

Consolidated Financial Results for the Six-Month Period Ended September 30, 2017 (Japanese GAAP) (Unaudited)

Fiscal 2018 (Year ending March 31, 2018)

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

All financial information has been prepared in accordance with accounting principles generally accepted in Japan.

"JR East" refers to East Japan Railway Company on a consolidated basis, or if the context so requires, on a non-consolidated basis.

English translation from the original Japanese-language document.

October 27, 2017

East Japan Railway Company

Stock Exchange Listing	Tokyo
Securities Code	9020
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Scheduled Date for Release of a Quarterly Report	November 8, 2017
Scheduled Date of Dividend Payment Commencement	November 21, 2017
Preparation of Supplementary Explanations of Quarterly Financial Results:	No
Quarterly Financial Results Presentation to Be Held:	Yes

1. Consolidated Results for the Six-Month Period Ended September 30, 2017 (April 1, 2017—September 30, 2017)

(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 2018, 2nd Quarter	1,464,820	2.1	292,343	5.3	265,699	8.5	178,595	8.4
Fiscal 2017, 2nd Quarter	1,435,158	1.0	277,644	(5.0)	244,957	(4.9)	164,787	(1.5)

Note: Comprehensive income – Fiscal 2018, 2nd Quarter: 191,491 million yen (an increase of 21.8%), Fiscal 2017, 2nd Quarter: 157,281 million yen (an increase of 2.3%)

	Earnings per share —Basic	Earnings per share —Diluted
	Yen	Yen
Fiscal 2018, 2nd Quarter	462.23	—
Fiscal 2017, 2nd Quarter	422.76	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Fiscal 2018, 2nd Quarter	7,857,031	2,802,621	35.4
Fiscal 2017	7,911,114	2,675,353	33.5

Reference: Shareholders' equity – Fiscal 2018, 2nd Quarter: 2,778,678 million yen, Fiscal 2017: 2,653,419 million yen

2. Dividends (Year Ended March 31, 2017 and Year Ending March 31, 2018)

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017	—	65.00	—	65.00	130.00
Fiscal 2018	—	70.00	—	—	—
(Forecast) Fiscal 2018	—	—	—	70.00	140.00

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

3. Forecasts for Fiscal 2018 (Year Ending March 31, 2018)

(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 2018	2,930,000	1.7	472,000	1.2	424,000	2.8	286,000	2.9	742.86

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

(4) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) 2nd Quarter, Fiscal 2018 385,655,500 shares Fiscal 2017 389,407,900 shares
- ii Treasury stock at period-end 2nd Quarter, Fiscal 2018 658,683 shares Fiscal 2017 657,657 shares
- iii Average number of shares during period 2nd Quarter, Fiscal 2018 386,377,431 shares 2nd Quarter, Fiscal 2017 389,790,994 shares

※Quarterly financial results are not subject to the quarterly review.

※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 2018 (Year Ending March 31, 2018)

(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 2018	2,079,000	0.5	393,000	1.1	351,000	2.7	247,000	1.5	641.01

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 six months from April 1, 2017, to September 30, 2017, and the six months from April 1, 2016, to September 30, 2016.)

(1) Qualitative Information on Consolidated Operating Results

In the first six months of the fiscal year ending March 31, 2018 (from April 1, 2017, to September 30, 2017; the second quarter), the Japanese economy improved in such areas as employment and income conditions and continued to recover gradually. Under these conditions, the East Japan Railway Company and its consolidated subsidiaries and equity-method affiliated companies (JR East) steadily executed various initiatives centered on the railway, life-style service, and IT & *Suica* businesses.

As a result, during the second quarter, operating revenues increased 2.1%, to ¥1,464.8 billion, mainly due to growth in JR East's transportation revenues, and operating income increased 5.3%, to ¥292.3 billion. Ordinary income increased 8.5%, to ¥265.6 billion, mainly due to increases in insurance proceeds and dividends and a decrease in interest expense. Furthermore, profit attributable to owners of parent increased 8.4%, to ¥178.5 billion.

To execute its highest priority task of improving the safety and reliability of transportation, JR East is implementing rigorous efforts to prevent the recurrence of incidents that affect transportation, as well as efforts to prevent such incidents by identifying risks and weaknesses. Specifically, JR East improved the electrical equipment of its conventional lines in the Tokyo metropolitan area and Shinkansen facilities to address their weaknesses. In addition, to deepen each employee's understanding of the nature of their work, JR East utilized such methods as the use of simulators, which it is introducing to operational sites and other locations, and conducted more practical educational and training activities. In conjunction with these efforts, JR East took measures to enhance safety in the Group as a whole, such as conducting joint training with Group companies and other organizations. In addition, JR East worked to provide reliable transportation services through such efforts as the implementation of measures related to ground facilities and railcars to prevent service disruptions. Further, in April 2017 JR East expanded the initiative to make prompt announcements of when operations are expected to resume after disruption. In conjunction with these efforts, JR East proceeded with construction work to lengthen the platforms of certain railway stations on the Takasaki Line with a view to increasing contingency shuttle operations. In addition, in light of transportation service disruption due to a power outage that occurred at Warabi AC substation for electric railways in September 2017, JR East began to analyze the circumstances and to rigorously recheck and reinforce rules and procedures with respect to railway related construction and work, in cooperation with Group companies, partner companies, and others.

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 service such customers. Specifically, in collaboration with Hokkaido Railway Company, JR East launched a new product for the Hakodate area, *HAKODATE BUFFET*; enhanced the product lineup under the *JR East Railway Holiday* brand; and prepared to launch the *JR Tohoku-South Hokkaido Rail Pass*, which may be used for the Hokkaido Shinkansen Line. At the same time, targeting the Tohoku area, JR East coordinated with airlines in Asia and launched *air and land* Japan visit travel packages that include railway services and flights. Further, JR East established a prayer room in Tokyo Station in June 2017 and proceeded with the establishment of in-car luggage storage areas for such services as the Series E5 Tohoku Shinkansen from July 2017. Also, in the Tokyo metropolitan area, 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 prepared to open a new *JR EAST Travel Service Center* at Shibuya Station in December 2017.

In light of the "JR East 2020 Project," which summarizes JR East's objectives as an Official Passenger Rail Transportation Services Partner of the Tokyo 2020 Olympic and Paralympic Games, JR East upgraded railway stations near competition venues with the aim of completing these efforts by spring 2020. Further, in spring 2018, JR East proceeded with preparations for the steady installation of security cameras onboard Series 235 commuter railcars operating on the Yamanote Line. Also, under the "TICKET TO TOMORROW" slogan, the JR East Group will provide high-quality services with a view to meeting customer expectations in all business areas and to creating a legacy for society beyond 2020. In light of this, JR East organized the "JR EAST STARTUP PROGRAM" with the aim of creating new businesses and services, received proposals from startups and other organizations and proceeded with considerations with a view to the establishment of businesses.

With respect to the area surrounding Shinagawa Station and Tamachi Station, as some of the land used for the Shinagawa Depot railway yard will become available for other uses, JR East aims to develop an internationally attractive exchange hub. JR East is implementing procedures to conduct development in cooperation with the national government, Tokyo Metropolitan Government, relevant wards, and other stakeholders. Further, JR East proceeded with the construction of Shinagawa New Station (provisional name) with a view to its interim opening in spring 2020 and its full opening around 2024, which is scheduled to coincide with the opening of the town.

With to the aim of "making line-side areas more attractive and convenient," as part of the *HAPPY CHILD PROJECT*, JR East is proceeding with development aimed at opening a total of 130 child-rearing-support facilities inside station buildings and other buildings by April 2020. JR East had a total of 102 facilities as of September 30, 2017. Further, JR East proceeded with preparations for joint commencement with CENTRAL SECURITY PATROLS CO., LTD., of the *mamorail* service that sends information informing guardians that their children have used *Suica* or other IC railway ticket to pass

through automatic ticket gates at respective railway stations on the Yamanote Line and on Chuo Line between Tokyo Station and Takao Station from October 2017. Also, as part of efforts to develop towns that foster exchanges among multiple generations, JR East proceeded with preparations for the opening of *COTONIOR Garden Shin-Kawasaki* (Kanagawa) in spring 2018.

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 began operations of the *TRAIN SUITE SHIKI-SHIMA* cruise train in May 2017. Also, in light of advancements in collaborations with regional producers and processors for the *sexitic industrialization* of agriculture, JR East established the “JR East NOMONO Award” and presented commendations to outstanding initiatives. Further, 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 opened a west exit parking garage building at Akita Station in April 2017 and proceeded with preparations for a sports medicine clinic, which is scheduled for opening around spring 2018, and *JR Akita Gate Arena* (provisional name), which is scheduled for completion in winter 2019.

With respect to participation in overseas railway projects, subsidiary Japan International Consultants for Transportation Co., Ltd. provided consultation services for the “Follow-up Study for Mumbai-Ahmedabad High Speed Railway Corridor” and the “General Consultancy of The Mumbai-Ahmedabad High Speed Railway Project” and conducted training for the personnel of National High Speed Rail Corporation Limited (NHSRC) in India. In conjunction with these efforts, JR East took advantage of its experience as a Shinkansen operator to provide technological support. In addition, in August 2017 JR East, Mitsui & Co., Ltd., and Abellio UK (the U.K. subsidiary of Nederlandse Spoorwegen N.V. Group) were collectively selected by the UK Department for Transport as the winning bidder for the West Midlands franchise, a passenger rail franchise in the United Kingdom, and proceeded with preparations for the commencement of operations in December 2017.

Segment Information

As of the first quarter, JR East has changed the classification of reportable segments. The year-on-year comparisons below are comparisons with figures of the previous second quarter that have been recalculated based on the new segment classification.

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.” With the aim of additional seismic reinforcement based on the scenario of a major earthquake, such as an earthquake directly beneath the Tokyo metropolitan area, JR East expanded the target area and increased target facilities and began measures in light of the risk of damage to respective facilities and the effect on line segments and other aspects of operations. Also, JR East proceeded with work to replace rails on the Tohoku Shinkansen Line, which began operations 35 years ago. Further, JR East proceeded with the installation of automatic platform gates based on a policy of introducing them to all railway stations on the Yamanote Line and to all railway stations on the line segment between Omiya Station and Sakuragicho Station on the Keihin-Tohoku and Negishi Lines and began using automatic platform gates at Saitama-Shintoshin Station on the Keihin-Tohoku Line. At the same time, with a view to shortening construction periods and reducing costs, JR East extended the scope of a trial operation of “Smart” automatic platform gates at Machida Station on the Yokohama Line. In addition to taking measures to prevent railway crossing accidents, JR East expanded the implementation of a train approach alarm system that utilizes GPS to improve the safety of personnel who perform maintenance work to more line segments.

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.” Also, JR East proceeded with construction work on the Tohoku, Joetsu, and Hokuriku Shinkansen lines to eliminate areas in tunnels where mobile phone connection is poor. Further, concentrating on the Nambu Line, the Yokohama Line, and the Keiyo Line, JR East increased the installation of guidance-use displays for emergencies at railway stations. In addition, regarding the *assistance* campaign in which personnel ask nearby customers whether they require assistance, JR East started to collaborate with other railway operators and companies to conduct a reinforcement campaign from September 2017.

With respect to transportation, JR East proceeded with preparations for the implementation of a revision of timetables in October 2017 focused on such aims as increasing direct services of the Ueno-Tokyo Line to the Joban Line, enhancing the convenience of the Joban Line Hitachi and Tokiwa limited express services, and easing congestion during commuting hours.

With respect to marketing and sales activities, JR East conducted the *SHINKANSEN YEAR 2017* Campaign, aimed at promoting further usage of the Shinkansen network, and the *Shinshu Destination Campaign* and the *Aomori Prefecture and Hakodate Tourism Campaign*, both of which aimed to increase inter-regional railway travel. In addition, JR East proceeded with preparations to conduct such campaigns as the *Ikuze, Tohoku. SPECIAL Fuyu no Gohobi, Kani wo Tabe ni Hokuriku eh*, and *FUN! TOKYO! ~Kokoro mo Ugokase! Yamanote Line ~*. Further, JR East commenced operations of the *Joyful Train, HIGH RAIL 1375*, between Kobuchizawa and Komoro on the Koumi Line in July 2017. Also, JR East

launched *Fretemina* hands-on-learning-type tours for children as a new brand and began sales of travel products in May 2017.

In *Suica* operations, from April 2017 JR East increased railway stations on the Shinonoi Line, the Chuo Main Line, and the Banetsu West Line at which *Suica* is useable. The number of *Suica* cards issued and outstanding was approximately 66.70 million as of September 30, 2017.

As a result, operating revenues in the Transportation segment increased 1.4%, to ¥1,055.0 billion, mainly due to an increase in JR East's number of passengers for railway operations, and operating income increased 4.5%, to ¥222.1 billion.

To restore line segments on the Pacific coast severely damaged by the Great East Japan Earthquake, JR East worked in close collaboration with the national government and relevant local authorities and made progress in rebuilding of the area as a whole. With a view to opening during the fiscal year ending March 31, 2019, JR East proceeded with restoration work on the line segment between Miyako and Kamaishi on the Yamada Line, operation of which is to be transferred to Sanriku Railway Company. With respect to the Bus Rapid Transit ("BRT") systems on the Kesenuma Line and the Ofunato Line, JR East proceeded with the establishment of new stations and other service improvements. 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 where evacuation orders have been lifted," through the cooperation of the national government and local authorities that are working to decontaminate line-side areas and return residents to their homes. Based on this policy, JR East resumed operations between Namie and Odaka on the Joban Line in April 2017 and conducted restoration work and took other measures with a view to resuming operations between Tatsuta and Tomioka in October 2017. Further, 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.

With respect to the line segment between Aizu-Kawaguchi and Tadami on the Tadami Line, JR East held discussions with local authorities and other organizations aimed at resumption of operations since they were suspended due to a disaster resulting from torrential rain in July 2011. In March 2017, JR East received a written request from the governor of Fukushima Prefecture for the resumption of railway services. Following discussions, in June 2017 an agreement was reached on a framework and other matters for resumption through the scheme of separating ownership of railway facilities and operations, and JR East concluded a "Basic Agreement and Memorandum of Understanding concerning the Resumption of Railway Services on the Tadami Line (between Aizu-Kawaguchi and Tadami)" with Fukushima Prefecture. In light of this, JR East cooperated with local authorities and other organizations and proceeded with preparations toward resumption of railway services.

Retail & Services

In the Retail & Services segment, in August 2017, JR East completely opened *GranSta Marunouchi* (Tokyo) in the Marunouchi underground area of Tokyo Station and a new area of *GranSta* (Tokyo). Further, JR East continued introducing stores with new designs for *NewDays* (convenience stores) and introducing *NewDays KIOSK*, which is a new-type *KIOSK* store. In addition, JR East held the *Minna ga Okuritai. JR East Omiyage Grand Prix*, featuring representative souvenirs from eastern Japan. Also, JR East proceeded with preparations for the sale from October 2017 of *11 Tokyo Metropolitan Area Railway Operators Madoue (Above-window Advertisement) Dream Network Set*, which enables the simultaneous posting of advertisements above windows inside railcars on target lines, including those of other railway operators.

As a result of these initiatives, as well as factors including the strong sales of stores in Tokyo Station and in other locations, operating revenues of the Retail & Services segment increased 2.9%, to ¥281.9 billion, and operating income increased 10.9%, to ¥19.3 billion.

Real Estate & Hotels

In the Real Estate & Hotels segment, JR East opened an area that increased the floor space of *S-PAL Sendai East Building* (Miyagi), *Hotel Metropolitan Sendai East* (Miyagi), *JR Saitama-Shintoshin Building* (Saitama), and *Hotel Metropolitan Saitama-Shintoshin* (Saitama) in June 2017. In addition, JR East proceeded with the construction of *Hotel Dream Gate Maihama Annex* (Chiba), which is scheduled to open in December 2017; *Shapo Funabashi South Annex* (Chiba) and *HOTEL METS Funabashi* (Chiba), which are scheduled to open in February 2018; *PERIE CHIBA* (Chiba), which is scheduled for full opening in or after summer 2018; *HOTEL METS Akihabara* (provisional name), which is scheduled to open in autumn 2019; phase 1 (East Bldg.) of *SHIBUYA SCRAMBLE SQUARE* (Tokyo), which is scheduled for opening in the fiscal year ending March 31, 2020; and the *Yokohama Station West Exit Station Building* (provisional name), which is scheduled for opening in 2020.

As a result of these initiatives, as well as factors including increased revenues due to occupancy of the office floors of *JR SHINJUKU MIRAINA TOWER* (Tokyo) and the strong sales of LUMINE Co., Ltd., operating revenues of the Real Estate & Hotels segment increased 5.0%, to ¥175.7 billion, and operating income increased 4.8%, to ¥42.6 billion.

Others

In *Suica* shopping services (electronic money), 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 extensive operating areas. As a result of these measures, *Suica* electronic money was usable at approximately 420,000 stores as of September 30, 2017. In addition, JR East proceeded with preparations to integrate *Suica Point* with the Group's unified *JRE POINT* in December 2017.

As a result of these initiatives, as well as factors including higher sales due to the "General Consultancy of The Mumbai-Ahmedabad High Speed Railway Project" and the strong sales of credit card operations, operating revenues from Others increased 7.2%, to ¥96.5 billion, and operating income increased 18.9%, to ¥7.5 billion.

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

(2) Qualitative Information on Consolidated Financial Position

In the six months ended September 30, 2017, net cash provided by operating activities was ¥340.0 billion, an increase of ¥58.8 billion compared to the same period of the previous fiscal year. This was mainly due to a decrease in payments of income taxes.

Net cash used in investing activities was ¥283.8 billion, a decrease of ¥18.2 billion compared to the same period of the previous fiscal year. This was mainly due to a decrease in payments for purchases of fixed assets.

Net cash used in financing activities was ¥106.5 billion, an increase of ¥36.2 billion compared to the same period of the previous fiscal year. This was mainly due to a decrease in proceeds from interest-bearing debt.

Consequently, cash and cash equivalents at end of the period, September 30, 2017, were ¥237.3 billion, a decrease of ¥49.7 billion from March 31, 2017.

In addition, the balance of consolidated interest-bearing debt was ¥3,178.3 billion as of September 30, 2017.

(3) Qualitative Information on Consolidated Performance Outlook

As employment and income conditions continue improving, the Japanese economy is expected to continue recovering gradually, in part due to the effect of various government initiatives. Over the medium-to-long term, a further decrease in population, an increasingly aged society, and the concentration of population in the Tokyo metropolitan area are expected. In addition, such factors as technological innovation and globalization are likely to result in changes in industrial structures and other changes.

Further, 30 years have passed since the establishment of the JR East Group, and the Group faces a variety of reform challenges, including changing railway systems and the rapid changeover to the next generation of employees.

In response to these challenges, since October 2016 JR East has been tackling three Priority Group-wide tasks: improve the safety and reliability of transportation, take on the challenge of enhancing profitability, and advance "TICKET TO TOMORROW" initiatives.

After reviewing the operating results for the second quarter ended September 30, 2017, JR East has maintained its full-term business forecast for the fiscal year ending March 31, 2018, which it announced on April 28, 2017.

(4) Medium- to Long-Term Management Strategies

The JR East Group updated "Priority Initiatives Going Forward," which are initiatives that JR East will work particularly hard to advance in future with a view to accelerating the realization of the Priority Group-wide tasks. The updated initiatives are as stated below.

◆ Improve the safety and reliability of transportation

In recent years, there has been a series of serious incidents related to the safety and reliability of transportation, including transportation service disruptions caused by JR East's facilities. As a company, JR East views this situation with the utmost gravity. Each employee of the JR East Group will go back to the fundamentals of his or her work, then

ensure that he or she performs the role that should be performed, and spare no effort in pursuing initiatives focused on rigorous prevention of reoccurrence and on advance prevention.

- Reduce risks related to safety and strengthen management system
 - Achieve prevention by implementing rigorous measures that have been established for the prevention of reoccurrence and by identifying weaknesses
 - Conduct more practical safety education and training to deepen understanding of the nature of work
 - Analyze the circumstances and rigorously recheck and reinforce rules and procedures with respect to railway related construction and work in cooperation with Group companies, partner companies, and others
 - Give priority to strengthening electrical equipment in the Tokyo Metropolitan area as well as Shinkansen facilities and railcars
- Prevent transportation service disruptions and strengthen ability to respond to transportation service disruptions
 - Prevent transportation service disruptions, including through countermeasures for large-scale natural disasters
 - Minimize the impact of transportation service disruptions, respond to customers rapidly, and resume operations as soon as possible following disruptions
- Advance safety measures related to platforms and railway crossings
 - Advance establishment of automatic platform gates and CP (color psychology) lines in the Tokyo metropolitan area
 - Advance measures to prevent accidents at railway crossings
 - Continue conducting, in collaboration with related companies, the *assistance* campaign in which personnel ask nearby customers whether they require assistance
- Build a resilient railway
 - Advance further seismic reinforcement measures with extended target areas and facilities
 - Renew aging facilities steadily

◆ Take on the challenge of enhancing profitability

JR East will heighten the value of the JR East Group's network and take on the challenge of enhancing profitability. Specifically, JR East will endeavor to increase passenger traffic between and within regions while taking measures to enhance the added value centered on railway stations. In conjunction with these efforts, leveraging the synergy benefits of respective transportation, life-style, and IT & *Suica* services as strengths, JR East will take on the challenge of expanding its business area.

- Use transportation network to increase passenger traffic
 - Increase passenger traffic bound for Tohoku, Hokkaido, and Hokuriku by taking such measures as increasing number of trains and conducting tourism campaigns
 - Ease congestion and enhance convenience of conventional lines in the Tokyo metropolitan area
 - Use introduction of new-type express railcars on the Chuo Line as an opportunity to promote railway usage in the Tokyo–Yamanashi/Nagano areas
 - Create tourism demand through such measures as the operation of “*Joyful Trains*”
 - Advance strategies for visitors to Japan
 - Build a new sales system for rail passes in Asia's market
 - Promote *air and land* tourism that uses airports in the Tohoku and Hokkaido areas as gateways
 - Develop capabilities to service visitors to Japan
 - Improve the convenience of and establish the brand power of large-scale stations
 - Advance construction work aimed at the interim opening of Shinagawa New Station (provisional name) in 2020 and advance plan for the development of a town that will become a new international exchange hub centered on the new railway station and Shinagawa Station
 - Advance the development of large-scale stations, including Chiba station, Shibuya station, and Yokohama station
 - Making line-side areas more attractive and convenient
 - Discover and create new value in line-side areas centered on the Tokyo metropolitan area
 - Advance support for enhancement of “life-style” and “work-style”
 - Integrate *Suica Point* with the Group's unified *JRE POINT*
 - Expand business area
 - Develop businesses in towns, outside JR East's service area, and overseas
- ◆ Advance “TICKET TO TOMORROW” initiatives
- Under the “TICKET TO TOMORROW” slogan, the JR East Group will provide high-quality services in all business fields and upgrade each aspect of work to meet customers' expectations and leave a legacy for society beyond 2020.
- Take measures focused on the “JR East 2020 Project”
 - Advance plan for construction work to upgrade railway stations in such areas as those around competition venues
 - Promote barrier free improvement plans in line with Tokyo 2020 Accessibility Guidelines

- Enhance security of railways
- Revitalize regions
 - Promote tourism
 - Revitalize local industries and promote passenger flows to regions
 - Develop towns centered on regional core railway stations
- Advance technological innovation
 - Advance technological innovation in the fields of safety and reliability, services and marketing, operations and maintenance, and energy and the environment
 - Build a cloud system platform
 - Realize “innovation ecosystems” through such initiatives as the Mobility Innovation Consortium
- Take on challenge of overseas railway projects
 - Advance Indian high-speed railway project
 - Participate in the West Midlands Franchise, a passenger rail franchise in the United Kingdom
- Create a corporate culture that develops employees’ capabilities and enhance productivity to strengthen management structure
 - Heighten the level of and increase productivity in all business fields through such measures as work-style reform, promotion of diversity, and technological innovation
 - Extend even further the fields in which employees work
 - Advance “internal globalization” through various opportunities for exchanges inside and outside the Group

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2017 (As of March 31, 2017)	Fiscal 2018, 2nd Quarter (As of September 30, 2017)
ASSETS		
Current Assets	¥ 915,625	¥ 882,390
Cash and time deposits	208,295	158,542
Notes and accounts receivable-trade	449,434	423,909
Fares receivable	39,914	46,108
Short-term loans receivable	5,688	5,267
Securities	79,000	79,000
Real estate for sale	499	494
Inventories	50,861	69,505
Deferred tax assets	43,025	46,302
Other	40,392	54,856
Allowance for doubtful accounts	(1,485)	(1,597)
Fixed Assets	6,995,384	6,974,463
Property, plant and equipment, net of accumulated depreciation	6,342,759	6,326,161
Buildings and fixtures (net)	3,260,299	3,265,157
Machinery, rolling stock and vehicles (net)	712,003	694,624
Land	2,013,899	2,015,129
Construction in progress	286,275	283,479
Other (net)	70,282	67,770
Intangible assets	119,269	108,957
Investments and other assets	533,354	539,344
Investments in securities	263,322	282,504
Long-term loans receivable	1,693	1,692
Long-term deferred tax assets	204,593	192,259
Net defined benefit assets	161	246
Other	64,329	63,381
Allowance for doubtful accounts	(745)	(741)
Deferred Assets	105	177
Total Assets	<u>¥7,911,114</u>	<u>¥7,857,031</u>

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2017, (As of March 31, 2017)	Fiscal 2018, 2nd Quarter (As of September 30, 2017)
LIABILITIES		
Current Liabilities	¥1,337,390	¥1,213,764
Notes and accounts payable-trade	46,834	50,022
Short-term loans and current portion of long-term loans	116,830	150,419
Current portion of bonds	159,899	154,998
Current portion of long-term liabilities		
incurred for purchase of railway facilities	4,290	4,445
Payables	459,147	244,121
Accrued consumption taxes	19,513	35,414
Accrued income taxes	55,638	80,978
Fare deposits received with regard to railway connecting services	22,164	21,865
Prepaid railway fares received	99,217	108,158
Allowance for bonuses to employees	73,155	78,329
Allowance for earthquake-damage losses	6,767	5,677
Other	273,931	279,332
Long-Term Liabilities	3,898,370	3,840,644
Bonds	1,680,074	1,645,106
Long-term loans	929,541	902,509
Long-term liabilities incurred for purchase of railway facilities	336,679	334,336
Long-term deferred tax liabilities	3,189	3,477
Provision for large-scale renovation		
of Shinkansen infrastructure	24,000	36,000
Allowance for earthquake-damage losses	10,293	10,093
Allowance for partial transfer costs of railway operation	16,163	18,321
Net defined benefit liabilities	641,394	622,274
Other	257,033	268,524
Total Liabilities	¥5,235,761	¥5,054,409
NET ASSETS		
Shareholders' Equity	¥2,590,575	¥2,704,108
Common stock	200,000	200,000
Capital surplus	96,811	96,843
Retained earnings	2,298,925	2,412,709
Treasury stock, at cost	(5,161)	(5,443)
Accumulated Other Comprehensive Income	62,844	74,569
Net unrealized holding gains (losses) on securities	52,940	64,058
Net deferred gains (losses) on derivatives under		
hedge accounting	1,846	2,066
Revaluation reserve for land	(473)	(473)
Remeasurements of defined benefit plans	8,530	8,918
Non-Controlling Interests	21,933	23,943
Total Net Assets	2,675,353	2,802,621
Total Liabilities and Net Assets	¥7,911,114	¥7,857,031

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 2017, 2nd Quarter (Six months ended September 30, 2016)	Fiscal 2018, 2nd Quarter (Six months ended September 30, 2017)
Operating Revenues	¥1,435,158	¥1,464,820
Operating Expenses	1,157,513	1,172,476
Transportation, other services and cost of sales	888,678	896,608
Selling, general and administrative expenses	268,835	275,868
Operating Income	277,644	292,343
Non-Operating Income	5,987	8,654
Interest income	31	26
Dividend income	2,415	2,989
Insurance proceeds and dividends	500	3,276
Equity in net income of affiliated companies	805	467
Other	2,234	1,894
Non-Operating Expenses	38,675	35,298
Interest expense	36,137	32,790
Other	2,537	2,508
Ordinary Income	244,957	265,699
Extraordinary Gains	9,761	8,814
Construction grants received	6,559	2,883
Insurance proceeds related to earthquake	2,575	4,905
Other	626	1,025
Extraordinary Losses	16,201	13,424
Losses on reduction entry for construction grants	6,534	2,745
Intensive seismic reinforcement costs	4,352	4,502
Provision for allowance for partial transfer costs of railway operation	—	2,715
Other	5,313	3,460
Income before Income Taxes	238,516	261,089
Income Taxes	72,892	81,335
Current	68,206	76,372
Deferred	4,686	4,963
Profit	165,624	179,754
Profit Attributable to Non-Controlling Interests	836	1,158
Profit Attributable to Owners of Parent	¥ 164,787	¥ 178,595

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2017, 2nd Quarter (Six months ended September 30, 2016)	Fiscal 2018, 2nd Quarter (Six months ended September 30, 2017)
Profit	¥165,624	¥179,754
Other Comprehensive Income	(8,342)	11,737
Net unrealized holding gains (losses) on securities	(7,405)	10,214
Net deferred gains (losses) on derivatives under hedge accounting	(477)	300
Remeasurements of defined benefit plans	181	(80)
Share of other comprehensive income of associates accounted for using equity method	(640)	1,302
Comprehensive Income	¥157,281	¥191,491
Comprehensive Income attributable to		
Comprehensive income attributable to owners of the parent	¥156,448	¥190,320
Comprehensive income attributable to non-controlling interests	¥ 832	¥ 1,170

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2017, 2nd Quarter (Six months ended September 30, 2016)	Fiscal 2018, 2nd Quarter (Six months ended September 30, 2017)
Cash Flows from Operating Activities		
Income before income taxes	¥238,516	¥261,089
Depreciation	176,529	177,992
Amortization of long-term prepaid expense	3,826	3,781
Net change in provision for large-scale renovation of Shinkansen infrastructure	12,000	12,000
Net change in net defined benefit liabilities	(15,017)	(19,413)
Interest and dividend income	(2,447)	(3,015)
Interest expense	36,137	32,790
Construction grants received	(6,559)	(2,883)
Insurance proceeds related to earthquake	(2,575)	(4,905)
Losses from disposition of fixed assets	10,647	10,477
Losses from provision for cost reduction of fixed assets	6,534	2,745
Provision for allowance for partial transfer costs of railway operation	—	2,715
Net change in major receivables	41,804	13,758
Net change in major payables	(100,273)	(50,775)
Other	(3,236)	(7,861)
Sub-total	395,887	428,495
Proceeds from interest and dividends	2,946	3,552
Payments of interest	(36,044)	(32,777)
Insurance proceeds related to earthquake	2,575	—
Payments of earthquake-damage losses	(2,917)	(7,797)
Payments of partial transfer costs of railway operation	(541)	(1,965)
Payments of income taxes	(80,643)	(49,444)
Net cash provided by operating activities	281,262	340,063
Cash Flows from Investing Activities		
Payments for purchases of fixed assets	(322,636)	(302,587)
Proceeds from sales of fixed assets	1,416	636
Proceeds from construction grants	25,810	23,878
Payments for purchases of investments in securities	(2,161)	(4,959)
Proceeds from sales of investments in securities	0	2,172
Other	(4,523)	(2,974)
Net cash used in investing activities	(302,093)	(283,833)
Cash Flows from Financing Activities		
Proceeds from long-term loans	68,400	44,000
Payments of long-term loans	(53,616)	(38,183)
Proceeds from issuance of bonds	60,000	50,000
Payments for redemption of bonds	(40,000)	(89,900)
Payments of liabilities incurred for purchase of railway facilities	(48,049)	(2,187)
Payments of acquisition of treasury stock	(30,007)	(40,010)
Cash dividends paid	(25,491)	(25,290)
Other	(1,515)	(4,982)
Net cash used in financing activities	(70,280)	(106,554)
Net Change in Cash and Cash Equivalents	(91,110)	(50,324)
Cash and Cash Equivalents at Beginning of the Period	307,809	287,125
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	—	568
Increase in Cash and Cash Equivalents Resulting from Absorption-Type Demerger	—	3
Cash and Cash Equivalents at End of the Period	¥216,698	¥237,373

Note: Amounts less than one million yen are omitted.

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

(Notes on Going Concern Assumption (Unaudited))

None

(Segment Information (Unaudited))

(Information related to amounts of operating revenues, income, and loss of each reportable segment)

Fiscal 2017, 2nd Quarter (Six months ended September 30, 2016)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥1,002,899	¥247,791	¥157,818	¥26,648	¥1,435,158	¥ —	¥1,435,158
Inside group	37,847	26,154	9,518	63,400	136,920	(136,920)	—
Total	1,040,746	273,946	167,336	90,049	1,572,079	(136,920)	1,435,158
Segment income	¥ 212,657	¥ 17,488	¥ 40,711	¥ 6,306	¥ 277,163	¥ 481	¥ 277,644

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes IT & *Suica* business including credit card business, information processing and certain other businesses.
2. The ¥481 million adjustment to segment income includes a ¥652 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(170) 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 2018, 2nd Quarter (Six months ended September 30, 2017)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥1,015,433	¥252,639	¥165,956	¥30,790	¥1,464,820	¥ —	¥1,464,820
Inside group	39,611	29,291	9,781	65,768	144,453	(144,453)	—
Total	1,055,045	281,931	175,738	96,559	1,609,273	(144,453)	1,464,820
Segment income	¥ 222,171	¥ 19,399	¥ 42,652	¥ 7,500	¥ 291,725	¥ 618	¥ 292,343

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes IT & *Suica* business including credit card business, information processing and certain other businesses.
2. The ¥618 million adjustment to segment income includes a ¥716 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(56) 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.

(Information Related to Changes in Reportable Segments, etc.)

From the first quarter, JR East revised its reportable segment classifications to focus on operational headquarters in order to better enforce its management approach based on segments that carry out managerial decision-making. Consequently, the previous reportable segments "Transportation," "Station Space Utilization," "Shopping Centers & Office Buildings," and "Others" have been changed to "Transportation," "Retail & Services," "Real Estate & Hotels," and "Others."

Further, the previous second quarter's information has been prepared and presented based on the new segment classification.

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

Based on a resolution at a meeting of the Board of Directors convened on April 28, 2017, JR East acquired 3,752,400 shares of its common stock at a total cost of ¥39,999 million through open market purchase on the Tokyo Stock Exchange from May 1, 2017, to July 12, 2017, and the shares were designated as treasury stock. Further, based on a resolution at a meeting of the Board of Directors convened on July 19, 2017, JR East retired 3,752,400 shares of treasury stock on July 25, 2017, and with respect to the ¥39,727 million book value of the said shares of treasury stock, JR East reduced capital surplus by ¥0 million and retained earnings by ¥39,727 million.

(Additional Information Regarding Operating Results)

Consolidated Principal Indicators

	Fiscal 2017, 2nd Quarter (Six months ended September 30, 2016)	Fiscal 2017 (Year ended March 31, 2017)	Fiscal 2018, 2nd Quarter (Six months ended September 30, 2017)	Increase (Decrease)
	(A)	(B)	(C)	(C)-(A)
Cash flows from operating activities (billions of yen)	281.2	652.9	340.0	58.8
Ratio of operating income to average assets (ROA) (%)	3.6	5.9	3.7	0.1
Return on average equity (ROE) (%)	6.6	10.9	6.6	(0.0)

Numerical Targets for the Fiscal Year Ending March 31, 2020

	Billions of Yen				
	Actual Fiscal 2017	Forecast Fiscal 2018	Fiscal 2020 Targets	Change	
	(A)	(B)	(C)	Increase (Decrease) (C)-(A)	% (C)/(A)x100
Operating Revenues	2,880.8	2,930.0	3,021.0	140.1	104.9
Transportation	1,989.8	2,001.0	2,028.0	38.1	101.9
Retail & Services	502.4	514.0	542.0	39.5	107.9
Real Estate & Hotels	326.3	344.0	362.0	35.6	110.9
Others	62.2	71.0	89.0	26.7	143.0
Operating Income	466.3	472.0	499.0	32.6	107.0
Transportation	334.2	335.0	350.0	15.7	104.7
Retail & Services	36.8	37.0	41.0	4.1	111.3
Real Estate & Hotels	80.3	83.0	89.0	8.6	110.7
Others	16.5	18.0	20.0	3.4	120.6
Elimination and/or corporate	(1.6)	(1.0)	(1.0)	0.6	59.3

- Notes:1. The breakdown of financial results for the fiscal year ended March 31, 2017, has been presented based on the new segment classifications.
2. The breakdown of operating revenues by business segment shows sales to outside customers.

Consolidated Capital Expenditures

	Billions of Yen					
	Actual Fiscal 2017, 2nd Quarter (Six months ended September 30, 2016)	Actual Fiscal 2018, 2nd Quarter (Six months ended September 30, 2017)	Change		Plans for Fiscal 2018	Change
	(A)	(B)	Increase (Decrease) (B)-(A)	% (B)/(A)x100		Increase (Decrease) year on year
Capital expenditures	133.7	159.0	25.2	118.9	560.0	53.2
Transportation	88.6	105.8	17.1	119.4	423.0	35.5
Non-transportation	45.0	53.2	8.1	118.0	137.0	17.6

- Notes:1. The year-on-year change for plans for full-year capital expenditures represents comparisons with the fiscal year ended March 31, 2017, and has been presented based on new segment classifications.
2. The breakdown of financial results for the second quarter of the fiscal year ended March 31, 2017, has been presented based on the new segment classifications.

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 2017, 2nd Quarter (Six months ended September 30, 2016) (A)	Fiscal 2018, 2nd Quarter (Six months ended September 30, 2017) (B)	Change Increase (Decrease) (B)-(A)	(B)/(A)x100	Fiscal 2017, 2nd Quarter (Six months ended September 30, 2016) (C)	Fiscal 2018, 2nd Quarter (Six months ended September 30, 2017) (D)	Change Increase (Decrease) (D)-(C)	(D)/(C)x100
Shinkansen Network								
Commuter Passes	887	903	16	101.9	12.0	12.3	0.2	102.0
Other	10,879	11,002	122	101.1	281.6	284.1	2.4	100.9
Total	11,767	11,906	138	101.2	293.7	296.4	2.6	100.9
Conventional Lines								
<i>Kanto Area Network</i>								
Commuter Passes	35,654	36,005	350	101.0	230.5	233.0	2.4	101.1
Other	18,131	18,567	436	102.4	357.9	366.2	8.3	102.3
Total	53,785	54,572	787	101.5	588.5	599.2	10.7	101.8
<i>Other Network</i>								
Commuter Passes	1,590	1,590	(0)	100.0	9.4	9.4	(0.0)	100.0
Other	1,319	1,335	16	101.3	26.1	26.5	0.3	101.5
Total	2,909	2,925	16	100.6	35.6	36.0	0.3	101.1
<i>Total</i>								
Commuter Passes	37,244	37,595	350	100.9	240.0	242.4	2.4	101.0
Other	19,450	19,903	453	102.3	384.0	392.8	8.7	102.3
Total	56,694	57,498	803	101.4	624.1	635.2	11.1	101.8
Total								
Commuter Passes	38,131	38,499	367	101.0	252.1	254.8	2.6	101.1
Other	30,330	30,905	575	101.9	665.7	676.9	11.1	101.7
Total	68,462	69,404	942	101.4	917.8	931.7	13.8	101.5

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.