

# **FY2012.3 Second Quarter Financial Results Presentation**



**October 28, 2011  
East Japan Railway Company**

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# **I. FY2012.3 Second Quarter Financial Results (Non-consolidated)**

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# Passenger Revenues (1)

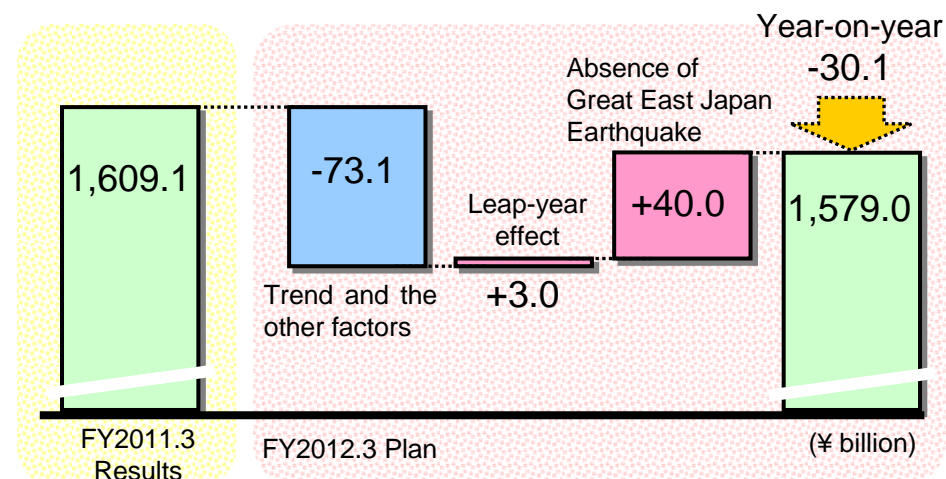
## July Plan

(%)	1st half			2nd half		FY 2012.3	[Risk of decrease of revenues] Toll-free expressway in the Tohoku region
	1Q	2Q	Total	[excluding extraordinary factors (*)]			
<b>Passenger Revenues</b>	88.1	96.9	92.6	104.0	[98.4]	98.1	
<b>Commuter Passes</b>	97.0	97.9	97.5	99.9	[99.6]	98.7	Recovery to roughly 100% in 4Q
<b>Non-commuter Passes</b>	84.1	96.4	90.6	105.9	[97.9]	97.9	
<b>Kanto Area Network</b>	89.6	97.6	93.6	106.8	[99.4]	99.9	Recovery of short-distance revenues to roughly 100% in 3Q
<b>Shinkansen Network</b>	77.1	97.1	87.8	105.4	[96.1]	96.2	- Recovery of Tohoku Shinkansen Line revenues to the latter half of 90% by March 31, 2012 - Recovery of Joetsu and Nagano Shinkansen Line revenues to roughly 100% in 3Q

(\*) Extraordinary factors: An estimated leap-year effect (+¥3.0 billion) and increase due to absence of Great East Japan Earthquake (+¥40.0 billion)

## Results

(%)	1st half		
	1Q	2Q	Total
<b>Passenger Revenues</b>	88.1	98.4	93.4
<b>Commuter Passes</b>	97.0	97.8	97.4
<b>Non-commuter Passes</b>	84.1	98.6	91.7
<b>Kanto Area Network</b>	89.6	96.0	92.8
<b>Shinkansen Network</b>	77.1	104.4	91.7



# Passenger Revenues (2)



## ■ Shinkansen Passenger Revenues by Line

(¥ billion)		1Q (Apr. - Jun.)			2Q (Jul. - Sep.)			First-half total		
			Change YoY	(%)		Change YoY	(%)		Change YoY	(%)
Tohoku Shinkansen	Commuter Passes	3.6	-0.2	93.8	3.7	-0.0	98.1	7.3	-0.3	95.9
	Non-commuter Passes	49.0	-20.2	70.8	84.2	+4.5	105.7	133.3	-15.6	89.5
	Total	52.7	-20.5	72.0	87.9	+4.5	105.4	140.6	-16.0	89.8
Joetsu Shinkansen	Commuter Passes	1.5	-0.1	93.7	1.6	-0.0	99.2	3.2	-0.1	96.4
	Non-commuter Passes	22.7	-2.0	91.9	29.4	+0.3	101.2	52.1	-1.6	96.9
	Total	24.3	-2.1	92.0	31.0	+0.3	101.1	55.4	-1.7	96.9
Nagano Shinkansen	Commuter Passes	0.2	-0.0	95.7	0.3	-0.0	99.4	0.5	-0.0	97.6
	Non-commuter Passes	4.2	-0.3	91.4	5.7	+0.0	101.6	10.0	-0.3	97.1
	Total	4.5	-0.4	91.7	6.0	+0.0	101.5	10.5	-0.3	97.1
Shinkansen Total	Commuter Passes	5.4	-0.3	93.9	5.6	-0.0	98.5	11.1	-0.4	96.2
	Non-commuter Passes	76.1	-22.6	77.1	119.4	+5.0	104.4	195.5	-17.6	91.7
	Total	81.5	-23.0	78.0	125.0	+4.9	104.1	206.6	-18.0	92.0

# Operating Expenses (non-consolidated)



(¥ billion)	2010.9 Results	2011.9 Results	2011.9/2010.9		Main causes for change in first-half results	FY2012.3 Plan [Change YoY]
			Increase/ decrease	(%)		
<b>Operating expenses</b>	741.0	716.4	-24.5	96.7		1,536.0 [-13.2]
<b>Personnel expenses</b>	238.8	232.9	-5.9	97.5	- Decrease in the number of employees and the bonus, etc.: -5.3 - Decrease in projected benefit obligations: -0.9 - Increase in contract employees and introduction of new employment system: +0.3	464.0 [-15.5]
<b>Non-personnel expenses</b>	281.2	261.0	-20.2	92.8		606.0 [-15.1]
Energy	31.2	25.0	-6.1	80.3	- Rise in the price of fuel - Reduced power consumption volume - Resumption of hydroelectric power generation	61.0 [-0.0]
Maintenance	91.7	84.9	-6.8	92.6	- General maintenance expenses: -5.1 - Railcar maintenance expenses: -1.6	207.0 [-7.3]
Other	158.3	151.0	-7.2	95.4	- Information processing expenses: -3.6 - Water and utility expenses: -2.1 - Publicity and advertising expenses: -0.8 - Increase in alternative (temporary) bus service instead of the train suspended: +1.2	338.0 [-7.7]
<b>Usage fees to JR TT, etc.</b>	37.6	41.1	+3.4	109.1	- Extension of Tohoku Shinkansen Line from Hachinohe to Shin-Aomori	84.0 [+5.4]
<b>Taxes</b>	44.4	43.3	-1.0	97.5		84.0 [+2.8]
<b>Depreciation</b>	138.7	138.0	-0.7	99.5		298.0 [+9.1]

# FY2012.3 Second Quarter Financial Results (non-consolidated)



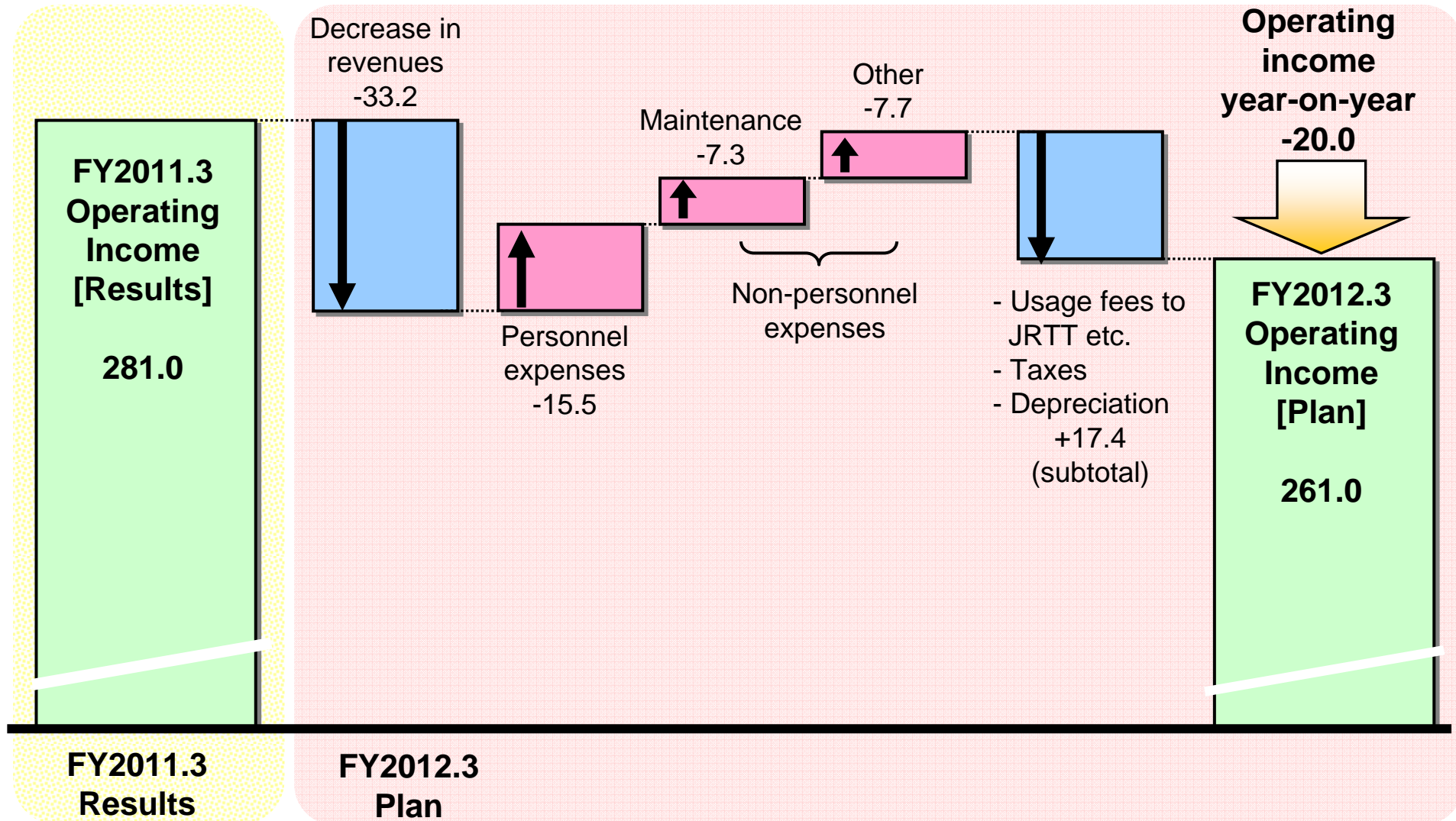
(¥ billion)	2010.9	2011.9 [Plan]		2011.9/2010.9		Notes	FY2012.3 Plan
				Increase/ decrease	(%)		
<b>Operating revenues</b>	943.4	884.1	[876.0]	-59.3	93.7		1,797.0
<b>Passenger revenues</b>	833.4	778.3		-55.0	93.4	Commuter passes: -6.4 Non-commuter passes: -48.6	1,579.0
<b>Others</b>	109.9	105.7		-4.2	96.1	Travel agency revenues: -1.1 Advertising revenues: -0.9	218.0
<b>Operating expenses</b>	741.0	716.4		-24.5	96.7		1,536.0
<b>Personnel expenses</b>	238.8	232.9		-5.9	97.5		464.0
<b>Non-personnel expenses</b>	281.2	261.0		-20.2	92.8		606.0
<b>Energy</b>	31.2	25.0		-6.1	80.3		61.0
<b>Maintenance</b>	91.7	84.9		-6.8	92.6		207.0
<b>Other</b>	158.3	151.0		-7.2	95.4		338.0
<b>Usage fees to JR TT, etc.</b>	37.6	41.1		+3.4	109.1		84.0
<b>Taxes</b>	44.4	43.3		-1.0	97.5		84.0
<b>Depreciation</b>	138.7	138.0		-0.7	99.5		298.0
<b>Operating income</b>	202.4	167.6	[152.0]	-34.7	82.8		261.0
<b>Ordinary income</b>	158.0	121.1	[106.0]	-36.9	76.6		172.0
<b>Net income</b>	90.6	58.0	[50.0]	-32.6	64.0		88.0

# Operating Income (non-consolidated) Forecast



## ■ Analysis of the Main Positive and Negative Factors

(¥ billion)





## **II. FY2012.3 Second Quarter Financial Results (Consolidated)**

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# Transportation - Results and Plan

(¥ billion)	2010.9	2011.9	2011.9/2010.9	FY2012.3 Plan	2012.3/2011.3
<b>Operating revenues</b>	888.6	829.9	-58.7 93.4%	1,686.0	-35.9 97.9%
<b>Operating income</b>	173.6	139.4	-34.2 80.3%	204.0	-23.1 89.8%

## Operating Revenues

- Main positive and negative factors in FY2012.3 first-half

JR East	-57.8	Great East Japan Earthquake
JR Bus Tohoku	-0.5	Great East Japan Earthquake

Decrease in revenues due to Great East Japan Earthquake:  
Around ¥62.0 billion



### [Tohoku Shinkansen]

- Service resumed on the pre-earthquake time schedule on September 23, 2011.
- The Hayabusa super express resumes service at a maximum 300km/hour.
- Fastest service from Tokyo to Shin-Aomori:  
3 hours 10 minutes

## FY2012.3 Topics

- Extension of Tohoku Shinkansen Line to Shin-Aomori (Dec. 4, 2010)
- Introduction of additional E5 series Shinkansen railcars

### [Notes]

Operating revenues: operating revenues from outside customers

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

# Station Space Utilization - Results and Plan

(¥ billion)	2010.9	2011.9	2011.9/2010.9	FY2012.3 Plan	2012.3/2011.3
<b>Operating revenues</b>	201.8	192.8	-8.9 95.6%	393.0	+7.1 101.8%
<b>Operating income</b>	18.8	16.2	-2.6 86.1%	33.0	+1.6 105.2%

## Operating Revenues

- Main positive and negative factors in FY2012.3 first-half

## FY2012.3 Topics

Nippon Restaurant Enterprise (NRE)	-3.3	Great East Japan Earthquake, store closures
JR East Food Business	-2.5	Store closures
JR East Retail Net (J-Retail)	-1.5	Great East Japan Earthquake, new openings
JR East Station Retailing	-1.1	Great East Japan Earthquake
Tetsudo Kaikan	+1.2	Opening of <i>GranSta Dining</i> in FY2011.3

- New openings:  
*GranSta Dining, NorthCourt* in Tokyo Station (Dec. 4, 2010)  
*Keiyo Street*, in Tokyo Station (Mar. 20, 2011)  
*ecute Ueno* (Mar. 31, 2011)  
*ecute Shinagawa South* (May 16, 2011)  
*ecute Akabane* (Sep. 23, 2011)

Decrease in revenues due to Great East Japan Earthquake: Around ¥6.0 billion

[Reference] Monthly trends of existing stores (comparison with same month of previous year)

(%)	Apr.	May	Jun.	Jul.	Aug.	Sep.	First-half total
JR East Retail Net	82.2	94.6	100.2	98.5	99.1	96.1	95.2
NRE *	71.9	89.9	97.0	99.3	97.1	100.9	93.0

\* For NRE, hotel operations revenues not included

[Notes] Operating revenues: operating revenues from outside customers

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

# Shopping Centers & Office Buildings - Results and Plan



(¥ billion)	2010.9	2011.9	2011.9/2010.9	FY2012.3 Plan	2012.3/2011.3
<b>Operating revenues</b>	110.5	110.9	+0.4 100.4%	226.0	+2.7 101.2%
<b>Operating income</b>	32.7	34.3	+1.6 104.9%	61.0	-3.2 95.0%

Operating Revenues - Main positive and negative factors in FY2012.3 first-half			FY2012.3 Topics
LUMINE	+1.3	Renewal of <i>LUMINE Ikebukuro</i>	- Openings in FY2011.3: <i>atré Kichijoji</i> , <i>CELEO Hachioji</i> , <i>atré Akihabara 1</i> , <i>E'site Takasaki</i> - <i>excel MiNAMi</i> (Mito) (Jun. 23, 2011) - <i>LUMINE Yurakucho</i> (Oct. 28, 2011) - Station building closures for reconstruction Chiba Station Building (Jan. 31, 2011) Yokohama Station Building (Mar. 27, 2011)
<i>atré</i>	+0.8	Renewal of <i>atré Kichijoji</i> in FY2011.3	
Takasaki Terminal Building	+0.6	Opening of <i>E'site Takasaki</i>	
Yokohama Station Building	-1.9	Closure for reconstruction	
Chiba Station Building	-0.4	Closure for reconstruction	

[Reference] Monthly trends of existing stores (comparison with same month of previous year)

(%)	Apr.	May	Jun.	Jul.	Aug.	Sep.	First-half total
LUMINE	105.1	100.3	118.6	93.7	101.5	102.8	103.1
<i>atré</i>	109.2	108.9	114.2	108.8	108.7	102.4	109.0

[Notes] Operating revenues: operating revenues from outside customers

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

## Others - Results and Plan

(¥ billion)	2010.9	2011.9	2011.9/2010.9	FY2012.3 Plan	2012.3/2011.3
<b>Operating revenues</b>	92.8	89.8	-2.9 96.8%	194.0	-12.2 94.1%
<b>Operating income</b>	8.0	6.2	-1.7 77.9%	10.0	-13.0 43.3%

### Operating Revenues - Main positive and negative factors in FY2012.3 first-half

JR East Mechatronics	-1.8	Year-on-year decrease in IC card-related sales
Nippon Hotel	-1.5	Great East Japan Earthquake
East Japan Marketing & Communications	-1.2	Great East Japan Earthquake
Sendai Terminal Building	-0.5	Great East Japan Earthquake
JR East Japan Information Systems	+1.3	IC card-related sales
Union Construction	+1.0	Hokuriku Shinkansen Line construction

Decrease in revenues due to Great East Japan Earthquake:  
Around ¥4.0 billion

### FY2012.3 Topics

- Opening of *HOTEL METS Yokohama Tsurumi* (Oct. 22, 2010)
- Decrease in revenues due to absence of special sales in FY2011.3

### Hotel operating results FY2012.3 first-half (YoY, %)

Operating revenue: ¥18.7 billion (88.8%)  
(including revenues inside group)  
Operating income: ¥0.3 billion (31.6%)

[Notes]

Operating revenues: operating revenues from outside customers

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

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



(¥ billion)	2010.9	2011.9	Increase/ decrease
<b>Operating income</b>	234.3	197.4	-36.8
<b>Non-operating income</b>	6.9	5.8	-1.0
Interest income	0.0	0.0	+0.0
Dividend income	2.1	1.7	-0.4
Equity in net income of affiliated companies	-	0.4	+0.4
Other	4.6	3.5	-1.1
<b>Non-operating expenses</b>	57.1	55.2	-1.9
Interest expense	53.6	51.1	-2.4
Equity in net losses of affiliated companies	1.2	-	-1.2
Other	2.3	4.1	+1.7
<b>Ordinary income</b>	184.0	148.0	-36.0
<b>Extraordinary gains</b>	15.4	17.3	+1.9
Construction grants received	10.6	16.7	+6.1
Other	4.8	0.6	-4.1
<b>Extraordinary losses</b>	32.4	43.5	+11.0
Losses on reduction entry for construction grants	10.4	16.6	+6.2
Provision for allowance for earthquake-damage losses	-	12.2	+12.2
Other	22.0	14.5	-7.4
<b>Income before income taxes</b>	167.0	121.9	-45.0

Equity in net income or losses of affiliated companies

Company name	2010.9	2011.9	YoY
JTB	-0.0	0.4	+0.5
CSP	0.0	0.0	-0.0
UQ	-1.2	-	+1.2

Interest expense: 35.4 (-3.0)

Bond interest: 15.7 (+0.5)

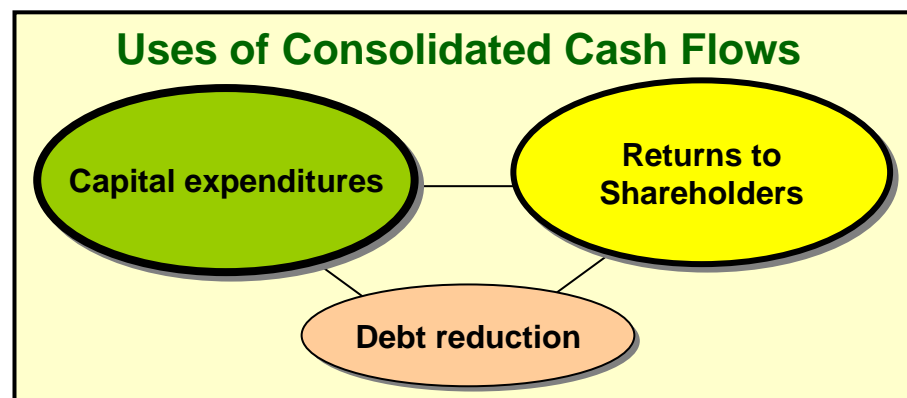
# FY2012.3 Second Quarter Financial Results (consolidated)



(¥ billion)	2010.9	2011.9 [Plan]		2011.9/2010.9		FY2012.3 Plan
				Increase/ decrease	(%)	
<b>Operating revenues</b>	1,293.8	1,223.6	[1,209.0]	-70.2	94.6	2,499.0
Transportation	888.6	829.9		-58.7	93.4	1,686.0
Station Space Utilization	201.8	192.8		-8.9	95.6	393.0
Shopping Centers & Office Buildings	110.5	110.9		+0.4	100.4	226.0
Others	92.8	89.8		-2.9	96.8	194.0
<b>Operating income</b>	234.3	197.4	[171.0]	-36.8	84.3	307.0
Transportation	173.6	139.4		-34.2	80.3	204.0
Station Space Utilization	18.8	16.2		-2.6	86.1	33.0
Shopping Centers & Office Buildings	32.7	34.3		+1.6	104.9	61.0
Others	8.0	6.2		-1.7	77.9	10.0
Adjustment	1.0	1.1		+0.1	112.5	-1.0
<b>Ordinary income</b>	184.0	148.0	[121.0]	-36.0	80.4	214.0
<b>Net income</b>	97.1	71.3	[52.0]	-25.7	73.5	105.0

# Uses of Consolidated Cash Flows

## ■ Basic Approach



## ■ Approaches in FY2012.3

Use	Approaches	FY2011.3 Results	FY2012.3 Plan
Capital expenditures [Growth investment]	Proceed with necessary investments Respond in light of cash flows	¥425.8 billion [¥133.3 billion]	¥366.0 billion [¥138.0 billion]
Returns to shareholders (Cash dividends, share buybacks etc.)	Maintain FY2012.3 cash dividends at the same level as FY2011.3 (Targeting consolidated dividend payout ratio of 30% as a mid-term target)	Dividends per share: ¥110  (Consolidated dividend payout ratio: 57.1%)	Dividends per share: ¥110  (Consolidated dividend payout ratio: 41.4%)
	Share buybacks: closely monitor the circumstances	--	--
Debt reduction	Aim not to increase total long-term debt Respond in light of cash flows	¥26.5 billion	(not decided)



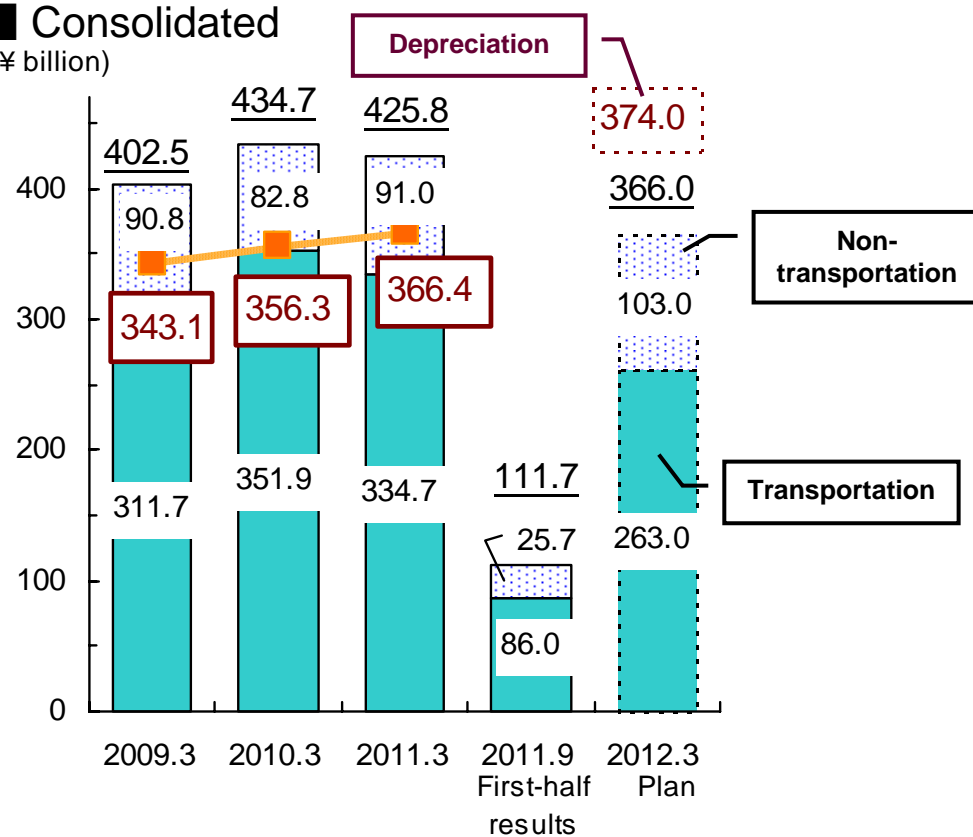
# Summary of Cash Flows (consolidated)



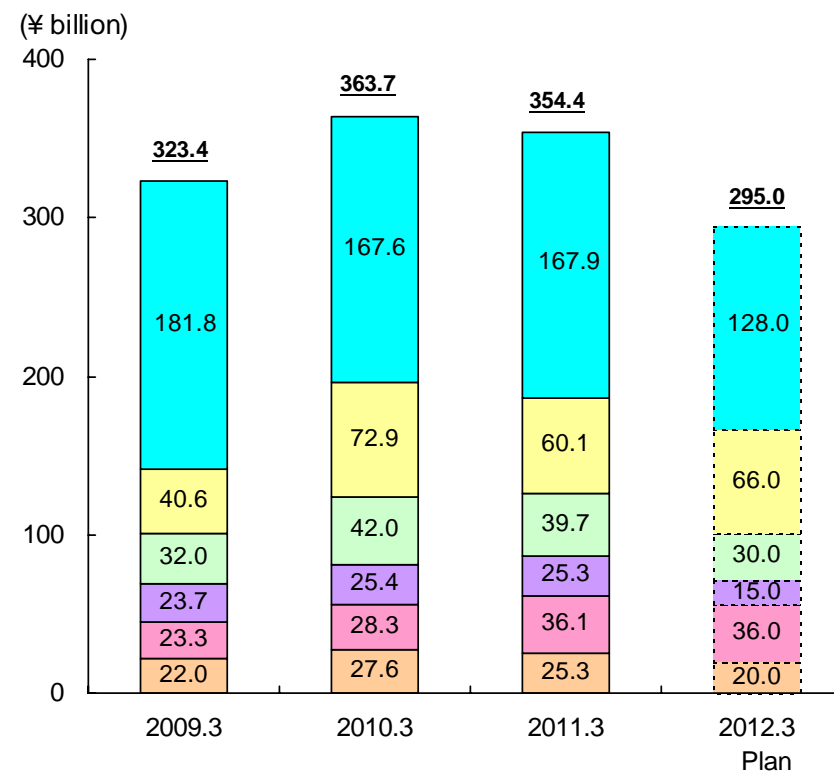
(¥ billion)	2010.9	2011.9	Increase/ decrease
			Decrease in income before income taxes: -45.0 Payments of earthquake-damage losses: -19.3
<b>Cash Flows from Operating Activities (I)</b>	250.1	230.8	-19.3
			Decrease of payments for purchases of fixed assets: +34.9
<b>Cash Flows from Investing Activities (II)</b>	-222.0	-192.5	29.4
<b><i>Free Cash Flows (I) + (II)</i></b>	28.1	38.2	10.1
			Net change in commercial paper: -61.0
<b>Cash Flows from Financing Activities (III)</b>	-51.7	-70.1	-18.4
<b>Net Change in Cash and Cash Equivalents (I) + (II) + (III)</b>	-23.5	-31.8	-8.3
<b>Cash and Cash Equivalents at Beginning of the Period</b>	83.7	131.9	48.1
<b>Increase in Cash and Cash Equivalents due to Merger with Unconsolidated Subsidiaries</b>	-	0.0	0.0
<b>Cash and Cash Equivalents at End of the Period</b>	60.1	100.1	39.9

# Capital Expenditures

## Consolidated (¥ billion)



## Non-consolidated (¥ billion)

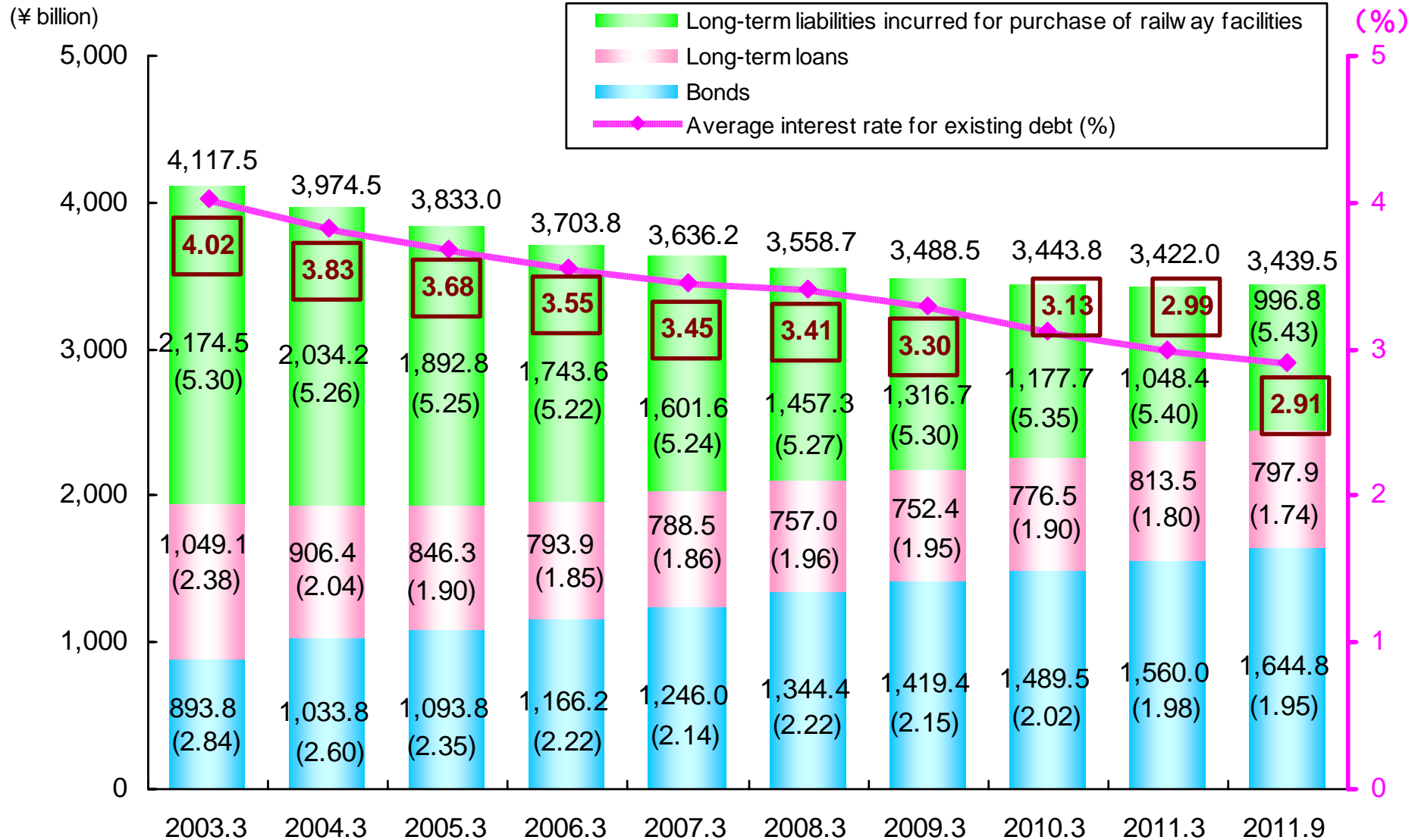


(¥ billion)	FY2011.3 Results		
	Transportation	Non-transportation	Total
Growth investment	47.9	85.4	133.3
Investment needed for the continuous operation of business	286.9	5.6	292.5
<b>Total</b>	<b>334.7</b>	<b>91.0</b>	<b>425.8</b>

FY2012.3 Plan		
Transportation	Non-transportation	Total
43.0	95.0	138.0
220.0	8.0	228.0
<b>263.0</b>	<b>103.0</b>	<b>366.0</b>

- Safety practice, transportation stability
- Transportation improvement, measures to ensure steady income
- Systems changes
- Station improvement
- Life-style business
- Others

# Total Long-term Debt (consolidated)



\* ( ): Average interest rate for existing debt (%)

## **III. Progress in Restoration Following Great East Japan Earthquake**

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# Trends following Great East Japan Earthquake



## Revenue Trends

(YoY, %)	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	First-half
Commuter passes	93.4	97.8	102.1	97.1	97.4	99.7	93.0	97.6
Shinkansen	79.7	85.6	109.4	86.2	97.5	110.2	88.6	95.1
Conventional Lines	94.0	98.3	101.7	97.8	97.4	99.1	93.2	97.7
Non-commuter passes	64.1	74.0	91.1	97.0	97.6	99.9	101.0	93.5
Short Distance	73.5	89.3	93.8	98.6	97.9	97.4	99.1	96.0
Mid to Long Distance	57.9	64.4	89.1	96.0	97.5	101.5	102.2	91.9
<b>Total</b>	<b>72.4</b>	<b>82.6</b>	<b>94.0</b>	<b>97.0</b>	<b>97.6</b>	<b>99.9</b>	<b>98.5</b>	<b>94.7</b>

\* Figures are based on revenue before settlement (preliminary) and are different from East Japan Railway Company's passenger revenues.

## Non-transportation Business (Revenues)

(YoY, %)	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	First-half
Retails & Restaurants	79.4	84.3	96.1	101.5	100.8	100.5	102.3	97.8
Shopping Centers	75.6	98.3	99.0	107.2	99.6	100.7	99.9	100.7
Hotels	59.1	65.7	80.9	91.4	95.4	97.0	101.8	88.5

# Impact of Great East Japan Earthquake

## ■ Consolidated

(¥ billion)	FY2011.3	First-half FY2012.3	Total
<b>Operating revenues</b>	-59.0	-72.0	-131.0
Transportation	-43.0	-62.0	-105.0
Station Space Utilization	-8.0	-6.0	-14.0
Shopping Centers & Office Buildings	-3.0	minimal	-3.0
Others	-5.0	-4.0	-9.0
<b>Extraordinary losses (*)</b>	58.7	12.4	71.1

## ■ Non-consolidated

(¥ billion)	FY2011.3	First-half FY2012.3	Total
<b>Operating revenues</b>	-44.0	-62.0	-106.0
Passenger revenues	-42.0	-60.0	-102.0
<b>Extraordinary losses (*)</b>	55.5	12.2	67.8

(\*) Extraordinary losses include earthquake-damage losses and provision for allowance for earthquake-damage losses.

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




## ■ Current number of suspended railway segments:

7 segments, 320.2 km


>>> Alternative bus services in substitution of the suspended segments 


(Allowance for earthquake-damage losses were provisioned in first half of FY2012.3 for the underlined railway segments.)







Hachinohe Line: Hashikami - Taneichi (6.7 km) 【Operation resumed (Aug. 8)】  
Taneichi - Kuji (30.7 km)  【Operation will be resumed at the beginning of FY2013.3】



Yamada Line: Kamaishi - Miyako (55.4 km) 

Ofunato Line: Kesennuma - Sakari (43.7 km) 

Kesennuma Line: Yanaizu - Kesennuma (55.3 km) 

Ishinomaki Line: Ishinomaki - Watanoha (8.0 km)  【Operation will be resumed by the end of FY2012.3】  
Watanoha - Onagawa (9.0 km) 

Senseki Line: Takagimachi - Rikuzen-ono (11.7 km)   
Rikuzen-ono - Yamoto (4.2 km)  【Operation will be resumed by the end of FY2012.3】  
Yamoto - Ishinomaki (8.8 km) 【Operation resumed (Jul. 16)】

Joban Line: Yotsukura - Hirono (13.2 km)  
【Operation resumed (Yotsukura - Hisanohama: May 14, Hisanohama - Hirono: Oct. 10)】  
Hirono - Haranomachi (54.5km)  
(No-entry zone due to the accident at Fukushima Daiichi Nuclear Power Station)  
Haranomachi - Soma (20.1 km)  【Operation will be resumed by the end of 2011】  
Soma - Watari (27.6 km) 

(\*As of October 28, 2011)

## **IV. Excerpts from Recent Press Releases**

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# Development of Railcar Manufacturing Business

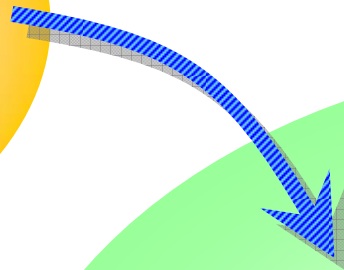


## Tokyu Car Corporation

### Railcar Manufacturing Operations

Development and design capability

Manufacturing capability



## JR East Group

### Strategic Aims

Endeavor to develop railcar manufacturing operations as the fourth business pillar

Generate the synergistic effect with the *Niitsu Rolling Stock Plant*

Develop the business aimed at the domestic market

*Combine with the JR East Group's expertise and efficiencies in railcar inspection system, to supply high-quality railcars at a low cost*

Strive to develop the business for markets overseas

# Overview of the Business and the New Company

## Overview of Tokyu Car Corporation

- Establishment: August 1948
- Main business: Manufacture and sale of railcars etc.
- Capital: ¥14,047 million

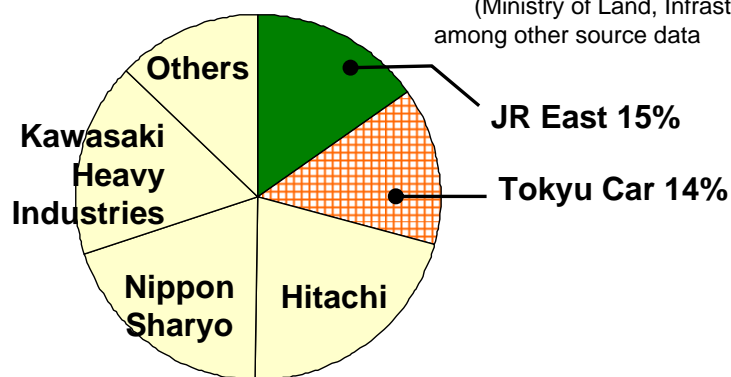
## Main manufacturing bases

- Yokohama Plant (Railcars)
- Wakayama Plant (turnouts and other railway equipment)

## Rolling stock output

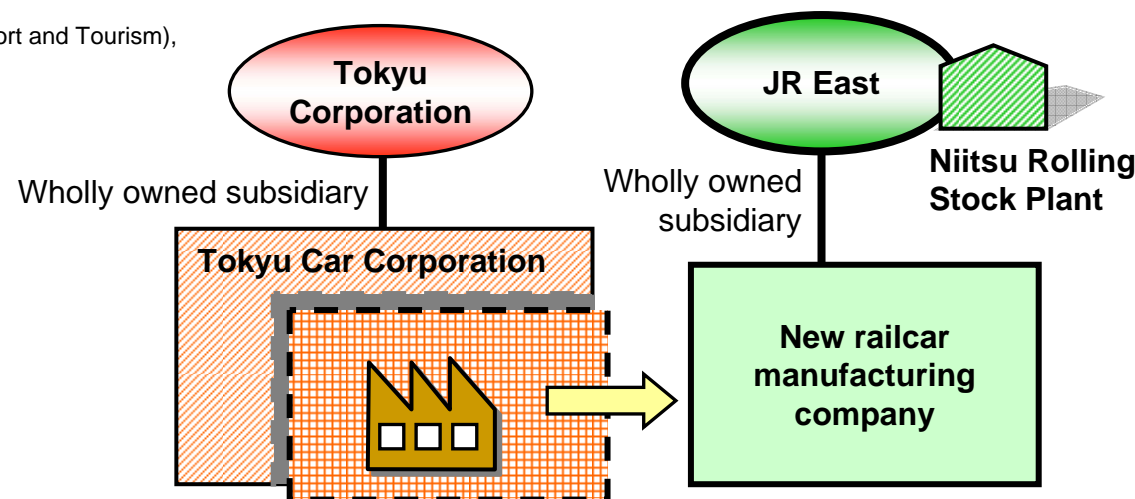
(in the domestic passenger railcar market in FY2011.3)

Source: Annual Statistical Report on Manufacturing Trends in Railcars and Other Railway Equipment (Ministry of Land, Infrastructure, Transport and Tourism), among other source data



## Scheduled date of acquisition

April 2, 2012 (provisional)



## Railcars Tokyu Car Manufactured

<b>For JR East</b>	E231 series (Shonan-Shinjuku Line, etc.) Conventional express railcars (E257 series, E751 series) Shinkansen (200 series, 400 series, E2 series, E3 series)
<b>For others</b>	Tokyu Corporation, Odakyu Electric Railway, Keio Corporation, Sagami Railway and Irish Rail, among others

## The New Company's Projected Sales

(Externally, consolidated)  
Around ¥15 billion a year

# Financial Results and Position for the Past 3 Fiscal Years



## Financial Statements of Tokyu Car Corporation

[Note] A business in specially equipped automobiles was spun-off on April 1, 2010.

(¥ billion)	FY2009.3	FY2010.3	FY2011.3
<b>Operating Revenues</b>	57.1	60.2	35.5
<b>Operating income</b>	0.1	0.1	0.5
<b>Ordinary income</b>	-0.6	-0.6	0.3
<b>Net income</b>	-1.9	-3.4	-6.8
<b>Assets</b>	66.0	58.8	40.4
Current assets	37.5	31.5	21.1
Fixed assets	28.4	27.2	19.2
<b>Liabilities</b>	40.8	37.5	26.3
Current liabilities	34.2	31.1	22.6
Long-term liability	6.6	6.4	3.6
<b>Net assets</b>	25.1	21.2	14.0

[Reference] Sales composition of the railcar manufacturing operation in FY2011.3 was 82%.

# [Topics] International Railway Consulting Company

## The background

- Many railway projects are being examined and taking shape around world
- Comprehensive consulting services addressing entire railway systems, including operation and maintenance, have risen in importance, as a result

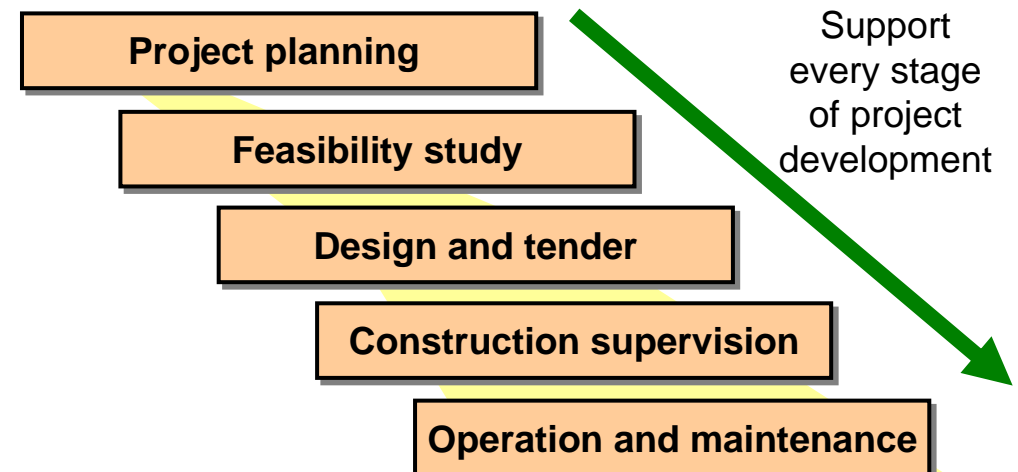
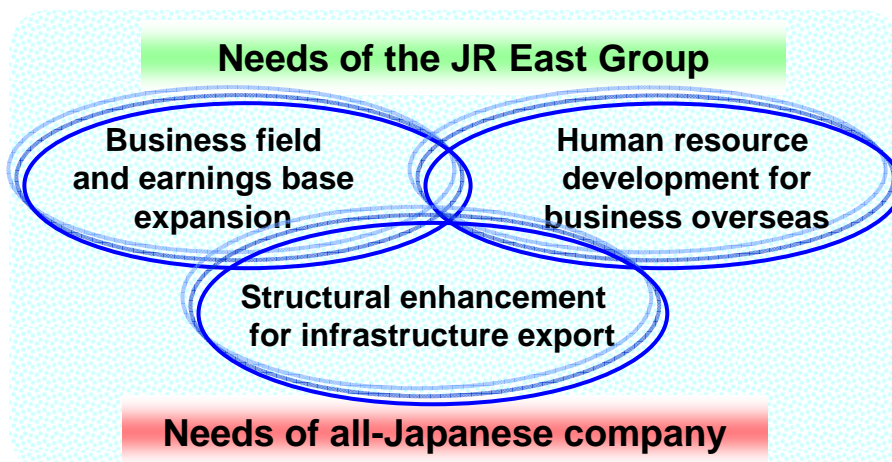
**Railway operators have spearheaded an effort to structure and establish a new consulting company as an all-Japan company, with a solid foundation in human and financial resources**

## ■ Company overview

- Company name: Japan International Consultants for Transportation Co., Ltd. (“JIC”)
- Establishment date: November 1, 2011 (provisional)

Preparatory work will continue with full-scale operations expected to begin in spring 2012.

- Capital: ¥480 million (JR East 54%, JR West 21% and Tokyo Metro 21%, with minority participation by JR Kyushu, JR Freight, Tokyu Corporation and Keihan Electric Railway)



## **V. Reference Material (Data)**

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# FY2012.3 Traffic Volume and Passenger Revenues - Plan



		Traffic Volume (million passenger kilometers)				Passenger Revenues (¥ billion)				
		2011.3	2012.3 Plan	Increase / decrease	(%)	2011.3	2012.3 Plan	Increase / decrease	(%)	
Shinkansen	Commuter Passes	1,659	1,619	-40	97.6	22.7	22.1	-0.6	97.2	
	Non-commuter Passes	15,991	15,840	-150	99.1	408.8	393.5	-15.3	96.2	
	Total	17,650	17,459	-190	98.9	431.5	415.6	-15.9	96.3	
Conventional Lines	Kanto Area Network	Commuter Passes	68,782	68,221	-561	99.2	448.8	444.0	-4.8	98.9
		Non-commuter Passes	32,850	32,832	-17	99.9	652.1	651.7	-0.4	99.9
		Total	101,633	101,054	-578	99.4	1,100.9	1,095.7	-5.2	99.5
	Other Network	Commuter Passes	3,295	3,140	-154	95.3	19.5	18.6	-0.9	95.1
		Non-commuter Passes	2,954	2,560	-394	86.7	57.0	49.1	-7.9	86.0
		Total	6,249	5,700	-548	91.2	76.6	67.7	-8.9	88.3
	Total	Commuter Passes	72,078	71,362	-715	99.0	468.3	462.6	-5.7	98.8
		Non-commuter Passes	35,804	35,393	-411	98.9	709.1	700.8	-8.3	98.8
		Total	107,882	106,755	-1,127	99.0	1,177.5	1,163.4	-14.1	98.8
Total	Commuter Passes	73,737	72,982	-755	99.0	491.1	484.7	-6.4	98.7	
	Non-commuter Passes	51,795	51,233	-562	98.9	1,118.0	1,094.3	-23.7	97.9	
	Total	125,533	124,215	-1,318	99.0	1,609.1	1,579.0	-30.1	98.1	

Cards issued: Around 37.16 million (as of September 30, 2011)

(Electronic money-compatible *Suica* cards issued: Around 34.82 million)

[Reference] Valid *View Suica* card members (including tie-ups): Around 3.34 million  
Registered *Mobile Suica* members: Around 2.61 million

## 【Data】

### > Number of compatible locations (railway):

JR East (*Suica* area) : 810 stations

(including Tokyo Monorail, Tokyo Waterfront Area Rapid Transit, etc.)

JR West (*ICOCA* area): 428 stations, JR Central (*TOICA* area): 148 stations,

JR Hokkaido (*Kitaca* area): 55 stations, JR Kyushu (*SUGOCA* area): 148 stations,

*PASMO* card area: 1,291 stations

Nishi-Nippon Railroad (*nimoca* area)

and Fukuoka City Transportation Bureau (*HAYAKAKEN* area): 107 stations

### > Number of compatible buses:

*PASMO* card area: Around 14,500 buses

Nishi-Nippon Railroad (*nimoca* area): Around 3,500 buses

(As of Sep. 30, 2011)

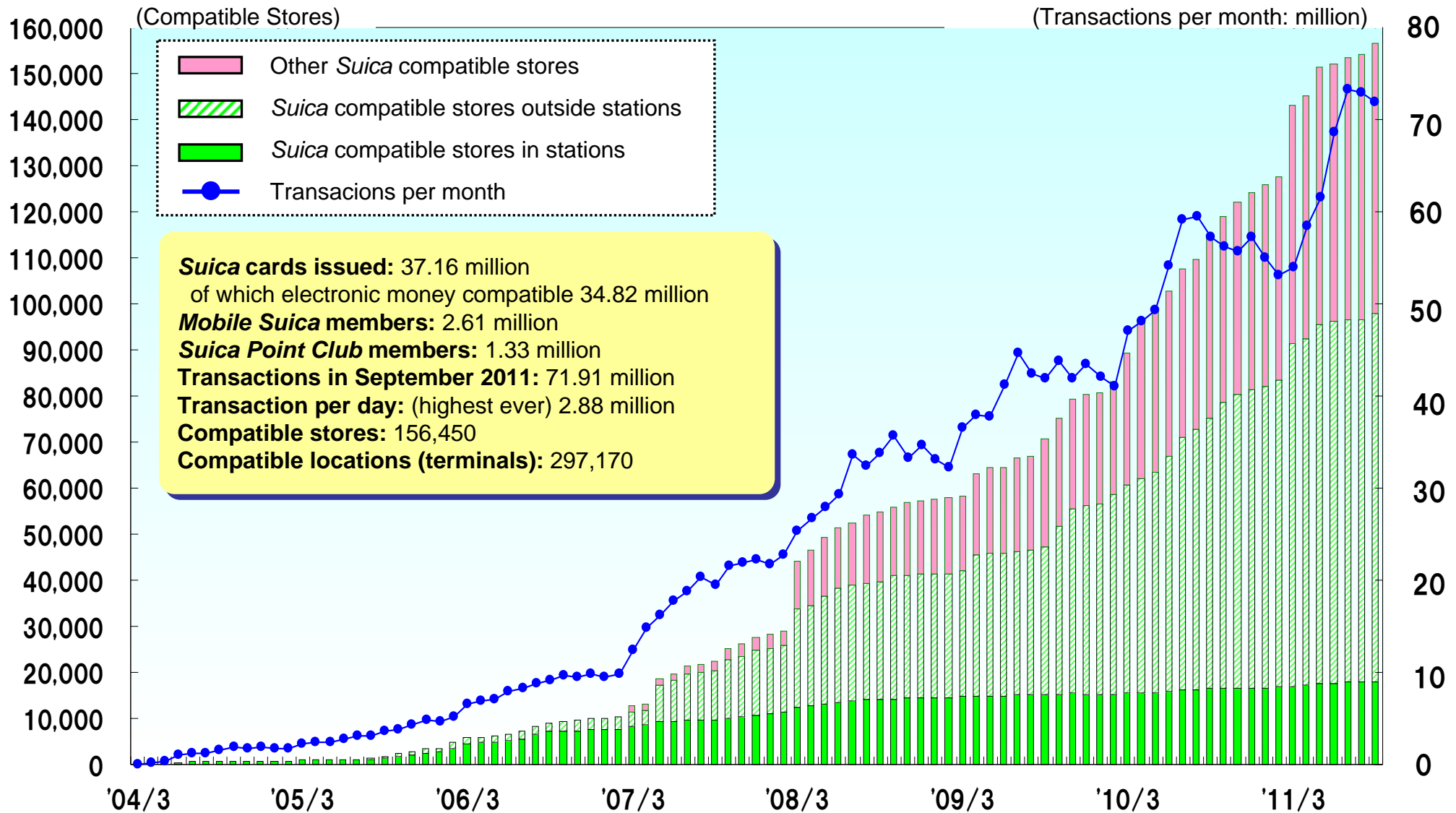


*Mobile Suica*

### > Major tie-up partners of credit card issuers:

Japan Airlines, BIC CAMERA, Mizuho Bank, The Bank of Tokyo-Mitsubishi UFJ, AEON, Yahoo Japan Corporation, Toyota Finance Corporation, All Nippon Airways, Sumitomo Mitsui Banking Corporation, The Bank of Yokohama

# Suica Electronic Money - Transactions and Compatible Stores



\* Figures are as of Sep. 30, 2011.

\* Figures include results of other affiliated stores.



# Development of **ecute**



	Omiya	Shinagawa	Tachikawa	Nippori	Tokyo	Ueno	Shinagawa South	Akabane
Beginning of operations	Mar. 2005	Oct. 2005	Oct. 2007 (phase I) Oct. 2008 (phase II)	Mar. 2008 Jun. 2009 (floor space increase)	Mar. 2010	Dec. 2010 (phase I) Mar. 2011 (phase II)	Dec. 2010 (phase I) Feb. 2011 (phase II) Apr. 2011 (phase III) May 2011 (phase IV)	Mar. 2011 (phase I) Jul. 2011 (phase II) Aug. 2011 (phase III) Sep. 2011 (phase IV)
Store space	around 2,300 m <sup>2</sup>	around 1,600 m <sup>2</sup>	around 4,300 m <sup>2</sup>	around 380 m <sup>2</sup>	around 1,300 m <sup>2</sup>	around 4,800 m <sup>2</sup>	around 1,800 m <sup>2</sup>	around 2,100 m <sup>2</sup>
Number of shops	76	47	82	16	31	82	39	55
FY2012.3 2Q Results (YoY, %)	¥ 4.8 billion (100.5%)	¥ 2.9 billion (80.4%)	¥ 2.8 billion (95.7%)	¥ 0.9 billion (95.3%)	¥ 1.6 billion (83.5%)	¥ 4.7 billion	¥ 4.4 billion	¥ 1.1 billion

# [Topics] LUMINE Yurakucho



- Opening: October 28, 2011  
(Except for the 8th floor, which is scheduled to open in the spring of 2012)
- Store space: Around 11,300m<sup>2</sup>
- Number of shops: 107

# Hotel Operations - Overview

## ■ Metropolitan Hotels (10 hotels, 3,036 guest rooms)

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

Operating revenues\* : ¥14.4 billion (2011.9)      Occupancy rate: 74.3%

## ■ HOTEL METS chain (21 hotels, 2,325 guest rooms)

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

Operating revenues\* : ¥3.2 billion (2011.9)      Occupancy rate: 78.4%

## ■ Familio, Folkloro (9 hotels, 272 guest rooms)

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

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

## ■ Hotel New Grand (249 guest rooms)

(As of September 30, 2011)

\* Simple aggregate of operating revenues of respective hotels, revenues for HOTEL METS are a total of 20 hotels, excluding Tabata.

# Major Subsidiaries - Results and Plan



(¥ billion)		2010.9	2011.9	2011.9/ 2010.9	2011.3	2012.3 Plan	2012.3/ 2011.3
JR East Retail Net (J-Retail)	Operating revenues	101.8	100.3	98.6%	193.5	200.3	103.5%
	Operating income	3.4	2.9	86.4%	4.7	5.3	113.6%
Nippon Restaurant Enterprise (NRE)	Operating revenues	31.9	28.7	89.9%	61.1	58.5	95.8%
	Operating income	0.6	-0.3	-	0.4	0.0	1.1%
LUMINE	Operating revenues	26.3	27.6	105.1%	53.7	57.4	106.9%
	Operating income	4.5	5.0	111.7%	8.7	7.3	84.4%
East Japan Marketing & Communications	Operating revenues	41.6	38.3	92.0%	91.2	81.8	89.7%
	Operating income	0.2	0.0	30.8%	1.7	0.2	14.6%

\* Non-consolidated operating revenues / operating income

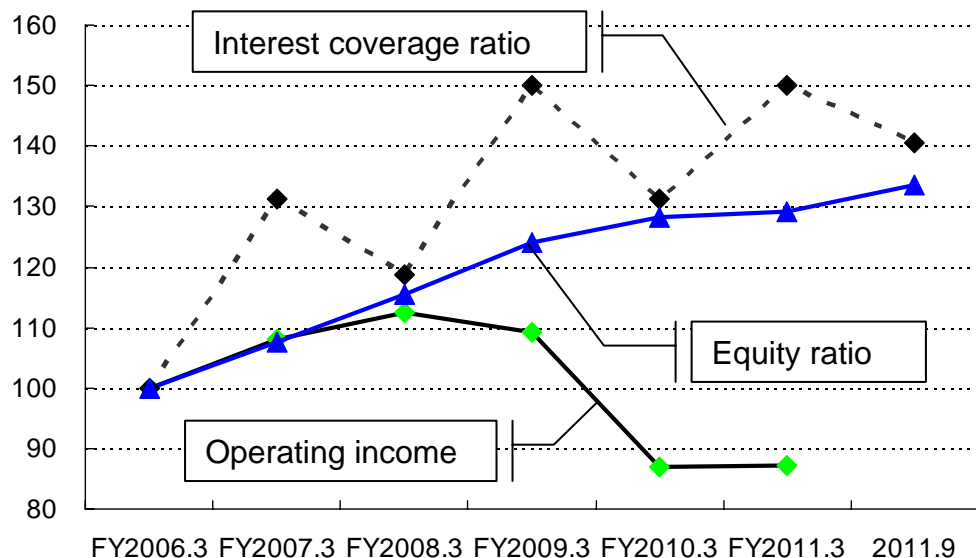
# Breakdown of Shinkansen and Conventional Lines FY2011.3 Operating Performance



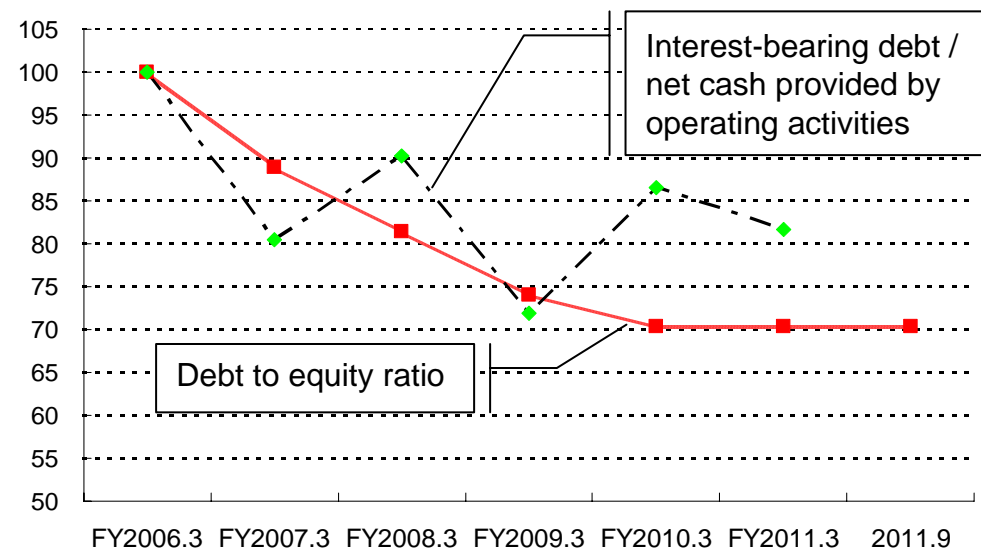
(¥ billion)	Shinkansen Network			Conventional Lines		
	2010.3	2011.3	11.3/10.3 (%)	2010.3	2011.3	11.3/10.3 (%)
Operating kilometers (km)	1,052	1,134	107.8	6,473	6,377	98.5
Passenger kilometers (million)	18,152	17,650	97.2	108,807	107,882	99.2
Operating revenues A	449.3	441.3	98.2	1,319.9	1,293.3	98.0
Operating expenses	289.7	294.0	101.5	1,229.3	1,195.5	97.2
Operating income B	159.6	147.3	92.3	90.5	97.7	107.9
Fixed assets C	2,107.8	2,087.3	99.0	2,413.4	2,420.2	100.3
Depreciation	75.0	79.0	105.3	189.9	199.5	105.1
B/A (%)	35.5	33.4	-	6.9	7.6	-
B/C (%)	7.6	7.1	-	3.8	4.0	-

# Key Financial Indicators

(figures based on FY2006.3 as 100)



(figures based on FY2006.3 as 100)



	FY2006.3	FY2007.3	FY2008.3	FY2009.3	FY2010.3	FY2011.3	2011.9
Operating income (¥ billion)	396.0	428.0	445.1	432.5	344.8	345.0	197.4
Interest coverage ratio	3.2	4.2	3.8	4.8	4.2	4.8	4.5
Debt to equity ratio (Times)	2.7	2.4	2.2	2.0	1.9	1.9	1.9
Equity ratio (%)	19.9	21.4	23.0	24.7	25.5	25.7	26.6
Interest-bearing debt / net cash provided by operating activities	8.2	6.6	7.4	5.9	7.1	6.7	-

Note: Interest coverage ratio = Net cash provided by operating activities / payments of interest

## Breakdown of Long-term Debt

Breakdown of consolidated total long-term debt (as of September 30, 2011)

	¥ billion	Breakdown	Average interest rate	Average maturity (non-consolidated)
Long-term liabilities incurred for purchase of railway facilities (※)	996.8	29.0%	5.43%	11.52 years
Long-term loans	797.9	23.2%	1.74%	4.97 years
Long-term bonds	1,644.8	47.8%	1.95%	10.44 years
(General mortgage)	(179.9)			
(Unsecured)	(1,464.9)			
	3,439.5	100.0%	2.91%	9.43 years

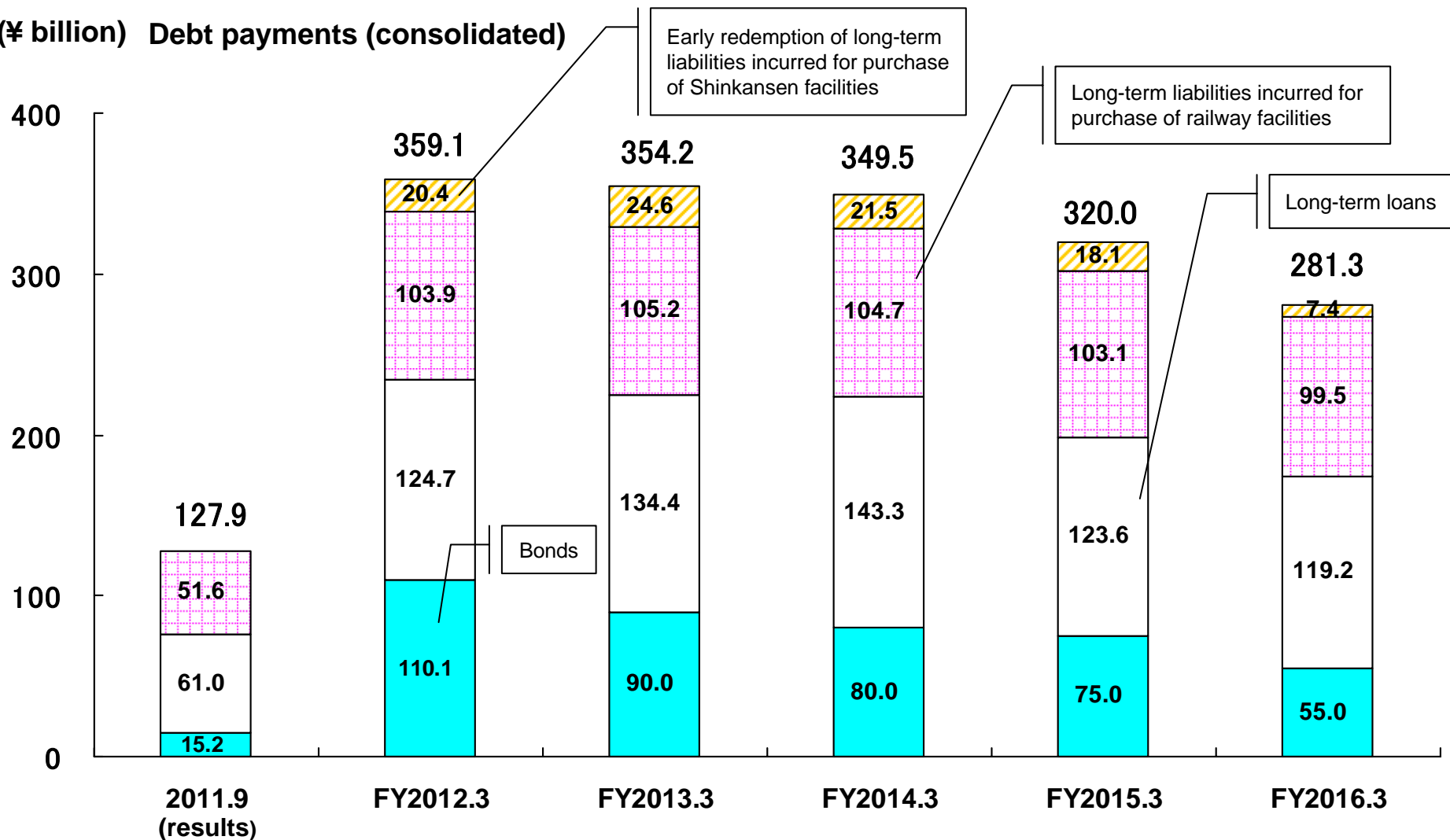
### ※ Breakdown of long-term liabilities incurred for purchase of railway facilities

Category of liability	Principal (¥ billion)	Balance (¥ billion)	Interest		Payment	Period	Payee	Use
			Variable /fixed	Rate				
Number 1*	2,101.8	400.5	Variable	4.08%	Principal and interest equal repayment	1991.10~2017.3	Japan Railway Construction, Transport and Technology Agency (JR TT)	- Fund for repayment of debt borne by JR TT
Number 2*	638.5	233.1	Fixed	6.35%	Principal and interest equal repayment	1991.10~2017.3		- Construction of conventional lines
Number 3*	366.5	345.9	Fixed	6.55%	Principal and interest equal repayment	1991.10~2051.9		- Construction of Shinkansen lines etc.
Sub-total	3,106.9	979.5		5.49%				
Akita Shinkansen	27.9	11.9	Variable	1.58%	Principal and interest equal repayment	1997.3~2022.3	JR TT	
Tokyo Monorail	36.7	5.2	Variable	2.90%	Principal and interest equal repayment	(2002.3)~2029.11	JR TT	
Total		996.8		5.43%				

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

# Outlook of Debt Maturity

(¥ billion) Debt payments (consolidated)



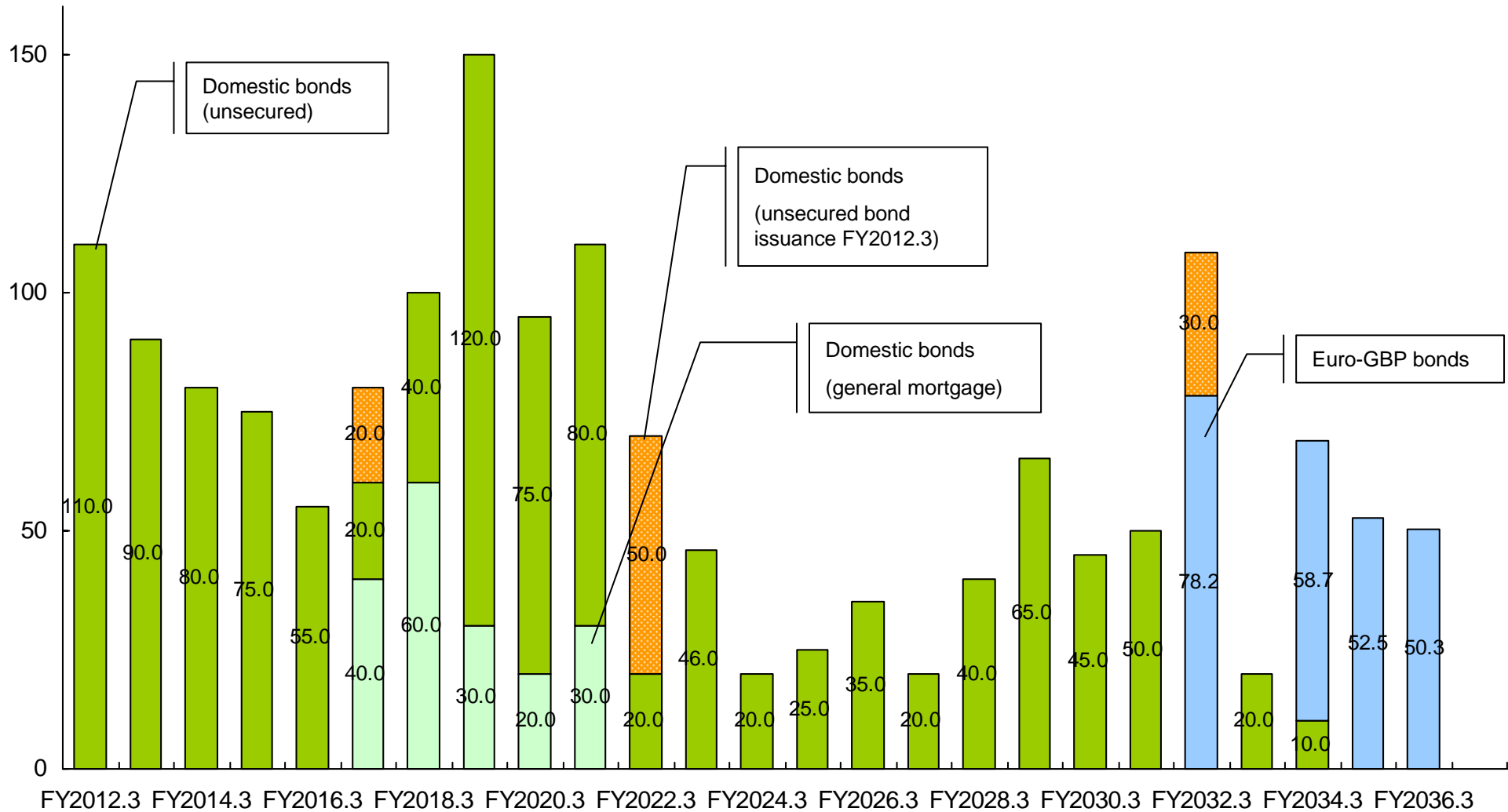
[Notes]

- 1) Amounts redeemed as of September 30, 2011 were results. Others are estimated as of March 31, 2011.
- 2) Early redemption of long-term liabilities incurred for purchase of Shinkansen facilities is a planned amount.
- 3) For redemption of bonds, the nominal amounts of bonds are shown.



# Outlook of Bond Maturity

(¥ billion) Maturity ladder of bonds (non-consolidated)



[Notes]

- 1) Estimates as of September 30, 2011.
- 2) For redemption amounts, nominal amounts are shown.

## Bond Issuances since FY2011.3

Series	Tenor	Total amount of issue	Coupon	Issue price	Reoffer yield	JGB spread	Issue date	Maturity date
68	5	¥ 15.0 billion	0.446%	¥ 100.00	0.446%	+8bp	2010.7.22	2015.7.22
69	10	¥ 15.0 billion	1.222%	¥ 100.00	1.222%	+7bp	2010.7.22	2020.7.22
70	10	¥ 20.0 billion	1.193%	¥ 100.00	1.193%	+7bp	2010.9.29	2020.9.29
71	20	¥ 20.0 billion	1.905%	¥ 100.00	1.905%	+10bp	2010.9.29	2030.9.27
72	10	¥ 20.0 billion	1.280%	¥ 100.00	1.280%	+8bp	2010.12.22	2020.12.22
73	20	¥ 20.0 billion	2.098%	¥ 100.00	2.098%	+12bp	2010.12.22	2030.12.20
74	10	¥ 10.0 billion	1.355%	¥ 100.00	1.355%	+6bp	2011.3.24	2021.3.24
75	20	¥ 10.0 billion	2.137%	¥ 100.00	2.137%	+9bp	2011.3.24	2031.3.24
76	5	¥ 20.0 billion	0.533%	¥ 100.00	0.533%	+8bp	2011.7.22	2016.7.22
77	10	¥ 25.0 billion	1.251%	¥ 100.00	1.251%	+8bp	2011.7.22	2021.7.22
78	20	¥ 15.0 billion	2.029%	¥ 100.00	2.029%	+9bp	2011.7.22	2031.7.22
79	10	¥ 25.0 billion	1.131%	¥ 100.00	1.131%	+6bp	2011.9.29	2021.9.29
80	20	¥ 15.0 billion	1.923%	¥ 100.00	1.923%	+8bp	2011.9.29	2031.9.29

Note: In principle, interest payment dates are February 25 and August 25.

# Long-term Debt - Credit Ratings

Moody's	S&P	R&I
<b>Aa2 [Stable]</b>	<b>AA- [Negative]</b>	<b>AA+ [Stable]</b>
<p><b>[Basic Opinion]</b></p> <ul style="list-style-type: none"> <li>•The Transportation business with its strong operating base is expected to continue generating a stable cash flow.</li> <li>•Risks pertaining to non-transportation businesses are managed appropriately. Moreover, the expansion of these non-transportation businesses has diversified cash flow and contributed to growth of the JR East Group.</li> <li>•The Company remains conservative in its financial policy and will continue to reduce debt.</li> </ul> <p style="text-align: right;">(March 2010)</p> <p><b>[Comments in Response to Great East Japan Earthquake]</b></p> <ul style="list-style-type: none"> <li>•At this point in time, the impact of Great East Japan Earthquake on the credit rating and credit outlook for JR East is limited.</li> </ul> <p style="text-align: right;">(March 2011)</p> <p><b>[Most Recent Action]</b> (Rating downgraded From Aa1 to Aa2)</p> <ul style="list-style-type: none"> <li>•Moody's downgraded its credit rating on the Japanese government from Aa2 to Aa3 on August 24, 2011, citing concerns over Japan's worsening fiscal balance and low economic growth forecasts, among other reasons.</li> <li>•JR East's credit rating was also downgraded in conjunction. Moody's voiced concerns that these stagnating economic conditions may slow the Company's improvement of its financial position, as well as potentially impede its ability to generate cash flows going forward.</li> <li>•Reflecting weakening confidence in the government bond market, the interest rates could increase. But JR East can mitigate the impact of interest rate risk because a significant portion of their debt is long term and fixed rate.</li> <li>•On its own, the creditworthiness of the JR East exceeds that of the Japanese government.</li> </ul> <p style="text-align: right;">(September 2011)</p>	<p><b>[Basic Opinion]</b></p> <ul style="list-style-type: none"> <li>•Backed by a strong operating base, the mainstay Transportation business is expected to retain its stable profitability.</li> <li>•Non-transportation operations also remain highly competitive against a backdrop of various operating advantages.</li> <li>•The Group's balance of debt to equity is expected to continue improving, as the Company has disclosed its policy to continue reducing debt.</li> <li>•Influenced by the damages from the March 11 earthquake and downturns in the Japanese economy, JR East's earnings will probably remain subject to downward pressure. In addition, passenger demand is expected to decline as the birthrate falls and the population ages in the medium-to-long term.</li> </ul> <p style="text-align: right;">(May 2011)</p> <p><b>[Comments in Response to Great East Japan Earthquake]</b></p> <ul style="list-style-type: none"> <li>•JR East is deemed capable of absorbing impacts of Great East Japan Earthquake to a certain extent, in view of its ability to generate stable cash flows.</li> </ul> <p style="text-align: right;">(April 2011)</p> <p><b>[Most Recent Action]</b> (Outlook Revised to Negative)</p> <ul style="list-style-type: none"> <li>•Standard and Poor's outlook on JR East was revised to negative, following a revision to negative in its outlook on the Japanese government.</li> <li>•JR East would face difficulty in fully maintaining its debt service capacity under the stressed scenario of a Japanese government default.</li> </ul> <p style="text-align: right;">(April 2011)</p>	<p><b>[Basic Opinion]</b></p> <ul style="list-style-type: none"> <li>•As Japan's largest railway operator, JR East has a strong business foundation centered on the Tokyo metropolitan area, and that includes conventional lines and Shinkansen lines.</li> <li>•Even amid challenging consumer-spending conditions, it is unlikely that the earnings of JR East's commercial facilities, which operate in prime locations, will drop significantly.</li> <li>•Although investment that significantly exceeds depreciation is likely to continue for some time, against the backdrop of the JR East's strong cash flow creation capabilities, continued reduction of interest-bearing debt is within the Company's capacity.</li> <li>•The rating is maintained, the outlook for credit rating is stable.</li> </ul> <p style="text-align: right;">(March 2010)</p> <p><b>[Comments in Response to Great East Japan Earthquake]</b></p> <ul style="list-style-type: none"> <li>•Restoration work is complete on the Tokyo metropolitan area and Shinkansen network at the heart of the JR East's earnings performance. Operations are returning to a normal state predating the March 11 earthquake.</li> <li>•Operational and facilities enhancements have proceeded in the JR East Group's non-transportation businesses in Shopping Centers &amp; Office Buildings, and in Station Space Utilization. In added view of the capability of railway terminals to attract customer footfall, the impact of the March 11 earthquake on JR East is probably limited.</li> <li>•JR East is deemed strongly capable of reviving its cash flows, in view of its solid operating base in the Tokyo metropolitan area, where most of the Japanese population is concentrated.</li> </ul> <p style="text-align: right;">(June 2011)</p>

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

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

#### **Forward-Looking Statements**

Statements contained in this report with respect to JR East's plans, strategies, and beliefs that are not historical facts are forward-looking statements about the future performance of JR East, which are based on management's assumptions and beliefs in light of the information currently available to it. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause JR East's actual results, performance, or achievements to differ materially from the expectations expressed herein. These factors include, without limitation, (i) JR East's ability to successfully maintain or increase current passenger levels on railway services, (ii) JR East's ability to improve the profitability of railway and other operations, (iii) JR East's ability to expand non-transportation operations, and (iv) general changes in economic conditions and laws, regulations, and government policies in Japan.

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