operating revenues increased by 1.7% to 89.3 billion yen. Operating income increased by 1.0% to 22.3 billion yen.

### Other Services

JR East continued to target improvement in the competitiveness and efficiency of its management structure for the hotel business. JR East developed joint advertising and also worked to standardize hotel management and operations through its hotel chain headquarters.

In advertising business, JR East reviewed its product structure and charges for advertising on trains and at stations. JR East introduced train car body advertising on more lines and promoted sales of in-train video advertising. JR East also continued to establish and improve station advertising media and target growth in station poster sales and other areas as part of the “Station Renaissance” program.

In the area of housing development and sales, JR East continued sales of condominium properties such as “Makuhari Bay Town Marine Fort” in Chiba, and commenced sales of “View Park Haginaka” in Tokyo and “Makuhari Bay Town Cities Fort” in Chiba.

In credit card business, JR East commenced services based on the “View Suica” card, which combines the functions of the “View Card” and “Suica IO Card.” The new card attracted over 60,000 users.

Operating revenues decreased by 4.0% to 218.0 billion yen, in part because of the termination of the construction materials business of East Japan Railway Trading Co., Ltd. Operating income increased by 20.5% to 5.4 billion yen because of an increase in operating income from advertising, construction consulting, facility maintenance services and other areas.

## 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.

In line with this policy, the Board of Directors resolved at its meeting on November 14, 2003 to pay an interim cash dividend of 3,000 yen per share (regular dividend with 500 yen per share increase) for the interim period ended September 30, 2003. The payment will start from December 10, 2003.

Retained earnings for the interim period ended September 30, 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

JR East is determined to meet the expectations of shareholders, customers and regional communities through increased management efforts to ensure the successful implementation of its medium-term business plan, "New Frontier 21."

JR East continues to leverage its 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. In non-transportation business, the overall competitiveness of JR East will be enhanced through business format updates and group restructuring. These measures will be linked with "Station Renaissance" program and powerful initiatives to market JR East's services and improve customer satisfaction.

JR East will enhance the service capabilities of IT strategy, including the launch of the electronic-money business in the spring of 2004.

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

|                    |                  |                               |
|--------------------|------------------|-------------------------------|
| Operating revenues | ¥2,560.0 billion | (0.2% year-on-year decrease)  |
| Ordinary income    | ¥ 212.0 billion  | (4.6% year-on-year increase)  |
| Net income         | ¥ 114.0 billion  | (16.3% year-on-year increase) |

JR East therefore planned to increase the ordinary cash dividend to 6,000 yen per share (regular dividend with 1,000 yen per share increase), including an interim cash dividend of 3,000 yen per share.

## 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.

*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

|  | Millions of Yen                       |   |                        |   |
|--|---------------------------------------|---|------------------------|---|
|  | Fiscal 2003<br>(As of March 31, 2003) | Fiscal 2004<br>semi-annual<br>(As of September 30,<br>2003) | Increase<br>(Decrease) | Fiscal 2003<br>semi-annual<br>(As of September 30,<br>2002) |
| <b>ASSETS</b>  |                                       |   |                        |   |
| <b>Current Assets</b>  | ¥ 438,996                             | ¥ 399,374   | ¥ (39,621)             | ¥ 433,736   |
| Cash and time deposits   | 127,315                               | 92,666  | (34,648)               | 147,320   |
| Notes and accounts receivable-trade                            | 132,147                               | 97,743  | (34,403)               | 93,169  |
| Fares receivable   | 33,200                                | 36,545  | 3,345                  | 34,363  |
| Short-term loans receivable                                    | 21,660                                | 21,991  | 331                    | 21,386  |
| Securities   | 306                                   | 157   | (148)                  | 428   |
| Real estate for sale   | 16,709                                | 17,223  | 514                    | 19,502  |
| Inventories  | 27,372                                | 43,923  | 16,550                 | 40,413  |
| Deferred income taxes  | 50,585                                | 59,502  | 8,916                  | 50,126  |
| Other  | 31,221                                | 31,196  | (25)                   | 28,314  |
| Allowance for doubtful accounts                                | (1,523)                               | (1,576)   | (53)                   | (1,289)   |
| <b>Fixed Assets</b>  | 6,414,126                             | 6,363,397   | (50,729)               | 6,462,306   |
| Property, plant and equipment, net of accumulated depreciation | 6,014,066                             | 5,938,839   | (75,226)               | 6,065,660   |
| Buildings and fixtures   | 3,070,152                             | 3,010,188   | (59,963)               | 3,087,998   |
| Machinery, rolling stock and vehicles                          | 624,640                               | 606,005   | (18,634)               | 599,152   |
| Land   | 2,133,208                             | 2,128,691   | (4,517)                | 2,197,002   |
| Construction in progress                                       | 144,665                               | 152,813   | 8,147                  | 142,998   |
| Other  | 41,399                                | 41,140  | (259)                  | 38,509  |
| Intangible assets  | 91,173                                | 90,266  | (907)                  | 88,778  |
| Intangibles  | 87,095                                | 86,743  | (351)                  | 84,275  |
| Consolidation difference                                       | 4,078                                 | 3,522   | (555)                  | 4,502   |
| Investments and other assets                                   | 308,886                               | 334,291   | 25,405                 | 307,867   |
| Investments in securities                                      | 114,344                               | 132,502   | 18,157                 | 152,273   |
| Long-term loans receivable                                     | 5,554                                 | 4,364   | (1,190)                | 4,771   |
| Long-term deferred income taxes                                | 140,212                               | 149,941   | 9,729                  | 103,122   |
| Other  | 50,110                                | 49,078  | (1,031)                | 48,947  |
| Allowance for doubtful accounts                                | (1,335)                               | (1,594)   | (259)                  | (1,247)   |
| <b>Deferred Assets</b>   | 280                                   | 214   | (65)                   | 287   |
| <b>Total Assets</b>  | ¥6,853,403                            | ¥6,762,986  | ¥ (90,416)             | ¥6,896,330  |

Note: Amounts less than one million yen are omitted.

|  | Millions of Yen                       |   |                        |   |
|--|---------------------------------------|---|------------------------|---|
|  | Fiscal 2003<br>(As of March 31, 2003) | Fiscal 2004<br>semi-annual<br>(As of September 30,<br>2003) | Increase<br>(Decrease) | Fiscal 2003<br>semi-annual<br>(As of September 30,<br>2002) |
| <b>LIABILITIES</b>   |                                       |   |                        |   |
| <b>Current Liabilities</b>   | ¥1,295,896                            | ¥1,073,556  | ¥(222,340)             | ¥1,208,927  |
| Notes and accounts payable-trade   | 62,545                                | 41,762  | (20,782)               | 51,368  |
| Short-term loans and current portion of long-term loans                              | 303,108                               | 228,861   | (74,246)               | 368,824   |
| Current portion of long-term liabilities incurred for purchase of railway facilities | 134,948                               | 136,019   | 1,071                  | 132,685   |
| Payable  | 292,110                               | 151,494   | (140,616)              | 144,528   |
| Accrued consumption tax  | 15,604                                | 11,172  | (4,431)                | 12,315  |
| Accrued income taxes   | 97,029                                | 76,911  | (20,117)               | 78,288  |
| Fare deposits received with regard to railway connecting services                    | 15,260                                | 17,379  | 2,119                  | 15,133  |
| Prepaid railway fares received   | 114,682                               | 124,402   | 9,720                  | 119,406   |
| Allowance for bonuses to employees   | 82,087                                | 87,459  | 5,371                  | 92,225  |
| Other  | 178,521                               | 198,093   | 19,572                 | 194,150   |
| <b>Long-term Liabilities</b>   | 4,542,668                             | 4,614,878   | 72,210                 | 4,673,995   |
| Bonds  | 893,860                               | 933,860   | 40,000                 | 827,860   |
| Long-term loans  | 751,882                               | 799,017   | 47,135                 | 846,258   |
| Long-term liabilities incurred for purchase of railway facilities                    | 2,039,632                             | 1,986,758   | (52,873)               | 2,128,621   |
| Long-term deferred tax liabilities   | 5,198                                 | 4,473   | (725)                  | 5,721   |
| Accrued severance and retirement benefits  | 578,175                               | 592,043   | 13,867                 | 558,611   |
| Other  | 273,919                               | 298,725   | 24,806                 | 306,922   |
| <b>Total Liabilities</b>   | 5,838,565                             | 5,688,435   | (150,129)              | 5,882,923   |
| <b>MINORITY INTERESTS</b>  | 32,982                                | 31,665  | (1,317)                | 34,462  |
| <b>SHAREHOLDERS' EQUITY</b>  |                                       |   |                        |   |
| <b>Common Stock</b>  | 200,000                               | 200,000   | —                      | 200,000   |
| <b>Capital Surplus</b>   | 96,600                                | 96,600  | —                      | 96,600  |
| <b>Retained Earnings</b>   | 679,195                               | 723,887   | 44,692                 | 660,378   |
| <b>Net Unrealized Holding Gains on Securities</b>                                    | 6,511                                 | 22,849  | 16,338                 | 22,417  |
| <b>Treasury Stock, at Cost</b>   | (451)                                 | (451)   | —                      | (451)   |
| <b>Total Shareholders' Equity</b>  | 981,855                               | 1,042,886   | 61,030                 | 978,944   |
| <b>Total Liabilities, Minority Interests and Shareholders' Equity</b>                | ¥6,853,403                            | ¥6,762,986  | ¥ (90,416)             | ¥6,896,330  |

Note: Amounts less than one million yen are omitted.

## CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

|  | Millions of Yen  |  |                        |   |
|--|--|--|------------------------|---|
|  | Fiscal 2003<br>semi-annual<br>(Six months ended<br>September 30, 2002) | Fiscal 2004<br>semi-annual<br>(Six months ended<br>September 30, 2003) | Increase<br>(Decrease) | Fiscal 2003<br>(Year ended<br>March 31, 2003) |
| <b>Operating Revenues</b> .....  | ¥1,269,575   | <b>¥1,256,249</b>  | <b>¥ (13,325)</b>      | ¥2,565,670                                    |
| <b>Operating Expenses</b> .....  | 1,068,093  | <b>1,060,885</b>   | <b>(7,207)</b>         | 2,222,575                                     |
| Transportation, other services and cost of sales .....                   | 823,965  | <b>822,149</b>   | <b>(1,815)</b>         | 1,712,628                                     |
| Selling, general and administrative expenses .....                       | 244,127  | <b>238,736</b>   | <b>(5,391)</b>         | 509,946                                       |
| <b>Operating Income</b> .....  | 201,481  | <b>195,363</b>   | <b>(6,118)</b>         | 343,095                                       |
| <b>Non-operating Income</b> .....  | 13,825   | <b>8,841</b>   | <b>(4,984)</b>         | 37,533  |
| Interest and dividend income .....                                       | 1,428  | <b>1,998</b>   | <b>570</b>             | 1,788   |
| Equity in net income of affiliated companies .....                       | 150  | —  | <b>(150)</b>           | 323   |
| Other .....  | 12,246   | <b>6,842</b>   | <b>(5,403)</b>         | 35,420  |
| <b>Non-operating Expenses</b> .....                                      | 89,656   | <b>83,990</b>  | <b>(5,666)</b>         | 178,018                                       |
| Interest expense .....   | 87,932   | <b>81,683</b>  | <b>(6,249)</b>         | 173,297                                       |
| Equity in net loss of affiliated companies .....                         | —  | <b>512</b>   | <b>512</b>             | —   |
| Other .....  | 1,723  | <b>1,794</b>   | <b>71</b>              | 4,721   |
| <b>Ordinary Income</b> .....   | 125,651  | <b>120,215</b>   | <b>(5,436)</b>         | 202,609                                       |
| <b>Extraordinary Gains</b> .....   | 10,741   | <b>19,568</b>  | <b>8,827</b>           | 126,536                                       |
| Construction grants received .....                                       | 7,446  | <b>12,546</b>  | <b>5,099</b>           | 65,382  |
| Other .....  | 3,294  | <b>7,022</b>   | <b>3,727</b>           | 61,154  |
| <b>Extraordinary Losses</b> .....  | 24,746   | <b>30,586</b>  | <b>5,840</b>           | 135,738                                       |
| Losses on reduction entry for construction grants .....                  | 7,446  | <b>12,539</b>  | <b>5,093</b>           | 54,151  |
| Other .....  | 17,300   | <b>18,047</b>  | <b>746</b>             | 81,587  |
| <b>Income Before Income Taxes</b> .....                                  | 111,646  | <b>109,197</b>   | <b>(2,449)</b>         | 193,408                                       |
| <b>Income Taxes</b>  |  |  |                        |   |
| Current .....  | 77,999   | <b>77,191</b>  | <b>(807)</b>           | 150,113                                       |
| Deferred .....   | (30,653)   | <b>(30,242)</b>  | <b>410</b>             | (57,607)                                      |
| <b>Minority Interests in Net Income of Consolidated Subsidiaries</b> ... | 1,131  | <b>1,547</b>   | <b>415</b>             | 2,915   |
| <b>Net Income</b> .....  | <u>¥ 63,168</u>  | <u>¥ 60,700</u>  | <u>¥ (2,467)</u>       | <u>¥ 97,986</u>                               |

Note: Amounts less than one million yen are omitted.

## CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND RETAINED EARNINGS (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

|   | Millions of Yen  |  |                        |   |
|---|--|--|------------------------|---|
|   | Fiscal 2003<br>semi-annual<br>(Six months ended<br>September 30, 2002) | Fiscal 2004<br>semi-annual<br>(Six months ended<br>September 30, 2003) | Increase<br>(Decrease) | Fiscal 2003<br>(Year ended<br>March 31, 2003) |
| <b>CAPITAL SURPLUS</b>  |  |  |                        |   |
| <b>Capital Surplus at Beginning of the Period</b> .....                   | ¥ 96,600   | <b>¥ 96,600</b>  | ¥ —                    | ¥ 96,600                                      |
| <b>Capital Surplus at End of the Period</b> .....                         | <u>¥ 96,600</u>  | <u>¥ 96,600</u>  | <u>¥ —</u>             | <u>¥ 96,600</u>                               |
| <b>RETAINED EARNINGS</b>  |  |  |                        |   |
| <b>Retained Earnings at Beginning of the Period</b> .....                 | ¥607,375   | <b>¥679,195</b>  | <b>¥ 71,819</b>        | ¥607,375                                      |
| <b>Increase in Retained Earnings</b> .....                                | 63,178   | <b>60,883</b>  | <b>(2,295)</b>         | 97,995  |
| Net Income .....  | 63,168   | <b>60,700</b>  | <b>(2,467)</b>         | 97,986  |
| Increase due to addition of consolidated subsidiaries,<br>and other ..... | 9  | <b>182</b>   | <b>172</b>             | 9   |
| <b>Decrease in Retained Earnings</b> .....                                | 10,175   | <b>16,190</b>  | <b>6,014</b>           | 26,175  |
| Cash dividends .....  | 10,000   | <b>16,000</b>  | <b>6,000</b>           | 26,000  |
| Bonuses to directors and corporate auditors .....                         | 175  | <b>190</b>   | <b>14</b>              | 175   |
| Of which bonuses for corporate auditors .....                             | [16]   | <b>[22]</b>  | <b>[6]</b>             | [16]  |
| <b>Retained Earnings at End of the Period</b> .....                       | <u>¥660,378</u>  | <u>¥723,887</u>  | <u>¥ 63,509</u>        | <u>¥679,195</u>                               |

Note: Amounts less than one million yen are omitted.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

|   | Millions of Yen  |  |   |
|---|--|--|---|
|   | Fiscal 2003<br>semi-annual<br>(Six months ended<br>September 30, 2002) | Fiscal 2004<br>semi-annual<br>(Six months ended<br>September 30, 2003) | Fiscal 2003<br>(Year ended<br>March 31, 2003) |
| <b>Cash Flows from Operating Activities</b>   |  |  |   |
| Income before income taxes .....  | ¥111,646   | <b>¥109,197</b>  | ¥193,408                                      |
| Depreciation .....  | 157,686  | <b>157,724</b>   | 322,563                                       |
| Amortization of long-term prepaid expense .....   | 2,119  | <b>2,416</b>   | 4,532   |
| Increase (Decrease) in accrued severance and retirement benefits .....                                    | 23,862   | <b>13,819</b>  | 43,426  |
| Interest and dividend income .....  | (1,428)  | <b>(1,998)</b>   | (1,788)                                       |
| Interest expense .....  | 87,932   | <b>81,683</b>  | 173,297                                       |
| Construction grants received .....  | (7,446)  | <b>(12,546)</b>  | (65,382)                                      |
| Loss from disposition and provision for cost reduction of fixed assets .....                              | 15,603   | <b>19,828</b>  | 86,233  |
| Decrease (Increase) in major receivables .....  | 31,644   | <b>27,734</b>  | (2,887)                                       |
| Increase (Decrease) in major payables .....   | (76,674)   | <b>(61,381)</b>  | (15,233)                                      |
| Other .....   | (11,635)   | <b>(10,078)</b>  | (16,200)                                      |
| Sub-total .....   | 333,309  | <b>326,398</b>   | 721,969                                       |
| Proceeds from interest and dividends .....  | 1,541  | <b>2,128</b>   | 1,923   |
| Payments of interest .....  | (85,268)   | <b>(79,358)</b>  | (173,805)                                     |
| Payments of income taxes .....  | (63,781)   | <b>(97,310)</b>  | (116,783)                                     |
| <b>Net cash provided by operating activities .....</b>  | <b>185,801</b>   | <b>151,857</b>   | 433,304                                       |
| <b>Cash Flows from Investing Activities</b>   |  |  |   |
| Payments for purchases of fixed assets .....  | (179,798)  | <b>(191,093)</b>   | (352,962)                                     |
| Proceeds from sales of fixed assets .....   | 7,843  | <b>8,119</b>   | 81,343  |
| Proceeds from construction grants .....   | 34,155   | <b>47,920</b>  | 60,842  |
| Payments for purchases of investments in securities .....   | (783)  | <b>(2,861)</b>   | (12,408)                                      |
| Proceeds from sales of investments in securities .....  | —  | <b>12,339</b>  | 19,398  |
| Other .....   | 4,961  | <b>2,036</b>   | 7,364   |
| <b>Net cash used in investing activities .....</b>  | <b>(133,620)</b>   | <b>(123,538)</b>   | (196,421)                                     |
| <b>Cash Flows from Financing Activities</b>   |  |  |   |
| Proceeds from long-term loans .....   | 170  | <b>85,000</b>  | 123,670                                       |
| Proceeds from issuance of bonds .....   | 50,000   | <b>39,974</b>  | 115,982                                       |
| Payments of long-term debt and long-term liabilities incurred for<br>purchase of railway facilities ..... | (139,901)  | <b>(158,496)</b>   | (502,158)                                     |
| Cash dividends paid .....   | (10,000)   | <b>(16,000)</b>  | (26,000)                                      |
| Other .....   | (6,610)  | <b>(12,952)</b>  | (22,152)                                      |
| <b>Net cash used in financing activities .....</b>  | <b>(106,341)</b>   | <b>(62,475)</b>  | (310,658)                                     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents .....</b>   | <b>(54,161)</b>  | <b>(34,156)</b>  | (73,775)                                      |
| <b>Cash and Cash Equivalents at Beginning of the Period .....</b>   | <b>200,021</b>   | <b>126,478</b>   | 200,021                                       |
| <b>Increase due to Addition of Consolidated Subsidiaries, and Other .....</b>                             | <b>232</b>   | <b>128</b>   | 232   |
| <b>Cash and Cash Equivalents at End of the Period .....</b>   | <b>¥146,092</b>  | <b>¥ 92,450</b>  | ¥126,478                                      |

Note: Amounts less than one million yen are omitted.

## SEGMENT INFORMATION (Unaudited)

### Segment Information by Business Activities

| Six months ended September 30, 2002 and 2003 | Millions of Yen |                              |   |                   |                  |                  | Elimination<br>and/or<br>corporate | Consolidated |
|--|-----------------|------------------------------|---|-------------------|------------------|------------------|------------------------------------|--------------|
|  | Transportation  | Station space<br>utilization | Shopping centers<br>& office<br>buildings | Other<br>services | Total            |                  |                                    |              |
| <b>Fiscal 2002 semi-annual</b>               |                 |                              |   |                   |                  |                  |                                    |              |
| Operating revenues                           |                 |                              |   |                   |                  |                  |                                    |              |
| Outside customers .....                      | ¥903,237        | ¥184,824                     | ¥ 84,293                                  | ¥ 97,220          | ¥1,269,575       | ¥ —              | ¥1,269,575                         |              |
| Inside group .....                           | 25,765          | 4,681                        | 3,542                                     | 129,819           | 163,809          | (163,809)        | —                                  |              |
| <b>Total .....</b>                           | <b>929,003</b>  | <b>189,506</b>               | <b>87,835</b>                             | <b>227,039</b>    | <b>1,433,385</b> | <b>(163,809)</b> | <b>1,269,575</b>                   |              |
| Costs and expenses .....                     | 767,467         | 175,567                      | 65,713                                    | 222,551           | 1,231,298        | (163,205)        | 1,068,093                          |              |
| <b>Operating income .....</b>                | <b>¥161,536</b> | <b>¥ 13,938</b>              | <b>¥ 22,122</b>                           | <b>¥ 4,488</b>    | <b>¥ 202,086</b> | <b>¥ (604)</b>   | <b>¥ 201,481</b>                   |              |
| <b>Fiscal 2003 semi-annual</b>               |                 |                              |   |                   |                  |                  |                                    |              |
| Operating revenues                           |                 |                              |   |                   |                  |                  |                                    |              |
| Outside customers .....                      | ¥898,465        | ¥182,072                     | ¥85,642                                   | ¥ 90,069          | ¥1,256,249       | ¥ —              | ¥1,256,249                         |              |
| Inside group .....                           | 25,932          | 4,643                        | 3,666                                     | 127,997           | 162,240          | (162,240)        | —                                  |              |
| <b>Total .....</b>                           | <b>924,397</b>  | <b>186,715</b>               | <b>89,309</b>                             | <b>218,067</b>    | <b>1,418,489</b> | <b>(162,240)</b> | <b>1,256,249</b>                   |              |
| Costs and expenses .....                     | 769,506         | 173,452                      | 66,973                                    | 212,659           | 1,222,591        | (161,706)        | 1,060,885                          |              |
| <b>Operating income .....</b>                | <b>¥154,891</b> | <b>¥ 13,263</b>              | <b>¥22,335</b>                            | <b>¥ 5,407</b>    | <b>¥ 195,897</b> | <b>¥ (533)</b>   | <b>¥ 195,363</b>                   |              |

| Year ended March 31, 2003     | Millions of Yen  |                              |   |                   |                  |                  | Elimination<br>and/or<br>corporate | Consolidated |
|-------------------------------|------------------|------------------------------|---|-------------------|------------------|------------------|------------------------------------|--------------|
|                               | Transportation   | Station space<br>utilization | Shopping centers<br>& office<br>buildings | Other<br>services | Total            |                  |                                    |              |
| <b>Fiscal 2003</b>            |                  |                              |   |                   |                  |                  |                                    |              |
| 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)        | —                                  |              |
| <b>Total .....</b>            | <b>1,851,617</b> | <b>379,108</b>               | <b>177,784</b>                            | <b>518,822</b>    | <b>2,927,332</b> | <b>(361,661)</b> | <b>2,565,670</b>                   |              |
| Costs and expenses .....      | 1,594,874        | 350,973                      | 134,265                                   | 501,363           | 2,581,477        | (358,901)        | 2,222,575                          |              |
| <b>Operating income .....</b> | <b>¥ 256,743</b> | <b>¥ 28,134</b>              | <b>¥ 43,518</b>                           | <b>¥ 17,458</b>   | <b>¥ 345,854</b> | <b>¥ (2,759)</b> | <b>¥ 343,095</b>                   |              |

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. |

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

JR East issued straight bonds with following terms:

|                                       |   |
|---------------------------------------|---|
| 1. Title                              | :East Japan Railway Company 27th series unsecured bond                                    |
| 2. Date of issue                      | :October 22, 2003   |
| 3. Aggregate nominal principal amount | :¥40,000 million  |
| 4. Issue price                        | :¥99.93 per ¥100 of face value  |
| 5. Coupon rate                        | :1.46% per annum  |
| 6. Maturity date                      | :September 20, 2013   |
| 7. Use of proceeds                    | :Repayment of loans and long-term liabilities incurred for purchase of railway facilities |

## CONSOLIDATED PRINCIPAL INDICATORS

|  | Fiscal 2003<br>semi-annual<br>(Six months ended<br>September 30, 2002)<br>A | Fiscal 2003<br>(Year ended<br>March 31, 2003)<br>B | Fiscal 2004<br>semi-annual<br>(Six months ended<br>September 30, 2003)<br>C | Increase<br>(Decrease)<br>C-A | Increase<br>(Decrease)<br>C-B | Fiscal 2006<br>(Year ending March 31, 2006)<br>goals in medium-term<br>business plan<br>("New Frontier 21") |
|--|---|--|---|-------------------------------|-------------------------------|---|
| Free cash flows (FCF) [Billions of yen] .....                  | 52.1  | 236.8  | 28.3  | (23.8)                        | —                             | 200.0   |
| Return on average equity (ROE) [%] ....                        | 6.6   | 10.2   | 6.0   | (0.6)                         | —                             | 10.0  |
| Ratio of operating income to average<br>assets (ROA) [%] ..... | 2.9   | 4.9  | 2.9   | (0.0)                         | —                             | 5.5   |
| Equity ratio [%] .....   | 14.2  | 14.3   | 15.4  | 1.2                           | 1.1                           |   |
| Earnings per share [yen] .....                                 | 15,795.21   | 24,453.48  | 15,178.09   | (617.12)                      | —                             |   |
| Shareholders' equity per share [yen] .....                     | 244,783.01  | 245,463.20   | 260,771.50  | 15,988.50                     | 15,308.30                     |   |
| Total long-term debt [Billions of yen] .....                   | 4,290.3   | 4,117.5  | 4,084.0   | (206.2)                       | (33.4)*                       |   |
| Average interest rates [%] .....                               | 4.04  | 4.02   | 3.94  | (0.11)                        | (0.09)                        |   |
| Net interest expense [Billions of yen] .....                   | (86.5)  | (171.5)  | (79.6)  | 6.8                           | —                             |   |
| Capital expenditures [Billions of yen] .....                   | 87.3  | 307.5  | 96.1  | 8.7                           | —                             |   |

\*The difference from decrease of consolidated long-term liabilities (33.5 billion yen) incurred from discounts on bonds.

## CONSOLIDATED BUSINESS FORECAST FOR FISCAL 2004

|                          | Billions of yen  |   | %                             |               |
|--------------------------|--|---|-------------------------------|---------------|
|                          | Actual<br>Fiscal 2003<br>(Year ended<br>March 31, 2003)<br>A | Forecast<br>Fiscal 2004<br>(Year ending<br>March 31, 2004)<br>B | Change                        |               |
|                          |  |   | Increase<br>(Decrease)<br>B-A | B/Ax100       |
| Operating revenues ..... | ¥2,565.6   | [¥2,560.0]  | ¥2,560.0                      | ¥ (5.6) 99.8% |
| Operating income .....   | 343.0  | [345.0]   | 345.0                         | 1.9 100.6     |
| Ordinary income .....    | 202.6  | [210.0]   | 212.0                         | 9.3 104.6     |
| Net income .....         | 97.9   | [104.0]   | 114.0                         | 16.0 116.3    |

(Reference) Earnings per share for Fiscal 2004: ¥28,505.45

Note 1: Amounts less than 100 million yen are omitted.

2: Figures in [ ] are from the performance forecast which was announced in May 2003.

## PASSENGER KILOMETERS/PASSENGER REVENUES OF PARENT COMPANY

|  | Passenger Kilometers  |   |         |         | Revenues from Passenger Tickets   |   |         |         |
|--|---|---|---------|---------|---|---|---------|---------|
|  | Millions  |   | %       |         | Billions of yen   |   | %       |         |
|  | Fiscal 2003<br>semi-annual<br>(Six months ended<br>September 30, 2002)<br>A | Fiscal 2004<br>semi-annual<br>(Six months ended<br>September 30, 2003)<br>B | Change  |         | Fiscal 2003<br>semi-annual<br>(Six months ended<br>September 30, 2002)<br>C | Fiscal 2004<br>semi-annual<br>(Six months ended<br>September 30, 2003)<br>D | Change  |         |
|  |   | Increase<br>(Decrease)<br>B-A   | B/AX100 |         |   | Increase<br>(Decrease)<br>D-C   | D/CX100 |         |
| <b>SHINKANSEN BULLET TRAIN NETWORK</b> |   |   |         |         |   |   |         |         |
| Commuter Passes .....                  | 798   | 803   | 5       | 100.7 % | 10.8  | 10.9  | 0.0     | 100.6 % |
| Other .....                            | 8,225   | 8,668   | 442     | 105.4   | 218.6   | 223.3   | 4.7     | 102.2   |
| Total .....                            | 9,023   | 9,472   | 448     | 105.0 % | 229.5   | 234.3   | 4.8     | 102.1 % |
| <b>CONVENTIONAL LINES</b>              |   |   |         |         |   |   |         |         |
| Commuter Passes .....                  | 36,372  | 36,262  | (110)   | 99.7 %  | 235.9   | 234.7   | (1.2)   | 99.5 %  |
| Other .....                            | 18,420  | 18,236  | (184)   | 99.0    | 375.2   | 368.8   | (6.3)   | 98.3    |
| Total .....                            | 54,792  | 54,498  | (294)   | 99.5 %  | 611.2   | 603.5   | (7.6)   | 98.7 %  |
| <b>TOTAL</b>                           |   |   |         |         |   |   |         |         |
| Commuter Passes .....                  | 37,170  | 37,065  | (104)   | 99.7 %  | 246.8   | 245.6   | (1.2)   | 99.5 %  |
| Other .....                            | 26,646  | 26,904  | 258     | 101.0   | 593.8   | 592.2   | (1.6)   | 99.7    |
| Total .....                            | 63,816  | 63,970  | 154     | 100.2 % | 840.7   | 837.8   | (2.8)   | 99.7 %  |

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

### 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.