

TRANSPORTATION

SHINKANSEN BULLET TRAIN NETWORK

- JR East will further strengthen its five-route Shinkansen network: the Tohoku, Joetsu and Nagano Shinkansen lines and the Yamagata and Akita hybrid Shinkansen lines. Steps to make the Shinkansen network more competitive in relation to air and automobile travel include enhancing the convenience of railways by increasing the number of high-speed rolling stock to shorten average travel times and by promoting “park & ride” parking facilities.
- The number of Shinkansen commuters continues to grow. JR East is operating more all-double-decker trains, which have more seats, during commuting hours to further improve services for passengers.
- With regard to Seibi Shinkansen lines, a national project, JR East pays usage fees to the owner, Japan Railway Construction Public Corporation. These fees are computed to be within the scope of the corresponding benefits. Three sectors of this project are currently under construction within JR East’s service area (see page 29).

TOKYO METROPOLITAN AREA NETWORK

- The densely populated Tokyo metropolitan area generates an immense volume of demand for rail transportation services. Among the many actions taken to improve services in this market are more frequent departures, longer trains, more guaranteed-seat *Commuter Liners* and setting up new operational routes. JR East plans to continue concentrating on taking steps to improve the service level.
- JR East has never raised fares except to reflect the introduction and revision of the consumption tax. By continuing to avoid fare increases, JR East will further enhance price competitiveness in relation to other major private railways and subways.
- JR East will take steps to increase the efficiency of business by enhancing the replacement of rolling stock and roadbeds with equipment that requires little or no maintenance and will continue to provide further stability of transportation by improving the operational control system.
- JR East is preparing to introduce a new automatic fare collecting system using a new type of IC card, *Suica*, at the end of 2001. In addition to using these cards to improve services for passengers and cut costs, JR East will explore opportunities for new types of businesses.

INTERCITY AND REGIONAL NETWORKS

- JR East has concentrated on actions to shorten travel times between major cities in its service area by improving access to Shinkansen and enhancing high-speed networks. By introducing new types of rolling stock for limited express trains, the Company plans to continue raising speeds and comfort levels.
- On the regional network, JR East is boosting efficiency through operational improvement and by systematization.

TRAVEL AGENCY SERVICES

- To best meet customers’ needs, JR East carries out detailed product planning based on clear segmentation of customers by age group and travel destinations, and creates products which emphasize the pleasure of rail travel and the attractiveness of travel destinations.
- JR East has an integrated travel site, *eki-net Travel*, in association with an airline company and a travel agency. This site offers travel services, from information collection to booking all on one site, and this has increased the convenience for customers and created new demand.

MERCHANDISE SALES

RETAILING AND RESTAURANTS

- To maximize the commercial potential of stations, JR East intends to implement *Cosmos Plan*, which mainly targets terminal stations with daily passengers in excess of 200,000, and *Sunflower Plan*, which mainly targets stations serving passengers in excess of 30,000 per day.
- Businesses will be conducted with partners outside the JR East Group to improve profitability.
- In the growing field of Internet businesses, *eki-net* electronic mall services will be upgraded. In addition, JR East will launch activities that draw on its strengths. *JC* convenience stores and *Mini-convenience stores* will be the primary bases for these new businesses.

REAL ESTATE LEASING

SHOPPING CENTERS (Leasing space to tenants)

- Prominent tenants will be added and retailing formats will be shifted to match changes in customers' preferences and the distinctive characteristics of each location.
- In addition to major developments at terminal stations, smaller shopping centers that mainly sell groceries, household goods and other items closely tied to daily activities are being constructed at busy suburban stations.
- JR East will develop several types of businesses in shopping centers at stations, taking into consideration the character of the customers and the commercial regions and will promote low-cost operations, centered on major Group companies which we position as flagship companies.

OTHER SERVICES

HOTEL OPERATIONS

- JR East operates the *JR East Hotel Chain*, which mainly consists of *Metropolitan Hotels*, full-service hotels located in city centers, and *HOTEL METS*, small-scale urban hotels, and carries out its hotel business by utilizing JR East's network, which enables a unified sales promotion and operational cost reduction.
- JR East will promote development of more *HOTEL METS*, the investment return of which comes early and advance construction of *Hotel Edmont annex*.

ADVERTISING AND PUBLICITY

- Advertising businesses make the most of highly visible spaces in stations and inside trains, locations that are ideal for advertisements. Existing advertising formats are being reviewed and new media developed.

CARD BUSINESS

- As of July 2001, the number of JR East's *View Card* customers on the basis of applications received exceeded 2 million. In April 2000, all *View Cards* gained a VISA function, and the number of cardholders continues to grow steadily. The customer database will be used to bolster sales capabilities of the entire JR East Group.
- In the year ending March 31, 2003, JR East will strengthen its card capabilities by combining the functions of the *View Card* with its IC card, *Suica*.

HOUSING DEVELOPMENT AND SALES

- Housing development and sales are operated at locations along JR East's rail lines and closely tied to rail operations. An effective use of JR East's own land, including company employee housing sites which became redundant by the increasing number of employee retirements, will be promoted.

INFORMATION SERVICES

- The Cash Management System (CMS) will contribute to efficient funding and a reduction in interest-bearing debt.
- JR East is working on the development and operation of even more reliable data processing systems and the development of new businesses using the Internet.