

# Fiscal 2013 Financial Results (Japanese GAAP) (Unaudited)

Fiscal 2013 (Year ended March 31, 2013)

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 non-consolidated basis.

English translation from the original Japanese-language document.

April 30, 2013

## East Japan Railway Company

Stock Exchange Listings	Tokyo, Osaka and Nagoya
Securities Code	9020
URL	<a href="http://www.jreast.co.jp/e">http://www.jreast.co.jp/e</a>
Representative	Tetsuro Tomita, President and CEO
Contact Person	Shigeru Matsuki, General Manager, Public Relations Department (Tel. +81-3-5334-1300)
Scheduled Date of Ordinary General Meeting of Shareholders	June 21, 2013
Scheduled Date of Dividend Payment Commencement	June 24, 2013
Scheduled Date for Release of Annual Securities Report	June 21, 2013
Preparation of Supplementary Explanations of Financial Results:	No
Financial Results Presentation to Be Held:	Yes

### 1. Consolidated Results for Fiscal 2013 (Year Ended March 31, 2013)

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

#### (1) Consolidated financial results

(Percentages represent percentage changes as compared with the previous fiscal year.)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Fiscal 2013</b>	<b>2,671,822</b>	<b>5.5</b>	<b>397,562</b>	<b>10.4</b>	<b>317,487</b>	<b>16.6</b>	<b>175,384</b>	<b>61.3</b>
Fiscal 2012	2,532,173	(0.2)	360,024	4.3	272,182	6.9	108,737	42.7

Note: Comprehensive income – Fiscal 2013: 197,739 million yen (an increase of 80.9%), Fiscal 2012: 109,304 million yen (an increase of 48.4%)

	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
	Yen	Yen	%	%	%
<b>Fiscal 2013</b>	<b>443.70</b>	—	<b>9.0</b>	<b>4.4</b>	<b>14.9</b>
Fiscal 2012	274.89	—	5.9	3.9	14.2

Reference: Equity in net income (losses) of affiliated companies – Fiscal 2013: 3,767 million yen, Fiscal 2012: 860 million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
<b>Fiscal 2013</b>	<b>7,223,204</b>	<b>2,048,192</b>	<b>28.1</b>	<b>5,135.76</b>
Fiscal 2012	7,060,409	1,890,633	26.5	4,738.51

Reference: Shareholders' equity – Fiscal 2013: 2,030,665 million yen, Fiscal 2012: 1,874,404 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 2013</b>	<b>588,529</b>	<b>(465,951)</b>	<b>(101,151)</b>	<b>189,262</b>
Fiscal 2012	558,650	(370,684)	(152,428)	167,525

## 2. Dividends (Year Ended March 31, 2012 and 2013 and Year Ending March 31, 2014)

(Record date)	Dividends per share					Total dividends (annual)	Dividend ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total annual			
Fiscal 2012	Yen —	Yen 55.00	Yen —	Yen 55.00	Yen 110.00	Millions of yen 43,525	% 40.0	% 2.4
<b>Fiscal 2013</b>	—	<b>60.00</b>	—	<b>60.00</b>	<b>120.00</b>	<b>47,482</b>	<b>27.0</b>	<b>2.4</b>
(Forecast) Fiscal 2014	—	60.00	—	60.00	120.00	—	24.7	—

## 3. Forecasts for Fiscal 2014 (Year Ending March 31, 2014)

(Percentages represent percentage changes as compared with the previous corresponding fiscal period or fiscal year, as applicable.)

	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-month period ending September 30, 2013	<b>1,337,000</b>	<b>1.2</b>	<b>259,000</b>	<b>1.9</b>	<b>217,000</b>	<b>2.5</b>	<b>127,000</b>	<b>4.2</b>	<b>321.20</b>
Fiscal 2014	<b>2,692,000</b>	<b>0.8</b>	<b>401,000</b>	<b>0.9</b>	<b>323,000</b>	<b>1.7</b>	<b>192,000</b>	<b>9.5</b>	<b>485.59</b>

### ※ Notes

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

Newly consolidated — excluded —

(2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

- i Changes in accounting policies with revision of accounting standards : Yes
- ii Changes in accounting policies other than the above : No
- iii Changes in accounting estimates : Yes
- iv Restatement of revisions : No

Note: From the fiscal year ended March 31, 2013, JR East changed its depreciation method. Such changes fall under “Changes in accounting policies that are difficult to distinguish from changes in accounting estimates.” For details, please refer to “Changes in Accounting Policies, Changes in Accounting Estimates and Restatement of Revisions” on page 21 in the Attachment.

(3) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock)
 

Fiscal 2013	396,000,000 shares	Fiscal 2012	400,000,000 shares
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- ii Treasury stock at period-end
 

Fiscal 2013	602,387 shares	Fiscal 2012	4,431,763 shares
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- iii Average number of shares during period
 

Fiscal 2013	395,273,967 shares	Fiscal 2012	395,568,845 shares
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## (Reference) Overview of the Non-consolidated Financial Results

### 1. Non-consolidated Results for Fiscal 2013 (Year Ended March 31, 2013)

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

#### (1) Non-consolidated financial results

(Percentages represent percentage changes as compared with the previous fiscal year.)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Fiscal 2013</b>	<b>1,910,804</b>	<b>5.1</b>	<b>322,879</b>	<b>10.2</b>	<b>243,004</b>	<b>17.0</b>	<b>138,840</b>	<b>80.0</b>
Fiscal 2012	1,817,496	(0.7)	292,999	4.3	207,707	6.5	77,152	29.8

	Earnings per share – Basic	Earnings per share – Diluted
	Yen	Yen
<b>Fiscal 2013</b>	<b>350.89</b>	—
Fiscal 2012	194.98	—

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
<b>Fiscal 2013</b>	<b>6,742,166</b>	<b>1,722,942</b>	<b>25.6</b>	<b>4,354.34</b>
Fiscal 2012	6,606,592	1,612,219	24.4	4,074.50

Reference: Shareholders' equity – Fiscal 2013: 1,722,942 million yen, Fiscal 2012: 1,612,219 million yen

### 2. Forecasts for Fiscal 2014 (Year Ending March 31, 2014)

(Percentages represent percentage changes as compared with the previous corresponding fiscal period or fiscal year, as applicable.)

	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-month period ending September 30, 2013	<b>968,000</b>	<b>0.8</b>	<b>227,000</b>	<b>2.4</b>	<b>196,000</b>	<b>8.9</b>	<b>121,000</b>	<b>14.5</b>	<b>305.80</b>
Fiscal 2014	<b>1,926,000</b>	<b>0.8</b>	<b>325,000</b>	<b>0.7</b>	<b>258,000</b>	<b>6.2</b>	<b>162,000</b>	<b>16.7</b>	<b>409.42</b>

#### Applicability of audit requirements and completion of audit procedure

These financial results are not subject to audit requirements as provided in the Financial Instruments and Exchange Law. The audit procedures of financial statements as provided in the Financial Instruments and Exchange Law have yet to be completed as of the issue date of this report on financial results for the year ended March 31, 2013.

#### Explanation of appropriate use of forecasts of business results; other important items

The forecasts of business results and other forward-looking statements in this report are based on information available as of the date of this report and on certain assumptions that JR East viewed as reasonable as of the date of this report. Actual results may differ from such forward-looking statements for a variety of reasons. Regarding the forecasts of business results, please refer to "Outlook for the Year Ending March 31, 2014" on page 7 of this document.

JR East is scheduled to hold an analysts' meeting on May 1, 2013, to present its operating results for Fiscal 2013. JR East plans to upload the presentation materials distributed at such meeting to its website as soon as the meeting is over.

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# 1. Operating Results and Financial Position

(Unless otherwise stated, all comparisons are between the fiscal year under review and the previous fiscal year.)

## (1) Analysis of Operating Results

### (i) Summary of the Fiscal Year Ended March 31, 2013

#### Overview

In the year ended March 31, 2013, the Japanese economy returned to a gradual recovery track, supported by renewed expectations of the positive impact of the government's economic and monetary policies, which helped raise stock prices and improve consumer sentiment. This recovery, however, came against a number of persistently challenging conditions that included a slowdown in the global economy. In this environment, the East Japan Railway Company and its consolidated subsidiaries and equity method affiliates (JR East) made efforts to continue generating revenues and improving services through active implementation of various initiatives centered around the railway, life-style service business and *Suica* operations.

As a result, during the fiscal year under review, operating revenues increased 5.5% year-on-year to ¥2,671.8 billion, due to an increase in passenger revenue that was attributable mainly to recovery from the slowdown experienced in Fiscal 2012 as a result of the Great East Japan Earthquake. Operating income increased 10.4% to ¥397.5 billion. Furthermore, ordinary income increased 16.6% to ¥317.4 billion, mainly due to a decrease in interest expense. Because of an increase in insurance proceeds related to the earthquake and other factors, net income increased 61.3% to ¥175.3 billion.

JR East was established as a result of the reform and privatization of Japanese National Railways (JNR) 25 years ago, and the Group is now moving onto the next quarter century. Building on this momentum and in light of the major changes that have taken place in its environment, particularly in the aftermath of the Great East Japan Earthquake, JR East in October 2012 formulated a new management vision entitled "*JR East Group Management Vision V — Ever Onward.*" This vision, which is the fifth vision since JR East was established, positions Japan's recovery from the Great East Japan Earthquake as the Group's second start following the privatization of JNR, and aims to once again review its role in society and what it should seek to achieve. The Group's continued fulfillment of its "Eternal Mission" and growth by "Pursuing Unlimited Potential" were established as the two important pillars of this vision. Guided by the key concept of "Thriving With Communities, Growing Globally" that underpins this vision, JR East will leverage the collective efforts of all of its employees to move "Ever Onward" in pursuing a brighter future for its railway services, Group companies and employees.

In addition, the Group celebrated the restoration of Tokyo Station *Marunouchi Building* with a grand opening in October 2012. The splendor of the building from the time it was built in the early Taisho era has been restored, after five years of painstaking preservation and restoration work that began in May 2007. The completed restoration marks Tokyo Station's new beginning in this millennium as a railway terminal displaying an attractive combination of history and modernity.

#### Segment Information

##### Transportation

In the Transportation segment, with railway operations as its core operations, JR East, aiming to further improve safety and customer satisfaction, sought to secure revenues by steadily introducing measures to encourage the use of its Shinkansen network and Tokyo metropolitan area network.

Specifically, JR East applied the lessons it learned from the Great East Japan Earthquake to build a railway capable of withstanding natural disasters. Measures to enhance the Group's capability of responding well to an earthquake included seismic reinforcement work in preparation of a possible earthquake directly beneath the Tokyo metropolitan area, the revision and formulation of various manuals including a Disaster Preparedness Operation Plan, and the construction of emergency communications facilities. Meanwhile, in order to accommodate people unable to return home in the event of a major disruption to public transportation, JR East completed the process of stocking 30 major terminal stations with emergency supplies, and also began stocking approximately 170 stations within a 30 kilometer radius of Tokyo with such supplies. In addition, the Group made steady progress in implementing its "*2013 Safety Vision*" five-year safety enhancement plan. This included installation of automatic platform gates on the Yamanote Line and measures for preventing railway crossing accidents. As for ensuring safe and reliable transportation, the Group increased the Keiyo Line sections installed with windbreaks, and introduced new railcars to the Takasaki, Utsunomiya and other lines. Moreover, a "Service Quality Improvement Project" was launched for the Musashino and Saikyo lines from March 2013. This project aims to strengthen the management of line-side services by increasing interactive communications with customers to identify their untapped needs, which can then be addressed promptly to improve services and publicize information. In addition, with the aim of contributing to the recovery of the areas affected by the March 2011 disaster and stimulating tourism in the Tohoku region, JR East launched the *Iwate Destination Campaign* and the "*Ikuze, Tohoku.*" Campaign to publicize the attractiveness of Tohoku as a destination for trips. The Group sought to strengthen the brand power and promote the use of its Shinkansen lines by unveiling the "*Shinkansen YEAR 2012*" Campaign to publicize the pleasures of Shinkansen travel and available attractions along the Shinkansen lines. Moreover, JR East launched the "*JR SKI SKI*" campaign in December 2012, aiming to stimulate young people's interest in snow recreation activities, and cultivate a demand for Taiwanese tourists to visit. As it revised train schedules in March 2013, JR East also raised the maximum operating speed of the Tohoku Shinkansen Line's *Hayabusa* service to 320 km/h, the fastest in Japan, and started commercial operations of the *Super Komachi* service on the Akita Shinkansen Line. The Group's additional actions included improving the convenience of the "*Tokyo Megaloop.*" shortening the travel time on the Chuo Line Rapid Service, and arranging for trains to stop at Urawa Station on the Shonan-Shinjuku Line. Furthermore, customer convenience was enhanced in March 2013 through the launch of a nationwide system that enables passengers to use their IC cards on the service networks of any of the 10 major IC card transportation systems in Japan. The energy and environmental strategies implemented by the entire Group included the development of "ecoste" model stations,

which incorporate technologies for preserving the environment, and R&D activities aimed at introducing smart grid technologies to the Group's railway power system.

As a result of the above and other additional factors, such as recovery from the effects of the Great East Japan Earthquake, JR East's railway traffic volume increased compared to the previous fiscal year, and the Transportation Segment increased its operating revenues by 5.3% to ¥1,848.5 billion. Operating income increased 12.6% to ¥266.4 billion.

JR East is coordinating its efforts with plans of other parties to restore train lines along the northeastern Pacific coast that were damaged by the tsunami caused by the Great East Japan Earthquake to rebuild the area as a whole and develop individual towns. As a result, operations were resumed between Hamayoshida and Watari on the Joban Line, and between Watanoha and Urashuku on the Ishinomaki Line in March 2013, and preparations are underway to start restoration work between Soma and Hamayoshida on the Joban Line, and between Takagimachi and Rikuzen-Ono on the Senseki Line. Services in the form of a provisional BRT (Bus Rapid Transit) system were fully resumed along the Kesenuma Line in December 2012, and along the Ofunato Line in March 2013, while discussions with local authorities regarding the Yamada Line continue.

In March 2012, JR East announced that it had decided to abandon restoration of the Iwaizumi Line as a railway line, the entire line of which was suspended in July 2010 due to a landslide in a section of the line between Oshikado and Iwate-Okawa. JR East plans to continue using buses to fulfill its responsibility to offer transportation services to the region, and is conducting talks with relevant parties in the region to ask for their understanding and cooperation.

In response to an accidental railcar derailment between Jinguji and Kariwano on the Ou Line in March 2013, JR East worked to prevent reoccurrences by improving monitoring by railway maintenance staff and snow removal capability with machines as immediate measures. For the longer term, JR East set up a committee of experts to investigate the cause of derailment of *Komachi* railcars on the Ou Line and propose countermeasures. The committee is currently seeking to establish the cause and examining necessary countermeasures.

### **Station Space Utilization**

In the Station Space Utilization segment, JR East made progress in its *Station Renaissance* program, which maximizes the value of spaces within railway stations. In Tokyo Station, the Group opened the *Marunouchizaka Area* as an addition to *GranSta* (Tokyo) and *CentralStreet* (Tokyo), while opening some stores earlier than scheduled inside Kaihimmakuhari Station (Chiba). Other station space commercial facilities including *ecute Shinagawa* (Tokyo) were also renovated to strengthen their competitiveness. Moreover, as part of the *Rediscovering the Region Projects*, JR East held farmers' markets at Ueno (Tokyo), Akihabara (Tokyo) and Yokohama (Kanagawa) stations, among others, that highlighted the appeal of various areas in Eastern Japan.

As a result of these initiatives and other additional factors, including recovery from the effects of the Great East Japan Earthquake and an increase in revenues at Tokyo Station *GranSta* (Tokyo), the Station Space Utilization segment increased its operating revenues by a 2.1% to ¥418.4 billion. Operating income increased 10.6% to ¥37.5 billion.

### **Shopping Centers and Office Buildings**

In the Shopping Centers and Office Buildings segment, JR East opened *atr vie Higashi-Nakano* (Tokyo), *CELEO Hachioji North Wing* (Tokyo), and *CIAL Tsurumi* (Kanagawa). In August 2012, *GranTokyo North Tower Phase II* (Tokyo) was completed, and in September 2012 JR East opened *nonowa Nishi-Kokubunji* (Tokyo), the first project in line with the *Chuo Line Mall vision*. In addition, JR East renovated existing shopping facilities, including *S-PAL Fukushima* (Fukushima) and *Shapo Ichikawa* (Chiba), while it continued to reinvigorate existing stores and promote the introduction of tenants who can attract high numbers of customers. Meanwhile, the *JR Minami Shinjuku Building* (Tokyo) and *JR Kanda Manseibashi Building* (Tokyo) were opened, and this segment made steady progress in the construction of *JR Otsuka Station South Exit Building* (provisional name) in Tokyo, scheduled for completion in fall 2013.

As a result of these initiatives and other additional factors, including recovery from the effects of the Great East Japan Earthquake and an increase in revenues from the opening in Fiscal 2012 of *LUMINE Yurakucho* (Tokyo), the Shopping Centers and Office Buildings segment posted a 4.3% increase in operating revenues to ¥249.2 billion. Operating income increased 2.5% to ¥68.1 billion.

### **Others**

In hotel operations, JR East opened *The Tokyo Station Hotel* (Tokyo) in October 2012, while also preparing to open *HOTEL METS Niigata* (Niigata) in April 2013. In advertising and publicity services, JR East installed more stations with *J-AD Vision*, an advertising medium at stations that uses large LCD screens, and continued to promote advertising sales for *Train Channel*, an advertising medium used to show video commercials in trains. In credit card operations, the Group began a new service in April 2012 named *View Thanks Bonus* that enables holders of qualifying cards to earn bonus points in proportion to their yearly credit card usage, while launching a campaign commemorating the 20th anniversary of the *View Card*, among others, to further promote the card's usage. In *Suica* shopping services (electronic money), JR East worked to actively expand its affiliated store network in markets other than railway stations. These efforts included enabling card settlements with some Ito-Yokado stores within the Tokyo metropolitan area, as well as at the Amazon general on-line store. As a result, *Suica* electronic money was usable at approximately 205,910 stores as of March 31, 2013. In railcar manufacturing operations, JR East made Japan Transport Engineering Company a subsidiary in April 2012. At the same time, the subsidiary's highly competitive stainless-steel railcars were rebranded as *sustina*, and the Group made efforts to publicize the railcars and build its brand. In developing railway businesses overseas, JR East entered into various contracts to review and design urban railway networks and high-speed railway initiatives in Asia and elsewhere. As for sports facilities, the Group's openings in the past fiscal year included *JeXer FITNESS CLUB & SPA Shinjuku* (Tokyo) and *Fitness Lounge THE JEXER TOKYO* (Tokyo).

As a result of these initiatives and other additional factors, such as increased revenues in advertising and publicity services among other businesses due to recovery from the effects of the Great East Japan Earthquake, Others increased its operating revenues by 12.1% to ¥578.6 billion. Operating income increased 22.2% to ¥26.8 billion.

Note: JR East applies the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Statement No.17, June 30, 2010) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Guidance No.20, March 21, 2008). The operating income of each segment of JR East corresponds to the segment income under the said Accounting Standard and Guidance.

## **(ii) Outlook for the Year Ending March 31, 2014**

Amid signs of Japan's gradual economic and social recovery, JR East will make all efforts to achieve concrete business results and make steady progress in pursuing its two management priorities, "Eternal Mission" and "Pursuing Unlimited Potential", in accordance with the "JR East Group Management Vision V—Ever Onward."

In railway operations, JR East will make efforts to implement earthquake countermeasures in preparation for a possible earthquake directly beneath the Tokyo metropolitan area and other conceivable catastrophes, and to firmly implement both tangible and intangible initiatives that aim to build railways capable of withstanding natural disasters. As it systematically implements necessary repairs and service-life upgrades for various railway facilities, the Group will also implement more advanced safety measures. These will include measures for preventing railway crossing accidents and installation of automatic platform gates on the Yamanote Line. In passenger railway services, the Group will work together with local communities to assist their restoration after the March 2011 earthquake and stimulate tourism demand. These efforts will include the launch of *Destination Campaigns* for Sendai/Miyagi from April through June 2013 and Akita from October through December 2013, an initiative promoted jointly by the six JR companies, as well as the year-round development of JR East's "Ikuze, Tohoku." Campaign. JR East will also introduce new-concept trains designed to serve people seeking the train ride itself, such as the *Tohoku E motion* restaurant train and the steam locomotive *SL Ginga Tetsudo* (provisional name) train. In addition, the Group will work together with local communities to develop tourism through the Hokuriku Marketing Center that was established in April 2013, in advance of the Hokuriku Shinkansen Line to Kanazawa opening at the end of Fiscal 2015. By the spring of 2014, the Group also plans to raise the operating speed of *Hayate-Komachi* Shinkansen to 320 km/h to further enhance the service on its intercity network. In addition, JR East will promote various aspects of its energy and environmental strategy. These will include the development of "ecoste" model stations, a launch of the Series EV-E 301 storage battery-driven railcars for service on the Karasuyama Line, and the installation of a mega-solar photovoltaic electricity plant at the Keiyo Rolling Stock Center.

In the life-style service business, JR East will continue to make progress toward the completion of the *Tokyo Station City* project, including the Tokyo Station Yaesu Exit central *Gran Roof* (Tokyo) portion scheduled to be completed by fall 2013. JR East will also make efforts to increase earnings for and strengthen the competitiveness of this segment by extending its *Station Renaissance* program to Oyama (Tochigi) and Kichijoji (Tokyo) stations among other stations, and with various facility openings that will include *HOTEL METS Niigata* (Niigata) in April 2013 and the *JR Otsuka Station South Exit Building* (provisional name) in Tokyo in fall 2013. In addition, JR East will make efforts to increase demand for locally produced goods by contributing to the efforts to turn agriculture, forestry and fishery industries into the sextiary industry, expanding the development of farmers' markets in order to highlight the appeal of local communities, and opening a second *NOMONO* shop for selling their local produce.

In *Suica* operations, JR East will improve the convenience of this electronic money by expanding its mutual usage network to the service area for the City of Sapporo Transportation Bureau's SAPICA card in June 2013. The segment will also start a new IT business utilizing information gleaned from *Suica* and *View* cards as marketing data, while promoting payments settled with *Suica* and an expansion in the network of stores accepting them.

On the global strategy front, JR East will actively develop its railway consulting business overseas in Asia and elsewhere as it seeks to bring the new offices established in Brussels and Singapore to full operation. In the railcar manufacturing operations the Group will work to strengthen the brand power of the next-generation, stainless-steel *sustina* railcars, and to win new projects and orders for these railcars from around the world.

JR East's consolidated performance outlook for the fiscal year ending March 31, 2014 as of the publication date of this document is as follows.

### **Fiscal 2014 Performance Forecasts**

#### **Full fiscal year**

Operating Revenues: ¥2,692.0 billion (0.8% year-on-year increase)

Operating Income: ¥401.0 billion (0.9% year-on-year increase)

Ordinary Income: ¥323.0 billion (1.7% year-on-year increase)

Net Income: ¥192.0 billion (9.5% year-on-year increase)

#### **Six-month period ending September 30, 2013**

Operating Revenues: ¥1,337.0 billion (1.2% year-on-year increase)

Operating Income: ¥259.0 billion (1.9% year-on-year increase)

Ordinary Income: ¥217.0 billion (2.5% year-on-year increase)

Net Income: ¥127.0 billion (4.2% year-on-year increase))

## (2) Analysis of Financial Position

In the fiscal year ended March 31, 2013, operating activities provided net cash of ¥588.5 billion, ¥29.8 billion more than in the previous fiscal year. This result was mainly due to an increase in income before income taxes.

Investing activities used net cash of ¥465.9 billion, ¥95.2 billion more than in the previous fiscal year. This result was mainly due to an increase in payments for purchases of fixed assets.

Financing activities used net cash of ¥101.1 billion, ¥51.2 billion less than in the previous fiscal year. This result was mainly due to a decrease in interest-bearing debt repayments.

Consequently, cash and cash equivalents as of March 31, 2013 were ¥189.2 billion, an increase of ¥21.7 billion from March 31, 2012.

In addition, the balance of consolidated interest-bearing debt was ¥3,307.4 billion as of March 31, 2013.

JR East's cash flow indicators are presented in the table below:

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Equity ratio (%) .....	25.7	26.5	28.1
Equity ratio on market-value basis (%) .....	26.0	29.2	42.3
Interest-bearing debt / net cash provided by operating activities (times) ..	6.7	6.0	5.6
Interest coverage ratio (times) .....	4.8	5.5	6.2

Notes: Equity ratio: Shareholders' equity / Total assets

Equity ratio on market-value basis: Market capitalization / Total assets

Interest-bearing debt / net cash provided by operating activities: Interest-bearing debt / Net cash provided by operating activities

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

1. Indicators are derived from the consolidated financial statements.

2. Market capitalization is calculated by multiplying the closing share price at the fiscal year-end by the total number of shares issued (less treasury shares).

## (3) Basic Dividend Policy and Dividends for Fiscal 2013 and Fiscal 2014

JR East's basic policy for the appropriation of earnings is to steadily increase returns to shareholders in light of performance while securing adequate retained earnings to maintain robust operational foundations for the future development of its business activities, which are centered on railway stations and railway services.

JR East has changed its previous consolidated dividend pay-out ratio target of 30% to a new total return ratio target of 33%. To reach this target, JR East will continue working to maintain stable dividends while flexibly conducting share repurchases. In contrast to holding such shares as treasury stock in the past, the basic policy going forward will be to cancel repurchased shares.

(Reference) Calculation of total return ratio

$$\text{Total return ratio in a FY (\%)} = \frac{(\text{total amount of dividend paid in such FY}) + (\text{total repurchase price of repurchased shares in the next FY})}{\text{consolidated net income in such FY}} \times 100$$

Based on this policy, JR East plans to pay (payment scheduled to begin on June 24, 2013) year-end cash dividends of ¥60 per share, which are in addition to the interim cash dividends of ¥60 per share, for full-year cash dividends of ¥120 per share. Further, JR East does not plan to pay dividends other than with respect to the record date as of the end of the second quarter and the record date at the end of the fiscal year.

Based on its policy of stable dividend payments, JR East plans to pay cash dividends of ¥120 per share, including interim dividends of ¥60 per share, for the fiscal year ending March 31, 2014.

In addition to enhancing returns to shareholders, JR East will actively use retained earnings for necessary capital expenditures such as investments in sustainable growth and for a stronger operation base. At the same time, JR East will use a portion of retained earnings for the redemption and steady reduction of debt, thereby strengthening its financial position. To this end, JR East plans to reduce its balance of consolidated interest-bearing debt to ¥3,000 billion sometime during the 2020s. Going forward, JR East will strive to strengthen its business foundation and enhance its corporate value further by continually working to improve earnings and promoting management with an emphasis on increasing operating cash flow.



## 2. Status of the Group

The JR East Group consists of East Japan Railway Company, 72 consolidated subsidiaries, and 5 equity-method affiliated companies (as of March 31, 2013). The JR East Group has four business segments: Transportation, Station Space Utilization, Shopping Centers and Office Buildings, and Others. The relationship of East Japan Railway Company and other related companies to each business segment are as shown below.

The classification below is the same as the business segment classification presented in “4. Consolidated Financial Statements, (7) Notes to Consolidated Financial Statements, (ii) Segment Information.”

### (i) Transportation

This segment conducts passenger transportation operations centered on railway operations. With a service area mainly covering Tokyo and the combined 16 prefectures of the Kanto and Tohoku regions, JR East's railway operations comprise 1,688 railway stations, 6,377.9 operating kilometers of conventional lines, and 1,134.7 kilometers of Shinkansen lines, spanning a total of 7,512.6 kilometers.

Main related companies: East Japan Railway Company JR Bus Kanto Co., Ltd.\* Tokyo Monorail Co., Ltd.\*

### (ii) Station Space Utilization

This segment creates commercial spaces in railway stations by developing various types of business, including retail stores and restaurants.

Main related companies: East Japan Railway Company (creation of new commercial spaces within railway stations)  
JR East Retail Net Co., Ltd.\* Nippon Restaurant Enterprise Co., Ltd.\*

### (iii) Shopping Centers and Office Buildings

This segment develops properties within or near railway stations, manages shopping centers and leases office buildings and other properties.

Main related companies: East Japan Railway Company (development of shopping centers and office buildings)  
LUMINE Co., Ltd.\* atré Co., Ltd.\* JR East Urban Development Corporation\* JR East Building Co., Ltd.\*

### (iv) Others

In addition to the above, JR East conducts businesses related to hotel operations, advertising and publicity, credit card operations, and railcar manufacturing operations, among others.

Main related companies:

(Hotel operations)  
East Japan Railway Company Nippon Hotel Co., Ltd.\*  
Sendai Terminal Building Co., Ltd.\*  
(Advertising and publicity)  
East Japan Marketing & Communications, Inc.\*  
(Travel agency services)  
JR East View Travel Service Co., Ltd.\* JTB Corp.\*\*  
(Wholesale)  
East Japan Railway Trading Co., Ltd.\*  
(Truck delivery services)  
JR East Logistics Co., Ltd.\*  
(Information processing)  
JR East Japan Information System Company\*  
(Cleaning services / station operations)  
East Japan Eco Access Co., Ltd.\*  
(Credit card business)  
Viewcard Co., Ltd.\*  
(Railcar manufacturing operations)  
Japan Transport Engineering Company\*  
(Others)  
East Japan Railway Company  
JR East Mechatronics Co., Ltd.\*  
JR East Facility Management Co., Ltd.\*  
Central Security Patrols Co., Ltd.\*\*  
UQ Communications Inc.\*\*  
NIPPON DENSETSU KOGYO CO., LTD.\*\*  
NIPPON RIETEC CO.,LTD\*\*

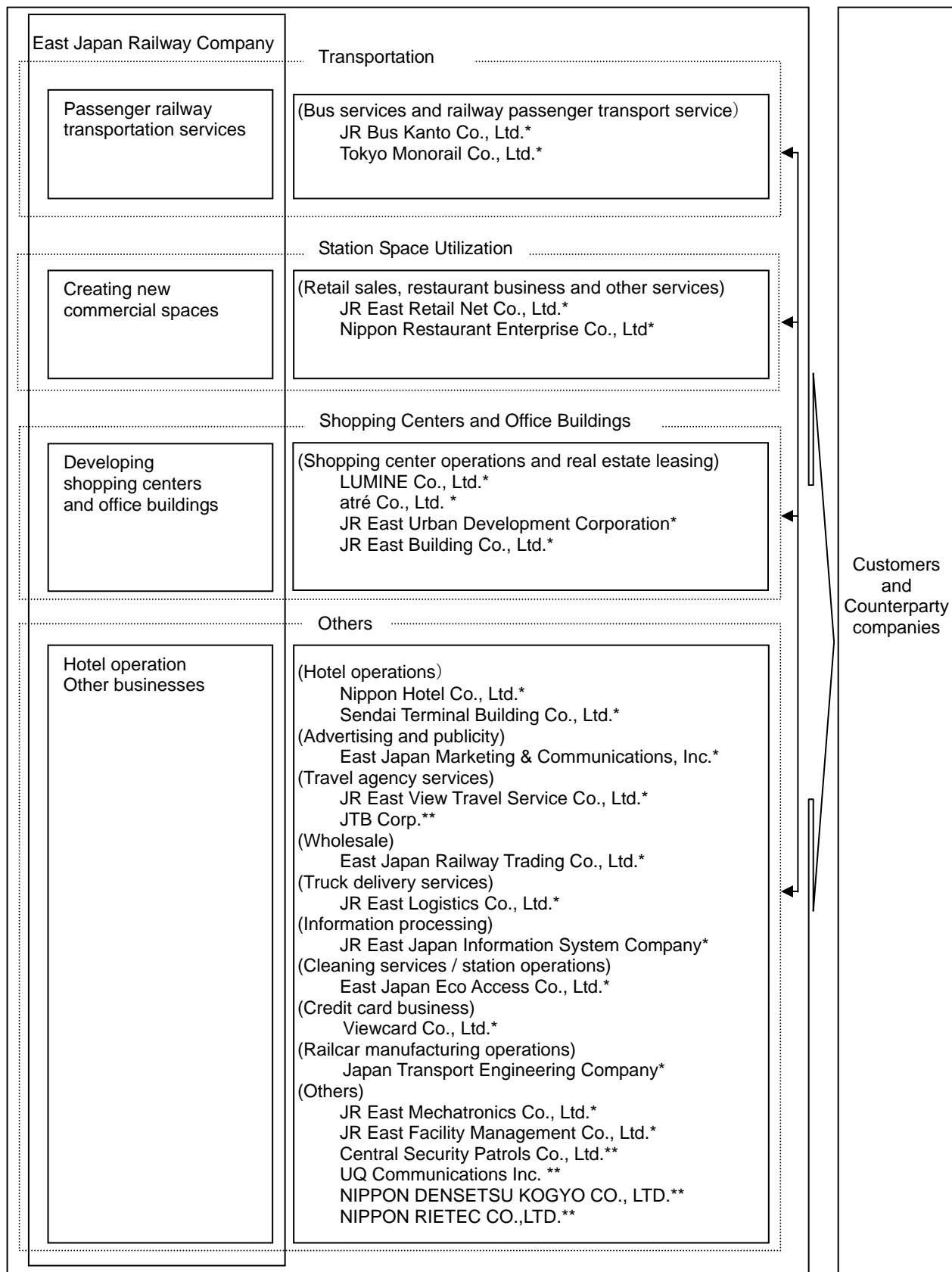
Notes: 1. \* indicates a consolidated subsidiary, \*\* indicates an equity-method affiliated company.

2. Subsidiaries with operations in more than one segment are listed in the segment in which they are mainly involved.

3. Starting April 1, 2013, Japan Transport Engineering Company, which mainly manufactures railcars, was reclassified as part of the Transportation segment.

4. On April 1, 2013, East Japan Eco Access Co., Ltd.'s station operations segment was spun off as a separate JR East subsidiary named JR East Station Service Co., Ltd.

The following is a schematic of JR East's business network.



Notes: 1. \* indicates a consolidated subsidiary, \*\* indicates an equity-method affiliated company.  
 2. Subsidiaries with operations in more than one segment are listed in the segment in which they are mainly involved.  
 3. Arrows show the flow of main transactions and offering of services.  
 4. Starting April 1, 2013, Japan Transport Engineering Company, which mainly manufactures railcars, was reclassified as part of the Transportation segment.  
 5. On April 1, 2013, East Japan Eco Access Co., Ltd.'s station operations segment was spun off as a separate JR East subsidiary named JR East Station Service Co., Ltd.

### 3. Management Policies

#### (1) Basic Management Policies

- The JR East Group aims to contribute to growth and prosperity of Eastern Japan by providing quality leading-edge services, with train station and railway businesses at its core, to customers and communities.
- The JR East Group will continue to embrace the challenge of pursuing “extreme safety levels” and service quality reforms. Through technological innovation and globalization, the Group will strive to attain goals such as nurturing personnel with an expansive perspective, spurring the advancement of railways, and making line-side areas more attractive and convenient. To this end, JR East will continue to rigorously pursue its unlimited potential.
- The JR East Group aims to grow continuously while meeting its social responsibilities as a *Trusted Life-Style Service Creating Group*.

#### (2) Medium- to Long-Term Management Strategies and Issues to be Addressed

##### (i) Medium- to Long-Term Management Strategies

*“JR East Group Management Vision V — Ever Onward”*

JR East was established as a result of the reform and privatization of Japanese National Railways (JNR) 25 years ago, and the Group is now at a crossroads of moving on the next quarter century. Building on this momentum and in light of the major changes that have taken place in its environment, particularly in the aftermath of the Great East Japan Earthquake, JR East formulated a management vision entitled “*JR East Group Management Vision V — Ever Onward.*” This vision, which is the fifth management vision since JR East was established aims to once review its role in society and what it should seek to achieve.

Having positioned the continued fulfillment of “Eternal Mission,” and growth by the “Pursuing Unlimited Potential” as two important pillars, the JR East Group will make a fresh start to revitalize Eastern Japan, the Group’s home ground, along with Japan as a whole.

##### [Eternal Mission]

The JR East Group’s fundamental mission is to provide safe and high-quality services that customers expect of the JR East Group and conduct railway and life-style service business, with the aim of contributing to the growth and prosperity of communities. This fundamental mission will never change through the years. The JR East Group has once again positioned this mission as a key tenet of management. At the same time, the Group will make relentless efforts to ensure that the content and quality of its services properly answer the expectations of society.

- A. Pursuing “extreme safety levels” — Building a railway capable of withstanding natural disasters
- B. Service quality reforms — Enhancing rail transportation network and other measures
- C. Strengthening collaboration with local communities — Supporting earthquake recovery, stimulating tourism and revitalizing communities

##### [Pursuing Unlimited Potential]

The JR East Group must achieve sustained growth in order to continue to fulfill its three-part eternal mission in the years ahead. In a fast-changing environment, maintaining the status quo will only mean falling behind. Unless the JR East Group constantly takes on the challenge of reaching new goals, the Group will be unable to achieve growth. From the three perspectives outlined as follows, the JR East Group and each and every one of its employees will pursue the Group’s unlimited potential.

- A. Technological innovation — Forging energy and environmental strategies, utilizing ICT (information and communication technology) and operating Shinkansen at faster speeds
- B. Tackling new business areas — Globalization
- C. Developing employees and creating a corporate culture that maximizes human potential

##### (ii) Issues to be Addressed

As uncertainties regarding the future may be beginning to diminish, there are signs of new socioeconomic changes in Japan that indicate that the economy and people are regaining strength. In this environment, JR East Group as a group of infrastructure companies will also play its part in helping Japan resolve various pressing economic challenges and return to a growth track. Toward this end, JR East will pursue its fundamental mission of providing safe and reliable transportation, leverage teamwork to achieve service quality reforms, and contributing to local communities.

With this in mind, the JR East Group will seek to improve itself through the following concrete steps as it makes full efforts to execute its two management priorities of “Eternal Missions” and “Pursuit of Unlimited Potential” underpinning “*JR East Group Management Vision V — Ever Onward.*”

##### [Eternal Missions]

- A. Pursuing “extreme safety levels”

The Group will implement both tangible and intangible initiatives in preparing for possible earthquakes in its pursuit of building a railway capable of withstanding natural disasters. These initiatives will include, among other measures, investments totaling ¥300 billion in seismic reinforcements and emergency provisions for passengers in the event they experience difficulty getting home. In

addition, JR East will implement safety measures including measures to prevent railway crossing accidents and installation of automatic platform gates on the Yamanote Line, along with necessary repairs and service-life upgrades of various railway facilities.

#### B. Service quality reforms

JR East will make efforts to provide quality transportation services that passengers can rely on. In addition to learning the lessons from accidents and other incidents in the past and thereby preventing future disruption of transportation services, the Group will also leverage teamwork that cuts across divisional and organizational barriers to promptly restore any railway facilities and services that experience disruptions, as well as to provide passengers with more information. In addition, the Group's management of line-side services will be enhanced by tapping the untapped needs of customers, as the Group continues to upgrade its Tokyo metropolitan area and intercity railway networks.

#### C. Strengthening collaboration with local communities

The JR East Group pledges to continue its commitment to helping the Tohoku region to recover as well as to revitalize Eastern Japan. In addition to moving forward with the work needed to restore the Senseki and Joban lines, the Group will begin construction of the Senseki-Tohoku Connecting Line, to shorten the travel time between Sendai and Ishinomaki. Moreover, JR East will steadily develop large-scale station terminal buildings and other urban redevelopment projects primarily at stations, as it continues to execute its tourism strategies to revitalize local communities. These strategies will include "*Destination Campaigns*" for Sendai/Miyagi and Akita, promoted jointly by six JR companies, as well as the year-round development of JR East's "*Ikuze, Tohoku.*" Campaign.

### [Pursuit of Unlimited Potential]

#### A. Technological innovation

To promote the advancement of railways, JR East will strengthen its energy and environmental strategies. Concrete measures will include installation of a mega-solar photovoltaic electricity plant at the Keiyo Rolling Stock Center, introduction of storage battery-driven railcars to the Karasuyama Line, and continued development of "*ecoste*" model stations. There will also be operational innovations involving information and communication technology (ICT). In addition to making available more tablet PCs to support employees engaged in frontline operations, preparations are underway to introduce communication-based train control (CBTC), a wireless railway car control system in local service on the Joban Line. Moreover, JR East will continue its R&D efforts toward achieving an operational speed of 360 km/h for Shinkansen. These efforts will be focused on improving stability during high-speed operation and reducing the environmental impact to areas along Shinkansen lines.

#### B. Tackling new business areas

On the global strategy front, JR East will actively develop its railway consulting business overseas in Asia and elsewhere as it focuses on achieving full-scale operation of new offices established in Brussels and Singapore. In the railcar manufacturing operations, JR East will seek synergies between Japan Transport Engineering Company and the Niitsu Rolling Stock Plant, the Group's two main railcar manufacturing arms, as it makes efforts to win new projects and orders involving manufacturing of railcars from around the world.

#### C. Developing employees and creating a corporate culture that maximizes human potential

To expand opportunities for employees to succeed and tackle challenges, JR East will broaden its offerings of positions that employees can apply to and training opportunities to enable employees to grow on the job. The Group will also focus on nurturing global human resources through its "*Global Human Resources Development Program – Ever Onward.*" In addition, as part of its strategy, JR East will steadily develop the framework to execute business efficiently and build a lean, muscular and agile management structure.

### (3) Progress in Management Framework and Management Benchmarks

In accordance with "JR East Group Management Vision V - Ever Onward," JR East has established numerical targets that it will seek to achieve over the next three years. JR East will review these three-year targets annually, and update them each year to cover the subsequent three years. Through this approach, JR East will establish numerical targets that properly reflect any anticipated changes in the management environment or other developments.

Base on such policy, numerical targets for the fiscal year ending March 31, 2016 were formulated as follows.

#### Numerical Targets for the Fiscal Year Ending March 31, 2016

	Targets for the fiscal year ending March 31, 2016	(Reference) Result for the fiscal year ended March 31, 2013
Consolidated operating revenues	¥2,788.0 billion	¥2,671.8 billion
Transportation	¥1,857.0 billion	¥1,795.1 billion
Station Space Utilization	¥437.0 billion	¥404.2 billion
Shopping Centers & Office Buildings	¥261.0 billion	¥238.9 billion
Others	¥233.0 billion	¥233.5 billion
Consolidated operating income	¥418.0 billion	¥397.5 billion
Transportation	¥278.0 billion	¥266.4 billion
Station Space Utilization	¥42.0 billion	¥37.5 billion
Shopping Centers & Office Buildings	¥72.0 billion	¥68.1 billion
Others	¥27.0 billion	¥26.8 billion
Adjustment	¥(1.0) billion	¥(1.5) billion
Consolidated cash flows from operating activities	(Total over three years*) ¥1,750.0 billion	¥588.5 billion
Consolidated ROA	5.5%	5.6%
Consolidated ROE	8.9%	9.0%

Note: \*Total amount covering three years from the fiscal year ending March 31, 2014 to the fiscal year ending March 31, 2016.

#### Planned Consolidated Capital Expenditures

Total over three years*	(Reference) Results for the fiscal year ended March 31, 2013
Approximately ¥1,550.0 billion	¥480.7 billion

Note: \*Total amount covering three years from the fiscal year ending March 31, 2014 to the fiscal year ending March 31, 2016.

**4. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets (Unaudited)**  
EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2012	Fiscal 2013
<b>ASSETS</b>		
<b>Current Assets</b> .....	¥ 677,980	¥ 738,159
Cash and time deposits .....	105,722	96,439
Notes and accounts receivable-trade .....	321,735	343,798
Fares receivable .....	31,791	34,408
Short-term loans receivable .....	71,465	21,915
Securities .....	50	80,000
Real estate for sale .....	1,514	1,330
Inventories .....	51,936	62,933
Deferred income taxes .....	43,022	49,927
Other .....	53,076	49,733
Allowance for doubtful accounts .....	(2,335)	(2,327)
<b>Fixed Assets</b> .....	6,382,296	6,484,964
Property, plant and equipment, net of accumulated depreciation .....	5,864,070	5,926,221
Buildings and fixtures (net) .....	2,907,110	2,957,772
Machinery, rolling stock and vehicles (net) .....	620,392	660,821
Land .....	2,012,107	1,986,873
Construction in progress .....	284,740	276,370
Other (net) .....	39,719	44,384
Intangible assets .....	87,712	90,888
Investments and other assets .....	430,513	467,854
Investments in securities .....	140,204	182,224
Long-term loans receivable .....	3,646	4,390
Long-term deferred income taxes .....	241,965	231,067
Other .....	45,998	51,052
Allowance for doubtful accounts .....	(1,301)	(880)
<b>Deferred Assets</b> .....	132	80
Deferred business commencement expenses .....	103	66
Deferred development expenses .....	29	13
<b>Total Assets</b> .....	<b>¥7,060,409</b>	<b>¥7,223,204</b>

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2012	Fiscal 2013
<b>LIABILITIES</b>		
<b>Current Liabilities</b> .....	¥1,230,240	¥1,274,164
Notes and accounts payable-trade.....	50,853	59,940
Short-term loans and current portion of long-term loans .....	134,618	143,758
Current portion of bonds.....	89,998	79,999
Current portion of long-term liabilities incurred for purchase of railway facilities.....	129,838	126,119
Payables.....	347,343	352,191
Accrued consumption taxes .....	13,554	12,243
Accrued income taxes .....	70,571	86,916
Fare deposits received with regard to railway connecting services...	22,079	18,913
Prepaid railway fares received.....	84,256	88,580
Allowance for bonuses to employees .....	64,131	72,022
Allowance for earthquake-damage losses .....	11,546	4,839
Other .....	211,449	228,639
<b>Long-Term Liabilities</b> .....	3,939,534	3,900,847
Bonds.....	1,509,664	1,579,730
Long-term loans.....	728,110	750,654
Long-term liabilities incurred for purchase of railway facilities.....	794,014	667,111
Long-term deferred tax liabilities.....	3,219	4,424
Employees' severance and retirement benefits.....	643,400	648,381
Allowance for earthquake-damage losses .....	8,356	3,037
Other .....	252,769	247,508
<b>Total Liabilities</b> .....	¥5,169,775	¥5,175,011
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b> .....	¥1,870,569	¥2,006,272
Common stock .....	200,000	200,000
Capital surplus .....	96,732	96,790
Retained earnings .....	1,599,683	1,713,025
Treasury stock, at cost.....	(25,846)	(3,544)
<b>Accumulated Other Comprehensive Income</b> .....	3,834	24,393
Net unrealized holding gains (losses) on securities.....	3,909	22,996
Net deferred gains (losses) on derivatives under hedge accounting.....	(74)	1,900
Revaluation reserve for land .....	—	(503)
<b>Minority Interests</b> .....	16,229	17,527
<b>Total Net Assets</b> .....	1,890,633	2,048,192
<b>Total Liabilities and Net Assets</b> .....	¥7,060,409	¥7,223,204

Note: Amounts less than one million yen are omitted.

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

### (i) Consolidated Statements of Income

	Millions of Yen	
	Fiscal 2012	Fiscal 2013
<b>Operating Revenues</b> .....	¥2,532,173	<b>¥2,671,822</b>
<b>Operating Expenses</b> .....	2,172,148	<b>2,274,260</b>
Transportation, other services and cost of sales .....	1,710,614	<b>1,791,690</b>
Selling, general and administrative expenses .....	461,534	<b>482,569</b>
<b>Operating Income</b> .....	360,024	<b>397,562</b>
<b>Non-Operating Income</b> .....	19,359	<b>19,115</b>
Interest income .....	155	<b>218</b>
Dividend income .....	2,792	<b>2,355</b>
Gains on sales of equipment .....	2,033	<b>1,522</b>
Insurance proceeds and dividends .....	9,445	<b>7,408</b>
Equity in net income of affiliated companies .....	860	<b>3,767</b>
Other .....	4,071	<b>3,841</b>
<b>Non-Operating Expenses</b> .....	107,201	<b>99,190</b>
Interest expense .....	101,072	<b>95,311</b>
Losses on sales of equipment .....	488	<b>426</b>
Other .....	5,639	<b>3,452</b>
<b>Ordinary Income</b> .....	272,182	<b>317,487</b>
<b>Extraordinary Gains</b> .....	70,778	<b>70,499</b>
Gains on sales of fixed assets .....	5,113	<b>3,800</b>
Construction grants received .....	59,527	<b>41,518</b>
Insurance proceeds related to earthquake .....	—	<b>24,260</b>
Other .....	6,136	<b>919</b>
<b>Extraordinary Losses</b> .....	109,061	<b>83,608</b>
Losses on sales of fixed assets .....	1,343	<b>527</b>
Losses from disposition of fixed assets .....	4,332	<b>4,894</b>
Losses on reduction entry for construction grants .....	56,127	<b>36,944</b>
Impairment losses on fixed assets .....	9,160	<b>30,028</b>
Other .....	38,097	<b>11,213</b>
<b>Income before Income Taxes</b> .....	233,899	<b>304,377</b>
<b>Income Taxes</b> .....	124,308	<b>127,715</b>
Current .....	98,954	<b>133,177</b>
Deferred .....	25,354	<b>(5,461)</b>
<b>Income before Minority Interests</b> .....	109,590	<b>176,662</b>
<b>Minority Interests in Net Income of Consolidated Subsidiaries</b> ..	853	<b>1,277</b>
<b>Net Income</b> .....	¥ 108,737	<b>¥ 175,384</b>

Note: Amounts less than one million yen are omitted.



**(ii) Consolidated Statements of Comprehensive Income**

	Millions of Yen	
	Fiscal 2012	Fiscal 2013
<b>Income before Minority Interests</b> .....	¥ 109,590	¥ 176,662
<b>Other Comprehensive Income</b> .....	(286)	21,077
Net unrealized holding gains (losses) on securities.....	(1,191)	17,728
Net deferred gains (losses) on derivatives under hedge accounting .....	598	1,085
Share of other comprehensive income of associates accounted for using equity method .....	306	2,263
<b>Comprehensive Income</b> .....	¥ 109,304	¥ 197,739
<b>Comprehensive Income attributable to</b>		
Comprehensive income attributable to owners of the parent .....	¥ 108,448	¥ 196,456
Comprehensive income attributable to minority interests.....	856	1,283

Note: Amounts less than one million yen are omitted.

### (3) Consolidated Statements of Changes in Net Assets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2012	Fiscal 2013
<b>Shareholders' Equity</b>		
<b>Common Stock</b>		
Balance at the fiscal year start .....	200,000	200,000
Changes of items during the fiscal year .....	—	—
Balance at the fiscal year end .....	200,000	200,000
<b>Capital Surplus</b>		
Balance at the fiscal year start .....	96,732	96,732
Changes of items during the fiscal year		
Disposal of treasury stock .....	(0)	71
Retirement of treasury stock .....	—	(13)
Total changes of items during the fiscal year .....	(0)	58
Balance at the fiscal year end .....	96,732	96,790
<b>Retained Earnings</b>		
Balance at the fiscal year start .....	1,534,339	1,599,683
Changes of items during the fiscal year		
Cash dividends .....	(43,525)	(45,491)
Net income .....	108,737	175,384
Increase due to addition of consolidated subsidiaries and other .....	131	434
Retirement of treasury stock .....	—	(23,093)
Change of scope of equity method .....	—	6,108
Total changes of items during the fiscal year .....	65,343	113,342
Balance at the fiscal year end .....	1,599,683	1,713,025
<b>Treasury Stock, at Cost</b>		
Balance at the fiscal year start .....	(25,841)	(25,846)
Changes of items during the fiscal year		
Purchase of treasury stock .....	(5)	(8)
Disposal of treasury stock .....	0	1,042
Retirement of treasury stock .....	—	23,106
Change in equity in consolidated subsidiaries-treasury stock .....	—	(1,042)
Change in equity in affiliates accounted for by equity method-treasury stock .....	—	(796)
Total changes of items during the fiscal year .....	(4)	22,301
Balance at the fiscal year end .....	(25,846)	(3,544)
<b>Total Shareholders' Equity</b>		
Balance at the fiscal year start .....	1,805,231	1,870,569
Changes of items during the fiscal year		
Cash dividends .....	(43,525)	(45,491)
Net income .....	108,737	175,384
Increase due to addition of consolidated subsidiaries and other .....	131	434
Purchase of treasury stock .....	(5)	(8)
Disposal of treasury stock .....	0	1,113
Retirement of treasury stock .....	—	—
Change in equity in consolidated subsidiaries-treasury stock .....	—	(1,042)
Change in equity in affiliates accounted for by equity method-treasury stock .....	—	(796)
Change of scope of equity method .....	—	6,108
Total changes of items during the fiscal year .....	65,338	135,702
Balance at the fiscal year end .....	1,870,569	2,006,272

Note: Amounts less than one million yen are omitted.

Millions of Yen

Fiscal 2012 Fiscal 2013

## Accumulated Other Comprehensive Income

### Net Unrealized Holding Gains (Losses) on Securities

Balance at the fiscal year start .....	4,903	3,909
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity.....	(994)	19,087
Total changes of items during the fiscal year .....	(994)	19,087
Balance at the fiscal year end .....	3,909	22,996

### Net Deferred Gains (Losses) on Derivatives under Hedge Accounting

Balance at the fiscal year start .....	(779)	(74)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity .....	704	1,974
Total changes of items during the fiscal year .....	704	1,974
Balance at the fiscal year end .....	(74)	1,900

### Revaluation Reserve for Land

Balance at the fiscal year start .....	—	—
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity .....	—	(503)
Total changes of items during the fiscal year .....	—	(503)
Balance at the fiscal year end .....	—	(503)

### Total Accumulated Other Comprehensive Income

Balance at the fiscal year start .....	4,124	3,834
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity .....	(289)	20,558
Total changes of items during the fiscal year .....	(289)	20,558
Balance at the fiscal year end .....	3,834	24,393

### Minority Interests

Balance at the fiscal year start .....	25,199	16,229
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity .....	(8,970)	1,297
Total changes of items during the fiscal year .....	(8,970)	1,297
Balance at the fiscal year end .....	16,229	17,527

### Total net assets

Balance at the fiscal year start .....	1,834,555	1,890,633
Changes of items during the fiscal year		
Cash dividends .....	(43,525)	(45,491)
Net income.....	108,737	175,384
Increase due to addition of consolidated subsidiaries and other.....	131	434
Purchase of treasury stock.....	(5)	(8)
Disposal of treasury stock.....	0	1,113
Change in equity in consolidated subsidiaries-treasury stock .....	—	(1,042)
Change in equity in affiliates accounted for by equity method-treasury stock .....	—	(796)
Change of scope of equity method .....	—	6,108
Net changes of items other than shareholders' equity .....	(9,259)	21,856
Total changes of items during the fiscal year .....	56,078	157,559
Balance at the fiscal year end .....	1,890,633	2,048,192

Note: Amounts less than one million yen are omitted.

#### (4) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2012	Fiscal 2013
<b>Cash Flows from Operating Activities</b>		
Income before income taxes.....	¥233,899	¥304,377
Depreciation.....	358,704	346,807
Impairment losses on fixed assets.....	9,160	30,028
Amortization of long-term prepaid expense.....	6,332	6,250
Net change in employees' severance and retirement benefits.....	(14,970)	3,306
Interest and dividend income.....	(2,947)	(2,574)
Interest expense.....	101,072	95,311
Construction grants received.....	(59,527)	(41,518)
Insurance proceeds related to earthquake.....	—	(24,260)
Losses from disposition of fixed assets.....	27,097	34,554
Losses from provision for cost reduction of fixed assets.....	56,127	36,944
Net change in major receivables.....	(54,835)	(17,486)
Net change in major payables.....	53,343	17,802
Other.....	24,310	5,468
Sub-total.....	737,769	795,012
Proceeds from interest and dividends.....	3,147	2,988
Payments of interest.....	(101,270)	(95,386)
Insurance proceeds related to earthquake.....	—	24,260
Payments of earthquake-damage losses.....	(38,563)	(21,229)
Payments of income taxes.....	(42,432)	(117,117)
<b>Net cash provided by operating activities.....</b>	<b>558,650</b>	<b>588,529</b>
<b>Cash Flows from Investing Activities</b>		
Payments for purchases of fixed assets.....	(407,622)	(494,566)
Proceeds from sales of fixed assets.....	8,865	5,390
Proceeds from construction grants.....	50,696	36,282
Proceeds from sales of transferable development air rights.....	—	8,445
Payments for purchases of investments in securities.....	(7,015)	(6,175)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation.....	—	(2,793)
Other.....	(15,608)	(12,534)
<b>Net cash used in investing activities.....</b>	<b>(370,684)</b>	<b>(465,951)</b>
<b>Cash Flows from Financing Activities</b>		
Net change in commercial paper.....	(61,000)	—
Proceeds from long-term loans.....	174,300	165,500
Payments of long-term loans.....	(125,869)	(133,866)
Proceeds from issuance of bonds.....	150,000	150,000
Payments for redemption of bonds.....	(110,430)	(90,000)
Payments of liabilities incurred for purchase of railway facilities.....	(124,625)	(130,622)
Cash dividends paid.....	(43,525)	(45,491)
Other.....	(11,277)	(16,671)
<b>Net cash used in financing activities.....</b>	<b>(152,428)</b>	<b>(101,151)</b>
<b>Net Change in Cash and Cash Equivalents.....</b>	<b>35,537</b>	<b>21,426</b>
<b>Cash and Cash Equivalents at Beginning of the Year.....</b>	<b>131,929</b>	<b>167,525</b>
<b>Increase in Cash and Cash Equivalents due to</b>		
<b>Merger with Unconsolidated Subsidiaries.....</b>	<b>58</b>	<b>338</b>
<b>Decrease in Cash and Cash Equivalents due to Corporate Division.....</b>	<b>—</b>	<b>(27)</b>
<b>Cash and Cash Equivalents at End of the Year.....</b>	<b>¥167,525</b>	<b>¥189,262</b>

Note: Amounts less than one million yen are omitted.

## **(5) Notes on Going Concern Assumption (Unaudited)**

None

## **(6) Changes in Accounting Policies, Changes in Accounting Estimates and Restatement of Revisions (Unaudited)**

### **(i) Changes in accounting policies that are difficult to distinguish from changes in accounting estimates**

Following the revision of the Corporation Tax Law, from the year ended March 31, 2013, JR East began applying a depreciation method based on the revised Corporation Tax Law to property, plant and equipment acquired since April 1, 2012. The impact on consolidated financial statements as a result of this change is minimal.

## **(7) Notes to Consolidated Financial Statements (Unaudited)**

### **(i) Consolidated Balance Sheets (Unaudited)**

#### **i) Revaluation of land**

JTB Corp., an equity-method affiliate of JR East, absorbed JTB Estate Corp. by merger on April 1, 2012. Prior to this absorption merger, JTB Estate Corp. had been revaluing its land for business use pursuant to the Law on Revaluation of Land (Law No. 34 of 1998) and Law for Partial Revision of the Law on Revaluation of Land (Law No. 19 of 2001). Consequently, JR East's equity-method portion of "Revaluation reserve for land" recorded on JTB Corp.'s balance sheets was recorded in JR East's Consolidated Balance Sheets as "Revaluation reserve for land" under NET ASSETS, Accumulated Other Comprehensive Income.

#### a Revaluation method

Rational adjustment based on roadside land value and other standards pursuant to the Order for Enforcement of the Law on Revaluation of Land (Cabinet Order No. 119 of 1998) Article 2-4

#### b Revaluation date

March 31, 2002

#### c Difference between book value after revaluation and market value on March 31, 2013

Difference was not recorded because the market value of the revaluated land was higher than the book value after revaluation.

### **(ii) Segment Information (Unaudited)**

#### **i) Segment Information**

##### **a General information about reportable segments**

Transportation, Station Space Utilization, and Shopping Centers and Office Buildings comprise JR East's three reportable segments. Each reportable segment is in turn comprised of business units within the Group with respect to which separate financial information is obtainable. These reportable segments are reviewed periodically by JR East's Board of Directors and form the basis on which to evaluate business performance and decide on how to allocate management resources of the Company.

Transportation segment is primarily engaged in passenger transportation mainly on passenger railway. Station Space Utilization segment creates commercial spaces in railway stations and develops various types of businesses, including retail sales, food and convenience stores, targeting customers that use railway stations. Shopping Centers and Office Buildings segment develops railway stations and land near railway stations, operates shopping centers, and leases office buildings, etc., targeting customers in and around railway stations.

##### **b Basis of measurement about reportable segment operating revenues, segment income or loss, segment assets, and other material items**

The accounting treatment for each reportable segment is largely the same as that set forth in the "Important Items that Form the Basis for Preparing Consolidated Financial Statements" in the recent Annual Securities Report released on June 22, 2012. Moreover, intersegment transactions are between consolidated subsidiaries and based on market prices and other fair values.

#### **(Change in depreciation method)**

Following the revision of the Corporation Tax Law, from the fiscal year under review, JR East began applying a depreciation method based on the revised Corporation Tax Law to property, plant and equipment acquired since April 1, 2012. The impact on segment information as a result of this change is minimal.

c Information about reportable segment operating revenues, segment income or loss, segment assets, and other material items

Millions of Yen

<b>Fiscal 2012 (Year ended March 31, 2012)</b>	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 2)	Total	Adjustment (Note 3)	Consolidated (Note 4)
Operating Revenues							
Outside customers .....	¥1,705,793	¥396,168	¥229,636	¥200,575	¥2,532,173	¥ —	¥2,532,173
Inside group .....	50,528	13,530	9,345	315,806	389,210	(389,210)	—
<b>Total .....</b>	<b>1,756,322</b>	<b>409,698</b>	<b>238,981</b>	<b>516,381</b>	<b>2,921,384</b>	<b>(389,210)</b>	<b>2,532,173</b>
Segment Income .....	¥ 236,632	¥ 33,965	¥ 66,509	¥ 21,991	¥ 359,098	¥ 926	¥ 360,024
Segment Assets .....	¥5,745,011	¥199,080	¥903,772	¥904,612	¥7,752,477	¥(692,068)	¥7,060,409
Depreciation .....	273,888	11,822	30,613	42,379	358,704	—	358,704
Increase in fixed assets (Note 6) .....	310,764	8,135	57,062	26,091	402,054	—	402,054

- Notes: 1. Amounts less than one million yen are omitted.
2. "Others" represent categories of business that are not included in reportable segments and include hotel operation, and advertising and publicity services.
3. The ¥926 million upward adjustment to segment income includes a ¥588 million elimination for intersegment transactions and a ¥351 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets. Moreover, the ¥692,068 million downward adjustment to segment assets includes a ¥(883,889) million elimination of intersegment claims and obligations, offset by ¥191,821 million in corporate assets not allocated to each reporting segment.
4. Segment income is adjusted to ensure consistency with the operating income set forth in the consolidated statements of income.
5. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.
6. Increase in fixed assets includes a portion contributed mainly by national and local governments.

Millions of Yen

<b>Fiscal 2013 (Year ended March 31, 2013)</b>	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 2)	Total	Adjustment (Note 3)	Consolidated (Note 4)
Operating Revenues							
Outside customers .....	¥1,795,125	¥404,207	¥238,944	¥ 233,545	¥2,671,822	¥ —	¥2,671,822
Inside group .....	53,431	14,228	10,261	345,066	422,986	(422,986)	—
<b>Total .....</b>	<b>1,848,556</b>	<b>418,435</b>	<b>249,205</b>	<b>578,611</b>	<b>3,094,809</b>	<b>(422,986)</b>	<b>2,671,822</b>
Segment Income .....	¥ 266,442	¥ 37,575	¥ 68,197	¥ 26,862	¥ 399,077	¥ (1,514)	¥ 397,562
Segment Assets .....	¥5,796,623	¥205,628	¥939,995	¥1,011,833	¥7,954,081	¥(730,876)	¥7,223,204
Depreciation .....	267,347	10,794	31,083	37,582	346,807	—	346,807
Increase in fixed assets (Note 6) .....	400,377	8,078	63,107	36,335	507,899	—	507,899

- Notes: 1. Amounts less than one million yen are omitted.
2. "Others" represent categories of business that are not included in reportable segments and include hotel operation, and advertising and publicity services.
3. The ¥1,514 million downward adjustment to segment income includes a ¥(2,133) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥613 million elimination for intersegment transactions. Moreover, the ¥730,876 million downward adjustment to segment assets includes a ¥(991,900) million elimination of intersegment claims and obligations, offset by ¥261,024 million in corporate assets not allocated to each reporting segment.
4. Segment income is adjusted to ensure consistency with the operating income set forth in the consolidated statements of income.
5. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.
6. Increase in fixed assets includes a portion contributed mainly by national and local governments.

**ii) Relevant Information**

**a Information about products and services**

Information about products and services is omitted as JR East classifies such segments in the same way as it does its reportable segments.

**b Information about geographic areas**

**i. Operating Revenues**

Information about geographic areas is omitted as operating revenues attributable to outside customers in Japan exceed 90% of the operating revenues reported in the Consolidated Statements of Income.

ii. Property, plant and equipment

Information about geographic areas is omitted as property, plant and equipment in Japan exceed 90% of the property, plant and equipment reported in the Consolidated Balance Sheets.

c Information about major customers

Information about major customers is omitted as no single outside customer contributes 10% or more to operating revenues in the Consolidated Statements of Income.

**iii) Information about impairment loss on fixed assets in reportable segments**

Fiscal 2012 (Year ended March 31, 2012)	Millions of Yen				Total
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note)	
Impairment losses on fixed assets .....	255	4,081	4,432	390	9,160

Note: The amount under "Others" represents amounts from business segments and other units excluded from the reportable segments

Fiscal 2013 (Year ended March 31, 2013)	Millions of Yen				Total
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note)	
Impairment losses on fixed assets .....	28,875	557	213	383	30,028

Note: The amount under "Others" represents amounts from business segments and other units excluded from the reportable segments

**iv) Information about amortized amount of goodwill and unamortized balance of goodwill by reportable segments**

Information about amortized amount of goodwill and unamortized balance of goodwill by reportable segments is omitted as the amount was insignificant.

**v) Information about gain on negative goodwill by reportable segments**

Information about gain on negative goodwill by reportable segments is omitted as the amount was insignificant.

**(iii) Per Share Information (Unaudited)**

	Fiscal 2012	Fiscal 2013
Shareholders' equity per share	¥4,738.51	¥5,135.76
Earnings per share—basic	¥274.89	¥443.70
Earnings per share—diluted	Not shown because there are no convertible securities	Not shown because there are no convertible securities

Note: The basis of calculation of earnings per share is as shown below.

	Fiscal 2012	Fiscal 2013
Net income	¥108,737 million	¥175,384 million
Amount not attributable to common stockholders	—	—
Net income related to common stock	¥108,737 million	¥175,384 million
Average number of common shares	395,568,845	395,273,967

**(iv) Subsequent Events (Unaudited)**

(Share Repurchase)

The Board of Directors of East Japan Railway Company ("JR East") resolved at its meeting held on April 30, 2013 matters concerning JR East's repurchase of its common stock pursuant to Article 156 of the Business Corporation Law as applied pursuant to Article 165, Paragraph 3 thereof, as detailed below.

**i) Reason for share repurchase:** To further enhance returns to shareholders

**ii) Class of shares to be repurchased:** Common stock

**iii) Total number of shares that may be repurchased:** 1,000,000 shares (maximum)

(0.25% of issued shares (excluding treasury stock))

**iv) Aggregate repurchase price:** ¥10 billion (maximum)

**v) Period of repurchase:** From May 8, 2013 to May 31, 2013

## 5. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY

Millions of Yen

	Fiscal 2012	Fiscal 2013
<b>ASSETS</b>		
<b>Current Assets</b>	¥ 524,957	¥ 558,943
Cash and time deposits	69,135	56,724
Fares receivable	166,831	178,241
Accounts receivable-trade	71,685	72,338
Short-term loans receivable	62,176	13,794
Short-term loans to affiliated companies receivable	80,594	78,364
Securities	—	80,000
Real estate for sale	1,503	1,319
Inventories	17,424	17,404
Prepaid expenses	5,116	4,563
Deferred income taxes	33,944	39,576
Other	16,668	16,749
Allowance for doubtful accounts	(124)	(135)
<b>Fixed Assets</b>	6,081,635	6,183,223
Fixed assets for railway operations	4,474,675	4,495,134
Property, plant and equipment	9,916,877	10,086,734
Accumulated depreciation	(5,472,557)	(5,623,215)
Intangible assets	30,355	31,615
Fixed assets for other operations	436,670	479,439
Property, plant and equipment	560,003	611,286
Accumulated depreciation	(123,825)	(132,285)
Intangible assets	492	438
Fixed assets relating to both operations	278,788	280,685
Property, plant and equipment	763,433	774,341
Accumulated depreciation	(486,888)	(497,439)
Intangible assets	2,242	3,783
Construction in progress	279,320	269,310
Railway operations	217,025	218,588
Other operations	43,946	27,855
Relating to both operations	18,348	22,866
Investments and other assets	612,181	658,652
Investments in securities	103,706	126,665
Stocks of subsidiaries and affiliated companies	189,616	205,565
Long-term loans to affiliated companies receivable	77,664	90,907
Long-term prepaid expenses	16,759	21,875
Long-term deferred income taxes	215,787	203,789
Other investment and other assets	8,957	10,120
Allowance for doubtful accounts	(310)	(273)
<b>Total Assets</b>	<b>¥6,606,592</b>	<b>¥6,742,166</b>

Note: Amounts less than one million yen are omitted.



Millions of Yen

	Fiscal 2012	Fiscal 2013
<b>LIABILITIES</b>		
<b>Current Liabilities</b> .....	¥1,213,013	¥1,269,892
Short-term loans from affiliated companies .....	163,100	195,430
Current portion of bonds .....	89,998	79,999
Current portion of long-term loans .....	133,289	142,427
Current portion of long-term liabilities incurred for purchase of railway facilities .....	129,336	125,635
Lease obligation .....	6,006	7,428
Payables .....	324,870	334,204
Accrued expenses .....	30,113	30,964
Accrued consumption taxes .....	9,933	8,588
Accrued income taxes .....	55,252	68,151
Fare deposits received with regard to railway connecting services .....	22,433	19,169
Deposits received .....	23,917	24,133
Prepaid railway fares received .....	83,838	88,141
Advances received .....	60,341	64,167
Prepaid contribution for construction .....	5,061	4,306
Allowance for bonuses to employees .....	53,119	59,666
Allowance for bonuses to directors and corporate auditors .....	106	171
Allowance for earthquake-damage losses .....	11,328	4,782
Allowance for environmental conservation costs .....	—	2,362
Asset retirement obligations .....	897	992
Other .....	10,069	9,169
<b>Long-Term Liabilities</b> .....	3,781,360	3,749,331
Bonds .....	1,509,764	1,579,830
Long-term loans .....	726,229	749,301
Long-term loans from affiliated companies .....	30,660	45,760
Long-term liabilities incurred for purchase of railway facilities .....	789,511	663,662
Lease obligation .....	14,558	16,284
Long-term deferred contribution for construction .....	47,031	42,782
Employees' severance and retirement benefits .....	602,510	603,714
Allowance for earthquake-damage losses .....	8,356	3,037
Allowance for environmental conservation costs .....	11,483	8,854
Asset retirement obligations .....	8,487	7,458
Other .....	32,765	28,646
<b>Total Liabilities</b> .....	¥4,994,373	¥5,019,224

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2012	Fiscal 2013
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b> .....	¥1,609,832	¥1,703,160
Common stock .....	200,000	200,000
Capital surplus .....	96,613	96,600
Additional paid-in capital .....	96,600	96,600
Other capital surplus .....	13	—
Retained earnings .....	1,338,145	1,408,388
Legal reserve .....	22,173	22,173
Other retained earnings		
Reserve for special depreciation .....	3,171	2,633
Reserve for deferred gain of fixed assets .....	50,166	50,852
General reserve .....	990,000	1,060,000
Retained earnings carried forward .....	272,632	272,728
Treasury stock, at cost .....	(24,925)	(1,827)
<b>Valuation and Translation Adjustment</b> .....	2,386	19,781
Net unrealized holding gains (losses) on securities .....	2,767	19,076
Net deferred gains (losses) on derivatives under hedge accounting .....	(381)	705
<b>Total Net Assets</b> .....	1,612,219	1,722,942
<b>Total Liabilities and Net Assets</b> .....	¥6,606,592	¥6,742,166

Note: Amounts less than one million yen are omitted.

## (2) Non-consolidated Statements of Income (Unaudited)

EAST JAPAN RAILWAY COMPANY

	Millions of Yen	
	Fiscal 2012	Fiscal 2013
<b>Railway Operations</b>		
<b>Operating Revenues</b> .....	¥1,752,250	¥1,844,243
Passenger transportation.....	1,595,366	1,681,576
Trackage revenue.....	7,069	6,947
Miscellaneous income of transportation.....	149,814	155,719
<b>Operating Expenses</b> .....	1,497,161	1,558,531
Transportation expenses.....	942,872	1,003,026
General and administrative expenses.....	203,542	210,390
Taxes.....	74,951	74,887
Depreciation.....	275,795	270,227
<b>Operating Income from Railway Operations</b> .....	255,088	285,711
 <b>Other Operations</b>		
<b>Operating Revenues</b> .....	65,246	66,561
Revenue from real estate lease.....	60,619	61,347
Miscellaneous revenue.....	4,626	5,213
<b>Operating Expenses</b> .....	27,335	29,393
Cost of sales.....	212	453
Selling, general and administrative expenses.....	9,998	10,033
Taxes.....	7,268	7,731
Depreciation.....	9,855	11,174
<b>Operating Income from Other Operations</b> .....	37,910	37,168
<b>Total Operating Income</b> .....	292,999	322,879
 <b>Non-Operating Income</b> .....	21,965	19,507
Interest income.....	1,890	1,687
Dividend income.....	6,540	7,084
Gains on sales of equipment.....	2,001	1,477
Insurance proceeds and dividends.....	9,240	6,976
Other.....	2,292	2,280
 <b>Non-Operating Expenses</b> .....	107,258	99,383
Interest expense.....	70,401	64,678
Interest on bonds.....	31,770	31,980
Cost of issuance of bonds.....	566	593
Losses on sales of equipment.....	471	412
Other.....	4,047	1,717
<b>Ordinary Income</b> .....	207,707	243,004

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2012	Fiscal 2013
<b>Extraordinary Gains</b> .....	65,230	<b>68,139</b>
Gains on sales of fixed assets .....	6,707	<b>2,652</b>
Construction grants received.....	58,472	<b>41,140</b>
Insurance proceeds related to earthquake .....	—	<b>24,260</b>
Other .....	50	<b>85</b>
<b>Extraordinary Losses</b> .....	97,321	<b>71,523</b>
Losses on sales of fixed assets .....	1,270	<b>395</b>
Losses on reduction entry for construction grants.....	55,076	<b>36,598</b>
Impairment losses on fixed assets .....	4,771	<b>29,098</b>
Other .....	36,202	<b>5,431</b>
<b>Income before Income Taxes</b> .....	175,616	<b>239,619</b>
<b>Income Taxes</b> .....	98,463	<b>100,779</b>
Current.....	73,218	<b>103,350</b>
Deferred.....	25,245	<b>(2,571)</b>
<b>Net Income</b> .....	<b>¥ 77,152</b>	<b>¥ 138,840</b>

Note: Amounts less than one million yen are omitted.

### (3) Non-consolidated Statements of Changes in Net Assets (Unaudited)

EAST JAPAN RAILWAY COMPANY

	Millions of Yen	
	Fiscal 2012	Fiscal 2013
<b>Shareholders' Equity</b>		
<b>Common Stock</b>		
Balance at the fiscal year start .....	200,000	<b>200,000</b>
Changes of items during the fiscal year .....	—	—
Balance at the fiscal year end .....	<b>200,000</b>	<b>200,000</b>
<b>Capital Surplus</b>		
<b>Additional Paid-in Capital</b>		
Balance at the fiscal year start .....	96,600	<b>96,600</b>
Changes of items during the fiscal year .....	—	—
Balance at the fiscal year end .....	<b>96,600</b>	<b>96,600</b>
<b>Other Capital Surplus</b>		
Balance at the fiscal year start .....	13	<b>13</b>
Changes of items during the fiscal year		
Disposal of treasury stock .....	(0)	<b>(0)</b>
Retirement of treasury stock .....	—	<b>(13)</b>
Total changes of items during the fiscal year .....	<b>(0)</b>	<b>(13)</b>
Balance at the fiscal year end .....	<b>13</b>	—
<b>Total Capital Surplus</b>		
Balance at the fiscal year start .....	96,613	<b>96,613</b>
Changes of items during the fiscal year		
Disposal of treasury stock .....	(0)	<b>(0)</b>
Retirement of treasury stock .....	—	<b>(13)</b>
Total changes of items during the fiscal year .....	<b>(0)</b>	<b>(13)</b>
Balance at the fiscal year end .....	<b>96,613</b>	<b>96,600</b>
<b>Retained Earnings</b>		
<b>Legal Reserve</b>		
Balance at the fiscal year start .....	22,173	<b>22,173</b>
Changes of items during the fiscal year .....	—	—
Balance at the fiscal year end .....	<b>22,173</b>	<b>22,173</b>
<b>Other Retained Earnings</b>		
<b>Reserve for Special Depreciation</b>		
Balance at the fiscal year start .....	2,733	<b>3,171</b>
Changes of items during the fiscal year		
Provision of reserve for special depreciation .....	962	<b>401</b>
Disposal of reserve for special depreciation .....	(524)	<b>(939)</b>
Total changes of items during the fiscal year .....	<b>438</b>	<b>(538)</b>
Balance at the fiscal year end .....	<b>3,171</b>	<b>2,633</b>
<b>Reserve for Deferred Gain of Fixed Assets</b>		
Balance at the fiscal year start .....	46,674	<b>50,166</b>
Changes of items during the fiscal year		
Provision of reserve for deferred gain of fixed assets .....	4,822	<b>2,032</b>
Disposal of reserve for deferred gain of fixed assets .....	(1,330)	<b>(1,346)</b>
Total changes of items during the fiscal year .....	<b>3,492</b>	<b>686</b>
Balance at the fiscal year end .....	<b>50,166</b>	<b>50,852</b>

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2012	Fiscal 2013
<b>General Reserve</b>		
Balance at the fiscal year start .....	990,000	<b>990,000</b>
Changes of items during the fiscal year		
Provision of reserve for general reserve .....	—	<b>70,000</b>
Total changes of items during the fiscal year.....	—	<b>70,000</b>
Balance at the fiscal year end.....	990,000	<b>1,060,000</b>
<b>Retained Earnings Carried Forward</b>		
Balance at the fiscal year start.....	242,937	<b>272,632</b>
Changes of items during the fiscal year		
Provision of reserve for special depreciation .....	(962)	<b>(401)</b>
Disposal of reserve for special depreciation .....	524	<b>939</b>
Provision of reserve for deferred gain of fixed assets..	(4,822)	<b>(2,032)</b>
Disposal of reserve for deferred gain of fixed assets...	1,330	<b>1,346</b>
Provision of reserve for general reserve.....	—	<b>(70,000)</b>
Dividends .....	(43,525)	<b>(45,503)</b>
Net income .....	77,152	<b>138,840</b>
Retirement of treasury stock .....	—	<b>(23,093)</b>
Total changes of items during the fiscal year.....	29,695	<b>95</b>
Balance at the fiscal year end.....	272,632	<b>272,728</b>
<b>Total Retained Earnings</b>		
Balance at the fiscal year start.....	1,304,518	<b>1,338,145</b>
Changes of items during the fiscal year		
Provision of reserve for special depreciation .....	—	—
Disposal of reserve for special depreciation .....	—	—
Provision of reserve for deferred gain of fixed assets..	—	—
Disposal of reserve for deferred gain of fixed assets...	—	—
Provision of reserve for general reserve.....	—	—
Dividends.....	(43,525)	<b>(45,503)</b>
Net income .....	77,152	<b>138,840</b>
Retirement of treasury stock .....	—	<b>(23,093)</b>
Total changes of items during the fiscal year.....	33,626	<b>70,242</b>
Balance at the fiscal year end.....	1,338,145	<b>1,408,388</b>
<b>Treasury Stock, at Cost</b>		
Balance at the fiscal year start .....	(24,920)	<b>(24,925)</b>
Changes of items during the fiscal year		
Purchase of treasury stock.....	(5)	<b>(8)</b>
Disposal of treasury stock .....	0	<b>0</b>
Retirement of treasury stock.....	—	<b>23,106</b>
Total changes of items during the fiscal year .....	(4)	<b>23,098</b>
Balance at the fiscal year end .....	(24,925)	<b>(1,827)</b>

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2012	Fiscal 2013
<b>Total Shareholders' Equity</b>		
Balance at the fiscal year start .....	1,576,210	1,609,832
Changes of items during the fiscal year		
Dividends .....	(43,525)	(45,503)
Net income .....	77,152	138,840
Purchase of treasury stock .....	(5)	(8)
Disposal of treasury stock .....	0	0
Retirement of treasury stock .....	—	—
Total changes of items during the fiscal year .....	33,621	93,328
Balance at the fiscal year end .....	1,609,832	1,703,160
<b>Valuation and Translation Adjustments</b>		
<b>Net Unrealized Holding Gains (Losses) on Securities</b>		
Balance at the fiscal year start .....	4,285	2,767
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity .....	(1,517)	16,308
Total changes of items during the fiscal year .....	(1,517)	16,308
Balance at the fiscal year end .....	2,767	19,076
<b>Net Deferred Gains (Losses) on Derivatives under Hedge Accounting</b>		
Balance at the fiscal year start .....	(979)	(381)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity .....	598	1,086
Total changes of items during the fiscal year .....	598	1,086
Balance at the fiscal year end .....	(381)	705
<b>Total Valuation and Translation Adjustments</b>		
Balance at the fiscal year start .....	3,306	2,386
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity .....	(919)	17,394
Total changes of items during the fiscal year .....	(919)	17,394
Balance at the fiscal year end .....	2,386	19,781
<b>Total net assets</b>		
Balance at the fiscal year start .....	1,579,517	1,612,219
Changes of items during the fiscal year		
Cash dividends .....	(43,525)	(45,503)
Net income .....	77,152	138,840
Purchase of treasury stock .....	(5)	(8)
Disposal of treasury stock .....	0	0
Net changes of items other than shareholders' equity .....	(919)	17,394
Total changes of items during the fiscal year .....	32,702	110,722
Balance at the fiscal year end .....	1,612,219	1,722,942

Note: Amounts less than one million yen are omitted.

## (Additional Information Regarding Operating Results)

### Consolidated Principal Indicators

	Fiscal 2012 (A)	Fiscal 2013 (B)	Increase (Decrease) (B)-(A)	Fiscal 2016 Targets
Cash flows from operating activities (billions of yen) .....	558.6	<b>588.5</b>	29.8	1,750.0
Ratio of operating income to average assets (ROA) (%) .....	5.1	<b>5.6</b>	0.5	5.5
Return on average equity (ROE) (%) .....	5.9	<b>9.0</b>	3.1	8.9
Equity ratio (%) .....	26.5	<b>28.1</b>	1.6	—
Shareholders' equity (billions of yen) .....	1,874.4	<b>2,030.6</b>	156.2	—
Total interest-bearing debt (billions of yen) .....	3,340.2	<b>3,307.4</b>	(32.7)	—
Average interest rates (%) .....	2.89	<b>2.73</b>	(0.16)	—
Net interest expense (billions of yen) .....	(98.1)	<b>(92.7)</b>	5.4	—
Earnings per share (yen) .....	274.89	<b>443.70</b>	168.82	—
Shareholders' equity per share (yen) .....	4,738.51	<b>5,135.76</b>	397.25	—
Free cash flows (FCF) (billions of yen) .....	187.9	<b>122.5</b>	(65.3)	—
Capital expenditures (billions of yen) .....	370.1	<b>480.7</b>	110.5	—
Transportation .....	278.9	<b>373.1</b>	94.2	—
Non-transportation .....	91.2	<b>107.5</b>	16.2	—

Note: Cash flows from operating activities (Fiscal 2016 Targets) are over three years from Fiscal 2014.

### Consolidated Business Forecasts for Fiscal 2014

	Billions of Yen				
	Actual Fiscal 2013 (A)	Forecast Fiscal 2014 (B)	Change		Fiscal 2016 Targets
			Increase (Decrease) (B)-(A)	% (B)/(A)x100	
<b>Operating Revenues</b> .....	2,671.8	<b>2,692.0</b>	20.1	100.8	2,788.0
Transportation .....	1,795.1	<b>1,820.0</b>	24.8	101.4	1,857.0
Station Space Utilization .....	404.2	<b>406.0</b>	1.7	100.4	437.0
Shopping Centers & Office Buildings .....	238.9	<b>250.0</b>	11.0	104.6	261.0
Others .....	233.5	<b>216.0</b>	(17.5)	92.5	233.0
<b>Operating Income</b> .....	397.5	<b>401.0</b>	3.4	100.9	418.0
Transportation .....	266.4	<b>269.0</b>	2.5	101.0	278.0
Station Space Utilization .....	37.5	<b>37.0</b>	(0.5)	98.5	42.0
Shopping Centers & Office Buildings .....	68.1	<b>69.0</b>	0.8	101.2	72.0
Others .....	26.8	<b>27.0</b>	0.1	100.5	27.0
Elimination and/or corporate .....	(1.5)	<b>(1.0)</b>	0.5	66.0	(1.0)
<b>Ordinary Income</b> .....	317.4	<b>323.0</b>	5.5	101.7	—
<b>Net Income</b> .....	175.3	<b>192.0</b>	16.6	109.5	—

Reference: Earnings per share forecast for Fiscal 2014: ¥485.59

### 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 Capital Expenditure Plans for Fiscal 2014

	Billions of Yen			
	Actual Fiscal 2013	Plans for Fiscal 2014	Change	
			Increase (Decrease)	%
(A)	(B)	(B)-(A)	(B)/(A)x100	
<b>Capital Expenditures</b> .....	480.7	<b>540.0</b>	59.2	112.3
Transportation .....	373.1	<b>405.0</b>	31.8	108.5
Non-transportation.....	107.5	<b>135.0</b>	27.4	125.6

## Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions		%		Billions of yen		%	
	Fiscal 2012	Fiscal 2013	Change		Fiscal 2012	Fiscal 2013	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 .....	1,647	<b>1,670</b>	22	101.4	22.4	<b>22.7</b>	0.3	101.4
Other.....	16,776	<b>18,448</b>	1,671	110.0	417.2	<b>469.3</b>	52.0	112.5
Total .....	18,424	<b>20,118</b>	1,694	109.2	439.6	<b>492.0</b>	52.3	111.9
<b>Conventional Lines</b>								
<i>Kanto Area Network</i>								
Commuter Passes .....	68,381	<b>68,513</b>	131	100.2	441.7	<b>445.7</b>	4.0	100.9
Other.....	32,586	<b>33,907</b>	1,321	104.1	645.2	<b>671.2</b>	26.0	104.0
Total .....	100,967	<b>102,420</b>	1,453	101.4	1,086.9	<b>1,117.0</b>	30.1	102.8
<i>Other Network</i>								
Commuter Passes .....	3,113	<b>3,143</b>	29	101.0	18.4	<b>18.8</b>	0.3	102.1
Other.....	2,558	<b>2,710</b>	152	106.0	50.2	<b>53.5</b>	3.3	106.6
Total .....	5,672	<b>5,854</b>	182	103.2	68.6	<b>72.3</b>	3.7	105.4
<i>Total</i>								
Commuter Passes .....	71,495	<b>71,657</b>	161	100.2	460.1	<b>464.6</b>	4.4	101.0
Other.....	35,144	<b>36,618</b>	1,473	104.2	695.4	<b>724.8</b>	29.4	104.2
Total .....	106,639	<b>108,275</b>	1,635	101.5	1,155.6	<b>1,189.4</b>	33.8	102.9
<b>Total</b>								
Commuter Passes .....	73,143	<b>73,327</b>	184	100.3	482.5	<b>487.3</b>	4.7	101.0
Other.....	51,921	<b>55,066</b>	3,145	106.1	1,112.7	<b>1,194.1</b>	81.4	107.3
Total .....	125,064	<b>128,394</b>	3,329	102.7	1,595.2	<b>1,681.4</b>	86.1	105.4

Notes:1. Amounts less than one million passenger kilometers and 100 million yen are omitted.

2. The Kanto Area Network includes the areas covered by Tokyo Branch Office, Yokohama Branch Office, Hachioji Branch Office, Omiya Branch Office, Takasaki Branch Office, Mito Branch Office, and Chiba Branch Office.

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