

## Consolidated Financial Results for the Six-Month Period Ended September 30, 2014 (Japanese GAAP) (Unaudited)

Fiscal 2015 (Year ending March 31, 2015)

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

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

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

English translation from the original Japanese-language document.

October 28, 2014

### East Japan Railway Company

Stock Exchange Listings	Tokyo and Nagoya
Securities Code	9020
URL	<a href="http://www.jreast.co.jp/e">http://www.jreast.co.jp/e</a>
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Scheduled Date for Release of a Quarterly Report	November 11, 2014
Scheduled Date of Dividend Payment Commencement	December 2, 2014
Preparation of Supplementary Explanations of Quarterly Financial Results:	No
Quarterly Financial Results Presentation to Be Held:	Yes

#### 1. Consolidated Results for the Six-Month Period Ended September 30, 2014 (April 1, 2014—September 30, 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 corresponding period in the previous fiscal year.)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Fiscal 2015, 2nd Quarter</b>	<b>1,356,211</b>	<b>0.8</b>	<b>257,895</b>	<b>(0.7)</b>	<b>220,993</b>	<b>1.7</b>	<b>136,019</b>	<b>0.2</b>
Fiscal 2014, 2nd Quarter	1,345,220	1.8	259,592	2.1	217,277	2.7	135,761	11.4

Note: Comprehensive income – Fiscal 2015, 2nd Quarter: 151,951 million yen (a decrease of 0.9%), Fiscal 2014, 2nd Quarter: 153,293 million yen (an increase of 29.0%)

	Earnings per share —Basic	Earnings per share —Diluted
	Yen	Yen
<b>Fiscal 2015, 2nd Quarter</b>	<b>345.86</b>	—
Fiscal 2014, 2nd Quarter	343.96	—

##### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
<b>Fiscal 2015, 2nd Quarter</b>	<b>7,338,399</b>	<b>2,251,417</b>	<b>30.4</b>
Fiscal 2014	7,428,303	2,199,357	29.4

Reference: Shareholders' equity – Fiscal 2015, 2nd Quarter: 2,232,683 million yen, Fiscal 2014: 2,180,632 million yen

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

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2014	—	60.00	—	60.00	120.00
<b>Fiscal 2015</b>	—	<b>60.00</b>	—	—	—
(Forecast) Fiscal 2015	—	—	—	60.00	120.00

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

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

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

	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
Fiscal 2015	<b>2,741,000</b>	<b>1.4</b>	<b>407,000</b>	<b>0.1</b>	<b>341,000</b>	<b>2.6</b>	<b>204,000</b>	<b>2.0</b>	<b>519.26</b>

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

#### Notes

(1) Changes to principal subsidiaries during the period: No  
(Indicates whether changes have occurred in specified subsidiaries in accordance with changes in the scope of consolidation)

Newly consolidated — excluded —

(2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: No

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

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

(Note) For details, refer to “Changes in Accounting Policies, Changes in Accounting Estimates and Restatement of Revisions” on page 8 in the Attachments.

(4) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) 2nd Quarter, Fiscal 2015 393,500,000 shares Fiscal 2014 395,000,000 shares
- ii Treasury stock at period-end 2nd Quarter, Fiscal 2015 630,279 shares Fiscal 2014 629,294 shares
- iii Average number of shares during period 2nd Quarter, Fiscal 2015 393,282,598 shares 2nd Quarter, Fiscal 2014 394,695,664 shares

#### Indication of quarterly review procedure implementation status

These quarterly financial results are not subject to the quarterly review requirements as provided in the Financial Instruments and Exchange Law. The review of quarterly consolidated financial statements as provided in the Financial Instruments and Exchange Law had not been completed as of the date of these Consolidated Financial Results for the Six-Month Period Ended September 30, 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 document are based on information available as of the date of this document and on certain assumptions that JR East viewed as reasonable as of the date of this document. Actual results may differ from such forward-looking statements for a variety of reasons.

Regarding the forecasts of business results, please refer to “Qualitative Information on Consolidated Performance Outlook” on page 4 in the Attachments. Further, the non-consolidated performance outlook is on the next page.

## (Reference)

### Forecasts of the Non-consolidated Results for Fiscal 2015 (Year Ending March 31, 2015)

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

	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
Fiscal 2015	<b>1,955,000</b>	<b>1.2</b>	<b>331,000</b>	<b>1.0</b>	<b>277,000</b>	<b>5.0</b>	<b>174,000</b>	<b>2.4</b>	<b>442.54</b>

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

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# 1. Qualitative Information on Quarterly Consolidated Financial Performance

(Unless otherwise stated, all comparisons are between the six months from April 1, 2014, to September 30, 2014, and the six months from April 1, 2013, to September 30, 2013.)

## (1) Qualitative Information on Consolidated Operating Results

In the first six months of the fiscal year ending March 31, 2015 (from April 1, 2014 to September 30, 2014; the second quarter), the Japanese economy continued to recover gradually, supported in part by a recovery in employment conditions, although demand declined at the beginning of the term after rising prior to a consumption tax rate increase on April 1, 2014. Under these conditions, and guided by “*JR East Group Management Vision V - Ever Onward*,” the East Japan Railway Company Group (JR East) steadily executed various initiatives centered around the railway and life-style service businesses, as well as *Suica* operations.

As a result, during the first six months of the year ending March 31, 2015, operating revenues increased 0.8% year on year to ¥1,356.2 billion, mainly due to growth in JR East’s transportation revenues primarily from Shinkansen Lines. While operating income decreased 0.7% to ¥257.8 billion mainly due to an increase in non-personnel expenses, ordinary income increased 1.7% to ¥220.9 billion mainly due to a decrease in interest expense. Consequently, net income increased 0.2% year on year to ¥136.0 billion.

### 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, JR East endeavored to attain “extreme safety levels.” In response to a derailment accident in February 2014 within Kawasaki Station on the Keihin Tohoku Line, the Group has been making efforts to prevent the reoccurrence of a similar accident. Such efforts included a review of procedures for allowing entry of road-rail vehicles and heavy construction machinery in restricted construction areas, the clarification of the chain of command among contractors performing construction within closed railway lines, and enhanced on-site supervision of construction contractors by the Company’s employees. JR East also implemented countermeasures in preparation for a major earthquake, such as a possible earthquake directly beneath the Tokyo metropolitan area, along with measures for preventing railway crossing accidents. In addition, new automatic platform gates were installed in Yurakucho Station among other stations on the Yamanote Line. This brought the installation of such gates to 14 stations as of September 30, 2014 as JR East steadily implemented measures based on its sixth five-year safety plan, “*Group Safety Plan 2018*.”

In an effort to improve the quality of transportation, the Group began employing windbreaks on the Sobu and Keiyo lines, and formulated snow countermeasures such as enhancement of the networks and facilities of Shinkansen and conventional lines in the Tokyo metropolitan area. The countermeasures were in response to a large-scale disruption to transportation services caused by heavy snowfall in February 2014. The *JR EAST APP* for smartphones that the Group launched as a service in March 2014 to provide customers with timely and individualized information reached approximately 850,000 downloads as of September 30, 2014. Furthermore, a “Let’s Hang On to the Handrail” campaign that JR East commenced to promote the safe use of escalators was rolled out nationally, while JR East collaborated with other railway operators to hold a “Safe Use of Baby Stroller Class” in Teppaku (the Railway Museum) as part of an array of safety campaigns promoted by the Ministry of Land, Infrastructure, Transport and Tourism.

Meanwhile, with the aim of encouraging tourism and revitalizing communities, JR East conducted the *Niigata Destination Campaign*, the *Yamagata Destination Campaign*, and the “*Ikuze, Tohoku.*” Campaign. Efforts were also made to encourage greater use of the *Hayabusa* and *Komachi* services, for which all trains adopted a maximum operation speed of 320 km/h from March 2014, along with the *Asama* service, which commenced operation of new Series E7 railcars for certain services. To stimulate demand from passengers who ride certain trains for the ride experience itself, JR East commenced, among other services, the *Toreiyu Tsubasa* service equipped with a footbath compartment on the Yamagata Shinkansen Line, the *SL Ginga* service on the Kamaishi Line, and the *Koshino Shu\*Kura* service on the Shinetsu and Iiyama lines. In addition, the Group developed the *Gunma One-Day World Heritage Pass* in conjunction with the registration of the Tomioka Silk Mill as a UNESCO World Heritage Site, among other travel products, to increase the flow of tourism in the Tokyo metropolitan area. Furthermore, to prepare for the opening of the Hokuriku Shinkansen Line to Kanazawa on March 14, 2015, JR East announced a preliminary operating plan, that outlined the number of daily round trips scheduled for the *Kagayaki* service between Tokyo and Kanazawa. At the same time, the Group began to expand inter-regional sightseeing excursion routes for the Shinetsu and Hokuriku regions, including by launching a *Tenku no Hida Kairo View Bus* (Hida Mountains Excursion Bus). Also, to capture the strong demand for inbound travel to Japan, JR East participated through a Group company in the strategic management of a travel company in Taiwan, while promoting the sale of holiday products such as *JR East Railway Holiday* for Taiwan and Hong Kong, and *Tokyo Rail Days* for Southeast Asia market.

In *Suica* operations, JR East made efforts to further improve customer convenience by expanding the *Suica* usage area to 33 stations on 12 line segments including Yamagata Station on the Ou Line, Kashiwazaki Station on the Shinetsu Line, and Matsumoto Station on the Shinonoi Line, from April 1, 2014. In addition, a *Summer Campaign for Going to 6 Tohoku Prefectures Using Mobile Suica* was developed to expand *Mobile Suica* membership and promote its usage. As a result, outstanding *Suica* issuance stood at the equivalent of approximately 48.61 million cards as of September 30, 2014.

As for participation in overseas railway projects, JR East proceeded with preparations to supply railcars and launch a maintenance operation for the Purple Line (Bangkok, Thailand), an urban mass transit system scheduled to enter service around 2016. At the same time, JR East endeavored to enhance its *sustina* stainless-steel railcars as a brand, to win new contracts and increase the number of orders in Japan and from overseas. Meanwhile, efforts to publicize information on JR East's technology included an exhibit in September 2014 at *InnoTrans 2014* (Berlin, Germany), the world's largest railway trade fair. Furthermore, JR East continued to make aggressive efforts to make progress with its "*Global Human Resource Development Program - Ever Onward*" aimed at nurturing personnel for taking on global business development. This included dispatching employees overseas through short-term overseas studies programs and 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 remained at about the same level as the first six months of the previous fiscal year, and operating revenues in the Transportation segment increased 0.6% to ¥955.0 billion. Operating income increased 1.6% to ¥196.6 billion.

To recover from severe damage caused by the tsunami from the Great East Japan Earthquake, JR East is working together in consultation with the national government and relevant local authorities to formulate and advance plans for developing towns and rebuilding the area as a whole. Restoration work is proceeding between Soma and Hamayoshida on the Joban Line, Takagimachi and Rikuzen-Ono on the Senseki Line, and Urashuku and Onagawa on the Ishinomaki Line, and JR East aims to resume those operations by the spring of 2017 on the Joban Line, June 2015 on the Senseki Line, and the spring of 2015 on the Ishinomaki Line. Service between Hirono and Tatsuta on the Joban Line was resumed in June 2014, including for sections within a 20-kilometer radius of the Fukushima Daiichi Nuclear Power Station. Furthermore, with respect to services with a provisional BRT (Bus Rapid Transit) system, JR East established a stop inside Kesennuma Station for the BRT Kesennuma Line in April 2014 to make transferring to conventional railway lines more convenient, and began construction of a stop inside the station for the BRT Ofunato Line in August 2014. Efforts were also made to encourage greater use of the BRT system by starting operation of electric BRT vehicles and sightseeing BRT vehicles, among other measures. With respect to the Yamada Line, in January 2014 JR East proposed to enter into discussions with local governments to integrate it with the North and South Rias lines for operation by Sanriku Railway Company.

In regard to the Iwaizumi Line, JR East terminated railway service on March 31, 2014, and a local bus company began operating the Iwaizumi-Moichi Line, a scheduled bus service, from April 1. JR East is providing the necessary support to operate the scheduled bus service.

### **Station Space Utilization**

In the Station Space Utilization segment, JR East pushed ahead with measures to revitalize existing stores, such as enhancing the product range of the *NEWDAYS* convenience store chain. Efforts were also focused on events to promote local products and tourism, notably the *Tokyo Station Marugoto Yamagata Fair*, an event spotlighting the Yamagata area that is tied to a *Destination Campaign*. JR East also began information dissemination and customer turnout initiatives for raising the value of Tokyo Station and its surroundings to take advantage of the 100th anniversary of the station in December 2014. Moreover, the Group began making sweets products for sale from rice flour at *Tokamachi Sukoyaka Factory* (Niigata) in the aim of revitalizing industries in local communities through the *sextic industrialization* of agriculture, fishing and forestry.

Despite these initiatives and an increase in revenues from *ecute Tokyo* (Tokyo) and some other facilities achieving steady results, operating revenues for the Station Space Utilization segment decreased 1.3% to ¥205.5 billion. This was mainly due to store closures to make room for construction and a weakening of the sharp increase in demand that occurred prior to an increase in Japan's consumption tax rate. Operating income decreased 6.7% to ¥17.8 billion.

### **Shopping Centers & Office Buildings**

In the Shopping Centers & Office Buildings segment, JR East opened *CIAL Sakuragicho* (Kanagawa) in July 2014. At the same time, it renovated *Kinshicho TERMINA* (Tokyo), *Perie Inage COM SQUARE* (Chiba), and *Hiratsuka LUSCA* (Kanagawa) to reinvigorate existing stores and attract tenants that can generate customer traffic. JR East also proceeded with construction of a new building at Nagano Station scheduled to open at the end of Fiscal 2015, phase 1 of *nonowa Kunitachi and nonowa Musashikoganei* (Tokyo) scheduled to open in the spring of 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 strong sales at LUMINE Co., Ltd. and the opening of *JR Ôtsuka Minamiguchi Building* (Tokyo) in the previous fiscal year, operating revenues for the Shopping Centers & Office Buildings segment increased 2.5% to ¥129.7 billion. Operating income increased 1.7% to ¥36.4 billion.

### **Others**

In hotel operations, JR East transferred Hotel Metropolitan Nagano Co., Ltd. to Group subsidiary Nippon Hotel Co., Ltd. in April 2014 to streamline the operating framework, and began construction of *Hotel Folkloro Sanriku Kamaishi* (Iwate) for scheduled opening in the spring of 2015. At the same time, the Group proceeded with the renovation of guestrooms and facilities for weddings and other occasions at the *Hotel Metropolitan* (Tokyo), among other initiatives, to upgrade the competitiveness of existing hotels. In advertising and publicity services, JR East installed Sakuragicho Station with *J-AD Vision*, an advertising medium at stations that uses large LCD screens, and strove to promote advertising sales for *Train Channel*, an advertising medium used to show video commercials in trains.

In credit card operations, JR East carried out the *View Card Yamagata Yamamori Present Campaign* tied to a *Destination Campaign*, among other initiatives, in promoting increased card usage and membership. In *Suica* shopping

services (electronic money), settlement service on the Wii U™ home game console was begun. At the same time, JR East initiated various campaigns to expand *Suica* electronic money and promote its usage. As a result, *Suica* electronic money was usable at approximately 269,840 stores and other business establishments as of September 30, 2014.

In the sports business, JR East opened *JEXER Platina Gym Musashisakai* (Tokyo) in July 2014 as the second gym in its nursing care prevention business.

As a result of these initiatives, as well as an increase in revenues from advertising and publicity services and IC cards, operating revenues for the Others segment increased 3.8% to ¥256.7 billion. However, operating income decreased 23.0% to ¥7.5 billion mainly due to increases in system expenses.

Notes:

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

2. Wii U is a registered trademark of Nintendo Co., Ltd.

## (2) Qualitative Information on Consolidated Financial Position

In the six months ended September 30, 2014, operating activities provided net cash of ¥258.6 billion, ¥31.7 billion more than in the same period of the previous fiscal year. This result was mainly due to a decrease in payments of income taxes.

Investing activities used net cash of ¥232.7 billion, ¥26.5 billion more than in the same period of the previous fiscal year. This result was mainly due to an increase in payment for purchases of fixed assets.

Financing activities used net cash of ¥73.1 billion, ¥40.0 billion less than in the same period of 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 September 30, 2014 were ¥138.6 billion, a decrease of ¥47.3 billion from March 31, 2014.

In addition, the balance of consolidated interest-bearing debt was ¥3,258.3 billion as of September 30, 2014.

## (3) Qualitative Information on Consolidated Performance Outlook

With the exception of residual weakness in some segments, economic conditions in Japan are expected to recover gradually, as the benefits of various government policies become apparent and the employment and wage environment continues to improve. In this environment, JR East will continue making a concerted Group-wide effort to achieve tangible 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 and 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 under "Group Safety Plan 2018" to implement measures that include those for withstanding major earthquakes and other natural disasters and preventing railway-crossing accidents. Meanwhile, the Group plans to begin operation of automatic platform gates on the Yamanote Line at four stations, including Harajuku Station, by the end of Fiscal 2015, and to formulate a phase-2 installation plan for those gates on other lines. Furthermore, the Group will upgrade the convenience of its railway network by opening the Hokuriku Shinkansen Line to Kanazawa and the Ueno-Tokyo Line at the end of Fiscal 2015. At the same time, the Group will develop various campaigns such as the "Japanese Beauty Hokuriku" Campaign and "Ikuze, Tohoku." Campaign to expand inter-regional flow. In addition, as an initiative for promoting Japan as a tourism-oriented nation, JR East will prepare for introduction of the *TRAIN SUITE SHIKI-SHIMA* cruise train, and execute plans for launching a "Golden Route for Travel in East Japan" to take advantage of strong demand for inbound travel to Japan.

In the life-style service business, JR East will make steady progress in developing Shinjuku Station, Shibuya Station, Yokohama Station and other large-scale stations. At the same time, the Group will implement measures to develop desirable line-side area brands including the *Chuo Line Mall Project* and measures to develop towns around core train stations in regional areas. The Group's *NOMONO 1-2-3* project will be actively promoted to revitalize local communities through *sextic industrialization* of agriculture, fishing and forestry. Such efforts will include preparations to begin agricultural production at JR Tomato Land Iwaki Farm Co., Ltd., established in September 2014.

In *Suica* operations, preparations are underway to make *Suica* service available on the Fujikyuko Line in the spring of 2015 and to expand mutual usage to include the Sendai City Transportation Bureau's *icsca* card in the spring of 2016. 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 to enhance the competitiveness of this business.

With respect to the area surrounding Shinagawa and Tamachi Stations, as some of the land used for Shinagawa Depot will become available for other uses, JR East plans to promote urban development in cooperation with the Government of Japan, Tokyo Metropolitan Government, as well as relevant wards and other stakeholders. We have decided to build a new station between Tamachi Station and Shinagawa Station as a core component of this urban development. The opening of this new station is provisionally scheduled for 2020 and we will endeavor to develop an internationally attractive point of convergence for people to gather and interact with one another.

Moreover, in order to respond to an increase in the number of forecasted passengers for air travel, the Group will begin reviewing business schemes including development of a specific plan for a Haneda Airport Access Line using the existing railway network.

After reviewing the operating results for the second quarter ended September 30, 2014, JR East has decided to maintain its consolidated full-term business forecasts for the fiscal year ending March 31, 2015, which it announced on April 30, 2014.

#### **(4) Medium- to Long-Term Management Strategies**

##### **(i) Medium- to Long-Term Management Strategies**

###### *“JR East Group Management Vision V – Ever Onward”*

Continued fulfillment of its “Eternal Mission” and sustained 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 sustained 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 strategies for conserving energy and the environment, 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) Update of “Priority Initiatives Going Forward” under “JR East Group Management Vision V-Ever Onward”**

Two years ago, JR East formulated a management vision entitled “*JR East Group Management Vision V — Ever Onward*” and set forth a management policy for “*Thriving With Communities, Growing Globally.*” Based on this, the Group has made efforts to meet the expectations of customers and local communities by fulfilling its “*Eternal Missions,*” and taking on the ongoing challenge of pursuing the “*Unlimited Potential*” of its railway network. A year ago, in October 2013, a set of “Priority Initiatives Going Forward” was announced to accelerate the realization of the tenets in “*JR East Group Management Vision V.*” In view of the progress over the last year, JR East has given those priority initiatives a further update.

As a provider of social infrastructure in the form of railway services, JR East will engage in daily operations to provide customers with safe and reliable transportation and comfortable services, and promote the following “Priority Initiatives Going Forward” for the medium term.

###### **◆ Eternal Mission**

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

- Build a railway capable of withstanding natural disasters



- Expect to complete approximately 80% of the planned seismic reinforcements by the end of Fiscal 2017
- Properly renew aging facilities such as structures, track equipment, and station buildings
- Formulate a phase 2 plan for installing automatic platform gates
- Prioritize the stations many passengers use in expanding the installation of automatic platform gates to outside of the Yamanote Line
- Reduce costs including through the trial introduction of new types of automatic platform gates that are easier to install
- Steadily push ahead with “*Group Safety Plan 2018*”

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

- Further enhance transportation service quality
- Prevent transportation service disruptions including through the promotion of snow countermeasures
- Minimize the impact of transportation service disruptions including through contingency shuttle and alternative line operations
- Enhance information provided during transportation service disruptions including through expansion in scope of the lines covered in services providing information on the operational status of trains
- Improve the quality of the Tokyo metropolitan area railway network
- Upgrade the Tokyo metropolitan area railway network including through development of an operating framework for the Ueno-Tokyo Line
- Review business schemes including through development of a specific plan for a Haneda Airport Access Line
- Select locations and establish strategic new stations integrated with local communities
- Prepare for the opening of the Hokuriku Shinkansen Line and the Hokkaido Shinkansen Line
- Enhance the services provided and develop a convenient operating framework along with the opening of the Hokuriku Shinkansen Line to Kanazawa
- Develop wide-ranging sightseeing routes, promote destination-driven tourism, and develop “*Japanese Beauty Hokuriku*” and other campaigns in conjunction with the opening of the line to Kanazawa
- Make steady preparations for the opening of the Hokkaido Shinkansen Line to Shin-Hakodate-Hokuto
- Improve the convenience of ticketing services utilizing ICT
- Expand the realm of locations accepting *Suica* usage
- Improve the convenience of *Suica* with the use of mobile terminals

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

- Steadily promote the three approaches to town development
- Improve brand power to improve the attraction and convenience of Shinagawa Station and other large-scale stations
- Promote the line-side brand appeal of railway lines including through promotion of the *Chuo Line Mall Project*
- Develop towns around core train stations in regional areas in line with blueprints for “compact cities”
- Revitalize local economies with *NOMONO* shops and *Sanchoku-Ichi* (farmers’ markets)
- Expand sales of local product in Greater Tokyo and improve trend-setting capabilities
- Promote the *sextic industrialization* of agriculture, fishing and forestry including through the *NOMONO 1-2-3 Project*
- Promote Japan as a tourism-oriented nation
- Capture strong inbound demand including through strategic management participation in a travel company in Taiwan
- Launch a “*Golden Route for Travel in East Japan*”
- Prepare for introduction of the *TRAIN SUITE SHIKI-SHIMA* cruise train

#### ◆ Pursuing Unlimited Potential

##### A. HIRAKU (Pioneer): Technological innovation

- Promote energy and environmental strategies
- Build a privately operated power grid for stabilizing power supply and reducing CO<sub>2</sub> emission
- Prepare for the introduction of catenary and battery-powered hybrid railcars to alternating current (AC) segments
- Transform the northern Tohoku region into a renewable energy base
- Introduce smart grid technology to railways including through promotion of the effective use of renewable energy

- Utilize ICT to innovate operations
  - Replicate best practices such as promoting the use of tablets on the front lines
  - Develop alarm systems utilizing radio technology for preventing accidental contact with oncoming trains
  - Innovate maintenance operations including through the introduction of monitoring devices to model line segments
  - Build a new station operation framework utilizing ICT including through the introduction of station remote control systems
  - Innovate the transportation system through the introduction of wireless train control systems

- Technological innovation by employees on the front lines

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

- Take on the challenge of overseas projects
  - Make steady progress supplying the railcars and with the maintenance operations for opening the Purple Line urban mass transit railway system in Bangkok, Thailand
  - Deepen the technological support provided to railway operators in Indonesia
  - Take initiatives to win new overseas railway projects through proactively collecting and publicizing information

- Tackle new business areas in life-style services

- Work together as a Group to promote new business formats and services based on station space utilization
- Develop the life-style services business overseas

- Incorporate outstanding technologies and services from outside the company

- Establish railcar manufacturing operations as a fourth business pillar

- Ambitiously develop *sustina* stainless-steel railcars to win domestic and overseas projects
- Collaborate with overseas manufacturers in the Japanese LRT market and other areas
- Pursue efficient business management of the railcar manufacturing business

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

- Provide further growth opportunities to motivate employees

- Enhance open-application programs for personnel transfer and training
- Strengthen the development of global human resources through the continued development of a diverse overseas assignment program
- Promote diversity including through the formulation of a new medium-term action plan

- Promote cohesive Group management

- Develop attractive services using the scheme of Group points
- Develop new credit services the Group can offer heavy users

- Reform the work style and streamline organizational management
- Pursue a compact and highly efficient business execution framework
- Improve the efficiency and productivity of outsourcing for the Group as a whole

#### ◆ Initiatives in view of hosting the 2020 Tokyo Summer Olympic and Paralympic Games

- Provide safe, smooth and comfortable transportation services

- Reinforce transportation capacity and enhance stations and other facilities near venues
- Promote the installation of barrier-free facilities such as lifts and multi-functional restrooms
- Enhance the framework for welcoming customers from overseas including through the enhanced provision of free public access to Wi-Fi

- Revitalize the flow of tourism in the Tokyo metropolitan area and bring tourists to the regions

- Upgrade the attractiveness of Tokyo by promoting the development of large-scale stations

## 2. Matters Concerning Summary Information (Notes)

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

#### (i) Changes in Accounting Policies

A) With regard to "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"), the Company has adopted the provisions of Article 35 of the Retirement Benefits Accounting Standard and Article 67 of the Retirement Benefits Guidance from the first quarter ended June 30, 2014.

As a result, the calculation of retirement benefit obligations and service costs was revised and the method for attributing estimated retirement benefits to accounting periods was changed from the straight-line basis to the benefit formula basis. At the same time, the method for determining the discount rate was changed to apply a single weighted average discount rate reflecting the estimated timing of benefit payments and amounts to be paid in each timing. The effect of these revisions was recognized as an adjustment to the opening balance of retained earnings in the second quarter ended September 30, 2014, in accordance with the transitional treatment as set forth in Article 37 of the Retirement Benefits Accounting Standard.

Consequently, in the second quarter ended September 30, 2014 the opening balance of net defined benefit liability increased ¥100,090 million, while retained earnings declined ¥64,881 million, among other changes. The effect of this change on the quarterly consolidated statements of income was negligible.

B) Effective April 1, 2014, the opening of the first quarter ended June 30, 2014, the Company has adopted "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013, hereinafter the "Business Combination Accounting Standard"), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Consolidated Financial Statements Accounting Standard") and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestiture Accounting Standard") (excluding, however, the provisions set forth in Article 39 of the Consolidated Financial Statements Accounting Standard).

As a result, the method to record gains or losses arising from a change in the Company's equity in subsidiaries in cases where control is retained was revised to that recognizing such gains or losses as an adjustment to capital surplus and the acquisition costs in connection with business combinations as expenses in the consolidated fiscal year in which they arise. For business combinations that take place on or after April 1, 2014, the disclosure method was revised so as to restate the distribution of acquisition cost upon provisional accounting recognition in the quarterly consolidated statements of the fiscal year in which the combination took place.

The Company has adopted the Business Combination Accounting Standard effective April 1, 2014, the opening of the second quarter ended September 30, 2014 onward, in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combination Accounting Standard, Article 44-5 (4) of the Consolidated Financial Statements Accounting Standard, and Article 57-4 (4) of the Business Divestiture Accounting Standard.

The effect of this change on the quarterly consolidated financial statements was negligible.

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2014 (As of March 31, 2014)	Fiscal 2015, 2nd Quarter (As of September 30, 2014)
<b>ASSETS</b>		
<b>Current Assets</b> .....	¥ 804,888	¥ 722,576
Cash and time deposits .....	87,248	66,841
Notes and accounts receivable-trade .....	401,129	352,904
Fares receivable .....	44,523	34,872
Short-term loans receivable .....	16,515	7,982
Securities .....	91,149	72,149
Real estate for sale .....	1,199	1,151
Inventories .....	67,392	83,530
Deferred income taxes .....	48,404	48,750
Other .....	49,494	56,581
Allowance for doubtful accounts .....	(2,169)	(2,188)
<b>Fixed Assets</b> .....	6,623,378	6,615,806
Property, plant and equipment, net of accumulated depreciation ..	6,025,838	5,971,905
Buildings and fixtures (net) .....	2,997,304	2,953,269
Machinery, rolling stock and vehicles (net) .....	705,942	705,801
Land .....	1,987,541	1,992,162
Construction in progress .....	279,626	266,440
Other (net) .....	55,424	54,232
Intangible assets .....	109,850	107,155
Investments and other assets .....	487,690	536,745
Investments in securities .....	199,096	222,460
Long-term loans receivable .....	3,493	3,198
Long-term deferred income taxes .....	222,415	249,256
Net defined benefit asset .....	382	344
Other .....	63,078	62,240
Allowance for doubtful accounts .....	(776)	(756)
<b>Deferred Assets</b> .....	37	15
<b>Total Assets</b> .....	¥7,428,303	¥7,338,399

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2014, (As of March 31, 2014)	Fiscal 2015, 2nd Quarter (As of September 30, 2014)
<b>LIABILITIES</b>		
<b>Current Liabilities</b> .....	¥1,325,964	¥1,118,469
Notes and accounts payable-trade .....	49,546	38,141
Short-term loans and current portion of long-term loans .....	125,233	144,736
Current portion of bonds .....	75,000	54,999
Current portion of long-term liabilities		
incurred for purchase of railway facilities .....	120,998	119,264
Payables .....	400,586	183,554
Accrued consumption tax .....	5,798	35,688
Accrued income taxes .....	57,548	72,725
Fare deposits received with regard to railway connecting services .....	28,663	21,221
Prepaid railway fares received .....	135,879	113,742
Allowance for bonuses to employees .....	71,809	77,909
Allowance for earthquake-damage losses .....	2,212	1,505
Other .....	252,686	254,979
<b>Long-Term Liabilities</b> .....	3,902,981	3,968,511
Bonds .....	1,644,793	1,669,823
Long-term loans .....	810,727	803,935
Long-term liabilities incurred for purchase of railway facilities .....	545,417	496,228
Long-term deferred tax liabilities .....	4,068	4,425
Allowance for earthquake-damage losses .....	3,037	3,037
Net defined benefit liability .....	644,809	735,463
Other .....	250,128	255,596
<b>Total Liabilities</b> .....	¥5,228,946	¥5,086,981
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b> .....	¥2,150,471	¥2,187,150
Common stock .....	200,000	200,000
Capital surplus .....	96,790	96,833
Retained earnings .....	1,858,007	1,894,595
Treasury stock, at cost .....	(4,327)	(4,278)
<b>Accumulated Other Comprehensive Income</b> .....	30,161	45,533
Net unrealized holding gains (losses) on securities .....	36,856	51,188
Net deferred gains (losses) on derivatives under		
hedge accounting .....	1,650	2,217
Revaluation reserve for land .....	(503)	(503)
Remeasurements of defined benefit plans .....	(7,841)	(7,368)
<b>Minority Interests</b> .....	18,725	18,733
<b>Total Net Assets</b> .....	2,199,357	2,251,417
<b>Total Liabilities and Net Assets</b> .....	¥7,428,303	¥7,338,399

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 2014, 2nd Quarter (Six months ended September 30, 2013)	Fiscal 2015, 2nd Quarter (Six months ended September 30, 2014)
<b>Operating Revenues</b> .....	¥1,345,220	¥1,356,211
<b>Operating Expenses</b> .....	1,085,627	1,098,316
Transportation, other services and cost of sales .....	846,677	848,098
Selling, general and administrative expenses .....	238,950	250,217
<b>Operating Income</b> .....	259,592	257,895
<b>Non-Operating Income</b> .....	5,779	7,305
Interest income .....	81	66
Dividend income .....	1,791	2,118
Equity in net income of affiliated companies .....	631	1,966
Other .....	3,275	3,155
<b>Non-Operating Expenses</b> .....	48,095	44,207
Interest expense .....	45,036	41,855
Other .....	3,058	2,351
<b>Ordinary Income</b> .....	217,277	220,993
<b>Extraordinary Gains</b> .....	17,078	6,700
Construction grants received .....	5,751	5,801
Insurance proceeds related to earthquake .....	9,624	—
Other .....	1,702	899
<b>Extraordinary Losses</b> .....	11,904	15,563
Losses on reduction entry for construction grants .....	5,518	5,557
Impairment losses on fixed assets .....	3,772	6,217
Other .....	2,613	3,788
<b>Income before Income Taxes</b> .....	222,451	212,130
<b>Income Taxes</b> .....	86,099	75,556
Current .....	85,844	73,814
Deferred .....	255	1,742
<b>Income before Minority Interests</b> .....	136,351	136,574
<b>Minority Interests in Net Income of Consolidated Subsidiaries</b> .....	590	554
<b>Net Income</b> .....	¥ 135,761	¥ 136,019

Note: Amounts less than one million yen are omitted.

**(ii) Consolidated Statements of Comprehensive Income**

	Millions of Yen	
	Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013)	Fiscal 2015, 2nd Quarter (Six months ended September 30, 2014)
<b>Income before Minority Interests</b> .....	¥136,351	¥136,574
<b>Other Comprehensive Income</b> .....	16,942	15,377
Net unrealized holding gains (losses) on securities .....	17,652	13,554
Net deferred gains (losses) on derivatives under hedge accounting .....	(269)	526
Remeasurements of defined benefit plans .....	—	(674)
Share of other comprehensive income of associates accounted for using equity method .....	(441)	1,970
<b>Comprehensive Income</b> .....	153,293	¥151,951
<b>Comprehensive Income attributable to</b>		
Comprehensive income attributable to owners of the parent .....	152,699	¥151,392
Comprehensive income attributable to minority interests .....	¥ 593	¥ 559

Note: Amounts less than one million yen are omitted.

### (3) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013)	Fiscal 2015, 2nd Quarter (Six months ended September 30, 2014)
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	¥222,451	¥212,130
Depreciation	167,721	169,328
Impairment losses on fixed assets	3,772	6,217
Amortization of long-term prepaid expense	2,995	3,640
Net change in employees' severance and retirement benefits	(2,447)	—
Net change in net defined benefit liability	—	(10,448)
Interest and dividend income	(1,873)	(2,184)
Interest expense	45,036	41,855
Construction grants received	(5,751)	(5,801)
Insurance proceeds related to earthquake	(9,624)	—
Losses from disposition of fixed assets	7,758	7,740
Losses from provision for cost reduction of fixed assets	5,518	5,557
Net change in major receivables	24,815	52,821
Net change in major payables	(91,538)	(133,039)
Other	(16,237)	10,707
Sub-total	352,596	358,526
Proceeds from interest and dividends	2,200	2,526
Payments of interest	(45,052)	(41,771)
Insurance proceeds related to earthquake	9,624	—
Payments of earthquake-damage losses	(5,358)	(1,629)
Payments of income taxes	(87,076)	(58,964)
<b>Net cash provided by operating activities</b>	<b>226,932</b>	<b>258,688</b>
<b>Cash Flows from Investing Activities</b>		
Payments for purchases of fixed assets	(237,265)	(253,404)
Proceeds from sales of fixed assets	4,163	336
Proceeds from construction grants	30,809	22,437
Payments for purchases of investments in securities	(1,550)	(126)
Other	(2,386)	(1,996)
<b>Net cash used in investing activities</b>	<b>(206,228)</b>	<b>(232,752)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from long-term loans	68,500	23,000
Payments of long-term loans	(84,566)	(8,235)
Proceeds from issuance of bonds	50,000	60,000
Payments for redemption of bonds	(60,000)	(55,000)
Payments of liabilities incurred for purchase of railway facilities	(52,228)	(50,922)
Payments for acquisition of treasury stock	(8,385)	(11,312)
Cash dividends paid	(23,741)	(23,680)
Other	(2,788)	(7,003)
<b>Net cash used in financing activities</b>	<b>(113,209)</b>	<b>(73,154)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(92,504)</b>	<b>(47,217)</b>
<b>Cash and Cash Equivalents at Beginning of the Period</b>	<b>189,262</b>	<b>186,057</b>
<b>Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation</b>	<b>—</b>	<b>(597)</b>
<b>Increase in Cash and Cash Equivalents Resulting from Merger</b>	<b>—</b>	<b>429</b>
<b>Cash and Cash Equivalents at End of the Period</b>	<b>¥ 96,757</b>	<b>¥138,671</b>

Note: Amounts less than one million yen are omitted.



## (4) Notes to Quarterly Consolidated Financial Statements

### (Notes on Going Concern Assumption (Unaudited))

None

### (Segment Information (Unaudited))

Millions of Yen							
Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013)	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 1)	Total	Adjustment (Note 2)	Quarterly Consolidated Statements of Income (Note 3)
Operating Revenues							
Outside customers .....	¥ 921,745	¥ 200,957	¥ 121,202	¥ 101,315	¥1,345,220	¥ —	¥1,345,220
Inside group .....	27,288	7,283	5,348	145,917	185,838	(185,838)	—
Total .....	949,033	208,240	126,550	247,233	1,531,058	(185,838)	1,345,220
Segment income .....	¥ 193,556	¥ 19,087	¥ 35,827	¥ 9,768	¥ 258,240	¥ 1,351	¥ 259,592

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and include hotel operations and advertising and publicity services.
2. The ¥1,351 million adjustment to segment income includes a ¥1,329 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥23 million elimination for intersegment transactions.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

Millions of Yen							
Fiscal 2015, 2nd Quarter (Six months ended September 30, 2014)	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 1)	Total	Adjustment (Note 2)	Quarterly Consolidated Statements of Income (Note 3)
Operating Revenues							
Outside customers .....	¥ 928,051	¥ 197,975	¥ 124,020	¥ 106,164	¥1,356,211	¥ —	¥1,356,211
Inside group .....	27,016	7,560	5,745	150,583	190,906	(190,906)	—
Total .....	955,068	205,535	129,766	256,747	1,547,117	(190,906)	1,356,211
Segment income .....	¥ 196,640	¥ 17,818	¥ 36,438	¥ 7,526	¥ 258,422	¥ (527)	¥ 257,895

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes hotel operations and advertising and publicity services.
2. The ¥(527) million downward adjustment to segment income includes a ¥(734) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥171 million elimination for intersegment transactions.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

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

In accordance with a resolution of the Board of Directors on April 30, 2014, JR East purchased 1,500,000 of its own shares at market on the Tokyo Stock Exchange for ¥11,304 million from May 1 through May 30, 2014, and converted those shares to treasury stock. Moreover, in accordance with a resolution of the Board of Directors on July 17, 2014, JR East canceled 1,500,000 shares of treasury stock on July 25, 2014, reducing retained earnings by the ¥11,361 million book value of that treasury stock.

## (Additional Information Regarding Operating Results)

### Consolidated Principal Indicators

	Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013)	Fiscal 2014 (Year ended March 31, 2014)	Fiscal 2015, 2nd Quarter, (Six months ended September 30, 2014)	Increase (Decrease)	Fiscal 2017 Targets
	(A)	(B)	(C)	(C)-(A)	
Cash flows from operating activities (billions of yen).....	226.9	562.7	<b>258.6</b>	31.7	1,800.0
Ratio of operating income to average assets (ROA) (%) .....	3.6	5.6	<b>3.5</b>	(0.1)	5.4
Return on average equity (ROE) (%).....	6.5	9.5	<b>6.2</b>	(0.3)	8.9
Capital expenditures (billions of yen).....	154.3	525.7	<b>130.8</b>	(23.5)	—
Transportation .....	112.6	411.9	<b>92.5</b>	(20.0)	—
Non-transportation .....	41.7	113.7	<b>38.2</b>	(3.4)	—

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

### Consolidated Business Forecasts for Fiscal 2015

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

Reference: Earnings per share forecast for Fiscal 2015: ¥519.26

### Consolidated Capital Expenditure Plans for Fiscal 2015

	Billions of Yen				
	Actual Fiscal 2014	Plans for Fiscal 2015	Change		
			Increase (Decrease) (B)-(A)	% (B)/(A)x100	
(A)	(B)	(B)-(A)	(B)/(A)x100		
<b>Capital Expenditures</b> .....	525.7	<b>555.0</b>	29.2	105.6	
Transportation.....	411.9	<b>412.0</b>	0.0	100.0	
Non-transportation .....	113.7	<b>143.0</b>	29.2	125.7	

### Forward-looking Statements

Statements contained in this document 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 2014, 2nd Quarter (Six months ended September 30, 2013) (A)	Fiscal 2015, 2nd Quarter (Six months ended September 30, 2014) (B)	Change Increase (Decrease) (B)-(A)	(B)/(A)x100	Fiscal 2014, 2nd Quarter (Six months ended September 30, 2013) (C)	Fiscal 2015, 2nd Quarter (Six months ended September 30, 2014) (D)	Change Increase (Decrease) (D)-(C)	(D)/(C)x100
<b>Shinkansen Network</b>								
Commuter Passes .....	865	<b>840</b>	(25)	97.1	11.7	<b>11.8</b>	0.1	101.2
Other .....	9,576	<b>9,706</b>	130	101.4	244.5	<b>249.8</b>	5.3	102.2
Total .....	10,441	<b>10,547</b>	105	101.0	256.2	<b>261.7</b>	5.4	102.1
<b>Conventional Lines</b>								
<i>Kanto Area Network</i>								
Commuter Passes .....	35,161	<b>34,711</b>	(449)	98.7	225.7	<b>227.0</b>	1.3	100.6
Other .....	17,370	<b>17,533</b>	162	100.9	340.0	<b>343.1</b>	3.1	100.9
Total .....	52,532	<b>52,245</b>	(287)	99.5	565.8	<b>570.2</b>	4.4	100.8
<i>Other Network</i>								
Commuter Passes .....	1,668	<b>1,602</b>	(65)	96.1	9.6	<b>9.4</b>	(0.1)	98.1
Other .....	1,450	<b>1,457</b>	7	100.5	28.5	<b>28.2</b>	(0.2)	99.0
Total .....	3,118	<b>3,060</b>	(58)	98.1	38.2	<b>37.7</b>	(0.4)	98.8
<i>Total</i>								
Commuter Passes .....	36,829	<b>36,314</b>	(515)	98.6	235.4	<b>236.5</b>	1.1	100.5
Other .....	18,821	<b>18,991</b>	169	100.9	368.5	<b>371.4</b>	2.8	100.8
Total .....	55,650	<b>55,305</b>	(345)	99.4	604.0	<b>607.9</b>	3.9	100.7
<b>Total</b>								
Commuter Passes .....	37,695	<b>37,154</b>	(540)	98.6	247.1	<b>248.4</b>	1.2	100.5
Other .....	28,397	<b>28,698</b>	300	101.1	613.1	<b>621.3</b>	8.1	101.3
Total .....	66,092	<b>65,853</b>	(239)	99.6	860.2	<b>869.7</b>	9.4	101.1

Notes:1. Amounts less than one million passenger kilometers and 100 million yen are omitted.

2. The Kanto Area Network includes the areas covered by Tokyo Branch Office, Yokohama Branch Office, Hachioji Branch Office, Omiya Branch Office, Takasaki Branch Office, Mito Branch Office, and Chiba Branch Office.