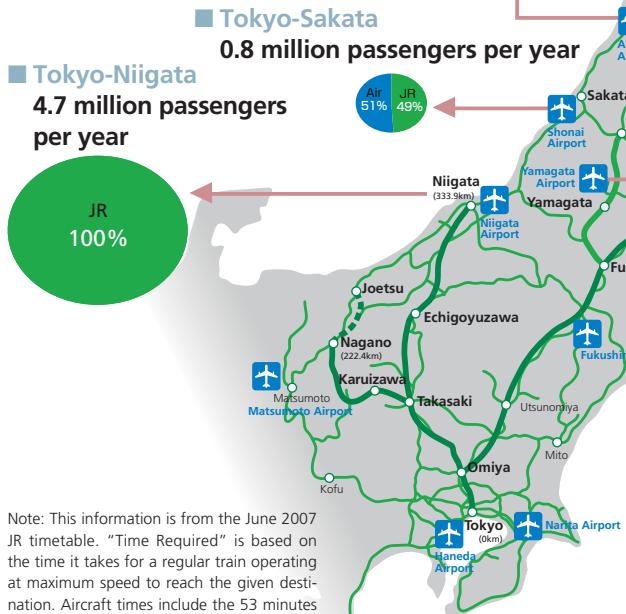


Shinkansen Network

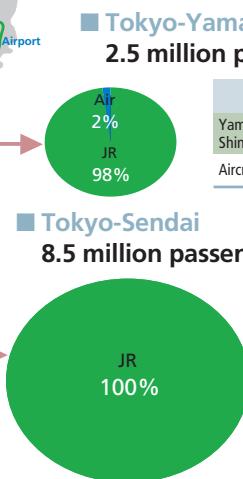
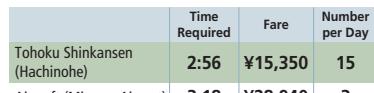
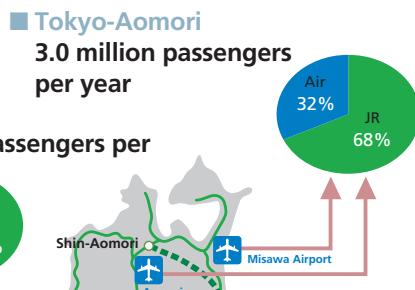
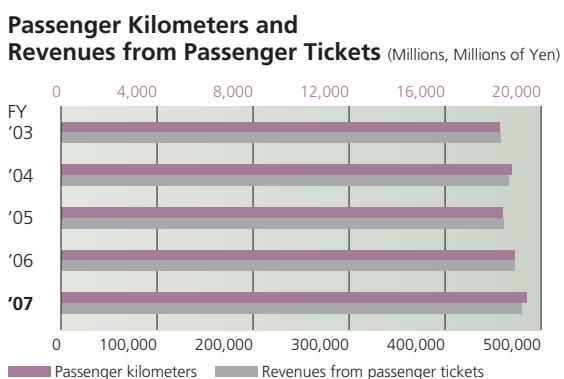
Competition with Airlines

	Time Required	Fare	Number per Day
Akita Hybrid Shinkansen	3:50	¥16,810	15
Aircraft (Akita Airport)	2:53	¥24,110	7

	Time Required	Fare	Number per Day
Joetsu Shinkansen + Uetsu Honsen	3:55	¥13,880	7
Aircraft (Shonai Airport)	2:38	¥20,040	4



Note: This information is from the June 2007 JR timetable. "Time Required" is based on the time it takes for a regular train operating at maximum speed to reach the given destination. Aircraft times include the 53 minutes it takes to travel from Tokyo Station to Haneda Airport using JR lines and the Tokyo Monorail as well as the time it takes upon arrival for airport buses to reach their destinations. JR fares are for one-way, regular fares, including surcharges for reserved seating. Airfares are also for one-way, regular fares and are for the same month as the JR fares.



Overview

For JR East, its Shinkansen services rank alongside its transportation services in the Tokyo metropolitan area as a mainstay business. JR East operates a five-route Shinkansen network that links Tokyo with the regions of Tohoku, Joetsu, Nagano, Yamagata, and Akita. Specially designed hybrid Shinkansen trains—capable of running on the tracks of conventional lines as well as Shinkansen lines—serve the Yamagata and Akita regions.

In Japan, trains are generally considered superior to airplanes for medium-to-long-distance trips of up to 750km in length. The distance from Tokyo to the principal cities in JR East's operating area falls within this range, placing JR East in a superior competitive position vis-à-vis airlines.

Moreover, JR East has relentlessly done its utmost to ensure the safety and dependability of its transportation services. JR East's Shinkansen trains have been only 30 seconds late on average since the start of the service, and JR East is determined to sustain its outstanding performance in providing dependable transportation.

Topics

Increasing Transportation Capacity in Line with Seasonal Demand Fluctuations

JR East faces sharp surges in demand for Shinkansen services during major holiday periods—such as those of Golden Week, the *Bon* Festival, and the end and start of each year—as well as during ordinary and three-day weekends. The rise in demand at such times ranges from 140% to 180%, and JR East responds to these surges by increasing the number of trains it runs to the maximum possible extent. JR East believes that the principal missions of its Shinkansen operations include the mission of continually working to increase the number of passengers served, even if only by a single passenger.

Outlook

FASTECH 360—Developing Bullet Trains with the World's Highest Levels of Speed and Reliability

JR East has moved ahead with the development of Shinkansen trains with the technical goal of achieving operational speeds up to 360km/h and simultaneously attaining the world's highest levels of speed, reliability, environmental compatibility, and comfort. JR East is developing two high-speed test railcar prototypes, the *FASTECH 360S*, which has been undergoing operational trials since June 2005, and the *FASTECH 360Z* hybrid, which has been undergoing operational trials since April 2006.

Shinkansen Line Extensions

The Japan Railway Construction, Transport and Technology Agency (JRRTT) is constructing extensions to the Tohoku Shinkansen Line between Hachinohe and Shin-Aomori and to the Hokuriku Shinkansen Line between Nagano and Kanazawa (Joetsu marks the limit of JR East's service area). The Hachinohe–Shin-Aomori segment is scheduled to be completed at the end of fiscal 2011, and the Nagano–Kanazawa segment is expected to be finished by the end of fiscal 2015 (see page 52 for details).



Shinkansen trains



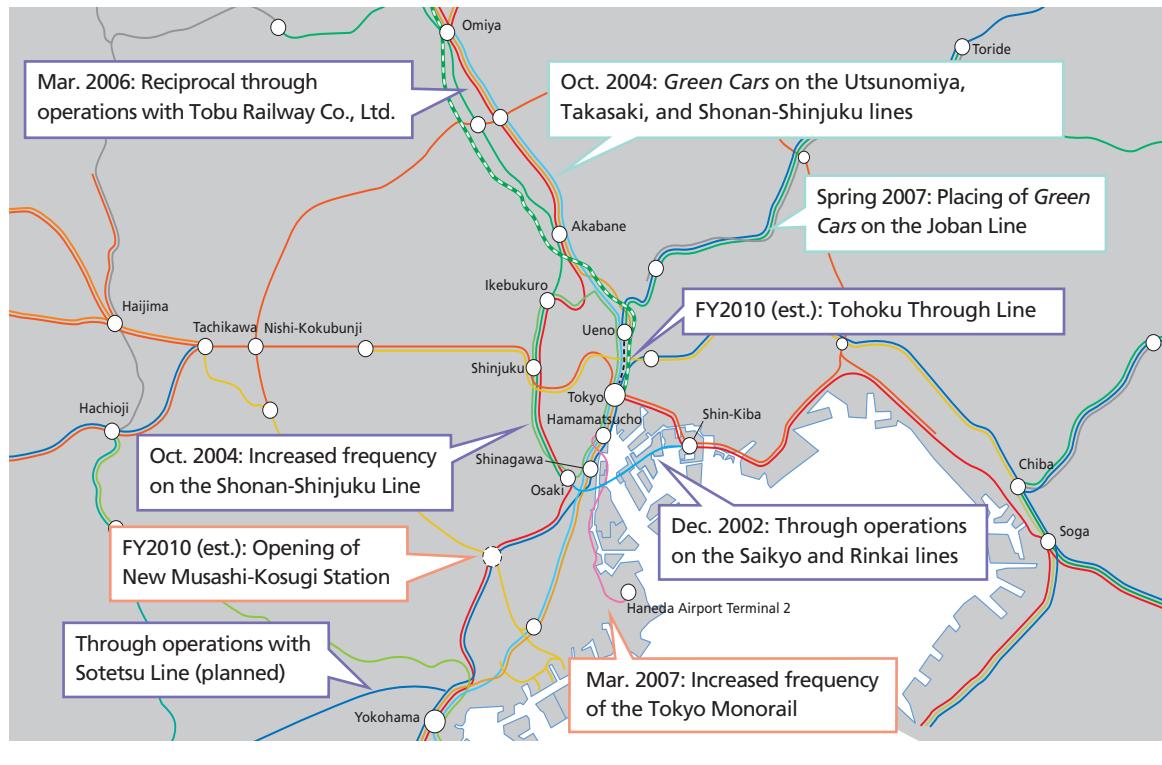
FASTECH 360Z and 360S



New electronic schedule board installed at Tokyo Station to augment capabilities for flexibly responding to the addition of Shinkansen trains

Tokyo Metropolitan Area Network

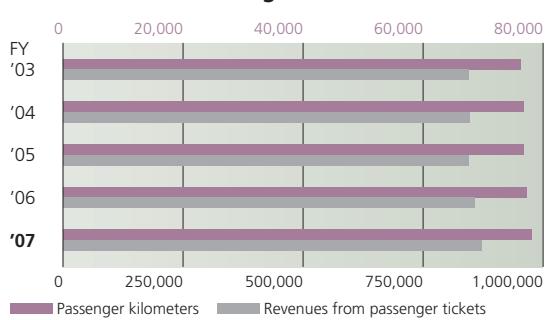
Enhanced Service on Conventional Lines around the Tokyo Metropolitan Area Network



Concept illustration of the Tohoku Through Line

- Seating service
- Through operation
- Shonan-Shinjuku Line
- Tokyo Monorail
- Rinkai Line (TWR)
- Tohoku Through Line

Passenger Kilometers and Revenues from Passenger Tickets (Millions, Millions of Yen)



Overview

The Tokyo metropolitan area train line network boasts a total route length of about 1,100km, including numerous lines that are within central Tokyo as well as those linking central Tokyo with nearby suburban cities. Most of the network is within a 100km radius of Tokyo Station. JR East accounts for nearly half of the Tokyo area's huge, highly profitable rail transportation market in terms of passenger kilometers and operating revenues (see page 90 for details).

JR East has worked to strengthen its network without undertaking large-scale capital investment projects, by making the most of its existing infrastructure through such measures as those to develop new routes that share existing line segments with other services, increase the number of trains, and lengthen trains. In the 20 years since its establishment, JR East has increased its capacity by an amount roughly three times the average capacity of its major Tokyo competitors. In these ways, JR East has countered competition from growing subway networks and other railway systems.

Topics

Green Cars—Extended Coverage Area and Added Value
Since JR East added double-decker Green Cars to local trains on sections of the Shonan-Shinjuku, Utsunomiya,

and Takasaki lines in October 2004, this service has been highly evaluated by passengers. Reflecting its policy of sustaining efforts to better meet passengers' seating needs and thereby improve its profitability, JR East added *Green Cars* to local trains on an additional line—the Joban Line—at the time of its March 2007 timetable revision.

Through Service—Increased Number of Shonan-Shinjuku Line Trains and Limited Express Through Service

By sharing existing line segments with other services, JR East launched the Shonan-Shinjuku Line in December 2001. The route has improved passenger flow by eliminating the need to change trains when traveling between suburban cities in the northern and southern districts of the Tokyo metropolitan area.

Initially, the Shonan-Shinjuku Line carried only 25 round-trip trains a day, but the number of such trains was raised from 38 to 64 in October 2004, reflecting particularly large increases in the number of trains running during morning and evening peak commuting periods. JR East estimates that boosting the number of round-trips per day on this line had the effect of increasing its revenues by approximately ¥2.3 billion in fiscal 2006 and ¥1.0 billion in fiscal 2007.

Besides this, in March 2006, JR East and Tobu Railway Company co-operatively initiated a limited express through service linking Shinjuku Station with Tobu-Nikko and Kinugawa-Onsen stations. This new route from western Tokyo, particularly popular on weekends and holidays, is generating tangible benefits in stimulating greater tourism in the Nikko-Kinugawa Onsen area.

Introduction of New Railcars

To further improve the convenience and amenity of its Tokyo metropolitan area network, JR East is introducing new railcars developed with particular emphasis on accident resistance, people friendliness, and improved performance regarding information provision to passengers and other railcar functions. Since December 2006, a growing number of these new railcars have been placed in operation on the Chuo, Ome, and Itsukaichi lines. The new cars feature backups for the main equipment to reduce service disruptions. Moreover, to better meet the special needs of seniors, women, and the physically challenged, the railcars' priority seating areas have been clearly marked through the use of contrasting colors in those areas, and the heights of luggage racks and hand straps around priority seating areas and in women-only railcars have been lowered. Information display devices have been installed above each door to enable the initiation of a service providing passengers with train schedule information, news, and other information.

From sometime around autumn 2007, the new railcars will be introduced on the Keihin-Tohoku and Negishi lines, and plans call for the railcars to be introduced to the Joban Local Line from sometime around summer 2008.

Outlook

Tohoku Through Line Concept

JR East aims to establish a new through route by laying additional double tracks between Ueno Station—the terminus of medium-distance trains arriving in Tokyo from the north—and Tokyo Station—the terminus of medium-distance trains arriving in Tokyo from the south. The project is expected to cost approximately ¥30 billion.



Green Cars on the Joban Line



Shonan-Shinjuku Line



Limited express for the Nikko-Kinugawa Onsen area



New E233 series railcars

Transportation

Intercity and Regional Networks

Overview

Accounting for more than 70% of JR East's total network, JR East's intercity and regional networks provide non-Shinkansen intercity services and regional services not covered by the Tokyo metropolitan area network. The intercity network mainly comprises limited express trains, and JR East continues to upgrade services through such measures as those to introduce new types of railcars and more convenient timetables.

JR East is working to progressively improve the business performance of the regional network by scheduling services in line with trends in customer needs as well as through such efficiency-boosting measures as those to operate trains with only one crew member, reduce maintenance costs, and introduce energy-saving trains.

Topics

Timetable Revision

In March 2007, JR East implemented a timetable revision and also initiated a mutual line-sharing arrangement with the railway that operates the Sendai Airport Line. This service is expected to attract considerable patronage by people using Sendai Airport and people living along the line as well as customers and employees of Diamond City—one of the Tohoku region's largest commercial facilities—which is being constructed adjacent to a station on that line.

Responding to the Advent of the Car-Oriented Society

Particularly in rural areas, the advantages of automobiles are increasing, due to highway construction and improvements in local road networks. JR East is adapting to this and seeking new earning opportunities by introducing diverse services that harmonize with road travel, such as park-and-ride, bus, and rent-a-car services.

Introduction of the World's First Hybrid Railcars

From fiscal 2008, JR East will begin the commercial operation of the world's first hybrid diesel/electric battery-powered railcars, which are designed to reduce the environmental impact of the Koumi Line. In addition to being more fuel efficient and quieter than conventional energy-saving railcars, a hybrid railcar's emissions are expected to contain approximately 60% less NOx, graphite, and other particulates. Seeking to create systems that reduce the burden humankind places on the natural environment, JR East is moving forward with R&D programs focused on railcar fuel cell drive systems. Based on the results of these programs, JR East intends to undertake the development of the world's first hybrid fuel cell railcars.

Passenger Kilometers and Revenues from Passenger Tickets (Millions, Millions of Yen)



Sendai Airport Line



Hybrid railcars

Transportation

Travel Agency Services

Overview

Unlike the business models of other travel agencies, JR East's travel agency business model calls for unearthing new tourist destinations, developing related travel packages, and extensively advertising the travel packages, thereby triggering "booms" that stimulate railway usage and regional economies. During fiscal 2007, JR East marketed its travel packages—*View Travel Products*—through JR East's *View Plaza* facilities within train stations and also proactively expanded their marketing through such additional channels as websites and other travel agencies. As a result, the number of people using these packages surged 9.4% from the fiscal 2006 level, to 2.64 million.

Topics

Appealing to Seniors—*Otona no Kyujitsu Club*

In view of Japan's demographic graying, JR East is proactively working to meet the needs of a target group of people in their 50s or older and make them fans of JR East travel packages from as young an age as possible. As one means of doing this, JR East created two membership clubs—*Otona no Kyujitsu Club: Zipangu*, for men aged 65 and older and women aged 60 and older, and *Otona no Kyujitsu Club: Middle*, for anyone aged 50 and older—and is working to increase the number of members, who are all holders of JR East's *View Card* credit card. Through newsletters and other media, club members are directly offered discounts and member-only tour packages that promote greater use of JR East rail services, and they are also provided with information on diverse sales promotion campaigns JR East carries out in cooperation with other companies. At the end of June 2007, membership in the two clubs rose to 660,000.



Otona no Kyujitsu Club poster



Tourist trains near the scenic Shirakami Sanchi mountain region



New-type *View Plaza*

Tour Products That Increase the Vitality of Tourist Areas

The geographic area in which JR East conducts its operations is rich in such diverse tourism resources as those related to history, culture, architecture, and festivals, and they include such registered UNESCO World Heritage Sites as the Shirakami Sanchi mountain range and Nikko. JR East cooperates with individual regions to develop their tourism resources and creates and markets a wide variety of *View* tourism packages that help augment the flow of tourists to those regions.

New Type of *View Plaza* Facilities

From April 2007, JR East opened new-type *View Plaza* facilities that combine travel counters with JR Ticket Offices (*Midori-no-Madoguchi*), travel service counters, and reserved seat ticket vending machines at the Shinagawa, Kawasaki, Hachioji, and Nagaoka stations and four other stations. *View Plazas* created previously have contained only travel counters, and the new facilities are working to create flexibly responsive systems that quickly serve customers who are in a hurry to obtain tickets while also enabling leisurely consulting with those customers who are seeking assistance in making travel plans.