Fiscal 2005 Consolidated Financial Results (Unaudited)

Fiscal 2005 (Year ended 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

April 27, 2005

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 Consolidated Financial Results	**April 27, 2005**
U.S. GAAP	**Not used**

1. Results of Fiscal 2005 (Year ended March 31, 2005)

(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	%
Fiscal 2005	**2,537,480**	**–0.2**	**358,534**	**2.0**	**212,339**	**–5.8**
Fiscal 2004	2,542,297	–0.9	351,419	2.4	225,365	11.2

	Net income		Earnings per share—basic	Earnings per share—diluted	Return on average equity	Ratio of ordinary income to average assets	Ratio of ordinary income to operating revenues
	Millions of yen	%	Yen	Yen	%	%	%
Fiscal 2005	**111,592**	**–6.9**	**27,868.00**	**—**	**9.8**	**3.1**	**8.4**
Fiscal 2004	119,866	22.3	29,928.14	—	11.5	3.3	8.9

Notes: 1. Equity in net income of affiliated companies: Fiscal 2005 290 million yen, Fiscal 2004 351 million yen
2. Average number of shares outstanding in each year (consolidated): Fiscal 2005 3,996,410 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 represent changes compared with the previous year.

(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	**6,716,268**	**1,183,545**	**17.6**	**296,105.99**
Fiscal 2004	6,781,692	1,100,175	16.2	275,052.28

Note: Number of shares outstanding at the end of each year (consolidated): Fiscal 2005 3,996,290 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 year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2005	**407,736**	**(214,948)**	**(209,041)**	**66,781**
Fiscal 2004	387,060	(234,591)	(196,192)	82,935

(4) Scope of consolidation and equity method

Number of consolidated subsidiaries	92 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:	7 companies
Equity method companies	
Newly included:	—
Excluded:	—

2. Forecast for Fiscal 2006 (Year ending March 31, 2006)

	Operating revenues	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending September 30, 2005	1,282,000	151,000	87,000
Fiscal 2006	2,568,000	249,000	140,000

(Reference) Earnings per share for fiscal 2006: 35,032.49 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 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

(1) Basic Policy

JR East's mission is to be a vital company that fulfills its obligations to shareholders by providing high-quality, advanced services centered on station and railway operations. To that end, every employee of JR East endeavors to approach operations from the viewpoint of customers and provide safe, punctual transportation; to supply user-friendly, high-quality products and services; and to take on the challenge of improving the standard of services and raising the level of technology in order to earn the confidence and trust of customers. As a "Trusted Life-Style Service Creating Group," JR East aims to develop with customers and to achieve sustained growth by fulfilling its social responsibilities while generating profit.

(2) Strategies and Management Issues

Medium-Term Business Plan—"New Frontier 2008"

JR East developed operations guided by its medium-term business plan, "New Frontier 21," which covered the period from fiscal 2002 to fiscal 2006. However, the measures implemented in "New Frontier 21" progressed favorably, bringing into view the likely realization of numerical targets in the plan's fifth year. Therefore, in January 2005 JR East announced a new medium-term business plan, "New Frontier 2008," which it launched from April 2005.

Setting targets for the end of fiscal 2009, "New Frontier 2008," reaffirms JR East's ongoing commitment to becoming a "Trusted Life-Style Service Creating Group" and looks to the realization of sustained, long-term growth. Specifically, "New Frontier 2008" identifies three key management policies: "Service Implementation from the Perspective of the Customer," "Construction of a Robust Corporate Group," and "Fulfillment of Social Responsibilities and Realization of Sustained Growth." Based on those policies, JR East aims to achieve significant growth over the long term.

The Creation of New Value for Customers

JR East will create new value for customers through pinpoint marketing of satisfying products and services. Specifically, JR East will further enhance the appeal and convenience of stations—its largest management resource. Further, JR East will continue to tackle the perennial challenge of providing safe, reliable transportation and to enhance the convenience and comfort offered by its railway operations. At the same time, JR East intends to make concerted efforts as a corporate group to grow non-transportation services further. Also, JR East will aggressively develop new services that use "Suica" and pursue research and development that underpins the corporate group's technological capabilities.

Realization of the Corporate Group's Collective Strength

Based on continued adherence to its policies of "self reliance and alliance" and "selection and focus," JR East aims to develop the corporate group as a whole based on each group company's pursuit of its particular mission. While removing barriers within the group to facilitate closer collaboration, JR East will work to reduce costs and to further improve operational efficiency. JR East is committed to remaining a corporate group that merits the trust of shareholders and other stakeholders through management that is dedicated to stringent compliance, high transparency and ethical standards, and issues such as protection of the earth's environment.

Targeted Management Benchmarks

JR East has established three numerical targets as management benchmarks

Numerical Targets	(Reference) Fiscal 2005 Actual	**Fiscal 2009 Target**
	(on a single-year basis)	
Consolidated operating cash flows		
(Cumulative total for the four-year period through March 31, 2009)	¥407.7 billion	**¥2,000.0 billion**
Ratio of total long-term debt to shareholders' equity (Consolidated)	3.2 times	**approx. 2 times**
Consolidated ROA	5.3%	**6.0%**

(Reference) "New frontier 21" Numerical Targets	(Reference) Fiscal 2005 Actual	Fiscal 2006 Target
Consolidated free cash flows	¥192.7 billion	¥200.0 billion
Consolidated ROE (return on average equity)	9.8%	10.0%
Consolidated ROA (ratio of operating income to average assets)	5.3%	5.5%
Reduction of nonconsolidated total long-term debt	¥752.1 billion through FY2005	¥750.0 billion for 5 years through FY2006
Reduction of nonconsolidated employees numbers	9,168 for 4 years through FY2005	10,000 for 5 years through FY2006

Further, the October 23, 2004, Niigata Chuetsu Earthquake extensively damaged JR East's Shinkansen lines, conventional lines, power plants, and other facilities, causing considerable uncertainty and inconvenience among JR East's customers. The impact of the earthquake resulted in the suspension of services on the Joetsu Shinkansen line and some sections of conventional lines. However, services resumed on all conventional lines on December 27 and on the Joetsu Shinkansen line on December 28, 2004, due the concerted, all-out efforts of corporate group.

(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.

The share price of JR East exceeded the investment unit of ¥500,000, which is regarded as the appropriate unit price by the Tokyo Stock Exchange, as of the end of March 2004. However, JR East thinks that its shares are held by many shareholders and that trading on the stock market has been active. Accordingly, JR East is not thinking 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) Basic Philosophy and Policy Action for Corporate Governance

Basic 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 March 31, 2005. In principle convening once a month, the Board of Directors makes decisions about important operational matters, including legal requirements, and supervises the performance of JR East's operations. Under the Board there is an Executive Committee made up of all the 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, which is tasked with facilitating the development of JR East as a whole. That committee discusses 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, JR East has reduced the number of directors. However, due to the appointment of a director who will be responsible for a newly established IT operations headquarters, plans call for an increase in the number of directors to 24 at the shareholders' annual meeting in June 2005.

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. Given the special characteristics of railway operations, which are the core activity of JR East, management emphasizes the decision making from a long-term perspective and believes that the most appropriate course is to strengthen corporate governance under the present audit structure.

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

(b) Current State of Internal Control System

The internal control system has the framework necessary to make full use of checks. Internal audits, corporate audits, and accounting audits are executed.

Regarding other internal control structures, JR East realizes mutual supervision among departments by clarifying the operational authority of each department based on internal regulations and by having departments check each other's operational implementation.

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, basic standards for business are a part of work regulations, and guidelines regarding the establishment of proper conduct have been formulated to pay additional attention to ensure proper conduct on the part of all employees.

(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, including those for the prevention of accidents and disasters and countermeasures for transportation interruptions. In particular, in the event of an accident or disaster, JR East can respond rapidly and appropriately, with the Transportation Operation Center operating 24 hours a day. JR East has a wealth of experience and is working to accumulate further risk-management know-how. In March 2004, the Transportation Reliability Improvement Committee was formed to support the establishment of a highly reliable transportation system for the increasingly complex train operation system.

With regard to the risk of a significant adverse influence on corporate operations due to such incidents as external offenses, scandals, and legal violations, all JR East departments will work in close cooperation with the Crisis Management Headquarters, which was established in January 2001. In the event of a problem, with the participation of top management, a preliminary task force will be rapidly established. In this way, a delayed response caused by chaotic information and inconsistent communication will be avoided.

(d) Current State of Internal Audits, Corporate Audits, and Accounting Audits

Systems for internal audits, corporate audits, and accounting audits

For internal auditing, JR East has an oversight system comprising approximately 100 full-time employees in the Inquiry & Audit Department (head office) and Inquiry & Audit divisions (branch offices). Audits are implemented based on plans prepared at the beginning of fiscal years, requests are made for the submission of progress updates for items requiring improvement, and the audit results are reported to representative directors at the end of fiscal years or at any other time deemed necessary. Further, the Inquiry & Audit Department audits group companies.

The audits of corporate auditors are supported by eight full-time employees. The system for the oversight of directors' implementation of operations centers on full-time corporate auditors that attend meetings of the Board of Directors, the Executive Committee, and other important in-house meetings. Not only do corporate auditors exchange information at monthly meetings of the Board of Corporate Auditors, they exchange auditing information with corporate auditors of group companies at regular liaison meetings.

The accounts of JR East are audited under contract by an independent auditor (accounting auditor), AZSA & Co., during and at the end of each fiscal year.

JR East facilitates coordination and information sharing to ensure efficient and effective auditing. For example, full-time corporate auditors and the director responsible for internal auditing department and divisions hold monthly liaison meetings. And, full-time corporate auditors receive regular updates on audit implementation from the accounting auditor five times a year or at any other time deemed necessary.

The following is a breakdown of certified public accountants that conducted audits and auditing assistants.

- Names of designated certified public accountants that conducts audits
  - Shigeru Iwamoto
  - Toshio Ikeda
  - Mamoru Takamura
- Breakdown of auditing assistants
  - Certified public accountants: 17
  - Junior certified public accountants: 11
  - Other: 2

(e) Others

Compensation paid by JR East to directors and corporate auditors was as follows:

- 29 Directors: ¥681 million
- 5 Corporate auditors: ¥89 million
- Total 34 recipients: ¥771 million

Note: The above does not include bonuses paid to executives through appropriation of earnings, retirement benefits approved by the shareholders' annual meeting, and the employee salaries of directors having duties in an employee capacity.

Compensation of Independent Auditor

Compensation for an audit contract and other services for fiscal 2005 with AZSA & Co. were ¥129 million and ¥27 million, respectively.

Disclosure

JR East actively discloses information through its public relations and investor relations activities. It is using Web sites and other resources to enhance the content and timeliness of its disclosure of important corporate information.

Protection of Personal Information

JR East and its group companies rigorously adhere to laws, regulations, and internal regulations relating to the protection of personal information. Further, by calling on the cooperation of business partners, JR East ensures the appropriate acquisition and usage of personal information and its safe management using the most up-to-date formats.

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

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 26 to 23.

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

(5) Items Concerning the Parent Company

No applicable items

* Unless otherwise stated, descriptions of operating results and financial position in fiscal 2005, ended March 31, 2005, are comparisons with fiscal 2004, ended March 31, 2004.

Operating Results and Financial Position

(1) Summary

Overview

In the first half of the fiscal year ended March 31, 2005, the Japanese economy saw continued steady recovery. On the back of higher exports and private-sector capital investment, improved corporate earnings boosted household budgets. In the second half, the economy entered an adjustment phase of a long-term recovery trend. Although private-sector capital investment continued to grow, a drop-off in exports weakened production and stagnated consumer spending. In those economic conditions, JR East sought to raise revenues by enhancing its railway network and developing non-transportation operations centered on stations. In conjunction with those efforts, JR East targeted sustained growth by aggressively developing new businesses.

Operating revenues edged down 0.2%, to ¥2,537.4 billion, due to a decline in revenues from transportation operations. However, operating income increased 2.0%, to ¥358.5 billion, thanks to reductions in personnel expenses and other factors. Ordinary income decreased 5.8%, to ¥212.3 billion, due to factors such as loss on bond redemption associated with debt assumption agreements. Although JR East posted gain on sales of investments in securities such as Vodafone K.K. shares, this was counteracted by the recording of impairment losses on fixed assets related to the early adoption of accounting standards for impairment of fixed assets and losses associated with damage caused by the Niigata Chuetsu Earthquake. Consequently, net income decreased 6.9% to ¥111.5 billion.

Segment Information

Transportation

Centered on railway operations, JR East worked to encourage rail travel and to increase revenues by leveraging its Shinkansen network and conventional railway network in the Tokyo metropolitan area.

Specifically, JR East increased train services during the Golden Week and summer holiday periods and utilized the Shinkansen network to implement such campaigns as “Yamagata Destination Campaign,” “Japanese Beauty Hokuriku Campaign,” and “JAPAN SNOW PROJECT.” Further, in October 2004 JR East sought to enhance convenience for passengers on the Shonan-Shinjuku line by substantially increasing services and connecting Green Cars (first class cars) to some local lines to improve through services and seating services. In conjunction with service rescheduling in October 2004, JR East expanded the usage area for “Suica” in the Tokyo metropolitan area and introduced the “Green Car Suica System” to the Shonan-Shinjuku, Utsunomiya, and Takasaki lines. Further, JR East endeavored to grow usage of its bus services by increasing highway bus routes and developing products that exploit synergies between bus and railway services. At the same time, JR East introduced a new-model bus with enhanced safety and comfort. Meanwhile, in monorail operations JR East worked to enhance passenger convenience through a significant increase in rapid services and the opening of “Haneda Airport Terminal 2 station” to coincide with the opening of Haneda Airport’s Terminal 2 building in December 2004.

However, due to the impact of factors such as the Niigata Chuetsu Earthquake, railway transportation volumes declined and operating revenues edged down 0.8% to ¥1,836.7 billion. A 1.1% decrease in operating expenses mainly due to reductions in personnel expenses, to ¥1,571.0 billion, resulted in a 1.1% increase in operating income to ¥265.6 billion.

Station Space Utilization

JR East continued to implement its “Station Renaissance” program, the aim of which is to create new station environments for the 21st century. Specifically, that initiative included the launching of “Dila Soga” (Chiba Prefecture) and “Dila Nishifunabashi” (Chiba Prefecture) and the large-scale development of Mito station, Koriyama station, and Akihabara station. Further, JR East expanded its network of “NEWDAYS” convenience stores and its network of outlets specializing in lunchbox sales. Also, with a view to enhancing the attractiveness of station interior space, JR East implemented a new business model, “Retail Business Development in Station Concourses,” and launched “ecute Omiya” (Saitama Prefecture) in March 2005.

As a result of those efforts, operating revenues grew 1.1% to ¥380.1 billion. Operating expenses rose 1.4%, to ¥353.8 billion, due to an increase in expenses associated with the introduction of new systems and other factors, causing operating income to decrease 2.8% to ¥26.3 billion.

Shopping Centers and Office Buildings

Concentrating on the Tokyo metropolitan area, JR East developed new projects and undertook renewals. For other shopping centers, JR East proactively sought to recruit powerful tenants with the ability to attract customers.

Measures to restructure group companies and strengthen marketing capacities and financial structures in this business segment included 6 mergers involving 12 shopping center management companies (The EKIBIRU Development Co. TOKYO merged with Kameido Station Building Co., Ltd., and Meguro Station Building Co., Ltd.; Sendai Terminal Building Co., Ltd., with Koriyama Station Building Co., Ltd.; Sendai Terminal Building Co., Ltd., with Yamagata Terminal Building Co., Ltd.; Utsunomiya Station Development Co., Ltd., with Oyama Station Development Co., Ltd.; Akita Station Department Store Co., Ltd., (presently, Akita Station Building Co., Ltd.) with Akita Terminal Building Co., Ltd.; and Tokky Co., Ltd., with Echigo Station Development Co., Ltd.).

As a result, operating revenues increased 3.7% to ¥189.2 billion. JR East promoted low-cost operations, but operating expenses rose 2.4%, to ¥139.4 billion, due to the opening of new shopping centers and other factors. Operating income rose by 7.7% to ¥49.8 billion.

Other Services

In hotel operations, 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 hotel chain operations. In advertising, JR East endeavored to increase revenues by stepping up sales of railcar body advertising and by actively developing new advertising media. In housing development and sales, JR East continued efforts to sell existing housing properties while commencing sales of new properties in Tokyo. In credit card business, JR East worked to recruit members for its “View Suica” credit card and pursued tie-ups with companies outside the group. As part of those efforts, JR East began recruiting members for the “JALCARD Suica” in December 2004. As a consequence of such initiatives, “View Card” credit card as a whole recruited more than 320,000 new members in fiscal 2005. In “Suica” operations, “Suica” compatible stores had reached approximately 1,000 as of the end of fiscal 2005, due to aggressive efforts to increase the number of stores participating in the electronic money service.

However, 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 resulted in a decrease in operating revenues of 2.6% to ¥463.9 billion. Operating expenses were down 2.6% to ¥446.4 billion. Operating income declined 2.5%, to ¥17.4 billion, which was attributable to reduced revenues from such operations as publishing.

Cash Flows

Net cash provided by operating activities increased ¥20.6 billion to ¥407.7 billion, which was attributable to factors such as a decrease in payment of income taxes that offset a decline in income before income taxes.

Net cash used in investment activities decreased ¥19.6 billion to ¥214.9 billion, due to factors including increased proceeds from sales of fixed assets that counteracted higher payments for purchases of fixed assets.

Net cash used in financing activities rose ¥12.8 billion to ¥209.0 billion, which was associated with repurchase of treasury stock and a ¥144.4 billion reduction of total long-term debt that was larger than in the previous fiscal year.

As a result, the balance of cash and cash equivalents decreased ¥16.1 billion from the end of fiscal 2004, to ¥66.7 billion at the end of fiscal 2005.

The balance of total long-term debt as of March 31, 2005, was ¥3,833.0 billion.

Trends in Cash Flow Indicators

	Fiscal 2003	Fiscal 2004	**Fiscal 2005**
Equity ratio (%)	14.3	16.2	**17.6**
Equity ratio by market value basis (%)	30.2	32.3	**34.3**
Years to debt redemption (years)	9.4	10.1	**9.3**
Interest coverage ratio	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

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 fiscal year by the total number of shares outstanding at the end of fiscal year.

Operational and Other Risks

(a) Legal Issues Relating to Operations

As a railway operator, JR East manages its operations pursuant to the stipulations of the Railway Business Law. JR East is generally excluded from the provisions of the Law Concerning the Passenger Railway Companies and the Japan Freight Railway Company (JR Law). However, JR East is required to manage its operations in accordance with guidelines relating to matters that should be considered for the foreseeable future that are stipulated in a supplementary provision of the JR Law.

(b) Establishment of and Changes to Fares and Charges

The required procedures when JR East sets or changes fares and charges for its railway operations are stipulated in the Railway Business Law. If those procedures were amended or, for whatever reason, JR East was unable to expedite changes to fares and charges based on those procedures, JR East's earnings could be affected.

(c) Plan for Development of New Shinkansen Lines

Legal imperatives stipulate the cost burden for the development of new Shinkansen lines, the treatment of parallel conventional lines upon the commencement of new Shinkansen services, and the calculation method for usage fees. JR East's basic stance on the construction of new Shinkansen lines is that it will continue to fulfill its responsibility as the operator of new Shinkansen lines based on strict adherence to the following conditions: (a) As the operator of new Shinkansen lines, JR East will only assume the burden of usage fees and other charges that are within the limits of corresponding benefits received as the result of commencing Shinkansen line operations. Apart from those usage fees and other charges, JR East will not assume any other financial burden. (b) The agreement of local communities is confirmed with respect to the management separation from JR East of conventional lines parallel to new Shinkansen line segments.

Changes to the abovementioned conditions for the construction of new Shinkansen lines could affect JR East's financial position and business performance.

(d) Plan for Development of Tokyo Station's Yaesu Area

The Tokyo station Yaesu development plan entails the construction of twin high-rise towers on the north and south sides of the square in front of the Yaesu side of Tokyo station. A ground-level, central pedestrian deck with a large roof will connect the towers. The total cost of the joint project will be approximately ¥130 billion; JR East's cost burden will be approximately ¥80.0 billion, or ¥110.0 billion if the cost of JR East's independent projects is added. The development project is slated for completion in spring 2011. Although, based on thorough assessments, it is expected that this project will be profitable, JR East's financial position and business performance could be affected in the event the project does not proceed according to plans due to a variety of economic and operating environmental changes.

(e) Safety Measures
Railway operations can potentially suffer significant damage resulting from accidents caused by natural disasters, human errors, terrorism, or other factors. JR East regards ensuring safety as a critical core issue that underpins management. Accordingly, guided by a five-year safety plan, "Safety 2008," JR East is taking steps to upgrade both operational and physical systems to construct a railway system with even higher levels safety.

(f) Information Systems and Protection of Customers' Personal Information
JR East implements measures to prevent information system failures, to minimize the effect on information systems in the event of malfunctions, and to strictly manage and protect personal information. However, if the functions of computer systems used by JR East were significantly impinged upon due to natural disasters or human errors, or if customers' personal information was leaked externally as the result of a computer system becoming infected by a virus or for other reasons, the resulting impact on services offered by JR East could affect its financial position and business performance. In addition to preempting information system failures through continuous upgrading of systems and employee training programs, JR East enforces strict management of personal information based on the provision of regulations and the implementation of internal audits.

(g) Development of Non-Transportation Operations
In non-transportation operations, JR East earnings could be reduced by a downturn in consumption related to economic stagnation or unseasonable weather, and JR East faces the risk of incurring losses on revaluation of real estate for sale due to falling land prices. Further, sales could decrease due to faults in retail products or manufactured products, trust in JR East could be diminished, or business partners could fail. The occurrence of any of those contingencies could have an impact on JR East's financial position and business performance. JR East will enhance profits and earn customer trust by fully leveraging stations as its largest management resource to develop operations while implementing stringent credit management.

(h) Competition
JR East's transportation operations compete with the operations of other transportation operators such as railway companies and airlines. Similarly, JR East's non-transportation operations compete with other companies. Intensified competition in the markets of those operations could affect JR East's financial position or business performance. JR East will strive to fortify its competitiveness based on thoroughgoing implementation of safe, reliable transportation; the development of attractive products; and the provision of services that satisfy customers.

(i) Total Long-Term Debt
At the end of fiscal 2005, consolidated total long-term debt stood at ¥3,833.0 billion. JR East will continue working to reduce total long-term debt and to reduce interest payments through refinancing for lower interest rates. However, reduction in free cash flows for unforeseen reasons or fluctuation in borrowing rates due to interest-rate trends could affect JR East's financial position or business performance.

Dividend Policy
JR East's basic policy regarding the appropriation of earnings is to enhance returns to shareholders steadily in light of performance trends while securing retained earnings to ensure a sound operating base for the future development of business centered on stations and railway services.

In line with this policy, plans call for a year-end dividend of 3,500 yen per share (an increase of 500 yen per share in the ordinary dividend) (commencement of payment scheduled for June 24, 2005). In conjunction with the interim dividend of 3,000 yen per share, the total dividend for the year will be 6,500 yen per share.

Retained earnings for the fiscal year ended March 31, 2005, will be used to reduce total long-term debt to improve JR East's financial position and leveraged for aggressive capital expenditure that will create major management successes going forward. JR East will continue striving to improve its business performance and to build an even more robust operating base that enables stable dividend payments. At the same time, JR East aims to enhance returns to its shareholders.

(2) Outlook for the Year Ending March 31, 2006

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

Given that the current fiscal year, ending March 31, 2006, is the first year of a new medium-term business plan, “New Frontier 2008,” this is an important period for the establishing the foundations of long-term growth.

Competition in the transportation market is becoming increasingly fierce due to such factors as Japan’s aging society and the emergence of the Tsukuba Express, a new railway route. Against that backdrop, JR East will take on the challenge of realizing products and services that reflect customers’ expectations and work to increase revenues.

In the Tokyo metropolitan area, specific measures to enhance JR East’s transportation network will include increasing the number of Green Cars (first class cars) on the Utsunomiya and Takasaki lines and continuing to roll out new railcars on the Yamanote and Tokaido lines. Also, JR East will raise the competitiveness of Shinkansen services by raising operating speeds and increasing special train services while enhancing seating services by increasing the number of seats available for reservation. In non-transportation operations, JR East will hone competitiveness by promoting “Station Renaissance,” reengineering business formats, and reorganizing its corporate group. In conjunction with those initiatives, JR East will steadily advance new large-scale projects such as a Tokyo Station area development plan. In addition, JR East plans to cultivate “Suica” operations as the third pillar of its business; alongside railway and non-transportation operations. To that end, JR East will take steps to enhance the lineup and convenience of “Suica” services by commencing issuance of “View Suica Commuter Pass,” launching a “Mobile Suica” service, and affiliating more stores with JR East’s shopping (electronic money) services.

Fiscal 2006 forecasts

Operating revenues:	¥2,568.0 billion	(1.2% year-on-year increase)
Ordinary income:	¥249.0 billion	(17.3% year-on-year increase)
Net income:	¥140.0 billion	(25.5% year-on-year increase)

Six months ending September 30, 2005, forecasts

Operating revenues:	¥1,282.0 billion	(1.0% increase relative to previous interim result)
Ordinary income:	¥151.0 billion	(0.6% decrease relative to previous interim result)
Net income:	¥87.0 billion	(5.6% increase relative to previous interim result)

In accordance with the policy of “steadily enhancing returns to shareholders in light of performance trends going forward” stated in its “New Frontier 2008” medium-term business plan, JR East plans to pay ordinary cash dividends of 7,000 yen per share for the year ending March 2006, including an interim cash dividend of 3,500 yen per share (an increase of 500 yen per share in the ordinary dividend).

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
March 31, 2004 and 2005

	Millions of Yen		
	2004	**2005**	Increase (Decrease)
ASSETS			
Current Assets	¥ 389,101	**¥ 397,649**	¥ 8,548
Cash and time deposits	83,142	**66,950**	(16,192)
Notes and accounts receivable–trade	120,789	**141,785**	20,995
Fares receivable	35,016	**35,592**	576
Short-term loans receivable	22,130	**19,678**	(2,452)
Securities	31	**1,763**	1,731
Real estate for sale	12,005	**11,374**	(630)
Inventories	39,068	**33,157**	(5,911)
Deferred income taxes	55,270	**64,826**	9,556
Other	23,365	**24,184**	818
Allowance for doubtful accounts	(1,719)	**(1,663)**	56
Fixed Assets	6,392,390	**6,318,363**	(74,026)
Property, plant and equipment, net of accumulated depreciation	5,938,724	**5,800,707**	(138,017)
Buildings and fixtures	3,018,769	**2,964,383**	(54,386)
Machinery, rolling stock and vehicles	618,992	**613,974**	(5,018)
Land	2,117,483	**2,026,941**	(90,542)
Construction in progress	140,068	**151,736**	11,667
Other	43,410	**43,672**	261
Intangible assets	96,935	**103,854**	6,919
Intangibles	93,594	**101,540**	7,945
Consolidation difference	3,340	**2,313**	(1,026)
Investments and other assets	356,730	**413,801**	57,071
Investments in securities	147,381	**154,764**	7,383
Long-term loans receivable	4,009	**3,619**	(390)
Long-term deferred income taxes	159,701	**199,818**	40,116
Other	47,451	**57,044**	9,592
Allowance for doubtful accounts	(1,813)	**(1,444)**	369
Deferred Assets	200	**254**	54
Total Assets	¥6,781,692	**¥6,716,268**	¥ (65,423)

Note: Amounts less than one million yen are omitted.

Consolidated Balance Sheets *(Unaudited)*

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
March 31, 2004 and 2005

	Millions of Yen		
	2004	**2005**	Increase (Decrease)
LIABILITIES			
Current Liabilities	¥1,069,746	**¥1,116,367**	¥ 46,621
Notes and accounts payable–trade	50,988	**50,567**	(421)
Short-term loans and current portion of long-term loans	124,516	**158,702**	34,186
Current portion of long-term liabilities incurred for purchase of railway facilitiles	143,178	**147,612**	4,433
Payable	288,368	**275,819**	(12,548)
Accrued consumption tax	13,397	**12,821**	(575)
Accrued income taxes	68,479	**71,782**	3,303
Fare deposits received with regard to railway connecting services	14,999	**12,070**	(2,929)
Prepaid railway fares received	104,909	**103,403**	(1,505)
Allowance of bonuses to employees	80,398	**79,479**	(918)
Allowance for earthquake-damage losses	—	**28,647**	28,647
Other	180,510	**175,460**	(5,050)
Long-term Liabilities	4,582,283	**4,390,112**	(192,170)
Bonds	1,033,860	**1,093,860**	60,000
Long-term loans	782,094	**687,941**	(94,152)
Long-term liabilities incurred for purchase of railway facilities	1,891,024	**1,745,215**	(145,809)
Long-term deferred tax liabilities	3,781	**1,861**	(1,919)
Accrued severance and retirement benefits	595,568	**598,923**	3,354
Other	275,954	**262,311**	(13,643)
Total Liabilities	5,652,029	**5,506,480**	(145,549)
MINORITY INTERESTS	29,486	**26,242**	(3,244)
SHAREHOLDERS' EQUITY			
Common Stock	200,000	**200,000**	—
Capital Surplus	96,600	**96,600**	—
Retained Earnings	771,232	**856,664**	85,431
Net Unrealized Holding Gains on Securities	32,794	**32,551**	(242)
Treasury Stock, at Cost	(451)	**(2,270)**	(1,819)
Total Shareholders' Equity	1,100,175	**1,183,545**	83,370
Total Liabilities, Minority Interests and Shareholders' Equity	¥6,781,692	**¥6,716,268**	¥ (65,423)

Note: Amounts less than one million yen are omitted.

Consolidated Statements of Income *(Unaudited)*

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
Years ended March 31, 2004 and 2005

	Millions of Yen		
	2004	**2005**	Increase (Decrease)
Operating Revenues	¥2,542,297	**¥2,537,480**	¥ (4,816)
Operating Expenses	2,190,877	**2,178,946**	(11,931)
Transportation, other services and cost of sales	1,695,025	**1,677,929**	(17,096)
Selling, general and administrative expenses	495,851	**501,016**	5,164
Operating Income	351,419	**358,534**	7,114
Non-Operating Income	38,706	**29,655**	(9,051)
Interest and dividend income	2,210	**1,256**	(954)
Equity in net income of affiliated companies	351	**290**	(61)
Other	36,143	**28,108**	(8,035)
Non-Operating Expenses	164,760	**175,849**	11,089
Interest expense	160,943	**148,431**	(12,511)
Other	3,816	**27,418**	23,601
Ordinary Income	225,365	**212,339**	(13,025)
Extraordinary Gains	112,960	**186,839**	73,878
Gain on sales of fixed assets	18,177	**38,913**	20,736
Gain on sales of investments in securities	12,816	**39,516**	26,700
Construction grants received	79,708	**79,727**	19
Gain on sales of space usage rights	—	**26,685**	26,685
Other	2,259	**1,996**	(262)
Extraordinary Losses	115,461	**198,978**	83,517
Loss on sales of fixed assets	10,673	**11,009**	335
Losses on reduction entry for construction grants	73,188	**75,123**	1,935
Impairment losses on fixed assets	—	**46,355**	46,355
Earthquake-damage losses	—	**11,933**	11,933
Provision for allowance for earthquake-damage losses	—	**28,647**	28,647
Social insurance charges	9,696	**—**	(9,696)
Other	21,903	**25,909**	4,006
Income before Income Taxes	222,864	**200,200**	(22,663)
Income Taxes			
Current	142,900	**137,408**	(5,492)
Deferred	(42,969)	**(51,045)**	(8,076)
Minority Interests in Net Income of Consolidated Subsidiaries	3,067	**2,246**	(821)
Net Income	¥ 119,866	**¥ 111,592**	¥ (8,274)

Note: Amounts less than one million yen are omitted.

Consolidated Statements of Capital Surplus and Retained Earnings *(Unaudited)*

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
Years ended March 31, 2004 and 2005

	Millions of Yen		
	2004	**2005**	Increase (Decrease)
CAPITAL SURPLUS			
Capital Surplus at Beginning of Year	¥ 96,600	**¥ 96,600**	¥ —
Capital Surplus at End of Year	¥ 96,600	**¥ 96,000**	¥ —
RETAINED EARNINGS			
Retained Earnings at Beginning of Year	¥679,195	**¥771,232**	¥92,036
Increase in Retained Earnings	120,227	**111,624**	(8,602)
Net income	119,866	**111,592**	(8,274)
Increase due to addition of consolidated subsidiaries, and other	176	**32**	(143)
Increase due to change in accounting period of consolidated subsidiaries	184	**—**	(184)
Decrease in Retained Earnings	28,190	**26,193**	(1,997)
Cash dividends	28,000	**23,969**	(4,030)
Bonuses to directors and corporate auditors	190	**176**	(13)
Of which bonuses for corporate auditors	*[22]*	***[20]***	*[(1)]*
Losses on disposal of treasury stock	—	**2,046**	2,046
Retained Earings at End of Year	¥771,232	**¥856,664**	¥85,431

Note: Amounts less than one million yen are omitted.

Consolidated Statements of Cash Flows *(Unaudited)*

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
Years ended March 31, 2004 and 2005

	Millions of Yen	
	2004	**2005**
Cash Flows from Operating Activities		
Income before income taxes	¥ 222,864	**¥ 200,200**
Depreciation	322,300	**317,956**
Impairment losses on fixed assets	—	**46,355**
Amortization of long-term prepaid expense	5,202	**4,912**
Increase in accrued severance and retirement benefits	17,397	**3,368**
Interest and dividend income	(2,210)	**(1,256)**
Interest expense	160,943	**148,431**
Construction grants received	(79,708)	**(79,727)**
Gain on sales of investments in securities	(12,816)	**(39,516)**
Loss from disposition and provision for cost reduction of fixed assets	106,572	**101,661**
Earthquake-damage losses	—	**11,933**
Provision for allowance for earthquake-damage losses	—	**28,647**
Decrease (Increase) in major receivables	2,242	**(10,826)**
Increase (Decrease) in major payables	(5,496)	**(9,175)**
Other	(19,182)	**(19,873)**
Sub-total	718,107	**703,092**
Proceeds from interest and dividends	2,367	**1,417**
Payments of interest	(162,567)	**(149,914)**
Payments of earthquake-damage losses	—	**(6,854)**
Payments of income taxes	(170,846)	**(140,004)**
Net cash provided by operating activities	387,060	**407,736**
Cash Flows from Investing Activities		
Payments for purchases of fixed assets	(374,642)	**(388,993)**
Proceeds from sales of fixed assets	34,683	**69,444**
Proceeds from construction grants	76,764	**59,312**
Proceeds from sales of space usage rights	—	**13,342**
Payments for purchases of investments in securities	(6,637)	**(13,609)**
Proceeds from sales of investments in securities	23,056	**41,916**
Other	12,183	**3,638**
Net cash used in investing activities	(234,591)	**(214,948)**
Cash Flows from Financing Activities		
Increase in commercial paper	—	**5,000**
Proceeds from long-term loans	155,000	**64,300**
Proceeds from issuance of bonds	139,914	**129,942**
Payments of long-term liabilities	(438,002)	**(338,735)**
Payments for acquisition of treasury stock	—	**(6,507)**
Cash dividends paid	(28,000)	**(23,969)**
Other	(25,104)	**(39,071)**
Net cash used in financing activities	(196,192)	**(209,041)**
Net Decrease in Cash and Cash Equivalents	(43,722)	**(16,252)**
Cash and Cash Equivalents at Beginning of Year	126,478	**82,935**
Increase due to Additon of Consolidated Subsidiaries, and Other	189	**98**
Decrease due to Change in Accounting Period of Consolidated Subsidiaries	(9)	**—**
Cash and Cash Equivalents at End of Year	¥ 82,935	**¥ 66,781**

Note: Amounts less than one million yen are omitted.

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 year ended March 31, 2005, which resulted in a ¥46,355 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 consolidated financial statements.

Impairment losses on fixed assets

Year ended March 31, 2005

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 to be disposed of (such as employee housing) or idle.

For 169 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 ¥46,355 million losses on impairment of fixed assets in extraordinary losses.

Area	Asset status	Asset type	Impairment loss
Tokyo and surrounding areas	135 assets mainly scheduled to be disposed or idle	Land, buildings, and fixtures	¥42,440 million
Other areas	34 assets mainly scheduled to be disposed or idle	Land, buildings, and fixtures	¥3,914 million

Regional breakdown of impairment loss
Tokyo and surrounding areas: ¥42,440 million (land, ¥38,267 million; buildings and fixtures, ¥3,938 million; other, ¥234 million)
Other areas: ¥3,914 million (land, ¥2,497 million; buildings and fixtures, ¥1,386 million; other, ¥30 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 by Business Activities

Fiscal 2004 (Year ended March 31, 2004)	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	Consolidated
	Millions of Yen						
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
Identifiable assets	¥5,602,009	¥152,036	¥731,077	¥591,825	¥7,076,949	¥(295,256)	¥6,781,692
Depreciation	250,719	8,416	25,213	37,951	322,300	—	322,300
Capital Investments	292,706	12,789	33,374	44,501	383,371	—	383,371

Fiscal 2005 (Year ended March 31, 2005)	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	Consolidated
	Millions of Yen						
Operating revenues							
Outside customers	**¥1,781,775**	**¥369,790**	**¥181,955**	**¥203,958**	**¥2,537,480**	**¥ —**	**¥2,537,480**
Inside group	**54,953**	**10,392**	**7,263**	**259,942**	**332,551**	**(332,551)**	**—**
Total	**1,836,728**	**380,182**	**189,219**	**463,901**	**2,870,032**	**(332,551)**	**2,537,480**
Costs and expenses	**1,571,099**	**353,803**	**139,406**	**446,415**	**2,510,724**	**(331,778)**	**2,178,946**
Operating income	**¥ 265,629**	**¥ 26,378**	**¥ 49,812**	**¥ 17,486**	**¥ 359,307**	**¥ (772)**	**¥ 358,534**
Identifiable assets	**¥5,550,566**	**¥161,572**	**¥729,981**	**¥619,792**	**¥7,061,912**	**¥(345,644)**	**¥6,716,268**
Depreciation	**244,620**	**8,474**	**25,377**	**39,485**	**317,956**	**—**	**317,956**
Impairment losses on fixed assets	**33,506**	**2,056**	**6,673**	**4,118**	**46,355**	**—**	**46,355**
Capital Investments	**294,934**	**13,796**	**29,656**	**44,947**	**383,334**	**—**	**383,334**

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.

4. Major items of corporate assets
Identifiable assets in the elimination and/or corporate column mainly comprise non-current securities held by JR East.
Fiscal 2004: ¥126,478 million
Fiscal 2005: ¥142,686 million

5. Capital investments include a portion contributed mainly by national and local governments.

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.

Consolidated Principal Indicators

	Fiscal 2004 (A)	**Fiscal 2005 (B)**	Increase (Decrease) (B)–(A)	Fiscal 2006 (Year ending March 31, 2006) Note 1	Fiscal 2009 (Year ending March 31, 2009) Note 2
Free cash flows (FCF) [Billions of yen]	152.4	**192.7**	40.3	200.0	—
Return on average equity (ROE) [%]	11.5	**9.8**	(1.7)	10.0	—
Ratio of operating income to average assets (ROA) [%]	5.2	**5.3**	0.2	5.5	6.0
Cash flows from operating activities [Billions of yen]	387.0	**407.7**	20.6	—	Note 3
Ratio of total long-term debt to shareholders' equity (D/E ratio) [Times]	3.6	**3.2**	(0.4)	—	Note 4
Equity ratio [%]	16.2	**17.6**	1.4		
Earnings per share [Yen]	29,928.14	**27,868.00**	(2,060.15)		
Shareholders' equity per share [Yen]	275,052.28	**296,105.99**	21,053.71		
Total long-term debt [Billions of yen]	3,974.5	**3,833.0**	(141.4)		
Average interest rates [%]	3.83	**3.68**	(0.15)		
Net interest expense [Billions of yen]	(158.7)	**(147.1)**	11.5		
Capital expenditures [Billions of yen]	313.9	**319.9**	6.0		

Notes: 1. Goals in the former medium-term business plan *("New Frontier 21")*
2. Goals in the new medium-term business plan *("New Frontier 2008")*
3. Cumulative total of ¥2,000 billion for the four-year period through March 31, 2009
4. Approximately 2 times

Consolidated Business Forecast for Fiscal 2006 Semi-Annual

	Billions of Yen			%
	Actual Fiscal 2005 semi-annual (Six-months ended September 30, 2004) (A)	**Forecast Fiscal 2006 semi-annual** (Six months ending September 30, 2005) (B)	Change: Increase (decrease) (B)–(A)	Change: (B)/(A)x100
Operating revenues	1,269.5	**1,282.0**	12.4	101.0
Operating income	221.9	**218.0**	(3.9)	98.2
Ordinary income	151.9	**151.0**	(0.9)	99.4
Net income	82.3	**87.0**	4.6	105.6

Consolidated Business Forecast for Fiscal 2006

	Billions of Yen			%
	Actual Fiscal 2005 (A)	**Forecast Fiscal 2006** (B)	Change: Increase (decrease) (B)–(A)	Change: (B)/(A)x100
Operating Revenues				
Transportation	1,781.7	**1,790.0**	8.2	100.5
Station space utilization	369.7	**384.0**	14.2	103.8
Shopping centers & office buildings	181.9	**186.0**	4.0	102.2
Other services	203.9	**208.0**	4.0	102.0
	2,537.4	**2,568.0**	30.5	101.2
Operating Income				
Transportation	265.6	**280.0**	14.3	105.4
Station space utilization	26.3	**28.0**	1.6	106.1
Shopping centers & office buildings	49.8	**53.0**	3.1	106.4
Other services	17.4	**11.0**	(6.4)	62.9
Elimination and/or corporate	(0.7)	**(1.0)**	(0.2)	129.4
	358.5	**371.0**	12.4	103.5
Ordinary Income	212.3	**249.0**	36.6	117.3
Net Income	111.5	**140.0**	28.4	125.5

(Reference) Earnings per share for fiscal 2006: 35,032.49 yen

Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions			%	Billions of yen			%
	Fiscal 2004	**Fiscal 2005**	Change		Fiscal 2004	**Fiscal 2005**	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	1,567	**1,609**	42	102.7	21.4	**22.0**	0.6	102.8
Other	17,179	**16,781**	(398)	97.7	444.5	**438.4**	(6.1)	98.6
Total	18,747	**18,391**	(356)	98.1	466.0	**460.5**	(5.5)	98.8
Conventional Lines								
Tokyo Metropolitan Area								
Commuter Passes	51,602	**51,615**	12	100.0	343.2	**342.8**	(0.4)	99.9
Other	25,121	**25,079**	(41)	99.8	504.3	**502.5**	(1.8)	99.6
Total	76,723	**76,694**	(29)	100.0	847.6	**845.3**	(2.2)	99.7
Other Areas								
Commuter Passes	18,974	**18,967**	(6)	100.0	117.9	**117.6**	(0.2)	99.8
Other	11,306	**11,117**	(188)	98.3	234.7	**229.3**	(5.3)	97.7
Total	30,281	**30,085**	(195)	99.4	352.7	**347.0**	(5.6)	98.4
Total								
Commuter Passes	70,576	**70,582**	6	100.0	461.2	**460.4**	(0.7)	99.8
Other	36,428	**36,197**	(230)	99.4	739.1	**731.9**	(7.2)	99.0
Total	107,004	**106,780**	(224)	99.8	1,200.3	**1,192.4**	(7.9)	99.3
Total								
Commuter Passes	72,144	**72,192**	48	100.1	482.7	**482.5**	(0.1)	100.0
Other	53,608	**52,979**	(628)	98.8	1,183.7	**1,170.3**	(13.3)	98.9
Total	125,752	**125,171**	(580)	99.5	1,666.4	**1,652.9**	(13.4)	99.2

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.