Tokyo and Eastern Honshu...
EAST JAPAN RAILWAY COMPANY

LOOKING AHEAD

Annual Report 2009
For the year ended March 31, 2009

East Japan Railway Company (JR East) is the largest passenger railway company in the world, serving about 17 million passengers daily. JR East operates a five-route Shinkansen network between Tokyo and major cities in eastern Honshu (Japan's main island). JR East has the ability to leverage passenger traffic and railway assets to develop non-transportation businesses. JR East alone provides nearly half of the huge volume of railway transportation in the Tokyo metropolitan area.

We are planning for

Contents

Group Strategy

Review of Operations

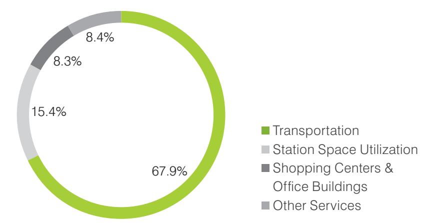
FORWARD-LOOKING STATEMENTS

Statements contained in this report with respect to JR East's plans, strategies, and beliefs that are not historical facts are forward-looking statements about the future performance of JR East, which are based on management's assumptions and beliefs in light of the information currently available to it. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause JR East's actual results, performance, or achievements to differ materially from the expectations expressed herein. These factors include, without limitation, (i) JR East's ability to successfully maintain or increase current passenger levels on railway services, (ii) JR East's ability to improve the profitability of railway and other operations, (iii) JR East's ability to expand non-transportation operations, and (iv) general changes in economic conditions and laws, regulations, and government policies in Japan.

Service Area

Operating Revenues

2,697 billions OF YEN



the future now by looking ahead.

As a Corporate Citizen

Financial Section

Corporate Information

Within its service area, JR East operates a five-route Shinkansen network. To afford even greater convenience, JR East is readying for service extension to Shin-Aomori, the launch of new-type railcars, and the beginning of even faster operational speeds of up to 320 km/h.

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Target Speed

320 km PER HOUR

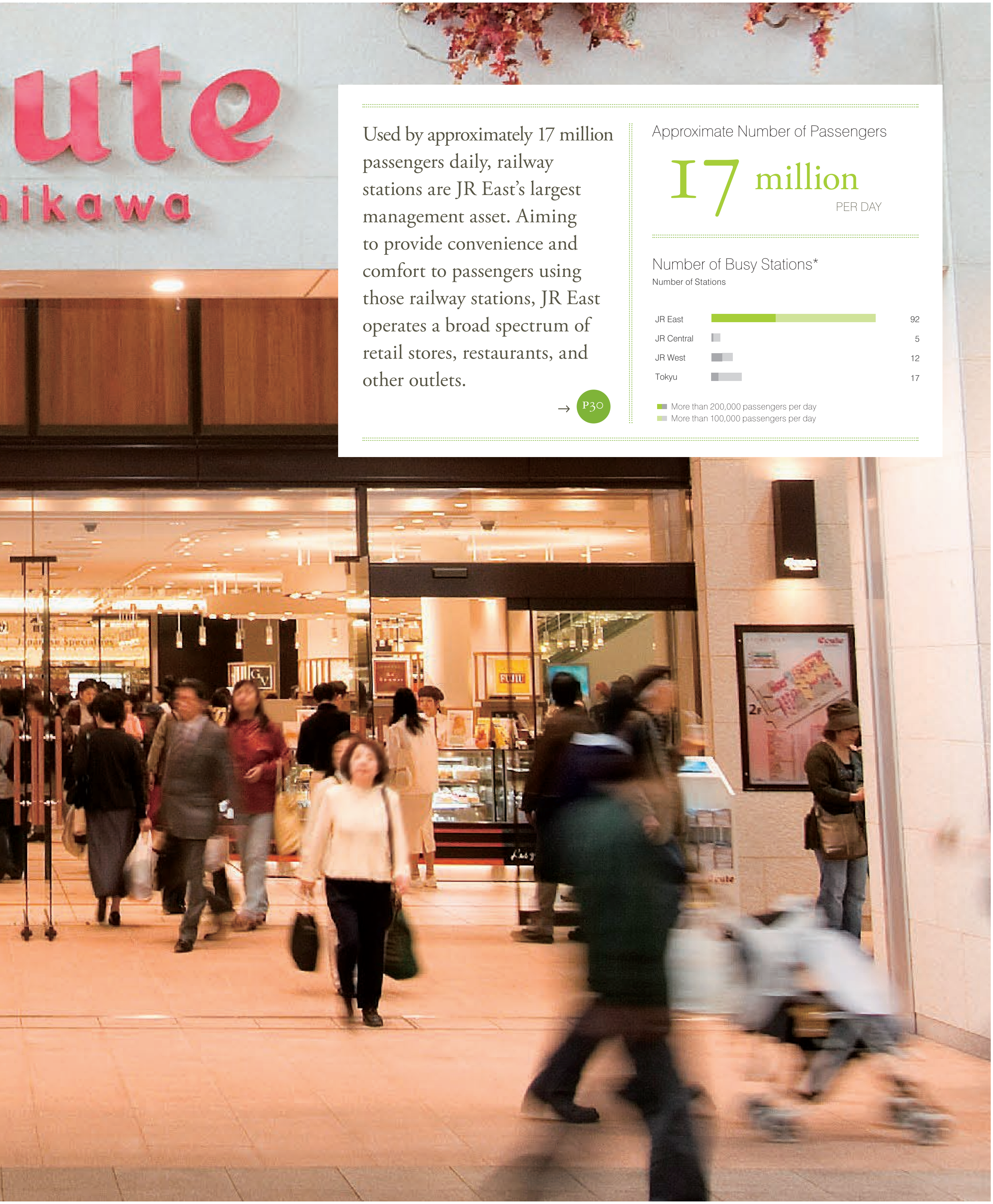
Number of Railway Passengers*

Millions

JR East	5,991
U.K.	1,147
Germany	1,854
France	1,001
Italy	540
U.S.	25

*For the footnotes to the graph, please refer to page 88.


Tach
KINOKU



Used by approximately 17 million passengers daily, railway stations are JR East's largest management asset. Aiming to provide convenience and comfort to passengers using those railway stations, JR East operates a broad spectrum of retail stores, restaurants, and other outlets.

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Approximate Number of Passengers

17 million PER DAY

Number of Busy Stations*

Number of Stations

JR East	92
JR Central	5
JR West	12
Tokyu	17

More than 200,000 passengers per day
More than 100,000 passengers per day

*For the footnotes to the graph, please refer to page 98.

On the cusp of becoming the de facto standard IC card, *Suica* is revealing a wide vista of new possibilities. More than 28 million* *Suica* cards have been issued, and *Suica* mutual-use networks for transportation and electronic money are expanding unceasingly.

*As of May 31, 2009

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Number of *Suica* Cards

28 million*

Suica card

GROUP STRATEGY

Financial Highlights

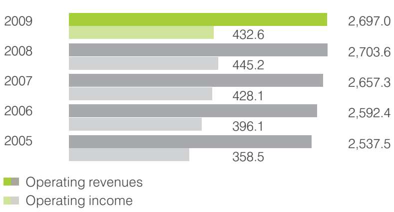
East Japan Railway Company and Subsidiaries Years ended March 31, 2007, 2008 and 2009		Millions of Yen (except for per share data)			Millions of U.S. Dollars[1] (except for per share data)
	2007	2008	2009	2009/2008	2009
For the Year					
Operating revenues	¥ 2,657,346	¥ 2,703,564	¥2,697,000	–0.2%	$27,520
Operating income	428,098	445,160	432,555	–2.8%	4,414
Net income	175,871	189,673	187,291	–1.3%	1,911
Depreciation	318,526	335,587	343,101	+2.2%	3,501
Capital expenditures[2]	413,310	417,144	402,582	–3.5%	4,108
Cash flows from operating activities	541,850	475,601	584,360	+22.9%	5,963
Free cash flows[3]	193,050	74,812	187,564	+150.7%	1,914
Amount per share of common stock (yen and U.S. dollars)[4]					
Earnings	¥ 44,008	¥ 47,464	¥ 469	-	$ 5
Cash flows from operating activities	135,586	119,014	1,462	-	15
At Year-End					
Total assets	¥ 6,968,032	¥ 6,942,003	¥6,965,793	+0.3%	$71,080
Long-term debt (including current portion)	2,034,558	2,101,439	2,171,860	+3.4%	22,161
Long-term liabilities incurred for purchase of railway facilities[5] (including current portion)	1,601,646	1,457,360	1,316,708	–9.7%	13,436
Total long-term debt (sum of two items above)	3,636,204	3,558,799	3,488,568	–2.0%	35,597
Shareholders' equity[6]	1,488,554	1,596,398	1,718,587	+7.7%	17,537

		Percent (except for debt-to-equity ratio)	
Financial Ratios			
Net income as a percentage of revenues	6.6%	7.0%	6.9%
Return on average equity (ROE)	12.4	12.3	11.3
Ratio of operating income to average assets (ROA)	6.2	6.4	6.2
Equity ratio	21.4	23.0	24.7
Debt-to-equity ratio[7] (times)	2.4	2.2	2.0

1 Yen figures have been translated into U.S. dollars at the rate of ¥98 to US$1 as of March 31, 2009, solely as a convenience to readers.
2 These figures exclude expenditures funded by third parties, mainly governments and their agencies, that will benefit from the resulting facilities.
3 Net of cash flows from operating activities and cash flows from investing activities
4 JR East implemented a stock split at a ratio of 100 shares for 1 share of common stock with an effective date of January 4, 2009. Per share data for fiscal 2009 reflects the stock split.
5 Long-term liabilities incurred for the purchase of the Tohoku and Joetsu Shinkansen facilities, the Akita hybrid Shinkansen facilities, and the Tokyo Monorail facilities
6 Shareholders' equity equals total net assets less minority interests beginning with the year ended March 31, 2007.
7 Ratio of total long-term debt to shareholders' equity

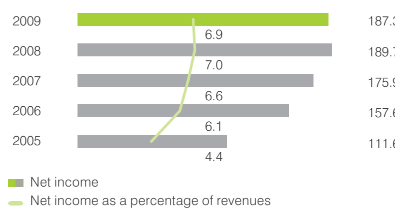
Operating Revenues and Operating Income

Billions of Yen



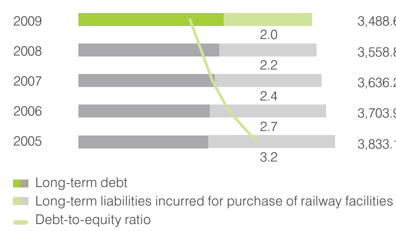
Net Income and Net Income as a Percentage of Revenues

Billions of Yen/%



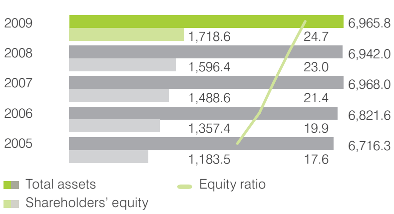
Total Long-Term Debt and Debt-to-Equity Ratio

Billions of Yen/Times



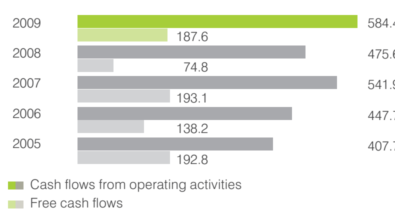
Total Assets, Shareholders' Equity and Equity Ratio

Billions of Yen/%



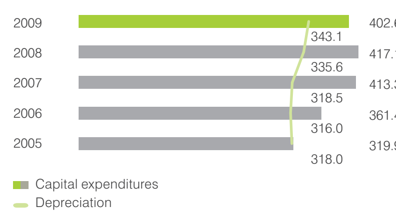
Cash Flows from Operating Activities and Free Cash Flows

Billions of Yen



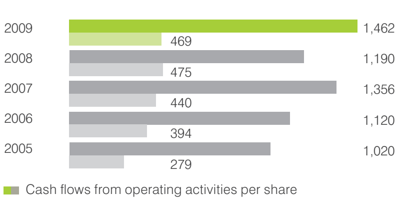
Capital Expenditures and Depreciation

Billions of Yen



Earnings per Share and Cash Flows from Operating Activities per Share*

Yen

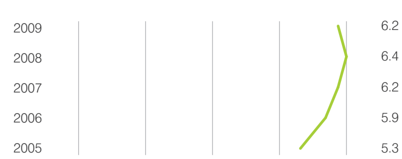


Return on Average Equity (ROE)

%

Ratio of Operating Income to Average Assets (ROA)

%



* JR East implemented a stock split at a ratio of 100 shares for 1 share of common stock with an effective date of January 4, 2009. Earnings per share and cash flows from operating activities per share from fiscal 2005 to fiscal 2008 have been calculated based on the supposition that the stock split was implemented at the beginning of each year.

GROUP STRATEGY

A Message from the Management

In fiscal 2009, ended March 31, 2009, Japan's economy rapidly moved into recession as the increasing severity of the worldwide financial crisis that began in the United States led to falling exports, slumping production, and lackluster consumer spending, particularly from the second half of the fiscal year. Amid such increasingly severe economic conditions, JR East worked to secure revenues by further improving services in railway operations and developing life-style businesses centered on railway stations. At the same time, JR East actively developed businesses that capitalize on the success of *Suica*.

Despite those efforts, in fiscal 2009 JR East recorded year-on-year declines of 0.2% in operating revenues, to ¥2,697.0 billion; 2.8%, in operating income, to ¥432.6 billion; and 1.3% in net income, to ¥187.3 billion. Those year-on-year decreases were the first in four years for operating revenues and net income and the first in seven years for operating income. That performance reflected a decrease in revenues from transportation operations due to the effects of the global recession on the Japanese economy and earthquakes in the Tohoku region, which exceeded an increase in revenues from operations established as a result of the development of *Tokyo Station City* and other initiatives.

The fiscal year ending March 31, 2010, is the second year of the *JR East 2020 Vision—idomu—*. JR East has positioned this fiscal year as important in forging a solid foundation for future development. By placing safety as its highest management goal and pursuing customer satisfaction, JR East aims to be a corporate group that gives customers "peace of mind based on assured safety."

Mutsutake Otsuka (left) and Satoshi Seino

Specifically, in transportation operations we will take steps to increase usage by continuing to promote ticket sales through the Internet, create general information counters, and introduce new-type railcars in order to further improve the convenience and comfort experienced by passengers. Meanwhile, in Shinkansen operations we will move forward with preparation for the beginning of services on the Hachinohe to Shin-Aomori segment on the Tohoku Shinkansen Line, which is scheduled for December 2010.

In life-style businesses, we will continue to promote the *Station Renaissance* program and steadily advance major projects such as *Tokyo Station City*.

Further, to establish *Suica* operations as a third pillar alongside railway operations and life-style businesses, JR East will expand the *Suica* network for railway usage and increase the number of stores affiliated with *Suica* electronic money.

In closing, we will do our utmost to satisfy our shareholders and other investors in the medium-to-long term by realizing sustainable growth. As the JR East Group pursues that goal, we would like to ask our shareholders and other investors for their continued support and understanding.

June 2009

Mutsutake Otsuka Satoshi Seino

Mutsutake Otsuka, Chairman

Satoshi Seino, President and CEO

GROUP STRATEGY

JR East 2020 Vision—Outline

To achieve sustainable growth even amid the challenging business conditions, we prepared *JR East 2020 Vision—idomu*—in order to establish and pursue ambitious goals, which address "how railways, and how we as a railway operator, should evolve over the coming 10 years."

Basic Management Policies

- Pursuing safety and customer satisfaction rigorously
  —giving customers "a feeling of ease and peace of mind based on assured safety"
- Sustaining growth and pursuing initiatives for the next era
- Meeting corporate social responsibilities
- Building organizational strength and developing human resources

Unflagging Commitment to "Extreme Safety Levels"

- We will continue implementing our priority improvement plan for safety equipment, reinforce safety weak points, and reduce risks
- We will expand and improve education and training on safety and prevent accidents by correctly understanding and analyzing previous accidents and incidents

Moving Up a Gear in Seven Areas

1 Increasing focus on investment to raise corporate value
2 Opening the way to new business areas
3 Taking a positive and long-term approach to global environmental problems
4 Upgrading the Tokyo metropolitan area railway network to make line-side areas more attractive and convenient
5 Invigorating regional railway lines and interregional communications
6 Developing life-style businesses aggressively, increasing non-transportation operating revenues to approximately 40% of total operating revenues by fiscal 2018
7 Establishing *Suica* operations as a third pillar of operations

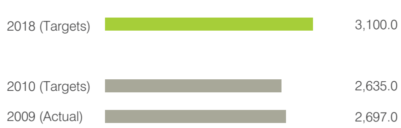
Ongoing Efforts

1 Heightening customer satisfaction even further
2 Developing human resources
3 Advancing research and development aggressively
4 Expanding the Shinkansen (bullet train) network and increasing earnings from railway operations
5 Expanding life-style businesses

Achievements Envisioned by Fiscal 2018

Consolidated Operating Revenues

Billions of Yen



Consolidated Operating Income

Billions of Yen

Billions of Yen

	2009 (Actual)	2010 (Targets)	2018 (Targets)
Consolidated Operating Revenues	¥2,697.0	¥2,635.0	¥3,100.0
Transportation	1,831.9	1,778.0	1,930.0
Station Space Utilization	415.0	416.0	540.0
Shopping Centers & Office Buildings	222.6	232.0	320.0
Other Services	227.4	209.0	310.0
Consolidated Operating Income	¥432.6	¥357.0	¥670.0
Transportation	309.2	239.0	480.0
Station Space Utilization	38.2	38.0	50.0
Shopping Centers & Office Buildings	70.0	71.0	100.0
Other Services	17.3	10.0	40.0

Fiscal 2011 Targets

JR East has set out numerical targets covering a three-year period as management benchmarks in *JR East 2020 Vision—idomu—*. In light of the business results achieved in the first of those three years, which ended March 31, 2009, and the outlook for business results in the fiscal year ending March 31, 2010, reaching the numerical targets for the third and final fiscal year, ending March 31, 2011, will be extremely difficult. Therefore, JR East believes that it needs to revise those targets. Nevertheless, because time is needed to analyze unclear external conditions, JR East will not announce new numerical targets in the immediate future and will do its utmost to realize its business result forecasts for the fiscal year ending March 31, 2010. JR East will continue to adhere to the management strategies laid out in *JR East 2020 Vision—idomu—*to further increase its corporate value.

GROUP STRATEGY

An Interview with the President

Satoshi Seino, President and CEO

Can you please summarize once again the distinctive features of *JR East 2020 Vision—idomu*—which was announced at the end of March 2008?

One noteworthy aspect of the plan we prepared in March last year is the long period it covers—10 years. Previously, we prepared medium-term management plans covering periods of four or five years. However, the particular characteristics of railway operations make it preferable to work with timeframes that give us enough time to move initiatives forward, slowly but surely, to become the kind of company we want to be. Accordingly, we took a long-term view, looking 10 years, or in some cases even 15 years, ahead, and, within this timeframe, considered the corporate profile we aspire to and the measures needed to that end.

Another feature of the plan is the key theme: *idomu*, which means "challenge" in Japanese. That theme reflects the fact that, in response to tough business conditions characterized by an aging population and general market volatility, we must adopt methods that depart from previous approaches, set ourselves ambitious goals, and boldly take on the challenge of reaching them.

In other words, *JR East 2020 Vision—idomu—*calls on us to take on the challenge of meeting ambitious long-term goals.

To be a little more specific, under the heading of "things that must change," the plan urges us to take on the challenge of initiatives that transcend previous frameworks by "Moving Up a Gear in Seven Areas," which relates to our core railway operations; life-style businesses, the second major pillar of our operations; and the future status of *Suica* operations as a third pillar. At the same time, the plan identifies as "things that must not change" the "JNR reform" mindset that is part of our organizational DNA and the distinctive JR East dedication to safety as a management priority.

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Looking back over fiscal 2009, did JR East make good progress under *JR East 2020 Vision*? Also, what measures will you advance in fiscal 2010?

In fiscal 2009, ended March 31, 2009, the global financial crisis triggered a rapid economic recession that had a fairly significant effect on JR East's business results. Despite those tough business conditions, respective businesses made steady progress toward the corporate profile set out in *JR East 2020 Vision*. However, we have only completed one year under the plan, so concrete results will not emerge until later.

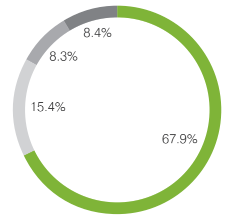
In transportation operations, in the Tokyo metropolitan area, as part of efforts to make line-side areas more attractive and convenient, we advanced construction for the opening of Musashi-Kosugi Station on the Yokosuka Line, which is scheduled for the end of fiscal 2010. In initiatives to expand our through-service network, we began construction work to lay additional tracks between Ueno and Tokyo stations to enable operations of the Tohoku Through Line, slated to begin operations in fiscal 2014. And, we prepared for mutual through services with Sotetsu, which will start from fiscal 2015.

As for railcars, fall 2009 will see the introduction of a new-type railcar to the Narita Express. In addition, we moved forward steadily with preparation for the introduction of high-speed E5 series railcars to coincide with the extension of the Tohoku Shinkansen Line to Shin-Aomori Station, planned for December 2010.

In life-style businesses, JR East stepped up initiatives to increase non-transportation operating revenues to approximately 40% of total operating revenues by fiscal 2018. Also, in fiscal 2009 we undertook medium-scale development at Tachikawa Station, Tabata Station, and other railway stations. Looking ahead to the concentration of large-scale development projects for terminal stations, including the upgrading of railway facilities, in the second half of the *JR East 2020 Vision* period, we readied our in-house organization by establishing the new Station Development Planning Department in June 2008. Further, we are carrying out plans for projects that combine the enhancement of railway stations with the large-scale development of shopping centers, office buildings, and other facilities at the new south exit of Shinjuku Station, Chiba Station, the west and east exits of Yokohama Station, and Shibuya Station. In addition, we are furthering a project to create a large developable area of land by reorganizing and downsizing facilities at the Shinagawa rail yard.

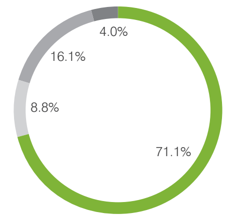
For *Suica*, we aim to make it the de facto standard IC passenger ticket by enabling its use in railway networks throughout Japan. At the same time, we also want to make *Suica* the number one form of electronic money. Regarding *Suica* as an IC passenger ticket, commencement of mutual use with transportation companies in Kyushu in spring 2010 will enable the use of *Suica* in most of Japan's major cities, such as Tokyo, Osaka, Nagoya, Sapporo, and Fukuoka. Regarding *Suica* as electronic money, it is becoming ever more convenient with its acceptance at an increasing number of convenience stores and restaurants throughout Japan. Daily *Suica* transactions reached a high-water mark of 1.42 million during fiscal 2009. With a view to reaching 8 million transactions by fiscal 2011, we will strengthen related measures.

Operating Revenues



Operating Revenues	Millions of Yen
Transportation	¥1,831,933
Station Space Utilization	415,020
Shopping Centers & Office Buildings	222,628
Other Services	227,419

Operating Income



Operating Income	Millions of Yen
Transportation	¥309,219
Station Space Utilization	38,159
Shopping Centers & Office Buildings	70,038
Other Services	17,261

■ Transportation
■ Station Space Utilization
■ Shopping Centers & Office Buildings
■ Other Services

Our initiatives to enter new business areas included forming a new in-house taskforce for overseas railway operations, which has began examining possibilities and frameworks for the development of overseas operations. As worsening global environmental problems cause mounting concern, countries around the world are reassessing railways as environment-friendly mass transportation systems, and an array of railway construction projects are in the pipeline. Our first step in overseas operations will be to draw on the expertise of JR East and its Group companies in such areas as railway operations and maintenance to provide consulting services for those projects.

Additionally, we intend to actively tackle environmental problems. In order to conduct specialized research on railway-related technology themes that will help address global environmental problems, we established the Environmental Technology Research Center in April 2009. Also, looking at possible tie-ups with universities and manufacturers, we want to become the world leader in environmental technology for railways.

In other environmental preservation efforts, for *ecoste*—railway stations that incorporate a wide variety of environmental technologies such as solar power generation and LED lighting—we are considering designating one railway station in the service area of each of our 12 branch offices as a model railway station. As far as possible we will power those railway stations using solar and wind power generation.

Also, having begun operating the world's first commercial hybrid railcars on the Koumi Line, we will introduce new-type resort trains incorporating the same technology. We plan to introduce a total of 10 railcars to three regions: the Aomori region, to coincide with the extension of the Tohoku Shinkansen Line to Shin-Aomori Station; the Akita region, to replace existing resort trains that have become obsolete; and the Nagano region. Compared with diesel railcars currently in service, railcars that incorporate hybrid systems realize a 20%* reduction in fuel consumption and a 60% reduction in nitrogen oxide emissions. As diesel railcars become obsolete, we will replace a considerable portion of them with hybrid railcars. At present, the cost of producing hybrid railcars is relatively high. However, I think it will be possible to lower that cost through mass production.

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* An approximately 10% reduction on the Koumi Line because it has significant differences in elevation

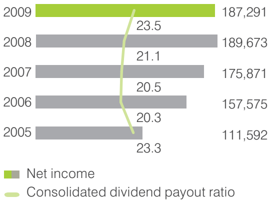
Regarding investment, we are shifting from our former approach, which sought to balance the allocation of net cash provided by operating activities among capital expenditures, debt reduction, and returns to shareholders, to one that places greater emphasis on investment for growth to ensure the continuation and development of JR East as a company. As a result of heightening the priority of investment, we realized capital expenditures of ¥402.6 billion in fiscal 2009, and we plan to invest ¥455.0 billion in fiscal 2010.

As for increasing returns to shareholders, our dividend policy is to raise dividends in stages toward the target for the consolidated dividend payout ratio of 30%. For fiscal 2009, we paid cash dividends of ¥110 per share, which would be a ¥10 increase if the Company had executed the stock split that has an effective date of January 4, 2009, at the beginning of the previous fiscal year, and the consolidated dividend payout ratio was 23.5%. For fiscal 2010, in light of expected decreases in earnings and revenues, we plan to keep cash dividends at the same level as that for fiscal 2009. Further, in April and May 2009, JR East acquired 4 million shares of treasury stock, which represents 1% of total issued and outstanding shares of common stock. We have not retired the acquired shares, which we intend to hold as treasury stock. We will consider a range of options for increasing corporate value.

In fiscal 2009, we reduced total long-term debt by approximately ¥70 billion on a consolidated basis. Although the size of the reduction was smaller than in previous fiscal years, we will continue working to strengthen our financial position.

Note: JR East implemented a stock split at a ratio of 100 shares for 1 share of common stock with an effective date of January 4, 2009.

Net Income and Consolidated Dividend Payout Ratio
Millions of Yen/%



JR East 2020 Vision includes numerical targets for fiscal 2011. However, I think achieving those targets will be difficult, based on consideration of the effect that significant changes in business conditions have had on fiscal 2009 business results and the fiscal 2010 business results outlook. Although revision of medium-term numerical targets will become necessary, for the time being, we will not revise them because I think we need time to carefully assess outside conditions that are opaque at the moment. As an immediate goal, I want to make sure that we achieve the business results that we forecast for fiscal 2010. Further, refraining from revising fiscal 2018 targets, we will continue working to raise corporate value from a long-term standpoint that looks to the coming decade.

What kind of compensatory measures did you take in response to the tough business conditions in fiscal 2009? Further, how do you view business results figures?

Looking back over fiscal 2009, in the first half of the year business results were at roughly the same level as those of the previous fiscal year. Although there is traditionally a lag before economic fluctuations affect railway operations, we began to see the effects from around November, mainly in revenues from medium-to-long-distance services, including Shinkansen services and other services. We believe that a downturn in business trips and other business demand was a major factor. As countermeasures, we created products to suit customers' individual needs and encouraged tourism through a variety of campaigns. Thanks to close collaboration with local parties to aggressively promote such campaigns as the *Sendai / Miyagi Destination Campaign* as well as a concerted and concentrated Companywide effort to provide customers with transportation services, the number of destination campaign customers surpassed our target for fiscal 2009.

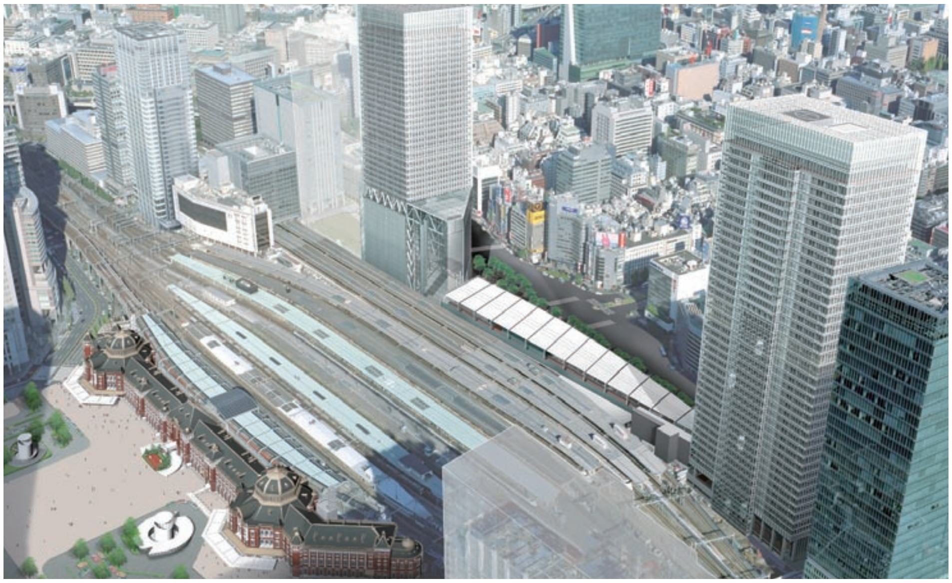
Meanwhile, to mitigate lower revenues, we made rigorous cost reductions that included reviewing the timing of renovation work and operational processes. However, those efforts did not fully offset the decrease in revenues, and transportation operations recorded a decline in revenues and earnings.

By contrast, in life-style businesses, station space utilization operations and shopping centers & office buildings operations posted higher revenues and earnings as a result of the full-fiscal-year operations facilities that opened in the previous fiscal year, including the commercial facility *GranSta* and the office building *GranTokyo*, as well as contributions from facilities that began operations in fiscal 2009. Although competitors throughout the department store sector saw sales plunge due to the steep decrease in consumer spending that came with the recession, JR East's existing stores performed well. Rather than feeling complacent about the advantages of their railway station locations, our shopping centers remodeled and brought in major tenants based on marketing strategies to earn unequivocal customer endorsement. For example, *LUMINE* achieved record revenues in the year under review.

Despite those initiatives, however, revenues and earnings declined for the first time in four years. Nevertheless, I think we performed solidly at a time when Japanese companies across the board are reporting large drops in revenues and earnings or alternatively recognizing outright losses. JR East only saw modest decreases of 0.2% in operating revenues and 1.3% in net income. Moreover, we posted our highest-ever net cash provided by operating activities.

How do you intend to overcome the challenging business conditions that are likely to continue in fiscal 2010?

For fiscal 2010, we are preparing business results forecasts assuming a 6% decrease in the real gross domestic product growth rate, which is the base of our revenues. Until October 2009, when the recession will have been affecting us for one year, we expect that business results will trend



Concept illustration of Tokyo Station City

downward at a rate that is the same as, or possibly slightly more pronounced than, the rate so far. For the full year, we anticipate an approximately 3%, or ¥61.9 billion, year-on-year decrease in operating revenues. However that forecast is not a sign of resignation, we will strive just as hard to earn even one extra yen or carry even one more passenger.

One such drive will involve working in partnership with local tourism associations and local authorities to bring to light tourism resources and attractions relating to the natural beauty, cuisine, and culture of regions in the JR East service area such as Tohoku and Joetsu. To take two examples, the *Yokohama / Kanagawa Destination Campaign* began in June and will end in August, and we plan to achieve further success with the *Niigata Destination Campaign* from October to December. Through such initiatives, we will further invigorate tourism and encourage use of our train services.

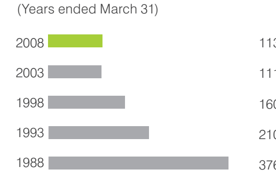
Coordinating with those efforts, we will secure revenues through steady low-key efforts to expand and enhance the services of the *Otona no Kyujitsu Club*, which now has more than 1 million members.

As for medium-sized development projects in life-style businesses, we are planning *ekinaka* ("spaces inside railway stations") stores at Gotanda Station, Mitaka Station, and other railway stations, as well as openings of railway station buildings at Higashi-Kanagawa Station and other locations. Further, we will vitalize existing stores by repositioning them or changing their business formats.

As part of its pursuit of "extreme safety levels" as its highest priority, JR East began *2013 Safety Vision* in March 2009. As well as summarizing the background of the plan's preparation, could you explain your approach to safety?

At the time of the privatization of Japanese National Railways, some expressed concern that as a private-sector company JR East would give priority to profit at the expense of safety. However, in fact, since its founding JR East has reduced operational railway accidents by roughly three-quarters. Taking safety lightly would lose the trust of passengers and endanger our survival as a company. As a railway operator, earning the trust of passengers is paramount, and, ultimately, that trust is founded on safety.

Trends in Railway Accidents
(Years ended March 31)



Identifying safety as one of the "things that must not change," *JR East 2020 Vision* reaffirms that safety is JR East's highest priority and the focus of an "unflagging commitment."

Under the slogan of "extreme safety levels," we will take a wide variety of measures to improve employee training and facilities. In recent years, serious accidents have occurred, such as the accident on the Uetsu Line in 2005 in which five passengers lost their lives. We vow to avoid the recurrence of such an accident, and we will pursue the goal of eliminating accidents that result in the death or injury of passengers or the death of employees.

Here I would like to explain four important focuses of the *2013 Safety Vision* prepared in March 2009.

First, let me explain the "three actualities principle"—"actual location," "actual object," and "actual people"—which we elucidated upon to create action guidelines. Safety problems happen in frontline operations, therefore the answers to such problems are found in frontline operations. Taking the initiative in resolving problems by visiting sites, examining actual items, and meeting with those involved is critical. By following those action guidelines, we will steadily heighten the safety awareness of individual employees, who underpin the safety of JR East, and create an even more robust safety culture within JR East.

The second focus is on safety education for employees. Given the current rapid changeover to a new generation of employees that shoulder responsibility for safety in frontline operations, at worksites and branch offices we will foster key employees that have safety-related knowledge, teaching skills, and technical capabilities. In another initiative to pass on safety-related skills, we will create a system based on former employees and other safety veterans with large stores of knowledge who will recount their experiences at roundtable discussions and lectures.

Third, JR East will undertake initiatives based on new risk evaluations. Before, our accident countermeasures mainly concentrated on preventing accidents from recurring. As an addition to those activities, we will take preventative measures that will begin by addressing high-priority risks as identified by a new evaluation method.

The fourth focus of the plan is on capital expenditures for safety countermeasures. Since our founding, we have invested more than ¥2.2 trillion in safety. Continuing to invest in safety equipment, we have earmarked ¥750 billion for investment in safety over the coming five years.

Setting its sights on "extreme safety levels," JR East will conscientiously and steadily advance initiatives to further enhance safety awareness and infrastructure.

P38

As a result of improper water intakes at its hydroelectric power plants on the Shinano River ("the Shinanogawa Power Plant"), JR East lost its water usage rights. How will this affect JR East's operations, earnings, and expenses? Also, what measures are you taking to prevent the recurrence of this type of problem?

In March 2009, the Ministry of Land, Infrastructure, Transport and Tourism ordered administrative measures cancelling JR East's water usage rights in response to improper water intakes by the Shinanogawa Power Plant. I would like to apologize sincerely for seriously undermining the trust of the local community and other related parties as well as greatly inconveniencing them. I regret our insufficient appreciation of the preciousness of the water we were using and the special importance that the Shinano River and water have for those living in the Shinano River basin.

We will compensate for the shortfall in electric power resulting from the halting of operations at the Shinanogawa Power Plant through operations of a thermal power plant, the Kawasaki Power Plant. Because a range of variable factors are involved, including river water volumes, crude oil prices, foreign exchange rates, and electric power usage volumes, it is difficult to put an exact figure on the effect on earnings and expenses in fiscal 2010. However, we are preparing business results forecasts based on certain assumptions. Further, we expect the present situation will affect our CO_2 emission volumes.

As measures to prevent a recurrence of such problems, we will improve the operational frameworks and systems for power generation operations and power plants. Also, we will strengthen education for employees relating to statutory laws and regulations. At the same time, JR East intends to advance compliance management further by conducting a comprehensive inspection of the compliance status of overall operations. In addition, we will work wholeheartedly to regain the trust of all parties concerned.

Lastly, looking ahead, what kind of corporate profile do you think JR East should aspire to?

JR East's philosophy states that its mission is to become a *Trusted Life-style Service Creating Group*. Accordingly, I want JR East to be a company that gives customers peace of mind when they hear our name. With safety as an overriding precondition, by providing reliable transportation services and easing crowding to increase comfort as a matter of course, I want us to be an entity that people do not normally think about but one that they need for everyday life, like oxygen.

I want local communities and society at large to value JR East as a company that, through sound management, contributes to the convenience of towns by functioning reliably as an important part of the infrastructure that underpins everyday life. For example, I want JR East to meet a range of expectations as a corporate group rooted in regions, such as playing an even more active role in stimulating interregional exchanges, including those between the Tokyo metropolitan area and regional areas. In that role, when developing tourism and other projects, rather than imposing our ideas from above, we will collaborate with local authorities and tourism associations to realize proposals from local residents. The resulting initiatives may need time to become established. However, growing numbers of tourists will energize communities and engender regional pride and confidence. Moreover, the economic benefits will give communities a new vitality. Those are the kinds of dynamics that I want to create.

Further, I would like shareholders and other investors to feel confident that JR East is a company that will tirelessly take on challenges and continue to grow sustainably.

For employees, I want JR East to provide a workplace that encourages them to take on challenges and work enthusiastically toward realization of their ambitions.

That is my ideal company.

Review of Operations

REVIEW OF OPERATIONS

At a Glance

TRANSPORTATION

Transportation

JR East's 7,526.8 km rail network (excluding the Tokyo Monorail) covers the eastern half of Honshu (Japan's main island), including the Tokyo metropolitan area. JR East operates a transportation business whose mainstay service is passenger railway transportation through the use of its very profitable network.

Shinkansen Network

High-speed train services linking Tokyo with major cities

Kanto Area Network

Trains serving in and around the Tokyo metropolitan area, the largest market in Japan

Intercity and Regional Networks

Intercity transportation other than the Shinkansen network and regional transportation outside the Kanto area network

Travel Agency Services

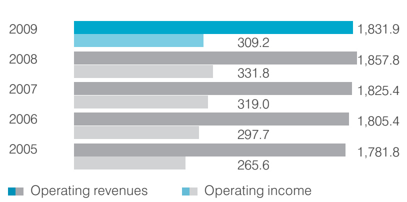
View Plaza travel agencies and other outlets selling travel products

Bus Services

Bus services conducted in addition to railway operations

Operating Revenues and Operating Income

Billions of Yen



NON-TRANSPORTATION

Station Space Utilization

About 17 million passengers use JR East's railway stations every day. Station space utilization offers retailing and restaurant services to these customers through outlets at railway stations and sales inside trains.

Retailing

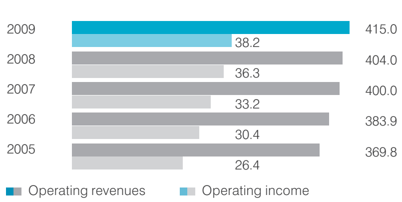
Retailing activities, such as kiosk outlets, convenience stores, and *ecute* shopping centers at railway stations and sales of snacks, drinks, and other goods inside trains

Restaurants

Fast-food restaurants and a variety of other restaurants operated mainly at or near railway stations

Operating Revenues and Operating Income

Billions of Yen



NON-TRANSPORTATION

Shopping Centers & Office Buildings

JR East leases space to retailers and other tenants in shopping centers and office buildings developed on property already owned by JR East within or near railway station premises throughout its service area.

Shopping Centers

Development and leasing of space to retailers and other tenants in shopping centers at railway stations

Office Buildings

Development and operation of buildings used primarily as office space

NON-TRANSPORTATION

Other Services

JR East conducts a number of other business activities, most of which are aimed at leveraging the customer base at railway stations and other facilities of its core passenger railway transportation business. Major businesses in the other services segment include advertising and publicity, hotel operations, information services, credit card business, and others. Additional activities include construction and car rentals.

Advertising and Publicity

Advertising and publicity in railway stations and in and on railcars

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

Credit Card Business

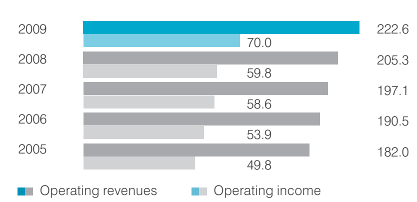
The *View Card*, a credit card that is honored at railway stations, stores at railway stations, hotels, shopping centers, and VISA, JCB, or MasterCard card member merchants

Others

Wholesale, truck delivery, cleaning, and other businesses

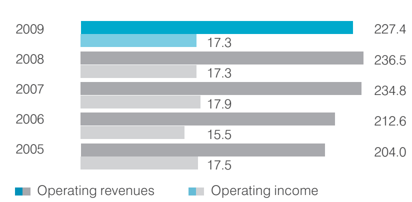
Operating Revenues and Operating Income

Billions of Yen



Operating Revenues and Operating Income

Billions of Yen

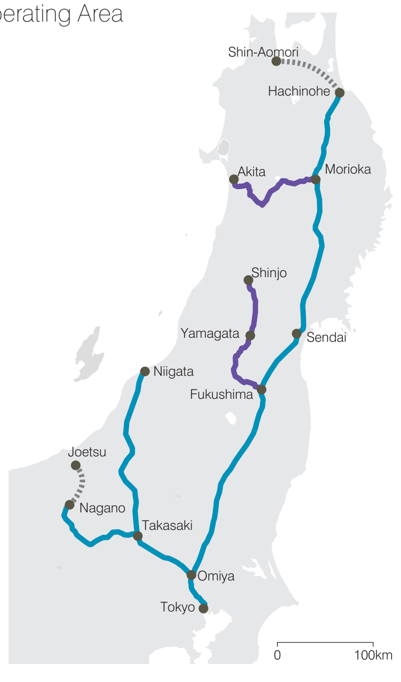


REVIEW OF OPERATIONS

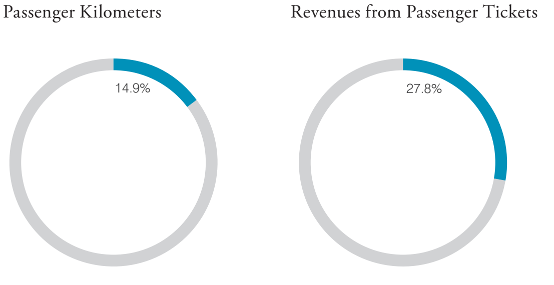
TRANSPORTATION

Shinkansen Network

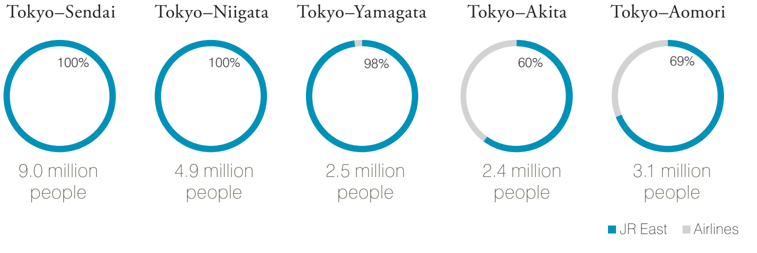
Operating Area



Composition of Railway Operations in JR East



Competition with Airlines



OVERVIEW

For JR East, its Shinkansen services rank alongside its transportation services in the Kanto area as a mainstay business. JR East operates a five-route Shinkansen network that links Tokyo with five regions: Tohoku, Joetsu, Nagano, Yamagata, and Akita. Specially designed hybrid Shinkansen trains, capable of running on Shinkansen and conventional railway lines, serve the Yamagata and Akita regions. Approximately 260,000 passengers use JR East's Shinkansen network daily. In Japan, rail travel has an advantage over air travel for medium-to-long-distance transportation (overland journeys that are within 750 kilometers). Because the distances from Tokyo to the main regional cities within JR East's service area are within that distance, JR East has a competitive advantage over domestic airlines within its service area.

Further, JR East has consistently done and continues to do its utmost to ensure safe, reliable transportation services for passengers. The average schedule delay per train on the Shinkansen network since JR East's establishment is approximately 30 seconds.

TOPICS

Increasing Train Services to Reflect Seasonal Demand Fluctuations

The passenger volumes of JR East's Shinkansen services change markedly during such periods as the Golden Week (spring holiday) period, the *Bon* Festival (the August holiday) period, around the New Year, three-day weekends, and weekends. During such busy periods, passenger volumes increase between 40% and 80% above capacity. One of the missions of Shinkansen services is to provide as many train services as possible during those busy periods to ensure that as many passengers as possible are seated.

Introducing Digital Automatic Train Control

Automatic train control (ATC) systems are some of the most important systems that underpin the safety of Shinkansen services. When Shinkansen services began, ATC systems for Shinkansen trains used analog signals. However, as those ATC systems age, JR East is replacing them with newly developed DS-ATC (Digital communication & control for Shinkansen-ATC) systems. On the Tohoku Shinkansen Line, JR East had completed the introduction of DS-ATC systems on all line segments by the end of March 2008. Also, JR East introduced the DS-ATC system, between Omiya and Echigo-Yuzawa stations on the Joetsu Shinkansen Line in February 2009. By using smooth single-stage brakes, JR East is working to further improve safety, shorten journey times, and increase riding comfort.

Debuting New Railcars on the Yamagata Shinkansen Line

Developed to replace the Yamagata Shinkansen Line's 400 series railcars, E3-2000 series railcars began operating from December 2008. As well as passenger-friendly features, the railcars have better passenger safety thanks to the installation of security cameras and emergency message equipment. Plans call for the completion of a steady change over to the new railcars by the beginning of fiscal 2011.

OUTLOOK

Expanding the Shinkansen Network

To accompany the launch of operations on the Hachinohe–Shin-Aomori segment of the Tohoku Shinkansen Line slated for December 2010, by the end of fiscal 2011 JR East will introduce new-type E5 series railcars that will achieve an operational speed of 300 km/h. Consequently, JR East plans to shorten the journey time between Tokyo and Shin-Aomori stations to a minimum of approximately 3 hours and 10 minutes. After this, in fiscal 2013, based on consideration of environmental conditions, we will begin the fastest Shinkansen operations in Japan at 320 km/h, which will link Tokyo and Shin-Aomori stations in a minimum of approximately 3 hours and 5 minutes.

Also, JR East has slated fiscal 2015 for the commencement of services on the Nagano–Kanazawa segment of the Hokuriku Shinkansen Line, currently under construction, and fiscal 2016 for the commencement of services on the Shin-Aomori–Shin-Hakodate segment of the Hokkaido Shinkansen Line, currently under construction.

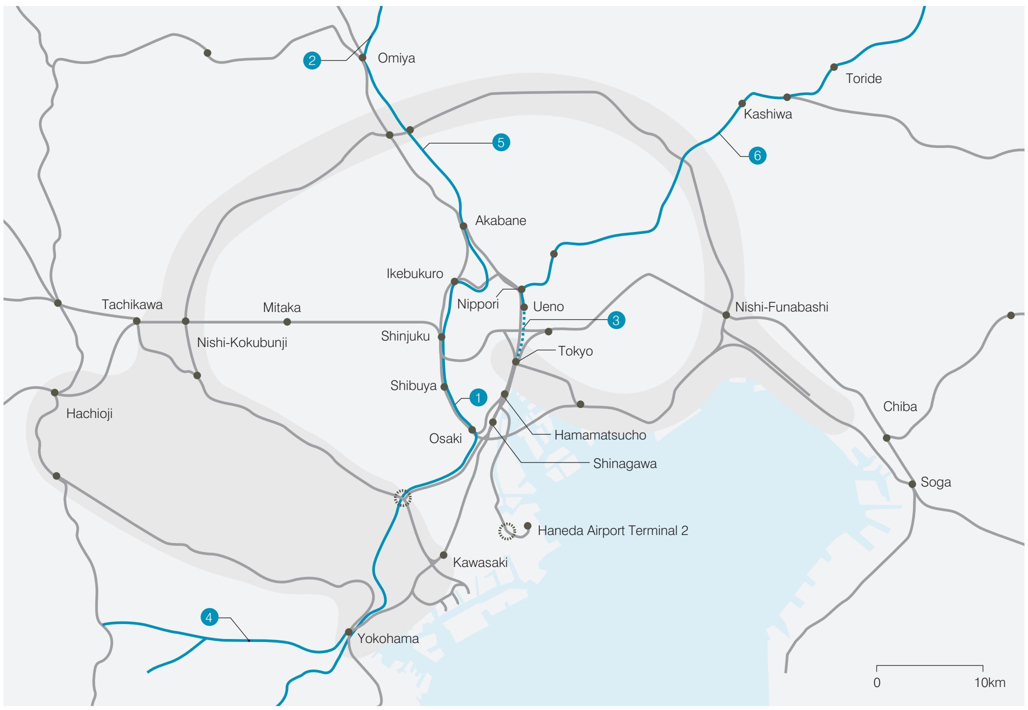
• Those expansions are planned by the Japan Railway Construction, Transport and Technology Agency (JRTT).

Image of new-type E5 series railcar

REVIEW OF OPERATIONS

TRANSPORTATION

Kanto Area Network



Through Services
1 Shonan-Shinjuku Line
2 Through Operations with Tobu Railway Co., Ltd.
3 Tohoku Through Line (plan)
4 Through Operations with Sagami Railway Co., Ltd. (plan)

Seating Services
5 *Green Cars* on Utsunomiya / Takasaki Lines and Shonan-Shinjuku Line
6 *Green Cars* on Joban Line

Stations under construction
Tokyo Mega Loop

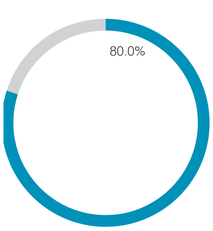
Concept illustration of Musashi-Kosugi Station on the Yokosuka Line / Shonan-Shinjuku Line

E233 series railcar

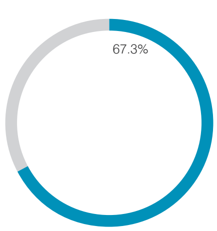
New E259 Narita Express railcar

Composition of Railway Operations in JR East

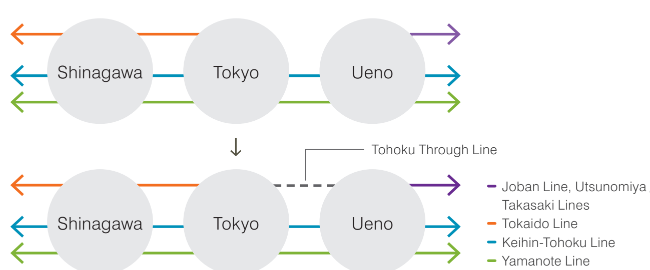
Passenger Kilometers



Revenues from Passenger Tickets



Concept of the Tohoku Through Line



OVERVIEW

The Kanto area network comprises railway lines in central Tokyo and railway lines connecting Tokyo with nearby suburban cities and represents a total of 2,536 operating kilometers. JR East accounts for almost half of the Kanto area's huge, highly profitable rail transportation market in terms of passenger kilometers and operating revenues (see page 94 for details).

Also, JR East has heightened capacity by increasing through services (services that join two existing services to allow passengers to travel further without changing trains) on the Shonan-Shinjuku Line and other railway lines, increasing train services, and increasing the number of railcars that make up individual trains. In the 20 years since its establishment, JR East has increased its capacity by an amount that is more than three times the average capacity of major competitors. In these ways, JR East has competed favorably with the developing subway network in the Tokyo metropolitan area and other railway operators without raising fares or undertaking large-scale construction of new railway lines.

In addition, JR East is catering to the seating preferences of customers and further strengthening its competitive power by providing *Green Cars* (railcars that provide seating services) on local train services.

TOPICS

Introducing New-Type Railcars

JR East's development concept pursues accident prevention, passenger friendliness, and improvement of information for passengers and increased railcar functionality. JR East has realized that concept by introducing wider-body railcars that ease crowding. Following on from the introduction of wider-body railcars to the Chuo, Ome, and Itsukaichi lines, JR East has been steadily introducing these railcars to the Keihin-Tohoku and Negishi lines since December 2007. Those new-type railcars feature backups for the main railcar systems to reduce service disruptions. Further, their design accommodates the needs of seniors, women, and the physically challenged. Also, video screens above each door provide passengers with updates on the train's progress, news, and other information.

In fiscal 2010, JR East will introduce new-type E259 series railcars featuring improved comfort to the Narita Express, a limited express service that links Narita International Airport with major stations in the Tokyo metropolitan area.

OUTLOOK

Expanding the Through-Service Network

At present, JR East is carrying out a plan to realize through services by laying additional tracks between Ueno Station, the terminus of medium-distance trains arriving from the north, and Tokyo Station, the terminus of medium-distance trains arriving from the south. JR East aims to begin operations in fiscal 2014, and the project is expected to cost about ¥40 billion.

In addition, fiscal 2015 will see JR East begin mutual through services with Sagami Railway Co., Ltd. (commonly known as Sotetsu), based in Kanagawa, to realize faster, seamless services. Through the resulting expansion of its railway network, JR East aims to afford customers greater convenience and increase its operating revenues.

Opening of Musashi-Kosugi Station

The beginning of operations at Musashi-Kosugi Station on the Yokosuka Line / Shonan-Shinjuku Line between Nishi-Oi Station and Shin-Kawasaki Station will establish a new network incorporating the Nambu Line that affords passengers even greater convenience.

Creating Attractive Railway Lines

JR East will focus on improving the convenience and comfort of its transportation services and on enhancing its railway station facilities and the life-style services of lines that circle the Tokyo metropolitan area (the Musashino Line, the Keiyo Line, the Nambu Line, and the Yokohama Line). Sometimes called the "Tokyo mega loop," these lines include many hub railway stations shared with other railway companies and will likely see increasing usage due to demographic trends. Also, JR East will enhance the line-side area of the Chuo Line by completing the construction of a continuous series of level-crossing overpasses between Mitaka and Tachikawa stations, completing the introduction of new railcars for rapid services, and implementing development plans for the entire area under the elevated railway tracks.

REVIEW OF OPERATIONS

TRANSPORTATION

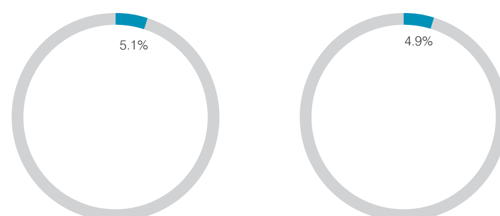
Intercity and Regional Networks

kiha E120 series railcar

Image of new-type resort train

Composition of Railway Operations in JR East

Passenger Kilometers   Revenues from Passenger Tickets



OVERVIEW

Intercity and regional networks cover approximately 4,000 kilometers, accounting for more than 50% of JR East's total network. Those networks provide non-Shinkansen intercity services and regional services not covered by the Kanto area network. For intercity networks, which mainly comprise limited express services, JR East will continue efforts to increase operating revenues through such initiatives as the introduction of new-type railcars and the improvement of service schedules. For regional networks, JR East will increase efficiency by establishing service schedules that reflect customer trends, introducing trains operable by one crew member, reducing maintenance costs, and increasing the number of energy-saving railcars.

TOPICS

Adapting to a Car-Oriented Society

Particularly in rural areas, the advantages of automobiles are increasing due to new highway construction and improvements in local road networks. JR East is adapting to this changing environment, coexisting with automobiles, and creating new earning opportunities by offering services that include park-and-ride, bus, and rent-a-car services.

Unveiling New-Type Diesel Trains—the *kiha* E120 Series

A new-type diesel train, the *kiha* E120 series railcar, debuted on the Yonesaka Line and Banetsu West Line in November 2008. The new design incorporates universal design principles, such as a lower floor making it easier for passengers to embark and disembark, a wider-body design to ease crowding, and a light stainless steel design lowers the amount of maintenance required. Moreover, new technology realizes a quieter engine with cleaner exhaust gases.

OUTLOOK

Bringing New-Type Resort Trains into Operation

To ensure tourist passengers enjoy their train journey as much as possible, JR East operates resort train services to resort areas. These services are very popular with customers throughout the year. In conjunction with the planned launch of operations on the Hachinohe–Shin-Aomori segment of the Tohoku Shinkansen Line in December 2010, JR East plans to introduce new-type resort trains in the Aomori area, on the Tsugaru and Ominato lines and the Gono Line, and in the Shinshu area, on the Oito Line. The new resort trains will incorporate hybrid systems similar to those used by the world's first commercial hybrid railcars, which JR East introduced to the Koumi Line in the summer of 2007.

REVIEW OF OPERATIONS

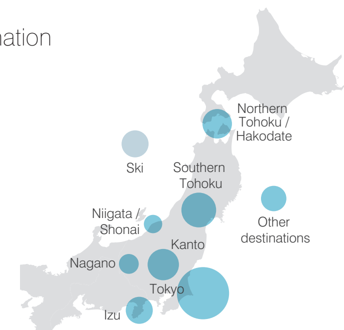
TRANSPORTATION

Travel Agency Services

Number of *View* Tourists by Destination

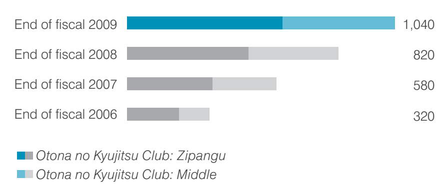
Thousands

Northern Tohoku / Hakodate	310
Southern Tohoku	430
Niigata / Shonai	120
Nagano	140
Kanto	350
Tokyo	970
Izu	260
Other destinations	230
Ski	260
Total	3,080



Number of *Otona no Kyujitsu Club* Members

Thousands



OVERVIEW

For travel agency services, JR East increases usage of its railway network and invigorates regional economies by identifying regional tourism assets and promoting them through travel packages. JR East sells mainstay *View Travel Products* travel packages through *View Plaza* travel agencies in JR East railway stations, other travel agencies, and the Internet.

Also, JR East is generating demand from overseas customers by providing a service that enables them to reserve seats from overseas through the Internet and by advancing promotional activities in collaboration with the Visit Japan Campaign.

TOPICS AND OUTLOOK

Targeting Seniors through *Otona no Kyujitsu Club*

As an aged society approaches, JR East aims to earn the early endorsement of seniors in a broad sense that includes the baby boomer generation and encourage higher usage of its railway network. To those ends, JR East launched *Otona no Kyujitsu Club: Zipangu*, targeting men aged 65 and above and women aged 60 and above, and *Otona no Kyujitsu Club: Middle*, targeting the baby boomer generation, those aged 50 and above. JR East stimulates railway network usage within its service area by offering discounts and undertaking a wide variety of sales promotions through club magazines and other media. At the end of March 2009, the two clubs had approximately 1,040,000 members. By the end of March 2011, JR East aims to increase membership to 1.3 million.

Creating and Selling Travel Packages that Exploit Regional Tourism Assets

JR East's service area has an abundance of tourism assets related to history, culture, townscapes, and festivals, including the Shirakami-Sanchi mountain range and the shrines and temples of Nikko, which are designated UNESCO World Heritage Sites. JR East spurs tourist demand by working in partnership with local communities to develop tourism areas and by creating and marketing *View Travel Products*.

Launching Destination Campaigns

The JR Group initiates major tourism campaigns to attract tourists and encourage use of its various services. In its efforts, JR East joins forces with local authorities and local groups involved in tourism to develop and intensively market regional tourism assets. In fiscal 2009, campaigns within the JR East service area included the *Yamanashi Destination Campaign*, from April to June 2008, and the *Sendai / Miyagi Destination Campaign*, from October to December 2008. Fiscal 2010 will see the *Yokohama / Kanagawa Destination Campaign*, from June to August 2009, to celebrate the 150th anniversary of the opening of the Port of Yokohama. Also, the *Niigata Destination Campaign* will be from October to December 2009.

REVIEW OF OPERATIONS

NON-TRANSPORTATION

Station Space Utilization

ecute Omiya

ecute Shinagawa

ecute Tachikawa

Development of *ecute*

	ecute Omiya	*ecute Shinagawa*	*ecute Tachikawa*
Beginning of Operations	March 5, 2005	October 1, 2005	October 5, 2007 (phase I) October 7, 2008 (phase II)
Store Space	Approximately 2,300m²	Approximately 1,600m²	Approximately 4,400m²
Main Business Lines	Delicatessen, confectionary, sundry goods, restaurants, services (73 stores)	Delicatessen, confectionary, sundry goods, restaurants, services (46 stores)	Delicatessen, confectionary, sundry goods, cafes, services, nursery school, clinics, etc. (92 stores)
Fiscal 2009 Results	Store sales: ¥10.2 billion (+ 2% year on year)	Store sales: ¥7.4 billion (+ 2% year on year)	Store sales: ¥5.4 billion (+ 73% year on year)

Top 20 Stations with Large Daily Passenger Use

	Station	Number of Passengers per Day
1	Shinjuku	1,532,040
2	Ikebukuro	1,126,824
3	Shibuya	852,634
4	Yokohama	804,386
5	Tokyo	788,270
6	Shinagawa	656,878
7	Shimbashi	502,042
8	Omiya	479,440
9	Akihabara	448,168
10	Takadanobaba	413,780
11	Kita-Senju	389,448
12	Kawasaki	372,970
13	Ueno	362,488
14	Yurakucho	338,722
15	Hamamatsucho	317,400
16	Tachikawa	316,246
17	Tamachi	308,248
18	Kichijoji	286,356
19	Funabashi	272,730
20	Kamata	271,402

OVERVIEW

Used by around 17 million passengers a day, the railway stations that JR East operates are its most significant management resource. In those railway stations, JR East also operates a wide variety of businesses, including retail outlets and restaurants, that provide customers with convenient, comfortable services and increase its earnings.

JR East has many railway stations with high passenger volumes: 92 railway stations are used by more than 100,000 passengers a day, including 36 railway stations used by more than 200,000 passengers a day as of March 2009. Given those volumes, the scope for the further development of non-transportation services is considerable.

TOPICS

Making Favorable Progress under the *Station Renaissance* Program

JR East is moving forward with the *Station Renaissance* program (see page 99 for details) to maximize the appeal of its railway stations. For example, *ecute* commercial spaces have already generated a favorable reputation based on the success of *ecute Omiya*, *ecute Shinagawa*, and the first phase of *ecute Tachikawa*. In fiscal 2009, the second phase of *ecute Tachikawa* opened, while *atrévie Tabata* began operations to coincide with the remodeling of Tabata Station.

In fiscal 2009, despite the affects of the recession, new commercial spaces performed well, with *ecute* posting year-on-year increases in store sales of 2% at Omiya, to ¥10.2 billion; 2% at Shinagawa, to ¥7.4 billion; and 73%, at Tachikawa, to ¥5.4 billion, due to the opening of the second phase. Similarly, *GranSta*, which opened in fiscal 2008, exceeded its expectations to achieve store sales of ¥10.1 billion.

Commercial spaces, such as *ecute* and *Dila*, developed under the *Station Renaissance* program between fiscal 2002 and fiscal 2009, contributed operating revenues of approximately ¥168.3 billion in fiscal 2009.

Revitalizing Existing Stores

JR East will revitalize existing stores by heightening customer convenience through the introduction of *Suica* electronic money services as well as remodeling initiatives that include conversions to new business types and formats. In retail operations, JR East's development of *NEWDAYS* convenience stores increased the network to 419 stores as of April 1, 2009.

OUTLOOK

Evolving the *Station Renaissance* Program

Based on its new management vision, JR East will actively develop non-transportation operations. As part of those efforts, JR East will expand the *Station Renaissance* program by concentrating on railway stations in downtown Tokyo that it has not yet developed as well as other railway stations with growing commercial potential due to the vitalization of their surrounding areas. Specifically, JR East will actively advance marketing and merchandising initiatives and develop new businesses such as *ecute* and *Dila* shopping facilities.

Plans call for the development of Gotanda Station in May 2009, the third phase of Mitaka Station in June 2009, the fifth phase of Ofuna Station in spring 2010, and Ageo Station also in spring 2010.

Also, JR East will maximize the value of *ekinaka* ("spaces inside railway stations") by undertaking bold renewals of existing shopping areas that have become obsolete and revitalizing them as shopping areas that attract customers.

In another initiative, through *ekinaka* stores, consolidated subsidiary Nippon Restaurant Enterprise Co., Ltd., provides safe and reliable food ingredients sourced from an agriculture association, which it established through joint investment with local producers. From a variety of perspectives, JR East will actively examine the possibility of a variety of new agriculture-related initiatives. Through such initiatives, JR East will collaborate with local communities to help reinvigorate regions.

atrévie Tabata

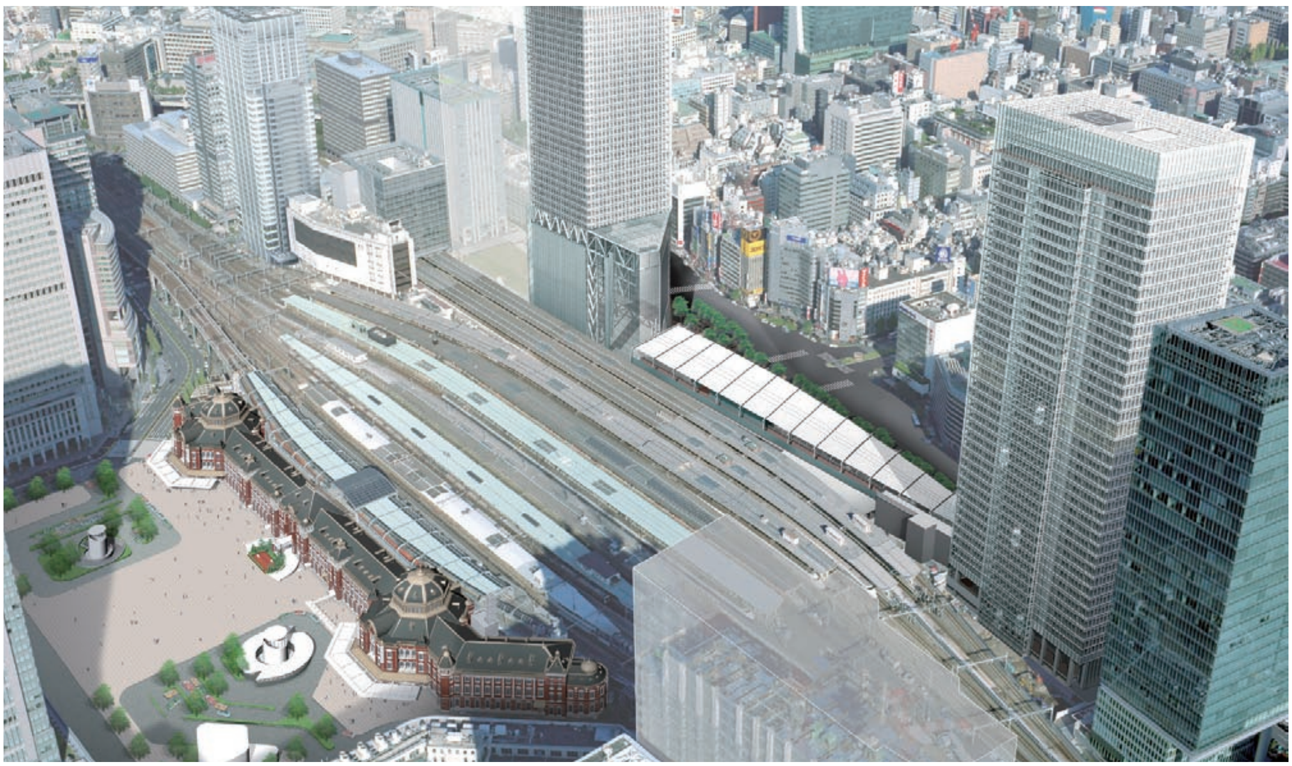
GranSta in Tokyo Station

NEWDAYS

REVIEW OF OPERATIONS

NON-TRANSPORTATION

Shopping Centers & Office Buildings

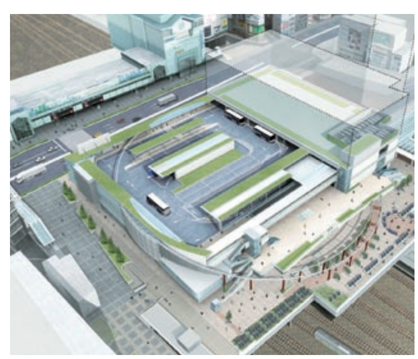


Concept illustration of *Tokyo Station City*

Gran Tokyo South Tower

Granduo Kamata

Kawasaki BE



Concept illustration of the future business development of Shinjuku Station

OVERVIEW

Concentrating on such railway station buildings as *LUMINE* and *atré* and department-store formats such as *Granduo*, JR East fully exploits the formidable customer-drawing power of its railway stations and the locations nearby them to develop a wide variety of shopping centers tailored to the individual characteristics of each area. Similarly, JR East develops and leases office buildings, focusing on those buildings in highly convenient locations that have direct access to its railway stations. In particular, JR East operates a large commercial complex that leverages its location next to Tokyo Station, a railway station used by approximately 790,000 passengers a day, and provides leading-edge highly functional offices that can cater to diverse commercial needs.

As of March 31, 2009, JR East operated 126 shopping centers and 19 office buildings.

TOPICS

Enjoying Continuing Success—*Tokyo Station City*

In office buildings operations, in fiscal 2009 *Tokyo Station City*, comprising *Sapia Tower*, *GranTokyo North Tower*, and *GranTokyo South Tower*, met its initial targets despite facing a deepening recession—posting operating revenues of ¥25.0 billion and operating income of ¥12.0 billion.

As a result, in fiscal 2009 shopping centers & office buildings operations achieved higher revenues and earnings, recording year-on-year increases of 8.4% in operating revenues, to ¥222.6 billion, and 17.1% in operating income, to ¥70.0 billion.

The *Tokyo Station City* project will continue with restoration work on the Tokyo Station Marunouchi redbrick building due for completion in spring 2012 and the *Tokyo Station Hotel* (provisional name) scheduled to begin operations. The project's finishing touches will be the fiscal 2014 development of *GranRoof* and an open square at the Yaesu exit of Tokyo Station.

Opening New Railway Station Buildings, Remodeling Existing Shopping Centers

In shopping centers operations, fiscal 2009 saw the opening of the JR East's second department store, *Granduo Kamata* in Tokyo, as well as *S-PAL II* in Miyagi, and *CoCoLo Minamikan* in Niigata. Also, *LUMINE MAN SHIBUYA* and Higashi-Kanagawa Station Building are slated for opening in fiscal 2010.

Further, JR East remodels such shopping centers as *LUMINE* and *atré* and replaces tenants regularly to maintain and improve the appeal of sales areas as well as ensure the stores match customer needs. In fiscal 2009, JR East remodeled *LUMINE EST* in Tokyo, *Kawasaki BE* in Kanagawa, and *Kokubunji L* in Tokyo as well as actively brought in major tenants with the ability to attract customers. Also, Tsuchiura Station Building in Ibaraki is scheduled for remodeling in fiscal 2010.

Thanks to such efforts and the resulting favorable growth in tenant revenues, consolidated subsidiary LUMINE Co., Ltd., which operates mainstay railway station buildings, recorded year-on-year increases of 4.0% in operating revenues, to ¥51.0 billion, and 3.4% in operating income, to ¥10.4 billion, in fiscal 2009.

OUTLOOK

Developing Attractive Towns Centered on Railway Stations

JR East will begin making line-side areas of railway lines more attractive and convenient as well as developing areas from a town development perspective. Following clear development concepts that reflect local characteristics, JR East will develop line-side areas and railway-station-centered towns that are endorsed by customers and local communities. An example of such initiatives is JR East's development of areas under elevated railway tracks to realize the *Chuo Line Mall* (provisional name) concept and thereby enhance the attractiveness and convenience of line-side areas.

Developing Large-Scale Terminus Stations

JR East will implement development plans for the building development at the new south exit of Shinjuku Station (featuring 2 basement floors, approximately 33 floors above ground, and a total floor space of approximately 110,000 square meters) and carry out plans for the development of buildings—including the rebuilding of existing railway station buildings—near Chiba Station, the west and east exits of Yokohama Station, and Shibuya Station.

In addition, JR East will create a large developable area near Shinagawa Station by integrating and transferring a train depot and changing the position of the railway lines. Through consultation and collaboration with related local authorities, JR East is moving forward with development of that area.

REVIEW OF OPERATIONS
NON-TRANSPORTATION

Other Services
—Advertising and Publicity

Suipo, new transportation advertising medium

Digital posters

Train Channel

OVERVIEW

JR East's advertising and publicity operations principally comprise transportation facilities advertising both in railway station concourses and in and on railcars. In Japan, transportation is a major advertising medium, ranking higher than radio and next after television, newspapers, and magazines in terms of advertising revenues. Transportation advertising nationwide accounted for 3.7%, or ¥249.5 billion, of the ¥6,692.6 billion that Japanese companies spent on advertising in 2008. JR East has a very strong position in the transportation advertising business. In the Tokyo metropolitan area, the mainstay market for transportation advertising, JR East's fiscal 2009 advertising revenues of ¥56.0 billion represented roughly half of the total advertising revenues of ¥112.7 billion for transportation advertising.

Despite the affect of the recession triggered by the subprime loans problem, JR East is taking various steps to add value to transportation advertising and increase advertising revenues.

TOPICS AND OUTLOOK

Installing Digital Posters

JR East installed large LCD (liquid crystal display) screens for advertising, known as digital posters, in the concourses of Tokyo Station in July 2008. Digitization enables the changing of content to suit the day or time of day. Exploiting that advantage, JR East will install more digital posters at other stations to increase the exposure of this new digital medium.

Extending the *Train Channel*

The *Train Channel* is an advertising medium that broadcasts commercials within railcars on screens above the doors. JR East introduced the *Train Channel* to the Yamanote Line in April 2002, subsequently adding further value to the advertising medium by upgrading its data capacity and transmission speed in the second half of fiscal 2006. As a result, the *Train Channel* has earned a favorable reputation among advertisers. Also, it was extended to include the Chuo Line in fiscal 2007 and the Keihin-Tohoku and Negishi lines from fiscal 2008. Continuing such efforts, JR East will steadily introduce the *Train Channel* to other line segments. In fiscal 2009, advertising revenues from the *Train Channel* were up 38% year on year.

Raising the Asset Value of Railway Stations and Train Services

While undertaking *ekinaka* development, JR East will create effective advertising media solutions by integrating plans for advertising media installations with the design and development for remodeling railway stations.

Additionally, JR East will raise the asset value of its railway stations and train services by developing advertising media that take advantage of such new technology as video communication enabled by the next-generation high-speed wireless technology *WiMAX* and organic EL (electroluminescence).

Through those initiatives, JR East will upgrade its railway stations and train services and thereby add to their asset value.

REVIEW OF OPERATIONS

NON-TRANSPORTATION

Other Services

—Hotel Operations

Concept illustration of *Tokyo Station Hotel*

HOTEL METS Tachikawa

Lounge in *Hotel Metropolitan Marunouchi*

OVERVIEW

JR East operates city, business, and long-term-stay hotels, and it had 39 hotels with a total of 5,501 guest rooms as of March 31, 2009. JR East's mainstay *Metropolitan Hotels* chain consists of 10 city hotels in the Tokyo metropolitan area and near the terminuses of major railway stations in regional cities. In addition to being advantageously located next to railway stations, those hotels provide sophisticated accommodation, dining, and banquet services. Further, JR East's *HOTEL METS* business hotels focus on accommodation, offering comfortable, reasonably priced rooms comparable with those of city hotels. Most of the *HOTEL METS* hotels have either direct access to a railway station or are close to one.

TOPICS AND OUTLOOK

Strengthening the *Metropolitan Hotels* Chain

In May 2007, JR East opened *Hotel Metropolitan Marunouchi* on the upper floors of *Sapia Tower*. Since then, the hotel has performed well by focusing on providing sophisticated accommodation and first-class comfort while taking advantage of an outstanding location directly connected to Tokyo Station. Also, in fiscal 2009, JR East remodeled the guest rooms and banquet halls of *Hotel Metropolitan* in Tokyo and *Hotel Metropolitan Morioka* to strengthen the competitiveness of existing facilities.

In fiscal 2009, the 10 *Metropolitan Hotels* had an average occupancy rate of 79%.

Developing *HOTEL METS*

JR East operated 18 *HOTEL METS* hotels as of March 31, 2009. As well as targeting businesspeople, JR East hopes local residents will use those hotels as gathering places and to accommodate their guests. In fiscal 2009, JR East cut the tape for *HOTEL METS Tachikawa* in Tokyo and expanded *HOTEL METS Kamakura Ofuna* in Kanagawa. JR East will continue developing the *HOTEL METS* in the Tokyo metropolitan area, with *HOTEL METS Komagome* scheduled to open for business in Tokyo in fiscal 2010.

In fiscal 2009, the 18 *HOTEL METS* hotels had an average occupancy rate of 81%.

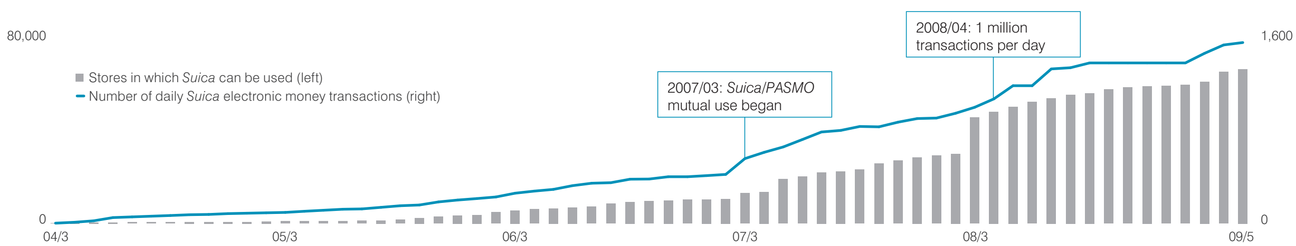
Constructing a Hotel in Tokyo Station

At the Marunouchi exit (the west side) of Tokyo Station, JR East is restoring the historic Marunouchi redbrick building and developing the open square that it looks onto. With restoration work, JR East plans to open a hotel befitting Japan's flagship railway station inside this important cultural asset.

REVIEW OF OPERATIONS

Suica

Number of Daily *Suica* Electronic Money Transactions and *Suica* Compatible Stores



Extending the Potential of *Suica* to the Full

JR East introduced *Suica* as a next-generation fare collection system based on IC cards in November 2001. To capitalize on the potential of *Suica* as a means of settling transactions for small sums, JR East expanded the IC card's functions from passenger tickets to shopping by beginning *Suica* electronic money services in March 2004.

Increasing Mutual Use with Various Modes of Transportation

Regarding the usability of *Suica* on railways, the beginning of mutual use with *PASMO* in March 2007, made *Suica* usable on most railways and bus services in the Tokyo metropolitan area, in addition to its usability within the JR East service area—the Tokyo metropolitan area, Sendai, and Niigata. Moreover, JR East established mutual use with West Japan Railway Company's *ICOCA*, Central Japan Railway Company's *TOICA*, and in March 2009 with Hokkaido Railway Company's *Kitaca*. Further, *Suica* will become usable in all of Japan's major cities after the beginning of mutual use with Kyushu Railway Company's *SUGOCA*, Nishi-Nippon Railroad's *nimoca*, and Fukuoka Transportation Bureau's *HAYAKAKEN*, which is scheduled for spring 2010.

Developing *Suica* Electronic Money

Meanwhile, JR East has also been expanding the usage area for *Suica* electronic money by extending the usability of *Suica* beyond stores in railway stations to encompass convenience stores and shopping centers. Also, in the same way that it has done with railways, JR East has been steadily extending the mutual use of *Suica* as electronic money. *Suica* electronic money is already mutually usable with that of *PASMO*, *ICOCA*, and *Kitaca*, and *TOICA*, *SUGOCA*, *nimoca*, and *HAYAKAKEN* will follow suit in spring 2010. As a result of existing mutual use, *Suica* electronic money was usable at approximately 63,230 locations and accounted for roughly 1.49 million transactions daily as of April 2009.

Advancing *Suica*

Other functions of *Suica* are also expanding and developing at pace. For example, JR East recently began the *Mobile Suica Limited Express Ticket* service, which enables customers to use IC-enabled mobile phones compatible with the *Mobile Suica* service to purchase reserved seat tickets for JR East Shinkansen services. Also, JR East is developing a lineup of *Suica* services that can cater to a wide range of customer needs, such as the "*View Card with Suica*," which integrates *Suica* and *View Card* functions, and multifunctional *Suica* IC cards that double as student or employee identification cards.

Going forward, JR East will take on the challenge of new businesses based on *Suica* information and elevate *Suica* operations to general information technology operations.

As a Corporate Citizen

AS A CORPORATE CITIZEN

Safety

Since its founding, JR East has consistently advanced initiatives for safety—the highest priority of its corporate management. JR East has prepared 5-year safety plans four times since its founding. Also, *JR East 2020 Vision—idomu—* which was announced in March 2008, calls on JR East to maintain an unflagging commitment to pursuing "extreme safety levels." Under a new 5-year safety plan, *2013 Safety Vision*, which began from April 2009, JR East will raise safety levels even higher.

2013 SAFETY VISION

JR East has prepared 5-year safety plans four times since its founding in 1987. As a result, JR East's safety record has improved significantly, with a considerable decrease in accidents over the past 22 years. Targeting further improvement, JR East prepared *2013 Safety Vision*, which took effect from April 2009. Under *2013 Safety Vision*, JR East will give particular emphasis to two fresh approaches in relation to safety: "safety-related human resource development and system improvement" and "evaluating possible risks to prevent accidents before they occur."

Measures to prevent accidents are never finished. JR East will make a concerted effort—from the front line to Head Office—to tackle safety issues under the slogan "think and act for yourself." At the same time, pursuing its goal of "zero accidents involving passenger injuries or fatalities and zero accidents involving employee fatalities (including employees of Group companies and partner companies)," JR East will continue working tirelessly to improve safety and achieve "extreme safety levels."

CREATING A CULTURE OF SAFETY

In order to improve safety, its highest priority, JR East must build and inculcate a strong safety culture within its organization. That culture should be based on mutual trust and putting into action lessons learned from past accidents and accident-related information. JR East views that culture as comprising five cultures.

Five Cultures

- The culture of proper reporting: Proper reporting makes it possible to correctly analyze accidents and incidents.
- The culture of noticing: Noticing accidents at incipient stages is the basis for prevention.
- The culture of direct confrontation and debate: Directly and thoroughly confronting each other's views is necessary for determining causes.
- The culture of learning: Making use of lessons learned is the basis for preventing the recurrence of accidents.
- The culture of action: Taking action is what makes it possible to maintain safety.

Targeting Further Improvement

Two Fresh Approaches in Relation to Safety

- Safety-related human resource development and system improvement
- Evaluating possible risks to prevent accidents before they occur

The Four Pillars of *2013 Safety Vision*

- Creating a Culture of Safety
- Rebuilding the Safety Management System
- Taking Sure Steps to Reduce Risks
- Promoting Priority Improvement Plans for Safety Equipment

zero accidents

- Accidents involving passenger injuries or fatalities
- Accidents involving employee (including Group companies and partner companies) fatalities

Three Actualities Principle

JR East will tackle safety problems based on the "three actualities principle" of correctly understanding and responding to situations by dealing with "actual location"—go to the actual location to comprehend the circumstances, "actual object"—examine the actual object (rolling stock, equipment, machine, tool, etc.) to comprehend its condition, and "actual people"—meet face to face with the people actually involved to comprehend the situation. The principle is based on the idea that because accidents occur on the front line, the answers to accident prevention are also on the front line.

In addition, JR East will return to the basic ideas of the *Challenge Safety Campaign* and revitalize it. This campaign encourages employees to think about safety, debate safety, act to increase safety, and feel a sense of achievement in relation to safety and thereby enhance safety awareness.

REBUILDING THE SAFETY MANAGEMENT SYSTEM

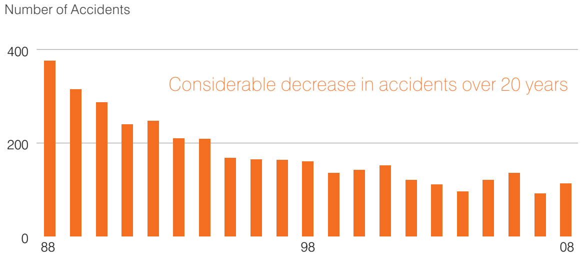
Employees represent the front line of JR East's safety efforts. Therefore, fostering key employees with safety knowledge, teaching skills, and technical skills at operational bodies and branch offices is important. Specifically, to ensure operational bodies always have key safety leaders, at branch offices JR East will cultivate safety professionals that have knowledge, technology, and awareness in relation to safety.

In conjunction with those initiatives, JR East will expand the Accident History Exhibition Hall, located in the JR East General Education Center. And, JR East will also create new training materials and promote an organization based on the Company's chroniclers and narrators of oral history and lore about safety.

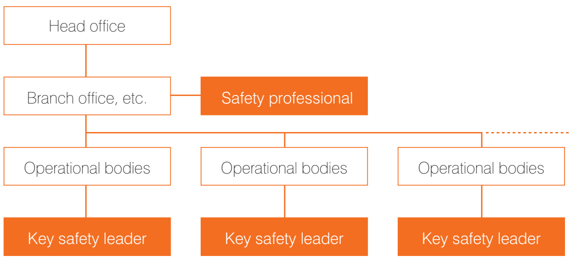
Group companies, partner companies, and other such organizations underpin the safety of JR East. Therefore JR East will provide support to them, and make arrangements to improve equipment, facilities, and training for personnel.

Trends in Railway Accidents

(Years ended March 31)



Key Safety Leaders and Safety Professionals



TAKING SURE STEPS TO REDUCE RISKS

JR East intends to devote more resources than before to measures for preventing the recurrence of operational railway accidents and other such incidents. At the same time, we will promote countermeasures to prevent damage by estimating the maximum scale of damage from accidents and incidents that have a certain frequency of occurrence and addressing them in the order of highest priority.

Further, JR East will continue steadily implementing countermeasures in relation to major accidents that have occurred in recent years.

PROMOTING PRIORITY IMPROVEMENT PLANS FOR SAFETY EQUIPMENT

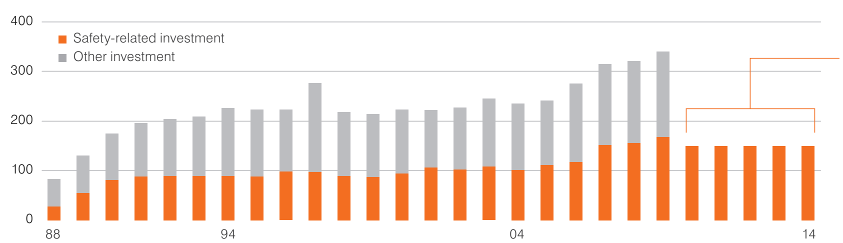
JR East has invested approximately ¥2.2 trillion in safety over 20 years since its founding in 1987. Each of the four previous 5-year safety plans have earmarked ¥400 billion for safety-related investment.

However, under *2013 Safety Vision* JR East anticipates an investment of approximately ¥750 billion. The major safety initiatives under the new plan will include improving test tracks to ascertain accident causes and identify countermeasures, implementing countermeasures for major earthquakes in the Tokyo metropolitan area, introducing automatic platform gates on the Yamanote Line, and examining measures to prevent secondary damage in railway crossing accidents.

Safety-related Investment

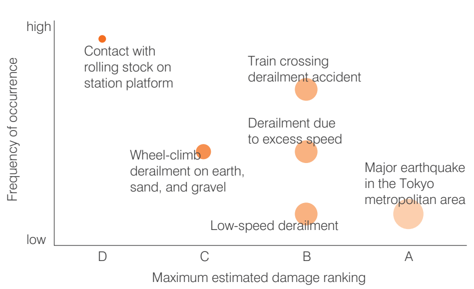
(Years ended March 31)

Billions of Yen



Under 2013 Safety Vision
JR East anticipates an investment of approximately ¥750 billion.

Occurrence Frequency and Maximum Estimated Damage Ranking



A: Great Hanshin-Awaji Earthquake, major earthquake (envisioned) in the Tokyo metropolitan area, etc.
B: Tsurumi, Mikawajima, Fukuchiyama Line derailment accidents, etc.
C: Shigaraki Highlands Railway accident, etc.
D: Contact with rolling stock on station platform, etc.

Automatic platform gates (image)

AS A CORPORATE CITIZEN

Environmental Issues

JR East has developed a wide range of environmental initiatives that reflect its basic philosophy of promoting ecological activities—diligently striving to balance environmental protection with business activities.

JR East will continue disclosing environmental information based on feedback from stakeholders, expanding and improving environmental preservation initiatives, and making railways even more environmentally friendly. Moreover, JR East will spare no effort to realize fully the environmental advantages of railways over other forms of transportation by making railways even easier to use.

ENVIRONMENTAL PRESERVATION INITIATIVES

Energy Efficiency Improvement and CO_2 Emissions Reduction

Energy used by its railway operations accounts for 70% of the total energy consumed by JR East. By the end of fiscal 2008, 85% of JR East's total rolling stock, or 10,428 railcars, were energy-saving railcars, and energy consumption per unit of transportation volume had decreased 14%* from fiscal 1991 levels. Further, JR East is promoting the rooftop greening of its railway station concourses, railway station buildings, and office buildings. JR East had greened 22 buildings, with a total rooftop area of approximately 7,000 square meters as of the end of March 2009. As well as aiming to mitigate the "heat island" phenomenon, JR East hopes to use greening to absorb CO_2 and curb the amount of energy it uses for air-conditioning.

CO_2 Emissions by Mode of Transportation
(Fiscal 2007)
g-CO_2/passenger-km

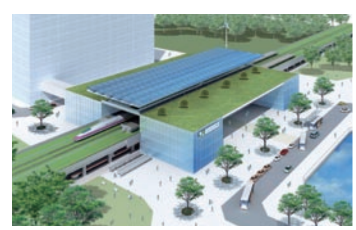
Source: Ministry of Land, Infrastructure, Transport and Tourism
• The figure for JR East is based on the result fiscal 2007

JR East 2020 Vision—idomu—

1 We will reduce total CO_2 emissions of railway operations 50% by fiscal 2031 compared with fiscal 1991 levels.

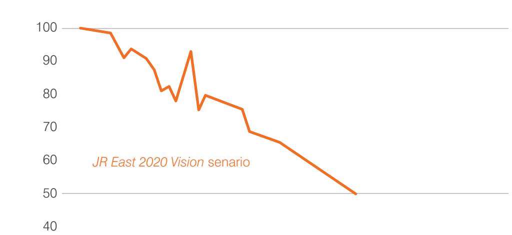
2 Aiming to lighten the burden placed on the environment by railways, we will use bold ideas to achieve world-leading technology.

3 We will create a public transport system that rivals the convenience of private cars through collaboration with local authorities and other transportation operators.



Concept illustration of *ecoste*

Reduce Total CO_2 Emission of Railway Operations 50% by fiscal 2031 (compared with fiscal 1991 level)
emission level



Also, to reduce the overall CO_2 produced by transportation in general, JR East encourages the use of railways as a highly energy-efficient mode of transportation that places little burden on the environment through initiatives such as promoting use of its park-and-ride and rent-a-car services.

* Based on the calculation method pursuant to the Law Concerning the Promotion of Measures to Cope with Global Warming

Resource Recycling

JR East's recycling initiatives come under three headings: reduce, reuse, and recycle. In fiscal 2008, JR East produced 650,000 tons of waste, of which 79% was reused or recycled. Further, the *Suica* IC card passenger ticket helps to conserve natural resources significantly because, unlike traditional passenger tickets, passengers can use the *Suica* IC card repeatedly.

Preservation of the Environments alongside Railway Lines

In areas alongside railway lines, JR East advances a range of initiatives to reduce noise, conserve landscapes, prevent pollution, and preserve natural environments. For example, JR East has completed measures to reduce noise from Shinkansen lines to 75 dB or less in residential areas by installing soundproof walls and using sound absorbent materials. Moreover, JR East uses low-noise equipment for maintenance work. In addition, JR East preserves approximately 4,200 hectares of railway forest, comprising 6 million trees, which protect railway lines from natural disasters.

SYSTEMS FOR THE ADVANCEMENT OF ENVIRONMENTAL MANAGEMENT

The Group's Advancement System

JR East established the Committee on Ecology to steadily implement surveys of the environmental impact of JR East's operations, set environmental targets, undertake environmental preservation activities, check progress toward targets, and conduct senior-management-level monitoring. To confirm the Group's environmental policies, since fiscal 2004, JR East has regularly convened the JR East Group Environmental Management Advancement Conference, which representatives of all Group companies attend.

Railway Line Forestation

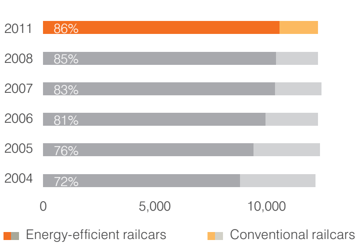
Railway line forestation programs undertaken in partnership with local communities had planted approximately 260,000 trees and included 38,000 participants over the 15-year-period ended March 2008.

Acquisition of ISO 14001 Certification

At operational bases that place a comparatively heavy burden on the environment, JR East has been acquiring ISO 14001 certification, which recognizes compliance with international standards for environmental management systems. All of JR East's Rolling Stock Centers, which maintain railcars, have acquired ISO 14001 certification.

Trends in Energy-Efficient Railcars

Railcars




A railway forest beside the Yamagata Shinkansen Line


Test runs started with the world's first fuel-cell hybrid railcar

ENVIRONMENTAL RESEARCH AND DEVELOPMENT

Environmental Technology Research Center

JR East 2020 Vision—idomu—, which was announced in March 2008, sets out challenging numerical targets in relation to the environment. To reach those targets, as well as honing existing technologies, JR East must actively and strategically pursue research and development that will enable the introduction of new environmental technologies to the JR East's operations. Accordingly, on April 1, 2009, JR East established the Environmental Technology Research Center so that JR East can grow sustainably while fulfilling its social responsibility to protect the environment.

Operating the World's First Diesel Hybrid Railcars

The *kiha* E200 Type cars, which entered service on the Koumi Line in July 2007, are the world's first diesel-powered, electric motor-driven hybrid railcars. Efficiency in tests was approximately 20% better than a standard diesel railcar. The diesel hybrid railcars are quiet when idling at a station (an approximately 30 dB reduction). Hazardous substances in the exhaust, such as NOx and graphite, are reduced by approximately 60%.

Recognizing JR East's development and introduction of the new hybrid railcars, the Ministry of the Environment presented JR East with the 2007 Environment Minister's Award for Global Warming Prevention Activities in the technology development and commercialization category.

Testing of Fuel-Cell Hybrid Railcars

Fuel cells are an electricity-generation technology with a low environmental impact. They feature high electricity-generation efficiency, and the only byproduct generated through their reactions is water. JR East is currently proceeding with research and development of fuel-cell systems for railway applications.

We began test runs of the world's first fuel-cell hybrid railcar in 2006, and started test runs on operational lines in spring 2007. The fuel-cell railcar is currently being tested at around 100km/h. We continue to develop control, safety, and other technologies and advance to meet future challenges.

Other Research and Development

JR East actively pursues other research and development initiatives. One of them is a power-generating floor, which generates electricity from the pressure of people walking on it.

REVISION OF ENVIRONMENTAL TARGETS

JR East 2020 Vision—idomu—, which was launched in March 2008, calls on JR East to take *a positive and long-term approach to global environmental problems*. Accordingly, JR East revised its environmental targets for fiscal 2009.

▶ Please see JR East's Sustainability Report 2008 for further information about initiatives related to corporate social responsibility and the environment.
http://www.jreast.co.jp/e/environment/index.html

Environmental Targets

Task	Fiscal 2011 target
Total CO_2 emissions of railway business activities	50% reduction by fiscal 2031 (compared with fiscal 1991)
	32% reduction by fiscal 2018 (compared with fiscal 1991)
Energy-efficient railcars utilization rate	86%
Electricity used for train operation	2% reduction (compared with fiscal 2007)
Train electricity used per unit transport volume	2% reduction (compared with fiscal 2007)
Energy saving at stations and offices	4.5% reduction (compared with fiscal 2007)
Recycling rate for waste generated at stations and on trains	70%
Recycling rate for waste generated at General Rolling Stock Centers, etc.	95%
Recycling rate for waste generated in construction projects	92%

AS A CORPORATE CITIZEN

For Society

JR East's core railway operations have extremely strong ties with society at large as well as with local communities. Consequently, in tandem with development of its operations, JR East has fostered a corporate culture of meeting social responsibilities and benefiting society through its business activities.

JR East's Group Philosophy includes a social mission that requires it to "grow continuously and advance in harmony with customers by generating earnings while meeting social responsibilities as a *Trusted Life-style Service Creating Group*." Accordingly, JR East will continue to meet the expectations of society and justify the trust of its stakeholders.

INVOLVEMENT WITH LOCAL COMMUNITIES

Revitalization of Regional Communities

As part of initiatives based on social responsibility, JR East will further strengthen alliances with regional communities, which are an important management resource, and seek synergies with its railway network that will revitalize regional communities. Specifically, by bringing to light tourism resources that local residents may be unaware of and increasing the marketing of local products, JR East will support the autonomous efforts of local residents to develop attractive local communities and regional industries that will vitalize their communities.

Nursing Care Facilities near Railway Stations

One aspect of JR East's efforts to develop towns in partnership with local communities is the active creation of facilities along railway lines to support those bringing up children. JR East operated 25 *Station Day Care* facilities and one *Day Care Station* facility as of April 2009. Plans call for the expansion of that network to 40 facilities by fiscal 2011. JR East will help eliminate nursery school waiting lists by advancing the development of accredited nursery schools and nursery schools preparing for accreditation. Not confining itself to nursery schools, JR East intends to widen the scope of its activities by providing children's day care services that cater to a variety of child-rearing needs.

The Railway Museum

In October 2007, JR East cut the tape on The Railway Museum as the flagship project commemorating the 20th anniversary of JR East's incorporation. The East Japan Railway Culture Foundation* built the museum on land that JR East owns in Saitama City. The museum systematically preserves and displays artifacts and documents relating to the railway heritage of Japan and other countries as well as JR East and the restructuring of Japan National Railways (JNR). Less than six months after its opening, the museum welcomed its 1 millionth visitor. And, 2,420,000 people had visited the museum by the end of March 2009.

* In 1992, JR East established the East Japan Railway Culture Foundation to realize programs that contribute continuously to society. The foundation promotes regional culture, conducts railway-related surveys and research, and organizes international cultural exchanges.

INVOLVEMENT WITH INTERNATIONAL COMMUNITIES

Cooperation with Overseas Railway Operators

In order to cooperate and exchange information with railway operators worldwide under a wide range of themes that include technology, management, and the environment, JR East is affiliated with the Union Internationale des Chemins de Fer (UIC), the International Association of Public Transport (UITP), and the Community of European Railway and Infrastructure Companies (CER), and participates in related initiatives and conferences. Also, JR East Vice Chairman Yoshio Ishida became the Chairman of the UIC in April 2009. Further, JR East contributes internationally by accepting visitors and trainees from overseas. In fiscal 2009, JR East welcomed 575 visitors and trainees from 49 countries.

AS A CORPORATE CITIZEN

Board of Directors and Corporate Auditors

Mutsutake Otsuka
Chairman

Yoshio Ishida
Vice Chairman
Technology and Overseas Related Affairs

Satoshi Seino[1]
President and CEO

Tetsuro Tomita[1]
Executive Vice President
Corporate Planning Headquarters

Masaki Ogata[1]
Executive Vice President
Railway Operations Headquarters

Yoshiaki Arai[1]
Executive Vice President
Life-style Business Development Headquarters

EXECUTIVE DIRECTORS

Yoichi Minami
Railway Operations Headquarters; Marketing Department, Railway Operations Headquarters; Customer Service Department, Railway Operations Headquarters

Tsugio Sekiji
IT & Suica Business Development Headquarters; Railway Operations Headquarters; Transport Safety Department, Railway Operations Headquarters; Transport & Rolling Stock Department, Railway Operations Headquarters

Toru Owada
Corporate Planning Headquarters; Inquiry & Audit Department; Finance Department

Seiichiro Oi
Railway Operations Headquarters; Technology Planning Department, Corporate Planning Headquarters; Facilities Department, Railway Operations Headquarters; Electrical & Signal Network System Department, Railway Operations Headquarters; Research & Development Center of JR East Group

Yuji Fukasawa
Public Relations Department; Personnel Department; Health & Welfare Department; Legal Department; Administration Department

Yasuo Hayashi
Railway Operations Headquarters; Shinanogawa Power Station Improvement Department, Railway Operations Headquarters; Construction Department

Shigeru Tanabe
Tokyo Branch Office

Shinichiro Kamada
Life-style Business Development Headquarters

DIRECTORS

Yoshitaka Taura
Sendai Branch Office

Isao Iwasaki
Tokyo Station

Yuji Morimoto
Personnel Department; JR East General Education Center

Osamu Kawanobe
Transport & Rolling Stock Department, Railway Operations Headquarters

Naomichi Yagishita
Facilities Department, Railway Operations Headquarters

Toshiro Ichinose
Management Planning Department, Corporate Planning Headquarters

Masayuki Satomi
Administration Department

Kimio Shimizu
Life-style Business Development Headquarters

Tsukasa Haraguchi
Marketing Department, Railway Operations Headquarters

Takeshi Inoo[2]

Takeshi Sasaki[2]

FULL-TIME CORPORATE AUDITORS

Toshiaki Omori[3]

Jiro Bando[3]

CORPORATE AUDITORS

Kiyomi Harayama

Toshiaki Yamaguchi[3]
(Certified Public Accountant)

Mutsuo Nitta[3]
(Attorney)

As of July 2009

1 Representative director
2 Outside corporate director
3 Outside corporate auditor

AS A CORPORATE CITIZEN

Corporate Governance

JR EAST'S BASIC CORPORATE GOVERNANCE PHILOSOPHY

To continue to be a company trusted by its shareholders and all other groups of stakeholders, JR East has made the strengthening of its corporate governance a top-priority management task.

Specifically, with a view to augmenting the soundness and transparency of management, JR East is creating appropriate systems for management decision making, operational execution and auditing, Group management, information disclosure, and other important matters while also implementing the various measures required in connection with those systems.

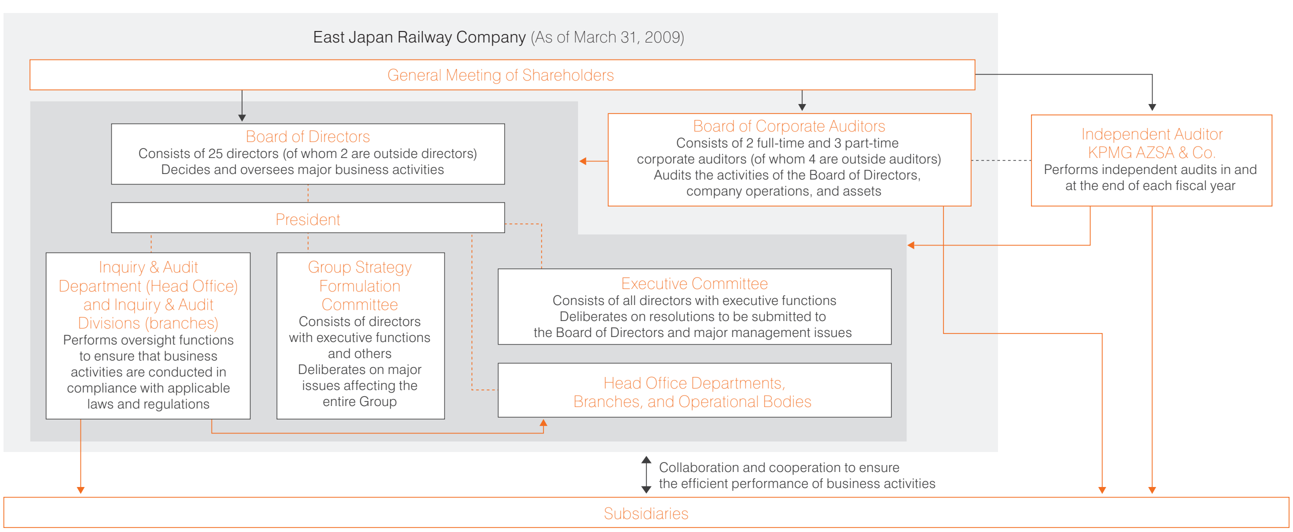
Because of the special characteristics of JR East's mainstay railway transportation operations, JR East emphasizes the making of management decisions based on a long-term perspective. Accordingly, JR East believes the most appropriate course is to enhance corporate governance based on its current auditor system of governance.

CURRENT STATUS OF CORPORATE GOVERNANCE UNITS AND INTERNAL CONTROL SYSTEMS

Overview of Corporate Governance Units

JR East's Board of Directors comprised 25 directors, including 2 outside corporate directors as of March 31, 2009. Meeting once a month in principle, the Board of Directors decides on key operational issues relating to statutory requirements and other matters and supervises overall operations. Created by the Board of Directors, the Executive Committee includes all directors with executive functions. Meeting once a week in principle, the Executive Committee deliberates on matters to be decided by the Board of Directors and other important management issues. In addition, the Group Strategy Formulation Committee, which mainly consists of directors with executive functions, convenes as required and considers management strategy for respective operational areas and other significant Group issues with a view to developing the JR East Group as a whole.

The Board of Corporate Auditors comprises 5 corporate auditors, including 2 full-time and 3 part-time corporate auditors



of whom 4 are outside auditors. In accordance with guidelines established by the Board of Corporate Auditors, the corporate auditors supervise the directors' implementation of operations by attending meetings of the Board of Directors, the Executive Committee, and other committees as well as by making inquiries regarding JR East's operations and assets.

Overview of Internal Control Systems

JR East's basic policy regarding internal control systems and its progress toward enhancing such systems are as follows.

1) Systems for ensuring that corporate officers and employees perform their duties in accord with relevant laws and regulations as well as with the articles of incorporation

a. JR East and its consolidated subsidiaries (hereinafter "Group companies") have drafted the Legal Compliance and Corporate Ethics Guidelines, which serves as corporate action guidelines for the JR East Group, and distributed handbooks that explain code of conduct standards in concrete terms to each corporate officer and employee in order to promote legal compliance and high corporate ethical standards.

b. JR East's Legal Department and Administration Department together handle overall control over horizontally integrated compliance matters throughout the Company.

c. A unit has been established to provide compliance-related advice and receive whistle-blower reports and other reports related to compliance issues.

d. A supervision system has been established in relation to the execution of internal audits to ensure the appropriateness and efficiency of operational execution.

2) Systems for preserving and administering information related to the performance of directors

Documents related to directors' performance of their duties are appropriately preserved and administered in accordance with relevant laws and internal regulations. Directors and auditors can view these documents whenever necessary.

3) Risk management rules and systems

a. JR East has established the Transportation Operations Center, which operates 24 hours a day, with the task of ensuring rapid and appropriate responses in the event of an accident or disaster affecting railway operations. JR East has also established specialized internal committees focused on maintaining safety and improving reliability.

b. All JR East departments undertake risk management to manage the risks of significant adverse influences on corporate operations due to such incidents as external criminal offenses or internal scandals and legal violations. In addition, JR East has established the Crisis Management Headquarters as well as implemented crisis management related internal regulations. In the event of a major problem, JR East's crisis management system calls for top management to participate in the immediate establishment of a preliminary task force that rapidly undertakes such actions necessary to gather the relevant information and implement countermeasures.

4) Systems for promoting the efficient performance of directors

a. Internal regulations have been established that allocate authority by clearly defining the authority and roles of each organizational unit to promote efficiency throughout JR East's operations.

b. Action programs have been established for each organizational unit to increase the transparency of the implementation of *JR East 2020 Vision—idomu*—which articulates common goals for the entire JR East Group, and to promote the efficient implementation of measures to realize the vision's objectives. Progress in action program implementation is periodically evaluated as a means of promoting the efficient implementation of strategic measures.

5) Systems for promoting operational propriety throughout the JR East Group

a. The Group companies have drafted the Legal Compliance and Corporate Ethics Guidelines, which serves as corporate action guidelines with regard to legal compliance and corporate ethics, and distributed handbooks that explain code of conduct standards in concrete terms to each corporate officer and employee. In addition, an external compliance consultation and reporting unit has been established to serve the entire JR East Group.

b. The Group companies have established risk management units as well as regulations and other provisions related to risk management. In the event of a problem, these regulations call for the immediate establishment of a preliminary task force that rapidly takes such actions as necessary to gather relevant information, report such information to the parent company when appropriate, and implement countermeasures.

c. JR East participates in the management of Group companies by dispatching directors to those companies and by other means to promote operational propriety throughout the JR East Group. In addition, JR East's Inquiry & Audit Department performs audits of Group companies at regular intervals.

6) Items related to employees who assist corporate auditors in the performance of their duties

Specialized staff are assigned to the Corporate Auditors' Office to assist corporate auditors in the performance of their duties in order to increase the efficiency of audits and enable audits to be performed smoothly.

7) Independence from directors of employees who assist corporate auditors in the performance of their duties

The staff of the Corporate Auditors Office are to only follow instructions from the corporate auditors and are not subject to orders from directors or other employees.

8) Systems for enabling directors and employees to report to corporate auditors and other systems for reporting to corporate auditors

For items that the Board of Directors' regulations stipulate are to be decided by the Board, deliberation standards have been established, and these standards provide for appropriate deliberations to be conducted at Board meetings. Further, the content of important items other than those that the regulations stipulate are to be decided by the Board may also be confirmed by corporate auditors at meetings of the Board and of the Executive Committee.

9) Other systems for promoting the effective performance of corporate auditors' audits

The corporate auditors hold meetings at regular intervals with the president and the independent auditor to exchange information and opinions.

Basic Internal Control Policy for Financial Reports

The Company's basic internal control policy for financial reports is as follows.

1) The Company will establish and operate systems required to ensure the appropriateness of documents relating to the financial statements and other information.
2) Regarding the establishment and operation of the systems indicated in the previous item, the Company will adhere to generally accepted standards for the evaluation of internal controls in relation to financial reports and evaluate internal controls each fiscal year.

Current State of Internal Audits, Corporate Audits, and Accounting Audits (Systems for Internal Audits, Corporate Audits, and Accounting Audits)

Regarding internal audits, JR East has established an internal auditing system involving approximately 100 full-time employees in the Inquiry & Audit Department at Head Office and Inquiry & Audit divisions at branch offices, and together they work to ensure that corporate operations are executed lawfully and efficiently. Internal audits are implemented based on plans prepared at the beginning of each fiscal year, requests are made for the submission of progress updates for items requiring improvement, and the audit results are reported to representative directors at the end of each fiscal year and at other times deemed necessary. In addition, the Inquiry & Audit Department audits Group companies.

Regarding corporate audits, corporate auditors exchange information at monthly meetings of the Board of Corporate Auditors, and they also exchange auditing information with corporate auditors of Group companies at liaison meetings held at regular intervals. The audits of corporate auditors are supported by approximately 10 specialized staff. The system for the oversight of the implementation of operations by directors, carried out in accordance with the rules established by the Board of Corporate Auditors, centers on full-time corporate auditors who attend meetings of the Board of Directors, the Executive Committee, and other important in-house meetings as well as investigate financial situations and other items.

Regarding accounting audits, the consolidated accounts of JR East are audited under contract by an independent auditor (accounting auditor), KPMG AZSA & Co., in and at the end of each fiscal year. The following is a breakdown of the certified public accountants (CPAs) who conducted accounting audits in the fiscal year under review as well as their auditing assistants.

- Designated certified public accountants:
  Masanori Sato, Teruhiko Tanaka, and Mamoru Takamura
- Breakdown of auditing assistants:
  Certified public accountants, 10; other, 24

JR East facilitates coordination and information sharing to promote efficient and effective auditing. For example, full-time corporate auditors and the director responsible for internal auditing units hold monthly liaison meetings, and full-time corporate auditors receive regular updates on audit implementation from the accounting auditor 5 times a year and at any other time deemed necessary.

Overview of Relationships between the Company and Outside Corporate Directors and Outside Corporate Auditors, Including Personnel, Capital, and Other Business Relationships

The outside corporate directors and the outside corporate auditors have no business relationship with JR East.

CURRENT STATE OF RISK MANAGEMENT SYSTEMS

JR East has established the Transportation Operations Center, which operates 24 hours a day and has the task of ensuring rapid and appropriate responses in the event of an accident or disaster affecting railway operations. JR East has also established specialized internal committees focused on maintaining and improving safety—the Safety Promotion Committee and the Transportation Reliability / Stability Improvement Committee.

With regard to the risk of a significant adverse influence on corporate operations due to such incidents as external criminal offenses or internal scandals and legal violations, all JR East departments undertake risk management activities. In addition, JR East has established the Crisis Management Headquarters as well as implemented crisis management related internal regulations. In the event of a problem, JR East's crisis management system calls for top management to participate in the immediate establishment of a preliminary task force that rapidly undertakes such actions as those to gather the relevant information and implement countermeasures.

COMPENSATION OF DIRECTORS AND CORPORATE AUDITORS

In fiscal 2009, JR East paid the following compensation to directors and corporate auditors.

	Number of recipients	Compensation
Directors	29	¥898 million
Corporate auditors	5	¥115 million
Total	34	¥1,013 million

1. The amount of remuneration, etc. includes the amount paid to four Directors retired at the conclusion of the 21st Ordinary General Meeting of Shareholders held on June 24, 2008.
2. The amount of remuneration, etc. includes bonuses to Directors and Corporate Auditors to be established pursuant to a resolution adopted at the 22nd Ordinary General Meeting of Shareholders held on June 23, 2009 (¥181 million in total: ¥158 million to Directors, ¥23 million to Corporate Auditors).
3. The amount of remuneration, etc. includes remuneration, etc. to six outside Directors and outside Corporate Auditors (¥129 million).
4. The Company's retirement benefit scheme for Directors and Corporate Auditors was abolished at the conclusion of the 17th Ordinary General Meeting of Shareholders held on June 23, 2004. It was approved at the meeting that vested retirement benefits would be paid out to each Director or Corporate Auditor who was reappointed or was in the middle of his or her term of office at such meeting, based on the Company's regulations. In accordance with such approval, retirement benefits in the amount of ¥130 million were paid to four Directors who retired during this fiscal year in addition to the above remuneration.

NUMBER OF DIRECTORS

JR East's articles of incorporation stipulate that the number of JR East's directors shall be 30 or less.

CONDITIONS FOR DETERMINING THE SELECTION OF DIRECTORS

The conditions stipulated by JR East's articles of incorporation for resolutions are a quorum of shareholders with one-third or more voting rights and the approval of the resolution by shareholders with more than half of those voting rights.

RESOLUTIONS TO BE DECIDED BY THE GENERAL SHAREHOLDERS' MEETING THAT MAY BE DECIDED BY THE BOARD OF DIRECTORS

Acquisition of Treasury Stock

In accordance with article 165, paragraph 2, of the Company Law, JR East's articles of incorporation provide for the acquisition of treasury stock through market transactions and other means based on a resolution of the Board of Directors. This is designed to enable the execution of flexible capital policies that respond to current and future changes in the operating environment.

Interim Dividends

JR East's articles of incorporation stipulate that interim dividends based on article 454, paragraph 5, of the Company Law may be paid to shareholders that are registered or recorded or registered pledges as of the end of September 30 of each year. This is designed to enable the flexible execution of measures to distribute profit to shareholders.

CONDITIONS FOR SPECIAL RESOLUTIONS OF THE GENERAL SHAREHOLDERS' MEETING

The conditions stipulated by JR East's articles of incorporation for resolutions based on article 309, paragraph 2, of the Company Law are a quorum of shareholders with one-third or more voting rights and the approval of the resolution by shareholders with two-thirds or more of those voting rights. These conditions are designed to promote the smooth and efficient functioning of the general shareholders' meetings.

OTHER

With regard to information disclosure, JR East is proactively engaged in public relations and investor relations programs. By making use of its website and other media, JR East is striving to increase the volume of information disclosed, ensure that information disclosure is timely, and otherwise improve its information disclosure.

COMPENSATION OF CERTIFIED PUBLIC ACCOUNTANTS THAT CONDUCT ACCOUNTING AUDITS

Millions of Yen

	Filing company (JR East)	Consolidated subsidiaries	Total
Previous fiscal year			
Compensation for auditing and attestation	¥ —	¥ —	¥ —
Compensation for non-auditing	—	—	—
Fiscal year under review			
Compensation for auditing and attestation	¥260	¥437	¥697
Compensation for non-auditing	5	8	13

OTHER IMPORTANT COMPENSATION DETAILS

No applicable items.

DETAILS OF NON-AUDITING SERVICES FOR JR EAST PROVIDED BY CERTIFIED PUBULIC ACCOUNTANTS THAT CONDUCT ACCOUNTING AUDITS

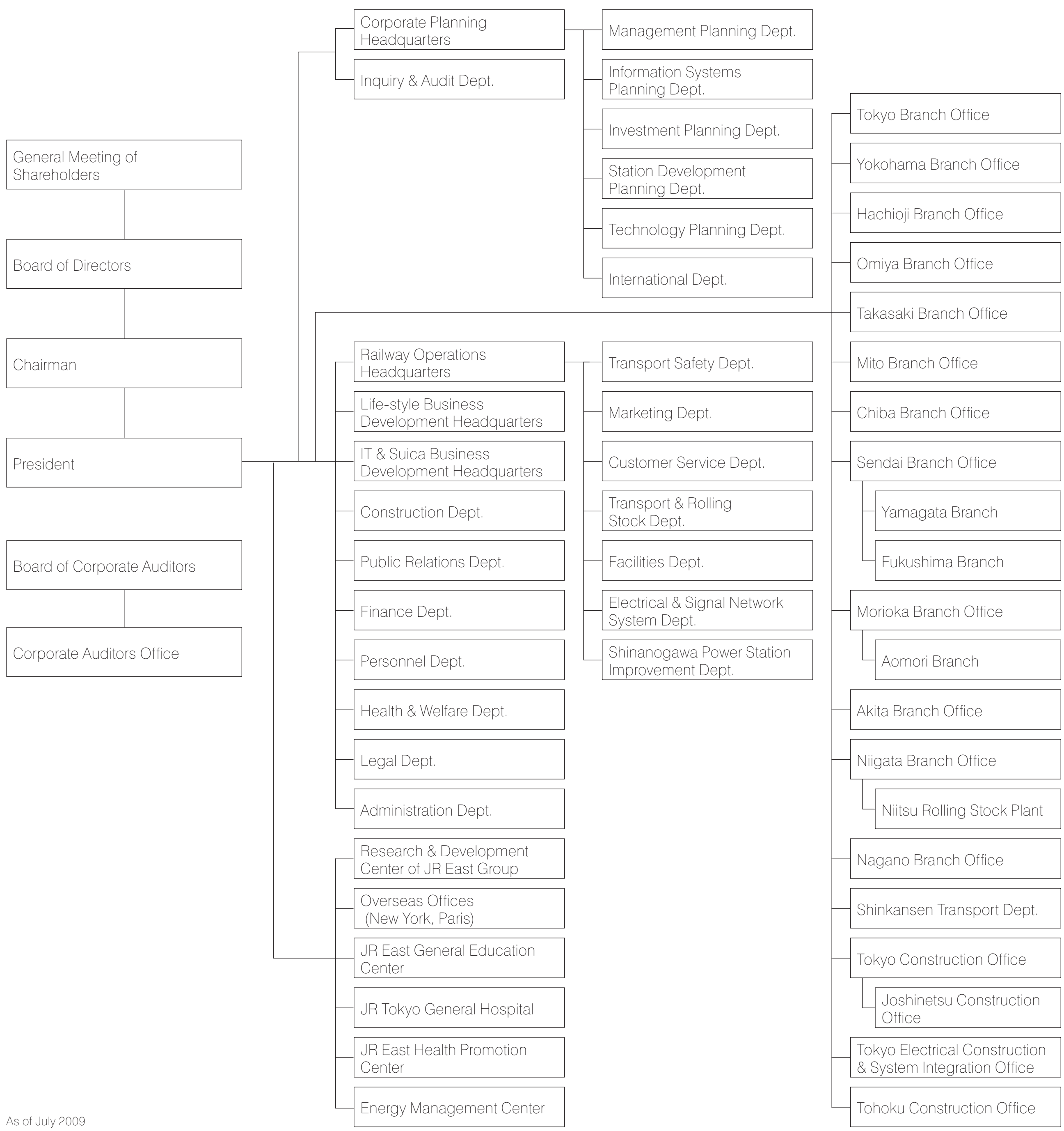
Non-auditing services for which JR East pays compensation to certified public accountants that conduct accounting audits are agreed procedures and the preparation of comfort letters.

POLICY FOR DECIDING AUDITOR COMPENSATION

No applicable items.

AS A CORPORATE CITIZEN

Organization



As of July 2009

Financial Section

FINANCIAL SECTION

Eleven-Year Summary

East Japan Railway Company and Subsidiaries
Years ended March 31

Millions of Yen (except for Per share data, Ratios, Number of consolidated subsidiaries, and Number of employees)	1999	2000	2001	2002
Operating Results				
Operating revenues	2,483,594	2,502,909	2,546,041	2,543,378
Operating expenses	2,149,122	2,160,952	2,222,290	2,227,038
Operating income	334,472	341,957	323,751	316,340
Net income	21,929	66,963	69,174	47,551
Segment Information[1]				
Operating Revenues from Outside Customers:				
Transportation	N/A	N/A	1,801,370	1,789,599
Station space utilization	N/A	N/A	348,994	368,553
Shopping centers & office buildings	N/A	N/A	165,818	165,276
Other services	N/A	N/A	229,859	219,950
Total	N/A	N/A	2,546,041	2,543,378
Segment Information				
Operating Revenues from Outside Customers:				
Transportation	1,808,925	1,799,051	1,805,663	N/A
Merchandise sales	356,260	379,213	386,033	N/A
Real estate leasing	158,515	143,432	152,438	N/A
Other services	159,894	181,213	201,907	N/A
Total	2,483,594	2,502,909	2,546,041	N/A
Financial Position				
Total assets	7,287,033	7,308,391	7,247,089	7,022,271
Long-term debt (including current portion)	2,320,246	2,319,664	2,307,483	2,060,838
Railway facilities purchase liabilities (including current portion)[2]	2,610,966	2,499,023	2,392,241	2,318,997
Total long-term debt (sum of two items above)	4,931,212	4,818,687	4,699,724	4,379,835
Shareholders' equity[3]	766,880	856,401	923,568	930,746
Cash Flows[4]				
Cash flows from operating activities	365,296	474,715	455,470	455,045
Cash flows from investing activities	(282,082)	(292,438)	(266,319)	(105,645)
Cash flows from financing activities	(72,298)	(168,133)	(161,109)	(433,589)
Per Share Data[5]				
Earnings	5,482	16,741	17,294	11,888
Shareholders' equity[3]	191,720	214,100	230,892	232,687
Cash dividends[6]	5,000	5,000	5,000	5,000
Ratios				
Net income as a percentage of revenues	0.9	2.7	2.7	1.9
Return on average equity (ROE)	2.9	8.3	7.8	5.1
Ratio of operating income to average assets (ROA)	4.6	4.7	4.4	4.4
Equity ratio	10.5	11.7	12.7	13.3
Total long-term debt to shareholders' equity	6.4	5.6	5.1	4.7
Other Data				
Depreciation	319,687	329,583	329,651	321,995
Capital expenditures[7]	258,080	288,106	296,957	301,781
Interest expense	230,887	220,421	205,155	187,601
Number of consolidated subsidiaries (As of March 31)	81	96	96	101
Number of employees[8]	87,880	82,747	82,285	80,200

1 The business segmentation was changed to four new segments beginning with the year ended March 31, 2002. The information for the year ended March 31, 2001, has been reclassified according to the new business segmentation.
2 Long-term liabilities incurred for the purchase of the Tohoku and Joetsu Shinkansen facilities, the Akita hybrid Shinkansen facilities, and the Tokyo Monorail facilities.
3 Shareholders' equity equals total net assets less minority interests beginning with the year ended March 31, 2007 (as in the balance sheets).
4 Due to a change in accounting standards, statements of cash flows after the year ended March 31, 2000, use presentation methods different to those of previous years.
5 JR East implemented a stock split at a ratio of 100 shares for 1 share of common stock with an effective date of January 4, 2009. Per share data for Fiscal 2009 reflects the stock split.
6 The total amount of dividends for the year ended March 31 comprises interim dividends for the interim period ended September 30 and year-end dividends for the year ended March 31, which were decided at the annual shareholders' meeting in June.
7 These figures exclude expenditures funded by third parties, mainly governments and their agencies, which will benefit from the resulting facilities.
8 Beginning with the year ended March 31, 2000, "Number of employees" excludes employees assigned to other companies and employees on temporary leave.
9 Upon the merger of the Japan Railways Group Mutual Aid Association into the Welfare Pension, the Company shared the shortage of the assets to be transferred amounting to ¥77,566 million. This was paid in a lump sum and was accounted for as a long-term prepaid expense included in the other item of other assets on the balance sheets and was charged to income from the year ended March 31, 1998, to the year ended March 31, 2002, on a straight-line basis.

2003	2004	2005	2006	2007	2008	2009
2,565,671	2,542,297	2,537,481	2,592,393	2,657,346	2,703,564	2,697,000
2,222,576	2,190,877	2,178,946	2,196,293	2,229,248	2,258,404	2,264,445
343,095	351,420	358,535	396,100	428,098	445,160	432,555
97,986	119,866	111,592	157,575	175,871	189,673	187,291
1,800,434	1,798,132	1,781,776	1,805,406	1,825,387	1,857,756	1,831,933
368,961	366,438	369,790	383,904	399,998	404,006	415,020
170,321	175,180	181,956	190,466	197,140	205,347	222,628
225,955	202,547	203,959	212,617	234,821	236,455	227,419
2,565,671	2,542,297	2,537,481	2,592,393	2,657,346	2,703,564	2,697,000
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
6,853,403	6,781,692	6,716,268	6,821,584	6,968,032	6,942,003	6,965,793
1,942,983	1,940,321	1,940,255	1,960,211	2,034,558	2,101,439	2,171,860
2,174,581	2,034,203	1,892,827	1,743,657	1,601,646	1,457,360	1,316,708
4,117,564	3,974,524	3,833,082	3,703,867	3,636,204	3,558,799	3,488,568
981,856	1,100,176	1,183,546	1,357,359	1,488,554	1,596,398	1,718,587
433,304	387,061	407,737	447,722	541,850	475,601	584,360
(196,422)	(234,591)	(214,948)	(309,489)	(348,800)	(400,789)	(396,796)
(310,658)	(196,193)	(209,041)	(141,599)	(172,027)	(80,407)	(159,238)
24,453	29,928	27,868	39,370	44,008	47,464	469
245,463	275,052	296,106	339,599	372,493	399,483	4,301
8,000	6,000	6,500	8,000	9,000	10,000	110
3.8	4.7	4.4	6.1	6.6	7.0	6.9
10.2	11.5	9.8	12.4	12.4	12.3	11.3
4.9	5.2	5.3	5.9	6.2	6.4	6.2
14.3	16.2	17.6	19.9	21.4	23.0	24.7
4.2	3.6	3.2	2.7	2.4	2.2	2.0
322,564	322,300	317,957	316,038	318,526	335,587	343,101
307,579	313,911	319,912	361,372	413,310	417,144	402,582
173,298	160,944	148,431	136,548	131,376	126,047	120,395
101	98	92	86	85	82	82
78,760	77,009	74,923	72,802	71,316	72,214	72,550

10 Net income decreased significantly in the year ended March 31, 1999, mainly because "Cash charges for additional obligation related to transfer to Welfare Pension" was accounted for in other expenses. This additional obligation of ¥70,475 million, including the interest portion, was paid in accordance with the enactment of the Law for Disposal of Debts and Liabilities of the Japanese National Railways Settlement Corporation.

11 Accounting Standards for Financial Instruments were adopted beginning with the year ended March 31, 2001.

12 Tax effect accounting was adopted beginning with the year ended March 31, 2000.

13 Accounting Standards for Retirement Benefits were adopted beginning with the year ended March 31, 2001. (See Notes 2 (9) and 14 to consolidated financial statements)

14 Accounting Standards for Impairment of Fixed Assets were early adopted beginning with the year ended March 31, 2005. (See Notes 2 (15) and 9 to consolidated financial statements)

15 Pursuant to an amendment of the Japanese Tax Law, from the fiscal year ended March 31, 2008, a depreciation method based on the amended Japanese Tax Law has been used for property, plant and equipment acquired on or after April 1, 2007. Further, for property, plant and equipment acquired on or before March 31, 2007, from the fiscal year following the fiscal year in which assets reach 5% of acquisition cost through the application of a depreciation method based on the Japanese Tax Law prior to amendment, the difference between the amount equivalent to 5% of the acquisition cost and the memorandum value (residual value under the amended Japanese Tax Law) is depreciated evenly over a five-year period and recognized in depreciation. (see Note 2 (8))

FINANCIAL SECTION

Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking statements in the following discussion and analysis are judgments of the JR East Group as of March 31, 2009.

KEY ACCOUNTING POLICIES AND ESTIMATES

JR East prepares financial statements in accordance with accounting principles generally accepted in Japan. Forward-looking estimates included in those financial statements are based on a variety of factors that, in light of JR East's past performance and current circumstances, can be reasonably assumed to have affected results for assets and liabilities on the consolidated settlement date and consolidated revenues and expenses in fiscal 2009, ended March 31, 2009. JR East continuously assesses those factors. Actual results may differ materially from those estimates, given the uncertainty of forward-looking statements.

PERFORMANCE ANALYSIS

Overview*

In the fiscal year under review, ended March 31, 2009, Japan's economy rapidly moved further into recession as the increasing severity of the worldwide financial crisis that began in the United States led to falling exports, slumping production, and lackluster consumer spending, particularly from the second half of the fiscal year. Amid such increasingly challenging economic conditions, East Japan Railway Company, its consolidated subsidiaries, and equity-method affiliated companies worked to secure revenues by further improving services in railway operations and developing life-style businesses centered on railway stations. At the same time, JR East actively developed businesses that capitalize on *Suica*.

*Unless otherwise stated, all comparisons are between the fiscal year under review and the previous fiscal year.

As a result, in the fiscal year under review, operating revenues decreased by 0.2%, to ¥2,697.0 billion ($27,520 million), due to a decrease in revenues from transportation operations, among other factors. Operating income decreased by 2.8%, to ¥432.6 billion ($4,414 million), due to higher deprecation expenses and other factors. Net income was down 1.3%, to ¥187.3 billion ($1,911 million).

Business results by business segment were as follows.

Segment Information

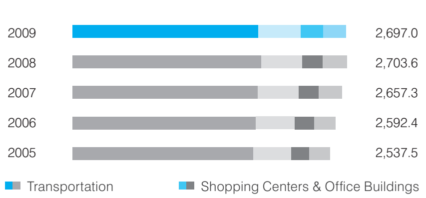
- Transportation

JR East sought to further improve the safety and stability in transportation operations centered on railway operations. At the same time, JR East sought to increase usage of and secure revenues from its Shinkansen network and Tokyo metropolitan area network.

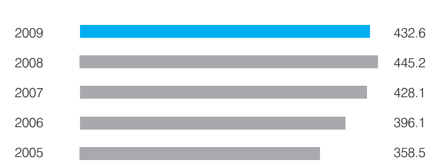
Specifically, in its Shinkansen network JR East increased train services and the number of railcars with seats available for reservation to meet the demand from passengers, in particular during the Golden Week spring holiday, the summer vacation period, the year-end and New Year period. Further, JR East generated a greater volume of tourism in its service area by implementing such campaigns as the *Yamanashi Destination Campaign* and the *Sendai / Miyagi Destination Campaign*.

Also, JR East sought to increase the *Otona no Kyujitsu Club* membership by launching products exclusively for the members, including the *Otona no Kyujitsu Club Member Pass*. In addition, JR East further improved the convenience and comfort experienced by passengers by revising service schedules mainly for its Shinkansen services and the Tokyo metropolitan area in March 2009 and introducing new-type railcars to the Keihin-Tohoku and Negishi lines, and the Yamagata Shinkansen

Operating Revenues
Billions of Yen



Operating Income
Billions of Yen



Line. Further, *Suica* became usable at an additional 115 railway stations in the JR East service area in March 2009. Also, JR East expanded use of conventional line IC tickets with Hokkaido Railway Company's *Kitaca*. In bus operations, amid business conditions that continued to be challenging, JR East worked to strengthen operational foundations by increasing services on short-distance routes, setting fares flexibly, and reorganizing unprofitable routes. In monorail operations, JR East promoted greater use by introducing an earlier first-train service from Haneda Airport Terminal 2.

However, the volumes of railway network transportation of JR East decreased because of such factors as the recession and the effect of earthquakes in the Tohoku region. As a result, the segment recorded a decrease of 1.4% in operating revenues, to ¥1,889.0 billion ($19,276 million), and a decrease of 6.8%, in operating income, to ¥309.2 billion ($3,156 million).

• Shinkansen Network

In the Shinkansen network, passenger kilometers decreased 3.1%, to 19.3 billion, because the recession resulted in significant decreases in usage of long-distance Shinkansen line segments on the Tohoku Shinkansen Line and Shinkansen line segments in the Tokyo metropolitan area, such as Tokyo–Utsunomiya on the Tohoku Shinkansen Line and Tokyo–Takasaki on the Joetsu Shinkansen Line. Revenues from passenger tickets declined 3.3%, to ¥474.9 billion ($4,846 million), as a decrease in non-commuter passes revenues counteracted an increase in revenues from commuter passes. Specifically, revenues from commuter passes rose 0.8%, to ¥22.9 billion ($234 million), due to favorable usage of commuter passes. Meanwhile, non-commuter passes revenues decreased 3.5%, to ¥451.9 billion ($4,611 million), due to a significant reduction in usage of long-distance Shinkansen line segments, including Tokyo–Sendai / Morioka on the Tohoku Shinkansen Line and a significant reduction in usage of Shinkansen line segments in the Tokyo metropolitan area, such as Tokyo–Utsunomiya on the Tohoku Shinkansen Line and Tokyo–Takasaki on the Joetsu Shinkansen Line.

• Kanto Area Network

In the Kanto area network, passenger kilometers edged down 0.2%, to 103.7 billion, because the effect of a leap year in the previous fiscal year and the opening of the Tokyo Metro Fukutoshin Line subway offset increased usage arising from the opening of new commercial facilities in areas alongside railway lines. Revenues from passenger tickets declined 0.5%, to ¥1,149.4 billion ($11,729 million), as lower non-commuter passes revenues cancelled the contribution from an increase in revenues from commuter passes. Specifically, revenues from commuter passes edged up 0.5%, to ¥453.6 billion ($4,629 million), thanks to higher commuter usage that reflected improvement in the job market in the first half of the fiscal year. However, non-commuter passes revenues were down 1.2%, to ¥695.8 billion ($7,100 million), because increased usage stemming from the opening of new commercial facilities in areas alongside railway lines did not fully compensate for the effect of a leap year in the previous fiscal year, unfavorable usage during Golden Week and three-day weekends, and the opening of the Tokyo Metro Fukutoshin Line subway.

• Other

In intercity and regional networks, passenger kilometers declined 1.2%, to 6.7 billion, due to the effect of earthquakes in the Tohoku region. Revenues from passenger tickets were down 1.7%, to ¥84.6 billion ($863 million), due to a 2.5% decrease in non-commuter passes revenues, to ¥64.6 billion ($659 million), which offset a 1.2% increase in revenues from commuter passes, to ¥20.0 billion ($204 million).

• Station Space Utilization

JR East advanced its *Station Renaissance* program, which maximizes the value of spaces within railway stations. Specifically, JR East opened *atrévie Tabata* (Tokyo) and the second phase of *ecute Tachikawa* (Tokyo). Further, JR East opened additional *NEWDAYS* convenience stores, developed new convenience stores within railway stations and on railway platforms, and revitalized existing convenience stores. Also, JR East began mail-order sales of the natural mineral water *Tanigawa Rempo No Uruoi Tennen Sui* and undertook joint product development and sales with a major beverage manufacturer.

As a result of these initiatives, the effect of the commencement of operations at *GranSta* (Tokyo), the first phase of *ecute Tachikawa* in October 2007 and other factors, the segment achieved an increase of 3.0% in operating revenues, to ¥433.1 billion ($4,419 million), and an increase of 5.2% in operating income, to ¥38.2 billion ($389 million).

• Shopping Centers & Office Buildings

JR East began operations at *Granduo Kamata* (Tokyo), *S-PAL II* (Miyagi), and *CoCoLo Minamikan* (Niigata). Further, JR East remodeled *LUMINE EST* (Tokyo), *Kawasaki BE* (Kanagawa), *Kokubunji L* (Tokyo), and other facilities. Also, JR East actively brought in major tenants with the ability to attract customers.

As a result of these initiatives and such factors as the opening of the first phase of *GranTokyo North Tower* and *GranTokyo South Tower* (Tokyo) in November 2007, the segment posted an increase of 8.2% in operating revenues, to ¥231.6 billion ($2,364 million), and an increase of 17.1% in operating income, to ¥70.0 billion ($715 million).

• Other Services

JR East began operations at *HOTEL METS Tachikawa* (Tokyo) and expanded *HOTEL METS Kamakura Ofuna* (Kanagawa). In addition, JR East continued efforts to strengthen its competitiveness further through initiatives that included the remodeling of the banquet halls of *Hotel Metropolitan* (Tokyo). In advertising and publicity operations, JR East promoted sales of advertising within railcars such as the *Train Channel*. In other services, JR East began operations at the *Jexer Fitness Club Metropolitan Ikebukuro* (Tokyo) and the *Jexer Fitness Studio Kamata* (Tokyo). Further, in credit card operations, JR East worked to increase the number of members of various types of *View Card*, such as the *Otona no Kyujitsu Club Zipangu Card* and the *Otona no Kyujitsu Club Middle Card*. Moreover, JR East began issuing various types of affiliated credit cards with Sumitomo Mitsui Banking Corporation and All Nippon Airways Co., Ltd. For *Suica* shopping services (electronic money), JR East continued its aggressive efforts to develop affiliated stores. Also, from March 2009 JR East expanded use of electronic money through *Kitaca*, electronic money services operated by JR Hokkaido. There were approximately 59,220 *Suica* compatible stores as of the end of the fiscal year.

As a result, operating revenues increased 0.6%, to ¥545.1 billion ($5,562 million). However, operating income decreased 0.3%, to ¥17.3 billion ($176 million).

Operating Income

Operating expenses edged up 0.3%, to ¥2,264.4 billion ($23,106 million). Operating expenses as a percentage of operating revenues was 84.0%, compared with 83.5% in the previous fiscal year. Transportation, other services and cost of sales increased 0.1%, to ¥1,749.3 billion ($17,849 million), because an increase in depreciation due to a revision of the Japanese Tax Law offset a decrease in property expenses such as repair expenses.

Selling, general and administrative expenses were up 1.0%, to ¥515.2 billion ($5,257 million), which was due to a increase in property expenses.

Operating income was down 2.8%, to ¥432.6 billion ($4,414 million). Operating income as a percentage of operating revenues was 16.0%, compared with 16.5% in the previous fiscal year.

Income before Income Taxes

Other income declined 27.0%, to ¥102.1 billion ($1,042 million), principally associated with decreases in gain on investment in anonymous association and construction grants received, counteracting an increase in gain on sales of fixed assets.

Other expenses decreased 17.4%, to ¥212.2 billion ($2,165 million), which mainly resulted from a decrease in interest payments due to a decline in interest-bearing debt, lower losses on reduction entry for construction grants, and a decline in impairment losses on fixed assets, which offset an increase in losses on devaluation of investments in securities.

Interest and dividend income and other financial income, net of interest and dividend expense and other financial expenses, amounted to a ¥116.6 billion ($1,190 million) expense, an improvement of 5.2%.

Income before income taxes decreased 1.7%, to ¥322.5 billion ($3,291 million). Income before income taxes as a percentage of operating revenues was 12.0%, a decline from 12.1%.

Net Income

Net income decreased 1.3% compared with the highest-ever net income, which was posted in the previous fiscal year, to ¥187.3 billion ($1,911 million). Earnings per share were ¥468.68, down from ¥47,463.57 (¥474.64 per share if the stock split effective January 4, 2009 had been executed at the beginning of the previous fiscal year). Further, net income as a percentage of operating revenues was 6.9%, compared with 7.0% in the previous fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Net cash provided by operating activities was up ¥108.8 billion, to ¥584.4 billion ($5,963 million), mainly resulting from a decrease in payments of income taxes and an increase in major payables, which counteracted a decrease in income before income taxes.

Net cash used in investing activities decreased ¥4.0 billion, to ¥396.8 billion ($4,049 million), which was due to such factors as decreased payments for purchase of fixed assets.

Capital expenditures were as follows. In transportation operations, JR East implemented capital expenditures to further measures for transportation safety and reliability as well as build a highly competitive transportation network. Station space utilization operations advanced the *Station Renaissance* program through capital expenditures for the construction in Tokyo of *atrévie Tabata* and the second phase of *ecute Tachikawa*. Shopping centers & office buildings operations constructed the second phase of *GranTokyo North Tower* in Tokyo as part of construction projects on the Yaesu side of Tokyo Station as well as undertaking capital expenditures such as *Granduo Kamata* department store in Tokyo. In other services, capital expenditures focused on the construction of *HOTEL METS Tachikawa* in Tokyo and the strengthening of functions through the development of systems.

Further, free cash flows increased ¥112.8 billion, to ¥187.6 billion ($1,914 million).

Net cash used in financing activities was up ¥78.8 billion, to ¥159.2 billion ($1,625 million), primarily due to a rise in payments of short-term loans.

Cash and cash equivalents at the end of fiscal 2009, which was ¥82.1 billion at the end of the previous fiscal year, was up ¥28.8 billion, to ¥110.9 billion ($1,131 million).

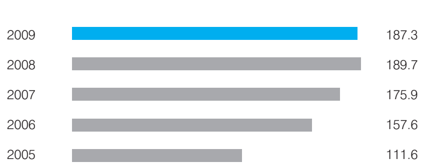
Financial Policy

Total long-term debt at the end of fiscal 2009 stood at ¥3,488.6 billion ($35,597 million). That debt consists of long-term liabilities incurred for the purchase of railway facilities associated with JR East's assumption of Shinkansen railway facilities and other facilities, bonds, and long-term loans.

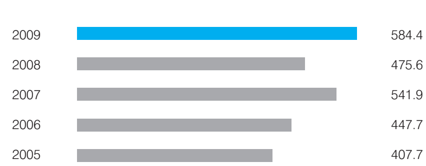
Long-term liabilities incurred for purchase of railway facilities associated with JR East's assumption of Shinkansen railway facilities are paid in equal semi-annual installments, consisting of principal and interest payments, and are divided into the following three tranches:

a. ¥627.9 billion ($6,408 million) payable at a variable interest rate (annual interest rate in fiscal 2009: 4.21%) through March 31, 2017
b. ¥315.3 billion ($3,217 million) payable at a fixed annual interest rate of 6.35% through March 31, 2017
c. ¥350.2 billion ($3,574 million) payable at a fixed annual interest rate of 6.55% through September 30, 2051

Net Income
Billions of Yen



Cash Flows from Operating Activities
Billions of Yen



In addition, at fiscal year-end, JR East had long-term liabilities incurred for the purchase of railway facilities of ¥14.7 billion ($150 million) for the Akita hybrid Shinkansen Line and ¥8.6 billion ($87 million) for the Tokyo Monorail.

Since fiscal 1998, JR East has made annual early repayments of long-term liabilities incurred for the purchase of railway facilities associated with JR East's assumption of Shinkansen railway facilities based on an agreement with the Japan Railway Construction, Transport and Technology Agency (JRTT). JR East made early repayments of ¥38.0 billion ($388 million) in fiscal 2009.

In fiscal 2002, JR East introduced a cash management system that integrated the management of the Group's cash and funding, which previously was carried out separately by subsidiaries, with the aim of reducing JR East's total long-term debt. Also, JR East is enhancing capital management methods that include offsetting internal settlements among subsidiaries and consolidating payments by subsidiaries.

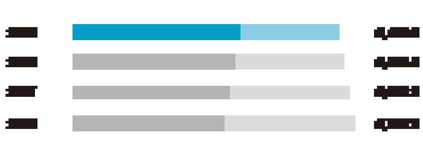
In the year ended March 31, 2009, JR East issued seven unsecured straight bonds, with a total nominal amount of ¥175.0 billion ($1,786 million) and maturities from 2018 through 2028. Rating and Investment Information, Inc. (R&I), a Japanese rating agency, rated these bonds AA+. Further, JR East received long-term debt ratings from Standard & Poor's and Moody's of AA– and Aa1 (upgraded from Aa2 in September 2008), respectively.

In order to respond to short-term financing requirements, JR East has bank overdraft facilities with its principal banks totaling ¥300.0 billion ($3,061 million). R&I and Moody's rated JR East's commercial paper a-1+ and P-1, respectively, as of the end of fiscal 2009. Further, JR East did not have any bank overdrafts or outstanding commercial paper on March 31, 2009.

JR East does not maintain committed bank credit lines (a financing framework that permits unrestricted borrowing within contract limits based on certain conditions).

Total Long-Term Debt

Billions of Yen



FINANCIAL SECTION

Operational and Other Risk Information

The following are issues related to operational and accounting procedures that may have a significant bearing on the decisions of investors. Forward-looking statements in the following section are based on the assessments of JR East as of March 31, 2009.

LEGAL ISSUES RELATING TO OPERATIONS

As a railway operator, JR East manages its railway operations pursuant to the stipulations of the Railway Business Law. JR East is generally excluded from the provisions of the Law for Passenger Railway Companies and Japan Freight Railway Company (hereinafter the "JR Law").

However, JR East is required to manage its railway operations in accordance with guidelines relating to matters that should be considered for the foreseeable future, which are stipulated in a supplementary provision of a partial amendment of the JR Law (hereinafter the "amended JR Law"). Details of relevant laws are as follows.

The Railway Business Law (1986, Law No. 92)

Under the Railway Business Law, railway operators are required to obtain the permission of the Minister of Land, Infrastructure, Transport and Tourism (hereinafter the "MLIT") for each type of line and railway business operated (article 3). Operators receive approval from the MLIT for the upper limit of passenger fares and Shinkansen limited express surcharges (hereinafter "fares and surcharges"). Subject to prior notification, railway operators can then set or change fares and surcharges within those upper limits (article 16). Operators are also required to give the MLIT advance notice of the elimination or suspension of railway operations. In the case of eliminating operations, the notice must be given at least one year in advance (article 28, items 1 and 2).

The JR Law (1986, Law No. 88)

• Aim of the Establishment of the JR Law

Prior to its amendment, the JR Law regulated the investments and the establishment of JR East, Hokkaido Railway Company, Central Japan Railway Company (JR Central), West Japan Railway Company (JR West), Shikoku Railway Company, Kyushu Railway Company, and Japan Freight Railway Company (JR Freight) and included provisions on the operational purposes and scopes of those companies (hereinafter the "JR Companies"). In addition to the provisions of the Railway Business Law, the JR Companies are subject to provisions of the JR Law that require the approval of the MLIT with respect to significant management decisions. Also, under the JR Law, preferential measures were applied to the JR Companies, such as those entitling holders of the bonds of the JR Companies to preferential rights over the claims of unsecured creditors (general mortgage).

• Amendment of the JR Law

(a) The amended JR Law enacted on December 1, 2001 (2001, Law No. 61), excluded JR East, JR Central, and JR West (the three JR passenger railway companies operating on Japan's main island, hereinafter the "new companies") from the provisions of the JR Law that had been applicable to them until then.

(b) Further, the amended JR Law enables the MLIT to issue guidelines relating to matters that should be considered for the foreseeable future with respect to the management of the railway operations of the new companies, including any additional companies that may become involved in the management of all or a part of those railway operations as a result of assignations, mergers, divisions, or successions as designated by the MLIT on or after the date of enactment of the amended JR Law (supplementary provision, article 2, item 1). Those guidelines were issued on November 7, 2001, and applied on December 1, 2001.

(c) The guidelines stipulate items relating to the following three areas:
- Items relating to ensuring alliances and cooperation among companies (among the new companies or among the new companies and JR Companies) with respect to the establishment of appropriate passenger fares and surcharges, the unhindered utilization of railway facilities, and other factors relating to railway operations
- Items relating to the appropriate maintenance of railway routes currently in operation reflecting trends in transportation demand and other changes in circumstances following the restructuring of the Japanese National Railways (JNR) and items relating to ensuring the convenience of users through the development of stations and other railway facilities
- Items stating that the new companies should give consideration to the avoidance of actions that inappropriately obstruct business activities or infringe upon the interests of

small and medium-sized companies operating businesses within the operational areas of the new companies that are similar to the businesses of the new companies

(d) The MLIT may advise and issue instructions to the new companies to secure operations that are in accordance with those guidelines (supplementary provision, article 3). Moreover, the amended JR Law enables the MLIT to issue warnings and directives in the event that operational management runs counter to the guidelines without any justifiable reason (supplementary provision, article 4).

(e) With respect to the provisions of those guidelines, JR East has always given, and of course will continue to give, adequate consideration to such items in the management of its railway operations. Therefore, JR East does not anticipate that those provisions will have a significant impact on its management.

(f) In addition, the amended JR Law includes required transitional measures, such as the stipulation that all bonds issued by the new companies prior to the amended JR Law's enactment date are and will continue to be general mortgage bonds as determined in article 4 of the JR Law (supplementary provision, article 7).

ESTABLISHMENT OF AND CHANGES TO FARES AND SURCHARGES

The required procedures when JR East sets or changes fares and surcharges for its railway operations are stipulated in the Railway Business Law. Changes to those procedures or the inability to flexibly change fares and surcharges based on those procedures for whatever reason could affect JR East's earnings. Details of those procedures are as follows.

System for Approval of Fares and Surcharges

The Railway Business Law stipulates that railway operators are required to obtain the approval of the MLIT when setting or changing the upper limit for fares and surcharges (Railway Business Law, article 16, item 1). Subject to prior notification, railway operators can then set or change fares and surcharges within those upper limits, including limited express surcharges on conventional lines and other charges (Railway Business Law, article 16, items 3 and 4).

Although JR passenger railway companies can revise fares independently, a system was created among those companies when JNR was restructured to ensure the convenience of users. At present, contracts among those companies enable the realization of total fares and surcharges for passengers or packages requiring services that span two or more such companies. In addition, the JR passenger railway companies have established a system in which the fares and surcharges decrease relatively as distance traveled increases.

JR East's Stance

(a) JR East has not raised fares since its establishment in April 1987, other than to reflect the consumption tax introduction (April 1989) and subsequent revision (April 1997).

Through efficiently securing revenues and reducing expenses, JR East has worked to create a management base that is not dependent on raising fares. However, if JR East was unable to secure appropriate profit levels as a result of such factors as changes in the operating environment, it would view the timely implementation of fare revisions as necessary to secure appropriate profit levels.

(b) With the efficient management of operations as a precondition, JR East believes securing a profit level that enables capital expenditure for the future and the strengthening of its financial condition—in addition to the distribution of profits to shareholders—to be essential.

(c) JR East primarily undertakes capital expenditure, which has a significant impact on the capital usage of railway operations, with a view to establishing a robust management base through ensuring safe and stable transportation, offering high-quality services, and implementing other measures. Further, JR East appreciates the need to independently conduct capital expenditure based upon clearly defined management responsibility.

Stance of the Ministry of Land, Infrastructure, Transport and Tourism

With respect to the implementation of fare revisions by JR East, the position of the MLIT is as follows.

(a) The MLIT will approve applications for the revision of the upper limits of fares from railway operators, including from JR East, upon conducting inspections to determine that the fares do not exceed the sum of reasonable costs and profits, based on the efficient management of those companies (total cost) (Railway Business Law, article 16, item 2). In addition, a three-year period is stipulated for the calculation of costs.

(b) Even if the railway operator has non-railway businesses, the calculation of total cost—which comprises reasonable costs and reasonable profits, including required dividend payments to shareholders—is based only on the operator's railway operations.

Further, operators are required to submit their capital expenditure plans for increasing transportation services to ease crowding of commuter services and for other improvements in passenger services. The capital usage necessary for such enhancements is recognized in the calculation of total cost.

(c) Total cost is calculated using a "rate base method" that estimates the capital cost (interest payments, dividend payments, and other financial costs) arising from the provision of a fair and appropriate return, based on the opportunity cost concept, in relation to the capital invested in the said railway operations.

The calculation of total cost is as follows:

- total cost = operating cost[1] + operational return
- operational return = assets utilized in railway business operations (rate base) x operational return rate
- assets utilized in railway business operations = railway business operations fixed assets + construction in progress + deferred assets + working capital[2]
- operational return rate = equity ratio[3] x return rate on equity[4] + borrowed capital ratio[3] x return rate on borrowed capital[4]

1. With respect to comparable costs among railway operators, in order to promote enhanced management efficiency, a "yardstick formula" is used to encourage indirect competition among respective operators. The results of those comparisons are issued at the end of every business year and form the basis for the calculation of costs.
2. Working capital = operating costs and certain inventories
3. Equity ratio, 30%; borrowed capital ratio, 70%
4. Return rate on equity is based on the average of yields on public and corporate bonds and the overall industrial average return on equity and dividend yield ratio. Return rate on borrowed capital is based on the average actual rate on loans and other liabilities.

(d) Subject to the prior notification of the MLIT, railway operators can set or change fares and surcharges within the upper limits approved along with other charges. However, the MLIT can issue directives requiring changes in fares and surcharges by specified terms if the fares and surcharges submitted are deemed to fall within the following categories (Railway Business Law, article 16, item 5):

- The changes would lead to unjustifiable discrimination in the treatment of certain passengers.
- There is concern that the changes would give rise to unfair competition with other railway transportation operators.

PLAN FOR THE DEVELOPMENT OF NEW SHINKANSEN LINES

Construction Plans for New Shinkansen Lines

New Shinkansen lines are those lines indicated in the plan for the Shinkansen line network that was decided pursuant to the Nationwide Shinkansen Railway Development Law (1970, Law No. 71). Finalized in 1973, that plan called for the development of the Tohoku Shinkansen Line (Morioka–Aomori), the Hokuriku Shinkansen Line (Tokyo–Nagano–Toyama–Osaka), the Kyushu Shinkansen Line (Fukuoka–Kagoshima), and other Shinkansen lines. Following the division and privatization of JNR, JR East was selected as the operator of the Takasaki–Joetsu segment of the Hokuriku Shinkansen Line and the Morioka–Aomori segment of the Tohoku Shinkansen Line. JR East started operation of the Hokuriku Shinkansen Line between Takasaki and Nagano on October 1, 1997, and the Tohoku Shinkansen Line between Morioka and Hachinohe on December 1, 2002.

Within JR East's service area, the Hachinohe–Shin-Aomori segment of the Tohoku Shinkansen Line and the Nagano–Joetsu segment of the Hokuriku Shinkansen Line are currently being constructed by the JRTT. Based on a proposal by the three ruling political parties, the national government and ruling parties agreed in December 1996 that both of those Shinkansen line segments would be standard gauge lines. In January 1998, the joint national government and ruling parties' examination committee for the development of new Shinkansen lines decided to begin the construction of those Shinkansen line segments during fiscal 1998, upon the completion of approval procedures. Based on that decision, the former JRCC (currently, the JRTT) began construction in March 1998, after obtaining approval from the Minister of Transport pursuant to article 9 of the Nationwide Shinkansen Railway Development Law.

Further, in December 2004, the national government and ruling parties agreed on the schedule for the completion of new Shinkansen lines. For new Shinkansen lines under the jurisdiction of JR East, it was decided to aim to complete the Hachinohe–Shin-Aomori segment of the Tohoku Shinkansen Line by the end of fiscal 2011 and the Nagano–Hakusan general rail yard segment of the Hokuriku Shinkansen Line by the end of fiscal

2015 (JR East has jurisdiction of the Nagano–Joetsu segment of the Hokuriku Shinkansen Line). Furthermore, JR East announced in November 2008 that it aims to begin operations on the Hachinohe–Shin-Aomori segment of the Tohoku Shinkansen Line in December 2010.

Also, new Shinkansen lines not under the jurisdiction of JR East are being developed on the Shin-Aomori–Shin-Hakodate segment of the Hokkaido Shinkansen Line, the Joetsu–Hakusan general rail yard segment of the Hokuriku Shinkansen Line, and the Hakata–Shin-Yatsushiro and Takeo-Onsen–Isahaya segments of the Kyushu Shinkansen Line.

Cost Burden of the Development of New Shinkansen Lines

(a) The national government, local governments, and the JR Companies assume the cost of new Shinkansen lines constructed by the JRTT. Amounts to be funded by the JR Companies are to be paid out of the following.

1) Usage fees and other charges paid by the JR company as the operator of the line

2) Funds made available from the JRTT, to which JR East, JR Central, and JR West make payments of amounts due on their Shinkansen purchase liabilities

(b) In October 1997, the opening of the Takasaki–Nagano segment of the Hokuriku Shinkansen Line was accompanied by new standards for the amount of usage fees paid by the JR Companies as the operator of the line. Those usage fees are now regulated under the Japan Railway Construction, Transport and Technology Agency Law (enforcement ordinance, article 6). That enforcement ordinance stipulates that the JRTT will determine the amount of usage fees based on the benefit received as the operator of the said Shinkansen line after opening and the sum of taxes and maintenance fees paid by the JRTT for railway facilities leased. Of those, the benefits received as the operator are calculated by comparing the estimated revenues and expenses generated by the new segment of the Shinkansen line and related line segments after opening with the revenues and expenses that would likely be generated by parallel conventional lines and related line segments if the new segment of the Shinkansen line was not opened. The expected benefits are the difference between the amount that the operator of the new Shinkansen line should receive as a result of operation and the amount that would be received if the new Shinkansen lines did not commence service. Specifically, the expected benefits are calculated based on expected demand and revenues and expenses over a 30-year period after opening. Further, a part of the usage fees, which are calculated based on the expected benefits, is fixed for the 30-year period after commencing services. In addition, the taxes and maintenance fees are included in calculations of the corresponding benefits as an expense of the operator of the Shinkansen line after opening. Therefore, the burden of the operator is kept within the limits of the corresponding benefits.

With respect to the usage fee amount for the Takasaki–Nagano segment of the Hokuriku Shinkansen Line, which opened in October 1997, JR East decided that the usage fees calculated by the former JRCC (currently, the JRTT) were within the limits of the corresponding benefits to result from the opening of that line and concluded an agreement with the JRCC in September 1997. Also, the JRCC received approval for those usage fees from the Minister of Transport in September 1997. Usage fees for fiscal 2009 totaled ¥22.1 billion ($225 million), comprising the fixed amount calculated based on the corresponding benefits of ¥17.5 billion ($179 million) and taxes and maintenance fees of ¥4.6 billion ($47 million).

In November 2002, JR East also concluded an agreement with the JRCC regarding the usage fees amount for the Morioka–Hachinohe segment of the Tohoku Shinkansen Line, which opened in December 2002. The JRCC received approval for those usage fees from the MLIT in November 2002. Usage fees for fiscal 2009 totaled ¥9.4 billion ($96 million), comprising the fixed amount calculated based on the corresponding benefits of ¥7.9 billion ($81 million) and taxes and maintenance fees of ¥1.5 billion ($15 million).

(c) As well as being responsible for the construction of new Shinkansen lines, the JRTT procures construction costs and owns the facilities that it has constructed. JR East leases those facilities from the JRTT after completion and pays the usage fees mentioned in (b) above upon the commencement of the service. During the construction period, JR East is not required to directly assume the JRTT's construction costs. Compared with periods when there is no construction of new Shinkansen lines, costs related to new Shinkansen lines, such as depreciation of railcars and other costs, can have an impact on JR East's single-year revenues and expenses in the initial period after opening. However, given the nature of usage fees mentioned in (b) above, JR East believes that such factors will not have an impact on revenues and expenses over the 30-year period.

The JR Companies are required to assume the costs of "usage fees and other charges" as mentioned in (a) above. "Other charges" refers exclusively to the payment of usage fees directly before the commencement of services. However, such prior payment is required to be based upon agreements concluded following consultations between JR East and the JRTT. Accordingly, it is assumed that JR East's position will be adequately reflected in such arrangements.

Treatment of Conventional Lines Running Parallel to New Shinkansen Lines

In October 1997, at the time of the opening of the Takasaki–Nagano segment of the Hokuriku Shinkansen Line, the Yokokawa–Karuizawa segment was eliminated and the management of the Karuizawa–Shinonoi segment of the Shinetsu Line was separated from JR East. Further, in December 2002, at the time of the opening of the Morioka–Hachinohe segment of the Tohoku Shinkansen Line, the management of that segment on the Tohoku Line was separated from JR East.

Also, an agreement reached between the national government and ruling parties in December 1996 stipulates that the management of conventional line segments which run parallel to a new Shinkansen line should be separated from the JR Companies when the new Shinkansen line commences operations. Pursuant to that agreement, when construction began on the Hachinohe–Shin-Aomori segment of the Tohoku Shinkansen Line and the Nagano–Joetsu segment of the Hokuriku Shinkansen Line in March 1998, JR East requested and received the agreement of local communities with regard to the separation of the management of conventional lines that run parallel to those Shinkansen lines upon commencement of operations: the Hachinohe–Aomori segment of the Tohoku Line and the Nagano–Naoetsu segment of the Shinetsu Line.

Further, in December 2000, the national government and ruling parties agreed that when JR Freight uses the conventional lines whose management has been separated from the JR Companies, line usage fees will be charged commensurate with the amount of usage. With regard to the resulting loss for JR Freight, it was decided to implement an adjustment by allocating a part of the revenues from usage fees on the parallel Shinkansen line segment to JR Freight as required.

Accordingly, the Nationwide Shinkansen Railway Development Law enforcement ordinance was amended in October 2002. As a result, it became possible to appropriate usage fees paid by the JR Companies for amounts required by the JR Freight adjustment mechanism. Previously, as a general principle, usage fees had only been appropriated to cover the construction cost of Shinkansen lines.

JR East's Stance on the Construction of New Shinkansen Lines

JR East's stance on the construction of new Shinkansen lines is as follows.

(1) As the operator of new Shinkansen lines, JR East will only assume the burden of the aforementioned usage fees and other charges that are within the limit of corresponding benefits as a result of commencing Shinkansen line operations. JR East will not assume any financial burden other than usage fees and other charges.

(2) The confirmation of agreements with local communities is required in regard to the management separation from JR East of conventional lines parallel to new Shinkansen line segments.

Based on strict adherence to the aforementioned conditions, which JR East has always viewed and will continue to view as essential, JR East will continue to fulfill its responsibility as the operator.

An agreement of the national government and ruling parties reconfirmed those conditions in December 1996, and they continued to be firmly maintained at the time of opening the Takasaki–Nagano segment of the Hokuriku Shinkansen Line and the Morioka–Hachinohe segment of the Tohoku Shinkansen Line. Also in December 1996, the national government and ruling parties agreed that, based on consultations and an agreement between the JR Companies and the JRTT, prior payment of usage fees would be implemented. Consequently, the construction of the Hachinohe–Shin-Aomori segment of the Tohoku Shinkansen Line and the Nagano–Joetsu segment of the Hokuriku Shinkansen Line began in March 1998. Given the aforementioned reasons, JR East has estimated that those new

Shinkansen line segments will not adversely affect the maintenance of its sound management base.

However, a change to the conditions and arrangements related to the construction of new Shinkansen lines could adversely affect JR East's financial condition and business performance.

In addition, in December 2007 deliberations began regarding "securing financial resources to begin construction of Shinkansen line segments not yet constructed" in connection with "agreement items of the national government and ruling parties' examination committee for the development of new Shinkansen lines." A working group of the national government and ruling parties concerned with the construction of new Shinkansen lines decided to "concentrate the utmost efforts on reaching a conclusion, upon establishing a schedule for measures to stably secure financial resources by the end of the current fiscal year." In response, the MLIT issued a request regarding the prior calculation of usage fees for Shinkansen line segments in which services have not yet commenced with a view to securing financial resources for the construction of new Shinkansen lines. In the view of JR East, the calculation of usage fees is not possible at this stage because service schedules and charge structures upon commencement of Shinkansen services have not yet been decided and the conditions relating to competing transportation operators directly prior to the commencement of Shinkansen services should be reflected. Accordingly, JR East issued a response to the effect that usage fees should be decided through discussion between the management team and related parties based on a variety of information and actual management conditions directly prior to the commencement of Shinkansen services on the said Shinkansen line segments.

SAFETY MEASURES

Railway operations can potentially suffer significant damage resulting from natural disasters, human error, crime, terrorism, or other factors.

JR East regards ensuring safety as a major issue that fundamentally underpins its operations. Based on its 5-year *Safety Plan 2008*, JR East is taking measures to build a railway with high safety levels by addressing infrastructural and operational issues.

Specifically, to prevent train accidents, JR East has continued to introduce ATS-P and ATS-Ps systems, which automatically stop trains to prevent collisions and excessive speed, particularly on curved track sections on conventional lines. In particular, in light of the derailment that occurred on the Uetsu Line in 2005, JR East continued to increase the installation of wind speed measurement equipment and review operational regulations as well as undertaking trials of operational regulations that use real-time meteorological information. With respect to countermeasures for earthquakes, JR East continued to reinforce elevated railway tracks and upgraded railcars and ground equipment in order to minimize the damage resulting from derailments of Shinkansen trains. Also, as a measure to prevent accidents at railway crossings, JR East installed equipment for detecting obstacles. In addition, as a measure to prevent accidents on railway station platforms, JR East began research and designs for the advance introduction of automatic platform gates to Ebisu Station and Meguro Station on the Yamanote Line. Moreover, JR East prepared a 5-year safety plan, *2013 Safety Vision*, which adds two new approaches in relation to safety efforts, "improve human resource development and systems" and "accident prevention through risk evaluation," and announced it in March 2009.

INFORMATION SYSTEMS AND PROTECTION OF PERSONAL DATA

JR East uses many computer systems in a variety of transportation and non-transportation operations. Further, computer systems play an important role among travel agencies, Railway Information Systems Co., Ltd., and other companies with which JR East has close business relationships. If the functions of those computer systems were seriously damaged as a result of natural disasters or human error, this could have an impact on the operations of JR East. Moreover, in the event that personal data stored in those computer systems was leaked to unrelated third parties due to computer systems becoming infected by viruses or unauthorized manipulation, it could affect JR East's financial condition and business performance.

JR East takes measures to prevent damage, such as continuously upgrading the functions of in-house systems and training related personnel. In the unlikely event of a system failure, JR East would minimize the impact by taking measures through an initial action framework that would be promptly set up and coordinated across operational divisions. Further, JR East is doing its utmost to ensure the strict management and protection of personal data through the establishment of in-house regulations that include stipulations for the appropriate treatment of personal data, restricted authorization for access to personal data, control of access authority, and the construction of a system of in-house checks.

DEVELOPMENT OF NON-TRANSPORTATION OPERATIONS

JR East regards non-transportation operations as of equal importance to transportation operations in its management. In non-transportation operations, JR East is developing station space utilization, shopping centers and office buildings, and other services (hotel operations, advertising and publicity, and other services).

In non-transportation operations, JR East faces the risk of a downturn in consumption associated with an economic recession or unseasonable weather, which could lead to lower revenues from its shopping centers, office buildings, restaurants and stores in railway stations, hotels, and other operations. Such eventualities could also adversely affect sales of advertisement services and cause an increase in demands from tenants for rent reductions. Further, a fault in retail products or manufactured products, such as an outbreak of food poisoning or a similar incident, could reduce sales, damage trust in JR East, or result in the failure of tenants or business partners. The occurrence of any of those contingencies could have an impact on JR East's financial position and business performance. JR East's stations are used by roughly 17 million people every day (average daily number of passengers). JR East will fully leverage those railway stations as its largest management resource to develop operations. At the same time, JR East will enhance earnings and secure customer trust by implementing stringent hygiene management and credit controls.

COMPETITION

JR East's transportation operations compete with the operations of airlines, automobiles, bus transportation, and other railway companies. Furthermore, JR East's non-transportation operations compete with existing and newly established businesses. The competition of JR East's transportation and non-transportation operations with such rival operators could have an impact on JR East's financial condition and business performance. In particular, intensified competition in the transportation market could affect earnings from JR East's transportation operations. Such competition includes the advancement of large-scale upgrading works by other railway operators, the commencement of services on the Narita New Rapid Line, and an increase in flight services as a result of the enlargement of Tokyo International Airport (Haneda Airport). Also, in station space utilization operations and shopping centers and office buildings businesses, JR East's competitiveness could lessen as a result of intensified competition created by the new entry of other companies into markets or the renewal or opening of nearby commercial premises. In addition, the earnings of JR East's hotel operations could be affected by increasingly fierce competition from foreign-affiliated luxury hotels as well as economy business hotels and dedicated wedding reception facilities operated by domestic companies.

REDUCTION OF TOTAL LONG-TERM DEBT

At the end of fiscal 2009, total long-term debt was ¥3,488.6 billion ($35,597 million). In addition, interest expense amounted to ¥120.4 billion ($1,229 million) in fiscal 2009, which was equivalent to 27.8% of operating income. JR East will continue to reduce total long-term debt and refinance to obtain lower interest rates. However, a reduction in free cash flows due to unforeseen circumstances or a change in borrowing rates due to fluctuation in interest rates could affect JR East's financial condition and business performance.

ADMINISTRATIVE MEASURES RELATING TO THE SENJU POWER PLANT, THE OJIYA POWER PLANT, AND THE SHIN-OJIYA POWER PLANT

On March 10, 2009, the Director General of the Hokuriku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism ordered administrative measures in relation to JR East that included cancellation of its permit to possess running water in relation to usage of water from the river system of the Shinano River because JR East's water intake at the Senju Power Plant, Ojiya Power Plant, and Shin-Ojiya Power Plant exceeded the maximum permitted water intake in violation of conditions attached based on the River Law (1964, Law No. 167). The resulting possibility of an increase in the volume of electric power that the JR East Group has to purchase from electric power utility companies and an increase in the volume of electric power that the Kawasaki Power Plant, a thermal power plant, has to generate could affect the JR East Group's financial condition and financial results.

FINANCIAL SECTION

Consolidated Balance Sheets

East Japan Railway Company and Subsidiaries
March 31, 2008 and 2009

	Millions of Yen		Millions of U.S. Dollars (Note 2 (1))
	2008	2009	2009
Assets			
Current Assets:			
Cash and cash equivalents (Note 3)	¥ 82,058	¥ 110,871	$ 1,131
Receivables:			
Accounts receivable–trade	274,030	286,328	2,922
Unconsolidated subsidiaries and affiliated companies	6,495	7,384	75
Other	19,285	18,194	186
Allowance for doubtful accounts (Note 2 (4))	(2,495)	(2,819)	(29)
	297,315	309,087	3,154
Inventories (Notes 2 (5) and 4)	35,004	36,494	372
Real estate for sale (Notes 2 (6) and 5)	5,509	3,756	38
Deferred income taxes (Note 13)	54,328	50,114	511
Other current assets	33,744	48,505	496
Total current assets	507,958	558,827	5,702
Investments:			
Unconsolidated subsidiaries and affiliated companies (Notes 2 (2) and 6)	34,325	34,472	352
Other (Notes 2 (7) and 7)	143,876	106,462	1,086
	178,201	140,934	1,438
Property, Plant and Equipment (Notes 2 (8), 8 and 9):			
Buildings	2,030,431	2,077,712	21,201
Fixtures	5,161,059	5,239,973	53,469
Machinery, rolling stock and vehicles	2,306,162	2,340,701	23,885
Land	2,012,448	2,007,490	20,485
Construction in progress	176,956	195,979	2,000
Other	169,827	158,688	1,618
	11,856,883	12,020,543	122,658
Less accumulated depreciation	6,018,868	6,182,346	63,085
Net property, plant and equipment	5,838,015	5,838,197	59,573
Other Assets:			
Long-term deferred income taxes (Note 13) .	235,416	256,756	2,620
Other	182,413	171,079	1,747
	417,829	427,835	4,367
	¥ 6,942,003	¥ 6,965,793	$ 71,080

See accompanying notes.

	Millions of Yen		Millions of U.S. Dollars (Note 2 (1))
	2008	2009	2009
Liabilities and Net Assets			
Current Liabilities:			
Current portion of long-term debt (Notes 8 and 10)	¥ 234,446	¥ 208,198	$ 2,124
Current portion of long-term liabilities incurred for purchase of railway facilities (Notes 8 and 11)	139,699	137,926	1,407
Prepaid railway fares received	89,401	87,649	894
Payables:			
Accounts payable–trade	45,958	43,311	442
Unconsolidated subsidiaries and affiliated companies	46,979	47,503	485
Other	452,232	432,848	4,417
	545,169	523,662	5,344
Accrued expenses	109,370	105,475	1,076
Accrued consumption tax (Note 12)	4,617	13,524	138
Accrued income taxes (Notes 2 (12) and 13)	59,992	74,717	763
Other current liabilities	77,799	30,057	307
Total current liabilities	1,260,493	1,181,208	12,053
Long-Term Debt (Notes 8 and 10)	1,866,993	1,963,662	20,037
Long-Term Liabilities Incurred for Purchase of Railway Facilities (Notes 8 and 11)	1,317,661	1,178,782	12,029
Employees' Severance and Retirement Benefits (Notes 2 (9) and 14)	617,086	644,468	6,576
Deposits Received for Guarantees	159,210	153,506	1,567
Long-Term Deferred Tax Liabilities (Note 13)	2,010	1,642	17
Other Long-Term Liabilities	96,544	97,819	998
Contingent Liabilities (Note 15)			
Net Assets (Note 16):			
Common stock:			
Authorized 1,600,000,000 shares;			
Issued, 2009—400,000,000 shares;			
Outstanding, 2009—399,572,760 shares	200,000	200,000	2,041
Capital surplus	96,728	96,733	987
Retained earnings	1,278,942	1,424,739	14,538
Treasury stock, at cost, 427,240 shares in 2009	(2,631)	(2,878)	(29)
Net unrealized holding gains on securities	24,373	63	1
Net deferred losses on derivatives under hedge accounting	(1,014)	(70)	(1)
Minority interests	25,608	26,119	266
Total net assets	1,622,006	1,744,706	17,803
	¥6,942,003	¥6,965,793	$71,080

FINANCIAL SECTION

Consolidated Statements of Income

East Japan Railway Company and Subsidiaries
Years ended March 31, 2007, 2008 and 2009

			Millions of Yen	Millions of U.S. Dollars (Note 2 (1))
	2007	2008	2009	2009
Operating Revenues (Note 17)	¥2,657,346	¥2,703,564	¥2,697,000	$27,520
Operating Expenses (Note 17):				
Transportation, other services and cost of sales	1,718,576	1,748,293	1,749,262	17,849
Selling, general and administrative expenses	510,672	510,111	515,183	5,257
	2,229,248	2,258,404	2,264,445	23,106
Operating Income (Note 17)	428,098	445,160	432,555	4,414
Other Income (Expenses):				
Interest expense on short- and long-term debt	(42,512)	(44,412)	(46,409)	(474)
Interest expense incurred for purchase of railway facilities	(88,864)	(81,635)	(73,986)	(755)
Losses for redemption of bonds (Note 10)	(20,557)	—	—	—
Loss on sales of fixed assets	(650)	(2,820)	(3,418)	(35)
Environmental conservation costs	(13,884)	(1,577)	(3,697)	(38)
Impairment losses on fixed assets (Notes 2 (15), 9 and 17)	(3,507)	(11,712)	(946)	(10)
Losses on devaluation of investment in securities (Notes 2 (7) and 7)	—	—	(10,795)	(110)
Interest and dividend income	1,954	3,069	3,767	38
Equity in net income (loss) of affiliated companies	(1,978)	91	344	4
Gain on sales of transferable development air rights	10,456	—	—	—
Gain on sales of fixed assets	35,489	10,448	16,908	173
Other, net	2,635	11,500	8,161	84
	(121,418)	(117,048)	(110,071)	(1,123)
Income before Income Taxes	306,680	328,112	322,484	3,291
Income Taxes (Notes 2 (12) and 13):				
Current	140,556	127,224	134,638	1,374
Deferred	(12,135)	9,374	(1,508)	(15)
Minority Interests in Net Income of Consolidated Subsidiaries	(2,388)	(1,841)	(2,063)	(21)
Net Income	¥ 175,871	¥ 189,673	¥ 187,291	$ 1,911

			Yen	U.S. Dollars (Note 2 (1))
Earnings per Share (Note 2 (13))	¥44,008	¥47,464	¥469	$5

See accompanying notes.

FINANCIAL SECTION

Consolidated Statements of Changes in Net Assets

East Japan Railway Company and Subsidiaries
Years ended March 31, 2007, 2008 and 2009

		Millions of Yen							
	Number of Issued Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Minority Interests	Total
Balance at March 31, 2006	4,000,000	¥200,000	¥96,600	¥ 984,525	¥(2,309)	¥ 78,543	¥ —	¥ —	¥1,357,359
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet as of April 1, 2006	—	—	—	—	—	—	—	25,022	25,022
Net assets at April 1, 2006	4,000,000	¥200,000	¥96,600	¥ 984,525	¥(2,309)	¥ 78,543	¥ —	¥25,022	¥1,382,381
Cash dividends (¥8,500 per share)	—	—	—	(33,974)	—	—	—	—	(33,974)
Bonuses to directors and corporate auditors	—	—	—	(243)	—	—	—	—	(243)
Net income	—	—	—	175,871	—	—	—	—	175,871
Increase due to addition of consolidated subsidiaries and other	—	—	—	1,055	—	—	—	—	1,055
Purchase of treasury stock	—	—	—	—	(741)	—	—	—	(741)
Disposal of treasury stock	—	—	121	—	455	—	—	—	576
Other	—	—	—	—	—	(11,574)	225	(471)	(11,820)
Balance at March 31, 2007	4,000,000	¥200,000	¥96,721	¥1,127,234	¥(2,595)	¥ 66,969	¥ 225	¥24,551	¥1,513,105
Cash dividends (¥9,500 per share)	—	—	—	(37,971)	—	—	—	—	(37,971)
Net income	—	—	—	189,673	—	—	—	—	189,673
Increase due to addition of consolidated subsidiaries and other	—	—	—	6	—	—	—	—	6
Purchase of treasury stock	—	—	—	—	(52)	—	—	—	(52)
Disposal of treasury stock	—	—	7	—	16	—	—	—	23
Other	—	—	—	—	—	(42,596)	(1,239)	1,057	(42,778)
Balance at March 31, 2008	4,000,000	¥200,000	¥96,728	¥1,278,942	¥(2,631)	¥ 24,373	¥(1,014)	¥25,608	¥1,622,006
Cash dividends (¥105 per share)	—	—	—	(41,968)	—	—	—	—	(41,968)
Net income	—	—	—	187,291	—	—	—	—	187,291
Increase due to addition of consolidated subsidiaries and other	—	—	—	474	—	—	—	—	474
Purchase of treasury stock	—	—	—	—	(276)	—	—	—	(276)
Disposal of treasury stock	—	—	5	—	29	—	—	—	34
Other	—	—	—	—	—	(24,310)	944	511	(22,855)
Increase due to stock split	396,000,000	—	—	—	—	—	—	—	—
Balance at March 31, 2009	400,000,000	¥200,000	¥96,733	¥1,424,739	¥(2,878)	¥ 63	¥ (70)	¥26,119	¥1,744,706

		Millions of U.S. Dollars (Note 2(1))							
	Number of Issued Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Minority Interests	Total
Balance at March 31, 2008	4,000,000	$2,041	$987	$13,050	$(27)	$ 249	$(10)	$261	$16,551
Cash dividends ($1.07 per share)	—	—	—	(428)	—	—	—	—	(428)
Net income	—	—	—	1,911	—	—	—	—	1,911
Increase due to addition of consolidated subsidiaries and other	—	—	—	5	—	—	—	—	5
Purchase of treasury stock	—	—	—	—	(2)	—	—	—	(2)
Disposal of treasury stock	—	—	0	—	0	—	—	—	0
Other	—	—	—	—	—	(248)	9	5	(234)
Increase due to stock split	396,000,000	—	—	—	—	—	—	—	—
Balance at March 31, 2009	400,000,000	$2,041	$987	$14,538	$(29)	$ 1	$ (1)	$266	$17,803

See accompanying notes.

FINANCIAL SECTION

Consolidated Statements of Cash Flows

East Japan Railway Company and Subsidiaries
Years ended March 31, 2007, 2008 and 2009

	Millions of Yen			Millions of U.S. Dollars (Note 2 (1))
	2007	2008	2009	2009
Cash Flows from Operating Activities:				
Income before income taxes	¥ 306,680	¥ 328,112	¥ 322,484	$ 3,291
Depreciation (Note 17)	318,526	335,587	343,101	3,501
Impairment losses on fixed assets	3,507	11,712	946	10
Amortization of long-term prepaid expense	5,079	5,377	5,614	57
Net change in employees' severance and retirement benefits	2,051	15,665	27,378	279
Interest and dividend income	(1,954)	(3,069)	(3,767)	(38)
Interest expense	131,376	126,047	120,395	1,229
Construction grants received	(65,452)	(97,556)	(60,042)	(613)
Loss from disposition and provision for cost reduction of fixed assets	93,655	111,765	80,249	819
Net change in major receivables	(52,546)	(26,289)	(10,673)	(109)
Net change in major payables	68,643	(41,825)	(8,111)	(83)
Other	(14,655)	(16,872)	5,210	53
Subtotal	794,910	748,654	822,784	8,396
Proceeds from interest and dividends	2,159	3,282	3,969	41
Payments of interest	(130,114)	(124,887)	(120,978)	(1,235)
Payments of earthquake-damage losses	(6,291)	(2,849)	(1,471)	(15)
Payments of income taxes	(118,814)	(148,599)	(119,944)	(1,224)
Net cash provided by operating activities	541,850	475,601	584,360	5,963
Cash Flows from Investing Activities:				
Payments for purchases of fixed assets	(458,097)	(488,211)	(460,504)	(4,699)
Proceeds from sales of fixed assets	39,667	16,290	27,221	278
Proceeds from construction grants	69,834	67,985	55,382	565
Proceeds from sales of transferable development air rights	5,228	13,343	—	—
Payments for purchases of investment in securities	(12,238)	(17,070)	(15,452)	(158)
Other	6,806	6,874	(3,443)	(35)
Net cash used in investing activities	(348,800)	(400,789)	(396,796)	(4,049)
Cash Flows from Financing Activities:				
Net increase (decrease) in commercial paper	(40,000)	—	—	—
Proceeds from long-term loans	109,162	170,500	130,000	1,327
Payments of long-term loans	(116,247)	(202,001)	(134,630)	(1,374)
Proceeds from issuance of bonds	180,081	138,314	174,982	1,786
Payments for redemption of bonds	(100,000)	(40,000)	(100,000)	(1,020)
Payments of liabilities incurred for purchase of railway facilities	(142,012)	(144,285)	(140,652)	(1,435)
Payments for acquisition of treasury stock	(40)	(52)	(57)	(1)
Cash dividends paid	(33,974)	(37,971)	(41,968)	(428)
Other	(28,997)	35,088	(46,913)	(480)
Net cash used in financing activities	(172,027)	(80,407)	(159,238)	(1,625)
Net Increase (Decrease) in Cash and Cash Equivalents	21,023	(5,595)	28,326	289
Cash and Cash Equivalents at Beginning of Year	64,373	86,980	82,058	837
Increase due to Addition of Consolidated Subsidiaries and Other	1,584	673	487	5
Cash and Cash Equivalents at End of Year	¥ 86,980	¥ 82,058	¥ 110,871	$ 1,131

See accompanying notes.

FINANCIAL SECTION

Notes to Consolidated Financial Statements

East Japan Railway Company and Subsidiaries
Years ended March 31, 2007, 2008 and 2009

Note 1 INCORPORATION OF EAST JAPAN RAILWAY COMPANY

In accordance with the provisions of the Law for Japanese National Railways Restructuring (the Law), the Japanese National Railways (JNR) was privatized into six passenger railway companies, one freight railway company and several other organizations (JR Group Companies) on April 1, 1987.

East Japan Railway Company (the Company) is one of the six passenger railway companies and serves eastern Honshu (Japan's main island). The Company operates 70 railway lines, 1,705 railway stations and 7,526.8 operating kilometers as of March 31, 2009.

In the wake of the split-up of JNR, assets owned by and liabilities incurred by JNR were transferred to JR Group Companies, the Shinkansen Holding Corporation and JNR Settlement Corporation (JNRSC). Most JNR assets located in eastern Honshu, except for the land and certain railway fixtures used by the Tohoku and Joetsu Shinkansen lines, were transferred to the Company. Current liabilities and employees' severance and retirement benefits, incurred in connection with railway and other operations in the allotted area, and certain long-term debt were assumed by the Company.

The transfer values were determined by the Evaluation Council, a governmental task force, in accordance with the provisions of the Law. In general, railway assets such as railway property and equipment were valued at the net book value of JNR. Nonrailway assets such as investments and other operating property and equipment were valued at prices determined by the Evaluation Council.

The land and railway fixtures of the Tohoku and Joetsu Shinkansen lines were owned by the Shinkansen Holding Corporation until September 30, 1991, and the Company leased such land and railway fixtures at a rent determined by Shinkansen Holding Corporation in accordance with related laws and regulations. On October 1, 1991, the Company purchased such Shinkansen facilities for a total purchase price of ¥3,106,970 million from the Shinkansen Holding Corporation (see Note 11). Subsequent to the purchase, the Shinkansen Holding Corporation was dissolved. The Railway Development Fund succeeded to all rights and obligations of the Shinkansen Holding Corporation. In October 1997, the Railway Development Fund and Maritime Credit Corporation merged to form the Corporation for Advanced Transport & Technology. In October 2003, Japan Railway Construction Public Corporation and the Corporation for Advanced Transport & Technology merged to form the Japan Railway Construction, Transport and Technology Agency.

Prior to December 1, 2001, in accordance with the provisions of the Law for Passenger Railway Companies and Japan Freight Railway Company (JR Law), the Company was required to obtain approval from the Minister of Land, Infrastructure, Transport and Tourism as to significant management decisions, including new issues of stock or bonds, borrowing of long-term loans, election of representative directors and corporate auditors, sale of major properties, amendment of the Articles of Incorporation and distribution of retained earnings.

The amendment to the JR Law took effect on December 1, 2001 (2001 Law No. 61) and the Company is no longer subject generally to the JR Law, as amended (see Note 10).

Note 2 SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Presentation of Financial Statements

The Company and its consolidated subsidiaries maintain their books of account in accordance with the Japanese Corporate Law and accounting principles generally accepted in Japan ("Japanese GAAP"). Certain accounting principles and practices generally accepted in Japan are different from International Financial Reporting Standards in certain respects as to application and disclosure requirements. The Company's and certain consolidated subsidiaries' books are also subject to the Law for Railway Business Enterprise and related regulations for a regulated company.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements prepared for Financial Instruments and Exchange Act of Japan purposes. Certain modifications and reclassifications have been made for the convenience of readers outside Japan.

The consolidated financial statements are stated in Japanese yen. The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2009, which was ¥98 to U.S $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2) Consolidation

The consolidated financial statements of the Company include the accounts of all significant subsidiaries (together, the "Companies"). The effective-control standard is applied according to Regulations concerning Terminology, Forms and Method of Presentation of Consolidated Financial Statements in Japan (Regulations for

Consolidated Financial Statements). For the year ended March 31, 2009, 82 subsidiaries were consolidated. One subsidiary was established and newly consolidated in the year ended March 31, 2009. Furthermore, one subsidiary was deconsolidated in the year ended March 31, 2009 because of the completion of the subsidiary's liquidation on October 31, 2008.

All significant intercompany transactions and accounts have been eliminated. Differences between the acquisition costs and the underlying net equities of investments in consolidated subsidiaries are recorded as goodwill in the consolidated balance sheets and amortized using the straight-line method over five years.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

3) Equity Method

The effective-influence standard is applied according to Regulations for Consolidated Financial Statements. For the year ended March 31, 2009, two affiliated companies were accounted for by the equity method, and there was no change in those companies during that year.

Investments in unconsolidated subsidiaries and other affiliated companies are stated mainly at moving-average cost since their equity earnings in the aggregate are not material in relation to consolidated net income and retained earnings.

4) Allowance for Doubtful Accounts

According to the Japanese Accounting Standards for Financial Instruments, the Companies provide an allowance based on the past loan loss experience for a certain reference period in general. Furthermore, for receivables from debtors with financial difficulty, which could affect their ability to perform in accordance with their obligations, the allowance is provided for estimated unrecoverable amounts on an individual basis.

5) Inventories

Inventories are stated at cost as follows:

Merchandise inventories: the retail cost method or first-in, first-out method (carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability);

Rails, materials and supplies: the moving-average cost method (carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability); and

Other: the last purchased cost method (carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability)

6) Real Estate for Sale

For the year ended March 31, 2007, real estate for sale is stated at the identified cost, which is reduced for significant declines in value. Devaluation losses on real estate for sale included in the other, net item of other expenses on the consolidated statements of income for the year ended March 31, 2007 were ¥1,563 million.

From the year ended March 31, 2008, carrying amounts in the balance sheet are calculated with consideration of write-down due to decreased profitability. The said written down amount is included in operating expenses. However, for the years ended March 31, 2008 and 2009, these were insignificant.

7) Securities

Securities are classified and stated as follows:

(1) Trading securities are stated at market value. The Companies had no trading securities through the years ended March 31, 2007, 2008 and 2009.

(2) Held-to-maturity debt securities are stated at amortized cost.

(3) Equity securities issued by subsidiaries and affiliated companies which are not consolidated nor accounted for using the equity method are mainly stated at moving-average cost.

(4) Available-for-sale securities are stated as follows:

(a) Available-for-sale securities with market value

According to the Japanese Accounting Standards for Financial Instruments, available-for-sale securities for which market quotations are available are stated at market value as of the balance sheet date. Net deferred gains or losses on these securities are reported as a separate item in net assets at an amount net of applicable income taxes and minority interests. The cost of sales of such securities is determined mainly by the moving-average method.

(b) Available-for-sale securities without market value

Available-for-sale securities for which market quotations are not available are mainly stated at moving-average cost.

If there are significant declines in the market values of held-to-maturity debt securities, equity securities issued by subsidiaries and affiliated companies that are not consolidated nor accounted for using the equity method or available-for-sale securities, the said securities are stated at market values in the balance sheet, and the difference between the market value and the original book value is recognized as a loss in the period. The Companies' policy for such write-offs stipulates that if the market value as of the year-end has declined by 50% or more of the book value of the said security, it should be stated at the market value. If the market value has declined by 30% or more but less than 50%, the said security should be written off by the amount determined as necessary after taking the possibility of market value recovery into account.

8) Property, Plant and Equipment

Property, plant and equipment are generally stated at cost or the transfer value referred to in Note 1. To comply with the regulations, contributions received in connection with construction of certain railway improvements are deducted from the cost of acquired assets.

Depreciation is determined primarily by the declining balance method based on the estimated useful lives of the assets as prescribed by the Japanese Tax Law. Regarding the replacement method for certain fixtures, the initial acquisition costs are depreciated to 50% of the costs under the condition that subsequent replacement costs are charged to income. Certain property, plant and equipment of the consolidated subsidiaries are depreciated using the straight-line method. Buildings (excluding related fixtures) acquired from April 1, 1998 onward are depreciated using the straight-line method according to the Japanese Tax Law.

The range of useful lives is mainly as follows:

Buildings	3 to 50 years
Fixtures	3 to 60 years
Machinery, rolling stock and vehicles	3 to 20 years

Pursuant to an amendment of the Japanese Tax Law, from the fiscal year ended March 31, 2008, a depreciation method based on the amended Japanese Tax Law has been used for property, plant and equipment acquired on or after April 1, 2007. As a result, operating income and income before income taxes both decreased ¥3,383 million for the year ended March 31, 2008. Further, for property, plant and equipment acquired on or before March 31, 2007, from the fiscal year following the fiscal year in which assets reach 5% of acquisition cost through the application of a depreciation method based on the Japanese Tax Law prior to amendment, the difference between the amount equivalent to 5% of the acquisition cost and the memorandum value (residual value under the amended Japanese Tax Law) is depreciated evenly over a five-year period and recognized in depreciation. As a result, compared to the previous method, operating income and income before income taxes both decreased ¥11,492 million for the year ended March 31, 2008.

9) Accounting for Employees' Retirement Benefits

Almost all employees of the Companies are generally entitled to receive lump-sum severance and retirement benefits (some subsidiaries have adopted a pension plan of their own in addition to those severance and retirement benefits). The amounts of the employees' severance and retirement benefits are determined by the length of service and basic salary at the time of severance or retirement of the employees. Previously, most of the Companies accrued a liability for such obligation equal to 40% of the amount required if all eligible employees had voluntarily terminated their employment at the balance sheet date.

The Japanese Accounting Standards for Retirement Benefits became effective beginning with the year ended March 31, 2001. The Companies accrue liabilities for post-employment benefits at the balance sheet date in an amount calculated based on the actuarial present value of all post-employment benefits attributed to employee services rendered prior to the balance sheet date and the fair value of plan assets at that date.

The excess of the projected benefit obligations over the total of the fair value of plan assets as of April 1, 2000 and the liabilities for severance and retirement benefits recorded as of April 1, 2000 (the "net transition obligation") is being charged to income over 10 years from the year ended March 31, 2001 on a straight-line basis. The balance of unrecognized net transition obligation as of March 31, 2009 was ¥48,816 million ($498 million).

The unrecognized prior service costs are amortized by the straight-line method and charged to income over the number of years (mainly 10 years), which does not exceed the average remaining service years of employees at the time when the prior service costs were incurred.

Actuarial gains and losses are recognized in expenses using the straight-line basis over constant years (mainly 10 years) within the average of the estimated remaining service lives commencing with the following year.

10) Accounting for Certain Lease Transactions

With respect to finance lease transactions that do not transfer ownership, previously the Companies used accounting methods in accordance with those for normal lease transactions. However, from this fiscal year, the Companies adopted Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13, revised March 30, 2007) and Guidance on Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Guidance No. 16, revised March 30, 2007) and implemented accounting treatments in adherence with those for normal sales transactions. In addition, for finance lease transactions that do not transfer ownership to the lessee with lease transaction commencement dates on or before March 31, 2008, the Companies will continue to use accounting treatments in adherence with those for normal lease transactions. The effect of those changes is negligible.

11) Accounting for Research and Development Costs

According to the Accounting Standard for Research and Development Costs, etc., in Japan, research and development costs are recognized as they are incurred. Research and development costs included in operating expenses for the years ended March 31, 2007, 2008 and 2009 were ¥17,095 million, ¥15,649 million and ¥16,403 million ($167 million), respectively.

12) Income Taxes

Income taxes comprise corporation, enterprise and inhabitants' taxes. Deferred income taxes are recognized for temporary differences between the financial statement basis and the tax basis of assets and liabilities.

13) Earnings per Share

Earnings per share shown in the consolidated statements of income are computed by dividing income available to common shareholders by the weighted average number of common stock outstanding during the year. Diluted earnings per share are not shown, since there are no outstanding securities with dilutive effect on earnings per share such as convertible bonds.

Pursuant to the resolutions at the meetings of the Board of Directors held on April 28, 2008 and December 17, 2008, and approval of amendments to the Articles of Incorporation at the 21st annual shareholders' meeting held on June 24, 2008, the Company implemented a stock split of 100 shares for 1 share of common stock and adopted a unit share system under which 1 trading unit comprises 100 shares with an effective date of January 4, 2009, and the number of issued shares increased 396,000,000 shares, to 400,000,000 shares.

14) Derivative Transactions

Derivative transactions that do not meet requirements for hedge accounting are stated at fair value and the gains or losses resulting from change in fair value of those transactions are recognized as income or expense in the period. Derivative transactions that meet requirements for hedge accounting are stated at fair value and the gains and losses resulting from changes in fair value of those transactions are deferred until the losses and gains of the hedged items are recognized on the consolidated statements of income. Of those, certain derivative transactions of the Companies that meet certain hedging criteria are accounted in the following manner:

(1) Regarding forward exchange contracts and foreign currency swap contracts, the hedged foreign currency receivable and payable are recorded using the Japanese yen amount of the contracted forward rate or swap rate, and no gains or losses on the forward exchange contracts or foreign currency swap contracts are recorded.

(2) Regarding interest rate swap contracts, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

15) Impairment of Fixed Assets

Accounting Standards for Impairment of Fixed Assets require that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the book value of an asset or asset group may not be recoverable.

The impairment losses are recognized when the book value of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continuing use and eventual disposition of the asset or asset group.

The impairment losses are measured as the amount by which the book value of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continuing use and eventual disposition of the asset or the net selling price.

Restoration of previously recognized impairment losses is prohibited. For cumulative impairment losses, the Companies deducted directly from respective asset amounts based on the revised regulation on the consolidated financial statements.

Note 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and highly liquid investments with maturities not exceeding three months at the time of purchase.

Note 4 INVENTORIES

Inventories consist of rails, materials, supplies, merchandise and other.

Note 5 REAL ESTATE FOR SALE

Real estate for sale represents the cost of land acquired and related land improvements in connection with residential home site developments in eastern Honshu. Further, until the fiscal year ended March 31, 2007, significant decreases in value were reflected in balance sheet values. From the fiscal year ended March 31, 2008, carrying amounts in the balance sheet are calculated with consideration of write-down due to decreased profitability.

Note 6 INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES

Investments in and advances to unconsolidated subsidiaries and affiliated companies at March 31, 2008 and 2009 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2008	2009	2009
Unconsolidated subsidiaries:			
Investments	¥ 4,507	¥ 4,229	$ 43
Advances	593	502	5
	5,100	4,731	48
Affiliated companies:			
Investments (including equity in earnings of affiliated companies)	29,225	29,741	304
	¥34,325	¥34,472	$352

Note 7 SECURITIES

For held-to-maturity debt securities with market value, amount on balance sheets and market value at March 31, 2008 and 2009 were as follows:

	Millions of Yen						Millions of U.S. Dollars		
	2008			2009			2009		
	Amount on Balance Sheet	Market Value	Difference	Amount on Balance Sheet	Market Value	Difference	Amount on Balance Sheet	Market Value	Difference
Of which market value exceeds the amount on balance sheet:									
Government, municipal bonds, etc.	¥148	¥148	¥ 0	¥159	¥160	¥ 1	$ 2	$ 2	$ 0
Of which market value does not exceed the amount on balance sheet:									
Government, municipal bonds, etc.	20	20	(0)	—	—	—	—	—	—
Total	¥168	¥168	¥ 0	¥159	¥160	¥ 1	$ 2	$ 2	$ 0

For available-for-sale securities with market value, acquisition cost and amount on balance sheets at March 31, 2008 and 2009 were as follows:

	Millions of Yen						Millions of U.S. Dollars		
	2008			2009			2009		
	Acquisition Cost	Amount on Balance Sheet	Difference	Acquisition Cost	Amount on Balance Sheet	Difference	Acquisition Cost	Amount on Balance Sheet	Difference
Of which amount on balance sheet exceeds the acquisition cost:									
Equity shares	¥51,295	¥ 97,428	¥46,133	¥24,636	¥40,554	¥ 15,918	$251	$414	$ 163
Debt securities	48	56	8	206	206	0	2	2	0
Of which amount on balance sheet does not exceed the acquisition cost:									
Equity shares	38,184	32,376	(5,808)	72,191	57,119	(15,072)	737	583	(154)
Debt securities	241	240	(1)	11	10	(1)	0	0	(0)
Total	¥89,768	¥130,100	¥40,332	¥97,044	¥97,889	¥ 845	$990	$999	$ 9

In the years ended March 31, 2008 and 2009, gains and losses on the sale of available-for-sale securities were immaterial.

The major components of available-for-sale securities without market value at March 31, 2008 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	2009	2009
Available-for-sale securities without market value:			
Unlisted equity securities	¥11,019	¥5,887	$60
Preferred equity securities	1,000	1,000	10

Annual maturities of available-for-sale securities with maturities and held-to-maturity debt securities as of March 31, 2009 were as follows:

	Millions of Yen				Millions of U.S. Dollars			
	2009				2009			
	1 Year or Less	5 Years or Less but More Than 1 Year	10 Years or Less but More Than 5 Years	More Than 10 Years	1 Year or Less	5 Years or Less but More Than 1 Year	10 Years or Less but More Than 5 Years	More Than 10 Years
Debt securities	¥220	¥140	¥6	¥10	$2	$1	$0	$0
Total	¥220	¥140	¥6	¥10	$2	$1	$0	$0

Note 8 PLEDGED ASSETS

At March 31, 2008 and 2009, buildings and fixtures with net book value of ¥29,736 million and ¥27,554 million ($281 million), respectively, and other assets with net book value of ¥245 million and ¥245 million ($3 million), respectively, were pledged as collateral for long-term debt and other liabilities totaling ¥4,075 million and ¥3,398 million ($35 million), at the respective dates.

In addition, at March 31, 2008 and 2009, buildings and fixtures with net book value of ¥51,850 million and ¥49,480 million ($505 million), respectively, and other assets with net book value of ¥7,923 million and ¥7,397 million ($75 million), respectively, were pledged as collateral for long-term liabilities incurred for purchase of the Tokyo Monorail facilities amounting to ¥10,339 million and ¥8,566 million ($87 million) at March 31, 2008 and 2009, respectively (see Note 11).

Note 9 IMPAIRMENT LOSSES ON FIXED ASSETS

In adherence with management accounting classifications, the Companies generally categorize assets according to operations or properties. For railway business assets, the Companies treat railway lines as a single asset group because the railway network generates cash flow as a whole. Also, the Companies separately categorize assets that are slated to be disposed of (such as employee housing) or idle.

As of fiscal 2008, for fixed assets such as shopping centers for which profitability has decreased markedly due to such factors as the likelihood that fixed assets will be disposed of earlier than initially anticipated, the book values were reduced to the recoverable amounts and the said reductions were recognized as impairment losses on fixed assets (¥11,712 million).

Asset status	Asset type	Area
Shopping centers	Buildings and fixtures	Takasaki, Gunma Prefecture, etc.
Loaned land and others	Land, buildings and fixtures	Omiya-ku, Saitama, Saitama Prefecture, etc.

* Breakdown of impairment loss:
Buildings and fixtures: ¥8,077 million; Land: ¥3,035 million; Other: ¥600 million; Total: ¥11,712 million

The Companies determine recoverable amounts for the above asset groups by measuring the net selling prices or values in use.

Measurements of recoverable amounts made using the net selling prices are calculated based on real estate appraisals, etc. Values in use for the measurement of recoverable amounts are based on the present values of expected cash flows with the discount rate of 6.0%. Further, presentation has been omitted for the years ended March 31, 2007 and 2009, because related items were insignificant.

Note 10 LONG-TERM DEBT

Long-term debt at March 31, 2008 and 2009 is summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	2009	2009
General mortgage bonds issued in 1997 to 2001 with interest rates ranging from 1.70% to 3.30% due in 2009 to 2021	¥ 459,900	¥ 359,900	$ 3,672
Unsecured bonds issued in 2002 to 2009 with interest rates ranging from 0.71% to 2.55% due in 2011 to 2033	645,821	820,822	8,376
Secured loans due in 2010 to 2016 principally from banks and insurance companies with interest rates mainly ranging from 5.35% to 5.80%	3,286	2,877	29
Unsecured loans due in 2009 to 2036 principally from banks and insurance companies with interest rates mainly ranging from 1.397% to 2.208%	753,748	749,527	7,648
Euro-pound bonds issued in 2006 to 2007 with interest rates ranging from 4.50% to 5.25% due in 2031 to 2036	238,684	238,734	2,436
	2,101,439	2,171,860	22,161
Less current portion	234,446	208,198	2,124
	¥1,866,993	¥1,963,662	$20,037

Issue and maturity years above are expressed in calendar years (ending December 31 in the same year).

Although the Company is no longer subject generally to the JR Law, as amended, all bonds issued by the Company prior to December 1, 2001, the effective date of the amendment to the JR Law, are and will continue to be general mortgage bonds as required under the JR Law, which are entitled to a statutory preferential right over the claims of unsecured creditors of the Company. Any bonds issued on or after December 1, 2001 are unsecured bonds without general mortgage preferential rights.

The 250 million pound 5.25% bonds, amounting to ¥58,750 million, were issued in April 2007. These bonds have been hedged by a foreign currency swap contract with a bank.

Seeking to mitigate future interest burden, the Company concluded debt assumption agreements on January 24, 2007. Details of affected bonds are (1) Issue: Straight bonds, third issue, East Japan Railway Company; (2) Issue date: March 11, 1996; (3) Coupon: 3.95%; (4) Maturity date: February 25, 2016; and (5) Nominal amounts; ¥100,000 million ($1,020 million).

In fiscal 2007, the Company recorded losses of ¥20,557 million for redemption of bonds. The annual maturities of long-term debt at March 31, 2009 were as follows:

Year ending March 31,	Millions of Yen	Millions of U.S. Dollars
2010	¥ 208,198	$2,124
2011	189,754	1,936
2012	234,623	2,394
2013	223,771	2,283
2014	188,909	1,928
2015 and thereafter	1,128,107	11,511

Note 11 LONG-TERM LIABILITIES INCURRED FOR PURCHASE OF RAILWAY FACILITIES

In October 1991, the Company purchased the Tohoku and Joetsu Shinkansen facilities from the Shinkansen Holding Corporation for a total purchase price of ¥3,106,970 million payable in equal semiannual installments consisting of principal and interest payments in three tranches: ¥2,101,898 million and ¥638,506 million in principal amounts payable through March 2017; and ¥366,566 million payable through September 2051. In March 1997, the liability of ¥27,946 million payable in equal semiannual installments through March 2022 to Japan Railway Construction Public Corporation was incurred with respect to the acquisition of the Akita hybrid Shinkansen facilities. In February 2002, the Company acquired a majority interest in Tokyo Monorail Co., Ltd. As a result, the consolidated balance sheet as of March 31, 2002 includes liabilities of Tokyo Monorail Co., Ltd. amounting to ¥36,726 million payable to Japan Railway Construction Public Corporation.

The long-term liabilities incurred for purchase of railway facilities outstanding at March 31, 2008 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	2009	2009
The long-term liability incurred for purchase of the Tohoku and Joetsu Shinkansen facilities:			
Payable semiannually including interest at a rate currently approximating 4.21% through 2017	¥ 734,784	¥ 627,950	$ 6,408
Payable semiannually including interest at 6.35% through 2017	344,757	315,310	3,217
Payable semiannually including interest at 6.55% through 2051	351,713	350,203	3,574
	1,431,254	1,293,463	13,199
The long-term liability incurred for purchase of the Akita hybrid Shinkansen facilities:			
Payable semiannually at an average rate currently approximating 1.12% through 2022	15,767	14,679	150
The long-term liability incurred for purchase of the Tokyo Monorail facilities:			
Payable semiannually at an average rate currently approximating 2.89% through 2029	10,339	8,566	87
	1,457,360	1,316,708	13,436
Less current portion:			
The Tohoku and Joetsu Shinkansen purchase liability	137,961	136,257	1,390
The Akita hybrid Shinkansen purchase liability	1,042	1,040	11
Tokyo Monorail purchase liability	696	629	6
	139,699	137,926	1,407
	¥1,317,661	¥1,178,782	$12,029

Maturity years above are expressed in calendar years (ending December 31 in the same year).

The annual payments of long-term liabilities incurred for purchase of railway facilities at March 31, 2009 were as follows:

Year ending March 31,	Millions of Yen	Millions of U.S. Dollars
2010	¥137,926	$1,407
2011	128,913	1,316
2012	124,559	1,271
2013	129,940	1,326
2014	126,349	1,289
2015 and thereafter	669,021	6,827

Note 12 CONSUMPTION TAX

The Japanese consumption tax is an indirect tax levied at the rate of 5%. Accrued consumption tax represents the difference between consumption tax collected from customers and consumption tax paid on purchases.

Note 13 INCOME TAXES

The major components of deferred income taxes and deferred tax liabilities at March 31, 2008 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	2009	2009
Deferred income taxes:			
Employees' severance and retirement benefits	¥249,556	¥260,658	$2,660
Reserves for bonuses	29,976	28,684	293
Losses on impairment of fixed assets	17,218	14,824	151
Excess depreciation and amortization of fixed assets	10,522	8,779	90
Environmental conservation cost	8,203	7,467	76
Devaluation losses on fixed assets	5,419	—	—
Accrued enterprise tax	5,130	6,109	62
Net unrealized holding losses on securities	—	6,093	62
Other	43,844	47,911	489
	369,868	380,525	3,883
Less valuation allowance	(24,707)	(26,275)	(269)
Less amounts offset against deferred tax liabilities	(55,416)	(47,380)	(483)
Net deferred income taxes	¥289,745	¥306,870	$3,131
Deferred tax liabilities:			
Tax deferment for gain on transfers of certain fixed assets	¥ 33,006	¥ 35,187	$ 359
Net unrealized holding gains on securities	18,665	6,439	66
Valuation for assets and liabilities of consolidated subsidiaries	3,458	—	—
Other	2,299	7,396	75
	57,428	49,022	500
Less amounts offset against deferred income taxes	(55,416)	(47,380)	(483)
Net deferred tax liabilities	¥ 2,012	¥ 1,642	$ 17

For the years ended March 31, 2007, 2008, and 2009, the difference between the actual effective income tax rate after applying tax effect accounting and the aggregate standard effective tax rate was less than 5% of the aggregate standard effective tax rate. In view of its insignificant size, the difference is not discussed here.

Note 14 EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

As mentioned in Note 2 (9), beginning with the year ended March 31, 2001, the Companies adopted the Japanese Accounting Standards for Retirement Benefits, under which the liabilities and expenses for employees' severance and retirement benefits are determined based on the amounts obtained by actuarial calculations.

The liabilities for employees' severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2008 and 2009 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2008	2009	2009
Projected benefit obligation	¥(689,485)	¥(672,205)	$(6,859)
Plan assets	4,736	4,295	44
Unfunded projected benefit obligation	(684,749)	(667,910)	(6,815)
Unrecognized net transition obligation	97,637	48,816	498
Unrecognized actuarial differences	(39,357)	(32,396)	(330)
Unrecognized prior service costs	9,581	7,177	73
Book value (net)	(616,888)	(644,313)	(6,574)
Prepaid pension expense	198	155	2
Employees' severance and retirement benefits	¥(617,086)	¥(644,468)	$(6,576)

Employees' severance and retirement benefit expenses included in the consolidated statements of income for the years ended March 31, 2007, 2008 and 2009 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	2009	2009
Service costs	¥ 31,141	¥29,551	¥28,160	$287
Interest costs	22,120	20,930	20,051	205
Expected return on plan assets	(82)	(88)	(80)	(1)
Amortization of net transition obligation	48,952	48,820	48,821	498
Amortization of actuarial differences	(5,092)	(6,592)	(6,476)	(66)
Amortization of prior service costs	2,401	1,063	2,404	25
Employees' severance and retirement benefit expenses	99,440	93,684	92,880	948
Losses related to retirement of a large number of employees from a consolidated subsidiary	9,603	—	—	—
Total	¥109,043	¥93,684	¥92,880	$948

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. The discount rates used by the Companies are mainly 3.0%. The rates of expected return on pension assets used by the Companies were mainly 2.0% in the years ended March 31, 2007, 2008 and 2009.

Note 15 CONTINGENT LIABILITIES

The Company is contingently liable for the in-substance defeasance of general mortgage bonds issued by the Company, which were assigned to certain banks under debt assumption agreements. The outstanding amounts contingently liable under such debt assumption agreements at March 31, 2009 were ¥70,000 million ($714 million) and ¥100,000 million ($1,020 million) by general bonds.

Note 16 NET ASSETS

The Japanese Corporate Law ("the Corporate Law") became effective on May 1, 2006, replacing the Japanese Commercial Code. The Corporate Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Corporate Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

In addition, under the Corporate Law, by resolution of shareholders' meeting, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and other retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held in June 2009, the shareholders approved cash dividends amounting to ¥21,983 million ($224 million). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2009. Such appropriations are recognized in the period in which they are approved by the shareholders.

Note 17 SEGMENT INFORMATION

The Companies' primary business activities include (1) Transportation, (2) Station space utilization, (3) Shopping centers & office buildings and (4) Other services.

	Millions of Yen					
	2007					
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Other Services	Elimination and/or Corporate	Consolidated
Operating revenues:						
Outside customers	¥1,825,387	¥399,998	¥197,140	¥234,821	¥ —	¥2,657,346
Inside group	57,562	14,320	8,785	291,495	(372,162)	—
	1,882,949	414,318	205,925	526,316	(372,162)	2,657,346
Costs and expenses	1,563,906	381,099	147,280	508,383	(371,420)	2,229,248
Operating income	¥ 319,043	¥ 33,219	¥ 58,645	¥ 17,933	¥ (742)	¥ 428,098
Identifiable assets	¥5,597,031	¥185,956	¥778,709	¥751,939	¥(345,603)	¥6,968,032
Depreciation	236,887	9,122	27,703	44,814	—	318,526
Capital investments	343,825	9,166	52,608	69,118	—	474,717
	2008					
Operating revenues:						
Outside customers	¥1,857,756	¥404,006	¥205,347	¥236,455	¥ —	¥2,703,564
Inside group	58,912	16,583	8,714	305,312	(389,521)	—
	1,916,668	420,589	214,061	541,767	(389,521)	2,703,564
Costs and expenses	1,584,850	384,322	154,240	524,453	(389,461)	2,258,404
Operating income	¥ 331,818	¥ 36,267	¥ 59,821	¥ 17,314	¥ (60)	¥ 445,160
Identifiable assets	¥5,555,426	¥180,589	¥813,835	¥789,504	¥(397,351)	¥6,942,003
Depreciation	249,713	9,706	29,081	47,087	—	335,587
Impairment losses on fixed assets	2,573	556	6,870	1,713	—	11,712
Capital investments	325,349	16,149	64,869	66,560	—	472,927
	2009					
Operating revenues:						
Outside customers	¥1,831,933	¥415,020	¥222,628	¥227,419	¥ —	¥2,697,000
Inside group	57,095	18,075	8,993	317,681	(401,844)	—
	1,889,028	433,095	231,621	545,100	(401,844)	2,697,000
Costs and expenses	1,579,809	394,936	161,583	527,839	(399,722)	2,264,445
Operating income	¥ 309,219	¥ 38,159	¥ 70,038	¥ 17,261	¥ (2,122)	¥ 432,555
Identifiable assets	¥5,580,551	¥181,511	¥826,778	¥815,578	¥(438,625)	¥6,965,793
Depreciation	254,320	10,139	30,922	47,720	—	343,101
Capital investments	359,175	10,995	41,267	38,595	—	450,032

	Millions of U.S. Dollars					
	2009					
	Transportation	Station Space Utilization	Shopping Centers & Office Buildings	Other Services	Elimination and/or Corporate	Consolidated
Operating revenues:						
Outside customers	$18,693	$4,235	$2,272	$2,320	$ —	$27,520
Inside group	583	184	92	3,242	(4,101)	—
	19,276	4,419	2,364	5,562	(4,101)	27,520
Costs and expenses	16,120	4,030	1,649	5,386	(4,079)	23,106
Operating income	$ 3,156	$ 389	$ 715	$ 176	$ (22)	$ 4,414
Identifiable assets	$56,945	$1,852	$8,437	$8,322	$(4,476)	$71,080
Depreciation	2,595	103	316	487	—	3,501
Capital investments	3,665	112	421	394	—	4,592

The main activities of each business segment are as follows:

Transportation:

Passenger transportation mainly by passenger railway;

Station space utilization:

Retail sales, food and convenience stores, etc., which utilize space at stations;

Shopping centers & office buildings:

Operation of shopping centers other than station space utilization business and leasing of office buildings, etc.; and

Other services:

Advertising and publicity, hotel operations, wholesale, truck delivery, cleaning, information processing, credit card business and other services.

Capital investments include a portion contributed mainly by national and local governments. Identifiable assets in the corporate column mainly comprise current and noncurrent securities held by the Company.

Pursuant to an amendment of the Japanese Tax Law, from the fiscal year ended March 31, 2008, a depreciation method based on the amended Japanese Tax Law has been used for property, plant and equipment acquired on or after April 1, 2007. Further, for property, plant and equipment acquired on or before March 31, 2007, from the fiscal year following the fiscal year in which assets reach 5% of acquisition cost through the application of a depreciation method based on the Japanese Tax Law prior to amendment, the difference between the amount equivalent to 5% of the acquisition cost and the memorandum value (residual value under the amended Japanese Tax Law) is depreciated evenly over a five-year period and recognized in depreciation. As a result, compared with the previous method, in the year ended March 31, 2008, the Company recorded increases in operating expenses of ¥12,363 million for transportation, ¥454 million for station space utilization, ¥1,616 million for shopping centers & office buildings, and ¥442 million for other services, and the respective operating incomes of these segments decreased by the same amounts.

Geographic segment information is not shown since the Company has no overseas consolidated subsidiaries. Information for overseas sales is not shown as there is no overseas sales.

Note 18 INFORMATION REGARDING CERTAIN LEASES

As mentioned in Note 2 (10), for finance lease transactions that do not transfer ownership from fiscal years beginning on or after April 1, 2008, the Companies adopted the accounting standard and implemented accounting treatments in adherence with those for normal sales transactions.

The amount of finance lease obligation at March 31, 2009 was negligible. In addition, for finance lease transactions that do not transfer ownership on or before March 31, 2008, the Companies will continue to use accounting treatments in adherence with those for normal lease transactions.

Under such finance leases, lease payments, which were charged to income for the year ended March 31, 2008, amounted to ¥12,039 million. Lease income which was credited to income for the year ended March 31, 2008 was ¥4,995 million.

Future lease payments inclusive of interest were ¥28,796 million, including due in one year of ¥11,211 million, and future lease receipts inclusive of interest were ¥16,456 million, including due in one year of ¥4,545 million, at March 31, 2008.

Future lease receipts for operating leases amounted to ¥18,401 million, including those due within one year of ¥2,386 million, at March 31, 2008. The amount of operating leases at March 31, 2009 was negligible, so presentation has been omitted.

Note 19 INFORMATION FOR DERIVATIVE TRANSACTIONS

1) Items Regarding Trading Circumstances

The Companies use foreign exchange contracts transactions, currency swap transactions, and interest swap transactions with the aim of avoiding risk (market risk) related to fluctuation of future market prices (foreign exchange / interest) in relation to bonds, loans, and so on. Further, commodity swap transactions are used with the aim of avoiding product price fluctuation risk related to fuel purchasing, and natural disaster derivatives are used with the aim of avoiding revenue and expenditure fluctuation risk due to natural disasters.

Because all of the derivative transaction contracts that the Company and its consolidated subsidiaries enter into are the transaction whose counterparties are financial institutions that have high creditworthiness, the Company believes that there is almost no risk of parties to contracts defaulting on obligations.

Under the basic policy approved by the Board of Directors, with the aim of appropriate implementation of transactions and risk management, financial departments in respective companies process those derivative transactions following appropriate internal procedures or approval of the Board of Directors, based on relevant internal regulations.

2) Items Regarding the Fair Value of Transactions, etc.

	Millions of Yen				Millions of U.S. Dollars	
	2008		2009		2009	
Classification	Transactions other than market transactions	Total	Transactions other than market transactions	Total	Transactions other than market transactions	Total
Type	Natural disaster derivatives transactions bought		Natural disaster derivatives transactions bought		Natural disaster derivatives transactions bought	
Contract amount, etc.	¥26,052	¥26,052	¥25,548	¥25,548	$261	$261
Of which more-than-one-year contract amount, etc.	26,052	26,052	25,548	25,548	261	261
Fair value	2,992	2,992	3,761	3,761	38	38
Gain or loss from valuation	(1,153)	(1,153)	769	769	8	8

1 In the year ended March 31, 2007, hedge accounting was applied to all derivative transactions. Therefore, items relating to the fair value of transactions have been omitted.
2 Contract amount, etc. is the maximum amount receivable.
3 Fair value is calculated based on the current value presented by financial institutions, etc. with which transactions are conducted.
4 Derivative transactions for which hedge accounting is applied are not subject to inclusion and are therefore omitted.

Note 20 SUBSEQUENT EVENT

The Board of Directors of the Company resolved to repurchase shares of the Company's common stock at the meeting held on April 27, 2009 pursuant to Article 156 of the Japanese Corporate Law as applied pursuant to Article 165, Paragraph 3 thereof, as detailed below.

i) Reason for share repurchase

To improve capital flexibility in response to the business environment.

ii) Class of shares to be repurchased

Common stock of the Company

iii) Total number of shares to be repurchased

4,000,000 shares (maximum) (1.00 % of issued shares (excluding treasury stock))

iv) Aggregate repurchase price

¥30,000 million ($306 million) (maximum)

v) Period of repurchase

From April 30, 2009 to May 29, 2009

Further, between April 30, 2009, and May 22, 2009, the Company implemented a market purchase on the Tokyo Stock Exchange and completed an acquisition of treasury stock based on the said resolution.

The Company acquired at total of 4,000,000 shares of common stock, and the total acquisition price was ¥22,943 million ($234 million).

FINANCIAL SECTION

Independent Auditors' Report

KPMG

Independent Auditors' Report

To the Board of Directors of East Japan Railway Company:

We have audited the accompanying consolidated balance sheets of East Japan Railway Company and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets and cash flows for each of the three years in the period ended March 31, 2009, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of East Japan Railway Company and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.
As discussed in the Note 20 to the consolidated financial statements, the Board of Directors of the Company resolved to repurchase shares of the Company's common stock at the meeting held on April 27, 2009, and the Company has performed the acquisition between April 30, 2009, and May 22, 2009.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2(1) to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 23, 2009

Corporate Information

CORPORATE INFORMATION

JR East: Domestic and International Perspectives

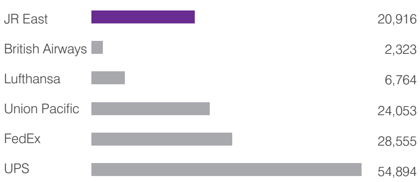
Peer Group Comparisons

In this section, several key performance indicators illustrate how JR East compares with selected well-known companies.

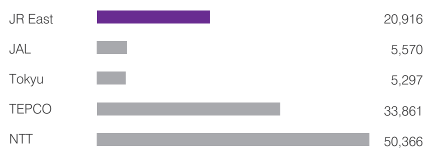
Total Stock Market Value

Millions of U.S. Dollars

International



Domestic

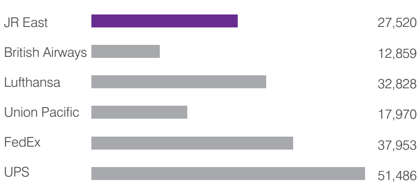


Data in these graphs have been computed from each company's share price and shares outstanding at the end of the previous fiscal year.

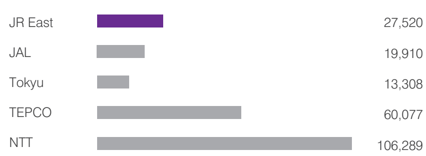
Operating Revenues

Millions of U.S. Dollars

International



Domestic

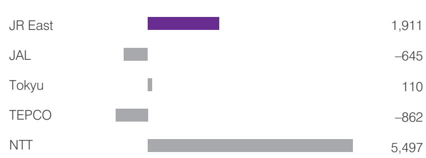


Net Income (Loss)

Millions of U.S. Dollars

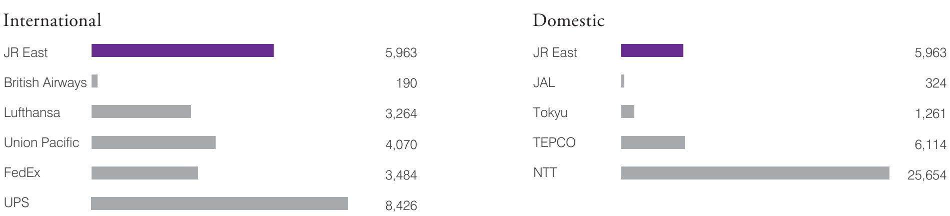
International

Domestic



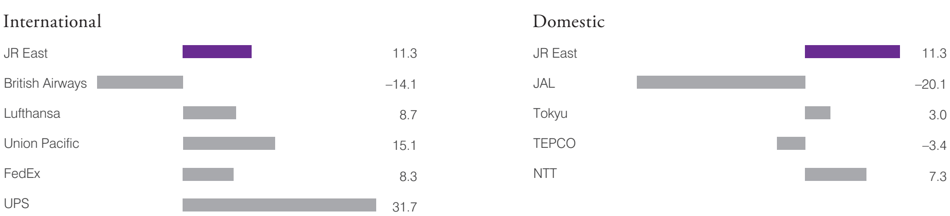
Cash Flows from Operating Activities

Millions of U.S. Dollars



Return on Average Equity (ROE)

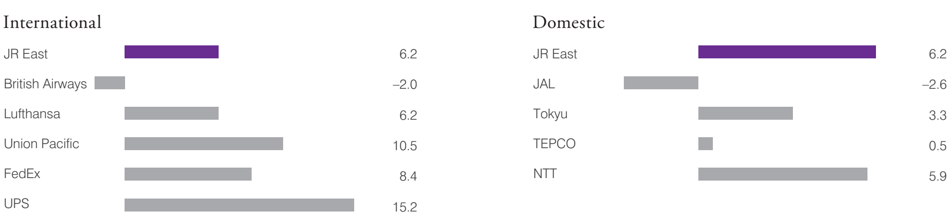
%



Average equity is the average of equity at the end of the previous and applicable fiscal years.

Ratio of Operating Income to Average Assets (ROA)

%



Average assets is the average of assets at the end of the previous and applicable fiscal years.

- Year ended March 31, 2009 (Year ended December 31, 2008, for Lufthansa, Union Pacific, and UPS and year ended May 31, 2008, for FedEx)
- JAL: Japan Airlines Corporation; Tokyu: Tokyu Corporation; TEPCO: The Tokyo Electric Power Company, Incorporated; NTT: Nippon Telegraph and Telephone Corporation
- Data in this section are based on consolidated figures from each company's annual report or financial press releases.
- The exchange rate used is the rate for March 31, 2009 ($1=¥98, £1=$1.43, €1=$1.32).
- Share prices at the close of the respective previous fiscal years and computed using the above exchange rates are $52.35 for JR East, $2.01 for British Airways, $14.77 for Lufthansa, $47.80 for Union Pacific, $91.71 for FedEx, $55.16 for UPS, $2.04 for JAL, $4.20 for Tokyu, $25.10 for TEPCO, and $38.06 for NTT.

International Railway Comparisons

Japan's high reliance on railways due to the size of the economy and geographic characteristics affords railway companies an extremely large source of demand, especially in urban areas. In addition to being Japan's top railway company, JR East is the largest railway company in the world.

TRANSPORTATION MARKET

Composition by Type of Transportation

Billions of Passenger Kilometers

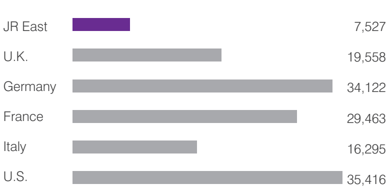
	Railways		Motor Vehicles: Buses		Motor Vehicles: Cars		Motor Vehicles: Total		Airlines		Ships		Total	
	Billions	%	Billions	%	Billions	%	Billions	%	Billions	%	Billions	%	Billions	%
Japan	405.6	28.7%	89.0	6.3%	830.1	58.7%	919.1	65.0%	84.3	6.0%	3.8	0.3%	1,412.8	100.0%
U.K.	55.0	6.8%	60.0	7.4%	686.0	84.6%	746.0	92.0%	9.9	1.2%	N/A	N/A	810.9	100.0%
Germany	78.7	7.1%	83.0	7.5%	888.3	80.4%	971.3	87.9%	55.6	5.0%	N/A	N/A	1,105.6	100.0%
France	91.5	10.5%	44.9	5.1%	723.8	82.9%	768.7	88.0%	13.2	1.5%	N/A	N/A	873.4	100.0%
Italy	56.0	5.9%	98.9	10.4%	776.2	82.0%	875.1	92.4%	12.2	1.3%	3.9	0.4%	947.2	100.0%
U.S.	55.3	0.6%	279.5	3.1%	7,697.8	85.7%	7,977.3	88.8%	950.5	10.6%	N/A	N/A	8,983.1	100.0%

- Respective figures are for the following years: Japan, year ended March 31, 2008; U.K., year ended March 31, 2007; Italy, year ended December 31, 2004; U.S., year ended December 31, 2006; France and Germany, year ended December 31, 2006.
- Railway figures for Japan include JR East passenger kilometers (130.6 billion, exclusive of the Tokyo Monorail). For details, see page 97.

Sources: Japan: Ministry of Land, Infrastructure, Transport and Tourism; U.K.: Transport Statistics Great Britain 2008; Germany: Verkehr in Zahlen 2007/2008; France: Website of Ministry for Infrastructure, Transport, Housing, Tourism, and the Sea of France; Italy: Conto Nazionale dei Trasporti Anno 2003; U.S.: National Transportation Statistics 2007.

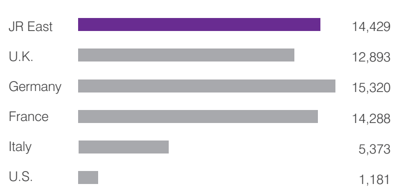
Railway Line Networks

Kilometers



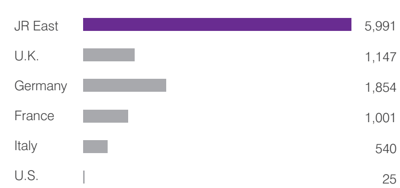
Revenues from Railway Operations

Millions of U.S. Dollars

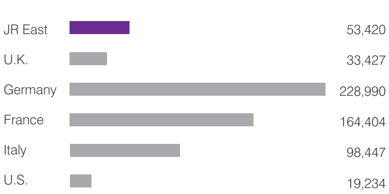


Number of Passengers

Millions



Number of Employees



Passenger Kilometers

Millions

- As of December 31, 2006, except for the following: JR East, as of March 31, 2007; U. S. except for Railway Line Networks, as of December 31, 2005; Railway Line Networks and Revenues from Railway Operations for U. K., as of March 31, 2005
- 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)); Italy: Ferrovie dello Stato S.p.A.; U.S.: National Railroad Passenger Corporation (Amtrak)

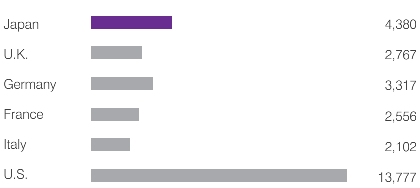
- Revenues from railway operations do not include freight and other service revenues.
- Figures for JR East do not include the Tokyo Monorail.
- The exchange rate used is the rate for March 31, 2007 ($1=¥118, £1=$1.96, €1=$1.33).

Source: Statistiques Internationale des Chemins de Fer 2006, Union Internationale des Chemins de Fer

FUNDAMENTALS

Gross Domestic Product

Billions of U.S. Dollars

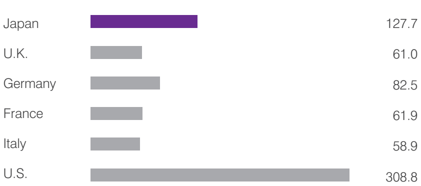


	2003	2004	2005	2006	2007
Japan	4,291	4,665	4,644	4,367	4,380
U.K.	1,775	2,115	2,199	2,371	2,767
Germany	2,386	2,687	2,793	2,894	3,317
France	1,732	1,997	2,107	2,231	2,556
Italy	1,455	1,671	1,763	1,851	2,102
U.S.	10,857	11,665	12,429	13,185	13,777

Source: Annual OECD National Accounts publications

Population

Millions

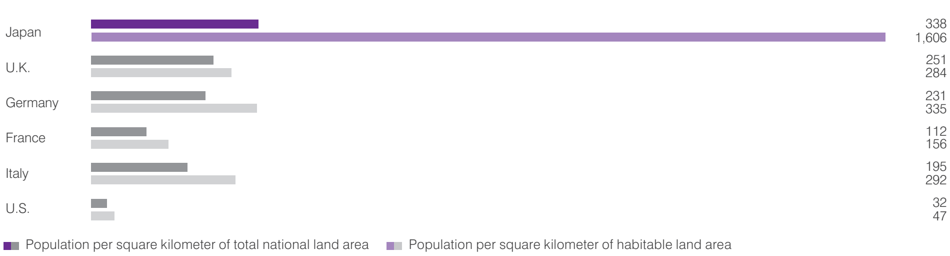


	2004	2005	2006	2007	2008
Japan	127.7	127.8	127.8	127.8	127.7
U.K.	59.4	59.7	59.8	60.0	61.0
Germany	82.5	82.7	82.7	82.7	82.5
France	60.4	60.5	60.7	60.9	61.9
Italy	57.3	58.1	58.1	58.2	58.9
U.S.	297.0	298.2	301.0	303.9	308.8

Sources: Japan: Current Population Estimates, Ministry of Internal Affairs and Communications; Other countries: United Nations data

Population Density

Per Square Kilometer



	2004		2005		2006		2007		2008	
	Total National Land Area	Habitable Land Area	Total National Land Area	Habitable Land Area	Total National Land Area	Habitable Land Area	Total National Land Area	Habitable Land Area	Total National Land Area	Habitable Land Area
Japan	338	1,606	338	1,610	338	1,610	338	1,607	338	1,606
U.K.	244	274	246	274	246	274	247	274	251	284
Germany	231	341	232	342	232	342	232	336	231	335
France	109	151	110	151	110	152	110	154	112	156
Italy	190	254	193	257	193	257	193	289	195	292
U.S.	31	48	31	48	31	49	32	46	32	47

• JR East calculated these figures by using the following data and definition of each country's habitable land area.
Population
Japan: Current Population Estimates, Ministry of Internal Affairs and Communications; Other countries: United Nations data

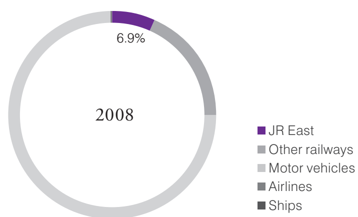
Habitable land area
Japan: Land White Paper, Ministry of Land, Infrastructure, Transport and Tourism. Total area minus forests and woodland, barren land, area under inland water bodies, and other; U.K.: FAO "production yearbook" and "The Status of World's Forests" (2001); Other countries: Prepared using "world statistics" 2005 of Statistics Bureau, Ministry of Internal Affairs and Communications

Railway Operations in Japan

Railways play a vital role in Japan, and JR East alone represents about 30% of all passenger railway transportation.

SHARE OF DOMESTIC TRANSPORTATION

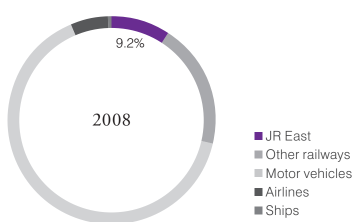
Number of Passengers



Years ended March 31		2004 Millions	2004 %	2005 Millions	2005 %	2006 Millions	2006 %	2007 Millions	2007 %	2008 Millions	2008 %
Railways	JR East	5,886	6.7%	5,862	6.7%	5,911	6.7%	5,991	6.8%	6,170	6.9%
	Other Railways	15,872	18.1%	15,824	18.0%	16,043	18.2%	16,253	18.4%	16,671	18.5%
Motor Vehicles		65,933	75.0%	65,991	75.1%	65,947	74.9%	65,943	74.6%	66,909	74.4%
Airlines		96	0.1%	94	0.1%	94	0.1%	97	0.1%	95	0.1%
Ships		107	0.1%	101	0.1%	103	0.1%	99	0.1%	100	0.1%
Total		87,894	100.0%	87,872	100.0%	88,098	100.0%	88,383	100.0%	89,945	100.0%

Source: Summary of Transport Statistics, Ministry of Land, Infrastructure, Transport and Tourism

Passenger Kilometers

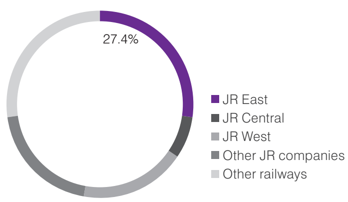


Years ended March 31		2004 Millions	2004 %	2005 Millions	2005 %	2006 Millions	2006 %	2007 Millions	2007 %	2008 Millions	2008 %
Railways	JR East	125,752	8.8%	125,172	8.8%	126,142	8.9%	127,653	9.1%	130,558	9.2%
	Other Railways	259,206	18.2%	259,991	18.3%	265,004	18.8%	268,255	19.1%	274,986	19.5%
Motor Vehicles		954,186	66.9%	947,563	66.8%	933,006	66.1%	917,938	65.4%	919,062	65.0%
Airlines		83,311	5.8%	81,786	5.8%	83,220	5.9%	85,752	6.1%	84,327	6.0%
Ships		4,024	0.3%	3,869	0.3%	4,205	0.3%	3,773	0.3%	3,834	0.3%
Total		1,426,479	100.0%	1,418,381	100.0%	1,411,397	100.0%	1,403,371	100.0%	1,412,767	100.0%

Source: Summary of Transport Statistics, Ministry of Land, Infrastructure, Transport and Tourism
• Figures for JR East on this page do not include the Tokyo Monorail.

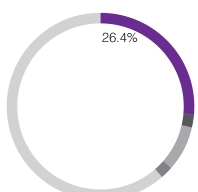
Share of Domestic Railways

Passenger Line Network



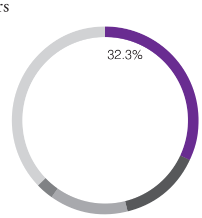
As of March 31, 2007	km	%
JR East	7,526.8	27.4%
JR Central	1,970.8	7.2%
JR West	5,023.7	18.3%
Other JR Companies	5,476.7	19.9%
Other Railways	7,460.4	27.2%
Total	27,458.4	100.0%

Number of Passengers



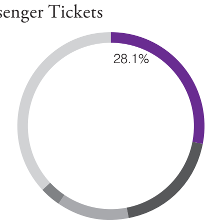
Year ended March 31, 2007	Millions	%
JR East	5,991	26.4%
JR Central	515	2.3%
JR West	1,804	7.9%
Other JR Companies	469	2.1%
Other Railways	13,910	61.3%
Total	22,689	100.0%

Passenger Kilometers



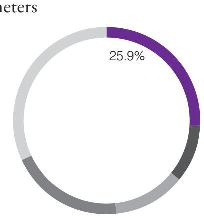
Year ended March 31, 2007	Millions	%
JR East	127,653	32.3%
JR Central	55,533	14.0%
JR West	53,579	13.5%
Other JR Companies	12,225	3.1%
Other Railways	146,838	37.1%
Total	395,828	100.0%

Revenues from Passenger Tickets



Year ended March 31, 2007	Billions of Yen	%
JR East	1,703	28.1%
JR Central	1,147	18.9%
JR West	766	12.6%
Other JR Companies	219	3.6%
Other Railways	2,228	36.8%
Total	6,063	100.0%

Rolling Stock Kilometers



Year ended March 31, 2007	Millions	%
JR East	2,241	25.9%
JR Central	884	10.2%
JR West	1,077	12.5%
Other JR Companies	1,690	19.5%
Other Railways	2,758	31.9%
Total	8,650	100.0%

- Figures for Passenger Line Network do not include freight traffic.
- Figures for Rolling Stock Kilometers do not include locomotives and freight cars.
- Figures for the Tokyo Monorail are included in other railways.

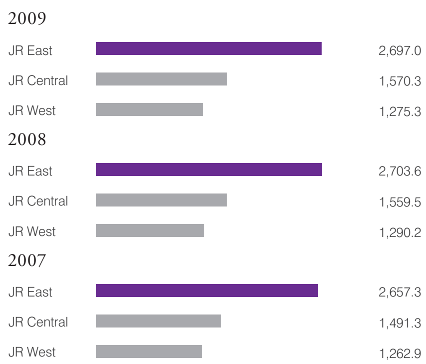
Source: Statistics of Railways 2006, Ministry of Land, Infrastructure, Transport and Tourism

Financial Overview of JR Passenger Railway Companies

JR East accounts for about 50% of the total operating revenues of the three largest JR passenger railway companies. JR East's immense and stable operating base contributes to large and consistent earnings and cash flows.

Operating Revenues

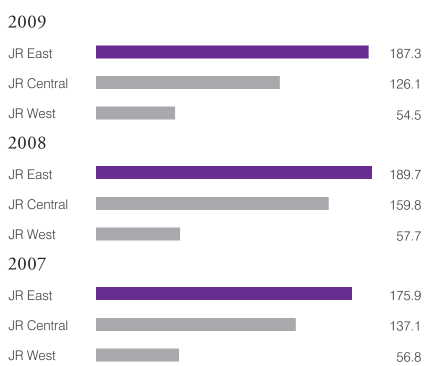
Billions of Yen



			Millions of Yen
Years ended March 31	2007	2008	2009
JR East	2,657,346	2,703,564	2,697,000
JR Central	1,491,269	1,559,467	1,570,253
JR West	1,262,935	1,290,190	1,275,308

Net Income

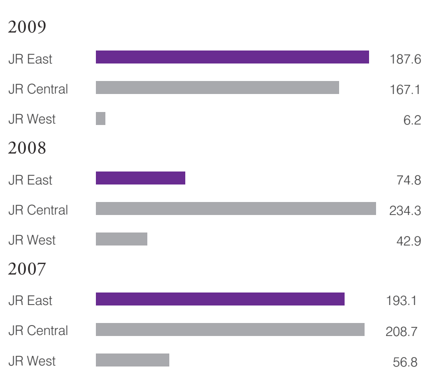
Billions of Yen



			Millions of Yen
Years ended March 31	2007	2008	2009
JR East	175,871	189,673	187,291
JR Central	137,144	159,774	126,052
JR West	56,791	57,707	54,529

Free Cash Flows

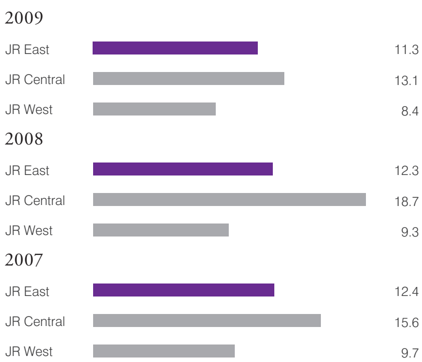
Billions of Yen



			Millions of Yen
Years ended March 31	2007	2008	2009
JR East	193,050	74,812	187,564
JR Central	208,667	234,322	167,086
JR West	56,842	42,902	6,189

Return on Average Equity (ROE)

%

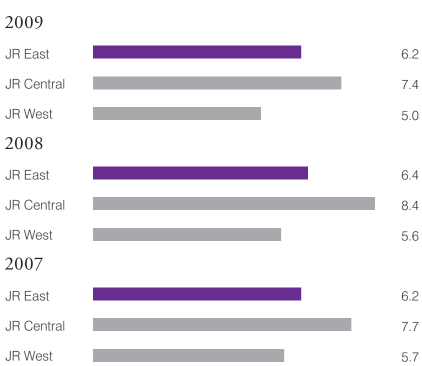


Years ended March 31	2007	2008	2009
JR East	12.4%	12.3%	11.3%
JR Central	15.6%	18.7%	13.1%
JR West	9.7%	9.3%	8.4%

• Average equity is the average of equity at the end of the previous and applicable fiscal years.

Ratio of Operating Income to Average Assets (ROA)

%

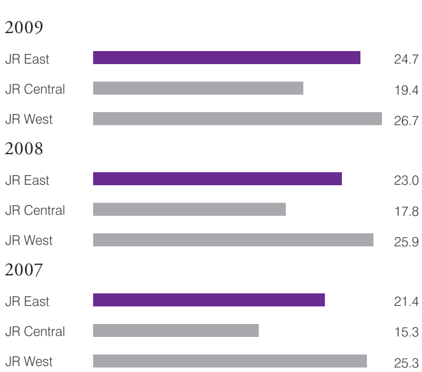


Years ended March 31	2007	2008	2009
JR East	6.2%	6.4%	6.2%
JR Central	7.7%	8.4%	7.4%
JR West	5.7%	5.6%	5.0%

• Average assets is the average of assets at the end of the previous and applicable fiscal years.

Equity Ratio

%



Years ended March 31	2007	2008	2009
JR East	21.4%	23.0%	24.7%
JR Central	15.3%	17.8%	19.4%
JR West	25.3%	25.9%	26.7%

• Equity ratio = shareholders' equity / total assets

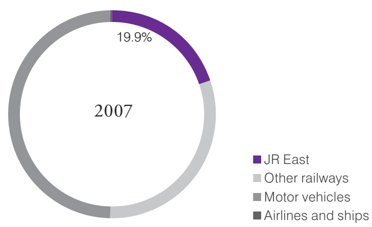
• Data in this section have been calculated by JR East based on figures in JR Central's and JR West's financial press releases.

Railway Operations in Tokyo

JR East alone provides nearly half of the huge volume of railway transportation in the Tokyo metropolitan area, where railways account for 50% of all transportation. With an immense population, the Tokyo metropolitan area is sure to generate a large amount of demand for transportation services.

TRANSPORTATION IN THE TOKYO AREA

Number of Passengers



Years ended March 31		2003 Millions	%	2004 Millions	%	2005 Millions	%	2006 Millions	%	2007 Millions	%
Railways	JR East	5,297	19.9%	5,339	20.2%	5,322	20.1%	5,373	19.9%	5,459	19.9%
	Other Railways	7,955	29.9%	8,075	30.5%	8,093	30.5%	8,230	30.4%	8,400	30.6%
Motor Vehicles		13,287	50.0%	12,986	49.1%	13,081	49.3%	13,396	49.6%	13,559	49.4%
Airlines and Ships		37	0.2%	39	0.2%	39	0.1%	38	0.1%	39	0.1%
Total		26,576	100.0%	26,439	100.0%	26,535	100.0%	27,037	100.0%	27,457	100.0%

• JR East figures include data from the bordering lines of JR Central and do not include the Tokyo Monorail.
• Statistics are based on surveys that used borders that do not strictly correspond with JR East's Tokyo Metropolitan Area Network.
Source: Survey of Regional Passenger Movement, Ministry of Land, Infrastructure, Transport and Tourism

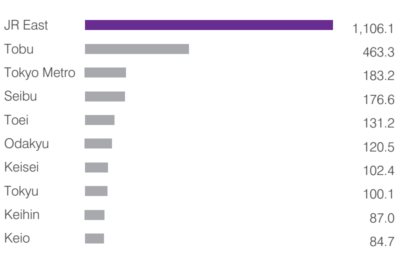
Major Railways in the Tokyo Area

	Passenger Line Network[1] km	%	Passenger Kilometers[2] Millions	%	Revenues from Passenger Tickets[2] Billions of Yen	%
JR East	1,106.1	42.6%	80,175	48.0%	888.5	43.8%
Tobu Railway	463.3	17.9%	12,771	7.7%	145.4	7.2%
Tokyo Metro	183.2	7.1%	18,025	10.8%	292.4	14.4%
Seibu Railway	176.6	6.8%	8,827	5.3%	95.9	4.7%
Toei (Tokyo Metropolitan Government)	131.2	5.1%	5,588	3.3%	124.9	6.2%
Odakyu Electric Railway	120.5	4.6%	11,146	6.7%	113.3	5.6%
Keisei Electric Railway	102.4	3.9%	3,603	2.2%	50.8	2.5%
Tokyu Corporation	100.1	3.9%	10,143	6.1%	128.5	6.4%
Keihin Electric Express Railway	87.0	3.4%	6,345	3.8%	75.7	3.7%
Keio Electric Railway	84.7	3.3%	7,504	4.5%	80.0	3.9%
Sagami Railway	35.9	1.4%	2,656	1.6%	32.0	1.6%
Total	2,591.0	100.0%	166,783	100.0%	2,027.4	100.0%

1 As of March 31, 2008
2 For the year ended March 31, 2008
• Figures do not include freight lines.
• Data used for JR East are data of the Tokyo Metropolitan Area Network and do not include the Tokyo Monorail.
Sources:
• Toei (Tokyo Metropolitan Government): Figures from the website of the Transportation Bureau of the Tokyo Metropolitan Government. Passenger kilometers are from Statistics of Railways 2006, Ministry of Land, Infrastructure, Transport and Tourism.
• Other: Website of the Association of Japanese Private Railways. Revenues from passenger tickets are based on figures from the financial press releases of each company.

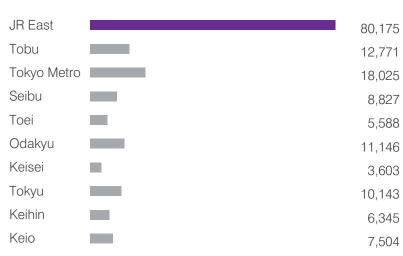
Passenger Line Network[1]

Kilometers



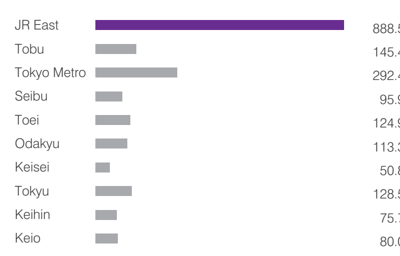
Passenger Kilometers[2]

Millions



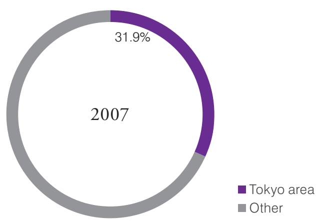
Revenues from Passenger Tickets[2]

Billions of Yen



FUNDAMENTALS

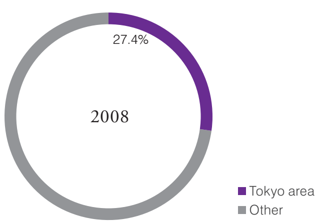
Net Domestic Product



Years ended March 31	2003 Billions of Yen	2003 %	2004 Billions of Yen	2004 %	2005 Billions of Yen	2005 %	2006 Billions of Yen	2006 %	2007 Billions of Yen	2007 %
Tokyo Area	117,498	31.6%	117,449	31.7%	117,439	31.7%	120,445	32.0%	120,532	31.9%
Other	254,350	68.4%	253,455	68.3%	253,207	68.3%	256,173	68.0%	257,530	68.1%
Total	371,848	100.0%	370,904	100.0%	370,646	100.0%	376,618	100.0%	378,062	100.0%

Source: Annual Report on Prefectural Economies, Cabinet Office

Population



As of October 1	2004 Millions	2004 %	2005 Millions	2005 %	2006 Millions	2006 %	2007 Millions	2007 %	2008 Millions	2008 %
Tokyo Area	34.2	26.8%	34.5	27.0%	34.6	27.1%	34.8	27.3%	35.0	27.4%
Other	93.5	73.2%	93.3	73.0%	93.2	72.9%	93.0	72.7%	92.7	72.6%
Total	127.7	100.0%	127.8	100.0%	127.8	100.0%	127.8	100.0%	127.7	100.0%

Source: Current Population Estimates, Ministry of Internal Affairs and Communications

Population Density

Per Square Kilometer

As of October 1	2004	2005	2006	2007	2008
Tokyo Area	2,575	2,595	2,591	2,605	2,617
Other	256	256	255	255	254
National Average	338	338	338	338	338

- JR East calculated these figures by using data from the following sources: Current Population Estimates, Ministry of Internal Affairs and Communications; statistics from Geographical Survey Institute
- The statistics on this page are based on governmental boundaries and do not strictly correspond with JR East's operating area segments.

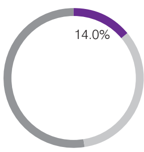
Analysis of JR East's Railway Operations

The Kanto Area Network generates about two-thirds of the Company's railway revenues.

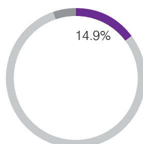
Commuter-pass travel accounts for about one-third of JR East's revenues.

Composition by Operating Area

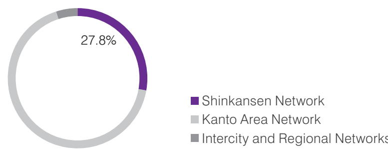
Passenger Line Network



Passenger Kilometers



Revenues from Passenger Tickets

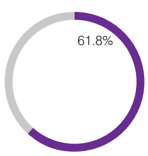


	Passenger Line Network[1]		Passenger Kilometers[2]		Revenues from Passenger Tickets[2]	
	km	%	Millions	%	Millions of Yen	%
Shinkansen Network	1,052.9	14.0%	19,302	14.9%	474,892	27.8%
Kanto Area Network	2,536.2	33.7%	103,700	80.0%	1,149,391	67.3%
Intercity and Regional Networks	3,937.7	52.3%	6,653	5.1%	84,591	4.9%
Total	7,526.8	100.0%	129,655	100.0%	1,708,874	100.0%

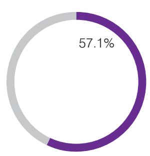
1. As of March 31, 2009
2. Year ended March 31, 2009
- Revenues from the conventional line segments of hybrid Shinkansen services are credited to Intercity and Regional Networks.
- Figures do not include the Tokyo Monorail.

Composition of Commuter Passes—Overall

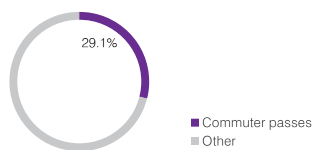
Number of Passengers



Passenger Kilometers



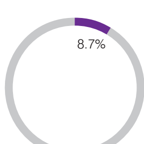
Revenues from Passenger Tickets



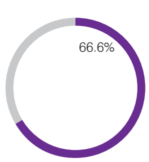
	Number of Passengers		Passenger Kilometers		Revenues from Passenger Tickets	
	Millions	%	Millions	%	Millions of Yen	%
Commuter Passes	3,805	61.8%	74,096	57.1%	496,552	29.1%
Other	2,352	38.2%	55,559	42.9%	1,212,322	70.9%
Total	6,157	100.0%	129,655	100.0%	1,708,874	100.0%

Composition of Commuter Passes—By Passenger Kilometers

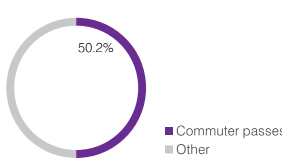
Shinkansen Network



Kanto Area Network



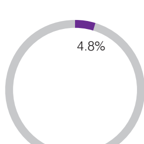
Intercity and Regional Networks



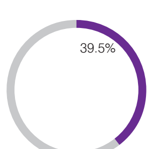
	Total	Commuter Passes	
	Millions	Millions	%
Shinkansen Network	19,302	1,678	8.7%
Kanto Area Network	103,700	69,081	66.6%
Intercity and Regional Networks	6,653	3,337	50.2%
Total	129,655	74,096	57.1%

Composition of Commuter Passes—By Revenues from Passenger Tickets

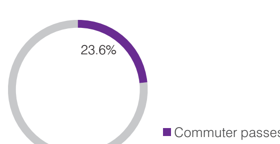
Shinkansen Network



Kanto Area Network



Intercity and Regional Networks



	Total	Commuter Passes	
	Millions	Millions	%
Shinkansen Network	474,892	22,949	4.8%
Kanto Area Network	1,149,391	453,613	39.5%
Intercity and Regional Networks	84,591	19,990	23.6%
Total	1,708,874	496,552	29.1%

- Percentages represent passenger kilometers and revenues from passenger tickets attributable to commuter passes for each segment.
- Revenues from the conventional line segments of hybrid Shinkansen services are credited to Intercity and Regional Networks.
- Figures do not include the Tokyo Monorail.

Passenger Kilometers

Millions

Years ended March 31			2007	2008	2009	2009/2008
Shinkansen Network		Commuter Passes	1,656	1,671	1,678	100.4%
		Other	17,718	18,254	17,624	96.5%
		Total	19,374	19,925	19,302	96.9%
Conventional Lines	Total	Commuter Passes	71,202	72,422	72,418	100.0%
		Other	37,077	38,212	37,935	99.3%
		Total	108,279	110,634	110,353	99.7%
	Kanto Area Network	Commuter Passes	67,861	69,093	69,081	100.0%
		Other	33,616	34,808	34,619	99.5%
		Total	101,477	103,901	103,700	99.8%
	Intercity and Regional Networks	Commuter Passes	3,341	3,329	3,337	100.2%
		Other	3,461	3,404	3,316	97.4%
		Total	6,802	6,733	6,653	98.8%
Total		Commuter Passes	72,858	74,093	74,096	100.0%
		Other	54,795	56,466	55,559	98.4%
		Total	127,653	130,558	129,655	99.3%

Revenues from Passenger Tickets

Millions of Yen

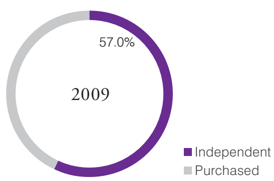
Years ended March 31			2007	2008	2009	2009/2008
Shinkansen Network		Commuter Passes	22,672	22,775	22,949	100.8%
		Other	456,697	468,183	451,943	96.5%
		Total	479,369	490,958	474,892	96.7%
Conventional Lines	Total	Commuter Passes	465,171	470,984	473,603	100.6%
		Other	758,139	770,407	760,379	98.7%
		Total	1,223,310	1,241,391	1,233,982	99.4%
	Kanto Area Network	Commuter Passes	445,356	451,226	453,613	100.5%
		Other	691,295	704,135	695,778	98.8%
		Total	1,136,651	1,155,361	1,149,391	99.5%
	Intercity and Regional Networks	Commuter Passes	19,815	19,758	19,990	101.2%
		Other	66,844	66,272	64,601	97.5%
		Total	86,659	86,030	84,591	98.3%
Total		Commuter Passes	487,843	493,759	496,552	100.6%
		Other	1,214,836	1,238,590	1,212,322	97.9%
		Total	1,702,679	1,732,349	1,708,874	98.6%

- Passenger kilometers and revenues from the conventional line segments of hybrid Shinkansen services are credited to Intercity and Regional Networks.
- Conventional Lines: Total of Kanto Area Network and Intercity and Regional Networks
- Figures do not include the Tokyo Monorail.
- The Kanto Area Network encompasses the area encompassed under the previous classification of the Tokyo Metropolitan Area Network (Tokyo Branch Office, Yokohama Branch Office, Hachioji Branch Office, and Omiya Branch Office) and the areas covered by Takasaki Branch Office, Mito Branch Office, and Chiba Branch Office.

Electric Power

JR East generates more than one-half of the electricity it uses.

Year ended March 31, 2009	Billions of kWh	%
Thermal Generation	2.23	36.2%
Hydroelectric Generation	1.28	20.8%
Independent	3.51	57.0%
Purchased	2.65	43.0%
Total	6.16	100.0%

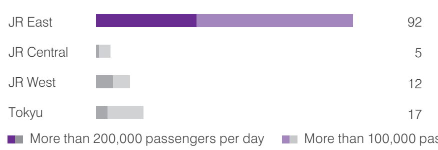


Non-Transportation Businesses

JR East owns many stations with high potential that are used by numerous customers. JR East is carrying out its non-transportation businesses utilizing these stations to enhance customer convenience and comfort and to raise profitability.

Number of Busy Stations

Number of Stations

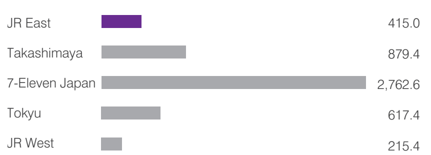


	More than 100,000 Passengers per Day	More than 200,000 Passengers per Day
JR East	92	36
JR Central	5	1
JR West	12	6
Tokyu	17	4

- Year ended March 31, 2008 for JR Central and JR West, year ended March 31, 2009 for JR East and Tokyu
- Data are based on figures from JR Central, JR West, and Tokyu Corporation.
- The number of station users at stations of JR East, JR Central, and JR West represent twice the number of passengers embarking.

Composition of Major Department Stores, Retail Sales, and Convenience Stores

Billions of Yen

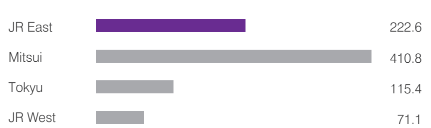


	Millions of Yen Operating Revenues
JR East	415,020
Takashimaya	879,440
7-Eleven Japan	2,762,557
Tokyu	617,439
JR West	215,371

- Takashimaya = Takashimaya Company, Limited
  7-Eleven Japan = Seven-Eleven Japan Co., Ltd.
  Tokyu = Tokyu Corporation
- Year ended March 31, 2009 (Year ended February 28, 2009, for Takashimaya and 7-Eleven Japan)
- Data are based on figures from the financial press releases of each company.
- The following figures are used as operating revenues:
  JR East: Station space utilization, segment revenues from outside customers
  Takashimaya: Department store business, segment revenues from outside customers
  7-Eleven Japan: Total store sales (nonconsolidated)
  Tokyu: Retail operating revenues
  JR West: Sales of goods and food services business, segment revenues from third parties

Comparison of Real Estate Leasing to Retailers and Other Tenants

Billions of Yen

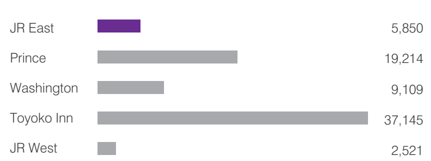


	Millions of Yen Operating Revenues
JR East	222,628
Mitsui	410,842
Tokyu	115,401
JR West	71,140

- Mitsui = Mitsui Fudosan Co., Ltd. Tokyu = Tokyu Corporation
- Year ended March 31, 2009
- Data are based on figures from the financial press releases of each company.
- The following figures are used as operating revenues:
  JR East: Shopping centers & office buildings, segment revenues from outside customers
  Mitsui: Office buildings and commercial facilities revenues in leasing segment, outside customers
  Tokyu: Real estate business, segment revenue from outside customers
  JR West: Real estate business, segment revenues from third parties

Domestic Hotel Chain Ranking by Guest Rooms

Number of Guest Rooms



	Guest Rooms
JR East Hotel Chain	5,850
Prince Hotels	19,214
Washington Group Hotels	9,109
Toyoko Inn Hotel Chain	37,145
JR West Hotels	2,521

- As of December 31, 2008, for Prince, Washington, Toyoko Inn, and JR West (As of March 31, 2009, for JR East)
- Data are based on "HOTERES" by Ohta Publications.

CORPORATE INFORMATION

Glossary

Commuter Pass refers to a credit card sized pass that is either magnetically encoded or contains an integrated circuit (IC) chip to allow travel between two stations during a period of one, three, or six months. Mobile Suica, a service based on cell phones embedded with such IC chips, was introduced in January 2006.

Hybrid Shinkansen refers to intercity rail systems that provide through service to certain destinations that are not part of a regular Shinkansen network, using specially designed trains capable of running on both Shinkansen lines and conventional lines that have been widened to a standard gauge. Hybrid Shinkansen lines are not covered by the Nationwide Shinkansen Railway Development Law.

JNR stands for the Japanese National Railways, the Government-owned public entity that was restructured into JNRSC (as defined below) on April 1, 1987. The railway operations and certain related businesses of JNR, along with certain necessary assets and associated liabilities, were succeeded to by the JR Companies (as defined below), the Shinkansen Holding Corporation (currently, JRTT (as defined below)), Railway Telecommunication Co., Ltd. (a predecessor of SOFTBANK TELECOM Corp.), Railway Information Systems Co., Ltd., and the Railway Technical Research Institute, and all of its other assets and liabilities became assets and liabilities of JNRSC.

JNRSC stands for JNR Settlement Corporation. JNRSC was dissolved on October 22, 1998, and all of its assets (including the 1,500,000 shares of JR East's common stock it beneficially owned at the time of such transfer) and a portion of its liabilities were transferred to JRCC.

JR Companies refers to, collectively, JR East, Hokkaido Railway Company (JR Hokkaido), Central Japan Railway Company (JR Central), West Japan Railway Company (JR West), Shikoku Railway Company (JR Shikoku), Kyushu Railway Company (JR Kyushu), and Japan Freight Railway Company (JR Freight).

JR East refers to East Japan Railway Company on a consolidated basis or, if the context so requires, on a nonconsolidated basis.

JR Law means the Law for Passenger Railway Companies and Japan Freight Railway Company of 1986, as amended, which created the framework for the establishment of the JR Companies.

JRTT stands for the Japan Railway Construction, Transport and Technology Agency, an incorporated administrative agency established in October 2003 upon the merger of the Japan Railway Construction Public Corporation (JRCC) and the Corporation for Advanced Transport & Technology. Its primary activities include the construction of Shinkansen lines under the Nationwide Shinkansen Railway Development Law (see "Shinkansen") and other national projects. Within JR East's service area, JRTT is presently building Hokuriku Shinkansen and Tohoku Shinkansen extensions. JR East rents the Takasaki–Nagano segment of the Hokuriku Shinkansen Line, operationally named Nagano Shinkansen, and the Morioka–Hachinohe segment of the Tohoku Shinkansen Line from JRTT. JR East also rents some conventional lines from JRTT.

Number of Passengers comprises both passengers who begin their journey at a JR East station and passengers who transfer to JR East from other railway companies' lines at the station.

Operating Kilometers means the actual length of a railway line between two stations, regardless of the number of tracks along the line. Fare and charge calculations are based on this figure.

PASMO refers to IC cards with transportation ticket functions, sold by Tokyo-area private railways, subways, and bus companies. Ever since their March 18, 2007, launch, PASMO cards have been interchangeable with Suica. Besides Tokyo-area private railways, subways, and bus companies, the PASMO card system has spread to cover some transportation companies in Shizuoka Prefecture. The PASMO name is a registered trademark of Pasmo K.K.

Passenger Kilometers means the number of passengers moving from one station to another multiplied by the distance (in operating kilometers) between such stations.

Rolling Stock Kilometers means the number of train kilometers (as defined below) multiplied by the number of railcars comprising the train.

Shinkansen refers to Japan's high-speed intercity rail systems operated by JR East, JR Central, JR West, and JR Kyushu. Several new Shinkansen lines are now under construction or in advanced planning stages under the Nationwide Shinkansen Railway Development Law.

Station Renaissance refers to a program aimed at proactively developing the potential of JR East stations, which are used by about 17 million people daily and are considered to be the JR East Group's largest management asset. Based on thorough consideration of customers' perspectives and the goal of increasing Group value in line with the increased emphasis now being placed on Group management, JR East is fundamentally reevaluating station layouts and comprehensively leveraging the Group's diverse capabilities to undertake zero-base redevelopment projects that optimize the facilities at each station. In these ways, JR East is working to create new 21st century station environments that offer increased appeal to customers as well as greater profitability.

Suica refers to a prepaid IC card that can be used at nearly all of JR East's stations in the Tokyo metropolitan area, the Sendai area, and the Niigata area, permitting smooth, contactless passage through ticket gates. There are two types of cards: a high-tech commuter pass (Suica Commuter Pass) and a stored-fare railway ticket (Suica card). Also, an electronic money function makes it possible to use them to purchase goods at stores in train station concourses and in downtown stores.

Total Long-Term Debt refers to the aggregate of long-term debt and long-term liabilities incurred for purchase of railway facilities, including the current portion thereof.

Train Kilometers means the number of kilometers traveled by a train on operational routes, excluding movement within stations and rail yards.

CORPORATE INFORMATION

Consolidated Subsidiaries and Equity-Method Afflliated Companies

As of March 31, 2009

CONSOLIDATED SUBSIDIARIES

	Company Name	Capitalization (Millions of Yen)	Voting Right Percentage[1]	Main Business Activities
1	Tokyo Monorail Co., Ltd.	¥3,000	70.0%	Railway passenger transport services
2	JR Bus Kanto Co., Ltd.	4,000	100.0	Bus services
3	JR Bus Tohoku Co., Ltd.	2,350	100.0	Bus services
4	JR East Retail Net Co., Ltd.	3,855	100.0	Retail sales
5	JR EAST WATER BUSINESS Co., Ltd.	490	100.0	Retail sales
6	JR Takasaki Trading Co., Ltd.[6]	490	100.0	Retail sales
7	Tohoku Sogo Service Co., Ltd.	490	100.0	Retail sales
8	Juster Co., Ltd.	400	100.0	Retail sales and hotel operations
9	Shinano Enterprise Co., Ltd.	400	100.0	Retail sales
10	Tokky Co., Ltd.	400	100.0	Retail sales, hotel operations, and shopping center operations
11	JR Kanagawa Planning & Development Co., Ltd.[3]	370	100.0	Retail sales
12	Keiyo Planning & Development Co., Ltd.[5]	370	100.0	Retail sales and hotel operations
13	Mito Service Development Co., Ltd.[7]	360	100.0	Retail sales and hotel operations
14	JR Kaiji Planning & Development Co., Ltd.[3]	350	100.0	Retail sales
15	JR Atlis Co., Ltd.	310	100.0	Retail sales
16	JR Utsunomiya Planning & Development Co., Ltd.[3]	200	100.0	Retail sales
17	JR Tokyo Planning & Development Co., Ltd.[3]	120	100.0	Retail sales
18	Nippon Restaurant Enterprise Co., Ltd.	730	100.0	Restaurant business, retail sales, and hotel operations
19	JR East Food Business Co., Ltd.	721	100.0	Restaurant business
20	Delicious Link Co., Ltd.	90	100.0	Restaurant business
21	JR East Station Retailing Co., Ltd.	480	100.0	Retail sales
22	LUMINE Co., Ltd.	2,375	91.8	Shopping center operations
23	Ikebukuro Terminal Building Company	2,000	95.0	Shopping center operations and real estate leasing
24	The EKIBIRU Development Co. TOKYO[8]	1,630	90.2	Shopping center operations
25	JR East Urban Development Corporation	1,450	100.0	Shopping center operations and retail sales
26	Utsunomiya Station Development Co., Ltd.	1,230	100.0	Shopping center operations
27	Boxhill Co., Ltd.	1,050	90.5	Shopping center operations
28	JR Tokyo West Development Co., Ltd.	1,000	93.3	Shopping center operations
29	JR East Department Store Co., Ltd.	1,140	84.6	Shopping center operations
30	Kawasaki Station Building Co., Ltd.	600	99.2	Shopping center operations
31	Mito Station Development Co., Ltd.	500	96.6	Shopping center operations
32	Hirosaki Station Building Co., Ltd.	490	88.8	Shopping center operations
33	Station Building MIDORI Co., Ltd.	450	94.6	Shopping center operations
34	Tetsudo Kaikan Co., Ltd.	340	100.0	Shopping center operations
35	Chiba Station Building Co., Ltd.	200	100.0	Shopping center operations
36	Shonan Station Building Co., Ltd.	200	76.5	Shopping center operations
37	Yokohama Station Building Co., Ltd.	200	70.8	Shopping center operations
38	Kinshicho Station Building Co., Ltd.	160	71.3	Shopping center operations
39	Tsurumi Station Building Co., Ltd.	100	100.0	Shopping center operations
40	Nippon Hotel Co., Ltd.	4,000	100.0	Hotel operations
41	Hotel Metropolitan Nagano Co., Ltd.	3,080	100.0	Hotel operations
42	Sendai Terminal Building Co., Ltd.	1,800	99.5	Hotel operations and shopping center operations
43	Morioka Terminal Building Co., Ltd.	900	82.8	Hotel operations and shopping center operations
44	Takasaki Terminal Building Co., Ltd.	780	100.0	Hotel operations and shopping center operations
45	Akita Station Building Co., Ltd.	450	77.6	Hotel operations and shopping center operations
46	East Japan Marketing & Communications, Inc.	250	100.0	Advertising and publicity
47	Tokyo Media Service Co., Ltd.	104	100.0	Advertising and publicity
48	The Orangepage, Inc.	500	99.7	Publishing
49	JR EAST VIEW Travel Service Co., Ltd.	450	67.0	Travel agency services

	Company Name	Capitalization (Millions of Yen)	Voting Right Percentage[1]	Main Business Activities
50	East Japan Railway Trading Co., Ltd.	¥560	100.0%	Wholesale
51	JR East Logistics Co., Ltd.	100	100.0	Truck delivery services
52	JR East Japan Information Systems Company	500	100.0	Information processing
53	JR East Net Station Co., Ltd.	460	100.0	Information processing
54	JR East Management Service Co., Ltd.	80	100.0	Information services
55	JR East Green Partners Co., Ltd.[2]	100	100.0	Inventory control, issuance and collection operations for uniforms of JR East employees
56	JR East Personnel Service Co., Ltd.	100	100.0	Seminar and staff sending business
57	East Japan Eco Access Co., Ltd.[3]	120	100.0	Cleaning services
58	Shinkansen Cleaning Service Co., Ltd.	38	38.6 (61.4)	Cleaning services
59	Kanto Railway Servicing Co., Ltd.[4]	38	35.6 (64.4)	Cleaning services
60	East Japan Railway Servicing Co., Ltd.[4]	38	29.0 (71.0)	Cleaning services
61	JR Technoservice Sendai Co., Ltd.	25	100.0	Cleaning services
62	Niigata Railway Servicing Co., Ltd.	17	88.2	Cleaning services
63	East Japan Amenitec Co., Ltd.	13	100.0	Cleaning services
64	Chiba Railway Servicing Co., Ltd.[5]	12	25.3 (74.7)	Cleaning services
65	Akita Clean Servicing Co., Ltd.	10	100.0	Cleaning services
66	Nagano Railway Servicing Co., Ltd.	10	100.0	Cleaning services
67	Takasaki Railway Servicing Co., Ltd.[6]	10	47.8 (52.2)	Cleaning services
68	Mito Railway Servicing Co., Ltd.[7]	10	25.3 (74.7)	Cleaning services
69	JR East Housing Development & Realty Co., Ltd.	200	100.0	Housing development and sales
70	JR East Rental Co., Ltd.	165	89.4	Car leasing
71	JR East Sports Co., Ltd.	400	100.0	Athletic club operations
72	GALA YUZAWA Co., Ltd.	300	92.7	Ski resort operations
73	JR East Facility Management Co., Ltd.	50	100.0	Building maintenance
74	Union Construction Co., Ltd.	120	90.0	Construction
75	JR East Consultants Company	50	100.0	Consulting
76	JR East Design Corporation	50	100.0	Consulting
77	East Japan Transport Technology Co., Ltd.	80	58.6	Machinery and rolling stock maintenance
78	Tohoku Rolling Stock Machinery Co., Ltd.	72	51.1	Machinery and rolling stock maintenance
79	Niigata Rolling Stock Machinery Co., Ltd.	40	40.5	Machinery and rolling stock maintenance
80	JR East Mechatronics Co., Ltd.	100	100.0	Maintenance services
81	JR East Building Co., Ltd.	480	100.0	Office building management
82	Shinnihon Linen Co., Ltd.	100	100.0	Linen supply

EQUITY METHOD AFFILIATED COMPANIES

Company Name	Capitalization (Millions of Yen)	Voting Right Percentage[1]	Main Business Activities
Central Security Patrols Co., Ltd.[9]	¥2,924	25.7%	Security business operations
JTB Corp.	2,304	21.9	Travel agency services

1 Voting right percentages outside of parentheses represent direct voting right percentages, and percentages in parentheses represent shares held by other parties that vote along with the interests of JR East and do not include the percentage outside of parentheses.
2 JR East Green Partners Co., Ltd. is newly included in the scope of consolidation from the fiscal year under review
3 East Japan Eco Access Co., Ltd. merged with JR Kanagawa Planning & Development Co., Ltd., JR Kaiji Planning & Development Co., Ltd., JR Utsunomiya Planning & Development Co., Ltd., and JR Tokyo Planning & Development Co., Ltd. on April 1, 2009. JR Kanagawa Planning & Development Co., Ltd., JR Kaiji Planning & Development Co., Ltd., JR Utsunomiya Planning & Development Co., Ltd., and JR Tokyo Planning & Development Co., Ltd. were dissolved after the merger.
4 Kanto Railway Servicing Co., Ltd. merged with East Japan Railway Servicing Co., Ltd. and changed its name to JR East Transportation Services., Ltd on April 1, 2009. East Japan Railway Servicing Co., Ltd. was dissolved after the merger.
5 Chiba Railway Servicing Co., Ltd. merged with Keiyo Planning & Development Co., Ltd. and Chiba Development Co., Ltd. and changed its name to JR Chiba Railway Services Co., Ltd on April 1, 2009. Keiyo Planning & Development Co., Ltd. and Chiba Development Co., Ltd were dissolved after the merger.
6 Takasaki Railway Servicing Co., Ltd. merged with JR Takasaki Trading Co., Ltd. and changed its name to JR Takasaki Railway Services Co., Ltd on April 1, 2009. JR Takasaki Trading Co., Ltd. was dissolved after the merger.
7 Mito Railway Servicing Co., Ltd. merged with Mito Service Development Co., Ltd. and changed its name to JR Mito Railway Services Co., Ltd on April 1, 2009. Mito Service Development Co., Ltd. was dissolved after the merger.
8 The EKIBIRU Development Co. TOKYO changed its name to atré co. Ltd on April 1, 2009.
9 Company that prepares securities reports (Yuka Shoken Hokoku-sho)

CORPORATE INFORMATION

Corporate Data

As of March 31, 2009

BASIC INFORMATION

Number of Employees
72,550* (52,484 at parent company)
* Excluding employees assigned to other companies and employees on temporary leave

Number of Stations
1,705

Number of Rolling Stock
12,852

Passenger Line Network
7,526.8 kilometers

Number of Passengers Served Daily
About 17 million (average for the year ended March 31, 2009)

Total Number of Shares Issued
400,000,000

Total Number of Shares Outstanding
399,572,760

Paid-in Capital
¥200,000 million

Number of Shareholders
280,292

Stock Exchange Listings
Tokyo, Osaka, Nagoya

Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
100-8212, Japan

Rating Information
AA+ (Rating and Investment Information, Inc.)
AA– (Standard & Poor's)
Aa1 (Moody's Investors Service)

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Environment: http://www.jreast.co.jp/e/environment/
(Sustainability Report)

CORPORATE INFORMATION

Stock Information

Stock Code: 9020

STOCK PRICE

Stock price — JR East average stock price
Note: Average stock prices are computed using closing prices.
Source: Tokyo Stock Exchange
* JR East implemented a stock split at a ratio of 100 shares for 1 share of common stock with an effective date of January 4, 2009.

MAJOR SHAREHOLDERS

As of March 31, 2009	Number of Shares Held	Voting Right Percentage
Japan Trustee Services Bank, Ltd. (as Trustee)	26,423,600	6.61%
Japan Trustee Services Bank, Ltd.4G (as Trustee)	22,859,800	5.71%
The Master Trust Bank of Japan, Ltd. (as Trustee)	19,730,950	4.93%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,520,315	3.13%
Sumitomo Mitsui Banking Corporation	10,530,315	2.63%
Mizuho Corporate Bank, Ltd.	10,006,600	2.50%
Mizuho Bank, Ltd.	10,006,156	2.50%
The JR East Employees Shareholding Association	9,850,200	2.46%
Nippon Life Insurance Company	8,015,560	2.00%
The Dai-ichi Mutual Life Insurance Company	7,100,000	1.78%

Tokyo and Eastern Honshu...
EAST JAPAN RAILWAY COMPANY

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http://www.jreast.co.jp/e/

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