

Fiscal 2007 Semi-Annual Consolidated Financial Results (Unaudited)

Fiscal 2007 (Year ending March 31, 2007)

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

October 31, 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 2007 Semi-Annual Consolidated Financial Results	October 31, 2006
U.S. GAAP	Not used

1. Results of Fiscal 2007 Semi-Annual (April 1, 2006—September 30, 2006)

(1) *Consolidated financial results* (Amounts less than one million yen, except for per share amounts, are omitted.)

	Operating revenues	Operating income	Ordinary income	Net income
	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %
Fiscal 2007 semi-annual	1,319,908 2.2	247,805 4.9	198,177 17.6	121,892 21.4
Fiscal 2006 semi-annual	1,290,984 1.7	236,334 6.5	168,551 10.9	100,398 21.9
(Reference) Fiscal 2006	2,592,393 —	396,099 —	274,672 —	157,574 —

	Earnings per share —basic	Earnings per share —diluted
	Yen	Yen
Fiscal 2007 semi-annual	30,501.84	—
Fiscal 2006 semi-annual	25,122.93	—
(Reference) Fiscal 2006	39,369.65	—

Notes: 1. Equity in net income of affiliated companies: Fiscal 2007 semi-annual 536 million yen, Fiscal 2006 semi-annual 521 million yen, Fiscal 2006 707 million yen

2. Average number of shares outstanding in each period (consolidated): Fiscal 2007 semi-annual 3,996,228 shares, Fiscal 2006 semi-annual 3,996,281 shares, Fiscal 2006 3,996,265 shares

3. Changes in accounting methods: No

4. Percentages for operating revenues, operating income, ordinary income, and net income for Fiscal 2007 semi-annual represent changes compared with the interim period ended September 30, 2005. Percentages for operating revenues, operating income, ordinary income, and net income for Fiscal 2006 semi-annual represent changes compared with the interim period ended September 30, 2004.

(2) *Consolidated financial position* (Amounts less than one million yen, except for per share amounts, are omitted.)

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2007 semi-annual	6,799,928	1,479,294	21.4	364,220.88
Fiscal 2006 semi-annual	6,693,356	1,292,407	19.3	323,403.72
(Reference) Fiscal 2006	6,821,583	1,357,359	19.9	339,598.80

Notes: Number of shares outstanding at the end of each period (consolidated): Fiscal 2007 semi-annual 3,996,216 shares, Fiscal 2006 semi-annual 3,996,267 shares, Fiscal 2006 3,996,234 shares

(3) *Consolidated cash flows* (Amounts less than one million yen are omitted.)

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2007 semi-annual	249,721	(171,064)	(57,515)	86,556
Fiscal 2006 semi-annual	223,425	(158,068)	(66,710)	65,699
(Reference) Fiscal 2006	447,722	(309,488)	(141,599)	64,373

(4) *Scope of consolidation and equity method*

Number of consolidated subsidiaries	85 companies
Number of equity method nonconsolidated subsidiaries	—
Number of equity method affiliated companies	2 companies

(5) *Changes in scope of consolidation and equity method (Comparison with Fiscal 2006, ended March 31, 2006)*

Consolidated subsidiaries:

Newly included	2 companies
Excluded	3 companies

Equity method companies:

Newly included	—
Excluded	—

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

	Operating revenues	Ordinary income	Net income
Fiscal 2007	Millions of yen 2,644,000	Millions of yen 283,000	Millions of yen 171,000

(Reference) Earnings per share for Fiscal 2007: 42,790.48 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 Group will aim to function as a corporate group providing high quality and advanced services, with railway businesses at its core, while achieving sound management.

For this purpose, every individual employee of the Group will endeavor to consider the customer perspective while supporting safe and punctual transportation and supplying convenient and high-quality products and services. Every employee will continuously take on the challenges of improving the standard of services and raising the level of technology to further gain the confidence and trust of customers.

As a “trusted Life-style Service Creating Group”, JR East will aim to sustain the development of its business operations while emphasizing its responsibilities to stakeholders and society at large along with its responsibility to generate profits for shareholders.

(2) Strategies and Management Issues

A series of incidents that caused major disruption of transportation services in the Tokyo metropolitan area has damaged the trust placed in JR East and inconvenienced passengers. JR East is conducting thorough investigations into these incidents and, through the implementation of appropriate policies, is working to upgrade the safety and stability of its railway operations to even higher levels.

Medium-Term Management Plan—“New Frontier 2008”

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 attractive products and services. Specifically, JR East will further enhance the appeal and convenience of stations—its largest management resource. In addition, JR East will continue to tackle the perennial challenge of enhancing 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 to support 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 promote the development of the Group as a whole by having each Group company pursue 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 addressing 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	Fiscal 2009 Target
Consolidated operating cash flows (Cumulative total for the four-year period through March 31, 2009)	¥447.7 billion (on a single-year basis)	¥2,000.0 billion
Ratio of total long-term debt to net assets (Consolidated) Consolidated ROA	2.7 times 5.9%	Approx. 2 times 6.0%

Note: The accounting item “Shareholders' Equity,” used previously, has been changed to “Net Assets.”

(3) Philosophy and Policy regarding Reduction of the Investment Unit

JR East recognizes that reducing the investment unit to facilitate buying and selling of shares by a wide range of investors is a useful measure for promoting 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, 2006. However, JR East considers that its shares are already held by many shareholders and trading on the stock market has been active. Accordingly, JR East is not thinking of reducing the investment unit at this time. However, going forward, JR East may review this decision, when deemed 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

(1) Summary

Overview

During the interim period ended September 30, 2006, the Japanese economy remained on a recovery trend as private capital investment continued to rise, supported by strong corporate performance, and the favorable conditions in the corporate sector had a positive impact on the household sector. Amid these economic conditions, East Japan Railway Company and its consolidated subsidiaries as well as associated companies accounted for under the equity method (hereinafter, JR East) worked aggressively to further the development of their operations by upgrading transportation services and actively developing non-transportation activities centered on stations, while also proactively expanding businesses involving "Suica" electronic money card services.

As a consequence, increases in the operating revenues of all business segments brought an increase of 2.2% in total operating revenues from the same period of the previous fiscal year, to ¥1,319.9 billion, and operating income expanded 4.9%, to ¥247.8 billion. Ordinary income grew 17.6%, to ¥198.1 billion, as a result of lower interest payments accompanying the reduction in interest-bearing debt and other factors. Net income increased 21.4%, to ¥121.8 billion, supported by gains from the sale of fixed assets and other factors.

Segment Information

Transportation

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

Specifically, JR East actively developed travel products to take full advantage of the cooperative operation of limited express trains running on tracks of the Company and Tobu Railway Co., Ltd., that was introduced during the previous period. JR East also implemented campaigns to promote seasonal travel to various destinations, such as the "Japanese Beauty Hokuriku Campaign" and the "To Aizu This Summer 2006 Campaign," which were aimed at promoting the flow of tourists to specific regions. In activities related to the "Otona no Kyujitsu Club," JR East promoted business tie-ups with a broad range of financial institutions and other types of companies to offer a wider spectrum of services and worked to expand the number of club members. Other initiatives included adding "Green Cars" (first-class cars) to the Utsunomiya and Takasaki lines running from Ueno Station and expanding the number of trains in operation during the "Golden Week" vacation period and the summer months, peak periods for tourist travel. In bus operations, operating conditions continued to be harsh as a result of the inauguration of the Tsukuba Express in the previous period and other factors, but JR EAST worked to strengthen the foundation for these operations by introducing new routes, closing unprofitable routes, and other initiatives. In monorail operations, JR East promoted sales of travel products linked with its transportation services and moved forward with construction of a shunting station facility at Showajima Station, scheduled for completion during the current fiscal year, to expand rapid services.

As a result of these efforts, railway network transportation volumes increased, operating revenues expanded 0.9%, to ¥944.1 billion, and operating revenues advanced 3.0%, to ¥195.3 billion.

Station Space Utilization

JR East proceeded with the implementation of its "Station Renaissance" program, which aims to create new station environments suited to the 21st century. Specific initiatives included the opening of the second and third phases of the "Dila Ofuna" project in Kanagawa Prefecture, following the opening of the first phase in the previous period. In addition, JR EAST increased the number of "NEW DAYS" convenience stores and undertook refurbishment and business stimulation promotion projects at existing stores in that chain.

Along with the positive effects of these initiatives and new revenues from the opening of the "ecute Shinagawa" store in Tokyo, which was opened in the previous period, operating revenues increased 6.1%, to ¥208.3 billion. Operating income grew 9.3%, to ¥16.3 billion.

Shopping Centers and Office Buildings

In shopping center operations, JR East refurbished "Box Hill Matsudo" and "Atré Shin-Urayasu," both in Chiba Prefecture, and, at these and other shopping centers, actively worked to recruit powerful tenants with the ability to attract customers.

Measures to restructure Group companies and strengthen the Group's marketing capabilities and financial position in this business included two mergers involving five shopping center management companies. These were the merger of Lumine Co., Ltd., with Shinjuku Station Building Co., Ltd., and the amalgamation of Hachioji Terminal Building Co., Ltd., Kokubunji Terminal Building Co., Ltd., and Kofu Station Co., Ltd. In addition, the "My City" shopping center began operations anew as "LUMINE EST" with operations in Tokyo.

As a result of these initiatives and the strong performances of Lumine Co., Ltd., and other operations, operating revenues increased 4.7%, to ¥101.4 billion, and operating income was up 4.0%, to ¥29.5 billion.

Other Services

In hotel operations, JR East continued its program of activities to improve competitiveness through refurbishment. In advertising and publicity operations, JR EAST moved forward with initiatives to expand sales of transportation-related media focusing on in-car visual advertising, while newly introducing "SuiPo," a transportation media linking "Suica" and station posters. In housing development and sales, JR East continue to sell housing properties, such as "VIEW Verger Annaka-Haruna" in Gunma Prefecture. Among other services, JR East opened "Jexer Fitness Club Ueno" in Tokyo and worked to expand sales of equipment and other items aimed at the commencement of joint use of its IC card with "PASMO." In credit card business, JR East strove to expand the number of holders of "Ottono no Kyujitsu Club: Zipangu" cards and various other cards. Initiatives continued to promote the use of "Suica" electronic money cards for shopping during the period, and specific results included the introduction of "Suica" card usage at stores in Narita International Airport. JR East also worked aggressively to expand "Suica" use in urban shops and elsewhere, and, at the end of the interim period, the number of outlets accepting "Suica" cards had risen to approximately 9,000.

Accordingly, operating revenues of this segment rose 7.2%, to ¥233.3 billion, and operating income surged 112.2%, to ¥6.2 billion.

Cash Flows

Net cash provided by operating activities increased ¥26.2 billion, to ¥249.7 billion, which was attributable to an increase in income before income taxes and other factors.

Net cash used in investing activities rose ¥12.9 billion, to ¥171.0 billion, due to factors including higher payments for purchases of fixed assets, a decline for construction grants received and other factors.

Net cash used in financing activities declined ¥9.1 billion, to ¥57.5 billion, owing to factors including a reduction in long-term liabilities and a decline in commercial paper.

As a result, cash and cash equivalents at end of the interim period increased ¥22.1 billion from the previous fiscal year-end, to ¥86.5 billion.

Further, total long-term debt at the end of the interim period was ¥3,707.3 billion.

Trends in Cash Flow Indicators

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007 Semi-annual
Equity ratio (%).....	16.2	17.6	19.9	21.4
Equity ratio by market value basis (%).....	32.3	34.3	51.1	48.5
Years to debt redemption (years).....	10.1	9.3	8.2	—
Interest coverage ratio.....	2.4	2.7	3.2	3.9

Notes: Equity ratio: Net Assets / total assets

Equity ratio by market value basis: Aggregate market value of shares / total assets

Years to debt redemption: Interest-bearing debt / Net cash provided by operating activities
(not included for the interim period)

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

1. Each indicator is based on consolidated financial statistics.

2. The aggregate market value of shares was calculated by multiplying the closing price at the end of each period by the total number of shares outstanding at the end of period.

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 Passenger Railway Companies and Japan Freight Railway Company" (JR Law). However, JR East is required to manage its operations in accordance with the "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 were unable to expedite changes to fares and charges based on those procedures, JR East's earnings could be affected.

(c) Plan for the Development of New Shinkansen Lines

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 are stipulated in laws and regulations. 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, and (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 in 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 error, terrorism, or other factors. JR East regards ensuring safety as its most important management issue. Accordingly, guided by a five-year safety plan, "Safety Plan 2008," JR East is taking steps to upgrade both operational and physical systems to construct a railway system with even higher levels of 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 ¥125.0 billion if the cost of JR East's independent projects is added. The first phase of the "GranTokyo North Tower" and the "GranTokyo South Tower" is scheduled for completion in October 2007, and completion of the low-rise portion of the North Tower is set for summer 2012. The central portion, including the "GranRoof" is scheduled for completion in spring 2013 (with the square on the Yaesu side set for completion in fiscal 2013). 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 did not proceed according to plan due to various changes in the economic and operating environments.

(f) Information Systems and Protection of 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 impaired due to natural disasters or human errors, or if personal information were leaked externally as a result of a computer system 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 preventing information system failures through continuous upgrading of systems and employee training programs, JR East enforces the strict management of personal information based on the establishment of rules and regulations and 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. The occurrence of any of these contingencies could have an impact on JR East's financial position and business performance. JR East will work to enhance profits and earn customer trust by fully leveraging stations, which are its largest management resource, to further develop its 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 those of other companies. Intensified competition in the markets for those operations could affect JR East's financial position and business performance. JR East will strive to further strengthen 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 the interim period, consolidated total long-term debt stood at ¥3,707.3 billion. JR East will continue working to reduce total long-term debt and to reduce interest payments through refinancing at lower interest rates. However, declines in free cash flows for unforeseen reasons or fluctuations in borrowing rates due to interest-rate trends could affect JR East's financial position and business performance.

Dividend Policy

The company's basic policy regarding the appropriation of earnings is to steadily augment returns to shareholders in light of performance trends while securing retained earnings to ensure a sound operating base for the future development of its business activities, which are centered on stations and railway services.

In line with this policy, the Board of Directors, at its meeting on October 31, 2006, approved a proposal to pay an interim dividend of ¥4,500 per share (a ¥500 increase) on December 1, 2006. The Company is not planning to distribute dividends with reference dates other than the last day of the interim period.

Retained earnings for the interim period will be used to reduce total long-term debt to improve JR East's financial position and for actively making capital investments that will make major contributions to management performance going forward. JR East will continue to work to improve its business performance and to build an even more robust operating base. At the same time, JR East will aim to augment returns to 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.

Specifically, the Company intends to take measures to improve its Tokyo metropolitan area network, including the introduction of "Green Cars" (first-class cars) on the Joban Line and new railcars on the Chuo Line, Keiyō Line, and other routes. 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 expanding the number of seats available for reservation. In non-transportation operations, JR East will hone its competitiveness by promoting the "Station Renaissance" program and making realignments in its Group. In conjunction with those initiatives, the Company will steadily advance large-scale projects, such as the "Tokyo Station City" plan. To cultivate "Suica" operations as the third pillar of its business, alongside railway and non-transportation operations, the Company is taking steps to enhance the lineup and convenience of "Suica" services by beginning to make "Suica" cards interchangeable with other cards in the "PASMO" system of IC cards issued by other transportation companies in the Tokyo metropolitan area, promoting greater use of "Mobile Suica" services, and expanding the number of stores accepting "Suica" usage.

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: ¥2,644.0 billion (2.0% year-on-year increase)

Ordinary income: ¥283.0 billion (3.0% year-on-year increase)

Net income: ¥171.0 billion (8.5% year-on-year increase)

In JR East's current forecasts for the full fiscal year, in comparison with the outlook issued on April 27, 2006, the outlook for operating revenues has been revised upward, the forecast for ordinary income has been lowered, and the outlook for net income has been left unchanged. The revised forecasts are as follows:

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 (an increase of ¥1,000 per share) for the year ending March 31, 2007, including the 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.

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Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen			
	Fiscal 2006 (As of March 31, 2006)	Fiscal 2007 semi-annual (As of September 30, 2006)	Increase (Decrease)	Fiscal 2006 semi-annual (As of September 30, 2005)
ASSETS				
Current Assets	¥ 412,101	¥ 461,319	¥ 49,217	¥ 386,326
Cash and time deposits	64,542	86,728	22,185	65,869
Notes and accounts receivable—trade	164,481	175,051	10,570	126,754
Fares receivable	37,383	41,632	4,249	36,880
Short-term loans receivable	20,417	20,412	(4)	19,502
Securities	2	229	226	1,696
Real estate for sale	8,786	7,980	(805)	9,647
Inventories	35,097	46,344	11,247	40,543
Deferred income taxes	55,947	59,003	3,055	61,821
Other	27,186	25,900	(1,286)	25,321
Allowance for doubtful accounts	(1,743)	(1,964)	(221)	(1,709)
Fixed Assets	6,408,989	6,338,502	(70,487)	6,306,734
Property, plant and equipment,				
net of accumulated depreciation	5,796,348	5,734,420	(61,928)	5,745,154
Buildings and fixtures	2,929,536	2,875,368	(54,167)	2,902,270
Machinery, rolling stock and vehicles	615,694	602,626	(13,067)	613,458
Land	2,014,862	2,012,470	(2,392)	2,025,601
Construction in progress	191,915	199,591	7,675	161,151
Other	44,340	44,363	23	42,672
Intangible assets	115,831	119,894	4,063	107,224
Intangibles	115,751	119,894	4,143	105,473
Consolidation difference	79	—	(79)	1,751
Investments and other assets	496,809	484,186	(12,622)	454,355
Investment in securities	246,629	239,440	(7,189)	200,616
Long-term loans receivable	2,770	2,519	(251)	3,085
Long-term deferred income taxes	193,870	203,224	9,353	197,183
Other	54,784	40,335	(14,449)	54,943
Allowance for doubtful accounts	(1,245)	(1,331)	(85)	(1,472)
Deferred Assets	492	106	(385)	295
Total Assets	¥6,821,583	¥6,799,928	¥ (21,655)	¥6,693,356

Note: Amounts less than one million yen are omitted.

Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen			
	Fiscal 2006 (As of March 31, 2006)	Fiscal 2007 semi-annual (As of September 30, 2006)	Increase (Decrease)	Fiscal 2006 semi-annual (As of September 30, 2005)
LIABILITIES				
Current Liabilities	¥1,126,112	¥1,029,478	¥ (96,633)	¥1,091,902
Notes and accounts payable—trade	54,063	54,096	33	42,460
Short-term loans and current portion of long-term loans	116,240	159,254	43,013	160,704
Current portion of long-term liabilities incurred for purchase of railway facilities	141,211	141,903	691	148,189
Payables	333,084	161,640	(171,443)	160,323
Accrued consumption tax	8,816	9,424	608	5,936
Accrued income taxes	59,666	93,659	33,993	80,948
Fare deposits received with regard to railway connecting services..	11,079	20,408	9,329	15,477
Prepaid railway fares received.....	91,536	99,523	7,986	106,334
Allowance for bonuses to employees.....	76,033	79,082	3,048	80,999
Allowance for earthquake-damage losses.....	2,263	1,592	(670)	16,137
Other.....	232,116	208,893	(23,222)	274,390
Long-term Liabilities	4,313,090	4,291,155	(21,934)	4,281,550
Bonds	1,166,260	1,237,865	71,605	1,035,900
Long-term loans.....	678,298	617,109	(61,188)	661,889
Long-term liabilities incurred for purchase of railway facilities-	1,602,445	1,551,991	(50,453)	1,694,260
Long-term deferred tax liabilities	2,478	2,414	(64)	2,020
Employees' severance and retirement benefits.....	597,789	606,215	8,425	604,495
Other.....	265,818	275,559	9,740	282,985
Total Liabilities	5,439,202	5,320,634	(118,568)	5,373,452
MINORITY INTERESTS	25,021	—	—	27,496
SHAREHOLDERS' EQUITY				
Common Stock	200,000	—	—	200,000
Capital Surplus	96,600	—	—	96,600
Retained Earnings	984,525	—	—	942,656
Net Unrealized Holding Gains on Securities	78,542	—	—	55,434
Treasury Stock, at Cost	(2,308)	—	—	(2,283)
Total Shareholders' Equity	1,357,359	—	—	1,292,407
Total Liabilities, Minority Interests and Shareholders' Equity	¥6,821,583	—	—	¥6,693,356
NET ASSETS				
Total Shareholders' Equity	—	1,384,918	—	—
Common stock.....	—	200,000	—	—
Capital surplus.....	—	96,601	—	—
Retained earnings.....	—	1,090,642	—	—
Treasury stock, at cost	—	(2,325)	—	—
Valuation and Translation Adjustments	—	70,586	—	—
Net unrealized holding gains on securities.....	—	70,231	—	—
Deferred gain (loss) on hedges	—	355	—	—
Minority Interests	—	23,788	—	—
Total Net Assets	—	1,479,294	—	—
Total Liabilities and Net Assets	—	¥6,799,928	—	—

Note: Amounts less than one million yen are omitted.

Consolidated Statements of Income (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen			
	Fiscal 2006 semi-annual (Six months ended September 30, 2005)	Fiscal 2007 semi-annual (Six months ended September 30, 2006)	Increase (Decrease)	Fiscal 2006 (Year ended March 31, 2006)
Operating Revenues	¥1,290,984	¥1,319,908	¥ 28,924	¥2,592,393
Operating Expenses	1,054,650	1,072,102	17,452	2,196,293
Transportation, other services and cost of sales	817,111	827,342	10,230	1,701,619
Selling, general and administrative expenses	237,538	244,760	7,221	494,673
Operating Income	236,334	247,805	11,471	396,099
Non-Operating Income	6,550	18,726	12,176	21,708
Interest and dividend income	1,565	1,318	(247)	1,814
Equity in net income of affiliated companies	521	536	15	707
Other	4,463	16,871	12,407	19,187
Non-Operating Expenses	74,333	68,355	(5,978)	143,136
Interest expense	69,583	66,254	(3,329)	136,548
Other	4,750	2,101	(2,649)	6,588
Ordinary Income	168,551	198,177	29,626	274,672
Extraordinary Gains	16,902	29,859	12,956	81,376
Gain on sales of investments in securities	839	—	(839)	857
Construction grants received	10,309	15,479	5,169	54,145
Other	5,753	14,380	8,626	26,372
Extraordinary Losses	14,940	20,949	6,008	86,412
Losses on reduction entry for construction grants	9,902	14,232	4,330	46,152
Impairment losses on fixed assets	1,502	1,347	(155)	1,840
Other	3,535	5,369	1,833	38,420
Income before Income Taxes	170,513	207,087	36,573	269,635
Income Taxes				
Current	78,752	90,486	11,733	125,330
Deferred	(9,980)	(6,498)	3,482	(15,682)
Minority Interests in Net Income of Consolidated Subsidiaries	1,343	1,207	(135)	2,412
Net Income	¥ 100,398	¥ 121,892	¥ 21,494	¥ 157,574

Note: Amounts less than one million yen are omitted.

Consolidated Statements of Capital Surplus and Retained Earnings (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2006, Semi-annual (Six months ended September 30,2005)	Fiscal 2006 (Year ended March 31, 2006)
CAPITAL SURPLUS		
Capital Surplus at Beginning of the Period	¥ 96,600	¥ 96,600
Increase in Capital Surplus	—	0
Gain on disposal of treasury stock	—	0
Capital Surplus at End of the Period	¥ 96,600	¥ 96,600
 RETAINED EARNINGS		
Retained Earnings at Beginning of the Period	¥856,664	¥856,664
Increase in Retained Earnings	100,398	158,059
Net income	100,398	157,574
Increase due to addition of consolidated subsidiaries, and other	—	484
Decrease in Retained Earnings	14,405	30,198
Cash dividends	13,989	29,977
Bonuses to directors and corporate auditors	220	220
<i>Of which bonuses for corporate auditors</i>	<i>[23]</i>	<i>[23]</i>
Losses on disposal of treasury stock	0	—
Decrease due to addition of consolidated subsidiaries, and other	195	—
Retained Earnings at End of the Period	¥942,656	¥984,525

Note: Amounts less than one million yen are omitted.

Consolidated Statements of Changes in Shareholders' Equity

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Fiscal 2007 semi-annual (Six months ended September 30, 2006)

(Millions of yen)

	Shareholders' Equity					Valuation and Translation Adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains on securities	Deferred gain (loss) on hedges	Valuations and translation adjustments		
Beginning balance as of March 31, 2006	¥200,000	¥96,600	¥ 984,525	¥(2,308)	¥1,278,816	¥78,542	¥ —	¥78,542	¥25,021	¥1,382,380
Changes of items during the period										
Dividends (Note 2)			(15,987)		(15,987)					(15,987)
Bonuses to directors (Note 2)			(242)		(242)					(242)
Net income			121,892		121,892					121,892
Increase due to addition of consolidated subsidiaries, and other			456		456					456
Acquisition of treasury stock				(17)	(17)					(17)
Disposal of treasury stock		0		1	2					2
Net changes of items other than shareholders' equity						(8,311)	355	(7,956)	(1,232)	(9,189)
Total changes of items during the period	—	0	106,117	(16)	106,102	(8,311)	355	(7,956)	(1,232)	96,913
Ended balance as of September 30, 2006	¥200,000	¥96,601	¥1,090,642	¥(2,325)	¥1,384,918	¥70,231	¥ 355	¥70,586	¥23,788	¥1,479,294

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

2. This figure was presented to the Regular General Meeting of Shareholders, held in June 2006, as an item in appropriation of retained earnings.

Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Fiscal 2006 semi-annual (Six months ended September 30, 2005)	Fiscal 2007 semi-annual (Six months ended September 30, 2006)	Fiscal 2006 (Year ended March 31, 2006)
Cash Flows from Operating Activities			
Income before income taxes.....	¥170,513	¥207,087	¥269,635
Depreciation	153,314	155,565	316,038
Impairment losses on fixed assets	1,502	1,347	1,840
Amortization of long-term prepaid expense.....	2,175	1,957	4,942
Net change in employees' severance and retirement benefits.....	6,457	8,038	(532)
Interest and dividend income	(1,565)	(1,318)	(1,814)
Interest expense	69,583	66,254	136,548
Construction grants received	(10,309)	(15,479)	(54,145)
Gain on sales of investment in securities	(839)	—	(857)
Loss from disposition and provision for cost reduction of fixed assets.....	15,707	21,043	76,331
Net change in major receivables	9,141	(6,846)	(24,008)
Net change in major payables	(23,161)	(33,185)	36,347
Other.....	(16,770)	(29,206)	(14,903)
Sub-total.....	375,747	375,258	745,420
Proceeds from interest and dividends	1,693	1,496	1,968
Payments of interest	(70,641)	(64,823)	(138,712)
Payments of earthquake-damage losses	(16,706)	(5,480)	(26,568)
Payments of income taxes	(66,669)	(56,729)	(134,387)
Net cash provided by operating activities	223,425	249,721	447,722
Cash Flows from Investing Activities			
Payments for purchases of fixed assets	(199,185)	(225,031)	(390,438)
Proceeds from sales of fixed assets	5,994	15,644	33,315
Proceeds from construction grants	41,438	34,605	63,848
Payments for purchases of investment in securities	(6,766)	(6,934)	(17,633)
Proceeds from sales of investment in securities	905	—	2,626
Other.....	(455)	10,652	(1,207)
Net cash used in investing activities	(158,068)	(171,064)	(309,488)
Cash Flows from Financing Activities			
Net change in commercial paper.....	90,000	(40,000)	35,000
Proceeds from long-term loans	21,500	27,700	105,739
Proceeds from issuance of bonds.....	29,989	71,947	160,112
Payments of long-term liabilities.....	(185,933)	(97,508)	(395,583)
Payments for acquisition of treasury stock.....	(17)	(17)	(47)
Cash dividends paid	(13,989)	(15,987)	(29,977)
Other.....	(8,259)	(3,648)	(16,842)
Net cash used in financing activities	(66,710)	(57,515)	(141,599)
Net Change in Cash and Cash Equivalents	(1,353)	21,142	(3,365)
Cash and Cash Equivalents at Beginning of the Period	66,781	64,373	66,781
Increase due to Addition of Consolidated Subsidiaries, and Other			
Subsidiaries, and Other	271	1,040	958
Cash and Cash Equivalents at End of the Period	¥ 65,699	¥ 86,556	¥ 64,373

Note: Amounts less than one million yen are omitted.

Segment Information (Unaudited)

Segment Information by Business Activities

Six months ended September 30, 2005 and 2006	Millions of Yen						
	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	Consolidated
Fiscal 2006 semi-annual							
Operating revenues							
Outside customers	¥ 907,484	¥190,937	¥ 93,041	¥ 99,521	¥1,290,984	¥ —	¥ 1,290,984
Inside group.....	27,826	5,511	3,870	118,053	155,261	(155,261)	—
Total	935,310	196,449	96,911	217,575	1,446,245	(155,261)	1,290,984
Costs and expenses	745,652	181,517	68,527	214,623	1,210,320	(155,669)	1,054,650
Operating income	¥ 189,658	¥ 14,931	¥ 28,383	¥ 2,951	¥ 235,925	¥ 408	¥ 236,334

Fiscal 2007 semi-annual

Operating revenues

Outside customers.....	¥ 915,642	¥201,372	¥ 96,911	¥105,982	¥1,319,908	¥ —	¥ 1,319,908
Inside group.....	28,528	6,974	4,585	127,360	167,448	(167,448)	—
Total	944,170	208,346	101,496	233,343	1,487,357	(167,448)	1,319,908
Costs and expenses	748,857	192,022	71,968	227,079	1,239,927	(167,825)	1,072,102
Operating income	¥ 195,313	¥ 16,324	¥ 29,527	¥ 6,264	¥ 247,429	¥ 376	¥ 247,805

Fiscal 2006 (Year ended March 31, 2006)	Millions of Yen						
	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total	Elimination and/or corporate	Consolidated
Operating revenues							
Outside customers							
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

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 purposes 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 the station space utilization business and leasing of office buildings, etc.; and |
| Other services: | Advertising and publicity, hotel operations, wholesales, truck delivery, cleaning, information processing, housing development and sales, credit card business, and other services. |

Geographic segment information is not shown since JR East has no overseas consolidated subsidiaries. Information for overseas sales is not shown due to there being no overseas sales.

Subsequent Event

Issuance of bonds

JR East issued the following straight bonds on October 27, 2006.

1. Straight bonds, forty-sixth issue, East Japan Railway Company

- (1) Amount: ¥20,000 million
- (2) Coupon rate: 1.97% per annum
- (3) Maturity date: September 20, 2016

2. Straight bonds, forty-seventh issue, East Japan Railway Company

- (1) Amount: ¥10,000 million
- (2) Coupon rate: 2.46% per annum
- (3) Maturity date: September 18, 2026

[REFERENCE]

Consolidated Principal Indicators

	Fiscal 2006, semi-annual (Six months ended September 30, 2005) (A)	Fiscal 2006 (Year ended March 31, 2006) (B)	Fiscal 2007, semi-annual (Six months ended September 30, 2006) (C)	Increase (Decrease) (C)–(A)	Increase (Decrease) (C)–(B)	Fiscal 2009 (Year ending March 31, 2009)
					Note 1	
Cash flows from operating activities [Billions of yen].....	223.4	447.7	249.7	26.2	—	Note 2
Ratio of total long-term debt to net assets [Times].....	2.9	2.7	2.5	(0.3)	(0.2)	Note 3
Ratio of operating income to average assets (ROA) [%].....	3.5	5.9	3.6	0.1	—	6.0
Return on average equity (ROE) [%].....	8.1	12.4	8.7	0.6	—	
Equity ratio [%].....	19.3	19.9	21.4	2.1	1.5	
Net assets [Billions of yen].....	1,292.4	1,357.3	1,455.5	163.0	98.1	
Total long-term debt [Billions of yen] (Note4)	3,698.6	3,703.8	3,707.3	8.6	3.4	
Average interest rates [%].....	3.62	3.55	3.51	(0.11)	(0.04)	
Net interest expense [Billions of yen].....	(68.0)	(134.7)	(64.9)	3.0	—	
Earnings per share [Yen]	25,122.93	39,369.65	30,501.84	5,378.91	—	
Net assets per share [Yen]	323,403.72	339,598.80	364,220.88	40,817.15	24,622.08	
Free cash flows (FCF) [Billions of yen]	65.3	138.2	78.6	13.3	—	
Capital expenditures [Billions of yen].....	113.4	361.3	114.7	1.3	—	

Notes: 1. Goals in the medium-term management plan ("New Frontier 2008")

2. Cumulative total of ¥2,000.0 billion for the four-year period through March 31, 2009

3. Approximately 2 times

4. For the interim period of fiscal 2006, long-term liabilities have been presented according to the Accounting Standards for Financial Instruments and the Tentative Solution on Accounting for Deferred Assets. The balance of long-term liabilities under the previously applied accounting standards was ¥3,708.2 billion at the end of the interim period under review.

Consolidated Business Forecast for Fiscal 2007

	Actual Fiscal 2006 (A)	Forecast Fiscal 2007 (Announced in April 2006) (B)	Forecast Fiscal 2007 (C)	Billions of Yen			
				Increase (Decrease) (C)–(B)	% (C)/(B) x100	Increase (Decrease) (C)–(A)	% (C)/(A) x100
Operating Revenues	¥ 2,592.3	¥ 2,624.0	¥ 2,644.0	¥ 20.0	100.8	¥ 51.6	102.0
Transportation.....	1,805.4	1,810.0	1,821.0	11.0	100.6	15.5	100.9
Station space utilization.....	383.9	400.0	400.0	—	100.0	16.0	104.2
Shopping centers & office buildings...	190.4	194.0	195.0	1.0	100.5	4.5	102.4
Other services.....	212.6	220.0	228.0	8.0	103.6	15.3	107.2
 Operating Income	¥ 396.0	¥ 402.0	¥ 412.0	¥ 10.0	102.5	¥ 15.9	104.0
Transportation.....	297.7	301.0	308.0	7.0	102.3	10.2	103.4
Station space utilization.....	30.4	32.0	32.0	—	100.0	1.5	105.1
Shopping centers & office buildings...	53.8	56.0	57.0	1.0	101.8	3.1	105.8
Other services.....	15.5	14.0	16.0	2.0	114.3	0.4	103.1
Elimination and/or corporate.....	(1.4)	(1.0)	(1.0)	—	100.0	0.4	69.5
 Ordinary Income	¥ 274.6	¥ 290.0	¥ 283.0	¥ (7.0)	97.6	¥ 8.3	103.0
Net Income	157.5	171.0	171.0	—	100.0	13.4	108.5

(Reference) Earnings per share for fiscal 2007: 42,790.48 yen

Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions		%		Billions of yen		%	
	Fiscal 2006 semi-annual (Six months ended September 30, 2005) (A)	Fiscal 2007, semi-annual (Six months ended September 30, 2006) (B)	Increase (Decrease) (B)-(A)	Change (B)/(A)x100	Fiscal 2006 semi-annual (Six months ended September 30, 2005) (C)	Fiscal 2007, semi-annual (Six months ended September 30, 2006) (D)	Increase (Decrease) (D)-(C)	Change (D)/(C)x100
Shinkansen Network								
Commuter Passes	834	847	12	101.5	11.3	11.4	0.1	101.1
Other	8,762	9,068	305	103.5	227.5	231.2	3.6	101.6
Total	9,597	9,915	318	103.3	238.9	242.7	3.7	101.6
Conventional Lines								
<i>Tokyo Metropolitan Area Network</i>								
Commuter Passes	26,556	26,590	34	100.1	174.6	175.1	0.4	100.3
Other	12,850	12,936	85	100.7	258.5	262.3	3.7	101.5
Total	39,406	39,526	119	100.3	433.2	437.4	4.2	101.0
<i>Intercity and Regional Network</i>								
Commuter Passes	9,840	9,865	24	100.2	60.0	60.3	0.3	100.5
Other	5,664	5,653	(10)	99.8	116.6	117.4	0.8	100.7
Total	15,505	15,519	13	100.1	176.6	177.8	1.1	100.7
<i>Total</i>								
Commuter Passes	36,397	36,455	58	100.2	234.7	235.5	0.8	100.3
Other	18,515	18,590	74	100.4	375.2	379.8	4.5	101.2
Total	54,912	55,045	133	100.2	609.9	615.3	5.4	100.9
Total								
Commuter Passes	37,231	37,303	71	100.2	246.0	247.0	0.9	100.4
Other	27,278	27,658	380	101.4	602.7	611.0	8.2	101.4
Total	64,509	64,961	452	100.7	848.8	858.0	9.1	101.1

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.