

Consolidated Financial Results for the Six-Month Period Ended September 30, 2013 (Japanese GAAP) (Unaudited)

Fiscal 2014 (Year ending March 31, 2014)

"Second Quarter" means the six months from April 1 to September 30.

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.

October 29, 2013

East Japan Railway Company

Stock Exchange Listings

Tokyo and Nagoya

Securities Code

9020

URL

<http://www.jreast.co.jp/e>

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Scheduled Date for Release of a Quarterly Report

November 12, 2013

Scheduled Date of Dividend Payment Commencement

December 3, 2013

Preparation of Supplementary Explanations of Quarterly Financial Results: No

Quarterly Financial Results Presentation to Be Held: Yes

1. Consolidated Results for the Six-Month Period Ended September 30, 2013 (April 1, 2013—September 30, 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 corresponding period in the previous fiscal year.)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2014, 2nd Quarter	1,345,220	1.8	259,592	2.1	217,277	2.7	135,761	11.4
Fiscal 2013, 2nd Quarter	1,321,564	8.0	254,225	28.7	211,627	42.9	121,885	70.8

Note: Comprehensive income – Fiscal 2014, 2nd Quarter: 153,293 million yen (an increase of 29.0%), Fiscal 2013, 2nd Quarter: 118,848 million yen (an increase of 91.3%)

	Earnings per share —Basic	Earnings per share —Diluted
	Yen	Yen
Fiscal 2014, 2nd Quarter	343.96	—
Fiscal 2013, 2nd Quarter	308.41	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Fiscal 2014, 2nd Quarter	7,105,092	2,169,218	30.3
Fiscal 2013	7,223,204	2,048,192	28.1

Reference: Shareholders' equity – Fiscal 2014, 2nd Quarter: 2,151,096 million yen, Fiscal 2013: 2,030,665 million yen

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

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2013	—	60.00	—	60.00	120.00
Fiscal 2014	—	60.00	—	—	—
(Forecast) Fiscal 2014	—	—	—	60.00	120.00

Note: Revisions to the most recently disclosed dividend forecasts: No

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

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

	Operating revenues		Operating income		Ordinary income		Net income		Earnings per share—Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2014	2,703,000	1.2	401,000	0.9	323,000	1.7	192,000	9.5	486.85

Note: Revisions to the most recently disclosed earnings forecasts: Yes

※ Notes

(1) Changes to principal subsidiaries during the period: No
(Indicates whether changes have occurred in specified subsidiaries in accordance with changes in the scope of consolidation)

Newly consolidated — excluded —

(2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: No

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

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

(4) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) 2nd Quarter, Fiscal 2014 395,000,000 shares Fiscal 2013 396,000,000 shares
- ii Treasury stock at period-end 2nd Quarter, Fiscal 2014 628,481 shares Fiscal 2013 602,387 shares
- iii Average number of shares during period 2nd Quarter, Fiscal 2014 394,695,664 shares 2nd Quarter, Fiscal 2013 395,198,767 shares

Indication of quarterly review procedure implementation status

These quarterly financial results are not subject to the quarterly review requirements as provided in the Financial Instruments and Exchange Law. The review of quarterly consolidated financial statements as provided in the Financial Instruments and Exchange Law had not been completed as of the date of these Consolidated Financial Results for the Six-Month Period Ended September 30, 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 “Qualitative Information on Consolidated Performance Outlook” on page 4 in the Attachment. Further, the non-consolidated performance outlook is on the next page.

(Reference)

Forecasts of the Non-consolidated Results for Fiscal 2014 (Year Ending March 31, 2014)

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

	Operating revenues		Operating income		Ordinary income		Net income		Earnings per share— Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2014	1,938,000	1.4	325,000	0.7	258,000	6.2	162,000	16.7	410.46

Note: Revisions to the most recently disclosed earnings forecasts: Yes

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(Unless otherwise stated, all comparisons are between the six months from April 1, 2013, to September 30, 2013, and the six months from April 1, 2012, to September 30, 2012.)

(1) Qualitative Information on Consolidated Operating Results

In the first six months of the fiscal year ending March 31, 2014 (from April 1, 2013, to September 30, 2013; the second quarter), prospects for recovery in the Japanese economy improved gradually, mainly as a result of the government's economic policies, with consumer spending and corporate earnings continuing to recover. Under these conditions, and guided by the "JR East Group Management Vision V — Ever Onward" formulated in October 2012, the East Japan Railway Company and its consolidated subsidiaries and equity method affiliates (JR East) made efforts to conduct service quality reforms and generate revenues through steady implementation of various initiatives centered around the railway, life-style service business and *Suica* operations.

Consequently, during the six months ended September 30, 2013, operating revenues increased 1.8% year on year to ¥1,345.2 billion, in line mainly with increased transportation revenues, and operating income increased 2.1% to ¥259.5 billion. Furthermore, ordinary income increased 2.7% to ¥217.2 billion, mainly due to a decline in interest expense. Because of an increase in insurance proceeds related to the earthquake and other factors, net income increased 11.4% to ¥135.7 billion.

As of the first quarter of the fiscal year ending March 31, 2014, Japan Transport Engineering Company, which mainly manufactures railcars, was reclassified into the Transportation reporting segment from Others. This change reflects plans that JR East implemented from the year to deepen cooperation in railway manufacturing operations between Japan Transport Engineering Company and its Niitsu Rolling Stock Plant, based on "JR East Group Management Vision V — Ever Onward."

As a result of this change, in the Segment Information section below, figures for the same period of the previous fiscal year have been restated to reflect the new reporting segment classification, and year-on-year comparisons are based on the restated figures.

Segment Information

Transportation

In the Transportation segment, with railway operations as its core operations, JR East promoted the use of its Shinkansen and conventional line networks to secure revenues while giving priority to ensuring safe and reliable transportation and enhancing customer satisfaction.

Specifically, to achieve "extreme safety levels," JR East promoted countermeasures against major seismic events in preparation for a possible earthquake directly beneath the Tokyo metropolitan area, and began seismic reinforcement work near the Chuo Line's Ochanomizu Station. In addition to steadily executing measures to prevent railway crossing accidents and prolong the useful life of railway facilities, JR East continued to install automatic platform gates on the Yamanote Line and began using automatic platform gates at Otsuka Station, Shin-Okubo Station and other stations. In response to a railcar derailment accident between Jinguji and Kariwano on the Ou Line in March 2013, JR East established a committee of experts to investigate the cause and discuss measures to prevent another derailment of *Komachi* railcars on the Ou Line, and started installing snow fences to mitigate the buildup of snowdrifts on the tracks as a countermeasure.

To improve the reliability of transportation, JR East introduced new railcars to the Saikyo Line and conducted operational trials of train track facility monitoring equipment while installing additional windbreaks along the Sobu, Keiyo and Joban lines. In addition, to improve its ability to respond swiftly to transportation disruptions and its service quality, JR East also commenced preparations to issue all train crew with tablet computers. Meanwhile, the "Service Quality Improvement Project" was expanded to include the Yokohama Line from June 2013 in addition to the Musashino and Saikyo lines. This project aims to respond to the untapped needs of customers and thereby strengthen the management of JR East's services tailored to the need of each line. Moreover, JR East in cooperation with other railway companies and businesses launched a "Let's all hold on to the railing" Campaign in July as a reminder for customers to use escalators safely.

JR East also continued the *Sendai-Miyagi Destination Campaign* and the "Ikuzo, Tohoku." Campaign to continue encouraging tourism and use its benefits to help the Tohoku region recover from the March 2011 earthquake. Efforts were also made to increase the use of railway services. Measures included encouraging more use of the *Super Komachi* service that began operation on the Akita Shinkansen Line in March 2013, and conducting an intensive advertising campaign designed to stimulate tourism and strengthen travel product sales in the Tokyo metropolitan area. In particular, various initiatives were developed following the registration of Mt. Fuji as a World Heritage Site, ranging from the sale of discount tickets and travel products for domestic and inbound tourists to the scheduling of additional train services on the Chuo Line. In addition, a new product brand for inbound travel named "JR East Railway Holiday" was launched in Taiwan in September 2013 as part of the Group's initiative to bolster the transmission of information overseas and boost the number of international travelers visiting Japan. Meanwhile JR East established the Hokuriku Marketing Center in April 2013 to generate more tourism in preparation for the extension of the Hokuriku Shinkansen Line to Kanazawa at the end of fiscal 2015.

In *Suica* operations, services became even more convenient in June 2013 when the mutual usage network was expanded to include the area serviced by the City of Sapporo Transportation Bureau's *SAPICA* card. In other developments, the revamped Kaihimmakuhari Station went into operation in September 2013 on the Keiyo Line as part of JR East's ongoing development of "ecoste" model stations that incorporate an array of technologies for preserving the environment. In railcar manufacturing operations, JR East made efforts to strengthen the brand power of its stainless-steel *sustina* railcars with the aim of winning new projects and orders from around the world.

As a result of the above, JR East's railway traffic volume increased compared to the same period of the previous fiscal year, and operating revenues in the Transportation segment increased by 1.6% to ¥949.0 billion. Operating income increased 0.7% to ¥193.5 billion.

JR East is holding discussions with the national government, local governments and other parties to coordinate the restoration of train lines along the northeastern Pacific coast that were damaged by the tsunami in the Great East Japan Earthquake. There are plans to rebuild the area as a whole and develop individual towns. With respect to railway routes (segments) for which restoration of railway services has been approved, JR East has held discussions on restoration work between Takagimachi and Rikuzen-Ono on the Senseki Line and acquisition of land for the section between Soma and Hamayoshida on the Joban Line. The Group also began to restore a segment of the Joban Line between Hirono and Tatsuta, including a section inside the 20-kilometer radius of the Fukushima Daiichi Nuclear Power Station, that would enable operations to resume if municipalities along the line make the decision to allow evacuated residents to return in the spring of 2014. With respect to services with a provisional BRT (Bus Rapid Transit) system, the Group made efforts to enhance passenger convenience further, mainly by extending BRT roads on the Kesenuma Line and Ofunato Line in April and September 2013 and introducing *odeca* IC cards for boarding the BRT. The Group remains in discussions with local authorities on how to go about restoring the Yamada Line. In the meantime, as part of its efforts to support recovery of the areas along the lines, JR East began construction of the Senseki-Tohoku Connecting Line in September 2013 to improve passenger convenience by shortening travel times between Sendai and Ishinomaki.

In March 2012, JR East announced that it had decided to abandon restoration of the Iwaizumi Line as a railway line, and declared its policy of securing transportation for the region with buses. The Group has been explaining the decision to affected people and parties. In September 2013, the Group once again proposed alternative modes of transportation to the affected municipalities, as more than three years had passed since the entire line was suspended in July 2010 due to a derailment accident caused by a landslide between Oshikado and Iwate-Okawa. JR East plans to continue working toward the establishment of alternative modes of transportation as soon as possible, while continuing talks with the relevant parties in the region to seek their understanding and cooperation.

Station Space Utilization

In the Station Space Utilization segment, JR East opened *mAACH ecute Kanda Manseibashi* (Tokyo) in September 2013, a commercial facility that integrates with the remnants of the platform and stairways of the long defunct Manseibashi Station. In addition, JR East made efforts to strengthen its competitiveness by developing attractive stores, continuing the renovation of station space commercial facilities centered in the Tokyo metropolitan area, such as *ecute Shinagawa* (Tokyo). Moreover, as part of the *Rediscovering the Region Projects*, JR East held *Sanchoku-Ichi* (farmers' markets) at Ueno station and other stations in an effort to highlight the appeal of various areas in Eastern Japan. In other initiatives, in April 2013, the Group reorganized souvenir shops, restaurants and other facilities inside train stations in the Tohoku and Niigata areas so that they would be managed by Group companies located in their respective areas. The aim of this reorganization was to develop businesses closely tied to each region.

Despite these initiatives as well as an increase in revenues from Tokyo Station's *CentralStreet* (Tokyo) that opened last fiscal year and other additional positive factors, operating revenues for the Station Space Utilization segment decreased by 0.5% to ¥208.2 billion due to the weak performance of existing stores, and operating income declined 2.8% to ¥19.0 billion.

Shopping Centers & Office Buildings

In the Shopping Centers & Office Buildings segment, JR East opened *nonowa Musashisakai* (Tokyo) in May 2013 on a section of the Chuo Line as part of the *Chuo Line Mall Project*. Moreover, in addition to the office space that opened upon completion of *JR Ōtsuka Minamiguchi Building* (Tokyo) in July 2013, JR East opened *atrévie Ōtsuka* (Tokyo) in September 2013 as a commercial facility within that building. After completing preservation and restoration of the Tokyo Station *Marunouchi Building* in 2012, in September 2013 JR East completed the *GranRoof* covered walkway above the Yaesu Entrance to Tokyo Station connecting the two office towers to the north and south of the station. Meanwhile JR East renovated *atré Kichijoji* (Tokyo), *LUMINE Yurakucho* (Tokyo), *Beans Toda-Koen* (Saitama) and other facilities while continuing to reinvigorate existing stores and introduce tenants that can generate customer traffic.

As a result of these initiatives as well as an increase in revenues from the *JR Minami Shinjuku Building* (Tokyo) that opened last fiscal year and other positive factors, operating revenues of the Shopping Centers & Office Buildings segment increased by 5.7% to ¥126.5 billion and operating income increased 4.9% to ¥35.8 billion.

Others

In hotel operations, JR East worked to bolster its competitive strength further by opening *HOTEL METS Niigata* (Niigata) in April 2013 and through other measures including renovating banquet halls at existing hotels. In advertising and publicity services, JR East made efforts to promote advertising sales for *J-AD Vision*, an advertising medium at stations that uses large LCD screens, and *Train Channel*, and advertising medium used to show video commercials in trains.

In credit card operations, the Group conducted a campaign commemorating the 20th anniversary of the *View Card*, among other activities, and succeeded in further promoting the card's usage and increasing card members. 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 the introduction of card settlements in taxis operated by HINOMARU Kotsu Co., Ltd., Tokyo Musen and Checker Cab in the Tokyo metropolitan areas, along with the launch of settlement services at shopping centers APITA, PIAGO and other stores of UNY Co., Ltd. As a result, the monthly transaction volume of electronic money cards issued by public transportation companies exceeded 100 million transactions for the first time in July 2013, and *Suica* electronic money was usable at approximately 234,820 stores as of September 30, 2013.

Meanwhile, in the overseas railway business, JR East continued to develop a consulting business promoting construction plans for urban railway networks and high-speed railways in Asia and elsewhere. In the sports business, JR East opened *JeXer FITNESS & SPA Otsuka* (Tokyo) in September 2013, and launched *JEXER Light Gym*, a new reasonably priced sports gym format, at *URBAN Hodogaya* (Kanagawa).

As a result of these initiatives as well as an increase in revenues from *The Tokyo Station Hotel* (Tokyo) that opened last fiscal year, IC Card related equipment sales and other positive factors, operating revenues from Others increased by 4.5% to ¥247.2 billion. Operating income increased 33.8% to ¥9.7 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.

(2) Qualitative Information on Consolidated Financial Position

In the six months ended September 30, 2013, operating activities provided net cash of ¥226.9 billion, ¥33.7 billion less than in the same period of the previous fiscal year. This result was mainly attributable to an increase in cash used due to net change in major payables.

Investing activities used net cash of ¥206.2 billion, ¥2.0 billion more than in the same period of the previous fiscal year. This result was mainly due to increased payments for purchases of fixed assets.

Financing activities used net cash of ¥113.2 billion, ¥103.7 billion more than in the same period of the previous fiscal year. This result was mainly due to increased repayments of interest-bearing debt.

Consequently, cash and cash equivalents as of September 30, 2013 were ¥96.7 billion, a decrease of ¥92.5 billion from March 31, 2013.

In addition, the balance of consolidated interest-bearing debt was ¥3,234.2 billion as of September 30, 2013.

(3) Qualitative Information on Consolidated Performance Outlook

Japan's economy and society are showing signs of steady recovery. Going forward, the country must make efforts to solidify this recovery toward growth in the real economy. JR East will also play a part in these efforts by achieving concrete business results and steady progress in pursuing its two management priorities, "Eternal Mission" ("extreme safety levels," service quality reforms and strengthening collaboration with local communities) and "Pursuing Unlimited Potential" (technological innovation, globalization, corporate culture reforms) in accordance with the "*JR East Group Management Vision V — Ever Onward.*"

In railway operations, JR East will continue to earn the trust and meet the expectations of customers by executing operations flawlessly on a daily basis to secure safe and reliable transportation and provide comfortable services. While steadily implementing countermeasures to be prepared for natural disasters, including major earthquakes, and safety measures to prevent railway crossing accidents, JR East will continue internal discussions for the formulation of its next five-year safety enhancement plan. Moreover, the Group will continue to install automatic platform gates on the Yamanote Line while formulating a second-phase development plan for extending such safety precautions to other lines. Meanwhile, the Group will continue supporting the Tohoku region's recovery and helping to reinvigorate regional communities. Measures will include launch of the *Akita Destination Campaign* and introduction of the *Tohoku Emotion* restaurant train with full restaurant seating. Furthermore, as JR East is scheduled to increase passenger fares in proportion to the increase in Japan's consumption tax rate when it takes effect in April 2014, the Group will steadily prepare itself for this event mainly through upgrades of its systems and issuances of notices to customers as necessary. JR East will also promote its energy and environmental strategy, testing the effectiveness of energy management systems (EMS) at three pilot projects at Ebisu, Kokubunji and Nishi-Funabashi stations with the aim of introducing the system to its stations. The Group will also undertake preparations for the opening of a new office in London in addition to its existing overseas offices in New York, Paris, Brussels and Singapore in an effort to strengthen their ability to gather information on projects for developing high-speed railways and urban railway networks and to serve as local contacts.

In the life-style business, JR East will enhance its competitiveness, mainly by renovating its shopping centers. The Group will also promote the “NOMONO 1-2-3” project, which aims to revitalize local economies by transforming the agriculture, forestry and fishery industries into a “sextiary industry” by integrating the production and sales of local produce. In conjunction with this project, JR East will open a second permanent NOMONO shop for selling local produce and expand the scale of its *Sanchoku-Ichi* (farmers’ market) operations.

In *Suica* operations, JR East will generate additional demand and improve the convenience of *Suica* electronic money by conducting campaigns to promote usage of *Suica* while continuing to expand the number of participating stores and business establishments.

In railcar manufacturing operations, the Group will aim to strengthen the brand power of *sustina* railcars and win new projects and orders for these railcars from around the world. Moreover, in designing and manufacturing the new Series E7 railcars for the Hokuriku Shinkansen Line, the Group will introduce new machine tools and welding equipment to enhance quality and achieve further automation and mechanization of manufacturing.

Having reviewed the operating results for the six months ended September 30, 2013, JR East has decided to revise upward its consolidated forecast on operating revenues for the fiscal year ending March 31, 2014 from what it had previously announced on April 30, 2013. JR East has maintained its forecasts for operating income, ordinary income and net income unchanged from the previously announced forecasts in view of an expected increase in maintenance expenses and other factors going forward.

Performance forecasts for the fiscal year ending March 31, 2014

Operating Revenues: ¥2,703.0 billion (Revised. 0.4% increase to 1.2% year-on-year increase)

Operating Income: ¥401.0 billion (No change. 0.9% year-on-year increase)

Ordinary Income: ¥323.0 billion (No change. 1.7% year-on-year increase)

Net Income: ¥192.0 billion (No change. 9.5% year-on-year increase)

(4) Medium- to Long-Term Management Strategies

(i) Medium- to Long-Term Management Strategies

“JR East Group Management Vision V – Ever Onward”

Continued fulfillment of its “Eternal Mission” and growth by “Pursuing Unlimited Potential” are positioned as the two important management pillars of the Group. Going forward, 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.

[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 businesses, 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 railway 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) Formulation of Priority Initiatives to be Addressed under “JR East Group Management Vision V—Ever Onward”

To make further progress in the second year of the vision, the Group formulated a set of priority initiatives in October 2013 to be addressed under “JR East Group Management Vision V—Ever Onward”. These initiatives aim to propel and accelerate the realization of the Group’s management plans.

As a provider of social infrastructure in the form of railway services, JR East will engage in daily operations to provide customers with safe and reliable transportation and comfortable services, and promote the following priority initiatives for the medium term.

◆ Eternal Mission

A. KIWAMERU (Excel): Pursuing “extreme safety levels”

- Invest a total of ¥300.0 billion in seismic reinforcements and other countermeasures
- Complete approx. 80% of the countermeasures within the intensive implementation period ending March 31, 2017, and examine the use of seismometers on the ocean floor.
- Formulate a phase 2 plan for installing automatic platform gates
- Install gates by individual station and line segment, and aim to reduce the cost of maintaining the Yamanote Line by approx. 20%
- Formulate the next safety enhancement plan: A new five-year safety enhancement plan for FY2015 through FY2019

B. MIGAKU (Improve): Service quality reforms

- Further enhance transportation service quality
- Prevent transportation service disruptions in conjunction with the launch of services on the Tohoku Through Line, among other initiatives, and develop smartphone applications for transmitting information
- Improve the quality of the Tokyo metropolitan area railway network
- Improve service on the Chuo Line and “Tokyo Megaloop,” and access to Haneda Airport, while establishing new stations from a strategic perspective
- Prepare for opening the Hokuriku Shinkansen Line
- Steadily execute preparations and initiate measures for maximizing the impact of the line opening
- Improve the convenience of ticketing services utilizing ICT
- Expand the realm of locations accepting *Suica* usage and match ticketing services with various needs

C. TOMO NI IKIRU (Together): Strengthening collaboration with local communities

- Develop large-scale terminal stations and establish the brand power of each railway line
- Steadily execute the development of large-scale terminal stations and enhance the community functions of stations
- Develop towns around core regional train stations: Re-examine the functions of stations in line with blueprints for “compact cities”
- Revitalize local economies with *NOMONO* shops and *Sanchoku-Ichi* (farmers’ markets): Actively develop and expand the *NOMONO* franchise and *Sanchoku-Ichi* (farmers’ markets)
- Develop new business formats and services in station space utilization: Rise to the challenge of generating new business and service fields
- Promote Japan as a tourism-oriented nation: Strengthen collaboration with travel agents overseas and establish a “Golden Route for Travel in East Japan ”

◆ Pursuing Unlimited Potential

A. HIRAKU (Pioneer): Technological innovation

- Promote energy and environmental strategies
- Upgrade the privately operated power grid, expand the introduction of catenary and battery-powered hybrid railcars, and transform northern Tohoku region into a renewable energy base
- Utilize ICT to innovate operations
- Issue tablet computers to station and maintenance staff, and utilize radio technology to prevent accidental contact with

oncoming trains

- Technological innovation by employees on the front lines

- Designate innovation leaders and conductors, and strengthen the development of human resources for technological innovation

B. NOBIRU (Grow): Tackling new business areas

- Open more offices overseas: Establish a new London office

• Establish railcar manufacturing operations as a fourth business pillar: Win overseas project orders and optimize the business promotion structure

C. HABATAKU (Empower): Developing employees and creating a corporate culture that maximizes human potential

- Provide further growth opportunities to motivated employees

- Utilize e-learning and strengthen the development of global human resources

- Promote cohesive Group management: Examine the scheme of group point

◆ Initiatives in View of the 2020 Summer Olympic and Paralympic Games in Tokyo

A. Provide safe, smooth and comfortable transportation services

B. Revitalize the flow of tourism in the Tokyo metropolitan area and attract tourists to the regions

C. Upgrade the attractiveness of Tokyo by promoting the development of terminal stations

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2013 (As of March 31, 2013)	Fiscal 2014, 2nd Quarter (As of September 30, 2013)
ASSETS		
Current Assets	¥ 738,159	¥ 632,133
Cash and time deposits	96,439	73,935
Notes and accounts receivable-trade	343,798	318,619
Fares receivable	34,408	30,834
Short-term loans receivable	21,915	31,321
Securities	80,000	—
Real estate for sale	1,330	1,295
Inventories	62,933	78,109
Deferred income taxes	49,927	51,729
Other	49,733	48,744
Allowance for doubtful accounts	(2,327)	(2,457)
Fixed Assets	6,484,964	6,472,901
Property, plant and equipment, net of accumulated depreciation ..	5,926,221	5,895,586
Buildings and fixtures (net)	2,957,772	2,930,730
Machinery, rolling stock and vehicles (net)	660,821	665,251
Land	1,986,873	1,987,100
Construction in progress	276,370	268,100
Other (net)	44,384	44,404
Intangible assets	90,888	95,455
Investments and other assets	467,854	481,858
Investments in securities	182,224	210,264
Long-term loans receivable	4,390	4,254
Long-term deferred income taxes	231,067	220,244
Other	51,052	47,872
Allowance for doubtful accounts	(880)	(776)
Deferred Assets	80	58
Total Assets	<u>¥7,223,204</u>	<u>¥7,105,092</u>

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2013 (As of March 31, 2013)	Fiscal 2014, 2nd Quarter (As of September 30, 2013)
LIABILITIES		
Current Liabilities	¥1,274,164	¥1,015,494
Notes and accounts payable-trade	59,940	44,553
Short-term loans and current portion of long-term loans	143,758	72,319
Current portion of bonds	79,999	74,999
Current portion of long-term liabilities		
incurred for purchase of railway facilities	126,119	125,348
Payables	352,191	187,167
Accrued consumption tax	12,243	3,236
Accrued income taxes	86,916	85,632
Fare deposits received with regard to railway connecting services	18,913	19,523
Prepaid railway fares received	88,580	96,920
Allowance for bonuses to employees	72,022	74,696
Allowance for earthquake-damage losses	4,839	4,319
Other	228,639	226,777
Long-Term Liabilities	3,900,847	3,920,379
Bonds	1,579,730	1,574,762
Long-term loans	750,654	807,936
Long-term liabilities incurred for purchase of railway facilities	667,111	615,653
Long-term deferred tax liabilities	4,424	4,532
Employees' severance and retirement benefits	648,381	645,933
Allowance for earthquake-damage losses	3,037	3,037
Other	247,508	268,523
Total Liabilities	¥5,175,011	¥4,935,874
NET ASSETS		
Shareholders' Equity	¥2,006,272	¥2,109,764
Common stock	200,000	200,000
Capital surplus	96,790	96,790
Retained earnings	1,713,025	1,817,294
Treasury stock, at cost	(3,544)	(4,320)
Accumulated Other Comprehensive Income	24,393	41,332
Net unrealized holding gains (losses) on securities	22,996	41,271
Net deferred gains (losses) on derivatives under		
hedge accounting	1,900	564
Revaluation reserve for land	(503)	(503)
Minority Interests	17,527	18,121
Total Net Assets	2,048,192	2,169,218
Total Liabilities and Net Assets	¥7,223,204	¥7,105,092

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 2013, 2nd Quarter (Six months ended September 30, 2012)	Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013)
Operating Revenues	¥1,321,564	¥1,345,220
Operating Expenses	1,067,338	1,085,627
Transportation, other services and cost of sales	839,079	846,677
Selling, general and administrative expenses	228,259	238,950
Operating Income	254,225	259,592
Non-Operating Income	7,896	5,779
Interest income	88	81
Dividend income	1,481	1,791
Equity in net income of affiliated companies	3,370	631
Other	2,955	3,275
Non-Operating Expenses	50,494	48,095
Interest expense	48,401	45,036
Other	2,092	3,058
Ordinary Income	211,627	217,277
Extraordinary Gains	12,528	17,078
Construction grants received	11,657	5,751
Insurance proceeds related to earthquake	—	9,624
Other	871	1,702
Extraordinary Losses	25,790	11,904
Losses on reduction entry for construction grants	11,508	5,518
Impairment losses on fixed assets	102	3,772
Losses on revaluation of investments in securities	10,187	—
Other	3,993	2,613
Income before Income Taxes	198,365	222,451
Income Taxes	75,905	86,099
Current	80,713	85,844
Deferred	(4,807)	255
Income before Minority Interests	122,459	136,351
Minority Interests in Net Income of Consolidated Subsidiaries	574	590
Net Income	¥ 121,885	¥ 135,761

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2013, 2nd Quarter (Six months ended September 30, 2012)	Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013)
Income before Minority Interests	¥122,459	¥136,351
Other Comprehensive Income	(3,611)	16,942
Net unrealized holding gains (losses) on securities	(3,105)	17,652
Net deferred gains (losses) on derivatives under hedge accounting	(309)	(269)
Share of other comprehensive income of associates accounted for using equity method	(196)	(441)
Comprehensive Income	118,848	153,293
Comprehensive Income attributable to		
Comprehensive income attributable to owners of the parent	118,276	152,699
Comprehensive income attributable to minority interests	¥ 571	¥ 593

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2013, 2nd Quarter (Six months ended September 30, 2012)	Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013)
Cash Flows from Operating Activities		
Income before income taxes	¥198,365	¥222,451
Depreciation	166,164	167,721
Impairment losses on fixed assets	102	3,772
Amortization of long-term prepaid expense	2,574	2,995
Net change in employees' severance and retirement benefits	2,317	(2,447)
Interest and dividend income	(1,570)	(1,873)
Interest expense	48,401	45,036
Construction grants received	(11,657)	(5,751)
Insurance proceeds related to earthquake	—	(9,624)
Losses from disposition of fixed assets	5,375	7,758
Losses from provision for cost reduction of fixed assets	11,508	5,518
Losses on revaluation of investments in securities	10,187	—
Net change in major receivables	15,527	24,815
Net change in major payables	(49,301)	(91,538)
Other	(5,399)	(16,237)
Sub-total	392,596	352,596
Proceeds from interest and dividends	1,933	2,200
Payments of interest	(48,332)	(45,052)
Insurance proceeds related to earthquake	—	9,624
Payments of earthquake-damage losses	(16,747)	(5,358)
Payments of income taxes	(68,813)	(87,076)
Net cash provided by operating activities	260,636	226,932
Cash Flows from Investing Activities		
Payments for purchases of fixed assets	(223,957)	(237,265)
Proceeds from sales of fixed assets	932	4,163
Proceeds from construction grants	20,143	30,809
Proceeds from sales of transferable development air rights	8,445	—
Payments for purchases of investments in securities	(3,094)	(1,550)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,408)	—
Other	(4,214)	(2,386)
Net cash used in investing activities	(204,153)	(206,228)
Cash Flows from Financing Activities		
Proceeds from long-term loans	54,000	68,500
Payments of long-term loans	(45,825)	(84,566)
Proceeds from issuance of bonds	100,000	50,000
Payments for redemption of bonds	(30,000)	(60,000)
Payments of liabilities incurred for purchase of railway facilities	(52,589)	(52,228)
Payments for acquisition of treasury stock	(2)	(8,385)
Cash dividends paid	(21,762)	(23,741)
Other	(13,243)	(2,788)
Net cash used in financing activities	(9,424)	(113,209)
Net Change in Cash and Cash Equivalents	47,057	(92,504)
Cash and Cash Equivalents at Beginning of the Period	167,525	189,262
Increase in Cash and Cash Equivalents due to		
Merger with Unconsolidated Subsidiaries	223	—
Decrease in Cash and Cash Equivalents due to Corporate Division	(27)	—
Cash and Cash Equivalents at End of the Period	¥214,779	¥ 96,757

Note: Amounts less than one million yen are omitted.

(4) Notes on Going Concern Assumption (Unaudited)

None

(5) Segment Information (Unaudited)

Fiscal 2013, 2nd Quarter (Six months ended September 30, 2012)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥ 908,291	¥ 202,344	¥ 114,777	¥ 96,149	¥1,321,564	¥ —	¥1,321,564
Inside group	26,237	6,938	4,978	140,331	178,486	(178,486)	—
Total	934,529	209,283	119,756	236,481	1,500,050	(178,486)	1,321,564
Segment income	¥ 192,174	¥ 19,633	¥ 34,157	¥ 7,301	¥ 253,266	¥ 959	¥ 254,225

- Notes: 1. "Others" represent categories of business that are not included in reportable segments and include hotel operations and advertising and publicity services.
2. The ¥959 million adjustment to segment income includes a ¥550 million elimination of unrealized holding gains on fixed assets and inventory assets and a ¥404 million elimination for intersegment transactions.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥ 921,745	¥ 200,957	¥ 121,202	¥ 101,315	¥1,345,220	¥ —	¥1,345,220
Inside group	27,288	7,283	5,348	145,917	185,838	(185,838)	—
Total	949,033	208,240	126,550	247,233	1,531,058	(185,838)	1,345,220
Segment income	¥ 193,556	¥ 19,087	¥ 35,827	¥ 9,768	¥ 258,240	¥ 1,351	¥ 259,592

- Notes: 1. "Others" represent categories of business that are not included in reportable segments and include hotel operations and advertising and publicity services.
2. The ¥1,351 million adjustment to segment income includes a ¥1,329 million elimination of unrealized holding gains on fixed assets and inventory assets and a ¥23 million elimination for intersegment transactions.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

Matters Concerning Changes in Reporting Segments, etc.

As of the first quarter of the fiscal year ending March 31, 2014, Japan Transport Engineering Company, which mainly manufactures railcars, was reclassified as part of the Transportation segment from Others in reporting segments. This change reflects JR East's plans to further strengthen cooperation between Japan Transport Engineering Company and the Company's Niitsu Rolling Stock Plant in railcar manufacturing operations from the fiscal year ending March 31, 2014, based on "JR East Group Management Vision V — Ever Onward."

As a result of this change, figures for the same period of the previous fiscal year have been restated and presented based on the new reporting segment classification.

(6) Notes on Significant Changes in the Value of Shareholders' Equity (Unaudited)

In accordance with a resolution of the Board of Directors on April 30, 2013, JR East purchased 1,000,000 of its own shares at market on the Tokyo Stock Exchange for ¥8,375 million from May 8 through May 23, 2013, and converted those shares to treasury stock. Moreover, in accordance with a resolution of the Board of Directors on July 18, 2013, JR East canceled 1,000,000 shares of treasury stock, eliminating the ¥7,751 million book value by reducing retained earnings.

(Additional Information Regarding Operating Results)

Consolidated Principal Indicators

	Fiscal 2013, 2nd Quarter (Six months ended September 30, 2012)	Fiscal 2013 (Year ended March 31, 2013)	Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013)	Increase (Decrease)		Fiscal 2016 Targets
	(A)	(B)	(C)	(C)-(A)	(C)-(B)	
Cash flows from operating activities (billions of yen)	260.6	588.5	226.9	(33.7)	—	1,750.0
Ratio of operating income to average assets (ROA) (%)	3.6	5.6	3.6	0.0	—	5.5
Return on average equity (ROE) (%)	6.3	9.0	6.5	0.2	—	8.9
Equity ratio (%)	27.9	28.1	30.3	2.4	2.2	—
Shareholders' equity (billions of yen)	1,974.9	2,030.6	2,151.0	176.0	120.4	—
Total interest-bearing debt (billions of yen)	3,370.9	3,307.4	3,234.2	(136.6)	(73.1)	—
Average interest rates (%)	2.80	2.73	2.68	(0.12)	(0.05)	—
Net interest expense (billions of yen)	(46.8)	(92.7)	(43.1)	3.6	—	—
Earnings per share (yen)	308.41	443.70	343.96	35.55	—	—
Free cash flows (FCF) (billions of yen)	56.4	122.5	20.7	(35.7)	—	—
Capital expenditures (billions of yen)	135.9	480.7	154.3	18.4	—	—
Transportation	104.1	375.1	112.6	8.5	—	—
Non-transportation	31.8	105.5	41.7	9.8	—	—

Note: Cash flows from operating activities (Fiscal 2016 Targets) are for a three-year period starting from Fiscal 2014.

Consolidated Business Forecasts for Fiscal 2014

	Billions of Yen							Fiscal 2016 Targets
	Actual Fiscal 2013 (A)	Forecast Fiscal 2014 (Announced in April 2013) (B)	Forecast Fiscal 2014 (C)	Change				
				Increase (Decrease) (C)-(B)	% (C)/(B)x100	Increase (Decrease) (C)-(A)	% (C)/(A)x100	
Operating Revenues	2,671.8	2,692.0	2,703.0	11.0	100.4	31.1	101.2	2,788.0
Transportation	1,809.5	1,820.0	1,831.0	11.0	100.6	21.4	101.2	1,857.0
Station Space Utilization	404.2	406.0	406.0	—	100.0	1.7	100.4	437.0
Shopping Centers & Office Buildings ..	238.9	250.0	250.0	—	100.0	11.0	104.6	261.0
Others	219.1	216.0	216.0	—	100.0	(3.1)	98.6	233.0
Operating Income	397.5	401.0	401.0	—	100.0	3.4	100.9	418.0
Transportation	264.3	269.0	269.0	—	100.0	4.6	101.8	278.0
Station Space Utilization	37.5	37.0	37.0	—	100.0	(0.5)	98.5	42.0
Shopping Centers & Office Buildings ..	68.1	69.0	69.0	—	100.0	0.8	101.2	72.0
Others	29.0	27.0	27.0	—	100.0	(2.0)	93.0	27.0
Adjustment	(1.5)	(1.0)	(1.0)	—	100.0	0.5	63.5	(1.0)
Ordinary Income	317.4	323.0	323.0	—	100.0	5.5	101.7	—
Net Income	175.3	192.0	192.0	—	100.0	16.6	109.5	—

Reference: Earnings per share forecast for Fiscal 2014: ¥486.85

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 (A)	Plans for Fiscal 2014 (Announced in April 2013) (B)	Plans for Fiscal 2014 (C)	Change			
				Increase (Decrease) (C)-(B)	% (C)/(B)x100	Increase (Decrease) (C)-(A)	% (C)/(A)x100
Capital Expenditures	480.7	540.0	540.0	—	100.0	59.2	112.3
Transportation	375.1	405.0	405.0	—	100.0	29.8	107.9
Non-transportation	105.5	135.0	135.0	—	100.0	29.4	127.9

Note: As of the first quarter of the fiscal year ending March 31, 2014, Japan Transport Engineering Company, which mainly manufactures railcars, was reclassified to the Transportation segment from Others in reporting segments. In line with this change, the capital expenditures of Japan Transport Engineering Company, which were hitherto included in the Non-transportation segment, were reclassified to the Transportation segment. The Segment Information and capital expenditures figures for the same period of the previous fiscal year have been restated and presented based on the new reporting segment classification.

Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions		%		Billions of yen		%	
	Fiscal 2013, 2nd Quarter (Six months ended September 30, 2012) (A)	Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013) (B)	Increase (Decrease) (B)-(A)	(B)/(A)x100	Fiscal 2013, 2nd Quarter (Six months ended September 30, 2012) (C)	Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013) (D)	Increase (Decrease) (D)-(C)	(D)/(C)x100
Shinkansen Network								
Commuter Passes	852	865	13	101.5	11.5	11.7	0.2	101.7
Other	9,470	9,576	106	101.1	237.7	244.5	6.8	102.9
Total	10,322	10,441	119	101.2	249.2	256.2	7.0	102.8
Conventional Lines								
<i>Kanto Area Network</i>								
Commuter Passes	35,102	35,161	59	100.2	225.7	225.7	0	100.0
Other	16,990	17,370	380	102.2	336.2	340.0	3.8	101.1
Total	52,092	52,532	439	100.8	562.0	565.8	3.8	100.7
<i>Other Network</i>								
Commuter Passes	1,672	1,668	(3)	99.8	9.6	9.6	(0)	99.6
Other	1,415	1,450	34	102.4	27.7	28.5	0.8	102.9
Total	3,088	3,118	30	101.0	37.4	38.2	0.7	102.1
<i>Total</i>								
Commuter Passes	36,774	36,829	55	100.2	235.4	235.4	(0)	100.0
Other	18,406	18,821	415	102.3	363.9	368.5	4.6	101.3
Total	55,180	55,650	470	100.9	599.4	604.0	4.5	100.8
Total								
Commuter Passes	37,626	37,695	68	100.2	246.9	247.1	0.1	100.1
Other	27,876	28,397	521	101.9	601.7	613.1	11.4	101.9
Total	65,502	66,092	589	100.9	848.6	860.2	11.6	101.4

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.

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.