

Consolidated Financial Results for the Nine-Month Period Ended December 31, 2016 (Japanese GAAP) (Unaudited)

Fiscal 2017 (Year ending March 31, 2017)

"Third Quarter" means the nine months from April 1 to December 31.

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.

January 30, 2017

East Japan Railway Company

Stock Exchange Listing	Tokyo
Securities Code	9020
URL	http://www.jreast.co.jp/e
Representative	Tetsuro Tomita, President and CEO
Contact Person	Toru Ishida, General Manager, Public Relations Department (Tel. +81-3-5334-1300)
Scheduled Date for Release of a Quarterly Report	February 8, 2017
Scheduled Date of Dividend Payment Commencement	Not applicable
Preparation of Supplementary Explanations of Quarterly Financial Results:	No
Quarterly Financial Results Presentation to Be Held:	No

1. Consolidated Results for the Nine-Month Period Ended December 31, 2016 (April 1, 2016—December 31, 2016)

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

(1) Consolidated financial results

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

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2017, 3rd Quarter	2,161,339	0.5	415,630	(4.4)	368,829	(4.4)	253,120	2.0
Fiscal 2016, 3rd Quarter	2,149,595	4.1	434,729	12.5	385,732	16.0	248,192	26.7

Note: Comprehensive income – Fiscal 2017, 3rd Quarter: 271,867 million yen (an increase of 11.4%), Fiscal 2016, 3rd Quarter: 244,073 million yen (an increase of 10.9%)

	Earnings per share —Basic	Earnings per share —Diluted
	Yen	Yen
Fiscal 2017, 3rd Quarter	649.96	—
Fiscal 2016, 3rd Quarter	633.10	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Fiscal 2017, 3rd Quarter	7,713,888	2,653,610	34.1
Fiscal 2016	7,789,762	2,462,537	31.4

Reference: Shareholders' equity – Fiscal 2017, 3rd Quarter: 2,631,853 million yen, Fiscal 2016: 2,442,128 million yen

2. Dividends (Year Ended March 31, 2016 and Year Ending March 31, 2017)

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2016	—	65.00	—	65.00	130.00
Fiscal 2017	—	65.00	—	—	—
(Forecast) Fiscal 2017	—	—	—	65.00	130.00

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

3. Forecasts for Fiscal 2017 (Year Ending March 31, 2017)

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

	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
Fiscal 2017	2,878,000	0.4	450,000	(7.8)	393,000	(8.4)	266,000	8.4	684.24

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

Notes

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

Newly consolidated — excluded —

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

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

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

Note: For details, please refer to “Changes in Accounting Policies, Changes in Accounting Estimates and Restatement of Revisions” on page 6 in the Attachments.

(4) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) 3rd Quarter, Fiscal 2017 389,407,900 shares Fiscal 2016 392,500,000 shares
- ii Treasury stock at period-end 3rd Quarter, Fiscal 2017 657,278 shares Fiscal 2016 655,903 shares
- iii Average number of shares during period 3rd Quarter, Fiscal 2017 389,443,056 shares 3rd Quarter, Fiscal 2016 392,024,900 shares

Indication of quarterly review procedure implementation status

These quarterly financial results are not subject to the quarterly review requirements as provided in the Financial Instruments and Exchange Law. The review of quarterly consolidated financial statements as provided in the Financial Instruments and Exchange Law had not been completed as of the date of these Consolidated Financial Results for the Nine-Month Period Ended December 31, 2016.

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

The forecasts of business results and other forward-looking statements in this document are based on information available as of the date of this document and on certain assumptions that JR East viewed as reasonable as of the date of this document. Actual results may differ from such forward-looking statements for a variety of reasons.

Regarding the forecasts of business results, please refer to “Qualitative Information on Consolidated Performance Outlook” on page 5 in the Attachments. Further, the non-consolidated performance outlook is on the next page.

(Reference)

Forecasts of the Non-consolidated Results for Fiscal 2017 (Year Ending March 31, 2017)

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

	Operating revenues		Operating income		Ordinary income		Profit		Earnings per share— Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2017	2,060,000	0.1	373,000	(9.0)	323,000	(10.1)	229,000	9.6	588.56

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(Unless otherwise stated, all comparisons are between the nine months from April 1, 2016, to December 31, 2016, and the nine months from April 1, 2015, to December 31, 2015.)

(1) Qualitative Information on Consolidated Operating Results

In the first nine months of the fiscal year ending March 31, 2017 (from April 1, 2016, to December 31, 2016), the Japanese economy improved in such areas as employment and income conditions and continued to recover gradually. 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 of these initiatives, during the first nine months of the fiscal year ending March 31, 2017, operating revenues increased 0.5% year on year, to ¥2,161.3 billion, largely due to growth in JR East’s transportation revenues. However, due to an increase in operating expenses, mainly arising from the recognition of a provision for large-scale renovation of Shinkansen infrastructure, operating income decreased 4.4%, to ¥415.6 billion, and ordinary income decreased 4.4%, to ¥368.8 billion. Profit attributable to owners of parent increased 2.0%, to ¥253.1 billion, as a result of an increase in insurance proceeds related to earthquake.

To pursue its priority task of improving the safety and reliability of transportation, JR East is making rigorous efforts to prevent the recurrence of accidents and incidents that affect transportation as well as efforts to prevent the occurrence of such accidents and incidents by identifying risks and weaknesses. Specifically, JR East improved its facilities to address their weaknesses and sought to enhance employees’ safety awareness by conducting more practical education and training at training centers and skills training centers. JR East took measures to improve the technical capabilities of the Group as a whole by increasing personnel exchanges with Group companies and other organizations and by collaborating with partner companies to solidify safety management with respect to railway construction work. As part of its efforts to provide reliable transportation services, JR East implemented measures related to ground facilities and railcars for preventing service disruptions. In addition, JR East advanced initiatives to minimize the impact of transportation service disruptions, resume operations following such disruptions as soon as possible and communicate with customers rapidly, at the time of such disruptions.

With respect to strategies for visitors to Japan from overseas, the JR East Group as a whole took measures to increase the number of and improve products and develop capabilities to serve such customers. Specifically, in April 2016 JR East launched the *Tokyo–Osaka Hokuriku Arch Pass*, which may be used for the Hokuriku Shinkansen Line, and *JR East-South Hokkaido Rail Pass*, which may be used for the Hokkaido Shinkansen Line. In August 2016 JR East launched a new product for the Tohoku area, *TOHOKU BUFFET*, and expanded and improved the lineup of travel products for visitors to Japan under the *JR East Railway Holiday* brand. Further, JR East opened *JAPAN RAIL CAFE* (Singapore) in December 2016 with the aim of distributing information and providing support in relation to travel to Japan. JR East made progress in introducing station name signs in four languages and station numbering that displays both station numbers and line numbers. In addition, JR East opened a new *JR EAST Travel Service Center* at east exit of Ikebukuro Station in October 2016. Also, JR East began preparations for increasing the number of the service counters at the *JR EAST Travel Service Center* at Narita Airport Terminal 2·3 Station in January 2017. Meanwhile, *Train Hostel HOKUTOSEI* (Tokyo), a lodging facility that offers inexpensive, long-term accommodations for visitors to Japan, was opened in December 2016.

With respect to the area surrounding Shinagawa Station and Tamachi Station, JR East aims to develop an internationally attractive exchange hub, as some of the land used for the Shinagawa Depot railway yard will become available for other uses. As the urban development plans for some of this land were approved in April 2016 for special treatment within the National Strategic Special Zone, JR East is continuing the process of pursuing development in cooperation with the Government of Japan, Tokyo Metropolitan Government, relevant wards, and other stakeholders. For example, JR East is proceeding with the design of Shinagawa New Station (provisional name) toward its interim opening scheduled in 2020.

In June 2016 JR East concluded an agreement with The Tokyo Organising Committee of the Olympic and Paralympic Games as an Official Passenger Rail Transportation Services Partner of the Tokyo 2020 Olympic and Paralympic Games and announced the “JR East 2020 Project,” which sets out JR East’s objectives. In light of this, JR East took measures to help ensure that the Games proceed without issues and contribute to the growing enthusiasm surrounding the event. In conjunction with these efforts, JR East announced the slogan of “TICKET TO TOMORROW” in October 2016 to guide concerted Group efforts for offering high-quality services.

With respect to regional revitalization, JR East made progress in such initiatives as promotion of tourism, revitalization of local industries, and town development centered on regional core railway stations. Specifically, JR East publicly announced the service schedule and route of the *TRAIN SUITE SHIKI-SHIMA* cruise train, which is due to begin operations in May 2017, and accepted orders for travel products. In addition, JR East released its plans for developing exclusive platforms and lounges in Ueno Station for use by passengers of this cruise train. As initiatives for the *sextic industrialization* of agriculture, fishing and forestry, JR East began selling various products using tomatoes harvested by JR Tomato Land Iwaki Farm Co., Ltd., at in-station stores in the Tokyo metropolitan area. In addition, sales were commenced of *Niigata Shupoppo*, a sake made using brewer’s rice harvested by JR Niigata Farm Co., Ltd. Based on the “Partnership Agreement in Relation to the Development of Compact Cities for Regional Revitalization” concluded with Akita Prefecture and Akita City, JR East has been moving ahead with the remodeling of the tourist center in Akita Station while rebuilding its west exit parking garage. Further, JR East announced plans to attract a new sports medicine clinic to the east exit area of Akita Station.

With respect to participation in overseas railway projects, in August 2016 the *Purple Line* (Bangkok, Thailand), an urban mass transit system, began operations, and *sustina* stainless-steel railcars manufactured by subsidiary Japan Transport Engineering Company (J-TREC) began operations. Further, a local subsidiary established through a joint investment with other companies began maintenance operations for railway systems. In relation to high-speed railways in India, subsidiary Japan International Consultants for Transportation Co., Ltd., received orders for “The Follow-up Study for Mumbai-Ahmedabad High Speed Railway Corridor” and the “General Consultancy of The Mumbai-Ahmedabad High Speed Railway Project” from the Japan International Cooperation Agency (JICA) and provided consultation services accordingly. In conjunction with these efforts, JR East took advantage of its experience as a Shinkansen operator to provide technological support. In addition, JR East promoted its “Global Human Resource Development Program – Ever Onward” to nurture personnel who can take on global business development.

Segment Information

Transportation

In the Transportation segment, with railway operations as its core operations, JR East promoted the use of its railway 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.” 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 a five-year intensive implementation period ending March 31, 2017. With respect to automatic platform gates, JR East commenced operation of automatic platform gates at Shinagawa Station on the Yamanote Line in August 2016 and also decided to install these gates at all 37 stations on the line segment between Omiya Station and Sakuragicho Station on the Keihin-Tohoku and Negishi Lines. Installation work was commenced at seven of these stations, one of which was Yurakucho Station. To shorten construction periods and reduce costs, JR East commenced the trial introduction of a new type of automatic platform gates at Machida Station on the Yokohama Line in December 2016. Further, JR East kicked off the *Station platform safety campaign* together with other railway operators to promote safe usage of station platforms. JR East also took measures to prevent railway crossing accidents and began using a train approach alarm system that utilizes GPS to improve the safety of personnel who perform maintenance work on the Hachiko Line, the Iiyama Line, and the Ominato Line.

With respect to service quality, the Group promoted measures aimed at becoming “No. 1 for customer satisfaction in the Japanese railway industry” based on the “Medium-term Vision for Service Quality Reforms 2017.” For the expansion of the direct service network, JR East took measures to improve the quality of transportation by expanding contingency shuttle operations when transportation services are disrupted. The *JR EAST APP* began providing train position information about the Keiyo Line and the Chuo Line in December 2016, and the number of application downloads reached approximately 2.3 million on a cumulative basis as of December 31, 2016. JR East made efforts jointly with other companies to eliminate areas in tunnels where mobile phone connection is poor and established environments that enable usage between Takasaki and Annakaharuna on the Hokuriku Shinkansen Line, between Iwate-Numakunai and (before) Ninohe on the Tohoku Shinkansen Line, and between Tokyo and Shinagawa on the Yokosuka Line, and between Tokyo and Shiomi on the Keiyo Line. Further, JR East implemented the *Let's Stop Viewing Smartphones while Walking Campaign* together with other railway operators and other organizations from across Japan for the first time. In regard to the *assistance Campaign* in which personnel ask nearby customers whether they require assistance, JR East commenced new collaborative initiatives with other railway operators in the Tokyo metropolitan area.

With respect to marketing and sales activities, JR East conducted such campaigns as the *Ikuze, Tohoku. SPECIAL Fuyu no Gohobi Campaign*, the *Japanese Beauty Hokuriku Campaign*, and the *JR SKISKI Campaign* to increase inter-regional railway travel. In collaboration with West Japan Railway Company, JR East commenced operation of a travel product-exclusive Shinkansen service directly connecting Sendai and Kanazawa in November 2016 in conjunction with the *Oishisa Itsutsuboshi. Hokuriku Shinkansen Campaign*. Since April 2016 JR East has been operating an art-cafe Shinkansen, the *GENBI SHINKANSEN*, between Echigo-Yuzawa and Niigata. JR East also collaborated with IZUKYU CORPORATION to commence operations of the resort train *IZU CRAILE* between Odawara and Izukyu-Shimoda in July 2016. In relation to the *JR East Dynamic Rail Pack*, a travel product that allows a customer to purchase a combined train-accommodation product based on his or her choice, in November 2016, JR East launched the new *Dynamic TYO* brand with the aim of increasing the flow of tourists to the Tokyo metropolitan area from the Tohoku and Shinetsu regions.

In *Suica* operations, JR East enabled usage of Apple Inc.'s Apple Pay payment service, which can be used through iPhone 7 and other terminals, in October 2016. The number of *Suica* cards issued and outstanding was approximately 62.72 million as of December 31, 2016. Also, JR East began preparations to allow for *Suica* to be used at additional stations beginning in April 2017.

As a result of these initiatives, JR East's number of passengers for railway operations increased year on year, and operating revenues in the Transportation segment increased 0.4%, to ¥1,519.4 billion. However, due to an increase in operating expenses, mainly arising from the recognition of a provision for large-scale renovation of Shinkansen infrastructure, operating income decreased 5.1%, to ¥310.2 billion.

To restore line segments on the Pacific coast severely damaged by the Great East Japan Earthquake, JR East is working in close collaboration with the national government and relevant local authorities to formulate and advance plans for developing towns and rebuilding the area as a whole. JR East proceeded with restoration work on the line segment between Miyako and Kamaishi on the Yamada Line to integrate operation of the line segment with that of the North and South Rias Lines by Sanriku Railway Company. Following the conclusion of an agreement with the heads of all municipal authorities of the line-side areas to undertake full-scale restoration through the use of Bus Rapid Transit (“BRT”) systems

with respect to the provisional BRT systems on the Kesenuma Line and the Ofunato Line, JR East held talks about future improvement of services and others. In addition, JR East resumed operations between Soma and Hamayoshida on the Joban Line in December 2016.

JR East's policy for areas within a 20-kilometer radius of the Fukushima Daiichi Nuclear Power Station is 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. Based on this policy, JR East resumed operations between Odaka and Haranomachi on the Joban Line in July 2016 and conducted restoration work and took other measures with a view to resuming operations between Namie and Odaka by spring 2017 and between Tatsuta and Tomioka by the end of December 2017. 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 restoration of damaged facilities, the completion of decontamination work required for opening lines, and the implementation of measures to ensure the safety of users in emergencies, with the support and cooperation of the national government and local authorities. JR East proceeded with restoration work with a view to resume operations between Tomioka and Namie on the Joban Line by March 31, 2020.

Station Space Utilization

In the Station Space Utilization segment, JR East opened phase 2 of *NEWoMan* (Tokyo) at the JR Shinjuku Station New South Exit in April 2016. In July 2016, JR East opened phase 1 of each of *GranSta Marunouchi* (Tokyo) in the Marunouchi underground area of Tokyo Station and *GranSta* (Tokyo) with respect to the newly added area. Further, in November 2016, JR East opened the renovated *Ekibenya Matsuri GranSta* (Tokyo), which features a menu boasting an assortment of local tastes from across Japan, as well as *PERIE CHIBA EKINAKA (IN-STATION)* (Chiba). JR East continued introducing stores with new designs for *NewDays* (convenience stores) and introducing *NewDays KIOSK*, a new type of *KIOSK* store.

As a result of these initiatives as well as favorable sales at stores in Sendai Station and other stations, operating revenues of the Station Space Utilization segment increased 0.1%, to ¥315.8 billion. Operating income decreased 7.9%, to ¥25.9 billion, due to the impacts of factors including store closures due to obstruction caused by work.

Shopping Centers & Office Buildings

In the Shopping Centers & Office Buildings segment, JR East expanded in stages the common Group-wide service *JRE POINT* to a total of 57 station buildings and other facilities. For example, JR East made this service usable at *Takasaki Montres* (Gunma) and *MIDORI* (Nagano). In addition, JR East opened *nonowa Kunitachi WEST* (Tokyo) and *nonowa Musashisakai EAST* (Tokyo) in order to increase the value of the Chuo Line. Further, JR East opened *atré Ebisu West Building* (Tokyo) in April 2016, *JEBL Akihabara Square* (Tokyo) in September 2016, and *LUSCA Atami* (Shizuoka) in November 2016. In addition, JR East proceeded with the construction of phase 1 of the *Shibuya Station Area Development Plan* (East Bldg.), which is scheduled for completion in the fiscal year ending March 31, 2020; and the *Yokohama Station West Exit Station Building Plan* (provisional name), which for completion in 2020.

As a result of these initiatives as well as factors including the earnings contributions from the opening of *JR SHINJUKU MIRAINA TOWER* (Tokyo), phase 1 of *NEWoMan* (Tokyo), and *S-PAL Sendai East Building* (Miyagi), operating revenues of the Shopping Centers & Office Buildings segment increased 4.6%, to ¥208.8 billion. Similarly, operating income increased 0.8%, to ¥59.2 billion.

Others

In hotel operations, to increase the competitiveness of existing hotels, JR East opened the renovated *HOTEL METS Shibuya* (Tokyo) in November 2016. In addition, JR East proceeded with construction work on *Hotel Metropolitan Sendai East* (Miyagi), *Hotel Metropolitan Saitama-Shintoshin* (Saitama), and *Hotel Dream Gate Maihama Annex* (provisional name). In advertising and publicity services, JR East made efforts to promote advertising sales for *11 Tokyo Metropolitan Area Railway Operators Nakazuri (Hanging Posters) Dream Network Set*, which enables the simultaneous posting of advertisements that hang inside railcars on all target lines, including those of other railway operators.

In credit card operations, JR East installed cash dispensers exclusively for credit cards issued overseas at seven railway stations in the Tokyo metropolitan area, including Shinjuku Station and Ueno Station. In *Suica* shopping services (electronic money), JR East began providing downloads of the *Suica Point App* in July 2016 to enhance the convenience of the *Suica Point Club* service. JR East continued to develop the network of participating stores and business establishments actively through efforts that included introduction of *Suica* electronic money to chain stores with wide operating areas. As a result of these measures, *Suica* electronic money was usable at approximately 370,000 stores and other business establishments as of December 31, 2016.

In other initiatives, as part of the *HAPPY CHILD PROJECT*, JR East opened *COTONIOR Nishi-Funabashi* (Chiba) in April 2016 and *COTONIOR Kunitachi* (Tokyo) in December 2016, both of which are multi-purpose child-rearing-support and senior-citizen-care facilities. In addition, JR East proceeded with the development of childcare support facilities inside station buildings and other buildings, giving it a total of 96 facilities as of December 31, 2016.

As a result of these initiatives as well as higher revenues from advertising and publicity services and credit card operations, operating revenues from Others increased 1.1%, to ¥432.2 billion. Operating income, meanwhile, decreased 0.2%, to ¥20.0 billion, following the rebound from system and work sales related to the Hokkaido Shinkansen Line recorded in the corresponding period of the previous fiscal year.

- 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. Apple Pay and iPhone are registered trademarks of Apple Inc.

(2) Qualitative Information on Consolidated Performance Outlook

As employment and income conditions continue improving, the Japanese economy is expected to recover gradually, in part due to the effect of various government initiatives. Amid these conditions, guided by the “JR East Group Management Vision V — Ever Onward” management vision, JR East will continue striving to contribute to local communities through the provision of safe, high-quality services while working to fulfill its “Eternal Mission.” At the same time, JR East will focus on making progress with regard to technological innovation, globalization, and the creation of opportunities that resonate with employee ambitions as it pursues its “Unlimited Potential.” Further, JR East will encourage all Group employees to act and engage in teamwork that exceeds the boundaries of their workplace and other groups within their organization in order to give form to its management policy of “Thriving with Communities, Growing Globally.”

After reviewing the operating results for the first nine months of the fiscal year ending March 31, 2017, JR East has decided not to change its consolidated full-term business forecasts for the fiscal year ending March 31, 2017, which it announced on April 27, 2016.

2. Matters Concerning Summary Information (Notes)

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

(i) Changes in Accounting Policies

In accordance with an amendment of Japan's Corporation Tax Act, the Company has applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (Practical Issues Task Force No.32 issued on June 17, 2016) beginning with the first quarter of fiscal 2017 and has changed its depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining balance method to the straight-line method. The effect of this change on consolidated financial statements for the third quarter is negligible.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2016 (As of March 31, 2016)	Fiscal 2017, 3rd Quarter (As of December 31, 2016)
ASSETS		
Current Assets	¥ 934,518	¥ 889,326
Cash and time deposits	239,477	197,549
Notes and accounts receivable-trade	439,443	427,921
Fares receivable	38,489	35,902
Short-term loans receivable	6,427	6,099
Securities	68,500	79,000
Real estate for sale	903	841
Inventories	47,834	62,932
Deferred tax assets	49,188	28,629
Other	45,826	51,932
Allowance for doubtful accounts	(1,572)	(1,482)
Fixed Assets	6,855,243	6,824,479
Property, plant and equipment, net of accumulated depreciation	6,233,542	6,188,459
Buildings and fixtures (net)	3,128,743	3,154,824
Machinery, rolling stock and vehicles (net)	726,591	682,023
Land	2,002,529	2,002,691
Construction in progress	306,398	284,804
Other (net)	69,279	64,115
Intangible assets	127,859	116,034
Investments and other assets	493,841	519,985
Investments in securities	210,377	253,488
Long-term loans receivable	2,833	2,276
Long-term deferred tax assets	217,256	201,068
Net defined benefit assets	112	203
Other	63,976	63,690
Allowance for doubtful accounts	(713)	(741)
Deferred Assets	—	82
Total Assets	¥7,789,762	¥7,713,888

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2016, (As of March 31, 2016)	Fiscal 2017, 3rd Quarter (As of December 31, 2016)
LIABILITIES		
Current Liabilities	¥1,404,960	¥1,141,197
Notes and accounts payable-trade	48,803	52,014
Short-term loans and current portion of long-term loans	107,107	84,697
Current portion of bonds	79,999	149,999
Current portion of long-term liabilities incurred for purchase of railway facilities	97,251	51,427
Payables	494,778	260,589
Accrued consumption taxes	23,955	40,660
Accrued income taxes	83,238	24,304
Fare deposits received with regard to railway connecting services	20,848	18,639
Prepaid railway fares received	102,493	107,693
Allowance for bonuses to employees	73,092	36,017
Allowance for earthquake-damage losses	11,587	10,313
Other	261,804	304,839
Long-Term Liabilities	3,922,264	3,919,081
Bonds	1,729,914	1,679,960
Long-term loans	908,422	954,338
Long-term liabilities incurred for purchase of railway facilities	341,074	338,849
Long-term deferred tax liabilities	3,361	3,281
Provision for large-scale renovation of Shinkansen infrastructure	—	18,000
Allowance for earthquake-damage losses	14,672	14,134
Allowance for partial transfer costs of railway operation	19,087	18,058
Net defined benefit liabilities	675,783	653,230
Other	229,948	239,228
Total Liabilities	¥5,327,225	¥5,060,278
NET ASSETS		
Shareholders' Equity	¥2,393,361	¥2,565,688
Common stock	200,000	200,000
Capital surplus	96,811	96,811
Retained earnings	2,101,844	2,274,034
Treasury stock, at cost	(5,295)	(5,157)
Accumulated Other Comprehensive Income	48,767	66,165
Net unrealized holding gains (losses) on securities	43,771	57,853
Net deferred gains (losses) on derivatives under hedge accounting	473	2,774
Revaluation reserve for land	(473)	(473)
Remeasurements of defined benefit plans	4,996	6,010
Non-Controlling Interests	20,408	21,756
Total Net Assets	2,462,537	2,653,610
Total Liabilities and Net Assets	¥7,789,762	¥7,713,888

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

(i) Consolidated Statements of Income

	Millions of Yen	
	Fiscal 2016, 3rd Quarter (Nine months ended December 31, 2015)	Fiscal 2017, 3rd Quarter (Nine months ended December 31, 2016)
Operating Revenues	¥2,149,595	¥2,161,339
Operating Expenses	1,714,866	1,745,708
Transportation, other services and cost of sales	1,330,185	1,340,472
Selling, general and administrative expenses	384,680	405,235
Operating Income	434,729	415,630
Non-Operating Income	11,936	9,450
Interest income	141	38
Dividend income	3,695	3,845
Equity in net income of affiliated companies	2,169	1,186
Other	5,930	4,380
Non-Operating Expenses	60,932	56,252
Interest expense	57,674	53,437
Other	3,258	2,815
Ordinary Income	385,732	368,829
Extraordinary Gains	11,389	25,021
Construction grants received	6,140	10,368
Insurance proceeds related to earthquake	3,624	13,639
Other	1,624	1,013
Extraordinary Losses	26,061	26,554
Losses on reduction entry for construction grants	5,209	10,299
Intensive seismic reinforcement costs	5,264	8,770
Other	15,587	7,483
Income before Income Taxes	371,060	367,296
Income Taxes	121,758	112,829
Current	106,781	82,988
Deferred	14,976	29,840
Profit	249,302	254,466
Profit Attributable to Non-Controlling Interests	1,110	1,345
Profit Attributable to Owners of Parent	¥ 248,192	¥ 253,120

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2016, 3rd Quarter (Nine months ended December 31, 2015)	Fiscal 2017, 3rd Quarter (Nine months ended December 31, 2016)
Profit	¥249,302	¥254,466
Other Comprehensive Income	(5,228)	17,401
Net unrealized holding gains (losses) on securities	(5,288)	14,051
Net deferred gains (losses) on derivatives under hedge accounting	(585)	316
Remeasurements of defined benefit plans	445	278
Share of other comprehensive income of associates accounted for using equity method	198	2,755
Comprehensive Income	¥244,073	¥271,867
Comprehensive Income attributable to		
Comprehensive income attributable to owners of the parent	¥242,964	¥270,519
Comprehensive income attributable to non-controlling interests	¥ 1,108	¥ 1,348

Note: Amounts less than one million yen are omitted.

(3) Notes to Quarterly Consolidated Financial Statements (Unaudited)

(Notes on Going Concern Assumption (Unaudited))

None

(Segment Information (Unaudited))

Fiscal 2016, 3rd Quarter (Nine months ended December 31, 2015)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥1,474,246	¥ 303,472	¥ 191,137	¥ 180,739	¥2,149,595	¥ —	¥2,149,595
Inside group	39,865	12,058	8,577	246,754	307,255	(307,255)	—
Total	1,514,112	315,530	199,714	427,494	2,456,851	(307,255)	2,149,595
Segment income	¥ 327,118	¥ 28,174	¥ 58,762	¥ 20,070	¥ 434,125	¥ 603	¥ 434,729

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes hotel operations and advertising and publicity services.
 2. The ¥603 million adjustment to segment income includes a ¥494 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥115 million elimination for intersegment transactions.
 3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

Fiscal 2017, 3rd Quarter (Nine months ended December 31, 2016)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥1,480,279	¥ 303,105	¥ 199,363	¥ 178,591	¥2,161,339	¥ —	¥2,161,339
Inside group	39,198	12,746	9,518	253,707	315,170	(315,170)	—
Total	1,519,478	315,851	208,881	432,299	2,476,510	(315,170)	2,161,339
Segment income	¥ 310,297	¥ 25,953	¥ 59,243	¥ 20,022	¥ 415,517	¥ 112	¥ 415,630

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes hotel operations and advertising and publicity services.
 2. The ¥112 million adjustment to segment income includes a ¥366 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(255) million elimination for intersegment transactions.
 3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

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

In accordance with a resolution of the Board of Directors on April 27, 2016, JR East purchased 3,092,100 of its own shares at market on the Tokyo Stock Exchange for ¥29,999 million from May 2 through June 16, 2016, and converted those shares to treasury stock. Moreover, in accordance with a resolution of the Board of Directors on July 20, 2016, JR East canceled 3,092,100 shares of treasury stock on July 26, 2016, reducing retained earnings by the ¥30,149 million book value of that treasury stock.

(Additional Information (Unaudited))

(Recognition of a Provision for Large-Scale Renovation of Shinkansen Infrastructure)

This has been recognized based on Article 17 of the Nationwide Shinkansen Railway Development Act (Act No. 71 of 1970).

On March 29, 2016, the Company received approval for a Plan for Provision for Large-Scale Renovation of Shinkansen Infrastructure from the Minister of Land, Infrastructure, Transport and Tourism based on Article 16, Paragraph 1 of the Nationwide Shinkansen Railway Development Act. As a result, from the fiscal year ending March 31, 2017, until the fiscal year ending March 31, 2031, a provision of ¥24,000 million (total: ¥360,000 million) will be implemented each fiscal year, and from the fiscal year ending March 31, 2032, until the fiscal year ending March 31, 2041, a reversal of ¥36,000 million (total: ¥360,000 million) will be implemented each fiscal year.

(Additional Information Regarding Operating Results)

Consolidated Principal Indicators

	Fiscal 2016, 3rd Quarter (Nine months ended December 31, 2015)	Fiscal 2016 (Year ended March 31, 2016)	Fiscal 2017, 3rd Quarter, (Nine months ended December 31, 2016)	Increase (Decrease)
	(A)	(B)	(C)	(C)-(A)
Ratio of operating income to average assets (ROA) (%) ..	5.7	6.3	5.4	(0.4)
Return on average equity (ROE) (%)	10.4	10.4	10.0	(0.5)

Numerical Targets for the Fiscal Year Ending March 31, 2019

	Billions of Yen				
	Actual Fiscal 2016	Forecast Fiscal 2017	Fiscal 2019 Targets	Change	
	(A)	(B)	(C)	Increase (Decrease) (C)-(A)	% (C)/(A)x100
Operating Revenues	2,867.1	2,878.0	2,967.0	99.8	103.5
Transportation	1,954.5	1,951.0	1,979.0	24.4	101.2
Station Space Utilization	399.9	402.0	427.0	27.0	106.8
Shopping Centers & Office Buildings	255.9	274.0	296.0	40.0	115.6
Others	256.6	251.0	265.0	8.3	103.2
Operating Income	487.8	450.0	498.0	10.1	102.1
Transportation	348.5	308.0	342.0	(6.5)	98.1
Station Space Utilization	35.0	33.0	37.0	1.9	105.4
Shopping Centers & Office Buildings	71.6	75.0	84.0	12.3	117.3
Others	35.0	35.0	36.0	0.9	102.8
Elimination and/or corporate	(2.4)	(1.0)	(1.0)	1.4	40.1

Note: The breakdown of operating revenues by business segment show sales to outside customers.

Consolidated Capital Expenditures

	Billions of Yen					
	Actual Fiscal 2016, 3rd Quarter (Nine months ended December 31, 2015)	Actual Fiscal 2017, 3rd Quarter (Nine months ended December 31, 2016)	Change		Plans for Fiscal 2017	Change
	(A)	(B)	Increase (Decrease) (B)-(A)	% (B)/(A)x100		Increase (Decrease) year on year
Capital expenditures ..	244.0	236.5	(7.5)	96.9	550.0	8.0
Transportation	165.8	158.9	(6.9)	95.8	393.0	0.7
Non-transportation	78.1	77.5	(0.5)	99.3	157.0	7.2

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 2016, 3rd Quarter	Fiscal 2017, 3rd Quarter	Change		Fiscal 2016, 3rd Quarter	Fiscal 2017, 3rd Quarter	Change	
	(Nine months ended December 31, 2015)	(Nine months ended December 31, 2016)	Increase (Decrease)	(B)/(A)x100	(Nine months ended December 31, 2015)	(Nine months ended December 31, 2016)	Increase (Decrease)	(D)/(C)x100
	(A)	(B)	(B)-(A)		(C)	(D)	(D)-(C)	
Shinkansen Network								
Commuter Passes	1,306	1,331	25	101.9	17.8	18.0	0.1	101.1
Other	16,279	16,332	52	100.3	423.0	424.7	1.7	100.4
Total	17,585	17,664	78	100.4	440.8	442.7	1.8	100.4
Conventional Lines								
<i>Kanto Area Network</i>								
Commuter Passes	53,067	53,480	412	100.8	342.3	345.2	2.8	100.8
Other	27,197	27,276	79	100.3	530.8	534.8	3.9	100.7
Total	80,265	80,757	492	100.6	873.1	880.0	6.8	100.8
<i>Other Network</i>								
Commuter Passes	2,398	2,381	(16)	99.3	14.1	14.1	0.0	100.0
Other	2,054	1,966	(88)	95.7	39.7	38.7	(0.9)	97.5
Total	4,453	4,347	(105)	97.6	53.8	52.8	(0.9)	98.1
<i>Total</i>								
Commuter Passes	55,466	55,862	396	100.7	356.4	359.3	2.8	100.8
Other	29,252	29,242	(9)	100.0	570.5	573.5	2.9	100.5
Total	84,718	85,104	386	100.5	927.0	932.9	5.8	100.6
Total								
Commuter Passes	56,772	57,193	421	100.7	374.3	377.4	3.0	100.8
Other	45,531	45,575	43	100.1	993.6	998.2	4.6	100.5
Total	102,303	102,769	465	100.5	1,367.9	1,375.6	7.7	100.6

- Notes: 1. Amounts less than one million passenger kilometers and 100 million yen are omitted.
2. Passenger Kilometers was previously calculated based on the date of sale. However, from the fiscal year ending March 31, 2017, the Company has changed to a calculation method based on the effective start date.
3. 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.