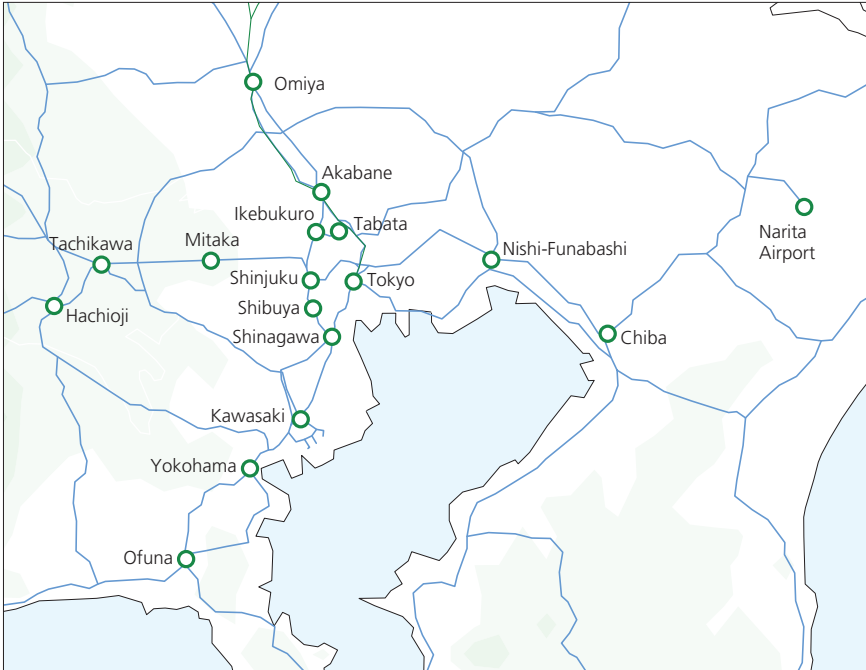


Station Space Utilization

Review of Operations



Top 20 Stations with Large Daily Passengers Use

Station	Number of Passengers per Day
1 Shinjuku	1,571,602
2 Ikebukuro	1,179,674
3 Shibuya	891,460
4 Yokohama	806,788
5 Tokyo	792,304
6 Shinagawa	648,506
7 Shimbashi	499,214
8 Omiya	478,222
9 Akihabara	434,474
10 Takadanobaba	424,572
11 Kita-Senju	382,030
12 Kawasaki	367,154
13 Ueno	362,198
14 Yurakucho	333,090
15 Tachikawa	312,286
16 Tamachi	309,500
17 Hamamatsucho	306,992
18 Kichijoji	287,864
19 Ebisu	275,652
20 Kamata	272,420



ecute Shinagawa

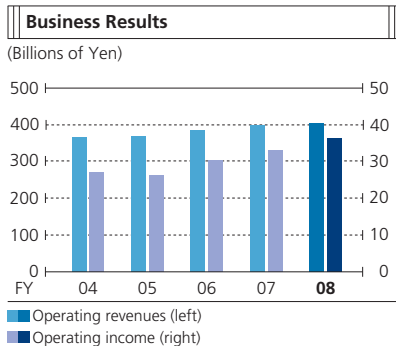


ecute Tachikawa



ecute Omiya

OVERVIEW



Used by around 17 million passengers a day, the railway stations that JR East operates are its most significant management resource. In those railway stations, JR East operates a wide variety of businesses, including retail outlets and restaurants, that provide customers with convenient, comfortable services and increase earnings.

JR East has many railway stations with high passenger volumes: 92 railway stations are used by more than 100,000 passengers a day, including 36 railway stations used by more than 200,000 passengers a day as of March 31, 2008. Given those volumes, the scope for further development of non-transportation services is considerable.

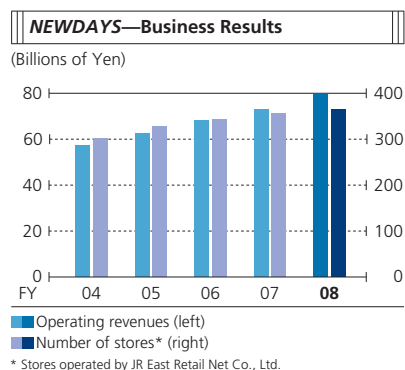
TOPICS



GranSta in Tokyo Station



NEWDAYS



Creating New Commercial Spaces

As part of the *Station Renaissance* program (see page 99 for details) to fully realize the appeal of railway stations, JR East's most significant management resource, JR East unveiled the first phase of *ecute Tachikawa* in October 2007. Together with the popular *ecute Omiya* and *ecute Shinagawa*, this brought the number of *ecute* commercial spaces to three. Other *Station Renaissance* program included the openings of *GranSta* in Tokyo Station, used by approximately 790,000 passengers a day, in October 2007 and the first and second phases of *Dila Mitaka* in Mitaka Station, used by approximately 180,000 passengers a day, in December 2007 and March 2008. Among those initiatives, *GranSta* won particularly high acclaim from a broad base of customers, achieving sales far above initial targets.

Fiscal 2008 store sales included ¥3.0 billion from *ecute Tachikawa*; ¥4.7 billion from *GranSta*; ¥10.0 billion from *ecute Omiya*, up 8.0% year on year; and ¥7.2 billion from *ecute Shinagawa*, up 9.0% year on year.

Further, such *Station Renaissance* program as *ecute* and *Dila* developed between fiscal 2002 and fiscal 2008 contributed operating revenues of roughly ¥121.0 billion in fiscal 2008.

Revitalizing Existing Stores

JR East will revitalize existing stores by heightening customer convenience through the introduction of *Suica* electronic money services and remodeling that includes conversions to new business types and formats. In retail operations, JR East will develop its network of *NEWDAYS* convenience stores, which continue to grow revenues, aiming to reach 500 stores*. As well as reflecting point-of-sales data in lineups to strengthen marketing power, JR East will continue remodeling existing stores to further increase customer convenience. In restaurant operations, JR East will increase restaurants and strengthen business formats, focusing on such fast-food business formats as the *Ajisai Chaya* noodle restaurant and *BECK'S* coffee shop.

* The *NEWDAYS* convenience store network comprised 411 stores as of March 31, 2008.

OUTLOOK



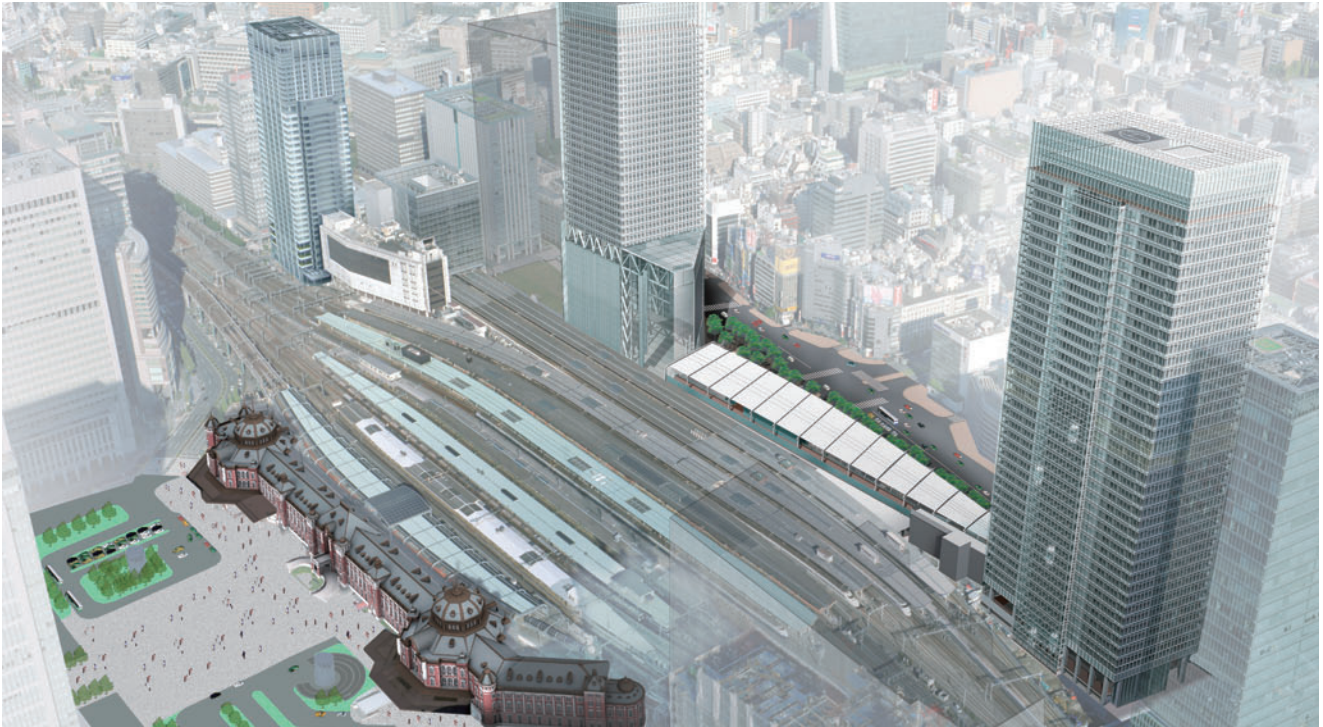
Concept illustration of Tabata Station

Evolving the *Station Renaissance* Program

Based on its new management vision, JR East will actively develop non-transportation services. As part of those efforts, JR East will promote its *Station Renaissance* program by concentrating on downtown railway stations that it has not yet developed and other railway stations with growing commercial potential due to the vitalization of their surrounding areas. JR East will actively advance marketing and merchandising and develop businesses such as *ecute* and *Dila* shopping facilities. Further, JR East will open the second phase of *ecute Tachikawa* and advance the *Station Renaissance* program in Tabata Station in fiscal 2009.

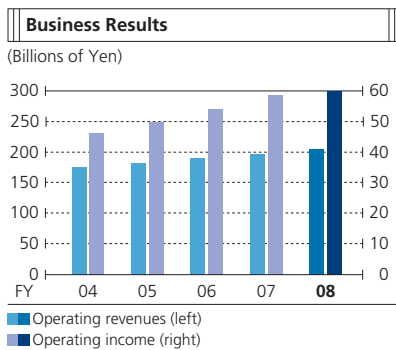
Also, JR East will optimally develop the value of *ekinaka* (spaces inside railway stations) by undertaking bold renewals of existing shopping areas that have become obsolete and revitalizing them as shopping areas that attract customers.

Shopping Centers & Office Buildings



Concept illustration of Tokyo Station City

OVERVIEW



Concentrating on such railway station buildings as *LUMINE* and *atré* and department-store formats such as *Granduo*, JR East fully exploits the formidable customer-drawing power of its stations and locations nearby them to develop a wide variety of shopping centers tailored to the characteristics of each area.

Similarly, JR East develops and leases office buildings, focusing on those in highly convenient locations that have direct access to its railway stations. In particular, JR East operates a large business complex that leverages a location next to Tokyo Station, used by approximately 790,000 passengers a day, and provides leading-edge highly functional offices that can cater to diverse needs.

As of March 31, 2008, JR East operated 123 shopping centers and 19 office buildings.

TOPICS



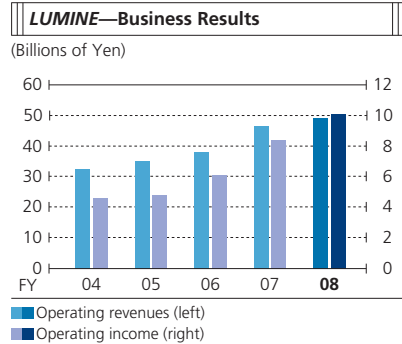
Tokyo Station Conference in the Sapia Tower

Celebrating the Completion of the First Phase of *GranTokyo North Tower* and *GranTokyo South Tower*

Following on from the start of operations at *Sapia Tower* in March 2007, under its *Tokyo Station City* project to develop the area around Tokyo Station, JR East completed twin high-rise towers approximately 200 meters high, the first phase of *GranTokyo North Tower* and *GranTokyo South Tower*, in October 2007. The office and commercial sections of the towers have earned praise.



LUMINE Shinjuku



JR East will complete restoration of the Tokyo Station Marunouchi redbrick building in fiscal 2012 and begin operations at the *Tokyo Station Hotel* (provisional name) in fiscal 2013. The fiscal 2014 development of the *GranRoof* and an open square at the Yaesu exit of Tokyo Station will conclude the *Tokyo Station City* project.

Further, *Tokyo Station City*—*Sapia Tower*, *GranTokyo North Tower*, and *GranTokyo South Tower*—contributed operating revenues of ¥12.0 billion and operating income of ¥3.5 billion in fiscal 2008. However, in fiscal 2009, the complex's first full fiscal year, JR East expects *Tokyo Station City* will post operating revenues of ¥25.0 billion and operating income of ¥11.0 billion.

Remodeling Shopping Centers

JR East remodeled such shopping centers as *LUMINE* and *atré* and continuously replaced stores to maintain and improve the appeal of sales areas and ensure they hold customer interest.

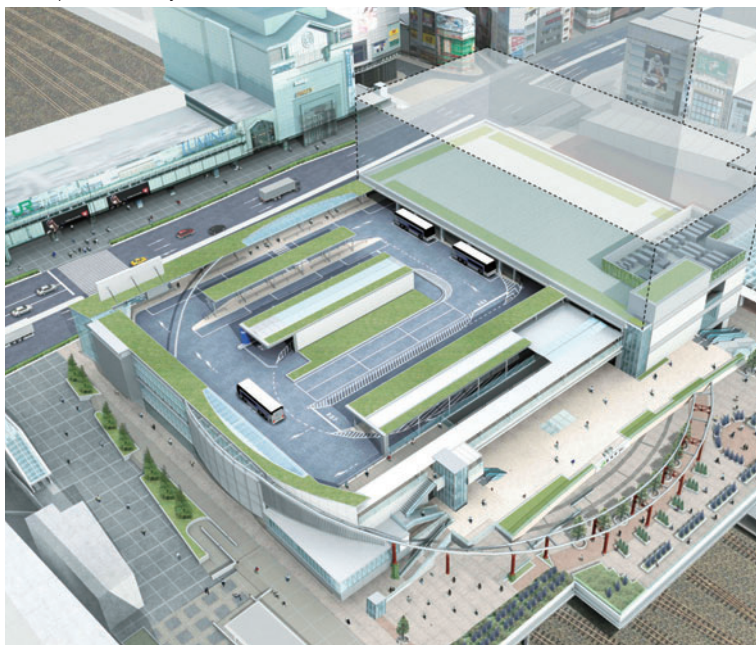
In addition, thanks to favorable tenant revenues on the back of those initiatives, LUMINE Co., Ltd., which operates mainstay railway station buildings, achieved in fiscal 2008 year-on-year increases of 6.0% in operating revenues, to ¥49.0 billion, and 20.0% in operating income, to ¥10.1 billion.

OUTLOOK

Developing Attractive Towns Centered on Railway Stations

Further, JR East will begin making line-side areas of railway lines more attractive and convenient and developing areas from the perspective of town development. Following clear development concepts that reflect regional characteristics, JR East will make line-side areas and railway-station-centered towns that are more attractive and convenient and that are endorsed by customers and local communities. An example of such initiatives is JR East's development of areas under elevated railway tracks to realize the *Chuo Line Mall* (provisional name) concept and thereby enhance the attractiveness and convenience of line-side areas.

Concept illustration of the future business development of Shinjuku Station



Developing Large-Scale Terminus Stations

JR East will implement development plans for the building development at the new south exit of Shinjuku Station (2 basement floors, approximately 33 floors above ground, and floor space of approximately 110,000 square meters) and carry out plans for the development of buildings—including the rebuilding of existing station buildings—near Chiba Station, the west and east exits of Yokohama Station, and Shibuya Station.

In addition, JR East will create a large developable area near Shinagawa Station by integrating and transferring a train depot and changing the position of railway lines. Through consultation and collaboration with related local authorities, JR East is moving forward with development of the area.

Other Services—Advertising and Publicity

OVERVIEW



SuiPo, new transportation advertising medium

JR East's advertising and publicity operations principally comprise transportation facilities advertising in railway station concourses and railcars. In Japan, transportation is a major advertising medium, ranking higher than radio and next after television, newspapers, and magazines in terms of revenues. Transportation advertising accounted for 3.7%, or ¥259.1 billion, of the ¥7,019.1 billion that Japanese companies spent on advertising in 2007. JR East dominates the transportation advertising business. In the Tokyo metropolitan area, the mainstay market for transportation advertising, JR East's fiscal 2007 advertising revenues of ¥57.6 billion represented roughly half of the total revenues for transportation advertising.

As well as selling conventional poster and billboard space in station concourses, JR East is growing revenues by marketing such advertising spaces as automatic ticket gates and floors.

TOPICS AND OUTLOOK



Train Channel on the Yamanote Line

Distributing Information through Visual Media

Debuting on the Yamanote Line in April 2002, the new-type E231 series railcars feature two 15-inch displays above each door, one providing updates on the train's progress while the other shows commercials. New-type railcars introduced to the Chuo Line from fiscal 2008 include the same type of onboard video advertising. Also, plans call for the steady introduction of such railcars to the Keihin-Tohoku Line and the Joban Line. Fiscal 2008 saw onboard video advertising sales increase 57.2% year on year.

From July 2007, JR East began selling advertising carried by its *Station Channel* visual medium for railway stations. Based on large monitors that are installed near the ceilings of station concourses in Shinjuku Station and other stations, *Station Channel* uses Internet connectivity to carry videos and information. JR East is raising the value of the new medium by integrating it with other networks and linking its content with that of *Train Channel*.



Station Channel

Developing Media for the Future

By incorporating advertising media into overall plans, development of commercial spaces inside railway stations under the *Station Renaissance* program will grow advertising operations. As part of those initiatives, JR East will use the next-generation high-speed wireless technology *WiMAX* to provide high-speed large-capacity broadband communication services to customers in railway stations and trains. Furthermore, JR East will raise the asset value of railway stations and trains by taking advantage of such new technology as *WiMAX* video communication and organic EL (electroluminescence) to develop advertising media.

Other Services—Hotel Operations

OVERVIEW



Executive twin room in *Hotel Metropolitan Marunouchi*

JR East operates city, business, and long-term-stay hotels and had 38 hotels and approximately 5,300 guest rooms as of March 31, 2008. JR East's mainstay *Metropolitan Hotels* chain consists of 10 city hotels in the Tokyo metropolitan area and near the terminuses of major railway stations in regional cities. In addition to being advantageously located next to railway stations, those hotels provide sophisticated accommodation, dining, and banquet services. Further, JR East's *HOTEL METS* business hotels focus on accommodation, offering comfortable, reasonably priced rooms comparable with those of city hotels. Most of the *HOTEL METS* hotels have direct access to a railway station or are close to one.

In fiscal 2008, hotel operations posted year-on-year increases of 7.3% in sales, to ¥44.7 billion, and 36.3% in operating income, to ¥2.5 billion.

TOPICS AND OUTLOOK

Leveraging the *Metropolitan Hotels* Chain

In May 2007, JR East opened *Hotel Metropolitan Marunouchi* on the upper floors of *Sapia Tower*. The new hotel has 343 single, twin, and double guest rooms. Located in Japan's famous Marunouchi business district, *Hotel Metropolitan Marunouchi* focuses on accommodation and providing first-class comfort. Also, the hotel takes advantage of being directly connected to Tokyo Station to cater to a wide variety of business needs.

In fiscal 2008, the 10 *Metropolitan Hotels* had an average occupancy rate of 80%.



Twin room in *HOTEL METS Akabane*

Developing the *HOTEL METS* Chain

JR East operated 18 *HOTEL METS* hotels, including franchises, as of March 31, 2008. As well as targeting businesspeople, JR East hopes local residents will use those hotels as gathering places and to accommodate their guests. JR East will continue developing the *HOTEL METS* hotel chain in the Tokyo metropolitan area, with *HOTEL METS Tachikawa* opening for business in fall 2008 and an expansion of *HOTEL METS KamakuraOfuna* slated for winter of the same year.

In fiscal 2008, the 18 *HOTEL METS* hotels had an average occupancy rate of 85%.



Concept illustration of *Tokyo Station Hotel*

Constructing a Hotel in Tokyo Station

At the Marunouchi exit (west side) of Tokyo Station, JR East is restoring the historic Marunouchi redbrick building and developing the open square that it looks onto. With restoration work due for completion by March 2012, JR East plans to open a hotel befitting Japan's flagship railway station inside this important cultural asset.