

Fiscal 2014 Financial Results (Japanese GAAP) (Unaudited)

Fiscal 2014 (Year ended March 31, 2014)

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 30, 2014

East Japan Railway Company

Stock Exchange Listings

Securities Code

URL

Representative

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Scheduled Date of Ordinary General Meeting of Shareholders

June 24, 2014

Scheduled Date of Dividend Payment Commencement

June 25, 2014

Scheduled Date for Release of Annual Securities Report

June 24, 2014

Preparation of Supplementary Explanations of Financial Results:

No

Financial Results Presentation to Be Held:

Yes

1. Consolidated Results for Fiscal 2014 (Year Ended March 31, 2014)

(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		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2014	2,702,916	1.2	406,793	2.3	332,518	4.7	199,939	14.0
Fiscal 2013	2,671,822	5.5	397,562	10.4	317,487	16.6	175,384	61.3

Note: Comprehensive income – Fiscal 2014: 214,632 million yen (an increase of 8.5%), Fiscal 2013: 197,739 million yen (an increase of 80.9%)

	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 2014	506.77	—	9.5	4.5	15.1
Fiscal 2013	443.70	—	9.0	4.4	14.9

Reference: Equity in net income (losses) of affiliated companies – Fiscal 2014: 1,211 million yen, Fiscal 2013: 3,767 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2014	7,428,303	2,199,357	29.4	5,529.40
Fiscal 2013	7,223,204	2,048,192	28.1	5,135.76

Reference: Shareholders' equity – Fiscal 2014: 2,180,632 million yen, Fiscal 2013: 2,030,665 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 2014	562,763	(474,697)	(91,367)	186,057
Fiscal 2013	588,529	(465,951)	(101,151)	189,262

2. Dividends (Year Ended March 31, 2013 and 2014 and Year Ending March 31, 2015)

(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			
Fiscal 2013	Yen —	Yen 60.00	Yen —	Yen 60.00	Yen 120.00	Millions of yen 47,482	% 27.0	% 2.4
Fiscal 2014	—	60.00	—	60.00	120.00	47,361	23.7	2.3
(Forecast) Fiscal 2015	—	60.00	—	60.00	120.00	—	23.2	—

3. Forecasts for Fiscal 2015 (Year Ending March 31, 2015)

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

	Operating revenues		Operating income		Ordinary income		Net income		Earnings per share—Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2014	1,350,000	0.4	242,000	(6.8)	199,000	(8.4)	123,000	(9.4)	311.89
Fiscal 2015	2,741,000	1.4	407,000	0.1	341,000	2.6	204,000	2.0	517.28

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

(Note) For details, refer to (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies, Changes in Accounting Estimates and Restatement of Revisions) on page 23.

(3) Number of issued shares (common stock)

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

Fiscal 2014	395,000,000 shares	Fiscal 2013	396,000,000 shares
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- ii Treasury stock at period-end

Fiscal 2014	629,294 shares	Fiscal 2013	602,387 shares
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- iii Average number of shares during period

Fiscal 2014	394,533,865 shares	Fiscal 2013	395,273,967 shares
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(Reference) Overview of the Non-consolidated Financial Results

1. Non-consolidated Results for Fiscal 2014 (Year Ended March 31, 2014)

(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		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2014	1,932,599	1.1	327,877	1.5	263,907	8.6	169,878	22.4
Fiscal 2013	1,910,804	5.1	322,879	10.2	243,004	17.0	138,840	80.0

	Earnings per share— Basic	Earnings per share— Diluted
	Yen	Yen
Fiscal 2014	430.24	—
Fiscal 2013	350.89	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2014	6,913,416	1,850,266	26.8	4,688.00
Fiscal 2013	6,742,166	1,722,942	25.6	4,354.34

Reference: Shareholders' equity – Fiscal 2014: 1,850,266 million yen, Fiscal 2013: 1,722,942 million yen

2. Forecasts for Fiscal 2015 (Year Ending March 31, 2015)

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

	Operating revenues		Operating income		Ordinary income		Net income		Earnings per share— Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2014	980,000	0.5	215,000	(3.8)	189,000	(2.4)	125,000	(4.0)	316.71
Fiscal 2015	1,955,000	1.2	331,000	1.0	277,000	5.0	174,000	2.4	440.86

Applicability of audit requirements and completion of audit procedure

These financial results are not subject to audit requirements as provided in the Financial Instruments and Exchange Law. The audit procedures of financial statements as provided in the Financial Instruments and Exchange Law have yet to be completed as of the issue date of this report on financial results for the year ended March 31, 2014.

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

The forecasts of business results and other forward-looking statements in this report are based on information available as of the date of this report and on certain assumptions that JR East viewed as reasonable as of the date of this report. 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, 2015" on page 7 of this document.

JR East is scheduled to hold an analysts' meeting on May 1, 2014, to present its operating results for Fiscal 2014. 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, 2014

Overview

In the year ended March 31, 2014, the Japanese economy continued to recover gradually, with improvements in consumer spending and corporate earnings. Under these conditions, and guided by “*JR East Group Management Vision V — Ever Onward*,” the East Japan Railway Company and its consolidated subsidiaries and equity method affiliates (JR East) made efforts to implement service quality reforms and generate revenues through steady execution of various initiatives centered around the railway and life-style service businesses, as well as *Suica* operations.

As a result, during the fiscal year under review, operating revenues increased 1.2% year-on-year to ¥2,702.9 billion, mainly due to growth in JR East’s transportation revenues. Operating income increased 2.3% to ¥406.7 billion. Furthermore, ordinary income increased 4.7% to ¥332.5 billion, mainly due to a decline in interest expenses. Net income increased 14.0% to ¥199.9 billion.

As of the first quarter of the fiscal year ended March 31, 2014, Japan Transport Engineering Company, which mainly manufactures railcars, was reclassified into the Transportation reporting segment from Others. This change reflects the plans that JR East commenced during the fiscal year under review to deepen cooperation in railway manufacturing operations between Japan Transport Engineering Company and its Niitsu Rolling Stock Plant, based on “*JR East Group Management Vision V*.”

As a result of this change, in the Segment Information section below, figures for the previous fiscal year ended March 31, 2013 have been restated to reflect the new reporting segment classification, and comparisons between this fiscal year under review and the previous fiscal year are based on restated figures.

Segment Information

Transportation

In the Transportation segment, with railway operations as its core operations, JR East promoted the use of its Shinkansen and conventional line networks to secure revenues while ensuring safe and reliable transportation and enhancing customer satisfaction.

Specifically, aiming for “extreme safety levels,” JR East steadily continued the implementation of countermeasures in preparation for a major earthquake, such as a possible earthquake directly beneath the Tokyo metropolitan area. These countermeasures included seismic reinforcement work, such as work on embankments near the Chuo Line’s Ochanomizu Station, and work on viaducts and bridge piers. Approximately 30% of the work that is currently being planned was completed by the end of the fiscal year under review. Meanwhile, in order to accommodate people unable to return home in the event of a major disruption to public transportation, JR East completed the process of stocking approximately 200 stations within a 30 kilometer radius of Tokyo with emergency supplies, as well as talks with relevant municipalities on how to direct disaster evacuations. JR East also made steady progress executing measures for preventing railway crossing accidents. Meanwhile, the total number of stations with automatic platform gates on the Yamanote Line increased to 11 as of March 31, 2014, after those gates began operating at seven stations including Shin-Okubo and Tamachi. In response to a derailment accident of *Komachi* railcars on the Ou Line in March 2013, JR East studied the findings and reviews of an internal committee for investigating the cause, and installed snow fences and improved snow removal activities to prevent such an accident from reoccurring. Furthermore, JR East’s sixth five-year safety plan, “*Group Safety Plan 2018*,” was designed in February 2014 as a roadmap for the entire Group in making further efforts to achieve “extreme safety levels.” Moreover, in response to a derailment accident within Kawasaki Station on the Keihin Tohoku Line in February 2014, the Group has been making efforts to prevent the reoccurrence of a similar accident. Countermeasures include clarification of the chain of command among contractors performing construction within closed railway lines, a review of the procedures for allowing entry of road-rail vehicles and heavy construction machinery in restricted construction areas, and enhanced on-site supervision of construction contractors. Going forward, JR East will continue to work on such initiatives aimed at further safety enhancements.

Meanwhile, in an effort to improve the reliability of transportation, JR East made progress with measures including introduction of new railcars to the Saikyo, Yokohama and other lines and installation of windbreaks, along with implementation of countermeasures against railroad switch malfunctions due to snowfall. Furthermore, *JR EAST APP* for smartphones was launched in March 2014 to enhance the information JR East provides to the public, including on the operational status of its trains. Moreover, “Service Quality Improvement Projects” were developed for the Musashino, Saikyo and Yokohama lines to strengthen the management of JR East’s services tailored to the need of each line, while campaigns urging safety precautions for passengers using baby carriages and escalators were implemented in collaboration with other railway operators as part of the effort to make railways more reliable and convenient.

JR East also conducted the *Sendai-Miyagi Destination Campaign*, the *Akita Destination Campaign* and the “*Ikuze, Tohoku*.” *Campaign* to encourage tourism and leverage these campaigns to help the Tohoku region recover from the March 2011 earthquake. In addition, the Group used trains that cater to people seeking to board for the “ride” itself, such as the *Tohoku Emotion* restaurant train on the Hachinohe Line, to stimulate tourism demand from the Tokyo metropolitan area to the Tohoku region. The additional measures JR East developed to increase railway usage included promotions for riding trains such as the Series E6 *Komachi* on the Akita Shinkansen Line, discount tickets and other travel products bound for the World Heritage Site Mt. Fuji, and the *JR SKISKI* campaign. As it revised train schedules in March 2014, JR East also raised the maximum operating

speed of the entire *Hayabusa* and *Komachi* service to 320 km/h, and introduced new Series E7 railcars to the Nagano Shinkansen Line. Service enhancements on conventional lines included introduction of a new *Swallow* seating service for commuters to the *Akagi* limited express on the Takasaki Line, and increased frequency of trains and extended segment for the rapid service on the Nambu Line as part of the efforts to enhance service on the *Tokyo Megaloop*. Moreover, initiatives for increasing the number of travelers from abroad included the development of *JR East Railway Holiday* in Taiwan and Hong Kong as a new product brand for inbound travel, and the offering of discount railway tickets and other passenger promotions. Furthermore, the Hokuriku Marketing Center was established in April 2013 in advance of the opening of Hokuriku Shinkansen Line to Kanazawa, scheduled for at the end of Fiscal 2015. In addition, an overview of the operating framework and names of train services on the line were finalized in October 2013. In addition, JR East upgraded its systems and made passenger guidance easier to understand, and made other preparations in advance of the revision to the train fares in conjunction with the April 2014 increase in the consumption tax rate. In *Suica* operations, JR East made efforts to further improve the convenience of this prepaid e-money card by expanding its mutual usage network to the service area for the Sapporo City Transportation Bureau's *SAPICA* card in June 2013. Initiatives that executed JR East's energy and environmental strategies for the year under review included launch of the operation of a mega-solar electricity plant at the Keiyo Rolling Stock Center, and the introduction of *ACCUM* storage battery-driven railcars to the Karasuyama Line.

With regard to overseas railway projects, JR East began preparing to participate in railcar and ground facility maintenance services for the Purple Line, an urban mass transit railway line in Bangkok, Thailand scheduled to enter service around 2016. Having concluded an agreement to supply the Purple Line with railcars, JR East made further efforts to win new projects and increase the number of orders worldwide in railcar manufacturing operations by working to enhance its *sustina* stainless-steel railcars as a brand. Furthermore, JR East made headway with its "*Global Human Resource Development Program – Ever Onward*," aimed at nurturing personnel for taking on global business development. Progress involved the establishment of a new short-term overseas studies program. At the same time, approximately 600 employees were dispatched overseas in the fiscal year under review as on-the-job trainees in the overseas railway consulting business, among other assignments.

As a result of the above, JR East's railway traffic volume increased compared to the previous fiscal year, and operating revenues in the Transportation segment increased by 1.1% to ¥1,883.5 billion. Operating income increased 1.1% to ¥267.3 billion.

JR East is coordinating its efforts with plans of other parties to restore train lines along the northeastern Pacific coast that were damaged by the tsunami caused by the Great East Japan Earthquake, to rebuild the area as a whole and develop individual towns. To this end, JR East is conducting discussions with the national government, local government and other parties. With respect to the railway segments for which restoration of railway service has been approved, JR East proceeded with restoration work between Takagimachi and Rikuzen-Ono on the Senseki Line and Hirono and Tatsuta on the Joban Line, and began preparing for restoration work in the spring of 2014 between Soma and Hamayoshida on the Joban Line and Urashuku and Onagawa on the Ishinomaki Line. With respect to services with a provisional BRT (Bus Rapid Transit) system, the Group made efforts to further enhance passenger convenience, mainly by extending BRT roads on the Kesenuma Line and Ofunato Line in April and September 2013 and introducing *odeca* IC cards for boarding the BRT in August 2013. As for the Yamada Line, in January 2014 JR East proposed to relevant local governments that it be integrated with the North and South Rias lines for operation by Sanriku Railway Company. This proposal was made from the standpoint of promoting the line's usage by localizing its management, and providing a compact and sustainable mode of transportation to the local community. Other initiatives for supporting recovery along the affected lines included construction work on the Senseki-Tohoku Connecting Line to improve passenger convenience by shortening travel times between Sendai and Ishinomaki.

In March 2012, JR East announced that it had decided to forego restoring the Iwaizumi Line as a railway line, and declared its policy of providing transportation for the region with buses. The Group had been negotiating and seeking mutual understanding with the affected municipalities and other related parties. As a result, the Group reached an agreement with the related parties on the alternative transportation and other terms for abolishing the Iwaizumi Line. Accordingly, JR East filed a notice concerning termination of operations on this line with the Minister of Land, Infrastructure, Transport and Tourism in November 2013. After procedures for moving up the termination date, the Iwaizumi Line was abolished in April 2014, and a local bus company began operating buses as an alternative. Going forward, JR East is prepared to provide the support needed in operating this alternative bus transportation.

Station Space Utilization

In the Station Space Utilization segment, JR East opened *Perie KaihinMakuhari* (Chiba) and *mAAch ecute Kanda Manseibashi* (Tokyo). In addition, JR East made efforts to strengthen its competitiveness by developing attractive stores and continuing the renovation of station space commercial facilities centered in the Tokyo metropolitan area, such as those in Tokyo and Tachikawa stations. Moreover, as part of the *Rediscovering the Region Projects*, JR East held *Sanchoku-Ichi* (farmers' markets) at Ueno, Omiya, and other stations in an effort to highlight the appeal of various areas in Eastern Japan.

Despite these initiatives together with an increase in revenues from Tokyo Station's *CentralStreet* (Tokyo) that opened in the last fiscal year and other additional positive factors, operating revenues for the Station Space Utilization segment decreased by 0.6% to ¥415.8 billion mainly due to the weak performance of existing stores, and operating income declined 4.0% to ¥36.0 billion.

Shopping Centers & Office Buildings

In the Shopping Centers & Office Buildings segment, JR East opened *atrévie Otsuka* (Tokyo), *nonowa Higashikoganei* (Tokyo) and other facilities. After completing the preservation and restoration of the Tokyo Station *Marunouchi Building* in 2012, in September 2013 JR East completed the *GranRoof* (Tokyo) covered walkway above the Yaesu entrances to Tokyo Station connecting the two office towers to the north and south of the station. Furthermore, JR East renovated *atré Kichijoji* (Tokyo), *LUMINE Yurakucho* (Tokyo), *S-PAL Koriyama* (Fukushima), and other facilities while continuing to reinvigorate existing stores

and attract tenants that can generate customer traffic. In addition, JR East opened the *JR Ōtsuka Minamiguchi Building* (Tokyo) in August 2013 and continued construction of a new building at Nagano Station, scheduled to open at the end of Fiscal 2015, and the *Shinjuku New South Exit Building* (provisional name), scheduled for completion in the spring of 2016.

As a result of these initiatives, as well as an increase in revenues from the opening of *KITTE GRANCHÉ* (Tokyo) in the *JP Tower* in the fiscal year ended March 31, 2013 and other additional positive factors, operating revenues of the Shopping Centers & Office Buildings segment increased by 5.1% to ¥261.8 billion and operating income increased 5.7% to ¥72.0 billion.

Others

In hotel operations, JR East worked to improve its competitive strength further by opening *HOTEL METS Niigata* (Niigata) in April 2013 and through other measures including renovation of guest rooms and banquet halls at existing hotels. In advertising and publicity services, JR East made efforts to promote advertising sales for *J-AD Vision*, an advertising medium at stations that uses large LCD screens, and *Train Channel*, an advertising medium used to show video commercials in trains. In addition, the Group joined other advertising agencies to invest in establishing a limited liability partnership in March 2014, with the aim of launching a digital signage business in Malaysia.

In credit card operations, the Group executed the *Commuter Pass Bill Cash Back Campaign*, among other campaigns tied to various events, in promoting increased card usage and membership. In *Suica* shopping services (electronic money), which reached its 10th anniversary from launch in March 2014, JR East worked to actively expand its affiliated store network in markets other than railway stations. These efforts included the staged introduction of card settlements to taxis in the Tokyo metropolitan area, along with their expanded introduction to drugstores and restaurant chains. As a result, *Suica* electronic money was usable at approximately 248,890 stores as of March 31, 2014.

Meanwhile, in the overseas railway business, JR East continued to develop a consulting business promoting construction plans for urban railway networks and high-speed railways in Asia, the U.K. and elsewhere. In the sports business, JR East opened *JeXer FITNESS & SPA Ōtsuka* (Tokyo) in September 2013, followed by the October 2013 opening of *JEXER Platina Gym Minami Urawa* (Saitama), the first gym in its nursing care prevention business. Moreover, a second permanent *NOMONO* shop for retailing local produce was opened in Akihabara Station in March 2014, in aims of revitalizing industries in local communities through the sextic industrialization of agriculture, fishing and forestry.

As a result of these initiatives, as well as a revenue increase from the opening of *The Tokyo Station Hotel* (Tokyo) in the fiscal year ended March 31, 2013 and other additional positive factors, operating revenues from Others increased by 3.0% to ¥575.6 billion. Operating income increased 12.5% to ¥32.6 billion.

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

(ii) Outlook for the Year Ending March 31, 2015

Economic conditions in Japan are continuing to recover gradually. Uncertainties about the future that had existed for a long time are gradually being overcome, even though the impact of the April 2014 increase in the consumption tax rate can be seen in the economy. Going forward, Japan must overcome factors that contribute to economic instability, such as weakening consumption as a result of the tax increase, and solidify its economic recovery to achieve growth in the real economy. JR East can also contribute to growth by achieving concrete business results and steady progress in pursuing its two management priorities, “Eternal Mission” (“extreme safety levels,” service quality reforms and strengthening collaboration with local communities) and “Pursuing Unlimited Potential” (technological innovation, globalization, corporate culture reforms) in accordance with the “*JR East Group Management Vision V*.”

In railway operations, JR East will make efforts to further enhance safety by returning to its basic tenet under “*Group Safety Plan 2018*” to implement, with an increased sense of urgency, measures that include those that can withstand major earthquakes and other natural disasters and prevent railway crossing accidents. Meanwhile, the Group plans to begin operation of the automatic platform gates on the Yamanote Line at seven stations including Okachimachi Station in Fiscal 2015, while formulating a phase-2 installation plan for those gates on other lines. JR East will also make efforts to generate tourism and revitalize local communities. Measures will include *Destination Campaigns* in Niigata (April 1-June 30, 2014) and Yamagata (June 14-September 13, 2014), introduction of *SL Ginga* and *TOREIYU* Shinkansen resort train, and the implementation of “inbound” strategies, such as the establishment of a master plan for a “Golden Route for Travel in East Japan” aimed at further increasing the number of overseas travelers to Japan. Furthermore, the Group will increase the use of railways by maximizing the use of its railway network, which will further improve in convenience after the extension of the Hokuriku Shinkansen Line to Kanazawa is completed at the end of Fiscal 2015, and by preparing thoroughly for the opening of the Ueno-Tokyo Line. In addition, the Group will improve its explanatory information for passengers regarding the new ¥1-increment fare structure for IC cards that it introduced in April 2014. Overseas, a new London office will open for business, and JR East will prepare to launch its business of maintaining the Purple Line urban railway system in Bangkok, Thailand.

In the life-style service business, JR East will continue developing large-scale station terminal buildings, which will include addition of a station-front plaza to the Yaesu entrances to Tokyo Station scheduled for completion by the fall of 2014. At the same time, the Group will develop towns centered on railway stations and launch initiatives for developing line-side area brands that

top consumer preferences. Measures in these areas will include the *Chuo Line Mall Project*, and the revitalization of core regional train stations. In the interest of leveraging the sextic industrialization of agriculture, fishing and forestry to revitalize local communities, the Group's *NOMONO 1-2-3* project will be actively promoted. These efforts will also include *Tokamachi Sukoyaka Factory*, a facility for processing confections from rice flour, which JR East plans to begin operation in September 2014.

In *Suica* operations, JR East increased the number of stations where *Suica* can be used (33 stations on 12 lines) in April 2014. In addition, preparations are underway to expand the mutual usage network in the Sendai area in the spring of 2016 to include the area that will be serviced by the Sendai City Transportation Bureau's *icsca* card (upon scheduled introduction in December 2014). At the same time, JR East will continue to work on expanding the number of participating stores and business establishments, while also working to improve the convenience and increase the number of settlements using *Suica*.

In railcar manufacturing operations, JR East will leverage its April 2014 consolidation of Japan Transport Engineering Company with Niitsu Rolling Stock Plant fully in striving to enhance the competitiveness of this business. At the same time, JR East aims to strengthen the brand power of *sustina* stainless-steel railcars and to continue to win new projects and orders for these railcars from around the world.

JR East's consolidated performance outlook for the fiscal year ending March 31, 2015 as of the publication date of this document is as follows.

Fiscal 2015 Performance Forecasts

Full fiscal year

Operating Revenues: ¥2,741.0 billion (1.4% year-on-year increase)
 Operating Income: ¥407.0 billion (0.1% year-on-year increase)
 Ordinary Income: ¥341.0 billion (2.6% year-on-year increase)
 Net Income: ¥204.0 billion (2.0% year-on-year increase)

Six-month period ending September 30, 2014

Operating Revenues: ¥1,350.0 billion (0.4% year-on-year increase)
 Operating Income: ¥242.0 billion (6.8% year-on-year decrease)
 Ordinary Income: ¥199.0 billion (8.4% year-on-year decrease)
 Net Income: ¥123.0 billion (9.4% year-on-year decrease)

(2) Analysis of Financial Position

In the fiscal year ended March 31, 2014, operating activities provided net cash of ¥562.7 billion, ¥25.7 billion less than in the previous fiscal year. This result was mainly due to an increase in payments of income taxes.

Investing activities used net cash of ¥474.6 billion, ¥8.7 billion more than in the previous fiscal year. This result was mainly due to an increase in payments for purchases of fixed and intangible assets.

Financing activities used net cash of ¥91.3 billion, ¥9.7 billion less than in the previous fiscal year. This result was mainly due to a decrease in payments for redemption of interest-bearing debt.

Consequently, cash and cash equivalents as of March 31, 2014 were ¥186.0 billion, a decrease of ¥3.2 billion from March 31, 2013.

In addition, the balance of consolidated interest-bearing debt was ¥3,288.4 billion as of March 31, 2014.

JR East's cash flow indicators are presented in the table below:

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Equity ratio (%)	26.5	28.1	29.4
Equity ratio on market-value basis (%)	29.2	42.3	40.4
Interest-bearing debt / net cash provided by operating activities (times)	6.0	5.6	5.8
Interest coverage ratio (times)	5.5	6.2	6.3

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 2014 and Fiscal 2015

JR East's basic policy for the appropriation of earnings is to steadily increase returns to shareholders in light of performance while securing adequate retained earnings to maintain robust operational foundations for the future development of its business activities, which are centered on railway stations and railway services.

JR East targets a total return ratio target of 33%. To reach this target, JR East will continue working to maintain stable dividends while flexibly conducting share repurchases. As a basic policy, the repurchased shares will be canceled.

(Reference) Calculation of total return ratio

$$\text{Total return ratio in a FY (\%)} = \frac{\text{(total amount of dividend paid in such FY)} + \text{(total repurchase price of repurchased shares in the next FY)}}{\text{consolidated net income in such FY}} \times 100$$

Based on this policy, JR East plans to pay (payment scheduled to begin on June 25, 2014) year-end cash dividends of ¥60 per share, which are in addition to the interim cash dividends of ¥60 per share, for full-year cash dividends of ¥120 per share. 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.

Based on its policy of stable dividend payments, JR East plans to pay cash dividends of ¥120 per share, including interim dividends of ¥60 per share, for the fiscal year ending March 31, 2015.

In addition to enhancing returns to shareholders, JR East will actively use retained earnings for necessary capital expenditures such as investments in sustainable growth and for a stronger operation base. At the same time, JR East will use a portion of retained earnings for the redemption and steady reduction of debt, thereby strengthening its financial position. To this end, JR East plans to reduce its balance of consolidated interest-bearing debt to ¥3,000 billion sometime during the 2020s. 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, 73 consolidated subsidiaries, and 5 equity-method affiliated companies (as of March 31, 2014). The JR East Group has four business segments: Transportation, Station Space Utilization, Shopping Centers & Office Buildings, 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 “4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Segment Information).

(i) Transportation

This segment conducts passenger transportation operations centered on railway operations and railcar manufacturing 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 1,686 railway stations, 6,377.9 operating kilometers of conventional lines, and 1,134.7 kilometers of Shinkansen lines, spanning a total of 7,512.6 kilometers.

Main related companies: East Japan Railway Company
JR Bus Kanto Co., Ltd.*
Japan Transport Engineering Company*
Tokyo Monorail Co., Ltd.*

(ii) Station Space Utilization

This segment creates commercial spaces in railway stations by developing various types of business, including retail stores and restaurants.

Main related companies: East Japan Railway Company (creation of new commercial spaces within railway stations)
JR East Retail Net Co., Ltd.*
Nippon Restaurant Enterprise Co., Ltd.*

(iii) Shopping Centers & Office Buildings

This segment develops properties within or near railway stations, manages shopping centers and leases office buildings and other properties.

Main related companies: East Japan Railway Company (development of shopping centers and office buildings)
LUMINE Co., Ltd.*
atré Co., Ltd.*
JR East Urban Development Corporation*
JR East Building Co., Ltd.*

(iv) Others

In addition to the above, JR East conducts businesses related to hotel operations, advertising and publicity, and credit card operations, among others.

Main related companies:

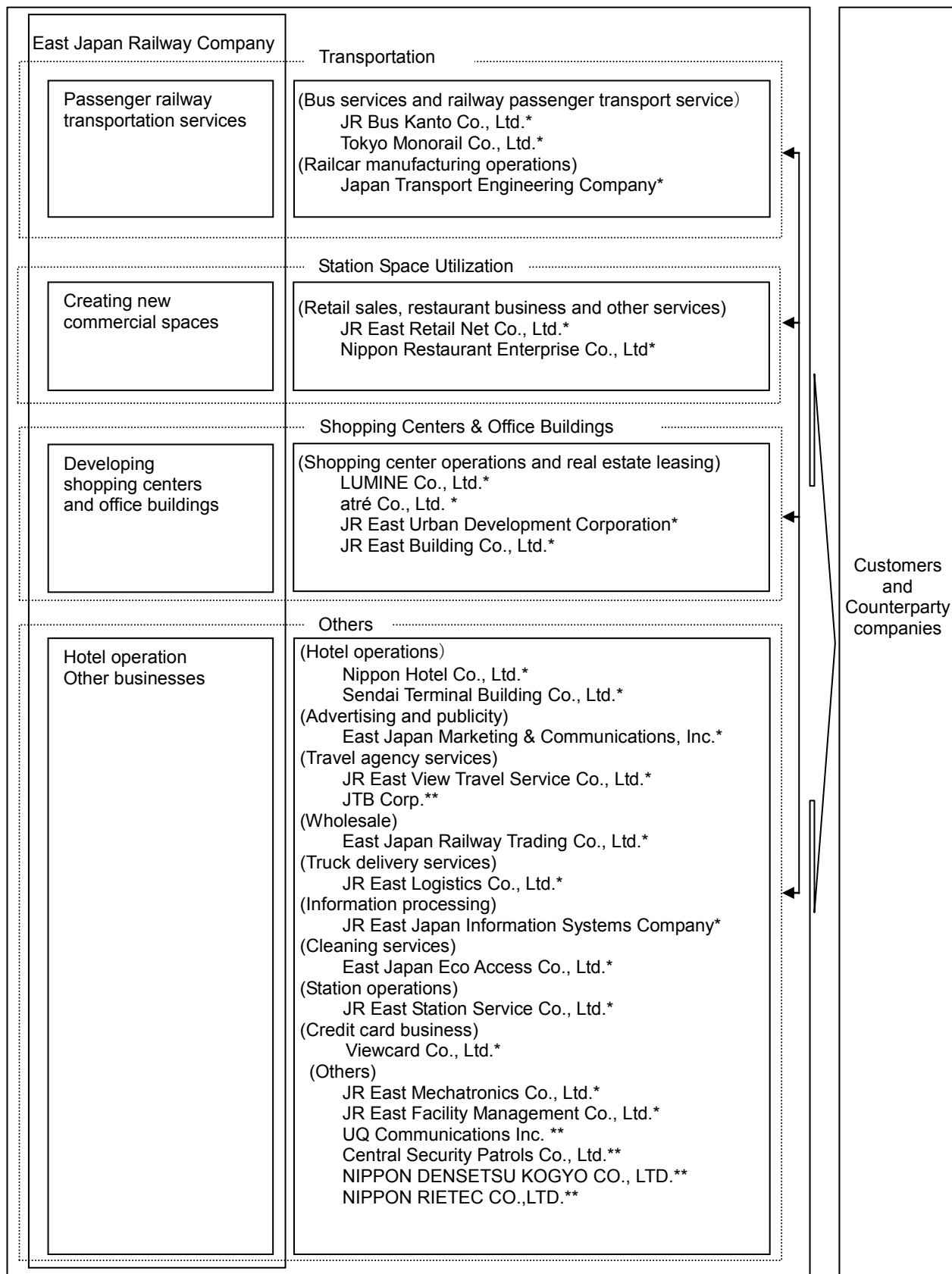
- (Hotel operations)
East Japan Railway Company Nippon Hotel Co., Ltd.* Sendai Terminal Building Co., Ltd.*
- (Advertising and publicity)
East Japan Marketing & Communications, Inc.*
- (Travel agency services)
JR East View Travel Service Co., Ltd.* JTB Corp.**
- (Wholesale)
East Japan Railway Trading Co., Ltd.*
- (Truck delivery services)
JR East Logistics Co., Ltd.*
- (Information processing)
JR East Japan Information Systems Company*
- (Cleaning services)
East Japan Eco Access Co., Ltd.*
- (Station operations)
JR East Station Service Co., Ltd.
- (Credit card business)
Viewcard Co., Ltd.*
- (Others)
East Japan Railway Company JR East Mechatronics Co., Ltd.*
JR East Facility Management Co., Ltd.* Central Security Patrols Co., Ltd.**
UQ Communications Inc.** NIPPON DENSETSU KOGYO CO., LTD.**
NIPPON RIETEC CO.,LTD**

Notes: 1. * indicates a consolidated subsidiary, ** indicates an equity-method affiliated company.

2. Subsidiaries with operations in more than one segment are listed in the segment in which they are mainly involved.

3. Upon abolishment of the Iwaizumi Line, JR East's railway operations as of April 1, 2014 comprised 1,678 railway stations, 6,339.5 operating kilometers of conventional lines, and 1,134.7 kilometers of Shinkansen lines, spanning a total of 7,474.2 kilometers.

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



Notes: 1. * indicates a consolidated subsidiary, ** indicates an equity-method affiliated company.
 2. Subsidiaries with operations in more than one segment are listed in the segment in which they are mainly involved.
 3. 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 growth and prosperity of Eastern Japan by providing quality leading-edge services, with train station and railway businesses at its core, to customers and communities.
- The JR East Group will continue to embrace the challenge of pursuing “extreme safety levels” and service quality reforms. Through technological innovation and globalization, the Group 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.
- The JR East Group aims to grow continuously while meeting its social responsibilities as a *Trusted Life-Style Service Creating Group*.

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

(i) Medium- to Long-Term Management Strategies

“JR East Group Management Vision V — Ever Onward” (Formulated in October 2012)

Continued fulfillment of its “Eternal Mission” and growth by “Pursuing Unlimited Potential” are positioned as the two important management pillars of the Group. Going forward, JR East will leverage the collective efforts of all of its employees to move “Ever Onward” in pursuing a brighter future for its railway services, Group companies and employees.

[Eternal Mission]

The JR East Group’s fundamental mission is to provide safe and high-quality services that customers expect of the JR East Group and conduct railway and life-style service businesses, with the aim of contributing to the growth and prosperity of communities. This fundamental mission will never change through the years. The JR East Group has once again positioned this mission as a key tenet of management. At the same time, the Group will make relentless efforts to ensure that the content and quality of its services properly answer the expectations of society.

- A. Pursuing “extreme safety levels” — Building a railway capable of withstanding natural disasters
- B. Service quality reforms — Enhancing railway transportation network and other measures
- C. Strengthening collaboration with local communities — Supporting earthquake recovery, stimulating tourism and revitalizing communities

[Pursuing Unlimited Potential]

The JR East Group must achieve further growth in order to continue to fulfill its three-part eternal mission in the years ahead. In a fast-changing environment, maintaining the status quo will only mean falling behind. Unless the JR East Group constantly takes on the challenge of reaching new goals, the Group will be unable to achieve growth. From the three perspectives outlined as follows, the JR East Group and each and every one of its employees will pursue the Group’s unlimited potential.

- A. Technological innovation — Forging energy and environmental strategies, utilizing ICT (information and communication technology) and operating Shinkansen at faster speeds
- B. Tackling new business areas — Globalization
- C. Developing employees and creating a corporate culture that maximizes human potential

(ii) Formulation of “*Priority Initiatives Going Forward*” for “*JR East Group Management Vision V—Ever Onward*” (Formulated in October 2013)

To expedite the execution of initiatives set forth in “*JR East Group Management Vision V,*” the Group formulated a set of “*Priority Initiatives Going Forward.*”

As a company responsible for the social infrastructure of railway services, JR East will steadily execute its daily operations to provide customers with safe and reliable transportation and comfortable services, and promote the following “priority initiatives going forward” from a medium-term perspective.

◆ Eternal Mission

A. *KIWAMERU* (Excel): Pursuing “extreme safety levels”

- Invest a total of ¥300.0 billion in seismic reinforcements and other countermeasures
 - Complete approx. 80% of the countermeasures within the intensive implementation period ending March 31, 2017, and examine the use of seismometers on the ocean floor
- Formulate a phase-2 plan for installing automatic platform gates
 - Install gates by individual station and line segments, and aim to reduce the installation cost by approximately 20% in comparison to on the Yamanote Line

- Promote the “*Group Safety Plan 2018*”

- Apply teamwork in promoting initiatives for further safety enhancements, with each employee enhancing his or her own capability

B. *MIGAKU* (Improve): Service quality reforms

- Further enhance transportation service quality

- Prevent transportation service disruptions in conjunction with the launch of services on the Ueno-Tokyo Line, among other initiatives, and transmit information via *JR EAST APP* for smartphones

- Improve the quality of the Tokyo metropolitan area railway network

- Improve service on the Chuo Line and *Tokyo Megalooop*, and access to Haneda Airport, while establishing new stations from a strategic perspective

- Prepare for opening the Hokuriku Shinkansen Line

- Steadily execute preparations and initiate measures for maximizing the impact of the line opening

- Improve the convenience of ticketing services utilizing ICT

- Expand the realm of locations accepting *Suica* usage and match ticketing services with various needs

C. *TOMO NI IKIRU* (Together): Strengthening collaboration with local communities

- Develop large-scale terminal stations and establish the brand power of each railway line

- Steadily execute the development of large-scale terminal stations and enhance the community functions of stations

- Develop towns around core regional train stations

- Re-examine the functions of stations in line with blueprints for “compact cities”

- Revitalize local economies with *NOMONO* shops and *Sanchoku-Ichi* (farmers' markets)

- Actively develop and expand the *NOMONO* franchise and *Sanchoku-Ichi* (farmers' markets)

- Develop new business formats and services in station space utilization

- Rise to the challenge of generating new business and service fields

- Promote Japan as a tourism-oriented nation

- Strengthen collaboration with travel agents overseas and promote a master plan for a “*Golden Route for Travel in East Japan*”

◆ Pursuing Unlimited Potential

A. *HIRAKU* (Pioneer): Technological innovation

- Promote energy and environmental strategies

- Upgrade the privately operated power grid, expand the introduction of catenary and battery-powered hybrid railcars, and transform the northern Tohoku region into a renewable energy base

- Utilize ICT to innovate operations

- Issue tablet computers to maintenance divisions and stations and utilize radio technology to prevent accidental contact with oncoming trains

- Technological innovation by employees on the front lines

- Designate innovation leaders and conductors, and strengthen the development of human resources for technological innovation

B. *NOBIRU* (Grow): Tackling new business areas

- Open more offices overseas

- London office started operation

- Establish railcar manufacturing operations as a fourth business pillar

- Win overseas project orders and launch initiatives for enhancing business competitiveness

C. *HABATAKU* (Empower): Developing employees and creating a corporate culture that maximizes human potential

- Provide further growth opportunities to motivated employees

- Utilize e-learning and strengthen the development of global human resources

- Promote cohesive Group management

- Examine the scheme of group point

◆Initiatives in View of Hosting the Tokyo Summer Olympic and Paralympic Games

- A. Provide safe, smooth and comfortable transportation services
- B. Revitalize the flow of tourism in the Tokyo metropolitan area and attract tourists to the regions
- C. Upgrade the attractiveness of Tokyo by promoting the development of terminal stations

(3) Progress in Management Framework and Management Benchmarks

In accordance with "JR East Group Management Vision V - Ever Onward," JR East has established numerical targets that it will seek to achieve over the next three years. JR East will review these three-year targets annually, and update them each year to cover the subsequent three years. Through this approach, JR East will establish numerical targets that properly reflect any anticipated changes in the management environment or other developments.

Base on such policy, numerical targets for the fiscal year ending March 31, 2017 were formulated as follows.

Numerical Targets for the Fiscal Year Ending March 31, 2017

	Targets for the fiscal year ending March 31, 2017	(Reference) Result for the fiscal year ended March 31, 2014
Consolidated operating revenues	¥2,791.0 billion	¥2,702.9 billion
Transportation	¥1,873.0 billion	¥1,827.4 billion
Station Space Utilization	¥403.0 billion	¥400.9 billion
Shopping Centers & Office Buildings	¥281.0 billion	¥251.0 billion
Others	¥234.0 billion	¥223.4 billion
Consolidated operating income	¥412.0 billion	¥406.7 billion
Transportation	¥272.0 billion	¥267.3 billion
Station Space Utilization	¥34.0 billion	¥36.0 billion
Shopping Centers & Office Buildings	¥78.0 billion	¥72.0 billion
Others	¥29.0 billion	¥32.6 billion
Adjustment	¥(1.0) billion	¥(1.3) billion
Consolidated cash flows from operating activities	(Total over three years*) ¥1,800.0 billion	¥562.7 billion
Consolidated ROA	5.4%	5.6%
Consolidated ROE	8.9%	9.5%

Note: *Total amount covering three years from the fiscal year ending March 31, 2015 to the fiscal year ending March 31, 2017.

Planned Consolidated Capital Expenditures

Total over three years*	(Reference) Results for the fiscal year ended March 31, 2014
Approximately ¥1,600.0 billion	¥525.7 billion

Note: *Total amount covering three years from the fiscal year ending March 31, 2015 to the fiscal year ending March 31, 2017.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets (Unaudited)
EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2013	Fiscal 2014
ASSETS		
Current Assets	¥ 738,159	¥ 804,888
Cash and time deposits	96,439	87,248
Notes and accounts receivable-trade	343,798	401,129
Fares receivable	34,408	44,523
Short-term loans receivable	21,915	16,515
Securities	80,000	91,149
Real estate for sale	1,330	1,199
Inventories	62,933	67,392
Deferred income taxes	49,927	48,404
Other	49,733	49,494
Allowance for doubtful accounts	(2,327)	(2,169)
Fixed Assets	6,484,964	6,623,378
Property, plant and equipment, net of accumulated depreciation	5,926,221	6,025,838
Buildings and fixtures (net)	2,957,772	2,997,304
Machinery, rolling stock and vehicles (net)	660,821	705,942
Land	1,986,873	1,987,541
Construction in progress	276,370	279,626
Other (net)	44,384	55,424
Intangible assets	90,888	109,850
Investments and other assets	467,854	487,690
Investments in securities	182,224	199,096
Long-term loans receivable	4,390	3,493
Long-term deferred income taxes	231,067	222,415
Net defined benefit asset	—	382
Other	51,052	63,078
Allowance for doubtful accounts	(880)	(776)
Deferred Assets	80	37
Deferred business commencement expenses	66	30
Deferred development expenses	13	6
Total Assets	¥7,223,204	¥7,428,303

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2013	Fiscal 2014
LIABILITIES		
Current Liabilities	¥1,274,164	¥1,325,964
Notes and accounts payable-trade	59,940	49,546
Short-term loans and current portion of long-term loans	143,758	125,233
Current portion of bonds	79,999	75,000
Current portion of long-term liabilities		
incurred for purchase of railway facilities	126,119	120,998
Payables	352,191	400,586
Accrued consumption taxes	12,243	5,798
Accrued income taxes	86,916	57,548
Fare deposits received with regard to railway connecting services	18,913	28,663
Prepaid railway fares received	88,580	135,879
Allowance for bonuses to employees	72,022	71,809
Allowance for earthquake-damage losses	4,839	2,212
Other	228,639	252,686
Long-Term Liabilities	3,900,847	3,902,981
Bonds	1,579,730	1,644,793
Long-term loans	750,654	810,727
Long-term liabilities incurred for purchase of railway facilities	667,111	545,417
Long-term deferred tax liabilities	4,424	4,068
Employees' severance and retirement benefits	648,381	—
Allowance for earthquake-damage losses	3,037	3,037
Net defined benefit liability	—	644,809
Other	247,508	250,128
Total Liabilities	¥5,175,011	¥5,228,946
NET ASSETS		
Shareholders' Equity	¥2,006,272	¥2,150,471
Common stock	200,000	200,000
Capital surplus	96,790	96,790
Retained earnings	1,713,025	1,858,007
Treasury stock, at cost	(3,544)	(4,327)
Accumulated Other Comprehensive Income	24,393	30,161
Net unrealized holding gains (losses) on securities	22,996	36,856
Net deferred gains (losses) on derivatives under		
hedge accounting	1,900	1,650
Revaluation reserve for land	(503)	(503)
Remeasurements of defined benefit plans	—	(7,841)
Minority Interests	17,527	18,725
Total Net Assets	2,048,192	2,199,357
Total Liabilities and Net Assets	¥7,223,204	¥7,428,303

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

(i) Consolidated Statements of Income

	Millions of Yen	
	Fiscal 2013	Fiscal 2014
Operating Revenues	¥2,671,822	¥2,702,916
Operating Expenses	2,274,260	2,296,123
Transportation, other services and cost of sales	1,791,690	1,794,501
Selling, general and administrative expenses	482,569	501,622
Operating Income	397,562	406,793
Non-Operating Income	19,115	18,995
Interest income	218	163
Dividend income	2,355	2,802
Gains on sales of equipment	1,522	2,154
Insurance proceeds and dividends	7,408	8,678
Equity in net income of affiliated companies	3,767	1,211
Other	3,841	3,985
Non-Operating Expenses	99,190	93,270
Interest expense	95,311	88,279
Losses on sales of equipment	426	526
Other	3,452	4,465
Ordinary Income	317,487	332,518
Extraordinary Gains	70,499	54,857
Gains on sales of fixed assets	3,800	2,248
Construction grants received	41,518	41,788
Insurance proceeds related to earthquake	24,260	9,624
Other	919	1,196
Extraordinary Losses	83,608	62,774
Losses on sales of fixed assets	527	473
Losses from disposition of fixed assets	4,894	4,969
Losses on reduction entry for construction grants	36,944	38,489
Impairment losses on fixed assets	30,028	6,467
Other	11,213	12,374
Income before Income Taxes	304,377	324,601
Income Taxes	127,715	123,580
Current	133,177	119,621
Deferred	(5,461)	3,959
Income before Minority Interests	176,662	201,021
Minority Interests in Net Income of Consolidated Subsidiaries ..	1,277	1,081
Net Income	¥ 175,384	¥ 199,939

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2013	Fiscal 2014
Income before Minority Interests	¥ 176,662	¥ 201,021
Other Comprehensive Income	21,077	13,611
Net unrealized holding gains (losses) on securities.....	17,728	13,309
Net deferred gains (losses) on derivatives under hedge accounting	1,085	275
Share of other comprehensive income of associates accounted for using equity method	2,263	26
Comprehensive Income	¥ 197,739	¥ 214,632
Comprehensive Income attributable to		
Comprehensive income attributable to owners of the parent.....	¥ 196,456	¥ 213,549
Comprehensive income attributable to minority interests	¥ 1,283	¥ 1,083

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 2013

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	96,732	1,599,683	(25,846)	1,870,569
Changes of items during the fiscal year					
Cash dividends			(45,491)		(45,491)
Net income			175,384		175,384
Increase due to merger			434		434
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock		71		1,042	1,113
Retirement of treasury stock		(13)	(23,093)	23,106	—
Change in equity in consolidated subsidiaries-treasury stock				(1,042)	(1,042)
Change in equity in affiliates accounted for by equity method-treasury stock				(796)	(796)
Change of scope of equity method			6,108		6,108
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	58	113,342	22,301	135,702
Balance at the fiscal year end	200,000	96,790	1,713,025	(3,544)	2,006,272

	Accumulated Other Comprehensive Income					Minority 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	3,909	(74)	—	—	3,834	16,229	1,890,633
Changes of items during the fiscal year							
Cash dividends							(45,491)
Net income							175,384
Increase due to merger							434
Purchase of treasury stock							(8)
Disposal of treasury stock							1,113
Retirement of treasury stock							—
Change in equity in consolidated subsidiaries-treasury stock							(1,042)
Change in equity in affiliates accounted for by equity method-treasury stock							(796)
Change of scope of equity method							6,108
Net changes of items other than shareholders' equity	19,087	1,974	(503)	—	20,558	1,297	21,856
Total changes of items during the fiscal year	19,087	1,974	(503)	—	20,558	1,297	157,559
Balance at the fiscal year end	22,996	1,900	(503)	—	24,393	17,527	2,048,192

Fiscal 2014

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	96,790	1,713,025	(3,544)	2,006,272
Changes of items during the fiscal year					
Cash dividends			(47,421)		(47,421)
Net income			199,939		199,939
Increase due to merger			215		215
Purchase of treasury stock				(8,444)	(8,444)
Disposal of treasury stock		0		0	0
Retirement of treasury stock		(0)	(7,751)	7,751	—
Change in equity in consolidated subsidiaries-treasury stock					—
Change in equity in affiliates accounted for by equity method-treasury stock				(89)	(89)
Change of scope of equity method					—
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	—	144,981	(782)	144,199
Balance at the fiscal year end	200,000	96,790	1,858,007	(4,327)	2,150,471

	Accumulated Other Comprehensive Income					Minority 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	22,996	1,900	(503)	—	24,393	17,527	2,048,192
Changes of items during the fiscal year							
Cash dividends							(47,421)
Net income							199,939
Increase due to merger							215
Purchase of treasury stock							(8,444)
Disposal of treasury stock							0
Retirement of treasury stock							—
Change in equity in consolidated subsidiaries-treasury stock							—
Change in equity in affiliates accounted for by equity method-treasury stock							(89)
Change of scope of equity method							—
Net changes of items other than shareholders' equity	13,859	(250)	—	(7,841)	5,767	1,197	6,965
Total changes of items during the fiscal year	13,859	(250)	—	(7,841)	5,767	1,197	151,164
Balance at the fiscal year end	36,856	1,650	(503)	(7,841)	30,161	18,725	2,199,357

(4) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2013	Fiscal 2014
Cash Flows from Operating Activities		
Income before income taxes	¥304,377	¥324,601
Depreciation	346,807	348,042
Impairment losses on fixed assets	30,028	6,467
Amortization of long-term prepaid expense	6,250	7,542
Net change in employees' severance and retirement benefits	3,306	—
Net change in net defined benefit liability	—	(6,951)
Interest and dividend income	(2,574)	(2,966)
Interest expense	95,311	88,279
Construction grants received	(41,518)	(41,788)
Insurance proceeds related to earthquake	(24,260)	(9,624)
Losses from disposition of fixed assets	34,554	33,322
Losses from provision for cost reduction of fixed assets	36,944	38,489
Net change in major receivables	(17,486)	(66,582)
Net change in major payables	17,802	86,730
Other	5,468	(12,508)
Sub-total	795,012	793,053
Proceeds from interest and dividends	2,988	3,348
Payments of interest	(95,386)	(88,698)
Insurance proceeds related to earthquake	24,260	9,624
Payments of earthquake-damage losses	(21,229)	(6,026)
Payments of income taxes	(117,117)	(148,537)
Net cash provided by operating activities	588,529	562,763
Cash Flows from Investing Activities		
Payments for purchases of fixed assets	(494,566)	(514,528)
Proceeds from sales of fixed assets	5,390	5,534
Proceeds from construction grants	36,282	47,327
Proceeds from sales of transferable development air rights	8,445	—
Payments for purchases of investments in securities	(6,175)	(2,537)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,793)	—
Other	(12,534)	(10,493)
Net cash used in investing activities	(465,951)	(474,697)
Cash Flows from Financing Activities		
Proceeds from long-term loans	165,500	186,000
Payments of long-term loans	(133,866)	(145,943)
Proceeds from issuance of bonds	150,000	140,000
Payments for redemption of bonds	(90,000)	(80,000)
Payments of liabilities incurred for purchase of railway facilities	(130,622)	(126,814)
Payments for acquisition of treasury stock	(8)	(8,444)
Cash dividends paid	(45,491)	(47,421)
Other	(16,662)	(8,742)
Net cash used in financing activities	(101,151)	(91,367)
Net Change in Cash and Cash Equivalents	21,426	(3,301)
Cash and Cash Equivalents at Beginning of the Year	167,525	189,262
Increase in Cash and Cash Equivalents due to Merger	338	96
Decrease in Cash and Cash Equivalents due to Corporate Division	(27)	—
Cash and Cash Equivalents at End of the Year	¥189,262	¥186,057

Note: Amounts less than one million yen are omitted.

(5) Notes to Consolidated Financial Statements (Unaudited)

(Notes on Going Concern Assumption(Unaudited))

None

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

(i) Changes in Accounting Policies

From the fiscal year ended March 31, 2014, the Company has adopted "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012, hereinafter the "Retirement Benefits Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012, hereinafter the "Retirement Benefits Guidance") (excluding, however, the stipulations set forth in the body text of Article 35 of the Retirement Benefits Accounting Standard and the body text of Article 67 of the Retirement Benefits Guidance).

Under these accounting standards, the Company has adopted the method of recording the amount of retirement benefit obligations less pension assets as a net defined benefit liability (or as a net defined benefit asset if the amounts of pension assets exceeds the retirement benefit obligations). The Company has recorded unrecognized actuarial differences and unrecognized prior service costs as a net defined benefit asset and a net defined benefit liability.

With regard to the adoption of the retirement benefit accounting standards, the Company has followed the transitional treatment in Article 37 of the Retirement Benefits Accounting Standard. Accordingly, in the fiscal year ended March 31, 2014, the amounts that correspond to the effect of the change in retirement benefit accounting standards were added to, or deducted from, remeasurements of defined benefit plans in accumulated other comprehensive income.

Due to these changes in Accounting Policies, accumulated other comprehensive income decreased by ¥7,841 million and net assets per share decreased by ¥19.88 as of March 31, 2014.

(ii) Changes in Accounting Estimates

The Company records prepaid railway fares received under current liabilities by estimating the monetary amount based on certain assumptions. Of this amount, the estimated monetary amount with respect to commuter passes was previously calculated based on the date of sale. However, the Company has now adopted a calculation method based on the effective start date of the commuter passes.

Sales of commuter passes prior to their effective start date were expected to increase significantly ahead of the increase in the consumption tax rate. Taking this into consideration, this change was made because using a calculation method based on the effective start date would allow the Company to post a more reasonable estimate of prepaid railway fares received.

Compared to the previous method, this change had the effect of reducing operating revenues by ¥10,211 million, and reducing operating income, ordinary income and income before income taxes by the same amount.

(Segment Information(Unaudited))

(i) Segment Information

i) General information about reportable segments

Transportation, Station Space Utilization, and Shopping Centers & Office Buildings 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 is primarily engaged in passenger transportation services centered on railway operations, and railcar manufacturing operations. The Station Space Utilization segment creates commercial spaces in railway stations and develops various types of businesses, including retail sales and restaurant operations. The Shopping Centers & Office Buildings segment develops railway stations and land near railway stations, operates shopping centers, and leases office buildings, etc.

(Matters Concerning Changes in Reportable Segments, etc.)

As of the first quarter of the fiscal year ended March 31, 2014, Japan Transport Engineering Company, which mainly manufactures railcars, was reclassified into the Transportation reporting segment from Others. This change reflects plans that JR East implemented from the year to deepen cooperation in railway manufacturing operations between Japan Transport Engineering Company and its Niitsu Rolling Stock Plant, based on "JR East Group Management Vision V — Ever Onward." Segment information for the fiscal year ended March 31, 2013 has been prepared based on the revised reportable 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 21, 2013. Moreover, intersegment transactions are between consolidated subsidiaries and based on market prices and other fair values.

(Changes in Estimation Method for Prepaid Railway Fares Received)

The Company records prepaid railway fares received under current liabilities by estimating the monetary amount based on certain assumptions. Of this amount, the estimated monetary amount with respect to commuter passes was previously

calculated based on the date of sale. However, the Company has now adopted a calculation method based on the effective start date of the commuter passes.

Sales of commuter passes prior to their effective start date were expected to increase significantly ahead of the increase in the consumption tax rate. Taking this into consideration, this change was made because using a calculation method based on the effective start date would allow the Company to post a more reasonable estimate of prepaid railway fares received.

Compared to the previous method, this change had the effect of reducing operating revenues by ¥10,211 million, and reducing segment income for Transportation by the same amount.

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

Fiscal 2013 (Year ended March 31, 2013)	Millions of Yen						Consolidated (Note 4)
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 2)	Total	Adjustment (Note 3)	
Operating Revenues							
Outside customers	¥1,809,553	¥404,207	¥238,944	¥ 219,117	¥2,671,822	¥ —	¥2,671,822
Inside group	53,526	14,228	10,261	339,532	417,548	(417,548)	—
Total	1,863,079	418,435	249,205	558,649	3,089,371	(417,548)	2,671,822
Segment Income	¥ 264,323	¥ 37,575	¥ 68,197	¥ 29,042	¥ 399,138	¥ (1,575)	¥ 397,562
Segment Assets	¥5,809,692	¥205,628	¥939,995	¥1,003,190	¥7,958,507	¥(735,303)	¥7,223,204
Depreciation	268,659	10,794	31,083	36,271	346,807	—	346,807
Increase in fixed assets (Note 6)	402,374	8,078	63,107	34,339	507,899	—	507,899

Notes: 1. Amounts less than one million yen are omitted.

- "Others" represent categories of business that are not included in reportable segments and include hotel operation, and advertising and publicity services.
- The ¥(1,575) million downward adjustment to segment income includes a ¥(2,133) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥552 million elimination for intersegment transactions. Moreover, the ¥(735,303) million downward adjustment to segment assets includes a ¥(996,327) million elimination of intersegment claims and obligations, offset by ¥261,024 million in corporate assets not allocated to each reporting segment.
- Segment income is adjusted to ensure consistency with the operating income set forth in the consolidated statements of income.
- 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.
- Increase in fixed assets includes a portion contributed mainly by national and local governments.

Fiscal 2014 (Year ended March 31, 2014)	Millions of Yen						Consolidated (Note 4)
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 2)	Total	Adjustment (Note 3)	
Operating Revenues							
Outside customers	¥1,827,466	¥400,948	¥251,070	¥223,431	¥2,702,916	¥ —	¥2,702,916
Inside group	56,044	14,880	10,735	352,205	433,866	(433,866)	—
Total	1,883,511	415,828	261,805	575,637	3,136,782	(433,866)	2,702,916
Segment Income	¥ 267,336	¥ 36,061	¥ 72,057	¥ 32,685	¥ 408,141	¥(1,348)	¥ 406,793
Segment Assets	¥5,964,806	¥195,057	¥952,605	¥1,093,841	¥8,206,311	¥(778,007)	¥7,428,303
Depreciation	271,725	10,551	31,104	34,660	348,042	—	348,042
Increase in fixed assets (Note 6)	442,669	10,000	43,097	60,679	556,446	—	556,446

Notes: 1. Amounts less than one million yen are omitted.

- "Others" represent categories of business that are not included in reportable segments and include hotel operation, and advertising and publicity services.
- The ¥(1,348) million downward adjustment to segment income includes a ¥(1,649) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥302 million elimination for intersegment transactions. Moreover, the ¥(778,007) million downward adjustment to segment assets includes a ¥(1,061,335) million elimination of intersegment claims and obligations, offset by ¥283,327 million in corporate assets not allocated to each reporting segment.
- Segment income is adjusted to ensure consistency with the operating income set forth in the consolidated statements of income.
- 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.
- 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 2013 (Year ended March 31, 2013)	Millions of Yen				Total
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note)	
Impairment losses on fixed assets	28,918	557	213	339	30,028

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

Fiscal 2014 (Year ended March 31, 2014)	Millions of Yen				Total
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note)	
Impairment losses on fixed assets	574	580	5,243	68	6,467

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

Information about gain on negative goodwill by reportable segments is omitted as the amount was insignificant.

(Per Share Information (Unaudited))

	Fiscal 2013	Fiscal 2014
Shareholders' equity per share	¥5,135.76	¥5,529.40
Earnings per share—basic	¥443.70	¥506.77
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 2013	Fiscal 2014
Net income	¥175,384 million	¥199,939 million
Amount not attributable to common stockholders	—	—
Net income related to common stock	¥175,384 million	¥199,939 million
Average number of common shares	395,273,967	394,533,865

(Subsequent Events (Unaudited))

(i) Share Repurchase

The Board of Directors of East Japan Railway Company ("JR East") resolved at its meeting held on April 30, 2014 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 further enhance returns to shareholders

ii) Class of shares to be repurchased: Common stock

- iii) **Total number of shares that may be repurchased:** 1,500,000 shares (maximum)
(0.38% of issued shares (excluding treasury stock))
- iv) **Aggregate repurchase price:** ¥15,000 million (maximum)
- v) **Period of repurchase:** From May 1, 2014 to May 30, 2014

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY

Millions of Yen

	Fiscal 2013	Fiscal 2014
ASSETS		
Current Assets	¥ 558,943	¥ 601,682
Cash and time deposits	56,724	58,725
Fares receivable	178,241	212,270
Accounts receivable-trade	72,338	75,980
Short-term loans receivable	13,794	8,917
Short-term loans to affiliated companies receivable	78,364	78,323
Securities	80,000	91,139
Real estate for sale	1,319	1,188
Inventories	17,404	17,267
Prepaid expenses	4,563	4,527
Deferred income taxes	39,576	38,535
Other	16,749	14,888
Allowance for doubtful accounts	(135)	(82)
Fixed Assets	6,183,223	6,311,734
Fixed assets for railway operations	4,495,134	4,575,899
Property, plant and equipment	10,086,734	10,284,909
Accumulated depreciation	(5,623,215)	(5,741,496)
Intangible assets	31,615	32,486
Fixed assets for other operations	479,439	501,512
Property, plant and equipment	611,286	643,799
Accumulated depreciation	(132,285)	(142,738)
Intangible assets	438	450
Fixed assets relating to both operations	280,685	274,053
Property, plant and equipment	774,341	759,074
Accumulated depreciation	(497,439)	(489,422)
Intangible assets	3,783	4,401
Construction in progress	269,310	262,645
Railway operations	218,588	219,086
Other operations	27,855	13,689
Relating to both operations	22,866	29,869
Investments and other assets	658,652	697,623
Investments in securities	126,665	146,227
Stocks of subsidiaries and affiliated companies	205,565	204,766
Long-term loans to affiliated companies receivable	90,907	112,494
Long-term prepaid expenses	21,875	33,370
Long-term deferred income taxes	203,789	192,669
Other investment and other assets	10,120	9,754
Allowance for doubtful accounts	(273)	(1,659)
Total Assets	¥6,742,166	¥6,913,416

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2013	Fiscal 2014
LIABILITIES		
Current Liabilities	¥1,269,892	¥1,310,745
Short-term loans from affiliated companies	195,430	209,228
Current portion of bonds	79,999	75,000
Current portion of long-term loans	142,427	122,478
Current portion of long-term liabilities incurred for purchase of railway facilities	125,635	120,536
Lease obligation	7,428	8,646
Payables	334,204	361,593
Accrued expenses	30,964	33,087
Accrued consumption taxes	8,588	3,653
Accrued income taxes	68,151	39,566
Fare deposits received with regard to railway connecting services	19,169	29,025
Deposits received	24,133	24,034
Prepaid railway fares received	88,141	135,245
Advances received	64,167	70,501
Prepaid contribution for construction	4,306	3,517
Allowance for bonuses to employees	59,666	58,660
Allowance for bonuses to directors and corporate auditors	171	186
Allowance for earthquake-damage losses	4,782	2,155
Allowance for environmental conservation costs	2,362	2,796
Asset retirement obligations	992	1,671
Other	9,169	9,161
Long-Term Liabilities	3,749,331	3,752,403
Bonds	1,579,830	1,644,893
Long-term loans	749,301	809,823
Long-term loans from affiliated companies	45,760	39,354
Long-term liabilities incurred for purchase of railway facilities	663,662	542,944
Lease obligation	16,284	22,326
Long-term deferred contribution for construction	42,782	50,117
Employees' severance and retirement benefits	603,714	594,885
Allowance for earthquake-damage losses	3,037	3,037
Allowance for environmental conservation costs	8,854	8,035
Asset retirement obligations	7,458	7,725
Other	28,646	29,261
Total Liabilities	¥5,019,224	¥5,063,149

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2013	Fiscal 2014
NET ASSETS		
Shareholders' Equity	¥1,703,160	¥1,817,225
Common stock.....	200,000	200,000
Capital surplus.....	96,600	96,600
Additional paid-in capital.....	96,600	96,600
Retained earnings.....	1,408,388	1,523,093
Legal reserve.....	22,173	22,173
Other retained earnings		
Reserve for special depreciation.....	2,633	2,014
Reserve for deferred gain of fixed assets.....	50,852	50,716
General reserve.....	1,060,000	1,150,000
Retained earnings carried forward.....	272,728	298,189
Treasury stock, at cost.....	(1,827)	(2,467)
Valuation and Translation Adjustment	19,781	33,041
Net unrealized holding gains (losses) on securities.....	19,076	32,061
Net deferred gains (losses) on derivatives under hedge accounting.....	705	979
Total Net Assets	1,722,942	1,850,266
Total Liabilities and Net Assets	¥6,742,166	¥6,913,416

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY

	Millions of Yen	
	Fiscal 2013	Fiscal 2014
Railway Operations		
Operating Revenues	¥1,844,243	¥1,863,165
Passenger transportation	1,681,576	1,696,523
Trackage revenue	6,947	6,376
Miscellaneous income of transportation	155,719	160,264
Operating Expenses	1,558,531	1,572,472
Transportation expenses	1,003,026	1,005,477
General and administrative expenses	210,390	217,966
Taxes	74,887	76,710
Depreciation	270,227	272,317
Operating Income from Railway Operations	285,711	290,692
Other Operations		
Operating Revenues	66,561	69,434
Revenue from real estate lease	61,347	63,478
Miscellaneous revenue	5,213	5,955
Operating Expenses	29,393	32,249
Cost of sales	453	985
Selling, general and administrative expenses	10,033	10,778
Taxes	7,731	7,843
Depreciation	11,174	12,641
Operating Income from Other Operations	37,168	37,184
Total Operating Income	322,879	327,877
Non-Operating Income	19,507	31,013
Interest income	1,687	1,486
Dividend income	7,084	16,390
Gains on sales of equipment	1,477	2,102
Insurance proceeds and dividends	6,976	8,483
Other	2,280	2,550
Non-Operating Expenses	99,383	94,982
Interest expense	64,678	57,219
Interest on bonds	31,980	32,538
Cost of issuance of bonds	593	561
Losses on sales of equipment	412	505
Other	1,717	4,157
Ordinary Income	243,004	263,907

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2013	Fiscal 2014
Extraordinary Gains	68,139	53,164
Gains on sales of fixed assets	2,652	1,916
Construction grants received	41,140	41,428
Insurance proceeds related to earthquake	24,260	9,624
Other	85	194
 Extraordinary Losses	 71,523	 52,775
Losses on sales of fixed assets	395	321
Losses on reduction entry for construction grants	36,598	38,219
Impairment losses on fixed assets	29,098	3,104
Intensive seismic reinforcement costs	2,409	5,822
Other	3,021	5,308
Income before Income Taxes	239,619	264,295
 Income Taxes	 100,779	 94,417
Current	103,350	89,144
Deferred	(2,571)	5,272
 Net Income	 ¥ 138,840	 ¥ 169,878

Note: Amounts less than one million yen are omitted.

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

Fiscal 2013

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	13	96,613
Changes of items during the fiscal year				
Provision of reserve for special depreciation				
Disposal of reserve for special depreciation				
Provision of reserve for deferred gain of fixed assets				
Disposal of reserve for deferred gain of fixed assets				
Provision of reserve for general reserve				
Dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(0)	(0)
Retirement of treasury stock			(13)	(13)
Net changes of items other than shareholders' equity				
Total changes of items during the fiscal year	—	—	(13)	(13)
Balance at the fiscal year end	200,000	96,600	—	96,600

	Shareholders' Equity					
	Retained Earnings					Total Retained Earnings
	Legal Reserve	Other Retained Earnings			Retained Earnings Carried Forward	
	Reserve for Special Depreciation	Reserve for Deferred Gain of Fixed Assets	General Reserve			
Balance at the fiscal year start	22,173	3,171	50,166	990,000	272,632	1,338,145
Changes of items during the fiscal year						
Provision of reserve for special depreciation		401			(401)	—
Disposal of reserve for special depreciation		(939)			939	—
Provision of reserve for deferred gain of fixed assets			2,032		(2,032)	—
Disposal of reserve for deferred gain of fixed assets			(1,346)		1,346	—
Provision of reserve for general reserve				70,000	(70,000)	—
Dividends					(45,503)	(45,503)
Net income					138,840	138,840
Purchase of treasury stock						
Disposal of treasury stock						
Retirement of treasury stock					(23,093)	(23,093)
Net changes of items other than shareholders' equity						
Total changes of items during the fiscal year	—	(538)	686	70,000	95	70,242
Balance at the fiscal year end	22,173	2,633	50,852	1,060,000	272,728	1,408,388

	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	(24,925)	1,609,832	2,767	(381)	2,386	1,612,219
Changes of items during the fiscal year						
Provision of reserve for special depreciation		—				—
Disposal of reserve for special depreciation		—				—
Provision of reserve for deferred gain of fixed assets		—				—
Disposal of reserve for deferred gain of fixed assets		—				—
Provision of reserve for general reserve		—				—
Dividends		(45,503)				(45,503)
Net income		138,840				138,840
Purchase of treasury stock	(8)	(8)				(8)
Disposal of treasury stock	0	0				0
Retirement of treasury stock	23,106	—				—
Net changes of items other than shareholders' equity			16,308	1,086	17,394	17,394
Total changes of items during the fiscal year	23,098	93,328	16,308	1,086	17,394	110,722
Balance at the fiscal year end	(1,827)	1,703,160	19,076	705	19,781	1,722,942

Fiscal 2014

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				
Disposal of reserve for special depreciation				
Provision of reserve for deferred gain of fixed assets				
Disposal of reserve for deferred gain of fixed assets				
Provision of reserve for general reserve				
Dividends				
Net income				
Purchase of treasury stock			0	0
Disposal of treasury stock			(0)	(0)
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 Deferred Gain of Fixed Assets	General Reserve	Retained Earnings Carried Forward		
Balance at the fiscal year start	22,173	2,633	50,852	1,060,000	272,728	1,408,388
Changes of items during the fiscal year						
Provision of reserve for special depreciation		10			(10)	—
Disposal of reserve for special depreciation		(629)			629	—
Provision of reserve for deferred gain of fixed assets			1,356		(1,356)	—
Disposal of reserve for deferred gain of fixed assets			(1,492)		1,492	—
Provision of reserve for general reserve				90,000	(90,000)	—
Dividends					(47,421)	(47,421)
Net income					169,878	169,878
Purchase of treasury stock						
Disposal of treasury stock						
Retirement of treasury stock					(7,751)	(7,751)
Net changes of items other than shareholders' equity						
Total changes of items during the fiscal year	—	(619)	(136)	90,000	25,460	114,705
Balance at the fiscal year end	22,173	2,014	50,716	1,150,000	298,189	1,523,093

	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	(1,827)	1,703,160	19,076	705	19,781	1,722,942
Changes of items during the fiscal year						
Provision of reserve for special depreciation		—				—
Disposal of reserve for special depreciation		—				—
Provision of reserve for deferred gain of fixed assets		—				—
Disposal of reserve for deferred gain of fixed assets		—				—
Provision of reserve for general reserve		—				—
Dividends		(47,421)				(47,421)
Net income		169,878				169,878
Purchase of treasury stock	(8,392)	(8,392)				(8,392)
Disposal of treasury stock	0	0				0
Retirement of treasury stock	7,751	—				—
Net changes of items other than shareholders' equity			12,985	274	13,260	13,260
Total changes of items during the fiscal year	(640)	114,064	12,985	274	13,260	127,324
Balance at the fiscal year end	(2,467)	1,817,225	32,061	979	33,041	1,850,266

(Additional Information Regarding Operating Results)

Consolidated Principal Indicators

	Fiscal 2013 (A)	Fiscal 2014 (B)	Increase (Decrease) (B)-(A)	Fiscal 2017 Targets
Cash Flows from Operating Activities (billions of yen)	588.5	562.7	(25.7)	1,800
Ratio of operating income to average assets (ROA) (%)	5.6	5.6	(0.0)	5.4
Return on average equity (ROE) (%)	9.0	9.5	0.5	8.9
Capital expenditures (billions of yen)	480.7	525.7	44.9	—
Transportation	375.1	411.9	36.7	—
Non-transportation	105.5	113.7	8.2	—

Note: Cash flows from operating activities (Fiscal 2017 Targets) are over three years from Fiscal 2015.

	Fiscal 2013 (A)	Fiscal 2014 (B)	Increase (Decrease) (B)-(A)
Total interest-bearing debt (billions of yen)	3,307.4	3,288.4	(19.0)
Average interest rates (%)	2.73	2.56	(0.17)

Consolidated Business Forecasts for Fiscal 2015

	Billions of Yen				Fiscal 2017 Targets
	Actual Fiscal 2014 (A)	Forecast Fiscal 2015 (B)	Change		
			Increase (Decrease) (B)-(A)	% (B)/(A)x100	
Operating Revenues	2,702.9	2,741.0	38.0	101.4	2,791.0
Transportation	1,827.4	1,841.0	13.5	100.7	1,873.0
Station Space Utilization	400.9	400.0	(0.9)	99.8	403.0
Shopping Centers & Office Buildings	251.0	254.0	2.9	101.2	281.0
Others	223.4	246.0	22.5	110.1	234.0
Operating Income	406.7	407.0	0.2	100.1	412.0
Transportation	267.3	272.0	4.6	101.7	272.0
Station Space Utilization	36.0	34.0	(2.0)	94.3	34.0
Shopping Centers & Office Buildings	72.0	73.0	0.9	101.3	78.0
Others	32.6	29.0	(3.6)	88.7	29.0
Elimination and/or corporate	(1.3)	(1.0)	0.3	74.2	(1.0)
Ordinary Income	332.5	341.0	8.4	102.6	—
Net Income	199.9	204.0	4.0	102.0	—

Reference: Earnings per share forecast for Fiscal 2015: ¥517.28

Consolidated Capital Expenditure Plans for Fiscal 2015

	Billions of Yen			
	Actual Fiscal 2014 (A)	Plans for Fiscal 2015 (B)	Change	
			Increase (Decrease) (B)-(A)	% (B)/(A)x100
Capital Expenditures	525.7	555.0	29.2	105.6
Transportation	411.9	411.0	(0.9)	99.8
Non-transportation	113.7	144.0	30.2	126.6

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 2013	Fiscal 2014	Change		Fiscal 2013	Fiscal 2014	Change	
(A)	(B)	Increase (Decrease) (B)-(A)	(B)/(A)x100	(C)	(D)	Increase (Decrease) (D)-(C)	(D)/(C)x100	
Shinkansen Network								
Commuter Passes	1,670	1,731	61	103.7	22.7	22.8	0.1	100.6
Other	18,448	19,131	683	103.7	469.3	484.3	15.0	103.2
Total	20,118	20,863	744	103.7	492.0	507.1	15.1	103.1
Conventional Lines								
<i>Kanto Area Network</i>								
Commuter Passes	68,513	69,670	1,157	101.7	445.7	439.2	(6.4)	98.5
Other	33,907	34,554	647	101.9	671.2	676.0	4.7	100.7
Total	102,420	104,225	1,804	101.8	1,117.0	1,115.3	(1.7)	99.8
<i>Other Network</i>								
Commuter Passes	3,143	3,225	81	102.6	18.8	18.6	(0.1)	99.1
Other	2,710	2,796	85	103.2	53.5	55.2	1.7	103.2
Total	5,854	6,022	167	102.9	72.3	73.9	1.5	102.1
<i>Total</i>								
Commuter Passes	71,657	72,896	1,239	101.7	464.6	457.9	(6.6)	98.6
Other	36,618	37,351	733	102.0	724.8	731.3	6.4	100.9
Total	108,275	110,247	1,972	101.8	1,189.4	1,189.2	(0.2)	100.0
Total								
Commuter Passes	73,327	74,628	1,300	101.8	487.3	480.7	(6.5)	98.7
Other	55,066	56,482	1,416	102.6	1,194.1	1,215.6	21.4	101.8
Total	128,394	131,110	2,716	102.1	1,681.4	1,696.4	14.9	100.9

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.