

A Message from the Management

On April 1, 2007, JR East celebrated the 20th anniversary of its establishment. This noteworthy day came soon after such major business development events as the March 18 start of interchangeable *Suica/PASMO* IC card service and March 8 opening of *Sapia Tower* within the *Tokyo Station City* complex—two events that represent the fruition of JR East’s tireless efforts over many years. We do not expect our operations to change greatly in one or two years, but we do think that our selection of business strategies will make a huge difference over the long term. Moreover, the JR East Group is making relentless efforts to ensure all our customers can be assured of “peace of mind,” a goal that is even more difficult than our goal of ensuring absolute safety.

During fiscal 2007, or the year ended March 31, 2007, the Japanese economy was firm and, particularly in the Greater Tokyo region, there was a palpable strength in people’s movements and consumption activities. Moreover, it was a year in which the benefits of many measures that we have been undertaking became reflected with increasing clarity in our performance figures. Increased operating revenues in each of our business segments boosted consolidated operating revenues 2.5%, or ¥65.0 billion, to ¥2,657.3 billion, and operating income was up 8.1%, or ¥32.0 billion, to ¥428.1 billion. Together with such factors as a drop in interest expense due to our reduction of total long-term debt, these performance gains helped increase net income 11.6%, or ¥18.3 billion, to ¥175.9 billion. The figures for operating income and net income were the highest on record.

We are anticipating that fiscal 2008 will be a year rich in noteworthy developments in JR East’s operations, including the completion of such new facilities as *GranTokyo North Tower* Phase I and *ecute Tachikawa* and the expansion of *Suica* use

MUTSUTAKE OTSUKA
Chairman





SATOSHI SEINO
President and CEO

due to a rise in the number of users, an expansion of the geographic scope of usage, and the introduction of additional functions. We are vigorously expanding our railway operations and other core operations as we steadily advance with the implementation of new business initiatives. The implementation of *New Frontier 2008*, our medium-term management plan, is proceeding smoothly, and we are confident that the success of this plan will significantly augment JR East's corporate value. Regarding dividends, we have a policy of seeking to keep our dividend payout ratio above 20%, and we are aiming to set dividends applicable to fiscal 2008 at ¥10,000 per share (a ¥1,000 increase).

As JR East prepares for a new surge of corporate evolution, we would like to reconfirm our commitment to the "reform-minded" posture that JR East has maintained during the past 20 years of tireless efforts and ceaseless progress. We are determined to continue relentlessly taking up new business development challenges one by one. We are doing our utmost to steadily improve our performance and thereby increase the funds available for distribution to shareholders and investors. At the same time, we are striving to ensure that the JR East Group operates as an outstanding corporate citizen in fulfilling all of its responsibilities for society. In these ways, we are endeavoring to meet the expectations of shareholders and investors. We hope for your continued understanding and support.

June 2007

Mutsutake Otsuka, Chairman

Satoshi Seino, President and CEO