

Fiscal 2005 Semi-Annual Consolidated Financial Results (Unaudited)

Fiscal 2005 (Year ending March 31, 2005)

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 12, 2004

East Japan Railway Company

Stock Exchange Listings

Tokyo, Osaka, and Nagoya

Securities Code

9020

Location of the Head Office

Tokyo, Japan

URL

<http://www.jreast.co.jp/e>

Representative

Mutsutake Otsuka, President and CEO

Contact Person

Mitsuo Higashi, General Manager,
Public Relations Department (Tel. +81-3-5334-1300)

Date of the Meeting of the Board of Directors for
Fiscal 2005 Semi-Annual Consolidated Financial Results

November 12, 2004

U.S. GAAP

Not used

1. Results of Fiscal 2005 Semi-Annual (April 1, 2004—September 30, 2004)

(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 2005 semi-annual	1,269,549	1.1	221,977	13.6	151,982	26.4	82,364	35.7
Fiscal 2004 semi-annual	1,256,249	-1.0	195,363	-3.0	120,215	-4.3	60,700	-3.9
Fiscal 2004	2,542,297	—	351,419	—	225,365	—	119,866	—

	Earnings per share —basic	Earnings per share —diluted
	Yen	Yen
Fiscal 2005 semi-annual	20,609.57	—
Fiscal 2004 semi-annual	15,178.09	—
Fiscal 2004	29,928.14	—

Notes: 1. Equity in net income (loss) of affiliated companies: Fiscal 2005 semi-annual 850 million yen, Fiscal 2004 semi-annual (512) million yen, Fiscal 2004 351 million yen

2. Average number of shares outstanding in each period (consolidated): Fiscal 2005 semi-annual 3,996,414 shares, Fiscal 2004 semi-annual 3,999,235 shares, Fiscal 2004 3,999,235 shares

3. Changes in accounting methods: Yes

4. Percentages for operating revenues, operating income, ordinary income, and net income for Fiscal 2005 semi-annual represent changes compared with the interim period ended September 30, 2003. 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.

(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 2005 semi-annual	6,729,109	1,155,612	17.2	289,689.91
Fiscal 2004 semi-annual	6,762,986	1,042,886	15.4	260,771.50
Fiscal 2004	6,781,692	1,100,175	16.2	275,052.28

Note: Number of shares outstanding at the end of each period (consolidated): Fiscal 2005 semi-annual 3,989,135 shares, Fiscal 2004 semi-annual 3,999,235 shares, Fiscal 2004 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
Fiscal 2005 semi-annual	197,134	(126,473)	(83,552)	70,066
Fiscal 2004 semi-annual	151,857	(123,538)	(62,475)	92,450
Fiscal 2004	387,060	(234,591)	(196,192)	82,935

(4) Scope of consolidation and equity method

Number of consolidated subsidiaries	94 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:	5 companies
Equity method companies	
Newly included:	—
Excluded:	—

2. Forecast for Fiscal 2005 (Year ending March 31, 2005)

	Operating revenues	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Fiscal 2005	2,561,000	211,000	133,000

(Reference) Earnings per share: 33,279.19 yen

Note: The effect of the Niigata Chuetsu Earthquake has not been included.

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 railway services, (ii) JR East's ability to improve the profitability of railway and other operations, (iii) JR East's ability to expand non-transportation 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 strives to fulfill its obligations to shareholders by providing high-quality, advanced services based on sound management practices, with railway operations as its core field of business. To that end, every employee of JR East endeavors to provide safe, punctual transportation; to supply convenient, high-quality products; and to 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

On November 29, 2000, JR East announced its medium-term business plan, “New Frontier 21,” which covers the period from fiscal 2002 to fiscal 2006. In this plan, JR East aims to be a corporate group that strives to create life-style services trusted by its customers through corporate activities open to the global market, i.e., a “Trusted Life-Style Service Creating Group.”

In more detail, management will be guided by 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 value.” JR East has set five numerical goals.

Numerical Goals	(Reference) Fiscal 2004 Actual	Fiscal 2006 Target
Consolidated free cash flows	¥152.4 billion	¥200.0 billion
Consolidated ROE (return on average equity)	11.5%	10.0%
Consolidated ROA (ratio of operating income to average assets)	5.2%	5.5%
Reduction of nonconsolidated total long-term debt	Reduction of ¥632.4 billion in 3 years	Reduction of ¥750.0 billion over 5 years (¥500.0 billion reduction in 3 years)
Reduction of employees of parent company	Reduction of 6,518 in 3 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 a “Trusted Life-Style Service Creating Group” by promoting rapid management. JR East is working to enhance the safety and reliability of its railway operations and to develop non-transportation business (Station space utilization segment, Shopping centers & office building 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 further strengthening its disclosure activities and, through the measures discussed above, fulfill its obligations to shareholders by establishing a sound management base capable of maintaining stable dividend payments.

Further, the Niigata Chuetsu Earthquake on October 23, 2004, significantly damaged JR East's Shinkansen lines, conventional lines, power plants, and other facilities, inconveniencing and causing concern among JR East's shareholders, customers, and other stakeholders. JR East is making concerted efforts to completely restore services at the earliest possible date. Furthermore, JR East has established a panel of experts to assess earthquake damage. In conjunction with those efforts, JR East will continue to further strengthen earthquake countermeasures and safety measures.

(3) Philosophy and Policy Regarding Reduction in the Investment Unit

JR East recognizes that reducing the investment unit to enable buying and selling of shares by a wide range of investors is a useful measure for the establishment of an active equity market.

As of September 30, 2004, the share price of JR East exceeded the investment unit of ¥500,000, which the Tokyo Stock Exchange regards as a benchmark for investment unit prices. However, many shareholders hold JR East's shares and trading on the stock market is active. Accordingly, JR East is not considering of reducing the investment unit at this time. In future, JR East will review this decision, when necessary, in consideration of the trends in the share price and the number of shareholders.

(4) Corporate Governance—Philosophy and Measures

Corporate Governance Philosophy

To maintain its status as a corporate group trusted by all stakeholders, including shareholders, JR East has positioned the improvement of corporate governance as one of its most important management issues.

Specifically, to improve soundness, efficiency, and transparency of management, JR East has established appropriate structures and instituted required measures for 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

(a) Current State of Corporate Institutions

JR East had a board of 23 directors, including two outside corporate directors, as of September 30, 2004. They make decisions about important operational matters, including legal requirements, and supervise the performance of JR East's operations. In accordance with policies determined by the Board of Directors, under the board there is an Executive Committee made up of all directors with executive functions. Its task is to deliberate on important management issues, including matters to be decided by the full 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.

In order to facilitate more active discussions at meetings of the Board of Directors and to enhance the flexibility and speed of decision making, in June 2003 the shareholders' annual meeting decided to reduce the number of directors from 31 to 27. And, in June 2004 that meeting decided to further downsize the board by reducing the number of directors to 23.

The Board of Corporate Auditors consists of two full-time corporate auditors and three corporate auditors, for a total of five. Four of them are outside corporate auditors. In accordance with policies determined by the Board of Corporate Auditors, the auditors audit the performance of directors' duties through attendance at various meetings, including meetings of the Board of Directors and the Executive Committee, and through surveys of operations and assets. They also hold regular meetings with the auditors of group companies in order to share audit-related information. Full-time employees are assigned 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.

In addition, JR East discontinued the directors' retirement bonus system at the end of the shareholders' annual meeting in June 2004.

(b) Current State of Internal Control System

JR East's internal control system makes full use of external checks.

To ensure management transparency and bolster supervision, JR East has appointed outside directors and outside corporate auditors with extensive experience and expertise in various business fields.

The accounts of JR East are audited under contract with an audit corporation, AZSA & Co. Audits are carried out during and at the end of each fiscal year.

Regarding internal audits, the Inquiry & Audit Department at the head office and the Inquiry & Audit divisions at branch offices have established an auditing system to ensure that all activities are performed efficiently and in accordance with laws. The Inquiry & Audit Department also audits group companies.

In compliance, centered on the Legal Department, potential legal problems within the company are detected as early as possible and advice from compliance experts, including attorneys at law, is obtained as necessary. JR East works to ensure that corporate operations are carried out in a legal manner. Regular training programs are provided for the legal administrative and legal staff of group companies as part of JR East's ongoing efforts to improve awareness of compliance and to develop human resources. In addition, JR East's work regulations include a basic code of practice for employees. Moreover, JR East has formulated guidelines to reinforce discipline among all employees and to ensure that operations are managed equitably.

(c) Current State of Risk Management System

In railway operations, through such steps as the strengthening of facilities and the training of employees, JR East employs a range of risk management measures, such as those for accident prevention, disaster prevention, and the early restoration of services following transportation interruptions. In particular, such systems as the Transportation Operation Center, which operates 24 hours a day, enable JR East to respond rapidly and appropriately to accidents or disasters. Further, JR East is incorporating its accumulated experience to hone risk management. Faced with an increasingly advanced and complex railway network, JR East formed the Transportation Reliability Improvement Committee in March 2004, which is tasked with building a highly reliable transportation system.

Primary responsibility for the management of risk associated with external criminal acts and improprieties that could have a significant impact on JR East's operations lies with the Crisis Management Headquarters, established in January 2001. That headquarters coordinates closely with all related departments. In the event of such a problem arising, the Crisis Management Headquarters, in collaboration with senior management, rapidly sets up an initial action task force that prevents delayed responses stemming from confused or inadequate communication.

(d) Others

Disclosure

JR East actively discloses information through public relations and investor relations activities while using web sites and other resources to enhance the timeliness and content of important corporate information disclosures.

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 relationships with JR East.

Initiatives to Improve Corporate Governance over the Past Year

In order to further activate discussions at meetings of the Board of Directors and to enhance the flexibility and speed of decision making, the number of directors has been reduced. At the shareholders' annual meeting in June 2004, JR East reduced the number of directors from 27 to 23.

Operating Results and Financial Position

Unless otherwise stated, descriptions of operating results and financial position in the interim period ended September 30, 2004, are comparisons with the interim period ended September 30, 2003.

(1) Summary

Overview

During the interim period ended September 30, 2004, the Japanese economy continued to recover steadily. While the unemployment situation remained harsh, there were signs of a pickup in employment. Characterized by buoyant capital expenditure and exports and rising production, the ongoing private sector upturn began to benefit the household sector. As a result, consumer spending increased modestly.

In response to those business conditions, JR East and its consolidated subsidiaries and equity method affiliated companies made a concerted effort to enhance services and raise revenues. At the same time, JR East and those companies took steps to improve operational efficiency by rigorously reducing costs and streamlining assets.

Due to the abovementioned initiatives, transportation, station space utilization, and shopping centers & office buildings posted higher revenues. Consequently, operating revenues were up 1.1%, to ¥1,269.5 billion. Operating income increased 13.6%, to ¥221.9 billion, as a result of such factors as reduced personnel expenses. Ordinary income increased 26.4%, to ¥151.9 billion, because of factors including lower interest payments that were attributable to decreased interest-bearing debt. JR East recorded 35.7% improvement in net income, to ¥82.3 billion, which was associated with higher gain on sales of investment in securities such as Vodafone K.K. shares and other factors.

Business Segment Information

Transportation

In transportation, JR East focused on railway operations in efforts to promote usage and grow revenues by leveraging its Shinkansen network and conventional line network in the Tokyo metropolitan area.

Specifically, JR East increased train services during the May holiday and summer holiday periods. At the same time, JR East promoted *Yamagata Destination Campaign* and *Japanese Beauty Hokuriku Campaign*, which capitalize on JR East's Shinkansen network. Also, JR East sought to generate further tourist demand in such areas as Tohoku and Hokuriku by promoting "local line trips" and encouraged railway usage by developing packages tied in with JR East's services offering of the latest tourist information on Tokyo. Further, JR East enhanced the convenience of Suica—a large-scale IC card automatic fare collecting system—by introducing mutual usage with West Japan Railway Company's ICOCA IC card from August 2004. In bus services, JR East bolstered competitiveness by bringing new products to market and through other initiatives. JR East also strengthened the competitiveness of monorail operations by taking measures that included significantly increasing rapid services.

As a result of the abovementioned efforts, railway traffic volumes rose, and operating revenues edged up 0.3%, to ¥927.4 billion. Operating income increased 15.8%, to ¥179.3 billion, due to reduced personnel expenses and other factors.

Station Space Utilization

JR East continued to implement its Station Renaissance program, which aims to create new station environments for the 21st century. Guided by that program, JR East unveiled *Dila Soga* shopping mall in Chiba Prefecture and the *Sushi Dori* restaurant in Miyagi Prefecture. Moreover, JR East renewed existing stores while expanding its network of NEWDAYS convenience stores. Further, in Tokyo JR East initiated station kiosk outlets that are wrapped in advertisements and launched an *Ekibenya Umaimon* lunch box store.

Thanks to those initiatives, the segment achieved a 1.8% increase in operating revenues, to ¥190.1 billion. However, expenses associated with the introduction of new information systems and other factors offset that upturn, and operating income declined 4.2%, to ¥12.7 billion.

Shopping Centers and Office Buildings

JR East renewed existing shopping centers, including *FES'AN* in Iwate Prefecture, *PRIMO* in Tokyo, *Kichijoji LONLON* in Tokyo, and *Lumine Chigasaki* in Kanagawa Prefecture. For all of its shopping centers, JR East aggressively sought to attract major tenants that have the ability to draw customers.

Also, JR East took steps to strengthen the segment's marketing capabilities and financial structures by restructuring group companies. In those initiatives, which included four mergers involving nine shopping center management companies, JR East merged The EKIBIRU Development Co. TOKYO with Kameido Station Building Co., Ltd., and Meguro Station Building Co., Ltd.; Sendai Terminal Building Co., Ltd., with Koriyama Station Building Co., Ltd.; Utsunomiya Station Development Co., Ltd., with Oyama Station Development Co., Ltd.; and Akita Station Department Store Co., Ltd., (currently Akita Station Building Co., Ltd.) with Akita Terminal Building Co., Ltd.

Consequently, operating revenues grew 4.3%, to ¥93.1 billion, while operating income rose 14.2%, to ¥25.5 billion.

Other Services

In hotels, JR East worked to strengthen hotel chain operational functions by splitting Ikebukuro Terminal Building Co., Ltd., to create Hotel Metropolitan Co., Ltd., as a subsidiary specializing in and at the hub of JR East's hotel chain operations.

In advertising, JR East introduced advertising methods that enable more efficient promotion of station store lineups by optimally combining station posters and transportation-based media such as railcar body advertising.

In housing development and sales, JR East continued selling such housing properties as *View Verger Annaka Haruna* in Gunma Prefecture and began marketing *View Park Itabashi Yayoi Cho* condominiums in Tokyo.

In credit card business, JR East continued to actively recruit new members, securing more than 140,000 new cardholders during the interim period. Also, JR East strove to increase the number of stores participating in its *Suica* electronic money shopping service. In addition to stores in stations, JR East began offering that service at downtown stores from September 2004.

Despite those achievements, operating revenues decreased 5.9%, to ¥205.3 billion, mainly due to such factors as East Japan Railway Trading Co., Ltd.'s change from direct trading of railway materials with JR East to consignment operations in July 2003. Combined with lower earnings from the publishing and information services businesses, that change led to a 22.4% decrease in operating income, to ¥4.1 billion.

Cash Flows

Net cash provided by operating activities was up ¥45.2 billion to ¥197.1 billion, mainly due to increased income before income taxes.

Net cash used in investing activities grew ¥2.9 billion to ¥126.4 billion, which was attributable to such factors as increased payments for purchases of fixed assets.

Net cash used in financing activities rose ¥21.0 billion to ¥83.5 billion, because advance payment for redemption of bonds and other factors counteracted a ¥16.5 billion reduction of total long-term debt that was less than in the previous interim period.

As a result, cash and cash equivalents declined ¥12.8 billion from the previous fiscal year-end to ¥70.0 billion.

Further, total long-term debt as of September 30, 2004, was ¥3,958.0 billion

Trends in Cash Flow Indicators

	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005 semi-annual
Equity ratio (%)	13.3	14.3	16.2	17.2
Equity ratio by market value basis (%)	31.3	30.2	32.3	33.8
Years to debt redemption (years)	9.5	9.4	10.1	—
Interest coverage ratio	2.4	2.5	2.4	2.7

Notes: 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/Net cash provided by operating activities (not included for the interim period)

Interest coverage ratio: Net cash provided by operating activities/payments of interest

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 period.

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 decided on November 12, 2004, to pay an interim dividend of ¥3,000 per share, which will be paid from December 10, 2004.

Retained earnings for the interim period ended September 30, 2004, will be used to reduce total long-term debt and improve JR East's financial position. JR East will continue striving to improve its business performance and to establish a strong operating base that can support stable dividend payments.

(2) Outlook for the Year Ending March 31, 2005

JR East is determined to meet the expectations of shareholders, customers, and regional communities through increased management efforts.

The year ending March 31, 2005, will be the fourth year of the medium-term business plan, "New Frontier 21." To the greatest extent possible, JR East will strive to achieve the plan's goals ahead of schedule and will formulate a new medium-term management plan that will start from fiscal 2006.

In the second half of fiscal 2005, ending March 31, 2005, JR East will strengthen the competitiveness of its transportation services in the Tokyo metropolitan area by concentrating on network enhancement and the introduction of new railcars. In addition, JR East will pursue bold sales promotions of its Shinkansen network. Also, plans call for the active development of non-transportation business by leveraging stations—JR East's largest resource. At the same time, JR East will advance other large-scale projects that contribute to the revitalization of urban areas, such as its plan for the development of the Tokyo station district. Meanwhile, JR East aims to enhance the convenience of Suica by expanding the range of services offered and increasing the number of stores in which Suica can be used for shopping.

Fiscal 2005 forecasts

Operating revenues:	¥2,561.0 billion	(0.7% year-on-year increase)
Ordinary income:	¥211.0 billion	(6.4% year-on-year decrease)
Net income:	¥133.0 billion	(11.0% year-on-year increase)

Further, due to the difficulty of preparing estimates at the present juncture, the effect of the October 23, 2004, Niigata Chuetsu Earthquake has not been included in the above forecast. However, for the full fiscal year JR East expects to account for a decline in operating revenues. Associated with restoration costs, JR East anticipates decreases in ordinary income and net income.

JR East plans to pay cash dividends of ¥6,000 per share for the year ending March 2005, including an interim cash dividend of ¥3,000 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 railway services, (ii) JR East's ability to improve the profitability of railway and other operations, (iii) JR East's ability to expand non-transportation operations and (iv) general changes in economic conditions and laws, regulations and government policies in Japan.

Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen			
	Fiscal 2004 (As of March 31, 2004)	Fiscal 2005 semi-annual (As of September 30, 2004)	Increase (Decrease)	Fiscal 2004 semi-annual (As of September 30, 2003)
ASSETS				
Current Assets	¥ 389,101	¥ 420,400	¥ 31,299	¥ 399,374
Cash and time deposits	83,142	70,267	(12,874)	92,666
Notes and accounts receivable-trade	120,789	107,535	(13,254)	97,743
Fares receivable	35,016	39,133	4,117	36,545
Short-term loans receivable	22,130	21,366	(764)	21,991
Securities	31	199	167	157
Real estate for sale	12,005	12,484	478	17,223
Inventories	39,068	48,880	9,811	43,923
Deferred income taxes	55,270	58,146	2,876	59,502
Other	23,365	64,094	40,728	31,196
Allowance for doubtful accounts	(1,719)	(1,707)	12	(1,576)
Fixed Assets	6,392,390	6,308,468	(83,922)	6,363,397
Property, plant and equipment, net of accumulated depreciation	5,938,724	5,843,506	(95,218)	5,938,839
Buildings and fixtures	3,018,769	2,951,482	(67,287)	3,010,188
Machinery, rolling stock and vehicles	618,992	620,197	1,204	606,005
Land	2,117,483	2,079,441	(38,042)	2,128,691
Construction in progress	140,068	149,498	9,430	152,813
Other	43,410	42,886	(523)	41,140
Intangible assets	96,935	94,828	(2,107)	90,266
Intangibles	93,594	91,794	(1,800)	86,743
Consolidation difference	3,340	3,033	(307)	3,522
Investments and other assets	356,730	370,133	13,403	334,291
Investments in securities	147,381	131,461	(15,920)	132,502
Long-term loans receivable	4,009	3,652	(356)	4,364
Long-term deferred income taxes	159,701	189,744	30,042	149,941
Other	47,451	47,052	(399)	49,078
Allowance for doubtful accounts	(1,813)	(1,777)	36	(1,594)
Deferred Assets	200	240	39	214
Total Assets	¥6,781,692	¥6,729,109	¥ (52,583)	¥6,762,986

Note: Amounts less than one million yen are omitted.

Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen			
	Fiscal 2004 (As of March 31, 2004)	Fiscal 2005 semi-annual (As of September 30, 2004)	Increase (Decrease)	Fiscal 2004 semi-annual (As of September 30, 2003)
LIABILITIES				
Current Liabilities	¥1,069,746	¥ 976,154	¥ (93,591)	¥1,073,556
Notes and accounts payable—trade	50,988	37,373	(13,615)	41,762
Short-term loans and current portion of long-term loans	124,516	134,451	9,934	228,861
Current portion of long-term liabilities incurred for purchase of railway facilities	143,178	144,059	881	136,019
Payable	288,368	144,847	(143,521)	151,494
Accrued consumption tax	13,397	7,951	(5,445)	11,172
Accrued income taxes	68,479	95,577	27,098	76,911
Fare deposits received with regard to railway connecting services	14,999	15,737	737	17,379
Prepaid railway fares received	104,909	112,424	7,514	124,402
Allowance for bonuses to employees	80,398	84,737	4,338	87,459
Other	180,510	198,994	18,484	198,093
Long-term Liabilities	4,582,283	4,567,415	(14,868)	4,614,878
Bonds	1,033,860	1,103,860	70,000	933,860
Long-term loans	782,094	734,498	(47,595)	799,017
Long-term liabilities incurred for purchase of railway facilities	1,891,024	1,841,287	(49,736)	1,986,758
Long-term deferred tax liabilities	3,781	1,704	(2,076)	4,473
Accrued severance and retirement benefits	595,568	601,710	6,142	592,043
Other	275,954	284,353	8,398	298,725
Total Liabilities	5,652,029	5,543,569	(108,460)	5,688,435
MINORITY INTERESTS	29,486	29,927	440	31,665
SHAREHOLDERS' EQUITY				
Common Stock	200,000	200,000	—	200,000
Capital Surplus	96,600	96,600	—	96,600
Retained Earnings	771,232	841,551	70,318	723,887
Net Unrealized Holding Gains on Securities	32,794	24,224	(8,569)	22,849
Treasury Stock, at Cost	(451)	(6,763)	(6,312)	(451)
Total Shareholders' Equity	1,100,175	1,155,612	55,436	1,042,886
Total Liabilities, Minority Interests and Shareholders' Equity	¥6,781,692	¥6,729,109	¥ (52,583)	¥6,762,986

Note: Amounts less than one million yen are omitted.

Consolidated Statements of Income (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen			
	Fiscal 2004 semi-annual (Six months ended September 30, 2003)	Fiscal 2005 semi-annual (Six months ended September 30, 2004)	Increase (Decrease)	Fiscal 2004 (Year ended March 31, 2004)
Operating Revenues	¥1,256,249	¥1,269,549	¥ 13,300	¥2,542,297
Operating Expenses	1,060,885	1,047,572	(13,312)	2,190,877
Transportation, other services and cost of sales	822,149	808,911	(13,237)	1,695,025
Selling, general and administrative expenses	238,736	238,661	(75)	495,851
Operating Income	195,363	221,977	26,613	351,419
Non-Operating Income	8,841	7,418	(1,422)	38,706
Interest and dividend income	1,998	1,036	(962)	2,210
Equity in net income of affiliated companies	—	850	850	351
Other	6,842	5,531	(1,311)	36,143
Non-Operating Expenses	83,990	77,413	(6,577)	164,760
Interest expense	81,683	75,866	(5,817)	160,943
Equity in net losses of affiliated companies	512	—	(512)	—
Other	1,794	1,546	(247)	3,816
Ordinary Income	120,215	151,982	31,767	225,365
Extraordinary Gains	19,568	50,418	30,849	112,960
Gain on sales of investment in securities	4,035	39,511	35,476	12,816
Construction grants received	12,546	6,697	(5,848)	79,708
Other	2,987	4,209	1,222	20,436
Extraordinary Losses	30,586	55,125	24,538	115,461
Losses on reduction entry for construction grants ..	12,539	6,619	(5,919)	73,188
Impairment losses on fixed assets	—	38,183	38,183	—
Other	18,047	10,322	(7,724)	42,273
Income before Income Taxes	109,197	147,275	38,078	222,864
Income Taxes				
Current	77,191	92,373	15,181	142,900
Deferred	(30,242)	(28,633)	1,609	(42,969)
Minority Interests in Net Income of Consolidated Subsidiaries	1,547	1,171	(375)	3,067
Net Income	¥ 60,700	¥ 82,364	¥ 21,663	¥ 119,866

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 2004 semi-annual (Six months ended September 30, 2003)	Fiscal 2005 semi-annual (Six months ended September 30, 2004)	Increase (Decrease)	Fiscal 2004 (Year ended March 31, 2004)
CAPITAL SURPLUS				
Capital Surplus at Beginning of the Period	¥96,600	¥96,600	¥—	¥96,600
Capital Surplus at End of the Period	¥96,600	¥96,600	¥—	¥96,600
RETAINED EARNINGS				
Retained Earnings at Beginning of the Period	¥679,195	¥771,232	¥ 92,036	¥679,195
Increase in Retained Earnings	60,883	82,495	21,612	120,227
Net income	60,700	82,364	21,663	119,866
Increase due to addition of consolidated subsidiaries, and other	182	131	(51)	176
Increase due to change in accounting period of consolidated subsidiaries	—	—	—	184
Decrease in Retained Earnings	16,190	12,176	(4,013)	28,190
Cash dividends	16,000	12,000	(4,000)	28,000
Bonuses to directors and corporate auditors	190	176	(13)	190
<i>Of which bonuses for corporate auditors</i>	[22]	[20]	[(1)]	[22]
Retained Earnings at End of the Period	¥723,887	¥841,551	¥117,663	¥771,232

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 2004 semi-annual (Six months ended September 30, 2003)	Fiscal 2005 semi-annual (Six months ended September 30, 2004)	Fiscal 2004 (Year ended March 31, 2004)
Cash Flows from Operating Activities			
Income before income taxes	¥109,197	¥ 147,275	¥ 222,864
Depreciation	157,724	155,960	322,300
Impairment losses on fixed assets	—	38,183	—
Amortization of long-term prepaid expense	2,416	2,287	5,202
Increase in accrued severance and retirement benefits	13,819	6,142	17,397
Interest and dividend income	(1,998)	(1,036)	(2,210)
Interest expense	81,683	75,866	160,943
Construction grants received	(12,546)	(6,697)	(79,708)
Gain on sales of investment in securities	—	(39,511)	(12,816)
Loss from disposition and provision for cost reduction of fixed assets	19,828	13,059	106,572
Decrease (Increase) in major receivables	27,734	11,171	2,242
Increase (Decrease) in major payables	(61,381)	(51,543)	(5,496)
Other	(10,078)	(12,364)	(19,182)
Sub-total	326,398	338,793	718,107
Proceeds from interest and dividends	2,128	1,162	2,367
Payments of interest	(79,358)	(74,320)	(162,567)
Payments of income taxes	(97,310)	(68,501)	(170,846)
Net cash provided by operating activities	151,857	197,134	387,060
Cash Flows from Investing Activities			
Payments for purchases of fixed assets	(191,093)	(205,187)	(374,642)
Proceeds from sales of fixed assets	8,119	6,252	34,683
Proceeds from construction grants	47,920	32,283	76,764
Payments for purchases of investments in securities	(2,861)	(1,691)	(6,637)
Proceeds from sales of investments in securities	12,339	41,908	23,056
Other	2,036	(39)	12,183
Net cash used in investing activities	(123,538)	(126,473)	(234,591)
Cash Flows from Financing Activities			
Proceeds from long-term loans	85,000	—	155,000
Proceeds from issuance of bonds	39,974	69,959	139,914
Payments of long-term debt and long-term liabilities incurred for purchase of railway facilities	(158,496)	(86,516)	(438,002)
Payments for acquisition of treasury stock	—	(6,312)	—
Cash dividends paid	(16,000)	(12,000)	(28,000)
Advance payment for redemption of bonds	—	(40,000)	—
Other	(12,952)	(8,683)	(25,104)
Net cash used in financing activities	(62,475)	(83,552)	(196,192)
Net Increase (Decrease) in Cash and Cash Equivalents	(34,156)	(12,891)	(43,722)
Cash and Cash Equivalents at Beginning of the Period	126,478	82,935	126,478
Increase due to Addition of Consolidated Subsidiaries, and Other	128	22	189
Decrease due to Change in Accounting Period of Consolidated Subsidiaries	—	—	(9)
Cash and Cash Equivalents at End of the Period	¥ 92,450	¥ 70,066	¥ 82,935

Note: Amounts less than one million yen are omitted.

Selected Notes to Consolidated Financial Statements

Accounting standards for impairment of fixed assets

In consolidated financial statements for fiscal years beginning after March 31, 2004, companies can adopt accounting standards and related guidelines for the impairment of fixed assets (“Opinion Concerning Establishment of Accounting Standards for Impairment of Fixed Assets,” Business Accounting Council, August 9, 2002; “ASB Guidance No.6,” Accounting Standards Board of Japan, October 31, 2003). In response, JR East adopted those standards and guidelines from the interim period ended September 30, 2004, which resulted in a ¥38,183 million reduction in income before income taxes.

For cumulative impairment losses, JR East deducted directly from respective asset amounts based on the revised regulation on interim consolidated financial statements.

Transfer of space usage rights in the premises of Tokyo station’s Marunouchi station building

On September 24, 2004, JR East concluded an agreement to transfer space usage rights (rights to assume and develop unused floor space based on a special area system’s building volume to lot ratios) for Tokyo station’s Marunouchi station building to Mitsubishi Estate Co., Ltd. The space usage rights will be transferred at a price of ¥26,685 million, and the transfer is scheduled to come into effect on March 31, 2005.

The conclusion of abovementioned agreement did not affect financial statements for the interim period ended September 30, 2004. However, for the full fiscal year, ending March 31, 2005, JR East expects to record ¥26,685 million in extraordinary gains for the transference of space usage rights.

Impairment losses on fixed assets

Interim period ended September 30, 2004

In adherence with management accounting classifications, JR East generally categorizes assets according to operations or properties. For railway business assets, JR East treats railway lines as a single asset group because the railway network generates cash flow as a whole. Also, JR East separately categorizes assets that are slated for elimination (such as employee housing) or idle.

For 156 such assets, mainly composed of assets that are slated to be disposed (such as employee housing) or idle, for which significant gaps had opened up between book values and actual values due to the continuing decline in land prices, JR East decided to lower book values to recoverable amounts. As a result, JR East recorded ¥38,183 million losses on impairment of fixed assets in extraordinary losses.

Area	Asset status	Asset type	Impairment loss
Tokyo and surrounding areas	125 assets mainly scheduled to be disposed or idle	Land, buildings, and fixtures	¥35,356 million
Other areas	31 assets mainly scheduled to be disposed or idle	Land, buildings, and fixtures	¥2,827 million

Regional breakdown of impairment loss

Tokyo and surrounding areas: ¥35,356 million (land, ¥31,212 million; buildings and fixtures, ¥3,931 million; other, ¥212 million)
Other areas: ¥2,827 million (land, ¥1,435 million; buildings and fixtures, ¥1,364 million; other, ¥27 million)

JR East determines recoverable amounts for the above asset groups by measuring the net selling prices or values in use.

Net selling prices used to measure recoverable amounts reasonably reflect assessed values of fixed assets or evaluations based on real estate appraisal benchmarks. Values in use for the measurement of recoverable amount are based on the present values of expected cash flows with the discount rate of 5.0%.

Segment Information (Unaudited)

Segment Information by Business Activities

Six months ended September 30, 2003 and 2004	Millions of Yen						
	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	Consolidated
Fiscal 2004 semi-annual							
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)	—
Total	924,397	186,715	89,309	218,067	1,418,489	(162,240)	1,256,249
Costs and expenses	769,506	173,452	66,973	212,659	1,222,591	(161,706)	1,060,885
Operating income	¥154,891	¥ 13,263	¥22,335	¥ 5,407	¥ 195,897	¥ (533)	¥ 195,363

Fiscal 2005 semi-annual

Operating revenues							
Outside customers	¥900,426	¥185,453	¥89,412	¥ 94,257	¥1,269,549	¥ —	¥1,269,549
Inside group	27,064	4,660	3,735	111,046	146,506	(146,506)	—
Total	927,491	190,113	93,147	205,304	1,416,056	(146,506)	1,269,549
Costs and expenses	748,165	177,411	67,629	201,108	1,194,315	(146,742)	1,047,572
Operating income	¥179,325	¥ 12,701	¥25,518	¥ 4,196	¥ 221,741	¥ 235	¥ 221,977

Year ended March 31, 2004	Millions of Yen						
	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	Consolidated
Fiscal 2004							
Operating revenues							
Outside customers	¥1,798,132	¥366,437	¥175,180	¥202,547	¥2,542,297	¥ —	¥2,542,297
Inside group	52,552	9,605	7,234	273,805	343,197	(343,197)	—
Total	1,850,684	376,043	182,414	476,352	2,885,494	(343,197)	2,542,297
Costs and expenses	1,587,913	348,892	136,142	458,411	2,531,360	(340,482)	2,190,877
Operating income	¥ 262,770	¥ 27,150	¥ 46,272	¥ 17,940	¥ 354,133	¥ (2,714)	¥ 351,419

Notes: 1. Amounts less than one million yen are omitted.

2. Classification of business

JR East's businesses are 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

Damage caused by the Niigata Chuetsu Earthquake

Centered on Niigata Prefecture, fixtures on the Joetsu Shinkansen line, conventional lines, power plants, and other facilities suffered significant damage as a result of the Niigata Chuetsu Earthquake on October 23, 2004. JR East is making concerted efforts to completely restore services at the earliest possible date.

At this juncture, it is difficult to project the effect on operating results and financial position. However, for the full fiscal year, ending March 31, 2005, JR East expects to account for a decrease in operating revenues and for costs stemming from repairs to damaged assets and other costs.

Conclusion of debt assumption agreement

Seeking to mitigate future interest burden, JR East concluded the following debt assumption agreement.

1. Date

Debt assumption agreement concluded on October 27, 2004

2. Details

(1) Affected bonds

- Issue: Straight bonds, second issue, East Japan Railway Company
- Issue date: March 6, 1995
- Coupon rate: 4.90% per annum
- Maturity date: February 25, 2015

(2) Nominal amounts

¥70,000 million

(3) Parties assuming debt

The Bank of Tokyo-Mitsubishi, Ltd.

Sumitomo Mitsui Banking Corporation

3. Effect

In the current fiscal year, ending March 31, 2005, JR East expects to record ¥24,002 million losses for redemption of bonds and a ¥1,394 million reduction in interest expense.

[REFERENCE]

Consolidated Principal Indicators

	Fiscal 2004 semi-annual (Six months ended September 30, 2003) (A)	Fiscal 2004 (Year ended March 31, 2004) (B)	Fiscal 2005 semi-annual (Six months ended September 30, 2004) (C)	Increase (Decrease)		Fiscal 2006 (Year ending March 31, 2006) Goals in medium-term business plan ("New Frontier 21")
				(C)-(A)	(C)-(B)	
Free cash flows (FCF) [Billions of yen]	28.3	152.4	70.6	42.3	—	200.0
Return on equity (ROE) [%]	6.0	11.5	7.3	1.3	—	10.0
Return on assets (ROA) [%]	2.9	5.2	3.3	0.4	—	5.5
Equity ratio [%]	15.4	16.2	17.2	1.8	1.0	
Earnings per share [Yen]	15,178.09	29,928.14	20,609.57	5,431.48	—	
Shareholders' equity per share [Yen]	260,771.50	275,052.28	289,689.91	28,918.41	14,637.63	
Total long-term debt [Billions of yen]	4,084.0	3,974.5	3,958.0	(126.0)	(16.5)	
Average interest rates [%]	3.94	3.83	3.78	(0.16)	(0.06)	
Net interest expense [Billions of yen]	(79.6)	(158.7)	(74.8)	4.8	—	
Capital expenditures [Billions of yen]	96.1	313.9	106.3	10.2	—	

Consolidated Business Forecast for Fiscal 2005

	Billions of Yen			%	
	Actual Fiscal 2004 (Year ended March 31, 2004) (A)	Forecast Fiscal 2005 (Year ending March 31, 2005) (B)		Change	
				Increase (Decrease) (B)-(A)	(B)/(A)x100
Operating revenues	2,542.2	[2,561.0]	2,561.0	18.7	100.7
Operating income	351.4	[365.0]	365.0	13.5	103.9
Ordinary income	225.3	[234.0]	211.0	(14.3)	93.6
Net income	119.8	[126.0]	133.0	13.1	111.0

(Reference) Earnings per share for fiscal 2005: ¥33,279.19

Notes: 1. Amounts less than one million yen are omitted.

2. Figures in [] are from the performance forecast, which was announced in May 2004.

Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions		%		Billions of yen		%	
	Fiscal 2004 semi-annual (Six months ended September 30, 2003)	Fiscal 2005 semi-annual (Six months ended September 30, 2004)	Change		Fiscal 2004 semi-annual (Six months ended September 30, 2003)	Fiscal 2005 semi-annual (Six months ended September 30, 2004)	Change	
	(A)	(B)	Increase (Decrease) (B)-(A)	(B)/(A)x100	(C)	(D)	Increase (Decrease) (D)-(C)	(D)/(C)x100
Shinkansen Bullet Train Network								
Commuter Passes	803	825	21	102.7	10.9	11.2	0.2	102.6
Other	8,668	8,724	55	100.6	223.3	226.9	3.5	101.6
Total	9,472	9,550	77	100.8	234.3	238.1	3.8	101.6
Conventional Lines								
Commuter Passes	36,262	36,197	(64)	99.8	234.7	233.6	(1.0)	99.6
Other	18,236	18,366	129	100.7	368.8	369.6	0.7	100.2
Total	54,498	54,563	65	100.1	603.5	603.2	(0.2)	100.0
Total								
Commuter Passes	37,065	37,023	(42)	99.9	245.6	244.8	(0.7)	99.7
Other	26,904	27,090	185	100.7	592.2	596.5	4.3	100.7
Total	63,970	64,113	142	100.2	837.8	841.4	3.5	100.4

Note: Amounts less than one million passenger kilometers 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 railway services, (ii) JR East's ability to improve the profitability of railway and other operations, (iii) JR East's ability to expand non-transportation operations and (iv) general changes in economic conditions and laws, regulations and government policies in Japan.