

# Fiscal 2007 Financial Results (Unaudited)

Fiscal 2007 (Year ended 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

April 27, 2007

## East Japan Railway Company

Stock Exchange Listings	<b>Tokyo, Osaka, and Nagoya</b>
Securities Code	<b>9020</b>
Location of the Head Office	<b>Tokyo, Japan</b>
URL	<b>http://www.jreast.co.jp/e</b>
Representative	<b>Satoshi Seino, President and CEO</b>
Contact Person	<b>Osamu Kawanobe, General Manager, Public Relations Department (Tel. +81-3-5334-1300)</b>
Scheduled date of Regular General Meeting of Shareholders	<b>June 22, 2007</b>
Scheduled date of dividend payment commencement	<b>June 25, 2007</b>

### 1. Consolidated Results of Fiscal 2007 (Year ended March 31, 2007)

(Amounts less than one million yen, except for per share amounts, are omitted.)

(1) Consolidated financial results (Percentages represent changes compared with the previous year.)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Fiscal 2007</b>	<b>2,657,345</b>	<b>2.5</b>	<b>428,097</b>	<b>8.1</b>	<b>300,051</b>	<b>9.2</b>
Fiscal 2006	2,592,393	2.2	396,099	10.5	274,672	29.4

	Net income		Earnings per share—basic	Earnings per share—diluted	Return on average equity	Ratio of ordinary income to average assets	Ratio of operating income to operating revenues
	Millions of yen	%	Yen	Yen	%	%	%
<b>Fiscal 2007</b>	<b>175,870</b>	<b>11.6</b>	<b>44,007.94</b>	—	<b>12.4</b>	<b>4.4</b>	<b>16.1</b>
Fiscal 2006	157,574	41.2	39,369.65	—	12.4	4.1	15.3

Reference: Equity in net income and losses of affiliated companies – Fiscal 2007: (1,978) million yen, Fiscal 2006: 707 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>Fiscal 2007</b>	<b>6,968,031</b>	<b>1,513,104</b>	<b>21.4</b>	<b>372,492.84</b>
Fiscal 2006	6,821,583	1,357,359	19.9	339,598.80

Reference: Shareholders' equity – Fiscal 2007: 1,488,553 million yen, Fiscal 2006: – million yen

(3) Consolidated cash flows

	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
<b>Fiscal 2007</b>	<b>541,850</b>	<b>(348,799)</b>	<b>(172,027)</b>	<b>86,980</b>
Fiscal 2006	447,722	(309,488)	(141,599)	64,373

## 2. Dividends (Years ended March 31, 2006 and 2007 and year ending March 31, 2008)

	Dividends per share			Total dividends (Annual)	Dividend pay-out ratio (Consolidated)	Dividend-to-net asset ratio (Consolidated)
	Interim	Year-end	Total annual			
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2006	4,000	4,000	8,000	31,976	20.3	2.5
<b>Fiscal 2007</b>	<b>4,500</b>	<b>4,500</b>	<b>9,000</b>	<b>35,972</b>	<b>20.5</b>	<b>2.5</b>
(Forecast) Fiscal 2008	5,000	5,000	10,000	—	21.6	—

## 3. Forecast for Fiscal 2008 (Year ending March 31, 2008)

(Percentages represent changes compared with the previous year.)

	Operating revenues		Operating income		Ordinary income		Net income		Earnings per share—basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2007	<b>1,323,000</b>	<b>0.2</b>	<b>245,000</b>	<b>(1.1)</b>	<b>185,000</b>	<b>(6.6)</b>	<b>111,000</b>	<b>(8.9)</b>	<b>27,776.43</b>
Fiscal 2008	<b>2,678,000</b>	<b>0.8</b>	<b>428,000</b>	<b>(0.0)</b>	<b>312,000</b>	<b>4.0</b>	<b>185,000</b>	<b>5.2</b>	<b>46,294.05</b>

## 4. Other

(1) Changes to principal subsidiaries during the fiscal year (status changes of specified subsidiaries due to changes in the scope of consolidation) No

(2) Number of outstanding shares (common stock)

i Outstanding shares at year-end

(including treasury stock) Fiscal 2007 4,000,000 shares Fiscal 2006 4,000,000 shares

ii Treasury stock at year-end Fiscal 2007 3,806 shares Fiscal 2006 3,766 shares

## 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.

## Operating Results and Financial Position

### 1. Analysis of Operating Results

#### (1) Summary

##### Overview

During the fiscal year ended March 31, 2007, despite a weakening in personal consumption seen in the latter half of the year, the Japanese economy remained on a recovery trend as private capital investment continued to rise, supported by strong corporate performance. 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 working to expand the usage scope and quality of services related to “Suica” electronic money card services.

As a consequence, increases in the operating revenues of all business segments brought an increase of 2.5% in total operating revenues from the previous fiscal year, to ¥2,657.3 billion, and operating income expanded 8.1%, to ¥428.0 billion. Ordinary income grew 9.2%, to ¥300.0 billion, as a result of lower interest payments and other factors. Net income increased 11.6%, to ¥175.8 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 fiscal year. JR East also implemented campaigns to promote seasonal travel to various destinations—such as the “To Aizu This Summer 2006 Campaign” and the “Chiba Destination 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 the implementation of two timetable revisions and the March 2007 addition of “Green Cars” (first-class cars) to the Joban Line as well as the initiation of a mutual line-sharing arrangement with the railway that operates the Sendai Airport Line, upon the opening of that line. Also, JR East began to make “Suica” IC cards interchangeable with other cards in the “PASMO” IC card system in the Tokyo metropolitan area. In bus operations, operating conditions continued to be harsh, 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 inaugurated a new “Airport Express” nonstop service between Hamamatsu-cho Station and Haneda Airport Station and otherwise worked to improve the convenience of accessing Haneda Airport.

As a result of these efforts, railway network transportation volumes increased, and operating revenues expanded 1.1%, to ¥1,882.9 billion. Operating income advanced 7.2%, to ¥319.0 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 fiscal year, and the implementation of a station space development project at Takadanobaba Station. In addition, JR East increased the number of “NEWDAYS” convenience stores and undertook refurbishment and business stimulation promotion projects at existing stores in that chain. A new company aimed at unifying JR East’s beverage procurement operations and other objectives, JR East Water Business Co., Ltd., was established and began operating.

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 fiscal year, operating revenues increased 4.7%, to ¥414.3 billion. Operating income grew 9.1%, to ¥33.2 billion.

##### Shopping Centers and Office Buildings

In shopping center operations, JR East refurbished “Box Hill Matsudo” and “Atré Ebisu” 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 Building Co., Ltd. In addition, the “My City” shopping center began operations anew as “LUMINE EST” with operations in Tokyo.

As a result of these and other initiatives, operating revenues increased 3.9%, to ¥205.9 billion, and operating income was up 8.9%, to ¥58.6 billion.

## **Other Services**

In hotel operations, JR East opened "HOTEL METS" Koenji in Tokyo and continued its program of activities to improve competitiveness through the refurbishment of guest rooms and banquet halls. In advertising and publicity operations, JR East moved forward with initiatives to expand sales of transportation-related media focusing on in-car visual advertising. Among other services, JR East opened Tokyo's largest-scale fitness club, "Jexer Fitness & Spa Ueno," 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 "Otona no Kyujitsu Club: Zipangu" cards and various other cards. Regarding "Suica" electronic money cards for shopping, the start of interchangeable service with the "PASMO" card system broadened the scope of usage during the fiscal year, and JR East also worked proactively to expand "Suica" use in urban shops and elsewhere. At the end of the fiscal year, the number of outlets accepting "Suica" IC cards had risen to approximately 12,700.

Accordingly, operating revenues of this segment rose 7.4%, to ¥526.3 billion, and operating income surged 15.6%, to ¥17.9 billion.

## **(2) Outlook for the Year Ending March 31, 2008**

As the current fiscal year is the third year of the "New Frontier 2008" medium-term management plan, the remaining two years of the plan are an important period for reinforcing the Company's fundamental capabilities for achieving the plan's target as well as for working steadily to create a "Trusted Life-Style Service Creating Group."

Specifically, as part of "New Frontier 2008" strategies for transforming station complexes, the Company is smoothly creating a growing number of new "View Plaza" facilities that combine travel service counter and ticket sales area functions. To further improve the convenience and amenity of its Tokyo metropolitan area network, the Company will introduce new railcars for the Keihin-Tohoku Line, the Negishi Line, and other lines. Also, the Company will continue to 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 "ecute Tachikawa" and other elements of the "Station Renaissance" program and increasing the dynamism of station space utilization business while also steadily advancing such large-scale projects 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 promoting greater use of "Mobile Suica" services and expanding the number of stores accepting "Suica" usage.

JR East's current performance forecasts are as shown in the following table.

### **Fiscal 2008 Performance Forecast**

#### **Full Fiscal Year**

Operating revenues:	¥2,678.0 billion (0.8% year-on-year increase)
Operating income:	¥428.0 billion (0.0% year-on-year decrease)
Ordinary income:	¥312.0 billion (4.0% year-on-year increase)
Net income:	¥185.0 billion (5.2% year-on-year increase)

#### **Interim Fiscal Period**

Operating revenues:	¥1,323.0 billion (0.2% year-on-year increase)
Operating income:	¥245.0 billion (1.1% year-on-year decrease)
Ordinary income:	¥185.0 billion (6.6% year-on-year decrease)
Net income:	¥111.0 billion (8.9% year-on-year decrease)

### **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.

## 2. Analysis of Financial Position

### Cash Flows

Net cash provided by operating activities increased ¥94.1 billion, to ¥541.8 billion, which was attributable to an increase in income before income taxes and other factors.

Net cash used in investing activities rose ¥39.3 billion, to ¥348.7 billion, due to factors including higher payments for purchases of fixed assets and a decline in income from the sale of investment securities.

Net cash used in financing activities rose ¥30.4 billion, to ¥172.0 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 fiscal year-end increased ¥22.6 billion from the previous fiscal year-end, to ¥86.9 billion.

Further, total long-term debt at fiscal year-end was ¥3,636.2 billion.

### Trends in Cash Flow Indicators

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Equity ratio.....	17.6	19.9	21.4
Equity ratio on market-value basis .....	34.3	51.1	52.6
Interest-bearing debt / net cash provided by operating activities .....	9.3	8.2	6.6
Interest coverage ratio.....	2.7	3.2	4.2

Notes: Equity ratio: Shareholders' equity / total assets

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

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

### 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 robust operating base for the future development of its business activities, which are centered on stations and railway services.

In line with this policy, the Company intends to pay a year-end dividend of ¥4,500 per share (a ¥500 increase) on June 25, 2007. Combined with the interim dividend of ¥4,500 per share, dividends applicable to fiscal 2007 will amount to ¥9,000 per share.

Retained earnings 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.

Regarding dividends for fiscal 2008, based on the "New Frontier 2008" medium-term management plan objective of "steadily enhancing returns to shareholders in light of performance trends," the Company intends to pay dividends applicable to fiscal 2008 amounting to ¥10,000 per share (a ¥1,000 increase), including an interim dividend of ¥5,000 per share (a ¥500 increase).

## **Management Policies**

### **1. Basic Management Policies**

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. Medium-Term Management Strategies and Tasks**

#### ***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 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" IC 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.

JR East bears responsibility for the incidence of a series of transportation accidents in the Tokyo metropolitan area that has given cause for considerable concern among the public at large. By investigating the causes of the accidents and taking appropriate countermeasures, JR East is striving to raise the levels of safety and stability in rail transport operations to levels higher than ever before.

### 3. Medium-Term Management Strategy—Implementation Progress and Targeted Management Benchmarks

The first two years covered by the “New Frontier 2008” medium-term management plan have passed, and the implementation of the plan is proceeding smoothly. Within “New Frontier 2008,” the JR East group has established three numerical targets as management benchmarks. Progress toward the attainment of these benchmarks is shown in the following chart.

<b>Numerical Targets</b>	(Reference) Fiscal 2007 Actual	Fiscal 2009 Target
	(on a single-year basis)	
Consolidated operating cash flows (Cumulative total for the four years through fiscal 2009) .....	(Cumulative total for the two years through fiscal 2007) ¥989.5 billion	<b>¥2,000.0 billion</b>
Ratio of total long-term debt to shareholders' equity (Consolidated) .....	2.4 times	<b>Approx. 2 times</b>
Consolidated ROA .....	6.2 %	<b>6.0%</b>

## Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES  
March 31, 2006 and 2007

	Millions of Yen		
	2006	2007	Increase (Decrease)
<b>ASSETS</b>			
<b>Current Assets</b>	¥ 412,101	¥ 513,114	¥101,012
Cash and time deposits	64,542	87,154	22,612
Notes and accounts receivable—trade	164,481	239,203	74,722
Fares receivable	37,383	36,366	(1,017)
Short-term loans receivable	20,417	19,273	(1,143)
Securities	2	262	259
Real estate for sale	8,786	6,527	(2,258)
Inventories	35,097	36,792	1,695
Deferred income taxes	55,947	59,809	3,861
Other	27,186	30,135	2,948
Allowance for doubtful accounts	(1,743)	(2,410)	(666)
<b>Fixed Assets</b>	6,408,989	6,454,836	45,846
Property, plant and equipment, net of accumulated depreciation	5,796,348	5,832,507	36,158
Buildings and fixtures	2,929,536	2,918,953	(10,582)
Machinery, rolling stock and vehicles	615,694	632,088	16,394
Land	2,014,862	2,012,665	(2,197)
Construction in progress	191,915	222,964	31,048
Other	44,340	45,834	1,494
Intangible assets	115,831	124,746	8,914
Intangibles	115,751	124,746	8,994
Consolidation difference	79	—	(79)
Investments and other assets	496,809	497,582	773
Investment in securities	246,629	236,072	(10,557)
Long-term loans receivable	2,770	1,560	(1,209)
Long-term deferred income taxes	193,870	210,463	16,592
Other	54,784	50,963	(3,820)
Allowance for doubtful accounts	(1,245)	(1,477)	(231)
<b>Deferred Assets</b>	492	81	(411)
<b>Total Assets</b>	¥6,821,583	¥6,968,031	¥146,447

Note: Amounts less than one million yen are omitted.



# Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES  
March 31, 2006 and 2007

	Millions of Yen		
	2006	2007	Increase (Decrease)
<b>LIABILITIES</b>			
<b>Current Liabilities</b>	¥1,126,112	<b>¥1,337,925</b>	¥211,813
Notes and accounts payable–trade	54,063	<b>67,150</b>	13,087
Short-term loans and current portion of long-term loans	116,240	<b>202,432</b>	86,192
Current portion of long-term debt	—	<b>40,000</b>	40,000
Current portion of long-term liabilities incurred for purchase of railway facilities	141,211	<b>144,128</b>	2,917
Payables	333,084	<b>369,388</b>	36,304
Accrued consumption tax	8,816	<b>15,708</b>	6,891
Accrued income taxes	59,666	<b>81,571</b>	21,905
Fare deposits received with regard to railway connecting services	11,079	<b>23,740</b>	12,660
Prepaid railway fares received	91,536	<b>90,864</b>	(672)
Allowance for bonuses to employees	76,033	<b>74,868</b>	(1,165)
Allowance for earthquake-damage losses	2,263	—	(2,263)
Other	232,116	<b>228,071</b>	(4,045)
<b>Long-term Liabilities</b>	4,313,090	<b>4,117,001</b>	(196,089)
Bonds	1,166,260	<b>1,206,023</b>	39,763
Long-term loans	678,298	<b>586,762</b>	(91,536)
Long-term liabilities incurred for purchase of railway facilities	1,602,445	<b>1,457,516</b>	(144,929)
Long-term deferred tax liabilities	2,478	<b>2,679</b>	201
Employees' severance and retirement benefits	597,789	<b>600,228</b>	2,439
Other	265,818	<b>263,789</b>	(2,028)
<b>Total Liabilities</b>	¥5,439,202	<b>¥5,454,926</b>	¥ 15,723
<b>MINORITY INTERESTS</b>	25,021	—	—
<b>SHAREHOLDERS' EQUITY</b>			
<b>Common Stock</b>	200,000	—	—
<b>Capital Surplus</b>	96,600	—	—
<b>Retained Earnings</b>	984,525	—	—
<b>Net Unrealized Holding Gains on Securities</b>	78,542	—	—
<b>Treasury Stock, at Cost</b>	(2,308)	—	—
<b>Total Shareholders' Equity</b>	1,357,359	—	—
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	¥6,821,583	—	—
<b>NET ASSETS</b>			
<b>Total Shareholders' Equity</b>	—	<b>1,421,360</b>	—
Common stock	—	<b>200,000</b>	—
Capital surplus	—	<b>96,721</b>	—
Retained earnings	—	<b>1,127,234</b>	—
Treasury stock, at cost	—	<b>(2,594)</b>	—
<b>Valuation and Translation Adjustments</b>	—	<b>67,192</b>	—
Net unrealized holding gains on securities	—	<b>66,968</b>	—
Deferred gain on hedges	—	<b>224</b>	—
<b>Minority Interests</b>	—	<b>24,551</b>	—
<b>Total Net Assets</b>	—	<b>1,513,104</b>	—
<b>Total Liabilities and Total Net Assets</b>	—	<b>¥6,968,031</b>	—

Note: Amounts less than one million yen are omitted.

## Consolidated Statements of Income (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES  
Years ended March 31, 2006 and 2007

	Millions of Yen		Increase (Decrease)
	2006	2007	
<b>Operating Revenues</b>	¥2,592,393	<b>¥2,657,345</b>	¥64,952
<b>Operating Expenses</b>	2,196,293	<b>2,229,247</b>	32,954
Transportation, other services and cost of sales	1,701,619	<b>1,718,576</b>	16,956
Selling, general and administrative expenses	494,673	<b>510,671</b>	15,997
<b>Operating Income</b>	396,099	<b>428,097</b>	31,998
<b>Non-Operating Income</b>	21,708	<b>30,224</b>	8,515
Interest and dividend income	1,814	<b>1,954</b>	140
Equity in net income of affiliated companies	707	—	(707)
Other	19,187	<b>28,269</b>	9,082
<b>Non-Operating Expenses</b>	143,136	<b>158,270</b>	15,134
Interest expense	136,548	<b>131,376</b>	(5,171)
Equity in net losses of affiliated companies	—	<b>1,978</b>	1,978
Other	6,588	<b>24,915</b>	18,327
<b>Ordinary Income</b>	274,672	<b>300,051</b>	25,379
<b>Extraordinary Gains</b>	81,376	<b>113,865</b>	32,489
Gain on sales of fixed assets	23,279	<b>35,488</b>	12,209
Gain on sales of investment in securities	857	—	(857)
Construction grants received	54,145	<b>65,451</b>	11,305
Other	3,093	<b>12,925</b>	9,832
<b>Extraordinary Losses</b>	86,412	<b>107,237</b>	20,824
Loss on sales of fixed assets	3,982	<b>650</b>	(3,332)
Loss on reduction entry for construction grants	46,152	<b>61,002</b>	14,850
Impairment losses on fixed assets	1,840	<b>3,506</b>	1,665
Environmental conservation costs	13,955	<b>13,884</b>	(71)
Other	20,481	<b>28,193</b>	7,711
<b>Income before Income Taxes</b>	269,635	<b>306,680</b>	37,044
<b>Income Taxes</b>			
Current	125,330	<b>140,555</b>	15,225
Deferred	(15,682)	<b>(12,135)</b>	3,546
<b>Minority Interests in Net Income of Consolidated Subsidiaries</b>	2,412	<b>2,388</b>	(23)
<b>Net Income</b>	¥ 157,574	<b>¥ 175,870</b>	¥18,296

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES  
Year ended March 31, 2006

	Millions of Yen
	2006
<b>CAPITAL SURPLUS</b>	
<b>Capital Surplus at Beginning of Year</b>	¥ 96,600
<b>Increase in Capital Surplus</b>	0
Gain on disposal of treasury stock	0
<b>Capital Surplus at End of Year</b>	¥ 96,600
<b>RETAINED EARNINGS</b>	
<b>Retained Earnings at Beginning of Year</b>	¥856,664
<b>Increase in Retained Earnings</b>	158,059
Net income	157,574
Increase due to addition of consolidated subsidiaries, and other	484
<b>Decrease in Retained Earnings</b>	30,198
Cash dividends	29,977
Bonuses to directors and corporate auditors	220
<i>Of which bonuses for corporate auditors</i>	<u>[23]</u>
<b>Retained Earnings at End of Year</b>	<u>¥984,525</u>

Note: Amounts less than one million yen are omitted.

# Consolidated Statements of Changes in Net Assets

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES  
Year ended March 31, 2007

(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 on hedges	Total 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 fiscal year										
Dividends (Note 2)			(33,974)		(33,974)					(33,974)
Bonuses to directors (Note 2)			(242)		(242)					(242)
Net income			175,870		175,870					175,870
Increase due to addition of consolidated subsidiaries, and other			1,055		1,055					1,055
Acquisition of treasury stock				(740)	(740)					(740)
Disposal of treasury stock		120		455	576					576
Net changes of items other than shareholders' equity						(11,574)	224	(11,349)	(470)	(11,820)
Total changes of items during the fiscal year	—	120	142,708	(285)	142,544	(11,574)	224	(11,349)	(470)	130,723
Ended balance as of March 31, 2007	¥200,000	¥96,721	¥1,127,234	¥(2,594)	¥1,421,360	¥66,968	¥224	¥67,192	¥24,551	¥1,513,104

Notes: 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. In addition, within dividends from retained earnings, ¥15,987 million is a profit appropriation item and the remainder corresponds to interim dividend payments.

# Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES  
Years ended March 31, 2006 and 2007

Millions of Yen

	2006	2007
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	¥269,635	¥306,680
Depreciation	316,038	318,525
Impairment losses on fixed assets	1,840	3,506
Amortization of long-term prepaid expense	4,942	5,079
Net change in employees' severance and retirement benefits	(532)	2,050
Interest and dividend income	(1,814)	(1,954)
Interest expense	136,548	131,376
Construction grants received	(54,145)	(65,451)
Gain on sales of investment in securities	(857)	—
Loss from disposition and provision for cost reduction of fixed assets	76,331	93,654
Net change in major receivables	(24,008)	(52,546)
Net change in major payables	36,347	68,643
Other	(14,903)	(14,654)
Subtotal	745,420	794,909
Proceeds from interest and dividends	1,968	2,158
Payments of interest	(138,712)	(130,114)
Payments of earthquake-damage losses	(26,568)	(6,291)
Payments of income taxes	(134,387)	(118,813)
<b>Net cash provided by operating activities</b>	<b>447,722</b>	<b>541,850</b>
<b>Cash Flows from Investing Activities</b>		
Payments for purchases of fixed assets	(390,438)	(458,096)
Proceeds from sales of fixed assets	33,315	39,667
Proceeds from construction grants	63,848	69,834
Payments for purchases of investment in securities	(17,633)	(12,237)
Proceeds from sales of investment in securities	2,626	—
Other	(1,207)	12,032
<b>Net cash used in investing activities</b>	<b>(309,488)</b>	<b>(348,799)</b>
<b>Cash Flows from Financing Activities</b>		
Net change in commercial paper	35,000	(40,000)
Proceeds from long-term loans	105,739	109,161
Proceeds from issuance of bonds	160,112	180,081
Payments of long-term liabilities	(395,583)	(358,258)
Payments for acquisition of treasury stock	(47)	(39)
Cash dividends paid	(29,977)	(33,974)
Other	(16,842)	(28,997)
<b>Net cash used in financing activities</b>	<b>(141,599)</b>	<b>(172,027)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(3,365)</b>	<b>21,022</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>66,781</b>	<b>64,373</b>
<b>Increase due to Addition of Consolidated Subsidiaries, and Other</b>	<b>958</b>	<b>1,584</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>¥ 64,373</b>	<b>¥ 86,980</b>

Note: Amounts less than one million yen are omitted.

## Segment Information (Unaudited)

### Segment Information by Business Activities

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

Fiscal 2007 (Year ended March 31, 2007)	Millions of Yen						Elimination and/or corporate	Consolidated
	Transportation	Station space utilization	Shopping centers & office buildings	Other services	Total			
Operating revenues								
Outside customers	¥ 1,825,387	¥ 399,998	¥ 197,139	¥ 234,820	¥ 2,657,345	¥ —	¥ 2,657,345	
Inside group	57,561	14,319	8,785	291,495	372,161	(372,161)	—	
Total	1,882,948	414,317	205,925	526,315	3,029,507	(372,161)	2,657,345	
Costs and expenses	1,563,906	381,099	147,280	508,382	2,600,667	(371,419)	2,229,247	
Operating income	¥ 319,042	¥ 33,218	¥ 58,644	¥ 17,933	¥ 428,839	¥ (741)	¥ 428,097	
Identifiable assets	¥ 5,597,031	¥ 185,956	¥ 778,709	¥ 751,938	¥ 7,313,635	¥ (345,604)	¥ 6,968,031	
Depreciation	236,887	9,121	27,702	44,814	318,525	—	318,525	
Capital Investments	343,825	9,166	52,607	69,117	474,716	—	474,716	

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
Other services:	Advertising and publicity, hotel operations, wholesales, truck delivery, cleaning, information processing, 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 2006: 231,825 million yen

Fiscal 2007: 222,366 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.

## Subsequent Event

### Issuance of Bonds

JR East issued the following straight bonds.

#### **1. Straight bonds, forty-eighth issue, East Japan Railway Company**

- (1) Issue date: April 17, 2007
- (2) Amount: ¥20,000 million
- (3) Coupon rate: 1.81% per annum
- (4) Maturity date: April 17, 2017

#### **2. Straight bonds, forty-ninth issue, East Japan Railway Company**

- (1) Issue date: April 17, 2007
- (2) Amount: ¥20,000 million
- (3) Coupon rate: 2.26% per annum
- (4) Maturity date: April 16, 2027

#### **3. 5.250% pound bonds due in 2033**

- (1) Issue date: April 24, 2007
- (2) Amount: 250 million
- (3) Coupon rate: 5.250% per annum
- (4) Maturity date: April 22, 2033

## [REFERENCE]

### Consolidated Principal Indicators

	Fiscal 2006 (A)	Fiscal 2007 (B)	Increase (Decrease) (B)-(A)	Fiscal 2009 (Year ending March 31, 2009) Note 1
Cash flows from operating activities (Billions of yen)	447.7	<b>541.8</b>	94.1	Note 2
Ratio of total long-term debt to net assets [Times]	2.7	<b>2.4</b>	(0.3)	Note 3
Ratio of operating income to average assets (ROA) [%]	5.9	<b>6.2</b>	0.4	6.0
Return on average equity (ROE) [%]	12.4	<b>12.4</b>	(0.1)	
Equity ratio [%]	19.9	<b>21.4</b>	1.5	
Shareholders' equity [Billions of yen]	1,357.3	<b>1,488.5</b>	131.1	
Total long-term debt [Billions of yen]	3,703.8	<b>3,636.2</b>	(67.6)	Note 4
Average interest rates [%]	3.55	<b>3.45</b>	(0.10)	
Net interest expense [Billions of yen]	(134.7)	<b>(129.4)</b>	5.2	
Earnings per share [Yen]	39,369.65	<b>44,007.94</b>	4,638.29	
Shareholders' equity per share [Yen]	339,598.80	<b>372,492.84</b>	32,894.04	
Free cash flows (FCF) [Billions of yen]	138.2	<b>193.0</b>	54.8	
Capital expenditures [Billions of yen]	361.3	<b>413.3</b>	51.9	
Transportation	253.3	<b>282.4</b>	29.0	
Non-transportation	108.0	<b>130.8</b>	22.8	

Notes: 1. Goals in the medium-term management 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

4. For fiscal 2007, 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 ¥3,637.2 billion at the end of fiscal 2007.

### 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 Business Forecast for Fiscal 2008 Semi-Annual

	Billions of Yen			%
	Actual	Forecast	Change	
	Fiscal 2007 semi-annual (Six-months ended September 30 2006) (A)	Fiscal 2008 semi-annual (Six-months ended September 30 2007) (B)		
			Increase (Decrease) (B)-(A)	(B)/(A)x100
Operating revenues	1,319.9	<b>1,323.0</b>	3.0	100.2
Operating income	247.8	<b>245.0</b>	(2.8)	98.9
Ordinary income	198.1	<b>185.0</b>	(13.1)	93.4
Net income	121.8	<b>111.0</b>	(10.8)	91.1

## Consolidated Business Forecast for Fiscal 2008

	Billions of Yen			%
	Actual	Forecast	Change	
	Fiscal 2007 (A)	Fiscal 2008 (B)		
			Increase (Decrease) (B)-(A)	(B)/(A)x100
<b>Operating Revenues</b>	2,657.3	<b>2,678.0</b>	20.6	100.8
Transportation	1,825.3	<b>1,843.0</b>	17.6	101.0
Station space utilization	399.9	<b>402.0</b>	2.0	100.5
Shopping centers & office buildings	197.1	<b>206.0</b>	8.8	104.5
Other services	234.8	<b>227.0</b>	(7.8)	96.7
<b>Operating Income</b>	428.0	<b>428.0</b>	(0.0)	100.0
Transportation	319.0	<b>321.0</b>	1.9	100.6
Station space utilization	33.2	<b>34.0</b>	0.7	102.4
Shopping centers & office buildings	58.6	<b>60.0</b>	1.3	102.3
Other services	17.9	<b>14.0</b>	(3.9)	78.1
Elimination and/or corporate	(0.7)	<b>(1.0)</b>	(0.2)	134.8
<b>Ordinary Income</b>	300.0	<b>312.0</b>	11.9	104.0
<b>Net Income</b>	175.8	<b>185.0</b>	9.1	105.2

(Reference) Earnings per share for fiscal 2008: 46,294.05 yen

## Consolidated Capital Expenditures Plan for Fiscal 2008

	Billions of Yen			%
	Actual	Plans for	Change	
	Fiscal 2007 (A)	Fiscal 2008 (B)		
			Increase (Decrease) (B)-(A)	(B)/(A)x100
<b>Capital Expenditures</b>				
Transportation	282.4	<b>265.0</b>	(17.4)	93.8
Non-transportation	130.8	<b>157.0</b>	26.1	119.9
	413.3	<b>422.0</b>	8.6	102.1

## Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions		%		Billions of yen		%	
	Fiscal 2006	Fiscal 2007	Change		Fiscal 2006	Fiscal 2007	Change	
(A)	(B)	Increase (Decrease) (B)-(A)	(B)/(A)x100	(C)	(D)	Increase (Decrease) (D)-(C)	(D)/(C)x100	
<b>Shinkansen Network</b>								
Commuter Passes	1,627	<b>1,656</b>	28	101.8	22.3	<b>22.6</b>	0.3	101.5
Other	17,246	<b>17,718</b>	471	102.7	449.8	<b>456.6</b>	6.8	101.5
Total	18,874	<b>19,374</b>	500	102.7	472.1	<b>479.3</b>	7.1	101.5
<b>Conventional Lines</b>								
<b>Tokyo Metropolitan Area Network</b>								
Commuter Passes	51,799	<b>52,134</b>	334	100.6	343.9	<b>346.5</b>	2.5	100.8
Other	25,376	<b>25,900</b>	523	102.1	513.8	<b>525.2</b>	11.3	102.2
Total	77,176	<b>78,034</b>	857	101.1	857.8	<b>871.8</b>	13.9	101.6
<b>Intercity and Regional Network</b>								
Commuter Passes	18,994	<b>19,067</b>	73	100.4	117.9	<b>118.6</b>	0.7	100.6
Other	11,097	<b>11,176</b>	78	100.7	229.9	<b>232.8</b>	2.9	101.3
Total	30,091	<b>30,244</b>	152	100.5	347.8	<b>351.4</b>	3.6	101.0
<b>Total</b>								
Commuter Passes	70,793	<b>71,201</b>	408	100.6	461.8	<b>465.1</b>	3.3	100.7
Other	36,474	<b>37,076</b>	602	101.7	743.8	<b>758.1</b>	14.3	101.9
Total	107,268	<b>108,278</b>	1,010	100.9	1,205.6	<b>1,223.3</b>	17.6	101.5
<b>Total</b>								
Commuter Passes	72,421	<b>72,858</b>	436	100.6	484.2	<b>487.8</b>	3.6	100.8
Other	53,721	<b>54,795</b>	1,073	102.0	1,193.6	<b>1,214.8</b>	21.1	101.8
Total	126,142	<b>127,653</b>	1,510	101.2	1,677.8	<b>1,702.6</b>	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-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.