

As a Corporate Citizen

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Safety

Since its founding, JR East has consistently advanced initiatives for safety—the highest priority of its corporate management. Also, *JR East 2020 Vision—idomu*—calls on JR East to maintain an unflinching commitment to pursuing “extreme safety levels.”

2013 SAFETY VISION

In fiscal 2010, JR East began advancing measures based on its latest 5-year safety plan, *2013 Safety Vision*, JR East's fifth such plan since its founding in 1987. As a result, JR East's safety record has improved steadily, with a considerable decrease in accidents over the past 23 years.

JR East will make a concerted effort—from the front line to Head Office—to tackle safety issues under the slogan “think and act for yourself.” Pursuing its goal of “zero accidents involving passenger injuries or fatalities and zero accidents involving employee fatalities (including employees of Group companies and partner companies),” JR East will continue working tirelessly to improve safety.

CREATING A CULTURE OF SAFETY

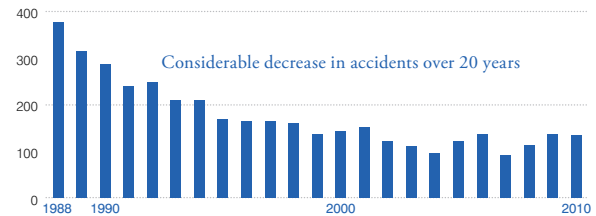
In order to improve safety, its highest priority, JR East must build and inculcate a strong safety culture within its organization. That culture should be based on mutual trust and putting into action lessons learned from past accidents and accident-related information.

Further, JR East tackles safety problems based on the “three actualities principle” of correctly understanding and responding to situations by dealing with “actual location,” “actual object,” and “actual people.”

In addition, JR East is revitalizing the *Challenge Safety Campaign*, which encourages all employees to think about safety, debate safety, act to increase safety, and feel a sense of achievement about safety, thereby enhancing safety awareness.

Trends in Railway Accidents

Years ended March 31
Number of Accidents



Targeting Further Improvement

Two Fresh Approaches in Relation to Safety

- 1 Safety-related human resource development and system improvement
- 2 Evaluating possible risks to prevent accidents before they occur



The Four Pillars of 2013 Safety Vision

- 1 Creating a Culture of Safety
- 2 Rebuilding the Safety Management System
- 3 Taking Sure Steps to Reduce Risks
- 4 Promoting Priority Improvement Plans for Safety Equipment



zero accidents

- Accidents involving passenger injuries or fatalities
- Accidents involving employee fatalities (including Group companies and partner companies)

Five Cultures

- **The culture of proper reporting:** Proper reporting makes it possible to correctly analyze accidents and incidents.
- **The culture of noticing:** Noticing accidents at incipient stages is the basis for prevention.
- **The culture of direct confrontation and debate:** Directly and thoroughly confronting each other's views is necessary for determining causes.
- **The culture of learning:** Making use of lessons learned is the basis for preventing the recurrence of accidents.
- **The culture of action:** Taking action is what makes it possible to maintain safety.

REBUILDING THE SAFETY MANAGEMENT SYSTEM

Employees represent the front line of JR East's safety efforts. Therefore, fostering key employees with safety knowledge, teaching skills, and technical skills at operational bodies and branch offices is important.

Also, JR East is making a concerted effort to further enhance safety by helping the safety divisions of Group companies improve safety, developing systems to improve facilities and equipment, and fostering related personnel.

TAKING SURE STEPS TO REDUCE RISKS

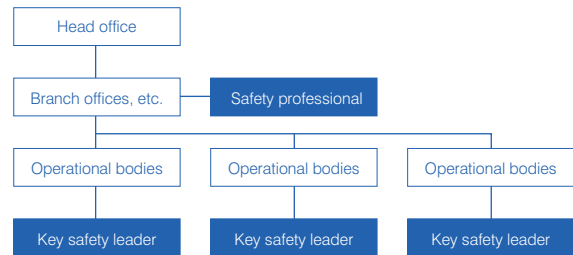
Previously, JR East's countermeasures in relation to major accidents primarily reflected major accidents that had occurred. In addition to that approach, JR East has introduced an approach to prevention that evaluates risks and addresses them in the order of highest priority. This approach estimates the maximum damage from accidents and incidents that JR East may have underrated because, while they occur with a certain frequency, they have, happily, not resulted in significant damage to date.

Further, JR East will continue steadily implementing countermeasures in relation to major accidents that have occurred in recent years.

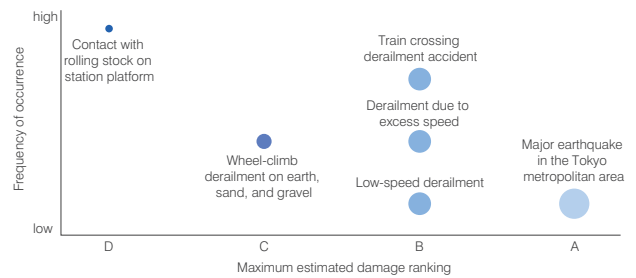
PROMOTING PRIORITY IMPROVEMENT PLANS FOR SAFETY EQUIPMENT

JR East has invested approximately ¥2.4 trillion in safety over 20 years since its founding in 1987. Under 2013 Safety Vision, JR East anticipates an investment of approximately ¥750 billion over the 5 years from fiscal 2010. In fiscal 2010, JR East invested approximately ¥168 billion in safety. Major safety initiatives include preparing more ATS-P and ATS-PS (automatic train-stop systems) to prevent train collisions and derailments, undertaking construction and engineering work to reinforce earthquake resistance, introducing automatic platform gates on the Yamanote Line, and examining measures to prevent secondary damage in railway crossing accidents.

Key Safety Leaders and Safety Professionals



Frequency of Occurrence and Maximum Estimated Damage Ranking



- A: Great Hanshin-Awaji Earthquake, major earthquake (envisioned) in the Tokyo metropolitan area, etc.
- B: Tsurumi, Mikawajima, Fukuchiyama Line derailment accidents, etc.
- C: Shigaraki Highlands Railway accident, etc.
- D: Contact with rolling stock on station platform, etc.

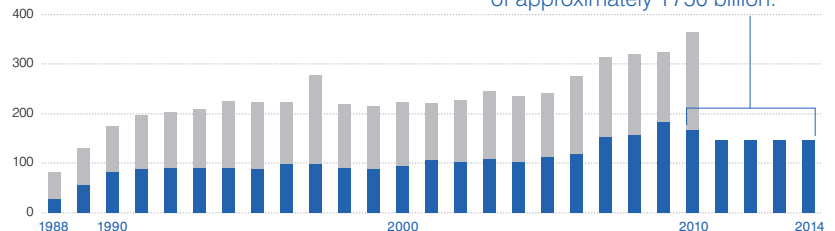


Image of automatic platform gates

Under 2013 Safety Vision
JR East anticipates an investment
of approximately ¥750 billion.

Safety-related Investment
Years ended March 31
Billions of Yen

- Safety-related Investment
- Other Investment



Environmental Issues

JR East has developed a wide range of environmental initiatives that reflect its basic philosophy of promoting ecological activities—diligently striving to balance environmental protection with business activities. JR East will continue disclosing environmental information based on feedback from stakeholders, expanding and improving environmental preservation initiatives, and making railways even more environmentally friendly. Moreover, JR East will spare no effort to realize fully the environmental advantages of railways over other forms of transportation by making railways even easier to use.

ENVIRONMENTAL PRESERVATION INITIATIVES

Reduction of Energy that Train Operations Use

Energy used by its railway operations accounts for approximately 70% of the total energy consumed by JR East. By the end of fiscal 2009, 86% of JR East's total rolling stock, or 10,529 railcars, were energy-efficient railcars, and energy consumption per unit of transportation volume had decreased 15%* from fiscal 1991 levels.

* Based on the calculation method pursuant to the Law Concerning the Promotion of Measures to Cope with Global Warming

Energy Saving and CO₂ Reduction

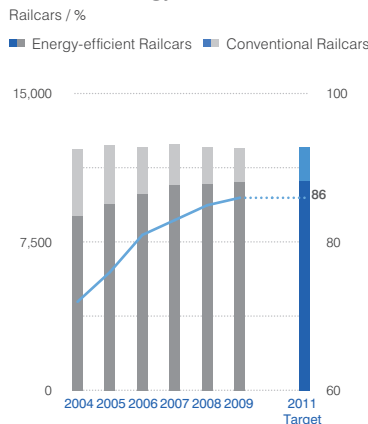
As part of initiatives to save energy by reducing the amount of energy that its railway stations and offices uses, JR East installed roughly 1,800 information displays that use LEDs at approximately 120 railway stations mainly in the Tokyo metropolitan area, such as at Mejiro Station on the Yamanote Line and at Ichigaya Station on the Chuo Line, from January 2009. Further, in order to mitigate the “heat island” phenomenon

and curb the energy it uses for air-conditioning, JR East is introducing plants to the rooftops of its railway station buildings and office buildings. As a result, JR East has greened approximately 8,900 square meters in 30 projects as of the end of May 2009.

Also, JR East promotes the use of solar power generation and wind power generation. Accordingly, it has installed solar panels at Tokyo Station, Takasaki Station, the JR East General Education Center, and the Research & Development Center of JR East Group. Moreover, it doubled the number of solar panels at Takasaki Station in March 2004. Further, JR East aims to install and begin using solar panels at the Tokaido Line platform of Tokyo Station, tracks No. 9 and No. 10, in fiscal 2011.

In addition, JR East promotes park-and-ride and rent-a-car services in order to encourage the use of railways as a highly energy efficient environment-friendly means of transportation and thereby reduce the CO₂ that transportation produces overall.

Trends in Energy-efficient Railcars



Concept illustration of panels for solar power generation installed on the roof of a Tokyo Station platform

Resource Recycling

JR East's recycling initiatives come under three headings: reduce, reuse, and recycle. In fiscal 2009, JR East produced approximately 600,000 tons of waste, of which 82% was reused or recycled. Further, the *Suica* IC card passenger ticket helps to conserve natural resources significantly because, unlike traditional passenger tickets, passengers can use the *Suica* IC card repeatedly.

Preservation of the Environments alongside Railway Lines

In areas alongside railway lines, JR East advances a range of initiatives to reduce noise, conserve landscapes, prevent pollution, and preserve natural environments. For example, JR East has completed measures to reduce noise from Shinkansen lines to 75 dB or less in residential areas by installing soundproof walls and using sound absorbent materials. Moreover, JR East uses low-noise equipment for maintenance work. In addition, JR East preserves approximately 4,200 hectares of railway forest, comprising 6 million trees, which protect railway lines from natural disasters.

SYSTEMS FOR THE ADVANCEMENT OF ENVIRONMENTAL MANAGEMENT

The Group's Advancement System

JR East established the Committee on Ecology to steadily implement surveys of the environmental impact of JR East's operations, set environmental targets, undertake environmental preservation activities, check progress toward targets, and conduct senior-management-level monitoring. To confirm the Group's environmental policies, since fiscal 2004, JR East has regularly convened the JR East Group Environmental Management Advancement Conference, which representatives of all Group companies attend.

Railway Line Forestation

Railway line forestation programs undertaken in partnership with local communities had planted approximately 280,000 trees and included 40,000 participants over the 16-year-period ended March 2009.

Acquisition of ISO 14001 Certification

At operational bases that place a comparatively heavy burden on the environment, JR East has been acquiring ISO 14001 certification, which recognizes compliance with international standards for environmental management systems. All of JR East's Rolling Stock Centers, which maintain railcars, have acquired ISO 14001 certification.



A railway forest beside the Yamagata Shinkansen Line



Adataro hometown forestation program

Environmental Issues

ENVIRONMENTAL RESEARCH AND DEVELOPMENT

Environmental Technology Research Center

JR East 2020 Vision—idomu—, which was announced in March 2008, sets out challenging numerical targets in relation to the environment. To reach those targets, as well as honing existing technologies, JR East must actively and strategically pursue research and development that will enable the introduction of new environmental technologies to JR East's operations. Accordingly, on April 1, 2009, JR East established the Environmental Technology Research Center so that JR East can grow sustainably while fulfilling its social responsibility to protect the environment.

Operating the World's First Diesel Hybrid Railcars

The *kiha* E200 type railcars, which entered service in July 2007, are the world's first diesel-powered, electric motor-driven hybrid railcars to be used operationally. Currently operating on the Koumi Line, these diesel hybrid railcars have fuel efficiency that is approximately 10% better than that of a standard diesel railcar. Further, these diesel hybrid railcars are approximately 30 dB quieter when idling at stations and have about 60% less hazardous substances in their exhaust gases.

Recognizing JR East's development and introduction of the new hybrid railcars, the Ministry of the Environment presented JR East with the 2007 Environment Minister's Award for Global Warming Prevention Activities in the technology development and commercialization category.

Development of Catenary and Battery-powered Hybrid Railcar System

JR East is currently developing a railcar that incorporates large-capacity storage batteries, which it uses as a power source on non-electrified railway line segments. Moreover—not wasting the energy that braking creates—the railcar uses it to charge the storage batteries. Running trials are already underway on railway lines.

Environmental Targets

JR East 2020 Vision—idomu—, which was launched in March 2008, calls on JR East to take a *positive and long-term approach to global environmental problems*. Accordingly, JR East set out its numerical targets for fiscal 2010 and is striving to achieve them.

→ Please see JR East's Sustainability Report 2009 for further information about initiatives related to corporate social responsibility and the environment.

<http://www.jreast.co.jp/e/environment/index.html>



A catenary and battery-powered hybrid railcar

Environmental Targets

Task	Fiscal 2011 Target
Total CO ₂ emissions of railway business activities	50% reduction by fiscal 2031 (compared with fiscal 1991) 32% reduction by fiscal 2018 (compared with fiscal 1991)
Energy-efficient railcars utilization rate	86%
Electricity used for train operation	2% reduction (compared with fiscal 2007)
Train electricity used per unit transport volume	2% reduction (compared with fiscal 2007)
Energy saving at stations and offices	4.5% reduction (compared with fiscal 2007)
Recycling rate for waste generated at stations and on trains	70%
Recycling rate for waste generated at General Rolling Stock Centers, etc.	95%
Recycling rate for waste generated in construction projects	92%

For Society

JR East's core railway operations have extremely strong ties with society at large as well as with local communities. Consequently, in tandem with the development of its operations, JR East has fostered a corporate culture of meeting social responsibilities and benefiting society through its business activities.

JR East's Group Philosophy includes a social mission that requires it to "grow continuously and advance in harmony with customers by generating earnings while meeting social responsibilities as a *Trusted Life-style Service Creating Group*." Accordingly, JR East will continue to meet the expectations of society and justify the trust of its stakeholders.

INVOLVEMENT WITH LOCAL COMMUNITIES

Rediscovering the Region Projects

JR East will invigorate regions through a strategy of strengthening collaboration with local communities in order to facilitate joint efforts to think hard and come up with ideas. Those efforts will entail bringing to light local products and such tourism resources as traditional culture and festivals while leveraging the unique characteristics of railways and the advantages of sales channels in the Tokyo metropolitan area.

Support for Parents Working while Rearing Children

As part of its initiatives to develop towns in partnership with local communities, JR East supports working parents by developing *Station Day Care* facilities, most of which are within five minutes walk of a JR East railway station. Since 1996, JR East has developed 34 day care facilities, as of April 2010, and plans to open even more. JR East's *Station Day Care* facilities allow parents to drop off and pick up their children on the way to and from work. At *Station Day Care* facilities, fathers bringing their children to the facilities is a common sight. In this way, the facilities are helping fathers

take part in child rearing. Looking ahead, JR East will benefit local communities and make line-side areas even more attractive and convenient by developing services catering to a variety of child-rearing needs.

The Railway Museum

In October 2007, JR East cut the tape on The Railway Museum as the flagship project commemorating the 20th anniversary of JR East's incorporation. A public interest incorporated foundation, the East Japan Railway Culture Foundation* built the museum on land that JR East owns in Saitama City. The museum systematically preserves and displays artifacts and documents relating to the railway heritage of Japan and other countries as well as JR East and the restructuring of Japan National Railways (JNR). Less than six months after its opening, the museum welcomed its 1 millionth visitor. And, 3,380,000 people had visited the museum by the end of March 2010.

* In 1992, JR East established the East Japan Railway Culture Foundation to realize programs that contribute continuously to society. The foundation promotes regional culture, conducts railway-related surveys and research, and organizes international cultural exchanges. The East Japan Railway Culture Foundation became a public interest incorporated foundation on April 1, 2010.

INVOLVEMENT WITH INTERNATIONAL COMMUNITIES

Cooperation with Overseas Railway Operators

In order to better cooperate and exchange information with railway operators worldwide under a wide range of themes that include technology, management, and the environment, JR East is affiliated with the Union Internationale des Chemins de Fer (UIC), the International Association of Public Transport (UITP), and the Community of European Railway and Infrastructure Companies (CER), and participates in related initiatives and conferences. Also, JR East Vice Chairman Yoshio Ishida became the Chairman of the UIC in April 2009. Further, JR East contributes internationally by accepting visitors and trainees from overseas. In fiscal 2010, JR East welcomed 478 visitors and trainees from 47 countries.



Children playing at a *Station Day Care* facility on the roof of a railway station building

Compliance

JR East established the Legal Compliance and Corporate Ethics Guidelines (the Guidelines) as corporate conduct guidelines in 2005. Further, JR East has taken compliance-related measures including the establishment of compliance consultation desks inside and outside the Company as contact points for whistle-blowers.

Also, the JR East Group is making a concerted effort to further promote compliance-based business management. As part of that effort, in 2009, JR East educated all Group employees in order to raise compliance awareness and conducted a comprehensive check of the legal compliance of overall operations.

COMPLIANCE-RELATED MEASURES

Establishment and Revision of Compliance Action Plan

Aiming to heighten the effectiveness of the Guidelines it established in 2005, JR East prepared its first Compliance Action Plan, summarizing desirable conduct for all JR East Group employees, and distributed it to all employees. Subsequently, in 2009, JR East prepared and distributed a revised Compliance Action Plan, which dealt with awareness of legal issues and the checking of report content.

Comprehensive Check of Legal Matters and Continuous Review of Overall Operations

JR East comprehensively checked the legal compliance of the overall operations of the Group, including Group companies. Using those checks as a starting point, JR East continuously reviews and revises overall operations in light of statutory laws and regulations, in-house rules, and social norms. Going forward, JR East will scrutinize check items while continuing to check, review, and revise operations.

Strengthening of Compliance Education

Although JR East has conducted compliance education continuously, it is stepping up those efforts. Specifically, with a view to raising compliance awareness, JR East educated all Group employees based on the revised Compliance Action Plan in 2009. From 2010, JR East will continue education that directly reflects conditions in each workplace.

In addition, in 2010, JR East will conduct a compliance questionnaire targeting its employees and work to raise employees' compliance awareness.



Compliance action plan handbook

Board of Directors and Corporate Auditors

As of July 2010



Mutsutake Otsuka
Chairman



Yoshio Ishida
Vice Chairman
Technology and Overseas
Related Affairs



Satoshi Seino¹
President and CEO



Tetsuro Tomita¹
Executive Vice President
Corporate Planning Headquarters



Masaki Ogata¹
Executive Vice President
IT, Service Quality and Overseas
Related Affairs



Yoshiaki Arai¹
Executive Vice President
Life-style Business Development
Headquarters



Tsugio Sekiji¹
Executive Vice President
Railway Operations Headquarters

Executive Directors

Yoichi Minami

Railway Operations Headquarters;
Marketing Department,
Railway Operations Headquarters;
Customer Service Quality Reformation Department,
Railway Operations Headquarters

Toru Owada

Corporate Planning Headquarters;
Inquiry & Audit Department;
Finance Department

Yuji Fukasawa

Public Relations Department;
Personnel Department;
Health & Welfare Department;
Legal Department; General Affairs Department

Yasuo Hayashi

Railway Operations Headquarters;
Technology Planning Department,
Corporate Planning Headquarters;
Shinanogawa Power Station Improvement
Department, Railway Operations Headquarters;
Construction Department;
Research & Development Center of JR East Group

Shigeru Tanabe

Tokyo Branch Office

Shinichiro Kamada

Life-style Business Development Headquarters

Yoshitaka Taura

IT & Suica Business Development Headquarters

Naomichi Yagishita

Railway Operations Headquarters; Facilities
Department, Railway Operations Headquarters;
Electrical & Signal Network System Department,
Railway Operations Headquarters

Naoto Miyashita

Railway Operations Headquarters; Transport
Safety Department, Railway Operations Headquar-
ters; Transport & Rolling Stock Department,
Railway Operations Headquarters

Directors

Yuji Morimoto

Personnel Department;
JR East General Education Center

Osamu Kawanobe

General Affairs Department

Toshiro Ichinose

Management Planning Department,
Corporate Planning Headquarters

Masayuki Satomi

Sendai Branch Office

Kimio Shimizu

Life-style Business Development Headquarters

Tsukasa Haraguchi

Marketing Department, Railway Operations
Headquarters

Tadami Tsuchiya

Electrical & Signal Network System Department,
Railway Operations Headquarters

Yasuyoshi Umehara

Tokyo Station, Tokyo Branch Office

Takeshi Sasaki

²

Tomokazu Hamaguchi

²

Full-time Corporate Auditors

Toshiaki Omori

³

Jiro Bando

³

Corporate Auditors

Kiyomi Harayama

Toshiaki Yamaguchi³
(Certified Public Accountant)

Mutsuo Nitta³
(Attorney)

¹ Representative director
² Outside corporate director
³ Outside corporate auditor

Corporate Governance

JR EAST'S BASIC CORPORATE GOVERNANCE PHILOSOPHY

To continue to be a company trusted by its shareholders and all other groups of stakeholders, JR East has made the strengthening of its corporate governance a top-priority management task.

Specifically, with a view to augmenting the soundness and transparency of management, JR East is creating appropriate systems for management decision making, operational execution and auditing, Group management, information disclosure, and other important matters while also implementing the various measures required in connection with those systems.

Because of the special characteristics of JR East's mainstay railway transportation operations, JR East emphasizes the making of management decisions based on a long-term perspective. Accordingly, JR East believes the most appropriate course is to enhance corporate governance based on its current auditor system of governance.

CURRENT STATUS OF CORPORATE GOVERNANCE SYSTEMS

Reason for Adopting Current Corporate Governance System

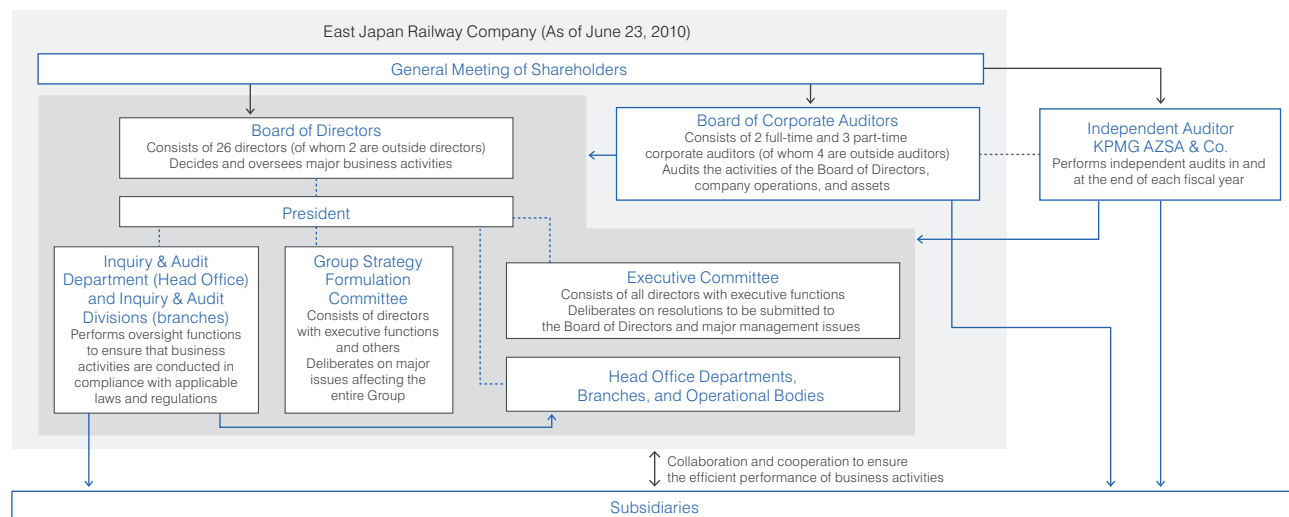
Railway operations, JR East's principal business, require judgments that are based on a range of knowledge and experience about safety and other areas as well as decision making that reflects long-term perspectives. Accordingly, decisions on important management matters are reached through consultation among multiple directors. Further, JR East adopts a system in which corporate auditors that are

independent from the Board of Directors and have terms of service of four years conduct audits.

Overview of Corporate Governance Units

JR East's Board of Directors comprised 26 directors, including 2 outside corporate directors as of June 23, 2010. Meeting once a month in principle, the Board of Directors decides on key operational issues relating to statutory requirements and other matters and supervises overall operations. Created by the Board of Directors, the Executive Committee includes all directors with executive functions. Meeting once a week in principle, the Executive Committee deliberates on matters to be decided by the Board of Directors and other important management issues. In addition, the Group Strategy Formulation Committee, which mainly consists of directors with executive functions, convenes as required and considers management strategy for respective operational areas and other significant Group issues with a view to developing the JR East Group as a whole.

The Board of Corporate Auditors comprises 5 corporate auditors, including 2 full-time and 3 part-time corporate auditors of whom 4 are outside auditors. In accordance with guidelines established by the Board of Corporate Auditors, the corporate auditors supervise the directors' implementation of operations by attending meetings of the Board of Directors, the Executive Committee, and other committees as well as by making inquiries regarding JR East's operations and assets.



Overview of Internal Control Systems

JR East's basic policy regarding internal control systems and its progress toward enhancing such systems are as follows.

1) Systems for ensuring that corporate officers and employees perform their duties in accord with relevant laws and regulations as well as with the articles of incorporation

- a. JR East and its consolidated subsidiaries (hereinafter "Group companies") have drafted the Legal Compliance and Corporate Ethics Guidelines, which serves as corporate action guidelines for the JR East Group, and distributed handbooks that explain code of conduct standards in concrete terms to each corporate officer and employee in order to promote legal compliance and high corporate ethical standards.
- b. JR East's Legal Department and General Affairs Department together handle overall control over horizontally integrated compliance matters throughout the Company.
- c. A unit has been established to provide compliance-related advice and receive whistle-blower reports and other reports related to compliance issues.
- d. A supervision system has been established in relation to the execution of internal audits to ensure the appropriateness and efficiency of operational execution.

2) Systems for preserving and administering information related to the performance of directors

Documents related to directors' performance of their duties are appropriately preserved and administered in accordance with relevant laws and internal regulations. Directors and auditors can view these documents whenever necessary.

3) Risk management rules and systems

- a. JR East has established the Transportation Operations Center, which operates 24 hours a day, with the task of ensuring rapid and appropriate responses in the event of an accident or disaster affecting railway operations. JR East has also established specialized internal committees focused on maintaining safety and improving reliability.
- b. All JR East departments undertake risk management to manage the risks of significant adverse influences on corporate operations due to such incidents as external criminal offenses or internal scandals and legal violations. In addition, JR East has established risk management units as well as implemented crisis management related internal regulations. In the event of a major problem, JR East's crisis management system calls for top management to participate in the immediate establishment of a preliminary

task force that rapidly undertakes such actions as necessary to gather the relevant information and implement countermeasures.

4) Systems for promoting the efficient performance of directors

- a. Internal regulations have been established that allocate authority by clearly defining the authority and roles of each organizational unit to promote efficiency throughout JR East's operations.
- b. Action programs have been established for each organizational unit to increase the transparency of the implementation of *JR East 2020 Vision—idomu*—which articulates common goals for the entire JR East Group, and to promote the efficient implementation of measures to realize the vision's objectives. Progress in action program implementation is periodically evaluated as a means of promoting the efficient implementation of strategic measures.

5) Systems for promoting operational propriety throughout the JR East Group

- a. The Group companies have drafted the Legal Compliance and Corporate Ethics Guidelines, which serves as corporate action guidelines with regard to legal compliance and corporate ethics, and distributed handbooks that explain code of conduct standards in concrete terms to each corporate officer and employee. In addition, an external compliance consultation and reporting unit has been established to serve the entire JR East Group.
- b. The Group companies have established risk management units as well as regulations and other provisions related to risk management. In the event of a problem, these regulations call for the immediate establishment of a preliminary task force that rapidly takes such actions as necessary to gather relevant information, report such information to the parent company when appropriate, and implement countermeasures.

- c. JR East participates in the management of Group companies by dispatching directors to those companies and by other means to promote operational propriety throughout the JR East Group. In addition, JR East's Inquiry & Audit Department performs audits of Group companies at regular intervals.

6) Items related to employees who assist corporate auditors in the performance of their duties

Specialized staff are assigned to the Corporate Auditors Office to assist corporate auditors in the performance of their duties in order to increase the efficiency of audits and enable audits to be performed smoothly.

7) Independence from directors of employees who assist corporate auditors in the performance of their duties

The staff of the Corporate Auditors Office are to only follow instructions from the corporate auditors and are not subject to orders from directors or other employees.

8) Systems for enabling directors and employees to report to corporate auditors and other systems for reporting to corporate auditors

For items that the Board of Directors' regulations stipulate are to be decided by the Board, deliberation standards have been established, and these standards provide for appropriate deliberations to be conducted at Board meetings. Further, the content of important items other than those that the regulations stipulate are to be decided by the Board may also be confirmed by corporate auditors at meetings of the Board and of the Executive Committee.

9) Other systems for promoting the effective performance of corporate auditors' audits

The corporate auditors hold meetings at regular intervals with the president and the independent auditor to exchange information and opinions.

Basic Internal Control Policy for Financial Reports

The Company's basic internal control policy for financial reports is as follows.

- 1) The Company will establish and operate systems required to ensure the appropriateness of documents relating to the financial statements and other information.
- 2) Regarding the establishment and operation of the systems indicated in the previous item, the Company will adhere to generally accepted standards for the evaluation of internal controls in relation to financial reports and evaluate internal controls each fiscal year.

CURRENT STATE OF RISK MANAGEMENT SYSTEMS

JR East has established the Transportation Operations Center, which operates 24 hours a day and has the task of ensuring rapid and appropriate responses in the event of an accident or disaster affecting railway operations. JR East has also established specialized internal committees focused on maintaining safety and on improving reliability.

With regard to the risk of a significant adverse influence on corporate operations due to such incidents as external offenses or internal scandals and legal violations in the Group companies, all JR East departments undertake risk manage-

ment activities. In addition, JR East has established the Crisis Management Headquarters as well as implemented crisis management related internal regulations. In the event of a problem, JR East's crisis management system calls for top management to participate in the immediate establishment of a preliminary task force that rapidly undertakes such actions as those to gather the relevant information and implement countermeasures.

OVERVIEW OF LIMITED LIABILITY AGREEMENTS

Pursuant to article 427, paragraph 1 of the Company Law, JR East concludes agreements limiting liability as stated in article 423, paragraph 1 of the Company Law with outside directors and outside corporate auditors as of June 23, 2010. The liability limit amount based on the said agreements is pursuant to the Company Law.

Current State of Internal Audits, Corporate Audits, and Accounting Audits (Systems for Internal Audits, Corporate Audits, and Accounting Audits)

Regarding internal audits, JR East has established an internal auditing system involving approximately 100 full-time employees in the Inquiry & Audit Department at Head Office and Inquiry & Audit divisions at branch offices, and together they work to ensure that corporate operations are executed lawfully and efficiently. Internal audits are implemented based on plans prepared at the beginning of each fiscal year, requests are made for the submission of progress updates for items requiring improvement, and the audit results are reported to representative directors at the end of each fiscal year and at other times deemed necessary. In addition, the Inquiry & Audit Department audits Group companies.

Regarding corporate audits, corporate auditors exchange information at monthly meetings of the Board of Corporate Auditors, and they also exchange auditing information with corporate auditors of Group companies at liaison meetings held at regular intervals. The audits of corporate auditors are supported by approximately 10 specialized staff. The system for the oversight of the implementation of operations by directors, carried out in accordance with the rules established by the Board of Corporate Auditors, centers on full-time corporate auditors who attend meetings of the Board of Directors, the Executive Committee, and other important in-house meetings as well as investigate financial situations and other items. Further, corporate auditor Toshiaki Yamaguchi is a cer-

tified public accountant and has extensive expertise with regard to finance and accounting.

Regarding accounting audits, the consolidated accounts of JR East are audited under contract by an independent auditor (accounting auditor), KPMG AZSA & Co., in and at the end of each fiscal year. The following is a breakdown of the certified public accountants (CPAs) who conducted accounting audits in the fiscal year under review as well as their auditing assistants.

- Designated certified public accountants:
Masanori Sato, Teruhiko Tanaka, and Mamoru Takamura
- Breakdown of auditing assistants:
certified public accountants 16
other 24

JR East facilitates coordination and information sharing to promote efficient and effective auditing. For example, full-time corporate auditors and the director responsible for internal auditing units hold monthly liaison meetings, and full-time corporate auditors receive regular updates on audit implementation from the accounting auditor 5 times a year and at any other time deemed necessary.

Outside Directors and Outside Corporate Auditors

JR East has two outside directors. Also, JR East has four outside corporate auditors.

Outside directors and outside corporate auditors do not have any business relationship with JR East.

JR East elects outside directors in order to take advantage of extensive knowledge and experience garnered outside JR East in its management and with a view to strengthening corporate governance systems through oversight of business management from independent standpoints.

JR East elects outside corporate auditors in order to take advantage of extensive knowledge and experience garnered outside JR East in audit operations and with a view to strengthening corporate governance systems through auditing of directors' implementation of duties from independent standpoints.

In addition, because JR East's outside directors and outside corporate auditors do not originate from principal business partners of JR East, JR East is of the view that they are sufficiently independent and that there is no concern over possible conflict of interests with general shareholders.

Furthermore, two of JR East's outside corporate auditors perform duties as full-time corporate auditors. Coordination

between outside corporate auditors and audit divisions and departments is as stated in "Current State of Internal Audits, Corporate Audits, and Accounting Audits (Systems for Internal Audits, Corporate Audits, and Accounting Audits)."

COMPENSATION OF DIRECTORS AND CORPORATE AUDITORS

JR East's Total Remuneration of Directors and Corporate Auditors by Classification, Total Remuneration by Type, and Number of Directors and Corporate Auditors Receiving Remuneration

Position	Total amount of Remuneration (¥ Million)	Total Amount of Remuneration by Type (¥ Million)		Number of Recipients
		Basic Remuneration	Bonuses	
Directors (not including outside directors)	861	728	133	26
Corporate auditors (not including outside corporate auditors)	10	8	2	1
Outside directors and outside corporate auditors	125	100	25	8
Total	996	836	160	35

1. The amount of remuneration, etc. includes the amount paid to three directors and two corporate auditors retired at the conclusion of the 22nd Ordinary General Meeting of Shareholders held on June 23, 2009.
2. The Company's retirement benefit scheme for directors and corporate auditors was abolished at the conclusion of the 17th Ordinary General Meeting of Shareholders held on June 23, 2004. It was approved at the meeting that vested retirement benefits would be paid out to each director or corporate auditor who was reappointed or was in the middle of his or her term of office at such meeting, based on the Company's regulations. In accordance with such approval, retirement benefits in the amount of ¥45 million were paid to two directors (not including outside directors) who retired during this fiscal year and retirement benefits in the amount of ¥11 million were paid to two outside directors and outside corporate auditors who retired during this fiscal year in addition to the above remuneration.

TOTAL CONSOLIDATED REMUNERATION OF JR EAST'S DIRECTORS

Not included because no individual receives total consolidated remuneration of ¥100 million or more.

Policy Regarding the Determination of the Amount and Calculation Method of Remuneration of Directors and Corporate Auditors

JR East remunerates directors and corporate auditors within the scope of the remuneration system approved by the Ordinary General Meeting of Shareholders and in light of evaluation of performance of routine duties and consideration of position and work record. Further, JR East pays bonuses to directors and corporate auditors in light of consideration of its business results, cash dividends paid to shareholders, and the performances of respective directors and corporate auditors.

OVERVIEW OF SHAREHOLDINGS

a. Investment shares held for purposes other than pure investment

Number of issues: 60 issues

Total recognized on balance sheet: ¥109,998 million

b. Investment shares held for purposes other than pure investment for which the amount recognized on the balance sheet for the fiscal year under review was more than one hundredth of common stock

Issue	Number of Shares	Balance Sheet Amount (¥ million)	Purposes of Ownership
Mizuho Financial Group, Inc.	62,615,000	11,584	To maintain and strengthen a stable business relationship and a close cooperative relationship
Mitsubishi Electric Corporation	9,650,000	8,289	To maintain and strengthen a stable business relationship and a close cooperative relationship
Mitsubishi UFJ Financial Group, Inc.	15,810,540	7,747	To maintain and strengthen a stable business relationship and a close cooperative relationship
Sumitomo Mitsui Financial Group, Inc.	1,723,100	5,324	To maintain and strengthen a stable business relationship and a close cooperative relationship
Nippon Densetsu Kogyo Co., Ltd.	6,791,000	4,971	To maintain and strengthen a stable business relationship and a close cooperative relationship
Nippon Steel Corporation	12,662,000	4,647	To maintain and strengthen a stable business relationship and a close cooperative relationship
JFE Holdings, Inc.	1,208,900	4,552	To maintain and strengthen a stable business relationship and a close cooperative relationship
Mitsubishi Heavy Industries, Ltd.	11,585,000	4,483	To maintain and strengthen a stable business relationship and a close cooperative relationship
Tokio Marine Holdings, Inc.	1,597,500	4,206	To maintain and strengthen a stable business relationship and a close cooperative relationship
Kawasaki Heavy Industries, Ltd.	15,344,000	3,959	To maintain and strengthen a stable business relationship and a close cooperative relationship
Mitsui Sumitomo Insurance Group Holdings, Inc.	1,488,042	3,861	To maintain and strengthen a stable business relationship and a close cooperative relationship
Mitsubishi Estate Co., Ltd.	2,415,000	3,695	To maintain and strengthen a stable business relationship and a close cooperative relationship
NIPPON OIL CORPORATION	6,283,000	2,959	To maintain and strengthen a stable business relationship and a close cooperative relationship
TOKYO GAS Co., Ltd.	7,142,000	2,943	To maintain and strengthen a stable business relationship and a close cooperative relationship
The Tokyo Electric Power Company, Incorporated	1,160,500	2,892	To maintain and strengthen a stable business relationship and a close cooperative relationship
The Bank of Yokohama, Ltd.	6,047,000	2,770	To maintain and strengthen a stable business relationship and a close cooperative relationship
Tohoku Electric Power Co., Inc.	1,265,200	2,500	To maintain and strengthen a stable business relationship and a close cooperative relationship
Hitachi, Ltd.	6,535,000	2,281	To maintain and strengthen a stable business relationship and a close cooperative relationship
Electric Power Development Co., Ltd.	723,000	2,227	To maintain and strengthen a stable business relationship and a close cooperative relationship
All Nippon Airways Co., Ltd.	8,098,000	2,162	To maintain and strengthen a stable business relationship and a close cooperative relationship
Mitsui Fudosan Co., Ltd.	1,336,000	2,120	To maintain and strengthen a stable business relationship and a close cooperative relationship

1. Mitsui Sumitomo Insurance Group Holdings, Inc., undertook management integration with Aioi Insurance Co., Ltd., and Nissay Dowa General Insurance Co., Ltd., on April 1, 2010, and established MS&AD Insurance Group Holdings, Inc.

2. NIPPON OIL CORPORATION established with NIPPON MINING HOLDINGS, INC., the holding company JX Holdings, Inc., through a joint transfer of shares on April 1, 2010, and became a wholly owned subsidiary of the said holding company.

NUMBER OF DIRECTORS

JR East's articles of incorporation stipulate that the number of JR East's directors shall be 30 or less.

CONDITIONS FOR DETERMINING THE SELECTION OF DIRECTORS

The conditions stipulated by JR East's articles of incorporation for resolutions are a quorum of shareholders with one-third or more voting rights and the approval of the resolution by shareholders with more than half of those voting rights.

RESOLUTIONS TO BE DECIDED BY THE GENERAL SHAREHOLDERS' MEETING THAT MAY BE DECIDED BY THE BOARD OF DIRECTORS

Acquisition of Treasury Stock

In accordance with article 165, item 2, of the Company Law, JR East's articles of incorporation provide for the acquisition of treasury stock through market transactions and other means based on a resolution of the Board of Directors. This is designed to enable the execution of flexible capital policies that respond to current and future changes in the operating environment.

Interim Dividends

JR East's articles of incorporation stipulate that interim dividends based on article 454, item 5, of the Company Law may be paid to shareholders that are registered or recorded or registered pledges as of the end of September 30 of each year. This is designed to enable the flexible execution of measures to distribute profit to shareholders.

CONDITIONS FOR SPECIAL RESOLUTIONS OF THE GENERAL SHAREHOLDERS' MEETING

The conditions stipulated for resolutions based on article 309, item 2, of the Company Law are a quorum of shareholders with one-third or more voting rights and the approval of the

resolution by shareholders with two-thirds or more of those voting rights. These conditions are designed to promote the smooth and efficient functioning of the general shareholders' meetings.

OTHER

With regard to information disclosure, JR East is proactively engaged in public relations and investor relations programs. By making use of its website and other media, JR East is striving to increase the volume of information disclosed, ensure that information disclosure is timely, and otherwise improve its information disclosure.

COMPENSATION OF CERTIFIED PUBLIC ACCOUNTANTS THAT CONDUCT ACCOUNTING AUDITS

Previous Fiscal Year	Millions of Yen		
	Filing Company (JR East)	Consolidated Subsidiaries	Total
Compensation for auditing and attestation	¥260	¥437	¥697
Compensation for non-auditing	5	8	13
Fiscal year under review			
Compensation for auditing and attestation	¥255	¥428	¥683
Compensation for non-auditing	4	5	9

OTHER IMPORTANT COMPENSATION DETAILS

No applicable items.

DETAILS OF NON-AUDITING SERVICES FOR JR EAST PROVIDED BY CERTIFIED PUBLIC ACCOUNTANTS THAT CONDUCT ACCOUNTING AUDITS

Non-auditing services for which JR East pays compensation to certified public accountants that conduct accounting audits are agreed procedures and the preparation of comfort letters.

POLICY FOR DECIDING AUDITOR COMPENSATION

No applicable items.

Organization

As of July 2010

