Fiscal 2015 Financial Results (Japanese GAAP) (Unaudited)

Fiscal 2015 (Year ended March 31, 2015)
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 28, 2015

East Japan Railway Company

Stock Exchange Listings	**Tokyo and Nagoya**
Securities Code	**9020**
URL	**http://www.jreast.co.jp/e**
Representative	**Tetsuro Tomita, President and CEO**
Contact Person	**Akira Yakushi, General Manager, Public Relations Department (Tel. +81-3-5334-1300)**
Scheduled Date of Ordinary General Meeting of Shareholders	**June 23, 2015**
Scheduled Date of Dividend Payment Commencement	**June 24, 2015**
Scheduled Date for Release of Annual Securities Report	**June 23, 2015**
Preparation of Supplementary Explanations of Financial Results:	**No**
Financial Results Presentation to Be Held:	**Yes**

1. Consolidated Results for Fiscal 2015 (Year Ended March 31, 2015)

(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	%
Fiscal 2015	**2,756,165**	**2.0**	**427,521**	**5.1**	**361,977**	**8.9**	**180,397**	**(9.8)**
Fiscal 2014	2,702,916	1.2	406,793	2.3	332,518	4.7	199,939	14.0

Note: Comprehensive income – Fiscal 2015: 229,292 million yen (an increase of 6.8%), Fiscal 2014: 214,632 million yen (an increase of 8.5%)

	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	%	%	%
Fiscal 2015	**458.95**	**—**	**8.1**	**4.8**	**15.5**
Fiscal 2014	506.77	—	9.5	4.5	15.1

Reference: Equity in net income (losses) of affiliated companies – Fiscal 2015: 3,134 million yen, Fiscal 2014: 1,211 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2015	**7,605,690**	**2,304,976**	**30.1**	**5,818.19**
Fiscal 2014	7,428,303	2,199,357	29.4	5,529.40

Reference: Shareholders' equity – Fiscal 2015: 2,285,658 million yen, Fiscal 2014: 2,180,632 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
Fiscal 2015	**622,762**	**(476,844)**	**(86,636)**	**245,170**
Fiscal 2014	562,763	(474,697)	(91,367)	186,057

2. Dividends (Year Ended March 31, 2014 and 2015 and Year Ending March 31, 2016)

(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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2014	—	60.00	—	60.00	120.00	47,361	23.7	2.3
Fiscal 2015	—	**60.00**	—	**60.00**	**120.00**	**47,181**	**26.1**	**2.1**
(Forecast) Fiscal 2016	—	65.00	—	65.00	130.00	—	21.5	—

3. Forecasts for Fiscal 2016 (Year Ending March 31, 2016)

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

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share— Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2015	**1,387,000**	**2.3**	**267,000**	**3.5**	**232,000**	**5.0**	**151,000**	**11.0**	**384.37**
Fiscal 2016	**2,800,000**	**1.6**	**445,000**	**4.1**	**382,000**	**5.5**	**238,000**	**31.9**	**605.83**

※ 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 : Yes

iii Changes in accounting estimates : No

iv Restatement of revisions : No

(Note) For details, refer to (5) Notes to Consolidated Financial Statements (Unaudited) (Changes in Accounting Policies, Changes in Accounting Estimates and Restatement of Revisions (Unaudited)) on page 25.

(3) Number of issued shares (common stock)

i Issued shares at period-end (including treasury stock)	Fiscal 2015	393,500,000 shares	Fiscal 2014	395,000,000 shares
ii Treasury stock at period-end	Fiscal 2015	652,972 shares	Fiscal 2014	629,294 shares
iii Average number of shares during period	Fiscal 2015	393,066,943 shares	Fiscal 2014	394,533,865 shares

(Reference) Overview of the Non-consolidated Financial Results

1. Non-consolidated Results for Fiscal 2015 (Year Ended March 31, 2015)

(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	%
Fiscal 2015	**1,966,042**	**1.7**	**352,677**	**7.6**	**301,571**	**14.3**	**157,126**	**(7.5)**
Fiscal 2014	1,932,599	1.1	327,877	1.5	263,907	8.6	169,878	22.4

	Earnings per share－Basic	Earnings per share－Diluted
	Yen	Yen
Fiscal 2015	**399.42**	**—**
Fiscal 2014	430.24	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2015	**7,100,479**	**1,903,633**	**26.8**	**4,841.64**
Fiscal 2014	6,913,416	1,850,266	26.8	4,688.00

Reference: Shareholders' equity – Fiscal 2015: 1,903,633 million yen, Fiscal 2014: 1,850,266 million yen

2. Forecasts for Fiscal 2016 (Year Ending March 31, 2016)

(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, 2015	**1,017,000**	**3.3**	**242,000**	**7.0**	**214,000**	**4.4**	**145,000**	**8.8**	**368.79**
Fiscal 2016	**2,016,000**	**2.5**	**375,000**	**6.3**	**319,000**	**5.8**	**207,000**	**31.7**	**526.48**

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, 2015.

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, 2016" on page 8 of this document.

JR East is scheduled to hold an analysts' meeting on April 30, 2015, to present its operating results for Fiscal 2015. JR East plans to upload the presentation materials distributed at such meeting to its website as soon as the meeting is over.

Contents of Attachments

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, 2015

Overview

In the year ended March 31, 2015, the Japanese economy continued to recover gradually, supported in part by a recovery in employment conditions, even though demand declined at the beginning of the term after rising prior to a consumption tax rate increase on April 1, 2014. Under these conditions, and guided by *"JR East Group Management Vision V — Ever Onward,"* the East Japan Railway Company and its consolidated subsidiaries and equity method affiliates (JR East) steadily executed various initiatives centered on the railway and life-style service businesses, and *Suica* operations.

As a result, during the fiscal year under review, operating revenues increased 2.0% year-on-year to ¥2,756.1 billion, mainly due to growth in JR East's transportation revenues primarily from non-commuter passes revenues. Operating income increased 5.1% to ¥427.5 billion. Furthermore, ordinary income increased 8.9% to ¥361.9 billion, mainly due to a decline in interest expenses. Net income decreased 9.8% to ¥180.3 billion, due to factors including the recognition of extraordinary losses associated with transfer of management of the section between Miyako and Kamaishi on the Yamada Line and an increase in "income taxes, deferred," resulting from a reversal of "deferred income taxes" that accompanied an amendment of Japan's Corporation Tax Act and other rules.

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 ensuring safe and reliable transportation and enhancing customer satisfaction.

With respect to safety, JR East steadily implemented measures based on its sixth five-year safety plan, "*Group Safety Plan 2018*" with a view to attaining "extreme safety levels." For example, in response to a derailment accident in February 2014 within Kawasaki Station on the Keihin Tohoku Line, the Group has been implementing measures to enhance safety as part of efforts to prevent the reoccurrence of a similar accident. Such measures included a review of procedures for allowing entry of road-rail vehicles and heavy construction machinery in restricted construction areas, the clarification of the chain of command among contractors performing construction within closed railway lines, and enhanced means of stop trains. Also, JR East steadily implemented measures in preparation for a major earthquake, such as a possible earthquake directly beneath the Tokyo metropolitan area. JR East has earmarked a total of ¥300 billion for investment in such measures for the five-year intensive implementation period ending March 31, 2017. Specifically, they included seismic reinforcement work, such as work on embankments near the Chuo Line's Ochanomizu Station, and work on viaducts, bridge piers, and electrical poles. Approximately 50% of the work that is currently planned was completed by the end of the fiscal year under review. Also, in order to reinforce its seismic observation system, JR East began high-speed transmission of seismographic observations in certain areas on an accelerated schedule and proceeded with preparations for the reception of submarine seismograph data. Further, as measures for preventing railway crossing accidents, JR East continued converting type-4 railway crossings to type-1 railway crossings, eliminating and consolidating railway crossings, and installing more obstruction warning devices and obstacle detection devices for railway crossings. Also, JR East began the operation of automatic platform gates at seven stations on the Yamanote Line, including Gotanda Station and Tabata Station. This brought the installation of such gates to 18 stations as of March 31, 2015. Other initiatives included the trial introduction of vertical-motion automatic platform gates in Haijima Station on the Hachiko Line.

In relation to the service quality, the Group promoted measures aimed at becoming "No.1 for customer satisfaction in the Japanese railway industry." In an effort to improve the quality of transportation, the Group began employing windbreaks on the Keiyo Line, Sobu Line, Joban Line and other lines. In addition, JR East implemented snow countermeasures such as enhancement of systems and facilities for conventional lines in the Tokyo metropolitan area and for Shinkansen lines. The countermeasures were in response to a large-scale disruption to transportation services caused by heavy snowfall in February 2014. Furthermore, aiming to provide customers with timely and individualized information, in March 2015, JR East launched an English version of the *JR EAST APP* for smartphones in March 2014. The number of application downloads reached approximately 1.1 million on a cumulative basis as of March 31, 2015. Also, focusing on regions, JR East expanded the scope of lines covered by *doko-train*, a service providing information on the operational status of trains. Further, JR East continued the "Service Quality Improvement Project" for the Musashino Line. In addition to installing new platform benches and waiting rooms, JR East distributed information about initiatives to improve service quality. Also, a "Let's Hang On to the Handrail" campaign that JR East commenced to promote the safe use of escalators was launched nationally, while JR East collaborated with other railway operators to hold a "Safe Use of Baby Stroller Class" in Teppaku (the Railway Museum) as part of an array of safety campaigns promoted by the Ministry of Land, Infrastructure, Transport and Tourism.

With respect to transportation, having revised its timetables in March 2015, JR East opened the Hokuriku Shinkansen to Kanazawa and began operating Shinkansen services such as Kagayaki, the fastest service, and Hakutaka, a service that stops at most stations between Tokyo and Kanazawa. The fastest travel time between Tokyo and Kanazawa is now 2 hours 28 minutes. Moreover, in a joint initiative with Echigo TOKImeki Railway Company, JR East began operating the Shirayuki limited express service between Niigata Station and Joetsu Myoko and Arai stations to provide passengers with access to the Hokuriku Shinkansen Line. The aim of these initiatives is to expand railway networks and thereby foster greater inter-regional mobility. Also, JR East opened the Ueno-Tokyo Line and began direct operation of trains in both directions from the Utsunomiya Line and

Takasaki Line to the Tokaido Line as well as the direct operation of trains from the Joban Line to Shinagawa Station. Another measure was to enhance the convenience of the Tokyo Megaloop through such efforts as increasing the frequency of trains on the Musashino and Keiyo lines. As marketing and sales activities, JR East conducted Niigata *Destination Campaign,* Yamagata *Destination Campaign* and the *Ikuze, Tohoku*. Campaign to encourage tourism and revitalize communities. Efforts were also made to encourage greater use of the *Hayabusa* and *Komachi* Shinkansen services, for which all trains reached a maximum operation speed of 320 km/h in March 2014. For trains ridden for the ride experience itself, JR East commenced, among other services, the *Toreiyu Tsubasa* service equipped with a footbath compartment on the Yamagata Shinkansen Line and the *Koshino Shu*Kura* service on the Shinetsu and Iiyama lines and prepared for the commencement of the *FruitTea Fukushima* service on the Banetsu West Line and the *Oykot* service on the Iiyama Line in April 2015. In addition, as the Hokuriku Shinkansen Line to Kanazawa opened, JR East began to expand inter-regional sightseeing excursion routes for the Shinetsu and Hokuriku regions. These efforts included beginning operation of a *Tenku no Hida Kairo View Bus* (Hida Mountains Excursion Bus) as well as conducting the *Japanese Beauty Hokuriku* campaign. Also, to capture the strong demand for inbound travel to Japan, JR East participated through a Group company in the strategic management of a travel company in Taiwan, while promoting the sale of holiday products such as *JR East Railway Holiday* for Taiwan and Hong Kong and *Tokyo Rail Days* for the Southeast Asia market. Further, JR East enhanced its readiness to welcome customers from overseas through such efforts as the new establishment of the *JR EAST Travel Service Center* in Shinjuku Station.

In *Suica* operations, JR East made efforts to further improve customer convenience. For example, JR East expanded the *Suica* usage area to 36 stations on 13 line segments, including Yamagata Station on the Ou Line, Kashiwazaki Station on the Shinetsu Line, and Matsumoto Station on the Shinonoi Line, as well as to the Fujikyuko Line, the BRT (Bus Rapid Transit) Kesennuma Line, and the BRT Ofunato Line. Furthermore, JR East made it possible for customers to charge (add money to) their *Suica* cards with an iPhone in October 2014. The number of *Suica* cards issued and outstanding was approximately 50.7 million cards as of March 31, 2015

When Suica cards commemorating Tokyo Station's centennial anniversary were launched in December 2014, JR East was forced to discontinue sale of the cards to ensure customers' safety because many customers visited Tokyo Station on the launch date. Subsequently, JR East decided to print additional cards and sell them to all customers wishing to purchase them.

With respect to participation in overseas railway projects, JR East proceeded with preparations to supply railcars and launch the maintenance operation for the Purple Line (Bangkok, Thailand), an urban mass transit system scheduled to enter service in 2016. Meanwhile, efforts to publicize JR East's technology included an exhibit in September 2014 at *InnoTrans 2014* (Berlin, Germany), one of the world's largest railway trade fairs. In addition, JR East promoted its "*Global Human Resource Development Program – Ever Onward"* to nurture personnel who can take on global business development. This included continued expansion of overseas studies programs and on-the-job trainee programs in the overseas railway consulting business, among other assignments.

As a result of the above, although JR East's railway traffic volume was below that of the previous fiscal year, operating revenues in the Transportation segment increased by 1.3% to ¥1,907.2 billion, and operating income increased by 10.2% to ¥294.6 billion.

To recover from severe damage caused to line segments on the Pacific coast by the Great East Japan Earthquake, JR East is working together in consultation with the national government and relevant local authorities to formulate and advance plans for developing towns and rebuilding the area as a whole. Notably, JR East made a proposal to relevant local authorities and other parties about the integration of the Miyako–Kamaishi segment of the Yamada Line with the North and South Rias Lines for operation by Sanriku Railway Company. In December 2014, a basic agreement was reached, and a letter of intent and memorandum of understanding were concluded in February 2015. Further, with respect to the Ishinomaki Line, JR East proceeded with restoration work between Urashuku and Onagawa and resumed operations on all section on March 21, 2015. With respect to the Senseki Line, JR East proceeded with restoration work between Takagimachi and Rikuzen-Ono with a view to resuming operations on all section on May 30, 2015. In relation to the Joban Line, in June 2014 service between Hirono and Tatsuta was resumed, including for sections within a 20-kilometer radius of the Fukushima Daiichi Nuclear Power Station. Furthermore, JR East began operating a bus service, in lieu of a train service, between Tatsuta and Haranomachi on the Joban Line in January 2015. Aiming to resume operations on the Joban Line in spring 2017, JR East proceeded with restoration work between Soma and Hamayoshida. JR East's policy going forward for areas within a 20-kilometer radius of the Fukushima Daiichi Nuclear Power Station will be to prepare to resume operations in the areas designated as "areas to which evacuation orders are ready to be lifted," through the cooperation of the national government and local authorities that are working to decontaminate line-side areas and returning residents to their homes. At the same time, in the areas designated as "areas where it is expected that the residents will have difficulties in returning for a long time," JR East aims to open lines after the completion of decontamination work required for opening lines and implementation of measures to ensure the safety of users in emergencies, with the support and cooperation of the national government and local authorities. In addition, for services with a provisional BRT system, JR East sought to make transferring to conventional railway lines more convenient by establishing a stop inside Kesennuma Station for the BRT Kesennuma Line in April 2014 and a stop inside the station for the BRT Ofunato Line in March 2015.

As for the Iwaizumi Line, a local bus company began operating the Iwaizumi-Moichi Line as a bus service on April 1, 2014 after the railway service was terminated on March 31, 2014. JR East is providing the necessary support to operate the bus service.

Station Space Utilization

In the Station Space Utilization segment, taking advantage of the centennial anniversary of the opening of Tokyo Station in December 2014, JR East took on initiatives to generate publicity and customer turnout to raise the value of the station and its surroundings. In addition to opening newly designed *NEWDAYS* convenience stores in Shinjuku Station and other locations, the Group responded to diversifying customer needs with measures that included launching over-the-counter coffee *EKI na CAFE* and upgrading the product lineup. Moreover, as a part of its *Rediscovering the Regions Project*, JR East opened *Sanchoku-Ichi* (farmers' markets) representing various regions at Ueno Station and other stations as a public relations initiative on local goods and tourism. In addition, the Group began marketing sweets made from rice flour at *Tokamachi Sukoyaka Factory* (Niigata) in an initiative directed at the sextic industrialization of agriculture, fishing and forestry.

Despite these initiatives together with an increase in revenues due to the favorable performance of *ecute Tokyo* (Tokyo) and some other facilities, operating revenues for the Station Space Utilization segment decreased by 0.9% to ¥411.9 billion, mainly due to store closure to make room for construction, and operating income declined 4.2% to ¥34.5 billion.

Shopping Centers & Office Buildings

In the Shopping Centers & Office Buildings segment, JR East opened *CIAL Sakuragicho* (Kanagawa), phase 1 of *nonowa Musashikoganei* (Tokyo), and *MIDORI Nagano* (Nagano). Also, JR East created an integrated excursion space with the opening of *nonomichi* (Tokyo), a new shopping promenade in the space underneath a railway viaduct from Musashisakai to Higashikoganei on the Chuo Line. In addition to renovating *CELEO Kofu* (Yamanashi) and other shopping centers, JR East implemented measures to invigorate existing stores and continue attracting tenants that generate customer traffic. Meanwhile, the Group proceeded with construction of phase 1 of *nonowa Kunitachi* (Tokyo), opened on April 18, 2015; the *Shinjuku New South Exit Building* (provisional name), scheduled for completion in the spring of 2016; and the *Sendai Station East Exit Development*. In addition, the Group began construction of the *Atami Station Building* (provisional name), scheduled to open in the fiscal year ending March 31, 2017; the *JR Funabashi Station South Exit Building* (provisional name), scheduled to open in the fiscal year ending March 31, 2018; and phase 1 of the *Shibuya Station area Development plan* (East Bldg.), a joint project with Tokyu Corporation and Tokyo Metro Co., Ltd., scheduled for completion in the fiscal year ending March 31, 2020.

As a result of these initiatives, as well as increases in revenues due to strong sales at LUMINE Co., Ltd., and the opening of *JR Ōtsuka Minamiguchi Building* (Tokyo) in the previous fiscal year, operating revenues of the Shopping Centers & Office Buildings segment increased by 1.8% to ¥266.5 billion, and operating income increased 0.4% to ¥72.3 billion.

Others

In hotel operations, with a view to encourage tourism in the Sanriku coast area, JR East opened the *Hotel Folkloro Sanriku Kamaishi* (Iwate) in March 2015. Further, JR East renovated *Hotel Metropolitan Nagano* (Nagano) to coincide with the opening of the Hokuriku Shinkansen Line to Kanazawa and Zenkoji Temple's *Gokaicho* exposition period. At the same time, the Group proceeded with the renovation of guestrooms and facilities for weddings at the *Hotel Metropolitan* (Tokyo), among other initiatives, to upgrade the competitiveness of existing hotels. In advertising and publicity services, JR East newly installed *J-AD* Vision, an advertising medium at stations that uses large LCD screens, at Nagano Station and other stations and strove to promote advertising sales for *Train Channel*, an advertising medium used to show video commercials on trains.

In credit card operations, JR East carried out campaigns tied to various events, such as *Destination Campaign* and the 25th anniversary of *GALA Yuzawa*, to promote increased card usage and membership. In *Suica* shopping services (electronic money), JR East implemented measures to expand and encourage the use of *Suica* electronic money. For example, JR East commenced settlement services on a new Nintendo handheld terminal and other game consoles. Settlement services for in-flight shopping on the domestic routes of All Nippon Airways Co., Ltd. were also launched. As a result of these measures, *Suica* electronic money was usable at approximately 290,000 stores and other business establishments as of March 31, 2015.

Apart from this, in the sports business, JR East opened *JEXER Platina Gym Musashisakai* (Tokyo) in July 2014 as the second exercise and daycare center and prepared to open a multipurpose care facility for children and senior citizens, Akabane *COTONIOR* (Tokyo), in April 2015.

As a result of these initiatives, as well as increases in revenues from information processing and advertising and publicity services and other positive factors, operating revenues from Others increased by 6.7% to ¥614.1 billion. However, operating income decreased 15.9% to ¥27.4 billion, mainly due to increases in expenses related to credit card operations and other expenses.

Notes: 1. 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. iPhone is a registered trademark of Apple Inc. in the U.S. and other countries.

(ii) Outlook for the Year Ending March 31, 2016

With the exception of residual weakness in some segments, economic conditions in Japan are expected to recover gradually, as the employment and wage environment continues to improve, in part due to the effect of various government initiatives. Amid these conditions, JR East will continue making a concerted Group-wide effort to achieve tangible 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*." Through the concrete action and teamwork of each of its employees, the Group aims to realize its commitment to "*Thriving With Communities, Growing Globally*."

In railway operations, based on "*Group Safety Plan 2018*," JR East will aim to realize "extreme safety levels" by increasing the capabilities of each employee through the rigorous inculcation of safety awareness and encouragement of safety in day-to-day actions, while consolidating those capabilities through teamwork that transcends workplaces and organizational divisions. To completely eliminate accidents attributable to causes in the JR East Group and which could be prevented by improving railway operations or maintenance, JR East will work to prevent the reoccurrence of near-miss incidents that have occurred due to the same cause. In addition, JR East will advance measures that include those for withstanding major earthquakes and other natural disasters and reduce risk in a planned manner. Further, aiming to reduce the risk of "accidents that are closely linked with society," such as railway crossing obstruction and falls from platforms, JR East will install more obstruction warning devices and install automatic platform gates to stations other than on the Yamanote Line. Further, in response to a train track obstruction that resulted from the collapse of an electrical pole on the Kanda–Akihabara segment of the Yamanote Line in April 2015, JR East is undertaking emergency inspections of similar locations. Moreover, within the Railway Safety Promotion Committee, JR East has established a system for deliberation in which the Director General of Railway Operations Headquarters acts as chief investigator to determine the cause and consider preventative measures. In addition, JR East has begun a company-wide emergency general safety inspection. At the same time, executives from JR East's head office are visiting field offices, observing operations, and exchanging opinions with employees who work in frontline operations.

Also, based on its "*Medium-term Vision for Service Quality Reforms 2017*," which began in 2015, JR East will promote a range of measures aimed at improving transportation quality and pursuing customer-friendly services. These measures will include enhancing information provided during transportation disruptions and identifying the needs of line-side areas. Through such measures, JR East aims to be "No.1 for customer satisfaction in the Japanese railway industry," and thereby remain a company of customers' choice. In an effort to encourage travel between regions further, JR East will move forward with preparations for the opening of the Hokkaido Shinkansen to Shin-Hakodate Hokuto in 2016. Also, in an effort to improve the quality of the Tokyo Metropolitan Area railway network, JR East will proceed with the introduction of *Green Car* services to the Chuo Line Rapid Service around 2020 to meet the seating-related need. In addition, JR East will contribute to the general restoration of regions damaged by the Great East Japan Earthquake through such initiatives as efforts to increase tourism as the Fukushima *Destination Campaign* is launched and further expansion and improvement of the BRT system. Further, JR East will prepare for the introduction of an art-cafe Shinkansen, the *GENBI SHINKANSEN*, which enables customers to enjoy the Niigata area.

In the life-style service business, JR East will make steady progress in developing Shinjuku Station, Shibuya Station, Yokohama Station and other large-scale stations. At the same time, the Group will implement measures to develop desirable line-side area brands, including the Chuo Line Mall Project. In addition, JR East will collaborate with Group companies to take on the challenge of overseas development.

With respect to its regional revitalization measures, JR East's NOMONO 1-2-3 project will be actively promoted to accelerate sextic industrialization of agriculture, fishing, and forestry. Such efforts will include preparations to begin agricultural production at JR Tomato Land Iwaki Farm Co., Ltd., established in September 2014. Also, to extend the market of local productions and offer more product information, JR East will actively hold *Sanchoku-Ichi* (farmers' markets) and a small marché in the Tokyo Metropolitan area. Also, JR East aims to transform northern Tohoku into a renewable energy base by taking advantage of the region's rich natural environment through such initiatives as participation in the strategic management of a biomass energy generation company in the city of Hachinohe, Aomori Prefecture, and establishment of JR East Energy Development Co., Ltd., which develops wind power generation businesses. In addition, JR East will work on town development in regional core cities in collaboration with local authorities. As part of efforts to promote tourism, JR East will use its participation in the strategic management of a travel company in Taiwan to capture strong demand for inbound travel to Japan. At the same time, JR East will advance preparations for the realization, in collaboration with local communities, of the concept of a Golden Route for Travel in East Japan and preparations for the introduction of the *TRAIN SUITE SHIKI-SHIMA* cruise train.

In *Suica* operations, preparations are underway to expand mutual usage of *Suica* to include the Sendai City Transportation Bureau's *icsca* card in the spring of 2016. In addition, JR East will continue working to expand the number of participating stores and business establishments, in an effort to enhance convenience and increase the number of settlements using *Suica*.

In railcar manufacturing operations as a fourth business pillar, JR East will fully leverage its April 2014 consolidation of Japan Transport Engineering Company with the Group's Niitsu Rolling Stock Plant to enhance the competitiveness of this business. Further, JR East aims to win orders for projects in Japan and overseas by actively promoting its *sustina* stainless-steel railcars.

With respect to the area surrounding Shinagawa Station and Tamachi Station, as some of the land used for Shinagawa Depot will become available for other uses, JR East plans to promote urban development in cooperation with the Government of Japan, Tokyo Metropolitan Government, as well as relevant wards and other stakeholders. We have decided to build a new station between Tamachi Station and Shinagawa Station as a core component of this urban development. The opening of this new station is provisionally scheduled for 2020 and we will endeavor to develop an internationally attractive point of convergence for people to gather and interact with one another.

Moreover, in order to respond to an increase in the number of forecasted passengers for air travel, the Group will begin reviewing business schemes including development of a specific plan for a Haneda Airport Access Line using the existing railway network.

JR East's consolidated performance outlook for the fiscal year ending March 31, 2016 as of the publication date of this document is as follows.

Fiscal 2016 Performance Forecasts

Full fiscal year
Operating Revenues: ¥2,800.0 billion (1.6% year-on-year increase)

Operating Income: ¥445.0 billion (4.1% year-on-year increase)
Ordinary Income: ¥382.0 billion (5.5% year-on-year increase)
Profit Attributable to Owners of Parent: ¥238.0 billion (31.9% year-on-year increase)

Six-month period ending September 30, 2015
Operating Revenues: ¥1,387.0 billion (2.3% year-on-year increase)
Operating Income: ¥267.0 billion (3.5% year-on-year increase)
Ordinary Income: ¥232.0 billion (5.0% year-on-year increase)
Profit Attributable to Owners of Parent: ¥151.0 billion (11.0% year-on-year increase)

Note: *icsca* is a registered trademark of Sendai city.

(2) Analysis of Financial Position

In the fiscal year ended March 31, 2015, operating activities provided net cash of ¥622.7 billion, ¥55.9 billion more than in the previous fiscal year. This result was mainly due to a decrease in payments of income taxes.

Investing activities used net cash of ¥476.8 billion, ¥2.1 billion more than in the previous fiscal year. This result was mainly due to a decrease in proceeds from construction grants.

Financing activities used net cash of ¥86.6 billion, ¥4.7 billion less than in the previous fiscal year. This result was mainly due to a decrease in payments for redemption of interest-bearing debt.

Consequently, cash and cash equivalents as of March 31, 2015 were ¥245.1 billion, an increase of ¥59.1 billion from March 31, 2014.

In addition, the balance of consolidated interest-bearing debt was ¥3,275.5 billion as of March 31, 2015.

Cash flow indicators of JR East are presented in the table below:

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Equity ratio (%)	28.1	29.4	30.1
Equity ratio on market-value basis (%)	42.3	40.4	49.8
Interest-bearing debt / net cash provided by operating activities (times)	5.6	5.8	5.3
Interest coverage ratio (times)	6.2	6.3	7.6

Notes: Equity ratio: Shareholders' equity / Total assets
Equity ratio on market-value basis: Market capitalization / Total assets
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 2015 and Fiscal 2016

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 targets a total return ratio target of 33%. To reach this target, JR East will continue working to maintain stable dividends while flexibly conducting share repurchases. As a basic policy, the repurchased shares will be canceled.

(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, 2015) 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 outlook for improvement in business performance, JR East plans to pay cash dividends of ¥130 per share, including interim dividends of ¥65 per share, for the fiscal year ending March 31, 2016.

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, 2015). The JR East Group has four business segments: Transportation, Station Space Utilization, Shopping Centers & 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 “5. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Segment Information).

(i) Transportation

This segment conducts passenger transportation operations centered on railway operations and railcar manufacturing 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 1,665 railway stations, 6,264.0 operating kilometers of conventional lines, and 1,194.2 kilometers of Shinkansen lines, spanning a total of 7,458.2 kilometers.

Main related companies: East Japan Railway Company
JR Bus Kanto Co., Ltd.*
Japan Transport Engineering Company*
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 & 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

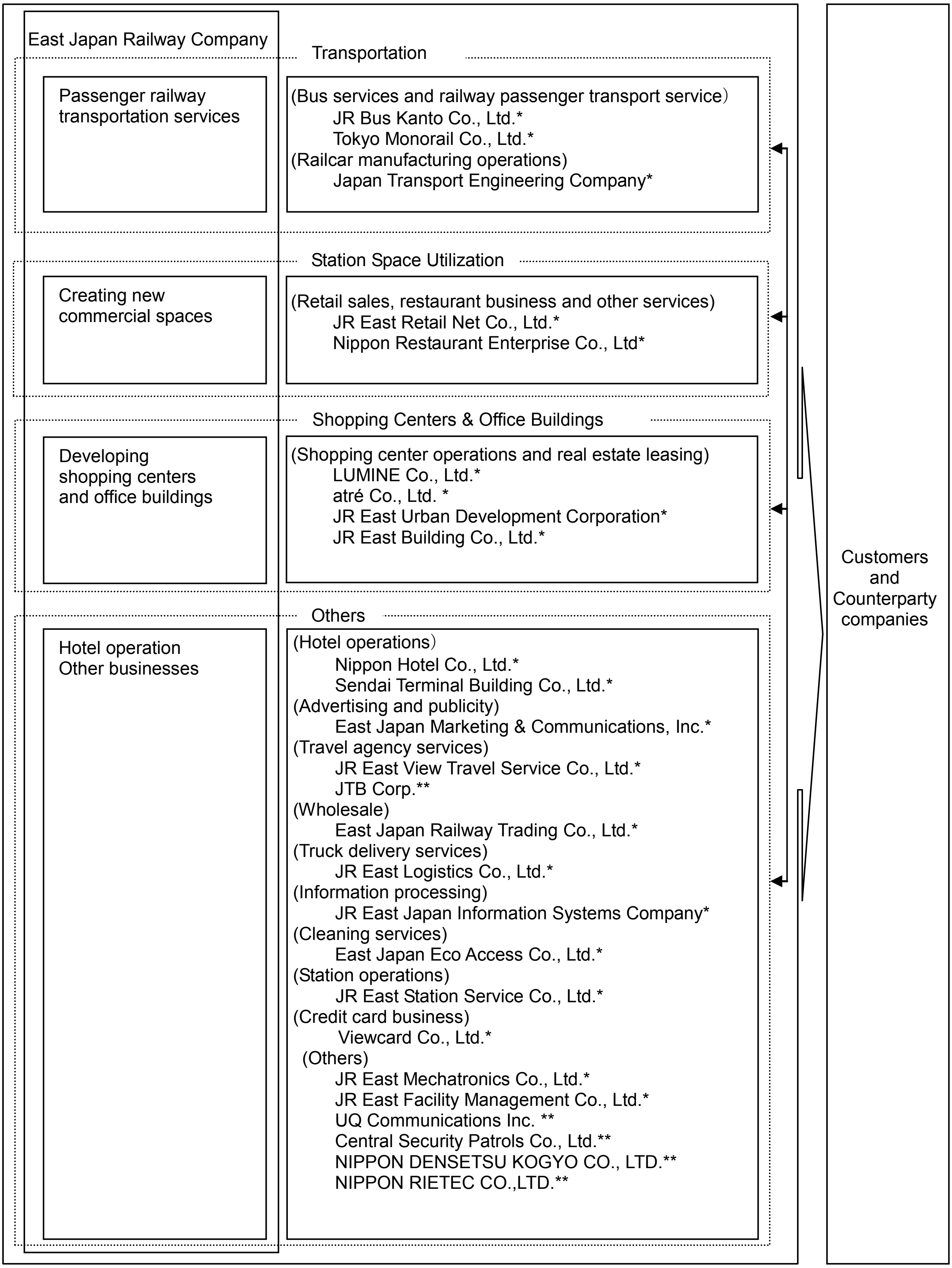
In addition to the above, JR East conducts businesses related to hotel operations, advertising and publicity, and credit card operations, among others.

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 Systems Company*
(Cleaning services)
East Japan Eco Access Co., Ltd.*
(Station operations)
JR East Station Service Co., Ltd.*
(Credit card business)
Viewcard Co., Ltd.*
(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. JR East Japan Information Systems Company changed its trade name to JR East Information Systems Company on April 1, 2015.

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. JR East Japan Information Systems Company changed its trade name to JR East Information Systems Company on April 1, 2015.

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" (Formulated in October 2012)

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 further 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 Going Forward*" for "*JR East Group Management Vision V—Ever Onward*" (Updated in October 2014)

To expedite the execution of initiatives set forth in "*JR East Group Management Vision V*," in October 2013 the Group formulated a set of "*Priority Initiatives Going Forward.*" In view of the progress made over the last year, JR East has given those priority initiatives a further update.

As a provider of social infrastructure in the form of railway service, JR East will steadily execute its daily operations to provide customers with safe and reliable transportation and comfortable services, and promote the following "*Priority Initiatives Going Forward*" from a medium-term perspective.

◆ Eternal Mission

A. *KIWAMERU* (Excel): Pursuing "extreme safety levels"

• Build a railway capable of withstanding natural disasters
- Expect to complete approximately 80% of the planned seismic reinforcements by the end of Fiscal 2017
- Properly renew aging facilities such as structures, track equipment, and station buildings

• Formulate a phase-2 plan for installing automatic platform gates
- Prioritize the stations many passengers use in expanding the installation of automatic platform gates to outside of the Yamanote Line

- Reduce costs including through the trial introduction of new types of automatic platform gates that are easier to install

• Steadily push ahead with "*Group Safety Plan 2018"*

B. *MIGAKU* (Improve): Service quality reforms

• Further enhance transportation service quality
- Prevent transportation service disruptions including through the promotion of snow countermeasures
- Minimize the impact of transportation service disruptions including through contingency shuttle and alternative line operations
- Enhance information provided during transportation service disruptions including through expansion in scope of the lines covered in services providing information on the operational status of trains

• Improve the quality of the Tokyo metropolitan area railway network
- Upgrade the Tokyo metropolitan area railway network including through development of an operating framework for the Ueno-Tokyo Line
- Review business schemes including through development of a specific plan for a Haneda Airport Access Line
- Select locations and establish strategic new stations integrated with local communities

• Prepare for the opening of the Hokuriku Shinkansen Line and Hokkaido Shinkansen Line
- Enhance the services provided and develop a convenient operating framework along with the opening of the Hokuriku Shinkansen Line to Kanazawa
- Develop wide-ranging sightseeing routes, promote destination-driven tourism, and develop "*Japanese Beauty Hokuriku*" and other campaigns in conjunction with the opening of the line to Kanazawa
- Make steady preparations for the opening of the Hokkaido Shinkansen Line to Shin-Hakodate-Hokuto

• Improve the convenience of ticketing services utilizing ICT
- Expand the realm of locations accepting *Suica* usage
- Improve the convenience of *Suica* with the use of mobile devices

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

• Steadily promote three approaches to town development
- Improve brand power to improve the attractiveness and convenience of Shinagawa Station and other large-scale stations
- Promote the line-side brand appeal of railway lines including through promotion of the *Chuo Line Mall Project*
- Develop towns around core train stations in regional areas in line with blueprints for "compact cities"

• Revitalize local economies with *NOMONO* shops and *Sanchoku-Ichi* (farmers' markets)
- Expand sales of local product in Greater Tokyo and improve trend-setting capabilities
- Promote the *sextic industrialization* of agriculture, fishing and forestry including through the *NOMONO 1-2-3* Project

• Promote Japan as a tourism-oriented nation
- Capture strong inbound demand including through strategic management participation in a travel company in Taiwan
- Launch a *"Golden Route for Travel in East Japan"*
- Prepare for introduction of the *TRAIN SUITE SHIKI-SHIMA* cruise train

◆ Pursuing Unlimited Potential

A. *HIRAKU* (Pioneer): Technological innovation

• Promote energy and environmental strategies
- Build a privately operated power grid for stabilizing power supply and reducing CO_2 emission
- Prepare for the introduction of catenary and battery-powered hybrid railcars to alternating current (AC) segments
- Transform the northern Tohoku region into a renewable energy base
- Introduce smart grid technology to railways including through promotion of the effective use of renewable energy

• Utilize ICT to innovate operations
- Replicate best practices such as promoting the use of tablets on the front lines
- Develop alarm systems utilizing radio technology for preventing accidental contact with oncoming trains
- Innovate maintenance operations including through the introduction of monitoring devices to model line segments
- Build a new station operation framework utilizing ICT including through the introduction of station remote control systems
- Innovate the transportation system through the introduction of wireless train control systems

• Technological innovation by employees on the front lines

B. *NOBIRU* (Grow): Tackling new business areas

• Take on the challenge of overseas projects
- Make steady progress supplying the railcars and with the maintenance operations for opening the Purple Line urban mass

transit railway system in Bangkok, Thailand
- Deepen the technological support provided to railway operators in Indonesia
- Take initiatives to win new overseas railway projects through proactively collecting and publicizing information

• Tackle new business areas in life-style services
- Work together as a Group to promote new business formats and services based on station space utilization
- Develop the life-style services business overseas

• Incorporate outstanding technologies and services from outside the company

• Establish railcar manufacturing operations as a fourth business pillar
- Ambitiously develop *sustina* stainless-steel railcars to win domestic and overseas projects
- Collaborate with overseas manufacturers in the Japanese LRT market and other areas
- Pursue efficient business management of the railcar manufacturing business

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

• Provide further growth opportunities to motivate employees
- Enhance open-application programs for personnel transfer and training
- Strengthen the development of global human resources through the continued development of a diverse overseas assignment program
- Promote diversity including through the formulation of a new medium-term action plan

• Promote cohesive Group management
- Develop attractive services using the scheme of Group points
- Develop new credit services the Group can offer heavy users

• Reform the work style and streamline organizational management
- Pursue a compact and highly efficient business execution framework
- Improve the efficiency and productivity of outsourcing for the Group as a whole

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

• Provide safe, smooth and comfortable transportation services
- Reinforce transportation capacity and enhance stations and other facilities near venues
- Promote the installation of barrier-free facilities such as lifts and multi-functional restrooms
- Enhance the framework for welcoming customers from overseas including through the enhanced provision of free public access to Wi-Fi

• Revitalize the flow of tourism in the Tokyo metropolitan area and bring tourists to the regions

• Upgrade the attractiveness of Tokyo by promoting the development of large-scale stations

(3) Progress in Management Framework and Management Benchmarks

In accordance with "*JR East Group Management Vision V - Ever Onward*" announced on October 30, 2012, JR East establishes numerical targets that it seeks to achieve over a three-year period. JR East reviews these three-year targets annually to reflect as appropriate any changes in the management environment or other developments, and update them each year to cover the next three-year period.

Base on such policy, numerical targets for the fiscal year ending March 31, 2018 were formulated as follows.

Numerical Targets for the Fiscal Year Ending March 31, 2018

	Targets for the fiscal year ending March 31, 2018	(Reference) Result for the fiscal year ended March 31, 2015
Consolidated operating revenues	¥2,900.0 billion	¥2,756.1 billion
Transportation	¥1,946.0 billion	¥1,852.0 billion
Station Space Utilization	¥425.0 billion	¥396.3 billion
Shopping Centers & Office Buildings	¥288.0 billion	¥254.9 billion
Others	¥241.0 billion	¥252.7 billion
Consolidated operating income	¥463.0 billion	¥427.5 billion
Transportation	¥318.0 billion	¥294.6 billion
Station Space Utilization	¥37.0 billion	¥34.5 billion
Shopping Centers & Office Buildings	¥78.0 billion	¥72.3 billion
Others	¥31.0 billion	¥27.4 billion
Adjustment	¥(1.0) billion	¥(1.4) billion
Consolidated cash flows from operating activities	(Total over three years*) ¥1,900.0 billion	¥622.7 billion
Consolidated ROA	Around 6%	5.7%
Consolidated ROE	Around 10%	8.1%

Note: *Total amount covering three years from the fiscal year ending March 31, 2016 to the fiscal year ending March 31, 2018.

Planned Consolidated Capital Expenditures

Total over three years*	(Reference) Results for the fiscal year ended March 31, 2015
Approximately ¥1,600.0 billion	¥522.1 billion

Note: *Total amount covering three years from the fiscal year ending March 31, 2016 to the fiscal year ending March 31, 2018.

4. Basic Policy for Selection of Accounting Standards

As of now, the JR East Group's plan is to continue using Japanese GAAP. However, in light of developments in the Group's overseas businesses and general trends in Japan and overseas in the selection of accounting standards, it will consider the adoption of International Financial Reporting Standards (IFRS).

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

	Millions of Yen	
	Fiscal 2014	**Fiscal 2015**
ASSETS		
Current Assets	¥ 804,888	**¥ 855,785**
Cash and time deposits	87,248	**76,341**
Notes and accounts receivable-trade	401,129	**422,432**
Fares receivable	44,523	**40,014**
Short-term loans receivable	16,515	**6,515**
Securities	91,149	**169,000**
Real estate for sale	1,199	**1,099**
Inventories	67,392	**52,856**
Deferred income taxes	48,404	**43,635**
Other	49,494	**45,557**
Allowance for doubtful accounts	(2,169)	**(1,666)**
Fixed Assets	6,623,378	**6,749,903**
Property, plant and equipment, net of accumulated depreciation	6,025,838	**6,089,000**
Buildings and fixtures (net)	2,997,304	**3,043,240**
Machinery, rolling stock and vehicles (net)	705,942	**736,600**
Land	1,987,541	**1,991,792**
Construction in progress	279,626	**254,958**
Other (net)	55,424	**62,407**
Intangible assets	109,850	**126,085**
Investments and other assets	487,690	**534,817**
Investments in securities	199,096	**246,551**
Long-term loans receivable	3,493	**2,992**
Long-term deferred income taxes	222,415	**218,974**
Net defined benefit asset	382	**410**
Other	63,078	**66,615**
Allowance for doubtful accounts	(776)	**(726)**
Deferred Assets	37	**1**
Deferred business commencement expenses	30	—
Deferred development expenses	6	**1**
Total Assets	¥7,428,303	**¥7,605,690**

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2014	**Fiscal 2015**
LIABILITIES		
Current Liabilities	¥1,325,964	**¥1,340,078**
Notes and accounts payable-trade	49,546	**49,850**
Short-term loans and current portion of long-term loans	125,233	**118,220**
Current portion of bonds	75,000	**55,000**
Current portion of long-term liabilities incurred for purchase of railway facilities	120,998	**106,730**
Payables	400,586	**458,979**
Accrued consumption taxes	5,798	**41,836**
Accrued income taxes	57,548	**51,772**
Fare deposits received with regard to railway connecting services	28,663	**20,694**
Prepaid railway fares received	135,879	**103,438**
Allowance for bonuses to employees	71,809	**71,226**
Allowance for earthquake-damage losses	2,212	**3,522**
Other	252,686	**258,805**
Long-Term Liabilities	3,902,981	**3,960,636**
Bonds	1,644,793	**1,709,853**
Long-term loans	810,727	**874,921**
Long-term liabilities incurred for purchase of railway facilities	545,417	**438,475**
Long-term deferred tax liabilities	4,068	**4,073**
Allowance for earthquake-damage losses	3,037	**1,236**
Allowance for partial railway operation transfer costs	—	**16,547**
Net defined benefit liability	644,809	**701,730**
Other	250,128	**213,796**
Total Liabilities	¥5,228,946	**¥5,300,714**
NET ASSETS		
Shareholders' Equity	¥2,150,471	**¥2,207,795**
Common stock	200,000	**200,000**
Capital surplus	96,790	**96,833**
Retained earnings	1,858,007	**1,915,382**
Treasury stock, at cost	(4,327)	**(4,420)**
Accumulated Other Comprehensive Income	30,161	**77,862**
Net unrealized holding gains (losses) on securities	36,856	**68,415**
Net deferred gains (losses) on derivatives under hedge accounting	1,650	**2,532**
Revaluation reserve for land	(503)	**(483)**
Remeasurements of defined benefit plans	(7,841)	**7,398**
Minority Interests	18,725	**19,317**
Total Net Assets	2,199,357	**2,304,976**
Total Liabilities and Net Assets	¥7,428,303	**¥7,605,690**

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 2014	**Fiscal 2015**
Operating Revenues	¥2,702,916	**¥2,756,165**
Operating Expenses	2,296,123	**2,328,643**
Transportation, other services and cost of sales	1,794,501	**1,806,181**
Selling, general and administrative expenses	501,622	**522,462**
Operating Income	406,793	**427,521**
Non-Operating Income	18,995	**20,858**
Interest income	163	**152**
Dividend income	2,802	**3,602**
Gains on sales of equipment	2,154	**1,438**
Insurance proceeds and dividends	8,678	**8,203**
Equity in net income of affiliated companies	1,211	**3,134**
Other	3,985	**4,326**
Non-Operating Expenses	93,270	**86,403**
Interest expense	88,279	**81,961**
Losses on sales of equipment	526	**350**
Other	4,465	**4,090**
Ordinary Income	332,518	**361,977**
Extraordinary Gains	54,857	**66,703**
Gains on sales of fixed assets	2,248	**1,211**
Construction grants received	41,788	**59,205**
Other	10,820	**6,285**
Extraordinary Losses	62,774	**113,379**
Losses on sales of fixed assets	473	**2,088**
Losses from disposition of fixed assets	4,969	**3,957**
Losses on reduction entry for construction grants	38,489	**54,253**
Impairment losses on fixed assets	6,467	**12,738**
Provision for allowance for partial railway operation transfer costs	—	**16,616**
Other	12,374	**23,725**
Income before Income Taxes	324,601	**315,300**
Income Taxes	123,580	**133,742**
Current	119,621	**107,540**
Deferred	3,959	**26,202**
Income before Minority Interests	201,021	**181,558**
Minority Interests in Net Income of Consolidated Subsidiaries	1,081	**1,160**
Net Income	¥ 199,939	**¥ 180,397**

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2014	**Fiscal 2015**
Income before Minority Interests	¥ 201,021	**¥ 181,558**
Other Comprehensive Income	13,611	**47,734**
Net unrealized holding gains (losses) on securities	13,309	**29,310**
Net deferred gains (losses) on derivatives under hedge accounting	275	**1,319**
Remeasurements of defined benefit plans	―	**13,032**
Share of other comprehensive income of associates accounted for using equity method	26	**4,072**
Comprehensive Income	¥ 214,632	**¥ 229,292**
Comprehensive Income attributable to		
Comprehensive income attributable to owners of the parent	¥ 213,549	**¥ 228,099**
Comprehensive income attributable to minority interests	¥ 1,083	**¥ 1,193**

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Fiscal 2014

Millions of Yen

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
Balance at the fiscal year start	200,000	96,790	1,713,025	(3,544)	2,006,272
Cumulative effects of changes in accounting policies					—
Restated balance	200,000	96,790	1,713,025	(3,544)	2,006,272
Changes of items during the fiscal year					
Cash dividends			(47,421)		(47,421)
Net income			199,939		199,939
Increase due to merger			215		215
Purchase of treasury stock				(8,444)	(8,444)
Disposal of treasury stock		0		0	0
Retirement of treasury stock		(0)	(7,751)	7,751	—
Change in equity in affiliates accounted for by equity method-treasury stock				(89)	(89)
Change of scope of consolidation					—
Capital increase of consolidated subsidiaries					—
Purchase of shares of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	—	144,981	(782)	144,199
Balance at the fiscal year end	200,000	96,790	1,858,007	(4,327)	2,150,471

	Accumulated Other Comprehensive Income					Minority Interests	Total net assets
	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Revaluation Reserve for Land	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income		
Balance at the fiscal year start	22,996	1,900	(503)	—	24,393	17,527	2,048,192
Cumulative effects of changes in accounting policies							—
Restated balance	22,996	1,900	(503)	—	24,393	17,527	2,048,192
Changes of items during the fiscal year							
Cash dividends							(47,421)
Net income							199,939
Increase due to merger							215
Purchase of treasury stock							(8,444)
Disposal of treasury stock							0
Retirement of treasury stock							—
Change in equity in affiliates accounted for by equity method-treasury stock							(89)
Change of scope of consolidation							—
Capital increase of consolidated subsidiaries							—
Purchase of shares of consolidated subsidiaries							—
Net changes of items other than shareholders' equity	13,859	(250)	—	(7,841)	5,767	1,197	6,965
Total changes of items during the fiscal year	13,859	(250)	—	(7,841)	5,767	1,197	151,164
Balance at the fiscal year end	36,856	1,650	(503)	(7,841)	30,161	18,725	2,199,357

Fiscal 2015

Millions of Yen

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
Balance at the fiscal year start	200,000	96,790	1,858,007	(4,327)	2,150,471
Cumulative effects of changes in accounting policies			(64,881)		(64,881)
Restated balance	200,000	96,790	1,793,126	(4,327)	2,085,589
Changes of items during the fiscal year					
Cash dividends			(47,271)		(47,271)
Net income			180,397		180,397
Increase due to merger			493		493
Purchase of treasury stock				(11,385)	(11,385)
Disposal of treasury stock		0		0	0
Retirement of treasury stock		(0)	(11,361)	11,361	—
Change in equity in affiliates accounted for by equity method-treasury stock				(69)	(69)
Change of scope of consolidation			(1)		(1)
Capital increase of consolidated subsidiaries		15			15
Purchase of shares of consolidated subsidiaries		26			26
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	42	122,256	(93)	122,205
Balance at the fiscal year end	200,000	96,833	1,915,382	(4,420)	2,207,795

	Accumulated Other Comprehensive Income					Minority Interests	Total net assets
	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Revaluation Reserve for Land	Remeasurem-ents of defined benefit plans	Total Accumulated Other Comprehensive Income		
Balance at the fiscal year start	36,856	1,650	(503)	(7,841)	30,161	18,725	2,199,357
Cumulative effects of changes in accounting policies						(82)	(64,963)
Restated balance	36,856	1,650	(503)	(7,841)	30,161	18,643	2,134,394
Changes of items during the fiscal year							
Cash dividends							(47,271)
Net income							180,397
Increase due to merger							493
Purchase of treasury stock							(11,385)
Disposal of treasury stock							0
Retirement of treasury stock							—
Change in equity in affiliates accounted for by equity method-treasury stock							(69)
Change of scope of consolidation							(1)
Capital increase of consolidated subsidiaries							15
Purchase of shares of consolidated subsidiaries							26
Net changes of items other than shareholders' equity	31,558	882	20	15,240	47,701	674	48,376
Total changes of items during the fiscal year	31,558	882	20	15,240	47,701	674	170,582
Balance at the fiscal year end	68,415	2,532	(483)	7,398	77,862	19,317	2,304,976

(4) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2014	**Fiscal 2015**
Cash Flows from Operating Activities		
Income before income taxes	¥324,601	**¥315,300**
Depreciation	348,042	**353,250**
Impairment losses on fixed assets	6,467	**12,738**
Amortization of long-term prepaid expense	7,542	**8,243**
Net change in net defined benefit liability	(6,951)	**(24,100)**
Interest and dividend income	(2,966)	**(3,421)**
Interest expense	88,279	**81,961**
Construction grants received	(41,788)	**(59,205)**
Insurance proceeds related to earthquake	(9,624)	**(3,361)**
Losses from disposition of fixed assets	33,322	**37,602**
Losses from provision for cost reduction of fixed assets	38,489	**54,253**
Provision for allowance for partial railway operation transfer costs	—	**16,616**
Net change in major receivables	(66,582)	**(3,898)**
Net change in major payables	86,730	**(28,181)**
Other	(12,508)	**56,068**
Sub-total	793,053	**813,867**
Proceeds from interest and dividends	3,348	**4,160**
Payments of interest	(88,698)	**(82,204)**
Insurance proceeds related to earthquake	9,624	**3,361**
Payments of earthquake-damage losses	(6,026)	**(3,060)**
Payments of income taxes	(148,537)	**(113,362)**
Net cash provided by operating activities	562,763	**622,762**
Cash Flows from Investing Activities		
Payments for purchases of fixed assets	(514,528)	**(503,746)**
Proceeds from sales of fixed assets	5,534	**1,039**
Proceeds from construction grants	47,327	**33,749**
Payments for purchases of investments in securities	(2,537)	**(4,158)**
Proceeds from sales of investments in securities	211	**4,729**
Other	(10,705)	**(8,457)**
Net cash used in investing activities	(474,697)	**(476,844)**
Cash Flows from Financing Activities		
Proceeds from long-term loans	186,000	**182,500**
Payments of long-term loans	(145,943)	**(123,006)**
Proceeds from issuance of bonds	140,000	**120,000**
Payments for redemption of bonds	(80,000)	**(75,000)**
Payments of liabilities incurred for purchase of railway facilities	(126,814)	**(121,209)**
Payments for acquisition of treasury stock	(8,444)	**(11,319)**
Cash dividends paid	(47,421)	**(47,271)**
Other	(8,742)	**(11,329)**
Net cash used in financing activities	(91,367)	**(86,636)**
Net Change in Cash and Cash Equivalents	(3,301)	**59,281**
Cash and Cash Equivalents at Beginning of the Year	189,262	**186,057**
Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation	—	**(597)**
Increase in Cash and Cash Equivalents due to Merger	96	**429**
Cash and Cash Equivalents at End of the Year	¥186,057	**¥245,170**

Note: Amounts less than one million yen are omitted.

(5) Notes to Consolidated Financial Statements (Unaudited)

(Notes on Going Concern Assumption(Unaudited))

None

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

(i) Changes in Accounting Policies

i) With regard to “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012, hereinafter the “Retirement Benefits Accounting Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012, hereinafter the “Retirement Benefits Guidance”), the Company has adopted the provisions of Article 35 of the Retirement Benefits Accounting Standard and Article 67 of the Retirement Benefits Guidance from the fiscal year ended March 31, 2015.

As a result, the calculation of retirement benefit obligations and service costs was revised and the method for attributing estimated retirement benefits to accounting periods was changed from the straight-line basis to the benefit formula basis. At the same time, the method for determining the discount rate was changed to apply a single weighted average discount rate reflecting the estimated timing of benefit payments and amounts to be paid in each timing. The effect of these revisions was recognized as an adjustment to the opening balance of retained earnings in the fiscal year ended March 31, 2015, in accordance with the transitional treatment as set forth in Article 37 of the Retirement Benefits Accounting Standard.

Consequently, in the fiscal year ended March 31, 2015 the opening balance of net defined benefit liability increased ¥100,090 million, while retained earnings declined ¥64,881 million, among other changes. As a result, net assets per share decreased ¥165.16 as of March 31, 2015. The effect of this change on the consolidated statements of income was negligible.

ii) Effective April 1, 2014, the opening of the fiscal year ended March 31, 2015, the Company has adopted “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013, hereinafter the “Business Combination Accounting Standard”), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter the “Consolidated Financial Statements Accounting Standard”) and “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereinafter the “Business Divestiture Accounting Standard”) (excluding, however, the provisions set forth in Article 39 of the Consolidated Financial Statements Accounting Standard).

As a result, the method to record gains or losses arising from a change in the Company’s equity in subsidiaries in cases where control is retained was revised to that recognizing such gains or losses as an adjustment to capital surplus and the acquisition costs in connection with business combinations as expenses in the consolidated fiscal year in which they arise. For business combinations that take place on or after April 1, 2014, the disclosure method was revised so as to restate the distribution of acquisition cost upon provisional accounting recognition in the consolidated statements of the fiscal year in which the combination took place.

The Company has adopted the Business Combination Accounting Standard effective April 1, 2014, the opening of the fiscal year ended March 31, 2015 onward, in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combination Accounting Standard, Article 44-5 (4) of the Consolidated Financial Statements Accounting Standard, and Article 57-4 (4) of the Business Divestiture Accounting Standard.

In the consolidated statement of cash flows for the year ended March 31, 2015, cash flows related to the sale or acquisition of shares of subsidiaries that is not accompanied by a change in the scope of consolidation have been classified and included in cash flows from financing activities, and cash flows related to acquisition costs arising in relation to the acquisition of shares of subsidiaries that is accompanied by a change in the scope of consolidation or costs arising in relation to the sale or acquisition of shares of subsidiaries that is not accompanied by a change in the scope of consolidation have been classified and included in cash flows from operating activities.

The effect of this change on the consolidated financial statements was negligible.

(Segment Information(Unaudited))

(i) Segment Information

i) General information about reportable segments

Transportation, Station Space Utilization, and Shopping Centers & 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.

The Transportation segment is primarily engaged in passenger transportation services centered on railway operations, and railcar manufacturing operations. The Station Space Utilization segment creates commercial spaces in railway stations and develops various types of businesses, including retail sales and restaurant operations. The Shopping Centers & Office Buildings segment develops railway stations and land near railway stations, operates shopping centers, and leases office buildings, etc.

ii) 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 26, 2014. Moreover, intersegment transactions are between consolidated subsidiaries and based on market prices and other fair values.

The calculation of retirement benefit obligations and service costs for business segments has been changed to accord with the changes in the calculation of retirement benefit obligations and service costs from the fiscal year under review, which are

stated in “Changes in Accounting Policies.”
The effect of this change on segment income was negligible.

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

Fiscal 2014 (Year ended March 31, 2014)	Millions of Yen Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 2)	Total	Adjustment (Note 3)	Consolidated (Note 4)
Operating Revenues							
Outside customers	¥1,827,466	¥400,948	¥251,070	¥ 223,431	¥2,702,916	¥ —	¥2,702,916
Inside group	56,044	14,880	10,735	352,205	433,866	(433,866)	—
Total	1,883,511	415,828	261,805	575,637	3,136,782	(433,866)	2,702,916
Segment Income	¥ 267,336	¥ 36,061	¥ 72,057	¥ 32,685	¥ 408,141	¥ (1,348)	¥ 406,793
Segment Assets	¥5,964,806	¥195,057	¥952,605	¥1,093,841	¥8,206,311	¥(778,007)	¥7,428,303
Depreciation	271,725	10,551	31,104	34,660	348,042	—	348,042
Increase in fixed assets (Note 6)	442,669	10,000	43,097	60,679	556,446	—	556,446

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 ¥(1,348) million downward adjustment to segment income includes a ¥(1,649) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥302 million elimination for intersegment transactions. Moreover, the ¥(778,007) million downward adjustment to segment assets includes a ¥(1,061,335) million elimination of intersegment claims and obligations, offset by ¥283,327 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.

Fiscal 2015 (Year ended March 31, 2015)	Millions of Yen Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 2)	Total	Adjustment (Note 3)	Consolidated (Note 4)
Operating Revenues							
Outside customers	**¥1,852,039**	**¥396,368**	**¥254,997**	**¥ 252,759**	**¥2,756,165**	**¥ —**	**¥2,756,165**
Inside group	**55,223**	**15,629**	**11,559**	**361,435**	**443,848**	**(443,848)**	—
Total	**1,907,263**	**411,998**	**266,556**	**614,195**	**3,200,013**	**(443,848)**	**2,756,165**
Segment Income	**¥ 294,606**	**¥ 34,539**	**¥ 72,324**	**¥ 27,490**	**¥ 428,960**	**¥ (1,439)**	**¥ 427,521**
Segment Assets	**¥6,027,312**	**¥203,512**	**¥976,231**	**¥1,133,506**	**¥8,340,563**	**¥(734,872)**	**¥7,605,690**
Depreciation	**273,441**	**10,361**	**31,743**	**37,704**	**353,250**	—	**353,250**
Increase in fixed assets (Note 6)	**432,876**	**11,442**	**45,957**	**62,894**	**553,171**	—	**553,171**

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 ¥(1,439) million downward adjustment to segment income includes a ¥(1,798) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥317 million elimination for intersegment transactions. Moreover, the ¥(734,872) million downward adjustment to segment assets includes a ¥(1,133,268) million elimination of intersegment claims and obligations, offset by ¥398,395 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

i) 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.

ii) Information about geographic areas
a. 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.

b. 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.

iii) 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

	Millions of Yen				
Fiscal 2014(Year ended March 31, 2014)	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note)	Total
Impairment losses on fixed assets ·········	**574**	**580**	**5,243**	**68**	**6,467**

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

	Millions of Yen				
Fiscal 2015 (Year ended March 31, 2015)	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note)	Total
Impairment losses on fixed assets ·········	**8,438**	**1,056**	**2,470**	**772**	**12,738**

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.

(Per Share Information (Unaudited))

	Fiscal 2014	Fiscal 2015
Shareholders’ equity per share	¥5,529.40	¥5,818.19
Earnings per share–basic	¥506.77	¥458.95
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 2014	Fiscal 2015
Net income	¥199,939 million	¥180,397 million
Amount not attributable to common stockholders	—	—
Net income related to common stock	¥199,939 million	¥180,397 million
Average number of common shares	394,533,865	393,066,943

(Subsequent Events (Unaudited))
(i) Share Repurchase
The Board of Directors of East Japan Railway Company (“JR East”) resolved at its meeting held on April 28, 2015 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 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: ¥12,000 million (maximum)

v) Period of repurchase: From April 30, 2015 to May 29, 2015

(Additional Information (Unaudited))

(Transfer of management of the section between Miyako and Kamaishi on the Yamada Line)
The section between Miyako and Kamaishi on the Yamada Line was severely damaged by the Great East Japan Earthquake. In response, JR East had made a proposal to local governments to integrate it with the North and South Rias Lines for operation by Sanriku Railway Company. This proposal was made to encourage greater railway usage through operations closely tied to the region and provide compact, highly sustainable regional transportation. On December 26, 2014, the local governments reported to JR East their acceptance of the proposal. JR East and the local governments reached a basic agreement to transfer management of the section between Miyako and Kamaishi from JR East to Sanriku Railway Company, based on the following: (1) JR East shall transfer the relevant railway facilities and sites between Miyako and Kamaishi free of charge to the local governments, after restoring them to their original state, among other things, and (2) JR East shall make a payment toward a transfer support fund as a cost of supporting the sustainable management of the Miyako-Kamaishi section. On February 6, 2015, local governments, Sanriku Railway Company, and JR East concluded a letter of intent and a memorandum of understanding concerning railway restoration on the section between Miyako and Kamaishi on the Yamada Line.

In accordance with the above, JR East has recorded under extraordinary losses the estimated cost of restoration to the original state and other activities aimed at the transfer of management as a “Provision for allowance for partial railway operation transfer costs” of ¥16,616 million. JR East has also recorded in “Other” under extraordinary losses its payment toward transfer cooperation of ¥3,000 million, and in “impairment losses on fixed assets” under extraordinary losses its payment toward impairment losses on fixed assets related to the Miyako-Kamaishi section of ¥1,297 million. With respect to the cost of restoration to the original state and other activities, costs that are difficult to reasonably estimate at this time are not included in the allowance for partial railway operation transfer costs.

6. Non-consolidated Financial Statements
(1) Non-consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY

	Millions of Yen	
	Fiscal 2014	**Fiscal 2015**
ASSETS		
Current Assets	¥ 601,682	**¥ 687,893**
Cash and time deposits	58,725	**39,356**
Fares receivable	212,270	**212,021**
Accounts receivable-trade	75,980	**99,132**
Short-term loans receivable	8,917	**600**
Short-term loans to affiliated companies receivable	78,323	**100,568**
Securities	91,139	**169,000**
Real estate for sale	1,188	**1,088**
Inventories	17,267	**17,607**
Prepaid expenses	4,527	**4,683**
Deferred income taxes	38,535	**33,382**
Other	14,888	**10,576**
Allowance for doubtful accounts	(82)	**(124)**
Fixed Assets	6,311,734	**6,412,585**
Fixed assets for railway operations	4,575,899	**4,637,627**
Property, plant and equipment	10,284,909	**10,407,084**
Accumulated depreciation	(5,741,496)	**(5,801,346)**
Intangible assets	32,486	**31,890**
Fixed assets for other operations	501,512	**499,504**
Property, plant and equipment	643,799	**654,980**
Accumulated depreciation	(142,738)	**(155,899)**
Intangible assets	450	**424**
Fixed assets relating to both operations	274,053	**295,253**
Property, plant and equipment	759,074	**792,100**
Accumulated depreciation	(489,422)	**(501,289)**
Intangible assets	4,401	**4,443**
Construction in progress	262,645	**243,820**
Railway operations	219,086	**208,189**
Other operations	13,689	**27,620**
Relating to both operations	29,869	**8,010**
Investments and other assets	697,623	**736,379**
Investments in securities	146,227	**183,435**
Stocks of subsidiaries and affiliated companies	204,766	**205,430**
Long-term loans to affiliated companies receivable	112,494	**108,857**
Long-term prepaid expenses	33,370	**34,797**
Long-term deferred income taxes	192,669	**194,360**
Other investment and other assets	9,754	**11,143**
Allowance for doubtful accounts	(1,659)	**(1,645)**
Total Assets	¥6,913,416	**¥7,100,479**

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2014	**Fiscal 2015**
LIABILITIES		
Current Liabilities	¥1,310,745	**¥1,352,554**
Short-term loans from affiliated companies	209,228	**217,270**
Current portion of bonds	75,000	**55,000**
Current portion of long-term loans	122,478	**117,716**
Current portion of long-term liabilities incurred for purchase of railway facilities	120,536	**106,254**
Lease obligation	8,646	**9,837**
Payables	361,593	**437,354**
Accrued expenses	33,087	**32,618**
Accrued consumption taxes	3,653	**26,395**
Accrued income taxes	39,566	**37,531**
Fare deposits received with regard to railway connecting services	29,025	**20,838**
Deposits received	24,034	**25,405**
Prepaid railway fares received	135,245	**102,976**
Advances received	70,501	**75,441**
Prepaid contribution for construction	3,517	**16,907**
Allowance for bonuses to employees	58,660	**57,516**
Allowance for bonuses to directors and corporate auditors	186	**208**
Allowance for earthquake-damage losses	2,155	**3,504**
Allowance for environmental conservation costs	2,796	**502**
Asset retirement obligations	1,671	**2,436**
Other	9,161	**6,839**
Long-Term Liabilities	3,752,403	**3,844,290**
Bonds	1,644,893	**1,709,953**
Long-term loans	809,823	**874,606**
Long-term loans from affiliated companies	39,354	**47,345**
Long-term liabilities incurred for purchase of railway facilities	542,944	**436,508**
Lease obligation	22,326	**28,064**
Long-term deferred contribution for construction	50,117	**15,495**
Employees' severance and retirement benefits	594,885	**669,087**
Allowance for earthquake-damage losses	3,037	**1,236**
Allowance for environmental conservation costs	8,035	**8,385**
Allowance for partial railway operation transfer costs	—	**16,547**
Asset retirement obligations	7,725	**5,964**
Other	29,261	**31,095**
Total Liabilities	¥5,063,149	**¥5,196,845**

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2014	**Fiscal 2015**
NET ASSETS		
Shareholders' Equity	¥1,817,225	**¥1,841,610**
Common stock	200,000	**200,000**
Capital surplus	96,600	**96,600**
Additional paid-in capital	96,600	**96,600**
Retained earnings	1,523,093	**1,547,436**
Legal reserve	22,173	**22,173**
Other retained earnings		
Reserve for special depreciation	2,014	**1,461**
Reserve for deferred gain of fixed assets	50,716	**53,485**
General reserve	1,150,000	**1,270,000**
Retained earnings carried forward	298,189	**200,315**
Treasury stock, at cost	(2,467)	**(2,425)**
Valuation and Translation Adjustment	33,041	**62,023**
Net unrealized holding gains (losses) on securities	32,061	**59,724**
Net deferred gains (losses) on derivatives under hedge accounting	979	**2,299**
Total Net Assets	1,850,266	**1,903,633**
Total Liabilities and Net Assets	¥6,913,416	**¥7,100,479**

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY

	Millions of Yen	
	Fiscal 2014	**Fiscal 2015**
Railway Operations		
Operating Revenues	¥1,863,165	**¥1,895,313**
Passenger transportation	1,696,523	**1,725,974**
Trackage revenue	6,376	**6,743**
Miscellaneous income of transportation	160,264	**162,595**
Operating Expenses	1,572,472	**1,577,065**
Transportation expenses	1,005,477	**1,002,410**
General and administrative expenses	217,966	**222,085**
Taxes	76,710	**77,424**
Depreciation	272,317	**275,144**
Operating Income from Railway Operations	290,692	**318,248**
Other Operations		
Operating Revenues	69,434	**70,729**
Revenue from real estate lease	63,478	**64,225**
Miscellaneous revenue	5,955	**6,503**
Operating Expenses	32,249	**36,299**
Cost of sales	985	**1,007**
Selling, general and administrative expenses	10,778	**11,129**
Taxes	7,843	**8,657**
Depreciation	12,641	**15,505**
Operating Income from Other Operations	37,184	**34,429**
Total Operating Income	327,877	**352,677**
Non-Operating Income	31,013	**35,502**
Interest income	1,486	**1,386**
Dividend income	16,390	**21,997**
Gains on sales of equipment	2,102	**1,372**
Insurance proceeds and dividends	8,483	**7,988**
Other	2,550	**2,757**
Non-Operating Expenses	94,982	**86,608**
Interest expense	57,219	**50,957**
Interest on bonds	32,538	**32,525**
Cost of issuance of bonds	561	**464**
Losses on sales of equipment	505	**309**
Other	4,157	**2,351**
Ordinary Income	263,907	**301,571**

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2014	**Fiscal 2015**
Extraordinary Gains	53,164	**65,419**
Gains on sales of fixed assets	1,916	**986**
Construction grants received	41,428	**59,048**
Other	9,818	**5,384**
Extraordinary Losses	52,775	**101,793**
Losses on sales of fixed assets	321	**2,048**
Losses on reduction entry for construction grants	38,219	**54,014**
Impairment losses on fixed assets	3,104	**8,541**
Environmental conservation costs	—	**1,912**
Provision for allowance for earthquake-damage losses	—	**1,306**
Provision for allowance for partial railway operation transfer costs	—	**16,616**
Other	11,131	**17,354**
Income before Income Taxes	264,295	**265,196**
Income Taxes	94,417	**108,070**
Current	89,144	**80,239**
Deferred	5,272	**27,831**
Net Income	¥ 169,878	**¥ 157,126**

Note: Amounts less than one million yen are omitted.

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

Fiscal 2014

Millions of Yen

	Shareholders' Equity			
	Common Stock	Capital Surplus		
		Additional Paid-in Capital	Other Capital Surplus	Total Capital Surplus
Balance at the fiscal year start	200,000	96,600	—	96,600
Cumulative effects of changes in accounting policies				
Restated balance	200,000	96,600	—	96,600
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				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Retirement of treasury stock			(0)	(0)
Decrease by corporate division				
Net changes of items other than shareholders' equity				
Total changes of items during the fiscal year	—	—	—	—
Balance at the fiscal year end	200,000	96,600	—	96,600

	Shareholders' Equity					
	Retained Earnings					
	Legal Reserve	Other Retained Earnings				Total Retained Earnings
		Reserve for Special Depreciation	Reserve for Deferred Gain of Fixed Assets	General Reserve	Retained Earnings Carried Forward	
Balance at the fiscal year start	22,173	2,633	50,852	1,060,000	272,728	1,408,388
Cumulative effects of changes in accounting policies						
Restated balance	22,173	2,633	50,852	1,060,000	272,728	1,408,388
Changes of items during the fiscal year						
Provision of reserve for special depreciation		10			(10)	—
Disposal of reserve for special depreciation		(629)			629	—
Provision of reserve for deferred gain of fixed assets			1,356		(1,356)	—
Disposal of reserve for deferred gain of fixed assets			(1,492)		1,492	—
Provision of reserve for general reserve				90,000	(90,000)	—
Dividends					(47,421)	(47,421)
Net income					169,878	169,878
Purchase of treasury stock						
Disposal of treasury stock						
Retirement of treasury stock					(7,751)	(7,751)
Decrease by corporate division						
Net changes of items other than shareholders' equity						
Total changes of items during the fiscal year	—	(619)	(136)	90,000	25,460	114,705
Balance at the fiscal year end	22,173	2,014	50,716	1,150,000	298,189	1,523,093

	Shareholders' Equity		Valuation and Translation Adjustments			Total net assets
	Treasury Stock, at Cost	Total Shareholders' Equity	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Total Valuation and Translation Adjustments	
Balance at the fiscal year start	(1,827)	1,703,160	19,076	705	19,781	1,722,942
Cumulative effects of changes in accounting policies		—				—
Restated balance	(1,827)	1,703,160	19,076	705	19,781	1,722,942
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		(47,421)				(47,421)
Net income		169,878				169,878
Purchase of treasury stock	(8,392)	(8,392)				(8,392)
Disposal of treasury stock	0	0				0
Retirement of treasury stock	7,751	—				—
Decrease by corporate division		—				—
Net changes of items other than shareholders' equity			12,985	274	13,260	13,260
Total changes of items during the fiscal year	(640)	114,064	12,985	274	13,260	127,324
Balance at the fiscal year end	(2,467)	1,817,225	32,061	979	33,041	1,850,266

Fiscal 2015

Millions of Yen

	Shareholders' Equity			
	Common Stock	Capital Surplus		
		Additional Paid-in Capital	Other Capital Surplus	Total Capital Surplus
Balance at the fiscal year start	200,000	96,600	—	96,600
Cumulative effects of changes in accounting policies				
Restated balance	200,000	96,600	—	96,600
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				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Retirement of treasury stock			(0)	(0)
Decrease by corporate division				
Net changes of items other than shareholders' equity				
Total changes of items during the fiscal year	—	—	—	—
Balance at the fiscal year end	200,000	96,600	—	96,600

	Shareholders' Equity					
	Retained Earnings					
	Legal Reserve	Other Retained Earnings				Total Retained Earnings
		Reserve for Special Depreciation	Reserve for Deferred Gain of Fixed Assets	General Reserve	Retained Earnings Carried Forward	
Balance at the fiscal year start	22,173	2,014	50,716	1,150,000	298,189	1,523,093
Cumulative effects of changes in accounting policies					(64,627)	(64,627)
Restated balance	22,173	2,014	50,716	1,150,000	233,561	1,458,466
Changes of items during the fiscal year						
Provision of reserve for special depreciation		65			(65)	—
Disposal of reserve for special depreciation		(617)			617	—
Provision of reserve for deferred gain of fixed assets			4,227		(4,227)	—
Disposal of reserve for deferred gain of fixed assets			(1,459)		1,459	—
Provision of reserve for general reserve				120,000	(120,000)	—
Dividends					(47,271)	(47,271)
Net income					157,126	157,126
Purchase of treasury stock						
Disposal of treasury stock						
Retirement of treasury stock					(11,361)	(11,361)
Decrease by corporate division					(9,523)	(9,523)
Net changes of items other than shareholders' equity						
Total changes of items during the fiscal year	—	(552)	2,768	120,000	(33,246)	88,969
Balance at the fiscal year end	22,173	1,461	53,485	1,270,000	200,315	1,547,436

	Shareholders' Equity		Valuation and Translation Adjustments			Total net assets
	Treasury Stock, at Cost	Total Shareholders' Equity	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Total Valuation and Translation Adjustments	
Balance at the fiscal year start	(2,467)	1,817,225	32,061	979	33,041	1,850,266
Cumulative effects of changes in accounting policies		(64,627)				(64,627)
Restated balance	(2,467)	1,752,598	32,061	979	33,041	1,785,639
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		(47,271)				(47,271)
Net income		157,126				157,126
Purchase of treasury stock	(11,319)	(11,319)				(11,319)
Disposal of treasury stock	0	0				0
Retirement of treasury stock	11,361	—				—
Decrease by corporate division		(9,523)				(9,523)
Net changes of items other than shareholders' equity			27,662	1,319	28,981	28,981
Total changes of items during the fiscal year	42	89,012	27,662	1,319	28,981	117,994
Balance at the fiscal year end	(2,425)	1,841,610	59,724	2,299	62,023	1,903,633

(Additional Information Regarding Operating Results)

Consolidated Principal Indicators

	Fiscal 2014 (A)	**Fiscal 2015 (B)**	Increase (Decrease) (B)–(A)	Fiscal 2018 Targets
Cash Flows from Operating Activities (billions of yen)	562.7	**622.7**	59.9	1,900.0
Ratio of operating income to average assets (ROA) (%)	5.6	**5.7**	0.1	Around 6
Return on average equity (ROE) (%)	9.5	**8.1**	(1.4)	Around 10
Capital expenditures (billions of yen)	525.7	**522.1**	(3.5)	—
Transportation	411.9	**401.8**	(10.0)	—
Non-transportation	113.7	**120.2**	6.5	—

Note: Cash flows from operating activities (Fiscal 2018 Targets) are over three years from Fiscal 2016.

	Fiscal 2014 (A)	**Fiscal 2015 (B)**	Increase (Decrease) (B)–(A)
Total interest-bearing debt (billions of yen)	3,288.4	**3,275.5**	(12.8)
Average interest rates (%)	2.56	**2.37**	(0.19)

Consolidated Business Forecasts for Fiscal 2016

Billions of Yen

	Actual Fiscal 2015 (A)	**Forecast Fiscal 2016** (B)	Change: Increase (Decrease) (B)–(A)	Change: % (B)/(A)x100	Fiscal 2018 Targets
Operating Revenues	2,756.1	**2,800.0**	43.8	101.6	2,900.0
Transportation	1,852.0	**1,911.0**	58.9	103.2	1,946.0
Station Space Utilization	396.3	**388.0**	(8.3)	97.9	425.0
Shopping Centers & Office Buildings	254.9	**258.0**	3.0	101.2	288.0
Others	252.7	**243.0**	(9.7)	96.1	241.0
Operating Income	427.5	**445.0**	17.4	104.1	463.0
Transportation	294.6	**314.0**	19.3	106.6	318.0
Station Space Utilization	34.5	**30.0**	(4.5)	86.9	37.0
Shopping Centers & Office Buildings	72.3	**73.0**	0.6	100.9	78.0
Others	27.4	**29.0**	1.5	105.5	31.0
Elimination and/or corporate	(1.4)	**(1.0)**	0.4	69.5	(1.0)
Ordinary Income	361.9	**382.0**	20.0	105.5	—
Net Income	180.3	**238.0**	57.6	131.9	—

Reference: Earnings per share forecast for Fiscal 2016: ¥605.83
Note: Net income in forecasts for Fiscal 2016 represents Profit Attributable to Owners of Parent after adopting “Accounting Standard for Business Combinations”.

Consolidated Capital Expenditure Plans for Fiscal 2016

Billions of Yen

	Actual Fiscal 2015 (A)	**Plans for Fiscal 2016** (B)	Change: Increase (Decrease) (B)–(A)	Change: % (B)/(A)x100
Capital Expenditures	522.1	**555.0**	32.8	106.3
Transportation	401.8	**373.0**	(28.8)	92.8
Non-transportation	120.2	**182.0**	61.7	151.3

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.

Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions			%	Billions of yen			%
	Fiscal 2014	**Fiscal 2015**	Change		Fiscal 2014	**Fiscal 2015**	Change	
	(A)	**(B)**	Increase (Decrease) (B)–(A)	(B)/(A)x100	(C)	**(D)**	Increase (Decrease) (D)–(C)	(D)/(C)x100
Shinkansen Network								
Commuter Passes	1,731	**1,675**	(56)	96.7	22.8	**23.2**	0.3	101.6
Other	19,131	**19,238**	107	100.6	484.3	**497.9**	13.6	102.8
Total	20,863	**20,914**	51	100.2	507.1	**521.2**	14.0	102.8
Conventional Lines								
Kanto Area Network								
Commuter Passes	69,670	**68,375**	(1,295)	98.1	439.2	**448.2**	8.9	102.0
Other	34,554	**34,935**	380	101.1	676.0	**683.4**	7.4	101.1
Total	104,225	**103,310**	(914)	99.1	1,115.3	**1,131.7**	16.3	101.5
Other Network								
Commuter Passes	3,225	**3,068**	(156)	95.1	18.6	**18.7**	0.0	100.5
Other	2,796	**2,775**	(21)	99.2	55.2	**54.2**	(1.0)	98.1
Total	6,022	**5,844**	(178)	97.0	73.9	**72.9**	(0.9)	98.7
Total								
Commuter Passes	72,896	**71,444**	(1,452)	98.0	457.9	**466.9**	9.0	102.0
Other	37,351	**37,710**	359	101.0	731.3	**737.6**	6.3	100.9
Total	110,247	**109,154**	(1,093)	99.0	1,189.2	**1,204.6**	15.4	101.3
Total								
Commuter Passes	74,628	**73,119**	(1,508)	98.0	480.7	**490.2**	9.4	102.0
Other	56,482	**56,949**	466	100.8	1,215.6	**1,235.6**	20.0	101.6
Total	131,110	**130,068**	(1,042)	99.2	1,696.4	**1,725.9**	29.4	101.7

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.