

# Consolidated Financial Results for the Nine-month Period Ended December 31, 2003 (Unaudited)

Fiscal 2004 (Year ending March 31, 2004)

“Third Quarter” means nine months from April 1 to December 31.

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

February 13, 2004

## East Japan Railway Company

<b>Stock exchange listings</b>	: Tokyo, Osaka and Nagoya Stock Exchanges in Japan
<b>Code number</b>	: 9020
<b>Location of the head office</b>	: Tokyo, Japan
<b>URL</b>	: <a href="http://www.jreast.co.jp/e">http://www.jreast.co.jp/e</a>
<b>Representative</b>	: Mutsutake Otsuka, President and CEO
<b>Contact person</b>	: Susumu Inoue, General Manager, Public Relations Department Tel. +81-3-5334-1300

## 1. RESULTS FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2003 (April 1, 2003—December 31, 2003)

Note: JR East started to disclose the quarterly summary of financial results from the current fiscal year. The figures for the third quarter of Fiscal 2003 are shown on the tables below solely for your reference.

### (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	%
<b>Fiscal 2004, 3rd Quarter</b>	<b>1,892,218</b>	<b>-0.9</b>	<b>292,643</b>	<b>-2.4</b>	<b>191,777</b>	<b>-0.1</b>	<b>100,717</b>	<b>-2.5</b>
Fiscal 2003, 3rd Quarter	1,909,810	—	299,844	—	191,911	—	103,279	—
(Reference) Fiscal 2003	2,565,670	—	343,095	—	202,609	—	97,986	—

	Earnings per share—basic	Earnings per share—diluted
	Yen	Yen
<b>Fiscal 2004, 3rd Quarter</b>	<b>25,184.23</b>	—
Fiscal 2003, 3rd Quarter	25,824.76	—
(Reference) Fiscal 2003	24,453.48	—

Note: Percentages for operating revenues, operating income, ordinary income and net income for third quarter of Fiscal 2004 represent changes compared with the same period ended December 31, 2002.

### (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, 3rd Quarter</b>	<b>6,781,927</b>	<b>1,075,244</b>	<b>15.9</b>	<b>268,862.51</b>
Fiscal 2003, 3rd Quarter	6,928,027	990,194	14.3	247,595.86
(Reference) Fiscal 2003	6,853,403	981,855	14.3	245,463.20

### (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, 3rd Quarter</b>	<b>270,303</b>	<b>(165,751)</b>	<b>(96,326)</b>	<b>134,875</b>
Fiscal 2003, 3rd Quarter	301,228	(156,220)	(138,883)	206,378
(Reference) 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 (Comparison with Fiscal 2003 ended March 31, 2003)

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)**

	Operating revenues	Ordinary income	Net income	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Fiscal 2004	2,550,000	212,000	114,000	28,505.45

**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.

# Overview of Operating Results for the Nine-month Period Ended December 31, 2003

Unless otherwise noted, the descriptions of operating results and financial position in the period ended December 31, 2003 are comparisons with the nine-month period ended December 31, 2002.

## (1) Operating Results

During the nine-month period ended December 31, 2003, although the Japanese economy made a gradual improvement, full-scale recovery failed to emerge, and the deflationary trend continued.

JR East worked to expand its revenues by making optimal use of its management resources, and also continued to target improvements in the efficiency of its business operations.

Due to results in part from a decline in sales from the “Station space utilization” segment, and the effects of business restructuring in the “Other services” segment, operating revenues decreased by 0.9% to 1,892.2 billion yen, while operating income decreased by 2.4% to 292.6 billion yen. As a result, ordinary income decreased by 0.1% to 191.7 billion yen, while net income decreased by 2.5% to 100.7 billion yen.

## Segment Information

### Transportation

JR East worked to promote use of the “Hayate” Shinkansen service, which is now in its second year through initiatives that included the “Attaka Kita-Tohoku (Warm North Tohoku Region) campaign,” the launch of a “Hayate First Anniversary Commemoration Pass,” and the development of related travel products. Another focus was the revitalization of the ski-travel market. These efforts were reflected in the increase in passenger-kilometers of the railway network compared with the same period in the previous year. However, operating revenues decreased by 0.2% to 1,384.8 billion yen. Operating income decreased by 4.0% to 226.7 billion yen, reflecting reduced revenues from commuter passes for conventional lines as well as from other passenger ticket revenues on conventional lines outside of the Tokyo metropolitan area network.

### 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. Under the program, “Dila Nishi-Ogikubo,” a station shopping complex was opened in Tokyo, and work continued on the development of retail facilities at Ikebukuro station and Sendai station. However, mainly due to slow sales in retail outlets in stations, operating revenues decreased by 1.2% to 283.1 billion yen. Operating income decreased by 4.7% to 20.7 billion yen.

### Shopping Centers & Office Buildings

Several shopping centers, including “LUMINE Omiya” in Saitama, “LUMINE Kita-Senju” in Tokyo and “Morioka FESAN” in Iwate, were refurbished. As a result, operating revenues increased by 2.4% to 136.5 billion yen. Operating income increased by 4.9% to 36.1 billion yen.

### Other Services

In Hotel operations, JR East opened “HOTEL METS Mejiro” in Tokyo. In Advertising business, JR East worked to promote in-train advertising, sales of station posters and so on. As a result, although operating revenues decreased by 7.5% to 326.6 billion yen due to the withdrawal from the construction materials business by East Japan Railway Trading Co., Ltd., operating income increased by 14.7% to 9.8 billion yen.

## **(2) Financial Position**

Net cash provided by operating activities for the nine-month period ended December 31, 2003 decreased by 30.9 billion yen to 270.3 billion yen. This decrease was an aggregate result of a decrease in income before income taxes by 2.8 billion yen and an increase in payments of income taxes.

Net cash used in investing activities increased by 9.5 billion yen to 165.7 billion yen, mainly due to an increase of capital expenditures and a decrease of revenues from sales of fixed assets.

Net cash used in financing activities decreased by 42.5 billion yen to 96.3 billion yen, due to a 52.1 billion yen reduction of the total long-term debt, which was a smaller reduction than in the same period ended December 31, 2002.

As a result, the balance of cash and cash equivalent as of December 31, 2003 decreased by 8.3 billion yen to 134.8 billion yen compared with the amount as of March 31, 2003.

The balance of the total long-term debt as of December 31, 2003 was 4,065.5 billion yen.

## **Outlook for the Fiscal Year Ending March 31, 2004**

As of the date of this report, the operating revenue forecast for the whole of the current term has been reduced by 10.0 billion yen from the figure announced on November 14, 2003 to 2,550.0 billion yen. JR East does not anticipate any major deviation from the projection of ordinary income and net income.

# Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2003 (As of March 31, 2003)	Fiscal 2004, 3rd Quarter (As of December 31, 2003)	Increase (Decrease)	Fiscal 2003, 3rd Quarter (As of December 31, 2002)
<b>ASSETS</b>				
<b>Current Assets</b> .....	¥ 438,996	¥ 427,425	¥ (11,570)	¥ 501,482
Cash and time deposits .....	127,315	135,102	7,786	207,402
Notes and accounts receivable–trade .....	132,147	108,616	(23,530)	114,987
Fares receivable .....	33,200	30,404	(2,795)	28,549
Short-term loans receivable .....	21,660	21,141	(518)	21,626
Securities .....	306	132	(174)	105
Real estate for sale .....	16,709	18,705	1,995	20,066
Inventories .....	27,372	47,914	20,541	45,030
Deferred income taxes .....	50,585	32,769	(17,816)	30,628
Other .....	31,221	34,286	3,064	34,476
Allowance for doubtful accounts .....	(1,523)	(1,645)	(122)	(1,391)
<b>Fixed Assets</b> .....	6,414,126	6,354,260	(59,866)	6,426,291
Property, plant and equipment, net of accumulated depreciation .....	6,014,066	5,917,898	(96,168)	6,043,401
Buildings and fixtures .....	3,070,152	2,984,625	(85,526)	3,056,255
Machinery, rolling stock and vehicles .....	624,640	610,591	(14,048)	607,287
Land .....	2,133,208	2,127,163	(6,045)	2,193,676
Construction in progress .....	144,665	155,221	10,556	147,327
Other .....	41,399	40,296	(1,102)	38,854
Intangible assets .....	91,173	89,444	(1,728)	88,288
Intangibles .....	87,095	86,145	(949)	83,988
Consolidation difference .....	4,078	3,299	(778)	4,299
Investments and other assets .....	308,886	346,916	38,030	294,600
Investments in securities .....	114,344	139,365	25,020	119,890
Long-term loans receivable .....	5,554	4,300	(1,254)	4,855
Long-term deferred income taxes .....	140,212	156,454	16,242	122,802
Other .....	50,110	48,355	(1,754)	48,253
Allowance for doubtful accounts .....	(1,335)	(1,560)	(224)	(1,201)
<b>Deferred Assets</b> .....	280	241	(38)	253
<b>Total Assets</b> .....	¥6,853,403	¥6,781,927	¥ (71,476)	¥6,928,027

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2003 (As of March 31, 2003)	Fiscal 2004, 3rd Quarter (As of December 31, 2003)	Increase (Decrease)	Fiscal 2003, 3rd Quarter (As of December 31, 2002)
<b>LIABILITIES</b>				
<b>Current Liabilities</b> .....	¥1,295,896	<b>¥1,023,885</b>	<b>¥(272,010)</b>	¥1,108,138
Notes and accounts payable–trade .....	62,545	<b>49,939</b>	<b>(12,605)</b>	65,385
Short-term loans and current portion of long-term loans ....	303,108	<b>178,537</b>	<b>(124,570)</b>	243,568
Current portion of long-term liabilities incurred for				
purchase of railway facilities .....	134,948	<b>136,019</b>	<b>1,071</b>	132,685
Payable .....	292,110	<b>173,549</b>	<b>(118,561)</b>	165,354
Accrued consumption tax .....	15,604	<b>10,988</b>	<b>(4,615)</b>	11,933
Accrued income taxes .....	97,029	<b>18,116</b>	<b>(78,912)</b>	47,850
Fare deposits received with regard to railway connecting				
services .....	15,260	<b>20,150</b>	<b>4,890</b>	15,170
Prepaid railway fares received .....	114,682	<b>105,555</b>	<b>(9,127)</b>	112,539
Allowance for bonuses to employees .....	82,087	<b>40,300</b>	<b>(41,786)</b>	40,876
Other .....	178,521	<b>290,728</b>	<b>112,207</b>	272,774
<b>Long-term Liabilities</b> .....	4,542,668	<b>4,650,313</b>	<b>107,645</b>	4,794,069
Bonds .....	893,860	<b>993,860</b>	<b>100,000</b>	893,860
Long-term loans .....	751,882	<b>770,968</b>	<b>19,085</b>	890,946
Long-term liabilities incurred for purchase of railway				
facilities .....	2,039,632	<b>1,986,758</b>	<b>(52,873)</b>	2,128,621
Long-term deferred tax liabilities .....	5,198	<b>3,913</b>	<b>(1,284)</b>	6,176
Accrued severance and retirement benefits .....	578,175	<b>596,908</b>	<b>18,732</b>	571,597
Other .....	273,919	<b>297,904</b>	<b>23,984</b>	302,868
<b>Total Liabilities</b> .....	5,838,565	<b>5,674,199</b>	<b>(164,365)</b>	5,902,207
<b>MINORITY INTERESTS</b> .....	32,982	<b>32,483</b>	<b>(498)</b>	35,626
<b>SHAREHOLDERS' EQUITY</b>				
<b>Common Stock</b> .....	200,000	<b>200,000</b>	—	200,000
<b>Capital Surplus</b> .....	96,600	<b>96,600</b>	—	96,600
<b>Retained Earnings</b> .....	679,195	<b>751,892</b>	<b>72,696</b>	684,488
<b>Net Unrealized Holding Gains on Securities</b> .....	6,511	<b>27,202</b>	<b>20,691</b>	9,556
<b>Treasury Stock, at Cost</b> .....	(451)	<b>(451)</b>	—	(451)
<b>Total Shareholders' Equity</b> .....	981,855	<b>1,075,244</b>	<b>93,388</b>	990,194
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b> ....	¥6,853,403	<b>¥6,781,927</b>	<b>¥ (71,476)</b>	¥6,928,027

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, 3rd Quarter (Nine months ended December 31, 2002)	Fiscal 2004, 3rd Quarter (Nine months ended December 31, 2003)	Increase (Decrease)	Fiscal 2003 (Year ended March 31, 2003)
<b>Operating Revenues</b> .....	¥1,909,810	<b>¥1,892,218</b>	<b>¥(17,591)</b>	¥2,565,670
<b>Operating Expenses</b> .....	1,609,966	<b>1,599,575</b>	<b>(10,391)</b>	2,222,575
Transportation, other services and cost of sales .....	1,243,700	<b>1,240,686</b>	<b>(3,013)</b>	1,712,628
Selling, general and administrative expenses .....	366,265	<b>358,888</b>	<b>(7,377)</b>	509,946
<b>Operating Income</b> .....	299,844	<b>292,643</b>	<b>(7,200)</b>	343,095
<b>Non-operating Income</b> .....	25,369	<b>23,190</b>	<b>(2,178)</b>	37,533
Interest and dividend income .....	1,576	<b>2,100</b>	<b>523</b>	1,788
Equity in net income of affiliated companies .....	791	<b>7</b>	<b>(783)</b>	323
Other .....	23,001	<b>21,082</b>	<b>(1,918)</b>	35,420
<b>Non-operating Expenses</b> .....	133,301	<b>124,056</b>	<b>(9,244)</b>	178,018
Interest expense .....	130,566	<b>121,620</b>	<b>(8,945)</b>	173,297
Other .....	2,735	<b>2,436</b>	<b>(299)</b>	4,721
<b>Ordinary Income</b> .....	191,911	<b>191,777</b>	<b>(133)</b>	202,609
<b>Extraordinary Gains</b> .....	36,099	<b>28,483</b>	<b>(7,615)</b>	126,536
Construction grants received .....	12,461	<b>17,947</b>	<b>5,485</b>	65,382
Other .....	23,637	<b>10,536</b>	<b>(13,101)</b>	61,154
<b>Extraordinary Losses</b> .....	44,071	<b>39,159</b>	<b>(4,911)</b>	135,738
Losses on reduction entry for construction grants .....	12,449	<b>17,935</b>	<b>5,486</b>	54,151
Other .....	31,621	<b>21,223</b>	<b>(10,397)</b>	81,587
<b>Income Before Income Taxes</b> .....	183,939	<b>181,101</b>	<b>(2,837)</b>	193,408
<b>Income Taxes</b>				
Current .....	99,703	<b>91,343</b>	<b>(8,359)</b>	150,113
Deferred .....	(21,400)	<b>(13,484)</b>	<b>7,915</b>	(57,607)
<b>Minority Interests in Net Income of Consolidated Subsidiaries</b> ...	2,356	<b>2,524</b>	<b>168</b>	2,915
<b>Net Income</b> .....	¥ 103,279	<b>¥ 100,717</b>	<b>¥ (2,561)</b>	¥ 97,986

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, 3rd Quarter <small>(Nine months ended December 31, 2002)</small>	<b>Fiscal 2004, 3rd Quarter</b> <small>(Nine months ended December 31, 2003)</small>	Fiscal 2003 <small>(Year ended March 31, 2003)</small>
<b>Cash Flows from Operating Activities</b>			
Income before income taxes .....	¥183,939	<b>¥181,101</b>	¥193,408
Depreciation .....	239,024	<b>238,676</b>	322,563
Amortization of long-term prepaid expense .....	3,321	<b>3,714</b>	4,532
Increase (Decrease) in accrued severance and retirement benefits .....	36,848	<b>18,684</b>	43,426
Interest and dividend income .....	(1,576)	<b>(2,100)</b>	(1,788)
Interest expense .....	130,566	<b>121,620</b>	173,297
Construction grants received .....	(12,461)	<b>(17,947)</b>	(65,382)
Loss from disposition and provision for cost reduction of fixed assets .....	26,800	<b>32,924</b>	86,233
Decrease (Increase) in major receivables .....	14,898	<b>21,915</b>	(2,887)
Increase (Decrease) in major payables .....	(41,011)	<b>(19,294)</b>	(15,233)
Other .....	(69,514)	<b>(54,108)</b>	(16,200)
Sub-total .....	510,834	<b>525,186</b>	721,969
Proceeds from interest and dividends .....	1,713	<b>2,254</b>	1,923
Payments of interest .....	(95,395)	<b>(86,878)</b>	(173,805)
Payments of income taxes .....	(115,923)	<b>(170,259)</b>	(116,783)
<b>Net cash provided by operating activities</b> .....	<b>301,228</b>	<b>270,303</b>	433,304
<b>Cash Flows from Investing Activities</b>			
Payments for purchases of fixed assets .....	(252,944)	<b>(257,484)</b>	(352,962)
Proceeds from sales of fixed assets .....	24,956	<b>11,835</b>	81,343
Proceeds from construction grants .....	47,618	<b>62,913</b>	60,842
Payments for purchases of investments in securities .....	(1,305)	<b>(2,904)</b>	(12,408)
Proceeds from sales of investments in securities .....	18,446	<b>13,240</b>	19,398
Other .....	7,008	<b>6,648</b>	7,364
<b>Net cash used in investing activities</b> .....	<b>(156,220)</b>	<b>(165,751)</b>	(196,421)
<b>Cash Flows from Financing Activities</b>			
Proceeds from long-term loans .....	123,670	<b>85,000</b>	123,670
Proceeds from issuance of bonds .....	115,982	<b>99,922</b>	115,982
Payments of long-term debt and long-term liabilities incurred for purchase of railway facilities .....	(336,225)	<b>(237,059)</b>	(502,158)
Cash dividends paid .....	(26,000)	<b>(28,000)</b>	(26,000)
Other .....	(16,310)	<b>(16,188)</b>	(22,152)
<b>Net cash used in financing activities</b> .....	<b>(138,883)</b>	<b>(96,326)</b>	(310,658)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b> .....	6,125	<b>8,225</b>	(73,775)
<b>Cash and Cash Equivalents at Beginning of the Period</b> .....	200,021	<b>126,478</b>	200,021
<b>Increase due to Addition of Consolidated Subsidiaries, and Other</b> .....	232	<b>172</b>	232
<b>Cash and Cash Equivalents at End of the Period</b> .....	<b>¥206,378</b>	<b>¥134,875</b>	¥126,478

Note: Amounts less than one million yen are omitted.



# Segment Information (Unaudited)

## Segment Information by Business Activities

Nine months ended December 31, 2002 and 2003	Millions of Yen						Consolidated
	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	
<b>Fiscal 2003, 3rd Quarter</b>							
Operating revenues							
Outside customers .....	¥1,348,417	¥279,203	¥128,057	¥154,131	¥1,909,810	¥ —	¥1,909,810
Inside group .....	38,591	7,299	5,302	198,962	250,155	(250,155)	—
<b>Total .....</b>	<b>1,387,008</b>	<b>286,503</b>	<b>133,359</b>	<b>353,094</b>	<b>2,159,965</b>	<b>(250,155)</b>	<b>1,909,810</b>
Costs and expenses .....	1,150,799	264,684	98,922	344,503	1,858,909	(248,943)	1,609,966
<b>Operating income .....</b>	<b>¥ 236,209</b>	<b>¥ 21,818</b>	<b>¥ 34,437</b>	<b>¥ 8,590</b>	<b>¥ 301,056</b>	<b>¥ (1,211)</b>	<b>¥ 299,844</b>

## Fiscal 2004, 3rd Quarter

Operating revenues							
Outside customers .....	¥1,345,673	¥276,074	¥131,135	¥139,335	¥1,892,218	¥ —	¥1,892,218
Inside group .....	39,222	7,111	5,431	187,316	239,081	(239,081)	—
<b>Total .....</b>	<b>1,384,896</b>	<b>283,186</b>	<b>136,566</b>	<b>326,651</b>	<b>2,131,300</b>	<b>(239,081)</b>	<b>1,892,218</b>
Costs and expenses .....	1,158,155	262,402	100,440	316,794	1,837,793	(238,218)	1,599,575
<b>Operating income .....</b>	<b>¥ 226,740</b>	<b>¥ 20,783</b>	<b>¥ 36,126</b>	<b>¥ 9,857</b>	<b>¥ 293,506</b>	<b>¥ (862)</b>	<b>¥ 292,643</b>

Year ended March 31, 2003	Millions of Yen						Consolidated
	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	
<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.

## [REFERENCE]

### Consolidated Principal Indicators

	Fiscal 2003, 3rd Quarter (Nine months ended December 31, 2002)	Fiscal 2003 (Year ended March 31, 2003)	Fiscal 2004, 3rd Quarter (Nine months ended December 31, 2003)	Increase (Decrease)		Fiscal 2006 (Year ending March 31, 2006) goals in medium-term business plan ("New Frontier 21")
	A	B	C	C-A	C-B	
Free cash flows (FCF) [Billions of yen] .....	145.0	236.8	<b>104.5</b>	<b>(40.4)</b>	—	200.0
Return on average equity (ROE) [%] .....	10.8	10.2	<b>9.8</b>	<b>(1.0)</b>	—	10.0
Ratio of operating income to average assets (ROA) [%] .....	4.3	4.9	<b>4.3</b>	<b>(0.0)</b>	—	5.5
Equity ratio [%] .....	14.3	14.3	<b>15.9</b>	<b>1.6</b>	<b>1.5</b>	
Earnings per share [yen] .....	25,824.76	24,453.48	<b>25,184.23</b>	<b>(640.53)</b>	—	
Shareholders' equity per share [yen] .....	247,595.86	245,463.20	<b>268,862.51</b>	<b>21,266.65</b>	<b>23,399.31</b>	
Total long-term debt [Billions of yen] .....	4,283.4	4,117.5	<b>4,065.5</b>	<b>(217.9)</b>	<b>(52.0)*</b>	
Average interest rates [%] .....	4.01	4.02	<b>3.93</b>	<b>(0.08)</b>	<b>(0.10)</b>	
Net interest expense [Billions of yen] .....	(128.9)	(171.5)	<b>(119.5)</b>	<b>9.4</b>	—	
Capital expenditures [Billions of yen] .....	155.3	307.5	<b>161.3</b>	<b>5.9</b>	—	

\*The difference from decrease of consolidated long-term liabilities (52.1 billion yen) incurred from discounts on bonds.

### Consolidated Business forecast for Fiscal 2004

	Billions of yen			%	
	Actual Fiscal 2003 (Year ended March 31, 2003)	Forecast Fiscal 2004 (Year ending March 31, 2004)	Change		
	A	B	Increase (Decrease) B-A	B/Ax100	
Operating revenues .....	¥2,565.6	[¥2,560.0] <b>¥2,550.0</b>	<b>¥(15.6)</b>	<b>99.4%</b>	
Operating income .....	343.0	[345.0] <b>345.0</b>	<b>1.9</b>	<b>100.6</b>	
Ordinary income .....	202.6	[212.0] <b>212.0</b>	<b>9.3</b>	<b>104.6</b>	
Net income .....	97.9	[114.0] <b>114.0</b>	<b>16.0</b>	<b>116.3</b>	

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

Note: 1) Figures in [ ] are from the performance forecast which was announced in November 2003.

2) Amounts less than 100 million yen are omitted.

## Passenger Kilometers/Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions		%		Billions of yen		%	
	Fiscal 2003, 3rd Quarter (Nine months ended December 31, 2002) A	Fiscal 2004, 3rd Quarter (Nine months ended December 31, 2003) B	Change		Fiscal 2003, 3rd Quarter (Nine months ended December 31, 2002) C	Fiscal 2004, 3rd Quarter (Nine months ended December 31, 2003) D	Change	
		Increase (Decrease) B-A	B/AX100			Increase (Decrease) D-C	D/CX100	
<b>SHINKANSEN BULLET TRAIN NETWORK</b>								
Commuter Passes .....	1,171	1,180	9	100.8 %	16.1	16.2	0.1	100.7 %
Other .....	12,392	12,954	561	104.5	327.1	334.3	7.1	102.2
Total .....	13,563	14,135	571	104.2 %	343.3	350.5	7.2	102.1 %
<b>CONVENTIONAL LINES</b>								
Commuter Passes .....	53,953	53,746	(206)	99.6 %	351.8	349.7	(2.0)	99.4 %
Other .....	27,462	27,357	(104)	99.6	559.7	553.6	(6.1)	98.9
Total .....	81,415	81,104	(311)	99.6 %	911.6	903.4	(8.1)	99.1 %
<b>TOTAL</b>								
Commuter Passes .....	55,124	54,926	(197)	99.6 %	368.0	366.0	(1.9)	99.5 %
Other .....	39,854	40,312	457	101.1	886.9	888.0	1.0	100.1
Total .....	94,979	95,239	260	100.3 %	1,254.9	1,254.0	(0.9)	99.9 %

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.