

A MESSAGE FROM THE MANAGEMENT

We would like to offer our heartfelt thanks to our shareholders and investors for all the remarkable support they have shown.

In the fiscal year ended March 31, 2011, the Japanese economy failed to achieve a clear recovery. This was despite signs of improvement in corporate earnings and capital investment. Meanwhile, the JR East Group continued to face a challenging business environment. Furthermore, the Great East Japan Earthquake on March 11, 2011 proved to be a disaster of unprecedented proportions, particularly for the Tohoku and Kanto regions that JR East services. Consequently, JR East was forced to suspend operations of the Shinkansen Line and conventional lines in the affected region over an extended period. Furthermore, operations were also suspended at certain shopping centers, hotels and other facilities due to damage to buildings and other properties. In addition, railway ridership decreased as consumers increasingly became less willing to spend or take trips following the Fukushima Daiichi Nuclear Power Station disaster.

Meanwhile, with the support of various stakeholders, JR East has made steady progress in restoration work. The entire Tohoku Shinkansen Line resumed operations on April 29, 2011, and conventional lines have also resumed operations in stages, except for certain segments. Looking ahead, the JR East Group will continue to work as one and to do its utmost to rebuild the areas affected by the Great East Japan Earthquake.

During the fiscal year under review, operating revenues decreased 1.4% year on year to ¥2,537.4 billion, primarily reflecting the large decrease in transportation revenues at East Japan Railway Company due to the impact of the Great East Japan Earthquake. Operating income rose 0.1% to ¥345.1 billion. Net income decreased 36.6% to ¥76.2 billion, as a consequence of the extraordinary losses recorded in connection with the Great East Japan Earthquake.

In the fiscal year ending March 31, 2012, JR East will make every effort to recover from the Great East Japan Earthquake. JR East will also treat this disastrous earthquake as an impetus to adopt a new perspective in its key initiatives, including those related to “extreme safety levels,” “service quality reform,” and “securing revenue and reviewing cost structures.”

First, JR East will further enhance safety by promoting disaster preparedness measures, based on its “2013 Safety Vision,” a five-year safety enhancement plan. Examples include aseismic reinforcement work on viaduct columns and other structures and the installation of more seismographs. Second, the new fiscal year will be treated as the Company’s “inaugural year in service quality reform.” Examples of reform will include initiatives to prevent disruption and promote the early recovery of transportation and improve the quality of transportation such as by enhancing information delivery, as well as initiatives to build railway environments that passengers can feel secure and comfortable using. Third, JR East will implement measures to effectively achieve sustaining growth in its railway, life-style services and *Suica* services businesses. Such measures will aim to secure revenue for JR East even though the earthquake is expected to lead to economic decline, and the business environment otherwise remains challenging as Japan’s population steadily shrinks. At the same time, JR East will make efforts to reduce its existing property, plant, equipment and facilities and fundamentally reform its cost structure from a strategic perspective.

Through such initiatives, we will do our utmost to realize sustaining 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, *Chairman*

SATOSHI SEINO, *President and CEO*