

FY2018.3 Second Quarter Financial Results Presentation

あなたと走り続けたい。

道は平坦じゃない。明日は晴天ばかりじゃない。

それでも、今日という日を走り続けるあなたがいるから。

おかげさまで、今年、記念の年を迎える新幹線。

感謝の気持ちを、安心と速さに変えて。

それではどうぞゆっくり。



あの街へ、あの人へ、これからも新幹線は走り続けます。

SHINKANSEN YEAR 2017



[1997年3月22日 東京-秋田間開業 20周年 1982年6月23日 大宮-盛岡間開業 35周年 1992年7月1日 東京-山形間開業 25周年 1997年10月1日 東京-長野間開業 20周年 1982年11月15日 大宮-新潟間開業 35周年 2002年12月1日 盛岡-八戸間開業 15周年]

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

The JR East Group's 30th Anniversary

JR East Group Management Vision V - Ever Onward -

(Announced on Oct. 30, 2012)

Eternal Mission

Extreme safety levels

Service quality reforms

Strengthening collaboration with local communities

Pursuing Unlimited Potential

Technological innovation

Tackling new business areas

Creating a corporate culture that maximizes human potential

2017(Now)

**Evolving railways and pursuing new possibilities
(Returning to establishment starting points)**

Updated "Priority Initiatives Going Forward" of JR East Group Management Vision V

Priority Groupwide Tasks

Improve the Safety and Reliability of Transportation

Take on the Challenge of Enhancing Profitability

Advance "TICKET TO TOMORROW" Initiatives

1987 (Establishment of JR East)

Rehabilitation and revitalization of railways

[Establishment starting points]

- (1) Autonomous
- (2) Customer focused
- (3) Regionally rooted

Restructuring of Japanese National Railways

Changing conditions

Declining population, technological innovation, globalization, etc.

Priority Groupwide Task (1) : Improve the Safety and Reliability of Transportation

In recent years, there has been a series of serious incidents related to the safety and reliability of transportation, including transportation service disruptions caused by JR East's facilities. As a company, JR East views this situation with the utmost gravity. Each employee of the JR East Group will go back to the fundamentals of his or her work, then ensure that he or she performs the role that should be performed, and spare no effort in pursuing initiatives focused on rigorous prevention of reoccurrence and on advance prevention.

Reform challenges

Changes in railway systems

Increasingly flat division of work

Rapidly advancing transition to next generation of employees

Series of serious incidents related to the safety and reliability of transportation in recent years

April 2015	Collapse of electrical pole on Kanda–Akihabara segment of Yamanote Line Breakage of overhead wires within Koriyama Station on Tohoku Shinkansen Line
August	Breakage of overhead wires on Yokohama–Sakuragicho segment of Negishi Line Incinerated cables on Kunitachi–Tachikawa segment of Chuo Line
March 2016	Breakdown of electric facilities at Kagohara Station on Takasaki Line
June	Collision between train and work trolley on Kita-Matsudo–Matsudo segment of Joban Kanko Line
November	Disruption of network of Autonomous Decentralized Transport Operation Control System (ATOS) on Takasaki Line
September 2017	Power outage at Warabi AC substation for electric railways
October	Breakdown of electric facilities at Higashi-Washinomiya Station on Utsunomiya Line

More practical educational and training activities

⇒ Conduct more practical educational and training activities to deepen understanding of nature of work (point/purpose, framework/operating principles, etc.)

Aiming to resolve issues

Strengthening of collaboration with group companies and partner companies, etc.

⇒ Analyze actual circumstances and rigorously recheck and reinforce rules and procedures with respect to railway related construction and work in cooperation with group companies, partner companies, and others

Appropriate maintenance and strategic renewal/strengthening of facilities

⇒ Ensure incorporation of dual systems, increase durability in response to higher operating speeds on Shinkansen and other factors

Strengthening of responsiveness to transportation service disruptions

⇒ Minimize impact, respond to customers rapidly, and resume operations as soon as possible following disruptions

Retracing of past countermeasures to ensure rigorous prevention of reoccurrence

⇒ Check implementation progress regularly, ensure effectiveness of reoccurrence prevention measures

Achievement of advance prevention through identification of weak points of physical and intangible infrastructure

⇒ Unite planning departments and frontline operations in efforts to unearth weak points and nip accidents in the bud

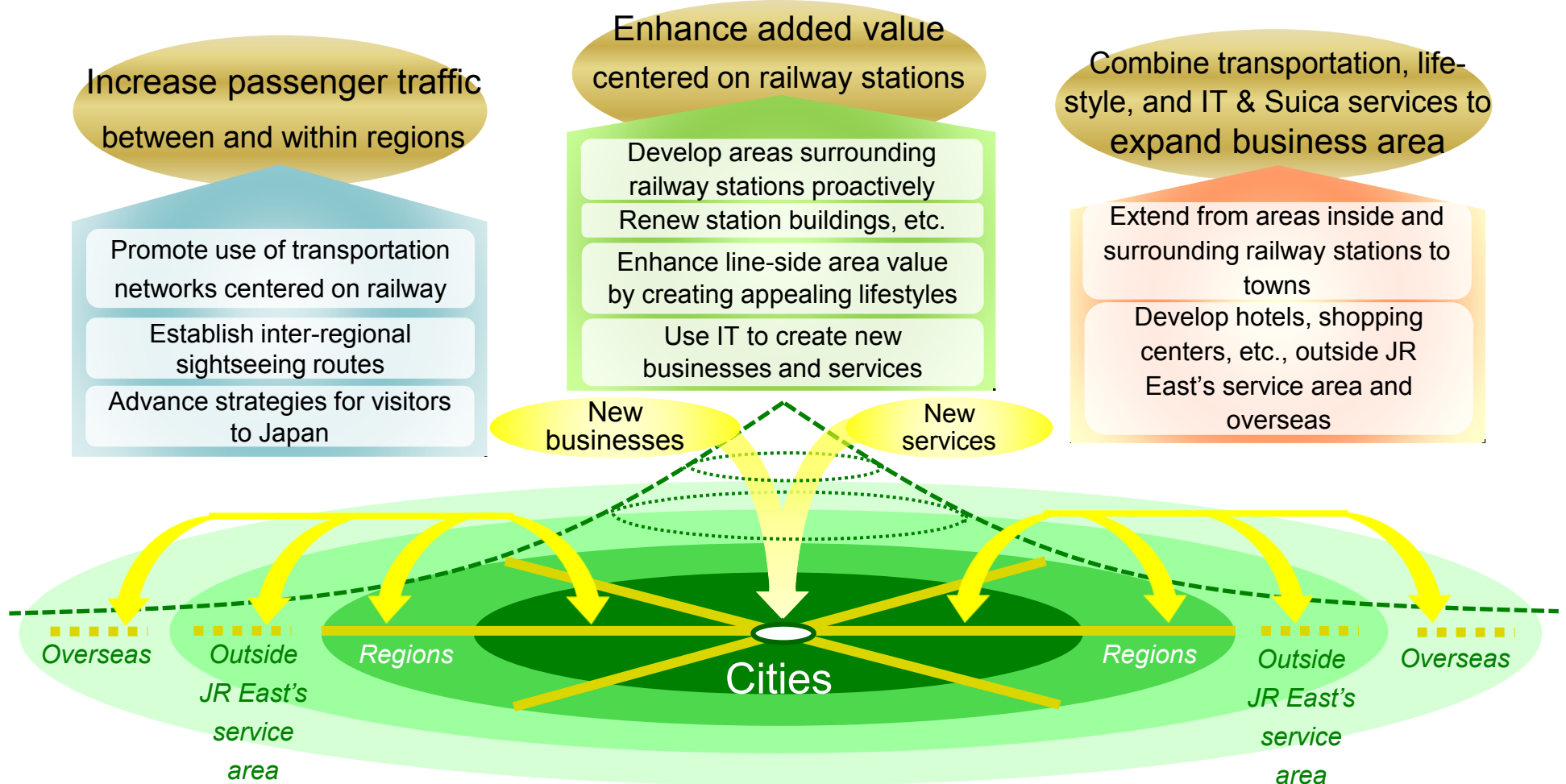
Safety measures at station platforms and railway crossings

Improve the safety and reliability of transportation

Increase resilience of railways through seismic reinforcement measures, etc.

Priority Groupwide Task (2): Take on the Challenge of Enhancing Profitability

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



Priority Groupwide Task (3): Advance “TICKET TO TOMORROW” Initiatives

Under the “TICKET TO TOMORROW” slogan, the JR East Group will provide high-quality services in all business fields and upgrade each aspect of work to meet customers’ expectations and leave a legacy for society beyond 2020.

TICKET

TO

TICKET TO TOMORROW

TOMORROW

Provide high-quality services in all business fields and upgrade each aspect of work

Develop employees and create corporate culture that maximizes human potential

Take on challenges in new business areas

Technological innovation

Regional revitalization

JR East 2020 Project

Point of “TICKET TO TOMORROW”

All JR East Group employees take on challenges to realize their new potential

Provide high-quality services in all business fields and upgrade each aspect of work

Pass on **legacy** for society and JR East Group beyond 2020

Helping to ensure that the Games proceed without issues

Establish barrier-free facilities, provide comfortable passenger rail transportation services, etc.

Contributing to the growing enthusiasm surrounding the Games

Upgrade large-scale stations, revitalize regions, advance diversity, etc.

FY2020.3 Numerical Targets

(¥ billion)	2017.3 Results	2018.3 Plan	2020.3 Target	2020.3/2017.3	
				Increase / Decrease	(%)
Operating revenues	2,880.8	2,930.0	3,021.0	+140.1	104.9
Transportation	1,989.8	2,001.0	2,028.0	+38.1	101.9
Retail & Services	502.4	514.0	542.0	+39.5	107.9
Real Estate & Hotels	326.3	344.0	362.0	+35.6	110.9
Others	62.2	71.0	89.0	+26.7	143.0
Operating income	466.3	472.0	499.0	+32.6	107.0
Transportation	334.2	335.0	350.0	+15.7	104.7
Retail & Services	36.8	37.0	41.0	+4.1	111.3
Real Estate & Hotels	80.3	83.0	89.0	+8.6	110.7
Others	16.5	18.0	20.0	+3.4	120.6
Adjustment	-1.6	-1.0	-1.0	+0.6	59.3

■ Main assumptions

(For the three years ending FY2020.3)

• **Real GDP growth rate**
approx. +0.8% per year

• **Basic growth rate for passenger revenues per year**

Commuter passes:
approx. +0.2% per year

Non-commuter passes:
approx. +0.2% per year

Consolidated ROA (at the end of FY2020.3)
(rate of operating income on total assets)

Around **6%**

Consolidated ROE (at the end of FY2020.3)
(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

	Targets	FY2018.3
Consolidated operating cash flow	¥2.1 trillion (Three-year total to FY2020.3)	
Capital expenditures	¥1.7 trillion (Three-year total to FY2020.3)	¥530.0 billion *
Investment needed for the continuous operation of business (Safety practice and transportation stability)	¥1,000.0 billion (¥600.0 billion)	¥319.0 billion
Growth investment	¥700.0 billion	¥211.0 billion
Shareholder returns	[Medium- to long-term target] 33% total return ratio (to net income)	¥140 /share dividend Share buybacks **
Debt reduction	(During the 2020s) ¥3,000.0 billion interest-bearing debt balance	Reduce interest-bearing debt Around ¥30.0 billion

* In addition, priority budget allocation max. ¥30.0 billion from the deposit balance on Mar. 31, 2017 (capital expenditures of approx. ¥560.0 billion in total)

** Share buybacks of approx. 3.75 million shares for approx. ¥ 39.9 billion executed in May to July 2017(cancelled in July 2017) (Total return ratio as of FY2017.3 : 32.6%)

II. FY2018.3 Second Quarter Financial Results and FY2018.3 Plan

FY2018.3 Second Quarter Financial Results and FY2018.3 Plan (non-consolidated)

(¥ billion)	2016.9 Results	2017.9 Results [Apr. plan]	2017.9/2016.9		2017.3 Results	2018.3 [Apr. plan]	2018.3/2017.3	
			Increase / decrease	(%)			Increase / decrease	(%)
Operating revenues	1,041.8	1,056.0 [1,047.0]	+14.2	101.4	2,068.8	2,079.0	+10.1	100.5
Passenger revenues	917.9	931.7	+13.8	101.5	1,816.2	1,826.0	+9.7	100.5
Others	123.9	124.3	+0.4	100.3	252.5	253.0	+0.4	100.2
Operating expenses	799.4	800.9	+1.5	100.2	1,680.1	1,686.0	+5.8	100.3
Personnel expenses	231.1	226.3	-4.8	97.9	462.1	453.0	-9.1	98.0
Non-Personnel expenses	331.5	335.6	+4.0	101.2	741.6	754.0	+12.3	101.7
Energy	29.3	27.8	-1.4	95.0	58.5	64.0	+5.4	109.4
Maintenance	124.1	126.7	+2.6	102.1	287.9	286.0	-1.9	99.3
Other	178.1	181.0	+2.8	101.6	395.1	404.0	+8.8	102.2
Usage fees to JR TT, etc.	43.8	43.5	-0.3	99.3	88.0	88.0	-0.0	99.9
Taxes	50.7	52.5	+1.7	103.5	94.4	97.0	+2.5	102.7
Depreciation	142.0	142.9	+0.8	100.6	293.8	294.0	+0.1	100.0
Operating income	242.4	255.1 [249.0]	+12.7	105.3	388.6	393.0	+4.3	101.1
Ordinary income	218.6	238.9 [229.0]	+20.2	109.3	341.6	351.0	+9.3	102.7
Profit	152.8	168.4 [165.0]	+15.6	110.2	243.3	247.0	+3.6	101.5

Passenger Revenues

- 1st half Results and Main Positive and Negative Factors

(YoY, ¥ billion,%)	Increase / decrease	(%)
Passenger revenues	+13.8	101.5
Commuter passes (Seasonal tickets)	+2.6	101.1
Non-commuter passes (Ordinary tickets)	+11.1	101.7
Shinkansen Network	+2.4	100.9
Kanto Area Network of Conventional Lines	+8.3	102.3
Other Network of Conventional Lines	+0.3	101.5

(YoY, ¥ billion)	Positive and Negative Factors	Increase / Decrease
Passenger revenues		+13.8
Commuter passes revenues (Seasonal Tickets)		+2.6
Non-commuter passes revenues (Ordinary Tickets)		+11.1
Shinkansen (+2.4)	“Otona no Kyujitsu Club”	+1.0
	Golden Week	+1.0
	Inbound tourism	+1.0
	Decrease in Hokkaido Shinkansen	-1.0
	Basic Trend	+0.5
Kanto Area Network (+8.3)	Golden Week	+1.5
	Natural disasters etc. (increased occurrence compared to previous year)	+1.5
	Inbound tourism	+0.5
	Late cherry blossom flowering	+0.5
	Obon festival travel	+0.5
	Basic Trend	+3.5
Other Network (+0.3)	Basic Trend	-

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

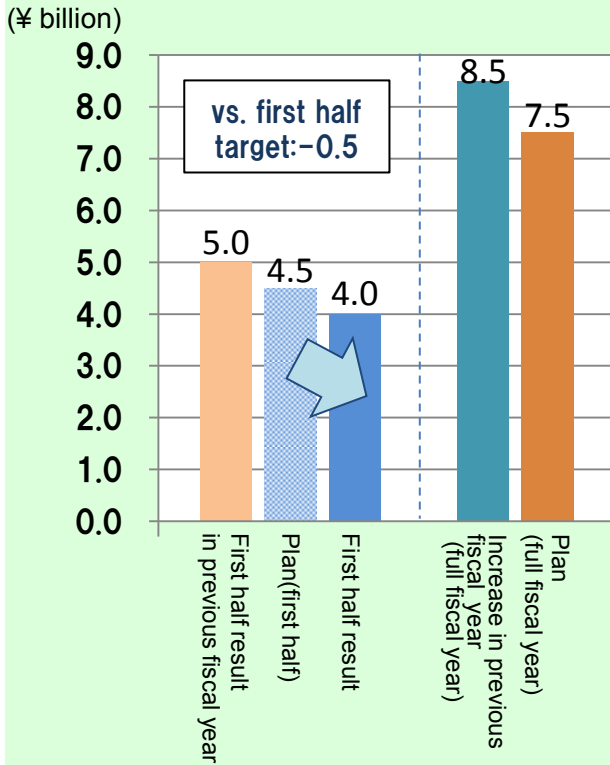
(YoY, ¥ billion)		Total		Main factors behind change	Basic Trend
		1st half [Results]	2nd half		
Passenger revenues	+9.7 billion	100.5%			100.4%
		100.6% [101.5%]	100.5%		
Commuter passes (Seasonal tickets)	+1.8 billion	100.4%			100.3%
		100.3% [101.1%]	100.4%		
Non-commuter passes (Ordinary tickets)	+7.9 billion	100.6%			100.4%
		100.7% [101.7%]	100.5%		
Shinkansen Network	+5.5 billion	101.0%		<ul style="list-style-type: none"> •Inbound tourism: +1.5 •Natural disasters (increased occurrence compared to previous year): -0.5 •Hokkaido Shinkansen: -1.0 	100.9%
		101.2% [100.9%]	100.8%		
Kanto Area Network of Conventional Lines	+2.7 billion	100.4%		<ul style="list-style-type: none"> •Inbound tourism: +2.0 •Natural disasters (increased occurrence compared to previous year): -1.0 	100.2%
		100.4% [102.3%]	100.4%		
Other Network of Conventional Lines	-0.3 billion	99.2%			98.4%
		99.4% [101.5%]	99.0%		

Topics (Hokkaido Shinkansen and Hokuriku Shinkansen)

Hokkaido Shinkansen

Amount contributed by Hokkaido Shinkansen (target and result)

* Shinkansen increase net of conventional line decrease

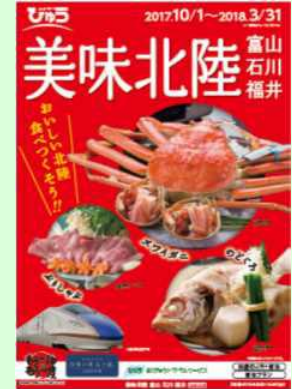
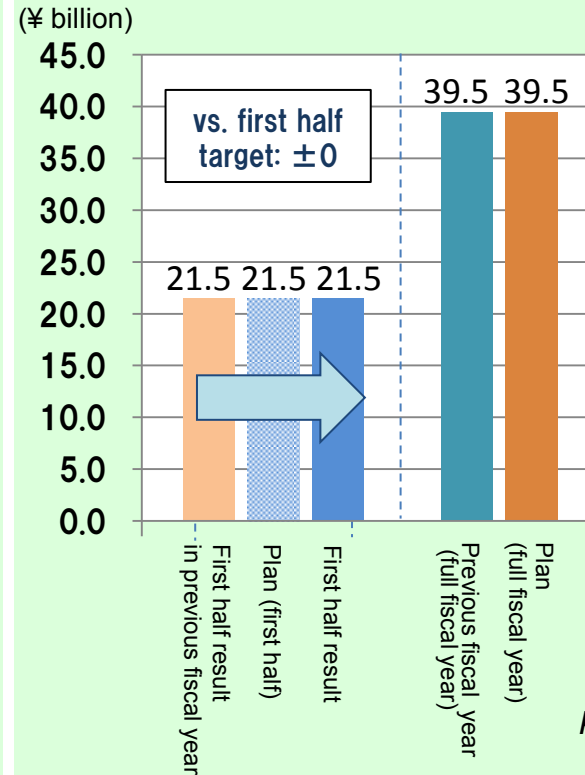


View travel products (pamphlet)

Hokuriku Shinkansen

Amount contributed by Hokuriku Shinkansen (target and result)

* Shinkansen increase net of conventional line decrease



View travel products (pamphlet)



Kani wo Tabe ni Hokuriku eh Campaign

(Initiatives to promote usage)

- Highlighting appeal of Hokkaido in winter (Christmas, gourmet desserts, regional cuisine, etc.)
- Increasing sales of travel products through collaboration with JR Hokkaido
- Conducting mutual advertisement of appeal of Hokkaido and Tohoku in coordination with Ikuze, Tohoku. SPECIAL Fuyu no Gohobi Campaign
- Promoting use of Hokkaido Shinkansen originating from Tohoku area

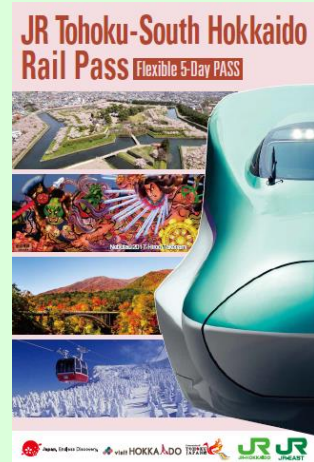
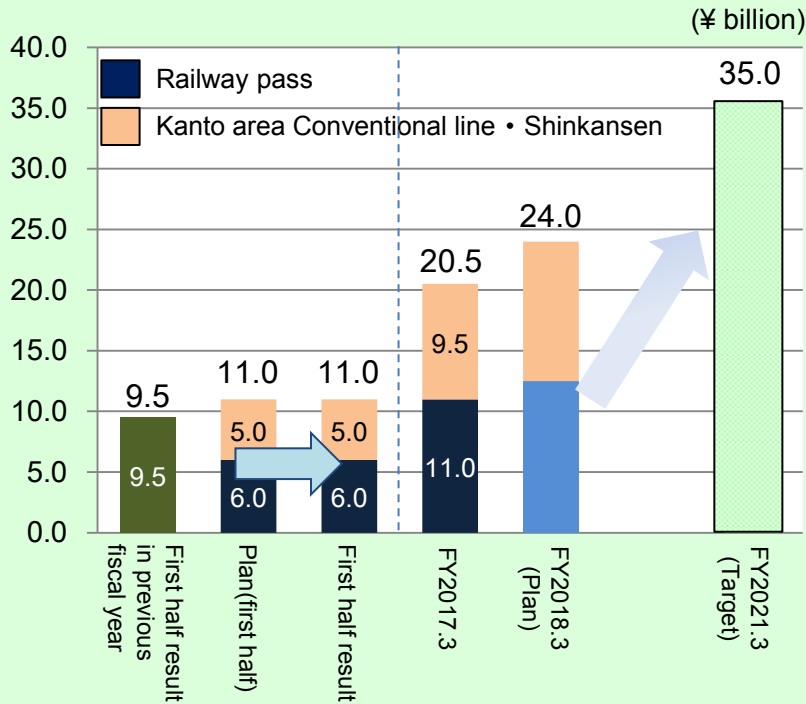
(Initiatives to promote usage)

- Conducting year-round promotion of Hokuriku area's appeal in each season through Seasonal Beauty Itsutsuboshi. Hokuriku Shinkansen Campaign
- Conducting Japanese Beauty Hokuriku Campaign through collaboration between JR Central and JR West
- Conducting promotions focused on Hokuriku crabs

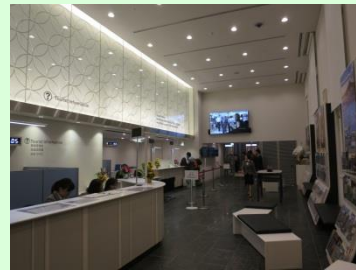
Topics (Inbound Tourism)

Railway business

Inbound revenue (Railway business)
[target and result]



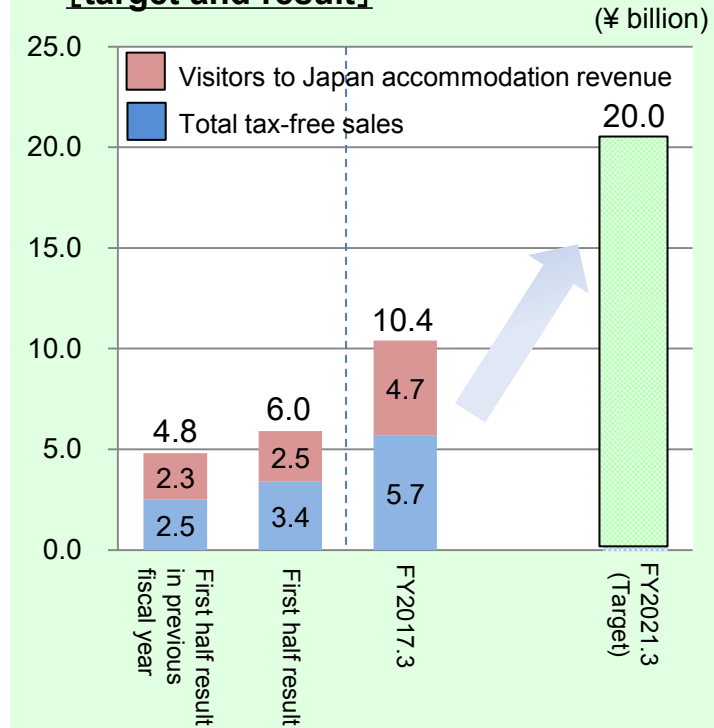
JR Tohoku-South Hokkaido Rail Pass (image)



JR EAST Travel Service Center (Tokyo Station)

Life-style business

Inbound revenue (Life-style business)
[target and result]



(Initiatives to promote usage)

- Strengthening promotions and establishing sales networks locally in collaboration with JR East Sales Office for Southeast Asia (opening December 2017) and CREATIVE TRAVEL (TAIWAN), LTD., etc.
- Promote *air and land* tourism that uses airports in the Tohoku and Hokkaido area as gateways
- Strengthen infrastructure to support tourists by expanding and improving JR EAST Travel Service Centers, etc.
- Establishment of more tax-free counters in station buildings and station concourses



tax-free counter (LUMINE)

Operating Expenses (non-consolidated) - FY2018.3 Second Quarter Results

(¥ billion)	2016.9 Results	2017.9 Results	2017.9/2016.9		Main factors behind change
			Increase / decrease	(%)	
Operating expenses	799.4	800.9	+1.5	100.2	
Personnel expenses	231.1	226.3	-4.8	97.9	•Decrease in number of employees etc.
Non-personnel expenses	331.5	335.6	+4.0	101.2	
Energy	29.3	27.8	-1.4	95.0	•Maintenance etc.: -2.4 (Kawasaki thermal power plants etc.) •Absence of previous fiscal year's drought: -0.7 •Increase in fuel costs of thermal power plants: +1.7
Maintenance	124.1	126.7	+2.6	102.1	•General maintenance expenses: +2.4 (Construction supplementary maintenance: +2.7 etc.) •Railcar maintenance expenses: +0.2
Other	178.1	181.0	+2.8	101.6	•Outsourcing expenses: +2.8 •Sales commissions: +0.9 •Railcar usage expenses: -1.5
Usage fees to JRTT, etc.	43.8	43.5	-0.3	99.3	
Taxes	50.7	52.5	+1.7	103.5	•Increase in property tax, etc.: +1.4
Depreciation	142.0	142.9	+0.8	100.6	•Increase due to capital expenditures •Decrease due to the amendment of the rules regarding depreciation

FY2018.3 Second Quarter Financial Results and FY2018.3 Plan (consolidated)



(¥ billion)	2016.9 Results	2017.9 Results [Apr. plan]	2017.9/2016.9		2017.3 Results	2018.3 Apr. plan	2018.3/2017.3	
			Increase / decrease	(%)			Increase / decrease	(%)
Operating revenues	1,435.1	1,464.8 [1,454.0]	+29.6	102.1	2,880.8	2,930.0	+49.1	101.7
Transportation	1,002.8	1,015.4	+12.5	101.2	1,989.8	2,001.0	+11.1	100.6
Retail & Services	247.7	252.6	+4.8	102.0	502.4	514.0	+11.5	102.3
Real Estate & Hotels	157.8	165.9	+8.1	105.2	326.3	344.0	+17.6	105.4
Others	26.6	30.7	+4.1	115.5	62.2	71.0	+8.7	114.1
Operating income	277.6	292.3 [281.0]	+14.6	105.3	466.3	472.0	+5.6	101.2
Transportation	212.6	222.1	+9.5	104.5	334.2	335.0	+0.7	100.2
Retail & Services	17.4	19.3	+1.9	110.9	36.8	37.0	+0.1	100.4
Real Estate & Hotels	40.7	42.6	+1.9	104.8	80.3	83.0	+2.6	103.3
Others	6.3	7.5	+1.1	118.9	16.5	18.0	+1.4	108.6
Adjustment	0.4	0.6	+0.1	128.6	-1.6	-1.0	+0.6	59.3
Ordinary income	244.9	265.6 [250.0]	+20.7	108.5	412.3	424.0	+11.6	102.8
Profit attributable to owners of parent	164.7	178.5 [173.0]	+13.8	108.4	277.9	286.0	+8.0	102.9

* The breakdown of FY2017.3 results have been presented based on the classification after the change in segmentation.

Topics (Life-style business)

■ GranSta Marunocuchi, GranSta New Area

27 Apr.	phase II	21 stores	Opening
28 Jun.	phase III	2 stores	Opening
30 Aug.	phase IV	9 stores	Fully opening



- With full opening, number of stores outside automatic ticket gates has increased, giving sense of unity to facility
- Promoting usage by rolling out products exclusive to Tokyo Station, etc.

■ JR Saitama Shintoshin Building

17 May	Commercial facilities	Partial opening
13 Jun.	Hotel	Fully opening (157 rooms)

- With a prime location near the railway station, becoming new accommodation choice of those attending events and large-scale meetings, etc., at Saitama Super Arena, etc.



■ Perie Chiba

27 Apr.	Ekinaka (<i>in-station</i>)	11 stores	Fully opening
7 Sep.	Station Building	107 stores	Partial opening



- Wider customer group than before visiting stores, including couples and those with small children

■ Hotel Metropolitan Sendai East

19 Jun.	Opening	(282 rooms)
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- As a new base of Tohoku tourism, also seeing steady increase in use by individual visitors to Japan



(Initiatives going forward)

- Advance the development of large-scale terminal stations, including Chiba, Shibuya, and Yokohama (full opening of *Perie Chiba*, etc.)
- Discover and create new value in line-side areas centered the Tokyo metropolitan area
- Advance support for enhancement of “life-style” and “work-style” (expand and improve *mamorail* service, etc.)
- Integrate *Suica Point* with the Group’s unified *JRE POINT*
- Develop businesses (hotels, shopping centers, etc.) in towns, outside JR East’s service area, and overseas



Mamorail service



JRE POINT (logo)

Transportation - Results and Plan

(¥ billion)	2016.9	2017.9	2017.9/ 2016.9	2017.3	2018.3 Plan	2018.3/ 2017.3
Operating revenues	1,002.8	1,015.4	+12.5 101.2%	1,989.8	2,001.0	+11.1 100.6%
Operating income	212.6	222.1	+9.5 104.5%	334.2	335.0	+0.7 100.2%

* FY2017.3 results have been presented based on the classification after the change in segmentation.

Operating revenues
- main positive and negative factors in 1st-half (FY2018.3)

JR East	10.8	Increase in passenger revenues
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FY2018.3 Topics

- Hokkaido Shinkansen Line Opening 1st Anniversary Campaign (Feb. to Sep. 2017)
- Ikuze, Tohoku. Campaign (Apr. 2017 to Mar. 2018)
- Seasonal Beauty Itsutsuboshi. Hokuriku Shinkansen Campaign (Apr. 2017 to Mar. 2018)
- Begin operating TRAIN SUITE SHIKI-SHIMA (1 May 2017)
- Shinshu Destination Campaign (Jul. to Sep. 2017)
- Ikuze, Tohoku. SPECIAL Fuyu no Gohobi Campaign (Dec. 2017 to Mar. 2018)
- Japanese Beauty Hokuriku Campaign (Dec. 2017 to Mar. 2018)



Ikuze, Tohoku. SPECIAL
Fuyu no Gohobi Campaign (logo)



Japanese Beauty Hokuriku Campaign (pamphlet)

[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

Retail & Services - Results and Plan

(¥ billion)	2016.9	2017.9	2017.9/ 2016.9	2017.3	2018.3 Plan	2018.3/ 2017.3
Operating revenues	247.7	252.6	+4.8 102.0%	502.4	514.0	+11.5 102.3%
Operating income	17.4	19.3	+1.9 110.9%	36.8	37.0	+0.1 100.4%

* FY2017.3 results have been presented based on the classification after the change in segmentation.

Operating revenues - main positive and negative factors in 1st-half (FY2018.3)

Tetsudo Kaikan	+2.4	Increase in sales of Marunouchi underground area
JR East Retail Net (J-Retail)	+1.8	Opening of new store Existing stores' favorable performance
East Japan Marketing & Communications	+1.0	Increase in advertising materials

FY2018.3 Topics

- *Gransta Marunouchi, Gransta New Area* (fully opened in Aug. 2017)

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

	Apr.	May	Jun.	Jul.	Aug.	Sep.	1st-half total
Retails & Restaurant Total	102.5	104.3	104.8	104.1	104.4	105.1	104.2
J-Retail (existing stores)	102.6	103.2	103.1	102.0	101.9	101.2	102.3
NRE (existing stores)	100.7	100.4	102.6	99.6	102.0	101.9	101.2

[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 20

Real Estate & Hotels - Results and Plan

(¥ billion)	2016.9	2017.9	2017.9/ 2016.9	2017.3	2018.3 Plan	2018.3/ 2017.3
Operating revenues	157.8	165.9	+8.1 105.2%	326.3	344.0	+17.6 105.4%
Operating income	40.7	42.6	+1.9 104.8%	80.3	83.0	+2.6 103.3%

* FY2017.3 results have been presented based on the classification after the change in segmentation.

Operating revenues

- main positive and negative factors in 1st-half (FY2018.3)

JR East Building	+2.9	Increase in <i>JR Shinjuku Miraina Tower</i>
atré	+1.0	Increase accompanying assumption of <i>Champ de Herbe</i> business
Nippon Hotel	+0.9	Increase in accommodation of <i>Hotel Mets</i>
LUMINE	+0.8	Existing stores' favorable performance
JR East Urban Development	+0.8	Increase due to full-period contribution from <i>Shapo Moto-Yawata</i> , etc.

FY2018.3 Topics

- *Saitama-Shintoshin Building* (May and Jun. 2017 Opened)
- *Hotel Metropolitan Sendai East* (Jun. 2017 Opened)
- *Perie Chiba (Ekinaka)* (Apr. and Jun. 2017 Opened)
- *Perie Chiba (Shopping Center)* (Sep. 2017 partially opened)
- *Hotel Dream Gate Maihama Annex* (Dec. 2017 open)
- *Shapo Funabashi South* • *Hotel Mets Funabashi* (Feb. 2018 open)

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

	Apr.	May	Jun.	Jul.	Aug.	Sep.	1st-half total
Shopping Centers Total	102.8	101.1	103.1	100.5	105.1	103.7	102.6
LUMINE (existing stores)	102.2	101.5	102.5	97.8	108.5	104.0	102.5
atré (existing stores)	103.2	100.4	102.1	101.8	101.4	101.6	101.7
Hotel	101.5	102.5	104.5	105.1	110.8	107.3	105.2

[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)	2016.9	2017.9	2017.9/ 2016.9	2017.3	2018.3 Plan	2018.3/ 2017.3
Operating revenues	26.6	30.7	+4.1 115.5%	62.2	71.0	+8.7 114.1%
Operating income	6.3	7.5	+1.1 118.9%	16.5	18.0	+1.4 108.6%

* FY2017.3 results have been presented based on the classification after the change in segmentation.

Operating revenues

- main positive and negative factors in 1st-half (FY2018.3)

Japan International Consultants for Transportation	+2.0	Increase in General Consultancy of The Mumbai - Ahmedabad High Speed Railway Project
Viewcard	+0.7	Increase in franchise fees
JR East Information Systems	+0.5	Increase in systems contract revenues

FY2018.3 Topics

•Japan International Consultants for Transportation (General Consultancy of The Mumbai - Ahmedabad High Speed Railway Project)

IT & Suica operating results in 1st-half (FY2018.3)

Operating revenues: ¥22.1 billion (107.0%)

(operating revenues from outside customers)*

Operating income: ¥4.3billion (124.4%)

*Operating revenues: ¥52.3 billion (including revenues inside group)

[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

Major Projects of the Life-style Business Going Forward

	Opening	Total floor space (m ²)			Forecast for operating revenues (Full-year basis)	
		Office (m ²)	Commercial (m ²)	Hotel (rooms)		
JR Shinjuku Miraina Tower	Mar. & Apr. 2016	Approx. 111,000	Approx. 77,200	Approx. 9,400	-	Real Estate & Hotels Approx. ¥12.5 bn
Sendai Station East Exit Development	Mar. 2016	Approx. 43,000	-	Approx. 41,000	-	Retail & Services Approx. ¥2.5 bn
	Jun. 2017	Approx. 14,000	-	-	282	Real Estate & Hotels Approx. ¥3.0 bn
Marunouchi underground area of Tokyo Station	Jul. 2016 – Aug. 2017	Approx. 19,000	-	Approx. 3,600	-	Retail & Services Approx. ¥11.0 bn
Main building and facilities of Chiba Station	Nov. 2016 – summer 2018 and beyond (fully open)	Approx. 73,800	-	Approx. 57,400	-	Real Estate & Hotels Approx. ¥5.5 bn
Shibuya Station Development (Joint 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	-	
Development of area in and around north passage of Tokyo Station	2020	Approx. 17,600	-	Approx. 6,300	-	
Yokohama Station West Exit Station Development Building (Provisional name)	2020	Approx. 129,500	Approx. 28,000	Approx. 70,000	Approx. 170	
Takeshiba Waterfront Development Project	2020	Approx. 108,500	Approx. 15,000	Approx. 8,000	265 (Plan)	
Kawasaki Station West Exit Development Project (Provisional name)	2022 (Plan)	Approx. 136,500	(Leased floor) Approx. 65,000	(Store space) Approx. 2,200	300 (Plan)	
Shinagawa Development Project	2020: Provisional opening of new station Around 2024: Opening of town	Area for development : Approx. 130,000				

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

(¥ billion)	2016.9 <i>Results</i>	2017.9 <i>Results</i>	Increase/ decrease	2017.3 <i>Results</i>	2018.3 <i>Plan</i>	Increase/ decrease
Operating income	277.6	292.3	+14.6	466.3	472.0	+5.6
Non-operating income or expenses	-32.6	-26.6	+6.0	-53.9	-48.0	+5.9
Non-operating income	5.9	8.6	+2.6			
Dividend income	2.4	2.9	+0.5			
Insurance proceeds and dividends	0.5	3.2	+2.7			
Equity in net income of affiliated companies	0.8	0.4	-0.3			
Other	2.2	1.9	-0.3			
Non-operating expenses	38.6	35.2	-3.3			
Interest expense	36.1	32.7	-3.3	Interest expense : 16.9 (-2.5) Bond interest : 15.8 (-0.7)		
Other	2.5	2.5	-0.0			
Ordinary income	244.9	265.6	+20.7	412.3	424.0	+11.6
Extraordinary gains or losses	-6.4	-4.6	+1.8	-8.0	-10.0	-1.9
Extraordinary gains	9.7	8.8	-0.9			
Construction grants received	6.5	2.8	-3.6			
Insurance proceeds related to earthquake	2.5	4.9	+2.3			
Other	0.6	1.0	+0.3			
Extraordinary losses	16.2	13.4	-2.7			
Losses on reduction entry for construction grants	6.5	2.7	-3.7			
Intensive seismic reinforcement costs	4.3	4.5	+0.1			
Provision for allowance for partial transfer costs	-	2.7	+2.7			
Other	5.3	3.4	-1.8			
Income before income taxes	238.5	261.0	+22.5			

Summary of Cash Flows (consolidated)

(¥ billion)	2016.9	2017.9	Increase/ decrease
			Decrease in payments of income taxes: +31.1 Increase in income before income taxes: +22.5
Cash Flows from Operating Activities (I)	281.2	340.0	+58.8
			Decrease of payments for purchases of fixed assets: +20.0
Cash Flows from Investing Activities (II)	-302.0	-283.8	+18.2
<i>Free Cash Flows (I) + (II)</i>	-20.8	56.2	+77.0
			Decrease in proceeds from procurements with interest-bearing debt: -34.4
Cash Flows from Financing Activities (III)	-70.2	-106.5	-36.2
Net Change in Cash and Cash Equivalents (I) + (II) + (III)	-91.1	-50.3	+40.7
Cash and Cash Equivalents at Beginning of the Period	307.8	287.1	-20.6
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	-	0.5	+0.5
Cash and Cash Equivalents at End of the Period	216.6	237.3	+20.6

Change in Capital Expenditures (consolidated)

(¥ billion)		2014.3 (Results)	2015.3 (Results)	2016.3 (Results)	2017.3 (Results)	2017.9 (Results)	2018.3 (Plan)
Transportation *1	Growth investment	85.9	65.2	47.0	54.8	105.8	79.0
	Investment needed for the continuous operation of business	325.9	336.5	345.2	328.3		344.0
	Total	411.9	401.8	392.2	383.1		423.0
Non-transportation *1	Growth investment	107.6	111.9	136.4	115.1	53.2	132.0
	Investment needed for the continuous operation of business	6.1	8.3	13.3	8.4		5.0
	Total	113.7	120.2	149.7	123.5		137.0
	Growth investment	193.6	177.1	183.4	169.9	-	211.0
	Investment needed for the continuous operation of business	332.0	344.9	358.5	336.7	-	349.0
	(Depreciation)	348.0	353.2	359.5	364.1	177.9	374.0
	Total	525.7 ^{*2}	522.1 ^{*2}	541.9 ^{*2}	506.7 ^{*2}	159.0	560.0 ^{*2}

*1 In accordance with a revision of segment information, the result for the September 2017 and the plan for the fiscal year ending March 2018 shows investment amounts for transportation and non-transportation based on the new segments. Further, the results show investment amounts for transportation and non-transportation based on the previous segments.

*2 Includes priority budget allocation
(¥14.7 billion resulted in FY2014.3)
(¥16.6 billion resulted in FY2015.3)

(¥18.1 billion resulted in FY2016.3)
(¥23.5 billion resulted in FY2017.3)
(¥30.0 billion planned in FY2018.3)

Change in Interest-bearing Debt Balance (consolidated)

(¥ billion)	2013.3 (Results)	2014.3 (Results)	2015.3 (Results)	2016.3 (Results)	2017.3 (Results)	2017.9 (Results)
Bonds	1,659.7 (1.94%)	1,719.7 (1.90%)	1,764.8 (1.84%)	1,809.9 (1.83%)	1,839.9 (1.73%)	1,800.1 (1.70%)
Long-term loans	853.7 (1.57%)	899.8 (1.43%)	965.4 (1.30%)	993.7 (1.23%)	1,030.1 (1.14%)	1,039.4 (1.12%)
Long-term liabilities incurred for purchase of railway facilities	793.2 (5.63%)	666.4 (5.78%)	545.2 (5.97%)	438.3 (6.18%)	340.9 (6.45%)	338.7 (6.45%)
Other interest-bearing debt	0.8 (0.76%)	2.3 (1.27%)	—	—	—	—
Total	3,307.4 (2.73%)	3,288.4 (2.56%)	3,275.5 (2.37%)	3,241.9 (2.23%)	3,211.0 (2.04%)	3,178.3 (2.02%)

Top : Balance
Bottom: Average interest rate

III. Reference Materials

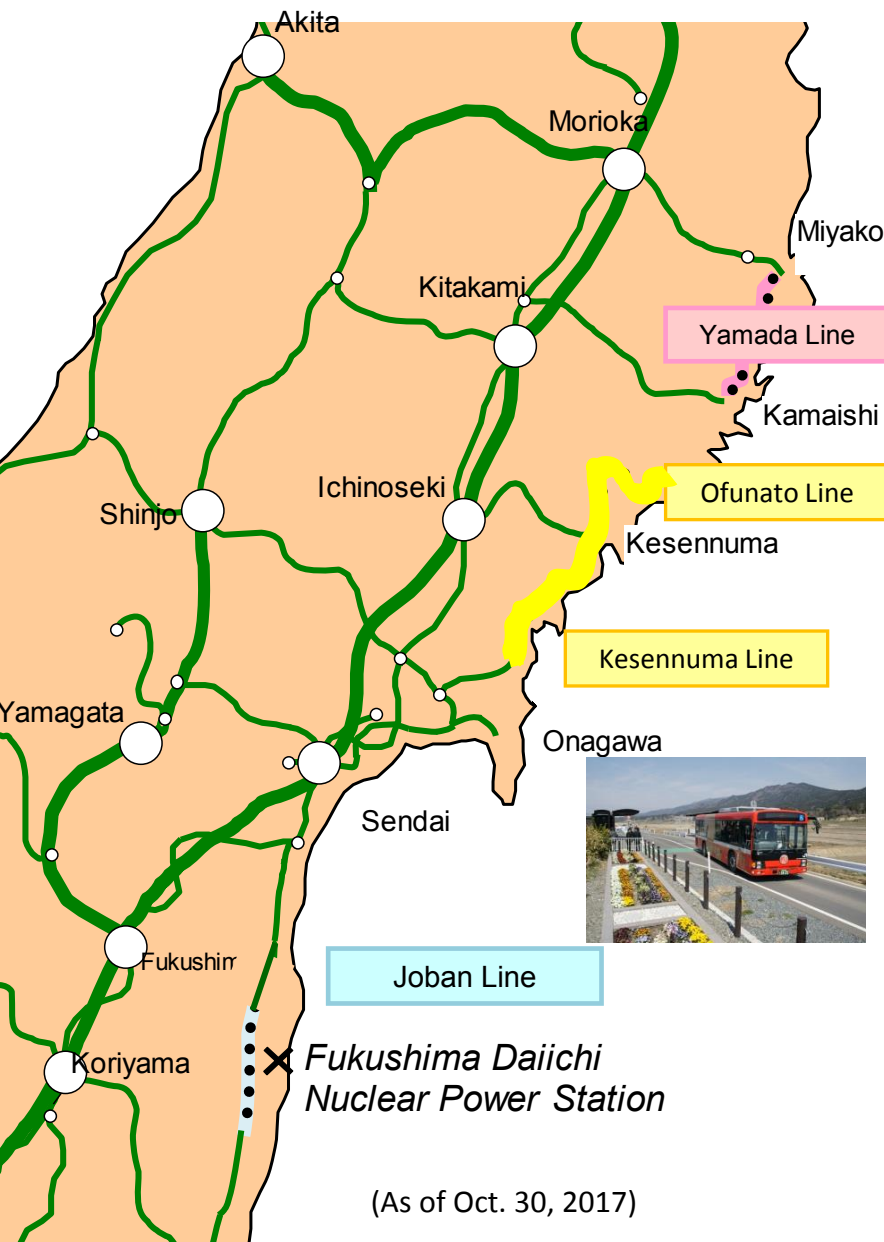
FY2018.3 Traffic Volume and Passenger Revenues - Plan

Commuter Passes: Seasonal Tickets Non-commuter Passes: Ordinary Tickets		
Shinkansen	Commuter Passes	
	Non-commuter Passes	
	Total	
Conventional Lines	Kanto Area Network	Commuter Passes
		Non-commuter Passes
		Total
	Other Network	Commuter Passes
		Non-commuter Passes
		Total
	Total	Commuter Passes
		Non-commuter Passes
		Total
Total	Commuter Passes	
	Non-commuter Passes	
	Total	

Traffic Volume (million passenger kilometers)			
2017.3 Results	2018.3 Plan	Increase / decrease	(%)
1,754	1,760	+6	100.3
21,422	21,634	+212	101.0
23,176	23,395	+218	100.9
70,202	70,468	+266	100.4
36,113	36,252	+139	100.4
106,315	106,721	+405	100.4
3,074	3,086	+11	100.4
2,530	2,511	-19	99.2
5,605	5,597	-7	99.9
73,276	73,555	+278	100.4
38,644	38,764	+120	100.3
111,921	112,319	+398	100.4
75,031	75,315	+284	100.4
60,066	60,399	+332	100.6
135,098	135,715	+616	100.5

Passenger Revenues (¥ billion)			
2017.3 Results	2018.3 Plan	Increase / decrease	(%)
23.8	23.9	+0.0	100.3
560.5	566.0	+5.5	101.0
584.3	590.0	+5.6	101.0
456.0	457.7	+1.7	100.4
707.0	709.7	+2.7	100.4
1,163.0	1,167.5	+4.4	100.4
18.4	18.5	+0.0	100.4
50.2	49.9	-0.3	99.2
68.7	68.4	-0.3	99.6
474.5	476.3	+1.8	100.4
757.2	759.6	+2.3	100.3
1,231.8	1,235.9	+4.1	100.3
498.4	500.2	+1.8	100.4
1,317.8	1,325.7	+7.9	100.6
1,816.2	1,825.9	+9.7	100.5

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



(As of Oct. 30, 2017)

Current status of conventional lines along the Pacific coast damaged by tsunami

[Restoration work underway]

	Line segments on which operations suspended	Distance	Notes
Yamada Line	Miyako-Kamaishi	55.4km	Plan to transfer management to Sanriku Railway Company Restoration work aimed at opening in FY2019.3 underway
Joban Line	Tomioka-Namie	20.8km	Plan to resume operations by end of FY2020.3
Total		76.2km	

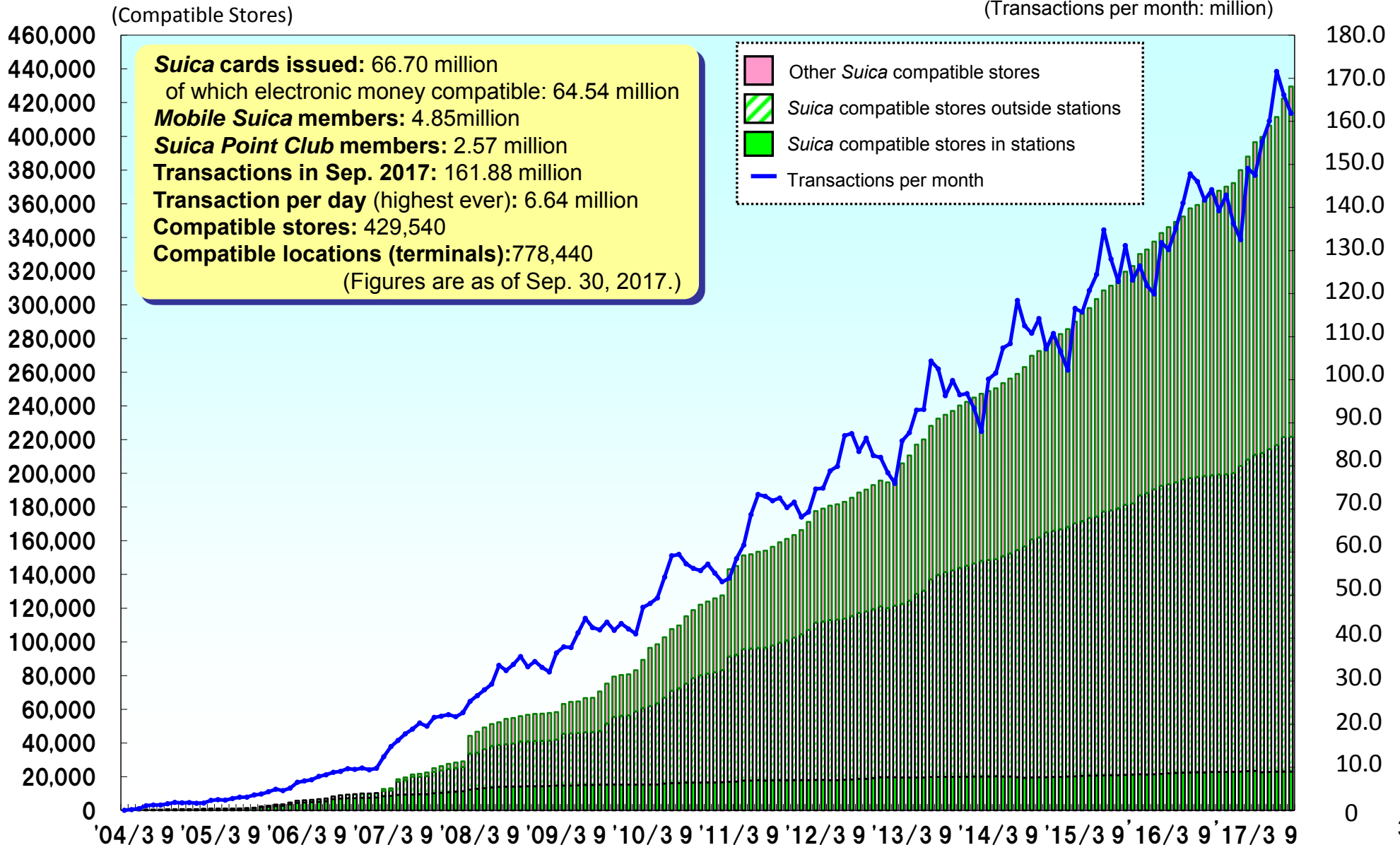
[Bus Rapid Transit (BRT) systems operating (agreement reached on full-scale restoration)]

	Line segments	Distance
Ofunato Line	Kesenuma-Sakari	43.7km
Kesenuma Line	Yanaizu-Kesenuma	55.3Kkm
Total		99.0km

*Railway services have been restored on other line segments (approx. 224 km).

Suica Electronic Money - Transactions and Compatible Stores

* Figures include results of other affiliated stores.



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) Aug. 2016 (floor space increase)	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 ²	Approx. 1,600 m ²	Approx. 4,600 m ²	Approx. 300 m ²	Approx. 800 m ²	Approx. 4,300 m ²	Approx. 1,900 m ²	Approx. 1,640 m ²
Number of shops	74	48	70	15	27	74	39	52
FY2017.9 Results (YoY, %)	¥ 5.0 billion (102.2%)	¥ 3.4 billion (102.2%)	¥ 2.7 billion (118.8%)	¥ 0.9 billion (97.6%)	¥ 2.8 billion (107.1%)	¥ 4.9 billion (101.7%)	¥ 5.7 billion (103.5%)	¥ 2.6 billion (101.6%)

Hotel Operations - Overview

Operating revenues * 1 ¥ 26.1billion (2017.9)

Operating incomes * 1 ¥ 2.0 billion (2017.9)

*1 Simple total of the revenues and expenses of the hotel businesses of Group companies and the revenues and expenses of the hotel businesses of non-consolidated JR East

[Reference] JR East hotels at a glance

■ Metropolitan Hotels (12 hotels, 3,471 guest rooms)

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

Operating revenues*2 : ¥ 17.9 billion (Sep. 2017) Occupancy rate: 82.6%

■ HOTEL METS chain (23 hotels, 2,687 guest rooms)

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

Operating revenues*2 : ¥ 4.8 billion (Sep. 2017) Occupancy rate: 89.7%

■ The Tokyo Station Hotel (150 guest rooms)

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

■ Hotel Dream Gate Maihama (80 guest rooms)

■ Hotel New Grand (240 guest rooms)

*2 Simple sum of operating revenues from each hotel.

(As of Sep. 30, 2017)

Major Subsidiaries - Results and Plan

(¥ billion)		2016.9 Results	2017.9 Results	2017.9/ 2016.9	2018.3 Plan	2018.3/ 2017.3
JR East Retail Net (J-Retail)	Operating revenues	98.0	98.9	101.0%	194.4	100.2%
	Operating income	1.1	1.9	167.1%	1.5	106.8%
Nippon Restaurant Enterprise (NRE)	Operating revenues	30.4	29.9	98.3%	58.8	97.6%
	Operating income	0.3	0.4	153.9%	0.2	57.5%
East Japan Marketing & Communications	Operating revenues	48.7	50.5	103.7%	116.4	102.8%
	Operating income	0.8	1.1	126.7%	3.3	83.5%
LUMINE	Operating revenues	35.0	35.9	102.5%	79.8	106.7%
	Operating income	5.4	6.4	119.0%	13.0	103.7%

* Non-consolidated operating revenues / operating income

Shinagawa Development Project

Schedule for the Formation of an International Exchange Hub

Town able to continue growing

• We aim to create a town that can continue growing as an international exchange hub through interim use and the subsequent opening of the town.

Establishing future image for town development and developing infrastructure in advance

District Planning

Land readjustment project

City planning road

Shinagawa New Station
(provisional name) * Rendering



Publicize Japan's appeal



Promote new town



**Continuing growth as international exchange hub
《new international town》**

Opening of town (partial opening)



《Street-based urban design》 * Rendering

Opening of Linear Chuo Shinkansen (plan)

Interim use

Present

* Urban plan decided on Apr. 13, 2016

- *Guideline for Community Development of the Northern Peripheral Area of Shinagawa
- Station established on Mar. 31, 2017

Provisional opening of new station

2017

2020

Around 2024

2027

2030s~

Initiatives in Overseas Businesses

■ Railway-related

[Purple Line in Bangkok, Thailand] (Opened August 2016)

- Local company in which JR East has stake performing maintenance of rolling stock and ground installations for 10 years
- Provision of 63 railcars by Japan Transport Engineering Company (J-TREC)



Purple Line

[Indian High-Speed Rail Project]

- For the Mumbai-Ahmedabad line, advancing General Consultancy of The Mumbai–Ahmedabad High Speed Railway Project, which Japan International Consultants for Transportation received order from JICA through joint venture in December 2016



Provided by Indian government

Visiting simulator after commencement ceremony (September 14, 2017)

[Winning bidder for UK passenger rail franchise]

(Commencement of operations scheduled for December 2017)

- JR East, Mitsui, and Abellio UK have been collectively selected by UK Department for Transport as the winning bidder for West Midlands Franchise, a passenger rail franchise in the United Kingdom



Image of a train in operation after commencement of services

■ Life-style services related

[JAPAN RAIL CAFE] (Opened December 2016)

- Opened as venue in Singapore that provides information about travel to Japan, etc.



JAPAN RAIL CAFE

[LUMINE SINGAPORE]

(Opening scheduled for November 2017)

- Will be source of “TOKYO STYLE·CULTURE·DESIGN” based on unique viewpoint of *LUMINE* and will mainly target working women in Singapore who have a strong sense of curiosity



Rendering

[Opening of first overseas *atré*, in Breeze NanShan (store), Xinyi District, Taipei, in autumn 2018] (Opening scheduled for autumn 2018)

- Project for first overseas *atré* to mark beginning of joint participation in businesses that develop and manage commercial facilities in railway stations, etc.

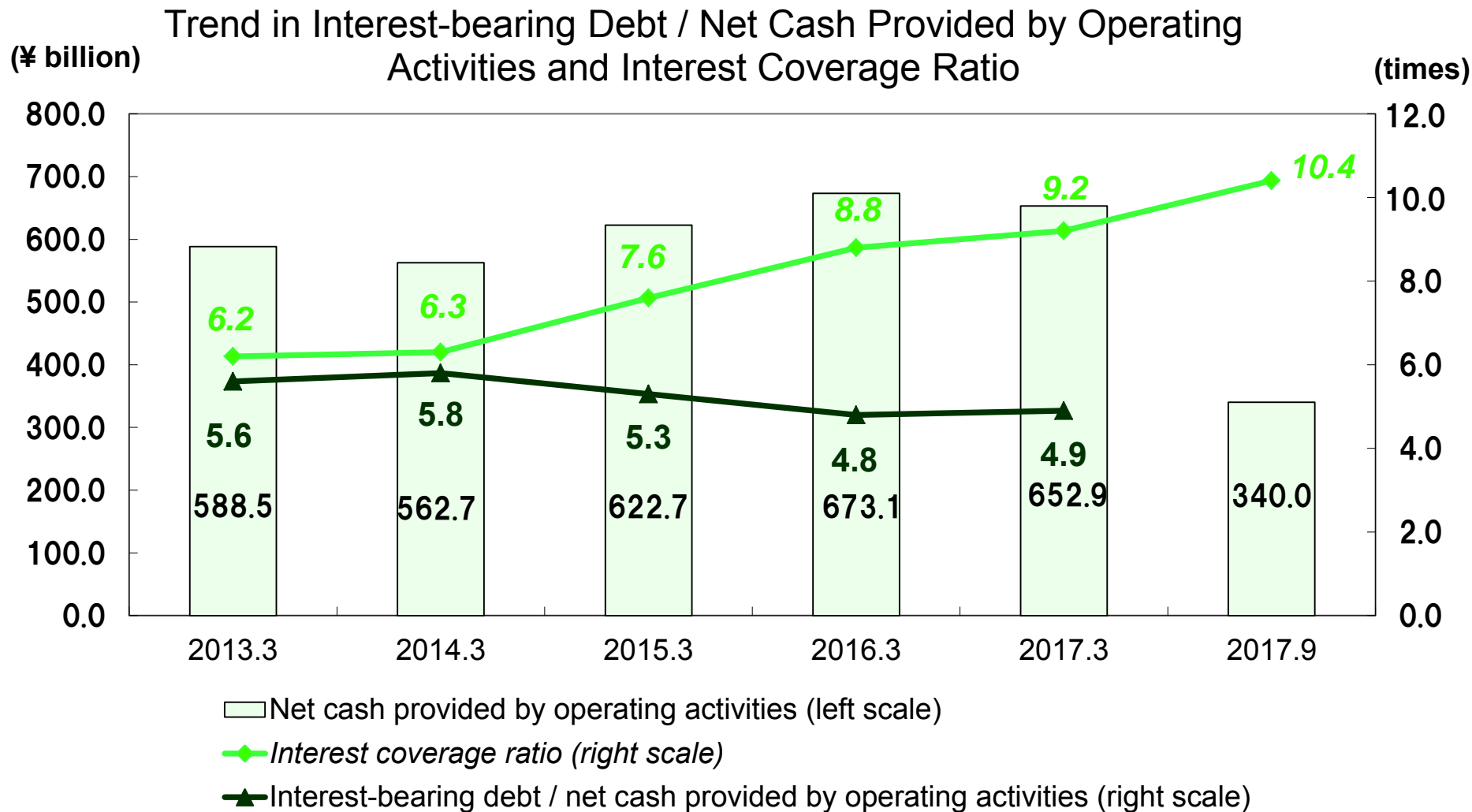


Rendering

- Plan for *atré* and Mitsui joint venture to establish joint venture in Taiwan with Breeze

Breakdown of Shinkansen and Conventional Lines FY2017.3 Operating Performance

(¥ billion)	Shinkansen			Conventional Lines		
	2016.3	2017.3	2017.3/2016.3 (%)	2016.3	2017.3	2017.3/2016.3 (%)
Operating kilometers (km)	1,194	1,194	100.0	6,263	6,263	100.0
Passenger kilometers (million)	22,848	23,176	101.4	111,579	111,921	100.3
Operating revenues A	591.1	597.4	101.1	1,349.6	1,349.1	100.0
Operating expenses	349.8	384.0	109.8	1,218.7	1,214.5	99.7
Operating income B	241.3	213.3	88.4	130.8	134.5	102.8
Fixed assets C	2,028.3	1,989.3	98.1	2,642.2	2,788.4	105.5
Depreciation	83.4	80.3	96.3	197.1	198.7	100.8
B/A	40.8%	35.7%	-	9.7%	10.0%	-
B/C	11.9%	10.7%	-	5.0%	4.8%	-

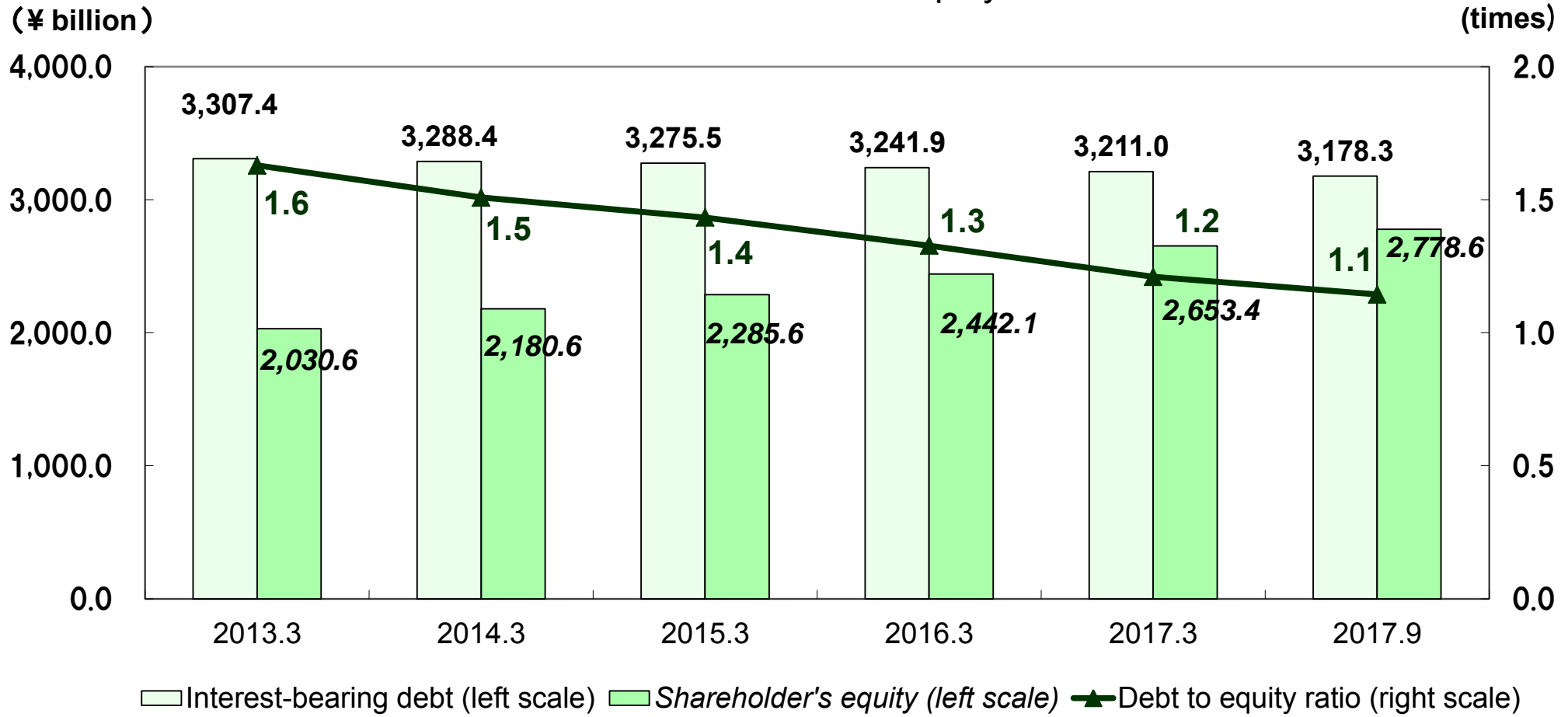


[Notes]

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, 2017)

	Balance (¥ billion)	Breakdown	Average interest rate	Average maturity
Bonds	1,800.1	56.6%	1.70%	10.50 years
Long-term loans	1,039.4	32.7%	1.12%	6.96 years
Long-term liabilities incurred for purchase of railway facilities	338.7	10.7%	6.45%	22.50 years
Total	3,178.3	100.0%	2.02%	10.62 years

Breakdown of long-term liabilities incurred for purchase of railway facilities (As of Sep. 30, 2017)

Category of liabilities	Principal (¥ billion)	Balance (¥ billion)	Interest		Payment	Period	Use of proceeds by recipient **
			Variable /fixed	Rate			
Number 1*	2,101.8	—	—	—	—	1991.10~2017.3	Fund for repayment of debt borne by JR TT
Number 2*	638.5	—	—	—	—	1991.10~2017.3	Construction of conventional lines, etc.
Number 3*	366.5	332.5	Fixed	6.55%	Principal and interest equal repayment	1991.10~2051.9	Construction of Shinkansen lines
Sub-total	3,106.9	332.5		6.55%			
Akita Shinkansen	27.9	5.0	Variable	1.10%	Principal and interest equal repayment	1997.3~2022.3	
Tokyo Monorail	36.7	1.2	Variable	2.05%	Principal and interest equal repayment	(2002.3)~2029.11	
Total		338.7		6.45%			

* The names of the liabilities are commonly known as Number 1 through 3 in accordance with the definition under law. Redemptions of the Number 1 and Number 2 long-term liabilities have been completed in FY2017.3.

** 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 FY2017.3)
- CP issuance facility: ¥ 150.0 billion

Short-term credit ratings

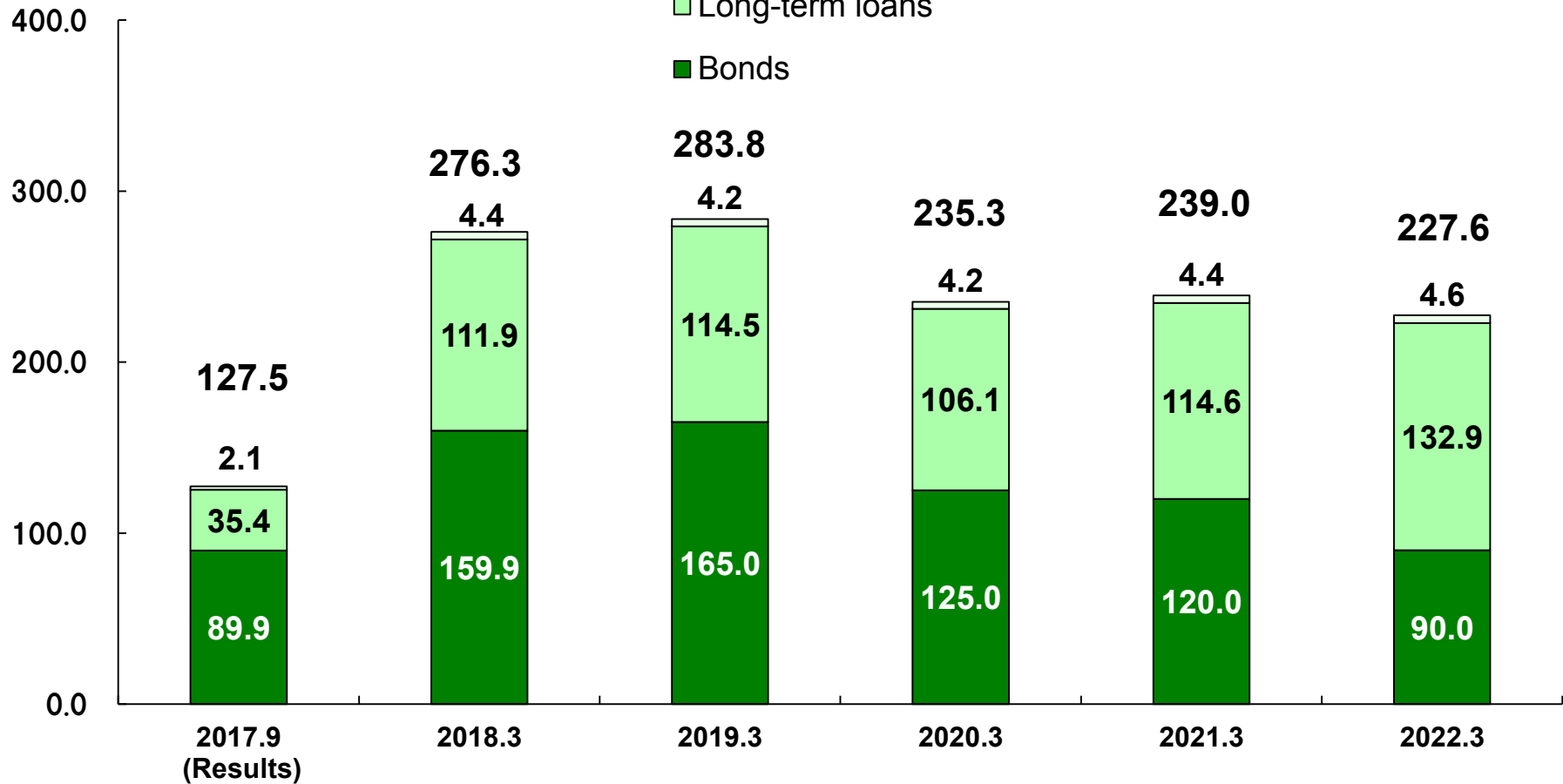
Rating agency	Rating
Moody's	P-1
Rating and Investment Information (R&I)	a-1+

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

Redemption ladder of interest-bearing debt (consolidated)

(¥ billion)

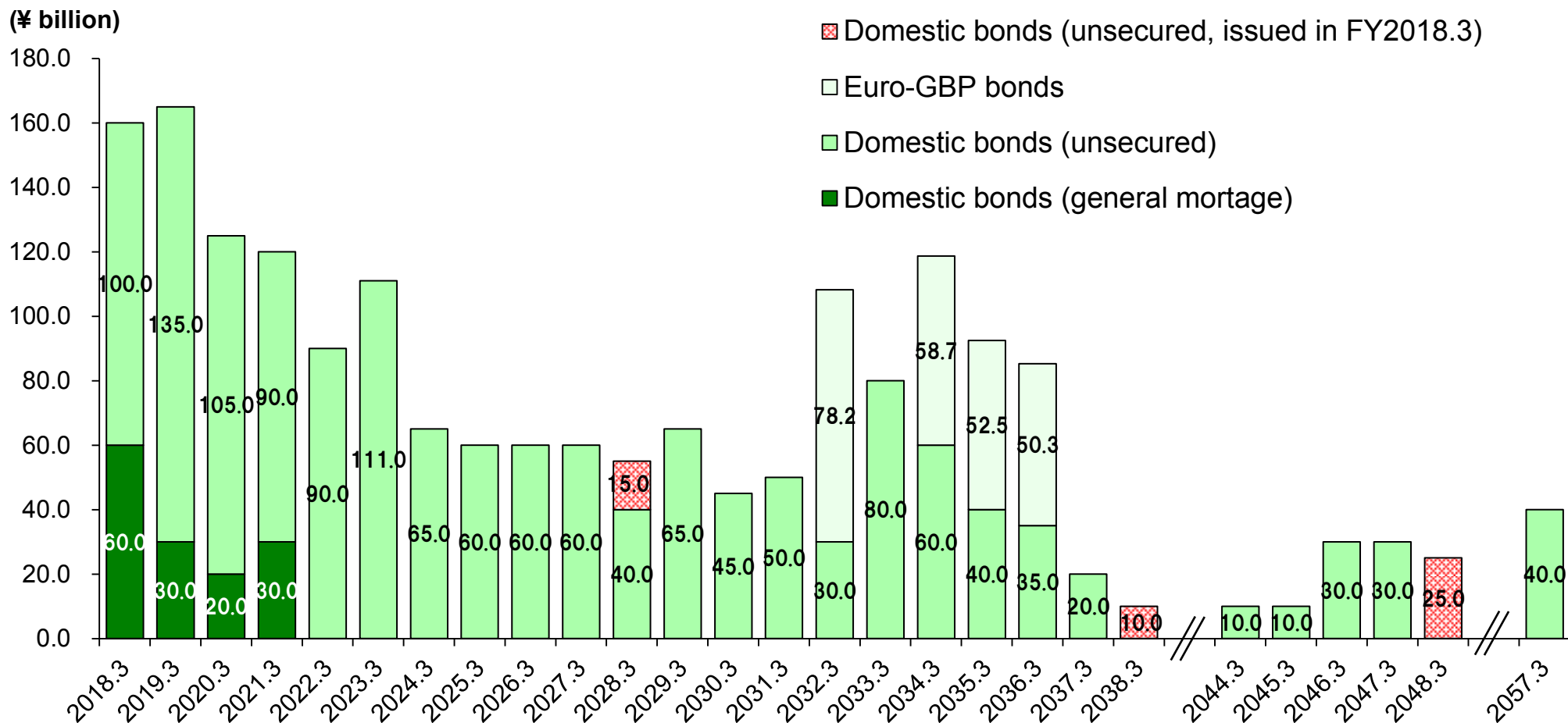
- Long-terms liabilities incurred for purchase of railway facilities
- Long-term loans
- Bonds



[Notes]

- 1) Outlook as of Sep. 30, 2017.
- 2) Bond redemptions are at face value.

Redemption ladder of bonds(non-consolidated)



[Notes]

- 1) Outlook as of Sep. 30, 2017.
- 2) Redemptions are at face value.

Bonds Issuance in FY2018.3

Additional Information for bond Investors



Series	Tenor	Total amount of issue	Coupon	Issue price	Reoffer yield	JGB spread	Issue date	Maturity date
123	10	¥ 15.0 billion	0.280%	¥100	0.280%	+17.5bp	2017.7.27	2027.7.27
124	20	¥ 10.0 billion	0.713%	¥100	0.713%	+8bp	2017.7.27	2037.7.27
125	30	¥ 25.0 billion	1.133%	¥100	1.133%	+23bp	2017.7.27	2047.7.26

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.