

Fiscal 2018 Financial Results (Japanese GAAP) (Unaudited)

Fiscal 2018 (Year ended March 31, 2018)

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

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

English translation from the original Japanese-language document.

April 27, 2018

East Japan Railway Company

Stock Exchange Listing

Securities Code

URL

Representative

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Scheduled Date of Ordinary General Meeting of Shareholders

June 22, 2018

Scheduled Date of Dividend Payment Commencement

June 25, 2018

Scheduled Date for Release of Annual Securities Report

June 22, 2018

Preparation of Supplementary Explanations of Financial Results:

No

Financial Results Presentation to Be Held:

Yes

1. Consolidated Results for Fiscal 2018 (Year Ended March 31, 2018)

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

(1) Consolidated financial results

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

| | Operating revenues | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|--------------------|--------------------|------------|------------------|------------|-----------------|------------|-----------------------------------------|------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal 2018 | 2,950,156 | 2.4 | 481,295 | 3.2 | 439,969 | 6.7 | 288,957 | 4.0 |
| Fiscal 2017 | 2,880,802 | 0.5 | 466,309 | (4.4) | 412,311 | (3.9) | 277,925 | 13.3 |

Note: Comprehensive income – Fiscal 2018: 300,647 million yen (an increase of 2.4%), Fiscal 2017: 293,470 million yen (an increase of 35.0%)

| | Earnings per share—Basic | Earnings per share—Diluted | Return on average equity | Ratio of ordinary income to average assets | Ratio of operating income to operating revenues |
|--------------------|--------------------------|----------------------------|--------------------------|--------------------------------------------|-------------------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal 2018 | 749.20 | — | 10.5 | 5.5 | 16.3 |
| Fiscal 2017 | 713.96 | — | 10.9 | 5.3 | 16.2 |

Reference: Equity in net income (losses) of affiliated companies – Fiscal 2018: 5,141 million yen, Fiscal 2017: 2,056 million yen

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Shareholders' equity per share |
|--------------------|------------------|------------------|--------------|--------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Fiscal 2018 | 8,147,676 | 2,884,552 | 35.1 | 7,426.92 |
| Fiscal 2017 | 7,911,114 | 2,675,353 | 33.5 | 6,825.51 |

Reference: Shareholders' equity – Fiscal 2018: 2,859,330 million yen, Fiscal 2017: 2,653,419 million yen

(3) Consolidated cash flows

| | Net cash provided by operating activities | Net cash used in investing activities | Net cash used in financing activities | Cash and cash equivalents at end of year |
|--------------------|-------------------------------------------|---------------------------------------|---------------------------------------|------------------------------------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal 2018 | 704,194 | (541,857) | (135,100) | 314,934 |
| Fiscal 2017 | 652,906 | (557,538) | (116,280) | 287,125 |

2. Dividends (Year Ended March 31, 2017 and 2018 and Year Ending March 31, 2019)

| (Record date) | Dividends per share | | | | | Total dividends (annual) | Dividend ratio (consolidated) | Ratio of dividends to shareholders' equity (consolidated) |
|------------------------|---------------------|-----------------|-----------------|--------------|---------------|--------------------------|-------------------------------|-----------------------------------------------------------|
| | 1st quarter end | 2nd quarter end | 3rd quarter end | Year end | Total annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal 2017 | — | 65.00 | — | 65.00 | 130.00 | 50,580 | 18.2 | 2.0 |
| Fiscal 2018 | — | 70.00 | — | 70.00 | 140.00 | 53,946 | 18.7 | 2.0 |
| (Forecast) Fiscal 2019 | — | 75.00 | — | 75.00 | 150.00 | — | 20.0 | — |

3. Forecasts for Fiscal 2019 (Year Ending March 31, 2019)

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

| | Operating revenues | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Earnings per share—Basic |
|--------------------------------------------|--------------------|------------|------------------|--------------|-----------------|--------------|-----------------------------------------|--------------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six-month period ending September 30, 2018 | 1,483,000 | 1.2 | 287,000 | (1.8) | 259,000 | (2.5) | 169,000 | (5.4) | 438.97 |
| Fiscal 2019 | 2,994,000 | 1.5 | 482,000 | 0.1 | 440,000 | 0.0 | 289,000 | 0.0 | 750.66 |

※ Notes

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

Newly consolidated — excluded —

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

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

(3) Number of issued shares (common stock)

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

| | | | |
|-------------|--------------------|-------------|--------------------|
| Fiscal 2018 | 385,655,500 shares | Fiscal 2017 | 389,407,900 shares |
|-------------|--------------------|-------------|--------------------|
- ii Treasury stock at period-end

| | | | |
|-------------|----------------|-------------|----------------|
| Fiscal 2018 | 659,915 shares | Fiscal 2017 | 657,657 shares |
|-------------|----------------|-------------|----------------|
- iii Average number of shares during period

| | | | |
|-------------|--------------------|-------------|--------------------|
| Fiscal 2018 | 385,688,648 shares | Fiscal 2017 | 389,272,266 shares |
|-------------|--------------------|-------------|--------------------|

(Reference) Overview of the Non-consolidated Financial Results

1. Non-consolidated Results for Fiscal 2018 (Year Ended March 31, 2018)

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

(1) Non-consolidated financial results

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

| | Operating revenues | | Operating income | | Ordinary income | | Profit | |
|--------------------|--------------------|------------|------------------|------------|-----------------|------------|-----------------|------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal 2018 | 2,093,264 | 1.2 | 395,131 | 1.7 | 358,943 | 5.1 | 247,085 | 1.5 |
| Fiscal 2017 | 2,068,807 | 0.6 | 388,608 | (5.2) | 341,615 | (5.0) | 243,347 | 16.4 |

| | Earnings per share—Basic | Earnings per share—Diluted |
|--------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Fiscal 2018 | 640.08 | — |
| Fiscal 2017 | 624.60 | — |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Shareholders' equity per share |
|--------------------|------------------|------------------|--------------|--------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Fiscal 2018 | 7,548,002 | 2,362,982 | 31.3 | 6,132.39 |
| Fiscal 2017 | 7,379,373 | 2,199,992 | 29.8 | 5,654.30 |

Reference: Shareholders' equity – Fiscal 2018: 2,362,982 million yen, Fiscal 2017: 2,199,992 million yen

2. Forecasts for Fiscal 2019 (Year Ending March 31, 2019)

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

| | Operating revenues | | Operating income | | Ordinary income | | Profit | | Earnings per share—Basic |
|--------------------------------------------|--------------------|------------|------------------|--------------|-----------------|--------------|-----------------|--------------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six-month period ending September 30, 2018 | 1,063,000 | 0.7 | 246,000 | (3.6) | 228,000 | (4.6) | 157,000 | (6.8) | 407.44 |
| Fiscal 2019 | 2,107,000 | 0.7 | 387,000 | (2.1) | 349,000 | (2.8) | 240,000 | (2.9) | 622.85 |

※ Financial results are not subject to auditing.

※ 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 "Outlook for the Year Ending March 31, 2019" on page 8 of this document.

JR East is scheduled to hold an analysts' meeting on May 1, 2018, to present its operating results for Fiscal 2018. JR East plans to upload the presentation materials distributed at such meeting to its website as soon as the meeting is over.

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1. Operating Results and Financial Position

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

(1) Analysis of Operating Results

(i) Summary of the Fiscal Year Ended March 31, 2018

Overview

In the year ended March 31, 2018, 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 affiliates (JR East) steadily executed various initiatives centered on the railway and life-style service businesses and the IT & *Suica* businesses.

As a result of these initiatives, during the fiscal year under review, operating revenues increased 2.4% year on year, to ¥2,950.1 billion, with operating income rising 3.2% to ¥481.2 billion. These increases were largely due to growth in JR East's transportation revenues. In addition, as a result of a decrease in interest expense and other factors, ordinary income was up 6.7%, to ¥439.9 billion, and profit attributable to owners of parent increased 4.0%, to ¥288.9 billion.

To pursue its priority task of improving the safety and reliability of transportation, JR East is making rigorous efforts to prevent the recurrence of incidents that affect transportation as well as efforts to prevent the occurrence of 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 life-sized railcar equipment 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. Further, 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. Additionally, JR East has treated with the utmost gravity the transportation disruptions following incidents that occurred in or after September 2017, which have inconvenienced a large number of customers. These incidents included a power outage that occurred at Warabi AC substation for electric railways, the breakdown of electric facilities at Higashi-Washinomiya Station on the Utsunomiya Line, and the breakage of overhead wires on the Kawasaki-Tsurumi segment of the Keihin-Tohoku Line. In response, JR East conducted emergency inspections of related facilities and equipment. JR East then made efforts 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. Furthermore, in light of the long time during which a train was stranded between stations on the Shinetsu Main Line in January 2018 due to heavy snow, JR East made efforts to clarify the chain of command and centralize information at times when transportation is disrupted. In addition to these efforts, JR East expanded the initiative to make prompt announcements of when operations are expected to resume after disruption. At the same time, JR East completed construction work to lengthen the platforms of certain railway stations on the Takasaki Line with a view to increasing contingency shuttle operations.

With respect to another priority task of taking on the challenge of enhancing profitability, JR East will pursue "lifestyle creation (town development)" that enhances the appeal of towns and their railway stations, in addition to promoting its businesses centered on railway stations, based on the "Life-Style Service Business Growth Vision (NEXT10)" announced in November 2017. In doing so, during the next 10 years JR East aims to increase the operating revenues and operating income of the life-style service business by approximately 1.5 times versus their levels in the fiscal year ended March 31, 2017. Specifically, in March 2018, JR East created *JRE Mall*, a shopping website that allows visitors to order items online and pick them up within JR East train stations. In addition, 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 conducted verification tests with a view to the establishment of businesses at Omiya Station and other locations. At the same time, JR East established JR East startup Co., Ltd. in February 2018. Also, with the aim of "making line-side areas more attractive and convenient," JR East jointly commenced with CENTRAL SECURITY PATROLS CO., LTD., the *mamorail* service for watching over children in October 2017. JR East began to undertake preparations for expanding this service to cover 244 stations on 15 lines within the Tokyo metropolitan area in April 2018. Further, as part of the *HAPPY CHILD PROJECT*, JR East is proceeding with development aimed at opening a cumulative total of 130 child-rearing-support facilities inside station buildings and other buildings by April 2020. JR East had a total of 110 facilities as of March 31, 2018. Also, for proposal-based rental housing, JR East proceeded with preparations and allowed people to move into *View Lieto Mitaka* (Tokyo), rental housing that supports child rearing, *View Lieto Shin-Kawasaki* (Kanagawa), multigenerational-type rental housing, and *Higashi Koganei Share Lieto S* (Tokyo), rental housing that targets students from overseas, in March 2018.

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. JR East is continuing the process of pursuing urban development in cooperation with the Government of Japan, Tokyo Metropolitan Government, relevant wards, and other stakeholders. Further, JR East began 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 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 launched 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 and established the JR East Sales Office for Southeast Asia in Singapore. Further, JR East opened a prayer room in Tokyo Station and a new *JR EAST Travel Service Center* at Shibuya Station and Ueno Station, and proceeded with the establishment of in-car luggage storage areas for such services as the Tohoku Shinkansen E5 series. Also, in the Tokyo metropolitan area, JR East made progress in introducing station numbering that displays both station numbers and line numbers, with 206 stations now using such numbering.

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. Also, JR East commenced *TOKYO SPORTS STATION*, a collaborative project with Tokyo Metro Co., Ltd., which works to build momentum for the commencement of the Tokyo 2020 Olympic and Paralympic Games in such ways as showing videos introducing each competition on trains. Also, placing the promotion of the “TICKET TO TOMORROW” slogan as a priority task, 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.

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, from May 2017, JR East commenced the operations of the *TRAIN SUITE SHIKI-SHIMA* cruise train, thereby advancing the cultivation of and the distribution of information about the many different attractions of regions. Also, in light of advancements in collaborations with regional producers and processors for the *sextic 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 in May 2018, and proceeded with preparations for *JR Akita Gate Arena* (provisional name), which is scheduled for completion in winter 2019, and *Akita Station East Exit Student Apartment*, which is scheduled for completion in spring 2020. In addition, at Tsuchiura Station, JR East commenced phase 1 of station building renewal in March 2018, and, in coordination with the Ibaraki Prefectural government and other organizations, opened a cycling base within the station building.

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.” At the same time, the subsidiary proceeded with the supervision of the construction of a training center under a project which it received from the 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, 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 commenced operations in December 2017.

Segment Information

As of the fiscal year under review, JR East has changed the classification of reportable segments. The year-on-year comparisons below are comparisons with figures of the previous fiscal year 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. JR East moved forward with the installation of automatic platform gates based on a policy of introducing them to 330 major railway stations in the Tokyo metropolitan area by the end of fiscal 2033. JR East began using automatic platform gates at five railway stations, including Ueno Station on the Keihin-Tohoku Line. At the same time, with the aim of shortening construction periods and reducing costs, JR East installed “Smart” automatic platform gates at Machida Station on the Yokohama Line and proceeded with verification aimed at actual use. As part of its efforts to prevent railway crossing accidents, JR East installed whistling signs at railway crossings not equipped with crossing alarms and crossing gates. Further, JR East expanded the implementation of a train approach alarm system that utilizes GPS to improve the safety of personnel who perform maintenance to more line segments. Additionally, on certain segments of the Uetsu Main Line and the Rikuu West Line, JR East has been placing regulations on train operations due to strong winds based on observed data using Doppler radars since December 2017.

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, aiming to complete countermeasures by around the summer of 2020, 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 collaborated with other railway operators and companies to conduct a reinforcement campaign. Also, with the aim of further accelerating the initiatives it has implemented to improve service quality, JR East has formulated the new “Medium-term Vision for Service Quality Reforms 2020,” which has started in April 2018.

With respect to transportation, JR East increased the frequency of trains on the Ueno-Tokyo line that merge and continue to travel on the Joban Line and took steps to improve the convenience of *Hitachi* and *Tokiwa* express trains on the Joban Line in October 2017. JR East also revised timetables with a focus primarily on easing congestion during commuting hours. In addition, within the timetable revisions carried out in March 2018, JR East improved convenience for passengers by increasing the frequency of *Hayabusa* services on the Tohoku Shinkansen Line and *Asama* services on the Hokuriku Shinkansen Line. In addition, JR East worked to improve comfort levels for passengers through such means as converting railcars on the *Super Azusa* limited express service of the Chuo Line to the new E353 series.

With respect to marketing and sales activities, aiming to increase inter-regional railway travel, JR East conducted various types of campaign, including *SHINKANSEN YEAR 2017*, the *Shinshu Destination Campaign*, the *Aomori Prefecture and Hakodate Tourism Campaign*, and *Ikuze, Tohoku. SPECIAL Fuyu no Gohobi*. In addition, JR East conducted the *FUN! TOKYO! ~Kokoro mo Ugokase! Yamanote Line ~ Campaign*, which introduced the appeal of surrounding areas and encouraged use of the Yamanote Line. Moreover, JR East proceeded with preparations to begin the *Honmono no Deai Tochigi Destination Campaign* in April 2018. 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 69.42 million as of March 31, 2018. Further, for the segment between Tokyo and Nasushiobara on the Tohoku Shinkansen Line and other segments, JR East proceeded with preparations to begin the use of a new service called *Touch de Go! Shinkansen*, which will enable the use of *Suica* for non-reserved seats in ordinary cars of the segment’s Shinkansen services in April 2018.

As a result of these initiatives, JR East’s number of passengers for railway operations exceeded that of the previous fiscal year, and operating revenues in the Transportation segment increased 1.6% year on year, to ¥2,103.5 billion. Similarly, operating income rose 1.9% year on year, to ¥340.4 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 in March 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, on the Joban Line JR East resumed operations between Namie and Odaka in April 2017 and 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 construction work for the resumption of railway services, which is slated to commence during 2018.

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). In addition, JR East actively promoted renewals to existing stores, including *ecute Shinagawa* (Tokyo) and *ecute Omiya* (Saitama). 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 sold *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 all target lines, including those of other railway operators, from October 2017. Also, aiming to strengthen development capabilities for stores in station concourses, in April 2018 the JR East subsidiary JR East Retail Net Co., Ltd. proceeded with preparations to carry out an absorption-type merger of subsidiary JR East Station Retailing Co., Ltd., as well as to make JR East Water Business Co., Ltd., a 100% subsidiary.

As a result of these initiatives, as well as favorable sales at stores in Tokyo Station and other stations, operating revenues of the Retail & Services segment increased 3.1%, to ¥583.4 billion, and operating income rose 5.9%, to ¥38.9 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 as well as *Hotel Dream Gate Maihama Annex* (Chiba) in December 2017. Further, in February 2018, JR East proceeded with the increase of floor space for *atré Kawasaki* (Kanagawa) as well as the opening of *Shapo Funabashi South Annex* (Chiba) and *HOTEL METS Funabashi* (Chiba). In March 2018, JR East opened the *JR Urawa Station West Exit Building* (Saitama). JR East also moved forward with the construction of *PERIE CHIBA* (Chiba), which is scheduled for full opening in June 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; the *Yokohama Station West Exit Station Building* (provisional name), which is scheduled for opening in 2020; the *Gotanda East Exit Building* (provisional name), which is scheduled to open in spring 2020; the *Takehiba Waterfront Development Project*, which is slated for completion in phases starting in spring 2020; and the *World Trade Center South Hall*(Tokyo), which is slated to open in 2021.

As a result of these initiatives, as well as factors including the earnings contributions from the start of move-ins for office space in the *JR SHINJUKU MIRAINA TOWER* (Tokyo) and the favorable revenues of Lumine Co., Ltd., operating revenues of the Real Estate & Hotels segment increased 4.2%, to ¥359.9 billion. Similarly, operating income increased 0.8%, to ¥80.9 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 470,000 stores as of March 31, 2018. In addition, to provide a points service that makes it easier for customers to save and use points, JR East integrated *Suica Point* with the Group's unified *JRE POINT* in December 2017, and has moved forward with preparations to integrate this point system with *View Thanks Point* in June 2018.

As a result of these initiatives, as well as increased revenues from "General Consultancy of The Mumbai-Ahmedabad High Speed Railway Project" and information processing operations, operating revenues from Others increased 9.1% year on year, to ¥230.2 billion, and operating income rose 36.3%, to ¥22.5 billion.

- 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. From the fiscal year under review, 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. As a result, JR East has changed its reportable segments from Transportation, Station Space Utilization, Shopping Centers & Office Buildings, and Others to Transportation, Retail & Services, Real Estate & Hotels, and Others.

(ii) Outlook for the Year Ending March 31, 2019

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, Japan's population is expected to further decline and age, with the majority of the country's population concentrating in the Tokyo metropolitan area. At the same time, changes to the industrial structure are expected to occur due to such factors as technological innovation and globalization.

Further, as more than 30 years have passed since its establishment, the JR East Group faces various changes, including changes to railway systems and the rapid transition to the next generation of employees.

To respond to these changes, JR East adopted "improve the safety and reliability of transportation," "take on the challenge of enhancing profitability," and "TICKET TO TOMORROW" as priority Groupwide tasks in October 2016.

JR East's consolidated performance outlook for the fiscal year ending March 31, 2019, as of the publication date of this

document is as follows.

Fiscal 2019 Performance Forecasts

Full fiscal year

Operating Revenues: ¥2,994.0 billion (1.5% year-on-year increase)
Operating Income: ¥482.0 billion (0.1% year-on-year increase)
Ordinary Income: ¥440.0 billion (0.0% year-on-year increase)
Profit Attributable to Owners of Parent: ¥289.0 billion (0.0% year-on-year increase)

Six-month period ending September 30, 2018

Operating Revenues: ¥1,483.0 billion (1.2% year-on-year increase)
Operating Income: ¥287.0 billion (1.8% year-on-year decrease)
Ordinary Income: ¥259.0 billion (2.5% year-on-year decrease)
Profit Attributable to Owners of Parent: ¥169.0 billion (5.4% year-on-year decrease)

(2) Analysis of Financial Position

In the fiscal year ended March 31, 2018, operating activities provided net cash of ¥704.1 billion, ¥51.2 billion more than in the previous fiscal year. This result was mainly due to a decrease in income taxes paid.

Investing activities used net cash of ¥541.8 billion, ¥15.6 billion less than in the previous fiscal year. This result was mainly due to a decrease in payments for purchases of investments in securities.

Financing activities used net cash of ¥135.1 billion, ¥18.8 billion more than in the previous fiscal year. This result was due in part to the increase in payments of acquisition of treasury stock.

Consequently, cash and cash equivalents as of March 31, 2018, were ¥314.9 billion, an increase of ¥27.8 billion from March 31, 2017.

In addition, the balance of consolidated interest-bearing debt was ¥3,179.6 billion as of March 31, 2018.

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

| | Fiscal 2016 | Fiscal 2017 | Fiscal 2018 |
|---------------------------------------------------------------------------|-------------|-------------|-------------|
| Equity ratio (%) | 31.4 | 33.5 | 35.1 |
| Equity ratio on market-value basis (%) | 48.9 | 47.6 | 46.6 |
| Interest-bearing debt / net cash provided by operating activities (times) | 4.8 | 4.9 | 4.5 |
| Interest coverage ratio (times) | 8.8 | 9.2 | 10.9 |

Notes: Equity ratio: Shareholders' equity / Total assets

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

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

1. Indicators are derived from the consolidated financial statements.

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

(3) Basic Dividend Policy and Dividends for Fiscal 2018 and Fiscal 2019

JR East's basic approach to capital policy is to keep shareholders' equity at the level required to maintain and grow operational foundations in a sustainable way while paying stable cash dividends and implementing share repurchases flexibly in light of performance to steadily increase returns to shareholders.

JR East sets a total return ratio target of 33%. To reach this target, JR East will pay stable cash dividends while implementing share repurchases flexibly. As a basic policy, the repurchased shares will be canceled.

(Reference) Calculation of total return ratio

$$\text{Total return ratio in a FY (\%)} = \frac{\text{(total amount of dividend paid in such FY)} + \text{(total repurchase price of repurchased shares in the next FY)}}{\text{profit attributable to owners of parent in such FY}} \times 100$$

Based on this policy, JR East plans to pay (payment scheduled to begin on June 25, 2018) year-end cash dividends of ¥70 per share, which are in addition to the interim cash dividends of ¥70 per share, for full-year cash dividends of ¥140 per share.

Based on its policy of paying stable cash dividends, JR East plans to pay cash dividends of ¥150 per share, including interim dividends of ¥75 per share, for the fiscal year ending March 31, 2019.

Further, JR East does not plan to pay dividends other than with respect to the record date as of the end of the second quarter and the record date at the end of the fiscal year.

In addition to enhancing returns to shareholders, JR East will actively use funds for necessary capital expenditures, such as investments to realize sustainable growth and strengthen operational foundations. Going forward, JR East will strive to strengthen its business foundation and enhance its corporate value further by continually working to improve earnings and promoting management with an emphasis on increasing operating cash flow.

2. Status of the Group

The JR East Group consists of East Japan Railway Company, 69 consolidated subsidiaries, and 5 equity-method affiliated companies (as of March 31, 2018). The JR East Group has four business segments: Transportation, Retail & Services, Real Estate & Hotels, and Others. The relationship of East Japan Railway Company and other related companies to each business segment are as shown below.

The classification below is the same as the business segment classification presented in “5. Consolidated Financial Statements and Main Notes, (5) Notes to Consolidated Financial Statements (Segment Information)”.

(i) Transportation

The Transportation segment includes passenger transportation operations centered on railway operations, as well as travel agency services, cleaning services, station operations, facilities maintenance operations, railcar manufacturing operations, and railcar maintenance operations. With a service area mainly covering Tokyo and the combined 16 prefectures of the Kanto and Tohoku regions, JR East’s railway operations comprise 1,666 railway stations, 6,263.1 operating kilometers of conventional lines, and 1,194.2 kilometers of Shinkansen lines, spanning a total of 7,457.3 kilometers.

Main related companies: East Japan Railway Company (passenger transportation operations, etc.)

(Bus services and railway passenger transport services)

JR Bus Kanto Co., Ltd.*

Tokyo Monorail Co., Ltd.*

(Travel agency services)

JR East View Travel Service Co., Ltd.*

JTB Corp.**

(Cleaning services)

East Japan Eco Access Co., Ltd.*

(Station operations)

JR East Station Service Co., Ltd.*

(Facilities maintenance operations)

JR East Facility Management Co., Ltd.*

NIPPON DENSETSU KOGYO CO., LTD. **

NIPPON RIETEC CO., LTD. **

(Railcar manufacturing operations)

Japan Transport Engineering Company*

(Railcar maintenance operations)

JR East Rail Car Technology & Maintenance Co., LTD.*

(ii) Retail & Services

This segment consists of the part of JR East’s life-style service business that includes retail sales and restaurant operations, a wholesale business, a truck transportation business, and advertising and publicity.

Main related companies: East Japan Railway Company (creation of new commercial spaces within railway stations, etc.)

(Retail and restaurant operations)

JR East Retail Net Co., Ltd.*

Nippon Restaurant Enterprise Co., Ltd.*

(Wholesale business)

EAST JAPAN RAILWAY TRADING CO., LTD. *

(Truck transportation business)

JR East Logistics Co., Ltd. *

(Advertising and publicity)

East Japan Marketing & Communications, Inc.*

(iii) Real Estate & Hotels

This segment consists of the part of JR East’s life-style service business that includes shopping center operations, leasing of office buildings and other properties, and hotel operations.

Main related companies: East Japan Railway Company (development of shopping centers and office buildings, etc., hotel operations)

(shopping center operations)

LUMINE Co., Ltd.*

atré Co., Ltd.*

JR East Urban Development Corporation*

(Leasing of office buildings)

JR East Building Co., Ltd.*

(Hotel operations)

NIPPON HOTEL Co., Ltd. *

Sendai Terminal Building Co., Ltd. *

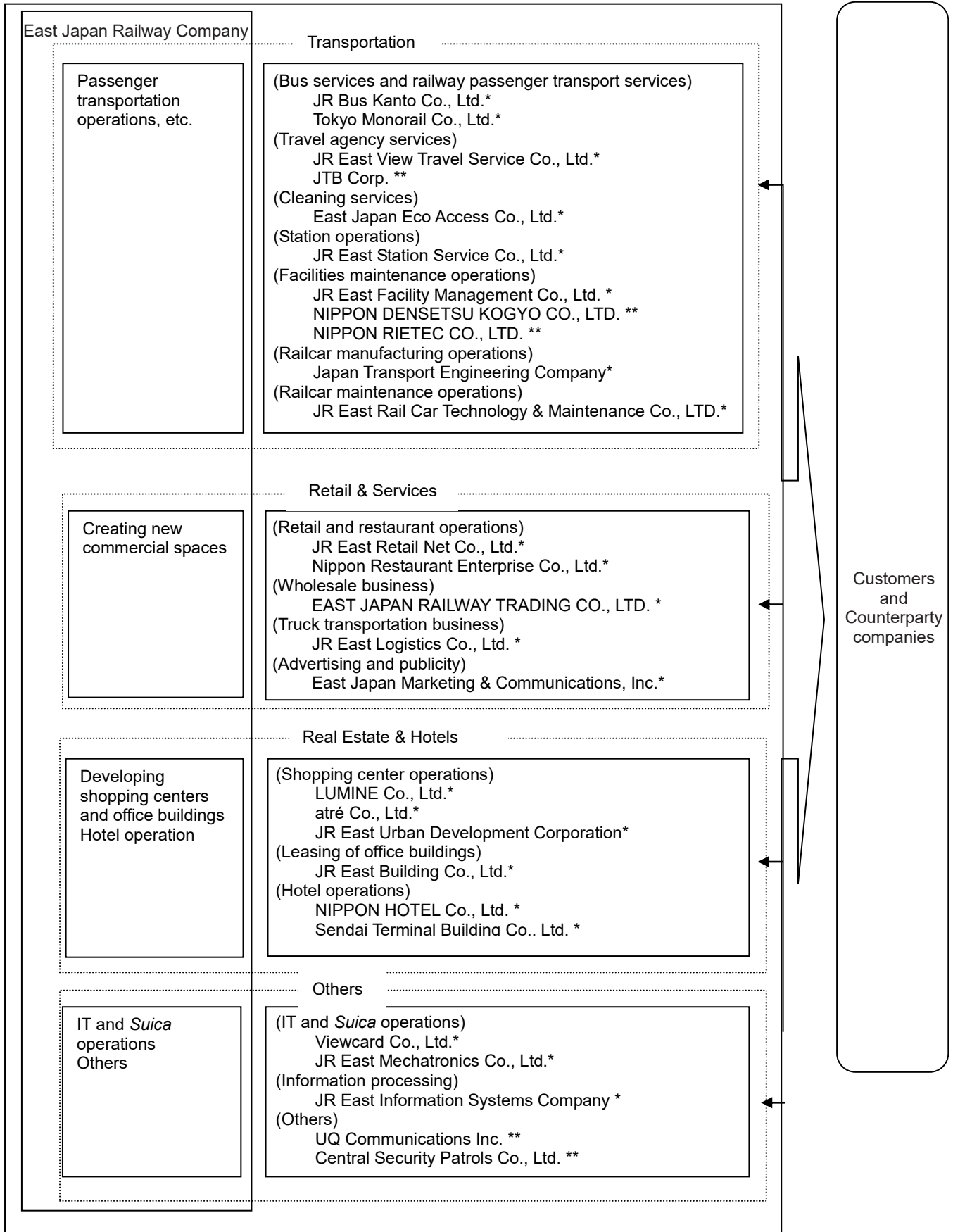
(iv) Others

JR East conducts IT and *Suica* businesses, which include credit card operations, and information processing, among others.

Main related companies: East Japan Railway Company (IT and *Suica* operations, others)
(IT and *Suica* operations)
Viewcard Co., Ltd.*
JR East Mechatronics Co., Ltd.*
(Information processing)
JR East Information Systems Company*
(Others)
UQ Communications Inc.**
Central Security Patrols Co., Ltd.**

Note: * indicates a consolidated subsidiary, ** indicates an equity-method affiliated company. In addition, company names are listed in the business in which they are mainly involved.

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



Notes: 1. * indicates a consolidated subsidiary, ** indicates an equity-method affiliated company. In addition, company names are listed in the business in which they are mainly involved.
2. Arrows show the flow of main transactions and offering of services.

3. Management Policies

(1) Basic Management Policies

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

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

Over the medium to long term, Japan’s population is expected to further decline and age, with the country’s population concentrating in the Tokyo metropolitan area. At the same time, technological innovation and globalization are expected to continue to progress.

Further, as more than 30 years have passed since its establishment, the JR East Group faces various changes, including changes to railway systems and the rapid transition to the next generation of employees.

① Medium- to Long-Term Management Strategies

A new management vision is being formulated based on changes in the business environment. JR East intends to announce this new vision in summer 2018, together with new medium-term numerical targets.

② Priority Initiatives Going Forward

Every year, JR East has reviewed the progress under “Priority Initiatives Going Forward” and then updated its initiatives. These are initiatives that JR East will work particularly hard to advance in future. Further, in October 2016, JR East established the three priority Groupwide tasks of “improve the safety and reliability of transportation,” “take on the challenge of enhancing profitability,” and “advance TICKET TO TOMORROW initiatives.”

◇ Improve the safety and reliability of transportation

Recently, serious incidents related to transportation safety and stability, including the disruption of transportation caused by problems with JR East facilities, have been occurring one after another, and JR East views these incidents with the utmost gravity. As such, each employee of the JR East Group is reviewing the basics of their duties, working to fulfill the responsibilities of their respective positions and putting forth concerted efforts to thoroughly prevent such incidents from occurring again.

- Strengthen structure for reducing and managing safety-related risks
 - Prevent incidents through the thorough implementation of prevention measures formulated to date and the unearthing of weak points of physical and intangible infrastructure
 - Implement more practical educational activities and training to deepen employee understanding of the “essence” of their duties
 - Thoroughly understand and rigorously enforce rules and processes for construction work related to railways in collaboration with Group and partner companies
 - Prioritize the strengthening of electrical facilities in the Tokyo metropolitan area as well as facilities and railcars used for the Shinkansen line
- Reinforce measures to prevent transportation disruptions and enhance response capabilities should such disruptions occur
 - Prevent the occurrence of transportation disruptions through measures to respond to large-scale natural disasters and other means
 - Prevent the impact of transportation disruptions from spreading should they occur and promptly restart train operations and respond to customers
- Promote safety measures aimed at train platforms and train crossings
 - Move forward with the installation of platform gates and color psychology (CP) lines in the Tokyo metropolitan area
 - Promote measures to prevent obstacles and accidents at railway crossings
 - Continue to promote “Assistance Campaign and Support” together with related companies
- Create stronger railways
 - Proceed with earthquake-mitigation measures that cover more areas and a greater number of facilities
 - Steadily renovate aging facilities

◇ Take on the challenge of enhancing profitability

The JR East Group is taking on the challenge of boosting the value of its network and enhancing its profitability. Specifically, JR East is working to increase passenger traffic between and within regions and improve the added value it offers centered on train stations. Additionally, JR East is pursuing the expansion of its business areas by leveraging synergistic effects between its transportation, lifestyle, IT, and *Suica* services.

- Increase passenger traffic via transportation networks
 - Increase passenger traffic to Tohoku, Hokkaido, and Hokuriku by increasing the frequency of trains and promoting sightseeing campaigns
 - Ease congestion on and improve convenience of conventional lines in the Tokyo metropolitan area
 - Leverage the introduction of new express trains on the Chuo Line to promote railway use from Tokyo to Yamanashi and Nagano
 - Create tourism demand through the operation of “Joyful Trains”
- Promote strategies for visitors to Japan from overseas
 - Establish new sales structure for train passes in Asian markets
 - Promote *air and land* Japan visit travel packages in Tohoku and Hokkaido using airports as a gateway
 - Establish a more welcoming environment for tourists
- Improve convenience and establish brands at terminal stations
 - Proceed with the construction of Shinagawa new station (provisional name), which is slated to open in 2020, and advance urban development plans to create a new hub for international exchanges centered on the new station and Shinagawa station
 - Steadily advance the development of large-scale terminals such as Chiba, Shibuya, and Yokohama stations
- Enhance line-side value
 - Create and further develop line-side value centered on the Tokyo metropolitan area
 - Provide support for improve lifestyles and workstyles
- Expand business areas
 - Expand businesses throughout cities, businesses outside East Japan, and overseas businesses

◆ Advance “TICKET TO TOMORROW” initiatives

Based on the slogan “TICKET TO TOMORROW,” the JR East Group will continue to promote Groupwide initiatives aimed at providing high-quality services to meet customers’ expectations and creating a legacy for society beyond 2020.

- Move forward with initiatives under the “JR East 2020 Project”
 - Promote renovation projects for stations located near venues for the Tokyo 2020 Olympic and Paralympics Games
 - Examine and promote plans for barrier-free facilities in accordance with the Tokyo 2020 Accessibility Guidelines
 - Enhance railway security
- Promote regional revitalization
 - Encourage tourism
 - Invigorate regional industries and promote passenger traffic to regions
 - Carry out urban development focused on establishing train stations as centers of local communities
- Realize technological innovation
 - Promote technological innovation in the fields of safety and security, service and marketing, operation and maintenance, and energy and environment
 - Establish cloud system platforms
 - Realize innovation ecosystems through the “Mobility Revolution Consortium” and other means
- Take on the challenge of overseas railway projects
 - Proceed with the high-speed railway project in India
 - Participate in the West Midlands Franchise, a passenger rail franchise in the United Kingdom
- Develop employees and create a corporate culture that maximizes human potential
 - Improve employee level of professionalism and productivity in all business fields through reforms to workstyles, the promotion of diversity, and technological innovation, among other means
 - Further expand the fields in which employees are active
 - Promote “internal globalization” through the creation of various opportunities for interaction between employees both inside and outside the Company

4. Basic Policy for Selection of Accounting Standards

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

5. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

| | Fiscal 2017 | Fiscal 2018 |
|----------------------------------------------------------------|-------------|-------------|
| ASSETS | | |
| Current Assets | ¥ 915,625 | ¥1,003,376 |
| Cash and time deposits | 208,295 | 255,102 |
| Notes and accounts receivable-trade | 449,434 | 475,522 |
| Fares receivable | 39,914 | 48,217 |
| Short-term loans receivable | 5,688 | 4,686 |
| Securities | 79,000 | 60,000 |
| Real estate for sale | 499 | 451 |
| Inventories | 50,861 | 62,061 |
| Deferred tax assets | 43,025 | 51,477 |
| Other | 40,392 | 47,378 |
| Allowance for doubtful accounts | (1,485) | (1,521) |
| Fixed Assets | 6,995,384 | 7,144,102 |
| Property, plant and equipment, net of accumulated depreciation | 6,342,759 | 6,500,745 |
| Buildings and fixtures (net) | 3,260,299 | 3,362,214 |
| Machinery, rolling stock and vehicles (net) | 712,003 | 726,158 |
| Land | 2,013,899 | 2,020,741 |
| Construction in progress | 286,275 | 319,903 |
| Other (net) | 70,282 | 71,727 |
| Intangible assets | 119,269 | 112,499 |
| Investments and other assets | 533,354 | 530,857 |
| Investments in securities | 263,322 | 287,544 |
| Long-term loans receivable | 1,693 | 2,065 |
| Long-term deferred tax assets | 204,593 | 176,609 |
| Net defined benefit assets | 161 | 173 |
| Other | 64,329 | 65,433 |
| Allowance for doubtful accounts | (745) | (968) |
| Deferred Assets | 105 | 197 |
| Total Assets | ¥7,911,114 | ¥8,147,676 |

Note: Amounts less than one million yen are omitted.

Millions of Yen

| | Fiscal 2017 | Fiscal 2018 |
|-------------------------------------------------------------------------|-------------|-------------|
| LIABILITIES | | |
| Current Liabilities | ¥1,337,390 | ¥1,434,356 |
| Notes and accounts payable-trade | 46,834 | 59,536 |
| Short-term loans and current portion of long-term loans | 116,830 | 119,707 |
| Current portion of bonds | 159,899 | 164,999 |
| Current portion of long-term liabilities | | |
| incurred for purchase of railway facilities | 4,290 | 4,257 |
| Payables | 459,147 | 492,574 |
| Accrued consumption taxes | 19,513 | 22,316 |
| Accrued income taxes | 55,638 | 64,712 |
| Fare deposits received with regard to railway connecting services | 22,164 | 24,431 |
| Prepaid railway fares received | 99,217 | 100,523 |
| Allowance for bonuses to employees | 73,155 | 76,544 |
| Allowance for earthquake-damage losses | 6,767 | 1,940 |
| Allowance for partial transfer costs of railway operation | — | 10,332 |
| Other | 273,931 | 292,479 |
| Long-Term Liabilities | 3,898,370 | 3,828,767 |
| Bonds | 1,680,074 | 1,605,134 |
| Long-term loans | 929,541 | 964,138 |
| Long-term liabilities incurred for purchase of railway facilities | 336,679 | 332,288 |
| Long-term deferred tax liabilities | 3,189 | 3,025 |
| Provision for large-scale renovation | | |
| of Shinkansen infrastructure | 24,000 | 48,000 |
| Allowance for earthquake-damage losses | 10,293 | 9,110 |
| Allowance for partial transfer costs of railway operation | 16,163 | 2,688 |
| Net defined benefit liabilities | 641,394 | 601,163 |
| Other | 257,033 | 263,216 |
| Total Liabilities | ¥5,235,761 | ¥5,263,124 |
| NET ASSETS | | |
| Shareholders' Equity | ¥2,590,575 | ¥2,787,347 |
| Common stock | 200,000 | 200,000 |
| Capital surplus | 96,811 | 96,729 |
| Retained earnings | 2,298,925 | 2,496,074 |
| Treasury stock, at cost | (5,161) | (5,457) |
| Accumulated Other Comprehensive Income | 62,844 | 71,983 |
| Net unrealized holding gains (losses) on securities | 52,940 | 63,338 |
| Net deferred gains (losses) on derivatives under | | |
| hedge accounting | 1,846 | 730 |
| Revaluation reserve for land | (473) | (473) |
| Remeasurements of defined benefit plans | 8,530 | 8,387 |
| Non-Controlling Interests | 21,933 | 25,222 |
| Total Net Assets | 2,675,353 | 2,884,552 |
| Total Liabilities and Net Assets | ¥7,911,114 | ¥8,147,676 |

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 | Fiscal 2018 |
| Operating Revenues | ¥2,880,802 | ¥2,950,156 |
| Operating Expenses | 2,414,492 | 2,468,860 |
| Transportation, other services and cost of sales | 1,852,221 | 1,891,897 |
| Selling, general and administrative expenses | 562,271 | 576,963 |
| Operating Income | 466,309 | 481,295 |
| Non-Operating Income | 20,260 | 27,868 |
| Interest income | 62 | 55 |
| Dividend income | 3,880 | 4,963 |
| Gains on sales of equipment | 907 | 1,172 |
| Insurance proceeds and dividends | 9,225 | 11,224 |
| Equity in net income of affiliated companies | 2,056 | 5,141 |
| Other | 4,127 | 5,310 |
| Non-Operating Expenses | 74,258 | 69,194 |
| Interest expense | 70,258 | 64,733 |
| Losses on sales of equipment | 198 | 165 |
| Other | 3,801 | 4,295 |
| Ordinary Income | 412,311 | 439,969 |
| Extraordinary Gains | 54,735 | 30,806 |
| Gains on sales of fixed assets | 11,833 | 442 |
| Construction grants received | 27,541 | 23,815 |
| Insurance proceeds related to earthquake | 13,639 | 4,905 |
| Other | 1,721 | 1,643 |
| Extraordinary Losses | 62,781 | 49,181 |
| Losses on sales of fixed assets | 722 | 192 |
| Losses from disposition of fixed assets | 4,159 | 4,235 |
| Losses on reduction entry for construction grants | 22,759 | 23,135 |
| Impairment losses on fixed assets | 6,604 | 4,176 |
| Intensive seismic reinforcement costs | 17,391 | 8,942 |
| Other | 11,143 | 8,500 |
| Income before Income Taxes | 404,266 | 421,594 |
| Income Taxes | 124,831 | 130,104 |
| Current | 111,481 | 114,455 |
| Deferred | 13,350 | 15,649 |
| Profit | 279,434 | 291,489 |
| Profit Attributable to Non-Controlling Interests | 1,509 | 2,532 |
| Profit Attributable to Owners of Parent | ¥ 277,925 | ¥ 288,957 |

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

| | Millions of Yen | |
|---------------------------------------------------------------------------------------------|-----------------|-------------|
| | Fiscal 2017 | Fiscal 2018 |
| Profit | ¥ 279,434 | ¥ 291,489 |
| Other Comprehensive Income | 14,035 | 9,157 |
| Net unrealized holding gains (losses) on securities..... | 9,117 | 9,227 |
| Net deferred gains (losses) on derivatives under hedge accounting..... | 19 | (232) |
| Remeasurements of defined benefit plans..... | 2,209 | (826) |
| Share of other comprehensive income of associates accounted for using equity method..... | 2,688 | 988 |
| Comprehensive Income | ¥ 293,470 | ¥ 300,647 |
| Comprehensive Income attributable to | | |
| Comprehensive income attributable to owners of the parent..... | ¥ 291,967 | ¥ 298,095 |
| Comprehensive income attributable to non-controlling interests..... | ¥ 1,503 | ¥ 2,551 |

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Fiscal 2017

Millions of Yen

| | Shareholders' Equity | | | | |
|-------------------------------------------------------------|----------------------|-----------------|-------------------|-------------------------|----------------------------|
| | Common Stock | Capital Surplus | Retained Earnings | Treasury Stock, at Cost | Total Shareholders' Equity |
| Balance at the fiscal year start | 200,000 | 96,811 | 2,101,844 | (5,295) | 2,393,361 |
| Changes of items during the fiscal year | | | | | |
| Cash dividends | | | (50,781) | | (50,781) |
| Profit attributable to owners of parent | | | 277,925 | | 277,925 |
| Increase due to merger | | | 86 | | 86 |
| Purchase of treasury stock | | | | (30,017) | (30,017) |
| Disposal of treasury stock | | | (0) | 1 | 1 |
| Retirement of treasury stock | | | (30,149) | 30,149 | — |
| Change of scope of consolidation | | | | | — |
| Purchase of shares of consolidated subsidiaries | | | | | — |
| Increase by corporate division in consolidated subsidiaries | | | | | — |
| Reversal of revaluation reserve for land | | | 0 | | 0 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the fiscal year | — | — | 197,080 | 133 | 197,214 |
| Balance at the fiscal year end | 200,000 | 96,811 | 2,298,925 | (5,161) | 2,590,575 |

| | Accumulated Other Comprehensive Income | | | | | Non-Controlling Interests | Total Net Assets |
|-------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------|------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
| | Net Unrealized Holding Gains (Losses) on Securities | Net Deferred Gains (Losses) on Derivatives under Hedge Accounting | Revaluation Reserve for Land | Remeasurements of Defined Benefit Plans | Total Accumulated Other Comprehensive Income | | |
| Balance at the fiscal year start | 43,771 | 473 | (473) | 4,996 | 48,767 | 20,408 | 2,462,537 |
| Changes of items during the fiscal year | | | | | | | |
| Cash dividends | | | | | | | (50,781) |
| Profit attributable to owners of parent | | | | | | | 277,925 |
| Increase due to merger | | | | | | | 86 |
| Purchase of treasury stock | | | | | | | (30,017) |
| Disposal of treasury stock | | | | | | | 1 |
| Retirement of treasury stock | | | | | | | — |
| Change of scope of consolidation | | | | | | | — |
| Purchase of shares of consolidated subsidiaries | | | | | | | — |
| Increase by corporate division in consolidated subsidiaries | | | | | | | — |
| Reversal of revaluation reserve for land | | | | | | | 0 |
| Net changes of items other than shareholders' equity | 9,169 | 1,373 | (0) | 3,534 | 14,076 | 1,525 | 15,602 |
| Total changes of items during the fiscal year | 9,169 | 1,373 | (0) | 3,534 | 14,076 | 1,525 | 212,816 |
| Balance at the fiscal year end | 52,940 | 1,846 | (473) | 8,530 | 62,844 | 21,933 | 2,675,353 |

Fiscal 2018

Millions of Yen

| | Shareholders' Equity | | | | |
|-------------------------------------------------------------|----------------------|-----------------|-------------------|-------------------------|----------------------------|
| | Common Stock | Capital Surplus | Retained Earnings | Treasury Stock, at Cost | Total Shareholders' Equity |
| Balance at the fiscal year start | 200,000 | 96,811 | 2,298,925 | (5,161) | 2,590,575 |
| Changes of items during the fiscal year | | | | | |
| Cash dividends | | | (52,263) | | (52,263) |
| Profit attributable to owners of parent | | | 288,957 | | 288,957 |
| Increase due to merger | | | | | — |
| Purchase of treasury stock | | | | (40,024) | (40,024) |
| Disposal of treasury stock | | 0 | | 0 | 0 |
| Retirement of treasury stock | | (0) | (39,727) | 39,727 | — |
| Change of scope of consolidation | | | 171 | | 171 |
| Purchase of shares of consolidated subsidiaries | | (81) | | | (81) |
| Increase by corporate division in consolidated subsidiaries | | | 12 | | 12 |
| Reversal of revaluation reserve for land | | | | | — |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the fiscal year | — | (81) | 197,149 | (295) | 196,771 |
| Balance at the fiscal year end | 200,000 | 96,729 | 2,496,074 | (5,457) | 2,787,347 |

| | Accumulated Other Comprehensive Income | | | | | Non-Controlling Interests | Total Net Assets |
|-------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------|------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
| | Net Unrealized Holding Gains (Losses) on Securities | Net Deferred Gains (Losses) on Derivatives under Hedge Accounting | Revaluation Reserve for Land | Remeasurements of Defined Benefit Plans | Total Accumulated Other Comprehensive Income | | |
| Balance at the fiscal year start | 52,940 | 1,846 | (473) | 8,530 | 62,844 | 21,933 | 2,675,353 |
| Changes of items during the fiscal year | | | | | | | |
| Cash dividends | | | | | | | (52,263) |
| Profit attributable to owners of parent | | | | | | | 288,957 |
| Increase due to merger | | | | | | | — |
| Purchase of treasury stock | | | | | | | (40,024) |
| Disposal of treasury stock | | | | | | | 0 |
| Retirement of treasury stock | | | | | | | — |
| Change of scope of consolidation | | | | | | | 171 |
| Purchase of shares of consolidated subsidiaries | | | | | | | (81) |
| Increase by corporate division in consolidated subsidiaries | | | | | | | 12 |
| Reversal of revaluation reserve for land | | | | | | | — |
| Net changes of items other than shareholders' equity | 10,398 | (1,116) | — | (143) | 9,138 | 3,288 | 12,427 |
| Total changes of items during the fiscal year | 10,398 | (1,116) | — | (143) | 9,138 | 3,288 | 209,198 |
| Balance at the fiscal year end | 63,338 | 730 | (473) | 8,387 | 71,983 | 25,222 | 2,884,552 |

(4) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

| | Fiscal 2017 | Fiscal 2018 |
|------------------------------------------------------------------------------------|-------------|-------------|
| Cash Flows from Operating Activities | | |
| Income before income taxes | ¥404,266 | ¥421,594 |
| Depreciation | 364,129 | 367,997 |
| Impairment losses on fixed assets | 6,604 | 4,176 |
| Amortization of long-term prepaid expense | 7,923 | 8,337 |
| Net change in provision for large-scale renovation of Shinkansen infrastructure | 24,000 | 24,000 |
| Net change in net defined benefit liabilities | (31,254) | (41,222) |
| Interest and dividend income | (3,942) | (5,019) |
| Interest expense | 70,258 | 64,733 |
| Construction grants received | (27,541) | (23,815) |
| Insurance proceeds related to earthquake | (13,639) | (4,905) |
| Losses from disposition of fixed assets | 44,602 | 37,028 |
| Losses from provision for cost reduction of fixed assets | 22,759 | 23,135 |
| Net change in major receivables | (11,105) | (38,309) |
| Net change in major payables | 11,309 | 66,066 |
| Other | (19,606) | (19,277) |
| Sub-total | 848,762 | 884,520 |
| Proceeds from interest and dividends | 4,499 | 5,606 |
| Payments of interest | (70,720) | (64,786) |
| Insurance proceeds related to earthquake | 19,064 | — |
| Payments of earthquake-damage losses | (4,353) | (10,503) |
| Payments of partial transfer costs of railway operation | (1,296) | (7,589) |
| Payments of income taxes | (143,050) | (103,052) |
| Net cash provided by operating activities | 652,906 | 704,194 |
| Cash Flows from Investing Activities | | |
| Payments for purchases of fixed assets | (581,671) | (578,156) |
| Proceeds from sales of fixed assets | 14,333 | 1,987 |
| Proceeds from construction grants | 54,363 | 49,075 |
| Payments for purchases of investments in securities | (35,560) | (6,850) |
| Proceeds from sales of investments in securities | 1,052 | 2,225 |
| Other | (10,056) | (10,138) |
| Net cash used in investing activities | (557,538) | (541,857) |
| Cash Flows from Financing Activities | | |
| Proceeds from long-term loans | 137,950 | 154,500 |
| Payments of long-term loans | (107,107) | (117,767) |
| Proceeds from issuance of bonds | 110,000 | 90,000 |
| Payments for redemption of bonds | (80,000) | (159,900) |
| Payments of liabilities incurred for purchase of railway facilities | (97,356) | (4,424) |
| Payments of acquisition of treasury stock | (30,017) | (40,024) |
| Cash dividends paid | (50,781) | (52,263) |
| Other | 1,033 | (5,221) |
| Net cash used in financing activities | (116,280) | (135,100) |
| Net Change in Cash and Cash Equivalents | (20,912) | 27,236 |
| Cash and Cash Equivalents at Beginning of the Year | 307,809 | 287,125 |
| Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary | — | 568 |
| Increase in Cash and Cash Equivalents due to Merger | 229 | — |
| Increase in Cash and Cash Equivalents Resulting from Absorption-Type Demerger | — | 3 |
| Cash and Cash Equivalents at End of the Year | ¥287,125 | ¥314,934 |

Note: Amounts less than one million yen are omitted.

(5) Notes to Consolidated Financial Statements (Unaudited)

(Notes on Going Concern Assumption (Unaudited))

None

(Segment Information (Unaudited))

(i) Segment Information

i) General information about reportable segments

Transportation, Retail & Services, and Real Estate & Hotels comprise JR East's three reportable segments. Each reportable segment is in turn comprised of business units within the Group with respect to which separate financial information is obtainable. These reportable segments are reviewed periodically by JR East's Board of Directors and form the basis on which to evaluate business performance and decide on how to allocate management resources of the Company.

The Transportation segment includes passenger transportation operations centered on railway operations, as well as travel agency services, cleaning services, station operations, facilities maintenance operations, railcar manufacturing operations, and railcar maintenance operations. The Retail & Services segment consists of the part of JR East's life-style service business that includes retail sales and restaurant operations, a wholesale business, a truck transportation business, and advertising and publicity. The Real Estate & Hotels segment consists of the part of JR East's life-style service business that includes shopping center operations, leasing of office buildings and other properties, and hotel operations.

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

From the fiscal year under review, 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 fiscal year's information has been prepared and presented based on the new segment classification.

ii) Basis of measurement about reportable segment operating revenues, segment income or loss, segment assets, and other material items

The accounting treatment for each reportable segment is largely the same as that set forth in the "Important Items that Form the Basis for Preparing Consolidated Financial Statements" in the recent Annual Securities Report released on June 23, 2017. Moreover, intersegment transactions are between consolidated subsidiaries and based on market prices and other fair values.

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

| Fiscal 2017 (Year ended March 31, 2017) | Millions of Yen | | | | Total | Adjustment (Note 2) | Consolidated (Note 3) |
|--------------------------------------------|-----------------|----------------------|-------------------------|--------------------|------------|------------------------|--------------------------|
| | Transportation | Retail & Services | Real Estate & Hotels | Others (Note 1) | | | |
| Operating Revenues | | | | | | | |
| Outside customers | ¥1,989,839 | ¥502,414 | ¥ 326,311 | ¥ 62,237 | ¥2,880,802 | ¥ — | ¥2,880,802 |
| Inside group | 80,760 | 63,584 | 19,107 | 148,692 | 312,144 | (312,144) | — |
| Total | 2,070,599 | 565,998 | 345,419 | 210,929 | 3,192,947 | (312,144) | 2,880,802 |
| Segment Income | ¥ 334,215 | ¥ 36,842 | ¥ 80,362 | ¥ 16,577 | ¥ 467,997 | ¥ (1,687) | ¥ 466,309 |
| Segment Assets | ¥6,389,042 | ¥325,652 | ¥1,224,720 | ¥965,495 | ¥8,904,911 | ¥(993,796) | ¥7,911,114 |
| Depreciation | 279,024 | 14,394 | 40,003 | 30,705 | 364,129 | — | 364,129 |
| Increase in fixed assets (Note 5) | 418,891 | 20,990 | 79,690 | 18,643 | 538,216 | — | 538,216 |

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 ¥(1,687) million downward adjustment to segment income includes a ¥(1,300) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(386) million elimination for intersegment transactions. Moreover, the ¥(993,796) million downward adjustment to segment assets includes a ¥(1,315,315) million elimination of intersegment claims and obligations, offset by ¥321,518 million in corporate assets not allocated to each reporting segment.

3. Segment income is adjusted to ensure consistency with the operating income set forth in the consolidated statements of income.

4. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.

5. Increase in fixed assets includes a portion contributed mainly by national and local governments.

| Fiscal 2018 (Year ended March 31, 2018) | Millions of Yen | | | | | Adjustment (Note 3) | Consolidated (Note 4) |
|--------------------------------------------|-----------------|----------------------|-------------------------|--------------------|------------|------------------------|--------------------------|
| | Transportation | Retail & Services | Real Estate & Hotels | Others (Note 2) | Total | | |
| Operating Revenues | | | | | | | |
| Outside customers | ¥2,017,876 | ¥514,962 | ¥ 340,144 | ¥ 77,172 | ¥2,950,156 | ¥ — | ¥2,950,156 |
| Inside group | 85,663 | 68,485 | 19,805 | 153,052 | 327,007 | (327,007) | — |
| Total | 2,103,540 | 583,447 | 359,950 | 230,225 | 3,277,164 | (327,007) | 2,950,156 |
| Segment Income | ¥ 340,412 | ¥ 38,998 | ¥ 80,986 | ¥ 22,588 | ¥ 482,985 | ¥ (1,690) | ¥ 481,295 |
| Segment Assets | ¥6,501,620 | ¥351,810 | ¥1,318,453 | ¥1,019,599 | ¥9,191,483 | ¥(1,043,807) | ¥8,147,676 |
| Depreciation | 280,811 | 15,297 | 41,299 | 30,589 | 367,997 | — | 367,997 |
| Increase in fixed assets (Note 6) | 454,492 | 19,276 | 88,936 | 17,801 | 580,507 | — | 580,507 |

- 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 ¥(1,690) million downward adjustment to segment income includes a ¥(1,256) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(393) million elimination for intersegment transactions. Moreover, the ¥(1,043,807) million downward adjustment to segment assets includes a ¥(1,367,040) million elimination of intersegment claims and obligations, offset by ¥323,233 million in corporate assets not allocated to each reporting segment.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the consolidated statements of income.
4. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.
5. Increase in fixed assets includes a portion contributed mainly by national and local governments.

(ii) Relevant Information

i) Information about products and services

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

ii) Information about geographic areas

a. Operating Revenues

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

b. Property, plant and equipment

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

iii) Information about major customers

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

(iii) Information about Impairment Loss on Fixed Assets in Reportable Segments

| Fiscal 2017 (Year ended March 31, 2017) | Millions of Yen | | | | Total |
|-----------------------------------------|-----------------|-------------------|----------------------|---------------|-------|
| | Transportation | Retail & Services | Real Estate & Hotels | Others (Note) | |
| Impairment losses on fixed assets | 396 | 960 | 5,247 | 0 | 6,604 |

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

| Fiscal 2018 (Year ended March 31, 2018) | Millions of Yen | | | | Total |
|-----------------------------------------|-----------------|-------------------|----------------------|---------------|-------|
| | Transportation | Retail & Services | Real Estate & Hotels | Others (Note) | |
| Impairment losses on fixed assets | 340 | 2,724 | 1,111 | 0 | 4,176 |

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

(iv) Information about Amortized Amount of Goodwill and Unamortized Balance of Goodwill by Reportable Segments

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

(v) Information about Gain on Negative Goodwill by Reportable Segments

None

(Per Share Information (Unaudited))

| | Fiscal 2017 | Fiscal 2018 |
|--------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Shareholders' equity per share | ¥6,825.51 | ¥7,426.92 |
| Earnings per share–basic | ¥713.96 | ¥749.20 |
| Earnings per share–diluted | Not shown because there are no convertible securities | Not shown because there are no convertible securities |

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

| | Fiscal 2017 | Fiscal 2018 |
|-----------------------------------------------------------------|--------------------|--------------------|
| Profit attributable to owners of parent | ¥277,925 million | ¥288,957 million |
| Amount not attributable to common stockholders | — | — |
| Profit attributable to owners of parent related to common stock | ¥277,925 million | ¥288,957 million |
| Average number of common shares | 389,272,266 | 385,688,648 |

(Subsequent Events (Unaudited))**(i) Share Repurchase**

The Board of Directors of East Japan Railway Company (“JR East”) resolved at its meeting held on April 27, 2018 matters concerning JR East’s repurchase of its common stock pursuant to Article 156 of the Business Corporation Law as applied pursuant to Article 165, Paragraph 3 thereof, as detailed below.

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

ii) Class of shares to be repurchased: Common stock

iii) Total number of shares that may be repurchased: 4,600,000 shares (maximum)

(1.19% of issued shares (excluding treasury stock))

iv) Aggregate repurchase price: ¥41,000 million (maximum)

v) Period of repurchase: From May 1, 2018 to July 31, 2018

6. Non-consolidated Financial Statements
(1) Non-consolidated Balance Sheets (Unaudited)
EAST JAPAN RAILWAY COMPANY

Millions of Yen

| | Fiscal 2017 | Fiscal 2018 |
|-----------------------------------------------------|--------------------|--------------------|
| ASSETS | | |
| Current Assets | ¥ 732,918 | ¥ 784,235 |
| Cash and time deposits | 178,896 | 206,789 |
| Fares receivable | 235,056 | 262,798 |
| Accounts receivable-trade | 82,157 | 83,538 |
| Short-term loans receivable | 300 | — |
| Short-term loans to affiliated companies receivable | 94,964 | 100,341 |
| Securities | 79,000 | 60,000 |
| Real estate for sale | 490 | 442 |
| Inventories | 18,544 | 20,443 |
| Prepaid expenses | 5,176 | 4,889 |
| Deferred tax assets | 32,035 | 38,179 |
| Other | 6,420 | 6,904 |
| Allowance for doubtful accounts | (124) | (92) |
| Fixed Assets | 6,646,454 | 6,763,766 |
| Fixed assets for railway operations | 4,777,753 | 4,858,386 |
| Property, plant and equipment | 10,842,256 | 11,070,794 |
| Accumulated depreciation | (6,102,247) | (6,252,093) |
| Intangible assets | 37,744 | 39,685 |
| Fixed assets for other operations | 578,443 | 621,338 |
| Property, plant and equipment | 757,632 | 811,362 |
| Accumulated depreciation | (180,251) | (191,817) |
| Intangible assets | 1,062 | 1,792 |
| Fixed assets relating to both operations | 293,367 | 283,896 |
| Property, plant and equipment | 808,024 | 808,608 |
| Accumulated depreciation | (519,128) | (529,952) |
| Intangible assets | 4,470 | 5,240 |
| Construction in progress | 274,365 | 305,900 |
| Railway operations | 235,821 | 255,066 |
| Other operations | 26,618 | 39,066 |
| Relating to both operations | 11,924 | 11,767 |
| Investments and other assets | 722,525 | 694,244 |
| Investments in securities | 193,200 | 208,231 |
| Stocks of subsidiaries and affiliated companies | 203,146 | 205,187 |
| Long-term loans to affiliated companies receivable | 106,178 | 89,776 |
| Long-term prepaid expenses | 34,025 | 33,392 |
| Long-term deferred tax assets | 177,806 | 148,350 |
| Other investment and other assets | 8,312 | 9,463 |
| Allowance for doubtful accounts | (143) | (157) |
| Total Assets | ¥ 7,379,373 | ¥ 7,548,002 |

Note: Amounts less than one million yen are omitted.

Millions of Yen

| | Fiscal 2017 | Fiscal 2018 |
|-------------------------------------------------------------------|-------------|-------------|
| LIABILITIES | | |
| Current Liabilities | ¥1,400,585 | ¥1,473,301 |
| Short-term loans from affiliated companies | 272,390 | 278,100 |
| Current portion of bonds | 159,999 | 164,999 |
| Current portion of long-term loans | 116,771 | 119,639 |
| Current portion of long-term liabilities | | |
| incurred for purchase of railway facilities | 3,787 | 3,956 |
| Lease obligation | 12,683 | 14,013 |
| Payables | 430,658 | 452,894 |
| Accrued expenses | 30,243 | 30,563 |
| Accrued consumption taxes | 11,172 | 16,578 |
| Accrued income taxes | 39,880 | 46,181 |
| Fare deposits received with regard to railway connecting services | 22,355 | 24,660 |
| Deposits received | 26,862 | 27,951 |
| Prepaid railway fares received | 98,741 | 100,020 |
| Advances received | 88,976 | 95,763 |
| Prepaid contribution for construction | 7,591 | 11,272 |
| Allowance for bonuses to employees | 57,656 | 59,849 |
| Allowance for earthquake-damage losses | 6,767 | 1,940 |
| Allowance for environmental conservation costs | 413 | 2,524 |
| Allowance for partial transfer costs of railway operation | — | 10,332 |
| Asset retirement obligations | 1,876 | 2,044 |
| Other | 11,756 | 10,015 |
| Long-Term Liabilities | 3,778,795 | 3,711,717 |
| Bonds | 1,680,074 | 1,605,134 |
| Long-term loans | 929,515 | 963,976 |
| Long-term loans from affiliated companies | 44,144 | 46,469 |
| Long-term liabilities incurred for purchase of railway facilities | 335,705 | 331,614 |
| Lease obligation | 30,809 | 31,066 |
| Long-term deferred contribution for construction | 37,195 | 58,060 |
| Provision for large-scale renovation | | |
| of Shinkansen infrastructure | 24,000 | 48,000 |
| Employees' severance and retirement benefits | 607,163 | 564,351 |
| Allowance for earthquake-damage losses | 10,293 | 9,110 |
| Allowance for environmental conservation costs | 9,400 | 4,937 |
| Allowance for partial transfer costs of railway operation | 16,163 | 2,688 |
| Asset retirement obligations | 8,686 | 8,835 |
| Other | 45,642 | 37,471 |
| Total Liabilities | ¥5,179,380 | ¥5,185,019 |

Note: Amounts less than one million yen are omitted.

Millions of Yen

| | Fiscal 2017 | Fiscal 2018 |
|------------------------------------------------------------------------|-------------|-------------|
| NET ASSETS | | |
| Shareholders' Equity | ¥2,153,023 | ¥2,307,821 |
| Common stock..... | 200,000 | 200,000 |
| Capital surplus..... | 96,600 | 96,600 |
| Additional paid-in capital..... | 96,600 | 96,600 |
| Retained earnings..... | 1,859,589 | 2,014,684 |
| Legal reserve..... | 22,173 | 22,173 |
| Other retained earnings | | |
| Reserve for special depreciation..... | 2,473 | 1,908 |
| Reserve for investment losses on developing new business..... | 33 | 57 |
| Reserve for deferred gain of fixed assets..... | 59,722 | 58,225 |
| General reserve..... | 1,490,000 | 1,660,000 |
| Retained earnings carried forward..... | 285,186 | 272,319 |
| Treasury stock, at cost..... | (3,166) | (3,462) |
| Valuation and Translation Adjustment | 46,969 | 55,161 |
| Net unrealized holding gains (losses) on securities..... | 45,740 | 54,165 |
| Net deferred gains (losses) on derivatives under hedge accounting..... | 1,228 | 995 |
| Total Net Assets | 2,199,992 | 2,362,982 |
| Total Liabilities and Net Assets | ¥7,379,373 | ¥7,548,002 |

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY

Millions of Yen

| | Fiscal 2017 | Fiscal 2018 |
|-------------------------------------------------------|-------------|-------------|
| Railway Operations | | |
| Operating Revenues | ¥1,989,500 | ¥2,010,668 |
| Passenger transportation | 1,816,271 | 1,836,734 |
| Trackage revenue | 6,076 | 6,235 |
| Miscellaneous income of transportation | 167,151 | 167,698 |
| Operating Expenses | 1,641,574 | 1,656,011 |
| Transportation expenses | 1,048,684 | 1,057,926 |
| General and administrative expenses | 227,464 | 232,179 |
| Taxes | 86,328 | 86,106 |
| Depreciation | 279,096 | 279,799 |
| Operating Income from Railway Operations | 347,926 | 354,656 |
| Other Operations | | |
| Operating Revenues | 79,306 | 82,595 |
| Revenue from real estate lease | 70,306 | 72,658 |
| Miscellaneous revenue | 9,000 | 9,937 |
| Operating Expenses | 38,624 | 42,120 |
| Cost of sales | 1,473 | 1,107 |
| Selling, general and administrative expenses | 14,283 | 16,827 |
| Taxes | 8,093 | 8,207 |
| Depreciation | 14,774 | 15,977 |
| Operating Income from Other Operations | 40,682 | 40,475 |
| Total Operating Income | 388,608 | 395,131 |
| Non-Operating Income | | |
| Interest income | 27,515 | 32,678 |
| Dividend income | 1,089 | 897 |
| Gains on sales of equipment | 14,033 | 16,300 |
| Insurance proceeds and dividends | 846 | 1,125 |
| Other | 9,020 | 10,916 |
| Other | 2,526 | 3,438 |
| Non-Operating Expenses | | |
| Interest expense | 74,508 | 68,866 |
| Interest on bonds | 38,856 | 35,222 |
| Cost of issuance of bonds | 32,880 | 30,997 |
| Losses on sales of equipment | 598 | 455 |
| Other | 182 | 152 |
| Other | 1,990 | 2,037 |
| Ordinary Income | 341,615 | 358,943 |

Note: Amounts less than one million yen are omitted.

Millions of Yen

| | Fiscal 2017 | Fiscal 2018 |
|----------------------------------------------------------------------------------|------------------|------------------|
| Extraordinary Gains | 52,477 | 29,872 |
| Gains on sales of fixed assets | 11,617 | 291 |
| Construction grants received | 26,274 | 23,534 |
| Insurance proceeds related to earthquake | 13,639 | 4,905 |
| Other | 945 | 1,142 |
| | | |
| Extraordinary Losses | 49,414 | 35,790 |
| Losses on sales of fixed assets | 673 | 147 |
| Losses on reduction entry for construction grants | 21,498 | 22,520 |
| Impairment losses on fixed assets | 2,971 | 343 |
| Intensive seismic reinforcement costs | 17,391 | 8,942 |
| Environmental conservation costs | 6,435 | 666 |
| Provision for allowance for partial transfer costs of railway operation | — | 2,715 |
| Other | 444 | 456 |
| Income before Income Taxes | 344,678 | 353,025 |
| | | |
| Income Taxes | 101,330 | 105,939 |
| Current | 86,255 | 86,114 |
| Deferred | 15,075 | 19,825 |
| | | |
| Profit | ¥ 243,347 | ¥ 247,085 |

Note: Amounts less than one million yen are omitted.

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

Fiscal 2017

Millions of Yen

| | Shareholders' Equity | | | |
|-----------------------------------------------------------------------|----------------------|----------------------------|-----------------------|-----------------------|
| | Common Stock | Capital Surplus | | |
| | | Additional Paid-in Capital | Other Capital Surplus | Total Capital Surplus |
| Balance at the fiscal year start | 200,000 | 96,600 | — | 96,600 |
| Changes of items during the fiscal year | | | | |
| Provision of reserve for special depreciation | | | | |
| Reversal of reserve for special depreciation | | | | |
| Provision of reserve for investment losses on developing new business | | | | |
| Reversal of reserve for investment losses on developing new business | | | | |
| Provision of reserve for deferred gain of fixed assets | | | | |
| Reversal of reserve for deferred gain of fixed assets | | | | |
| Provision of reserve for general reserve | | | | |
| Dividends | | | | |
| Profit | | | | |
| Purchase of treasury stock | | | | |
| Disposal of treasury stock | | | | |
| Retirement of treasury stock | | | | |
| Net changes of items other than shareholders' equity | | | | |
| Total changes of items during the fiscal year | — | — | — | — |
| Balance at the fiscal year end | 200,000 | 96,600 | — | 96,600 |

| | Shareholders' Equity | | | | | | |
|-----------------------------------------------------------------------|----------------------------------|----------------------------------------------------------|-------------------------------------------|-----------------|-----------------------------------|-----------|-------------------------|
| | Retained Earnings | | | | | | Total Retained Earnings |
| | Legal Reserve | Other Retained Earnings | | | | | |
| | Reserve for Special Depreciation | Reserve for Investment Losses on Developing New Business | Reserve for Deferred Gain of Fixed Assets | General Reserve | Retained Earnings Carried Forward | | |
| Balance at the fiscal year start | 22,173 | 923 | 5 | 55,200 | 1,330,000 | 288,870 | 1,697,174 |
| Changes of items during the fiscal year | | | | | | | |
| Provision of reserve for special depreciation | | 1,970 | | | | (1,970) | — |
| Reversal of reserve for special depreciation | | (420) | | | | 420 | — |
| Provision of reserve for investment losses on developing new business | | | 33 | | | (33) | — |
| Reversal of reserve for investment losses on developing new business | | | (5) | | | 5 | — |
| Provision of reserve for deferred gain of fixed assets | | | | 6,053 | | (6,053) | — |
| Reversal of reserve for deferred gain of fixed assets | | | | (1,532) | | 1,532 | — |
| Provision of reserve for general reserve | | | | | 160,000 | (160,000) | — |
| Dividends | | | | | | (50,781) | (50,781) |
| Profit | | | | | | 243,347 | 243,347 |
| Purchase of treasury stock | | | | | | | |
| Disposal of treasury stock | | | | | | (0) | (0) |
| Retirement of treasury stock | | | | | | (30,149) | (30,149) |
| Net changes of items other than shareholders' equity | | | | | | | |
| Total changes of items during the fiscal year | — | 1,549 | 27 | 4,521 | 160,000 | (3,683) | 162,415 |
| Balance at the fiscal year end | 22,173 | 2,473 | 33 | 59,722 | 1,490,000 | 285,186 | 1,859,589 |

| | Shareholders' Equity | | Valuation and Translation Adjustments | | | Total Net Assets |
|--------------------------------------------------------------------------|----------------------------|----------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------|------------------|
| | Treasury Stock, at Cost | Total Shareholders' Equity | Net Unrealized Holding Gains (Losses) on Securities | Net Deferred Gains (Losses) on Derivatives under Hedge Accounting | Total Valuation and Translation Adjustments | |
| Balance at the fiscal year start | (3,300) | 1,990,474 | 35,962 | 1,208 | 37,171 | 2,027,645 |
| Changes of items during the fiscal year | | | | | | |
| Provision of reserve for special depreciation | | — | | | | — |
| Reversal of reserve for special depreciation | | — | | | | — |
| Provision of reserve for investment losses on developing new business | | — | | | | — |
| Reversal of reserve for investment losses on developing new business | | — | | | | — |
| Provision of reserve for deferred gain of fixed assets | | — | | | | — |
| Reversal of reserve for deferred gain of fixed assets | | — | | | | — |
| Provision of reserve for general reserve | | — | | | | — |
| Dividends | | (50,781) | | | | (50,781) |
| Profit | | 243,347 | | | | 243,347 |
| Purchase of treasury stock | (30,017) | (30,017) | | | | (30,017) |
| Disposal of treasury stock | 1 | 1 | | | | 1 |
| Retirement of treasury stock | 30,149 | — | | | | — |
| Net changes of items other than shareholders' equity | | | 9,778 | 19 | 9,797 | 9,797 |
| Total changes of items during the fiscal year | 133 | 162,549 | 9,778 | 19 | 9,797 | 172,347 |
| Balance at the fiscal year end | (3,166) | 2,153,023 | 45,740 | 1,228 | 46,969 | 2,199,992 |

Fiscal 2018

Millions of Yen

| | Shareholders' Equity | | | |
|-----------------------------------------------------------------------|----------------------|----------------------------|-----------------------|-----------------------|
| | Common Stock | Capital Surplus | | |
| | | Additional Paid-in Capital | Other Capital Surplus | Total Capital Surplus |
| Balance at the fiscal year start | 200,000 | 96,600 | — | 96,600 |
| Changes of items during the fiscal year | | | | |
| Provision of reserve for special depreciation | | | | |
| Reversal of reserve for special depreciation | | | | |
| Provision of reserve for investment losses on developing new business | | | | |
| Reversal of reserve for investment losses on developing new business | | | | |
| Provision of reserve for deferred gain of fixed assets | | | | |
| Reversal of reserve for deferred gain of fixed assets | | | | |
| Provision of reserve for general reserve | | | | |
| Dividends | | | | |
| Profit | | | | |
| Purchase of treasury stock | | | | |
| Disposal of treasury stock | | | 0 | 0 |
| Retirement of treasury stock | | | (0) | (0) |
| Net changes of items other than shareholders' equity | | | | |
| Total changes of items during the fiscal year | — | — | — | — |
| Balance at the fiscal year end | 200,000 | 96,600 | — | 96,600 |

| | Shareholders' Equity | | | | | | |
|-----------------------------------------------------------------------|----------------------------------|----------------------------------------------------------|-------------------------------------------|-----------------|-----------------------------------|-----------|-------------------------|
| | Retained Earnings | | | | | | Total Retained Earnings |
| | Legal Reserve | Other Retained Earnings | | | | | |
| | Reserve for Special Depreciation | Reserve for Investment Losses on Developing New Business | Reserve for Deferred Gain of Fixed Assets | General Reserve | Retained Earnings Carried Forward | | |
| Balance at the fiscal year start | 22,173 | 2,473 | 33 | 59,722 | 1,490,000 | 285,186 | 1,859,589 |
| Changes of items during the fiscal year | | | | | | | |
| Provision of reserve for special depreciation | | | | | | | — |
| Reversal of reserve for special depreciation | | (565) | | | | 565 | — |
| Provision of reserve for investment losses on developing new business | | | 57 | | | (57) | — |
| Reversal of reserve for investment losses on developing new business | | | (33) | | | 33 | — |
| Provision of reserve for deferred gain of fixed assets | | | | | | | — |
| Reversal of reserve for deferred gain of fixed assets | | | | (1,497) | | 1,497 | — |
| Provision of reserve for general reserve | | | | | 170,000 | (170,000) | — |
| Dividends | | | | | | (52,263) | (52,263) |
| Profit | | | | | | 247,085 | 247,085 |
| Purchase of treasury stock | | | | | | | |
| Disposal of treasury stock | | | | | | | |
| Retirement of treasury stock | | | | | | (39,727) | (39,727) |
| Net changes of items other than shareholders' equity | | | | | | | |
| Total changes of items during the fiscal year | — | (565) | 23 | (1,497) | 170,000 | (12,867) | 155,094 |
| Balance at the fiscal year end | 22,173 | 1,908 | 57 | 58,225 | 1,660,000 | 272,319 | 2,014,684 |

| | Shareholders' Equity | | Valuation and Translation Adjustments | | | Total Net Assets |
|--------------------------------------------------------------------------|----------------------------|----------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------|------------------|
| | Treasury Stock, at Cost | Total Shareholders' Equity | Net Unrealized Holding Gains (Losses) on Securities | Net Deferred Gains (Losses) on Derivatives under Hedge Accounting | Total Valuation and Translation Adjustments | |
| Balance at the fiscal year start | (3,166) | 2,153,023 | 45,740 | 1,228 | 46,969 | 2,199,992 |
| Changes of items during the fiscal year | | | | | | |
| Provision of reserve for special depreciation | | — | | | | — |
| Reversal of reserve for special depreciation | | — | | | | — |
| Provision of reserve for investment losses on developing new business | | — | | | | — |
| Reversal of reserve for investment losses on developing new business | | — | | | | — |
| Provision of reserve for deferred gain of fixed assets | | — | | | | — |
| Reversal of reserve for deferred gain of fixed assets | | — | | | | — |
| Provision of reserve for general reserve | | — | | | | — |
| Dividends | | (52,263) | | | | (52,263) |
| Profit | | 247,085 | | | | 247,085 |
| Purchase of treasury stock | (40,024) | (40,024) | | | | (40,024) |
| Disposal of treasury stock | 0 | 0 | | | | 0 |
| Retirement of treasury stock | 39,727 | — | | | | — |
| Net changes of items other than shareholders' equity | | | 8,424 | (232) | 8,192 | 8,192 |
| Total changes of items during the fiscal year | (295) | 154,798 | 8,424 | (232) | 8,192 | 162,990 |
| Balance at the fiscal year end | (3,462) | 2,307,821 | 54,165 | 995 | 55,161 | 2,362,982 |

(Additional Information Regarding Operating Results)

Consolidated Principal Indicators

| | Fiscal 2017 (A) | Fiscal 2018 (B) | Increase (Decrease) (B)-(A) |
|--------------------------------------------------------|--------------------|--------------------|-----------------------------------|
| Cash flows from operating activities (billions of yen) | 652.9 | 704.1 | 51.2 |
| Ratio of operating income to average assets (ROA) (%) | 5.9 | 6.0 | 0.1 |
| Return on average equity (ROE) (%) | 10.9 | 10.5 | (0.4) |

Consolidated Capital Expenditures

| | Billions of Yen | | | | Plans for Fiscal 2019 (C) | Change Increase (Decrease) (C)-(B) |
|-----------------------------|------------------------------|------------------------------|-----------------------------------|------------------|---------------------------------|---------------------------------------------|
| | Actual Fiscal 2017 (A) | Actual Fiscal 2018 (B) | Change | | | |
| | | | Increase (Decrease) (B)-(A) | % (B)/(A)x100 | | |
| Capital expenditures | 506.7 | 550.4 | 43.7 | 108.6 | 645.0 | 94.5 |
| Transportation | 387.4 | 424.4 | 37.0 | 109.6 | 480.0 | 55.5 |
| Non-transportation | 119.3 | 126.0 | 6.6 | 105.6 | 165.0 | 38.9 |

Note: Financial results for fiscal 2017 are presented based on the new segment classification.

Medium-Term Numerical Targets

As a new management vision is being formulated based on changes in the business environment and other factors, JR East intends to announce new medium-term numerical targets together with this new vision in summer 2018.

Reference

From the first quarter of fiscal 2018, 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. The summary of each reportable segment is as follows.

- Transportation The Transportation segment includes passenger transportation operations centered on railway operations, as well as travel agency services, cleaning services, station operations, facilities maintenance operations, railcar manufacturing operations and railcar maintenance operations.
- Retail & Services The Retail & Services segment consists of the part of JR East's life-style service business that includes retail sales and restaurant operations, wholesale business, truck transportation business and advertising and publicity.
- Real Estate & Hotels The Real Estate & Hotels segment consists of the part of JR East's life-style service business that includes shopping center operations, leasing of office buildings and other properties, and hotel operations.
- Others In addition to the above, JR East conducts IT & *Suica* business including credit card business, information processing and certain other businesses.

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 | Fiscal 2018 | Change | | Fiscal 2017 | Fiscal 2018 | Change | |
| (A) | (B) | Increase (Decrease) (B)-(A) | (B)/(A)x100 | (C) | (D) | Increase (Decrease) (D)-(C) | (D)/(C)x100 | |
| Shinkansen Network | | | | | | | | |
| Commuter Passes | 1,754 | 1,781 | 27 | 101.5 | 23.8 | 24.2 | 0.3 | 101.6 |
| Other | 21,422 | 21,590 | 167 | 100.8 | 560.5 | 563.8 | 3.3 | 100.6 |
| Total | 23,176 | 23,371 | 195 | 100.8 | 584.3 | 588.1 | 3.7 | 100.6 |
| Conventional Lines | | | | | | | | |
| <i>Kanto Area Network</i> | | | | | | | | |
| Commuter Passes | 70,202 | 70,800 | 598 | 100.9 | 456.0 | 460.3 | 4.2 | 100.9 |
| Other | 36,113 | 36,696 | 582 | 101.6 | 707.0 | 718.9 | 11.9 | 101.7 |
| Total | 106,315 | 107,497 | 1,181 | 101.1 | 1,163.0 | 1,179.2 | 16.2 | 101.4 |
| <i>Other Network</i> | | | | | | | | |
| Commuter Passes | 3,074 | 3,070 | (4) | 99.9 | 18.4 | 18.4 | (0.0) | 99.9 |
| Other | 2,530 | 2,547 | 16 | 100.6 | 50.2 | 50.8 | 0.5 | 101.0 |
| Total | 5,605 | 5,617 | 12 | 100.2 | 68.7 | 69.2 | 0.4 | 100.7 |
| <i>Total</i> | | | | | | | | |
| Commuter Passes | 73,276 | 73,871 | 594 | 100.8 | 474.5 | 478.7 | 4.2 | 100.9 |
| Other | 38,644 | 39,243 | 598 | 101.5 | 757.2 | 769.7 | 12.4 | 101.6 |
| Total | 111,921 | 113,114 | 1,193 | 101.1 | 1,231.8 | 1,248.5 | 16.7 | 101.4 |
| Total | | | | | | | | |
| Commuter Passes | 75,031 | 75,653 | 621 | 100.8 | 498.4 | 503.0 | 4.6 | 100.9 |
| Other | 60,066 | 60,833 | 766 | 101.3 | 1,317.8 | 1,333.6 | 15.8 | 101.2 |
| Total | 135,098 | 136,486 | 1,388 | 101.0 | 1,816.2 | 1,836.6 | 20.4 | 101.1 |

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.