

A Message from the Management



Mutsutake Otsuka (left) and Satoshi Seino

In fiscal 2010, ended March 31, 2010, tough conditions continued to characterize Japan's economy. Although increased exports to Asia and the benefits of the economic stimulus package implemented by the Japanese Government spurred a recovery, it was not self-sustaining, and unemployment remained high. Further, railway network transportation volumes decreased due to the March 2009 cut in the maximum expressway toll to ¥1,000 on weekends and national holidays. Amid those business 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 *Suica*.

Despite those efforts, in fiscal 2010 JR East recorded year-on-year declines of 4.6% in operating revenues, to ¥2,573.7 billion; 20.3% in operating income, to ¥344.8 billion; and 35.8% in net income, to ¥120.2 billion. Those results were attributable to significantly lower revenues from transportation operations, which reflected the recession, the cut in the maximum expressway toll to ¥1,000 on weekends and national holidays, and the spread of a new influenza virus.

In the fiscal year ending March 31, 2011, the third year of *JR East 2020 Vision—idomu—*, JR East will not be content with balanced contraction. Rather, despite the challenging business conditions, JR East will continue to take steps toward achieving sustainable growth. Moreover, 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.” Taking these adverse conditions as opportunities, JR East will seek a fundamental review of its cost structures and the steady implementation of measures that will bear fruit in the future.

Specifically, in railway operations, JR East will use the beginning of services to Shin-Aomori Station on the Tohoku Shinkansen Line in December 2010 as an opportunity to create new demand. Further, as an initiative to promote railway usage, JR East intends to strengthen Internet-based ticket sales. Also, JR East will continue introducing new-type railcars to the Tokyo metropolitan area network in order to provide quality transportation services.

In life-style businesses, JR East intends to continue advancing the *Station Renaissance* program while moving forward with large-scale projects at *Tokyo Station City* and major terminal stations such as Shinjuku Station and Chiba Station.

Also, in order 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.

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

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Mutsutake Otsuka, Chairman

Satoshi Seino, President and CEO

Mutsutake Otsuka *Satoshi Seino*

* “*idomu*” is Japanese for “challenge.”