

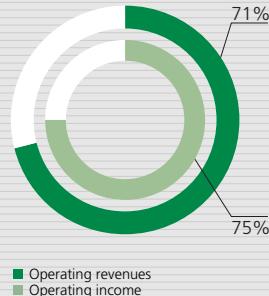
Review of Operations

Principal Businesses

Business Composition by Segment

TRANSPORTATION

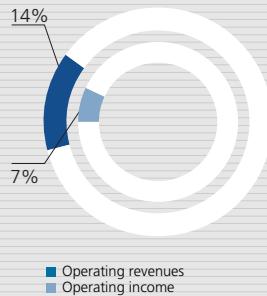
- Shinkansen Network**
High-speed train services linking Tokyo with major cities
- Tokyo Metropolitan Area Network**
Trains serving the Tokyo area, the largest market in Japan
- Intercity and Regional Networks**
Intercity transportation other than Shinkansen network and regional transportation outside the Tokyo metropolitan area network
- Travel Agency Services**
View Plaza (travel agencies) and other outlets selling travel products
- Bus Services**
Bus services conducted in addition to railway operations



■ Operating revenues
■ Operating income

STATION SPACE UTILIZATION

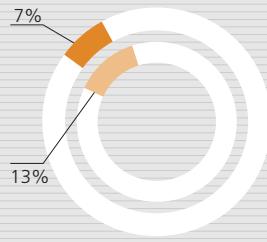
- Retailing**
Retailing activities, such as kiosk outlets and convenience stores, at stations and sales of snacks, drinks, and other goods inside trains
- Restaurants**
Fast food stores and a variety of restaurants operated mainly at or near stations



■ Operating revenues
■ Operating income

SHOPPING CENTERS & OFFICE BUILDINGS

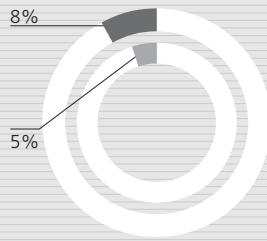
- Shopping Centers**
Leasing space to retailers and other tenants in shopping centers at stations
- Office Buildings**
Operation of buildings used primarily as office space



■ Operating revenues
■ Operating income

OTHER SERVICES

- Advertising and Publicity**
Advertising and publicity in stations and inside trains
- Hotel Operations**
Chain hotel businesses, including *Metropolitan Hotels* and *HOTEL METS* operated as part of the *JR East Hotel Chain*
- Information Services**
Information processing development, operations and support for Internet businesses, and related activities
- Housing Development and Sales**
Primarily the development and sales of housing sites, houses, and condominiums at locations along JR East's rail lines
- Credit Card Business**
The *View Card*, a credit card that is honored at stations, stores at stations, hotels, shopping centers and VISA, JCB, or MasterCard card member merchants
- Others**
Wholesale, truck delivery, cleaning, and other businesses



■ Operating revenues
■ Operating income

JR EAST'S COMPETITIVE ADVANTAGES

TRANSPORTATION

- >> JR East has the dominant market share for routes between Tokyo and most of the major cities in the Tohoku region.
- >> JR East's price competitiveness is strengthened because rival railway companies had to raise fares repeatedly to offset large-scale capital expenditures needed to increase transportation capacity.
- >> JR East's development of a through service linking suburban cities in the northern and southern parts of the Tokyo metropolitan area has significantly altered passenger flows.
- >> By enhancing its through services, JR East will win passengers, particularly commuter pass holders, from competitors' railway services.
- >> JR East will increase *Green Cars* (first class cars) on local trains to cater to passengers' seating needs and increase revenues.
- >> In fiscal 2004, approximately 80 thousand people used JR East's "breaks for seniors" travel packages, which have been created to cater to Japan's graying society.

NON-TRANSPORTATION

- >> Considerable scope remains for the development of non-transportation businesses, given JR East's large number of high-passenger-volume stations, which include 33 stations used by more than 200 thousand passengers a day and 55 stations used by between 100 thousand and 200 thousand passengers a day.
- >> Prospects are very favorable for JR East's convenience store operations, which boast average daily store sales approaching those of major convenience store chains in Japan.
- >> JR East is implementing a plan to make stations more attractive and profitable by developing new areas for commercial premises.
- >> Stations and nearby facilities and land owned by JR East are assets that can be leveraged to generate high profits.
- >> The 15 office buildings operated by JR East are performing extremely well. All of the buildings enjoyed 100% tenancy rates as of April 2004, thanks to the competitive advantages afforded by their prime locations that offer direct access to train stations.
- >> Its numerous high-passenger-volume stations and railway services enable JR East to dominate Japan's main transportation advertising market—the Tokyo metropolitan area. JR East's transportation advertising business accounts for roughly 45% of that market in terms of revenues.
- >> As well as generating profits from real estate holdings, JR East's hotel operations achieve significant synergies with railway and travel agency businesses.
- >> By using a jointly developed construction method that dramatically reduces noise and vibration, JR East built its first-ever hotel under elevated railway tracks.

Note: The number of station users for each station represents twice the number of passengers embarking.