

## Consolidated Financial Results for the Nine-Month Period Ended December 31, 2014 (Japanese GAAP) (Unaudited)

Fiscal 2015 (Year ending March 31, 2015)

"Third Quarter" means the nine months from April 1 to December 31.

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.

January 30, 2015

### East Japan Railway Company

Stock Exchange Listings

Tokyo and Nagoya

Securities Code

9020

URL

<http://www.jreast.co.jp/e>

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Scheduled Date for Release of a Quarterly Report

February 12, 2015

Scheduled Date of Dividend Payment Commencement

Not applicable

Preparation of Supplementary Explanations of Quarterly Financial Results: No

Quarterly Financial Results Presentation to Be Held: No

#### 1. Consolidated Results for the Nine-Month Period Ended December 31, 2014 (April 1, 2014—December 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 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, 3rd Quarter</b>	<b>2,065,523</b>	<b>1.7</b>	<b>386,429</b>	<b>2.6</b>	<b>332,442</b>	<b>5.6</b>	<b>195,873</b>	<b>0.7</b>
Fiscal 2014, 3rd Quarter	2,031,681	1.5	376,462	2.2	314,776	3.4	194,522	7.9

Note: Comprehensive income – Fiscal 2015, 3rd Quarter: 220,124 million yen (a decrease of 0.8%), Fiscal 2014, 3rd Quarter: 221,905 million yen (an increase of 17.2%)

	Earnings per share —Basic	Earnings per share —Diluted
	Yen	Yen
<b>Fiscal 2015, 3rd Quarter</b>	<b>498.23</b>	—
Fiscal 2014, 3rd Quarter	492.98	—

##### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
<b>Fiscal 2015, 3rd Quarter</b>	<b>7,392,699</b>	<b>2,295,873</b>	<b>30.8</b>
Fiscal 2014	7,428,303	2,199,357	29.4

Reference: Shareholders' equity – Fiscal 2015, 3rd Quarter: 2,276,797 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 (April 1, 2014—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>2,744,000</b>	<b>1.5</b>	<b>423,000</b>	<b>4.0</b>	<b>357,000</b>	<b>7.4</b>	<b>200,000</b>	<b>0.0</b>	<b>509.10</b>

Note: Revisions to the most recently disclosed earnings forecasts: Yes

#### 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 5 in the Attachments.

(4) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) 3rd Quarter, Fiscal 2015 393,500,000 shares Fiscal 2014 395,000,000 shares
- ii Treasury stock at period-end 3rd Quarter, Fiscal 2015 650,356 shares Fiscal 2014 629,294 shares
- iii Average number of shares during period 3rd Quarter, Fiscal 2015 393,138,844 shares 3rd Quarter, Fiscal 2014 394,587,178 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 Nine-Month Period Ended December 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 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 (April 1, 2014—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>1,960,000</b>	<b>1.4</b>	<b>347,000</b>	<b>5.8</b>	<b>296,000</b>	<b>12.2</b>	<b>174,000</b>	<b>2.4</b>	<b>442.54</b>

Note: Revisions to the most recently disclosed earnings forecasts: Yes

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# 1. Qualitative Information on Quarterly Consolidated Financial Performance

(Unless otherwise stated, all comparisons are between the nine months from April 1, 2014, to December 31, 2014, and the nine months from April 1, 2013, to December 31, 2013.)

## (1) Qualitative Information on Consolidated Operating Results

In the first nine months of the fiscal year ending March 31, 2015 (from April 1, 2014 to December 31, 2014; the third quarter), the Japanese economy continued to recover gradually, supported in part by a recovery in employment conditions, even though 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 nine months of the year ending March 31, 2015, operating revenues increased 1.7% year on year to ¥2,065.5 billion, and operating income increased 2.6% to ¥386.4 billion, mainly due to growth in JR East’s transportation revenues primarily from Shinkansen Lines. Furthermore, ordinary income increased 5.6% to ¥332.4 billion mainly due to a decrease in interest expense. Although there were extraordinary losses associated with transfer of management of the section between Miyako and Kamaishi on the Yamada Line, net income increased 0.7% year on year to ¥195.8 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 implementing measures to enhance safety as part of efforts to prevent the reoccurrence of a similar accident. JR East also implemented measures 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 Harajuku Station among other stations on the Yamanote Line. This brought the installation of such gates to 16 stations as of December 31, 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 Keiyo Line and Sobu Line, among other lines, and carried out windbreak installation work on the Joban Line. In addition, JR East 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. Furthermore, the number of downloads of the *JR EAST APP* for smartphones, aimed at providing customers with timely and individualized information, reached approximately 970,000 on a cumulative basis as of December 31, 2014.

Meanwhile, the campaigns JR East conducted to encourage tourism and revitalize communities included the *Destination Campaign* for Niigata and Yamagata, and the “*Ikuze, Tohoku*.” *Campaign*. Efforts were also made to encourage greater use of the *Hayabusa* and *Komachi* Shinkansen services, for which all trains reached a maximum operation speed of 320 km/h from March 2014, and the *Asama* Shinkansen 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, JR East announced operational plans for the Hokuriku Shinkansen Line to Kanazawa, which is scheduled to open on March 14, 2015. At the same time, the Group began to expand inter-regional sightseeing excursion routes for the Shinetsu and Hokuriku regions, including by operating a *Tenku no Hida Kairo View Bus* (Hida Mountains Excursion Bus), as well as conducting the *Japanese Beauty Hokuriku* campaign. 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 the Southeast Asia market.

In *Suica* operations, JR East made efforts to further improve customer convenience, including by enabling customers to use their *Suica* at three stations on the Agatsuma Line, and by making it possible for customers to charge (add money to) their *Suica* cards on an iPhone. The number of *Suica* cards issued and outstanding was approximately 49.50 million cards as of December 31, 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. Furthermore, JR East continued aggressively 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 in the first nine months of the previous fiscal year, and operating revenues in the Transportation segment increased 0.5% to ¥1,433.0 billion. Operating income increased 4.8% to ¥287.0 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. Notably, JR East had made a proposal to local governments and other relevant authorities on the integration of the Yamada Line with the North and South Rias Lines for operation by Sanriku Railway Company. In December 2014, JR East received a report on the acceptance of its proposal, and entered into a basic agreement on the transfer of railway management to Sanriku Railway Company. Meanwhile, 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 plans to resume those operations by the spring of 2017 on the Joban Line, May 30, 2015 on the Senseki Line, and March 21, 2015 on the Ishinomaki Line. In addition, 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, for services with a provisional BRT (Bus Rapid Transit) system, JR East established a stop inside Kesenuma Station for the BRT Kesenuma 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.

As for the Iwaizumi Line, a local bus company began operating the Iwaizumi-Moichi Line as a bus service on April 1, 2014 after the railway service was terminated on March 31, 2014. JR East is providing the necessary support to operate the bus service.

### **Station Space Utilization**

In the Station Space Utilization segment, to coincide with the 100th anniversary of the opening of Tokyo Station in December 2014, JR East took on initiatives involving publicity and generating customer turnout to raise the value of the station and its surroundings. In addition to opening newly designed *NEWDAYS* convenience stores in Shinjuku Station and other locations, the Group responded to diversifying customer needs with measures that included upgrading the product lineup by launching over-the-counter coffee *EKI na CAFE* and other services. Moreover, as a part of its *Rediscovering the Regions Project*, JR East conducted *Sanchoku-Ichi* (farmers' markets) for various regions at Ueno Station and other stations as a public relations initiative on local goods and tourism. In addition, the Group proceeded to market sweets made from rice flour at *Tokamachi Sukoyaka Factory* (Niigata) in an initiative directed at the sextic industrialization of agriculture, fishing and forestry.

Despite these initiatives and increases in revenues from *ecute Tokyo* (Tokyo) and some other facilities achieving steady results, operating revenues for the Station Space Utilization segment decreased 1.2% to ¥311.6 billion, due primarily to store closures to make room for construction. Operating income decreased 6.6% to ¥27.3 billion.

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

In the Shopping Centers & Office Buildings segment, JR East created an integrated excursion space with the opening in November 2014 of *nonomichi* (Tokyo), a new shopping promenade in the space underneath a railway viaduct from Musashisakai to Higashikoganei on the Chuo Line. Meanwhile, the Group proceeded with construction of *MIDORI Nagano* (Nagano), scheduled to open in March 2015, phase 1 of *nonowa Kunitachi* and *nonowa Musashikoganei* (Tokyo), scheduled to open this spring, and the *Shinjuku New South Exit Building* (provisional name), scheduled for completion in the spring of 2016. In addition, the Group began construction on *Akihabara Square* (Tokyo) and the *Atami Station Building* (provisional name), scheduled to open in 2016, as well as proceeded with preparation to construct the *JR Funabashi Station South Exit Building* (provisional name), scheduled to open in 2017.

As a result of these initiatives, as well as increases in revenues from strong sales at LUMINE Co., Ltd. and the opening of *JR Ōtsuka Minamiguchi Building* (Tokyo) in the previous fiscal year, operating revenues for the Shopping Centers & Office Buildings segment increased 2.4% to ¥198.7 billion. Operating income increased 1.7% to ¥56.4 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 continued the construction of the *Hotel Folkloro Sanriku Kamaishi* (Iwate) for scheduled opening in March 2015. At the same time, the Group proceeded with the renovation of guestrooms and facilities for weddings at the *Hotel Metropolitan* (Tokyo), among other initiatives, to upgrade the competitiveness of existing hotels. In advertising and publicity services, JR East strove to promote advertising sales for *J-AD Vision*, an advertising medium at stations that uses large LCD screens, and for *Train Channel*, an advertising medium used to show video commercials on trains.

In credit card operations, JR East carried out campaigns tied to the 25th anniversary of *GALA Yuzawa*, among other initiatives, in promoting increased card usage and membership. In *Suica* shopping services (electronic money), JR East implemented measures to expand and encourage the use of *Suica* electronic money. For example, JR East commenced settlement services on the New Nintendo 3DS handheld terminal and other game consoles. Settlement services for in-flight shopping on the domestic routes of All Nippon Airways Co., Ltd. were also launched. As a result of these measures, *Suica* electronic money was usable at approximately 280,090 stores and other business establishments as of December 31, 2014.

Apart from this, 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 increases in revenues from information processing and advertising and publicity services, operating revenues for the Others segment increased 8.3% to ¥417.7 billion. However, operating income decreased 1.7% to ¥16.7 billion mainly due to increases in expenses related to credit card operations and other 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. iPhone is a registered trademark of Apple Inc. in the U.S. and other countries.
3. Nintendo 3DS is a registered trademark of Nintendo Co., Ltd.

## (2) 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 employment and wage environment continues to improve, in part due to the effect of various government initiatives. In this environment, JR East will continue making a concerted Group-wide effort to achieve tangible business results and make 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 Gotanda Station and Tabata Station, by the end of Fiscal 2015. Furthermore, the Group will push ahead with the formulation of a phase-2 installation plan for those gates on other lines, as well as proceed with preparations for a trial introduction of vertical-motion automatic platform gates in Haijima Station on the Hachiko Line. With the revision of timetables in March 2015, JR East will endeavor to expand railway usage even more by opening the Ueno-Tokyo Line with the start of direct operation of trains in both directions from the Utsunomiya Line and Takasaki Line to the Tokaido Line, and the direct operation of trains from the Joban Line to Shinagawa Station. Another measure is to increase the frequency of trains and other service upgrades on the Musashino Line and Keiyo Line, which form part of the *Tokyo Megalooop*. Furthermore, with the opening of the Hokuriku Shinkansen to Kanazawa, JR East will begin operating Shinkansen services such as *Kagayaki*, the fastest service, and *Hakutaka*, a service with stops at most stations between Tokyo and Kanazawa. The fastest travel time between Tokyo and Kanazawa will be 2 hours 28 minutes. JR East will also start operating the *Shirayuki* limited express service between Niigata Station and Joetsu Myoko and Arai stations to provide passengers with access to the Hokuriku Shinkansen Line. This will be done to foster greater inter-regional mobility through railway networks. Apart from this, JR East will also play a part in promoting Japan as a tourism-oriented nation. To this end, the Group will proceed with preparations for introducing the *TRAIN SUITE SHIKI-SHIMA* cruise train, while giving shape to a plan for a *Golden Route for Travel in East Japan* to capture 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*. Furthermore, the Group’s *NOMONO 1-2-3* project will be actively promoted to accelerate 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.

With respect to JR East’s regional and community revitalization measures, the Group will start developing towns centered on core regional train stations, in addition to promoting tourism and sextic industrialization. The Group will implement measures to transform northern Tohoku with a wealth of natural environment into a renewable energy base, including participation in the strategic management of a biomass energy generation company in Hachinohe city, Aomori prefecture in November 2014.

In *Suica* operations, preparations are underway to make *Suica* service available on the Fujikyuko Line as well as the BRT Kesenuma Line and the BRT Ofunato Line in March 2015 and to expand mutual usage to include the Sendai City Transportation Bureau’s *icsca* card in the spring of 2016. In addition, JR East will continue working to expand the number of participating stores and business establishments, in an effort to enhance convenience and increase the number of settlements using *Suica*.

In railcar manufacturing operations, JR East will fully leverage its April 2014 consolidation of Japan Transport Engineering Company with the Group’s Niitsu Rolling Stock Plant to enhance the competitiveness of this business.

With respect to the area surrounding Shinagawa Station and Tamachi Station, 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.

With regard to the consolidated performance outlook for the full fiscal year, based on a review of the revenue and other trends in all of its segments in the third quarter, JR East's operating revenue, operating income and ordinary income forecasts were revised upward, as compared to the consolidated performance outlook announced on April 30, 2014. By contrast, the net income forecast was revised downward in view of the effects of extraordinary losses associated with transfer of management of the section between Miyako and Kamaishi on the Yamada Line and others. The revised forecasts are as follows.

Operating revenues: ¥2,744.0 billion (0.1% above target, 1.5% year-on-year increase)

Operating income: ¥423.0 billion (3.9% above target, 4.0% year-on-year increase)

Ordinary income: ¥357.0 billion (4.7% above target, 7.4% year-on-year increase)

Net income: ¥200.0 billion (2.0% below target, 0.0% year-on-year increase)

## 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 third quarter ended December 31, 2014, in accordance with the transitional treatment as set forth in Article 37 of the Retirement Benefits Accounting Standard.

Consequently, in the third quarter ended December 31, 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 third quarter ended December 31, 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, 3rd Quarter (As of December 31, 2014)
<b>ASSETS</b>		
<b>Current Assets</b> .....	¥ 804,888	¥ 795,019
Cash and time deposits .....	87,248	126,749
Notes and accounts receivable-trade .....	401,129	380,761
Fares receivable .....	44,523	30,554
Short-term loans receivable .....	16,515	7,559
Securities .....	91,149	90,149
Real estate for sale .....	1,199	1,134
Inventories .....	67,392	76,495
Deferred income taxes .....	48,404	29,208
Other .....	49,494	54,539
Allowance for doubtful accounts .....	(2,169)	(2,132)
<b>Fixed Assets</b> .....	6,623,378	6,597,674
Property, plant and equipment, net of accumulated depreciation ..	6,025,838	5,937,668
Buildings and fixtures (net) .....	2,997,304	2,946,318
Machinery, rolling stock and vehicles (net) .....	705,942	709,383
Land .....	1,987,541	1,993,295
Construction in progress .....	279,626	235,309
Other (net) .....	55,424	53,361
Intangible assets .....	109,850	107,902
Investments and other assets .....	487,690	552,103
Investments in securities .....	199,096	233,520
Long-term loans receivable .....	3,493	3,156
Long-term deferred income taxes .....	222,415	251,638
Net defined benefit asset .....	382	364
Other .....	63,078	64,184
Allowance for doubtful accounts .....	(776)	(760)
<b>Deferred Assets</b> .....	37	5
<b>Total Assets</b> .....	¥7,428,303	¥7,392,699

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2014, (As of March 31, 2014)	Fiscal 2015, 3rd Quarter (As of December 31, 2014)
<b>LIABILITIES</b>		
<b>Current Liabilities</b> .....	¥1,325,964	¥1,135,947
Notes and accounts payable-trade .....	49,546	53,241
Short-term loans and current portion of long-term loans .....	125,233	131,501
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	232,324
Accrued consumption taxes .....	5,798	50,870
Accrued income taxes .....	57,548	34,544
Fare deposits received with regard to railway connecting services .....	28,663	16,770
Prepaid railway fares received .....	135,879	106,716
Allowance for bonuses to employees .....	71,809	35,048
Allowance for earthquake-damage losses .....	2,212	1,269
Other .....	252,686	299,395
<b>Long-Term Liabilities</b> .....	3,902,981	3,960,879
Bonds .....	1,644,793	1,649,838
Long-term loans .....	810,727	832,864
Long-term liabilities incurred for purchase of railway facilities .....	545,417	496,228
Long-term deferred tax liabilities .....	4,068	4,509
Allowance for earthquake-damage losses .....	3,037	3,037
Allowance for partial railway operation transfer costs .....	—	16,616
Net defined benefit liability .....	644,809	730,858
Other .....	250,128	226,925
<b>Total Liabilities</b> .....	¥5,228,946	¥5,096,826
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b> .....	¥2,150,471	¥2,223,286
Common stock .....	200,000	200,000
Capital surplus .....	96,790	96,833
Retained earnings .....	1,858,007	1,930,858
Treasury stock, at cost .....	(4,327)	(4,405)
<b>Accumulated Other Comprehensive Income</b> .....	30,161	53,510
Net unrealized holding gains (losses) on securities .....	36,856	58,047
Net deferred gains (losses) on derivatives under		
hedge accounting .....	1,650	3,462
Revaluation reserve for land .....	(503)	(503)
Remeasurements of defined benefit plans .....	(7,841)	(7,495)
<b>Minority Interests</b> .....	18,725	19,076
<b>Total Net Assets</b> .....	2,199,357	2,295,873
<b>Total Liabilities and Net Assets</b> .....	¥7,428,303	¥7,392,699

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, 3rd Quarter (Nine months ended December 31, 2013)	Fiscal 2015, 3rd Quarter (Nine months ended December 31, 2014)
<b>Operating Revenues</b> .....	¥2,031,681	¥2,065,523
<b>Operating Expenses</b> .....	1,655,219	1,679,094
Transportation, other services and cost of sales .....	1,293,108	1,301,944
Selling, general and administrative expenses .....	362,110	377,150
<b>Operating Income</b> .....	376,462	386,429
<b>Non-Operating Income</b> .....	9,025	10,820
Interest income .....	115	99
Dividend income .....	2,796	3,591
Equity in net income of affiliated companies .....	936	2,803
Other .....	5,177	4,326
<b>Non-Operating Expenses</b> .....	70,711	64,807
Interest expense .....	66,701	62,074
Other .....	4,009	2,733
<b>Ordinary Income</b> .....	314,776	332,442
<b>Extraordinary Gains</b> .....	26,629	46,438
Construction grants received .....	14,693	40,533
Other .....	11,936	5,905
<b>Extraordinary Losses</b> .....	24,638	75,716
Losses on reduction entry for construction grants .....	14,307	40,176
Provision for allowance for partial railway operation transfer costs .....	—	16,616
Other .....	10,330	18,923
<b>Income before Income Taxes</b> .....	316,768	303,164
<b>Income Taxes</b> .....	121,316	106,396
Current .....	100,336	91,015
Deferred .....	20,979	15,381
<b>Income before Minority Interests</b> .....	195,452	196,768
<b>Minority Interests in Net Income of Consolidated Subsidiaries</b> ..	929	894
<b>Net Income</b> .....	¥ 194,522	¥ 195,873

Note: Amounts less than one million yen are omitted.

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

	Millions of Yen	
	Fiscal 2014, 3rd Quarter (Nine months ended December 31, 2013)	Fiscal 2015, 3rd Quarter (Nine months ended December 31, 2014)
<b>Income before Minority Interests</b> .....	¥195,452	¥196,768
<b>Other Comprehensive Income</b> .....	26,453	23,356
Net unrealized holding gains (losses) on securities .....	25,246	19,676
Net deferred gains (losses) on derivatives under hedge accounting .....	376	1,083
Remeasurements of defined benefit plans .....	—	(1,011)
Share of other comprehensive income of associates accounted for using equity method .....	830	3,608
<b>Comprehensive Income</b> .....	¥221,905	¥220,124
<b>Comprehensive Income attributable to</b>		
Comprehensive income attributable to owners of the parent .....	¥220,973	¥219,223
Comprehensive income attributable to minority interests .....	¥ 932	¥ 901

Note: Amounts less than one million yen are omitted.

### (3) Notes to Quarterly Consolidated Financial Statements

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

None

#### (Segment Information (Unaudited))

Fiscal 2014, 3rd Quarter (Nine months ended December 31, 2013)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers .....	¥1,384,669	¥ 304,169	¥ 186,012	¥ 156,831	¥2,031,681	¥ —	¥2,031,681
Inside group .....	41,167	11,146	8,048	228,847	289,211	(289,211)	—
Total .....	1,425,836	315,315	194,061	385,678	2,320,892	(289,211)	2,031,681
Segment income .....	¥ 273,911	¥ 29,232	¥ 55,506	¥ 16,993	¥ 375,643	¥ 818	¥ 376,462

- 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 ¥818 million adjustment to segment income includes a ¥733 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and an ¥86 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.

Fiscal 2015, 3rd Quarter (Nine months ended December 31, 2014)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers .....	¥1,392,440	¥ 299,992	¥ 190,103	¥ 182,988	¥2,065,523	¥ —	¥2,065,523
Inside group .....	40,636	11,629	8,608	234,806	295,681	(295,681)	—
Total .....	1,433,076	311,621	198,712	417,794	2,361,204	(295,681)	2,065,523
Segment income .....	¥ 287,043	¥ 27,300	¥ 56,466	¥ 16,708	¥ 387,519	¥ (1,090)	¥ 386,429

- 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 ¥(1,090) million downward adjustment to segment income includes a ¥(1,251) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥124 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 the ¥11,361 million book value of that treasury stock through a reduction in capital surplus by ¥0 million and a reduction in retained earnings by ¥11,361 million.

## **(Additional Information (Unaudited))**

(Transfer of management of the section between Miyako and Kamaishi on the Yamada Line)

The section between Miyako and Kamaishi on the Yamada Line was severely damaged by the Great East Japan Earthquake. In response, JR East had made a proposal to local governments to integrate it with the North and South Rias Lines for operation by Sanriku Railway Company. This proposal was made to encourage greater railway usage through operations closely tied to the region and provide compact, highly sustainable regional transportation. On December 26, 2014, the local governments reported to JR East their acceptance of the proposal. JR East and the local governments reached a basic agreement to transfer management of the section between Miyako and Kamaishi from JR East to Sanriku Railway Company, based on the following: (1) JR East shall transfer the relevant railway facilities and sites between Miyako and Kamaishi free of charge to the local governments, after restoring them to their original state, among other activities, and (2) JR East shall make a payment toward transfer cooperation as a cost of supporting the sustainable management of the Miyako-Kamaishi section.

In accordance with the above, JR East has recorded under extraordinary losses the estimated cost of restoration to the original state and other activities aimed at the transfer of management as a "Provision for allowance for partial railway operation transfer costs" of ¥16,616 million. JR East has also recorded in "Other" under extraordinary losses its payment toward transfer cooperation of ¥3,000 million, and impairment losses on fixed assets related to the Miyako-Kamaishi section of ¥1,297 million. With respect to the cost of restoration to the original state and other activities, costs that are difficult to reasonably estimate at this time are not included in the allowance for partial railway operation transfer costs.

## (Additional Information Regarding Operating Results)

### Consolidated Principal Indicators

	Fiscal 2014, 3rd Quarter (Nine months ended December 31, 2013)	Fiscal 2014 (Year ended March 31, 2014)	Fiscal 2015, 3rd Quarter, (Nine months ended December 31, 2014)	Increase (Decrease)	Fiscal 2017 Targets
	(A)	(B)	(C)	(C)-(A)	
Ratio of operating income to average assets (ROA) (%)	5.2	5.6	<b>5.2</b>	0.0	5.4
Return on average equity (ROE) (%)	9.2	9.5	<b>8.8</b>	(0.4)	8.9
Capital expenditures (billions of yen)	279.6	525.7	<b>225.5</b>	(54.0)	—
Transportation	209.0	411.9	<b>168.9</b>	(40.0)	—
Non-transportation	70.6	113.7	<b>56.5</b>	(14.0)	—

### Consolidated Business Forecasts for Fiscal 2015

	Billions of Yen							
	Actual Fiscal 2014	Forecast Fiscal 2015 (Announced in April 2014)	Forecast Fiscal 2015	Change		Change		Fiscal 2017 Targets
				Increase (Decrease)	%	Increase (Decrease)	%	
(A)	(B)	(C)	(C)-(B)	(C)/(B)x100	(C)-(A)	(C)/(A)x100		
<b>Operating Revenues</b>	2,702.9	2,741.0	<b>2,744.0</b>	3.0	100.1	41.0	101.5	2,791.0
Transportation	1,827.4	1,841.0	<b>1,845.0</b>	4.0	100.2	17.5	101.0	1,873.0
Station Space Utilization	400.9	400.0	<b>398.0</b>	(2.0)	99.5	(2.9)	99.3	403.0
Shopping Centers & Office Buildings	251.0	254.0	<b>254.0</b>	—	100.0	2.9	101.2	281.0
Others	223.4	246.0	<b>247.0</b>	1.0	100.4	23.5	110.5	234.0
<b>Operating Income</b>	406.7	407.0	<b>423.0</b>	16.0	103.9	16.2	104.0	412.0
Transportation	267.3	272.0	<b>288.0</b>	16.0	105.9	20.6	107.7	272.0
Station Space Utilization	36.0	34.0	<b>34.0</b>	—	100.0	(2.0)	94.3	34.0
Shopping Centers & Office Buildings	72.0	73.0	<b>73.0</b>	—	100.0	0.9	101.3	78.0
Others	32.6	29.0	<b>29.0</b>	—	100.0	(3.6)	88.7	29.0
Elimination and/or corporate	(1.3)	(1.0)	<b>(1.0)</b>	—	100.0	0.3	74.2	(1.0)
<b>Ordinary Income</b>	332.5	341.0	<b>357.0</b>	16.0	104.7	24.4	107.4	—
<b>Net Income</b>	199.9	204.0	<b>200.0</b>	(4.0)	98.0	0.0	100.0	—

Reference: Earnings per share forecast for Fiscal 2015: ¥509.10

### Consolidated Capital Expenditure Plans for Fiscal 2015

	Billions of Yen			
	Actual Fiscal 2014	Plans for Fiscal 2015	Change	
			Increase (Decrease)	%
(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, 3rd Quarter (Nine months ended December 31, 2013) (A)	Fiscal 2015, 3rd Quarter (Nine months ended December 31, 2014) (B)	Change Increase (Decrease) (B)-(A)	(B)/(A)x100	Fiscal 2014, 3rd Quarter (Nine months ended December 31, 2013) (C)	Fiscal 2015, 3rd Quarter (Nine months ended December 31, 2014) (D)	Change Increase (Decrease) (D)-(C)	(D)/(C)x100
<b>Shinkansen Network</b>								
Commuter Passes .....	1,275	<b>1,253</b>	(21)	98.3	17.4	<b>17.6</b>	0.2	101.2
Other .....	14,450	<b>14,562</b>	111	100.8	367.4	<b>376.1</b>	8.7	102.4
Total .....	15,725	<b>15,815</b>	89	100.6	384.8	<b>393.8</b>	9.0	102.3
<b>Conventional Lines</b>								
<i>Kanto Area Network</i>								
Commuter Passes .....	52,211	<b>51,869</b>	(341)	99.3	337.1	<b>339.3</b>	2.1	100.6
Other .....	26,043	<b>26,326</b>	282	101.1	509.8	<b>514.3</b>	4.5	100.9
Total .....	78,254	<b>78,195</b>	(58)	99.9	847.0	<b>853.6</b>	6.6	100.8
<i>Other Network</i>								
Commuter Passes .....	2,452	<b>2,388</b>	(64)	97.4	14.4	<b>14.3</b>	(0.0)	99.7
Other .....	2,130	<b>2,141</b>	10	100.5	42.0	<b>41.6</b>	(0.4)	98.9
Total .....	4,583	<b>4,529</b>	(53)	98.8	56.5	<b>55.9</b>	(0.5)	99.1
<i>Total</i>								
Commuter Passes .....	54,663	<b>54,257</b>	(405)	99.3	351.5	<b>353.6</b>	2.0	100.6
Other .....	28,173	<b>28,467</b>	293	101.0	551.9	<b>555.9</b>	4.0	100.7
Total .....	82,837	<b>82,725</b>	(112)	99.9	903.5	<b>909.6</b>	6.1	100.7
<b>Total</b>								
Commuter Passes .....	55,938	<b>55,511</b>	(427)	99.2	369.0	<b>371.3</b>	2.3	100.6
Other .....	42,624	<b>43,029</b>	405	101.0	919.3	<b>932.1</b>	12.8	101.4
Total .....	98,563	<b>98,540</b>	(22)	100.0	1,288.3	<b>1,303.4</b>	15.1	101.2

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.