

AS A CORPORATE CITIZEN

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SAFETY

Since its founding, JR East has worked consistently to improve safety as its most important corporate mission. Also, JR East 2020 Vision—*idomu*—calls on JR East to maintain an unflinching commitment to pursuing “extreme safety levels.”

2013 SAFETY VISION

In fiscal 2010, JR East began advancing measures based on its latest five-year safety plan, *2013 Safety Vision*, JR East’s fifth such plan since its founding in 1987. Under *2013 Safety Vision*, JR East will make a concerted effort—from the front line to the Head Office—to tackle safety issues under the slogan “think and act for yourself,” pursuing a goal of “zero accidents involving passenger injuries or fatalities and zero accidents involving employee fatalities (including employees of Group companies and partner companies).” From the two perspectives of safety-related human resource development and system improvement, and not just working to prevent the recurrence of accidents after an accident has already happened, but also evaluating possible risks to prevent accidents before they occur, JR East is taking on the challenge of pursuing “extreme safety levels” supported by four pillars: creating a culture of safety, rebuilding the safety management system, taking sure steps to reduce risks, and

promoting priority improvement plans for safety equipment. Under *2013 Safety Vision*, JR East anticipates an investment of approximately ¥750 billion in safety over the five years from fiscal 2010.

PROMOTING PRIORITY IMPROVEMENT PLANS FOR SAFETY EQUIPMENT

JR East has invested approximately ¥2.5 trillion in safety since its founding in 1987. In fiscal 2011, JR East invested approximately ¥168 billion in safety. Major safety initiatives included installing more ATS-P and ATS-Ps (automatic train-stop systems) to prevent train collisions and derailments, undertaking construction and engineering work to reinforce earthquake resistance, and introducing automatic platform gates on the Yamanote Line.

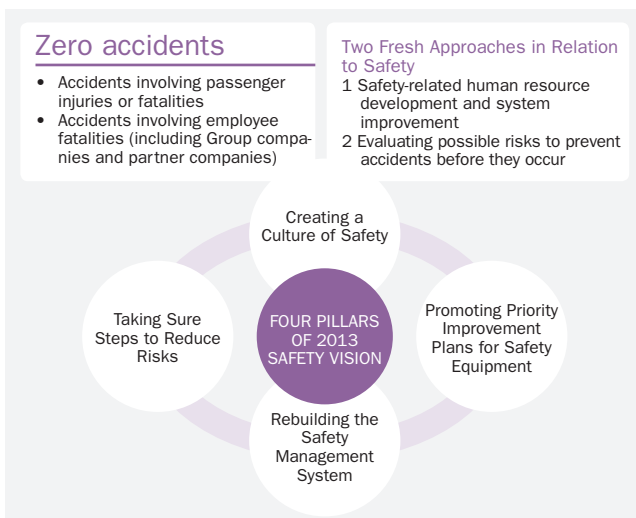
TAKING SURE STEPS TO REDUCE RISKS

JR East has introduced an approach to prevention that evaluates risks and addresses them in the order of highest priority. This approach estimates the maximum damage from accidents and incidents that JR East may have underrated because, while they occur with a certain frequency, they have fortunately not resulted in significant damage to date.

CREATING A CULTURE OF SAFETY / REBUILDING THE SAFETY MANAGEMENT SYSTEM

The standard of conduct for JR East is the “*Three Actualities Principle*” (actual locations, actual objects, actual people). In addition, JR East is revitalizing the *Challenge Safety Campaign*, which enhances safety awareness among all employees.

At each branch office and operational body, JR East is identifying key employees to be fostered as “Safety Professionals” and “Key Safety Leaders.” Also, JR East is making a concerted effort to further enhance safety by helping the safety divisions of Group companies improve safety, developing systems to improve facilities and equipment, and fostering related personnel.

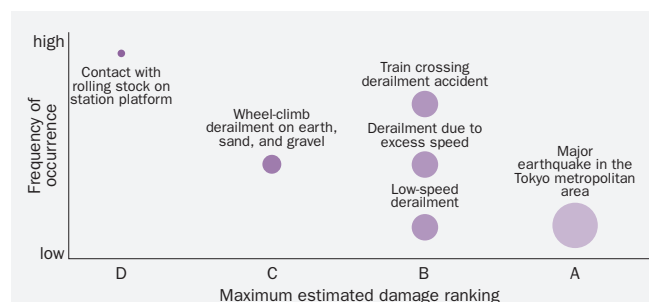


Safety-related Investment (Years ended March 31)
Billions of Yen



Fiscal 2011: Total investment of ¥354.4 billion, including ¥167.9 billion in safety-related investment

Frequency of Occurrence 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, Uetsu Line accident, etc.
D: Contact with rolling stock on station platform, etc.

RESULTS TO DATE AND INITIATIVES FOR THE FUTURE

(1) Decrease in Railway Accidents

The incidence of railway accidents has decreased markedly since JR East's founding. This has been a result of successive medium-term safety plans designed and implemented with a view to building and improving on safety equipment, and enhancing the safety awareness and expertise of each and every employee.

(2) Great East Japan Earthquake

The Great East Japan Earthquake on March 11, 2011 inflicted damage of unprecedented proportions, particularly in the Tohoku and Kanto regions that JR East services. Railway facilities suffered extensive damage over a large area. However, thanks to aseismatic reinforcement work and other projects pursued so far, the collapse of viaduct columns and tunnels and other fatal infrastructure damage was avoided. For more details, please refer to our special feature on the Great East Japan Earthquake.

(3) Initiatives for the Future

Under *2013 Safety Vision*, JR East will maintain an unflagging and concerted commitment to pursuing "extreme safety levels" with the goal of zero accidents involving passenger injuries or fatalities and zero accidents involving employee fatalities (including employees of Group companies and partner companies). With regard to plans in the aftermath of the Great East Japan Earthquake, JR East will formulate new targets following careful assessment of the damage.

TOPIC 1: Installation of Automatic Platform Gates

In a bid to prevent passengers from falling from platforms and coming into contact with trains, JR East has begun installing automatic platform gates on the Yamanote Line, where such accidents are especially common. The first such installation was on June 26, 2010, at Ebisu Station, with automatic platform gates also entering service at Meguro Station on August 28, 2010.

To increase safety, JR East's automatic platform gates are equipped with high-performance sensors and camera-aided monitoring systems. They also feature the Train Automatic Stop Control (TASC) system, which aids in ensuring that the doors on each railway



Automatic Platform Gates

Characteristics of JR East's Platform Gate System:

- Partial installation of glass platform gates
- Measures against entanglement
- Emergency escape hatch
- Door squeeze detector
- High-performance sensor

carriage are correctly aligned with the gates on the platform.

JR East's aim is to use this trial deployment at Ebisu and Meguro Stations to identify technical issues and ascertain the impact on train services. The knowledge thus gained will be reflected in the third station for installation onward. JR East expects to install automatic platform gates at Osaki and Ikebukuro Stations in fiscal 2013 and at Otsuka, Sugamo, Komagome, Shin-Okubo, Mejiro, Takadanobaba and Tamachi Stations in fiscal 2014. By fiscal 2018 it plans to have automatic platform gates installed at all stations on the entire Yamanote Line. But in the meantime JR East will continue to examine the possibility of installing the gates as early as possible.

Topic 2: ATACS installation

JR East is carrying out work with a view to introducing a new radio train control system ATACS (Advanced Train Administration and Communications System) on the Senseki Line section between Aobadori Station and Higashi-Shiogama Station.

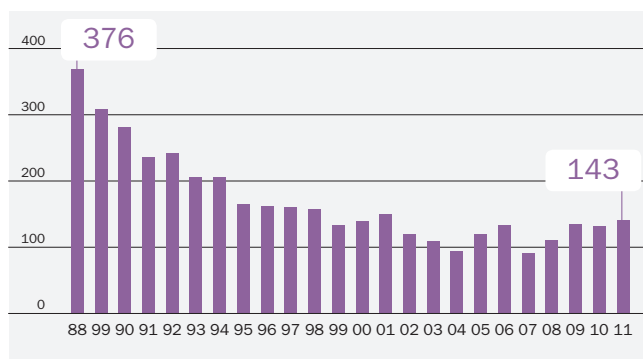
Currently, track circuits are employed in monitoring train positions, with wayside signals used to inform the drivers of later trains of the speed at which they should proceed. Under this system, drivers control train speeds by applying the brakes as directed by wayside signals.

ATACS uses digital radio communication to control trains. With ATACS, on-board devices communicate regularly with wayside equipment, constantly receiving the latest information on such issues as mandatory stop positions and temporary speed limits. The on-board equipment then processes this information to determine the permissible traveling speed. In this manner, speed (and brakes) can be automatically controlled. The objective of installing ATACS is to simplify conventional signaling equipment (wayside signals, ATS systems and the like), thereby lowering costs associated with maintenance and upgrades, and saving manpower.

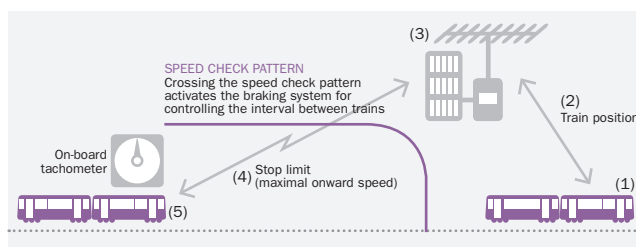
The first step, to be undertaken in September 2011, will be to equip the Aobadori to Higashi-Shiogama stretch of the Senseki Line with the basic functions necessary for railway operations, such as train interval control. The second step, to be undertaken in 2012 and afterward, will involve progressive installation of additional functions such as level crossing control and the capacity to set temporary speed limits.

Look-back on Railway Accident Frequency (Years ended March 31)

Number of Accidents



Interval Control System of ATACS



(1) Train position is calculated based on wayside equipment in fixed intervals along the track and on the tachometer on board trains.

(2) Train positions are transmitted to the wayside equipment using radio equipment.

(3) The wayside equipment produces a stop limit based on the position data it has of all trains along the track.

(4) The stop limits are transmitted to the trains from the wayside equipment using radio equipment.

(5) The trains use this data along with stored information on railcar specification, rail curve and rail grade to produce a speed check pattern that controls the braking system to keep the trains moving at speeds within the pattern.

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.

RAILWAYS' ENVIRONMENTAL ADVANTAGES

Train travel accounts for around 29% of domestic travel in Japan, yet its share of overall energy consumption is only around 3%. This is a clear indication of railways' advantage over cars and other forms of transport, in terms of energy efficiency per unit of transport volume.

Furthermore, while a car produces 164 grams of carbon dioxide (CO₂) when it transports one person for one kilometer, trains emit only 19 grams of CO₂. JR East trains emit a mere 12 grams of CO₂ (roughly 1/14 of the equivalent figure for cars), as JR East is a frontrunner among Japanese railway operators in terms of transport efficiency and the adoption of energy-saving railcars (actual results for fiscal 2009).

Such figures indicate that in comparison with other modes of transport, railways have lower energy consumption and CO₂

emissions per unit of transport volume. Rail can therefore be described as an environmentally-friendly form of transport, with limited impact on the environment.

However, while railways have a small environmental impact in relative terms, JR East has a large rail network that each year emits some 2.54 million tons of CO₂ (actual figure for fiscal 2010). Rather than feeling complacent about the environmental advantages of rail transport, JR East will continue making strenuous efforts to tackle environmental issues, and setting consistently high goals.

ENVIRONMENTAL PRESERVATION INITIATIVES

(1) Measures to Prevent Global Warming

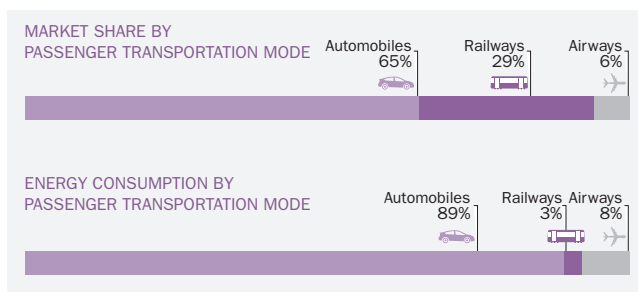
1) Reduction of energy that train operations use

Energy used by its railway operations accounts for approximately 70% of the total energy consumed by JR East. By the end of fiscal 2010, 88% of JR East's total rolling stock, or 10,883 railcars, were energy-efficient railcars, and the volume of energy used in railway operations had decreased roughly 1% from the fiscal 2007 level.

2) Energy saving and CO₂ reduction

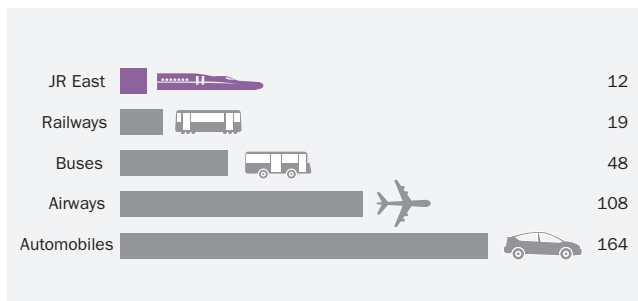
As part of initiatives to reduce the amount of energy used by its railway stations and offices, JR East began installing environmentally-friendly, flat-screen LED information displays in January 2009, mainly in the Tokyo metropolitan area. Further, in order to mitigate the "heat island" phenomenon and curb the energy it uses for air-conditioning, JR East is introducing plants to the rooftops of its railway stations and office buildings.

Energy Consumption and Transportation Market Share



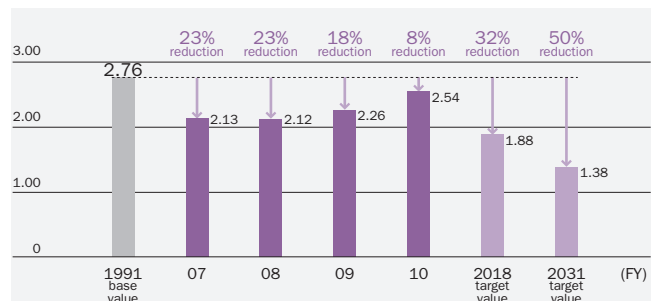
Source: Compiled based on data from The Energy Conservation Center, Japan's Handbook of Energy & Economic Statistics in Japan

CO₂ Emitted per Passenger Kilometer by Transportation Mode (g-CO₂)

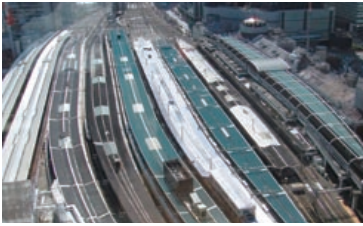


Source: Compiled based on JR East and Ministry of Land, Infrastructure, Transport and Tourism data.

Trend in the Total CO₂ Emissions of JR East (Million t-CO₂)



■ JR East energy consumption equivalent



Photovoltaic Panels on Tokyo Station's Tokaido Line Platform (Tracks No. 9 and 10)

JR East is also promoting the use of natural energy sources. To this end, it has installed solar panels above the Shinkansen platforms at Tokyo Station and Takasaki Station, and in February 2011, it began using solar panels installed above the platform serving Tokaido Line tracks No. 9 and 10 at Tokyo Station.

(2) Measures to Create a Sound Material Cycle

1) Reducing waste and recycling

JR East generates many kinds of waste through its railway operations, including daily trash removed from trains and stations and industrial waste from our General Rolling Stock Centers. In addition, restaurants and retail stores in our life-style businesses produce garbage and general waste. In order to reduce the various forms of waste produced by its railway operations and life-style businesses, JR East actively supports the approach known as “reduce, reuse, recycle.” For recycling in particular, goals are set for each type of waste.

2) Recycling waste collected from stations and trains

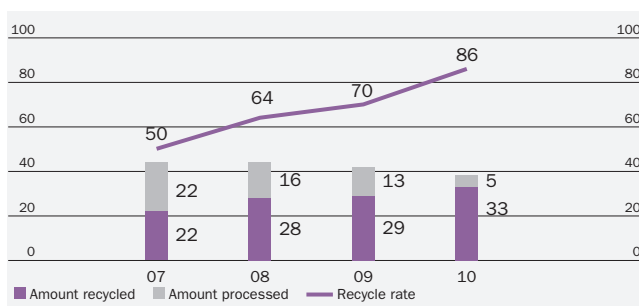
In fiscal 2010, waste collected from our stations and trains amounted to 38 thousand tons, of which 86% was recycled. JR East has installed separate refuse bins for different types of waste at stations, and has established its own recycling centers in the Tokyo metropolitan area to ensure thorough sorting of waste after it has been collected. In October 2010, JR East opened the latest such facility, the JR East Tokyo Resource Recycling Center.



JR East Tokyo Resource Recycling Center

Waste from Stations and Trains

Thousand tons/%



TOPIC 1: *Ecoste*

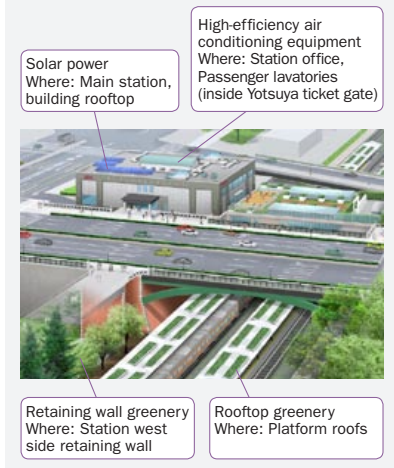
Environment Earth Conscious Station of East Japan Railway

JR East has begun work on improving the Chuo Line's Yotsuya Station as the first model station under “*ecoste*: Environment Earth Conscious Station of East Japan Railway Company,” an initiative to equip railway stations with a variety of “Eco-Menu” environmental conservation technologies (energy conservation, renewable energy, etc.) as called for in *JR East 2020 Vision—idomu—*.

“*ecoste*” will advance eco-friendly initiatives in four pillars.

- 1) Energy Conservation: Promoting more advanced energy conservation**
Initiatives that contribute directly to a reduction in energy use, such as high-efficiency lighting and air conditioning
- 2) Energy Creation: Actively implementing renewable energy**
Initiatives to create energy without depending on fossil fuels (e.g., with solar energy)
- 3) Eco-Awareness: Building facilities that make users eco-aware**
Initiatives that give people eco-awareness, such as natural ventilation systems
- 4) Environmental Harmonization: Creating vitality by harmonizing people with their environment**
Initiatives that emphasize the relationship between nature and the local area, through green spaces on station buildings, etc.

Yotsuya Station on the Chuo Line, The First *ecoste* Model Station



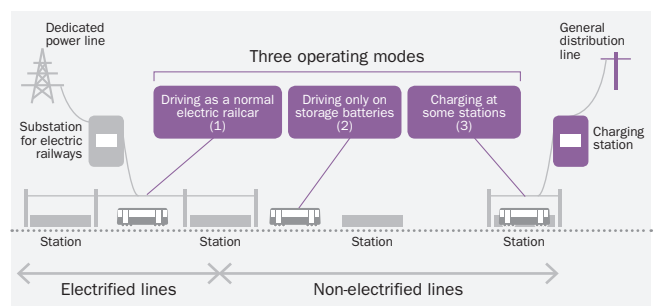
Topic 2: Progress in Technological Development Development of a Storage-Battery Train System

To reduce environmental impact in non-electrified railway sections, JR East is developing a storage-battery train system. Using the experimental railcar, *NE Train Smart Denchi Kun*, which is equipped with this system, JR East is now running tests for further verification.



NE Train Smart Denchi Kun

Configuration of a Storage-Battery Train System



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 the 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.

REDISCOVERING THE REGION PROJECTS

JR East invigorates regions through a strategy of strengthening collaboration with local communities in order to facilitate joint efforts to think hard and come up with ideas. Those efforts entail bringing to light local products and such tourism resources as traditional culture and festivals while leveraging the unique characteristics of railways and the advantages of sales channels in the Tokyo metropolitan area.

JR East takes concrete initiatives to activate resources and generate new employment in local communities. Namely, working in partnership with local communities, it hosts *Sanchoku-Ichi* (farmers' markets), cultivates markets for traditional arts and crafts, and helps develop businesses in locally processed agricultural products. Moreover, JR East helps create human interaction, including travel, between Tokyo and the outlying regions by sponsoring events and transmitting regional information.

SUPPORT FOR PARENTS WORKING WHILE REARING CHILDREN

As part of its initiatives to develop towns in partnership with local communities, JR East supports working parents by developing *Station Day Care* facilities, most of which are within five minutes walk of a JR East railway station. Since 1996, JR East has developed 54 day care facilities, as of April 2011, and plans to open even more. JR East's *Station Day Care* facilities allow parents to drop off and pick up their preschool children on the way to and from work. At *Station Day Care* facilities, fathers

bringing their children to the facilities is a common sight. In this way, the facilities are helping fathers take part in child rearing. Looking ahead, JR East will benefit local communities and make line-side areas even more attractive and convenient by its active involvement in developing a broader range of support beyond the realm of preschool day care, including daycare facilities for schoolchildren and parent-child community cafes.

THE RAILWAY MUSEUM

In October 2007, JR East opened The Railway Museum as the flagship project commemorating the 20th anniversary of JR East's incorporation. A public interest incorporated foundation, the East Japan Railway Culture Foundation* built the museum on land that JR East owns in Saitama City. In concept, the facility houses three types of museums; First, a "Railway Museum" to systematically research and curate railway artifacts and documents. Second, a "Historical Museum" to document railway history through mainly the exhibit of actual railcars and locomotives. And third, an "Educational Museum" to provide interactive learning on the fundamentals, structure and technology of railways. Since opening, the museum continues to attract many visitors. In the year ended March 31, 2011 alone, roughly 820,000 people visited the museum.

* 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. The East Japan Railway Culture Foundation became a public interest incorporated foundation on April 1, 2010.



Akita *Sanchoku-Ichi* (farmers' markets)



Station Day Care facilities



The Railway Museum

BOARD OF DIRECTORS AND CORPORATE AUDITORS

As of July 2011



MUTSUTAKE OTSUKA
Chairman



YOSHIO ISHIDA
Vice Chairman
Technology and Overseas
Related Affairs



MASAKI OGATA
Vice Chairman
IT, Service Quality and
Overseas Cooperation



SATOSHI SEINO*1
President and CEO



TETSURO TOMITA*1
Executive Vice President
Corporate Planning
Headquarters



YOSHIAKI ARAI*1
Executive Vice President
Life-style Business
Development Headquarters



TSUGIO SEKIJI*1
Executive Vice President
Railway Operations
Headquarters

EXECUTIVE DIRECTORS

YOICHI MINAMI
Tourism Promotion

TORU OWADA
Corporate Planning Headquarters;
Inquiry & Audit Department;
Finance Department

YUJI FUKASAWA
Public Relations Department;
Personnel Department; Health &
Welfare Department; Legal
Department; General Affairs
Department

YASUO HAYASHI
Railway Operations Headquarters;
Technology Planning Department,
Corporate Planning Headquarters;
Shinonogawa Power Station
Improvement Department, Railway
Operations Headquarters;
Construction Department;
Research & Development Center
of JR East Group

SHIGERU TANABE
Tokyo Branch Office

YOSHITAKA TAURA
IT & Suica Business Development
Headquarters; Service Quality
Reform Department, Railway
Operations Headquarters

NAOMICHI YAGISHITA
Railway Operations Headquarters;
Facilities Department, Railway
Operations Headquarters; Electrical
& Signal Network System
Department, Railway Operations
Headquarters

NAOTO MIYASHITA
Railway Operations Headquarters;
Transport Safety Department,
Railway Operations Headquarters;
Transport & Rolling Stock
Department, Railway Operations
Headquarters

YUJI MORIMOTO
Life-style Business Development
Headquarters

TSUKASA HARAGUCHI
Railway Operations Headquarters;
Marketing Department, Railway
Operations Headquarters

DIRECTORS

OSAMU KAWANOBE
General Affairs Department

TOSHIRO ICHINOSE
Personnel Department; JR East
General Education Center

MASAYUKI SATOMI
Sendai Branch Office

KIMIO SHIMIZU
Life-style Business Development
Headquarters; Life-style Business
Development Headquarters (Station
Space Utilization and Property
Management); Life-style Business
Development Headquarters
(Management Strategy)

TADAMI TSUCHIYA
Electrical & Signal Network System
Department, Railway Operations
Headquarters

YASUYOSHI UMEHARA
Tokyo Station, Tokyo Branch Office

MAKOTO TAKAHASHI
Management Planning Department,
Corporate Planning Headquarters

TAKESHI SASAKI*2
TOMOKAZU HAMAGUCHI*2

FULL-TIME CORPORATE AUDITORS

SHIGEO HOSHINO*3
HAJIME HIGASHIKAWA*3

CORPORATE AUDITORS

KIYOMI HARAYAMA
TOSHIAKI YAMAGUCHI*3
(Certified Public Accountant)
MUTSUO NITTA*3
(Attorney)

*1 Representative director
*2 Outside corporate director
*3 Outside corporate auditor

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, effectiveness 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 SYSTEMS

Reason for Adopting Current Corporate Governance System

Railway operations, JR East's principal business, require judgments that are based on a range of knowledge and experience about safety and other areas as well as decision making that reflects long-term perspectives. Accordingly, decisions on important management matters are reached through consultation among multiple directors. Further, JR East adopts a system in which audits are conducted by corporate auditors who are independent from the Board of Directors and have terms of service of four years.

Overview of Corporate Governance Units

JR East's Board of Directors comprised 26 directors, including two outside corporate directors as of June 23, 2011. 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.

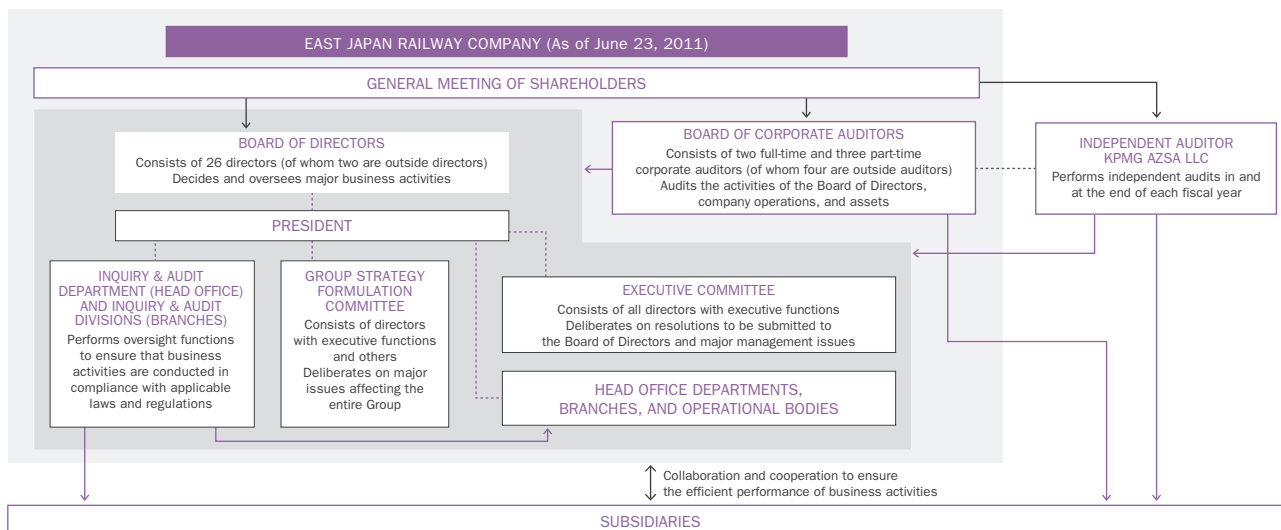
The Board of Corporate Auditors comprises five corporate auditors, including two full-time and three part-time corporate auditors, of whom four are outside auditors. In accordance with guidelines established by the Board of Corporate Auditors, the corporate auditors supervise the directors' implementation 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.

Basic Internal Control Policy for Financial Reports

JR East basic internal control policy for financial reports is as follows:

- 1) JR East 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, JR East will adhere to generally accepted standards for the evaluation of internal controls in relation to financial reports and evaluate internal controls each fiscal year.

Conceptual Diagram of Corporate Governance



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 two specialized internal committees, the Railway Safety Promotion Committee and the Committee for Improving Transport Reliability, focused on maintaining safety and improving reliability respectively.

With regard to the risk of a significant adverse influence on corporate operations due to such incidents as external offenses or internal misconduct and legal violations in JR East and subsidiaries, all JR East departments undertake risk management activities. In addition, JR East has established the Crisis Management Headquarters based around departments responsible for risk management, 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 gathering the relevant information and implementing countermeasures.

Overview of Limited Liability Agreements

Pursuant to article 427, paragraph 1 of the Company Law, JR East concludes agreements limiting liability as stated in article 423, paragraph 1 of the Company Law with outside directors and outside corporate auditors. The liability limit amount based on the said agreements is pursuant to the Company Law.

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 the 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 subsidiaries.

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 subsidiaries 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. Further, corporate auditor Toshiaki Yamaguchi is a certified public accountant and has extensive expertise with regard to finance and accounting.

Regarding accounting audits, the consolidated accounts of JR East are audited under contract by an independent auditor (accounting auditor), KPMG AZSA LLC, 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. Effective from July 1, 2010, KPMG AZSA & Co. became KPMG AZSA LLC, due to a change in the category of audit corporation.

- Designated certified public accountants:
Teruo Suzuki, Teruhiko Tanaka and Kazuhiko Azami
- Breakdown of auditing assistants:

certified public accountants	12
other	25

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 liaison meetings, and full-time corporate auditors receive regular updates on audit implementation from the accounting auditor five times a year and at any other time deemed necessary.

Outside Directors and Outside Corporate Auditors

JR East has two outside directors. Also, JR East has four outside corporate auditors.

Outside directors and outside corporate auditors do not have any business relationship with JR East.

JR East elects outside directors in order to take advantage of extensive knowledge and experience garnered outside JR East in its management and with a view to strengthening corporate governance systems through oversight of business management from independent standpoints.

JR East elects outside corporate auditors in order to take advantage of extensive knowledge and experience garnered outside JR East in audit operations and with a view to strengthening corporate governance systems through auditing of directors' implementation of duties from independent standpoints.

In addition, because JR East's outside directors and outside corporate auditors do not originate from principal business partners of JR East, JR East is of the view that they are sufficiently independent and that there is no concern over possible conflict of interests with general shareholders.

Furthermore, two of JR East's outside corporate auditors perform duties as full-time corporate auditors. Coordination between outside corporate auditors and audit divisions and departments is as stated in "Current State of Internal Audits, Corporate Audits, and Accounting Audits (Systems for Internal Audits, Corporate Audits, and Accounting Audits)."

Principal Activities of Outside Directors and Outside Corporate Auditors in Fiscal 2011

Title	Name	Principal activities
Outside Director	TAKESHI SASAKI	Attended 14 meetings out of all 17 meetings of the Board of Directors during this fiscal year and spoke on the Company's management issues based on his wide experience as an expert.
Outside Director	TOMOKAZU HAMAGUCHI	Attended 12 meetings out of all 13 meetings of the Board of Directors held while in office during this fiscal year and spoke on the Company's management issues based on his wide experience as a top executive.
Outside Corporate Auditor	TOSHIAKI OMORI	Attended all meetings of the Board of Directors and the Board of Corporate Auditors during this fiscal year and spoke on the Company's management issues based on his wide experience in government.
Outside Corporate Auditor	JIRO BANDO	Attended all meetings of the Board of Directors and the Board of Corporate Auditors during this fiscal year and spoke on the Company's management issues based on his wide experience in government.
Outside Corporate Auditor	TOSHIAKI YAMAGUCHI	Attended 16 meetings out of all 17 meetings of the Board of Directors and all meetings of the Board of Corporate Auditors held during this fiscal year and spoke on the Company's management issues based on his wide experience as a certified public accountant.
Outside Corporate Auditor	MUTSUO NITTA	Attended 16 meetings out of all 17 meetings of the Board of Directors and 16 meetings out of all 17 meetings of the Board of Corporate Auditors held during this fiscal year and spoke on the Company's management issues based on his wide experience as an attorney-at-law.

Appointment Status of Outside Directors (as of July 2011)

Name	Positions at other entities	Reasons for election
TAKESHI SASAKI	<i>Professor, Department of Political Studies, Faculty of Law, Gakushuin University, Outside Director, ORIX Corporation, Outside Director, Toshiba Corporation</i>	Mr. Sasaki is elected on the basis of his vast experience and expertise as a former Dean of the Faculty of Law, University of Tokyo and a former President of the University of Tokyo.
TOMOKAZU HAMAGUCHI	<i>Adviser, NTT DATA CORPORATION Outside Director, IHI Corporation</i>	Mr. Hamaguchi is elected on the basis of his vast experience and expertise as a former President and CEO of NTT DATA CORPORATION.

Appointment Status of Outside Corporate Auditors (as of July 2011)

Name	Positions at other entities	Reasons for election
SHIGEO HOSHINO	—	Mr. Hoshino is elected on the basis of his vast experience and expertise in major posts at Ministry of Land, Infrastructure, Transport and Tourism.
HAJIME HIGASHIKAWA	—	Mr. Higashikawa is elected on the basis of his vast experience and expertise in major posts at the National Police Agency.
TOSHIAKI YAMAGUCHI	<i>Certified Public Accountant</i>	Mr. Yamaguchi is elected on the basis of his vast experience and expertise as a certified public accountant.
MUTSUO NITTA	<i>Attorney, Outside Corporate Auditor, Sumitomo Corporation</i>	Mr. Nitta is elected on the basis of his vast experience and expertise as a judge and attorney-at-law.

COMPENSATION OF DIRECTORS AND CORPORATE AUDITORS

JR East's Total Remuneration of Directors and Corporate Auditors by Classification, Total Remuneration by Type, and Number of Directors and Corporate Auditors Receiving Remuneration

Position	Total Amount of Remuneration (¥ Million)	Total Amount of Remuneration by Type (¥ Million)		Number of Recipients
		Basic Remuneration	Bonuses	
Directors (not including outside directors)	878	788	90	26
Corporate auditors (not including outside corporate auditors)	9	8	0	1
Outside directors and outside corporate auditors	108	97	11	7
Total	996	893	102	34

Notes

- The amount of remuneration, etc. includes the amount paid to three directors retired at the conclusion of the 23rd Ordinary General Meeting of Shareholders held on June 23, 2010.
- 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 ¥5 million were paid to one outside director who retired during this fiscal year in addition to the above remuneration.

Total Consolidated Remuneration of JR East's Directors

Not included because no individual receives total consolidated remuneration of ¥100 million or more.

Policy Regarding the Determination of the Amount and Calculation Method of Remuneration of Directors and Corporate Auditors

JR East remunerates directors and corporate auditors within the scope of the remuneration system approved by the Ordinary General Meeting of Shareholders and in light of evaluation of performance of routine duties and consideration of position and work record. Further, JR East pays bonuses to directors and corporate auditors in light of consideration of its business results, cash dividends paid to shareholders, and the performances of respective directors and corporate auditors.

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. In addition, the articles of incorporation also stipulate that no cumulative voting shall be used for the selection of directors.

ORGANIZATION

As of July 2011

