Fiscal 2006 Consolidated Financial Results (Unaudited)

Fiscal 2006 (Year ended March 31, 2006)
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, 2006

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	**Satoshi Seino, President and CEO**
Contact Person	**Osamu Kawanobe, General Manager, Public Relations Department (Tel. +81-3-5334-1300)**
Date of the Meeting of the Board of Directors for Fiscal 2006 Consolidated Financial Results	**April 27, 2006**
U.S. GAAP	**Not used**

1. Results of Fiscal 2006 (Year ended March 31, 2006)

(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 2006	**2,592,393**	**2.2**	**396,099**	**10.5**	**274,672**	**29.4**
Fiscal 2005	2,537,480	-0.2	358,534	2.0	212,339	-5.8

	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 2006	**157,574**	**41.2**	**39,369.65**	**—**	**12.4**	**4.1**	**10.6**
Fiscal 2005	111,592	-6.9	27,868.00	—	9.8	3.1	8.4

Notes:
1. Equity in net income of affiliated companies – Fiscal 2006: 707 million yen, Fiscal 2005: 290 million yen
2. Average number of shares outstanding in each year (consolidated) – Fiscal 2006: 3,996,265 shares, Fiscal 2005: 3,996,410 shares
3. Changes in accounting methods: No
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 2006	**6,821,583**	**1,357,359**	**19.9**	**339,598.80**
Fiscal 2005	6,716,268	1,183,545	17.6	296,105.99

Note: Number of shares outstanding at the end of each year (consolidated) –Fiscal 2006: 3,996,234 shares, Fiscal 2005: 3,996,290 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 2006	**447,722**	**(309,488)**	**(141,599)**	**64,373**
Fiscal 2005	407,736	(214,948)	(209,041)	66,781

(4) Scope of consolidation and equity method

Number of consolidated subsidiaries	86 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:	2 companies
Excluded:	8 companies
Equity method companies	
Newly included:	—
Excluded:	—

2. Forecast for Fiscal 2007 (Year ending March 31, 2007)

	Operating revenues	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending September 30, 2006	**1,308,000**	**182,000**	**108,000**
Fiscal 2007	**2,624,000**	**290,000**	**171,000**

(Reference) Earnings per share for fiscal 2007: 42,790.29 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 and Results of Operations

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 viewpoints 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

On December 25, 2005, the derailment of a limited express train on the Uetsu Line caused numerous deaths and injuries among passengers. JR East is praying for the souls of the dead, and the Company is also expressing its deepest and sincerest apology to the bereaved families of the victims as well as to other passengers involved in the accident and their families. A thorough investigation of the accident is being implemented by the Aircraft and Railway Accidents Investigation Commission of the Ministry of Land, Infrastructure and Transport (MLIT). Seeking to fulfill its responsibility as a railway operator, JR East has established an internal unit— Commission for ascertaining the cause and examining the measures of the Uetsu Line accident —that is cooperating closely with the MLIT commission and other entities as it works to thoroughly investigate the cause of the accident and implement all possible countermeasures.

Medium-Term Business Plan—"New Frontier 2008"

The JR East's medium-term management plan, "New Frontier 2008," reaffirms JR East's ongoing commitment to becoming a "Trusted Life-Style Service Creating Group;" looks to the realization of sustained, long-term growth; and indicates various goals to be attained by the end of fiscal 2009. 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 continue to tackle the perennial challenge of providing safe, reliable transportation while further enhancing the appeal and convenience of stations—its largest management resource. Further, JR East intends to enhance the convenience and comfort offered by its railway operations and to make concerted efforts as a corporate group to expand non-transportation services further. Also, JR East will aggressively develop new services that use "Suica" cards and pursue research and development that underpins the 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 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 by implementing highly transparent management based on uncompromising ethical standards and by actively tackling such issues as compliance and protection of the Earth's natural environment.

Targeted Management Benchmarks

JR East has established three numerical targets as management benchmarks.

Numerical Targets	(Reference) Fiscal 2006 Actual (on a single-year basis)	**Fiscal 2009 Target**
Consolidated operating cash flows (Cumulative total for the four-year period through March 31, 2009)	¥447.7 billion	**¥2,000.0 billion**
Ratio of total long-term debt to shareholders' equity (Consolidated)	2.7 times	**approx. 2 times**
Consolidated ROA	5.9%	**6.0%**

(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 September 30, 2005. 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) Items Concerning the Parent Company

No applicable items

Operating Results and Financial Position

Unless otherwise stated, descriptions of operating results and financial position in fiscal 2006, ended March 31, 2006, are comparisons with fiscal 2005, ended March 31, 2005.

(1) Summary

Overview

Regarding the Japanese economy during the fiscal year ended March 31, 2006, a continued increase in capital investment against a backdrop of strong corporate performance, the start of growth in personal consumption in response to improvement in the employment environment, and other factors combined to sustain a firm trend toward recovery. Amid these economic conditions, JR East worked to increase its revenues by upgrading transportation service and actively developing non-transportation operations centered on stations. In addition, the Group proactively initiated such businesses as that involving “Suica” card services.

As a consequence, increases in the operating revenues of each business segment caused a 2.2% increase in operating revenues from the previous fiscal year, to ¥2,592.3 billion. The reduction of personnel expenses and other factors supported a 10.5% rise in operating income, to ¥396.0 billion. Ordinary income surged 29.4%, to ¥274.6 billion, reflecting such factors as a drop in loss for the redemption of corporate bonds. Net income amounted to ¥157.5 billion, up 41.2%.

Segment Information

Transportation

JR East strove to further enhance safety, primarily focusing on railway operations. At the same time, the Company worked to encourage rail travel and to increase revenues from its Shinkansen network and conventional railway network in the Tokyo metropolitan area.

Specifically, JR East revised its service schedule in December 2005 in a manner that greatly improved the Shinkansen transportation network and increased the volume of train service, while a March 2006 revision of service schedule included provisions for the cooperative operation of limited express trains from Shinjuku running on tracks of the Company as well as tracks of Tobu Railway Co., Ltd. In addition, JR East implemented campaigns designed to stimulate tourist travel in specific regions, such as the “Fukushima Prefecture Aizu Destination Campaign,” and the “Visit Yoshitsune Legend Campaign.” To provide additional services targeting seniors and baby boomers, the Company created the “Otona no Kyujitsu Club: Zipangu” and “Otona no Kyujitsu Club: Middle.” In bus operations, amid a harsh competitive operating environment, JR East expanded its highway bus routes and also introduced a new sales system, created additional services that meet customer needs, and took other measures to encourage customers to make greater use of its services. In monorail operations, the Company introduced a revision of service schedule in April 2005 that greatly augmented the number of rapid trains running on weekends and holidays.

As a result of those efforts along with a rebound from the falloff in revenues associated with the October 2004 Niigata Chuetsu Earthquake, the favorable effect of the significant increase in Shonan-Shinjuku line train services, the introduction of “Green Cars” (first class cars) to local train services, and other measures in the previous fiscal year, the railway network’s transportation volumes grew, and operating revenues advanced 1.4%, to ¥1,861.7 billion. Operating expenses decreased 0.4%, to ¥1,564.0 billion, due to reductions in personnel expenses and other factors, and operating income grew 12.1%, to ¥297.7 billion.

Station Space Utilization

JR East continued to implement its “Station Renaissance” program, which aims to create new station environments for the 21st century. Specifically, the Company completed such development projects as the first phase of the “Dila Ofuna” project in Kanagawa Prefecture and the “Dila Koenji” project in Tokyo while proceeding with large-scale station development projects at Morioka station, Utsunomiya station, Takasaki station, and other stations. The Company expanded its network of “NEWDAYS” convenience stores and undertook the refurbishment and business stimulation promotion projects at existing stores in that chain. Aiming to further increase the appeal of space within station complexes based on its new business model for creating retail outlets within station complexes, JR East launched the “Ecute Omiya” store in Saitama Prefecture in the previous fiscal year, followed by the “Ecute Shinagawa” store in Tokyo, which opened in October 2005.

As a result, operating revenues increased 4.1%, to ¥395.7 billion. Operating expenses increased 3.2%, to ¥365.2 billion, and operating income surged 15.4%, to ¥30.4 billion.

Shopping Centers and Office Buildings

In shopping center operations, JR East opened “Atré Vie Akihabara” in Tokyo and “Odawara LUSCA” in Kanagawa Prefecture as well as undertaking renewals of “S-PAL Sendai” in Miyagi Prefecture, “Montoray” in Gunma Prefecture, “Atré Meguro” in Tokyo, and “Atré Kameido” in Tokyo. For other shopping centers, the Company actively recruited powerful tenants with the ability to attract customers. Regarding office building business, in July 2005, JR East established JR East Building Co., Ltd., to serve as the hub of its office building business. The Company moved forward with measures to consolidate the office building management business of all Group companies, increase the efficiency of that business, and strengthen the operational systems used in that business. In addition, in October 2005, the Company opened “Tokyo Building” in Tokyo.

Measures to restructure Group companies and strengthen marketing capabilities and financial position in this business segment included 4 mergers involving 10 shopping center management companies (The EKIBIRU Development Co. TOKYO merged with Omori Primo Co., Ltd., and Akihabara Co., Ltd.; Hiratsuka Station Building Co., Ltd. (now named Shonan Station Building Co., Ltd.), with LUMINE Chigasaki Co., Ltd., and Abonde Co., Ltd.; Morioka Terminal Building Co., Ltd., with Aomori Station Development Co., Ltd.; and Takasaki Terminal Building Co., Ltd., with Kumagaya Station Development Co., Ltd.).

As a result of those efforts, the segment recorded an increase of 4.8% in operating revenues, to ¥198.2 billion. Operating expenses grew 3.6%, to ¥144.3 billion, reflecting such factors as favorable performances by LUMINE Co., Ltd., and operating income advanced 8.1%, to ¥53.8 billion.

Other Services

In hotel operations, JR East unveiled “HOTEL METS Akabane” in Tokyo and “HOTEL METS Fukushima” in Fukushima Prefecture as well as fortified the Group’s marketing capabilities and financial structures by merging three hotel companies in the Tokyo metropolitan area: Hotel Metropolitan Co., Ltd., Hotel Edmont Co., Ltd., and Nippon Hotel Co., Ltd. In advertising and publicity operations, JR East moved ahead with measures to increase sales of rail car body advertising, expanded and strengthened onboard video advertising centered on monitors within Yamanote Line trains, and otherwise worked to broaden the scope of advertising operations and to develop new products that meet customer needs. In housing development and sales, JR East continued selling housing properties, such as “VIEW Verger Annaka-Haruna” in Gunma Prefecture. Also, JR East initiated fitness business operations with the opening of the “Jexer Fitness Club Akabane” in Tokyo and launched a new “Location Service,” which facilitates the use of stations and trains as locations for the filming of movies, television dramas, television commercials, and other projects. In credit card business, JR East began issuing the “View Suica” card, which can be used as a commuter pass, and other cards issued in cooperation with such leading retailers as Bic Camera Co., Ltd. The Company also launch “Mobile Suica” service, which integrates Suica and mobile phones, and took other measures that enabled the recruitment of more than 690,000 new credit card members during the fiscal year.

Consequently, operating revenues rose 5.6%, to ¥490.0 billion, and operating costs were up 6.3%, to ¥474.5 billion. Reflecting provisions for reserves related to a credit card bonus point system, operating income decreased 11.3%, to ¥15.5 billion.

Cash Flows

Net cash provided by operating activities increased ¥39.9 billion, to ¥447.7 billion, which was attributable to such factors as an increase in income before income taxes.

Net cash used in investing activities rose ¥94.5 billion, to ¥309.4 billion, due to factors including a decline in the gain on sales of investment in securities and higher payments for purchases of fixed assets.

Net cash used in financing activities declined ¥67.4 billion, to ¥141.5 billion, because of factors including a net increase in commercial paper and a ¥129.7 billion reduction of total long-term debt that was smaller than in the previous fiscal year.

As a result, cash and cash equivalents at end of the year decreased ¥2.4 billion from the previous fiscal year-end, to ¥64.3 billion.

Further, total long-term debt at fiscal year-end was ¥3,703.8 billion.

Trends in Cash Flow Indicators	Fiscal 2004	Fiscal 2005	**Fiscal 2006**
Equity ratio (%)	16.2	17.6	**19.9**
Equity ratio by market value basis (%)	32.3	34.3	**51.1**
Years to debt redemption (years)	10.1	9.3	**8.2**
Interest coverage ratio	2.4	2.7	**3.2**

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 above-mentioned conditions for the construction of new Shinkansen lines could affect JR East's financial position and business performance.

(d) 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 its most important management issue. 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.

(e) Plan for Development of Tokyo Station's Yaesu Exit

The Tokyo Station Yaesu exit development plan entails the construction of twin high-rise towers ("GranTokyo North Tower" and "GranTokyo South Tower") 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 ("GranRoof") will connect the towers. The total cost of the joint project will be approximately ¥130.0 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.

(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 the 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 other factors, and JR East faces the risk of incurring losses on the 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. In credit card business, JR East is affected by the application of such laws as the “Law concerning the regulation of money-lending business, etc.,” and the revision of these laws or changes to the interpretation of these laws could reduce JR East earnings and impact the Company in various other ways. 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 the 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 2006, consolidated total long-term debt stood at ¥3,703.8 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, the Company plans to pay a year-end dividend of ¥4,000 per share (a ¥500 increase to the ordinary dividend), which is scheduled to be paid from June 26, 2006. Including the interim period dividend of ¥4,000 per share (a ¥1,000 increase to the ordinary dividend), dividends applicable to the fiscal year amount to ¥8,000 per share (a ¥1,500 increase to the ordinary dividend). Although permitted by Japan’s new Company Law, the Company does not currently plan to distribute dividends with reference dates other than the last days of the interim period and of the fiscal year.

Retained earnings for the fiscal year ended March 31, 2006, 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, 2007

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

As the current fiscal year is the second year of the "New Frontier 2008" medium-term management plan, it is an important period for establishing the foundations of long-term growth.

In transportation operations, amid demographic graying and intensifying competition with other transportation companies, JR East is striving to meet customer expectations and increase its revenues.

Specifically ,the Company intends to take measures to improve its transportation network in the Tokyo Metropolitan Area including the introduction of additional railcars, such as moves to newly introduce Green Cars (first class cars) on the Joban Line, increase the number of Green Cars on the Utsunomiya and Takasaki lines and the introduce of new railcars on the Chuo Line. Also, the Company will raise the competitiveness of Shinkansen services by increasing the number of specially scheduled extra train runs 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" program, reengineering business formats, and reorganizing its Group. In conjunction with those initiatives, the Company 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, the Company will take steps to enhance the lineup and convenience of "Suica" services by making "Suica" cards interchangeable with other cards in the "PASMO" system of IC cards issued by railway and bus companies in the Tokyo Metropolitan Area, promoting greater use of "Mobile Suica" services, and affiliating more stores with the Company's shopping (electronic money) services.

JR East's current forecasts for operating revenues, ordinary income, and net income are as shown in the following table.

Fiscal 2007 Performance Forecast

Operating revenues:	¥2,624.0 billion	(1.2% year-on-year increase)
Ordinary income:	¥290.0 billion	(5.6% year-on-year increase)
Net income:	¥171.0 billion	(8.5% year-on-year increase)

Fiscal 2007 Interim Period Performance Forecast

Operating revenues:	¥1,308.0 billion	(1.3% increase relative to previous interim result)
Ordinary income:	¥182.0 billion	(8.0% increase relative to previous interim result)
Net income:	¥108.0 billion	(7.6% increase relative to previous interim result)

Regarding dividends, based on the medium-term management plan "New Frontier 2008" slogan—"JR East will strive to steadily increase shareholder returns while giving due consideration to current and future performance trends."—the Company plans to pay cash dividends of ¥9,000 per share (an increase of ¥1,000 per share) for the year ending March 2007, including an interim cash dividend of ¥4,500 per share (an increase of ¥500 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
March 31, 2005 and 2006

	Millions of Yen		
	2005	**2006**	Increase (Decrease)
ASSETS			
Current Assets	¥ 397,649	**¥412,101**	¥14,452
Cash and time deposits	66,950	**64,542**	(2,407)
Notes and accounts receivable–trade	141,785	**164,481**	22,695
Fares receivable	35,592	**37,383**	1,791
Short-term loans receivable	19,678	**20,417**	738
Securities	1,763	**2**	(1,760)
Real estate for sale	11,374	**8,786**	(2,588)
Inventories	33,157	**35,097**	1,940
Deferred income taxes	64,826	**55,947**	(8,878)
Other	24,184	**27,186**	3,002
Allowance for doubtful accounts	(1,663)	**(1,743)**	(80)
Fixed Assets	6,318,363	**6,408,989**	90,625
Property, plant and equipment, net of accumulated depreciation	5,800,707	**5,796,348**	(4,358)
Buildings and fixtures	2,964,383	**2,929,536**	(34,847)
Machinery, rolling stock and vehicles	613,974	**615,694**	1,719
Land	2,026,941	**2,014,862**	(12,078)
Construction in progress	151,736	**191,915**	40,179
Other	43,672	**44,340**	667
Intangible assets	103,854	**115,831**	11,976
Intangibles	101,540	**115,751**	14,210
Consolidation difference	2,313	**79**	(2,234)
Investments and other assets	413,801	**496,809**	83,007
Investment in securities	154,764	**246,629**	91,864
Long-term loans receivable	3,619	**2,770**	(848)
Long-term deferred income taxes	199,818	**193,870**	(5,947)
Other	57,044	**54,784**	(2,260)
Allowance for doubtful accounts	(1,444)	**(1,245)**	198
Deferred Assets	254	**492**	237
Total Assets	¥6,716,268	**¥6,821,583**	¥105,315

Note: Amounts less than one million yen are omitted.

Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
March 31, 2005 and 2006

	Millions of Yen		
	2005	**2006**	Increase (Decrease)
LIABILITIES			
Current Liabilities	¥1,116,367	**¥1,126,112**	¥9,744
Notes and accounts payable–trade	50,567	**54,063**	3,496
Short-term loans and current portion of long-term loans	158,702	**116,240**	(42,462)
Current portion of long-term liabilities incurred for purchase of railway facilities	147,612	**141,211**	(6,400)
Payables	275,819	**333,084**	57,264
Accrued consumption tax	12,821	**8,816**	(4,004)
Accrued income taxes	71,782	**59,666**	(12,116)
Fare deposits received with regard to railway connecting services	12,070	**11,079**	(990)
Prepaid railway fares received	103,403	**91,536**	(11,867)
Allowance for bonuses to employees	79,479	**76,033**	(3,445)
Allowance for earthquake-damage losses	28,647	**2,263**	(26,383)
Other	175,460	**232,116**	56,656
Long-term Liabilities	4,390,112	**4,313,090**	(77,022)
Bonds	1,093,860	**1,166,260**	72,400
Long-term loans	687,941	**678,298**	(9,642)
Long-term liabilities incurred for purchase of railway facilities	1,745,215	**1,602,445**	(142,769)
Long-term deferred tax liabilities	1,861	**2,478**	616
Accrued employees' severance and retirement benefits	598,923	**597,789**	(1,134)
Other	262,311	**265,818**	3,507
Total Liabilities	5,506,480	**5,439,202**	(67,277)
MINORITY INTERESTS	26,242	**25,021**	(1,220)
SHAREHOLDERS' EQUITY			
Common Stock	200,000	**200,000**	—
Capital Surplus	96,600	**96,600**	0
Retained Earnings	856,664	**984,525**	127,861
Net Unrealized Holding Gains on Securities	32,551	**78,542**	45,990
Treasury Stock, at Cost	(2,270)	**(2,308)**	(38)
Total Shareholders' Equity	1,183,545	**1,357,359**	173,813
Total Liabilities, Minority Interests and Shareholders' Equity	¥6,716,268	**¥6,821,583**	¥105,315

Note: Amounts less than one million yen are omitted.

Consolidated Statements of Income (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES
Years ended March 31, 2005 and 2006

	Millions of Yen		
	2005	**2006**	Increase (Decrease)
Operating Revenues	¥2,537,480	**¥2,592,393**	¥54,912
Operating Expenses	2,178,946	**2,196,293**	17,347
Transportation, other services and cost of sales	1,677,929	**1,701,619**	23,690
Selling, general and administrative expenses	501,016	**494,673**	(6,342)
Operating Income	358,534	**396,099**	37,565
Non-Operating Income	29,655	**21,708**	(7,946)
Interest and dividend income	1,256	**1,814**	557
Equity in net income of affiliated companies	290	**707**	417
Other	28,108	**19,187**	(8,921)
Non-Operating Expenses	175,849	**143,136**	(32,713)
Interest expense	148,431	**136,548**	(11,883)
Other	27,418	**6,588**	(20,830)
Ordinary Income	212,339	**274,672**	62,332
Extraordinary Gains	186,839	**81,376**	(105,463)
Gain on sales of fixed assets	38,913	**23,279**	(15,634)
Gain on sales of investment in securities	39,516	**857**	(38,659)
Construction grants received	79,727	**54,145**	(25,581)
Gain on sales of transferable development air rights	26,685	**—**	(26,685)
Other	1,996	**3,093**	1,096
Extraordinary Losses	198,978	**86,412**	(112,566)
Loss on sales of fixed assets	11,009	**3,982**	(7,027)
Loss on reduction entry for construction grants	75,123	**46,152**	(28,971)
Impairment losses on fixed assets	46,355	**1,840**	(44,514)
Environmental conservation costs	—	**13,955**	13,955
Earthquake-damage losses	11,933	**—**	(11,933)
Provision for allowance for earthquake-damage losses	28,647	**—**	(28,647)
Other	25,909	**20,481**	(5,427)
Income before Income Taxes	200,200	**269,635**	69,434
Income Taxes			
Current	137,408	**125,330**	(12,077)
Deferred	(51,045)	**(15,682)**	35,363
Minority Interests in Net Income of Consolidated Subsidiaries	2,246	**2,412**	166
Net Income	¥ 111,592	**¥157,574**	¥45,982

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, 2005 and 2006

	Millions of Yen		
	2005	**2006**	Increase (Decrease)
CAPITAL SURPLUS			
Capital Surplus at Beginning of Year	¥ 96,600	**¥96,600**	¥—
Increase in Capital Surplus	—	**0**	0
Gain on disposal of treasury stock	—	**0**	0
Capital Surplus at End of Year	¥ 96,600	**¥96,600**	¥0
RETAINED EARNINGS			
Retained Earnings at Beginning of Year	¥771,232	**¥856,664**	¥85,431
Increase in Retained Earnings	111,624	**158,059**	46,434
Net income	111,592	**157,574**	45,982
Increase due to addition of consolidated subsidiaries, and other	32	**484**	451
Decrease in Retained Earnings	26,193	**30,198**	4,004
Cash dividends	23,969	**29,977**	6,008
Bonuses to directors and corporate auditors	176	**220**	43
Of which bonuses for corporate auditors	*(20)*	***(23)***	*(2)*
Loss on disposal of treasury stock	2,046	**—**	(2,046)
Retained Earnings at End of Year	¥856,664	**¥984,525**	¥127,861

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, 2005 and 2006

	Millions of Yen	
	2005	**2006**
Cash Flows from Operating Activities		
Income before income taxes	¥ 200,200	**¥269,635**
Depreciation	317,956	**316,038**
Impairment losses on fixed assets	46,355	**1,840**
Amortization of long-term prepaid expense	4,912	**4,942**
Increase (decrease) in accrued employees' severance and retirement benefits	3,368	**(532)**
Interest and dividend income	(1,256)	**(1,814)**
Interest expense	148,431	**136,548**
Construction grants received	(79,727)	**(54,145)**
Gain on sales of investment in securities	(39,516)	**(857)**
Loss from disposition and provision for cost reduction of fixed assets	101,661	**76,331**
Earthquake-damage losses	11,933	**—**
Provision for allowance for earthquake-damage losses	28,647	**—**
Decrease (increase) in major receivables	(10,826)	**(24,008)**
Increase (decrease) in major payables	(9,175)	**36,347**
Other	(19,873)	**(14,903)**
Sub-total	703,092	**745,420**
Proceeds from interest and dividends	1,417	**1,968**
Payments of interest	(149,914)	**(138,712)**
Payments of earthquake-damage losses	(6,854)	**(26,568)**
Payments of income taxes	(140,004)	**(134,387)**
Net cash provided by operating activities	407,736	**447,722**
Cash Flows from Investing Activities		
Payments for purchases of fixed assets	(388,993)	**(390,438)**
Proceeds from sales of fixed assets	69,444	**33,315**
Proceeds from construction grants	59,312	**63,848**
Proceeds from sales of transferable development air rights	13,342	**—**
Payments for purchases of investment in securities	(13,609)	**(17,633)**
Proceeds from sales of investment in securities	41,916	**2,626**
Other	3,638	**(1,207)**
Net cash used in investing activities	(214,948)	**(309,488)**
Cash Flows from Financing Activities		
Net increase in commercial paper	5,000	**35,000**
Proceeds from long-term loans	64,300	**105,739**
Proceeds from issuance of bonds	129,942	**160,112**
Payments of long-term liabilities	(338,735)	**(395,583)**
Payments for acquisition of treasury stock	(6,507)	**(47)**
Cash dividends paid	(23,969)	**(29,977)**
Other	(39,071)	**(16,842)**
Net cash used in financing activities	(209,041)	**(141,599)**
Net Decrease in Cash and Cash Equivalents	(16,252)	**(3,365)**
Cash and Cash Equivalents at Beginning of Year	82,935	**66,781**
Increase due to Addition of Consolidated Subsidiaries, and Other	98	**958**
Cash and Cash Equivalents at End of Year	¥ 66,781	**¥64,373**

Note: Amounts less than one million yen are omitted.

Segment Information (Unaudited)

Segment Information by Business Activities

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

Fiscal 2006 (Year ended March 31, 2006)	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	Consolidated
	Millions of Yen						
Operating revenues							
Outside customers	**¥1,805,406**	**¥ 383,903**	**¥190,466**	**¥212,617**	**¥2,592,393**	**¥ —**	**¥2,592,393**
Inside group	**56,380**	**11,803**	**7,760**	**277,434**	**353,378**	**(353,378)**	**—**
Total	**1,861,786**	**395,706**	**198,226**	**490,051**	**2,945,772**	**(353,378)**	**2,592,393**
Costs and expenses	**1,564,057**	**365,268**	**144,373**	**474,533**	**2,548,232**	**(351,939)**	**2,196,293**
Operating income	**¥ 297,728**	**¥ 30,438**	**¥ 53,853**	**¥ 15,518**	**¥ 397,539**	**¥ (1,439)**	**¥ 396,099**
Identifiable assets	**¥5,513,144**	**¥ 166,955**	**¥744,388**	**¥653,322**	**¥7,077,811**	**¥(256,227)**	**¥6,821,583**
Depreciation	**238,685**	**8,958**	**26,573**	**41,820**	**316,038**	**—**	**316,038**
Capital Investments	**310,176**	**12,772**	**36,205**	**59,032**	**418,187**	**—**	**418,187**

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 2005: 142,686 million yen
Fiscal 2006: 231,825 million yen

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.

[REFERENCE]

Consolidated Principal Indicators

	Fiscal 2005 (A)	**Fiscal 2006** (B)	Increase (Decrease) (B)–(A)	Fiscal 2009 (Year ending March 31, 2009) Note 1
Free cash flows (FCF) [Billions of yen]	192.7	**138.2**	(54.5)	—
Return on average equity (ROE) [%]	9.8	**12.4**	2.6	—
Ratio of operating income to average assets (ROA) [%]	5.3	**5.9**	0.5	6.0
Cash flows from operating activities [Billions of yen]	407.7	**447.7**	39.9	Note 2
Ratio of total long-term debt to shareholders' equity (D/E ratio) [Times]	3.2	**2.7**	(0.5)	Note 3
Equity ratio [%]	17.6	**19.9**	2.3	
Earnings per share [Yen]	27,868.00	**39,369.65**	11,501.66	
Shareholders' equity per share [Yen]	296,105.99	**339,598.80**	43,492.81	
Total long-term debt [Billions of yen]	3,833.0	**3,703.8**	(129.2)	
Average interest rates [%]	3.68	**3.55**	(0.13)	
Net interest expense [Billions of yen]	(147.1)	**(134.7)**	12.4	
Capital expenditures [Billions of yen]	319.9	**361.3**	41.4	

Notes: 1. Goals in the medium-term business plan *("New Frontier 2008")*
2. Cumulative total of 2,000.0 billion yen for the four-year period through March 31, 2009
3. Approximately 2 times

Consolidated Business Forecast for Fiscal 2007 Semi-Annual

	Billions of Yen			%
	Actual Fiscal 2006 semi-annual (Six-months ended September 30 2005) (A)	**Forecast Fiscal 2007 semi-annual** (Six-months ended September 30 2006) (B)	Change: Increase (decrease) (B)–(A)	(B)/(A)x100
Operating revenues	1,290.9	**1,308.0**	17.0	101.3
Operating income	236.3	**235.0**	(1.3)	99.4
Ordinary income	168.5	**182.0**	13.4	108.0
Net income	100.3	**108.0**	7.6	107.6

Consolidated Business Forecast for Fiscal 2007

	Billions of Yen			%
	Actual Fiscal 2006 (A)	**Forecast Fiscal 2007** (B)	Change: Increase (decrease) (B)–(A)	(B)/(A)x100
Operating Revenues	2,592.3	**2,624.0**	31.6	101.2
Transportation	1,805.4	**1,810.0**	4.5	100.3
Station space utilization	383.9	**400.0**	16.0	104.2
Shopping centers & office buildings	190.4	**194.0**	3.5	101.9
Other services	212.6	**220.0**	7.3	103.5
Operating Income	396.0	**402.0**	5.9	101.5
Transportation	297.7	**301.0**	3.2	101.1
Station space utilization	30.4	**32.0**	1.5	105.1
Shopping centers & office buildings	53.8	**56.0**	2.1	104.0
Other services	15.5	**14.0**	(1.5)	90.2
Elimination and/or corporate	(1.4)	**(1.0)**	0.4	69.5
Ordinary Income	274.6	**290.0**	15.3	105.6
Net Income	157.5	**171.0**	13.4	108.5

(Reference) Earnings per share for fiscal 2007 : 42,790.29 yen

Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions			%	Billions of yen			%
	Fiscal 2005	**Fiscal 2006**	Change		Fiscal 2005	**Fiscal 2006**	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	1,609	**1,627**	18	101.1	22.0	**22.3**	0.2	101.1
Other	16,781	**17,246**	464	102.8	438.4	**449.8**	11.3	102.6
Total	18,391	**18,874**	482	102.6	460.5	**472.1**	11.6	102.5
Conventional Lines								
Tokyo Metropolitan Area								
Commuter Passes	51,615	**51,799**	184	100.4	342.8	**343.9**	1.1	100.3
Other	25,079	**25,376**	297	101.2	502.5	**513.8**	11.3	102.3
Total	76,694	**77,176**	481	100.6	845.3	**857.8**	12.4	101.5
Other Areas								
Commuter Passes	18,967	**18,994**	26	100.1	117.6	**117.9**	0.2	100.2
Other	11,117	**11,097**	(20)	99.8	229.3	**229.9**	0.5	100.2
Total	30,085	**30,091**	6	100.0	347.0	**347.8**	0.7	100.2
Total								
Commuter Passes	70,582	**70,793**	210	100.3	460.4	**461.8**	1.3	100.3
Other	36,197	**36,474**	277	100.8	731.9	**743.8**	11.8	101.6
Total	106,780	**107,268**	487	100.5	1,192.4	**1.205.6**	13.2	101.1
Total								
Commuter Passes	72,192	**72,421**	228	100.3	482.5	**484.2**	1.6	100.3
Other	52,979	**53,721**	741	101.4	1,170.3	**1,193.6**	23.2	102.0
Total	125,171	**126,142**	970	100.8	1,652.9	**1,677.8**	24.8	101.5

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-dlooking 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.