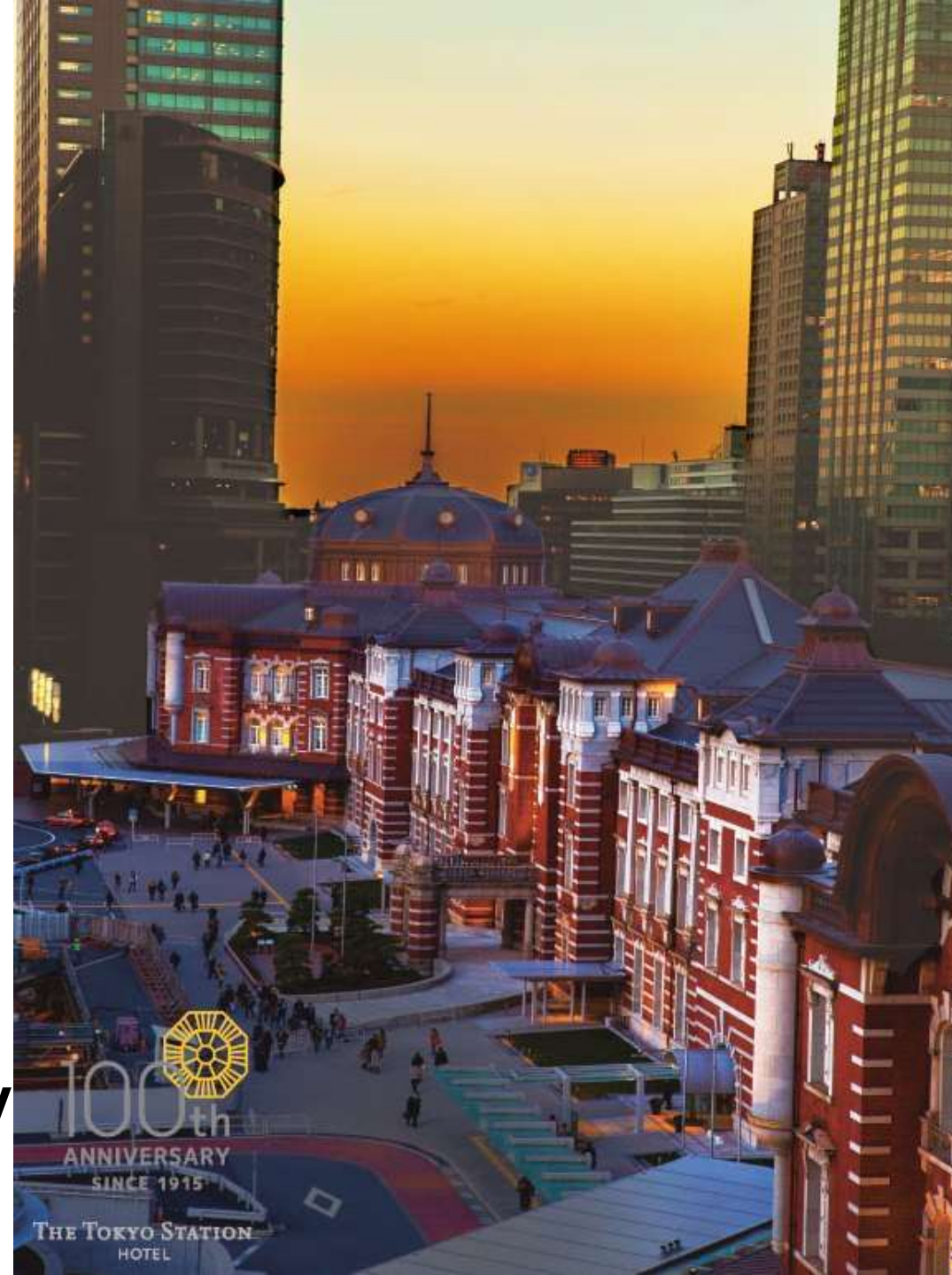




# FY2016.3 Second Quarter Financial Results Presentation

October 29, 2015  
East Japan Railway Company



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# **I. JR East Group Management Vision V - Ever Onward -**

## JR East Group Management Vision V

- **Ever Onward** -

(Announced on Oct. 30, 2012)

### Eternal Mission

### Pursuing Unlimited Potential

Extreme safety levels

Technological innovation

Service quality reforms

Tackling new business areas

Strengthening collaboration with local communities

Creating a corporate culture that maximizes human potential

**Sustained Growth**

Local Communities and Society

**The JR East Group**

Employees

Customers

Shareholders and Investors

**“ Thriving with Communities, Growing Globally ”**

# Aiming to Heighten the Safety and Reliability of Transportation

Facing internal and external changes that include changes in railway systems, increasing horizontal division of duties, and rapidly advancing transition to the next generation of employees, the JR East Group has to revise education, training, and operational duties and resolve issues proactively.

## **Series of incidents that have occurred since April 2015**

- 4/12 Collapse of electrical pole on Kanda–Akihabara segment of Yamanote Line
- 4/29 Breakage of overhead wires within Koriyama Station on Tohoku Shinkansen Line
- 8/4 Breakage of overhead wires on Sakuragicho–Yokohama segment of Negishi Line
- 8/9 Damage to window glass of Tohoku Shinkansen



Collapse of electrical pole on Kanda–Akihabara segment of Yamanote Line

Breakage of overhead wires within Koriyama Station on Tohoku Shinkansen Line



Changes  
(background factors)

Changes in railway systems

Increasing horizontal division of duties that centers on the Group

Rapidly advancing transition to next generation of employees

## Aiming to resolve issues

### **Revise safety education and training**

⇒ Conduct practical education that not only covers work procedures (manuals, etc.) but also includes “essence” (intent and purpose, system and operation principles, etc.) and increase safety consciousness and sensitivity

### **Strengthen ability to respond to emergencies**

⇒ Limit impact and strengthen systems for rapid resumption  
⇒ Rescue passengers rapidly and provide appropriate information (expected resumption of operations, etc.)  
⇒ Enhance management and direction capabilities of each countermeasures taskforce

### **Enhance technological capabilities in the Group as a whole through collaboration with partner companies**

⇒ Establish systems for strengthening management of railway construction work, expand and intensify personnel exchanges, and increase sharing of risk information

### **Strengthen Shinkansen facilities and equipment and railcars**

⇒ Implement strengthening measures based on awareness of such changes as higher speeds and aging

### **Strengthen electrical facilities and equipment in Tokyo metropolitan area**

⇒ Minimize impact on transportation by increasing durability and ensuring incorporation of dual systems

### **Establishment of Railway-Related Risk Mitigation Committee**

⇒ Prevent recurrence rigorously (check that measures to prevent serious incidents that occurred in the past are being implemented without fail)  
⇒ Realize prevention by identifying risks and weak points (unearth risks and weak points and take countermeasures before serious incidents occur)

# FY2018.3 Numerical Targets ( as of April )

(¥ billion,%)	2015.3 Results	2016.3 Plan	2018.3 Target	2018.3/2015.3	
				Increase / decrease	(%)
<b>Operating revenues</b>	2,756.1	2,800.0	2,900.0	+143.8	105.2
Transportation	1,852.0	1,911.0	1,946.0	+93.9	105.1
Station Space Utilization	396.3	388.0	425.0	+28.6	107.2
Shopping Centers & Office Buildings	254.9	258.0	288.0	+33.0	112.9
Others	252.7	243.0	241.0	-11.7	95.3
<b>Operating income</b>	427.5	445.0	463.0	+35.4	108.3
Transportation	294.6	314.0	318.0	+23.3	107.9
Station Space Utilization	34.5	30.0	37.0	+2.4	107.1
Shopping Centers & Office Buildings	72.3	73.0	78.0	+5.6	107.8
Others	27.4	29.0	31.0	+3.5	112.8
Adjustment	-1.4	-1.0	-1.0		

## ■ Main assumptions

(For the three years ending FY2018.3)

- Real GDP growth rate  
approx. +1.4% per year
- Basic growth rate for passenger revenues per year  
Commuter passes:  
approx. +0.0% per year  
Non-commuter passes:  
approx. +0.7% per year

\* The impact by Hokkaido Shinkansen which is under construction is not included.

**Consolidated ROA (at the end of FY2018.3)**  
(rate of operating income on total assets )

Around **6%**

**Consolidated ROE (at the end of FY2018.3)**  
(rate of net income on equity )

Around **10%**

The three-year targets will be reviewed annually, and will be revised to new targets for the next three years starting from the following fiscal year.

# Uses of Consolidated Cash Flows ( as of April )

	Targets	FY2016.3
<b>Consolidated operating cash flow</b>	Approx. <b>¥1.9</b> trillion (Three-year total to FY2018.3)	
<b>Capital expenditures</b>	Approx. <b>¥1.6</b> trillion (Three-year total to FY2018.3)	<b>¥525.0</b> billion *
Investment needed for the continuous operation of business (Safety practice and transportation stability)	Approx. <b>¥1,000.0</b> billion (Approx. ¥600.0 billion)	<b>¥321.0</b> billion
Growth investment	Approx. <b>¥600.0</b> billion	<b>¥204.0</b> billion
<b>Shareholder returns</b>	[Medium- to long-term target] <b>33%</b> total return ratio (to net income)	<b>¥130</b> /share dividend Share buybacks **
<b>Debt reduction</b>	(During the 2020s) <b>¥3,000.0</b> billion interest-bearing debt balance	Reduce interest-bearing debt Around <b>¥20.0</b> billion

\* In addition, priority budget allocation max. ¥30.0 billion from the deposit balance on Mar. 31, 2015 (capital expenditures of approx. ¥555.0 billion in total)

\*\* Share buybacks of 1 million shares for approx. ¥ 11.0 billion executed in Apr. to May 2015(cancelled in Aug. 2015)

## **II. FY2016.3 Second Quarter Financial Results and FY2016.3 Plan**

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# FY2016.3 Second Quarter Financial Results (non-consolidated)

(¥ billion)	2014.9 <i>Results</i>	2015.9		2015.9/2014.9	
		Results	[Apr. plan]	Increase / decrease	(%)
Operating revenues	984.2	1,037.7	[1,017.0]	+53.5	105.4
Passenger revenues	869.7	915.6		+45.8	105.3
Others	114.5	122.1		+7.6	106.7
Operating expenses	758.2	780.9		+22.7	103.0
Personnel expenses	235.2	236.0		+0.8	100.3
Non-Personnel expenses	300.7	310.7		+9.9	103.3
Energy	33.2	30.5		-2.6	91.9
Maintenance	103.2	108.3		+5.1	105.0
Other	164.2	171.7		+7.5	104.6
Usage fees to JR TT, etc.	36.1	44.3		+8.1	122.4
Taxes	46.6	48.2		+1.6	103.4
Depreciation	139.3	141.5		+2.2	101.6
Operating income	226.0	256.8	[242.0]	+30.7	113.6
Ordinary income	205.0	232.4	[214.0]	+27.4	113.4
Net income	133.3	158.1	[145.0]	+24.8	118.6

# Passenger Revenues

## - 1<sup>st</sup> half Results and Main Positive and Negative Factors

(YoY, ¥ billion,%)	Increase / decrease	(%)	(YoY, ¥ billion)	Positive and Negative Factors	Increase / decrease
Passenger revenues	+45.8	105.3	Shinkansen (+33.8)	Hokuriku Shinkansen	+27.5
				Inbound tourism	+2.0
Commuter passes (Seasonal tickets)	+1.9	100.8		Holiday, etc. (“Silver Week”)	+1.0
				“Zenkoji Gokaicho” *	+0.5
Non-commuter passes (Ordinary tickets)	+43.9	107.1		“Otona no Kyujitsu Club” **, etc.	-0.5
				Basic Trend	+3.0
			Conventional Lines (+10.0)	Holiday, etc. (“Golden Week”, “Silver Week”)	+3.5
Absence of Natural disaster, etc.	+2.0				
Ueno Tokyo Line	+1.5				
Absence of decrease in sales at the beginning of last FY	+1.0				
Separation of parallel conventional lines, etc.	-1.5				
Basic Trend	+3.5				
Non-commuter passes revenues (Ordinary Tickets)					+43.9
Commuter passes revenues (Seasonal Tickets)					+1.9
<b>Passenger revenues</b>					<b>+45.8</b>

\* “Zenkoji Gokaicho” :  
an every seventh year special event in Zenkoji Temple, Nagano

\*\* “Otona no Kyujitsu Club” :  
Membership club for elderly people

# Passenger Revenues – 1st-half Results and Full-term Plan

(YoY)	1st-half		2nd-half	Total	Trend	
	Apr. plan	Results	Oct. plan	Oct. plan	Apr. plan	Oct. plan
<b>Passenger revenues</b>	103.1%	105.3%	103.4%	104.3%	100.4%	100.9%
<b>Commuter passes</b>	100.4%	100.8%	100.8%	100.8%	100.2%	100.6%
<b>Non-commuter passes</b>	104.2%	107.1%	104.4%	105.8%	100.6%	101.0%
Shinkansen Network	108.4%	113.6%	109.5%	111.5%	101.0%	101.3%
Kanto Area Network of Conventional Lines	101.8%	103.2%	101.4%	102.3%	100.5%	100.7%

## Main positive and negative factors in the 2nd-half

(YoY, ¥ billion)

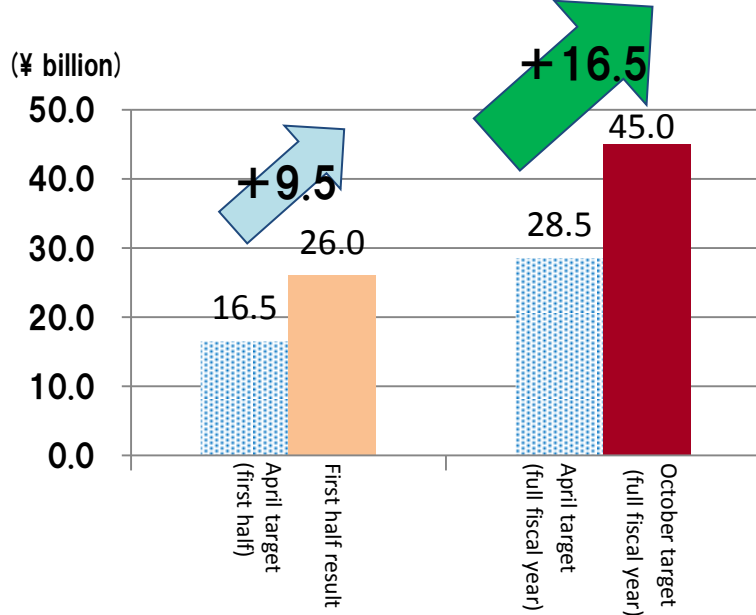
Non-commuter passes	Commuter passes	Basic Trend	+1.5
	Shinkansen Network	Hokuriku Shinkansen	+20.5
		Inbound tourism	+1.5
		Leap-Year	+1.0
		Natural disaster, etc. (including absence of Natural disaster)	-1.0
		Basic Trend	+3.0
	Kanto Area Network of Conventional lines	Leap-Year	+2.0
		Ueno Tokyo Line	+1.5
		Natural disaster, etc. (including absence of Natural disaster)	-0.5
		Basic Trend	+2.0

# Topics (Hokuriku Shinkansen and Inbound Tourism)

## Hokuriku Shinkansen

Amount contributed by Hokuriku Shinkansen  
(target and result)

\* Shinkansen increase net of conventional line decrease



### (Main reasons for surpassing target)

- In addition to increase in passengers between the Tokyo metropolitan area and Hokuriku, increase in passengers between areas other than the Tokyo metropolitan area (Tohoku and Joshinetsu) and Hokuriku
- Favorable usage of *GranClass*



## Inbound Tourism

- Increased awareness of Tohoku area
- Increase in and enhancement of duty free stores
- Establishment of free Wi-Fi and other communications environments
- Increase in and enhancement of JR EAST Travel Service Centers, primarily in the Tokyo metropolitan area



Treasureland TOHOKU JAPAN

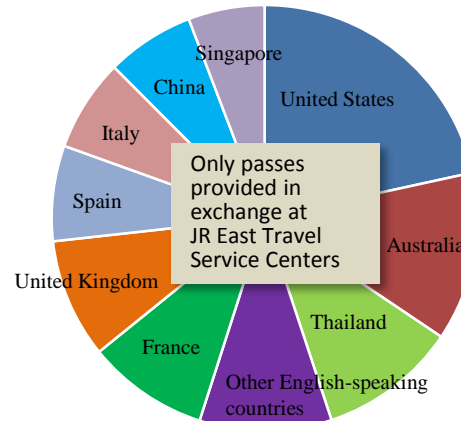


A LUMINE duty free counter (LUMINE EST)



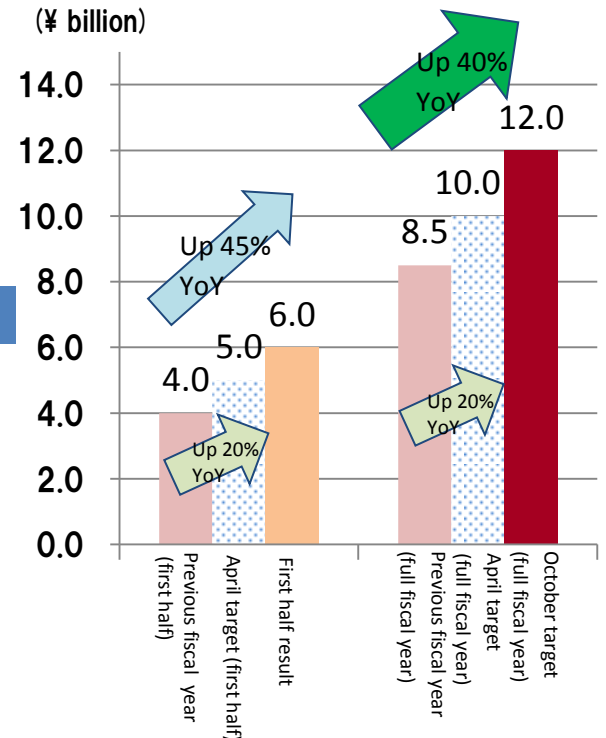
Seating reservation service for overseas customers

JAPAN RAIL PASS breakdown by country



### Revenues from Inbound Tourism (targets and results)

\* JR East's share of JR ticket sales, including sales of discount railway tickets for foreign visitors and sales of JR EAST Travel Service Centers



# Operating Expenses (non-consolidated) – FY2016.3 Second Quarter Results

(¥ billion)	2014.9 Results	2015.9 Results	2015.9/2014.9		Main factors behind change
			Increase / decrease	(%)	
Operating expenses	758.2	780.9	+22.7	103.0	
Personnel expenses	235.2	236.0	+0.8	100.3	• Bonus related: +0.8
Non-personnel expenses	300.7	310.7	+9.9	103.3	
Energy	33.2	30.5	-2.6	91.9	• Decrease in fuel costs of thermal power plants
Maintenance	103.2	108.3	+5.1	105.0	• General maintenance expenses +4.4 • Railcar maintenance expenses: +0.7
Other	164.2	171.7	+7.5	104.6	• Railcar usage expenses: +3.0 • Sales commissions: +2.4 • Outsourcing expenses +2.2
Usage fees to JR TT, etc.	36.1	44.3	+8.1	122.4	• Leasing fee due to the opening of the Hokuriku Shinkansen
Taxes	46.6	48.2	+1.6	103.4	• Amendment of pro forma standard taxation
Depreciation	139.3	141.5	+2.2	101.6	• Increase due to capital expenditures

# FY2016.3 Financial Plan (non-consolidated)

(¥ billion)	2015.3	2016.3	2016.3	Vs. FY2015.3 results		Vs. Apr. plan
	Results	Apr. plan	Oct. plan	Increase / decrease	(%)	Increase / decrease
Operating revenues	1,966.0	2,016.0	2,049.0	+82.9	104.2	+33.0
Passenger revenues	1,725.9	1,770.0	1,801.0	+75.0	104.3	+31.0
Others	240.0	246.0	248.0	+7.9	103.3	+2.0
Operating expenses	1,613.3	1,641.0	1,658.0	+44.6	102.8	+17.0
Personnel expenses	472.3	465.0	471.0	-1.3	99.7	+6.0
Non-personnel expenses	690.3	700.0	711.0	+20.6	103.0	+11.0
Energy	71.5	66.0	65.0	-6.5	90.8	-1.0
Maintenance	248.3	249.0	256.0	+7.6	103.1	+7.0
Other	370.3	385.0	390.0	+19.6	105.3	+5.0
Usage fees to JR TT, etc.	73.9	89.0	89.0	+15.0	120.4	-
Taxes	86.0	91.0	90.0	+3.9	104.6	-1.0
Depreciation	290.6	296.0	297.0	+6.3	102.2	+1.0
Operating income	352.6	375.0	391.0	+38.3	110.9	+16.0
Ordinary income	301.5	319.0	339.0	+37.4	112.4	+20.0
Net income	157.1	207.0	220.0	+62.8	140.0	+13.0

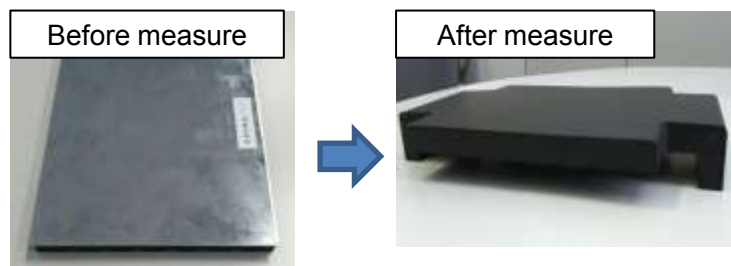
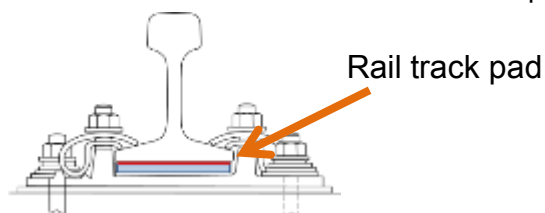
# Revision of Maintenance

(¥ billion )		April target	October target
Amount initially earmarked		249.0	249.0
Safety countermeasures in response accidents, etc.	Countermeasures for objects falling from railway viaducts, etc.*		3.5
	Measures to prevent rail track pads from slipping out *		
	Countermeasures for electrical pole collapse and overhead wire breakage		
Accident prevention measures in light of results of emergency general safety inspections (measures to prevent elevator breakdowns, repairs to aging equipment on train platforms, removal of overhead pedestrian crossings, etc.)			3.5
Total		249.0	256.0

\* Asterisks indicate measures that JR East plans to continue in the coming fiscal year and beyond.



Countermeasure for objects falling from railway viaducts, etc.



Measure to prevent rail track pads from slipping out (introduction of hard rubber rail track pads with anti-slip features)



Countermeasures for overhead wire breakage (image)

# FY2016.3 Second Quarter Financial Results (consolidated)

(¥ billion)	2014.9	2015.9		2015.9/2014.9	
	<i>Results</i>	Results	[Apr. plan]	Increase / decrease	(%)
<b>Operating revenues</b>	<b>1,356.2</b>	<b>1,421.2</b>	[1,387.0]	<b>+65.0</b>	104.8
Transportation	928.0	984.1		+56.0	106.0
Station Space Utilization	197.9	201.5		+3.5	101.8
Shopping Centers & Office Buildings	124.0	125.0		+1.0	100.8
Others	106.1	110.6		+4.4	104.2
<b>Operating income</b>	<b>257.8</b>	<b>292.3</b>	[267.0]	<b>+34.4</b>	113.3
Transportation	196.6	224.0		+27.4	113.9
Station Space Utilization	17.8	18.9		+1.1	106.4
Shopping Centers & Office Buildings	36.4	38.3		+1.9	105.3
Others	7.5	10.1		+2.6	134.9
Adjustment	-0.5	0.7		+1.3	-
<b>Ordinary income</b>	<b>220.9</b>	<b>257.5</b>	[232.0]	<b>+36.6</b>	116.6
<b>Profit attributable to owners of parent</b>	<b>136.0</b>	<b>167.3</b>	[151.0]	<b>+31.3</b>	123.0



# Transportation - Results and Plan

(¥ billion)	2014.9	2015.9	2015.9/ 2014.9
Operating revenues	928.0	984.1	+56.0 106.0%
Operating income	196.6	224.0	+27.4 113.9%

2015.3	2016.3 Plan [Apr. plan]	2016.3/ 2015.3
1,852.0	1,940.0 [1,911.0]	+87.9 104.7%
294.6	327.0 [314.0]	+32.3 111.0%

## Operating revenues

- main positive and negative factors in 1st-half (FY2016.3)

JR East	+52.2	Increase in passenger revenues
J-TREC	+3.6	Increase in sales to outside customers

## FY2016.3 Topics

- *Fukushima Destination Campaign*  
(Apr. to Jun. 2015)
- *Hokuriku Destination Campaign*  
(Oct. to Dec. 2015)
- Opening of the Hokkaido Shinkansen between Shin-Aomori and Shin-Hakodate Hokuto  
(Mar. 2016)



Series E7 Hokuriku Shinkansen

[Notes] Operating revenues: operating revenues from outside customers

Operating income: operating revenues from outside customers + operating revenues inside group - purchases from outside suppliers - purchases inside group

# Station Space Utilization - Results and Plan

(¥ billion)	2014.9	2015.9	2015.9/ 2014.9	2015.3	2016.3 Plan [Apr. plan]	2016.3/ 2015.3
Operating revenues	197.9	201.5	+3.5 101.8%	396.3	396.0 [388.0]	-0.3 99.9%
Operating income	17.8	18.9	+1.1 106.4%	34.5	34.0 [30.0]	-0.5 98.4%

## Operating revenues

- main positive and negative factors in 1st-half (FY2016.3)

Tetsudo Kaikan	+1.5	Increase in sales of <i>GranSta</i> and <i>GranSta Dining</i>
JR East Retail Net (J-Retail)	+0.5	Opening of new stores and increase in sales of existing stores
NRE	+0.4	Increase in sales of boxed lunches



**NewDays KIOSK**

[Reference] Monthly trends (comparison with same month of previous year, %)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	1st-half total
Retails & Restaurant Total	102.2	101.5	101.2	102.8	100.6	103.2	101.9
J-Retail (existing stores)	104.7	99.1	99.2	101.4	98.8	101.2	100.3
NRE (existing stores)*	104.2	105.8	104.0	105.7	102.8	106.7	104.8

\* For NRE, hotel operations revenues not included

[Notes] Operating revenues : operating revenues from outside customers

Operating income : operating revenues from outside customers + operating revenues inside group - purchases from outside suppliers - purchases inside group

# Shopping Centers & Office Buildings - Results and Plan

(¥ billion)	2014.9	2015.9	2015.9/ 2014.9	2015.3	2016.3 Plan [Apr. plan]	2016.3/ 2015.3
Operating revenues	124.0	125.0	+1.0 100.8%	254.9	258.0 [258.0]	+3.0 101.2%
Operating income	36.4	38.3	+1.9 105.3%	72.3	73.0 [73.0]	+0.6 100.9%

Operating revenues  
- main positive and negative factors in 1st-half (FY2016.3)

<i>atré</i>	+3.9	Reorganization of company buildings near stations in north Kanto area and existing stores' favorable performance
<i>LUMINE</i>	+1.0	Existing stores' favorable performance and increase in <i>i Lumine</i>
<i>MIDORI</i>	+0.6	MIDORI Nagano (fully opened in March 2015)

## FY2016.3 Topics

- *atré URAWA* (Nov. 2015)
- Floor expansion of LUSCA Chigasaki (Nov. 2015)
- JR SHINJUKU MIRAINA TOWER (Mar. 2016)

[Reference] Monthly trends (comparison with same month of previous year, %)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	1st-half total
Shopping Centers Total	107.0	106.1	101.1	102.7	101.8	103.3	103.7
LUMINE (existing stores)	101.4	102.6	99.2	99.8	100.2	103.9	101.3
<i>atré</i> (existing stores)	106.2	104.7	103.0	103.3	101.8	102.4	103.6

[Notes] Operating revenues: operating revenues from outside customers

Operating income: operating revenues from outside customers + operating revenues inside group - purchases from outside suppliers - purchases inside group

# Others - Results and Plan

(¥ billion)	2014.9	2015.9	2015.9/ 2014.9	2015.3	2016.3 Plan [Apr. plan]	2016.3/ 2015.3
Operating revenues	106.1	110.6	+4.4 104.2%	252.7	247.0 [243.0]	-5.7 97.7%
Operating income	7.5	10.1	+2.6 134.9%	27.4	30.0 [29.0]	+2.5 109.1%

## Operating revenues

- main positive and negative factors in 1st-half (FY2016.3)

Nippon Hotel	+1.1	Ikebukuro, <i>HOTEL METS</i> , <i>The Tokyo Station Hotel</i>
East Japan Marketing & Communications	+0.8	Favorable performance of Train Channel and increase in advertising production
JR East Rail Car Technology & Maintenance	+0.8	Construction work related to Hokkaido Shinkansen
JR East Mechatronics	+0.6	Increase in sales of IC-related equipment

## Hotel operating results 1st-half (FY2016.3)

Operating revenues : ¥24.8 billion (105.2%)  
(including revenues inside group)  
Operating income : ¥2.2 billion (128.0%)

[Reference] Monthly trends (comparison with same month of previous year, %)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	1st-half total
Hotel	105.9	104.6	102.7	104.7	105.3	106.3	105.0

[Notes] Operating revenues : operating revenues from outside customers

Operating income : operating revenues from outside customers + operating revenues inside group - purchases from outside suppliers - purchases inside group

# Summary of Non-operating Income / Expenses and Extraordinary Gains / Losses (consolidated)

(¥ billion)	2014.9	2015.9	Increase/ decrease
<b>Operating income</b>	257.8	292.3	+34.4
<b>Non-operating income</b>	7.3	6.9	-0.3
Interest income	0.0	0.1	+0.0
Dividend income	2.1	2.3	+0.2
Equity in net income of affiliated companies	1.9	1.4	-0.5
Other	3.1	3.0	-0.0
<b>Non-operating expenses</b>	44.2	41.6	-2.5
Interest expense	41.8	38.8	-2.9
Other	2.3	2.7	+0.4
<b>Ordinary income</b>	220.9	257.5	+36.6
<b>Extraordinary gains</b>	6.7	7.2	+0.5
Construction grants received	5.8	3.2	-2.5
Insurance proceeds related to earthquake	-	3.6	+3.6
Other	0.8	0.3	-0.5
<b>Extraordinary losses</b>	15.5	14.8	-0.7
Losses on reduction entry for construction grants	5.5	2.7	-2.7
Intensive seismic reinforcement costs	1.4	3.5	+2.1
Provision for allowance for partial transfer costs of railway operation	-	3.0	+3.0
Other	8.6	5.3	-3.2
<b>Income before income taxes</b>	212.1	249.9	+37.8

Interest expense : -3.0  
Bond interest : +0.1

# FY2016.3 Financial Plan (consolidated)

(¥ billion)	2015.3	2016.3	2016.3	Vs. FY2015.3 results		Vs. Apr. plan
	<i>Results</i>	Apr. plan	Oct. plan	Increase / decrease	(%)	Increase / decrease
Operating revenues	2,756.1	2,800.0	2,841.0	+84.8	103.1	+41.0
Transportation	1,852.0	1,911.0	1,940.0	+87.9	104.7	+29.0
Station Space Utilization	396.3	388.0	396.0	-0.3	99.9	+8.0
Shopping Centers & Office Buildings	254.9	258.0	258.0	+3.0	101.2	-
Others	252.7	243.0	247.0	-5.7	97.7	+4.0
Operating income	427.5	445.0	463.0	+35.4	108.3	+18.0
Transportation	294.6	314.0	327.0	+32.3	111.0	+13.0
Station Space Utilization	34.5	30.0	34.0	-0.5	98.4	+4.0
Shopping Centers & Office Buildings	72.3	73.0	73.0	+0.6	100.9	-
Others	27.4	29.0	30.0	+2.5	109.1	+1.0
Adjustment	-1.4	-1.0	-1.0	+0.4	69.5	-
Ordinary income	361.9	382.0	402.0	+40.0	111.1	+20.0
Profit attributable to owners of parent	180.3	238.0	253.0	+72.6	140.2	+15.0

# Summary of Cash Flows (consolidated)

(¥ billion)	2014.9	2015.9	Increase/ Decrease
	Increase in income before income taxes: +37.8 Decrease in payments of income taxes: +6.6		
<b>Cash Flows from Operating Activities (I)</b>	258.6	298.2	+39.5
	Increase of payments for purchases of fixed assets: -53.2		
<b>Cash Flows from Investing Activities (II)</b>	-232.7	-274.2	-41.4
<b>Free Cash Flows (I) + (II)</b>	25.9	24.0	-1.9
<b>Cash Flows from Financing Activities (III)</b>	-73.1	-75.4	-2.2
<b>Net Change in Cash and Cash Equivalents (I) + (II) + (III)</b>	-47.2	-51.4	-4.2
<b>Cash and Cash Equivalents at Beginning of the Period</b>	186.0	245.1	+59.1
<b>Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation</b>	-0.5	-0.6	-0.0
<b>Increase in Cash and Cash Equivalents due to Merger</b>	0.4	-	-0.4
<b>Cash and Cash Equivalents at End of the Period</b>	138.6	193.1	+54.4

# Change in Capital Expenditures (consolidated)

(¥ billion)		2012.3 (Results)	2013.3 (Results)	2014.3 (Results)	2015.3 (Results)	2015.9 (Results)	2016.3 (Plan)
Transportation	Growth investment	45.1	58.9	85.9	65.2	91.4	48.0
	Investment needed for the continuous operation of business	233.8	316.2	325.9	336.5		325.0
	<b>Total</b>	<b>278.9</b>	<b>375.1</b>	<b>411.9</b>	<b>401.8</b>		<b>373.0</b>
Non-transportation	Growth investment	85.0	99.4	107.6	111.9	50.5	156.0
	Investment needed for the continuous operation of business	6.2	6.1	6.1	8.3		26.0
	<b>Total</b>	<b>91.2</b>	<b>105.5</b>	<b>113.7</b>	<b>120.2</b>		<b>182.0</b>
	Growth investment	130.1	158.4	193.6	177.1	-	204.0
	Investment needed for the continuous operation of business	240.0	322.3	332.0	344.9	-	351.0
	(Depreciation)	358.7	346.8	348.0	353.2	172.7	369.0
	<b>Total</b>	<b>370.1</b>	<b>480.7</b>	<b>525.7*</b>	<b>522.1*</b>	<b>142.0</b>	<b>555.0*</b>

\* Includes priority budget allocation (¥14.7 billion resulted in FY2014.3)  
(¥16.1 billion resulted in FY2015.3)  
(¥30.0 billion planned in FY2016.3)



# Change in Consolidated Interest-bearing Debt Balance

(¥ billion)	2011.3 (Results)	2012.3 (Results)	2013.3 (Results)	2014.3 (Results)	2015.3 (Results)	2015.9 (Results)
Bonds	1,560.0 (1.98%)	1,599.6 (1.97%)	1,659.7 (1.94%)	1,719.7 (1.90%)	1,764.8 (1.84%)	1,779.8 (1.85%)
Long-term loans	761.6 (1.92%)	815.9 (1.75%)	853.7 (1.57%)	899.8 (1.43%)	965.4 (1.30%)	971.4 (1.29%)
Long-term liabilities incurred for purchase of railway facilities	1,048.4 (5.40%)	923.8 (5.49%)	793.2 (5.63%)	666.4 (5.78%)	545.2 (5.97%)	496.0 (6.05%)
Other interest-bearing debt	62.8 (0.16%)	0.7 (0.82%)	0.8 (0.76%)	2.3 (1.27%)	—	—
<b>Total</b>	<b>3,433.0 (2.98%)</b>	<b>3,340.2 (2.89%)</b>	<b>3,307.4 (2.73%)</b>	<b>3,288.4 (2.56%)</b>	<b>3,275.5 (2.37%)</b>	<b>3,247.4 (2.32%)</b>

Top : Balance  
Bottom: Average interest rate

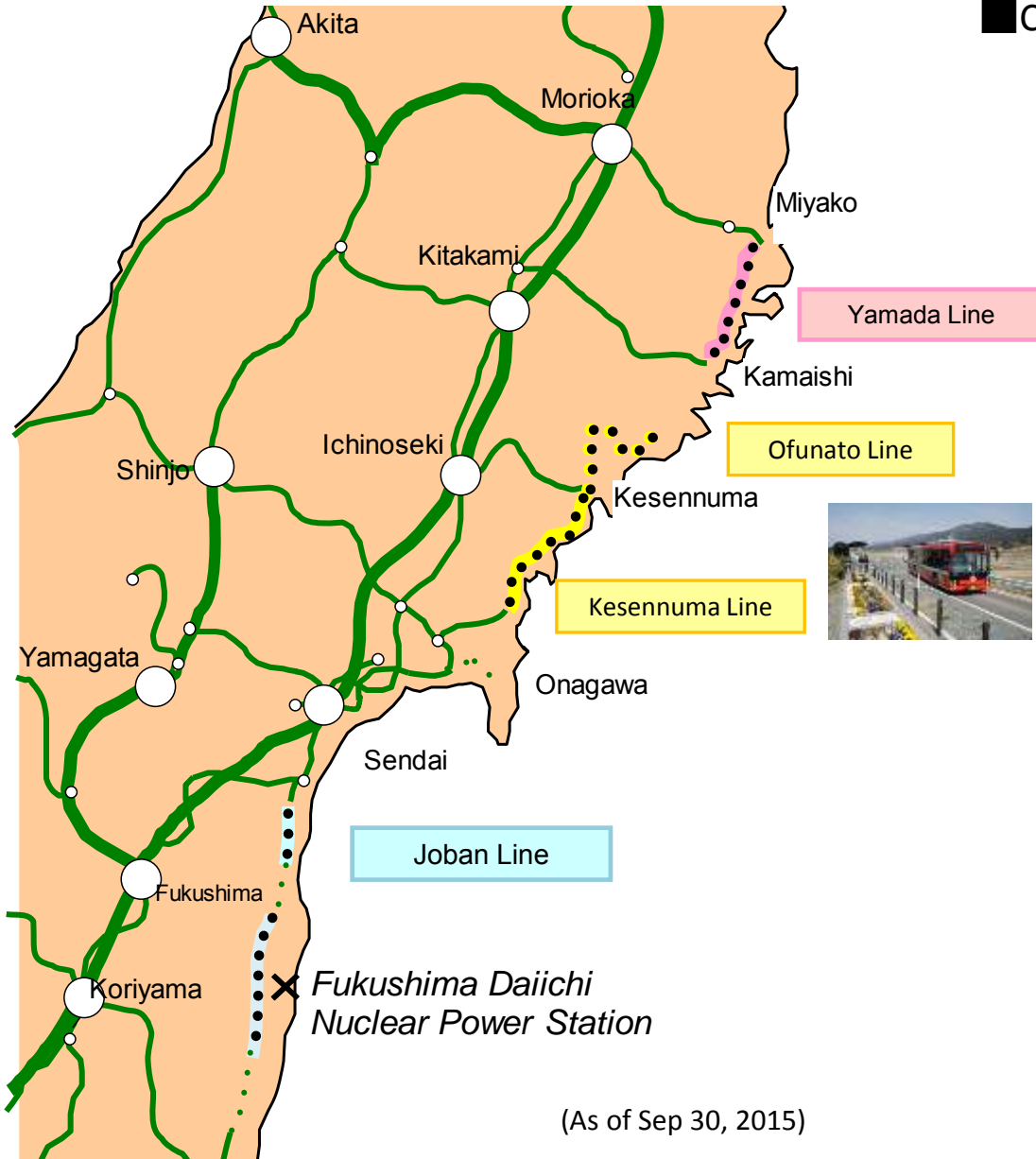
## **III. Reference Materials**

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# FY2016.3 Traffic Volume and Passenger Revenues - Plan

Commuter Passes: Seasonal Tickets Non-commuter Passes: Ordinary Tickets		Traffic Volume (million passenger kilometers)				Passenger Revenues (¥ billion)				
		2015.3 Results	2016.3 Oct. plan	Increase / decrease	(%)	2015.3 Results	2016.3 Oct. plan	Increase / decrease	(%)	
Shinkansen	Commuter Passes	1,675	1,726	+51	103.1	23.2	23.4	+0.1	100.7	
	Non-commuter Passes	19,238	21,467	+2,228	111.6	497.9	555.3	+57.3	111.5	
	Total	20,914	23,194	+2,280	110.9	521.2	578.7	+57.5	111.0	
Conventional Lines	Kanto Area Network	Commuter Passes	68,375	70,500	+2,124	103.1	448.2	451.9	+3.6	100.8
		Non-commuter Passes	34,935	35,840	+905	102.6	683.4	699.2	+15.8	102.3
		Total	103,310	106,340	+3,029	102.9	1,131.7	1,151.1	+19.4	101.7
	Other Network	Commuter Passes	3,068	3,282	+214	107.0	18.7	18.8	+0.1	100.6
		Non-commuter Passes	2,775	2,714	-60	97.8	54.2	52.1	-2.0	96.2
		Total	5,844	5,997	+153	102.6	72.9	71.0	-1.9	97.3
	Total	Commuter Passes	71,444	73,783	+2,338	103.3	466.9	470.7	+3.7	100.8
		Non-commuter Passes	37,710	38,554	+844	102.2	737.6	751.4	+13.7	101.9
		Total	109,154	112,337	+3,182	102.9	1,204.6	1,222.1	+17.4	101.5
Total	Commuter Passes	73,119	75,509	+2,390	103.3	490.2	494.1	+3.9	100.8	
	Non-commuter Passes	56,949	60,022	+3,072	105.4	1,235.6	1,306.7	+71.1	105.8	
	Total	130,068	135,532	+5,463	104.2	1,725.9	1,800.9	+75.0	104.3	

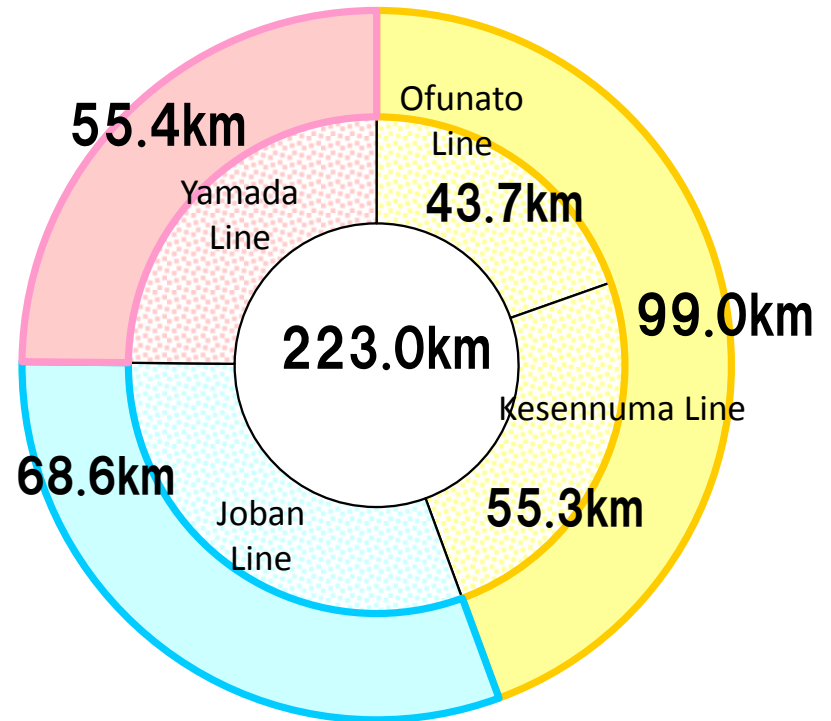
# Operation Suspended Lines and Segments Damaged by Tsunami during Great East Japan Earthquake



(As of Sep 30, 2015)

■ Current number of suspended railway segments:  
4 segments, 223.0km

Propose the continued operation of BRT systems	99.0km
Restoration scheduled (Transfer of certain routes, etc.)	68.6km
Transfer of management of the section	55.4km



## Suica Electronic Money - Transactions and Compatible Stores

\* Figures are as of Sep. 30, 2015.

\* Figures include results of other affiliated stores.

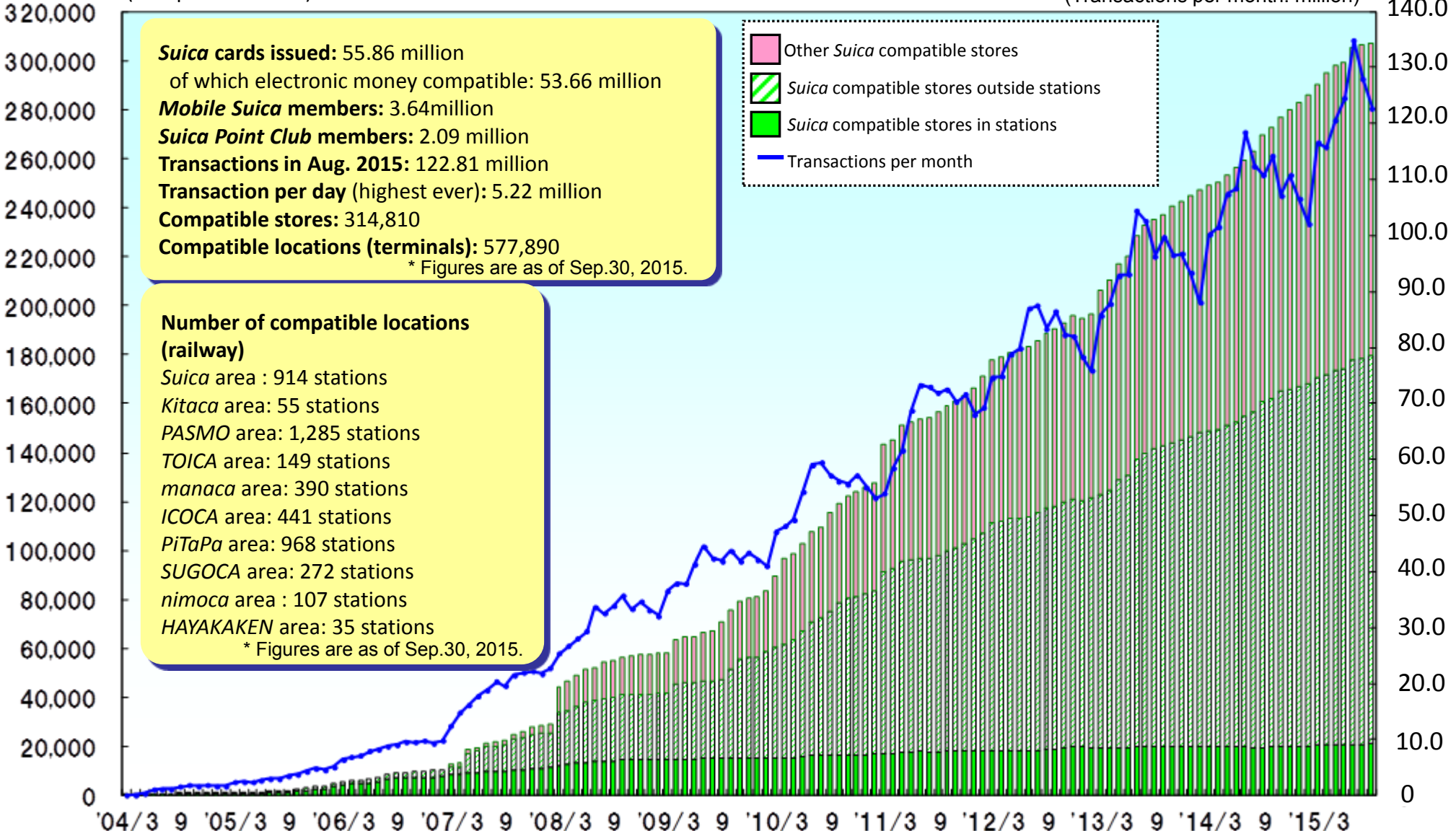
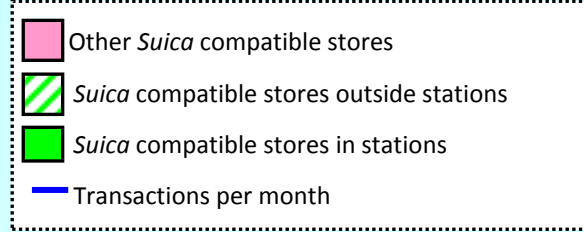
(Compatible Stores)

(Transactions per month: million)

**Suica cards issued:** 55.86 million  
of which electronic money compatible: 53.66 million  
**Mobile Suica members:** 3.64million  
**Suica Point Club members:** 2.09 million  
**Transactions in Aug. 2015:** 122.81 million  
**Transaction per day (highest ever):** 5.22 million  
**Compatible stores:** 314,810  
**Compatible locations (terminals):** 577,890  
\* Figures are as of Sep.30, 2015.

**Number of compatible locations (railway)**

**Suica area :** 914 stations  
**Kitaca area:** 55 stations  
**PASMO area:** 1,285 stations  
**TOICA area:** 149 stations  
**manaca area:** 390 stations  
**ICOCA area:** 441 stations  
**PiTaPa area:** 968 stations  
**SUGOCA area:** 272 stations  
**nimoca area :** 107 stations  
**HAYAKAKEN area:** 35 stations  
\* Figures are as of Sep.30, 2015.



# Development of **ecute**

	Omiya	Shinagawa	Tachikawa	Nippori	Tokyo	Ueno	Shinagawa South	Akabane
Beginning of operations	Mar. 2005	Oct. 2005	Oct. 2007 (phase I) Oct. 2008 (phase II)	Mar. 2008 Jun. 2009 (floor space increase)	Mar. 2010	Dec. 2010 (phase I) Mar. 2011 (phase II)	Dec. 2010 (phase I) Feb. 2011 (phase II) Apr. 2011 (phase III) May 2011 (phase IV)	Mar. 2011 (phase I) Jul. 2011 (phase II) Aug. 2011 (phase III) Sep. 2011 (phase IV)
Store space	Approx. 2,300 m <sup>2</sup>	Approx. 1,600 m <sup>2</sup>	Approx. 4,300 m <sup>2</sup>	Approx. 380 m <sup>2</sup>	Approx. 730 m <sup>2</sup>	Approx. 4,800 m <sup>2</sup>	Approx. 1,800 m <sup>2</sup>	Approx. 1,600 m <sup>2</sup>
Number of shops	68	52	84	18	38	78	39	52
Sep. 2015 Results (YoY, %)	¥ 4.6billion (97.9%)	¥ 3.2 billion (103.9%)	¥ 2.8 billion (98.4%)	¥ 0.8 billion (101.9%)	¥ 2.4 billion (108.1%)	¥ 4.8billion (87.2%)	¥ 5.4 billion (106.3%)	¥ 2.5billion (100.4%)

# Hotel Operations - Overview

## ■ Metropolitan Hotels (10 hotels, 3,029 guest rooms)

*Hotel Metropolitan (Ikebukuro), Edmont (Iidabashi), Takasaki, Nagano, Sendai, Morioka, Morioka New Wing, Akita, Yamagata and Marunouchi*

Operating revenues\* : ¥ 16.5 billion (Sep. 2015)      Occupancy rate: 83.2%

## ■ HOTEL METS chain (23 hotels, 2,686 guest rooms)

*Kumegawa, Musashisakai, Kokubunji, Urawa, Mito, Kawasaki, Tabata, Tsudanuma, Kitakami, Nagaoka, Mizonokuchi (Musashi-Mizonokuchi), Shibuya, Kamakura Ofuna (Ofuna), Hachinohe, Mejiro, Akabane, Fukushima, Koenji, Tachikawa, Komagome, Yokohama Tsurumi (Tsurumi), Hotel R-Mets Utsunomiya and Niigata*

Operating revenues\* : ¥ 4.5 billion (Sep. 2015)      Occupancy rate: 82.4%

## ■ The Tokyo Station Hotel (150 guest rooms)

## ■ Familio, Folkloro (8 hotels, 344 guest rooms)

## ■ Hotel Dream Gate Maihama (80 guest rooms)

## ■ Seaside Hotel Shiba Yayoi (155 guest rooms)

## ■ Hotel New Grand (240 guest rooms)

(As of Sep. 30, 2015)

\* Simple sum of operating revenues from each hotel.

# Major Subsidiaries - Results and Plan

(¥ billion)		2014.9 Results	2015.9 Results	2015.9/ 2014.9	2016.3 Plan	2016.3/ 2015.3
JR East Retail Net (J-Retail)	Operating revenues	98.5	99.2	100.7%	195.4	99.2%
	Operating income	1.8	2.1	112.6%	2.5	85.9%
Nippon Restaurant Enterprise (NRE)	Operating revenues	30.4	31.2	102.6%	61.7	100.6%
	Operating income	0.9	0.8	97.5%	1.6	96.7%
LUMINE	Operating revenues	31.9	32.8	103.1%	70.5	104.1%
	Operating income	5.7	6.1	107.1%	12.7	102.3%
East Japan Marketing & Communications	Operating revenues	46.1	46.6	101.1%	105.7	100.4%
	Operating income	0.8	1.0	114.4%	2.8	82.6%

\* Non-consolidated operating revenues / operating income

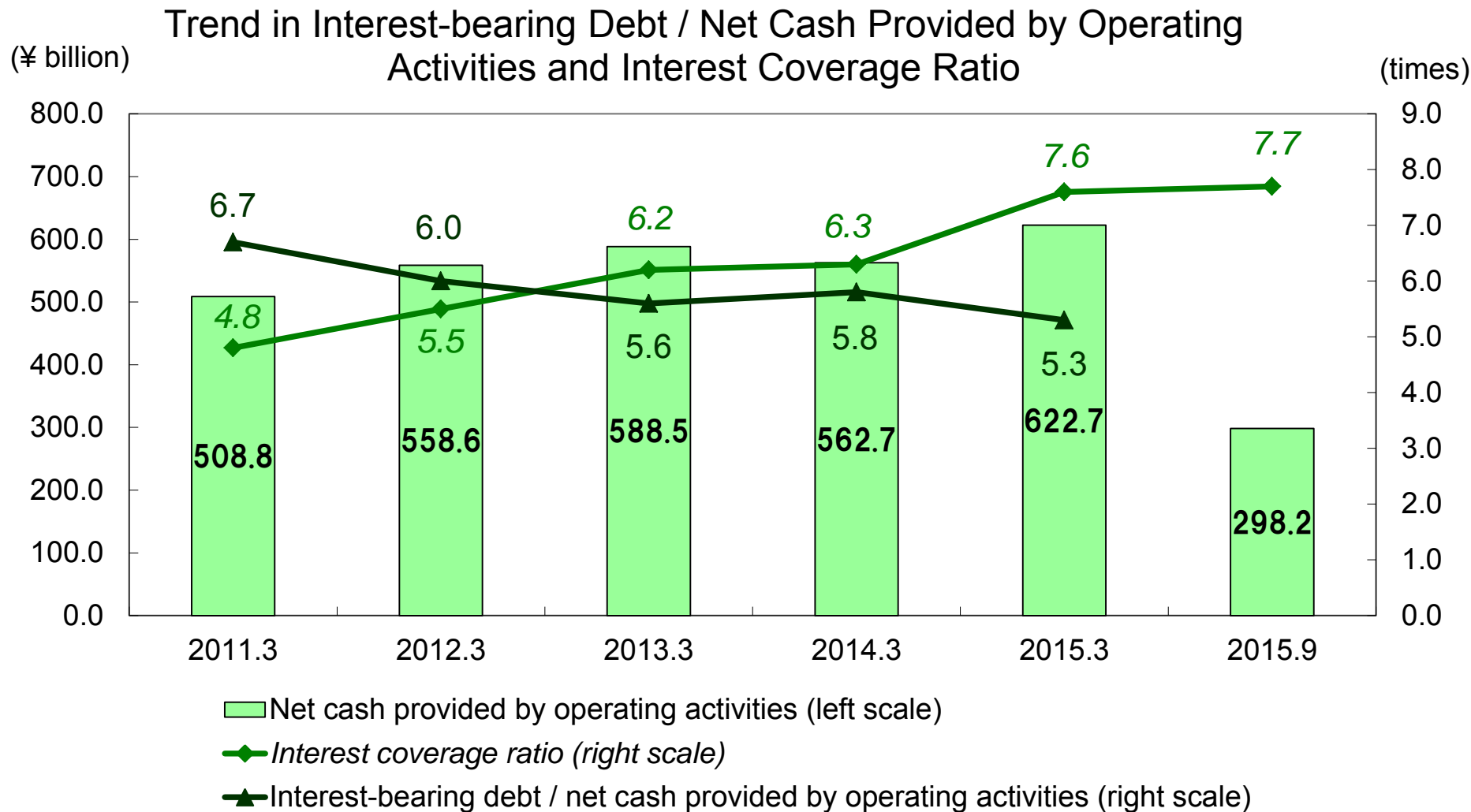


# Major Projects of the Life-style Business Going Forward

	Opening	Total floor space (m <sup>2</sup> )			
		Office (m <sup>2</sup> )	Commercial (m <sup>2</sup> )	Hotel (rooms)	
JR Shinjuku Miraina Tower	March 2016	Approx. 111,000	Approx. 77,200	Approx. 9,400	-
Main building and facilities of Chiba Station	Beyond Summer 2018 (full opening)	Approx. 73,800	-	Approx. 57,400	-
Sendai Station East Exit Development	March 2016	Approx. 43,000	-	Approx. 41,000	-
	Spring 2017	Approx. 14,000	-	-	Approx. 280
Shibuya Station Development (Co-development)	(East Tower) FY2020.3 (Central & West Tower) FY2028.3	Approx. 276,000	(Leased floor) Approx. 73,000	(Store space) Approx. 70,000	-
		(East Tower) Approx. 181,000	(East Tower) Approx. 73,000	(East Tower) Approx. 30,000	
Yokohama Station West Exit Development	2020	Approx. 122,000	Approx. 28,000	Approx. 70,000	-
Shinagawa Development Project	Area for development : Approx. 130,000 m <sup>2</sup>				

# Breakdown of Shinkansen and Conventional Lines FY2015.3 Operating Performance

(¥ billion)	Shinkansen			Conventional Lines		
	2014.3	2015.3	2015.3/2014.3 (%)	2014.3	2015.3	2015.3/2014.3 (%)
Operating kilometers (km)	1,134	1,194	105.2	6,377	6,264	98.2
Passenger kilometers (million)	20,863	20,914	100.2	110,247	109,154	99.0
Operating revenues A	518.5	533.9	103.0	1,312.1	1,327.4	101.2
Operating expenses	325.4	329.4	101.2	1,214.5	1,213.7	99.9
Operating income B	193.0	204.5	105.9	97.6	113.7	116.5
Fixed assets C	2,073.9	2,060.6	99.4	2,501.9	2,576.9	103.0
Depreciation	84.3	85.8	101.8	187.9	189.2	100.7
B/A	37.2%	38.3%	-	7.4%	8.6%	-
B/C	9.3%	9.9%	-	3.9%	4.4%	-

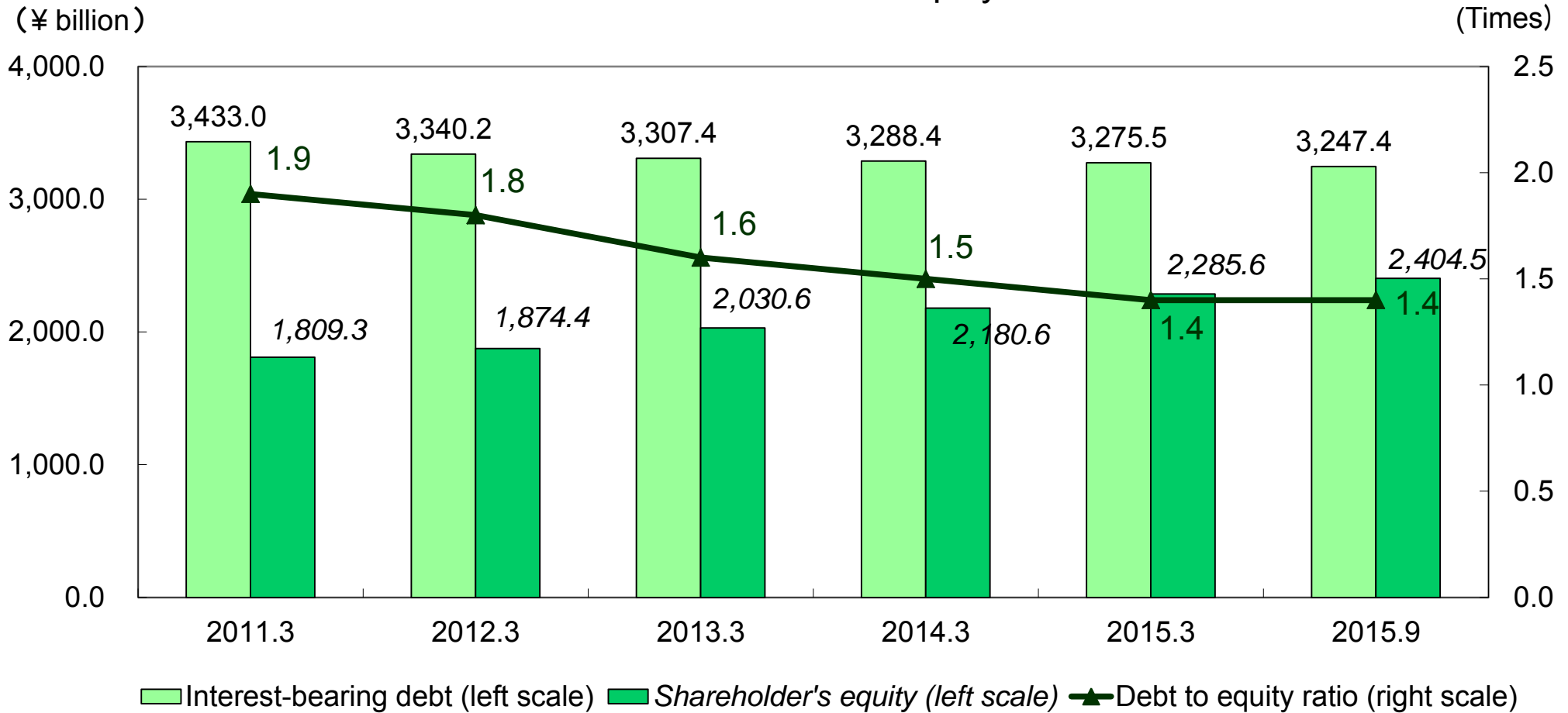


[Notes]

1) Interest coverage ratio = Net cash provided by operating activities / payments of interest

2) Interest-bearing debt / Net cash provided by operating activities = Interest-bearing debt / Net cash provided by operating activities

## Trend in Debt to Equity Ratio



Note : Debt to Equity Ratio = Interest-bearing debt / Shareholder's equity

# Breakdown of Interest-bearing Debt

Additional Information for bond Investors



## Breakdown of consolidated interest-bearing debt (As of Sep. 30, 2015)

	Balance (¥ billion)	Breakdown	Average interest rate	Average maturity
Bonds	1,779.8	54.8%	1.85%	9.86 years
Long-term loans	971.4	29.9%	1.29%	7.45 years
Long-term liabilities incurred for purchase of railway facilities	496.0	15.3%	6.05%	17.01 years
Total	3,247.4	100.0%	2.32%	10.23 years

## Breakdown of long-term liabilities incurred for purchase of railway facilities (As of Sep. 30, 2015)

Category of liabilities	Principal (¥ billion)	Balance (¥ billion)	Interest		Payment	Period	Use of proceeds by recipient **
			Variable /fixed	Rate			
Number 1*	2,101.8	77.1	Variable	4.13%	Principal and interest equal repayment	1991.10~2017.3	Fund for repayment of debt borne by JR TT
Number 2*	638.5	71.7	Fixed	6.35%	Principal and interest equal repayment	1991.10~2017.3	Construction of conventional lines, etc.
Number 3*	366.5	337.6	Fixed	6.55%	Principal and interest equal repayment	1991.10~2051.9	Construction of Shinkansen lines
Sub-total	3,106.9	486.4		6.14%			
Akita Shinkansen	27.9	7.4	Variable	1.52%	Principal and interest equal repayment	1997.3~2022.3	
Tokyo Monorail	36.7	2.2	Variable	2.59%	Principal and interest equal repayment	(2002.3)~2029.11	
Total		496.0		6.05%			

\* The names of the liabilities are commonly known as Number 1 through 3 in accordance with the definition under law.

\*\* Japan Railway Construction, Transport and Technology Agency (JR TT)

## ■ Long-term Funding

- Constraining the risks of rising interest rates by raising long-term fund at fixed interest rates and smoothing redemption ladder

### Long-term credit ratings

Rating agency	Rating
Moody's	Aa3 (Stable)
Standard & Poor's (S&P)	AA- (Stable)
Rating and Investment Information (R&I)	AA+ (Stable)

## ■ Liquidity

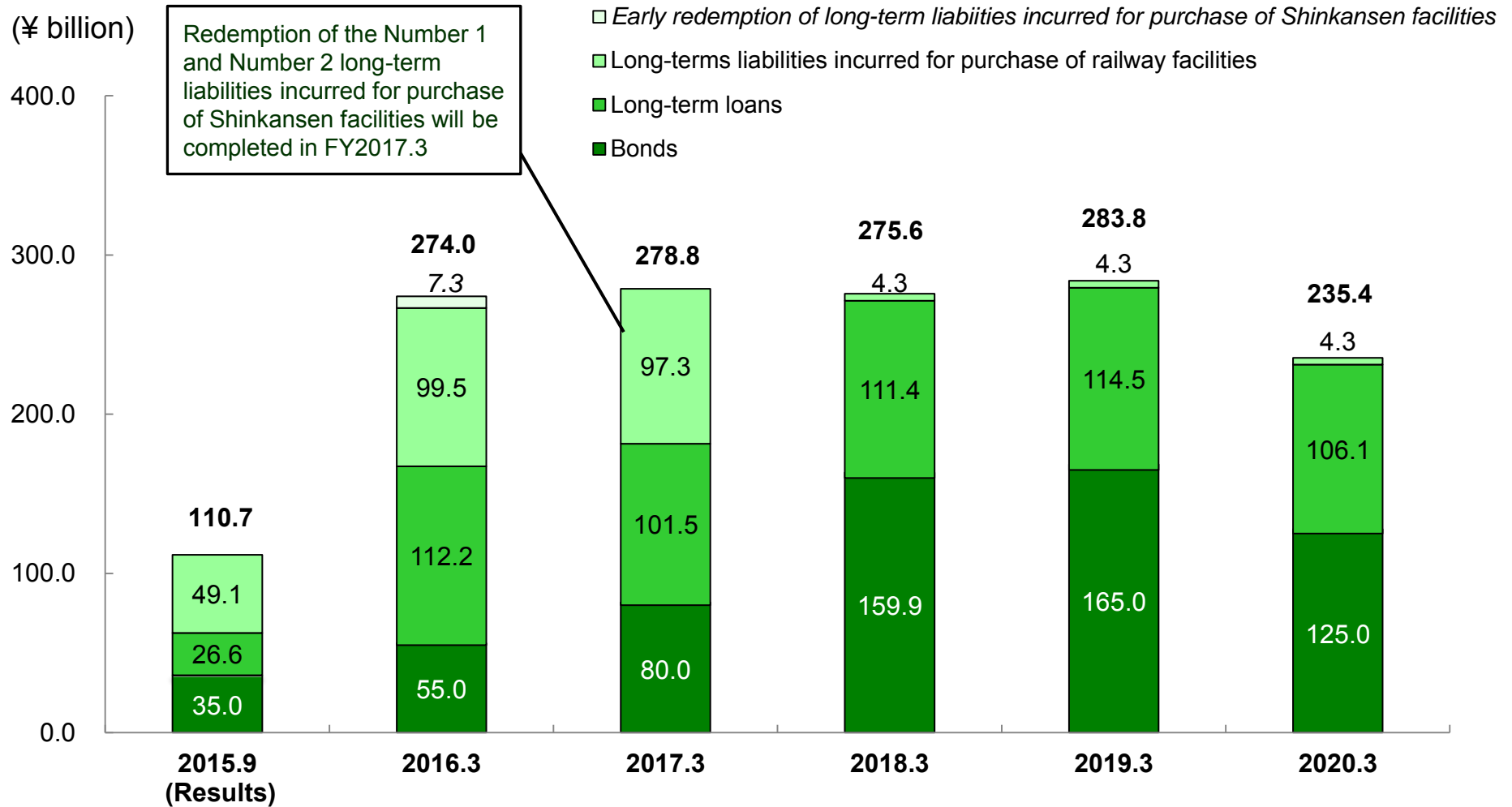
- Daily cash revenues from railway operations  
(Passenger revenues were approx. ¥ 5.0 billion / day in FY2015.3)
- CP issuance facility: ¥ 150.0 billion

### Short-term credit ratings

Rating agency	Rating
Moody's	P-1
Rating and Investment Information (R&I)	a-1+

- Bank overdraft facility: ¥ 330.0 billion
- Earthquake response commitment line: ¥60.0 billion

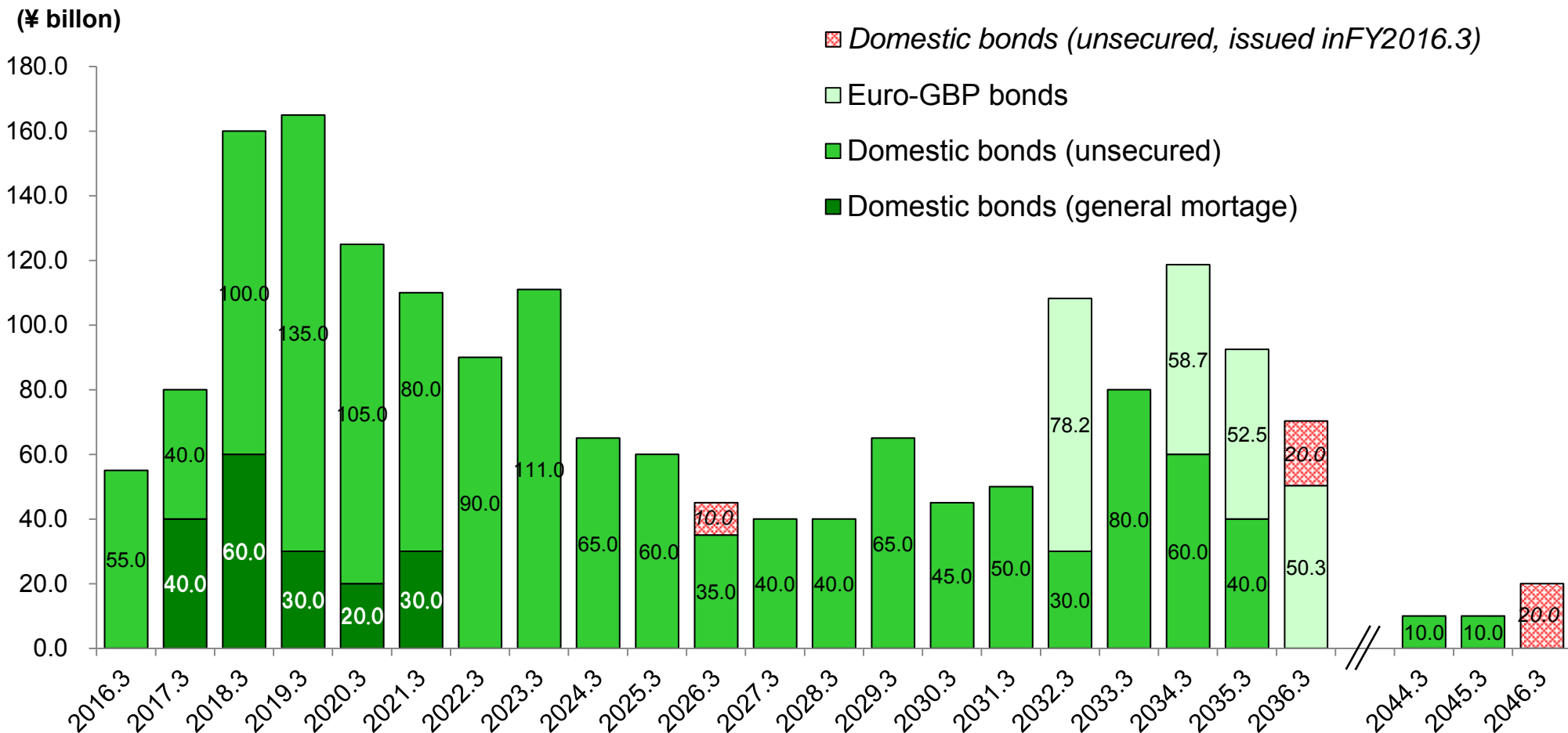
## Redemption ladder of interest-bearing debt (consolidated, excluding short-term debt)



[Notes]

- 1) Outlook as of Sep. 30, 2015.
- 2) Early redemption of long-term liabilities incurred for purchase of Shinkansen facilities is a planned amount.
- 3) Bond redemptions are at face value.

## Redemption ladder of bonds(non-consolidated)



[Notes]

- 1) Outlook as of Sep.30,2015.
- 2) Redemptions are at face value.



# Bonds Issuance in FY2016.3

Additional Information for bond Investors



Series	Tenor	Total amount of issue	Coupon	Issue price	Reoffer yield	JGB spread	Issue date	Maturity date
108	10	¥ 10.0 billion	0.588%	¥100	0.588%	+ 13bp	2015.7.28	2025.7.28
109	20	¥ 20.0 billion	1.283%	¥100	1.283%	+6.5bp	2015.7.28	2035.7.27
110	30	¥ 20.0 billion	1.760%	¥100	1.760%	+29bp	2015.7.28	2045.7.28

These materials and the video of the presentation can be viewed  
at the JR East's web site.

JR East Web site, IR (Investor Relations)  
<http://www.jreast.co.jp/e/investor/index.html>

#### **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.