

From the Chairman and Former President



In June 2000, I left the post of president and chief executive officer to become chairman of JR East. I would like to express my gratitude to everyone who provided assistance to me during my tenure as president.

I had the honor of serving as president of JR East since June 1993, a period of seven years. During that time, this company made steady progress building a sound and stable management base by strictly following a policy of self-reliant management in the spirit of the JNR restructuring. In October 1993, the Japanese government agency that was until then the sole holder of JR East's shares sold 62.5% of our shares to the public and we were listed on the First Section of the Tokyo Stock Exchange and other exchanges in Japan. Public ownership gave us a valuable opportunity to communicate directly with shareholders and other investors in Japan and around the world. In August 1999, a successor of the agency conducted another public offering of its JR East shares. This reduced the ownership of the successor to 12.5%.

During my first four years as president, we concentrated on upgrading the fundamental elements of our management, mainly in railway operations. While placing safety and service above all else, we worked to prevent accidents and ensure the stability of our transportation services. At the same time, we applied advances in technology to make railway operations more efficient. On the other hand, we increased transportation capacity, raising productivity per employee directly related to railway operations by more than 50%. In the last three years of my term as president, we placed emphasis on life-style

services with the aim of even more growth in the future and made efforts to establish a basis of prosperity for the JR East Group.

As we approach a new century, we face an operating environment undergoing dramatic changes sparked by factors as diverse as increasing competition and progress in information technology such as the Internet. To ensure the growth and prosperity of the JR East Group, we must manage our businesses in a manner that is both speedy and that mirrors the times in which we operate. It is at this time that a new management team takes charge of JR East. The new president, Mr. Mutsutake Otsuka, became a member of the board of directors of JR East in 1990. In 1997, he was named to the important post of executive vice president with responsibility for Corporate Planning Headquarters, which includes management administration and the planning of investments, as well as Personnel. Over the past decade, we have dealt with many management issues together, giving me full confidence in his ability to serve as president.

Under the new top management team, the JR East Group's most important issue will be structuring a group-wide management system that is in step with today's demands, especially with regard to the emphasis placed on consolidated performance. While carefully choosing the fields to focus our resources, we must deal with such important and pressing matters as establishing a management vision spanning the entire group, establishing goals, reviewing our organizational structure and adopting new ways to evaluate our performance.

The new management will be implementing a variety of reforms. There will be no change in JR East's uncompromising dedication to managing the company so as to place priority on shareholder value. As chairman, I will continue to focus all my energy on achieving our goals regarding full private-sector ownership and other issues. As in the past, I respectfully ask for your support and cooperation for the new management team.

July 2000

A handwritten signature in black ink that reads "Masatake Matsuda". The signature is written in a cursive, flowing style.

Masatake Matsuda
Chairman