

A MESSAGE FROM THE MANAGEMENT



SATOSHI SEINO
Chairman

TETSURO TOMITA
President and CEO

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, 2012 (Fiscal 2012), the Japanese economy was affected by the Great East Japan Earthquake on March 11, 2011, as well as the significant strengthening of the yen, rising oil prices and a financial crisis in Europe. Yet, the economy began to improve modestly in the second half. Amid business conditions that remained challenging and affected by factors such as the earthquake and suspension of tolls on expressways, East Japan Railway Company and its consolidated subsidiaries and equity-method affiliates (JR East) actively worked on initiatives to improve the quality of core transportation, life-style and *Suica* operations, and secure revenues.

As a result, during the fiscal year under review, operating revenues decreased 0.2% year-on-year to ¥2,532.2 billion, primarily reflecting a decline in transportation revenues at JR East due to the effects of the Great East Japan Earthquake. Operating income increased 4.3% to ¥360.0 billion mainly as a result of a decrease in JR East's non-personnel expenses. Net income increased 42.7% to ¥108.7 billion, due to such factors as a significant decrease in provision for allowance for earthquake-damage losses.

Although business conditions, with various lingering impacts from the earthquake, are expected to remain challenging in the year ending March 31, 2013, JR East will relentlessly pursue its unlimited potential, aim to attain sustained growth, and strive to satisfy the great expectations thrust upon it for services vital to society.

In railway operations, JR East will unveil the Tokyo Station *Marunouchi Building* with a grand opening in October 2012, and promote it worldwide as a new landmark for the capital city of Japan. Also, the Group will operate the *Hayabusa* service on the Tohoku Shinkansen Line at a maximum speed of 320 km/h, the fastest in Japan, by the end of Fiscal 2013. Furthermore, the Group will work in collaboration with local communities to generate more tourism. Moreover, as part of an initiative aimed at building railways that are friendly to the global environment, JR East will promote the development of energy-efficient "ecoste" model stations.

In life-style service operations, construction of *GranTokyo North Tower Phase II* (Tokyo) in the *Tokyo Station City Project* will reach completion in August 2012 and *The Tokyo Station Hotel* (Tokyo) is scheduled to open in October 2012. The office building business will see the new opening of the *JR South Shinjuku Building* (Tokyo) and *Kanda Manseibashi Building* (provisional name). Moreover, the Group will continue promoting the large-scale development of terminal station buildings, including at Shibuya Station and Chiba Station.

In *Suica* operations, JR East will steadily work towards the establishment by the spring of 2013 of a mutual usage service network that ties together the ten regional transportation-company networks of IC cards currently in use in Japan.

In addition, to meet the challenge of cultivating new markets, JR East will develop an overseas railway consulting business around Japan International Consultants for Transportation Co., Ltd., which was established, in conjunction with other railway companies, in November 2011. In the railcar manufacturing business, JR East will capitalize on synergies between Japan Transport Engineering Company, which joined the Group in April 2012, and the Niitsu Rolling Stock Plant by taking advantage of the capabilities of the former for developing, designing and manufacturing Shinkansen and limited express railcars on conventional lines.

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 JR East pursues that management goal, we would like to ask our shareholders and other investors for their continued support and understanding.

July 2012

Satoshi Seino
SATOSHI SEINO, Chairman

Tetsuro Tomita
TETSURO TOMITA, President and CEO