

AN OVERWHELMINGLY SOLID AND ADVANTAGEOUS RAILWAY NETWORK



JR EAST'S SERVICE AREA

TOKYO

The railway business of the JR East Group covers the eastern half of Honshu island, which includes the Tokyo metropolitan area. We provide transportation services via our Shinkansen network, which connects Tokyo with regional cities in five directions, Kanto area network, and intercity and regional networks. Our networks combine to cover 7,512.6 kilometers and serve 17 million people daily. We are the largest railway company in Japan and one of the largest in the world.

Being based in the Tokyo metropolitan area is a major source of our strength. Routes originating in the Kanto area (JR East Tokyo Branch Office, Yokohama Branch Office, Hachioji Branch Office, Omiya Branch Office, Takasaki Branch Office, Mito Branch Office, and Chiba Branch Office) account for 68% of transportation revenue. Japan's total population may be declining, but the population of the Tokyo metropolitan area (Tokyo, Kanagawa Prefecture, Saitama Prefecture, and Chiba

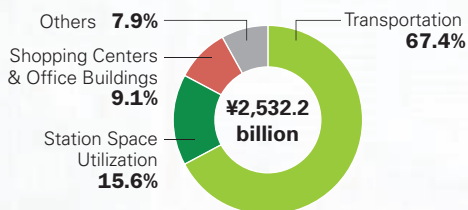
On a daily basis, about **17** million passengers travel a network of 70 train lines stretching 7,512.6 operating kilometers

An Overwhelmingly Solid and **Advantageo**

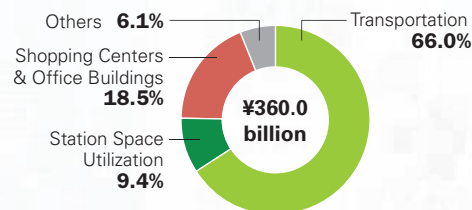


Prefecture) continues to rise, meaning our railway networks are supported by an extremely sturdy operating foundation. Going forward, we will continue to enhance Tokyo area rail networks by improving the convenience of the "Tokyo Mega-loop," an outer loop around Tokyo formed by the Musashino, Keiyo, Nambu and Yokohama lines, constructing the Tohoku Through Line, and starting through services with Sagami Railway.

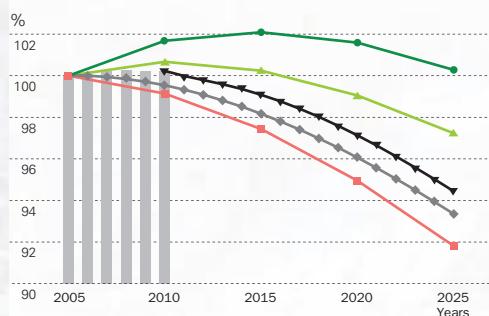
OPERATING REVENUES
For the year ended March 31, 2012



OPERATING INCOME
For the year ended March 31, 2012



TOTAL POPULATION OF JAPAN



The population of the Tokyo metropolitan area is projected to increase further until the middle of the 2010s, while that of Japan as a whole and other metropolitan areas is forecast to continue decreasing.

ous Railway Network



ACCELERATED GROWTH IN THE LIFE-STYLE SERVICES AND *SUICA* BUSINESSES

Life-Style Businesses

Life-style businesses, which consist of in-station retail, station buildings, hotels and other services, are one of the three pillars of the JR East Group, alongside the railway business and *Suica* business, and account for roughly 30% of the Group's operating revenues on a consolidated basis. Our stations see 17 million people pass through every day, making them the JR East Group's largest management resource. We will continue to pursue the potential of

station space while creating new, more appealing services from a community-building standpoint.

We also plan to actively conduct development projects that utilize our stations, which excel in drawing in customers, and surrounding areas. *Tokyo Station Hotel* and other facilities are set to open when the historic *Marunouchi Station Building* project at Tokyo Station is completed in October 2012. And in the office business, large- and medium-scale projects that have been

underway will be completed. We are also planning to open shopping centers and other new commercial facilities.

Suica Business

Launched in November 2001, *Suica* celebrated its tenth anniversary in November 2011. To date, we have actively promoted services that are mutually compatible with the IC cards of other transportation providers and developed infrastructure that allows *Suica* to be used in major cities throughout Japan. Moving forward, we

Retail stores and restaurants in our stations:

about **2,500**

The number of *Suica* prepaid, rechargeable IC cards issued:

about **38** million

Accelerated Growth in the **Life-style Services**

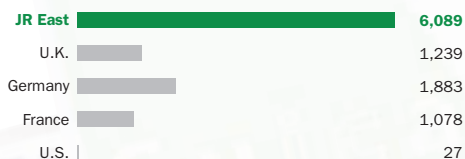


will continue to promote mutual compatibility and establish IC train tickets as the de facto standard. Electronic money, a service started in March 2004, has continued to add partners and extend the range of locations it can be used. As a result our e-money service is now used as many as 2.88 million times a day.

We have three main goals for the business: Make *Suica* the No. 1 e-money service by extending it universally on railway networks; develop new businesses based on *Suica* data that contribute to Group earnings; and transform the *Suica* business into a comprehensive IT business.

NUMBER OF RAILWAY PASSENGERS

Millions

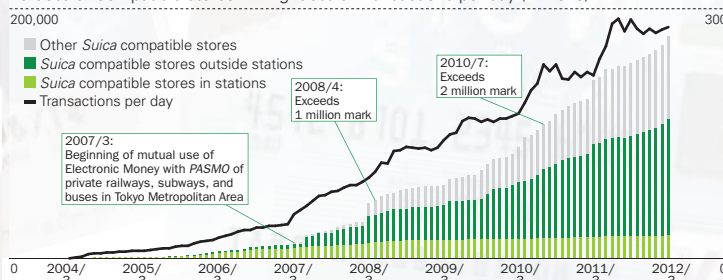


- Figures for JR East, the U.K. and the U.S. are as of March 31, 2010, while the figures for Germany and France are as of December 31, 2009.
- U.K.: Association of Train Operating Companies (Railway tracks are owned by Network Rail Ltd.); Germany: Deutsche Bahn AG; France: Société Nationale des Chemins de fer Français (SNCF) (Railway tracks are owned by Réseau Ferré de France (RFF)); U.S.: National Railroad Passenger Corporation (Amtrak)
- Figures for JR East do not include Tokyo Monorail.

Source: Statistiques Internationales des Chemins de Fer 2009, Union Internationale des Chemins de Fer

SUICA ELECTRONIC MONEY- TRANSACTIONS AND COMPATIBLE STORES

Left scale: Compatible stores Right scale: Transactions per day (millions)



Suica electronic money is accepted at over 170,000 stores and was used for a one-day record of 2.88 million transactions as of March 31, 2012.

* Figures are as of March 31, 2012
* Figures include results of other affiliated stores

Services and *Suica* Businesses



INVESTING FOR GROWTH AND MAINTAINING A STABLE FINANCIAL FOUNDATION

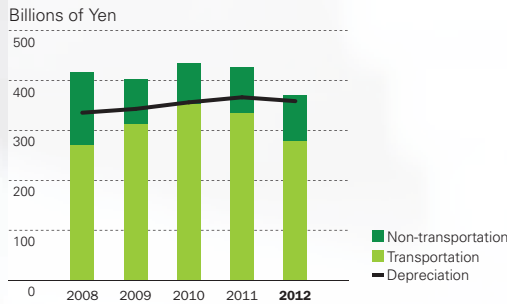
JR East has set a target of generating ¥1.65 trillion in operating cash flow over the three-year period to March 2015. Our approach to using this cash will remain largely the same (capital expenditures, shareholder returns, and debt reduction), but to fully pursue the potential of

the JR East Group, we intend to increase investments aimed at further growth, business expansion and operating base reinforcement. Over the three-year period beginning in the fiscal year to March 2013, consolidated capital expenditures are planned to be approximately ¥1.4

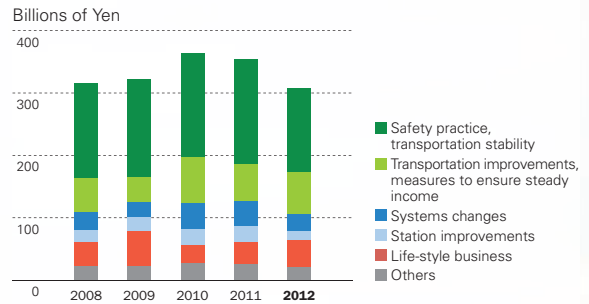
trillion. Of this amount, we estimate that growth investments will total roughly ¥500.0 billion.

At the same time, since the company's establishment we have reduced long-term debt by ¥2,980.7 billion as of March 31, 2012 (non-consolidated basis). Our financial

CAPITAL EXPENDITURES (CONSOLIDATED)



CAPITAL EXPENDITURES (NON-CONSOLIDATED)



Investing for Growth and Maintaining a **Stable**

foundation continues to improve as a result, with average interest rates (consolidated) declining from 4.09% to 2.85% over the 10-year period since the term ended March 2002 and interest payments decreasing from ¥187.6 billion to ¥101.0 billion. Our equity ratio has increased from 13.3% to 26.5% over the same period. We intend to continue reducing long-term debt and reinforcing our financial foundation. Credit rating agencies have rewarded these efforts with high ratings: AA+ from R&I, AA- from Standard & Poor's Japan, and Aa2 from Moody's Japan.

LONG-TERM DEBT—CREDIT RATINGS

Moody's **Aa2** (Stable)

[Basic Opinion]

- The Transportation business with its strong operating base is expected to continue generating a stable cash flow.
- 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.
- The Company remains conservative in its financial policy and will continue to reduce debt. (September 2011)

S&P **AA-** (Negative)

[Basic Opinion]

- Backed by a strong operating base, the mainstay Transportation business is expected to retain its stable profitability.
- Non-transportation operations also remain highly competitive against a backdrop of various operating advantages.
- The Group's balance of debt to equity is expected to continue improving, as the Company has disclosed its policy to continue reducing debt.
- 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. (May 2011)

R&I **AA+** (Stable)

[Basic Opinion]

- JR East sustained damages across an extensive area as a result of the Great East Japan Earthquake. However, JR East rapidly restored operations in the Kanto Area and Shinkansen networks, and has achieved a steady recovery thereafter. The earthquake demonstrated the strength of JR East's operating base.
- JR East should maintain its ability to generate strong cash flows given that it has a strong business foundation centered on the Tokyo metropolitan area, and it is upgrading and expanding facilities in related businesses centered on railway terminals.
- JR East has made steady progress on upgrading and expanding its operating base by developing and revitalizing train stations and station buildings.
- JR East is anticipated to continue making large capital expenditures in redevelopment and safety measures. However, JR East should be able to maintain a comparatively strong financial position as a railway company.
- The ratings outlook remains stable. (March 2012)

Financial Foundation

