July 30, 2018
East Japan Railway Company

Summary of Telephone Interviews about Financial Results in the First Quarter of Fiscal 2019

［Passenger Revenues］

Q. Why was the basic trend of non-commuter passes (ordinary tickets) of the conventional lines of the Kanto area network below target?

A. Regarding non-commuter passes (ordinary tickets) of the conventional lines of the Kanto area network, we have set a target in light of results and trends in the fiscal year ended March 31, 2018. As a consequence of setting a target that reflected the strong basic trend up to that point, the basic trend was below target. Meanwhile, continuing from the fiscal year ended March 31, 2018, the use of *Green cars* (upper grade) on regular trains was also favorable in the first quarter of the fiscal year ending March 31, 2019. We intend to closely monitor the basic trend going forward.

Q. Has this summer's heat wave had an adverse effect?

A. At this point the heat wave has not had a marked effect. Going forward, we intend to conduct further analysis.

［Operating Expenses］

Q. In other non-personnel expenses, contract security increased year on year. Will this trend continue throughout the whole fiscal year?

A. Contract security increased ¥1.2 billion year on year. We intend to conduct detailed analysis in light of future progress. At this point, we have not revised the target for other non-personnel expenses.

Q. Regarding respective expense items, could you please describe factors that caused increases and decreases and as well as progress toward full-fiscal-year targets in the first quarter of the fiscal year ending March 31, 2019?

A. In relation to personnel expenses, because the increase due to changes in the Elder Employee System and the decrease due to a decrease in employees were about the same, there was a year-on-year increase of ¥0.1 billion in the first quarter of the fiscal year ending March 31, 2019. Until the third quarter, when the effect of changes in the Elder Employee System will have completed one cycle, we expect personnel expenses to trend at the same amount as in the previous fiscal year overall. As for the fourth quarter, we expect that decrease due to a decrease in employees will emerge as the principal factor in changes.

With respect to maintenance, there was a year-on-year decrease of ¥0.6 billion in the first quarter due to such factors as the absence of construction supplementary maintenance.

As for depreciation, there was a year-on-year increase of ¥1.2 billion in the first quarter accompanying such factors as acquisition of railcars and acquisition of fixed assets for *Perie Chiba*.

Regarding taxes, there was a year-on-year increase of ¥3.1 billion in the first quarter due to such factors as and the lump sum payment of property tax , etc., and reappraisal.

Further, as of first quarter each expense item is progressing as planned overall, and we will not change targets for the full fiscal year.

［Extraordinary Losses］

Q. Could there be a further increase in provision for allowance for point card certificates from the second quarter of the fiscal year ending March 31, 2019?

A. Due to the unification of *View Thanks Point* and *JRE POINT*, we changed the treatment of point validity periods. Therefore, we recognized an increase in liabilities and recorded the provision for allowance for point card certificates.

Further, the loss that the Company incurred by assuming operations from Viewcard Co., Ltd., was a one-time loss. Therefore, there will be no further increase in extraordinary losses in relation to the provision for allowance for point card certificates from the second quarter the fiscal year ending March 31, 2019.