

# Our Story

## Contents

### Financial Highlights

4



### Strategy

5

- 6 A Message from the Management  
Mutsutake Otsuka  
Satoshi Seino
- 8 An Interview with the President
- 14 *New Frontier 2008*



### Review of Operations

16

- Transportation**
- 18 Shinkansen Network
- 20 Tokyo Metropolitan Area Network
- 22 Intercity and Regional Networks, Travel Agency Services
- Non-Transportation**
- 24 Station Space Utilization
- 26 Shopping Centers & Office Buildings
- 28 Other Services
- 30 Report on the Uetsu Line Accident and Earthquake Countermeasures



### Management Systems

31

- 32 Corporate Social Responsibility
- 34 Corporate Governance
- 37 Organization
- 38 Board of Directors and Corporate Auditors



### Financial Section

39

- 40 Eleven Year Summary
- 42 Management's Discussion and Analysis of Financial Condition and Results of Operations
- 47 Operational and Other Risk Information
- 56 Consolidated Balance Sheets
- 58 Consolidated Statements of Income
- 59 Consolidated Statements of Shareholders' Equity
- 60 Consolidated Statements of Cash Flows
- 61 Notes to Consolidated Financial Statements
- 74 Independent Auditors' Report



### Corporate Information

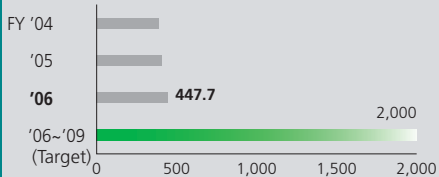
75

- 76 JR East: Domestic and International Perspectives
- 89 JR East: Our Origins and Long-Term Goals
- 92 Consolidated Subsidiaries and Equity Method Affiliated Companies
- 95 Stock Information
- 96 Corporate Data/For Inquiries
- 97 Glossary

### Three Benchmarks of Our Medium-Term Management Plan: *New Frontier 2008*

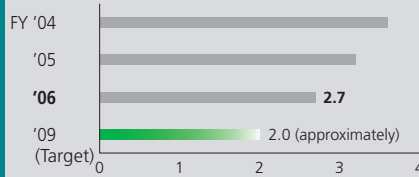
#### CASH FLOWS FROM OPERATING ACTIVITIES

(Billions of yen)



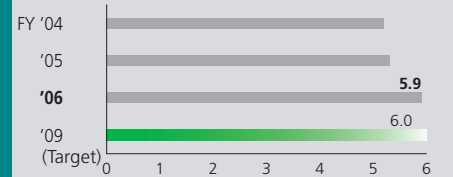
#### RATIO OF TOTAL LONG-TERM DEBT TO SHAREHOLDERS' EQUITY

(Times)



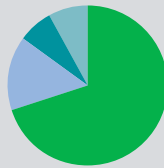
#### RATIO OF OPERATING INCOME TO AVERAGE ASSETS (ROA)

(%)



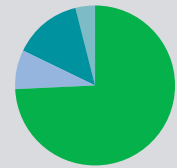
#### CONSOLIDATED OPERATING REVENUES (For fiscal 2006)

- Transportation 70%
- Station Space Utilization 15%
- Shopping Centers & Office Buildings 7%
- Other Services 8%



#### CONSOLIDATED OPERATING INCOME (For fiscal 2006)

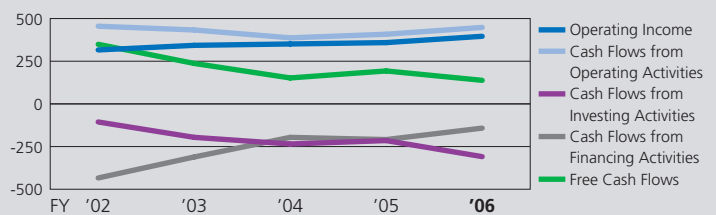
- Transportation 75%
- Station Space Utilization 8%
- Shopping Centers & Office Buildings 13%
- Other Services 4%



JR East will maintain high ethical standards and management transparency while earnestly taking progressive measures in response to major issues facing society as a whole. Through those efforts, JR East intends to continue fulfilling the expectations of society and the trust of shareholders and other stakeholders. In particular, JR East will redouble efforts focused on stringent management compliance and measures that address global environmental issues.

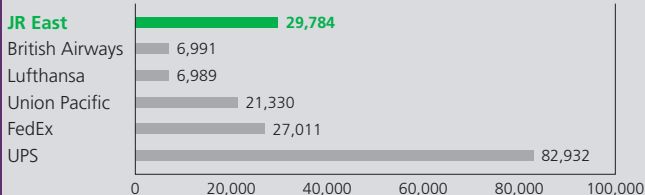
Operating revenues advanced 2.2% from the previous fiscal year, to ¥2,592.4 billion, and operating income increased 10.5%, to ¥396.1 billion. Net income amounted to ¥157.6 billion, up 41.2%.

#### TREND OF OPERATING INCOME AND CASH FLOW (Billions of Yen)



#### TOTAL STOCK MARKET VALUE (Millions of U.S. Dollars)

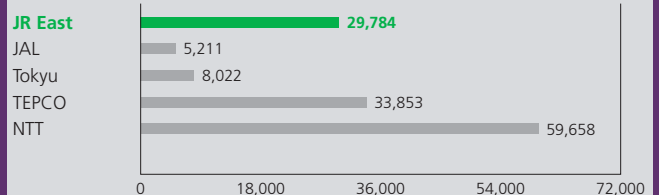
##### INTERNATIONAL



Data: As of March 31, 2006 (Year ended December 31, 2005, for Lufthansa, Union Pacific, and UPS and year ended May 1, 2005, for FedEx)

#### TOTAL STOCK MARKET VALUE (Millions of U.S. Dollars)

##### DOMESTIC



Data: As of March 31, 2006