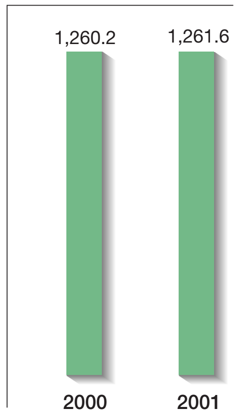
Consolidated Financial Highlights (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
Six months ended September 30

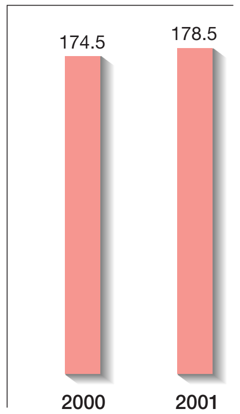
	Millions of Yen (except for per share data)		Percent Change	Millions of U.S. Dollars (except for per share data)
	2000	**2001**	**2001/2000**	**2001**
For the period:				
Operating revenues	¥1,260,174	¥1,261,555	+0.1%	$10,601
Operating income	174,471	178,519	+2.3	1,500
Net income	37,673	29,412	–21.9	247
Net income per share of common stock (yen)	9,418	7,353	–21.9	62
At the end of the period:				
Total assets	7,201,546	7,088,278	–1.6	59,565
Total shareholders' equity	902,067	925,949	+2.6	7,781
Ratios:				
Net income as a percentage of operating revenues (%)	3.0	2.3		
Equity ratio (%)	12.5	13.1		

Notes: 1. Yen figures have been translated to U.S. dollars at the rate of ¥119 to U.S.$1 as of September 30, 2001, solely for convenience of readers.
2. There were 95 consolidated subsidiaries in the interim period ended September 30, 2000 and 98 in the interim period ended September 30, 2001.

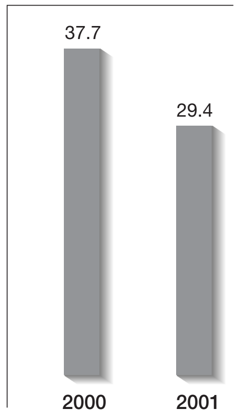
Operating Revenues
(Billions of Yen)



Operating Income
(Billions of Yen)



Net Income
(Billions of Yen)



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* Due to Securities and Exchange Law of Japan and related regulations, consolidated semi-annual financial statements have been required to be disclosed beginning with the interim period ended September 30, 2000.

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

Message From the Management

Overview of Operating Results

During the interim period ended September 30, 2001, the Japanese economy has reentered a recession with falling of corporate capital investment due to the effect of a worldwide IT slowdown, etc., coupled with sluggishness of personal consumption under the severe employment situation. To overcome such a severe situation, the JR East Group all made efforts to establish a sound and stable management base by improving the efficiency of business operations by carrying out a scrupulous review of the overall expenses, coupled with reinforced endeavor to expand revenues.

As a result, operating revenues for the interim period ended September 30, 2001, increased 0.1% to ¥1,261.6 billion ($10,601 million) and operating income rose 2.3% to ¥178.5 billion ($1,500 million). Although the interest payment declined as a result of a further reduction in interest bearing debt by introducing a cash management system which controls the combined total group funds, net income decreased 21.9% to ¥29.4 billion ($247 million), as a result of revaluation loss in the part of holding securities.

Net cash provided by operating activities increased by ¥16.7 billion ($140 million) to ¥237.2 billion ($1,993 million) due to a decline of ¥9.1 billion ($76 million) in interest paid as well as a fall of ¥8.7 billion ($73 million) in the amounts paid of income taxes, etc.

Net cash used in investing activities decreased by ¥14.6 billion ($123 million) to ¥127.6 billion ($1,072 million) because of an increase in capital expenditures for safety and reliable transportation measures, improvement in transportation capacity and construction of shopping centers at stations, etc.

Net cash used in financing activities increased by ¥61.8 billion ($519 million) to ¥163.8 billion ($1,377 million) due to dividend payment and a reduction of ¥128.0 billion ($1,076 million) in total long-term debt.

As a result, cash and cash equivalents at the end of the interim period decreased by ¥54.0 billion ($453 million) from the beginning of the period to ¥229.9 billion ($1,932 million).

Total long-term debt as of September 30, 2001 amounted to ¥4,573.5 billion ($38,433 million).

JR East used to classify businesses of JR East and its consolidated subsidiaries in four business segments, i.e., Transportation, Merchandise sales, Real estate leasing and Other services in order to disclose actual operational diversification concretely and appropriately in accordance with the Japanese standard industrial classification. However, from this interim period, the segmentation was changed to the new four segments, i.e., Transportation, Station space utilization, Shopping centers & office buildings and Other services, at the occasion of a review of the operational management units based on the medium-term business plan. (Detailed segment information is described in Note 7 of "Notes to Consolidated Semi-Annual Financial Statements" on page 11. In the following explanation, operating revenues include inside group operating revenues. The related segment information for the interim period ended September 30, 2000 has been reclassified to conform with the new business segmentation for the convenience of comparison.)

In Transportation, segment revenues decreased 0.4% to ¥923.7 billion ($7,763 million) due to a fall in both commuter and non-commuter revenues, reflecting the severe economic condition. On the other hand, operating income increased 1.8% to ¥140.8 billion ($1,183 million) due to a fall in personnel expenses and depreciation costs.

In Station space utilization, segment revenues increased 5.7% to ¥188.9 billion ($1,588 million) and operating income increased 2.9% to ¥13.9 billion ($117 million) because efforts were made to promote a part of the round of *Sunflower Plan* to make effective use of space at or around stations, and to promote association with non-group companies.

In Shopping centers & office buildings, segment revenues decreased 0.0% to ¥85.2 billion ($716 million) as a result that renovation of shopping centers to those closely tied to daily activities and introduction of leading tenants in existing stores were carried out. Operating income increased 12.9% to ¥18.9 billion ($159 million) due to meticulous pursuit of low cost operation.

In Other services, segment revenues increased 1.7% to ¥223.4 billion ($1,877 million) due to further strengthened chain management in hotel operations and sales of condominiums in housing development and sales business. Operating income decreased 18.3% to ¥5.1 billion ($43 million) due to increases in outsource costs and personnel expenses.

Medium-Term Business Plan

JR East created a medium-term business plan called *New Frontier 21* to be implemented for the period from fiscal 2002 (the year ending March 31, 2002) to fiscal 2006, which was announced on November 29, 2000. In this plan, the JR East Group clearly presented its vision of the Companies as a "Trusted Life-Style Service Creating Group," that is, a group creating reliable life-style services worthy of trust by customers through corporate activities that are open to the world.

This challenge will be approached through management policies based on five visions: 1. creating customer value and pursuing customer satisfaction; 2. innovation of business through the creation of technologies; 3. harmony with society and coexistence with the environment; 4. creating motivation and vitality; 5. raising shareholder values.

We have set five numerical goals. The following revisions have been made with regard to consolidated free cash flows and the reduction of JR East's nonconsolidated total long-term debt. The changes reflect the use of transfer profit from the sale of shares in Japan Telecom Co., Ltd. in October 2001 in response to a take-over bid by Vodafone International Holding BV,

	(Reference) Fiscal 2001 Actual	Fiscal 2006 Target	
		Initial Plan	Adjusted
Consolidated Free Cash Flows	¥189.1 billion	¥180 billion	¥200 billion
Consolidated ROE (return on average equity)	7.8%	10.0%	10.0%
Consolidated ROA (ratio of operating income to average assets)	4.4%	5.5%	5.5%
Nonconsolidated total long-term debt	Balance at end of fiscal 2001: ¥4,537.5 billion	¥500 billion reduction over 5 years	¥750 billion reduction over 5 years (¥500 billion reduction achieved in 3 years)
Number of employees of JR East (parent company)	75,380 at start of fiscal 2002	Reduction of 10,000 employees over 5 years	Reduction of 10,000 employees over 5 years

and an improvement in financial efficiency thanks to the introduction of a cash management system (CMS) in the current year.

An amendment law exempting the three JR companies in Honshu (main land Japan) including JR East from the provisions of the JR Law took effect on December 1, 2001. The only task now remaining before full privatization is the sale of Japan Railway Construction Public Corporation's 12.5% shareholding (500 thousand shares) in JR East. We will continue to move steadily toward the goal of full privatization, which is now within reach, so that we can respond to the expectations of shareholders and investors by realizing the targets set down in the *New Frontier 21*. We look forward to the continuing support and understanding of all concerned.

December 2001

Mutsutake Otsuka

Mutsutake Otsuka
President and CEO

Corporate News

Full Privatization

Ever since the establishment of JR East, the entire organization has been united in a determined effort to realize the vision of the Japanese National Railways reforms, which was to establish an independent and autonomous management based on the principle of self-responsibility. We are now within reach of the ultimate goal of the reform process: full privatization.

Under the new amendment law which took effect December 1, 2001, the three JR companies in Honshu (JR East, Central Japan Railway Company and West Japan Railway Company) are no longer subject to the Law Concerning Passenger Railway Companies and the Japan Freight Railway Company (the JR Law). This will substantially enhance the degree of freedom of management in such areas as fund raising and asset disposal.

The only step remaining before JR East as it seeks to become a pure private-sector company is the sale of Japan Railway Construction Public Corporation's 12.5% shareholding (500 thousand shares) in JR East. The timetable for the sale has yet to be determined, since it will be necessary to take into account such factors as the state of the stock market, the price of JR East shares, and trends in the Japanese economy.

Full privatization will allow us to manage our business activities with greater speed and flexibility. While fully understanding that even more independent management will become necessary, JR East will implement steadily and surely the medium-term business plan, and will further strengthen its management base to meet the expectations of shareholders and investors.

Suica: Automatic Fare Collecting System Using IC Cards

On November 18, 2001, JR East introduced a new automatic fare collecting system using a contactless IC card, *Suica (Super Urban Intelligent Card)* at 424 stations in the Tokyo Metropolitan Area. This system enables smooth passage through the gate merely by touching the automatic fare collecting machine lightly with the *Suica* card, and it settles fare payment automatically by unifying commuter pass and prepaid card functions. Passengers are therefore able to go through smoothly without tickets or additional cash for ticket purchases.

JR East plans to extend *Suica* to the Shinkansen lines and areas outside of the Tokyo Metropolitan Area, and to use the system jointly with other railway companies. Other options under consideration include the integration of *Suica* with JR East's credit card, *View Card*, and the addition of electronic money functions. This would allow the card to be used for various other purposes, such as shopping at stations and shopping centers. We are also studying a system that will allow customers to book and pay for reserved seats via *Suica* IC chips in mobile telephones. This system would virtually eliminate the need for human intervention, including on-train ticket checks by conductors.

Station Renaissance

Over 16 million passengers move through our stations each day. Under the *Station Renaissance* scheme, we aim to create new station environments for the 21st century. Starting from zero, we will optimize business layouts in our stations based on the perspectives of passenger satisfaction and group value maximization.

We will take various steps to make our stations more convenient for passengers, including the aggressive introduction of barrier-free designs, and the deployment of additional service managers. We will also continue to implement the existing *Sunflower Plan*, under which we have reviewed existing facilities with the aim of securing space for business activities. At the same time, we will implement the *Cosmos Plan*, the aim of which is to create business space through artificial ground development and other large-scale projects, especially at terminal stations in the Tokyo Metropolitan Area. Through these initiatives, we will work to realize the full potential of stations as business assets.

In February 2002, as the first project of *Cosmos Plan*, Ueno station (Tokyo) will be newly reborn.